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KASIKORNTHAI

INVESTMENT GOVERNANCE CODE

2022 Annual Review



หลักทรัพย์จัดการกองทุนสินทรัพย์ไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



Signatory of:

PRI
Principles for Responsible Investment

บริการทุกระดับประทับใจ

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

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

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

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

To foster our commitment and align with international peers in responsible investment, in December 2021, KAsset has signed the United Nations-Supported Principles for Responsible Investment (“PRI”) and become a PRI signatory. The Principles for Responsible Investment (PRI) is a UN-supported network of investors, launched in New York City in 2006. Its principles of responsible investment work through the incorporation of environmental, social and governance issues in decision-making for investment, as well as the promotion of active ownership. Cooperation between the UN Global Compact, UNEP Finance Initiatives and signatories of PRI would help to create stability and long-term sustainability in the capital market, society and global economy. Currently, more than 5,300 institutions worldwide have become signatories to PRI, with total assets under management exceeding USD 121 trillion. As a PRI signatory, we agree to abide by six principles of responsible investment, as follows:

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

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

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

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

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

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

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

Integrity and Availability. KAsset has prepared its business readiness in order to be in full compliance before Personal Data Protection Act (PDPA) became in effective in June 1, 2022.

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

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

It has been over 3 years since the start of Covid-19, sustainable investment was considered even more important during the crisis and help giving us confidence on business performance and continuity. Our engagements with investee companies have been mostly through virtual meetings, we tried to understand their strategies to overcome business operational challenges as well as responsibility for all stakeholders and the society amid the pandemic. Given climate change has become more critical issue globally, KAsset has joined the global force by becoming an official supporter for Taskforce on Climate Related Financial Disclosures ("TCFD") in 2022. Thai government also announced its target to reach carbon neutrality by 2050 and net zero greenhouse gas emissions by 2065. These has led to actions of many listed companies to incorporate climate change in their business strategies and targets.

In 2022, we were in full compliance with I-Code and there were many achievements we have made to strive the stewardship practices, our key activities are summarized as follows:

Principle 1: Adopt a Clear Written Investment Governance Code Policy

In order to ensure effective implementation and practice of I-Code, KAsset Board of Directors has approved our first [*Investment Governance Code Policy*](#) in August 2018 as an internal guidance and it has been regularly reviewed. We have an internal ESG policy which has been applied since 2013 and consistently reviewed to ensure it reflects the evolvement of investment environment. In 2022, we have thoughtfully reviewed our ESG Policy to incorporate with all stewardship guidelines and activities. We have replaced our existing ESG Policy with [*Responsible Investment Policy*](#). 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 at least on a quarterly basis 2) company’s data and other available public information sources 3) proprietary data from third party service providers including ESG ratings from external rating service providers such as MSCI ESG, DJSI, Morningstars, Bloomberg ESG Rating and Refiniv ESG Rating etc . These enable us to achieve our goal of sustainable investment.

We calculated ESG scoring and rating for all stocks in our universe by assigning different combination of weightings in each factor (E/S/G) for different sectors following materiality mapping since we believe that the importance and impact from each factor are different among industry sub-groups. In 2022, we have modified our ESG scoring to better incorporate ESG factors and to apply in our financial analysis and forecasting model. Starting in 2022, we have also incorporate climate risk and opportunities in our analysis.

Diagram 1: KAsset ESG Integration process

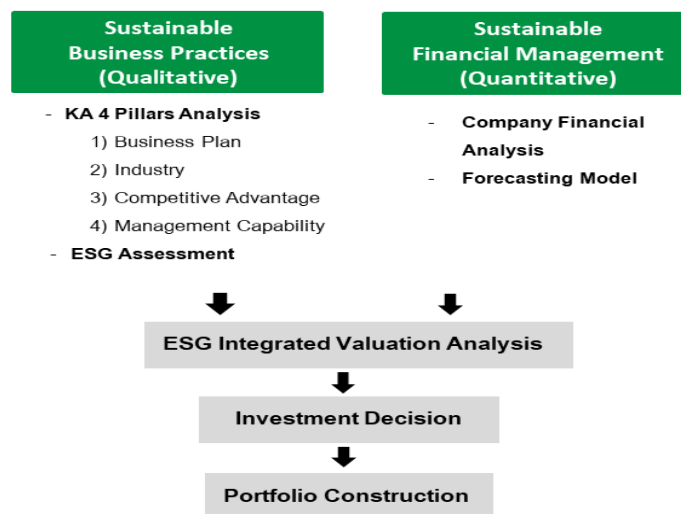


Diagram 2: KAsset ESG Assessment Work Flow

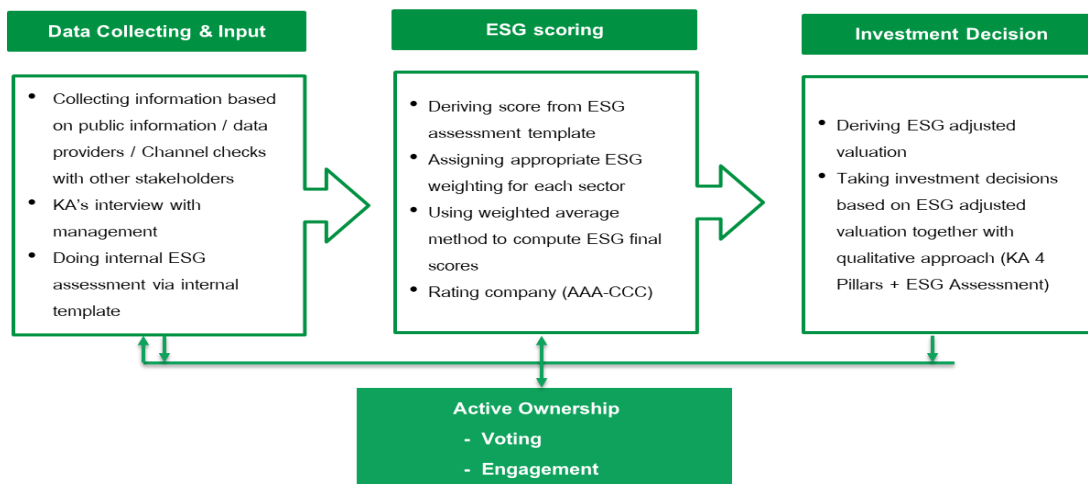


Table 1: KAsset Internal ESG Rating (2022)

KA's ESG Rating (TH Stocks)	% of Total
AAA	18%
AA	35%
A	28%
BBB	17%
BB	3%
B	0%
CCC	0%
Total	100%

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

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

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

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

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

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

Equity

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

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

Table 2: A summary of equity team meetings with listed companies in 2022

Country	Equity	
	No. of meetings	No. of listed companies
Thailand	1161	251
Hong Kong	12	8
Indonesia	19	9
Malaysia	30	27
Philippines	12	7
Singapore	85	44
Vietnam	133	56
Australia	10	9
Total	1462	411

In 2022, the equity team at KAsset held a total 1,462 meetings with 411 listed companies mostly via the virtual conference due to the outbreak of Covid-19 Pandemic since early 2020. The meeting details are as shown in the table above. The meetings were held with all levels of Company’s representatives as deem appropriate which we see benefit as a cross reference. However, the need to access to senior managements and board members, particularly for those companies we actively invest in, is considered important in order to have a more effective dialogues and communication, particularly to raise our both positive feedbacks as well as concerns and a better understanding of companies' strategic direction together with the alignment of ESG principles in their business

operations. We also have written summaries of all meetings for our records, investment decisions and following up on the Company's development. In case there is an incident that causes arising concerns or negative impact towards the investee companies, we will contact the investee companies immediately for clarifications. In case the investee companies can not satisfactory clarify, we will put in the watch list or negative list with the following steps to be taken.

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

Fixed Income

In 2022, Fixed Income team has further improved ESG template analysis as well as on sovereign level. In 2022, there were 15 issuers raised fund under the type of "ESG bond" with total issuance size of THB 209 billion. Total number of issues were 46 issues. KASSET supported ESG investment under our universe through 7 issuers with 15 issues. We currently invest the name of issuers as follows:

1. MINISTRY OF FINANCE (ESGLB376A)
2. GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED
3. WHA UTILITIES AND POWER PUBLIC COMPANY LIMITED
4. TOYOTA LEASING (THAILAND) COMPANY LIMITED
5. GOVERNMENT HOUSING BANK
6. KASIKORNBANK PUBLIC COMPANY LIMITED
7. BANGKOK EXPRESSWAY AND METRO PUBLIC COMPANY LIMITED

Foreign Feeder Fund

Product strategy department has regularly reviewed criteria for outsourced fund manager and master fund manager including policy regarding Stewardship Code and ESG practice. We conducted survey on all our partners such as Lombard Odier, Amundi, Alliance Bernstein, Natixis, JP Morgan, UBS, Baillie Gifford etc. and concluded that all partners have satisfactory policy and standard practice on these issues. For example, Lombard Odier has implemented its policy to comply specifically to each region/country regulations that its operates in (Europe Switzerland Japan UK). In addition to the direct survey, we also conducted cross check our partners through available public data sources such as company websites. Currently, we have 65 strategies with 18 master fund managers, all of them are PRI signatories.

We launched K-CHANGE, our first ESG complied (UN Sustainable Development Goals or UNSDG) foreign feeder fund, in 2019. The Fund has dual objectives which are 1) to deliver attractive long-term returns and 2) to deliver positive change by contributing towards a more sustainable and inclusive world. The Fund has its investment policy to invest in high quality growth companies which can deliver positive social change in one of the four

areas: Social Inclusion and Education, Environment and Resource Needs, Healthcare and Quality of Life, and Base of the Pyramid (addressing the needs of the world's poorest populations). Currently, total asset size of K-Change including all share classes worth totaling THB15,394m (as of April 21, 2023)

To continue our belief in ESG investment after a successful launch of K-CHANGE, in 2020 KAsset launched another ESG foreign feeder fund, K-CLIMATE that aims to help addressing the climate change problem. The Fund has its investment philosophy and objective to invest in companies that are leading the transition to a net-zero emissions and climate-resilient economy, companies that help solving the climate change problem, to be specific carbon reduction and avoidance. Those companies could be solution providers, transition candidates to renewable and clean energy, and adaptation opportunities who help making a positive impact in protecting green environment. Currently, total asset size of K-Climate including worth totaling THB2,325m (as of April 20, 2023)

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

Trustee

In 2022, Property Business and Infrastructure team have monitored operations of REIT Manager and Property Manager whether they followed rules and regulations stipulated by law, SEC and SET or not. Trustee team worked closely with REIT Manager team regularly. Moreover, we also have conducted an annual REIT Manager and Property Manager performance review. The review topics include their operational system, workflows, the readiness of personnel per regulation, disclosure process, complaint management, insurance preparation, property management monitoring, conflict of interest prevention, net asset value and distribution correctness, annual general meeting arranged per guidelines, qualified outsourcing work, document properly secured, and business continuity plan.

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

In 2022, we have engaged with investee 42 companies, the breakdown of ESG sub topics and respective outcomes are summarised in the below table and [Example of Key Engagements with Investee Companies are in appendix I](#)

Table 3: Summary of ESG Engagement Case in 2022

Summary of ESG Engagement Case Status in 2022

No of ESG Engagement Cases	
Satisfied	32
Monitor	7
Concern	3
Total	42

Summary of Engagement Case by Asset Class

Equity	32
Feeder Fund	2
Fixed Income	5
Trustee	3
Total	42

Summary of Engagement Cases by ESG Topics

Environmental (No of Cases)	20	Social (No of Cases)	16	Governance (No of Cases)	17
Engagement Issues		Social Issues		Governance Issues	
- Greenhouse gas emissions	10	- Child Labor	0	- Integrity	4
- Pollution	4	- Discrimination in respect of employment and occupation	1	- Transparency	6
- Waste management	7	- Diversity, equity and inclusion	0	- Independence	0
- Energy efficiency	7	- Human rights	3	- Responsibility	10
- Climate risk	1	- Employee health and safety	1	- Accountability	6
- Biodiversity	6	- Product quality and safety	4	- Fairness	0
		- Community	10		
Total Environmental issues	35	Total Social issues	19	Total Governance Issues	26

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

In case the concerned issue is considered serious and might incur negative consequences, we might escalate the issue to the Board level of the investee companies. In 2022, there was no concerned case that needed to raise up to the Board level of the investee companies. Our engagements were done with the management level.

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

KAsset has an internal policy related to the exercise of voting rights in the shareholder meetings of investee companies which clearly specify the guidelines for voting direction for each type of resolutions. Our latest Proxy voting guideline was updated and approved by the Board of Directors in March 2023. The major change is the inclusion of ESG aspects explicitly in our voting guideline.

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 2022, KAsset voted for 253 listed companies in total, of which 186 are Thai listed companies and 67 are listed companies in foreign countries. Of the total 2,477 resolutions, we voted "For" 2,220 resolutions, "Against" 112 resolutions and "Abstain" 145 resolutions. Details are as follows:

Table 4: Breakdown of votes by Thai and other AEC countries and vote casts for each resolution in 2022

	No. of companies	Notice of meetings	For	Against	Abstain
TH Securities	186	216	1,627	85	4
Foreign Securities	67	88	593	27	141
Total	253	304	2,220	112	145

Chart 1: Breakdown of overall votes by countries

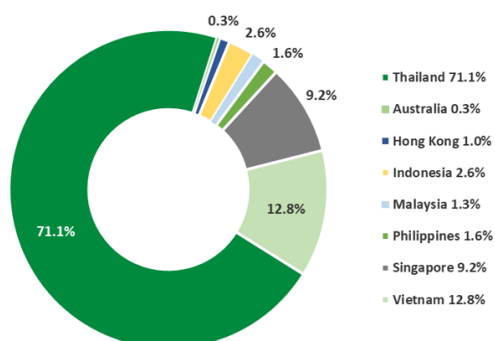


Chart 2: Breakdown of overall vote casts

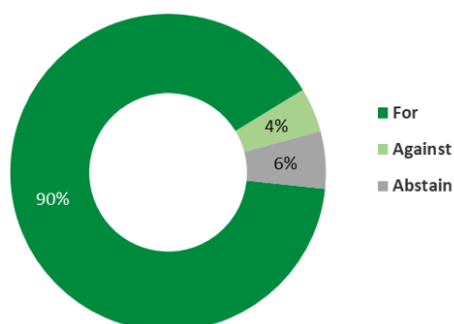


Chart 3: Breakdown of vote casts of foreign stocks

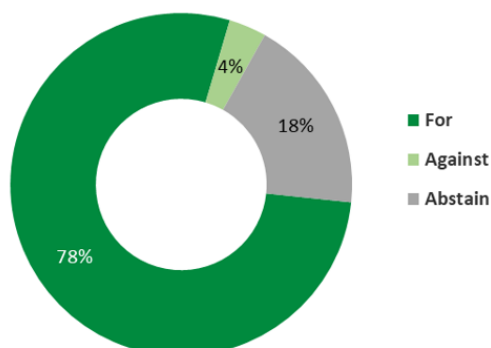
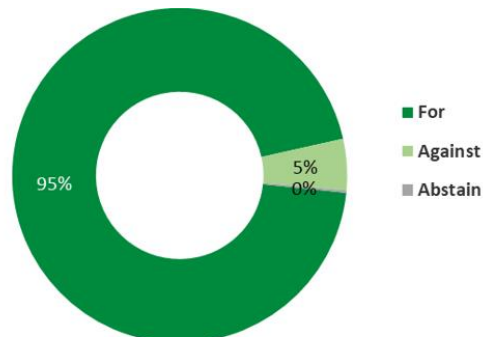


Chart 4: Breakdown of vote casts of Thai stocks



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

Table 5: Breakdown of Vote Casts by Type of Resolutions

	Against		Abstain	
	TH	AEC	TH	AEC
Board Matters	67	4	0	36
Dilution and Control	9	12	4	13
Auditors	3	1	0	3
Remuneration	0	0	0	1
Others	6	10	69	19
Total	85	27	73	72

	Against	
	TH	AEC
Board Matters	67	4
Dilution and Control	9	12
Auditors	3	1
Others	6	10
Total	85	27

Held the directorship for more than 9 consecutive years		Serves on a total of more than 5 public company boards		Significantly absent board meeting		The majority of the board is not independent	
TH	AEC	TH	AEC	TH	AEC	TH	AEC
58	0	3	0	2	0	0	3
Capital Structure		Business Operation		Lacking of information			
TH	AEC	TH	AEC	TH	AEC		
10	10	4	8	1	4		
Board and Auditor Remuneration							
TH	AEC						
7	2						

	Abstain	
	TH	AEC
Board Matters	0	36
Dilution and Control	4	13
Auditors	0	3
Remuneration	0	1
Others	0	88
Total	4	141

Abstain due to lacking of information	
TH	AEC
4	141

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

Although in general and most cases of our approach, we prefer to communicate with investee companies privately on our stewardship activities since we believe in positive relation and trust and also avoid public misleading that could cause an unintended outcome. To conduct any action towards an investee company that is involved with KAsset’s concerns and is unable to solve the problem even after the degree of monitoring has been raised, KAsset may collaborate with other investors (both domestic and foreign investors) or other stakeholders in a collective engagement as deemed necessary to bring about an improved situation. In 2022, KAsset participated in ESG Collective Action with other asset managers through Association of investment Management Companies (AIMC) in several cases such as crude oil leakage case near Map Ta Phut by the refining company, an insider trading case by a tuna exporter company which engagement details are in appendix.

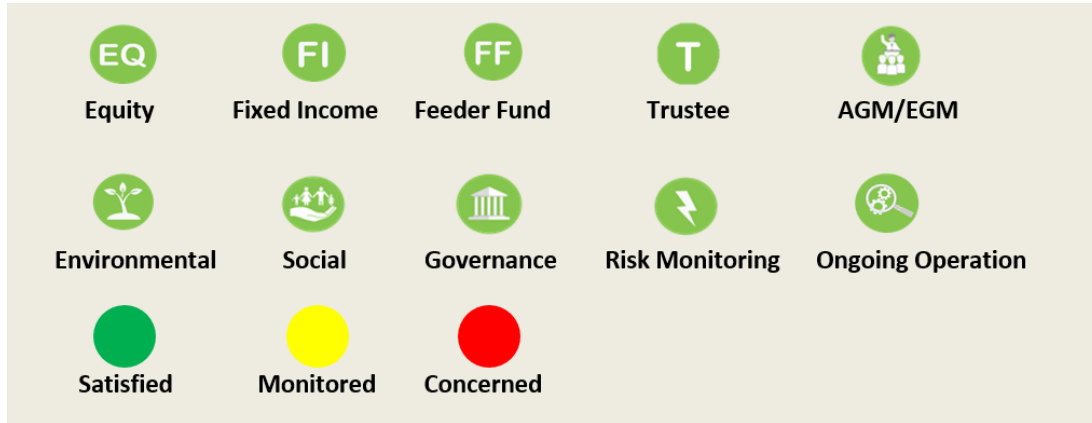
KAsset also acts collectively with other domestic institutional investors through industry organization such as Association of investment Management Companies (AIMC), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD) and regulators such as the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) the and Bank of Thailand (BoT). We actively participate in public hearings, focused groups and give feedbacks for any new or reviews of the existing regulations or notifications by related regulators. We are also a member in ESG Collective Action Committee arranged by the AIMC and signed the guidance to apply negative list with investee companies together with other institutional investors on behalf of Association Investment Management Companies (AIMC)

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

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

Appendix I

Example of Key Engagements of KAsset with Investee Companies



ANANDA DEVELOPMENT PUBLIC COMPANY LIMITED (ANAN)

BANK OF AYUDHYA PUBLIC COMPANY LIMITED (BAY)

BEC WORLD PUBLIC COMPANY LIMITED (BEC)

BTS RAIL MASS TRANSIT GROWTH INFRASTRUCTURE FUND (BTSGIF)

CAPITALAND ASCOTT TRUST (CLAS SP)

CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED (CRC)

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED (DELTA)

DITTO (THAILAND) PUBLIC COMPANY LIMITED (DITTO)

ENERGY ABSOLUTE PUBLIC COMPANY LIMITED (EA)

GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED (GPSC)

HANA MICROELECTRONICS PUBLIC COMPANY LIMITED (HANA)

KIATNAKIN PHATRA BANK PUBLIC COMPANY LIMITED (KKP)

MC GROUP PUBLIC COMPANY LIMITED (MC)

MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED (MTC)

MANULIFE US REIT (MUST SP)

PTT OIL AND RETAIL BUSINESS PUBLIC COMPANY LIMITED (OR)

PRARAM 9 HOSPITAL PUBLIC COMPANY LIMITED (PR9)

PTT PUBLIC COMPANY LIMITED (PTT)

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED (PTTEP)

THE SIAM CEMENT PUBLIC COMPANY LIMITED (SCC)

SCG PACKAGING PUBLIC COMPANY LIMITED (SCGP)

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (SPA)

SINGAPORE TELECOMMUNICATIONS LTD (ST SP)

STAR PETROLEUM REFINING PUBLIC COMPANY LIMITED (SPRC)

SRI TRANG AGRO-INDUSTRY PUBLIC COMPANY LIMITED (STA)

TIPCO ASPHALT PUBLIC COMPANY LIMITED (TASCO)

THONBURI HEALTHCARE GROUP PUBLIC COMPANY LIMITED (THG)

NGERN TID LOR PUBLIC COMPANY LIMITED (TIDLOR)

THAI OIL PUBLIC COMPANY LIMITED (TOP)

TRUE CORPORATION PUBLIC COMPANY LIMITED (TRUE)

THAI UNION GROUP PUBLIC COMPANY LIMITED (TU)

THAI WAH PUBLIC COMPANY LIMITED (TWPC)

BANK OF CHINA LIMITED (BOC)

PT BANK RAKYAT INDONESIA (PERSERO) TBK (BRI)

WHA PREMIUM GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST (WHART)

BHIRAJ OFFICE LEASEHOLD REAL ESTATE INVESTMENT TRUST (BOFFICE)

GOLDEN VENTURES LEASEHOLD REAL ESTATE INVESTMENT TRUST (GVREIT)

BANK OF AYUDHAYA (BAY)

GOVERNMENT SAVING BANK (GSB)

RATCH GROUP (RATCH)

Investment in Russian Markets

ALLIANZ GLOBAL INVESTORS (AllianzGI)

ANANDA DEVELOPMENT PUBLIC COMPANY LIMITED (“ANAN”)



Context:

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

Action:

KAsset, a member of the Association of Investment Management Companies and ESG Policy & Collective Action Committee (ESG Com), attended an ESG Com meeting to discuss on collective action in regards to ANAN’s ESG case.

Outcome:



ANAN publicly disclosed that MRTA and the Developer entered into an agreement on the use of the Disputed Site Area owned by MRTA as the access to and exit from the Project and that the use of the disputed site area was lawful and fully transparent, ratified by all related government agencies. The ESG Policy & Collective Action committee, therefore, unanimously voted that this case should not be on a negative list due to the fact that the defendant was not ANAN, but government agencies, and there was no clear evidence that ANAN has illegally requested for the use of this site area. The committee agreed to deliver ANAN written message to show that the committee was fully aware of the dispute and to request that ANAN keep the committee posted on any significant developments on the issue as part of good corporate governance.

BANK OF AYUDHYA PUBLIC COMPANY LIMITED (“BAY”)



Context:

Krungsri Securities Public Company Limited or “KSS”, a subsidiary of Bank of Ayudhya Public Company Limited or “BAY was one of several securities companies those had been affected by the abnormal trading of shares in More Return PCL (MORE) on November 10, 2022. Several transactions related to MORE stock had been executed through many securities-broker companies with total value of more than THB 4 billion which was more than 10 times of its average trading volume during last 1 month. The accounts on the buy-side of the stock were the retail clients’ with margin loan facilities provided by the brokerage companies. The Stock Exchange of Thailand (SET) has consulted with brokers and the relevant regulators, namely, Anti-Money Laundering Office (AMLO) and the Securities and Exchange Commission (SEC) in order to investigate such abnormal trading of MORE stock, which might affect certain brokers. Later, the AMLO ordered to freeze THB 5.3 billion in assets belonging to the fourth-largest shareholder in MORE and his associates over suspicion they manipulated the share price. Because of this, BAY had set aside additional expected credit loss for the full amount of potential loss for KSS.

Action:

KAsset contacted Investor Relationship of BAY due to this incident in order to follow up the ESG process and to see how the company would prevent this kind of abnormal transactions and/or financial damage, especially for the related governance issues.

Outcome:

BAY clarified that from the aforementioned case, the Stock Exchange of Thailand had informed that relevant rule & regulations would be under consideration and review. These included securities listing criteria in the SET, MAI and LiVE Exchange markets, trading regulations, payment and delivery of shares, and improving data verification such as stock holding information or even the preparation of credit bureaus by securities companies. Moreover, the Company would also improve its guidelines for credit control and risk management to achieve a higher standard than those currently set by the authorities and regulators.

BEC WORLD PUBLIC COMPANY LIMITED (“BEC”)



Context:

On 13 September 2022, there was an allusion to “Krating Khunnarong” a famous actor on Channel 3 in social media of his involvement in “Forex-3D”, a website for deception and persuasion of the public to invest their money in foreign currency exchanges trading similar to Ponzi scheme type of fraud. There were expecting for a group of 14 clients led by him to be proven whether they were victim or offender in the aforesaid cases led by Krating Khunnarong. Beside Krating, there was another famous actor on Channel 3 “Ball Kamman”, who was mentioned for his involvement in “Forex-3D” with his team of 17 clients too.

Action:

KAsset contacted BEC’s investor relation on 14 September 2022 to discuss on the issue and BEC measures regarding this.

Outcome:

BEC confirmed that if the actors under Channel 3 have found guilty, BEC would have measures to punish the actors. However, at this stage, there is no evidence to suggest that both actors are guilty. On 14 September 2022, Mr. Chakrit Direkwattanachai, Deputy Managing Director Office of Corporate Affairs and Communication of BEC submitted Secretary of the Ministry of Justice a letter to investigate whether the actors under Channel 3 involved in the said case as alleged. On 15 September 2022, Krating Khunnarong and Ball Kamman gave interview in the Hone Krasae Show broadcasted in Channel 3, to clarify the issue and be ready to cooperate with the authorities.

BTS RAIL MASS TRANSIT GROWTH INFRASTRUCTURE FUND (“BTSGIF”)



Context:

In the past, we usually heard complaints on social media that the sound of advertisements are too loud on BTS Sky Train and the BTS platform. The call has now been much quieter, thanks to a response from the Fund that has left most customers satisfied with the reduced volume.

Action:

KAsset reached to the Fund to learn more of the process of evaluating the claims, the method to resolving the issue, and also what has been dealt with in the past or are currently in the plans to continue.

Outcome:



The Fund answered as followed:

The Fund has always paid attention to the control of the loudness of any announcements and advertisements on the BTS Sky Train and the BTS Platform, such that the following procedures are supervised and carried-on on a regular basis.

Loudness Control

For any media to broadcast, its sound volume would need to be adjusted to the normalization sound level. The software sound level is also controlled. Sound detection devices were utilized from the beginning to the end of the process.

Frequency & duration for monitoring of loudness-impact on users

VGI monitored the sound on the station once a month and on the train every 4 months (and submits a report to BTS every month). VGI hires reliable government or private agencies to measure sound every 2 years (around May to July). The standard used to evaluate non-disruptive noise level values is it must not exceed 10 dBA from the baseline volume, citing National Environment Commission Notification No. 15 of 1997 on setting general noise level standards.

VGI's operators, who were responsible for measuring the sound level, had to have appropriate knowledge and skills.

VGI had discussed with relevant parties, and sought for advice from experts such as the Faculty of Environment, Kasetsart University and BTS to provide feedback and/or methods that was legally compliant. VGI had staffs with knowledge and understanding of the work of advertising media, who came to check the system and followed the manual procedures to measure the sound correctly every time. All processes were conducted together with experts in the measurements to gain greater knowledge and understanding.

Sound measuring control instruments of high quality

Sound measuring instruments would be equipped with standardized calibrators (noise calibration) before every measurement to ensure the accuracy of the measurement (model/brand of the sound meter used was up to standard according to IEC 60804). BTS would use the results as information for consideration and compliance assessment on loudness level. Frequency of measurement was normally at least once a year. In the event of any complaints through various channels, BTS would send officer(s) to check the loudness level to see if it was in accordance with the legal standards.

CAPITALAND ASCOTT TRUST (“CLAS SP”)



Context:

Over the past several years, the expectations and desire for more sustainable and responsible travel have been gaining momentum. 73% of travelers now consider environmentally sustainable practices as a deciding factor when booking travel accommodations according to Booking.com surveys. Hospitality is at the forefront of sustainability working collectively to address major sustainability challenges like how we travel and the way we live our lives. Capitaland Ascott Trust has embedded sustainability into its operations since the development process as evidence in Lyf One-North Singapore project.

Action:

On November 14, 2022, KAsset has met with CLAS to discuss about how CLAS has incorporated sustainability into its newly completed project, Lyf One-North Singapore.

Outcome:



KAsset was informed that Lyf One-North Singapore had embedded sustainability framework since the beginning of the project development. CLAS secured its first S\$50m five-year green loan from DBS bank in early January 2021 to finance the project. With sustainability framework in mind since the design stage, Lyf One-North Singapore was built on co-living concept with a series of landscaped gardens elevated planters and public activity spaces within leafy Nepal Park precinct. Lyf One-North Singapore had integrated technology and innovations to improve overall energy efficiency and to achieve energy savings. Prominent green features included extensive use of energy-efficient LED lights in all areas with the provision of motion sensors in staircases and common toilets, delivering up to 33% of energy savings. Intelligent occupied-sensors were fitted in all units, contributing up to 36% of energy savings. The property is also with sun-shading fins feature as part of its unique window design to reduce facade solar heat gain. Bicycle parking and end-of-trip facilities are available at the property to encourage guests to stay active and reduce their carbon footprint. Lyf One-North Singapore is estimated to achieve energy savings of 971,019 kWh per year. Total water savings annually is expected around 22,463 m³. The project is certified “Green Mark Gold” by the Building and Construction Authority. KAsset acknowledged

such impressive achievements to incorporate sustainability framework into the project from the beginning. KAsset would continue to monitor the progress by CLAS.

CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED (“CRC”)



Context:

CRC has committed to sustainable sourcing of raw materials with the purpose to indicate their responsibility and to build consumers’ confidence in buying of their products. Their purchases would not be part of negatively contributing to environmental and social impacts, as well as not supporting raw materials from poor quality sources or sources those violating the law and ethics, including the invasion and destruction of forests, which are the cornerstones of biodiversity especially natural raw materials from agricultural and livestock.

Action:

KAsset contacted CRC regarding the issue and asked for the implementation detail the Company had used to support its sustainable sourcing of raw material goal.

Outcome:



CRC elaborated that as part of supplier selection process, the company had established guidelines and criteria for suppliers who were its raw material producers. The guidelines were established and reviewed under the framework of environmental criteria, on top of capabilities, ethics, and moralities. In addition, CRC had conducted annual audit to assess suppliers’ operating standards, as well as the impact arising from their business operations. In 2021, it found that all suppliers agreed to strictly comply with the Company’s guidelines, and 100% of suppliers pass the selection process on the environmental criteria.

DELTA ELECTRONICS (THAILAND) PUBLIC COMPANY LIMITED (“DELTA”)



Context:

In 2020, drought had led many households to face with salt-water intrusion problem, and water supply shortages in some area. With the awareness of how crucial was the availability of water and its accessibility to communities, DELTA had closely monitored the volume of its water usage and efficiently implemented water-supply management to control and mitigate damage to all stakeholders and nearby communities by strictly efficiently managing its process water and wastewater. DELTA had target to reduce greenhouse gases, which was the root cause of global warming and drought.

Action:

KAsset contacted DELTA to inquire more information

Outcome:



With regard to Delta group’s participation in Paris climate agreement (COP21), Delta used 2015 as a base year to measure their implementation of various water-saving initiatives at its main sites, including recycling the condensed water for cooling tower, rejecting RO water for gardening or irrigation. The company adopted water-saving taps and water-saving sanitary wear, reducing water output from taps and the water level of cisterns, managing the excess water of cooling towers as well as reusing the wastewater from RO-system water purifiers. With target to reduce 30% water withdrawal intensity (m³/MUSD consolidated revenue) in 2020, the company had achieved the reduction of water withdrawal intensity 30% in 2020 compared to that in base year 2015. This result was in accordance with the company’s water consumption intensity which was reduce 35.9% compared to 2015 base year. The next target is to reduce 10% of water withdrawal within 2025 from the new base year 2020. We acknowledged their energy & water supply management initiatives and would keep monitoring the development of the plan.

DITTO (THAILAND) PUBLIC COMPANY LIMITED (“DITTO”)



Context:

DITTO announced to restructure its company organization. The Company had added Green Technology business into its new organizational structure. This new business, apart from generating future revenues, would help reduce the environmental impact. The first project was mangroves reforestation, which was cooperated with the Department of Marine and Coastal Resources.

Action:

KAsset discussed the progress of this project with the Company

Outcome:



DITTO had already signed contract with the Department of Marine and Coastal Resources. The Company had got the concession for mangroves reforestation in the area of 11,448 rai for 30 years (the Company targeted to increase the area for reforesting up to 100,000 rai in the future). Income from this project, in terms of carbon credit sales, would be allocated 10% to the Department of Marine and Coastal Resources and the remaining 90% to DITTO. The Company would start the project by 2023 and would take three years before income generation starting to realize in 2026 (100,000 tons per annum of carbon credit sales).

ENERGY ABSOLUTE PUBLIC COMPANY LIMITED (“EA”)



Context:

From facebook user named Blanca Huang who was Ms. Blanca Chulan Wang, the ex-wife of Mr. Somphote Ahunai, the CEO of EA, she posted criticisms on Mr. Somphote Ahunai for the lack of transparency in 3 issues. This caused investors’ doubtfulness on the company’s corporate governance.

Action:

KAsset contacted EA to clarify the issues.

Outcome:



EA clarified the information as follows:

Issue 1: it was about the high purchase price of land to develop industrial estate project, Blue Tech City in Chachoengsao, a province currently been announced to be within the area of the Eastern Economic Corridor (EEC) development project. EA considered Chachoengsao as a strategic location to develop the project given its ready transportation networks. EA bought the land from Mr. Somphote after the town planning color regulation changed from “Green” to “Purple”, enabling industrial estate development in FY2020. When the land was with green color to be used for agriculture purpose only, the company could not take that kind of risks, so Mr. Somphot bought the land first. Over time, land prices had been risen and changed to purple, making it an area where factories could be built. Therefore, the value of the land had risen. The purchase price was considered as fair price, and was evaluated by an independent advisor and approved at the shareholders' meeting.

Issue 2: It was about transparency in the company’s construction costs, especially projects in Nakhon Sawan and Lampang. The company clarified that it hired a contractor to design the project, purchase equipment, carry out construction and deliver the project to EA. There were also financial institutions, the projects’ lenders who had governance standard upon loan withdrawals and made payments directly to EA’s counter parties. Project assessment was done by experts from EA and the lenders. This helped minimizing implementation risks. Finally, the projects had the lowest investment cost of approximately Bt70mn per MW compared to competitors’ of about Bt80mn per MW. This was considered reasonable cost at that time.

Issue 3: EA shares sold by Mr. Somphot Ahunai, Chief Executive Officer. The company confirmed that Mr. Somphote did not sell his shares and still owned 43.48% shares of the company. He did transfer some shares from a local broker to an offshore brokerage firm, UBS AG SINGAPORE BRANCH. The fund does not usually disclose its holdings on behalf of individuals. There was also no need to report the transfer transactions of those shares because he had been the beneficiary of those EA shares as before.

GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED (“GPSC”)



Context:

From KAsset's ESG data analysis, we found that utilities sector had the most exposure on greenhouse gas emissions due to the nature of the business that burnt fuel to generate electricity. GPSC was a power producer company that had higher carbon emission than other companies in the same industry due to its exposure in both coal-fired and gas-fired power plants. Therefore, KAsset was eager to assess the company's sustainability plans to reduce environmental impact.

Action:

KAsset engaged GPSC to discuss the company's strategies to carry out its CO2 reduction plans to reach net zero emission target.

Outcome:

GPSC had set a target to reduce greenhouse gas emissions by 10% by 2025 and by 35% by 2030, and set guidelines for net zero emissions in all three main action plans as follows:

1. To reduce the share of electricity generation from fossil fuels and to increase efficiency in electricity production in order to reduce the use of fossil fuels for its coal-fired power plants and gas power plants.
2. To increase capacity in renewable energy from both solar power and wind power from current capacity of 2,635MW, accounting for 37% of the total capacity. GPSC aimed to increase renewable energy to 8,000MW by 2030, representing 60% of total capacity. Moreover, GPSC had plans to integrate renewable energy with energy storage system, focusing on some targeted countries (India, Vietnam, and Taiwan).

To focus more of its investment in innovation to generate revenue from battery business and energy storage system for electric vehicles including other services providing related to batteries. In addition, GPSC was considering other new S-curve businesses including Digital Energy business, Hydrogen business and Carbon Capture Storage.

HANA MICROELECTRONICS PUBLIC COMPANY LIMITED (“HANA”)



Context:

Hana’s environmental policy is approved by management to suit the context and support the strategic direction of the organization in showing its commitment to protect the environment, use resources efficiently, reduce the impact on the environment including complying with legal requirements and continuously promoting employee participation in environmental management initiatives. Hana is committed to take actions to improve the environmental impact and actions that can help slow the rate of climate change. The United Nations Sustainable Development Goals (SDGs) serve as a framework for our development in regard to an environmental dimension with a focus on protecting and preserving natural resources and climate for the next generation of global citizens (Planet)

Action:

KAsset contacted HANA to inquire more information

Outcome:

Major focus areas of energy consumption reduction projects are as follows:

Energy-efficiency programs: The Company has assessed its energy conservation potential of major machinery and equipment; undertaken actions by investing in projects to upgrade the operational efficiency to save energy. The Company also has implemented energy conservation projects each year to reduce electricity consumption. Electricity reduction projects in 2021 of more than 20 projects such as reducing energy consumption in compressed air systems by reducing pressure and reducing air leakage, controlling the speed of the Air Handling Unit, split system air conditioners, control the operation of the Make-up Air Units, reduce the flow rate of the Chilled Water System, and etc. resulting in a total annual energy savings of 3,148,682 kWh, which can reduce greenhouse gas emissions 1,571 Ton CO₂-eq and saving electricity cost to the Company amounting to Baht 10,261,170 per year.

Renewable Energy Strategy: The Company recognizes the importance of renewable energy as one of the strategies necessary to make our environment sustainable and help mitigate climate change. Solar panels were installed on the roofs of three factories of Hana in Lamphun and Ayutthaya Provinces in 2020. These three solar plants have total 3 MWs capacity.

KAsset has acknowledged this Energy Management Development plan and will keep monitoring on this plan going forward.

KIATNAKIN PHATRA BANK PUBLIC COMPANY LIMITED (“KKP”)



Context:

Kiatnakin Phatra Securities Public Company Limited or “KKPS”, a subsidiary of Kiatnakin Phatra Bank Public Company Limited or “KKP was one of several securities companies affected from the abnormal trading of shares in More Return PCL (MORE) on November 10, 2022. Several transactions related to MORE had been executed through many securities companies with total value was more than THB 4 billion which was more than 10 times of average trading volume during last 1 month. It has been found out that the source of buying money was mostly from the margin loans which the securities companies provided for a group individual customers. The Stock Exchange of Thailand (SET) has consulted with brokers and the relevant regulators, namely, Anti-Money Laundering Office (AMLO) and the Securities and Exchange Commission (SEC) in order to investigate such abnormal trading of MORE stock, which might affect certain brokers. After that the AMLO has frozen THB 5.3 billion in assets belonging to the fourth-largest shareholder in MORE and his associates over suspicion they manipulated the share price. Because of this, KKP added more provision in the amount of THB 708 million arising from the cause at KKPS.

Action:

KAsset contacted Investor Relationship of KKP due to this incident in order to follow up the ESG process and the company’s policy to prevent this kind of abnormal transactions and/or financial damage especially those relating to governance issues.

Outcome:

KKP and KKPS clarified that the process of accepting clients normally approved according to the specified criteria. In general, clients were required to maintain at least 20% of the value of the traded transactions, which in the past was required to use securities in the SET100 index as collateral. However, to improve the process of accepting customers to be more rigorous, KKP and KKPS would focus more on collateral quality. To set a credit limit for each client's trading transactions, there might be discount to the collateral value in case that the securities used as collateral were not blue-chip stocks. Moreover, if the value of collateral decreased according to market conditions or any other factors, such as being a security on the Turnover List for a long time or the stock price being highly volatile, not caused by changes in fundamental factors. The margin loans for customers would be adjusted to reflect the fair value of the collateral, in addition to its normal annual review.

MC GROUP PUBLIC COMPANY LIMITED (“MC”)



Context:

MC had policies to reduce environmental impact in its manufacturing processes. Policies included environmental-friendly raw material procurement, waste reduction in manufacturing process, energy reduction in organization, waste treatment, and recycling policy.

Action:

_KAsset followed-up with the Company to see the progress and execution of these policies.

Outcome:



In 2022, MC launched “Collection Save the World” project by using DRY DYE Innovation. It was a dyeing process without using water. By this production method, MC helped save water by 25 liters per one T-shirt. Moreover, it could save energy by 50%, reduce CO2 by 50-70%, and without using chemical substance. This reduced adding contaminated waste into environment. MC manufactured T-shirts in the “Collection Save the World” by 16,358 units, resulting to help save water by 408,950 liters. In addition, MC had launched “Collection x Toni” (Toni Rakkaen was Thai actor). This project was a recycle innovation by recycling PET plastic bottle. MC manufactured eight products from this project, including T-shirt and shorts in total of 24,000 units by using 192,000 PET plastic bottles.

MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED (“MTC”)



Context:

Consumer finance businesses, especially car title-loan and hire purchase had been eye-catching by regulators for high interest rate charged. There were various attempts to bring down the interest rate by outright cutting interest rate caps, by introducing a new comer i.e. the Government Saving Bank JV to increase competition environment. However, there were arguments from many operators that the segment was extremely risky, therefore required higher interest rate to compensate the risks they had taken.

Action:

KAsset contacted MTC to inquire more information regarding the matter.

Outcome:



According to management, MTC prided itself for being among the lowest interest rate lenders within the car title-loan space. Its flagship motorcycle lending rate was at 19% while the interest rate cap was at 24%. Later when the company ventured into HP motorcycle space, MTC disrupted the market with 23% lending rate while the industry was charging rate at 38%. MTC shared that this prompted the regulator to lower the ceiling rate to 23% for HP motorcycle. The logic being, if MTC could do, why couldn't others.

MANULIFE US REIT (“MUST SP”)



Context:

Global real estate trends are changing toward sustainability future. The trend towards sustainability in the real estate industry has been driven by a number of factors including increasing global awareness of the need to protect the environment, stricter government regulations, and the desire to save operating costs. US office tenants are demanding for office buildings that complied with green building standards. Given demand for green building, MUST with its US office portfolio is moving aggressively toward a sustainable future.

Action:

On November 24, 2022, KAsset met up with MUST for a details discussion about MUST’s sustainability target and its progress toward sustainability future.

Outcome:



KAsset was informed that MUST had been moving aggressively toward 100% sustainable portfolio by 2030 with sponsor’s commitment to net zero by 2050 and high tenants’ demand for green products. MUST currently has 70% of the portfolio as green buildings. Michelson, Exchange, Penn, Phipps, Capitol are certified LEED Gold. Michelson, Exchange, Penn, Phipps, Capitol, Figueroa, Peachtree, Plaza are certified Energy Star. Michelson is certified Fitwel. MUST has been working with tenants to reduce greenhouse gas intensity, energy intensity, water intensity, and waste diversion. MUST achieved 26.4% reduction in greenhouse gas intensity, 20.8% reduction in energy intensity, 2% reduction in water intensity, and 34% reduction in waste diversion in 2021 comparing to the base year in 2018. KAsset acknowledged the sustainability target and its progress toward sustainability future. KAsset would continue to monitor the progress.

PTT OIL AND RETAIL BUSINESS PUBLIC COMPANY LIMITED (“OR”)



Context:

On 16 December 2022, Norway sovereign wealth fund announced that it would exclude OR from its portfolio due to OR’s investment contributing to serious violations of human rights in situations of war or conflict in Myanmar. OR, through Brighter Energy (BE) joint venture in 2019, held 35% of shares, for the transportation and storage of petroleum products, in which a storage terminal was in the process of being constructed for the operations in Myanmar.

Action:

KAsset contacted OR’s investor relation on 19 December 2022 to discuss the issue, and OR’s potential measures to respond to the human right problem in Myanmar.

Outcome:

OR informed that the investment objective was initially to provide broader benefits and help improve the well-being of Myanmar people. However, the wave of violence and unrest across the country had led to sanction announcement by many countries in 2021. OR, with its minority stake in Brighter Energy, had requested the JV to cease its storage terminal construction, and expressly declared their intention to suspend BE’s operations, payments and construction on the land currently owned by Myanmar Economic Corporation (MEC which is under the Ministry of Defense). Moreover, no payments could be made to anyone on the sanctions list. On 22 December 2022, OR officially informed to Stock Exchange of Thailand in relation to its investment in Myanmar, and pledged their commitments to the sustainability management policy on ESG by complying with laws, regulations, international guidelines and international human rights standard.

PRARAM 9 HOSPITAL PUBLIC COMPANY LIMITED (“PR9”)



Context:

Energy is the fundamental factor driving hospital economic growth in response to medical services provision activities, there is also a trend of increase in energy demand following economic growth and the need for the country’s health services. Such factors may affect increased power consumption, energy shortages and the decrease of quality of life in society leading to sustainable energy management throughout the business chain and reducing greenhouse gas emissions in line with the sustainable development goals. This led to the establishment of energy management targets and reducing energy consumption (SDG 7) by 0.5% by 2025 compared to base year 2019.

Action:

KAsset contacted PR9 to discuss in detail

Outcome:



The Company has informed that The Company had promoted sustainable energy conservation as an important task for all parties to take concrete action through the 3Rs strategy: Reduce, Reuse, and Recycle, by formulating operational plans and energy conservation measures such as a large air conditioning operation control project to adjust the temperature up. Air Conditioning System, Lighting projects, potable water pumps peak load reduction projects and to promote the use of technology in medical services, as well as the development of personnel and stakeholders in energy conservation throughout the business value chain to secure the most cost-effective and efficient resources utilization.

Energy Management Development Plan

1. Increase energy efficiency of air conditioning system
2. Optimize medical equipment
3. Engage stakeholders in energy conservation throughout the value chain of business.
4. Promote environmentally friendly renewable energy throughout the value chain
5. Develop indicators such as comparing energy consumption per adjusted patient days.

KAsset has acknowledged this Energy Management Development plan and will keep monitoring on this plan going forward.

PTT PUBLIC COMPANY LIMITED (“PTT”)



Context:

From the news, the Norwegian Sovereign Wealth Fund announced the withdrawal of investment from PTT Public Company Limited (PTT) and PTT Oil and Retail Public Company Limited (OR) due to concern that the two companies' investments in Myanmar contributed to the abuses of civilians during the war. The ruling was the result of a recommendation issued by the Ethics Committee on May 10, 2022, and the Norwegian Bank subsequently announced it on Dec. 15, 2022.

Action:

.KAsset contacted the company to discuss, and to clarify their plan on the issue.

Outcome:

PTT issued a letter to inform the SET on December 22, 2022 stating that the company had complied with sustainability practices including environmental, social and regulatory dimensions. The integration of human rights principles had been covering the company's whole supply chain. Implementations start with comprehensive examination as well as promoting, protecting and respecting human rights in strict accordance with international practices. PTT expressed their deeply concerns about the violence in Myanmar after the 2021 coup by advocating a peaceful resolution of the crisis and rigorous law enforcement and international guidelines for all areas of actions.

KAsset contacted to PTT's IR team to discuss more about their plan. PTT informed that their operation in Myanmar was relating to energy security that would have direct impact on the quality of life for both people in Myanmar and Thailand amidst global energy crisis. PTT had invested in Myanmar before the coup, and their operation aimed at energy security for improving living standards of people in both countries. PTT group had also implemented CSR activities in Myanmar. For example, PTTEP had set up mobile health check-up project for communities with limited access to medical services. Moreover, PTTEP used their knowledge and technology to help and protect medical personnel and reduce the spread of Covid-19 virus.

PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED (“PTTEP”)



Context:

PTT EXPLORATION and PRODUCTION PUBLIC COMPANY LIMITED (“PTTEP”) informed the news to the SET on November 21, 2021 on the mediation under Montara class action brought by a group of Indonesian seaweed farmers. Referring to the class action lawsuit against PTTEP Australasia (Ashmore Cartier) Pty Ltd (PTTEP AAA), in the Federal Court of Australia brought by a group of Indonesian seaweed farmers claiming damages to their seaweed crops caused by the 2009 Montara incident in the Australian waters and followed by the trial judge judgements on 19 March 2021 and 25 October 2021, and Final orders on 15 November 2021 of the Federal Court of Australia. PTTEP AAA filed a Notice of Appeal in the Federal Court of Australia on 13 December 2021. PTT Exploration and Production Public Co., Ltd. or PTTEP informed that PTTEP AAA participated in mediation in the class action, as ordered by the Federal Court of Australia. Such mediation requirement was in line with the normal legal process under Australian Law for class actions. During such mediation, PTTEP AAA reached an in-principle agreement with the group of Indonesian seaweed farmers, that PTTEP AAA would pay 192.5 Million Australian Dollars (equivalent to approx. 129 Million US Dollars) in full and final settlement of the class action (including PTTEP AAA's appeal). The in-principle settlement was made on a no admission of liability basis and was subject to court approval. Further details of the in-principle settlement was not published at this stage.

Action:

KAsset contacted PTTEP to clarify on this issue and discuss on its operation in the future.

Outcome:

PTTEP commented that after getting approval from the Federal Court of Australia, the company would terminate the entire class action, which expected to finalize by the first quarter of 2023, and this process would be in accordance with the normal process of Australian law. If the parties had reached an agreement, the likelihood of the court disapproving would be very low and PTTEP did not have any remaining legal cases related to the Montara case. PTTEP expected low probability that there would be other seaweed grower groups suing related this issue. These events occurred for quite a long time. PTTEP planned to book AUD 192.5 mil. as expenses in Q422 and expected no tax saving as there was no profit from the project. To conclude, KAsset viewed that this dispute were settled legally and PTTEP was fully aware of investors’ concerns on environmental effect and had put in-place more strictly preventive measures. Moreover, all sufferer was properly compensate for the damages done by the company.

THE SIAM CEMENT PUBLIC COMPANY LIMITED (“SCC”)



Context:

News from www.theinvestor.vn reported at around 2.30 p.m. on 10 Sep 2022, the fire created a column of black smoke rising several dozen meters from the project site in Long Son Petrochemical Complex which SCC is the main investor. Fire trucks and dozens of on-site firefighting staff were deployed, and the blaze was extinguished after more than 40 minutes.

Action:

September 12th, 2022, KAsset contacted SCC for more details about the impact of the incident to nearby community & environment and the progress of this project.

Outcome:



SCC clarified that the incident was caused by the contractor performed a test run in a small unit, which is a minor event. No physical injury was sustained, and nearby community and the environment were unaffected. The progress of this project was still on plan. SCC would continue to focus on its strict safety measures.

SCG PACKAGING PUBLIC COMPANY LIMITED (“SCGP”)



Context:

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

Action:

The 1st engagement:

September 10, 2021 KAsset contacted SCGP for more information about the cause of the incident, steps to review and correct and preventive measures for the future.

The 2nd engagement:

December 24, 2021 KAsset contacted SCGP to follow up the progress of this matter.

The 3rd engagement:

December 16, 2022 KAsset contacted SCGP to follow up the implementation of the measures put in place by the Company since last year, as well as additional measures in this regard.

Outcome:



The 1st engagement:

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

The 2nd engagement:

SCGP provided additional information about the import of waste paper from one of its supplier list. It was a U.S. supplier, who was in the company's supplier list. In the event of an incident, a total of 14 containers of goods were imported, where contaminated scraps of paper were found to exceed the limit. After detecting it, the Company rejected and returned all 14 containers to the country of origin, and the supplier had to be responsible for all costs. The Company removed this supplier from its supplier list, and tightened its inspections process at the country of origin to prevent further incidents of this nature. The company had added more guidelines for the inspection process of goods at the country of origin from the originally designated random inspection to 100% inspection and verification by supplier. The company also required supplier issue a certificate of verification to confirm the operation.

The 3rd engagement:

SCGP had implemented the pre-inspection measures after the incident happened last year. Moreover, SCGP had implemented additional measures regarding this issue, by using 3rd parties, who were experts in inspecting these types of goods (waste paper). The inspector would inspect all goods at the origin country before exporting to Thailand. This measure was conceptualized from the operations in Indonesia where the government required to have 3rd party inspectors to inspect and confirm goods before exporting into the country. In addition, SCGP had also enhanced the inspection process by adopting AI technology, which was developed with collaboration between technology owner and SCGP team. SCGP will use AI Technology to analyze the image of goods sent by the inspector and to verify the contamination level in the imported waste paper. SCGP start using this AI in October 2022.

In the medium term, SCGP planned to do product sourcing of waste paper through Jordan Trading Inc. ("Jordan"), a company in which SCGP invested 90.1% in early 3Q22. Jordan is U.S.-based RCP vendor with over 30 years of experience. SCGP aimed to leverage Jordan's strong network and expertise in order to support the Group's recycling packaging business in the long run.

SIAM WELLNESS GROUP PUBLIC COMPANY LIMITED (“SPA”)



Context:

Following the spread of COVID-19, service companies were affected and had gone through changes under “new normal” considering all parties involved, especially, the driving force of the business, the employees. In the past several years, many employees resigned and returned to their hometowns, however, nowadays the situation was almost at full recovery and the country had promoted for inbound tourists. Services had been back on track, while there was very high demand to fulfill required job positions. Therefore, KAsset had been focusing on investee companies’ commitments for social sustainability.

Action:

KAsset contacted SPA to inquire about therapist recruitment and the business outlook for social sustainability.

Outcome:



KAsset found that the company realized the importance of local recruitment especially for those who had good communication skill and was acquainted to the local clients, as it had been expanding to tourist-destination in the provincial area. Potential employees with their families residing within the same provinces where they worked would have priority, as this helped improving employee turnover rate and their proficiency. Moreover, additional skills training would benefit their career path. The company had set a challenging target to hire more than 50% from local people, but considered 30-40% to be achievable level as therapist had been reserved for only Thai people.

SINGAPORE TELECOMMUNICATIONS LTD (“ST SP or Singtel”)



Context:

On September 22 2022, there was news reported in medias that Singtel’s Australian subsidiary, Optus’s cybersecurity incident resulting in around 10 million customers’ data been accessed. The sensitive customers’ personal data included driver’s license and/or passport numbers and Medicare ID numbers. However, financial related data i.e. payment details and account passwords were not accessed.

Action:

KAsset had reached Singtel to seek clarification of the incident.

Outcome:



Optus confirmed that it had contacted all customers to notify them of the cyber-attack’s impact. They also had been able to distill information from 9.8mn as reported in the press to a far smaller 1.2mn customers’ data being directly compromised with active identification details. In addition, Singtel had commissioned external audit to review of the cybersecurity incident to better understand how it happened and what could be done to mitigate future risk. Optus also offered a 12-month subscription to credit monitoring and identity protection service to reduce the risk of identity theft for those who had their data accessed in the breach.

The only person to come forward since then, claiming to have the data was a user called “Optusdata” which on September 27, the user issued an apology to victims of the breach and Optus.

On 10 November 2022, Singtel revealed that Optus had earmarked A\$140m to cover the costs of managing the aftermath of the data breach incident in September 2022. The provision had been made including costs for an external independent review, credit monitoring services, and replacement of impacted customer identification documents.

STAR PETROLEUM REFINING PUBLIC COMPANY LIMITED (“SPRC”)



Context:

On January 25, 2022 at 9:06 p.m., Star Petroleum Refining Public Company Limited or SPRC reported a crude oil leak at the single point mooring or the offshore oil transfer point (SPM), which is located about 20 kilometers southeast of the coastline of Map Ta Phut Port, found approximately 39 tons of oil or 47,000 liters in the sea. The Company has notified the relevant authorities and is in the process of Investigated by experts and police to determine the cause of the hose rupture causing an oil leak.

Action:

The 1st engagement:

On January 26, 2022, KAsset contacted SPRC to inquire about the issue. Including the impact and operations in the next phase. SPRC will hold a meeting with analysts and investors to clarify information in such cases on January 27, 2022.

The 2nd engagement:

On February 9, 2022, KAsset joined forces with the Association of Investment Management Companies to conduct Collective Action on the issue of SPRC's crude oil spill in the sea. The ESG Policy & Collective Action Sub-Committee by the Association of Investment Management Companies has an opinion to submit a letter asking SPRC about the cause of the oil spill incident including maintenance standards for oil pipelines and guidelines to prevent future incidents, the standards for responding to situations that meet international standards or not, having sufficient resources and having experienced personnel ready to immediately stop the incident or not, following up compensation guidelines for those affected both directly and indirectly, guidelines for restoring natural resources affected by the event and to monitor and evaluate SPRC's remedial measures for a period of approximately 3 months.

The 3rd engagement:

On March 28, 2022, KAsset once again followed up on the issues raised by SPRC at the analyst meeting.

Outcome:



The 1st engagement:

On January 27, 2022, KAsset attended the analyst meeting and received a clarification that the problem was caused by a leak at the offshore single point mooring (SPM). Therefore, in order to resolve the cause, SPRC

looked for alternatives to repair or rebuild the SPM to replace the original SPM, it will be a collaboration with PTT Global Chemical Public Company Limited "PTTGC" in co-designing a new SPM to be used permanently which is expected to be completed in 2025-2026. The investment in the construction of new SPM is expected to cost about 30-60 million US dollars. It is a 50:50 investment with PTTGC. SPRC continues to clean up oil spills in the sea and examine the impact on the environment and community including working with experts in finding the cause and with insurance companies in the process of investigating and evaluating the incident. The company has insured in the event of an oil spill into the sea which is still waiting for the insurance company to consider the damage. The result is expected to be known by 2023. The property and business interruption insurance all sum insured 1000 million US dollars and liability to third parties with total sum insured 100 million US dollars.

The 2nd engagement:

On February 25, 2022, SPRC sent a letter responding to questions from the ESG Policy & Collective Action Sub-Committee clarifying that the company has set up a fact-finding committee to investigate the cause of the crude oil spill which will be examined in all aspects whether it's a matter of design maintenance of the SPMs including detailed related parts. The company will prevent the incident from happening again. The company has responded to the situation according to international standards by knowledgeable and experienced personnel and resources provided. In addition, the company has provided training, conduct drills on oil spill response plans at sea in accordance with international standards for employees and those involved including a drill to prevent and eliminate water pollution due to oil. in collaboration with various government agencies and private sectors annually. As for compensation for those affected directly and indirectly, the company has considered reasonable and fair assistance to those affected in each group and working with relevant government agencies and expert professors from universities to assess the impact and will continue to work on the restoration of natural resources and the environment.

The 3rd engagement:

SPRC provides additional information about approximately 49 million dollars has been paid as compensation to entrepreneurs in the communities affected by the oil spill such as hotels, restaurants, fishermen and local residents. SPRC also has a budget of about 7 million US dollars to make a plan to restore the ecosystem and the environment, focusing on monitoring air quality, water and sediment back to the standard. SPRC has third party liability insurance in the amount of approximately 100 million US dollars which still has to wait for the insurance company to consider the financial claims.

SRI TRANG AGRO INDUSTRY PUBLIC COMPANY LIMITED ("STA")



Context:

As part of KAsset's analysis of ESG data, where we see community engagement from upstream to downstream as an important part of social sustainable development in the rubber business, we are interested in asking the company about its sustainability development plans in that area.

Action:

KAsset discussed with the company about its policies and strategies for social sustainability through community engagement.

Outcome:



Sri Trang Agro Industry Public Company Limited announced a corporate sustainability development policy focusing on responsible business operations for the environment and society through excellent operations, transparency, emphasis on engagement, and continuous business development to balance business value and value for all stakeholders. STA's Sustainable Development Committee has established the theme of responsible participation and social development that promotes participatory community development and cultivates a good sense of social responsibility in business operations to create shared value and enhance the quality of life of the community through various forms of social projects and activities, which is considered to bring the community into the picture of sustainable development in Thailand's rubber business.

In 2021, the Company implemented projects and community activities to meet the needs and expectations of stakeholders and create sustainability for business operations, examples as follows:

Good Quality latex Creates Happiness Project

The Company has organized the Good Quality Latex Creates Happiness Project that encourages business partners, including rubber raw material suppliers and rubber farmers and communities, to co-operate and make fresh, clean, safe latex that is free from impurities that may harm industry and consumers' hygiene, and also operate in accordance with quality and safety requirements. The project is aimed to educate participants to understand how to operate rubber sustainably in order to raise Thai rubber standards, help generate better income and quality of life for rubber raw material suppliers and rubber farmers, therefore, STA also benefits from better latex quality. It helps to reduce the use of chemicals to preserve latex quality, and the amount of latex that is defect is reduced.

Project to produce good quality cup lump "Campaign to reduce the use of coagulant agents"

STA encourages and provides knowledge to suppliers of rubber raw materials, cooperatives and rubber farmers on how to conduct business together in a responsible manner. The use of formic acid is promoted to be used in the production of cup lump, instead of the use of wrong types of cup lump coagulants such as sulfuric acid

because they cause odors and wastewater, as well as affect users in the long run. Also, STA makes several visits to vendors to teach them how to check whether sulfuric acid is used for coagulation, as well as communicating the characteristics of cup lump rubber that the factory wants and does not want, as well as the effects of poor quality rubber annually.

TIPCO ASPHALT PUBLIC COMPANY LIMITED (“TASCO”)



Context:

With reference to the news from the Isara news agency website on 4 Jul 2022, SEC revealed to impose Mr.Sitilarb Supsakorn, a director of TASCO, with a fine of 12.5 million baht for using inside information to sell TASCO shares. Mr Sitilarb knew the negative information at the board of directors meeting on September 9th -10th, 2020 that TASCO would wind down crude oil procurement from Venezuela starting from November 2020. Mr. Sitthilarp sold his TASCO shares through a brokerage account in the name of Ms. Panida Kerdthoop, before TASCO disclosed the information to the stock exchange on September 11, 2020, to avoid loss on the value of TASCO share price.

Action:

KAsset contacted TASCO for more details including internal controls on insider trading.

Outcome:



TASCO gave us more details including internal controls about insider trading as follows:-

Mr. Sitilarb Supsakorn was not a director of the company since 9 April 2022. In addition, Miss Panida Kerdthoop had no position in TASCO.

Internal control on insider trading

The Board of Director of the Company continuously recognize and prioritize on Corporate Governance by adhering to sustainable development, respect benefit of all stakeholders and conduct business in good manner with transparency and auditable. TASCO had public its corporate governance report regarding its policy to prevent using the company's inside information with details as follows:

1. The Company's Code of Ethics includes guidelines that prohibit employees from using the Company's assets, finding information & buying/selling securities regularly during working hours for their owned / related parties' interest, not for the company.

2. The Board of Directors, Management and employee in related business units including their spouse and children with the age under 20 years old are subject to silent period, which prohibited for any of TASCOS stock transaction during Blackout Period. In addition, they have to report securities transactions as indicated in the company's guideline, and governed by the Board of Directors.

3. Directors and top executives are also stipulated to file with the SEC for every purchase, sale and transfer of Company's shares in compliance with Notification of the Office of the Securities and Exchange Commission. In addition, shareholding of Director and top executive is report to the Board of Directors on quarterly basis.

KAsset acknowledged and would regularly follow up the practices of its good corporate governance.

THONBURI HEALTHCARE GROUP PUBLIC COMPANY LIMITED ("THG")



Context:

On 26 August 2022, Dr Boon Vanasin, chairman of Thonburi Healthcare Group (THG), was ordered by the SEC to pay 2.34 million baht fine for allegedly releasing a false statement that could affect THG's share price or investment decisions. The Securities and Exchange Commission (SEC) also banned Dr Boon from sitting on boards of listed companies for 42 months. The SEC revealed that from July 12 to August 4, 2021, Dr Boon had released statements through several media outlets saying that THG had purchased the mRNA Covid-19 vaccine from Pfizer and that the first lot of 5 million doses were to be delivered within July 2021. An investigation found that THG had not signed a contract with Pfizer during the said period, and in August last year, Dr Boon publicly admitted that THG could not import the vaccine as it claimed. The SEC found Dr Boon guilty of violating Article 240 of the 1992 Securities and Exchange Act, which stipulates that no person shall inform, disseminate or certify any statement or information that is false or materially misleading about the financial condition, business operation, price of securities or any other information related to a securities issuing company in such a manner that is likely to have an effect on the price of securities or the decision making on securities investment. As punishment, the commission ordered Boon to pay the maximum fine of 2 million baht as well as cover the 348,834 Baht investigation bill.

However, on 14 December 2022, the SEC revealed that Dr Boon disagreed to have his case to be judged only by the SEC as he hadn't paid for the fine yet. Therefore, the SEC sent the case to prosecutor to sue for the fine in Civil Court, and report to the Anti-Money Laundering Office of the case for further process consideration.

Action:

KAsset contacted with investor relation manager for more details.

Outcome:



IR informed us that Dr Boon had stepped down as chairman and director with immediately effective on 26 Aug 2022, and the company appointed Mrs. Charuvarn Vanasin to replace both capacities from 27 Aug 2022 onwards. They are confident that such changes would not effect their operations or business plans, as THG has qualified directors, with a variety of abilities, as well as a professional management team. KAsset viewed that after stepping down from the company's board of director, Dr. Boon had no longer involved with THG as ordered by the SEC. Any ongoing court case is not involved with THG.

NGERN TID LOR PUBLIC COMPANY LIMITED ("TIDLOR")



Context:

Consumer finance businesses, especially car title-loan and hire purchase had been eye-catching by regulators for high interest rate charged. There were various attempts to bring down the interest rate by outright cutting interest rate caps, by introducing a new comer i.e. the Government Saving Bank JV to increase competition environment. However, there were arguments from many operators that the segment was extremely risky, therefore required higher interest rate to compensate the risks they had taken.

Action:

KAsset contacted TIDLOR to inquire more information regarding the matter

Outcome:



TIDLOR viewed that a complete blanket of low interest rate may not be the answer to the high household debt issue. In theory, too low interest rate level that mismatched the clients' risk profile would eventually discourage lenders to lend and drive borrowers to face with shark loans of exorbitant interest rate. According to TIDLOR's management, an appropriate interest rate level is at a point matching the borrower's risk profile. Where the balance between keeping its fiduciary to the company's shareholders and being a fair and just lender lies. As a result, TIDLOR has been investing religiously in data science, so that it could better price its interest rate and provide more customization for each borrower. The company doesn't aim to provide the lowest interest rate. It, however, envisions that it could lower rates for those borrowers with good credit, while raising rates for borrowers with bad credit to protect TIDLOR's shareholders.

THAI OIL PUBLIC COMPANY LIMITED ("TOP")



Context:

Nowadays, reduction of greenhouse gas emissions is everyone's target; at country's level and PTT group including TOP. Energy consumption is one of the key contributors to greenhouse gas emissions. The company has persistent plan to improve its energy efficiency. The company is undergoing expansion mode (CFP Project) which would result in higher energy consumptions. Kasset, therefore, would like to know the company's plans and goals for implementing the control/reduction of greenhouse gas emissions those could be prepared before construction completion of its new project (expect COD at the beginning of the year 2024).

Action:

The 1st engagement:

December 28, 2021, KAsset discussed with TOP in details on the issue.

The 2nd engagement:

December 8, 2022, KAsset contacted TOP for details and progress on the issue.

Outcome:



The 1st engagement:

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

- "Enhance" to support the green economy and net zero carbon emissions target in 2060.
- "Engage Society" to engage with society by using sustainable energy and chemicals.
- "Ensure Good Governance" to reassure stakeholders by having good corporate governance to prepare for international business expansion which must comply with the laws of each locality. At the same time, it is to try to balance the concentration of control so that the business is going strongly and sustainably.

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

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

TOP was reviewing its long-term goals of GHG reduction, which was expecting to reveal details in the new SD report in March 2022.

The 2nd engagement:

TOP has developed a sustainability strategy to support the corporate vision and towards carbon neutrality by 2050 and net zero greenhouse gas emissions by 2060 through the 3Cs strategy as follows:

1. Cut Down Existing Emissions: Reducing greenhouse gas (GHG) emissions from the current production process through 2 approaches as follows:

- 1.) Continuous improvement in energy efficiency
- 2.) Use of de-carbonization technologies such as Carbon Capturing and Storage (CCS) and Carbon Capturing and Utilization (CCU). TOP has joined PTT Group for further studying the application of CCS and CCU technologies.

2. Compensate Residual Emission: Offsetting GHG emissions through 2 approaches as follows:

- 2.1 Offsetting GHG emissions by reforestation to absorb carbon by working with PTT Group and coordinating with government agencies to allocate renewable reforestation areas.
- 2.2 Offsetting GHG emissions with carbon credits through carbon credit certification for reducing GHG emissions in the production process under the Voluntary greenhouse gas reduction projects in accordance with Thailand's standards (T-VER) and conduct studies to prepare for the procurement of additional carbon credits where necessary.

3. Control Future Emission: Controlling GHG emissions in addition to future investments through portfolio adjustment by seeking high value business opportunities and new S-Curve businesses that focus on products and lower carbon products/businesses.

TOP is still in the process of studying the plan, which is expected to be completed in 2024. The company expected to reduce impact from additional GHG generated from CFP project which planned for COD in 2025.

TRUE CORPORATION PUBLIC COMPANY LIMITED (“TRUE”)



Context:

On 7 September 2022, The Securities and Exchange Commission (SEC) found Mr. Noppadol Dej-Udom committed offences for insider trading while serving as a deputy chief executive at TRUE. Mr Noppadol had sold his shares in the company by using inside information. SEC imposed a fine of 2,705,470 Bath and prohibited him from being an executive or executive director for 12 months.

After getting the information from the Stock Exchange of Thailand (SET) and with its further investigation, the SEC found that Mr. Noppadol Dej-Udom got inside information regarding the National Broadcasting and Telecommunication Commission (NBTC)’s resolution to order TRUE Move Co, a subsidiary of TRUE, to pay 3,381.91 million baht to the regulator during the subscriber protection period and an arbitral tribunal’s order for TRUE to pay a penalty totaling 94,474.27 million bath plus interest to TOT. The two issues would affect the share prices of TRUE. After learning the inside information, Mr Noppadol had sold 2 million shares on Sept 5, 2018 to avoid losses. The sale of his shares was made before TRUE disclosed the information to the market at 7.25 p.m. that day.

Action:

KAsset contacted TRUE’s investor relation on 12 September 2022 and arranged the interview with Khun Yupa Leewongcharoen, CFO on 23 September 2022 to discuss on the matter and the company measures.

Outcome:

Khun Yupa and investor relation officer clarified the issue as follows:

1. At the date that the SEC found Khun Noppadol guilty, Khun Noppadol did not have any role in the company’s management as he had already resigned.
2. At the date that Khun Noppadol sold the shares, Khun Noppadol performed the job in a Sustainability Department, and did not involve in the Finance Department. There was no requirement for Khun Noppadol’s position to report the transactions so TRUE did not acknowledge that transaction. Based on TRUE internal guidelines, management levels that required to report the transactions are those 4 consecutive levels below the Executive Chairman.
3. TRUE has code of conduct on management shares trading, which is sent through E mail to remind the management at director level and above, especially during the silent period.
4. TRUE and DTAC are under the amalgamation process. The internal policies are now stricter than usual. They restrict people who can access to the information and prohibit them from distributing the information. They also specify the area for the working group and set the special policies on the silent period to protect information leakage.

THAI UNION GROUP PUBLIC COMPANY LIMITED (“TU”)



Context:

SEC News Release

1 April 2022 | No. 46/2565

The Office of Securities and Exchange Commission (the “SEC”) imposed civil sanctions on 9 individual and executives of TU for insider trading. The SEC revealed to impose civil sanctions on 9 individual and executives who engaged in insider trading with total fine of THB13,363,281. The Civil Penalty Committee revealed to impose civil sanctions on 9 individual and executives who engaged in insider trading including civil fines determined by the Civil Sanction Committee and the bar from serving as a director or executive in a securities issuing company.

Action:

The 1st engagement:

1 April 2022

- TU informed SET that it acknowledged the announcement of SEC and processed on further investigation in order to ensure that the Company is complied with all relevant law and regulation including corporate governance principle. (Source: TU’s Letter to SET Ref. 09/650104 as of 1 April 2022)

4 April 2022

KAsset has attended the Company AGM 2022 and asked “What’s the timeline of investigation and what will be our action after the result?”, so TU explained below

- TU acknowledged the announcement of SEC and processed on further investigation.
- TU emphasized to adhere to the good corporate governance and will appoint the sub-committee in charge of CG matter to avoid the same incident in the future.
- TU cannot provide more information at this moment due to legal process and will informs later. (Source: TU’s Letter to SET Ref. 09/650104 as of 1 April 2022 & TU’s AGM 2020 minutes)

The 2nd engagement:

7 April 2022

KAsset attended the special meeting with details as follows.

- TU insists that there is no evidence of using inside information. The transactions were from non-TU employees.
- TU emphasizes to adhere to the good corporate governance. It has 1) training for management to be aware of regulatory 2) inform the insiders for silent period
- It is unlikely to win a lawsuit against SEC. The further step is all alleged persons will agree to comply with civil penalties which TU will announce later.

- TU found no evidence indicating any insider trading activities, so no further action taken to alleged persons.

The 3rd engagement:

11 April 2022

- KAsset and Association of Investment Management Companies (“AIMC”) with sub-committee of ESG Policy & Collective Action attended the meeting Mr. Thirapong Chansiri, CEO, for explanation and preventive measure in the future. The company does not ignore the incident while it internally investigated and found no evidence indicating any insider trading activities as alleged by SEC. To adhere to the good corporate governance as well as respond fairness to accused persons, TU will not rush to take further action without final verdict from the court. TU explained that 2 out of 9 accused persons are a director or executive and they agreed to comply with civil penalties determined by the Civil Penalty Committee. Therefore, TU will inform the SET soonest. (Source: TU’s Clarification Letter for good corporate governance)
- On April 18, 2022, TU informed the SET the investigation result of insider trading activities and the resignation of accused director or executive. TU continues to emphasize on adhering to the good corporate governance. (Source: TU’s Letter to the SET)

Outcome:



The 1st engagement:

The company is not able to provide additional details as it is investigating the situation.

The 2nd engagement:

The company provides more details as well as the practices to handle the situation. However, we have to wait for further announcement on accused persons.

The 3rd engagement:

KAsset acknowledges the positive development on the good corporate governance and will regularly follow up the practices of the good corporate governance.

THAI WAH PUBLIC COMPANY LIMITED ("TWPC")



Context:

Nowadays, a wide variety of agricultural product around the world have evolved into sustainable agriculture. This has been mainly brought up important issues that are able to affect the business potential both in production, marketing, and potential trade restrictions that banned exports to the countries where strict environmental regulations are applied. TWPC sees the importance of research and development of the new product that is environmentally friendly and meet the consumer behavior. Therefore TWPC initiates new business which is Bioplastic under Roseco brand which is the creating value from tapioca starch and 100% biodegraded which are used for packaging and agricultural usage to reduce non-biodegradable plastic.

Action:

KAsset contacted TWPC for more details about the development plan and positive impact from this project.

Outcome:



TWPC informed that this product is to add value to agricultural products which are in line with the key sustainable strategy. It commits to develop the business sustainably and take part in protecting and solving environmental issues such as plastic waste and global warming. Bioplastics are considered to be one of the key innovations in the contribution to biological ecosystems to address waste reduction and sustainable packaging solutions whereas increase the amount of recycled material for more than 50 percent, reduce carbon dioxide emissions and reduce waste disposal, and also reduce costs. KAsset acknowledged the development plan and will continue to monitor this development.

BANK OF CHINA LIMITED (“BOC”)



Context:

BOC exposes to environmental risk mainly through the lending to carbon related businesses, especially lending to the manufacturing, power and utilities, and transportation sectors. Thus, company is facing regulatory and stakeholder pressure to meet broader carbon transition goals. However, company have proactive development of green financing and diversified nationwide portfolio to mitigate the environmental risks. For social and governance aspects, company plays important role in social responsibilities to support the small- and medium-sized enterprises (SMEs). Company also has a risk management and procedures in line with industry. However, as the state-owned bank, company needs to balance between following the government measures to support the economy and trying to maintain its profit and sustain its business.

Action:

KAsset followed the company’s strategies and action plans related to ESG issues. We monitor headline related ESG news as well as discussing with rating agencies about ESG management to determine our internal ESG qualitative into our credit scoring model. Also, we integrated third parties’ ESG information as well as rating agencies for analysis and comparison purpose for a holistic view.

Outcome:

Company well managed overall ESG issues strongly supported by government. Bank’s lending and business strategies are aligned with government policy, which currently focus on green finance and carbon transition projects. Company plans to provide financial support of no less than RMB1 trillion to the green industries during the 14th Five-Year Plan period followed the government policy. In recent years, company supported social responsibilities through loan moratorium to help its customers which affected by COVID-19 pandemic. Moreover, company is the supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and signatory of the Principles for Responsible Banking (PRB), company participated in multiple discussions about green finance standards held by the Technical Committee for Sustainable Finance of the International Organization for Standardization (ISO/TC322).

PT BANK RAKYAT INDONESIA (PERSERO) TBK (“BRI”)



Context:

BRI exposes to environmental risk because of its sizable loans to the commodity sector, particularly to palm oil producers following the main revenue of the country. Thus, company is facing regulatory and stakeholder pressure to meet broader carbon transition goal. BRI need to balance between supporting the clients to access to financial service and trying to sustain its business and ESG. For social issue, the bank has been a key role to support underbanked communities such SME and low-income group for the country.

Action:

KAsset followed company’s strategies and action plans related to ESG issues into our internal analysis. We also discussed with rating agencies and third parties’ information about ESG management for a more holistic analysis.

Outcome:



BRI has been playing a significant role in the area of ESG in Indonesia, strongly supported by government majority owned. BRI has significant exposure to underbanked communities, SME and community development programs, and financial literacy programs. In recent years, company supported social responsibilities through loan moratorium to help its customers, which affected by COVID-19 pandemic as well as the bank will remain the key entity to support underbanked communities. For environmental responsibility, BRI has onboarding the Climate change strategy by implementing Green banking policy, Environment risk management (CPO sector required to has an ISPO/RSPO certificate or at least has registered in the ISPO certification process) as well as Carbon emissions management.

Engagement of social responsibility of REIT

With regard to the structure of Real Estate Investment Trust, Trustee is responsible for overseeing the management of REIT Manager, in which REITs under supervision of Kasikorn Asset Management Co., Ltd. as Trustees, had social responsibility engagements in 2022 which included;

WHA PREMIUM GROWTH FREEHOLD AND LEASEHOLD REAL ESTATE INVESTMENT TRUST (“WHART”)



Context:

WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (“**Trust**”) has supported a school in Bang-Pla Sub-district, Bangphli District, Samutprakan Province (“**School**”) which is located nearby the access road to the Project WHA Mega Logistics Center Chonlaharnpichit KM.3 Phase 2, which is the asset invested by the Trust, since the School has delivered a letter requesting the Trust to remove a 3-metre long fence which is located within the boundary of Trust’s land, next to the side of the School, for an access of garbage truck that usually use the main gate of the School. However, as the main gate is currently used by teachers and students as a primary entrance, the garbage truck has left unpleasant odors, un-hygienic condition, which could lead to spread of germs, affecting the health of teachers and students.

Action:

KAsset considered that the request does not affect the benefit seeking, the Trust has allowed to do so.

Outcome:

KAsset realized how important the school’s request was, therefore we tried our best and led to proper actions to fulfill its needs. The Trust also provided the School with 15 (fifteen) 240-litre garbage bins for proper waste management that could; prevent environmental problems to the School, as well as promote the health of teachers and students.

BHIRAJ OFFICE LEASEHOLD REAL ESTATE INVESTMENT TRUST (“BOFFICE”)



Context:

Global warming could lead to tremendous damages to any investment asset, and death to human being. Nowadays, everyone realized how climate change, air pollution, and other natural disaster could effect one’s life, and would like collaborate to solve the problem. Plastic is one of the root cause, therefore reducing plastic consumptions by recycle / reuse should partly help relieve the problem. To achieve the target, we need to facilitate people in waste sorting, plastic garbage collection.

The BhirajTower at EmQuartier, an office building of BOFFICE, is located in good location to support the plastic garbage collection initiative.

Action:

The project Bhiraj Tower at EmQuartier has a project for sorting recycle-able materials “KHOR reKiosk, a collecting box for recycle-able materials for offices”, to emphasise on being a green building, that raise an awareness of environmental condition with its tenants. The project Bhiraj Tower at EmQuartier partnering with Tetra Pak for sorting recycle-able materials with “KHOR reKiosk a collecting box for recycle-able materials for offices”, which is a recycle-able materials collecting spot from building users and to sort clean garbage to be converted into recycled materials. The project will be beneficial to raise awareness on environmental conditions and lead to decent life quality in a sustainable manner.

Outcome:



The projects got good response, and supported reducing plastic waste and plastic consumptions.

GOLDEN VENTURES LEASEHOLD REAL ESTATE INVESTMENT TRUST (“GVREIT”)



Context:

Sharing should be one small thing everyone can help, along with other entities' activities for social sustainability.

Action:

Golden Ventures Leasehold Real Estate Investment Trust has launched an event on the Children's Day namely "Pun Gun Wan Dek" at Sathorn Square Building. The event has invited anyone to donate their unused items/ belongings which is still in good condition to Pun Gun Shop, to be converted into scholarship for under-privileged children within Yuwapat Foundation. Donated items are such as books, stationary, clothes, and electrical devices, etc.

Outcome:



This event has been beneficial by not only creating jobs, reducing waste, and preserving environment, but also raising an awareness of waste reduction and preserving environment to the society as a whole.

Engagement of Bond Investment

BANK OF AYUDHAYA (“BAY”)



Context:

BAY is among the most active bank in ESG integration within organization and with other issuers. Based on its internal process development, BAY has been developing its ESG guidelines to integrate with MUFG, the parent company, and Thailand Taxonomy to be issued in 2023. BAY has also considered to hire a consultant to help defining its ESG guidelines to shore up Thai ESG lending practices. Among the most important guidelines is the CO2 carbon emission and reduction that must be written according to Thai Taxonomy standard.

Action:

KAsset discussed the progress of this project with the bank.

Outcome:

KAsset believed that promoting accurate ESG understanding via ESG bond should help all parties to incorporate ESG factors into consideration and lead to having ESG practice in their ways of doing businesses.

BAY has prepared for training its human resources, among its top level management to low level managers, to understand more on ESG lending process.

In addition to its internal development, BAY has also given consultations for issuing ESG bonds. For examples, the difference among green, social, sustainability and sustainability-linked bonds was lectured to BAY’s customer. Which ESG bonds should be issued? How to prepare for issuance of ESG bond? This, of course, will help facilitate an investment in ESG bond in the coming years.

GOVERNMENT SAVING BANK (“GSB”)



Context:

GSB is a government guaranteed bank with deposit over THB 3 trillion. Its customer base is approximately at 22 million. Though its business activity must compete directly with commercial banks, the bank also defines its part of business as a “Social Bank”. Being a state-enterprise bank, the bank needs not to maximize profit. GSB can use a part of its profit to fund or to subsidize its social bank business with the objective to help grass root people avoid shark loan that usually charges extra-high interest rate.

Action:

KAsset discussed the progress of this project with the bank.

Outcome:

Higher investors’ demand in ESG & Green Bond would help promote ESG thematic bond and more capital allocation to ESG sustainability projects. This alleviates a financial burden of the grass-root people and in turn supports people who are a major part of society. For example, on March 2022, the bank lent to the low-level income earner with THB 16 billion involving more than 800,000 persons. The interest charge was 11% while and non-bank financial institutions charged 19%. Its customers were saved around THB 1000 million or in average 8% per person.

On September 9, 2022, GSB issued green bond with an issuance size of THB 5,000 million with tenor 3 and 4 years. The objective was to support the project of clean energy lending. Asian Development Bank was a GSB’s advisor for Sustainable finance framework.

GSB was awarded “Best Green Bond – Financial Institution Thailand” in 2022 by The Asset Triple A Awards. Over the same period, it was also awarded “State Owned Enterprise ESG Bond of the year” by ThaiBMA Best Bond Awards.

RATCH GROUP (“RATCH”)



Context:

Greenhouse gas is root cause of global warming. Coal-fire and gas-fire power plants need closely monitored. RATCH was an operator of coal-fired and gas-fired power plant in Thailand. In June 2021, the company announced that it planned to invest in coal-fired power plant in Indonesia.

Action:

During 2022’s ESG revision, KASSET discussed with RATCH regarding the issue of ESG’s impact of investing if the company continued its plan to invest in a coal-fired power plant.

Outcome:

RATCH explained that there would be a retired coal-fired power plant during 2025-2027 at 3,645 MW. A capacity at Indonesian plant is 2,045 MW to replace the retired one and the planned investment was not a green field project so it did not add pollution into the climate. We mentioned to RATCH that any additional green field, coal-fired power plant would be negative for “Environment” factor to be evaluated. In February 2023, the company signed an agreement for such a deal.

Engagement of Feeder Fund Investment

Investment in Russian Markets



Context:

Prior to Q1 2022, some of KA's foreign investment funds, such as K-GDBOND, K-MBOND, K-SEMQ and K-GEMO, had a direct exposure to Russian capital markets, mainly through debt and equity securities. Since the war between Russian and Ukraine started in February 2022, there have been numerous sanctions imposed on Russia by leading countries around the world and this has adversely affected the country's financial system. As a result, debt securities held by our master funds were written off due to the inability for Russian companies to transfer payments outside the country. Similarly, on the equity side, stock valuations plummeted and altogether, these have hindered the investment returns in 2022. Nonetheless, in the context of a global portfolio, some Russian holdings were expected and the exposures were limited which varied within the range of 5%-6% across the funds during the month prior to the political turmoil.

Action:

Our team followed KA's strategies/action plans related to ESG and worked very closely with the master funds to monitor the Russia-Ukraine event and any potential breach. We also leveraged third-party resources, such as broker research, to gain further insights into the event. In addition, master funds that have indirect exposures to Russia markets were also reviewed to ensure an alignment with the international ESG standard and responsible investing guidelines.

Outcome:

Whilst some master funds managed to reduce their Russian exposures to minimize the impacts prior to the sanctions, others are holding onto the positions for a better opportunity to liquidate, with a view that no further investment will be placed in Russia in order to align with the international ESG standard. We will continue to monitor the on-going risks and touch base with the master funds for regular updates, including potentials for market recovery and transfer of the accumulated debt payments.

ALLIANZ GLOBAL INVESTORS ("AllianzGI")



Context:

In May 2022, the US Department of Justice ("DoJ") and the US SEC concluded from their investigation into the management of Structured Alpha Fund that the Structured Alpha team had misconduct and caused damage to the fund. None of the company's other personnel within Allianz Global Investors U.S. LLC ("AGI U.S.") and its parent company, "Allianz SE", was aware of or participated in the misconduct.

At the beginning of 2020, stock markets around the world plunged sharply due to the outbreak of COVID-19. As a result, the Structured Alpha fund, managed by AGI U.S., dropped more than the management company had advertised. The key selling point of the fund was a hedging strategy that would limit its losses during a market downturn. This caused severe damage to the unit holders and led to lawsuits.

Action:

When KAsset received the decision of the US Department of Justice ("DoJ") and the US SEC, an urgent inquiry was made to AllianzGI, as Allianz Global Investors Fund (AGIF) is the portfolio manager of the KAsset's K-EUROPE fund. The enquiries including potential impact on the organization as a whole, the management of all funds under AllianzGI and potential impact on clients, in order to assess the investment risk of KAsset's fund and to notify KAsset's Compliance and Risk Department.

Outcome:

AllianzGI had taken steps to enhance its control framework. In 2020, AllianzGI hired a new senior management and independent of the Structured Alpha case and initiated a governance revamp. AllianzGI also had undertaken a series of enhancement measures to its Compliance, Risk, and Portfolio Management Systems and Controls, designed to further strengthen governance and control priority areas.

As it related to Risk Management, the company assigned the new Head of Risk of the AllianzGI Group, who had extensive experience in quantitative risk and investment risk management. On the Compliance side, AllianzGI had improved its processes and controls around the reviews of all types of client communication. This will be facilitated by the use of a central repository for review and approval of client communication to be used by all staffs.

Regarding the impact on funds invested by KAsset, AllianzGI had confirmed that the case of Structured Alpha did not affect other funds those were not under the management of AGI U.S. This information was presented to KAsset's Risk Management committee.