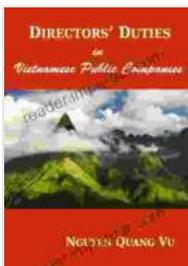


Directors' Duties in Vietnamese Public Companies: A Comprehensive Guide

In the rapidly evolving corporate landscape of Vietnam, the roles and responsibilities of directors have become increasingly complex and critical. As public companies play a significant role in the economic development of the country, it is imperative that directors uphold the highest standards of corporate governance to protect the interests of shareholders, stakeholders, and the public at large.

This comprehensive guide delves into the multifaceted duties of directors in Vietnamese public companies, providing a detailed overview of their legal obligations, responsibilities, and best practices. Drawing upon insights from renowned experts and extensive research, this article serves as an invaluable resource for company directors, corporate counsel, investors, and anyone interested in enhancing corporate governance practices in Vietnam.



Directors' Duties in Vietnamese Public Companies

by Nguyen Quang Vu

★★★★☆ 4 out of 5

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Legal Framework Governing Directors' Duties

Directors' duties in Vietnamese public companies are primarily defined by the 2014 Law on Enterprises (LOE) and supplemented by other laws and regulations, including the Civil Code, the Securities Law, and the Decree on Corporate Governance (Decree 71). These legal provisions establish a comprehensive framework that outlines the duties and responsibilities of directors, including:

- **Duty of Care:** Directors must exercise reasonable care, diligence, and skill in their decision-making and actions.
- **Duty of Loyalty:** Directors must act in the best interests of the company and its shareholders, avoiding conflicts of interest and self-dealing.
- **Duty of Obedience:** Directors must comply with the company's charter, bylaws, and applicable laws and regulations.

In addition to these core duties, directors may also have specific responsibilities related to financial reporting, risk management, internal controls, and disclosure of material information. These responsibilities are constantly evolving to keep pace with the changing regulatory landscape and market expectations.

Key Responsibilities of Directors

Beyond their legal obligations, directors have a range of important responsibilities that are essential for effective corporate governance. These

responsibilities include:

- **Strategic Planning:** Developing and overseeing the implementation of the company's long-term strategic plans.
- **Risk Management:** Identifying, assessing, and mitigating potential risks that could impact the company's operations and financial performance.
- **Financial Oversight:** Monitoring the company's financial health, including reviewing financial statements, approving budgets, and overseeing internal audit functions.
- **Stakeholder Engagement:** Engaging with shareholders, creditors, customers, and other stakeholders to understand their concerns and represent their interests.
- **Compliance and Ethics:** Ensuring compliance with applicable laws, regulations, and ethical standards, including anti-corruption and environmental protection measures.

Directors should proactively fulfill these responsibilities to create a well-managed, sustainable, and ethical organization that fosters investor confidence and long-term growth.

Civil and Criminal Liability

Directors who breach their duties may face civil and criminal liability. Under the LOE and other relevant laws, directors can be held personally liable for damages caused to the company or its shareholders due to their negligence, breach of fiduciary duty, or other wrongful acts. In severe

cases, directors may also face criminal charges, such as fraud, embezzlement, or insider trading.

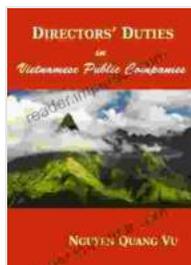
To mitigate these risks, directors should exercise utmost care in their decision-making, seek professional advice when necessary, and maintain robust corporate governance practices. Comprehensive director and officer liability insurance can also provide an additional layer of protection.

Best Practices for Directors

To effectively fulfill their duties and responsibilities, directors should adhere to the following best practices:

- **Independent and Objective:** Directors should be free from conflicts of interest and maintain an independent perspective.
- **Continuous Education:** Directors should actively pursue professional development to stay abreast of industry best practices and regulatory changes.
- **Strong Corporate Governance:** Directors should establish a strong corporate governance framework that promotes transparency, accountability, and ethical conduct.
- **Regular Board Meetings:** Directors should attend board meetings regularly and participate actively in discussions and decision-making.
- **Thorough Due Diligence:** Directors should conduct thorough due diligence before making important decisions, including reviewing relevant documents and consulting with experts.

Directors' duties in Vietnamese public companies hold immense significance for ensuring sound corporate governance, protecting stakeholder interests, and driving sustainable business growth. By understanding their legal obligations, key responsibilities, and best practices, directors can effectively navigate the complex corporate landscape and fulfill their fiduciary duties with integrity and professionalism. This comprehensive guide serves as a valuable resource for all stakeholders involved in corporate governance in Vietnam, empowering them to make informed decisions and contribute to a thriving and ethical business environment.



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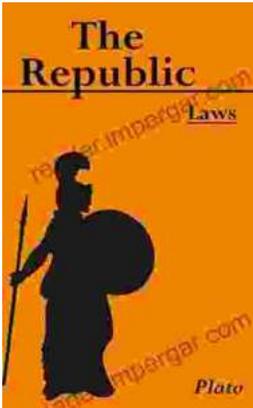
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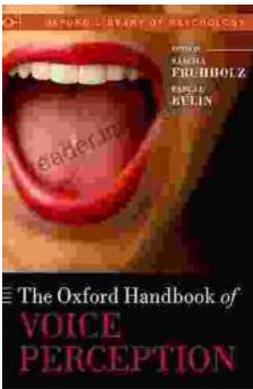
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