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# THE CURRENT LEGAL FRAMEWORK FOR CORPORATE GOVERNANCE IN JOINT STOCK COMPANIES IN VIETNAM: STRUCTURE, ACCOUNTABILITY AND REFORM DIRECTIONS

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## ABSTRACT

***Corporate governance determines how power is allocated, exercised and supervised within a joint stock company and is therefore central to investor protection, managerial accountability and sustainable enterprise development. This article examines the current Vietnamese legal framework for corporate governance in joint stock companies through a doctrinal analysis of the Law on Enterprises 2020, as amended in 2025, the Law on Securities 2019, as amended in 2024, Decree No. 168/2025/ND-CP on enterprise registration, Decree No. 155/2020/ND-CP as amended by Decree No. 245/2025/ND-CP, Circular No. 116/2020/TT-BTC and the Viet Nam Corporate Governance Code 2026. The analysis focuses on the General Meeting of Shareholders, the Board of Directors, the Board of Controllers or Audit Committee, executive management, minority-shareholder rights, fiduciary duties, related-party transactions, disclosure, beneficial ownership and the additional governance obligations applicable to public and listed companies. It finds that Vietnamese law has progressively strengthened shareholder participation, board accountability, control of conflicts of interest and transparency of actual ownership. Nevertheless, practical weaknesses remain, including concentrated ownership, formal rather than substantive board independence, limited use of shareholder litigation, uneven internal-control capacity and a regulatory gap between ordinary joint stock companies and public companies. The article proposes clearer standards of independence, stronger audit-committee resources, more effective enforcement of directors' duties and related-party transaction rules, improved digital participation, enhanced beneficial-ownership disclosure and closer integration of sustainability, risk governance and stakeholder considerations into corporate decision-making.***

***Keyword: Corporate governance; Joint stock company; Board of Directors; Minority shareholders; Related-party transactions; Beneficial ownership; Public companies; Vietnamese enterprise law.***

## 1. INTRODUCTION

Corporate governance is the institutional framework through which a company is directed, supervised and held accountable. It determines who is entitled to make fundamental decisions, how directors and executives are selected, how corporate information is produced and disclosed, how conflicts of interest are controlled, and how shareholders may protect their investment when those entrusted with corporate power fail to act in the company's best interests. In a joint stock company, these questions are particularly important because ownership is represented by transferable shares, ownership and management may be separated, and the company can mobilize capital from a large and changing body of investors.

The classical corporate-governance problem concerns the relationship between dispersed shareholders and professional managers. Shareholders supply capital, while managers possess information and exercise day-to-day control. Without adequate legal and institutional safeguards, managers may pursue private benefits, entrench themselves or make excessively risky decisions. In many emerging markets, however, ownership is concentrated rather than dispersed. The central problem then also involves the relationship between controlling and minority shareholders. A controlling shareholder may influence appointments, transactions, dividend policies and corporate opportunities in ways that transfer value from the company or minority investors to itself or its related persons. Effective governance law must address both forms of agency conflict.

In Vietnam, the joint stock company has become an essential organizational form for private investment, state-enterprise restructuring and capital-market development. It allows limited liability, separation of ownership interests into shares, transferability of investment and the possibility of public fundraising. The same structural advantages create governance risks. The number and diversity of shareholders may make coordination difficult; controlling groups may dominate shareholder meetings; boards may not operate independently from major owners or executive management; and related-party transactions may be used to shift assets, profits or opportunities within corporate groups.

Vietnamese corporate-governance law has consequently developed in layers. The Law on Enterprises provides the general organizational framework for all joint stock companies. The Law on Securities and its implementing instruments impose additional requirements on public and listed companies because these companies affect a wider investing public and the integrity of the securities market. Company charters, internal governance regulations, board and committee operating rules, stock-exchange rules, accounting and auditing standards, and voluntary codes of best practice supplement the statutory framework. Corporate governance is therefore not a single set of rules but a coordinated system of mandatory law, internal ordering, disclosure-based regulation and market discipline.

The Law on Enterprises 2020, effective from 1 January 2021, represented an important modernization. It lowered the ownership threshold for several minority-shareholder rights, refined the two permitted governance models, strengthened duties of loyalty and care, maintained a derivative-action mechanism and clarified approval of related-party transactions. The Law amending the Law on Enterprises in 2025, effective from 1 July 2025, added a framework for identifying and updating beneficial owners, adjusted procedures through which qualifying shareholders may request or convene a General Meeting of Shareholders and reinforced registration transparency. Decree No. 168/2025/ND-CP provides the corresponding enterprise-registration machinery.

For public companies, the regulatory framework has also evolved. The Law on Securities 2019, amended in 2024, is implemented by Decree No. 155/2020/ND-CP and Circular No. 116/2020/TT-BTC. Decree No. 245/2025/ND-CP amended important governance provisions concerning board composition, independent-member reporting, director training, dividend implementation and related-party transactions. In 2026, the State Securities Commission published a new principles-based Viet Nam Corporate Governance Code. The Code is not a substitute for binding law, but it provides a current benchmark for board leadership, oversight, shareholder engagement, disclosure and sustainable governance.

These changes justify a current reassessment of the law. Formal legal architecture is increasingly comprehensive, but governance quality cannot be measured by the existence of organs and procedures alone. A board may satisfy numerical independence requirements while remaining economically or socially dependent on the controlling shareholder. A company may disclose a transaction without establishing whether it is fair. A minority shareholder may possess a statutory litigation right but lack the information, resources or procedural confidence to use it. The effectiveness of law therefore depends on institutional design, enforcement, professional capacity and corporate culture.

This article examines the concept, legal nature and objectives of corporate governance in joint stock companies and then analyzes the current Vietnamese framework. The discussion covers the General Meeting of Shareholders, the Board of Directors, supervisory structures, executive management, shareholder rights, directors' duties, related-party transactions, beneficial ownership, disclosure and the additional regime for public companies. It concludes by identifying practical limitations and proposing reform directions aimed at transforming formal compliance into substantive accountability.

## 2. OVERVIEW OF CORPORATE GOVERNANCE IN JOINT STOCK COMPANIES IN VIETNAM

### *2.1. The Concept, Legal Nature and Objectives of Corporate Governance in Joint Stock Companies*

Corporate governance may be understood as the system of legal rules, organizational structures, decision-making processes and accountability mechanisms through which a company is directed and controlled. It concerns relationships among shareholders, the board, executive managers, supervisory bodies and other stakeholders whose interests may be affected by corporate conduct. Governance is broader than corporate management. Management concerns the operation of the business, while governance determines the authority within which management acts, the standards against which its conduct is evaluated and the mechanisms available when power is misused.

The legal nature of corporate governance is both public and private. It is public because the State imposes mandatory rules to protect investors, creditors, employees, market integrity and the public interest. These rules concern legal personality, organizational organs, voting, disclosure, fiduciary duties, transactions involving conflicts of interest and remedies. Governance is private because shareholders may shape many internal arrangements through the charter, resolutions and internal regulations, provided that they do not violate mandatory law. The company is therefore a legally structured association in which private autonomy operates within a framework of minimum accountability.

Corporate governance also combines ex ante and ex post regulation. Ex ante rules seek to prevent abuse before it occurs. Examples include board-composition requirements, nomination and voting procedures, disclosure of interests, prior approval of related-party transactions, independent audit and internal-control systems. Ex post rules respond after misconduct or loss, including invalidation of resolutions or transactions, compensation claims, removal of directors, disgorgement of benefits, administrative sanctions and, in serious cases, criminal liability. A balanced system must combine both approaches because prevention alone cannot eliminate opportunism, while liability imposed only after loss may be too slow or costly to protect investors.

The principal objective of governance is not simply to maximize the authority of shareholders or restrict management. It is to create a legitimate allocation of decision-making power that permits efficient enterprise while controlling the risks of abuse. The board must have sufficient authority to develop strategy, supervise management and respond to market conditions. Shareholders must retain control over fundamental matters, including changes to capital, election of directors, major transactions, amendments to the charter and reorganization. Supervisory bodies and auditors must be able to verify information and challenge conflicts. Executive managers must have operational autonomy but remain accountable to the board and the company.

A second objective is equitable treatment of shareholders. Equality does not mean that every share has identical rights, because the law permits different classes of shares. It means that shareholders within the same class should be treated consistently, that voting and economic rights should be respected, and that controlling shareholders should not use their influence to appropriate corporate value. Minority-protection rules are therefore central to governance in a concentrated-ownership environment. Rights to information, nomination, meeting requests, inspection, challenge and litigation reduce the risk that control becomes unchecked private power.

A third objective is transparency. Investment decisions and effective supervision depend on reliable information concerning ownership, financial performance, board composition, remuneration, major risks, related-party dealings and changes in control. Disclosure reduces information asymmetry and allows shareholders, creditors, regulators and markets to evaluate the company. Transparency is particularly important where control is exercised indirectly through chains of companies, nominee arrangements or informal agreements. The recent Vietnamese emphasis on beneficial ownership reflects the understanding that registered ownership may not reveal the person who ultimately owns or controls the enterprise.

A fourth objective is accountability for conflicts of interest. Directors and executives may possess personal, family or business interests that diverge from those of the company. Controlling shareholders may cause the company to contract with related entities. Corporate law does not necessarily prohibit every related-party transaction because such transactions may be efficient or commercially necessary. It instead requires disclosure, disinterested approval, fair procedures and liability where corporate opportunities or assets are misused. The quality of this framework is a decisive test of substantive governance.

A fifth objective is sustainable value creation. Modern corporate governance increasingly recognizes that long-term corporate success depends on risk management, workforce capability, environmental resilience, technological security, responsible supply chains and trust among stakeholders. The 2023 G20/OECD Principles of Corporate Governance integrate sustainability and resilience into board responsibilities and disclosure. This does not eliminate the central role of shareholders, but it requires boards to consider how environmental and social risks affect strategy, financing and long-term enterprise value. The Viet Nam Corporate Governance Code 2026 similarly reflects a movement from mechanical compliance toward principles-based board leadership and oversight.

The governance framework for a Vietnamese joint stock company can therefore be defined as the system of mandatory and voluntary standards that allocates powers among the General Meeting of Shareholders, the Board of Directors, supervisory organs and executive managers; protects shareholder and stakeholder interests; regulates conflicts and information; and establishes accountability for the exercise of corporate power. Its effectiveness depends not only on formal organizational design but also on independence, competence, transparency, enforcement and the willingness of corporate actors to treat the company as an institution separate from the private interests of its controllers.

### *2.2. The Current Legal Framework for Corporate Governance in Joint Stock Companies in Vietnam*

The current legal framework begins with the Law on Enterprises 2020, as amended, which applies to all joint stock companies. It is supplemented by Decree No. 168/2025/ND-CP on enterprise registration and by specialized legislation applicable to particular sectors, state capital and public companies. Public and listed companies are additionally governed by the Law on Securities 2019, as amended in 2024, Decree No. 155/2020/ND-CP, as amended by Decree No. 245/2025/ND-CP, Circular No. 116/2020/TT-BTC and disclosure rules under Circular No. 96/2020/TT-BTC. The Viet Nam Corporate Governance Code 2026 operates as a non-binding benchmark that encourages companies to move beyond minimum legal compliance.

The Law on Enterprises recognizes two governance models. Under the first model, the company has a General Meeting of Shareholders, a Board of Directors, a Board of Controllers and a Director or General Director. A Board of Controllers is optional where the company has fewer than eleven shareholders and organizational shareholders hold less than fifty percent of total shares. Under the second model, the company has a General Meeting of Shareholders, a Board of Directors and a Director or General Director, while at least twenty percent of board members must be independent and an Audit Committee is established under the Board of Directors. The availability of two models allows companies to choose between a separate supervisory organ and board-based audit oversight.

This flexibility is valuable, but the models should not be regarded as equivalent merely because both satisfy the statute. The first model separates supervision institutionally from the board, which may strengthen formal independence but can create duplication, fragmented information and uncertainty about responsibility. The second model integrates oversight into the board through independent directors and an Audit Committee, which may improve access to strategic information but depends heavily on the genuine independence and professional competence of committee members. The appropriate model should therefore reflect ownership structure, company size, complexity, sectoral risk and the availability of qualified directors.

The General Meeting of Shareholders is the highest decision-making body and includes all shareholders entitled to vote. It decides the development orientation of the company, types and quantities of authorized shares, dividend levels, election and removal of directors and controllers, amendments to the charter, annual financial statements, major asset and investment transactions, reorganization, dissolution, internal governance regulations, remuneration budgets and selection of the independent auditor. The statutory allocation preserves shareholder authority over structural and distributional decisions while leaving ordinary business management to the board and executives.

Meeting procedure is a core governance safeguard because substantive rights are ineffective if shareholders cannot receive information, participate or vote. Invitations must generally be sent at least twenty-one days before the opening date. The company must prepare the shareholder list, agenda, materials and draft resolutions. Shareholders may attend directly, authorize another person or participate through legally recognized electronic means. The growth of digital meetings can reduce cost and increase participation, especially for geographically dispersed shareholders, but it requires reliable identity verification, secure voting, accessible documentation and auditable records.

Voting thresholds seek to balance majority rule with protection against fundamental change imposed by a narrow majority. Ordinary resolutions generally require more than fifty percent of the votes of attending shareholders, while specified fundamental matters require at least sixty-five percent, unless the charter lawfully provides otherwise. Written consultation generally requires approval by shareholders representing more than fifty percent of all voting shares. Changes adversely affecting the rights of a class of preference shareholders require a separate heightened approval within that class. Cumulative voting for board and controller elections supports minority representation unless the charter adopts another lawful method.

Minority-shareholder rights are among the most significant protections in the 2020 Law. A shareholder or group holding at least five percent of ordinary shares, or a smaller percentage specified by the charter, may inspect specified board documents and financial records, request the Board of Controllers to investigate matters and demand that a General Meeting of Shareholders be convened in cases prescribed by law. Shareholders meeting a ten-percent threshold, or a lower charter threshold, may nominate candidates to the Board of Directors and Board of Controllers. These thresholds reflect an effort to make participation and oversight more accessible than under earlier law.

The 2025 amendment further adjusted the mechanism for convening a meeting. In the governance model that uses independent directors and an Audit Committee rather than a Board of Controllers, qualifying shareholders may convene the General Meeting within the following statutory period when the Board of Directors fails to do so. This closes a procedural gap that could otherwise leave minority shareholders dependent on a supervisory body that does not exist in that model. The amendment also refines the contents of shareholder requests and related procedures, emphasizing documentary clarity without withdrawing the substantive right.

The Board of Directors is the company's managerial body and exercises all powers not reserved for the General Meeting. Its responsibilities include strategy, annual plans, capital and share issuance, investment decisions, major contracts, appointment and removal of the Director or General Director and other key managers, supervision of executives, organizational structure, preparation of shareholder meetings, financial statements, dividend proposals and recommendations on restructuring or bankruptcy. The board therefore sits at the center of the governance system: it must lead the enterprise while simultaneously monitoring the managers to whom it delegates operational authority.

Board effectiveness depends on composition, information, time commitment and independence of judgment. The Law on Enterprises establishes eligibility standards and a specific concept of independent board membership. An independent member should not be a current or recent employee of the company, parent or subsidiary; should not receive remuneration other than board allowances; should not have close family relationships with major shareholders or managers; should not directly or indirectly hold one percent or more of voting shares; and should not have recently served as a director or controller except in circumstances permitted by law. Loss of independence must be reported and remedied within the prescribed period.

Numerical independence, however, is only a starting point. A person may satisfy formal criteria but remain dependent through long-standing business relationships, social ties, professional reliance or repeated nomination by the controlling shareholder. Companies should therefore assess independence substantively and disclose the basis for that assessment. Independent directors need direct access to management, internal auditors, external auditors and professional advisers. Their remuneration should be sufficient to attract competence but structured so that it does not compromise impartiality.

For public companies, Decree No. 245/2025/ND-CP refined board-composition requirements. It specifies minimum numbers of non-executive directors according to board size, limits the number of other companies on whose boards a public-company director may concurrently serve, requires each independent director of a listed company to prepare an assessment of board performance and strengthens training expectations for directors, executives and governance officers. These rules respond to practical concerns that overcommitted or insufficiently qualified directors cannot provide effective oversight.

The Chairperson and the Director or General Director occupy distinct governance roles. The chair organizes board work, meetings and information flow, while the chief executive manages daily business and implements board decisions. Separation of these roles can reduce concentration of power, although the Law on Enterprises generally leaves organizational choices to the applicable framework and company charter, subject to special rules for public companies. Even where one person lawfully combines roles, the company should establish lead-independent-director functions, stronger committee oversight and clear evaluation mechanisms.

Directors and executives are subject to duties that resemble fiduciary obligations. They must comply with law, the charter and shareholder resolutions; perform their functions honestly, prudently and in the company's best lawful interests; remain loyal; avoid using position, information, business opportunities or assets for personal benefit; and disclose relevant interests. A person who breaches these duties may be personally or jointly liable for loss and may be required to return benefits obtained from the breach. These duties are important because they provide a general standard capable of addressing misconduct not captured by a detailed prohibition.

The practical force of directors' duties depends on remedies. Shareholders holding at least one percent of ordinary shares may bring a claim in their own name or on behalf of the company against a director or the Director or General Director for breach of responsibility. Where the claim is brought for the company, the company may bear reasonable litigation costs unless the claim is rejected. The court or arbitral tribunal may permit access to information necessary for the claim. This derivative-action mechanism is a major accountability device, but its use may be limited by evidentiary barriers, litigation cost, delay, uncertainty about recovery and concern that a shareholder will bear the burden while benefits accrue to the company as a whole.

Reform should therefore focus not only on the statutory right to sue but also on procedural usability. Courts should provide timely access to corporate records, apply coherent standards of care and loyalty, and distinguish legitimate business judgment from disloyal or grossly uninformed conduct. Interim measures may be necessary where assets or opportunities are at risk. Companies should maintain directors and officers liability insurance without permitting insurance to cover deliberate dishonesty or unlawful personal benefit. Publication of anonymized judgments would also help boards, advisers and investors understand how duties are interpreted.

Conflict-of-interest regulation is most visible in the rules on related-party transactions. The Law on Enterprises identifies transactions with major shareholders, directors, executives and their related persons that require approval by the Board of Directors or General Meeting of Shareholders depending on value and circumstances. Interested directors or shareholders are excluded from voting. Transactions entered into without required approval may be invalidated, and persons involved may be liable for loss and required to return benefits. The framework recognizes that related-party dealings may be legitimate but must be subjected to disinterested scrutiny.

Decree No. 245/2025/ND-CP strengthens the regime for public companies by clarifying approval thresholds and aggregating related transactions over a twelve-month period for specified purposes. It also addresses loans, guarantees and asset transactions involving significant shareholders and related persons. Aggregation is important because a controlling party might otherwise divide one economic arrangement into a series of smaller contracts to avoid shareholder approval. Effective enforcement nevertheless requires a comprehensive related-person database, timely disclosure of interests and independent review of commercial fairness.

Companies should move beyond formal approval to establish a structured related-party transaction policy. The policy should define identification responsibilities, require advance declarations, set materiality thresholds, provide for independent valuation where appropriate, document the business rationale, exclude conflicted participants from discussion and voting, and monitor cumulative exposure. Audit Committees or Boards of Controllers should periodically test compliance. Public disclosure should be sufficiently detailed to permit investors to understand the identity of the related party, the economic purpose, the pricing basis and the approval process.

The Board of Controllers model provides a separate supervisory organ, generally consisting of three to five controllers. Controllers supervise the Board of Directors and executive management, review accounting and financial statements, assess internal control, internal audit and risk management, inspect related-party transactions, access corporate information and investigate matters at the request of qualifying shareholders. Controllers must act independently, honestly and prudently. The model can be effective where controllers possess expertise and receive information directly rather than through the managers they supervise.

The Audit Committee model places supervision within the board. Its potential advantage is proximity to board deliberations and strategy. Its risk is that independence becomes diluted because committee members remain part of the same board whose collective decisions they review. The committee should be chaired by an independent director, include members with accounting, audit, financial or legal expertise and have authority to meet internal and external auditors without management. It should oversee financial reporting, internal audit, compliance, whistleblowing, related-party transactions and risk management, while reporting clearly to the full board and shareholders.

Executive management is accountable for implementing strategy, organizing operations, maintaining records, establishing controls and reporting accurately to the board. The Director or General Director must act within delegated authority and may be liable for decisions made beyond that authority or in breach of duty. Public-company regulation further restricts certain relationships between chief executives and controllers or managers within the company group. These restrictions seek to reduce the risk that supervision is compromised by close personal or organizational dependency.

The company's legal representative connects internal governance with third parties and public authorities. The Law permits one or more legal representatives and requires the charter to allocate their powers. Unclear allocation can create disputes concerning authority, responsibility and representation. Companies with multiple legal representatives should specify signing authority, escalation procedures, responsibility for regulatory filings and mechanisms for dealing with absence or conflict. Internal limitations may not always protect the company against good-faith third parties, so registration and communication must be carefully managed.

Disclosure and record access are essential across all governance organs. Joint stock companies must maintain registers, meeting minutes, resolutions, financial records and information on managers and shareholders as required by law. Certain documents, including the charter, information on directors and controllers, approved annual financial statements and annual governance reports, must be published through the company's website or other prescribed channels. Public companies face broader periodic and extraordinary disclosure duties under securities law, including financial reports, shareholder-meeting materials, governance reports and material events.

Beneficial-ownership transparency is one of the most important recent developments. The 2025 amendment to the Law on Enterprises introduces the concept of a beneficial owner as an individual who actually owns or controls an enterprise even where legal title is held through another person or arrangement. Enterprises must collect, update and retain relevant information, and registration dossiers and subsequent notifications may include beneficial-owner data in accordance with the implementing framework. Decree No. 168/2025/ND-CP operationalizes enterprise-registration requirements. The reform assists anti-money-laundering policy, conflict identification and understanding of actual corporate control.

Beneficial-ownership rules can also strengthen ordinary corporate governance. Boards and shareholders cannot evaluate independence, related-party transactions or control changes if they see only nominal shareholders. Accurate information helps determine whether supposedly unrelated bidders, counterparties or directors are connected to the same ultimate controller. Implementation must nevertheless balance transparency with personal-data protection, establish clear verification responsibilities and distinguish between good-faith reporting errors and deliberate concealment.

Public and listed companies are subject to a stronger governance overlay because their securities are held or traded by a wider public. Decree No. 155/2020/ND-CP, as amended, regulates shareholder rights, board composition, independent and non-executive directors, prevention of conflicts, transactions with related persons, governance personnel, reporting and disclosure. Circular No. 116/2020/TT-BTC provides model instruments, including a model charter, internal governance regulations and operating regulations for the Board of Directors, Board of Controllers and Audit Committee. These model documents support standardization but should be adapted to the company rather than copied mechanically.

The Viet Nam Corporate Governance Code 2026 complements binding rules through a principles-based approach. Its significance lies in encouraging boards to explain how governance structures achieve leadership, oversight, integrity, transparency and sustainable value rather than treating compliance as a checklist. A code can influence investor expectations, stock-exchange practice and professional standards even without direct legal sanctions. The most effective approach is therefore a hierarchy in which legislation establishes enforceable minimums, while the Code guides better practice and encourages companies to disclose departures with reasoned explanations.

Despite substantial legal progress, concentrated ownership remains a structural challenge. In many Vietnamese companies, a founding family, corporate group, state shareholder or strategic investor can determine board appointments and shareholder resolutions. Concentration may support long-term strategy and reduce manager-shareholder conflict, but it increases the danger of minority expropriation. Minority protection should therefore focus on control of related-party transactions, disclosure of group structures, board independence, fair treatment in capital transactions and effective judicial remedies rather than assuming that a formal vote alone guarantees fairness.

A second challenge is the gap between formal and substantive independence. Independent directors may lack staff, information, expertise or the confidence to oppose controlling shareholders. Boards may meet primarily to ratify management proposals rather than debate strategy and risk. Governance reports may describe compliance without explaining performance. Regulators and investors should therefore evaluate board processes: quality and timeliness of information, attendance, dissent, committee work, evaluation, succession planning and follow-up on internal-audit findings.

A third challenge is uneven capacity among ordinary, non-public joint stock companies. Public companies benefit from detailed governance rules, disclosure systems, market monitoring and trained governance officers. Smaller companies may rely almost entirely on the Law on Enterprises and a brief charter, even when they have complex shareholder relationships or substantial assets. Regulation should remain proportionate, but practical model policies, digital filing tools, professional training and accessible dispute-resolution guidance would improve governance without imposing the full public-company regime.

A fourth challenge is enforcement. Administrative sanctions may address filing and disclosure failures, but some of the most harmful governance misconduct involves unfair transactions, concealed influence or breach of duty that requires fact-intensive civil adjudication. Shareholders need predictable access to documents, timely interim protection and courts or arbitral tribunals with corporate-law expertise. Regulators should coordinate enterprise-registration, securities, tax, competition and anti-money-laundering data to detect inconsistencies in ownership and transactions.

A fifth challenge concerns digital governance. Electronic meetings, online voting, digital signatures and virtual board portals can broaden participation and improve recordkeeping. They also create risks of identity fraud, cyberattack, manipulation of voting systems, exclusion of less technologically capable shareholders and loss of confidential information. The law and internal regulations should specify authentication, system testing, contingency procedures, data retention, independent verification and the treatment of technical failure. Digital convenience must not weaken deliberation or procedural fairness.

A sixth challenge is the integration of sustainability and stakeholder risk. Vietnamese enterprise law remains primarily organized around company and shareholder interests, while securities and best-practice frameworks increasingly expect boards to supervise environmental, social and governance risks. Reform need not convert every social objective into a directors' duty. It should require boards of significant companies to identify material sustainability risks, connect them to strategy and financial reporting, oversee reliable data and explain how long-term risks and stakeholder relationships affect enterprise value.

Several reform directions follow. First, standards of director independence should be supplemented by a substantive assessment and disclosure of relationships that may affect judgment. Nomination committees should use transparent skills matrices and succession plans. Second, Audit Committees and Boards of Controllers should receive independent budgets, direct access to internal audit and authority to obtain professional advice. Their annual reports should discuss significant risks, related-party transactions and follow-up actions rather than merely listing meetings.

Third, related-party transaction regulation should be supported by a centralized internal register, aggregation across connected transactions, independent valuation for material transactions and clear disclosure of the commercial rationale. Fourth, minority-shareholder remedies should be made more usable through expedited access to records, clearer cost rules, interim relief and publication of judicial guidance. Fifth, beneficial-ownership reporting should be integrated with securities disclosure and anti-money-laundering systems while maintaining proportionate privacy safeguards and reliable correction procedures.

Sixth, companies should adopt secure digital participation as a normal governance option, not an emergency substitute. Meeting materials should be searchable and provided sufficiently early; online voting should generate verifiable confirmation; and shareholders should have meaningful opportunities to ask questions. Seventh, the Viet Nam Corporate Governance Code 2026 should be incorporated into listing expectations and investor communication through an apply-and-explain approach. Companies should explain not only whether a practice exists but how it contributes to effective oversight.

Finally, governance reform should preserve proportionality. A small closely held joint stock company should not face the same compliance burden as a large listed issuer, but the core protections of accurate ownership information, fair voting, fiduciary loyalty, conflict control and access to remedies should apply across the corporate sector. The objective is not to multiply formal documents. It is to create institutions in which corporate power is exercised transparently, competently and for the lawful interests of the company rather than the private interests of those who happen to control it.

## 3. CONCLUSION

The current Vietnamese framework for corporate governance in joint stock companies is built on a coherent division of authority among the General Meeting of Shareholders, the Board of Directors, supervisory organs and executive management. The Law on Enterprises 2020 provides two governance models, defines the powers of each organ, protects shareholder participation, establishes duties of care and loyalty, regulates related-party transactions and permits shareholder litigation. The 2025 amendment strengthens beneficial-ownership transparency and improves procedures through which qualifying shareholders may exercise meeting rights.

Public and listed companies are subject to a more demanding regime under securities legislation. Decree No. 155/2020/ND-CP, as amended by Decree No. 245/2025/ND-CP, and Circular No. 116/2020/TT-BTC reinforce board composition, non-executive and independent oversight, training, governance reporting, disclosure and control of related-party transactions. The Viet Nam Corporate Governance Code 2026 adds a contemporary principles-based benchmark focused on board leadership, accountability and sustainable value creation. Together, these instruments demonstrate a clear movement from basic organizational law toward a more integrated governance system.

The remaining challenge is implementation. Concentrated ownership, weak substantive independence, limited supervisory resources, formalistic disclosure, low use of derivative actions and unequal governance capacity across companies may prevent legal rights from becoming effective constraints on corporate power. Beneficial-ownership reform will improve visibility of actual control, but its value will depend on verification, data coordination and enforcement. Similarly, numerical board requirements will have limited impact unless directors receive information, possess appropriate expertise and are willing to exercise independent judgment.

Future reform should therefore prioritize substantive independence, professional and adequately resourced Audit Committees or Boards of Controllers, reliable conflict-of-interest systems, accessible minority-shareholder remedies, secure digital participation and meaningful disclosure of ownership, board performance and material sustainability risks. Binding law should establish enforceable minimum standards, while the Corporate Governance Code should encourage companies to explain how their practices achieve effective oversight. Such an approach can strengthen investor confidence, reduce the cost of capital, improve enterprise resilience and support the sustainable development of Vietnam's corporate and securities markets.

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