



Key messages

- Thailand's commercial banks are increasingly lending regionally
- Thailand's largest banks are financing major dams in Laos.
 Each project inadequately addresses social and environmental impacts
- Despite a growing commitment to Corporate Governance and CSR, Thailand's commercial banks are yet to implement thorough reform
- "Sustainable Banking":
 - Banks can play a role in achieving socially and environmentally sustainable and just societies
 - sustainable and just societies

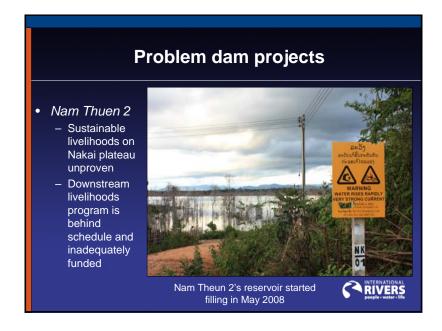
 "Sustainable Banking" reduces risks and brings new investment opportunities for the banks

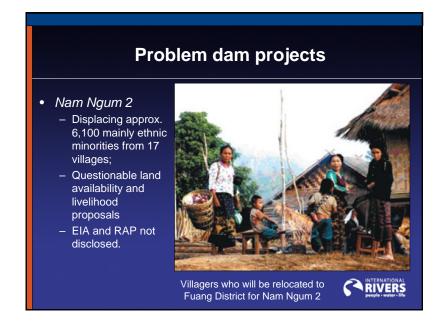
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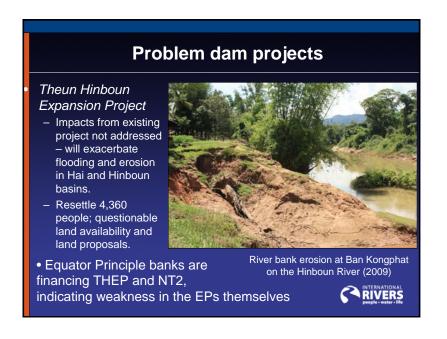
Which Thai commercial banks fund dams in Laos?

	Nam Thuen 2	Nam Ngum 2	Theun Hinboun Expansion Project
Bank of Ayudhya	X		X
Bangkok Bank	Х		
Kasikorn Bank	Χ		X
Krung Thai Bank	Х	Χ	
Siam City Bank	Х	Χ	X
Siam Commercial Bank	Х		
Thai Military Bank	Х	Χ	INTERNATIONAL
Thanachart Bank			X RIVERS people - water - life

















Many international investors have committed to international standards

- Equator Principles
 - HSBC
 - ING
 - Bank of Nova Scotia

- ING is a strategic investor in Thai Military Bank which has lent to Nam Ngum 2
- · HSBC has endorsed the WCD, yet manages nominee accounts in Krung Thai Bank and Siam City Bank that are financing Nam Ngum 2



Thailand's Banks and **Corporate Governance**

 All Thai banks have a Corporate Governance policy, as guided by the Stock Exchange of Thailand



- Society and environment is identified as an external stakeholder to be considered
- Requires compliance with countries laws
- Some banks, such as Bank of Ayudhya, state that they will not fund projects with adverse environmental impacts



Corporate Governance: Siam Commercial Bank

Social responsibility

To conduct the bank's business with responsibility towards the society and with sensitivity when dealing with issues which are related to public interest; and to regularly support and participate in activities that are beneficial to communities and the society.

Environment

To abide by environmental laws and regulations, implement effective safety and environmental management measures to prevent negative impacts on local communities, and promote employees' awareness of and concern for the environment. RIVERS

Corporate and Social Responsibility (CSR)

- Only Kasikorn Bank has a publicly available CSR policy
- Most other banks blend CSR with Corporate Governance or "Business Ethics"
- Largely based around aspirational statements:
 - SCB Vision: "For our community: Adhere to good corporate governance and actively engage in "community-orientated development'
 - TMB Philosophy "... TMB is focused on maximizing the benefits it brings to its stakeholders, customers, and the community at
- All banks interpret CSR as funding activities and encouraging their staff to join in:
 - Education, Youth, Environment, Community Service,







Moving towards sustainable banking

- Global economic crisis has raised public expectations for commercial banks to work in the interest of a sustainable society
- In China, in 2008,
 - China Industrial Bank adopted the Equator Principles
 - Ministry of Environment now has a Green Credit and Green Securities Policy
 - 1st Sustainable Banking Awards held
- To strengthen Thailand's banks need to develop in house policies (building on International Standards), and integrate social and environmental risk into decision making processes at an operational level.