



KASIKORNTHAI

# INVESTMENT GOVERNANCE CODE 2024 ANNUAL REVIEW



หลักทรัพย์จัดการกองทุนสิริไทย  
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 Co., Ltd. ("KAsset"), as an Asset Management Company responsible for managing funds on behalf of clients and asset owners, is fully aware of 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 into our investment process from research, stock selection and portfolio construction across all asset classes.

With the introduction of Investment Governance Code for Institutional Investors ("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 adopted the United Nations-Supported Principles for Responsible Investment ("PRI") and become a PRI signatory. This is also aligned with our parent Company, Kasikornbank Plc. ("KBank"), which follows the principles of a Bank of Sustainability and is also a signatory to UN Principles of Responsible Banking ("UN PRB").

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. As of March 31, 2024, more than 5,345 institutions worldwide have become signatories to PRI, with total assets under management exceeding USD 128.4 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.

Climate change and global warming have been increasingly in focus around the world and sustainable investment was considered even more important than ever in order to help giving investors more confidence on business performance and continuity. KAsset is aware of the importance of climate change and the need for transition to a lower carbon economy. We have joined the global force by becoming an official supporter for Task Force on Climate Related Financial Disclosures (“TCFD”) in 2022 and published our first TCFD report in 2023. We have set net zero target for scope 1 and 2 by 2030 on our own operation and net zero AUM emissions by 2065 which is to help support Thailand’s goal to achieve net zero greenhouse gas emissions by 2065. The urgency to lessen the impact from climate change has also led to actions of corporates to incorporate climate change in their business strategies and targets.

#### **Sustainable Growth and Responsible Business Practices.**

KAsset has implemented various Environmental, Social, and Governance (ESG) initiatives to promote sustainable growth and responsible business practices. These efforts span across procurement, employee training, community engagement, and other internal operations, all aimed at supporting sustainable development and ensuring a positive impact on society and the environment.

In terms of supplier procurement, in 2024, we have started exploring ESG assessments for all suppliers to evaluate their compliance with ESG criteria, including business ethics, human rights, labor practices, and environmental management. This is to ensure that our suppliers adhere to the Company’s standards and share our commitment to sustainability. Additionally, we have developed our Supplier Code of Conduct, which will be provided to all suppliers to ensure they understand and agree to follow guidelines on business ethics, human rights, and environmental stewardship. We expect the process to be fully implemented in 2025.

Regarding employee training, we regularly roll out an online annual ESG training course for all employees to enhance and refresh their awareness of ESG principles. In addition, the Company requires our investment professionals to obtain CFA Certificate in ESG Investing. In 2024, there were 45 investment professionals obtained the certificates. In order to enhance knowledge in sustainability, KAsset also supports employees to obtain specific sustainability courses such as CFA Climate Risk, Valuation, and Investing Certificate and CFA Climate Finance Certificate etc.

In terms of community engagement, we organized a Boot Camp activity for students from Chulalongkorn University in 2024, which will be restructured in 2025 to include students from Thammasat University and other universities. This initiative aims to significantly enhance students' investment knowledge, particularly in sustainable investment practices, and to foster a deeper understanding of sustainability.

Internally, we have implemented several initiatives to reduce our environmental footprint. For example, we are committed to using eco-friendly paper products, such as recycled paper for business cards and other office materials. We also encourage employees to minimize paper usage in daily operations. In addition, we have adopted an effective waste management system by providing color-coded bins and educating staff on proper

waste segregation to improve recycling efforts. Regarding transportation, our Company's fleet now includes hybrid vehicles, and we are planning to transition to electric vehicles (EVs) by 2030. This shift is part of our broader commitment to reducing carbon emissions and promoting cleaner energy sources.

These initiatives reflect our ongoing commitment to sustainability and responsible business practices. As we continue to monitor and improve our ESG strategies, we remain dedicated to creating long-term value for our stakeholders and having a positive impact on the environment and society.

### **IT Governance and Cybersecurity**

KAsset has focused on strengthening our IT Governance to ensure transparency, accountability, and security across our operations. Recent updates to our policies align with international standards and regulations, such as the SEC and PDPA, to safeguard both customer and Company data. Key policies, including the IT Security Policy, Acceptable Use Policy, and Information Technology Management Policy, have been implemented to manage IT infrastructure and protect sensitive data.

To address evolving cyber threats, the Company has invested in advanced cybersecurity systems, including a Data Loss Prevention (DLP) system, a Cyber Incident Response Plan and established an efficient data backup system. These initiatives help prevent data leaks, respond effectively to cyber threats, and ensure business continuity through reliable data backup systems.

We also promote ethical technology use by providing employees with training on IT risks and best practices, such as phishing prevention and safe use of information technology. Additionally, we established regulations for the use of technology to ensure employees understand the importance of ethical and responsible use of technology, including the code of conduct for service providers working with the Company.

**In 2024, we were in full compliance with I Code policy and principles 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**

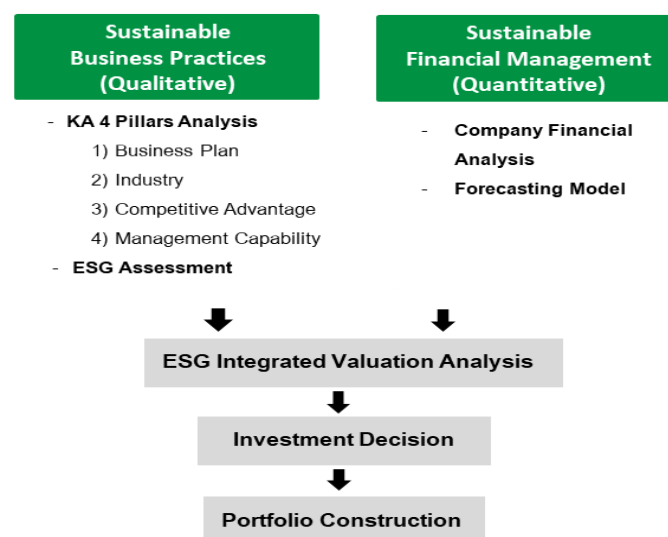
In order to ensure effective implementation and practice of I Code, KAsset Board of Directors has approved our first [Investment Governance Code Policy](#) in August 2018 as an internal guidance and it has been regularly reviewed. We have established our internal ESG policy which has been applied since 2013 and consistently reviewed to ensure it reflects the evolvement of investment environment. In late 2022, we have thoroughly reviewed our ESG Policy to incorporate with all stewardship activities guidelines and have replaced formerly known as ESG Policy with [Responsible Investment Policy](#) (RI Policy) in 2023 and its latest update was in April 2024.

KAsset integrates Environment, Social and Governance (ESG) factors into our investment process from research, stock selection and portfolio construction. Our ESG analysis are done through an internal ESG evaluation

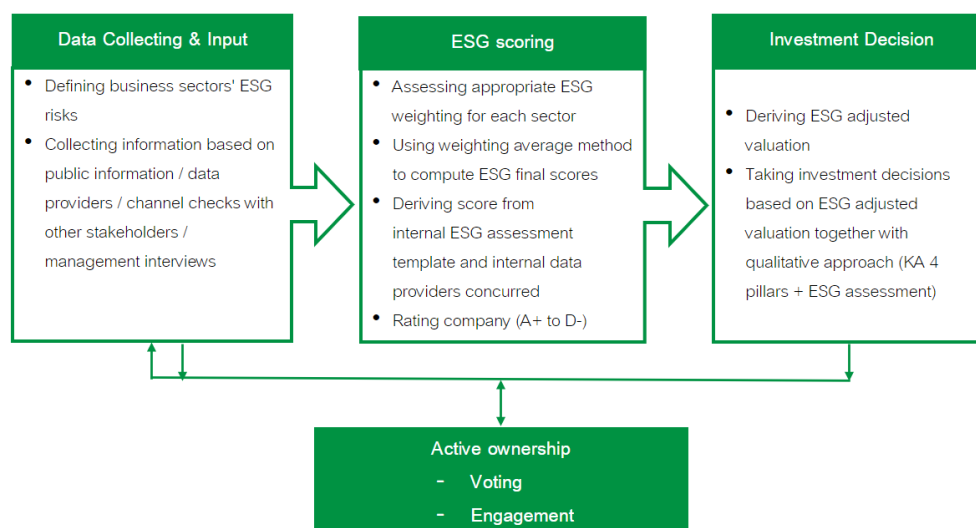
template which using data collected from 1) on-going dialogues with the investee Company managements and site visits at the Company's premises 2) Company's data and other available public information sources 3) proprietary data from third party service providers. These ESG analysis and process enable 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 2023, we have revised our ESG scoring methodology to incorporate more ESG factors, we have also incorporated climate risks and opportunities in our ESG assessment.

**Diagram 1: KAsset ESG Integration process**



**Diagram 2: KAsset ESG Assessment Workflow**



## 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. Our proxy voting policy and guideline also incorporates ESG factors.

As being a wholly owned subsidiary of Kasikornbank 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. Since 2019, KAsset has followed our Group wide policy to adopt [No Gift Policy](#) for business practices.

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 is 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 regular meets with the executives and managements of listed companies, believing that effective monitoring and oversight of their operations can be achieved through continuous engagement and exchange of views.

Beyond the purpose of monitoring and overseeing the operations of listed companies, continuous engagement with investee companies provides an opportunity for us to share and exchange views and visions with Company executives and management regarding their long-term strategies and business direction. However, achieving long-term sustainable success requires time and continuous strategic adaptation. Corporate governance plays a crucial role in guiding companies toward their goals. KAsset hopes that strict adherence to investment governance code by all stakeholders in the investment industry will contribute to the sustainable development of Thailand's capital market at an even higher level.

**Table 1: A summary of equity team meetings with listed companies in 2024**

Country	No. of meetings	No. of listed companies
Thailand	661	189
Hong Kong	9	7
Indonesia	2	1
Singapore	45	28
Vietnam	80	35
Other	37	2
<b>Total</b>	<b>834</b>	<b>262</b>

In 2024, the equity team at KAsset held a total 834 meetings with 262 listed companies. The meeting details are as shown in the table above. The meetings were held with all levels of Companies' 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 feedback 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 Companies' developments.

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. Examples showcasing our investment circumstances monitoring and decision-making processes can be found in the [appendix](#).

In December 2023, KAsset launched K Target Net Zero ThaiESG (K-TNZ-ThaiESG), a tax benefit share class, in an effort to push Thailand towards Target Net Zero for greenhouse gas emissions. The Fund policy is to have portfolio emitting less greenhouse gas (GHG) than the benchmark which is SET100 Index while producing returns comparable to the index with a low tracking error. Our net zero target strategy is the first in Thailand to have a specific investing strategy aimed at lowering greenhouse gas emissions. In early 2024, a regular share class was also launched to offer more investment opportunities for investors. As of Dec 31, 2024, K-TNZ Fund's total net asset value was 3.41 billion baht across K-TNZ-ThaiESG and K-TNZ-A(A).

### **Fixed Income**

KAsset has applied ESG factors in the investment consideration of fixed income securities from the process of security selection to portfolio construction. We intended to increase more investment in ESG where possible. In 2024, there were 15 companies issued ESG Bonds totalling 176 billion baht in Thai market. As of December 31, 2024, KAsset has investment in ESG Bonds issued by 18 companies, for 45 securities. List of issuers are as follows:

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1. Ministry of Finance
2. Advanced Info Service Public Company Limited
3. BCPG Public Company Limited
4. Bangkok Expressway and Metro Public Company Limited
5. B.Grimm Power Public Company Limited
6. BTS Group Holdings Public Company Limited
7. Central Pattana Public Company Limited
8. Electricity Generating Public Company Limited
9. Export-Import Bank of Thailand
10. Global Power Synergy Public Company Limited
11. Gulf Energy Development Public Company Limited
12. Indorama Ventures Public Company Limited
13. Kasikornbank Public Company Limited
14. Minor International Public Company Limited
15. Ratch Group Public Company Limited
16. Toyota Leasing (Thailand) Company Limited
17. WHA Corporation Public Company Limited
18. WHA Utilities and Power Public Company Limited

In 2024, KAsset has launched K ESG Sovereign Instruments Fund-ThaiESG (K-ESGSI-ThaiESG) to promote sustainable investment through fixed income, including green bonds, sustainability bonds or sustainability-linked bonds, to support the securities that disclose the use of proceeds raised from fundraising for environmental and social initiatives in Thailand. Aligned with the Kingdom of Thailand's Sustainable Financing Framework, aiming to achieve the global temperature control goals under the Paris Agreement and the United Nations' Sustainable Development Goals (SDGs). As of December 31, 2024, the K-ESGSI-ThaiESG fund has a total

net asset value of 3.92 billion baht. Additionally, we have launched K ESG Balanced 30 Fund-ThaiESG (K-BL30-ThaiESG), a balanced fund that invests in both equity with strong ESG performance and fixed income including green bonds, sustainability bonds, or sustainability-linked bonds. As of December 31, 2024, the K-BL30-ThaiESG fund has a total net asset value of 298 million baht.

#### **Foreign Feeder Fund**

For overseas investments made through Foreign Feeder Funds, which invest primarily in respective master funds, or through the outsourced fund manager(s), the Product Strategy team examines the criteria for selecting foreign fund partners on an annual basis. Every KAsset's global fund partner must establish clear and comprehensive sustainable investment policy which covers a variety of aspects such as organizational structure, personnel involved in sustainable investment, stewardship policy, approaches to incorporating ESG factors into investment decisions, and ESG risk management etc. KAsset obtains this information from multiple sources, such as direct queries with partners, public data compilation, and trusted databases, to ensure that all partners' management approaches align with KAsset's requirements and are accurate

As of Dec 2024, KAsset has 21 foreign partners such as Allianz, Baillie Gifford, BlackRock, JPMorgan, Lombard Odier, Schroders, and UBS etc. All of these partners have adopted the UN Supported Principles for Responsible Investment (UN PRI), a set of internationally recognized responsible investment principles.

KAsset has always been committed to providing its clients with a comprehensive selection of investment solutions, including those tailored primarily towards sustainable investing. In 2019, KAsset launched the K-CHANGE Equity Fund, which has a policy to invest globally in companies which products or services positively benefit society and/or the environment. These companies promote transformative change in a variety of areas, including 1) education 2) social equality 3) healthcare quality and 4) environmental and resource sustainability. Furthermore, K-CHANGE Fund is Thailand's first foreign investment fund that supports the UN Sustainable Development Goals (SDGs). As of Dec 31, 2024, the Fund has total net asset value of 16.32 billion baht.

To reaffirm our commitment to sustainable investment and build on the success of the K-CHANGE Fund, KAsset launched the K-CLIMATE Fund in 2020. This is Thailand's first fund dedicated to address climate change challenges (The fund name was changed to K-PLANET in May 2023 to align with the Master Fund's name). K-PLANET Fund invests in companies that can capture growth during the transition to low carbon economy and help mitigating climate change issues, such as businesses that 1) focused on carbon reduction and avoidance (Mitigation), 2) reduce and store carbon dioxide in the carbon-intensive sector, and 3) are able to adapt and benefit from climate change impacts (Adaptation). These factors are critical to improve businesses' long-term competitiveness and sustainability. As of Dec 31, 2024, K-PLANET Fund's total net asset value was 1,365 million baht across all share classes.

Green washing has become a concern of investors and regulators, we regularly follow up the funds' investment practices to ensure it is aligned and in accordance with respective policies.

## **Property Fund / Infrastructure Fund that KAsset is a Fund Manager and Trustee of Real Estate Investment Trust**

In 2024, the Property Business and Infrastructure team monitored operations of REIT Manager and Property Manager to ensure they followed rules and regulations stipulated by law, SEC and SET. The trustee team worked closely with REIT Manager team. Moreover, we also have conducted an annual REIT Manager and Property Manager performance review. The review topics include their respective 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, unitholders meeting arranged per guidelines, qualified outsourcing work, document properly secured, and business continuity plan. ESG operational guidelines are taken into consideration in various areas, for instance, building renovations, construction, selection of project managers and tenants, building maintenance to keep them in good condition, energy saving campaign, wastewater and garbage management, community relations and development, employee management process and license application as required by law.

In addition to the operation of the REITs and the Property Funds, the 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 are in compliance 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. ESG factors have been considered since the selection process and due diligence in consideration of taking on the duties of REIT manager and trustee. ESG is part of the overall assessment, such as examining laws and regulations related to the environment, real estate and infrastructure.

Furthermore, the Property Business Management Division also focuses on investing in and developing buildings that have certified green standards, for example;

- LEED (Leadership in Energy and Environmental Design) certification is the green building rating system and standard for sustainable green building practices established by the U.S. Green Building Council. This is the future standard for sustainable green building design and construction practices.
- WiredScore certification recognizes and promotes best-in-class digitally connected buildings, with smart technology, across the globe. It is recognized by GRESB as a Green Building Certification Scheme related to ESG in the areas of environment and sustainability. WiredScore certification helps landlords and developers lease their buildings faster and for less void space by leveraging the great digital connectivity in their buildings.
- WELL certification is a global rating system that recognizes buildings designed and constructed to support the health and well-being of their occupants. Developed by the International WELL Building Institute (IWBI), it is a globally recognized standard that aims to promote health and wellness in buildings.

- TREES is Thailand's own green building certification standard, created by the Thai Green Building Institute (TGBI). Established in 2012, TREES has been tailored to suit Thailand's unique climate and cultural context, covering various aspects of sustainability specific to the Thai environment.

The intent of these certifications is to assist in the creation of high-performance, healthy, affordable and environmentally friendly commercial projects, with overall lower operation cost and high value addition to the property. Designed and developed based on green-building principles to strictly controlled consumption of energy and water, carbon emissions reduction to waste management, the building which has been proved to achieve the requirements of these certifications will help improve environmental impacts and carbon footprint as well as maximized indoor environmental quality for optimal well-being of occupants.

### Engagements with Investee Companies

In 2024, We had in-depth engagements with 42 investee companies on a total of 46 ESG-related cases, as some companies have multiple ESG issues, the breakdown of ESG subtopics and respective outcomes are summarised in the below table and example of key engagements with investee companies are disclosed in [appendix](#).

**Table 2: Summary of ESG Engagement Cases in 2024**

Summary of ESG Engagement Case Status in 2024					
No of ESG Engagement Cases					
Satisfied				25	
Monitor				17	
Concern				0	
Total				42	
Summary of Engagement Case by Asset Class					
Equity				29	
Feeder Fund				1	
Fixed Income				11	
Trustee				1	
Total				42	

Summary of Engagement Cases by ESG Topics					
Environmental (No of Cases)		Social (No of Cases)		Governance (No of Cases)	
Environmental Issues		Social Issues		Governance Issues	
- Greenhouse gas emissions	14	- Child Labor	0	- Integrity	0
- Pollution	0	- Discrimination in respect of employment and occupation	1	- Transparency	14
- Waste management	0	- Diversity, equity and inclusion	0	- Independence	0
- Energy efficiency	2	- Human rights	4	- Responsibility	0
- Biodiversity	1	- Employee health and safety	0	- Accountability	1
		- Product quality and safety	4	- Fairness	0
		- Community	5		
Total Environmental issues	17	Total Social Issues	14	Total Governance Issues	15

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

In cases where the concerned issue is considered serious and might result in negative consequences, we might escalate the issue to the Board level of the investee companies. In 2024, there was 1 case that we had a meeting with the Chairman of the Board along with other executives which was CP Aextra Plc. (CPAXT) regarding the concern on related party transactions. For other cases, our engagements were done with the management level. In 2024, we carried out collective engagement with other asset managers through the Association of Investment Management Companies (AIMC) totalling 16 companies with 17 cases. Certain engagement details are disclosed in the [appendix](#).

#### 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 resolution. Most recently, we updated our criteria to further enhance ESG coverage, with the revisions approved by the board of directors on July 18, 2024.

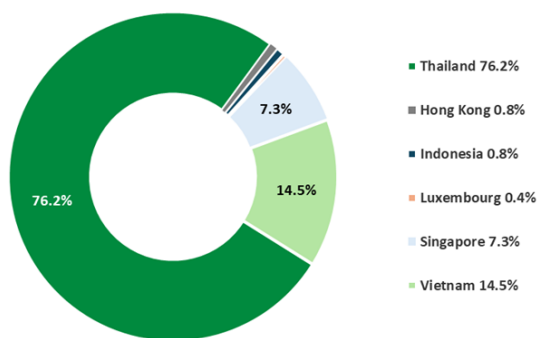
We have also subscribed third party proxy research service from Institutional Shareholder Services Inc. ("ISS") since 2017 for comparison and reference of global practice. However, we retain full discretion when determining how to vote on behalf of our clients.

In 2024, KAsset voted for 213 listed companies in total, of which 169 are Thai listed companies and 44 are listed companies in foreign countries. Of the total 2,104 resolutions, we voted "For" 1,899 resolutions, "Against" 100 resolutions and "Abstain" 105 resolutions. Details are as follows: -

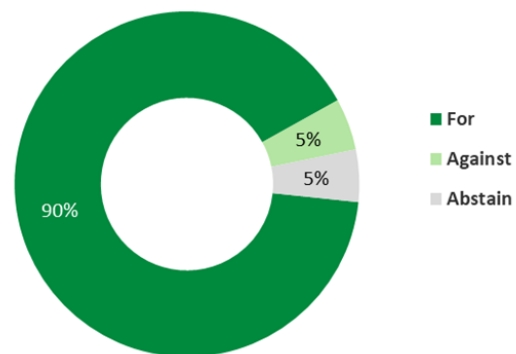
**Table 3: Breakdown of votes by Thai and other AEC countries and vote casts for each resolution in 2024**

	No. of companies	Notice of meetings	For	Against	Abstain
TH Securities	169	189	1,575	84	1
Foreign Securities	44	59	324	16	104
<b>Total</b>	<b>213</b>	<b>248</b>	<b>1,899</b>	<b>100</b>	<b>105</b>

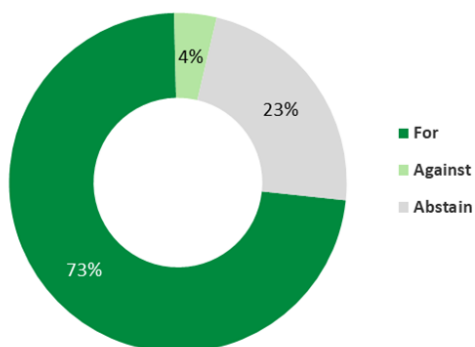
**Chart 1: Breakdown of overall votes by countries**



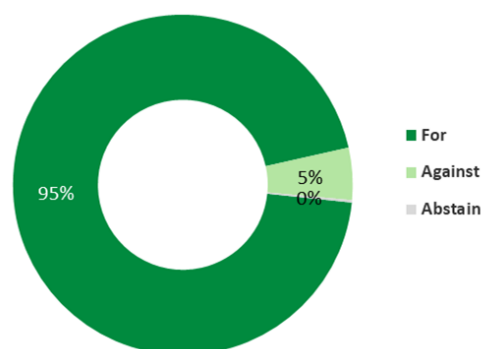
**Chart 2: Breakdown of overall vote casts**



**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 1) independent directors has held the directorship for more than 9 consecutive years and 2) agenda related to the capital structure, Control Dilution and Distribution of Ownership. The “Abstain” Vote casts are mostly due to insufficient information provided. However, the insufficient information provided issue is more of an issue for foreign stocks rather than Thai stocks. Details are illustrated as follows: -

**Table 4: Breakdown of Vote Casts by Type of Resolutions**

	Against		Abstain	
	TH	Foreign	TH	Foreign
Board Matters	55	1	0	25
Dilution and Control	22	15	0	24
Auditors	1	0	0	0
Remuneration	3	0	1	7
Others	3	0	0	48
<b>Total</b>	<b>84</b>	<b>16</b>	<b>1</b>	<b>104</b>

	Against		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	Foreign	TH	Foreign	TH	Foreign	TH	Foreign	TH	Foreign
Board Matters	55	1	47	0	2	0	6	0	0	1
Dilution and Control	22	15	Capital Structure							
Auditors	1	0	TH	Foreign						
Remuneration	3	0	22	15						
Others	3	0	Board and Auditor Remuneration		Other					
Total	84	16	TH	Foreign	TH	Foreign				
			4	0	3	0				

	Abstain		Abstain due to lacking of information		Directors compensation is not in line with what was previously approved by the shareholders.	
	TH	Foreign	TH	Foreign	TH	Foreign
Board Matters	0	25	0	104	1	0
Dilution and Control	0	24				
Auditors	0	0				
Remuneration	1	7				
Others	0	48				
Total	1	104				

### 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 relations and trust and 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.

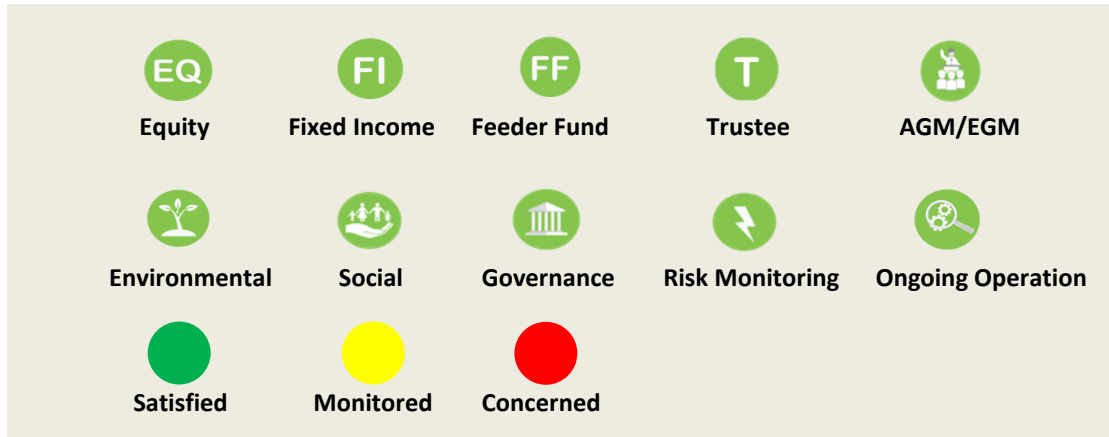
KAsset also acts collectively with other domestic institutional investors through industry organization such as Association of investment Management Companies (AIMC), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD) and regulators such as the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the Bank of Thailand (BoT). We actively participate in public hearings, focused groups and give feedback for any news or reviews of the existing regulations or notifications by related regulators. We are also a member of ESG Collective Action Committee arranged by the AIMC and signed the Negative List Guidelines for investee companies that do not conduct businesses in line with ESG Principles as a member of Association Investment Management Companies (AIMC) together with other institutional investors. In 2024, collective engagement was conducted with a total of 16 companies on 17 cases. Certain examples are provided in the [appendix](#).

### 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. Annual investment governance compliance review reports are also disseminated through our website.

# Appendix

## Example of Key Engagements of KAsset with Investee Companies



[Adani Group \(ADANI\)](#)

[Advanced Info Service Public Company Limited \(ADVANC\)](#)

[Banpu Public Company Limited \(BANPU\)](#)

[Bangkok Dusit Medical Services Public Company Limited \(BDMS\)](#)

[CP Axtra Public Company Limited \(CPAXT\)](#)

[Charoen Pokphand Foods Public Company Limited \(CPF\)](#)

[Central Pattana Public Company Limited \(CPN\)](#)

[The Erawan Group Public Company Limited \(ERW\)](#)

[Government Housing Bank \(GHB\)](#)

[Global Power Synergy Public Company Limited \(GPSC\)](#)

[Gulf Energy Development Public Company Limited \(GULF\)](#)

[Indorama Ventures Public Company Limited \(IVL\)](#)

[Kasikornbank Public Company Limited \(KBANK\)](#)

[Krungsriyudhya Card Company Limited \(KCC\)](#)

[Axtra Future City Freehold and Leasehold Real Estate Investment Trust \(AXTRART\)](#)

[Muangthai Capital Public Company Limited \(MTC\)](#)

[Public Debt Management Office \(PDMO\)](#)

[PTT Public Company Limited \(PTT\)](#)

[PTT Exploration and Production Public Company Limited \(PTTEP\)](#)

[PTT Global Chemical Public Company Limited \(PTTGC\)](#)

[Safe Fertility Group Public Company Limited \(SAFE\)](#)

[Srisawad Corporation Public Company Limited \(SAWAD\)](#)

[SCB X Public Company Limited \(SCB\)](#)

The Siam Cement Public Company Limited (SCC) / SCG Packaging Public Company Limited (SCGP) and SCG Chemicals Public Company Limited (SCGC)  
SISB Public Company Limited (SISB)  
Siam Wellness Group Public Company Limited (SPA)  
Thailand Future Fund (TFFIF)  
Thailand Greenhouse Gas Management Organization (TGO)  
Thai Beverage Public Company Limited (THBEV)  
Ngern Tid Lor Public Company Limited (TIDLOR)  
Thai Oil Public Company Limited (TOP)  
WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART)

### Adani Group (ADANI)



#### **Context:**

After rumors of a lack of transparency within the Adani Group emerged following allegations by Hindenburg in January 2023, KAsset closely monitored the situation. This included the investigation of the Company and its subsidiaries by the Securities and Exchange Board of India (SEBI) since February 2023 to report to the Supreme Court of India. The ruling in January 2024 stated that the court agreed with SEBI's conclusion, which found no wrongdoing in Adani Group's transactions and deemed no further investigation by other agencies necessary.

#### **Action:**

KAsset has no direct investments in Adani Group but holds a small proportion through certain master funds, averaging no more than 0.7% of the fund's NAV. Most of these investments are debt instruments. Following the rumors, there were no downgrades or changes in credit ratings from rating agencies.

As for equity investments in Adani Group, they are part of a passive fund. After the rumors surfaced, the stock price declined in early 2023. However, it has gradually recovered since then. Notably, the Company's creditworthiness and stability have not undergone any significant changes.

#### **Outcome:**



No further reasons for additional monitoring have been identified from this rumor.

## **Advanced Info Service Public Company Limited (ADVANC)**



### **Context:**

Raising funds through the issuance of ESG Bonds shows a commitment to sustainable business operations, focusing on environmental and social responsibility, and effective and transparent governance. It includes a framework for sustainable finance disclosure and employs well-considered strategic initiatives to enhance business sustainability. Regular reporting ensures progress transparency, enabling the financial sector to play an appropriate role in supporting sustainable finance for business development. Kasikorn Asset Management (KASSET) prioritizes consistently encouraging investee companies to consider issuing ESG Bonds. In November 2024, ADVANC issued its first-ever Sustainable Bond, valued at 25 billion baht, offered to institutional investors and retails.

### **Action:**

KASSET had the opportunity to hold a one-on-one meeting with the management team to discuss business strategies for supporting the issuance of the Sustainable Bond, as well as additional sustainability considerations for ADVANC.

### **Outcome:**

ADVANC has developed sustainability strategies integrating environmental and social considerations in alignment with its business vision. The issuance of these Sustainability Bonds adheres to the Company's Sustainable Finance Framework and international standards. It includes transparent disclosure of objectives, evaluation methods, and selection processes for projects that qualify as Eligible Green & Social Projects funded by the Bonds. A dedicated team has been established to oversee and monitor the use of proceeds, ensuring effectiveness in achieving the intended goals. A structured impact assessment plan is in place, presented in the form of Impact Report Metrics. Examples of projects eligible for funding from the Sustainable Bond include:

- 1) Energy efficiency projects
- 2) Expansion of the 5G network to enhance access to digital infrastructure for people and households in remote areas, with a long-term goal of driving the digital economy, promoting safe and creative technology use, and improving digital literacy. Additionally, ADVANC focuses on innovating business processes and supply chains to reduce greenhouse gas emissions.

As a telecommunications network provider, ADVANC's business operations require significant electricity consumption, resulting in its high proportion of indirect greenhouse gas emissions (Scope 2). To mitigate this impact, ADVANC has implemented a plan to increase the use of clean energy by installing solar panels at base stations, exchange centers, and data centers. Additionally, the Company is actively monitoring the progress and feasibility of procuring green electricity in Thailand.

Currently, ADVANC has set a target to achieve net-zero greenhouse gas emissions by 2050, aligning with the Paris Agreement. The Company is in the process of establishing both short-term and long-term targets in accordance with the Science-Based Targets initiative (SBTi), ensuring a more transparent and credible approach to emissions reduction.

## **Banpu Public Company Limited (BANPU)**



### **Context:**

BANPU and its subsidiaries operate in three main business segments: energy resources (coal and natural gas), energy generation (power plants using conventional fuels and renewable energy), and energy technology (integrated solar power systems, energy storage systems, and energy technology management systems). These businesses are directly impacted by the transition to a low-carbon and sustainable economy, particularly considering Thailand's goal to achieve carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065. Additionally, the country aims to reduce greenhouse gas emissions by 40% by 2030. As a result, KAsset strongly focus on tracking BANPU's carbon dioxide and greenhouse gas reduction targets, as well as the Company's efforts to achieve these goals.

### **Action:**

KAsset held a meeting with the management team to discuss the Company's business direction, environmental management, and details regarding its targets and actions to reduce greenhouse gas emissions. This information is integrated into KAsset's investment process.

### **Outcome:**

BANPU has designated climate change management as one of the key performance indicators for the Chief Executive Officer and senior executives across all relevant business units. Additionally, the Company has established the Climate Change Committee to oversee the implementation of its strategic plan, BANPU 2030 Energy Symphonics, which includes:

- 1) Carbon Reduction: BANPU has set a long-term goal to achieve Net Zero Emissions by 2050, covering both direct greenhouse gas emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). The Company has also established a mid-term target (by 2030) to reduce greenhouse gas emissions by at least 20% from baseline year 2023 and ensure that at least 50% of EBITDA comes from non-coal-related sources.
- 2) Carbon Capture, Utilization, and Storage (CCUS): BANPU utilizes CCUS technology to capture, utilize, and store carbon dioxide. The Company has invested in two projects in the U.S., Barnett Zero and Cotton Cove, with a target to store a total of 16 million tons of CO<sub>2</sub> by 2030.
- 3) Renewables+: BANPU invests in renewable energy projects across the Asia-Pacific region and various other locations, alongside battery energy storage system (BESS) projects. The goal is to increase revenue from renewable energy sources and support the transition to more sustainable energy solutions.
- 4) Next-Gen Mining: Utilizing artificial intelligence (AI) to enhance operational efficiency, exploring investment opportunities in strategic minerals for the future, and refraining from expanding investments in new coal mines.

KAsset considered that BANPU had prioritized the transition toward sustainable energy operations, setting targets and implementing management strategies to reduce greenhouse gas emissions in alignment with Thailand's goals. However, as BANPU and its subsidiaries operate in industries directly impacted by the shift to a low-carbon economy, KAsset will continue to closely monitor the Company's management approach to mitigating the effects of climate change on its business.

## **Bangkok Dusit Medical Services Public Company Limited (BDMS)**



### **Context:**

The Company provides healthcare services involving multiple stakeholders, including patients, doctors, nurses, and business partners. Therefore, product responsibility in medical services is crucial to ensuring high standards, safety, social responsibility, and respect for human rights. This commitment helps build trust and foster strong relationships between the Company and all stakeholders.

### **Action:**

KAsset had the opportunity to hold a one-on-one meeting with the management team to discuss ESG-related matters concerning product and service responsibility in BDMS hospital group, as well as operational plans that extend to business partners.

### **Outcome:**

BDMS has assessed the impact level of various ESG factors on its business in terms of Financial Materiality and Impact Materiality by leveraging external assessment scores from relevant organizations, along with comprehensive stakeholders' inputs. This data was compiled into the Double Materiality Matrix 2023, categorizing key issues into two groups: 1) Significant Material Issues – includes Information Security and Privacy, Corporate Governance, and Service Quality & Patient Safety. And 2) Fundamental Material Issues – includes Customer Relationship Management, Community Engagement, and Occupational Health & Safety. There is a shared recognition of the importance of product and service responsibility in healthcare, particularly data privacy. This issue is subject to quality and safety audits based on international hospital standards (JCI), ensuring that critical information, such as patient data, remains protected from breaches. Additionally, the process for collecting patient personal data follows clear procedures and standardized forms, certified under ISO 27001, a globally recognized standard for information security management. Additionally, the Company consults with the Ministry of Public Health for approval before launching any advertisements, ensuring that all marketing materials do not exaggerate or make misleading claims.

The Company also prioritizes responsible supply chain management by adopting the SMETA (Sedex Members Ethical Trade Audit) framework, an internationally recognized assessment standard. This approach aims to continuously improve performance in quality, ethics, human rights, corporate governance, and environmental responsibility within the organization's supply chain. If a supplier is found to have committed severe human rights violations, BDMS may temporarily suspend transactions with that supplier. If no corrective actions are taken, the Company reserves the right to terminate the contract.

## **CP Axtra Public Company Limited (CPAXT)**



### **Context:**

During 13-16 December 2024, CPAXT notified the Stock Exchange of Thailand (SET) regarding the establishment of a subsidiary, Extra Growth Plus Co., Ltd. (AGP), with registered capital of THB8.39 billion. CPAXT invested 95% in AGP by paying cash of THB7.97 billion. The remaining 5% was invested by MQDC Town Corporation Co., Ltd., by injecting assets in the form of 100% holding in Happitat at the Forestias Co., Ltd. (HATF). HATF is developing a mixed-use real estate project named "The Happitat.". CPAXT stated that this transaction was not considered as connected transaction, and the size of the transaction was not regarded as an acquisition or disposal of assets which was significant under relevant laws. Therefore, the transaction does not require shareholder approval. The cash payment of THB 7.97 billion represented the highest transaction size of 1.49% when calculating the size. When considering the expected additional investment required to complete "The Happitat" project, the highest transaction size would remain below 15%, thus not qualifying as a significant transaction.

Although CPAXT stated that the transaction did not involve any buy/sell transaction and was thus interpreted by relevant parties as not being a connected transaction, the transaction resulted in a change of HATF's shareholder structure. MQDC Town Corporation Co., Ltd. had reduced its holding in HATF from 100% (direct) to 5% (indirect), while CPAXT became the majority shareholder with 95% holding (indirect). Notably, both MQDC Town Corporation and CPAXT have the same ultimate shareholders. Additionally, the information provided regarding the investment size lacked clarity and completeness, raising concerns among investors. This influenced investors' decision and significantly impacted CPAXT's stock price.

### **Action:**

KAsset requested a meeting with CPAXT's management on December 16, 2024, to seek further details regarding the investment transaction. The meeting also aimed to inform the Company of investors' concerns regarding the disclosure of transaction details. Additionally, KAsset had also collaborated with other stakeholders, such as AIMC, to ensure that the engagement objectives were addressed by the Company. KAsset expects that, in the future, listed companies will place greater emphasis on good governance, particularly in protecting shareholder rights and ensuring transparency and adequate disclosure. These principles are essential for safeguarding minority shareholders' interests.

### **Outcome:**

The Securities and Exchange Commission (SEC) issued a letter dated December 18, 2024, requesting CPAXT to provide additional clarification regarding this investment through the SET's information disclosure system. This was to ensure that investors had sufficient information for their investment decisions. CPAXT provided clear explanations on various issues and disclosed the information to the SET between December 18-24, 2024. The Company had also acknowledged investors' concerns for further consideration and reaffirmed its commitment to improving communication in the future.

## **Charoen Pokphand Foods Public Company Limited (CPF)**



### **Context:**

In July 2024, the Company was accused of being the source of the spread of Pla Mor Kang Dam (or Blackchin tilapia) in Thailand, following the discovery that CPF was the only Company authorized by the Department of Fisheries to import the fish in 2010. The Lawyers Council of Thailand announced plans to file a civil lawsuit seeking damages for the spread of blackchin tilapia in the water sources of 16 provinces.

Subsequently, CPF revealed that the information was incorrect, leading to misunderstandings and damage to the Company's reputation. The Company confirmed that it was not involved in the spread of blackchin tilapia and clarified that it had imported the fish in compliance with the conditions set by the Institutional Biosafety Committee (IBC). Additionally, the Company has collaborated with the government to implement measures to eliminate the Blackchin tilapia, including the removal of 2 million kilograms of the fish and the release of 200,000 predatory fish to control the spread of the species.

### **Action:**

KAsset reached out to CPF individually and also collaborated with the Association of Investment Management Companies (AIMC) to inquire about further details regarding the issue and the steps being taken to address the problem moving forward.

### **Outcome:**

CPF stated that the allegations were based on incorrect information and photos. The Company emphasized that it was not involved in the spread and would take legal action against those who disseminated the false information. Additionally, CPF confirmed that it did not initiate research on blackchin tilapia because the fish imported from abroad were weak and nearly all died, leaving an insufficient number of specimens for research.

The last batch of the fish was disposed of safely by using chlorine and formalin, before landfilled with quicklime to prevent contamination. The Company also collaborated with the Department of Fisheries on several projects to solve the problem, and release of sea bass fry in areas affected by the spread of Blackchin. Furthermore, the Company has partnered with several leading universities on research of food products development, and long-term fish population control. KAsset and AIMC acknowledged the reasons and information provided by the Company and will continue to closely monitor the progress on this issue.

## **Charoen Pokphand Foods Public Company Limited (CPF)**



### **Context:**

The increasing severity of climate change impacts has heightened global awareness of the need for a transition to a low-carbon economy. As a party to the United Nations Framework Convention on Climate Change (UNFCCC) under the Paris Agreement, Thailand has committed to achieving Carbon Neutrality<sup>1</sup> by 2050 and Net Zero emissions<sup>2</sup> by 2065 as part of the global effort to mitigate climate-related disasters. The transition to a low-carbon economy presents both transition risks and opportunities, which can have positive and negative implications for businesses. Therefore, KAsset places great importance on monitoring companies that invest in setting Net Zero targets. This includes ensuring they have well-rounded strategies aligned with economic growth, relevant key performance indicators (KPIs) to track progress, and alignment with the country's Net Zero goals.

CPF operates a fully integrated agro-industrial and food business specializing in animal protein. The Company is divided into three key segments: animal feed, livestock farming and processing, and food production. With its vision of becoming the “Kitchen of the World,” CPF is committed to strong governance and effective management to drive business growth while prioritizing environmental and social responsibility. Given the nature, scale, and geographical reach of its operations, CPF has the potential to be a leader in creating positive environmental and social impacts.

### **Action:**

KAsset is actively engaged with CPF under various sustainability frameworks that the Company considers in its business operations, particularly in reducing greenhouse gas emissions. To support this, regular meetings with executives are held to monitor progress on strategic initiatives and ensure the achievement of predefined targets.

### **Outcome:**

In 2023, CPF announced its Net Zero target across its entire value chain by 2050, in alignment with the Science Based Targets Initiative (SBTi) and the Paris Agreement. The Company has also set goals to reduce greenhouse gas (GHG) emissions compared to its 2020 baseline. For its long-term target by 2050, CPF aims to reduce Scope 1, 2 and 3 GHG emissions for non-FLAG (energy-related emissions) by 90% and Scope 1 and 3 GHG emissions for FLAG (land-use change and management) by 70%. For its short-term target by 2030, CPF aims to reduce Scope 1–3 GHG emissions for non-FLAG by 42% and reduce Scope 1 and 3 GHG emissions for FLAG by 30.3%. To achieve these goals, CPF has implemented key strategies, including sourcing sustainable raw materials, promoting renewable energy, leveraging technology for data management and emission reduction, and engaging stakeholders in the transition.

The Company is currently working with SBTi to manage greenhouse gas emissions in Scope 1 and 2, while also implementing SAP software to collect all ESG data across the organization. For Scope 3 emissions, in addition to developing environmentally friendly food packaging, the Company is also concerned about its retail partners or SMEs. As a result, it has organized training to educate them on climate change mitigation. However, reducing Scope 3 emissions remains a challenging task and will require further technological advancements to support these efforts.

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<sup>1</sup> Carbon Neutrality refers to balancing carbon dioxide (CO<sub>2</sub>) emissions with an equivalent amount of CO<sub>2</sub> removal. This can be achieved through reducing fossil fuel consumption, utilizing renewable energy, reforestation, deploying carbon capture technologies, and offsetting emissions with carbon credits.

<sup>2</sup> Net Zero, or net-zero greenhouse gas (GHG) emissions, means that the total amount of greenhouse gases released into the atmosphere is balanced by the amount removed. This includes not only carbon dioxide (CO<sub>2</sub>) but also other greenhouse gases such as methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), ensuring a long-term net-zero impact.

The above demonstrates the Company's commitment and efforts to achieve its set goals. However, reducing greenhouse gas emissions, particularly in Scope 3, remains a challenge for many companies. Therefore, we will continue to focus on this issue and closely monitor the progress of its implementation.

## **Central Pattana Public Company Limited (CPN)**



### **Context:**

Engagement with companies on environmental issues is crucial, as the impacts can affect the long-term sustainability of the business. This includes risks such as changes in regulations, the effects of climate change, and rising operational costs, as well as opportunities to create value by developing environmentally friendly projects. Moreover, engagement helps companies recognize the importance of sustainable operations, improve environmental practices, and reduce risks that may affect future performance. This benefits the Company, investors, and society as a whole.

### **Action:**

KAsset had the opportunity to hold a one-on-one meeting with the management team to inquire about details regarding the organization's greenhouse gas emissions reduction management plan, as well as other sustainability issues related to the environment.

### **Outcome:**

CPN has a long-term plan to reduce greenhouse gas emissions and achieve its net-zero emissions target by 2050. The Company's key initiatives include:

- 1) Net Zero Pathway: The Company is following the Science-Based Targets Initiative (SBTi) and is in the process of obtaining certification, which is expected to be completed by 2025. Additionally, the Company supports Thailand's greenhouse gas reduction policy and the Paris Agreement. For CPN, the majority of greenhouse gas emissions stem from electricity usage within the organization (Scope 2) and electricity use by stores (Scope 3). Therefore, the Company's main approach is to reduce electricity consumption and increase the proportion of renewable energy used.
- 2) The Company aims to use renewable energy for at least 20% of its total electricity consumption by 2030. In 2023, CPN installed solar panels on the rooftops of 28 shopping centers, with a total capacity of 24.3 MW. These installations generated 26,011 MWh, accounting for 2.8% of the electricity used in the shopping centers and 2.4% of the total electricity consumption of the Company.
- 3) The Company has optimized energy use in various projects, including improving HVAC systems. This includes installing Variable Speed Drive (VSD) motor controls, upgrading to high-efficiency chillers, and implementing Building Management Systems (BMS). The Company believes these measures have significantly reduced electricity consumption.
- 4) In 2023, CPN offset a total of 1,650 tons of carbon dioxide equivalent from two sources: purchasing International Renewable Energy Certificates (I-REC) and carbon credits under the T-VER program.
- 5) For employees and stores, the Company has organized training on greenhouse gas reduction strategies to raise awareness about climate change and its potential impacts on operations.

Additionally, in terms of other important environmental operations, CPN has installed 18 water recycling systems, resulting in 617,371 cubic meters of recycled water, which accounts for 5.2% of the total water used by the Company. The Company has set a short-term goal for 2025 to reduce landfill waste by at least 50% compared to the waste generated in the same year. The operational approach focuses on waste segregation from the source, bringing waste into a recycling process for maximum utilization, and encouraging participation from all sectors, including customers, stores, employees, and both public and private sector partners.

KAsset sees that the Company is committed to developing its business alongside its responsibility to society and the environment. We will continue to closely monitor the Company's progress and support the strategies that will help the Company achieve its goals in a tangible way.

## **The Erawan Group Public Company Limited (ERW)**



### **Context:**

ERW and its subsidiaries focus on investing, developing, and operating hotels in Thailand, Japan, and the Philippines. The tourism industry is a key driver of the Thai economy, relying heavily on labor and involving numerous stakeholders. Therefore, prioritizing human rights both within and outside the organization is essential. Aligning operations with human rights principles helps build trust among customers, investors, and employees while mitigating risks associated with human rights violations in the business value chain.

### **Action:**

KAsset had the opportunity to schedule a one-on-one meeting with the management to discuss about human rights and social issues, as well as other sustainability matters within the organization.

### **Outcome:**

ERW recognizes the importance of managing human resources and human rights both within the organization and among its stakeholders. The Company treats all employees equally and follows a recruitment policy based on equality, with no discrimination based on race, color, gender, age, religion, or beliefs. The Company encourages employee rotation, transfers, or promotions based on suitability to develop skills and advance careers. It also promotes the employment of people with disabilities and regularly accepts interns.

The Company assesses human rights risks within the organization, such as child labor, forced labor, poor working conditions, inadequate wages, discrimination, prohibition of unionization, and various forms of harassment. These risks are also used to evaluate and select business partners. Over the past two years, ERW has not received any significant complaints related to labor disputes or human rights issues, reflecting that the Company effectively manages human rights and ensures fairness in its business operations.

## Government Housing Bank (GHB)



### **Context:**

Government Housing Bank (GHB) is a state-owned financial institution that helps the public access housing loans. With its operations focusing on social and environmental concerns, enable GHB to maintain a sustainable finance portfolio. This builds trust with customers, including borrowers, depositors, and bondholders, leading to sustainable business practices and helping to reduce social and environmental risks in the long term, generating sustainable returns for stakeholders.

### **Action:**

KAsset inquired with the management and gathered additional information from the sustainability report regarding sustainability management and other issues to assess the relevant sustainability goals and management approaches of GHB.

### **Outcome:**

#### Economic and Governance

Although the Bank of Thailand's guidelines on responsible and fair lending (Responsible Lending - RL) are not yet mandatory for specialized financial institutions (SFIs), GHB has already prepared a plan to address this. The bank focuses on managing loans fairly at every stage, from pre-loan, during repayment, when issues arise with repayment, to the legal process and debt transfer. All of this is done with the best interests of the customers in mind.

GHB also places great importance on preventing fraud in financial transactions. The bank has a management framework covering protection, detection, response, and includes channels for receiving complaints regarding any damages through various departments, offices, centers, and branches. A committee is responsible for assessing and providing remedies for damages incurred by customers, and the results of these assessments are communicated to the customers. In addition, GHB has applied the Plan-Do-Check-Act (PDCA) quality management cycle to ensure cybersecurity and protect internal data. Responsibility is distributed to the relevant departments, and processes are reviewed to ensure they align with the plan. Furthermore, measures are in place for both proactive prevention and response to incidents, ensuring that the bank can quickly mitigate and recover from cybersecurity threats with minimal impact.

#### Social

GHB has developed financial products and services with consideration for the needs of the public, designing loans and deposits to suit each customer group. The bank also leverages technology to enhance convenience, allowing transactions to be made anytime and anywhere. These services cover both the business solution group for those with middle-to-high incomes (over 25,000 THB/month, excluding government officials and state enterprise employees) and the social solution group for those with lower incomes who have limited access to financial services. Additionally, GHB runs financial assistance programs, such as the GHB Financial Literacy School project and the promotion of financial discipline in communities under the management of the National Housing Authority.

#### Environmental

In 2024, GHB launched the ESG loan project through the "Baan Yoo Yen Pen Suk" initiative (an energy-efficient loan supporting solar rooftops for all homes). In 2025, GHB plans to expand this loan to high-rise condominium projects to promote energy-saving and environmentally friendly construction, using sustainable materials and low-carbon buildings.

GHB's ESG operations yield significant outcomes in various dimensions, focusing on responsible and fair lending practices, financial and cybersecurity protection measures for customer security, developing financial products and services that are accessible to all demographics, and promoting loans that support environmentally friendly

construction. KAsset considers that these operations not only reduce ESG-related risks but also create opportunities for sustainable investments, contributing to long-term economic and social stability.

## **Global Power Synergy Public Company Limited (GPSC)**



### **Context:**

GPSC operates in the power generation industry, specifically using fossil fuel combustion, which has one of the highest greenhouse gas emissions compared to other industries. Therefore, KAsset places significant importance on monitoring the Company's targets for reducing greenhouse gas emissions, as well as its actions to achieve these goals. To help the Company mitigate the risks associated with Thailand's goal of achieving carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, as well as the target to reduce greenhouse gas emissions by 40% by 2030.

### **Action:**

KAsset reached out to GPSC to inquire about additional details regarding the Company's greenhouse gas emissions, as well as its business plans within the framework of Thailand's declared greenhouse gas emissions targets.

### **Outcome:**

GPSC provided information that the Company currently has a clear plan with the goal of achieving net-zero greenhouse gas emissions by 2060 and carbon neutrality by 2050. The Company plans to reduce carbon intensity by 10% by 2025 and 35% by 2030 (compared to the 2020 baseline). To achieve these targets, the Company has set four strategic approaches:

- 1) Reducing the use of fossil fuels by improving the efficiency of electricity generation processes, while enhancing reliability and reducing the share of electricity produced from fossil fuels. In recent times, the Company has been able to reduce greenhouse gas emissions according to the planned targets to achieve net-zero by 2060, through improving production efficiency, increasing the share of renewable energy capacity, and using renewable energy internally within the organization.
- 2) Increasing electricity generation capacity from renewable energy sources, GPSC aimed to increase the share of electricity generation from renewable sources from 38% of total capacity to 50% by 2030. Furthermore, GPSC plans to reduce greenhouse gas intensity by 35% by the year 2030. The Company is currently making progress in line with its plans and has a clear policy not to invest in additional coal-fired power plants.
- 3) Developing infrastructure and studying the advancement of new technologies. Currently, GPSC is conducting feasibility studies on the integration of various technologies with companies within the PTT Group and external firms with expertise. This includes battery business and new S-curve businesses such as hydrogen energy. Additionally, the Company has signed MOU to explore future technologies with various partners, such as the development of clean energy through Small Modular Reactor (SMR) technology with Seaborg from Denmark, and ammonia blending with coal and CCUS technology with Doosan Enerbility from South Korea. These initiatives are expected to help the Company achieve its greenhouse gas emission reduction targets in the future.
- 4) Carbon trading and offsetting: GPSC has promoted reforestation efforts to generate carbon credits in the future. The Company aims to plant trees across 2,000 rai (1 rai equals 1,600 square meters) by 2030, with over 230 rai already completed.

All of this demonstrates GPSC's commitment to reducing greenhouse gas emissions through various initiatives. However, reducing greenhouse gas emissions, particularly in Scope 3, remains a challenge for many companies. KAsset will continue to prioritize this issue and closely monitor progress moving forward.

## **Gulf Energy Development Public Company Limited (GULF)**



### **Context:**

GULF operates power plants that rely on fuel in the production process, resulting in significant greenhouse gas emissions. The Company has a high share of electricity generation capacity in Thailand. Success in reducing greenhouse gas emissions from its operations will contribute positively to the country's target of achieving net-zero emissions by 2065. KAsset therefore places importance on monitoring the Company's targets for reducing carbon dioxide and greenhouse gas emissions, as well as the actions taken to achieve these goals.

### **Action:**

KAsset has contacted GULF to engage and inquire about further details regarding the Company's greenhouse gas emissions, as well as its action plan to manage the anticipated increase in emissions in the future.

### **Outcome:**



#### **The 1st engagement**

GULF provided information that the Company must balance energy security and electricity demand, resulting in an unavoidable high level of greenhouse gas emissions. However, the Company aims to reduce greenhouse gas emissions in Scope 1 by 25% by 2030 (compared to the 2019 baseline). In 2020-2021, the Company successfully reduced carbon emissions by 7-8% per year, except for 2022, when carbon emissions increased due to the global energy crisis, as Thailand implemented a policy to produce electricity using oil instead of natural gas. GULF also has a target and plan to increase the share of renewable energy to 40% of total generation capacity by 2035, with its current generation capacity at 9% and total licensed capacity at 20%.

In addition, GULF plans to improve the efficiency of its machinery by adopting new technologies to reduce fuel consumption per unit of electricity generation. The Company also has clear criteria for selecting suppliers and uses technology to assess the ESG performance of suppliers. Furthermore, GULF is focusing on increasing the transparency of its disclosures, making them more accessible and easier to find.

#### **The 2nd engagement**

GULF provided additional information that the Company has announced a target to achieve net-zero greenhouse gas emissions for Scope 1 and 2 by 2050. However, the Company is currently assessing its Scope 3 emissions and is considering selecting partners who have plans to reduce their greenhouse gas emissions. Additionally, GULF conducts supplier auctions through e-bidding to ensure transparency and enable the verification of ESG-related data.

Regarding the potential impact of a carbon tax that may be imposed by the Thai government in the future, GULF believes that the Company is likely to be minimally affected. This is because the tax will primarily be levied on fuel consumption rather than greenhouse gas emissions. Most of the Company's power purchase agreements allow for the passing of these costs onto the electricity buyers (EGAT). Therefore, GULF expects minimal impact. However, reducing greenhouse gas emissions, especially for Scope 3, remains a challenge for many companies. Nevertheless, it is essential for effective management of overall emissions reductions. KAsset will continue to monitor this issue closely and track progress.

## **Indorama Ventures Public Company Limited (IVL)**



### **Context:**

Thailand has announced its targets to achieve carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, along with a goal to reduce greenhouse gas emissions by 40% by 2030. Achieving these targets requires adequate and appropriate support in operations, finance, and technology across all sectors. As a result, some businesses may be affected by the transition to a low-carbon economy such as petrochemical business. Therefore, KASSET places importance on monitoring the Company's greenhouse gas reduction targets and its efforts to achieve these goals.

### **Action:**

KASSET scheduled a meeting with IVL executives to discuss details regarding greenhouse gas emission reductions and other key sustainability issues. These included the Company's targets for reducing emissions, strategies to achieve environmental sustainability such as recycled plastic products as well as its plans and progress tracking mechanisms for sustainability goals.

### **Outcome:**

IVL has recognized the importance of addressing climate change and global warming. The Company has set targets to reduce greenhouse gas emissions (Scope 1 and 2) by 10% by 2025 and 30% by 2030, using 2020 as the baseline year. In terms of plastic recycling, IVL aims to recycle 750,000 tons of PET per year by 2025 and 1,500,000 tons per year by 2030.

#### **Greenhouse Gas Emission Reduction**

To achieve its targets, the Company has invested approximately \$13.1 million in greenhouse gas reduction projects, energy efficiency improvements, and water conservation initiatives. As a result, in 2023, IVL successfully reduced greenhouse gas emissions by 31,503 tons and saved 216,966 gigajoules (GJ) of energy. Additionally, IVL has developed monitoring systems and process improvements to optimize energy consumption and reduce costs effectively. The Company is currently in the process of obtaining ISO 50001 certification to ensure compliance with international energy management standards.

Although IVL has not yet set a clear target for reducing Scope 3 greenhouse gas emissions, the Company has committed to establishing this target by 2025. IVL has already begun measuring and monitoring its impact while engaging with key suppliers. Additionally, the Company has set a plan to phase out coal usage entirely by 2030.

#### **Plastic Recycling Efforts**

IVL has invested over \$1 billion in recycling-related projects over the past decade, establishing 20 recycling plants across 12 countries. The Company has also collaborated with waste management firms to develop a waste collection system. In 2023, IVL successfully recycled 324,256 tons of plastic and launched additional recycling facilities in Thailand, Indonesia, and India. Additionally, IVL formed a joint venture with Varun Beverages Limited, the world's second-largest PepsiCo bottler (after the U.S.), to build a PET recycling plant in India. This initiative aims to enhance PET recycling capacity to 100 kilotons per year.

IVL has implemented comprehensive environmental initiatives and complies with local laws, policies, and regulations in the areas where it operates.

KASSET is pleased to see that the Company recognizes the importance of setting targets to reduce greenhouse gas emissions in Scope 3 (GHG Scope 3). This effort could drive innovation in more environmentally friendly plastic products, such as biodegradable plastic packaging, while maintaining economic feasibility for the Company's customers. In addition to reducing GHG Scope 3 emissions, which account for over 70% of IVL's total emissions, this initiative may also have positive environmental impacts, such as decreasing plastic waste in oceans, ultimately contributing to environmental and social sustainability.

## **Kasikornbank Public Company Limited (KBANK)**



### **Context:**

According to a report from the United Nations Special Rapporteur, five Thai banks had provided financial services to Myanmar's military government, conducting transactions between 2022 and 2023 with Myanmar banks linked to the military regime, including Myanmar Foreign Trade Bank (MFTB), Myanmar Investment and Commercial Bank (MICB), and Myanma Economic Bank (MEB). KBANK was identified as having conducted transactions with MFTB and MICB, which was interpreted as being linked to the purchase of weapons and equipment used for suppressing civilians under military rule. This report raised concerns among all parties, as Thailand has upheld the UN-endorsed principle of respecting human rights.

### **Action:**

KAsset requested a one-on-one meeting with KBANK and engaged in collective action through the Association of Investment Management Companies (AIMC) to inquire with all the banks mentioned in the report regarding the details of the issue and their planned next steps.

### **Outcome:**

KBANK clarified that the bank had a policy of not supporting financial transactions related to arms procurement for the Myanmar government and would not allow anyone to use its services for such purposes. The bank ensures compliance with laws on anti-money laundering, counter-terrorism financing, and the proliferation of weapons of mass destruction, as well as other international practices standards, including those set by the United Nations (UN). KBANK affirmed that it had not conducted transactions with any designated persons and maintained a strict verification process for supporting documents in international fund transfers.

This information aligned with the Collective Action initiative that KAsset undertook with AIMC to verify the facts. KBANK, along with the Thai Bankers' Association and its members, jointly clarified their commitments to conduct businesses responsibly, adhering to principles that prioritize customers, society, the global community, and human rights. They have strictly complied with the regulations set by supervisory authorities, including the Bank of Thailand and the Anti-Money Laundering Office, which have overseen and closely monitored banking operations. The members have specialists with expertise in both Thai and international regulations, as well as databases of high-risk individuals, organizations, and countries, including those on restricted transaction lists. Each bank continuously updates its data and operational guidelines. Furthermore, Thai commercial banks have a clear policy of not supporting the procurement of arms and weaponry for Myanmar's military organizations. They also place strong emphasis on preventing financial transactions from being used to facilitate arms purchases that could lead to human rights violations.

KAsset and AIMC recognized that the clarifications provided by KBANK, and the members of the Thai Bankers' Association had demonstrated a strong commitment to adhering to policies that prohibit business relationships with individuals listed on the United Nations Sanctions List. Additionally, they had policies to verify and immediately terminate business relationship (if any) with anyone whose name being designated on the Sanctions List, in accordance with international standards. This matter was thoroughly addressed, with timely and appropriate communication of relevant information.

## Krungsriyudhya Card Company Limited (KCC)



### **Context:**

The Bank of Thailand has emphasized on addressing Thailand's household debt issue, as the household debt has increased to a relatively high level. A significant portion of this debt stemming from personal loans and credit cards has been potentially becoming non-performing loans (NPLs). KCC's core business is credit card lending, making it a key player in managing debt-related risks for its customers. The Company may also be affected by policy measures aiming at addressing household debt problems.

### **Action:**

KASSET had the opportunity to meet with KCC's executives and team to discuss the Company's approach to sustainability across three dimensions: Environmental, Social, and Governance (ESG). The social dimension, in particular, plays a crucial role in improving people's quality of life by promoting sustainable solutions to household debt issues.

### **Outcome:**

KCC is a subsidiary of Krungsri Group, and to align with the group's standards, the Company provides credit services that consider Environmental, Social, and Governance (ESG) factors, as well as information technology security, corporate governance, marketing practices, and responsible lending. The Company's business approaches are as follows:

#### Promoting Access to Financial Services for All and Equally

KCC has developed financial products and services that are suitable and aligned with the needs of each customer group. The Company has managed its loan portfolio carefully and balanced, adhering to the principle of "responsible lending." It has also developed comprehensive and accessible channels for the financial services that are appropriate for the objectives of each group. This approach has helped to create its business opportunities and reduced problems of unregulated loan dependence, of which incurring high interest burden and resulting in negative consequences to household debt in the financial system and the stability of the economy.

#### Financial Education

KCC has initiated various projects and activities to promote financial literacy, such as online learning platforms that include game-based learning activities tailored to target groups. These projects aim to encourage personal financial planning, foster saving habits, and support executives and employees in participating in Krungsri Group's financial literacy programs. The goal is to equip the public with knowledge, enabling them to plan and select financial products and services that align with their income. At the same time, these efforts provide KCC with business opportunities and help mitigate financial risks and credit risks associated with NPLs.

#### Financial Crime and Personal Data Security

KCC views this issue as critically important. Krungsri Bank, the Parent Company, has collaborated with various relevant parties and external agencies, such as the Bank of Thailand, the Thai Bankers' Association, telecommunications service providers, the Royal Thai Police, and the Anti-Money Laundering Office, to establish preventive measures, issue alerts, and provide assistance to customers affected by financial crimes. This includes supporting the provision of financial information and documentation to help prevent incidents and aid in the prosecution of criminals, ensuring they are swiftly punished according to the law.

KAsset viewed that KCC's approach to consider social sustainability by enabling public access to financial services, promoting financial literacy, and preventing financial crimes, had played a crucial role in reducing credit risks and enhancing the financial stability of the Company. This also helped create long-term business opportunities. The practices that prioritizing social responsibility and customer data security will help build confidence among all stakeholders and ultimately benefiting the overall stability of the country's financial system.

### **Axtra Future City Freehold and Leasehold Real Estate Investment Trust (AXTRART)<sup>3</sup>**



#### **Context:**

From the 2023 ESG Assessment, KAsset found that Property Fund and REITs listed on the Stock Exchange of Thailand (SET) could possibly provide more written ESG disclosures in their public reports. Currently, there is no clear guideline for ESG data reporting for these funds, which results in varying levels of ESG disclosure across different funds. This inconsistency may affect the decision-making of investors who are increasingly prioritizing sustainability. KAsset had an opportunity to engage with these funds to promote more systematic and transparent ESG disclosures. This would help build investor confidence and align with global trends aiming to drive positive outcomes through consideration of environmental, social, and governance (ESG) factors.

#### **Action:**

KAsset contacted the fund manager of AXTRART to inquire about the strategies that will help improve the ESG disclosure practices of the fund and the next steps in their efforts.

#### **Outcome:**

The fund manager of AXTRART commented that currently, Thai regulatory authorities have not yet established ESG disclosure guidelines for property funds, REITs, and infrastructure funds, resulting in no unified standard for ESG disclosure.

However, the Association of Investment Management Companies (AIMC) has initiated efforts to collaborate with the SET to establish ESG disclosure guidelines for property funds, REITs, and Infrastructure Funds. If progress is made, it could address KAsset's concerns and provide confidence to investors who prioritize sustainability in the future.

KAsset proposed that during a fund setup or capital increase process, sustainability criteria could be established to ensure that asset(s) in the Fund would be managed with strategies and budgets that align with its sustainability goals. This will help investors to understand how ESG factors integrated into its investment process. KAsset will continue to monitor the progress of the development of ESG disclosure guidelines for property funds, REITs and infrastructure funds, and will support the initiatives of relevant organizations, such as AIMC, the SET, and the SEC, which will help raise the standard of disclosure in the future.

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<sup>3</sup> Previous name: Lotus's Retail Growth Freehold and Leasehold Property Fund (LPF)

## **Muangthai Capital Public Company Limited (MTC)**



### **Context:**

MTC is a motorcycle loan service provider with branches and employees spread across the country. Managing and taking care of the workforce is therefore a critical factor that cannot be overlooked to ensure a positive work environment, allowing employees to perform effectively. This will contribute to the long-term stability and progress of the organization.

### **Action:**

KAsset had an opportunity to schedule a one-on-one meeting with the management to discuss about personnel management and welfare, as well as other sustainability issues within the organization.

### **Outcome:**

The Company places a high priority on its employees as a key factor in driving the organization. MTC focuses on developing employee potential through training and supporting career growth, as well as promoting participation, diversity, and creating a positive work environment to enhance work efficiency and employee satisfaction. The details are as follows:

#### **Employee training and development**

Employees receive an average of 10 hours of training per year, which exceeds the Company's target of 6 hours. The main training topics include business ethics, service techniques, regulations, and sustainable business development, ensuring that employees are prepared to perform their duties responsibly and effectively. Additionally, the Company conducts pre- and post-training assessments to evaluate employee learning outcomes.

#### **Employee Well-being and Engagement**

The Company conducts an annual employee satisfaction survey with the goal of achieving an average satisfaction score of over 80%. Additionally, employees have channels to share their feedback through message boards and monthly team meetings, and they can also directly contact the Company's independent directors to submit complaints. Currently, MTC has an employee turnover rate of approximately 12%, with most resignations coming from younger employees or those with 1-2 years of tenure, who seek new job opportunities.

#### **Diversity and Equality**

MTC has a male-to-female employee ratio of approximately 9:1, due to certain positions, such as debt collection officers, requiring frequent travel and job location rotations every four years. As a result, male employees are more suited for these roles. However, the Company confirms that there is no gender discrimination. At MTC's headquarters, the male-to-female employee ratio is nearly balanced, with about 40% of employees being women.

#### **Work Environment and Governance**

The Company is strict about protecting employees' rights, with policies in place to prevent harassment and protect whistleblowers, ensuring that the information of complainants is kept confidential. Currently, there have been no reported incidents of harassment, but MTC has prepared preventive measures in advance, including conducting random internal checks every month to maintain a safe working environment.

In 2024, MTC demonstrated its commitment to social responsibility by initiating a fundraising effort through the issuance of social bonds in US dollars. The proceeds would be used for loans specifically targeting female entrepreneurs, with a focus on those who do not have access to loans through financial institutions.

## **Public Debt Management Office (PDMO)**



### **Context:**

The Public Debt Management Office (PDMO) is an agency under the Ministry of Finance responsible for the comprehensive management of the Thailand's debt. PDMO sets the overall debt management policy, oversees and manages public debt risks, including government guarantees and various obligations, handles debt issuance, debt management, and repayment processes, as well as develops the national public debt information system. In the past, PDMO has issued debt instruments in the form of government bonds, sustainability bonds, and state enterprise bonds.

KAsset supports investments in sustainability bonds (ESG / Sustainability Bonds) issued by both the public and private sectors to promote sustainability in alignment with the stated loan objectives. Engagement with PDMO has provided insights into the government's management approach for achieving sustainability in various aspects through investment budgets allocated to projects that meet the sustainability principles set by the government. Additionally, there is a commitment to post-issuance disclosure, including progress reports on fund utilization and relevant sustainability indicators specified in the bond issuance. This enhances transparency and promotes practices aligned with international standards in sustainable finance.

### **Action:**

KAsset scheduled a one-on-one meeting with executives to follow up on operational updates and strategies related to the issuance of green bonds and sustainability-linked bonds (SLBs).

### **Outcome:**

Over the past four years, PDMO has issued two series for this type of bonds, each valued at approximately 230-250 billion baht. Initially, the issuance focused on green bonds, then changed to sustainability-linked bonds (SLBs) for COVID-19 related projects i.e. ESGLB35DA, ESGLB376A for financing projects with positive environmental and social impacts such as the development of the MRT Orange Line, improvements to water sources for consumption and agriculture, procurement of vaccines, and assistance for vulnerable populations during COVID-19. Additionally, PDMO plans to continue issuing SLBs, with two key performance indicators (KPIs) as follows:

- 1) Reducing greenhouse gas emissions.
- 2) Promoting the use of Zero-Emission Vehicle (ZEV)

For the issuance of social bonds, PDMO has already discussed the matter but identified several limitations: 1) A large number of projects are required since the value per project is relatively low compared to the bond issuance size (each bond issuance is no less than 100 billion THB, while the value per project is approximately 500-1,000 million THB). 2) The projects' implementation timelines are not always aligned. 3) Limited availability of data for setting KPIs due to disclosure restrictions. 4) Inconsistent of projects continuity, which may impact liquidity and the bond issuances.

PDMO has preliminarily decided to focus on continuous issuance of SLBs to raise market awareness of this type of bond. Currently, there are reliable agencies collecting data, setting targets, and monitoring PDMO's progress. For example, the Department of Climate Change and Environment responsible for climate change monitoring, while the Office of the National Economic and Social Development Council, under the Prime Minister's Office, overseeing the Sustainable Development Goals (SDGs).

## **PTT Public Company Limited (PTT)**



### **Context:**

Thailand has announced its goal to achieve carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, with an interim target to reduce greenhouse gas emissions by 40% by 2030. Achieving these targets requires operational, financial, and technological support from businesses across all sectors. A key aspect of this transition is reducing greenhouse gas emissions from the energy sector.

PTT and its subsidiaries are petroleum producers operate in the petrochemical business relying on fossil fuel-based upstream resources. As such, they may be affected by the transition to a more sustainable, low-carbon economy. Therefore, KAsset has emphasized on monitoring the PTT group for their carbon dioxide and greenhouse gas reduction targets, as well as their actions to achieve these goals.

### **Action:**

KAsset held a meeting with the management to discuss the business direction, environmental management, and details regarding the targets and actions for reducing greenhouse gas emissions, which is a key factor considered in KAsset's investment process.

### **Outcome:**



#### **Greenhouse Gas Emissions Reduction**

PTT has set a medium-term goal to reduce greenhouse gas emissions by 15% by 2030 (from the 2020 baseline) and a long-term goal of achieving Carbon Neutrality by 2040 and Net Zero Emissions by 2050. The Company has also set annual greenhouse gas emission targets, which would be reviewed upon their business plans and emissions reduction projects each year. Goals, work plans, indicators, and progress monitoring would be presented in executive meetings, and relevant governance committees to ensure that GHG reduction projects being delivered as planned.

In 2024, PTT reviewed and established new direction for the Company's sustainability management (PTT Sustainability Framework) to integrate sustainability into all business operations and across all companies in the PTT Group, aiming to become Net Zero companies while growing sustainability in the long term.

PTT's (company only) short-term targets in 2024, including greenhouse gas emissions Scope 1 and 2 of no more than 11.5 million tons of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) was set in line with its greenhouse gas reduction plan. Key projects included the installation of Regenerative Thermal Oxidizers (RTO) at natural gas separation plants 5, 6, and ESP, which were expected to reduce greenhouse gas emissions by approximately 190,000 tCO<sub>2</sub>e per year.

#### **Projects and investments for the transition to low-carbon businesses**

PTT has established an Internal Carbon Price (ICP) mechanism to consider investments in greenhouse gas emission reduction projects both directly and indirectly in its operations, using a shadow price approach. The price was set at \$20 per ton of CO<sub>2</sub> equivalent. The Company has monitored projects where ICP was applied, which promoting awareness of transition risks to PTT's business. This has focused on transitioning to a low-carbon economy, building confidence among stakeholders, and creating investment opportunities in businesses and projects that help reduce greenhouse gas emissions.

Additionally, PTT has continuously expanded its investments in low-carbon businesses through its subsidiaries. GPSC is focusing on investing in renewable energy both domestically and internationally to support the supply of stable and clean electricity, helping reduce GHG Scope 2 emissions for PTT Group. Meanwhile, PTTEP is expanding its green hydrogen production in Oman and investing in wind energy in Scotland, while also driving

the development of the CCS Hub in Thailand. OR is aiming to become Thailand's mobility partner to support the energy transition in the transportation sector from oil to EVs and hydrogen, while also diversifying through its lifestyle business. In the downstream business, investments are expanding into high-value businesses and the bio-based circular economy, such as bioplastics and green ABS/PS.

KAsset viewed that the Company had fully committed and making every effort to achieve its set goals. However, reducing greenhouse gas emissions, especially in Scope 3, remained a challenge for many companies. Therefore, we will continue to prioritize this issue and closely monitor progress moving forward.

## **PTT Exploration and Production Public Company Limited (PTTEP)**



### **Context:**

According to Reuters, the United States announced sanctions against two banks in Myanmar: Myanmar Foreign Trade Bank (MFTB) and Myanma Investment and Commercial Bank (MICB). This was due to their involvement in accepting and exchanging foreign currencies for the Myanmar government, as well as businesses that generate income for the Myanmar military government. These sanctions may affect the money transferring of companies conducting transactions through these two banks.

### **Action:**

#### The 1<sup>st</sup> engagement:

KAsset contacted PTTEP to inquire about the impact and the next steps in their operations following the sanctions.

### **Outcome:**



#### The 1<sup>st</sup> engagement:

PTTEP stated that the sanctions had no direct impact on the Company's operations and transactions, as it could conduct business with other banks and to avoid the two sanctioned banks. The Company was not affected by the sanctions. However, KAsset had closely monitored whether there might be potential risks related to further sanctions on other banks in Myanmar.

### **Action:**

#### The 2<sup>nd</sup> engagement:

KAsset contacted PTTEP to inquire about any updates regarding the issue, including new developments, potential impacts, and the Company's operations moving forward.

### **Outcome:**



#### The 2<sup>nd</sup> engagement:

PTTEP had to conduct transactions with several banks both in Myanmar and Thailand, using both US dollars and Thai baht. Although no additional sanctions announced, PTTEP had tried to reduce cash transferring transactions through banks in Myanmar, by offsetting revenues against expenses within the country. KAsset viewed the Company acted appropriately.

## **PTT Exploration and Production Public Company Limited (PTTEP)**



### **Context:**

Thailand has announced its goal to achieve carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065, with an interim target to reduce greenhouse gas emissions by 40% by 2030. Achieving these targets would require operational, financial, and technological support from businesses across all sectors. A key aspect is reducing greenhouse gas emissions from the energy sector.

PTTEP and the PTT Group are petroleum producers and involve in petrochemical businesses, relying on fossil fuel-based upstream resources. As such, they may be affected by the transition to a more sustainable, low-carbon economy. Therefore, KAsset has emphasized on monitoring the PTT group for their carbon dioxide and greenhouse gas reduction targets, as well as their actions to achieve these goals.

### **Action:**

KAsset held a meeting with the management team to discuss the business direction, environmental management, and details regarding the targets and actions to reduce greenhouse gas emissions. These issues are a key focus for KAsset in its investment decision-making process.

### **Outcome:**

PTTEP has set a mid-term target to reduce greenhouse gas emission intensity by at least 30% by 2030 and 50% by 2040 (from the 2020 baseline). The long-term goal is to achieve Net Zero Emissions by 2050, covering direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). For other indirect emissions (Scope 3), the Company and its subsidiaries have plans to jointly reduce emissions. Additionally, PTTEP has implemented projects to reduce greenhouse gas emissions and increase energy efficiency each year, presenting targets, action plans, KPIs, and monitoring progress at executive meetings and board committees, in accordance with the relevant governance structure. This ensures that the projects will be carried out according to plan.

In the most recent performance report for 2023, the Company was able to reduce its greenhouse gas emission intensity by 12.5% (from the 2020 baseline). Key projects include the solar power plant project and the Lan Saeng Arun project, which generate electricity to replace natural gas usage. These projects have currently reduced greenhouse gas emissions by approximately 13,000 tons of CO<sub>2</sub> equivalent per year.

The Company is also a leader in Thailand in researching and developing Carbon Capture and Storage (CCS) technologies, with two key projects: the Arthit project in the Gulf of Thailand and the Lang Lebah project in Malaysia. The Arthit project, initiated in 2021, is expected to begin utilizing this technology in 2027, with an anticipated reduction in carbon emissions of approximately 700,000 to 1,000,000 tons per year. In the first phase of the project, only direct greenhouse gas emissions from the Company will be stored in underground geological formations. The Company will test and monitor the geological formation's potential to ensure it meets safety and standard requirements at every stage. By 2024, the Front-End Engineering Design (FEED) for the project will be completed, and the project is at the stage of making the Final Investment Decision (FID).

The Company has established an Internal Carbon Price (ICP) mechanism to consider investments in greenhouse gas emissions and reduction projects for PTTEP's direct and indirect operations. The carbon price is set in the form of a shadow price, ranging from 35 to 60 USD per ton of CO<sub>2</sub> equivalent. This aims to create a balance between managing greenhouse gas emissions, striving toward net-zero emissions, and seizing business growth opportunities.

KAsset viewed the Company as being committed and making significant efforts to achieve its set goals. However, reducing greenhouse gas emissions, particularly in Scope 3, remains a challenge for many companies. Therefore, we will continue to focus on this issue and closely monitor the progress of its implementation.

## **PTT Global Chemical Public Company Limited (PTTGC)**



### **Context:**

PTTGC and its subsidiaries are chemical producers, a downstream business that relies on raw materials sourced from fossil energy, which is a sector that could be affected by the transition to a more sustainable, low-carbon economy. Therefore, KAsset places importance on monitoring the Company's goals for reducing carbon dioxide emissions and greenhouse gases, as well as the actions taken to achieve these goals. This includes alignment with Thailand's carbon neutrality target by 2050 and net-zero greenhouse gas emissions by 2065.

### **Action:**

KAsset held a meeting with PTTGC to inquire about the details of the Company's main projects aimed at achieving its net-zero greenhouse gas emissions target.

### **Outcome:**

PTTGC has a plan to reduce carbon emissions each year to reach the net-zero target by 2050. This would be achieved through 3 main parts: Efficiency-driven, Compensation-driven, and Portfolio-driven.

Efficiency-driven referred to improving production processes, using alternative energy, and adopting low-carbon technologies to enhance efficiency in reducing greenhouse gas emissions. As of the third quarter of 2024, PTTGC had successfully reduced carbon emissions by 186 ktCO<sub>2</sub>e/y, exceeding the Company's target of 140 ktCO<sub>2</sub>e/y.

Compensation-driven referred to carbon offsetting to manage the greenhouse gases remaining from efficient production and business operations. PTTGC has been studying to implement CCUS technology for capturing, storing, and utilizing carbon both in Thailand and the United States, through joint research within the PTT Group. Additionally, the Company has been accumulating carbon credit inventory from reforestation projects.

The final part, Portfolio-driven, referred to adjusting the portfolio towards low-carbon and high-value businesses (HVB). PTTGC has been studying business restructuring, such as investing in bio-based chemicals, sustainable aviation fuel (SAF), and performance chemicals through the investment in Allnex. These efforts were expected to enhance the Company's investment portfolio in low-carbon footprint businesses.

From the above, KAsset viewed that the Company had committed by putting efforts to achieve its goals. However, reducing greenhouse gas emissions, especially in Scope 3, remains a challenge for many companies. Therefore, we would continue to prioritize this issue and closely monitor progress moving forward.

## **Safe Fertility Group Public Company Limited (SAFE)**



### **Context:**

SAFE provides comprehensive infertility treatment services. These medical services must respect patients' rights to access safe, equitable, and non-discriminatory care. Additionally, it is crucial to prioritize the protection of personal data and the privacy of service users.

### **Action:**

KAsset held a one-on-one meeting with the executives to discuss the approach to prioritize human rights in business operations, as well as ensuring proper and responsible implementation of human rights principles.

### **Outcome:**



#### **Customer Security and Privacy**

The Company has a team of doctors and personnel with an average of over 15 years of experience, along with medical equipment that meets RTAC standards to ensure safety services. SAFE also has an IT security system for customer data storage and raising awareness among staffs to safeguard customer confidentiality. Additionally, the Company emphasizes that providing complete information for clients to decide before providing services is crucial such as explaining potential risks, factors affecting treatment success rates, related costs, and other legal limitations to ensure fairness for clients and transparency in its service delivery. The Company upholds ethical standards in its services, by refusing to provide treatments those are legally correct but may pose ethical concerns.

#### **Human Rights and Governance**

SAFE recognizes the importance of human rights issues and complies strictly with laws related to the protection of fundamental rights of clients. The Company has an internal audit team that oversees every process of the service rendered to ensure that business operations complied with legal requirements and international standards, such as certification from the Reproductive Technology Accreditation Committee (RTAC) of Australia and New Zealand.

SAFE was in the process of discussions with consultants to develop the Company's human rights policy. In the future, this policy would also encompass business partners ensuring that the Company operates responsibly and considers human rights comprehensively, aligning with its business model. This is an issue that KAsset values and will continue to monitor to ensure that the Company has a written human rights policy.

## Srisawad Corporation Public Company Limited (SAWAD)



### **Context:**

Since 2023, SAWAD had faced two significant issues related to the Company's lending practices.

**The first incident:** On November 14, 2023, an article was published on the website of the Thailand Consumers Council (TCC), highlighting TCC's support for borrowers in a lawsuit against SAWAD. The article claimed that the Company had forged loan documents, pointing out discrepancies in the loan start date, loan amount, disbursed amount, and the borrower's signature. It also indicated that SAWAD was not the direct contracting party but another Company within the Company's group.

**The second incident:** On July 23, 2024, it was reported that the Department of Special Investigation (DSI) had received nine complaints related to SAWAD's lending practices. The complaints alleged that the Company charged interest rates beyond the legal limits, forced borrowers to purchase insurance, failed to provide borrowers with copies of contracts, and refused early repayment of loans.

### **Action:**

KAsset contacted SAWAD on November 15, 2023, regarding the first incident and had been following up on a quarterly basis. After the second incident, KAsset met with SAWAD on July 24, 2024, and continued to closely monitor the situation. The most recent meeting took place on November 12, 2024.

KAsset's contact with SAWAD was not intended to investigate the details of the incidents, as this responsibility was laid upon the court. Our goal was to emphasize the importance of these allegations to SAWAD as an investor and the potential impact on its long-term competitiveness if the allegations were to be found to be true.

KAsset had also collaborated with the Association of Investment Management Companies (AIMC) in engagement efforts to encourage SAWAD to recognize the importance of these concerns from investors, in order to prevent undesirable outcomes.

### **Outcome:**

Throughout 2024, SAWAD had denied all allegations in public media in the 1-1 meeting where the issues were discussed.

**Response to the first incident:** SAWAD denied the allegations of document forgery, stating that discrepancies were due to changes in the original contract parties and contract transfer. Although the court did not rule in favor of SAWAD, it did not confirm document forgery, citing insufficient evidence to link the borrower with SAWAD. As of July 24, 2023, the case was closed after the borrower repaid the debt and SAWAD returned the collateral to the borrower.

**Response to the second incident:** SAWAD rebutted all allegations, explaining that the type of loan in question (Bill of Exchange) falls under different regulations, which allow for a higher interest rate. The Company stated that the borrower's purchase of insurance was voluntary in exchange for a higher loan-to-value ratio and was confirmed with the borrower's signature. Furthermore, SAWAD clarified that borrowers could access contract copies through the application or at branches, and they could repay the loan early without any penalties.

As of November 12, 2023, there were still 4 pending cases with the DSI. SAWAD's management confirmed that the Company would fully cooperate and had already submitted all the documents requested by the court. To

improve the loan approval process, SAWAD had implemented a policy of recording videos during product offerings and contract signings to serve as evidence in case any disputes arisen in the future.

### **SCB X Public Company Limited (SCB)**



#### **Context:**

SCB operates as an investment holding Company and sets the overall strategy for the group. It seeks investment opportunities and allocates capital in businesses that generate good returns and foster continuous growth for the business group. Additionally, SCB plays a role in setting policies and overseeing the business operations, risk management, and business continuity of companies within its financial business group. Therefore, the policy on financial services and products provided to customers is an important factor that must be carefully considered.

#### **Action:**

KAsset scheduled a 1-1 meeting with the management to inquire about their approach to managing and developing products, as well as their credit policy, to address environmental and sustainability issues.

#### **Outcome:**

SCB financial group has planned to expand its reach to underserved customer segments through digital channels, particularly targeting high-potential groups such as first-jobbers. The Company has expected to leverage technology for data collection and to build long-term relationships with customers.

SCB has set clear targets to reduce greenhouse gas emissions and work towards building a low-carbon society. The bank has defined goals to reduce GHG emissions and has begun collaborating with customers in sectors such as power plants, hotels, and fossil fuel-based energy businesses. The focus is on transitioning to renewable energy and developing sustainable finance products.

The bank has provided green loans to promote environmental sustainability, linking them to customer KPIs such as reducing greenhouse gas emissions, water usage, or waste reduction. SCB has set a target to provide sustainable finance loans worth 150,000 million baht by 2025. Additionally, SCB has offered Sustainability Linked Loans (SLL) to encourage clients to achieve sustainable development goals, particularly in renewable energy sectors. These loans were also connected to training programs and the use of energy-saving technologies within organizations.

From the above, it was evident that SCB had continued to work towards long-term goals to achieve sustainability in both financial and environmental aspects. The bank has been committed to building strong relationships with customers and communities while driving Thailand toward a sustainable future and being resilient to the impacts of climate change.

**The Siam Cement Public Company Limited (SCC) / SCG Packaging Public Company Limited (SCGP) and SCG Chemicals Public Company Limited (SCGC)**



**Context:**

The increasing severity of climate change impacts has raised global awareness of the importance of transitioning to a low-carbon economy. As a party to the United Nations Framework Convention on Climate Change (UNFCCC) under the Paris Agreement, Thailand has set targets for Carbon Neutrality by 2050 and Net Zero by 2065, as part of the global effort to mitigate humanity's existential threats. The transition to a low-carbon economy presents both transition risks and opportunities, which may have positive or negative effects depending on the industry type and a Company's ability to adapt. Therefore, KAsset prioritizes monitoring investee companies in setting net-zero targets, ensuring they have well-rounded strategies that align with economic growth. We also emphasize the establishment of relevant indicators to track progress and ensure alignment with Thailand's net-zero goals.

SCC and its subsidiaries, also known as SCG, categorize their business into three main groups based on the products they manufacture and sell: 1) Cement and Building Materials, 2) Chemicals (SCGC), and 3) Packaging (SCGP). SCG sources fundings from investors through both equity and bond markets and emphasizes driving sustainable business growth while caring for the environment and society. The Company has established environmental and climate policies to ensure efficient and effective management across all SCG's operations and value chain. Given that SCG's products are closely linked to fossil fuels in various aspects, KAsset emphasizes engaging with SCG to support their business growth, enabling a smooth transition and adaptation to a low-carbon economy.

**Action:**

KAsset held meetings with SCG's executives to review the companies' economic growth strategies while considering ESG factors, particularly issues related to reducing greenhouse gas (GHG) emissions. The goal was to understand the management approaches in place to achieving the companies' overall goals.

**Outcome:**

SCG has set a Net Zero target by 2050, supporting the country's Net Zero goals. Additionally, the Company aims to reduce its net greenhouse gas emissions (Scope 1 and 2) by 25% by 2030 compared to its 2020 baseline, improving from its previous target of a 20% reduction. The Company has initiated the development of low carbon products and improvements in manufacturing processes, such as increasing the proportion of renewable energy, and achieving 50% reduction in coal use for their cement production.

SCG calculates its greenhouse gas emissions based on its operational activities. In 2023, the distribution of emissions (Scope 1 and 2) was as follows: Cement business 72%, Packaging business 15%, and Chemicals business 13%. The Company's calculation of greenhouse gas emissions based on accepted principles, with verification according to international standards, serves as a foundation for setting science-based targets. It also allows for the establishment of relevant indicators to ensure proper monitoring and governance to achieve the set goals. Additionally, this process prepares the Company to comply with upcoming disclosure standards related to climate change (IFRS-S2 Climate Change), which are being considered in detail and are already being implemented in some countries.

KAsset has proposed that SCC consider issuing debt instruments in the form of ESG Bonds, which would categorize projects aimed at reducing greenhouse gas emissions. These projects could either involve funding new investments that are economically beneficial and help reduce emissions or serve to refinance existing loans

for projects that have already reduced emissions. This would enable investors to systematically track the Company's greenhouse gas reduction efforts and clearly compare progress against the set targets, as the Company regularly reports following the issuance of the ESG Bond. Furthermore, since SCC has a large base of Thai retail investors in its debt instrument, disclosing information according to ESG Bond standards will help investors understand and actively contribute to reducing household emissions through various daily activities.

KAsset will continue to closely monitor SCC's strategy implementation and progress in reducing greenhouse gas emissions.

## **SISB Public Company Limited (SISB)**



### **Context:**

Human rights and social issues are important issues for the operation of schools, as they could directly impact students and staff. Creating a safe learning environment, free from discrimination, and promoting diversity are key factors that contribute to an atmosphere conducive to effective learning.

### **Action:**

KAsset had the opportunity to hold a 1-1 meeting with the management to discuss about human rights and social issues, as well as other sustainability-related matters within the organization.

### **Outcome:**



SISB has focused on social responsibility and student safety. Currently, there were no cases of abuse by teachers or staff members. The school has an administrative committee that works with the school management to investigate any potential violations within the school premises. Additionally, all staff members would receive regular training on child protection, and measures such as the installation of CCTV cameras in classrooms are in place to monitor and ensure a safe environment for both students and staff all day and night.

The school is accredited by the Council of International Schools (CIS), ensuring that the school would follow the required standards in various areas, such as child protection and fairness to employees. Additionally, as per CIS standards, the school must be assessed through interviews with stakeholders, including students, teachers, and parents, to ensure compliance with the established guidelines.

In addition, SISB has placed significant importance on creating a sustainable environment by raising environmental awareness through various initiatives, such as the installation of solar panels, implementing food waste recycling programs, and engaging in green procurement with partners. SISB would continue to be committed to developing sustainable practices and reporting data in line with international standards.

## **Siam Wellness Group Public Company Limited (SPA)**



### **Context:**

The spa and wellness business heavily relies on personnel who provide services to customers. Therefore, human rights considerations are essential for the organization's sustainability, particularly in ensuring fair labor practices. This includes fair compensation, appropriate working hours, and a safe working environment. These factors not only help mitigate labor and legal risks but also enhance employee well-being and elevate service standards for customers.

### **Action:**

KAsset held a one-on-one meeting with the management to discuss the approach to conducting business with consideration for human rights, as well as ensuring proper and responsible adherence to human rights principles.

### **Outcome:**

SPA is in a business requiring good management for a large scale of workforce. The Company has committed to integrating human rights principles into its operations. While the majority of employees are women, SPA has ensured an equitable recruitment process without gender restrictions and welcomed individuals with disabilities to join the workforce. The Company has encouraged employees, customers, and other stakeholders to report any human rights issues or unfair practices within the organization. To support this, the Company has provide an anonymous whistleblower channel in compliance with the Personal Data Protection Act (PDPA) to ensure that all complaints would be addressed appropriately. Additionally, employee performance evaluations would be based solely on merit, free from bias related to gender, religion, or ethnicity. For certain roles, such as security personnel and cleaning staff, the Company has outsourced these positions to external providers.

Currently, the human rights policy has been integrated into the Company's employee care framework. SPA is planning to hire a sustainability consultant to further enhance its human rights policy. Additionally, the Company has aimed to conduct a comprehensive Human Rights Due Diligence (HRDD) process, extending its scope to key business partners. KAsset recognized SPA's commitment to responsible business practices and its dedication to respecting the human rights of employees and stakeholders throughout the supply chain.

### **Thailand Future Fund (TFFIF)**



#### **Context:**

From the 2023 ESG Assessment results, KAsset found that property funds and REITs listed on the Stock Exchange of Thailand could possibly to increase their written disclosure of ESG information in publicly available reports. Currently, there are no clear disclosure guidelines for ESG reporting specific to these funds, leading to variations in transparency across different funds. This disparity may impact investment decisions, especially as investors place growing importance on sustainability. KAsset had an opportunity to engage with these funds to encourage a more systematic and transparent approach to ESG disclosure. Enhancing ESG reporting will help build investor confidence and align with global trends that promote positive outcomes through environmental, social, and governance (ESG)

#### **Action:**

KAsset contacted the fund manager of the Thailand Future Fund (TFFIF) to inquire about strategies for improving ESG disclosure and the fund's future actions in this regard.

#### **Outcome:**

The fund manager of TFFIF noted that, at present, Thai regulatory authorities have not yet established ESG disclosure guidelines for property funds, REITs, and infrastructure funds, resulting in no unified standard of ESG disclosure for these types of funds.

However, the Association of Investment Management Companies (AIMC) has initiated efforts in collaboration with the SET to establish ESG disclosure guidelines for property funds, REITs, and infrastructure funds. If progress is made, this initiative could address KAsset's concerns and enhance confidence among investors prioritizing sustainability in the future.

KAsset proposed that during a Fund setup or capital increase process, sustainability criteria could be established to ensure that asset(s) in the Fund would be managed with strategies and budgets that align with its sustainability goals. This will help investors to understand how ESG factors integrated into its investment process. KAsset will continue to monitor progress on the development of ESG disclosure guidelines for these types of funds and support the initiatives of relevant organizations, such as AIMC, the SET, and the SEC, which will help raise the standard of ESG disclosure in the future.

## Thailand Greenhouse Gas Management Organization (TGO)



### **Context:**

The TGO is an agency under the Ministry of Natural Resources and Environment, responsible for providing services and overseeing standards for the measurement, reporting, and verification of greenhouse gas emissions, reductions, and offsets. Additionally, TGO promotes the development of projects and the market for trading certified greenhouse gas volumes. As such, TGO plays a crucial role as a central hub for information on greenhouse gas management in Thailand, as well as offering guidance to both public and private sectors on managing the country's greenhouse gas emissions.

### **Action:**

KASSET scheduled a 1-on-1 meeting with the management of TGO to follow up on policies, strategies, and information related to greenhouse gas management, aimed at achieving Thailand's net-zero greenhouse gas emissions target as announced.

### **Outcome:**

Thailand has set greenhouse gas reduction targets in line with the Paris Agreement, aiming to reduce emissions by 30-40% from Business-As-Usual (BAU) levels by 2030, with a goal of achieving carbon neutrality by 2050 and net-zero greenhouse gas emissions by 2065. The government has developed plans ranging from the 20-Year National Strategy to various action plans, such as Thailand's Nationally Determined Contribution (NDC). At the same time, TGO has prepared a 5-Year Action Plan (2023 - 2027) and an Annual Action Plan for 2024. In 2024, TGO focused on five key areas: carbon credit certification, promoting environmentally friendly production and consumption, human resources development, greenhouse gas reduction assessment, and organizational excellence development to support the country's goals in line with international agreements.

TGO has developed the Thailand Voluntary Emission Reduction Program (T-VER) since 2014 as a mechanism to promote voluntary greenhouse gas reduction in the country. The emissions reductions or carbon sequestration, known as carbon credits, could be traded in a voluntary carbon market. Under the T-VER program, there were Standard T-VER and Premium T-VER standards, the latter of which was recently developed in 2023 to enhance credibility and expand opportunities in the carbon market. In 2023, the program registered 59 projects under the Standard T-VER, with an estimated reduction or sequestration of 909,805 tons of CO<sub>2</sub> equivalent per year. This year, 42 Standard T-VER projects were certified, resulting in 3,444,918 tons of CO<sub>2</sub> equivalent in carbon credits. TGO prioritizes projects in the following areas: transportation management, waste management, forest planting and conservation, agriculture, energy efficiency, and renewable energy development. Notably, for projects related to forest planting and conservation, developers must monitor the trees throughout the project's duration.

TGO promotes environmentally friendly production and consumption by assessing greenhouse gas emissions and allowing the use of carbon labels. Currently, there are three types of labels: Carbon Footprint of Product (CFP), Carbon Footprint Reduction (CFR), and Circular Economy Product (CEP). TGO uses carbon footprint certification standards that align with international standards, such as ISO, and supports the Carbon Border Adjustment Mechanism (CBAM). In 2023, a total of 8,031 products from 965 companies were authorized to use carbon labels across all three types.

However, Thailand has many small and medium-sized enterprises (SMEs), which face challenges related to the costs of reporting greenhouse gas emissions and using third-party verifiers for the accuracy of disclosed data. TGO is currently in discussions with relevant government agencies to find ways to support and reduce the burden on SMEs in complying with environmental requirements.

### Thai Beverage Public Company Limited (THBEV)



#### **Context:**

KAsset prioritizes engagement on various ESG issues with the investee companies and monitors their operations to ensure alignment with sustainability goals. This helps assessing potential risks and opportunities arising from climate change, social issues related to consumer health, and the Company's progress under its ESG plan.

#### **Action:**

KAsset has engaged with the management to discuss details regarding ESG issues in business operations to assess the Company's management approach and objectives.

#### **Outcome:**



In 2023, THBEV set a target to reduce greenhouse gas emissions by at least 50% from the 2019 baseline for direct emissions (Scope 1) and indirect emissions (Scope 2) by 2030. Additionally, the Company has aimed to achieve net-zero greenhouse gas emissions for Scope 1 and 2 by 2040 and for Scope 3 by 2050. THBEV has incorporated climate-related key performance indicators (KPIs) into its corporate strategy and is in the process of obtaining certification from the Science Based Targets initiative (SBTi).

In 2024, according to the TCFD report, after receiving SBTi certification, THBEV adjusted its greenhouse gas reduction target to at least 42% from the 2023 baseline for Scope 1 and Scope 2 emissions by 2030. The Company also set a net-zero greenhouse gas emissions target for all three scopes by 2050.

The Company prioritizes minimizing environmental and social impacts by integrating new innovations into its production processes to enhance efficiency. Regular monitoring of production processes is conducted with a strong focus on consumer and employee safety. Additionally, the Company continuously works to reduce greenhouse gas emissions and environmental impact.

Regarding social responsibility, the Company places greater emphasis on consumer well-being. It carefully selects high-quality raw materials for production and strictly monitors compliance with standards, following international guidelines on manufacturing, occupational health, and safety, such as ISO 22000, ISO 45001, FSSC 22000, NSF, and GMP/HACCP. Additionally, the Company has expanded its product portfolio beyond alcoholic beverages by introducing non-alcoholic drink options, including low-sugar/low-calorie and sugar-free/low-calorie alternatives for consumers.

KAsset recognizes the Company's commitment to conducting business with a strong focus on various ESG aspects, reflecting its leadership in the beverage industry.

## **Ngern Tid Lor Public Company Limited (TIDLOR)**



### **Context:**

KAsset emphasizes engagement with the companies it invests in on various ESG issues to promote sustainability. We consistently monitor information from TIDLOR's financial, and sustainability reports to assess the Company's progress in achieving its social and environmental goals. Additionally, we support long-term sustainable development.

### **Action:**

KAsset scheduled a meeting with the management to discuss in detail regarding the Company's social and environmental issues, as well as additional sustainability development initiatives.

### **Outcome:**



#### **Setting goals in alignment with the United Nations Sustainable Development Goals (UNSDGs)**

Although TIDLOR has not yet been included in the SETESG Index by the Stock Exchange of Thailand (SET), the Company has set sustainability development goals and identified key sustainability issues in line with the United Nations Sustainable Development Goals (UNSDGs). Additionally, the Company places a strong emphasis on economic development and good governance, operating with transparency and fairness while developing financial products and services that meet customer needs. This is all aimed at enhancing the quality of life for individuals, in accordance with the Company's mission and vision.

#### **Support for access to financial services and financial education**

TIDLOR has a policy to support access to financial services and financial education through activities and collaborations with various organizations. This includes expanding both online and offline sales and service channels to make financial services more accessible to people. The Company also runs financial education programs in collaboration with the Bank of Thailand for communities, interested organizations, and university students.

#### **Development of products aligned with environmental conservation**

TIDLOR has a policy to reduce paper usage, such as issuing receipts through E-Billing and using cash withdrawal cards instead of supporting documents. Currently, these initiatives have helped reduce paper usage by 21,443 kilograms and 357,107 kilograms, respectively.

#### **Governance**

Although TIDLOR has demonstrated its commitment to conducting business with consideration for social and environmental factors, a governance issue arose. In 2024, the Securities and Exchange Commission (SEC) issued a fine of 500,000 baht each to TIDLOR and two senior executives for submitting incomplete documents for the new issuance of promissory notes to the SEC's system.

KAsset inquired to TIDLOR, and the Company clarified that the issue was an operational mistake that occurred during the process of submitting data files for approval, resulting in incomplete information. TIDLOR has recognized the risk associated with this issue and has implemented preventive measures to avoid recurrence. The Company has assigned a department and staff to review all important documents relevant to the transactions. KAsset believed that TIDLOR had shown responsibility for the incident and had taken swift action to improve its processes.

### **Thai Oil Public Company Limited (TOP)**



#### **Context:**

Regarding the oil spill incident from the Company's oil tanker in 2023, KAsset continued to monitor the situation in 2024 to ensure that there was no negligence in remedies those affected by the incident (if any). The details are as follows:

On September 4, 2023, the Company issued a notice to the Stock Exchange of Thailand (SET) regarding an incident that occurred on September 3, 2023, at approximately 9:00 PM. Crude oil leaked from an oil tanker while transferring crude oil at the Single Buoy Mooring No. 2 (SBM-2) of Thai Oil Refinery in Sriracha, Chonburi Province. Following the incident, TOP immediately took control of the situation by shutting off the problematic oil valve and deploying additional booms around the oil spill to prevent and limit its spread, in accordance with internationally recognized standards.

The operation mentioned above prevented any further oil spillage, and no injuries were reported from the incident. Meanwhile, TOP is conducting a site inspection to assess the surrounding situation, which is expected to have no significant impact on the operation of the Company's oil refinery. Additionally, the Company holds insurance coverage for property damage, business interruption, marine cargo transportation, environmental liability, and third-party liability.

#### **Action:**

##### The 1<sup>st</sup> engagement:

KAsset had continuously contacted with TOP since the incident occurred to assess the impact, monitor the progress of measures to prevent future occurrences, and to ensure proper remediation in case any parties affected.

#### **Outcome:**



##### The 1<sup>st</sup> engagement:

TOP informed to the SET that in the evening of 4 Sep 2023, a team of experts monitored the oil spill moving in the direction parallel to Koh Si Chang. Following a survey in the morning of 5 Sep 2023, no large oil slicks were found, only a thin film on the surface of the sea. The Company continued to monitor the situation to ensure thorough assessment.

TOP provided initial information that the Company continued to expedite corrective actions and mitigate the impact of the incident. They would ensure safe operations in its refining to avoid any negative impact to customers. There were insurance policies to cover the risk, and the insurance company was in the process of assessing the damages to evaluate and determine compensation by the terms of each mentioned policies. The Company expected to record expenses related to the incident in the quarter in which the incident occurred and would book compensation from insurance when received later.

#### **Action:**

##### The 2<sup>nd</sup> engagement:

KAsset contacted TOP for an update on the progress.

#### **Outcome:**



##### The 2<sup>nd</sup> engagement:

The Company stated that on November 21, 2023, it had recorded an expense of 155 million baht related to the oil spill incident in the Q3 2023 financial statements, mainly for cleaning and removing the oil slick. The Company anticipated that the compensation for those affected by the spill would be minimal at the stage, as the oil slick did not reach the coastline. Additionally, the Company was still in the process of investigating the cause of the incident and had assessed and estimated that the SBM-2 buoy would take 10-12 months before activities resume.

**Action:**

The 3<sup>rd</sup> engagement:

KAsset contacted TOP for an update on the progress.

**Outcome:**



The 3<sup>rd</sup> engagement:

TOP informed that it had ordered new equipment and completed the installation of the SBM-2 buoy. The next step would be to test its functionality and submit documents to the Marine Department for usage approval. The Company expected to get approval within 2025. Regarding the costs and compensation, the Company confirmed that no additional expenses incurred beyond those recorded in 2023, and there were no environmental lawsuits. KAsset assessed that the Company had completely managed this issue.

## **WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART)**



### **Context:**

Real estate investment trusts (REITs) and leasehold trusts should prioritize sustainability, as it enhances property value, attracts tenants, and reduces long-term energy costs. Additionally, developing green buildings or projects not only minimizes resource consumption and environmental impact but also meets the needs of tenants who value quality of life and social responsibility. This fosters a positive image for the projects, strengthens market competitiveness, and supports the stable and sustainable growth of the trust in the future.

### **Action:**

As a trustee, KAsset had an opportunity to meet with WHART to inquire about the management and quality of its properties, particularly regarding environmental and social aspects, as well as other sustainability-related matters.

### **Outcome:**

WHART refers to the WHA Mega Logistics Center Theparak KM.21, Building B, which operates under the WHA Premium Growth Trust. The project is designed and developed in accordance with green building principles based on LEED standards and has been certified at the gold level. It incorporates efficient energy and water management, carbon emission reduction, and waste management practices to minimize environmental impact and enhance the quality of life for those in the area.

#### **Energy Efficiency**

WHART incorporates building structures and systems designed for energy efficiency, such as reflective glass to reduce heat, lightweight concrete walls, insulated roofing, and solar panel roofs. Additionally, the installation of sunshades and reflective roofs further enhances energy savings and cost efficiency. WHART estimates that these measures will help reduce greenhouse gas emissions by 140,000 kilograms per year, supporting its goal of achieving Net Zero.

#### **Water Usage**

The project is designed to reduce water consumption both inside and outside the building by utilizing water-efficient fixtures, such as dual-flush toilets, urinal flush valves, faucets, and showerheads. WHART aims to reduce indoor water consumption by more than 50%, equivalent to approximately 358,000 liters per year.

#### **Indoor Environmental Quality**

WHART has designed the indoor environment with a focus on the well-being of building occupants. It features systems that enhance the circulation of fresh air and efficient air filtration to remove dust and fine particles. Additionally, low-carbon interior materials, such as paints, coatings, adhesives, sealants, and flooring materials, are used. A no-smoking policy is enforced within the building to ensure the safety and health of its users. The project also provides designated areas for recycling, including paper, glass, metal, plastic, and the separation of hazardous waste. Furthermore, the use of environmentally friendly and recyclable construction materials is encouraged.

Based on the above, KAsset believes that WHART demonstrates clear management of its buildings with a focus on environmental impact and the well-being of its occupants. The project is designed and developed with an emphasis on sustainability and efficient resource usage, including the selection of environmentally friendly materials, energy and water management, as well as organized waste management.