

Report  
Corporate Governance Assessment Result of  
Banque Pour Le Commerce Extérieur Lao Public  
2024



By:  
Lao Securities Exchange

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## 1. Info of Banque Pour Le Commerce Exterieur Lao Public

### 1.1 General Information

Title	Description
Name of company:	Banque pour le Commerce Exterieur Lao Public (BCEL)
Headquarter Location:	Headqaurter, Ban XiengNheun No.01, Pangkham Street, Chanthabouly District, Vientiane capital.
Tel:	021 213000
Key Business Type:	Commercial Bank
Date of Listing:	10 January 2011
Website:	www.bcel.com.la
Number of Employees:	2,075 People
Number of Listed Shares:	207,723,300 shares
Market price (20/12/2023):	4,450 KIP/Share
Market Capitalization (20/12/2023):	924,368,685,000 Kip

### 1.2 Financial Information

Statement of Financial Position (31 December 2023) Unit: Million KIP	
Assets: 126,433,759	Revenues: 5,814,656
Liabilities: 123,856,095	Expenses: 5,583,248
Equity: 2,577,664	Net profit: 231,408

### 1.3. List of Board of Directors:

The board of directors of BCEL consists of total 9 members as below:

No	Name and Surname	Position
1	Mr. Bounpone Vanhnachith	Chairman
2	Mr. Kamsouk Sundara	Vice chairman/Independent member
3	Mme. Saysamone Chanthachack	Member
4	Mr. Stephane Mangiavacca	Member
5	Mr. Pasomphet Khamtanh	Member
6	A./Prof Mr. Thongphet Chanthanivong	Independent Member
7	Mrs. Latdavanh Songvilay	Independent Member
8	Mr. Sonexay Silaphet	Independent Member
9	Mr. Viengsouk Chounthavong	Member

### 1.4. List of the Board Committees

The board of director consists of 4 committees, each committee has the following members:

#### Audit Committee

No	Name and Surname	Position
1	Mr. Sonexay Silaphet	Chairman (Independent member)
2	A./Prof Mr. Thongphet Chant hanivong	Vice chairman (Independent member)
3	Mr. Pasomphet Khamtanh	Member

## 2) Risk Management Committee

No	Name and Surname	Position
1	A./Prof Mr. Thongphet Chanthanivong	Chairman (Independent member)
2	Mr. Pasomphet Khamtanh	Vice chairman
3	Mr. Sonexay Silaphet	Member

## 3) Nomination and Remuneration Committee

No	Name and Surname	Position
1	Mr. Khamsouk Sundara	Chairman (Independent member)
2	Mr. Bounpone Vanhnachit	Vice chairman
3	Mme. Saysamone Chanthachac	Member

## 4) Corporate Governance Committee

No	Name and Surname	Position
1	Mrs. Latdavanh Songvilay	Chairman (Independent member)
2	Mme. Saysamone Chanthachac	Vice chairman
3	Mr. Sonexay Silaphet	Independent member
4	Mr. Viengsouk Chounthavong	Member

### 1.5. List of the Directors

No	Name and Surname	Position
1	Mme. Saysamone Chanthachac	Managing Director
2	Mr. Nanthalath Keopaseuth	Deputy Managing Director
3	Mr. Kongsack Souphonesy	Deputy Managing Director
4	Mr. Viengsouk Chounthavong	Deputy Managing Director
5	Mrs. Bouaphayvanh Nandavong	Deputy Managing Director
6	Mr. Saychit Simmavong	Deputy Managing Director

### 1.6. List of the Persons in charge of CG

No	Name and surname	Contact	Email
1	Mr. Hinhphet Chanthalansy	020 2222 1244	hinhphet@bcel.com.la
2	Mr. Vanhpaserth Bounnaphonh	020 5662 2442	bounnaphonh@gmail.com
3	Mr. Ekoudom Keomixay	020 5636 3624	ekuudd@gmail.com

## 2. Overview of Corporate Governance Assessment Result

### 2.1. The Assessment Result by Actual Score

In 2024, BCEL has achieved a total of 84.70 scores for CG Scorecard assessment, classified in 5 Stars Rating. The details are provided as follows:

Section	Full Score	Actual Score
Shareholder Rights and the Equal Treatment of Shareholders	10	9.33
Management of Relationship with Stakeholder	10	7.23
Disclosure and Transparency	40	34.05
Roles and Responsibilities of the Board	40	34.05
<b>Total</b>	<b>100</b>	<b>84.70</b>

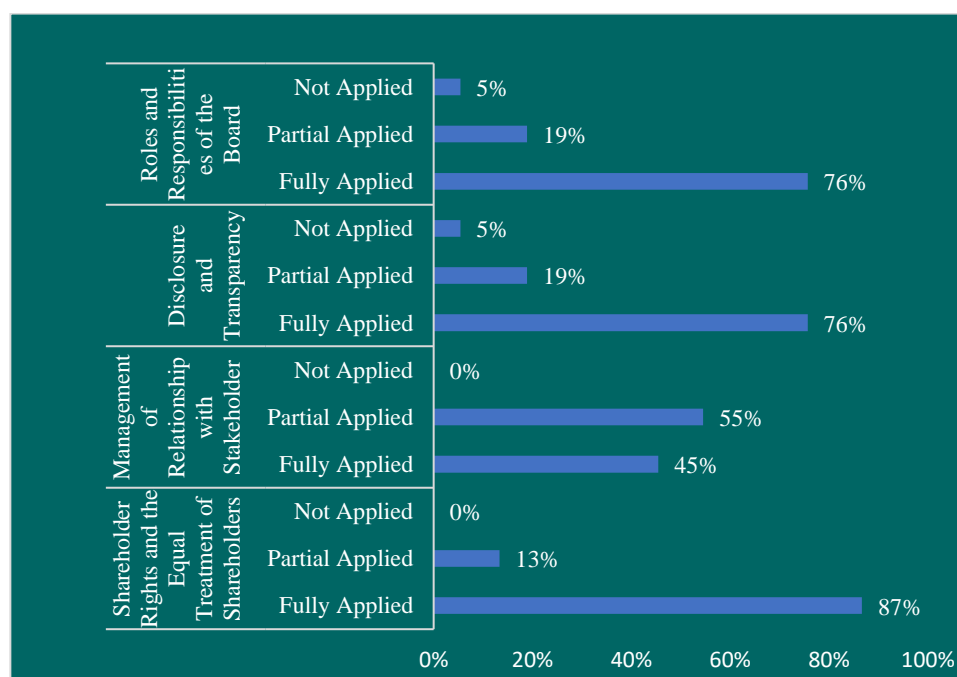
1. Shareholder Rights and the Equal Treatment of Shareholders achieved 9.33 scores;
2. Management of Relationship with Stakeholder achieved 7.23 scores;
3. Disclosure and Transparency achieved 34.05 scores;
4. Roles and Responsibilities of the Board achieved 34.05 scores.

## 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 BCEL performance could be shown as follows:

BCEL	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	13.0	87%	5.0	45%	28.0	76%	28.0	76%	74.0	74%
Partial Applied	2.0	13%	6.0	55%	7.0	19%	7.0	19%	22.0	22%
Not Applied	0.0	0%	0.0	0%	2.0	5%	2.0	5%	4.0	4%
Total	15.0	100%	11.0	100%	37.0	100%	37.0	100%	100.0	100%

As shown in the above table, BCEL has achieved the corporate governance implementation in fully applied (FA) 74%, followed by partial applied (PA) 22% and not applied (NA) 4%. 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

BCEL has achieved the implementation in fully applied (FA) 87%, followed by partial applied (PA) 13% and not applied (NA) 0% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
<ul style="list-style-type: none"><li>- The organization of shareholder meetings: BCEL has 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.</li><li>- BCEL has defined the policy on dividend payment and has paid dividends to shareholders along the list in the shareholder's book within 30 days from the date of having the resolution on dividend payment.</li><li>- BCEL has defined and provided the rights to shareholders owing individually or collectively at least 5% of the company's total shares to nominate candidates to the board of director, right to add an agenda of shareholder's meeting, and give the rights to shareholders owing individually or collectively at least 10% of the company's total shares to propose the board of director to hold the shareholder's meeting as stipulated in the internal regulation.</li><li>- BCEL's internal by-laws has defined incident on the newly share issuance which shall be approved by the shareholders meeting, addition, also has provide for preemptive rights of shareholders to purchase newly issued shares pro rata to their shareholding before distribution to other parties.</li><li>- The appointment or cancellation of the audit firm contract and the audit service fee shall be approved by the shareholders' meeting.</li><li>- In the actual practice, BCEL has disclosed the invitation letter to attend the shareholder meeting on time.</li><li>- Shareholders received comprehensive information regarding the experience and the background of candidates for board of directors' member including about age, academic qualifications and</li></ul>	<ul style="list-style-type: none"><li>- BCEL does not prescribe in the Internal regulation regarding any investment, purchasing or selling assets with the value at 50% or higher of the company's total assets shall be approved by the shareholder's meeting.</li></ul>

other relevant, such as directorships in other listed/non-listed companies.

- Chief executive officer and external auditor attend shareholders' meeting to answer questions and clarify relevant issues.

### 3.2. Section 2 Management of Relationship with Stakeholder

BCEL has achieved the implementation in fully applied (FA) 45%, followed by partial applied (PA) 55% and not applied (NA) 0% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
<ul style="list-style-type: none"> <li>- The board has defined the policy on safeguarding and welfare, training and human development for its employees so that the company's employees can actively contribute to the implementation of the work to achieve the company's goals and involve in the company's management.</li> <li>- BCEL 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 bank.</li> <li>- BCEL has created a mechanism to provide information, comments or complaints of employees on the behaviors that is not in accordance with the code of ethics, regulations or laws of the board members or senior management of the bank.</li> <li>- The board has defined 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.</li> <li>- The board has defined policies to rigorously counter fraud and bribery in its code of ethics.</li> </ul>	<ul style="list-style-type: none"> <li>- The board does not set policies on relationship with local communities where the company is operating.</li> <li>- The board does not set policies for environment protection and promotion of its sustainable development.</li> <li>- The policies on the selection of trade partners, suppliers and contractors have not yet been approved by the board.</li> <li>- The policy on protecting the rights and interests of creditors especially regarding security and default terms and conditions have not yet been approved by the board.</li> </ul>

### 3.3. Section 3 Disclosure and Transparency

BCEL has achieved the implementation in fully applied (FA) 76%, followed by partial applied (PA) 19% and not applied (NA) 5% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
<ul style="list-style-type: none"> <li>- BCEL has disclosed information about the nature, value and list of related individuals and legal entities as well as the relationship</li> </ul>	<ul style="list-style-type: none"> <li>- BCEL does not disclose the policy on related party transactions as considering procedures</li> </ul>

of related persons to related party transactions in the company's financial statements.

- BCEL has disclosed information on the vision, objectives, goals or a strategic plan in the annual business performance report and BCEL's website.
- BCEL has disclosed information on the group of the companies or the companies in its group, financial information, non-financial information, dividend and remuneration policy of each member of board of directors in each year, the background of education and training of the board of directors, the number of times of organizing the board and committees meeting and in the annual business performance report.
- BCEL has disclosed information on the company's risk factors in the annual business performance report.
- BCEL has disclosed information on the list of direct and indirect shareholders who hold 5% or more shares.
- BCEL disclosed information on direct and indirect shareholdings of board members and the senior managements.
- BCEL has disclosed information on changes or important events that occurred within the year in the annual business performance report.
- BCEL has disclosed information on financial statements, annual reports, shareholder meeting resolutions and shareholder meeting notes on the company's website as usual.
- BCEL has disclosed information about an officer in charge of relation with shareholders and investors (investor relations) on the bank's website.
- BCEL has disclosed the annual business performance report and financial statements that have been audited by external auditors within 120 days from the end of the accounting year.

and related parties transactions approval (RPTs) in annual business performance report.

- BCEL 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 of directors did not disclose the criteria used for the nomination, election and appointment of the new board.
- BCEL does not disclose the internal regulations regarding the remuneration of the board of directors, the senior managements and its employees to the public through the bank's website.
- BCEL does not disclose remuneration policy of its board members and senior managements on individual in its annual business performance report each year.



- BCEL has disclosed the financial statements for 1<sup>st</sup> and 3<sup>rd</sup> quarter within 45 days from the end of such quarter onwards.
- BCEL has disclosed the Semi financial statements that have been reviewed by external audit firm within 60 days from the end of the 2<sup>nd</sup> quarter.
- BCEL has disclosed the resolution of the shareholders' meeting within 24 hours after completion of the shareholders' meeting.
- BCEL has rotated external audit firm every 5 years.
- BCEL has disclosed the auditor's remuneration from auditing the financial statements each year in the annual business performance report.
- Persons in charge of reporting and disclosure information have been appointed and have undergone training for such work.

### 3.4. Section 4 Roles and Responsibilities of the Board

BCEL has achieved the implementation in fully applied (FA) 65%, followed by partial applied (PA) 8% and not applied (NA) 27% of total questions in the section, which has the details as follows:

Achievements	Outstanding Issues
<ul style="list-style-type: none"> <li>- BCEL has at least one non-executive board member with experience relevant to the company's business, in addition, include at least one female board member.</li> <li>- The appointment or dismissal of the board members have been approved by the shareholders' meeting.</li> <li>- The board of directors consists of 09 members and 4 of them are independent members (more than 1/3 of all board members).</li> <li>- BCEL's internal role has defined the tenure of an independent member has a maximum total tenure of not more than 8 consecutive years.</li> <li>- The board has designated a lead director among the independent directors to act as the board chairman when it is necessary.</li> <li>- Each board member has received significant documents related to the meeting of board of directors or the board committees at least 7 business days before such conference.</li> </ul>	<ul style="list-style-type: none"> <li>- BCEL's internal role does not define the expiration of that term, independent members can continue to be eligible for selection and hold positions as other board members that is not independent member.</li> <li>- The board chairman is not an independent member.</li> <li>- The board members do not attend the meeting of the board of directors at least 3/4 of the meeting.</li> <li>- The board of directors has not created and disclosed a succession plan for the positions of board member, the senior managements and the important officer of the bank.</li> <li>- The board does not determine a minimum quorum of at least 2/3 of directors for board decision</li> <li>- The board does not conduct an annual self-assessment and assessments for its individual members and board committees.</li> </ul>

<ul style="list-style-type: none"> <li>- BCEL's internal role explicitly provided details on the rights, duties and responsibilities of the board</li> <li>- The board charter been published on the company's website.</li> <li>- The board of directors held 5 board meetings in 2023.</li> <li>- 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.</li> <li>- The board of directors has appointed an audit committee, risk management committee, nomination committee, remuneration committee, corporate governance committee and the chairman of such committees are independent members.</li> <li>- The audit committee and the chairman of the audit committee have knowledge and experience in accounting.</li> <li>- The risk management committee approved and supervised the processes and policies in the identification and management of risks.</li> <li>- The various committees of the board have convened their conference in alignment with good corporate governance principle.</li> <li>- The board has approved the board meeting plan that covers the dates of the board meeting and the agenda to be discussed;</li> </ul>	<ul style="list-style-type: none"> <li>- BCEL does not disclose the criteria and conditions for evaluating the performance of board chairman, board members and board committee in the annual business performance report.</li> <li>- BCEL has not developed internal regulations regarding the nomination and remuneration committees as well as disseminated the regulations to the public through the company's website.</li> </ul>
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## 4. Suggestions for Improvement

### 4.1. Suggestions to be stipulated in the Internal Regulation

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

- Should prescribe in the internal regulation regarding any investment, purchasing or selling assets with the value at 50% or higher of the company's total assets shall be approved by the shareholder's meeting;
- The board should approve the policies on the selection of trading partners, suppliers and contractors in the relevant regulations;
- The board should approve the policy on protecting the rights and interests of creditors especially regarding security and default terms and conditions;
- The board should formulate and approve the policies on interaction with communities in where the company is operating;

- The board should formulate and determine the policies on environmental protection and the promotion of sustainable development;
- The nomination committee and the remuneration committee should separate and develop their regulations into specific legislation that defines the structure and conditions of being a committee, rights and duties, criteria, mechanisms and procedures for selecting or determining the remuneration of members of the Board or the managements, including the working methods of the said committee. Moreover, proposes that the Board consider and approve as well as publish the said regulations through the website of BCEL;
- The board should define the expiration of that term, independent members can continue to be eligible for selection and hold positions as other board members that is not independent member in the relevant internal role of BCEL.

#### **4.2. Suggestions for Further Implementation**

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

- Should disclose of company's information on business operations, policy on related party transactions, policy on remuneration for board members, and senior managements of each individual in the annual business performance report;
- Should and disclose the criteria used in the selection, procedures, conditions and appointment of the board and the senior managements;
- Should report or disclose on the purchase and sale of company shares of the board members or senior managements, chief internal auditor, chief accounting officer and chief financial officer within 72 hours;
- Should disclose the audit firm's fees received from audit and other non-audit services (If any or not)
- The board of directors should create and disclose employee succession plan for the position of board members, senior managements and other important positions in the company;
- The board should require the minimum quorum of at least 2/3 of the total number of directors for board decisions.
- The board should conduct an annual self-assessment and assessments for individual's members and board committees each year.
- The Board of directors should disclose the criteria and process to assess the performance of the board, individual directors and committees in the company's annual business performance report.
- Each board member should attend the board meeting at least  $\frac{3}{4}$  of total meeting.

**Chief Executive Officer of LSX**