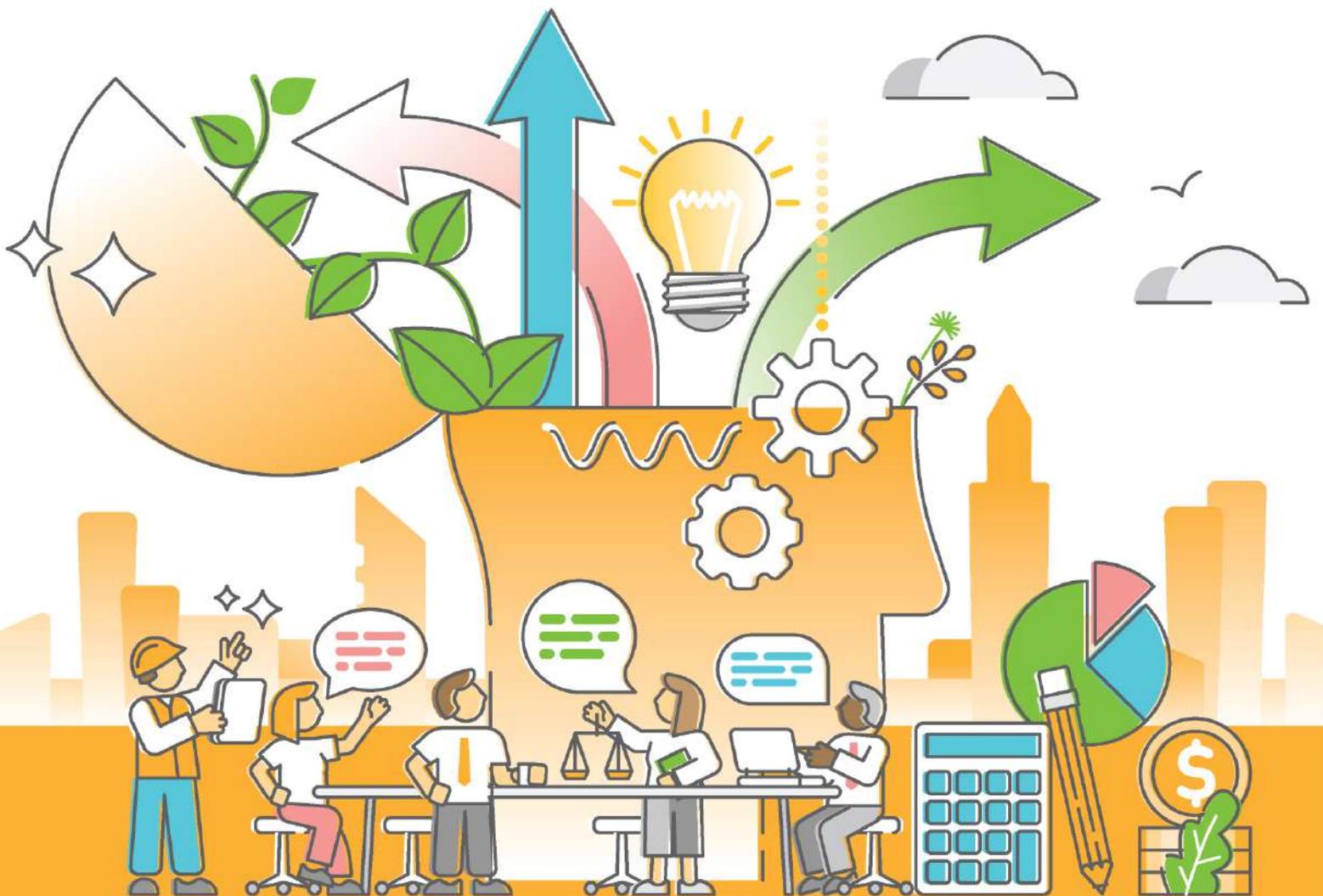
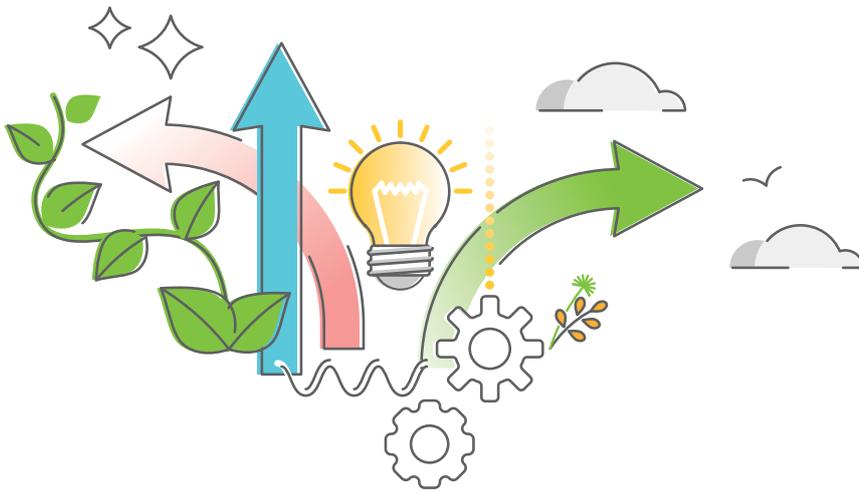


Criteria and Guideline

Corporate Sustainability Assessment 2022 for Thailand Sustainability Investment (THSI)





Introduction

1	Documents for Sustainability Assessment	5
2	Timeline	5
3	Sustainability Assessment Criteria to be on the THSI List	6
4	Detail of Corporate Sustainability Assessment	8
5	Sustainability Assessment Scores	48
6	How to Respond Sustainability Assessment	48
7	Document Attachments Preparation for Responding to Sustainability Assessment	49
8	Sustainability Assessment Submission	51
9	Selection for SET Awards in Sustainability Excellence	52

The Stock Exchange of Thailand recognizes the importance of a sustainable capital market. For this reason, SET is committed to enhancing the quality of listed companies to ensure that they demonstrate good governance practices and consideration for all stakeholders. This in turn will help them to achieve business growth together with social and environmental responsibility. SET has mandated that companies participate in **a corporate sustainability assessment** covering their environmental, social and governance (ESG) performance, which companies will be able to apply **as a development guideline** for improving their own sustainability processes, and for **benchmarking** their performance with other companies in their respective industries. SET will also use the result from this assessment into the following processes:

Development of the Thailand Sustainability Investment list and SETTHSI Index

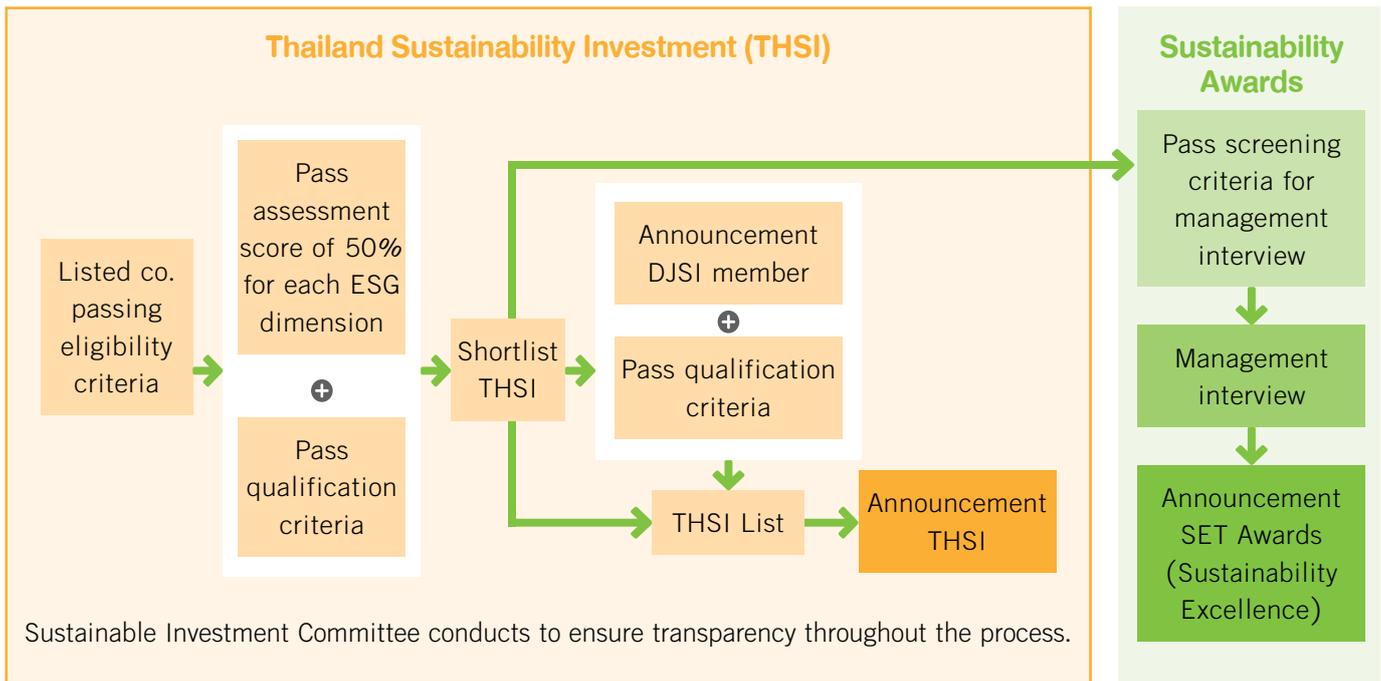
SET selects the listed companies that demonstrate the required sustainability assessment results in economic (including governance), social, and environment dimensions for inclusion in the **Thailand Sustainability Investment list (THSI)**. The list serves as a source of information for investors' decision-making, and in this way responds to the growing trend in responsible investment.

Furthermore, the listed companies in the Thailand Sustainability Investment list that demonstrate the qualities aligning with the SETTHSI Index selection methodology (for more information on the SETTHSI Index methodology, please visit <https://www.set.or.th/en/products/index/SETTHSI.html>) will be selected and announced as a member of the **SETTHSI Index**. This Index is intended to reflect the stock price movements of companies with sustainable business operations, and an option for investors wanting to invest in listed companies with outstanding ESG performance.



SET Awards in Sustainability Excellence

SET Awards in Sustainability Excellence are given to the listed companies that demonstrate sustainable business practices through good governance, well-rounded consideration for stakeholders, and active engagement in delivering positive impacts on society and the environment. The listed companies receiving the Awards not only serve as role models for others, but also serve as an inspiration for the widespread adoption of sustainable business practices. (For more information, please visit <https://www.set.or.th/setawards>).



Sustainable Investment Committee

Mr. Yuth Vorachatarn	Chairman
Mrs. Patareeya Benjapolchai	Committee
Mr. Veerasak Kositpaisal	Committee
Mr. Cholatorn Dumrongsak	Committee
Ms. Suvabha Charoenying	Committee
Dr. Chongprode Kochaphum	Committee
Dr. Pakorn Peetathawatchai	Committee
Dr. Soraphol Tulayasathien	Secretary of Committee



1 Documents for Sustainability Assessment

1.1 Application for Participation in the Corporate Sustainability Assessment

This is for stating to participate in sustainability assessment. Listed companies interested in sustainability assessment, please fill out the application form and send it in **pdf format** to SRcenter@set.or.th and cc: SETsustainability@gmail.com by **Apr 27, 2022**.



1.2 Corporate Sustainability Assessment Form

This is for use in response the Corporate Sustainability Assessment (CSA). This form will be prepared in **MS Excel** and sent via www.setlink.set.or.th by **May 31, 2022**. [\[Please study the details how to attach and submit sustainability assessment documents in page 51\]](#)

2 Timeline



③ Sustainability Assessment Criteria to be on the THSI List

3.1 Eligibility Criteria

The listed companies that are able to participate in the sustainability assessment are screened according to the following qualification criteria:

- 1 **Must not be** a company that was listed in the same year as the sustainability assessment, with the exception of listed companies that revised their shareholding structure by setting up a holding company, or that did not significantly change their business structures.
- 2 **Must not be** a company that was listed through a backdoor listing during the assessment year.
- 3 **Must not be** a company that can potentially be delisted, or is currently undergoing business rehabilitation.
- 4 **Must not be** a company that is in the process of requesting voluntary delisting.
- 5 **Must not be** a company that distributes shareholding in a manner where there are fewer than 150 shareholders or total shares of lower than 15% of paid-up capital.
- 6 **Must not be** a company which has a disclaimer of opinion on its financial statements, or has an adverse opinion from its auditor in the current and previous assessment year.
- 7 **Must not be** a company that has been suspended from securities trading due to a delay in the submission of its financial statement in the current and previous assessment year.
- 8 **Must not be** a company that received a C (Caution) sign from SET in the current and previous assessment year.
- 9 **Must not be** a company that saw irregular securities trading behavior exhibited by its board members and executives, or **must not be** a company with board members and executives who have untrustworthy qualifications according to the Notification of the SEC in the current and previous assessment year.

Please see a list of listed companies that have passed the preliminary selection criteria for the year 2022 at <https://www.setsustainability.com/libraries/989/item/THSI-2565>

3.2 Thailand Sustainability Investment Criteria

The Stock Exchange, through the Sustainable Investment Committee, evaluates the qualifications of the listed companies that will be included in the Thailand Sustainability Investment (THSI) list by referring to the following criteria:

3.2.1 Criteria based on the Corporate Sustainability Assessment

Selected from the list of those that voluntarily responded to SET's sustainability assessment and received a score of **at least one half (50%)** of the total score in each dimension (Economic, Environment, and Social), **or** from the list of companies that were selected as **members of the Dow Jones Sustainability Indices (DJSI)** during the assessment year.

3.2.2 Criteria based on company qualifications

Determined based on the information provided by companies in the current and previous assessment year, unless otherwise indicated.

- 1 **Must be** a company that received a score of at least 70% or 3 stars and above from the Corporate Governance Report (CGR) during the assessment year.
- 2 **Must not be** a company that can potentially be delisted, or is currently undergoing business rehabilitation, or is in the process of requesting voluntary delisting.
- 3 **Must not be** a company that reported an unfair connected transaction such that investors were warned by an official agency to exercise their own judgement in investing in said company.
- 4 **Must not be** a company that is in violation of SET's criteria for listed companies regarding independent directors and/or audit committee members, and free float.
- 5 **Must not be** a company that saw irregular securities trading behavior exhibited by its board members and executives, or **must not be** a company with board members and executives who have untrustworthy qualifications according to the Notification of the SEC during the current or previous assessment year.
- 6 **Must not be** a company that has been accused of or formally judged as guilty by officials or relevant agencies, or whose directors or executives have been accused of or formally judged as guilty by officials or relevant agencies on matters of corporate governance and social and environmental impact.
- 7 **Must not be** a company that received a qualified opinion from its auditor regarding its financial status, financial performance, or going concern on business operations in the latest financial statement and **must not be** a company which has a disclaimer of auditor opinion on its financial statements, or has an adverse opinion from its auditor in the assessment year.
- 8 **Must not be** a company that has been suspended from securities trading due to a delay in the submission of its financial statement and must not be a company that received a C (Caution) sign from SET in the assessment year.
- 9 **Must not be** a company that had a proportion of shareholding below zero during the latest financial statements.
- 10 **Must not be** a company that has fewer than 3 out of 5 years of reported net income, counting from the latest financial statements.
- 11 The Sustainable Investment Committee may consider other issues relating to corporate governance and social and environmental impact in their selection of companies for inclusion in the Thailand Sustainability Investment list.

4 Detail of Corporate Sustainability Assessment

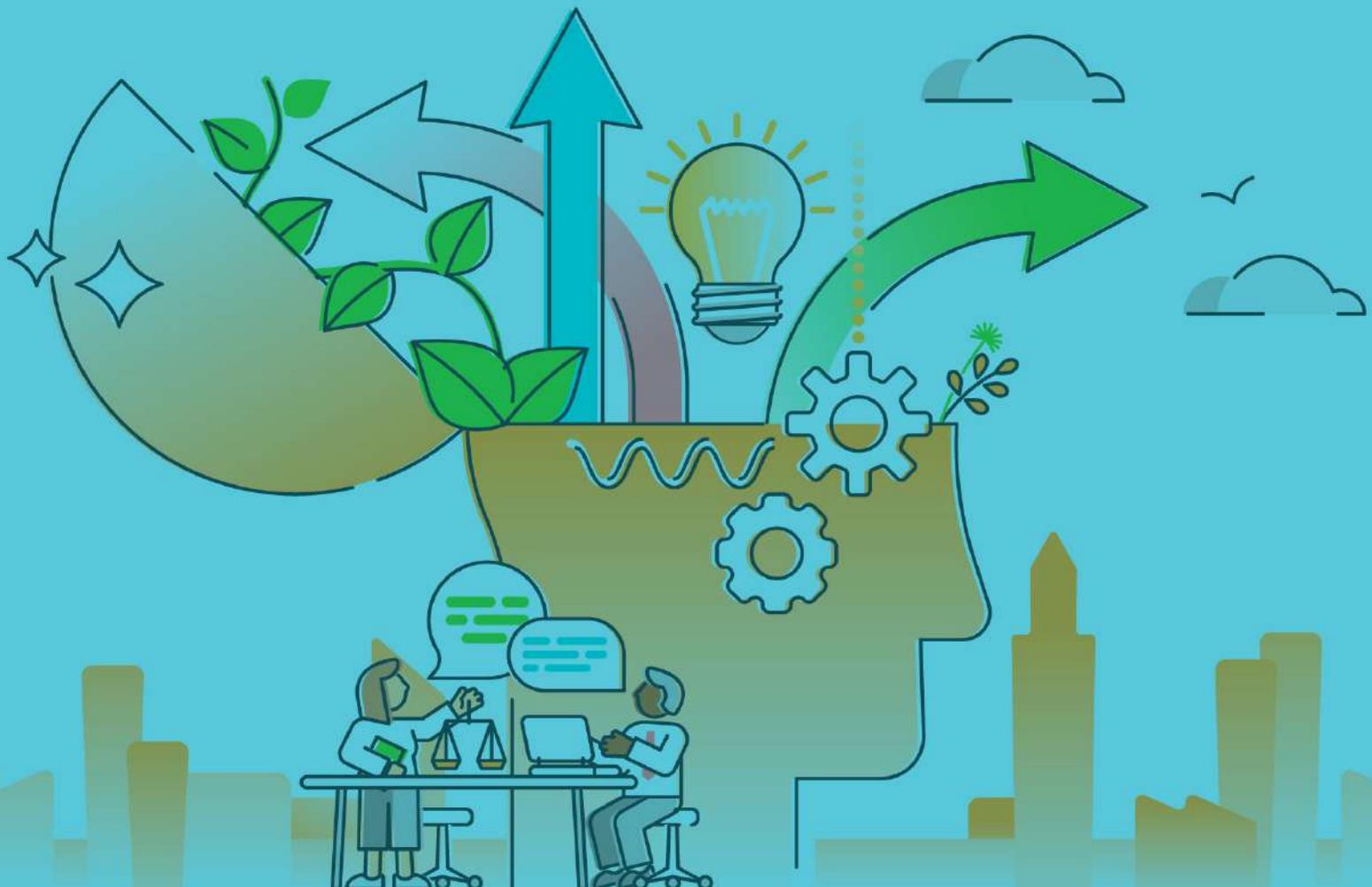
The Corporate Sustainability Assessment (CSA) is comprised of questions in 3 dimensions: Economic, Environmental, and Social. The CSA is designed to **align with the context and material issues of each of the 8 industry groups**. (For more information on industry sector classification, please visit: https://www.set.or.th/en/regulations/simplified_regulations/industry_sector_p1.html).

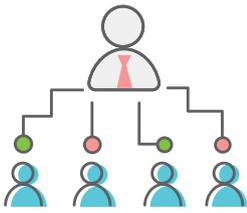
Dimension	Criteria	Industry Group							
		AGRO	CONSUMP	FINCIAL	INDUS	PROPON	RESOURC	SERVICES	TECH
Economic	Corporate Governance	●	●	●	●	●	●	●	●
	Code of Conduct and Anti-Corruption	●	●	●	●	●	●	●	●
	Risk and Crisis Management	●	●	●	●	●	●	●	●
	Materiality	●	●	●	●	●	●	●	●
	Customer Relationship Management	●	●	●	●	●	●	●	●
	Supply Chain Management	●	●	●	●	●	●	●	●
	Tax Strategy	●	●	●	●	●	●	●	●
	Business Innovation for Society and/or Environment	●	●	●	●	●	●	●	●
	IT and Information Security*			●				●	●
	Service Quality Management*							●	
	Product Quality Management*		●						
	Responsible Marketing*		●						
Environmental	Environmental Reporting	●	●	●	●	●	●	●	●
	Environmental Management	●	●	●	●	●	●	●	●
	Operational Eco-efficiency*	●	●	●	●	●	●	●	●
	Climate Strategy	●	●	●	●	●	●	●	●
	Building Materials Quality*					●			
	Product Responsibility*		●		●				●
	Responsible Sourcing*	●							
	Water Related Risk*	●							
	Biodiversity*					●	●		
Social	Social Reporting	●	●	●	●	●	●	●	●
	Human Rights and Fair Labor Practices	●	●	●	●	●	●	●	●
	Human Capital Development	●	●	●	●	●	●	●	●
	Talent Attraction and Retention	●	●	●	●	●	●	●	●
	Occupational Health & Safety*	●	●	●	●	●	●	●	●
	Community Engagement*	●	●		●	●	●	●	
	Stakeholder Engagement	●	●	●	●	●	●	●	●
	Digital Inclusion*								●
	Responsible Finance and Insurance*			●					
	Financial Inclusion*			●					

Note: *Industry-specific questions

Rationale and Best Practice

ECONOMIC Dimension





Criteria Corporate Governance

Rationale

A company should prioritize good governance to ensure for efficient and transparent management. Achieving this will generate trust among its shareholders and stakeholders, strengthen the organization, and promote sustainable growth.

Best Practice

A company should have in place good governance practices at both the policy and implementation levels, and should publicly disclose its governance performance results. Its board of directors should determine policies and best practices that cover the following issues: board independence, conflicts of interest, the efficient execution of responsibilities by board members, and board performance assessments and remuneration. Finally, the board should put in place an assessment process for its leaders or top-level executives that follows a clearly defined assessment criteria and also factors in their performance in economic, social and/or environmental aspects.

Criteria Structure

These questions will assess the corporate governance policy issued by the company's board of directors, its board structure, nomination process for board members and leaders, the establishment of sub-committees, and board performance. It will also assess the performance of the company's leaders or top executives, disclosure of the remuneration of board members, leaders, top executives, and employers as well as auditing fee that are related and unrelated to auditing purposes.



Criteria

Code of Conduct and Anti-Corruption

Rationale

Compliance to a code of conduct is an important element of corporate governance as it leads to the reduction of business and governance risks. A company should therefore develop a code of conduct that covers the policies and measures relevant to its material sustainability issues, have in place a monitoring process to ensure adherence to the code of conduct, and organize code of conduct trainings for its personnel to inspire their knowledge, understanding, and effective implementation.

Best Practice

A company should develop a code of conduct that covers the policies and measures relevant to its material sustainability and corporate governance issues. It should implement a monitoring process to oversee compliance to the code of conduct and ensure that its employees are regularly complying with the code. The aforementioned process should also consist of a channel for receiving complaints from both internal and external stakeholders, where they are able to report violations to the code of conduct or incidents of corruption. In addition, there should monitor the status of complaint management, measure for managing grievances, preventive measure from repetitive cases, and a process for reporting results to the board of directors or a responsible committee. Finally, a company demonstrate its role as a partner to the Anti-Corruption Network.

Criteria Structure

These questions will assess the coverage policy and measure of the company's code of conduct and the comprehensiveness of how it is monitored, enforced and prevented from repetitive cases, including reporting and disclosure of code of conduct breaches, as well as the company's participation in and support of the Anti-Corruption Network.



Criteria Risk and Crisis Management

Rationale

Risk and crisis management is crucial for long-term planning, as it ensures that a company is ready to adapt to future change and able to foster confidence among its investors. Given this, a company should have in place a clear risk management policy and mitigation plan, as well as top-level person who is responsible for independently managing risks and supporting enterprise risk management.

Best Practice

A company should formulate a policy related to enterprise risk management, and identify top responsible person for risk management and internal audit.

Furthermore, a company should include social and environmental issues in its risk assessment process and apply a systematic approach to risk management. This can be achieved, for instance, by establishing a risk tolerance level, assessing the opportunities and impacts of key risks, determining key risk indicators and appropriate risk management plans, and regularly monitoring and assessing risk management effectiveness. Risk management performance should also be reported to its board of directors. In addition, a company's risk assessment should cover "Emerging Risks," which are identified by analyzing the key trends and changes that could impact the company at the industry or enterprise level. These emerging risks should be highlighted and reported along with their respective mitigation plans. In addition, a company should have a process for crisis management covering critical risks and public health risks such as epidemics, Contagious diseases, etc. A company should work to promote a "risk culture" throughout the organization, and encourage continuous learning about risk and risk management among the board of directors, management, and employees.

Criteria Structure

These questions will assess the company's risk governance policy and structure, risk management process, identification and management of emerging risks, crisis management, and risk culture promotion at all levels of the organization, including providing knowledge on risks to directors, management, and employees.

Note:

Emerging risk means new risk that is identified and expected to have a long-term impact from 3 to 5 years on each industry. In some cases, this emerging risk may begin to affect today's business. However, emerging risks shall exclude existing risks.

Industry	Examples of Emerging Risk
Agro & Food Business	<ul style="list-style-type: none"> • Changes in the quantity and quality of the agricultural raw materials due to climate change • Consumer concerns on the transparency of the nutritional information and product labeling • Stricter import and export regulations regarding food and agricultural products • Increasing reputational risks and compensation in case of food products contamination • Increasing demand for sustainable products such as food products from responsibly sourced raw materials
Consumer Products	<ul style="list-style-type: none"> • Stricter regulations on the responsibility towards the products which have the impact on the consumers • Increasing reputational risks and compensation in case of products posing health risks • Tendency of the consumer concerns in regard to the products causing long-term health risks • Consumer concerns on the transparency of the nutritional information and product labeling • Intensifying competitiveness of the house brand retailers
Financials	<ul style="list-style-type: none"> • Risks from financial theft and identity fraud. • Changes in consumer behaviors as a result from advance technology and digital transformation • Increasing litigation risk in case of customers data breach

Industry	Examples of Emerging Risk
Industrials	<ul style="list-style-type: none"> • Changes in the quantity and quality of the raw materials manufacturing • Ability to maintain competitiveness by using innovations regarding substituted materials for cost reduction and business continuity • Stricter regulations, such as mandating reduced utilization of hazardous chemicals in production process, or hazardous waste management • Increased demand for sustainable products • Human resource's readiness and competency to maintain competitiveness and able to handle changing innovation.
Property & Constructions	<ul style="list-style-type: none"> • Emerging middle class and ageing society • Climate change, which may impact buildings' structure
Resources	<ul style="list-style-type: none"> • Regulatory change regarding climate change • New technology and increasing renewable energy consumption • Water scarcity or drought caused by climate change
Services	<ul style="list-style-type: none"> • Insufficient service delivery due to constant population growth at national and international levels • Insufficient services for customers with special needs such as elders and those with disabilities • Basic infrastructure of data security system is not efficient enough to protect customers' privacy • Insufficient service channels for customers who are shifting towards online and digital systems • Increasing litigation risk in case of customers data breach
Technology	<ul style="list-style-type: none"> • Risks from fast-paced innovation changes, which can affect production cost and the competitiveness • Risks from the laws and regulations enforced by the government, which affect business operations or cause higher operational cost • Increasing litigation risk in case of customers data breach



Criteria Materiality

Rationale

A “**material issue**” refers to an economic, environmental, or social sustainability issue that is relevant to the organization and its stakeholders, which has the potential to impact business operations and value creation for the organization’s shareholders in the present and future. Assessing materiality and disclosing strategies for managing such issues will help an organization’s stakeholders to acknowledge that a management approach has been developed to help the organization maintain its competitiveness and ability to create value over the long term – and therefore promote business sustainability.

Best Practice

A company should identify the material issues that can support its long-term value creation as well as address the United Nations’ Sustainable Development Goals (SDGs). During the materiality assessment process, it should provide opportunities for stakeholders to participate and propose material issues. Such materiality issues must be proposed to the board of directors, relevant committees, or top management to review and endorse, so that the issues can later serve as input for strategy and business plan.

After a company has successfully identified its material issues, it should determine relevant strategies, business plans, or develop products and services in response to those issues. It should identify clear targets and timeframes for implementation to ensure that there is an appropriate management process in place which will ultimately help the company to achieve business sustainability.

Criteria Structure

These questions will assess the company’s materiality assessment process, its strategies and targets for material issue management, as well as disclosure of material issues.



Criteria

Customer Relationship Management

Rationale

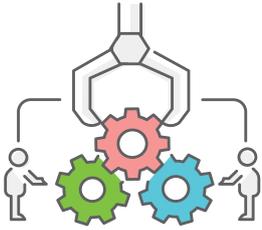
Good customer relationship management will foster customer or service user loyalty to the company's product or service, helping it to retain and expand its customer base over the long term.

Best Practice

A company should set quantitative targets for improving customer satisfaction and arrange for a customer satisfaction survey, following which the information gathered should be used to develop and improve its products, services, or business processes in line with customers' expectation.

Criteria Structure

These questions will assess the company's customer relationship management process, including target-setting, its customer satisfaction survey, and how the survey results are integrated into the development or improvement of its products and services or operational process.



Criteria Supply Chain Management

Rationale

A company's business operations must rely on raw materials, equipment, and the support of supplier services. Because of this, a company might run across reputational risks if its suppliers do not prioritize or comply with environment and safety requirements, or if they violate human rights principles. A company must therefore be aware of all of the risks across its value chain, as well as management covering both economic and social or environmental issues in order to lay out a procurement strategy for reducing costs, controlling product and service delivery times, and maintaining relations with its stakeholders.

Best Practice

A company should have an efficient approach to supply chain management that includes a process for identifying which suppliers are important for company and clear criteria for setting group of key suppliers. In addition, having a supplier risk assessment process covering social and/or environmental risks. It should have a process for mitigating risks through a sustainable supply chain management approach, wherein social and/or environmental issues are integrated into the procurement policy, supplier code of conduct, and screening criteria for new suppliers. It should also have a regular supplier monitoring or ESG on-site audit for the suppliers who possess high ESG risks.

A company should be able to express its engage to its suppliers by disclosing the policy of determining payment term with suppliers, comparing the actual average payment term. In addition, a company might organize projects/plans to promote and develop suppliers' sustainability practices in parallel with the company – to foster mutual growth over the long term.

Criteria Structure

These questions will assess the company's supplier risk management process, which includes its coverage of social and/or environment issues and sustainable supply chain management, as well as promotes awareness of sustainable business practices among its suppliers.



Criteria Tax Strategy

Rationale

The complete and accurate payment of taxes in countries where a company operates is a fundamental requirement and responsibility. Indeed, a company's tax practices is closely observed by all groups of stakeholders, and as a result has the potential to impact its reputation. Given this, a company should publicly disclose its tax policy and effective tax rate to demonstrate its transparency in tax practices.

Best Practice

A company should develop a systematic tax plan by creating a tax policy that mandates compliance to all relevant laws in the countries where it operates, full tax payments within required timeframes, and a taxation structure that does not in any way facilitate tax evasion. Such measures will demonstrate that a company is a responsible member of society. Finally, the tax policy and amount of tax actually paid/effective tax rate should be disclosed to stakeholders.

In case a company has amount of tax actually paid/the effective tax rate lower than the legal corporate income tax rate. The reasons should be explained. For example, a company is entitled to tax exemption or receive tax breaks from the Board of Investment (BOI), etc.

Effective tax rate is the percentage of a company overall taxable income that pays in taxes.

$$\text{Effective Tax Rate} = \frac{(\text{the income tax expenses} \times 100)}{\text{Earning Before Tax}}$$

Criteria Structure

These questions will assess the coverage and public disclosure of the company's tax policy and amount of tax actually paid/the effective tax rate (percentage) in comparison with the tax rate that the company has to pay under the law.



Criteria

Business Innovation for Society and/or Environment

“**Innovation**” refers to positive developments that increase efficiency, effectiveness, and added value for a company and its stakeholders over the short and long term. It can include product, service, or process innovations, new work processes, and the development or improvement of existing issues.

“**Business Innovation for Society and/or Environment**” refers to innovations that, aside from generating economic benefits for the business, can also create value for the society and/or environment.

Rationale

Integrating sustainability issues into the development and improvement of innovations can enhance economic, social and/or environment benefits at the same time. This is one way in which companies can generate added value for itself and its stakeholders. It is also a contributing factor to the success of an organization, helping it to maintain competitiveness, stimulate development, create various markers of differentiation, and create value for society and/or the environment.

Best Practice

A company should give priority to the development of business and social or environment innovations in order to create added value for itself, its stakeholders, society and the environment. It should do so by implementing mission or policies and methods that promote the development of business and social or environment innovations, where such innovations should also be evaluated in terms of their business and social/environmental quantitative impacts, and publicly disclose its business and social or environment innovations to allow external stakeholders to learn from and utilize.

Criteria Structure

These questions will assess the development and improvement of innovations that benefit the economy, society and/or environment. It will also assess the measurement of the quantitative impacts of its innovations, and the communication to stakeholders.

Issues to Watch

- Your company should provide reference to innovations that create value for both the business and society and/or environment. Innovations that create value only for the business will not be accepted as an answer.
- In measuring the impacts or results of innovations, the company should include product, service, or process innovations that are not older than 2 years, counting from when the product was first sold, the service was first provided, or when the process was first implemented.



Criteria IT and Information Security

Questions for industry group:

FINCIAL / SERVICES / TECH

Rationale

The Financial, Services and Technology business has continuously adopted more digital systems and information technology to conduct business over the past decade. These systems could significantly increase the efficiency of the organization, however, they also pose a greater risk on IT security and information security.

Such events could negatively affect the reputation and credibility of the organization as well as causing the financial risks. Financial risk could due to cost of security system installation required for prevention of the increased cybercrime, or compensate the damages from the case of lost or stolen sensitive information. In addition, the company may be affected by business continuity risks resulting from damage of the corporate information system or infrastructure. Besides, loss of income and loss of business opportunities due to loss of customer base could also be the consequently results accordingly. Therefore, the company should emphasize and set operational guidelines as well as assigning responsible personnel to ensure IT security for the corporate information systems and information privacy.

Best Practice

The company should establish a guideline for the management of IT and information security by assigning the responsibility to a director or an executive or an management team or person who performs duty at the operational level for supervision or management of IT and information security, as well as policy focusing on IT security, protecting data privacy and data access control. Besides, the company should set a guideline for information security and information technology e.g. operating manual, information management system, the hierarchy of data access by users, the guideline for security protection of the information technology and Business Code of Conduct, which indicates details for security protection of data and information technology).

The company should establish a measure to assess the safety system and monitor relevant incidents. The efficient training on cyber safety and security for employees also should be provided.

For companies in Technology and Financial industries, they should have in place customer notifications measure regarding data retention and data protection that includes type of data collected, application of customer data, data consent management, retention period of customer data and data breach management plan.

Criteria Structure

These questions will assess the management of data and information security by considering policy, responsible personnel, operational guidelines, and preventive measures and preparedness in case of an incident related to cyber security.



Criteria

Service Quality Management

Questions for industry group:

SERVICES

Rationale

The management process for delivering quality service is a fundamental factor for the company in the Services industry. Quality services management should prevent reputational risks of the company and maintain customers satisfaction with continued company services.

Best Practice

The Company should establish a guideline for service quality management by determining policy on service quality management. The policy should demonstrate the commitment to meet the standard requirements related to the organization's main services such as ISO Standards. The quality management system shall be determined for consistent improvement. Besides, the company shall establish target, operational plan and details for quality control and operational efficiency improvement in line with the policy.

Criteria Structure

These questions will assess policy on service quality management, target and procedure of service quality control.



Criteria

Product Quality Management

Questions for industry group:

CONSUMP

Rationale

The management process for delivering quality and safe products is a fundamental factor for the company in the Consumer Products industry. Product with quality and safety should prevent reputational risks of the company and maintain customer satisfaction with continued company services.

Best Practice

The Company should establish a guideline for quality management by determining policy on product quality management. The policy should demonstrate the commitment to meet the standard requirements related to the organization's key products (e.g. ISO Standards, Industrial Standards (TIS) or product specific standards). The quality management system shall be determined for consistent improvement. In addition, the company should set targets for quality control and process to control the product quality management. For the product recall process, the company should establish a policy that represents the intention to support and allocate sufficient resources for the product recall. The company shall determine recall procedure covering the key information, such as recall objective, responsible personnel for the operation or coordination in the product recall process and the process from the early stage to the final stage.

Criteria Structure

This criterion aims to assess quality management and product recall. For quality management, it will assess the policy, and system for product quality management. For product recall, it will assess the policy, and product recall procedures.



Criteria Responsible Marketing

Questions for industry group:
CONSUMP

Rationale

Effective marketing could increase the company's ability to reach the target customer and consumer groups. Marketing also acts as a communication and advertising channel of the product benefits according to the company's marketing communication strategy. Therefore, responsible marketing is important, as the consumers are able to acknowledge the basic information and precautions in the product utilization. Such information is important for the decision-making process of the products that meet the needs, tastes, personal necessity, and the well-being of consumers.

Best Practice

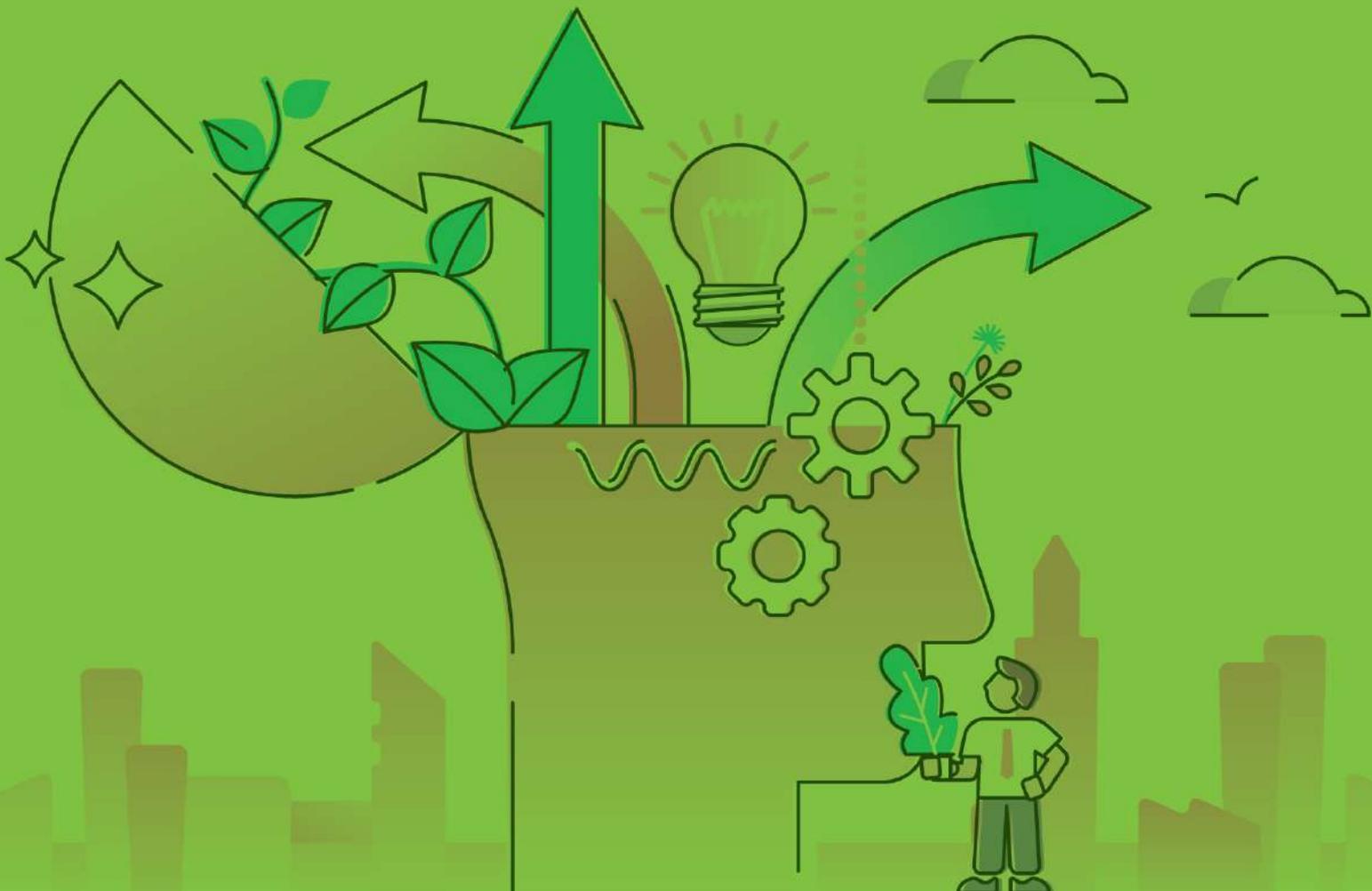
The company should establish responsible marketing guideline by setting the policy or the guideline covering key issues (e.g. marketing in conformity with the regulations and the consumer rights, responsible product labeling with necessary details, appropriate marketing towards the children and youth, marketing through digital channels).

Criteria Structure

This criterion aims to assess the policy or guideline announced through public channels regarding responsible marketing, and activity demonstrating the responsible marketing practices towards consumers.

Rationale and Best Practice

ENVIRONMENTAL Dimension





Criteria Environmental Reporting

Rationale

A company's environmental practice is an important issue that must be managed – regardless of industry – in order to reduce costs, conflicts with communities, and reputational risks. Reporting on environmental performance is therefore a way for a company to demonstrate its commitment to environmental management, as well as transparency to its stakeholders.

Best Practice

A company should report on its environmental performance including its environmental policy, short-term (1-2 years) and long-term (minimum of 3 years or longer) quantitative targets, environmental operations, and its performance according to international reporting standards. Furthermore, it should disclose the quantitative benefits that it receives from the products, services, or processes that improve environmental quality.

Criteria Structure

These questions will assess the company's reporting of its environmental performance, including the details of its environmental policy, short- and long-term quantitative targets, and its disclosure in line with international standards.



Criteria

Environmental Management

Rationale

An environmental management system enables an organization to develop plans and record environmental performance in a well-organized manner. A company that has a good environmental management system in place will have the higher tendency of improving its environmental performance, reducing costs, and decreasing the financial risks associated with environmental regulation violations.

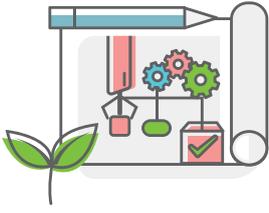
Best Practice

A company should develop an environmental management and governance policy that covers key operational issues and supports its environmental requirements and material issues. The policy should also include controls for the environmental impacts of its business activities, concerning issues such as pollution, waste, and resource consumption.

Moreover, the company should clearly designate a responsible owner for managing and overseeing environmental operations, including identify the relevant environmental management processes within the organization. This can be achieved by making environmental performance one of the company's targets or key performance indicators. In addition, a company should encourage its employees to take part in environmental management within the organization.

Criteria Structure

These questions will assess the coverage of the company's environmental policy, its identification of a responsible owner for environmental management, environmental targets, and how it promotes employee engagement on environmental management within the organization.



Criteria Operational Eco-efficiency

Rationale

The efficient management and consumption of resources is a baseline for reducing the risk of shortages of limited natural resources. It is therefore imperative that businesses in all industry sectors prioritize maximizing resource use efficiency, and consider approaches for reducing resource use and unnecessary waste creation.

Best Practice

A company should have in place a process for monitoring resource use in its operations, including its electricity/energy consumption, water consumption, waste reduction from business processes, as well as the reduction of waste and other related pollutants. An efficient resource management approach would include the setting of an intensity target – per production unit, revenue, or person – as it is a more accurate reflection of resource efficiency. Moreover, a company should operate to promote efficient resource use as a way to improve performance and tangibly meet its targets. Finally, results should be monitored on a regular basis.

Criteria Structure

These questions will assess the company's electricity/energy, water and waste reduction. It will assess its environmental targets, its operations aimed at various types of resource and waste management efficiency. This includes measuring or comparing the results obtained before – after the operation to reduce electricity/energy consumption, waste and the use of water.

Questions for industry group:

INDUS / PROPCON / RESOURC

Regarding the nature of the business that may cause environmental effects from hazardous waste and emit air pollution from business activities such as SO_x, NO_x, PM, VOC, Gypsum etc., company should therefore set quantitative target for reducing hazardous waste and air pollution emission, including consideration of a project to support the efficiency of operations for managing such hazardous waste and air pollution. Lastly, results should be monitored on a regular basis.

Essential Information

Definitions: Types of Waste

- **General waste** refers to other kinds of waste that have difficulty decomposing and are not worth reusing, and which are not included in the categories of biodegradable waste, recycled waste, or hazardous waste. (In the case that a company does not separate biodegradable waste or recyclable waste, it should be counted as general waste).
- **Hazardous waste** refers to objects that are no longer used or waste that has been contaminated with dangerous substances such as explosive, flammable, oxidized, poisonous, infectious, and radioactive materials; materials which may cause genetic modification, corrosion, or irritation; and any other material including chemicals or other substances which may cause harm to humans, animals, plants, assets or the environment, or which have hazardous properties. (This definition of hazardous waste is in accordance with legal definitions).
- **Non-hazardous waste** refers to waste that does not possess any hazardous properties, such as waste from manufacturing processes, leftover wood pallets, and office equipment.

References

- 1 Biodegradable waste and its benefits by the Pollution Control Department,
https://www.pcd.go.th/wp-content/uploads/2020/05/pcdnew-2020-05-24_04-01-30_968463.pdf
- 2 Announcement by the Ministry of Industry on Sewage and Unused Objects Elimination Rules B.E. 2548.

The management of disposed waste can be implemented by considering Mitigation Hierarchy measures, including avoid, minimize, re-use, recycling. Good practice can be started from the determination to have a waste separation project in order to know the amount of different types of waste and then to be managed to reduce and eliminate waste appropriately.



Criteria Climate Strategy

Rationale

Climate change impacts business operations across all industry sectors to varying degrees, and such impacts could potentially lead to business continuity risks. A company should therefore formulate a strategy for managing climate change in order to reduce the impacts of potential risks on the organization, and engage in reducing greenhouse gas emissions from its operations.

Best Practice

A company should be prepared to manage the potential impacts of greenhouse gas emissions and contribute to its reduction – therefore reducing the cause of global warming. It should begin by assessing climate change risks using climate processes or a scenario analysis, and applying relevant tools to identify the impacts of such risks to the company, including having a risk mitigation plan related to climate change.

It should further engage in reducing greenhouse gas emissions by setting quantitative emissions targets, having projects to reduce greenhouse gas emissions in line with the company's main business, monitoring performance, and disclosing greenhouse gas emissions.

Criteria Structure

These questions will assess the company's global warming mitigation plan and climate change risk management process, starting from its risk assessment and risk management plans to its target and performance, including disclosure of greenhouse gas emissions data.

Essential Information

Examples of climate-related risks

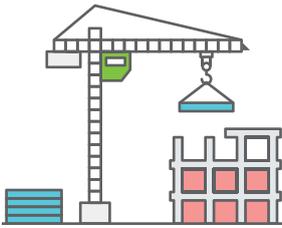
- **Strategic risks** e.g. business strategy and operations disrupted by climate change.
- **Operational risks** e.g. the company's assets or operations affected by droughts or floods.
- **Financial risks** e.g. lower revenue or higher costs of business adaptation related to climate change.
- **Regulatory risks** e.g. changes in government policies in response to climate change may affect business operations.

Definitions: Scopes of Greenhouse Gas Emissions

- **Scope 1 emissions** are greenhouse gas emissions that are directly emitted by the company from electricity production, heat or steam generation. It also includes emissions from company's manufacturing processes, process leakages, and fuel combustion from its logistics fleet.
- **Scope 2 emissions** are greenhouse gas emissions that are indirectly emitted by the company from electricity use.
- **Scope 3 emissions** refer to other types of indirect greenhouse gas emissions, such as from business activities carried out between an organization and external parties. Examples include the outsourcing of manufacturing and services; waste and packaging waste treatment for a company; logistics operations by external fleets, such as the transport of raw materials from manufacturers, employee travel for business-related purposes, and greenhouse gas emissions from leased assets or franchises, etc. Given this, Scope 3 emissions are not included in the setting of reduction targets as they fall outside of a company's operational control.

(For more information on greenhouse gas emissions reporting, please refer to:

<http://www.tgo.or.th/> and <http://ghgprotocol.org>)



Criteria

Building Materials Quality

Questions for industry group:

PROPCON

Rationale

Companies in the Real Estate and Construction industry are fundamental to public utility system, transportation system, building and large-scale construction. Such projects require a large amount of materials and resources for the construction and development, including the construction process that can play a part in reducing the environmental impact. Therefore, the company shall establish and manage the product procurement process by thoroughly considering the quality of the building materials used in the construction and environmentally friendly in the construction process in order to control its impact on the environment and society.

Best Practice

The company shall establish a policy and framework to support the construction and eco-friendly building management such as green building design and construction, manufacturing or using energy efficient materials, prohibiting the use/production of building materials contained Asbestos or hazardous chemicals, utilize the building materials undergone the Life Cycle Assessment (LCA) etc.

In addition, the company shall establish an operational guideline for the internal use or the contractors to reduce waste from the construction or building material manufacturing process, and to encourage recycling or reproducing. The policy and waste management plan shall also be incorporated in the construction design or building material manufacturing, waste reduction target, efficient waste management training for the employees and contractors, or buy / sell / trade the building materials as recycled products.

Criteria Structure

This criterion aims to assess quality of building material by considering the policy and operational framework that support the eco-friendly construction and building management, reducing the waste from the construction process and building material manufacturing.

Essential Information

- Construction and demolition waste from buildings) are waste generated during the construction and left after the construction process completed.
- Recycling unused materials and parts support the circular economy that aims to manage waste from manufacturing process through the process of re-material or reuse. If the company is able to reuse the materials in the manufacturing process of the company, or reuse as raw material for other company, it is considered as provision of support in for circular economy.



Criteria

Product Responsibility

Questions for industry group:

CONSUMP / INDUS / TECH

Rationale

Managing the environmental impact of the product is one of the important issues. Due to the current global trend, both climate change and population growth, the number of natural resources required for manufacturing process of consumer products is mandate to be utilized effectively. The efficient use of resources will prevent the risks on business continuity and comply with environmental regulation. Moreover, such practice will demonstrate the company's ability in market opportunities creation and reduce marketing risks at the product level. Additionally, the company shall integrate a sustainable guideline for new product development by setting an effective strategy and managing resource consumption to minimize environmental impacts.

Best Practice

The company should establish operational guidelines for product development by clearly setting the environmental policy for products development i.e. reducing non-renewable resource consumption, reducing air and water pollution, reducing waste, reducing hazardous chemicals, reducing the energy and resources in product usage, increasing product life span, recycling the expired products to the manufacturing process and biodegradation etc. In addition, the company should set up an initiative to support the reuse of raw materials, materials, parts or packaging to support the circular economy, by focusing on waste management from manufacturing and consumption with re-material and reuse methods.

Criteria Structure

These questions will assess the process of implementing environmental issues in product development and renewable resource consumption.



Criteria Responsible Sourcing

Questions for industry group:

AGRO

Rationale

Companies in the agro and food industry group heavily rely on a large amount of agricultural raw materials. Therefore, companies should consider sourcing method for quality raw materials, which would not have environmental and social impacts. This should part of a guideline for sustainable business operation principles. Consequently, responsible raw material sourcing can reduce risks, and further reflects responsible raw material sourcing practices of the organization.

Best Practice

The company should set forth a framework for responsible raw material sourcing by establishing policy, which addresses key issues. Issues comprise approach to reduce chemical and pesticide, operational approach to improve sustainable agriculture, approach to protect the biodiversity, approach for appropriate use of water resource, approach for raw material sourcing from the manufacturer without legal non-conformity, operational approach in respect to the human rights and significant risks (such as anti-child labor, anti-forced labor and legal alien workforce). In addition, the company shall establish traceability process.

Criteria Structure

These questions will assess responsible raw material procurement practices by focusing on the establishment of policy on responsible procurement and process for raw material traceability.



Criteria Water Related Risk

Questions for industry group:

AGRO

Rationale

Water is a fundamental component for the business. Sourcing of sufficient freshwater with desirable quality for the business operations, amidst the impact of climate change, is considered essential for the company. Therefore, the company should establish a guideline to meet the demand for water consumption and minimize the impact upon the stakeholders, who share the same water source, especially for the surrounding community in the water scarced area.

Best Practice

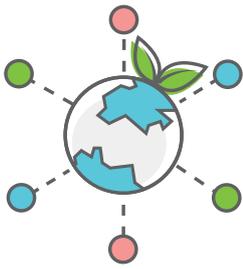
The company should establish a guideline to manage water related risks by establishing policy and water management plan at the organizational level. As well, a systematically monitoring of the water quantity at the local level should be achieved. The scenario analysis should be conducted and analyze the operational impact, potentially caused by the change in quantity or quality of the water. Besides, the company should assess the risks and determine the frequency of risk assessment associated with the water consumption on significant issues i.e. changes of quantity or quality of water, change of regulations, water conflict with the stakeholders, water pricing etc. The results of the water risk assessment should be used to determine the water management initiatives/ plan to reduce the organizational risk or risk at the establishment level.

Criteria Structure

These questions will assess the processes that the company uses to manage water related risks, risk assessment intervals, identification important water risk assessments at the enterprise level, and implementation of risk assessment results.

Issues to Watch

- If the company outsources an external organization for internal water management, the company should provide the current strategy and guideline in water management implemented by the external organization
- If the company uses the water from the public water supply, the company should establish a guideline in case the public water supply service is suspended.



Criteria Biodiversity

Questions for industry group:
PROPCON / RESOURC

Rationale

Corporate business activities in the Resources and Real Estate and Construction industries require natural resources for the key raw material manufacturing. Large-scale construction sometimes requires deforestation for construction areas, which may pose significant impacts to the eco-system. Therefore, such activity must be appropriately managed to lessen the risks of the regulatory violation, which could affect the renewal of business licenses and reputation of the company.

Best Practice

The company shall disclose the biodiversity or environmental policy covering the ecological restoration, eco-system protection, and monitoring the benefits and values of the eco-system. Moreover, the company should promote protection or restoration of the natural resources or eco-system by integrating the mitigation hierarchy measure such as avoid, minimize, restore & offset.

Criteria Structure

This criterion aims to assess biodiversity management by considering biodiversity policy and ecological restoration or protection activities relating to impact from business operation.

Rationale and Best Practice

SOCIAL Dimension





Criteria Social Reporting

Rationale

A company's social practice is an important issue that must be managed – regardless of industry – to reduce risks and potential negative impacts to the organization. For this reason, social reporting, including but not limited to the reporting of information on employees, community satisfaction, or occupational health and safety, is a way for a company to demonstrate its commitment to social management and transparency to its stakeholders.

Best Practice

A company should report on its social practices, including its quantitative social targets, operation, and performance against indicators according to international reporting standards. In addition, a company should disclose the measurable benefits that it receives from the products, services, or projects that focus on improving the qualities of lives for individuals in society.

Criteria Structure

These questions will assess the company's social reporting, covering its quantitative social targets and its disclosure according to international standards, including the benefits that the company receives from improve the quality of life.



Criteria

Human Rights and Fair Labor Practices

Rationale

Currently, the world community is expecting business to take into account human rights issues and to have ways to reduce the impact of business that may affect the well-being and rights of various groups of stakeholders.

Comprehensive human rights policy, fair employee and labor practices, having a process to support the well-being of employee and regular monitoring and compliance with human rights policy are considered as part of meeting the expectations of its stakeholders and also shows the responsibility of the company as a part of society. This is an important driving force for business development for sustainability and in line with human rights principles.

Best Practice

A company should formulate a human rights policy that covers employee and its stakeholders as well as treating employee/labor in accordance with such policy i.e. employment of disabled, opportunities for employees to enter into collective bargaining to welfare and agreement that affect employee.

A company should establish a human rights due diligence process that takes into account human rights risks arise both within the organization and in the supply chain, including guidelines for risk management related to human rights to prevent or mitigate impacts as well as having remediation process when a company's operations cause human rights abuses. Moreover, a company should disclose the human rights risks and the management process on these issues to its stakeholders.

Criteria Structure

These questions will assess the company's human rights policy, fair labor practices based on human rights principles as well as expanding the scope of human right coverage to the value chain, including the completeness of Human Rights Due Diligence process.



Criteria Human Capital Development

Rationale

Talented employees are vital to the success of a company's business strategies and to the increase in its opportunity for developing products and business innovations. Human capital development is also another means by which a company can attract individuals to engage in mutual development alongside the organization.

Best Practice

A company should determine a systematic approach to human capital development by first conducting a training needs assessment based on employees' roles and responsibilities or employee performance evaluations. It should then identify a direction for human capital development by setting systematic targets for knowledge promotion projects, which will enable the effective monitoring of training results. In addition, it should record statistics of the average training hours of employees per year and measure the benefits that employees and the company receive from employee development projects in order to evaluate the success of projects against their objectives.

Criteria Structure

These questions will assess the company's processes for employee development and career promotion and advancement; how it analyses training needs and sets training targets, develops projects, statistics of the average training hours of employees per year, and measures the benefits received from trainings.



Criteria Talent Attraction and Retention

Rationale

A company that is able to attract and retain talented employees will be able to maintain its competitive advantage and has the greater opportunity to achieve its business strategies. An approach for employee attraction and retention will include a framework for determining employee benefits and remuneration over the short and long term, and is based on the performances of employees at all levels in the organization.

Best Practice

A company should determine an approach for employee attraction and retention by first assessing the performance of all of its employees using clearly defined assessment criteria. The assessment should refer to the employees' achievements, following which the results should be used to determine an employee's remuneration level and for developing performance improvement projects.

Meanwhile, a company can monitor employee engagement by setting quantitative targets and monitoring the results of employee satisfaction and/or engagement, which can then be analyzed and used for developing projects for improving employee satisfaction and management. It should also report on the aforementioned results to employees, and disclose its turnover rate to demonstrate its ongoing commitment to improving and enhancing employee management.

Criteria Structure

This question will assess the company's employee performance evaluation process and how the results of the evaluation are used to determine employee remuneration and training projects. It will also assess how the company evaluates employee satisfaction and/or engagement to develop projects, how it communicates such results to employees across the organization, and finally, the disclosure of its turnover rate.



Criteria Occupational Health and Safety

Rationale

Occupational health and safety at the workplace is an issue that companies must prioritize. Failure to do so could lead to significant impacts to the organization in terms of financial risk, which could ensue from decreased production due to missed work days, or reputational risks, caused by fatal accidents that occur due to unsafe working conditions. On the other hand, a company that manages occupational health and safety well will be able to guarantee a highly productive work environment for its employees, and this in turn will contribute to their increased engagement with the organization.

Best Practice

A company should manage the employees' health and safety in their work environments, consider the occupational health and safety risk of employees and contractors that may occur in the operation process as well as specify preventive measures and reduce risks arising in the operating process. (The contractor here refers to the direct contractor of the company or a subcontractor working in the company's workplace.)

The company should record Lost Time Injury Rate (LTIR) or Lost Time Injury Frequency Rate (LTIFR) or Absentee Rate (AR), including fatality of employee and contractor. This is to investigate the cause of the incident and establish knowledge programs as well as training to raise awareness and be able to cope with the risks from the work environment.

Criteria Structure

Questions for industry group:

FINICIAL / TECH

These questions assess the target of improving occupational health and safety related to employees, including implementing projects to support employees good health and well-being both providing knowledge or raising awareness on health and safety, implementation, including measurement and assessment.

Questions for industry group:

AGRO / CONSUMP / INDUS / PROPCON / RESOURC / SERVICES

These questions assess health and safety risks management to prevent and reduce in the work environment arising in the operation process of employee and contractor. Including the recording of statistics of fatality of employees and contractor.

For the Industrial and Resources groups, which cause risks during the manufacturing process and pose high environmental and safety impacts in case of an accident, the company should assess the records of the incident regarding the process safety.

Essential Information

Definitions: Safety Statistics*

- **Lost Time Injury** refers to injuries that lead to at least 1 missed day of work (counting from the day on which the accident occurred).
- **Lost Time Injury Rate (LTIR)/Lost Time Injury Frequency Rate (LTIFR)*** can be calculated by using the following formula:

$$\frac{\text{Number (cases) of injuries (during the reporting period)} \\ \times 2,000,000 \text{ or } 1,000,000 \text{ hours worked}}{\text{Number of hours worked (during the reporting period)}}$$

- **Ergonomics** refers to the change of working conditions in a way that is appropriate to the worker, or the systematic improvement or change in working conditions to ensure that work is done correctly and quickly, reduces errors, improves safety, and reduces stress and fatigue.

Note: * Questions on lost time injury frequency rate and ergonomics are only applicable to certain industry group questionnaires.



Criteria Community Engagement

Questions for industry group:

AGRO / CONSUMP / INDUS / PROPCON / RESOURC / SERVICES

Rationale

Communities and civil societies today have widely awakened to the impacts of business operations and are able to access and disseminate information relating to such operations much more rapidly than ever before. Because of this, companies must control for the risk of reputational damage and ensure smooth business operations through positive engagements with local communities or the public sector.

Best Practice

A company should demonstrate its engagement with relevant communities and society by assessing their concerns regarding its operations, and subsequently laying out an approach for mitigating its impacts on communities and the wider society. It should strive to engage in community development, or sustainably address social problems through its business processes, by first analyzing a community/society's problems or needs, the benefits that a community/society and the company should receive from such development efforts, and then integrating the results of the analysis into a joint community engagement or problem-solving strategy. This will ensure that there is a clear and sustainable development direction. Moreover, such an approach should include performance and benefits monitoring to assess whether or not it adheres to the strategy, plus a calculation of the quantitative benefits received by the business in terms of quantity/value/economic returns (for example revenue, profits, cost or risk reduction), and output or outcome of social returns received by the community/society.

Criteria Structure

This question will assess how the company evaluates the negative impacts of its activities or projects on communities and societies, including the process of monitoring to reduce the impact on the community and society, and how it engages in community development or sustainable problem-solving through businesses processes. It will consider starting from problem analysis, expected results, and the company's strategy, benefits received by society, and how it monitors progress according to strategy.

Issues to Watch

- The above criteria should be answered by referring to information relating to business processes. Answers related to "CSR after process," such as donations, outreach or volunteer activities by employees that are unrelated to business processes will not be accepted.
- Benefits from community development or social problem-solving that are related to corporate image, reputation, or social acceptance/license to operate will not be accepted.



Criteria Stakeholder Engagement

Rationale

A company must have a process for engaging with the stakeholders that it expects would be impacted by its business operations, or alternatively, would impact its ability to operate. This will help the company to recognize the expectations of key stakeholders as part of its decision-making on business activities. Moreover, it is an opportunity for the company to identify a strategic direction that responds to stakeholders' expectations as well as creates long-term value for all stakeholder groups.

Best Practice

Creating a stakeholder engagement process that includes all stakeholder groups would consist of: a policy that provides opportunities for stakeholders to engage with the organization; activities/projects that promote engagement and thereby enable the identification and prioritization of stakeholder issues, and collaborations with stakeholders to create mutual benefits. At the end of this, a company's stakeholder engagement activities should be reported to its board of directors.

In addition, the company should identify an approach for stakeholder engagement within the organization to drive sustainability. It should require the board of directors and company leaders to have a role in determining the company's policy and monitoring performance. It should also require that employees contribute to stakeholder engagement or ensure that they are able to propose relevant ideas.

Criteria Structure

These questions will assess the company's stakeholder engagement approach by evaluating its stakeholder engagement policy and activities to engage as well as internal stakeholder engagement within the organization to drive sustainability.



Criteria Digital Inclusion

Questions for industry group:

TECH

Rationale

The company who enhance the stakeholders' business or daily life activities through a digital system could positively receive an impact in term of customer base expansion to all users in the society. Such actions also support the accessibility of the customers, service users, and the society to the information, news, knowledge and research that are currently kept in a digital form. As a result, sustainability towards the society could be created. Capacity of the society could also be improved through digital inclusion that is an advantage of the business, reflecting the commitment to the societal development of the company other than the sake of business activities.

Best Practice

A company should check the impact of operations on a regular basis as well as use its potential and expertise to participate in community development by announcing the commitment and establishing an operational plan to ensure digital inclusion in the society. The company should set the guideline of the launch social value-added products and services by providing accessible channels for the information technology for communication such as products or initiatives for the low-income group or residing in the distant areas from the network system. The products could also equip the assistive technology designated for the disabilities such as vision and body assistive devices, or voice command devices. Besides, the provision of accessible services channels for the disabilities, or provision of knowledge on using technology properly and safe for the society should also be considered.

In addition, the company must be able to identify the quantitative benefits to society and the Company's economic return from the products / services or activities that support access to information technology for communication.

Criteria Structure

These questions will assess the examination of operational impacts, including policy and guidelines in increasing digital inclusion opportunity and the provision of social value-added products and services for the stakeholders to access to the information technology for communication. Additionally, measurement of social and business outcomes should also be assessed.



Criteria Responsible Finance and Insurance

Questions for industry group:

FINCIAL

Rationale

Commercial banks, financial institution and insurance institutions are currently facing increased pressure and expectations from the stakeholders, regarding credits or insurance support for customers who conduct inappropriate business. Such business is relevant to the risks of violating environmental regulations or human rights. In addition, the support of such businesses could pose a significant negative impact on the organizational reputation as well as financial risk arisen from an inability of the customer to repay the principal or interest on schedule. This situation may be caused by the fact that the project's loan request was not properly considered prior to loan approval.

Best Practice

Financial institutes should establish and disclose responsible lending and investment policy as well as risk assessment process. The process shall consider environmental, social and corporate governance (ESG) issues, and establishment of a measure for anti-fraud and anti-corruption, which are industry-wide risks.

Insurance institutes should establish and disclose insurance policy in accordance with the Principles for Sustainable Insurance (PSI), covering the environmental, social and corporate governance (ESG) aspects in product launching. Additionally, the insurance institute shall collaborate with the stakeholders to ensure the awareness and transparency in the responsibility towards the sustainable insurance to the public.

Good practices for responsible finance and insurance also cover consideration the environmental, social and corporate governance aspects (ESG) in products or services development as well as investment decision such as credit approval or mortgage which supports the ESG, providing advice or counsel on ESG related issues for the loan applicant and insurance customer, and securities investment which incorporates the ESG issues.

Criteria Structure

These questions assess the responsible lending, responsible investment, responsible insurance policy and disclosure. Additionally, the product and service development considering ESG issues shall be assessed.



Criteria Financial Inclusion

Questions for industry group:

FINCIAL

Rationale

Increasing accessibility for the stakeholders to the financial and insurance services could create a positive impact on the company in term of customer base expansion. Accordingly, the company could support the customers, users and the society for personal financial management efficiency, which could enhance the long-term economic strength and reflect the commitment of the company in developing the society other than the business activity.

Best Practice

The company should announce the financial inclusion commitment and operational plan for the financial and insurance services. It should set an approach for provision of social value-added products or services. This may comprise financial and insurance knowledge sharing for the small business or underprivileged groups; provision the access to the financial/ insurance services for the low-income groups; provision of the access to the financial and insurance services for the disabilities; financial and insurance knowledge sharing for the low-income groups; provision of designated channels for the product and service expansion to the geographically underserved groups; provision of the additional service channels for transaction of the underprivileged groups; or establishment of an insurance program for specific groups, such as agriculture insurance or disability insurance for the workers.

In addition, the company must be able to identify the quantitative benefits to society and the Company's economic return from the products or services that create added social value.

Criteria Structure

These questions will assess the financial inclusion practices for the financial and insurance services by considering the company's commitment, including product and service procurement create social values in order to enable the stakeholder's accessibility to the financial services. In addition, the measurement outcome of society and business as well as the monitoring on the results of products or services that create added social value should be assessed.

5 Sustainability Assessment Scores

The score of each indicator is designated in advance. **Questions marked with * at the end of the questions** It means that question having of scoring criteria, **consisting of full score, half score, and no score.** Thus, a company shall respond all indicators or provide as much information as possible.

The score will be received upon selecting the indicators and providing completely supporting documents. The total score of indicators will be calculated and processed through weighted method of each criteria categorized by industry group.

The Stock Exchange of Thailand will provide the score and recommendation to companies after the announcement of Thailand Sustainability Investment (THSI) list.

6 How to Respond Sustainability Assessment

6.1 Placing a checkmark

To respond the indicator by using a checkmark . In place of

6.2 Respond indicators which reflect a company's operation

Supporting documents must be attached to respond the indicators.

6.3 Do not modify format or questions in the assessment from in order not to cause any wrong questions



7 Document Attachments

Preparation for Responding to Sustainability Assessment

7.1 No more than 3 supporting documents attached to each indicator.

Examples of supporting documents in the assessment are only initial examples. If there are other documents to provide clearer support to the indicator, please attach those documents.

7.2 Indicate the attachment number, name of the attachment and clearly specific place of information (page number, item number, and paragraph number)

e.g. **Attachment 3 Annual Report, Nomination of Directors, Chief Executive Officer, and Executives, no. 2.1, paragraph 2)**

7.3 Refer to the attachment as a website

Please indicate the accurate and complete web link. When clicks, this information should be shown clearly.

7.4 Attach specific documents that are relevant and clearly identified

7.5 Refer to existing and prepared documents

The documents shall not be newly prepared.

7.6 Use up-to-date supporting documents

- The documents is of the current year and previous assessment year.
- Company can attach policy / measurement / practice guidelines which were made in the past but are still effective.

7.7 Abbreviate only part of the content

- When the referred information is a part of the full report, the first page, table of content, and related page can be selected while the complete reference of the full report or other unrelated pages are not necessarily included.
- When the supporting document is a report which shows the same information from many pages, a few pages can be referred to as examples.

7.8 Confidential supporting documents or content

Confidential content can be covered and message related to the questions can be submitted.

7.9 Do not refer the same set of information from many documents

If the referred information is the same such as 56-1, One Report, Corporate Social Responsibility Report, Sustainability Report, or websites, **please refer only one source of the information as supporting document.**

7.10 Repetitive supporting documents

Existing file can be used and no need to duplicate the file with the same information.

7.11 Documents shall not receive any score

- Document contains broad information with no specific information and does not provide stright answer nor related answer to questions.
- The position of the support information cannot be clearly and specificly placed.
- When the attachment is a web link, and no information immediately appears after the click.
- Any written explanation or descriptive responses.

8 Sustainability Assessment Submission

	File Format	Submission
Sustainability Assessment	Electronic file in MS Excel	Submit via www.setlink.set.or.th
Attachment	Electronic file (1 file per 1 attachment) The file's name should be the number and name of the attachment	Submit via www.setlink.set.or.th

How to submit electronic files via www.setlink.set.or.th*

- An assigned person shall **login to www.setlink.set.or.th** to submit the information (the assigned person shall be authorized by the Administrator of the company to access to the function of Sustainability prior to submitting the information to the web).
- **Go to** CG/SD portal >> Sustain_portal >> Sustainability Assessment Folder >> 2022 >> Symbol of Company (Please select a folder of company' symbol before uploading)
- Sustainability Assessment file (in MS Excel) and other attachment files **are in the folder of the company's symbol**. For easy searching, **please separate the attachment files into sub-folders categorized by economic, social, and environment dimensions and name the folders in English**, in the form of "Company_Dimension" i.e. AAA_ECONOMIC, AAA_ENVIRONMENT, AAA_SOCIAL.
- **The attachment files can be named in Thai.**
- **Upload those folders in the form of zip file to the web.** The total size of the file per one folder shall not exceed 50 MB per one uploading (if the folder is larger than 50 MB, it can be separately uploaded again by designating sub-folder in numeral order i.e. AAA_SOCIAL1, AAA_SOCIAL2.

*Please see details in Thai version.

⑨ Selection for SET Awards in Sustainability Excellence

In addition to the sustainability assessment that will be used to select THSI, it is also used to select SET Awards in Sustainability Excellence. The Selection criteria are as follows:

- Selected from the list of those that voluntarily responded to the sustainability assessment and who are qualified to be in THSI shortlist with a score passing the criteria of the SET's sustainability assessment designated for each group of Market Cap.
- The selected company shall be contacted in advance for an interview of which the company can choose date and time for the interview as specify by the SET.
- The interview includes providing presentation and answers the questions relating to the company's sustainability performance to the judging committee of the Sustainability Excellence Award. The presentation topic will be informed to the company by the SET prior to the interview date.

For more details of the SET Awards, please visit <https://www.set.or.th/setawards>



 Sustainable Development Department 1
The Stock Exchange of Thailand

 066-2009-9882, 066-2009-9885 and 066-2009-9889

 SRcenter@set.or.th