

07

SUSTAINABLE DEVELOPMENT  
REPORT





*With solidly invested foundations, SHB is converging all the necessary elements for realizing strategic goals, bringing long-term benefits to customers, shareholders, employees and the community.*

The sustainability report is compiled with information and data from the actual activities of SHB and its subsidiaries for the year ended December 31, 2022. The information disclosure is carried out according to Circular 96/2020/TT-BTC.

The person with the highest responsibility related to the sustainable development policy is the CEO. At SHB, policies on environmental and social issues are specified in internal documents issued by the Board of Directors and the CEO. The Board of Management has closely followed the direction and orientation of the Board of Directors, actively implemented activities related to social responsibility and environmental protection in order to bring better values to the community and society.

Economic growth associated with Social Responsibility and Environmental Protection are three factors that play a fundamental role for the sustainable development of SHB. Sustainable development is thoughtfully carried out by SHB from vision, strategic orientation to annual business performance.

## 7.1. HR POLICIES

*SHB has young human resources with an average age ranging from 29 to 31 years old, an age rich in enthusiasm, passion and dedication to development.*

With the goal of building an experienced, dedicated and qualified workforce that can meet the requirements of a modern bank, SHB has identified 4 Employee Attraction Values (or Core Values of SHB). 4 values are not only SHB's competitive advantage in the recruitment market, but also a guideline for the Bank's human resource development activities to maintain and promote those strengths.

### Value 1 Competitive benefit

SHB understands and cares about its employees with practical and competitive benefits compared to other banks and businesses in the market. Welfare for female, staff at all levels, and leaders stands out, which is the initial value that attracts talents.

### Value 2 Humane and responsible working environment

Joining SHB, employees will be able to work in a humane environment that values people, an ideal working environment to dedicate themselves to and develop a sustainable career. SHB understands that the culture of kindness built from "kind people" is the core and sustainable foundation. After all, the human spirit of the new organization is the biggest motivation for employees' dedication and attachment for a long time, beyond material values.

### Value 3 Private bank with international outlook

With a vision to reach out to the region and internationally, SHB has been cooperating with the world's leading organizations and brands such as Amazon, Barcelona Club, ManCity Club and many other big brands. SHB is also the first joint stock commercial bank to have an office in ASEAN. Challenge themselves and enroll in big cooperation projects is an opportunity for employees when joining SHB.

### Value 4 Accompanying the aspirations of entrepreneur Do Quang Hien

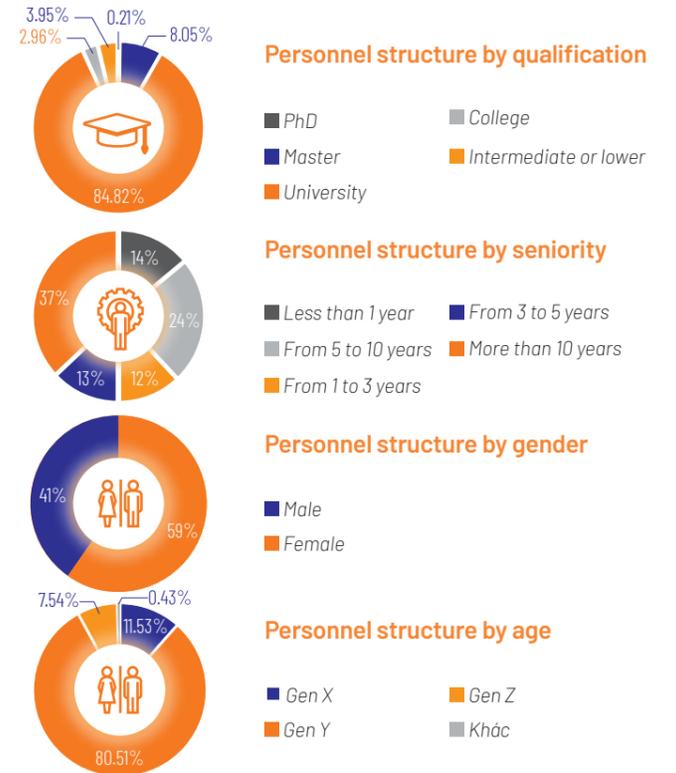
Most employees think that "Where to work is not as important as who to work with". At SHB, employees are proud to be inspired and accompanied by the aspiration to lead of the talented Entrepreneur Do Quang Hien, full of passion and faith in life.

## 7.1.1. NUMBER OF EMPLOYEES, AVERAGE SALARY FOR EMPLOYEES

The total number of employees of SHB as of December 31, 2022 was 9,504 people. In 2022, the average income of SHB employees reached VND 22.3 million/person/month, up 1% compared to 2021.

SHB's human resources in recent years have been continuously enhanced in both quantity and quality to meet the business strategy. SHB is also aiming to build a team of successors, ensuring a source of managers, experts,... with young average age, well-trained in the field of finance and banking, with comprehensive knowledge of market economy, foreign language proficiency, ability to adapt sensitively to the modern and highly integrated business environment.

The percentage of female employees at SHB has always been higher than 50% every year. In which, the structure of women in the Board of Management and senior leadership of SHB accounts for 50%, showing that SHB always values women and their important influence on the bank's business.



**7.1.2. LABOR POLICY TO ENSURE THE HEALTH, SAFETY AND WELFARE OF EMPLOYEES.**

*“Living on salary, getting rich on bonus” is the motto that SHB always strives to implement so that employees can feel secure to attach with the bank.*

*Basically, in 2022, despite being affected by the Covid-19 pandemic, SHB still ensures all policies and benefits of employees.*

**Salary and bonus regime**

In 2022, SHB continued to adjust in the direction of innovation and reclassifying income by title for employees of all business units according to ranking results, grades and regions. KPI sets were continuously revised, aiming to pay a fair and accurate monthly income according to the dedication capacity of employees and the functions and duties of each professional department. The salary policy was associated with the results of job performance evaluation, level of contribution by employees, as well as the business performance by SHB.

With a specific KPI system, high or low income is decided by the employees themselves. The annual salary increase is guaranteed to be open, fair and transparent, reflecting the development policy of the SHB.

The bonus regime is fully implemented for all employees on national holidays and New Year celebrations and the bank’s establishment anniversary. In particular, the policy of emulation and reward within each unit, branch, region and the entire system is updated and renewed every year, is a regular activity that is expected by employees. Important recognitions include: Quarterly/ Yearly Certificate of Merit/Certificate of Merit awarded by the Chairman of the Board of Directors, General Director and overseas trips (Europe, Asia,...) to encourage teams/individuals who have new initiatives, exceed planned targets, achieve excellent results...

**Insurance, health care, safety and welfare regimes**

Currently, the difference between SHB and other banks is that SHB is paying for employees social insurance, health insurance, unemployment insurance, personal income tax and trade union fee. This is one of the prominent policies that not only helps to ensure and improve income for employees, but also is one of the policies to attract employees to work at the bank.

The health of employees is one of the decisive factors to the quality, productivity and performance of the enterprise. Therefore, SHB’s leadership always focuses on creating a safe working environment, ensuring good health, life and policies for SHB employees. SHB focuses on health care for employees with a relatively high cost. SHB cooperated with leading hospitals to organize medical examinations for their staff periodically once a year, at an average cost of VND 1.2 million/person. At the same time, employees are entitled to comprehensive health care insurance under the SHB Care program linked with BSH insurance with policies and insurance values increasingly beneficial to the employees. Specifically, for the leader positions, the insurance value is nearly 1 billion VND/person. For other titles, the average level of insurance is VND 200 million/person.

In particular, 2022 continues to be the year when the Vietnamese economy in general and SHB in particular are affected by the Covid-19 pandemic. In the face of extremely complicated developments of the pandemic, SHB’s Board of Directors always focuses on welfare policy/health activities to protect the health of SHB employees and their relatives. Some remarkable policies can be listed as:

- Regularly directing, recommending and providing epidemic information to employees;
- Issuing regulations on flexible working policies (allowing to work remotely) but still ensuring income for employees. Ensure employees still complete their work but are protected safely every time an outbreak breaks out in the locality/unit.
- Organizing regular/periodic Covid-19 screening and testing activities to promptly detect epidemics; Support expenses for SHB employees and their relatives who are F0 and F1; Organizing the implementation of 3 vaccinations for 100% of employees and their relatives; Support medicine treatment for employees and relatives when infected with Covid-19,...

In addition, the bank always ensures specific allowances such as toxic allowances, makeup allowance for the treasury, money counting department or units which have direct transactions with customers; dual-position allowances attractive to qualified employees; monthly fuel and parking allowance for 100% of employees. Management at the headquarter as well as at branches are arranged with private cars to transport to work, ensuring reasonable costs.

In addition to implementing policies for employees in accordance with the law, SHB also applies many useful welfare programs for employees every year such as: allocation of working uniforms, sufficient provision of modern working tools in accordance with professional operation; organization of annual vacation for all employees; policies to give employees preferential loans to buy houses, cars, consumer loans with low interest rates, etc.

The activities of unions, football sports and mass performances were regularly held throughout the system to create solidarity, attachment between employees and the Bank, creating a warm and happy atmosphere to motivate employees.

Social activities, charity support, environmental protection, etc. were always focused by SHB, thereby building a sense of responsibility for the community of employees.

**7.1.3. TRAINING AND EMPLOYEE DEVELOPMENT ACTIVITIES**

*Always consider human resources as the bank’s most valuable asset, maximizing human resources, taking people as the center of the bank’s development motivation.*

Human resources development is one of the four strategic pillars of SHB. SHB created all conditions for each individual employee to develop his career, focusing on training high-quality human resources with training plans built on the bank’s business development strategy, according to analysis of financial market development trends, based on annual employee need survey. With the policy that all employees have the opportunity to be trained and developed, so all training costs organized by SHB as well as training courses sent by SHB are sponsored by the bank.

In 2022, SHB continued to foster and develop employees’ capacity through 05 groups of training programs with 86 courses. In particular, SHB organized the first Talent Lead course excellent senior management staff. SHB’s first Talent Lead participants are trusted to bring about breakthrough – blooming and realizing the goal of becoming No.1.



Total training hours in 2022 of all employees of the Bank were 166,006 hours, equivalent to the average number of training hours/one employee at SHB of 29.2 hours/employee/year.

Object	Hours of training (hours x person)	Average training hours/year (hours/person/year)
Staff	138,328	29.9
Management	27,678	25.7
<b>Total</b>	<b>166,006</b>	<b>29.2</b>

**The training program was built for each target group**

SHB provided training on the basis of the competency standard framework of each title and according to the required competency level of each position. The training programs at SHB were diversified, continuously improved, updated in content and form, suitable for many target groups. The programs are designed based on the training list under 04 groups of titles: (i) Senior management; (ii) Middle management; (iii) Low level Managers and (iv) Specialists/Staff.

- Regarding newly recruited employees, SHB developed integration training programs with the arrangement of senior employees to mentor to

provide employees with general knowledge about SHB, background knowledge for work, helping them quickly integrate and get familiar with SHB culture. In 2022, SHB has implemented 25 integration courses for new employees.

- Regarding experienced and competent employees, SHB focused on advanced and specialized training in order to plan resource employees, creating career promotion opportunities. The number of courses in intensive product and professional skills in 2022 was 52 courses.



- Regarding managers, SHB implemented training programs to improve management capabilities, strategic planning & developing skills, change management skills, etc. Every year SHB facilitated so that managers can participate in training courses and seminars abroad. In 2022, 9 training courses in management skills, soft skills and specialized seminars were organized.

The performance assessment at the end of the course was periodically organized by professional tests and assessments throughout the system to encourage employees to train themselves and supplement the knowledge and skills which they were still weak and lacking.

Training activities at SHB are flexibly carried out in many different forms, such as outsourced training, in-house training at SHB, online training, blended learning, etc. SHB has made the maximum application of technology in training activities according to its ability and conditions to improve the quality of online lectures with digitized and transferred training topics/ contents and put it into service for learning/training on the elearning system. Training programs with instructors are carried out in the form of online classes via MS Teams software, Zoom, video conferencing classes, etc. Technology applications in training were always focused through the operation of the Study-Exam System (SHB-LMS) and Online Survey (SHB-Survey, Google Docs). Modern training system made the learning of employees become easier and more effective, as well as optimizing training costs.

**Recruitment policy**

*Publicity and transparency, along with the criteria for evaluating a candidate's qualifications and skills based on professional standards are the basis for recruitment.*

The strategy of attracting, developing and nurturing talents has always been valued in SHB's recruitment policy. Through internship programs, talent introduction, etc., targeting a wide range of audiences from potential students to excellent managers/experts, SHB has always placed its trust and given opportunities to young people willing to challenge, innovate and create. In 2022, SHB participated in 06 job fairs at universities/colleges across the country to approach and share job opportunities to more than 5,000 students.

SHB's recruitment policy is always public, transparent and evaluates the candidate's ability based on professional standards and actual job requirements. In 2022, SHB had 964 new employees, including 60 managers and 904 specialists. The total number of applications for the year was 17,002 applications (for 329 vacancies).

In addition to recruiting employees from outside sources, the rotation and appointment of internal employees is also focused on by the management. SHB prioritizes internal human resources for recruitment in order to create attachment and encourage employees to develop.

In the provinces/cities at home and abroad with the presence of SHB, local workers were prioritized to be recruited because of the background of a thorough understanding of the local market and the commitment and enthusiasm of the employees.

Besides, SHB also signed cooperation agreement with partners providing major recruitment services such as Vietnamwork, Careerbuilder, First Alliance, Navigos to increase the efficiency of recruitment information communication and supplement high quality candidates; promoted cooperation with major universities through scholarship programs for excellent students, exchange information, participation in job fairs to expand recruitment sources.



## 7.2. RESPONSIBILITY TO THE LOCAL COMMUNITY

*Over the years, SHB has always been known as one among high performance commercial banks, affirming its prestige and brand name domestically and internationally. Along with sound business activities, SHB has also actively demonstrated community responsibilities with a series of practical and meaningful social security programs.*

In 2022, SHB has spent nearly VND 80 billion budget for sponsorship activities towards the social community, including socio-cultural sponsorship activities, cultural and spiritual works, supporting the poor, difficult situations and the development of the young generation.

Previously, in 2021, when the Covid-19 pandemic was complicated, all socio-economic activities were stalled, people's lives were seriously affected, in order to share difficulties with the community, SHB spent hundreds of billions of VND on social security activities, increasing 6 times over the same period of the previous year.

Responding to the emulation movement "The whole country joins hands for the poor - Leaving no one behind" launched by the Prime Minister, SHB supported poverty alleviation through funds and organizations such as: Contribution to the Fund for the Poor; Support the Vietnam Children's Fund; Supporting the Children's Fund in Hanoi, building the Great Solidarity House launched by the Vietnam Fatherland Front in Hanoi city... and practical activities for each difficult case in the localities. In 2022, SHB participated in overcoming consequences of natural disasters such as in Lien Chieu District, Da Nang City, Ky Son District, Nghe An Province. In addition, the Bank also accompanied a

number of social and cultural activities, promoted the love of sports and football, and contributed to spiritual and cultural works in Vietnam.

With contributions to the development of the country, SHB was honored to be awarded the Certificate of Merit by the Prime Minister in accompanying the Government to remove difficulties for businesses and implement social security during the pandemic; the Bank was also honored by Asiamoney Magazine as "The best socially responsible bank in Vietnam", "Best CSR Bank" honored by the International Data Group (IDG) in collaboration with the Vietnam Banks Association; "Bank with the best COVID pandemic management initiative in Vietnam" honored by The Asian Banking and Finance (ABF) magazine, along with many other prestigious domestic and foreign awards. It is a testament to the community's trust and recognition for a bank that always takes "social responsibility" as its business philosophy, creating long-term brand value.





### 7.3. ENVIRONMENTAL IMPACT ASSESSMENT REPORT

*SHB has long been aware of the responsibility of a Top commercial bank in Vietnam in terms of scale to make every effort to minimize the impact on the environment and contribute to the regeneration and preservation of the green planet. SHB has determined a sustainable development strategy that not only brings effective and safe financial growth to the bank itself, but also rationally exploits and economically uses natural resources, protects and improves the quality of the living environment.*

At SHB, the policy on environmental issues is concretized in the regulations issued by the Board of Directors and the CEO. In which, the CEO is responsible for implementing policies. The CEO and the Board of Management closely followed the direction and orientation of the Board of Directors, actively implemented activities related to social responsibility and environmental protection in order to bring better values to the community and society.

#### 7.3.1. ENVIRONMENTAL IMPACT

SHB does not assess environmental parameters because most of SHB's buildings and transaction points are currently rented. The assessment is carried out by the building operator.

As a service provider in the financial and banking sectors, SHB's business activities do not produce much greenhouse gas emissions and do not place a significant impact on the environment. The sources of greenhouse gas emissions, if any, mainly come directly from the use of work tools and equipment, and indirectly from lighting activities in buildings, repair and maintenance of equipment, power generation, air conditioning system, as well as the means of transportation of employees and customers around the transaction points.

Sources of greenhouse gas emissions at SHB's buildings and transaction points:

- Direct emission sources (negligible) include: Labor tools.
- Indirect emission sources: Lighting system, elevator system, air-conditioning system, power generation system; means of transportation of employees and customers to transactions, repair and maintenance activities.

In order to create a green space, SHB alternately arranged bonsai at buildings and transaction points, helping to reduce the amount of CO<sub>2</sub> emitted into the air. In addition, customer transactions, internal transactions, training,... in online form also help reduce emissions during transportation and save energy.

#### 7.3.2. RAW MATERIAL MANAGEMENT

SHB is a service provider in the fields of finance and banking, so the main materials for the business process are mainly printing paper, printing ink, stationery, etc.

SHB's total annual cost of using materials increases in line with the size of the bank's business. However, thanks to effective saving measures, the cost of using materials per staff is always kept at a low level. The cost of materials in 2022 was VND 1.18 million/01 employee/year, a decrease of 13.2% compared to 2021.

Many measures were used by SHB to save materials, labor tools, and minimize environmental pollution such as:

- With the orientation of becoming a modern universal retail digital bank, SHB enhanced the development of products and services applying modern technology, and at the same time minimized the cumbersome paper-using process in order to bring utility for customers, save transaction processing time and stationery costs. Banking operations or operational document processes were largely shifted to online transactions and approvals thanks to online document storage and approval systems; The online automatic individual customer information identification application (eKyc) was put into operation in 2020, so the number of papers, pens, etc. and other labor tools decreased significantly year by year.
- The electronic information exchange system was upgraded and expanded from the head office to branches such as meetings, recruitment interviews via videoconference, online recruitment examinations, electronic news and magazines, etc., making an important contribution to minimize the amount of printed papers and improve labor efficiency.
- Reuse of 1-sided printed paper; Registering annual usage quota for each department; Classifying stationery according to one-time supply, supply according to monthly request and unusual usage requirement; Tracking and comparing periodic usage.
- The bank's internal communication activities also devoted many contents and topics to raise staff's awareness in document printing in order to minimize the amount of redundant printed paper and enhance the exchange of information, documents, reports via internal email and the reuse of old stationery.





**7.3.3. ENERGY CONSUMPTION**

Energy used for business activities at SHB is mainly electricity for lighting and maintaining computer operation, air conditioning, fuel for staff transportation vehicles, etc.

Facing negative impacts from climate change affecting not only the present but also future generations, SHB always focused on monitoring the use of energy and natural resources, thereby contributing to minimizing greenhouse gas emissions intensity and environmental impacts.

**FUEL CONSUMPTION**

SHB's petrol consumption source was mainly from operational cars, money carrying trucks and staff transportation vehicles, etc. Petrol cost quota was assigned and specific itinerary was checked regarding head of units who regularly travel by work vehicles. Regarding other activities, itinerary and transportation time must be registered in advance to ensure maximum service of employees while saving petrol costs and vehicle wear. SHB's petrol consumption per 01 employee in 2022 was VND 0.59 million, decreased 20.3% compared to 2021.

ITEMS	2020	2021	2022
Fuel cost per employee in 1 year (million VND/person/year)	0.76	0.74	0.59

**ELECTRIC POWER**

SHB made maximum saving in electricity consumption, which was also a measure to reduce business cost by equipping energy-saving bulbs and air conditioners that met greenhouse air emission standards and were maintained constantly. In addition, energy saving was seriously implemented by the leaders and staff such as turning off the circuit breaker when leaving, paying attention to closing the doors so that air-conditioners worked efficiently, arranging reasonable seating to save electricity for lighting equipment, etc.



**7.3.4. CONSUMPTION OF WATER**

SHB used water mainly for the activities of all staff and the building such as drinking water, sanitation, floor cleaning, labor tools, etc. and water cost was included in the building rental cost. Domestic wastewater was brought to a gathering place for treatment according to the building's regulations.

Cost of drinking water for managers, staff and guest reception was paid by SHB with the highest saving spirit such as pouring enough water for drinking, using small water bottles in internal meetings. For meetings and receptions with guests, the bank provided small volume water bottles to avoid wasting.

**7.3.5. COMPLY WITH THE LAW ON ENVIRONMENTAL PROTECTION**

The source of waste potentially harmful to the environment at SHB was mainly solid waste generated from office activities such as unusable printing paper, cardboard, stationery that are no longer usable, etc. and the source of gas waste mainly came from vehicles entering, leaving, circulating through the building. Therefore, SHB arranged personnel in charge of the environment and implemented environmental protection plans.

- The environmental sanitation outside the working area was done by the outsourced environmental company (included in the cost of building renting) with the main activities as follows:
  - Clean toilet floors, toilets, lobbies, stairs, corridors, walls, basements, etc. with a frequency of about 1 hour to ensure these areas were always clean.
  - Equip hand sanitizer in the toilet area to ensure the disinfection for employees.
  - Make sure the toilet flush and toilet hand sanitizer worked properly.
  - At the end of working hours, the building cleaning staff sorted the garbage and collected all the trash in the bin to the garbage collection point in front of the building.
- The cleaning inside working rooms were done by the administrative department of the bank with main activities as follows:
  - Clean up trash bins containing printing paper, documents, cartons, broken pens, water bottles, fruit peels, etc. in the working rooms, meeting rooms. The cleaning frequency was about 3 times/day or more depending on the amount of waste.
  - Take care and prune bonsai in the building's areas and offices to ensure that it is fresh and green to avoid spreading dust into the air.
  - In the basements and in front of the building's door, SHB assigned security guards to remind and request that vehicles entering the building shut down the engine before entering the building to reduce emissions and noise. Ventilation fan system in the basement was installed in accordance with standards to ensure airy ventilation.
- Modern information techniques such as videoconference, telephone were maximized to organize internal meetings, interview staff across the country to minimize travel time as well as frequency of using aircraft, vehicles, contributing to reducing CO<sub>2</sub> emissions into the environment.
- In addition, each bank employee always upheld the spirit of keeping clean and cleaning his own working desk and the surrounding area; Strengthen exchange of documents and official letters via internal email to minimize the amount of redundant printed paper; reuse old stationery.

With the intention of strictly complying with the law on environmental protection, during the operation, SHB was not sanctioned for any violation related to environmental issues.





7.3.6. GREEN FINANCE

In addition to developing traditional banking operations, SHB paid great attention to the development of green banking.

Aware of the banking system's role as an intermediary that has an impact on the environment through customer activities, SHB has greened investment capital flows by directing financial resources into green sectors such as high-tech enterprises, renewable energy projects, supporting industries, rural agriculture, small and medium-sized hydropower projects, biomass, wastewater and waste treatment, etc. in order to gradually increase the proportion of green credit in the credit portfolio structure, encouraging borrowers to convert projects and purposes of using loans to environmentally friendly projects. With its contributions to green credit activities, in the past year SHB was honored as "Best CSR Bank in Vietnam" by IDG, "Best Trade Financing Bank in Vietnam" by Asan Banking and Finance, and "Best Bank in Vietnam" by Global Finance. These are valuable records for SHB's efforts and capacity in the process of "greening" banking operations. Some typical green projects of SHB include:

- SHB became one of 07 joint-stock commercial banks participating in disbursing the REDP Project funded by the World Bank since 2014. With the advantage of participating in REDP Project, SHB can bring outstanding benefits to investors of Green projects such as: The lending interest rate is 1.5 - 3% lower than the normal loan interest rate; The project supports the implementation and reimburses 100% of dam safety consultancy costs, 50% of environmental and social consultancy costs; Participation in the Carbon Finance Program; Participation in technical assistance, training, capacity building programs for Investors, etc.
- Accompanying Vietnam's Renewable Energy Development Strategy to 2030 with the goal of achieving the proportion of electricity produced from renewable energy sources (excluding large, medium and large-scale hydroelectricity and storage hydroelectricity) around 7% in 2020 and over 10% in 2030, SHB has actively participated as a credit risk-free and credit-bearing on-lending bank for ODA projects funded by the German Government through the Reconstruction Bank Germany such as: Project "Smart Grid - Efficiency in Power Transmission" (phase 1) worth EUR 65 million and Project "Effective grid in small and medium

sized cities" (phase 1 and 2) worth 350 million EUR. The objective of the two projects is to expand and develop the power transmission grid system, reduce overload for the national grid, meet the current urgent power demand, maintain safety safety, improving the reliability and quality of the national power transmission system.

- Currently, SHB is also sponsoring a number of moderate-scale solar power projects, hydropower projects, wind energy, etc. from customer deposit. Some typical projects can be listed as: Nam Luc Hydropower Plant (Lao Cai Province), Dak Sin 1 Hydropower Plant (Dak Nong Province), Bai Thuong Hydropower Project (Thanh Hoa Province).
- In early 2022, Hanh Phuc Rice Factory Project - Asia's largest rice factory with an area of 161,000m<sup>2</sup> in An Giang has completed construction and launched for operation. This is a typical sub-project loaned by SHB using the Rural Finance Project (VnSAT) funded by the World Bank. The factory operates 100% of modern technology solutions and equipment from Europe, ensuring to meet the world's most stringent requirements in terms of food safety, operational safety and environmental friendliness, in line with the World Bank's sustainable development criteria. SHB is proud to be the bank that effectively implements both VnSAT project components (rice and coffee projects), the only commercial joint stock bank granted the highest VnSAT project limit among 11 banks participating in the project (ranked after AgriBank).
- With the experience and achievements gained during the implementation of ODA projects related to environment and climate, SHB has been selected by the World Bank and the Ministry of Industry and Trade as the Project Implementing Entity (PIE) of the Project on Promoting Energy Efficiency in Industries in Vietnam, funded by the Green Climate Fund (GCF) through the World Bank. SHB will manage the Risk Sharing Fund on behalf of the Ministry of Industry and Trade and issue credit risk guarantees to banks participating in lending to energy saving sub-projects. The model of the project, applied for the first time in Vietnam, will significantly contribute to the process of encouraging businesses to transform technology towards economical and efficient use of energy - one of the key factors contributing to the Government's goal of reducing greenhouse gas emissions.



Hanh Phuc Rice Factory - Typical project loaned by SHB using capital funded by the World Bank

- SHB also promotes lending policies to encourage the development of high-tech agriculture, clean agriculture, and cooperates with BCG and IFC - two leading strategic and chain consulting organizations in the world to consolidate and develop loan products to finance chain agriculture and hi-tech agriculture.

SHB always controls safety and sustainability when sponsoring projects. Projects must satisfy strict conditions according to international and domestic standards on environmental protection, energy and natural resource saving. Therefore, when evaluating projects, SHB relies on the social and environmental risk assessment toolkit issued by the State Bank in coordination with IFC. Accordingly, with the credit decision making, SHB often adds to the loan agreement: client's responsibility and commitment to improve environmental and social risk management, an action plan and timeline to minimize risks before or after loan disbursement, SHB's actions to limit responsibilities related to the social environment caused by transactions.

In addition, SHB supports project owners by consulting technical safety in accordance with donor regulations, providing support for carbon finance programs, training programs, loan guarantees, etc. They are a number of tools that can help improve the viability of financing for green sectors and sustainable development.

With green credit strategy, SHB has been striving to maintain the top 1 position among private joint stock commercial banks in green credit. In recent years, the Bank has always been proactively approaching green capital sources of international financial institutions (WB, ADB, KfW, IIB, etc.), considering issuing green bonds, etc. to finance infrastructure construction projects of Vietnam, especially green energy projects. SHB also focused on assisting customers to raise awareness of green economic activities, especially compliance with the requirements of environmental impact assessment of projects applying for loans. For foreign-financed projects, the Bank involved in providing technical safety advice, training on requirements and fulfillment of the sponsor's E&S standard requirements.

When the Bank strengthens environmental risk management in lending activities, it will create incentives for businesses to improve production efficiency in a cleaner direction, thereby, raising customers' awareness of finance and banking services, environmental protection issues, ensuring social security, and sustainable development. This will help businesses and rural households expand their businesses, promote the development of agriculture, renewable energy, and efficient energy in Vietnam and at the same time, connect businesses along the value chain from production, processing to consumption and export; creating more jobs for workers.