

Designing an AI-Enabled ESG Regulatory Alignment Framework: A UK–Vietnam Comparative Analysis

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Abstract

This critical review interrogates scholarship published between 2019 and 2025 regarding ESG regulatory alignment in cross-jurisdictional contexts to challenge the conceptual equivalence of textual similarity, enforcement convergence, and outcome equivalence.

Anchored in Critical Realism and Contextual Empiricism, the study synthesises four thematic domains: institutional isomorphism, legal transplants, the epistemic limits of AI/NLP, and the politics of data. It explicitly deconstructs the methodological reliance on "text-as-proxy" within computational legal analysis to expose the inferential risks of measuring governance through linguistic patterns alone.

Three critical deficits emerge, comprising: a mechanism gap where harmonisation is presumed to yield compliance; a contextual deficit where AI detects patterns without diagnosing capacity constraints; and a theoretical gap linking alignment constructs to valid inference limits.

The paper contributes to the philosophy of governance research by establishing a "mechanism-aware" inferential boundary. It repositions AI/NLP from an adjudicator of equivalence to a diagnostic instrument for symbolic compliance.

Keywords: ESG regulation; AI/NLP; critical realism; institutional capacity; symbolic compliance; emerging markets.

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Executive Summary

The "epistemic fallacy" is the idea that textual similarity is the same as functional equivalence. Researchers today often think that if ESG rules in Vietnam are very similar to UK rules in terms of text (as measured by AI and Natural Language Processing), then the two systems of governance are coming together successfully. This point of view is wrong because it only looks at the "surface" of the law and does not look at the machinery that makes it work.

It is impossible to conclude that there is real regulatory alignment just by looking at the text. It needs a fair look at three different areas. First, it begins with Textual Alignment where AI analysis finds linguistic similarities. Second, this must be matched by Enforcement Alignment, which accounts for the actual capacity of institutions and the political will to monitor and mandate these rules. Third, the framework requires Outcome Alignment, providing tangible proof that the regulations are delivering their intended environmental and social impacts.

When researchers do not make a clear distinction between what is written and what is done, they fall into the conflation of text and function. There is a chance of mimetic isomorphism in Vietnam, where the country uses UK-style rules mainly to look good to the rest of the world. This leads to symbolic compliance in which the rules look the same on paper but do not have the tools to make real changes in the world.

The report suggests that AI should flag patterns, not confirm alignment; it should be used to find patterns that need to be triangulated with institutional evidence. In fact, there is true convergence when textual similarity is backed up by data on enforcement capacity and performance that is the same.

Term / Symbol	Full form
ESG	Environmental, Social, and Governance
AI	Artificial Intelligence
NLP	Natural Language Processing
RegTech	Regulatory Technology
SupTech	Supervisory Technology
UK	United Kingdom
Vietnam (VN)	Vietnam
JETP	Just Energy Transition Partnership
ISSB	International Sustainability Standards Board
IFRS	International Financial Reporting Standards
IFRS S1	IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2	IFRS S2 Climate-related Disclosures
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
PRISMA	Preferred Reporting Items for Systematic Reviews and Meta-Analyses
A	Regulatory Alignment
A_T	Textual Alignment/Textual Similarity
A_E	Enforcement alignment / enforcement convergence
S(T_UK, T_VN)	Textual similarity function / similarity score of UK and VN
T_UK, T_VN	UK texts; Vietnam texts
Φ	Institutional Capacity (coefficient)
δ	Decoupling / Isomorphism Factor/Symbolic Compliance
F	Legal-transplant friction
P	Politics of ESG data / metric bias
RQ1–RQ4	Research Questions 1–4
MoF	Ministry of Finance (Vietnam)
MONRE	Ministry of Natural Resources and Environment (Vietnam)
MPI	Ministry of Planning and Investment (Vietnam)
SOE	State-Owned Enterprise
Scope 3	Scope 3 emissions
Scope 4	Avoided emissions (“Scope 4”)

Table 1: Abbreviations and Symbols Used in the Review

1. Introduction

The UK exemplifies a high-capacity benchmark with consolidated ISSB-aligned infrastructure while Vietnam faces fragmented oversight and nascent assurance ecosystems¹ (Financial Conduct Authority [FCA], 2023; Pincus, 2023; World Bank, 2025). This "implementation gap" undermines UK–Vietnam cooperation under the Just Energy Transition Partnership (JETP) because sustainable finance require reliable interoperability (Nedopil et al., 2022; Setyowati, 2023; Cochran et al., 2025); missallocated capital flows result when alignment is asserted textually but unrealised institutionally (Sia & Soh, 2007; Le, 2022). Socio-technical scholarship show that language models diminish meaning by recognising high-confidence patterns while concealing the generative mechanisms, such as capacity constraints and political incentives that determine whether rules are enforced or archived (Zamani & Pouloudi, 2021; Bender et al., 2021).

1.1 Purpose and Scope of the Coursework

This study integrates significant academic work released from 2019 to 2025 at the convergence of ESG regulatory alignment, institutional governance, and computational legal analysis. The review addresses the "**mechanism gap**," as the mistaken conflation of harmonisation (textual convergence) with implementation (enforcement capacity) (Xhuvani, 2023; Aleinikovas et al., 2025, Kirin & Krasnova, 2025).

Instead of viewing regulatory alignment as a singular, it contests the conflation of **symbolic compliance** with substantive convergence, analysing exemplar studies to critique AI's inferential constraints.

¹ Independent auditors, verification standards, and accreditation bodies that check corporate ESG disclosures are all part of assurance ecosystems. Vietnam's ecosystem is still in its early stages because it does not have ISSB-trained auditors or standard verification protocols.

1.2 Philosophical and Research Stance

In line with Wu et al. (2020), this review employs Critical Realism to distinguish observable regulatory artefacts (text) from underlying **generative mechanisms**² [**institutional capacity (Φ)**, **politics of ESG data (P)**], thereby preventing the **epistemic fallacy** of treating *textual similarity* as institutional reality. Within this philosophical boundary, the review establishes:

- **Regulatory Alignment (A):** is a three-part construct of Textual Similarity/Alignment (**A_T**), Enforcement Alignment (**A_E**), and Outcome Alignment (**A_O**) (Armstrong, 2018a; Armstrong, 2018b; Skerritt, 2025).
- **Decoupling (δ):** The institutional phenomenon wherein formal policy adoption is disconnected from actual organisational practice, often shaped by legitimacy pressures (**isomorphism**) (Meyer & Rowan, 1977; Pitsakis et al., 2012; Brandl et al., 2022; Georgiev & Georgiev, 2024).
- **Legal-transplant Friction (F):** The resistance that occurs when UK common-law concepts migrate into Vietnam's socialist-oriented civil law architecture (Pistor, 2019).

Section 3.5, which comes after the thematic literature synthesis, goes into detail about how these constructs are put into action in a three-tier analytical architecture.

² In Critical Realism, generative mechanisms are fundamental causal forces (e.g., capacity constraints, political incentives) that yield observable outcomes (e.g., regulatory texts). Mechanisms, in contrast to empirical patterns, are not directly observable and must be deduced through theory-informed analysis.

1.3 Research Questions

RQ1: What theoretical discussions (2019–2025) concern ESG regulatory alignment between UK and Vietnam, and what mechanisms account for divergence?

RQ2: How has literature evaluated AI/NLP strengths/weaknesses in comparative legal analysis, particularly distinguishing textual similarity from enforcement alignment?

RQ3: What institutional/political-economy constraints impede ESG disclosure implementation in emerging markets, challenging alignment as mere textual convergence?

RQ4: How do conflicting philosophical perspectives shape methodological decisions and limit legitimate assertions regarding cross-jurisdictional ESG governance?

1.4 Roadmap of the review

Section 2 details the review methodology and screening logic. Section 3 synthesises the literature across four themes, culminating in **a mechanism-aware** conceptual framework. Section 4 applies this framework to critically analyse Bingler et al. (2022) as a case study. Finally, Section 5 consolidates the contributions and implications for AI-enabled regulatory alignment in UK–Vietnam cooperation.

2. Method for Conducting the Literature Review

The review is designed to be transparent, rigorous, and reasonably reproducible by combining a structured search with a narrative critical synthesis. This is necessary since “ESG regulatory alignment” is not a settled construct (Gossain, 2023; Tipurić, 2024; Strouhal et al., 2025) and some studies treat alignment as textual similarity, others as enforcement convergence, and others as outcome equivalence (Berg et al., 2022). To avoid conceptual error, the review prioritises mechanism-aware scholarship over purely descriptive text-as-data studies (Rodriguez & Storer, 2020; Wardle et al., 2024).

2.1 Search Strategy and Data Sources

To prevent analytical bias and to ensure comprehensive coverage from both technical/economic and legal perspectives, three databases were selected: Scopus, Web of Science, and HeinOnline (Shrank et al., 2011; Liang et al., 2025). In addition, the corpus was bounded to 2019–2025 to capture (i) the post-TCFD regulatory wave, (ii) the emergence of the ISSB (TCFD Report, 2021; Christensen et al., 2022), and (iii) the shift from conventional NLP to foundation-model discourse (Devlin et al., 2019; Bommasani et al., 2021).

This temporal boundary risks underweighting foundational institutional mechanisms; seminal works (Aguilera et al., 2019; Jackson & Deeg, 2019) are therefore included when they explain causal logics relevant to RQ1 and RQ3.

Search strings intersected three specific conceptual domains to isolate studies elucidating the "rhetoric-reality gap" in emerging markets (Marquis & Raynard, 2020), as follows:

ESG Management: “ESG regulation” OR “ISSB³” (IFRS Foundation, 2021) OR “TCFD⁴” OR “sustainability reporting” OR “Scope 4⁵”.

Institutional Setting: “emerging markets” OR “Vietnam” OR “institutional isomorphism⁶” OR “legal transplants OR “policy capacity”.

Technological Approaches: “NLP⁷” OR “text analysis” OR “computational legal studies” OR “RegTech⁸” OR “AI governance” (Devlin et al., 2019; Bender & Koller, 2020; Bommasani et al., 2021).

2.2 Inclusion and Exclusion Criteria

Studies were selected based on their ability to illuminate the gap between written regulation and its practical enforcement. The inclusion and exclusion criteria for the corpus that was found are shown in Table 2.

Criteria	Dimension	Specific Requirements / Details
Inclusion	Publication Period	2019 - 2025 (capturing post-TCFD & foundation model era)
	Thematic Focus	• ESG Disclosure & Regulatory Alignment
	(Ioannou & Serafeim, 2019)	• Sustainable Finance Governance
		• AI/NLP in Legal Contexts
	Analytical Scope	• Cross-jurisdictional Comparison (UK/Vietnam focus)
		• Emerging-market Implementation

³ The new international reporting standard

⁴ Scope 4, or "avoided emissions," measures how much a company's products or services have cut down on emissions (for example, solar panels replacing coal power). This new metric lets Vietnam get credit for its new green infrastructure, but it does not have standard ways to check its accuracy, which could lead to "impact-washing."

⁵ Avoided emissions debates

⁶ Pressures to imitate Western models

⁷ Natural language processing

⁸ Regulatory technology

		• Institutional Capacity & Isomorphism
	Document Type	Peer-reviewed journal articles; Official policy documents (for context only)
	Language	English (Full text availability)
Exclusion	Relevance	• Technical NLP papers lacking substantive governance application • Purely descriptive commentaries without theoretical grounding
	Quality	Non-peer-reviewed articles (except official grey literature used for contextual triangulation)

Table 2: Inclusion and Exclusion Criteria for the Research Corpus Selection

2.3 Analytical Procedure

The data were examined by inductive thematic synthesis combined with ontology-sensitive coding. To uphold inferential rigour, literature was categorised to distinguish between:

- Text-as-proxy studies: implicitly assume policy text approximates practice (common in some quantitative and text-as-data traditions) (Linder et al., 2020).
- Mechanism-aware studies treat decoupling as a normative, mechanism-driven phenomenon (common in institutional and realist analysis) (Stål & Corvellec, 2022; Talpur et al., 2024).

This distinction prevents the conflation of AI-detected linguistic patterns with actual institutional capability (Bender & Koller, 2020; Selbst et al., 2019). Consequently, this review treats AI/NLP outputs as pattern-based indicators that flag potential discrepancies, not as evidence of enforcement outcomes (Deshmukh et al., 2025; Ludovico, 2024) .

3. Critical Literature Review

Regulatory Alignment (A) remains conceptually contested that scholars operationalise it variously as A_T, A_E, or A_O without explaining these dimensions' non-substitutability (Skerritt et al., 2025). Indeed, textual resemblance does not, by itself, warrant claims about enforcement or outcome (Berg et al., 2022). While functionalist literature often privileges formal harmonisation and assume the uniform operation of global standards such as the TCFD, institutional theorists reframe alignment as a sociopolitical performance, characterised by decoupling, particularly in the context of emerging markets (Raaijmakers et al., 2018; Xu et al., 2025).

This sharpens a tension that must be made explicit, in UK–Vietnam comparison, formal texts diffuse more rapidly than the institutional mechanisms that render them consequential (Lyytinen, 2001; Thatcher et al., 2006). Relying solely on NLP-based similarity scores risks the “epistemic fallacy” of mistaking a high textual match for *functional equivalence* (D’Amour et al., 2020; Bender et al., 2021). The review critically synthesises these debates across four themes: Theme 1 defines the contested meaning of ‘alignment’ (RQ1) and sets inferential constraints; Theme 2 specifies how legal transplants interact with institutional capacity and enforcement (RQ1–RQ3); Theme 3 bounds the legitimate claims of AI/NLP in comparative legal analysis (RQ2); and Theme 4 situates alignment within the politics and temporality of ESG data in emerging markets (RQ3–RQ4).

3.1 Theme 1: Why Alignment $\neq$ Textual Similarity - Harmonisation vs. Isomorphism

Theme 1 isolates the foundational dispute that governs the rest of the analysis whether alignment is a technical problem of harmonisation or a legitimacy-driven process shaped by institutional isomorphism and decoupling (Junaid, 2015; Ștefănescu, 2022). This divergence is

not solely theoretical; it also establishes the inferential justification for RQ1. If alignment is interpreted merely as harmonisation, it implies that observing Vietnamese law written identically to English law allows one to conclude that the two countries employ similar regulatory approaches, thus, textual similarity functions here as a proxy indicator signalling convergence in governance between the two states (Zelli et al., 2019). In contrast, from an institutionalist perspective, the replication of legal texts constitutes basically a performative display aimed at garnering legitimacy what is often termed “a performance of legitimacy” that can exist independently of functional implementation (Kim & Ha, 2013; Mende, 2024; Cross, 2024).

3.1.1 The functionalist view: Linear Convergence and Efficiency

Functionalist scholarship treats ISSB standards as market-coordination technology designed to reduce information asymmetry and transaction costs (Ali, 2023; Renee & Izabel, 2023; Hodder & Schipper, 2025). Rooted in Agency Theory ⁹(Jensen & Meckling, 1976), this logic assumes mandatory disclosure constrains managerial opportunism, thereby aligning corporate behavior with investor interests. The implied causality is linear: stricter regulatory discipline → granular metrics → higher-quality disclosures → enforceable market discipline → enhanced transparency (Krueger et al., 2020; Christensen et al., 2022).

Critical Limitation: The Fallacy of Textual Proxy

The functionalist approach enables cross-country comparisons of regulatory clarity but generates fragile inferences in emerging markets because it presumes textual adoption triggers governance convergence, ignoring the institutional machinery gap (Lattemann, 2014; Millar, 2014; Tariq et al., 2022). In capacity-constrained settings, textual adoption occurs rapidly via

⁹ Agency Theory (Jensen & Meckling, 1976) looks at problems that come up between principals (shareholders) and agents (managers). When it comes to ESG, it assumes that mandatory disclosure makes it harder for managers to hide bad news, which is in line with what investors want.

policy diffusion, but enforcement infrastructure (assurance ecosystems, inspection capacity, sanctioning authority) cannot be imported by decree (Pistor, 2021; Jackson & Deeg, 2019). Formal adoption should, thus, be recognised as potentially masking institutional hollowness, not substituting for governance capacity (Yee & Liu, 2021; Vinesh et al., 2025)

3.1.2 The Institutional Paradigm: Decoupling and Strategic Isomorphism

The institutional account begins where the functionalist inference breaks that there is a separation between policy adoption and practice. This dynamic is most visible under uncertainty, where actors lack a settled understanding of the context and what to do, and therefore default to imitation as the safer strategy (Kalthoff, 2000; Hoefer & Green, 2016; Bate, 2022). The institutional scholarship highlights three channels of strategic isomorphism, consisting of:

- **Coercive isomorphism:** arising from external resource dependencies, for instance, when it comes to investor and supply-chain demands, a buyer such as Nike signals that without an ESG report it will not purchase, so suppliers produce disclosures that resemble the buyer's preferred format (Verbruggen et al., 2011; Katz et al., 2017).
- **Mimetic isomorphism:** which emerges under uncertainty when Vietnamese firms or regulators copy "best practice" UK/ISSB templates to signal professionalism and competence rather than improving its function (DiMaggio & Powell, 1983; Rudyanto, 2019; Ștefănescu, 2022).
- **Normative isomorphism:** driven by professional standards circulating through consultants, auditors, and professional communities; the diffusion of standardised ESG language can mask persistent functional gaps, notably when local implementation capacity is absent (Bremer et al., 2011; Bepari, 2024).

Legitimacy operates as a social pressure, so compliance is pursued to be seen as proper and lawful. By this means, there is a staged performance of compliance to secure legitimacy and resources, deliberately mimicking others to obtain investment or licences, without a genuine intention to implement the substance (Ibrahim et al., 2017; Traub et al., 2025; Gomez & Schoch, 2025). This mechanism justifies treating high A_T as insufficient evidence of A_E/A_O, necessitating mechanism-aware diagnostics (Section 3.5).

Critical Limitation: Deterministic Pessimism

Its weakness, however, cannot be ignored that it can over-correct into a deterministic pessimism where all convergence is dismissed as “pretence” (Wigniolle, 2014; Gobena, 2024). It is methodologically unsound to treat “decoupling” as a default setting; rather, it should be conceptualised as an empirically bounded claim (Wigniolle, 2014; Gobena, 2024). Gen & Amy (2021) emphasised that as long as the institutional engine contains a fully realised presence of policy capacity, coordination, and assurance; textual adoption can still function as a credible signal of genuine intent.

3.1.3 Critical synthesis: The “Alignment Illusion”

Taken together, the two camps generate a predictable analytical failure mode that alignment is operationalised as text, then governance equivalence is inferred as if enforcement capacity were observable from language. This “Alignment Illusion” is amplified when computational techniques are used without a theory of institutions (Risi et al., 2023). NLP can quantify linguistic proximity and topic emphasis, but it cannot, on its own, warrant claims about enforcement intensity or supervisory capability (Bender et al., 2021). The conceptual framework illustrating this “Alignment Illusion” and its underlying dynamics is presented in Figure 1.

Implication for Research Design: This study must categorically reject the binary assumption that the existence of formalised texts is equivalent to the presence of effective and substantive governance. As an alternative, a mechanism-aware approach is adopted, incorporating:

- **Measurement:** The similarity observed in a text (A_T) should be regarded solely as an initial indicator (an empirical signal), and nothing beyond that.
- **Explanation / Boundary logic:** if two texts exhibit high A_T in the absence of independent enforcement evidence (e.g., sanctions, monitoring), this should be interpreted as potential isomorphism, as opposed to concluding that the two entities possess *functional equivalence*.

THEME 1 LOGIC RECAP: Why Alignment ≠ Textual Similarity

Functionalist View → Linear causality (text adoption → compliance)

↓ (critique)

Institutional View → Decoupling mechanism (text ≠ practice)

↓ (synthesis)

Conclusion: "Alignment Illusion" - textual convergence can mask symbolic compliance

Figure 1: Conceptual Framework of the “Alignment Illusion”

3.2 Theme 2: Why Imported Texts Fail—Legal Transplants & Capacity Deficits

With the meaning of ‘alignment’ clarified, Theme 2 turns to the transfer mechanism (also known as legal transplantation) and specifies why importing ESG clauses is easier than importing the institutional machinery that makes them enforceable (Pistor, 2019; Muzio et al., 2019).

3.2.1 The Mechanism of Epistemic Friction and “Legal Irritants”

Transplant failure is mechanism-driven, not merely temporal lag. The reason behind is that law is treated as an “historically encoded technology” that legal concepts carry interpretive habits and enforcement routines from their system of origin (Pistor, 2019; Vauchez, 2020). When UK common-law-inflected ESG notions (e.g., fiduciary duty¹⁰, comply or explain) entering Vietnam’s civil-law and socialist-oriented governance architecture, they function not as seamless transplants but as “legal irritants” (Teubner, 1998), triggering systematic friction. This manifests along two distinction dimensions:

- **Interpretive Inertia:** In the UK, the law functions primarily by establishing broad principles while granting firms the autonomy to innovate in their implementation. By contrast, in Vietnam, the administrative logic is characterised by a “handholding” approach that the detailed decrees and implementing circulars are indispensable, resulting in symbolic compliance where texts are formally adopted but operationally dormant (Pistor, 2021; Meyer & Rowan, 1977).
- **Incentivised Symbolic Compliance:** Obviously, if disclosure requirements are strictly mandated but enforcement remains thin, this incentivises boilerplating¹¹, whereby firms respond by “copy-pasting” polished language from global “best-in-class peers” (UK) with the primary aim of enhancing the appearance of their reports without enacting substantive organisational changes (Schaltegger et al., 2019; Watchman & Papa, 2019; Borgi & Mnif, 2022; URSY & Ban, 2025).

¹⁰ Fiduciary duty is a legal requirement that directors put the interests of shareholders ahead of their own. This principle-based duty in UK common law gives companies some leeway in how they interpret it. Vietnam's civil law system usually needs clear legal definitions, which makes it hard to use UK-based ESG ideas.

¹¹ Boilerplating is when you copy and paste standard language from templates without making it fit your organisation's needs. Companies may use TCFD-aligned phrases like "We assess climate risks" in their ESG reports without actually doing risk assessments.

3.2.2 Policy capacity as a Diagnostic Taxonomy

To move beyond “weak enforcement” as a label, this review adopts the taxonomy of policy capacity developed by Wu et al. (2020) which separates institutional capability into analytical, operational, and political dimensions, as follows:

- **Analytical Capacity**¹²: constitutes an irreplaceable competency in data collection and validation. In its absence, regulation becomes performative.
- **Operational Capacity**: encompasses resources, authority, and organisational design for enforcement. Vietnam’s fragmented oversight is distributed across MoF ¹³ (disclosure), MONRE ¹⁴ (environmental metrics), and MPI ¹⁵ (planning), creating coordination failures and accountability gaps.
- **Political Capacity**: the state's demonstrated willingness to sanction vested interests, distinguishing declarative commitments from enforcement actions.

The interplay between these capacity deficits and the friction of legal transplantation is visually summarised in Figure 2, which maps the causal pathway from imported texts to symbolic outcomes.

3.2.3 Epistemological Synthesis

High semantic similarity between UK and Vietnamese disclosures may merely indicate symbolic convergence rather than genuine functional alignment (Qi, & Chen, 2025).

¹² Analytical capacity is the state's ability to gather, check, and understand data. This means having trained staff to check Scope 3 emissions calculations or biodiversity impact assessments as part of ESG regulation.

¹³ Ministry of Finance

¹⁴ Ministry of Natural Resources and Environment

¹⁵ Ministry of Planning and Investment

Following this line of reasoning, the author deliberately employs AI solely as a diagnostic instrument. From an academic research perspective, this reflects AI's appropriate role as a pattern detector, more precisely, as a mechanism for identifying semantic repetition or cross-jurisdictional mimicry as diagnostic signals, not as adjudications of substantive fact (Tan & Yap, 2016; Chng et al., 2019) . It requires the systematic consideration of rival hypotheses, for example, “capacity failure,” where actors intend to comply but lack the requisite capabilities, or “strategic greenwashing,” where misrepresentation is deliberate (Wang et al., 2023; Li et al., 2025; Cao et al., 2025). The core implication is the necessity of constructing an integrated analytical framework (Section 3.5) that compatibly combines capacity diagnostics with textual

THEME 2 LOGIC RECAP: Why Imported Texts Fail

Legal Concept (UK common law)

↓ (transplanted to)

Vietnam (civil law + socialist governance)

↓ (encounters)

Epistemic Friction (F) + Capacity Deficits (Φ)

↓ (results in)

"Formally visible yet practically inert" regulation
measurement.

Figure 2: Mechanisms of Transplant Failure and Policy Capacity Deficits

3.3 Theme 3: What AI Can(not) Do—Inferential Boundaries of NLP

The scalability crisis in comparative legal research has generated a marked shift toward Regulatory Technology (RegTech) and Natural Language Processing (NLP) (Oliveria, 2025). Nevertheless, this technical capacity is unavoidably accompanied by the risk of prematurely and reductively reifying a contextual deficit when measurement is produced in the absence of sufficiently deep institutional understanding (Grafström et al., 2025). This section therefore explicitly delineates the inferential boundaries required for RQ2 and RQ3: computational tools

may efficiently, systematically, and visually organise complex legal data, but their outputs must not be deterministically or uncritically relied upon to assert that “the law of State A has effects identical to the law of State B” merely because the textual artefacts appear formally or linguistically similar.

3.3.1 The Promise and Peril of RegTech 3.0

From a methodological perspective, as distinct from engaging in impressionistic legal analysis, NLP facilitates a transition toward an empirical discipline in which complex, unstructured legal texts are transformed into structured representations (Sasidharan & Rahulnath, 2023). However, feasibility does not entail portability; tools optimised for English-language common law corpora frequently misinterpret the drafting conventions of civil law architectures and Vietnam’s socialist-oriented legal system (Ірина Валеріївна Царьова, 2022), thereby generating artificially high levels of “similarity” that obscure profound divergences in underlying legislative intent.

3.3.2 Critique of Technological Solutionism and "Epistemic Injustice"

This review rejects the naive belief that technology can solve governance misalignments (Buckley et al., 2021). This phenomenon creates three cognitive traps that should be evaded, as detailed below:

- **The Deception Bias:** If we automatically think that mismatches are "greenwashing," we might miss other possible reasons, such as capacity failure or institutional fragmentation (Nemes et al., 2022)
- **Structural Fragility:** Vietnamese law often uses polysemy and aspirational language that could be taken as legally binding promises. This makes it look like the rules are more in line with each other than they really are (Suu, 2023).

- **The Black-Box Accountability Gap**¹⁶: any resulting assessment of "similarity" becomes an algorithmic artefact, lacking authentic legal validity (Chiao, 2019)..

3.3.3 Synthesis: AI as Diagnostic, Not Adjudicator

The methodological shift is a deliberate reorientation in analytical reasoning. It is very important to move away from conceiving “*AI as Judge*,” and toward “*AI as Diagnostic*,” systematically identifying sites of dysfunction or latent pathology.

This study imposes an explicitly strict inference boundary, being articulated as follows:

- **Computational outputs** should be used as a diagnostic tool, alerting users to textual anomalies, semantic mimicry (boiler plating), or structural discontinuities (Alhawiti, 2025).
- **Institutional theory and capacity diagnostics** come into play after algorithmic flagging, and human analysts use mechanism-based knowledge to explain why these patterns keep happening (Serra-Garcia & Gneezy, 2025; Benedek, 2025).

The framework prevents AI from making decisions and only lets it do diagnostics, which stops textual proximity from being mistaken for institutional convergence. The operationalisation of

¹⁶ The black-box problem means that AI models' decision-making processes are not clear. Users can not figure out why certain clauses got high or low scores. This makes it hard to hold people accountable because algorithmic assessments do not have legal reasoning that can be checked.

this guarded approach, emphasising the boundary between algorithmic pattern detection and human institutional adjudication, is depicted in Figure 3.

THEME 3 LOGIC RECAP: What AI Can(not) Do

AI/NLP Promise → Scalable pattern detection in legal texts

↓ (critique)

Three Cognitive Traps:

1. Deception Bias (defaulting to "greenwashing" diagnosis)
2. Structural Fragility (misinterpreting aspirational Vietnamese phrasing as binding law)
3. Black-Box Gap (algorithmic scores lack legal validity)

↓ (methodological shift)

AI as Diagnostic, NOT Adjudicator

Figure 3: Inferential Boundaries and the “AI-as-Diagnostic” Framework

3.4 Theme 4: Whose Metrics Count?—Politics & Temporality of Data

By analysing the ontological politics and temporality of ESG data, Theme 4 improves the analytical framework. It claims that "alignment" is not a fixed point but rather varies according to our perceptions of growth, risk, and value. This theme lays out RQ4's main limitations as it states that an AI-powered governance framework must be able to distinguish between institutionalised epistemic injustice and actual governance.

3.4.1 Epistemic Injustice and the Hegemony of Northern Metrics

Critical accounting scholarship posits that global ESG frameworks, chiefly those associated with the International Sustainability Standards Board (ISSB), function as "accounting inscriptions" that impose Northern valuation paradigms (Rowbottom, 2023; Hoddler & Schipper, 2025) upon the Global South. These standards often make the development reasons

behind emerging economies like Vietnam invisible by putting investor-centric financial materiality¹⁷ ahead of double materiality¹⁸.

This Northern metric hegemony manifests in three biases. For example, Western metrics may classify Vietnamese State-Owned Enterprises (SOEs) as "high risk" for keeping high-carbon assets that are important for energy security in Vietnam, without taking into account their social and developmental value. NLP tools trained on Northern datasets solidify and automate these biases, presenting Eurocentric valuations as objective 'alignment scores'.

3.4.2 Temporal Mismatch: Static Text vs. Dynamic Reality

Static benchmarking, in more details, treating UK standards as universal and Vietnamese divergence as 'developmental lag' constitutes an epistemological failure that obscures legitimate pathway diversity.

- **Physical vs. Transition Risk:** In the UK, transition risk (changes in policy or the market) has always been more important. But in Vietnam, adapting to physical risks (like floods and heat stress) is becoming more important, as the Taskforce on Nature-related Financial Disclosures (TNFD) says it should be.
- **The Emergence of Scope 4:** gives developing countries a way to show how new infrastructure can help the environment (De Giovanni, 2025; Young-Ferris, 2025). But if there is not reliable validation, there is a gap in the evidence, and claims about avoided emissions could become a new way to "impact-washing" (Jabot et al., 2025; O’Keeffe & Brander, 2025). This tension between rigid global metrics and the fluid,

¹⁷ The ISSB approach to financial materiality looks at ESG issues that affect a company's value from an investor's point of view.

¹⁸ The EU's double materiality approach looks at how companies affect society and the environment (stakeholder lens). In Vietnam's development context, double materiality is often necessary, such as when SOEs play a role in energy access. However, ISSB metrics punish this.

developmental needs of emerging economies creates a 'static benchmarking trap,' which is visually conceptualised in Figure 4.

3.4.3 Synthesis: Overcoming the Static Benchmarking Trap

The proposed governance framework must treat A_T as a dynamic variable in order to fix this. AI outputs must be combined with context-sensitive diagnostics that can find new disclosure objects. This will make sure that the measurement of alignment changes as the global and local priorities of the Ministry of Finance (MoF), the Ministry of Natural Resources and Environment (MONRE), and the Ministry of Planning and Investment (MPI) change (Pincus, 2023).

THEME 4 LOGIC RECAP: Whose Metrics Count?

ISSB/TCFD Frameworks (Northern investor-centric metrics)

↓ (imposed on)

Vietnam (development-focused priorities)

↓ (creates)

Metric Bias (P) + Temporal Mismatch

↓ (example)

Penalizing SOEs for high-carbon assets essential for energy security

Figure 4: Ontological Politics, Metric Hegemony, and Temporal Mismatch

3.5 Theoretical Framework Development: A Three-Tier Architecture

3.5.1 Tier 1: Critical Realist Foundation – From Philosophy to Diagnosis

As established in Section 1.2, the framework is anchored in Critical Realism which stratifies reality into three ontological domains, including: the *empirical domain* - observable artefacts (e.g, statutes, regulatory guidance, and disclosures), the *actual domain* - events (e.g, supervisory actions, assurance practices, organisational reporting routines), and the *real domain* - generative mechanisms (e.g, institutional capacity constraints, legal-transplant friction, legitimacy incentives) (Table 2).

Domain	Nature	Examples in ESG Context
Empirical Domain	Observable artefacts	UK texts (T_UK), Vietnam texts (T_VN), disclosure reports
Actual Domain	Events & practices	Enforcement actions, audits, sanctions, reporting routines
Real Domain	Generative mechanisms	Institutional capacity (Φ), decoupling (δ), legal friction (F), metric bias (P)

Table 2: Three Domain Stratification

3.5.2 Tier 2: Mechanism-Aware Diagnostic Framework

Building on Critical Realism, this tier operationalise four generative mechanisms (Φ , δ , F, P) identified across Themes 1-4 to address the core methodological failure: the epistemic fallacy (Section 3.1.1) of conflating textual measurement with institutional explanation. Computational approaches achieve scale but risk "inference collapse" where similarity scores are reified as functional equivalence, masking the enforcement deficits (Section 3.2) and metric biases (Section 3.4) that determine implementation.

To prevent this collapse, A is conceptualised as a three-part construct, comprising A_T, A_E, and A_O. Among these, A_T is the only dimension that AI/NLP can directly operationalise at scale through a similarity score function of both countries - $S(T_UK, T_VN)$, alongside key diagnostics such as topic coverage, boilerplate mimicry, and obligation mapping. However, high A_T cannot warrant claims about A_E or A_O without independent institutional validation.

Therefore, alignment is operationalised as a falsifiable hypothesis about underlying mechanisms whether observed textual similarity reflects genuine convergence, symbolic compliance (δ), or capacity failure (Φ) rather than as a static scorecard, as showned in Figure

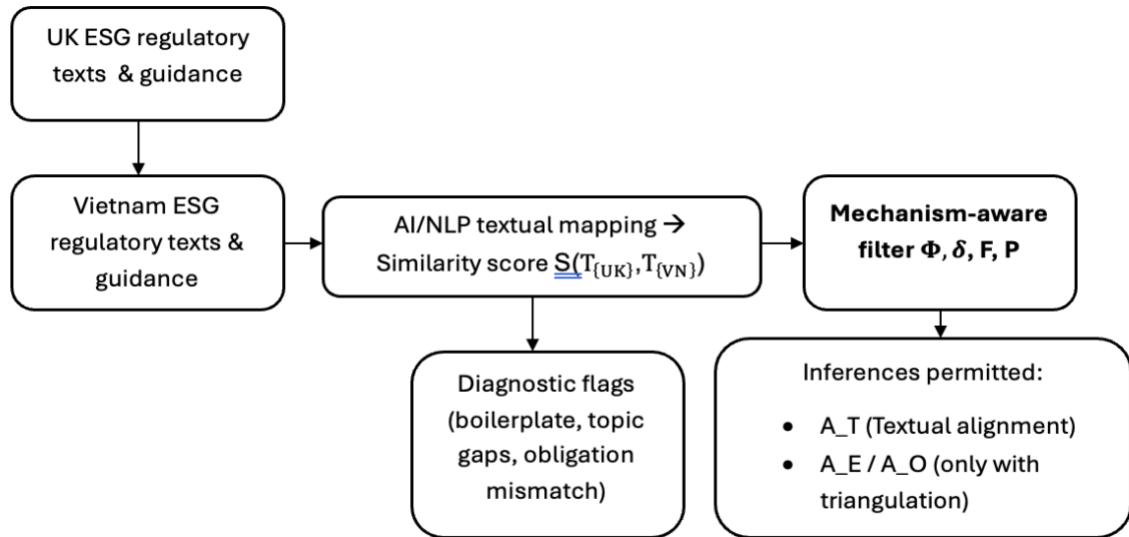


Figure 5. Mechanism-aware diagnostic framework for UK–Vietnam ESG regulatory alignment

Diagnostic logic

These mechanisms **mediate** the relationship between observable text (A_T) and unobservable implementation (A_E, A_O). The framework operates through the following **mechanism detection**:

- **IF** high A_T + low Φ → **DIAGNOSE**: capacity failure (not greenwashing)
- **IF** high A_T + high δ → **DIAGNOSE**: symbolic compliance (isomorphism)
- **IF** high A_T + high F → **DIAGNOSE**: legal transplant friction
- **IF** high A_T + biased P → **DIAGNOSE**: metric inappropriateness

3.5.3 Tier 3: Intergrated Regulatory Alignment Framework

This framework is built based on grounding the framework in Critical Realism (Tier 1), formalising mechanism-aware diagnostics (Tier 2), and integrating these elements into an assessment protocol for UK-Vietnam ESG alignment (Tier 3) (Figure 6).

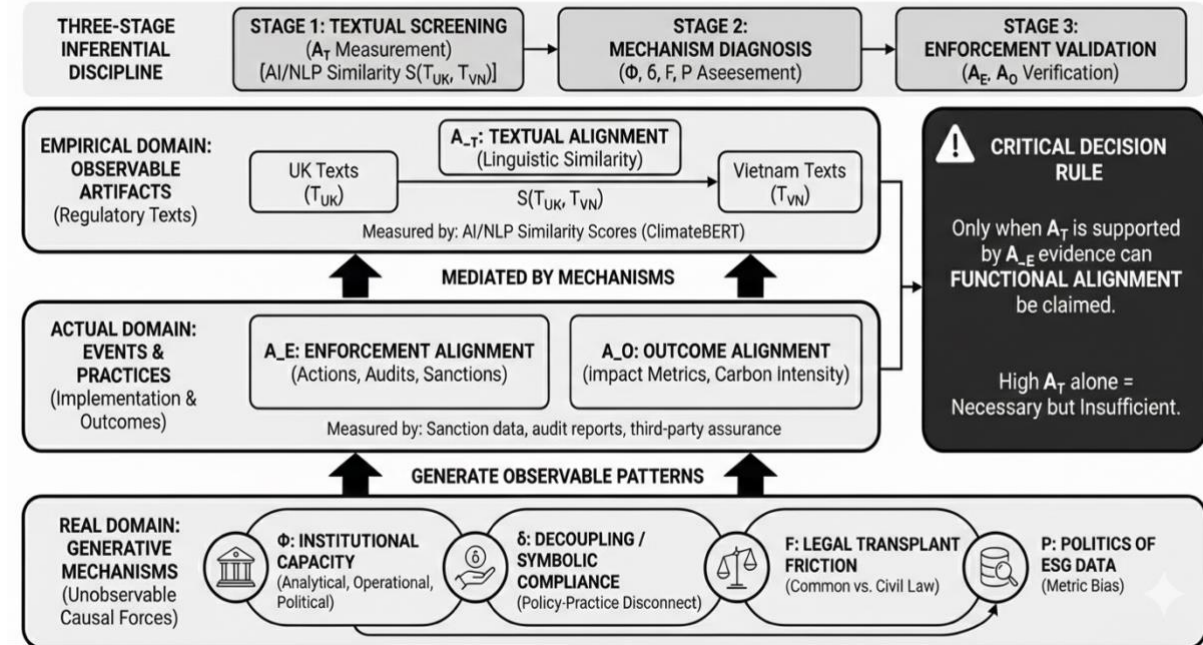


Figure 6: Intergrated Regulatory Alignment Framework (AI-Enabled ESG)

3.6 Core Theoretical Propositions

The above integrated framework provides a diagnostic architecture, but operationalising it requires explicit inferential discipline. Without clear propositions governing what counts as evidence for alignment, researchers risk defaulting to the epistemic fallacy critiqued throughout Themes 1-4. The following six propositions address this gap. They function as decision rules that prevent the three failure modes identified in the literature review, comprising Mechanism gap (Theme 1), Contextual deficit (Theme 3), and Theoretical gap (Theme 2, 4). These propositions are structured to be empirically testable in the UK-Vietnam context (Section 6.2) and to guide the case study critique (Section 4).

P1: A_T, A_E, and A_O are analytically distinct and non-substitutable.

P2: AI/NLP similarity scores operationalise A_T, not A_E or A_O.

P3: Low institutional capacity (Φ) weakens or breaks the conversion of A_T into A_E.

P4: High decoupling/isomorphism (δ) increases the likelihood that high A_T reflects symbolic compliance rather than functional alignment.

P5: Legal-transplant friction (F) reduces transportability of UK/ISSB-inflected concepts into Vietnam's governance architecture even under high textual similarity.

P6: Politics of ESG data (P) and temporal mismatch can bias what counts as "good disclosure," making alignment scores normatively loaded rather than neutral.

4. Philosophical and Methodological Analysis of a Selected Study

This section provides a detailed analysis of a key study on AI enabled ESG governance in order to clarify the inferential limits required for this research topic. The objective is not to criticise how the study is conducted, but to excavate the underlying ontological, epistemological, and axiological commitments that ground the study's claims. By making these commitments explicit, the analysis helps identify how computational outputs should be disciplined when moving across different legal systems (UK and Vietnam), because algorithmic measurement cannot fully capture or comprehend institutional reality.

Selected study: *Bingler, J. A., Kraus, M., Leippold, M., & Webersinke, N. (2022). Cheap talk and cherry-picking: What ClimateBert has to say on corporate climate risk disclosures. Finance Research Letters, 47, 102776.*

4.1. Overview of the Selected Study

Bingler et al. (2022) develop ClimateBERT—a domain-specific NLP model to quantify climate commitment in asset manager disclosures, correlating textual scores with portfolio

carbon intensity. They interpret text-portfolio divergence as "cheap talk," evidence of systematic greenwashing. This study demonstrates NLP's scalability for regulatory screening (RQ3) but exhibits philosophical limitations requiring recalibration for UK-Vietnam contexts.

4.2. Ontology and Epistemology

4.2.1. Ontological Stance: Indicator Realism¹⁹ and the Risk of Flattening

Bingler et al. (2022) adopt indicator-realist ontology, treating text-portfolio divergence as unambiguous evidence of greenwashing. This flattens ontological complexity by compressing institutional transition into binary categories (green talk vs. action) (Riedy, 2019). The text-portfolio mismatch is an empirical phenomenon generated by multiple mechanisms beyond strategic misrepresentation:

- **Temporal lags:** Portfolio reconfiguration is capital-intensive and time-lagged, unlike discrete transactions (Krueger et al., 2020).
- **Measurement opacity:** Scope 3 emissions²⁰ remain methodologically contested; firms cannot control supplier emissions beyond direct boundaries (Vieira et al., 2024, Borchardt et al., 2025).
- **Capacity constraints:** Actors may genuinely intend compliance but lack measurement infrastructure, expertise, or verification systems.

In framework terms (Section 3.6), ClimateBERT measures A_T (textual climate commitment) but cannot distinguish whether low A_E stems from strategic

¹⁹ Indicator realism is the ontological assumption that social phenomena (e.g., 'climate commitment') can be reduced to measurable indicators (e.g., keyword frequency in texts). Critical realists argue this flattens complexity by ignoring underlying mechanisms that generate surface patterns.

²⁰ Scope 3 emissions come from a company's value chain, like factories that make products for customers or customers using those products. These are the hardest to measure because they happen outside of direct operational control and require a lot of data to be collected from hundreds of partners.

misrepresentation (δ high) or capability deficits (Φ low) without institutional triangulation (P3-P4).

4.2.2. Epistemological Stance: Context-Free Objectivism and Transportability

At the epistemological level, this study rests on model-based objectivism, assuming that climate attitude is a stable construct that algorithms can extract and compare across organisations as if its meaning does not vary by context. This assumption confronts the inherent form-meaning²¹ problem in large language models because computers learn only the statistical regularities of surface text and do not grasp underlying intent (Bender & Koller, 2020) (Section 3.1.1).

This constraint poses a significant danger to transferability when the method is utilised across other legal systems. In the UK and Vietnam comparison, regulatory maturity and drafting conventions differ markedly. In high context communicative settings or socialist oriented legal architectures such as Vietnam, cautious or aspirational formulations may signal prudence in the face of ambiguous regulation, not evasion of responsibility (Section 3.3.2). The study falls into an epistemic fallacy by treating AI-generated similarity scores as ontological reality. A high similarity score between UK and Vietnam disclosures may indicate only symbolic convergence (Archer, 2019). This is fully consistent with the transferability limits identified in the research framework, in which cross national meaning is shaped by legal transplant friction (F) and the political dimensions of ESG data (P), so similarity in linguistic form should be

²¹ For example, an AI can find "climate risk disclosure" in Vietnamese text, but it can not tell if the company really figured out the climate risks.

treated as a diagnostic signal of possible mimicry and not as proof of functional alignment (P5-P6).

Implication for Inference: The AI NLP scores in this thesis must therefore be constrained to the status of diagnostic hypotheses (Section 3.6). They offer a structural overview but cannot warrant claims of substantive alignment without qualitative validation such as interviews or in-depth analysis. (RQ3)

4.3. Axiology and Researcher Positionality²²

Although presented in the neutral register of financial econometrics, the study embeds specific normative priorities. By anchoring the definition of "substance" in carbon-intensity proxies, the study privileges a **financial materiality** perspective suitable for Western capital markets (Bačkalov, 2024; Bouteska et al., 2025; Chen, 2025). However, this axiological stance is not universal when it comes to In Just Transition contexts, penalising high-carbon infrastructure exposure misclassifies developmental necessity as irresponsibility, ignoring energy security trade-offs (Ohlhorst, 2015; Venugopal, 2021; Tröndle et al., 2024). Governance in Vietnam often balances decarbonisation with energy security and essential service provision (Politburo, 2025; Climate Action Tracker, 2025). A purely carbon-anchored evaluation risks marginalising these **double materiality** concerns. Furthermore, the researcher positionality in which English-language models trained on Global North corpora were utilised to implicitly codify Western disclosure norms as the baseline for "quality." This creates a benchmark bias, where locally legitimate narrative styles are discounted as deficits (Bhaskar & Hartwig, 2020).

²² Positionality is the idea that a researcher's background (where they live, what they study, and what they believe) affects how they see things. Bingler et al.'s utilisation of Global North datasets as 'quality' benchmarks demonstrates a positionality that favours Western norms, potentially sidelining locally accepted practices in Vietnam.

Implication for Inference: RQ4 demands an explicit ethics-of-measurement stance. The interpretation of "alignment" must account for the developmental and regulatory values embedded in the local context, ensuring that the metric does not penalise actors for operating within constraints distinct from the Global North baseline.

4.4. Methodological Quality: Reliability, Validity, and Trustworthiness

As maintained by Katz et al. (2020), the methodological critique centres on the trade-off between scale and depth:

- **Reliability:** High. The computational pipeline ensures that the analysis is replicable and scalable across large volumes of text, overcoming the inconsistencies of manual coding.
- **Internal Validity:** Moderate to Weak. The reliance on neural networks introduces opacity (e.g, the "black box" problem), limiting the ability to explain why specific clauses trigger high or low scores. Furthermore, the correlational design supports association but cannot isolate causal intent from other confounding variables (e.g., regulatory pressure, sector effects).
- **Ecological Validity:** Weakest. The text is examined mostly in isolation from the institutional context that influences disclosure incentives. The model cannot observe supervisory intensity, the credibility of sanctions, or the maturity of the assurance ecosystem.

Implication for Research Design: To address these validity gaps, this thesis employs a sequential mixed-methods design. NLP is used for systematic screening (RQ3) to identify patterns and outliers. This is followed by expert interviews and document analysis (RQ1–RQ2)

to restore ecological validity, interpreting the computational signals within their specific institutional constraints.

4.5. Critical Appraisal and Relevance to Proposed Research

Bingler et al. (2022) establish a foundational proof-of-concept that domain-specific pretraining can materially improve the classification of complex governance texts. This provides a defensible tool for the structural mapping of regulatory alignment.

However, this research rejects the study's philosophical parsimony, which treats data divergence as a terminal conclusion of "cheap talk." Instead, the proposed framework repositions the AI tool. By shifting from "AI as Judge" (determining guilt/greenwashing) to "*AI as Diagnostic*" (flagging anomalies for investigation), this thesis retains the methodological power of NLP while securing the epistemological rigor required for a comparative study of divergent legal systems. The measurement of A_T serves only as the entry point for understanding the far more complex reality of institutional convergence.

5. Discussion and Contribution

This review establishes three core contributions. First, it demonstrates that ESG regulatory alignment cannot be reduced to merely A_T; instead, it must be conceptualised as a three-part construct, including A_T, A_E, and A_O which are mediated by institutional capacity (Φ), decoupling pressures (δ), and legal-transplant friction (F) (Section 3.5). Second, it repositions AI/NLP from adjudicator to diagnostic instrument (Section 3.3.3), establishing strict inferential boundaries for computational governance research that AI detects patterns but cannot warrant claims about enforcement or outcomes without mechanism-aware triangulation. Third, it puts into action a framework that can be proven wrong for the UK-Vietnam JETP context (P3-P4) (Wu et al., 2020), implying that regulatory "distance" cannot be inferred from textual proximity

alone. The framework enables diagnostic workflows (Section 5.3) that distinguish capacity failure from strategic greenwashing, supporting targeted interventions rather than punitive benchmarking.

5.1 Constructing the Framework: Theory versus Concept

To address the multi-mechanistic nature of ESG alignment, three theoretical modules are integrated:

- **Institutional Theory** supplies the mechanism vocabulary, including legitimacy pressure, institutional isomorphism, and decoupling, and allowing RQ1 to explain why formal adoption often coexists with symbolic compliance.
- **Legal Transplant Theory** sharpens RQ4 by explaining the mechanism of "epistemic friction," clarifying why imported rules fail when the receiving system lacks compatible institutional machinery, even when the legal text appears aligned.
- **RegTech 3.0** conceptualises AI as a mode of supervisory governance, answering RQ2 and RQ3 while fixing a strict inference boundary that AI detects linguistic patterns, not institutional capability (Buckley et al., 2021).

The strength of this modular construction is its explanatory coverage across legal, organisational, and political layers; its potential weakness is conceptual sprawl. To mitigate this, the framework ties each module to an explicit inference limit, ensuring that the measurement of text never masquerades as the explanation of function.

5.2 Purpose and Function: Argumentation, Explanation, Generation

The framework performs three functions, including:

- **As Argumentation:** It challenges the implicit methodological leap from "measurable similarity" to "governance equivalence" that is a category mistake with direct implications for JETP governance. Socio-technical critiques demonstrate that language models can flatten meaning and induce overconfidence, encouraging the mistaken belief that measurement equals understanding.
- **As Explanation:** It operationalises a critical-realist stratification. It separates regulatory distance in the *Empirical domain* - textual divergence detectable through NLP from capacity in the *Real domain* - the mechanism layer that conditions implementation. This prevents an ontological collapse in which "the law on the page" is conflated with "the law in action."
- **As Generation:** The framework yields specific methodological artefacts in which an expanded coding taxonomy and workflow capture both established ESG constructs and emergent categories such as avoided emissions Scope 4 and physical risk. To avoid category drift, this taxonomy is treated as auditable and revisable rather than final.

5.3 Implications for Research, Practice, and DBA Design

Implications for Research

The collective insight from these studies is that philosophical stance dictates method choice. If policy text does not entail practice (an ontological claim), then mono-method quantitative designs are insufficient (an epistemological consequence). This research therefore mandates a sequential explanatory mixed-methods design (QUAL → AI/QUAN → QUAL). This involves: (1) qualitative mapping of local mechanisms and categories; (2) computational measurement at scale; and (3) qualitative diagnosis and validation with domain expertise which is also called as human-in-the-loop, especially in the Global South, to remain robust, context-sensitive, and theoretically grounded.

Implications for Management and Practice for JETP policymakers and corporate leaders

This framework shifts the operational focus from "policing" compliance to diagnosing capacity gaps. By distinguishing textual alignment from functional implementation, the framework supports a more accurate separation of strategic greenwashing from capacity deficits. This distinction is policy-salient that it points to targeted technical assistance and infrastructure support rather than punitive benchmarking, fostering a more equitable transition partnership that respects Vietnam's specific developmental stage.

6. Conclusion

This review demonstrates that ESG regulatory alignment between the UK and Vietnam constitutes a structural problem of institutional capacity and temporal mismatch, not a technical translation exercise. While the UK consolidates ISSB-aligned infrastructure focused on financial materiality, Vietnam faces foundational compliance challenges under fragmented oversight. A recurrent methodological failure in the reviewed literature is the "epistemic fallacy" of conflating these dimensions by treating AI-derived textual similarity as a proxy for enforcement convergence or outcome equivalence. Such reductionism misinterprets symbolic isomorphism where firms copy 'best practice' templates to secure legitimacy as substantive governance integration.

6.1 Contribution to Knowledge and Practice

The primary contribution of this research is the construction of a mechanism-aware governance framework grounded in Critical Realism. Theoretically, this moves the field beyond binary assessments of "lag" by conceptualising divergence as a product of distinct generative mechanisms (e.g., coercive isomorphism, capacity failure, or legitimate developmental prioritisation) (Krause et al., 2019) . Methodologically, the framework imposes a strict

inferential discipline on the use of AI where NLP is repositioned from an adjudicator of compliance to a diagnostic instrument for pattern detection (Saxena, 2024). For DBA research practice, this establishes an ethical and epistemic imperative where algorithms must be "human-anchored," ensuring that Global North benchmarks do not render invisible the specific developmental realities of the Global South, such as the prioritisation of physical risk adaptation over transition risk disclosure.

6.2 Addressing the Empirical Deficit: Priority Research Agenda

6.2.1 Vietnam Enforcement Archaeology

Future studies must create a Vietnam Enforcement Database that includes MoF penalty records for violations of Circular 96/2020²³ from 2020 to 2025, MONRE environmental audit results connected to companies on the list, and the rates of compliance with SOE climate disclosure requirements in the comparison with JETP commitments. These kinds of data also may need to be analysed in Vietnamese and require negotiations for access to institutions.

6.2.2 Capacity Ethnography

Qualitative fieldwork is necessary to implement beyond proxies. This involves conducting semi-structured interviews with MoF to gauge multi-dimensional competencies: specifically, consulting MoF Securities Commission officials to assess analytical capacity, and MONRE provincial inspectors to evaluate ground-level operational readiness. Furthermore, engaging with Big 4 auditors in Vietnam will provide critical insights into the maturity of the local assurance ecosystem.

²³ Ministry of Finance (2020). Circular No. 96/2020/TT-BTC: Guiding the disclosure of information on the securities market. Issued on November 16, 2020. Effective from January 1, 2021.

6.2.3 Longitudinal A_E tracking

To empirically validate propositions **P3–P4**, it is essential to establish a longitudinal panel dataset tracking the following trajectories: First, the conversion rate from FCA enforcement actions to TCFD compliance rates between 2019 and 2025 in UK; Second, the transition of Circular 96 adoption into substantive enforcement for the 2020-2025 is currently under construction. Also, the working hypothesis suggests that while the UK demonstrates an effective A_T $\rightarrow$ A_E conversion, conversely, Vietnam may exhibit A_T **stagnation** driven by institutional capacity constraints.

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