



**COUNTRY
COMPARATIVE
GUIDES 2023**

The Legal 500 Country Comparative Guides

Thailand

CORPORATE GOVERNANCE

Contributor

Weerawong, Chinnavat & Partners



Pratumporn Somboonpoonpol

Counsel | pratumporn.s@weerawongcp.com

Thanapan Pachimsawat

Senior Associate | thanapan.p@weerawongcp.com

This country-specific Q&A provides an overview of corporate governance laws and regulations applicable in Thailand.

For a full list of jurisdictional Q&As visit legal500.com/guides

THAILAND CORPORATE GOVERNANCE



1. What are the most common types of corporate business entity and what are the main structural differences between them?

There are five principal types of business entities in Thailand, namely, unregistered ordinary partnerships, registered ordinary partnerships, limited partnerships, limited liability companies, and public limited companies.

Based on the database of the Department of Business Development for the year 2022, the most popular form of business organization in Thailand is “a limited liability company”. The popularity of the choice of limited liability company as the form of entity is based on the stipulation that shareholders are only liable for the share capital amount (if any) remaining to be paid up on the shares they hold.

Similar to a limited liability company, a public limited company has share capital. A public limited company is used for publicly held companies, whether or not listed on the Stock Exchange of Thailand (SET) or the Market for Alternative Investment (MAI) (collectively, the Thai Stock Markets). Thus, the Public Limited Company Act B.E. 2535 (1992) (PLCA) imposes more rules and compliance requirements on public limited companies than those imposed by the Civil and Commercial Code (CCC) on limited liability companies

2. What are the current key topical legal issues, developments, trends and challenges in corporate governance in this jurisdiction?

The trends in corporate governance in Thailand following the impact of the COVID-19 pandemic have given rise to sustainable growth, which is due to the fact that consumers are now open to new technologies and digital services, as well as being concerned about health security and environmental impact.

The guidelines on operational improvement issued by the Thai Institute of Directors suggest that Thai listed

companies should improve their operations by taking into account the following factors:

Climate change and corporate governance

Sustainable investment is increasingly important to investors in Thailand, as investors are increasingly concerned with global warming and environmental, social and governance (ESG) risks when making their investment decisions. There has been a significant increase in the number of environmental and ESG issues raised by shareholders, for example, in relation to companies’ greenhouse gas emissions reduction goals or carbon footprint issues.

In addition to reducing their own greenhouse gas emissions, in operating their businesses, companies should encourage their partners to reduce carbon dioxide emissions or consider purchasing products and services that are environmentally friendly as part of their procurement processes, which will also elevate the companies’ ESG corporate governance.

Digitalization and corporate governance

The COVID-19 situation accelerated organizations’ willingness to implement digitalization. From the beginning of the COVID-19 situation, the change in working environment included the introduction of employees’ remote working model, as well as the convening of board of directors’ meetings and shareholders’ meetings via electronic means. Video conferencing is expected to become the new normal for meetings as it is convenient and able to accommodate a large number of attendees.

Digitalization is a challenge that also comes with great business opportunities. However, companies must ensure that they clearly communicate with all stakeholders and update all relevant regulations, as well as seek clarification from the relevant regulators in order to prevent any issues that might occur.

The role of sub-committee on corporate governance

Nowadays, for Thai listed companies, it is common practice among boards of directors to assign certain responsibilities to sub-committees, for example, a nomination and remuneration committee, risk management committee, corporate governance committee, sustainability committee and information and digital technology governance committee. While such delegation is often appropriate and effective, it leads to the board reverting to a silo-based organizational structure, and may incur unnecessary expenses.

Diversity on boards and in senior management

An effective board of directors' structure should incorporate diversity of directors, such as in terms of professional skills, age range, specialization, culture, ethnicity, gender, and work experience. Recognizing that some European and Asian countries have imposed quotas of women directors on company boards in order to encourage and increase the number of women on the boards of directors in organizational management, in 2022, the Security Exchange and Commission, Thailand (SEC) pushed for something similar by setting a goal to encourage 30% of Thai listed companies to have at least 30% of women directors on their boards of directors.

3. Who are the key persons involved in the management of each type of entity?

The principal bodies involved in the governance and management of a limited liability company are the general meeting of shareholders (shareholders' meeting) and the board of directors. The shareholders' meeting is the highest governing body in a limited liability company, while the board of directors manages the company's operations in accordance with the CCC and the company's articles of association (AOA), and is supervised by the shareholders' meeting.

Public limited companies are governed by their shareholders and managed by their board of directors. Directors of public companies must possess qualifications specified by the PLCA. The board of directors of a public limited company has the duty to oversee its management and conduct in accordance with its objectives, AOA and resolutions of the shareholders.

As public limited companies, listed companies are governed and managed by the same bodies under the same set of requirements. In addition, more stringent requirements are imposed on listed companies. Listed companies are required to:

- have at least one-third of their board of directors consist of independent directors,

with a minimum of three independent directors; and

- establish an audit committee consisting of at least three members.

Additional sub-committees may be appointed for specific purposes.

In addition, the directors of public limited companies that are regulated or governed by specific regulations are required to possess qualifications specified by the relevant regulations.

4. How are responsibility and management power divided between the entity's management and its economic owners? How are decisions or approvals of the owners made or given (e.g. at a meeting or in writing)

Limited Liability Company

Generally, the board of directors is responsible for the company's operation. Normally, a resolution passed at the board of directors' meeting is passed by a simple majority vote. The board of directors may seek approval from the shareholders by convening and proposing the matters as required by the CCC or AOA to a general meeting of the shareholders.

Under the CCC, there are specific matters that require the approval of a shareholders' meeting. Normally, a resolution at a shareholders' meeting is passed by the affirmative vote of a simple majority of the shareholders present at the meeting in person or by proxy; e.g., approval of the audited financial statements at the fiscal year end, change of directors. For matters that require a special resolution, not less than three-fourths of the total votes of the shareholders present at the meeting and entitled to vote are required.

Pursuant to the CCC, the following matters require a special resolution at a shareholders' meeting:

- amendment of the company's memorandum of association (MOA) or AOA;
- increase or reduction of registered capital;
- dissolution of the company;
- amalgamation with another company; and
- allotment of new shares as fully or partly paid-up otherwise than for cash.

Public Limited Company

Similar to the Limited Liability Company, public limited companies are managed by their board of directors. The

board of directors has the authority and duty to manage the company. However, public limited companies are governed by their shareholders. The PLCA stipulates certain matters that require the approval of the shareholders, including:

- annual dividend payment;
- approval of financial statements;
- appointment of directors;
- determination of directors' remuneration;
- appointment of an auditor;
- determination of the auditor's remuneration;
- increase or reduction of registered capital;
- amendment of the MOA or AOA;
- amalgamation with another company;
- entering into, amending or terminating contracts relating to the leasing out of the whole or important parts of the business of the company;
- sale or transfer of the whole or a part of the business to a third party; and
- purchasing or receiving the business of another company.

In the case of listed companies, some other matters are also reserved for the shareholders' meeting, such as the acquisition or disposal of material assets of the company and entering into connected transactions, subject to specific thresholds.

5. What are the principal sources of corporate governance requirements and practices? Are entities required to comply with a specific code of corporate governance?

The principal corporate governance requirements for unregistered ordinary partnerships, registered ordinary partnerships, limited partnerships and limited liability companies are prescribed in the CCC and the relevant regulations issued thereunder by the Ministry of Commerce (MOC).

The corporate governance requirements for public companies in Thailand are prescribed in the PLCA and the relevant regulations issued by the MOC.

Public limited companies listed on the Thai Stock Markets (listed companies) are, in addition to the corporate governance requirements applicable to unlisted companies under the PLCA, required to comply with the Securities and Exchange Act B.E. 2535 (1992) (SEA) and related regulations issued by the

Capital Market Supervisory Board of the SEC and the

regulations issued by the SET. After their initial public offering, the corporate governance requirements for listed companies on the SET and MAI are the same.

Additionally, the Corporate Governance Code 2017 (CG Code) issued by the SEC includes voluntary guidelines from the Thai Investors Association for listed companies.

6. How is the board or other governing body constituted?

Limited Liability Company

Under the CCC, the structure of the board of directors is single tier and consists of at least one director who must be an individual, not a legal entity. In principle, directors are appointed by the shareholders' meeting. However, if the AOA allow, the board of directors' meeting may appoint a director to fill a vacancy.

The CCC prescribes that the board of directors will have the duty and authority to oversee the management of the company and its business operations in accordance with the AOA and the resolutions of the shareholders' meeting. In general, directors have to manage the company's business and perform duties as a representative of the company in accordance with the company's objectives and regulations with the diligence of a careful businessperson.

The board of directors may appoint a manager or committee to perform any act pursuant to its orders.

Public Limited Company

In principle, the structure of the board of directors is a "one-tier board" or "unitary board" whereby the board comprises both executive and non-executive directors and has the responsibility to consider and approve any material business decisions and oversee the management of the company.

A director may be elected at a shareholders' meeting or a board of directors' meeting (but only to fill a vacancy) in accordance with the rules and procedures prescribed under the PLCA. Unless otherwise specified in the AOA, the persons who are elected as directors will be those who receive the highest number of votes, in descending order, according to the number of directors who are to be elected. In the event of a tie for the last position to be elected, the chairman of the meeting will have a casting vote.

The PLCA prescribes that the board of directors will have the duty and authority to oversee the management of the company and its business operations in accordance

with the AOA and the resolutions of the shareholders' meeting. A director shall carry out their duties in line with the relevant laws, the company's objectives, the AOA and the resolutions of the board of directors and the shareholders' meeting with integrity, honesty and due care for the protection of the company's interests.

The board of directors may appoint one or more director(s) or a third party to perform any act on behalf of the board of directors unless there is a restriction in the AOA that prohibits it from doing so.

For listed companies, the SEA further requires that the directors and the executives of the company must perform their duties with responsibility, due care and loyalty, and must comply with all laws, the objectives and AOA of the company, the resolutions of the board of directors and the resolutions of the shareholders' meetings. Also, a director and executive must act as an ordinary person would act under the same circumstances.

7. How are the members of the board appointed and removed? What influence do the entity's owners have over this?

Limited Liability Company

As aforementioned, in principle, directors are appointed by the shareholders' meeting. However, if the AOA allow, the board of directors' meeting may appoint a director to fill a vacancy. The shareholders may influence the direction of a company through nomination and appointment of directors. The removal of a director can be approved only by the shareholders' meeting.

Public Limited Company

At every annual general shareholders' meeting, unless otherwise provided in the AOA, the entire board of directors must be up for election. The existing members of the board of directors may remain in place to serve as the acting board of directors until the new board of directors takes over. If the AOA prescribes different procedures for the election of the directors, one-third of the directors must retire at every annual general meeting of the shareholders, provided that such directors can be reelected. If the number of directors to retire is not exactly one-third, the number nearest to one-third will apply. The directors who are due to retire are the directors who have served in their positions the longest.

The shareholders' meeting may also pass a resolution removing any director from their position prior to the expiry of their term, by a vote of not less than three-

quarters of the number of shareholders present at the meeting and entitled to vote and by shareholders holding in aggregate not less than one-half of the number of shares held by the shareholders present at the meeting and entitled to vote.

For listed companies, a director must also be removed if they possess characteristics disqualifying them from being trusted to manage a public company, as prescribed by the SEC.

8. Who typically serves on the board? Are there requirements that govern board composition or impose qualifications for board members regarding independence, diversity, tenure or succession?

Limited Liability Company

There is no maximum number of board members specified under the CCC. The shareholders' meeting can fix the number of board members as it deems fit, unless otherwise stipulated in the AOA. In addition, there are no special requirements for the composition of the board of directors except when provided otherwise in the AOA.

Public Limited Company

The PLCA requires that the board of directors must consist of at least five directors and not less than one-half of all directors must reside in Thailand.

Under the PLCA, a director must be a natural person and must possess the qualifications, such as:

- they must not be an insolvent, incompetent or quasi-incompetent person; and
- they must not have been sentenced to imprisonment by a final judgment for an offence against property committed dishonestly.

In the case of listed companies, the regulations further require that:

- one-third of the total directors but not less than three persons must be independent directors; and
- at least three directors in the board of directors must be members of the audit committee.

The qualifications for both independent directors and members of the audit committee must comply with the requirements and guidelines of the SET and the Capital Market Supervisory Board.

The CG Code also suggests that the board of directors of listed companies should not consist of more than 12 directors, depending on the size, type and complexity of the business. The board of directors should also be comprised of directors with varied qualifications, skills, experience, capabilities and specific characteristics and should consist of one non-executive director who has experience in the current business of the company. In addition, the proportion between executive directors and non-executive directors should support checks and balances; that is, the majority of the board of directors should be non-executive directors in order to consider matters and provide opinions with independent judgement.

9. What is the role of the board with respect to setting and changing strategy?

Limited Liability Company

Under the CCC, distinct roles are not specified for members of the board of directors.

Directors manage the company as directed by the shareholders' meeting and in accordance with the AOA. Directors have fiduciary duties to the company and the company's shareholders, and must perform their duties responsibly, with due care and loyalty.

However, the chairman who is elected by the board of directors has additional roles in certain cases:

- if not prohibited by the AOA, the chairman has a casting vote at a board of directors' meeting; and
- the chairman must preside at every board of directors' meeting and shareholders' meeting.

Public Limited Company

The members of the board of directors who are authorized directors of a public limited company have the role of representing and acting on behalf of the company. Apart from the authorized directors, the PLCA does not prescribe specific roles for members of the board of directors. Rather, the members of the board of directors must work collectively to carry out their duties.

Listed companies are required to have a board of directors and appoint independent directors and audit committee members. The audit committee members of listed companies have specific roles in relation to reviewing the company's financial report, the internal control and internal audit system, related-party transactions of the company, the appointment of the auditor of the company, and the legal compliance of the

company.

10. How are members of the board compensated? Is their remuneration regulated in any way?

Limited Liability Company

The remuneration of a director must be approved by the shareholders' meeting.

Public Limited Company

The PLCA prescribes that a director is entitled to remuneration as specified in the AOA. Apart from such remuneration, the company is prohibited from paying any other benefits to the director.

If the AOA does not prescribe the director's remuneration, the director's remuneration must be determined by a resolution of the shareholders' meeting passed by at least two-thirds of the total number of votes of the shareholders attending the meeting.

11. Do members of the board owe any fiduciary or special duties and, if so, to whom? What are the potential consequences of breaching any such duties?

Limited Liability Company

The directors primarily owe a fiduciary duty to the company.

When the acts of a director have been approved by the shareholders' meeting, the director is no longer liable to the shareholders who have approved them, or to the company.

Shareholders who did not approve such acts cannot take legal action later than six months after the date of the shareholders' meeting at which such acts were approved.

The directors may also be liable to any third party that has suffered damage arising from a breach of fiduciary duty.

The potential consequences of liability for breach of fiduciary duty are as follows.

Civil liability

- Liability to the company - unless the

director's acts are approved by the general meeting of the shareholders, the director will be liable to the company if the company suffers damage as a result of any of the director's acts.

- Liability to shareholders - if the company has suffered damage as a result of any of the director's acts and the company does not take any legal action for compensation against the director, any single shareholder of the company has the right, on behalf of the company, to file a lawsuit against the director. However, if a shareholders' meeting has approved the act of the director, the director is no longer liable for such act to any shareholder who has approved the act.
- Liability to the company's creditors - similarly, if damage has been done to the company as a result of any of the director's acts and the company does not take legal action against the director, any creditor of the company who has suffered damage as the result of any of the director's acts has the right to file a lawsuit against the director insofar as the creditor's claim against the company remains unsatisfied.

Criminal liability

If a director breaches the company's regulations or acts beyond their duty as stated in the company's regulations, and such act is a criminal offence, the company or the shareholders may file a criminal charge against the director. In the same way, if the act of the director causes injury to any third party, the third party also has the right to take criminal action against the director.

Public Limited Company

The directors owe a fiduciary duty to the company.

If the director acts or omits to act in a way that causes a breach of their duties, the company or the shareholders, as the case may be, may take the following actions.

- If the act or omission causes loss to the company, the company may claim compensation from the director. If the company fails to do so, shareholder(s) holding in aggregate not less than 5% of the total issued shares may submit a written notice requiring the company to claim damages from the director. If the company fails to take the action as required by the shareholder(s), the shareholder(s) is (are) entitled to file a claim with the competent court for damages on

behalf of the company.

- Alternatively, if the act or omission threatens to cause loss to the company, shareholder(s) holding an aggregate number of not less than 5% of the total issued shares may petition the court for an order restraining the act of the director.

The directors are jointly liable for any loss caused to the company in certain cases, as follows:

- making payment of remuneration to directors without having approval from the shareholders' meeting or not in accordance with the AOA;
- making payment of dividends to shareholders other than from profits, or without receiving approval from the shareholders' meeting or board of directors' meeting (in the case of an interim dividend); or
- failing to prepare or keep books, registers or documents of the company.

The directors are also jointly liable for any loss caused to shareholders or persons connected with the company in certain cases, unless it is proved that they had no part in such culpable act. Such acts include:

- making a representation of any fact that is false or concealing any fact that should be revealed in relation to the financial standing and business operations of the company in any offer for sale of shares, debentures or financial instruments of the company;
- making a representation of any fact or making an entry of particulars in a document filed with the registrar containing a falsehood or a discrepancy with the company's accounts, registers or documents; or
- preparing a balance sheet, a profit and loss account, minutes of a shareholders' meeting or minutes of a board of directors' meeting containing a falsehood.

12. Are indemnities and/or insurance permitted to cover board members' potential personal liability? If permitted, are such protections typical or rare?

Directors may be held personally liable for non-compliance with the corporate governance requirements prescribed by other laws and regulations, such as the accounting act, revenue code and foreign business act. In practice, however, a director can be protected against liabilities to the company or shareholders by directors' and officers' liability insurance.

13. How (and by whom) are board members typically overseen and evaluated?

There is no specific legal requirement for directors to undergo oversight or performance evaluations.

14. Is the board required to engage actively with the entity's economic owners? If so, how does it do this and report on its actions?

Limited Liability Company

Under the CCC, there are specific matters that require the approval of a shareholders' meeting; e.g., approval of the audited financial statements at the fiscal year end. Normally, a resolution at a shareholders' meeting is passed by the affirmative vote of a simple majority of the shareholders present at the meeting in person or by proxy. For matters that require a special resolution, not less than three-fourths of the total votes of the shareholders present at the meeting and entitled to vote are required; e.g., amendment of the MOA or AOA, increase or reduction of registered capital and dissolution of the company.

Public Limited Company

The PLCA stipulates certain matters that require the approval of the shareholders, including:

- annual dividend payment;
- approval of financial statements;
- appointment of directors;
- determination of directors' remuneration;
- appointment of an auditor;
- determination of the auditor's remuneration;
- increase or reduction of registered capital;
- amendment of the MOA or AOA;
- amalgamation with another company;
- entering, amending or terminating contracts relating to the leasing out of the whole or important parts of the business of the company;
- sale or transfer of the whole or a part of the business to a third party; and
- purchasing or receiving the business of another company.

In the case of listed companies, some other matters are also reserved for the shareholders' meeting, such as the acquisition or disposal of material assets of the company and entering into connected transactions, subject to specific thresholds.

15. Are dual-class and multi-class capital structures permitted? If so, how common are they?

Both limited liability companies and public limited companies in Thailand can issue ordinary shares and preference shares, with different rights and restrictions attached to each class, subject to the provisions of the relevant laws and regulations. Dual-class capital structures are common for limited liability companies, not so common in public companies, and uncommon in listed companies.

16. What financial and non-financial information must an entity disclose to the public? How does it do this?

Limited Liability Company

For a limited liability company, the directors are responsible for arranging for the annual general meeting of shareholders to approve audited financial statements within four months after the end of the fiscal year, and filing the audited financial statements with the MOC no later than one month after the date of the shareholders' meeting.

Public Limited Company

Each year, the public company is required to submit its financial statements that have been audited by the auditors and approved by the shareholders at the annual general meeting to the MOC, within one month from the date of the shareholders' meeting.

Listed companies are required to prepare and submit to the SET and the Office of the SEC financial statements that have been reviewed by the auditors within 45 days from the last day of each quarter.

Listed companies may choose to submit or not to submit reviewed financial statements for the fourth quarter. If a listed company chooses to submit fourth-quarter reviewed financial statements, it is required to submit audited annual financial statements to the SET and the Office of the SEC within three months from the last day of the financial year. If it chooses not to submit fourth-quarter reviewed financial statements, the audited annual financial statements must be submitted to the authorities within two months from the last day of the financial year.

The disclosure of corporate governance arrangements is necessary for listed companies. In principle, the implementation of the CG Code is on an "apply or

explain” basis whereby the board of directors is encouraged to apply each principle by means that are suitable for the company’s business. In this regard, the CG Code encourages the board of directors to conduct and record an annual internal review of the implementation of the CG Code.

Furthermore, since 2018, listed companies are required to disclose in their Form 56-1 One Report an acknowledgement of the board of directors that it has considered and reviewed the CG Code by means that are suitable to the company’s business. The disclosure must include matters where the company does not comply or has not yet complied with any principle and the rationale for the non-compliance.

Listed companies are also required to publicly and promptly disclose significant information that is essential for the decision-making of investors, except in some exceptional circumstance. Such information must be correct, sufficient and timely. In addition, listed companies must take reasonable procedures to ensure that all who invest in their securities enjoy equal access to such information.

17. Can an entity’s economic owners propose matters for a vote or call a special meeting? If so, what is the procedure?

Limited Liability Company

Upon a request made in writing by shareholders holding not less than 20% of the shares of the company specifying the purpose of an extraordinary general meeting of shareholders (EGM), the directors must forthwith call the EGM without delay. Where the directors fail to convene the EGM within 30 days from the date of the written request, the shareholders making such request or any shareholders holding not less than 20% of the shares of the company may themselves convene the EGM.

A notice calling the EGM must be delivered to every shareholder by registered post with return receipt at least 7 days prior to the date of the meeting. In cases where the notice is calling a shareholders’ meeting to pass a special resolution, the notice must be issued and delivered to all shareholders in accordance with the aforementioned procedures at least 14 days prior to the date of the meeting.

The invitation shall specify the place, date, and time of the meeting and nature of the business to be discussed at the meeting. In the case of notification for the adoption of a special resolution, the proposed resolution must also be specified.

Public Limited Company

An EGM may be convened by shareholders holding shares in aggregate not less than 10% of the total number of issued shares, who may jointly submit a written request to the board of directors to convene an EGM. In such case, the board of directors is required to convene the EGM within 45 days from the date of receiving the written request and if the board of directors fails to convene the EGM within this period, the shareholders may themselves convene the EGM within 45 days from the date the board of directors fails to do so.

According to the PLCA, the invitation to the EGM must be delivered to the shareholders and the registrar at least 7 days prior to the meeting date. The shareholders may deliver the invitation to the shareholders’ meeting to certain shareholders via electronic means in accordance with the criteria prescribed by the law if such shareholders have notified their intention to receive or consented to the delivery of, letters or documents via electronic means. Also, the invitation is required to be published in a newspaper or advertised via electronic means in accordance with the criteria prescribed by law for three consecutive days no less than three days before the meeting date.

Each invitation must include the place, date, time and agenda of the meeting and the matters to be proposed to the meeting in reasonable detail by indicating whether a matter proposed is for information, approval or consideration. The invitation to the shareholders’ meeting must be accompanied by an opinion from the board of directors with respect to such matters.

18. What rights do investors have to take enforcement action against an entity and/or the members of its board?

Limited Liability Company

If the company has suffered damage as a result of any action of a director and the company does not take any legal action for compensation against the director, any single shareholder of the company has the right, on behalf of the company, to file a lawsuit against the director. However, if a shareholders’ meeting has approved the act of the director, the director is no longer liable for such act to the company or any shareholder who has approved the act.

Public Limited Company

If a director acts or omits to act in a way that causes damage to the company, shareholder(s) holding an

aggregate number of not less than 5% of the total issued shares may submit a written notice requiring the company to claim damages from the director. If the company fails to do so, the shareholder(s) is entitled to file a claim with the competent court for damages on behalf of the company.

In addition, if the director acts or omits to act in a way that threatens to cause loss to the company, shareholder(s) holding shares in an aggregate number of not less than 5% of the total issued shares may file a petition to the court for an order restraining the act of the director.

Also, for listed companies, a shareholder who suffers damage has the right to claim damages from a director or executive of the company if the director or executive discloses false information or conceals information that should be disclosed to the shareholders.

19. Is shareholder activism common? If so, what are the recent trends? How can shareholders exert influence on a corporate entity's management?

Shareholder activism is uncommon in Thailand. The shareholders of a limited liability company and a public limited company may influence the management of a company through nomination and appointment of directors who will carry on the operations and management of the company.

20. Are shareholder meetings required to be held annually, or at any other specified time? What information needs to be presented at a shareholder meeting?

Limited Liability Company

An annual general meeting of shareholders must be held at least once every 12 months. Any other shareholders' meeting is called an extraordinary general meeting.

The business to be transacted at the annual general meeting shall include the following agenda items at a minimum:

- consider and approve the balance sheet and profit and loss account of the previous year;
- consider and approve the appointment of director(s) in place of those who retire by rotation; and
- consider and approve the appointment of auditors and fix their remuneration.

Public Limited Company

Under the PLCA, the board of directors must convene an annual general meeting every year and within four months from the date on which the financial year of the company ends.

The business to be transacted at the annual general meeting shall include the following agenda items at a minimum:

- consider and approve the audited financial statements within four months after the end of the fiscal year;
- consider and approve the appointment of director(s) in place of those who retire by rotation; and
- consider and approve the appointment of auditors and fix their remuneration.

21. Are there any organisations that provide voting recommendations, or otherwise advise or influence investors on whether and how to vote (whether generally in the market or with respect to a particular entity)?

No organization provides voting recommendations, or otherwise advise or influence investors on whether and how to vote in Thailand.

For listed companies, if the listed companies enter into the material transaction (i.e. acquisition or disposal of assets) or the connected party transaction and the size of transactions required shareholders' approval, such listed companies must arrange for the independent financial advisor to provide an opinion to the shareholders on the transaction, including the recommendation whether the shareholders should approve or disapprove the transaction.

22. What role do other stakeholders, including debt-holders, employees and other workers, suppliers, customers, regulators, the government and communities typically play in the corporate governance of a corporate entity?

Generally, the AOA set out the key corporate governance requirements that apply for each limited liability company and public limited company. Any amendments and/or changes to particulars of the AOA, either limited liability companies or public limited companies, must be filed with the registrar of the MOC. The registered

matters are available publicly and the records can be requested from the Department of Business Development.

23. How are the interests of non-shareholder stakeholders factored into the decisions of the governing body of a corporate entity?

The board of directors is responsible for the overall management of the company and conducting its business operations. The directors primarily owe a fiduciary duty to the company. However, the directors are not responsible to other stakeholders.

24. What consideration is typically given to ESG issues by corporate entities? What are the key legal obligations with respect to ESG matters?

Sustainable investment is increasingly important to investors in Thailand. Therefore, it is important for listed companies to disclose ESG information. The SET has provided guidelines on disclosing ESG information, although it is not a statutory requirement to do so. Listed companies are only required to disclose corporate social responsibility (CSR) information under Section 10: Corporate Social Responsibilities of an annual report according to Notification of the Capital Market Supervisory Board No TorChor. 44/2556 on Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers (as amended). For 2023 onwards, listed companies are required to disclose CSR Information in Form 56-1 One Report (a new annual performance report that merges the annual registration statement (Form 56-1) and the annual report (Form 56-2)).

25. What stewardship, disclosure and other responsibilities do investors have with regard to the corporate governance of an entity in which they are invested or their level of investment or interest in the entity?

A shareholder, by their own act or acting in concert with others, who acquires or disposes of shares so that their holding, together with those held by its related persons and its concert parties and their related persons, reaches or passes 5% or a multiple of 5% of the voting rights in a listed company is required to publicly disclose such acquisition or disposal. The shareholder is required

to submit a report of the acquisition or disposal to the Office of the SEC via online forms.

A director, manager, or person who holds a management position and the auditor of a listed company must report details of holding of the securities (debt or equity) issued by the listed company, any securities issued by a third party giving the right to acquire securities in the listed company or whose returns depend on such securities, and any derivatives deriving value from such securities that are traded on a market, and any change (no matter how small) in any such holding of securities or derivatives, held by themselves, their spouse, cohabitee or minor child and any entity in which they or any of the other persons mentioned own more than 30% of the shares with voting rights.

Also, if the acquisition of shares results in the shareholding of the shareholder and persons with whom the shareholder is acting in concert and their related persons reaching or exceeding 25%, 50% or 75% of the voting rights of the listed company, the shareholder is required to make a tender offer for all securities of the publicly traded company and publicly disclose such information via the Office of the SEC and the SET.

For these purposes, related persons include the spouse and minor children of the shareholder, legal entities in which the shareholder, directly or indirectly, owns shares with more than 30% of the total voting rights and (if the shareholder is a company) any individual or legal entity who or which, directly or indirectly, owns shares with more than 30% of the voting rights in the shareholder.

26. What are the current perspectives in this jurisdiction regarding short-term investment objectives in contrast with the promotion of sustainable longer-term value creation?

The SEC promotes sustainable longer-term value creation in collaboration with the United Nations Development Program and partners in multiple countries in developing the Sustainable Development Goal (SDG) Investor Map project and developed the SDG Investor Platform in order to incentivize private investment in sustainable development.

Thailand's first SDG Investor Map was developed and launched in 2022 to help raise awareness of investment opportunities and to stimulate interest from the private sector on businesses that offer competitive financial returns and non-financial benefits to the people and the planet.

The SEC launched the SDG Investor Map in the hope that the Thailand SDG Investor Map will play its part in stimulating investments that will eventually accelerate

Thailand's Sustainable Development Goal (SDG) commitments while also strengthening public-private partnership for the goals.

Contributors

Pratumporn Somboonpoonpol
Counsel

pratumporn.s@weerawongcp.com



Thanapan Pachimsawat
Senior Associate

thanapan.p@weerawongcp.com

