**Status for Policy Preparation – Thailand**

**SBN Member:**
- Thai Bankers’ association (TBA) (member since 2012)

**SBN Working Group:**

**Country readiness review:**
Introducing a formal, national sustainable finance framework (e.g. roadmap, policy, regulatory guidelines, or voluntary industry principles) has been shown to be a foundation for effective country strategies to promote the shift to sustainable finance. Based on SBN members’ experiences, a number of steps are commonly required in preparation for doing so. These include raising awareness within the sector, initiating dialogue among public and private sector stakeholders, and researching national priorities, requirements, and current practices with regard to sustainable finance.

Thailand is currently in the preparation phase and intends to launch a framework in the coming years. Thailand’s readiness has therefore been reviewed against 3 main dimensions:

- Is awareness raising being undertaken in the country, with leadership by either the financial sector regulator and/or the banking association? (e.g. trainings, knowledge sharing events, conferences and meetings, research, publications)
- Has a sector-wide dialogue been initiated towards the establishment of a national sustainable finance framework, involving relevant stakeholders? (e.g. government and other public bodies, private and public financial institutions, regulators, civil society organizations)
- Has a timeline for the development of a policy been defined? (i.e. a clear schedule and milestones to launch the framework?)

**Figure 1: SBN Progression Matrix with Assessment Results**
Assessment based on progress up to and as of June 2019

*Figure 1 shows the SBN Progression Matrix with Assessment Results, indicating the status of policy preparation and implementation for various countries. Thailand is highlighted as being in the preparation phase.*

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**Note:**
1. Please refer to the SBN Global Progress Report for an explanation of the Progression Matrix.
2. Ghana and Thailand launched their policies and principles in August 2019, after the cut-off date of June 2019 for this report.
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Timeline for the development of a policy / principles:
The process of building a sustainable banking framework began in 2018, facilitated by the Thai Bankers’ Association (TBA), which has been an SBN Member since 2012. A working committee led by TBA and comprised of all 15 TBA member banks was formed in 2018, which worked alongside the Bank of Thailand and was supported by international partners. Thailand Sustainable Banking Guidelines were released in August 2019.

The main focus of the Sustainable Banking Guidelines are on promoting responsible lending, and on encouraging banks to incorporate E&S risk into their strategies and translate this into implementation. Longer term aspirations are set out, to ensure the industry is clear on the future direction of development.

Dialogue towards the establishment of a policy or voluntary principles:
The Bank of Thailand, in collaboration with stakeholders such as the Thai Bankers’ Association (TBA) and international organizations, plans to organize quarterly capacity building programs in 2019 and has organized the 2019 Bangkok Sustainable Banking Forum. Dialogue between relevant stakeholders will help to identify priority areas for knowledge building within the Thai financial sector.

Awareness raising practices:
Capacity building sessions for TBA’s working committee members are planned, to share knowledge and best practices. Efforts have been made among banks to advance in the integration of E&S criteria, although disclosure of specific E&S requirements remains limited. A few banks regularly review their E&S policies and procedures, but none of them integrate sustainability into their audit criteria. Kasikorn Bank and Siam Commercial Bank have been selected as members of the Dow Jones Sustainability Index (DJSI).

Local financial system:
The five largest banks account for almost 70% of total banking assets. Bank loans continued to expand in line with economic growth in 2018, with loan quality stabilizing due partly to banks’ loan portfolio management.

Recent progress and achievements:
- In 2018, Thailand’s first green bond was issued by TMB Bank, to support climate-smart projects and other environmentally friendly investments.
- In July 2014, the Stock Exchange of Thailand (SET) joined the UN Sustainable Stock Exchanges (SSE) initiative, making Thailand the first Southeast Asian country committed to promoting sustainability within its capital markets.
- The Thaipat Institute's adoption of the Principles for Responsible Investment also reflects institutional engagement with sustainable finance practices.
- Thailand has ratified the Paris Agreement on Climate Change and is committed to reducing its greenhouse gas emissions by 20% between 2005 and 2030.

Note:
3. Thailand Sustainable Banking Guidelines were released on August 13, 2019, which is past the cutoff date (June 30) for the SBN Global Report. Thus this update is captured in the country report but not included in the global report analysis.
Access the SBN Global Progress Report and Country Reports at:
www.ifc.org/SBN2019Report