

## Thailand makes significant improvements in Corporate Governance practices

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World Bank report analysing Thailand's corporate governance framework finds that while Thailand has undertaken significant reforms that have enhanced corporate governance, key challenges remain. The Report on the Observance of Standards and Codes, released today, confirms Thailand as a regional leader in corporate governance with a relatively comprehensive framework and has achieved high levels of compliance in a number of key areas. The report notes that corporate governance reforms implemented in Thailand have enhanced investor trust and protected investors' rights, especially non-majority shareholders, increased board professionalism and promoted high levels of corporate transparency. However the framework could be further improved with the adoption of the following key recommendations:  
Improving State Owned Enterprises (SOE) governance and making the state a more effective owner  
Protecting the independence and effectiveness of the Thai Securities and Exchange Commission (SEC) and Bank of Thailand (BOT)  
Making rules and regulations clearer for market participants  
Improving shareholder redress, including through SEC enforcement  
Finalizing convergence to International Financial Reporting Standards (IFRSs) and enhancing beneficial ownership disclosure and other non-financial disclosure  
Strengthening auditor independence and effectiveness of market intermediaries  
Continuing to increase board independence and effectiveness  
The ROSC finds that Thailand obtained a score of 82.83 points from a possible total of 100, receiving the highest score in the disclosure and transparency areas. The World Bank found that information disclosures in the annual reports of listed companies are primarily in line with international standards. There are also a variety of channels for distributing listed companies information to investors in an appropriate and timely manner. In addition to legal and regulatory reforms to facilitate corporate governance improvement, the Thai capital market also shows other key areas of improvement, such as, determination of basic shareholder rights and board duties and responsibilities. "Thailand is a clear leader in corporate governance among Asian economies and emerging economies. To maintain that leadership, Thailand must ensure the effectiveness of the Thai Securities and Exchange Commission (SEC) and Bank of Thailand (BOT) and address raising the level of corporate governance for state owned enterprises" says Mr. David Robinett, Senior Private Sector Development Specialist, World Bank. "Thailand has showed endurance and commitment to reforms in corporate governance in recent years. These reforms are approaching the standard of international best practices. Indeed, Thailand has made very significant progress in its overall corporate governance framework, and that progress must be acknowledged and encouraged," says Mr. Constantine Chikosi, Acting Country Director for the World Bank Thailand. "The World Bank's 2012 assessment reflects the great leap forward development of corporate governance in the Thai capital market achieved by integrated efforts of both the public and the private sectors. Legal reforms, amendments to pertinent rules and regulations and strict compliance with the respective principles and guidelines has brought about recognition of corporate governance standard in the Thai capital market. I trust that continual cooperation from all parties to better rules and practices will make our success today to become even greater and will thus elevate investor confidence in our market. Together with our tireless effort, the standard of corporate governance in the Thai capital market will eventually be second to none," says Dr. Vorapol Sotatyanurak, Secretary General of the Thai Securities and Exchange Commission. "Since Thailand first joined the CG-ROSC assessment program in 2005, it has been a big challenge for the Thai Capital Market to enhance the corporate governance standard to be in accordance with international guidelines. The Thai Listed Companies Association (TLCA) has constantly encouraged corporate governance development among listed companies for years, contributing to significant progress and recognition to the effort. The 2012 assessment posts impressive result achieved by strong determination of relevant organizations and the listed companies, which are aware of the importance of this assessment. The World Bank's recommendations are also very beneficial to the listed companies for improving both weaknesses and strengths for further development," says Mr. Chanin Vongkusolkiet, TLCA Chairman of the Thai Listed Companies Association. In cooperation with Thailand Ministry of Finance, the World Bank has been working with Thai Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET) regarding corporate governance issues since late 1990s.  
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