

THAILAND SUSTAINABILITY INVESTMENT (THSI)

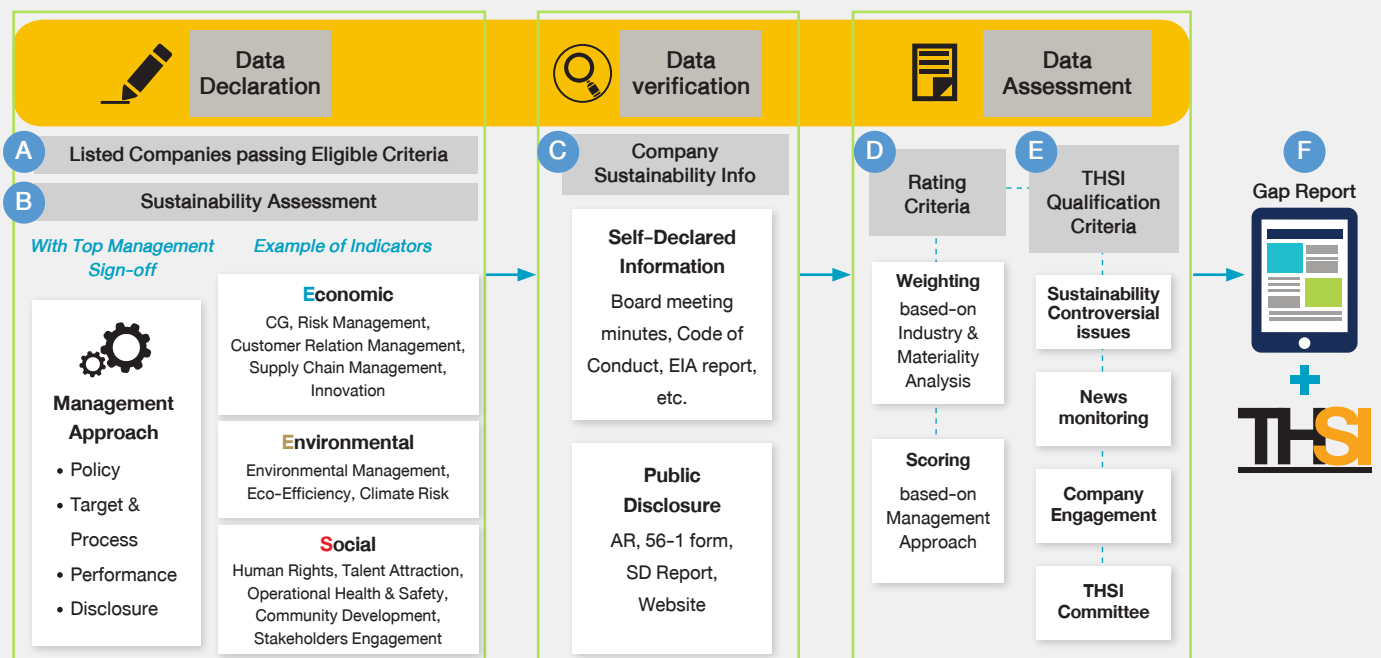
Link : Thailand Sustainability Investment list (THSI) in 2016-2019



Thailand Sustainability Investment (THSI) “Creating Sustainable Investment Opportunities”

The Stock Exchange of Thailand created the Thailand Sustainability Investment (THSI) list in 2015, which comprises of the listed companies that conduct sustainable business operations. The listed companies on the THSI continuously create long-term returns by valuing their responsibility to society (Social) and the environment (Environmental), and by managing their business with transparency, in line with corporate governance principles (Governance). THSI serves as another choice for investors who desire to adopt a responsible investment approach.

Thailand Sustainability Investment (THSI) Assessment Methodology





Companies on the THSI are chosen from the selection of listed companies that voluntarily participate in SET’s annual Sustainability Assessment, and that pass the Eligibility Criteria.

Eligibility Criteria

For example:

- Must not be a company that is in the process of delisting.
- 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.
- Must not be a company that received a C (Caution) symbol from SET.
- Must not be a company that SEC announced irregular securities trading behavior exhibited by its board members or executives.



SET will assess a listed company’s sustainability performance in 4 aspects:

Policy	Process	Performance	Disclosure
Demonstrates commitment by enacting policies covering economic, environment, and social issues.	Sets targets targets and processes for sustainability in business operations.	Implements processes for monitoring and evaluating sustainability performance for continuous improvement.	Discloses sustainability performance to stakeholders, accurately and transparently.

The Sustainability Assessment Questionnaire covers indicators in three dimensions: 1) Economic, including Corporate Governance, 2) Environmental, and 3) Social. The questionnaire includes both general indicators for all industry groups, and industry-specific indicators, which reflect the context and material issues of each industry group (i.e. the 8 industry groups classified by SET). SET conducts an annual review of the indicators in its Sustainability Assessment to ensure that they continue to align with changing sustainability trends at the international and national levels.

Example: General indicators for all industry groups

Economic	Environmental	Social
<ul style="list-style-type: none"> • Corporate Governance • Code of Conduct • Risk & Crisis Management • Materiality • Customer Relationship Management • Supply Chain Management • Tax Strategy • Business Innovation for Society and Environment 	<ul style="list-style-type: none"> • Environmental Reporting • Environmental Management • Operational Eco-efficiency • Climate Strategy and GHG Reduction 	<ul style="list-style-type: none"> • Social Reporting • Fair Labor Practices and Human Rights • Human Capital Development • Talent Attraction and Retention • Occupational Health & Safety • Community Engagement • Stakeholder Engagement

Example: Industry-specific indicators for 8 industry groups

Dimension	Criteria	Industry Groups							
		AGRO	CONSUMP	FINCIAL	INDUS	PROPCON	RESOURC	SERVICE	TECH
Economic	Cyber Security and Information Security			✓				✓	✓
	Product / Service Quality Management		✓					✓	
Environmental	Responsible Marketing		✓						
	Responsible Sourcing	✓							
	Operational Eco-efficiency (Air Pollution / Hazardous Waste)				✓	✓	✓		
	Product Responsibility		✓		✓				✓
	Water Related Risk	✓					✓		
	Biodiversity					✓	✓		
	Quality of Material Construction					✓			
Social	Responsible Finance			✓					
	Financial Inclusion			✓					
	Digital Inclusion								✓

- C** To assess a company's sustainability performance, SET reviews in-depth information about a company, including its board meeting reports, working committee minutes, operating processes/procedures, code of conduct, business plans, and EIA reports, etc., as well as publicly-disclosed information, such as those in a company's annual report, sustainability report, and website.
- D** Results for the sustainability assessment are calculated based on the weight of each criteria – which differs based on the industry group and its material issues – and on the company's own level of performance in terms of policy, process, performance, and disclosure.
- E** Listed companies that are selected for inclusion in THSI list must pass the following criteria:
Assessment Criteria
- Receive a score of at least 50% in each dimension (Economic, Environmental, and Social), or
 - Be selected as a member of the Dow Jones Sustainability Indices (DJSI) during the assessment year.

Qualification Criteria

For example:

- Must be a company that received a score of at least 70% or 3 stars and above from the Corporate Governance Report (CGR)
- Must not be a company that has been accused of or formally judged as guilty on matters of corporate governance or social or environmental impact.
- Must not be a company that has shareholder's equity below zero.
- Must not be a company that has fewer than 3 out of 5 years of reported net profit.
- Must not be a company that SEC announced irregular securities trading behavior exhibited by its board members or executives.

The Working Group on Sustainable Investment, which is comprised of corporate governance and sustainability experts and agencies in the capital market, are responsible for screening the THSI selection process to ensure that it is transparent and reliable.



Listed companies that participate in the Sustainability Assessment will receive a Feedback and Gap Report that can be used to improve sustainability processes within their own companies.

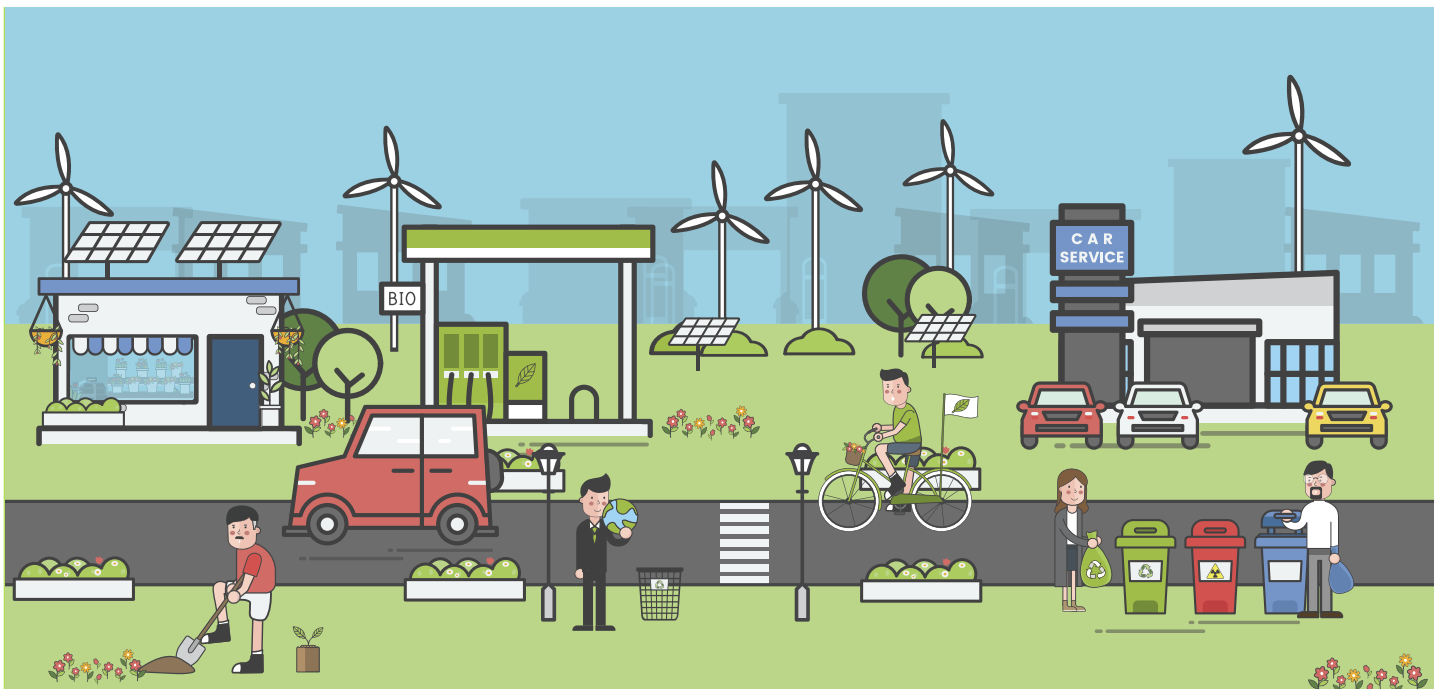
Sustainability Assessment Timeline



In addition, SET has developed the “SETTHSI Index,” a sustainability index. Listed companies are selected for inclusion in the SETTHSI Index based on the following criteria:

Please refer to: <https://www.set.or.th/en/products/index/SETTHSI.html>

1. Must be included in THSI in the most recent year, and traded on the SET for at least 6 months.
2. Must have market capitalization (calculated using the average daily price over the last 3 months) of at least THB 5 billion.
3. Proportion of minority shareholders (free-float) should comprise at least 20% of paid-up capital.
4. Must have trading volume of 0.5% of all registered shares for at least 9 out of 12 months.



Benefits Received from the Sustainability Assessment

1. Attract investors who are looking to invest in accordance with responsible investment approaches.
2. Use the Sustainability Assessment as a tool for improving and developing business operations to cover economic, including corporate governance, environmental, and social issues, and to create opportunities as well as manage risks efficiently in operations.
3. Receive recommendations for improving management approaches on relevant economic, including corporate governance, environmental, and social issues.
4. Inspire other companies to develop their organizations according to sustainable business practices.