ISS-CORPORATE

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Financing Framework

Krungthai Bank

10 January 2025

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	▪ Green financing products
Relevant standards	▪ Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1) ▪ Green Loan Principles, LMA, February 2023
Scope of verification	▪ Krungthai Bank's Green Financing Framework (as of Jan. 10, 2025) ▪ Krungthai Bank's eligibility criteria (as of Jan. 10, 2025)
Lifecycle	▪ Pre-issuance verification ▪ First Update of SPO as of Feb. 16, 2024
Validity	▪ Valid as long as the cited Framework remains unchanged

CONTENTS

SCOPE OF WORK

Krungthai Bank ("the Issuer," "the Company" or "KTB") commissioned ISS-Corporate to assist with its green financing products by assessing three core elements to determine the sustainability quality of the instruments:

1. KTB's Green Financing Framework (as of Jan. 10, 2025), benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP) and the Loan Market Association's (LMA) Green Loan Principles (GLP).
2. The eligibility criteria — whether the project categories contribute positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (see Annex 1).
3. Consistency of green financing products with KTB's sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

KRUNGTHAI BANK OVERVIEW

Krungthai Bank engages in the provision of commercial banking services. It operates through the following business segments: retail banking, corporate banking, treasury and investment, and support and others. The retail banking segment develops financial products and services. The corporate banking segment provides credit facilities and financial services to corporate clients. The treasury and investment segment controls the company's financial structure. The support and others segment includes middle offices, back offices, subsidiaries and associated companies. The company was founded on March 14, 1966, and is headquartered in Bangkok.

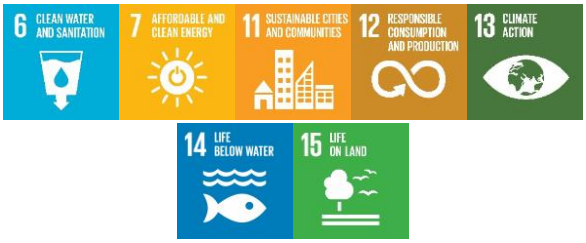
ESG risks associated with the Issuer's industry

KTB is classified in the commercial banks and capital markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies [1] in this industry are business ethics, labor standards and working conditions, sustainability impacts of lending and other financial services/products, customer and product responsibility, and sustainable investment criteria.

This report focuses on the sustainability credentials of the issuance. Part III of this report assesses the consistency between the issuance and the Issuer's overall sustainability strategy.

[1] Please note that this is not a company-specific assessment but rather areas that are of particular relevance for companies within that industry.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION[2]
Part I: **Alignment with GBP and GLP**	The Issuer has defined a formal concept for its green financing products regarding use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP and GLP.	**Aligned**
Part II: **Sustainability quality of the eligibility criteria**	The green financing products will (re)finance eligible asset categories which include: Green categories: Renewable Energy; Energy Efficiency; Pollution Prevention And Control; Environmentally Sustainable Management Of Living Natural Resources And Land Use; Terrestrial And Aquatic Biodiversity; Clean Transportation; Green Technology; Sustainable Water And Wastewater management; Climate Change Adaptation; Circular Economy Adapted Products, Production Technologies And Processes And/Or Certified Eco-Efficient Products; And Green Buildings. Product and/or service-related use of proceeds categories[3] individually contribute to one or more of the following SDGs:  Additionally, Renewable Energy — hydropower generation (>1,000 MW) has an obstruction to SDG 15 at the same time.	**Positive**

[2] The evaluation is based on Krungthai Bank's Green Financing Framework (January 2025 version), and on the eligibility criteria as received on Jan. 10, 2025, applicable at the SPO delivery date.
[3] Renewable Energy, Energy Efficiency, Pollution Prevention and Control, Environmentally Sustainable Management of Living Natural Resources and Land Use, Terrestrial and Aquatic Biodiversity, Clean Transportation, Green Technology, Sustainable Water and Wastewater Management, Climate Change Adaptation, Circular Economy Adapted Products, Production Technologies and Processes and/or certified eco-efficient products, and Green Buildings.

	Process-related use of proceeds categories [4] individually (i) improve the Issuer's operational impacts and (ii) mitigate potential negative externalities of the Issuer's sector on one or more of the following SDGs:  The environmental and social risks associated with the use of proceeds categories and the financial institution are managed.	
Part III: **Consistency of green financing products with KTB's sustainability strategy**	The key sustainability objectives and rationale for issuing green financing products are clearly described by the Issuer. The majority of the project categories considered are in line with the Issuer's sustainability objectives.	**Consistent with Issuer's sustainability strategy**

[4] Energy Efficiency, Pollution Prevention and Control, and Sustainable Water and Wastewater Management.

SPO ASSESSMENT

PART I: ALIGNMENT WITH GREEN BOND PRINCIPLES AND GREEN LOAN PRINCIPLES

This section evaluates the alignment of the KTB's Green Financing Framework (as of Jan. 10, 2025) with the GBP and GLP.

GBP AND GLP	ALIGNMENT	OPINION
1. Use of proceeds	✓	The use of proceeds description provided by KTB's Green Financing Framework is **aligned** with the GBP and GLP. The Issuer's green categories align with the project categories as proposed by the GBP and GLP. Criteria are defined clearly and transparently. Disclosure of an allocation period and commitment to report by project category has been provided and environmental benefits are described. *Additionally, renewable energy — hydropower generation (>1,000 MW) has an obstruction to SDG 15 at the same time.*
2. Process for project evaluation and selection	✓	The process for project evaluation and selection description provided by KTB's Green Financing Framework is **aligned** with the GBP and GLP. The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed appropriately. Moreover, the projects selected show alignment with the Issuer's sustainability strategy. The Issuer defines exclusion criteria for harmful projects categories. The Issuer involves various stakeholders in the process for project evaluation and selection, in line with best market practice.

3. Management of proceeds	✓	The management of proceeds provided by KTB's Green Financing Framework is **aligned** with the GBP and GLP. The net proceeds collected will equal the amount allocated to eligible projects. The net proceeds are tracked appropriately and attested in a formal internal process and are managed on an aggregated basis for multiple green bonds (portfolio approach). Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds and confirms that each loan tranche will be clearly labeled as green. The Issuer has defined an expected allocation period of 12 months, in line with best market practice.
4. Reporting	✓	The allocation and impact reporting provided by KTB's Green Financing Framework is **aligned** with the GBP and GLP. The Issuer commits to disclose the allocation of proceeds transparently and report with appropriate frequency. The reporting will be publicly available on the Issuer's website. KTB has disclosed the type of information that will be reported and explains that the level of expected reporting will be at the project portfolio level. Moreover, the Issuer commits to report annually until the bond matures. The Issuer is transparent on the level of impact reporting and the information reported and further defines the frequency of the impact reporting and discloses the location and link of the report(s), in line with best market practice.

PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE GREEN FINANCING PRODUCTS TO THE U.N. SDGs[5]

Issuers can contribute to the achievement of the SDGs by providing specific services/products that help address global sustainability challenges, and by being responsible actors, working to minimize negative externalities in their operations along the entire value chain. This section assesses the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- Specific products/services
- Improvements of operational performance

1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as ISS ESG's SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the Green/Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP for (re)financing specific products and services is displayed on a three-point scale:

Obstruction	No Net Impact	Contribution

Each of the green financing products' use of proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy *Reference to Thailand Taxonomy for the Green Criteria:* ▪ *Solar energy generation that is not dedicated to support fossil fuel infrastructure.*	**Contribution**	

[5] The impact of the UoP categories on U.N. Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Framework.
[6] The assessment is limited to the provided example in the Framework only.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Wind energy generation that is not dedicated to support fossil fuel infrastructure.* ▪ *Geothermal power generation with emissions intensity less than 100 gCO_2e/kWh and aligning with Thailand Taxonomy Article in Section 4.1.4.* ▪ *Marine energy generation.* ▪ *Hydropower generation (<1,000 MW) that is eligible under Thailand Taxonomy Article in sections 3.4.2 and 4.1.3.*		
Renewable Energy *Reference to Thailand Taxonomy for the Green Criteria:* ▪ *Hydropower generation (>1,000 MW) eligible under Thailand Taxonomy Article in sections 3.4.2 and 4.1.3.*	**Contribution** **Obstruction**	 
Renewable Energy *Reference to Thailand Taxonomy for the Green Criteria:* ▪ *Electricity generation from renewable non-fossil gaseous and liquid fuels, including green hydrogen[7] with emissions intensity less than 100 gCO_2e/kWh and aligning with Thailand Taxonomy.* ▪ *Bioenergy generation and production under Thailand Taxonomy Article in sections 3.4.1 and 4.1.5.* ▪ *Energy production from natural gas, retrofitting of facilities that existing natural gas power plants to use green hydrogen and emissions intensity less than 100 gCO_2e/kWh and aligning with Thailand Taxonomy.*	**Contribution**	

[7] The assessment is limited to the provided example only.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Energy Efficiency ▪ *Supporting activities that create energy conservation, e.g. Choose energy-efficient labeled products/equipment like the Label No. 5 by Electricity Generating Authority of Thailand and Ministry of Energy, Thailand* ▪ *Supporting activities that create energy conservation, e.g. Choose energy-efficient labeled products/equipment like uses energy-saving LED lighting bulbs, high-efficiency HVAC systems or energy recovery units.* ▪ *Manufacture of energy equipment/technology/product related to energy-efficiency and meeting national/international energy efficiency standards or labels.* ▪ *Installation of Solar PV/solar rooftops to enhance energy efficiency and cost-effectiveness in households or businesses, including administrative building, manufacturers, suppliers and installers.*	**Contribution**	
Energy Efficiency *Activities that comply with the Green Industry certification from the Ministry of Industry, Thailand, at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* ▪ *Solar power installation: Adding rooftop solar panels to manufacturing or administrative buildings.*	**Contribution**	
Pollution Prevention and Control ▪ *Activities that systematically prevent and control pollution, promote environmental*	**Contribution**	

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
conservation in line with ISO 14001 such as building or expansion of waste treatment facilities, recycling sorting plants, etc. ▪ *Sustainable waste disposal- Composting Facilities: Establishing composting systems to convert organic waste into agricultural-grade compost.*[8]	Contribution	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as chemical and hazardous substance management:* ▪ *Spill prevention and containment: Installing secondary containment systems and spill detection technologies to prevent chemical leaks.*		
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as*: ▪ *Installation of wastewater treatment system* ▪ *Water conservation* ▪ *Sustainable Resource Management* • *Water Conservation Systems*: *Rainwater harvesting infrastructure.*	Contribution	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as waste recycle projects.*[9] • *Electronic waste collection, recycling and safe processing*	Contribution	

[8] Composting facilities only co-located with recycling facilities are assessed positively.
[9] The assessment is limited to the examples of projects listed in the Framework.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
• *Recovery of precious metals from e-waste* • *Paper and cardboard recycling* • *Metal recycling: aluminum recycling and scrap metal recovery* • *Textile recycling and upcycling* • *Rubber tire recycling* • *Plastic to plastic recycling (PET recycling systems)*		
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as water recycle projects.*[10] ▪ *Industrial water recycling: Closed-loop water systems, cooling water recycling.* ▪ *Municipal water recycling: wastewater treatment and recycling, greywater recycling* ▪ *Stormwater management system: rainwater harvesting and stormwater filtration system.*	**Contribution**	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as:* ▪ *Efficient material use: Recycled packaging materials such as paper-based and glass and metal packaging (e.g., aluminum).*[11]	**Contribution**	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as:*	**Contribution**	

[10] Ibid
[11] 100% of recycled paper.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Green procurement: Sourcing raw materials[12] from certified sustainable suppliers.*	**Contribution**	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as:* ▪ *Green procurement: Sourcing raw materials[13] from certified sustainable suppliers such as Energy Star Certification.*		
Pollution Prevention and Control ▪ *Waste treatment including waste preparation such as disposal activities including:* • *Composing of bio-waste* • *Anaerobic digestion of bio-waste* • *Waste to energy[14]* • *Landfill gas capture and utilization* ▪ *Treatment of hazardous waste*	**Contribution**	
Pollution Prevention and Control ▪ *Waste treatment including waste preparation such as disposal activities including:* • *Remediation of contaminated sites and areas.* • *Remediation of legally non-conforming landfills and abandoned or illegal waste dumps.*	**Contribution**	

[12] FSC-certified paper, furniture, flooring, and packaging using FSC-certified or PEFC-certified wood.
[13] Ibid.
[14] 1. Anaerobic Digestion: Organic waste is broken down in the absence of oxygen to produce biogas (methane) and digestate, which can be used as fertilizer, 2. Gasification: The thermal waste-to-energy technology that converts carbon-based materials into a mixture of gases, primarily syngas (carbon monoxide and hydrogen), by heating the waste to high temperatures in a low-oxygen environment. Unlike incineration, gasification does not involve combustion, resulting in cleaner energy production.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Environmentally Sustainable Management of Living Natural Resources and Land Use [15] *Sustainable agriculture, livestock farming, fisheries and aquaculture certified to national or international standards, such as Good Agricultural Practices, Organic Thailand standards, including*: ▪ *Production of agricultural products with crop protection through biological processes (e.g., using beneficial insects and biological substances instead of synthetic chemicals and pesticides)* ▪ *Sustainable forest management practices, including reforestation and afforestation, certified according to national or international sustainable forest management standards such as FSC standards.* ▪ *Sub-projects that are certified under the following Agri-Certification schemes are automatically eligible*: • *Roundtable on Responsible Soy Association Standard.* • *Roundtable on Sustainable Palm Oil (RSPO).* • *Better Cotton Initiative.* • *Bonsucro Production Standard.* • *Rainforest Alliance 2020 Sustainable Agriculture Standard.*	**Contribution**	
Environmentally Sustainable Management of Living Natural Resources and Land Use *Sub projects that are certified under the following Agri-Certification schemes are automatically eligible*:	**Contribution**	

[15] Ibid.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Aquaculture Stewardship Council Standards for Farmed Seafood.*[16]	Contribution	
Terrestrial and Aquatic Biodiversity ▪ *Terrestrial and aquatic biodiversity including protection of the environment around watersheds, coastal areas, and seas.* ▪ *Landscape conservation and restoration.*		
Clean Transportation ▪ *Manufacturing of electric vehicles and hybrid electric vehicles including batteries for EVs, EV auto parts, infrastructure and other facilities (e.g., charging stations).* ▪ *Rail transportation with zero direct (tailpipe) CO_2 emissions.* ▪ *Other passenger land transport with zero direct (tailpipe) CO_2 emissions.* ▪ *Urban and suburban passenger land transport with zero direct (tailpipe) CO_2 emissions.* ▪ *Freight transport by road with vehicles with zero direct (tailpipe) CO_2 emissions and not for fossil fuel transportation.* ▪ *Installation of EV chargers for the use of clean energy and energy cost savings for households and businesses, including suppliers and installers of EV chargers.*		
Clean Transportation *Reference to Thailand Taxonomy for the Green Criteria:*		

[16] Under KTB's Responsible Lending Guidelines, activity owners must conduct an independent Environmental and Social Impact Assessment (ESIA), and provide detailed sustainability reports, and risk management plans before financing. Audit results influence decisions, and non-compliance with ESG standards, including the Aquaculture Stewardship Council Standards for Farmed Seafood, may result in suspension or termination of financing.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Sea and coastal water transport according to Thailand Taxonomy Table 15, along with additional criteria in Section 3.5.1.* ▪ *Inland water transport with vessels with zero direct (tailpipe) carbon emissions and hybrid and dual fuel vessels deriving at least 50% of their energy from zero direct (tailpipe) carbon emission fuels or plug-in power for their normal operation until Dec. 31, 2027.* ▪ *Enabling infrastructure for low-emission transport aligned with Thailand taxonomy in Section 4.2.5*		
Green Technology ▪ *Carbon capture technologies and energy storage systems.*	**Contribution**	
Sustainable Water and Wastewater Management ▪ *Development of wastewater management. New, expansion, rehabilitation or retrofit of water treatment infrastructure, including but not limited to construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater, or wastewater.* ▪ *Infrastructure of drinking water production, treatment, storage/monitoring/distribution.* ▪ *Development of wastewater management.*[17]	**Contribution**	

[17] New, expanded, rehabilitated or retrofitted water treatment infrastructure, including but not limited to construction, development, installation, operation and maintenance of infrastructure or equipment for collection, treatment, recycling or reuse water, rainwater or wastewater.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Activities to minimize water loss from the production process and improve the efficiency of water consumption should aim for a reduction by at least 15% for SMEs and at least 20% for corporations.*[18]		
Climate Change Adaptation *Development, design, construction and maintenance of infrastructure to prepare for, prevent and mitigate damage from natural disasters resulting from extreme weather, as follows*: ▪ *Weather-related disasters: heatwaves, wildfires and temperature fluctuations.* • *Establishing a wildfire control system with wet fire breaks using irrigation and rainwater.* ▪ *Wind disasters: tropical cyclones, storm surges.* • *Constructing storm surge barriers to reduce the impact and intensity of storm surges.* ▪ *Floods/droughts: flooding, flash floods and overflowing riverbanks, or seasonal rainfall failures or prolonged dry spells.* • *Building reservoirs, water retention areas, flood diversion channels and retention basins, as well as improving riverbanks and levees to prevent flooding and store water for use during dry seasons.* • *Developing and enhancing flood prevention systems in urban areas to improve drainage efficiency by upgrading water barriers.* • *Improving shallow natural waterways and enhancing drainage systems in urban communities and key economic*	**Contribution**	

[18] The category includes water recycling and reuse systems: close-loop water systems, reverse osmosis, membrane filtration, and efficient equipment and process: dry or semi-dry processing.

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
areas, such as drainage pipes and ditches. ▪ *Geological disasters: landslides, subsidence/collapse of soil and soil degradation.* • *Supporting information systems (e.g., weather observation systems, data collection systems for animals and plant species, soil characteristics, and investment in weather forecasting technology to support real-time decision making).* • *Installation of systems and technologies for monitoring and mitigating climate-related risks (e.g., weather observation systems, early warning systems, greenhouse gas emission monitoring systems, air quality forecasting systems, and systems for monitoring the spread of wildfires and haze).*		
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Designing, developing and producing sustainable products and/or using materials (excluding biodegradable materials), components and products that are reusable, recyclable (exclude plastic product , such as:* ▪ *Research and development, including the production of products designed for circularity and/or reuse, to obtain eco-labels related to significant waste reduction and/or the use of products made from waste, such as Cradle to Cradle Certified™, and/or Blue Angel.*	**Contribution**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Production of plastic products that meet the following criteria*: ▪ *If plastic-related, then production must include at least 100% recycled plastics and at least 100% no intended for single use consumer products and all products must be recyclable.*	**Contribution**	
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Production of plastic products that meet the following criteria:* ▪ *Production of products that use resources efficiently or low carbon emissions, certified by the Roundtable on Sustainable Biomaterials (RSB) certified category I (bio-based) & category II (produced with recycled content) products that are 100% residues/waste biomass.* ▪ *Production of products that use resources efficiently or low carbon emissions, certified by the ISCC PLUS, REDcert.*	**Contribution**	
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Designing, developing and producing sustainable products and/or using materials (excluding biodegradable materials), components, and products that are reusable, recyclable (exclude plastic product), such as:*	**Contribution**	

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *Production of products that use resources efficiently or low carbon emissions, certified by the RSPO – certified Palm Oil operation, Bonsucro.*	Contribution	
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Designing, developing and producing sustainable products and/or using materials (excluding biodegradable materials), components, and products that are reusable, recyclable (exclude plastic product), such as:* ▪ *Procurement and distribution of recycled materials or by-products as raw materials for production for recycling, as well as business operations related to the recycling process such as metals, paper and cardboard, glass, electronic waste, and other hazardous materials.*		
Circular Economy Adapted Products, Production Technologies and Processes and/or Certified Eco-Efficient Products *Designing, developing and producing sustainable products and/or using materials (excluding biodegradable materials), components, and products that are reusable, recyclable (exclude plastic product), such as:* ▪ *Procurement and distribution of recycled materials or by-products as raw materials for production for recycling, as well as business operations related to the recycling process such as batteries.*		
Green Buildings ▪ *Leadership in Energy and Environmental Design (LEED)*		

USE OF PROCEEDS (PRODUCTS/SERVICES)[6]	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
▪ *BREEAM (Building Research Establishment Environmental Assessment Method)* ▪ *Thai's Rating of Energy and Environmental Sustainable (TREEs)*		

2. Improvements of operational performance (processes)

The below assessment qualifies the direction of change (or "operational impact improvement") resulting from the operational performance projects (re)financed by the UoP categories, as well as related U.N. SDGs impacted. The assessment displays how the UoP categories mitigate the exposure to the negative externalities relevant to the Issuer's business model and sector.

KTB finances operations/processes in third-party sectors that are not listed in its Framework. As such, ISS ESG is not able to display the exposure to negative externalities linked to the sector of the operations/processes financed. Negative externalities, if present, could have an impact on the overall sustainability quality of the issuance.

The table below displays the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
Energy Efficiency ▪ *Supporting activities that create energy conservation or use energy-saving LED light bulbs.* ▪ *Supporting activities that create energy conservation (e.g., choosing energy-efficient labeled products like the Label No. 5 by Electricity Generating Authority of Thailand and Ministry of Energy).* ▪ *Activities to enhance in-situ energy efficiency, including maintenance and repair of equipment and energy efficiency systems to minimize energy*	✓	

[19] The assessment is limited to the provided example in the Framework only.
[20] Only the direction of change is displayed. The scale of improvement has not been assessed.

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
loss by at least 10% for SMEs and at least 15% for corporations. ▪ *Machinery replacement or modification to enhance energy efficiency by at least 10% for SMEs and at least 15% for corporations.* ▪ *Activities that systematically prevent and control pollution, promote environmental conservation that in line with ISO 14001 such as Energy management platform in a commercial building that enables a 25% reduction in HVAC energy use.*		
Energy Efficiency *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* ▪ *Retrofitting factories with energy-efficient equipment, such as variable frequency drives for motors.* ▪ *Installing solar rooftop systems or small-scale wind turbines to reduce reliance on non-renewable energy sources.* ▪ *Building infrastructure for waste heat recovery from industrial processes including regenerative heat exchangers, waste heat boilers, Organic Rankine Cycle (ORC) Systems, heat pump, Thermoelectric Generators (TEGs), Heat-to-Cooling Systems (Absorption Chillers), recuperators.*[21]	✓	
Energy Efficiency *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level*	✓	

[21] These systems operate on the principle of energy recovery and reuse, where waste heat or low-grade energy sources are upgraded or redirected to perform useful work. They reduce primary energy demand by substituting otherwise wasted energy for heating, cooling, or electricity generation.

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network. ▪ *Building infrastructure for waste heat recovery from industrial processes including thermal storage systems.*		
Pollution Prevention and Control ▪ *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 (e.g., building or expansion of waste treatment facilities, recycling sorting plant)*	✓	
Pollution Prevention and Control ▪ *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as:* • *Installation of wastewater treatment system, water conservation etc.* • *Sustainable resource management- Water Conservation Systems: Rainwater harvesting infrastructure.* • *Greywater recycling and reuse systems in industrial processes.*	✓	
Pollution Prevention and Control ▪ *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as waste recycle projects.* • *Electronic waste collection, recycling, and safe processing* • *Recovery of precious metals from e-waste* • *Paper and cardboard recycling* • *Metal recycling- aluminum recycling and scrap metal recovery* • *Textile recycling and upcycling*	✓	

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
• *Rubber tire recycling* • *Plastic to plastic recycling (PET recycling systems)*		
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as Green Buffer Zones: Establishing vegetation buffers around industrial facilities to reduce the impact on local ecosystems.*	✓	
Pollution Prevention and Control *Activities that systematically prevent and control pollution, promote environmental conservation in line with ISO 14001 such as pollution prevention and waste management:* ▪ *Waste Segregation Systems: Implementation of facilities for separating waste streams (e.g., recyclable, non-recyclable, hazardous).* ▪ *Recycling and Upcycling Programs: Investments in technology to process waste into reusable materials or new products.* ▪ *Hazardous Waste Treatment: Upgrading infrastructure to safely manage hazardous waste, such as chemical neutralization.* ▪ *Zero-Waste Initiatives: Programs aiming to minimize landfill contributions through process redesign or waste reuse.*	✓	
Pollution Prevention and Control ▪ *Activities for preventing and controlling waste/byproducts in the production process to improve efficiency and minimize costs. Activities include recycling and reusing byproducts, efficient resource management, closed-loop production, preventative maintenance.*	✓	

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* *Water Management*: ▪ *Deploying rainwater harvesting systems for industrial cooling or irrigation needs by at least 10% water reduction.* ▪ *Deploying leak detection systems to enhance water efficiency and optimize resource consumption.* ▪ *Financing greywater recycling systems for reuse in non-critical processes.*	✓	

Pollution Prevention and Control
 	
Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.
 	
Clean Technology Investments:
▪ *Financing automated systems that reduce energy, water or material waste.*
  ▪ *Smart building automation systems: Sensors and AI-driven platforms for lighting, HVAC, and energy usage automation (e.g. turning off unused systems automatically based on occupancy)*
  ▪ *Automated energy management platforms: AI-powered platforms that manage peak energy loads and integrate renewable energy sources dynamically*
	✓	

Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry*	✓	

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network. *Clean Technology Investments:* ▪ *Financing automated systems that reduce energy, water or material waste.* • *Automated solar tracking systems: Solar panels with automated tracking mechanisms to maximize sunlight capture, improving energy yield by up to 25%*		
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* *Clean Technology Investments:* ▪ *Financing automated systems that reduce energy, water or material waste.* • *Automated leak detection systems: IOT-enabled water sensors that identify and report leaks in real-time, preventing wastage.* • *Robotic water treatment systems: Automated monitoring and chemical dosing to optimize water treatment and reduce wastage.*	✓	
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* *Clean Technology Investments:* ▪ *Financing automated systems that reduce energy, water or material waste.*	✓	

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
• *Automated sorting and recycling systems: Robotics with AI for waste separation, ensuring efficient recycling of materials.* ▪ *Recycling and Waste Sorting Infrastructure: Financing automated systems for waste separation and recycling to reduce landfill waste and encourage sustainable waste management. Example: Funding community recycling stations equipped with AI-powered sorting machines to improve recycling rates.*		
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* *Community Engagement and CSR:* ▪ *Funding projects to improve local community environmental conditions, such as air quality or waste cleanup.* • *Pollution Control Technologies: Investment in air filtration and scrubber systems for industrial plants or local pollution sources to reduce emissions of harmful gases. Example: Installing air purification systems in factories or schools to improve indoor air quality.*	✓	
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.*	✓	

USE OF PROCEEDS (PROCESSES)[19]	OPERATIONAL IMPACT IMPROVEMENT[20]	SUSTAINABLE DEVELOPMENT GOALS
▪ *Biodiversity and Ecosystem Restoration: Rehabilitating industrial sites into green spaces or natural reserves.*[22]		
Pollution Prevention and Control *Activities that comply with the Green Industry certification from Thailand's Ministry of Industry at Level 3 and above. These levels include: Level 3 - Green System, Level 4 - Green Culture, and Level 5 - Green Network.* ▪ *Community engagement and CSR Green Urban Initiatives: Supporting the planting of urban forests and green roofs that act as natural air purifiers. Example: Community-based tree planting programs that focus on areas with the highest pollution levels* ▪ *Biodiversity and ecosystem restoration: Leading urban tree-planting programs to improve air quality and biodiversity.*	✓	
Pollution Prevention and Control ▪ *Installation of equipment and instruments for air pollution.*	✓	
Pollution Prevention and Control ▪ *Installation of equipment and instruments for wastewater discharge.*	✓	
Sustainable Water and Wastewater Management ▪ *Equipment installation for improving efficiency of water consumption.* ▪ *Activities to minimize water loss from the production process and improve the efficiency of water consumption should aim for a reduction by at least 15% for SMEs and at least 20% for corporations.*[23]	✓	

[22] Examples of projects that focus on ecosystem rehabilitation, where the entities involved are not responsible for the degradation of the area: The Great Green Wall (Africa), Yangogical Restoration (China), Kakadu National Park.
[23] The category includes smart water management systems: real-time monitoring sensor to detect leaks of inefficiencies (sensor monitoring) and water loss prevention technologies (leak detection systems).

B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA

The table below evaluates the eligibility criteria against issuance-specific KPIs. The assets are and will be mostly located in Thailand, though a few of transactions (if any) could be located in other countries including Laos, Vietnam and the U.S.

ASSESSMENT AGAINST KPIs

ESG guidelines into financing process

KTB has a sustainable development framework that includes its Responsible Lending Policy, aligned with an international standard approach. The policy supports the integration of ESG principles into KTB's banking services and operations.

The Responsible Lending Policy includes risk management from customer screening to credit approval, encompassing ESG considerations. One of KTB's main objectives is to support lending to businesses or projects aligned with environmental, social and ethical goals, following its strategic plans for economic development, circular economy, and the Bio-Circular-Green model. This includes initiatives such as green lending, energy conservation loans, support for ethical businesses, job creation and overall economic development loans.

KTB excludes certain businesses and individuals from credit support based on specified criteria in its exclusion list. Additionally, specific guidelines (ESG checklists) are established for evaluating credit approval for projects in industries with significant ESG risks. In the loan credit and approval process, identification and assessment (including screening using the exclusion list, then assessing using the ESG checklist) of ESG risks must occur to::

- Verify if projects have negative impacts to the environment, increase pollution or affect biodiversity.
- Check if projects passed the environmental impact assessment (EIA) or environmental health impact assessment (EHIA) or get government approval (as applicable).
- Check if projects passed international standards for safety or qualified for green funding (if applicable) supported by an external reviewer's comments.
- Prevent support of businesses that use illegal labor or have a history involving illegality or corruption.

Control, monitoring and appropriate risk management measures are implemented to prevent potential losses to the Bank.

When project financing exceeds THB 300 million within industries associated with ESG risks, such as petroleum, power plants (excluding solar and wind), waste management, mining, coal, steel, chemical substances, and agriculture, a specific industry ESG checklist tailored to the

particular industry will be employed. For all lending to large corporations and SMEs categorized as medium, a general ESG checklist will be utilized for assessment. In addition, KTB has confirmed that loans with a positive environmental contribution that meet the eligibility criteria defined in the framework will be included in the green loan pools associated with the financing under the green financing framework.

For the monitoring process, the ESG Checklist must be reviewed at least once per year. In cases where environmental standards are reviewed within the timeframe and negative environmental or social impacts are subsequently found, the credit unit should promptly review the appropriateness and necessity of the loan, along with information on reasons and suitable risk mitigation measures for credit review.

If projects have a negative ESG impacts and lack procedures or processes to manage the risks in line with well-accepted and appropriate standards (e.g., OHSAS 18001, SA8000, CSR-DIW -ISO 26000) or relevant guidelines from related governance authorities, KTB will not support lending to these projects if the borrowers could not demonstrate a satisfied mitigation plan (e.g., a commitment not to increase lending exposure to coal mining projects that do not have carbon emission control, even in general corporate finance).

ESG guidelines into financing process for most sensitive sectors[24] financed under the Framework

When project financing exceeds THB 300 million within industries associated with ESG risks such as petroleum, power plants (excluding solar and wind), waste management, mining, coal, steel, chemical substances, and agriculture, a specific industry ESG checklist will be applied. For all lending to large corporations and SMEs categorized as medium, as well as the earlier mentioned industries with less than THB 300 million, a general ESG checklist will be utilized for assessment.

Furthermore, apart from the checklist, for lending to projects or businesses related to or having an impact on the environment, the borrower must have a system for preventing and/or managing the impacts of hazardous substances and waste beyond the standards set by relevant government agencies. Additionally, it must have documents verified by environmental experts for the following three points:

- Experience in projects similar to the proposed loan consultation on environmental matters.
- Financial stability and professional creditability in line with the standards of government agencies or organizations with regulatory responsibilities.
- Independence from any business associated with the customer or project owner.

[24] The categorization of a sector as "most sensitive" follows an evaluation of the number of controversies prevalent in the context of the financing operations of a financial institution.

ESG guidelines into financing process for forestry

Apart from applying the Responsible Lending Policy in a systemic manner, which includes identification and assessment (including screening using the exclusion list, then assessing using the ESG checklist), ESG risks must be assessed to ensure control, monitoring and appropriate risk management measures are implemented to prevent potential losses to the Bank.

However, it is not clear whether KTB has a tailored E&S risk assessment specifically for forestry projects and the related risks (e.g., responsible use of fertilizers and pesticides; alternatives to pesticides, herbicides and fertilizers; fire management; reforestation with native species; and multi-age and multi-species instead of monocultures).

If environmental standards are reviewed within the timeframe and negative environmental and social impacts are subsequently found, KTB's credit unit will promptly review the appropriateness and necessity of the loan, along with information on reasons and suitable risk mitigation measures for credit review. If any situation goes against the ESG guidelines, KTB will not support lending or limit the exposure to these projects.

ESG guidelines into financing process for agriculture/fisheries/aquaculture

Apart from applying the Responsible Lending Policy in a systemic manner which includes identification and assessment (including screening using the exclusion list, then assessing using the specific industry ESG checklist), ESG risks must be assessed to ensure control, monitoring and appropriate risk management measures are implemented to prevent potential losses to the Bank.

However, it is not clear whether KTB's specific industry ESG checklist for agriculture has covered the following related risks for the agriculture sector (e.g. fertility; responsible use of pesticides, herbicides and fertilizers; alternatives to pesticides, herbicides and fertilizers; crop rotation; polyculture farming instead of monoculture farming; and crop residues and solid waste), fisheries sector (e.g., net sizes and types, bycatch) and aquaculture (e.g., plant-based feeds from sustainable agriculture, cultivation of native species in bag nets, closed-wall sea-pens or equivalent systems, cultivation of non-native species restricted to land-based tanks, risk prevention for local wild populations, stocking densities that minimize the risk of disease outbreaks and transmission, net loss prevention in fish protein yield, sedimentation, and fertilizers and chemicals).

If environmental standards are reviewed within the timeframe and negative environmental and social impacts are subsequently found, KTB's credit unit will promptly review the appropriateness and necessity of the loan, along with information on reasons and suitable risk mitigation measures for credit review. If any situation goes against the ESG guidelines, KTB will not support lending or limit the exposure to these projects.

ESG guidelines into financing process for mining

Apart from applying the Responsible Lending Policy in a systemic manner, which includes identification and assessment (including screening using the exclusion list, then assessing using the ESG checklist), ESG risks must be assessed to ensure control, monitoring and appropriate risk management measures are implemented to prevent potential losses to the Bank.

In addition, KTB requires loans for the mining sector to follow the Green Mining Standard from Thailand's Ministry of Industry, and the following requirements must be assessed:

- If businesses have policies to manage negative environmental impacts.
- If businesses have a plan or process for waste management.
- If businesses have negative news related to pollution management for the community.
- If businesses have policies for reducing, reusing and recycling.
- If businesses have passed EIA and EHIA.
- If businesses have a hearing process and procedure to manage the impact on the community.

If any situation goes against the ESG guidelines and the above requirements, KTB will not support lending or limit the exposure to these projects.

Labor, health and safety

The borrowers' labor, health and safety performance will be assessed during the credit approval process through the ESG checklist under KTB's Responsible Lending Policy.

KTB will assess whether the borrowers have passed specific health and safety standards (e.g., OHSAS 18001), whether the projects have passed an EHIA, and if the project's working environment satisfies health and safety standards from relevant governance authorities in Thailand.

✓ Regarding labor, KTB will assess whether the borrowers have passed specific labor standards (e.g., SA8000, CSR-DIW -ISO 26000), have any negative news related to illegal or child labor use, have policies that support employees to engage in corporate social responsibility (CSR) projects, have policies to inform employees of their rights, have any negative news related to labor disputes and litigation in the past three years, and have channels for receiving comments or complaints from employees or customers.

If any violation occurs against the above requirements, KTB will not support lending or may limit the exposure to these projects.

Biodiversity

✓ KTB has adopted internationally recognized frameworks for sustainable project finance such as the Equator Principles and IFC Performance Standards. These frameworks provide KTB an approach to governance when dealing with various types of loans and investments, including project finance and corporate finance, and enable the Bank to ensure that it operates in a socially and environmentally responsible manner. The IFC standards are one of the core reference standards for KTB's Loan Policy and Responsible Lending Policy.

KTB also relies on national legislation to ensure respect of biodiversity, including the Wildlife Preservation and Protection Act and Wildlife Conservation and Protection Act, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). With that, KTB has listed projects that have impacts on nature conservation areas, national park areas, wildlife sanctuary areas and trade activities of endangered species in its exclusion list, following CITES, which is banned from its financing activities.

Community dialogue

KTB has adopted internationally recognized frameworks for sustainable project finance such as the Equator Principles and IFC Performance Standards. These frameworks provide KTB a robust approach to governance when dealing with various types of loans and investments, including project finance and corporate finance, and enable the Bank to ensure that it operates in a socially and environmentally responsible manner. The IFC standards are one of the core reference standards for KTB's Loan Policy and Responsible Lending Policy. As such, the assessment of borrowers' hearing process and procedures to manage the impact on the community is part of the credit approval and assessment process.

✓ In addition, KTB will check whether borrowers have conducted community dialogue or have processes in place for different stages of the projects during the credit evaluation process. This aims to uphold the high social standards for the financed projects, supported by the ESG checklist:

- Public hearing process from local community
- Procedure to mitigate impact to local community (e.g., compensation schemes)
- Process to follow up and verify environmental quality of surrounding area.
- Grievance mechanisms for employees and the local community

Responsible treatment of customers with debt repayment problems

KTB has monitoring processes in its loan policies and procedures to prevent or mitigate risks associated with defaults. Its credit team is responsible for monitoring customers' credit regularly, starting from the approval stage until the debt is fully settled.

Preemptive credit monitoring:

- Monitoring compliance with approved credit terms (e.g., purpose of fund, all condition precedent, financial covenant and non-financial covenant, covenants limiting indebtedness, conservative loan-to-value ratios, hedge ratio to manage risk from interest rate fluctuation such as long-term fixed interest rates).
- Regular contact and visits to customers to accurately uphold the borrowers' status and business environment.
- Monitoring the progress of borrowers by tracking information from relevant and external sources.
- Monitoring compliance with contract terms: Enforcing conditions borrowers are required to fulfill

✓ Additionally, KTB ensures maintenance of financial ratios at the specified levels and monitors collateral regularly. This process also considers signals or probabilities that may indicate an increase in the customer's risk. Furthermore, KTB reviews the general ESG checklist or specific industry project ESG checklist at least once a year. Quality-based customer classification also occurs to monitor loan quality, which involves closely monitoring the repayment status of clients; identifying signals of a liquidity shortage; analyzing cash flow projections; reviewing business plans, financial statements and credit scoring; and engaging with the borrowers regularly.

Furthermore, KTB has a debt restructuring policy in place to address customers facing repayment challenges and support them in sustaining their business while meeting their debt obligations. The debt restructuring policy encompasses:

- One-time repayment, partial repayment or installment options.
- Relaxation of debt repayment conditions, including lower interest rates, reduced principal repayment amounts, debt moratoriums and increased credit limits.
- Securities transfer for debt settlement, which can be both pledged or non-pledged. There may be agreements granting rights to debtors, such as the first right of refusal or buy-back options for the securities transferred to the Bank, as per agreed terms.

According to KTB's collateral policy, assets with any of the following issues will not be accepted as collateral:

- Properties under litigation
- Land pending return
- Land in permanent forest reserves, national forest reserves, mangrove forests, national parks and land designated for agricultural reform.
- Land with no access
- Land with transfer restrictions
- Land with conflicting rights documentation

KTB processes collateral as last resort. It will comply with Thailand's Civil and Commercial Law and only sell collateral under conditions that are non-detrimental to borrowers.

Exclusion criteria

The Issuer's policies exclude companies with negative environmental and social impact or active associate with:

- Illegal or immoral businesses.
- Projects that have a negative impact on the environment breach natural conservation areas, or breach world heritage areas.
- Animal trade and related goods that involve endangered species.
- Involved in hoarding products that impact national economic and security.
- Involved in weapon trading, except for the Thai government.
- Involved in the violation of human rights.
- Businesses that have significant negative impacts on the environment and society (e.g., chemicals and harmful substances, waste management for harmful or radioactive substances, coal mining or trading, except for projects with carbon emission control, and nuclear power businesses).

In addition, according to KTB's 2022 Sustainability Report, KTB has implemented an Anti-Bribery and Corruption Policy and reviewed its strategies and policies to ensure that it adheres to OECD's Principles of Corporate Governance, laws related to the National Anti-Corruption Strategy and international standards of good corporate governance. Furthermore, KTB has collaborated with stakeholders to identify solutions and develop risk management plans in line with its anti-fraud mechanisms. For instance, they deployed robotic process automation (RPA) technology to review branch transactions and detect any suspicious activities.[25]

[25] As outlined in KTB's 2022 Sustainability Report.

PART III: CONSISTENCY OF GREEN FINANCING PRODUCTS WITH KTB'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

TOPIC	ISSUER APPROACH
Strategic ESG topics	The Issuer's sustainability strategy segregates various aspects of its operations into three pillars: transition to low-carbon business, revitalize the economy and transform services.[26] Specific topics deemed material by the Issuer are categorized under the three pillars of its sustainability strategy, including its net zero greenhouse gas emission strategy, portfolio decarbonization, financial inclusion and literacy, human resource management, corporate governance and ethics, digital innovation and technology development, and cybersecurity and data privacy protection. The Issuer confirms that material topics are determined using a double materiality assessment approach which is designed with reference to GRI Standards, and has four main steps: materiality and impact identification, impact assessment, prioritization analysis and reporting.
ESG goals/targets	To achieve its strategic ESG topics, the Issuer has set goals to reach net-zero Scope 1 and 2 emissions by 2030 considering baseline year as 2022, carbon neutrality by 2025 and a goal to reach net-zero emissions for all scopes (including financed emissions) by 2065. The Issuer also aims to achieve LEED certifications for all headquarter buildings by 2026. The Issuer has set various intermediate targets to strengthen occupational health and safety, community engagement, human resources and customer relationship management. In the next phase, Issuer plans to set targets to reduce greenhouse gas emissions across its operations and value chain, using the SBTi as a framework. The Issuer confirms that progress toward the goals is monitored annually and will be publicly disclosed in its sustainability reports.
Action plan	To achieve its ESG goals and targets, the Issuer has set out its Environmental Management Guidelines[27] as its

[26] As outlined in KTB's Sustainability Report 2023.
[27] Ibid.

	action plan to achieve ESG-related goals, with guidelines covering various aspects of the Issuer's operations, including: ▪ Policy: establish an energy conservation policy that involves employees in energy management. ▪ Performance goals: set guidelines and goals for energy, resource and environmental management in the short and medium term, which comply with standards, national laws and international sustainable development goals. ▪ Governance: establish the Energy Conservation and Technology Committee to promote, control and supervise energy conservation operations. ▪ Roles and responsibilities: assign executives and employees to promote and implement policies and measures on resource management, environmental preservation, efficient use of energy and resources, and environmental conservation. ▪ Scope of operations: establish proper energy management plans for the Issuer's buildings. Compliance with the Energy Conservation Promotion Act and Ministerial Regulations Prescribing Energy Management Standards including energy efficiency and waste management for other office buildings under issuer's supervision. The Issuer confirms that it will apply different measures to reduce Scope 1 and 2 emissions, including building retrofitting, installation of solar PV and solar-powered field lights, air-conditioners, LED light bulbs and electric vehicle replacement. Furthermore, the Issuer also plans to enhance operational efficiency by leveraging digital innovation, including the adoption of RPA and AI technologies.
Climate transition strategy	The Issuer confirms to have formulated a climate resilience strategy based on its Framework for Identifying and Evaluating Climate-related Risk Business

	Impact. [28] The Issuer confirms that climate-related measures include office building retrofitting, use of electric vehicles, the installation of EV charging stations and solar rooftop and equipment enhancements. The Issuer also confirms to have developed a process to address financed emissions from its portfolio to identify climate-related risks and opportunities of clients. The Issuer also plans to focus on industrial sections with high greenhouse gas emissions and customers with substantial outstanding loan amounts to raise awareness for the transition to low-carbon economy, ensuring responsible lending and investment. The Issuer is currently in the process of identifying medium- and long-term targets for all activities related to greenhouse gas offsetting, absorption and storage.
Sustainability reporting	The Issuer reports on its ESG performance and initiatives annually. The report is prepared according to GRI Standards: core option and supplementary indicators for scope of Financial Services Sector Disclosures, and the United Nations Global Compact Communication on Progress. The Issuer also reports its climate risks and climate-related management in operations covering governance, strategy, risk management, metrics and targets according to TCFD recommendations. The Issuer confirms to adhere to the U.N. Guiding Principles on Business and Human Rights.
Industry associations, collective commitments	The Issuer is a member of the CSR Club of the Thai Listed Companies Association, Thailand Business Council for Sustainable Development, Anti-Corruption Organization of Thailand, and Thai Private Sector Collective Action Against Corruption, and has collaborated with the Biodiversity Finance Initiative under the United Nations Development Program. The Issuer is also a member of the Thai Bankers' Association, Thailand Banking Sector CERT and has signed a memorandum of understanding with the Bank of Thailand, the Thai Bankers' Association and other Thai commercial banks to develop sustainable banking and responsible lending guidelines.
Previous sustainable/sustainability-	As of year-end 2023, KTB as an arranger underwrote a green bond for corporate client with a total size of THB

[28] As outlined in KTB's Climate-Related Financial Disclosure 2022.

linked issuances or transactions and publication of sustainable financing framework	18.5 billion. The Issuer published its Green Financing Framework (as of Feb. 14, 2024), and ISS-Corporate verified and provided an SPO dated Feb. 16, 2024.

Rationale for issuance

KTB aims to promote access to environmentally friendly financial products for customers while also participating in transition to a low-carbon economy. KTB supports corporate clients as lead arrangers and distribution channels for green debentures and sustainability-linked bonds. By expanding its green loan portfolio, KTB will be able to address its financed emissions. This is in line with KTB's goal to support customers in transitions to low-carbon society.

Opinion: *The key sustainability objectives and the rationale for issuing green financing products are clearly described by the Issuer. The majority of the project categories financed are in line with the Issuer's sustainability objectives.*

DISCLAIMER

1. Validity of the Second Party Opinion ("SPO"): Valid as long as the cited Framework remains unchanged.
2. ISS-Corporate, a wholly owned subsidiary of Institutional Shareholder Services Inc. ("ISS"), sells, prepares, and issues Second Party Opinion, on the basis of ISS-Corporate's proprietary methodology. In doing so, ISS-Corporate adheres to standardized procedures designed to ensure consistent quality.
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ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate's proprietary methodology.

ANNEX 2: QUALITY MANAGEMENT PROCESSES

SCOPE

Krungthai Bank commissioned ISS-Corporate to compile a green financing products SPO. The second-party opinion process includes verifying whether the Green Financing Framework aligns with the Green Bond Principles and Green Loan Principles and assessing the sustainability credentials of its green financing products, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant standards for this second-party-opinion:

- Green Bond Principles, ICMA, June 2021 (with June 2022 Appendix 1)
- Green Loan Principles, LMA, February 2023

ISSUER'S RESPONSIBILITY

KTB's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risk management at the Framework level

ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, which ISS-Corporate is part of, has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI-approved verifiers.

This independent second-party opinion of the green financing products to be issued by KTB has been conducted based on proprietary methodology and in line with the GBP and GLP.

The engagement with KTB took place from November 2024 to January 2025.

ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk and manage the needs of a diverse shareholder base by delivering best-in-class data, tools and advisory services.

ISS-Corporate assesses alignment with external principles (e.g., the Green/Social Bond Principles), analyzes the sustainability quality of the assets and reviews the sustainability performance of the Issuer itself. Following these three steps, we draw up an independent SPO so investors are as well-informed as possible about the quality of the bond/loan from a sustainability perspective.

Learn more: https://www.iss-corporate.com/solutions/sustainable-finance/bond-issuers/.

For more information on SPO services, please contact: SPOsales@iss-corporate.com.

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