

CONCEPT NOTE – WEBINAR

Responsible Business Conduct and State-Owned Enterprises in Viet Nam

March 26 2021, 15:00 – 16:30 Hanoi / 9:00 – 10:30 Paris

Virtual meeting

Background

Responsible business conduct (RBC) principles and standards set out an expectation that all businesses avoid and address negative impacts of their operations and supply chains, while contributing to sustainable development where they operate (OECD, 2011). RBC means integrating and considering environmental and social issues within core business activities, including throughout the supply chain. A key element of RBC is risk-based due diligence – a process through which businesses identify, prevent, and mitigate their actual and potential negative impacts and account for how those impacts are addressed. Main international RBC standards recognise the importance of RBC in SOE activities.

In Viet Nam, State-owned enterprises (SOEs) play a fundamental role in national development strategy and international economic integration through trade, foreign direct investment activities, and commercial links in global value chains. Total assets of fully SOEs correspond to 30 % of GDP, providing nearly 1 million jobs, and accounting for approximately 7% of urban employment. (OECD, 2020a) A large number of SOEs are in the public utilities and network industries, such as telecommunication, energy, water, transportation whereas the others dominate in manufacturing industries. Since the *Doi Moi* reforms in 1986, Viet Nam has embarked on an ambitious equitisation process.

As an important priority in the national development strategy, SOEs can play a crucially role in promoting and exemplifying the highest standards on RBC. The recently announced Viet Nam Socio-Economic Development Strategy (SEDS) provides an opportunity for mobilising institutional efforts to integrate RBC practices and social values into SOE sector.

■ **The role of RBC in SOEs corporate governance**

Main international instruments on responsible business conduct (RBC) are clear on their application to SOEs. The [OECD Guidelines for Multinational Enterprises \(MNE Guidelines\)](#) state that a precise definition of multinational enterprises is not required for their purpose and that ownership may be private, State or mixed. The MNE guidelines also recognise that public scrutiny is often magnified when a State is the final owner. The UN Guiding Principles for Business and Human Rights apply to all states and all enterprises and stipulate that states should take additional steps to protect against human rights abuses by business enterprises that are owned or controlled by the State, or that receive substantial support and services from State.

The importance of RBC in SOE activities is also recognised in key instruments for SOE governance, notably the [OECD Guidelines on Corporate Governance of State-Owned Enterprises \(the SOE Guidelines\)](#). The SOE Guidelines recommend that the state ownership policy fully recognise SOE responsibilities towards stakeholders and request that SOEs report on their relations with stakeholders, as well as to make clear any expectations the state has in respect of RBC by SOEs (OECD, 2015: Chapter V). The SOE Guidelines further recommend measures to report on foreseeable risks, including in the areas human rights, labour, the environment, and risks related to corruption and taxation. Moreover, the newly developed [OECD Guidelines on Anti-Corruption and Integrity in State-Owned Enterprises \(ACI Guidelines\)](#) support in ensuring that SOEs, and their state owners, exemplify integrity in their conduct.

Promoting and enabling RBC can help maximise the contribution of enterprises, including SOEs to sustainable development, while minimising environmental and social risks. The Vietnamese government has taken important steps to promote RBC. For example, the EU - Viet Nam Free Trade Agreement includes specific language on RBC, corporate social responsibilities, and sustainable development in the Trade and Sustainable Development chapter (art. 9 and 14). The OECD Guidelines specifically mentioned in art. 9 as the relevant international standards. Provisions related to RBC are also included in the chapter on SOEs (art. 5), which underlines co-operation efforts to ensure that SOEs observe internationally recognised standards of corporate governance (EU, 2020)¹.

As Vietnamese policy-makers continue to build a more resilient, sustainable, people-oriented economy, one integrated with the global economy, RBC can help Vietnamese SOEs renovate and play a vital role in increasing participation and competitiveness in the global value chains. It is expected that the new state ownership co-ordination entity Commission for the Management of State Capital at Enterprises (CMSC) will more actively work on aligning Viet Nam's SOE practices with international standards.

■ Workshop description

As part of the OECD's Responsible Supply Chains in Asia Programme and the new project on Corporate Governance of SOEs in Viet Nam, the Viet Nam Commission for the Management of State Capital at Enterprises (CMSC) and the OECD are hosting the first workshop on responsible business conduct in SOEs under the context of Viet Nam.

The "OECD – Responsible Business Conduct and SOEs in Viet Nam" webinar will bring together Vietnamese government agencies, policy makers, heads of SOEs, and OECD experts to discuss the importance of maintaining a sustainable, resilient approach for SOEs in the process of equitisation, recovery from COVID-19 as well as deeper integration in global value chains. The workshop will serve as a platform for exchange of information, to share experiences and discuss key challenges in linking the governance of SOEs with supporting the broader agenda on RBC and sustainable development.

The webinar will be organised for 1.5 hours, on 26 March 2021, 15:00 – 16:30 Hanoi / 9:00 – 10:30 Paris. Vietnamese-English simultaneous interpretation will be available.

¹ EU-Vietnam trade and investment agreements, <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1437>

■ Draft agenda

15:00-16:30 (Hanoi local time)	RESPONSIBLE BUSINESS CONDUCT AND SOEs IN VIET NAM
15:00 – 15:20	<p>Welcoming speech</p> <ul style="list-style-type: none"> • <i>Ho Sy Hung, Vice Chairman, Viet Nam Commission for the Management of State Capital at Enterprises (CMSC)</i> <p>Opening remarks</p> <ul style="list-style-type: none"> • <i>Mathilde Mesnard, Deputy Director, Directorate for Finance and Enterprise Affairs, OECD</i>
15:20 – 16:30	<p>Panel discussion: taking stock of the SOEs opportunities and challenge</p> <ul style="list-style-type: none"> • <i>Moderator: Hans Christiansen, Acting Deputy Head of Corporate Finance and Corporate Governance Division, OECD</i> • <i>Scene-setting by Allan Jorgensen, Head of the OECD Centre for Responsible Business Conduct</i> • <i>Ministry of Finance</i> • <i>Head of SOE</i> • <i>Head of SOE</i>

■ Event partners

The Responsible Supply Chains in Asia (RSCA) Programme

The workshop is part of the Responsible Supply Chains in Asia Programme (RSCA), a partnership between the European Union (EU), the International Labour Organization (ILO) and the Organisation for Economic Co-operation and Development (OECD), funded by the European Union. The RSCA works with partners in Asia to promote responsible business conduct in global supply chains.

The overarching objectives of the RSCA Programme are to promote smart, sustainable and inclusive growth by ensuring that investors and businesses have a better understanding of corporate social responsibility; and to create policy environments conducive to promoting responsible business conduct and increased opportunities for dialogue.

The Project on Corporate Governance of the State-Owned Enterprise Sector in Viet Nam

The objective of the project will be to help Viet Nam improve its ownership and governance practices, using the international good practices laid down in the [OECD Guidelines on Corporate Governance of State-Owned Enterprises \("SOE Guidelines"\)](#) as a benchmark. Good governance is an essential prerequisite for the successful equitisation of SOEs. Timely

reform will make business processes more rational, ensure strict accountability of managers of different levels and reduce risks and capital costs.

A central element in the project is the conduct of an SOE Review of Viet Nam with the participation of the [OECD Working Party on State Ownership and Privatisation Practices](#) – a standing OECD body bringing together high-level government officials from ministries and agencies involved in the ownership of SOEs. The Review will analyse the current SOE landscape in Viet Nam, assess it against the recommendations laid down in the SOE Guidelines and make recommendations regarding future reform on improving management policies of SOEs.

■ References and Links

OECD (2020b), [Southeast Asia Integrity and Responsible Business Conduct](#), OECD Publishing, Paris.

OECD (2020a), [Multi-dimensional Review of Viet Nam: Towards an Integrated, Transparent and Sustainable Economy](#), OECD Development Pathways, OECD Publishing, Paris, <https://doi.org/10.1787/367b585c-en>.

OECD (2015), [OECD Guidelines on Corporate Governance of State-Owned Enterprises](#), 2015 Edition, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264244160-en>

OECD (2011), [OECD Guidelines for Multinational Enterprises](#), OECD Publishing. <http://dx.doi.org/10.1787/9789264115415-en>