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Environment, Social & Employee, and Governance Policy for  
Sustainable Banking of Thai Credit Bank Public Company  
Limited for the Year 2024

## 1. Objectives

Thai Credit Bank Public Company Limited ("The Bank") is determined to operate a sustainable banking business with responsibility, and to foster sustainability in three dimensions: the environment, social and employee, and governance (ESG), which are conveyed through The Bank's operations, and all of its employees. With a focus on long-term sustainable business and social growth, The Bank operates its business with responsibility for the environment, social, and employee, under the principles of good corporate governance for a sustainable banking business.

The Bank collaborates with the Thai Bankers' Association and 15 commercial banks. On 13 August 2019, they signed a memorandum of understanding to jointly set out guidelines for sustainable banking business operations through responsible lending that The Bank holds and implements in accordance with what they have signed by taking ESG factors into consideration for determining responsible lending policy and strategy. The Bank also has processes to manage risks and impacts from its lending. These are four key components of The Bank's responsible lending principles to establish the belief that its responsible lending strategy is effectively implemented.

1. The Bank is committed to responsible lending, employing the concept of "Tone from the Top" through the support from the senior executives, to ensure that loans are granted responsibly to both internal and external stakeholders.
2. The Bank focuses on stakeholder engagement in improving its operations in line with the ESG principles, and works to assess both the direct and indirect impacts from its lending
3. The Bank has set internal implementation mechanisms, covering the establishment of policies, procedures for granting loans and risk management, including encouraging personnel with the potential and ability to implement those mechanisms throughout the organisation
4. The Bank discloses information transparently, including its operational information, in line with the principles of lending based on social responsibility, to reflect its commitments, and The Bank intends to establish additional mechanisms to inspect its operations.

The Bank, through its Executive Committee, executives, and employees at all levels, is committed to operating as a sustainable banking business with responsibility, under the principles of good corporate governance, to help its customers, business stakeholders, and the country develop sustainably.

## 2. Definitions

- |      |                           |       |   |
|------|---------------------------|-------|---|
| 2.1. | <b>"Director"</b>         | means | a member of the The Bank's Board of Directors.  |
| 2.2. | <b>"Senior executive"</b> | means | the chief executive officer, managing director, deputy managing director, assistant managing director, or any of The Bank's advisors acting like the managing director, deputy managing director, or assistant managing director, but under the "advisor" title; or any person in an equivalent position whose title may be called otherwise. |

### 3. Policy scope

The Bank is of the opinion that an ESG policy should be established to support its sustainable banking business. The drive for sustainability will focus on the following three dimensions.

- 1.1 Environment
- 1.2 Social and Employee
- 1.3 Governance

### 4. Roles, duties, and responsibilities

#### Drive for sustainability in three dimensions

##### 1. Environment

The Bank, through its Executive Committee, executives, and employees at all levels, is determined to drive long-term sustainable growth of the business and society. It intends to operate a business that is environmentally responsible in various ways. For example, it creates awareness of environmental preservation and the efficient use of resources among employees, and has joined forces with societies, communities, and its customers in performing activities that help create awareness of environmental preservation. Furthermore, it has implemented a risk policy, a lending policy and a loan approval process for businesses that are environmentally aware, so as to mitigate environmental risks that may arise from granting loans, and to prevent impacts on its reputation. In addition, it seeks to lend responsibly to finance eco-friendly projects that cause no adverse impact on communities, so as to expand its business opportunities to new customer groups and products.

The Bank's environmental management includes:

- a) Responsible lending, with an aim to not destroy resources, as The Bank puts in place a list of prohibited or undesirable types of business.
- b) Efficient use of resources, and the reduction of carbon footprint, (as described in the action plan on the efficient use of resources and reduction of carbon footprint) by the human resource management.

- c) Raising awareness of environmental preservation among employees, customers, business partners, and relevant stakeholders.
- d) Collaboration with organisations or external parties in the organisation of activities to promote and preserve the environment.
- e) Business operations in compliance with legal requirements, rules, and regulations related to the environment and climate that are applicable to The Bank's business operations, and in line with global issues, while taking into consideration local issues, in alignment with The Bank's guidelines on sustainability and The Bank's other policies.
- f) In the Credit Risk Policy, indicating the types of business to which any access to a loan is prohibited, including businesses that cause adverse effects on the environment or health, or businesses in which transactions are prohibited under any international agreement.

## 2. Social and Employee

### Social

The Bank is committed to promoting knowledge and understanding of financial management used in the business operations and everyday life activities among its customers and the general public, and to allowing all groups of people to access a secure, and equitable financial system through its implementation of responsible lending.

The Bank is committed to encouraging all employees to be aware of their role to promote and maintain The Bank's reputation and honour, by maintaining the highest professional standards and behaving according to the scope of morality and ethics, including fair and customer protection, and the sufficient disclosure of information by applying market conduct to govern The Bank's business operations. Top executives of relevant units and functions will communicate with their teams to ensure that they acknowledge and are aware of The Bank's seriousness to providing fair services and reflect its commitment to providing fair services, including delegating unit managers to supervise and control the performance of all relevant employees in relation to the market conduct, to ensure that their performance meets the scope of work established by The Bank.

The Bank's social management includes:

- a) Business operations with responsibility for customers and society will operate under the principle of responsible lending, whereby financial services will be provided by taking into consideration any effects on the consumer. Products will be introduced based on each customer's capacity to repay debt to reduce the occurrence of debt non-repayment. The Bank also has a list of prohibited or undesirable types of business to which it will not provide financial services.
- b) Appropriate categorisation of groups of customers based on types of The Bank's products, and consideration of loan applications based on the consideration criteria and principles established by The Bank, and The Bank's lending policy. The Bank will also take part in lending to support activities

with the aim of providing social benefits, such as educational activities and healthcare promotional activities.

- c) Financial literacy to encourage financial discipline, and ensure that customers receive proper information to choose financial products that meet their needs and suit their capacity by promoting financial and economic literacy.
- d) Taking part in corporate social responsibility activities in several aspects of The Bank's business operations.
- e) Business operations under the market conduct rules, including proper responses to customers' complaints.

#### Employee care, promotion, and development

The Bank places importance on its employees at all levels, as they are valuable resources, and a key component that drives its operations to achieve its goals. The Bank aims to manage, develop, and keep its employees in order to mutually produce and create outcomes and sustainable prosperity for The Bank under the labour protection law and universal practices by treating them with respect, honour, rights, and equality for all employees. This can be achieved through the implementation of The Bank's employment policy, compensation management, and appropriate and fair benefit packages. The Bank is determined to enhance the quality of life, work ethic, and good ethics of employees, and to create a good workplace environment, with occupational health and safety in line with recognised international standards. The Bank places importance on its personnel's career growth and continuous improvement, through inclusive training and communication, to prepare them for the growth of The Bank and their own career progression, based on their skills and competencies.

The Bank's management of employee care, promotion, and development includes:

- a) Fair employment and fair compensation management, and human resources management, as required under the labour protection law and The Bank's work regulations.
- b) Commitment to human rights and social responsibility in terms of labour, as described in The Bank's policies and practices regarding human rights and social responsibility, including the prohibition of forced labour, child labour, and sexual harassment and violence; the promotion of gender equality and female labour; and fair treatments towards, and equal opportunities for, all employees, regardless of their gender, age, religion, residence, and ethnic origin.
- c) The Occupational Safety, Health, and Environment policy in place to take care of The Bank's employees in accordance with laws on occupational safety, health, and environment.

- d) Promotion of employment of fragile groups of labourers, such as disabled people, in collaboration with other organisations.
- e) Care for employees throughout their employment with The Bank.
- f) Training sessions for, and development of, employees.
- g) Grant of opportunities for growth and career development.
- h) Communication of useful information and news to employees.
- i) Promotion of employees' morality and ethics.
- j) Requirement that any dealers, contractors, and sub-contractors working with The Bank comply with the Labour Protection Act and the Occupational Safety, Health, and Environment Act, when they interact or communicate with any service officers or employees of The Bank.

### 3. Governance

The Bank is determined to operate its business under the good corporate governance policy, ethics, code of conduct, prescribed and enforced by The Bank, covering the roles and duties of the board of directors, senior executives, and employees at all levels, under which are mechanisms to promote work operations and internal controls with efficiency and the ability to deal with risks promptly. The promotion of behaviour and corporate culture taking into account risk, fairness, and transparency will enable The Bank to manage risks and recognise stakeholders thoroughly, creating long-term value for the organisation suitably, and drive sustainable socioeconomic growth. The Bank also applies international standard operation procedures in accordance with frameworks such as those under the standard of Thailand Quality Award for the further development of The Bank.

The Bank has established a good corporate governance policy and principles of good corporate governance, with a focus on the following subjects.

- a) Promotion of roles and responsibilities of The Bank's directors and senior executives.
- b) Mechanisms established to support the effective and independent performance by The Bank's directors and senior executives, including the promotion of organisational culture, recognising risk, fairness and transparency, including the aspect of risk governance framework and the corporate governance policy which builds and inculcates the organisational culture, taking into account risks (risk culture).
- c) Ensuring that the risk management unit maintains risks within The Bank's risk appetite and risk limit.
- d) Mechanisms established to ensure that risks are maintained within The Bank's risk appetite and risk limit; and effective checks and balances, and effective three lines of defense.
- e) Whistleblowing policy and procedures established and communicated to all employees for their knowledge of policies, procedures, and whistleblowing channels. The Bank also has a remuneration policy that reflects

its risk culture. The Bank also requires that its corporate governance information be disclosed in order to raise the role of the market mechanism in supervision and governance.

In addition, The Bank has established an appropriate check and balance mechanism, which includes:

- a) A review process for correctness in each procedure and in all essential work processes to reduce incorrectness and operational risks, as each step taken, including processes, must not be under the supervision of only one person. A clear segregation of duties is in place, particularly the segregation of duties between front office and back office.
- b) Effective three lines of defense, under which an organisational structure, including units in charge of control, governance, and examination that work independently and effectively, is established. The roles and responsibilities of each unit has been set out clearly, including units or persons causing risks and manage the risk in the first stage (Business unit or First Line of Defense), internal management unit (Second Line of Defense) such as risk management unit, compliance unit, credit review unit; and internal audit unit or Third Line of Defense to encourage appropriate checks and balances.
- c) Regular review of the suitability of the check and balance mechanism, the segregation of duties, and the roles and responsibility of each unit or person.
- d) Procedures for reporting The Bank's operations and supervision over its activities for benefits of work management and monitoring of its operations efficiently. These reports will be provided to supervisors of The Bank's business operations, including the determination of a suitable form of storage in order for such reports to be available for use as legal evidence and whenever needed.
- e) Disclosure of corporate governance information to ensure that The Bank's stakeholders are provided with essential information to support their decision making on investment in, or entering into transactions sufficiently and appropriately. This will ensure the transparency and fairness of The Bank's operations.

The Bank's corporate governance management includes:

- Business policy established, announced, and implementation in line with this policy under The Bank's principles of good corporate governance.
- The establishment and operation under The Bank's work morality and code of conduct.

## Operations under the ESG policy

The Bank's ESG operations include:

1. Informational training and communication about The Bank's ESG policy and various relevant knowledge to all The Bank employees on a regular basis.
2. Ensuring that any units associated with the work areas provided in the ESG policy are the collector of relevant information, which will then be handed to the human resources executive for collection. This information will be used to produce an ESG report, which will be presented, with participation from relevant units or functions to the Corporate Governance and Sustainability Development Committee and board of directors of The Bank.
3. Reporting any information about the ESG policy to The Bank's board of directors at least once a year in the following subjects.
  - 3.1 Performance of operations where The Bank's resources are used, and any operations by The Bank that fail to comply with the environmental law (if any).
  - 3.2 The Bank's participation in building social responsibility in several areas.
  - 3.3 Any operations that fail to comply with the market conduct (if any), including the overview of customers' complaints.
  - 3.4 Any operations that fail to comply with the Labour Protection Act and the Occupational Safety, Health, and Environment Act, and any accident caused by work (if any).
  - 3.5 Reports any of employees' complaints through complaints receiving system and whistleblowing process within the organisation (Whistleblowing Policy) (if any), including reporting complaints regarding discrimination and abuse (if any).
  - 3.6 Other relevant matters.

## 5. Policy review and revision

The Bank reviews its Environment, Social & Employee, and Governance Policy for Sustainable Banking at least once a year, including when there are any changes relating to practice, rules, regulations and business operations. The change management unit is responsible for proposing revised policies to the Corporate Governance and Sustainability Development Committee for approval, and subsequently presenting them to The Bank's Board of Directors for further approval.