



Thailand's capital market and sustainability: SEC drives the transition to a green economy

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If “sustainability” is one of the world’s key priorities today, the important question is: how can we work together to make it a reality? Whether it is reducing greenhouse gas emissions, transitioning to cleaner energy, using resources efficiently, or developing businesses to grow alongside society and the environment, all of these efforts require collaboration, technology and, importantly, financing.

The capital market is therefore not merely a source of funding for businesses, but also a key mechanism for allocating capital to businesses and activities with the potential to create long-term value.

Accordingly, developing a sustainable capital market is not merely about creating more “green” or “sustainable” products. It requires development across **data, framework for classifying sustainable activities, infrastructure, fundraising, investment, and investor literacy**, to create an ecosystem conducive to the transition to a sustainable economy.

Starting with quality data

Effective investment decisions depend on sufficient and reliable information, particularly as environmental, social and governance (ESG) factors play an increasing role in business operations and investment.

Enhancing sustainability-related disclosures by businesses is therefore one of the important components of a sustainable capital market. This includes improving sustainability reporting in Form 56-1 One Report in line with the International Sustainability Standards Board (ISSB) Standards, which link sustainability-related information with financial performance; promoting the assurance of sustainability-related information; building businesses’ capacity to disclose ESG and climate-related information; and encouraging listed companies to participate in sustainability assessments or ESG ratings.

As the quality and comparability of information improve, investors can use such information effectively in their analysis and investment decisions. At the same time, businesses have greater incentives to enhance their sustainability performance.

A roadmap to align the market's direction

In addition to data, having a roadmap is another important factor, as advancing sustainability involves multiple stakeholders, including the business sector, the financial sector, investors and government agencies.

One of the key mechanisms is the **Thailand Taxonomy**. It serves as a roadmap for clearly identifying and classifying environmentally sustainable economic activities. The Thailand Taxonomy uses a traffic-light system to categorize activities: Green represents environmentally friendly activities, such as solar power generation and electric vehicles; Amber represents activities that have the potential to transition toward greater environmental sustainability; and Red represents activities that are not environmentally friendly and need to be gradually phased out. This provides all sectors with a common frame of reference. From an investor perspective, it helps clarify the types of activities their investments support and the extent to which those activities are aligned with environmental objectives.

From data and a roadmap to financing the transition

In addition to supporting the business sector in establishing clear sustainability-related information and direction, the SEC, on the capital market side, promotes the availability of a sufficiently diverse range of financial instruments to accommodate businesses' transition at each stage.

Today, there are several types of ESG bonds. These include **Green Bonds** for environmental projects; **Social Bonds** for projects that deliver social benefits; **Sustainability Bonds**, which cover both environmental and social dimensions; and **Sustainability-linked Bonds (SLBs)**, which link fundraising to an organization's sustainability objectives, such as reducing greenhouse gas emissions.

These debt instruments can be issued by both the public and private sectors. The proceeds can be used to support projects or activities with environmental and social objectives. The offering structure may vary depending on the types and terms of the instruments. In some cases, the instruments may be offered to general investors, while in others they may be offered to institutional investors or certain types of investors.

Notably, issuers of ESG bonds have become increasingly diverse. They are no longer limited to listed companies or financial institutions, but encompass private companies, state-owned

enterprises and government agencies. In particular, state-owned enterprises have begun using ESG bonds more widely to support the development of infrastructure and public services.

At the same time, while issuers of ESG bonds were initially concentrated in state-owned specialized financial institutions, energy, utilities and transportation, issuers from the real estate and telecommunications sectors are now beginning to enter the market in greater numbers. This trend reflects the fact that ESG bonds are not merely financial products, but also a mechanism for connecting financing with projects and activities that contribute to the transition to sustainability, including clean energy, transportation systems, infrastructure and improvements in people's quality of life.

During the first six months of 2026, fundraising through ESG bonds totaled 116,205 million baht, an increase of 14.7% from the same period of the previous year. This underscores the growth of Thailand's sustainable capital market and its greater role in supporting the transition.

In addition, the SEC is developing rules to accommodate products that address the needs of businesses during the transition period, such as **Transition Bonds** and **Thailand Amber Bonds**. These instruments provide opportunities for activities that may not yet be fully green but have clear transition plans and directions, to access sources of financing to adapt to a low-carbon economy.

On the investor side, there are also more sustainability-related options, such as **SRI (Sustainable and Responsible Investing) Funds**. These are mutual funds similar to conventional ones, but with investment policies that focus on sustainability. They serve as another mechanism that channels investment capital to companies that prioritize good governance and sustainability.

At the same time, enhancing the quality of listed companies through various initiatives is an important part of creating incentives for the business sector to improve its sustainability performance, and also helps expand investors' options over the long term.

What role do investors play?

When talking about a sustainable capital market, many people may primarily think of the role of businesses or regulators. In reality, **investors are also an important part of this ecosystem**, because investment capital is one of the mechanisms that helps send signals to businesses about the types of business practices that the market values.

Sustainable investing does not mean that investors should immediately choose to invest simply because they see the words “ESG,” “sustainable” or “green.” Each type of product has different objectives, structures, asset-selection approaches, returns, risks and conditions. Before making an investment decision, investors should therefore look beyond the product name and consider:

- What does the product invest in?
- What criteria are used to select the investments?
- What will the proceeds be used for?
- Where do the returns come from?
- What risks and conditions must investors be aware of? And, importantly,
- Is it suitable for your investment objectives and risk tolerance?

In any case, **"sustainability" does not mean "no risks at all."** While sustainable business practices can help strengthen long-term growth potential, investment returns remain subject to a range of factors and may vary across businesses and over time.

Preparing the financial ecosystem for the transition to sustainability

In addition to developing financial products and tools, infrastructure connected to the financial and capital market ecosystem for sustainability is being developed to facilitate the broader economic transition.

Accordingly, work is currently underway to develop an Emissions Trading System (ETS) under the Draft Climate Change Act* and secondary market trading of carbon credits. These initiatives will help enhance transparency and liquidity and allow market prices to emerge from trading, thereby enabling the carbon-pricing mechanism to function effectively and helping bring about the country's transition to its Carbon Neutrality and Net Zero goals. These developments reflect that Thailand's capital market is shifting from "supporting sustainability-related products" to building **a financial ecosystem that supports the transition of the economy as a whole.**

Ultimately, advancing a sustainable capital market requires cooperation from all sectors, namely the public sector, the business sector, the financial sector and investors, so that all stakeholders can move in the same direction. When the ecosystem is conducive to the transition, the capital market can connect financing with businesses and activities that create long-term value. For investors, the key is to know what they are investing in, understand the risks, choose suitable

investments for themselves and make informed decisions. Together, these efforts contribute to sustainability across the entire system.

Note:

* Summary of key points of the Draft Climate Change Act.

Source: Department of Climate Change and Environment <https://www.dcce.go.th/datacenter/3350/>