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เครือ MUFG หนึ่งใน
สถาบันการเงินที่ใหญ่ที่สุดของโลก



Doing Well By Doing Good

By Prakob Phiencharoen

Bank of Ayudhya Public Company Limited (Krungsri)



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Why We Need Sustainable Finance Now?

Global community is now more committed and accelerating on climate action responsibilities.



GLOBAL ACTIONS

November 2021: COP26



August 2021 : IPCC report



THAILAND ACTIONS

December 2021: APEC Informal Senior Officials' Meeting (ISOM)



November 2021: COP26

- Thailand will strive to reach carbon neutrality by 2050, and net zero emissions on or before 2065.

August 2021: Joint Statement Sustainable Finance Initiatives for Thailand





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Krungsri ESG & Sustainable Finance Aspiration

Mission

To be a leading regional financial institution with global reach, committed responsibly to meeting the needs of our customers and serving society through sustainable growth

Sustainability Vision

To be the most sustainable commercial bank in Thailand

Our Selected Credentials



**Best Sustainable Bank
in Thailand (2020)**



**First Gender Bonds in
Asia Pacific (2019)**



**Best Environmental
Responsibility (2019)**



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Krungsri Carbon Neutrality Vision

Aspiring to achieve a net zero future

2030: Achieve decarbonization of own emissions

2050: Achieve decarbonization of financial services

- Boost social and sustainable financing
- Promote sustainable and green finance market



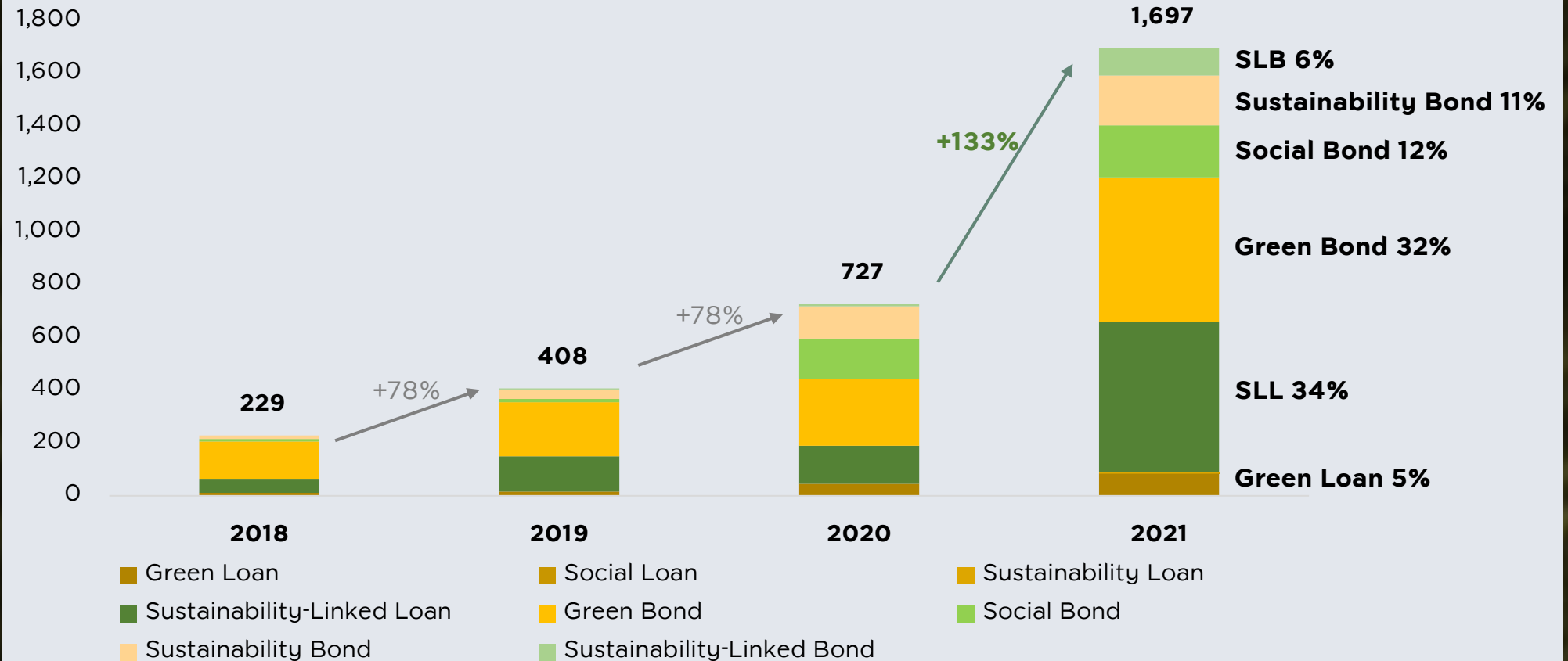
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Global Development of Green & Sustainable Finance

The Sustainable Finance market was growing rapidly with active green loans/bonds. Then, the market has expanded into other ESG product categories.

Global ESG Market (USD Billion)





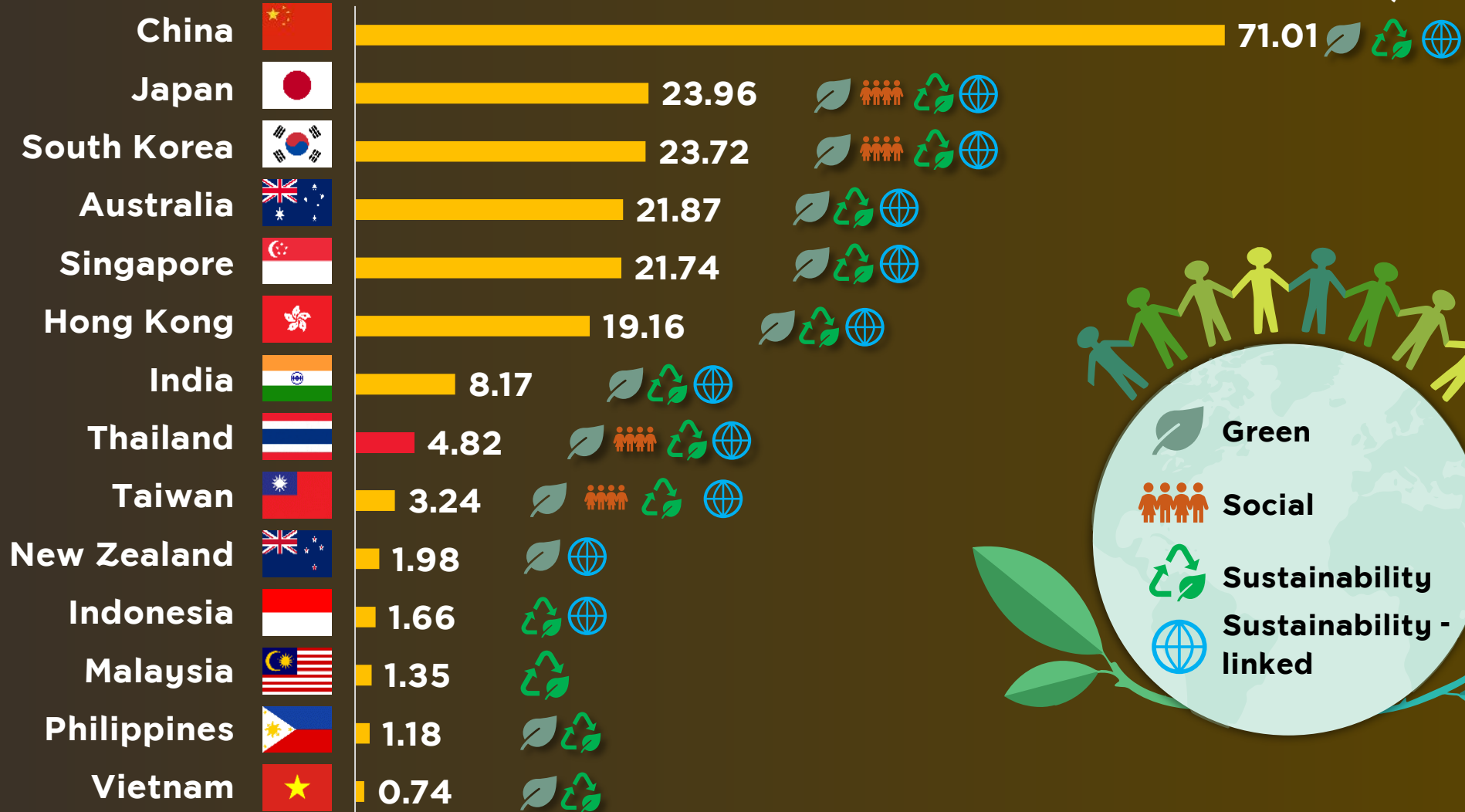
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APAC Economies Overview of Sustainable Finance



(Unit: USD Billion)



Source: Bloomberg, Loan Radar and MUFG as of 30 Dec 2021



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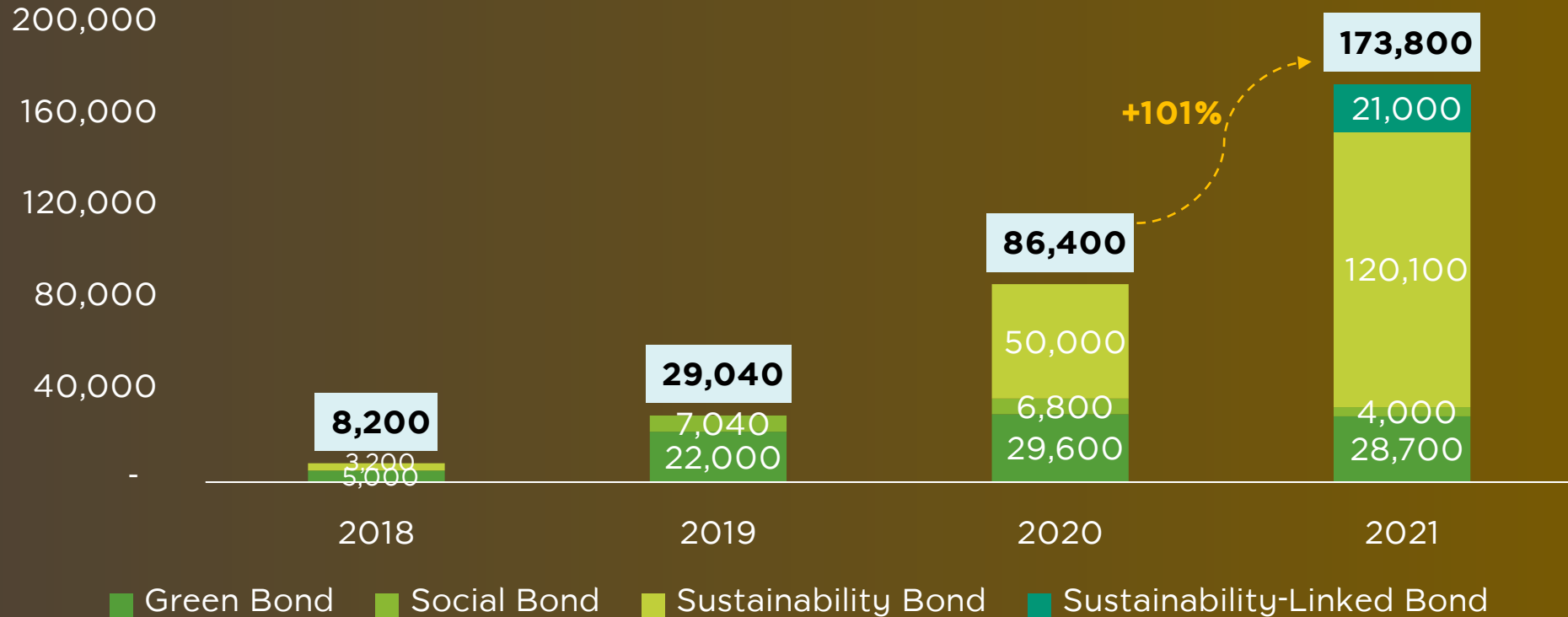
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Development of ESG Bond in Thailand

ESG BOND ISSUANCE

(Unit: THB Million)



Source: ThaiBMA



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Collaboration Efforts for Sustainable Economy

Collaboration among inter-governmental agencies to push forward on Sustainable Thailand.

Thailand's Inaugural Sustainability Bond



- ✓ Aug 2020 : Thailand's Inaugural Sustainability Bond of THB 30 billion. Current **outstanding exceeds THB 150 billion.**
- ✓ April 2021 : Thailand's Sustainability Bond listed on the Luxemborg Exchange

Joint Statement on Sustainable Finance Initiatives for Thailand



MINISTRY OF FINANCE



BANK OF THAILAND



สปก.
สำนักงานคณะกรรมการกำกับและส่งเสริมการประกอบธุรกิจหลักทรัพย์ (สปก.)



SET

SUSTAINABLE FINANCE INITIATIVES FOR THAILAND



Statement of Commitment for "Sustainable Thailand"



43 Organizations Together
(Policymakers, Banks, Insurance Companies and Asset Management Companies)



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Krungsri Sustainable Finance Products

USE OF PROCEEDS - BASED FINANCING



**Green
Bonds/Loans**

to fund projects that have positive environmental benefits



**Sustainability
Bonds/Loans**

to finance or re-finance a combination of Green and Social Projects.



**Social
Bonds/Loans**

to achieve positive social outcomes,

KPI/SPT – SUSTAINABILITY - LINKED FINANCING



**Sustainability-
Linked
Bonds/Loans**
("SLB"/"SLL")

the bonds/loans where the financial or structural characteristics may change depending on achieving or not pre-identified KPIs





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External Reviewer Types

1

Second Party Opinion

An institution with environmental expertise, normally entails an assessment of the alignment with the ICMA Principles. It can include an assessment of the issuer's overarching objectives, strategy, policy and/or an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.

2

Verification

Verification may focus on alignment with internal or external standards or claims made by the issuer. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, may also be termed verification.

3

Certification

An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label.

4

Green Bond Scoring/Rating

Specialised research providers or rating agencies, according to an established scoring/rating methodology. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

Selected External Reviewers





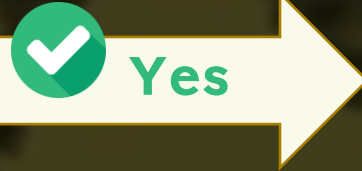
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How to be Part of Sustainable Finance Journey?

Everyone can accomplish its Sustainable Finance

Does the company have eligible Green or Social Projects ?



Sustainable Finance Options :

- Green Bonds / Loans
- Social Bonds / Loans
- Sustainability Bond / Loans

No

Does the company have the "KPI" and "Sustainability Performance Targets (SPT)" Ambitiousness and Relevant to Business ?



Sustainable Finance Options :

- Sustainability Linked Loans
- Sustainability Linked Bonds

Benchmarking approach

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S

- Historical Performance (min 3 years)
- Industry's peers
- Science-based scenarios



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Thai Union's Sustainability-Linked Loans and Bonds

First-ever Sustainability-Linked Bond (SLB) issued in Thailand

✓ The only Asian corporate that has issued both sustainability-linked loans and bonds in the local and international markets in 2021 totalling THB 27,000 million.

✓ **Jan-Feb 2021** **Issue THB 12,000 million-eq Sustainability-linked Loans (SLL)** in Thailand and Japan

✓ **Jul 2021** **Issue THB 5,000 million First Sustainability-linked Bond (SLB)** in Thailand

✓ **Nov 2021** **Issue THB 6,000 million Sustainability-linked Bond (SLB)** in Thailand

✓ **Dec 2021** **Issue THB 4,000 million-eq Sustainability-linked Loans (SLL)** in Japan



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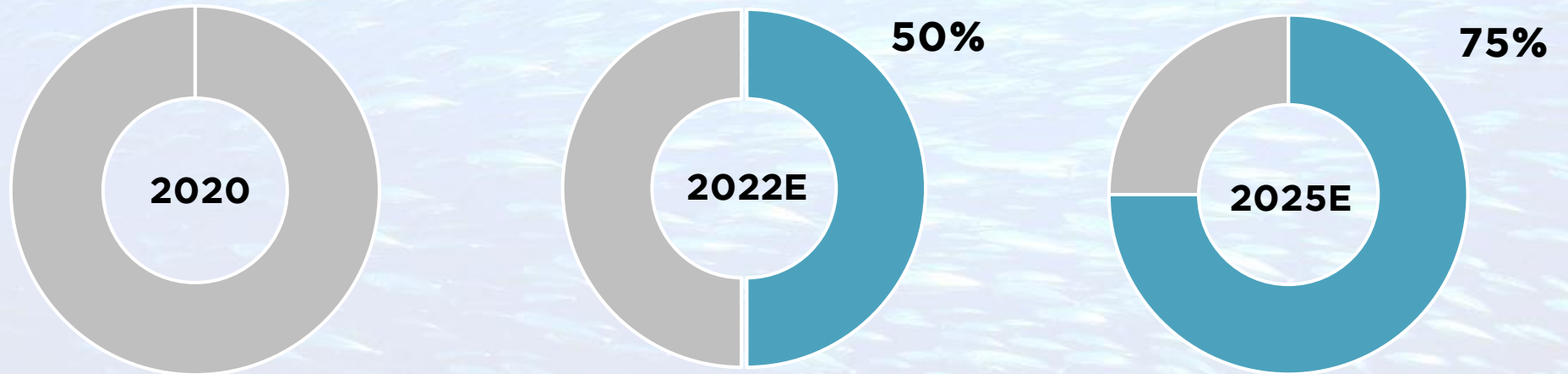
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สถาบันการเงินที่ใหญ่ที่สุดในโลก

Thai Union's Sustainability-Linked Loans and Bonds

Moving toward Sustainable Finance



Sustainable Finance Target on Long-Term Financing (*USD 1.4 billion or THB 45,000 million*)



■ Traditional Finance ■ Sustainable Finance



เครือ MUFG หนึ่งในสถาบันการเงินที่ใหญ่ที่สุดของโลก

Thai Union's Sustainability-Linked Bonds



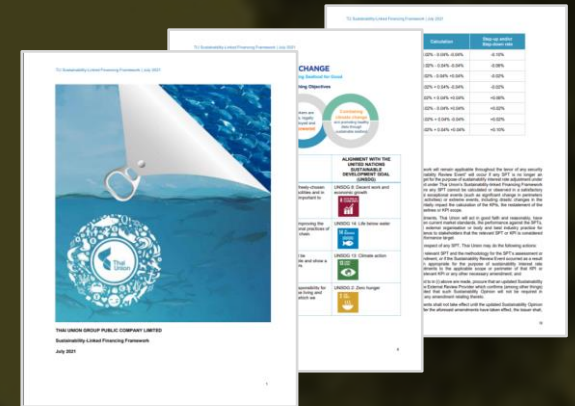
THAI UNION'S SUSTAINABILITY PERFORMANCE TARGETS (SPTS)

SPT 1: To be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets and ranked in the top 10 companies for the DJSI Food Products Industry Index.

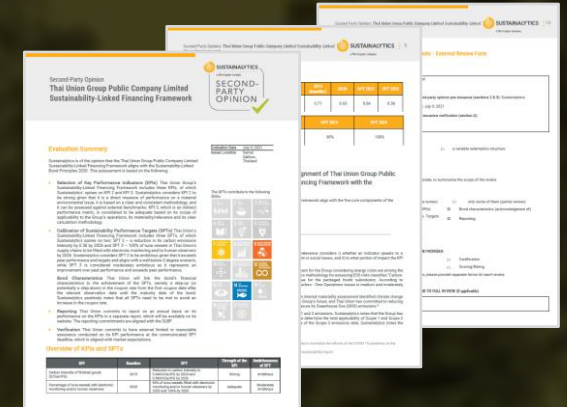
SPT 2: Reduction of Thai Union's scope 1 and 2 manufacturing operations' emission intensity by 4% annually to meet 2023 and 2026 targets

SPT 3: Monitoring at sea by electronic and/or human observers in Thai Union wild caught tuna supply chain to increase by 5% annually to meet 2023 and 2026 targets

THAI UNION SUSTAINABILITY-LINKED FINANCING FRAMEWORK



SECOND-PARTY OPINIONS





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Krungsri's Sustainable Women Bond

KRUNGSRI WOMEN ENTREPRENEURS BONDS: RATIONAL

UN SDGS ALIGNMENT

- The SME sector is one of Thailand's key engines of growth.
- Over three million SME entities, generating **over 12 million jobs** for the Thai population.
- Key issues related to SMEs and entrepreneurship development includes **their access to finance**.
- There is a need to broaden the range of financing instruments available to SMEs and women entrepreneurs.
- Introduction of new asset class for investors which benefits socially-responsible initiatives/enterprises.



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Make Life Simple

A member of MUFG
a global financial group

Gender Bonds

'Krungsri' – First Commercial Bank Issuing
Gender Bonds in Asia Pacific

Women Entrepreneurs Bonds

Gender Bonds - Our Commitment to Sustainable Development Goals

Together with women-led SMEs, inclusive growth becomes "a reality".

Women... key growth drivers of the Thai economy and society

Lead Subscribers: IFC, KFW DEG, MUFG

Sole Arranger: esg

For more information please contact Business Banking Division Tel. 0-2296-6262

Call 1572 | www.krungsri.com | f t i s Krungrsri Simple



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THANK YOU



Appendix



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เครือ MUFG หนึ่งใน
สถาบันการเงินที่ใหญ่ที่สุดของโลก

Thailand - Development of Green / Sustainable Finance

The Thai Government, Financial Institutions, and Leading Thai Corporates' Sustainability Commitments and financing schemes to address climate change and social issues.



Aug'20: THB 30 Bn.
Nov'20: THB 20 Bn.

Joint ESG Structuring
Advisor & Bookrunner

Sustainability Bonds



Jul'20: THB 15 Bn.

Joint Bookrunner

Green Debentures



Nov'20 : THB 8 Bn.

Joint ESG Structuring
Advisor & Joint Bookrunner

Green Debentures



Aug'20: THB 5 Bn.

Joint Green Structuring
Advisor & Joint Bookrunner

Green Debentures



Apr'21: THB 6 Bn.

Joint ESG Structuring
Advisor & Bookrunner

1st Sustainability Bond
(Transportation) in SEA



Feb'21: THB 12 Bn. (SLL)
Jul'21: THB 5 Bn. (SLB)
Nov'21: THB 6 Bn. (SLB)

Joint SLB Structuring Advisor
& Sole Bookrunner

SLL & SLBs



Sep'21: THB 5 Bn.

Sole Lender & Sustainability
Coordinator

SLL



Aug' 19: USD 220 Mn.

Social Bond

Remark - SLL : Sustainability-Linked Loan / SLB : Sustainability-Linked Bond



Greenhouse Gas Emissions at Thai Union

- **Thai Union is committed to reducing GHG emissions associated with its production.**
- Key initiatives included:
 - **Increasing the energy efficiency of steam production in the end-to-end process**, starting from sourcing high-quality coal and using big bags to reducing moisture,
 - **Reducing electricity consumption in Thai Union's refrigeration systems** by improving energy management in cold storage, installing inverter compressor fans, providing an anti-room and high-speed shutter doors.
 - **Promoting renewable energy** such as biomass boilers which use wood chips as fuel for steam production to replace bunker oil at Songkla Canning and electricity generated from biogas from the wastewater treatment plant at Thai Union Frozen and Thai Union Manufacturing. Thai Union have also continued the Sun Seeker Project to install solar rooftops in its factories.

Reduction of the GHG emissions (scope 1 and scope 2)

Indicator	2016	2017	2018	2019	2020
Total Product Volume (1) (Ton FG)	685,987	700,856	690,219	714,498	777,712
Total GHG Emission (2) (TonCo ₂)	594,453	544,639	536,494	506,906	489,723
GHG Scope 1 (TonCo ₂)	422,695	366,642	369,540	337,052	311,221
GHG Scope 2 (TonCo ₂)	171,758	117,997	166,954	169,854	179,551
Intensity (2)/(1) (TonCo ₂ /TonFG)	0.87	0.78	0.78	0.71	0.63

Adjusted GHG emissions*

Indicator	2016	2017	2018	2019	2020
Adjusted GHG Emission (TonCo ₂)	627,717	568,990	571,367	535,822	497,992



ESG Bond (Sustainability-Linked Bond #1)

Thai Union: Thailand's First Sustainability-Linked Bond

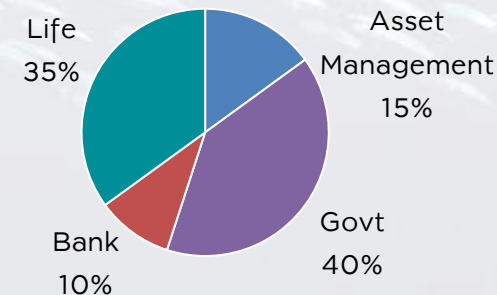
KEY TRANSACTION TERMS

Issuer	Thai Union Group Public Company Limited
Issue Credit Rating	A+/ Stable Outlook by TRIS Rating
Placement	Private Placement: Institutional Investors
Tenor	7-year
Bookbuilding Range	2.41% - 2.51%
Final Coupon	2.47%
Spread over Gov't Yield	131 bps
Size (THB million)	5,000
Oversubscription	2.23 times (approx. THB 8,900 million)
SPTs	<p>SPT 1: To be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets and ranked in the top 10 companies for the DJSI Food Products Industry Index</p> <p>SPT 2: Reduction of Thai Union's scope 1 and 2 manufacturing operations' emission intensity by 4% annually to meet 2023 and 2026 targets</p> <p>SPT 3: Monitoring at sea by electronic and/or human observers in Thai Union wild caught tuna supply chain to increase by 5% annually to meet 2023 and 2026 targets</p>
External Reviewer	Sustainalytics
Issue Date	20 July 2021
KRUNGSRI's Role	Sole Bookrunner and Arranger, and Joint Sustainability-linked Bonds Advisor together with MUFG Securities Asia Limited

TRANSACTION SUMMARY

- **The issuance is the first Sustainability-Linked Bond (SLB) issued in Thailand.** Thai Union engaged Sustainalytics, an internationally recognized external verifier, to provide the assessment of Thai Union's Sustainability-Linked Financing Framework's criteria in alignment with international standards. Krungsri navigated Thai Union through a well-designed SLB with 7-year tranche being introduced to smooth out Thai Union's repayment profile.
- This new SLB is **the first of its kind in the world with the introduction of step-up and/or step-down financial characteristics to the achievement of SPTs.** Bond investors will be entitled to a lower or higher coupon adjustment should the company achieve or not achieve the SPTs in 2023 and 2026.
- **Well-balanced with all investor types.** The offering received strong responses from good quality investors including government related funds, asset management companies, life insurance companies, and banks. The offering had garnered the demand at approx. THB 8,900 million or 2.23 times of the offered amount leading Thai Union to increase its initial planned issue size from THB 4 billion to THB 5 billion. This very encouraging demand had represented investors' confidence in Thai Union's solid business profile and the company's commitment toward sustainability.

INVESTOR BREAKDOWN





ESG Bond (Sustainability-Linked Bond #1)

Indicative Sustainability-linked Bond Structure

The KPIs are assigned the following relative weight of the aggregate coupon step-up and/or step-down multiplied by the step-up and/or step-down margin of up to 10 bps.

KPI	Relative weight of each KPI to the aggregate coupon step-up and/or step-down margin of up to 10 bps
KPI 1	20%
KPI 2	40%
KPI 3	40%

Target Observation Date : Year 2023: Report will be available in May 2024. 1st interest adjustment starts from July 2024.
Year 2026: Report will be available in May 2026. 1st interest adjustment starts from July 2027.

Table A: Step-up / Step-down Scenarios

Year	Calculations	Step-up/ Step down rate	Observation Period		Observation Period							
			Scenario	0 2021	1 2022	2 2023	3 2024	4 2025	5 2026	6 2027	7 2028	
3 KPIs met	-0.02% - 0.04% -0.04%	-0.10%	3 KPIs met	2.47%	2.47%	2.47%	2.37%	2.37%	2.37%	2.37%	2.37%	2.37%
KPI 2&3 met	+0.02% - 0.04% -0.04%	-0.06%	KPI 2&3 met	2.47%	2.47%	2.47%	2.41%	2.41%	2.41%	2.41%	2.41%	2.41%
KPI 1&2 or KPI 1&3 met	-0.02% - 0.04% +0.04%	-0.02%	KPI 1&2 or KPI 1&3 met	2.47%	2.47%	2.47%	2.45%	2.45%	2.45%	2.45%	2.45%	2.45%
KPI 2 met or KPI 3 met	+0.02% - 0.04% +0.04%	+0.02%	KPI 2 met or KPI 3 met	2.47%	2.47%	2.47%	2.49%	2.49%	2.49%	2.49%	2.49%	2.49%
KPI 1 met	-0.02% + 0.04% +0.04%	+0.06%	KPI 1 met	2.47%	2.47%	2.47%	2.53%	2.53%	2.53%	2.53%	2.53%	2.53%
No KPIs met	+0.02% + 0.04% +0.04%	+0.10%	No KPIs met	2.47%	2.47%	2.47%	2.57%	2.57%	2.57%	2.57%	2.57%	2.57%

← Coupon Adjustment
Coupon Adjustment →



ESG Bond (Sustainability-Linked Bond #2)

Thai Union: Successful 2nd Sustainability-Linked Bond at Tight Pricing

KEY TRANSACTION TERMS

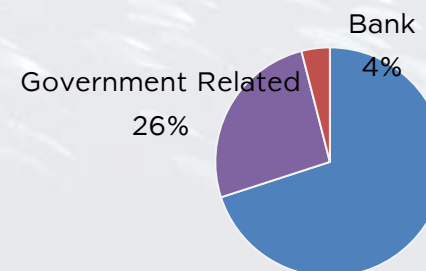
Issuer	Thai Union Group Public Company Limited	
Issue Credit Rating	A+/ Positive Outlook by TRIS Rating	
Placement	Private Placement: Institutional Investors	
Tenor	5-year	10-year
Bookbuilding Range	2.13% - 2.33%	3.24% - 3.40%
Final Coupon	2.27%	3.36%
Spread over Gov't Yield	104 bps	136 bps
Size (THB million)	4,500	1,500
Oversubscription	2.03 times (approx. THB 10.1bn)	
SPTs	<p>SPT 1: To be included in the Dow Jones Sustainability Index (DJSI) Emerging Markets and ranked in the top 10 companies for the DJSI Food Products Industry Index</p> <p>SPT 2: Reduction of Thai Union's scope 1 and 2 manufacturing operations' emission intensity by 4% annually to meet 2023 and 2026 targets</p> <p>SPT 3: Monitoring at sea by electronic and/or human observers in Thai Union wild caught tuna supply chain to increase by 5% annually to meet 2023 and 2026 targets</p>	
External Reviewer	Sustainalytics	
Issue Date	10 November 2021	
KRUNGSRI's Role	Sole Bookrunner and Arranger	

TRANSACTION SUMMARY

- **Following Thai Union's debut Sustainability-Linked Bond (SLB) issuance in July 2021, the company once again successfully launched the dual-tranche Thai Baht senior and unsecured Sustainability-Linked Bond totaling THB 6,000 million.** Krungsri acted as the Sole Bookrunner and Arranger for this transaction.
- Thai Union has applied the same KPIs and SPTs with step-up and/or step-down financial characteristics to the achievement of SPTs under the existing Thai Union's Sustainability-Linked Financing Framework. Series of one-on-one and group meetings were held to ensure investors' understanding of TU's improving finance performance, SLB structure as well as Thai Union's sustainability strategy.
- **Well-balanced with all investor types. The offering received strong responses from both existing TU's SLB investors and new investors amidst market volatility** including government related funds, asset management companies, life insurance companies, and banks. The offering had garnered the demand surpassing THB 10,000 million or approx. 2.03 times of the offered amount leading Thai Union to increase its initial planned issue size from THB 5 billion to THB 6 billion and tighten credit spreads. This very encouraging demand represented investors' confidence in Thai Union's solid business profile and the company's commitment toward sustainability

INVESTOR BREAKDOWN

5Y



10Y

