



KASIKORNTHAI

INVESTMENT GOVERNANCE CODE



2021 Annual Review



หลักทรัพย์จัดการกองทุนสกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



Signatory of:



บริการทุกระดับประทับใจ

Kasikorn Asset Management' s Approach to Investment Governance Code (I-Code)

Kasikorn Asset Management (“KAsset”), as an Asset Management Company, which is responsible for managing funds on behalf of clients and asset owners, is fully aware on our investment duties and stewardship responsibilities. We truly believe that responsible investment will help sustain and enhance long-term superior and sustainable return to clients while gaining their confidence and trust.

Responsible investment has always been our core beliefs and investment principles, we have consistently improved and enhanced our internal practices over the time along with the development of capital market to achieve our ultimate goal. Our ESG Policy was established since 2013 and applied to all asset classes.

With the introduction of I-Code in 2017, KAsset, together with other Thai institutional investors and their representative industry organizations, have signed the declaration of mutual collaboration to encourage the implementation and later became a Signatory to the I-Code in June 2017.

To foster our commitment and align with international peers in responsible investment, in December 2021, KAsset has signed the United Nations-Supported Principles for Responsible Investment (“PRI”) and become a PRI signatory. The Principles for Responsible Investment (PRI) is a UN-supported network of investors, launched in New York City in 2006. Its principles of responsible investment work through the incorporation of environmental, social and governance issues in decision-making for investment, as well as the promotion of active ownership. Cooperation between the UN Global Compact, UNEP Finance Initiatives and signatories of PRI would help to create stability and long-term sustainability in the capital market, society and global economy. Currently, more than 4,500 institutions worldwide have become signatories to PRI, with total assets under management exceeding USD 121 trillion. As a PRI signatory, we agree to abide by six principles of responsible investment, as follows:

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

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

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

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

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

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

Currently technology has been playing an important part to almost all businesses which enables products and services more comfortable, faster, flexible with maximized efficiency and productivity. However, this could also be harmful to business continuity from cyber security risk. KAsset, has raised cyber security risk issue to the top priority to ensure the protection of confidential information under three principles including Confidentiality,

Integrity and Availability. In 2021, with the introduction and upcoming enforcement of Personal Data Protection Act (PDPA) in mid 2022, KAsset has prepared its business readiness in order to be in full compliance.

Since the outbreak of Covid-19 in early 2020, KAsset has, along with other corporates globally, introduced work-from-home solution without compromising effective compliance with related rules and regulations. We also revisited our operational and IT risk governance including internal control process for work-from-home environment, to ensure that KAsset fully understands all of the risk related to those activities, and minimize all the possible risks that can potentially affect our business-continuity.

With the increasingly high market volatility for all asset classes in the past years, KAsset also put more focus on liquidity issue particularly on the fixed income funds of which the industry suffered liquidity crunch in 2020. Our risk team has studied and analyzed the relationship between investors' redemptions to related factors. This helped us implement the system that can forecast potential investor's redemption and pre-alert fund manager beforehand. Together with the system that monitor liquidity and redemption of industry peers, proper and promptly communication plan to investors, we can provide good liquidity risk governance and pre-emptive liquidity risk framework that enhance financial stability by helping to increase the resilience of investment funds.

It has been over 2 years since the start of Covid-19, sustainable investment was considered even more important during the crisis and help giving us confidence on business performance and continuity. Our engagements with investee companies have been mostly through virtual meetings, we tried to understand their strategies to overcome business operational challenges as well as responsibility for all stakeholders and the society amid the pandemic. In 2021, Climate change has become more pronounced partly following the COP26 global meeting. Thai government also announced its target to reach carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065. These has led to actions of many listed companies to incorporate climate change in their business strategies and targets.

In 2021, we were in full compliance with I-Code and there were many achievements we have made to strive the stewardship practices, our key activities are summarized as follows:

Principle 1: Adopt a Clear Written Investment Governance Code Policy

In order to ensure effective implementation and practice of I-Code, KAsset Board of Directors has approved our first [Investment Governance Code Policy](#) in August 2018 as an internal guidance. Our latest I-Code and ESG policies review were approved by the Board of Directors in February 2022. KAsset also integrates Environment, Social and Governance (ESG) factors into our investment process from research, stock selection and portfolio construction. We have an internal [ESG policy](#) which has been applied since 2013 and consistently reviewed to ensure it reflects the evolvement of investment environment. Our ESG analysis are done through an internal ESG evaluation template which using data collected from 1) on-going dialogues with the investee company

managements and site visits at the Company’s premises 2) company’s data and other available public information sources 3) proprietary data from third party service providers. These enable us to achieve our goal of sustainable investment.

We calculated ESG scoring and rating for all stocks in our universe by assigning different combination of weightings in each factor (E/S/G) for different sectors following materiality mapping since we believe that the importance and impact from each factor are different among industry sub-groups. In 2021, we have standardized our methodology to factor ESG factors in our financial analysis and forecasting model.

Diagram 1: KAsset ESG Integration process

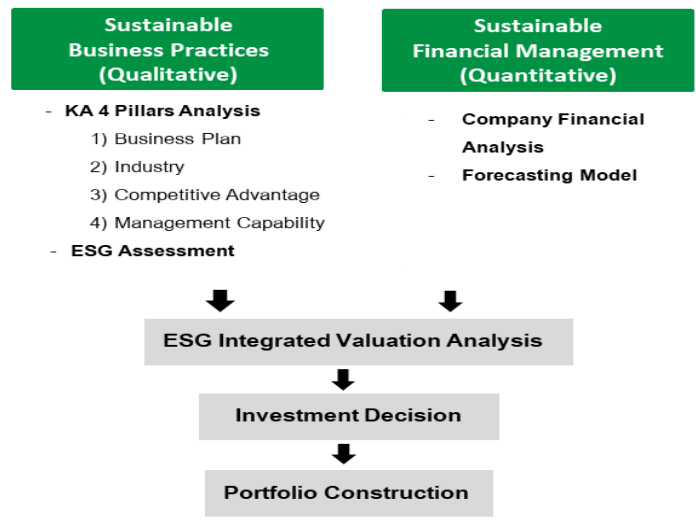


Diagram 2: KAsset ESG Assessment Work Flow

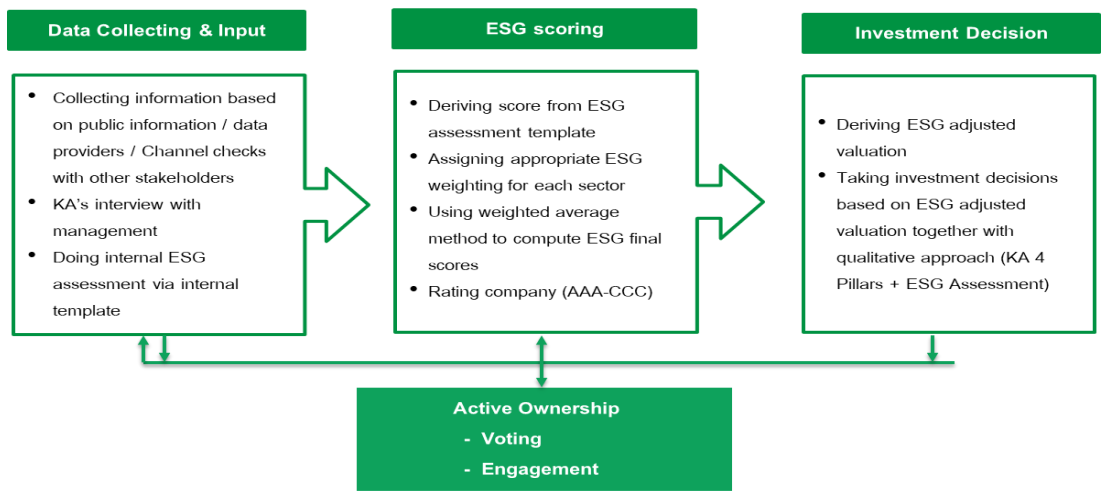


Table 1: KAsset Internal ESG Rating (2021)

KA's ESG Rating (TH Stocks)	% of Total
AAA	23%
AA	30%
A	26%
BBB	9%
BB	6%
B	5%
CCC	1%
Total	100%

As for fixed income asset class, in 2021, we saw the issuers started issuing more of ESG bonds and debentures. Total issuance of ESG bonds and debentures was quite high at THB 153 billion in 2021 while total outstanding was THB 334 billion. The most issuance sector was sustainability bond totaling THB 220 billion of which of government agency was the major issuer (ESGLB35DA) with the amount of THB 212 billion.

ESG Bond (Face Value: THB million)	Outstanding
1. Green Bond	82,300
2. Social Bond	10,800
3. Sustainability Bond	220,100
4. Sustainability-Linked Bond	21,000
Total	334,200

ESG Bond (Face Value: THB million)	Outstanding
1. Government & MOF Guarantee	223,900
2. Corporate	110,300
Total	334,200

KAsset has continually increased our investment in ESG bonds and debentures. The first issue that KAsset invested was ESGLB35DA. Example of other ESG investments are RATCH and BGRIM. However, KAsset viewed that the current outstanding of ESG bonds and debentures are still small with only few investable issuers relative to the overall fixed income market size. As a result, we have applied ESG integration strategy to our fixed income investment by incorporating ESG factor in our investment process and portfolio construction. We have consistently improved our model to ensure it effectively and comprehensively reflect ESG risks and opportunities for both issuers and securities level.

Principle 2: Properly Prevent and Manage Conflicts of Interest and Prioritize Advancing the Best Interest of Clients

KAsset is committed to operate our business with transparency and compliance with laws and corporate governance principles, focusing on clients' best interest. Several policies and statements have been put in place such as [Statements of Corporate Governance Principles, Anti-Corruption Policy](#), other operational policies and procedures as well as management oversight in case of conflicts of interest which include conflicts arising between KAsset and its related parties & employees and its clients or among clients themselves. The operational procedures include, for example, [proxy voting policy](#) at the shareholders meeting that places emphasis on the clients' benefit and disclosure of voting results. In the past years, we have revised our proxy voting policy to make it clearer, more specific and comparable between countries since KAsset has expanded our direct equity investment to other countries as well. In addition, KAsset also regularly reviews our proxy voting policy to reflect changes of the regulations which may have been updated over the time.

As being a wholly owned subsidiary of Kasikorn Bank which has a strong commitment towards anti-corruption of all forms in conformity with the Code of conduct and being a member of Collective Action Against Corruption Organization ("CAC"), as well as ensuring transparency in all business operations and good governance practices. In 2019, KAsset followed our Group wide policy to adopt [No Gift Policy](#) which employees are prohibited from accepting gifts in the discharge of their duties regardless of value.

In 2020, after the Securities and Exchange Act (No. 6) B.E. 2562 (2019) introduced the new section 124/1 which imposes new requirement on asset management companies ("AMCs") who managing mutual funds to have a new compliance oversight requirement. The Office of Securities and Exchange omission ("SEC") issued a Notification of Capital Market Supervisory Board Tor Thor 49/2562 re: Standard Conduct of Business, Management Arrangement, Operating Systems, and Providing Services to Clients of Securities Companies and Derivatives Intermediaries (No. 11) which has been effective from July 1, 2020 to require AMCs to put in place a policy on the prevention of conflicts of interest in managing mutual funds and mechanisms for monitoring conflicts of interest and unfair to the unitholders. AMCs are required to have a new monitoring mechanism in the form of an independent oversight entity ("IOE")

The Board of Director of KAsset has appointed the IOE committee which is independent from the operation and reports directly to the Board to perform the oversight as required by the SEC.

The IOE committee will be in charge with the following responsibilities:

- 1) Monitor activities or acts that have the conflict of interest to the fund's unitholders.
- 2) Monitor activities or acts that are unfair to the fund's unitholders.
- 3) Monitor activities or acts that are prejudicial to the fund's unitholders.

Principle 3: Make Informed Investment Decisions and Engage in Active Ongoing Monitoring of Investee Companies

Equity

KAsset equity team has regular and ongoing discussions with investee companies as we believe that effective engagement with companies are through interactive dialogues.

In addition to ongoing monitoring purpose, engagement with the investee companies allows us to explain and share our perspectives and thoughts towards their business operation with them. We believe that good corporate governance will enable investee companies to achieve its long term goal and sustainable success. As Thailand is considered a developing market, we hope that the stricted industry adoption of I-code will help developing our capital market into the next stage.

Table 2: A summary of equity team meetings with listed companies in 2021

Country	Equity	
	No. of meetings	No. of listed companies
Thailand	1326	264
Hong Kong	13	8
Indonesia	46	27
Malaysia	10	8
Philippines	30	25
Singapore	71	35
Vietnam	121	42
Total	1617	409

In 2021, the equity team at KAsset held a total 1,617 meetings with 409 listed companies mostly via the virtual conference due to the outbreak of Covid-19 Pandemic since early 2020. The meeting details are as shown in the table above. The meetings were held with all levels of Company's representatives as deem appropriate which we see benefit as a cross reference. However, the need to access to senior managements and board members, particularly for those companies we actively invest in, is considered important in order to have a more effective dialogues and communication, particularly to raise our both positive feedbacks as well as concerns and a better understanding of companies' strategic direction. We also have written summaries of all meetings for our records, investment decisions and following up on the Company's development. In case there is an incident that causes arising concerns or negative impact towards the investee companies, we will contact the investee companies immediately for clarifications.

During a prolonged Covid-19 pandemic, in addition to the regular investment discussions, we also engaged with Investee Companies to understand their strategies to overcome business operational challenges as well as responsibility for all stakeholders and society amid the pandemic.

Example of Key Engagements with Investee Companies are in appendix I

Fixed Income

In 2021, there has been growing interest of institutional clients to understand more on our ESG Investment process for fixed income strategies. Although Covid-19 pandemic has high impact for the overall economies and corporates, there has been no missed payments on interest and principals by investee companies in our universe.

Foreign Feeder Fund

Product strategy department has regularly reviewed criteria for outsourced fund manager and master fund manager including policy regarding Stewardship Code and ESG practice. We conducted survey on all our partners such as Lombard Odier, Amundi, Alliance Bernstein, Natixis, JP Morgan, UBS, Baillie Gifford etc. and concluded that all partners have satisfactory policy and standard practice on these issues. For example, Lombard Odier has implemented its policy to comply specifically to each region/country regulations that its operates in (Europe Switzerland Japan UK). In addition to the direct survey, we also conducted cross check our partners through available public data sources such as company websites. Currently, we have 38 master funds with 15 master fund managers, all of them are PRI signatories.

We launched K-CHANGE, our first ESG complied (UN Sustainable Development Goals or UNSDG) foreign feeder fund, in 2019. The Fund has dual objectives which are 1) to deliver attractive long-term returns and 2) to deliver positive change by contributing towards a more sustainable and inclusive world. The Fund has its investment policy to invest in high quality growth companies which can deliver positive social change in one of the four areas: Social Inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life, and Base of the Pyramid (addressing the needs of the world's poorest populations). Currently, total asset size of K-Change including all share classes worth totaling THB19,358m (as of April 22, 2022)

To continue our belief in ESG investment after a successful launch of K-CHANGE, in 2020 KAsset launched another ESG foreign feeder fund, K-CLIMATE that aims to help addressing the climate change problem. The Fund has its investment philosophy and objective to invest in companies that are leading the transition to a net-zero emissions and climate-resilient economy, companies that help solving the climate change problem, to be specific carbon reduction and avoidance. Those companies could be solution providers, transition candidates to renewable and clean energy, and adaptation opportunities who help making a positive impact in protecting green environment. Currently, total asset size of K-Climate including worth totaling THB2,787m (as of April 21, 2022)

Green washing has become a concern of regulators, we have regularly followed up their investment practices in order to be in accordance with respective policies.

Trustee

In 2021, Property Business and Infrastructure team have monitored operations of REIT Manager and Property Manager whether they followed rules and regulations stipulated by law, SEC and SET or not. Trustee team

worked closely with REIT Manager team regularly. Moreover, we also have conducted an annual REIT Manager and Property Manager performance review. The review topics include their operational system, workflows, the readiness of personnel per regulation, disclosure process, complaint management, insurance preparation, property management monitoring, conflict of interest prevention, net asset value and distribution correctness, annual general meeting arranged per guidelines, qualified outsourcing work, document properly secured, and business continuity plan.

In addition to the operation of the REITs and the Property Funds, Trustee team for Real Estate Investment Trust has jointly acted to establish new REIT. The trustee team has considered the possibility of investing in various aspects to ensure that the assets that the new REIT will invest in is comply with various relevant laws and regulations, including local laws in the area where the properties are located. We also considered policies and management strategies of property managers, whether they are consistent and not against related laws as well.

Principle 4: Apply Enhanced Monitoring of and Engagement with the Investee Companies if Motoring pursuant to Principle 3 is Considered Insufficient

In case the concerned issue is considered serious and might incur negative consequences, we might escalate the issue to the Board level of the investee companies. In 2021, there was no concerned case that needed to raise up to the Board level of the investee companies. Our engagements were done with the management level.

Principles 5: Have a Clear Policy on Exercising Voting Rights and Disclosure of Voting Results

KAsset has an internal policy related to the exercise of voting rights in the shareholder meetings of investee companies which clearly specify the guidelines for voting direction for each type of resolutions. Our latest Proxy voting guideline was updated and approved by the Board of Directors in January 2020.

We have also subscribed third party proxy research service from Institutional Shareholder Services Inc. ("ISS") since 2017 for comparison and reference of global practice. However, we retain full discretion when determining how to vote on behalf of our clients.

Last year KAsset voted for 225 listed companies in total, of which 155 are Thai listed companies and 70 are listed companies in foreign countries. Of the total 2,359 resolutions, we voted "For" 2,110 resolutions, "Against" 86 resolutions and "Abstain" 163 resolutions. Details are as follows:

Table 3: Breakdown of votes by Thai and other AEC countries and vote casts for each resolution

	No. of companies	Notice of meetings	For	Against	Abstain
TH Securities	155	188	1,561	64	7
Foreign Securities	70	98	549	22	156
Total	225	286	2,110	86	163

Chart 1: Breakdown of overall votes by countries

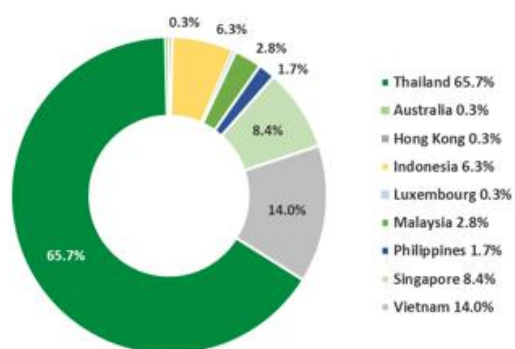


Chart 2: Breakdown of overall vote casts

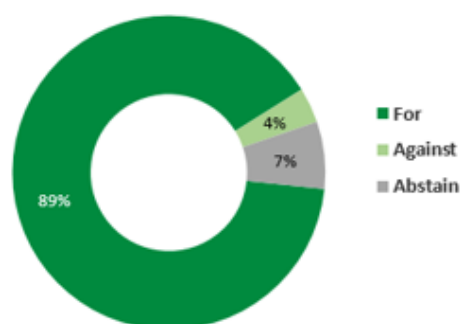


Chart 3: Breakdown of vote casts of foreign stocks

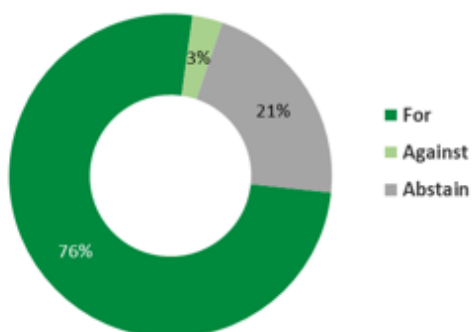
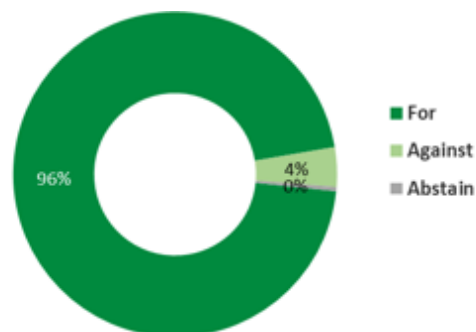


Chart 4: Breakdown of vote casts of Thai stocks



The “Against” vote casts are mostly from resolutions related to *board matters* due mainly to 1) independent directors has held the directorship for more than 9 consecutive years and 2) significantly absent from the meeting. The “Abstain” Vote casts are mostly due to *insufficient information provided*. However, the insufficient information provided issue is more of an issue for other AEC stocks rather than Thai stocks. Details are illustrated as follows:

Table 4: Breakdown of Vote Casts by Type of Resolutions

	Against		Abstain	
	TH	AEC	TH	AEC
Board Matters	58	10	0	29
Dilution and Control	5	12	5	26
Auditors	0	0	1	38
Remuneration	1	0	0	20
Others	0	0	1	43
Total	64	22	7	156

	Against	
	TH	AEC
Board Matters	58	10
Dilution and Control	5	12
Remuneration	1	0
Total	64	22

Held the directorship for more than 9 consecutive years		Serves on a total of more than 5 public company boards		Significantly absent board meeting		The majority of the board is not independent	
TH	AEC	TH	AEC	TH	AEC	TH	AEC
51	2	2	6	5	0	0	2
Capital Structure		Business Operation		Lacking of information			
TH	AEC	TH	AEC	TH	AEC		
4	7	0	5	1	0		
Board Remuneration							
TH	AEC						
1	0						

	Abstain	
	TH	AEC
Board Matters	0	29
Dilution and Control	5	26
Auditors	1	38
Remuneration	0	20
Others	1	43
Total	7	156

Abstain due to lacking of information	
TH	AEC
7	156

Principles 6: Act Collectively with Other Investors and Stakeholders as Appropriate

Although in general and most cases of our approach, we prefer to communicate with investee companies privately on our stewardship activities since we believe in positive relation and trust and also avoid public misleading that could cause an unintended outcome. To conduct any action towards an investee company that is involved with KAsset's concerns and is unable to solve the problem even after the degree of monitoring has been raised, KAsset may collaborate with other investors (both domestic and foreign investors) or other stakeholders in a collective engagement as deemed necessary to bring about an improved situation.

KAsset also acts collectively with other domestic institutional investors through industry organization such as Association of investment Management Companies (AIMC), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD) and regulators such as the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) the and Bank of Thailand (BoT). We actively participate in public hearings, focused groups and give feedbacks for any new or reviews of the existing regulations or notifications by related

regulators. We are also a member in ESG Collective Action Committee arranged by the AIMC and signed the guidance to apply negative list with investee companies together with other institutional investors on behalf of Association Investment Management Companies (AIMC)

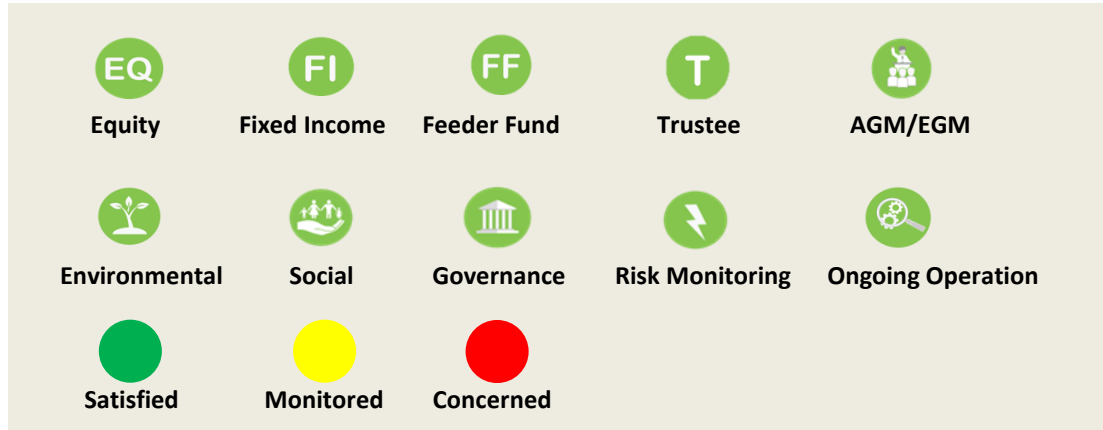
In August 2021, KAsset Equity team, together with other institutional investors, has written a letter on behalf of the ESG Policy & Collective Action Committee of AIMC to CEO of Ananda Development Plc (“ANAN”) asking for the update of the court case that the Central Administrative Court rendered its verdict against, among others, the Director of Wattana District, Bangkok Metropolis; the Governor of Bangkok Metropolis; and the Governor of the Mass Rapid Transit Authority of Thailand, revoking all governmental authorizations with respect to the construction of Ashton Asoke, located next to Sukhumvit MRT station on Asoke Road. The court concluded that the plot where the project is located does not have any part with a length of at least 12 metres connecting to a public road that has a width of at least 18 metres. Although the defendant was not ANAN, the Committee would like to encourage ANAN to show its transparency and good corporate governance.

Principle 7: Regularly Disclose the Investment Governance Policy and Compliance with the Policy

KAsset discloses the I Code Policy and other related policies on our website to enhance transparency, public understanding and confidence towards our operations. Investment Compliance annual review reports together with details are also disseminated through our website and applicable reports.

Appendix I

Example of Key Engagements of KAsset with Listed Companies



AEON Thana Sinsap (Thailand) Public Company Limited (“AEONTS”)

Ananda Development Public Company Limited (“ANAN”)

AP (Thailand) Public Company Limited (“AP”)

Asset World Corp Public Company Limited (“AWC”)

Bank of Ayudhya Public Company Limited (“BAY”)

Banpu Public Company Limited (“BANPU”)

Bangchak Corporation Public Company Limited (“BCP”)

Bangkok Dusit Medical Services Public Company Limited (“BDMS”)

BDO Unibank (Philippines) (“BDO”)

BEC World Public Company Limited (“BEC”)

Central Plaza Hotel Public Company Limited (“CENTEL”)

Chularat hospital public company limited (“CHG”)

Charoen Pokphand Foods Public Company Limited (“CPF”)

CPN Retail Growth Leasehold REIT (“CPNREIT”)

HENG Leasing and Capital Public Company Limited (“HENG”)

IMPACT Growth Real Estate Investment Trust (“IMPACT-REIT”)

Kerry Express (Thailand) Public Company Limited (“KEX”)

Keppel REIT (“KREIT”)

Siam Makro Public Company Limited (“MAKRO”)

Mega Lifesciences Public Company Limited (“MEGA”)

PTT Oil And Retail Business Public Company Limited (“OR”)

Osotspa Public Company Limited (“OSP”)

Precious Shipping Public Company Limited (“PSL”)

PTT Exploration and Production Public Company Limited (“PTTEP”)

Ratch Group Public Company Limited (“RATCH”)

Somboon Advance Technology Public Company Limited (“SAT”)

Siam Cement Public Company Limited (“SCC”)

SCGP Packaging Public Company Limited (“SCGP”)

Sino-Thai Engineering and Construction Public Company Limited (“STEC”) (Case I)

Sino-Thai Engineering and Construction Public Company Limited (“STEC”) (Case II)

SVI public company limited (“SVI”)

Thonburi healthcare group public Company Limited (“THG”)

Thai Oil Public Company Limited (“TOP”)

WHA Premium Growth and Leasehold Real Estate Investment Trust (“WHART”)

AEON Thana Sinsap (Thailand) Public Company Limited ("AEONTS")



Context:

COVID has had a huge and transformative effect on businesses and people's daily lives around the world. As a result, companies have to consistently review and adjust their operation considering all their stakeholders. The most difficult issue for company in lending business is to balance between helping its clients and trying to sustain its business in this difficult time. Certainly, the BoT has been requesting financial institutions to provide relief program to borrowers in need and most financial institutions have appropriately response to the BoT request. Therefore, KAsset is looking for actions above and beyond what is being requested by the regulator to truly celebrate the company who shows commitment in its social engagement.

Action:

KAsset attended the conference call with AEONTS regarding ongoing development in the industry while also inquired about the Company's social engagement activities.

Outcome:



KAsset has learned that AEONTS has been donating money and supplies to hospitals and its community through "The AEON Thailand Foundation", and has been inviting management and employees to share essential items with those who are most severely affected through "The AEON Pun Sook Project." All these activities are in addition to what is being requested from the BoT and proved that AEONTS truly committed in its social engagement to enhance its stakeholder and its community.

Ananda Development Public Company Limited (“ANAN”)



Context:

The plaintiff, led by the Anti-Global Warming Association and 16 community representatives in Sukhumvit Road, Soi 19, Intersection 2, Wattana District, required to prosecute 5 government agencies for jointly neglecting their duties by allowing the Ashton Asoke condominium construction, a 51-storey unlawful extra-large building. Having considered and examined the documents, the Central Administrative Court rendered its verdict against, among others, the Director of Wattana District, Bangkok Metropolis; the Governor of Bangkok Metropolis; and the Governor of the Mass Rapid Transit Authority of Thailand, revoking all governmental authorizations with respect to the construction of Ashton Asoke, located next to Sukhumvit MRT station on Asoke Road. The court concluded that the plot where the project is located does not have any part with a length of at least 12 metres connecting to a public road that has a width of at least 18 metres.

Action:

KAsset has raised the concern with ANAN regarding the potential issue on corporate governance and also attended the meeting of ESG Policy & Collective Action committee which aimed to discuss on collection action in regards to ANAN’s ESG case.

Outcome:



ANAN has clarified with KAsset and publicly disclosed that MRTA and the Developer entered into an agreement on the use of the Disputed Site Area owned by MRTA as the access to and exit from the Project and that the use of the disputed site area is lawful and fully transparent, ratified by all related government agencies. Due to the fact that the defendant was not ANAN, but government agencies, and there was no clear evidence that ANAN has illegally requested for the use of this site area. The ESG Policy & Collective Action Committee agreed to send the letter to ANAN CEO that the Committee was fully aware of the dispute and would request that ANAN keep the committee posted on any significant developments on the issue as part of good corporate governance.

AP (Thailand) Public Company Limited ("AP")



Context:

Corporate governance is the collection of mechanisms, processes and relations used by various parties to control and to operate a corporation. Surely, this is not something that can deliver results overnight. Without strong corporate governance, it is almost impossible for a corporation to continue the sustainable path. For instance, Enron's downfall was years in the making due to the accounting scandal. One could argue that Enron's management failed at transparent governance and eventually caused poisonous corporate culture. CSR award-winning company AP did not just gain sizable market share in the residential market, but also brought new transparent practices on managing stakeholders' relation to the market. Data analytics has been the key in paving the new ground of transparency for AP's sustainable governance.

Action:

We communicated with the Company to get updates on their initiatives and tried to empower them to stay on course of sustainable corporate governance. The Company has acknowledged the significance of consolidating data points at all levels across business units. AP has been ahead of peers in the property industry, which is deemed as not-so-tech-savvy by many.

Outcome:



AP's proprietary CRM software is an integrated platform management and front-office officials use to deliver customer excellence. Throughout the years, many news headlines have targeted property companies for their customer neglect. Generally speaking, technology and property development do not really go hand in hand with one another; there has been a lack of innovation in the industry. AP's aim towards transparent governance gave birth to its proprietary CRM software. Data points of customers can now be sustainably managed. Full transparency of CRM contributes to corporate governance excellence. AP also has a collaboration with Stanford University to incorporate principles of Design Thinking for sustainable management.

Asset World Corp Public Company Limited (“AWC”)



Context:

In 2021, COVID-19 situation continued quite severe for most of the year in Thailand. AWC, a front line business serving both domestic and international tourists, has prepared to handle operation during the pandemic by vaccinated 100% of its employees and achieve SHA+ standard to ensure safety and confidence of customers visiting. Apart from that, AWC has taken initiatives to help society and communities to overcome the COVID-19 situation together.

Action:

KAsset contacted the company for more details about the preparation for the COVID-19 situation and initiatives in helping society and communities to overcome the COVID-19 situation together.

Outcome:



The Company stated that it has received a good response in building the morale of the employees to perform duties and helping to alleviate the society and communities from the impact of the COVID-19 outbreak.

- 1) Asiatic The Riverfront has converted an area into COVID-19 vaccine distribution unit located in front of the warehouse 4, with a size of more than 1,180 sqm. It is supported by medical personnel, tools, and equipment from Bangpakok Hospital 1 and able to support over 2,000 injections/day
- 2) The project “AWC joins forces to send supply bags” with Bangkok Metropolitan Administration and more than 103 leading organizations is to provide supply bags to more than 21 communities and 16 construction camp workers across Bangkok affected by COVID-19, with 86 volunteer employees creating employment of people in Bang Kho Laem community to pack 13,500 bags of supplies, representing a total value of more than 11,117,980 baht returning to the community and society.
- 3) Project “AWC Joining Forces, Thais Fight” AWC joins hands with partners from leading organizations and Phra Intharacha, a sub-district municipality of Phra Nakhon Si Ayutthaya Province is to establish a community isolation of green COVID-19 patients with 200 beds waiting to be transferred to field hospitals or the hospital at the wholesale trade center AEC Trade Center Pratunam Phra In
- 4) AWC cooperates with Central Chiang Mai Memorial Hospital under the project “Vaccines for the people” has set up an optional vaccination distribution unit, Sinopharm, in the area of OP Place Chiang Mai.
- 5) Asset World Foundation for Charity supports the work of Bangkok Emergency Medical Center (Erawan Center) by donating a total of 50 IP Phones to be used to coordinate various emergency situations including coordinating with medical units and hospitals to deliver patients in the COVID-19 situation.

Bank of Ayudhya Public Company Limited (“BAY”)



Context:

Starting in 2020, BAY is one of the leading Thai banks promoting financial products with ESG considerations as one of the lead arrangers of “Sustainability Bonds” and “Green Bonds” issued by several parties. For example, the sustainability bonds by the Ministry of Finance by the Public Debt Management Office (PDMO), contributed to Thailand’s efforts in achieving the 17 UN SDGs such as No Poverty, Good Health and Well-Being, Quality Education, and Affordable and Clean Energy. Green bonds issued by PTT Plc. obtained the world’s first certification under the Forestry Criteria of the Climate Bonds Initiative (CBI), an independent international organization promoting environmentally friendly benefits. The proceeds will be used to invest in projects concerning forest conservation, environment conservation, and improvement of quality of life for the betterment of society and communities.

Action:

We communicated with BAY’s investor relation and ESG team to understand the Bank’s policies and strategy relating to ESG, as well as to update on their initiatives in 2021.

Outcome:



In 2021, BAY has up to 60% market share of the ESG financial instruments in Thailand’s bond market. Apart from sustainability and green bonds, BAY has initiated to promote “Gender Bonds”. Starting with Krungsri Women Bond Framework which it intends to issue women bonds and use the proceeds to finance or refinance existing or future projects that improve access to finance for underserved women. As for the long-term aspiration, BAY’s strategy is achieve the ‘Sustainable Development Goals (SDGs)’ initiated by the United Nations within a period of 15 years from 2015-2030.

Banpu Public Company Limited ("BANPU")



Context:

As recent trend and direction of using clean and environmental friendly energy has become global trends, there are many new measures aiming to reduce Co2 emission in the future. These agendas may have impact on BANPU, which has its core operation on coal mining. We engaged with the Company how they manage to handle and address this issue.

Action:

KAsset contacted the Company for more details on their potential climate-change risk mitigation measure in the future.

Outcome:



BANPU explained that they have focused on this issue and have appointed a climate-change risk management committee (Climate Change Committee) to implement the greenhouse-gas management strategy that focuses on four measures as follows; 1) Measures to reduce Co2 emission 2) Adaption measures 3) Participation in low-carbon society and 4) joining as member of climate change organization. The Company has identified these comprehensive measures and has set this a long-term goal to reduce Co2 emission since 2010 as well as kept reviewing and monitoring the progress. The Company's recent target announced in 2018 by adding internal carbon pricing part. In addition, the Company has started many projects such as renewable energy business since 2016, rooftop solar business since 2017. The Company has also invested in R&D focusing on Energy Storage System (ESS), electric vehicles car, smart cities to support energy transition in the future. BANPU plans to revisit their greenhouse gas emission targets with details of carbon neutral target and expect to disclose data following Task Force on Climate-related Financial Disclosure (TCFD) in 2022.

Bangchak Corporation Public Company Limited (“BCP”)



Context:

Due to BCP’s main business is Oil Refining, environmental issue has been in focus of all stakeholders, particularly as the growing awareness on global warming issue. We found that BCP has various projects on reduction of energy consumptions and invested more towards clean energy.

Action:

KAsset contacted BCP for more details on initiative projects to help reducing energy consumption and new investment projects related to clean energy.

Outcome:



BCP explained that the Company has several projects regarding energy savings. They have started “The Rocket” projects to improve product value and to reduce energy consumption within production process and along with transportation chain. In addition, BCP plans to improve efficiency of refined unit to extend turnaround maintenance cycle from two to three years through the Energy Efficiency and Environmental program (3Es). The Company also applied new service station model that adapted 4Rs process (Renewable, Recycle, Reuse and Reduce). For example, the installed solar rooftop can also and keep rainwater to water the plants. In terms of new investment project, the Company has focused on investing in renewable energy or other types of clean energy under BCPG Public Company Limited and expansion investment in high-value bio-based product business under BBGI Plc. The Company has established the Bangchak Initiative and Innovation Center (BiiC) to create green eco-system that will drive new ideas or innovations, focusing on research and development in green energy and bioscience, help supporting company’s domestic and overseas business expansion. BCP aims to reach Carbon Neutral target in 2030.

Bangkok Dusit Medical Services Public Company Limited (“BDMS”)



Context:

28 July 2021, Thupatemi Royal Thai Air Force Sports Stadium was transformed into a field hospital with the cooperation of the Royal Thai Air Force and Bangkok Dusit Medical Services Co. Ltd. (BDMS), which set up care systems and provided medical personnel to the site, so that it took on overflow patients from standard facilities.

Action:

KAsset contacted the Company for more details about this field hospital.

Outcome:



This hospital accommodates 100 beds of yellow group COVID-19 patients. The personnel are mainly from Bhumibol Adulyadej Hospital and the air force’s medical division. The purpose of this hospital is to alleviate nearby people from the severe spread of Covid-19. The Company informed that it had established and managed this field hospital for two months since August 2021 then they delivered to Bhumibol Adulyadej Hospital in October to continue the operation.

BDO Unibank (Philippines) (“BDO”)



Context:

On 12 December 2021, there is news reported that several BDO account-holders took to social media complaining that unauthorized fund transfers reported over the last few weeks. These involved transfers of Php25k-Php50k (USD500-USD1000) per account to UnionBank accounts, which were then used to buy cryptocurrency. BDO has acknowledged that the Bank is aware of a sophisticated fraud technique that has affected some clients and will reimburse client losses.

Action:

KAsset attended the conference call organized by the Company regarding this issue to learn causes of the incident and follow-up measures to prevent /minimize risk of cybersecurity breach in the future.

Outcome:



KAsset have learned that BDO has already instituted changes to block compromised credentials and prevent recurrence. Moreover, BDO is doing a deep dive on the root cause but the hack was likely made possible due to a 10-year-old Web service that is due for phase-out in 2022. The replacement platform for online service is already in beta test and should be available to the public in January or February 2022. BDO is now processing the reimbursement of close to 700 clients affected by this incident. The Philippines Central Bank (BSP) is also forming a task force that will investigate the fraud. Penalties may be imposed, depending on investigation results.

BEC World Public Company Limited (“BEC”)



Context:

Nowadays, people can access media through a variety of channels especially online and social media, which are easily accessible compared to the past. Therefore, media contents are crucial as they may have influence on people mindset, attitude or lifestyle. Content producers, providers and broadcasters as intermediary, hence, have important role to increase social standard and moral.

Action:

KAsset has contacted the Company to ask about the policy in content producing and contents broadcasting that might help increase social standard and moral.

Outcome:



BEC continually helps the society in multiple ways 1. In most of their news program, such as in the news program called “Rueng Lao Sao-A-thit” they act as a middle man to broadcast contents related to people in a difficult situation that need help 2. They act as a middle man, in news program such as in “Rueng Lao Sao-A-thit”, for the fund raising for troubled people that experience the tragedy such as flood 3. They produce programs that reflect the social problem that might need further discussion to find a solution such as in the program called “Hone-Kra-Sae 4. They aim to produce good drama every year to increase moral and to help improve social standard.

Central Plaza Hotel Public Company Limited (“CENTEL”)



Context:

Central Restaurants Group, a subsidiary of CENTEL, operates in the restaurant business. The Company disclosed through its official announcement about the incident where hackers attacked the information systems of Central Restaurants Group. There is a chance of unauthorized access to the company’s information.

Action:

KAsset contacted CENTEL for more details about the cause of the incident, its impact including how to prevent the problem.

Outcome:



CENTEL explained that the hacked data is general information such as name, address, gender, telephone number. The key financial information of the customer such as credit card information or financial transaction information did not leak out. In addition, the company has closed all hackers' access to information. Therefore, it will not affect the operation of the restaurant business. Moreover, the company has added more data security systems to prevent the incident happening again.

Chularat hospital public company limited (“CHG”)



Context:

Chularat Hospital, in cooperation with Charoen Pokphand Group and WHA group, inaugurated the 600-bed field hospital “CP - WHA - CHG Field Hospital” at WHA Mega Logistics Center (Chonlaharnpichit KM.4), managed by WHA Real Estate Management Co., Ltd. (WHART), in Samut Prakan province, occupying a 15,294-square meter area in one of its warehouse buildings, as a measure to help the country curb the pandemic. This site will be used for the treatment of COVID-19 patients with mild to moderate symptoms, to control and prevent the spread of the virus. The facility will be divided into different zones; light yellow, dark yellow and orange, depending on the severity of the Covid-19 cases. It will be run 24/7 by highly-trained doctors, nurses and healthcare personnel from Chularat Hospital.

Action:

KAsset contacted the company for more details about this field hospital.

Outcome:



The Company informed that they continue helping society especially in pandemic period. The operation of field hospital 'CP-WHA-Chularat' will be continued because the Covid-19 pandemic is still uncertain. This field hospital is fully equipped for treat yellow and red patients. Moreover, the Company also supports government policies in caring for Thai people, such as hospitel, home isolation, and vaccination center.

Charoen Pokphand Foods Public Company Limited (“CPF”)



Context:

According to the news dated on May 30, 2021, one broiler slaughter house registered COVID-19 in Saraburi. Later CPF informed the Stock Exchange of Thailand that it received confirmed COVID-19 cases in its broiler slaughter house.

Action:

On May 31, 2021, KAsset contacted CPF for more details about the cause of the incident, its impact including how to prevent the problem.

Outcome:



CPF explained that after the findings, it cooperated with the authorities to proactively implement the COVID-19 testing at Saraburi poultry slaughter house along with employees' health and safety including their families, as a top priority. All employees are subjected to COVID-19 tests and those with positive results are admitted. Also the operating areas were closed for 5 days for big cleaning to ensure zero contamination in the plant's work environment on products and to employees. KAsset acknowledged this positive development and will continue to monitor the situation.

CPN Retail Growth Leasehold REIT ("CPNREIT")



Context:

Since last year, the Covid-19 situation has severely affected the normal life of many people in Thailand, one in particular, the mall-goers.

Action:

KAsset approached the Fund for what it has done to alleviate the Covid-19 situation.

Outcome:



On 11 November 2021, in the usual held analyst meeting for 3Q21, the Fund provided the information on what it has done during this and last year to help the mall-goers and the tenants coping with the Covid-19 outbreak. The Fund has developed a Hygiene and Safety Master Plan covering 5 major scopes with over 75 detailed measures in place. The 5 major scopes are extra screening, social distancing, safety tracking, deep cleaning and touchless experience. Moreover, with the Tenant-Centric Business Partnership Strategy, the Fund took care of the tenants in the Malls by increasing liquidity and access to multi-bank loans, reducing rental fees and assist with revolving capital (In the early phase of Covid-19 in 2020 the fund provided a rental discount up to 67% for a period of time then gradually reduced it when the situation turned for the better, however, in early 2021 when the spread of disease was wide the fund went back again to give a discount in a range of 40-50%. The discount consideration varied by malls, eg. malls in the heavy infection zone which were ordered to close, the tenants would receive full discount. Other than that, the consideration varied by tenants as well), tenant-centric marketing and providing new platforms and services.

HENG Leasing and Capital Public Company Limited (“HENG”)



Context:

COVID has had a huge and transformative effect on businesses and people's daily lives around the world. As a result, companies have to consistently review and adjust their operation considering all their stakeholders. The most difficult issue for company in lending business is to balance between helping its clients and trying to sustain its business in this difficult time. Certainly, the BoT has been requesting financial institutions to provide relief program to borrowers in need and most financial institutions have appropriately response to the BoT request. Therefore, KAsset is looking for actions above and beyond what is being requested by the regulator to truly celebrate the company who shows commitment in its social engagement.

Action:

KAsset has contacted and attended conference call with HENG to inquire about overall development in finance industry, and the Company's social engagement activities.

Outcome:



KAsset learned that HENG has been donating money and supplies to hospitals and its community throughout the year, totaling 26 events in 2021. There are also other non-COVID related events like donation to community that were affected from flood, and promoting safe driving during Songkran. All these activities are in addition to what is being requested from the BoT and proved that HENG truly committed in its social engagement to enhance its stakeholder and its community.

IMPACT Growth Real Estate Investment Trust ("IMPACT-REIT")



Context:

The COVID-19 pandemic resulted in a lack of the number of beds and medical facilities to meet the increasing number of patients. Field hospitals therefore have been established for those have Covid-19 asymptomatic or mild symptoms to free up beds in the hospital for the serious-illness patients. These field hospitals are operated by responsible agencies in the area, hospitals or foundations in Thailand.

IMPACT-REIT is a REIT Investing in real estate freehold rights of exhibition and convention center in the IMPACT Muang Thong Thani projects, has realized the importance of helping society and considered supporting the society by allowing space in the REIT's exhibition hall building to establish field hospitals. society and considered supporting the society by allowing space in the REIT's warehouse building to establish field hospitals.

Action:

KAsset as a trustee has given approval for the proposed transaction due to the view that the release of the specified area, which are the vacant space, can support to help taking care of the society.

Outcome:



Details of the release of exhibition hall space to be a field hospital are as follows:

IMPACT Challenger (Hall 1-3) IMPACT Muang Thong Thani projects No.95 Moo 9 Bangpood Subdistrict, Pakkred District, Nonthaburi Province

- Building area 60,000 square meters
- Operated as a Busarakum Hospital by Office of the Permanent Secretary Ministry of Public Health
- From 1 May 2021 to 30 September 2021 for a total period of 5 months

Busarakum Hospital gave medical treatment for Covid-19 patients totaling 20,436 persons with capacity of 3700 beds and already handover space to the Trust within the specified date.

Kerry Express (Thailand) Public Company Limited (“KEX”)



Context:

Delivery services has been growing fast, in tandem with the rapid growth in E-Commerce. Delivery services may cause huge energy consumption and greenhouse gas emissions. Besides, packaging products might cause enormous waste.

Action:

KAsset, has contacted KEX to ask about the measures to mitigate the impact to environment on energy consumption, gas emission and waste reduction.

Outcome:



KEX gave importance to energy consumption reduction. They initiated the project call “Kerry Express Grow Green” which is a pilot project to use electric motorcycle to deliver parcels. They will continue to explore the more efficient way to use electric vehicle in the future. Apart from that, the Company partnered with BTS Group (one of their major shareholder) to introduce the service called “BTS Express Service” where they will deliver parcels within 200 meters which their staff will take BTS skytrain to deliver parcels instead of driving. They also managed delivery route in an efficient way in order to reduce energy consumption. For the packaging material, they use recycled parcel boxes and customers can repeatedly use same boxes to collect parcels at Kerry points.

Keppel REIT ("KREIT")



Context:

On August 2, 2021, Keppel Corporation, KREIT's sponsor, has announced the acquisition of Singapore Press Holdings (SPH) excluding media business for an implied consideration of SGD2.24b, comprising: (1) cash of SGD1.08bn; and (2) a 26% equity stake in KREIT's shares worth SGD1.16bn out of 46% Keppel's stake in KREIT. Post the transaction, sponsor will hold a significantly lower 20% stake in KREIT, compared to the current 46%. The deal also resulted in a speculation that KREIT will merge with SPHREIT, a retail REIT under SPH, which will have the same sponsor post Keppel's acquisition of SPH creating a larger mixed office and retail REIT. This development has created a near-term overhang on KREIT given the size of the divestment and the potential of losing pure play office status.

Action:

On August 3, 2021, KAsset has attended the conference call organized by Keppel regarding the acquisition of SPH.

Outcome:

KAsset has learned that Keppel Corporation considered 46% holding in KREIT too high comparing to other Singapore REITs with 20-30% sponsor holding. Therefore, the sponsor would like to reduce it to 20%, while they will support KREIT in any further acquisition. Regarding the merger between KREIT and SPHREIT, the sponsor will be supportive of the discussion between two REITs. The decision will be made by the board and the management of the two REITs taking in all opinions from unitholders. The decision will have to consider weighting between losing pure play office status and the benefit of gaining scale.

On November 10, 2021, Cuscaden Peak Pte. Ltd., a consortium comprising Hotel Properties Ltd, CLA Real Estate Holdings Pte. Ltd. and Mapletree Investments Pte. Ltd. has provided a superior offer comparing to Keppel's final offer. Therefore, it is likely that Keppel will not be able to acquire SPH.

As of February 9, 2022, SPH acquisition has not been concluded by SPH board and shareholders. Cuscaden Peak Pte. Ltd. offer is still seen by the market to be superior to Keppel offer.

Siam Makro Public Company Limited (“MAKRO”)



Context:

MAKRO has been well regarded as supportive company towards local suppliers both farmers and SMEs. MAKRO has good intention and policy to support its suppliers with prime objective of growing together to ensure good product qualities and supply sufficiency to MAKRO store network of 145 stores at the moment.

Action:

KAsset contacted MAKRO to learn more details about their local suppliers support policy and how they execute this policy.

Outcome:



MAKRO elaborated that there are two main areas of supporting local suppliers as follows:

- 1) Good governance training – MAKRO regularly organize training sessions to the suppliers regarding good governance and anti-corruption in order to improve governance of how they run their businesses and to meet MAKRO’s supplier standard
- 2) Market knowledge and product development - MAKRO has a team to help providing advices to suppliers /potential suppliers on product safety, product size and packaging that are in-demand. They also have teams that do joint development of product, flavors testing. Ultimately, when the suppliers can meet with MAKRO’s recommendations and standards, there will be a guarantee of purchasing products from the suppliers and the suppliers can apply for a loan with commercial banks to expand their business.

Mega Lifesciences Public Company Limited (“MEGA”)



Context:

MEGA has announced in the beginning of 2021 relating to the energy saving plan by intending to reduce carbon emission by implementing energy-saving lamps. In addition, MEGA has established solar power plant in “Green Mega” project.

Action:

KAsset contacted to IR about the progress of the project and the expected goal would be.

Outcome:



In every process of the Company, MEGA effectively utilizes resources in order to reduce greenhouse effect. To this end, MEGA has implemented a number of practical initiatives in manufacturing facilities, such as building an underground waste water treatment plant, converting to natural gas boilers and dehumidifiers, implementing energy-saving lamps T5 and LED, and using non-CFC air condition. All of these, MEGA intends to conserve energy and to be environmental-friendly. MEGA has installed solar power plant in its Thailand manufacturing plant since 2019 in order to reduce carbon emission. MEGA has installed solar power plant in distribution center in Yangon and built solar power plant in Australia with the most rigorous environmental standard.

PTT Oil and Retail Business Public Company Limited (“OR”)



Context:

According to the trend of clean energy combined with the improvement in solar cell technology, OR sees the business opportunity to invest and install solar cell in clients’ areas through Private PPA (Private Power Purchase Agreement). OR will be the investor for clients and sell electricity to clients while clients will get discount from PEA/MEA rates. This will save electricity cost and be environmental friendly. In addition, OR is installing solar cell as roof top on its stations and some other buildings.

Action:

KAsset contacted OR for more details about the progress of the projects along with clients committed to participate.

Outcome:



OR informed that it got positive response with some commitment from manufacturing clients, reinforcing the importance of positive environmental impact between OR and clients. In addition, OR successfully installed solar roof top in its 9 stations and 3 DC, bakery & dry-mix plants with the plan to install total of 39 points in 2022. KAsset acknowledged this positive development and will continue to monitor the situation.

Osotspa Public Company Limited (“OSP”)



Context:

OSP was established in 1891 as a pharmacy offering products focused on the health of Thai people called “Krisnaklan” which effectively treated an outbreak of dysentery. Over time, OSP has been creating innovative products in the Fast-Moving Consumer Goods (FMCG) sector to improve people's quality of life. The Company is currently focused on expanding business, which is increasingly being driven by innovation and technology, based on its vision of “The Power to Enhance Life”.

Action:

We had an interview with the management of OSP to update its strategies related to ESG and sustainability, which focused on five dimensions: Quality of Life, Public Health, Education, Sports and Disaster Assistance.

Outcome:



OSP has conducted its business plans in order to respond with the ESG and sustainability policies. In 2021, OSP set up its medium-term explicit targets to be achieved by year 2025 as follows: 1) Supply Chain – implement 100% ESG supplier assessment 2) Consumer Health – develop products with less sugar added for 100% of beverage portfolio 3) Environment – reduce consumption of water by 40%, energy by 10% and 15% reduction in GHG emission. KAsset acknowledged its policies and business plans and will continue monitoring the progress.

Precious Shipping Public Company Limited (“PSL”)



Context:

PSL informed the SET regarding the news in foreign media that on 14 October 2021, there has been an arrest of 22 Thai crew members on board the Singapore-flagged vessel of the PSL's Singapore subsidiary, Precious Visions Pte. Litimited, i.e., M.V. Chayanee Naree in Nigeria for alleged drug trafficking.

Action:

KAsset contacted PSL for more details about the impact from this incident.

Outcome:



PSL explained the impact from this incident, current internal controls, and preventive measures as follows:

Impact from the incident

- The current commercial impact of this drug find is related primarily to the speed of cargo discharge, which has halved following a directive by the Nigerian local law enforcement authorities.

- Unless it is proved that one or more of our crew members was involved in this drug trafficking attempt, PSL expects that the charterers (clients) will be fully responsible for all costs attributable to the delayed discharge of cargo.
- Legal costs associated with this incident are covered by our P&I insurance.
- Other costs shall be governed by the charter contract made with the charterers.
- PSL does not expect any impact whatsoever on our future charters. PSL enjoys an excellent reputation in the international Shipping market and fully expect to be able to maintain that going forward.
- Over the long term, PSL does not expect this incident to have any impact on the Vessel or on any other ship in PSL's fleet.

Current internal controls

- PSL run a criminal check on all new joiners in Thailand.
- PSL's crew members are licensed professionals who are familiar with the Company's standard operating procedures and protocols to deal with identified risks.
- PSL has written policies in place which prohibit the unlawful profession, consumption, distribution or smuggling of drugs by any crew member employed on board PSL's ships.
- PSL's policies state that drug smuggling in any form is an act of gross misconduct and a criminal offense punishable by dismissal and probable prosecution and / or imprisonment by the authorities of the country in which the act is committed / detected.
- Annual internal reviews on preventative measures are conducted by a dedicated team of qualified and experienced ship auditors reporting directly to the Managing Director.
- PSL check the clients' background prior to engaging any business with them in order to mitigate any counterparty and reputational risk.

Preventive measures

- PSL has notified all the vessels in the fleet of this incident and warned the crew members to be extremely vigilant when loading bulk cargo.
- Crew members who are on watch during loading operations are to keep a very close watch on cargo being loaded in each hatch. Anything suspicious to be reported to the master and PSL immediately. Cargo operations are to be immediately suspended until the master is resolved.
- If drugs/illegal substances are found at the time of loading, local law enforcement authorities are to be notified immediately.

PSL is committed to conducting business in a lawful manner and strongly condemns any illegal activities, including drug trafficking. PSL affirms that it is not involved in any manner whatsoever with such illegal activities and intends to continue cooperating with the relevant authorities until the case is fully resolved. While the investigation is ongoing, PSL is liaising with the relevant authorities, including the Thai Embassy in Nigeria, in order to ensure that PSL's crew members' basic rights are preserved.

PSL shall keep KAsset the SET informed of any major updates in relation to this case.

PTT Exploration and Production Public Company Limited (“PTTEP”)



Context:

On March 19, 2021, PTTEP informed the SET that referring to the Class Action lawsuit against PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP AAA), which is the subsidiary of PTTEP, in the Federal Court of Australia brought by a group of Indonesian seaweed farmers, claiming damages to their seaweed crops caused by the 2009 Montara incident in the Australian waters. On March 19, 2021, and 25 October 2021, the trial judge of the Federal Court of Australia delivered judgements in the class action. Final orders were made by the trial judge on 15 November 2021.

Action:

KAsset contacted PTTEP to clarify the lawsuit including the cause of the incident, impact and internal preventive measures.

Outcome:



PTTEP informed that based on the independent scientific research overseen by the Australian Government, there was no oil from Montara reached the shores of Indonesia nor Australia and no long-term damage was done to the environment in the Timor Sea. The Australian Government set up a Commission of Inquiry and found that the main cause of Montara Incident was failure to maintain verified well barriers, lack of personnel competence, failure to follow procedures and limited corporate oversight. PTTEP took these events as lesson learnt and improved its internal preventive measures by developing a system to bring new technologies to help enabling future operations to be safe. For the environmental issue, PTTEP has a cooperation with Australian Maritime Safety Authority (AMSA) to show responsibility and inspect the oil spill from Montara to the coastline of Australia or Indonesia. Moreover, natural dispersion was aided by the aerial application of limited oil dispersants, and skimming/recovery was used. For a long term plan, PTTEP did research and monitor the impact on the marine ecosystem. PTTEP informed KAsset that they are confident on their independent scientific research that no oil from Montara reached the shores of Indonesia or Australia and have an impact on environmental issues. And after careful consideration of the judgements, PTTEP AAA has exercised its right to appeal and filed a Notice of Appeal in the Federal Court of Australia.

PTTEP will provide more update in the due course if there is any further development.

Ratch Group Public Company Limited (“RATCH”)



Context:

At the Extraordinary General Meeting of Shareholders No. 1/2021, RATCH proposed the approval of the purchase of 45.51% of ordinary shares in PT Paiton Energy and Minejasa Capital B.V., which operates a coal-fired power plant with a capacity of 2,045 megawatts. As the world looks to accelerate the exit from carbon-intensive fuel and towards cleaner energy source, RATCH has increased its stake in coal power plants from 13% to 26% of the Company's capacity from this deal. This has raised our concern about the Company's awareness on environmental impact.

Action:

KAsset contacted the Company for more details about the reasons for investing in additional coal power plants including its investment policy towards environmental aspect.

Outcome:

RATCH explained the reason for investing because it is a sizeable and secured project with a relatively good return. This addition capacity will help offsetting its retiring power plant in the next 5-7 years, it will also enhance the Company's overall capacity expansion in the long run. However, the Company still commits to increase renewable projects in the future, from 15% currently to 25% in 2025 with the expected capacity to increase around 200-300MW per year. The focus will be on renewable power plants in Australia, Laos, Vietnam, and Indonesia. KAsset acknowledged and will keep monitor the progress.

Somboon Advance Technology Public Company Limited ("SAT")



Context:

SAT is in the car-related manufacturing industry. Therefore, there may have several environmental issues or concerns about the manufacturing or decomposable processes in order not to leave the remaining or damage to the environment.

Action:

KAsset contacted to IR about the concerns of environmental impact of the entire supply chain, including the process of how to reduce the environmental impact and the expected outcome would be.

Outcome:



SAT has committed to conduct the entire business process such as design, transport, manufacture, deliver and use of products of customer and consumer, and decompose of waste in order to be environmental-friendly manners throughout the supply chain and product life cycle. The environmental and energy conservation policy focuses on reducing carbon dioxide and greenhouse gas emissions by effectively utilize all resources, reducing the use of energy through various energy conservation programs, and developing manufacturing processes that continuously protect the environment. It also promotes environmental impact, energy conservation and social responsibility awareness to all employees.

Siam Cement Public Company Limited ("SCC")



Context:

SCC has informed SET of fire incident at part of the cable tunnel with proximity to a control room at the Siam Cement (Kaeng Khoi) Col, Ltd, a subsidiary of SCC in the Cement and Building Material business on October 29th, 2021. The incident took place in the morning of October 29th, 2021 at the Siam Cement (Kaeng Khoi)'s plant, and the situation came under control shortly after.

Action:

KAsset contacted SCC for more details about the impact of the incident to nearby community, the environment and SCC's operations.

Outcome:



SCC clarified that the incident was caused by deterioration of the cable insulation, however no physical injury was sustained, and nearby community and the environment were unaffected. This incident will not affect domestic cement sales and delivery as SCC has sufficient inventory. However, it may partly and temporarily affect export activity. SCC would like to reassure that the Siam Cement (Kaeng Khoi) Col, Ltd, strictly prioritizes safety standards and procedures. SCC will work safely and swiftly to identify the cause of this incident and put in place measures to prevent similar incident from happening in the future.

SCGP Packaging Public Company Limited (“SCGP”)



Context:

As shown in the newspaper media during September 10, 2021 regarding the case of inbound inspection of Siam Kraft Industrial Co., Ltd. (SCGP's subsidiary company) at X-ray and Customs Technology Center, Laem Chabang Port Customs Office, Chonburi Province. The officials inspected and rejected the waste paper, which imported under tariff code 4707.90.00 total weight of 294 tons. They found something of municipal waste under tariff code 3825.10.00 which are guilty under Section 202, Section 244 and Section 252 of the Customs Act B.E. 2560 , Export-to-Outside and Import Act in the Kingdom of Goods B.E. 2522 and the Ministry of Commerce Announcement, which designates municipal waste as prohibited imports and prohibited through the Kingdom, B.E. 2562.

Action:

KAsset has contacted SCGP for more information about the cause of the incident, steps to review and correct and preventive measures for the future.

Outcome:

SCGP initially provided information that it was reviewing the details with suppliers and related government agencies. Imported scraps usually contain some contamination but they will not exceed the standardized contamination limit. Normally, there are randomly check process for imported waste paper at the country of origin to destination. The contamination from the waste paper are totally use to produce electricity. There is no waste or landfill in accordance with the zero landfill policy of the company. In case of this news, importing unfilled scrap paper that has exceeded the standard limit is a very unusual case. The company is in the process of tracking the information in detail and will have guidelines set out to prevent this from happening again.

In December 2021, KAsset has followed up with SCGP and was informed that SCGP has provided additional information in such cases that it is importing waste paper from one of the company supplier list. The waste paper was imported from a U.S. supplier, which has already imported to the Company. In the event of an incident, a total of 14 containers of goods were imported, where contaminated scraps of paper were found to exceed the limit. After detecting it, the Company canceled the receipt and returned all 14 containers to the country of origin, with the supplier was responsible for all costs. The Company has also removed this supplier list from the Company's supplier list and tightened inspections of goods at the country of origin to prevent further incidents of this nature. The Company has added more guidelines for the inspection process of goods at the country of origin from the originally designated random inspection to 100% inspection and verification by supplier. The Company also required supplier issue a certificate of verification to confirm the operation.

Sino-Thai Engineering and Construction Public Company Limited ("STEC") (Case I)



Context:

As appeared in newspapers dated 9 September 2021 that the Company would no longer enter into the acquisition deal of the subsidiary company of STP&I Plc. despite the aforementioned transaction which had been approved by the Board of Directors on 24 September 2020 and also approved by the Extraordinary General Meeting of Shareholders No. 1/2020 held on November 27, 2020.

Action:

On 10 September 2021, KAsset contacted STEC regarding this issue.

Outcome:



STEC informed the public on 10 September 2021 of the Board of Directors resolution not to enter the acquisition of STIT Co., Ltd. from STP&I Plc. that with the Covid-19 outbreak throughout the year 2021 resulting in the delay of the bidding of government infrastructure projects as well as private construction works those which was not expected to recover in the near term. This would significantly affect the investment in STIT Co., Ltd.'s business. To ascertain the situation, STEC had hired a financial advisor, C.J. Morgan Company Limited to jointly prepare a financial projection under a new assumption that a situation had changed significantly from the impact of the Covid-19 epidemic, the finding was that when considering investments including interest, the return on equity (Equity IRR) would be reduced to 0.16% from the previous estimate of 16.53% which was a significant change from what it was proposed to the Extraordinary General Meeting of Shareholders No. 1/2020 held on 27 November 2020 and was also not worth the return on investment target of the company.

STEC had renegotiated the purchasing price of STIT Co., Ltd. with STP&I Plc. But not successful. Therefore, the Board of Directors' Meeting considered with caution that the investment in STIT Co., Ltd. based on the previous terms and conditions would not be of the best interest of STEC and its shareholders. Consequently, it was resolved unanimously not to enter into the STIT Co., Ltd. acquisition transaction.

Sino-Thai Engineering and Construction Public Company Limited (“STEC”) (Case II)



Context:

According to the news on November 13, 2019, the National Anti-Corruption Commission (“NACC”) accused STEC and some senior management of colluding with 4 government officials to receive a bribe of THB20m from Mitsubishi Hitachi Power Systems Ltd, in order to allow three ships carrying machines and materials for the construction of the gas-fired power plant in Nakhon Si Thammarat province to anchor at the port despite their sizes exceeding the limit allowed. The Company has sent an explanation letter to SET regarding the case declining of wrongdoing. On December 15, 2020, NACC voted 6 to 3 not to prosecute the Company after finding that the wrong law had been applied to the case from the outset, and to only go after four state officials. On March 1, 2021, STEC clarified with the SET regarding the decision by NACC not to prosecute STEC and Mr. Pakpoom Srichamni.

Action:

KAsset acknowledged and continued monitoring further development for this issue.

Outcome:



KAsset acknowledged the NACC decision. STEC also informed us that it had strict measures to prevent the corruption within the organization in accordance with the principles of good corporate governance.

SVI Public Company Limited (“SVI”)



Context:

SVI had converted Chaengwattana site to be employee residence and the Company also provided vaccines to employees during the severe epidemic.

Action:

KAsset contacted the company for more details about the measure during the epidemic.

Outcome:



The Company informed that it has contacted with Thammasart hospital to set up residential area on Chaengwattana factory in order to take care of their employee and families. Moreover, the Company provided 5,000 doses of the Sinopharm vaccine to their employees in October. Currently all of their employee is fully vaccinated.

Thonburi healthcare group public company limited ("THG")



Context:

THG cooperated with the Bangkok Metropolitan Administration to cope with COVID-9 to manage field hospitals, with a total budget of THB 75m including construction, medical equipment and a team of doctors and nurses.

Action:

KAsset contacted the Company for more details about social project during Covid-19.

Outcome:



The Company informed that during the Covid-19 epidemic, it had operated three field hospitals, namely the Army Field Hospital Military District 11, Rath Pipat Hospital 2 and Bang-khuntian Elderly Hospital, a total of 800 beds. Moreover, the Company is in collaboration with the Thai Chamber of Commerce and Thai PBS operated vaccination units outside the hospital started from June 7 to November 22, 2021, a total of 89 days, with a total of 71,189 people receiving vaccination services.

Thai Oil Public Company Limited ("TOP")



Context:

On the issue of reducing greenhouse gas emissions that are targeted at both the national and PTT group levels, including TOP, energy consumption has been one of the key factors in greenhouse gas emissions. The Company has a continuous plan to increase energy efficiency. However, the Company is undergoing expansion mode (CFP Project) which will result in an increase in energy consumption. Therefore, KAsset would like to know the plans and goals for implementing the control/reduction of greenhouse gas emissions that must be prepared before the new project is completed (expects COD at the beginning of the year 2024), including GHG emission targets, after the project has begun.

Action:

KAsset has contacted TOP for details on the issue.

Outcome:



TOP has provided information about its business practices on ESG. The company has been selected as a member of Dow Jones Sustainability Indices (DJSI), an internationally recognized global sustainability index for nine consecutive years, which confirms high standards of management, creating value for sustainable stakeholders as well as international recognition. The ESG drive approach includes

- "Enhance" to support the green economy and net zero carbon emissions target in 2060.
- "Engage Society" to engage with society by using sustainable energy and chemicals.
- "Ensure Good Governance" to reassure stakeholders by having good corporate governance to prepare for international business expansion which must comply with the laws of each locality. At the same

time, it is to try to balance the concentration of control so that the business is going strongly and sustainably.

The Sustainability Strategy for 2022 in Environmental for Carbon Emissions reduction are as follows:

- "Energy Efficiency" for energy saving in production to reduce the amount of greenhouse gases emitted into the environment.
- "Decarbonization" by adopting greenhouse gas capture technology
- "Afforestation" to compensate for carbon absorption by planting forests.
- Target at least 25% of the revenue for environmentally friendly products.

TOP is reviewing the long-term goals of GHG reduction, which will be able to reveal details in the new SD report, which is expected to be in March 2022.

WHA Premium Growth and Leasehold Real Estate Investment Trust ("WHART")



Context:

The COVID-19 pandemic resulted in a lack of the number of beds and medical facilities to meet the increasing number of patients. Field hospitals therefore have been established for those have Covid-19 asymptomatic or mild symptoms to free up beds in the hospital for the serious-illness patients. These field hospitals are operated by responsible agencies in the area, hospitals or foundations in Thailand.

WHART is an industrial REIT Investing in real estate freehold and leasehold rights of warehouse and factory assets, has realized the importance of helping society and considered supporting the society by allowing space in the REIT's warehouse building to establish field hospitals.

Action:

KAsset as a trustee has given approval for the proposed transaction due to the view that the release of the specified area, which are the vacant space, can support to help taking care of the society.

Outcome:



Details of the release of warehouse space to be a field hospital are as follows:

1. WHA Mega Logistics Center Project Chonlaharnpichit KM.4, Warehouse building C No.111/8-9 Moo 7 Bang Pla Sub-district, Bang Phli District, Samut Prakan Province
 - Building area 9,880 sqm.
 - Operated by Samut Prakan Provincial Public Health Office
 - From 30 June 2021 to 30 September 2021 for a total period of 3 months
2. WHA Mega Logistics Center Project Chonlaharnpichit KM.4, Warehouse building F No.111 Moo 7 Bang Pla Sub-district, Bang Phli District, Samut Prakan Province
 - Building area 6,848 sqm.
 - Operated by Samut Prakan Provincial Public Health Office
 - From 9 July 2021 to 31 December 2021 for a total period of about 6 months
3. WHA Mega Logistics Center Project Chonlaharnpichit KM.4, Warehouse building A1 No.111/1 Moo 7 Bang Pla Sub-district, Bang Phli District, Samut Prakan Province
 - Building area 15,294 sqm.
 - Operated by Charoen Pokphand Foundation and Chularat Hospital
 - From 1 September 2021 to 31 August 2022 for a total period of 1 year

Currently only field hospital #3 remains in operation, the others have already closed and handed over the space to the Trust.