



TMB Sustainability

OVERVIEW 2017

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TMB approach to sustainability

Following the major transformation started in 2009, TMB has been continuously growing and has been at the forefront of creating satisfaction for all stakeholders. TMB provides better solutions by continuously introducing new products and services to the market which, subsequently transformed customer experience and significantly raised the overall banking industry standards in Thailand. Not only that, TMB also places a great importance on enhancing internal capability where human resource management, high-performance culture and lean operational processes are the core focus. These factors are the main contributors to the nonstop development of TMB and are rooted within the Bank's philosophy of **"Make THE Difference"**.



"TMB inspires people to Make THE Difference"

Deliver consistent performance to create sustainable values for shareholders



Empower customers to make the most of their lives

Transform organization into the best place to work for employees and provide opportunities and development that allow them to unlock their full potential to



Engage to create more value to the society while ensuring sustainability

"Make THE Difference" philosophy does not limit itself solely to TMB. It's a universal notion that can easily be applied to every aspect of one's life including industry, society and environment. With TMB's firm belief in this philosophy, it encourages the Bank to commit to change along with pivoting goals of winning customers' trust and becoming **"the most advocated bank in Thailand"**.

In today's highly competitive and fast-paced environment, banking industry has encountered countless disruptions from rapid advancement of digital technology driven by national strategy of "Thailand 4.0" to major challenges such as the change in consumer behavior that shifts toward convenience and speed as well as the rise of competition from non-bank sectors that is making a compelling argument for customers to switch. However, these challenges can turn into new business opportunities if the Bank can leverage its capabilities and competencies.

As a result, TMB must ensure strategic movements that would not only fulfill short-term goals but also focus on long-term sustainable growth. Thus, TMB Sustainability framework was formulated to enforce sustainability management that is in alignment with the Bank's vision, culture, strategy and business direction.

TMB sustainability framework

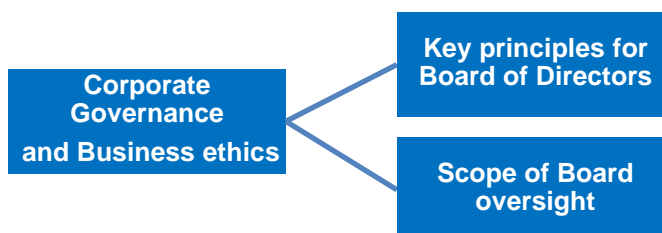
TMB Sustainability framework builds on 4 dimensions from establishing organization sustainability as the foundation, upward to building on industry sustainability, to encouraging environment sustainability and to ensuring social sustainability. All dimensions are closely overseen by sound corporate governance and business ethics to ascertain equality, transparency and fairness to all stakeholders.



TMB has initiated several sustainable development programs to serve as a tool for achieving its sustainability milestones. More details on each sustainability dimension will be further illustrated in below sections.

Corporate governance and business ethics

Corporate Governance and business ethics have a great part in securing the overall sustainability. It is the foundation of all TMB's operations. It strictly assures the Bank to be compiled with all corporate governance principles, code of conduct and other policies including Anti-Corruption, Anti- Money Laundering Policies to guarantee the highest standard



that is in line with international standards, laws and regulatory requirements. TMB believes that conducting business with integrity and transparency will lead the Bank to success and uplift its honor as well as its reputation. These will also bring maximum benefits to all stakeholders in a long-run. In order to successfully implement the Bank's sustainable development program, TMB has Board of Directors and Board committee with a clear defined principles and scope of duties to oversees any related issues.

Please visit TMB website for more detail on TMB's Corporate Governance and related policies. [Click](#)

Key principles for TMB Board of Directors

Key principles for TMB Board of Directors are categorized into 5 main principles as below:



Oversight and supervision

- Board approves and oversees overall directions and strategic objectives of the Bank and considers and approves policies as well as operational directions proposed by management.
- Board supervises and monitors policies and directions to be implemented efficiently and effectively to protect the interests of the Bank and all stakeholders including shareholders, employees, customers, business partners, creditors, competitors, investors, and government agencies

Risk management

- Board ensures the Bank to have a proper focus on risks, which includes a clear definition of the Bank's risk appetite.
- Board ensures the Bank to have an efficient risk management system to protect the interest of the Bank and to minimize losses that may occur within a tolerable level

Empowerment and accountability

- Board ensures competent management including the appointment of qualified persons with management authority.
- Board ensures that empowered party is held accountable to the Bank for a proper exercise of the authority.

Transparency

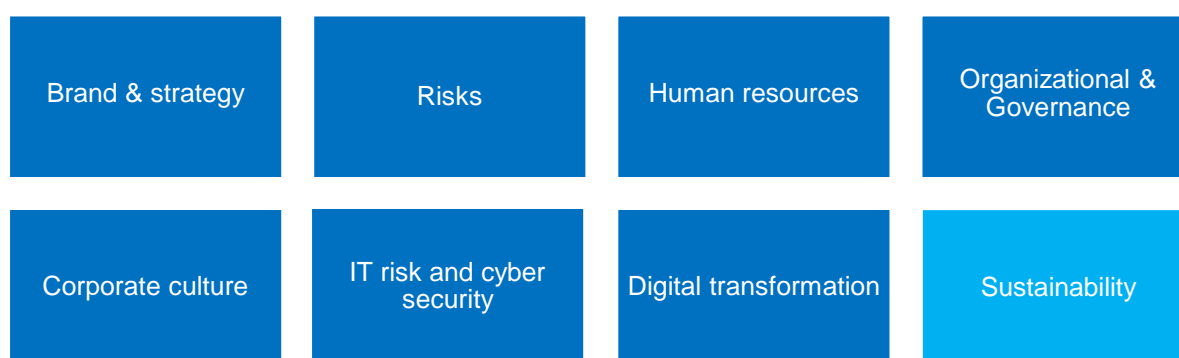
- Management ensures that the Board will receive sufficient information to discharge authority and duties.
- Board members are provided with ability to oversee financial performance figures of the Bank and the Bank's activities as well as to oversee future plans and risks that are involved in its business strategies in an objective manner and free from undue pressure from management.

Check & balance

- To ensure separation of Board and management with clear allocation of responsibilities, accountability and transparency among the members of the Board and senior management within the Bank to strengthen checks and balances
- Audit and control functions are effectively utilized under 3 Line of Defenses model.

Scope of Board oversight

TMB Board has determined the scope of Board oversight and appointed Board committees to be responsible on behalf of the Board of Directors. As Sustainability has become a major focus of the Bank, the scope of Board oversight has been extended to include sustainability and its development program into the existing charter of the Board oversight scope as shown below:



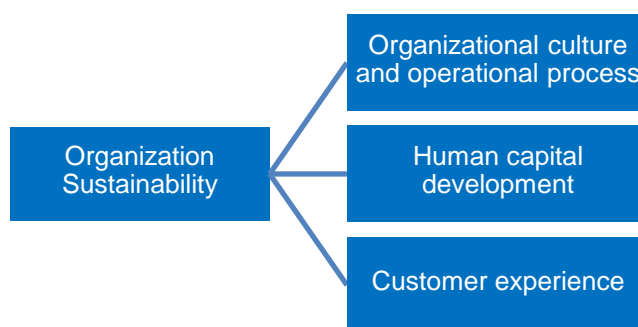
Within the sustainability oversight scope, the Board and appointed Board committees must ensure effective and efficiency practice corporate governance, ensure and review sustainability framework that promotes long-term objectives, and ensure corporate culture that promotes environmental friendly, social responsibly and ethical business operations.

TMB regularly reviews and updates the scope of Board oversight to be in alignment with market best practices, new regulatory requirements in order to successfully support TMB's aspirations. Apart from that, TMB has preliminary conducted a material analysis to critically identify economic, environmental and social issues that have a significant impact on the company's value driver, competitive position and shareholder value creation to safeguard all stakeholder's interest. The top-three material issues for TMB are corporate governance, IT risk & cybersecurity and customer centricity.

Please read annual report 2017, page 84-109, for more detail on TMB's Board and Board Committee. [Click](#)

Organization sustainability

In the first dimension, TMB believes that the Bank must firstly sustain its internal operations to enable business that can improve both the Bank and its customer financial sustainability in the long run. Therefore, in this dimension, TMB aims to drive organizational sustainability through internal improvement and external enhancement by focusing on 3 main areas: organizational culture and process, human capital development and customer experience.



Organizational culture and process

Firstly, TMB operates business with prudence, efficiency and effectiveness for stable and sustainable growth in accordance to TMB Way, the organizational culture that comprises 5 core values:



Customer centricity

Think and act from customers' perspectives



Risk management

Identify risks and potential impact before decision making



High performance

Never stop and always keep improving



Open communication

Listen and be straightforward



Integrity

Do the right things

TMB Way and Code of Conduct are embedded into regular processes of the Bank to ensure all employees to work professionally and conduct business with integrity to deliver the greatest experience to customers. TMB has improved the organizational efficiency through transforming into a flat organization structure that allows agility and flexibility in doing business. TMB also has applied Six Sigma and Lean concept to improve the Bank's working process within the organization. These results in a simpler operational process and a faster decision-making process that can excellently response to the fast-changing environment.

Please visit TMB website for more detail on TMB's Code of Conduct. [Click](#)

As for risks management, TMB implants risk management into all activities, especially in strategic planning and execution to minimize risks and maximize returns. TMB has formulated risk management

structure that involves Board of Directors and Risk Management Committee to ensure risk-taking authorities are cascaded down from the Board to the Committee and to functional levels. TMB has also developed stringent risk management policies and procedures to be applied to bank-wide and across its subsidiaries.

Please read TMB annual report 2017, page 56-65, for more detail on TMB's risk management. [Click](#)

Apart from that, TMB is aware of the emerging risks that may have significant impact on the Bank, therefore, emerging risks are assessed and considered in the Bank's strategy formulation and business undertakings. TMB has identified two most significant emerging risks as below.

Regulation

Future change in accounting standard (IFRS9 - 2019) and laws on Data Privacy & Cybersecurity will influence the Bank's direction. Specifically, IFRS9 will have a significant impact on TMB's provision and financial statement that requires TMB to reconsider on its risk appetite, portfolio strategy, and commercial policies. More importantly, the rise of provision will cause difficulty for SMEs, which is the strategically focused sector of TMB, to obtain loans. Hence, TMB need to be prepared for this change.

Competition from FinTech and non-bank

FinTech has become a recent trend, especially for payment & transfer, investment, and insurance. FinTech becomes popular because they solve the customer's financial pain points by applying innovative technology with an economical operating cost via Venture Capital. As regulations on Knowledge Your Customer process (KYC) and FinTech are expected to be relaxed by central bank and government bodies. This will lead to a fiercer competition from the non-bank players. Hence, TMB is cautious on payment disruptions from established e-Commerce and social media players, since their services are naturally complimentary to payment services.

In addition, TMB promotes and enhances an effective risk culture throughout the organization to ensure that the importance of risks is understood by all employees. TMB has also set up a Whistleblower Policy and guideline for all stakeholders to be able to communicate, report, or complain on inappropriate actions such as violations of laws and regulations, misconduct and unethical behaviors, frauds, corruption, and other matters that cause risks to the Bank.

Please read annual report 2017, page 56-65, for more detail on TMB's Risk Management and Key Risk Factors. [Click](#)

Human capital development

Human resource management is a crucial part for TMB's continuity and growth. Therefore, TMB intends to position the Bank to be **"the best place to work"** where enormous focus is placed on human capital development and ergonomic working environment that empower employees to fully perform in line with the Bank's business goals.

As for human capital development, TMB has a strategic training roadmap that is designed to strengthen leadership competency for all employees. Training content is carefully tailored to fit each talent group and match with their needs for their jobs and future roles. At TMB, an employee received trainings of 32 hours on the average, via various methods including direct experience, integrated classroom training and E-learning training. Apart from that, TMB has a program called CAREER by ME and a job search system that allow employees to explore job opportunities available internally that they can plan and develop their career path accordingly. This also develops talent within organization for solid succession to ensure continuity.

TMB has policies and Human Resources and Remuneration Committee with duties to review and propose strategic directions on areas related to human resource management namely - employee recruitment, remuneration and benefits, regulatory requirements on employment and labor relations as well human rights. TMB places focus on gender diversity among employee. At TMB, female employee accounts for 71% of total workforce and 56% of them are in management position. All employee regardless difference is equal and is bounced to the same reward and penalty.

TMB recognizes the importance of employee engagement as the main indicator in building a strong workplace. Therefore, many programs have been introduced to increase employee engagement such as Work-Heart program that promotes open-communication where employees' opinions are heard and considered into improving their well-being and the Bank. Besides that, TMB has established additional channels such as HR Mini- site, HR on Call and Yammer to communicate with employees and encourage them to involve in the Bank's activities.

TMB conducts employee engagement survey annually to measure the effectiveness of the Bank's initiatives and to measure three elements among employee namely - loyalty, contribution and advocacy. These are the fundamental drivers of high-performance organization. From the results, TMB has seen a continuous increase in employee engagement level for the past 4 years as shown below.

Year	Unit	FY 2014	FY 2015	FY 2016	FY 2017
Employee engagement	% of actively engaged employees	49%	51%	50%	54%

For occupational health and safety at TMB, strict management and regular investigation have been implemented on workplace design, work environment and arrangement of equipment and facilities to ensure the Bank's working environment is in line with international standards and relevant laws and regulations. Many projects were organized to support and foster occupational safety, employees' health and well-being throughout the organization. For example:

<p>Stress management</p> <ul style="list-style-type: none"> • TMB provides stress management trainings and consultations to all employee. 	<p>Ergonomic work place</p> <ul style="list-style-type: none"> • TMB has newly renovated the head office and invested in furnitures such as ergonomic chairs that are desgined to support all body postures. 	<p>Health/ nutrition provisions</p> <ul style="list-style-type: none"> • TMB has an in-house medical clinic to provide medical treatments and consultations as well as a canteen that provides quality food at a low price.
<p>Childcare facilities</p> <ul style="list-style-type: none"> • TMB has a childcare room where mother can have a breast pumping and other nursery purposes. 	<p>Indoor air quality</p> <ul style="list-style-type: none"> • TMB has filter systems and machines to supply quality air with minimized level of dust and bacterias. 	<p>Illumination</p> <ul style="list-style-type: none"> • TMB identifies illumination of each area in accordance to Thailand illuminating Engineering Association and Ministry of Labour standard.
<p>Noise</p> <ul style="list-style-type: none"> • TMB has Air Handling Unit that controls noise level to be lower than 65 db. 	<p>Temperature</p> <ul style="list-style-type: none"> • TMB has air-conditioning system and electronic varaible volum celling diffuser to control temperature to be at 25c in each office area. 	<p>Humidity</p> <ul style="list-style-type: none"> • TMB sets up dehumiditers at the basement to control humidity level in the office.

Occupational health and safety programs have proved to be efficient as the absentee rate that is resulted from the lost days of employees due to sickness and injuries shows a continuous decline from 0.60% in FY 2016 to 0.57% in FY 2017.

Customer experience

Although business environment has been rapidly evolving, customer remains at the heart of TMB working principles. With the devotion to be the most advocated bank, TMB is committed to deliver the branded customer experience, Need-based and Simple and Easy. The objective is to create simple and easy banking experience that truly address the ongoing customers' needs and lifestyles. To drive this, TMB has established TMB's DNA to be rooted in all employees and embedded in their daily routine with the aim to integrate employees and the Bank to work towards the same goal. TMB's DNA includes:



Challenge status quo

Always challenge market norm to make the things better for customers



Comitted to quality

Pay attention to every detail to deliver the highest product and service quality to customers



Genuine

Be transparent and put customers' best interest first



Simple and easy

Make banking easy for customers

These DNA act as drivers that maximize superior customer experience through conducting business with customer-centricity that focuses on genuinely providing right products and services at the right time of needs. These enables TMB to continue to be the leader in introducing innovative offerings that serve customers to make the most of their lives. Example of superior products and services:

Superior transactional products



“**TMB ALL FREE**”, the country's best transactional account that well-addressed customers' needs and lifestyle. TMB All Free customers can enjoy unlimited transactions for free with no conditions or no hidden terms (*).

Please visit TMB website for more detail on ALL FREE account [click](#)



“**TMB SME One Bank**”, the award-winning business banking account for all SMEs, where they can enjoy free transfer, payment and collection transactions that can be done anytime and anywhere with TMB Business Touch.

Please visit TMB website for more detail on SME One Bank and other SME offerinas [click](#)

Superior investment products

“TMB No Fixed”, best deal on “For Save” products where customers can enjoy a higher interest rate from 1.3%-1.6%.

Please visit TMB website for more detail on TMB No Fixed account [click](#)

“ME by TMB”, the first innovative digital banking that provides a pure digital banking service where customers can self-serve and fulfill their needs independent through strong sense of ownership and freedom.

Please visit TMB website for more detail on ME by TMB offerings [click](#)

“TMB Open Architecture”, the first open architecture platform in Thailand where investors are offered extensive accessibility to top mutual funds selected from 8 leading asset management firms, all available in one place. In addition, TMB customers can access the consultation service via several TMB advisory channels such as TMB advisory room at TMB branches for a personal consultation with an investment expert via VDO conference.

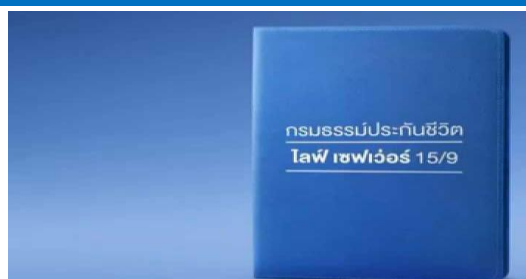
Please visit TMB website for more detail on Open Architecture. [Click](#)



Superior insurance products

“TMB Life Saver 15/9”, insurance product under concept of simple and affordable that allows customers to choose the premiums payment term, only 1,000 Baht per month without interest. Customers will receive a cash-back from the first year to the contract and will be deductible against personal income tax.

Please visit TMB website for more detail on TMB insurance products [click](#)



TMB Advisory and Remote expert

“**TMB Advisory Room**”, an investment advisory service via VDO conference where customers will be provided consultations on investment by TMB investment experts for free.

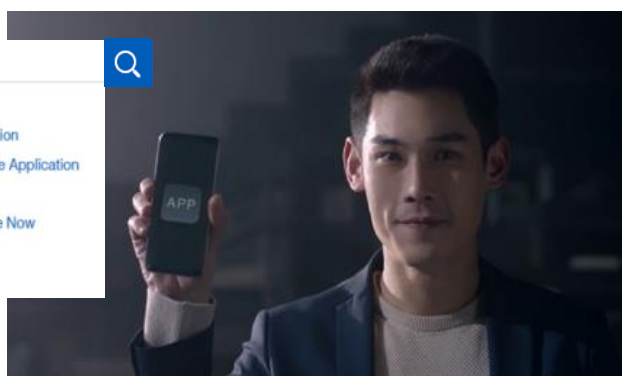
Please visit TMB website for more detail on TMB Advisory room [click](#)



Digital Banking... More than just an application

Digital Banking

- > ME by TMB
- TMB Touch Mobile Application
- TMB Business Touch Mobile Application
- TMB Business Click
- Digital Drop Leads / Call Me Now
- TMB QR Payment
- TMB Advisory



To maximize benefits that arise from digital banking in this digital era, TMB optimizes the utilization of digital technology and puts tremendous efforts in seeking and testing potential digitalized products and services. TMB believes that digital banking is more than just an application and that TMB's customers must get more with TMB. Many of these products and services have been persistently launched to provide customers greater accessibility to TMB's products and services via seamless omni-channel experience, including ME by TMB, TMB Touch Mobile Application, TMB Business Touch Mobile Application, TMB Business Click, Digital Drop Leads/ Call Me Now, TMB QR Payment and TMB Advisory.

Please read annual report 2017, page 19-21, for more detail on TMB digital offerings. [Click](#)



Not only that, TMB has recently been awarded “the Most Innovative Digital Branch Project” in Thailand by The Asset. This shows another step of TMB success in digital transformation.

TMB's newest branch format provides innovations for financial transactions and digitalized services such as making an appointment through online queuing system, displaying product and service information through e-brochure, enabling

VDO conference that connects customers with TMB investment experts and having navigator staffs who can provide a full assistance for all transactions.

Please visit TMB Website for more details on the Most Innovative Digital Branch Project Award. [Click](#)

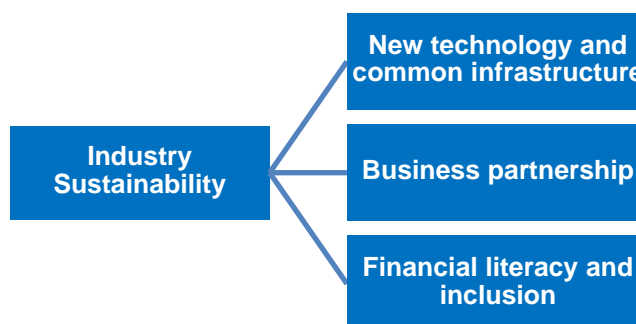
As having customer as the heard of everything TMB does, customer satisfaction measurement need to be conducted annually. TMB conducts satisfaction survey on customer who use in-branch services by using Net Promoter Score method. The result has showed a large increased from 26% in FY 2014 to 58%, which exceeded the target by 5% in FY 2017 as shown below.

Year	FY 2014	FY 2015	FY 2016	FY 2017	Target for FY 2017
Net Promoter Score	26%	-	42%	58%	53%

Remark: The missing result in 2015 was due to the change of timeline in TMB strategic planning

Industry sustainability

In second dimension, TMB believes that the banks will not be able to sustain if the Bank conducts business in an unsustainable industry and economy. Therefore, this dimension focuses on developing new technology and common infrastructure such as National e- Payment and PromptPay as well as focuses on uplifting Thai economy by contributing to financial literacy and financial inclusion of Thai people.



New technology and common infrastructure

New technology and common infrastructure are one of the major focus areas. TMB has been continuously upgrading the Bank's infrastructure and digital technology to support any national-led initiatives.

TMB is a member of Thai Bankers' Association (TBA), a platform for leading banks in Thailand to collaborate and cooperate with government agencies in formulating and implementing key economic and financial policies. The main objectives of the association are to promote Thai banking industry and to enhance people's quality of life through 5 following themes:

- 1) Digitization of banking and next generation payments infrastructure
- 2) Financial inclusion and supporting real economy
- 3) Contribution back to society
- 4) Preparing for AEC and regional integration
- 5) Legal and regulatory enablement

TMB has contributes a total of THB 6,632,297 for TBA's membership fee and THB 130,135 for Root CA fee, a TBA's special payment system project for FY 2017. Both fees were calculated in related to bank's size.

Please visit Thai Bankers' Association's website for more detail. [Click](#)

As a part of TBA, TMB has been participating in up-lifting banking infrastructure to improve operational efficiency and banking service standard. TMB promotes Cashless Society and National e- Payment through QR (Quick Response) Code and PromptPay solution through TMB Touch and other digital channels. For example:



QR Code

TMB addressed customers' behavior and lifestyle changes by further developing its mobile banking applications – TMB Business Touch and TMB Touch – to be to support QR Code payment function in order to provide the most convenient way of making transaction for all group of customers.

Please visit Techsauce's website for more detail on this program. [Click](#)



“Koom Tung Rub Jai Ka Kai Klong Tua” Campaign

TMB cooperated with other leading banks in Thailand to make the difference to the Thai payment model under the name of Thai Alliance Payment Systems (TAPS). This project was created to support national e-payment master plan and cashless society by installing Electronic Data Capture machine service to government organization, retail, stores and other private companies.

Please visit TMB website for more detail this project [Click](#)



TAPS

TMB ensures SMEs can benefit from National e-Payment policy with a campaign that minimize payment steps and lower transaction costs when business link PromptPay account for business with TMB

Please visit TMB website for more detail on this program [Click](#)

Business partnership

TMB aims to create a long-term business partnership with both bank and non-bank sectors to build a sustainable eco-system. The potential partners will be carefully selected in accordance to the bank's policies and directions. TMB will ensure that the partnership will be strategically beneficial to all parties with a fair treatment.

Recently, TMB signed a Technology and Innovation Agreement with PTT Public Company Limited and 8 other banks in Thailand. This partnership aims to promote and drive the development of both financial systems and innovations, which is one of the driving forces of the country's economy, according to the "Thailand 4.0" policy, to streamline the financial transaction process.

Please visit TMB website for more detail on Technology and Innovation Agreement. [Click](#)

Financial literacy and inclusion

Apart from contributing to banking industry through collaboration with TBA and other business partners, TMB also contribute to the improvement of Thai community and economy through financial literacy and financial inclusion initiatives.

Financial literacy initiatives



“Kon Thai Yook Mhai Sai Jai Rueng Ngern” Project

This is a collaboration project between TMB and volunteer trainers and TBA members with the objective of educating university students on building the foundation for financial planning, financial discipline, and anti-corruption spirits among the youths as part of the solid foundation for economic and social sustainability. There were more than 1,000 students from up to 5 universities participated in this program

Please visit TMB website for more detail on this program [Click](#)



“Train-nhee” Project

This is a collaboration project between TMB and TBA. TMB with an objective to create public awareness of financial literacy as a precaution for high household debt and lack of saving for retirement. This project carried out to encourage Thai people to have a disciplinary in their financial management and planning through an easy-to-follow approach.

Please visit TMB website for more detail on this program [Click](#)



“Financial Education Project for Military Personnel” Project

This is a 5-years collaboration project between TMB and Thai Military with the objective to increase financial literacy for the Office of The Permanent Secretary for Defense personnel to create awareness on the importance of personal financial planning and management. There were over 10,000 military personnel participated.

Please visit Thaipr's website for more detail this project [Click](#)

Financial inclusion initiatives



Financial source for small-sized businesses

TMB SME Transformation Loan is launched to offer SMEs a long-term loan to purchase machines in a lower interest rate. The objective of this offering aligned with the national policy that aims to escalate the growth of SMEs and their ability to contribute to sustainable growth of the country economy as a whole

Please visit TMB website for more detail on transformation loan [Click](#)



Banking services for all social groups despite geographical distance

TMB heavily promotes the use of mobile phone and internet banking as it provides accessibility and flexibility for all social groups of customers. This not only helps in reducing waste disposal, energy usage and business travel spending, but also provides financial services to customers who lived in the remoted areas across the country.

Please visit TMB website for more detail on TMB digital offerings [Click](#)



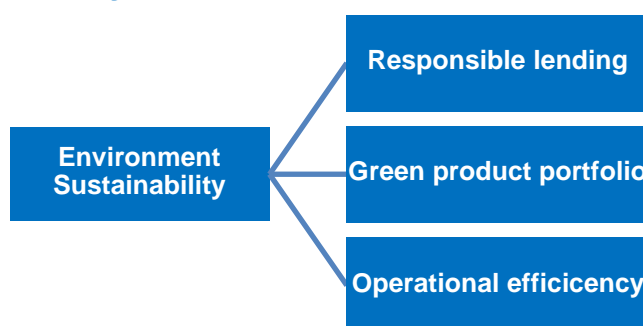
Inclusive banking services for all social group despite disability or differences

TMB recently has obtained “TAB Digital Inclusive Award 2018” from Blind Association of Thailand. As TMB’s mobile banking application is the only inclusive mobile banking application in Thailand that is developed for everyone including the blind. This award was judged by three main criteria - Firstly, it must be an inclusive application that is developed for everyone in the society. Secondly, it must be an application that is not specifically developed for the disabled. Thirdly, it must be an application that the blind can access and use up to 80% of its function performance.

Please visit TMB website for more detail on TAB Digital Inclusive Award 2018 [Click](#)

Environment Sustainability

In third dimension, TMB believes that financial institutions play an important role in addressing sustainability challenges and facilitating the transition to a lower- carbon economy. Thus, in this dimension, TMB aims to reduce the growing environmental and social (E&S) challenges and promote green concern awareness through internal consumption efficiency improvement and external influence through natural resource preservation to a greater scope through responsible lending and green product portfolio.



Responsible lending

TMB is well-aware that any negative socio-environmental impact can lead to not only social and environmental risks but also financial and reputational risks, which may result in the decline in asset value and even losses to the bank. To prevent the bank to be in such a situation, TMB firmly integrated Environmental and Social Responsibility (ESR) Policy that is drawn from risk management point of view in all credit and commercial loans approval process.

Environmental and Social Responsibility Policy

ESR Policy

ESR Policy classifies the Bank's E&S concerns into 2 categories including - general E&S issues, particularly human and labor rights pertaining to the customer's business activities, and E&S issues of specific industries.

E&S concern in general

- 1.1. TMB is obligated to ensure that the businesses of all customers are operated in compliance with local environmental and social laws as well as human and labor rights. Therefore, TMB should not provide funding / services to entities which do not comply with the local regulations unless there are evidences which are meet the local environmental standards and / or regulations.
- 1.2. For any transaction or engagement that may have an impact on the environment, relevant Credit Approval Authority will decide on a case-by-case basis whether an environmental audit by third party is required

E&S concern on specific industries

There are specific activities and businesses to which the Bank pays extra attention on their environmental impacts and/or social responsibilities.

2.1. E&S prohibited businesses

There are 4 types of business in which the Bank must not be involved, including: (i) gambling, casinos, and equivalent enterprises, (ii) nuclear energy, (iii) pornography and (iv) trade in wildlife and/or wildlife products

2.2. E&S concerns on specific industries

There are eleven businesses that has potential E&S concerns on their operations, including - animal testing, defense/ controversial weapons, fur, genetic engineering, forestry & plantations, natural resources & chemicals, production/ trade in alcoholic beverages, production/trade in tobacco, production/trade in radioactive materials, production/trade in or use of unbounded asbestos fibers, and drift net fishing. Nonetheless, the business involvement can be carried out within pre-defined conditions.

ESR Policy is implemented in TMB Environmental and Social Management System (ESMS), a process that identify, assess and management the E&S risks that occurs from the business engagement with customers. The ESMS comprises of three components: due diligence, decision making, and control & monitoring.

1. Due diligence

The due diligence is performed through site visiting and filling out the questionnaires by Business Development Manager (BDM) and Relationship Manager (RM). It assesses any potential E&S risks from customers' activities and the financing usage. Due diligence process includes:

- 1.1. Screening out prohibited business – Businesses on TMB's E&S prohibited list must be screened out. On top of that, loan that is based on IFC facilities and the business that is included in IFC's exclusion list must also be screened out.
- 1.2. Assessing the E&S risks – General questionnaire is used to assess the E&S risks in general and specific questionnaire is used to assess the E&S risk on specific industries.
- 1.3. The BDM, RM must provide the assessment results, opinion / comments in the questionnaire(s) and the filled-out questionnaire(s) is to be submitted to the Underwriters for concurrence. In case of doubt or disconnect, the Underwriter may seek the opinion / judgment of the ESR Officer.

2. Decision making

- 2.1. The E&S risks assessment must be done prior to pursuing potential deals and results must be indicated on the Facility Detail Report as well as presented as a part of the Credit Application package to the approval authorities. This is to give an overall judgment for the final credit decision.
- 2.2. All cases which fail on the general E&S risks assessment and the issues cannot be resolved or risks cannot be mitigated, are not allowed to further proceed for credit approval.
- 2.3. For cases which failed on the specific E&S risk assessment, but the issues can be resolved subject to conditions, covenants and timeline proposed by RM or Underwriter, the BU must seek ESR Officer's endorsement prior to further proceed to seek credit approval.

3. Control and monitoring

After the credit application has been approved, TMB needs to continuously monitor the customer's ongoing E&S risks status as it may change overtime. Generally, the monitoring process requires a periodic E&S review as part of annual credit review.

Green product portfolio

TMB is the first Thai commercial bank to issue Green Bond with International Financial Corporation, a member of the World Bank Group (IFC) as sole investor. The proceeds raised from the USD 60 million (approximately THB 1,850 million) Green Bond, with a 7-year tenor, will be used exclusively to finance climate-smart projects, particularly renewable energy and energy efficiency projects, in line with TMB's green lending expansion plan. It will also provide an alternative source of long-term green finance in the country. Besides that, TMB will also issue a second bond, raising USD 90 million from IFC, to support its SME lending program and increase access to finance for Thailand's SMEs, a key contributor to Thailand's economy.

Please visit TMB's website for more detail on TMB's Green Bond. [Click](#)



Apart from that, TMB has been addressing the climate change issue by sponsoring and financing several sustainability projects related to renewables, recycling, waste reduction and other technology and equipment development for energy efficiency. For example, TMB provides green lending to 12 solar power projects which have reduced 80,000 tons of Greenhouse Gas/ CO2 per year, which is equivalent to 9,000 Rai of forest. In addition, TMB also provides green lending and sponsorship to large corporates that are influential in making the world a greener place. For example, Earth Tech Environment, a subsidiary of Better World Green Public Company Limited that recycles waste up to 126,000 tons per year.

Another milestone contributed by TMB was when the Bank funded 533 million Baht to Yeh Group, a Thai company that produces textiles for global leading brands, to invest in an innovative technology called DryDye, that enable industrial waterless dyeing where zero water, no chemical additives and is more energy efficient. This enormously reduces the amount of wastewater that contains toxic chemicals being discharged into the sewage system.



Please visit TMB's website for more detail on TMB's sponsorship to Yeh Group. [Click](#)

Operational eco-efficiency

As for internal operation, TMB is driving the Bank towards a more eco-efficient organization. TMB has introduced a wide-range of initiatives and environmental saving programs to create awareness of environmental issue and to encourage all employees to help reducing internal consumptions of resource, energy, and water as well as waste disposal. Besides that, the environmental saving program also help reducing Green House Gas (GHG) emission where possible. For example:

Changed the electronic bulb from the previous fluorescent type to LED to save the power.

Changed the air conditioner from Split type to Variable Refrigerant Flow in order to save the energy

Changed the curtain to be 100% UV reduction in order to protect the high temperature from external impact to the compressor for energy saving

Changed Air Handling Unit in the office area, in order to increase the effectiveness of the compressor for energy saving

Changed the technology of the office elevator escalator to be a computer-controlled system. in order to increase the effectiveness of the service and energy saving.

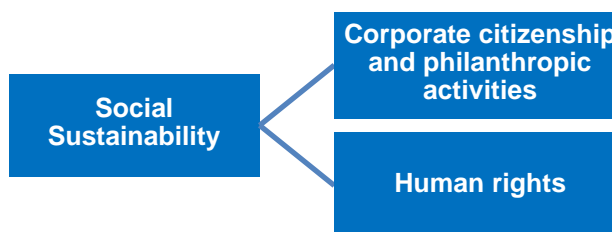
Other environmental saving programs such as the paper recycling program and forest planting forest program.

Please read annual report 2017, page 117-118, for more detail on TMB green management and performance. [Click](#)

Through these efforts, the Bank was recognized for by Thaipat Institute as a part of ESG100 and remained as a constituent of FTSE4Good Index.

Social Sustainability

In fourth dimension, TMB has always placed an important in the living standards of communities, reducing poverty, raising concern of the social welfare and respecting human rights through long- term community engagement and employee contribution. Therefore, to be a catalyst for development, in this dimension, TMB focuses on enhancing corporate citizenship where philanthropic activities are carried out to help making the difference to Thai society and its people in a sustainable way, with the respect for human rights and equality.



TMB Foundation, a charitable organization is legally registered as required by the Civil and Commercial Code to mainly responsible for “Fai-fah” projects. “Fai-Fah” projects are CSR initiatives that focus on human development, specifically on improving the life of Thai children and elevating the living standard of Thai community to be prosperously.

Corporate citizenship and philanthropic activities

All the charitable projects run by TMB Foundation can be divided into 3 main categories – namely Youth empowerment projects, community improvement project and live and prosper development projects.



Youth empowerment projects

This project provides free learning activities such as arts, music, sport, computer training as well as skill development for children with the goal that they will bring back the knowledge they gained from the activities to improve their communities and financially sustains themselves. There are five Fai-Fah learning centers located in different locations. This project matches with Goal 4 “Quality Education” of United Nation Sustainable Development Goals that ensures inclusive education and promote life- long learning opportunities for all.



Community improvement projects

This project helps improving the local communities by gathering TMB volunteers to work closely with the community leaders to understand community needs and pains to improve the local communities at the right areas accordingly. This project matches with Goal 11 “Sustainable cities and communities” of United Nation Sustainable Development Goals that make human settlements inclusive, safe, resilient and sustainable. In 2017, more than 4,000 employees participated in 37 community improvement projects national-wide.

Moving towards 2017...

TMB Foundation aims to maintain as a 5-Star Charity Rating by Giving Back Associate in 2017

TMB Foundation aims to increase 5% of total visits at centers in 2017

TMB Foundations aims to carry out 37 community improvement projects in 2017

TMB Foundation aims to increase 10% of total TMB volunteers in 2017

TMB aims to explore new Fai-Fah Centers in Bangkok or upcountry in 2017

Please visit TMB Foundation website for more detail. [Click](#)

Apart from that, there are other impactful programs that helps to enhance live and prosper development. For example:



TMB I ING Park Run

TMB I ING Park Run was organized with the aim to raise funds for the Cardiac Children Foundation of Thailand. The fund was raised by the runners and additional donations via online and offline channels. This donation able to help nearly 200 cardiac impaired children. This priority encourages people to aware of the importance of exercise and to take a better care of their health and well-being. This project matched with Goal 3 “Good Health and Well-being” of United Nation Sustainable Development Goals that



Sapanboon Project

Sapanboon project is primarily designed to be a center between charitable organizations and the donors by introducing new ways of donating, e- donation. TMB provides innovative fund- raising tools to charitable organization including donation box with QR code, Web donation and mobile donation. This helps increasing accessibility and convenience to both the foundations and the donors. Apart from that, it also helps decreasing robbery rate as well as raising more funds.

Human rights

The Bank places importance on equality of all stakeholders and shall not commit any conduct that violates human rights, including discrimination on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing. These practical policies have been specified in the Code of Conduct of the Bank. All employees must treat every stakeholder with politeness, respect and honor.