

**“Krungthai” and “PTT” engaged in Thailand’s first carbon credit linked derivatives, a new innovation in Thai capital market to address net-zero emissions goal**

Yesterday, 4 April 2023, Krungthai Bank PCL signed the carbon credit linked derivatives framework agreement with PTT PLC (PTT) and PTT International Trading Pte Ltd (PTTT, 100% owned by PTT and based in Singapore). The agreement aims to create a carbon credit linked derivatives, which is a new addition to the Thai capital market. This innovation has been designed by Krungthai Bank to help PTT manage financial risks while also supporting both companies' efforts to reduce greenhouse gas emissions. In addition, it will contribute to the development of carbon credit trading between organizations in Thailand. PTTT Singapore will supply standard carbon credits for offsetting carbon footprints from activities in the future. This framework agreement also covers PTT to achieve ESG targets.

**Rawin Boonyanusasna, Senior Executive Vice President, Head of Global Markets Group at Krungthai Bank,** stated that as a leading commercial bank in Thailand, Krungthai Bank is determined to develop products and services that meet the needs of customers across all segments. It prioritizes environmental, social, and governance (ESG) issues and the United Nations’ Sustainable Development Goals (SDGs), particularly those related to sustainability and the environment, which are important to consumers and businesses worldwide. The latest move is signing the carbon credit linked derivatives framework agreement with PTT Public Company Limited and PTT International Trading Pte Ltd Singapore to enter into **Thailand’s first derivatives contract linked to carbon credit.** The framework agreementalso covers meeting ESG targets.The move highlights Krungthai Bank’s market leader position and determination to develop ESG financial solutions to support the Sustainable Development Goals of addressing climate change and promoting responsible consumption and production. The bank also endeavors to lower greenhouse gas emissions and become a net net-zero emission organization.

 “The bank is committed to constantly developing capital market innovations and new financial products that offer comprehensive financial management tools to clients, accommodating market volatility and changes. These products are expected to enhance business potential and support the country’s strong and sustainable growth."

**Pannalin Mahawongtikul, Chief Financial Officer of PTT Public Company Limited,** stated that in a volatile world of geopolitical challenges, high inflation, and variable interest rate management policies, PTT uses natural hedge concept and appropriate risk management tools to manage financial risks. This transaction, **the first of its kind to link to carbon credit trade**, is an innovative capital market solution that supports organizations in managing their finances while aligning with sustainable development principles. It is expected to encourage all three organizations involved to drive Thailand towards achieving its carbon neutrality goal and achieving
net-zero emissions.

“The signing of the carbon credit linked derivatives framework agreement between Krungthai Bank, PTT, and PTTT supports PTT’s “3P Decarbonization Pathways” to achieve carbon neutrality by 2040 and
net-zero emissions by 2050, which is earlier than the country’s target. The 3P strategy comprises three elements: **Pursuit of Lower Emissions,** which involves improving production processes and researching new technologies; **Portfolio Transformation**, which entails shifting to environmentally friendly businesses, including alternative energy and electric vehicles to build an EV ecosystem in the country; and new industries beyond energy. The final element is **Partnership with Nature and Society**, which involves planting 2 million rai of forest, with 1 million being planted by PTT itself and the other million by PTT Group companies. This is expected to be completed by 2030.”

**Pongpun Amornvivat, Senior Executive Vice President of PTT’s International Trading Business Unit,** stated that PTT International Trading Pte Ltd (PTTT), which is managed by PTT's International Trading Business Unit, is leading the development of the carbon credit trading business. It is also ready to trade both over-the-counter and through exchanges, enabling access and expansion to a wide range of trading areas. This ensures that the carbon credits acquired meet the standards and are universally accepted. The trading of carbon credits, which is linked to the derivatives transactions, establishes guideline for developing a market for carbon credit linked to other derivatives and products. PTT Group is prepared to cooperate with other organizations to drive the country towards a low-carbon society across all aspects of its operations, including the economy, society, community, and environment, to sustainably achieve the net-zero emissions goal.

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Marketing Strategy Team, Krungthai Bank PCL

Tel: 02 208 4148

Corporate Communication and Branding Department, PTT PLC

Tel: 02 537 2297

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