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สถาบันการเงินที่ใหญ่ที่สุดในโลก



# ESG Finance

Presented by  
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# Global community is now more committed and accelerating on climate action responsibilities

Aug'21

Nov'21

Dec'21

Jun'22

Aug'22

Nov'22



## Global action

### IPCC report



### COP26



### COP27



## Thailand action

### Joint Statement Sustainable Finance Initiatives



### APEC Informal Senior Officials' Meeting (ISOM)



### APEC Senior Finance Officials' Meeting (SFOM)



### BOT Directional Paper – Environmental Sustainability



### Thai Bankers' Association ESG Declaration



18-19 Nov 2022





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# Collaboration Efforts for Sustainable Economy

Collaboration among inter-governmental agencies to push forward on Sustainable Thailand.

## Thailand's Inaugural Sustainability Bond 2020



- ✓ Aug 2020 : Thailand's Inaugural Sustainability Bond of THB 30 billion. Current **outstanding exceeds THB 200 billion.**
- ✓ April 2021 : Thailand's Sustainability Bond listed on the Luxembourg Exchange

## Joint Statement on Sustainable Finance Initiatives for Thailand



MINISTRY OF  
FINANCE



BANK OF  
THAILAND



คปท.  
สำนักงานคณะกรรมการกำกับและส่งเสริมการประกอบธุรกิจหลักทรัพย์  
และตลาดทุน



SET

SUSTAINABLE  
FINANCE  
INITIATIVES  
FOR THAILAND



## Statement of Commitment for "Sustainable Thailand"



**43** Organizations Together  
(Policymakers, Banks, Insurance Companies and  
Asset Management Companies)



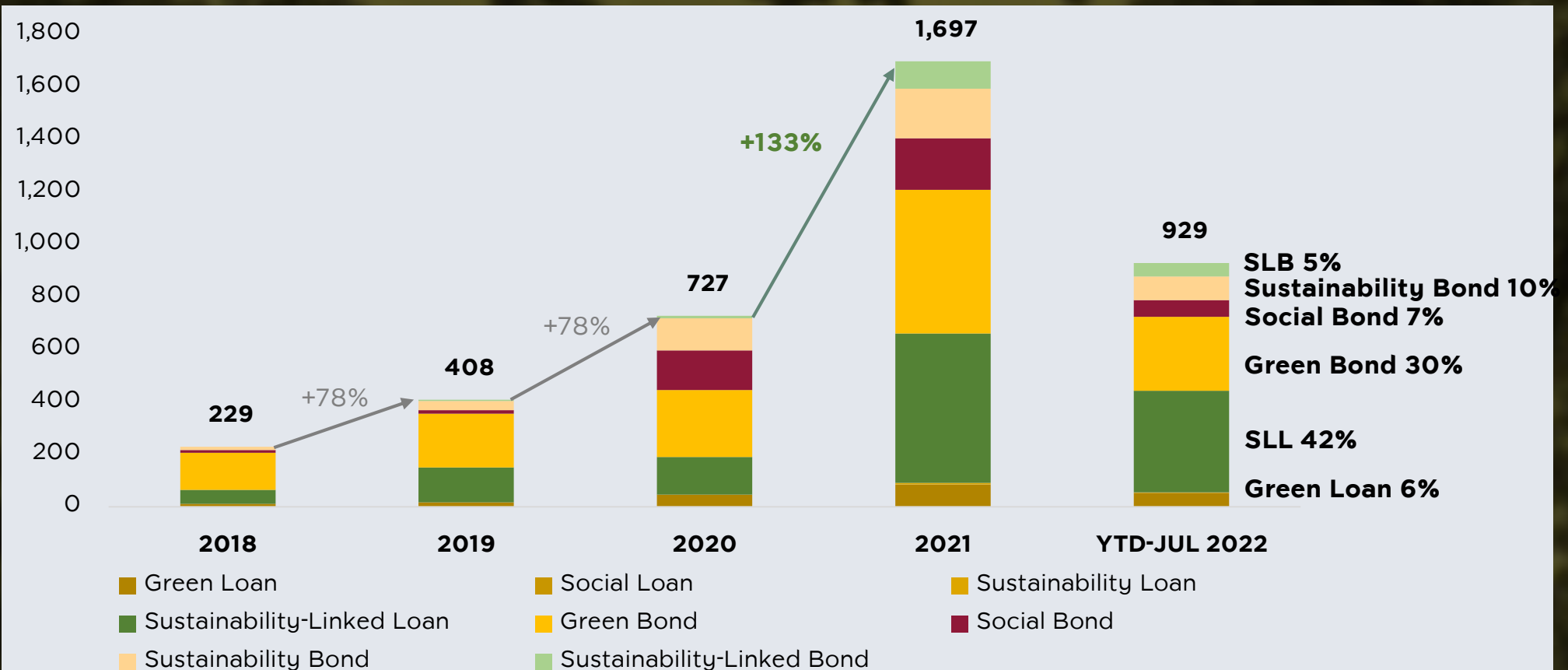
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# Global Development of ESG Finance

The ESG Finance market was growing rapidly with active green loans/bonds. Then, the market has expanded into other ESG product categories.

## Global ESG Market (USD Billion)



Source: Bloomberg and MUFG as of 31 Jul 2022



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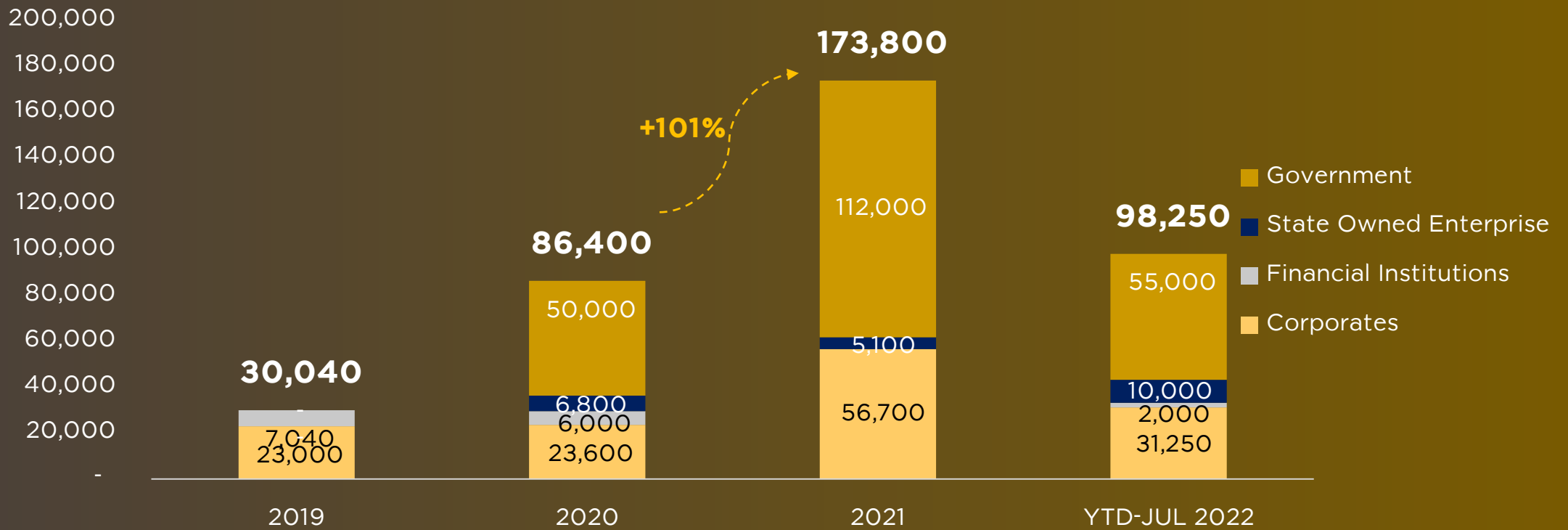
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# Development of ESG Bond in Thailand



## ESG BOND ISSUANCE BY ISSUER TYPES

(Unit: THB Million)



Source: ThaiBMA, Krungsri as of 31 Jul 2022





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# Krungsri ESG Finance Products

## USE OF PROCEEDS - BASED FINANCING



**Green  
Bonds/Loans**



**Sustainability  
Bonds/Loans**



**Social  
Bonds/Loans**

to fund projects that have  
positive environmental  
benefits

to finance or re-finance a  
combination of Green and  
Social Projects

to achieve positive  
social outcomes

## SUSTAINABILITY - LINKED FINANCING



**Sustainability-  
Linked  
Bonds/Loans**  
("SLB"/"SLL")

the bonds/loans where the financial or  
structural characteristics may change  
depending on pre-identified KPIs/SPTs

## TRANSITION FINANCING



**Transition  
Bonds/Loans**

to fund a company's transition  
towards reduced environmental impact  
or lower carbon emissions





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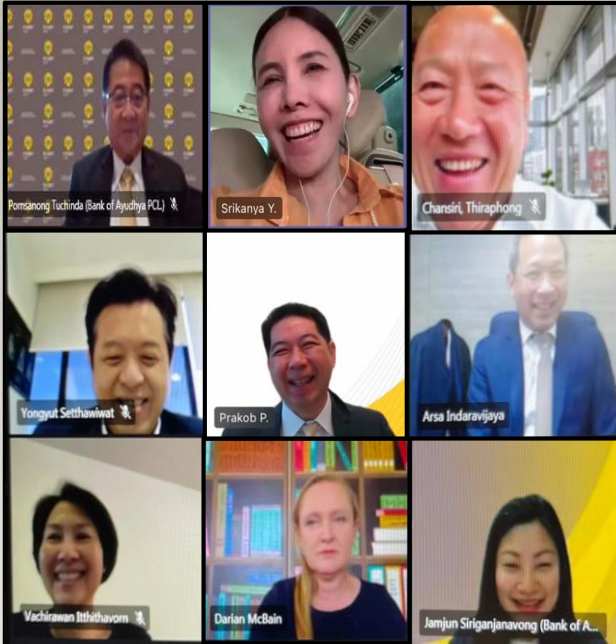
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# Thai Union's Sustainability-Linked Loans and Bonds

## First-ever Sustainability-Linked Bond (SLB) issued in Thailand

### Thai Union's First SLB 1-1 meeting with GPF



The only Asian corporate that has issued both sustainability-linked loans and bonds in the local and international markets in 2021 totalling THB 27,000 million.



Jan-Feb 2021

**Issue THB 12,000 million equiv. Sustainability-linked Loans (SLL)** in Thailand and Japan



Jul 2021

**Issue THB 5,000 million First Sustainability-linked Bond (SLB)** in Thailand



Nov 2021





**Issue THB 6,000 million Sustainability-linked Bond (SLB)** in Thailand



Dec 2021

**Issue THB 4,000 million equiv. Sustainability-linked Loans (SLL)** in Japan

# SLB Case Studies in Thailand

Issuer	Project / KPI	Offering	Program		Issue period	Tenor (years)	External Review
			THB	USD			
	<ul style="list-style-type: none"> <li>• <b>KPI#1:</b> DJSI Emerging Markets and DJSI Food Products Industry Index (To be included in the DJSI Emerging Markets and ranked in the top 10 companies for the DJSI Food Products Industry Index.</li> <li>• <b>KPI#2:</b> Carbon intensity of finished goods (Reduction of scope 1 and 2 manufacturing operations' emission intensity by 4% annually to meet 2023 and 2026 targets)</li> <li>• <b>KPI#3:</b> % of tuna vessels with electronic monitoring and/or human observers (Increase % of monitoring by 5% annually to meet 2023 and 2026 targets)</li> </ul>	II	5,000	139	Q2/21	7	Sustainalytics
	<ul style="list-style-type: none"> <li>• <b>KPI#1:</b> Scope 1 and 2 GHG emissions intensity, calculated as tonnes CO<sub>2</sub> per tonne production covering its Scope 1 and Scope 2 emissions globally for total production including intercompany sales</li> <li>• <b>KPI#2:</b> Post-consumer PET bale input into recycling measured in tons.</li> <li>• <b>KPI#3:</b> Renewable electricity consumption.</li> </ul>	II/HNW	10,000	278	Q3/21	5 / 7 / 10.5	DNV
	<ul style="list-style-type: none"> <li>• Same KPIs as the issuance in Q2/21</li> </ul>	II	6,000	167	Q3/21	5 / 10	Sustainalytics
	<ul style="list-style-type: none"> <li>• <b>KPI#1:</b> Total electricity consumption per car-km for Green Line Network</li> <li>• <b>KPI#2:</b> Renewable Energy Consumption in Operations for Green Line Network</li> </ul>	II/HNW	11,000	306	2Q22	3/5/7/10	DNV

Note: USD/THB = 36.00





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# ESG Finance Benefits



## Capturing the Mega Trend / Positive Corporate Profile

- Issuers / borrowers generate **positive publicity**
- **Complementary funding tool** to the Issuer's conventional / plain vanilla bond programme



## UN SDGs Alignment

- The focus on UN SDGs alignment **broadens the strategic direction**
- **Opportunity** to engage a larger number of investors



## Internal Staff Empowerment

- Create a **culture focused** on sustainability and environment
- Deepen **internal cooperation / teamwork** with ongoing disclosures



## Financial

- Commitment to ESG Finance makes a company be **more attractive to investors**
- **Increase participation rate** from investors



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# Standards / Guidelines for ESG Finance Products



ICMA  
International Capital Market Association



ACMF



LMA

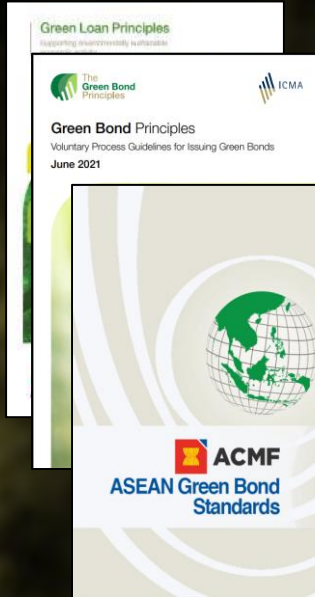
Loan  
Market  
Association

LSTA

## USE OF PROCEEDS - BASED FINANCING

## SUSTAINABILITY - LINKED FINANCING

## TRANSITION FINANCING



**GREEN**  
BOND AND LOAN  
PRINCIPLES

**SOCIAL**  
BOND AND LOAN  
PRINCIPLES

**SUSTAINABILITY**  
BOND AND LOAN  
PRINCIPLES

**SUSTAINABILITY - LINKED**  
BONDS AND LOAN  
PRINCIPLES

**CLIMATE TRANSITION**  
FINANCE  
HANDBOOK





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# How to be Part of ESG Finance Journey?

Everyone can accomplish its ESG Finance

Does the company have eligible  
Green or Social Projects ?



**Sustainable Finance Options :**

- Green Bonds / Loans
- Social Bonds / Loans
- Sustainability Bond / Loans

**No**

Does the company have the "KPI" and  
"Sustainability Performance Targets  
(SPT)" Ambitiousness and Relevant  
to Business ?



**Sustainable Finance Options :**

- Sustainability Linked Loans
- Sustainability Linked Bonds

**Benchmarking approach**

**H  
I  
S**

- Historical Performance  
(min 3 years)
- Industry's peers
- Science-based scenarios





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THANK YOU