Report
On Corporate Governance Assessment Results of Lao Asean Leasing Public Company
2023

By: Lao Securities Exchange

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1. Info of the Lao Asean Leasing Public Company

1.1. General Information

Title	Description
Company name:	Lao Asean Leasing Public company (LALCO)
Headquarter Location:	Phonsynuan village,sysuttanark District,Vientian capital
Tel:	(856) 21 255 557, (856) 30 505 6685
Type of Key business:	Leasing
Date of Listing:	19 August 2019
Website:	https://lalco.la/
Number of Employees	600 People
Number of Listed Shares	301.500.000 shares
Market Price (30/12/2022):	9000 KIP/Share
Market Capitalization (30/12/2022):	2.713.500 Million KIP

1.2. Financial Information

Statement of Financial Position (31 December 2022) Unit: Million KIP	
Assets: 1.371.575	Revenues: 368.050
Liabilities: 167.471	Expenses: 136.070
Equities: 1.204.104	Net Profit: 448.138

1.3. List of the Board of Directors

1. Ms. Yuki Scott Chairman
2. Mr. Mitsuteru Nagaya Vice Chairman
3. Mr. Yoshihito Oshima Member
4. Mr. Hirofumi Inada Member
5. Ms. Harumi Ide Member
6. Ms Phavanhna Phommasack Member

1.4. List of the Board Committees

The board of directors of LALCO consists of total 4 committees, each board committee has the following members:

1) Audit Committee

1. Mr. Mitsuteru Nagaya Chairman
2. Mr. Hirofumi Inada Member
3. Ms. Harumi Ide Member

2) Risk Management Committee

1. Mr. Hirofumi Inada Chairman
2. Mr. Mitsuteru Nagaya Member
3. Mrs.Harumi Ide Member

3) Nomination Committee

1. Mr. Yoshihito — Chairman
2. Mr. Hirofumi Inada — Member
3. Mr. Mitsuteru Nagaya — Member

4) Remuneration Committee

1. Mr. Yoshihito Oshima — Chairman
2. Mrs. Harumi Ide — Member
3. Mrs. Yuki Scott — Member

1.5. List of the Directors

1. Mr. Yoshihito Oshima — Chairman
2. Mr. Kazutaka Morikawa — Member
3. Mr. Takuro Nishida — Member

1.6. List of the Persons in Charge of CG

Name and Surname	Contact	Email
Mr.Yoshihito Oshima	81 90 6931 7724	Yoshihito.o@lalco.la
Mr. viet Vongthavone	020 76 467 771	viet.v@lalco.la
Mrs. Louly leelianou	020 28 037 659	loulyleelianou.l@lalco.la
Mrs.Palamee Phimmasuan	020 56 454 692	mee3628@lalco.la

2. Overview of Corporate Governance Assessment Result

2.1. The Assessment Result by Actual Score

In 2023, LALCO has achieved a total of 40.66 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	4.33
Management of Relationship with Stakeholder	10	2.27
Disclosure and Transparency	40	18.38
Roles and Responsibilities of the Board	40	15.68
Total	**100**	**40.66**

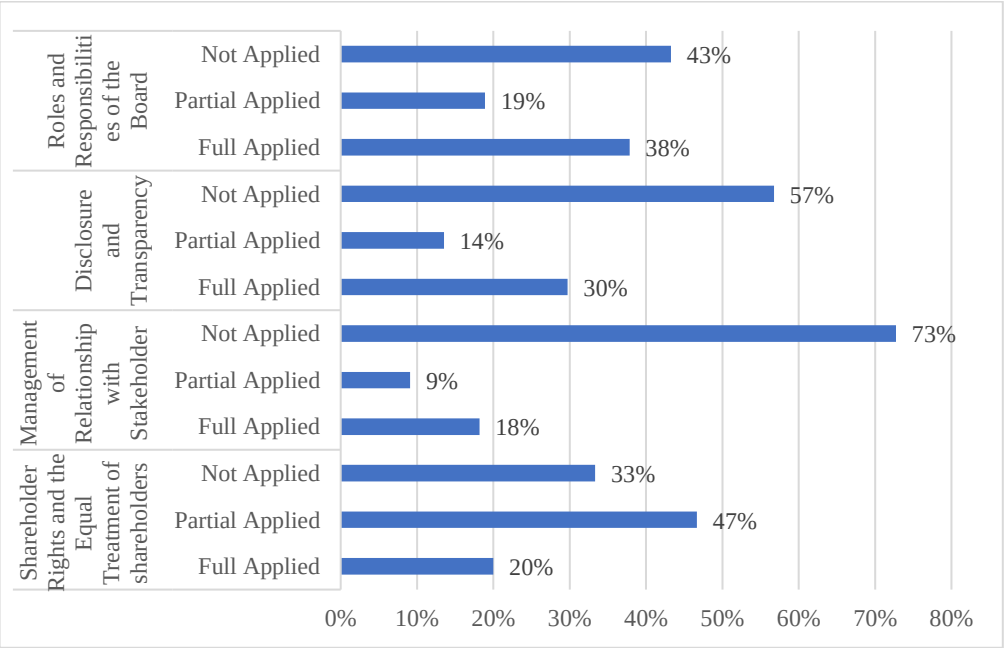
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 4.33 points;
2. Management of Relationship with Stakeholder achieved 2.27 points;
3. Disclosure and Transparency achieved 18.38 points;
4. Roles and Responsibilities of the Board achieved 15.68 points.

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 LALCO performance could be shown as follows:

LALCO	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%	2	18%	11	30%	14	38%	30	30%
Partial Applied	7	47%	1	9%	5	14%	7	19%	20	20%
Not Applied	5	33%	8	73%	21	57%	16	43%	50	50%
Total	**15**	**100%**	**11**	**100%**	**37**	**100%**	**37**	**100%**	**100**	**100%**

As shown in the above table, LALCO has achieved the corporate governance implementation in fully applied (FA) 30%, followed by partial applied (PA) 20% and not applied (NA) 50% of total questions. 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 Equal Treatment of Shareholders

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

Achievements	Outstanding Issues
- LALCO has informed the procedures and methods of voting including provided the right to shareholders in the shareholder's meeting to vote 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. - The shareholders received comprehensive information regarding the experience and the background of candidates for board member including about age, academic qualifications and other relevant, such as directorships in other listed/non-listed companies.	- LALCO 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. - LALCO 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. - LALCO 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. - LALCO cannot disclosed the invitation letter to shareholders on time.

3.2. Section 2 Management of Relationship with Stakeholders

LALCO has achieved the implementation in fully applied (FA) 18%, followed by partial applied (PA) 9% and not applied (NA) 73% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- LALCO has defined the policy on the safeguarding and social welfare to its employees. - LALCO has 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 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. - LALCO 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 board members 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 policies to rigorously counter fraud and bribery in its code of ethics. - The board does not formulate and set policies for environment protection and promotion of its sustainable development. - The board does not formulate and 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.

3.3. Section 3 Disclosure and Transparency

LALCO has achieved the implementation in fully applied (FA) 30%, followed by partial applied (PA) 14% and not applied (NA) 57% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- LALCO disclosed the information of manners, values and list of individuals and related legal entities as well as relationship of such person to related parties transaction in the annual financial statements. - LALCO disclosed the vision, objectives, goals or a strategic plan in the activities of the company. - LALCO disclosed the company's risk factors in the annual business performance report. - LALCO appointed and disclosed an officer in charge of relation with shareholders and investors (investor relations) on the company website.	- LALCO does not set and disclose the policy on related party transactions as considering procedures and related parties transactions approval (RPTs) and dividend policies in annual business performance report. - LALCO does not disclosed the list of direct and indirect shareholders who hold 5% or more. - LALCO does not disclosed the direct and indirect shareholding of the board members and senior managements. - LALCO does not disclose regularly the quarter/annual financial statements, semi-annual/annual business performance report resolution of shareholder's meeting and minute

- LALCO disclosed the financial statements for Q1 and Q3 within 45 days after the end of such quarter. - LALCO disclosed the financial statement for the 6 months of the year that have been reviewed by external auditors within 60 days from the end of the 2nd quarter. - LALCO disclosed the resolution of the shareholders' meeting within 24 hours after completion the shareholders' meeting. - Persons in charge of reporting and a person disclosure information have been appointed and have undergone training for such work.	of shareholder's meeting on the company's website. - LALCO does not disclosed the changes or important events that occurred within the year in the company's annual business performance report. - LALCO cannot disclosed the annual financial statements and annual business performance report on time. - LALCO does not disclosed the audit firm's services fee that received from financial audition and other service fees that are non-financial audition each year. - LALCO 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. - The board does not create and disclose the criteria used for the nomination, election and appointment of the new board. - LALCO 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. - LALCO does not disclose the policy on remuneration of and total value of the board members, and senior managements each year in the annual business performance report.

3.4. Section 4 Roles and Responsibilities of the Board

LALCO has achieved the implementation in fully applied (FA) 38%, followed by partial applied (PA) 19% and not applied (NA) 59% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- LALCO has at least one non-executive board member with experience relevant to the company's business including a female board member. - The appointment or dismissal of the board members have been approved by the shareholders' meeting.	- LALCO 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

- The board charter explicitly provide details on the rights, duties and responsibilities of the board. - The board held the meeting at least 4 times per year. - The board designated the audit committee, the risk management committee, and the nomination committee and the remuneration committee. - The board chairman, chairman of audit committee and risk management committee are independent members. - The chairman of the audit committee have expertise and experience in accounting.	other matters in the internal regulations as the guideline on corporate governance for listed company. - 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 board chapter does not publish via the company's website. - The board does not create 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. - LALCO does not formulate and approve the specific regulation on various committees. In addition, such regulations is not published via the company's website. - The board does 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 risk management committee do not approved and supervised the processes and policies in the identification and management of risks. - 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 does not evaluate the annual performance of the board, board members and the board committees. - The board do not formulate and disclosed the process of evaluating the performance of the board chairman, board members and board committee in the annual business performance report. - The board members and board members do not attend its meeting regularly.

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulation

In order to enhance the corporate governance function, LALCO 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;
- 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 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 the 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 training and development for its employees, the policies on rigorously counter fraud and bribery in its code of ethics;
- 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 and promotion of its sustainable development;
- 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, 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 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;
- 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 shall 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