

# **KEY CHANGES AND EXPLANATION ON PROPOSED AMENDMENTS TO THE INTERNAL REGULATIONS ON CORPORATE GOVERNANCE OF SABECO**

## **I. ABBREVIATIONS**

Main contents of amendments, supplements and explanation of internal regulations on corporate governance of SABECO submitted to the General Meeting of Shareholders 2021 use abbreviations as explained below. Note that the respective terms and explanations are for use in this document only.

"SABECO"	: Saigon Beer – Alcohol – Beverage Corporation;
"Existing Charter"	: The Charter of SABECO passed by the General Meeting of Shareholders of SABECO on April 12, 2019;
"Draft Charter "	: The drafted charter including contents proposed to be amended and supplemented based on the Existing Charter;
"Existing Regulations"	: The internal regulations on corporate governance of SABECO passed by the General Meeting of Shareholders of SABECO on April 12, 2019;
"Draft Regulations"	: The drafted regulation including contents proposed to be amended and supplemented based on the Existing Regulation;
"Law on Enterprises"	: Law on Enterprise No. 59/2020/QH14 passed by National Assembly the Socialist Republic of Vietnam on June 17, 2020;
"Law on Securities"	: Law on Securities No. 54/2019/QH14 passed by the National Assembly of the Socialist Republic of Vietnam on November 26, 2019;
"Decree 155"	: Decree 155/2020/ND-CP dated December 31, 2020 of the Government promulgating guidance on the Law on Securities;
"Circular 116"	: Circular No. 116/2020/TT-BTC dated December 31, 2020 of the Ministry of Finance guiding a number of articles of Decree No. 155 of the Government.

## **II. PROPOSAL AND BASIS OF AMENDMENT AND SUPPLEMENTATION:**

The amendment and supplement of the Existing Regulation are based on the provisions of Law on Enterprise, Law on Securities, Decree 155 and Circular 116 related to corporate governance. In addition, the Draft Regulation also includes some amendment on the wording in several of articles for the purpose of convenient practical apply.

## MAIN CONTENTS

### Remarks:

- The below contents include only the significant amendments and supplements that affect the content of the Draft Regulation.

- Amendment to standardization of terminology, amendment of chapter and article names, format of contents are shown in the Draft Regulation.

- The form of amendment are shown in bold italic letters, such as: *Supplement, Amend, Remove, ...*;

- The supplement contents are shown in **red text**;

- The being removed contents are shown in red texts and ~~strikethrough~~.

#	ARTICLES OF EXISITNG REGULATION	PROPOSED AJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
1	<b>Article 2. Interpretation of terms and acronyms</b>	<b>Article 1. Interpretation of terms and acronyms</b>	
	2.3 "Audit Committee": means the internal audit committee under the Board of Directors as regulated under point b clause 1 Article 134 of the Law on Enterprises and SABECO's Charter.	"Audit Committee": means the internal audit committee under the Board of Directors as regulated under clause 1 Article 161 of the of the Law on Enterprises and SABECO's Charter.	Clause 1 Article 161 Law on Enterprises
	2.5 "Law on Enterprises": means the Law on Enterprises No. 68/2014/QH13 as passed by the National Assembly on Novemeber 26, 2014 and the amendments thereof (if any).	"Law on Enterprises": means the Law on Enterprises No. 59/2020/QH14 passed by National Assembly of the Socialist Republic of Vietnam on June 17, 2020.	To be in line with Law on Enterprises
	2.8 "Majority Shareholder": means a shareholder who directly or indirectly owns five (05) percent or more of SABECO's voting shares as defined under clause 9 Article 6 of the Law on Securities.	"Major Shareholder": is defined in clause 18 Article 4 of the Law on Securities.	Clause 28 Article 4 Law on Securities
	2.12 "Related Persons": means any individuals or organizations defined under clause 17 Article 4 of the Law on Enterprises and clause 34 Article 6of the Law on Securities.	"Related Persons": means any individuals or organizations defined under clause 46 Article 4 of the Law on Securities and clause 23 Article 4 Law on Enterprises.	Clause 46 Article 4 Law on Securities
	2.14 "Independent Member of the Board of Directors" (hereinafter referred to as Independent Member): means a member of the Board of Directors as provided under clause 2 Article 151 of the Law on	"Independent Member": means a member of the Board of Directors as provided under Clause 2 Article 155 of the Law on Enterprises.	Clause 2 Article 155 Law on Enterprises

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
	Enterprises		
2	<b>Article 5. Rights of shareholders</b>	<b>Article 5. Rights of shareholders</b>	
		<p><i>Amend point a clause 2 Article 5</i></p> <p>a) Attending and expressing opinions at the General Meeting of Shareholders and exercising the right to vote directly or through an authorized representative or other methods prescribed by SABECO's Charter, internal regulations of SABECO and/or the law. Each ordinary share has one vote</p>	Point a clause 1 Article 115 Law on Enterprises
		<p><i>Supplement point i, j and k to clause 2 Article 5</i></p> <p>Being treated equally;</p> <p>i) Having full access to periodic and extraordinary information disclosed by the Company as prescribed by the law;</p> <p>j) Have their lawful rights and interests protected; demand suspension, cancellation of resolutions and decisions of the General Meeting of Shareholders and the Board of Directors in accordance with the Law on Enterprises;</p>	Point a, b and c clause 1 Article 41 Law on Securities
		<p><i>Supplement clause 3 and clause 4 to Article 5</i></p> <p>3. The shareholder or group of shareholders that holds at least five percent (05%) of total ordinary shares has the rights to:</p> <p>a) Request to convene the General Meeting of Shareholders in accordance with clause 3 Article 115 and Article 140 of the Law on Enterprises;</p> <p>b) Examine, extract the minutes, resolutions and decisions of the Board of Directors, half-year and annual financial statements, contracts and transactions subject to approval by the Board of</p>	Clause 2 and clause 3 Article 115 Law on Enterprises

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		<p>Directors and other documents, except documents relevant to the SABECO's trade secrets;</p> <p>c) Propose inclusion of the issues in the agenda of the General Meeting of Shareholders in accordance with clause 2 Article 142 of the Law on Enterprises</p> <p>d) Other rights prescribed by SABECO's Charter and the law.</p> <p>4. The shareholder or group of shareholders that holds at least ten percent (10%) of total ordinary shares is entitled to nominate candidates to the Board of Directors according to the relevant provisions of clause 2 Article 26 of SABECO's Charter. The group of shareholders that nominate candidates to the Board of Directors shall inform the participating shareholders before the opening of the General Meeting of Shareholders in accordance with SABECO's Charter and the Law on Enterprises.</p>	<p>Clause 5 Article 15 Law on Enterprises</p>
3	<p><b>Article 7. Sequence and procedure for convening and voting at annual and extraordinary meeting of the General Meeting of Shareholders</b></p>	<p><b>Article 7. Sequence and procedure for convening and voting at annual and extraordinary meeting of the General Meeting of Shareholders</b></p>	
	<p>7.2 (a) Meeting invitation to attend the General Meeting of Shareholders are sent to all shareholders in the list of shareholders entitled to attend the General Meeting of Shareholders by guaranteed method to reach the contact address of shareholders registered in the shareholders registry at least <b>ten (10)</b> days prior to opening date of the General Meeting of Shareholders</p>	<p><i>Amend point a clause 2 Article 7</i></p> <p>a) Meeting invitation to attend the General Meeting of Shareholders are sent to all shareholders in the list of shareholders entitled to attend the General Meeting of Shareholders by guaranteed method to reach the contact address of shareholders registered in the shareholders registry at least <b>twenty-one (21)</b> days prior to date of the General Meeting of Shareholders</p>	<p>Clause 1 Article 143 Law on Enterprises</p>
		<p><i>Remove "form of authorization letter" at point b clause 2 Article 7</i></p>	<p>Clause 2 Article 144 Law on Enterprise (the Law does not</p>

#	ARTICLES OF EXISITNG REGULATION	PROPOSED AJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		<p><i>Remove</i> "Specific form for designating the authorized representative to attend the meeting" <i>at point c clause 2 Article 7</i></p> <p><i>Remove point c clause 3 Article 7</i>  "The procedure of authorization and filing for appointment of an authorized representative: shareholders will make the written authorization for the authorized representative to participate in the meeting based on the form sent together with documents by SABECO and/or published on the website of SABECO. Shareholders can submit information about the authorization documents in advance to the organizing committee before the date of the General Meeting of Shareholders"</p>	require a form of authorization, but complies with provisions of Civil Code)
	<p><b>7.8 (a)</b> The General Meeting of Shareholders shall be recorded in minutes and may be recorded in audio or video and stored in other electronic forms. The minutes have the following main contents</p> <p>...</p> <p><b>(ix)</b> Signatory of the Chairman and the secretary of the meeting</p>	<p><i>Suplement on point a clause 8 Article 7</i></p> <p>a) The General Meeting of Shareholders shall be recorded in minutes and may be recorded in audio or video and stored in other electronic forms. The minutes have the following main contents</p> <p>...</p> <p><b>(ix)</b> Full name, signatory of the Chairman and the secretary of the meeting; <b>In case the Chairman or a secretary refuses to sign the minutes, the minutes is still effective if it bears the signatures of all other participating members of the Board of Directors and have adequate information prescribed in this Clause. The minutes shall specify that the chairperson or secretary refuses to sign it.</b></p>	Point i clause 1 Article 150 Law on Enterprises
	<p><b>7.10 (a) (vii)</b>  The resolution approved by collecting written opinions of shareholders shall be approved by a</p>	The resolution approved by collecting written opinions of shareholders shall be approved by a number of shareholders representing <b>over fifty</b>	Clause 4 Article 148 Law on Enterprise

#	ARTICLES OF EXISITNG REGULATION	PROPOSED AJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
	number of shareholders representing at least fifty-one percent (51%) of the total number of voting shares and have the same value as resolution which is passed at the General Meeting of Shareholders.	<b>percent (50%)</b> of the total number of voting shares and have the same value as resolution which is passed at the General Meeting of Shareholders.	
	<p><b>7.10 (b)</b> Cases which are not permitted to collect written opinion of shareholders:</p> <p>(i) Annual meeting of the General Meeting of Shareholders;</p> <p>(ii) Amendments and supplements of the contents of SABECO's Charter;</p> <p>(iii) Types of shares and total number of shares of each type;</p> <p>(iv) Election, dismissal or removal of members of the Board of Directors;</p> <p>(v) Decisions on investing or selling assets equal to or more than thirty five percent (35%) of the total value of assets recorded in SABECO's latest financial statements;</p> <p>(vi) Approval of annual financial report;</p> <p>(vii) Reorganization and dissolution of SABECO.</p>	<p><i>Amend clause 10 Article 7</i></p> <p>The Board of Directors has the right to collect written opinions of shareholders in order to pass the General Meeting of Shareholders's resolution at any time if it is deemed necessary for the benefit of SABECO, except for the cases under the authorities of the Annual General Meeting of Shareholders as required by SABECO's Charter and the provisions of law. The collection of written opinions of the shareholders shall take the same effect as the organization of a meeting of the General Meeting of Shareholders.</p>	All contents can be consulted by shareholders in writing, except for contents at the Annual General Meeting of Shareholders (based on the Existing Charter)
4	There was no provision on the procedure and order for convening the General Meeting of Shareholders in form of an online electronic conference.	<b>Article 8. The procedure and order for convening the General Meeting of Shareholders in form of the online electronic conference</b>	
		<p><i>Supplement Article 8</i></p> <p>1. Besides physical meeting, the annual extraordinary General Meetings of Shareholders shall be able to organised in form of online or electronic conference with or without electronic voting, or in any other electronic form in the event of</p>	To match the actual demand

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		<p>(i) force majeure, including but not limited to: natural calamities, wars, epidemics, uprisings, riots, terrorism, restrictions or bans by the regulatory State authorities; and/ or (ii) other objective events that the Board of Directors considers to be inconvenient and/ or unsuitable for convening the General Meeting of Shareholders in a physical meeting.</p> <p>2. In the event that the Board of Directors decides to convene the General Meeting of Shareholders in any of the forms stipulated in Clause 8.1 of this Article, the Board of Directors shall be responsible for issuing and announcing on the Company website the meeting and voting regulations for this meeting no later than twenty one (21) days prior to the date of meeting, with the following fundamental contents:</p> <p>a) Provide a guideline on the order and procedures for organising and conducting the General Meeting of Shareholders in the form stipulated in clause 1 of this Article;</p> <p>b) Regulate the electronic voting method and any other similar voting methods so that Shareholders can exercise their voting right at the General Meeting of Shareholders;</p> <p>c) Regulate the vote counting method and proclamation of the vote counting result; and</p> <p>d) Provide other contents relating to convening the General Meeting of Shareholders in the form stipulated in clause 1 of this Article.</p>	
5	<b>Article 9. Report on activities of the Board of Directors at the annual General Meeting of Shareholders</b>	<b>Article 10. Report on activities of the Board of Directors at the annual General Meeting of Shareholders</b>	
		<i>Amend clause 3</i>	Clause 3 Article 280

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		3. Report on assessment on transactions between SABECO, subsidiaries or any company controlled by SABECO with over 50% or more of its charter capital with members of the Board of Directors and their related persons; Transactions between SABECO and a company in which a member of the Board of Directors are a founding member or Managers of the enterprise within the past 3 years most before the time of the transaction.	Decree 155
6	There was no provision on the report on activities of the Independent Member of Board of Directors in the Audit Committee at the annual General Meeting of Shareholders.	<b>Article 11. Report on activities of the Independent Member of Board of Directors in the Audit Committee at the annual General Meeting of Shareholders</b>	
		<b>Supplement Article 11</b> Report on activities of the Independent Member of Board of Directors in the Audit Committee at the annual General Meeting of Shareholders shall ensure the following contents: 1. Remuneration, operating costs and other benefits of the Audit Committee and members of the Audit Committee in accordance with the Law on Enterprises and the SABECO's Charter; 2. Summarizing the meetings of the Auditing Committee and conclusions and recommendations of the Audit Committee; 3. Results of supervision of the SABECO's financial statements, operations and financial status; 4. Report on assessment on transactions between SABECO, subsidiaries or any company controlled by a public company with over 50% or more of its charter capital with members of the Board of Directors, General Director, other Executives and	Article 284 Decree 155



#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		<p>their related persons; Transactions between SABECO and a company in which a member of the Board of Directors, General Director, other Executives are a founding member or Managers of the enterprise within the past three (03) years most before the time of the transaction;</p> <p>5. Report on assessment of results of the company's internal control and risk management system;</p> <p>6. Results of supervision of the Board of Directors, General Director and other Executives of SABECO;</p> <p>7. Results of the assessment of the coordination of activities between the Audit Committee with the Board of Directors, General Director and shareholders.</p>	
7	<b>Article 16. Components of the Board of Directors</b>	<b>Article 18. Components of the Board of Directors</b>	
	<p>16.1 The number of members of the Board of Directors stipulated under clause 2 Article 28 of SABECO's Charter is seven (07) members. The structure of the Board of Directors should ensure a balance between the members who have knowledge and experience in law, finance and business areas of SABECO.</p> <p>16.2 The structure of the Board of Directors of SABECO should ensure the balance between Executive Members and Non-executive Members and the Independent Members. At least one-third (1/3) of the total of the members of the Board of Directors must be Independent members.</p>	<p>1. SABECO's Board of Directors shall ensure that at least one third (1/3) of members of the Board of Directors are non-executive members. SABECO's Board of Directors shall ensure that at least two (02) members of the Board of Directors are independent members. Qualifications and conditions of members of the Board of Directors are stipulated at clause 1 and clause 2 Article 155 of the Law on Enterprises.</p> <p>2. The number of members of the Board of Directors shall be seven (07). The term of office of the Board of Directors shall not exceed five (05) years. The term of office of each member of the Board of Directors shall not exceed five (05) years; members of the Board of Directors may be re-elected for an unlimited number of terms, except in case of an</p>	Article 276 Decree 155

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		independent member who shall not be re-elected for more than 02 consecutive terms. The minimum number of independent and non-executive members of the Board of Directors shall be determined by the method of rounding downwards	
8	<b>Article 20. Meeting of the Board of Directors</b>	<b>Article 22. Meeting of the Board of Directors</b>	
		<i>Adjust this article in according with Article 31 of Draft Charter</i>	
9	<b>Article 27. Establishment and operation of Audit Committee</b>	<b>Article 29. Establishment and operation of Audit Committee</b>	
		<p><i>The content of rights and obligations of Audit Committee is supplemented at clause 3 Article 9 as follows:</i></p> <p>3. The Audit Committee shall have the following rights and obligations</p> <ul style="list-style-type: none"> <li>a) To supervise the honesty of the company's financial statement and official announcement related to the company's financial results;</li> <li>b) To review the internal control and risk management system;</li> <li>c) To review transactions with related persons within the authority of the Board of Directors or General Meeting of Shareholders and give recommendations on transactions required approval from the Board of Directors or General Meeting of Shareholders;</li> <li>d) To supervise the internal audit department of the SABECO;</li> <li>e) To recommend the independent auditing company before submitting to the Annual</li> </ul>	Clause 3 Article 161 Law on Enterprise

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		<p>General Meeting of Shareholders for approval;</p> <p>f) To monitor and evaluate the independence, objectiveness of the auditing company and the effectiveness of the auditing, especially when SABECO uses non-auditing services provided by the auditing company;</p> <p>g) To supervise to ensure that SABECO complies with laws, this Regulation, SABECO's Charter and other internal regulations of SABECO.</p>	
10	<b>Article 47. Responsibility to be honest and avoid of conflicts of interests</b>	<b>Article 47. Responsibility to be honest and avoid of conflicts of interests</b>	
		<p><i>Adjust the term "Managers"</i></p> <p>The term "Managers" under the clause 10 Article 2 of Draft Regulation shall replace the following terms in Article 47: "Members of Board of Directors, Members of Audit Committee, General Director, or the Managers/ Executives", "Members of Board of Directors, Members of Audit Committee, General Director and other managerial positions".</p>	<p>To be consistent with relevant provisions in the Draft Regulation.</p>
		<p><i>Supplement clause 5 Article 47</i></p> <p>The Managers shall send written notices to the Board of Directors and the Audit Committee of the transactions between SABECO and/or subsidiary companies with them or with their related persons as prescribed by law. SABECO shall disclose information about the transactions that are approved by the General Meeting of Shareholders or the Board of Directors in accordance with regulations of the Law on Securities on information disclosure.</p>	<ul style="list-style-type: none"> <li>- Clause 2 Article 164 Law on Enterprise</li> <li>- Point a clause 6 Article 41 Law on Securities</li> <li>- Point dd clause 2, Article 277 Decree 155</li> <li>- Article 291 Decree 155</li> </ul>
		<i>Supplement clause 6 Article 47</i>	<ul style="list-style-type: none"> <li>- Clause 2 Article 167</li> </ul>

#	ARTICLES OF EXISTING REGULATION	PROPOSED ADJUSTMENTS ON THE DRAFT REGULATION	BASIS & EXPLANATION
		Members of the Board of Directors shall not vote on the transactions that bring interests to themselves or their related persons.	Law on Enterprise - Clause 4 Article 291 Decree 155
11	<b>Article 49. Transactions with shareholders, the Managers/Executives and their Related Persons</b>	<b>Article 49. Transactions with shareholders, the Managers/Executives and their Related Persons</b>	
	49.2 SABECO shall not provide loans or guarantees to shareholders being organizations and their Related Persons being individual, except for the cases of shareholders are subsidiaries in case such subsidiaries' shares or capital contributions are not held by the State and the subsidiaries contribute capital into and purchased shares of SABECO before 1 July 2015 as prescribed under Article 16.6 of the Decree No. 96/2015/ND-CP dated 19 October 2015 of the Government on detailing a number of articles of the Law on Enterprises.	<i>Amend clause 2</i> 2. SABECO shall not provide loans or guarantees to shareholders being organizations and their Related Persons being individual, <del>except for the cases of shareholders are subsidiaries in case such subsidiaries' shares or capital contributions are not held by the State and the subsidiaries contribute capital into and purchased shares of SABECO before 1 July 2015 as prescribed under Article 16.6 of the Decree No. 96/2015/ND-CP dated 19 October 2015 of the Government on detailing a number of articles of the Law on Enterprises</del>	- Article 293 Decree 155 - Article 41 of Draft Charter.
		<i>Supplemented point c to clause 4</i> c) Contracts, loan agreements or sale of assets with a value of more than 10% of the total value of assets recorded in the latest financial statement between SABECO and the shareholder owning 51% or above of the total number of voting shares or Related Persons of such shareholder.	- Point c clause 4 Article 293 Decree 155 - Clause 4 Article 41 Draft Charter