Report

Corporate Governance Assessment Results of Lao Agrotech Public Company 2023

By: Lao Securities Exchange

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1. Info of Lao AgroTech Public Company

1.1. General Information

Title	Description
Company Name:	Lao AgroTech Public Company (LAT)
Headquarter Location:	Nongkanku Village, Naxaythong, Vientiane
Tel:	030 9882809
Type of Key Business:	Providing integrated cultivation consultancy services
Date of Listing	25 September 2018
Website:	
Number of Employees:	45 People
Number of Listed Shares:	100.000.000 Shares
Market Price (30/12/2022):	895 KIP/Share
Market Capitalization (30/12/2022):	LAK 89.500 Million KIP

1.2. Financial Information

Statement of Financial Position (31 December 2022) Unit: Million KIP	
Assets: 63.613	Revenues: 23.326
Liabilities: 9.259	Expenses: 23.076
Equities: 54.353	Net Profit: 249

1.3. List of the Board of Director

The board of directors of LAT consists of total 6 members as follows:

1) Mr. Apisit Rujikeatkamjorn — Chairman/Independent Member
2) Ms. Khampheng Phathavong — Vice Chairman/Independent Member
3) Mr. Zait Pattanamas — Member
4) Mr. Phongtarn Picjumnong — Member
5) Mr. Thanasate Malawanno — Member
6) Ms. Douangsamay Laofoung — Member

1.4. List of the Board Committees

The board committee of LAT has 01 audit committee as below:

1) Mr. Apisit Rujikeatkamjorn — Chairman
2) Ms. Douangsamay Laofoung — Member
3) Ms. Khampheng Phathavong — Member

1.5. List of the Directors

1) Mr. Zait Pattanamas — Chief Executive Officer
2) Ms. Soukanya Champaseng — Deputy Chief Executive Officer
3) Mr. Phongtarn Picjumnong — Deputy Chief Executive Officer

1.6. List of the Persons in Charge of CG

Name & Surname	Contact	Email
Ms. Soukanya Champaseng		sjpakan19@gmail.com
Mr. Vansareim Sisoukhammung	020 55335311	lerm.vnp@gmail.com

2. Overview of Corporate Governance Assessment Result

2.1. The Assessment Result of Actual Score

In 2023, LAT has achieved a total of 42.05 scores for CG Scorecard assessment, classified in a weak rank. The details are provided as follows:

Section	Full Score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders	10	3.67
Management of Relationships with Stakeholders	40	0
Disclosure and Transparency	40	18.92
Roles and Responsibilities of the Board	**100**	19.46
Total	**100**	**42.05**

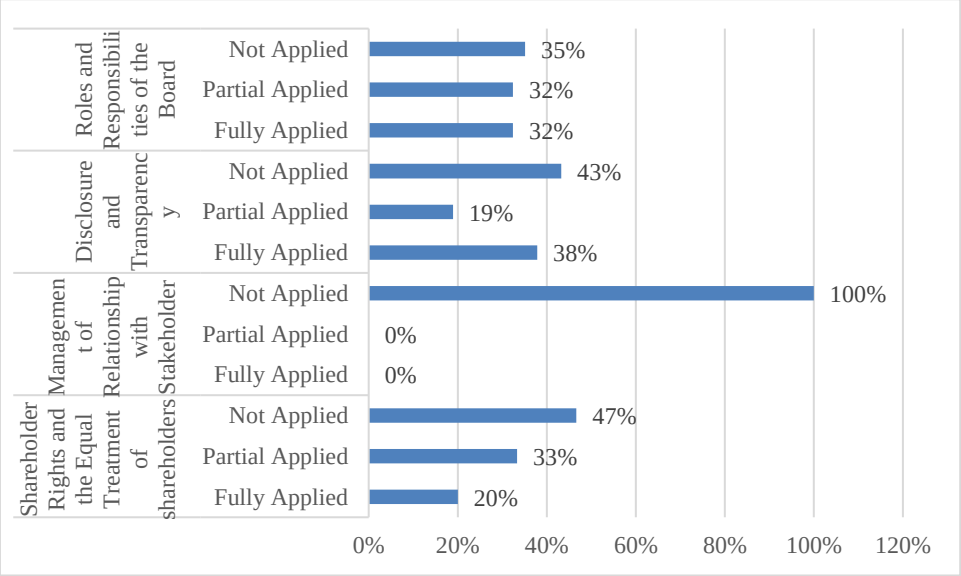
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 3.67 points;
2. Management of Relationship with Stakeholders achieved 0 points;
3. Disclosure and Transparency achieved 18.92 points and
4. Disclosure and Transparency achieved 19.46 points.

2.2. The Assessment Results 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 LAT performance could be shown as follows:

LAT	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	3	20%	0	0%	14	38%	12	32%	29	29%
Partial Applied	5	33%	0	0%	7	19%	12	32%	24	24%
Not Applied	7	47%	11	100%	16	43%	13	36%	47	47%
Total	**15**	**100%**	**11**	**100%**	**37**	**100%**	**37**	**100%**	**100**	**100%**

As shown in the above table, LAT has achieved the corporate governance implementation in fully applied (FA) 29%, followed by partial applied (PA) 24% and not applied (NA) 47%. 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

LAT has achieved the implementation in fully applied (FA) 20%, followed by partial applied (PA) 33% and not applied (NA) 47% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The organization of shareholder meetings: LAT sent an invitation letter 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 and cancellation of the audit company contract and the audit service fee has been approved by the shareholders' meeting. - The 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.	- LAT 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. - LAT 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. - LAT 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. - The CEO and external auditors do not attend shareholder's meeting to answer and clarify the relevant issues to the shareholders. - LAT cannot disclosed and send an invitation letter to shareholders on time.

3.2. Section 2 Management of Relationship with Stakeholders

LAT has achieved the implementation in fully applied (FA) 0%, followed by partial applied (PA) 0% and not applied (NA) 100% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
	- The board does not formulate and set the policy to protect the rights and interests of its stakeholders. - The board does not formulate and set policies for personnel training and development. - LAT 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 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. - The board does not formulate and set the policy to rigorously counter fraud and bribery in its code of ethics. - The board does not formulate and set the policies for environment and promotion of its sustainable development. - The board does not set policies on the selection of trade partners, suppliers and contractors, policies on relationship with local communities where the company is operating.

	- The board does not formulate and set policies to protect rights and interest of creditors especially regarding security and default terms and conditions. - LAT does not formulate and set the policy on the safeguarding and social welfare to its employees. - LAT does not specify 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.

3.3. Section 3 Disclosure and Transparency

LAT has achieved the implementation in fully applied (FA) 38%, followed by partial applied (PA) 19% and not applied (NA) 143% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- LAT disclosed the financial information and non-financial information in the annual business performance report. - LAT disclosed the vision, objectives, goals or a strategic plan in the activities of the company. - LAT disclosed the annual business performance report and annual financial statements that have been audited by external auditors within 120 days after the end of the accounting year. - LAT disclosed the financial statements for Q1 and Q3 within 45 days after the end of such quarter. - LAT disclosed the financial statements for the first 6 months of the year that have been reviewed by external auditors within 60 days from the end of the quarter 2nd. - LAT disclosed the resolution of the shareholders' meeting within 24 hours after completion of the shareholders' meeting. - LAT disclosed the list of direct and indirect shareholders who hold 5% or more.	- LAT does not disclose the policies on the related party transactions, the company's risk factors, the dividend policy and the remuneration and total value of board members, board committees, and senior managements each year in the annual business performance report. - LAT does not disclose 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 annual financial statements. - LAT does not disclosed the changes or important events that occurred within the year in the company's annual business performance report. - LAT does not disclosed the direct and indirect shareholding of the board members and senior managements. - LAT 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.

- LAT disclosed information on the background and training of the board members in the annual business performance report. - Persons in charge of reporting and a person disclosure information have been appointed and have undergone training for such work.	- LAT does not disclose regularly the quarter/annual financial statements, semi-annual/annual business performance report resolution of shareholder's meeting and minute of shareholder's meeting on the company's website. - LAT does not disclosed the external audit firm's services fee that obtained from financial audition and other service fees that are non-financial audition each year. - LAT does not appoint and disclose an officer in charge of relation with shareholders and investors (investor relations) on the company website - The board does not create and disclose the criteria used for the nomination, election and appointment of the new board. - The board does not formulate and disclosed the internal regulation on remuneration of the board, board committees, and senior managements and significant employees via the company's website.

3.4. Section 4 Roles and Responsibilities of the Board

LAT has achieved the implementation in fully applied (FA) 32%, followed by partial applied (PA) 32% and not applied (NA) 36% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- The board has 2 female board members with experience working in the field related to business operations. - The appointment or dismissal of the board members that have been approved by the shareholders' meeting. - The board consists of 06 members and 02 of them are independent members. - The board chairman is an independent member. - The board charter explicitly provide details on the rights, duties and responsibilities of the board. - The board has held meetings at least 4 times a year and each board member has attended at least 3/4 of the board meetings.	- LAT does not appoint a non-executive board member at least of 1 member with experience relevant to the company's business. - LAT 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 methods of working 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 chapter does not publish via the company's website.

- The board chairman and chairman of the audit committee are independent members with experience in accounting. - The board does not determine a minimum quorum of at least 2/3 of directors for board decision in the board's internal chapter.	- The board has not appointed a risk management, nomination committee and remuneration committee. - The audit committee does not meet at least 4 times a year. - The board does not 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 board does not approve the specific regulations of board committees. In additional, do not publish such regulations to public via the company's website. - The board has not created and disclosed a succession employees plan for the position of board member, directors and the important employee 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 performance of the board, board members and the board committee annually. - 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. - Each board member does not receive the documents related to the meeting of the board of directors or the committee of the board of directors at least 7 official days before the meeting - The risk management committee do not approved and supervised the processes and policies in the identification and management of risks

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulations

In order to enhance the corporate governance function, LAT should correct the following outstanding issues:

- 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;
- Shall 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 the board or company's director to convene the shareholder's meeting in the internal regulation;
- Shall 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 policy on safeguarding and social welfare for its employees and policy on training and personnel development, 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 and promotion of its sustainable development;
- The board should formulate and approve the policies on rigorously counter fraud and bribery in its code of ethics;
- 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 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;
- Should set the requirements, criteria of being board members, structure of board personnel should have a non-executive member and a female member, rights, duties, responsibilities, 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 risk management committee should approved and supervised the processes and policies on the identification and management of risks.

4.2. Suggestions for Further Implementation

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

- Should disclose the invitation letter to shareholders on time;
- disclose the policies on related party transections such as the procedure for considering and approving the related party transections (RPTs);
- Should disclosed information on related party transactions, policies on dividend and method of dividend payment to its shareholders, companies group or companies in its group (If any or not), important occurred incidents within the year, policy on remuneration and total value of board members, senior managements each year in the annual business performance report;
- Should disclose the list of direct and indirect shareholders who hold 5% or more;
- Should disclose the direct and indirect shareholding of the board members and senior managements;
- Should regularly disclose the quarter/annual financial statements, semi-annual/annual business performance report resolution of shareholder's meeting and minute of shareholder's meeting on the company's website;
- 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 external audit firm's service fees received from financial statement audition and other service that are non-auditing services;
- The board should approve and disclose the specific regulations of board committees to the public via the company's website;
- The board should approve the plan of board meeting and board committees meeting that covers the date of the meeting and the meeting agenda;
- Should sent the documents related to the meeting of the board or the board committee to each board member at least 7 official days before the meeting;
- Should disseminate the board chapter to the company's website;
- 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 and board committees should organize the meeting in consistent with relevant regulations. In additional, the board members and committee members should regularly attend such meeting;
- The directors and external auditors should attend the shareholder's meeting to answer the questions and clarify the issues to the shareholders;
- The board should evaluate the performance of the board, board members and the board committee annually;

- 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