Report
Corporate Governance Assessment Result of
Phousy Construction and Development Public Company
2024



By:

Lao Securities Exchange

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1. Info of Phousy Construction and Development Public Company

1.1. General Information

Title	Description
Name of company:	Phousy Construction and Development Public Company (PCD)
Headquarter Location:	3rd Floor, Continental Plaza Vientiane, Nongbouathong Tai Village, Sikhottabong District, Vientiane
Tel:	021 229696
Key Business Type:	Design and Engineering Procurement Construction
Date of Listing:	10 October 2017
Website:	www.pcdlao.com
Number of Employees:	155 People
Number of Shares:	582,000,000 shares
Market Price (20/12/2023):	1,600 KIP/Share
Market Capitalization (20/12/2023):	931,200,000,000 KIP

1.2. Financial Information

Statement of Financial Position (31 December 2023) Unit: Million LAK	
Assets: 992,801	Revenues: 162,897
Liabilities: 367,580	Expenses: 20,659
Equities: 992,801	Net Profit: 142.238

1.3. List of the Board of Directors

The board of directors of PCD includes of total 7 members as below:

No	Name and Surname	Position
1	Ph.D Sithong Phommachith	Chairman
2	Mr. Sitha Phommachchith	Vice Chairman
3	Mr. Nanthalath Thilakoun	Independent Member
4	Mr. Pheng Doungngeun	Member
5	Mrs.Haithong Phommachith	Member
6	Mr. Phouthasane Phommeexay	Independent Member
7	Mr.Phoumsavanh Sounanthong	Member

1.4. List of the Board Committees

The board committee of PCD consists of total 3 committee, which each committee has the members below:

1) Audit Committee

No	Name and Surname	Position
1	Mr. Nanthalath Thilakoun	Chairman (Independent Member)
2	Mr. Phouthasane Phommeexay	Vice Chairman (Independent Member)
3	Mr. Pheng Doungngeun	Member

2) Risk Management Committee

No	Name and Surname	Position
1	Mr. Nanthalath Thilakoun	Chairman (Independent Member)
2	Mr. Phouthasane Phommeexay	Vice Chairman (Independent Member)
3	Mr. Pheng Doungngeun	Member

3) List of Remuneration Committee

No	Name and Surname	Position
1	Mr. Phouthasane Phommeexay	Chairman (Independent Member)
2	Ph.D Sithong Phommachith	Vice Chairman
3	Mr. Pheng Doungngeun	Member

1.5. List of the Directors

No	Name and Surname	Position
1	Mr. Pheng Doungngeun	Managing Director

1.6. List of the Persons in Charge of CG

No	Name and Surname	Contact	Email
1	Mr. Khonesavanh Thamvongsith	020 59998886	haithong_pscg@phousy.com

2. Overview of Corporate Governance Assessment Results

2.1. The Assessment Result by Actual Score

In 2024, PCD has achieved a total of 42.11 scores for CG Scorecard assessment, classified in 2 Star Rating. The details are provided as follows:

Schedule	Total score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders.	10	5.33
Management of Relationship with Stakeholders	10	2.73
Disclosure and Transparency	40	21.08
Roles and Responsibilities of the Board	40	12.97
Total	**100**	**42.11**

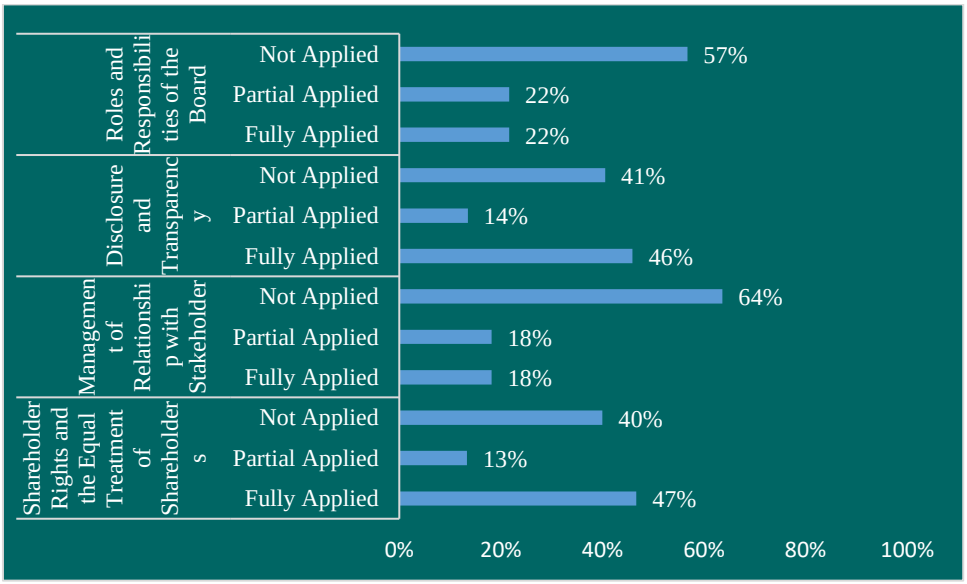
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 5.33 scores;
2. Management of Relationship with Stakeholder achieved 2.73 scores;
3. Disclosure and Transparency achieved 21.08 scores and
4. Roles and Responsibilities of the Board is treated 12.97 scores.

2.2. The Assessment Result Calculated in Each Scoring Categories

The scoring comprises of 3 categories including FA (Fully Applied) = 1 Score, PA (Partial Applied) = 0,5 Score and NA (Not Applied) = 0 Score, which the result of PCD performance could be shown as follows:

PCD	Shareholder Rights and the Equal Treatment of Shareholders		Management of Relationship with Stakeholder		Disclosure and Transparency		Roles and Responsibilities of the Board		Total	
	Question	%	Question	%	Question	%	Question	%	Question	%
Fully Applied	7.0	47%	2.0	18%	17.0	46%	8.0	22%	34.0	34%
Partial Applied	2.0	13%	2.0	18%	5.0	14%	8.0	22%	17.0	17%
Not Applied	6.0	40%	7.0	64%	15.0	41%	21.0	57%	49.0	49%
Total	**15.0**	**100%**	**11.0**	**100%**	**37.0**	**100%**	**37.0**	**100%**	**100.0**	**100%**

As shown in the above table, PCD has achieved the corporate governance implementation in fully applied (FA) 34%, followed by partial applied (PA) 17% and not applied (NA) 49%. The assessment results above could be shown in the bar chart as below:



3. Achievements and Outstanding Issues

3.1.Section 1 Shareholder Rights and the Equal Treatment of Shareholders

PCD has achieved the implementation in fully applied (FA) 47%, followed by partial applied (PA) 13% and not applied (NA) 40% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The organization of shareholder meetings: PCD sent an invitation letter at least 21 days and relevant important documents to shareholders before the shareholder meeting date as well as inform the procedures, methods of voting and voting result in each agenda including provide the right to shareholders in voting 1 share per 1 vote. - The appointment or cancellation of the audit company contract and the audit service fee has been approved by the shareholders' meeting. - Shareholders received comprehensive information regarding the experience and the background of candidates for board of directors' member including about age, academic qualifications and other relevant, such as directorships in other listed/non-listed companies. - The CEO and external auditor attend shareholders' meeting to answer questions and clarify relevant issues.	- PCD does not set the policy of shareholder's rights who hold individually or collectively at least 5% of the company's total shares has the rights to add an agenda of the shareholder's meeting, and the shareholder who individually or collectively less than 5% of the company's total shares has the right to propose to add agenda of the shareholder's meeting to the company for consideration in the internal regulation. - PCD does not set the policy of shareholder's rights who hold individually or collectively at least 10% of the company's total shares has the rights to propose the board or company's director to convene the shareholder's meeting in the internal regulation. - PCD does not prescribe incidents on issuance of newly shares, transaction of the purchase, sale or transfer the assets with value at 50% or higher of company's total assets or other significant matters which shall be approved by the shareholders' meeting in the company's internal regulation. - PCD does not develop the dividend policy, especially related to the method of dividend payment within 30 days after the resolution of the shareholders' meeting.

3.2. Section 2 Management of Relationship with Stakeholder

PCD has achieved the implementation in fully applied (FA) 18%, followed by partial applied (PA) 18% and not applied (NA) 64% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The board determined the policy on safeguarding and welfare, training and human development for its employees so that the company's employees	- The board does not formulate the policy to protect the rights and interests of its stakeholders.

can actively contribute to the implementation of the work to achieve the company's goals and involve in the company's corporate governance.	- The board does not formulate or define the policy on protecting the rights and interests of creditors especially regarding security and default terms and conditions. - The board does not specified a contact channel to receive comments or petitions from its stakeholders on problems, doubts or violations of their rights/contracts on the website or the annual business performance report of the company. - The board does not define the policy or mechanism to protect its employees or stakeholders who provide information, comments or petitions about behavior that is inconsistent with ethics, regulations and relevant laws. - PCD does not created a mechanism for providing information, comments or petitions of employees to the behavior that is not in accordance with the code of ethics, regulations or laws of the members of the board of directors or senior management of the company. - The board does not formulate and set the policies on relationship with local communities where the company is operating, policies on the selection of trade partners, suppliers and contractors, policies for environment and promotion of its sustainable development, policies to rigorously counter fraud and bribery in its code of ethics.

3.3. Section 3 Disclosure and Transparency

PCD has achieved the implementation in fully applied (FA) 46%, followed by partial applied (PA) 14% and not applied (NA) 40% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PCD disclosed the information of manners, values and list of individuals and related legal entities as well as relationship of him/her to related parties transaction in the company's annual financial statements.	- PCD does not disclose the policy on related party transactions such as the procedure for considering and approving related party transactions (RPTs) in the annual business performance report.

- PCD disclosed the vision, objectives, goals or a strategic plan in the activities of the company. - PCD disclosed information on the list of direct and indirect shareholders who held 5% or more shares. - PCD disclosed information on direct and indirect shareholdings of members of the board of directors. - PCD disclosed the service fees of external audit firm that obtained from financial statements audition. - PCD disclosed the annual business performance report and annual financial statement that have been audited by external auditors within 120 days from the end of the accounting year. - PCD disclosed the financial statements for Q1 and Q3 within 45 days after the end of such quarter. - PCD disclosed the financial statement for the 6months of the year that have been reviewed by external auditors within 60 days from the end of the 2nd quarter. - PCD disclosed the resolution of the shareholders' meeting within 24 hours after completion of the shareholders' meeting. - Persons in charge of reporting and a person disclosure information have been appointed and have undergone training for such work.	- PCD does not disclose information about its group of companies or companies in its group, financial information, risk factors, dividend policy, information on the number of times in organizing the board's meeting and board committee's meetings, important occurred events within the year in the company's annual business performance report. - PCD does not disclose information on direct and indirect shareholdings of members of the managements. - PCD does not disclose other service fees of external audit firm that is non-financial audition. - PCD does not report and disclose information on the purchase and sale of shares of board members and the senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours. - PCD does not disclose regularly the financial statements, annual reports, shareholder meeting resolutions and shareholder meeting notes on the company's website. - PCD does not create and disclose the criteria used for the nomination, election and appointment of the new board. - PCD does not formulate and disclose the internal regulations regarding the remuneration of the boards, senior managements and significant employees to the public via the company's website. - PCD does not disclose the remuneration policy and total value of board members and senior managements each year in its annual business performance report - PCD does not disclose an officer in charge of relation with shareholders and investors (investor relations). - External audit firm have been not yet rotated every 5 years.

3.4. Section 4 Roles and Responsibilities of the Board

PCD has achieved the implementation in fully applied (FA) 21%, followed by partial applied (PA) 57% and not applied (NA) 57% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PCD has at least one non-executive board member with experience relevant to the company's business. - The board has a female member. - The appointment or dismissal of the board members have been approved by the shareholders' meeting. - The board consists of 5 members and 2 of them are independent members. - Each board member has attended at least 3/4 of the board meetings. - The board has created a statement on the corporate mission, vision and culture to be communicated to all staff of the company for their understanding on the company's strategic direction. - The chairman of the audit committee has knowledge or experience in accounting. - The chairman of the audit committee, risk management committee and the chairman of the remuneration committee are all independent members. - The board has appointed an audit committee, risk management committee & remuneration committee. - Each board member received significant documents related to the meeting of the board or the board committee at least 7 business days before the meeting.	- The board chairman is not an independent member, and the board does not designate a lead director among the independent director if the board chairman is not independent. - PCD does not set the requirements, criteria of being board members, non-executive member and independent members, shall have at least of one female member, term of maximum working or termination of being board members, procedures and working methods including the remuneration policies of board members and other matters in the internal regulations as the guideline on corporate governance for listed company. - The board has not hold meetings at least 4 times a year. - The risk management committee and remuneration committee does not organize the meeting at least twice a year. - The audit committee does not organize the meeting at least 4 times a year. - The internal chapter of the board is not published on the company's website. - The board does not appoint the nomination committee. - The risk management committee do not approved and supervised the processes and policies in the identification and management of risks. - The board does not approve the specific regulations of the board committees as well as disseminate such regulations to the public through the company's website. - The board has not created and disclosed a succession employees plan for the position of board member, senior managements and the important employees of the company. - The board does not approve the plan of board meeting and board committees meeting that covers the date of the meeting and the meeting agenda.

	- The board does not evaluate the annual performance of the board, board members and the board committee. - The board do not formulate and disclose the criteria and conditions for evaluating the performance of board chairman, board members and board committee in the annual business performance report. - The board does not determine a minimum quorum of at least 2/3 of directors for board decision in the board's internal chapter.

4. Suggestions for improvement

4.1. Suggestions to be stipulated in the Internal Regulation

In order to enhance the corporate governance work function, PCD should correct the following outstanding issue:

- Should set the rights who hold individually and collectively of at least 5% of the company's total shares have the right to add an agenda of the shareholder's meeting, and shareholders who held individually and collectively less than 5% of the company's total shares have the right to propose adding agenda of the shareholder's meeting to the company for consideration in the internal regulation;
- Should set the policy of shareholder's rights who hold individually or collectively at least 10% of the company's total shares has the rights to propose the board or company's director to convene the shareholder's meeting in the internal regulation;
- Should prescribe incidents on issuance of newly shares, transaction of the purchase, sale or transfer the assets with value at 50% or higher of company's total assets or other significant matters which shall be approved by the shareholders' meeting in the company's internal regulation;
- The board should formulate and approve policy to protect the rights and interests of its stakeholders, policy to protect the rights and interests of creditors especially regarding security and default terms and conditions;
- The board should formulate and approve the policies on relations with the local communities where the company is operating, policy on the selection of trading partners, suppliers and contractors, policies for environment protection and promotion of its sustainable development;
- The board should formulate and approve the policies to rigorously counter fraud and bribery in its code of ethics;
- The board should set the requirements, criteria of being board members, structure of board personnel should have a non-executive member and a female member, term of maximum cumulative working or termination of being board members, procedures and method of

working, remuneration policies of board members and other matters as principles of corporate governance in the guideline on corporate governance for listed company;

- Should formulate the specific regulations of various board committees such as rights, duties, responsibilities, structure of committee personnel, criteria and requirements of being committee members, procedures and methods of working including remuneration policies of committee members and other matters as well as propose to the board for consideration and approve it;
- The board should formulate the policy or mechanism to protect its employees or stakeholders who provide information, comments or petitions about behavior that is inconsistent with ethics, regulations and relevant laws.
- The risk management committee should approved and supervised the processes and policies in the identification and management of risks.

4.2. Suggestions for Further Implementation

In order to enhance the corporate governance implementation, PCD should be more attentive:

- Should disclose information on the policies of RPTs, dividend policies, policies on remuneration and total value of the board members, senior managements and board committee members, risk factors, important occurred incidents, companies group or companies in its group (If any or not) in the annual business performance report;
- The board should formulate and disclose the criteria used in the nomination, election and appointment for new board;
- Should report and disclose information on the purchase and sale of shares of board members and the senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours;
- Should disclose the other service fees of an external audit firm that are non-financial auditing (If any or not);
- Should regularly disclose annual and semi-annual business performance report and financial statements, resolution of shareholder meeting and minute of shareholder meeting via the company's website;
- Should disclose direct and indirect shareholding of managements;
- The board chairman should be an independent member, and the board does shall designate a lead director among the independent director if the board chairman is not independent;
- The board should create and disclose employee succession plans for the positions of members of the board, the senior managements and key employees of the company;
- The board should approve the plan of board meeting and board committees meeting that covers the date of the meeting and the meeting agenda;
- The various board committees should convene their meeting in accordance with relevant regulations as well as participate the meeting as regularly;
- The board should appoint the nomination committee;

- Should disseminate the specific regulations of board committees to the public via the company's website;
- The board should evaluate the annual performance of the board, board members and the board committees;
- The board should formulate and disclose the criteria and conditions for evaluating the performance of board chairman, board members and board committee in the annual business performance report.

Chief Executive Officer of LSX