Make **REAL** Change

TCFD Report 2024

Task Force on Climate-related Financial Disclosures

Make **REAL** Change

"TMBThanachart Bank is committed to achieving net-zero emissions
within our operations and aligning our portfolio with Thailand's 2065 net-zero commitment,
while expediting this crucial journey whenever feasible.
Our commitment extends beyond compliance,
as it is an integral part of our corporate identity and responsibility,
ensuring we play a pivotal role in fostering a sustainable future."

Contents

Governance

Governance of Climate-related Risks and Opportunities

TMBThanachart has established a climate governance structure extending from the Board of Directors to frontline operations, to ensure seamless integration of climate strategies across all business processes. The governance structure is designed to uphold the highest standards of environmental stewardship and social responsibility, reflecting a profound understanding of the essential balance between financial stability and sustainability. It is integrated with the existing risk governance structure in which the three lines of defense apply.

Board of Directors (BoD)

- Approve the Bank's climate strategies, policies, and positions to guide the management of environmental and climate (E&C) risk and opportunities and ensure the alignment with the Paris Agreement and Thailand's commitment.
- Approve the Bank's key performance indicators (KPIs) and targets, including climate-related risk and opportunity targets.
- Approve risk appetite and ensure the integration into the business plan.
- Foster an environmental, social and governance (ESG) culture.
- Acknowledge the E&C performance quarterly.

Risk Oversight Committee (ROC)

- Oversee the management and evaluation of E&C and social risks, and the practice of responsible lending.
- Review and endorse strategic directions, key policies, and risk appetite of the Bank.
- Monitor E&C risk indicators and ensure mitigation plans are in place on a quarterly basis.

Nomination, Remuneration and Corporate Governance Committee (NRCC)

- Oversee and ensure the effectiveness of sustainability management from the top level of the organization.
- Ensure adherence to effective and efficient corporate governance practices aligned with sustainability principles.
- Review and provide guidance on the sustainability framework to support the Bank's long-term objectives.
- Promote and uphold a corporate culture that fosters environmental stewardship, social responsibility, and ethical business conduct.

Board of Executive Directors (BoED)

- Review and propose budgets, business plans, capital planning, and major investments in alignment with the Bank's strategies.
- Monitor the performance of business units, subsidiaries, and invested companies.
- Oversee branding, corporate communications, and other tasks assigned by the Board.

Chief Risk Officer (CRO)

- Assess and manage E&C risks to ensure that the Bank's strategies and actions remain agile and effective.
- Monitor the progress of the implementation plans and regularly report on E&C issues on a quarterly basis.

Chief Commercial Banking Officer (CCBO)

- Manage E&C opportunities to ensure sustainability-linked transactions and client engagement and advisory.
- Manage the alignment of the Bank's climate position and climate programs to support the Paris Agreement and Thailand's commitment.

Risk Management Units

- Incorporate physical and transition climate risks into the Bank's enterprise risk management, including key risk areas such as credit risks and market risks.
- Manage environmental and climate risks through risk identification, assessment, scenario analysis, and stress testing that are aligned with regulatory and international standards.
- Define climate-related risk appetite and embed it into credit policies, sectoral strategies, and lending criteria.
- Monitor climate-related key risk indicators and report regularly to senior management and board committees.

Sustainability

- Coordinate regularly with internal functions and external partners for climate strategy implementation and performance monitoring.
- Facilitate the development of capacity building programs for relevant functions.
- Engage with policymakers, trade associations and the Thai Bankers' Association (TBA) regarding the Bank's climate position.
- Assess the alignment between our climate position and climate change policies of our affiliated trade associations, and report on the progress of our actions to interested parties on a regular basis.

Commercial Portfolio Management

- Monitor and assess climate-related risks and opportunities across the commercial lending portfolio.
- Track decarbonization targets aligned with national and international climate commitments.
- Support climate stress testing and scenario analysis for the commercial portfolio.

Credit Product

- Design and structure green, sustainable, and transition loan products.
- Integrate climate risk assessments (physical and transition) into credit product pricing and eligibility.
- Coordinate with relationship managers (RMs) team to tailor financial solutions to sector-specific climate needs.

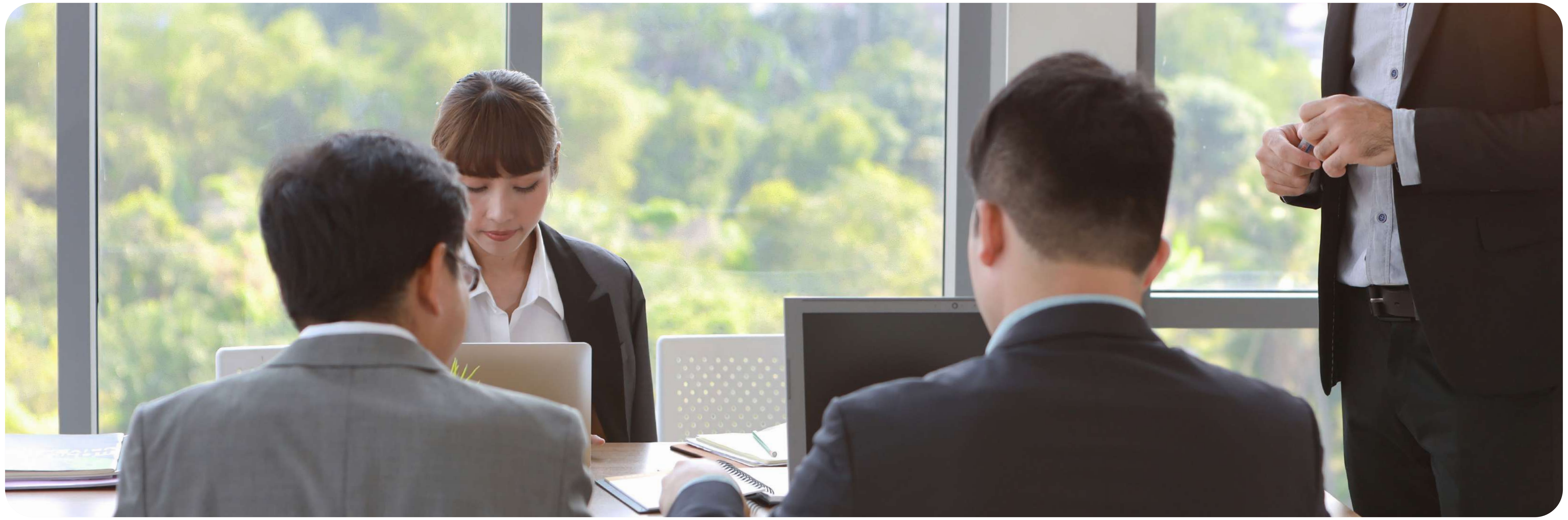
Relationship Managers (RMs)

- Engage with clients to understand their climate strategies, transition plans, and financing needs.
- Educate and advise clients on available sustainable finance instruments and requirements.
- Identify and originate climate-aligned business opportunities.

Moreover, the Bank's corporate key performance indicators (KPIs) incorporate climate-related risks and opportunities to support the management, monitoring, and improvement of sustainability practices and performance. The corporate KPIs serve as the basis for determining the variable compensation for the CEO, executives, and all employees of the Bank. This governance structure reflects our unwavering commitment to climate-related risk management and opportunities, demonstrating our dedication to sustainable banking that aligns with global standards and responds proactively to the evolving challenges of climate and environmental change. Through this approach, we are poised to contribute meaningfully to the broader dialogue and actions surrounding sustainable finance and climate change mitigation.

Enhancing Capabilities for Climate Risk Management and Opportunity Realization

The Bank seeks to foster awareness and understanding of climate change, preparing for the rise of climate risks and sustainable finance opportunities as clients face increasing pressure from climate-related issues. In 2024, the Bank invited climate experts from a local consultancy and a global development institution to share frameworks and best practices related to climate management. Our ongoing capability development effort underscores our dedication to integrating climate considerations into the Bank's core operations, addressing both risks and opportunities.



Topic	Participant
Navigating climate risks and opportunities: Emerging regulations and transition finance	Board of Directors and Chief Officers
Introduction to climate risk management	96
Introduction to green finance	34
Introduction to blue finance	33
Introduction to transition finance	49
Future of finance in Thailand: Transforming toward green banking	6
Future-ready: Preparing for the new ecosystem of climate transition by the Stock Exchange of Thailand	2
Decoding shades of business opportunities with Thailand Taxonomy by the Stock Exchange of Thailand	2
Climate change measurement and management for the financial sector by the Stock Exchange of Thailand	2

Strategy

Our Strategic Directions on Climate Actions

The Bank is committed to achieving net-zero emissions within our operations and aligning our portfolio with Thailand's net-zero commitment, while expediting this crucial journey whenever feasible. In doing so, we ground our approach and actions in science and feasible technologies to ensure realistic and tangible results. With this commitment, ttb has become an official member of the Partnership for Carbon Accounting Financials (PCAF). This membership will help the Bank assess our greenhouse gas emissions associated with our portfolio and align our goals with the Paris Agreement, aiming to limit global warming to 1.5 degrees Celsius. Additionally, we will adhere to the financial sector's science-based target guidance from the Science Based Targets Initiative (SBTi).

Supporting Thailand's Net-Zero Transition through 3 Strategic Directions

Reducing GHG emissions in our operations

Improve energy management by enhancing efficiency measures and investing in renewable energy where feasible.

Managing environmental and climate-related risks

Continuously strengthen our risk framework, policies, and processes to identify, assess, and mitigate climate-related risks. Reduce exposure to high-risk sectors, integrate climate considerations into financial decision-making, and minimize potential financial impacts.

Financing and advising clients' transition to net-zero

Facilitate clients' transition through sustainable financing, advisory services, and strategic engagement. Expand sustainable finance solutions to support the growth of green assets in the portfolio and accelerate the transition to a low-carbon economy.

Reducing Our Own GHG Emissions

Our goal is to contribute actively to the essential shift towards a net-zero society, starting with our own business operation. This involves managing our buildings, branches data centers, and corporate travel with the standards of a future net-zero economy. Managing our own environmental footprints with a wide range of initiatives and environmental saving programs to create awareness of environmental issues and to encourage all employees to help reduce their internal consumptions of energy and resources.

Empowering Customers to Transition to Net-Zero Economy

We are committed to significantly expanding our green portfolio, which will help accelerate the net-zero economy through sustainable financing solutions and client engagement. Additionally, we continue to innovate new sustainable products and services to assist individuals and companies in reducing their carbon footprint and transitioning to sustainable business models. The following are key highlights of our sustainable financing solutions:

- Introduced and issued green and sustainability-linked loans in 2018.
- Became the first Thai commercial bank to issue green bonds in 2018 and 2022, and Thailand's first blue bond in 2022.
- Established the ttb green and blue bond framework with Second Party Opinion in 2022.
- Continuously host ESG seminars and workshops for corporate and SME clients.

Aligning Our Lending Portfolio with Thailand's Commitment

In order to limit the impact of climate change and remain on a 1.5 °C pathway, we must transition away from economic activities that generate high greenhouse gas (GHG) emissions. With our decarbonization journey, the Bank focuses on the sectors in our portfolio that are responsible for the most greenhouse gas emissions and has announced the following commitment. Our commitment to reducing the impact of unconventional oil and gas, coal mining, and coal power generation exceeds the expectations set by the IPCC's recommended phase-out period for coal by 2030 and for oil and gas by 2050.

- No longer finance transactions or investments related to oil sand (also called tar sand).
- No longer finance transactions or investments related to nuclear energy.
- No longer finance transactions or investments related to Arctic oil and gas.
- No longer finance transactions or investments related to shale oil and gas.
- No longer finance transactions or investments related to ultra-deepwater oil and gas.
- No longer finance activities or investments related to coal mining and exploration, applicable to the coal mining entity, while existing financings are to be run down to zero by 2028.
- No longer finance or invest in any new coal-fired power plant projects while existing financings are to be run down to zero by 2028.
- No longer finance or invest in coal infrastructure while existing financings are to be run down to zero by 2028.
- Restrict the total portfolio to 5% in upstream oil and gas activities.

Climate-related Risks and Opportunities

Environmental and Climate-related Risks and Potential Impacts

Physical and Transition Risks

"Environmental and Climate (E&C) risk" is defined as the probability of loss to business from environmental and climate change issues. E&C risks may arise from both the Bank's business operations and business activities such as lending, investing, and funding activities.

Examples of E&C-related risks with regard to our operations include non-compliance with E&C-related laws, regulations, and disclosure requirements, adverse reputation impact from engaging in business activities that may have adverse impacts on the environment, and operational risks from disrupted business operations due the natural disasters. The E&C risks arising from business activities are primarily related to the credit risk aspect such as a reduction of repayment ability, and also depreciation/erosion of collateral value.

(1) "Physical risk" is defined as the probability of losses to assets and business operations due to acute natural disasters and chronic environmental changes that can occur slowly over time. Examples include natural disasters, which could adversely impact the real estate and tourism sectors, droughts, which could impact the agricultural sector productivity, and increased sea levels, which could impact the communities and businesses along the coast [Ref: Bank of Thailand].

(2) "Transition risk" is defined as the probability of losses to asset value, competitiveness, and relevant business operations from changes in various factors, including consumers' and investors' preferences, official regulations and policies, and technology developments to address environmental issues and transition toward a low-carbon economy. Examples include the reduction of plastic usage, government policy to reduce fossil fuel usage, clean technology regulation, or the collection of carbon tax [Ref: Bank of Thailand].

Summary of Environmental and Climate-related Risks, Potential Impacts, and Measures to Manage Risks Related to Our Operations

Risk Type	Risk Area	Descriptions	Potential Impacts	Timeframe	Measures to Manage Risks Related to Our Operations
Transition Risk	Policy / Legal Landscape	Changes in government regulations and transition policies, with trends toward more stringent laws and regulations.	1) Own Operations 2) Business Activities	Short-long Term	Regular/proactive monitoring of regulatory compliance to ensure adherence to relevant laws and regulations (with regular reporting to management).
	Technology	Substitution of existing products and services with lower emissions options - potential significant impact on the financials.	Technology risk related to E&C is more apparent in business activities such as lending and investing. Examples - Customers may face higher operational costs relative to competitors due to the delayed adoption of energy-efficient technologies. - The initial investment toward transitioning to a low-carbon society may adversely impact the clients' financials and their ability to repay loans, thereby posing a risk to the Bank's loan portfolio.	Medium-long Term	No significant impact on our operation is expected.

Risk Type	Risk Area	Descriptions	Potential Impacts	Timeframe	Measures to Manage Risks Related to Our Operations
	Market / Reputation	Shift in consumer preferences toward a greener society (perceptions of products/services - consumer behavior shifts toward a more environmentally conscious consumption, or perception of an organization's contribution to or transition to a lower-carbon economy). Companies that are slow to respond to low-carbon products and services may lose their competitive advantages. Additionally, a shift in preferences toward a greener society may also lead to stakeholder concern/negative feedback. For the Bank, financing or providing financial services to businesses that may adversely impact the environment may negatively impact the reputation.	1) Own Operations 2) Business Activities	Short-long Term	- The Bank has developed sustainable financial products such as green bonds, corporate bonds, and ESG-linked loans. - The Bank held different transition finance activities to raise awareness and provide financial and non-financial support to customers to transform their businesses. - Climate-related issues are part of negative brand reputation risks, which are managed through the Bank's social monitoring and crisis management tool.
Physical Risk	Acute	The increasing frequency and severity of extreme weather events such as flooding, heatwaves, storms, and wildfires.	1) Own Operations 2) Business Activities	Short-long Term	- Business Continuity Plan (BCP) is reviewed and updated regularly. Risks from natural disasters are covered under the BCP. - The Bank has asset insurance policies to mitigate against damage from natural disasters.
	Chronic	Progressive shift in climate patterns, such as a rise in average global temperature, rising sea levels, and changes in precipitation patterns. Overall, natural disasters such as floods or wildfires may cause damage to our assets and resources, such as buildings, equipment, and personnel, which may impact their business operations.			

Note: Short term: 0-3 years, Medium term: 3-5 years, Long term: > 5 year

Measures to Mitigate and Manage Risks Related to Business Activities (Exposures in Lending and Investing)

The E&C risks arising from business activities are primarily related to the credit risk. Credit risk may increase when clients are impacted by environmental changes (either through the form of physical risks and/or transition risks) as these factors may hinder their ability to generate sufficient income to meet repayment obligations. Subsequently, these factors may also lead to depreciation and erosion of collateral value.

To address the potential impacts from business activities such as lending and investing, the Bank adheres to our ESR policy. Cases exposed to specific risks (including but not limited to E&C risks) are managed under the Bank's risk management framework, which addresses both customers-related considerations and collateral-based credit risk mitigation.

Beyond credit risk, natural disasters can lead to a surge in deposit withdrawals, potentially exposing banks to liquidity risk. However, the direct impact is likely immaterial. Nevertheless, the Bank has a Liquidity Contingency Plan in place, and the liquidity monitoring process is part of our risk management framework.

Note: Impact on market risk (through volatilities of financial assets pricing) – related to E&C risk is not expected in the short to medium term. Nevertheless, the Bank has a process to manage market risk, under our current risk management framework (e.g. appetite to limit risk exposures).

Our Approach to Managing E&C Risks

The Bank's management of environmental and social responsibility (ESR) issues is governed by the ESR Policy that is integrated into the Bank's daily operations. The ESR Policy provides a framework for assessing and managing the client's E&S risks prior to proceeding with financial activities, such as setting new credit limits, increasing existing ones, or conducting annual credit reviews. This applies to both commercial and retail clients.

The Policy encompasses an "Exclusion List" that is applicable to non-retail clients, identifying businesses activities the Bank must avoid entirely due to ESR concerns. Our exclusion list serves as a guide, steering us away from specific loan types that could pose potential harm to the environment.

Carbon-intensive businesses which are part of the exclusion list include:

1) Energy
- Transactions related to oil sand, arctic oil and gas, shale oil and gas, ultra-deepwater oil and gas.
- Coal-fired power plants project.

2) Coal Mining
- Activities related to coal mining and exploration, applicable to the coal mining entity.

The ESR policy, along with other credit policies and guidelines, are reviewed annually or when there are material changes to regulatory requirements, business strategy, operations, or risk factors, ensuring they stay relevant.

Climate Risk Stress Test

In 2024, the Bank conducted a regulatory climate risk stress test (pilot exercise) focused on physical risks from a flooding scenario over a three-year period. The scope of assessment included credit risk and operational risk.

- Credit risk: the scope of this exercise included both commercial portfolios (ranging from corporate to SMEs) and retail portfolios. The assessment on the selected portfolios and sectors was performed based on the changes in Probability of Default (PD) (e.g. impact based on industry revenue / location of major source of income / macroeconomic projection), and Loss Given Default (LGD) associated with impacts from the flooding (e.g. impact on collateral value based on collateral location).

  Based on the scenario prescribed by the Bank of Thailand (BOT), the impact on commercial portfolio was more PD-inclined compared to the retail portfolio. We assessed the impacts of flooding on industry revenue and the locations of primary income sources. For retail portfolios, in addition to the PD dimension from the macroeconomic projection, we also assessed the impacts on collateral real estate appraisal values, considering factors like repair costs from flooding and collateral locations. Our analysis reveals that the commercial portfolio is well-diversified across various industries and income sources. The impacts associated with the flooding scenario for retail portfolios did not yield a significant impact on the Bank's overall portfolio. The appraisal values of the collateral have only experienced marginal changes.

- Operational risk: the physical impacts and damages from flooding were assessed (e.g. headquarters, cash operation center, and branches).

Overall, the Bank is able to well withstand the impacts of the tested scenario. In addition to the regulatory climate risk stress test, we are launching an internal climate risk stress test exercise using scenarios that better reflect our portfolio, to assess the impact of climate risk on credit risk.

Financial Risk of Climate-related Risks

The Bank acknowledges the critical need to transition away from coal-fired power plants, recognizing significant climate-related risks associated with continued investments in intensive carbon energy sources. Our decision to stop financing coal projects is driven by multiple factors: the imperative to mitigate climate change impacts, the goal to align with environmental objectives, the need to adapt to the evolving energy market dynamics, the compliance requirements with increasingly stringent regulatory mandates, and the aim to meet societal expectations for sustainable and responsible banking practices.

Concurrently, regulations governing the development and operation of coal-fired power plants have tightened, imposing more stringent requirements and penalties. In response to these risks, the Bank has set a target to cease project financing of coal-fired power plants by 2028. If there were no risk mitigation measures implemented by the Bank, the estimated financial implications would be THB 3,658 million over a five-year period. However, with our proactive steps to phase out such financing, we anticipate no annual costs associated with this transition.

In terms of physical risks, the sugarcane industry is directly impacted by climate-induced events, including drought, flooding, and typhoons. To aid our clients in both mitigating and adapting to these climate change impacts, we have introduced a sustainability-linked loan. This innovative scheme ties the interest rate to the client's success in adopting 'green harvesting' methods, such as non-burn sugarcane harvesting, a practice crucial for reducing greenhouse gas emissions and pollution that negatively affect public health and safety. To facilitate these sustainable practices, the program incurs an annual cost of THB 440,000. Without such precautionary actions, the Bank could face an estimated THB 250 million in financial losses over the next decade due to the compounded effects of climate risks.

Supporting Clients in Developing Sustainable Business Models

While maintaining an exclusion list and established processes to manage environmental and social (E&S) risks, the Bank takes a proactive approach in supporting clients seeking to develop sustainable business models. The Bank also promotes awareness and provides ESG-focused lending solutions, including green loans for projects such as solar energy, biomass energy, and waste management. In addition, the Bank offers sustainability-linked loans, where interest rates are tied to the borrower's sustainability performance, assessed through predefined environmental or social criteria. Companies that meet these targets benefit from incentives such as reduced interest rates.

Transition Finance Activities

In 2024, the Bank continues to establish several transitional finance activities to raise awareness and provide financial and non-financial support to clients including:

- Establish ttb's transition plan for selected sectors (power generation, and transportation) in alignment with BOT's direction and in cooperation between members of the Thai Banker's Association
- Incorporate climate-related risks (physical and transition) into industry-level guidance to inform business units' decisions on new loan acquisitions
- Collaborate with partners to set up the "ttb green business transition master class" forum to support clients on greenhouse gas accounting in line with the Carbon Footprint in Organization (CFO)
- Provide financial products to support clients for transition to a low-carbon economy, including the introduction of new products (ttb green transformation loan), and existing products (green/blue loans, sustainable-linked loans, solar rooftop programs, and floor plans for EVs)

Risk Management

Managing Environmental and Climate-related Risks As Part of the Bank's Risk Culture and Risk Management Framework

The Bank recognizes that climate change is one of the most important environmental issues. E&C-related risks may directly and indirectly affect the household sector, business sector, operations of financial institutions and overall economic and financial stability, especially during the transition period.

Although E&C-related risks may not have an immediate impact, the Bank has established an "Environmental and Social Responsibility (ESR) Policy" to support long-term sustainability. The ESR Policy provides a framework for assessing a client's E&S risks prior to financial engagements and has been embedded into normal business operations to ensure responsible lending by managing environmental and social risks.

Three Lines of Defense

Since climate-related risk management is integrated into the Bank's regular business operations, it is governed by the existing three lines of defense structure.

First Line of Defense
Business Units

Under our three lines of defense structure, the employees in the business units (the 1st line of defense) identify risks, consider the impact, report if necessary, and apply appropriate risk mitigation strategies. Specific to climate-related risks, Business units follow the related policies and guidelines to evaluate E&C risks of the clients and transactions, engage with the clients about their decarbonization plans and transition activities, and take those risks into consideration during credit decisioning and or / deal structuring.

Second Line of Defense
Risk Management Units

Risk Management units under the Chief Risk Officer perform the 2nd line of defense duties of formulating risk strategy and appetite, policies, guidelines, standards, and appropriate risk structures, as well as overseeing, monitoring, and actively challenging the risk–return trade-off in the Business units. Managing E&C risk is embedded in the risk management units' day-to-day operations. For example, the risk policy team—working jointly with business units and other relevant functions—develops and maintains the ESR Policy. Underwriters consider E&C risks during credit decision-making, and E&C-related regulations fall within the Compliance function's scope of responsibility.

Third Line of Defense
Internal Audit Units

Internal audit as the 3rd line of defense provides independent and objective assurance on the effectiveness of controls and recommends improvements to the governance, risk & control framework.

Our Approach to Managing Environmental and Climate-related Risk

Risk Identification and Assessment

The Bank conducts due diligence to assess the client's Environmental & Social (E&S) risks associated with their business activities and/or transactions to which the Bank provides financing/services by using the following tools:

1) General questionnaires are used to assess E&S risks in general, depending on the nature of the transaction. Upon the completion of general questionnaires, a risk rating which indicates an E&S risk profile, will be generated. Clients and/or transactions of different E&S risk ratings are subject to different E&S considerations and/or treatment. For example, for high and medium risk transactions, the time-bound action plans and relevant supporting documents and covenants are to be considered, and the transactions are to be escalated to the higher approval authority.

2) Specific questionnaires are used to assess E&S risks in industries where the Bank has flagged for carbon-intensive operations. The results of the specific questionnaire are incorporated into the decision making process.

In summary, the questionnaires help us understand how climate factors might affect businesses seeking our financial support. By looking into different aspects of a client's operations, it gives us insights into how well they can handle E&C-related challenges and allows us to steer our portfolio/actions towards our environmental goal.

Risk Control and Mitigation

The Bank continuously controls and monitors the client's E&S performance by assessing existing and emerging E&S risks associated with the client's operations. This assessment is conducted during transactions to ensure the client's ongoing compliance with the E&S clauses stipulated in the legal agreement. Reviews are carried out at least once a year, or earlier if the Bank becomes aware of any material changes affecting the borrower. E&S covenants are monitored and reported as part of regular business operations.

In addition to controlling and mitigating climate-related risks at the transaction level, the Bank considers climate-related risks during business planning and the process of setting strategic direction for sectors within the commercial portfolio. To do so, degrees of climate-related risks of each sector (both physical and transition risks, through the Bank's internal climate-related risk heatmap which is based on United Nations' methodology) are taken into consideration when determining target business growth in different sectors.

Risk Monitoring, Reporting and Communication

At the portfolio level, ESR and climate-related risk (on credit portfolio) indicators are part of the risk indicators. These risks are regularly monitored and reported to the Risk Oversight Committee and the Board of Directors through the periodic risk dashboard.

Operational Risk

The Bank has established Business Continuity Management (BCM) Policies and Standards that address continuity risks related to environmental and climate change. These provide guidance and standards for all units in developing a Business Continuity Plan (BCP). The Business Continuity Management is set up to oversee the implementation of BCM Policies and Standards, and monitor and lead the co-ordination of group-wide BCP initiatives to raise the overall BCP / DRP readiness of the Bank.

Strategic Risk

The Bank is aware of the possible strategic risks from both internal factors and external business environments that could possibly affect strategic execution and operating outcome.

The Bank has set performance tracking processes and strategic risk control to manage strategic risks. Regular meetings of the management team and business units are held to review performance results together with remedial planning in case of target shortfalls. A strategic risk dashboard has been developed and is updated regularly to keep management informed and aware of the changing strategic risk status. Strategic risk self-assessment is also regularly evaluated by management.

Given the risks emerging across Environmental, Social and Governance (ESG) areas, the Bank has integrated these considerations into its strategic direction and risk assessment processes. This approach not only helps the Bank meet evolving expectations from customers, employees, shareholders and regulators, but also positions ESG as a catalyst for transforming business operations and generating positive social and environmental impact. The Bank's ESG risk factors and related policies have been updated to ensure alignment with regulatory requirements and international standards.

The Bank is firmly committed to maintaining a high standard of strategic risk management. This commitment is reflected across all stages of the strategic process—from planning, organizational restructuring to staffing, project execution, and performance monitoring—all of which must be in line with the Bank's core strategies. Furthermore, the strategic plan is reviewed regularly to ensure it continued relevance in a dynamic business environment.

Metrics and Targets

Recognizing our significant role in the financial ecosystem, we have established metrics and targets aimed at reducing both our carbon footprint and the emissions financed through our lending and investment activities. Our approach involves a rigorous assessment of our internal operations to identify areas where we can reduce energy consumption and greenhouse gas emissions, implementing sustainable practices in everything from our office spaces to our digital infrastructure. Concurrently, we dedicatedly support environmentally sustainable projects and businesses, while actively moving away from high GHG emissions business activities. By setting ambitious yet achievable targets, we are not only aligning our operations with international climate goals but also pioneering a path for the financial industry to contribute positively to the global fight against climate change.

Our Climate Commitment

	2024	2025	2028	2030	2065
Scope 1 & 2	**7%** GHG emissions reduction from 2023 baseline	**9%** GHG emissions reduction from 2023 baseline		**42%** of GHG emissions reduction	**Net-zero** in our own operations
Scope 3	**20,000 million baht** financed to support clients' transition to net-zero	**25,000 million baht** allocated to support clients' transition to net-zero **2 sectoral pathways** developed for the transition plan	**Exit** from coal mining, exploration and coal-fired power plants		**Net-zero** in lending and investment

Remark:
GHG emission scope 1 & 2 is the bank's own operations
GHG emissions scope 3 include sustainable financing and financed emissions

2024 Climate Performance

Our Targets	Progress Against Targets
7% reduction of GHG emissions Scope 1 and 2 compared to the 2023 baseline.	The Bank achieved an 8% reduction of Scope 1 and 2 GHG emissions compared to the 2023 baseline.
Drawing down existing financing and investment of coal mining, exploration, infrastructure, and power generation by 2028.	• Exposure in coal mining and exploration decreased by 75% in 2024, compared to the 2021 baseline. • Exposure in coal-fired power plants decreased by 59% in 2024, compared to the 2021 baseline.
5% restriction of upstream oil and gas activities of the total portfolio.	The exposure to upstream oil and gas activities is still under 5% of the total portfolio.
THB 20,000 million for ESG financing.	The Bank allocated a total of THB 19,700 million to support clients in their transition toward more sustainable practices.

ttb carbon footprint

The Bank recognizes the importance of transparency and accountability in addressing our environmental impacts. By actively monitoring and reducing emissions, the Bank demonstrates leadership in corporate sustainability and environmental responsibility and take accountability of its own emissions.

Scope	Unit	2021	2022	2023	2024
Scope 1 GHG emissions	Tonnes of CO_2e	263	3,070	2,901	2,747
Scope 2 GHG emissions	Tonnes of CO_2e	22,306	22,018	30,557	27,974
Scope 3 GHG emissions	Tonnes of CO_2e	205	328	577	567
Overall total emissions	Tonnes of CO_2e	22,774	25,416	34,035	31,228

Remark:

- The scope of reporting in 2023 and 2024 covers the Head Office (including subsidiaries located in the Head Office i.e., Phahonyothin Asset Management Company Limited and ttb consumer company limited), other buildings, branches either owned or leased, and ttb broker which is a subsidiary not located in the Head Office.
- 2021-2022 data cover Head office, other office buildings and owned branches only. Thus, the data between 2021-2022 cannot be used for comparison purposes with 2023-2024 data.
- The boundary of Scope 3 emissions in 2024 includes the following activities: paper usage, waste generated in operations, business travel operated by external parties, downstream leased assets, and LPG usage by lessee. The Scope 3 in this context excludes Category 15, with data for this category presented in the section 'The Bank's Financed Emissions.'
- Due to the recent revisions in calculation methodology, the GHG Scope 1, 2, and 3 emissions data for 2021-2023 may reflect variances in the reported figures.
- The environmental data have been partially assured by a third party. For more information on the assurance statement, please visit ttb 2024 Sustainability Report.

ttb financed emissions

In our efforts to monitor our climate impact, we measure the absolute amount of GHG emissions associated with our portfolio, using the methodology of the Partnership for Carbon Accounting Financials (PCAF) standard. The scope includes financed absolute emissions and emission intensity of the energy sector in Thailand, encompassing coal, power generation, and oil and gas. These accounted for 9.2% of the outstanding commercial portfolio.

2024 Scope 3 GHG Emissions[1,2]

Types of assets/ sectors	Portfolio allocation	Financed absolute emissions (Tonnes of CO_2e)	Financed emission intensity (Tonnes of CO_2e to baht)	Weighted data of quality score[3]
By asset class in accordance with PCAF standard				
Project finance	Coal Power generation Oil & gas	1,512,647	-	4
Business loans and unlisted equity		1,482,011	-	1.8
Total		2,994,659	0.0002	3.4
By sector				
Coal	100% of project finance and business loans	39,477	-	1
Power generation		2,082,056	-	3.8
Oil and gas		873,126	-	1
Total		2,994,659	0.0002	3.4

[1]GRI 305-3: Other indirect GHG emissions (Category 15).

[2]The measurement and calculations were conducted subject to limited data availability on a best-effort basis.

[3]The data quality scores were calculated in accordance with PCAF's calculation standard and reports of financed emissions (highest quality = 1, lowest quality = 5).

Make **REAL** Change

TMBThanachart Bank Public Company Limited
Head Office, 3000 Phahon Yothin Rd., Chom Phon, Chatuchak, Bangkok 10900
Reg No./Tax ID No. 0107537000017
Tel. 0 2299 1111
Website ttbbank.com
E-mail ttb.sustainability@ttbbank.com