LHFG TCFD 2025



Report on the Conpany's Progress aligning with the Task Force on Climate Disclosures (TCFD) Recommendations



Welcome to the 2025 TCFD Report
LH Financial Group Public Company Limited (LHFG) has prepared this report in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Bank of Thailand's guidance on the disclosure of financial information related to climate-related risks and opportunities. The report covers the reporting period from 1 January 2025 to 31 December 2025. The preparation of this report has also been supported by CTBC Bank, the largest privately owned bank in Taiwan and the major shareholder of LHFG.

LH Financial Group Public Company Limited places great importance on climate risk management and sustainable business practices. The company is committed to reducing environmental impacts by publishing TCFD Report in e-book format, thereby reducing the use of natural resources and paper while supporting the transition toward more sustainable business practices.

This 2025 TCFD report has been prepared and published exclusively in digital format. The full report is available at www.lhfg.co.th.



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

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01 INTRODUCTION

1.1 Climate Change Context in 2025

As the world sends increasingly urgent warnings through intensifying natural disasters, advancing towards Net Zero has become a mission that can no longer be delayed.

In 2025, climate change continued to represent one of the most significant challenges affecting economies, societies, and businesses worldwide. According to the World Meteorological Organization (WMO), 2025 was among the three warmest years on record, continuing the trend of exceptionally high global temperatures. The past 11 years have been the 11 warmest years ever recorded, while ocean heat content has continued to rise unabated. As a result, many countries have experienced increasingly frequent and severe extreme weather events, including heatwaves, droughts, floods, and storms, causing widespread disruption and damage to economies and global supply chains. At the same time, the global climate policy and regulatory landscape have continued to evolve. Many countries have strengthened their greenhouse gas emissions reduction targets under the Paris Agreement, while advancing measures to support the transition towards a low-carbon economy and the implementation of carbon pricing mechanisms. In parallel, the banking sector is facing increasing expectations from regulators, investors, and other stakeholders, particularly in relation to sustainability-related disclosures under frameworks such as the IFRS sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB). Financial institutions are also increasingly incorporating frameworks such as the Thailand Taxonomy and sustainable finance principles into their risk management and capital allocation processes.

Against this backdrop, the banking sector, as a central pillar of the economic system, plays a critical role in supporting the transition towards a low-carbon economy through responsible capital allocation and the integration of sustainability considerations into financial decision-making processes. LH Financial Group

Public Company Limited (LHFG) recognizes the urgency of progressing towards Net Zero across its own operations, lending activities, and investments. The company manages both physical and transition climate-related risks, while simultaneously pursuing new opportunities to promote and expand green finance.

LHFG places strong emphasis on the principle of a "Just Transition", seeking to ensure that the transition away from fossil fuel dependence does not result in adverse impacts on workers or communities, while enabling an inclusive and genuinely sustainable transformation. This approach aligns with the principles set out in the Paris Agreement and has been consistently reinforced through global Conference of the Parties (COP) discussions.

LH Financial Group Public Company Limited has announced its commitment to achieving Net Zero emissions from its own operations, as well as reducing greenhouse gas emissions associated with its lending and investment portfolios to net zero by 2050. The company is committed to managing climate-related risks and opportunities while supporting global efforts to limit the increase in the global average temperature to 1.5 degrees Celsius, in line with the objectives of the Paris Agreement.

Through collaboration across all sectors, the banking industry will continue to serve as a key driving force in advancing the transition towards a resilient and sustainable green economy.

1.2 TCFD-aligned Climate Disclosure by LHFG

LHFG is committed to transparency, sound governance, and responsible climate-related reporting. The company has prepared and disclosed climate-related information in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The company has expressed its support for, and adopted, the TCFD framework as a systematic approach to climate-related disclosure, covering the four core pillars of Governance, Strategy, Risk Management, and Metrics and Targets.

For a comprehensive understanding of this reporting framework, reference may be made to the TCFD recommendations issued in June 2017 and the guidance on implementing the TCFD recommendations issued in October 2021.

Governance

Establish a climate governance structure that clearly defines the roles and responsibilities of the Board of Directors, Board-level committees, senior management, and key ESG working groups in overseeing, monitoring, and managing climate-related strategies, risks, and opportunities. This structure is intended to ensure that climate-related considerations are systematically integrated into the company's policies, strategies, and operations.

Strategy

Assess the actual and potential impacts of climate-related risks and opportunities on the company's business operations, financial position, lending portfolio, and customer segments over the short, medium, and long term. The assessment will inform the formulation of strategies, business plans, and risk management approaches that enhance the company's resilience to climate-related changes.

Risk Management

Establish processes to identify, assess, prioritize, monitor, and manage climate-related risks, encompassing both physical and transition risks. These considerations are integrated into the company's enterprise risk management framework to support effective business decision-making and risk management.

Metrics and Targets

Establish climate-related metrics and targets, including the assessment of greenhouse gas emissions from the company's own operations and financed emissions, to monitor, analyze, and manage climate-related risks and opportunities. These metrics and targets also support the establishment of the company's sustainability and greenhouse gas emissions reduction objectives, comprising the following:

1. Achieve carbon neutrality for Scope 1 and Scope 2 greenhouse gas emissions by 2030, and achieve Net Zero greenhouse gas emissions by 2050.
2. Provide sustainable financing and investment of no less than THB 30 billion by 2030.





02 GOVERNANCE

2.1 Climate Governance Framework

2.2 Roles and Responsibilities of Board, Committees and Business Units



2.1 Climate Governance Framework

LHFG places strong emphasis on the effective management of climate-related risks and opportunities. The company integrates climate-related considerations into its sustainability and risk management frameworks to support the responsible conduct of business in accordance with environmental, social and governance (ESG) principles. The company has established a structured climate governance framework that clearly defines the roles, duties and responsibilities of the Board of Directors, Board-level committees, senior management, the ESG Working Group, and relevant business and support functions. This governance structure enables the company to effectively oversee, monitor and manage climate-related matters across the organization.

Under this governance framework, the Board of Directors and senior management are responsible for setting the company's overall direction, policies, strategies and risk management frameworks relating to ESG, sustainability and climate change, as well as for regularly monitoring performance and progress against relevant initiatives. The company conducts its activities in alignment with the policies and guidance of CTBC, together with LHFG's ESG risk management framework, sustainability policy and strategic plans, to ensure that climate-related risks and opportunities are effectively integrated into the company's business decision-making, risk management and operational processes in a practical and systematic manner.

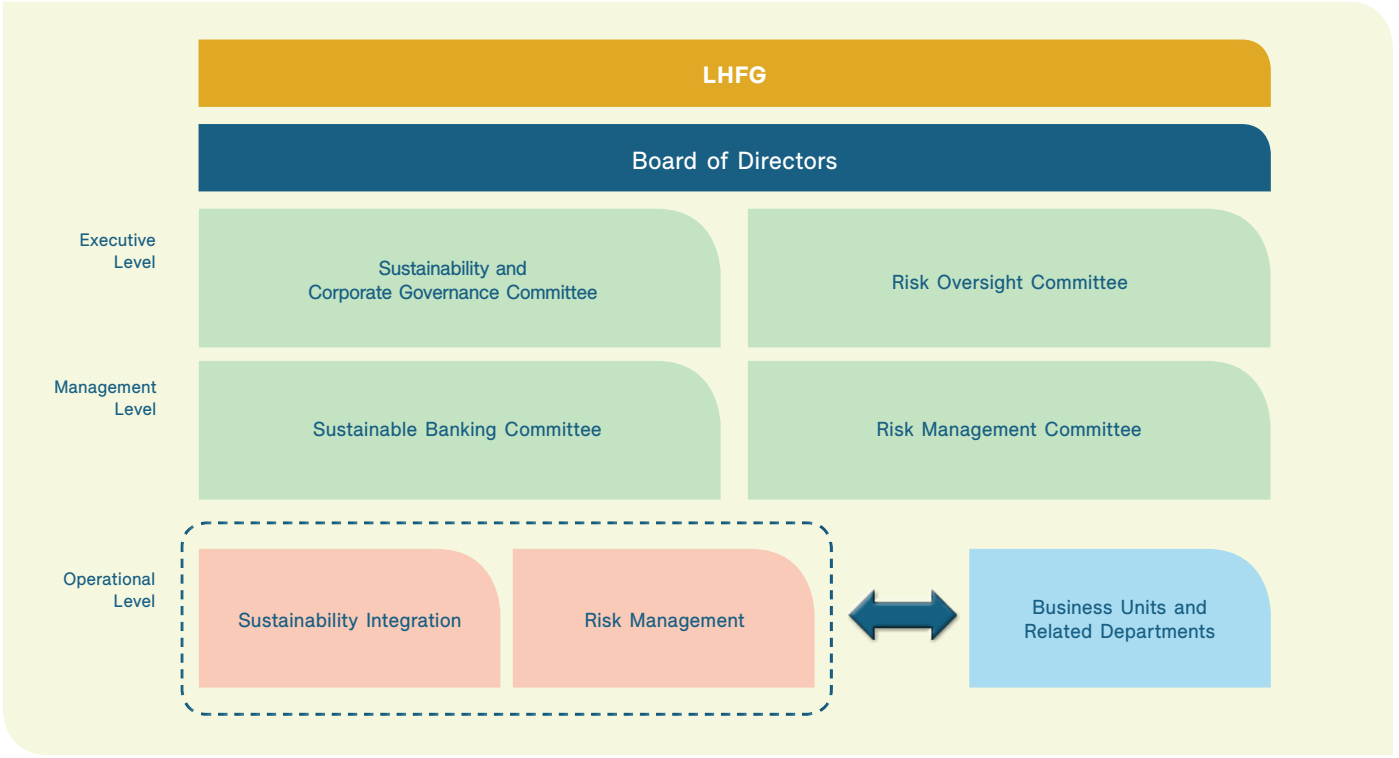
The company monitors progress and consolidates performance results on a regular quarterly basis. These results are presented to the Board of Directors for acknowledgement, consideration and supervisory guidance. To ensure that the company's sustainability initiatives are clearly governed and aligned with the disclosure recommendations of TCFD, the company has established a governance mechanism that provides clear linkages across the Board of Directors, senior management, risk-owning functions and relevant support functions. Roles and responsibilities have been clearly defined for the systematic identification, assessment, monitoring and reporting of climate-related matters. This governance structure supports the company in effectively advancing its sustainability objectives, managing climate-related risks and strengthening the company's long-term organizational resilience.

The company places considerable emphasis on enhancing the Board of Directors' knowledge and understanding of evolving climate-related risks, opportunities, and developments. To this end, the company has arranged climate risk training delivered by external experts. In 2025, the Board of Directors participated in a training session entitled "Transforming for a Sustainable & Agile Future". The session is designed to strengthen the Board's understanding of how sustainability considerations can be integrated into corporate strategy, while also enhancing organizational agility to respond effectively to uncertainty and changes in the business environment, particularly in the context of the low-carbon economy and the climate transition.

Governance



Sustainability Management and Governance Structure





2.2 Roles and Responsibilities of Board, Committees and Business Units

Board of Directors

- Set the company's strategic direction and business objectives, approve the company's overall policies and risk appetite, including the Environmental and Climate (E&C) risk management policy, and oversee the company's implementation to ensure alignment with the approved objectives and strategies. Progress is monitored on a regular basis to safeguard the interests of the company and its shareholders.
- Supervise the company 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 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.
- Build confidence and foster an ESG culture across the company to raise awareness and drive sustainable business practices throughout the organization.

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 company'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 company'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 company's sustainable strategy implementation plan for alignment in the same direction.
- Consolidate performance results, including information on the management and implementation of the company's sustainable banking operations, and report such results to the Corporate Governance Committee and the Board of Directors at least once every quarter.

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.
- Engage in discussions and exchange views with the Audit Committee to assess whether the company's risk management policies and strategies adequately address all types of risks, including emerging risks, as well as to review the effective implementation of such risk management policies and strategies.

Governance



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 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 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 company's business operations. This includes monitoring, supervising, and supporting the achievement of defined objectives.
- Drive the implementation of the company'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 company's portfolio (financed emissions) in alignment with the company'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 matters, providing a central hub of knowledge and expertise to strengthen staff capabilities and disseminate good practices across relevant functions throughout the company.
- 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.
- Communicate performance and prepare sustainability reports in collaboration with relevant functions, including the disclosure of information and preparation of E&C reports in alignment with nationally and internationally recognized practices and 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 company's operating position in accordance with 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.
- Foster a strong risk culture across all levels of the organization by communicating relevant policies to employees and raising awareness of the importance of E&C risk management, in alignment with the company's established risk appetite.



03 Strategy

3.1 Our Commitment to Achieving Net Zero: LHFG's Commitment to Building a Sustainable Future

3.2 Strategy of Own Operation Decarbonization Pathway

3.3 Double Materiality Assessment

3.4 Climate Scenario Analysis

3.5 Identification and Significance Ranking of Climate-related Risks

3.6 Identification and Significance Ranking of Climate-related Opportunities

3.7 Strategic Direction for LHFG

3.8 Transition Pathway / Pathway Sectoral Decarbonization

3.9 Customer Engagement Plan



3.1 Our Commitment to Achieving Net Zero: LHFG's Commitment to Building a Sustainable Future

LH Financial Group Public Company Limited is committed to supporting its customers at every stage of their success by responsibly advancing the transition towards a low-carbon economy and Net Zero greenhouse gas emissions. Sustainability is embedded across the company's business operations, customer services, risk management practices, and internal management processes. The company also recognizes the important role of financial institutions in supporting a Just Transition, ensuring that the transition towards a green economy is balanced, inclusive, and leaves no one behind.

In 2025, key outcomes of COP30 underscored the urgent need to accelerate climate action, including reducing greenhouse gas emissions and increasing financing for the transition and climate change adaptation. At the same time, Thailand strengthened its climate commitments through its Nationally Determined Contribution (NDC 3.0) and its ambition to achieve Net Zero emissions by 2050, in alignment with global efforts under the Paris Agreement to limit the increase in the global average temperature to no more than 1.5 degrees Celsius.

To ensure that its operations remain aligned with long-term decarbonization objectives, LHFG is committed to managing and allocating its capital in a manner consistent with the goal of achieving Net Zero greenhouse gas emissions. In assessing new lending and investment opportunities, as well as financing customers' capital investments, the company considers their alignment with the emissions reduction pathways of the relevant industrial sectors. This assessment is conducted through the application of the Thailand Taxonomy, together with greenhouse gas emissions data and customers' emissions reduction plans, to determine whether their economic activities and investment plans are consistent with the transition towards a low-carbon economy.

The company has also integrated environmental and climate-related risk management into its enterprise risk management processes by establishing E&C Risk Management Policy. Under this policy, risk indicators have been defined for loans and investments in businesses or activities that are vulnerable to environmental and climate-related risks. These indicators support the ongoing monitoring, assessment, and management of such risks. In parallel, the company seeks to increase the proportion of financing provided to activities aligned with the Thailand Taxonomy. It also implements appropriate controls and monitoring measures for lending and investments in businesses or activities exposed to environmental and climate-related risks. Through these efforts, LHFG aims to support the sustainable growth of its customers while strengthening the long-term resilience of the company's lending and investment portfolios.

Driven by clear and actionable goals and policies

- Support the provision of sustainable financing through Green Loans, Sustainability-Linked Loans (SLLs), and Green Transition Advisory Loans for SMEs, with a target of THB 30 billion by 2030.
- Pioneer innovative green financial products and solutions to support decarbonization across all business sectors.
- Strengthen the capacity to withstand and adapt to the impacts of climate change.
- Continuously assess opportunities to accelerate the Net Zero target in line with advancements in innovation and evolving external circumstances.

Enhance policies governing environmentally responsible and energy-efficient business operations

- Integrate environmental and energy management principles in accordance with internationally recognized standards into all business processes, while further developing operational procedures to ensure strict compliance with applicable laws, regulations and relevant requirements.
- Integrate the Environmental Policy and Environmental and Climate Risk (E&C Risk) considerations into the credit approval criteria by assessing environmental risks and opportunities alongside financial factors.
- Establish specific lending requirements for industries with high environmental risk exposure.

- Require executives and employees at all levels to share responsibility for complying with the policy and supporting the verification and reporting of information in accordance with sustainable development guidelines.
- Promote and support energy conservation initiatives, greenhouse gas emissions reduction projects, and initiatives that advance the circular economy.

Foster a culture of sustainability throughout the organization

The company places strong emphasis on raising awareness and promoting active participation in sustainability across all levels of the organization, including the Board of Directors, executives, employees, and business partners. The company provides ongoing training and knowledge development in risk management to strengthen understanding of ESG, climate-related, and sustainability risks relevant to its business operations. In addition, the company promotes continuous learning through educational activities, training sessions, and the sharing of good practices, with the aim of embedding sustainability into its corporate culture and ensuring its practical implementation at every level of the organization.

Advance towards greater transparency in information disclosure

The company prepares sustainability report and TCFD report to demonstrate transparency and professionalism in managing ESG-related risks and opportunities, while aligning its disclosures with evolving international standards.

3.2 Strategy of Own Operation Decarbonization Pathway

In response to the impacts of global warming, the international community, including Thailand, has become increasingly aware of the urgent need to reduce greenhouse gas emissions. One widely adopted approach is the preparation of an organizational carbon footprint, or Carbon Footprint for Organization (CFO), which measures the greenhouse gas emissions generated from all organizational activities and expresses them in terms of carbon dioxide equivalent. The results provide a basis for establishing effective management measures to reduce the organization's greenhouse gas emissions. In line with its commitment to addressing global warming, LHFG has therefore set a target to assess and prepare its organizational carbon footprint.

In 2025, LHFG prepared a greenhouse gas emissions assessment report covering emissions arising from its operations and value chain, including both direct and indirect emissions. The assessment was conducted in accordance with the requirements for organizational carbon footprint calculation and reporting established by the Thailand Greenhouse Gas Management Organization (Public Organization: TGO). The organizational boundary was defined based on the financial control approach, covering greenhouse gas emissions from the company's head office and branches. The assessment included scope 1 and scope 2 emissions, as well as material scope 3 emissions.



GHG Emissions Reduction

LHFG places strong emphasis on systematically reducing greenhouse gas emissions arising from its operations. The company uses the results of its greenhouse gas emissions assessment, covering both direct and indirect emissions from its business activities, as baseline information for developing appropriate emissions management and reduction measures. LHFG has designated 2020 as the base year for monitoring performance and measuring progress in reducing its greenhouse gas emissions. Based on the assessment results, the company collaborates with relevant functions to identify material emission sources and establish concrete greenhouse gas reduction measures with the aim of achieving Net Zero emissions by 2050.

Greenhouse Gas Emission Reduction Targets

LHFG has set a target to reduce the greenhouse gas emissions intensity from its own operations by 35% from the 2020 base-year level by 2030, equivalent to a target emissions intensity of 1.95 tCO_2e per employee.



Climate Change Management Strategies

Towards Net Zero

2020

Base year

- Declare greenhouse gas emissions base year scope 1, 2, and 3 supply chain (category 1, 3, 5, 6)

2025

- Greenhouse gas emissions the company own operation intensity reduced target success by 25%* from base year
- Replacement of the company ICE vehicle cars to hybrid electric vehicles
- Installation of solar panels at branches
- Waste separation at headquarter and branches

2030

- Greenhouse gas emissions the company own operation intensity reduced target success by 35%* from base year
- Mandate the use of E20 fuel for company vehicles used at headquarter and branches
- Replacement of the company hybrid electric vehicles to electric vehicles

2050

Achieve net-zero greenhouse gas emissions

- Reduce Greenhouse gas emissions intensity by least 90%* from base year with the rest managed through carbon removal project offsets

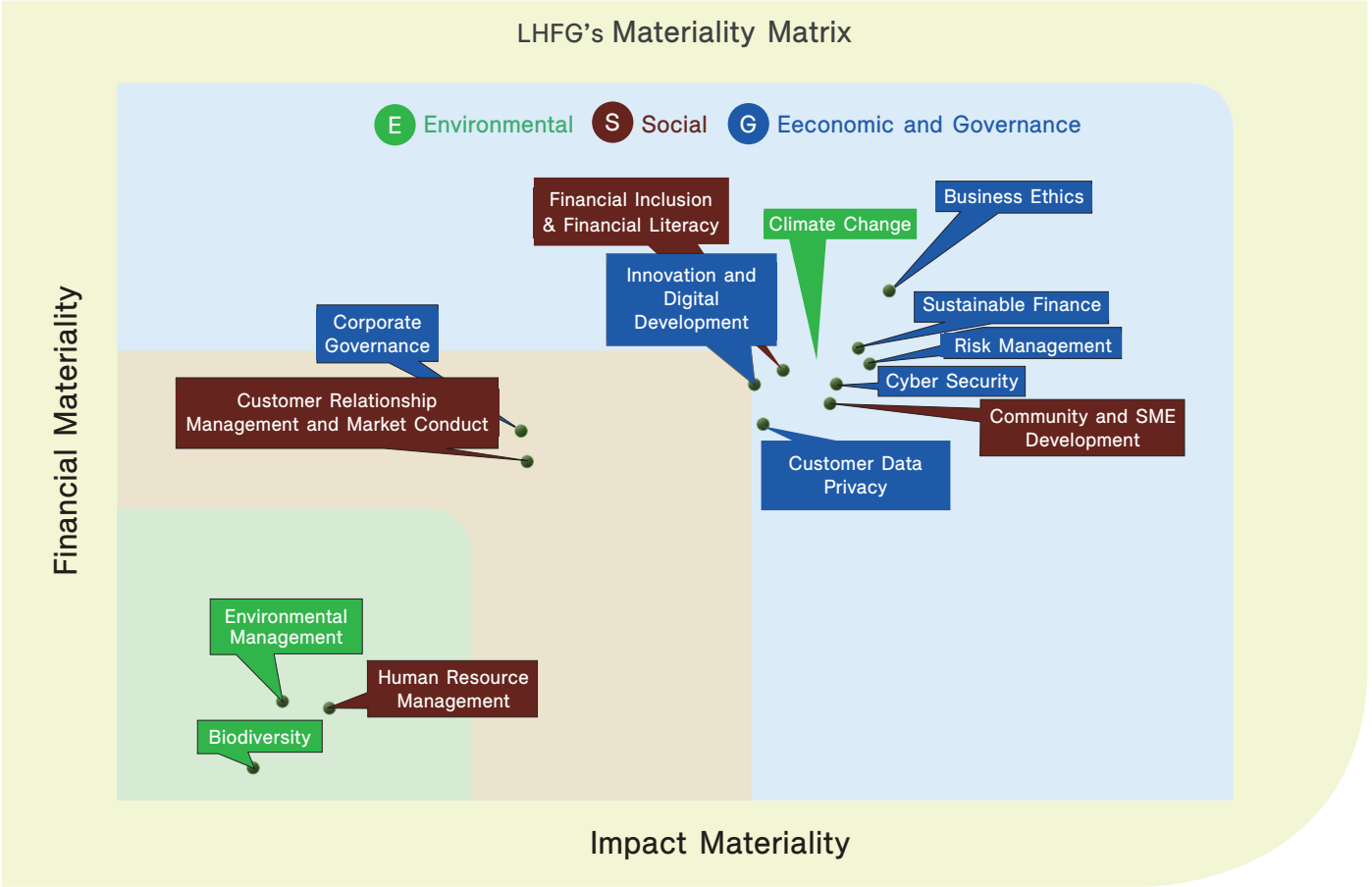
Note: * Target covers 100% of emissions

3.3 Double Materiality Assessment

LHFG conducts the assessment and prioritization of material topics in accordance with the Double Materiality Assessment approach. This assessment considers both the impacts of the company's business activities on the economy, society, and the environment (impact materiality), and the effects of sustainability matters—including climate-related risks and opportunities—on the company's financial position, operating performance, strategy, lending portfolio, and ability to conduct business over the short, medium, and long term (Financial Materiality). The assessment encompasses the identification, analysis, and prioritization of material ESG and climate-related matters relevant to the company. It takes into account physical risk factors, such as natural disasters, flooding, drought, and extreme weather events, as well as transition risks arising from changes in regulations, technology, market behavior, and stakeholder expectations. The assessment also considers business opportunities associated with sustainable finance, green finance, and the transition towards a low-carbon economy. The company has established the following criteria for identifying material sustainability topics:

- Analysis of the sustainability context through benchmarking against the practices of The company's peers, including leading banks in Thailand and overseas.
- Analysis of regulatory requirements, ESG assessment criteria, and sustainability trends identified by 18 leading domestic and international organizations, including the Bank of Thailand (BOT), the World Bank and S&P Global.

The company has conducted a survey and gathered input from both internal and external stakeholders, covering seven key stakeholder groups: customers; executives and employees; regulatory authorities; investors; business partners; suppliers; and communities and society. Interviews and surveys have been undertaken to collect perspectives on actual and potential positive and negative impacts, as well as to identify risks and opportunities relating to environmental, social, and governance (ESG) matters. The outcomes of this engagement process have been used as key inputs for prioritizing material topics and supporting the systematic development of the company's sustainability strategy, climate risk management approach, financial products, and disclosures in alignment with the TCFD recommendations. The results of the assessment and prioritization of all material topics are presented in the Materiality Matrix below.



Following the implementation of the process aforementioned, the company has identified and consolidated a total of 14 material sustainability topics, each of which is linked to the relevant United Nations Sustainable Development Goals (SDGs), as follows:

High Priority	
จริยธรรมทางธุรกิจ (Business Ethics)	16
การเงินเพื่อความยั่งยืน (Sustainable Finance)	8, 10, 12, 13
การบริหารจัดการความเสี่ยง (Risk Management)	8, 16
การเปลี่ยนแปลงสภาพภูมิอากาศ (Climate Change)	3, 11, 12, 13, 17
ความมั่นคงปลอดภัยไซเบอร์ (Cyber Security)	8, 16
การเข้าถึงบริการทางการเงินและความรู้ทางการเงิน (Financial Indusion & financial Literacy)	1, 3, 4, 10, 17
การพัฒนาชุมชนและวิสาหกิจขนาดกลางและขนาดย่อม (Community and SME Development)	1, 3, 4, 10, 11, 17
นวัตกรรมและการพัฒนาดิจิทัล (Innovation and Digital Development)	8, 9, 12, 13
การคุ้มครองข้อมูลส่วนบุคคลของลูกค้า (Customer Data Privacy Protection)	8, 16
Medium Priority	
การกำกับดูแลกิจการ (Corporate Governance)	16
การบริหารความสัมพันธ์กับลูกค้าและการปฏิบัติตามหลักจรรยาบรรณทางการตลาด (Customer Relationship Management and Market Conduct)	8, 9, 10, 12
Low Priority	
การบริหารทรัพยากรบุคคล (Human Resource Management)	3, 4, 5, 8, 10, 16
การจัดการทรัพยากรธรรมชาติ (Environmental Management)	3, 11, 12, 13
ความหลากหลายทางชีวภาพ (Biodiversity)	14, 15



3.4 Climate Scenario Analysis

3.4.1 Identification of Climate-related Risk and Opportunity Factors

The company has established factors for assessing climate-related risks and opportunities to reflect their structural impacts on business operations, while integrating these considerations into the company's strategic planning and enterprise-wide risk management processes. In addition, the company has adopted the climate scenarios developed by the Network for Greening the Financial System (NGFS), together with Thailand's Nationally Determined Contribution (NDC 3.0), as the principal frameworks for its climate scenario analysis. This approach supports the company's readiness and strengthens the long-term resilience and sustainability of lending portfolio.

Physical Risk Factors

Acute Risks: Storms, Floods, and Wildfires

- **Risk Time Horizon:** Short, medium, and long term, reflecting the current frequency and severity of acute climate-related events, which are expected to continue increasing as a result of climate change.
- **Potential Impacts on Customers:** Assets used in business operations may be damaged, while output may decline as acute climate-related events disrupt business activities. Such disruptions may result in reduced revenue and increased repair and recovery costs. In cases of severe damage, customers may need to invest in replacing machinery or equipment or may face prolonged impacts on business continuity that could ultimately lead to business closure.
- **Potential Impacts on the company:** Credit risk may increase as customers' debt-servicing capacity deteriorates and the value of collateral declines or the collateral sustains damage. This may require the company to recognize higher expected credit loss provisions and increase the likelihood of loans subsequently becoming non-performing loans (NPLs). In addition, the company may face operational risks arising from disruptions to branch operations, together with higher management, recovery, and restoration costs.

Chronic Risks: Droughts, Heatwaves, and Sea-Level Rise

- **Risk Time Horizon:** Medium to long term (2031–2050). Structural economic impacts are expected to become increasingly evident over the medium term and to intensify progressively over the long term, in line with the cumulative effects of climate change across different regions.
- **Potential Impacts on Customers:** Customers may experience production losses and resource shortages. Prolonged and increasingly severe droughts, including those associated with El Niño events, may have structural impacts on the availability of raw water for industrial, agricultural, and household use. This may reduce overall output and increase production costs as the price of clean water rises. Persistent heatwaves and rising temperatures may also significantly increase customers' energy expenses, particularly electricity costs associated with cooling systems. At the same time, the energy sector may face operational constraints, as hydropower plants may have insufficient water for electricity generation, while the efficiency of solar panels may decline due to accumulated heat. Customers may also incur additional indirect costs in upgrading infrastructure to withstand higher temperatures. Sea-level rise and coastal erosion may directly affect business premises and supply chains located near coastal areas, potentially undermining their long-term operational viability. Continued declines in revenue may ultimately lead to insolvency or compel businesses to relocate their production bases away from high-risk areas.
- **Potential Impacts on the company:** Customers' debt-servicing capacity may gradually and continuously deteriorate as the fundamental structures of their businesses come under increasing pressure from rising costs and climate change. In addition, certain types of collateral, particularly land and real estate located in areas exposed to recurrent drought or coastal erosion, may experience a permanent decline in value. This could require the company to recognize higher expected credit loss (ECL) provisions over the long term and may result in the accumulation of non-performing loans (NPLs). Furthermore, certain investments or industry exposures within the company's portfolio that fail to adapt, such as commodities and conventional energy, may progressively lose value, thereby adversely affecting the company's overall returns.



Transition Risk Factors

Policies and Regulations

Policy and regulatory risks have implications from the present through to the long term and are expected to intensify progressively. These risks may increase business operating costs due to the need to comply with relevant laws, regulations, and standards. Where businesses are unable to upgrade their operating systems, production processes, or technologies in line with emerging requirements, they may lose long-term competitiveness. This could adversely affect their cost structures, profitability, and debt-servicing capacity. The principal risk factors include:

- Carbon Tax/Carbon Pricing: Measures that impose costs on greenhouse gas emissions or establish a price on carbon emissions.
- Greenhouse Gas (GHG) Emissions Regulations: Laws and regulatory requirements governing the control of greenhouse gas emissions.
- Measures to Reduce Reliance on Fossil Fuels: Initiatives such as the National Energy Plan, which aims to reduce dependence on fossil fuels.
- Energy and Energy-Efficiency Standards: Requirements and standards governing energy consumption and energy efficiency.
- Carbon Border Adjustment Mechanism (CBAM): Measures that may give rise to international trade and competitiveness risks.
- Risk of Greenwashing Allegations: The risk of being accused of overstating or misrepresenting environmental information or performance, which may result in legal penalties, fines, or other enforcement actions imposed by regulatory authorities.



Technology

Technology risks may have implications from the medium to the long term, as businesses require time to transition to new technologies, invest in infrastructure, and adapt their business models to align with environmental standards and the transition towards a low-carbon economy. The principal risk factors include:

- Technological Obsolescence.
- Displacement of Existing Technologies by Cleaner Technological Alternatives.
- Adoption of Renewable Energy.
- Energy Storage Technology.
- Transition to Electric Vehicles.
- Carbon Capture, Utilization and Storage (CCUS) Technology.
- Automation Systems for Enhancing Energy Efficiency.
- Transition to Digital Systems / Smart Grids.
- Risks Associated with Investment in Technology Research and Development.

Consumer Behavior / Market Trends

Consumer behavior and market-related risks may have implications from the present through to the long term, driven by changes in demand from both industries and consumers, who are increasingly prioritizing environmentally friendly products and services. The transition towards a low-carbon economy and the adoption of clean energy may require businesses to adjust their operating models, production processes, and supply chains to align with evolving standards and market expectations at various levels. Failure to adapt promptly to sustainable consumption trends may result in a loss of market share, revenue, and long-term competitiveness. The principal risk factors include:

- Changes in Consumer Behavior and Preferences.
- Commodity Price Volatility.
- Decline in Demand for Fossil Fuels.
- Rising Raw Material Costs.
- Export Market Constraints.
- Sustainable Procurement Requirements.
- Measurement of Indirect Greenhouse Gas Emissions (Scope 3).

Transition Opportunities

For Customers

- Leverage opportunities arising from government support and growing environmental trends to expand into green business models, broaden access to export markets, and achieve full integration into global supply chains.
- Adopt renewable energy, electric vehicles, and automation systems to enhance production efficiency, reduce operating costs, and establish a sustainable competitive advantage.
- Develop an ESG action plan to enhance the organization's corporate image among all stakeholder groups.

For the company

- Support the development of the green finance market to generate new revenue streams by capitalizing on market growth through innovative financial products, such as Green Loans and Sustainability-Linked Loans. These products address the needs of customers undertaking their transition while creating new sources of revenue for the company.
- Accelerate the expansion of lending to green businesses to diversify risk and reduce exposure to carbon-intensive assets that may become impaired or lose value in the future.
- Advance the company's ESG portfolio and operations with transparency and clear direction to strengthen confidence among regulators and investors, while enhancing the company's reputation within the global sustainability arena.

3.4.2 Climate-Related Scenario Analysis

Overview of the Scenarios

LHFG has conducted a physical climate risk assessment covering both the credit risk of its loan portfolio and the operational risk associated with its head office, cash operations center, and branches. The assessment was undertaken under flood scenarios based on the Bank of Thailand's 2024 pilot climate stress test: physical risk, as follows:

Scenario	Description
Baseline (SSP2-4.5)	Thailand's economy grows in line with its potential under the SSP2-4.5 scenario. Macroeconomic variables, including gross domestic product (GDP), inflation, consumption, investment, and international trade, are assumed to follow the baseline trajectory. The scenario further assumes that no extreme physical climate events occur that would have a material impact on the economy.
Adverse (River Flood)	Thailand's economy is assumed to follow the baseline trajectory until 2030, when a major flood occurs in the Chao Phraya River Basin. The event is assumed to be more severe and prolonged than the major flood of 2011, affecting the agricultural and industrial sectors, infrastructure, and supply chains. Consequently, economic activity, export, private consumption, and household income decline, while inflation rises due to supply constraints. The economy gradually recovers during 2031–2032; however, certain business sectors continue to experience long-term impacts, or economic scarring, arising from asset damage and business disruption.

LHFG referenced flood scenarios set out in the Bank of Thailand's 2024 pilot climate stress test: physical risk. These scenarios apply climate change assumptions under the SSP2-4.5 pathway in accordance with IPCC AR6 framework and are linked to the NGFS's Disorderly Transition scenario to established base case and severe river flood as adverse scenario to assess the potential impacts on the company's loan portfolio and operations.

Assessment Results

Credit Risk

- In 2024, the company conducted a climate stress test to assess credit risk and operational risk under a physical risk scenario involving severe and sudden flooding, as prescribed by the Bank of Thailand. The assessment covered the potential impacts on the company's large corporate and medium-sized SME loan portfolios, as well as its retail loan portfolio secured by real estate. The company also assessed its capital adequacy and conducted stress testing in accordance with the supervisory requirements under Pillar 2 – Internal Capital Adequacy Assessment Process (ICAAP). For credit risk, the assessment took into consideration the geographical location of collateral, together with the severity and duration of flooding in areas where the company had relatively high concentrations of lending exposure. The results of the capital adequacy assessment under the stress-testing scenario indicated that the company maintained sufficient capital to absorb the potential risks and impacts arising from the scenario. The results of the climate stress test were subsequently reported to the relevant governance bodies, comprising the Risk Management Committee, the Risk Oversight Committee, and the Board of Directors.

Operational Risk

- Under the moderate-risk scenario, which assumes flooding lasting between 1 and 17 weeks, 15 branches are expected to be affected, with estimated damage to property and buildings of approximately THB 23.55 million.
- Under the severe-risk scenario, which assumes flooding lasting for more than 17 weeks, an additional 12 branches are expected to be affected, resulting in additional estimated damage to property and buildings of approximately THB 11 million. In total, 27 branches are expected to be affected, with aggregate estimated damage to properties and buildings of approximately THB 34.55 million.
- The company maintains insurance coverage under its existing policies and expects to receive insurance compensation of approximately THB 31.04 million, resulting in an estimated net loss to the company of approximately THB 3.51 million. The assessment indicates that, under the simulated scenario, the impact on the company's business operations will remain at a manageable level. This is primarily because the company's head office is not expected to be affected by flooding, while cash management operations are handled through external service providers (Outsourcing), which helps mitigate potential disruptions to service delivery and supports the continuity of the company's business operations.

With regard to transition risk, the company plans to assess the impact of the scenarios on changes in borrowers' credit classifications under the Bank of Thailand's 2026 pilot climate stress test, covering the assessment period from 2030 to 2035.

3.5 Identification and Significance Ranking of Climate-related Risks

Climate change not only gives rise to physical and regulatory uncertainties but also has long-term implications for the competitive structure of the economy and financial system. For LHFG, the assessment and monitoring of climate-related risks therefore serve not merely as preventive measures but as key mechanisms for aligning the company's corporate strategy with the transition towards a low-carbon economy and a financial system committed to achieving Net Zero. To manage these risks effectively, the company incorporates the results of scenario analysis based on NGFS's Disorderly Transition scenarios into its assessment of climate-related risks and opportunities across all time horizons. This analysis is considered alongside regulatory developments, government policies, stakeholder expectations, the results of double materiality assessment, and the physical impacts of a changing climate. Such factors may affect customers' ability to conduct business, the company's asset quality, and its credit risk over different time horizons, as follows:

Short Term: Impacts on LHFG (within 5 Years)

LHFG recognizes the immediate risks arising from policy and regulatory developments, particularly the current full implementation of the European Union's Carbon Border Adjustment Mechanism (CBAM),

which increases costs and places significant pressure on the competitiveness of Thailand's industries comprising the company's export-oriented customer base. In addition, the development of the Thailand Taxonomy, both in its initial phase and subsequent expansion, together with the accelerated advancement of Thailand's draft Climate Change Act, is further driving mandatory requirements for carbon reporting, greenhouse gas accounting, and climate-related risk disclosures. The company has therefore accelerated the enhancement of its credit assessment criteria and strengthened portfolio monitoring to mitigate systemic risks that could adversely affect asset quality.

Medium Term: Impacts on LHFG (within 5 to 10 Years)

LHFG places emphasis on aligning its strategic management with Thailand's Nationally Determined Contribution (NDC 3.0), which serves as a key framework for supporting the country's greenhouse gas emissions reduction efforts and transition towards a low-carbon economy. As businesses face increasingly stringent regulations, disclosure standards, and carbon pricing mechanisms, the company prioritizes the assessment of transition risks within its loan portfolio by adopting the Thailand Taxonomy as a reference framework, supporting customers in reducing greenhouse gas emissions, and continuously expanding its Green Finance, Transition Finance, and Sustainable Finance offerings. These initiatives are intended to strengthen loan portfolio management, facilitate sector-specific risk analysis, and support the development of financial products and services that enable customers to undertake their transition in a tangible and effective manner.

Long Term: Impacts on LHFG (Beyond 10 Years)

LHFG aims to integrate the Net Zero framework into its corporate strategy, risk management, credit assessment processes, and the development of sustainable financial products. Particular emphasis is placed on monitoring transition risks within the loan portfolio and assessing financed emissions. The transition towards a low-carbon economy is expected to become an integral part of the global economic and financial infrastructure, with capital allocation, regulatory oversight, and risk assessment increasingly linked to climate-related performance and alignment with Net Zero targets. Should LHFG be unable to realign its loan portfolio, financial products, and risk management systems with this direction, its long-term competitiveness and growth may be adversely affected. The key risks include:

- Deterioration in loan portfolio quality due to concentration in high greenhouse gas-emitting businesses or businesses without credible transition plans.
- Potential increases in financing and funding costs as investors and capital providers place greater emphasis on climate-related performance and ESG risk management.
- Loss of business opportunities if the company is unable to develop Sustainable Finance and Transition Finance products and services, as well as ESG data solutions, to meet customers' evolving needs.
- Competitive risk arising from financial institutions and emerging financial service providers with the capability to deliver comprehensive sustainable finance and low-carbon transition solutions.

Conversely, effective management of the transition would enable the company to create opportunities to expand its Sustainable Finance business, support customers in their transition towards a low-carbon economy, and strengthen its long-term competitiveness.

Climate-related Risks and Financial Impacts

LHFG has assessed climate-related risks and opportunities, covering both transition risks and physical risks, which may affect the company's business operations, financial position, customers, business partners, and other stakeholders. The assessment has been conducted with reference to the recommendations of TCFD, the Bank of Thailand's guidance on climate risk management, and ongoing developments related to the Thailand Taxonomy, with the aim of supporting a sustainable transition towards a low-carbon economy.

The results of the assessment have been used to inform the formulation of the company's sustainability strategy, risk management approach, and development of financial products and services, as well as its support for customers transitioning towards a low-carbon economy. These efforts are intended to strengthen the company's long-term competitiveness and sustainability. The assessment results can be summarized as follows:



Transition Risk

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
TR-01 Existing and Forthcoming Environmental Laws and Regulations	• The implementation of domestic and international climate-related measures, such as the Carbon Border Adjustment Mechanism (CBAM), carbon pricing mechanisms, and ESG and climate-related disclosure requirements, increases business operating costs, particularly for export-oriented customers and carbon-intensive industries. • Thailand Taxonomy Phase 2 has expanded its scope to cover the agriculture, manufacturing, construction and real estate, and waste management sectors. This development may affect the company's credit assessment processes, portfolio classification, and development of financial products. • The transition from the TCFD recommendations to the IFRS S1 and IFRS S2 standards, together with increasing expectations regarding climate-related disclosures, may require the company to make additional investments in data capabilities, operational systems, and risk management. • Customers operating in high greenhouse gas-emitting industries may face increased transition costs, potentially affecting their competitiveness and cash flows, as well as the company's credit quality.	• Increased compliance costs and additional investment in ESG and climate data systems. • Increased credit risk among customers in carbon-intensive sectors, resulting in higher Expected Credit Loss (ECL) and credit costs. • Increased demand for Transition Finance and Sustainable Finance. • The value of certain types of customer collateral or assets may decline if they are unable to adapt to climate-related requirements, potentially resulting in stranded assets.	• Short term • Medium term • Long term	• Integrate Thailand Taxonomy and Climate Risk Assessment into the credit approval and loan portfolio management processes. • Develop disclosure practices in alignment with IFRS S1/S2, as well as relevant regulatory guidelines. • Develop a Sensitive Sector Strategy for high-risk industries. • Support Sustainable Finance, Green Loan, and Transition Finance products to assist customers in adapting to the transition. • Develop Climate Stress Testing and Scenario Analysis capabilities to assess potential impacts on the company's loan portfolio and capital adequacy.
TR-02 Technologies for Greenhouse Gas Emissions Reduction and Business Adaptation	• The expansion of renewable energy, Battery Energy Storage Systems (BESS), and smart grids may reduce the commercial viability of conventional power plants or infrastructure reliant on fossil fuels.	• The increasing prevalence of stranded assets may cause the value of collateral associated with fossil fuels, such as fossil fuel-fired power plants, to decline rapidly, adversely affecting collateral adequacy and increasing the company's credit risk.	• Short term • Medium term • Long term	• Continuously monitor trends in Climate Tech, artificial intelligence (AI), and Sustainable Finance. • Develop processes for assessing Technology Risk and Climate Risk in loan portfolio management, while establishing a risk assessment framework and lending conditions for projects involving emerging technologies.

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
	• Energy-efficiency technologies for buildings and industrial operations, together with circular economy technologies, may impose substantial costs on customers that continue to rely on conventional systems. Failure to adapt may result in a loss of competitiveness. • The adoption of artificial intelligence (AI), machine learning, data analytics, and carbon management platforms is increasing the stringency of greenhouse gas emissions disclosure requirements across the entire supply chain. Businesses that are unable to access or allocate sufficient investment to such platforms may face the risk of being excluded from the value chains of key business partners. • Carbon Capture, Utilization and Storage (CCUS) technologies and alternative fuels for the industrial sector continue to involve high costs and significant commercial uncertainty, which may constrain the ability of large corporate customers to undertake the necessary transition.	• An increase in non-performing loans (NPLs) in the short term, as customers may be required to incur substantial capital expenditure (CAPEX) to upgrade their systems, potentially affecting their cash flows and debt-servicing capacity. • A decline in lending income and demand for revolving credit facilities, arising from customers' budgetary constraints and limited readiness to develop systems for collecting and disclosing greenhouse gas emissions data, may increase the risk of customers losing competitiveness or being excluded from the supply chains of key business partners. • Potential investment losses arising from the adoption of emerging technologies, such as Carbon Capture, Utilization and Storage (CCUS) or advanced alternative fuels, where such technologies fail to achieve commercial viability or experience significant cost overruns.		• Develop Green Loan, Sustainable Finance, and Transition Finance products to support customers' investments in clean technologies. • Enhance ESG data platform and climate data management capabilities through collaboration with carbon management platform providers, enabling customers to access greenhouse gas emissions data collection and reporting systems quickly and at a lower cost. • Promote collaboration with technology, energy, and Climate Tech ecosystem partners to expand the range of transition solutions available to customers. • Strengthen cybersecurity, data privacy, and AI governance to support the widespread adoption of digital technologies.
TR-03 Changes in Market and Consumer Behavior	The company may face risks arising from changes in consumer behavior and market trends that place increasing emphasis on environmental considerations and climate change. These developments may lead to a decline in demand for products and services with high carbon footprints, while environmentally friendly products and services gain greater market acceptance. Across the supply chain, companies operating in both upstream and downstream production activities, particularly manufacturers of components and raw materials, downstream petroleum businesses, and logistics providers, may increasingly be required by business partners and	• The company's credit risk may increase as customers experience declines in sales or revenue due to products that no longer align with market demand. This may adversely affect their cash flows, debt-servicing capacity, and credit quality, potentially leading to an increase in non-performing loans (NPLs). • The company's lending income may be adversely affected by declining credit demand or business contraction among customers that have lost market share and competitiveness.	• Short term • Medium term • Long term	• Continuously monitor market trends and consumer behavior to inform sector-level risk assessments. • Promote and support customers' transition by providing financing to enable the modification of products or production processes to become more environmentally friendly, such as loans for replacing machinery with energy-efficient equipment or implementing systems to collect and disclose carbon footprint data. • Strengthen post-lending monitoring through multi-source early warning signals to identify potential defaults.

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
	customers to deliver products or services supported by transparent carbon footprint information and lower emissions intensity. Failure to respond in a timely manner may result in a loss of market share or exclusion from key supply chains. Meanwhile, companies seeking to adapt but lacking sufficient resources may face higher costs associated with modifying production processes and obtaining verification or certification of environmental data.	• Certain assets may become less significant or be phased out as customer preferences increasingly prioritize ESG considerations, such as internal combustion engine vehicles. • Increased short-term credit risk may arise if customers are unable to effectively manage the higher costs associated with developing, upgrading, or modifying their products and services to comply with ESG and carbon-related standards. • Increased costs associated with workforce capability development and enhancements to the company's operational processes to respond to changing market conditions.		• Create competitive differentiation through financial products linked to ESG targets, while strengthening the company's brand and ESG-related partnerships. • Gradually diversify into assets and products expected to remain relevant in the future, reduce concentration in high-risk assets and products through continuous risk assessment, and identify alternative uses for assets that may become impaired or lose strategic importance. • Provide advisory services on carbon footprint disclosure, supply chain risk analysis, and approaches to strengthening ESG management to mitigate long-term market risks. This includes Industry Expert Advisory services to help customers navigate market uncertainty, together with ongoing advice on enhancing operational efficiency to reduce their costs. • Apply artificial intelligence (AI) and digitalization to employee training processes to ensure that employees remain responsive to evolving market conditions.
TR-04 Reputational Risk Arising from the Financing of Environmentally Harmful Businesses	LHFG may face reputational risk if it is perceived as supporting projects or businesses that have adverse impacts on the environment or contribute to climate change, such as those involving high levels of greenhouse gas emissions or negative effects on ecosystems. This may give rise to pressure from customers, investors, and other stakeholders who expect financial institutions to play an active role in promoting sustainability. Shifts in consumer behavior, together with growing public demand for greater transparency and environmental accountability, increase the risk	• Fee and service income may decline if key customers switch to banks with stronger ESG profiles. • The company's ability to raise capital or issue ESG-related financial products may be adversely affected if its reputation is perceived as inconsistent with sustainability standards. • Potential increases in costs associated with managing the company's reputation and ensuring transparent communication regarding its financing of customers' projects and its ESG-related activities.	• Short term • Medium term • Long term	• Establish an exclusion list specifying business sectors and activities that the company does not support, as well as identify sensitive sectors comprising businesses and activities that are particularly exposed to E&C risks. • Establish strategic targets for the growth of sustainable lending and investment, while transparently communicating progress through ESG reporting and disclosures to stakeholders. • Prioritize communication activities in alignment with the organization's objectives and strategies, taking into consideration the expected benefits

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
	that business activities lacking adequate ESG due diligence may attract criticism, including allegations of "greenwashing". Such developments could materially undermine confidence in the company among a broad range of stakeholders.	• Risk of changes in the company's relationships with business partners or suppliers where such partners or suppliers have higher or more stringent ESG standards and expectations than those of the company. • Changes in the level of confidence and engagement among high-potential employees regarding the company's ESG direction, strategy, and operations.		and costs of each initiative, to ensure the effective and appropriate selection and implementation of communication projects. • Continuously manage and strengthen relationships with business partners and counterparties by communicating the company's strategic objectives, key priorities, and ESG expectations, while jointly establishing approaches and initiatives to support the sustainable achievement of shared goals. • Transparently and consistently disclose ESG information and performance to enhance employees' knowledge, understanding, and engagement with the company's ESG objectives and implementation approach.

Physical Risk

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
PR-01 Acute and Severe Natural Disasters	LHFG may be affected by natural disasters that occur with increasing frequency and severity, such as flash floods, storms, droughts, earthquakes, and wildfires. These events may have direct impacts on business operations, particularly in high-risk areas that serve as key production bases or logistics hubs. If customers are unable to maintain business continuity, their revenue, debt-servicing capacity, and the value of assets pledged as collateral may be adversely affected.	• A decline in customers' revenue due to business disruptions may adversely affect their debt-servicing capacity. • Increased costs associated with the repair, restoration, or protection of assets against potential damage. • A decline in the value of assets and collateral, particularly in high-risk areas subject to recurrent or compounding climate-related impacts. • Customers may need to allocate additional budgets for preventive or adaptation measures, potentially increasing their short-term financing requirements.	• Short term	• Assess geographical and industry-sector risks by incorporating historical natural disaster data and forward-looking trends derived from climate models into the company's credit assessment process. • Develop financial products to support customers' investments in climate change adaptation and natural disaster risk mitigation measures, such as financing for infrastructure upgrades. • Promote the use of insurance coverage for natural disasters in conjunction with the company's financial products to mitigate ongoing risk exposure arising from severe events.

Risks	Details	Potential Financial Impacts	Risk Time Horizon	Strategic Responses
		• The need to allocate sufficient resources to support natural disaster risk management and the implementation of Business Continuity Management (BCM).		• Strengthen the post-lending monitoring process through the use of multi-source early warning signals to monitor and assess the impacts of sudden and severe natural disasters on customers and collateral, and to identify, in a timely manner, risk indicators that may lead to potential defaults. • Apply digitization and artificial intelligence (AI) to enhance processes supporting natural disaster risk analysis, employee enquiries and training on natural disaster preparedness and response, and the provision of natural disaster alerts.
PR-02 Chronic Impacts from Climate Change	LHFG may be affected by the long-term cumulative impacts of climate change, such as rising global average temperatures, continuously increasing sea levels, greater weather variability and severity, and water scarcity in certain regions. Acute natural disasters, such as flash floods, storms, droughts, earthquakes, or wildfires, may also evolve into chronic physical risks if they occur repeatedly and with increasing frequency in the same locations or on a recurring seasonal basis. Such developments may have structural impacts on local economies, residential areas, insurance markets, and the long-term development potential of real estate.	• Damage to customers' assets and the company's collateral arising from coastal erosion, prolonged moisture exposure, or persistent extreme heat, which may result in asset value deterioration. • A decline in customers' revenue due to disruptions in business operations or the relocation of production facilities away from high-risk areas. • Increased costs for customers arising from investments to strengthen infrastructure resilience to climate-related impacts or to adapt their business models to enhance climate resilience. • A long-term decline in debt-servicing capacity, particularly among customers in agriculture, tourism, and real estate sectors located in low-lying or coastal areas.	• Medium term • Long term	• Integrates long-term climate hazard data into collateral valuation and credit assessment processes, particularly for areas with an increasing risk of coastal flooding or 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 green asset renovation loans, or financing for the enhancement of existing assets to improve their resilience to long-term climate-related risks. • Communicate and provide customers with relevant information on location-specific climate change trends to enable timely and effective strategic adaptation planning.

3.6 Identification and Significance Ranking of Climate-related Opportunities

As businesses and governments worldwide accelerate efforts to achieve Net Zero targets through the implementation of climate policies, greenhouse gas emissions reduction, increased adoption of renewable energy, and improvements in energy efficiency across all sectors, demand for financing to support this transition is expected to continue rising. This includes financing investments in green infrastructure, the transformation of production processes, the development of low-carbon technologies, and the creation of new green business models.

Under the climate-related disclosure framework established by TCFD, organizations are encouraged to consider and disclose climate-related opportunities across areas such as products and services, operational efficiency, the development of new markets, and support for the transition of supply chains towards a low-carbon economy. LHFG recognizes that this transition represents not only business challenges and risks, but also strategic opportunities to develop financial products, services, and solutions that support customers in reducing or avoiding greenhouse gas emissions, as well as improving resource and energy efficiency. These initiatives are intended to enable customers to operate sustainably and remain competitive in a low-carbon economy.

The company is committed to supporting the reduction or avoidance of greenhouse gas emissions and facilitating the transition towards Net Zero through three key approaches, as follows:

- Develop financial products and services to support greenhouse gas emissions reduction, the adoption of renewable energy, improvements in energy efficiency, and investment in low-carbon technologies. These include Green Loans, Sustainability-Linked Loans (SLLs), Green Transition Advisory Loans, Green Energy Saving Loans, and Green Deposits, as well as support for Carbon Platform services to facilitate the management of greenhouse gas emissions data.
- Collaborate with expert partners to provide advisory services and develop Net Zero roadmaps, covering carbon footprint assessments, the establishment of greenhouse gas emissions reduction targets, the development of transition plans, and disclosures in accordance with internationally recognized standards and frameworks.
- Support the development of carbon inventories, the analysis of emission reduction and avoidance opportunities, the assessment of the financial viability of energy and environment-related investments, and the ongoing monitoring of customers' climate-related performance.

LHFG has assessed climate-related opportunities, considering both Transition Opportunities arising from the shift towards a low-carbon economy and Resource Efficiency Opportunities associated with improving the efficiency of resource and energy use, with the aim of supporting the business sector in achieving its Net Zero targets.

The analysis is based on the company's core business characteristics, operating strategy, and product portfolio to identify opportunities to support customers in reducing greenhouse gas emissions, improving resource efficiency, developing financial innovations, and achieving business growth in alignment with the climate-related goals of Thailand and the global community. The key opportunities and associated financial impacts can be summarized as follows:



Opportunities

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
OT-01 Resource Efficiency	The growing trend towards improving energy and resource efficiency across the business sector, such as water recycling, the adoption of energy-efficient technologies, environmentally friendly building design, and the application of Circular Economy principles, reflects the increasing need to reduce long-term operating costs and respond to evolving environmental policies. This is particularly evident among corporate customers that have begun investing in more efficient production processes and logistics systems. Such developments also provide an important foundation for the design of new financial products that respond to emerging sustainable investment trends.	• The company's operating costs are reduced through more efficient management of resources within its office buildings and internal systems. • Enhance the business value of green assets, such as energy-efficient buildings and assets incorporating resource-efficient technologies. • Strengthen the company's reputation as an organization committed to supporting sustainability, while enhancing employee satisfaction. • Create opportunities to develop financial tools and provide financing support for customers with plans to improve resource efficiency. • Strengthen strategic relationships with target customer segments that demonstrate a strong commitment to ESG, while creating opportunities to provide advisory services and specialized financing solutions in the future.	• Establish internal action plan to enhance energy and resource efficiency across the company's buildings, offices, IT systems, and general operations. • Collaborate with customers to provide strategic advisory services aimed at enhancing resource efficiency across production processes, procurement, and logistics. • Support activities and communication initiatives to raise awareness of resource efficiency among employees, customers, and business partners. • Establish a framework for integrating relevant data into the design of appropriate green financial products.	• Business Operations • Products and Services
OT-02 Energy Source	The accelerated transition towards renewable energy sources, such as solar and wind power, energy storage systems, and carbon credit market mechanisms, is being driven by the need to reduce long-term energy costs and manage pricing pressures arising from carbon pricing mechanisms. In addition, collaboration with external organizations on climate management initiatives is further encouraging businesses across various sectors to increase their investment in clean energy systems.	• Reduce long-term energy costs through the use of clean energy in its office buildings. • Enhance the value of environmentally friendly assets. • Enhance employees' quality of life and well-being. • Strengthen the company's image as an environmentally responsible organization and enhance its prospects for inclusion in sustainability-related investment indices. • Create opportunities to develop financial tools and provide financing support for customers planning to transition their operational processes towards the use of clean energy.	• Develop a clean energy finance strategy to support clean energy businesses through targeted lending. • Collaborate with energy technology developers and government agencies to jointly advance the clean energy market and create opportunities for the co-development of new products in the future.	• Business Operations • Products and Services

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
OT-03 Products and Services	The transition towards a low-carbon economy is driving a significant increase in demand for financial products aligned with sustainability objectives. This trend spans a wide range of sectors, including clean energy, green building construction, the transformation of transportation systems, and emerging businesses related to carbon capture technologies, carbon credit trading, and climate-related insurance. The company therefore recognizes opportunities to develop financial products, as well as non-financial services, that systematically support carbon reduction and facilitate business adaptation to the transition towards a low-carbon economy.	• Expand the customer base seeking to transition towards more sustainable business practices, thereby increasing the proportion of the company's green loan portfolio and supporting the achievement of the company's sustainable finance targets. • Generate revenue from financial products and services that support green investments or projects aligned with Net Zero objectives. • Enhance opportunities to serve customers within emerging ecosystems, such as through the establishment of carbon trading platforms or the provision of carbon footprint verification services. • Diversify the company's loan portfolio risk by supporting businesses that demonstrate resilience to climate change-related risks. • Strengthen long-term customer relationships by providing ESG value-added services that address the requirements of international business partners.	• Develop and design specialized Product Programmed for businesses seeking to transition towards environmentally sustainable operations, such as financing for renewable energy projects, green building development loans, and Sustainability-Linked Loans (SLLs) linked to customers' ESG indicators or carbon-related Key Performance Indicators (KPIs). • Collaborate with external advisors 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 parties, such as carbon measurement technology providers and carbon trading platforms, to enable customers to access the tools necessary to support their transition. • Communicate the company's position and commitment to sustainable finance in order to strengthen confidence among capital market participants and key stakeholder groups.	• Investment • Financing • Products and Services
OT-04 Markets	The transition towards a low-carbon economy and the growth of sustainability-focused markets present opportunities for The company to expand its business through environmentally sustainable financial products and services. These developments also create opportunities to enter new markets beyond traditional financial services, such as participation in carbon markets and collaboration	• Enhance the company's competitiveness and strengthen its sustainability-related reputation. • Diversify the risk of the company's financial asset portfolio by investing in business sectors with strong long-term growth potential. • Expand the company's customer base and generate additional revenue from businesses committed to carbon reduction.	• Establish clear targets for sustainable lending and investment (sustainable finance targets). • Align the company's investment portfolio strategy with green businesses and activities classified as eligible under the relevant Taxonomy.	• Investment • Financing • Products and Services

Opportunities	Details	Potential Financial Benefits	Strategic Responses	Businesses Affected
	with government agencies, development banks, and sustainability-focused partner networks to capture opportunities arising from emerging markets.	• Create opportunities for international collaboration through green finance initiatives and sustainable investment projects.	• Develop lending product structures and financial services tailored to businesses across the supply chain seeking to reduce carbon emissions or adapt to government policies and regulatory requirements. • Strengthen strategic collaboration with domestic and international partners to facilitate effective entry into new markets.	
OT-05 Adaptation & Resilience	Strengthen the capacity of the company and its business partners to adapt to climate-related risks through measures such as investment in alternative energy, enhancing supply chain resilience, and implementing proactive risk management systems. These initiatives are intended to strengthen business resilience and reinforce long-term stakeholder confidence.	• Strengthen The company's reputation as a financial institution committed to sustainability and resilient in responding to global changes. • Expand business opportunities by providing financial services to customers undertaking initiatives to strengthen supply chain resilience. • Reduce risks within the company's loan portfolio by increasing exposure to customers with stronger recovery prospects and greater resilience in responding to crises.	• Integrate climate considerations into the company's business strategy across all levels of the organization. • Develop data support systems and strengthen the company's capabilities in managing climate-related risks.	• Investment • Financing • Products and Services

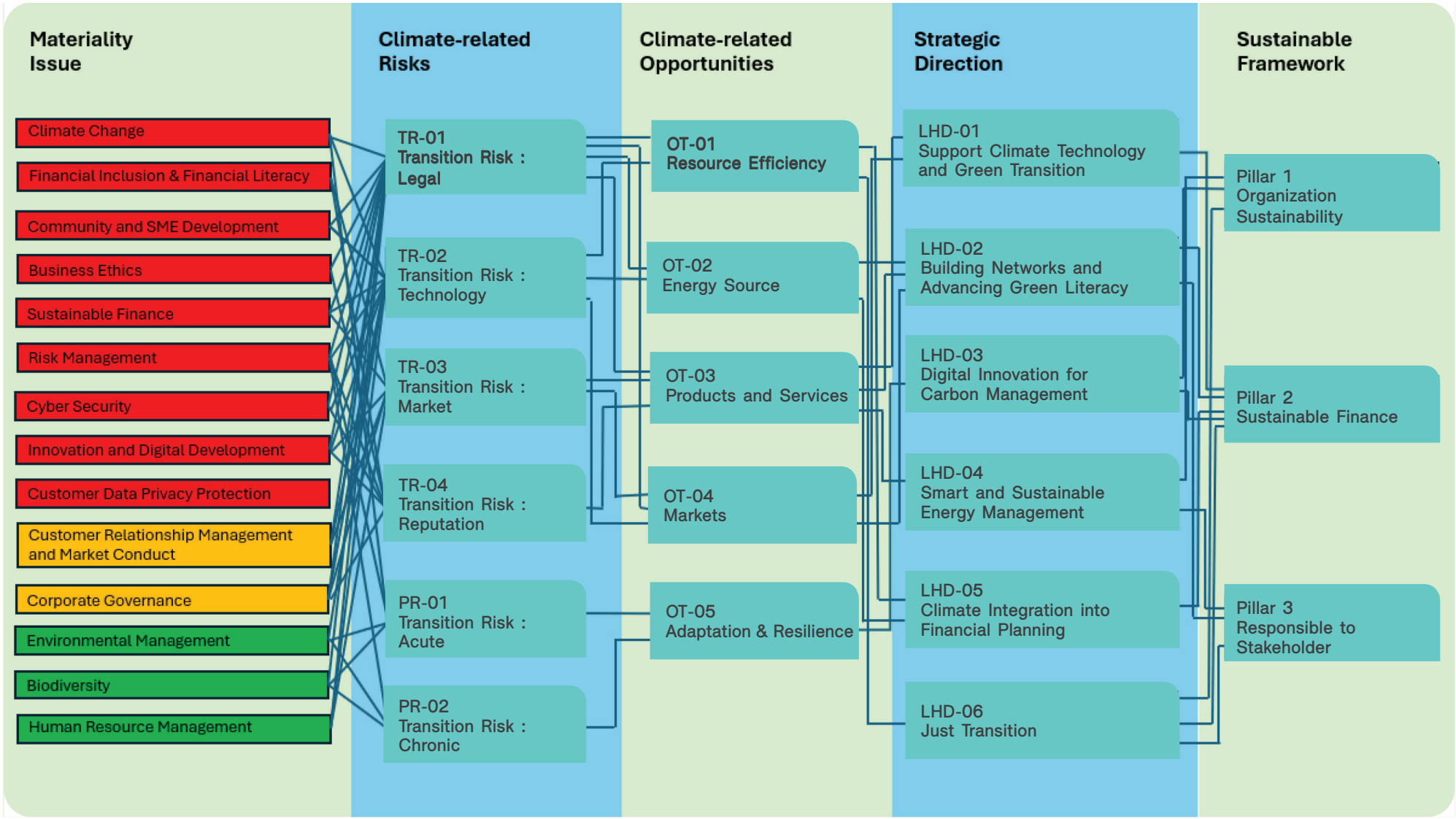
3.7 Strategic Direction

LHFG recognizes the importance of proactively responding to opportunities arising from climate change, in accordance with the analytical framework of TCFD. The company has therefore established six key strategic directions to guide the development of sustainable products, services, and business operations.

LHD-01 Support Climate Technology and Green Transition
LHD-02 Building Networks and Advancing Green Literacy
LHD-03 Digital Innovation for Carbon Management
LHD-04 Smart and Sustainable Energy Management
LHD-05 Climate Integration into Financial Planning
LHD-06 Just Transition



Alignment between LHFG's Materiality Issues, Climate-related Risks, Climate-related Opportunities, Strategic Directions, and Sustainable Finance Framework.



Strategic Direction

LHD-01 Support Climate Technology and Green Transition

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Develop financial products and services to support environmentally sustainable businesses, as well as businesses transitioning from carbon-intensive activities towards lower-carbon activities ("brown to less brown"), through the adoption of climate technologies. These efforts aim to contribute to Thailand's transition towards a low-carbon economy and strengthen the long-term sustainability of the economic and social system.	Support sustainable environmental financing (Sustainable Finance) through a range of financial products, including Green Loans, Sustainability-Linked Loans (SLLs), Green Transition Loans, and Green Deposits. The Green Transition Loan is divided into two sub-products: the Green Transition Advisory Loan, which supports investment in upgrading systems or business processes to reduce environmental impacts; and the Green Energy Saving Loan, which enhances the capabilities of SMEs and other businesses seeking to reduce energy costs through investments in solar rooftop systems, energy-efficiency solutions, and related technologies. These products are provided under the company's Sustainable Finance Framework, which is aligned with internationally recognized standards and has been externally reviewed, with the aim of supporting businesses in their transition towards low-carbon operations. They are also intended to encourage customers to improve their business practices and achieve sustainability performance targets, including reductions in energy consumption and greenhouse gas emissions. In 2025, the company provided a total of THB 4,545.20 million in Sustainable Finance.	Set a target to provide at least THB 3,000 million in Sustainable Finance, comprising both Green Loans and Sustainability-Linked Loans (SLLs).	Set a target to provide at least THB 30,000 million in Sustainable Finance by 2030, comprising Green Loans, Sustainability-Linked Loans (SLLs), and Green Transition Advisory Loans.
			Develop and enhance the company's Sustainable Finance Framework, covering both Green Loans and Sustainability-Linked Loans (SLLs), through the application of climate technologies to strengthen eligibility and assessment criteria in alignment with internationally recognized practices and standards. The company also seeks to modernize and enhance the efficiency of its credit assessment and approval processes.
	Develop financial products to support the business sector in its green transition through the Green Transition Advisory Loan, with the aim of enhancing the competitiveness of SMEs and enabling them to transition from carbon-intensive business activities towards lower-carbon activities ("brown to less brown").	Accelerate efforts to broaden and enhance access to sustainable financing for SMEs in a more comprehensive and inclusive manner.	
		Further develop and enhance financial products to support the transition towards green businesses by addressing the specific needs of each industry through a Product Champion approach, while modernizing the credit approval process to enhance transparency, efficiency, and effectiveness.	

LHD-01 Support Climate Technology and Green Transition (Cont.)

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
	LHFG has established partnerships with eight ESG advisory organizations, namely the Electrical and Electronics Institute (EEI), ABeam Consulting (Thailand) Ltd. (ABeam Consulting), the Management System Certification Institute (MASCI), Thaipat Institute (THAIPAT), SCG Living and Housing Solution Co., Ltd. (ONNEX by SCG), Banpu NEXT Co., Ltd. (BANPU NEXT), SGS (Thailand) Ltd. (SGS Thailand), and Carbonwize Co., Ltd. (CARBONWIZE). These partners collectively represent government agencies, private-sector organizations, academic institutions, and technology service providers. Their roles encompass advisory services, assurance and verification, the development of reliable renewable energy solutions aligned with internationally recognized standards, investment support, and the enhancement of customers' capabilities to transition towards a low-carbon economy.	Continuously expand collaboration with strategic partners, with a focus on building a diverse network of specialized advisors across multiple areas of expertise, in order to strengthen the company's capacity to provide customers with targeted, timely, and comprehensive advisory support across all relevant dimensions.	

LHD-02 Building Networks and Advancing Green Literacy

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Strengthen collaboration with government agencies and private-sector organizations that priorities ESG principles to establish a collaborative network that promotes sustainability across environmental, social, and economic dimensions. These efforts are undertaken through seminars, training programmers, exhibitions and booth activities, as well as the development of various communication and promotional materials.	Organize the LHB GAFÉ 2025: Transforming Industry Toward a Sustainable Future seminar for the company's customers. The event provides participants with opportunities to exchange knowledge and receive advisory support from the company's partners, helping them to plan and transform their businesses towards greater sustainability.	Organize the "LHB GAFÉ" seminar at least once a year, with a focus on enhancing knowledge and understanding of the transition towards sustainability among customers and other interested stakeholders. The seminar content will be further developed to provide greater depth and sector-specific insights, particularly on transition technologies for carbon-intensive industries and emerging topics of contemporary relevance that have not yet been widely addressed by other event organizers. These initiatives are intended to support the implementation of the company's transition strategy, respond effectively to customers' evolving needs, and strengthen LHFG's role as a sustainability partner capable of providing in-depth, timely, and relevant knowledge.	

LHD-02 Building Networks and Advancing Green Literacy (Cont.)

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
	LHFG, in collaboration with the National Institute of Development Administration (NIDA), organized Financial Literacy seminars for university students and employees of the company's corporate customers in the Eastern Economic Corridor (EEC). The seminars aimed to enhance financial awareness and understanding, promote effective financial planning, and encourage appropriate financial behaviors, thereby enabling participants to improve their overall quality of life.	Participate in and establish promotional booths at events aligned with the company's green transition strategy, particularly those attended by businesses in carbon-intensive industries or representatives from organizations responsible for driving corporate transition plans. Such engagements provide opportunities to offer advisory support, share relevant knowledge and expertise, and promote the company's financial products and solutions that can facilitate customers' transition towards low-carbon business models.	

LHD-03 Digital Innovation for Carbon Management

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Promote the development of financial innovations for effective carbon management, with a focus on developing the company's tools and services to support the monitoring and calculation of greenhouse gas emissions. These initiatives are intended to strengthen the company's role as a key enabler in driving the transition towards a low-carbon economy in a tangible and effective manner.	Procure carbon platform services to support comprehensive greenhouse gas management, covering both the company's own operations and the monitoring of greenhouse gas emissions arising from customers' activities within the company's loan portfolio (Financed Emissions – Scope 3, Category 15).	Implement carbon management by integrating baseline data into the carbon platform to pilot its application for own operations, with the aim of further extending its use to identify and select carbon-intensive customers for the development of Transition Plans. This initiative is designed to support customers in systematically measuring, analyzing, and reducing their carbon emissions, while enhancing operational efficiency and strengthening their readiness for the transition toward a low-carbon economy.	Expand the use of the carbon platform to new customer segments, particularly small and medium-sized enterprises (SMEs), and integrate the resulting data into the calculation of greenhouse gas emissions under Scope 3, Category 15 (Investments), as well as other relevant operational activities. In addition, collaborate with the service provider to further enhance the system's efficiency and capabilities, including its ability to support sector-specific requirements and applications.

LHD-03 Digital Innovation for Carbon Management (Cont.)

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
	Conduct pilot calculations of greenhouse gas emissions associated with financial activities, including lending, investments, and other financial services, in accordance with Category 15 of the Partnership for Carbon Accounting Financials (PCAF) framework.	Conduct a verification of the greenhouse gas emissions calculations arising from the activities of customers within the company's loan portfolio, in order to assess the accuracy and consistency of the data with the existing loan portfolio structure.	Develop a plan to enhance the quality of data used in greenhouse gas emissions calculations, while improving data collection and management processes to increase the overall efficiency, reliability, and accuracy of the emissions calculation system.
	Assess greenhouse gas emissions arising from the company's various activities and throughout its supply chain, covering both direct and indirect emissions, in accordance with the requirements for calculating and reporting an organization's carbon footprint established by the Thailand Greenhouse Gas Management Organization (Public Organization: TGO). The organizational boundary is defined using the Financial Control approach. The assessment covers greenhouse gas-emitting activities across both the company's head office and branches, including Scope 1 and Scope 2 emissions, as well as Scope 3 emissions.	The company has established policies and procedures for the preparation, collection, and assessment of greenhouse gas emissions data arising from its activities, as well as from activities throughout its value chain that contribute to both direct and indirect GHG emissions. The company has conducted such assessments since 2020, which was designated as the base year, and has continued the process through 2025. The reported GHG emissions data have been verified and certified by the Thailand Greenhouse Gas Management Organization (Public Organization: TGO).	Develop a Net Zero Pathway for the company, with guidance and advisory support from consultants under the Climate Action Leading Organization (CALO) program, to establish a structured roadmap and appropriate measures for achieving the company's net-zero greenhouse gas emissions target.

LHD-04 Smart and Sustainable Energy Management

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Develop, enhance, and monitor the Decarbonization Plan to reduce greenhouse gas emissions arising from the company's operations, while supporting its sustainability objectives and minimizing environmental impacts.	Continuously implement greenhouse gas emissions reduction measures, including the adoption of hybrid vehicles, increased use of biofuels, installation of solar rooftop systems at branches, enhancement of waste management practices, and reduction in paper consumption. These initiatives have collectively reduced GHG emissions by approximately 580 tonnes of carbon dioxide equivalent (tCO_2e).	Establish targets and an implementation plan to reduce greenhouse gas emissions intensity from the company's Own Operations by 35% from the 2020 base-year level by 2030.	
	Compared with the 2020 base year, the company's greenhouse gas emissions per unit of floor area showed an overall declining trend during the period from 2021 to 2025. The company achieved reductions in greenhouse gas emissions intensity from its own operations of 28.52%, 24.00%, 20.97%, 27.74%, and 38.54%, respectively, compared with the base-year level.	Assess the feasibility of procuring Renewable Energy Certificates (RECs) to increase the proportion of electricity sourced from clean energy for the company's office buildings.	

LHD-05 Climate Integration into Financial Planning

LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Systematically integrate climate-related risk and opportunity factors into the organization's strategic planning, budgeting, and financial portfolio management processes.	The company has integrated climate-related considerations into its annual financial and business planning processes. It conducts Climate Scenario Analysis to assess potential impacts on asset quality and provisioning requirements. The company has also allocated a portion of its capital expenditure (CAPEX) to the development of technology systems for the automated collection and management of carbon data, including Financed Emissions Automation. In addition, the company has established a Sustainable Finance Framework to enhance its readiness to access and participate in the sustainable debt capital markets.	• Consider increasing Expected Credit Loss (ECL) provisions in response to potential increases in non-performing loans (NPLs) among higher-risk industries, while also increasing operating expenditure (OPEX) for risk management and disaster preparedness and response. • Establish long-term OPEX and CAPEX budgets to support digital transformation initiatives and the adoption of clean technologies. • Explore potential merger and acquisition (M&A) opportunities involving sustainability data or technology service providers to strengthen the company's competitive capabilities. • Issue green bonds and secure financing linked to sustainability targets to support the achievement of the company's green lending objectives in alignment with its Net Zero commitment.	

LHD-06 Just Transition

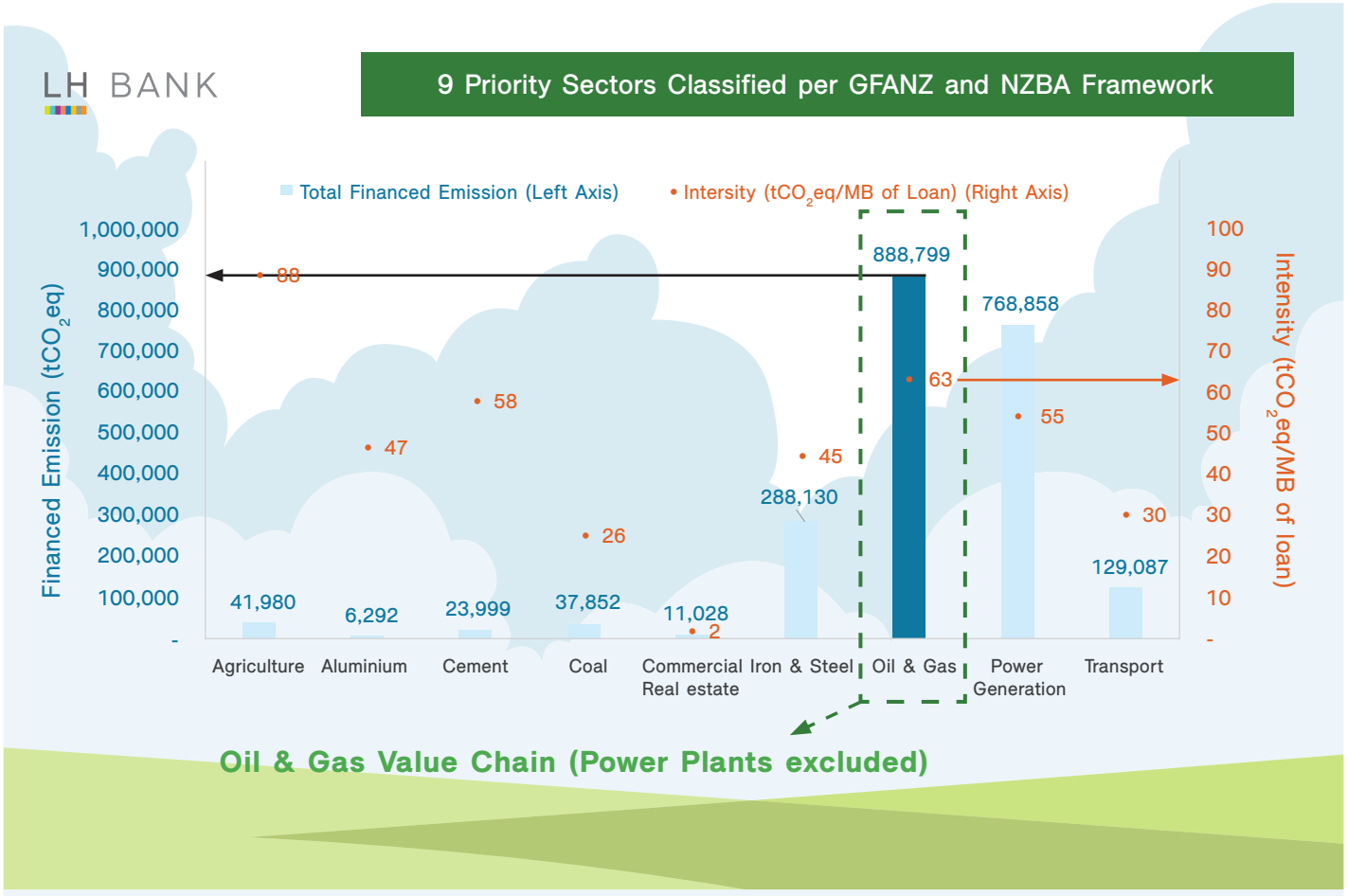
LHFG's Direction	Substantial Action as of the end of 2025	Short-term Action Plan (1 yr)	Long-term Action Plan (1-5 yrs)
Support individual customers and SMEs in industries significantly affected by climate-related measures to adapt and gain equitable access to transition finance, thereby helping to mitigate the risks of job losses and reduced business opportunities across the value chain.	Integrate equity and just transition considerations through collaboration with partner organizations in developing Transition Finance products that facilitate access to financing for SMEs.	• Design and offer accessible Green Loans and Transition Finance solutions tailored to SMEs, incorporating appropriate terms or mechanisms to help reduce their financing costs. • Apply artificial intelligence (AI) to assess the alignment of projects with the Do No Significant Harm (DNSH) criteria and Minimum Social Safeguards (MSS) under the Thailand Taxonomy, while screening for risks related to labor practices, human rights, and community impacts, thereby supporting a more efficient credit assessment process. • Collaborate with government agencies, academic institutions, and network partners to support reskilling and upskilling initiatives for employees and customers operating in high-risk business sectors, enabling them to transition effectively and sustainably towards the new economy through the implementation of financial literacy programmers.	



3.8 Transition Pathway

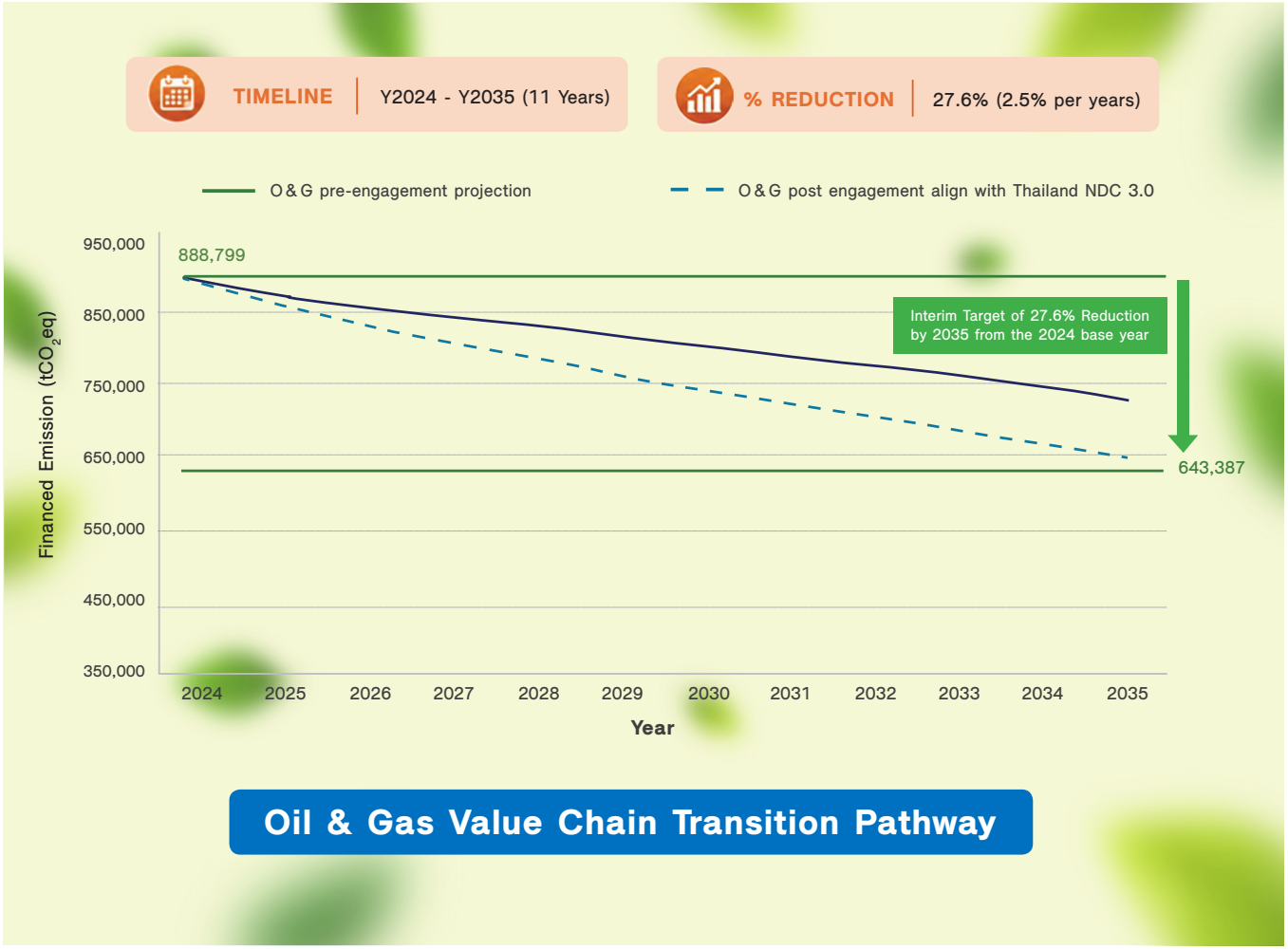
Sectoral Decarbonization

LHFG has classified its customer segments in accordance with the frameworks of the Glasgow Financial Alliance for Net Zero (GFANZ) and the Net-Zero Banking Alliance (NZBA), global alliances of financial institutions committed to supporting the transition towards Net Zero. This classification is used to support the establishment of greenhouse gas emissions reduction targets aligned with a 1.5°C pathway.



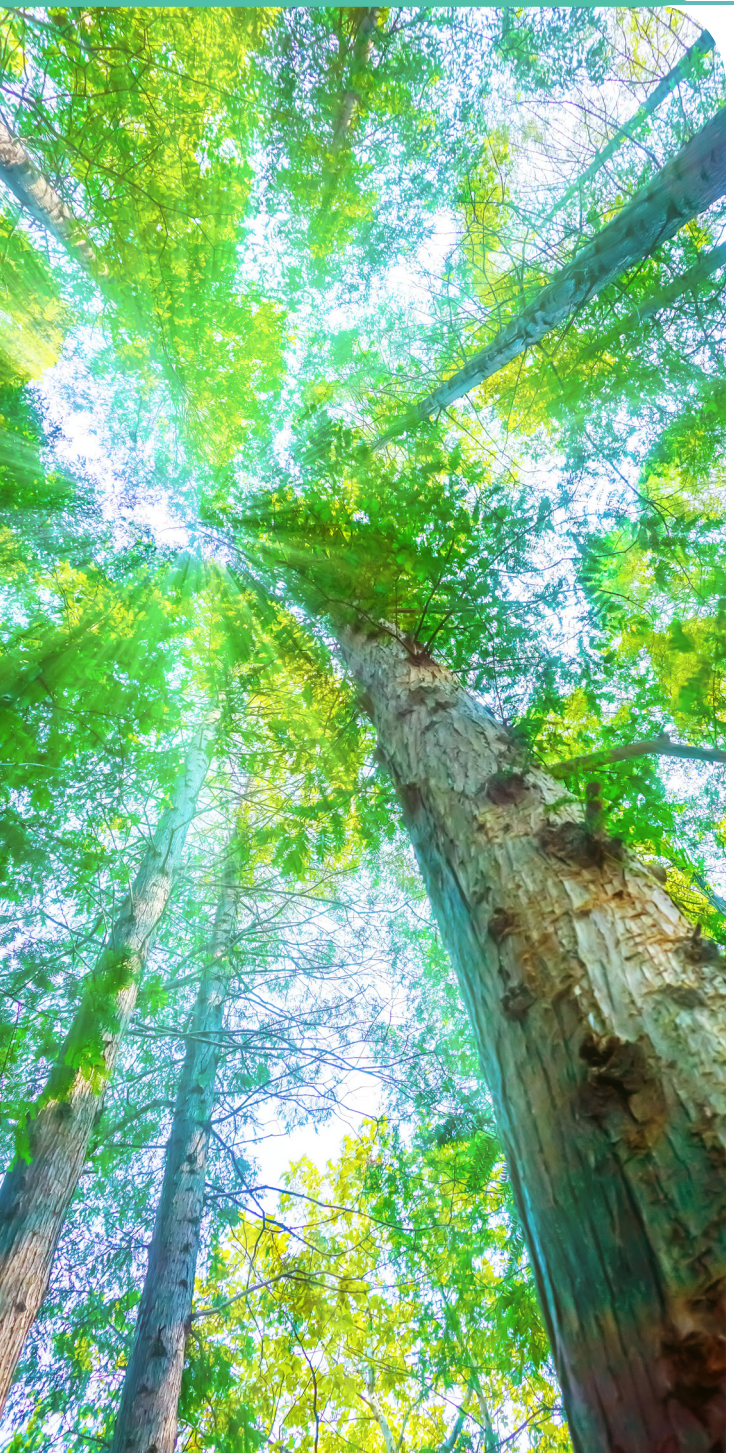


Based on the portfolio analysis, the oil & gas (O&G) sector was identified as the industry with the highest share of financed emissions within the company's portfolio. In 2024, the sector accounted for greenhouse gas emissions of 888,799 tonnes of carbon dioxide equivalent (tCO_2e), representing approximately 23% of the company's total financed emissions. The company has therefore designated the oil & gas sector as its top priority sector for the implementation of its greenhouse gas emissions reduction plan.





The company is committed to reducing greenhouse gas emissions from its portfolio in alignment with Thailand's Nationally Determined Contribution (Thailand's NDC 3.0). As an interim target, the company aims to reduce financed emissions from the oil & gas sector by 27.6% by 2035, relative to the 2024 base year. At the same time, the company will continue to assess business opportunities and enabling factors that could accelerate progress and enable the achievement of emissions reductions ahead of the established target.



3.9 Customer Engagement Plan

3.9.1 Customer Segments across the Oil & Gas Supply Chain

The company's customers in the oil & gas sector span four key sub-segments across the industry value chain, comprising refinery, petrochemical, gas and fuel manufacturing & distribution, and plastic products and packaging. The company has conducted analyses of the global outlook and relevant Industry Insights to develop a deeper understanding of the key drivers, technologies, and greenhouse gas emissions reduction pathways applicable to each sub-segment. The findings from these analyses are used to formulate targeted customer engagement strategies, with clearly defined objectives, support approaches, and expected outcomes tailored to the specific context of each industry sub-segment.

Refinery

The oil refining industry accounts for approximately 4–5% of global greenhouse gas emissions, with the principal sources of emissions arising from refining processes, hydrocarbon cracking, and hydrogen production. To align with a net zero pathway, industry participants need to significantly increase investment in clean energy, targeting an investment ratio of approximately 1:10 between conventional energy and clean energy.

Transition Levers:

- Transition to the use of electricity and renewable energy in production processes as substitutes for fossil fuels, such as through the adoption of electric boilers and heat pumps, while enhancing energy efficiency and reducing energy losses throughout the production process.
- Adopt carbon capture, utilization and storage (CCUS) technology for high-carbon-emitting production units.
- Expand business activities into low-carbon and bio-based fuels, such as Sustainable Aviation Fuel (SAF).
- Study and explore the application of Small Modular Reactor (SMR) nuclear energy technology.

Petrochemical

The petrochemical industry generates more than 2.2 gigatons of greenhouse gas emissions annually worldwide and faces significant decarbonization challenges, as petrochemical products serve as essential feedstocks for a wide range of industries. Achieving Net Zero will therefore require a combination of technological innovation, improvements in production efficiency, and the adoption of circular economy principles.

Transition Levers:

- Transition production processes by adopting electric steam crackers in place of conventional fossil fuel combustion systems to directly reduce CO_2 emissions, while also exploring the application of emerging technologies such as shockwave reactors.
- Utilize bio-based feedstocks and recycled materials to reduce reliance on fossil-based raw materials.
- Apply CCUS technology to high-carbon-emitting production units, such as steam reformers and crackers.
- Adopt advanced/chemical recycling, pyrolysis, and gasification technologies to convert plastic waste into feedstock for cracker units.

Gas and Fuel Manufacturing & Distribution

This sector plays a critical role in Thailand's energy system, with natural gas accounting for more than 60% of the relevant energy mix. Key challenges include reducing methane and carbon emissions across the value chain, while adapting to the increasing adoption of electric vehicles (EVs) and other alternative fuels. Industry participants therefore need to accelerate their adaptation and strengthen their preparedness for the future transition towards clean energy.

Transition Levers:

- Transform conventional fuel stations into multi-energy hubs integrating EV charging infrastructure, biofuels, battery energy storage systems (BESS), and rooftop solar power systems.
- Implement Leak Detection and Repair (LDAR) technology to continuously detect, monitor, and manage methane leakage from equipment.

- Transition towards electrification and improve energy efficiency across the gas transmission network to reduce scope 2 carbon emissions.
- Enter into Direct Power Purchase Agreements (Direct PPAs) with renewable energy producers to supply electricity for compression and control systems.

Plastic Product and Packaging

The plastic products and packaging industry plays an important role in the Thai economy but accounts for approximately 7.3% of the country's greenhouse gas emissions. The transition of this sector therefore focuses on improving resource efficiency, adopting circular product design principles, and reducing reliance on fossil-based feedstocks.

Transition Levers:

- Transition from the use of virgin plastics to bio-based materials and recycled plastics, while also adopting lightweighting approaches to reduce the material intensity and weight of products.
- Design products to enhance recyclability, reusability, and composability, while adopting advanced recycling technologies, such as chemical recycling, pyrolysis, and gasification. Reduce the carbon footprint of paints, coatings, and industrial chemicals by reformulating products using bio-based ingredients or water-based formulations.
- Develop an action plan under the Extended Producer Responsibility (EPR) framework.

3.9.2 Customer Engagement

To support customers in the oil and gas sector in effectively implementing their greenhouse gas emissions reduction plans and transitioning towards a low-carbon economy, the company has established a support plan to enable customers to undertake practical and measurable greenhouse gas emissions reduction projects, with clearly quantifiable outcomes.

Establish One-on-One Customer Collaboration and Engagement

- Conduct one-on-one engagement with customers to develop a comprehensive understanding of their business context, transition readiness, and organization-specific constraints.
- Provide technical advisory support and tailored financial solutions that address the specific needs of each individual customer.

Offer Sustainable Finance Products

Develop and design comprehensive products and services to address customers' needs in transitioning towards sustainability, including:

- o Green Loan
- o Green Transition Loan
- o Sustainability-Linked Loan
- o Green Deposit

Customer Carbon Reduction Support Platform

Collaborate with strategic partners to develop a platform capable of collecting energy consumption and greenhouse gas emissions data, enabling analysis, planning and scenario modelling, as well as the identification and recommendation of investment solutions to support customers' decarbonization strategies.

Strengthen Collaboration with International Financial Institutions

Develop blended finance solutions, such as concessional loans supported by development banks, to mitigate investment risks and mobilize private-sector investment in climate change mitigation projects, while also developing complementary advisory programmers and services.

Enhance the Quality of Financed Emissions Data

Enhance the quality of financed emissions data associated with the company's lending and investment activities, with the objective of progressing towards the use of actual emissions data.

New Opportunities

Organize seminars to enhance knowledge and raise awareness among the broader business community, while providing a platform for networking and identifying prospective customers with strong potential and readiness to undertake the transition towards sustainability.





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 company has established an organizational structure and defined roles and responsibilities to ensure comprehensive management of environmental risks, in accordance with the Three Lines of Defense model, as detailed below:

Establishment of the company's Organizational Structure, Roles, and Responsibilities in Accordance with the Three Lines of Defense Model

Three Lines of Defense	Unit in Charge	Roles and Responsibilities
First Line of Defense	• Customer-facing units, comprise the Business Customer Management Units and the Treasury and Investment Management Group.	• Identify, assess, control, and monitor environmental and climate-related risks associated with customers or investments under the respective unit's responsibility, covering both physical risks and transition risks, through the customer due diligence process, which forms an integral part of the company's credit assessment and approval process.
	• Credit Assessment and Credit Development Group	• Verify the accuracy of the customer or investment status analysis by ensuring that risk assessments are reviewed regularly in accordance with the company's risk control framework, and provide an independent opinion prior to submission to the relevant approval authority.
Second Line of Defense	• Risk Management Group	• Establish E&C risk management policy to provide an effective framework and operational guidelines for the company, ensuring compliance with applicable regulations and supervisory guidelines issued by relevant regulatory authorities. In this regard, environmental and climate-related risks have been integrated into the company's credit and investment approval processes, as stipulated in E&C risk management policy. • Define the business sectors and activities that are sensitive to environmental and climate-related risks, together with the applicable Key Risk Indicator (KRI) thresholds for loans and investments in such environmentally and climate-sensitive businesses or activities. • Foster a strong risk culture across all levels of the organization to ensure that business operations are conducted in alignment with the company's established risk appetite. • Oversee, monitor, control, and regularly report the risk status and developments to the relevant committees or senior management.
	• Credit Review Department	• Review lending and investment transactions to ensure that comprehensive processes are in place for risk assessment and the evaluation of environmental impacts, in accordance with the policies established by the company.
	• Legal and Regulatory Compliance	• Monitor and control the environmental risk assessment process to ensure compliance with all applicable laws, regulations, and relevant regulatory requirements.
Third Line of Defense	• Internal Audit Group	• Review relevant operational processes and risk management practices to ensure compliance with the company's established requirements and policy framework.



4.2 Risk Management Process

4.2.1 Credit Risk

The company has established an environmental and climate change risk management process for its material risk, namely credit risk. The process covers the identification and assessment of risks, as well as risk control and monitoring, encompassing both physical risks and transition risks, as detailed below:

Risk Identification and Assessment

In accordance with the E&C risk management policy, the company requires environmental and climate-related risks to be identified and assessed from the outset of customer transactions as part of the customer due diligence process. Customer-facing units are responsible for reviewing the status of customers or investments through the environmental & climate change checklist, which covers both physical risks and transition risks and forms part of the company's credit assessment process prior to submission for approval. In addition, the company has enhanced and further developed its internal systems to improve operational efficiency and support the collection of greenhouse gas emissions data relating to the company's lending and investment portfolios. Such data are used to calculate financed emissions for corporate customers in accordance with internationally recognized standards, enabling the company to conduct more comprehensive assessments of potential risk impacts and supporting the integration of environmental and climate-related considerations into the company's credit risk management process.

In addition, the risk management function analyses data relating to customer segments and investments that are particularly sensitive to environmental and climate-related risk factors, and assesses their potential impacts on the company's overall portfolio. The company has also established Key Risk Indicators (KRIs) based on business sectors or activities associated with high levels of greenhouse gas emissions arising from the company's financing activities, particularly for customers or investments that are sensitive to environmental risks.

Risk Control and Monitoring

The company has established an exclusion list specifying business sectors and activities that it does not support, thereby providing clear screening criteria to ensure that all lending and investment approvals do not involve illegal businesses or activities, or projects with a high risk of causing severe environmental and social impacts. At the same time, customer-facing business units play an important role in controlling and monitoring such risks. This includes monitoring customers' compliance with the conditions of credit approval, requiring appropriate insurance coverage for potential physical risks in transactions involving high-risk customers, and regularly reviewing the risk status of customers and investment exposures.

The risk management function monitors risk levels through Key Risk Indicators (KRIs) to control the risks associated with environmentally sensitive portfolios in alignment with the company's business direction and established risk appetite. The KRI threshold is defined as a proportion of the total outstanding balance of the company's corporate loans and investments. Where lending and investment exposures to businesses or activities that are sensitive to environmental risks exceed the established reference level, the company has defined appropriate measures to reduce such risk exposures. The company also regularly reports the risk status, together with the results of risk monitoring and control, to the relevant committees, namely the risk management committee, the risk oversight committee, and the Board of Directors.

4.2.2 Other Related Risks

Environmental and climate change may give rise to other risks that are material to the company's business operations, including operational risk, strategic risk, and reputational risk, among others. The company currently considers the factors through which environmental and climate-related risks may affect these material risk categories, and assesses the likelihood and potential impacts based on the nature, scale, and materiality of environmental risks in relation to each area of the company's operations, as follows:

Operational Risk

The company recognizes that climate change may affect its operations through physical risks, particularly extreme weather events such as flooding, which may adversely affect the company's premises, assets, and continuity of services provided to customers. Accordingly, the company incorporates climate change-related factors into its operational risk management and Business Continuity Management (BCM) frameworks to assess potential impacts on personnel, operational processes, systems, premises, and critical external service providers.

The company manages such risks through processes for risk identification, assessment, monitoring, and the implementation of appropriate risk management measures. These include the development and testing of the Business Continuity Plan (BCP) and Disaster Recovery Plan (DRP) for critical systems, with the aim of strengthening the company's preparedness and resilience in responding to events that may disrupt its business operations and service delivery.

The company regularly reviews the adequacy of its insurance coverage, maintains preparedness through alternative operating sites, and continuously monitors disaster events that may affect its operations. These measures are intended to strengthen the company's preparedness for the impacts of climate change and support business continuity.

Strategic and Reputational Risk

The company recognizes that climate change and the transition towards a low-carbon economy may give rise to strategic risk if the company is unable to appropriately align its business strategy, financial products, credit assessment processes, and loan portfolio management with the evolving direction of the climate transition. Relevant factors include changes in government policies, environmental regulations, climate-related disclosure standards, shifts in market demand, and increasing ESG expectations among stakeholders. At the same time, reputational risk may arise if the company is perceived as inadequately managing climate-related issues or as providing financing to businesses with high greenhouse gas emissions without a clear and credible transition pathway. Such circumstances may give rise to concerns regarding greenwashing, undermine confidence among customers, investors, regulators, and the public, and adversely affect the company's reputation, credibility, and relationships with its stakeholders.

To manage these risks, the company has integrated climate-related considerations into its strategic planning and business decision-making processes, taking into account climate-related risks and opportunities across its loan portfolio, particularly in high-risk industries and among customers with high levels of greenhouse gas emissions. The company also develops financial products and services that support customers' transition, such as green loans, transition finance, and advisory services to assist customers in developing transition plans towards a low-carbon economy. In addition, the company places strong emphasis on transparent climate-related disclosures, covering governance, strategy, risk management, as well as relevant metrics and targets. These disclosures reflect the company's systematic approach to managing strategic risk and reputational risk, while strengthening long-term confidence among stakeholders.





05 METRICS AND TARGETS

5.1 Overall GHG Performance and Actions

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

5.3 Financed Emission (Scope 3 Category 15)

5.4 Limitation for Net Zero Strategy and Report

5.5 Sustainability Finance Products to Support Green Transition

5.6 Climate Collaboration



5.1 Overall GHG Performance and Actions

LHFG believes that the effective management of climate-related risks and opportunities must be underpinned by a clear, consistent, and reliable monitoring and evaluation system. Environmental metrics and targets therefore serve not only as tools for measuring performance, but also as key mechanisms for setting strategic direction and systematically driving the company's transition towards its long-term sustainability objectives.

The company has developed a greenhouse gas (GHG) Inventory to monitor its climate-related performance. The inventory covers greenhouse gas emissions arising from the company's operations, including direct greenhouse gas emissions (scope 1) and indirect greenhouse gas emissions from purchased energy (scope 2), as well as other indirect greenhouse gas emissions (scope 3). Scope 3 emissions encompass four material categories, comprising category 1 (purchased goods and services), category 3 (fuel and energy-related activities), category 5 (waste generated in operations), and category 6 (business travel).

The company recognizes that indirect greenhouse gas emissions associated with its lending and investment portfolios (scope 3, category 15: financed emissions) represent the most material source of emissions for assessing its climate-related impacts. The company has therefore adopted the internationally recognized Greenhouse Gas Protocol and the requirements of PCAF as frameworks for measuring, monitoring, and assessing its financial activities. These frameworks support the management of climate-related risks and opportunities across the company's portfolio, while enabling the implementation of its long-term greenhouse gas emissions reduction strategy in alignment with the organization's sustainability objectives.

The company continues to recognize the limitations associated with the initial stages of implementation, including the completeness and quality of available data, as reflected in the data quality score, ongoing developments in internationally recognized calculation methodologies, and the readiness of value chain partners to provide relevant information. The company is therefore committed to transparently disclosing such limitations while continuously enhancing its approach through improvements to internal data collection systems and databases, as well as strengthening its preparedness for forthcoming policy measures and regulatory requirements, such as the Thailand Taxonomy and the draft Climate Change Act. Alongside these internal management efforts, The company is committed to supporting customers in their transition through sustainable financial innovations, including green loans, as well as support for the development of ESG strategies. These initiatives are intended to strengthen customers' adaptive capacity and reduce structural risks within the company's loan portfolio over the long term. In addition, the company places importance on building climate collaboration networks at both the domestic and international levels, with the aim of strengthening the resilience of the financial system and contributing to Thailand's tangible transition towards a low-carbon economy.

Overall, the metrics and targets established and calculated by LHFG serve not merely as tools for measuring performance, but as a fundamental pillar of the company's climate strategy, enabling it to govern, monitor, and drive the transition in a comprehensive and systematic manner, with evidence-based data supporting its decision-making processes.

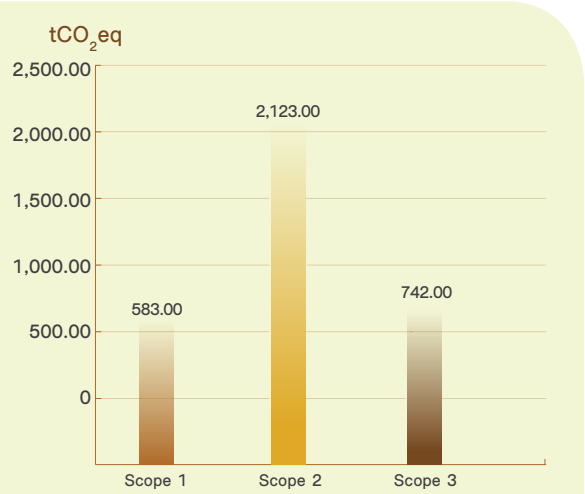
5.2 Own Operational GHG Performance (Scope 1, 2, and 3)

In 2025, the company conducted an assessment of greenhouse gas emissions arising from its own operations using financial control approach to define its reporting boundary. The assessment covered the company's head office, office buildings, branches, and relevant operational units, encompassing scope 1, scope 2, and scope 3 emissions, subject to data availability and materiality. The assessment was conducted in accordance with the guidelines for calculating and reporting an organization's carbon footprint established by the Thailand Greenhouse Gas Management Organization (Public Organization: TGO). The assessment results are used as key indicators for monitoring the company's climate-related performance and supporting the management of climate-related risks and opportunities.

Table: Assessment Results on GHG Emissions Arising from Various Activities of the Company in 2025

Table: GHG Emission Results from Scope 1-3

Scope	Corporate GHG Emissions	Percentage of Scope 1 & 2	Percentage of Scope 1, 2 and 3
Scope 1	553.00	20.67	16.18
Scope 2	2,123.00	79.33	62.11
Scope 3	742.00	-	21.71
Total Scope 1 & 2	**2,676.00**	**100.00**	**-**
Total Scope 1 & 2 & 3	**3,418.00**	**-**	**100.00**



Carbon intensity (Scope 1+2)	0.210346559 tCO_2e/Sq.m.
Carbon intensity (Scope 1+2+3)	0.268671352 tCO_2e/Sq.m.

Table: Scope 1 of GHG Emissions

Source of GHG Emission	Amount of GHG Emission (tCO_2eq)								Total GHG (tCO_2eq)
	CO_2	Fossil CH_4	CH_4	N_2O	SF_6	NF_3	HFCs	PFCs	
1 Use of diesel for fire pump	0.26	-	0.00	0.00	-	-	-	-	0.26
2 Use of diesel for generator	2.13	-	0.00	0.00	-	-	-	-	2.14
3 Use of diesel: Fleet card	66.75	-	0.10	0.98	-	-	-	-	67.83
4 Use of gasoline: Fleet card	440.99	-	1.01	9.61	-	-	-	-	451.61
5 Use of diesel: Bill	0.02	-	0.00	0.00	-	-	-	-	0.02
6 Use of gasoline: Bill	1.55	-	0.00	0.03	-	-	-	-	1.59
7 Use of diesel: Motorcycle	28.21	-	0.06	0.61	-	-	-	-	28.88
8 Fire extinguishing agent: FM200	-	-	-	-	-	-	-	-	-
9 Use of fire extinguishing agent: Carbon dioxide	-	-	-	-	-	-	-	-	-
10 Refrigerant: R410a in air conditioner	-	-	-	-	-	-	-	-	-
11 Refrigerant: R407c in air conditioner	-	-	-	-	-	-	-	-	-
12 Refrigerant: R404a in air conditioner	-	-	-	-	-	-	-	-	-
13 Refrigerant: R134a in air conditioner	-	-	-	-	-	-	-	-	-
14 Refrigerant: R32 in air conditioner	-	-	-	-	-	-	-	-	-
Grand Total	**539.91**	**-**	**1.18**	**11.24**	**-**	**-**	**-**	**-**	**552.33**

Table: Scope 2 of GHG Emission

Source of GHG Emission	Amount of GHG Emission (tCo_2eq)
Electricity consumption	2,122.89
Grand Total	**2,122.89**

Table: Scope 3 of GHG Emission

Source of GHG Emission	Amount of GHG Emission (tCo_2eq)
Purchased goods and services	
1) Acquisition of A4 paper in organization	145.30
2) Use of tap water	13.85
Fuel-and energy-related activities	
3) Use of electricity	362.90
4) Acquisition of gasoline fuel	73.51
5) Acquisition of diesel fuel	8.44
Waste generated in operations	
6) Waste management in communities	59.99
7) Recycling waste management	0.84
8) Business trip by plane	75.52
9) Business stay	1.07
Grand Total	**741.42**

Note: LHFG conducted a materiality assessment of activities under scope 3, categories 1–14, in accordance with the financial sector science-based targets guidance and the GHG protocol. The assessment identified four categories as material to the company's operational activities, comprising category 1 (purchased goods and services), category 3 (fuel and energy-related activities), category 5 (waste generated in operations), and category 6 (business travel).

Prior to 2020, the base year, the Company had implemented various energy management initiatives, including the gradual replacement of fluorescent lighting with LED lighting, the transition from paper-based working processes to electronic systems, and the replacement of internal combustion engine vehicles with hybrid vehicles. As a result, greenhouse gas emissions in the 2020 base year amounted to 3,015 tCO_2e. The Company continued to enhance energy efficiency, with greenhouse gas emissions recorded at 2,155, 2,378, 2,512, 3,998, and 3,418 tCO_2e from 2021 to 2025, respectively. As the Financial Business Group expanded, the existing office space became insufficient to accommodate business and workforce growth. The Company therefore expanded its office premises from 11,885.87 square meters in 2020 to 21,923.42 square meters in 2025. In addition, the Company expanded the reporting boundary for greenhouse gas emissions from its operations to include all 71 branches. Consequently, greenhouse gas emissions increased by 13.37% in 2025 compared with the 2020 base-year level.

Nevertheless, when considering greenhouse gas emissions intensity per unit of floor area relative to the 2020 base year, the company's emissions remained below the base-year level throughout the period from 2021 to 2025. The company achieved reductions in greenhouse gas emissions intensity from its own operations of 28.52%, 24.00%, 20.97%, 27.74%, and 38.54%, respectively, compared with the base year. The reduction achieved in 2025 therefore exceeded the company's target of a 25% reduction from the base-year level.

Over the longer term, the company aims to maintain a reduction in greenhouse gas emissions intensity from its own operations of no less than 35% from the 2020 base-year level.

Table Showing the Achievement of Greenhouse Gas Emissions Reduction Targets

Parameter	Performance Results						Target 2025	Target 2030
	2020 (Base Year)	2021	2022	2023	2024	2025		
Total GHG Emission (tCO_2eq) SC1+SC2+SC3	3,015	2,155	2,378	2,512	3,998	3,418		
Total GHG Emission (tCO_2eq) SC1+SC2	2,355	1,723	1,835	1,879	2,988	2,676		
Scope 1 (tCO_2eq)	701	404	349	220	529	553		
Scope 2 (tCO_2eq)	1,654	1,319	1,486	1,659	2,459	2,123		
Scope 3 (tCO_2eq)	660	432	543	633	1,010	742		
GHG reduction from Base Year (tCO_2eq)		-860	-637	-503	983	403		
GHG reduction from Base Year (%)		-29%	-21%	-16.70%	32.60%	13.37%		
Total Rent Area (Sq.m.)	11,886	11,886	12,336	12,530	21,813	21,923		
Emissions intensity Scope 1,2,3 (tCO_2eq/ Sq.m.)	0.25	0.181	0.193	0.200	0.183	0.156		
Emissions intensity Scope 1,2 (tCO_2eq/ Sq.m.)	0.20	0.145	0.149	0.150	0.137	0.122		
GHG intensity reduction from Base Year/Sq.m. (%)		-28.52%	-24.00%	-20.97%	-27.74%	-38.54%	-25.00%	-35.00%

In 2025, the company implemented tangible initiatives to reduce greenhouse gas emissions from its own operations in support of its Net-Zero pathway. These initiatives comprised five key measures: transitioning the company's vehicle fleet from internal combustion engine vehicles to hybrid vehicles; increasing the use of more environmentally friendly biofuels, such as Gasohol E20 and B7 diesel; increasing the proportion of renewable energy through the installation of solar rooftop electricity generation systems at branch buildings; enhancing internal waste management; and implementing paper reduction measures to minimize resource consumption. To date, the combined implementation of these initiatives has reduced greenhouse gas emissions by approximately 580 tonnes of carbon dioxide equivalent (tCO_2e) compared with the 2024 base year. This reduction is equivalent to the carbon sequestration capacity of approximately 38,666 trees, or approximately 1,154 rai of forest area per year.

5.3 Financed Emission (Scope 3 Category 15)

Types of assets/sectors	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
2024							
Business Loans	94%	946,170	2,270,625	3.16	3.18	5.8	13.9
Power Plant Project Finance	100%	205,651	-	3.00	-	23.2	-
CRE	100%	11,028	-	4.00	-	1.8	-
Mortgage	100%	117,649	-	4.00	-	2.1	-
Sovereign Debt	100%	246,426	-	1.00	-	8.3	-
Equity & Corporate Bond Investments	89%	9,920	50,630	1.88	2.23	1.2	6.3
Total	**96%**	**1,536,844**	**2,321,255**	**2.85**	**3.16**	**5.6**	**8.5**
2025							
Business Loans	93%	1,062,642	3,050,184	2.79	2.71	6.0	17.3
Power Plant Project Finance	100%	603,813	-	2.35	0.00	41.7	-
CRE	78%	3,402	-	4.00	0.00	0.6	-
Mortgage	100%	127,226	-	4.00	0.00	1.9	-
Sovereign Debt	100%	279,022	-	1.00	0.00	7.5	-
Equity & Corporate Bond Investments	100%	30,405	95,079	4.02	4.04	3.0	9.3
Total	**95%**	**2,106,510**	**3,145,263**	**2.52**	**2.75**	**6.8**	**10.1**

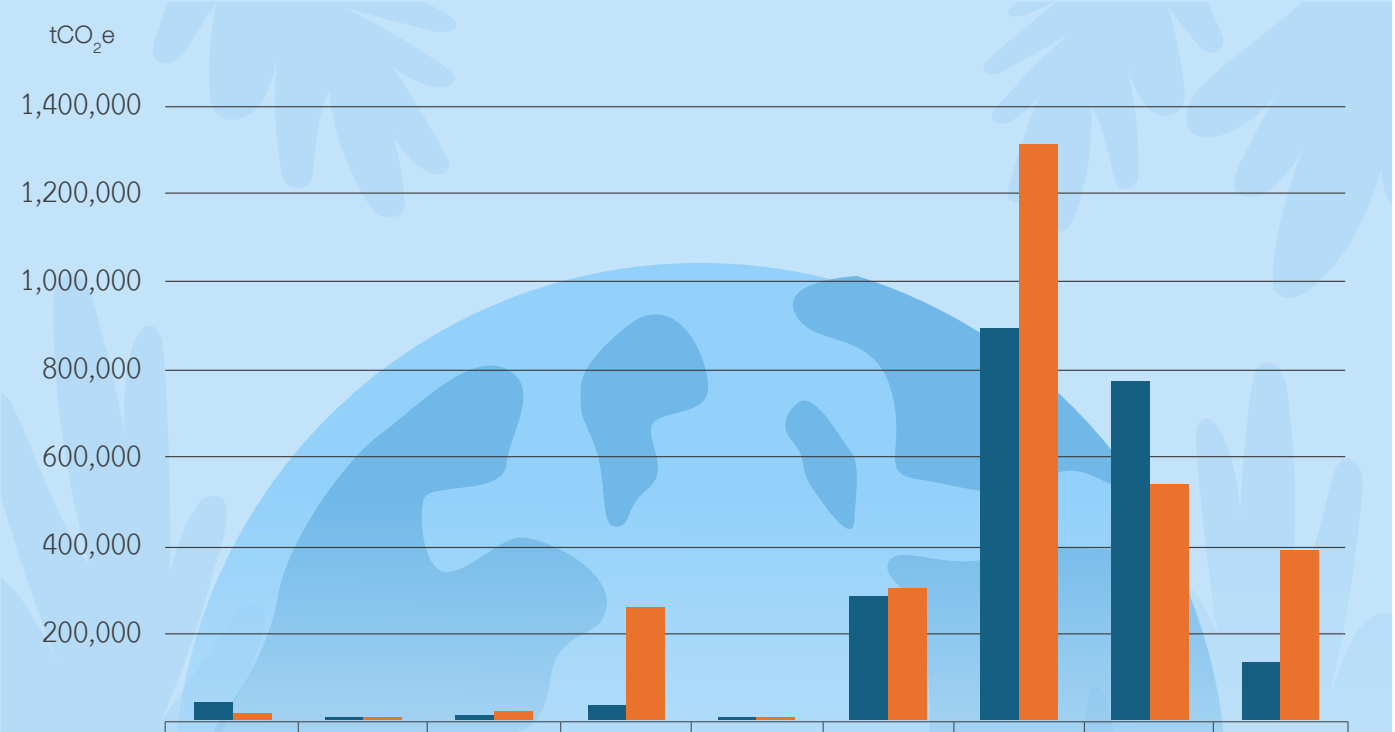
In 2025, the company calculated financed emissions from its lending and investment portfolios in accordance with PCAF standard, covering 95% of the company's total portfolio value, equivalent to THB 312,010 million out of a total portfolio value of THB 326,891 million. The mortgage, sovereign investment, and equity & corporate bond portfolios achieved the highest data coverage at 100%, while the business loan and commercial real estate (CRE) portfolios achieved data coverage of 93% and 78%, respectively.

The company's overall PCAF data quality score for scope 1 and scope 2 emissions stood at 2.52, while the score for scope 3 emissions was 2.75. This was primarily attributable to the relatively high proportion of listed companies within the business loan portfolio, which represents a significant share of the company's asset base. In particular, companies with verified and publicly disclosed greenhouse gas emissions data (verified emissions / score 1) accounted for approximately 18% of the business loan portfolio, materially enhancing the overall reliability and quality of the company's greenhouse gas emissions database. The company's lending and investment portfolios generated total absolute greenhouse gas emissions of 2,106,510 tonnes of carbon dioxide equivalent (tCO_2e) for scope 1 and scope 2, and 3,145,263 tCO_2e for scope 3. The corresponding average portfolio emissions intensity was 6.8 tCO_2e per THB 1 million for scope 1 and scope 2, and 10.08 tCO_2e per THB 1 million for scope 3.

Compared with 2024, the company's total absolute emissions in 2025 increased by approximately 37.1% for scope 1 and scope 2, and 35.5% for scope 3. Carbon intensity also increased over the same period. However, these increases do not solely reflect the expansion of the company's portfolio in carbon-intensive industries; they were also driven by improvements in data quality. The average PCAF data quality scores improved from 2.85 to 2.52 for scope 1 and scope 2, and from 3.16 to 2.75 for scope 3, respectively. This improvement reflects a shift from reliance on industry-average proxy or estimated data towards greater use of asset-level and reported data obtained directly from borrowers and investee companies, resulting in a more accurate and representative measurement of the company's financed emissions.

Based on the classification of the company's loan portfolio in alignment with the Net-Zero Banking Alliance (NZBA) framework, the energy and fossil fuel sectors remain key greenhouse gas emissions hotspots. The oil & gas sector recorded the highest level of financed emissions, amounting to 1,311,611 tCO_2e, or 46% of total financed emissions. This was followed by power generation at 534,671 tCO_2e (19%), transport at 388,776 tCO_2e (14%), and iron & steel at 300,898 tCO_2e (11) respectively.

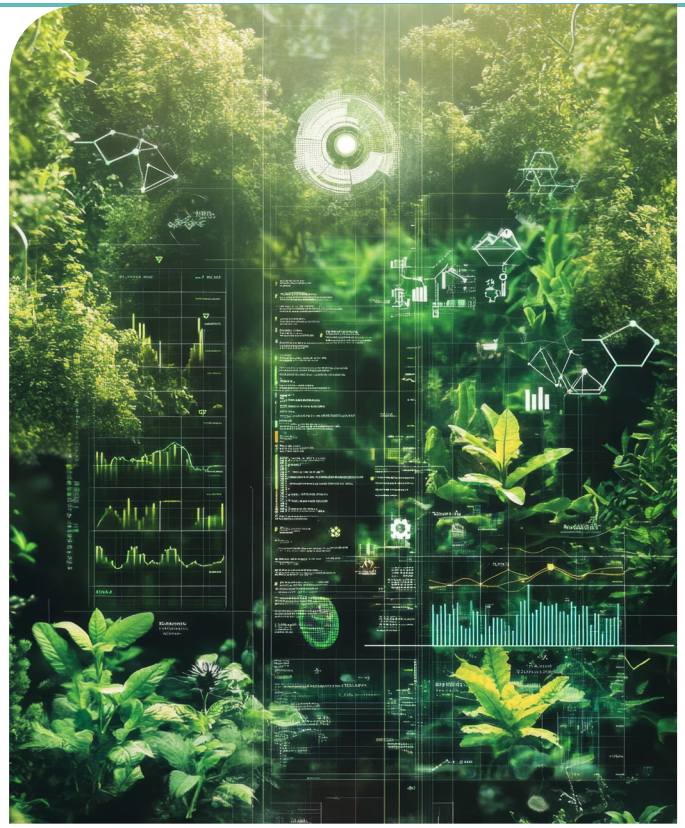
The Classification of 9 Priority Sectors Financial Emissions under the NZBA Framework



	Agriculture	Aluminium	Cement	Coal	Commercial Real Estate	Iron & Steel	Oil & Gas	Power Generation	Transport
2024Y	41,980	6,292	23,999	37,852	11,028	288,130	888,799	768,858	129,087
2025Y	17,801	7,818	32,045	262,257	3,402	300,898	1,311,611	534,671	388,776

Overall, the four industry sectors identified above account for approximately 2,535,956 tCO_2e of financed emissions, representing 89% of total financed emissions of NZBA's 9 priority sectors. This concentration indicates that the company remains relatively exposed to transition risk, particularly in the oil & gas sector, which continues to exhibit both high absolute greenhouse gas emissions and high emissions intensity at the individual customer level. This is consistent with the company's identification of prioritized transition sectors, under which oil & gas has been designated as one of the key sectors requiring particular attention in the management of transition-related risks. The company has established a financed emissions reduction target aligned with Thailand's Nationally Determined Contribution (Thailand NDC 3.0), targeting a 27.6% reduction in greenhouse gas emissions by 2035, compared with the 2024 base year, from 888,799 tCO_2e to 643,387 tCO_2e.





5.4 Limitation for Net Zero Strategy and Report

LHFG recognizes the importance of transparent and reliable disclosure of greenhouse gas emissions associated with its lending and investment activities. However, in estimating greenhouse gas emissions under scope 3, category 15: investments, the company acknowledges certain limitations, as outlined below:

- Data Collection Challenges:
  The calculation requires detailed and diverse data from multiple sources, including the company's internal data, customer-provided information, and data obtained from external sources. In some cases, such data may be delayed or incomplete. To address these challenges, the company has developed a data capability enhancement plan to continuously improve its processes for data collection, analysis, and management.

- Data Volatility:
  The calculated greenhouse gas emissions data may fluctuate over time, which may affect the company's data quality score. The company expects the data quality score to improve progressively over time as the availability, completeness, and quality of data continue to be enhanced.

- Use of Proxy Data:
  Where customer-specific greenhouse gas emissions data are unavailable, the company uses other available information, such as production capacity or sector-specific emission factors, to estimate the associated greenhouse gas emissions.

- Changes in Emission Factors:
  Greenhouse gas emission factors may change over time as the PCAF database, which serves as the company's primary reference source, is updated.

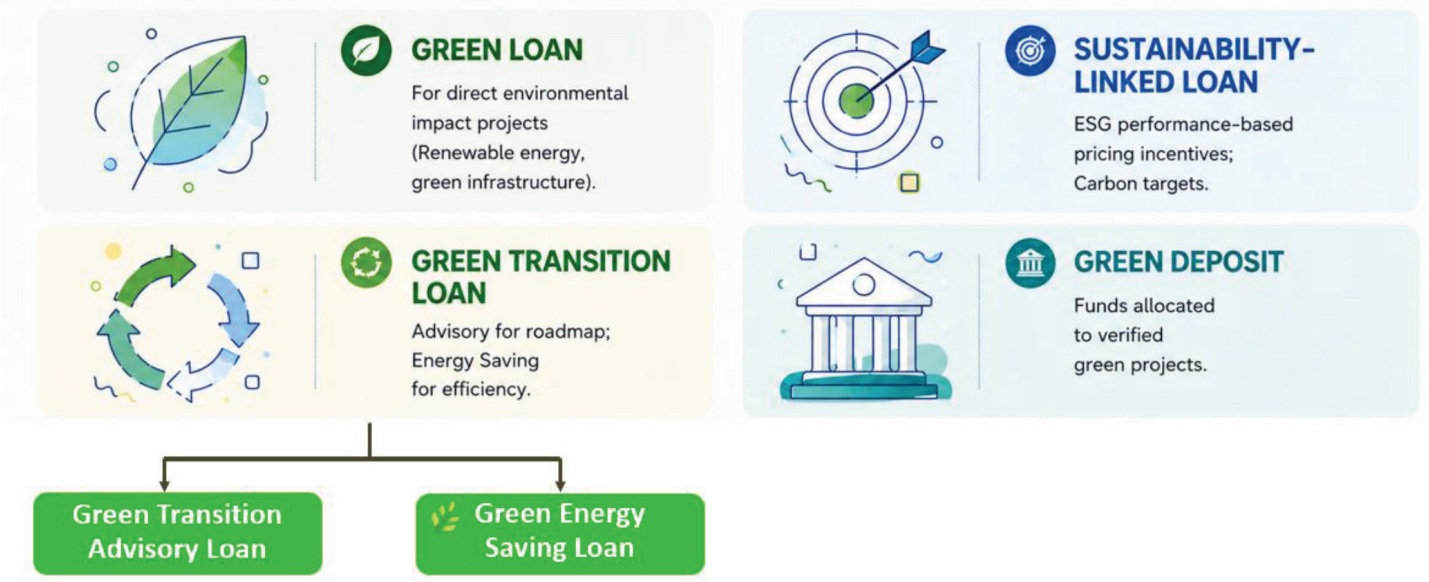
- Delays in Third-Party Data:
  At times, the company may face timing constraints in obtaining necessary information from third parties, such as greenhouse gas emissions data or financial information from customers. In such cases, the company uses the most recent data available for calculation purposes. The company remains committed to continuously enhancing its greenhouse gas emissions reporting processes to ensure that the information disclosed is as accurate and complete as possible.

5.5 Sustainability Finance Product to Support Green Transition

LH Financial Group Public Company Limited recognizes the importance of climate change, which has direct implications for the economy, business sector, customers, and the stability of the financial system. The company has therefore developed and designed sustainable finance products and services in alignment with internationally recognized standards and frameworks, such as Thailand's Sustainable Finance Initiatives promoted by the Bank of Thailand (BOT) and the Thai Bankers' Association (TBA), with the aim of supporting the business sector in its transition towards a low-carbon economy. In addition, the company has incorporated internationally recognized principles and practices into its credit assessment criteria, with a focus on supporting customers in reducing greenhouse gas emissions, improving energy efficiency, and conducting their businesses sustainably through financial solutions tailored to the specific context and needs of each business. At present, the company has developed four principal sustainable finance products, as follows:

Green Loan
Financing to support investments in environmentally sustainable projects or activities, such as renewable energy, waste management, energy efficiency improvements, and greenhouse gas emissions reduction projects.

Sustainability-Linked Loan (SLL)
Financing linked to customers' sustainability objectives through the establishment of Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs), with the aim of encouraging customers to achieve tangible and continuous improvements in their environmental, social, and governance (ESG) performance. The credit facility is subject to annual review, together with an assessment of the customer's achievement against the agreed sustainability targets, such as reductions in energy consumption, greenhouse gas emissions, and waste generation.



Green Transition Loan
Financing to support businesses in their transition towards environmentally sustainable and low-carbon operations, through collaboration with key strategic partners, namely Electrical and Electronics Institute (EEI), ABeam Consulting (Thailand) Ltd., Management System Certification Institute (Thailand) (MASCI), Thaipat Institute (THAIPAT), SCG Living and Housing Solution Co., Ltd. (ONNEX by SCG), Banpu NEXT Co., Ltd. (BANPU NEXT), SGS (Thailand) Limited (SGS Thailand), and Carbonwize Co., Ltd. (CARBONWIZE). These partners provide advisory services, assessment and assurance services, and renewable energy solutions aligned with internationally recognized standards. The financing is divided into two sub-products, as follows:

- Green Transition Advisory Loan: Support investments in upgrading systems or business processes to reduce environmental impacts, such as wastewater treatment systems, production process improvements, and technologies that enhance environmental efficiency.
- Green Energy Saving Loan: Financing designed to enhance the capabilities of SMEs and other businesses seeking to reduce energy costs through investments in solar rooftop systems, energy-efficiency solutions, and technologies that improve resource efficiency.

Green Deposit
A sustainable deposit product has been developed under the company's sustainable finance framework, which is aligned with internationally recognized standards and has been independently reviewed and verified by an external party. The proceeds will be allocated to support green and sustainable financing projects or other activities that meet the company's established environmental eligibility criteria, with a clearly defined and verifiable framework for the use and allocation of proceeds.

In 2025, the company set a target of THB 3,000 million in environmentally sustainable financing, which it successfully exceeded by providing a total of THB 4,545.20 million in such financing. Over the longer term, the company has set a target to provide THB 30,000 million in cumulative environmentally sustainable financing by 2027, with the aim of increasing capital allocation towards economic activities and projects that help mitigate environmental impacts and support climate change mitigation and adaptation. These initiatives represent an important mechanism for enabling customers to adapt to climate-related risks while strengthening their long-term competitiveness. They also support customers in reducing reliance on fossil fuels, increasing the use of renewable energy, and improving cost efficiency through the more effective and efficient use of resources and renewable energy, in alignment with the country's greenhouse gas emissions reduction targets.



5.6 Climate Collaboration

LH Financial Group Public Company Limited (LHFG) has strengthened its capabilities in climate risk management, sustainability governance, and the provision of environmentally sustainable financing by developing a sustainability ecosystem through collaboration with a network of strategic partners. These include the Electrical and Electronics Institute (EEI), ABeam Consulting (Thailand) Ltd., Management System Certification Institute (Thailand) (MASCI), Thaipat Institute (THAIPAT), SCG Living and Housing Solution Co., Ltd. (ONNEX by SCG), Banpu NEXT Co., Ltd. (BANPU NEXT), SGS (Thailand) Limited (SGS Thailand), and Carbonwize Co., Ltd. (CARBONWIZE). The company's sustainability partnership network encompasses government agencies, private-sector organizations, academic and technical institutions, technology service providers, as well as assurance and verification bodies. These strategic partners play an important role across four key areas, as follows:

- Sustainability & Climate Advisory Partners
  Provide advisory services on ESG, Climate Strategy, Carbon Accounting, and Transition Planning to enhance the standards and effectiveness of the company's green finance and transition finance offerings.
- Verification & Assurance Partners
  Support the assessment and verification of environmental data, including carbon footprint calculations, measurement of greenhouse gas emissions reductions, and certification of green products and projects, to ensure that the company's lending processes are transparent, credible, and aligned with internationally recognized standards.
- Technology & Investment Partners
  Collaborate in the development of renewable energy innovations, energy-efficiency solutions, and carbon management solutions to support customers in investing in and transitioning their production processes at an appropriate and commercially viable cost.
- Capacity Building & Knowledge Partners
  Enhance entrepreneurs' knowledge and capabilities through training programmed on ESG, carbon management, and green loan essentials.

These strategic partnerships reinforce the role of the LHFG Financial Business Group in supporting the business sector's transition towards a low-carbon economy, facilitating the growth of green transition loans, and enabling the company's customers to progress towards their Net Zero transition in a tangible and sustainable manner.

Collaboration with Partners

LH Financial Group Public Company Limited has entered into Memorandum of Understanding (MOUs) with public- and private-sector organizations to provide advisory support on investment, business transformation, and development. These collaborations are intended to strengthen the company's financial products and solutions, enabling it to address customers' needs comprehensively while supporting businesses in their transition towards environmental sustainability. The scope of collaboration also encompasses the development of services relating to standards and product assurance and certification, training, technology and innovation development, in-depth industry insights, as well as research and the formulation of recommendations on relevant approaches, policies, and measures covering production, technology, and marketing. In addition, the company actively participates in industry and financial-sector collaboration networks, including its membership in the Thai Bankers' Association (TBA). The company supports the Association's approach to establishing greenhouse gas emissions reduction targets in alignment with Thailand's NDC 3.0, under which Thailand aims to achieve Net Zero greenhouse gas emissions by 2050. The company will also seek to accelerate implementation in areas where earlier progress is feasible.

Activities with Clients

LH Financial Group Public Company Limited organized seminars and workshops under the LHB GAFÉ 2025: Transforming Industry Toward a Sustainable Future programmed to promote sustainable business development among entrepreneurs. The initiative aimed to strengthen the knowledge and understanding of both existing and prospective customers regarding climate risk management strategies, carbon reduction approaches, and the transition towards net zero. The programmed also provided participants with opportunities to exchange knowledge and receive advisory support from the company's consulting partners, enabling them to develop credible business



transition plans towards sustainability and a low-carbon economy in alignment with internationallyrecognized standards. In addition,the company collaborated with the National Institute of Development Administration (NIDA) to organize Financial Literacy seminars for universitystudents and employees of the company's corporate customers in the Eastern Economic Corridor (EEC). The seminars were designed to enhance financial awareness and understanding, promote effective financial planning, and encourage appropriate financial behaviors, thereby enabling participants to improve their overall quality of life.

Advisory Service

The company supports customers in driving their businesses towards sustainable growth through a network of expert partners specializing in sustainability and the transition towards a low-carbon economy. Advisory services cover the development of sustainability strategies under the company's Sustainable Finance Framework, which is aligned with internationally recognized standards and has received an independent Second-Party Opinion (SPO). The company also provides support in assessing climate-related risks and opportunities and preparingdisclosures in accordance with internationally recognized standards and frameworks, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB) standards, including IFRS S1 and IFRS S2. These services are intended to help customers strengthen their preparedness and comply with increasingly stringent ESG-related requirements and regulations. In addition, the company supports the assessment and classification of projects in accordance with Green Taxonomy criteria and relevant sustainable finance standards, thereby enhancing customers' opportunities to accessgreen financing and sustainable financial products. The company also provides advisory services on ESG data management, sustainability reporting, and the application of digital technologies to efficiently monitor, analyses and report ESG performance. These initiatives are intended to strengthen customers' long-term competitiveness and readiness for the transition towards low-carbon business operations.





06
ABOUT THIS REPORT

This section has been prepared to explain the objectives, scope, reporting methodology, data sources, and key content of the report in accordance with the TCFD recommendations. It covers disclosures relating to governance, strategy, risk management, and climate-related metrics and targets, with the aim of enabling stakeholders to understand the company's approach to managing climate-related risks and opportunities, as well as its support for the transition towards a low-carbon economy, in a transparent and systematic manner.

Environmental Information

This report presents environmental information covering the key activities of LHFG that have material environmental impacts and are significantly related to climate-related risks and opportunities. The information has been compiled from relevant internal sources, including metering and measurement records, accounting documentation, operational processes, and internal reporting systems, to support the monitoring of environmental metrics and targets, as well as the transparent and systematic management of climate-related risks and opportunities.

Energy

LHFG's energy consumption encompasses electricity purchased from external sources, energy derived from fuel combustion, and renewable energy utilized by the company as appropriate. The relevant data are collected from reliable sources, including accounting records, utility bills, meter readings, and energy unit conversions, with reference to applicable guidelines issued by relevant authorities. Energy data are used as key indicators for monitoring scope 2 greenhouse gas emissions, assessing energy efficiency, and establishing measures to reduce greenhouse gas emissions arising from the company's operations.

Water

LHFG places importance on the efficient management of water resources, covering water withdrawn from external sources, reused water, water discharge, and recycled water. Water-related data are collected from relevant sources, including accounting records, water utility bills, meter readings, and internal recording systems, to monitor water-use efficiency and assess risks associated with relevant water sources. Such information also supports the management of climate-related physical risks, including droughts and floods.

Waste

LHFG manages waste generated from the company's operations and activities, covering waste from its Head Office, branches, and other entities within the reporting boundary. Waste volume data are based on estimates of municipal solid waste generated at Q House Lumpini, where the company's Head Office is located, as well as at branches nationwide. The company uses this information to monitor waste management performance, reduce waste sent for disposal, promote waste segregation and recycling, and enhance the efficient use and management of resources.

Greenhouse Gas Emissions

LHFG discloses greenhouse gas emissions arising from the company's operations and activities, covering relevant scope 1, scope 2, and scope 3 emissions, subject to data availability and materiality. The emissions are calculated in accordance with the guidelines of the Intergovernmental Panel on Climate Change (IPCC) and the carbon footprint calculation guidelines of the Thailand Greenhouse Gas Management Organization (Public Organization: TGO) to ensure the accuracy and transparency of the company's reporting.

1. Reporting Scope

1.1 Direct greenhouse gas emissions (scope 1) arise from the company's operational processes and activities that are subject to its monitoring, control, and management. These include fuel and natural gas combustion, methane leakage from wastewater treatment tanks, and refrigerant leakage.

1.2 Indirect greenhouse gas emissions (scope 2) arise primarily from electricity purchased from external sources for the company's operations. This includes electricity purchased directly from the metropolitan electricity authority (MEA) and the provincial electricity authority (PEA), as well as electricity purchased indirectly through premises lessors.

1.3 Other indirect greenhouse gas emissions (scope 3) encompass emissions associated with the company's activities, such as business travel, water consumption from external sources, and investments, in order to reflect the broader environmental impacts arising across the company's value chain.

2. Greenhouse Gas Emissions Intensity Reporting

.2.1 Calculation of Scope 1 Greenhouse Gas Emissions

Scope 1 greenhouse gas emissions are calculated based on fuel consumption, measured by weight or volume, such as the quantity of oil or natural gas consumed multiplied by the applicable greenhouse gas emission factors. The calculation also includes methane leakage from wastewater treatment tanks and refrigerant leakage.

2.2 Calculation of Scope 2 Greenhouse Gas Emissions

Calculated based on the amount of electricity purchased from external sources, multiplied by the applicable greenhouse gas emission factor.

2.3 Calculation of Scope 3 Greenhouse Gas Emissions

Calculated based on expenses associated with business travel by road, travel distance, the travel class of business air travel, and the volume of tap water consumed, multiplied by the applicable greenhouse gas emission factors.

2.4 Calculation of Scope 3 Greenhouse Gas Emissions from Investments (Category 15: Investments)

The calculations are based on the company's business loans, project finance, corporate bonds and government securities, equity investments, and mortgage loans, and are used to analyze and report the environmental impacts associated with the company's financing and investment activities.

3. Greenhouse Gas Emissions

The greenhouse gas emissions report covers carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and Sulphur hexafluoride (SF_6). Emissions are calculated and reported in carbon dioxide equivalent (CO_2e), reflecting the Global Warming Potential (GWP) of each greenhouse gas in accordance with the standards established by IPCC.

4. Reference Sources for Emission Factor Calculations

4.1 Scope 1 and Scope 2 Greenhouse Gas Emissions

The calculation of Scope 1 and Scope 2 greenhouse gas emissions is based on the 2006 IPCC Guidelines, the U.S. Environmental Protection Agency (EPA), the UK Department for Business, Energy & Industrial Strategy (BEIS), and the guidelines of the Thailand Greenhouse Gas Management Organization (Public Organization: TGO), together with the fuel calorific values prescribed by the Department of Alternative Energy Development and Efficiency (DEDE).

4.2 Scope 3 Greenhouse Gas Emissions (Category 15: Investments)

The calculation of Scope 3 greenhouse gas emissions for Category 15: Investments is based on data from PCAF database and reports published by organizations within the company's investment portfolio, in order to enable a comprehensive and accurate assessment of the environmental impacts associated with the company's investments.

5. Methodology for Calculating Emission Factors

5.1 Assessment Approach

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

5.2 Calculation of Scope 3 Greenhouse Gas Emissions (Category 15: Investments)

The calculation of scope 3 greenhouse gas emissions for Category 15: Investments follows the methodology established by PCAF, taking into account the proportion of the company's financing or investment attributable to each project, in order to provide a comprehensive and transparent assessment of the associated environmental impacts.

6. Assumptions for Calculating Greenhouse Gas Emissions from Travel

6.1 Business Travel by Land Transportation

LHFG's business travel by land transportation, including travel by taxi, is calculated based on the average greenhouse gas emissions associated with passenger vehicle travel. The calculation involves compiling the total distance travelled in kilometers (km), using both directly recorded travel-distance data and estimated distances derived from reimbursed travel expenses, which are converted into equivalent travel-distance data.

6.2 Business Travel by Air

LHFG's business travel by air is calculated using the applicable greenhouse gas emission factors based on air travel class. The calculation is based on the total travel distance, flight type—comprising short-haul, medium-haul, and long-haul flights—and the class of travel, as identified from purchase orders or airline booking records. These data are then multiplied by the appropriate greenhouse gas emission factors for each passenger, according to the relevant travel class and flight type.

Assurance Statement



Thailand Greenhouse Gas Management Organization (Public Organization)

carbon neutral

CERTIFICATE OF APPRECIATION
for Carbon Neutral Organization

is awarded to

LH Financial Group Public Company Limited

This organization compensated its emissions by offsetting with Carbon Credits in the amount of 0,418 tCO_2eq (scope 1+2+3)

From T-VER Project: 30 MEGAWATT-BIOMASS COGENERATION POWER PLANT of MITR PHOL BIOPOWER (PHULUANG) BLOCK II

Carbon Credit Serial Number: TH1-VER-S0201-46-2315-8475338-8478755-0-0

CERTIFIED
BY THAILAND GREENHOUSE GAS MANAGEMENT ORGANIZATION (PUBLIC ORGANIZATION)

Nakorn.
Mr.Nakorn Tangavirapat
Executive Director
Thailand Greenhouse Gas Management Organization
22 April 2026

TCOP-26-O-285



Certificate Number:
TGO CFO FY26-06-793

องค์กร rganization

THAILAND GREENHOUSE GAS MANAGEMENT ORGANIZATION (Public Organization) TGO

CERTIFICATE

Awarded to

LH Financial Group Public Company Limited

Company address verified: 1 Qhouse Lumpini Fl 5 South Sathorn Road, Thung Maha Mek Subdistrict, Sathorn District, Bangkok 10120

Thailand Greenhouse Gas Management Organization certifies that the quantity of Greenhouse Gas of the above organization has been verified by VEKIN (Thailand) Co., Ltd. and found to be in accordance with the requirements of the standard detailed below.

Standard

TGO Guidance of the Carbon Footprint for Organization

Verification Period: [01/01/2025 - 31/12/2025]

Total Greenhouse Gas Emission (Scope 1&2): 2,676 $tonCO_2e$/year

Direct GHG emissions	553	$tonCO_2e$/year
Energy Indirect GHG emissions	2,123	$tonCO_2e$/year
Other Indirect GHG emissions	742	$tonCO_2e$/year

The agreed level of assurance is: Limited, at materiality of 5%

Registration Date: 22 April 2026

Nakorn.
Mr.Nakorn Tangavirapat
Executive Director
Thailand Greenhouse Gas Management Organization (Public Organization)

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, Thailand

have been assessed from 10 August 2026 to 11 August 2026 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 **"Practitioner"**

Authorised by

Montree Tangtermsirikul
General Manager
Issue Date: 08 September 2026
Valid Date: 07 September 2027
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 provides inspection, testing, certification, verification and assurance services globally. SGS affirms its independence from LH Bank and confirms that it is free from bias and conflicts of interest in relation to the organisation and the subject matter of this assurance engagement.

The assurance team was assembled based on its knowledge, experience and qualifications relevant to this assignment and comprised professionals specialising in climate-related financial disclosure, sustainability, climate risk, greenhouse gas accounting and assurance.

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 "**Practitioner**"

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.
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ASSURANCE STATEMENT

SGS (THAILAND) LIMITED'S INDEPENDENT LIMITED ASSURANCE REPORT ON LAND AND HOUSES BANK PUBLIC COMPANY LIMITED'S TCFD REPORT 2025

NATURE AND SCOPE OF THE ASSURANCE
SGS (Thailand) Limited (hereinafter referred to as "SGS") was commissioned by Land and Houses Bank Public Company Limited ("LH Bank") to conduct an independent limited assurance engagement on selected climate-related information presented in LH Bank's TCFD Report 2025 ("the Report"). The Report covers the reporting period from 1 January to 31 December 2025, with the reporting boundary covering LH Bank.

The scope of assurance covered selected qualitative and quantitative climate-related disclosures presented under the four core pillars of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations: Governance | Strategy | Risk Management | Metrics & Targets.

The engagement was performed at a Limited Level of Assurance.

INTENDED USERS OF THIS ASSURANCE STATEMENT
This Assurance Statement is provided with the intention of informing LH Bank and its stakeholders regarding SGS's independent assurance conclusion on the selected climate-related information within the agreed scope of assurance.

RESPONSIBILITIES
The information presented in LH Bank's TCFD Report 2025 and its presentation are the responsibility of the directors, governing body and management of LH Bank.

LH Bank is responsible for the preparation and presentation of the Report, including the selection and application of appropriate reporting criteria, methodologies, assumptions and estimates, and for maintaining appropriate processes and internal controls supporting the reported information.

SGS has not been involved in the preparation of the Report or any of the information subject to assurance. Our responsibility is to perform an independent limited assurance engagement and express a conclusion on the selected climate-related information within the agreed scope based on the procedures performed and evidence obtained.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE
The assurance engagement was conducted in accordance with internationally recognised assurance standards applicable to the subject matter within the agreed scope. The assurance was conducted according to the following standards: ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less extensive than, those performed in a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

SCOPE OF ASSURANCE
The scope of assurance included the evaluation of selected climate-related disclosures presented in the Report under the following TCFD pillars: Governance, Strategy, Risk Management and Metrics & Targets. The assurance procedures also considered, where relevant to the selected disclosures, supporting processes and information relating to Double Materiality Assessment, stakeholder engagement, Climate Scenario Analysis, Transition Pathway, Sustainable Finance and Customer Engagement.

REPORTING CRITERIA
The selected climate-related information was assessed against:
1. Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD);
2. Relevant definitions, methodologies and reporting criteria adopted and disclosed by LH Bank in the TCFD Report 2025; and
3. For GHG information within the agreed assurance scope, the applicable GHG quantification and reporting criteria identified and disclosed by LH Bank.

ASSURANCE METHODOLOGY
The assurance activities were conducted and comprised of interviews with relevant management and responsible personnel, review of policies, methodologies, processes and supporting documentation, and examination of selected evidence supporting the climate-related disclosures.

The assurance procedures included, where applicable:
- Review of processes for identifying and assessing climate-related risks and opportunities;
- Review of the Double Materiality Assessment and related stakeholder engagement process;
- Review of Climate Scenario Analysis methodologies and assumptions;
- Review of selected GHG and Financed Emissions information;
- Examination of supporting records and evidence on a sample basis;
- Analytical review and recalculation of selected quantitative information; and
- Assessment of consistency between selected disclosures and the underlying supporting evidence.

The nature and extent of the procedures performed were determined based on professional judgement and were designed to obtain sufficient appropriate evidence to support a limited assurance conclusion.

LIMITATIONS AND INHERENT UNCERTAINTY
The assurance engagement was conducted on a sample basis and therefore did not include examination of all information, transactions, controls or supporting evidence relating to the Report. Climate-related information may involve assumptions, estimates and forward-looking information. In particular, Climate Scenario Analysis, transition pathways, climate-related targets and other forward-looking information are inherently subject to uncertainty, and actual future outcomes may differ from those anticipated. GHG and Financed Emissions information may also be subject to inherent uncertainty arising from data availability, estimation techniques, emission factors, methodologies, assumptions and data-quality limitations.

Accordingly, SGS does not provide assurance as to whether future climate-related targets, scenarios, forecasts or anticipated outcomes will be achieved.

STATEMENT OF INDEPENDENCE AND COMPETENCE
The SGS Group of companies provides inspection, testing, certification, verification and assurance services globally. SGS affirms its independence from LH Bank and confirms that it is free from bias and conflicts of interest in relation to the organisation and the subject matter of this assurance engagement.

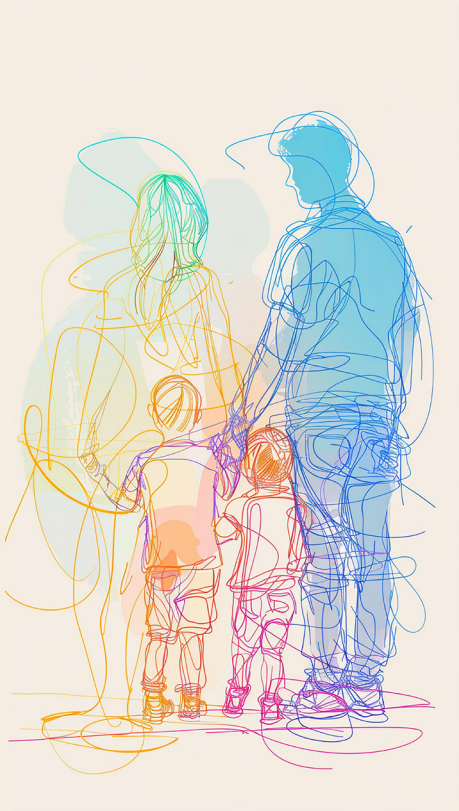
The assurance team was assembled based on its knowledge, experience and qualifications relevant to this assignment and comprised professionals specialising in climate-related financial disclosure, sustainability, climate risk, greenhouse gas accounting and assurance.

ASSURANCE CONCLUSION
Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected climate-related information within the agreed scope of assurance presented in Land and Houses Bank Public Company Limited's TCFD Report 2025 for the reporting period from 1 January to 31 December 2025 has not been prepared, in all material respects, in accordance with the applicable reporting criteria described in the Report.

Signed:
For and on behalf of SGS (Thailand) Limited



Montree Tangtermsirikul
General Manager
238 TRR Tower, 19th-21st Floor, Naradhiwas Rajanagarindra Road,
Chong Nonsi, Yannawa, Bangkok 10120, Thailand
08 September 2026
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