

DIRECTIVE

On Promoting Green Credit Growth and Environmental – Social Risks Management in Credit Granting Activities

Implementing the National Action Plan on green growth period 2014-2020 in Decision No.403/QĐ-TTg dated March 20, 2014 of the Prime Minister, the Governor of the State Bank of Vietnam requires units under the State Bank of Vietnam and commercial banks, finance companies, financial leasing companies, cooperative banks, foreign bank branches operating in Vietnam (hereinafter called “credit institution”) to perform the following tasks:

I. OVERALL OBJECTIVES AND TASKS

1. Implement the National Action Plan on green growth, as from 2015, credit granting activities of the banking sector should take into account of the issues of environmental protection, natural resources and energy efficiency improvement; environment quality enhancement and human health protection, towards the sustainable development.

2. Review, adjust and upgrade credit regulations in accordance with green growth objectives; focus on credit granting to projects and production and business activities which are environmentally and socially friendly; contribute to the implementation of green growth targets of the business community, thereby, achieve the green growth and sustainable development goals.

II. FOR UNITS UNDER THE STATE BANK OF VIETNAM

1. Pursuant to the functions and tasks, advise the Governor of the State Bank of Vietnam to effectively implement the National Action Plan on green growth in the period of 2014-2020.

2. The Credit Department of economic sectors coordinates with other units of the State Bank of Vietnam to develop and implement measures on promoting green credit growth in pursuant to the set orientation and objectives of the National Strategy on green credit growth; organize training courses to strengthen capacity for green credit and environmental and social risks management; guide credit institutions to develop and implement an environmental and social risks management system.

3. Pursuant to the functions and tasks, each unit leads and coordinates with the Credit Department of economic sectors to review, research and develop regulations on environmental and social risks management in credit granting activities of credit institutions.

III. FOR STATE BANK BRANCHES IN PROVINCES

1. Proactively understand the socio-economic situation and banking activities in their managed territory, propose measures to the Governor of State Bank of Vietnam to manage E&S risks in credit granting and in promoting green credit in accordance with actual conditions in their locality.

2. Actively communicate and improve awareness of credit institutions on green growth and E&S risks management in credit activities.

IV. FOR CREDIT INSTITUTIONS

1. Pursuant to the approved National Strategy for green growth, as well as programs and action plans of Ministries and People's Committees of provinces and cities, actively develop green credit programs and policies in order to raise green credit proportion in its credit portfolio. In particular:

a) Develop and implement measures to promote green credit growth in order to stimulate business activities which are environmentally and socially friendly: research and develop green credit products, develop credit programs offering incentives for projects, production and business which are green growth-oriented.

b) Improve service quality, create favourable conditions for green credit growth and target to fund projects, production and business activities which promote green growth.

c) Give funding priority to projects in the economic sectors which conserve, develop and utilize natural resources efficiently; apply scientific achievements and advanced technologies; use energy efficiently and effectively; develop clean and renewable energy; utilize environmentally friendly technologies and equipment and manufacture environmentally friendly products.

2. Research, develop and implement measures to manage E&S risks in credit granting activities. In particular:

a) Actively research and develop environmental and social risks management system for the credit granting activities by improving policies, resources, processes and procedures so as to enhance the management of environmental and social impacts in the credit management activities.

b) Pursuant to the environmental and social regulations of functional ministries and units, review and assess the environmental and social risks (exploitation of natural resources and energy, natural environment pollution, imbalance of ecosystem, climate change, damage to cultural heritage, threatening the safety, security and health of the community, labor inequality and forced resettlement) affecting the usage of funding and debt recovery capability of clients in credit appraisal.

c) Conduct frequent and periodic monitoring and supervision of environmental and social risks management of clients receiving loans, ensuring that environmental and social risks management monitoring in credit granting becoming a task which is performed regularly and continuously achieving high efficiency.

3. Actively communicate environmental and social risks management and green credit policies of credit institutions in order to raise consensus and support of the public and businesses for green credit growth target of credit institutions in particular and the banking sector in general.

4. Prepare periodic reports using the Reporting Template attached to this Directive.

V. IMPLEMENTATION

1. This Directive shall be effective from the date of signing.

2. The Credit Department of economic sectors, in coordination with units under the State Bank of Vietnam, monitors the implementation status of this Directive and reports to the Governor of State Bank of Vietnam.

3. Chief of Office, Directors of Credit Department of economic sectors, Heads of units under State Bank of Vietnam, Directors of State Bank branches in provinces, Chairman of Board of Director, President of Board of Members and General Director (Manager) of credit institutions, branches of foreign banks must implement this Directive./.

List of receivers:

- As specified in point 3 of section V;
- The Prime Minister and Deputy Prime Ministers (for reporting);
- State Bank Board of Directors;
- The Government Office;
- Ministry of Planning and Investment;
- Ministry of Natural Resources and Environment;
- Ministry of Labor, Invalids and Social Affairs;
- Vietnam Banking Association;
- Archive: Office, Legal Department, Credit Department (5).

GOVERNOR

Nguyen Van Binh (signed)

Name of Credit Institution.....

REPORT

On Green Credit Growth and Environmental and Social Risks Management in Credit Granting Activities

(Pursuant to Directive No 03/CT-NHNN dated March 24, 2015)

Quarter..... year.....

Unit: Billion VND, unit value

| No. | Criteria | Short-term credit granted | | Medium and long-term credit granted | |
|-----|---|---------------------------|-------|-------------------------------------|-------|
| | | Quantity | Value | Quantity | Value |
| 1 | Credit/loan application | | | | |
| 2 | Credit/loan applications declined after being E&S risks evaluated | | | | |
| 3 | Credit/loan applications approved after being E&S risks evaluated | | | | |
| 4 | Total outstanding value of credits/loans granted which have been evaluated on E&S risks | | | | |
| 5 | Total outstanding value of credits/loans being on hold due to E&S risks | | | | |
| 6 | Value of green credit/loan granted | | | | |
| 7 | Total outstanding value of green credits/loans granted | | | | |
| 8 | Total outstanding value of green credits/loans granted Total outstanding value of credits/loans granted | | | | |

Date.....

Prepared by

Supervisor

Authorized Management

Note:

- Submission of Report: by the 16th in the first month of the following quarter
- Form of submission: Send hard-copy to State Bank of Vietnam (Credit Department of economic sectors) and soft-copy to huong.nguyenthu7@sbv.gov.vn.