



สมาคมนักค้าเงินไทย

THE THAI BANKERS' ASSOCIATION

TBA's ESG Declaration

August 2022

A warming planet poses a new challenge to sustainability and jeopardizes the existence of mankind and all elements on earth. There are no exceptions; all beings are vulnerable. As an engine of growth of the national economy, financial institutions provide financial facilities to enhance the capability and responsiveness of all stakeholders in order to ensure smooth transitions amid climate change.

We, members of the Thai Bankers' Association (TBA), recognize the urgency and seriousness of climate change. We also recognize the emerging Environmental, Social, and Governance (ESG) risks and opportunities in relation to climate change, diversity and human rights, financial inclusion, and reduced inequalities. We strongly support Thailand on its journey to achieving UN Sustainable Development Goals as well as its commitments to the Paris Agreement. We play a role as responsible financial intermediaries in promoting sustainable businesses and driving Thailand's sustainable growth. Unlocking systemic change will require collaborative, ambitious commitments and near-term action across the entire financial system.

Looking ahead, we agree to strengthen our efforts to improve the resilience of the financial sector with regard to ESG and climate risk mitigation and adaptation. We agree to develop sustainable practices in line with the Philosophy of Sufficiency Economy, national guidelines, TBA's Sustainable Banking Guidelines on Responsible Lending and the Bank of Thailand's regulatory frameworks, and relevant best international practices, notably recommendations from the UN Principles for Responsible Banking, the UN Guiding Principles on Business and Human Rights, and the Task Force on Climate Related Financial Disclosures (TCFD). In this regard, the following statements are our action priorities:

Governance:

Ensure good corporate governance and effective oversight at the board level, with clear accountability and responsibility at the management level regarding Environmental, Social, and Governance (ESG) issues, particularly climate change, financial inclusion, and respect for human rights.

Strategy:

Integrate ESG into business strategies and define frameworks for sustainable finance in order to minimize negative impacts and support positive economic growth, together with sustainable social and environmental development.

- We will do our best to support Thailand's smooth transition towards its Net Zero target.

- We will support the government on its transition towards Net Zero emissions with our best efforts and capabilities across all deliverable areas.

ESG Risk Management:

Incorporate ESG and climate considerations into risk management processes, including scenario analysis and stress testing, to assess the impact on banks' operations, transactions, and portfolios.

Financial products:

Utilize digital technology to increase financial accessibility, plus green and sustainable financial innovations; help customers on their way to achieve Net Zero emissions and sustainable growth.

Communication:

Communicate and collaborate with all stakeholders in raising public awareness on ESG issues and contribute to the efforts to achieve sustainable development goals.

Disclosure:

Develop monitoring and reporting systems in line with Thailand's regulatory frameworks and global sustainability disclosure standards (i.e. TCFD, GRI standards etc.)

Details of subsequent actions (i.e. capacity building), timelines, and KPIs for each ESG component will be developed later as a handbook. In the meantime, there are many key factors that will contribute to success with respect to sustainability. Success will require cooperation, not only in the banking sector, but also with regulators and stakeholders to ensure Thailand's aspirations going forward are in accordance with Thailand's National Strategy as well as the National Economic and Social Development Plan.

We pledge to act consistently and collectively to change, with transparency and resilience, in order to ensure interoperability and comparability among all Thai Bankers' Association members, under a "comply or explain" principle. Our pledge demonstrates our firm intention to push forward our banking sector to be a major driver of sustainable economic and social development efforts for a better and greener economy.