



TOWARDS
TRANSPARENCY

TRAC VIETNAM 2018

Transparency in Corporate Reporting: Assessing the 45 largest companies



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OXFAM

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1. FOREWORD

Towards Transparency (TT), the national contact of Transparency International (TI) in Vietnam, is pleased to present the second edition of *Transparency in Corporate Reporting (TRAC)*, made possible thanks to the funding provided by Oxfam in Vietnam. Following TI's rigorous methodology, the TRAC Vietnam Report 2018 is an independent research, based on information publicly disclosed on companies' websites. It assesses the 45 largest companies' disclosure practices, in line with international standards and regardless of their sector of activity or their ownership structure.

The report investigates the extent of information published by companies on anti-corruption programme, organisation structure and key financial information on country-by-country basis. The surveyed companies equally comprise foreign invested, publicly listed and state-owned companies, 18 of which were assessed in the TRAC Vietnam Report 2017.

Every effort was made to verify the accuracy of the information contained in this report. All information was believed to be correct as of 5 June 2018. Nevertheless, TT does not bear responsibility for the consequences of information used for other purposes or contexts. In conducting the research, we did not investigate the veracity or completeness of the published information and did not make judgement about the integrity of the information or practices disclosed. All data points collected by an external researcher were validated by TT's team. The views expressed in this publication are those of the authors and do not necessarily reflect the views of the donor.

It is our belief that the engagement with companies during the preparation, launch and follow-up training will draw more attention from businesses and other stakeholders to increased public disclosure of information and concrete steps to enhance corporate transparency in Vietnam.

Towards Transparency (TT) is a Vietnamese non-profit consultancy company founded in 2008 to contribute to the prevention of and fight against corruption. In March 2009, Towards Transparency became the official National Contact of Transparency International (see <https://towardstransparency.vn/>)

Transparency International (TI) is a global movement with one vision of a world free of corruption with more than 100 national chapters worldwide and an international secretariat in Berlin. The chapters are locally established, independent civil society organisations. TI raises awareness on corruption impacts and co-operates with government, companies and civil society organisation partners to promote and implement effective anti-corruption tools. (see <https://www.transparency.org/>)

Oxfam in Vietnam is an international confederation of 20 NGOs working with partners in over 90 countries to end the injustices that cause poverty. In Vietnam Oxfam works in partnership with government, civil society, businesses, communities, media, research institutions and think tanks to influence policy and practices aiming at reversing economic, gender and social inequalities. (see <https://vietnam.oxfam.org/>)

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2. HIGHLIGHTS

Samsung Electronics Vietnam, Unilever Vietnam and Nestle Vietnam

score highest (81%) in publicly reporting about their anti-corruption programmes

24/45 companies

do not report on their anti-corruption programmes

Vinamilk

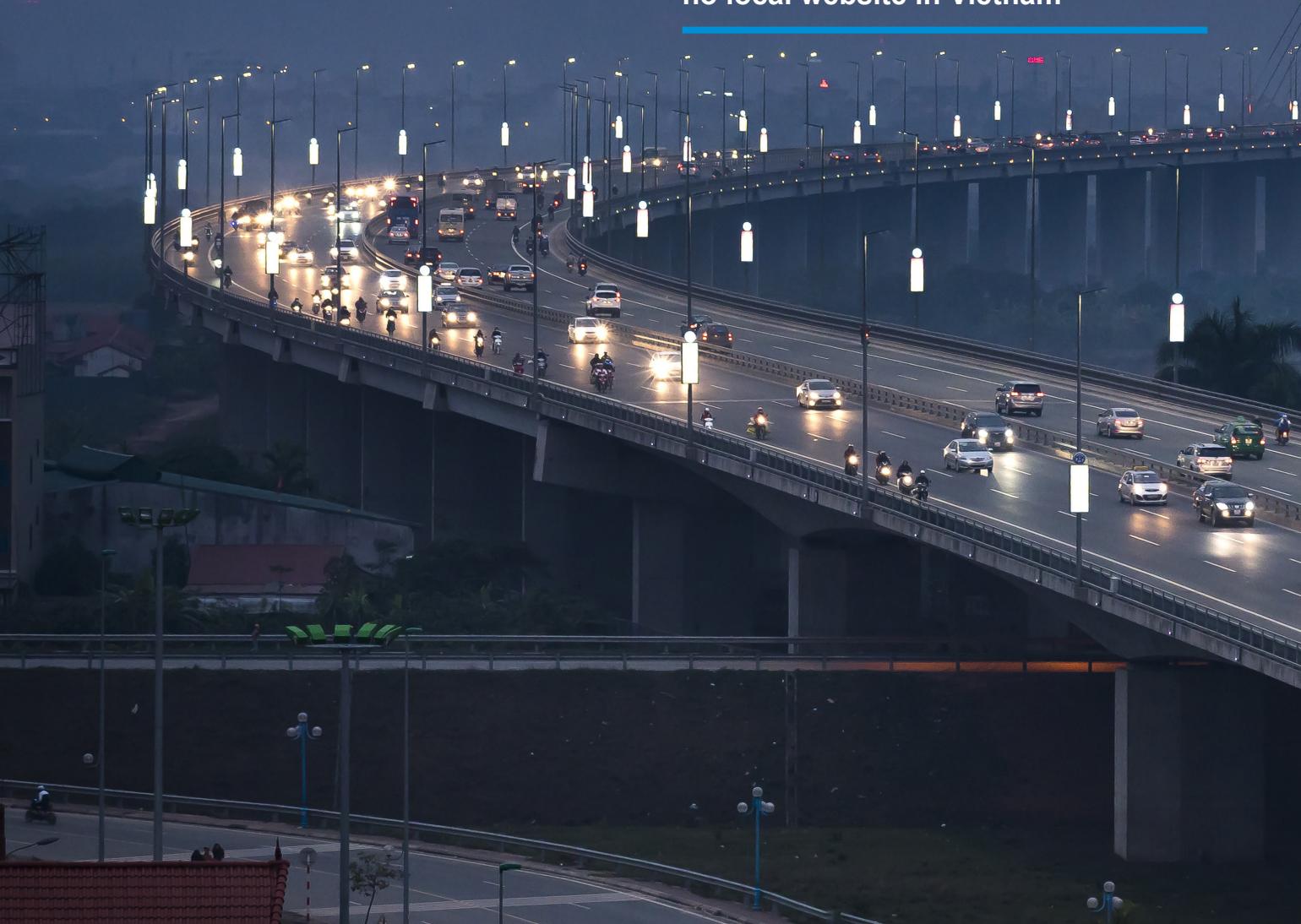
scores highest among the 18 companies assessed in all 3 dimensions

17/18 companies

do not report about country-to-country financial data

3 companies

score 0% in all 3 dimensions, having no local website in Vietnam



Citizens and investors in the dark

0/18 companies

disclose information about sales, capital expenditure or income tax in foreign countries

Facilitation payments are not clearly prohibited

42/45 companies

do not disclose policies prohibiting facilitation payments

Regulation matters

15/37 companies

score 100% in organisational transparency

Black box

36/45 companies

fail to publish internal whistle-blowing mechanisms



Overall Index Results

33%

- Large multinational subsidiaries score higher in reporting on anti-corruption programmes, but far below the maximum percentage
- Vietnamese companies significantly lag behind in reporting on their anti-corruption programmes
- Vietnamese companies outperform multinational subsidiaries in organisation transparency
- All companies having cross border operations generally neglect country-by-country reporting
- Overall TRAC 2018 results improved compared with TRAC 2017 (see section 6)

Reporting on Anti-corruption Programmes

15%

- Multinational subsidiaries score the highest. Samsung Electronics Vietnam, Unilever Vietnam and Nestle Vietnam score 81 per cent
- The best performance amongst local companies are Vinamilk, VPBank and Vietcombank with 42, 38 and 35 per cent, respectively
- More than half of the companies score 0 per cent, divided almost equally among foreign, publicly listed and state-owned companies



Organisational Transparency

66%

- Among the three dimensions covered in the report, companies achieve the highest scores on Organisational transparency
- A third of companies achieves the maximum score of 100 per cent
- Publicly listed companies perform best with an average of 88 per cent, followed by state-owned companies with an average of 60 per cent
- Foreign subsidiaries are in the bottom grouping with an average score of 32 per cent

Country-by-Country Reporting

0%

- 17/18 of the companies to which CBCR is applicable disclose no key financial information on their oversea subsidiaries
- MobiFone is the only exception, but if only reports on its contributions to community in Vietnam

Comparing with TRAC 2017 Report ¹

- Companies perform better this year on disclosing anti-corruption programmes (15 per cent average score for 45 companies in 2018 as compared to 10 per cent average score for 30 companies in 2017)
 - 10/18 companies assessed in both TRAC 2017 and TRAC 2018 improve their scores in reporting on anti-corruption programmes
 - The score of Unilever Vietnam increases the most, from 0 per cent in 2017 to 81 per cent in 2018
- Organisation Transparency shows a significant improvement (66 per cent average score for 45 companies in 2018 as compared to 32 per cent average score for 30 companies in 2017)
 - 11/18 companies assessed in both TRAC 2017 and TRAC 2018 improve their scores in organisational transparency
 - The score of Vingroup increases the most, from 25 per cent in 2017 to 100 per cent in 2018
- Country-by-Country Reporting remains “stuck” at the bottom (0 per cent)
 - Only MobiFone scores slightly better, moving from 0 per cent to 4 per cent in Country-by-Country Reporting

¹ There are 18 companies assessed in both TRAC 2017 and TRAC 2018 (see section 6).

3. INTRODUCTION

Background

Disclosure and transparency are important principles of good corporate governance. Expansive public disclosure can help maintain trust of shareholders, potential investors and regulators in the capital markets. At the same time, the G20/OECD Principles of Corporate Governance points out that “...*weak disclosure and non-transparent practices can contribute to unethical behaviour and to a loss of market integrity at great cost, not just to the company and its shareholders but also to the economy as a whole.*”²

Transparency International, the global movement against corruption, believes that enhancing corporate disclosure of anti-corruption programmes, organisational structure and financial data on country-by-country operations can demonstrate corporate public commitment to anti-corruption and limit involvement in corrupt practices. Globally, both financial and non-financial reporting by companies are increasingly expected as part of improved corporate governance and social responsibility. Non-financial information includes policies and performance relating to business ethics, environmental footprint, human rights and social issues. Such information is important for stakeholders to evaluate companies’ commitment and implementation of these objectives. To support progress in this area, Transparency International has conducted a series of Transparency in Reporting on Anti-corruption (TRAC) reports on corporate reporting worldwide since 2008.

Corporate transparency is receiving increasing attention from the Government of Vietnam. The *Law on Securities* (2006) mandates publicly listed companies (PLCs) to publish information including audited financial reports and important change in companies’ ownership.³ The *Law on Enterprise* (2014) stipulates that state-owned enterprises (SOEs) must periodically publish audited financial and corporate governance reports on

their websites.⁴ In parallel, the government is well aware of the advantages of using transparency as a tool to prevent corruption. The revised *Law on Anti-corruption* (2012) reinforces public disclosure requirements (on investment, audited financial reports, ect) for SOEs.⁵

Despite this progress, corporate disclosure of anti-corruption programmes is not yet legally required for companies operating in Vietnam. The draft revised *Law on Anti-corruption (amended)*⁶ proposes a new obligation for PLCs and credit institutions to develop and implement internal compliance systems. While such requirement is important in the context of high risk of corruption in doing business in Vietnam⁷, reporting these systems publicly would enhance companies’ commitment to the anti-bribery agenda.

Towards Transparency conducted a Vietnam TRAC Report for the first time in 2017, to measure the reporting level of Vietnamese companies in comparison to international best practice. Our expectation is that periodical TRAC assessments contribute to the government’s anti-corruption efforts and encourage large companies to adopt higher transparency standards. We also believe that TRAC raises awareness among other stakeholders in the market and in the society.

As the economy keeps growing, an increase in transparency does not only reduce opportunities for corruption, but also contributes to boost confidence in individual companies and in the economy as a whole - strengthening Vietnam’s attractiveness to domestic and foreign investors. In that context, the largest companies are expected to lead by example to contribute to build an environment for doing business with integrity. Their influence goes beyond their organisation, investors and customers, gradually setting standards for behaviour in the wider market. The 2018 TRAC edition follows this mandate with a broader coverage of sample group of companies.

About the report

The TRAC Vietnam 2018 is an independent assessment, based on information publicly disclosed on companies’ websites. The research follows the best practices that Transparency International expects companies to comply with, regardless

2 OECD (2015) the G20/OECD Principles of Corporate Governance, page 32 https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2015_9789264236882-en

3 Circular 155/2015/TT/BTC issued by Ministry of Finance in October 2015 on disclosure of information on the securities market. The Law on Anti-corruption 2012 (Article 18 – Disclosure and Transparency in SOE Management provides that SOEs are to publish information on their capital and assets invested in subsidiaries and associate companies.

4 Article 18

5 http://vanban.chinhphu.vn/portal/page/portal/chinhphu/hethongvanban?class_id=1&page=1&mode=detail&document_id=164953

6 The draft law is currently being discussed and is most likely to be adopted by the National Assembly in its 2018 autumn session.

7 Vietnam is ranked 107th in Transparency International’s Corruption Perceptions Index 2017.



of sector or ownership structure. It examines the extent of information published by companies on anti-corruption programmes, organisation structure and financial information on a country-by-country basis. The TRAC Vietnam Report 2018 covers the 45 largest companies selected from the 2017 VNR 500 list⁸ (see List of companies in Annex 1). The sample comprises foreign, publicly listed and state-owned companies, 18 of which were already assessed in the TRAC Report 2017. This report also refers to results of other TI's TRAC Reports in the same series, including *Assessing Emerging Market Multinationals* (2016)⁹ and *Assessing the World's Largest Companies* (2014) for the purpose of comparison (here after called other TRAC Reports in the same series).¹⁰

Methodology

The report follows Transparency International's TRAC standard methodology that measures reporting practices in the following three dimensions:

- **Dimension 1** - Reporting on anti-corruption programmes, comprising 13 questions derived from the UN Global Compact-TI Reporting Guidance on the UNGC's 10th Principle (Anti-corruption).
- **Dimension 2** - Organisational transparency, comprising 8 questions regarding disclosure

⁸ The list of the top 500 largest Vietnamese enterprises based on the Fortune 500 model.

⁹ https://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_worlds_largest_companies_2014

¹⁰ https://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_emerging_market_multinat

of companies' subsidiaries and associated companies.

- **Dimension 3** - Reporting on key financial data on country-by-country basis, comprising 5 questions on financial data disclosure in each country where companies operate.

The full list of questions is provided in Annex 2. The score calculation per question uses scale from 0 to 1 with equal weight given to each question within the three dimensions. Each dimension uses the scoring with the scale from 0% to 100%.

The report measures information published by companies on their openly publicised websites. It does not assess implementation of companies' policies or programmes. Data were collected from companies' official websites during the period between 1 April and 5 June 2018. In the case of multinational companies' subsidiaries, information was collected on websites of these subsidiaries in Vietnam; links from these local websites to information disclosed on headquarters' web pages were accepted for scoring purpose. The report does not capture any information updated on the companies' websites after 5 June 2018.

During the period from 10 May to 5 June 2018, all 45 companies covered by the report were provided with an opportunity to comment on their preliminary scores and to provide additional information. However, only 5 companies provided Towards Transparency with written responses.¹¹ Few other companies sought clarifications via phone, but did not send official feedback.

For more details on TRAC TI methodology, see: www.transparency.org/corporate_reporting

¹¹ The website <http://www.samsung.com/vn/> is shared by all Samsung's subsidiaries in Vietnam.



4. FINDINGS

Large multinational subsidiaries score higher with regard to disclosure of their anti-corruption programmes, even though far below 100 per cent. For their part, local Vietnamese companies lag significantly behind. This result is because TRAC methodology applies the high standards for public disclosure of information. Indeed, world's leading companies also have a long way to go in demonstrating the embedment of anti-corruption into their organisations (scoring 3.8 out of 10).¹² Similarly, multinationals in emerging markets (including China, India, Indonesia, Turkey, Brazil, Mexico, South Africa) are found to “practise low standards of transparency” with a lower score 3.4¹³ as shown in other TRAC Reports. Nonetheless, TRAC Vietnam 2018 sends in that regard a negative signal to both government and investors in terms of alignment of corporate governance to international standards; it also bolsters the argument for making anti-corruption measures compulsory for companies (such as control of conflict of interest and responsibility of leaders), as proposed in the current Vietnamese draft Law on Anti-corruption (amended).

When assessing the dimension of organisation transparency, local Vietnamese companies outperform foreign companies. Indeed, given the existing set of regulations on company's structure and ownership for PLCs and SOEs, these two groups achieve much higher scores than other company types in this dimension. In contrast, foreign subsidiaries score much lower. This indicates both a gap in implementation of foreign

¹² https://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_worlds_largest_companies_2014

¹³ https://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_emerging_market_multinat

companies' disclosure of information outside their territories, as well as a lack of such requirements in the Vietnamese regulations governing foreign companies.

Country-by-Country reporting is assessed in this report for 18 Vietnamese PLCs and SOEs, out of the total of 45 selected companies. These companies largely do not practice country-by-country reporting. This disappointing finding is unfortunately similar to TRAC 2017 report's results. Country-by-country reporting is not a relevant assessment category for the foreign companies operating in Vietnam, as they do not have subsidiaries (they themselves are subsidiaries of their mother companies, located outside Vietnam).

Reporting on anti-corruption programmes

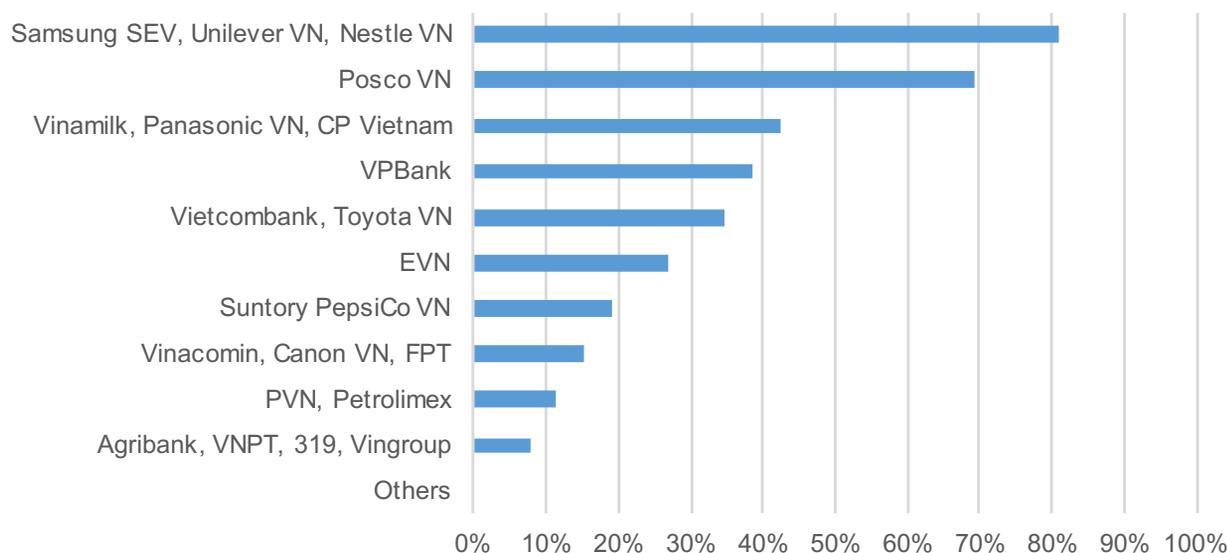
Reporting on anti-corruption programmes demonstrates companies' public commitment to anti-corruption. TRAC 2018 shows poor results in this dimension, with companies scoring an average of 15 per cent in reporting on anti-corruption programmes. While the increase is significant as compared to the 10 per cent in the TRAC Report 2017, much space remains for improvement.

Among the sample groups, foreign subsidiaries score the highest with an average of 31 per cent in this dimension. This result compares unfavourably however with multinationals in emerging markets (48 per cent) and the world's largest companies (70 per cent) in the same series of TRAC reports by TI.

Three foreign subsidiaries, Samsung Electronics Vietnam, Unilever Vietnam and Nestle Vietnam achieve the top score of 81 per cent. The top performers among local companies are Vinamilk and VPBank with 42 and 38 per cent, respectively. Disappointingly, more than half of the companies (24 out of 45) received a score of 0 per cent, divided almost equally among foreign companies (6), PLCs (9) and SOEs (9).

Chart 1 - Reporting on Anti-corruption Programme - Overall scoring

(0% means least transparent, 100% means most transparent)

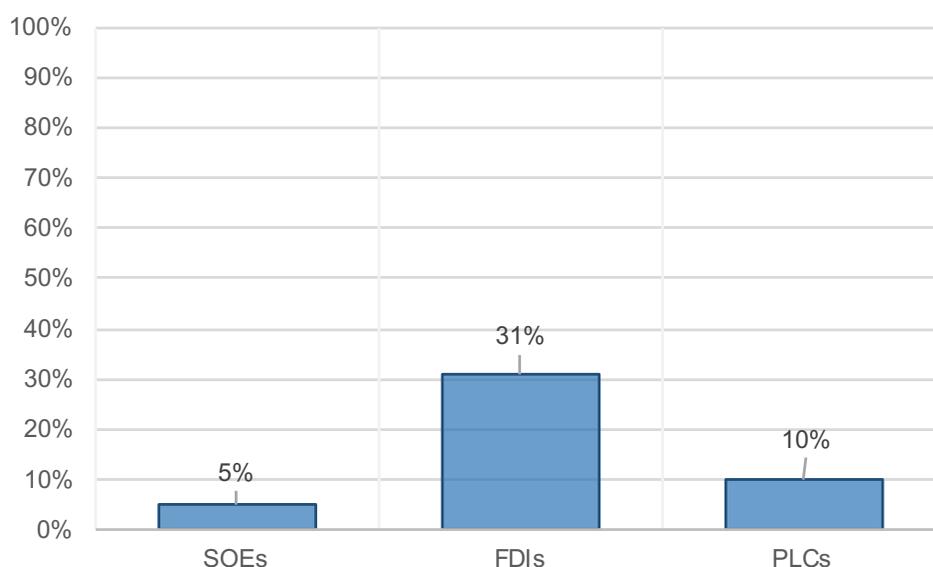


SOEs rank lowest in terms of disclosure. Amongst SOEs, EVN receive the highest score which is 27 per cent. Given SOEs' key objectives to deliver public services, one should expect that they operate to the

highest standards of integrity and transparency.¹⁴ Understandably, the reason lies in the absence of anti-corruption programmes aligned with international best practices.

Chart 2 – Reporting on Anti-corruption Programmes - Average score by company ownership

(0% means least transparent, 100% means most transparent)



The questions receiving highest score (41 per cent) pertain to whether the company is publicly committed to be compliant with all relevant laws, including anti-corruption laws. The lowest scores (3-4 per cent) concern companies having training programmes and monitoring of anti-corruption

efforts. It is possible that companies have anti-corruption programmes in place, but do not see the need to publicly publish such information. Nonetheless, this fundamental public statement often scores 100 per cent in other TRAC reports of the same series.

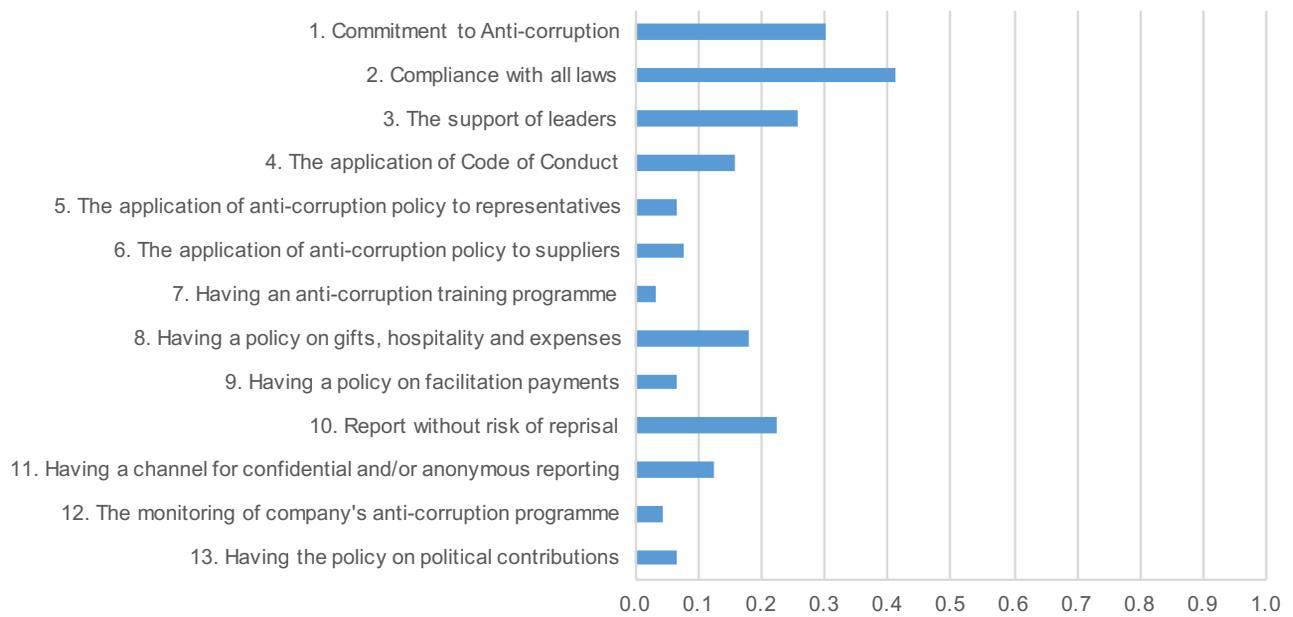
14 10 Anti-corruption Principles for State-owned Enterprises, Transparency International, https://www.transparency.org/whatwedo/tools/10_anti_corruption_principles/0

Public disclosure of companies' anti-corruption statements scores as low as 30 per cent. SOEs score lowest (10 per cent), followed by PLCs (27 per cent). Top performers are FDI companies, but only at a score of 53 per cent. This result possibly indicates

a lack of "tone from the top", a key principle of anti-corruption programmes, which articulates zero tolerance to corruption by leaders in the companies.

Chart 3 – Reporting on Anti-corruption Programmes – Average score by questions

(0.0 means least transparent, 1.0 means most transparent)



Among specific policies to prevent corruption, gift and entertainment policies are disclosed most often. The publishing of Codes of Conduct ranks surprisingly low. Public disclosure of whistleblower hotlines to make confidential and protected reports on corruption cases is even lower. While the existence of such channels is unknown to external stakeholders, this limits the possibility of detecting violations of anti-corruption policies even if such policies exist.

Different reasons can explain these results. The Law on Anti-corruption (amended 2012) enacts transparency requirements for government agencies in areas prone to corruption (section II). However, the law does not require companies to publicly disclose information on their anti-corruption programmes. In practice, some companies, mainly foreign, voluntarily disclose their anti-corruption programmes. Indeed, due to disclosure policies regarding anti-corruption programmes in place at parent companies, their subsidiaries simply implement them and publish their headquarters' anti-corruption programme on the Vietnam's websites. Others might have anti-corruption programmes, but are not required by headquarters to disclose them on local websites.

In contrast, most Vietnamese companies may not have anti-corruption programmes in place in line with international best practices. Nonetheless, some PLCs go beyond legal requirements by developing anti-corruption programmes to meet market demands. For example, Vinamilk introduced anti-corruption policies in 2009 when preparing for listing in the Singapore Stock Exchange.

Although public disclosure of anti-corruption programme does not equal to actual performance, the extent of public disclosure is an important indicator of companies' commitments and efforts to tackle corruption.

Organisational transparency

Public disclosure of company ownership, structure of a company group and related party transactions is a recognised principle of effective corporate governance.¹⁵ It reveals inter-connections between companies and facilitates detection of illicit financial flows, thus limiting opportunities for corruption and other financial irregularities.

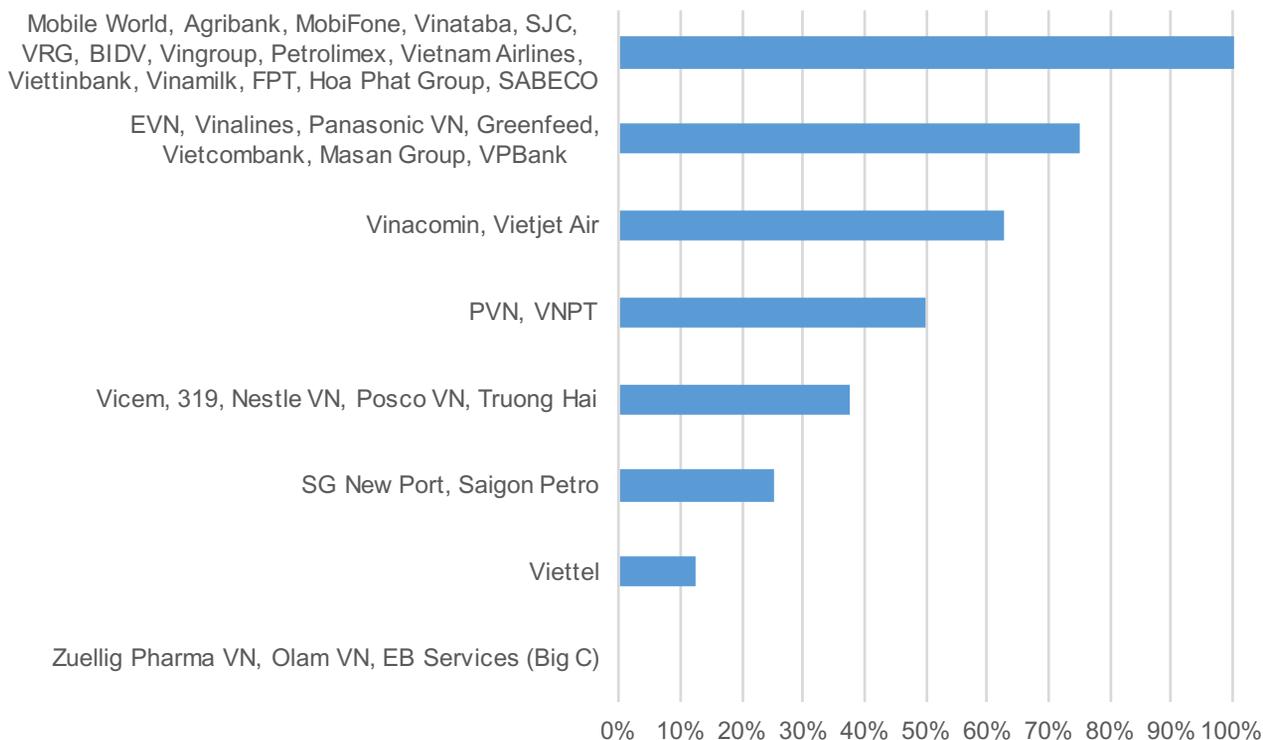
¹⁵ G20/OECD Principles of Corporate Governance 2015, <https://www.oecd-ilibrary.org/docserver/9789264236882-en.pdf?expires=1529575107&id=id&accname=guest&checksum=CAA57E3025DB0D3F9DAB20C8486321C4>

Organisational transparency among the sample companies ranks the highest among the three dimensions at an average score of 66 per cent. One third of companies achieves the maximum score

of 100 per cent. PLCs perform strongest in this dimension at an average of 88 percent, followed by SOEs at 60 percent. FDIs are lagging behind with an average score of only 32 percent.

Chart 4 – Company scores in Organisational Transparency¹⁶

(0% means least transparent, 100% means most transparent)



As indicated earlier, PLCs scores in this area are very encouraging, with 10 out of 15 companies reaching 100 per cent in organisational transparency. The remaining companies score above average, with only one company scoring less than 50 per cent (Truong Hai company).

SOEs also perform relatively well in this assessment dimension. Agribank, MobiFone, Vinataba, SJC and Vietnam Rubber Group (VRG) all achieve the maximum score of 100 per cent. On the other end of the spectrum, Viettel is worst performer with 10 per cent. Saigon Petro and Saigon New Port all score as low as 25 per cent. Given the regulatory requirements mentioned above, these low scores raise the question of the effectiveness of enforcement and sanctions on non-compliant companies.

This dimension only applies to some of the FDIs in TRAC Vietnam 2018. Indeed, most of multinational subsidiaries operating in Vietnam have not

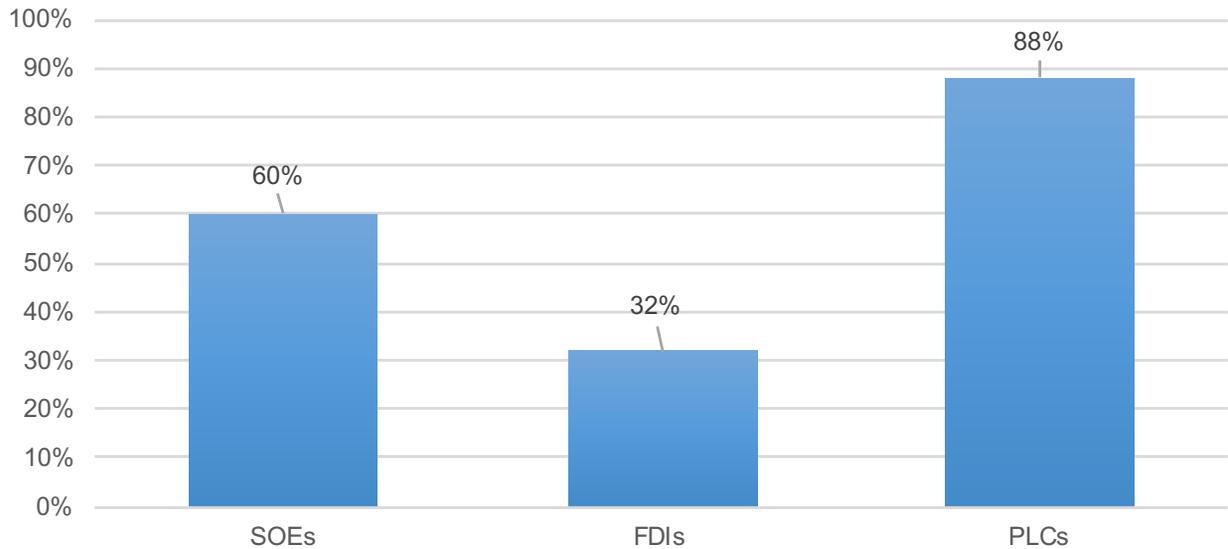
established second-tier subsidiaries, either in Vietnam or outside of Vietnam. It seems to be the case of 8 out of 15 foreign companies comprising the sample group. Regarding the 7 remaining ones, the research has identified that they disclose information on second-tier subsidiary holdings, in Vietnam or outside Vietnam.

However, the results are quite disappointing as the average score is as low as 32 per cent. Panasonic Vietnam and Greenfeed Vietnam outperform at 75 per cent. Big C, Zuellig Pharma Vietnam and Olam Vietnam score 0 per cent. Limited transparency in this area is problematic and limits Vietnamese stakeholders' ability to understand and hold to account foreign businesses operating in the country.

¹⁶ Organisational transparency only applies to 37 companies.

Chart 5 – Company ranking - Average scores by ownership

(0% means least transparent, 100% means most transparent)

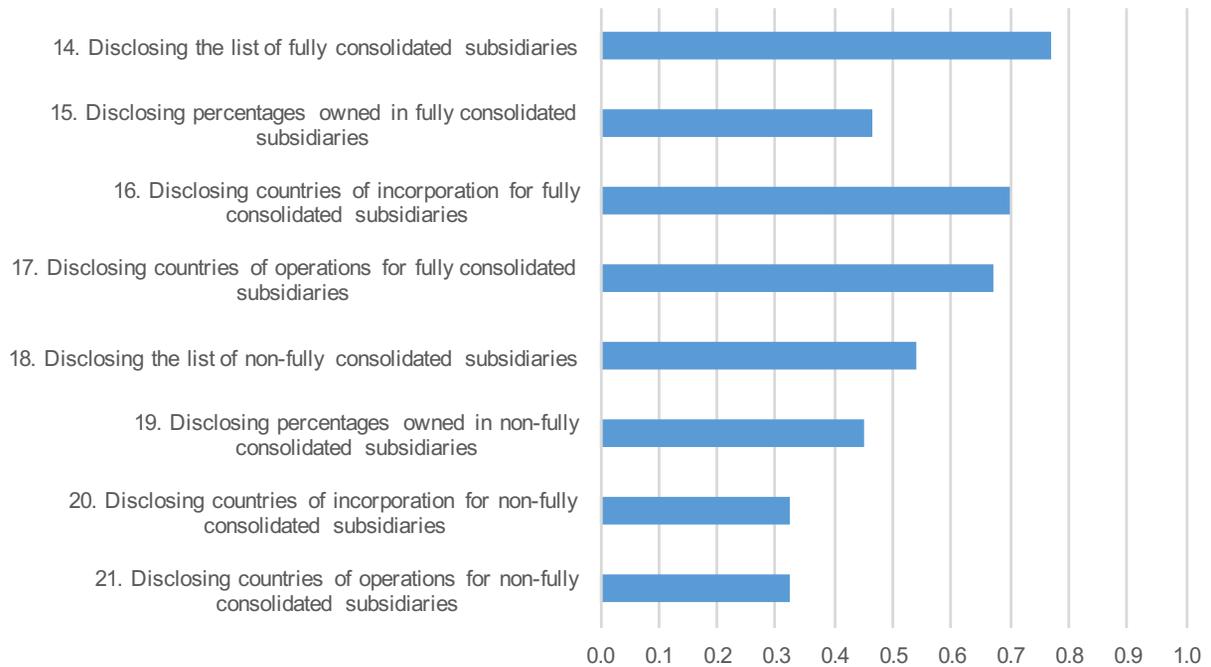


Reporting practices on company names and countries of incorporation of fully and non-fully consolidated subsidiaries score highest at 77 and 70 per cent, respectively. The places

of incorporation and operation of non-fully consolidated subsidiaries are rarely disclosed, thus companies were only given a 33 per cent average score (See Chart 6 below).

Chart 6 - Company ranking - Average scores by questions

(0.0 means least transparent, 1.0 means most transparent)



These results clearly show the importance of legally mandated transparency as well as the limits of voluntary disclosure. Vietnam has enacted regulations prescribing disclosure of information by companies,

such as ownership, structure and subsidiaries (See section 7). These regulations have set these two groups of companies on the path to good practices in organisational transparency.



At the same time, large multinationals tend to neglect public disclosure of their subsidiaries abroad, because this is not a compulsory requirement for these companies. This lack of information limits monitoring and oversight by local stakeholders in countries where these subsidiaries operate (see list of regulations on corporate disclosure of information in section 7).

Country-by-country reporting

This dimension comprises 5 questions for each country where companies operate. This assessment dimension is only relevant to the Vietnamese companies that have subsidiaries in Vietnam and abroad, particularly those in the IT sector. None of the 18 largest companies in the sample group with operations outside of Vietnam discloses key financial information for countries where they operate, except for MobiFone, which provides information about its community contribution in Vietnam.

One can explain this disappointing result by the fact that Vietnamese regulations do not explicitly require public disclosure on financial data of subsidiaries (including those operating outside Vietnam). Optimistically, it could be expected that Decree 20¹⁷

will somewhat improve the picture in the coming years. Indeed, Decree 20, effective from May 2017, introduces three-tiered Transfer Pricing (TP) documentation requirements. These requirements are in line with the OECD’s Base Erosion and Profit Shifting Action Plan 13. The TP documentation covers Group business information, local TP documentation and reporting on the transactional profitability results in the form of a Country-by-Country Report (CBCR).

Decree 20 requires all Vietnamese companies with global consolidated revenue in the tax period of VND 18,000 billion or more (US\$789 million or more) to file country-by-country report to the tax authorities if they have a parent company located either overseas or within Vietnam.

Globally, this result is on par with limited disclosure practices found in other TRAC reports in the same series. The world’s largest corporations score 6 per cent due to lack of publishing financial details about their operation outside their home countries. Similarly, multinational companies operating in emerging markets score slightly better at 9 per cent.

Chart 7 - Country-by-country Reporting - Average scoring by questions

(0.0 means least transparent, 1.0 means most transparent)



¹⁷ Decree No. 20/2017/ND-CP prescribing tax administration for enterprises engaged in transfer pricing (“Decree 20”) issued by the Government on 24th February 2017. Decree No. 20/2017/ND-CP and Circular 41/2017/TT-BTC constitute an effort by the authorities to provide the legal frameworks for transfer pricing administration and management.

5. RECOMMENDATIONS

To meet both public and market expectations, responsible companies today undertake increasing efforts to publicly report on their activities, structures and ownership. Going public helps to develop a sustainable investment climate and encourages responsible business practices and better public and private sector decision making. Corporate transparency can also provide companies with economic benefits by showing consumers that they are getting the best deal and strengthening employee morale and integrity. Finally, evidence suggests that markets give a higher value to companies that practice transparency to investors and consumers.

With a view to improving corporate reporting in Vietnam, the TRAC 2018 results lead to the following recommendations.

Companies should:

- **Develop, implement and monitor Codes of Conduct and Anti-corruption policies, including confidential hotline for whistleblowers.** Conducting business in an ethical and integrity manner has become a globally recognized norm, which builds trust of investors, business partners and employees. “Playing by the rules” is a *must* for sustainable growth, especially for the largest Vietnamese companies that are growing and reaching out to regional and global markets. A key factor to ensuring effective implementation is the establishment of a whistleblower policy and procedures enabling confidential and protected reporting. Whistleblowing can help companies to identify wrongdoing and fraud and prevent problems or crises before it is too late. Companies can refer to *TI’s Business Principles for Countering Bribery*¹⁸.
- **Publicly report their commitments** to anti-corruption and compliance with laws in Vietnam and other countries where they are operating. Leaders and staff of companies that make public commitment to anti-corruption will more likely act in consistency with these commitments.
- **Publish and require suppliers, distributors, intermediaries and other business partners to comply with the company’s code of conduct and anti-corruption policies.** Large companies have leverage to positively influence their supply chains, customers and the market at large in leading by example.

18 https://www.transparency.org/whatwedo/publication/business_principles_for_countering_bribery



Government should:

- **Introduce and strengthen regulations on anti-corruption policies and programmes for companies.** General principles can be found in *TI’s Business Principles for Countering Bribery*. For SOEs specifically, Transparency International produced a *guidance on “10 Anti-corruption Principles for State-owned Enterprises”*¹⁹, which can be used as a reference.
- **Introduce regulations on public disclosure (with appropriate sanctions), relevant for PLCs, SOEs and foreign companies** covering both financial and non-financial information such as anti-corruption policies and programmes.
- **Enhance enforcement of public disclosure by companies** through periodic monitoring and inspection by relevant government agencies to identify non-compliant firms.

Non-state actors, including business associations and CSOs, should:

- **Increase demand for transparency and anti-corruption** through awareness raising, providing technical support to businesses wishing to adopt effective compliance programmes. These actors should engage different stakeholders and the society in promoting corporate transparency and integrity for a clean business environment in Vietnam.

19 https://www.transparency.org/whatwedo/tools/10_anti_corruption_principles/0



6. COMPARING TRAC 2018 WITH TRAC 2017

The following table shows the significant improvement in scoring of the 18 companies assessed in both TRAC 2017 and TRAC 2018.

No.	COMPANY	Anti-Corruption Programmes		Organisational Transparency		Country-by-Country Reporting	
		TRAC 2017	TRAC 2018	TRAC 2017	TRAC 2018	TRAC 2017	TRAC 2018
1	C.P. Vietnam Corporation	42%	→ 42%	0%	N/A	N/A	N/A
2	Canon Vietnam Co., Ltd	15%	→ 15%	0%	N/A	N/A	N/A
3	FPT Corporation	8%	↑ 15%	100%	→ 100%	0%	→ 0%
4	Hoa Phat Group JSC	0%	→ 0%	56%	↑ 100%	N/A	N/A
5	MobiFone Corporation	0%	→ 0%	63%	↑ 100%	0%	↑ 4%
6	Mobile World Investment Corporation	0%	→ 0%	50%	↑ 100%	N/A	N/A
7	Posco Vietnam Co., Ltd	65%	↑ 69%	0%	↑ 38%	N/A	N/A
8	Saigon Petro Co., Ltd	0%	→ 0%	0%	↑ 25%	N/A	N/A
9	Samsung Electronics Vietnam Co., Ltd	54%	↑ 81%	0%	N/A	N/A	N/A
10	Unilever Vietnam International Co., Ltd	0%	↑ 81%	0%	N/A	N/A	N/A
11	Vietnam Bank for Agriculture and Rural	0%	↑ 8%	38%	↑ 100%	0%	N/A
12	Vietnam Dairy Products JSC	38%	↑ 42%	100%	→ 100%	0%	→ 0%
13	Vietnam Electricity Corporation	4%	↑ 27%	0%	↑ 75%	N/A	N/A
14	Vietnam National Coal - Mineral industries holding corporation limited	15%	→ 15%	38%	↑ 63%	0%	→ 0%
15	Vietnam Oil and Gas Group	0%	↑ 12%	25%	↑ 50%	N/A	N/A
16	Vietnam Posts and Telecommunications Group	0%	↑ 8%	13%	↑ 50%	0%	→ 0%
17	Viettel Group	0%	→ 0%	13%	→ 13%	0%	→ 0%
18	Vingroup JSC	0%	↑ 8%	25%	↑ 100%	N/A	N/A

7. APPLICABLE LAWS IN VIETNAM

The following table summarizes the applicable Vietnamese laws and regulations for each type of companies. As the table shows, corporate disclosure of anti-corruption programmes is not yet legally required for companies operating in Vietnam.

Even though TRAC standards exceed Vietnam’s regulatory requirements, TT believes that these standards are achievable over time. Indeed, given the prevalence of corruption cases both nationally and globally, there is a definite need for higher standards that in return will lead to a broader culture of integrity.

3 assessment dimensions Status of companies	Reporting on Anti-Corruption Programmes	Organisational Transparency	Country-by-Country Reporting
SOEs		<p>Law on Enterprises (2014)</p> <ul style="list-style-type: none"> ➤ Article 108 requires periodic disclosure of information on company structure and governance by SOEs (including ownership, subsidiaries and transactions with related parties) <p>Decree 81/2015/ND-CP on disclosure of state-owned enterprises’ information</p> <ul style="list-style-type: none"> ➤ Article 10.1 – Periodic Disclosure of Information (written reports, electronic portal or website, publications) 	<p>Decree No. 20/2017/ND-CP on Transfer pricing and Circular 41/2017/TT-BTC providing guidance on implementation of Decree 20</p> <p>(companies must report CBCR to tax authorities with global consolidated revenue of US\$ 789M if they have a parent company located either overseas or within Vietnam)</p>
Publicly Listed Companies		<p>Law on Securities (2006, amended 2010)</p> <ul style="list-style-type: none"> ➤ Article 28.2 (d) Disclosure and Transparency on All Company Activities ➤ Article 101 – Information Disclosure by PLCs of audited financial statements <p>Circular 155/2015/TT-BTC on Disclosure of Information on the Security Market, 2015</p> <ul style="list-style-type: none"> ➤ Article 11 – Periodic information disclosure of financial reports <i>including subsidiaries and associate companies</i> <p>Decree 71/2017/ND-CP on Corporate Governance Guidance for Publicly Listed Companies</p> <ul style="list-style-type: none"> ➤ Article 28-32 – Disclosure of Information for PLCs, including organisation structure and management, corporate governance, CEO’s remuneration 	
Foreign Companies		<p>Law on Enterprises (2014)</p> <ul style="list-style-type: none"> ➤ Article 171 - Disclosure of information of Joint Stock Companies (applies to foreign companies investing in Vietnam as Joint Stock Companies) 	

ANNEX 1 - LIST OF COMPANIES

No.	COMPANY	ABBREVIATION	INDUSTRY	OWNERSHIP	ACP	OT	CBCR	FEEDBACK
1	Canon Vietnam Co., Ltd	Canon Vietnam	Electronics Manufacturing	FDI	15%	N/A	N/A	No
2	C.P. Vietnam Corporation	CP Vietnam	Animal Feed	FDI	42%	N/A	N/A	No
3	EB Services Co., Ltd	EB Services	Retailing	FDI	0%	0%	0%	No
4	Ford Vietnam Co., Ltd	Ford Vietnam	Automotive	FDI	0%	N/A	N/A	No
5	Greenfeed Vietnam Corporation	Greenfeed Vietnam	Animal Feed	FDI	0%	75%	0%	No
6	Nestle Vietnam Co., Ltd	Nestle Vietnam	Food and Beverage	FDI	81%	38%	N/A	No
7	Olam Vietnam Co., Ltd	Olam Vietnam	Agriculture	FDI	0%	0%	0%	No
8	Panasonic Vietnam Co., Ltd	Panasonic Vietnam	Electronics Manufacturing	FDI	42%	75%	N/A	No
9	Posco Vietnam Co., Ltd	Posco Vietnam	Steel Manufacturing	FDI	69%	38%	N/A	No
10	Prudential Vietnam Assurance Private Ltd.	Prudential Vietnam	Insurance	FDI	0%	N/A	N/A	No
11	Samsung Electronics Vietnam Co., Ltd	SEV	Electronics Manufacturing	FDI	81%	N/A	N/A	Yes
12	Suntory Pepsico Vietnam Beverage Company	Suntory Pepsico	Beverage	FDI	19%	N/A	N/A	No
13	Toyota Motor Vietnam Co., Ltd	Toyota Vietnam	Automotive	FDI	35%	N/A	N/A	No
14	Unilever Vietnam International Co., Ltd	Unilever Vietnam	Consumer Goods	FDI	81%	N/A	N/A	Yes
15	Zuellig Pharma Vietnam Ltd.	Zuellig Pharma	Pharmaceutical	FDI	0%	0%	0%	No

No.	COMPANY	ABBREVIATION	INDUSTRY	OWNERSHIP	ACP	OT	CBCR	FEEDBACK
16	Bank for Investment and Development of Vietnam	BIDV	Financial Services	PLC	0%	100%	0%	No
17	FPT Corporation	FPT	Multi-sector	PLC	15%	100%	0%	Yes
18	Hoa Phat Group JSC	Hoa Phat	Multi-sector	PLC	0%	100%	N/A	No
19	Masan Group	Masan	Multi-sector	PLC	0%	75%	0%	No
20	Vietnam National Petroleum Group	Petrolimex	Energy	PLC	12%	100%	0%	No
21	Saigon Alcohol Beer and Beverages Corporation	SABECO	Beverage	PLC	0%	100%	N/A	No
22	Mobile World Investment Corporation	Thegioididong	Retailing	PLC	0%	100%	N/A	No
23	Truong Hai Auto Corporation	Thaco	Automotive	PLC	0%	38%	N/A	No
24	JSC Bank for Foreign Trade of Vietnam	Vietcombank	Financial Services	PLC	35%	75%	0%	Yes
25	Vietjet Aviation Joint Stock Company	Vietjet Air	Aviation	PLC	0%	63%	0%	No
26	Vietnam Airlines Corporation	Vietnam Airlines	Aviation	PLC	0%	100%	0%	No
27	Vietnam Joint Stock Commercial Bank for Industry and Trade	Viettinbank	Financial Services	PLC	0%	100%	0%	No
28	Vietnam Dairy Products JSC	Vinamilk	Dairy Products	PLC	42%	100%	0%	No
29	Vingroup JSC	Vingroup	Multi-sector	PLC	8%	100%	N/A	No
30	Vietnam Prosperity Joint-Stock Commercial Bank	VP Bank	Financial Services	PLC	38%	75%	N/A	No

No.	COMPANY	ABBREVIATION	INDUSTRY	OWNERSHIP	ACP	OT	CBCR	FEEDBACK
31	319 Corporation Ministry of National Defense	319 Corporation	Construction	SOE	8%	38%	N/A	No
32	Vietnam Bank for Agriculture and Rural	Agribank	Financial Services	SOE	8%	100%	N/A	No
33	Vietnam Electricity Corporation	EVN	Energy	SOE	27%	75%	N/A	No
34	MobiFone Corporation	MobiFone	Telecommu- nication	SOE	0%	100%	4%	No
35	Vietnam Oil and Gas Group	PVN	Energy	SOE	12%	50%	N/A	No
36	Saigon Newport Corporation	Saigon Newport	Marine Port Services	SOE	0%	25%	N/A	No
37	Saigon Petro Co., Ltd	Saigon Petro	Energy	SOE	0%	25%	N/A	No
38	Saigon Jewelry Holding Company	SJC	Jewelry	SOE	0%	100%	N/A	No
39	Vietnam Cement Industry Corporation	Vicem	Cement	SOE	0%	38%	N/A	No
40	Viettel Group	Viettel	Telecommu- nication	SOE	0%	13%	0%	No
41	Vietnam National Coal - Mineral industries holding corporation limited	Vinacomin	Mining	SOE	15%	63%	0%	Yes
42	Vietnam National Shipping Lines	Vinalines	Maritime	SOE	0%	75%	N/A	No
43	Vietnam National Tobacco Corporation	Vinataba	Tobacco	SOE	0%	100%	N/A	No
44	Vietnam Posts and Telecommunications Group	VNPT	Food and Beverage	SOE	8%	50%	0%	No
45	Vietnam Rubber Group	VRG	Rubber	SOE	0%	100%	0%	No

ANNEX 2 - QUESTIONNAIRE

Reporting on Anti-Corruption Programmes

1. Does the company have publicly stated commitment to anti-corruption?
2. Does the company publicly commit to be in compliance with all relevant laws, including anti-corruption laws?
3. Does the company leadership (senior member of management or board) demonstrate support for anti-corruption?
4. Does the company's code of conduct/anti-corruption policy explicitly apply to all employees and directors?
5. Does the company's anti-corruption policy explicitly apply to persons who are not employees but are authorised to act on behalf of the company or represent it (for example: agents, advisors, representatives or intermediaries)?
6. Does the company's anti-corruption programme apply to non-controlled persons or entities that provide goods or services under contract (for example: contractors, subcontractors, suppliers)?
7. Does the company have in place an anti-corruption training programme for its employees and directors (Board)?
8. Does the company have a policy on gifts, hospitality and expenses?
9. Is there a policy that explicitly prohibits facilitation payments?
10. Does the programme enable employees and others to raise concerns and report violations (of the programme) without risk of reprisal?
11. Does the company provide a channel through which employees can report suspected breaches of anti-corruption policies, and does the channel allow for confidential and/or anonymous reporting (whistle-blowing)?
12. Does the company carry out regular monitoring of its anti-corruption programme to review the programme's suitability, adequacy and effectiveness, and implement improvements as appropriate?
13. Does the company have a policy on political contributions that either prohibits such contributions or if it does not, requires such contributions to be publicly disclosed?

Organisational Transparency

14. Does the company disclose all of its fully consolidated subsidiaries?
15. Does the company disclose percentages owned in each of its fully consolidated subsidiaries?
16. Does the company disclose countries of incorporation for each of its fully consolidated subsidiaries?
17. Does the company disclose countries of operations for each of its fully consolidated subsidiaries?
18. Does the company disclose all of its non-fully consolidated holdings (associates, joint-ventures)?
19. Does the company disclose percentages owned in each of its non-fully consolidated holdings?
20. Does the company disclose countries of incorporation for each of its non-fully consolidated holdings?
21. Does the company disclose countries of operations for each of its non-fully consolidated holdings?

Country by Country Reporting

22. Does the company disclose its revenue/sales in country X?
23. Does the company disclose its capital expenditure in country X?
24. Does the company disclose its pre-tax income in country X?
25. Does the company disclose its income tax in country X?
26. Does the company disclose its community contribution in country X?

ANNEX 3 – LIST OF ABBREVIATIONS

Abbreviation	Explanation
CBCR	Country by Country Report
CSO	Civil Society Organisation
FDI	Foreign Direct Investment
IT	Information Technology
OECD	Organisation for Economic Cooperation and Development
PLC	Public Listed Company
SOE	State Owned Enterprise
UN	United Nations
VNR 500	The list of 500 Vietnamese largest enterprises



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