



# Sustainability trends and priorities in 2021

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# Introduction



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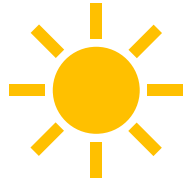
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# Sustainability trends and priorities in 2021



The rise of investment in ESG



Commitment to climate action



Circular economy in action



Sustainable supply chain management is a must



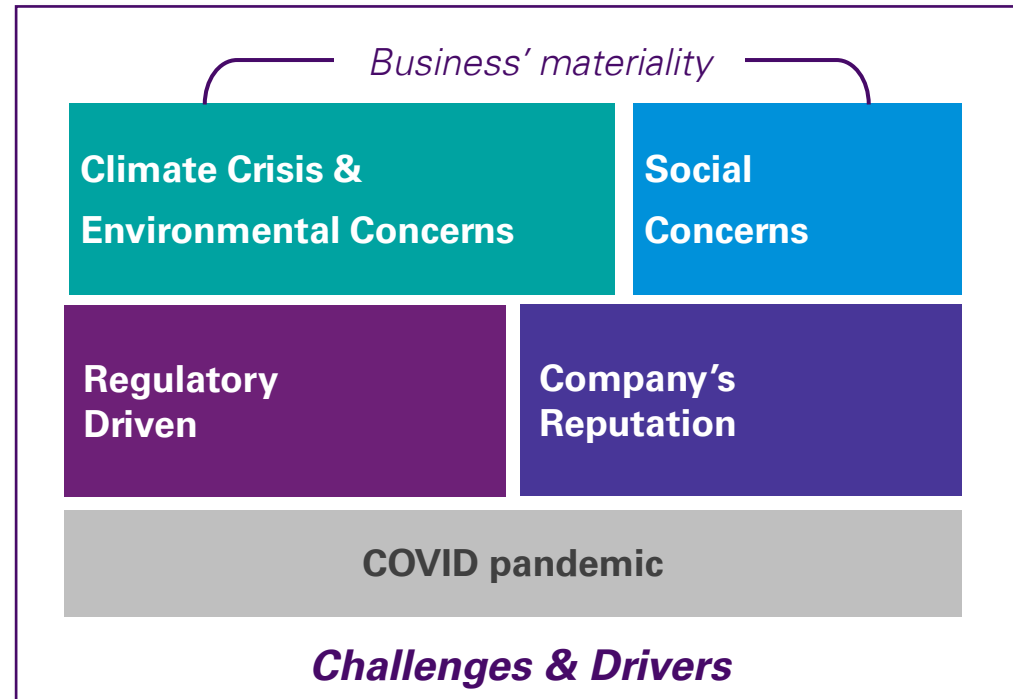
Time for sustainability reporting



# The rise of investment in ESG

# Why ESG is matter?

## Business Growth



## Investors' interest

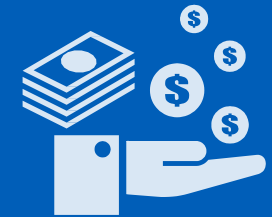
***Since all factors impact on business' performance and investors' returns, systematic integration of ESG is essential to better manage risks and improve portfolio returns.***

### Responsible Investment <sup>/A</sup>



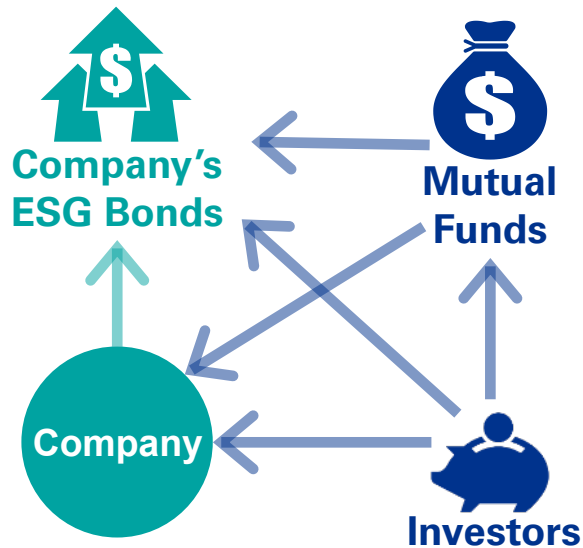
is an approach to managing assets that sees investors include environmental, social and governance (ESG) factors in:

- their decisions about what to invest in;
- the role they play as owners and creditors.



*"As ESG investing accelerates in demand, several key trends are emerging – from climate change to social unrest."*

# The rise of investment in ESG



In 2020, the stock price of 124 companies listed in Thailand Sustainability Index (THSI) generated average profit of 5.58% (higher than SET Index which is -6.56%), in which stock price of those 20 companies was increasing to hit the highest price. <sup>/B</sup>

“ความต้องการลงทุนในหุ้นที่มี ESG มีแนวโน้มเพิ่มสูงขึ้น ปัจจุบันกองทุน ESG ในประเทศไทยมีถึง 29 กองทุน สินทรัพย์สุทธิภายใต้การบริหาร (AUM) รวมประมาณ 26,000 ล้านบาท และทั่วโลกมีกองทุน ESG มี AUM มูลค่ารวมเกือบ 30 ล้านล้านดอลลาร์สหรัฐ ถือเป็นส่วนผลักดันสำคัญที่ทำให้ บจ. ไทยเร่งพัฒนาการดำเนินงานด้านความยั่งยืน เพื่อสร้างโอกาสในการดึงดูดเม็ดเงินลงทุน”

นายภากร ปีตธวัชชัย กรรมการและผู้จัดการ ตลาดหลักทรัพย์แห่งประเทศไทย <sup>/A</sup>



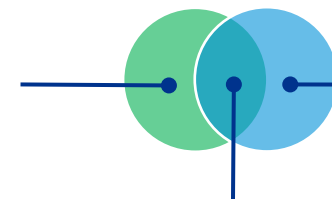
“As more major corporates move towards green investment, the issuance of environmental, social and corporate governance (ESG) bonds is expected to reach 100 billion baht this year, roughly 20% growth from 2020”



Ariya Tiranaprakit, executive vice-president of the Thai Bond Market Association (TBMA). <sup>/C</sup>

**Green/Blue bonds** are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible green/blue projects.

- 2019 – 22,000 MB
- 2020 – 29,600 MB
- 2021 (4M) – 2,000 MB



**Sustainability Bond** finance a combination of green and social projects

- 2020 – 100,000 MB
- 2021 (4M) – 6,000 MB

**Social Bond** are use of proceeds that raise funds for new and existing projects with positive social outcomes.

- 2020 – 6,800 MB
- 2021 (4M) – 3,000 MB

2019 to 2020  
**+520%** In total <sup>/D</sup>

# ESG market

## Stock Market

Sustainability Benchmarking	SET50*	SET100*
THSI 2020 (total 124 companies)	35	55
DJSI 2020**		
Gold	9	10
Silver	7	7
Bronze	2	3
Yearbook member	7	7

### In SET100

BANPU  
BTS\*  
IRPC\*  
PTT\*  
PTTEP\*  
PTTGC\*  
SCC\*  
TOP\*  
TRUE\*  
TU\*

ADVANC\*  
CPALL\*  
CPF\*  
DELTA\*  
IVL\*  
KBANK\*  
SCB\*

BCP  
EGCO\*  
HMPRO\*

AOT\*  
BBL\*  
BJC\*  
CPN\*  
GPSC\*  
GULF\*  
MINT\*

Remark: \* In SET50

## Bond Market

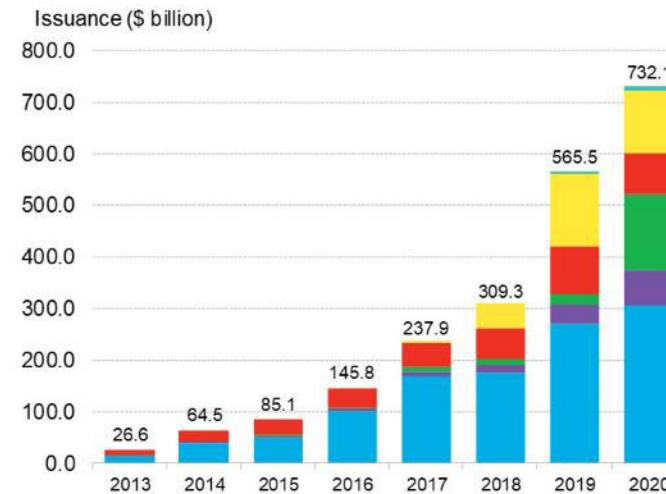
### Global:

- Global sustainable debt issuance totaled US\$732 billion (+29%)
- Sustainable bond ~4%
- Green bond ~40% - largest portion

### Thailand:

- Green bond 29,600 MB (22%)
- Social bond 6,800 MB (5%)
- Sustainability bond 100,000 MB (73%)

Figure 1: Global sustainable debt annual issuance, 2013-2020

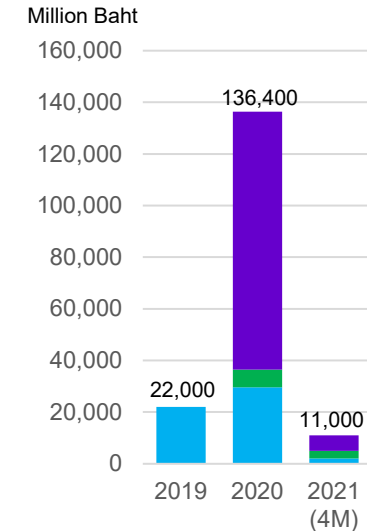


Source: BloombergNEF, Bloomberg L.P.



Source: <https://about.bnef.com/blog/sustainable-debt-breaks-annual-record-despite-covid-19-challenges/>  
<https://www.thaibma.or.th/EN/BondInfo/ESG.aspx>

### Bonds Registered with ThaiBMA

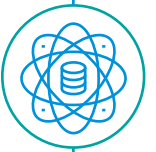


Source: \*Period Jan 1 - Jun 30, 2021  
 \*\* The Sustainability Yearbook 2021, S&P Global

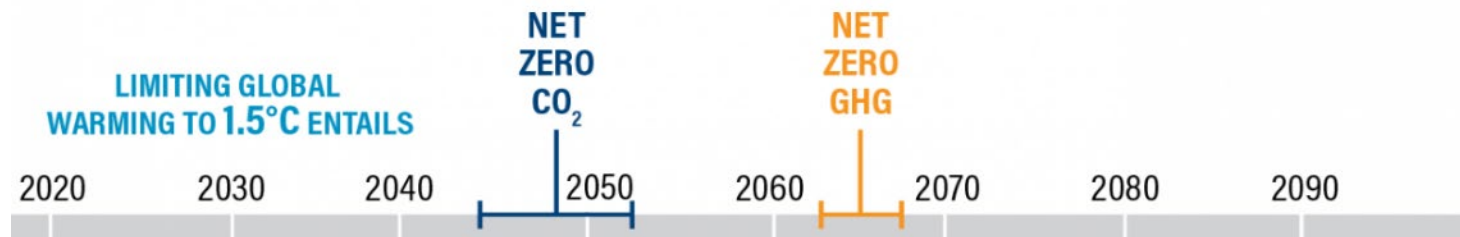


# Commitment to climate action

# Commitment to climate actions



2010 – 2019 was warmest decade ever recorded, bringing with massive wildfires, hurricanes, droughts, floods affecting more than 39 million people in 2018 [un.org]



The latest science suggests that reaching the Paris Agreement will require reaching net-zero emission on the above time frame



To limit global warming to 1.5C, as called for in the Paris Agreement, greenhouse gas emissions must begin falling by **7.6 % each year** starting in 2020

<https://www.wri.org/insights/net-zero-ghg-emissions-questions-answered>



## **COP21** (December 2015)

Goal to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels



**Source:** <https://www.bbc.com/news/world-europe-57257982>



## **Thailand's Nationally Determined Contribution (NDC) 2021 – 2030**

Reduce GHG by 20% from the projected business-as-usual (BAU) level by 2030 (BAU projection from reference year 2015)

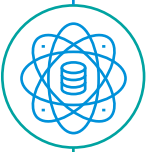
## **Thailand's National Adaptation Plan (NAP) 2020 – 2037**

- Water resource management sector – increase water security
- Agriculture and food security sector – maintain productivity and food security sector
- Tourism sector – strengthen capacity toward climate resilience
- Public health sector – enhance capacity and reduce health impact from climate change
- Natural resources management sector – manage natural resource and biodiversity to respond to climate change
- Human settlements and security sector – enhance capacity of individuals, communities and cities and adapt to climate change impacts



**Sell zero-emission electric vehicles by 2035**





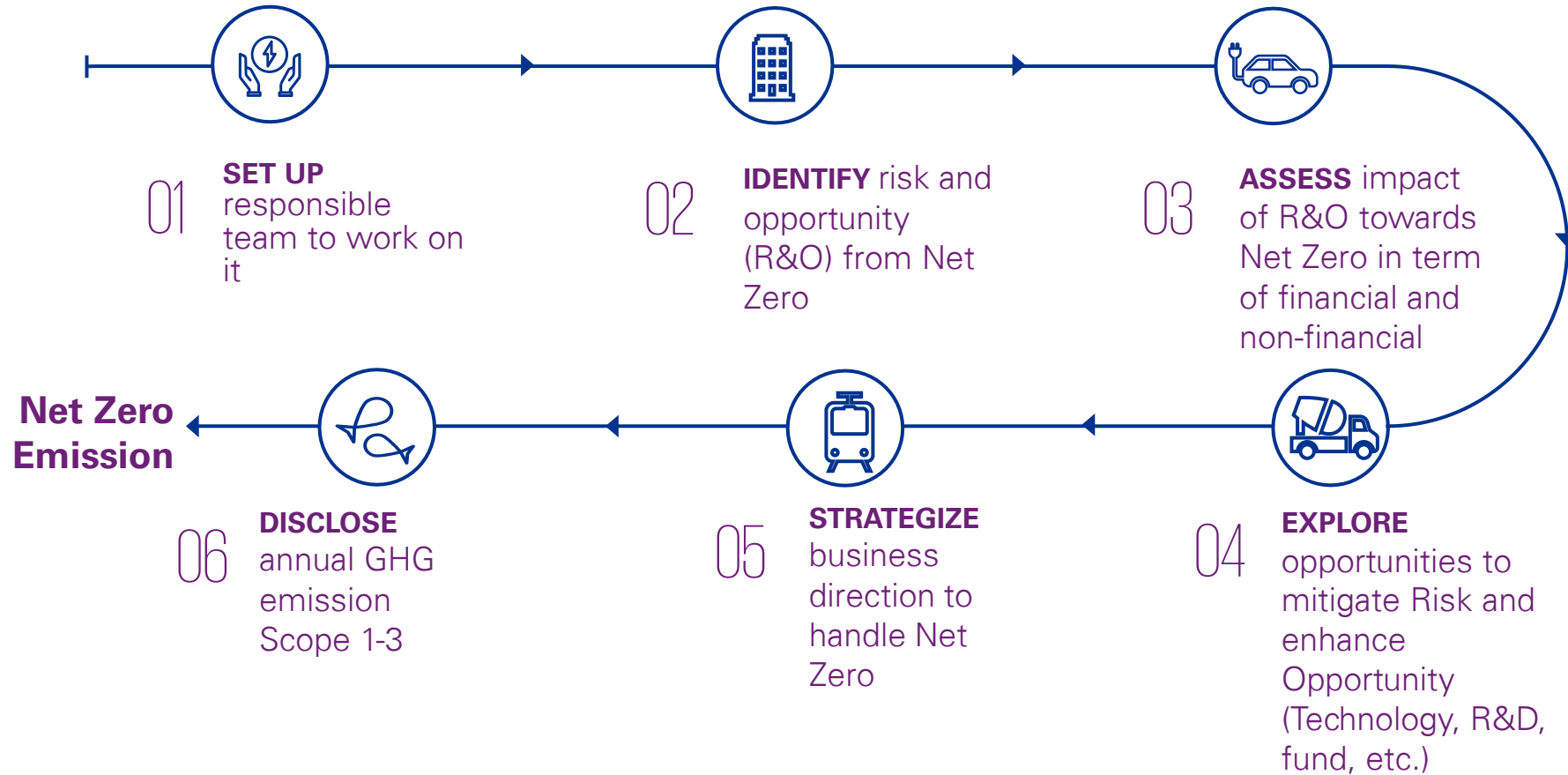
## Becoming a Carbon Neutral Organization by 2030



To become a 'Carbon Neutral Organization' in accordance with our environmental management strategy, C.P. Group is focused on managing energy and resources by using the Circular Economy principle. This principle focuses on improving energy efficiency and related activities to minimize as much environmental impact as possible, starting with the design process, to the management and selection of high-efficiency equipment and technology, in order to reduce GHG emissions. This also includes promoting reforestation and farming projects to absorb emissions over the long term.

Source: [https://www.cpgroupglobal.com/homes/SD\\_Climate-Change-Management](https://www.cpgroupglobal.com/homes/SD_Climate-Change-Management)

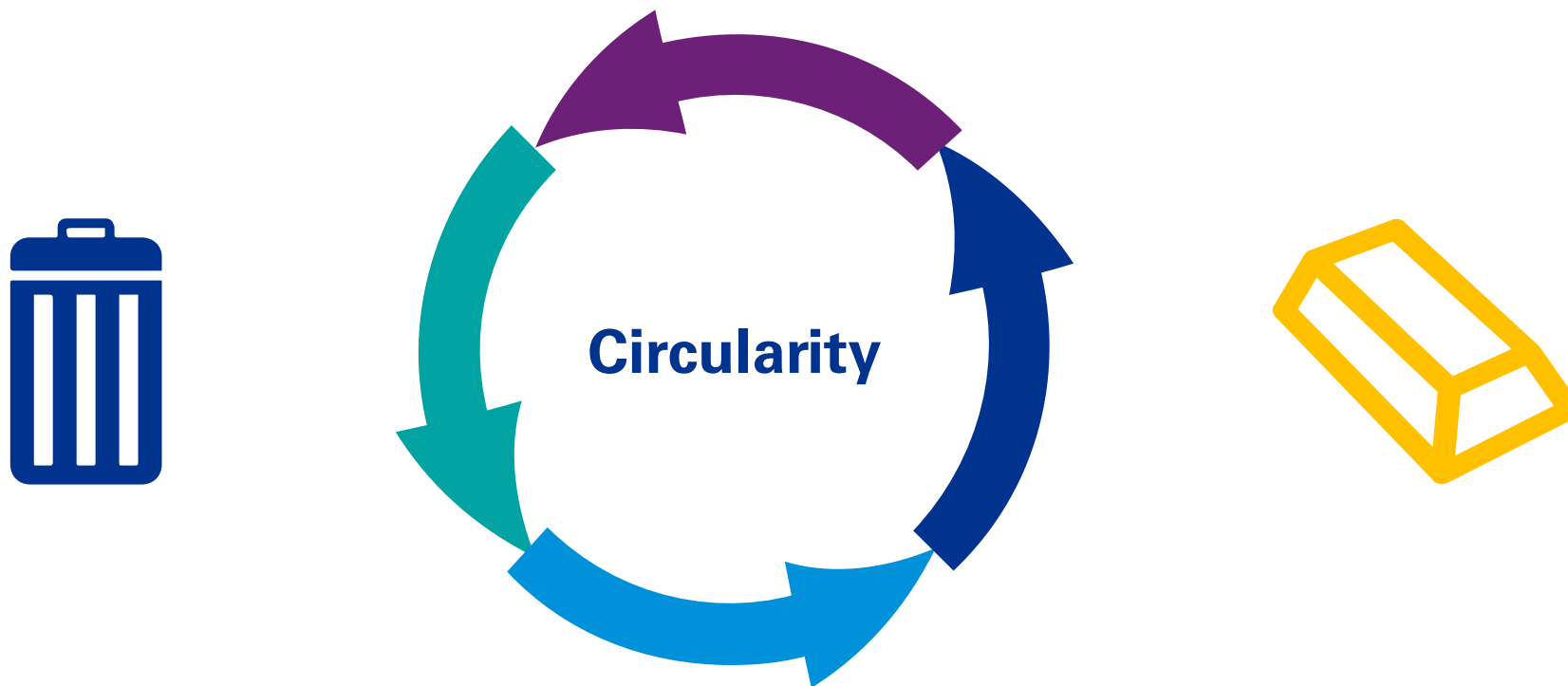
# Climate change journey





# Circular economy in action

# Circular Economy



# The Business Case for Circularity



## Business & Environmental Risks



*Global Population Growth  
& Growing Demands*



*Resource Depletion &  
Environmental Degradation*



*Market Volatility &  
Unpredictability*



*Regulatory Change*

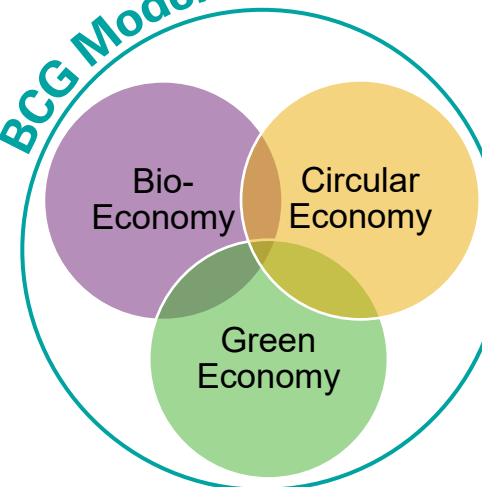
## Opportunities



*Governmental Support*



*BCG Model*



The world is only \*

**9%** circular

**91%**

Waste as untapped resources

**Note:** There are limitations to the recyclability to plastic waste. Some may only be able to be used as a lower grade material in the recycling process.

\*<https://www.unep.org/interactive/beat-plastic-pollution/>. In 2018, The United Nations cited that only 9% of global plastic waste is recycled, leaving 79% in landfill or the environment with 12% incinerated.

# How to incorporate circularity into your business



# Circularity in Action



## Business Model

## Transforming Old to New

## Collaboration for Innovation

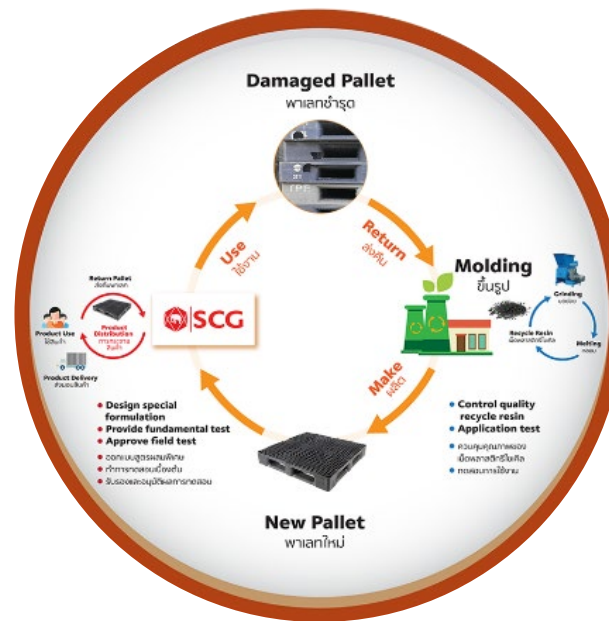
Ref: <https://www.scg.com/sustainability/circular-economy>

### Green carton



SCG Packaging *redesigned* its **business model** by shifting its supply chain to source waste as raw materials from retail stores and residential areas. The new model helps *lower procurement costs* and *reduce packaging waste* that may end up in the environment.

### Pallet to pallet



SCG *reuses* its damaged **products**, pallets by transforming them into new pallets, ready to be used again, without the need to use raw virgin materials in the process of making the equipment. SCG is also able to control the quality of the pallets as everything is done in-house.

### New process of paving roads



SCG, in collaboration with DOW, *innovated* a new **process** of paving roads with plastic waste as a part of the mixture. Tests show a superior resistance to erosion than the regular asphalt mixture. This was a pilot project in Rayong and has now been replicated by other organizations such as Amata Corporation, SC Asset and CP All.



Sustainable supply  
chain management is  
a must

# Sustainable supply chain is a must

**The global chip shortage is starting to have major real-world consequences**



**The role of the pandemic in the global chip shortage**



**Xinjiang: more than half a million forced to pick cotton, report suggests**



**Electronics factory in Phetchaburi closed after 682 employees catch COVID-19**

<https://www.wri.org/insights/net-zero-ghg-emissions-questions-answered>



### Ambition 2030: Reduce our footprint and strive for circular solutions

We are working to reduce the environmental footprint of our suppliers, buyers and manufacturing sites  
- sourcing sustainable materials and exploring new business models to drive circular solutions.

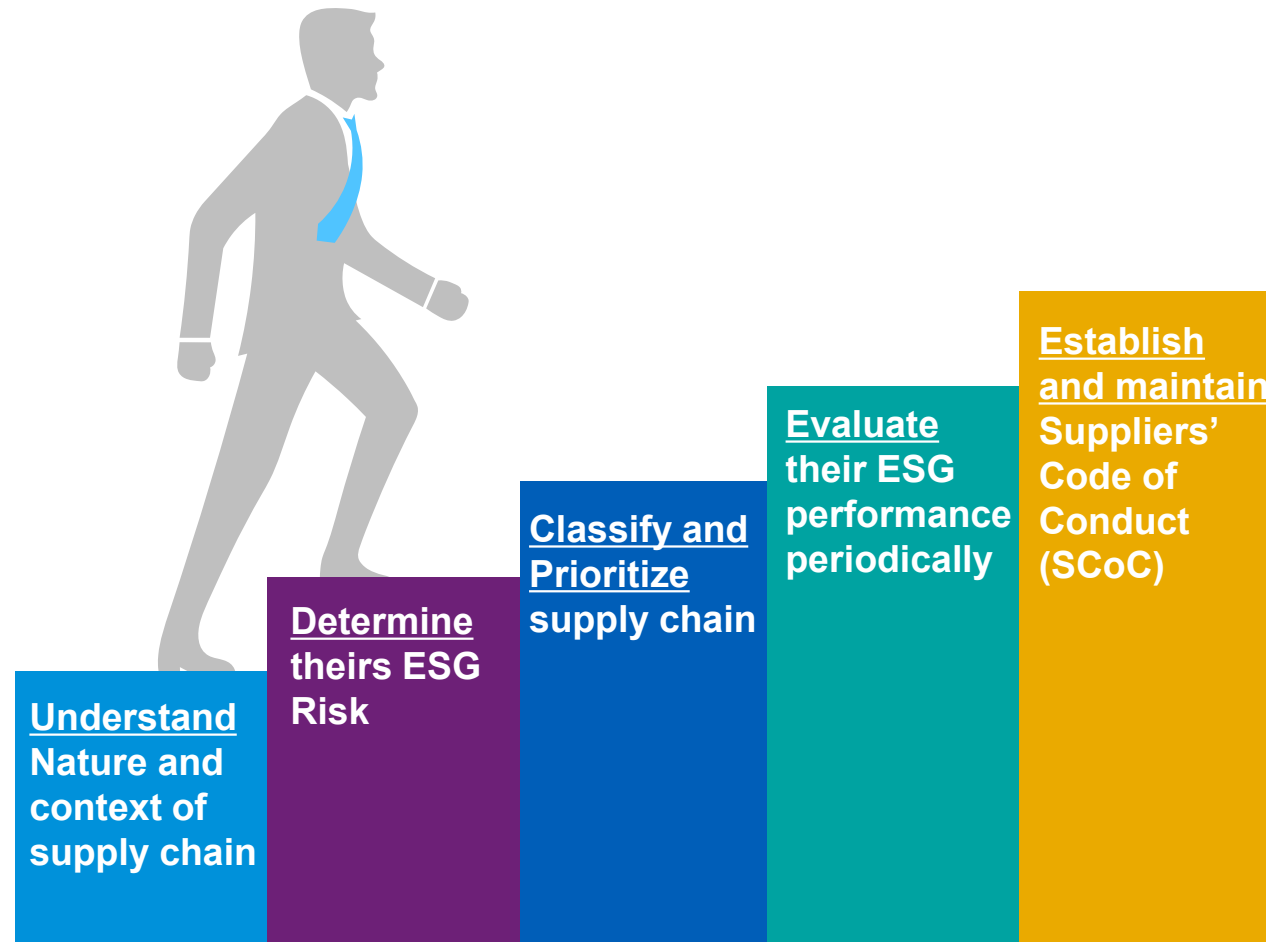
Advance at least 10 significant supply chain  
partnerships to drive circularity on climate, water or  
waste

**Goal: Improve livelihoods of small palm  
farmers**

Implementing local program to build responsible  
agricultural practices (i.e., Palm Oil and Palm  
derivatives)

<https://en-ae.pg.com/environmental-sustainability/>

# Action plan





# Time for sustainability reporting

# Key global trends in sustainability reporting



**80%** of companies worldwide now report on sustainability

This rises to **96%** among the world's largest 250 companies (G250)



**North America** has the highest regional sustainability reporting rate

**90%** of companies



**The 10 countries**

with the highest rates of rates of sustainability reporting are: Japan, Mexico, Malaysia, India, US, Sweden, Spain, France, South Africa and UK



**Around one in five companies** labels its annual report as "integrated": 16% of the N100 and 22% of the G250. **Integrated reporting** is more common in certain countries such as South Africa, Japan and France



Third-party assurance of sustainability information in corporate reporting is now a majority business practice worldwide

**51% of N100 companies now invest in assurance and 71% of G250 companies do so**



**GRI** remains the dominant global standard for sustainability reporting, used by around two-thirds of the N100 and three-quarters of the G250



<https://home.kpmg/xx/en/home/insights/2020/11/the-time-has-come-survey-of-sustainability-reporting.html>

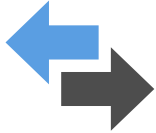
# One Report



# Major improvements to the Form



## Improvement of ESG reporting



## Aligning reporting principles to the regulations of SEC



## Modifying the report to be in line with Securities Offering Statement Form (Form 69-1)



## Addition of the option to report data via company website



## Classification of data reported

# New content in One Report - sustainability



## 1. Policies and objectives towards sustainability



## 2. Management of impacts towards stakeholders in the business value chain



## 3. Management of sustainability in environmental aspect



## 4. Management of sustainability in social aspect

# Timeline : One Report

**2020**  
ONE Report - First  
Introduction by  
SEC



Financial  
report



Form 56-1



**2022**  
**Fully Effective**



**2021**  
ONE Report –  
Early Adoption is  
encouraged



# International sustainability reporting journey



**Working group to accelerate  
convergence in global sustainability  
reporting standards**

## **International sustainability reporting standards**



# Key questions



01

Who's in charge of sustainability ?

02

Do we have sustainability strategy?

03

Are we ready for One report and THSI?

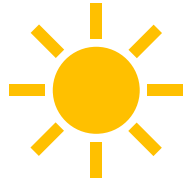
04

Which areas do we need to prioritize right now?

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Time for sustainability reporting



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