Risk Management Plan Related to Climate and Environmental Changes

The impacts of climate and environmental changes are one of the factors that are starting to play an important role in today's business operations. This may expose the Company to strategic risks as the business cannot operate in the same way as usual. This includes, for example, financial risk from business interruption and property damage and risks from changes in government regulations in response to climate change. Thus, the Company has set a plan to manage risks related to climate and environmental changes in order to not only serve as a guideline for controlling and monitoring risk levels to be at an acceptable level, but also enable the Company to operate its business continuously under risk management that is appropriate to the business environment.

1. Analysis and assessment of risks associated with climate and environmental change

The Company has analyzed and assessed the risks associated with climate and environmental changes that may directly and indirectly affect the Company's business operations as follows:

Risk Issues	Impact to the Company	Risk Mitigation Measures
Strategic Risks	Today's consumers are more likely to factor environmental and climate change issues into their purchasing decisions for products and services (such as choosing to buy alternative energy vehicles, investing in green businesses that have good and sustainable returns). This may affect the business strategy and direction, making it impossible to continue doing business in the same way as before.	Incorporate environmental issues into the exploration of opportunities for product development, social and environmental investment, and promoting an organizational culture of energy conservation and environmental action. Moreover, the Company aims to encourage its subsidiaries to develop environmentally friendly financial products and services.
Financial Risks	The increasing frequency and severity of natural disasters have a direct impact on the risk of environmental change, manifesting itself in the form of various natural disasters for example, floods, droughts and famines, which can have financial impacts to the Company as follows: ➢ Losing of income due to business interruption and property damage.	Assess the risk of natural disasters and regularly review contingency plans and operational plans.

Risk Issues	Impact to the Company	Risk Mitigation Measures
	➢ Increasing costs and expenses of disaster prevention and mitigation.	
Regulatory Risks	The tendency for environmental laws and regulations to become more stricter than ever, may result in an increase in the Company's operating costs as there would be costs for adapting to changes.	Always, update environmental laws and regulations related to business operations as well as provide ongoing assessment of regulatory impacts.
Reputation Risks	All stakeholders expect the Company to conduct its business with environmental sustainability in mind. This can lead to lower trust if the Company supports unfriendly business practices.	Establish business policies and practices that take into account the impacts of climate and environmental changes.

2. Risk Control and Management

In order to control and manage risks appropriately, the Company has determined the following actions:

(1) Establish both a risk management policy and risk management guidelines. This will be used as a guideline for operations, including setting a risk ceiling to limit the extent of damage to an acceptable level.

(2) Establish a management structure and operating procedures that facilitate compliance with the risk management plan.

(3) Prepare a business continuity plan to ensure that business operations can continue in the event of emergency situations. In addition, the plan shall be reviewed and tested for effectiveness at least once a year to ensure that it is effective and appropriate for the changing environment.

3. Risk Monitoring

To ensure that risk management is effective, the Company has established the following risk monitoring processes:

(1) All units shall report damage information and details of the incident to consider the cause and impact of the incident. The measures of loss incident prevention are also set to protect against future losses that may occur and the implemented measures are monitored for the effectiveness of risk control.

(2) The risk management working group collects and reviews risk reports. The Working Group also assesses risk levels based on specified guideline. The losses are summarized and reported to Risk Oversight Committee according to the criteria specified by the Company.

(3) In the case where a risk is at a level of high or very high, the relevant units and operational risk management working group jointly monitor the progress and evaluate the effectiveness of the measures in place. As well, the progress reports are prepared and submitted to the Risk Oversight Committee and the Board of Directors, respectively.

4. Measures for managing sustainability in the environmental dimension

The Company has a policy to operate in accordance with environmental laws, regulations and rules related to business operations to reflect its commitment to reducing negative impacts on the environment. In addition, Thanachart Group's Sustainability Management Committee are assigned to promote, manage and oversee the efficient use of resources, as well as encourage employees to recognize the importance of environmental management, including energy management, water management, waste management, pollution and greenhouse gas management. Moreover, it encourages an organizational culture that helps reduce the impacts of global warming and climate change.