



## Remarks - JFCCT Chairman

Mr Stanley Kang

### Better Governance, Better Business: Thailand's Progress Report



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*[See slide pack – slide number prompts are shown]*

- His Excellency Dr.Kobsak Pootrakool, Minister attached to the Prime Minister's Office
- Mr. Prasan Chuaphanich, Chairman of the Thai IOD
- Dr. Bandid Nijathaworn, President and CEO of the Thai IOD
- Senior officers of the Stock Exchange of Thailand (SET), the Securities Exchange Commission (SEC) and the Anti-Corruption Organisation of Thailand (ACT)
- Directors and Members of foreign chambers of commerce & business associations
- Representatives of industry organizations
- Ladies and gentlemen

Corporate Governance in SET-listed companies is well-regarded. Not all rankings about business in Thailand enjoy such high regard. The good status is no accident. It has come about by intelligent, organized effort of several groups and individuals.



As the title of the event today suggests, this is not a time to rest but to seek continual betterment and we are all looking forward to learning more from distinguished speakers far better qualified than I on these topics.

But thank you for inviting me to make some remarks.

**[slide 2]**

As we can see from this slide, the World Corporate Governance Index (WCGI) shows a total of 150 countries divided into five groups. The OECD has noted that ‘one size does not fit all’; there are different ways in which Corporate Governance is administered – could be by codes with the strength of law or by voluntary codes.

S.E. Asia has no countries in the first groups but four in the second group, where Thailand is a leader in S. E. Asia.

It shows a good status but with room for betterment. As the title of today’s event says: “Better governance, better business”

[See also ASEAN Corporate Governance Scorecard 2018, an initiative of Asian Development Bank (ADB) and ASEAN Capital Markets Forum (ACMF) – covers six ASEAN economies]

**[slide 3]**

A healthy organization recognises a range of stakeholders, not just shareholders:

**External stakeholders include**

Shareholders

Debt holders

Trade creditors / suppliers



Customers

Communities affected / civil society affected

**Internal stakeholders include**

board,

employees

How the interests of these groups are recognized and taken into account in policies and practices is evolving. Giving voice to all such groups needs to be done not just by rules but by conduct. Anti-Corruption for example relies on peer pressure. Anti – Corruption must have both government and private rules, codes and action.

The JFCCT very much commends the work of, and engages with, anti-corruption initiatives of NACC, ACT and IoD. While changes in 2017 to Anti-Corruption laws have strengthened reach, we have observed that NACC needs strengthening in terms of witness protection and whistleblower powers.

Corporate Governance is about respecting a system, a system or order. We might see how successes in this area can work in others. For example, State-Owned Enterprises are an important part of business and the economy. But fundamental reforms (as opposed to rearrangements or process changes) are needed in this area.

***[slides 4, 5]***

The overall Rule of Law status in Thailand continues to be relatively weak, but success with Corporate Governance shows that with the same kind of intelligent effort, improvements can be made.



The World Justice Project (WJP) Rule of Law Index provides an indication of how strong the Rule of Law is. “Thailand dropped seven positions for overall rule of law performance (from 64 in the 2016 WJP Rule of Law Index) to 71 out of 113 countries in the 2017-2018 edition. In East Asia and Pacific region this is 10th out of 15, and 23rd out of 36 among upper-middle income countries”

**[Slide 6]**

The factors which go into the ranking are shown.

Accountability

Just Laws

Open Government

Accessible & Impartial Dispute Resolution.

There are improvements in the Rule of Law in Thailand. For example in law making there are better standards for real consultation (example s. 77 of the Constitution which mandates how consultations need to be done) which will count towards better respect for the law; similarly the guillotine project should see reforms towards better laws. But there is more to be done; enhanced Corporate Governance will also contribute positively to a better Rule of Law status.

Distinguished guests, Thailand has done well so far in Corporate Governance, betterment will mean better business and a more attractive economy.

I pass the floor to the MC and wish all a successful event today.