

## **SEC Thailand's Public Hearing on Proposed Regulations for Disclosure Standards of Sustainable and Responsible Investing Fund**

The SEC is seeking public comments on the proposed regulations for the disclosure standards of Sustainable and Responsible Investing fund ("SRI Fund") aiming to enhance disclosure on the ESG-related features of mutual funds to assist investors' understanding and assessment of whether the mutual funds meet their investment needs.

The interest in mutual funds with features related to sustainability factors such as environmental, social, and governance ("ESG") has gained traction globally in the past few years. The main driving force has been an increasing awareness among investors, both retail and institutional, of ESG-related matters. Similarly, in Thailand, there are a number of mutual funds with the investment objectives of sustainability development. Nevertheless, the disclosure on the ESG-related features of these mutual funds differ markedly and most of them do not explicitly disclose how the asset managers incorporate sustainability factors in their investment process. Consequently, investors may not be able to compare between mutual funds with similar sustainability mandates and, as a result, may not be able to make informed investment decisions.

To provide greater transparency and comparability for investors by aligning the practices of asset managers on the disclosure of ESG-related features of their mutual funds, the SEC proposes a disclosure regulation for SRI Fund that also aligns practices in Thailand with international developments, similar to the Securities and Futures Commission of Hong Kong's Circular to management companies of SFC-authorized unit trust and mutual funds - ESG funds. The SEC believes this alignment with international standard is important, as the global sustainable finance landscape is developing at an accelerating pace with a growing risk of problematic regulatory fragmentation.

Accordingly, some of the information that shall be clearly disclosed to the investors of SRI Fund are, as follow:

- In the prospectus and factsheet :
  - SRI Fund's name, investment policy, and investment strategies, shall adopt one or more sustainability considerations, which must be in line with the globally recognized sustainability principles such as the United Nations Global Compact Principles and United Nations Sustainable Development Goals;
  - A description of risks associated with the SRI fund's sustainability focus and the associated investment strategies;
- The semi-annual and annual report :
  - a description of how the SRI fund has attained its sustainability focus during the assessment period; and

- actions taken by the asset manager in attaining the SRI fund's sustainability focus; for example, shareholder engagement activities, proxy voting records of the SRI fund with respect to its investee companies, and so forth.

For further details of this public hearing, please visit [www.sec.or.th/hearing](http://www.sec.or.th/hearing). Also, stakeholders and interested parties are welcome to submit comments and recommendations via the website or email: [pattaraporn@sec.or.th](mailto:pattaraporn@sec.or.th) and [sireetho@sec.or.th](mailto:sireetho@sec.or.th)

The public hearing process will end on August 16, 2021.