



KASIKORNTHAI



KBank's TCFD Report 2024

Task Force on Climate-related
Financial Disclosures

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ



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Introduction

Every year, the Earth continues to heat up. 2024 was confirmed as the world's warmest year since records began in 1850. The world's 10 hottest years on record are, in fact, from this past decade (2015 - 2024). In the words of UN Secretary-General António Guterres: "Climate history is playing out before our eyes. We've had not just one or two record-breaking years, but a full ten-year series. This has been accompanied by devastating and extreme weather, rising sea levels and melting ice, all powered by record-breaking greenhouse gas levels due to human activities".

Geopolitical turbulences further add fuel to the raging fire of climate physical risks. Stagnation in transition efforts would bring forth even more extreme and unpredictable climate physical impacts that profoundly and disproportionately affect the most vulnerable. An inclusive transition cannot be born out of such stagnation.

"We must exit this road to ruin – and we have no time to lose".
UN Secretary-General António Guterres*

Thru turbulence, new climate leadership emerges. New climate world order continues to navigate the pathway towards low carbon transition, including Asia.

For Thailand, NDC 3.0 to be finalized in 2025 will provide more concrete directions including absolute emissions allowable target and conditional 60-percent reduction target by 2035 against 2019 baseline. The Draft Climate Change Act to be enforced by mid-2026 will provide further drivers including mandatory carbon pricing mechanisms, emissions trading schemes, carbon tax for emissions-intensive sectors, as well as climate funds to support low carbon transition. For the financial sector, Thailand Taxonomy is one of the leading countries in ASEAN, providing directions for the much-needed climate finance throughout the economy.

KBank recognizes the significant role and duty of financial institutions in building climate resilience and facilitating timely climate transition; nonetheless, our ambition to empower inclusive transition does not end there. Beyond sustainable finance, KBank aspire to also provide climate knowledge and tools through beyond banking solutions and foster new frontier of low carbon ecosystems to accelerate inclusive societal transition – actively co-creating opportunities for Thailand to thrive as the dawn of the new climate paradigm arrives.

* World's hottest year: 2024 first to pass 1.5 °C warming limit (BBC Climate, 2025)



Task Force on Climate-related Financial Disclosures (TCFD)



KBank recognizes its duty and responsibility in raising the awareness of all stakeholders on climate-related risks, so that they can prepare themselves and seek new opportunities arising from climate change.

As for KBank, we have drawn up the Transition Plan to Net Zero in accordance with our commitment and goals.



KBank's Commitment towards Net Zero

1. KBank aims to empower every customer's life and business. We support our customers in the transition to a Net Zero economy. Sustainability is deeply ingrained in how we serve our customers and manage our operations.
2. We are committed to supporting Thailand and our clients in regional economies on their decarbonization journeys. We will contribute to the global effort in the transition to Net Zero by 2050* in alignment with the Paris Agreement goals.
3. We are committed to be the leading sustainable bank in Thailand, allocating at least Baht 100 - 200 billion in sustainable financing and investment by 2030 and pioneering green banking products.
4. We are committed to becoming Net Zero in our own operations (Scope 1 and 2)** by 2030 and achieving Net Zero in our financed portfolio in line with Thailand's aspiration, accelerating this journey where possible. We will continually assess opportunities to take earlier actions as the technology, regulatory environment and external context evolves.

* The Net Zero goal by 2050 is the global effort that is in line with the Paris Agreement. As for KBank, our Net Zero goal has been established in accordance with Thailand's target, and will accelerate the achievement where possible.

** Scope 1: Direct emissions from the activities of an organization including stationary combustion, fleet vehicles (organization-owned), chemical treatment of wastewater, as well as fugitive and process emissions.

Scope 2: Energy-indirect emissions including an organization's purchased energy such as electricity, heat and steam.



KBank has prepared a report to comply with the Task Force on Climate-related Financial Disclosures (TCFD)*, consisting of four aspects, as follows:

Governance

Governance and management of climate-related risks and opportunities

1. KBank Board of Directors
2. Risk Oversight Committee Governance Committee
3. Corporate Governance and Sustainability Committee
4. Credit Risk Management Sub-Committee
5. Sustainable Development Sub-Committee

Strategy

Impacts of climate-related risks and opportunities on business strategies and financial planning

1. Net Zero Strategy
2. Climate Scenario Analysis

Risk Management

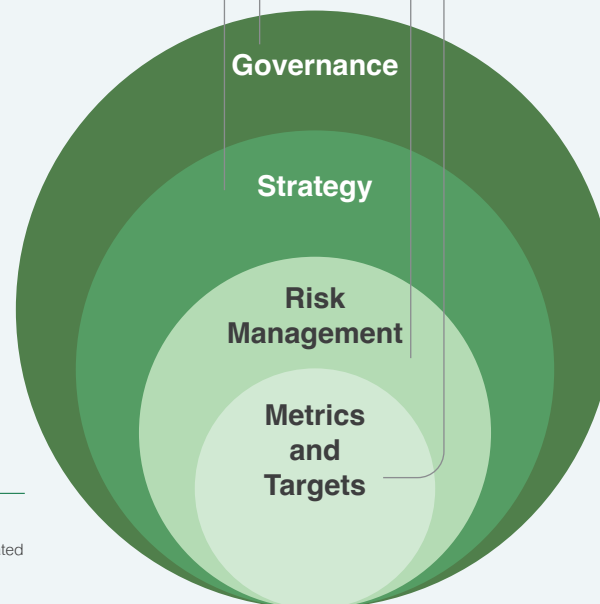
Process for risk assessment and identification, and management of climate-related risks

1. Analysis process of climate-related risks and impacts, affecting KBank's operations and portfolios
2. Management of risks and impacts affecting KBank's own operations

Metrics and Targets

Metrics and targets for assessment and management climate-related risks and opportunities

1. Net Zero Emissions Target
 - 1.1 Net Zero Emissions from KBank's own operations by 2030 (Scope 1 and 2)
 - 1.2 Net Zero Emissions in KBank's portfolio in line with Thailand's target
2. At least Baht 100 - 200 billion in sustainable financing and investment by 2030



* More details can be viewed in Task Force on Climate-related Financial Disclosures (June 2017) and Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures (October 2021)



Governance

Governance

Describe the organization's governance around climate-related risks and opportunities.

Governance Structure

Recommended disclosures

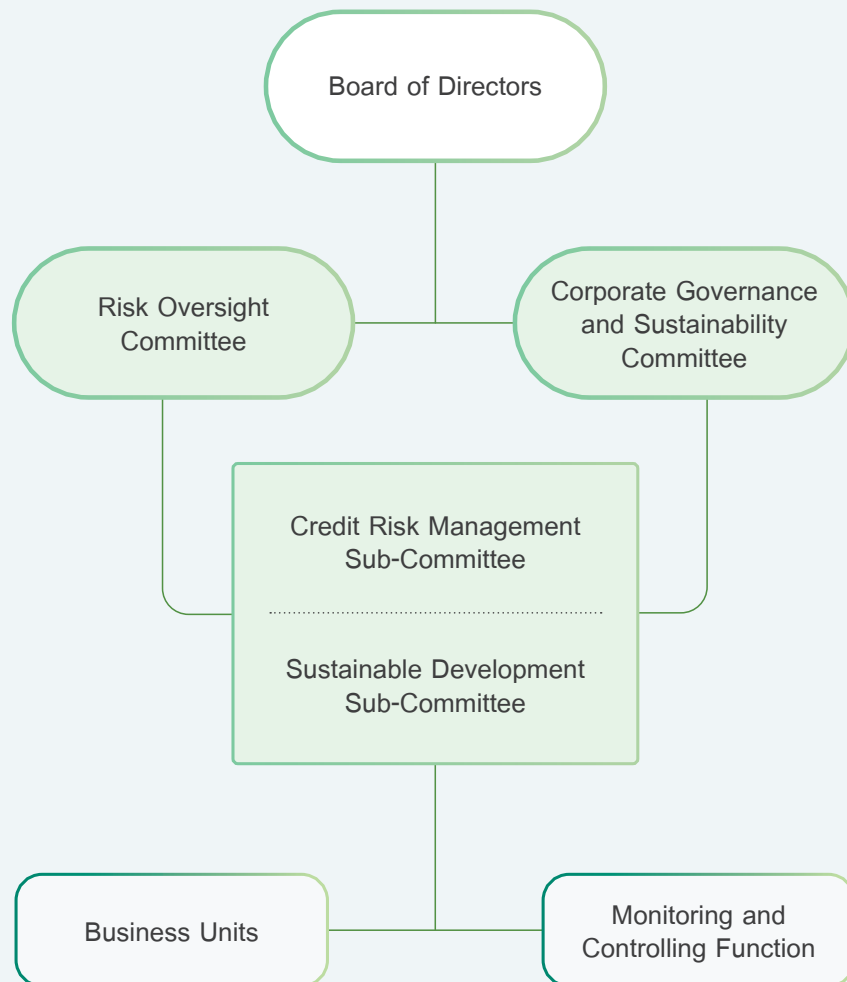
- Describe the organization's governance, climate-related risks and opportunities.
- Describe management's role in assessing and managing climate-related risks and opportunities.

KBank's structure, policy, and management related to climate change have been determined as part of the processes in sustainability operations that affirm our responsibility towards the environment, society, and governance, as shown below:



Governance Structure

KBank's structure, policy and management related to climate change have been determined as part of the processes of sustainability operations that affirm our responsibility towards the environment, social, governance and economy, as shown below:



Board of Directors

- Approving risk management policy, framework, risk limit and risk appetites

Risk Oversight Committee

- Overseeing and ensuring compliance with consolidated risk management policies and strategies, and acceptable risk appetites
- Assessing risk management policies and strategies to cover all risks including emerging risks

Corporate Governance and Sustainability Committee

- Overseeing and undertaking sustainable development

Credit Risk Management Sub-Committee

- Determining ESG credit policy and processes, and updating such policy and processes

Sustainable Development Sub-Committee

- Considering and approving sustainable development frameworks and action plans
- Considering and approving policies, goals, strategies and targets related to sustainable development performance
- Overseeing and monitoring sustainable development operations
- Considering sustainable development communications within and outside KBank, and information disclosure in compliance with domestic and global sustainability frameworks and standards

Business Units

- Screening environmental and social risks of projects to be supported
- Ensuring and monitoring projects' compliance with environmental and social laws/agreements

Monitoring and Controlling Function

- Determining environmental and social management as agreed
- Reporting to the Corporate Governance and Sustainability Committee



The Board of Directors oversees KBank's overall operations, with independence in decision-making for the maximum benefits of KBank and stakeholders. The Board approves business strategies, goals, and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, which incorporates sustainable development operations, and approves risk management policies and frameworks, and acceptable risk limits and scopes that include risks and opportunities related to the environment, social and governance (ESG), as well as impacts of climate-related risks. The Board approves annual business plans and budgets, and supervises and monitors Management's operations in accordance with the established policies, strategies and business plans, related regulations, and the Sustainable Development Goals (SDGs) of the United Nations and Paris Agreement.

The Board of Directors has assigned the Chief Executive Officer for the role of Chief Environmental Officer, based on KBank's goal of being an environmental steward to a net zero society, and setting targets of sustainability operations for the Chief Executive Officer, top management and operational contribute in creating level to ensure that the goal will be achieved.

The Risk Oversight Committee is responsible for providing advice to the Board of Directors with respect to KASIKORNBANK FINANCIAL CONGLOMERATE's risk supervision framework, overseeing high-ranking executives and heads of risk management units to comply with risk management policies and strategies, and reviewing the adequacy of risk management policies and strategies to ensure that they encompass all types of risks and emerging risks, as well as ESG risks and climate-related risks. The Risk Oversight Committee meets at least once a quarter and reports to the Board of Directors.

The Corporate Governance and Sustainability Committee oversees sustainable development operations in the aspects of environment, society, and governance, and reviews and advises for appropriate improvements for reporting to the Board of Directors. The Committee also provides recommendations for consideration of projects related to the environment and society to ensure KBank's proper management of environmental and social risks, and monitors the progress of the projects on a regular basis. The Corporate Governance and Sustainability Committee holds at least four meetings each year.

The Credit Risk Management Sub-Committee is responsible for determining KBank's credit management directions and strategies, and establishing and revising credit policies and processes, taking into consideration ESG risks and climate-related risks, in order to specify portfolio management strategies, lending targets and frameworks in accordance with the business types

with the aim of efficiently minimizing greenhouse gas emissions in KBank's portfolio (financed emissions), in conformity with the Bank of Thailand's Policy Statement: "Internalizing Environmental and Climate Change Aspects into Financial Institution Business." The Credit Risk Management Sub-Committee holds meetings on a monthly basis.

The Sustainable Development Sub-Committee's duty is to drive KBank's operations in alignment with the sustainable development policy and to ensure the efficiency of such operations towards achievement of the established targets, based on the strategy of a "Bank of Sustainability." The Sustainable Development Sub-Committee is chaired by the Chief Executive Officer and holds at least one meeting each quarter.

Business Units: Risks and opportunities associated with climate change involve many business divisions. Thus, KBank has established a **Climate Pillar Working Group**, consisting of members from all divisions concerned so they can work together in driving the Bank to achieve its Net Zero Commitment. Supervised and chaired by KBank President, the Working Group is responsible for designating strategies, targets, and action plans concerning climate change. It also monitors, supervises, and supports actions as targeted. In addition, the Internal Audit Department, which is an independent unit, has conducted audits to ensure efficient and transparent operations in line with the Bank's directions.



Strategy

ESG

Environment
Social
Governance

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

Management Strategies in Relation to Climate Change

Recommended disclosures

- Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.
- Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

KBank has announced the Net Zero Commitment with the aim of Net Zero in KBank's operations (Scope 1 & 2) by 2030. KBank is committed to achieving Net Zero in our financed portfolio in line with Thailand's aspirations, accelerating this journey where possible. To this end, KBank plans to revise our portfolio to conform to the Paris Agreement and Thailand's target by means of promoting the alleviation of greenhouse gas emissions and adaptation to climate change. KBank has established a policy on fossil fuel and related sectors and sectors with significant environmental and social impacts*. Additionally, KBank has added risks and opportunities arising from climate change as part of the risk management processes, including risk identification, risk assessment, risk monitoring and control, and risk reporting.

* Remark: More details of the policy can be found on KBank's website: <https://www.kasikornbank.com/EN/IR/CorporateGovernance/transparency/Pages/esg-credit-policy.aspx>



Climate Change Management Strategies

Towards Net Zero*

2020

Base year

- Scope 1 and 2
- Scope 3 (KBank's portfolio)

2025

Scope 1 and 2

Greenhouse gas emissions from KBank's operations reduced by 21%

- Replacement of KBank's cars with electric vehicles
- Installation of solar panels at offices and branches

Scope 3 (KBank's Portfolio)

- Execute the established industry-specific greenhouse gas reduction strategy plans
- Design, development and determination of strategies to assist customers' transition towards a low carbon society

2030

Scope 1 and 2

Achieve net-zero greenhouse gas emissions from the Bank operations*

- Reduce greenhouse gas emissions by at least 90% from the base year, with the rest managed through insetting and Carbon Removal project offsets

Scope 3 (KBank's portfolio)

- At least Baht 100 - 200 billion in sustainable financing and investment
- Reduction of outstanding loans to coal-fired power plant industry and thermal-coal industry to zero

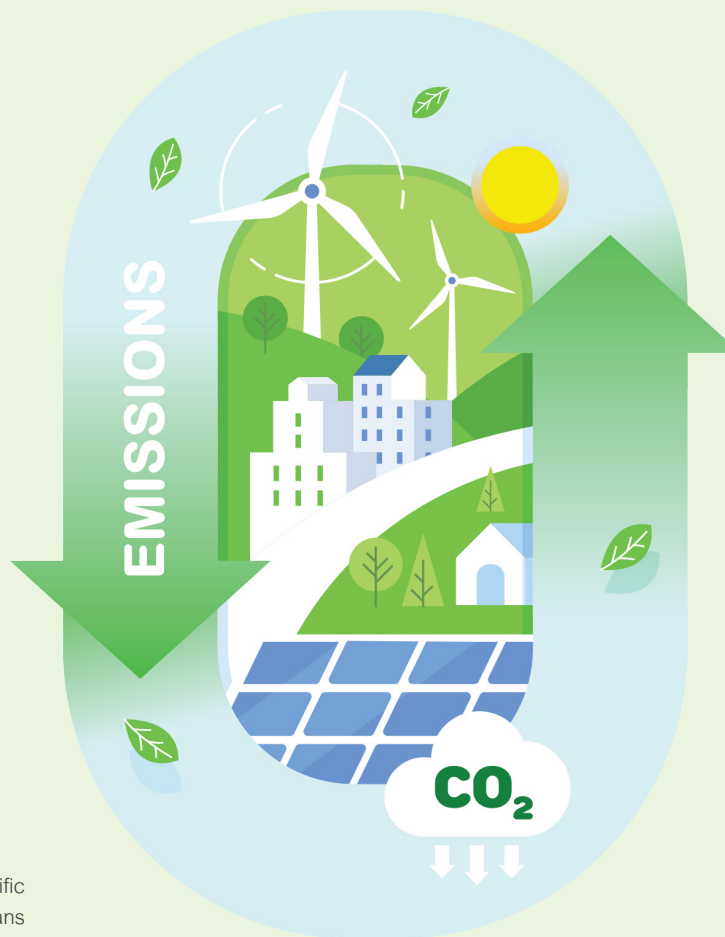
2065***

Scope 3 (KBank's portfolio)

Net Zero Emissions in KBank's portfolio in line with Thailand's target***, and accelerating this journey where possible

2050**

Support global effort to transition to Net Zero Emissions in alignment with the Paris Agreement



* Details of the work plans to reduce greenhouse gas emissions, Scope 1 and 2, can be viewed in the chapter of Environmental Management

** The Net Zero goal by 2050 is the global effort that is in line with the Paris Agreement. As for KBank, our Net Zero goal has been established in accordance with Thailand's target, and will accelerate the achievement where possible.

*** Thailand's target as announced at the COP26 is to attain carbon neutrality by 2050 and Net Zero by 2065.



Own Operations

KBank is fully committed to steering its business sustainably, meticulously balancing continuous growth with profound environmental responsibility. For 2024 and beyond, the Bank has implemented a robust environmental management strategy, setting an ambitious Net Zero target for its own operations (Scope 1 and 2) by 2030. Concurrently, KBank is relentlessly enhancing its eco-efficiency through effective waste management. This commitment extends to its employees, who are actively encouraged to participate in initiatives such as value-based resource management – reducing natural resource and raw water usage, and minimizing business travel – alongside process development, which includes championing green procurement and designing products and services with greater consideration for their environmental impact. KBank is decisively accelerating the implementation of these diverse strategies to achieve its Net Zero target by minimizing environmental impacts from its own operations as much as possible.



Scope 1

Emissions: KBank's Own Fleet

Replacing KBank's conventional vehicles with electric vehicles (EVs) and Hybrid.

Scope 2

Emissions incurred from electricity consumption

- Installing solar panels at KBank offices and branches.
- Implementing energy conservation measures through building retrofits.
- Space Optimization: Optimizing office and branch space to reduce energy demand.
- Purchasing RECs to offset electricity consumption with renewable energy sources.

Residual Emissions

Carbon Removal

Projects: Utilizing carbon sequestration and afforestation projects to remove carbon.



Environmental Management

KBank maintains its environmental responsibility through a systematic and integrated management approach. This involves efficiently managing both resources and environmental aspects, all while fostering concurrent organizational development. Our process includes meticulous planning and continuous monitoring to ensure we're constantly improving business operations and effectively minimizing our environmental footprint. Furthermore, KBank has consistently enhanced its environmental risk management frameworks to meet international standards. As part of this commitment, we've begun adopting the ISO 14001 standard, which provides the essential criteria for our comprehensive environmental management system.

Management Approach

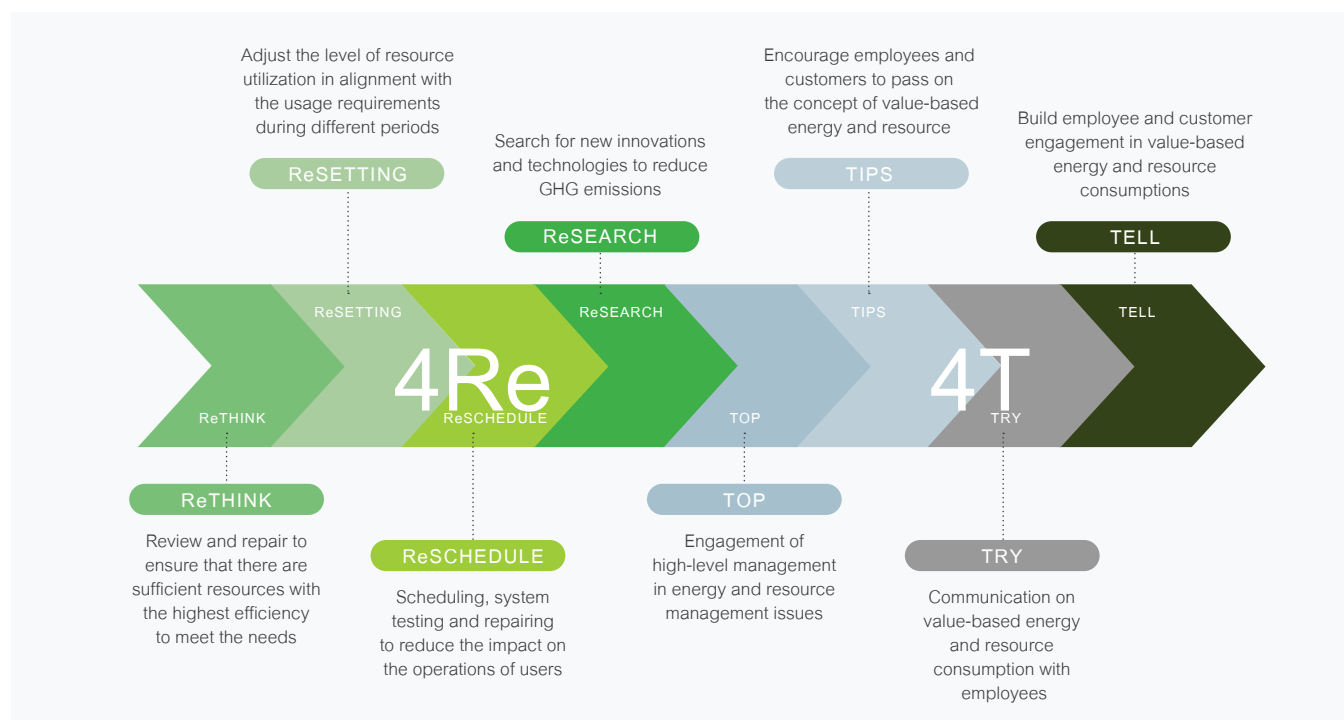
KBank's robust environmental management is overseen by the Sustainable Development Sub-Committee, which comprehensively addresses economic, governance, social, and environmental dimensions of sustainability. The Customer and Enterprise Service Fulfillment Division provides crucial operational support, managing internal environmental processes, collecting vital environmental data for reporting, and driving operational efficiency improvements. The Bank reinforces its commitment through policies such as the energy and environmental conservation policy; alongside established goals and guidelines aimed at reducing natural resource consumption and minimizing operational environmental impact. These frameworks provide clear direction for all employees, enabling them to actively contribute to KBank's evolution into a Green Organization and its broader environmental stewardship for the global community. To achieve our zero-carbon ambition

within this environmental management strategy, KBank employs a focused acceleration approach in energy and resource management. This strategy bolsters efficiency in areas with critical environmental impacts directly under KBank's control, ensuring a continuous positive environmental contribution. Our approach is fundamentally guided by the simple concepts of "Waste reduction, maximum utilization of resources, and restoration of natural resources." These principles are integrated across all aspects of KBank's services, from process design and product delivery to customer service, environmentally friendly material and equipment selection, and a commitment to zero-waste to landfill. KBank systematically implements environmentally friendly operations as follows:

1. Green Operations

KBank has established the 4Re to 4T concept as a guideline for effective resource management. This covers organization-wide management of the lighting system, air conditioning and water systems, as well as employee business travel, based on the 4Re concept to enhance the efficiency of technical management and 4T concept to promote recognition among employees and customers about value-based energy consumption via various communication and learning channels.

The Bank has steadily undertaken operations per the 4Re to 4T concept, as follows:





Energy Utilization Operations

1. Lighting System Management

A standard has been established by the Bank to use LED light bulbs in new buildings since 2016. Standard light bulbs have regularly been replaced by LED light bulbs. Our main buildings now use only LED light bulbs. Ongoing work is underway to replace all broken or expired standard light bulbs with LED light bulbs at our branches.

2. Clean Energy Management

KBank has completed the installation of solar rooftop systems at seven buildings and offices, as well as at 85 branches, enabling KBank to generate 4,059.69 megawatt-hours of solar electricity. This has resulted in a reduction of total greenhouse gas emissions by 2,029.57 metric tons of carbon dioxide equivalent. In 2024, additional solar rooftop system installations are underway, with completion expected at 76 branches by 2025, followed by installation at all eligible branches within 2026. These installations will increase KBank's renewable energy ratio, and there are plans to further increase the proportion of renewable energy in electricity consumption.

3. Air Quality Operations

Air Conditioning System Management KBank has installed a chiller plant, equipped with an air handling unit (AHU), at four buildings, helping enhance the Bank's energy management efficiency. Additionally, KBank is in the process of developing new technologies to regulate indoor air conditioning within buildings and branches to maintain health and safety of

employees, mitigate the impacts of refrigerant leakage, as well as exploring new technologies to improve efficiency of preventive maintenance and predictive maintenance, while reducing equipment repair and maintenance turnaround. KBank has an ongoing plan to upgrade air conditioning systems for improved energy efficiency and to switch to environmentally friendly refrigerants to reduce environmental impact.

4. Water Use Management

KBank has achieved efficient water system management through water management innovations. Water flow rates of faucets and toilets in every building have been adjusted to reduce water consumption. Wastewater is effectively treated and reused in sanitary and plant watering systems. In 2024, 19,458 cubic meters of recycled water were used at KBank. Amid the current concern about heightening water stress in certain areas of the country, the Bank has conducted water risk assessments on all the Bank's buildings and prepared risk assessment reports to enhance water use efficiency in water stressed areas, seek appropriate water management guidelines and promote awareness of more efficient use of water.

5. Effective Waste Management

To ensure efficient waste management, the Bank has established procedures for our waste management, including hazardous waste, to be used as guidelines throughout the organization along with integrating state-of-the-art techniques into our waste management. Moreover, KBank has encouraged employees to sort different types of

waste and avoid the purchases of products containing environmentally hazardous materials. KBank also ensures that operational processes help reduce wastes, including unwanted materials, expand equipment lifetimes, repair and reuse certain equipment, and turn single-use packaging into biodegradable materials through an efficient waste segregation system. The Bank has made available waste segregation points and waste disposal methods in accordance with the type of waste. The Bank drives sustainable waste management in its buildings, operating with the goal of achieving Zero-Waste-to-Landfill (waste to landfill must not exceed 10 percent of total building waste) for four main office buildings by 2026.

In 2024, the Bank began reducing waste to landfill at the Phahon Yothin Building as the first location. As a result, landfill waste was reduced from 85 percent in 2023 to only 10 percent in 2024, meeting the target. In the following year, this initiative will be expanded to other Bank buildings.

Furthermore, to drive sustainable waste management outcomes, the Bank has set a goal to reduce waste management in its main office buildings to zero landfill waste. The pilot project was initiated at the Phahon Yothin Building, implementing efficient end-to-end waste management. Starting with upstream waste management through the "Discard-Separate-Dispose" campaign, which is simpler than before, to communicate and create understanding among employees, executives, and building management staff across all sectors. The Bank has proceeded to install 6 types of waste bins to separate 6 categories



of waste: food waste, recyclable materials, waste-to-energy, contaminated waste, hazardous waste, and electronic waste, along with establishing an efficient and appropriate waste management system for each bin according to Zero Waste principles from start to finish. This aims to reduce and eventually eliminate waste going to landfills, while simultaneously educating employees about its importance, fostering understanding, and encouraging practical implementation through the corporate campaign “Proper Disposal, Not Disposal Without Purpose” with 3 simple steps “Discard-Separate-Dispose”. All employees are invited to begin changing their waste separation behavior before disposal, emphasizing education on waste separation methods and proper bin disposal, ensuring that waste is not discarded meaninglessly and can be managed efficiently, while developing proper waste disposal habits. As for end-of-line waste management, partners have been recruited to ensure each type of waste reaches its appropriate destination and can be repurposed, such as transformation into organic fertilizer, recycling, and energy conversion through incineration. Most importantly, this ensures that waste no longer ends up in landfills.

6. Efficiency of Employees’ Travel for Work

KBank has implemented the “Work that FITs” project to provide flexible working arrangements for employees. Under this project, employees can choose working patterns that suit the nature of their jobs and lifestyles, as well as selecting appropriate working hours that suit their tasks. Aside from providing flexibility in clocking in and out, and deciding on their preferred workplace, such arrangements have been

designed to reduce expenses for both employees and KBank while also contributing to environmental conservation through reductions in GHG and PM2.5 emissions due to employee travel. Additionally, the Bank promotes environmentally friendly transportation among employees through the provision of electric vehicle loans.

7. Green Process Design

KBank continuously promotes the green process & service design by using technologies to improve its operational efficiency and offer customers greater convenience for using services. The green process and service design covers the digital on-board process, which helps reduce operational procedures, and transaction fulfillment, at branches and offices throughout the country. In 2024, paper consumption reduction reached 26.64 million sheets, equivalent to 2,100 trees being saved.

KBank has improved its cheque service processes, which not only continuously enhances customer service experience but also reduces the number of motorcycles used for cheque delivery between branches and operations centers by 99 vehicles. This represents a reduction in travel distance of approximately 3.6 million kilometers per year, resulting in a total greenhouse gas emissions reduction of 423.06 tons per year. Furthermore, the Bank has implemented the Lean Documents Delivery to Customer project to reduce transportation costs, which has also resulted in a reduction of greenhouse gas emissions from transportation by 362.79 tons per year.

2. Green Mobility

Fleet Vehicles

The Bank has initiated the replacement of internal combustion engine (ICE) fleet vehicles with electric ones, with the aim of ensuring it has the entire fleet of electric vehicles by 2030. In 2024, the Bank conducted the fleet vehicle replacement into EV fleets, resulting in a reduction 180 ICE vehicles.

3. Green Building Design

KBank continues to emphasize green building design in 2024. This involves meticulous planning for construction and the careful selection of environmentally friendly materials, all in adherence to the internationally recognized Leadership in Energy and Environmental Design (LEED) standard. This commitment reflects our focus on reducing environmental impact, optimizing energy efficiency, and ensuring a high quality of life for building occupants. Furthermore, our buildings are designed with universal access in mind, offering full facilities for both people with disabilities and the elderly.

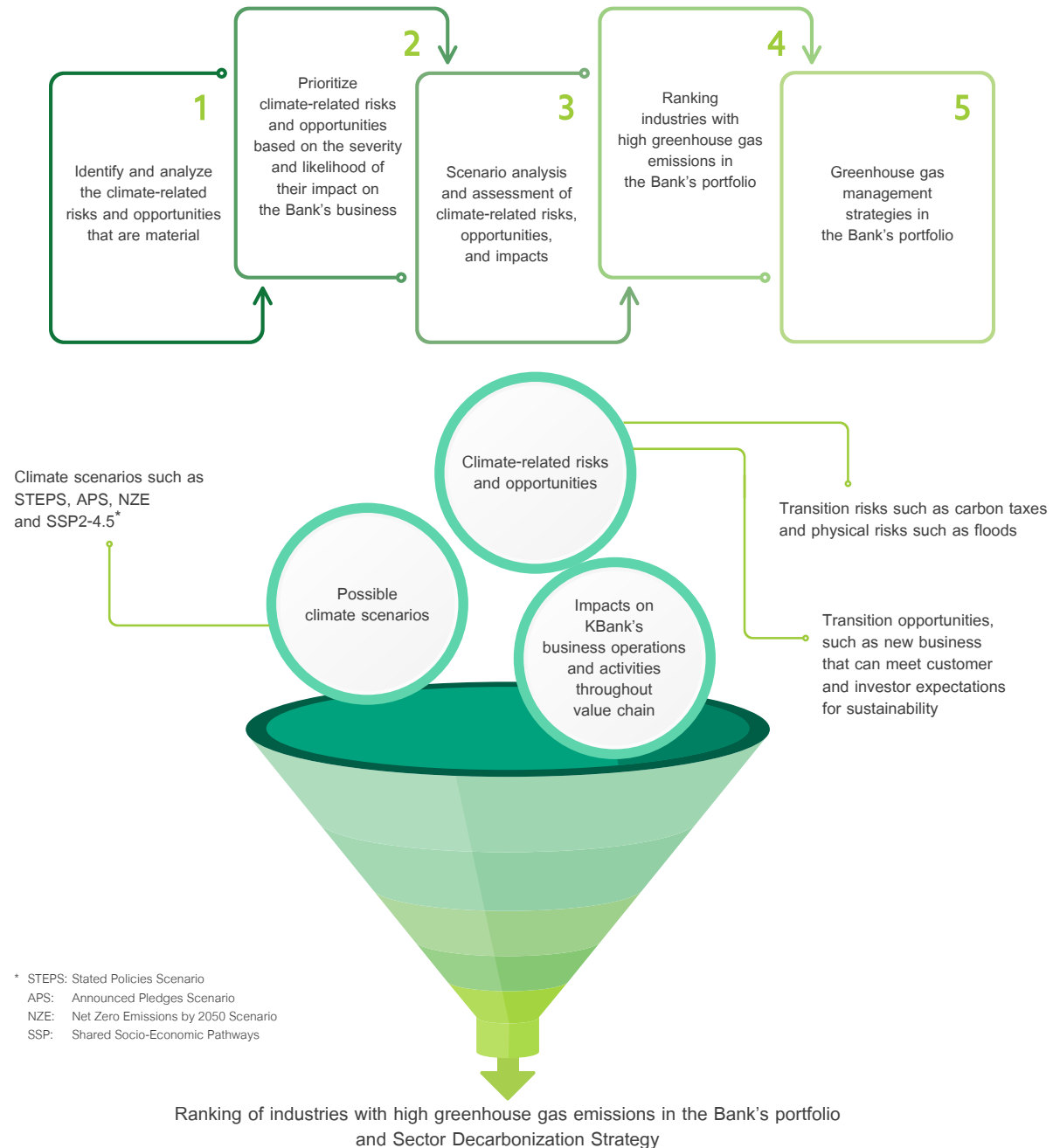
In 2024, the Bank has six LEED certified buildings, as follows:

- KASIKORN Business-Technology Group
- Building 3 KASIKORNTHAI Learning Center (KBTG) Building
- KLOUD by KBank Building
- Chaeng Watthana Building
- KASIKORNBANK (China) Company Limited Head Office
- Phahon Yothin Building Shenzhen



Strategies to Manage Climate-related Risks and Opportunities

Due to increasingly severe climate change trends, the Bank recognizes both the risks and opportunities that may arise from such impacts. To ensure sustainable operations and effectively cope with these changes, the Bank has established guidelines for assessing climate-related risks, covering both transition risks and physical risks. The Bank has established clearly defined and systematic steps for developing strategies to manage climate-related risks and opportunities, allowing comprehensive and effective assessment and response to climate impacts, as follows:





1. Identify and analyze the climate-related risks and opportunities that are material

KBank undertook qualitative and quantitative analysis of climate-related risks and opportunities that produce financial impacts on banking business, via consultations with internal units on possible scenarios, driving factors, related assumptions, possible impacts on KBank's own operations and results of each scenario towards stakeholders within the value chain, from upstream to downstream, especially, our customers and the business sector. Consideration was made on the context of climate change through materiality assessment in order to prioritize material risks and opportunities, taking into account other countries' targets and Thailand's goals on the international forum, as well as Thailand's plan to reduce greenhouse gas emissions under the Nationally Determined Contributions (NDCs) within different timeframes until 2050 and different climate scenarios.

2. Prioritize climate-related risks and opportunities based on the severity and likelihood of their impact on the Bank's business

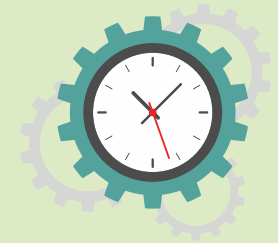
Climate-related risks and opportunities that have been assessed and identified as material to the Bank's value chain, including the Bank's own operations and stakeholders both upstream and downstream, will be prioritized based on the severity of impacts and the likelihood of occurrence, considering potential short-term and long-term effects to facilitate effective planning and decision-making.

2.1 Climate-related Risks and Opportunities and Financial Impacts

The Bank has categorized climate-related risks and opportunities into transition risks and opportunities, and physical risks. These risks affect profitability, competitiveness, image, reputation and business survival. Without timely self-adaptation, businesses may face rising costs in the future as increased investment funds will be required for development of environmentally friendly products and services and adjustment to natural hazards such as floods, storms and droughts. These hazards can cause damage to assets and business operations, impacting both the Bank's competitiveness and repayment capabilities, which will eventually have short- and long-term impacts on the Bank.

The Bank's timeframes for risk and opportunity impact consideration and analysis, and risk control guidelines, are defined as follows:

Timeframes for risk and opportunity impact consideration and analysis



Short term	Within 5 years
Medium term	More than 5 - 10 years
Long term	More than 10 - 30 years



The climate scenarios that the Bank uses for analyzing and assessing transition risks and opportunities, as well as physical risks, are detailed as follows:

Type	Climate Scenario*	Description	Temperature Alignment
Transition Risks and Opportunities	IEA Stated Policies Scenario (STEPS)	Reflects current policies, such as the Power Development Plan (PDP), which illustrates a business-as-usual pathway without additional measures to mitigate climate change impacts.	Approx. 2.5°C (or more) by 2100
	IEA Announced Pledges Scenario (APS)	Under the assumption that the climate commitments announced by governments worldwide, including the establishment of Nationally Determined Contributions (NDCs) and long-term Net Zero emissions targets, are fully and promptly implemented.	Approx. 1.7°C by 2100
	IEA Well Below 2°C (WB2C)**	Reflects promotion of clean energy policies and investments aimed at Sustainable Development Goals (SDGs), along with the aggressive implementation of short-term greenhouse gas emissions reduction measures, primarily focused on decreasing emissions in the energy sector.	Limit 1.65°C by 2100
	IEA Net Zero Emissions by 2050 (NZE)	Reflects a commitment to achieving Net Zero greenhouse gas emissions by 2050 through the adoption of clean energy technologies and the reduction of fossil fuel consumption.	Limit 1.5°C by 2100
Physical Risks	IPCC RCP2.6	Reflects a scenario where the world successfully achieves a significant reduction in greenhouse gas emissions through the widespread adoption of renewable energy and implementation of global carbon reduction policies.	Limit 2°C by 2100
	IPCC RCP8.5	Reflects a scenario with no greenhouse gas emissions controls or a continued increase in fossil fuel consumption.	Approx 4°C (or more) by 2100
	IPCC SSP2 - 4.5***	Reflects a scenario where greenhouse gas emissions continue to rise until 2030 and then gradually decline significantly by 2050, after which the rate of reduction slows down until 2100.	Approx 2 - 3°C by 2100

* The climate scenarios referenced are based on the World Energy Outlook 2024 by the International Energy Agency (IEA) and the Sixth Assessment Report from the Intergovernmental Panel on Climate Change (IPCC).

** The Well-below 2 Degrees Celsius (WB2C) pathway aligns with the Sustainable Development Scenario (SDS).

*** These climate scenarios are used in the pilot Climate Stress Test in collaboration with the Bank of Thailand.



KBank has summarized the results of climate-related risks, both transition risks and physical risks, that may have financial impacts on the Bank, as follows:

Transition Risks

Risks	Definitions of Risks	Impacts on KBank Businesses	Timeframes of Risks			Risk Control Guidelines
			Short Term	Medium Term	Long Term	
Legal and Policy Risk	Implementation of the Carbon Pricing Mechanism, which is a key tool for greenhouse gas emissions reduction, to align with Thailand's updated Second Nationally Determined Contribution (NDC), which aims to reduce greenhouse gas emissions and achieve Carbon Neutrality by 2050 and Net Zero emissions by 2065.	<ul style="list-style-type: none"> Debt servicing capacity of customers in high-emissions industries such as energy, transportation, and heavy industry tends to decrease due to the implementation of carbon pricing, which increases operating costs and affects the Bank's revenue. The Bank's operating costs increase. 		✓	✓	<ul style="list-style-type: none"> Diversify investments and increase lending proportion in industries with low carbon pricing risk, such as investments in renewable energy, clean technology, energy-efficient businesses, etc. Strictly monitor changes in carbon prices and potential impacts from relevant regulations and laws.
	The likelihood of increasingly stringent environmental laws and regulations, such as the enforcement of a carbon tax, the implementation of an emissions trading system (ETS), and environmental trade barriers.	<ul style="list-style-type: none"> Write-off and depreciation of assets that invest in industries affected by carbon pricing or environmental measures, due to increased costs from compliance with environmental regulations. 	✓	✓	✓	<ul style="list-style-type: none"> Identify and assess impacts on industries in the portfolio that are primarily affected by various regulations. Discuss with customers to establish adaptation strategies.



Risks	Definitions of Risks	Impacts on KBank Businesses	Timeframes of Risks			Risk Control Guidelines
			Short Term	Medium Term	Long Term	
Legal and Policy Risk	Given the implementation of environmental and social policies and measures, including initiatives to reduce domestic greenhouse gas emissions, international investors and financial institutions tend to prioritize sustainable finance. This trend includes increased investment in projects or activities that adhere to the environmental, social, and governance (ESG) principles.	<ul style="list-style-type: none"> Inability to attract investments focusing on sustainable assets, as the Bank's financial products fail to meet the needs of ESG-focused investors. 		✓	✓	<ul style="list-style-type: none"> Plan to adopt the Thailand Taxonomy, a classification standard for environmentally sustainable economic activities, as a framework for evaluating customer projects or activities that align with sustainability. This will enhance the development of sustainable finance products, such as green bonds and green loans.
Technology Risk	Possibilities of and budgets for technology development investment in the transition to low greenhouse gas emissions, e.g., production technologies using renewable energy sources, energy storage technologies, energy efficiency enhancement technologies, technologies to alleviate greenhouse gas emissions.	<ul style="list-style-type: none"> Write-off and depreciation of assets Technology changes leading to increased investment costs Falling demand for goods with high greenhouse gas emissions, adversely affecting customers' income and repayment capabilities Rising funds for research and development 		✓	✓	<ul style="list-style-type: none"> Keeping abreast of progress in technology innovation and development Supporting research and development of related units Planning for investment in new technology businesses
Market Risk	Changing consumer behaviors resulting in changes in demand and supply, consumers considering environmental issues and climate change as another factor in their buying decisions, making changes to market conditions.	<ul style="list-style-type: none"> Consumers are more interested in environmentally friendly products, affecting sales of goods that cannot keep up with such trends, leading to financial problems and deteriorating repayment capabilities of this customer group. Write-off and depreciation of assets 	✓	✓	✓	<ul style="list-style-type: none"> Designing and developing financial products and services that are environmentally friendly or create positive impacts such as green bonds and green loans



Risks	Definitions of Risks	Impacts on KBank Businesses	Timeframes of Risks			Risk Control Guidelines
			Short Term	Medium Term	Long Term	
Reputation Risk	Heightened scrutiny from the public and investors on issues related to efforts in addressing climate change, particularly loan support to businesses engaging in activities that do not align with sustainable development principles. Additionally, stakeholders are increasingly expecting banks to demonstrate transparency in greenhouse gas emissions, sustainability strategies, and transition planning toward a low-carbon economy.	<ul style="list-style-type: none">Causes harm to the Bank's image, thus leading to a decline in stakeholder confidenceReduced customers' use of KBank services, affecting KBank revenues	✓	✓	✓	<ul style="list-style-type: none">Determining credit policy, Exclusion List, Sector-Specific Guidelines, and Sector Strategy to control greenhouse gas volumes of industries with significantly high greenhouse gas emissionsDetermining growth targets for sustainable financing and investment





Physical Risks

The Bank has categorized physical risks arising from climate change into two types:

- **Acute Physical Risks:** Sudden and severe events such as cyclones, typhoons, floods, and droughts, which are occurring with increasing frequency and intensity.
- **Chronic Physical Risks:** Gradual and long-term climate change phenomena, such as rising sea levels, changes in global average temperatures, atmospheric conditions, and precipitation patterns.

Risks	Definitions of Risks	Impacts on KBank Businesses	Timeframes of Risks			Risk Control Guidelines
			Short Term	Medium Term	Long Term	
Acute Physical Risks	Droughts and floods that tend to occur more often and with increased severity	<ul style="list-style-type: none"> • Damages to assets of customers and banks • Business interruptions • Rising costs and expenditures for prevention of and recovery from impacts of natural disasters 	✓	✓	✓	<ul style="list-style-type: none"> • Reviewing and assessing risks arising from natural disasters, determining work plans to alleviate impacts and emergency plans • Incorporating risk factor arising from natural disasters in determination of acceptable risk appetites
Chronic Physical Risks	Rising global temperatures, weather fluctuations, higher sea levels	<ul style="list-style-type: none"> • Increased investment in research and development • Write-off and depreciation of assets 			✓	<ul style="list-style-type: none"> • Conduct risk assessment and formulate long-term plan to enhance capability in managing assets, service centers and impacts on customers

2.2 Climate-related Opportunities and Financial Impacts

KBank has identified transition opportunities arising from businesses and nations setting net-zero greenhouse gas emissions targets. As society moves towards increased renewable and clean energy adoption, coupled with the implementation of technologies to enhance energy efficiency and reduce greenhouse gas emissions, there is growing demand for financing to support this net-zero transition.

KBank recognizes the opportunity to support all sectors in achieving these goals and has analyzed climate-related transition opportunities and their potential financial impacts on the Bank, as follows:



Opportunities	Definitions of Opportunities	Opportunities or Benefits for Bank Businesses	Timeframes of Opportunities			Guidelines to Response to Opportunities
			Short Term	Medium Term	Long Term	
Resource Efficiency	Efficient consumption of energy and resources, e.g., water recycling, use of energy-saving devices, construction of environmentally friendly buildings	<ul style="list-style-type: none"> Reduction of KBank's operating costs Increase of value of assets that are environmentally friendly Enhancement of employees' quality of life and livelihoods Reinforcement of positive image of KBank Opportunities to provide financial support for customers' adjustment of business processes 	✓	✓	✓	<ul style="list-style-type: none"> Identifying work plans for greater efficiency of energy and resource utilization Increasing participation with customers to push forward their determination of operational strategies and investment planning for greater efficiency of resource utilization in their operations and production processes Preparing projects to promote awareness within and outside the organization
Energy Source	Use of technologies to produce environmentally friendly energy, cooperation with agencies engaged in climate management		✓	✓	✓	<ul style="list-style-type: none"> Setting targets to use more clean energy Setting targets to provide financing for transition towards clean energy utilization
Product and Services	<ul style="list-style-type: none"> Development of financial products and services to support environmentally friendly businesses Development of products that are beyond financial services to minimize impacts of climate change 	<ul style="list-style-type: none"> Expansion of customer database, generation of income from financial products and services that support environmentally friendly businesses and new income from innovations that are beyond financial services, such as establishment of carbon credit market and emissions trading platform 	✓	✓	✓	<ul style="list-style-type: none"> Innovating and designing new products and services to offer diverse opportunities and choices to customers



3. Scenario analysis and assessment of climate-related risks, opportunities, and impacts

KBank has conducted the Climate Scenario Analysis, both qualitatively and quantitatively, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), to assess impacts of climate change on KBank's portfolio, encompassing its own operations and stakeholders' activities across the value chain, from upstream to downstream. The results have been applied in establishing portfolio management strategies, focusing on risk management and identification of business opportunities.

3.1 Assessment of Transition Risks and Opportunities

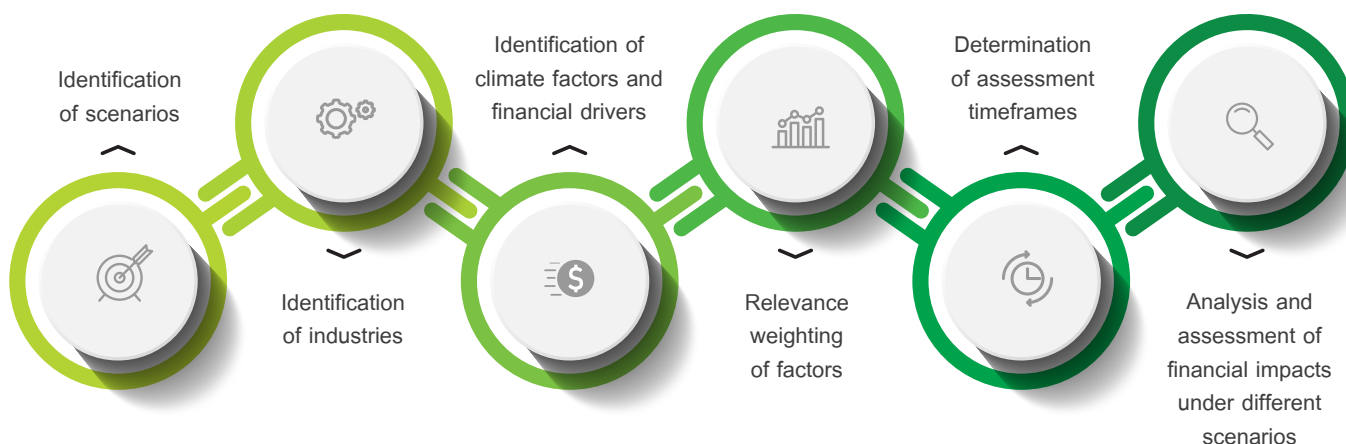
KBank employs the **Climate Financial Driver Analysis (CFDA)** and **Paris Agreement Capital Transition Assessment (PACTA)** tools to analyze climate-related risks and opportunities in lending to businesses and evaluate the financial impact on both customers and the Bank under different climate scenarios. Focus is on risks arising from regulatory change, as well as technological and market transformations required for transitioning to a low-carbon economy. The risk assessment methods and financial impact evaluation results can be categorized into two parts based on the assessment tools used, as follows:

3.1.1 Assessment of financial impacts from transition risks and opportunities using CFDA

The assessment of financial impacts from transition risks and opportunities using the CFDA tool involves the following steps:

1. **Identification of scenarios for analysis** including STEPS, WB2C and NZE*
2. **Identification of industries:** KBank has selected three types of power plants in the power generation industry for analysis, including natural gas power plants, hydropower plants and biomass power plants.
3. **Identification of climate factors and financial drivers:** Climate factors and financial drivers have been identified for each type of power plant to study the relevance of impacts between these factors.
4. **Relevance weighting of factors:** to reflect the levels of relevance to financial figures, classified into low, medium and high levels.
5. **Determination of assessment timeframes:** including short term (2025), medium term (2030) and long term (2040 and 2050).
6. **Analysis and assessment of financial impacts under different scenarios:** via calculation of differences of factors under selected scenarios in comparison with the Business as Usual Scenario in each stipulated timeframe to come up with financial impacts on each type of power plant.

Further details regarding the assessment of transition risks using the Climate Financial Driver Analysis (CFDA) tool can be found at KBank Scenario Analysis

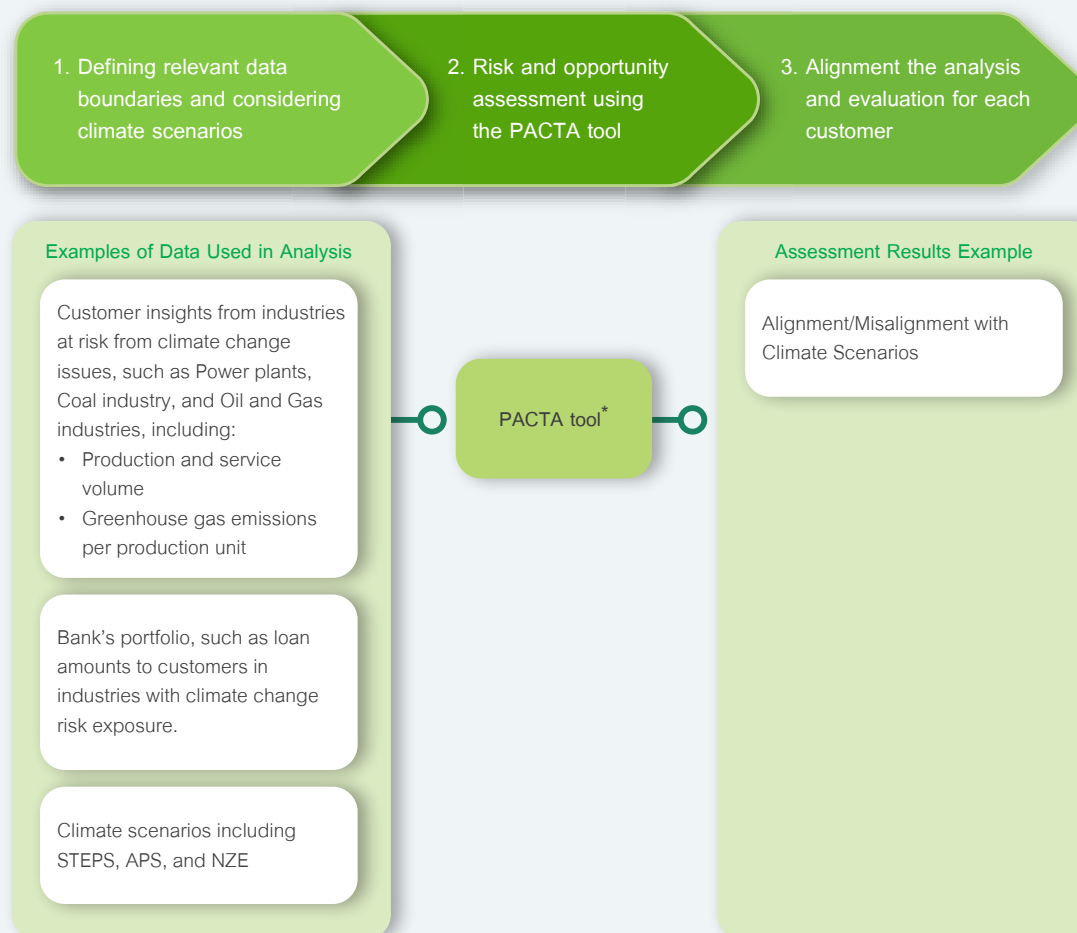


* STEPS: Stated Policies Scenario
WB2C: Well-Below 2 Degree Celsius Scenario
NZE: Net Zero Emissions by 2050 Scenario



3.1.2 Assessment of financial impacts from transition risks and opportunities using PACTA

In addition to assessing short-, medium-, and long-term transition risks and opportunities using the CFDA tool, the Bank also recognizes the importance of assessing short-term climate change risks. Therefore, the Bank conducts portfolio analysis using the Paris Agreement Capital Transition Assessment (PACTA) tool to ensure that the Bank's investments align with the Paris Agreement's global warming reduction targets. The assessment steps are as follows.



* The Paris Agreement Capital Transition Assessment (PACTA) is an open-source and free of charge software application that enables users to measure the alignment of financial portfolios with climate scenarios as well as analyze specific companies. PACTA was originally developed by 2° Investing Initiative (2DII) with backing from UN Principles for Responsible Investment. In June 2022, 2DII transferred stewardship of PACTA to RMI, formerly Rocky Mountain Institute.



3.1.3 Financial Implications and Mitigation Actions of Transition Risks and Opportunities:

The assessment results of transition risks and opportunities can be summarized as follows:

Financial Implication from Transition Risks

Types of Power Plant	Assessment Tool	Climate Scenario	Financial Implication	Timeframe-Specific Impacts*		
				Short Term	Medium Term	Long Term
Natural Gas Power Plant	CFDA	WB2C	Thailand's Gas Plan anticipates natural gas as a key transition fuel in the short to medium term. However, rapid renewable energy advancements and stricter greenhouse gas emissions reduction policies are expected to decrease long-term demand for natural gas in power generation. This may reduce revenue from sale of electricity generated from natural gas, especially with potential carbon taxes or pricing mechanisms increasing production costs.	Low	Low	High
		NZE		Low	Medium	High
Coal-Fired Power Plant and Coal Mining Industry	PACTA	STEP	Projected for 2028, the balance of high-carbon and low-carbon technologies, notably in coal-fired power generation, aligns with the KBank's Coal Phase-Out Policy is in line with Thailand's NDC (Net Zero by 2065) and Thailand's Power Development Plan (PDP), ensuring a smooth transition to low-carbon technologies and achieving Paris Agreement goals on schedule. Short-term PACTA analysis further shows the Bank's coal investments are in line with achieving net-zero emissions by 2050, reducing near-term transition risks due to supportive policies and technology investments.	Low	-	-
		APS		Low	-	-
		NZE		Low	-	-

* PACTA tool's analysis reflects only the short-term overview.



Financial Implication from Transition Opportunities

Types of Power Plant	Assessment Tool	Climate Scenario	Financial Implication	Timeframe-Specific Impacts*		
				Short Term	Medium Term	Long Term
Hydropower Plant	CFDA	WB2C	Electricity demand from hydropower plants is projected to increase steadily between 2041 and 2050. This aligns with Thailand's PDP, which prioritizes increasing proportion of electricity generation from renewable sources, including hydropower. Consequently, revenue is anticipated to rise, driven by economic growth and governmental policies promoting clean energy.	Low	Medium	High
		NZE				
	PACTA	STEP		Low	-	-
		APS		Low	-	-
		NZE		Low	-	-
Biomass Power Plant	CFDA	WB2C	Thailand's Alternative Energy Development Plan (AEDP) anticipates sustained growth in both demand and production of biomass energy through 2050, leading to increased revenue. However, potential challenges that could affect this growth include price competition from other energy sources with potentially lower production costs and the volatility of agricultural commodity prices, which serve as feedstock for biomass energy production.	Low	Low	Low
		NZE				
	PACTA	STEP		Low	-	-
		APS		Low	-	-
		NZE		Low	-	-

* PACTA tool's analysis reflects only the short-term overview.



In line with Thailand's aspiration for Net Zero by 2065, which includes a coal power plant phase-out between 2040 and 2050, KBank recognizes a potential credit risk. While other power plant types also face transition risks, the explicit coal phase-out policy makes coal projects particularly vulnerable. As financing terms for fossil fuel projects typically extend 20 - 25 years, existing loans to coal-fired power plants could see a deterioration in credit quality by 2040, implying a potential financial implication of approximately Baht 3,200 million through the credit channel once the national phase-out begins. To proactively manage this risk, KBank is committed to fully divesting its financing from coal projects by 2030, alongside active monitoring and support from relationship managers to guide customers in their transition towards a low-carbon economy.

Furthermore, supported by Thailand's Alternative Energy Development Plan (AEDP) and Power Development Plan (PDP), which actively promote renewable energy, KBank projects a Baht 2,000 million increase in loans for renewable power plant customers by 2030, relative to 2024. To effectively support these clean energy loans for renewable power plants, KBank's ESG-related functions are mandated to conduct thorough technical, economic, and environmental feasibility studies to assess risks and returns, evaluate impacts and customer management capabilities, and design suitable loan products, with an estimated incurring cost to the Bank of approximately THB 44 million.

Ultimately, KBank integrates the results of its climate scenario analysis, including the assessment of both risks and opportunities, directly into its portfolio management decisions. This strategic integration enables the Bank to actively assist and support customers in setting ambitious targets and defining robust operational strategies for their Net Zero Transition Journey. This commitment is tangible through the design and offering of a diverse range of green financial products and services. These include, but are not limited to, renewable energy loans, energy and environmental conservation loans, and financing for environmentally efficient products, production technologies, and processes, as well as for improvements designed to support a circular economy.

3.2 Assessment of Physical Risk Arising from Climate Change

In assessing physical risks, the Bank examines physical risk factors initially identified as likely to negatively impact the Bank's own operations and activities, as well as stakeholders within the value chain, both upstream and downstream, in various aspects. These include harm to assets of customers and the Bank, business interruptions, increased costs and expenses for prevention and mitigation of natural disaster impacts, increased investment in research and development, write-off and depreciation of assets. These issues are evaluated for severity of impact and probability of occurrence through Climate Scenario Analysis.

3.2.1 Physical Risk Climate Assessment of Flood Incidents

Considering KBank's overall loan portfolio, most loans are granted in Thailand, and flooding is the main physical risk that has produced significant effects on our asset quality and credit risk. Therefore, KBank has focused on assessment of risk arising from flooding that may affect our credit risk at the microeconomic channels, displaying financial impacts on KBank's loan portfolio.

The Bank has applied Geographic Information System (GIS) to assess flood risks that may impact the Bank's loan portfolio, both for business and retail customers, particularly for secured loans and housing loans for properties in Thailand. The Bank has referenced data from 10-year historical flood data or "Repetitive Flooding Map of Thailand" developed by the Office of Natural Calamity and Agricultural Risk Prevention, Land Use Policy and Planning Division, Land Development Department, Ministry of Agriculture and Cooperatives, as well as forward-looking flood risk indicators (Relative changes in Annual Maximum River Flood Depth and/or relative change in Land Fraction Annually Exposed to River Floods) from the Climate Impact Explorer developed by Climate Analytics to assess potential flood risk by 2050 under different climate scenarios (RCP 2.6 and RCP 8.5).*

* Representative Concentration Pathways (RCPs) are scenarios that describe trajectories for global GHG emissions and the resulting CO₂ atmospheric concentration from 2000 to 2100, encompassing the range of possible climate policy outcomes. RCP 2.6 is the best case scenario with a major turnaround in climate policies. Global CO₂ emissions rate is expected to peak by 2020 and decline to around zero by 2080. Atmospheric CO₂ concentrations peak at around 440 ppm around 2050. RCP 8.5 is the worst case scenario, where global CO₂ emissions rate is expected to increase rapidly from the present to around 2050. In 2100, atmospheric CO₂ concentrations reach 950 ppm, while global CO₂ emissions rate annual emissions is expected to stabilise around 30 gigatonnes of carbon per year, around 4 times of the rate in 2000 (8 gigatonnes per year).



Classification of risk level of KBank's collateral according to flooding over the past 10 years



Level of Risk of Collateral	Number of Flood Events in the Past 10 years
No risk	0
Low risk	1 - 3
Medium risk	4 - 7
High risk	8 - 10

The geographical location of KBank's operating assets and collateralized assets was combined with the Repetitive Flooding Map of Thailand and Climate Impact Explorer's flood risk indicators via the GIS analysis to achieve precise and granular evaluation of the existing and forward-looking flood risk.

KBank has assessed financial impacts from physical risk, based on changes in key credit variables, as follows:

1. Probability of Default: PD
2. Loss Given Default: LGD

The assessment result indicates that KBank is estimated to have a low proportion of collateral located in high flood-risk zone. Considering flooding risk indicators in conjunction with flooded areas over the past 10 years, the high flooding risk indicator is not expected to produce any significant impacts on customers' wealth. However, the value and depreciation value of collateral and customers' wealth can be influenced by other factors such as land prices, population, economic activities and risks associated with natural hazards. These other factors have not been considered co-factors for this flooding risk impact assessment.

The assessment results regarding the flood risks that may impact on the bank's own business operations, and customers can be summarized as follows:

Risk Factor		Historical Data	Future Projection 2050 RCP 2.6	Future Projection 2050 RCP 8.5
Proportion of No. of assets in High risk - flooding	Owned assets	0.01%	0.38%	0.49%
	Collateral assets	0.12%	0.54%	0.57%
Data resource		Office of Natural Calamity and Agricultural Risk Prevention*	Climate Impact Explorer by Climate Analytics in collaboration with the NGFS, the Potsdam Institute for Climate Impact Research and ETH Zürich**	

Source:

* Classification of risk levels by the Land Use Policy and Planning Division, Land Development Department, <https://irw101.idd.go.th/index.php/2017-05-23-02-00-40/2017-05-23-02-00-40>

** <https://climate-impact-explorer.climateanalytics.org/>

3.2.2 Physical Stress Testing in Partnership with the Bank of Thailand

In addition to the Bank's ongoing assessment of physical risks from flood incidents using 10-year historical flood data and projected flood level changes under different climate scenarios (RCP 2.6 and RCP 8.5)* for 2050, in 2024, the Bank participated in a pilot Climate Stress Test focusing on physical risk with the Bank of Thailand to assess the impacts on the Bank's financial risks in the event of a severe and acute flood in 2030. The process for assessing flood impacts are as follows:



1. Define the scenario and scope of consideration

2. Assess Flood Risks by Considering Both Direct and Indirect Impacts

3. Quantify Financial Impact Based on Key Credit Variables

1. Define the Scenario and Scope of Consideration

The assessment considers the SSP2-4.5* scenario, which represents a 1-in-50-year return period, resulting in acute flooding that is twice as severe as the major flood event in 2011. The severity level of this major flood risk is categorized according to the flood duration:

The scope of impacts can be categorized according to the types of assets held by the Bank, which can be classified into two main parts: Credit Portfolio (Corporate Loan and Mortgage Loan) and Own Assets.

The severity level of risks from this major flood event is categorized based on flood duration.



Flood Severity

Flood Duration (weeks)

No Flood (Low)

0

Moderate Flood (Medium)

1 - 17

Severe Flood (High)

More than 17

2. Assess Flood Risks by Considering Both Direct and Indirect Impacts

Since the key factors used in assessing direct flood impacts are flood depth and flood duration, the Bank uses Flood Maps for sub-districts in Thailand to identify flood depth in each sub-district and calculates property damage through a Vulnerability Function to assess the relationship between flood depth, flood duration, and the damage ratio incurred. The Bank also considers indirect impacts from economic recession, as reflected in Macroeconomic Factors.

3. Quantify Financial Impact Based on Key Credit Variables

To quantify financial impact, arising from this major flood event on the Bank's credit portfolio, the Bank has conducted climate scenario analysis to evaluate potential impacts on business operations and assets of the Bank and its customers. The impact data is used in credit risk assessment through the calculation of Expected Credit Loss (ECL), based on three key credit variables as follows:

1. Probability of Default: PD
2. Loss Given Default: LGD
3. Exposure at Default: EAD

In assessing the potential financial impact on the Bank's Own Assets, KBank calculates potential flood damage (excluding business interruption losses) and offsets it against anticipated Insurance Recovery. The resulting Net Loss Value (Baht) reflects the Financial Implications of flood events on the Bank's Own Assets.

* Shared Socioeconomic Pathways (SSPs) presented scenarios where socioeconomic factors are taken into account, such as population, economic growth, education, urbanization, technological development, etc. SSP2-4.5 provide the narrative of medium challenges to mitigation and adaptation, as social, economic, and technological trends do not shift significantly from historical patterns. Development and income growth proceeds unevenly, with some countries progressing and some left behind. Environmental systems degrades, even as intensity of resource and energy use declines.



Impacts on KBank's Corporate Loan*

Value Chain	Definition of Risk	Financial Implication**
Own Operation and Downstream	<ul style="list-style-type: none"> Assets and infrastructure are damaged by flooding. Transportation of raw materials and finished goods is disrupted. The Bank is exposed to heightened borrower default risk and an escalation in non-performing loans (NPLs), thereby necessitating increased provisioning for credits exhibiting elevated risk profiles. 	Baht 5,983 million

* Corporate customers represent 60 percent of the total across all five industry sectors, including Wholesale Trade, Retail Trade, Electronic Engineering, Electronics and Motor Vehicles.

** The financial impact on credit extended to corporate customers is determined by the Expected Credit Loss (ECL).

Impacts on KBank's Mortgage Loan

Value Chain	Definition of Risk	Financial Implication*
Own Operation, Upstream and Downstream	<ul style="list-style-type: none"> Assets damaged by flooding may necessitate repair and restoration, potentially leading to customer illiquidity and loan delinquency. Depreciation in real estate values can exacerbate incidence of non-performing loans (NPLs). The Bank is required to augment loan loss provisions for mortgages in high-risk areas, consequently impacting its profitability. 	Baht 40,389 million

* The financial impact on credit extended to corporate customers is determined by the Expected Credit Loss (ECL).

Impacts on KBank's Own Assets*

Value Chain	Definition of Risk	Financial Implication**
Own Operation, Upstream and Downstream	<ul style="list-style-type: none"> The Bank's assets located in flood-affected areas sustained damage. Costs of repair and rehabilitation resulting from the flooding had a substantial direct impact on the Bank's financial statement. 	Baht 427 million

* KBank's own asset's types include head offices, cash operating centers, and general branches.

** The financial impact on the Bank's own assets is based on Net Damage value, calculated from potential damage value (excluding opportunity costs from business disruptions due to flooding), offset by anticipated insurance recovery amount.



To mitigate physical risks and enhance adaptation measures, KBank proactively conducts holistic flood risk assessments spanning all its operations, both existing and new, including customer assets and collateral. This comprehensive assessment integrates physical factors, future flood projections, and historical data, thereby ensuring business continuity and managing protection costs. Critically, risk factors arising from these hazards are then incorporated into the determination of acceptable risk appetites. To further strengthen its physical risk modeling capabilities and their integration into wider risk management, KBank is strategically investing in key foundational areas: improving its data collection system to gather comprehensive financial data for corporate clients, detailed material collateral data, and operating assets data across all corporate customers; sourcing additional hazard data from open and external sources to broaden modeling capabilities; and delivering comprehensive training on data collection and risk assessment processes to its Front Office, Relationship Managers, and Risk Management Team.

There are various challenges in the assessment of financial impacts caused by physical risk, for example, geographical diversity of collateral and collateral values that are influenced by different factors. Therefore, creation of models of losses caused by flooding and detailed projection of flooding maps in the medium and long terms is complicated and varied by each particular area.

Going forward, KBank plans to assess financial impacts based on physical risk, as follows:

- 1) Development of tools to analyze physical risk under cooperation with government agencies, research institutes, academics and outside experts to determine a risk area map that is specific for use in Thailand
- 2) Expansion of assessment of impacts on wealth and income caused by flooding risk that produces repercussions on

credit risk – The assessment results will be incorporated into the credit risk management processes. Such impact assessment includes, for example, analysis of risks, opportunities and impacts related to weather conditions under different assumptions (Climate Scenario Analysis), with respect to physical risk and stress testing.

- 3) Participation with outside experts and advisors to study different adaptation scenarios of the Network for Greening the Financial System (NGFS) and forecast of impacts in order to calculate the volumes of impacts caused by physical risk under diverse weather situations, and to study the methods

of risk assessment for physical risk per the World Bank's recommendations.

4. Sector Prioritization for Industries of High Greenhouse Gas Emissions in the Portfolio

KBank has classified the industrial groups of high greenhouse gas emissions in the portfolio in order to determine the Sector Decarbonization Strategy and the paths to alleviate and control the volumes of greenhouse gas emissions of each sector in accordance with the Paris Agreement and Thailand's target.



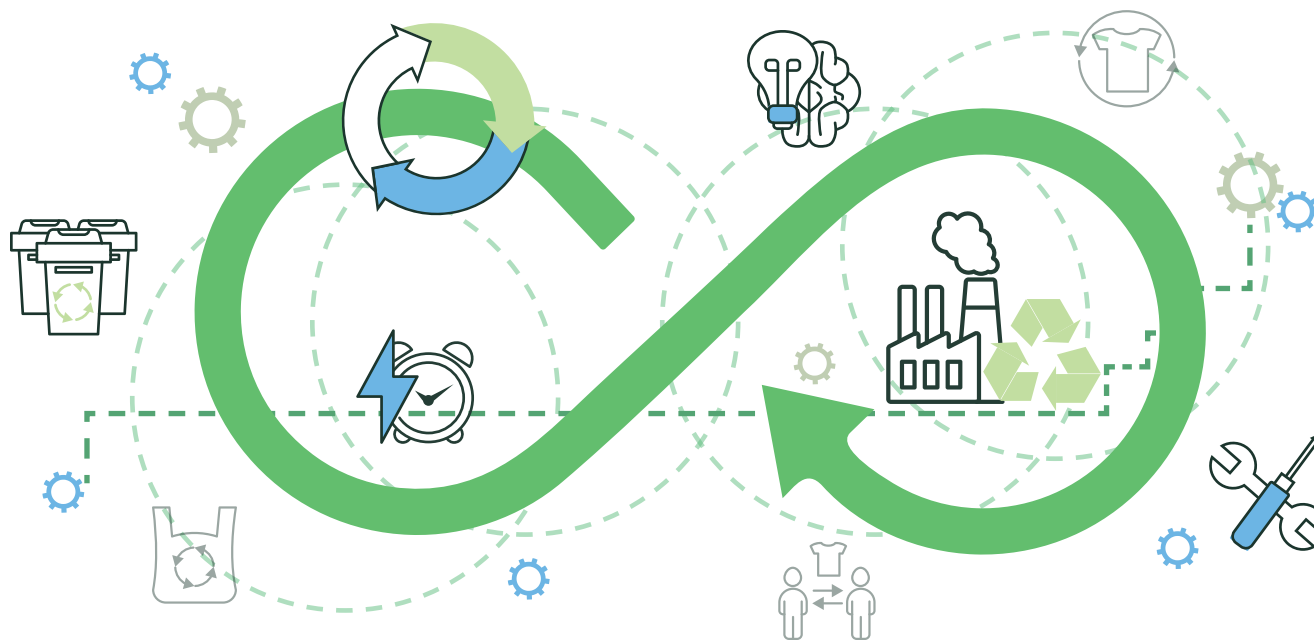


KBank's strategic framework for mitigating greenhouse gas emissions is robustly underpinned by an integration of established global decarbonization benchmarks and Thailand's nationally determined climate objectives.

KBank ages globally recognized climate target-setting and decarbonization standards – such as the UNEF FI Climate Target Setting Guidelines, SBTi, and PACTA – to inform its sector-specific decarbonization strategies. This multi-standard approach allows KBank to select appropriate decarbonization strategies and targets tailored to the unique characteristics of each industry.

Various climate scenarios delineate pathways towards the Paris Agreement, including the International Energy Agency (IEA) Net Zero Scenario (NZE) and the IEA Sustainable Development Scenario (SDS). The Science-based Target Initiative (SBTi), however, advocates that financial institutions establish decarbonization targets for their financed emissions based upon regional, rather than global, trajectories. The determination between these methodologies is contingent upon factors such as portfolio geographical composition, data accessibility, and the sector-specific and country-specific characteristics of prioritized industries.

Acknowledging Thailand's significant prioritization of climate change as a critical challenge impacting community livelihoods, economic advancement, and the attainment of sustainable development – as demonstrated by the Royal Thai Government's public commitment to achieving carbon neutrality by 2050 and net-zero emissions by 2065 (in reference to the 26th Conference of the Parties, COP26), and the subsequent revision and publication of its Second Updated Nationally Determined Contribution (NDC) and the National Long-Term Low Greenhouse Gas Emissions Development Strategy (LT-LEDS) in November 2022 – KBank has adopted IEA Sustainable Development Scenario (SDS) as the referential decarbonization trajectory for its portfolio. This strategic alignment aims to harmonize KBank's investment pathways with the overarching objective of the Paris Agreement, which seeks to maintain global warming well below 2 °C. Nevertheless, KBank remains committed to a dynamic approach and will duly incorporate any substantive modifications to Thailand's greenhouse gas (GHG) reduction strategies into KBank's decarbonization pathway as they materialize.





By integrating global best practices with national climate imperatives, KBank is committed to establishing a greenhouse gas reduction strategy, which includes a defined glidepath for reducing greenhouse gas emissions within each industry across its portfolio, as follows:

1. Power Generation

KBank will not extend new loans to new coal-fired power plants and will gradually reduce the outstanding loans of coal-fired power plants to zero within 2030. Additionally, the Bank establishes a greenhouse gas reduction strategy for power generation from other sources by controlling the greenhouse gas emissions intensity per unit of electricity production to align with the established glidepath.

2. Coal

KBank will not provide support for thermal coal or construction of related infrastructure, and plans to gradually reduce the outstanding loans of thermal coal mining to zero within 2030. The Bank also established strategic plans for greenhouse gas emissions reduction by controlling financing and investment to align with the glidepath for reducing greenhouse gas emissions.

3. Oil and Gas

KBank has a policy to control loans, investments and contingent liabilities in upstream oil and gas financing, including exploration, drilling and production, within the glidepath to reduce greenhouse gas emissions. KBank also does not support any exploration, drilling or production projects of unconventional resources, for example, tar sands, shale oil and gas, and Arctic oil and gas.

4. Cement

KBank has established a strategic plan for greenhouse gas emissions reduction for cement producers by controlling the greenhouse gas intensity per unit of cement production to align with the established glidepath to reduce greenhouse gas emissions.

5. Aluminum

The Bank has established a greenhouse gas reduction strategy for aluminum manufacturers, focusing on secondary production. The Bank will monitor the intensity of greenhouse gas emissions per unit of aluminum production. Control measures will be implemented to align with the greenhouse gas reduction glidepath once leading global banks begin regulating greenhouse gas reduction in secondary aluminum production, or when European countries consider imposing carbon taxes on secondary aluminum production.

6. Automotive

In 2024, the Bank established a greenhouse gas reduction strategy for the automotive industry. In the initial phase, the Bank will monitor the intensity of greenhouse gas emissions per unit of travel or transport (Vehicle Kilometer: Vkm) in accordance with the greenhouse gas reduction glidepath. This applies to midstream and downstream businesses, including the assembly of lightweight vehicles such as light duty vehicle (LDV), and the distribution or sale of lightweight vehicles through car dealer.

KBank provides support for increases in generation and utilization of renewable energy, enhancement of energy efficiency, investment in carbon capture and storage technology and low-carbon energy transformation. We are now planning to gradually expand our scope of greenhouse gas management to other industries to increase the share in our portfolio on a continual basis. Based on the guidelines and strategies established by the Board of Directors, KBank has undertaken numerous significant operations of sustainable development. We have already begun our monitoring of our Net Zero Commitment to reduce greenhouse gas emissions in our own operations.

Notable operations related to reduction of greenhouse gas emissions in our financed portfolio in 2024 include the following:

- Preparation of additional Sector Decarbonization Strategy for the automotive industry
- Preparation of a customer engagement plan to ensure that they have also followed the commitment to participate in our journey towards Net Zero, with the initial focus on significant sectors
- Support for sustainable financing and investment to push forward and promote transition to achieve the Net Zero goal
- Development of employee knowledge and capabilities for KBank and our customers via diverse tools, including training and seminars, ESG Consult Clinic and online training courses



Risk Management

Risk Management

Describe how the organization identifies, assesses, and manages climate-related risks.

Risk Management

Recommended disclosures

- Describe the organization's processes for identifying and assessing climate-related risks.
- Describe the organization's processes for managing climate-related risks.
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

For 2024, KBank has refined its risk assessment processes to proactively identify and mitigate business risks for both customers and the Bank. Our organizational risk framework specifically addresses climate-related transition and physical risks, recognizing their direct impact on key areas like credit and operational risk.



Risk Management

The Bank manages climate-related risks by incorporating them into credit risk and operational risk management framework to ensure business continuity. Climate-related risks can impact various risk categories including credit risk, operational risk, market risk, liquidity risk, and other risks faced by the Bank. However, when considering materiality, the Bank manages climate-related risks by incorporating them as part of credit risk and operational risk management.

KBank has implemented a climate-related risk management framework in accordance with the Three Lines of Defense principle, establishing clear roles and responsibilities across all organizational levels to ensure effective and comprehensive risk management throughout all business operations.

Climate Change Risk Management

1st Line of Defense

Business Units
manage preliminary climate-related risks.

2nd Line of Defense

Monitoring and Controlling Function
conducts detailed climate-related risk assessments, provides independent and reliable opinions on climate-related risks, and establishes processes to monitor and control risks within acceptable levels.

3rd Line of Defense

Internal Audit Unit
operates independently to evaluate, add value, and enhance the effectiveness of risk management and internal control processes.





Climate-related Risk Management Structure

The Bank establishes a clearly defined organizational structure and roles for climate-related risk governance.

Climate-related Risk Management Process consists of identification, assessment, monitoring and control, and reporting.





Integration of Climate Change Risk Factors in Credit Risk Management

Following the Bank's Net Zero Commitment announcement, aligned with Thailand's national goals, the Bank has integrated climate-related risk factors into its ESG Credit Policy* Exclusion List, such as gradually reducing support for businesses with significant greenhouse gas emissions where low-carbon technology alternatives are already available. Additionally, the Bank has established Sector-Specific Guidelines, particularly for high carbon-intensive sectors, including industries that heavily rely on coal as their primary fuel in production processes. These guidelines provide direction for credit support considerations in such business groups, with special additional consideration of ESG factors, such as reviewing customers' greenhouse gas reduction policies and targets, customers' greenhouse gas emissions reporting, and environmental management policies and plans. The Bank is progressively developing industry-specific greenhouse gas reduction plans (Sectoral Glidepath/Sector Strategy) and has established a Sustainable Finance Framework as an operational framework, along with setting sustainable financing targets.

Credit Assessment and Approval Guidelines

PRE-APPROVAL

- For credit requests from industries where the Bank has already established Sector-Specific Guidelines, they must undergo a pre-approval review to ensure alignment with the Bank's set targets before credit approval. The review will be based on indicators of the Sector-Specific Guidelines, such as credit amount and the intensity of greenhouse gas emissions per unit of production.
- Industry groups where the Bank has not yet established Sector-Specific Guidelines will be classified as Large Deals per the established criteria. They must undergo financed emissions calculation to evaluate their significance to the portfolio's overall financed emissions.
- For sustainable financing requests, especially Green Finance initiatives such as renewable energy, energy efficiency, clean transport aimed at climate change mitigation and climate change adaptation, a specialized review must be conducted by designated units to ensure compliance with the Bank's green finance framework, which is aligned with internationally accepted standards.

POST-APPROVAL

- Regularly monitor performance against various risk indicators, such as monthly monitoring of Sectoral Glidepath performance.
- Establish control processes and action plans categorized by risk levels, determined by deviation from set targets.
- Establish regular reporting requirements, including ad hoc reporting.
- Establish processes for monitoring of customers' environmental performance at least once a year.

* More information on "ESG Credit Policy" <https://www.kasikornbank.com/en/ir/corporategovernance/transparency/pages/esg-credit-policy.aspx>



Integration of Climate-related Risk Factors in Operational Risk Management

Risk Identification

- Review climate scenario analysis in case of flooding event as the most likely event and utilize the information to inform the selection of suitable locations for new banking branches and their physical design, taking into consideration the potential risks of flooding in the area.

Closely Monitoring Process

- We have dedicated facility team to monitor potential extreme flooding events that can impact our operation.
- Annually review the exposure at loss and reconsider the mitigate plan for the residual risk by insurance if necessary.

Strategic & Planning Process

- The predefined actions have been developed to address immediate risks and support our employees and customers before, during, and after adverse events.
- Our Business Continuity Management Sub-Committee was established to activate the plans to help to help KBank resume business operations within acceptable timeframe to minimize operational disruptions in case of an extreme climate event like flooding occurs.

Protection & Adaptation Mechanism

- Strengthen service in digital channels to decrease our physical dependency of branches and other service areas. We are determined to deliver services accessible to our customers through deployment of technology.
- Implement suitable mitigation action such as construction of flood barrier and temporarily relocation of Auto Teller Machine from flooded area to prevent damage.

Note:

Our adaptation plan & mechanism, as mentioned above, have been adopted, with the target for implementation within 5 years or less.



Metrics and Targets

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Metrics and Targets

Recommended disclosures

- Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
- Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
- Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

KBank is driving its ESG strategy through Objectives and Key Results (OKRs), utilizing the Balanced Scorecard framework. The Bank developed key performance indicators (KPIs) to measure success across four crucial dimensions: Finance, Customers, Internal Processes, and Learning & Sustainable Development. This ensures our business strategies seamlessly integrate environmental, social, and governance factors throughout the entire organization. These KPIs are cascaded from the CEO down to Presidents, Division Heads, and other relevant teams, with continuous monitoring to ensure we achieve our set objectives.



Metrics and Targets

KBank has established the Board of Directors' KPIs based on the Balanced Scorecard as a tool for transforming the strategy into practice. Key performance indicators have been drawn up to measure success through four key dimensions, including: Finance, Customers, Internal Processes, and Learning and Sustainable Development, to ensure that business strategies that account for environmental, social and governance factors are in harmony across the organization. The key performance indicators are cascaded from the level of Chief Executive Officer to the level of President, Division Head and other parties involved. Operating results have been monitored to attain the established objectives.

Sustainable Development Policy - Environmental Aspect	Metrics and Long-term Targets 2023 - 2025	Target 2024	Performance 2024
Net Zero in the Bank's own operations by 2030¹	1) 21% reduction of greenhouse gas emissions in 2025 (Baseline year: 2020) 2) Achievement of "Zero Waste to Landfill" at KBank's main buildings by 2025 ²	1) 16.8% reduction of greenhouse gas emissions (Baseline year: 2020) 2) Achievement of "Zero Waste to Landfill" at KBank's 1 main building	1) 17.02% reduction of greenhouse gas emissions (Baseline year: 2020) 2) Achievement of "Zero Waste to Landfill" at KBank's 1 main building ³
Decarbonized financed portfolio emissions in line with Thailand's target, and at the earliest for key material sectors where possible	Complete development of glidepath and/or sector strategies	Preparation of 1 glidepath and/or sector strategies	Preparation of glidepath and/or sector strategies for 1 industry: Automotive
Leader of innovative "Green Finance" agenda in Thailand	At least Baht 100 - 200 billion in sustainable financing and investment by 2030	Baht 35,338 million in sustainable financing and investment	Baht 48,500 million with cumulative value from 2022 - 2024 Baht 121,897 million in sustainable financing and investment

Financed Emissions and Credit Exposure to Carbon-related Assets

Greenhouse gas emissions under Category 15⁴: Investment of Scope 3 are known as the most significant matter of consideration for financial institutions. With its awareness of the importance of reduction of greenhouse gas emissions from the portfolio, KBank joined the Partnership for Carbon Accounting Financials (PCAF) in 2022 to adopt the calculation standard for financial institutions' assets to evaluate greenhouse gas emissions of industries in the portfolio, and for continual consultation with PCAF experts.

Notes:

¹ Scope 1: Direct emissions from the activities of an organization including stationary combustion, fleet vehicles (organization-owned), chemical treatment of wastewater, as well as fugitive and process emissions.

Scope 2: Energy-indirect emissions including an organization's purchased energy such as electricity, heat and steam.

² The target for achievement of "Zero Waste to Landfill" at KBank's main buildings within 2025 had been determined with consideration of international standards to reduce waste directed to landfills. Waste to landfill must not exceed 10 percent of total waste generated from the building.

³ Target has been met since August 2024

⁴ Other industries include automobiles and parts, chemicals and chemical products, retail sales of farm products, retail sales of commodity products, retail sales of industrial products, communications, construction, construction materials, digital and IT, electrical devices and appliances, entertainment, fashion, finance and banking, food and beverages, furniture and wood, hardware, hotels and restaurants, agricultural industry, other metals, packaging and publishing, medicine and hospitals, services and other industries.



Types of Asset/Sector	2023 ¹						2024					
	Portfolio allocation	Absolute GHG emissions (Tonnes of CO ₂ equivalent)		Weighted score of data quality ³ (Highest quality = 1 Lowest quality = 5)		Emissions Intensity ³ (Tonnes of CO ₂ equivalent to USD 1 million of investment or loan	Portfolio allocation	Absolute GHG emissions (Tonnes of CO ₂ equivalent)		Weighted score of data quality ³ (Highest quality = 1 Lowest quality = 5)		Emissions Intensity ³ (Tonnes of CO ₂ equivalent to USD 1 million of investment or loan
		Scope 1+2	Scope 3 ²	Scope 1+2	Scope 3			Scope 1+2	Scope 3	Scope 1+2	Scope 3	
By asset classes according to PCAF standard												
Business Loans and Unlisted Equity	100% of corporate bonds, listed and unlisted equity, and business loans	12,446,384	27,889,350	4.3	4.3	275.5	100% of corporate bonds, listed and unlisted equity, and business loans	13,255,599	30,713,300	4.2	4.3	279.2
Listed Equity and Corporate Bonds		92,006	158,985	4.4	4.6	70.7		52,885	107,384	4.5	4.6	37.7
Project Finance Loans	100% ⁴	2,808,466	262,080	3.0	4.0	2,148.4	100% ⁴	2,470,900	243,933	3.0	4.0	2,096.9
Motor Vehicle Loans	99.7%	673,324	-	3.8	-	165.0	99.7%	552,766	-	3.9	-	154.8
Mortgages Loans	84.9%	1,014,456	-	4.0	-	108.3	88.4%	1,077,132	-	4.0	-	101.2
Total		17,034,636	28,310,416	4.2	4.3	278.2		17,409,282	31,064,617	4.2	4.3	270.9
By sectors (business loans and project finance loans)												
Municipal power generation and municipal water	100% of business loans and project finance ⁴	2,917,169	305,782	3.1	4.0	-	100% of business loan and project finance ⁴	2,734,631	321,644	3.2	4.0	-
Oil and gas		2,577,059	2,992,794	4.0	4.1	-		2,392,977	3,379,157	3.9	4.0	-
Cement		718,419	194,004	4.1	4.3	-		855,568	163,557	4.0	4.2	-
Agriculture		731,745	1,754,424	4.5	4.5	-		759,699	1,775,840	4.5	4.5	-
Transportation		579,275	685,804	4.2	4.2	-		566,278	684,638	4.1	4.2	-
Iron and steel		441,026	339,597	4.1	4.1	-		447,244	338,835	4.1	4.1	-
Coal		171,924	488,223	2.2	2.2	-		158,908	437,101	2.1	2.1	-
Aluminum		29,246	52,420	2.9	2.9	-		35,763	76,503	2.6	2.6	-
Real estate		33,335	192,702	3.9	4.0	-		26,472	192,054	4.0	4.0	-
Automotive		334,224	1,260,133	4.4	4.4	-		344,102	1,330,400	4.4	4.4	-
Other sectors ⁵		6,720,810	19,875,979	4.3	4.3	-		7,403,288	22,247,374	4.3	4.3	-
Total		15,254,229	28,141,863	4.2	4.3	328.6		15,724,929	30,947,103	4.2	4.3	324.0

Notes:

¹ To ensure data comparability, KBank has conducted restatement for historical data of greenhouse gas emissions in 2023, previously disclosed in Sustainability Report 2023. KBank has adjusted emissions factors based on the PCAF methodology and database (latest version: September 2023) to be consistent with greenhouse gas emissions calculation in 2024.

² To ensure alignment with PCAF's Global GHG Accounting and Reporting Standard for Financed Emissions, which requires disclosures of client's Scope 3 emissions from 2024 onwards, as well as to ensure data compatibility, KBank has conducted restatement of client's Scope 3 emissions in 2023 for Business Loans and Unlisted Equity as well as for Project Finance.

³ The scores of data quality were weighted by KBank's financing and investment amount in accordance with PCAF's Global GHG Accounting and Reporting Standard for Financed Emissions.

⁴ The scope for calculating and reporting greenhouse gas emissions in Project Finance activities covers only electricity generation power plants under loans for the municipal power generation and municipal water sector.

⁵ Other industries include chemicals and chemical products, retail sales of farm products, retail sales of commodity products, retail sales of industrial products, communications, construction, construction materials, digital and IT, electrical devices and appliances, entertainment, fashion, finance and banking, food and beverages, furniture and wood, hardware, hotels and restaurants, agricultural industry, other metals, packaging and publishing, medicine and hospitals, services and other industries.

⁶ Reporting boundary of GHG Scope 3, Category 15: Investments includes credit supports and investments for Business Loans and Unlisted Equity, Listed Equity and Corporate Bonds, Project Finance, and Mortgages of KASIKORNBANK PUBLIC COMPANY LIMITED. For Motor Vehicle Loans, the reporting boundary includes KASIKORN LEASING CO., LTD. and KASIKORN FACTORY AND EQUIPMENT CO., LTD.

Limitation

In estimating the volume of Scope 3 greenhouse gas emissions (Category 15) resulting from the Bank's financing and investment support, the Bank must rely on the availability and detail of data across multiple dimensions, including the Bank's own data, customer data, and information from other independent agencies. This is essential for accurately calculating the greenhouse gas emissions in the Bank's portfolio and for formulating strategies to reduce emissions in alignment with the Bank's targets. Therefore, the Bank plans to improve its data capability in data collection, processing, and database management systems.



However, the calculated volume of financed emissions in the portfolio may fluctuate over time, which will be reflected in varying data quality scores. The Bank expects that data quality will improve as time progresses. In cases where reported emissions are unavailable, the Bank estimates greenhouse gas emissions using other variables, such as production capacity and the emissions factor of the industry per revenue or assets. Additionally, the emissions factor may change based on the PCAF reference database.

In calculating the Bank's portfolio financed emissions, some limitations may arise regarding the lag time in the reporting cycle of variables required from third parties, such as reported emissions data and customer financial statements. The Bank utilizes the most recent data available for greenhouse gas emissions calculation.

Decarbonization Glidepath Demonstrating Emissions Reduction

As part of our financed portfolio emissions management, the first wave of sectorial glidepaths developed in 2022 focused on carbon-intensive sectors, including Power Generation. KBank sets emissions intensity reduction targets and implements key strategies including:

- Minimizing exposure to high carbon-intensive power plants.
- Increasing exposure to low carbon, zero emissions, or green power plants.
- Discontinuing financing for new coal-fired power generation projects.
- Gradually reducing the provision of existing loans to coal-fired power plants to zero by 2030.

KBank commits to ongoing and dynamic monitoring and assessment of decarbonization pathways and targets, adapting to emerging financing opportunities. These goals and decarbonization strategies will undergo reassessment in response to significant developments in Thailand's Power Development Plan, Alternate Energy Development Plan, and other pertinent Energy Plans.

Performance monitoring reveals that, between 2024 and 2023 where the same PCAF-aligned calculation methodology has been applied to ensure comparability, 2024 shows a reduction of 337,565.61 tCO₂e when compared to 2023 emissions within the scope of the Power Generation glidepath (Project Finance Loans, Client's GHG Scope 1 & 2).

Releases of greenhouse gases into the atmosphere worsen the conditions of climate crisis and further burdens the environment and the society with increased cost to survive in and recover from the impacts, including but not limited to increased food cost, health issues, property damage from increased natural disasters, i.e. Social Cost of Greenhouse Gases (SC-GHG). On the other hand, prevention of further greenhouse gas releases helps the society avoid the SC-GHG cost from increasing. With the estimated cumulative emissions avoidance of 337,565.61 tCO₂e from the progress of Power Generation decarbonization glidepath in 2024 compared to 2023, the estimated emissions avoidance can be translated to social cost avoided of approximately Baht 1,475 million*.

* Social cost avoided was calculated according to EPA Report on the Social Cost of Greenhouse Gases: Estimates Incorporating Recent Scientific Advances, by U.S. Environmental Protection Agency. https://www.epa.gov/system/files/documents/2023-12/epa_scghg_2023_report_final.pdf

Sustainable Financing and Investment

1. Green Loans: Outstanding amount in 2024 totaling Baht 91,271.02 million

1.1 Green Loans for Corporate Customers

Loans for Corporate Customers	Product Description	Outstanding Loans in 2024 (MB)
Loans for domestic renewable energy	Loans provided for domestic renewable energy projects, including solar energy, biomass energy, waste-to-energy, biogas energy, wind energy	9,900.83
Loans for renewable energy in other countries	Loans provided for overseas renewable energy projects, including wind energy, solar energy and hydropower	11,043.54
Other loans for activities/projects of environmental conservation or environmental friendliness	Loans for activities/projects of environmental conservation or environmental friendliness include, for example, green home projects using environmentally friendly materials, purchase of eco-friendly products/equipment.	1,199.77
Loans for alternative energy vehicles	Loans that promote transport that uses clean energy, including auto loans for hybrid and electric cars (B2B).	2,714.12



Loans for Corporate Customers	Product Description	Outstanding Loans in 2024 (MB)
Loans for large property projects with environmentally friendly concept	Loans for large property projects with environmentally friendly concept include, for example, Eco-system Eco-plex projects and green buildings in accordance with the standards of Leadership in Energy and Environmental Design (LEED) of the United States Green Building Council (USGBC).	7,788.70
Loans for energy and environmental conservation	KBank has provided incentives via loans with special conditions to businesses that undertake environmentally friendly operations, in terms of minimization of pollution and efficient utilization of natural resources, namely improvement of operational systems and processes for reducing energy consumption in business premises, solar rooftop installation, building renovation and other energy conservation measures.	4,512.01
Loans to support products, production technologies and production processes with environmental efficiency and/or improvement to promote circular economy	Loans for alternative energy, products, production technologies and production processes with environmental efficiency and/or improvement to promote circular economy, as well as sustainable management of garbage and waste certified with environmental standards, e.g., biofuel production plants, treatment and disposal of non-hazardous waste by biological methods, etc.	1,602.71
Loans related to sustainability operations (sustainability linked loans – SLLs)	KBank has granted special privileges to business operators who have achieved the established targets within the loan periods, in order to inspire those operating businesses that are environmentally and societally friendly, including alleviation of pollution and efficient use of limited resources, and minimization of adverse impacts on community residents, as well as being committed to the UN Sustainable Development Goals, e.g., reduction of GHG emissions, and reduced energy and natural resource consumption.	10,064.17
Loans for overseas environmental projects	Loans for overseas environmental projects include equipment purchase for solar power plants, pollution prevention and control to minimize air pollution from power plants, energy efficiency improvement, etc.	5,050.90
Total green loans for corporate customers		53,876.75



Outstanding green loans totaling

Baht **91,271.02** million

* More details of sustainability loans and second party opinions can be found at: <https://www.kasikornbank.com/en/sustainable-development/sustainability-bond/Pages/Sustainable-Bond-Report.aspx>



1.2 Green Loans for SME Customers

Loans for SME Customers	Product Description	Outstanding Loans in 2024 (MB)
Loans for energy and environmental conservation	KBank has provided loans with special interest rates for projects such as energy-saving loans, improvement of systems and operational processes to reduce energy consumption in business premises, solar rooftop installation, renewable energy consumption in business operations, building renovation for energy conservation	2,419.90
Loans to support products, production technologies and production processes with environmental efficiency and/or improvement to promote circular economy	<p>Loans for alternative energy, products, production technologies and production processes with environmental efficiency and/or improvement to promote circular economy, as well as sustainable management of garbage and waste certified with environmental standards, e.g., biofuel production plants, treatment and disposal of non-hazardous waste by biological methods, etc.</p> <p>Classified by sub-objectives:</p> <ul style="list-style-type: none"> Loans for alternative energy Outstanding loans: Baht 63.99 million Loans for sustainable management of garbage and waste certified with environmental standards Outstanding loans: Baht 173.28 million Loans for products, production technologies and production processes with environmental efficiency and/or improvement to promote circular economy Outstanding loans: Baht 1,928.43 million 	2,165.70
Total green loans for SME customers		4,585.60

1.3 Green Loans for Retail Customers

Projects/Products	Product Description	Outstanding Loans in 2024 (MB)
Auto loans for hybrid and electric vehicles	Green Vehicle Financing for Personal Hybrid and Electric Vehicle Purchases	17,261.52
Green home loans	Environmental Housing Loans - Energy-Efficient Homes under the Green Housing Loan Program	15,547.15
Total green loans for retail customers		32,808.67

Note: The above classification is in accordance with the Green Loan Principles of the Loan Market Association (LMA).



2. Beyond Banking

2.1 SolarPlus

KBank has developed the SolarPlus Platform, which provides e-Marketplace platform service to promote a green ecosystem and support services related to clean energy. Initially, KBank's key customer segment included retail and small business customers in the Bangkok metropolitan area, to whom notifications were sent via K PLUS to disseminate information on solar rooftop installation. Interested customers may register and choose a solar rooftop installer that matches their requirements. Customers and companies that provide solar rooftop installation services enter into a power purchasing agreement for customers to sell electricity generated from the solar cell system. KBank provides financing to companies that install solar panels. This project is aimed at promoting access to clean energy and moving our mission forward to achieve the Net Zero goals of KBank and Thailand.

2.2 EV Bike Rental Service

KBank launched a pilot project by introducing WATT'S UP – a comprehensive e-marketplace platform offering multiple brands of electric motorcycles for rent – at three Thailand Post branches. The project received positive feedback by the end of 2023. To further this initiative, the Bank established K Energy Plus Co., Ltd., a subsidiary dedicated to EV bike rental services, in late 2023. In 2024, KBank is committed to enhancing the service by targeting actual users, such as regular electric motorcycle riders and individuals interested in trying EV bikes. To expand rental options, the Bank plans

to increase business partnerships to introduce various electric motorcycle models and expand the battery-swapping station network on the WATT'S UP platform, aiming to attract more users.

2.3 Creative Climate Research Center (CCRC)

KBank has initiated the development of climate knowledge and research delivery solutions by integrating expertise from leading educational and research institutions, both in Thailand and internationally, to provide guidance to customers and support comprehensive climate insights for Thai society. The Bank, in collaboration with Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), Thailand Carbon Neutral Network (TCNN), and Kasikorn Research Center, conducted "The 2024 Thailand's Voluntary Carbon Market" research, updating the status of Thailand's voluntary carbon market along with future market trends for private sector utilization. Additionally, KBank supported the Carbon for Business and Industry Sustainability Institute (CBiS) and the Faculty of Engineering, Chulalongkorn University, in organizing the Net Zero CEO Leadership Program, a sustainability course for senior executives focusing on leadership development. The program attracted over 66 executives from both public and private sectors, fostering collaboration among 66 organizations to help drive Thai society towards Net Zero goals.

3. Green and Sustainable Investment

The Bank recognizes the importance of environmental investment and has therefore issued and invested in sustainability bonds with the following details:

3.1 Issuance of Sustainability Bonds*

In 2022, KBank issued 2-year and 3-year Yen-denominated sustainability bonds and 3-year USD-denominated sustainability bonds, totaling approximately USD 84 million (equivalent). These bonds were offered to domestic investors to promote financing for environmentally and socially friendly businesses, such as loans of energy and environmental conservation, renewable energy loans and loans to promote employment. KBank is the first bank in Thailand and ASEAN to issue sustainability bonds in accordance with global standards set by the International Capital Market Association (ICMA) and the ASEAN Green, Social and Sustainability Bond Standards of the ASEAN Capital Markets Forum (ACMF).

* For additional details on sustainability bond and Second Party Opinion reports, please visit the website: <https://www.kasikornbank.com/en/sustainable-development/sustainability-bond/Pages/Sustainable-Bond-Report.aspx>

KBank issued sustainability bonds totaling

Baht **2,936** million

accounting for

12%

of KBank's

total senior bonds.





Operating Performance

Bonds have been managed by lending the full amount to environmental and social projects approved by the Board of Directors, based on their environmental and social promotion, and benefits in other fields, as follows:

1. Three Environmental Projects Supported

- 1.1 Two solar energy projects* have a total production capacity of 178 megawatts and generating electricity of 256 million kilowatt-hours
- 1.2 One large-scale property project with an environmentally friendly concept and design (Green Building), which takes into account efficient use of resources, energy and environment, and is expected to be certified with Gold/Platinum level of Leadership in Energy and Environmental Design (LEED) by the United States Green Building Council (USGBC) and Platinum level of WELL Building Standard (WELL) by the International WELL Building Institute (IWBI), upon its construction completion and opening in 2024

2. Two Social Projects Supported

Two projects promoting employment generation and supporting SMEs, franchise groups and retail shops in communities, which have extended loans to 1,789 retail customers.

3.2 Investment in Bonds for the Environment and Sustainability

KBank's total investment in sustainability bonds amounted to Baht 44,465 million, to support fund raising for projects that are environmentally friendly and energy-saving, and for development and promotion of sustainability, with the following details:

Investment in Green Bonds

KBank has invested in green bonds for wind energy and clean transportation projects. These bonds have been certified by internationally accepted standards, namely the ASEAN Green Bond Standards (ASEAN GBS), Climate Bond Standard (CBS), International Capital Market Association Green Bond Principles (ICMA GBP), and the LMA Green Loan Principles (LMA-GLP).

Investment in Sustainability Bond and Sustainability-Linked Bond

KBank has invested in sustainability bonds related to social and economic development, and promotion of environmental conservation. These bonds have been certified by the ASEAN Green Bond Standards, Social Bond Standards and Sustainability Bond Standards (ASEAN-GBS, SBS, SUS), International Capital Market Association Green and Social Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, and Sustainability-Linked Bond Principles (ICMA-GBP, SBP, SBG, SLBP) and LMA Green Loan Principles and Sustainability Linked Loan Principles (LMA-GLP, SLLP).

KBank's investment in sustainability bonds totaled

Baht **44,465** million

accounting for

11.1%

of KBank's total investment in bonds



* For additional details on sustainability bond and Second Party Opinion reports, please visit the website: <https://www.kasikornbank.com/en/sustainable-development/sustainability-bond/Pages/Sustainable-Bond-Report.aspx>



3.3 Issuance of Risk-hedging Bonds, Issuance and Underwriting of Bonds linked with Economic, Social and Environmental Activities

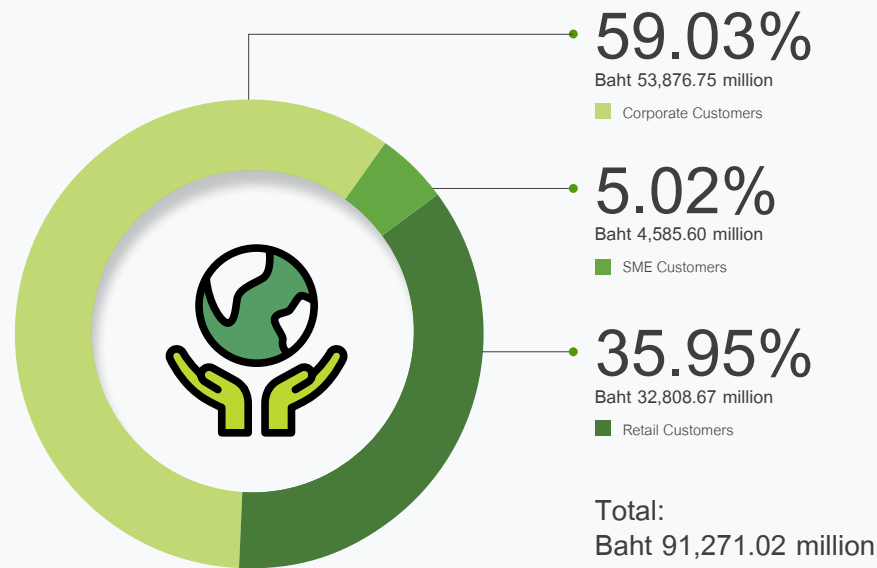
Issuance of Risk-hedging Financial Contracts linked with ESG Targets

The Bank has been continuously engaging in risk-hedging financial contracts linked to Environmental, Social, and Governance (ESG) objectives since 2021. In 2024, KBank collaborated with IRPC Public Company Limited to execute

Thailand's first Social-Linked THOR (Thai Overnight Repo Rate) interest rate swap. This innovative financial instrument ties interest rates to social development targets; if the client meets these predefined social objectives, they benefit from more favorable interest rates as stipulated in the contract. Additionally, KBank has entered into ESG-Linked Interest Rate Swap agreements with large corporate clients. These contracts are linked to clients' MSCI ESG Ratings and their greenhouse gas emissions

reduction achievements. Customers meeting these goals can secure a preferential fixed interest rate, as detailed in the contract, designed to help them manage financial risks while promoting sustainability within their organizations and Thai society. This initiative reflects the Bank's commitment to conducting business in accordance with the principles of a Bank of Sustainability, aiming to advance Thailand's economy and society towards sustainable growth.

Proportion of Green Loans, categorized by customer type.





Bond Issuance Offering Investors the Choice of Receiving Carbon Credits or Renewable Energy Certificates as Promotional Incentives (Bond Plus Carbon Credit)

KBank serves as the sole underwriter and primary investor for “BCPG Public Company Limited’s Debentures No. 1/2024 Series 1 due 2027” and “BCPG Public Company Limited’s Debentures No. 1/2024 Series 2 due 2029,” which are Thailand’s first “Bond Plus Carbon Credit.” These debentures are unique in that investors not only receive fixed interest returns like typical debentures but also come with promotional features where investors can choose to receive either Carbon Credits certified under Thailand’s Voluntary Emissions Reduction Program (T-VER), developed by the Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), or Renewable Energy Certificates (REC) certified by The International REC Standard Foundation (I-REC) or International Tracking Standard Foundation (I-TRACK Foundation). Investors can use these carbon credits or I-REC as tools for carbon offsetting to achieve carbon neutrality in line with the national environmental strategy. Additionally, these credits can be traded in the secondary market, which is a key mechanism for enhancing liquidity in Thailand’s carbon credit market. As the lead underwriter and primary investor of these BCPG debentures, the Bank has advanced another step towards its key sustainability goals. Institutional investors are encouraged

to learn about the carbon credit account opening process and join knowledge-sharing sessions on ESG practices and guidance on related accounting and tax management. The carbon credits received by the Bank from this transaction will be used as part of its tools for offsetting its own greenhouse gas emissions.

Issuance of Green Bonds

KBank has actively supported clients in transitioning to a low carbon economy by serving as an underwriting of sustainability bonds as follows:

- Served as one of the underwriters for “**Minor International Public Company Limited’s Sustainability-Linked Debentures** No. 1/2024 Series 1 due 2028” worth Baht 5,000 million. The purpose was to repay debt from issuing debt instruments and use it as working capital. The debentures have two sustainability KPIs: 1) Scope 1 and Scope 2 greenhouse gas emissions rate from the issuer’s hotel business segment, and 2) Water withdrawal rate from the issuer’s hotel business segment.
- Served as one of the underwriters for “**WHA Utilities and Power Public Company Limited’s Green Debentures** No. 1/2024 Series 2 due 2029” worth Baht 800 million. The purpose was to reimburse the issuer’s treasury for investments already made and/or to invest in renewable energy power plant projects.

- Served as one of the underwriters for **Advanced Info Service Public Company Limited’s Sustainability Debentures** No. 1/2024: Series 1 due 2028; Series 2 due 2031; Series 3 due 2027; Series 4 due 2029; Series 5 due 2034, with a total value of Baht 25,000 million. The purpose was to invest in projects related to environmental, social, and governance (ESG) initiatives.



4. Environmental and Sustainability Funds*

Environmental and Sustainability Funds	Details of Products	Net Asset Value** (MB)
K-PLANET-A(A) KPLANETRMF ⁽¹⁾	LO Funds - Planetary Transition, (USD), I Class A (master fund) which has a policy to invest in equity securities or equity-equivalent instruments issued by companies worldwide, including emerging markets, whose business growth benefits from regulations, innovations, services, or products related to preventing or reducing climate change.	-A(A): 1,278.62 RMF:21.67
K-CHANGE-A(A) K-CHANGE-SSF KCHANGERMF ⁽²⁾	The fund invests in Baillie Gifford Positive Change Fund - Class B accumulation (GBP) (master fund), which has a policy to invest in global stocks of companies with products and/or services that create positive impacts on society and/or the environment, including companies that support changes in various aspects, not limited to any single area, including: education, social equality, healthcare system quality, and resources and environment.	-A(A): 5,369.42 SSF: 3,792.42 RMF: 3,017.96
KTHAICGRMF ⁽³⁾	Mutual funds that prioritize investments in companies demonstrating strong corporate governance practices, including those certified as members of Thailand's Private Sector Collective Action Against Corruption (CAC). Corporate governance quality is evaluated through CG Scoring ratings issued by the Thai Institute of Directors Association or other pertinent institutions.	334.79
K-TNZ-ThaiESG K-TNZ-A(A) ⁽⁴⁾	The fund aims to promote the reduction of climate change impacts and manages its investment portfolio with the goal of maintaining weighted average greenhouse gas emissions and portfolio temperature below benchmark levels. It supports the business sector in driving Thailand towards achieving Paris Agreement targets of net zero greenhouse gas emissions by 2065.	-ThaiESG: 2,931.23 -A(A): 63.40
K-ESGSI-ThaiESG ⁽⁵⁾	The fund will invest in government bonds, bonds with principal and interest guaranteed by the Ministry of Finance, or debentures with principal and interest guaranteed by the Ministry of Finance (excluding convertible debentures), which are classified as green bonds, sustainability bonds, or sustainability-linked bonds. The average investment in these instruments will be no less than 80 percent of NAV during each fiscal year.	4,042.98
K-BL30-ThaiESG ⁽⁶⁾	The fund will invest in government bonds, bonds with principal and interest guaranteed by the Ministry of Finance, or debentures with principal and interest guaranteed by the Ministry of Finance (excluding convertible debentures), which are classified as green bonds, sustainability bonds, or sustainability-linked bonds. The average investment in these instruments will be no less than 80 percent of NAV during each fiscal year.	327.39
Total NAV of Environmental and Sustainability Funds		21,179.88

* Environmental and sustainability funds of KASIKORN ASSET MANAGEMENT

** NAV represents the value of trading funds via the channel of KBank only.

-A(A): Accumulation Class Fund

SSF: Super Savings Fund

RMF: Retirement Mutual Fund

ThaiESG: Thai Environmental, Social, and Governance Investment Fund

(1) Total NAV of K-PLANET (all share classes) is Baht 1,300.29 million.

(2) Total NAV of K-CHANGE (all share classes) is Baht 12,179.80 million.

(3) Total NAV of KTHAICGRMF (all share classes) is Baht 334.79 million.

(4) Total NAV of K-TNZ-ThaiESG (all share classes) is Baht 2,994.63 million.

(5) Total NAV of K-ESGSI-ThaiESG (all share classes) is Baht 4,042.98 million.

(6) Total NAV of K-BL30-ThaiESG (all share classes) is Baht 327.39 million.



Collaboration

Customer Engagement

In 2024, KBank promoted customer engagement in multiple patterns, as follows:

1. **Corporate customers:** Relationship Managers and related department, i.e., the Active Credit Portfolio Management Department and Industrial Decarbonization Solution Department, created customer engagement with respect to transition towards sustainability for businesses that could be affected by future regulatory requirements and international trade regulations, namely food and beverages, agro-processing, automotive parts and electrical appliances and equipment businesses.
2. **SME customers:** KBank provided knowledge to SME customers via various channels, as follows:
 - The Bank participated in the “Financing the Transition: Finance for Business Transition towards Sustainability” project with the Bank of Thailand to drive business adaptation for environmental sustainability. The project includes organizing seminars to provide knowledge about adaptation and funding sources for customers in target industries, and continuously supporting access to adaptation technologies and funding sources. The pilot industry groups are food and beverages, hotels and healthcare, packaging and plastics, and automotive parts.

- In collaboration with Central Pattana Public Company Limited, KBank participated as a speaker in the Green Partnership project, providing insights into accessing funding sources for energy and environmental conservation to partner stores under Central Pattana’s management.
 - The Bank served as a speaker and panelist at the Green Technology Expo 2024, organized by the Thai-Chinese Association for Science and Technology, to provide entrepreneurs insights about green loans.
3. **Retail Customers: The Bank provides knowledge to individual customers through various channels, including:**
To support customers’ access to energy-efficient home loans, the Bank joined with 15 leading real estate developers in launching a Green Home Loan campaign to offer energy-efficient homes from more than 720 projects nationwide, with special interest rates and additional benefits.

Collaboration with Business Partners to Mitigate Climate Change Impacts

KBank recognizes the importance of collaborating with external agencies, including government bodies, private sector entities, trade associations, and other groups both domestically and internationally. These partnerships are instrumental in advancing climate change-related initiatives aligned with the Paris Agreement and Thailand’s national goals.

To ensure effective oversight, KBank has entrusted Corporate Governance and Sustainability Committee (composed of board members) and Sustainable Development Sub-committee (chaired by Chief Executive Officer and composed of senior executives) with the responsibility to oversee these collaborations with external agencies in accordance with relevant guidelines and objectives.



KBank has implemented a structured management system for these engagements, which includes:

- Initiation of collaboration or membership in climate-focused organizations or associations is first reviewed by responsible departments. If the activity has the potential to significantly impact the Bank, it is report to the Corporate Governance and Sustainability Committee for approval. Consideration is based on alignment with the Paris Agreement, Thailand's goals, and the Bank's internal objectives.
- Ongoing monitoring of all collaborations, support activities, and memberships is conducted by the responsible departments to assess performance and promote continuous improvement. If any activity is found to be misaligned with the stated goals, the departments will attempt corrective action. If realignment is not possible, KBank may choose to discontinue the engagement to maintain the integrity of its climate strategy.
- Periodic reporting of major activities in this area is presented to Corporate Governance and Sustainability Committee and Sustainable Development Sub-committee for appropriate governance and oversight.

Moreover, KBank does not support any partnerships involving lobbying activities. Specifically, we do not support lobbying efforts that oppose climate regulations or promote climate change denial. The process for reviewing, monitoring, and reporting on climate-related lobbying activities will also be integrated into the aforementioned governance framework.

Currently, KBank is a member of several prominent sustainability and climate-related networks, including the UN Global Compact, Carbon Neutral Network, Carbon Market Club, and Thailand Climate Business Network (ThaiCBN). In 2024, KBank collaborated with various external agencies to address critical climate change issues, including the following initiatives:

Collaboration with Domestic Organizations

- KBank participated as a speaker at the “UN Global Compact Network Thailand Forum 2024 (GCNT Forum 2024)”, organized by the Global Compact Network Thailand in collaboration with the United Nations in Thailand. The forum focused on the theme “Inclusive Business for Equitable Society - Transforming Future Business, Creating an Equitable and Sustainable Society.” KBank also joined a panel discussion titled “Inclusive Business Landscape,” sharing insights and perspectives on applying the inclusive business model within organizations to address social inequality. The discussion was aimed at promoting actionable inclusive business practices, fostering long-term sustainability for businesses while enhancing economic, social, and organizational resilience accordingly.
- Bank shared perspectives at the first collaborative meeting of the Thailand Climate Business Network (ThaiCBN). Under its strategy of being a Bank of Sustainability, KBank initiated the ThaiCBN project in collaboration with 24 leading partners across various sectors, including government, education, business and industry, finance, and banking, as well as international organizations, with the aim of driving Thailand towards the net-zero target. The first meeting was held to share the vision, discuss key areas of collaboration, and explore pathways for future cooperation.

Collaboration with International Organizations

- To enhance green finance capabilities and become a leading sustainable bank, KBank is committed to supporting sustainable financing and investment of no less than Baht 100 - 200 billion by 2030. To this end, the Bank has collaborated with the International Finance Corporation (IFC) to strengthen capabilities and develop green finance potential in accordance with internationally accepted criteria and standards. Major initiatives included:
 1. The Bank has established the “Climate Transition Capacity-Building Project” to equip employees with knowledge about green loans, green buildings, and climate change risk through training sessions, conducted by experts from the International Finance Corporation. The learning course covers three key areas: The “Green Finance Eligibility Trainings” to delve into important issues and criteria of green loans; the “Green Building Workshop” to provide in-depth knowledge about green building standards; and the “Climate Transition Risk Assessment” to provide knowledge about climate change risk assessment in alignment with the Paris Agreement.



2. The Bank supports real estate clients in developing green buildings that adhere to international standards using the EDGE (Excellence in Design for Greater Efficiencies) certification system. In collaboration with the International Finance Corporation, the Bank offers free consultation services to clients, entrepreneurs, and real estate developers to help them advance green building projects through the EDGE app.

- KASIKORN ASSET MANAGEMENT CO., LTD. has announced the inaugural Alliance on Sustainability with Lombard Odier, a globally renowned financial institution from Switzerland. As a consulting partner, Lombard Odier will assist in shaping strategies and developing sustainable investment products aligned with international standards. This collaboration addresses the impacts of rapidly changing climate conditions, reflecting investors' growing emphasis on investments that foster sustainable economic and social development. The partnership strengthens KAsset's ability to integrate sustainable practices across all funds under its management, including those with ESG-focused strategies, ensuring maximum efficiency. It also reinforces KAsset's leadership in Thailand's mutual fund market while driving the Thai mutual fund industry towards sustainable growth on par with global standards.

- Beacon Venture Capital Company Limited (Beacon VC), the venture capital arm of KASIKORNBANK (KBank), and the Global Green Growth Institute (GGGI) Thailand have signed a memorandum of understanding to promote startups and support the growth of climate technology innovations. The partnership aims to strengthen the ecosystem for climate tech innovations, preparing startups for fundraising, business expansion, and funding opportunities. Building upon their ongoing collaboration, Beacon VC and GGGI are now working on establishing a Climate Tech Equity Trust Fund, dedicated to investing in climate tech startups to combat climate change.

- Solar United Beacon VC has partnered with Solar United Network Group (SUN Group), a leading Asia-Pacific clean energy company based in Indonesia, to complete a USD 3 million Series A funding round for ION Energy Company Limited (ION), a Thai solar energy startup. This collaboration leverages KASIKORNBANK's extensive customer base to expand services comprehensively, allowing both retail and business customers to access clean energy solutions at affordable prices with assured quality standards. ION Energy is the first Thai startup to receive investment from Beacon VC through the Beacon Impact Fund, which was established to invest in startups committed to sustainable business practices based on ESG principles. These investments aim to generate measurable positive impacts across multiple dimensions, with the potential for broad scalability.





About this Report

Approach to Climate Reporting

The TCFD disclosures offer insights into KBank's climate-related activities for the year ending 31 December 2024, based on data from the financial year spanning 1 January to 31 December 2024 unless otherwise stated. Measurement methods and calculations are detailed alongside data tables where necessary. To enhance its reporting framework, KBank aims to reflect evolving market practices – such as the International Sustainability Standards Board (ISSB) and contribute to the broader effort of standardizing climate-related disclosures.

Environmental Aspect Information

The environmental aspect information in this report covers activities considered by KBank to have significant impacts on the environment and has been compiled by KBank that produce environmental impacts. The environmental aspect of information comes from different sources, e.g., recording gauges, accounting evidence, operating processes, and data evaluation on quality principles.

Energy

Total energy consumption consists of non-renewable energy, including electricity and energy from fuel combustion – and renewable energy, including solar power as well as the amounts of biodiesel and bio-gasoline in the fuel ratio. The information is derived from accounting data, meter readings and energy unit conversion, based on the annual energy report of the Department of Alternative Energy Development and Efficiency.

Water

Water management involves water from external sources, recycled water, discharged and reused water. Evaluation of water utilization efficiency and risk from different water sources is in place. Water from external sources is used for KBank's activities. The information is extracted from the accounting data.

Waste

Waste management covers total waste generated through KBank's operations and activities. The quantity of waste refers to the quantity of waste generated through KBank's operations and activities, and the quantity of waste recorded in this report was based on valid estimation of the quantity of municipal solid waste from Rat Burana Building, Phahon Yothin Building, Chaeng Watthana Building, KBTG Building and KLOUD by KBank Building, and based on theoretical estimation of waste generation from other buildings apart from the aforementioned.

Greenhouse Gas Emissions

This exhibits greenhouse gas (GHG) emissions from operations or activities of KBank, calculated in compliance with the report, Intergovernmental Panel on Climate Change (IPCC) guidelines and carbon footprint calculation guidelines of the Thailand Greenhouse Gas Management Organization (Public Organization).

1. Report Boundaries

- 1.1 Direct emissions (Scope 1) occur through operating processes and activities under KBank's monitoring, control and management, including fuel or natural gas combustion and the leakage of methane gas from septic tank and refrigerant leaks only.
- 1.2 Indirect emissions (Scope 2) occur mainly from the amount of electricity bought from external sources for KBank's operations, including power directly purchased from the Metropolitan Electricity Authority and the Provincial Electricity Authority and indirectly from lessors.
- 1.3 Other indirect emissions (Scope 3) occur from KBank business travel by land transport, water withdrawal and investment only.



2. Report on Intensity

2.1 The calculation of Scope 1 GHG emissions is based on fuel consumption (by weight or quantity), e.g., the quantity of oil or natural gas x emissions factor and the leakage of methane gas from septic tanks and refrigerant leaks.

2.2 The calculation of Scope 2 GHG emissions is based on the quantity of purchased electricity x emissions factor.

2.3 The calculation of GHG emissions incurred indirectly through other means (Scope 3) expense related to business road travel, distance travelled, and air travel class related to business air travel, and acquisition of tap water x emissions factor.

2.4 The calculation of GHG emissions incurred indirectly through the Bank's investment (Scope 3 category 15: Investment) is based on the Bank's commercial loan, corporate bond, and equity, is based on the Bank's Commercial Loans, Project Finance, Corporate Bonds, Equity, Motor Vehicle Loans, and Mortgages.

3. Greenhouse Gas Emissions

The GHG emissions report covers CO₂, CH₄, N₂O, HFCs, PFCs and SF₆, calculated and illustrated in the form of carbon dioxide equivalent (CO₂e), indicating Global Warming Potential (GWP) as designated by the IPCC.

4. Emissions Factor

4.1 Scope 1 and 2 GHG emissions: Based on the reference rates of the IPCC 2006, United States Environmental Protection Agency (EPA), Department for Business, Energy and Industrial Strategy, the UK Government (BEIS) and Thailand Greenhouse Gas Management Organization (Public Organization) as well as the fuel heat rate of the Department of Alternative Energy Development and Efficiency.

4.2 For scope 3 emissions category 15: Investment, emissions factors per energy source are from the Thailand Greenhouse Gas Management Organization (Public Organization). Emissions factors per energy consumption or production capacity are sourced directly from the organization report within the portfolio and emissions factors for the sector per unit of revenue or asset are sourced from PCAF web-based emissions factor database.

5. Assessment Methods

5.1 Based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and corporate carbon footprint assessment of Thailand's Greenhouse Gas Management Organization (Public Organization), Fourth Revision, April 2024.

5.2 Calculation of decline in GHG emissions resulting from the use of financial products and services via digital channels, based on the Attributional Approaches on Guidelines for Assessing the Contribution of Products to Avoided Greenhouse Gas Emissions (ILCA 2015).

5.3 Calculation of Scope 3 (Category 15: Investment) is based on PCAF's methodology by determining the proportional share of outstanding amount of loans and investments of the financial institution over the company/project value with the amount of GHG emissions from the borrower,

investee, and project. The amount of GHG emissions from the borrower, investee and project could be estimated from three main approaches respectively, depending on availability of data, as follows: Option 1: Reported emissions Option 2: Physical activity-based emissions such as energy consumption Option 3: Economic activity-based emissions.

PCAF : The general approach to calculate financed emissions

$$\text{Financed emissions} = \sum_i \text{Attribution Factor}_i^* \times \text{Emission}_i$$

$$^* \text{Attribution Factor}_i = \frac{\text{Outstanding amount}_i}{\text{Total equity} + \text{debt}_i}$$

(i = Borrower or investee)

6. Assumption of GHG

6.1 Business travel by land transport to carry out KBank business, including taxi travel, is based on the average emissions from car related land travels. Calculation is done by collecting total distance travelled data through direct distance data, in Kilometers (KM), and proxy calculations from spend-based data available via travel claims, to approximate KM data equivalent.

6.2 Business travel by air to carry out KBank business is based on emissions factors from relevant air travel class. Calculation is done by collecting total distance travelled, flight travel grouping (short haul, medium haul, long-haul) and air travel class through air travel purchasing order, multiplied by emissions factor appropriate for the air travel class and the flight travel grouping for each passenger.



Assurance Statement



LRQA Independent Assurance Statement Relating to KASIKORNBANK PUBLIC COMPANY LIMITED's Sustainability Report for the calendar year 2024 (1st January 2024 – 31st December 2024)

This Assurance Statement has been prepared for KASIKORNBANK PUBLIC COMPANY LIMITED in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA Group limited was commissioned by KASIKORNBANK PUBLIC COMPANY LIMITED (KBank) to provide independent assurance on its Sustainability Report 2024 ("the report") using AccountAbility's AA1000AS v3, where the scope was a Type 2 engagement, and the assurance criteria below¹.

A moderate² level of assurance and materiality of the professional judgment of the verifier has been used for assuring the report. The one exception is the direct and energy indirect GHG emission data where a high level of assurance and 5% materiality has been applied. Our assurance engagement covered KBank's operations and activities in Thailand and specifically the following requirements:

- Evaluating the nature and extent of KBank's adherence to the AA1000 AccountAbility Principles (2018):
 - Inclusivity, Materiality, Responsiveness and Impact.
- Confirming that the Report is in accordance with:
 - Double Materiality assessment
 - GRI Standards 2021, and
 - GRI Financial Services Sector Disclosure.
- Evaluating the reliability of data and information for only the selected environmental and social indicators listed below;
 - o GRI 302-1: Energy consumption within the organization
 - o GRI 303-3: Water withdraw
 - o GRI 303-4: Water discharge
 - o GRI 303-5: Water consumption
 - o GRI 305-1: Direct GHG emissions (scope 1)
 - o GRI 305-2: Energy indirect GHG emissions (scope 2) – excluded purchasing of cooling
 - o GRI 305-3: Other Indirect GHG emission (Cat. 6 – business travel by taxicab and air travel and Cat. 15 - investments only)
 - o GRI 305-4: GHG emissions intensity
 - o GRI 306-3: Waste generated
 - o GRI 306-4: Waste diverted from disposal
 - o GRI 306-5: Waste directed to disposal
 - o GRI 403-9 Work-related injuries (absenteeism only)
 - o Initiatives to enhance financial inclusions (FSI)

Our assurance engagement excluded the data and information of KBank's operations and activities outside Thailand as well as suppliers, contractors and any third parties mentioned in the report.

LRQA's responsibility is only to KBank. LRQA disclaims any liability or responsibility to others as explained in the end footnote. KBank's responsibility is for collecting, aggregating, analysing, and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of KBank.

LRQA's Opinion

Based on LRQA's approach

- the direct and energy indirect GHG emissions data in the report are materially correct;
- and nothing has come to our attention that would cause us to believe that KBank has not:
- met the requirements above
 - disclosed reliable performance data and information for the selected indicators
 - covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a combined level of assurance.

Note: The extent of evidence-gathering for a moderate level of assurance engagement is less than for a high level of assurance engagement. Moderate level assurance engagements focus on aggregated data whilst high levels of assurance checking source data from sites.

¹ <https://www.globalreporting.org>

² GHG quantification is subject to inherent uncertainty.



LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing KBank's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through interviews with external stakeholders and reviewing documents and associated records.
- Reviewing KBank's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by KBank and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether KBank makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing KBank's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Sampling of evidence presented at KBank's head office in Bangkok to confirm the reliability of the selected indicators. The extent of evidence sampled for the selected indicators reflected the level of assurance applied.

Observations

Further observations and findings, made during the assurance engagement, are:

- Stakeholder inclusivity:
We are not aware of any key stakeholder groups that have been excluded from KBank's stakeholder engagement process. KBank has open dialogue with all of its stakeholders.
- Materiality:
We are not aware of any material issues concerning KBank's sustainability performance that have been excluded from the report. It should be noted that KBank has established extensive criteria for determining which issue/aspect is material to its stakeholders and that these criteria are not biased to the company's management. However, we do believe that KBank should keep updating in the materiality review process to reflect any emerging issues accordingly.
- Responsiveness:
KBank has established and implemented processes for responding to the concerns of various stakeholder groups in relation to GHG finance emissions reduction target and waste disposal.
- Impact:
KBank should further address quantitative impacts regard human right related topics in the future report.
- Reliability:
Data management systems are properly defined for the selected GRI disclosures. However, we believe that KBank should disclose GHGs emission related to energy imported from leasers in the future.

LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for KBank and as such does not compromise our independence or impartiality.

Dated: 15 February 2025

Opart Charuratana
LRQA Lead Verifier
On behalf of LRQA (Thailand) Limited
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LRQA Independent Assurance Statement

Relating to KASIKORNBANK PUBLIC COMPANY LIMITED's UNPRB report for the calendar year 2024 (1st January 2024 – 31st December 2024)

This Assurance Statement has been prepared for KASIKORNBANK PUBLIC COMPANY LIMITED in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA Group limited was commissioned by KASIKORNBANK PUBLIC COMPANY LIMITED (KBank) to provide independent assurance on its PRB reporting and self-assessment template 2024 ("the report"), as the second assurance period using the requirements laid out in the Assurance Guidance to undertake limited assurance on Principles reporting, issued by UNEP FI and the assurance criteria below.

A limited level of assurance and materiality of the professional judgment of the verifier has been used for assuring the report. Our assurance engagement covered KBANK's operations and activities in Thailand and specifically the following requirements:

- Evaluating the nature and extent of KBank's report to the UNEP FI Principles reporting.
 - Impact Analysis, Target Setting, Target Implementation and Monitoring and Governance Structure for Implementation of the Principles.

Our assurance engagement excluded the data and information of KBank's operations and activities outside Thailand as well as suppliers, contractors and any third parties mentioned in the report.

LRQA's responsibility is only to KBank. LRQA disclaims any liability or responsibility to others as explained in the end footnote. KBank's responsibility is for collecting, aggregating, analysing, and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of KBank.

LRQA's Opinion

Based on LRQA's approach and nothing has come to our attention that would cause us to believe that KBank has not:

- met the requirements above
- covered all the impact areas that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a limited level of assurance.

Note: The extent of evidence-gathering for a limited level of assurance engagement is less than for a reasonable level of assurance engagement. Limited level assurance engagements focus on aggregated data whilst reasonable levels of assurance checking source data from sites.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Reviewing KBank's process for identifying and determining most significant impacts to confirm that the right topics were included in their Report.
- Assessing of evidence presented at KBank's head office in Bangkok to confirm the reliability of the data and information. The extent of evidence sampled for the selected indicators reflected the level of assurance applied.

Observations

Further observations and findings, made during the assurance engagement, are:

- Impact Analysis: KBank has applied recognised impact analysis tools for identify and analysis the impacts, where the outcomes are meaningful for implementing the PRB Principles.
- Target Setting: KBank has established climate change targets focusing on the transition of commercial lending portfolio as well as financial literacy which provides benefits to communities.
- Target Implementation and Monitoring: Hence KBank has disclosed progress in implementation of such targets together with actions taken.
- Governance Structure for Implementation of the Principles: KBank has implemented effective governance and a culture of responsible banking.



LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience for the template assurance. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification together with sustainability report are the only works undertaken by LRQA for KBank and as such does not compromise our independence or impartiality.

Dated: 7 March 2025

Opart Charuratana
LRQA Lead Verifier
On behalf of LRQA (Thailand) Limited
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LRQA reference: BGK00001177/A

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Certain statements shown in this report are forward-looking statements in respect of the financial position or the performance of KASIKORNBANK PUBLIC COMPANY LIMITED ("KBank"). KBank has prepared such forward-looking statements based on several assumptions, and has relied on financial and other information available from public sources as of the date such statements were made. Statements containing words such as "expect", "believe", "estimate", etc. and other similar expressions, are considered as forward-looking statements which involve uncertainties and are subject to changes at any time due to future events, including but not limited to, changes in global/national economic, political and regulatory environment. Accordingly, the readers or the recipients of information shall carefully review this report and make their own independent decision as well as thoroughly evaluate such fact or information which may have changed prior to making any investment or entering into any transaction.



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开泰银行 KASIKORNBANK