

The Factors Associated with ESG Bond Issuances: Empirical Evidence from Thailand

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Abstract

Thailand has promoted the issuance of Environmental, Social, and Governance (ESG) bonds since 2019, and the volume of such issuances has steadily increased. Motivated by this trend, the present study investigates the factors associated with ESG bond issuance in Thailand during the initial five-year period (2019–2023). Specifically, the study examines whether firms with strong ESG performance scores and the presence of a dedicated ESG committee on their boards are more likely to issue ESG bonds instead of conventional bonds. The final sample comprises 203 firm-year observations, including 24 ESG bond issuances. The empirical findings reveal that neither overall sustainability performance nor the presence of a sustainability committee has a statistically significant effect on the likelihood of issuing ESG bonds. Nevertheless, the governance score from the preceding year demonstrates a significant positive association with ESG bond issuance. This result aligns with previous studies conducted in the Thai context, suggesting that firms with stronger corporate governance are more likely to access public debt markets and, within those markets, this research exposes that they are more inclined to issue ESG bonds over conventional bonds. This study is, however, limited by the relatively small proportion of ESG bond issuances compared to conventional bonds and the presence of multicollinearity between the environmental (E) and social (S) scores.

Keywords: bonds; debts; financing; ESG; sustainability, Thailand