



**KASIKORNTHAI**

# INVESTMENT GOVERNANCE CODE

## 2023 ANNUAL REVIEW



หลักทรัพย์จัดการกองทุนสิทธิกรไทย  
开泰基金管理 KASIKORN ASSET MANAGEMENT



Signatory of:



บริการทุกระดับประทับใจ

## **Kasikorn Asset Management's Approach to Investment Governance Code ("I Code")**

Kasikorn Asset Management Co., Ltd. ("KAsset"), as an Asset Management Company 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 into our investment process from research, stock selection and portfolio construction across all asset classes.

With the introduction of Investment Governance Code for Institutional Investors ("I Code") in 2017, KAsset, together with other Thai institutional investors and their representative industry organizations, have signed the declaration of mutual collaboration to encourage the implementation and later became a Signatory to the I Code in June 2017.

To foster our commitment and align with international peers in responsible investment, in December 2021, KAsset has adopted the United Nations-Supported Principles for Responsible Investment ("PRI") and become a PRI signatory. This is also aligned with our parent company, Kasikornbank Plc. ("KBank"), which follows the principles of a Bank of Sustainability and is also a signatory to UN Principles of Responsible Banking ("UN PRB").

The Principles for Responsible Investment ("PRI") is a UN-supported network of investors, launched in New York City in 2006. Its principles of responsible investment work through the incorporation of environmental, social and governance issues in decision-making for investment, as well as the promotion of active ownership. Cooperation between the UN Global Compact, UNEP Finance Initiatives and signatories of PRI would help to create stability and long-term sustainability in the capital market, society and global economy. 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.

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

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.

Given work from home policy has been increasingly popular 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 risks related to those changing business activities, and prevents all the possible risks that can potentially affect our business continuity.

In 2023, KAsset has provided ESG training for both online courses and certificates for investment professionals and senior executives totaling 63 persons according to their roles and responsibilities such as Certificate in ESG Investing by CFA Institute, Sustainable Finance and Investment, Sustainability and Climate Risk Certificate by GARP and Applied Responsible Investment by PRI Academy. In addition, in order to ensure ESG awareness across organization, KAsset required all employees totaling 356 persons to take online courses and exams including 1) Sustainability knowledge foundation 2) Sustainability for Businesses provided by the Stock Exchange of Thailand (SET).

**In 2023, we were in full compliance with I Code policy and principles and there were many achievements we have made to strive the stewardship practices, our key activities are summarized as follows:**

### **Principle 1: Adopt a Clear Written Investment Governance Code Policy**

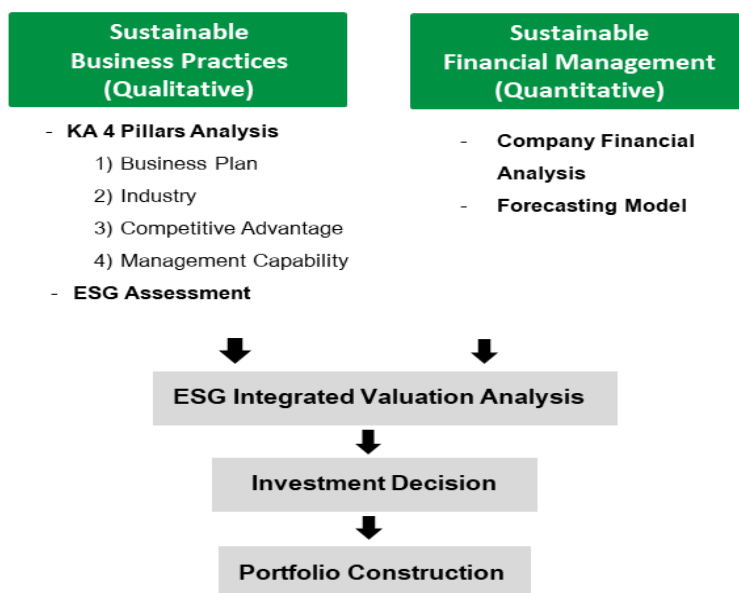
In order to ensure effective implementation and practice of I Code, KAsset Board of Directors has approved our first [Investment Governance Code Policy](#) in August 2018 as an internal guidance and it has been regularly reviewed. We have established our internal ESG policy which has been applied since 2013 and consistently

reviewed to ensure it reflects the evolvement of investment environment. In late 2022, we have thoroughly reviewed our ESG Policy to incorporate with all stewardship activities guidelines and have replaced formerly known as ESG Policy with [Responsible Investment Policy](#) (RI Policy) in 2023 and its latest update was in April 2024.

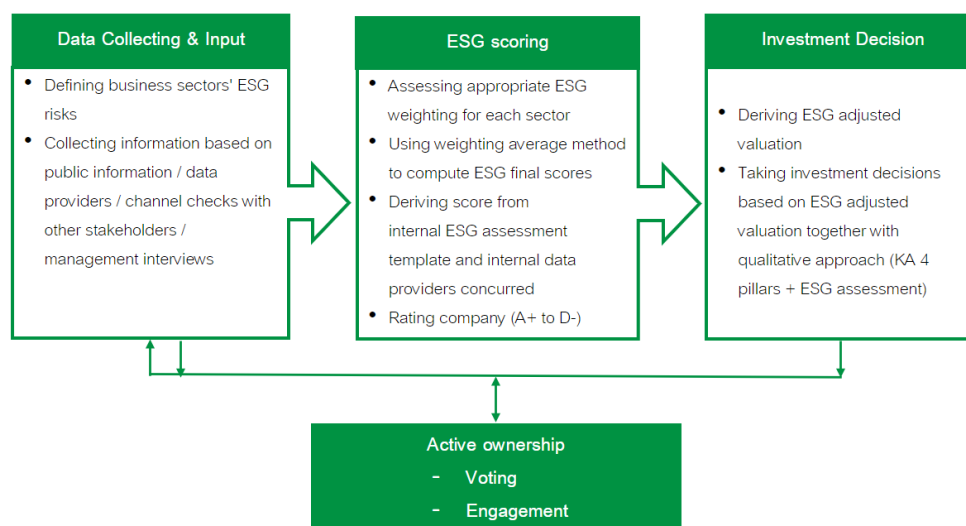
KAsset integrates Environment, Social and Governance (ESG) factors into our investment process from research, stock selection and portfolio construction. Our ESG analysis are done through an internal ESG evaluation template which using data collected from 1) on-going dialogues with the investee company managements and site visits at the Company’s premises 2) company’s data and other available public information sources 3) proprietary data from third party service providers. These ESG analysis and process enable us to achieve our goal of sustainable investment.

We calculated ESG scoring and rating for all stocks in our universe by assigning different combination of weightings in each factor (E/S/G) for different sectors following materiality mapping since we believe that the importance and impact from each factor are different among industry sub-groups. In 2023, we have revised our ESG scoring methodology to incorporate more ESG factors, we have also incorporated climate risks and opportunities in our ESG assessment.

**Diagram 1: KAsset ESG Integration process**



**Diagram 2: KAsset ESG Assessment Work Flow**



**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. Since 2019, KAsset has followed our Group wide policy to adopt [No Gift Policy](#) for business practices.

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

policy on the prevention of conflicts of interest in managing mutual funds and mechanisms for monitoring conflicts of interest and unfair to the unitholders. AMCs are required to have a new monitoring mechanism in the form of an independent oversight entity (“IOE”). The Board of Director of KAsset has appointed the IOE committee which is independent from the operation and reports directly to the Board to perform the oversight as required by the SEC.

The IOE committee is in charge with the following responsibilities:

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

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

#### Equity

KAsset equity team has regular and ongoing discussions with investee companies as we believe that effective engagement with companies is through interactive dialogues. In addition to the ongoing monitoring purpose, engagement with the investee companies allows us to explain and share our perspectives and thoughts towards their business operation with them. We believe that good corporate governance will enable investee companies to achieve their long term goals and sustainable successes. 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 2023**

Country	Equity	
	No. of meetings	No. of listed companies
Thailand	748	262
Hong Kong	8	3
Indonesia	12	9
Singapore	64	38
Vietnam	107	42
Other	8	6
<b>Total</b>	<b>947</b>	<b>360</b>

In 2023, the equity team at KAsset held a total 947 meetings with 360 listed companies. The meeting details are as shown in the table above. The meetings were held with all levels of Companies’ representatives as deem appropriate which we see benefit as a cross reference. However, the need to access to senior managements and board members, particularly for those companies we actively invest in, is considered important in order to have a more effective dialogues and communication, particularly to raise our both positive feedbacks as well as

concerns and a better understanding of companies' strategic direction. We also have written summaries of all meetings for our records, investment decisions and following up on the Companies' developments. In case there is an incident that causes arising concerns or negative impact towards the investee companies, we will contact the investee companies immediately for clarifications. Examples showcasing our investment circumstances monitoring and decision-making processes can be found in the [appendix](#).

### **Fixed Income**

KAsset has applied ESG factors in the investment consideration of fixed income securities from the process of security selection to portfolio construction. We intended to increase more investment in ESG where possible. In 2023, there were 11 companies issued ESG Bonds totalling 180 billion baht in Thai market. As of December 31, 2023, KAsset has investment in ESG Bonds issued by 14 companies, for 35 securities. List of issuers are as follows:-

1. MINISTRY OF FINANCE
2. BANGKOK EXPRESSWAY AND METRO PUBLIC COMPANY LIMITED
3. B.GRIMM POWER PUBLIC COMPANY LIMITED
4. CENTRAL PATTANA PUBLIC COMPANY LIMITED
5. ELECTRICITY GENERATING PUBLIC COMPANY LIMITED
6. GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED
7. GULF ENERGY DEVELOPMENT PUBLIC COMPANY LIMITED
8. INDORAMA VENTURES PUBLIC COMPANY LIMITED
9. KASIKORNBANK PUBLIC COMPANY LIMITED
10. RATCH GROUP PUBLIC COMPANY LIMITED
11. SPCG PUBLIC COMPANY LIMITED
12. TOYOTA LEASING (THAILAND) COMPANY LIMITED
13. WHA CORPORATION PUBLIC COMPANY LIMITED
14. WHA UTILITIES AND POWER PUBLIC COMPANY LIMITED.

### **Foreign Feeder Fund**

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

such as direct queries with partners, public data compilation, and trusted databases, to ensure that all partners' management approaches are aligned with KAsset's requirements and accurate.

As of March 2024, KAsset has 20 foreign partners such as Allianz, Baillie Gifford, BlackRock, JPMorgan, Lombard Odier, Schroders, and UBS. All of these partners have adopted the UN Supported Principles for Responsible Investment (UN PRI), a set of internationally recognized responsible investment principles and also published the Task Force on Climate-related Financial Disclosures (TCFD) report.

KAsset has always been committed to providing its clients with a comprehensive selection of investment solutions, including those tailored primarily towards sustainable investing. In 2019, KAsset launched the K-CHANGE Equity Fund, which has policy to invest globally in companies which products or services positively benefit society and/or the environment. These companies promote transformative change in a variety of areas, including 1) education 2) social equality 3) healthcare quality and 4) environmental and resource sustainability. Furthermore, K-CHANGE Fund is Thailand's first foreign investment fund that supports the UN Sustainable Development Goals (SDGs). As of March 31, 2024, the Fund has total net asset value of 19,140 million baht.

To reaffirm our commitment to sustainable investment and build on the success of the K-CHANGE Fund, KAsset launched the K-CLIMATE Fund in 2020. This is Thailand's first fund dedicated to address climate change challenges. K-CLIMATE Fund invests in companies that can capture growth during the transition to low carbon economy and help mitigating climate change issues, such as businesses that 1) focused on carbon reduction and avoidance (Mitigation), 2) reduce and store carbon dioxide in the carbon-intensive sector, and 3) are able to adapt and benefit from climate change impacts (Adaptation). These factors are critical to improve businesses' long-term competitiveness and sustainability. As of March 31, 2024, K-CLIMATE Fund's total net asset value was 2,256 million baht across all share classes.

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

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



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

The role of trustee of Real Estate Investment Trust (“REIT”) under the Property Business Management department involves in the establishment of the REIT including the investment feasibility study in various areas to ensure that the asset to be invested is in compliance with related laws and regulations. Also, The Trustee has to examine the compliance of the policy and the management of the property manager under the related laws and regulations. Environmental Social and Governance (ESG) factors have also been considered within the process starting from the selection process and due diligence prior to the consideration to be the fund manager or trustee, whereby ESG is an integral part of the overall assessment i.e. legal due diligence, laws related to environmental issues and real property.

As the operation of REIT and property fund, the management of REIT manager and property manager have been examined and monitored closely by trustee and the fund manager that it has complied with laws and regulations stipulated by the S.E.C. and SET. Apart from jointly working, and exchange of suggestions and advices together, Property Business Management also assesses the management of REIT manager and property manager on an annual basis. The assessment criteria comprises the operation manual, procedure, structural management, the readiness of personnel, information disclosure system, complaint management, preparation of insurances to cover damages, compliance system of the property manager, conflict of interest management, net asset value calculation, dividend and capital decrease payments, the meeting of unitholders and request for resolution, the delegation of investment-related tasks, and the preparation and storing of documents, business continuity plan.

ESG will be considered on the following aspects which are the selection of property manager and tenants, the maintenance of asset to be in good condition, campaign for energy reserve, the management of water and waste, building renovation with the use of environmental-friendly materials that has no undesirable effect on building users, the relationship with community and the development of community, employee management, and the process to obtain required certificates under governed laws and regulations.

In 2023, one of the REITs that we are trustee, WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART) ranked within ESG 100 for 2 consecutive years from Thaipat Institute, who assesses listed companies that has outstanding performance in terms of environmental, social and governance in which demonstrates the dominance of the trust in such area. Meanwhile in 2024, the REIT manager is aware of the importance of ESG that they have begun the study to obtain the assessment from GRESB (Global Real Estate Sustainability Benchmark) which is one of the worldwide-accepted standard for property business sustainability. The REIT manager has been in preparation by appointing ERM to be its advisor in 2023 to undergo necessary processes before being assessed by GRESB in 2024.

## Engagements with Investee Companies

In 2023, we have full engagements with investee 28 companies in details, 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](#)

**Table 3: Summary of ESG Engagement Cases in 2023**

### Summary of ESG Engagement Case Status In 2023

No of ESG Engagement Cases	
Satisfied	16
Monitor	11
Concern	1
<b>Total</b>	<b>28</b>

### Summary of Engagement Case by Asset Class

Equity	22
Feeder Fund	1
Fixed Income	15
Trustee	2
<b>Total</b>	<b>40</b>

Summary of Engagement Cases by ESG Topics								
<b>Environmental (No of Cases)</b>			<b>Social (No of Cases)</b>			<b>Governance (No of Cases)</b>		
<b>16</b>			<b>12</b>			<b>8</b>		
<b>Engagement Issues</b>			<b>Social Issues</b>			<b>Governance Issues</b>		
- Greenhouse gas emissions	13		- Child Labor	2		- Integrity	2	
- Pollution	4		- Discrimination in respect of employment and occupation	2		- Transparency	7	
- Waste management	7		- Diversity, equity and inclusion	2		- Independence	0	
- Energy efficiency	10		- Human rights	4		- Responsibility	4	
- Climate risk	13		- Employee health and safety	4		- Accountability	2	
- Biodiversity	2		- Product quality and safety	4		- Fairness	0	
			- Community	5				
<b>Total Environmental Issues</b>	<b>49</b>		<b>Total Social Issues</b>	<b>23</b>		<b>Total Governance Issues</b>	<b>15</b>	

### 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 2023, there was no case (except for STARK CORPORATION PUBLIC COMPANY LIMITED, Please see [appendix](#)) 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, ESG factors are also included for consideration in our voting guideline.

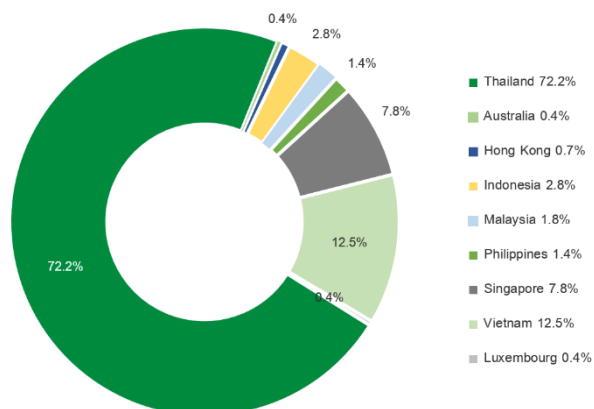
We have also subscribed third party proxy research service from Institutional Shareholder Services Inc. (“ISS”) since 2017 for comparison and reference of global practice. However, we retain full discretion when determining how to vote on behalf of our clients.

In 2023, KASSET voted for 245 listed companies in total, of which 181 are Thai listed companies and 64 are listed companies in foreign countries. Of the total 2,328 resolutions, we voted "For" 2,153 resolutions, "Against" 101 resolutions and "Abstain" 74 resolutions. Details are as follows:

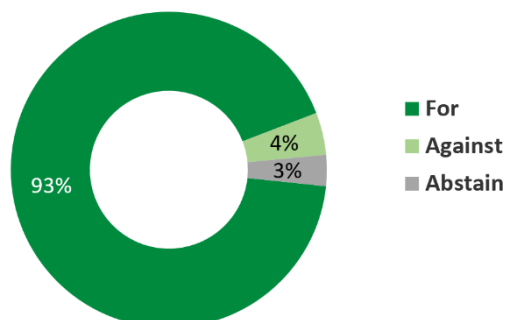
**Table 3: Breakdown of votes by Thai and other AEC countries and vote casts for each resolution in 2022**

	No. of companies	Notice of meetings	For	Against	Abstain
TH Securities	181	203	1,637	80	3
Foreign Securities	64	78	516	21	71
<b>Total</b>	<b>245</b>	<b>281</b>	<b>2,153</b>	<b>101</b>	<b>74</b>

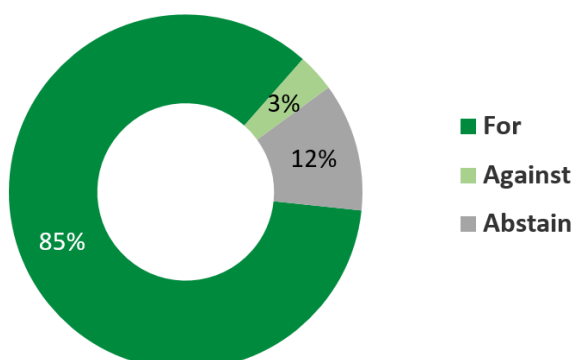
**Chart 1: Breakdown of overall votes by countries**



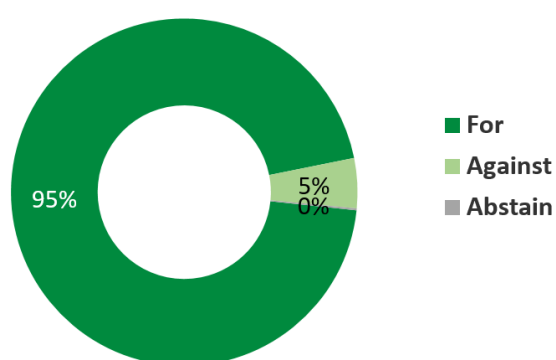
**Chart 2: Breakdown of overall vote casts**



**Chart 3: Breakdown of vote casts of foreign stocks**



**Chart 4: Breakdown of vote casts of Thai stocks**



The “Against” vote casts are mostly from resolutions related to *board matters* due mainly to 1) independent directors has held the directorship for more than 9 consecutive years and 2) serves on a total of more than 5 public company boards. The “Abstain” Vote casts are mostly due to *insufficient information provided*. However, the insufficient information provided issue is more of an issue for other AEC stocks rather than Thai stocks. Details are illustrated as follows:

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

	Against		Abstain	
	TH	AEC	TH	AEC
Board Matters	55	4	0	36
Dilution and Control	15	16	3	18
Auditors	2	0	0	1
Remuneration	5	1	0	3
Others	3	0	0	13
<b>Total</b>	<b>80</b>	<b>21</b>	<b>3</b>	<b>71</b>

	Against	
	TH	AEC
Board Matters	55	4
Dilution and Control	15	16
Auditors	2	0
Remuneration	5	1
Others	3	0
<b>Total</b>	<b>80</b>	<b>21</b>



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
46	0	6	3	3	0	0	1
Capital Structure		Lacking of information					
TH	AEC	TH	AEC				
15	13	0	3				
Board and Auditor Remuneration		Other					
TH	AEC	TH	AEC				
7	1	3	0				

	Abstain	
	TH	AEC
Board Matters	0	36
Dilution and Control	3	18
Auditors	0	1
Remuneration	0	3
Others	0	13
<b>Total</b>	<b>3</b>	<b>71</b>



Abstain due to lacking of information	
TH	AEC
3	71

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

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

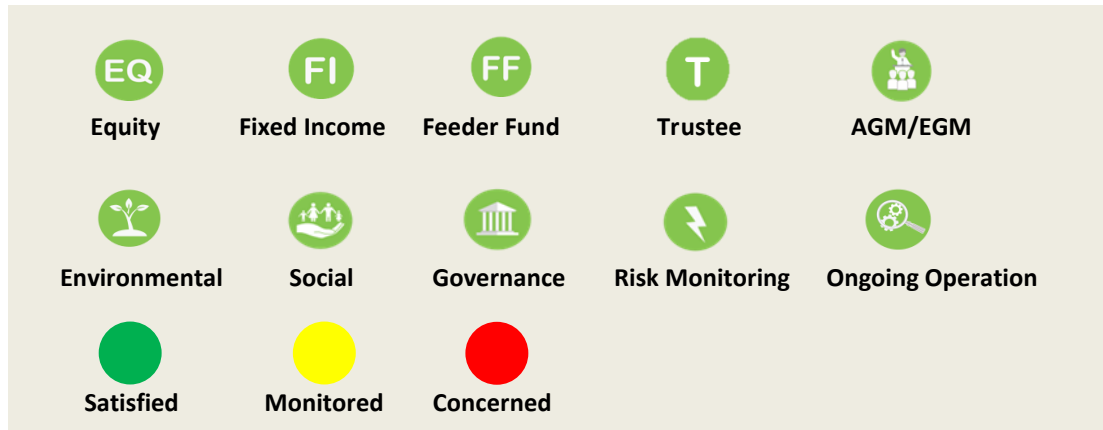
KAsset also acts collectively with other domestic institutional investors through industry organization such as Association of Investment Management Companies (AIMC), Thai Listed Companies Association (TLCA), Thai Institute of Directors (IOD) and regulators such as the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the 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). For illustrations of our collective engagements with other institutional investors in 2023 i.e. the oil spill incident from an oil vessel of THAI OIL PUBLIC COMPANY LIMITED during its oil discharging, STARK CORPORATION PUBLIC COMPANY LIMITED for deceiving investors and falsification of its financial statement (Please see [appendix](#)).

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

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

# Appendix

## Example of Key Engagements of KAsset with Investee Companies



[ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED \(ADVANC\)](#)

[BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED \(BDMS\)](#)

[BERLI JUCKER PUBLIC COMPANY LIMITED \(BJC\)](#)

[BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED \(BTS\)](#)

[CARABAO GROUP PUBLIC COMPANY LIMITED \(CBG\)](#)

[CHULARAT HOSPITAL PUBLIC COMPANY LIMITED \(CHG\)](#)

[CP ALL PUBLIC COMPANY LIMITED \(CPALL\)](#)

[CP AXTRA PUBLIC COMPANY LIMITED \(CPAXT\)](#)

[CENTRAL PATTANA PUBLIC COMPANY LIMITED \(CPN\)](#)

[CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED \(CRC\)](#)

[GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED \(GPSC\)](#)

[GULF ENERGY DEVELOPMENT PUBLIC COMPANY LIMITED \(GULF\)](#)

[IRPC PUBLIC COMPANY LIMITED \(IRPC\)](#)

[MASAN GROUP CORP \(MSN VN\)](#)

[PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED \(PTTEP\) Case I](#)

[PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED \(PTTEP\) Case II](#)

[SRISAWAD CORPORATION PUBLIC COMPANY LIMITED \(SAWAD\)](#)

[THE SIAM CEMENT PUBLIC COMPANY LIMITED \(SCC\)](#)

[SCG PACKAGING PUBLIC COMPANY LIMITED \(SCGP\)](#)

[SANSIRI PUBLIC COMPANY LIMITED \(SIRI\)](#)

[SCGJWD LOGISTICS PUBLIC COMPANY LIMITED \(SJWD\)](#)

[STARK CORPORATION PUBLIC COMPANY LIMITED](#)

THAI BEVERAGE PCL (THBEV SP)

THAI OIL PUBLIC COMPANY LIMITED (TOP)

VIETNAM DAIRY PRODUCTS JSC (VNM VN)

GOLDEN VENTURES LEASEHOLD REAL ESTATE INVESTMENT TRUST (GVREIT)

CENTARA HOTELS & RESORTS LEASEHOLD PROPERTY FUND (CTARAF)

ADANI GROUP (Adani)

## ADVANCED INFO SERVICE PUBLIC COMPANY LIMITED (ADVANC)



### **Context:**

Digital technology has played a crucial role and made life easier for people in many aspects such as careers, education, public health, sports and entertainment, and above all, financial&banking. Users need to understand and be aware of cybersecurity threats such as identity theft, phishing etc.

### **Action:**

KAsset arranged 1-1 meeting with the management to update company operation and business strategies and to engage regarding this issue whether ADVANC had plan(s) to handle with these challenges.

### **Outcome:**

ADVANC indicated that they recognized the needs not only to educate and to build digital online skills for Thai people, but also to rollout of solutions or tools to protect cyber-attack. The Company had implemented 3 strategies under the “Aunjai Cyber” project.

1. Fostering digital wisdom through knowledge building, ADVANC had collaborated with the Ministry of Public Health’s Department of Mental Health and King Mongkut’s University of Technology Thonburi Faculty of Industrial Education and Technology to develop the AUNJAI CYBER study programs. AUNJAI CYBER provides free online learning courses those help improving online communication skills for everyone.
2. Creating awareness of the dangers and potential harm of internet and technology. ADVANC provides information to equip people with knowledge and improve their digital skills, enabling them to recognize cybercrimes and safeguard themselves from potential threats. The Company promotes these activities through varied social media platforms i.e. Facebook, You Tube, Twitter, Tik Tok.
3. Cyber threat protection using digital tools. ADVANC has delivered the AIS Secure Net and AIS Fibre Secure Net, which protect customers from cybercrimes via network-based security solutions, which help increase efficiency of ADVANC to access customer segments that have higher risk of cyber threats. ADVANC also collaborates with international partners to provide customers with alternative applications, which increase protection to customers such as Family Link, zIPs Protection, Bitdefender

Up until Nov 2023, there were 169,930 participants under Aunjai Cyber study programs, and 35,930 users of Cyber threat protective tools by ADVANC. The Company had set ambitious target of 3 million participants in Aunjai Cyber by 2027



## **BANGKOK DUSIT MEDICAL SERVICES PUBLIC COMPANY LIMITED (BDMS)**



### **Context:**

The healthcare service industry, recognizing its reliance on labor and diverse stakeholder base, the industry highlights the critical role of human rights. This includes not only internal hospital operations but also extends to business partners and stakeholders. Upholding human rights is crucial for maintaining the reputation, trustworthiness, and credibility of the business.

### **Action:**

KAsset had an opportunity to conduct a one-on-one meeting with BDMS management to inquire about their approach to human rights management. An engagement was conducted to share our thoughts and to gain insights into how BDMS would manage human rights issues.

### **Outcome:**

BDMS provided information indicating a serious commitment to human rights management both within the hospitals under its umbrella and among its stakeholders. The details include :-

1. Aligning with international standards of practices, BDMS has actively managed human rights issues since 2022. They provide training to educate their employees and stakeholders about the importance of recognizing the risk, factors/issues needed to pay attention to prevent human rights violations. Actual implementation began in 2023 with outlined plans in place for subsequent years. They identified their focus issues to cover Diversity & Inclusion in 2024 and Non-Discrimination & Anti-Harassment in 2025.
2. BDMS carries out regular assessments of their business partners, using an internal audit team to inspect their human rights management practices. If malpractice/abnormality is detected, BDMS would promptly collaborate with the partners to develop a mitigation plan. BDMS has a policy to terminate business contracts with partners that severely violate human rights.
3. BDMS has established a policy requiring business partners to strictly adhere to human rights practices. This includes compliance with labor laws, non-discrimination, non-coercion, no child labor, fair wages, benefits, working hours, freedom of association, and negotiation.
4. An Enterprise Risk Management (ERM) team has been set up to oversee complaints and settle remedies related to human rights violations across the BDMS group of companies.

## **BERLI JUCKER PUBLIC COMPANY LIMITED (BJC)**




### **Context:**

KAsset are focused our engagements on ESG topics with investees and monitoring their targets setting regarding ESG issues especially GHG emissions from their business activities.

### **Action:**

KAsset contacted BJC to explore in details about their GHG emissions, including action plans and expected outcomes

**Outcome:** 

After discussing with BJC, the Company has demonstrated strong commitment and a clear understanding of the importance of integrating ESG into its business operations. In 2022, BJC created GHG scope 1 and 2 emissions totaling around 1.1 million TCO<sub>2e</sub>. However, its main GHG emissions mainly derived from scope 3, totaling around 6.8 million TCO<sub>2e</sub>. Therefore, BJC has also put efforts on BIGC suppliers' GHG emissions, and already declared GHG emissions reduction covering Scope 3.

The Company's GHG scope 1 emissions was mostly contributed from energy consumptions in the Retail business (Big C), while GHG scope 2 emissions was from the packaging business, especially glass bottles. To effectively manage, BJC had hired a consultant to advice in their GHG emissions reduction planning process to ensure that they would have a clearly-defined path to reduce GHG emissions with science-based targets (SBT) in lining to meet the goals of the Paris Agreement. Currently, BJC has already declared their GHG emissions reduction target as follows:

Target	BJC's targets
By 2032	GHG emissions (scope 1 & 2) per unit of income reduced by 15% from 2021 base year
	GHG emissions (scope 3) per unit of income reduced by 10% from 2021 base year
By 2050	Net Zero

Moreover, BJC organizes a sustainability day event once a year, allowing management from each division to learn and discuss their progress on ESG, and possibly adopt good projects for their businesses. Some of their current ESG projects presented in the following paragraphs.

Energy Management

In 2022, BJC used renewable energy for a mere 1.86% of its total energy consumption. To enhance sustainability efforts for their retail business, the Company accelerated the installation of solar rooftop panels across its stores and factories. Additionally, BJC collaborated with its partner, DHL, to facilitate the charging electric vehicles.

Within the glass packaging business, BJC's glass company has implemented the Pellet Batch Project since 2017. This involves replacing some raw materials used in glass production, such as silica sand and other unprocessed ingredients, with lower melting point pellets, resulting in lower energy intensity and GHG emissions. BJC has upgraded its outdated furnaces with automatic systems, resulting in more energy-efficient and cost-effective in its manufacturing process. Continuous research is also underway to assess the feasibility of integrating hydrogen technology, with expected implementation by 2040.

Waste Management

Big C has been the predominant source of its waste volume. Big C addresses this by donating leftovers to the charitable foundations and providing discounted promotions near store closing time. BJC is currently investigating ways to repurpose excess food for sale at specific outlets. Internally, the Company has reused leftovers from its canteens to create fertilizer, which is then used to grow organic plants.

For BJC's manufacturing activities, the used cooking oil from snacks manufacturing is reprocessed as biodiesel. For the tissues manufacturer (Cellox), had also demonstrated a commitment to sustainability by actively collecting and recycling paper-based waste from its production operations. The recycled paper is processed to fiber pulps, reprocessed in the manufacturing of new products. Finally, as its industrial activities primarily involve chemical processes, this generates hazardous waste. BJC addresses this by contracting certified professional partners to guarantee safe disposal practices.

Human

A glass manufacturing plant experiences noise pollution due to extended operational hours and loud machinery. To tackle this issue, BJC has regulated sound decibel levels and encourages all employees to use earplugs. Furthermore, there are continuous monitoring and feedback mechanisms in place to empower the safety team

to effectively manage associated risks. BJC has also committed to gender diversity, and has organized events to promote diversity in the workplace, along with initiatives.

#### Responsible packaging

Since snack packaging consists of multiple layers, it is challenging to eliminate. BJC has also strived to develop more sustainable and environmentally friendly snack packaging.

### **BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED (BTS)**



#### **Context:**

The National Anti-Corruption Commission (NACC) agreed at its meeting on March 10, 2023, to accuse MR Sukhumbhand Paribatra, during his office as the governor of Bangkok Metropolitan Administration (BMA), and others, totaling 13 persons including BTSC (a subsidiary of BTS) and 2 directors of the Company, regarding the execution of the Operation and Maintenance Services Contracts for the Green Line Extension Project in 2012 (the Contracts), whereby mainly it is alleged that the contracts did not comply with the Public-Private Participation (PPP) law.

#### **Action:**

BTS sent a clarification letter to SET on 13 March 2023, and made several conference calls in the same day to clarify the issue with analysts and investors. KASSET joined a conference call to obtain information. The Company also arranged a press conference on March 14, 2023 to clarify the issue.

#### **Outcome:**

The Company believed that the Contracts were executed in compliance with the relevant laws with supporting reasons as follows:

- In 2007, BMA sent a letter to the Council of the State to ask about the hiring of private operator for green line extension by Krungthep Thanakom (KT), the Council of the State issued the Ruling No. 222/2007 stating that the hiring of private enterprise for O&M was not subject to PPP law.
- In 2012, DSI investigated this green line extension O&M contracts and concluded in 2013 that there was no case to prosecute BTSC
- This is still an allegation by NACC and there's still no legal action against BTSC. BTSC has rights to accurately clarify the allegation and will fully cooperate with NACC.

As of December 2023, BTSC has not been sued in court regarding this issue. The Company is confident that the contract was executed legally therefore no provision was set. KASSET viewed that the main risk would be the cancellation of the contract which is less likely as the mass transit is public service, and cease of operation would negatively impact people. However, KASSET would closely monitor whether this issue may involve good corporate governance practice as accused by the NACC or not.

## CARABAO GROUP PUBLIC COMPANY LIMITED (CBG)



### **Context:**

CBG is the 3<sup>rd</sup> largest energy drink manufacturer in Thailand. The Company has backward integrated into packaging business to efficiently control its production costs. CBG has subsidiaries in both glass bottles (Asia Pacific Glass Limited - APG) and aluminum cans (Asia Can Manufacturing Limited - ACM). However, its packaging manufacturing businesses are among the activities contributing to greenhouse gas emissions. Other environmental concerns include release of waste, wastewater, and its high energy-intensity type of production processes.

### **Action:**

KAsset discussed with CBG their policies regarding dealing with climate change, their plans and strategies they have in place to achieve their goals. We are also interested in the important issue of sustainable development that CBG prioritizes

### **Outcome:**

CBG has realized risks involving greenhouse gas emissions (GHG).

The Company registered for the Carbon Footprint for Organizations (CFO); a measurement of greenhouse gases emitted from various organizational activities. CFO enables an organization to quantify GHG emissions from its activities, classify its emissions sources, and find ways to reduce its carbon footprint. CBG is registering for the Carbon Footprint for Products (CFP) for its main products. This registration is intended to provide consumers with GHG emissions during the products manufacturing process. CO<sub>2</sub>e on product labels could influence consumer choices and encourage businesses to adopt more environmentally friendly production technologies.

Regarding water management, CBG reuses water treated by the Reverse Osmosis (RO) process in cleaning and watering plants. Additionally, wastewater generated from the beverage production and packaging processes undergoes treatment to meet or exceed the required quality standards. After treatment, the water is reused within the facility, and some is discharged outside the plant. Water that cannot be treated within its facilities is collected and sent to a licensed water treatment company for further proper treatments.

For energy management, CBG has installed solar panels at the APG factory to generate clean energy. The combined production capacity of Phase 1 and Phase 2 of the project is 9,919 megawatts per hour. This initiative has helped reduce greenhouse gas emissions by 3,559 tons of carbon dioxide equivalent. This demonstrates CBG's commitment to environmentally friendly production processes, increased investment efficiency in the global market, and plans for further expansion by installing solar panels at the APM factory, expected to be completed by 2023.

## CHULARAT HOSPITAL PUBLIC COMPANY LIMITED (CHG)



### **Context:**

The Securities and Exchange Commission (SEC) disclosed the prosecution proceedings through penal measures against three individuals: Dr. Kampon Plusin, Mr. Krit Plusin, and Ms. Kulapa Plusin, all of whom were involved in purchasing shares of Chularat Hospital Public Company Limited (CHG). The SEC found that these individuals utilized internal information. They have collectively been fined a total of THB 8,070,018 and are prohibited from serving as directors or executives of the violating entities.

The SEC conducted investigations and discovered evidence suggesting that the three individuals, as mentioned earlier, committed offenses related to share purchases based on internal information. This information had a significant positive impact on CHG's stock price, particularly due to increased net profit in the third quarter of 2019. This profit was attributed to higher medical service fees from the Social Security Office, exceeding CHG's initial estimates. Dr. Kampon Plusin, in his capacity as the Managing Director and a director of CHG, had prior knowledge of the internal information and purchased CHG shares through the securities trading account of Mr. Krit and Miss Kulapa. This was done before CHG officially disclosed the relevant information to the Stock Exchange of Thailand on November 15, 2019. The actions constitute an offense under Section 242(1) in conjunction with Section 243(1), carrying penalties as per Section 296 and Section 296/2 of the Securities and Exchange Act B.E. 2535. The SEC Committee on Enforcement Measures (CEM) has resolved to impose penal measures against Dr. Kampon, who is required to pay a penal fine of THB 6,873,854 as restitution for gains received and reimburse the SEC's expenses. Additionally, he is prohibited from acting as a director or executive for a duration of 14 months. CHG also informed the Stock Exchange that it had received SEC's notification and the Company also announced the resignation of Dr. Kampon Plusinsin, with immediate effective.

### **Action:**

KAsset considered good corporate governance a crucial factor affecting company & shareholder value. Our fund manager had contacted CHG's senior management & IR to share the issues of our concerns and to monitor how the Company could implement preventive actions to avoid recurrence.

### **Outcome:**



CHG acknowledged and understood our concerns of the corporate governance issue. Corporate governance is a priority for the Company, which has strengthened policies regarding internal information usage by having in written within the Company's Good Corporate Governance Policy and published on its website. This includes additional training to raise awareness of the consequences of insider trading. KAsset would continue to monitor the Company's corporate governance practices regularly.

## CP ALL PUBLIC COMPANY LIMITED (CPALL)



### **Context:**

CPALL has integrated ESG into its business strategies to reduce negative impacts / foster positive impacts by implementing the environmental strategic framework "7 Go Green", the social strategic framework "7 Go Together", the governance strategy of "7 Go Right", while simultaneously supporting the UN sustainable development goals (SDGs). KAsset focused our engagements with investees on their GHG emissions reduction, therefore we were interested in CPALL's "7 Go Green" strategy.

**Action:**

KAsset contacted CPALL to explore in details about 7 Go Green strategy, and oversee the Company's advancements and progress towards reducing GHG emissions targets.

**Outcome:**

CPALL has set the environmental targets in five dimensions as follows: (Source: CPALL Sustainability Report 2022)

1. Climate Resilience – To achieve Carbon Neutral by 2030 and Net Zero GHG Emissions by 2050.
2. Efficient Use of Resources and Energy – To reduce the final energy consumption by comparing with the business-as-usual case (BAU).
3. Sustainable Packaging Management – Private Brand utilizing plastic packaging must be reusable, recyclable, or compostable.
4. Sustainable Waste and Surplus Food Management – Reduce excess food or leftover food volume requiring disposal and reduce waste volume originating from CPALL's operations which require landfill disposal.
5. Ecosystem & Biodiversity Protection – All areas of business operations have projects in collaboration with local and national stakeholders or independent third parties.

7 Go Green strategy consists of

1. Green Store – To increase electricity consumption efficiency in 7-eleven stores, Makro and Lotus' distributing centers, CPRAM factories and Distribution centers.
2. Green Logistics – To increase electric vehicle utilization proportion in the transportation system and delivery service project.
3. Green Packaging – Single-use plastic and eco-design packaging projects.
4. Green Living – Setting up the foundation to manage surplus food donation and forestation projects.

We considered that CPALL's environmental strategic framework "7 Go Green" had covered all relevant material environmental issues, and corresponded to the laws, policies and local regulations of respective operating areas. The Company's presence in Thailand could have a significant impact on the national level if they continue to implement the strategy. We highlighted the circular economy concept that may fit to CPALL's business models, that is, focusing on the economic model that aims to avoid waste and to preserve the value of resources as long as possible. For CPALL's declared targets of carbon neutrality by 2030 and net zero by 2050, we are pleased with its progress. Nevertheless, we must closely monitor their performance to assess if they can achieve their ambitious goal of carbon neutrality by 2030.

## CP AXTRA PUBLIC COMPANY LIMITED (CPAXT)



### **Context:**

On November 27, 2023, the officials from the Department of Special Investigation (DSI) conducted a search at CP Axtra Plc. formerly known as Siam Makro Plc. to gather evidence related to a counterfeit pork case being investigated by the DSI. It was discovered that counterfeit pork had been illicitly introduced into the Company and distributed to consumers. The Deputy Head of the Corporate Communication Division, acting as a representative of CPXAT, stated that CPXAT was willing to cooperate with the relevant authorities in inspecting the warehouses holding goods in Samut Sakhon and Ayutthaya provinces. Furthermore, they requested a search and documentation regarding the purchase and sale of pork products from two companies, whose board members are suspects in the counterfeit pork case being pursued by the DSI.

### **Action:**

KAsset contacted CPAXT to engage with them and inquire for further details from the management of CPAXT.

### **Outcome:**

CPAXT provided information that indeed they had engaged in transactions with the supplier implicated in the aforementioned counterfeit pork case. Over a span of 8 years, they conducted various purchases, including frozen seafood, pork, and internal organs, amounting to approximately 390 million baht. CPAXT confirmed purchasing pork-related products and internal organs from the mentioned supplier between 2019- early 2023, due to insufficient availability of goods to meet consumer demands. All purchases were asserted to comply with the law and were accompanied by complete and accurate documentation for every production batch issued by the Department of Livestock Development. However, in early 2023, CPAXT ceased buying pork and its internal organs from the supplier as the inspection revealed that the products did not meet quality standards.

Regarding the management of public opinion related to the counterfeit pork case, CPAXT engaged in social monitoring and proactive media communication to clarify to the public and government entities that CPAXT did not purchase counterfeit pork. They offered full cooperation in investigations and might pursue legal action against those spreading misleading information damaging to the Company.

Regarding concerns about falsified documents, CPAXT urged the DSI to verify the authenticity of these documents.

Furthermore, CPAXT's management provided additional information about the procurement system and product quality control. They emphasized sustainable procurement practices through core processes, including pre-purchase assessments, delivery processes, pre-receipt quality inspections, and quality control during distribution. The evaluation of suppliers before transactions involves an assessment covering three aspects: legality, ethics, and safety. All licenses must be complete and correct according to the law, whether the procurement is domestic or imported. Additionally, there is a system in place for document traceability. Regarding ethical considerations, suppliers must not employ illegal labor, engage in deforestation, and must sign commitments to sustainable procurement methods. CPAXT exercises quality control and inspection throughout the procurement chain, including pre-transaction quality checks, pre-receipt inspections, and quality assessments during distribution. These quality assessments are conducted by the Company's internal laboratories, certified by the Department of Medical Sciences, and either public or private laboratories adhering to ISO17025 international standards.

## CENTRAL PATTANA PUBLIC COMPANY LIMITED (CPN)



### **Context:**

The Company is engaged in the business of developing and leasing shopping center space and other businesses related to the shopping center development business, such as office buildings, food courts, hotels, and residences. It is a service sector that uses a high proportion of labor and also a wide range of stakeholders. Therefore, the Company realizes the importance of human rights of the business group, business partners and stakeholders which is crucial for reputation, reliability, and sustainability of the business.

### **Action:**

KASSET scheduled a 1-1 meeting with the executives to inquire about guidelines for human rights management and social management. We engaged in this matter to consider whether CPN has guidelines for human rights management.

### **Outcome:**



CPN informed that the Company is a business that involves in labor intensive. The Company is therefore well aware of the importance of human rights management, both within the organization and with stakeholders of the Company. The Human Right Deal Diligent process has been determined to be a part of human management for the Company. It started since 3 years ago, beginning with the Company's employees. Here are examples:

- Employee safety, such as giving employees the right to refuse if seeing any incident that may cause insecurity, such as providing services to people considered to be dangerous. Also adjusting welfare for Central Group employees to start using work from home / work from anywhere.
- Child Labor Policy. The Company has no policy of hiring child labor and prohibits the use of child labor. However, for the contractor companies which is a service provider for the Company who may have child of employees around in the area. The Company realizes the importance on child safety by prohibiting all small children from entering the construction area. And also supporting in providing the education to those young kids.
- For the group of workers who are interns. The Company specifies a minimum educational qualification at Mathayom 3 and those interns must be sent directly from the educational institution.



**CENTRAL RETAIL CORPORATION PUBLIC COMPANY LIMITED (CRC)**



**Context:**

CRC continuously supports the well-being of people in society, adheres to the labor practice and human rights and places importance on the promotion of diversity and equality of employees in response to the expectations of new generation of employees and on the corporate culture, which is open to the views and opinions of all employees, encouraging creativity at work.

**Action:**

KAsset discussed with CRC to explore in details about Labor Practice and Human rights, including action plans and expected outcomes.

**Outcome:** ●

The Company operates with its Human Rights Policy that is in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs). The policy covers the whole supply chain and includes a number of human rights elements such as forced labor, human trafficking, child labor, restriction of rights to collective bargaining, unfair compensation, and discrimination and intimidation in all forms.

The Company regularly assesses the risks to human rights across the supply chain, focusing on groups that are vulnerable in terms of human rights, namely females, children, indigenous groups and local communities, migrant workers, contractors, and the LGBTQ.

The Company periodically communicates the results of such assessment to raise awareness among stakeholders and analyze the results to improve the training courses for employees to increase efficiency and continue the development in this area.

The Company has set up whistleblowing channels for human rights violations and the Welfare Committee.

The Company has provided training on several areas, including human rights, leadership for management level and digital and Omni-channel focused trainings, for individual's career development.

Tool: I-CARE Value



Source: CRC's One Report 2022

The Company has determined I-CARE value to create a corporate culture that is open and places importance on stakeholders, attracting skilled employees to apply for positions in the Company and promoting good well-being for employees at present. The tool has determined every employee to be entitled to wellbeing benefits, including life and health insurance, maternity and paternity leaves, and retirement package. The Human Resources Department is responsible for the assessment of each employee's capabilities to determine commensurate that is based on equal remuneration.

CRC has recognized the importance of respect for human rights by stating in their labor practice policy and across the supply chain. The Company also provided employee training on human rights, and had task force on human

rights due diligence to identify activities or business partners at high risk of violating human rights. This would lead to establishment of plans to implement measures to prevent and provide remediation for the victims to avoid circumstances that could result in a boycott of goods or services due to human rights violations.

#### **GLOBAL POWER SYNERGY PUBLIC COMPANY LIMITED (GPSC)**



#### **Context:**

With Thailand's declarations to achieve targets of carbon neutrality by 2050, net zero by 2065, and 40% GHG reductions by 2030 in the country's NDC roadmap, KAsset focused our engagements with investees and monitoring on their targets setting regarding GHG emissions from their business activities especially those in high emissions sectors. Energy is among the top-priorities sectors for Thailand's emission reduction, therefore we have engaged with GPSC (an electricity generation company), of which business activities contributing high GHG emissions to understand their plans taken into account Thailand's declared GHG emissions targets.

#### **Action:**

KAsset discussed with GPSC their policies regarding addressing climate change issues those might have impacts on their businesses, including action plans to cope with the increasing greenhouse gas emissions in the future.

#### **Outcome:**



GPSC informed that the Company set a clear target plan to reduce greenhouse gas emission to net zero within FY2060, carbon neutrality within FY2050, carbon intensity reduction 10% by FY2025 and 35% by FY2030. GPSC has 4 strategies to achieve its goals as following:

1. To reduce fossil fuel usage: Consistently improving energy efficiency in its electricity production through its scheduled plants maintenance. GPSC has already achieved its goal of carbon emissions reductions by 1% in 2023. Starting from Y2022, GPSC aims carbon emissions reduction by 1% per year.
2. To grow renewable energy capacity: GPSC plans to increase renewable energy from current 38% of total capacity up to 50%, and reduce GHG intensity by 35% within 2030. The Company has clear policy not to expand coal power plants.
3. Enhance infrastructure: GPSC, PTT group and external parties are studying new technologies to deal with GHG emissions issue i.e. carbon storage, electricity production from green / hydrogen instead of the use of natural gas or coal
4. Reforestation and carbon pricing: GPSC promotes an increase in reforestation for carbon credit in the future. The Company has already budgeted for reforestation of 2,000 rai, and set a target of 10,000 rai by FY2030.

Not only the potential financial impacts, GPSC is also fully aware of environmental and social impacts caused by greenhouse gas emissions. The Company with its parent (PTT group of companies) and external parties are studying many new technologies for new initiatives to improve energy efficiency, reduce carbon emissions and minimize impacts that might occur in the future.

## GULF ENERGY DEVELOPMENT PUBLIC COMPANY LIMITED (GULF)



### **Context:**

With Thailand's declarations to achieve targets of carbon neutrality by 2050, net zero by 2065, and 40% GHG reductions by 2030 in the country's NDC roadmap, KAsset are focusing our engagements with investees and monitoring on their targets setting regarding GHG emissions from their business activities especially those in high emissions sectors. Energy is among the top-priorities sectors for Thailand's emission reduction, therefore we have engaged with GULF (a large Independent Power Producer: IPP), of which their business activities contributing high GHG emissions to understand their plans taken into account Thailand's declared GHG emissions targets.

### **Action:**

KAsset discussed with GULF their policies regarding addressing climate change issues those might have impacts on their businesses, including action plans to cope with the increasing greenhouse gas emissions in the future.

### **Outcome:**



GULF admitted that fossil fuel based electricity generation is among business activities with high carbon intensity, however with the Company's consideration over Thailand electricity security, the Company decided to pursue its gas-based electricity generation. GULF has already declared a target to achieve net zero scope 1&2 GHG emissions by 2050. The Company aimed to increase the renewable energy portion to 40% of the total installed capacity by FY2035, from current installed capacity of 9% and committed capacity of 20%. GULF also targeted to reduce carbon intensity (scope 1) by 25% within 2030, compared to the base year in 2019. The Company informed that they achieved carbon intensity reduction by 7-8% per year during 2020-2021, but picked up in 2022 resulting from the policy to use oil to produce electricity instead of gas during the energy crisis period. Moreover, GULF has plans to increase efficiency of its equipment by using new technologies in order to reduce fuel use per unit of electricity production. There are also clear criteria for selecting suppliers and bring new technology to evaluate suppliers' ESG aspects. The Company would focus on its ESG data disclosure, making it more convenient for investors to search their ESG data.

## IRPC PUBLIC COMPANY LIMITED (IRPC)



### **Context:**

With Thailand's declarations to achieve targets of carbon neutrality by 2050, net zero by 2065, and 40% GHG reductions by 2030 in the country's NDC roadmap, KAsset focuses our engagements with investee companies and monitors on their targets setting regarding GHG emissions from their business activities especially those in high emissions sectors. Energy is among the top-priorities sectors for Thailand's emission reduction, therefore we have engaged with IRPC given that the Company is in downstream petroleum & petrochemical business where their operation might be affected by risks evolving with GHG emissions embedded with the fossil fuel based upstream raw material in the future.

### **Action:**

KAsset discussed with the Company in details about GHG emissions, including action plans and their targets.

**Outcome:** ●

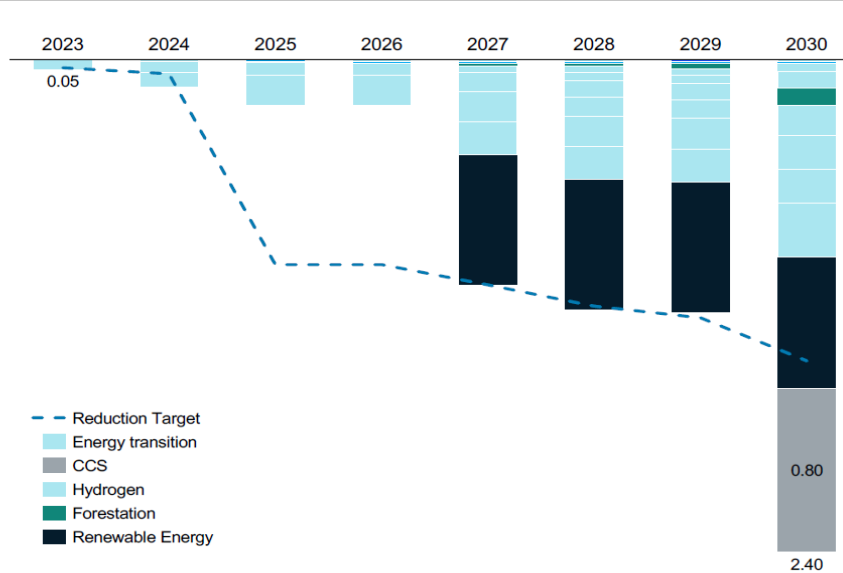
IRPC recognizes the importance of addressing climate change, has set ambitious targets to curtail its carbon footprint. With 2018 baseline emissions at approximately 4.2 million metric tons of CO<sub>2</sub> equivalent (MMtCO<sub>2</sub>e), IRPC aims to achieve a 20% reduction by 2030, carbon neutral by 2050, and with the ultimate goal of achieving net-zero status by 2060. Capex estimated for the net-zero project is around 20,000 million baht for the next 7 years. This should be considered as preliminary data under assumptions made in feasibility studies, and not yet concluded.

Target of Net Zero Transition in 2060 could be breakdown as follows:

	Major levers	GHG Reduction Potential
Eco-Operation & Technology (Net Zero Lab)	Energy Efficiency	Approx. 10%
	Blue / Green H <sub>2</sub>	Approx. 20%
	Renewables	Approx. 20%
Reshape Portfolios	New Product and Circular Economy	Approx. 10%
Absorption and Offset	Forestation	Approx. 10%
	CCUS	Approx. 30%

### Initiatives pipeline 2023-2030

Total on hand initiatives for GHG reduction target to 20% reduction in 2030



In 2023, the Company implemented strategies focusing on energy efficiency, reforestation, and a feasibility study on carbon capture and utilization (CCU) projects collaborative with PTT group, resulting in potentially substantial reduction of around 100,000 tCO<sub>2</sub>e. The subsequent year will witness more intensified efforts, targeting energy efficiency savings of approximately 140,000 tCO<sub>2</sub>e, aligning objectives with Global Sustainability Goals.

Looking further ahead, IRPC's long-term de-carbonization strategy is underpinned by advanced technologies to reduce costs while maintaining carbon footprint reduction goal. The plan encompasses energy efficiency enhancements, blue and green hydrogen adoption, renewables integration, and a substantial focus on CCUs and reforestation. The capital expenditure of projects are varying at \$20-200 per ton, showcasing a commitment to efficient and cost-effective sustainable practices. IRPC has initiated reforestation projects with a unique proposition—1 rai of reforested land equates to 1 ton of carbon sequestration annually, facilitated by an MOU with the Thai government for the available land.

Additionally, IRPC recognizes the potential of carbon capture and utilization (CCU), aiming at economic feasibility by 2040 and phased implementation starting in 2029. Despite currently high costs with approximately \$170 per

ton compared to renewables at \$40 per ton, IRPC remains steadfast in its commitment to exploring this technology. Divestment from coal, increased focus on renewables, and internal carbon pricing at \$90 per ton reinforce the Company's dedication to sustainable practices and accountability.

In waste reduction, IRPC's plan targets major waste streams, aiming to reduce 40,000-50,000 tons of waste in 2023. Despite the associated cost of 40 million baht, the Company was able to generate around 80 million baht in revenue through waste recycling to a new product. IRPC actively explores upcycling and recycling alternatives; for example, the firm collaborated with companies like BoonRawd Brewery to enhance waste recycling efforts. The Company ensures responsible waste disposal by engaging licensed and well-regulated waste disposal companies.

In addition to the social factor, safety is paramount for IRPC, controlled by comprehensive training programs and robust contractor measures. Total accidents in 2022 was 8 accidents, 7 by contractors and 1 by IRPC. Recognizing potential risks associated with external contractors, IRPC is committed to ensuring adherence to stringent safety protocols, minimizing the likelihood of accidents, and promoting the safe working environment.

### **MASAN GROUP CORP (MSN VN)**



#### **Context:**

Vietnamese government has committed to achieve the net-zero emission target by 2050 at COP26. MSN has acutely aware of the importance of minimizing its carbon footprint to combat climate change. It recognizes the role in contributing to achieve the National Net Zero target and to align with its sustainable vision. It is willing to take initiatives to the pathway toward Low Carbon Energy Transition, for the future of Vietnam, and the future generation. As such, energy saving or resource optimization should be a priority for the business of scale as it wishes to grow sustainably. It is vital to control, conserve and identify energy saving opportunities at businesses. Therefore, it has adopted biomass production from rice husks and sawdust waste to generate energy for its factories. It believes that biomass is not only an environmentally friendly and cost-effective energy source, but also results in jobs creation and income for local people.

#### **Action:**

KAsset discussed with MSN in details about the biomass plan and the positive impacts expected from this project.

#### **Outcome:**

MSN shared that currently it converted 1 of its 4 factories into 100% using biomass fuel through Masan MEATLife ("MML"), a subsidiary. Currently, the Company could use 100% biomass from rice husks and sawdust waste. While Masan Consumer Holding ("MCH"), a consumer subsidiary of MSN, has utilized biomass up to 85% of its overall consumption across its facilities after the conversion in 2022. Thus, KAsset acknowledged the biomass plan implementation and will continue to monitor the positive impacts.

## PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED (PTTEP) Case I



### **Context:**

Oil spill incident at Montara, an oil field operated by a subsidiary of PTT EXPLORATION and PRODUCTION PUBLIC COMPANY LIMITED (“PTTEP”) named PTTEP Australasia (PTTEP AAA), had caused both environmental and social concerns since the leak in 2009. A collective of Indonesian seaweed farmers filed an appeal with the Federal Court of Australia regarding a class-action lawsuit concerning the damages to their seaweed crops in 2016. PTTEP reported to the SET in 2021 that the trial judge of the Federal Court of Australia delivered judgements in the class action, and made final orders. After careful consideration of the judgements, PTTEP AAA exercised its right to appeal and filed a notice of appeal in the court. In Nov. 2022, PTTEP informed the SET that PTTEP AAA participated in mediation in the class action and 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). In 2023, the court approved the agreement, and the full settlements were paid to representatives of the litigant group.

### **Action:**

Since the leakage incident in 2009, KAsset had closely monitored developments and assessed their implications on PTTEP’s results, environmental and social impacts. This involved properly addressing the needs of affected stakeholders.

### **Outcome:**



In 2023, KAsset ceased engagement with PTTEP on the issue after the case was settled and affected stakeholders were remediated. Up until the time we updated, payments distribution to individuals were still underway given the considerable number of more than 1,500 persons.

## PTT EXPLORATION AND PRODUCTION PUBLIC COMPANY LIMITED (PTTEP) Case II



### **Context:**

According to Reuters news, the United States imposed sanctions on two Myanmar banks (Myanmar Foreign Trade Bank and Myanmar Investment and Commercial Bank) for receiving and transmitting foreign currencies for Myanmar’s government including state-owned enterprises those deemed sources of the military government revenues. This action might impact money transfers of foreign companies those have transactions through these two banks.

### **Action:**

KAsset contacted PTTEP to clarify on this issue and any impact on PTTEP’s operation in the future as well as its policy towards the sanctions.

### **Outcome:**



PTTEP commented that the sanction had no direct impact on the Company's operations and it could avoid doing transactions with these two banks. Currently, PTTEP has transactions with many banks, both Myanmar banks and Thai banks in both dollars and baht currency. However, although there have been several sanctions imposed

on Myanmar by many countries, there is still a need for PTTEP to continue operating its businesses due to national energy security as Thailand largely relies on natural gas from Myanmar. PTTEP launched some CSR projects in Myanmar to support low income people i.e. mobile health check up to provide primary healthcare for those who have no chance to access healthcare services. KAsset acknowledged the responses closely monitored and updated the situation.

#### **SRISAWAD CORPORATION PUBLIC COMPANY LIMITED (SAWAD)**



#### **Context:**

On November 14, 2023, an article were published online on the Thailand Consumers Council (TCC) website detailing TCC assistance to a micro borrower in winning a legal case against Srisawad Corporation Company Limited (SAWAD). The article's headline alleged that SAWAD tampered with lending documents, highlighting discrepancies in inception dates, loan amounts, disbursed amounts to the borrower, forged borrower signatures, and pointing out that SAWAD was not the direct counterparty but rather part of the same corporate group.

#### **Action:**

The news prompted concerns about SAWAD's business practices. In responses, KAsset reached out to SAWAD for clarification, receiving a prompt response and met up with the Company.

#### **Outcome:**



SAWAD clarified that the borrower had three contracts with them, two backed by land collateral and one by a car. While SAWAD had previously won two cases against the borrower, the Company lost the one highlighted by TCC. SAWAD refuted claims of document forgery, attributing discrepancies to changes in the original counterparty and subsequent contract transfer They mentioned having CCTV evidence of the borrower during signing a document and emphasized that the court's decision did not confirm document falsification but rather cited insufficient evidence linking the borrower to SAWAD. SAWAD was contemplating an appeal.

SAWAD publicly refuted any allegations of document manipulation and was evaluating potential legal recourse.

KAsset's interaction with SAWAD was not an attempt to verify the incident's details. That responsibility lies with the courts. Our intent was to convey to SAWAD, as an investor, the gravity of such allegations, and potential impact to its long-term competitiveness if the alleged practices were true and widespread within the Company culture.

## THE SIAM CEMENT PUBLIC COMPANY LIMITED (SCC)



### **Context:**

With Thailand's declarations to achieve targets of carbon neutrality by 2050, net zero by 2065, and 40% GHG reductions by 2030 in the country's NDC roadmap, KAsset focuses our engagements with investees and monitoring on their targets setting regarding GHG emissions reduction from their business activities especially those in high emissions sectors. Cement product is one of manufacturing sectors we focus on as CO2 emissions reducing while producing enough cement to meet market demand growth might be challenging, and cement is on the EU's list of targeted products under their carbon border adjustment mechanism (CBAM). KAsset engaged with cement producers to monitor their initiatives related to new technologies/developments for low carbon cement / substitute products supporting net zero GHG emissions in 2050 target. SCC is one of the companies which releases a significant amount of greenhouse gases, given its business nature involving investments in cement and construction-related products, chemical business, and packaging business.

### **Action:**

KAsset discussed with SCC regarding the Company's greenhouse gas emissions, as well as the action plans in place to address the anticipated increase in the amount of emissions in the future.

### **Outcome:**

SCC provided information indicating that the Company was well aware and committed to targets setting for greenhouse gas emissions reduction in alignment with the Paris Agreement. The goals aim to control the average global temperature increase, ensuring it does not exceed 2 degrees Celsius and striving to limit it to 1.5 degrees Celsius. Specifically, SCC has already declared their net zero emissions target by 2050, and provided short term target to reduce GHG emissions by 20%, from 2020 base year, within 2030. In 2022, SCC achieved 4.13 million tons CO<sub>2e</sub> GHG emissions reduction, equivalent to 12.05% versus the base year. This largely resulted from improving energy efficiency, and higher portion of low carbon energy usage (including biomass, RDF, and solar) in the cement production process.

SCC has incorporated the concept of a circular economy into its practices to reduce natural resource consumption and maximize the recycling of waste within the organization. The Company has set specific target to have 100% of its packaging products recyclable / reusable by 2050, and driven SCGC Green Polymer innovation as solution for its plastic packaging product to be biodegradable / minimize resource use / and recyclable to substitute virgin plastic resin. In 2022, its products under SCG Green Choice, fostering the low carbon economy, grew by 51%.

SCC emphasizes the significant importance of environmental and social impacts arising from its greenhouse gas emissions. Consequently, the Company is spearheading a pivotal circular economy approach in the development of products and services. SCC has utilized a range of technologies to drive new innovations focused on enhancing production efficiency, decreasing greenhouse gas emissions, and mitigating environmental and social impacts. The Company's innovative initiatives include: Concrete Recycling: Utilizing technologies to break down unused concrete into aggregates, replacing natural stones in ready-mixed concrete, SMX™ Technology: Innovating with SMX™ Technology to enhance the strength properties of plastic pellets, making them more durable, Mono Material Packaging: Introducing Mono Material packaging using Multilayer Laminated plastic, which makes it easier to recycle.



**SCG PACKAGING PUBLIC COMPANY LIMITED (SCGP)**



**Context:**

Packaging business is one of the businesses that contributes to greenhouse gas emissions as well as waste and waste water pollution from the production process.

**Action:**

KAsset contacted SCGP for information on climate change response, plans and strategies to achieve the Net Zero Carbon goals set by the Company as well as important sustainable development issues that SCGP is focusing on.

**Outcome:**

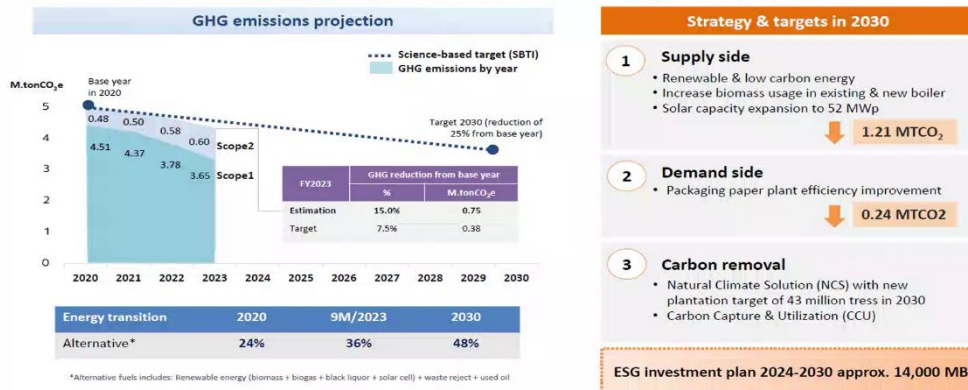
SCGP clarified that the Company had disclosed ESG information through One Report and had also provided a Sustainability Development Report. The Company has regularly updated its ESG data which benchmarking with the companies in global container and packaging sector as well as benchmarking with SET-listed companies and leading companies in other stock markets in the region, such as the Singapore Stock Exchange. The Company’s ESG committee meets quarterly and formulates medium-term and long-term ESG plans. They have also considered supply chain management. This includes IT risks, which the Company considers very important because it involves the critical data of more than 7000 customers.

SCGP assesses ESG Materiality in terms of risk and opportunity. In paper manufacturing business where water is used in mass production, the Company has found how to reuse almost 100% of wastewater. Methane gas generated from wastewater will be used to generate electricity, led to cost reduction. SCGP also apply its knowledge in eucalyptus wood species development to produce bio-based plastic. SCGP considers SCGP’s business support a circular economy principle. 100% of SCGP’s raw materials used to produce paper are recycled papers obtained from domestic source. SCGP has recycling stations in the city to store used paper. In addition, there will be more sourcing through recycling partners, such as a collaboration with Tesco where recycling station has been built near Tesco’s DC to store used packaging boxes to be recycled for packaging paper production. SCGP has also collaborated with many organizations to extend its knowledge on circular economy. The Zero waste community project is a model for community waste management system. SCGP provides know-how on waste segregation to recycle and generate income based on circular economy principle.

To achieve Net Zero Carbon target, SCGP Company has the following strategies:

**Commitment & execution to address climate change**

GHG emission reduction is currently ahead of plan with committed efforts throughout the supply chain



SCGP aims to reduce greenhouse gases by 1.5 million tons by 2030, or 25% from the base year. Key strategies are 1. Supply side management: to reduce the use of coal by switching to biomass in boilers that need to be replaced according to the schedule, increasing the use of renewable & low carbon energy. 2. Demand side

management: GHG reduction can also be achieved in terms of product design that reduces the use of raw materials such as light weight green carton or the use of post consumed resin (PCR) in plastic packaging.

SCGP is well aware of climate change issue in the packaging industry, especially in the food service industry, which has seen significant developments in Europe. In order to deal with climate change in Thailand for this industry, it may still be lag compared to other countries. Therefore, the Company has collaborated with industry operators to provide information to government agencies so that the government can issue policies that support more investment in climate change.

#### **SANSIRI PUBLIC COMPANY LIMITED (SIRI)**



#### **Context:**

According to the news that was publicly disclosed regarding allegations against the Company's land acquisition process which was reported to have improper legal procedures. The news implicated Mr. Settha Thaweessin, who was the CEO and President of SIRI at the time, in the approval of SIRI's land purchase on Sarasin Road. It also alleged his involvement in tax avoidance for the seller, leading to public misunderstanding and damage to the Company's reputation. In response, SIRI issued a statement on August 4, 2023, through the SET website, addressing the aforementioned issues.

#### **Action:**

KASSET scheduled a meeting to discuss with SIRI about the land acquisition policy and regulatory oversight.

#### **Outcome:**



In response, SIRI explained its land acquisition process and oversight measures. The Company clarified that there is a dedicated department responsible for land acquisition, negotiation, business feasibility study, and legal issues consideration. The Company has pledged to present information and details to the Company's board for approval of each land purchase and the feasibility of proposed investment projects.

The main aspect of the case concerning good corporate governance involved the seller of the land plot who wanted to divide it into several transactions to optimize the seller's property tax expenses. SIRI responded that it assessed the risk from a legal perspective as the buyer, confirming the transaction is in compliance with the law and determining no financial harm to the Company.

## SCGJWD LOGISTICS PUBLIC COMPANY LIMITED (SJWD)



### **Context:**

With Thailand's declarations to achieve targets of carbon neutrality by 2050, net zero by 2065, and 40% GHG reductions by 2030 in the country's NDC roadmap, one of KAsset engagement priorities with investee companies is GHG emissions from their business activities especially those in high emissions sectors. Energy & transportation are among the top-priorities sectors for Thailand's emission reduction, therefore we have engaged with SJWD (a logistics and supply chain management services company) to understand their plans taken into account the environmental factors.

### **Action:**

KAsset discussed with SJWD for their policies to address climate change issues which might have impacts on their businesses, including action plans to cope with the increasing greenhouse gas emissions in the future.

KAsset, as a UNPRI signatory, has adopted the 6 Principles for Responsible Investment, of which incorporating investees companies' ESG issues into our investment process is 1 of the 6 principles. Therefore, we have emphasized that all investee companies consistently disclose their ESG-related information, including risks and opportunities consideration within their businesses.

### **Outcome:**



SJWD explained that after the merger with SCGL, it has established a unit dedicated to sustainability solutions. SJWD has organized a logistic academy including student contests focusing on logistics and technology ideas. The Competition theme is focusing on "SCGJWD NEXT GEN LOGISTICS," which leans towards sustainability-embedded projects. This initiative would serve as a platform for logistic Innovations contests.

For the environmental aspects, SJWD has undertaken improvements and innovations in products and services to contribute to society and the environment. One notable initiative is the implementation of a "cold storage warehouse with robotic systems" designed for efficient space management in storing goods. This innovation aims to address labor shortages and promote energy savings. SJWD supports the use of electric or electric vehicle (EV) fleets to reduce carbon emissions. The Company has signed a Memorandum of Understanding (MOU) with listed companies to explore joint ventures for EV charging station production. Additionally, SJWD has policy to install solar roofs into all of its new warehouses. SJWD declared its net zero target by 2050 in alignment with the Paris agreement under de-carbonizing logistics for a greener tomorrow. The Company also announced a target to reduce 30% of its GHG emissions by 2027 versus the base year in 2023.

## STARK CORPORATION PUBLIC COMPANY LIMITED (STARK)



### **Context:**

Stark Corporation Public Company Limited (“STARK”) notified the SET on February 28, 2023 to delay submission on financial statement for financial year ended 31 December 2022, considering the relevant laws and regulations due to some information is pending processing by STARK and reviewing by the auditor. However, STARK also extended the delay for financial statement submission in subsequent period as well as informed changes of executives and directors. The SEC informed that auditor of STARK found the irregular transactions and ordered STARK to clarify and extend the scope of the special audit. On 6 July 2023, the SEC filed a criminal complaint with DSI against the former directors and executives of STARK for colluding to falsify or consenting to the falsification of the STARK and its subsidiaries’ financial statements during 2021-2022, disclosing such presumably falsified financial statements in the registration statements and draft prospectus, and concealing the facts which should have disclosed in the factsheets of STARK’s corporate bond offerings and acting in the manner that dishonestly deceives the public to obtain benefits from such deceit.

### **Action:**

KAsset closely followed up and seek more clarifications from STARK since it had delayed financial statement submission and subsequent delay. KAsset also attended the analyst meetings and public presentations by STARK as well as plant visit at one of the three cable factories in Bang Pli, Thailand which found that the factory still operated as normal.

STARK gave reasons for delayed submission of financial statement that due to change of its auditor from Deloitte Thailand to PwC Thailand during 2022. Although PwC has audited STARK’s financial statement for the first 3 quarters of 2022, for the annual audit they couldn’t reconcile the physical inventory with the inventory recorded in the accounting system. Therefore, a manual inspection was carried out which took time and thus the auditor could not complete the auditing process resulting in delay in financial statement submission.

Given STARK continued delaying financial submission, the SET posted the SP sign and halted its trading for a period of time. In addition, the SEC found the facts that STARK auditor found irregular transactions. KAsset brought up the concerns for discussion internally and also with other asset managers that also had investments in STARK to evaluate the situation and potential action.

### **Outcome:**



KAsset evaluated the situation and decided to liquidate the position when the SET resumed temporarily trading of STARK since the situation got much worsen as STARK couldn’t clarify on financial statement issue together with the event of bond defaults and the SEC disclosed the facts that STARK auditor found irregular transactions

KAsset was in discussion with other asset managers which also had investments in STARK through private placement for the legal action to protect the benefit of the funds under management since STARK misused the private placement proceeds and falsification of financial statement leading to the deterioration of the investment value of the funds

## **THAI BEVERAGE PCL (THBEV SP)**



### **Context:**

KAsset focuses our engagements on ESG topics with investees and monitors on their targets setting regarding ESG issues relevant to their business activities.

### **Action:**

KAsset discussed with the Company in details about their ESG, including action plans and their expected outcomes.

### **Outcome:**

ThaiBev emphasized the significance of the environmental impacts addressing climate change and ensuring access to clean water, recognizing them as vital elements for maintaining healthy ecosystems. To promote ESG principles, the Company has integrated climate change-focused key performance indicators (KPIs) and financial rewards into its strategic goals.

ThaiBev has targeted to achieve 50% reduction in greenhouse gas (GHG) emissions scopes 1 and 2 by 2030, relative to its 2019 baseline, with aspiration to achieve net-zero emissions for these scopes by 2040. To meet these objectives, the Company has assigned approx. THB10 mil. Capex per project for the period 2020-2024, and THB5 million per project for the period 2025-2030.

While GHG emissions have not exhibited significant improvement in recent years compared to 2019 and 2020, ThaiBev believes there is still room for enhancement. Anticipating more progress in the second half of this year and beyond, especially after finalizing its ESG process plan, the Company has already launched several noteworthy projects as outlined in the following paragraphs.

#### **Renewable energy and Energy waste management**

ThaiBev aims to source more than 50% of its energy consumption from renewable sources by 2030, currently standing at 38%. This achievement is mainly due to investments in solar cells and the utilization of existing biogas for steam generation as a replacement for fossil fuels. Furthermore, in 2023, the Company installed a 30-tonne biomass boiler, utilizing waste labels, sludge from wastewater treatment, and tealeaf to further diminish reliance on fossil fuel energy sources.

#### **Water Recycle and Management**

Given its significant reliance on water resources, ThaiBev has set a target to reduce water intensity by 5% by 2025 compared to 2019 levels, a milestone already surpassed with a 7.4% reduction achieved by 2023. However, the Company acknowledges potential challenges posed by the Water Resources Act, B.E.2561 (2018), which may lead to water tariffs increase in Thailand; the excise rate is 0.5 Satang per cubic meters, potentially affecting production costs for beverage products.

#### **Waste Management in Packaging Business**

ThaiBev actively manages waste generated from its packaging operations, particularly focusing on glass packaging. In 2023, the Company achieved a 97% collection rate of products sold in Thailand, with 60% of collected materials being reused. The remaining waste is responsibly recycled through glass manufacturing factories. Looking ahead, the Company aims to achieve a 100% recycling rate for all beverage-packaging materials by 2040, including glass, paper, PET bottles, and aluminum cans.

#### **Social concerns**

In response to changing consumer preferences and health concerns, the Company is focused on transitioning to more non-alcoholic beverage options and providing low-and no-sugar products. Since 2014, ThaiBev has consistently decreased the sugar content in its products, with current formulations containing less than 6 grams per 100ml. As of 2023, healthy beverages accounted for 79% of its non-alcoholic beverage (NAB) sales in

Thailand, nearing the Company's target of 80%. Furthermore, 73% of its NAB offerings have been recognized as "healthier choice" options.

#### Employee Safety

ThaiBev has encountered a recent challenge with a rise in the total number of reported accidents. In 2023, the total number of accidents increased by 73 from 2022. To address this, the Company has introduced continuous educational programs for employees and has installed warning signs in high-risk areas. However, discussions with the Company revealed that the current safety measures are not as effective as desired, indicating a significant need for improvement in this realm. The Company has acknowledged the necessity of further reviewing its safety measures to effectively mitigate risks.

### **THAI OIL PUBLIC COMPANY LIMITED (TOP)**



#### **Context:**

TOP informed the news to the SET on September 4, 2023 that on September 3, 2023 around 9.00 PM, there was an oil spill incident during the oil discharge around the area of the Single Buoy Mooring (SBM-2) of Thai Oil Public Company Limited's refinery in Sriracha, Chonburi. The Company had mitigated the impacts with its immediate response by following the emergency oil spill plan in accordance with international standards. The valves connecting the SBM-2 were closed, the oil boom and dispersant had been put in place to prevent oil spread. The Company was in the process of investigating the incident and had received good supports from relevant government agencies and private sectors. At present, the oil leakage was under control and no human injury reported. This oil spill incident was expected to have no material interruption its refinery operation. The Company has insurance coverage under Property Damage and Business Interruption, Marine Cargo, Pollution Legal Liability, and Third Party Liability.

#### **Action:**

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

KAsset contacted TOP to clarify on this issue and discussed on its operation in the future.

#### **Outcome:**



TOP provided preliminary information that the Company would continue to expedite actions to resolve and mitigate any impacts that might occur. TOP assured that their operation on refining process would be safe and appropriately run to minimize customers' impact. The insurance company had been in the process for surveying the damage to evaluate and consider if any compensation following insurance policies' condition. This would be in accordance with the conditions of the policies. TOP expected to record actual expenses related to this event in 3Q23 financial statement, actual date the event took place and would record compensation from insurance company later. Recently, TOP informed the news to the SET on September 5, 2023 that in the evening of 4 September 2023, the expertise team evaluated that oil stain's direction moving in parallel to Koh Sichang. However, from the latest survey in the morning of 5 September 2023, no large oil stain found and only piece of thin oil film could be seen at the surface of the sea. TOP would continue to survey to make sure that there were no oil stain spreading to the coast.

#### **Action:**

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

KAsset contacted TOP to update on oil spill situation.

**Outcome:** 

On November 21, 2023, TOP updated that the Company had recorded expenses related to the oil spill incident amounted 155 million baht in the 3Q23 financial statement, most of which were expenses related to cleansing and removing of the oil slick. TOP expected that the 3<sup>rd</sup> party damage should be limited because the oil stain had not reached the shoreline. The Company was still in the process of finding root cause of this incident. Moreover, TOP estimated that it might take 10-12 months for SBM-2 to be revived for use.

**VIETNAM DAIRY PRODUCTS JSC (VNM VN)**



**Context:**

It is undeniable that cattle farming has been causing much of a debate on environmental issues as one of the main contributors to air pollution and land degradation especially from ammonia emission and soil erosion. Dairy companies have seen the importance of sustainably, and responsibly operating the business under relevant legal obligations starting from the farms down to the customers. VNM, as one of the top dairy producers in Vietnam, has gone green in a number of ways through their farming method and dairy production with the former including cattle caring and soil regeneration, and even a penetration into nut-based milk. As such, Vinamilk presentably adopts the Green Farm model that combines green agriculture practices together with modern environmental management to promote a healthier farm-to-table supply chain.

**Action:**

KAsset discussed with VNM in details about the development plan and positive impact from this project.

**Outcome:** 

VNM has implemented initiatives to achieve the government-declared net zero emissions target at COP26. The Green Farms employ modern waste treatment system and turn waste into resources such as organic fertilizer for grassland, methane gas to pasteurize milk for calves, and dry grass as fodder. In order to reduce greenhouse gas emissions, they have applied organic atomic carbon technology to reduce methane emission from the cattle and used renewable energy source for the farms. Currently, 87% of its total energy consumption was considered green. For soil, under organic concept, VNM allows soil to go into naturally regenerative cycle with no chemicals or pesticides involved. One of their factories and farms in Nghe An province has become the first entity to achieve carbon neutrality according to the PAS2060:2014 standard. As of year-end 2022, VNM had greened more than 1,182 hectares of pastureland through farming activities to provide grass for free-range cows, and it covers 70% of land usage on those farms. Thus, KAsset acknowledged of their plan, and would continue to monitor the developments.

## GOLDEN VENTURES LEASEHOLD REAL ESTATE INVESTMENT TRUST (GVREIT)



### **Context:**

From the effect of the global warming and climate change which cause natural disasters occurring more frequently and with more severe effect such as drought, flood, earthquake, and inclement weather. As a result of human's day-to-day activities creating higher level of CO2 in the atmosphere, leading to global warming effect.

GVREIT has the energy-saving offices building like Park Ventures Ecoplex and Sathorn Square which have obtained LEED certification and promote business plan following the plan and policy relating to social, environmental, and good governance, that have regularly hosted events and activities to raise the awareness of people of such problems.

One of the major environmental problems is air pollution derived from car's engine combustion that generate CO2; which is one of elements of greenhouse gas leading to global warming problem and climate change. As a result, many countries have encouraged their population to use electric cars nowadays, which is environmental friendly without the need for gas in the combustion process, hence there is no exhaust, no air pollution, and also no noise pollution since the electric motor produce less noise comparing to conventional combustion engine.

### **Action:**

On behalf of the Trustee who has to monitor the REIT and act on behalf of investors, KAsset discussed with the REIT manager and the Property manager regarding ESG activities conducting as part of sustainable management that is related directly to the GVREIT. KAsset has considered and approved budgets supporting ESG activities with aims to create steady and sustainable returns for the REIT. One of the events that Park Ventures Ecoplex and Sathorn Square have conducted every year is to turn off electricity for 1 hour (60+Earth Hour), as to be a part of an international climate change event. For this year, the event took place during 9.30 pm – 10.30 pm of 25 March 2023, covering the common areas of the building including; pine tree's lighting, staircase lighting, façade decorating lights, etc.

In September 2023, Sathorn Square has placed electric vehicle charging station (EV Charger) allowing 3 cars charged at the same time, to support electric car users, being friendly to environment.

### **Outcome:**



GVREIT helped supporting and creating aware in lower carbon emission and energy efficiency.

CO2 which is a major global warming factor could be reduced from energy conservation, and people are more aware of the situation and would like to be a part of the event to solve the problem of global warming.

To facilitate electric car users and encourage building users considering to switch to electric car, to reduce CO2 which is an important cause of air pollution.



## **CENTARA HOTELS & RESORTS LEASEHOLD PROPERTY FUND (CTARAF)**



### **Context:**

Food waste problem in Thailand is now become more severe and still not managed in appropriate way. This issue has gain many attention and concern to several parties .It is also impact in Samui Island which the Centara Grand Beach Resort Samui Hotel (“the Hotel”) located.

### **Action:**

KAsset, as the fund manager, had discussed with the management of the Hotel regarding their ESG-related operation plans and believed that the Hotel had recognized the significance of the matter. To sustainably resolve the problem, the Hotel had reprocessed their organic waste by investing in a bio-digester project to convert food waste and other organic waste to “Biogas”. Currently, the Biogas fuel was used in the Hotel’s kitchen.

### **Outcome:**



The bio-digester could handle organic waste of 230 Kilograms of per day in total, and could produce biogas equivalent to liquid propane gas (LPG) of 10.58 kg per day. Greenhouse gas emissions could be reduced by 194.76 tons of carbon dioxide equivalent per year.

## **ADANI GROUP (Adani)**



### **Context:**

In January 2023, rumors began to emanate that Adani Group had manipulated its stock prices and financial reports, laundered money, and engaged in tax corruption through the group's listed companies, resulting in a decline in Adani Group and its affiliated companies' stock prices of 20-60%. The aforementioned scandal led Moody's to decrease its outlook for the Company, the Securities and Exchange Board of India (SEBI) to issue a formal investigation, and severely impacted investors' sentiment in the overall market as well as related sectors.

### **Action:**

KAsset investment team meticulously monitored the situation through various information sources as well as other possible impacts that may spread to the market and banking sectors. Moreover, the team traced all foreign feeder funds with possible investments in Adani Group and requested additional information from all Master Funds regarding investment exposure to Adani Group, expected impact to the funds, and possible remediation measures. The Investment Risk Committee also thoroughly discussed the situation, particularly in terms of on-going developments and way forward.

### **Outcome:**



Based on discussions with Master Fund Asset Managers for 14 funds, 7 funds had minor investment exposure in Adani Group, with investments primarily in bonds. Exposure in equity were small and merely to track the passive funds' indexes, fund with active position had already decreased its position since the news to mitigate contagion risks. Only one Manager had maintained approximately 3% bond exposure in Adani Group's affiliated companies, but reported that it had no plans to increase investments. The Manager also reported that most affiliated companies invested in are transparent and easily audited, possess clear revenue streams from long-term concessions, or are companies that conduct business in sustainable energy and have joint ventures with foreign companies making them less susceptible to corruption. In this regard, both Master Funds and KAsset will continue to closely monitor the situation for any changes or developments from the SEBI.

