

TERMS OF REFERENCE

Consultancy for Study on Transparency in Corporate Reporting

I. BACKGROUND

In 2015, Vietnam scores 31/100 in the Transparency International (TI)'s Corruption Perceptions Index. The score has remained unchanged over the last four years (since 2012) showing that corruption has not been addressed thoroughly and effectively in the country. Meanwhile, 87% of businesses agree that laws provide loopholes for corruption to grow and law enforcement remains weak¹. Furthermore, 65% of enterprises in the research believe in the causal relationship of business activities and the corruption increase.

The Vietnamese Government recognizes corruption as a rising challenge to the country's development and the role of companies in the fight against corruption. As a result of the Government's efforts, in 2015 corrupt acts in the private sector are criminalized in the Penal Code. Besides, a number of trade agreements and initiatives, such as the Trans-Pacific Partnership (TPP), the EU-Vietnam Free Trade Agreement (FTA) or the ASEAN Economic Community, a regional economic integration agenda, bring a lot of business opportunities as well as competitive challenges to the Vietnamese private sector. In the level playing field and the context of stricter regulations, minimising corruption risks are prerequisite to all of companies. That helps companies gain competitive advantages in the global supply chains. Greater transparency and ethical practices attract more investment from "ethical oriented investors", enhance employees' morale, retain quality workers, and build up sustainable business relationships.

A number of collective actions have taken place to respond to the changes. Towards Transparency in collaboration with Vietnam Business Forum (VBF), Saigon Hi-tech Park (SHTP) and VCCI have implemented projects to create platforms where companies can share their experiences and promote international standards for anti-corruption and transparency. The projects are welcomed by member companies from different industries and regions.

It is important to have a baseline on how companies perform in line with the international standards. That will benefit future advocacy activities to promote companies' ethics and commitment to more transparency and less corruption. Transparency International (TI) has introduced Transparency in Corporate Reporting (TRAC) report which evaluates the transparency of corporate reporting. Transparency achieved through more comprehensive reporting does not necessarily mean good anti-corruption performance but it shows companies' commitment to countering corruption and being more accountable for shortcomings.

The report will assess corporate reporting regarding the disclosure practices of anti-corruption programs, company holdings and the disclosure of key financial information on a country-by-country basis. TI has been conducting the study since 2009 and focusing on world's

¹ Anh, N. Nguyen. et al (2012). *Research on the Current Status of Corruption in the Business Sector in Vietnam*. Available at

http://webdav.unglobalcompact.org/system/attachments/LocalNetworkEvent/3014/original/Research_Report_on_Corruption_in_Business_Sector_in_VN_Executive_Summary.pdf

largest listed companies, emerging market companies or the world's largest telecommunication companies. Many TI Chapters have brought the research to the local level. This time, Towards Transparency-Transparency International's (TI) National Contact in Vietnam, will use TRAC to carry out an assessment of top companies in Vietnam. The findings and recommendations from the report will serve as a basis for advocacy efforts to raise the bar of standards and business practices on transparency and anti-corruption in the private sector in Vietnam.

II. OBJECTIVE AND EXPECTED OUTPUTS

This study is aimed at creating a baseline for transparency of corporate reporting in Vietnam. That will promote the application of relevant international standards and clean business practices. It is also expected to contribute to awareness raising, capacity building and advocacy of business transparency and integrity to companies and relevant stakeholders such as investors, Government, policy makers and citizens.

Expected outputs include:

- 02 introduction workshops for selected companies
- A final TRAC report that ensures:
 - The international standards of quality and compatibility with TT's and TI's work on promoting transparency and countering corruption in private sector (see part 11 for reference)
 - Findings and recommendations adequately reflect local and company contexts and provide applicable solutions.
- A TRAC Report launching workshop.
- 01 training workshop on anti-corruption programme and transparency on corporate reporting.

III. SCOPE OF WORK AND METHODOLOGY

1. Scope of work

The study will focus on transparency of corporate anti-corruption programmes and reports, based on the availability of particular sets of information. It does not make any judgment about the integrity of the information or practices disclosed. The study will assess companies' publicly available data on three main dimensions of transparency as follows:

- *Anti-corruption system:* Assess the companies' anti-corruption programs, including bribery, facilitation payments, whistleblower protection and political contribution, based on UNGC-TI's reporting Guidance on the 10th Principle for Countering against corruption¹. They aim to assist companies in the design and implementation of effective anti-bribery policies through detailed standards of best practices. A company demonstrates its commitment to anti-corruption behavior by having a programme that meets the standards of the Business Principles and by making that information public. Commitment to anti-corruption behavior is further enhanced by organizational transparency and country-by-country reporting.

- *Organizational transparency*: Information related to company holdings, such as subsidiaries, branches, affiliates, joint ventures and the like which is relevant in the context of combatting corruption.
- *Country-to-country reporting*: Disclosure of key financial information which necessarily hold companies accountable for their activities in a particular country of operation. In absence of country-by-country reporting, the public will be unable to determine how much profit a company is earning in their country, how much the company is contributing to public budgets and, whether or not the company has any especially attractive deals with the government.

2. Methodology

In principles, the TRAC study will follow the Transparency International's methodology. It will cover desk review, questionnaire-based scoring, validation and adjustment of information and scores in consultation with researched companies, ranking, development of recommendations and actionable solutions. Companies have the right to review their preliminarily collected data. Inputs from companies will be validated and corrections will be made if necessary.

The report does not investigate the veracity of the published information and practices disclosed by companies.

3. Sample companies

30 companies will be selected from the latest VNR500 companies, including:

- 10 largest FDI companies
- 10 largest SOE companies
- 10 largest Listed companies

4. Tasks of consultants

No	Activity	Expected results	Estimate number of days for team leader	Estimate number of days for team members
1	Desk review of research documents	Refined and finalised research methodology in Vietnamese, including tools for data collection, questionnaires, scoring, data analysis and validation based on the guidance of and consultation with TT	2	2
2	Facilitate 2 introduction workshops	Presentation on how the report is conducted; Questions regarding reports, methodology are answered	2	

3	Collect data and score	Preliminary collected data upon agreement with TT; Evidences are well documented.	4	10
4	Contact and send collected data to companies	Contact list All suitable person in charged of assessed companies receive their own results of data collection; Feedback from the companies regarding their results	1	2
5	Validate corrective requests and adjust results	Finalised results upon agreement with TT	1	3
6	Writing report	Draft report in consultation with TT, including full set of scores, rankings, analyses and recommendations.	5	
7	Revise the report	Final report providing practical recommendations to the target beneficiaries	3	
8	Facilitate the launching workshop	Launching workshop A presentation on the report's findings and recommendations under the consultation with TT.	1	
9	Training workshop	A training workshop for companies on how they can effectively implement anti-corruption program and report it to public.	1	
Total			20	17

IV. DELIVERABLES AND TENTATIVE TIMELINE

The study is expected to be complete in a 5-month period, starting tentatively from September 2016. The launching is tentatively in the mid February 2017. Key deliverables for consultants include:

- Materials, Q&A and presentation prepared and delivered at 2 introduction workshops
- Preliminary scores to be submitted to TT 5 months before the TRAC launching workshop
- Draft of the report to be submitted to TT 3 months before the TRAC launching workshop
- The final report (in both English and Vietnamese) should be submitted to TT for approval 45 days before launching workshop.
- Materials and presentation prepared and delivered for TRAC launching workshop
- Materials and presentation prepared and delivered at 1 training workshop following the launching workshop.

V. CONSULTANT QUALIFICATIONS

TT is seeking a team of consultants (01 team leader and team members) or a consultancy institution to conduct the TRAC.

- The **Team Leader** in this assignment is expected to have the following key qualifications:
 - A strong professional and academic background in at least one of the following fields: corporate governance, strategic consulting, accounting, auditing, finance, investor relations, corporate social responsibility (CSR).
 - From 5-10 years of experience conducting independent assessment on corporate governance and/ or anti- corruption practices.
 - Excellent understanding of the current Vietnamese business environment, enterprise law, securities market regulations and other related reporting requirements.
 - Excellent understanding of transparency, corporate ethics, corporate reporting, business integrity, anti-corruption, investor relations, and advocacy oriented communication for the above practices and related fields.
 - Excellent communication and project management skills.
 - Good network with top listed companies is a big plus.
 - Experience in developing practical solutions for businesses in term of maximizing their stakeholder values and/ or evidence-based advocacy in the field of transparency, good corporate governance and/ or anti- corruption practices in private sector will be a strong advantage.
 - Excellent reporting writing and presentation skills in Vietnamese and English.
- The **Team Members** is expected to have the following qualifications:
 - A strong background of research, accounting, auditing and other related fields.
 - From 3-5 years of experience in research, report analysis and data collection
 - Excellent research and data collection skills
 - Good communication skills.
 - Attention to detail and logical thinking
- Desirable skills for both consultants:
 - Excellent MS Office, MS Excel, MS Power Point skills.
 - Attention to details, time management and organizational skills.
 - Excellent teamwork and interpersonal skills.

VI. SELECTION OF CONSULTANT

Interested individuals or institutional candidates should submit an Expression of Interest (EoI) highlighting relevant expertise and previous experience in English, along with a research proposal.

The Proposal should cover the following:

- A brief statement of understanding of the tasks;

- A proposed set-up consultant team, attached with CVs of proposed consultants;
- A proposed plan of activities with implementation timeline (based on above tasks and tentative timeline);
- A proposed budget which will cover: the proposed consultant's fees and the number of expected work days for each consultant . Please be noted that administrative costs (e.g. rent, office costs) are not eligible costs for this project.

The consultant's proposal will serve as the basis for consideration by and discussion with TT, and will be updated and finalized upon agreement with TT.

Deadline:

The EoI with consultants' most updated CVs and proposal should reach TT by 5th **August 2016**

Contract:

A TT standard contract based on EU cost norms for engagement of external consultants will be applied for this assignment. This TORs may be updated following discussion and agreement between TT and the selected consultants. The final TORs and consultant's final proposal will be parts of the contract.

TT's contact person:

Interested consultants will submit the expression of interest, CVs and proposal to:

Ms. Tran Ngoc Ha

Programme Officer, Business Integrity

Email: tranha@towardstransparency.vn

VII. REFERENCE DOCUMENTS

- Transparency in corporate reporting: assessing the World's Largest companies (2014)
http://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_worlds_largest_companies_2014
 - Transparency in corporate reporting: assessing emerging market multinationals
http://www.transparency.org/whatwedo/publication/transparency_in_corporate_reporting_assessing_emerging_market_multinat
 - Towards Transparency's work in private sector
<http://towardstransparency.vn/business-integrity>
 - The costs of corruption in Vietnam from a macro, provincial and firm perspective
<http://www.coffey.com/assets/Uploads/The-costs-of-corruption-in-Vietnam-2014.pdf>
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