

**Capital Market Research Forum 6/2562**  
**“Seminar on development of green bond in Thailand”**  
**17 Oct 2019, 9.00-12.00 AM, Sukree Kaewcharoen Auditorium**  
**Welcome remarks by Dr. Pakorn Peetathawatchai**  
**President, The Stock Exchange of Thailand**

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Mr. Hideaki Iwasaki,

The Country Director of ADB Thailand Resident Mission,

Distinguished speakers,

Ladies and gentlemen

Good morning and welcome you all to today's capital market research forum on the “Development of green bond in Thailand”. On this issue, I would like to thank the Asia Development Bank (ADB), whose foresight, commitment, and hard work has led to the many green bond issuances in this region, for co-hosting today's event with the aim to increase awareness and share experience of the very important issue that we face today.

Needless to say the challenge we face is quite intimidating. As you can see in the news, the latest figures of PM2.5 are quite alarming. Our children are breathing in air that is not clean enough to be healthy. If we don't act on plastic pollution there will be more plastic in the oceans than fish.

Moreover, if we don't act on climate change then irregular flood or drought, and other sorts of natural disasters will be something we will see every year.

.../ We have less time

**We have less time** than we thought. The effects of climate change on our society are not all in the future. We are already seeing dramatic consequences of these events that I already mentioned. The good news is we know what we need to do to get off this path. It is still in our power today to move onto a path that limits climate change to a manageable level. We need to invest in low-carbon and climate resilient infrastructure at a truly grand scale, and we need to do it today.

The estimated financing needs to support the “greening” of Asian economies will be substantial. It is estimated that ASEAN will need USD 200 billion in green investments annually till 2030<sup>1</sup>. These huge green financing needs cannot be borne alone by the public sector or bank lending. There is a pressing need, and an opportunity, to diversify sources of green financing, and to unlock and crowd in private capital. Capital market solutions like green bonds have the potential to play a more central role in financing green investments as the depth and liquidity in this market grows.

.../ Although

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<sup>1</sup> Green Finance Opportunities in ASEAN, DBS and UNEP, 2017.

Although the Thai green bond market is small in size, less standardized and at an earlier stage of development but we have made good progress to develop common frameworks and standards. For example, The Securities and Exchange Commission (SEC) launched new Thai SEC's Green Bond Notification, which complies with the International Capital Market Association (ICMA)'s Green Bond Principles (ICMA's GBP), as well as the ASEAN Green Bond Standards (AGBS).

Stock exchange of Thailand or SET is improving its capabilities to support growth in the financing of green investments and sustainable practices for quite some time. The Thai capital market's sustainability journey could be traced back since 1993. SET was the top-ranked emerging stock exchange, for exceptional sustainability disclosure practices of listed firms, recognized by the UN Sustainable Stock Exchanges (SSE) initiative.

Thai blue chip stocks, in particular, show outstanding performance in global sustainability assessments. Thailand has the highest number of Dow Jones Sustainability Indices (DJSI) over the past six consecutive years. The Thai listed companies in DJSI represent 44% of the total market capitalization.

.../ With the current changing

With the current changing global landscape, stakeholders are having higher expectations for capital market players. Issuers are facing several emerging social and environmental risks while investors are demanding for quality products for long-term investment. SET therefore has raised the standards of sustainability practices among issuers and investors.

For the supply side, for big cap firms, SET supports them to adopt globally-accepted Global Reporting Initiative (GRI) Standards through training workshops. For mid and small cap firms, SET will launch the new SET Sustainability Reporting Guidelines, with a set of ESG qualitative and quantitative indicators, by the end of this year. In addition, SET promotes reporting on SDGs among all listed firms to facilitate SDG investment and evaluation of SDG performance of Thai listed companies.

And, for the demand side, SET launched Thailand's first sustainability index, SET Thailand Sustainability Investment Index (SETTHSI Index), in Jul 2018. Now there are a total of 53 stocks in this index, representing 56% of the total market capitalization. And, SET has been promoting institutional investors to invest in this sustainability index.

.../ Despite our efforts

**Despite our efforts** and collaborations with other capital market stakeholders, I admit that there remains a huge gap for improvement for the Thai Exchange in promoting sustainable investment. The size of ESG investment allocation now still represents only a small portion of the total asset size in the Thai capital market.

- I believe that more work needs to be done in market education, particularly among investors who still have the myth that sustainable investment requires a financial trade-off. SET plans to engage more actively with investors to support the scaling-up of sustainable finance and reorientation of financial flows.
- In addition, I wish to see more concrete partnerships between the public and private sectors in developing alternative investment instruments. Markets are developing fast; new instruments are constantly released. The Thai capital market would like to promote collaborations with our stakeholders, both locally and globally, to stay ahead of the developments and continue promoting sustainable investment and attracting more investment flows to the market.

Lastly, I hope that today you have a fruitful green discussion. Thank you.