



Joint Statement

Sustainable Finance Initiatives for Thailand

Recognising the crucial role sustainable economic growth plays in bringing about better living standards and inclusive economic development for all, in 2015 Thailand has adopted the United Nations' 2030 Agenda for Sustainable Development (consisting of the 17 Sustainable Development Goals: SDGs), and, in 2016, committed to the Paris Agreement to advance its Greenhouse Gas Emissions (GHG) reduction by 20 to 25 percent from the business-as-usual level by 2030.

The financial sector plays a crucial role in mobilising funds to promote sustainability practices in the country. Most recently, financial sector has begun to comprehensively incorporate Environment, Social, and Governance (ESG) considerations in its business processes.

With regard to acceleration of the sustainable development, the Working Group on Sustainable Finance, consisting of the Fiscal Policy Office, the Bank of Thailand, the Securities and Exchange Commission, the Office of Insurance Commission, and the Stock Exchange of Thailand, has joined forces to steer and align the direction of Thailand's sustainable finance policies.

On 18 August 2021, Working Group on Sustainable Finance has jointly published Sustainable Finance Initiatives for Thailand (the Initiatives), one of our key work plans, to set the direction and framework for driving sustainable finance across the financial sector. The Initiatives recommend 5 Key Strategic Initiatives (KSIs) as follows:

1) Developing a Practical Taxonomy: Serving as common definition and classification system of economic activities deemed as environmentally-sustainable, a taxonomy aligns the regulators' sustainable finance policies in a congruent manner, and encourages innovative financial products and services, attracting funding towards the achievement of Thailand's sustainability goals.

2) Improving the Data Environment: ESG disclosure which has quality in accordance with international disclosure standards is crucial for making and monitoring financial decisions, as well as devising financial products and policies to serve the business needs. A rich ESG data environment enhances investment analysis, effective ESG risk measurement, and heightens transparency for monitoring business conduct.

3) Implementing Effective Incentives: Effective incentives could encourage both fundraisers and investors to seize better risk-adjusted return from investment, thereby creating the market and stimulating further investment in sustainable financial products.

4) Creating Demand-led Products and Services: This involves creating an environment where the real underlying demand for sustainable financial products and services is generated and encouraged to continuously grow, with a minimised level of regulatory roadblocks for new products and services.

5) Building Human Capital: Equipping workforce in the financial sector with the necessary sustainable finance-related skills, competences, and values accelerate sustainability transformation of the financial sector by turning work plans into concrete actions with tangible results.

These 5 KSIs are crucial foundation upon which a fertile sustainable finance ecosystem can flourish, facilitating the allocation of economic resources to fulfil the country's sustainability agenda and enhance benefit to all parties.

Despite the critical urgency of the COVID-19 pandemic, ESG considerations should not be neglected as they are the key driving forces for future sustainable economic growth. When a financial sector is well-equipped with the necessary capacity and capabilities to innovate products and services in a cost-effective manner to tackle ESG issues, particularly climate change, it facilitates private sector to further advance their fundraising activities and investment on sustainable projects and economic activities. Altogether, these pave the way for a thriving economy, society, and environment.

Further details on Sustainable Finance Initiatives for Thailand can be accessed via:
<https://bit.ly/3m9FKh1>

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