

# Sustainable Finance



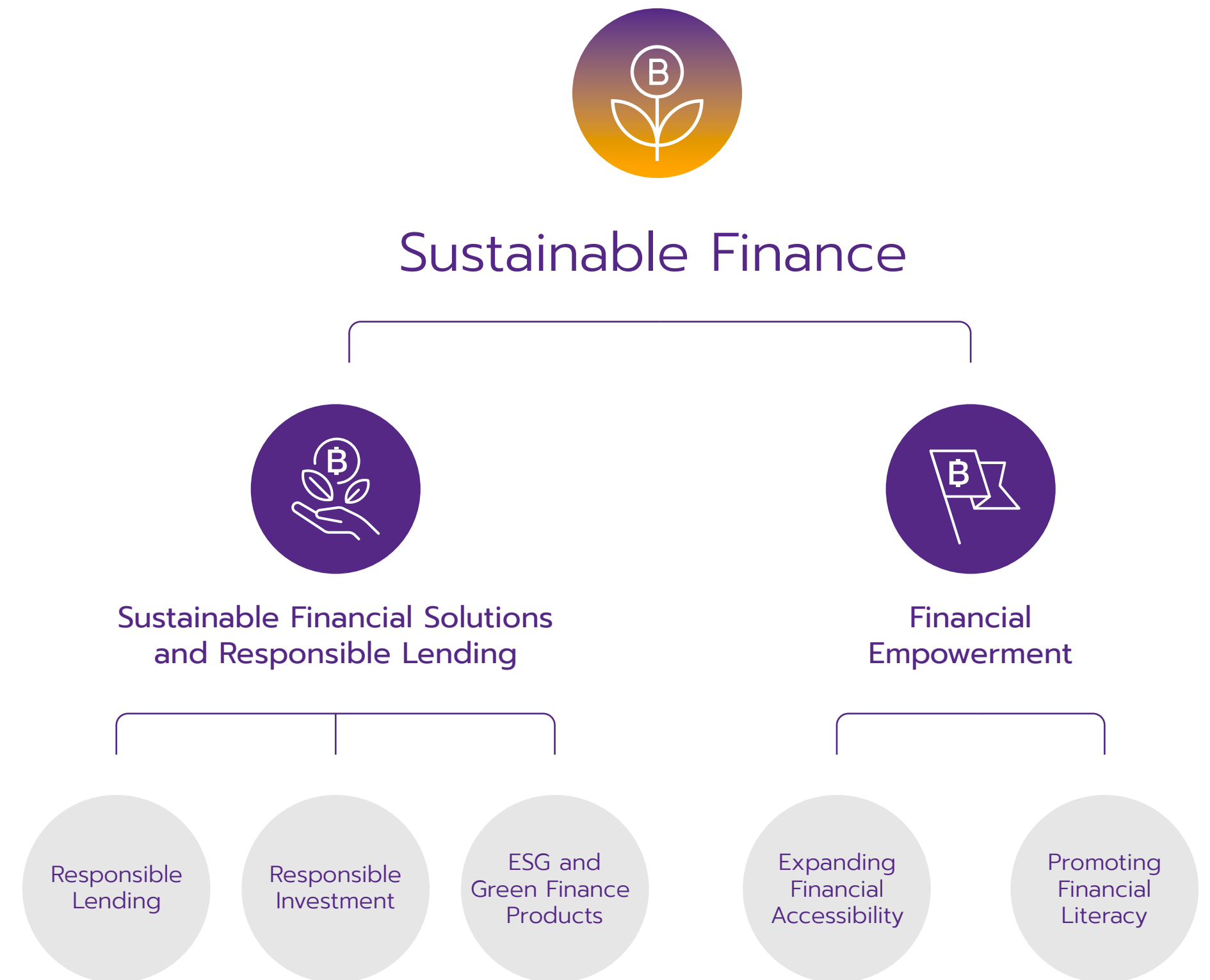
# Sustainable Finance

Climate change, poverty, and social inequality still pose extensive challenges both to Thailand and across the globe. Economic expansion which entails a larger but unbalanced resource consumption has been a part of the problem, as somewhere in the world, there remains lacking access to resources and necessities to live a decent life.

These challenges prompt the world to bring "Sustainable Development" into the limelight. In this regard, the financial and banking sector—an intermediary in mobilizing funds and resources to economy and society—plays a vital role in this transition to a low-carbon and knowledge-based economy.

## Our Commitments

At SCB, we are committed to the 'Sustainable Finance' principle. The Bank integrates the Environmental, Social, and Governance (ESG) consideration into its credit underwriting process and investment advisory and seeks to offer financial products and services that take into full consideration the impacts to the environment and community. Apart from that, through financial innovation and extensive collaboration with our partners, SCB leverages technology and data to uplift access to financial services and literacy while consistently promoting financial skills among our clients and the general public.




**Sustainable Finance**

Creating Social Impact


Better Environmental Future




### 2023 Target

-  Incorporate ESG criteria into the Bank's policy, credit underwriting process, and investment advisory based upon relevant principles and standard


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-  Develop/ Offer at least **100 ESG funds**


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-  Fund and raise **53,000 million baht** of sustainable finance to support SDGs.

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-  Improve accessibility to financial services and innovation for **200,000 sSME clients**

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-  Nurture financial literacy of **67,000 customers** and the general public

### 2021 Performance

- 100%** of project finance passed the ESG risk assessment

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- Offered to clients **79 choices** of ESG funds

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- Over 40,150 million baht** allocated to promoting sustainable finance in a way to alleviate climate change, bridge a social gap, and uplift quality of life

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- Improved accessibility to digital loans for more than **35,300 sSME clients**

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- Helped over 25,000 customers, employees and other Thais** to develop financial knowledge

## Key Performance/ Initiatives in 2021

# 01

### Uplift the Responsible Lending



SCB adheres to the 'Sustainable Banking Guidelines – Responsible Lending,' which is an established guideline by the Bank of Thailand, the Thai Bankers' Association, and commercial banks to encourage responsible retail and business lending.

#### Retail Customer:

Apart from income and credit risks, SCB's retail credit underwriting process examines the debt service ratio (DSR) as well as borrower's affordability and living expense, so as to present financial products and services that cater to each customer's demand without undermining their well-being.

#### Corporate Customer and Project Finance:

SCB considers environmental and social issues as part of the Bank's Credit Policy Guide and identifies the Exclusion List and credit underwriting guidances for specific industries. Furthermore, our lending procedures are aligned with the Equator Principles and guidelines by the International Finance Corporate (IFC).

The Bank's project finance process aligns with the responsible lending policy and guidance from building customer relationships, sales and credit analysis, developing environmental and social risk assessment guidelines for project finance, and communicating the guidelines to all relevant employees to ensuring thorough compliance.

In 2021, SCB improved our responsible lending practices and achieved key milestones as follows:

#### Become the first Thai bank to become EPFI

SCB recognized our responsibility to manage environmental and social risks caused by large-scale projects, and thus under the SCB Board's approval, SCB became a signatory to the Equator Principles (EPs) in April 2021. Prior to that, the Bank improved its internal procedures in accordance with the EPs, and then the Board approved the EP directive as the guidelines for SCB project financing in July 2021. The EP Association officially accepted SCB's membership in January 2022. As an Equator Principles Financial Institution (EPFI), SCB pledges to comply with the 10 environmental and social principles and integrate them into the Bank's policy and credit underwriting procedures.

[More detail in 'Special Report' on page 20-23](#)

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**Pledge the commitment to support PRB and PRI**

The Bank signed a statement of commitment to the UNEP Finance Initiative’s Principles for Responsible Banking (PRB) and Principles for Responsible Investment (PRI) as part of the Bank’s management in order to support SDGs and the Paris Agreement. SCB along with governmental agencies, institutional investors, and 43 banks acknowledged this statement of commitment in the ‘Sustainable Thailand 2021’ event –organized by the Government Pension Fund (GPF) in partnership with the Ministry of Finance, the UN, the Bank of Thailand, and other government and private sectors.

**Examples of project finance that undertake ESG risk assessment based upon the EPs and SCB’s responsible lending practices**



**Continued Financial Support to Electricity Production from Renewable Energy Plant in Vietnam**

The Bank continuously provides financial support to electricity production from renewable energy in Southeast Asia. In 2021, the Bank financially supported solar-powered plants in Vietnam which utilized photovoltaic technology. A combined electricity production capacity of 100 megawatts. Along with credit risk assessment, the Bank also conducted environmental and social risk assessment in terms of space-efficient for optimal solar-power generation, consultation with local community to communicate the project’s information. Project advisor was also hired to help provide advisory on relevant technicality, social, and environmental issues.

The solar-powered electrical plants were able to generate enough electricity for

**60,000** households,

and reduced greenhouse gas emission of

**70,000** tons of carbon dioxide equivalent.

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**Financial Support to Electricity Production from Solar-powered Plants in Thailand**

With expertise and knowledge in renewable energy production industry, as well as understanding that renewable energy is a crucial mechanism in supporting a transition to low-carbon economy, SCB has consistently been providing financial support to renewable energy production plants. In 2021, the Bank provided financial support to solar-powered plants in Thailand which utilized photovoltaic technology. A combined electricity production capacity from all plants was over 300 megawatts.

Even though this type of project generally has a low impact on environment and society, the Bank and client still set out appropriate action plans and measures for environmental and social issues. This includes approaches for deteriorated photovoltaic solar panels discarded and managed according to national standards and practices, measures to address other environmental and social issues while supporting local community involvement. Furthermore, scope of work for a hired project advisor includes advisory on legality and relevant environment and social matters, which is in alignment with a SCB Sector-Specific Guide.

**Financial Support to Electricity Production from Wind Power**

Electricity production from wind power is another renewable-energy industry that SCB provides financial support to, both within Thailand and internationally. The Bank understands that energy production from wind power is one of the cleanest energy with a low GHG emission rate and does not generate hazardous waste resulted from production process when compared to energy production from other sources. However, electricity production from wind farms pertains to limitations in terms of location due to a limited number of suitable locations for wind farms set up. Furthermore, only certain areas in Thailand are considered suitable

for such set up while many areas are identified as environmentally and socially sensitive. In addition, adoption of outdated or inappropriate technologies may create noise and disturb surrounding communities.

In 2021, financial support to wind farms with electricity production capacity of over 120 megawatts then requires a comprehensive risks assessment on topics such as utilization of new technology, involvement of local community that requires understanding and acceptance. Similar to other project finance, project advisor was also hired to provide advisory on relevant technicality, social, and environmental issues with appropriate performance monitoring.

The solar-powered plants were able to generate enough electricity for **180,000** households, and reduce greenhouse gas emission of **160,000** tons of carbon dioxide equivalent.

The project was able to generate enough electricity for **100,000** households, and reduced greenhouse gas emission of **100,000** tons of carbon dioxide equivalent.

# 02

## Promote Sustainable Investment



SCB firmly believes that integrating ESG consideration into its underwriting process will help improve the Bank’s decision-making on investment advisory, increase risk-adjusted returns in the long term, and also prevent and alleviate negative externalities while fostering beneficial impacts to the society.

The Bank promotes sustainable investment in adherence to the **Responsible Investment Advisory Policy**, which covers investment advisory services for all asset classes. Wealth management personnel are professionally trained and adept at communicating and providing investment advisory that are well-suited to each client’s demand.

In 2021, the Bank presented 79 sustainable funds as green investment alternatives, totaling 39,500 million baht or equals to 7% of total assets under management (AUM).



## Selected efforts on promoting sustainable investment

### SCBCLEAN Fund

In 2021, SCBAM introduced the new ‘SCB Global Clean Energy’ with registered capital of 3,000 million baht. SCBCLEAN is a feeder fund that invests only in one foreign mutual fund, namely BNP Paribas Energy Transition (Master Fund). The investment policy primarily focuses on global companies engaging in the energy transition to achieve a sustainable change, under top-down and bottom-up investment strategies.

AUM

411

million baht in 2021

### SCBCLEAN

#### Powering the energy transition



#### Decarbonization

Adoption of energy alternatives that reduce CO2 emissions



#### Digitalization

Efficient and Systematic technology deployment



#### Decentralization

Energy distribution through infrastructure and storage system

**SCBGEEESG**

‘SCB Global Sustainable Equity Fund’ was registered in 2020 with a capital fund of 10,000 million baht. SCBGEEESG is also a feeder fund investing only in Janus Henderson Horizon – Global Sustainable Equity Fund. The Master Fund pursues investment in the securities of companies offering products or services that contribute to positive changes in the environment and global sustainable development, based on the judgment of fund managers.



**772**  
million baht  
in 2021

**The fund seeks an investment opportunity in 10 environmental and social issues**



Clean Energy



Efficiency



Environmental Service



Sustainable Transport



Water Management



Knowledge & Technology



Health



Safety



Sustainable Property & Finance



Quality of Life

**Environmental**

**Social**

**SCBTHAICG**

Registered in 2017, SCB Thai Equity CG Fund or SCBTHAICG has an investment policy focusing on equity instruments of listed companies in the Stock Exchange of Thailand (SET) and/or the Market for Alternative Investment (MAI) or other secondary markets of SET. The Fund mainly seeks to invest in firms with good corporate governance and accredited members of the Thai private sector Collective Action Against Corruption (CAC).



**131**  
million baht  
in 2021



# 03

## Unlocking New Green/ ESG Products



Because robust economic and social development rests on sustainability and improving human capital, SCB never stops uncovering new sustainable financial solutions to serve every segment of our customers.



### Corporate Customer



Promote green/ ESG products and services, totaling over

# 30,000

million baht in 2021

**Sustainable loans for corporate customers** who seek borrowing for environmental-friendly activities in line with the Loan Market Association's Green Loan Principles. The projects funded by sustainable loans include public rail transport, renewable energy, EV charging station, and certified green buildings.

**Supports for green bonds:** In 2021, SCB was among the underwriters of BTSC Green Bond for the Northern-Southern Green Line extensions and electrical and mechanical works. The bond issuance proceeded according to the international standards, including the ICMA's Green Bond Principles 2021 and ACMF's ASEAN Green Bond Standards 2018.

### Sustainable loans for large-scale projects

**Financial advisory for mega infrastructure and energy production developments that rest on sustainability principles**

### Launching ESG-Linked Interest Rate Swap

SCB and Minor International PCL jointly launched the ESG-Linked Interest Rate Swap in 2021, following the success of Thai Overnight Repurchase Rate (THOR)-based derivatives implemented in 2020. The ESG-Linked Interest Rate Swap represents a further step to improve THOR-based derivatives and bolster market liquidity to fully support THOR-based products. Minor International is among the enterprises that successfully integrate the ESG in business conduct, so this collaboration presents an opportunity to seize financial benefits from SCB, especially if the ESG performance target is mutually achieved. This collaborative effort is expected to raise ESG awareness among Thai enterprises and entrepreneurs.

### SME Customer

SCB SME Go Green: financial supports of more than

 **6,000** million baht

#### Offering financial supports to 4 major areas of sustainability:



Energy Efficiency



Pollution Management



Clean Mobility



Female Entrepreneurship

### Green Seminar & Business Matching

In 2021, the Bank collaborated with 14 government agencies and business partners in organizing 2 green seminars to uplift SME business efficiency, competitive edge, and environmental-friendly operation.

**Batch 1:** July 2021  
Cut, Quit, LEAN ... Powering CLEAN business

**Batch 2:** October 2021  
Transition to Clean Business:  
Invest and Reduce Long-term Cost



Over

220 SMEs

attended the GREEN SEMINAR



The GREEN SEMINAR achieved over

360 million baht

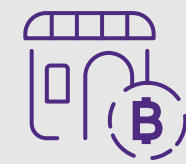
Of total Green Loans provided



### Partnering with the Department of Alternative Energy Development and Efficiency (DEDE): Promote Thai SMEs to Go Green

Thai SMEs are in the race to keep up with the transition to green industry and green customer. To assist its SME client on such journey, the Bank signed the Memorandum of Understanding (MOU) with the Department of Alternative Energy Development and Efficiency (DEDE) for a collaborative effort in supporting SMEs to conserve energy or adopt greener energy alternatives.

The initiative provides information on sources of funding and investment risk management, policy supports, and learning activities to encourage energy conservation and renewable energy adoption. With better energy efficiency, SMEs can cut down energy costs and become a part to drive the economy with green energy.



Green Loans of more than **4,150** million baht



### Retail Customer

#### Clean Mobility Loans

SCB has consistently developed financial solutions on clean mobility for retail customers. In 2021, the Bank offered loans to purchase more than 570 million baht worth of vehicles.



Hybrid Car



Electric Car



Electric Motorcycle

#### Green Home Loans

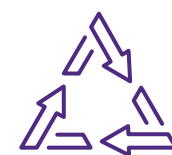
The Bank offers special clauses under the 'SCB Home Loan: Green Energy' to promote the purchase, construction, and renovation of houses with solar panels and other energy-saving tools or technologies. In 2021, SCB underwrote the green home loans worth over 30 million baht.

#### Sustainable Loan for sSME

Understanding the importance of medium to small enterprises in driving Thailand's economy and creating positive changes to support sustainability goal, the Bank developed and offered sustainable business loans for sSME in the total amount of 3,550 million baht in 2021. This is for the 5 main business activities.



Increase Energy Efficiency



Water Pollution Treatment Equipments



Supply and Distribution Business that Supports Green Production and Consumption



Environmental and Sustainability Consultant



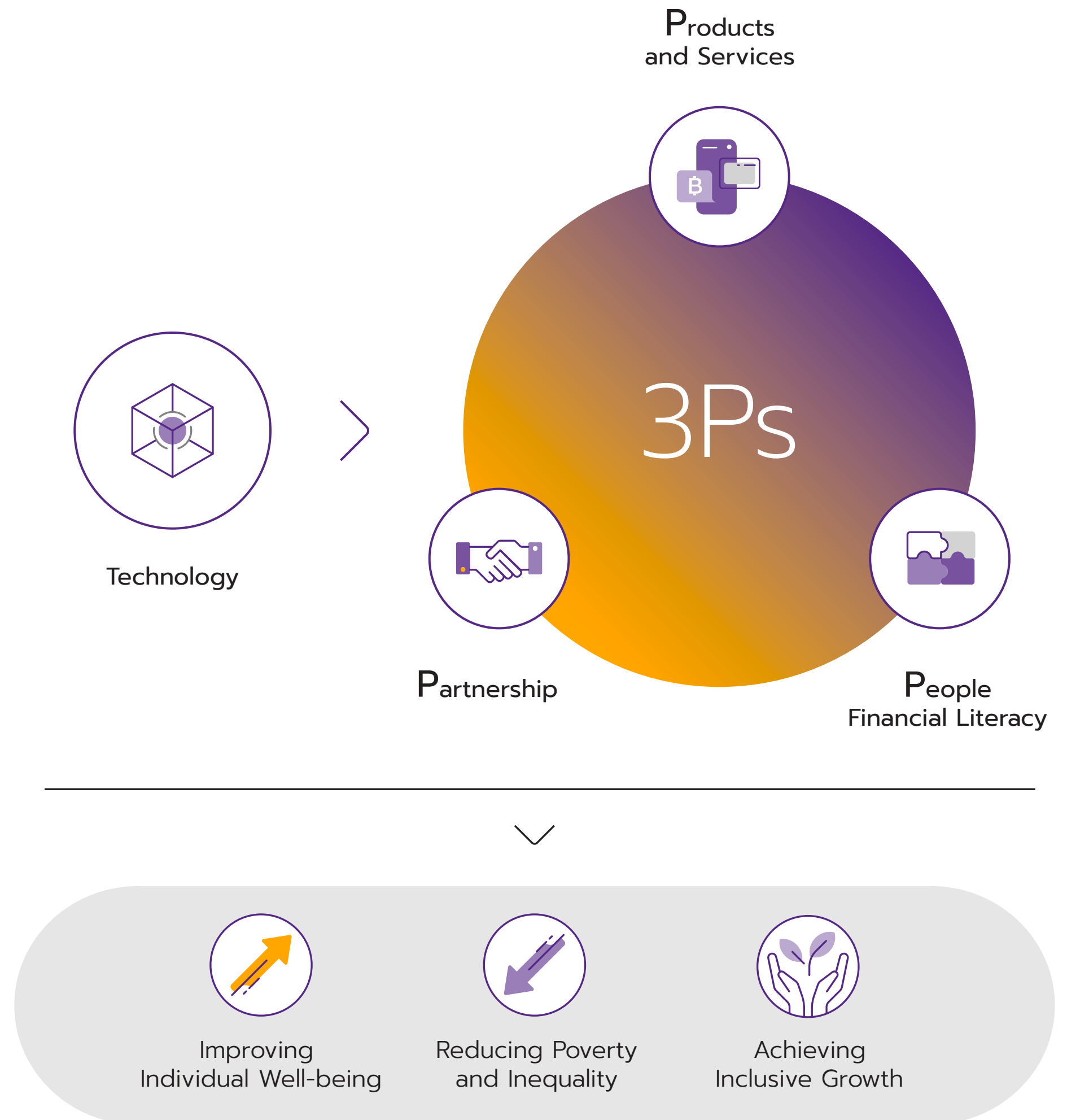
Companies under Women's Ownership

# 04

## From Financial Technology to Creative Financial Access



SCB recognizes the role and responsibility to develop and sustain a long-term economic balance while narrowing the social gap caused by uneven financial inclusion. The Bank is devoted to promoting inclusive access to financial products and services via investment and new technology, under the '3Ps' framework (Products and Services, Partnership, and People Financial Literacy). The Bank strives to become a digital bank that offers financial services to all customer groups via digital platforms in a way to diminish the banking service gap while building a solid foundation for financial literacy and skills.



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**SCB EASY**

Mobile application for comprehensive financial services on mobile phone

Over

13.1

million users

With average monthly of

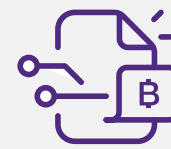
38

transactions made per user



**EASY INVEST**

Mobile application offering investment management service by Robo Advisors technology or automatic portfolio design and management



In 2021, SCB helped increase access to online loan services for

**Low-income customer**

earning lower than 15,000 baht

42,349

customers

Approved loans of

679

million baht



**sSME Customer**

including freelancer, new entrepreneur, online merchant, and entrepreneur seeking to expand business

Over

35,300

customers

Approved loans of

2,802

million baht



**SCB EASY No-fee Savings Account: A Step towards Inclusive Financial Accessibility**

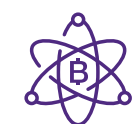
SCB's existing and new customers can conveniently register any new savings account online without fee or minimum deposit via

- ✓ SCB EASY
- ✓ Banking Agent's identity authentication service point
- ✓ ATM, and
- ✓ National Digital ID (NDID) via other bank's mobile application

More than

554,000

registered accounts as of December 2021



## Selected financial innovations and investment in 2021



### FINNIX: The Nano-Finance Application for Freelancer and Retail customer

#### A solution to household debt and loan sharking

In 2021, SCB's MONIX launched "FINNIX," a legal digital lending application, targeting freelancers, low-incomers, and retail customers. These clients often lack financial statements and sufficient collateral to access loan services at established financial institutions or banks, but with FINNIX, they can apply for loans 24/7 through smartphones.

The FINNIX operating system is run by AI technology and Machine Learning (ML), which enables a faster, more comprehensive, and accurate customer risk assessment on a global security standard.

More than **5 million** downloads

Loans supports of over **6 billion** baht



### ATM for the Visually Impaired

SCB seeks to leverage digital technology to enhance financial inclusion for all service recipients, and thus developed a new ATM feature to accommodate visually impaired customers in 2021. By selecting the braille-dot button, visually impaired customers can safely and conveniently perform ATM transactions by themselves with voice assistance from start to finish. In the pilot stage, the new feature is available at 5,700 ATMs nationwide.

# 05

## Enhance Business Capability Towards a Sustainable Success



### SME Academy

Thai SMEs today are confronted with fierce competition in both domestic and international markets, as well as challenging environments and factors –particularly in terms of knowledge improvement, which is a foundation for sustainable growth. Therefore, the Bank set up SCB SME Academy in 2019 as a community of business knowledge to strengthen SME competence in all dimensions. The Academy currently offers 5 major curricula encompassing comprehensive knowledge and insights from seasoned mentors who are leading experts and successful entrepreneurs.

#### The DOTs

Curriculum to enrich professional skills, prepare SMEs for family business succession, and help them thrive sustainably in a digital era

#### IEP - SCB Intelligent Entrepreneur Program

Specialized curriculum to sharpen entrepreneur vision, introduce new business tools, and learn from the real experiences of successful SMEs

#### ITP - SCB Intelligent Trade Program

Curriculum to broaden business acumen in trade and exports to international markets, helping SMEs to stay buoyant in an ever-changing business environment

**In collaboration with New Economy Academy  
Department of International Trade Promotion**

#### IBE - SCB Innovation Based Enterprise

Curriculum to nurture knowledge and innovation integration into business strategy

**In collaboration with NIA Academy**

#### Mentor Building Program

The top curriculum to groom existing SMEs to become mentors who help the next generation SMEs attain their business success

SCB SME Academy welcomed more than

# 2,300

participants in 2021

Providing over

# 100

learning hours per participant



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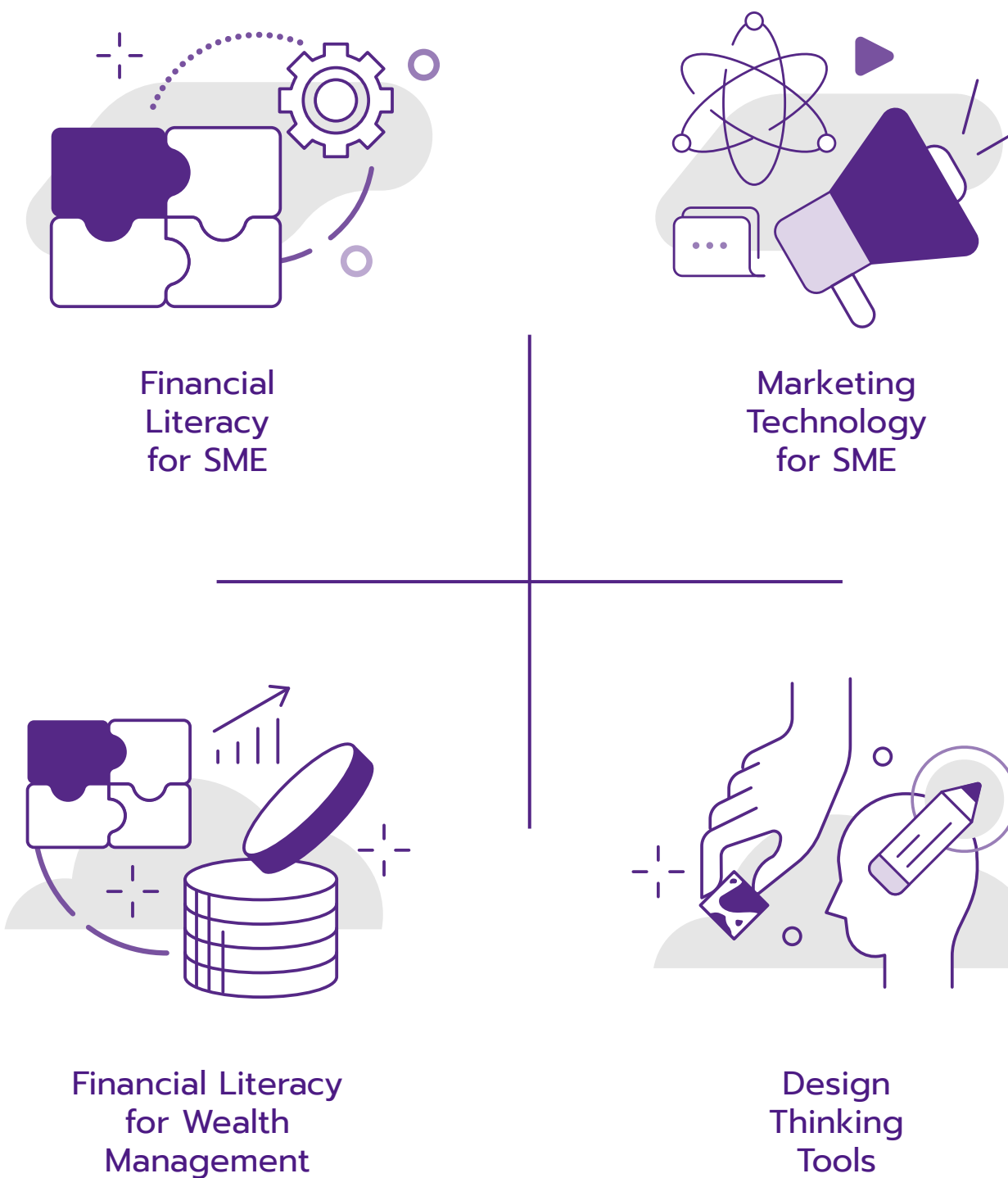
### Saphan Digital

In 2021, the Bank collaborated with Google Thailand, Ministry of Commerce, and Department of Business Development to take part in the “Saphan Digital” program, which aims to provide assistance and knowledge for SMEs, NGOs, and the general public in starting and expanding business. The program offers free online lessons that allow learners to cultivate basic business knowledge and digital skills, leverage advanced digital tools to improve their business, and learn from real experience.



Under this collaborative efforts mentioned above, the Bank has curated and developed 4 lessons for the entrepreneur as follows:

#### 4 lessons curated for entrepreneur



These lessons received over

13,000

views

in 2021

# 06

## Build Literacy and Discipline towards Financial Freedom



Household debt has been a critical challenge to Thailand’s financial well-being, especially amidst the current economic storm. To solve the issue, Thai people must be equipped with a well-founded financial plan, financial discipline, and financial security.

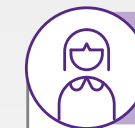
SCB recognizes the role of financial literacy as a foundation to a decent life and thus introduces various initiatives to nurture financial management knowledge and skills among students, employees, teachers, and farmers, in hope to uplift Thailand’s financial well-being and pave the way for sustainable and healthy economic growth.

### 3 Approaches to Achieve Financial Discipline



#### Saving

- Financial Discipline
- Needs vs Wants
- Financial Planning
- Income and expenses tracking



#### Primary Education

SCB Savings Mission



#### Secondary Education

SCB Savings Mission



#### Under Graduate/ First Jobber

- Smart University
- Millionaire teenager
- Saijai Money Initiative
- e-Learning Saijai Money



#### Working Age: Employees/ Teachers/ Agricultural Workers

- 10 day journey with Khun Nai Aom
- Spend to have money
- e-Learning Saijai Money



#### Expenses Management

- Understand income plan for the expenses
- Manage the income (saving before spending)
- Set a financial goal
- Identify Financial Timeline



#### Investment

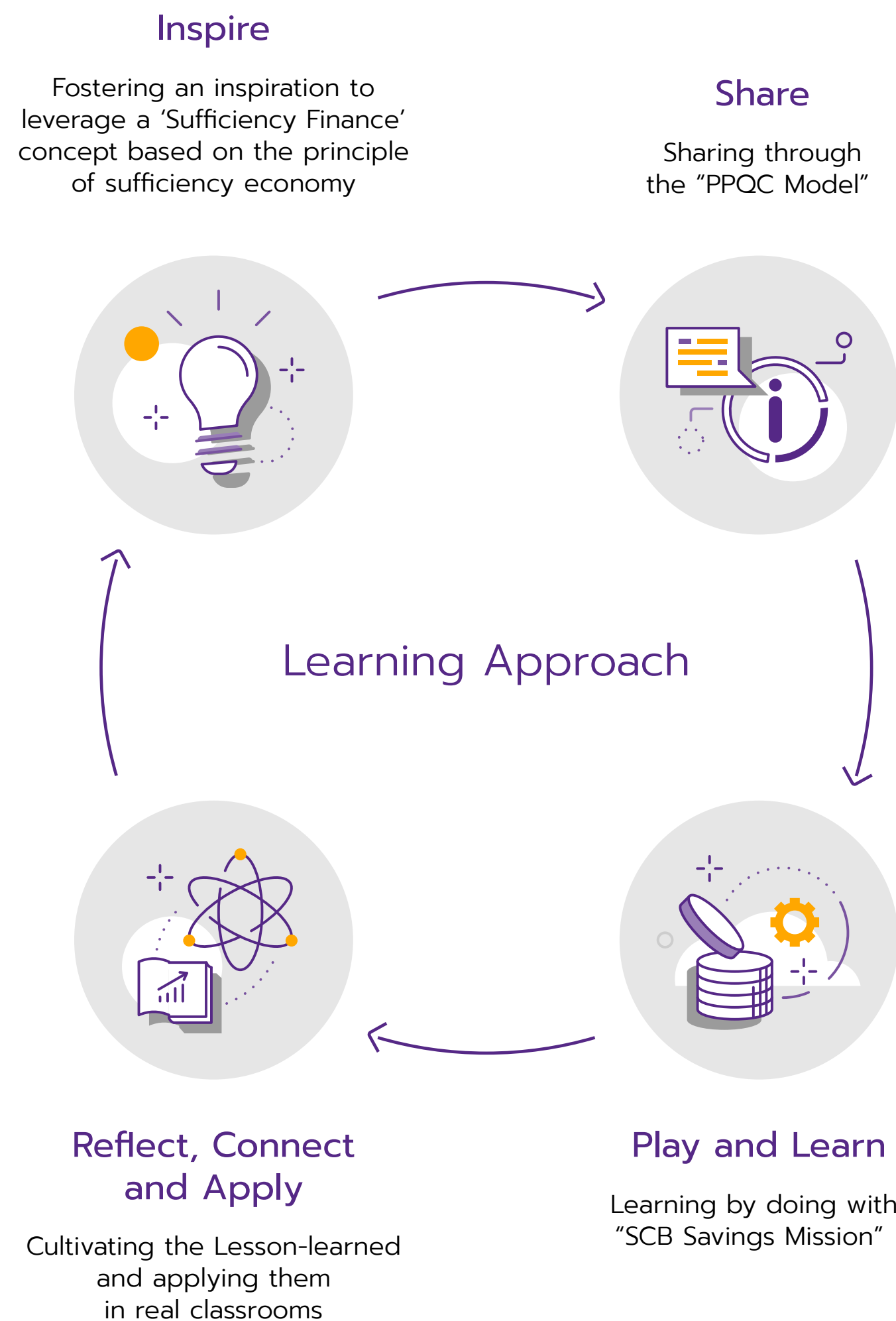
- Invest in stock market, aligned with risk levels, and returns
- Investing to grow a business



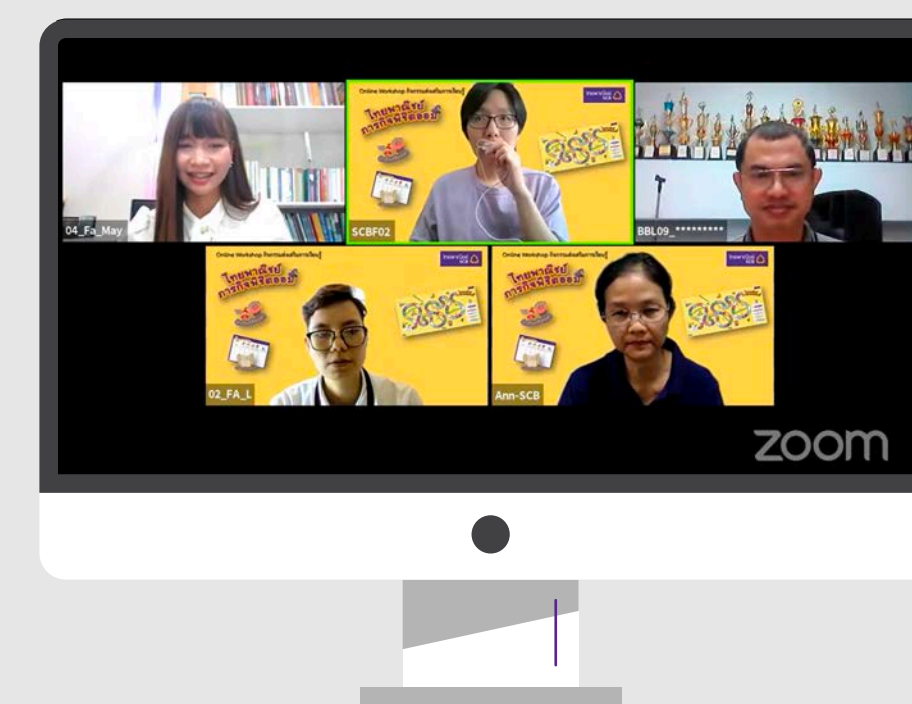
**Target Group: Student**

**SCB Savings Mission**

Financial management is a compelling life skill that should be nurtured from a young age so as to build a solid foundation both for individual development and sustainable growth. In 2021, the Bank collaborated with 230 primary schools to arrange the "SCB Savings Mission," which was later adjusted to online learning due to the COVID-19 pandemic.



After joining the activity, the Bank hopes that the teachers would extend the know-how to improve teaching and nurture financial discipline among students via media and blended-learning approaches: such as board games and video. These approaches would enable students to learn by real experiences--from identifying necessary and unnecessary expenses to setting financial goals and savings plans. One of these learning-by-doing practices is through Kaemling (monkey cheeks) Book-Keeping.



**SCB organized online activities that gathered more than 180 teachers from 61 schools in 2021.**



### Target Group: University Student

#### Smart University & Financial Literacy Program

The Bank joins hands with Thai universities to organize financial literacy activities and initiatives under the 'Smart University' concept. The program aims to build awareness among students on the importance of financial planning and also train them to employ financial instruments to attain the targets of savings, investment, and debt management—a foundation towards a financially secured future. The initiatives were conducted through the blended learning approach, which encompassed pre-assessment, learning activities, post-test, and exchange of experiences between instructors and students.

The activities were joined by over

11,900

students in 2021

#### Teen Millionaires

In partnership with Mahidol University, SCB has continued the financial literacy program for university students since 2019, in an effort to prepare them for career opportunities in an ever-changing digital era. In 2021, the Bank launched the 'Teen Millionaires' program to enhance knowledge and essential skills to earn income in the digital age. The program consists of modules on financial and business management, together with an active learning workshop instructed by successful business leaders on how to do a business in a digital era.

#### 4 Learning Modules



##### Finance

- Passive income
- Financial planning, saving, and investment



##### Entrepreneur Mindset

- How to start a business
- Brand Building
- Digital Marketing



##### Local Business

- Basics of starting your own business/ online business
- Brand building in a digital age
- Pitching Technique



##### International Business

- Expanding online business to the international market
- China and online commerce
- Entering CLMV markets



#### 1 Activity: Learning by Doing

##### Becoming an Influencer/ Key Opinion Leader

- How to earn as an Influencer/ Key Opinion Leader
- Influencer Marketing
- Content Marketing

##### Blueprint

- Presentation Activity

In the academic year 2022, SCB aims to help more than

4,000

students prepare for their future career opportunities.

### 'Saijai Money Initiative' Joint Project with the Thai Bankers Associations and 11 commercial banks

SCB has taken part in the joint project 'Saijai Money Initiative' since 2018, to equip students with financial knowledge and comprehension before they enter the labor market. In 2021, 40 SCB volunteer staff organized knowledge-sharing activities for more than 340 students from various universities. Throughout the past 4 years, SCB has contributed to enhancing the financial literacy of over 2,000 university students.



### Target Group: Employee and Working People

#### Financial Literacy the Series for SCB employees

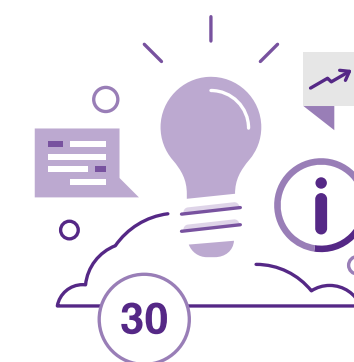
Throughout 2021, SCB consistently enhanced financial literacy among SCB employees through SCB We Share—a digital community to exchange, learn, and share knowledge. Key activities under the topic of debt management include 'How to wisely manage your money, work out of debt, escape poverty, and ride out the pandemic' and 'How to achieve financial freedom and live happily after retirement'—which was well-received among employees.



24 online knowledge sharing sessions



Over 1,700 employees participated in the activities



Offered more than 30 learning hours

### 10-Day Journey with Khun Nai Aom

SCB recognizes the importance of financial planning, income-expense tracking, and debt management in nurturing practical financial disciplines among the jobber. To foster knowledge and understanding of such elements, SCB launched the '10-Day Journey with Khun Nai Aom'—an online financial literacy session and sequel to our successful 'Mrs. Savings The Series'—to help outline a financial learning pathway for employees using SCB 'Mee-Tung' payroll solution.



Over 560 employees from various companies have participated in the learning journey, accumulating over 15 learning hours per person on average

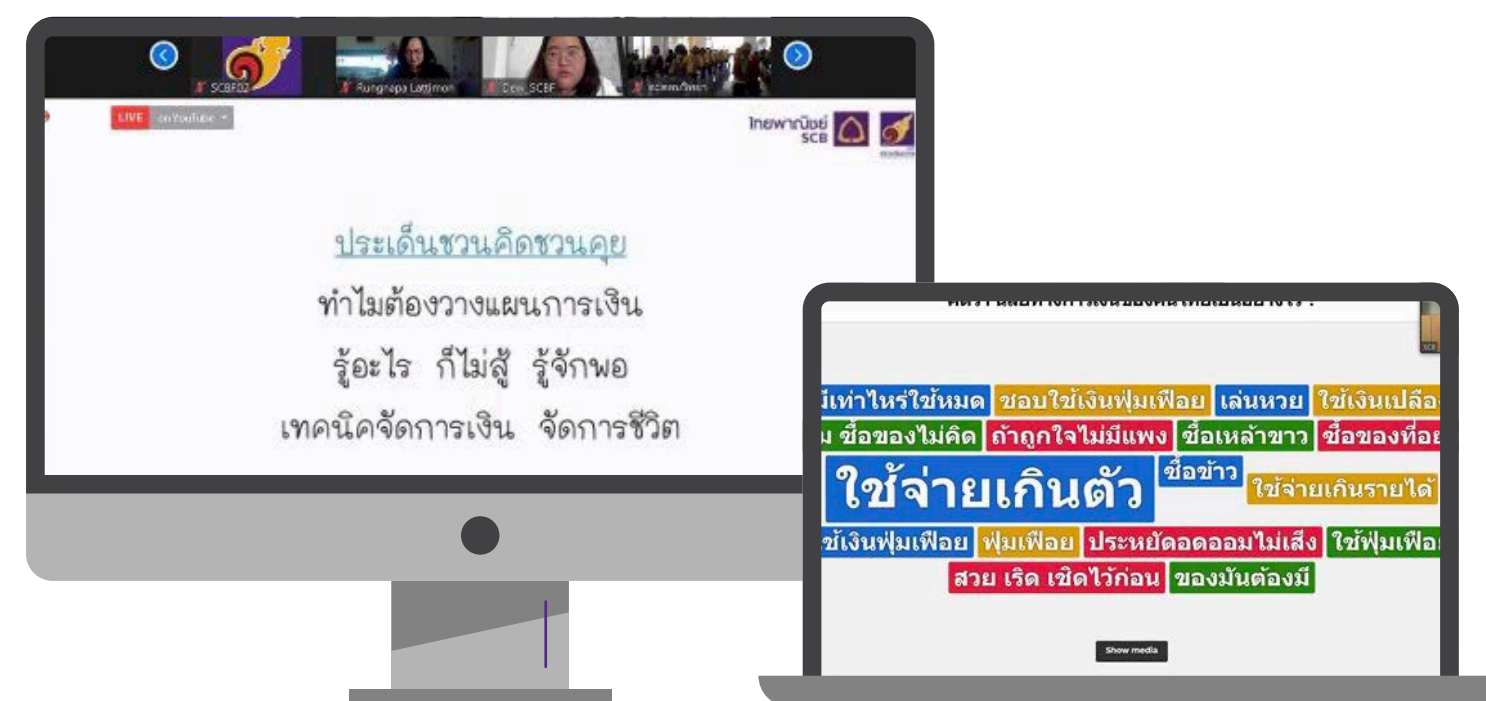


### Target Group: Teacher, Education Staff, and Farmer

#### Online Workshop: “Not-So-Secret Tips to Manage Money and Debt”

The Bank arranged an online workshop for teachers in Sisaket province under the education innovation pilot program to foster effective debt management based upon the philosophy of sufficiency economy. The workshop introduced a myriad of life and money management techniques that teachers can endorse to establish good personal finance and share in class with their students. More than 130 teachers and staff participated in the online workshop in 2021.

Furthermore, SCB is working on the e-learning course “The Thais Saijai Money,” especially for teachers from vocational schools in partnership networks and students under the vocational training program supported by SCB. The e-learning course aims to build knowledge on financial management and will be launched at 2 pilot schools: Baan Kai Technical College in Rayong province and Chonburi Technical College.



#### Online Activity: “Spend Money to Earn Money” Think and Talk with Thai Farmers

The Bank has initiated the online learning media “Spend Money to Earn Money–Think and Talk with Thai Farmers” in order to enhance basic financial knowledge such as categorizing assets by necessity, saving money, household bookkeeping, and understanding the impacts of indebtedness. The learning media will be ready to share in session with teachers and farmers in the SCB partnered network within 2022.