

Environmental and Social Due Diligence (ESDD) Summary

Issuer	Muangthai Capital Public Company Limited ("MTC")
Use of CGIF's guarantee	<ul style="list-style-type: none"> Support for a Social Bond where the Issuer's loans are made in line with its social bond framework.
Countries of operations	Thailand
Categorisation	Financial Intermediary (FI) - LOW

Environmental and Social Management System (ESMS)	<p>MTC has established Environmental and Social (E&S) policies and guidelines applicable to its subsidiaries and suppliers, including Human Rights and Labor Practices, Safety (ISO 45001), Environment, Whistleblowing, Procurement, Code of Conduct, Enterprise Risk Management, and Good Corporate Governance. To supplement these, MTC had drafted an Environmental and Social Management System (ESMS), which CGIF confirmed to be adequate for its E&S risk management procedures, given the level of risk from its current portfolio and the nature of lending operations.</p> <p>MTC's draft ESMS was subsequently enhanced to fully comply with CGIF requirements, and also to further strengthen its overall E&S risk management procedures. The ESMS contains the Company's E&S Policy, E&S management system structure, E&S risk management process, training and capacity building, and monitoring, evaluation and reporting. It covers all stages of the lending process from client eligibility assessment to post-loan monitoring and shall be applicable to all employees, clients, suppliers, and financial products offered by MTC, under the CGIF supported social bond, to micro-enterprise and individual borrowers.</p>
Screening and Identification of Risks	<p>The ESDD confirmed that the overall E&S risk exposure of MTC's portfolio is considered "low" due to the small size of individual loans and nature of the loan proceeds, using vehicle and land title as its collateral to individual clients and micro-enterprises.</p> <p>MTC shall ensure that its borrowers comply with national regulations and the nature of the borrowers' business activities are screened against the established exclusion list, which is aligned to both the IFC Exclusion List and ADB's Prohibited Investment Activity List (PIAL) to which CGIF subscribes.</p> <p>In lending transactions where a borrower's business activity presents greater level of risk, the Efficiency and Sustainability Department will conduct an in-depth E&S risk assessment and may require borrower to submit additional information and/or implement a corrective action to comply with Thai law and MTC's E&S Policy.</p>
Institutional Capacity, Commitment and Development	<p>MTC acknowledges that the overall implementation of its policies, including those related to E&S aspects, is a shared responsibility across all departments. MTC has designated the Efficiency and Sustainability Department as the primary lead unit in the overall E&S Policy and ESMS</p>

	<p>implementation. MTC has also appointed an ESMS Officer who shall oversee the implementation of ESMS, including all E&S monitoring and reporting to CGIF.</p> <p>CGIF will provide training to MTC personnel with key responsibilities in the ESMS implementation to effectively fulfill their roles and functions. MTC will then cascade this internally through its ESMS Academy – an online training program covering all key elements of the ESMS. This ensures a better understanding of its employees’ roles and responsibilities, enhancing their skills and aligning their function with the system’s guidelines.</p>
<p>Stakeholder Communication, Participation and Consultation</p>	<p>MTC has established a Stakeholder Engagement Plan (SEP). It documents the identification of its key stakeholders, engagement processes, communication channels, and approaches to integrating feedback into business improvement.</p> <p>Further, MTC’s communication channels, both for its internal and external stakeholders, for reporting issues, complaints, or inappropriate conduct are governed by its Whistleblowing and Grievance Policy. This ensures the handling of matters related to ethics, operations, and E&S grievances is kept confidential, fair, and non-discriminatory.</p>
<p>Climate Change and Paris Alignment</p>	<p>MTC being a Financial Institution (FI) financing relatively small amount to individuals, its underlying activities are not considered non-aligned nor involved in financing sectors with material Climate Change impacts or risks; hence, it is deemed to be Paris Agreement aligned.</p> <p>MTC’s operational activities and locations have a low exposure to climate-related risks, which include flooding, drought, and temperature increase. They have already conducted climate-related scenario analysis as part of their adaptation risk review.</p>
<p>Reporting Requirements</p>	<p>As an ongoing monitoring and reporting, MTC through the ESMS Officer will report the E&S performance to CGIF through the annual Environmental and Social Safeguards Performance Reports (ESSPR). The ESSPR reports will provide detailed updates on its loan portfolio under the CGIF guaranteed social bond, any updates or changes to the ESMS, E&S risk monitoring including complaints received, and any incidents or non-compliance issues related to E&S risk management.</p>