SCBX



SCBX Group

CLIMATE CHANGE AND ENVIRONMENTAL STEWARDSHIP POLICY

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Our Sustainability Mission

OPPORTUNITIES FOR EVERYONE, POSSIBILITIES EVERYDAY



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SCBX GROUP
CLIMATE CHANGE AND ENVIRONMENTAL STEWARDSHIP POLICY

1. RATIONALE

Climate change is a critical challenge with far-reaching impacts on the environment, economy, society, and human livelihoods. Addressing climate change and its impacts requires collaboration and continued action from all stakeholders to mitigate such impacts and strengthen preparedness to address climate-related risks, which are expected to become increasingly severe, particularly in the context of Thailand, where the government has established policy directions aimed at achieving net-zero emissions by 2050, while accelerating efforts to enhance the country's preparedness and capacity to adapt to climate-related risks. These efforts require sustained investment. The financial sector therefore plays a critical role in supporting the allocation of capital to drive the transition and strengthen the country's preparedness

SCBX Public Company Limited ("SCBX"), as the parent company of the SCBX Financial Business Group ("SCBX Group"), places importance on climate change initiatives, both in terms of mitigating global warming through climate change mitigation and climate change adaptation, taking into consideration the approaches and targets under the Paris Agreement. Climate change and environmental issues relevant to SCBX Group's business operations cover two key dimensions: direct impacts arising from internal operations, such as SCBX Group's greenhouse gas emissions and use of natural resources; and indirect impacts arising from business activities, such as lending, investment, financial services, and the use of digital technology infrastructure.

This Climate Change and Environmental Stewardship Policy is established to define the framework and guidelines for SCBX Group's operations in managing climate change and environmental issues, as well as promoting the responsible use of natural resources. This Policy aims to support SCBX Group in achieving its target of Net Zero Operational Emissions from its operations by 2030 and its target of Net Zero Financed Emissions from financing activities by 2050, as well as strengthening preparedness and adaptive capacity to build climate resilience to the impacts of climate change.

This Policy aims to achieve the following objectives:

- Manages and mitigates the impacts of climate change and environmental issues arising from SCBX Group's operations and business activities across the value chain.
- Manages and reduces greenhouse gas emissions from SCBX Group's operational emissions and greenhouse gas emissions associated with SCBX Group's financed emissions.
- Strengthens preparedness and adaptive capacity to address the impacts of climate change and enhance effective Climate Risk Management.
- Promotes the development of financial products, as well as innovations and technologies that support the transition to a low-carbon economy, while supporting customers and stakeholders across the value chain in addressing and adapting to climate change.
- Promotes employee engagement and raises awareness of climate change, as well as foster principles and practices relating to resource use and environmental conservation.
- Appropriately communicates SCBX Group's approaches and progress in climate change and environmental stewardship to stakeholders and the public.

2. SCOPE

This Climate Change and Environmental Stewardship Policy applies to the business operations of SCBX Group, comprising SCB X Public Company Limited, its subsidiaries, associated companies and joint ventures over which SCBX exercises control (hereinafter collectively referred to as the "Group Companies" for subsidiaries, associates, and joint ventures over which SCBX has control), as well as all directors, executives, and employees of SCBX Group. Group Companies may apply the principles of this Policy as appropriate and in accordance with their respective business contexts.

3. CLIMATE CHANGE GOVERNANCE

SCBX Group has established appropriate governance for climate change and environmental matters, with the Board of Directors and the Sustainability Committee playing key roles in setting and overseeing relevant policies, strategic direction, targets, and performance.

SCBX Sustainability function, with the support of the Risk Management function, plays a role in supporting the management of climate change and environmental risks and opportunities, including monitoring performance against targets and indicators, and reporting progress and key matters to the relevant committees. Group Companies may establish governance structures appropriate to the context and nature of their respective business operations, in accordance with the principles and guidelines set out in this Policy.

The roles and responsibilities of the Board of Directors and relevant functions of SCBX and the Group Companies shall be as set out in the SCBX Group Sustainability Policy:

4. CLIMATE CHANGE MANAGEMENT APPROACH

SCBX Group is committed to advancing climate change and environmental initiatives, recognizing the important role of financial institutions in supporting the transition to a low-carbon economy and strengthening resilience to climate-related risks. SCBX Group uses sustainable finance as a key mechanism to support the allocation of capital through lending, investment, and other forms of financing, in accordance with the roles and business models of each Group Company.
In advancing its climate change initiatives, SCBX Group adopts internationally recognized standards, frameworks, and practices, as well as relevant national laws, policies, targets, and plans, as reference frameworks for establishing appropriate approaches and processes for implementation, in accordance with the scope of each business operation, such as:

- The Paris Agreement
- The Greenhouse Gas Protocol
- The Global GHG Accounting and Reporting Standard for the Financial Industry by The Partnership for Carbon Accounting Financials (PCAF)
- CDP's international standards for climate change and environmental disclosures
- Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Science Based Targets Initiative (SBTi)
- The Equator Principles (Eps)
- Thailand's Nationally Determined Contribution (NDC) and relevant policies and plans
- Thailand's and international environmental finance standards, such as the Thailand Taxonomy (a common standard used to classify and categorize environmentally friendly economic activities in Thailand), the Green Loan Principles, and the Climate Bonds Initiative (CBI).

SCBX Group also supports engagement and collaboration with networks and organizations that contribute to advancing climate change and sustainability initiatives at both national and international levels, such as:

- The United Nations Global Compact
- Thailand Business Council on Sustainable Development (TBCSD)
- Thailand Carbon Neutral Network (TCNN)

4.1 Climate and Environmental Management from Operations

SCBX Group is committed to continuously improving the management of climate and environmental impacts arising from its operations, in compliance with applicable laws, requirements, and practices, while considering the adoption of internationally recognized standards as appropriate. The following approaches shall be adopted:

- Complies with applicable environmental laws, requirements, and practices relating to SCBX Group's products, services, and operations.

- Establishes appropriate targets, practices, and internal control systems to support the management of environmental impacts and the efficient and responsible use of resources.

4.2 Climate and Environmental Management for Banking Business Group

In addition to managing climate-related risks, SCBX Group places importance on business opportunities that support customers in their climate and green transition and environmentally friendly business operations, while also supporting customers in preparing to address climate change risks. This is pursued through the following key business activities:

- Provides financing and direct capital toward sustainable and environmentally friendly activities, projects, or businesses that reduce greenhouse gas emissions or support climate change adaptation and resilience, such as clean or renewable energy generation, energy efficiency improvement projects, electric vehicles, green buildings, and carbon capture, utilization, and storage (CCUS) technologies, in alignment with national and industry-specific contexts.
- Promote responsible investment approaches and investment advice, taking into consideration environmental, social, and governance factors to generate long-term returns and create positive impacts on climate and the environment.
- Promotes the integration of climate, environmental, and social considerations into lending and investment activities, including the assessment of risks and opportunities arising from climate change, covering both physical risk and transition risk, as appropriate to the context of Thailand and the business context.
- Promotes the efficient and responsible use of natural resources.
- Promotes Thailand's energy transition from primary reliance on fossil fuels toward renewable and clean energy, in line with the country's energy transition direction and plans.

4.3 Climate and Environmental Management for Financial Technology Business Group

SCBX Group recognizes the role of financial technology in supporting its business operations and mission to promote access to digital financial services, alongside managing climate change and environmental issues through the following key approaches:

- Promotes the development of products and services that take into consideration environmental impacts and support the transition to a low-carbon economy.
- Supports the allocation of capital to support the development of technologies and innovations related to reducing environmental impacts, including clean technologies and climate technologies.
- Promotes the development of products, services, and solutions that support customers and stakeholders in managing and reducing greenhouse gas emissions and transitioning to a low-carbon economy.
- Promotes the development of technology infrastructure, as well as business ecosystems that support the management of climate change and environmental issues. Group Companies may participate in markets or trading mechanisms for Environmental Attributes, such as Renewable Energy Certificates (RECs), carbon credits, and allowances, at both national and international levels, in accordance with the business context of each Group Company.

4.4 Employees

SCBX Group is committed to promoting employee awareness and engagement regarding climate change and environmental impacts through ongoing communication and the promotion of good practices. These efforts support the reduction of impacts arising from operations, the efficient and responsible use of natural resources, as well as preparedness and adaptation to the impacts of climate change.

4.5 Suppliers

SCBX Group is committed to promoting sustainable and responsible business practices throughout its supply chain by integrating environmental and social considerations into the supplier selection and management processes. Suppliers within the defined scope are required to acknowledge and accept the Supplier Code of Conduct prior to commencing their engagement and to comply with the principles and practices set forth therein.

4.6 Community and Society

SCBX Group is committed to fostering collaboration with organizations and partners across various sectors to raise awareness of the impacts of climate change and environmental issues. SCBX Group also supports organizations, projects, and activities whose objectives and approaches are aligned with environmental protection and conservation and address climate change, in areas relevant to the business context of each Group Company.

5. POLICY REVIEW

This Sustainability Policy has been approved by the Board of Directors and shall be reviewed at least once a year, or whenever changes occur that may affect its material provisions.

For material policy amendments, the Sustainability Function must submit the proposed amendment to the Management Committee for its views and recommendations. Where such an amendment may have a significant impact on the business, it must also be submitted to the Executive Committee for its views and recommendations, prior to submission to the Sustainability Committee for endorsement and to the Board of Directors for approval, respectively.

For non-material policy amendments, the Sustainability Committee is authorized to approve such amendments under authority delegated by the Board of Directors and shall report the outcome to the Board of Directors for acknowledgment.

6. RELEVANT POLICIES

- Sustainability Policy
- Environmental, Social, and Governance (ESG) Risk Management Policy
- Business Partner Code of Conduct
- SCBX Group Sustainable Finance Framework
- Relevant policies and guidelines of Siam Commercial Bank Public Company Limited, including the Climate Change and Environmental Stewardship Policy, Responsible Investment Advisory Policy, Guidelines for Financing Support for Fossil Fuel-Related Businesses, and Sustainable Lending and Financial Services Guidelines.

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