



**INDOCHINE  
COUNSEL**  
Business Law Practitioners

Client Guide

# VIETNAM CORPORATE GOVERNANCE GUIDE

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# Abbreviation

|                |                                                                                                                                                                                                       |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AC             | Internal Audit Committee (under the BOM) ( <i>Ủy ban Kiểm toán in Vietnamese</i> )                                                                                                                    |
| BOC            | Board of Controllers / Supervisory Board / Inspection Committee ( <i>Ban Kiểm soát in Vietnamese</i> )                                                                                                |
| BOD            | Board of Directors / Board of Management of JSC ( <i>Hội đồng Quản trị in Vietnamese</i> )                                                                                                            |
| Chairman       | Chairman of Partners' Council of Partnership / MC of LLC / BOD of JSC                                                                                                                                 |
| CG Code        | Vietnam Corporate Governance Code for Public Companies in Vietnam, 2019 and 2026 editions, developed and published by the SSC with technical support from the International Finance Corporation (IFC) |
| CG Manual      | Corporate Governance Manual developed and published by the SSC and the IFC for the 2010 and 2025 editions, with support from the Swiss State Secretariat for Economic Affairs (SECO)                  |
| DOF            | Department of Finance                                                                                                                                                                                 |
| Enterprise Law | Law on Enterprises No. 59/2020/QH14 dated 17 June 2020, as most recently amended by Law No. 76/2025/QH15 dated 17 June 2025, effective from 1 July 2025                                               |
| ESG            | Environmental, Social and Governance                                                                                                                                                                  |
| GD             | Director / General Director (CEO)                                                                                                                                                                     |
| GMS            | General Meeting of Shareholders                                                                                                                                                                       |
| GOV            | Government                                                                                                                                                                                            |
| JSC            | Joint Stock Company / Shareholding Company                                                                                                                                                            |
| LLC            | Limited Liability Company                                                                                                                                                                             |
| MC             | Members' Council of LLC ( <i>Hội đồng Thành viên in Vietnamese</i> )                                                                                                                                  |
| MM-LLC         | Multi-member LLC                                                                                                                                                                                      |
| MOF            | Ministry of Finance                                                                                                                                                                                   |
| President      | President of SM-LLC                                                                                                                                                                                   |
| Securities Law | Law on Securities No. 54/2019/QH14 dated 26 November 2019, as most recently amended by Law No. 56/2024/QH15 dated 29 November 2024                                                                    |
| SM-LLC         | Single-member LLC                                                                                                                                                                                     |
| SSC            | State Securities Commission (attached to the MOF)                                                                                                                                                     |
| UBO            | Ultimate Beneficial Owner                                                                                                                                                                             |

# Overview

## Forms of Corporate / Business Entities

1

In Vietnam, the Enterprise Law provides for four types of enterprises as follows:

### Private Enterprises (Sole Proprietorships)

2

Private enterprises are enterprises owned by one individual who is liable for all activities of the enterprise to the extent of all of his or her assets. Private enterprises are not entitled to issue any type of securities. Private enterprises have no distinction between the owner and the management structure and are generally unsuitable for large or high-risk ventures due to the owner's unlimited liability.

### Partnerships

3

A partnership is an enterprise in which there are at least two members who are co-owners jointly conducting business under a common name as unlimited liability partners. Unlimited liability partners must be individuals and are liable for the obligations of the enterprise to the extent of all of their assets. Apart from unlimited liability partners, a partnership may also have contributing partners or limited liability partners, who may be organizations or individuals and who are only liable for the debts of the partnership to the extent of the amount of capital they have contributed.

4

Partnerships are not entitled to issue any type of securities. While partnerships are relatively uncommon, they are often used for professional services firms (e.g. legal or accounting practices) where personal trust and joint liability are key, or where required by laws.

### Limited Liability Companies (LLCs)

5

There are two types of LLCs:

- ✓ Single-member LLC (SM-LLC) with 1 member; and
- ✓ Multi-member LLC (MM-LLC) with 2 to 50 members.

6

Members / owners of an LLC can be organizations or individuals, and all have limited liability. An LLC is not entitled to issue shares (except for the purpose of conversion into a JSC) but is allowed to issue bonds. LLCs are generally preferred for their flexible ownership structure, limited liability protection, and simple governance framework. LLCs are particularly popular for small and medium-sized enterprises (SMEs) that prefer a closed ownership model and greater control over membership transfers.

## Joint Stock Companies (JSCs)

7

A JSC, also known as a shareholding company, is an enterprise whose charter capital is divided into equal portions called shares. A JSC is required to have at least 3 shareholders, with no limitation on the maximum number. Shareholders may be organizations or individuals, and their liability is limited to the value of their subscribed shares. A JSC is entitled to issue shares, bonds, and other securities, making it the only corporate form in Vietnam that can raise capital from the public.

8

There are two types of JSCs:

- ✓ Private JSCs (private, non-public companies); and
- ✓ Public JSCs (public companies), which are JSCs that either (i) have a paid-up charter capital of at least VND30 billion, and at least 10% of voting shares held by at least 100 investors who are not major shareholders; or (ii) have completed an initial public offering (IPO) by registration with the State Securities Commission (the “**SSC**”).

9

JSCs are the preferred structure for large-scale enterprises and those seeking access to capital markets or multiple investors. The corporate governance framework of JSCs is also more strictly regulated compared to other types of business entities.

## Legislation and Regulators

### Legislation

#### Statutory Legislation

10

In Vietnam, corporate governance for private companies is primarily governed by the following legislation:

- ✓ Enterprise Law No. 59/2020/QH14 dated 17 June 2020, as amended by Law No. 76/2025/QH15 dated 17 June 2025 on amendments to the Enterprise Law (the “**Enterprise Law**”);
- ✓ Decree No. 168/2025/ND-CP of the GOV dated 30 June 2025 on enterprise registration (“**Decree 168**”); and
- ✓ Circular No. 68/2025/TT-BTC of the MOF dated 1 July 2025 providing standard templates of forms used in enterprise registration and household business registration (“**Circular 68**”).

11

Public companies (Public JSCs) are additionally required to comply with more stringent corporate governance rules under the following legislation:

- ✓ Law on Securities No. 54/2019/QH14 dated 26 November 2019 (the “**Securities Law**”), as amended by

Law No. 56/2024/QH15 dated 29 November 2024, which became effective from 1 January 2025 (with certain provisions effective from 1 January 2026);

- ✓ Decree No. 155/2020/ND-CP of the GOV guiding the implementation of a number of articles of the Securities Law, with Chapter VIII specifically focused on corporate governance of public companies, as amended by Decree No. 245/2025/ND-CP dated 11 September 2025 (“**Decree 155**”);
- ✓ Circular No. 116/2020/TT-BTC of the MOF dated 31 December 2020 providing guidelines on corporate governance applicable to public companies under Decree 155, which includes, among others, standard templates of internal regulations on corporate governance and regulations on the operation of the BOD, Supervisory Board, and Audit Committee for public companies’ reference (“**Circular 116**”); and
- ✓ Circular No. 96/2020/TT-BTC of the MOF dated 16 November 2020 on information disclosure obligations in the securities market, as amended by Circular No. 68/2024/TT-BTC dated 18 September 2024, Circular No. 18/2025/TT-BTC dated 26 April 2025, and Circular No. 08/2026/TT-BTC dated 3 February 2026 (“**Circular 96**”).

12

The laws and guiding regulations listed above constitute the main legal framework governing corporate governance in Vietnam.

## Other Reference Materials

13

In addition to statutory instruments, public and listed companies are encouraged to refer to and apply the following materials:

- ✓ Vietnam Corporate Governance Code of Best Practices for Public Companies in Vietnam (the “**CG Code**”): The SSC first introduced the CG Code in 2019. As of 31 January 2026, the 2026 edition of the CG Code has been issued to reflect important changes in the domestic and international legal, economic, and social environments, with reference to the G20/OECD Principles of Corporate Governance issued in 2023. The CG Code 2026 further strengthens the protection of shareholders’ rights, particularly those of minority shareholders, enhances transparency in related party and conflict of interest transactions, and significantly advances the integration of sustainability and ESG considerations into corporate governance in line with evolving international standards and best practices. Although not mandatory, public and listed companies are encouraged to follow the CG Code to adopt appropriate corporate governance practices.
- ✓ Corporate Governance Manual (the “**CG Manual**”): First introduced in 2010 by the SSC and IFC, the CG Manual systematically and comprehensively compiles and analyses legal regulations on corporate governance in Vietnam. In March 2025, the 2025 edition of the CG Manual was updated and republished. The CG Manual 2025 provides updated and comprehensive corporate governance

knowledge as well as both local and international experience to support public companies in enhancing their corporate governance practices.

14

Financial institutions such as banks, insurers, securities companies, and fund managers must also comply with separate corporate governance rules issued by their sectoral regulators. In this guide, we focus on the general corporate governance regulations under the Enterprise Law, the Securities Law, and their guiding documents.

## Regulators

15

In general, the enforcement of corporate governance regulations falls under the competence of local licensing authorities (i.e., the provincial DOF as of 1 July 2025).

16

For public companies, the SSC is the key regulator and enforcement authority. Public companies must comply with reporting requirements and other disclosure obligations to the SSC.

# Corporate Governance

## Private Enterprises

17

The owner or the sole proprietor may directly manage or hire another person to act as GD to manage the enterprise. Even in the case of hiring a GD, the owner is still responsible for every business activity of the enterprise. Corporate governance in a Private Enterprise, therefore, lies entirely within the exclusive authority and responsibility of the sole proprietor. There is no separate management or governance body within a Private Enterprise.

## Partnerships

18

Partners' Council serves as the management body of the Partnership, comprising:

- ✓ All unlimited liability partners, who act as the legal representatives of the Partnership and collectively manage the day-to-day operations, allocating managerial and control functions among themselves; and
- ✓ Contributing partners, who have limited rights and do not have the right to participate in the administration of the Partnership.

19

However, contributing partners have the right to request the Chairman of the Partners' Council or any unlimited liability partner to provide full and accurate information on the Partnership's business operations and results, and to inspect accounting books, minutes, contracts, transactions, and other company records.

20

Apart from this, a Partnership does not have any separate governance or supervisory body to oversee or counterbalance the management authority of the Partners' Council or the unlimited liability partners.

## LLCs

21

Overall, the management structure of LLCs is relatively simple, lacking a clear separation or effective checks and balances between equity members and management bodies. This reflects the close ownership–management relationship inherent in the LLC model. In addition, LLCs are generally not required to publicly disclose information or be subject to statutory reporting obligations to the same extent as JSCs.

## Management Structure

| SM-LLC                                                                             |                                                                  | MM-LLC        |
|------------------------------------------------------------------------------------|------------------------------------------------------------------|---------------|
| <u>Single capital-contributing member being an individual:</u>                     | <u>Single capital-contributing member being an organization:</u> | - MC;<br>- GD |
| - President (being the single member);<br>- Director / General Director (CEO) (GD) | - President <b>or</b> Members' Council (MC);<br>- GD             |               |

## President / MC

22

With regard to an SM-LLC owned by an organization, the President or the MC shall be appointed by the owner / single capital-contributing member. The MC shall consist of 3 to 7 members and have a term of office not exceeding 5 years. The Chairman of the MC shall be either appointed by the owner or elected by the MC members by majority vote. The Chairman's term shall not exceed 5 years and he/she may be re-appointed or re-elected for an unlimited number of terms, unless otherwise provided in the company's charter.

23

Meanwhile, for an SM-LLC owned by an individual, the owner of the company shall serve as the President and may either concurrently act as the GD or hire another person to assume that role.

24

In the case of an MM-LLC, the MC consists of all individual capital-contributing members and the authorized representatives of organizational capital-contributing members of the MM-LLC. The MC shall elect one of its members to be the Chairman. The term of office of the Chairman shall be prescribed in the company's charter but must not exceed 5 years, and the Chairman may be re-elected for an unlimited number of terms.

## GD

25

The GD shall be appointed or hired by the President or the MC for a term not exceeding 5 years to manage the company's day-to-day business operations. The Chairman of the MC, a member of the MC, or the President may concurrently hold the position of GD, unless otherwise stipulated in the company's charter.

26

As required by the Enterprise Law, a person must meet certain qualifications and eligibility conditions to serve as GD, including: (i) not falling within the categories of persons prohibited from establishing or managing enterprises in Vietnam under the Enterprise Law; and (ii) possessing appropriate professional qualifications, managerial experience, and other requirements as prescribed in the company's charter.

## BOC

27

A private LLC may, at its discretion, decide whether or not to establish a Board of Controllers / Supervision Board / Inspection Committee (BOC).

28

The BOC shall consist of 1 to 5 members, who shall be appointed, dismissed, and removed by the owner of the company in the case of an SM-LLC, or by the MC in the case of an MM-LLC. Each BOC member shall serve a term of office not exceeding 5 years and may be re-appointed for an unlimited number of terms. In case the BOC has only 1 member, such member shall simultaneously be the Head of the BOC and must satisfy the qualifications and conditions applicable to this role. For details on the qualifications, conditions, appointment, dismissal, and removal of BOC members, please refer to the [BOC section](#) below.

## Powers, Duties and Responsibilities

## President / MC

29

The highest decision-making body in an LLC is the President or the MC. They have the power to decide on critical and long-term strategic matters such as business orientation, high-value or high-risk transactions, investments, profit distributions, key personnel appointments, company management structures, reorganizations, or the dissolution of the company. While the President makes decisions individually, the MC exercises its powers collectively through meetings and voting mechanisms.

30

In SM-LLCs managed under the MC model, a meeting of the MC shall be valid when attended by at least two-thirds of its total members. This is a fixed quorum that cannot be otherwise provided for in the charter of the SM-LLC. The Enterprise Law also does not stipulate a lower quorum requirement for a second meeting in case the first meeting fails to meet the required quorum, unlike the case of MM-LLCs. Each member has one vote of equal value, unless the charter stipulates a different voting ratio. A resolution or decision of the MC shall be deemed passed if it is approved by more than 50% of the attending members, or by members holding more than 50% of the total voting rights of those attending the meeting. However, resolutions concerning more fundamental matters, such as amendments to the charter, corporate reorganization, or transfer of part or all of the charter capital, require approval from at least 75% of the attending members or from members representing 75% or more of the total voting rights of attending members. The MC may also adopt resolutions and decisions by written consultation instead of holding a physical meeting.

31

In MM-LLCs, a meeting of the MC may be convened at the request of: (i) the Chairman of the MC; (ii) a member or group of members holding at least 10% of the company's charter capital; or (iii) the remaining members, in cases where one member controls over 90% of the company's charter capital, and the company's charter does not provide for a lower threshold than 10% mentioned in point (ii).

32

A meeting of the MC in an MM-LLC shall be held when attending members represent at least 65% of the charter capital, unless otherwise provided in the company's charter. If the first meeting of the MC fails to meet the quorum requirement as prescribed above and the charter does not otherwise provide, the convening of the meeting shall be conducted as follows:

- ✓ A notice of the second meeting must be sent within 15 days from the intended date of the first meeting. The second meeting may proceed when attending members represent at least 50% of the charter capital; and
- ✓ If the second meeting still fails to meet the quorum requirement, a notice of the third meeting must be sent within 10 days from the intended date of the second meeting. The third meeting may proceed regardless of the number of attending members and the portion of charter capital represented by such members.

33

The MC shall adopt resolutions or decisions within its competence by voting at meetings, by written ballot, or by other means as provided in the company's charter. Unless otherwise provided in the charter, a resolution or

decision of the MC shall be adopted at a meeting if approved by members attending the meeting who represent at least 65% of the contributed capital of all attending members, except for resolutions on critical matters, which shall require an approval threshold of 75%. Critical matters include the sale or disposition of assets valued at 50% or more of the total assets as recorded in the company's latest financial statements, or such lower threshold as provided in the charter, and the amendment or supplementation of the company's charter, or the reorganization or dissolution of the company.

34

Members of the MC shall be deemed to have attended and voted at a meeting in any of the following cases:

- ✓ Attending and voting directly at the meeting;
- ✓ Authorizing another person to attend and vote at the meeting;
- ✓ Attending and voting via online meeting, electronic voting, or other electronic means; or
- ✓ Sending their voting ballots to the meeting by mail, fax, or email.

35

In case of voting by written ballot, a resolution or decision shall be adopted if approved by members holding at least 65% of the charter capital, unless a different ratio is provided in the company's charter. Unless otherwise provided in the company's charter, resolutions or decisions of the MC shall take effect from the date of their adoption or from the effective date specified therein.

## GD

36

The GD is responsible for managing the company's day-to-day business operations and is accountable to the MC or the President for the performance of his/her rights and obligations. The rights and obligations of the GD are specified in the company's charter, the Enterprise Law, and other relevant provisions, as well as in his/her employment contract with the company (if any), including but not limited to: implementing resolutions and decisions of the MC or the President; deciding on matters related to the company's day-to-day business operations; recruiting employees; submitting annual financial statements to the MC or the President; and proposing plans for the use and distribution of profits or the handling of business losses.

## BOC

37

Pursuant to the Enterprise Law, the powers and duties of the BOC in LLCs are similar to those applicable to the BOC in JSCs. Please refer to the [BOC section](#) for further details.

## Remuneration

38

In SM-LLCs, the salaries, remuneration, bonuses, and other benefits of the MC members, the President, and BOC members shall be decided by the owner. To ensure objectivity, the Enterprise Law further allows the owner of an SM-LLC to directly determine and pay the salaries, remuneration, bonuses, and other benefits of BOC members as stipulated in the company's charter.

39

For MM-LLCs, the MC shall have the authority to decide the salaries, remuneration, bonuses, and other benefits of the Chairman of the MC, the GD, BOC members, the Chief Accountant, and other managers as specified in the company's charter.

## Conflicts of Interest

40

Members and the Chairman of the MC, the President, the GD, legal representatives, other managers, and BOC members, as applicable, shall be responsible for promptly, fully, and accurately notifying the company of any enterprise in which they themselves, or their related persons ("**Related Person(s)**")<sup>1</sup>, are owners or hold controlling shares or capital contributions, whether jointly or separately. Such notifications shall be kept on file at the company's head office.

## Approval of related-party transactions

41

The Enterprise Law provides that, unless otherwise provided in the company's charter, any contract or transaction between an LLC and any of the following persons is subject to internal approval procedures to prevent conflicts of interest:

For an SM-LLC wholly owned by an organization:

- (a) The company's owner and any Related Person of the owner;
- (b) MC members, the President, the GD and BOC members;
- (c) Any Related Person of those referred to in point (b) above;
- (d) Managers of the company's owner and any person authorized to appoint such managers; and
- (e) Any Related Person of those referred to in point (d) above.

---

<sup>1</sup> As defined in the Enterprise Law, Related Person means any individual or organization with a direct or indirect relationship with an enterprise in the following cases:

- (a) Parent company, a manager and the legal representative of the parent company, and any person with the authority to appoint the manager of the parent company;
- (b) Any subsidiary company, and any manager and the legal representative of the subsidiary company;
- (c) An individual or organization, or a group of individuals or organizations with the ability to control activities of such enterprise via ownership or takeover of shares or capital contribution portions or via issuance of decisions of the company;
- (d) A manager of the enterprise, the legal representative, and an inspector;
- (e) Spouse, natural or adoptive parent, father-in-law, mother-in-law, child, adopted child, son-in-law, daughter-in-law, sibling, brother-in-law or sister-in-law of any manager of the company, of the legal representative, of any inspector, or of any member and shareholder holding a controlling portion of capital contribution or controlling shares;
- (f) An individual who is the authorized representative of any company or organization stipulated in point (a), (b) and (c) above; and
- (g) An enterprise in which any individual, company or organization stipulated in point (a), (b), (c), (d), (e) and (f) above owns shares at a level entitling it to control issuance of decisions of the company.

For an MM-LLC:

- (a) Members, authorized representatives of members, the GD, and the legal representative;
- (b) Any Related Person of those referred to in point (a) above;
- (c) Managers of the parent company and any person authorized to appoint such managers; and
- (d) Any Related Person of those referred to in point (c) above.

42

For an SM-LLC owned by an individual, every contract or transaction between the company and the company's owner or Related Persons of the owner shall be recorded in separate documents of the company.

## Approval procedures

43

Related-party transactions must follow the internal approval procedures as required under the Enterprise Law and the company's charter as follows:

- ✓ Notification Requirement: The person signing the contract or transaction on behalf of the company must notify the competent approving body, i.e., the MC, the President, the GD, and/or the BOC, as applicable, of the related parties and their relevant interests in such contract or transaction, together with the draft contract or key terms of the transaction.
- ✓ Approving Authority and Decision-Making: Approval shall be obtained as follows:
  - For an SM-LLC wholly owned by an organization: Approval shall be obtained from the MC or the President, the GD, and the BOC. The decision must be made by the approving bodies within 10 days from the date of receipt of the notice, on a majority basis, with each person having one vote.
  - For an MM-LLC: Approval shall be obtained from the MC. A resolution or decision of the MC must be issued within 15 days from the date of receipt of the notice.
  - Any person having a related interest in the parties to the contract or transaction shall not have the right to vote.

## JSCs

44

In comparison with other forms of business entities such as Private Enterprises, Partnerships, and LLCs, where there is no separation between equity participants and managers / managerial bodies, there is a clear distinction between ownership and management schemes in a JSC. Corporate governance is therefore more prevalently enforced in JSCs.

45

In addition to the general corporate governance requirements applicable to all JSCs, public JSCs are also subject to specific regulations designed to ensure greater transparency, disclosure, and rigor in management and operations.

## Management Structure

46

JSCs are entitled to select either of the following models of organization of management and operation:

| Model 1 (Two-tier Board Structure)                                                                                                                                                                                                                                                                                                           | Model 2 (One-tier Board Structure)                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- GMS;</li> <li>- BOD;</li> <li>- BOC; and</li> <li>- Director / General Director (CEO) (GD)</li> </ul> <p>In case a JSC has fewer than 11 shareholders and the shareholders that are organizations together own less than 50% of the total shares of such JSC, it is not required to have a BOC.</p> | <ul style="list-style-type: none"> <li>- GMS;</li> <li>- BOD (at least 20% of the BOD members must be independent members);</li> <li>- Internal Audit Committee (AC) under the BOD; and</li> <li>- GD</li> </ul> |

## GMS

47

The GMS includes all voting shareholders in a JSC.

## BOD

48

The BOD comprises 3 to 11 members (who must be natural persons) elected by the GMS by means of cumulative voting. A shareholder or a group of shareholders owning 10% or more of the total ordinary shares, or a smaller percentage as prescribed in the company's charter, has the right to nominate candidates for the BOD. The Chairman of the BOD shall be elected by and from among the members of the BOD.

49

The term of each BOD member shall not exceed 5 years, and a member may be re-elected for an unlimited number of terms. Regarding BOD independent members, an individual may only be elected as an independent member of the BOD of one company for no more than 2 consecutive terms.

50

For public companies, a BOD member is only entitled to concurrently serve as a member of the BOD or the MC (of LLCs) in a maximum of 5 other companies. The BOD Chairman is not allowed to hold the position of GD.

### *Non-executive members of the BOD*

51

For public companies, Decree 155 defines a non-executive member of the BOD as a BOD member who is **not** the GD, Deputy GD, Chief Accountant, or any other executive prescribed in the company's charter (if applicable). As amended and supplemented in 2025, Decree 155 requires the BOD to ensure the following minimum number of non-executive members:

- ✓ At least 1 non-executive member if the BOD has 3 to 5 members;
- ✓ At least 2 non-executive members if the BOD has 6 to 8 members;

- ✓ At least 3 non-executive members if the BOD has 9 to 11 members.

52

The CG Code 2026 does not specify a minimum number of non-executive members of the BOD but recommends that the composition of executive and non-executive members be appropriately balanced to ensure that no individual or group can dominate the decision-making process. Non-executive members of the BOD should possess the necessary qualifications to effectively participate and help secure objective and independent judgments on corporate affairs and to support proper checks and balances.

### *Independent members of the BOD*

53

In the case of an unlisted public company operating under Model 2 (One-tier Board Structure) where no BOC is established, at least one-fifth of the BOD members must be independent members. This requirement is intended to ensure independence and objectivity within the BOD, as well as in the company's overall corporate governance, oversight, and decision-making processes. If the number of BOD members is less than 5, at least 1 member of the BOD must be independent.

54

Listed public companies are required to comply with the following requirements on the number of independent members of the BOD:

- ✓ At least 1 independent member if the BOD has 3 to 5 members;
- ✓ At least 2 independent members if the BOD has 6 to 8 members;
- ✓ At least 3 independent members if the BOD has 9 to 11 members.

55

To facilitate independent judgement and ensure the integrity of the governance system, the CG Code 2026 recommends that the BOD of public companies have at least one-third of its members, or at least 2 members—whichever is greater—who are independent.

56

The independent members of the BOD must satisfy the following requirements as regulated in the Enterprise Law:

- ✓ Not be a person currently working for the company, the parent company, or any subsidiary of the company; or who has worked for the company, the parent company, or any subsidiary of the company within the preceding 3 years;
- ✓ Not be a person currently entitled to salary or remuneration from the company, except for allowances to which BOD members are entitled in accordance with regulations;
- ✓ Not be a person whose spouse, natural or adoptive parent, child, adopted child, or sibling is a major shareholder of the company or a manager of the company or its subsidiary;
- ✓ Not be a person directly or indirectly owning at least 1% of the total voting shares in the company; and

- ✓ Not be a person who was a member of the BOD or BOC of the company within the preceding 5 years, except in the case of appointment for 2 consecutive terms.

57

The 'Guidelines for Independent Members of the Board of Directors', published in December 2025 by the Vietnam Independent Directors Association (VNIDA) and the VNIDA Institute of Corporate Governance Research (VNICG), in cooperation with CGS Vietnam Management Consulting Joint Stock Company as the principal drafting partner and us, Indochine Counsel Law Firm, as the technical partner, is a comprehensive and in-depth publication, covering the full spectrum from legal framework, competency standards, and governance processes to practical implementation methodologies. The Guidelines serves as a valuable reference for enterprises seeking to adopt best practices in corporate governance, as well as for individuals interested in understanding and pursuing the role of an Independent member of the BOD.

## AC

58

For JSCs operating under Model 2 (One-tier Board Structure), it is mandatory to establish an AC as a professional body under the BOD, comprising 2 or more members. The Chairman of the AC must be an independent member of the BOD. Other members of the AC must be non-executive members of the BOD.

59

For public companies, members of the AC are required to have knowledge of accounting, auditing, law, and the company's business operations, and must **not** fall within the following cases: (i) working in the accounting or finance departments of the company; and (ii) being members or staff / employees of the auditing organization approved to audit the company's financial statements within the preceding 3 consecutive years. The Chairman of the AC of a public company must hold a university degree or higher in economics, finance, accounting, auditing, law, or business administration, unless the company's charter provides for higher standards.

## BOC

60

The BOC is a specific corporate body rather than a sub-committee, comprising 3 to 5 members. BOC members are elected by the GMS in a similar manner to BOD members. Each BOC member serves a term not exceeding 5 years and may be re-elected for an unlimited number of terms. The Enterprise Law requires that more than half of the BOD members/inspectors permanently reside in Vietnam. The Head of the BOC must possess certain professional qualifications (i.e., a university degree or higher, or higher standards as provided in the company's charter) in one of the following fields: economics, finance, accounting, auditing, law, business administration, or other disciplines relevant to the company's business activities.

61

As prescribed in the Enterprise Law, a BOC member must satisfy certain minimum qualifications and conditions, including but not limited to (i) not falling within the category of persons prohibited from managing enterprises, (ii) having been trained in disciplines relevant to the company's business operations, (iii) not being a relative of BOD members, the GD, or other managers of the company, and (iv) not being a manager of the company, and unless otherwise stipulated in the company's charter, not being required to be a shareholder or employee of the company.

62

For public companies, members and the Chairman of the BOC must also comply with the regulations and requirements as applicable to members and the Chairman of the AC as mentioned in Section AC above.

## GD

63

The BOD appoints one of its members or employs another person to serve as the GD of the company. The GD may not serve a term exceeding 5 years but may be re-appointed for an unlimited number of terms.

64

For public companies, the BOD Chairman is not allowed to concurrently hold the position of GD. In the event of non-compliance with this requirement, the violating persons may be subject to an administrative fine ranging from VND70,000,000 to VND100,000,000.

## Powers, Duties and Responsibilities

### GMS

65

The GMS, comprising all voting shareholders, is the highest decision-making body of a JSC. The GMS has authority to make decisions on essential matters of the company, such as development strategy, classes and quantity of shares to be offered, the rate of annual dividends, the redemption of more than 10% of the total number of shares of each class already sold, and investments or sales of assets valued at 35% or more of the total asset value of the company, and other matters as stated in the Enterprise Law.

#### *Meeting of the GMS and procedures for passing resolutions and decisions*

66

The GMS must convene an annual meeting once per year and may convene extraordinary meetings. A meeting of the GMS shall be conducted if the number of attending shareholders represents more than 50% of the total number of voting shares. If the meeting cannot be conducted for the first time because the number of attending shareholders is not sufficient as required, the second meeting shall be convened within 30 days from the date of the intended first meeting. At this time, the second meeting shall be convened when shareholders representing 33% or more of the total number of voting shares are present. The Enterprise Law allows JSCs to provide a specific ratio in their charter based on the minimum ratio stipulated by law. In case of failure to conduct the second meeting, the third meeting can be conducted irrespective of the total number of votes represented by the attending shareholders.

67

The GMS may pass resolutions that fall within its powers by way of direct voting at meetings or collecting written opinions. The voting threshold for passing a resolution of the GMS is specified as follows:

- ✓ For passing resolutions on basic matters, it is required to obtain approval from shareholders representing more than 50% of the total number of votes of all attending shareholders;
- ✓ For passing resolutions on critical issues, including but not limited to decisions on classes and the total

number of shares of each class, changes to the management structure, or investments or sales of assets valued at 35% or more of the total asset value of the company, it is required to obtain approval from shareholders representing at least 65% of the total number of votes of all attending shareholders;

- ✓ For passing resolutions in cases of collecting written opinions, it is required to obtain approval from shareholders owning more than 50% of the total votes of all shareholders having the voting rights;
- ✓ For passing resolutions on any matters resulting in adverse changes to the rights and obligations of preference shareholders, it is required to obtain approval from shareholders holding the same class of preference shares who, either by attending the meeting or by way of collecting written opinions, represent 75% or more of the total number of such preference shares.

68

The Enterprise Law provides the following cases where a shareholder shall be deemed to attend and vote at the meeting:

- ✓ Attending and voting at the meeting in person;
- ✓ Authorizing another person to attend and vote at the meeting by written power of attorney;
- ✓ Attending and voting at the meeting via an online conference, by casting an electronic vote, or by other electronic means;
- ✓ Sending written votes to the meeting by mail, fax or email; and
- ✓ Sending written votes to the meeting by other means as regulated by the company's charter (if any).

## BOD

69

The BOD is the body responsible for managing the company and has full authority to make decisions on behalf of the company and to exercise the rights and perform the obligations of the company other than those reserved for the GMS. The BOD is accountable for implementing resolutions of the GMS.

70

The BOD passes resolutions and decisions on matters under its authority by way of voting at meetings, collecting written opinions, or otherwise as stipulated in the company's charter. Of note, each member of the BOD has one vote.

### *Meetings of the BOD and procedures for passing resolutions and decisions*

71

Meetings of the BOD shall be held at least once every quarter and may be held on an extraordinary basis upon the written request of (i) the BOC or an independent member of the BOD, (ii) the GD or at least 5 other managers, (iii) at least 2 members of the BOD, or (iv) other circumstances if otherwise stipulated in the company's charter.

72

A meeting of the BOD shall be conducted where three-quarters or more of the total BOD members are in attendance. In case a meeting duly convened in accordance with the law does not have a sufficient number of

attending members, the second meeting shall be convened within 7 days from the proposed date of the first meeting unless the company's charter provides a shorter period. The second meeting shall be conducted if more than half of the total BOD members are in attendance.

73

BOD members are required to attend all meetings of the BOD. BOD members shall be deemed to attend and vote at the meeting in the cases applicable to shareholders attending and voting at the GMS as specified above. Where a BOD member authorizes another person to attend and vote at the meeting, such authorization must be approved by a majority of the BOD members. In case the written vote is sent to the meeting by mail, it must be placed in a sealed envelope and delivered to the Chairman at least one hour prior to the opening of the meeting. Written votes shall be opened only in the presence of all attending members.

74

Unless the company's charter provides otherwise, resolutions and decisions of the BOD are passed if approved by a majority of the attending members. In case of an equal vote, the Chairman has the casting vote.

## GD

75

The GD manages the day-to-day business operations of the company and is supervised by the BOD. The GD is accountable to the BOD and before the law for the exercise of his or her powers and the performance of his or her delegated obligations. In case of being the legal representative of the company, the GD is also entitled to enter into contracts on behalf of the company or to represent the company in legal proceedings involving the company.

76

Generally, the GD has the authority, among others, to conduct the following activities:

- ✓ To make decisions on all issues relating to the day-to-day business operations of the company, except for those falling within the authority of the BOD;
- ✓ To implement resolutions and decisions of the BOD;
- ✓ To appoint, remove, and dismiss managerial positions in the company, except for those under the authority of the BOD; and
- ✓ To recruit employees and make decisions on salaries and other benefits for employees of the company, including managers who may be appointed by the GD.

77

Apart from the above, the authority of the GD may be delegated and determined from time to time by the BOD.

## BOC

78

Pursuant to the Enterprise Law, the BOC supervises the BOD and the GD with regard to the management of the company. The BOC has the authority to review, inspect and evaluate the effectiveness and efficiency of the internal control system, internal audit, and risk management of the company. To exercise such powers, the BOC is entitled to attend and participate in discussions at meetings of the GMS, the BOD, and other meetings of the

company. Inspectors have the right to access files and documents of the company retained at the head office, branches, and other locations, as well as to access the workplaces of managers and employees of the company during working hours.

79

The BOC and each inspector are required to exercise their powers and perform their obligations honestly, prudently, and to the best of their abilities in order to assure the maximum lawful interest of the company. They are also required to be loyal to the interests of the company and its shareholders and not to abuse their positions and powers or use information, know-how, business opportunities, and other assets of the company for their own benefit or the benefit of other organizations or individuals. In case of breach of these rules causing loss to the company or other persons, the violating inspectors must bear personal or joint liability for compensation for such losses.

## AC

80

The AC is a specialized committee under the BOD and is mandatory under the Enterprise Law if a JSC operates under Model 2. The AC has the main powers and obligations to inspect, review, and supervise all issues relating to the accounting and auditing activities of the company, including but not limited to:

- ✓ Supervision of the truthfulness of the financial statements of the company and any official announcement relating to the financial results of the company;
- ✓ Review of the internal control and risk management systems;
- ✓ Supervision of the internal audit division of the company; and
- ✓ Monitoring and assessment of the independence and objectivity of the auditing company and the efficiency of the auditing process, especially where the company uses non-auditing services provided by the auditing company.

81

For public companies, Decree 155 provides additional rights and obligations for the AC, including the right to access documents and discuss with BOD members, the GD, the chief accountant, and other managers to collect information serving the activities of the AC. Meetings of the AC must be held at least twice every year. Detailed and clear meeting minutes bearing the signatures of the minute-taker and all participating AC members must be recorded and archived. Independent members of the BOD serving on the AC are responsible for reporting on their activities at annual meetings of the GMS, including remuneration, operating costs, and other benefits of the AC and each AC member, the results of supervision activities of the AC, and reports on the assessment of certain transactions, including but not limited to related-party transactions.

## Remuneration

82

To ensure independent and objective operations, the remuneration of the BOD and the BOC shall be decided by the GMS. The BOD makes decisions on the remuneration of the GD and other managers appointed by the BOD.

83

Pursuant to the Enterprise Law, BOD members are entitled to remuneration for work performed and bonuses. In this regard, remuneration for work performed is calculated on the basis of the working days necessary for BOD members to fulfill their duties and the applicable daily rate of remuneration. The BOD shall estimate the remuneration for each member by consensus. The total amount of remuneration and bonuses for the BOD shall be decided by the GMS at the annual meeting. BOD members are entitled to reimbursement of expenses for meals, accommodation, travel, and other reasonable expenses incurred in fulfilling their delegated duties. In practice, remuneration of the BOD may be paid in the form of cash, a combination of cash and shares, or a combination of cash and other benefits (such as dividends, services, goods, etc.).

84

The CG Code 2026 provides criteria for determining the remuneration of the BOD members by considering the respective roles, responsibilities, and incentives applicable to each BOD member. More specifically, the GMS must approve the board remuneration structure, including the level and components of remuneration (both cash-based and non-cash compensation). The BOD should align the remuneration of BOD members with the company's risk appetite and the long-term interests of the company and its shareholders, in a manner appropriate and commensurate with their roles and responsibilities. The BOD is responsible for disclosing information on how these matters are implemented.

85

Remuneration of the BOD, the GD, and other managers shall be included in the business expenses of the company and shall be presented as a separate item in the annual financial statements of the company and must be reported to the GMS at annual meetings.

86

In terms of remuneration of the BOC, unless otherwise stipulated in the company's charter, the GMS shall decide on the total salaries, remuneration, bonuses, other benefits, and the annual operating budget of the BOC. BOC members shall be reimbursed for expenses relating to meals, accommodation, travel, and the use of independent consultancy services at reasonable rates. Unless otherwise decided by the GMS, the total amount of such remuneration and expenses shall not exceed the approved annual operating budget. Salaries and operating costs of the BOC shall also be included in the business expenses of the company and presented as a separate item in the annual financial statements of the company.

## Specialized Sub-board Committees under the BOD

87

It is common for the BOD of public companies to establish sub-board committees to assist with certain specialized matters. The CG Code 2026 and CG Manual 2025 recommend that the BOD of public companies establish specialized committees under the BOD in order to assist the BOD in performing its functions and preventing conflicts of interest. Some proposed committees, apart from the audit committee, include risk management committees and corporate governance, nomination, and remuneration committees. Further, such committees should comprise at least 3 non-executive members of the BOD, the majority of whom, including the committee chairman, should be independent members.

## Corporate Secretary

88

Pursuant to regulations of the Enterprise Law, the appointment of a secretary for the company is optional if the BOD deems it necessary. The secretary of the company shall assist the BOD, including but not limited to, convening meetings of the GMS, the BOD, recording meeting minutes, applying and implementing the corporate governance principles, building up the relationship with the shareholders and protecting the lawful rights and interests of the shareholders, and complying with information disclosure obligations of the company.

89

For public companies, the BOD must appoint at least one person in charge of corporate governance for the purpose of assisting the corporate governance work at the company. Such person may concurrently serve as the secretary of the company but must not concurrently work for the approved audit organization that audits the financial statements of the company.

90

Following the recommendations in the CG Code 2026, the secretary of a public company plays a vital role in a company's governance and administration. This position has a broad range of responsibilities covering four main areas: governance, advisory, communication, and compliance. To perform such role effectively, the corporate secretary is required to act with the highest level of integrity and independence, which requires thorough knowledge of the business environment in which the company operates, as well as the laws and regulations governing its activities. The CG Manual 2025 describes the corporate secretary as a bridge for information, communication, advice, and coordination between the BOD and the GD, and between the company and its shareholders and stakeholders.

## Conflicts of Interest

91

Regarding the disclosure of relevant interests, the Enterprise Law provides the following basic requirements applicable to all types of JSCs:

- ✓ The company must collect and update a list of Related Persons of the company and all respective contracts and transactions between such persons and the company; and
- ✓ BOD members, BOC members, the GD, and other managers of the company must declare their relevant interests to the company, including information on enterprises in which they or their Related Persons own shares or exercise controlling rights, and must promptly update such information upon any changes.

92

Such lists of Related Persons and relevant interests must be reported to the GMS at annual meetings and filed at the company's head office. Shareholders, authorized representatives of shareholders, BOD members, BOC members, the GD, and other managers of the company have the right to review, extract, and copy part or all of the declared contents.

93

Contracts and transactions between the company and Related Persons are required to obtain appropriate approvals from the GMS or the BOD (as the case may be). BOD members or shareholders related to the relevant contracts or transactions are not entitled to vote on their approval.

94

For public companies, Decree 155 provides stricter regulations on the prevention of conflicts of interest and the protection of the best interests of the company, mainly focusing on:

- ✓ Responsibilities relating to honesty and avoidance of conflicts of interest applicable to the company's managers, i.e., BOD members, BOC members, the GD, and other managers of the company, particularly:
  - To disclose relevant interests in accordance with regulations of the Enterprise Law;
  - To notify the BOD and the BOC in writing of transactions between the company, its subsidiaries, and companies in which the public company holds control of more than 50% of the charter capital, on the one hand, and such members or their Related Persons, on the other hand. The public company must disclose information on resolutions of the GMS or the BOD approving such transactions;
  - To use information obtained by virtue of their positions solely for the benefit of the public company; and
  - Not to use or disclose internal information for the purpose of carrying out relevant transactions.
- ✓ The following transactions with BOD members, BOC members, the GD, and other managers who are not shareholders, and other related organizations and individuals may only be entered into upon approval of the GMS, including:
  - Extension of loans or provision of guarantees; and
  - A transaction valued at 35% or more of the total asset value of the company as stated in the latest financial statements, or a transaction resulting in the aggregate value of transactions conducted within 12 months from the date of implementation of the first transaction reaching 35% or more of the total asset value of the company, or a smaller percentage as specified in the company's charter.

## Shareholders

### Rights and Powers

95

Shareholders of JSCs exercise their rights via the GMS. Shareholders owning ordinary shares, so-called ordinary shareholders, have the right to participate in, express opinions, and vote at meetings of the GMS in person, by proxy, or by other means as provided in the company's charter. Each ordinary share carries one vote.

96

A JSC may issue voting preference shares, which confer higher voting rights than ordinary shares. However, such voting preference shares may only be issued to founding shareholders and organization authorized by the GOV in accordance with the Enterprise Law. Holders of other types of preference shares (e.g., dividend preference shares, redeemable preference shares, etc.) are not entitled to vote, except in cases where they attend and vote at GMS meetings on matters that adversely affect the rights and obligations attached to such preference shares.

97

A shareholder or a group of shareholders holding at least 1% of the total number of ordinary shares has the right, on its own behalf or on behalf of the company, to initiate legal action regarding the personal or joint liability

of BOD members or the GD in order to claim benefits or compensation for damages suffered by the company or another person in the following cases:

- ✓ Commission of a breach of the responsibilities of company managers;
- ✓ Failure to implement, failure to implement completely or promptly or implement their delegated rights and obligations in a manner contrary to the law, the company charter, resolutions or decisions of the BOD; and
- ✓ Abuse of their positions and power and use information, know-how, business opportunities and other assets of the company for personal benefit or the benefit of other organizations and individuals.

98

The Enterprise Law allows the company to specify other cases in which shareholders or a group of shareholders are entitled to initiate legal action against BOD members or the GD, in addition to the above-mentioned cases. Shareholders are not required to hold the 1% threshold for six consecutive months prior to initiating such legal action.

99

For public companies, the Securities Law and its guiding documents clearly provide that shareholders have the right to be treated equitably and to have full access to periodic and extraordinary information disclosed by the company. The CG Code 2026 recommends that the BOD of public companies establish and disclose policies for the protection of shareholders' rights and supervise the implementation of such policies.

## Duties and Responsibilities

100

Generally, shareholders must comply with obligations as prescribed by the Enterprise Law, including paying in full and on time for the shares subscribed for, not withdrawing capital contributed in the form of ordinary shares from the company, complying with the company's charter and internal management regulations, implementing resolutions and decisions of the GMS and the BOD, and keeping information provided by the company confidential.

101

In public companies, majority shareholders are prohibited from taking advantage of their position to influence the rights and interests of the company and other shareholders, in accordance with the law and the company's charter. All shareholders of public companies must disclose certain information as required by law.

## Minority Shareholders Activism

102

Following changes in the legal framework on corporate governance, Vietnamese laws have strengthened the tools available to minority shareholders for exercising shareholder rights and protecting their interests in companies. In addition to the general rights of ordinary shareholders, the Enterprise Law allows a shareholder or group of shareholders holding 5% or more of the company's ordinary shares to exercise the following rights:

- ✓ To request the convening of an extraordinary meeting of the GMS in cases prescribed by law;
- ✓ To access important information and documents of the company, such as minutes and resolutions or decisions of the BOD, mid-year and annual financial statements, contracts and transactions subject to approval by the BOD, reports of the BOC, and other data, except for information relating to the company's business secrets or commercial secrets;

- ✓ To request the BOC to inspect issues relating to the management and administration of the company where such inspection is considered necessary; and
- ✓ Other rights in accordance with the Enterprise Law and the company's charter.

103

Where a shareholder or group of shareholders holds 10% or more of the company's ordinary shares, they are entitled to nominate candidates for the BOD and the BOC. Notably, the Enterprise Law allows the company's charter to provide for a lower ownership threshold than the statutory minimum of 5% or 10%, as applicable. This enables minority shareholders to more easily exercise their rights and participate in corporate governance.

## Disclosure and Reporting

### Non-public Companies

104

Non-public companies must comply with disclosure and reporting obligations in accordance with the Enterprise Law, as follows:

- ✓ To submit annual financial statements approved by the GMS to the competent state authority in accordance with the accounting laws and other relevant regulations.
- ✓ To publish the following information on the company's website:
  - The company's charter;
  - Curricula vitae, educational qualifications, and work experience of BOD members, BOC members/inspectors, and the GD;
  - Annual financial statements approved by the GMS; and
  - Annual reports evaluating the operational results of the BOD and the BOC.
- ✓ To notify the provincial business registration office where the company's head office is located within 3 working days from receipt of information on, or changes to, information relating to foreign shareholders (both individuals and organizations), including changes to information on the authorized representatives of foreign shareholder organizations.

### Public Companies

105

Public companies are required to comply with stricter disclosure and reporting obligations in accordance with the Securities Law and its guiding regulations, including Circular 96, in addition to the requirements provided under the Enterprise Law, as stated in Section Non-public Companies above.

106

Public companies must report and disclose information periodically, irregularly, or upon certain requests from competent state authorities or organizations, including the SSC or the relevant stock exchanges. Disclosures must be made on the company's website and concurrently to the SSC and, in the case of listed companies, also to the relevant stock exchange.

#### *Periodic disclosure*

107

Public companies must periodically disclose the following information:

- ✓ Audited annual financial statements prepared by an approved auditing organization, within 10 days from the date the audit report is signed, and in any event no later than 90 days from the end of the financial year. Where the company is the parent company of other organizations, it is required to disclose both separate financial statements and consolidated financial statements.
- Listed companies and large-scale public companies<sup>2</sup> must disclose semi-annual financial statements reviewed by an approved auditing organization, as well as quarterly financial statements.
- ✓ Annual reports prepared in accordance with the standard form provided in Circular 96, within 20 days from the date of disclosure of the audited annual financial statements, and in any event no later than 110 days from the end of the financial year.
  - ✓ Information on annual meetings of the GMS at least 21 days prior to the commencement of such meetings on the website of the company, the SSC and, for listed companies, the relevant stock exchanges. In which, information about the agenda, documents to be used in meetings and draft resolutions to be adopted, among others, must be disclosed.
  - ✓ Information about the status of corporate governance in accordance with the standard form provided in Circular 96 within 30 days from the end of the first six months and the end of the calendar year.

#### *Irregular disclosure*

108

Public companies are obliged to disclose, within 24 hours of the occurrence of certain events including temporarily ceasing operation, changes to enterprise registration contents, withdrawal of licenses, decisions on redemption of shares or dividend-related matters, changes to positions of internal persons, decisions on sale or purchase of assets or transactions with a value of more than 15% of the total assets of the company, information that may affect the share price of the company and other information affecting the business operation or corporate governance of the company.

109

Large-scale public companies and listed companies must disclose, within 24 hours of the occurrence of one of the following events: decisions on increase or decrease of the charter capital; decisions on the contribution of capital, receipt of loans, provision of loans, or other transactions with the value of 10% or more of the total assets value of the company; or decisions on the contribution of capital to other organization with the value of 50% or more of the charter capital of such organization.

#### *Disclosure upon request*

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<sup>2</sup> Under Circular 96, a large-scale public company means a public company having the owners' capital contribution of VND120 billion or more that specified in the latest audited financial statement.

110

Within 24 hours upon receipt of a request from the SSC or the Stock Exchange where the company is listed or registered for trading, public companies are required to disclose information about events that seriously affect the lawful interests of investors, or information relating to the company that significantly affects its share price and such information requires verification and confirmation. The disclosure must specify the event that the SSC and/or the relevant stock exchange requests, the causes of the event, and the evaluation of the company about the authenticity of such event, as well as solutions for dealing with problems (if any).

111

Other information of public companies that is obliged to be disclosed includes information about offering, issuance, listing or registration for trading, report on the use of capital, foreign ownership ratio and any changes, and share repurchase and sale of treasury shares.

112

In addition to information disclosure obligations of public companies, Circular 96 also regulates responsibilities of information disclosure of other entities including (i) major shareholders, a group of related persons owning five percent or more of the voting shares of a public company when there is a change to the number of shares held by such entities which exceed the margin of one percent of the voting shares, (ii) founding shareholders of a public company for transactions in shares during the transfer lock-up period, (iii) internal persons when they conduct transactions with a certain value. These entities must notify such information to public companies, the SSC and, for listed companies, the relevant stock exchanges.

## Ultimate Beneficial Owner

### Criteria for UBOs

113

As amended in 2025, the Enterprise Law introduces the concept of Ultimate Beneficial Owner (UBO) for the first time. UBOs are defined as individuals who have actual ownership of the charter capital or exercise control over an enterprise, excluding companies in the State sector. Specifically, under Decree 168, a UBO is defined as an individual who satisfies one of the following criteria:

- ✓ Directly or indirectly (through another organization) owns 25% or more of the charter capital or the total voting shares of the enterprise; or
- ✓ Exercises control over the adoption of at least one of the following matters: appointment, dismissal, or removal of the majority or all members of the BOD, the BOD Chairman, the MC Chairman, the legal representative, the GD of the enterprise; amendment or supplementation of the enterprise's charter; change in the organizational or management structure of the enterprise; and reorganization or dissolution of the enterprise ("**Control Rights**").

### Notification of UBOs

114

Enterprises are required to identify and report their UBOs to the provincial DOF. Specifically:

- ✓ Individual shareholders owning from 25% of the total voting shares of a JSC;

- ✓ Individual members owning from 25% of the charter capital of an MM-LLC;
- ✓ Partners owning from 25% of the charter capital of a Partnership;
- ✓ Individual owner of an SM-LLC;
- ✓ Individuals having the Control Rights in the enterprise; and
- ✓ Organizational shareholders owning from 25% of the total voting shares of a JSC (for the purpose of identification of the individual UBOs indirectly owning from 25% of the total voting shares of the company through such organizations).

115

In addition, enterprises must maintain a list of UBOs that have been reported to the authorities in either physical or electronic form. This development is particularly significant as Vietnam strengthens transparency in corporate governance and its anti-money laundering and transfer pricing regimes.

## Environmental, Social and Governance Reporting

116

Circular 96 sets new requirements applicable to public companies to provide Environmental, Social and Governance (ESG) reporting in their annual report, including the main issues as follows:

- ✓ Environmental impacts, including total direct and indirect greenhouse gas (GHG) emissions and measures and initiatives to reduce GHG emissions;
- ✓ Management of raw materials, including the total amount of raw materials used for the manufacture and packaging of the products as well as services of the organization during the year, and the percentage of materials recycled to produce products and services of the organization;
- ✓ Energy consumption, including direct and indirect energy consumption, and energy savings through initiatives of efficiently using energy;
- ✓ Water consumption (water consumption of business activities in the year);
- ✓ Compliance with the law on environmental protection;
- ✓ Policies related to employees, including the number of employees, average wages, labor policies to ensure health, safety and welfare of employees; employees' training;
- ✓ Report on responsibility for the local community, in particular, community investments and other community development activities, including financial assistance to community services; and
- ✓ Report on green capital market activities under the guidance of the SSC.

117

The CG Code 2026 also recommends that the BOD ensure the company discloses material information on significant environmental, social (E&S), and climate-related risks, opportunities, and impacts, as well as its

approach to E&S and climate-related risk management. This information should be prepared in accordance with high-quality, understandable, enforceable, and internationally recognized standards that facilitate the comparability of sustainability-related disclosure across companies and markets, such as standards issued by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI), or the International Sustainability Standards Board (ISSB), and should be verified by internal audit or an external independent auditor.

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