

LH BANK TCFD 2024

Report on the Bank's Progress in Aligning with
the Task Force on Climate Disclosures (TCFD)
Recommendations



Welcome to TCFD Report

Land and Houses Bank Public Company Limited

support from CTBC Bank—the largest private Bank in Taiwan and the parent company of LHFG has prepared this report in accordance with the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) and the recommendations of the Bank of Thailand regarding the disclosure of financial information related to climate change risks and opportunities, for the period from January 1, 2024 to December 31, 2024.

Land and Houses Bank Public Company Limited places great importance on managing climate-related risks and conducting sustainable business. We are committed to minimizing environmental impacts arising from the preparation of the TCFD report by adopting digital approaches to reduce resource and paper consumption, thereby supporting the transition toward sustainable business practices.

This 2024 TCFD Report has been prepared in a digital-only format. The full report and additional information about Land and Houses Bank Public Company Limited can be accessed at www.lhBank.co.th



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As a leader, the Bank advances toward the summit of transition, guided by the TCFD report as its roadmap amid the uncertain landscape of climate change.



01

INTRODUCTION

1.1 Climate Change Context in 2024

The Intensifying Global Warming Crisis and the Role of the Financial Sector in Driving the Transition to Net Zero

In 2024, the world continued to face an increasingly severe and visible global warming crisis, with the average global temperature rising by 1.6°C compared to pre-industrial levels. The World Meteorological Organization (WMO) has declared this year as the hottest on record. The Intergovernmental Panel on Climate Change (IPCC) has further warned that, without adequate mitigation measures, Southeast Asia could lose up to USD 28 trillion in economic potential over the next 50 years. For Thailand, floods in the same year caused economic damages of not less than THB 30 billion.

The IPCC's Sixth Assessment Report (AR6) indicates that, without sufficient mitigation measures, Southeast Asia could lose over USD 7 trillion in economic potential within the next 30 years, and up to USD 28 trillion over the next 50 years. For Thailand, floods in 2024 caused economic impacts of not less than THB 30 billion, equivalent to approximately 0.16% of the country's GDP.

"The choices we make today will shape up the future."
- IPCC AR6

Amid this context, banking sector, as the core of the economic system, plays a critical role in supporting the transition to a low-carbon economy through responsible capital allocation and the integration of sustainability considerations into financial decision-making processes. Land and Houses Bank Public Company Limited recognizes the urgency of achieving net zero, both in its internal operations and across its lending and investment portfolios, while managing climate-related risks in terms of physical and transition impacts, alongside seeking new opportunities to promote green finance.

The Bank places great importance on the principle of a “Just Transition,” ensuring that the reduction of reliance on fossil fuels does not cause adverse impacts on workers or communities, while enabling truly inclusive and sustainable change. This concept aligns with the principles set out in the Paris Agreement and has been consistently emphasized at global COP meetings.

In response to these challenges, in 2024, Land and Houses Bank Public Company Limited announced its net zero targets for the Bank’s operations, as well as achieving net-zero greenhouse gas emissions from its lending and investment portfolios by 2050. The Bank is committed to managing climate-related risks and opportunities while supporting global efforts to limit the average global temperature increase to no more than 1.5°C, in line with the Paris Agreement.

Through the collaboration of all stakeholders, banking sector will continue to play a key role in driving the transition toward a strong and sustainable green economy.

1.2 TCFD-aligned Climate Disclosure by LH Bank

To demonstrate our commitment to transparency and responsible reporting, Land and Houses Bank Public Company Limited (LH Bank) has prepared this report in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). The report covers the four key areas of disclosure outlined by TCFD.

For a comprehensive understanding of the TCFD recommendations, please refer to the TCFD Recommendations published in June 2017 and the Guidance on Implementing the Recommendations published in October 2021.

Governance

Establishing the governance structure for the Bank’s climate-related strategy, risks, and opportunities to enable senior management and key ESG working groups to effectively monitor, oversee, and manage climate-related impacts.

The “tone from the top” Approach

Starting from the Board of Directors, cascading through four committees, and implemented by the Sustainability Integration Unit.

Strategy

Assessing both actual and potential impacts of climate-related risks and opportunities on the Bank’s operations, serving as a basis for developing strategies to address these changes.

Setting targets to achieve net-zero greenhouse gas emissions through a sustainability strategy built on three pillars: organizational sustainability, sustainable finance, and stakeholder responsibility.

Risk Management

The processes the Bank uses to identify, assess, and manage climate-related risks.

Analysis and management of climate-related risks and impacts, involving the assessment of potential threats and the implementation of mitigation plans to enhance resilience and ensure long-term sustainability.

Metrics and Targets

The assessment of financed greenhouse gas (GHG) emissions to support the analysis and management of climate-related risks and opportunities, as well as the setting of the organization’s sustainability targets.

LH Bank’s net zero emissions target is aligned with national targets and the objectives of CTBC Bank, including the setting of short-and long-term sustainable lending and investment targets.





02 GOVERNANCE

2.1 Climate Governance Framework

2.2 Roles and Responsibilities of Board Committees and Business Units

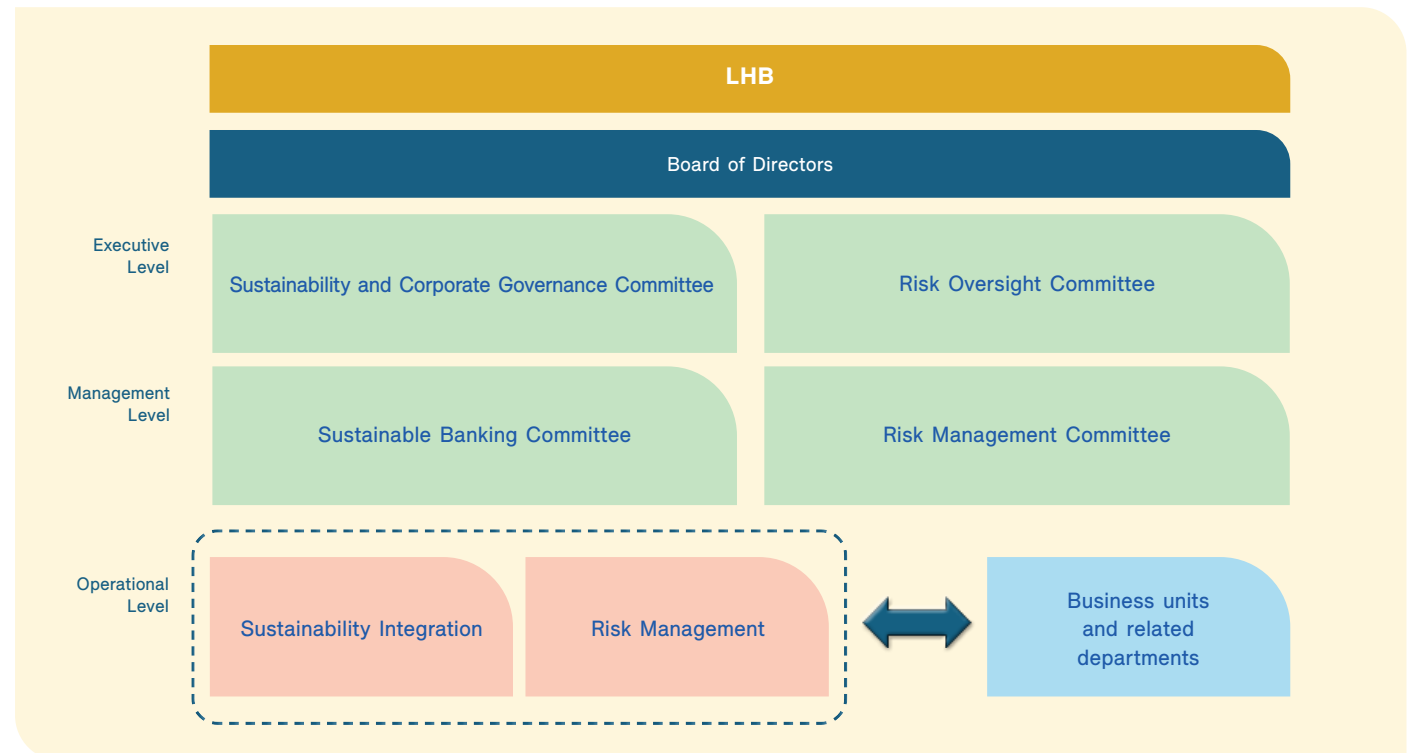
2.1 Climate Governance Framework

Land and Houses Bank Public Company Limited (LH Bank) places great importance on addressing climate change by establishing sustainability policies and operational guidelines to demonstrate responsibility toward environmental, social, and governance (ESG) matters. Specifically, LH Bank has established a governance structure dedicated to overseeing ESG and sustainability risks, enabling comprehensive management of climate-related risks. Responsibilities and accountabilities are clearly defined across all levels of personnel, from the Board of Directors and executives to employees.

The Bank is committed to systematically adhering to ESG and sustainability risk governance guidelines, in alignment with CTBC's policies, as well as LH Bank's ESG risk management framework, sustainability policy, and strategic plan, to drive stable and sustainable growth.

To ensure that LH Bank's sustainability operations are effective and aligned with international standards, the Bank has established a governance structure comprising committees and units with specific roles and responsibilities, aimed at driving tangible achievement of its sustainability objectives, as detailed below.

Sustainability Management and Governance Structure





2.2 Roles and Responsibilities of Board, Committees and Business Units

Board of Directors

- Determine the Bank's overall strategic direction, business goals and objectives, approve the Bank's policies and risk appetite, which include E&C risk policy. Supervise the Bank's operations in accordance with the approved policies to ensure its operations to be managed efficiently and effectively and monitor the progress consistently to protect the interests of the Bank and shareholders.
- Supervise the Bank as a whole to establish an organizational structure and allocate resources in line with the direction of the E&C strategy by ensuring the establishment of committee or internal unit with roles, duties and responsibilities related to the Bank's E&C operations and risk management by integrating them into the Three Lines of Defense process to achieve maximum effectiveness in accordance with the E&C risk policy and strategic plans with independent check and balance.
- Building confidence and promoting an ESG culture across the Bank to raise awareness and drive truly sustainable operations.

Sustainability and Corporate Governance Committee

- Review policies, directions, and the scope of sustainability initiatives - encompassing environmental, climate change, social, and governance dimensions for approval by the Board of Directors.
- Oversee the implementation of policies and provide necessary guidance and support to personnel to ensure the achievement of sustainability objectives.
- Monitor progress on sustainability initiatives.
- Oversee internal and external sustainability communications, as well as disclosures in accordance with sustainability frameworks and standards.

Sustainable Banking Committee

- Consider, review the formulation of policy, strategy, operational framework and strategic implementation approaches, and select key issues that support sustainable Banking including setting operational goals in accordance with the objectives in line with the Bank's sustainable business practices and propose to the Board of Directors for approval. The activities and objectives shall be reviewed on an annual basis.
- Define, supervise, review the Bank's operations for sustainability and encourage its implementation and participation in various projects with both internal and external relevant units under the framework of sustainable Banking practices in terms of responsible lending as well as any relevant E&C risk management.
- Provide recommendations, promote, and allocate resources and staff to support the Bank's sustainable strategy implementation plan for alignment in the same direction.
- Convene the Sustainable Banking Committee at least on a quarterly basis.
- Report the performance summary, including management and sustainable banking management, to the Sustainability and Corporate Governance Committee and the Board of Directors respectively at least on a quarterly basis.

Risk Oversight Committee

- Consider the risk appetite level and Key Risk Indicators (KRI) relevant to the E&C risk before proposing to the Board of Directors for approval.
- Supervise an assessment and monitoring to oversee E&C risk management to be at appropriate level in accordance with the established policy.
- Discuss and exchange views with the Audit Committee to assess whether policies and strategies, as well as risk management practices, cover all types of risks, including emerging risks, and to ensure that the implementation of risk management policies and strategies is effective and efficient.



Risk Management Committee

- Deliberate on this policy and E&C risk management guidelines prior submission to the Risk Oversight Committee (ROC).
- Deliberate on the risk appetite and key risk indicators in the dimensions related to E&C risks prior submission to the Risk Oversight Committee (ROC).
- Supervise for compliance with the established policy and in line with the E&C risk management and risk appetite.
- Allocate resources and promote the development of knowledge and understanding regarding the E&C risk management sufficiently and in line with risk appetite.

Sustainability Integration

- Establish strategies, directions, targets, and operational plans related to climate change for the Bank's business operations. This includes monitoring, supervising, and supporting the achievement of defined objectives.
- Drive the implementation of the Bank's E&C strategy based on three core pillars: Organization Sustainability, Sustainable Finance, and Responsibility to Stakeholders.

- Develop action plans, initiatives, lending targets and financial services related to E&C matters, and provide operational support to relevant business units for the implementation of such initiatives.
- Develop collaboration plans with relevant units to efficiently reduce greenhouse gas emissions from the Bank's portfolio (financed emissions) in alignment with the Bank's responsible banking strategy and net zero commitment.
- Develop an operational plan in collaboration with relevant units to promote stakeholder participation and social responsibility in accordance with the principles of sustainable development.
- Serve as a center of excellence for E&C to enhance personnel capability and disseminate best practices to other business units.
- Report performance and/or propose E&C-related policies, strategies, frameworks, and implementation approaches to the Sustainable Banking Committee, the Sustainability and Corporate Governance Committee, and the Board of Directors, respectively.
- Manage the communication of performance and the preparation of sustainability reports with relevant departments, including E&C disclosures and reporting, in accordance with both national and international standards.

Risk Management

- Establish the E&C risk management policy and regularly review at least once a year, or when there is any significant change.
- Assess and review E&C risks and potential impacts related to credit risk, both quantitative and qualitative under normal circumstance, and consider E&C factors in setting scenarios, review of stress testing framework and performing stress testing for various risks at least once a year or as required by regulatory authorities.
- Monitor and control E&C risks that may affect the Bank's operating position in accordance with the Bank's risk appetite and report to the relevant committees at least on a quarterly basis.
- Collect and report data for E&C risk assessment as well as manage for data storage in accordance with the Bank of Thailand's guidelines and environmental global standards so that the data can be used for effective risk analysis and management such as portfolio-level data for physical risk, transition risk, and financed emissions of various industry groups.
- Embed risk culture for all levels of employees, communicate with employees for their acknowledgement of policy and awareness on the importance of E&C risk management in accordance with the Bank's risk appetite which will result in long-term risk control and reduction.

03

STRATEGY

- 3.1** Our Commitment to Achieving Net Zero
LH Bank's Commitment to Net Zero and Building a Sustainable Future
- 3.2** Strategy of Own Operation Decarbonization Pathway
- 3.3** Materiality Assessment
- 3.4** Identification and Significance Ranking of Climate-related Risk
- 3.5** Identification and Significance Ranking of Climate-related Opportunities
- 3.6** Strategic Opportunities for LH Bank



3.1 Our Commitment to Achieving Net Zero

LH Bank's Commitment to Net Zero and Building a Sustainable Future

LH Bank is committed to supporting every success of its customers by responsibly facilitating the transition to a net-zero greenhouse gas economy, placing sustainability at the core of its business operations, customer services, and internal management.

We are committed to driving Thailand toward a low-carbon society and a resilient, inclusive economy (Just Transition) to create a sustainably growing and equitable future. This commitment aligns with the outcomes of COP29 in 2024, where one of the key focus areas was the concept of Just Transition, which has become central to policy negotiations on climate finance, decarbonization, and green economic recovery. The emphasis is on a fair and sustainable transition to a clean economy that encompasses affected workers and communities, ensuring that no one is left behind, and promoting change that considers equity in all dimensions.

Under Thailand's net zero target by 2065, LH Bank has set its own objectives to achieve net-zero greenhouse gas emissions in its operations and to reduce greenhouse gas emissions in its financial portfolio in alignment with the Paris Agreement targets by 2050 or earlier depending on opportunities arise from technological advancements and regulatory changes.

Driven by tangible goals and policies

- Commit to supporting sustainable lending through Green Loans,

Sustainability-Linked Loans (SLLs), and Green Transition Advisory Loans for SMEs, with a target portfolio of THB 14 billion by 2030.

- Pioneer new green financial products and innovative solutions to support carbon reduction across all business sectors.
- Promote businesses and projects focused on biodiversity conservation (nature positive) and enhancing climate resilience.
- Continuously assess opportunities to accelerate net zero targets in line with technological advancements and external developments.

Enhancing business policies with a focus on environmental and energy considerations

LH Bank is committed to integrating internationally recognized environmental and energy management principles into all business processes and is in the process of developing procedures to strictly comply with relevant laws and regulations, including:

- Incorporate environmental policies and E&C risks into credit approval criteria, considering environmental risks and opportunities alongside financial factors.
- Establish special credit requirements for industries with high environmental risks.
- Require executives and employees at all levels to collectively adhere to policies and support the monitoring and reporting in accordance with sustainable development guidelines.
- Promote and support energy conservation projects, greenhouse gas reduction initiatives, and projects that advance the circular economy.

Fostering a culture of sustainability across the organization

We focus on raising awareness and promoting the engagement of employees and business partners across all sectors through educational activities, training programs, and the sharing of best practices, ensuring that sustainability becomes an integral part of the organization's DNA and is reflected in operations at all levels.

Moving toward transparency in information disclosure.

LH Bank prepares a sustainability report and a Task Force on Climate-related Financial Disclosures (TCFD) report to demonstrate transparency in the professional management of ESG-related risks and opportunities, in alignment with international standards and trends.

3.2 Strategy of Own Operation Decarbonization Pathway

The impacts of global warming have heightened awareness worldwide, including in Thailand, and underscored the urgent need to reduce greenhouse gas emissions. The concept of Carbon Footprint for Organization (CFO) provides a method to assess the total greenhouse gas emissions generated by all organizational activities, expressed in carbon dioxide equivalents. This assessment serves as a basis for developing effective management to reduce the organization's greenhouse gas emissions. With a commitment to addressing global warming, LH Bank has set a goal to establish its organizational carbon footprint.

In 2024, Land and Houses Bank Public Company Limited prepared a report assessing greenhouse gas emissions from its various activities, as well as from its supply chain, encompassing both direct and indirect emissions. This assessment complied with the organizational carbon footprint calculation and reporting requirements set by the Thailand Greenhouse Gas Management Organization (Public Organization). The organizational boundary followed a financial control approach, considering emissions from the Bank's headquarters and branches, including Scope 1, Scope 2 and Scope 3 emission sources.

GHG Emissions Reduction

Land and Houses Bank Public Company Limited has used the results of its 2020 base year assessment of greenhouse gas emissions from all business activities across its supply chain, encompassing both direct and indirect emissions, as a baseline year. These results have been reviewed in collaboration with all relevant units to establish actionable measures aimed at reducing greenhouse gas emissions concretely and demonstrate the Bank's commitment to achieving its net zero target by 2050.

Greenhouse Gas Emission Reduction Targets

Land and Houses Bank Public Company Limited has set a target to reduce greenhouse gas emissions from its own operations by 25% from the base year 2020 within 2030,* which is equivalent to a reduction of 2.31 tCO₂e per employee.

* Scope 1 and 2 for own operations of head office



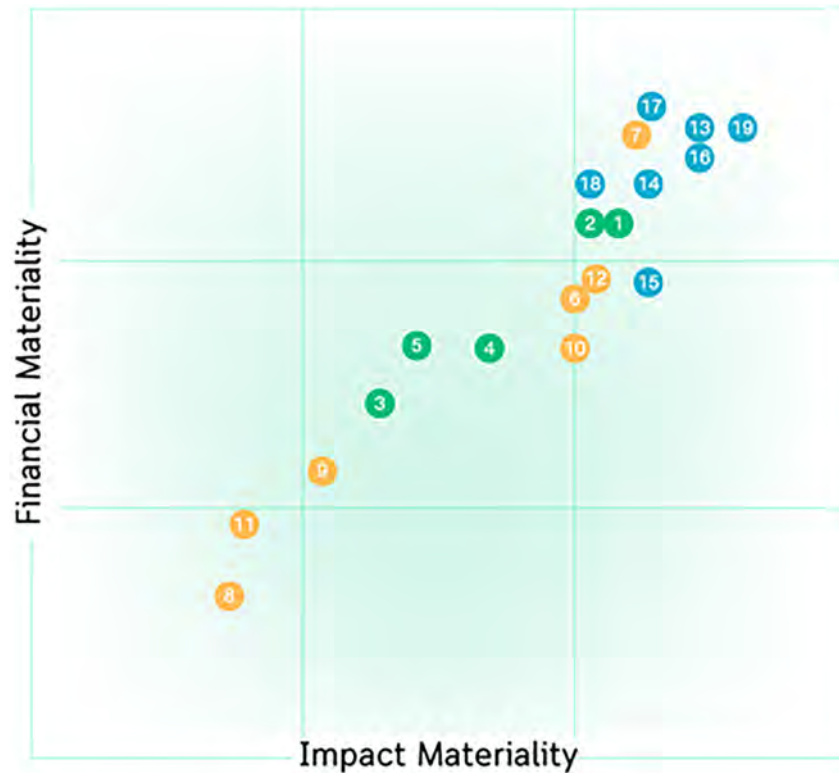
3.3 Materiality Assessment

LH Bank has prioritized material issues in accordance with the double materiality approach, considering both the impact materiality and the

financial materiality. This process employs benchmarking with peer banks to ensure that the selected issues comprehensively address

both strategic and risk-related aspects. Prioritization of these issues is a key component in shaping the Bank's long-term sustainability strategy.

Banking Sector's Materiality Issues Prioritization



● Environmental Aspects
 ● Social Aspects
 ● Economic and Governance Aspects

Extremely High

- 17 **EG-M05** Innovation, AI, and Digital Transformation
- 19 **EG-M07** Data Governance and Data Privacy Protection
- 13 **EG-M01** ESG Governance and Corporate Accountability
- 7 **SC-M02** Financial Well-being and Financial Literacy
- 16 **EG-M04** Cybersecurity
- 14 **EG-M02** Business Ethics, Integrity, and Transparency
- 18 **EG-M06** Risk and Crisis Management
- 1 **EN-M01** Carbon Footprint and Financed Emissions Management
- 2 **EN-M02** Sustainable Finance and Green Financial Products

High

- 15 **EG-M03** Customer Experience and Relationship Management
- 12 **SC-M07** Employee Learning, Development, and Retention
- 6 **SC-M01** Inclusive Finance and Financial Accessibility
- 10 **SC-M05** Employee Welfare, Health, and Well-being
- 4 **EN-M04** Environmental Management and Resource Efficiency
- 5 **EN-M05** Biodiversity and Ecosystem Preservation
- 3 **EN-M03** Energy Efficiency and Emission Reduction in Operations
- 9 **SC-M04** Community Engagement and Social Value Creation

Significant

- 11 **SC-M06** Fair Labor Practices, Diversity, Equity, and Inclusion
- 8 **SC-M03** Human Rights and Responsible Business Conduct

3.4 Identification and Significance Ranking of Climate-related Risk

Climate change not only creates physical and regulatory uncertainties but also affects the long-term competitive landscape of businesses. For LH Bank, assessing and monitoring climate-related risks is not merely a preventive measure; it is a critical mechanism for aligning the Bank's strategic direction with the trends of a low-carbon economy and for creating opportunities to develop more sustainable and resilient new business models.

To manage these risks proactively, LH Bank has conducted a comprehensive climate risk impact analysis across all time periods, taking into account policy risks, stakeholder expectations, the Bank's materiality assessment based on the double materiality principle, and changes in the physical environment. These factors all impact the operational performance, competitiveness, and debt serviceability of the business sector, which in turn directly impacts the Bank's credit risk at various stages, as follows:

Short-term: Impact on LH Bank (within 5 years)

LH Bank recognizes policy and regulatory risks that may have immediate impacts, particularly carbon-related measures from trading partner countries, such as the European Union's Carbon Border Adjustment Mechanism (CBAM), which entered its transition phase in 2023 and will be fully enforced in early 2026. These measures may increase export costs for Thai industries and reduce their competitiveness in global markets. In addition, the forthcoming enactment of Thailand's Climate Change Act is expected to significantly affect carbon reporting requirements, GHG accounting, and corporate disclosure obligations. The Bank is therefore closely monitoring carbon policies in trading partner countries to assess systemic risks that may be transmitted to its loan portfolio.

Medium-term: Impact on LH Bank (within 5-10 years)

The enforcement of stricter sustainability laws and policy frameworks, along with developments in Thailand's taxonomy, directly influences the expectations of stakeholders at both national and international levels—particularly customers, investors, and business partners—who start to prioritize operations aligned with sustainability goals and carbon reduction across the value chain. Failure to adapt to these expectations poses market and reputational risks for LH Bank. Moreover, if organization is unable to support their customers in transitioning to low-carbon business models in a timely manner, it could negatively affect business relationships, client retention, and future funding costs, especially if the loan portfolio remains heavily exposed to high-carbon-intensive businesses.

Long-term: Impact on LH Bank (within 10 years or more)

The full-scale transition from the global economy to a low-carbon economy will result in the exclusion of businesses that are unable to reduce carbon emissions or adapt, directly affecting the quality of the Bank's loan portfolio that still rely on high-carbon business sectors. In addition, global financial markets will prioritize capital allocation based on structural sustainable finance criteria.

If LH Bank fails to restructure its financial business and risk management in alignment with the net zero financial system within the next 10 - 15 years, it may face existential risks, including:

- **Credit rating downgrades:** if the loan portfolio remains heavily exposed to high-carbon sectors, as rating agencies will use climate alignment as a key criterion.
- **Exclusion from international capital markets:** particularly in accessing cross-border liquidity from investors with stringent ESG and climate risk.
- **Loss of innovative business opportunities:** unable to develop digital financial tools to support carbon credit trading, investments in climate technology, or ESG data management through advanced platforms.
- **Disintermediation:** by FinTech firms or global climate Banks that can provide comprehensive green financial services more effectively and connect seamlessly with global markets.



Conversely, if LH Bank adapts in time, this long-term scenario presents an opportunity to become a Regional Climate Finance Hub, linking Thai businesses with global green capital markets and fostering sustainability for its customer base and stakeholders at a structural level.

Climate-related Risks and Financial Impacts

LH Bank has conducted an assessment of climate-related risks, covering both transition risks and physical risks, under the analytical framework of the TCFD established by the Financial Stability Board (FSB). This assessment is based on the Bank's core business characteristics and operational structure, serving as a foundation for systematically defining sustainability strategies and organizational risk management. The assessment results can be summarized as follows:

Transition Risk

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
TR-01 Legal: Existing and upcoming environmental laws and regulations	- LH Bank may be affected by increasingly stringent environmental laws and regulations, both domestically and internationally, such as carbon taxation, greenhouse gas emission controls, and Emission Trading Scheme (ETS). - The implementation of the Thailand taxonomy may require the Bank to adjust its credit assessment processes and financial products to align with sustainable activities, while disclosing information in accordance with regulatory criteria. This could affect funding costs and ESG scores if the loan portfolio still heavily relies on high-carbon businesses. - The introduction of new legislation requiring businesses to disclose more climate-related information, particularly in industries within the Bank's portfolio, may affect clients' operational capacity and debt serviceability. - ESG scores from rating agencies, such as FTSE Russell, impact on the Bank's reputation and access to funding if the loan portfolio has not yet been adjusted to align concretely with sustainability targets.	- Increased operational costs arising from the need to adjust strategies or business models to comply with evolving regulations. - Reduced competitiveness of clients, particularly those exporting to countries with carbon-related regulations. - Increased credit risk of clients, impacting the quality of the loan portfolio. - Asset prices may fluctuate and potentially decline, particularly for assets related to high-carbon industries. - Collateral value may decline if clients' assets become stranded or impaired. - The Bank's costs may increase in risk management and in adjusting credit processes to comply with new regulatory requirements.	- Short term - Medium term - Long term	- Continuously monitor and assess the impact of environmental laws on businesses within the loan portfolio. - Develop strategies to proactively support clients' adaptation, particularly in high-risk industries. - Strategically collaborate with clients to jointly establish approaches for mitigating transition risks, while creating incentives through flexible financial products.
TR-02 Technologies for Greenhouse Gas Technology: Reduction and Business Adaptation	LH Bank may face risks from accelerated technological changes aimed at supporting the transition to a low-carbon economy, such as the adoption of solar energy (Solar Cells), Carbon Capture and Storage (CCS) technologies, circular economy, as well as the use of digital technologies, including AI, sensors, and dashboards, for real-time monitoring and analysis of organizational carbon footprints.	- Customer costs may increase due to investments in clean technologies, such as renewable energy systems, sensors, and AI platforms or dashboard for carbon management. - Obsolete assets may depreciate or become stranded assets, affecting collateral value and debt repayment. - Customers' revenue-generating capacity may decline if their products or services are not aligned with new technologies or ESG expectations.	- Short term - Medium term - Long term	- Continuously monitor and assess developments in clean energy technologies, carbon management, and digital tools. - Develop lending guidelines that support the adoption of technologies, such as loans for solar cells, AI-based carbon management systems, or dashboards for monitoring ESG performance. - Establish strategic collaborations with technology partners and digital service providers to enable clients to adapt effectively and in a timely manner.

Transition Risk (Continued)

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
	Although these technologies are key tools for carbon reduction and long-term advantage, investments, process adjustments, and workforce adaptation remain significant constraints—particularly for SME clients or traditional industries. Failure to adapt in a timely manner may affect their competitiveness and, consequently, increase credit risk for the bank.	The need for increased capital, particularly during the transition period, may impact liquidity and drive demand for specialized financing.		
TR-03 Market: Market and Consumer Behavior Changes	LH Bank may face risks arising from shifts in consumer behavior and market trends that increasingly prioritize environment and climate change. This may lead to a decline in demand for products and services with high carbon footprints, while environmentally friendly products and services gain greater popularity. At the supply chain level, companies across upstream and downstream operations, particularly raw material manufacturers, downstream petroleum industries, and logistics, may face increasing demands from business partners and customers to deliver products or services with transparent carbon footprint data and lower emissions. Failure to respond in a timely manner could result in lost market opportunities or exclusion from the supply chain. Meanwhile, companies attempting to adapt but lacking sufficient resources may incur higher costs due to changes in production processes and environmental data verification.	- Customers may experience loss of sales or revenue if their products fail to meet market demand, which could impact cash flow, debt serviceability, and credit quality. - The value of certain assets or products may decline if the market turns away from environmentally harmful goods. - Customer costs may increase due to the development, improvement, or modification of products and services to comply with ESG and carbon standards. - Credit risk increases in industry where the cost burden from market changes exceeds their capacity to adapt.	- Short term - Medium term - Long term	- LH Bank continuously monitors market trends and consumer behavior to assess industry risks. - Promote and support customers in adapting by providing financing to transform products or production processes to be environmentally friendly, such as loans for upgrading machinery to energy-efficient systems or with carbon footprint data. - Develop financial products linked to customers' ESG targets, such as Sustainability-linked Loans (SLL) based on carbon intensity per unit of production. - Provide advisory services on carbon footprint disclosure, supply chain risk analysis, and ESG management enhancement to mitigate long-term market risks.

Transition Risk (Continued)

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
TR-04 Reputation: Reputation arising from Supporting Environmentally Impactful Businesses	LH Bank may face reputational risk if it is perceived as supporting projects or businesses that negatively impact environment or climate change, such as high greenhouse gas emissions or adverse effects on ecosystems. This could lead to pressure from customers, investors, and other stakeholders who expect financial institutions to play a proactive role in promoting sustainability. Shifts in consumer behavior, along with growing societal demands for transparency and environmental responsibility, increase the risk for businesses that lack robust ESG oversight to face criticism. Such businesses may also be accused of “greenwashing” potentially undermining trust on a broader scale.	• Fee and service income may decline if key clients shift to banks with stronger ESG profiles. • The ability to raise funds or issue ESG financial products may be impaired if the bank’s image is not aligned with sustainability standards.	• Short term • Medium term • Long term	• LH Bank has established an exclusion list specifying the types of businesses and activities that the bank does not support, as well as identifying sensitive sectors that are particularly exposed to E&C risks. • Set strategic targets for the growth of sustainable lending and investment, while transparently communicating progress through ESG reporting and disclosures to stakeholders.

Physical Risk

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
PR-01 Acute and severe natural disasters	LH Bank may be affected by increasingly frequent and severe natural disasters, such as flash floods, storms, droughts, or wildfires, driven by escalating climate change. These events have direct impacts on business sector, particularly in high-risk areas that serve as production sites or logistics hubs. If customers are unable to maintain business continuity, this may affect their revenue, debt serviceability, and the value of assets used as collateral.	• Customer revenues may decline due to business disruptions, affecting their debt serviceability. • Costs may increase due to asset repairs, restoration, or damage prevention. • Asset and collateral values may decline, particularly in high-risk areas subject to recurrent impacts. • The need for customers to allocate additional budgets for prevention or adaptation may increase short-term funding requirements.	• Short term	• LH Bank conducts risk assessments by geographic area and industry, incorporating historical natural disaster data and projections from climate models into its credit underwriting. • Develop financial products to support customers in investing in natural disaster protection systems, such as loans for upgrading infrastructure. • Promote the use of comprehensive natural disaster insurance in conjunction with the Bank’s financial products to mitigate the burden of ongoing risks arising from severe events.

Physical Risk (Continued)

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
PR-02 Chronic impacts from climate change	LH Bank may be affected by the long-term, cumulative impacts of climate change, such as rising global average temperatures, progressively increasing sea levels, greater variability and severity of weather patterns, or water scarcity in certain regions. Acute natural disasters, such as flash floods, storms, droughts, or wildfires, if they occur repeatedly in the same areas or seasonally, may escalate into chronic physical risks. These risks can have structural impacts on the local economy, residential areas, insurance, and the long-term development potential of real estate.	- Damage to customers' assets and the bank's collateral from coastal erosion, accumulated moisture, or prolonged extreme heat, which may result in asset depreciation. - Customer income declines due to operational disruptions or the relocation of production base in high-risk areas. - Customer costs increase due to investments in strengthening infrastructure to withstand climate conditions or in transforming business models to enhance adaptability. - Long-term debt serviceability declines, particularly in the agriculture, tourism, and real estate sectors located in low-lying or coastal areas.	- Medium term - Long term	- LH Bank integrates long-term disaster data into collateral appraisal and credit underwriting, particularly in areas with potential risks of coastal flooding or prolonged extreme heat. - Support customers in investing in climate-resilient infrastructure, such as energy-efficient buildings, moisture-resistant materials, and water management systems. - Promote the use of a "Green Asset Renovation Loan", or loan for retrofitting existing assets in alignment with long-term climate risks. - Communicate and provide knowledge to customers regarding localized climate change trends, enabling them to strategically plan and adapt in a timely manner.

3.5 Identification and Significance Ranking of Climate-related Opportunities

At a time when businesses and governments worldwide are advancing toward net zero through the transition to renewable energy, clean energy consumption, and the adoption of technologies to enhance energy efficiency and reduce greenhouse gas emissions, the demand for financing to support these transitions has become increasingly critical. Such financing needs span investments in infrastructure, machinery replacement, as well as the development of new green business models.

Under the TCFD Framework by the Financial Stability Board (FSB), which recommends that organizations disclose climate opportunities across products, services, supply chains, and market access, LH Bank has analyzed and identified that this transition is not only a systemic risk but also a strategic opportunity to develop financial products that address the evolving needs of businesses in the era of the net zero economy.

LH Bank recognizes its key role as a financial service provider in supporting the transition to a low-carbon economy through three main channels:

- Providing loans and financial instruments for projects aimed at reducing greenhouse gas emissions, such as renewable energy, green buildings, and clean mobility, as well as carbon platform services, complemented by products that incentivize sustainable behavior, including Green Loans, Sustainability-linked Loans (SLL), and Green Transition Advisory Loans.

- Collaborating with partners to deliver advisory services on net zero planning.
- The preparation and monitoring of carbon inventories, and the break-even analysis of green investments through multiple channels.

LH Bank has conducted an assessment of opportunities related to climate change, taking into account both the transition to a low-carbon economy and the adaptation trends of the business sector in response to net zero targets.

This analysis is based on LH Bank's core business characteristics and product structure, aiming to identify solutions to support clients in reducing greenhouse gas emissions, developing financial innovations, and creating business opportunities aligned with national and international sustainability targets. The key opportunities and their associated financial impacts can be summarized as follows:

Opportunities

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
OT-01 Resource Efficiency	Trends in improving efficiency in energy and resource consumption in the business sector, such as water recycling, the adoption of energy-saving technologies, environmentally friendly building design, and the application of circular economy principles, reflect the growing demand for long-term cost reduction and response to environmental policies, particularly among corporate customers investing in more efficient production processes or logistics systems. This trend also provides a key foundation for designing new financial products that cater to sustainable investment behaviors.	• The Bank's operating costs are reduced through more efficient management of resources within office buildings and internal systems. • Enhance the business value of green assets, such as energy-efficient buildings or assets utilizing resource-saving technologies. • Strengthen the Bank's reputation as a sustainability-supporting organization and enhance employee satisfaction. • Provide opportunities to develop tools and financial support for customers with plans aimed at improving resource efficiency. • Promote strategic relationships with target customers committed to ESG and create pathways for providing specialized advisory services and loans in the subsequent stage.	• Establish an internal action plan to enhance energy and resource efficiency across buildings, offices, IT systems, and general operations. • Collaborate with customers in providing strategic consulting to improve resource efficiency across production, procurement, and logistics. • Support activities and communications to raise awareness of efficient resource use among employees, customers, and partners. • Establish guidelines for linking data from resource efficiency operations to the design of appropriate green financial products.	• Business operations • Products and services
OT-02 Energy Source	The accelerated transition to renewable energy such as solar power, wind energy, and energy storage systems, along with carbon credit market mechanisms to reduce long-term energy costs and respond to price pressures from carbon pricing, as well as collaboration with external agencies on climate management, are all factors driving many businesses to invest more heavily in clean energy systems.	• Reduce the bank's long-term energy costs through the use of clean energy in office buildings. • Enhance the value of environmentally friendly assets. • Enhance the quality of life and well-being of employees. • Promote the organization's image as environmentally responsible and increase opportunities for inclusion in sustainability-focused investment indices. • Provide opportunities to develop tools and financial support for customers with plans to transition their operations toward clean energy use.	• Develop a lending strategy to support clients' clean energy businesses (Clean Energy Finance Strategy). • Foster collaboration with energy technology developers and government agencies to jointly drive the clean energy market and create opportunities for new products in the future.	• Business operations • Products and services

Opportunities (Continued)

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
OT-03 Products and Services	The transition toward a low-carbon economy is driving a significant increase in demand for financial products aligned with sustainability objectives, spanning clean energy businesses, green building construction, transportation system transformation, as well as emerging sectors related to carbon capture technologies, carbon credit trading, and climate impact insurance. Accordingly, LH Bank recognizes opportunities to develop financial products, along with non-financial services, that systematically support businesses in carbon reduction and climate adaptation.	- Expand the customer base among businesses seeking to transition toward sustainability, thereby increasing the bank's green loan portfolio to align with the organization's sustainable finance objectives. - Generate revenue from financial products and services that support green investments or projects related to net zero. - Increase opportunities to serve customers within emerging ecosystems, such as establishing carbon trading platforms or providing carbon footprint verification services. - Diversify the risks of loan portfolio by supporting businesses that demonstrate resilience to climate-related risks. - Strengthen long-term customer relationships through ESG-driven services that meet the requirements of international partners.	- Develop and design specialized product programs for businesses seeking transition toward environmentally friendly operations, such as loans for renewable energy projects, green building development loans, or Sustainability-linked Loans (SLLs) tied to customers' ESG indices or carbon KPIs. - Establish partnerships with external consultants to provide customers with sustainability transition advisory services. - Support innovative projects, such as carbon tech, circular business, and smart farming, through flexible financing mechanisms with tailored risk structures. - Establish partnerships with external stakeholders, such as carbon measurement technology developers or carbon trading platforms, to provide customers with access to the necessary tools for adaptation. - Communicate the bank's stance on sustainable finance to build confidence in the capital markets and among stakeholders.	- Investment - Financing - Products and services
OT-04 Markets: Emerging markets and market expansion	The transition toward a low-carbon economy and the growth of sustainability-focused markets provide LH Bank with opportunities to expand its market through environmentally friendly financial products and services, as well as to develop new markets beyond traditional financial offerings. This includes participation in carbon trading market, collaboration with government agencies, development banks, and sustainability partner networks, thereby creating opportunities in emerging markets.	- Enhance competitive capability and strengthen the bank's sustainability image. - Diversify financial asset risk by investing in business sectors with strong long-term growth potential. - Expand the customer base and increase revenue from businesses focused on carbon reduction. - Create channels for international collaboration through green finance or sustainable investment initiatives.	- Set clear sustainable finance targets. - Align the bank's investment portfolio strategy with green businesses and activities certified under the Taxonomy. - Develop credit and financial service product structures that address the needs of businesses in the supply chain aiming to reduce carbon emissions or adapt to government policies. - Strengthen strategic partnerships with domestic and international partners to enter new markets effectively.	- Investment - Financing - Products and services

Opportunities (Continued)

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
OT-05 Resilience	Strengthening the capabilities of the organization and its partners to adapt to climate-related risks—whether through investments in alternative energy, building resilience in the supply chain, or implementing proactive risk management systems—aims to enhance business resilience and reinforce long-term stakeholder confidence.	- Enhance LH Bank’s image as a bank that prioritizes sustainability and its capacity to respond to global changes. - Increase business opportunities by providing financial services to clients that enhance resilience within their supply chains. - Reduce credit portfolio risk by supporting clients with strong recovery potential and improved crisis resilience.	- Integrate climate considerations into the business strategy across all levels of the organization. - Establish a data support system and enhance capabilities in managing climate-related risks.	- Investment - Financing - Products and services

3.6 Strategic Opportunities for LH Bank

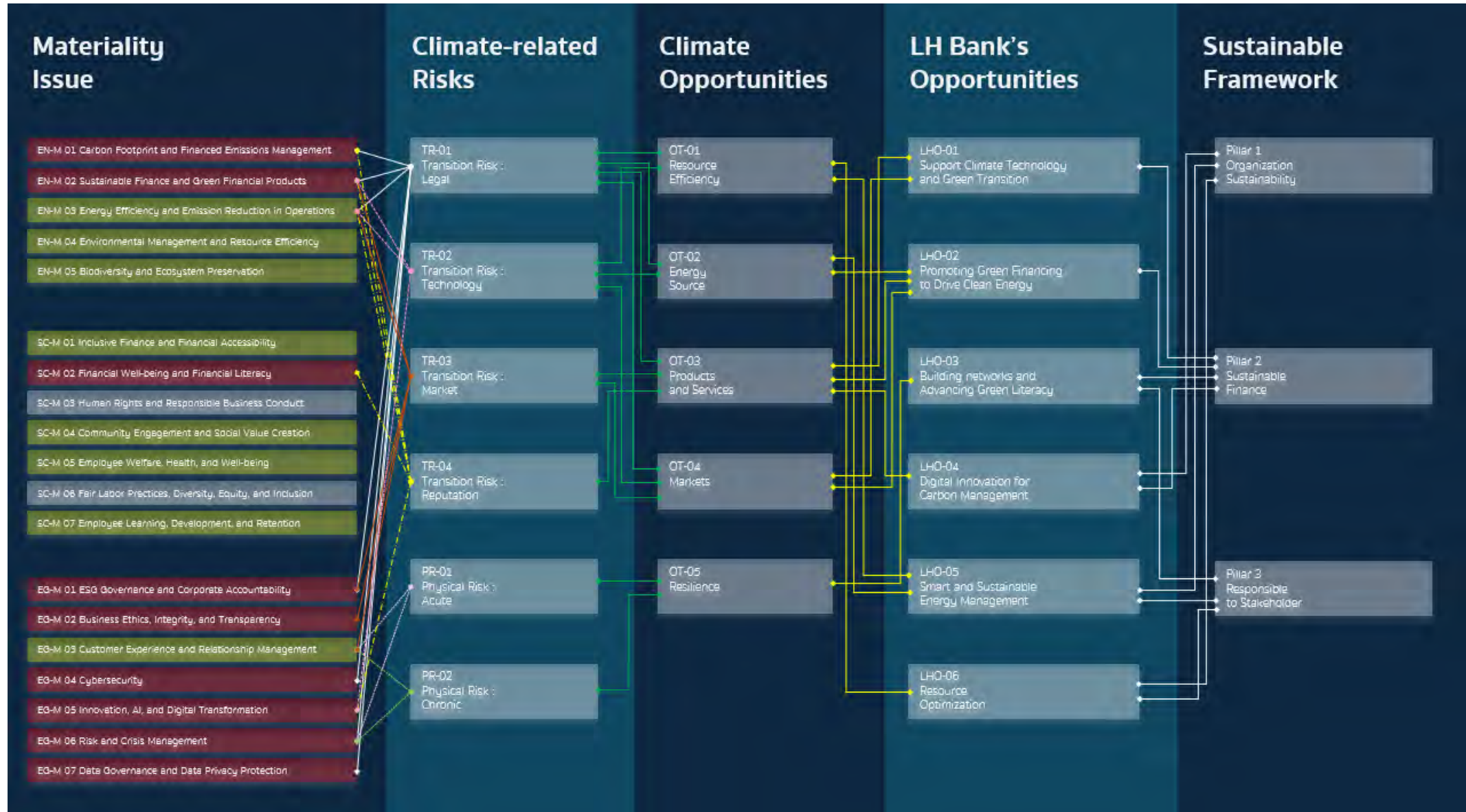
LH Bank recognizes the importance of proactively responding to opportunities arising from climate change, in line with the framework of the Task Force on Climate-related Financial Disclosures (TCFD) under the oversight of the Financial Stability Board (FSB). The bank has identified six key strategic opportunities to guide the development of sustainable products, services, and business operations.

1. LHO-01 Support Climate Technology and Green Transition
2. LHO-02 Promoting Green Financing to Drive Clean Energy
3. LHO-03 Building Networks and Advancing Green Literacy
4. LHO-04 Digital Innovation for Carbon Management
5. LHO-05 Smart and Sustainable Energy Management
6. LHO-06 Resource Optimization



Strategic Opportunities (Continued)

The linkage between materiality issues, climate-related risks, climate opportunities, LH Bank's opportunities and sustainable framework.



Strategic Opportunities (Continued)

LHO-01 Support Climate Technology and Green Transition

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Develop financial products and services to support environmentally friendly businesses and those transitioning from high-carbon to low-carbon activities (Brown to Less Brown) by leveraging climate technology. This aims to contribute to driving the country toward a low-carbon economy and to enhance the long-term sustainability of the economy and society.	Support sustainable finance through Green Loans and Sustainability-linked Loans (SLLs) to facilitate businesses' transition toward low-carbon operations. These financing solutions aim to incentivize customers to achieve their sustainability performance targets (SPTs), including energy reduction and greenhouse gas emission reduction. In 2024, the bank provided sustainable finance for five projects totaling THB 2,200 million, comprising THB 1,300 million in Green Loans and THB 900 million in SLLs.	Set a target to extend sustainable finance, including Green Loans and Sustainability-linked Loans (SLLs), totaling at least THB 3,000 million.	Set a target to extend sustainable finance, including Green Loans and Sustainability-linked Loans (SLLs), totaling at least THB 14,000 million by 2030.
			Develop and enhance the Sustainable Finance Framework, covering both Green Loans and Sustainability-linked Loans (SLLs), by leveraging climate technology to strengthen criteria in line with international best practices, as well as improve the credit approval process to ensure it is modern, transparent, and more efficient.
	Develop products to support businesses in their green transition through Green Transition Loans, aimed at enhancing the competitiveness of SMEs by enabling them to shift from high-carbon to low-carbon operations (Brown to Less Brown).	Accelerate the promotion of comprehensive and inclusive access to sustainable finance for SMEs.	
		Further develop and enhance financial products to support the transition to green businesses, addressing the specific needs of each industry through a Product Champion approach, while improving the credit approval process to be more modern, transparent, and efficient.	
	Collaborate with three ESG advisory partners including Electrical and Electronics Institute (EEI), ABeam Consulting (Thailand) Co., Ltd. and the Management System Certification Institute (MASCI) to serve as advisor for entrepreneurs in their transition. The objective is to assist customers in achieving sustainable environmentally friendly transformation goals and to offer green advisory services that drive businesses toward low-carbon operations.	Continuously expand collaboration with partners across various organizations, focusing on building a network of advisors with expertise in diverse fields to enhance the capability to serve clients accurately, promptly, and comprehensively across all dimensions.	

Strategic Opportunities (Continued)

LHO-02 Promoting Green Financing to Drive Clean Energy

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Support the tangible development of clean energy and the renewable energy industry, focusing on strengthening the financial role in driving climate impact reduction and creating business opportunities aligned with future energy trends.	Support business loans for power generation using bridge transition technology in energy loans, totaling THB 17,744 million in 2024.	Aim to continuously increase the proportion and expand support for green energy loans.	Develop product champion to support systematically enhancing the efficiency of clean energy loan approvals, with a particular focus on SMEs.
	Support business loans for power generation from renewable energy, totaling THB 2,069 million in 2024.		

LHO-03 Building Networks and Advancing Green Literacy

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Develop collaborations with government agencies and private sector organizations that prioritize ESG to build a cooperative network promoting sustainability across environmental, social, and economic dimensions through seminars, training sessions, exhibitions, and production of various public relations media.	Organize the seminar “Entrepreneur Sustainability Promotion Program” to provide knowledge on the topic “Why Businesses Must Go Green... Opportunities or Challenges Ahead” and offer guidance on financial products and services to support clients in achieving their sustainability goals. The event also includes partners with expertise in technical advisory to provide investment consulting and knowledge on conducting environmentally friendly and sustainable business operations, tax benefits, and the use of carbon platforms to transition toward low-carbon operations. Additionally, information is provided on carbon credit certification and knowledge sharing on transitioning to green businesses through Green Transition Advisory.	Organize the “LHB GAFE” seminar at least once a year, focusing on providing knowledge about the sustainability transition to clients and interested parties. The content is enhanced to be more in-depth and specialized, particularly on transition technologies for high-carbon industries or contemporary issues of societal interest that are not widely addressed by other organizers. This initiative aims to support the bank’s transition strategy, meet client needs, and reinforce LH Bank’s role as a sustainability partner capable of delivering timely and insightful knowledge.	
	Participate in the 60 Years of Excellence event under the theme “Creating Great Leaders, Designing the Future,” organized by the Thailand Management Association (TMA), to present knowledge on the green transformation of businesses. The exhibition showcases Green Transition Advisory services and various green finance products to support businesses in transitioning from Brown to Less Brown operations or fully to green businesses.	Participate in promotional booths at events where the target audience aligns with the bank’s green transition strategy, particularly those attended by entrepreneurs from high-carbon-emitting industries or representatives from organizations driving corporate transition plans. The objective is to create opportunities for providing advisory services, sharing knowledge, and promoting the bank’s financial products that can tangibly support the transition to low-carbon businesses.	

Strategic Opportunities (Continued)

LHO-03 Building Networks and Advancing Green Literacy (Cont.)

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Integrate environmental and climate change factors into business opportunity assessment and risk management to enable effective responses to emerging risks.	Participate in the “Innovative Solutions for Sustainable Packaging” seminar organized by Rieckermann Thailand to provide knowledge on green finance and support for SME loans and Green Transition Loans. Conduct stress testing based on scenarios prescribed by the Bank of Thailand, while also considering additional internal scenarios, to assess environmental and climate-related risks in alignment with the bank's loan portfolio characteristics. The results are used to guide the appropriate direction for risk management and oversight.	The Bank conducts stress testing in accordance with its Stress Testing Policy and as prescribed by the Bank of Thailand. Such stress testing is carried out for both the corporate lending portfolio and the retail lending portfolio, taking into consideration historical events as well as forward-looking macroeconomic forecasts. In addition, the Bank has developed strategies and contingency plans to address unforeseen events.	

LHO-04 Digital Innovation for Carbon Management

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Promote the development of financial innovations for effective carbon management, focusing on creating banking tools and services that support the monitoring and calculation of greenhouse gas emissions, thereby reinforcing the bank's role as a tangible driver of a low-carbon economy.	Provide a carbon platform service to support comprehensive greenhouse gas management, covering both the bank's own operations and the monitoring of emissions from customers' activities within the loan portfolio (Financed Emissions – Scope 3, Category 15).	Integrate the bank's core data into the carbon platform and conduct testing for the bank's own operations, while simultaneously selecting 80 carbon-intensive customers to pilot the system in its initial phase.	Expand the use of the carbon platform to new customers, particularly small and medium-sized enterprises (SMEs), while integrating the results into greenhouse gas emissions calculations under Scope 3, Category 15, and other relevant operations. Additionally, collaborate with the service provider to further enhance system efficiency, including support for use in specialized industries.
	Conduct testing of greenhouse gas emissions calculations related to financial activities, such as lending, investments, and other financial services, under the Category 15 framework of the Partnership for Carbon Accounting Financials (PCAF).	Conduct verification of greenhouse gas emissions calculations from customers activities within the bank's loan portfolio to assess the accuracy and consistency of the data with the existing loan structure.	Plan to enhance the quality of data used in greenhouse gas emissions calculations, while improving data collection and aggregation processes to increase the overall efficiency and accuracy of the calculation system.

Strategic Opportunities (Continued)

LHO-04 Digital Innovation for Carbon Management (Cont.)

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
	Assess greenhouse gas emissions arising from various activities, including the supply chain, both direct and indirect, in accordance with the requirements for calculating and reporting organizational carbon footprints set by the Thailand Greenhouse Gas Management Organization (Public Organization). The assessment follows a Financial Control organizational boundary, covering emissions from both headquarters and branches, including Scope 1 and 2 emissions, as well as Scope 3 emissions.	The Bank has established a policy for collecting, maintaining, and assessing greenhouse gas emissions data arising from its various activities, as well as from its supply chain, covering both direct and indirect emissions. This initiative has been in place since 2020, which serves as the base year, and has continued through 2024. The data has been verified and certified by the Thailand Greenhouse Gas Management Organization (Public Organization).	The Bank has developed a Net Zero Pathway with advisory support from the Climate Action Leading Organization (CALO) program, which provides guidance and consultation in formulating the plan to achieve the goal of net-zero greenhouse gas emissions.

LHO-05 Smart and Sustainable Energy Management

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Develop, refine, and monitor a decarbonization plan to reduce greenhouse gas emissions from the organization's operations, supporting sustainability goals and minimizing environmental impact.	In 2024, compared to the base year 2020, the company's greenhouse gas emissions increased by 32.60%, with Scope 1 and 2 emissions accounting for 37% relative to operating revenue.	Set a target to reduce greenhouse gas emissions from operations (Own Operation) by 25% from the base year 2020 level by 2030.	
	When considering greenhouse gas emissions per unit of area compared to the base year 2020, the company has achieved a continuous reduction from 2021 to 2024. Specifically, the company reduced emissions from its own operations by 28.52%, 24.00%, 20.97%, and 27.74% from the baseline year, respectively.	Consider the feasibility of procuring Renewable Energy Certificates (RECs) to increase the portion of clean energy used in office buildings.	

Strategic Opportunities (Continued)

LHO-06 Resource Optimization

LH Bank's Opportunities	Substantial Action as of the end of 2024	Short-Term Action Plan (1 yr)	Long-Term Action Plan (1-5 yrs)
Reduce costs and carbon emissions from direct operations by promoting energy-efficient practices, such as minimizing paper usage in workflows, encouraging digital transactions to replace paperwork, and reducing reliance on fossil-fuel-powered vehicles through online meetings or hybrid work arrangements. These measures not only mitigate environmental impact but also enhance the organization's image as modern and sustainable-conscious.	Install solar rooftop systems at selected bank branches.	- Develop a fully "Paperless Branch" by integrating front-office operations with the back-office and eliminating the printing of all forms. - Leverage RPA and AI to replace repetitive administrative tasks that still require document printing, such as invoices and credit approval requests. - Expand comprehensive waste management, including the installation of smart trash bins at major branches, and report the amount of carbon reduction achieved through waste segregation. - Transition the bank's vehicles to electric vehicles (EVs) and install EV chargers at the headquarters to support the transition. - Develop a carbon footprint dashboard for the headquarters to monitor energy, water, and waste usage in real time. - Promote green commuting for employees, such as carpooling systems or incentives for using public transportation instead of private vehicles. - Study and pilot the feasibility of applying technologies that reduce energy consumption or improve energy efficiency in office buildings, such as smart building systems, occupancy sensors, and automated lighting and temperature control systems. The focus is on leased office spaces to evaluate investment value, practical usability, and potential for long-term sustainable operations within the bank.	

04

RISK MANAGEMENT

4.1 Structure and Scope of Roles and Responsibilities

4.2 Risk Management Process

4.1 Structure and Scope of Roles and Responsibilities

The bank has established a structure and scope of roles and responsibilities covering environmental risk management in accordance with the Three Lines of Defense framework, with the following details:

Defining the structure, roles and responsibilities of business units of the bank in accordance with the Three Lines of Defense framework

Three Lines of Defense	Business Unit	Roles and Responsibilities
First Line of Defense	Customer-facing units include the Institutional Banking Group and Global Markets Group	Identify, assess, control, and monitor environmental and climate-related risks of clients or investments under their accountabilities.
	Credit Underwriting and Credit Development Group	Verify the accuracy of client profile or investment assessments by conducting regular reviews of risk profile in accordance with the bank's risk control framework and provide opinions prior to submission for approval by the approvers.
Second Line of Defense	Risk Management Group	- Establish environmental and climate-related risk management policies to provide an effective operational framework for the bank, in compliance with regulatory requirements and supervisory guidelines. Environmental and climate-related risks have been integrated as part of approval processes of credit and investment, as specified in the Environmental and Climate-related Risk Management Policy. - Create a risk culture across all levels of the organization to ensure that business operations align with the bank's risk appetite. - Oversee, monitor, control, and report risk situations regularly to the relevant committees or management.
	Credit Review Department	Review lending and investment transactions to ensure that risk assessment and evaluation of environmental impacts are conducted comprehensively as specified by the bank's policies.
	Legal and Compliance Group	Control and monitor to ensure that environmental risk assessments comply with all relevant regulations and laws.
Third Line of Defense	Audit Group	Examine operational processes and related risk management activities to ensure compliance with the bank's requirements and policy framework.

4.2 Risk Management Process

4.2.1 Credit Risk

The bank has established policies to control or avoid transactions that generate environmental risks or have a significant negative impact on the environment. These policies define the bank’s risk

appetite and identify business types and activities that are sensitive to environmental risks, particularly those associated with high greenhouse gas emissions supported by the bank’s financing. Key Risk Indicators (KRIs) are established in alignment with the

nature of the bank’s portfolio to monitor lending or investment in such sensitive businesses and activities. Additionally, risk profile is required to be reported regularly to the relevant committees, with the following details:

1. Risk Identification and Assessment The bank requires risk identification and assessment to be conducted from the transaction level with clients up to the portfolio level, covering both physical risk factors and transition risks.

Risk Identification and Assessment		Risk Type	
		Physical risk	Transition risk
Transaction	The customer-facing unit reviews the status of clients or investments, from the onboarding process to investment assessment, in accordance with the bank’s credit underwriting and approval guidelines and risk control framework. The unit can identify risks and assess potential impacts on clients or investments prior to submission for approval.	- Identify, assess, and analyze opportunities and risks where clients, investments, or client operations may incur damage on assets, affecting their debt repayment capacity, due to events or natural disasters or climate change. This includes occurrences such as natural calamities, droughts, or rising sea levels, etc. which may cause both short-term and long-term impacts. - Identify and assess the bank’s risk mitigation measures, such as setting pre-approval conditions for credit, including the requirement for insurance coverage to address potential risks.	- Identify and assess the opportunities and risks that may impact the value of assets, competitiveness, or debt-servicing capacity of clients or investments, arising from changes in various factors, including consumer and investor behavior, official regulations and policies, and technological shifts addressing environmental issues and the transition to a low-carbon economy. Examples include reducing the use of plastic products, implementing government policies to decrease fossil fuel consumption, mandating the use of non-polluting technologies, or imposing carbon taxes. - Identify the volume of greenhouse gas emissions and calculate the financed emissions (FE) to assess the level of risk of individual client.
Portfolio	The Risk Management Unit analyzes data on client groups or investments that are sensitive to environmental and climate-related risk factors, assesses the potential impacts on the bank’s overall portfolio, and establishes Key Risk Indicators (KRIs) for clients or investments with environmental sensitivities.	Calculate and analyze concentration risks of client groups or industry sectors that are likely to be affected by physical risks, such as flood-prone areas or industries sensitive to earthquake events and identify appropriate risk mitigation measures.	The bank monitors the assessment and analysis of greenhouse gas emissions from its loan and investment portfolios to measure the volume of financed emissions, enabling a comprehensive evaluation of associated risks and potential impacts.

- 1. Risk Identification and Assessment** The bank requires risk identification and assessment to be conducted from the transaction level with clients up to the portfolio level, covering both physical risk factors and transition risks. (Cont.)

Risk Identification and Assessment		Risk Type	
		Physical risk	Transition risk
	The Risk Management Unit conducts stress tests on the impacts of environmental and climate-related risks to assess the bank's forward-looking risk exposure.	Analyze and assess the potential impacts on the bank's reserves and capital in the event of a crisis scenario where the bank's clients are affected by floods across multiple regions in Thailand and ensure that sufficient reserves and capital are maintained to mitigate risks arising from such crisis situations.	

- 2. Risk Control and Monitoring** The Bank has established processes for controlling and monitoring risks at both the transaction and portfolio levels, covering both physical risk factors and transition risks.

Risk Control and Monitoring		Risk Type	
		Physical risk	Transition risk
Transaction	The customer touching unit plays a key role in controlling and monitoring risks at the transaction level and regularly reviews the risk profile of clients or investments. This is conducted through assessments by the Credit Underwriting Unit, in accordance with the Bank's credit approval procedures and risk management framework.	- Manage transactions with high-risk customer groups, such as clients located in areas continuously affected by severe natural disasters, who do not have insurance coverage to mitigate risks. - Monitor and ensure that customers comply with loan approval conditions regarding the procurement of insurance to cover potential risks.	- Manage transactions with high-risk customers or industries, such as those whose operations have a significant negative impact on the environment or the climate. - Encourage high-risk customer segments to develop transition plans aimed at reducing their greenhouse gas emissions. - Offer green financial products (Green Finance) to customers to support their transition or shift toward environmentally sustainable business practices. - Monitor customers' greenhouse gas emissions and the calculation of financed emissions (FE) in accordance with the established risk management policy.
Portfolio	The Risk Management Unit is responsible for monitoring risk levels to ensure that the portfolio's risk is managed in alignment with the Bank's business direction and risk appetite.	Ensure that the bank collects information on borrowers related to physical risk scenarios, including the impacts and severity of various natural hazard events, in order to analyze and monitor borrower risk within the portfolio and establish the control measures to maintain risks under the risk appetite.	- Ensure that the Bank appropriately collects and maintains customer data related to transition risks, such as the organization's greenhouse gas (GHG) emissions and identification of business sectors that are sensitive to environmental factors. - Analyze and monitor risk levels using Key Risk Indicators (KRIs), and establish measures to mitigate risks in cases where loans and investments in businesses or activities sensitive to environmental risks exceed the benchmark.

2. Risk Control and Monitoring The Bank has established processes for controlling and monitoring risks at both the transaction and portfolio levels, covering both physical risk factors and transition risks. (Cont.)

Risk Control and Monitoring		Risk Type	
		Physical risk	Transition risk
	The Risk Management Unit regularly reports the risk profile and the results of risk monitoring and control to the relevant committees, including the Risk Management Committee, the Risk Oversight Committee, and the Bank's Board of Directors.		

4.2.2 Other Related Risks

Environmental and climate changes may give rise to other risks that are significant to the Bank's operations, including market risk, liquidity risk, operational risk, strategic risk, and reputational risk, etc.

Currently, the Bank considers the factors affecting these material risks arising from environmental and climate-related risks by assessing the likelihood and impact in accordance with the structure, scale, and significance of environmental risks on the Bank's operations in

each area. This assessment serves as the basis for establishing appropriate risk management system for each area.



05

METRICS AND TARGETS

- 5.1** Overall GHG Performance and Action
- 5.2** Own Operational GHG Performance (Scope 1, 2, and 3 Categories 1–14)
- 5.3** Financed Emission (Scope 3 Category 15)
- 5.4** Limitation for Net Zero Strategy and Report
- 5.5** Sustainability Finance Product to Support Green Transition
- 5.6** Climate Collaboration

5.1 Overall GHG Performance and Action

LH Bank is confident that effective management of climate-related risks and opportunities begins with a clear, consistent, and reliable monitoring and evaluation system. Environmental indicators and targets therefore serve not only as tools for measuring performance but also as key mechanisms for setting strategic directions and systematically driving the organization's transition toward its long-term sustainability goals.

As a financial institution with a significant role in the economy, LH Bank has developed a comprehensive greenhouse gas (GHG) inventory covering both Scope 1 and Scope 2 emissions from its direct operations, and has extended this to Scope 3, Categories 1–14, encompassing activities across the entire value chain, from upstream to downstream, including procurement, travel, product use, and services from third parties. In addition, the Bank has initiated the measurement and monitoring of indirect GHG emissions from its loan portfolio (Scope 3, Category 15, or Financed Emissions), which represents a highly material category for financial institutions, based on the guidelines of the GHG Protocol and the Partnership for Carbon Accounting Financials (PCAF).

However, the Bank recognizes potential limitations during implementation, such as incomplete data in certain categories, changes in international calculation methodologies, or the varying readiness levels of business partners within the value chain. Accordingly, LH Bank has transparently disclosed these limitations and established a continuous improvement approach, encompassing data collection, enhancement of internal databases, collaboration with partners, and preparedness for policy measures, such as the implementation of the Thailand Taxonomy or future carbon-related regulations.

In parallel with its internal management, LH Bank also seeks to facilitate the transition of its clients through sustainability-focused financial products, such as Green Loans, and ESG planning support programs. These initiatives aim to enhance the adaptability of the business sector while mitigating long-term risks within the Bank's loan portfolio. Furthermore, the Bank emphasizes fostering climate collaborations with national and international networks to strengthen the resilience of the financial system and drive tangible, system-wide change across the economy.

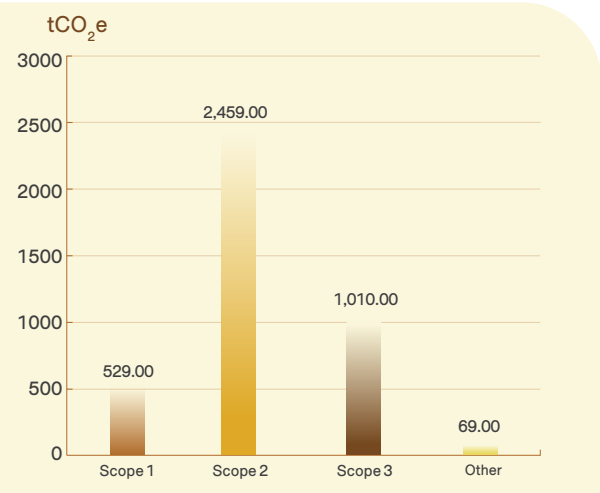
Overall, the set of indicators and targets calculated by LH Bank serves not merely as a performance measurement tool, but as the foundation of its climate strategy. They enable the Bank to govern, monitor, and drive a comprehensive transition, with evidence-based data supporting every decision.

5.2 Own Operational GHG Performance (Scope 1, 2, and 3 Categories 1–14)

In 2024, the Company prepared an assessment report on greenhouse gas (GHG) emissions from its various activities as well as its supply chain, covering both direct and indirect emissions. This assessment complies with the organizational carbon footprint calculation and reporting requirements established by the Thailand Greenhouse Gas Management Organization (Public Organization). The organizational boundary was defined based on financial control, encompassing emissions from both the head office and branch operations, including Scope 1 and Scope 2 direct emissions, as well as Scope 3 indirect emissions.

Table Showing Greenhouse Gas Emissions from Scope 1 - 3 Operational Boundaries

Scope	Organizational Greenhouse Gas Emissions	Proportion Compared to Scope 1 and 2	Proportion Compared to Scope 1, 2 and 3
Scope 1	529.00	17.70	13.23
Scope 2	2,459.00	82.30	61.51
Scope 3	1,010.00	-	25.26
Other	69.00	-	-
Total Scope 1 & 2	2,988.00	100.00	-
Total Scope 1 & 2 & 3	3,998.00	-	100.00



Carbon intensity (Scope 1+2)	0.249814604 tCO ₂ e/sq.m.
Carbon intensity (Scope 1+2+3)	0.334256622 tCO ₂ e/sq.m.

Table presenting greenhouse gas emissions results from Scope 1 operations

Greenhouse Gas Emission Source	Greenhouse Gas Emissions Volume (tCO ₂ e)								Total Greenhouse Gas Emissions (tCO ₂ e)
	CO ₂	Fossil CH ₄	CH ₄	N ₂ O	SF ₆	NF ₃	HFCs	PFCs	
1 Diesel Fuel Consumption for Fire Pump	0.24	0.00	-	0.00	-	-	-	-	0.24
2 Diesel Fuel Consumption for Generator	0.99	0.00	-	0.00	-	-	-	-	0.99
3 Biodiesel Combustion	-	-	0.00	0.00	-	-	-	-	0.00
4 Diesel Fuel Usage - Fleet Card	58.43	0.09	-	0.81	-	-	-	-	59.33
5 การใช้น้ำมันเบนซิน Fleet Card	442.18	4.79	-	13.53	-	-	-	-	460.50
6 Gasoline Fuel Usage - Fleet Card	1.31	0.00	-	0.02	-	-	-	-	1.33
7 Gasoline Fuel Consumption - Vehicles	5.73	0.06	-	0.18	-	-	-	-	5.97
8 Ethanol Combustion	-	-	0.07	0.13	-	-	-	-	0.20
9 Biodiesel Combustion	-	-	0.00	0.01	-	-	-	-	0.01
10 FM200 Fire Suppressant	-	-	-	-	-	-	-	-	0.00
11 Use of Carbon Dioxide Fire Suppressant	-	-	-	-	-	-	-	-	0.00
12 R410a Refrigerant from Air Conditioning Units	-	-	-	-	-	-	-	-	0.00
13 R407 Refrigerant from Air Conditioning Units	-	-	-	-	-	-	-	-	0.00
14 R134a Refrigerant from Air Conditioning Units	-	-	-	-	-	-	-	-	0.00
15 R32 Refrigerant from Air Conditioning Units	-	-	-	-	-	-	-	-	0.00
Grand Total	508.88	4.94	0.07	14.68	-	-	-	-	528.57

Table presenting greenhouse gas emissions results from Scope 2 operations

Greenhouse Gas Emission Sources	Emission Volume GHG (tCO ₂ e)
Electricity Consumption Volume	2,458.14
Grand Total	2,458.14

Table presenting greenhouse gas emissions results from Scope 3 operations

Greenhouse Gas Emission Sources	Emission Volume GHG (tCO ₂ e)
1) The Organization's Procurement of A4 Paper	83.10
2) Tap Water Consumption	16.87
3) Electricity Consumption	485.33
4) Acquisition of Gasoline Fuel	68.94
5) Acquisition of Diesel Fuel	7.19
6) Community Waste Management	281.37
7) Recyclable Waste Management	0.74
8) Business Travel by Airplane	56.62
9) Business Overnight Stay	9.54
Grand Total	1,009.70

Prior to 2020, which serves as the base year, the financial business group, LH Financial Group Public Company Limited, implemented various energy management initiatives, including the gradual replacement of fluorescent lamps with LED lighting, transitioning from paper-based workflows to electronic processes, and replacing internal combustion vehicles with hybrid vehicles. As a result, greenhouse gas (GHG) emissions in the base year 2020 were 3,015 tCO₂e. Through effective energy management, the Company achieved a continuous reduction in GHG emissions from 2021 to 2024, with emissions recorded at 2,155, 2,378, 2,512, and 3,998 tCO₂e, respectively.

Due to the significant expansion of the group's business, office space became insufficient, necessitating an increase in office area from 11,885.87 square meters in 2020 to 21,812.88 square meters in 2024 to accommodate personnel growth. Additionally, the Company expanded the reporting boundary to include the operations of all 72 branches. Consequently, in 2024, compared with the base year 2020, the total GHG emissions increased by 32.60%.

However, when considering emissions intensity per unit of office area compared to the 2020 base year, LHFG has continuously reduced operational emissions (Own Operation) from 2021 to 2024 by 28.52%, 24.00%, 20.97%, and 27.74%, respectively, surpassing the target of a 25% reduction from the base year.

Table Illustrating the Achievement of Greenhouse Gas (GHG) Reduction Targets

	Base Year 2020	Base Year 2021	Base Year 2022	Base Year 2023	Base Year 2024
Total GHG Emission (tCO ₂ e) SC1+SC2+SC3	3,015	2,155	2,378	2,512	3,998
Total GHG Emission (tCO ₂ e) SC1+SC2	2,355	1,723	1,835	1,879	2,988
GHG reduction from Base Year (tCO ₂ e)		-860	-637	-503	1,843
GHG reduction from Base Year (%)		-29%	-21%	-16.7%	32.60%
Total Rent Area (Sq.m.)	11,885.87	11,885.87	12,335.87	12,529.87	21,812.88
Emissions intensity Scope 1, 2, 3 (tCO₂e/Sq.m.)	0.254	0.181	0.193	0.200	0.183
Emissions intensity Scope 1, 2 (tCO ₂ e/Sq.m.)	0.198	0.145	0.149	0.150	0.137
GHG reduction from Base Year/Sq.m. (%)		-28.52%	-24.00%	-20.97%	-27.74%

5.3 Financed Emission (Scope 3 Category 15)

Types of assets/sectors	2024						
Asset class	Portfolio allocation	Absolute GHG emissions (Tonnes of CO ₂ equivalent)		Weighted score of PCAF data quality (Highest quality = 1 Lowest quality = 5)		Emissions Intensity (Scope 1+2) (Tonnes of CO ₂ equivalent to THB 1 million of investment or loan)	
		Scope 1+2	Scope 3	Scope 1+2	Scope 3	Scope 1+2	Scope 3
Business Loans	94%	946,170	2,270,625	3	3	5.8	13.9
Power Plant Project Finance	100%	205,651	-	3	-	23.2	-
CRE	100%	11,028	-	4	-	1.8	-
Mortgage	100%	117,649	-	4	-	2.1	-
Sovereign Debt	100%	246,426	-	1	-	8.3	-
Equity & Corporate Bond Investments	89%	9,920	50,630	2	2	1.2	6.3
Total	96%	1,536,844	2,321,255	3	3	5.6	8.5

Overall, the calculation of financed emissions covers 96% of the loan and investment portfolio, with only the Equity & Corporate Bond segment covering 89% and business Loans covering 94%. The overall PCAF data quality score is at Level 3.

The proportion of greenhouse gas emissions from the loan and investment portfolio for Scope 1-2 in 2024 is primarily from the business loan segment at 62%, followed by sovereign debt at 16% and power plant project finance at 13%, respectively.

5.4 Limitation for Net Zero Strategy and Report

LH Bank recognizes the importance of transparent and reliable reporting of greenhouse gas emissions from lending and investment activities. However, in estimating greenhouse gas emissions under Scope 3, Category 15: Investments, there are certain limitations that the Bank wishes to clarify as follows:

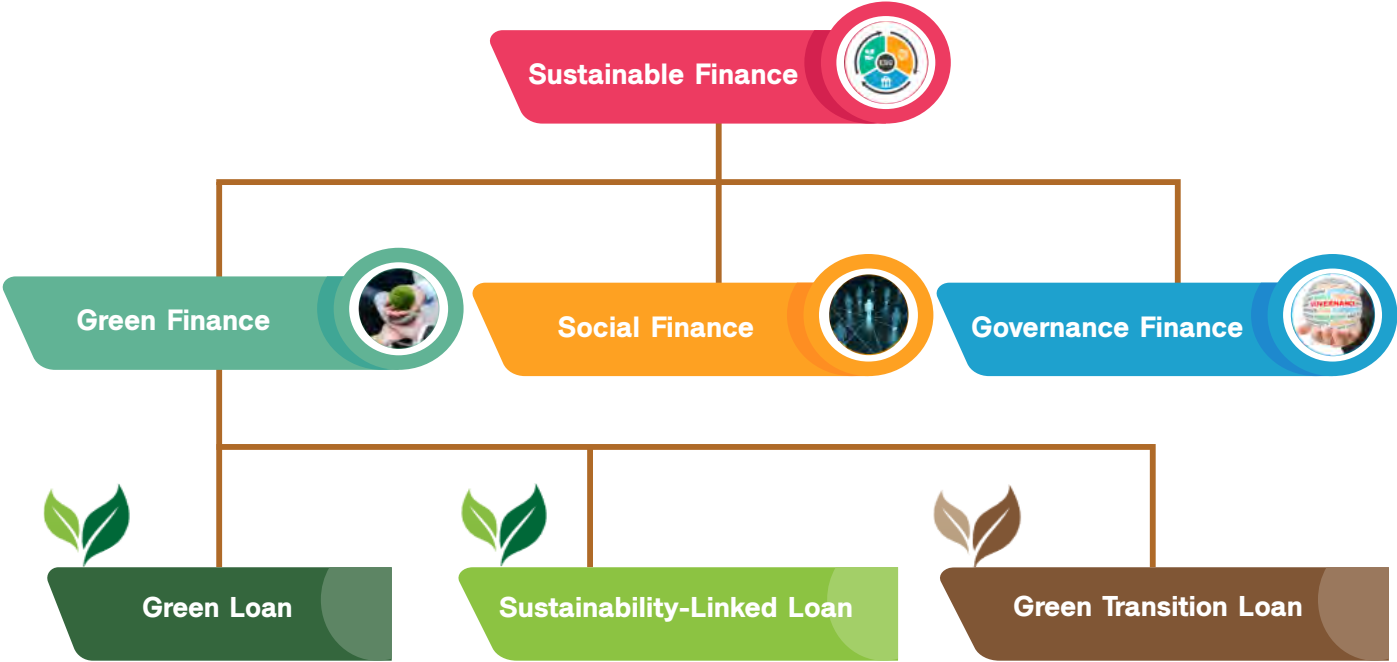
- Challenges in Data Collection**
 The calculation relies on detailed and diverse data from multiple sources, including the Bank's internal data, customer-provided information, and external data sources, which may sometimes be delayed or incomplete. To address this issue, the Bank has developed a data capability enhancement plan to continuously improve the processes of data collection, analysis, and management.
- Data Volatility**
 The calculated greenhouse gas (GHG) emissions data may fluctuate over time, which can impact the data quality score. The Bank expects that the data quality score will improve over time.
- Use of Proxy Data**
 In cases where greenhouse gas (GHG) emissions data from clients are not readily available, the Bank will use alternative data sources, such as production capacity or sector-specific emission factors, to estimate the emissions.
- Changes in Coefficients**
 Greenhouse gas emission coefficients may change in accordance with updates to the PCAF database, which serves as our primary reference source.
- Delays in Data Provision from Third Parties**
 Sometimes, the Bank may encounter time constraints in obtaining necessary data from third parties, such as greenhouse gas emissions data or clients' financial information. In such cases, the Bank will utilize the most recent available data for calculations. LH Bank is committed to continuously improving its greenhouse gas emission reporting process to ensure that the information is as accurate and comprehensive as possible.

5.5 Sustainability Finance
Product to Support
Green Transition

As a financial institution, Land and Houses Bank Public Company Limited (LH Bank) recognizes the importance of environmental stewardship and has therefore developed and designed financial products that support climate change related actions. The Bank has established a governance structure with clearly defined roles and responsibilities, in line with international frameworks such as Thailand’s Sustainable Finance Initiatives issued by the Bank of Thailand (BOT) and the Thai Bankers’ Association (TBA). LH Bank has adopted these international standards as criteria for credit assessment, both for commercial loans and corporate/project finance. The Bank emphasizes support for large, medium, and small enterprises, prioritizing business activities that are environmentally friendly (“Green Activities”) and facilitating the transition to a low-carbon society through investment financing. Currently, the Bank offers a total of three financial products that support green investments, namely:

Green Finance Loans: These are loans designed to support renewable energy projects and initiatives that have a positive environmental impact, such as solar rooftop installations, energy management systems, energy-efficient building projects, waste management, and wastewater treatment systems. The focus is on supporting businesses that reduce greenhouse gas emissions or invest in clean technologies.

Sustainability-Linked Loans (SLL): These are loans that require clearly defined sustainable Key Performance Indicators (KPIs) and Sustainable Performance Targets (SPTs). Annual loan limits are reviewed, and achievement against the set targets is monitored, focusing on areas such as energy consumption reduction, greenhouse gas emission reduction, and waste management.



Green Transition Advisory Loan: This loan is designed to support SMEs in their transition toward a low-carbon economy, facilitating investments, improvements, or shifts toward green business operations, with preferential interest rates. The Bank has signed the Memoranda of Understanding (MOUs) with three leading partner institutions: the Electrical and Electronics Institute (EEI), the Management System Certification Institute (MASCI), and ABeam Consulting (Thailand) Co., Ltd. (ABEAM), to provide advisory services in project design and preparation of preliminary reports, thereby supporting and enabling clients in achieving a sustainable business transition.

In 2024, the Bank provided a total of THB 2,200 million in sustainable finance loans. The Bank continues to pursue a business strategy focused on social and environmental responsibility, reflecting its commitment to conducting business that supports sustainable finance in line with ESG-Finance development principles, with an emphasis on environmentally friendly business activities (Green Activities).

5.6 Climate Collaboration

Land and Houses Bank Public Company Limited (LH Bank) places great importance on accelerating the transition to a low-carbon economy and effective management of clients' climate-related risks. Accordingly, the Bank has initiated a sustainable transition program for entrepreneurs, in collaboration with three leading institutions: the Electrical and Electronics Institute (EEI), the Management System Certification Institute (MASCI), and ABeam Consulting (Thailand) Ltd. (ABEAM). The primary objective of this program is to assist business operators in adapting and transitioning toward sustainability through strategic collaboration, enabling them to manage climate-related risks effectively, enhance resilience, and strengthen their competitive capabilities.

The Bank will support experts to provide consulting services for investments, transitions and developments aimed at enhancing production productivity, improving energy efficiency in manufacturing processes, and advising on greenhouse gas (GHG) emission reductions to achieve Net Zero Emission targets. In addition, the Bank is prepared to provide financial support in the form of Green Transition Loans, which align with the Bank's policies, strategies, and the country's socio-economic development agenda toward a Green Economy. This is conducted within a framework consistent with the climate-related disclosure requirements of ISSB/IFRS S2.

Collaboration with Partners

Land and Houses Bank Public Company Limited (LH Bank) has signed the memoranda of understanding with both public and private sector organizations to serve as advisors on investment, transformation, and development. The purpose is to enhance financial products and solutions that comprehensively meet customer needs, including supporting businesses in their transition toward environmental sustainability. This initiative also encompasses the development of standards and product certification services, training programs, technology and innovation enhancements, access to in-depth

industry data, as well as research studies and recommendations on policies or measures covering production, technology, and marketing. Furthermore, the Bank actively participates in industry-level collaborative networks, including as a member of the Thai Bankers' Association (TBA), to manage and reduce greenhouse gas emissions.

Activities with Clients

Land and Houses Bank Public Company Limited (LH Bank) has organized seminars and workshops under the "LHB GAFE 2024 (Green Advisory and Finance Engagement)" program to promote sustainable business practices among entrepreneurs. The initiative aims to enhance the knowledge and understanding of both existing and new clients regarding climate risk management strategies, carbon reduction approaches, and roadmaps to achieving net-zero targets. Currently, the Bank offers financial products such as Green Finance loans, Sustainability-Linked Loans, and the Green Transition Advisory Loan Program, designed to support clients' investments, business promotion, and transformation toward long-term environmental sustainability. The program also provides opportunities for entrepreneurs to meet and engage with experts who partnered with the Bank, get advisory services on investment to ensure clients can surely plan and implement green projects. Additionally, participants also receive guidance and support in accessing carbon markets and innovative financial instruments, including Sustainability-Linked Loans.

Advisory Service

The Bank has established a partnership network providing advisory services on net-zero strategy preparation, climate risk assessment, and disclosures in accordance with the TCFD and ISSB/IFRS S2 frameworks, enabling clients to align with evolving regulations and requirements. In addition, the Bank supports the evaluation of green projects and their classification under the Taxonomy standards to ensure compliance with international guidelines and enhance access to financing sources. The advisory services also cover ESG data management and the use of digital technologies to strengthen clients' capabilities in reporting and monitoring sustainability performance.



06

ABOUT THIS REPORT

This section is intended to explain the objectives, content, and scope of the report, including the methodology, data sources used, and key messages or information the report aims to convey to its readers.

Environmental Information

This report presents environmental information covering key activities that LH Bank has determined to have a significant environmental impact. The data have been systematically collected by LH Bank's working team from a variety of sources, including measurement instruments, record data, accounting records, operating processes, as well as data assessments based on quality, to ensure the accuracy and completeness of the information presented in this report.

Energy

The total energy consumption of LH Bank encompasses both non-renewable energy such as electricity and fuel combustion, as well as renewable energy, including solar power. This information has been collected from reliable sources, including accounting records, meter readings, and energy unit conversions, with reference to the Annual Energy Report issued by the Department of Alternative Energy Development and Efficiency, to ensure the accuracy and completeness of the data presented.

Water

LH Bank places great importance on comprehensive water management, covering water from external sources, reclaimed water, discharged water, and recirculated water. The Bank assesses water use efficiency and analyzes risks associated with different water sources. Water from external sources is utilized to support various bank operations. Relevant data are systematically collected from accounting records and meter readings to ensure accuracy and completeness in water management and reporting processes.

Waste

LH Bank places great importance on waste management, covering all waste generated from the Bank's operations and activities. The waste volumes reported herein are based on precise assessments of municipal solid waste from the head office buildings at Q. House Lumpini and Q. House Sathorn. In addition, the report includes theoretical estimates of waste generated by other units or branch offices to provide comprehensive data and accurately reflect effective waste management.

Greenhouse Gas Emissions

Information on greenhouse gas (GHG) emissions resulting from LH Bank's operations and activities has been calculated in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC) and the Carbon Footprint Calculation Methodology of the Thailand Greenhouse Gas Management Organization (Public Organization), to ensure accuracy and transparency in reporting.

1. Scope of the report

1.1 Direct Emissions (Scope 1): Greenhouse gas emissions resulting from operations and activities directly controlled by LH Bank, such as the combustion of fuels or natural gas, methane leakage from wastewater treatment tanks, and leakage of refrigerants.

1.2 Indirect Emissions (Scope 2): Greenhouse gas emissions resulting from the consumption of purchased electricity from external sources, such as the Metropolitan Electricity Authority, Provincial Electricity Authority, and electricity supplied by lessors.

1.3 Other indirect emissions (Scope 3) refer to greenhouse gas emissions arising from other activities that generate GHGs, such as LH Bank's business travel, the use of water from external sources, and investments, in order to reflect the broader environmental impact.

2. Emissions Intensity Report

2.1 Scope 1 Calculation

Direct greenhouse gas emissions are calculated based on fuel consumption (by weight or volume), such as the amount of oil

or natural gas, multiplied by the corresponding emission factor. This also includes the calculation of methane leakage from wastewater treatment tanks and refrigerant leakage.

2.2 Scope 2 Calculation

Indirect emissions from electricity consumption are calculated by multiplying the volume of electricity purchased from external sources by the corresponding emission factor.

2.3 Scope 3 Calculation

Other indirect emissions, such as those from business-related land travel and tap water consumption, are calculated by multiplying the activity data by the relevant emission factors.

2.4 Scope 3 Calculation from Investments (Category 15: Investment)

This calculation utilizes data from commercial loans, project finance, corporate bonds, equity investments, and mortgage loans in 2023 to analyze and report the impacts arising from these investments.

3. Greenhouse Gas Emissions

This report covers greenhouse gas (GHG) emissions, including CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆, which have been calculated and presented in terms of carbon dioxide equivalent (CO₂e). The report also specifies the Global Warming Potential (GWP) in accordance with the standards set by the IPCC, ensuring accuracy and transparency in assessing environmental impacts.

4. References for Emission Factor Calculation

4.1 Scope 1 and Scope 2

The calculation of greenhouse gas (GHG) emissions for Scope 1 and Scope 2 is based on the guidelines of the IPCC 2006, the Environmental Protection Agency (EPA), the UK Government's Department for Business, Energy & Industrial Strategy (BEIS), as well as the methodologies of the Thailand Greenhouse Gas Management Organization (Public Organization). Fuel calorific values are referenced according to the standards set by the Department of Alternative Energy Development and Efficiency (DEDE).

4.2 Scope 3 (Category 15: Investment)

The calculation of Scope 3 greenhouse gas (GHG) emissions for Category 15: Investment is based on data from the Partnership for Carbon Accounting Financials (PCAF) database and reports from organizations within the investment portfolio, in order to comprehensively and accurately assess the environmental impacts of investments.

5. Methodology for Emission Factor Calculation

5.1 Assessment Approach

The assessment is conducted in accordance with the Greenhouse Gas Protocol and the Carbon Footprint Assessment Guidelines (4th Edition, 2018) to ensure accuracy and alignment with international standards.

5.2 Scope 3 Calculation (Category 15: Investment)

The calculation of Scope 3 greenhouse gas emissions for Category 15: Investment follows the PCAF (Partnership for Carbon Accounting Financials) methodology, taking into account the proportion of financing or investment in each project to comprehensively and transparently assess the environmental impact and is within the assurance scope of CTBC Holding's 2024 TCFD report.

6. Assumptions for Emissions from Travel

Business travel by land

Business travel by land for LH Bank, including travel by taxi, is calculated based on the average greenhouse gas emissions generated from road vehicles. The calculation method involves collecting the total distance traveled in kilometers (KM), using both directly recorded distance data and estimated distances derived from reimbursed travel expenses, in order to convert these figures into equivalent travel distance data.

Business travel by air

Business air travel by LH Bank is calculated using greenhouse gas emission factors corresponding to the travel class of each flight. The calculation method involves collecting data on the total distance traveled, flight categories (such as short-haul, medium-haul, and long-haul), and travel class from ticket purchase records. These distances are then multiplied by the appropriate emission factors for the passenger's travel class and flight category.





TCFD Performance Assessment Statement

The process and procedures of

Land and Houses Bank Public Company Limited (LH Bank)

Q.House Lumpini Building, G, 1st, 5th, 6th, 10th, 20th, 26th, 27th, 31st and 32nd Floor, South Sathon Road, Thungmahamek, Sathon, Bangkok 10120

have been assessed from 01 October 2025 to 19 October 2025 and demonstrated the implementation status against the

Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (29 June 2017)

The organization has incorporated climate-related governance organization The actual and potential impacts of climate-related risks and opportunities has been considered and identified over the relevant short-, medium-, and long-term time horizons The resilience of the organization's strategy were taking into consideration with different climate-related scenarios including NDC Thailand scenarios The methodology of organization's climate-related risk management process has been adequately implement as well as integrated into organization's overall risk management The scope1, scope 2 and scope 3 greenhouses gas (GHG) emissions inventory has been conducted and verified annually The organization has utilized its defined metrics and targets to support the management of climate-related risks and opportunities, and to monitor performance against these established targets.

For the following activities

Governance, Strategy, Risk Management, Metrics and Targets

And cover the following operational locations: Headquarter of Land and Houses Bank Public Company Limited (LH Bank). LH Bank meets SGS TCFD performance assessment at management level of "Explorer"

Authorised by

Montree T.

Montree Tangtermsirikul Knowledge Deputy General Manager Issue Date: 20 October 2025 Valid Date: 19 October 2026

238 TRR Tower, 19th-21st Floor, Naradhiwas Rajanagarindra Road, Chong Nonsi, Yannawa, Bangkok 10120, Thailand

Disclaimer The findings recorded herein demonstrated a level of performance against the Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated above. This document is not intended to be used for certification purposes or regulatory or contractual use and does not relieve the Client from compliance with any bylaws, federal, national or regional acts and regulations issued pursuant to TCFD. SGS Services are governed by and subject to the General Conditions of Customised Audit Services.



NATURE AND SCOPE OF THE ASSESSMENT

SGS (Thailand) Ltd. (hereinafter referred to as SGS) was commissioned by Land and Houses Bank Public Company Limited (LH Bank), (hereinafter referred to as LH Bank) to conduct an independent performance assessment of the Task Force on Climate-related Financial Disclosures, (hereinafter referred to as TCFD).

The information in the LH Bank's TCFD disclosure framework and its presentation are the responsibility of the management of LH Bank. SGS has not been involved in the preparation of any of the material included in LH Bank's TCFD disclosure framework.

Our responsibility is to express an opinion on the report content within the scope of performance assessment with the intention to inform all LH Bank's stakeholders.

The SGS protocols are based upon the Fundamental Principles for Effective Disclosure contained within the TCFD and SGS Management System Manual and Global System procedures.

The performance assessment comprised a combination of pre-assessment research, interviews with relevant employees, superintendents, risk committee members, sustainability committee and the senior management in LH Bank's Headquarter; documentation and record review and validation with external bodies and/or stakeholders where relevant.

SCOPE OF PERFORMANCE ASSESSMENT AND DISCLOSURE CRITERIA

The scope of the performance assessment included evaluation of quality, reliability of TCFD disclosure and performance information as detailed below and evaluation of adherence to the four core elements for the management process as well as seven principle for effective disclosures for the information to be disclosed.

PERFORMANCE ASSESSMENT METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from LH Bank, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assessment team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with ISO 26000, ISO 20121, SRA, EMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the TCFD performance assessment service provisions.

ASSESSMENT OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the management process and information demonstrated by LH Bank within the TCFD performance assessment evaluated is reasonable, reliable and provides a sufficient and balanced representation of LH Bank climate related risks and opportunities management activities and meets SGS TCFD performance assessment at management level of "Explorer"

Disclaimer The findings recorded herein demonstrated a level of performance against the Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) (29 June 2017) and are only valid at the time of the intervention and only as stated above. This document is not intended to be used for certification purposes or regulatory or contractual use and does not relieve the Client from compliance with any bylaws, federal, national or regional acts and regulations issued pursuant to TCFD. SGS Services are governed by and subject to the General Conditions of Customised Audit Services.

