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Sustainability Management Policy

Thanachart Capital Public Company Limited

2023

Sustainability Management Policy

Thanachart Capital Public Company Limited ("the Company") recognizes the importance of good corporate governance and efficient risk management, coupled with responsibility towards stakeholders throughout the value chain in the areas of the economy, society, and environment. These are taken into account in line with the direction and business strategies. In this connection, the Company is committed not only to raising the level of operational quality but also to increasing competitiveness in a continuous manner, ensuring that they are appropriate for the business nature as well as the operations of both the Company and member companies under Thanachart Group. The Company also supports business conduct guided by the principles of good corporate governance. The purpose is to create confidence among all stakeholders, which in turn will lead to sustainable business value addition and valuation increase. As a result, the Company has developed a policy on sustainability management for use as practice guidelines by both the Company itself and member companies under the Group so that their implementation will follow the same direction.

Sustainability Management Governance

In order to be able to manage sustainability in line with the policy in an efficient manner, the Company has established the structure of the various committees responsible for overseeing sustainability management with the related details as follows:

The Company's Board of Directors

The Board of Directors approves the policy on sustainability management and also ensures that the Company conducts its business in line with the policy on sustainability management.

The Executive Committee

The Committee oversees the sustainability management.

1. Consider and establish operational guidelines for the Company and member companies under the Group, ensuring that they are in line with the good corporate governance policy, sustainability management policy, human rights policy, and other related policies.
2. Propose sustainability management guidelines for the Company to the Board of Directors for consideration.
3. Review and propose to the Board of Directors for approval any suggestions or changes as deemed appropriate to the Charter of the Executive Committee responsible for overseeing sustainability management.
4. Develop plans for managing the Company's sustainability.

5. Consider establishing working groups as deemed appropriate for managing various sustainability issues which may arise in the future.
6. Present reports on sustainability management of the Company and member companies under the Group to the Board of Directors.

The Nominating, Remuneration, and Corporate Governance Committee

The Committee considers and reviews Thanachart Group's good corporate governance policies, code of ethics, and practice guidelines related to corporate governance. The purpose is to integrate them into corporate governance culture and for them to participate in the development of the Company's corporate governance sustainability.

Corporate Secretary Office

The Office controls, oversees, coordinates, and monitors the implementation of the Company's sustainability management activities. It also monitors similar activities implemented by member companies under the Group.

Sustainability Management

1. Management of Impacts on Stakeholders in Business Value Chain

The Company arranges for assessment and management of the impacts on stakeholders in the value chain which shows the relationships of the key stakeholders in business operational activities from the beginning of upstream to the end of downstream. In this connection, the Company aims to create value for products and services to meet the expectations of key stakeholders, both internal and external.

Additionally, the Company requires that the expectations of stakeholders be assessed and reviewed at least once a year. The objective is to understand not only positive and negative impacts on the stakeholders but also the issues related to the relationships between the Company and the stakeholders. After knowing about the expectations of each group of stakeholders, the Company will specify guidelines for responding to the expectations of each group of stakeholders, reflecting the cooperation and joint value creation between the Company and the stakeholders. The purposes are to mitigate risks and to create additional business value in a sustainable manner.

2. Sustainability Management in Terms of Environmental Dimension

The Company adheres to practices in line with environmental laws, rules, and regulations which are related to its business operations. This reflects the Company's commitment to reducing negative impacts on the environment. In this connection, the Company has arranged for the implementation of the following:

2.1 Energy Management

The primary energy which businesses in general have to use includes electricity and fossil fuels. They are considered fundamental production factors for all businesses. As a result, it can be said that every business has to depend on energy, the use of which has unavoidable impacts on the environment. As efficient energy management not only helps reduce environmental impacts but also help control operating costs, the Company has developed energy management guidelines as follows:

- 1) Foster the cultivation of a corporate culture whereby the Company instill its employees with a mindset of energy conservation which values the efficient use of energy and places emphasis on energy management for maximum efficiency. Examples include, among others, use of energy-saving devices and minimization of energy loss as well as reuse of energy.
- 2) Participate in the discussions on the use of clean or renewable energy sources, such as solar energy, hydropower, wind energy, and biomass energy, among others.
- 3) Advocate the use of office buildings which adopt energy conservation practices and are environmentally friendly.

2.2 Water Management

Most businesses are involved in the use of the water resources, regardless of whether they are used in the production process or for consumption in office buildings. Efficient water resource management helps not only reduce operating costs but also mitigate the risk of a shortage of high-quality water resources. In this connection, the Company has developed the following guidelines for water management:

- 1) Foster the cultivation of a corporate culture whereby the Company instill its employees with a mindset of water conservation which values the efficient use of water and places emphasis on water management for maximum efficiency. Examples include, among others, use of water-saving devices, reuse of water as well as reuse of treated water.
- 2) Participate in the development, maintenance, or improvement of water quality, such as advocating the use of buildings with efficient wastewater treatment systems to prevent contamination of water sources.
- 3) Participate in the conservation and development of water sources to restore their abundance.

2.3 Management of Garbage, Waste, and Pollution

All businesses in general are involved in producing garbage, waste, and pollution in almost all operational processes. Management of garbage, waste, and pollution will create confidence that businesses can properly control and contain negative impacts on the society and environment. As a result, the Company has developed the following guidelines for managing garbage, waste, and pollution:

- 1) Reduce the amount of waste, for example, by avoiding waste generation, reusing resources, recycling waste, etc.
- 2) Promote a culture within the organization that values the environment and raises awareness of the impact of waste and pollution. This could include campaigns to encourage employees to think before using resources, sorting waste for recycling, reducing paper usage, etc.
- 3) Participate in waste and pollution reduction, for example, by controlling dust emissions at the source, maintaining machinery and vehicles to improve combustion efficiency, etc.

2.4 Management of Greenhouse Gas Emissions

The Company's business operations may indirectly create impacts in terms of greenhouse gas emissions, such as fuel combustion from transportation, which is caused by use of the vehicles of the Company and employees, as well as use of electricity power. As a result, the Company has developed the following guidelines for managing the greenhouse gas emissions:

- 1) Foster the cultivation of a corporate culture whereby the Company instill its employees with a mindset of environmental protection.
- 2) Provide employees with knowledge and understanding of the global warming and climate change problems. Also encourage them to have a participative role in reducing the impacts caused by the problems.

3. Sustainability Management in Terms of Social Dimension

The Company operates in line with the laws, rules, and regulations related to social management which is concerned with its business operations. This also includes respect of human rights in line with international standards, which reflects the Company's commitment to addressing the related issues. In this connection, the Company has adopted the following action plan:

3.1 Treatment of Employees

In treating employees, the Company takes into account the human rights. Doing so not only reduces the risks arising from non-compliance with the rules and regulations or the opportunities that lead to human rights conflicts, but also can develop the commitment of employees to the organization. This, in turn, leads to a reduction of staff shortage risk and training costs as well as the need to develop new employees to replace the ones who resign. Emphasis is also placed on increasing effectiveness and efficiency of work. In this connection, the Company has developed the following practice guidelines for treating employees.

- 1) Establish practice guidelines for human rights and fair treatment of labor, which cover the areas ranging from hiring processes, compensation, training and potential development, employee

commitment development and satisfaction, management of occupational health and safety, as well as environmental conditions in the workplace.

- 2) Respect human rights, taking into consideration equality and diversity with no discrimination against gender, race, ethnicity, religion, or social status.

3.2 Treatment of Customers

Customers are an important group of stakeholders as they have a significant influence on business survival. As a result, it is necessary for the Company to always adapt to meet the needs and expectations of customers. The purpose is to maintain business competitiveness. In this connection, the Company has developed the following guidelines for treating customers:

- 1) Continuously provide customers with satisfaction by understanding and responding to customer needs as well as creating good relationships and positive experiences between the Company and customers before, during, and after service delivery. The purpose is to develop business relationships which will generate long-term income.
- 2) Provide customers with accurate, complete, transparent, and fair information for decision making. This reflects the Company's business ethical practices and integrity.
- 3) Manage personal information of customers in a secure manner and respect their privacy. This will create customer confidence and trust in the long run.
- 4) Take responsibility for customer service and adhere to high-quality professional standards.
- 5) Refrain from violation of or taking any actions that violate human rights. In addition, neither being involved in nor supporting infringement of intellectual property rights or copyrights in any form, regardless of whether directly or indirectly.

3.3 Treatment of Trading Partners

The nature of the relationships between the Company and its trading partners should be in a form of partnership whereby all the parties concerned aim to grow together. As the trading partners' business operations can inevitably have impacts on its business in terms of both risks and opportunities, the Company has to manage the trading partners in an appropriate manner. In this connection, it has developed the following practice guidelines for treating the trading partners:

- 1) Pay great attention to the selection of trading partners, in order to be assured that they not only have appropriate operational direction but also take into consideration social and environmental issues, such as respect of human rights, fair treatment of their own labor force, as well as conduct of business affairs in a socially and environmentally responsible manner.

- 2) Establish clear and fair criteria for procurement processes. Also put in place the processes for following up with trading partners, ensuring that they satisfactorily fulfill obligations and requirements as specified in the agreements or business contracts, among others.
- 3) Advocate green procurement to reduce environmental impacts in various activities, including the use of eco-friendly products and services, among others.
- 4) Participate in developing long-term potential of trading partners by assisting in developing and raising the capabilities related to the trading partners' business operations. The purposes are to build on achievements and to promote sustainable joint growth.

3.4 Treatment of Communities and the Society

Businesses, communities, and the society have relationships similar to those of neighbors. Businesses cannot operate without acceptance from communities and the society, as they are factors which contribute to the success of the business operations. In this connection, the Company has developed the following practice guidelines for treating communities and the society:

- 1) Conduct business in a socially and environmentally responsible manner, aiming at creating sustainable good coexistence relationships and preventing conflicts with one another, which may hinder long-term business success.
- 2) Support economic growth by hiring locally, which will help develop the skills and potential of the labor force. The support contributes to the parallel development of human resources, economy, and the society.
- 3) Organize activities to improve the lives and livelihoods of people in the society, by utilizing existing resources such as employees, knowledge, expertise, and budgets to help strengthen communities and bring about positive changes in the society. The activities will lead to sustainable value creation for both business and the society.

4. Sustainability Management in Terms of Corporate Governance Dimension

The Company aims to become a leading business organization which is sustainably successful and is also able to create long-term value for shareholders as well as all the stakeholders concerned. As a result, the Company and member companies under the Group not only are committed to conducting business in line with the principles of good corporate governance but also adhere to the code of business ethics. They serve as the behaviors framework which reflects the organizational values. In the past, the Company established the good corporate governance policy which was based on the Corporate Governance Code for listed companies 2017 released by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The policy consists of the following:

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| Principle 1 | Recognize roles and responsibilities of the Company's Board of Directors as organizational leader in creating sustainable business values. |
| Principle 2 | Define main objectives and goals of the business, which foster sustainability. |
| Principle 3 | Enhance effectiveness of the Board of Directors |
| Principle 4 | Nominate and develop high-ranking executives as well as human resource development. |
| Principle 5 | Stimulate innovation and conduct business affairs responsibly. |
| Principle 6 | Enhance effectiveness of risk management and internal control systems. |
| Principle 7 | Maintain financial credibility and information disclosure. |
| Principle 8 | Promote participation of and communication with shareholders. |

In this connection, the Company also develops the Handbook of the Code of Ethics, which its directors, executives, and employees are required to adhere to with responsibility, honesty, integrity, moral, and ethical behaviors, taking into consideration the interests of all groups of stakeholders.

In addition, the Company is of the opinion that risk management is another important factor for organizational sustainability. As a result, the Company has developed a risk management policy for Thanachart Group. This policy covers the establishment of the risk management structure as well as the roles of those involved in risk management, which consist of various committees responsible for managing Thanachart Group's risks, including the Board of Directors, the Executive Committee, the Risk Oversight Committee, the Audit Committee, and the work units supporting work and activities related to risk management, compliance oversight, human resource management, as well as development and designing of work processes. Emphasis is also placed on identification of key types of risk, measurement and assessment of Thanachart Group's risks, risk control, risk monitoring, as well as the policy on the execution of Thanachart Group's internal transactions and on the execution of transactions with related parties, the purpose of which is to prevent conflicts of interest.

Furthermore, the Company has also developed an investment policy for Thanachart Group, with focus not only on making investments in businesses with good management and strong potential for future growth in terms of both revenue and profit, but also on being a socially responsible business. The policy will enable the Company to operate sustainable business and give appropriate returns to shareholders for the long term. The Company also advocates good governance of the stakeholders concerned and puts in place a human rights policy which covers all areas of human rights protection.