

# Development of ESG Bonds in Thailand



22 August 2022

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# Everyone is VIP to sustainable development...

The Sustainable Development Goals (SDGs) are 17 interlinked global goals designed to be a "shared blueprint for peace and prosperity for people and the planet, now and into the future"



To achieved by 2030



## UN Principles for Responsible Investment (PRI)

- ✓ will bring about the optimum benefits for investors and sustainability for the overall capital market over the long term.
- ✓ PRI accounts for environmental, social and corporate governance issues.
- ✓ More than 5,000 global organizations as PRI signatories, representing over US \$121 trillion in AUM (June 2022)

# What are ESG bonds?

They are bonds that issuers will use the proceeds to finance projects related to Environmental, Social or Governance.

## Green Bonds\*

- any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects
- The eligible Green Projects categories include, but are not limited to:
  - ✓ Renewable energy
  - ✓ Energy efficiency
  - ✓ Pollution prevention and control
  - ✓ Terrestrial and aquatic biodiversity
  - ✓ Clean transportation
  - ✓ Sustainable water and wastewater management
  - ✓ Climate change adaptation
  - ✓ Green buildings
  - ✓ Circular economy adapted products, production technologies and processes



## Social Bond\*

- any type of bond instrument where the proceeds, or an equivalent amount, will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Social Projects.
- Social Project categories include, but are not limited to:
  - ✓ Affordable basic infrastructure
  - ✓ Access to essential services (e.g. health, education)
  - ✓ Affordable housing
  - ✓ Employment generation
  - ✓ Food security and sustainable food systems
  - ✓ Socioeconomic advancement and empowerment



## Sustainability Bond\*

- any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or re-finance a combination of both Green and Social Projects.



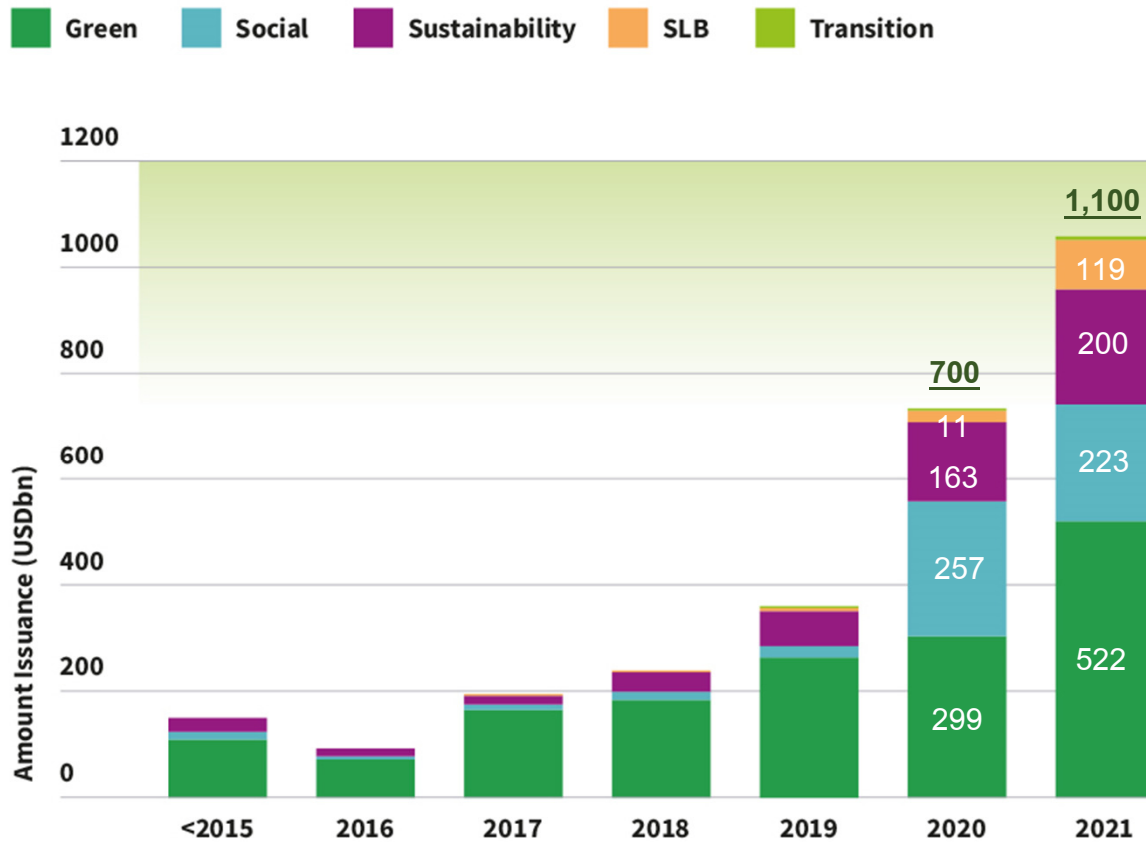
## Sustainability-Linked Bond\*

- are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives.
- SLBs are a forward-looking performance based instrument.
- The proceeds of SLBs are intended to be used for general purposes, hence the use of proceeds is not a determinant in its categorization.



\*Definition by ICMA

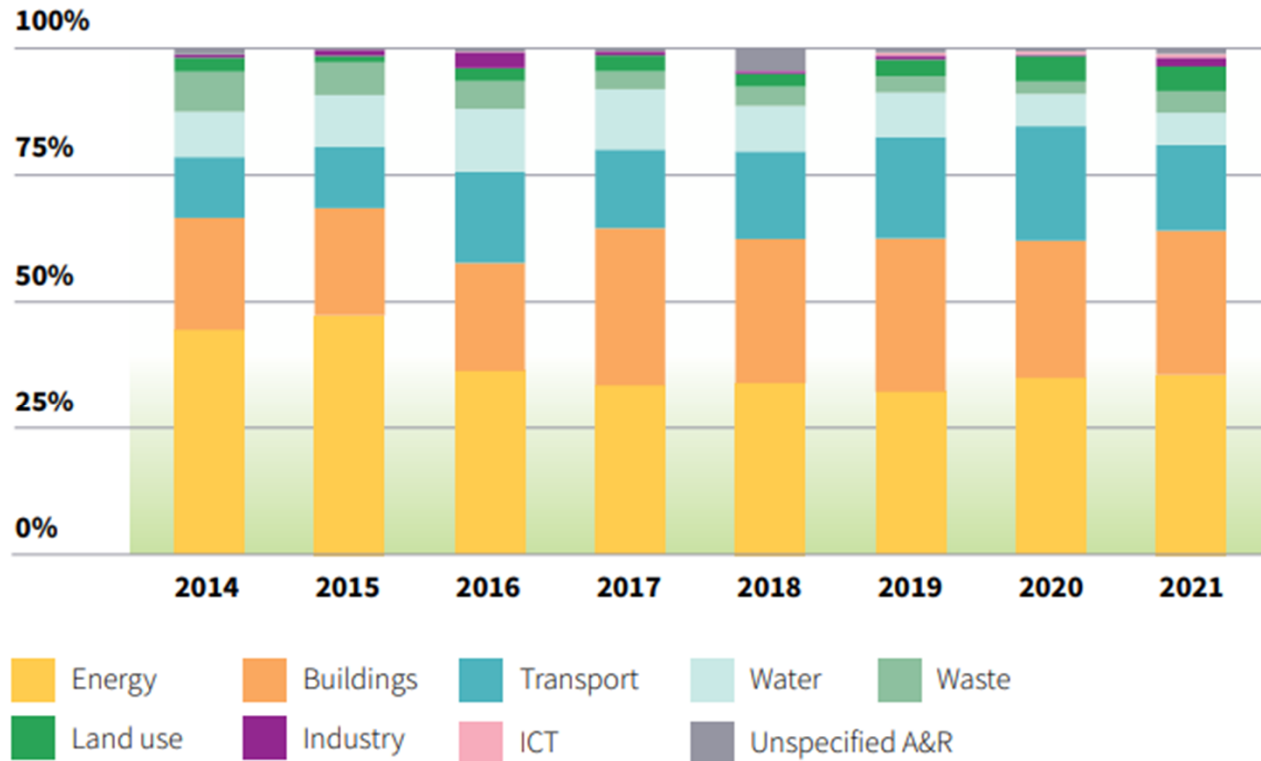
# Global annual sustainable debt issuance grew 57% YOY in 2021



© Climate Bonds Initiative, 2022

- The issuance value in 2021 amounting to almost USD1.1 tn, marking a 57% increase on the 2020 figure of USD700 bn.
- Green bond issuance broke through the half-trillion mark for the first time, ending 2021 at USD522.7 bn, 75% increase on prior year volumes.

# Use of proceeds from global ESG bonds



Source: Climate Bonds Initiative

- Top 3 use of proceeds are energy, buildings and transport which account for over 80% of overall use of proceeds.
- Energy, buildings and transport have been the main drivers of ESG bonds.

# Development of ESG bonds in Thailand

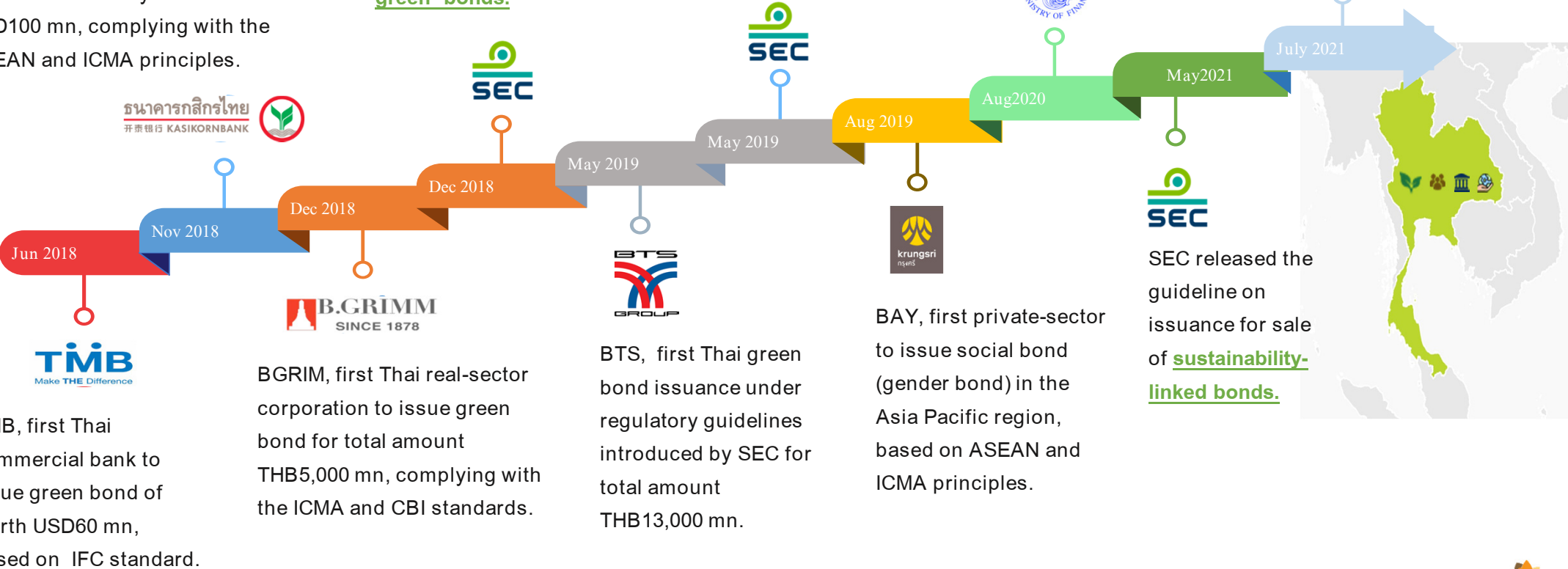
Kbank, first Thai issuer and first financial institutions from ASEAN to issue sustainability bond of worth USD100 mn, complying with the ASEAN and ICMA principles.

SEC introduced regulatory guideline of issuance for sale of green bonds.

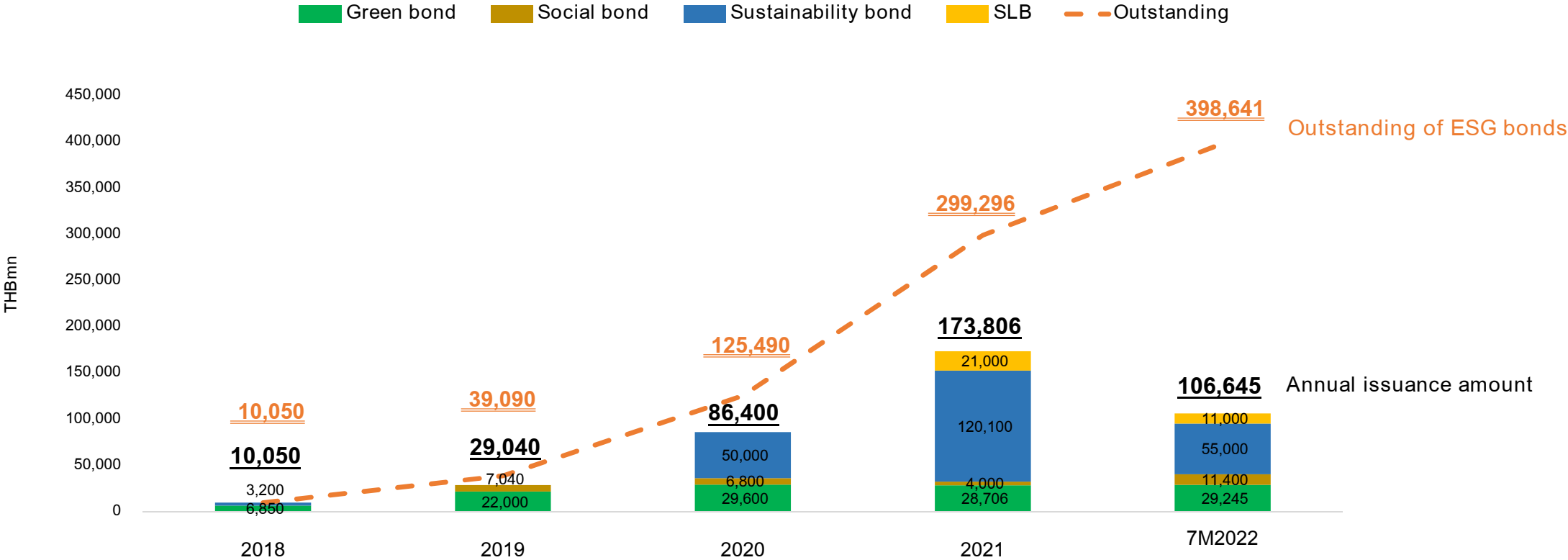
SEC released the guideline on issuance for sale of social and sustainability bonds.

MOF issued THB50,000 mn sovereign sustainability bond, which is first of its kind in ASEAN

TU, first Thai real-sector corporation to issue SLB for THB 5,000 mn, with externally verified by Sustainalytics

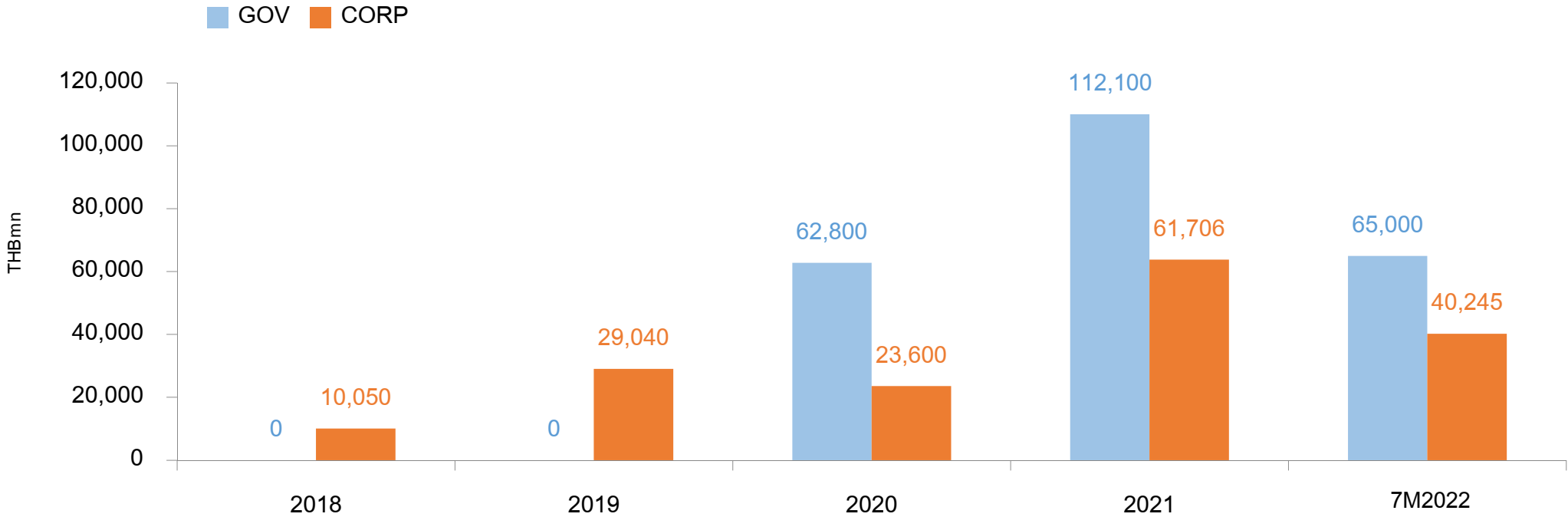


# ESG bonds issuance in Thailand



- ESG bond issuance in Thailand in 2021 doubled from the amount in 2020.
- In first 7 month of 2022, ESG bond issuance value total at THB106,645 mn.
- The outstanding value at the end of July 2022 rise to THB 398bn, representing 2.6% of total Thai bond market outstanding
- There are 72 ESG bond issues from 23 issuers.

# Type of ESG bond issuer in Thailand



No. of Issuer

Gov./Gov. agency	0	0	3	2	2
Corporate	3	3	4	11	9

Gov. = Government Bonds + State Own Enterprise Bond





# Samples of ESG bond issuers in Thailand

 <b>ptt</b>	Reforestation project	 <b>TOYOTA LEASING THAILAND</b>	Environmental friendly car hire purchases	 <b>B.GRIMM since 1878</b>	Solar farm projects in Vietnam	 <b>RATCH GROUP</b>	Wind farm project in Australia and Mass transit system development project-Pink line project section
 <b>E@ Energy Absolute</b>	Wind farm project		Loan to reforestation projects	 <b>bcpg</b>	Solar farm projects	 <b>BTS</b>	Mass Transit System Development Project -Extension to the north and south of The green line project section

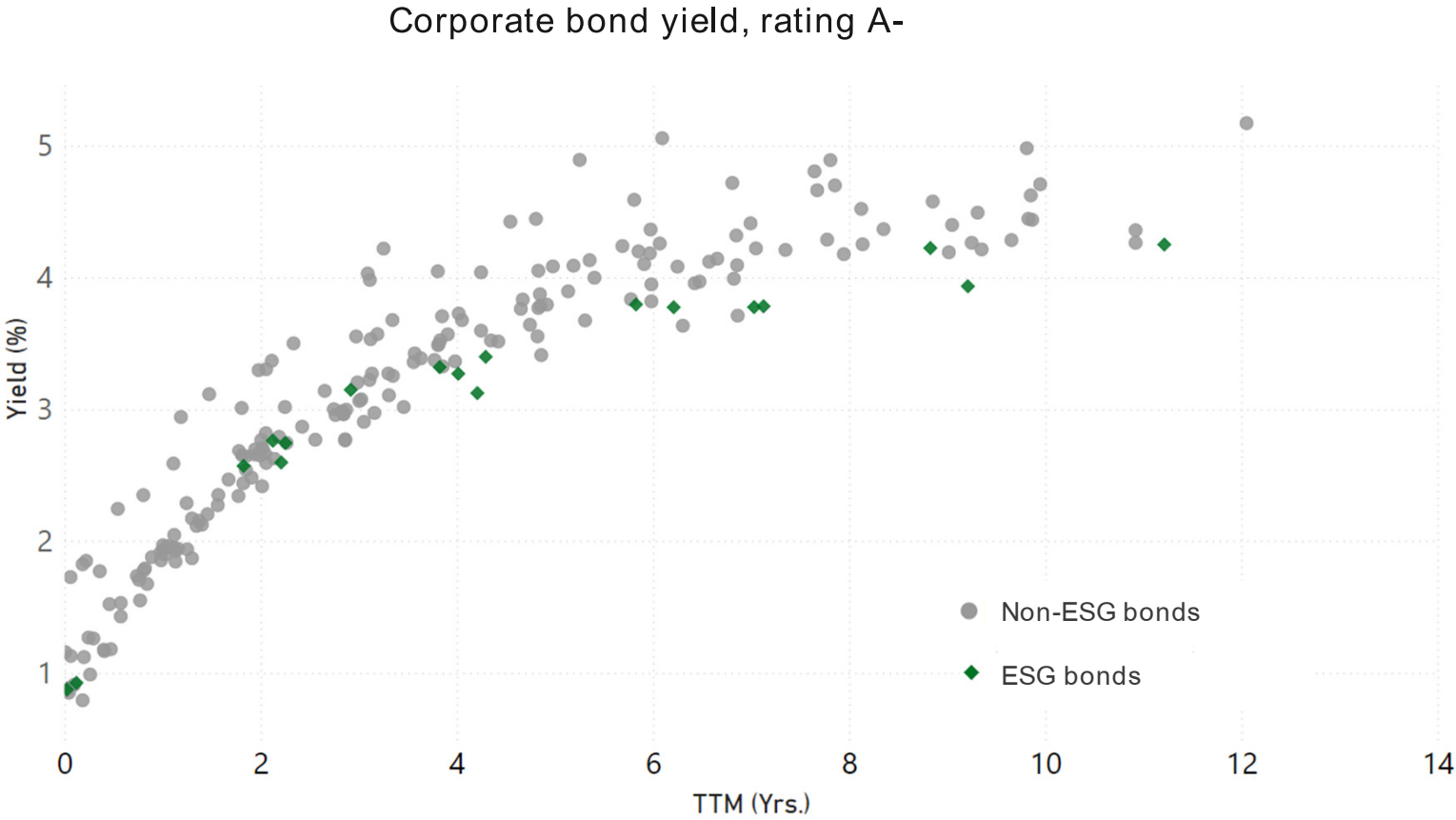
	Relief measures to mitigate the social and economic impacts from COVID19
	New housing development projects and home development projects
 <b>BEM</b> BANGKOK EXPRESSWAY AND METRO	Mass transit system developmental project-Blue line project section
	Loan to social or environmental projects



	Housing development projects for low income families
	To buy agriculture products from farmers who affected by COVID19

	Reduce CO2 emissions and PET bottle recycle projects
	<ul style="list-style-type: none"> <li>• Reduce CO2 emissions</li> <li>• Register in DJSI Emerging Markets</li> <li>• Setup Fishing Vessel Inspection System</li> </ul>

# YTM of ESG bonds in Thailand



➤ ESG bonds appear to have lower yield than non-ESG bonds

# Supporting measures

## ➤ ESG Bond Information Platform



<http://www.thaibma.or.th/EN/BondInfo/ESG.aspx>

### Green, Social, Sustainability Bond & Sustainability-linked Bond

[Green Bond](#)
[Social Bond](#)
[Sustainability Bond](#)
[Sustainability-linked Bond](#)
[Principles / Guidelines / Standards](#)
[ESG Bond Articles](#)

*Green bonds are broadly defined as debt securities where the proceeds are used exclusively for new or existing projects with climate and environmental benefits based on specified issuance principles or guidelines.*

[Registered Bond with ThaiBMA](#)
[Non-Registered Bond with ThaiBMA](#)

Export to Excel

Issuer Name	ThaiBMA Symbol	Issue Date	Maturity Date	TTM (Yrs.)	Cou... (%)	Rating	Outstand... (Mln.)	Curr...	Standar
<b>State Own Enterprise (Non-Guaranteed)</b>									
BANK FOR AGRICULTURE AND AGRICULTURAL COOPERATIVES	BAAC258A PP10	19-Aug-2020	19-Aug-2025	3.17	1.76	AAA(thai)/FI... (Thailand)	4,500.00	THB	ASEAN-GBS, II
BANK FOR AGRICULTURE AND AGRICULTURAL COOPERATIVES	BAAC308A PP10	19-Aug-2020	19-Aug-2030	8.17	2.76	AAA(thai)/FI... (Thailand)	1,500.00	THB	ASEAN-GBS, II
<b>Long-term Corporate Bonds</b>									
BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED	BTSG245A II/HNW	24-May-2019	24-May-2024	1.93	3.15	A/TRIS	3,000.00	THB	CBS, ASEAN-GBS
BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED	BTSG265A II/HNW	24-May-2019	24-May-2026	3.93	3.57	A/TRIS	2,700.00	THB	CBS, ASEAN-GBS
BTS GROUP HOLDINGS PUBLIC COMPANY LIMITED	BTSG295A II/HNW	24-May-2019	24-May-2029	6.93	3.86	A/TRIS	5,000.00	THB	CBS, ASEAN-GBS
ENERGY ABSOLUTE PUBLIC COMPANY LIMITED	EA227A II/HNW	11-Jul-2019	11-Jul-2022	0.06	2.61	A-/TRIS	1,000.00	THB	CBS, ASEAN-GBS
ENERGY ABSOLUTE PUBLIC COMPANY LIMITED	EA297A II/HNW	11-Jul-2019	11-Jul-2029	7.06	3.61	A-/TRIS	2,000.00	THB	CBS, ASEAN-GBS

# Supporting measures (Cont.)

## ➤ ThaiBMA's ESG Bond Index

ESG bond index is a tool for:

- ✓ Comparing the performance of ESG bonds to other asset class.
- ✓ Benchmark funds performance.

### 01 Pricing & Calculation

**Source:** ThaiBMA Mark-To-Market  
**Weighting:** Market Capitalization  
**Calculation:** Daily

### 02 Classification

**ESG:** SEC  
**Rating:** TRIS ,FITCH(tha)  
**Rebalancing:** Daily

### 03 Index constituents

**Inclusion:** Register date  
**Exclusion:** 1 day before maturity date, Not meet index requirement



### ESG Bond Indices:

- ✓ Government Bond ESG Index
- ✓ SOE ESG Index
- ✓ Corporate Bond ESG Index

**"WE DON'T HAVE PLAN B  
BECAUSE THERE IS NO PLANET B."**

**Ban Ki-Moon, Secretary general, United Nations,  
Speaking at Climate week NYC 2014**

For more information, go to visit



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