



Corporate social responsibility in Vietnam

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Corporate social responsibility (CSR) is still far from commonplace in Vietnam. To date, CSR has been most highly visible among multinationals. Their approach involves imposing conditions on trade and production, as well as carrying out CSR-related activities in Vietnam. They are motivated, among other things, by the need to position themselves favourably in the eyes of the Vietnamese government. For these companies, CSR is an important business case for building or retaining market share in the Vietnamese market. In the 'people, planet, profit' trio, consideration for the environment is lagging far behind.

The Vietnamese government and CSR

- Vietnam has a socialist-oriented market economy. That socialist orientation is something that the government takes very seriously indeed. Thus government control of the local and international business community aims at furthering socialism in Vietnam. By Dutch standards, however, this does not qualify as CSR.
- Nevertheless, there is a growing awareness of CSR. The Ministry of Labour, Invalids and Social Affairs coordinates CSR in Vietnam. Other ministries have responsibility for various individual components of CSR. The country has also passed CSR legislation that is largely in line with international conventions. Enforcement is a problem.
- Human rights, especially civil and political rights, are politically sensitive issues. Nevertheless, there is scope – albeit limited – for discussions of the UN's Guiding Principles on Business and Human Rights.
- Vietnamese companies, including state-owned enterprises, tend to focus on high production figures and short-term results. In this, they have the backing of the politicians. Good governance, sustainability and transparency often take second place.
- CSR is most highly visible among multinationals. Companies are increasingly aware that they need CSR if they are to retain their export markets. Multinationals also use CSR to position themselves favourably in the eyes of the Vietnamese government.

Corruption

Among the 175 countries listed in the 2014 Corruption Perception Index 2014 by Transparency International, Vietnam is in 119th place. Corruption in the government and in the business community is an everyday reality that business people have to face. The growing political focus on this issue has not yet been translated into concrete results.

Working conditions

- Working conditions have been slowly improving in recent decades. The country has strict labour legislation. Vietnam has ratified most international labour conventions. However, there is absolutely no freedom of association or collective bargaining.
- There are many problems with enforcement. Vietnamese companies, in particular, do not comply with labour legislation, often fail to register themselves, operate without the necessary permits, and do not observe safety precautions. There is a high incidence of workplace accidents.

Environment

- The growth in industrial production has led to major environmental problems, such as air pollution, water pollution, deforestation, and a loss of ecosystems. These problems are exacerbated by a focus on short-term results.



- These issues, coupled with various food scandals, have made environmental pollution a top priority for the government and the general public alike. At the same time, Vietnamese consumers are relatively unwilling to pay a little extra for goods that have been sustainably produced. Export markets are increasingly compelling Vietnamese businesses to switch to sustainable production methods.

Dutch CSR efforts in Vietnam

- The OECD Guidelines for Multinational Enterprises are of primary importance for Dutch companies' CSR activities. In Vietnam, companies like Unilever, Heineken, FrieslandCampina, Akzo Nobel and many others are playing a pioneering role in CSR. Some of these companies have received CSR awards.
- The Dutch government provides assistance to Dutch companies that are attempting to introduce CSR into everyday practice in Vietnam. To achieve sustainable production chains, the Dutch government also supports public-private partnerships. It also supports ventures in the areas of labour standards and environmentally sustainable production. In September 2015, the Embassy in Vietnam and the Consulate General in Ho Chi Minh City launched the "Tomorrow is Green" campaign.

This campaign aims to bring Dutch sustainable production techniques and solutions to societal problems to the attention of Vietnamese decision makers.

- The Dutch Embassy in Hanoi and the Consulate General in Ho Chi Minh City have placed CSR high on the agenda. They support Dutch companies with information and contacts. www.hollandinvietnam.org
- RVO.nl provides extensive information and helps entrepreneurs navigate the area of CSR. www.rvo.nl/mvo
- You can carry out a quick CSR risk assessment of your company at www.mvorisicochecker.nl.
- The OECD Guidelines clarify the Dutch government's expectations (in terms of CSR) of companies doing business abroad. These provide a guideline to help companies draw up codes of conduct that they can use to deal with societal issues such as child labour, environment and corruption. www.oesrichtlijnen.nl

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