



# SUSTAINABLE THAILAND

SUSTAINABLE INVESTING, SUSTAINABLE BANKING



กยว. ร่วมกับ กระทรวงการคลัง องค์การสหประชาชาติ และหน่วยงานกำกับดูแลด้านนโยบายในประเทศไทย ได้ริเริ่มจัดตั้งโครงการ "กรอบหลักการธนาคารส่งเสริมความยั่งยืนของประเทศไทย" โดยทำางอิงอิงตามการเปลี่ยนแปลงสภาพภูมิอากาศ เพื่อสร้างความตระหนักให้กับนักลงทุนสถาบัน และหลักการที่องค์กรต่างๆและธนาคาร ในการดำเนินธุรกิจให้สอดคล้องเพื่อแก้ไขปัญหาการเปลี่ยนแปลงสภาพภูมิอากาศ (SDGs) และความตกลงปารีส (Paris Climate Agreement) ว่าด้วยการเปลี่ยนแปลงสภาพภูมิอากาศ อันเป็นเป้าหมายในการลดการปล่อยก๊าซเรือนกระจก (Principles of Responsible Investment: PRI) และหลักการธนาคารที่ความยั่งยืน (Principles of Responsible Banking: PRB) เป็นกรอบในการดำเนินธุรกิจ

# Content

## GPF Sustainable Development Goals

Preface.....	3
--------------	---

### Quote : Mr.Wissanu Krea-ngam

Deputy Prime Minister .....	4
-----------------------------	---

### Quote : Mr.Arkhom Termpittayapaisith

Minister of Finance .....	6
---------------------------	---

### Keynote Speech On Sustainable Thailand

Monday, 27 September 2021 .....	7
---------------------------------	---

### Quote : Mrs.Gita Sabharwal

UN Resident Coordinator in Thailand United Nation Thailand ...	10
--	----

Thailand Sustainable Forum Talking Points .....	11
---	----

### Quote : Mr.Krisada Chinavicharana

Permanent Secretary, Ministry of Finance.....	19
---	----

### Statement of Commitment

to Sustainable Thailand 2021 .....	20
------------------------------------	----

### Sustainable Development Goals and Sustainable Thailand

Dr.Srikanya Yathip	
Secretary General, Government Pension Fund .....	23

### Covid-19 and Sustainability Pillars

Dr.Srikanya Yathip	
Secretary General, Government Pension Fund .....	33

### Quote : Mr.Sethaput Suthiwartnarueput

Governor, Bank of Thailand.....	42
---------------------------------	----

Bank of Thailand 30th July 2021 .....	43
---------------------------------------	----

### Quote : Ms.Ruenvadee Suwanmongkol

Secretary - General, Securities and Exchange Commission...	46
--	----

A Way towards a Sustainable Capital Market.....	47
---	----



### Quote : Dr.Pakorn Peetathawatchai

President, The Stock Exchange of Thailand .....	52
---	----

### SET aims to develop the Thai capital market as a pathway

towards the nation's sustainable and resilient future .....	53
---	----

### Quote : Dr.Seree Nonthasoot

Board Member and Chair of the Sub-Committee on Corporate Governance of the GPF .....	56
---	----

ESG: A Compass for Businesses in the 21 <sup>st</sup> Century .....	57
---	----

### Sustainable Banking

Dr.Srikanya Yathip	
Secretary General, Government Pension Fund .....	59

### Quote : Ms.Kattiya Indraravijaya

Chief Executive Officer, KASIKORNBANK Public Company Limited.....	66
--	----

### KASIKORNBANK and its Key Role

in Thailand's Sustainable Development.....	67
--	----

### Quote : Mr.Piti Tantakasem

Chief Executive Officer, TMBThanachart Bank Public Company Limited .....	70
---	----

### Panel Discussion : How is Sustainability Suitable

for Current Business Strategies of Thai Banks .....	71
---	----

### Sustainable Investment

Dr.Srikanya Yathip	
Secretary General, Government Pension Fund .....	74

### Quote : Dr.Srikanya Yathip

Secretary General, Government Pension Fund .....	81
--	----

### Sustainable Investment

by Government Pension Fund .....	82
----------------------------------	----

### Panel Discussion : Sustainable Investment :

Good for the World, Bad for Portfolio? .....	86
--	----







The changing global context makes facing multi-dimensional challenges in today's business operation inevitable. As a result, businesses must constantly adapt and develop to ensure that they can cope with the changes while continue to grow securely and sustainably.

Government Pension Fund, Thailand (GPF) recognizes the importance of sustainable development and is determined to make Thailand sustainable. Hence, GPF is joined by the United Nations, Ministry of Finance, and other major government agencies, institutional investors, and the banking sector to organize the event **"Sustainable Thailand"** to announce the commitment to operate in accordance with and to achieve the Sustainable Development Goals (SDGs). The event also aimed to initiate and raise the awareness of institutional investors and the banking sector to encourage them to conduct their businesses in alignment with and for the accomplishment of the Sustainable Development Goals. Agencies are encouraged to adopt Principles of Responsible Investment (PRI) and Principles of Responsible Banking (PRB) as a framework for their business operations. The adoption can support their sustainable finance endeavor and strengthen the role of Thailand's investor and banking institutions on their pathways towards regional and global sustainability.

This edition of Sustainable Thailand was developed as part of the seminar under the theme **"Sustainable Thailand: Sustainable Investing, Sustainable Banking"**, held on the 27<sup>th</sup> of September, 2021. Aside from being the summary of the event, the book will bring together the roles, missions and initiatives of public and private sectors in the promotion of Sustainable Thailand and compile the visions of the most notable visionaries whose roles are important and prominent in driving Thailand towards sustainability.

GPF would like to take this opportunity to thank the United Nations, Minister of Finance, Permanent Secretary of Finance, Governor of the Bank of Thailand, Secretary-General of the Securities and Exchange Commission, President of the Stock Exchange of Thailand, Chief Executive Officer of KASIKORN BANK PLC, and all distinguished speakers for putting the time and effort contributing to the success of the event. We sincerely hope that this Sustainable Thailand book will be useful for research and reference purposes of the interested parties.





“The government is committed to cooperate with all sectors to drive sustainable development in a systematic way by integrating the Sufficiency Economy Philosophy as well as formulating a 20-year national strategy to align with Sustainable Development Goals in all dimensions.”

**Quote : Mr.Wissanu Krea-ngam**

**Deputy Prime Minister**







SUSTAINABLE  
**THAILAND**

SUSTAINABLE INVESTING, SUSTAINABLE BANKING



“The people-centric development with a holistic approach between economic, social, and environment is the key to sustainable development.”

**Quote : Mr.Arkhom Termpittayapaisith**

Minister of Finance



# Keynote Speech On Sustainable Thailand Monday, 27 September 2021

Mr. Arkhom Termpittayapaisith  
Minister of Finance

---

Distinguished guests,  
Ladies and gentlemen,

It is a great pleasure to be presiding over the opening of this signing ceremony on “Sustainable Thailand.” Joining us today are key organizations from public and private entities that have expressed their dedication and intentions to help drive the country towards a sustainable Thailand.

The Ministry of Finance has always been building a sustainable and resilient economy through various fiscal policies in short and long terms, including in time of economic turmoil hit by Covid-19 pandemic. As you are aware, since last year the Thai economy has severely been affected by series of Covid-19 outbreaks. The Government has taken quickly to contain the spread of the virus and to allocate all necessary fiscal and financial resources to assist the healthcare system and to relieve affected workers as well as businesses.

Many Government support programs including Co-Payment and Shop More Get More, to name a few, have also conducted to sustain the level of domestic consumption. The supports will continue to the future growth prospects of Thai economy. As announced by the Ministry of Finance, the Thai economy in 2021 is projected to grow at 1.3 percent and would keep our growth momentum at 4–5 percent in 2022.

*Distinguished guests,*

As we continue to tackle the Covid-19 pandemic to strive towards economic growth, the Government has also put in place to lay foundation for Thailand’s sustainable growth. Looking forward, the Government will accelerate the efforts to revitalize the Thai economy after the pandemic through three measures in a short term:







First, providing full support to medical staffs to combat Covid-19 both curation and vaccination.

Second, income compensation for those who have been affected by Covid-19 both people and businesses, and Third, revitalization of economic activities to secure sources of income, and using more fiscal policy by issuing two emergency royal decrees on borrowing to finance the economic cost caused by the pandemic.

*Distinguished guests,*

For medium to long term recovery, the collaboration between the public and private sectors is required and there are six (6) key aspects to be considered as follows

First, the promotion of Bio-Circular-Green Economy model or BCG model. This economic model will focus on creating high value products from the biological resources, considering reusing various of materials as much as possible and economic development that is environmentally friendly. The Government has taken some measures such as the issuance of green, social and sustainability bond and the promotion of investment in electric vehicles. In particular, the Government has set-up the national committee on electric vehicles to save the energy and environment.

Second, economic restructuring towards new industries by accelerating investment in large-scale infrastructure projects as well as focusing on the investment in 12 targeted industries (S-curve). The investment in Eastern Economic Corridor (EEC), which will be the new engine of growth, will enhance Thailand's competitiveness and improve the productivity of the economy.

Third, **Digital Economy** is another key to increasing Thailand's competitiveness. Both private and public sectors must focus on digital transformation. The Government is facilitating the public by introducing e-tax filing, State Owned Enterprise (SOE) transactions in order to reduce cost associated with cash transaction.

Fourth, **creating a well-established social safety net**: all citizens will be able to receive proper social protections from various schemes such as social security fund, provident fund, government pension fund, and national savings fund.

Fifth, **reducing poverty and inequality**: by implementing an economic policy that improve the welfare system, quality of life of the people and enhancing the development of agricultural and rural economy.

Sixth, **the role of financial and capital markets** is important as the tools to divert our resources to what we would like to see in our shared vision of sustainable development.

*Distinguished guests,*

The “Sustainable Thailand 2021” project is a collaboration between government agencies, institutional investors and banks, in an attempt to announce their intention to operate and achieve their businesses under the Sustainable Development Goals (SDGs). This collaboration seeks to apply Principles of Responsible Investment and Principles of Responsible Banking for conducting business together. It helps drive sustainable business operations, as well as strengthen the role of Thai investment and banking institutions towards sustainability at the regional and global levels.

*Honorable guests,*

Now, it is the time that I would like to thank the United Nations for organizing this forum. And, of course, both public and private sectors especially all banks who are going to play an important role to finance and gearing the financial resources towards the more high technology and greener businesses to make our planet safe from climate effect.

Lastly, let me congratulate to all stakeholders who are going to be part of the signing of the commitment of statement “**Sustainable Thailand.**” I hope that this venue will be a place where everyone can exchange and create constructive ideas to help Thailand economy grow in a sustainable way.

*Thank you very much.*





“Green financing and private sector leadership are essential. The UN is here, bringing unparalleled international expertise and global networks to support Thailand’s path forward”

**Quote : Mrs.Gita Sabharwal**

**UN Resident Coordinator in Thailand  
United Nation Thailand**





# Thailand Sustainable Forum Talking Points

**Mrs. Gita Sabharwal**

UN Resident Coordinator in Thailand

United Nations Thailand



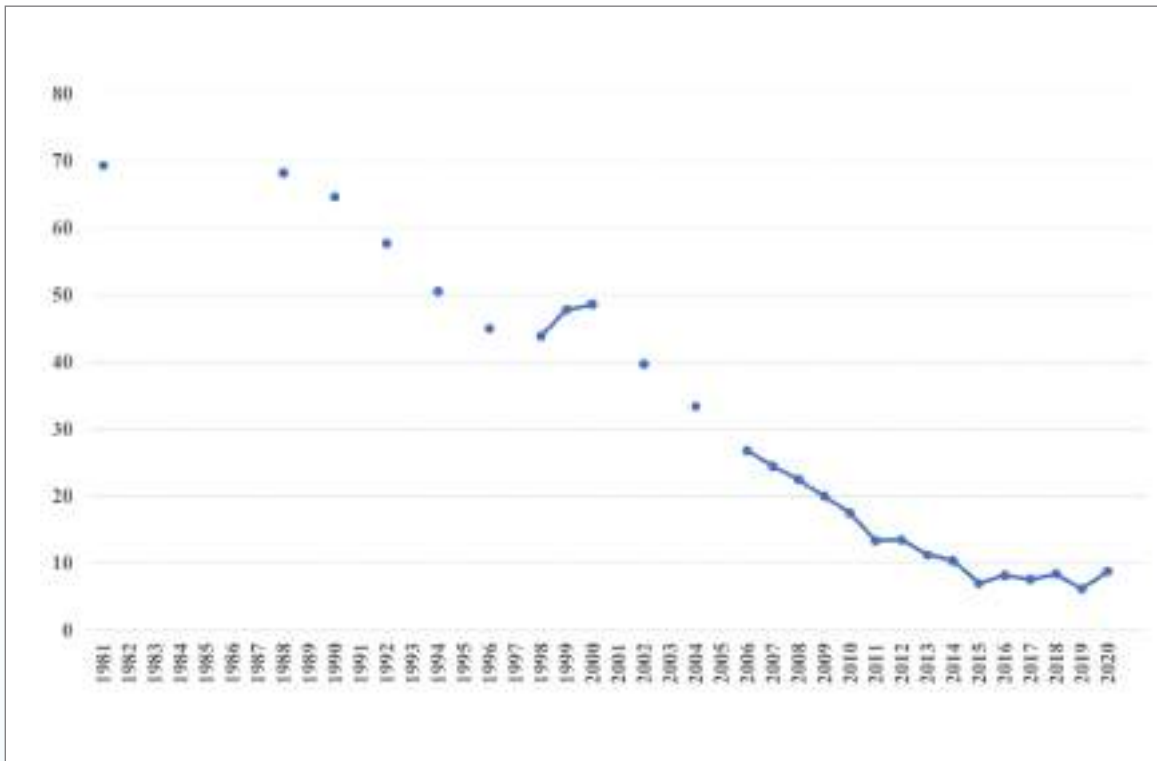
Your Excellency, esteemed business and civil service leaders, colleagues and friends,

Thank you for the opportunity to address you today, where we have so much leadership gathered in one place.

First, let me take a moment to recognize how we got here. In recent decades, Thailand has been one of the world's remarkable development stories. The number of people living in poverty has fallen from 67% of the population in the mid-1980s to only 8.8% in 2020.

The statistics come from the World Bank, but I am sure that many of you know this better than I, having watched this development trajectory change lives, in your communities and neighbourhoods, workplaces and industries, and among friends and family.





Let's also clearly acknowledge the challenges facing Thailand. I am pleased to see continued progress on the logistics of mass vaccinations, with full realization of the hard work and investment still needed for recovery.

**Figure 1:** Thailand's poverty headcount ratio at \$5.50 a day (% of population), 1981–2020

**Source:** World Bank Databank, September 2021.

That effort is integrally linked to green economic growth and employment recovery in 4.0 industries, in areas where jobs will still be in there in the future. As an example of building forward better from the pandemic, how do we create more jobs in the provinces given the reverse migration that we have seen?

How do we finance economic growth and recovery while remaining competitive globally and sustainable and resilient in the long term?

The answers to those questions are complex, but all rely on data-driven policy and sustainable investment. Admittedly, at present the current investment sentiment is cautious, with bank lending a barrier to scaling up sustainable financing. This will take a collaborative effort to foster confidence and expand the shared commitment to Thailand's future.

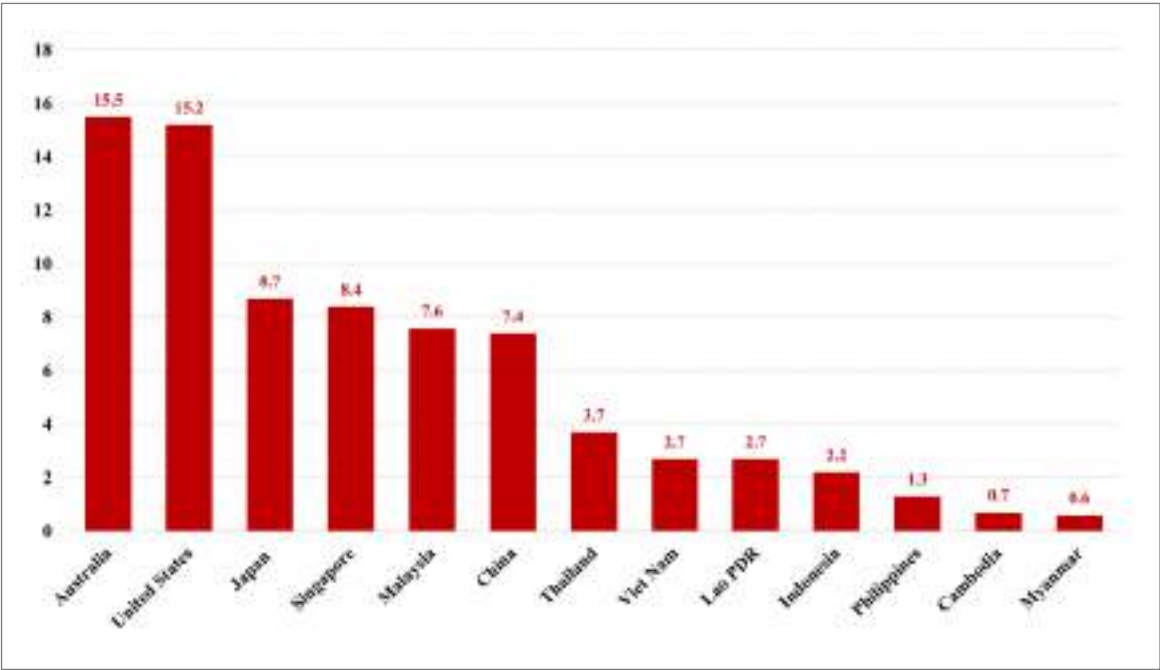
As we discuss sustainable financing today, I want to address three interlinking themes. First, we all know that **economic growth and sustainability are mutually interdependent**. Second, **innovative financing including the key role for the private sector** can and must drive forward the Sustainable Development Goals. And last, the **UN is here**, bringing unparalleled international expertise and global networks to support Thailand's path forward.

Sustainable growth

For my first point, in my discussions with senior leaders in government and business, there is a clear recognition that the **growth model of previous years is no longer an option**. The toll taken on the environment and biodiversity in recent years is incurring increasing and unsupportable external costs.

Let’s take a step back – Thailand is not overly reliant on coal at present and should not be further investing in that area. While the focus in the medium term is on gas as a transition fuel, the country needs to continue to scale up renewable sources in its energy mix.

We know that Thailand has a per capita CO<sub>2</sub> emission rate of nearly 4 tons. I believe this is our opportunity to showcase the power to transform and bend the CO<sub>2</sub> curve to build forward sustainably.



As the COP26 summit on climate change approaches next month, we are further reminded of Thailand’s role both as a matter of national urgency and a global responsibility.

The recent Intergovernmental Panel on Climate Change report clearly states that we will all be affected, not in the remote future but now in our own lifetimes and have a collective responsibility to take action.

This is brought home in Thailand by extreme weather events, leading to recent floods and fires, and these changing conditions must be built into our development plans.

Figure 2: CO<sub>2</sub> emissions per capita (tons) in selected countries, 2019

Source: World Bank Databank, September 2021.





As Christine Lagarde, President of the European Central Bank, recently made clear, climate change now affects all aspects of monetary and fiscal policy.

The 13<sup>th</sup> NESDP already lays the groundwork for the shift to the Bio-Circular Green economy, away from natural resources-intensive industries towards high value-added. As we have discussed with many of you in consultations, the Cooperation Framework guiding all the UN's work in Thailand is aligned with and strongly supports these priorities.

So we know that Thailand is already getting the policy framework right in many respects, including SDGs 12 and 13, respectively on responsible production and consumption and climate action.

That leads me to implementation.

### Private sector and sustainable financing

As we work towards Thailand 4.0 and this more sustainable and inclusive future, **green financing and private sector leadership are essential.**

The view of sustainable financing as an extra or optional cost burden is something we can no longer afford. For an export-driven economy deeply integrated in global markets, Thailand's business sector is long used to working with international standards and conventions.

More than that, sustainable investing is increasingly proven to be smart investing, with a recent IMF paper estimating that green multipliers on investment are 2 to 7 times larger than conventional multipliers, creating jobs and strengthening economies.



Sustainability increasingly equals profitability. An Oxford analysis of more than 200 studies has found overwhelmingly that good sustainability standards lower the cost of capital for companies, improves operational performance and also has a positive influence on share performance. Many businesses are moving on decarbonization simply because they see that this is the key commercial opportunity of our time.

Based on current trends, the inclusion of sustainability parameters into the investment process is expected to become the norm in the years to come. This could be supported by a push from the public and private sectors to increase companies transparency and performance on environmental and social matters, on improving corporate governance and on corporate social responsibility.



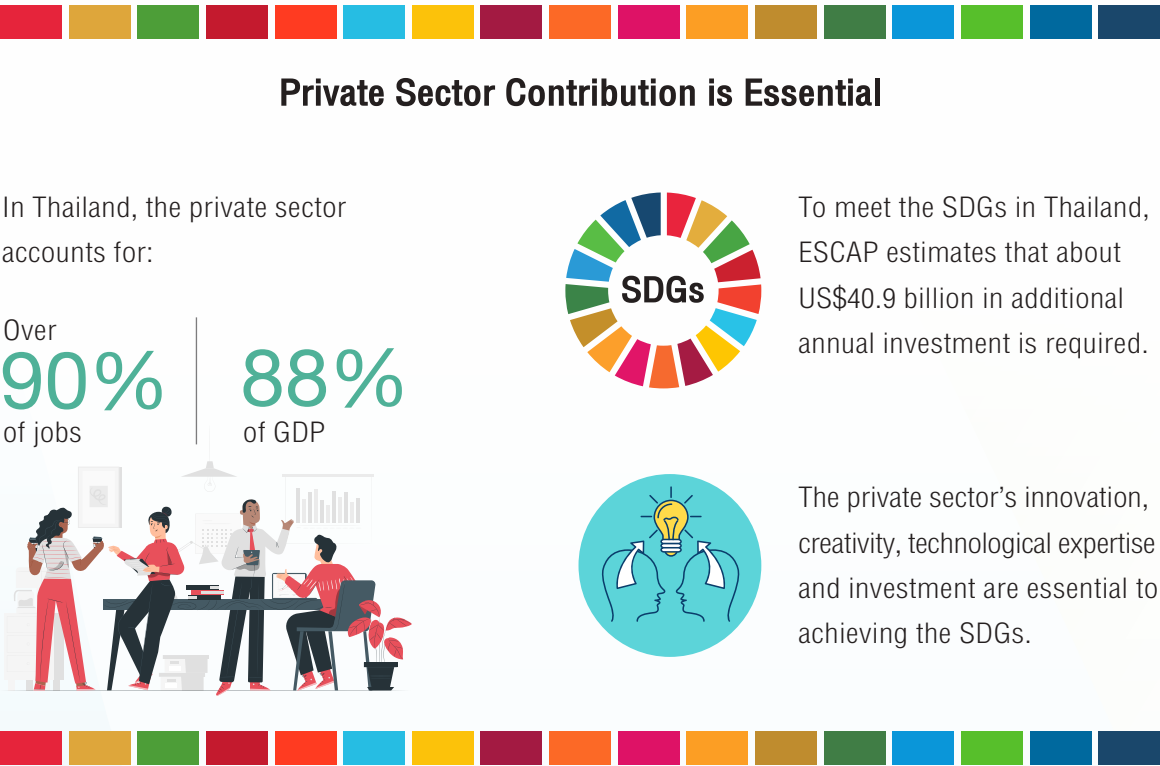
**Good sustainability practices matter for performance**

\* Percentage of studies showing: Oxford report based on more than 200 academic studies, source: BNPP AM, University of Oxford. “From The Stockholder To The Stakeholder”, March 2015

The private sector, representing nine in ten jobs and and nearly 90% of GDP, has an undeniable leadership responsibility. Last year, high-level leaders of the Global Compact Network Thailand committed to invest about \$40 billion to support progress towards the SDGs. Next month, the GCNT Forum is a major opportunity to further these commitments to reduce CO<sub>2</sub> emissions in the “Race to Zero”.

**Figure 3:** Companies with sustainable business models deliver improved investment performance

Figure 4: The significance of private sector on the Thai economy



Source: ADB Private Sector Assessment, 2019

Banks and investors are also beginning apply sustainability principles to capital markets. Kasikorn Bank and GSB, representing 22% of the banking sector with combined assets of \$200 billion, have already adopted the UN Principles for Responsible Banking.

I hope today's discussion results in recognition that we need to improve in this area – globally, 40% of banks have signed up and we need to bring Thailand up to that standard.

Similarly, the Government Pension Fund has adopted environmental, social and corporate governance, or ESG, criteria across all investments, while leveraging the technical capacity of its investment teams to prepare models featuring ESG scores, placing it ahead of most countries in the Asia-Pacific region. This has enabled them to scale up investments in renewables alongside cleaner technologies.

We must continue to move beyond pilot schemes and take action to adopt UN principles into decision-making for the wider banking and investment industry. This transformation will be the engine of green growth, to further investment in rural Thailand, and to capitalize on opportunities rather than see them as setbacks.

We understand that improving the ecosystem of sustainable financing is a never-ending process. We also understand that each institution needs to move at its own pace to deliver on these principles as they learn and unlearn. It is also important for the private sector to give them time to think through the changes in business operations to make them sustainable.



If you lead and are visionary in this respect, the private sector will follow. The strategies that you adopt will set the framework for the economy as a whole.

## UN role

Let's get specific about the technical expertise, policy recommendations and international convening role that the UN brings to the table. These competencies are needed precisely because they complement Thailand's own strengths, knowledge and human capital, enabling us to tackle challenges that are truly global in scale through strategies that are best suited for the context here.

In a recent discussion with a policy expert at the UN's climate agency, I asked if there was one thing you could recommend to Thailand, what would it be?

The answer takes into account the obvious point that industry is wary of taxes or mandatory caps because it could harm their competitiveness in the region.

The Paris Agreement provides the opportunity to use market-based instruments to increase ambitions in climate action. A number of countries in the region have already indicated their intention to use or explore market-based mechanisms to implement their nationally determined contributions.

Putting a price on carbon is an important regulatory measure to incentivize and support progress towards net-zero by mid-century, with increased innovation and investments in sustainable technologies. Linked with regional and bilateral market-based agreements across ASEAN, this will help Thailand to act as a front runner in the future low-carbon economy and support the achievement of national and international goals.





The Economic and Social Commission for Asia and the Pacific proposes a “**build forward better**” policy package focusing on strengthening climate and clean energy actions, as well as enhanced access to healthcare and social protection, and improving access to digital technologies. For Thailand, the policy package has the potential to reduce the number of poor by almost 600,000 people, increase output by 10%, and cut carbon emissions by about 27% by 2030.

I look forward to more conversations about how the UN is working with Government and the private sector, and how those partnerships can be expanded.

## Conclusion

I have had the pleasure of speaking and working with many of you here today, particularly in recent consultations on the Cooperation Framework that guides the UN work and supports the NESDP. We all know the urgency and shared responsibility to achieve the economic transformation that Thailand needs, and we also know that we will only achieve those goals through innovative financing.

These are challenging times, and the shared commitment towards Thailand’s sustainable development and success are for me the greatest cause of optimism. I look forward to the hard work ahead as together we make those ambitions a reality.



“Sustainable economic development should be achieved through improving living standard of the people, reducing social disparity, while conserving the environment, and maintaining fiscal integrity and transparency.”

**Quote : Mr. Krisada Chinavicharana**

Permanent Secretary  
Ministry of Finance





## Statement of Commitment to Sustainable Thailand 2021

We, the undersigned financial institutions, commit to building our capacity and awareness on the UN Sustainable Development Goals and the Paris Climate Agreement. We also seek to utilize the Principles for Responsible Investment and the Principles for Responsible Banking as a global framework for embedding sustainability into the business practices of institutional investors, asset management companies and banks in Thailand through guidance and support provided by the United Nations, policy makers and regulators, in particular the Ministry of Finance of Thailand.

The Objectives are consisting of (1) Building our collective and individual awareness among Thai institutional investors and asset management companies in the Principles of Responsible Investment (PRI) and Thai banks in the Principles of Responsible Banking (PRB). (2) As institutional investors, asset management companies and banks in Thailand, we will work towards aligning our business strategy and operations with the UN Sustainable Development Goals and the Paris Climate Agreement, is aligned to the COP26 Private Sector Agenda. The Statement makes the following Commitment:

1. We recognize 2021 as the year of climate action for the Thai finance industry.
2. We note the UN Principles for Responsible Banking and the Principles for Responsible Investment as comprehensive global frameworks for sustainable banking and responsible investment respectively that will guide financial institutions to mainstream climate action in their business strategies.

**Outcome:** 43 institutional investors, asset management companies with total asset under management and asset size 40.18 trillion baht

**Fully acknowledge and take these following actions:**







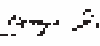







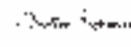









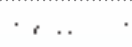



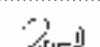







1. Agree with the statement of commitment to Sustainable Investment and Banking
2. Pledge of the commitment to invest and operate business align with Sustainable Development Goals and the Paris Climate Agreement
3. Keep the public updated as deem appropriate



















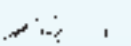









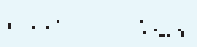
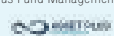
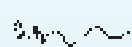



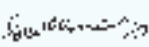

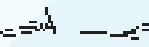



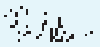

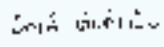





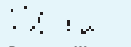

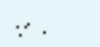
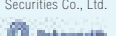


## Sign in to declare the intention on 27 September 2021

### Category Fund / Association / Bank

 <b>Dr. Tachaphol Kanjanakul</b> President, Association Of Provident Funds 	 <b>Mr. Manas Tanamai</b> Deputy Secretary - General, Social Security Office 	 <b>Dr. Srikantha Yathip</b> Secretary General, Government Pension Fund 	 <b>Ms. Kattiya Indaravijaya</b> Chief Executive Officer, KASIKORN BANK 	 <b>Ms. Charulak Ruangsuan</b> Secretary-General, National Savings Fund 
 <b>Mr. Kobsak Duangdee</b> Secretary General, The Thai Bankers' Association 	 <b>Dr. Pitti Tantakase</b> Chief Executive Officer, TMBThanachart Bank Public Co.,Ltd. 	 <b>Mr. Chartsiri Sophonpanich</b> President, Bangkok Bank Public Company Limited 	 <b>Mr. Payong Srivanich</b> President, Krungthai Bank Public Co.,Ltd. 	 <b>Mr. Arthid Nanthawithaya</b> CEO and Chairman of Executive Committee, Siam Commercial Bank 
 <b>Mr. Santhan Yoosiri</b> Senior Executive Vice President, Corporate Strategy Group Signed on Behalf of President and CEO, Government Savings Bank 	 <b>Mr. Pornanong Tuchinda</b> Head of Commercial Banking, Bank of Ayudhya Public Co.,Ltd. 	 <b>Mr. Tanaratt Ngamvalairatt</b> President, Bank for Agriculture and Agricultural Cooperatives 	 <b>Dr. Rak Vorrakitpokatorn</b> President, Export-Import Bank of Thailand 	 <b>Mr. Paul Wong Chee Kin</b> President and Chief Executive Officer, CIMB Thai Bank Public Co.,Ltd. 
 <b>Ms. Chompoonoot Pathomporn</b> President, Land and Houses Bank Public Co.,Ltd. 	 <b>Mr. Metha Pingsuthiwong</b> President, TISCO Bank Public Co.,Ltd. 	 <b>Mr. Jessada Chor. Charoenying</b> Senior Executive Vice President, Small and Medium Enterprise Development Bank of Thailand 		

### Category Asset Management

 <b>Mr. Vasin Vanichvoranun</b> Executive Chairman, Kasikorn Asset Management Co.,Ltd. 	 <b>Mrs. Pinsuda Phuwiphadawat</b> Chief Operations Officer, SCB Asset Management Co.,Ltd. 	 <b>Mr. Peerapong Jirasevijinda</b> Chief Executive Officer, BBL ASSET MANAGEMENT CO.,LTD. 	 <b>Mrs. Chavinda Hanratanakool</b> Chief Executive Officer, Krungthai Asset Management Public Co., Ltd. 	 <b>Mrs. Supaporn Leenabanchong</b> Managing Director, Krungsri Asset Management Co., Ltd. 
 <b>Mr. Thanachote Rungsitvat</b> President, MFC Asset Management Public Co.,Ltd. 	 <b>Mr. Vana Bulbon</b> Chief Executive Officer, UOB Asset Management (Thailand) Co., Ltd. 	 <b>Mr. Win Udomratchavanich</b> Chairman / Authorized Director, KTBST SECURITIES PUBLIC CO.,LTD. 	 <b>Mr. Pote Harinasuta</b> Chief Executive Officer, One Asset Management Limited 	 <b>Mr. Jumpon Saimala</b> Chief Executive Officer, Principal Asset Management Co., Ltd. 
 <b>Mr. Yuthapol Laplamool</b> Managing Director, Kiatnakin Phatra Asset Management Co., Ltd. 	 <b>Mr. Theerarat Rujimethapas</b> President, TISCO Asset Management Co., Ltd. 	 <b>Mr. Phiphat Phisanuwongrak</b> Chief Investment officer, Investment Group, Land and Houses Fund Management Co.,Ltd. 	 <b>Mr. Khomsan Phalanusondhi</b> Executive Director Chief Marketing and Product Officer, <b>Mr. Nattapon Chansivanon</b> Executive Director Chief Investment Officer, Asset Plus Fund Management Co.,Ltd. 	 <b>Mr. Sukawat Prasurtying</b> Chief Executive Officer, AIA Investment Management (Thailand) Limited 
 <b>Mr. Robert Penaloza</b> Chief Executive Officer, Aberdeen Asset Management (Thailand) Limited 	 <b>Mr. Mok Swee Meng</b> Authorized Director and Managing Director, AIRA Asset Management Company Limited 	 <b>Mr. Isara Pudtalsri</b> Chief Executive Officer, We Asset Management Co.,Ltd. 	 <b>Mr. Sumetha Lewchaleromwong</b> Deputy CEO & Chief Investment Officer, King Wai Asset Management (Asia) Co., Ltd. 	 <b>Ms. Palita Srinkapaibulaya</b> Associate Director, Phillip Asset Management Co., Ltd. 
 <b>Mr. Chatrapee Tantixalerm</b> Vice Chairman & CEO, Talis Asset Management Co., Ltd. 	 <b>Mrs. Vijitra Sudtiktipisan</b> Authorized Director and Manager, Merchant Partners Asset Management Limited 	 <b>Mr. Jittiwat Kantamala</b> Chief Executive Officer, XSpring Asset Management Co.,Ltd. 	 <b>Mr. Prapatpong Weeramon</b> Managing Director, Amundi Mutual Fund Brokerage Securities (Thailand) Co.,Ltd. 	 <b>Mr. Chonladet Khemarattana</b> Group CEO, Robowealth Mutual Fund Brokerage Securities Co., Ltd. 



# DEVELOPMENT GOALS



# Sustainable Development Goals and Sustainable Thailand

Dr.Srikanya Yathip<sup>1</sup>

Secretary General, Government Pension Fund

---

## Summary

The United Nations Sustainable Development Goals or SDGs are based on the concept of “**Leave No One Behind**” and a development approach which is a balanced integration of the Three Pillars of Sustainability. The SDGs cover the dimensions of People, Prosperity, Planet, Peace, and Partnership, under which the 17 goals were determined as a pathway to sustainable development.

Thailand is one of the many countries around the world that has adopted the United Nations guidelines. The Government of Thailand signed a Cooperation Framework with the United Nations and developed a 20-year National Strategy aimed at building “**Security, Prosperity and Sustainability**” for the country. The concepts of sustainability were identified therein, apparently in alignment with the SDGs.

Each and every country is facing varied and different challenges in achieving the SDGs. The variable that differentiates the challenges is the socioeconomic environment of a particular country. Most of the population in developed countries are among the middle or upper middle-income group. Hence, they are more ready to address such challenges either at the individual, household, and national levels. However, that may not be the case for underdeveloped countries. The key mechanisms that can help bridge those preparedness gaps are investment and economic development. With that said, it is evident that Sustainable Investing and Sustainable Banking approaches can definitely contribute to such endeavor. The challenges have become more pronounced by the COVID-19 pandemic which had forced all countries around the world in the inevitable position of facing, among others, economic and health impact at all levels. The gaps on achieving SDGs between the undeveloped and developed countries, therefore, has been significantly widened.

## Sustainable Development Goals (SDGs)

After the United Nation’s success in 2015 in determining the Millennium Development Goals (MDGs) which aimed to enhance the standard of well-being of the people, the United Nations proceeded to develop the Sustainable Development Goals (SDGs) under the concept of “**Leave No One Behind**” and a development approach based on the balanced Three Pillars of Sustainability: society, economy and the environment. The United Nations has established a sustainable development framework that covers the following 5 dimensions:

1. Social Dimension (People)
2. Economic Dimension (Prosperity)
3. Environment Dimension (Planet)
4. Peace and Institutional Dimension (Peace) and
5. Development Partnership Dimension (Partnership)

---

<sup>1</sup> This article is based on the analytical perspective of the author. It is not considered an opinion or the responsibility of the Government Pension Fund (GPF).





17 sustainable development goals have been identified as follows:

#### Goal 1: No Poverty

No poverty is the goal aims to eliminate poverty in all its forms everywhere, by reducing economic poverty and poverty in other dimensions according to the definition of each country. Such undertaking shall be inclusive, covering all groups of people, including men, women, children, people living in poverty and the vulnerable.

The targets of this goal include: raising the income level of the people to above USD1.25 (approximately THB 42) per day; reducing by half the proportion of poverty in various dimensions for all groups of people by 2030. The targets prioritize the application of social protection systems and measures and the guarantee of right of access to economic resources, fundamental services, including ownership over land and property. The goal also focuses on building resilience for the poor and the vulnerable against the economic, social and climate-related disasters.



#### Goal 2: Zero Hunger

Zero hunger aims to end hunger, achieve food security and improve nutrition and promote sustainable agriculture.

The targets of this goal include: gaining access to safe and nutritious food; ending malnutrition; increasing productivity and access to resources and opportunities for smallholding farmers, including women, indigenous people, household farmers, livestock breeders and local fisheries. Sustainable agriculture and adaptation to climate change can improve soil quality and genetic diversity, enhance the access, utilization, and sharing of benefit in a fair and equitable manner.



### Goal 3: Good Health and Well-Being

Good health and well-being is the goal determined to ensure healthy lives and promote well-being for everyone at all ages.

This targets of this goal aims to: reduce worldwide maternal mortality rate; end preventable deaths of newborns; end the spread of AIDS, tuberculosis, malaria and tropical diseases; reduce premature deaths from non-communicable diseases, drug and alcohol abuse, mortality and morbidity from road accidents; enhance reproductive health and family planning, access to public health services and financial risk protection; and reduce deaths and illnesses from hazardous chemicals and various contaminations and pollutants, etc.



### Goal 4: Quality Education

This goal on quality education entails ensuring inclusive and equitable quality education and the promotion of lifelong learning opportunities for all.

The targets of this goal aim to: provide access to quality education for boys and girls at all levels, from early childhood, primary and secondary levels; access to technical, vocational, higher education as well as affordable and quality universities for all men and women; enabling literacy and mathematical literacy for all young persons and majority of adults. The goal prioritizes the elimination of gender inequality in education and access to education for people with disabilities, indigenous and vulnerable people. Moreover, the goal also promotes an increase in the number of people with employable technical and professional skills and entrepreneurship. The goal also emphasizes on ensuring that everyone has the knowledge and skills necessary to promote sustainable development, etc.



### Goal 5: Gender Equality

Gender equality aims to achieve gender equality and empower women and girls.

The targets of this goal involved: ending discrimination and eliminating all forms of violence against women and girls; recognizing and valuing unpaid caring and housework; encouraging full and efficient engagement in leadership and decision-making at all levels; providing universal access to sexual and reproductive health, and etc.



### Goal 6: Clean Water and Sanitation

Clean water and sanitation is the goal aiming to ensure the availability and sustainable management of water and sanitation for all.

The goal's targets include: providing access to safe drinking water, adequate and equitable sanitation; eliminating open air excretion; management of water pollution and wastewater treatment; enhancing water efficiency and addressing water shortage; having comprehensive domestic and international water management; and protecting and restoring relevant ecosystems, and etc.





### Goal 7: Affordable and Clean Energy

By having affordable and clean energy, it means that everyone has to be assured of its has access to affordable, reliable, sustainable, and modern energy.

The targets of this goal include having access to energy; increasing the share of renewable energy and improving energy efficiency at the policy-level. This goal focuses on international cooperation regarding access to research and development on clean energy as well as the infrastructure and technology for the delivery of energy services in developing countries, and etc.



### Goal 8: Decent Work and Economic Growth

This goal on decent work and economic growth aims to promote continuous, inclusive, and sustainable economic growth, full and productive employment, and a suitable job for all.

The targets of this goal are to: improve economic expansion and sustainable economic growth per capita; increase productivity by increasing diversity; upgrade technology and innovation; promoting entrepreneurs and small and medium enterprises; achieve full and productive employment; and ensure decent employment with fair returns for everyone.

This goal also covers specific labor issues, i.e. reducing the proportion of unemployed, uneducated and unskilled youth; ending slavery and child labor; protecting labor rights; and promoting a safe and secure working environment for all working groups, and etc.



### Goal 9: Industry, Innovation, and Infrastructure

This goal aims to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

The targets of this goal involve three main areas: infrastructure, industry, and innovation. Strong focus of this goal is on developing inclusive and sustainable industries; promoting industry with the potential to use clean and environmentally-friendly resources through infrastructure upgrades; and providing financial services to small and medium enterprises; developing quality and accessible infrastructure for all citizens to support economic development and human well-being, enhancing industrial capacity through increasing research and development; and access to information technology and the internet, and etc.



### Goal 10: Reduced Inequalities

This goal aims to reduce inequality within and among countries.

The targets of this goal focus on income growth among the poorest 40 percent of the population; giving everyone non-discriminated access to economic, social, and political opportunities; eliminating policies and their consequences that lead to inequality; implementation of fiscal, wage and social protection policies as tools at the international level. It is necessary that the world's financial markets and financial institutions develop, monitor and strengthen the regulations so that the world is prevented from facing with another financial crisis as happened in the past. Developing countries should have more say in the decisions of international economic and financial institutions and the peaceful,

orderly and well-managed migration of the people shall be facilitated. At the policy level, this goal prioritizes the provision of special treatment to developing and less developed countries in accordance with the World Trade Organization's agreement requiring developed countries to provide formal assistance to the developing countries whereby the cost of remittances to the country of origin shall be maintained at the reasonable rate, etc.



#### Goal 11: Sustainable Cities and Communities

This goal is intended to make cities and human settlements inclusive, safe, resilient and sustainable.

The targets of this goal cover a number of issues related to cities and communities, such as providing access to housing and basic services; improving crowded communities; providing access to sustainable, safe, affordable transportation; providing inclusivity to vulnerable people. Also included in the targets are inclusive, integrated, sustainable city and community planning and administration; safeguard and protection of the world's cultural and natural heritage; mitigation of damage from disasters especially from water with a primary focus on protecting the poor and vulnerable; management of air pollution and waste; development and provision of access to green areas for diverse groups of people, etc.



#### Goal 12: Responsible Consumption and Production

The goal on responsible consumption and production aims to Ensure sustainable consumption and production patterns.

The targets of this goal cover: efficient and sustainable management and use of natural resources; reduction of food waste, emission of toxic chemicals and wastes into nature and having proper management of such substances; reduction of waste through reuse and recycle processes; enabling multinational and large companies to integrate SDGs with their sustainability data; enabling sustainable public procurement; and raising awareness at the society level on sustainable development, etc.



#### Goal 13: Climate Action

The goal on climate action prioritizes urgent undertaking of action to combat climate change and its impacts.

The targets of this goal aim to strengthen resilience and adaptability to climate hazards and natural disasters in all countries; integrate climate change measures into national strategies, policies, and planning; improve education; raise awareness and human and institutional capacity to mitigate and adapt to climate change, and ensure the availability of early warning system. The goal also focuses on the implementation of the pledges given by the developed countries under the United Nations Framework Convention on Climate Change. Such pledges aim to raise USD100 billion per year by 2020 from all sources in order to meet the needs of developing countries in conducting meaningful and transparent mitigation actions and to expedite the full operation of the Green Climate Fund as quickly as possible. Moreover, the goal is to promote mechanisms to increase capacity for efficient planning and management of climate action in least developed countries and developing small archipelagos. The effort shall include women, youth, and local and marginalized communities, etc.



#### Goal 14: Life Below Water

This goal aims to conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

The targets of this goal cover a wide range of issues related to the seas and oceans, including: pollution; management and conservation of fisheries resources; equality of access to fisheries resources. The goal also focuses on the impact of climate change; prevention and reduction of marine pollution, especially caused by land-based activities; reduction and monitoring of ocean acidification; elimination of illegal, unreported, and unregulated (IUU) fishing and application of scientific management to restore aquatic resources; elimination of all forms of IUU subsidies. The goal also aims to manage, conserve and restore marine and coastal ecosystems and increase marine and coastal conservation areas by 10 percent. Lastly, the goal intends to enhance economic benefits for small archipelagos nations based on sustainable and efficient marine resources.



#### Goal 15: Life on Land

This goal aims to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

The targets were set out to cover terrestrial ecosystems and forests, including: conservation, restoration of terrestrial and inland freshwater ecosystems and the sustainable use of ecosystem services; management, conservation and restoration of all types of forests; tackle desertification; conservation of mountain ecosystems and biodiversity.

In respect of biodiversity, the goal aims to equally and equitably share the benefits of biodiversity; reduce degradation of wildlife natural habitats; end poaching and smuggling of protected plant and animal species; prevent invasive alien species.

On the aspects of the economic system, the goal determines to integrate the value of ecosystems and biodiversity with the process of national policies and strategies formulation to reduce poverty. Economic accounting and diverse socioeconomic resources shall be mobilized to support conservation of biodiversity, terrestrial, forests



and freshwater ecosystems. The capacity of the local communities shall be enhanced for the purpose of conservation and collaboration to eliminate illegal trade of protected plant and animal species, etc.



#### Goal 16: **Peace, Justice and Strong Institutions**

This goal aims to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

The targets of this goal are: to reduce all forms of violence; end all forms of persecution, exploitation and violence against children. The rule of law and equal access to justice shall be improved. Weapons smuggling and money laundering shall be tackled in the fight against criminal organizations. Corruption shall be eliminated. Effective, transparent, accountable institutions shall be developed, and they should be included in all decision-making. Participation of developing countries in the Global Organization shall be increased. Legal identity shall be granted for everyone as well as access to information and protection of fundamental liberties, etc.



#### Goal 17: **Partnership for the Goals**

Partnership for the goals means to revitalize the global partnership for sustainable development.

The targets of this goal include financial cooperation, i.e. strengthening the finances of developing countries to build their capacity in collecting taxes and other income from other sources. The targets also include provision by developed countries the official assistance to local communities in developing countries; and the mobilization of funds from developed countries to developing countries, etc.

On the aspect of technology, the goal determines to increase collaboration between: developed and developing countries (North-South); developing countries (South-South); regional collaboration and tripartite international collaboration. The aforesaid collaboration aims to provide access to science, technology, and innovation; and to promote knowledge sharing based on mutually agreed terms; as well as to improve coordination of the existing mechanisms, especially at the United Nations level. Such coordination may be assisted by world-class technological facilitation mechanisms which promote the development, transfer and dissemination of environmentally-friendly technologies to developing countries with favorable conditions, including special conditions and concessions as agreed, etc.

Capacity building covers the promotion of international support for efficient capacity building which is the target of developing countries; supporting all national plans that follow the Sustainable Development Goals as well as approving the cooperation between developed and developing countries (North-South) and between developing countries (South-South), regional and tripartite international collaboration, etc.

## Sustainable Development Goals and Sustainable Thailand



To promote the SDGs, in which the world has a common mission of achieving within 2030, many countries have aligned their national visions to the goals. The Government of Thailand has signed the United Nations Development Cooperation Framework (UNDCF 2017-2021) with the United Nations in Thailand for the adoption of the Sustainable Development Goals with the intention to “**Leave No One behind**”. Thailand has developed the 2018-2037 20-year National Strategy which clearly stipulates Thailand’s vision “**Thailand is stable, prosperous, sustainable, a developed country with the philosophical development of a sufficient economy**” (Thailand becomes a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy).

This vision of Thailand clearly reflects the goals of the SDGs. Sustainability is one of the main developmental approaches for the country to have **Security, Prosperity and Sustainability**. Sustainability details have also been identified and they were analyzed as significantly consistent with SDGs clearly, as stated as follows:

*“Sustainability means development approach that can generate prosperity, income (SDG1: No Poverty, SDG 10: Reduced Inequalities); and improve people’s quality of life (SDG 2: Zero Hunger) continuously. Sustainability is the growth of the economy based on the principle of sustainable utilization, preservation and restoration of natural resource bases. Resources shall not be over-consumed and pollution shall not be generated to the point exceeding the ecosystems’ ability to restore the environment (SDG13: Climate Action, SDG14: Life Below Water and SDG 15: Life on Land). Sustainability means environmentally friendly production and consumption (SDG 12: Responsible Consumption and Production) in line with the Sustainable Development Goals. Natural resources and the environment shall be improved in its abundance and quality (SDG13: Climate Action and SDG14: Life Below Water). People shall be more socially responsible (SDG 12: Responsible Consumption and Production), more generous and prioritize public interest over their own (SDG 16: Peace and Justice Strong Institutions)”*

To drive forward such goals, the Government of Thailand has established a national committee for sustainable development, chaired by the Prime Minister, and also a committee on policy implementation, focusing on the agenda of national reform and local implementation of the Sustainable Development Goals. In this regard, the Government also established the Local Community Empowerment Committee and the Thai Sustainable Development Committee for the economic development at the grassroots level.

In Thailand, the implementation of all Sustainable Development Goals are being performed by the 19 UN agencies whereby Thailand is categorized as a upper-middle income country by the United Nations.

The activities of higher that will be supported by the United Nations include <sup>2</sup> :

1. Expanding the scope of social protection
2. Addressing non-communicable diseases
3. Providing universal access to education, prioritizing migrated young persons
4. Empowering women and their involvement in political decision-making
5. Supporting small and medium businesses and innovation by young people
6. Including marginalized people, especially the LGBTI community
7. Providing supervision on migration





8. Establishing strategies to address climate change at the national and local levels
9. Supporting social unification to end violence in the South of Thailand
10. Steering and supporting elimination of statelessness
11. Forming partnership with the private sector for sustainable development
12. Exchanging and sharing Thailand's experience and best practices

## The Challenges

Each of the SDGs pose different and varied challenges to each country. The variable that differentiates the challenges is the socioeconomic environment of a particular country. Most of the population in developed countries are among the middle or upper middle-income group. Hence, they are more ready to address such challenges either at the individual, household, and national levels. However, that may not be the case for underdeveloped countries. The key mechanisms that can help bridge those preparedness gaps are investment and economic development. With that said, it is evident that Sustainable Investing and Sustainable Banking approaches can definitely contribute to such endeavor.

Nevertheless, COVID-19 had forced all countries around the world in the inevitable position of facing, among others, economic and health impact at all levels. The gaps on achieving SDGs between the undeveloped and developed countries, therefore, has been significantly widened.





# SUSTAINABILITY PILLARS



# Covid-19 and Sustainability Pillars

Dr.Srikanya Yathip<sup>1</sup>

Secretary General, Government Pension Fund

## Introduction

Sustainability Pillars are supported by the Economic Pillar, Environmental Pillar and Social Pillar. As of September 2015, 193 member states signed the 2030 Agenda for Sustainable Development Goals (SDGs) which consists of 17 goals and 169 targets which shall be achieved. These goals and targets cover the 3 dimensions of the 3 pillars being: Economic Pillars focusing on Prosperity; Environmental Pillar focusing on the Planet; and Social Pillars focusing on the People. Two cross-cutting pillars have been added. Focusing on Peace and Partnership.

The 2030 Agenda aims to eradicate poverty, reduce inequality, decouple economic growth and environmental degradation, and manage climate change and its impact to create a better world for future generations.

The SDGs are defined as the universal goals or target for sustainable development and transformative improvement for all countries to work together towards achieving these common goals.

The Association of Southeast Asian Nation (ASEAN) believes in the 2030 Agenda and had adopted it as part of the ASEAN Community Vision of 2025. Commitments and pledges had been declared to mutually drive and materialize such Agenda in the 27<sup>th</sup> ASEAN Summit in Kuala Lumpur, Malaysia in the year 2015.

To implement both the 2030 Agenda and ASEAN Community Vision 2025, the United Nations, the Ministry of Foreign Affairs of Thailand and the ASEAN Secretariat had together prepared a report titled **“Complementarities between the ASEAN Community Vision 2025 and the United Nations 2030 Agenda for Sustainable Development: Framework for Action”**. In its overview, this report sets out 5 targeted priorities as part of a **“Complementarities Roadmap”** for sustainable development in Southeast Asia.

This ASEAN Complementarities Roadmap lays the foundation for future sustainability actions and strategies in the ASEAN region, with a focus on the following Focal Development areas:



<sup>1</sup> This article is based on the analytical perspective of the author. It is not considered an opinion or the responsibility of the Government Pension Fund (GPF).

- 1 Poverty Eradication
- 2 Infrastructure and Connectivity
- 3 Sustainable Management of Natural Resources
- 4 Sustainable Production and Consumption, and
- 5 Resilience

These development goals support an integrated and inclusive approach for sustainability-oriented actions and collaborative partnership for ASEAN.

## The Turning Point

The Covid-19 pandemic has affected not only the health of the world's population, but also caused serious impact on the economy, society, and the environment. It is a global catastrophe that not only severely affects the health of the population in all countries, but also affects the progress towards sustainable development as set by the United Nations (UN SDGs) or the 2030 Vision for sustainable development to different degrees.

Most countries in the ASEAN region are developing countries, the economic status of which is not as strong as that of the developed countries to begin with. Hence, these countries, including Thailand, had suffered from severe, deep and multi-dimensional impacts covering health, economic, social aspects and poverty and inequality. Many agencies have assessed the economic pillar in ASEAN in the same light: the economic growth within the region will be significantly and noticeably lower. Lockdown measures adopted by many countries to control pandemic have posed severe impacts on the economy and global supply chains, disrupting global production and causing damage to the domestic, regional and global economy.

As for the Environmental Pillar, despite the indication of improved air quality due to the decline in economic activity, decreased greenhouse gas and aerosol emissions, lower air pollution due to lockdowns and travel time and transportation restrictions, the environment also suffered from the Covid-19 pandemic. The pandemic has caused significant increase in the amount of waste due to various reasons: the increase in single-use plastics and packaging for consumption; littering and hazardous waste caused by disposable face masks or protective equipment, etc.

For the Social Pillar, the pandemic has added more challenges in many dimensions, such as food security, nutritional status of low-income populations or the population who have lost income due to the instability of the economic pillar. Social Pillar also covers disruption to education, learning, teaching, because internet networks and technological connections are not equally accessible by all in these countries to facilitate remote schooling. The pandemic also causes loss of revenue and lay-offs, pressuring the formal labor to enter the informal sector; domestic violence and stress level also rise due to reduction and loss of income. A particularly important issue is the impact on migrant workers from CLMV countries (Cambodia, Laos, Malaysia, Vietnam) who are not only at risk of losing their income but also at contracting the virus, etc. The United Nations has reported that there are as many as





18 million informal workers in the Southeast Asian countries, ranging from the Philippines (5.4 million), Indonesia (2.9 million), Myanmar (2.6 million) and Vietnam (2.6 million).

Based on the 2019 data, it was indicated that informal workers played an important role in the economic system. There was as high as USD77 billion in repatriations to countries in Southeast Asia from this sector, constituting a major source of revenue in many countries. The World Bank predicts that migrants' remittances to East Asia and the Pacific could fall by 13 percent in 2020, reversing the progress made against poverty, health and education.

In summary, the Covid-19 pandemic crisis has led to “the deepest global recession” in many decades, as the World Bank has noted. It is considered to be the worst economic and human crisis ever. ESCAP has studied the impact on SDGs in Southeast Asia and found that countries in this region had not been on track to meet their Sustainable

Development Goals (SDGs) by 2030 when the Covid-19 pandemic hit in the beginning of 2020. That is, countries in Southeast Asia were still catching up with 15 goals and had fallen behind in 2 goals (Figure 1). It is important to note that, despite the strong growth in this region, inequality is also high while social protection remains low. There are also regression in the peace and justice aspect, worrying ecosystem damage, biodiversity loss, greenhouse gas emissions and emission of pollution and the issue of air quality.

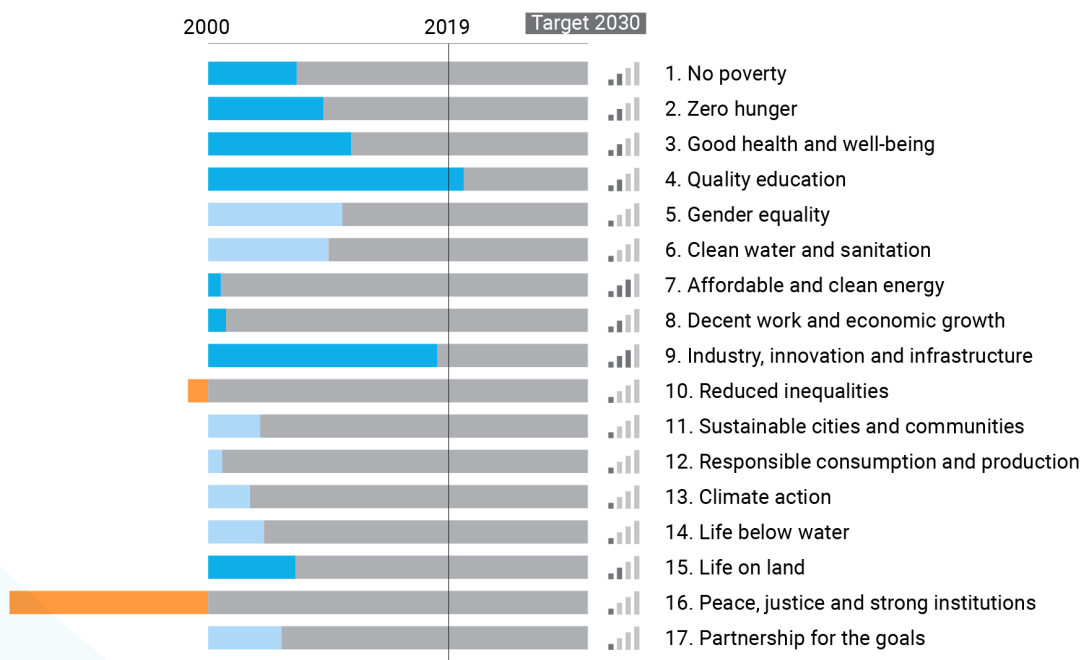


Figure 1: SDG Scorecard for South-East Asia (Source: ESCAP)



Meanwhile, the level of readiness for universal health services, according to the World Health Organization's International Health Service Coverage Index, has a median value of 61 out of 100. This suggests that more than half of the countries in the region, such as Myanmar, Cambodia, Indonesia, Laos PDR, the Philippines and Timor-Leste, etc., are at risk due to weak public health systems (Figure 2).

	Human development index (HDI)	Inequality-adjusted HDI (IHDI)	Inequality in HDI (percentage)	Physicians (per 10,000 people)	Nurses and midwives (per 10,000 people)	Hospital beds (per 10,000 people)	Health expenditure (% of GDP)	Mobile phone subscriptions (per 100 people)	Fixed broadband subscriptions (per 100 people)
	(index) 2018	(index) 2018	(percentage) 2018				2018	2017-2018	2017-2018
Singapore	0.935	0.896	13.3	23.1	72	24	4.5	145.7	28.0
Brunei Darussalam	0.845	---	---	17.7	46	27	2.3	131.4	11.5
Malaysia	0.804	---	---	15.1	41	19	3.8	134.5	8.6
Thailand	0.765	0.635	17.0	6.1	30	21	2.7	100.2	10.2
Philippines	0.712	0.582	18.2	12.8	2	10	4.4	110.1	3.7
Indonesia	0.707	0.583	17.5	2.8	21	12	2.1	119.8	3.2
Viet Nam	0.693	0.580	16.3	6.2	14	26	5.7	147.2	10.6
Timor-Leste	0.626	0.450	28.0	7.2	17	59	4.0	103.2	0.0
Laos People's Dem. Rep.	0.604	0.454	24.9	5.0	10	15	2.4	91.8	0.6
Myanmar	0.584	0.448	23.2	8.6	10	4	5.1	113.8	0.2
Cambodia	0.561	0.465	20.1	1.7	10	8	6.1	118.5	1.0

Source: Adapted from the Human Development Index.

Figure 2: Preparedness Dashboard of South-East Asian Countries for Covid-19  
(Source: Adapted from the Human Development Index)

In addition to such information, the United Nations Sustainable Development Solutions Network, together with Bertelsmann Stiftung and Cambridge University Press, had developed SDG Index Scores of each country. The Index Scores show the relative position between the worst and the best results of 166 countries (Figure 3), based on the 2020 SDG Dashboard (Figure 4).

Rank	Country	Score	Rank	Country	Score	Rank	Country	Score
1	Denmark	84.7	42	Spain	74.2	109	Japan	69.3
2	Denmark	84.6	44	Luxembourg	74.2	110	France	69.3
3	Finland	83.8	45	Switzerland	74.0	111	Belgium	69.2
4	Finland	81.1	46	Sweden	74.0	112	United Kingdom	69.1
5	Germany	80.8	47	Sweden	74.0	113	United Kingdom	69.1
6	Germany	80.8	48	China	73.9	114	Germany	69.0
7	Denmark	80.7	49	Poland	73.8	115	Denmark	68.9
8	Denmark	80.6	50	Portugal	73.8	116	Denmark	68.9
9	Denmark	80.6	51	Portugal	73.8	117	Denmark	68.9
10	Denmark	80.6	52	Portugal	73.8	118	Denmark	68.9
11	Denmark	80.6	53	Portugal	73.8	119	Denmark	68.9
12	Denmark	80.6	54	Portugal	73.8	120	Denmark	68.9
13	Denmark	80.6	55	Portugal	73.8	121	Denmark	68.9
14	Denmark	80.6	56	Portugal	73.8	122	Denmark	68.9
15	Denmark	80.6	57	Portugal	73.8	123	Denmark	68.9
16	Denmark	80.6	58	Portugal	73.8	124	Denmark	68.9
17	Denmark	80.6	59	Portugal	73.8	125	Denmark	68.9
18	Denmark	80.6	60	Portugal	73.8	126	Denmark	68.9
19	Denmark	80.6	61	Portugal	73.8	127	Denmark	68.9
20	Denmark	80.6	62	Portugal	73.8	128	Denmark	68.9
21	Denmark	80.6	63	Portugal	73.8	129	Denmark	68.9
22	Denmark	80.6	64	Portugal	73.8	130	Denmark	68.9
23	Denmark	80.6	65	Portugal	73.8	131	Denmark	68.9
24	Denmark	80.6	66	Portugal	73.8	132	Denmark	68.9
25	Denmark	80.6	67	Portugal	73.8	133	Denmark	68.9
26	Denmark	80.6	68	Portugal	73.8	134	Denmark	68.9
27	Denmark	80.6	69	Portugal	73.8	135	Denmark	68.9
28	Denmark	80.6	70	Portugal	73.8	136	Denmark	68.9
29	Denmark	80.6	71	Portugal	73.8	137	Denmark	68.9
30	Denmark	80.6	72	Portugal	73.8	138	Denmark	68.9
31	Denmark	80.6	73	Portugal	73.8	139	Denmark	68.9
32	Denmark	80.6	74	Portugal	73.8	140	Denmark	68.9
33	Denmark	80.6	75	Portugal	73.8	141	Denmark	68.9
34	Denmark	80.6	76	Portugal	73.8	142	Denmark	68.9
35	Denmark	80.6	77	Portugal	73.8	143	Denmark	68.9
36	Denmark	80.6	78	Portugal	73.8	144	Denmark	68.9
37	Denmark	80.6	79	Portugal	73.8	145	Denmark	68.9
38	Denmark	80.6	80	Portugal	73.8	146	Denmark	68.9
39	Denmark	80.6	81	Portugal	73.8	147	Denmark	68.9
40	Denmark	80.6	82	Portugal	73.8	148	Denmark	68.9
41	Denmark	80.6	83	Portugal	73.8	149	Denmark	68.9
42	Denmark	80.6	84	Portugal	73.8	150	Denmark	68.9
43	Denmark	80.6	85	Portugal	73.8	151	Denmark	68.9
44	Denmark	80.6	86	Portugal	73.8	152	Denmark	68.9
45	Denmark	80.6	87	Portugal	73.8	153	Denmark	68.9
46	Denmark	80.6	88	Portugal	73.8	154	Denmark	68.9
47	Denmark	80.6	89	Portugal	73.8	155	Denmark	68.9
48	Denmark	80.6	90	Portugal	73.8	156	Denmark	68.9
49	Denmark	80.6	91	Portugal	73.8	157	Denmark	68.9
50	Denmark	80.6	92	Portugal	73.8	158	Denmark	68.9
51	Denmark	80.6	93	Portugal	73.8	159	Denmark	68.9
52	Denmark	80.6	94	Portugal	73.8	160	Denmark	68.9
53	Denmark	80.6	95	Portugal	73.8	161	Denmark	68.9
54	Denmark	80.6	96	Portugal	73.8	162	Denmark	68.9
55	Denmark	80.6	97	Portugal	73.8	163	Denmark	68.9
56	Denmark	80.6	98	Portugal	73.8	164	Denmark	68.9
57	Denmark	80.6	99	Portugal	73.8	165	Denmark	68.9
58	Denmark	80.6	100	Portugal	73.8	166	Denmark	68.9
59	Denmark	80.6	101	Portugal	73.8	167	Denmark	68.9
60	Denmark	80.6	102	Portugal	73.8	168	Denmark	68.9
61	Denmark	80.6	103	Portugal	73.8	169	Denmark	68.9
62	Denmark	80.6	104	Portugal	73.8	170	Denmark	68.9
63	Denmark	80.6	105	Portugal	73.8	171	Denmark	68.9
64	Denmark	80.6	106	Portugal	73.8	172	Denmark	68.9
65	Denmark	80.6	107	Portugal	73.8	173	Denmark	68.9
66	Denmark	80.6	108	Portugal	73.8	174	Denmark	68.9
67	Denmark	80.6	109	Portugal	73.8	175	Denmark	68.9
68	Denmark	80.6	110	Portugal	73.8	176	Denmark	68.9
69	Denmark	80.6	111	Portugal	73.8	177	Denmark	68.9
70	Denmark	80.6	112	Portugal	73.8	178	Denmark	68.9
71	Denmark	80.6	113	Portugal	73.8	179	Denmark	68.9
72	Denmark	80.6	114	Portugal	73.8	180	Denmark	68.9
73	Denmark	80.6	115	Portugal	73.8	181	Denmark	68.9
74	Denmark	80.6	116	Portugal	73.8	182	Denmark	68.9
75	Denmark	80.6	117	Portugal	73.8	183	Denmark	68.9
76	Denmark	80.6	118	Portugal	73.8	184	Denmark	68.9
77	Denmark	80.6	119	Portugal	73.8	185	Denmark	68.9
78	Denmark	80.6	120	Portugal	73.8	186	Denmark	68.9
79	Denmark	80.6	121	Portugal	73.8	187	Denmark	68.9
80	Denmark	80.6	122	Portugal	73.8	188	Denmark	68.9
81	Denmark	80.6	123	Portugal	73.8	189	Denmark	68.9
82	Denmark	80.6	124	Portugal	73.8	190	Denmark	68.9
83	Denmark	80.6	125	Portugal	73.8	191	Denmark	68.9
84	Denmark	80.6	126	Portugal	73.8	192	Denmark	68.9
85	Denmark	80.6	127	Portugal	73.8	193	Denmark	68.9
86	Denmark	80.6	128	Portugal	73.8	194	Denmark	68.9
87	Denmark	80.6	129	Portugal	73.8	195	Denmark	68.9
88	Denmark	80.6	130	Portugal	73.8	196	Denmark	68.9
89	Denmark	80.6	131	Portugal	73.8	197	Denmark	68.9
90	Denmark	80.6	132	Portugal	73.8	198	Denmark	68.9
91	Denmark	80.6	133	Portugal	73.8	199	Denmark	68.9
92	Denmark	80.6	134	Portugal	73.8	200	Denmark	68.9
93	Denmark	80.6	135	Portugal	73.8	201	Denmark	68.9
94	Denmark	80.6	136	Portugal	73.8	202	Denmark	68.9
95	Denmark	80.6	137	Portugal	73.8	203	Denmark	68.9
96	Denmark	80.6	138	Portugal	73.8	204	Denmark	68.9
97	Denmark	80.6	139	Portugal	73.8	205	Denmark	68.9
98	Denmark	80.6	140	Portugal	73.8	206	Denmark	68.9
99	Denmark	80.6	141	Portugal	73.8	207	Denmark	68.9
100	Denmark	80.6	142	Portugal	73.8	208	Denmark	68.9
101	Denmark	80.6	143	Portugal	73.8	209	Denmark	68.9
102	Denmark	80.6	144	Portugal	73.8	210	Denmark	68.9
103	Denmark	80.6	145	Portugal	73.8	211	Denmark	68.9
104	Denmark	80.6	146	Portugal	73.8	212	Denmark	68.9
105	Denmark	80.6	147	Portugal	73.8	213	Denmark	68.9
106	Denmark	80.6	148	Portugal	73.8	214	Denmark	68.9
107	Denmark	80.6	149	Portugal	73.8	215	Denmark	68.9
108	Denmark	80.6	150	Portugal	73.8	216	Denmark	68.9
109	Denmark	80.6	151	Portugal	73.8	217	Denmark	68.9
110	Denmark	80.6	152	Portugal	73.8	218	Denmark	68.9
111	Denmark	80.6	153	Portugal	73.8	219	Denmark	68.9
112	Denmark	80.6	154	Portugal	73.8	220	Denmark	68.9
113	Denmark	80.6	155	Portugal	73.8	221	Denmark	68.9
114	Denmark	80.6	156	Portugal	73.8	222	Denmark	68.9
115	Denmark	80.6	157	Portugal	73.8	223	Denmark	68.9
116	Denmark	80.6	158	Portugal	73.8	224	Denmark	68.9
117	Denmark	80.6	159	Portugal	73.8	225	Denmark	68.9
118	Denmark	80.6	160	Portugal	73.8	226	Denmark	68.9
119	Denmark	80.6	161	Portugal	73.8	227	Denmark	68.9
120	Denmark	80.6	162	Portugal	73.8	228	Denmark	68.9
121	Denmark	80.6	163	Portugal	73.8	229	Denmark	68.9
122	Denmark	80.6	164	Portugal	73.8	230	Denmark	68.9
123	Denmark	80.6	165	Portugal	73.8	231	Denmark	68.9
124	Denmark	80.6	166	Portugal	73.8	232	Denmark	68.9
125	Denmark	80.6	167	Portugal	73.8	233	Denmark	68.9
126	Denmark	80.6	168	Portugal	73.8	234	Denmark	68.9
127	Denmark	80.6	169	Portugal	73.8	235	Denmark	68.9
128	Denmark	80.6	170	Portugal	73.8	236	Denmark	68.9
129	Denmark	80.6	171	Portugal	73.8	237	Denmark	68.9
130	Denmark	80.6	172	Portugal	73.8	238	Denmark	68.9
131	Denmark	80.6	173	Portugal	73.8	239	Denmark	68.9
132	Denmark	80.6	174	Portugal	73.8	240	Denmark	68.9
133	Denmark	80.6	175	Portugal	73.8	241	Denmark	68.9
134	Denmark	80.6	176	Portugal	73.8	242	Denmark	68.9
135	Denmark	80.6	177	Portugal	73.8	243	Denmark	68.9
136	Denmark	80.6	178	Portugal	73.8	244	Denmark	68.9
137	Denmark	80.6	179	Portugal	73.8	245	Denmark	68.9
138	Denmark	80.6	180	Portugal	73.8	246	Denmark	68.9
139	Denmark	80.6	181	Portugal	73.8	247	Denmark	68.9
140	Denmark	80.6	182	Portugal	73.8	248	Denmark	68.9
141	Denmark	80.6	183	Portugal	73.8	249	Denmark	68.9
142	Denmark	80.6	184	Portugal	73.8	250	Denmark	68.9
143	Denmark	80.6	185	Portugal	73.8	251	Denmark	68.9
144	Denmark	80.6	186	Portugal	73.8	252	Denmark	68.9
145	Denmark	80.6	187	Portugal	73.8	253	Denmark	68.9
146	Denmark	80.6	188	Portugal	73.8	254	Denmark	68.9
147	Denmark	80.6	189	Portugal	73.8	255	Denmark	68.9
148	Denmark	80.6	190	Portugal	73.8	256	Denmark	68.9
149	Denmark	80.6	191	Portugal	73.8	257	Denmark	68.9
150	Denmark	80.6	192	Portugal	73.8	258	Denmark	68.9
151	Denmark	80.6	193	Portugal	73.8	259	Denmark	68.9
152	Denmark	80.6	194	Portugal	73.8	260	Denmark	68.9
153	Denmark	80.6	195	Portugal	73.8	261	Denmark	68.9
154	Denmark	80.6	196	Portugal	73.8	262	Denmark	68.9
155	Denmark	80.6	197	Portugal	73.8	263	Denmark	68.9
156	Denmark	80.6	198	Portugal	73.8	264	Denmark	68.9
157	Denmark	80.6	199	Portugal	73.8	265	Denmark	68.9
158	Denmark	80.6	200	Portugal	73.8	266	Denmark	68.9
159	Denmark	80.6	201	Portugal	73.8	267	Denmark	68.9
160	Denmark	80.6	202	Portugal	73.8	268	Denmark	68.9
161	Denmark	80.6	203	Portugal	73.8	269	Denmark	68.9
162	Denmark	80.6	204	Portugal	73.8	270	Denmark	68.9
163	Denmark	80.6	205	Portugal	73.8	271	Denmark	68.9
164	Denmark	80.6	206	Portugal	73.8	272	Denmark	68.9
165	Denmark	80.6	207					

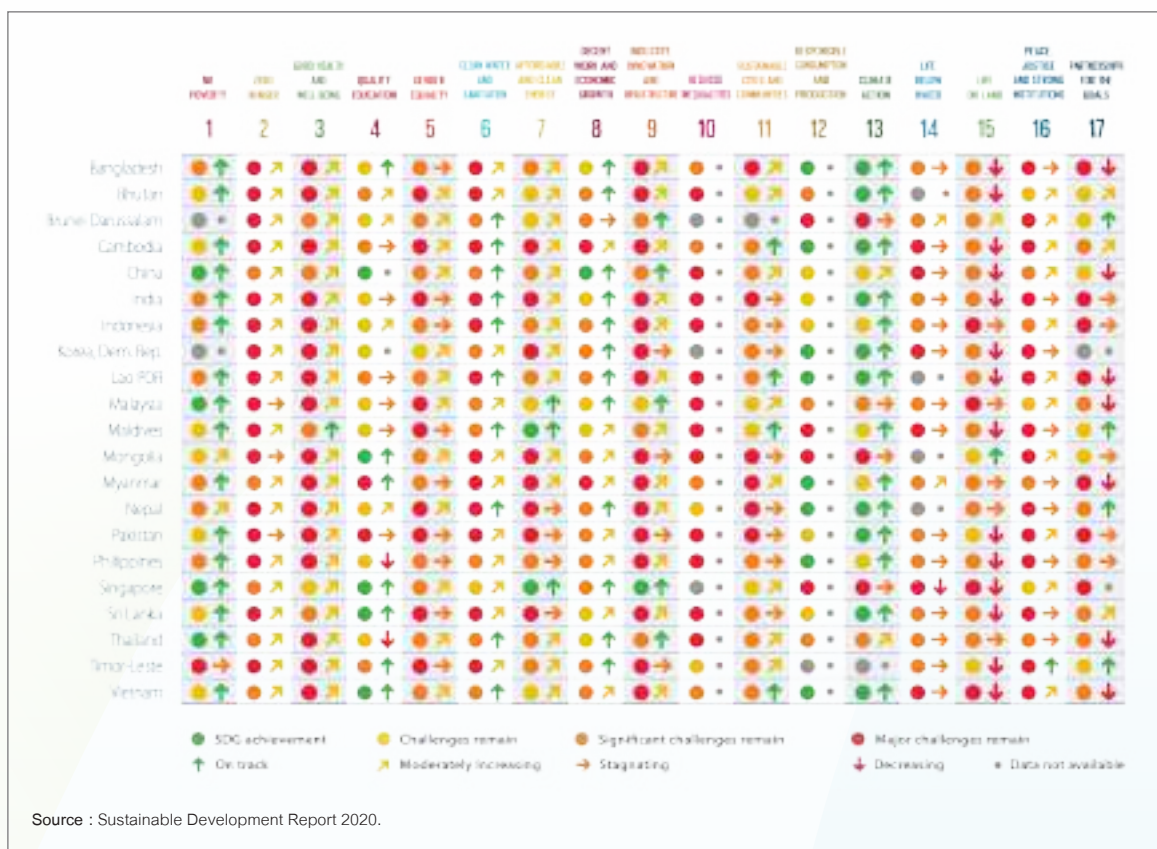


Figure 4: 2020 SDG Index Levels and Trends for East, South and Southeast Asia

## Way Forward

Since the start have not gone according to the initial conditions due to the turning point posed by Covid-19 pandemic, the question of the way forward towards the accomplishment of the 2030 Agenda and 2025 ASEAN Community Vision remain unanswered.

Moving towards the original goal by following the original, or even adjusted, timeline is a challenging topic to be discussed. The path will be even more complex if the entire paradigm is to be reviewed, taking into consideration the complexity, uncertainty, and contingency. The Covid-19 pandemic is the unforeseen phenomenon, its impact has also affected the Sustainability Pillars which are supported by the now unstable Economic Pillar, Environmental Pillar and Social Pillar.

## Proposal #1: Regional Cooperation for Regional Strength and Sustainability

Dr.Suparak Suriyankietkaew and Dr.Suthep Nimsai, lecturers at the College of Management, Mahidol University, had studied the impact of Covid-19 on sustainable strategies for the recovery in Asia. The study was published in June 2021 under the title “Covid-19 Impacts and Sustainability Strategies for Regional Recovery in Southeast Asia: Challenges and Opportunities”<sup>2</sup>. Interesting guidelines can be concluded from the study, as follows:

1 **Seeking New Opportunities for Cooperative Regional Sustainability Development:** This means encouraging foreign direct investment (FDI) or investment by multi-national corporation in the ASEAN Region. The goal of which is to develop strategic collaboration in high potential markets such as electronic vehicles (EV) or the production of healthcare-related products.

2 **Fostering a Cooperative Intra-ASEAN trade Strategy:** This means working together to eliminate trade barriers and build strong supply chains in the region in potential industries, including clothing, machinery, and electronics.

3 **Building ASEAN-BCG Strategy toward ASEAN Green Economy:** This means an alternative, innovative sustainable business model that is consistent with the global trend towards the development of the Bio, Circular, and Green Economy. The approach is suitable for ASEAN, as the region with high biodiversity. This development approach will also alleviate poverty and inequality of farmers based on the diverse biological economic products ranging from biochemicals, biochemistry, food, animal feed, and etc.

4 **Enabling Public–Private–People (PPP) Partnership:** This means working together across agencies in the region to increase the efficiency of pool resources and empower collaboration and create synergy with diverse multi-lateral parties from the public and private sectors for future transformations.



Dr.Suparak and Dr.Suthep presented a diagram linking the proposal to the following sustainability pillars and sustainability strategies (Figure 5).

UN SDG		ASEAN Complementarities Roadmap				
		Priority 1	Priority 2	Priority 3	Priority 4	Priority 5
		Poverty eradication	Infrastructure and connectivity	Sustainable management of natural resources	Sustainable consumption and production	Resilience
1	No poverty					
2	Zero hunger					
3	Good health and well-being					
4	Quality education					
5	Gender equality					
6	Clean water and sanitation					
7	Affordable and clean energy					
8	Decent work and economic growth					
9	Industry, innovation and infrastructure					
10	Reduce inequalities					
11	Sustainable cities and communities					
12	Responsible consumption and production					
13	Climate action					
14	Life below water					
15	Life on land					
16	Peace and justice					
17	Partnerships for the goals					

Figure 5: Strategic links toward harmonizing regional and global sustainability agendas (i.e., ASEAN Complementarities Roadmap and UN SDGS for Sustainable Development)

The proposals of Dr.Suparak and Dr.Suthep, there are 5 important priorities defined as follows:

- No. 1: **Poverty Eradication** – It is apparent that the Covid-19 pandemic has a significant and direct impact on the lack of income of formal and informal workers. The proposal is consistent with a UN analysis <sup>3</sup> which estimates that approximately 61 million people in Southeast Asia are living in malnourished state and this number will increase significantly post-Covid-19. Lockdown and physical distancing measures most disproportionately affected the vulnerable population and informal workers. They are forced to be more dependent on high-priced supermarkets and officially registered markets than informal traders. Even though the food supply may remain adequate, the ability of the poor to purchase diverse and nutritious foods is limited. This urgent issue is categorized under SDG1-10.
- No. 2: **Infrastructure and Connectivity** - Covid-19 pandemic is a catalyst for digital transformation and greater demand for infrastructure and connectivity. This issue is related to SDG6-11.



- **No. 3: Sustainable Management and Natural Resources** - The Covid-19 pandemic has forced everyone to stay at home. The same is applicable for workers in charge of natural resources conservation. This can mean that environmentally illegal activity and violation of conservation areas may go undetected. The balance to life underwater and on land may be disturbed due to the lack of surveillance. This urgent issue is related to SDG6 and SDG12-15.
- **No. 4: Sustainable Consumption and Production** - Strict lockdown measures affect the consumption and disposal of medical waste, infectious waste, and waste generated by over-consumption. These are problems of unsustainable consumption and inappropriate use of resources. This urgent issue is related to SDG2 and SDG12-15.
- **No. 5: Resilience** - ASEAN Complementarities Roadmap identifies the importance of resilience in its vision and perspective of the future as “**a resilient community with enhanced capacity and capability to adapt and respond to social and economic vulnerabilities, disasters, climate change as well as emerging threats and challenges**”. To promote this approach, the ASEAN Community must focus on people-centered values and principles. Capacity building of the people shall be arranged for adaptation and resilience purposes. People shall be connected to quality education. This urgent issue is related to SDG1-2, SDG4 and SDG16-17.







## Proposal #2: SDG Bonds

The Asian Development Bank (ADB)<sup>4</sup> says that the Covid-19 pandemic has challenged the UN 2030 Vision, which has been labeled as the global blueprint to “**Eradicate Poverty, Protect our Planet and Ensure Prosperity**”. The pandemic also exposes the lack of access to education, clean water, sanitation targets, and inadequate food security.

ADB proposed the establishment of SDG bonds which can be the necessary funding mechanism, enabling the accomplishment of sustainable development in Asia. ADB is of the opinion that SDG bonds can mobilize the finance needed to accelerate SDGs and they can also provide the opportunity to monitor the progress of SDGs as a whole.

SDG bonds can be both “**Enabler**” and “**Enforcer**” to provide countries with real progress in the journey towards the 2030 Vision.



“At the very core of sustainability is a comprehensive consideration of long-term impacts, paving the way for a thriving economy, society, and environment.”

**Quote : Mr.Sethaput Suthiwartnarueput**  
Governor Bank of Thailand

# Bank of Thailand

## 30<sup>th</sup> July 2021

Mr. Sethaput Suthiwartnarueput  
Governor Bank of Thailand



Major global economies have embraced sustainability considerations, covering Environment, Social, and Governance (ESG) issues, as part of the global agenda, and have joined forces in setting ambitious targets to include ESG in their economic restructuring. Alongside this trajectory, Thailand has adopted the United Nations' 2030 Agenda for Sustainable Development (consisting of the 17 Sustainable Development Goals: SDGs), and committed to the Paris Agreement to advance its response to the threat of climate change.

As the supervisor of financial institutions tasked with maintaining economic stability, the Bank of Thailand (BOT) is committed to achieving sustainable and inclusive economic development for all, as reflected by our three-year Strategic Plan (2020-2022). The BOT firmly believes that at the very core of sustainability is a comprehensive consideration of long-term impacts, paving the way for a thriving economy, society, and environment.

### Enriching the Environment

As financial intermediaries, the financial sector mobilizes funding to the real economy, through allocating and raising funds, innovating financial products and services, and financial investments. Therefore, the financial sector is uniquely positioned to promote the environmental agenda and mitigate the financial risks stemming from environmental degradation, particularly climate change.

Across Thailand's financial sector, the BOT, together with the Working Group on Sustainable Finance (WG-SF) consisting of the Fiscal Policy Office, the Office of Insurance Commission, the Securities and Exchange Commission, and the Stock Exchange of Thailand, has conducted a study on Sustainable Finance Initiatives for Thailand (the Initiatives). Serving as a crucial foundation for steering the direction of future policy, the Initiatives aim to create a fertile sustainable finance ecosystem to accelerate the real economy's transition towards sustainability and effectively manage financial risks stemming from ESG factors. Additionally, the WG-SF is developing a national taxonomy, a common definition and classification system of economic activities deemed as environmentally-sustainable, to encourage innovative financial products and services, attracting funding towards the achievement of Thailand's environmental goals.

Within the banking sector, the BOT recognizes that environmental considerations are key factors to be internalized into banking operations, notably through the hands-on implementation of "sustainable banking" principles. For instance, in assessing project finance, commercial banks should engage with relevant stakeholders, particularly the environmental experts, to thoroughly assess its environmental impacts and ensure compliance with relevant environmental standards. Not only would this enhance the banks' own risk management, it enriches a culture whereby long-term value creation is prioritized over mere short-term profit maximization.





It enriches a culture whereby long-term value creation is prioritized over mere short-term profit maximization.

### Elevating the Society

Socioeconomic vulnerabilities stemming from issues such as household debt and financial illiteracy, are key impediments to sustainable development. Embarking on the pursuit of long-term economic well-being for the Thai population, the BOT actively engages the banking sector in enhancing access to and quality of financial services, particularly for the most vulnerable.

To resolve household debt issues, the BOT continuously revises relevant measures and closely monitors the lending practices of the supervised financial institutions to ensure responsible lending and improvement of economic well-being. Additionally, the BOT launched “**Debt Clinic**”<sup>1</sup> to provide customized advisory services on debt restructuring, and instill financial discipline in individual debtors.

During the Covid-19 pandemic, the BOT introduced measures to alleviate the financial burden of both small and medium-sized enterprises (SMEs), a primary source of employment and the backbone of the Thai economy, and individual debtors. These include a loan payment holiday, soft loans, and the launch of Debt Restructuring for Businesses (DR Biz) Program, along with the Debt Mediation Fair.



Going forward, the BOT intends to continue easing the socioeconomic vulnerabilities of Thai households by strengthening the regulations on market conduct, and equipping the Thai population with sufficient financial and digital literacy.

### Enforcing Good Governance

Governance issues, notably violation of the rule of law in legal enforcement and corruption, erode public trust – the very basis upon which the banking sector operates.

Striving to build and preserve public trust, the BOT upholds sufficient and appropriate central bank governance in line with international standards. These include performing our duties with

<sup>1</sup> In collaboration with Sukhumvit Asset Management Co. Ltd. (SAM), the Thai Bankers' Association (TBA), the Association of International Banks (AIB), and the National Credit Bureau (NCB)



integrity, emphasizing outcome-oriented policies and measures, conducting regulatory impact assessment which takes into account comprehensive stakeholder engagement, and being committed to open and transparent communication.

To further strengthen credibility and proactively mitigate systemic risks, the BOT supervises the overall governance of the banking sector. This involves placing a strong emphasis on the roles of directors and executives. For instance, in addition to possessing the required professional qualifications, top-ranking executives shall adhere to integrity, fairness, and ethical standards. Moreover, the BOT advocates the Thai Bankers' Association's implementation of the Banking Industry Code of Conduct and anti-corruption practices to enhance accountability in the business undertakings of the Thai banking sector. These

key competencies lay a vital foundation for reinforcing public trust and the credibility of the banking sector committed to providing fair financial services.

Despite the challenging tasks sustainability poses to public policymakers, the BOT firmly believes that sustainable development is the key to achieving its missions of fostering the safety and soundness of the Thai economy. Only through collectively enriching the environment, elevating the society, and enforcing good governance, will we be able to unlock the full potential brought about by a Sustainable Thailand.





“SEC devotes constant efforts to develop a conducive ecosystem for a sustainable capital market in Thailand. We also facilitate effective fundraising for companies and business activities that integrate ESG, respect for human rights and climate change into their operation. This, hence, will build resilience and enable competitiveness for future sustainable growth of the Thai economy, and successful compliance with the 20-year National Strategy and the UN Sustainable Development Goals (SDGs).”

**Quote : Ms.Ruenvadee Suwanmongkol**

Secretary – General, Securities and Exchange Commission



# A Way towards a Sustainable Capital Market

Ms.Ruenvadee Suwanmongkol

Secretary-General, Securities and Exchange Commission

The unanticipated spread of COVID-19 has socioeconomic impacts that no one could have foreseen. The pandemic has urged humankind to reconsider our way of life and implement mitigation strategies to deal with potential risks in the future. After all, climate change has been known to be the biggest potential risk so far. As science demands, we need to achieve our net-zero GHG emission by 2050 or sooner in order to limit global warming to 1.5 degrees Celsius. This is an ambitious goal in this exceptional time. To achieve our goal, green financing and climate change target are in the spotlight for the upcoming green recovery. Eventually, we need to join hands to combat urgent climate crisis and build a resilient infrastructure for future generations.

Over the years, SEC has advanced towards a more sustainable capital market with engagement from capital market players and other stakeholders. As capital market regulator, we devote ourselves to constantly promoting a conducive ecosystem for an efficient and inclusive capital market in this fast-changing economic context and urgency of climate crisis. In recent years, SEC has introduced new green financial instruments to support sustainable capital allocation in Thailand while protecting investors from unintended risks and facilitating issuers' fundraising. In response to local and global demands, we also revise annual reporting to exalt non-financial reporting standard by including environment and social issues, called 56-1 One Report.

A way towards a sustainable future demands enormous capital investment and stakeholders' engagement. SEC will continue to bolster social integration and to facilitate capital allocation to support companies and economic activities that incorporate Environmental, Social and Governance factors (hereafter referred to as ESG) into their operations. The ecosystem we have created will serve as a solid foundation for increasing economic competitiveness and sustainable growth of the overall economy.

*"A way towards a sustainable future demands enormous capital investment and stakeholders' engagement. SEC will continue to bolster social integration and to facilitate capital allocation to support companies and economic activities that incorporate Environmental, Social and Governance (ESG) factors into their operations."*



## ESG Trends and Integration

Sustainability is mainstream and ESG is the beating heart driving the sustainability objectives. For our long-term vision regained after the pandemic, ESG is more important than ever and gains traction in global policy discussion. These days, businesses across the globe widely recognize it as a new opportunity and a significant economic advantage. ESG is promising because businesses can optimise this new opportunity while making social contribution at the same time.



In 2020, ESG funds tended to outperform non-ESG funds. This indicates that modern investors give more attention to sustainability agenda. Schroders Global Investor Study 2020<sup>1</sup> also supports that almost half of the 23,000 survey participants from 32 countries, including Thailand, give more weight to sustainable aspects than higher returns. This is because the sustainability-focused funds have wider environmental impacts and the ability to do good is greater than the likelihood of making higher profits. According to CNBC, after a record inflow of Q1/2021, sustainability-focused funds attracted nearly \$2 trillion assets under management of ESG funds. Global trend in climate change might push it even further this year. In a comparative study, the return of companies integrating ESG is less affected by the impact of COVID-19 compared to companies that do not consider ESG<sup>2</sup>.

For Thailand, fundraising (both equity and debt) that takes into account sustainable development issues continues on the upward trend, and 22 listed companies were among the 100 international peers selected for the Dow Jones Sustainability Emerging Markets Index (DJSI EM) in 2020, the highest number in ASEAN countries for 7 consecutive years. In 2021, S&P Global also regards 11 Thai listed companies as Gold Class sustainable security, the largest number worldwide.

In terms of transparency, more and more supervisory authorities in many countries are likely to propose mandatory climate-related disclosure. This will improve quality and quantity of ESG data available whereas the greenwashing issue is still on the ground.

“ESG is promising because businesses can optimise this new opportunity while making social contribution at the same time.”



SEC is fully aware that business as usual is not enough. Hence, we reinvigorate ESG principles into our operations and supervisory policies. We have become the first carbon neutral office in Thailand certified by Thai Greenhouse Gas Organization (TGO). We also successfully implemented several projects to reduce wastes and GHGs. Meanwhile, we extend the outcome to nearby organizations and listed companies, relying upon three means below:

1. self-discipline
2. market force
3. regulatory discipline

To encourage and raise awareness of listed companies, SEC intends to mainly focus on self-discipline and market force. The regulatory discipline, on the other hand, will be applied only where necessary. In the self-discipline aspect, SEC establishes One Report microsite<sup>3</sup> to be a source of comprehensive and structural knowledge while capacity building programmes and seminars are provided on a regular basis. Manual and guidance

- 1 Referring to Global Investor Study: The rise of the sustainable investor by Schroders.
- 2 Comparing return of sustainable index and SET50 index from 1 January 2020 – 18 June 2021 reveals that
  1. **THSI vs SET100** (01/01/2020 – 18/06/2564)  
THSI = +2.75% vs SET100 = -4.33%  
Return of THSI is higher than SET 100 accounting for 7.08%.
  2. **DJSI vs SET50** (01/01/2020 – 18/06/2564)  
21 Thai companies in DJSI = -7.74% vs SET50 = -8.12%  
Return of 21 Thai companies in DJSI decrease lower than SET 50 by 0.38%.

are also available, such as CG Code Manual and Carbon Emission Guidance. For market force, SEC has introduced Investment Governance Code for Institutional Investors (I Code), to which 75 institutional investors have already signed the Declaration of Intent. SEC also values their respect for green and human rights actions, publishes their successes for public information, and arranges award ceremonies for excellent ESG companies. In this regard, market force plays a significant role in accelerating industry peers to collectively achieve a greener economy.

From our experiences, the role of board of management (tone from the top) is indispensable in motivating staff engagement whereas staff engagement is the key to truly achieve sustainability transition. Eventually, we deploy tone from the top in focusing on raising awareness of the executive level in order to effectively promote organizational policy outcome and subsequent implementation. This successive change in integrating ESG into their business practices will serve as a foundation for sustainable growth.

**The role of board of management (tone from the top) is indispensable in motivating staff engagement whereas staff engagement is the key to truly achieve sustainability transition.**

## 56-1 One Report

With so much money flowing into sustainability-focused fundraising, it shows investors' desire to be a part of a greener economy. SEC also considers investors' demand on high quality ESG information. In 2019, SEC revised the annual information disclosure of listed companies, namely 56-1 One Report, to enhance the quality of information disclosure of both issuers and listed companies on the Stock Exchange of Thailand (SET), requiring businesses to operate with responsibility on environmental, social, and governance dimensions. In addition, consideration on human rights and reduction of carbon emission can be disclosed in this report as well.

56-1 One Report will come into effect in 2022 but early adoption is welcome. It combines Form 56-1 and Form 56-2 in compliance with the requirements of SEC and the Department of Business Development, Ministry of Commerce in which One Report can reduce the reporting burden of listed companies. In addition, SEC and SET will provide a platform for investors to access ESG information more easily. Also, SEC grants an annual fee exemption to listed companies equally to the GHGs emission verifying fees for the period of 2020-2022.

In the past, SEC cooperated with other related organizations such as SET and Market for Alternative Investment (mai) in conducting knowledge sharing sessions for listed companies, especially small and medium-sized ones, to gain knowledge and understanding of the ESG concept through the shared experiences of large companies. Apart from this, SEC and TGO organized knowledge sharing sessions for business sectors and published a manual for greenhouse gas emissions.

SEC also recognizes the importance of human rights issues, as exemplified in the signing of an MOU with the National Human Rights Commission (NHRC) on 31 May 2019 to designate cooperation for listed companies' adoption of United Nations Guiding Principles on Business and Human Rights (UNGPs).

In addition, SEC, as one of the organizations assigned to the mission under the National Action Plan on Business and Human Rights, Phase 1 (2019 - 2022) (NAP Plan), has been appointed to a working group for preparation of training courses on "Business and Human Rights for Businesses in the Thai Capital Market", with representatives from public sector, business sector, academic sector, United Nations Development Programme (UNDP) and Global Compact Network Thailand (GCNT). The working group has agreed to have the Faculty of Law, Chulalongkorn University, provide training courses and tools that are standardized according to the UNGPs principle. This is to enable businesses in the Thai capital market to operate with respect for human rights and disclose the progress thereof in 56-1 One Report.

**“169”**

is the number of listed  
companies early adopt  
56-1 One Report  
in 2021.

It is a crucial breakthrough for us to uplift the non-financial information disclosure standard in Thailand and become a pioneer amongst ASEAN countries. This higher reporting standard can raise awareness of listed companies about their risks and responsibilities. Also, ESG disclosure can improve listed companies' product visibility internationally and present an opportunity to attract foreign investment. SEC encourages listed companies to apply the reporting standard accepted by worldwide investors, especially institutional investors and vendors, as well as other stakeholders. It will further increase their appearance and recognition in the international market.

Besides, SEC has announced our support to Task Force on Climate-Related Financial Disclosures (TCFD). In this aspect, we also cooperate with the UK Foreign & Commonwealth Office to provide workshops and capacity building programmes on climate risks disclosure to assist fundraisers in their efforts to perceive its importance and support growth of green products issuing.

## Institutional Investors

Institutional investors manage the biggest source of funding and play a crucial role in sustainability agenda. Financial institutions, asset management companies, provident funds and Government Pension Fund (GPF) can directly contribute to effective fund allocation to eco-friendly business activities and sustainability fundraising.

More than 3,000 institutional investors apply the Principles for Responsible Investment (UNPRI) and Principles for Responsible Banking (UNPRB) and the number is on the rise globally. SEC has also launched the I Code as a guideline for responsible and sustainable investment management for institutional investors. We encourage institutional investors to increase engagement with listed companies in which they have invested to ensure that such listed companies have progressively integrated ESG, human

rights, and climate change concepts into their business practices according to the I Code. At present, there are 75 I Code signatories managing around 10.4 trillion THB. In addition, 32 institutional investors led by the GPF, have announced their ESG collaborative engagement by signing the Negative List Guideline on 15 August 2019 to enhance responsible investment according to international standards. The remaining question is how huge the impact we can achieve when all institutional investors decide to integrate ESG into their decision-making processes. In this regard, SEC supports the Association of Investment Management Companies (AIMC)'s project which helps investors to access information on listed companies that take ESG into account when making investment decisions. The Thailand ESG Data Framework Project is especially useful and suitable for the context of Thailand in alignment with international standards.

## Sustainability Financial Instruments

The terms, “green finance”, “impact investment”, “responsible investment”, and “sustainable investment” are frequently mentioned by worldwide investors. In principle, these financial instruments will drive capital allocation to economic activities considering ESG aspects.

SEC has played an important role in promoting sustainable finance and has identified sustainability as one of the components of SEC's Strategic Plan. Together with public and private sectors, SEC has formulated clear policies with the Sustainable Finance Roadmap towards a Sustainable Capital Market, to accommodate eco-friendly businesses and ESG fundraising. In this regard, SEC takes all six components into account, i.e., demand-side (fundraiser), supply-side (investor), fundraising tools, external reviewer, information platform and cooperation with all sectors.

These are the supports for fundraisers which include disclosing information through 56-1 One Report and launching of rules and regulations to support green financial instruments, such as Green Bonds, Social Bonds, Sustainability Bonds, and Carbon Funds. Moreover, SEC is preparing to provide more investment and fundraising options in the Thai capital market with respect to sustainability agenda, including Sustainability-linked Bonds and Socially Responsible Investment Funds. These tools will help reinforce the usability and the importance of the climate-related disclosure. To ease the burden and play a proactive role in promoting sustainability financial instruments, SEC also grants a filing exemption for the issuance of ESG Bonds.







From our experiences, the role of board of management (tone from the top) is indispensable in motivating staff engagement whereas Staff engagement is the key to truly achieve sustainability transition.

Bank, United Nations and international capital markets, and also joins working groups under the ASEAN Capital Markets Forum (ACMF). The cooperation is not limited to research and technical assistance and covers engagement in capacity building and legal framework enhancement. This will increase the value and recognition of the Thai capital market amongst global investors. In the domestic aspect, we also have cooperation with public sector and several organizations, such as TGO, GCNT and academic institutions to support the integration of ESG into business practices.

SEC is committed to strengthening our cooperation in both domestic and international levels on a continuing basis in order to achieve sustainability development goals. We request you to join hands to combat the root cause and build a sustainable environment for Thailand and future generations.

In addition, SEC and Thai Bond Market Association (Thai BMA) have created an information platform for sustainable instruments to promote visibility and recognition of issuers of such products. This platform will also become a channel for investors to access information on ESG aspects of the instruments more conveniently.

Also, SEC has supported the forming of the local reviewer for those ESG Bonds and encouraged the arrangement of the information platform on the ESG Bonds. The progress and success from building a sustainable ecosystem led to a leap growth for the bond market during the past year. Furthermore, this will result in a climate-resilience economy and a development of the overall economy.

### Sustainability Network and Connectivity

According to SEC Strategic Plan 2020 – 2022, sustainability agenda is one of our flagship strategies in accordance with the 20-Year National Strategy of Thailand and Bio-Circular-Green Economy (BCG) as well as SDGs. SEC has set out a policy to create a sustainable capital market and connectivity of financial services and products in the capital market to promote quality and collaborative growth. While building a network of ongoing connectivity at domestic, regional and global levels, SEC plays a proactive role by increasing its participation at all levels. Internationally, SEC has cooperation and collaboration with several organizations, such as Asian Development Bank, World





“SET will remain committed to sustainable development and strive to push the Thai capital market forward to benefit all relevant parties and drive Thailand’s economy towards a steady growth and resilience.”

**Quote : Dr.Pakorn Peetathawatchai**

President, The Stock Exchange of Thailand



# SET aims to develop the Thai capital market as a pathway towards the nation's sustainable and resilient future

Dr. Pakorn Peetathawatchai

President, The Stock Exchange of Thailand

Throughout the past nearly five decades, The Stock Exchange of Thailand (SET) has played a pivotal role as a fundraising hub for business operators to access capital for growth and as a key channel of saving and investing for the public. With commitment to sustainable development, SET has continued to develop the capital market to boost Thailand's economic growth while promoting financial well-being of Thai people at all levels and protecting the environment. In the meantime, SET takes part in contributing to the achievement of the sustainable development goals, which are critical agenda that require urgent actions at global level.

SET has been actively promoting financial literacy and building capabilities of social enterprises to create social impact and improve Thais' quality of life, as well as underlining the importance of environmental stewardship to save the planet. SET's key roles and achievements with direct outcome are in three main areas:

- **Financial literacy:** SET has long served as a financial knowledge center that promotes financial literacy for people at all levels to access financial and investment services in a fair and equitable manner. In doing so, SET fosters saving and investing habits among the general public by using a tailored approach for content creation and distribution through both online and offline channels to best fit target audiences, in alignment with the new learning model for the new normal. In 2020, a total of 2.44 million people from the working age population participated into Happy Money and Happy Retirement campaigns on financial planning for retirement while 1.12 million users visited Maruey Library and INVESTORY museum for learning and information searching.
- **Social impact:** SET has continued to support social enterprises through the SET Social Impact Platform by connecting experienced business experts in the capital market with social entrepreneurs for mentoring to develop their businesses to thrive

in today's dynamic business environment. Such efforts contribute to positive outcomes to society and continually promote impact investment. During 2016-2020, the economic value generated by the SET Social Impact Platform amounted to over THB116 million, benefiting approximately 100 social enterprises.

- **Climate Care Collaboration Platform:** SET initiated an innovative partnership platform to facilitate orchestrated efforts from stakeholders in public, private and social sectors in environmental management. The platform enables three flagship initiatives: Care the Whale on waste management, Care the Bear on greenhouse gas reduction and Care the Wild on reforestation. All three programs where SET has collaborated with over 100 partners have resulted in the reduction of greenhouse gas emissions by 12,323 tCO<sub>2</sub>e which equates to planting 1,369,274 large ten-year-old trees.

Apart from that, SET has played a supportive role to empower capital market stakeholders, including listed companies, investors and intermediaries, to pursue sustainable development. SET's roles and achievements with indirect outcome are in three main areas:

- **Corporate sustainability:** Since listed companies are becoming well aware of how to embrace sustainability and gain business competitive advantage, SET has supported listed firms in developing corporate sustainability strategy and setting “**tone at the top**” among board members and senior management as well as providing capacity-building programs, practical guidelines and advice on how to integrate environmental, social and governance (ESG) issues into day-to-day operations. Such efforts are aimed to assist companies to develop their ESG performance and disclosures to benefit investors in making informed decisions and boost confidence among other stakeholders.





Amidst future challenges, SET will remain committed to sustainable development and strive to push the Thai capital market forward to benefit all relevant parties and drive Thailand's economy towards a steady growth and resilience.

In an attempt to relieve impacts posed by the COVID-19 pandemic, SET has been providing listed companies, small and medium-sized firms in particular, with consulting services on ESG-related topics, including risk management, safety, health and environment (SHE), supply chain management, sales and marketing strategies for the social distancing economy, as well as strategic planning and revisiting business model to thrive in the new normal.

In addition, SET has managed to have third-party raters to annually conduct sustainability assessments for listed companies. In 2020, 625 listed companies, accounting for 90 percent of total market capitalization, were ranked "good" or higher, which are part of investible grade attributes, in the Corporate Governance Report (CGR) assessment. Meanwhile, 124 listed companies were qualified for Thailand Sustainability Investment (THSI) list, accounting for 69 percent of total market capitalization. In addition, Thai listed firms have been internationally recognized for outstanding sustainability performance. Seven Thai listed companies listed on Dow Jones Sustainability Indices (DJSI) were designated industry leaders among seven industry groups. Also, Thai listed companies outperformed their ASEAN peers, marking top inclusions in global sustainability benchmarks, such as DJSI, FTSE4Good, and MSCI ESG indices.

- **Sustainable investment:** To promote sustainable investment, SET has launched SETTHSI Index. At present, 77 listed companies were selected as constituents of the index, accounting for 60 percent of total market capitalization. Also, SET has partnered with global renowned ESG data providers and raters to disseminate Thai companies' ESG ratings, enabling investors to gain diverse perspectives in making informed decisions. Over 300,000 pageviews of listed firms' ESG ratings indicate that Thai investors are more keen on sustainable investing.





- **ESG data infrastructure:** In line with its policy to promote sustainable development through infrastructure and other capital market mechanisms, SET, in collaboration with the Securities and Exchange Commission, has continued to uplift sustainability disclosure practices among all listed companies. Moreover, SET is developing ESG Data Platform, a data-driven platform which uses digital technology to facilitate listed firms' sustainability disclosures and efficiently connect investors and intermediaries with sustainability data sets while reducing costs for the whole industry. This leads to more sustainable growth of investment inflow in the near future.

Amidst future challenges, SET will remain committed to sustainable development and strive to push the Thai capital market forward to benefit all relevant parties and drive Thailand's economy towards a steady growth and resilience. We strongly believe that the quality-driven growth for businesses will help strengthen the country's resilience and lead to improved standards of living for people, in line with SET's vision 'To Make the Capital Market "Work" for Everyone'.





“I am honored and pleased to join the GPF in its ESG initiative and witness its steady and systematic implementation. The first ESG milestone was laid down in 2019”

**Quote : Dr.Seree Nonthasoot**

**Board Member and Chair of the Sub-Committee  
on Corporate Governance of the GPF**

# ESG: A Compass for Businesses in the 21<sup>st</sup> Century

Dr.Seree Nonthasoot

Board Member and Chair of the Sub-Committee  
on Corporate Governance of the GPF



Within the first two decades of the 21<sup>st</sup> century, the ESG framework which represents a composite lens of environment, social and governance concerns has become a standard to consider and assess businesses and their operation. The framework has also transformed to a basic expectation of stakeholders on good and sustainable businesses. The increasing popularity of ESG framework coincides with other complementary and interconnected global principles, including the UN 2030 Agenda for Sustainable Development, the UN Guiding Principles on Business and Human Rights, the OECD Responsible Business Conduct principles, and the establishment of the Global Compact Network which is premised on human rights, labor, environment and anti-corruption agendas. The ESG framework and its related international principles all share the same objective and goal to promote and preserve human dignity and sustainable coexistence of human beings and the environment.

The GPF ranks as one of the biggest institutional investors in Thailand, with asset under its management exceeding one trillion Baht for the first time in 2020. Highest return used to be the key investment policy of the GPF and the GPF's sizable portfolio enhances reputation and credibility of its investment targets. Conversely, the GPF's decision to invest in companies with ESG

issues affects its own reputation and credibility. Integration of ESG framework in investment is thus an efficient risk management tool that helps realize long term return for the fund and its members. I am honored and pleased to join the GPF in its ESG initiative and witness its steady and systematic implementation. The first ESG milestone was laid down in 2019 with the setting up of ESG-focused fund to serve as a performance yardstick with its main portfolio. In 2020, the GPF marked a historic ESG moment when it led more than 30 institutional investors with a combined asset under management above 80 percent of the market to sign a collaborative agreement jointly to incorporate ESG in their investment policies. Most recently in 2021, the GPF successfully aligns its portfolio with ESG principles which are also used as a selection criterion for its fund managers.

There are further steps that the GPF should undertake to strengthen ESG integration. Firstly, corporate culture must be fostered. While ESG leadership at GPF is groundbreaking and commendable, conducive corporate culture will be a critical factor to ensure that ESG framework is internalized effectively. Secondly, ESG capacity building and enhancement of ESG alliances among listed companies, investors and asset owners such as state enterprises, as well as ESG networking at the regional and global levels will create a robust and viable ecosystem. Thirdly, the GPF can bolster the impact investment through synergizing and realigning its ESG strategies with national policies on sustainable development agenda such as climate change, gender equality and responsible consumption, or the Bio-Circulate-Green economic model. I am certain that with its strong commitment, the GPF will continue to be a leading ESG role model of the country and a sustainable investor for its members.



# SUSTAINABLE BANKING



# Sustainable Banking

Dr.Srikanya Yathip<sup>1</sup>

Secretary General, Government Pension Fund



Considering from a narrower perspective, “Sustainable Banking” is the approach whereby banks integrate the ESG criteria into their business operations. Such integration may be undertaken at many different levels. For example, sustainable banking may be embedded at the CSR level or at the management level as may be reflected by the organization’s green approach, green building construction and maintenance, the availability of human resources policy that protects and respects human rights pursuant to the principles of the United Nations or even in the transparent, traceable and non-discriminatory procurement system.

However, looking at a wider and deeper perspective, the principle of sustainable banking can be divided into 2 main elements. In this regard, the definition of the International Finance Corporation (IFC) can be referred to as complied by Mr. Rondol Numnon<sup>2</sup> from a report on “Banking for Sustainability” (UN, 2017):

**Part 1: Social and environmental risk management through determination of standard and procedures for appropriate and systematic credit assessment.** This is to mitigate risks that may be caused by social and environmental problems. Aside from reducing non-performing loans and reputational risks of the bank, the approach can also positively improve sustainable financial system. The acceptable and applicable lending process shall follow the 10 Equator Principles, (The Equator Principles, 2013), which is the international standard guiding principles for financial institutions in the lending consideration for mega projects. The guiding principles provide criteria which can be applied by financial institutions in order to assess and manage risks as well as make decisions to promote lending to projects with minimal impact on the environment and society, enabling sustainable development of both.

<sup>1</sup> This article is based on the analytical perspective of the author. It is not considered an opinion or the responsibility of the Government Pension Fund (GPF).



<sup>2</sup> [http://www.dsdw2016.dsdw.go.th/doc\\_pr/ndc\\_2560-2561/PDF/8491e/8491](http://www.dsdw2016.dsdw.go.th/doc_pr/ndc_2560-2561/PDF/8491e/8491)  
นายรณดล%20นุ่นนนท์.pdf

**Part 2:** Development of new financial products and innovations to support development of commercial products and activities which benefit the society and the environment, such as:

- 1) Renewable energy projects; projects to increase energy efficiency, promote clean production processes and technologies and biodiversity conservation;
- 2) Microfinance or provision of financial services to groups of people who do not have access to them, such as women and housing loans for low-income borrowers. This will create new client market, increase the bank's competitive edge and improve its reputation, attract new investors (Ethical investors) and gain trust from the bank's stakeholders.

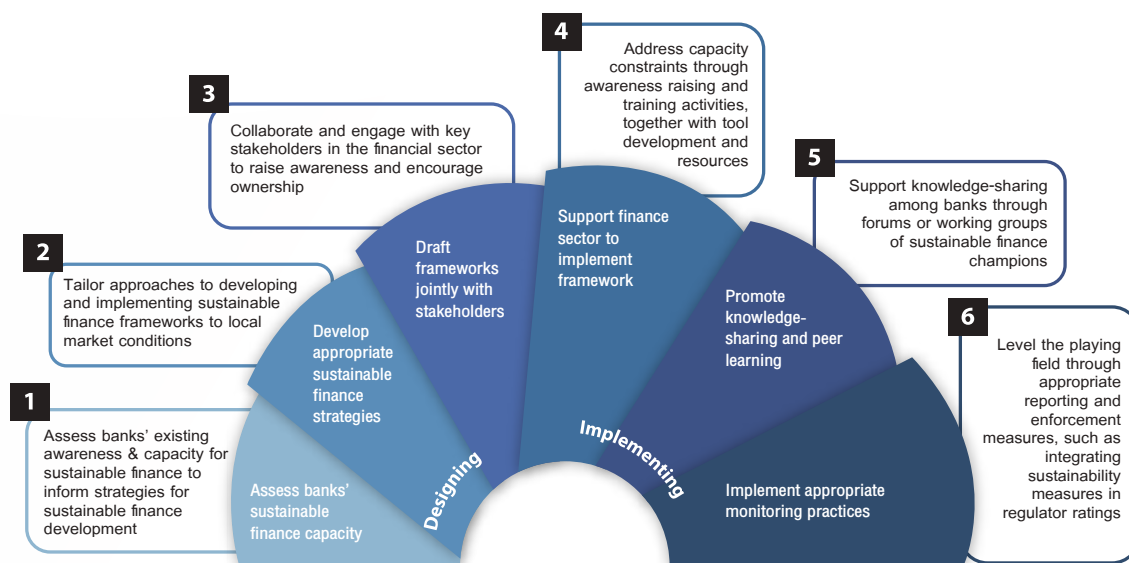
The creation of sustainable financial product and service consists of 4 sub-components (World bank, 2007) as follows:

1. Financial institutions and clients must be financially stable in order to be part of the long-term economic development.
2. The economic sustainability of projects and businesses funded by the bank.
3. Promotion of environmental sustainability through the conservation of natural resources.
4. Social sustainability and promotion of fundamentals, supporting community welfare or contribution to reduce inequality as well as respect human rights.

## Sustainable Banking and Sustainable Finance

Sustainable banking and sustainable finance are inseparable. The banking sector's mission is to connect investors to businesses that need funding in order to drive and develop the economy. What banks can do is take the ESG factor into account as a risk factor for lending decisions. Banks can take the approach whereby higher opportunities are granted to projects that focus on multidimensional sustainability with tangible positive impact assessment. Banks can support theme-based lending decisions such as Green, Human Rights, Modern Slavery themes or support industries that provide opportunities to the underprivileged in the society. Banks can set out the guidelines for credit approval for different industries since the characteristics of each industry are different.





Source: SBN IDA Diagnostic Survey responses

Figure 1: Six Best practices for developing sustainable finance in IDA countries



Source: SBN IDA Diagnostic Survey responses and SBN Global Progress Report

Figure 2: Common stages and steps for developing and implementing sustainable finance framework

However, in terms of the good development practices, the concept of sustainable finance has been indicated in the research titled “Sustainable Banking Network, Necessary Ambition: How Low-income Countries are adopting sustainable finance to address poverty, climate change, and other urgent challenges” published in 2020. Six best practices have been identified for sustainable finance development in the IDA countries (International Development Association) (Figure 1). The details of the approach are set out in 4 common steps (Figure 2).

## Principle for Responsible Banking<sup>3</sup>

For banks that would like to declare their determination to apply the concept of “Responsible Banking”, they can sign the adoption of the Principles for Responsible Banking or PRB (Figure 3). Signatory banks that have signed up would be deemed to have pledged to conduct their business operations by following the principles and in alignment with the long-term social vision on Sustainable Development Goals and the Paris Climate Agreement.







 <p><b>PRINCIPLE 1: ALIGNMENT</b></p> <p>We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.</p>	 <p><b>PRINCIPLE 2: IMPACT &amp; TARGET SETTING</b></p> <p>We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.</p>	 <p><b>PRINCIPLE 3: CLIENTS &amp; CUSTOMERS</b></p> <p>We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.</p>
 <p><b>PRINCIPLE 4: STAKEHOLDERS</b></p> <p>We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.</p>	 <p><b>PRINCIPLE 5: GOVERNANCE &amp; CULTURE</b></p> <p>We will implement our commitment to these Principles through effective governance and a culture of responsible banking.</p>	 <p><b>PRINCIPLE 6: TRANSPARENCY &amp; ACCOUNTABILITY</b></p> <p>We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.</p>

Figure 3: The Principles for Responsible Banking

As of 2021, more than 240 banks worldwide have signed up to create a “bank community” with a common goal of creating “positive contributions” for humanity (People) and the world (Planet) as expected by society.

## Success of Sustainable Finance

Ms. Jeanne Stampe had provided in her speech, delivered in the Bangkok Sustainable Forum 2019 hosted by the Bank of Thailand<sup>4</sup>, about the success of sustainable finance. The important components of which are as follows:

- 1. Board and Leadership Commitment** - The tone from the top needs to be established. Banks need to ensure that the board of directors and senior management are accountable for sustainability as much as other employees in the organization. Banks must officially integrate sustainability issues into the operational approach of the board, setting out the requirements in the job description and scope of work for the board of directors as well as clearly defining the roles and responsibilities of the banks' senior management.
- 2. Multi-stakeholder Approach** - Banks have to recognize their capability to adapt and their level of resilience as well as the impact on stakeholders from their business operations. Banks also need to gain insights from science-based organizations and educational institutions.
- 3. Use of Science-based Standards and Target** - Banks have to create a strong policy framework as well as managing loan portfolios and investment in line with policies and goals to protect natural capital and keep global temperatures from rising above 1.5 degrees Celsius.

<sup>3</sup> <https://www.unepfi.org/banking/bankingprinciples/>

<sup>4</sup> [https://www.bot.or.th/Thai/BOTMagazine/Documents/PhraSiam0562/BOT%20MAG%205-62\\_22-25%20The%20Knowledge%20-%20Sustainable.pdf](https://www.bot.or.th/Thai/BOTMagazine/Documents/PhraSiam0562/BOT%20MAG%205-62_22-25%20The%20Knowledge%20-%20Sustainable.pdf)



4. **Capacity Building of the Board of Directors, Executives and Bank Employees** - Banks need to truly understand the concept of sustainability, including climate and environmental changes so that their personnel can apply the concept as part of the risks assessment and management as well as consideration of business opportunities.
5. **Effective Communication** - Banks need to have effective communication within the organization and customers to ensure that all parties understand and embrace sustainability strategies and values.
6. **Innovation** - Banks need to create new financial products that will drive the capital flow and produce win-win outcomes and enable the banks to access all forms of capital from the government. Banks, with their expertise in risk assessment and management as well as financial product design structures, can scale up this expertise to drive these practices for sustainable development.
7. **Regulations** - Banks need to create equality-enabled ecosystems, promote disclosure of information and integrate the risk of climate and environmental change into the governance of the business, financial and banking sectors. This prevents banks that are slow to adjust from financing activities that harm natural capital and damage the wider financial system.

## Empowering the Thai Banking Sector

The banking sector in Thailand has been relentlessly focusing on the concept of sustainable banking through the approach of Responsible Lending since 2019. The Bank of Thailand, Thai Bankers Association, and 15 commercial banks together signed a Memorandum of Understanding on Sustainable Banking Guidelines – Responsible Lending on August 13, 2019. The key objective of such approach is to guide commercial banks, which play an important role as fund allocators to drive the economy, to operate under the principle of “Sustainable Banking”. Commercial banks should apply the Environmental, Social and Governance principles (ESG) to their development of responsible financing policies and strategies. They should also have available the management system for risks and impact caused by the bank's lending activities.

## การให้สินเชื่ออย่างมีความรับผิดชอบ (Responsible Lending)



Figure 4:  
Responsible  
Lending

There are 4 main elements in the concept of responsible lending which commercial banks should prioritized in order to build confidence that the Bank's responsible lending strategy will be implemented effectively. The elements are as follows:

- (1) Commitment to responsible lending and the **"Tone from the Top"** are required to ensure responsible lending to internal and external stakeholders.
- (2) Consideration on stakeholder engagement in the improvement of the bank's operations in accordance with the ESG principles as well as the assessment of direct and indirect impact of the bank's lending.
- (3) Determination of internal implementation mechanisms which cover the formulation of policies, lending processes and risk management, as well as having the potential personnel and the readiness to steer the implementation within the organization.
- (4) Transparency of information disclosure on responsible lending of the bank to the public to convey the bank's commitment and increase the mechanisms for the monitoring of the bank's operations.



## Summary

The bank which focuses on becoming a sustainable bank can easily start its ESG Journey through CSR activities which shall be linked to its ESG-based corporate management. If the bank is ready, it can become the trend-setter, create business opportunities and new financial products that are ESG-centered. Such products may include Green Bonds, Blue Bonds or Sustainability Linked Bond, and etc. Banks are the highly influential mechanisms that will ultimately encourage entrepreneurs or investors to consider the ESG factors in their business operations for sustainability.

Banks may choose a popular approach and follow the mainstream trends set by banks around the world or choose a less popular path to get the attention of the businesses in their value chain. Currently, the top 5 popular approaches are: energy efficiency, financial inclusion, human and labor rights, economic empowerment of women and waste management. While the least popular approaches are: supply chain, poverty, deforestation, job creation and employment and health. Green building and climate change had gain moderate popularity.

On the journey towards Sustainable Banking or Responsible Banking, one of the interesting approaches is to become a member of a network of banks whose movement is for a common goal. Some of the interesting networks are the Sustainable Banking Network (SBN) which was established in the International Green Credit Forum organized by the IFC; and China Banking Regulatory Commission established in Beijing in May 2012.

The nature of the collaboration of the SBN is voluntary. Its members include financial sector regulatory agencies and banking associations from countries which are the emerging economics. Currently, there are members from more than 43 countries.

The key goal of SBN members is to drive the financial and banking sectors towards sustainability. Twin goals have also been set to include: 1) Improve ESG Risk Management which includes disclosure of climate risks; and 2) Increase capital flows to activities or investments that create positive impact to global warming. The SBN defines the collaboration as a platform for peer-to-peer knowledge exchange and capacity building to promote and support its member states.



“Bank recognizes that sustainability cannot be achieved by any single entity. Collective action from all sectors and stakeholders is needed to create a business environment that fosters sustainable development”

**Quote : Ms.Kattiya Indraravijaya**

Chief Executive Officer,  
KASIKORNBANK Public Company Limited





# KASIKORNBANK and its Key Role in Thailand's Sustainable Development

Ms.Kattiya Indraravijaya

Chief Executive Officer, KASIKORNBANK Public Company Limited



KASIKORNBANK (KBank) recognizes the role of financial institution as a Financial Service Provider to promote businesses to be adhered to responsible for environment and society. KBank continues to operate business in line with sustainable banking principles under good corporate governance and appropriate risk management, with the aim of achieving growth, creating long-term sustainable returns for all stakeholders, as well as creating value for society and nation, and driving Thailand towards a low-carbon society.

Despite the wide-ranging direct and indirect impacts of COVID-19 on the economic system, society at large, and people's ways of life, KBank continues to conduct business with strict adherence to sustainable banking principles. The care and concern we have for all stakeholders reeling from the pandemic led us to issue several assistance measures aiming to strengthen both retail and business customers, as well as staff. Thus, we can weather this crisis together and reach a sustainable state in a New Normal.

Guided by our sustainable development philosophy – the core concept of KBank's business undertakings – our vision, policy, core values, and strategies balance three dimensions: economy, society, and environment. KBank conduct its operations in compliance with sustainability standards at the national and

international levels, including the United Nations Sustainable Development Goals (UN SDGs) and the Paris Agreement. Every year, KBank's Board of Directors reviews and grants approval for our sustainable development policy framework as a guideline for concrete actions taken by all units within the Bank. We have set both short- and long-term goals for sustainable development to ensure that all parties involved join forces to drive our operations towards KBank's goals. Moreover, the Board of Directors has assigned the Corporate Governance Committee to supervise sustainable development operations and submit reports to the Board. Meanwhile, the Sustainable Development sub-committee is responsible for considering the operational framework, and material prioritization of the sustainable development plan, and approving environmental, social, and governance (ESG) operations under the sustainable development policy framework determined by the Board of Directors. Additionally, Risk Oversight Committee is responsible for reviewing and examining adequacy and effectiveness of the overall risk management policies and strategies, as well as acceptable risk appetite.

The Bank has integrated ESG factors into our business undertakings, for example:

## Environmental Dimension

The Board of Directors has assigned KBank's Chief Executive Officer as Chief Environmental Officer, to drive our environmental operations towards the set goals. Major initiatives include:

### Financial support for environmentally friendly businesses

1. KBank has formulated an ESG Credit Policy along with consideration processes that take into account ESG factors in alignment with national and international principles. We promote transformation of businesses in the transition to a zero-carbon society through supporting businesses that adhere to the Bioeconomy, Circular Economy, and Green Economy (BCG) principles to advance sustainable changes in society and the environment in a tangible manner.



2. KBank undertakes impact analysis of lending to different businesses at the portfolio level, using the Portfolio Impact Analysis Tool of the United Nations Environment Programme Finance Initiative (UNEP FI), to assess possible impacts, risks, and opportunities of such lending to the Most Significant Impact Areas. This process is aimed at supporting Thailand's goal to minimize greenhouse gas emissions in accordance with Thailand's Nationally Determined Contribution (NDC) under the Paris Agreement, the UN SDGs, other related policy frameworks and strategies at the national level. In addition, KBank has also implemented the Climate-related Scenario Analysis to assess risks, opportunities, and impacts related to climate conditions to explore directions of possible future changes.
3. KBank promotes the use of the K PLUS mobile banking application and develops electronic service channels for all customer segments as innovative options towards mitigating climate change and increase the accessibility to financial service for them.
4. Sample of operating performance in 2020
  - 100% of requests for project finance and commercial loans for medium-sized enterprise and larger were processed through ESG assessment procedure.
  - In 2020, KBank provide green financial support to the environmentally friendly business with totaling of Green Loans Bt 16,174 million and invest in Green Bonds Bt 1,308 million.

### Bank Operations

KBank has developed an Environmental Management System in order to run our environmental operations more efficiently and effectively. In 2020, we achieved 21.34% reduction of GHG emissions against 20% target (2012 base year).

### Social Dimension

1. KBank has focused on financial inclusion and financial literacy to allow the public and those who are underprivileged convenient access to financial services anywhere with a range of financial products suited to their needs, for instance, KBank Service via banking agents basic banking account, Personal loan via K PLUS.

2. KBank has introduced measures to ease the impact of COVID-19 on customers, suppliers, employees, and people in various communities as follows:



- **Customers:** Offering suspension of principal payments and interest, and monthly installment payment reductions through various projects, such as “The Portfolio Guarantee Scheme 8 SMEs Sangthai program” to bolster customer’s liquidity, and “Zero Interest-rate Loan to Retain SME Staff program” to help employee remain employed and have income for spending, so that they could pass the difficult times together. In addition, we provide knowledge to SMEs helping them conduct their business sustainably in the new normal world.

- **Employees:** KBank operates several measures by considering on employees’ health and safety. The Bank also offers interest-free loans to assist employees and their family members per the established installment payment period and allowing employees to postpone installment repayments of welfare loans under the relief scheme per the established period.

- **Suppliers:** A process has been implemented to shorten the payment lead time for suppliers if they have been affected by COVID-19.

- **Society and communities:** The “Generous (Business) Owners – Empathetic Creditor” program has been introduced to help low-income employees under business operators to weather the COVID-19 pandemic.

3. KBank has placed a strategic focus on human resource management in response to K-Strategy and in harmony with K-Culture. In so doing, KBank has attached importance to the development of employees’ capabilities in various aspects that are suitable to their jobs to support their career advancement with

the Bank. Additionally, KBank has also implemented fair and non-discriminatory employment practices and placed emphasis on employee well-being and working conditions to ensure that they can perform their tasks more efficiently and enjoy their work.

4. KBank has implemented a human rights risk assessment process to reduce risks that may stem from business activities of KBank and other companies within KASIKORNBANK FINANCIAL CONGLOMERATE and joint ventures throughout its business value chain.

5. KBank's social contributions are aimed at creating positive changes and offering maximum benefit to society via our numerous public service projects. Our projects consider the suitability to the local context to ensure that KBank's socially related activities are effective in creating sustainable benefits for society and communities.

## Governance Dimension

KBank has operated its business independently and with impartiality for the benefit of all stakeholders under good corporate governance, appropriate internal control systems, and risk management. KBank's operations are carried out with transparency on the principle of Market Conduct. We have formulated our Anti-Corruption Policy to ensure that all KBank operations and work procedures are aboveboard and in line with regulatory requirements. KBank is a signatory to the Declaration of Intent to join Thailand's Private Sector Collective Action Coalition against Corruption (CAC), as part of a joint effort to combat corruption on a broader scope. KBank has also implemented a Whistleblowing Policy and arranged for a channel through which to submit complaints or relevant information as well as management processes to ensure accuracy, transparency, and fairness.

Moreover, KBank has given importance to customer data security and privacy. KBank has developed channels to allow customers to grant or revoke their consent for data usage via K PLUS and implemented clear policy and process for data usage in accordance with the Personal Data Protection Act (PDPA), together with developing a Data Leak Prevention (DLP) system for rapid incident investigation.

KBank recognizes that sustainability cannot be achieved by any single entity. Collective action from all sectors and stakeholders is needed to create a business environment that fosters sustainable development. Hence, KBank has cooperated with both government

and business to push for sustainable changes. Notable endeavors include the signing of the Memorandum on Sustainable Banking Guidelines - Responsible Lending of the Bank of Thailand; joint establishment of the Carbon Markets Club; and being a member of the Thailand Carbon Neutral Network (TCNN). KBank has also become a signatory to the UN Principles for Responsible Banking (UN PRB) of the United Nations Environmental Program Finance Initiative (UNEP FI) and an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD), which conforms to the United Nations Sustainable Development Goals (UN SDGs) and the Paris Agreement on climate change.

Through continuous sustainable development operations, KBank has gained wide acceptance and recognition as a Bank of Sustainability, including being selected for inclusion in the Dow Jones Sustainability Indices (DJSI) for the fifth consecutive year and rated B (Management level) in the assessment of climate change management under the 2020 Carbon Disclosure Project (CDP). KBank is also the first and only Thai financial institution selected for the Bloomberg Gender-Equality Index (GEI) for the third consecutive year, alongside many other accolades. These achievements reflect KBank's sustainable development practices as a Bank of Sustainability, which are tangibly ingrained in all work processes, in order to propel Thailand towards sustainable development.

Finally, although we have put a lot of effort in sustainable development, we know there are still much more we can do, because sustainability is a never-ending process. It seeks involvement and alignment from several parties to create nationwide impacts and collaboration to enhance standards for ecosystems.





“Under a fast changing and highly disruptive business environment, organizations that can operate sustainably are those that pursue meaningful purpose as such objective will be your only reliable compass under any situations. For ttb, our aim is to improve our customers’ financial well-being, to continuously improve our employees’ skill through life-long learning, and to strengthen the society we operate in. We believe, if we can support our stakeholders to become more sustainable, that will ensure our firm are built to last from the core and truly become a sustainable organization.”

**Quote : Mr.Piti Tantakasem**

Chief Executive Officer, TMBThanachart Bank Public Company Limited.





# Panel Discussion : How is Sustainability Suitable for Current Business Strategies of Thai Banks

## Bank of Thailand

Sustainability is a crucial factor for every economic unit. If a bank can properly follow the sustainable strategies, the society can benefit from the bank's operation both in the short and long run. The Bank of Thailand, therefore, recognizes the necessity to provide guidance and incentive to ensure

that banks are heading toward the same direction.

The Bank of Thailand expects to see compliance from the banking sector with the United Nations Principles for Responsible Banking or UN PRB and the disclosure standard. Such compliance would enable the banking sector to expedite the integration of the Environmental, Social and Governance or ESG principles with its operation and financing decision. The Bank of Thailand is also working with other banking regulating agencies to determine the definitions of Green Financing and Green Taxonomy to ensure that the terms are in alignment with international and ASEAN regional standards, enabling the application of the terms ASEAN-wide.



**Ms. Siripim Vimolchalao**

Director of Financial Institutions  
Strategy Department, Bank of Thailand

## Government Savings Bank

When contemplating sustainability, we have to acknowledge that climate change is going to be more severe in the approaching middle and long-term period. Organizations have to conduct their risk assessments and analysis and be prepared to address the potential impact. Estimation

of the long-term impact has become the inevitable challenge that banks have to face. The main objective of changing the operation to sustainable banking is to enable sustainable growth and create a balance between internal and external stakeholders.

As a public entity, the Government's Savings Bank is obliged to facilitate poor and middle-income people and small enterprises. The strategic position of the Bank is to be a bank for society which grants people access to funding at a fair interest rate.



**Mr. Santhan Yoosiri**

Executive Vice President, Corporate Strategy Group,  
Government Savings Bank



Panel Discussion : How is Sustainability Suitable for Current Business Strategies of Thai Banks



Banks generate income by conducting risk assessments. While risks can directly influence and affect the strategies, the concept of sustainability can help facilitate prioritization and reallocation of resources.

Determination of the strategies shall be based on science and not sentiment and collective efforts must be made to affect change. KASIKORNBANK is applying the Principles for Responsible Banking or PRB as the guidance for financial institutions. Sustainability is comparable to a religion while the principles of Environmental, Social, Governance or ESG are the religious precepts. Therefore, ESG is inseparable and sustainability is not a matter of competition but a collaboration that all of us have to undertake in order to achieve our long-term goals and transformative change.



Mr. Adit Laixuthai

Corporate Secretary and Senior Executive  
Vice President, KASIKORNBANK

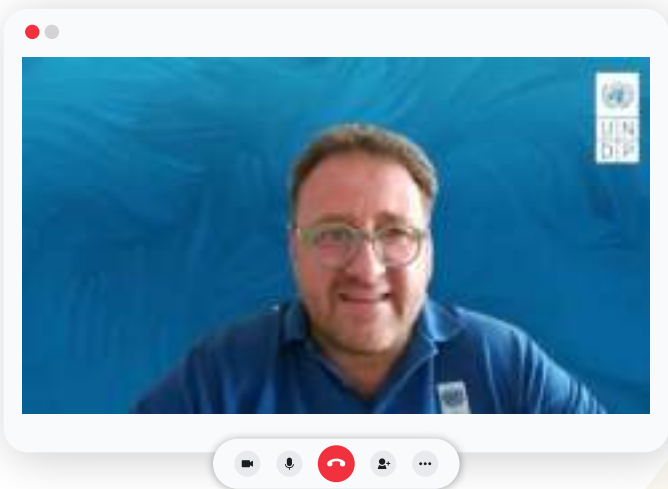


As a matter of great urgency, new collaboration needs to be considered for the purpose of resource management. We need to ensure that money spent on sustainable solutions are truly used for the purpose of addressing the crisis.

Collaboration among stakeholders are essential in the directional shift of the financial sector to sustainability and inclusivity.

UNDP has proposed the Integrated National Financing Framework or INFF as the platform which will compile both domestic and international, private and public financial investment.

Thailand shall consider providing inclusive financing, inclusive insurance, and risk financing. Sustainability is not only the relationship between human and nature, weather or pollution, but it is also the interpersonal relationship which shall be considered from the environmental and social perspectives as well.



Mr. Renaud Meyer

Resident Representative,  
United Nations Development Programme





# Sustainable Investment

Dr.Srikanya Yathip<sup>1</sup>

Secretary General, Government Pension Fund



Sustainable Investing is similar to the concept of as Sustainable Banking, as it incorporates the ESG criteria as part of the investment process. Investment goals, which originally considered only two factors being “Risk” and “Returns”, has been increased to three factors involving: “Risk, Returns, and Impacts”.

## Green Bond

Green Bond is an important form of investment mechanism that promotes both economic growth and climate-friendliness. It can be classified as an effective tool to combat climate change and achieve the Sustainable Development Goals (SDGs). The appeal of the Green Bond is that it raises funds from investors who recognize ESG factors, enabling them to invest directly into environmentally friendly assets. The returns and risk level are in within the same range as of other general bonds (Comparable Risk Return Profile). Another appealing component of Green Bonds is the prioritization of environmental information disclosure regarding the assets invested in. Hence, this attracts investment from investors in Green Bonds because they are not only receiving returns comparable to general bonds but also earning a reputation and has efficient ESG risks management.

Countries that value sustainable investing often a.) determine the guidelines for development of green bonds consistently with the local climate and local infrastructure development targets; b.) establish standards on transparency and independent audits, ESG risk management, regular monitoring and reporting; and c.) issue a clear policy on the issuance and qualifications of Green Bonds to distinguish between Green Bonds and Low Carbon Bonds.

A country recognized as a market leader in Green Bonds among the emerging countries is China. China is the first country to issue mandatory guidelines and details for Green Bonds in 2015. Other emerging countries that have begun to issue legislations and recommendations on the issuance of Green Bonds include: Brazil, Chile, India, Indonesia, Malaysia, Mexico, Morocco, Peru and South Africa.

<sup>1</sup> This article is based on the analytical perspective of the author. It is not considered an opinion or the responsibility of the Government Pension Fund (GPF).



SBN<sup>2</sup> has studied a Roadmap in the development of Green Bonds in a variety of countries and have summarized them into Common Milestones as follows:



Figure 1:  
Roadmap with  
Common Milestones  
for Development of  
Green Bond Markets

As for the development of the Green Bonds market, the same report has provided a table summary as a guideline for domestic policymakers to conduct self-assessment and planning as follows:

Self-Assessment and Planning Matrix			
	Phase 1	Phase 2	Phase 3
Market infrastructure	Review current debt capital market structure for bonds and its readiness/suitability for green bond growth	Develop supporting market infrastructure (index, dedicated exchange segment)	Organise an international investor roadshow to present the domestic green bond pipeline
Guidance	Initiate dialogue with domestic market players to consider and, if appropriate, develop national guidelines, aligned with international practices	Convene a Market Development Council with relevant capital market institutions to propose and consult on policy recommendations	Consider incentives as appropriate (grants for external reviews, tax exemptions)
Issuance	Assess readiness and opportunities for green bond issuance	Build demand side through engagement with local investors. Potentially deliver a Green Bond Statement from domestic investors and convene forums with selected potential issuers	Engineer demonstration issuances: such as sovereign, municipal, financial institution, and/or corporate bonds
Capacity building	Set up a promotional campaign to engage market professionals	Set up, partner and deliver training programs for issuers, investors, verifiers and regulators	Consider accreditation schemes for training programs, as well as dedicated training incentives for industry professionals

Figure 2:  
Self-Assessment and  
Planning Matrix

2 <https://www.ifc.org/wps/wcm/connect/37797d8b-c7c1-4361-9183-1e038b225b5a/SBN+Creating+Green+Bond+Markets+Report+2018.pdf?MOD=AJPERES&CVID=mqtaapl>

Green Bonds are just a form of Sustainable Investing that accommodates the capital flows for the purpose of sustainable development. To enable the continuous growth of Sustainable Investing, investors have a choice to invest in pursuit of both investment returns and social returns. Companies that are raising funds have to develop and put sustainability-focused investing products into the market as an alternative investment. Regulators should deliberate the ways in which they can promote the market to issue such “**sustainable investment options**” and ensure that those options adopt international standard on ESG practices. This will be very appealing to investors.

### Sustainability-focused Investing

Sustainability-focused investment innovations are being applied to a wide range of investment strategies and assets, including equities or bonds, in order to meet the demand of sustainable investors.

The popular investment strategy that promotes sustainable investing is the specification of ESG theme for investment. It is predictable that investment theme that promotes CO<sub>2</sub> emissions reduction is gaining popularity as many countries have signed and become the parties to the Paris Agreement. The goals of the Paris Agreement are clearly set out as follows :<sup>3</sup>

- Keep the average global temperature from rising above 2 degrees Celsius from pre-industrial levels and try to limit the temperature rise to 1.5 degrees Celsius from pre-industrial levels. This effort will significantly reduce the risks and impacts of climate change.
- Increase the ability to adapt to the adverse effects of climate change and maintain climate resistance. Develop low carbon development approach that is not harmful to food production.
- Enable the capital flow that aligns with the path towards low carbon development and climate resilient approach.



### Principle for Responsible Investment: RPI

PRI is an international investor network supported by the United Nations that has agreed to manage investments and conduct businesses for the best long-term interests of the beneficiaries. ESG factors are believed to affect the performance of investors' portfolios.

By signing as a party to the PRI, it is deemed that the party agrees to accept the following 6 key principles:

**Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.

#### Sample Practices

- Identify ESG issues in investment policy statements
- Support development of ESG-related tools, metrics, and analyses
- Assess the capabilities of internal investment managers to incorporate ESG issues
- Assess the capabilities of external investment managers to incorporate ESG issues
- Request investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis
- Encourage academic and other research on this theme
- Advocate ESG training for investment professionals

<sup>3</sup> <https://th.wikipedia.org/wiki/ความตกลงปารีส>

**Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.

**Sample Practices**

- Develop and disclose an active ownership policy in accordance with the Principles
- Exercise voting rights or monitor compliance with voting policy (if outsourced)
- Develop an engagement capability (either directly or through outsourcing)
- Participate in the development of policy, regulation, and standard setting (such as promoting and protecting shareholder rights)
- Require shareholder resolutions to be consistent with long-term ESG considerations criteria
- Engage with companies on ESG issues
- Participate in collaborative engagement initiatives
- Request investment managers to undertake and report on ESG-related engagement.

**Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.

**Sample Practices**

- Require standardized reporting on ESG issues (using tools such as the Global Reporting Initiative)
- Require disclosure of ESG issues in the annual financial reports
- Request for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact)
- Support shareholder initiatives and resolutions promoting ESG disclosure



**Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.

**Sample Practices**

- Include Principles-related requirements in requests for proposals (RFPs)
- Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate)
- Communicate ESG expectations to investment service providers
- Revisit relationships with service providers that fail to meet ESG expectations
- Support the development of tools for benchmarking ESG integration
- Support regulatory or policy developments that enable implementation of the Principles

**Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.

**Sample Practices**

- Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning
- Collectively address relevant emerging issues
- Develop or support appropriate collaborative initiatives



Green Bonds are just a form of Sustainable Investing that accommodates the capital flows for the purpose of sustainable development.

**Principle 6:** We will each report on our activities and progress towards implementing the Principles.

**Sample Practices**

- Disclose how ESG issues are integrated within investment practices
- Disclose active ownership activities (voting, engagement, and/or policy dialogue)
- Disclose what is required from service providers in relation to the Principles
- Communicate with beneficiaries about ESG issues and the Principles
- Report on progress and/or achievements relating to the Principles using a comply-or-explain approach
- Seek to determine the impact of the Principles
- Make use of reporting to raise awareness among a broader group of stakeholders





Figure 3: ESG Integration Framework of PRI

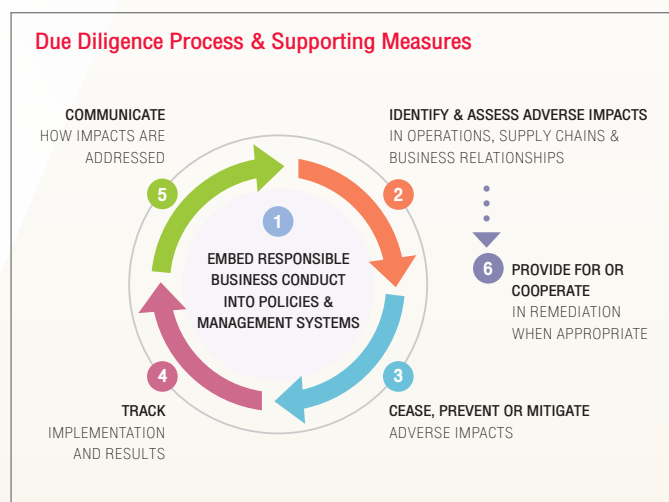


Figure 4: The Due diligence Process of OECD

## Important Framework

There are two important frameworks for responsible investors: the ESG Integration Framework of PRI (Figure 3) and the OECD Due diligence Process (Figure 4), which is a very useful framework for the due diligence process.

## Summary

### Sustainable Investment Environment Development in Thailand

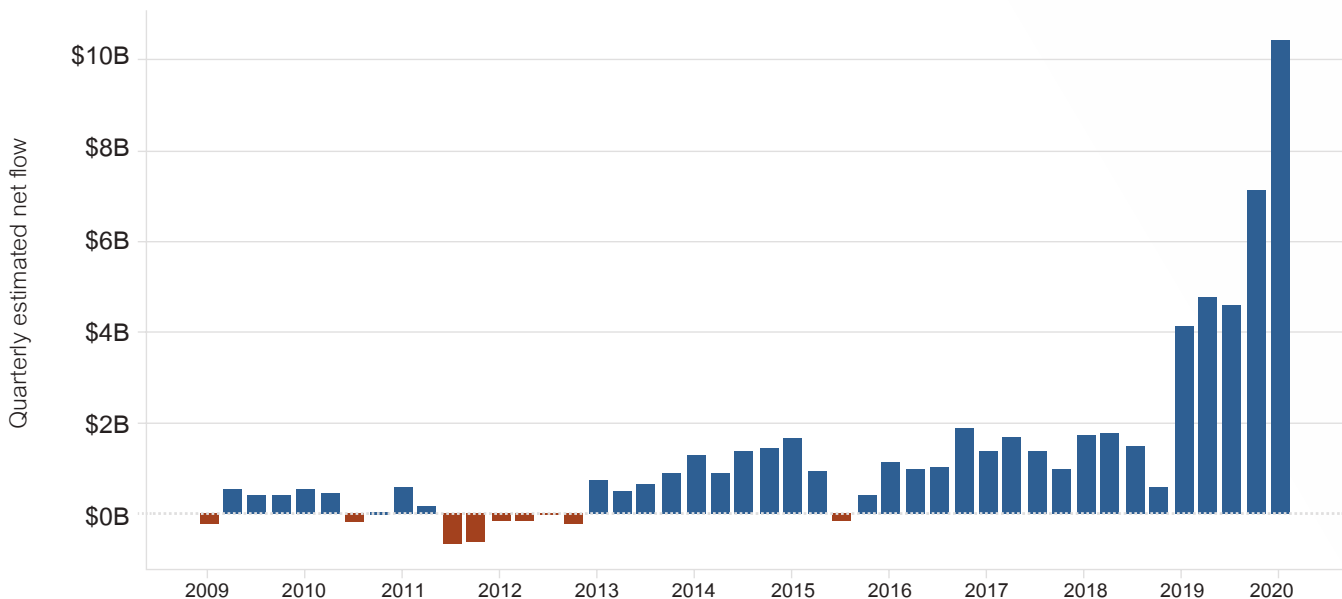
The common objectives of SBN approach may be adhered to in the development of Green Bonds. The analysis is as follows:

1. **Alignment** means the development of “Sustainable investment options” which is in alignment with international good practices by learning from the practices of other country with the experience and from cooperation with agencies with sustainable investing missions.
2. **Quality** means creating a system and mechanism to guarantee that “sustainable investment options” are truly sustainable investments. It is not an investment that is vulnerable to “Greenwashing” or impersonation as a sustainable investment. Regulators need to reassure investors that the “Green Credential or ESG Credential” of “sustainable investment options” available in the market do meet the conditions of sustainable investment. Fund raisers must adhere to international industry best practices on ESG risk management and the creation of real social impacts.
3. **Flexibility** means the development of “sustainable investment options” that are consistent with the local conditions on raising funds for investment in that country according to the nature of sustainability in such country. Sustainability funding practices in each country do not have to be the same, they are flexible depending on the actual environment in each of those countries.
4. **Harmonization** – means the development of “sustainable investment options” that are consistent with the international definition of “sustainable investment”. Nowadays, the relevant definitions, i.e. Green, Social or Sustainability, are defined differently. The definitions are varied across different types of securities, investment environment and industry, and etc. The only way to reduce the diversity gap is to adhere to a widely-accepted international approach.

## Impact of Covid-19 on Sustainable Investing

The Covid-19 pandemic is a turning point for sustainable investment. Sustainable investment market which is based on the ESG factors has gained very high interest.

### Sustainable funds see record inflows in first quarter



SOURCE: Morningstar Direct, as of 3/31/2020. (ESG Integration, Impact, and Sustainable Sector funds as defined in Sustainable Funds U.S. Landscape Report, 2018. Includes liquidated funds; does not include funds of funds.



Figure 5: Sustainable Funds Growth 2009-2020

CNBC<sup>4</sup> reports that the E-Environment factor that had received tremendous attention in the past may be overtaken by the G-Governance factor. Investors view that the company's governance and response to the impact of the pandemic demonstrate the full potential that reflects sustainable growth of the company for the future.

Companies that are raising funds have to develop and put sustainability-focused investing products into the market as an alternative investment.

<sup>4</sup> <https://www.cnbc.com/2020/06/07/sustainable-investing-is-set-to-surge-in-the-wake-of-the-coronavirus-pandemic.html>





“Every action undertaken by GPF is cultivated from the strong belief in responsible investment which not only benefits the fund’s risk management but also generates sustainable returns for all members, make positive impact and strengthen the economy, society and environment of the country and the world. GPF’s action will be the main driving mechanisms towards the achievement of Sustainable Development Goals (SDGs) which is the main global focus at this very moment”

**Quote : Dr.Srikanya Yathip**

Secretary General, Government Pension Fund





# Sustainable Investment

by Government Pension Fund

As an institutional investor with the asset under management of over USD32 million encompassing a wide range of assets around the world, GPF recognizes that its mission cannot be limited to only the generation of long-term financial returns according to the investment goals of its members each year. However, GPF must take into account the social returns and must promote investment in corporations with good corporate governance to ensure that GPF's investment can promote the economic expansion and development of sustainable economy and society in all regions wherein GPF had invested.





Since the establishment of the organization, GPF has adopted the exclusionary screening policies whereby it will not invest in businesses that are socially degrading and harmful the good moral of the society, regardless of how good the returns on investment of those businesses are. Later in 2018, GPF had clearly announced its investment mission that, as an institutional investor, GPF prioritizes ESG-centered investment. GPF will be the initiator to promote the empowerment of sustainable investment under the mission of being a Leader in ESG Investing & Initiatives in Thailand.

At the policy level, GPF has established a **policy on investment governance**, as a framework and guideline for management of funds following the investment objectives and philosophy and taking into account the ESG factors. Fund management should comply with the **Global Investment Governance Code for Institutional Investors (Investment Governance Code: I Code)** issued by the Office of the Securities and Exchange Commission (SEC) to ensure that the work principles and policies are in accordance with international standards. GPF has also applied to be a member of the **UN Principles for Responsible Investment: PRI** to exchange knowledge, gain recommendations and comments which can modernize its operations in line with the international principles of institutional investors. The implementation of these regulatory principles reflects that GPF is truly a part of the business ecosystem.

In addition, GPF has established **ESG Standard Criteria** which is used to evaluate the ESG-Focused Portfolio fund established by GPF. This fund uses Thailand Sustainability Index (THSI) of the Stock Exchange of Thailand as the benchmarking criteria to get the groups of corporations in which GPF can invest, based on their responsible business owners (RBOs) status.

Another important task to solidify the responsible investment policy is to create collaborative engagement amongst all sectors in the industry. GPF had initiated to encourage 32 large institutional investors in Thailand to sign the **Negative List Guideline**. In essence, this guideline requires the signatory institutional investors to undertake positive engagement to collaborate, address and find suitable solution with their invested listed companies in the event that such companies had committed any wrongful act or acted in violation of the ESG principles, causing significant negative impact. If there is no action taken to solve such adverse issue, each institutional investor would make no further investment in the company in question for a period of 3 months or until the problem is resolved. This is to drive the company to conduct its business in a sustainable and ESG-consistent manner.

GPF is also one of the founding institutions of **Thailand Responsible Business Network (TRBN)** to drive Thailand's stable and sustainable business and economic growth. GPF also signed a **declaration on Market Governance Promotion Initiative in Celebration of the Auspicious Occasion of His Majesty the King's Coronation** along with 12 capital market organizations. GPF had also participated in international forums on ESG implementation and performance such as World Bank forums, PRI and OECD on an ongoing basis.

At the operational level, GPF has applied the principles of responsible investment in the entire investment process throughout the investment value chain. Such application starts with investment and decision-making analysis, evaluation of performance as the business owner and monitoring and reporting on investment performance.



GPF has applied ESG factors in its analysis and investment decision-making by assessing all companies in which it had invested to gauge the level of ESG integration in such company's operational management. That includes the evaluation of domestic equity and debt instruments that GPF operates by itself. GPF has developed **GPF ESG Score (GPF ESG Weight and Score: Asset Valuation Methodology®)**, in collaboration with the World Bank. The process encompasses securities selection using an ESG weighting and asset value scoring methodology based on the ESG factors. The process can concretely demonstrate the financial value of investment assets, including value related to ESG through integration of data from MSCI ESG Database. The weight will be adjusted according to the criteria derived from internal analysis of GPF to ensure the suitability with the investment environment of Thailand.

On the issue of external fund manager engagement, GPF has clearly defined the selection criteria for an external fund manager selection. The ESG factors are part of the scoring criteria for the selection of both domestic and international fund managers. GPF also closely and regularly monitors the performance of fund managers on a quarterly basis.

For the investment in debt instruments, the Investment Analysis Department combines data on ESG factors with quantitative and qualitative data in the analysis of the issuer's credit score. GPF has also allocated part of the investment capital to invest in sustainability-promoting assets, such as green bonds, sustainability bonds and in the Global ESG Equity Portfolio.

As for the investment in equity instruments (Equity Score), GPF will focus on investing in stocks with good fundamentals. Analysis of the fundamentals will be conducted as well as the assessment of overall economic and industrial conditions, the company's growth trend and financial security. This is to assess the financial position and long-term performance of the company without neglecting the sustainability factor of the industry; the company's business conduct; or ESG factors. The list of stocks that can be invested (Stock Universe) must be approved by the Investment Strategy Management Committee as part of the intensive screening process.

**Taking the role of a business owner (Active Ownership)** is what GPF always prioritizes. Hence, GPF always closely monitors the operations of the invested companies to ensure that their performance are in compliance with the objectives, investment policy and strategy and to properly regulate their business operation. GPF regularly exercises its right to vote at the shareholders' meetings to demonstrate its responsibility

and act on behalf of all of its members. GPF has created the **"GPF's Guideline on Voting in Shareholders' Meeting"** to be used as a guide for the voting consideration. Although the guideline mainly applies to the shareholders' meetings of companies listed on the Stock Exchange of Thailand but it can also be applied to other investment cases as well.

For domestic investment, GPF has sent its proxies to attend and vote in the shareholders' meeting of all companies it has invested in, in accordance with the Proxy Voting Guidelines. The guideline was established by GPF in accordance with the principles of good corporate governance. As for foreign investment, GPF would assign an external fund manager hired by GPF to manage its funds as a **proxy to exercise the right** to vote on its behalf in accordance with the guidelines prescribed by GPF as well. For transparency, GPF has also disclosed a



report on the exercise of voting rights in the shareholders' meeting on its website as part of its information disclosure effort.

In addition, as part of its engagement effort, GPF has met with companies in which GPF has continuously invested. For example, the pandemic crisis had made last year a difficult year and had detrimental impact on the country's economy, business operations and the lifestyle of the people. GPF has increased its communication with its invested companies to gain an insight into the business strategies and practices undertaken in this difficult time. GPF had met with the executives of Thai Union Group Public Company Limited and Minor International Public Company Limited to discuss the issues on sustainability policy and the companies' operations during the Covid-19 pandemic. GPF found that both companies have undertaken adjustments to their business operations to address the potential impact and they also have available a robust Covid-19 protection measures for their employees.



Currently, GPF has reviewed the investment strategy, the goal of which is to implement the concept of “Doing well while doing good”. GPF is in the process of making long-term Strategic Asset Allocation (SAA) with the ESG factors forming an important element so that the long-term allocation can be in line with the goal of creating sustainable returns for members.

In addition, the issue of human rights in investment is a matter truly recognized by GPF. Therefore, GPF has worked with the United Nations Environment Program Finance Initiative (UNEP-FI) and the Stock Exchange of Thailand in the distribution of concept and guidance on Human Rights Due Diligence through online webinar “Human Rights Due Diligence and Human Rights Risks”. GPF will continue to identify the Human Rights Heatmap and the Common Framework for various industries in Thailand

GPF will continue to study new investment models according to the standards of the World Standard Setter Network, which consists of OECD, World Bank, PRI and the UN. GPF will focus on building a network of global pension funds such as in Japan, Australia, the United States of America, Canada, and Singapore. The purpose of which is for the study of well-developed Investment management model which can be adapted to GPF's investment. For example, GPF is studying the data analysis in the investment portfolio from the perspective of ESG. Apart from being on the recipient side, GPF will also take on the role of a giver to scale up the efforts taken under responsible investment concept to a wider audience. Therefore, GPF has set a goal to share the operational guidelines with other institutional investors, such as acting as an advisor to pension funds of various ASEAN countries, i.e. Pension Fund of Myanmar and Bhutan, and etc.

Every action undertaken by GPF is cultivated from the strong belief in responsible investment which not only benefits the fund's risk management but also generates sustainable returns for all members, make positive impact and strengthen the economy, society and environment of the country and the world. GPF's action will be the main driving mechanisms towards the achievement of Sustainable Development Goals (SDGs) which is the main global focus at this very moment.

# Panel Discussion : Sustainable Investment : Good for the World, Bad for Portfolio?



Environmental problems have been causing the global mega trends. Consideration on the adoption of Environmental, Social, Governance principles or ESG will enable a company to be more sustainable, more resilient

and less affected by major disruptions.

Adoption of ESG will enable the company to co-exist sustainably with the community while smoothly operating its business in the long run. ESG is a great tool to reduce downside risk and also other risks, i.e. regulatory risk, reputational risk, operational risk, etc. Applying ESG principles to the investment portfolio offered to clients will generate consistent sustainable returns for such clients.

ESG also facilitates access to finance and financial allocation, hence, strengthening the competitiveness and sustainability. Investors need to be informed of the options to choose low-risk and high-quality portfolios which will enable the practical application of ESG principles. The government should offer more



**Mr.Narongsak Plodmechai**

Chief Executive Officer, SCB Asset Management Co., Ltd.

motivating incentives to encourage participation in and recognition of ESG among all sectors, instead of enforcing ESG through legal implementation.



The mission of a fund is to build security, wealth and sustainability for clients. At Krungsri Asset Management, our strength is our focus on the creation of financial literacy for the general public, the fund management that follows the

Investment Governance Code or I Code for institutional investors. We take into account the Environmental, Social and Governance (ESG) principles as the investment factors. We also uphold the anti-corruption principles in our investments by circulating the ESG questionnaire to every company within the scope of our investment.

AIMC and 32 institutional investors have declared their commitment on responsible investing or ESG Collaborative Engagement and also adopted the SDGs principles of the United Nations as the main goal in steering their organizations.

Speaking of SDGs in the investment dimension, the Sustainable Development Goals are the roadmap for investors in their quest to find potential investment with the goal set on sustainable development. SDGs are a strong driving force which can affect



**Mrs.Supaporn Leenabanchong**

Managing Director, Krungsri Asset Management Co., Ltd.

investments. Recognition of SDGs and other international standards will strongly and efficiently motivate the institutional investors in enabling sustainable ecosystem, benefiting all sectors.





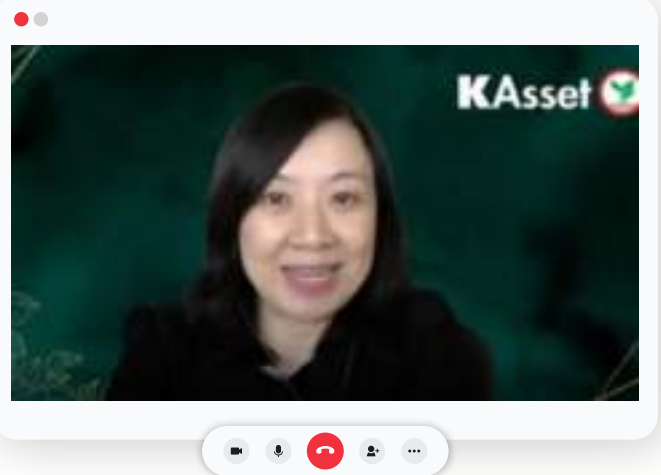
**Kasikorn Asset Management Co., Ltd.**

The perception that sustainable investment yields low returns can be the result of the limited choices of companies in which investment can be made, hence, restricting the opportunity to invest in a diverse selection of companies. However, exclusion on investment or negative list

are no longer the only sustainability criteria being considered at present. Sustainable business operation is now taken into account when considering the sustainability of the business, widening the scope of investment options.

Over the last 5 years, ESG funds have been yielding high returns when compared to the standard criteria. As a subsidiary of KASIKORNBANK PLC, Kasikorn Asset Management prioritizes the principles of Environmental, Social and Governance (ESG). With the full support from KASIKORNBANK, we are prepared to become a counterpart of the United Nations Principles for Responsible Investment or UNPRI.

Moreover, the government can also develop tools to incentivize the private sector's recognition of ESG, i.e. tax incentives. The government should also have in place tools to promote sustainable investment, i.e. government's investment funding. Regulatory



**Ms. Thidasiri Srisamith**

CFA, Chief Investment Officer,  
Kasikorn Asset Management Co., Ltd.

agencies can prepare central information to strengthen the understanding on sustainable business criteria. There shall be clear and comparable Key Performance Index among different industries and also justifiable and precise punishment imposable against agencies that overlook the issue of sustainability.

**MFC Asset Management Public Co., Ltd.**

There are 3 benefits in investing in companies that prioritize the principles of Environmental, Social and Governance (ESG): corporate growth, productivity and risk management. As a listed company, MFC Asset Management Public Co., Ltd.

implements the Investment Governance Code or I Code for institutional investors, the essential principles of which include: having a clear investment governance policy and integration of ESG as part of our investment plan.

MFC Asset Management Public Co., Ltd. is a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) whereby we prevent all forms of bribery and corruption and we also have a Corporate Governance Board.

Quantitative and qualitative analyses will be conducted in our investment approach and ESG is categorized under qualitative analyses. We also developed ESG Score Metrics, established domestic and international ESG funds.

With that said, the challenge that all of us have to face is data. Hence, collaboration in this respect is highly crucial. The materiality map used to assess sustainability is as important as ever since it is deemed the KPI of ESG performance.

The government has the important role in determining the



**Mr. Chakrit Puechpan**

First Executive Vice President,  
MFC Asset Management Public Company Limited

ESG framework. Having a clear framework will enable the private sector to plan and make decision. The government can also play an exemplary role by conducting activities which can be implemented by other agencies.



**LEAVE  
NO ONE  
BEHIND**