Examples of Financial Support Considerations

KBank evaluates project finance by incorporating ESG factors and credit policy as key criteria, including the following:

Sustainability-Linked Loan: SLL

A company in Thailand's large real estate business group is committed to developing its hotels with excellent standards. The hotel projects play an important role in the development of the country's real estate and tourism industries. Additionally, it serves as an indicator of the country's future economy. Over the years, the Company has operated under the framework of sustainable development and has met both domestic and international standards.

KBank conducted an assessment based on SASB materiality topics, which focused on significant ESG matters that were appropriate to the industry context and internationally recognized. It was found that the hotel business group has had significant environmental issues, including energy and water use as well as adaptation to climate change. However, it is evident that the Company has set clear guidelines in line with the sustainability index standards and has an environmental management system that meets accepted standards and creates positive environmental impacts, has reduced the amount of GHG emissions into the atmosphere, and has been in line with the Bank's sustainability strategy.

Furthermore, the Bank has considered the project's location, business licenses, and compliance with relevant laws. No complaints were found. In this sustainability-linked loan consideration, the Company has defined appropriate indicators and challenging targets, which were considered and commented on by reliable second-party opinions. These actions distinctly demonstrate the Company's efforts to improve its sustainability performance.

Solar Power Generation Projects

The solar power industry in Thailand is projected to record steady growth under the Thailand Power Development Plan 2018 - 2037 and in line with the thriving renewable energy business group. The Bank has considered supporting long-term loans for solar power plant project developers, aiming to refinance the investment in 24 new solar power plant projects with a total production capacity of 140 megawatts commercially distributed since 2015 - 2016. Consequently, this loan support may help drive the Thai economy. The projects have been efficiently generating electricity in line with the industrial standards and have had engineering and environmental consulting companies control the standards throughout the operation period.

The Bank conducted an assessment based on SASB materiality topics, which focused on significant ESG matters that were appropriate to the industry context and internationally recognized. It was found that the solar power industry has had significant environmental issues, including the intensive volumes of water for cleaning solar panels and concerns about the management of solar panels at the end of the project. However, it is evident that the Company has set clear guidelines in line with industry standards and has operated under relevant environmental laws and regulations. Therefore, this loan support may help Thailand achieve its goal of managing the impacts of climate change more effectively in accordance with the Bank's sustainability strategy.

In addition, the project has obtained a business license and complied with relevant laws. It has an environmental management system and an action plan to mitigate environmental impacts, no complaints have been reported and create positive environmental impacts.

Biomass Power Plant Projects

Biomass power plant projects in the sugar industry use waste from agricultural activities and sugar production as fuel. In addition, there is a purchase of other supplementary fuels including sugarcane leaves, rice husks, and bark, which not only help to increase income for local farmers but also help to reduce dependence on energy imports as well as increasing domestic energy security, helping to reduce GHG emissions. The Bank recognizes the significance of biomass power plant projects which are considered renewable energy. Thus, the Bank has considered the projects based on issues and assessment guidelines of global principles and the legal requirements announced by the Ministry of Natural Resources and Environment.

The Bank conducted an assessment based on SASB materiality topics, which focused on significant ESG matters that were appropriate to the industry context and internationally recognized. It was found that the biomass power plant business has had significant environmental issues, including technology, fuel, air pollution, ash, water usage, wastewater treatment, and other concerns from the nearby local communities. However, after considering the project implementation approach and receiving the evaluation results from a consulting company, the Bank found that the project has helped to reduce the use of fossil fuel by using renewable materials such as agricultural waste. The combustion process of a biomass power plant has a lower environmental impact than a fossil fuel power plant. Furthermore, biomass energy is a renewable energy that can be produced indefinitely and helps Thailand achieve its goal of effectively managing the impacts of climate change in line with the Bank's sustainability strategy.

In addition, the project has obtained a business license and complied with relevant laws. It has an environmental management system and an action plan to mitigate environmental impacts and create positive ones. Also, there are environmental evaluation results from an external expert consulting firm as well as consultants who ensure that the operation meets standards throughout the operational period by considering stakeholder opinions. No complaints have been filed thus far.