



# ASEAN Institutional Investors Forum

## ESG & Responsible Investing in Thailand

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# Topics

1. Sustainability Journey of the Thai Capital Market
2. Corporate ESG Showcase
3. SET's ESG Investment Initiatives & Products
4. What's Next?

# 1. Sustainability Journey of the Thai Capital Market

## SET's Corporate Sustainable Development Model



### Body2: ESG Integration in Business

5. Responsibility to stakeholders
6. Responsibility to environment
7. Responsibility to social
8. Innovation for sustainable development
9. System and process of corporate sustainable development
10. ESG information disclosure

### Body1: CG Development System

1. Setup corporate governance structure and system
2. Implement the governance system into business operations
3. Enclose information of CG performance
4. Establish clear leadership role and responsibilities of the board

# 1. Sustainability Journey of the Thai Capital Market

1993-1996

Regulation development

**1993**

- Required listed companies to appoint independent directors to achieve effective check & balance system and protect minor shareholders' rights

**1995**

- Required listed firms to appoint audit committees to enhance effective internal control and risk management systems

**1996**

- Laid out the CG knowledge foundation for listed companies

1997-2006

Set up infrastructure & networks among relevant bodies

**1999**

- Founded IOD by SET, SEC, BOT, and World Bank



**2001**

- Started CG Report Assessment



**2002**

- Established CG Center to develop and promote CG among listed firms
- Issued CG Principles Version 1
- Developed Shareholder activism via TIA



**2004**

- Launched CG Awards, IR Award to highlight role models' outstanding performance

**2006**

- Issued CG Principles Version 2 in line with OECD principles and promoted CSR in practices
- Started CSR Awards

2007-2012

Promote awareness of CG & CSR in practices

**2007**

- Established Corporate Social Responsibility Institute (CSRI) to promote CSR practices among listed firms (became SR Center in 2014)



**2008**

- Issued CSR Principles



**2009-2011**

- Launched CG Advisory Program & IR Advisory Program

**2012**

- Issued CSR and Reporting Guidelines
- Issued CG Principles Version 3
- Issued IR Handbook
- Encouraged ASEAN CG Scorecard assessment & got the highest score among ASEAN for the first year



2013-Present

Drive CG and CSR practices toward sustainability

**2013**

- Issued ESG in Practice Guidelines for each business industry
- Encouraged listed firms to join the DJSI sustainability assessment



**2014**

- Joined UN SSE as the first exchange in ASEAN



**2015**

- Presented Sustainability Awards
- Developed Thailand Sustainability Investment (THSI), ESG Stock List



**2017**

- Launched SET Social Impact Platform



**2018**

- Issued THSI Health Check
- Launched SETTHSI Index

# 1. Sustainability Journey of the Thai Capital Market

SET as the center improving and encouraging its listed companies to do ESG in practice including other stakeholders.

## OUTPUT

Criteria & Infrastructure		Education & Advisory		Reports & Awards
<p>CG Center, SR Center, IOD</p>	<p>SET CG Principle (CG Code)</p>	<p>Training &amp; Workshop</p> <ul style="list-style-type: none"> <li>• 7 SD Courses, 560 Listed Cos. as 5,440 persons attended</li> <li>• 8 IR Courses, 441 Listed Cos. As 2,716 persons attended</li> </ul>	<p>Advisory</p> <ul style="list-style-type: none"> <li>• 630 Listed Cos. (96%)</li> </ul>	<p>Disclosure</p> <ul style="list-style-type: none"> <li>• 100% of Listed Cos. disclose ESG practices</li> </ul>
<p>Criteria for Disclosure &amp; Directors</p> <ul style="list-style-type: none"> <li>• CG-linked Disclosure</li> <li>• Independent Director</li> <li>• Audit Committee</li> </ul>	<p>ESG Manuals</p> <ul style="list-style-type: none"> <li>• 40 Guides</li> </ul>	<p>Seminar &amp; Forum</p> <ul style="list-style-type: none"> <li>• 9200 of Listed Cos.'s directors &amp; executives attended (as from 2012)</li> </ul>	<p>Literacy</p> <ul style="list-style-type: none"> <li>• 200 articles</li> <li>• 60 on line medias</li> </ul>	<p>Awards &amp; Recognition</p> <ul style="list-style-type: none"> <li>• CG, CSR, IR and Sustainability Awards</li> </ul>

## OUTCOME

<p>CGR Scores</p> <ul style="list-style-type: none"> <li>• Up from 50% (2001) to 81% (2017)</li> </ul>	<p>ASEAN CG Scorecard</p> <ul style="list-style-type: none"> <li>• Up from 67% (2013) to 87% (2016)</li> <li>• As the leader among ASEAN for 4 consecutive years</li> </ul>	<p>Thailand Sustainability Investment List</p> <ul style="list-style-type: none"> <li>• Up from 60% with 51 listed cos (2015) to 70% with 79 listed cos. (2018)</li> </ul>	<p>DJSI</p> <ul style="list-style-type: none"> <li>• Up from 1 Thai Listed Co. to 19 Cos. (2018)</li> <li>• No. 1 in ASEAN</li> </ul> <p><b>Dow Jones Sustainability Indices</b></p>
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## 2. Corporate ESG Showcase ยิ่งทำ ยิ่งดี ยิ่งได้

### Social Showcases



#### PDJ: Jewelry Manufacturer

##### Hires people with hearing loss

- Hire people with hearing loss
- Trains them to become jewelry craftsmen expert
- Provide scholarship for them to study after work



#### TU: Processed Seafood Manufacturer

##### Sea Change Project: Improve labor work quality

- Work closely with suppliers to ensure responsible sourcing and fair labor practices in compliance with legal regulations and international standards
- Advise supplier on how manage worker's health and safety

## 2. Corporate ESG Showcase ยิ่งทำ ยิ่งดี ยิ่งได้



### Environmental Showcases



#### PTTGC: petrochemical

##### Upcycling the Ocean

- Develop innovation to turn plastic waste in the ocean into fiber, used for clothing, bags and shoes.
- This helps fight with Thailand's plastic waste crisis and add economic value



#### EASTWATER: Raw water supplier

##### Clean Water for Community

- Apply its water management skills to conserve water and help local communities access to clean water

# 3. SET's ESG Investment Initiatives & Products



**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM

**SET ROBECOSAM**  
We are Sustainability Investing.

Listed Companies

## What? & Why?

- DJSI: >3,000 invited ESG Corporates, 317 members (19 Thai members)
- One of the most popular sustainability indices among global institutional investors
- DJSI assessment methodology: enhance ESG improvement of corporates

## How?

- Select and construct potential large cap. corporates to enlarge invited list
- Train and advise to identify ESG gaps and implementation
- Apply and response DJSI questionnaire

	2014	2015	2016	2017	2018
World	4	4	5	5	8
Emerging Market	10	13	15	16	19



# 3. SET's ESG Investment Initiatives & Products



## What? & Why?

- Started from 2015, THSI is Thailand's first ESG corporate assessment portfolio for lifting ESG performance and increasing a number of new ESG investment stars
- As of 2019, more than 20% of listed companies join THSI assessment
- Establish SETTHSI Index since 2018

## How?

- Encourage potential listed companies to apply for THSI assessment
- Train and advise to identify ESG gaps and implementation
- Apply and response THSI questionnaire

	2015	2016	2017	2018	Agro & Food	Consumer Product	Financials	Industrials	Property & Construction	Resources	Services	Technology	Total
Applicants	100	89	90	114									
THSI Members	51	51	65	79	8	1	8	13	14	17	10	8	79

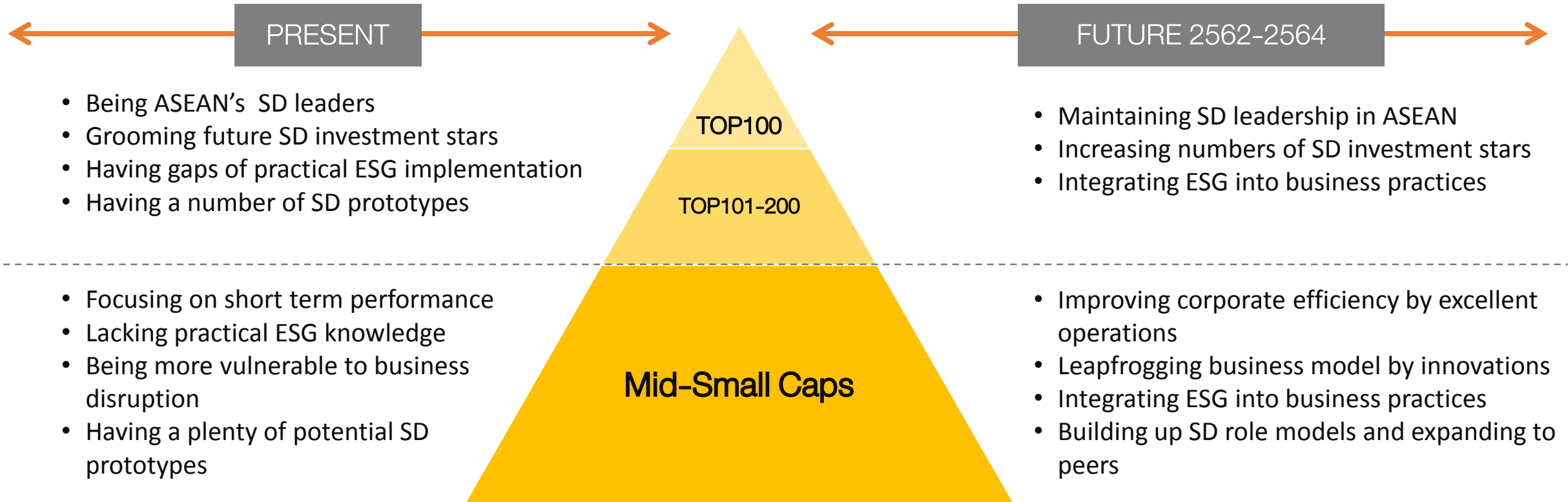
# 3. SET's ESG Investment Initiatives & Products



ภาพรวมการดำเนินงาน ESG in Practice สำหรับ บจ.

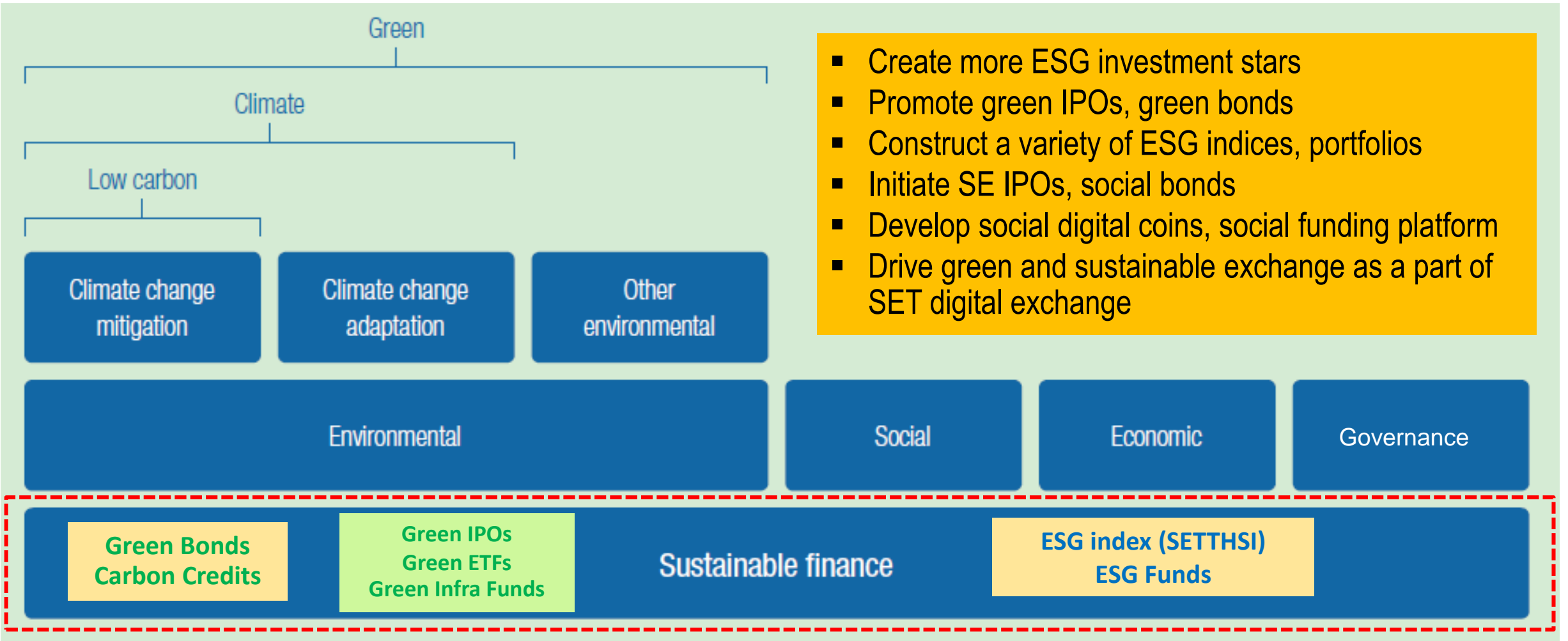
การพัฒนาคุณภาพของ บจ. สู่ความยั่งยืน

ESG in practice: A powerful strategy to uplift sustainable development of Thai Capital Market to new level



# 4. What's Next?

## Green Exchange





Make it **Work**  
for **Everyone**

[www.set.or.th](http://www.set.or.th)