Report
Corporate Governance Assessment Result of Petroleum Trading Lao Public Company
2024



By:

Lao Securities Exchange

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1. Info of the Petroleum Trading Lao Public Company

1.1. General Information

Title	Description
Company name:	Petroleum Trading Lao Public company (PTL)
Headquarter Location:	No 246, Unit 13 Kamphengmeuang, Ban Phonthan, Saysettha District, Vientiane Capital
Tel:	021-264834
Type of Key business:	Import and Distribution of Fuel Energy
Date of Listing:	09 December 2014
Website:	https://PTL.la/
Number of Employees	156 People
Number of Listed Shares	235,000,000 shares
Market Price (20/12/2023):	790 KIP/Share
Market Capitalization (20/12/2023):	185,650,000,000 KIP

1.2. Financial Information

Statement of Financial Position (31 December 2023) Unit: Million KIP	
Assets: 1,734,874	Revenues: 380,723
Liabilities: 167,232	Expenses: 285,306
Equities: 1,734.874	Net Profit: 380,723

1.3. List of the Board of Directors

No	Name and Surname	Position
1	Mr. Vang Rattanavong	Chairman/Independent Member
2	Mr. Khamsone Sitthixay	Vice Chairman
3	Mr. Mark Luvant	Member
4	Mrs. Sengduan Kaiosuwath	Member
5	Mr. Viengkhone Sitthixay	Independent Member
6	Mr. Bounthanh Vongsoury	Independent Member
7	Prof. Davone Vangvichith	Independent Member

1.5. List of the Directors

No	Name and Surname	Position
1	Mr. Chanthone Sitthixay	Managing Director
2	Mrs. Savanthong Phongsavanh	Deputy Managing Director

1.6. List of the Persons in Charge of CG

No	Name and Surname	Contact	Email
1	Mrs. Chanthadom Meksavanh	020 5555 9036	Chanthadom.msv@petrotradelaos.com
2	Mr. Khamphout Somboun	020 5555 9043	Khamphout.sb@petrotradelaos.com
3	Ms. Amphaivanh Lasasima	020 2224 4723	Amphaivanh.lssm@petrotradelaos.com

2. Overview of Corporate Governance Assessment Result

2.1. The Assessment Result by Actual Score

In 2024, PTL has achieved a total of 41.44 scores for CG Scorecard assessment, classified in 2 Stars Rating. The details are provided as follows:

Schedule	Total score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders.	10	5.00
Management of Relationship with Stakeholders	10	4.55
Disclosure and Transparency	40	20.54
Roles and Responsibilities of the Board	40	11.35
Total	**100**	**41.44**

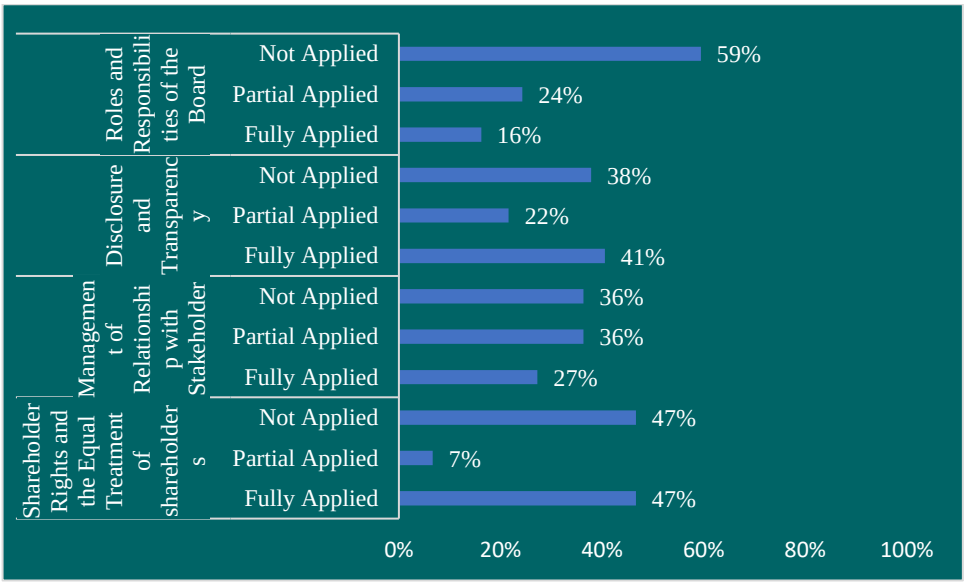
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 5.00 scores;
2. Management of Relationship with Stakeholder achieved 4.55 scores;
3. Disclosure and Transparency achieved 20.54 scores;
4. Roles and Responsibilities of the Board achieved 11.35 scores.

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 PTL performance could be shown as follows:

PTL	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%	3.0	27%	15.0	41%	6.0	16%	31.0	31%
Partial Applied	1.0	7%	4.0	36%	8.0	22%	9.0	24%	22.0	22%
Not Applied	7.0	47%	4.0	36%	14.0	38%	22.0	59%	47.0	47%
Total	**15.0**	**100%**	**11.0**	**100%**	**37.0**	**100%**	**37.0**	**100%**	**100.0**	**100%**

As shown in the above table, PTL has achieved the corporate governance implementation in fully applied (FA) 31%, followed by partial applied (PA) 22% and not applied (NA) 47% 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

PTL has achieved the implementation in fully applied (FA) 47%, followed by partial applied (PA) 7% and not applied (NA) 47% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PTL has submitted invitation letter to shareholder at least 21 days as well as 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. - The CEO and external auditor has attended to the shareholder's meeting to answer and clarify the relevant issues to the shareholders.	- PTL 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 has the right to nominate candidates to the board of directors as well as provide the right for 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. - PTL 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. - PTL does not develop the dividend policy, especially related to the method of dividend

	payment within 30 days after the resolution of the shareholders' meeting. - PTL 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.

3.2. Section 2 Management of Relationship with Stakeholders

PTL has achieved the implementation in fully applied (FA) 27%, followed by partial applied (PA) 36% and not applied (NA) 36% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PTL 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 formulated and defined policies for environment protection and promotion of its sustainable development. - The board has formulated and define the policies on the selection of trade partners, suppliers and contractors	- The board does not formulate and set the policy to protect the rights and interests of its stakeholders. - PTL does not define the policy on the safeguarding and social welfare to its employees. - The board does not formulate and set policies for personnel training and development. - PTL 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 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

PTL has achieved the implementation in fully applied (FA) 41%, followed by partial applied (PA) 22% and not applied (NA) 38% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PTL disclosed the vision, objectives, goals or a strategic plan in the activities of the company. - PTL disclosed the company's risk factors, financial and non-financial information, information on the background and training of the board members in the annual business performance report. - PTL disclosed the financial statements for Q3 within 45 days after the end of such quarter. - PTL 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. - PTL 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. - PTL disclosed the resolution of the shareholders' meeting within 24 hours after completion the shareholders' meeting. - PTL disclosed the audit firm's services fee that received from financial audition. - PTL appointed and disclosed an officer in charge of relation with shareholders and investors (investor relations) on the company website. - Persons in charge of reporting and a person disclosure information have been appointed and have undergone training for such work.	- PTL does not set and disclose the policy on related party transactions as considering procedures and related parties transactions approval (RPTs), companies group or companies in its group, dividend policies, , information on the number of times in organizing the board's meeting and board committee's meetings, important occurred events within the year and policy on remuneration of and total value of the board members, and senior managements each year in annual business performance report. - PTL does not disclose 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. - PTL does not disclosed the list of direct and indirect shareholders who hold 5% or more. - PTL does not disclosed the direct and indirect shareholding of the board members and senior managements. - PTL 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. - PTL cannot disclose the financial statement for the Q1 within 45 day after end of such quarter. - External audit firm has been not rotated every 5 year. - PTL does not disclosed the audit firm's other services fee that are non-financial audition each year.

	- PTL 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. - PTL 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

PTL has achieved the implementation in fully applied (FA) 16%, followed by partial applied (PA) 24% and not applied (NA) 59% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
- PTL has at least one non-executive board member with experience relevant to the company's business including a female board member. - The board includes of 7 members, among them there are 3 independent members**.** - The appointment or dismissal of the board members have been approved by the shareholders' meeting. - The board held the meeting at least 4 times per year. - 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.	- PTL does not set the requirements of board structure shall have at least 1 of a non-executive member and female member, requirements and criteria of being board members and independent member, term of maximum working or termination of being board members including member independent member, procedures and working methods including the remuneration policies of board members and other matters in the company's relevant internal regulations. - 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 charter does not explicitly provide details on the rights, duties and responsibilities of the board. In addition, the board chapter does not publish via the company's website. - The board does not designate or provide reference documents on designation of the audit committee, the risk management committee, the nomination committee and the remuneration committee. - 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. - PTL 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 committees does not convene their conferences in accordance with relevant regulation. - The board does not created and disclosed a succession employees plan for the position of board member, managements 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.

4. Suggestions for Improvement

4.1. Suggestions to be stipulated in the Internal Regulation

In order to enhance the corporate governance function, PTL 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 has the right to nominate candidates to the board of directors as well as provide the right for 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;
- Should define the dividend policy relating to the method of dividend payment shall pay within 30 day after resolution of shareholder 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;
- Should set the requirements of structure of board personnel should have independent members and shall have at least 01 of a non-executive member and a female member, requirements and criteria of being a board member and independent member, rights, duties, responsibilities, term of maximum cumulative working or termination of being board members including independent member, procedures and method of working, remuneration policies of board members and other matters in the company's internal charter;
- 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, mechanism, procedures and criteria for nomination or determining remuneration of board, board members, board committees and managements as well as methods of working and 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, PTL should be more attentive:

- Should disclose the policies on related party transections such as the procedure for considering and approving the related party transections (RPTs), policies on dividend and method of dividend payment to its shareholders, companies group or companies in its group (If any or not), information on the number of times in organizing the board's meeting and

board committee's meetings, important occurred incidents within the year, policy on remuneration and total value of board members, senior managements each individual;

- 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 (If any or not);
- The external audit firm should be rotated every 5 years;
- The board should designate or provide referenced documents on the designation of the various board committees as well as disclose detail on committees in annual business performance report;
- The chairperson of board committees should be independent member;
- 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 committees should organize the meeting in consistent with relevant regulations. In additional, the board members and committee members shall regularly attend such meeting;
- 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