



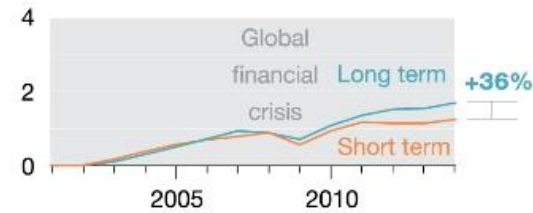
บทบาทผู้ลงทุนสถาบันกับการสร้างธรรมาภิบาลการลงทุน



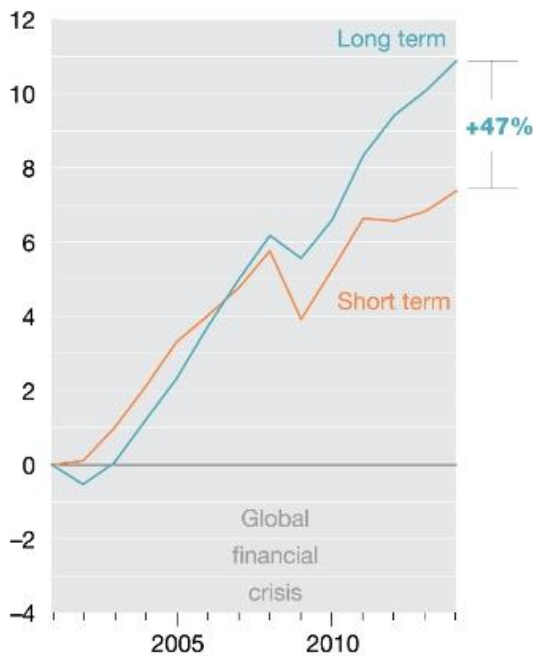
วรัชญา ศรีมาจันทร์
ผู้ช่วยเลขาธิการอาวุโส
สำนักงาน ก.ล.ต.
บรรยายที่ สมาคมประกันวินาศภัยไทย
24 มกราคม 2561

Long-term firms exhibited stronger fundamentals and performance than all others in the last 15 years.

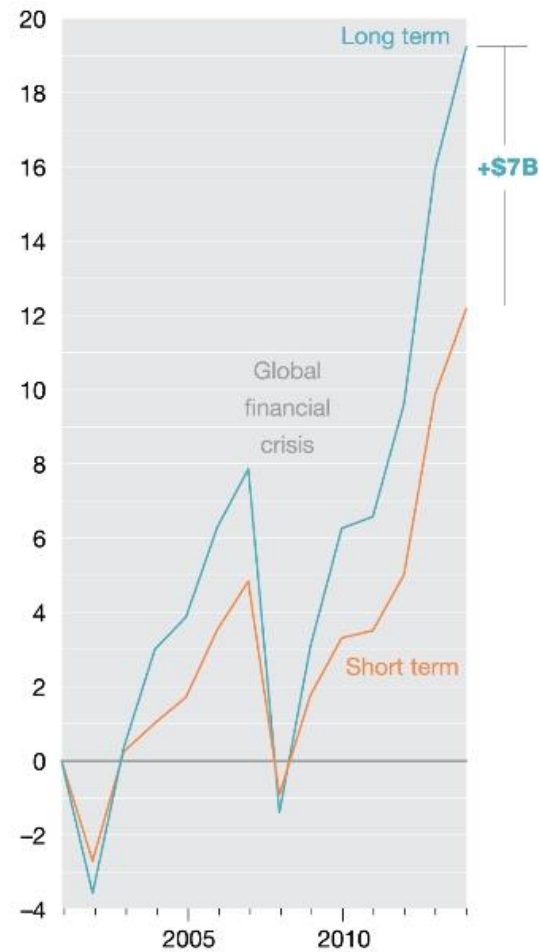
Earnings, \$ billion¹



Revenue, \$ billion¹



Market capitalization, \$ billion¹



¹Indexed to 2001.

Source: Corporate Performance Analytics by McKinsey; S&P Capital IQ; McKinsey Global Institute analysis



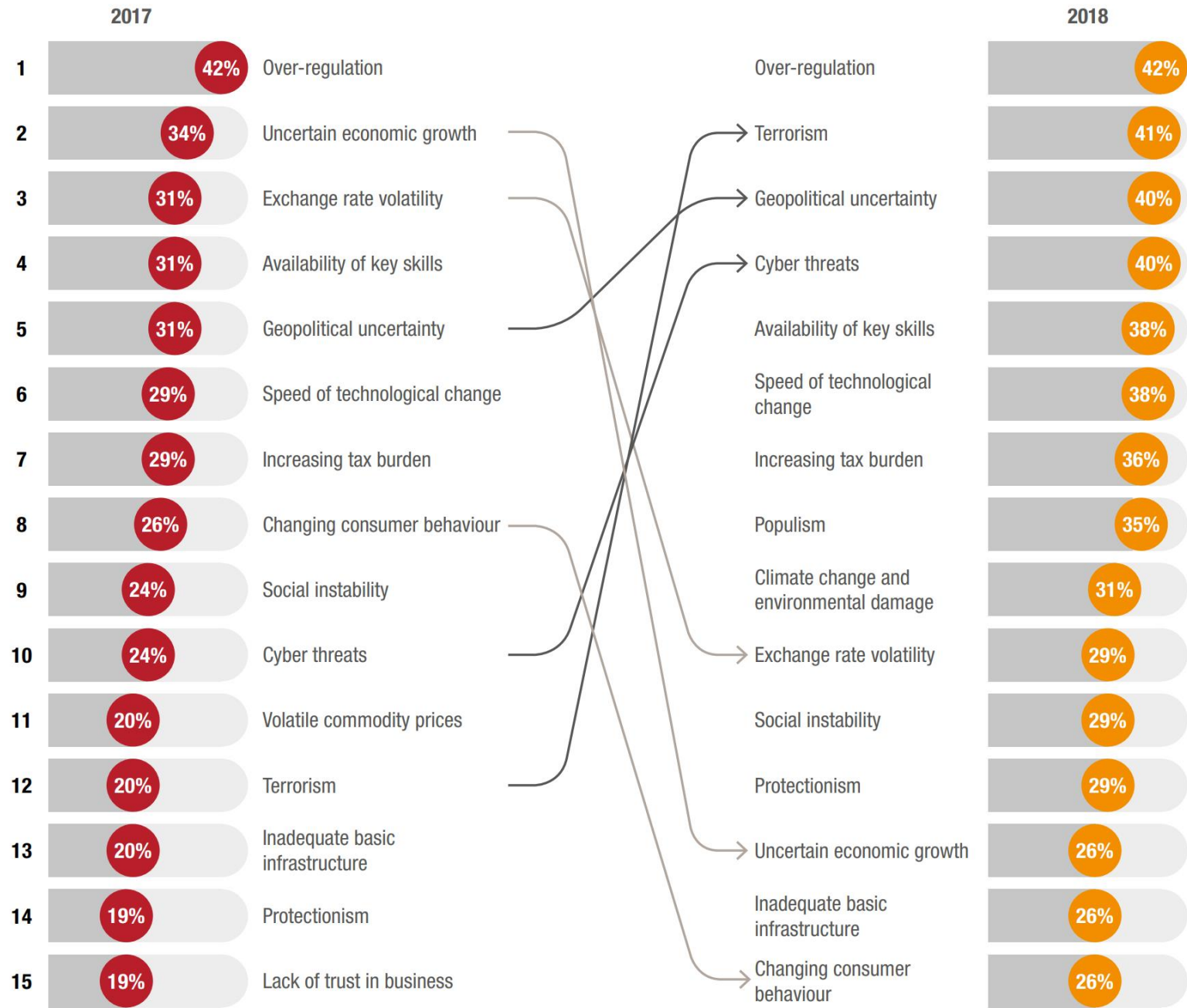
What are the most important risks to your sustainability?

Exhibit 7

Terrorism and cyber threats moved up; uncertain economic growth and exchange rate volatility moved down

Q Considering the following threats to your organisation's growth prospects, how concerned are you about the following?

i Chart shows percentage of respondents answering 'extremely concerned'.

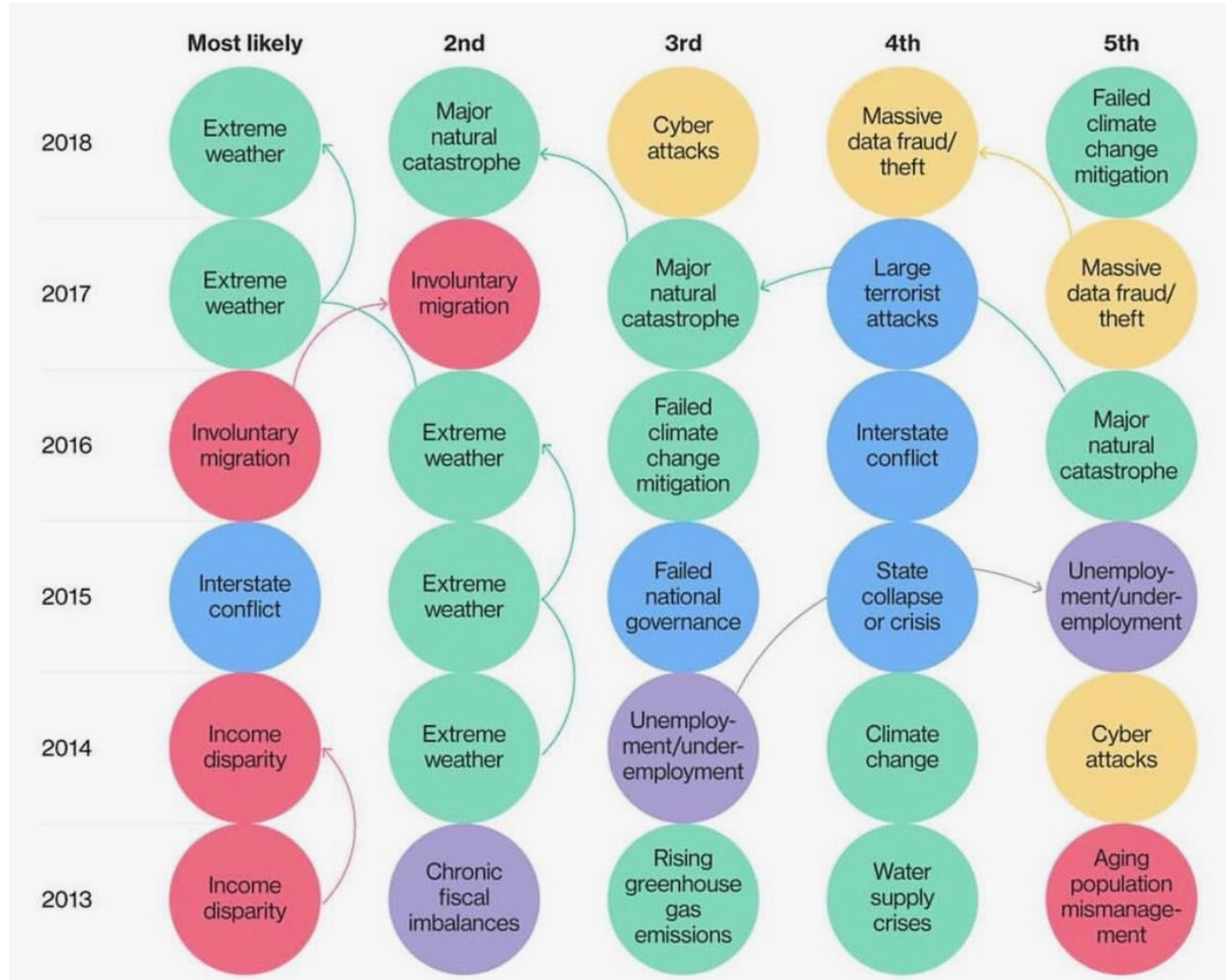


Source: PwC, 21st Annual Global CEO Survey
 Base: All respondents (2018=1,293; 2017=1,379)

Recurring Risks

Extreme weather is the biggest global risk, according to this year's WEF survey

World Economic Forum Global Risks Report 2018

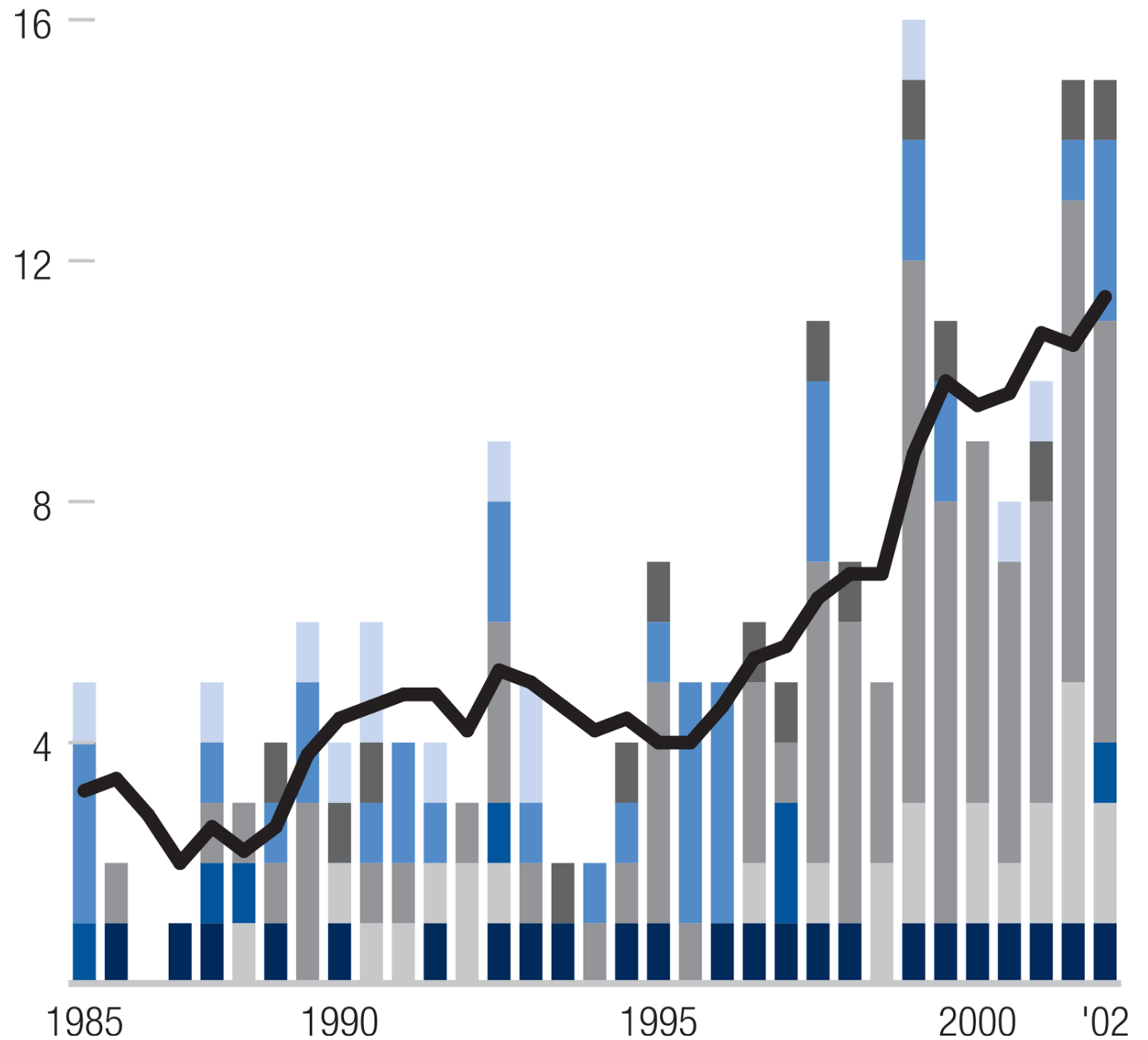


Source: World Economic Forum Global Risks Report 2018

Figure 1.2: Billion-Dollar Disasters

Number of US weather-related disasters

Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2017). <https://www.ncdc.noaa.gov/billions/>
Note: Data are inflation-adjusted and valid as of October 2017.



Key Risks to Insurance & Reinsurance Industry

EMERGING TRENDS

- Global aging and demographic shifts
- New risks faced by clients to cover (technological, industrial, information technology risks, etc.)
- Climate change adaptation and risk financing
- Fraud/corruption risk
- New customers behaviors
- Technical and scientific advances

ECONOMIC UNCERTAINTY

- Emerging and growth markets
- Product performance in context of low growth, low interest rates, etc.
- Less yield from public sector and government debt financing (need to diversify investments)
- Intermediation / Outsourcing / Relocation of activities in countries with lower social costs
- Financial market volatility

SUSTAINABILITY AND CORPORATE RESPONSIBILITY

- Environmental, Social and Governance (ESG) impacts of investments
- Restoring employees and customers trust
- Supporting community by paying fair taxes

POLITICAL AND REGULATORY EVOLUTIONS

- Regulations (e.g. Solvency II, IFRS, SIFI, Grenelle II)
- Strengthening of trading restrictions (with controversial companies or countries)
- Local superposition of laws with global, European, US, etc. regulations

OPERATIONAL CHALLENGES

- Digitalization and big data
 - New competitors due to digitalization
 - Lowering of prices and margin due to new competitors
 - Data security and data privacy
 - Reinvention of customer service
- Adequate skilled employees

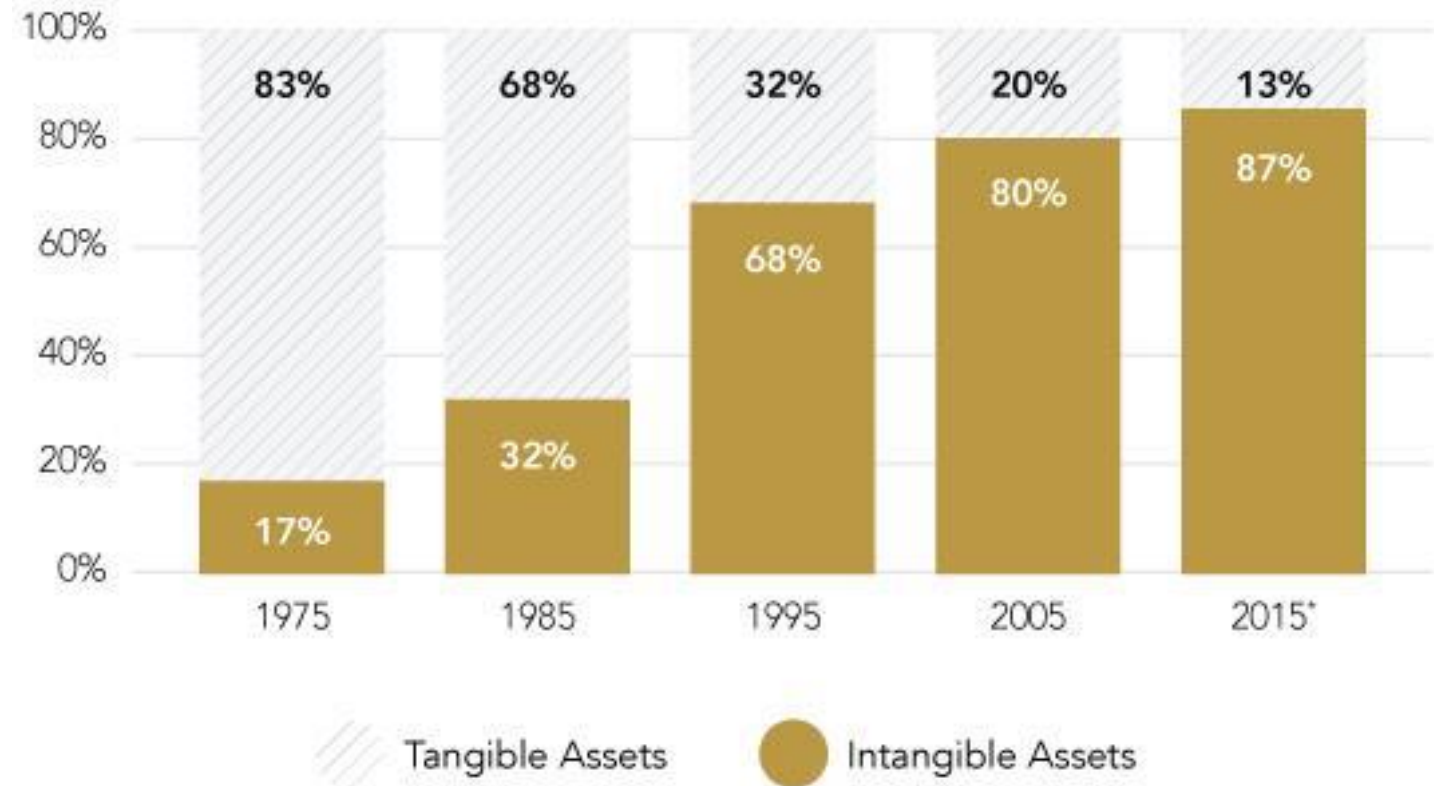


What will drive success of your company going forward?

Market Value:

Tangible vs. Intangible assets

COMPONENTS of S&P 500 MARKET VALUE



Some Prediction

40% of Fortune 500
Companies gone by 2020

SOURCE: OCEAN TOMO, LLC

Sources of Intangible Value

- Strategy – long term value creation
- Reputation – perceptions of stakeholders
- Supply chain – legitimacy of operations
- Human rights – child labour
- Stakeholder relationships – civil society
- Positive and negative impacts on triple context
- The quality of governance of the organization
- How does the company make its money?



Increasing Expectation of Governance Outcome

CG Principle 2012



1. Respect SH Rights
2. Equitable treatment
3. Role of stakeholders
4. Disclosure
5. Board responsibilities

Focus on Board to tone from the top



CG Code 2017



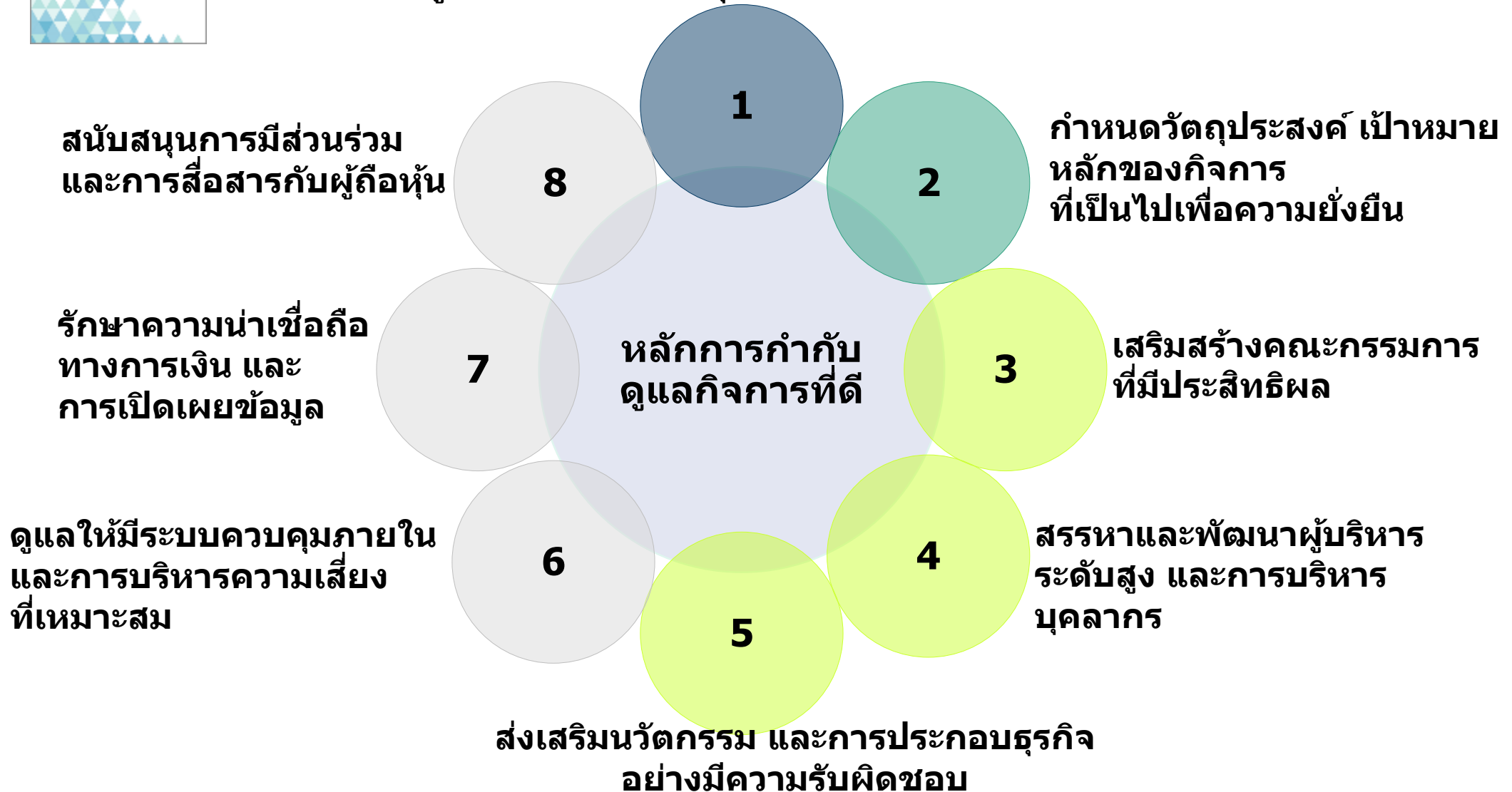
1. Performance w/ LT perspective
2. Responsible business
3. Good corporate citizen
4. Corporate resilience

Focus on Board's roles in leading organization: Arrangements for defining objectives, means to achieve, and monitoring



หลักการกำกับดูแลกิจการที่ดี ปี 2560

ตระหนักถึงบทบาทและความรับผิดชอบในฐานะ
ผู้นำองค์กร ที่สร้างคุณค่าให้แก่กิจการอย่างยั่งยืน



Annual report: Allianz

ranked No.1 insurer in Dow Jones Sustainability Index



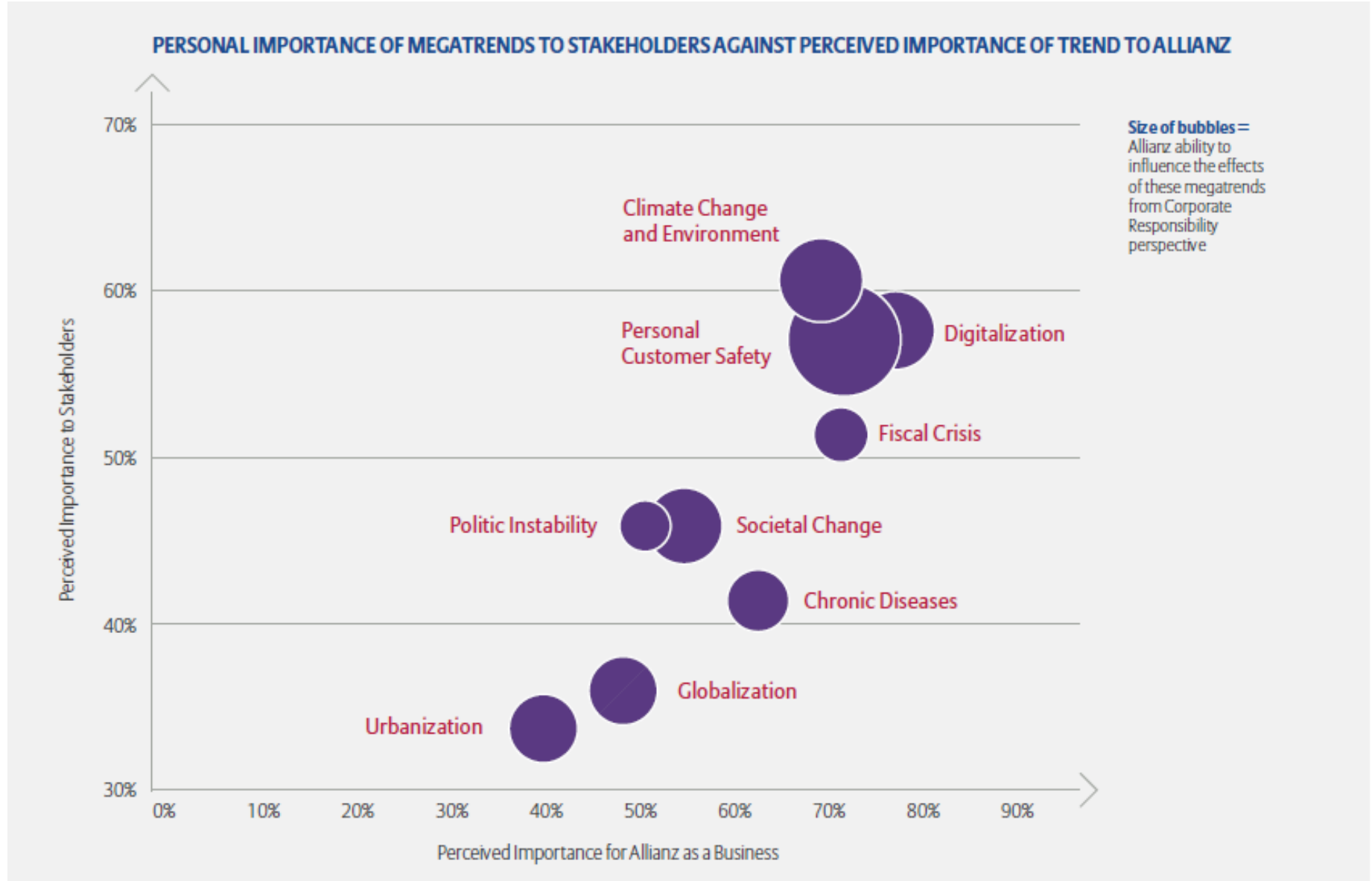
<https://www.allianz.com/en/sustainability/approach/>



For insurance and investments alike, we always consider certain ESG (environmental, social, governance) factors. Here's how we do business regarding those risks.

Whether providing insurance or investing our customers' insurance premiums, we consider the environment, social and governance (ESG) risks associated with such transactions. We have identified thirteen sensitive business areas (agriculture, animal testing, animal welfare, betting and gambling, clinical trials, defense, human rights, hydro-electric power, infrastructure, mining, nuclear energy, oil and gas and sex industry), where we see high potential for ESG risks that could impact stakeholders such as our investors, our customers, our employees and society in general.

Stakeholder Survey and Materiality Assessment 2016

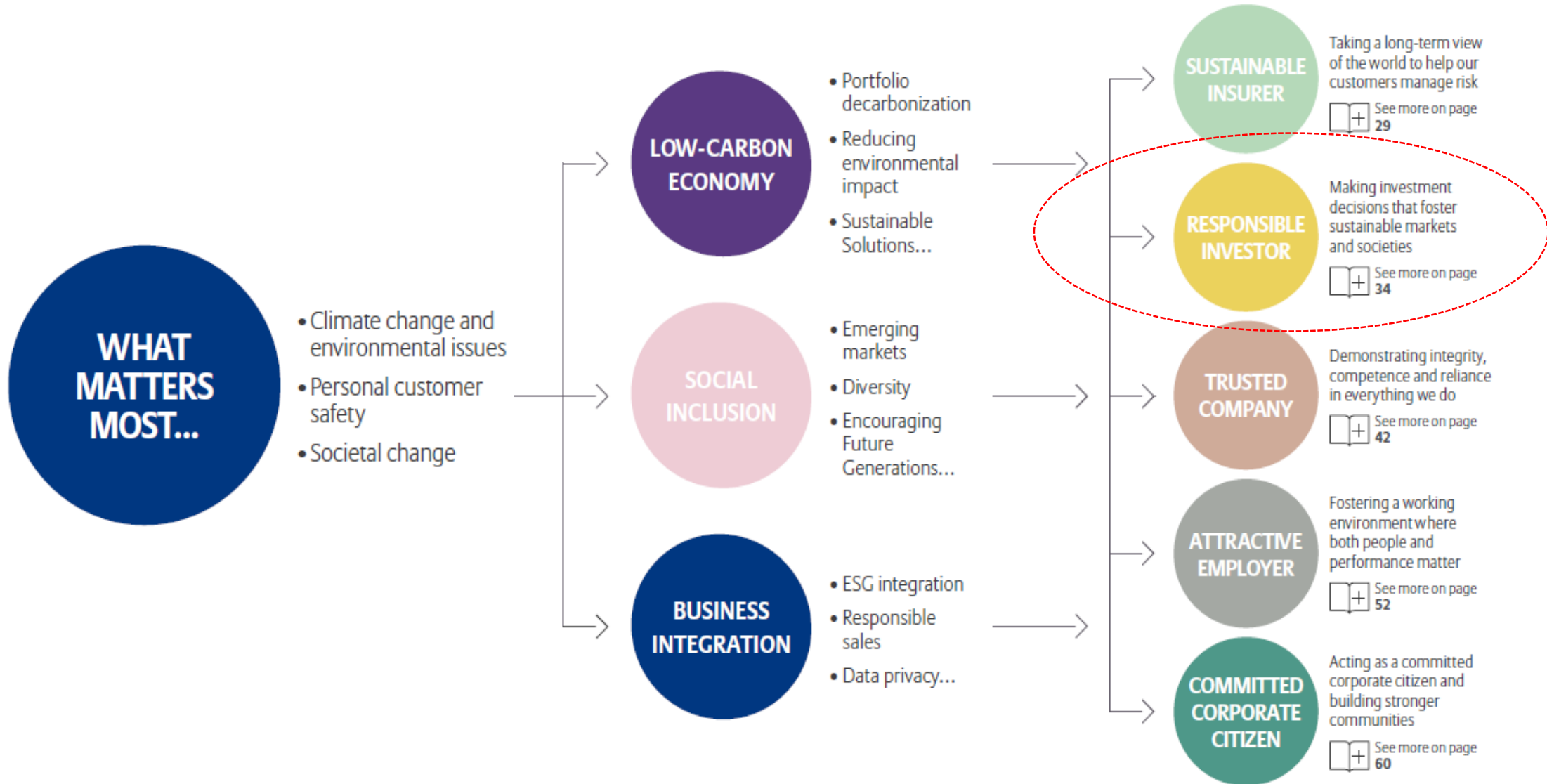


Corporate Responsibility Strategy

INFLUENCED BY THE OUTCOMES OF THE MATERIALITY ANALYSIS

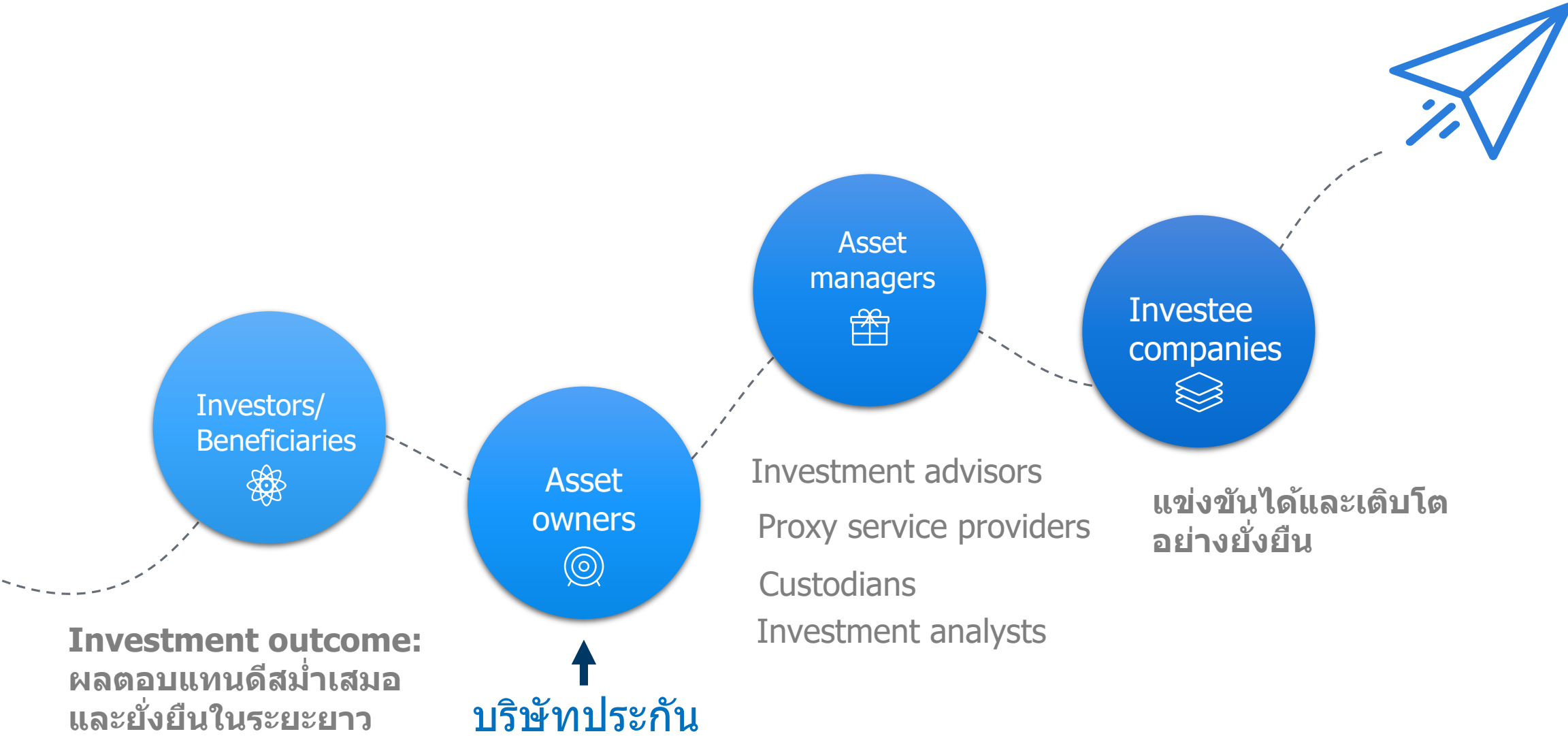
WE HAVE ALIGNED OUR STRATEGY TO THREE PILLARS

AND TRANSLATE THOSE INTO FIVE ROLES ALLIANZ PLAYS IN SOCIETY



Best Investment Outcome: Return from Investees

(ทำอย่างไรที่จะทำให้ Align interest ตลอด investment chain)



I Code: Practice for driving LT value creation to clients

Best LT investment
outcome for beneficiaries



- Active monitoring
- **Escalating engagement**
- Voting
- Collective action

NEW

- Investment policy
- Handling conflict of interest
- Reporting compliance

ตัวอย่างการเข้าไป Engage บริษัทที่ลงทุน

I. คำถามทั่วไป : ICGN

Part 4: Company and investor dialogue

The following section contains questions that investors can pose, both to companies and themselves, to assist them in their engagement with companies, and to gauge the influence of integrated reporting in their own investment processes. The questions are intended as tools for practical application, and to encourage reflection on the aims and objectives of integrated business reporting. They are not intended as a checklist for shareholder engagement, but as questions that may arise if there are gaps in the publicly available information.

4.1 Questions for companies

These questions are intended to be addressed primarily to directors, regardless of whether it is a unitary or two-tier board (supervisory directors), but many of these questions are also relevant to be put to a company's executive management.

Identification of key value drivers

1. Which factors or risks are the most important in driving company long-term performance and valuation? If there is a discrepancy between a company's book value and its market value, which are the (non-financial) factors contributing to this discrepancy?
2. How are these non-financial factors monitored by the board? How is their materiality assessed?
3. How does management communicate information about non-financial performance to the board? Does the board consider this process effective?
4. Are board directors satisfied with their understanding of the linkage of non-financial risks or opportunities with the company's value, financial performance and value creation story?
5. What mechanisms are in place to ensure the strategic objectives set by the board relating to non-financial factors are being implemented? Who assures their fit with broader strategic objectives? What processes are in place to clarify who has authority to make decisions on implementation?
6. Are the main non-financial factors adequately captured in key performance indicators (KPIs) or other internal reporting systems that are made available to the board?
7. Do board members believe that KPIs that draw from non-financial reporting allow them to compare or benchmark their own company's profile with competitors or other peers?
8. How does the board gauge ethics, values, conduct and culture in the company? Do non-financial metrics aid in that assessment to provide the board insight as to where potential problem areas might lie?
9. What are the main ESG risks for the company, and are such ESG risks included in the company's risk register or other internal reporting systems?
10. How does the board keep abreast of broader socio-economic and environmental trends and assess the potential impact on the company's business model?

ตัวอย่างการเข้าไป Engage บริษัทที่ลงทุน

II. คำถามราย sector : BlackRock

(เน้นถามทั้ง ESG risk + specific question ของแต่ละ sector ด้วย)

<https://www.blackrock.com/corporate/en-hu/literature/publication/blk-ceres-engagementguide2015.pdf> (p. 49-52)

INSURANCE

1. How does the company factor in climate change into its enterprise risk management systems, actuarial analyses, underwriting, or investment strategies? What is the process of board and management oversight of these?
2. How is the company minimizing the risk of the misuse of “big data” when using large data sets to better assess, price or create products?
3. Given that the insurance sector has more detailed and personal information on individuals or customers than most industries, how does the company assess the quality and adaptability of its cybersecurity measures? How often are your plans for security refreshed or re-evaluated?
4. How has the company developed strategies to create future products or coverage to attract a wider range of customers spanning a broader socio-economic spectrum? What are the company’s long-term plans for growing market share in an environment where major risks continue to put at risk the affordability and availability of insurance products?
5. How does the company ensure timeliness and ease of claim processing, as well as transparency of policies? How do the company’s products incentivize healthy, safe, and/or environmentally conscious behavior? (e.g., promote energy efficiency and low carbon technology?)

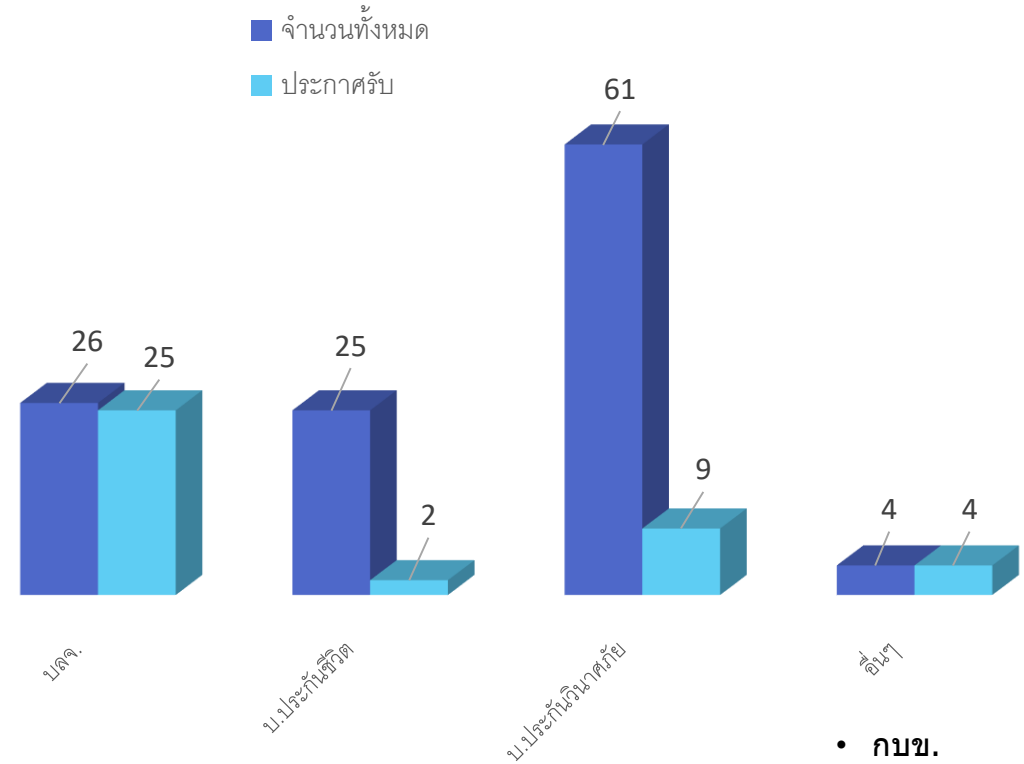
ตัวอย่างการเข้าไป Engage บริษัทที่ลงทุน

II. คำถามราย sector : BlackRock (cont.)

FOOD AND BEVERAGE

1. How does the company assess water-related risks in its supply chain? How is the company assessing its need to adapt to the physical impacts of climate change? More generally, what is the company's assessment of the impact of growing relative scarcity of agricultural commodities on its business?
2. How has the company assessed the impact of potential future climate change mitigation policies on its supply chain, including transportation costs? How is the company addressing the physical impacts of climate change on its supply chain?
3. How does the company assess the risk associated with increasing relative scarcity of agricultural land and pressures on biodiversity?
4. What is the impact of rising incomes in the developing world on the company's business, from both a supply and a demand perspective?
5. With regard to its own employees, what is the company's strategy for maximizing the productivity and motivation of its workforce, particularly customer facing employees? How does the company manage reputational risks associated with a possible high profile labor event (such as a safety failure or discovery of forced labor) in its supply chain?
6. How does the company assess the impact to its business of rising concerns in the United States about nutrition and health? How is the company managing the potential impacts of these shifting attitudes?

การประกาศรับการปฏิบัติตาม I Code



- กบข.
- สำนักงานประกันสังคม
- สมาคมส่งเสริมผู้ลงทุนไทย
- บริษัทในต่างประเทศ

สามารถเข้าไปดูขั้นตอนการประกาศรับ I Code และ download แบบฟอร์มได้ที่ <http://www.cgthailand.org/microsite/icode.html>

