

News release

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Contact Hoang Minh Ngoc
Tel: (024)3946 2246, Ext: 4692; Mobile: 093 606 8571
E-mail: hoang.minh.ngoc@pwc.com

Pages 3

New Corporate Governance Code brings best practices to Vietnamese firms

Launched in mid-August 2019, the “Vietnam Corporate Governance Code of Best Practices” is expected to raise the quality of corporate governance in Vietnamese public and listed companies.

The “Vietnam Corporate Governance Code of Best Practices” was developed by the State Securities Commission of Vietnam with support from the International Finance Corporation (IFC), the World Bank and the Swiss State Secretariat for Economic Affairs (SECO). This is the first corporate governance code researched and released specifically for the Vietnam market, in compliance with current legislation.

Essentially, the Corporate Governance Code is a collection of recommendations for Vietnamese public and listed companies, covering best corporate governance practices and standards that go beyond the minimum requirements in existing laws and regulations. This Code aims at raising the standards of corporate governance practices in Vietnam to a level at par with its top regional ASEAN counterparts, who already have similar codes in place.

Structure of the Corporate Governance Code

The Vietnam Corporate Governance Code draws upon the G20/OECD Principles of Corporate Governance, the 2017 ASEAN Corporate Governance Scorecard, as well as the most recent corporate governance codes of countries around the world. Efforts have been made to ensure there is no conflict between this Code and other existing laws and regulations. However, if a conflict should arise, then laws and regulations prevail.

Applicable laws and regulations for corporate governance



Law on Enterprise 2014
Law on Securities 2016



Decree No.71/2017/NĐ-CP
Decree No.5/2019/NĐ-CP



Circular No.95/2017/TT-BTC
Circular No.155/2015/TT-BTC

The Vietnam Corporate Governance Code is divided into 5 areas consisting of 10 principles and sub-principles. The arrangement of the principles takes into account the relevance and priority of the current issues in the corporate governance performance of Vietnamese companies.

10 Principles of Corporate Governance

1. The responsibility of the Board of Directors

- Principle 1: Establishing clear roles, responsibilities and commitment of the Board
- Principle 2: Establishing a competent and professional Board
- Principle 3: Ensuring effective board leadership and independence
- Principle 4: Establishing Board committees
- Principle 5: Ensuring effective performance for the Board
- Principle 6: Establishing and maintaining an ethical corporate culture

2. Control environment

- Principle 7: Establishing a sound risk management and control environment

3. Disclosure and transparency

- Principle 8: Strengthening company disclosure practices

4. Shareholder rights

- Principle 9: Establishing a framework for effective exercise of shareholder rights

5. Stakeholder relations

- Principle 10: Building effective stakeholder engagement

The six principles on the responsibility of the Board are considered the most important ones in the Code. They allow stakeholders to understand the important roles and accountabilities of the Board and its members, the framework and mechanism for the Board members to undertake and discharge their duties in an transparent and effective manner, as well as the best practices for a balanced and competent Board.



Hoang Hung
Partner at PwC Vietnam

New heights for corporate governance

The launch of the Code is an important milestone in the country's efforts to promote strong corporate governance practices, according to Hoang Hung, Partner at PwC Vietnam and a member of the Vietnam Corporate Governance Initiative (VCGI) and Vietnam Institute of Directors (VIOD).

Hung said that good corporate governance helps ensure the long-term sustainability of a company in the best interest of its shareholder and stakeholders. It will help create market confidence and business integrity, contributing to the company's competitiveness and reputation while facilitating access to capital markets.

"And a community of businesses with good corporate governance will form the core of a robust financial market and strong economic growth," Hung affirms.

Notes to editors:

- Read more details in our in-depth publication [here](#)
- Download the bilingual Vietnam Corporate Governance Code [here](#)

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