



**Registry of Companies and Business Names Division
Ministry of Finance
BRUNEI DARUSSALAM**

Corporate Governance – Frequently Asked Questions

❖ **What is Corporate Governance?**

Corporate Governance is defined as the structures and processes by which companies are directed and controlled. It refers to the system of rules, practices and processes by which a company is managed and directed to attain its objectives.

❖ **What is the purpose of Corporate Governance?**

The purpose of corporate governance is to facilitate effective, entrepreneurial and prudent management that can deliver the long term success of the company.

❖ **Why is Corporate Governance important for Brunei today?**

It is strongly believed that companies that are managed better, perform better. Better processes add value to the business, help it build its reputation and ensure its long-term continuity and success. To encourage a business climate that is “pro-business” and “pro-investment”, corporate governance will promote investor confidence which will be important for companies when developing new sources of finance for expansion and growth.

❖ **What is the Code of Corporate Governance?**

The Code of Corporate Governance is a guide to a number of key components of effective board practice. The underlying principles of all good governance:

- ✓ Accountability
- ✓ Transparency
- ✓ Honesty
- ✓ Focus on the sustainable success of the company over the longer term.

❖ **Is the Code of Corporate Governance legally binding?**

No, it is voluntary decision of its company. However it is strongly recommended for companies in Brunei Darussalam as improved corporate governance has the potential to significantly boost productivity growth and create jobs.

❖ **How will corporate governance help companies in Brunei Darussalam?**

Most of the companies in Brunei Darussalam are unlisted private limited companies, hence are owned and controlled by single individuals or families. Good corporate governance will promote and encourage:

- ✓ Establishing a framework a company processes and attitudes that add value to the business
- ✓ The company to build its reputation
- ✓ Long-term continuity and success
- ✓ Awareness towards compliance

❖ **Who is it intended for?**

The development of Corporate Governance and its principles/guidelines is intended for **locally incorporated Private Limited Companies, Public Companies and Branches of Foreign Companies.**

❖ **Why corporate governance matters to unlisted companies/ private limited companies?**

According to the OECD, a corporate governance framework consists of three main elements:

- ✓ A set of relationships between a company's management, its board, its shareholders and other stakeholders
- ✓ A structure through which the objectives of the company are set and the means of attaining those objectives and monitoring performance are determined
- ✓ Proper incentives for the boards and management to pursue objectives that are in the interests of the company and shareholders.