# Environmental dimension of sustainability management

**Climate change strategy and greenhouse gas management**

**Objectives and goals**

The Company and its subsidiaries recognise the importance of responding to climate change, focusing on being part of driving the organisation forward by considering environmental impacts at every stage of operations. The Company has established guidelines to reduce direct and indirect greenhouse gas emissions by promoting the most efficient use of resources to minimise the impact on climate change related to business operations.

In addition, the Company and its subsidiaries are committed to collaborating with external organisations and communities to raise awareness and address climate change. The Company focuses on utilising new technologies and innovations to manage energy, water usage, waste and refuse efficiently, aligning with the goals of the Paris Agreement and aiming towards achieving net zero greenhouse gas emissions by the year 2065.

**Operational guidelines**

The Company and its subsidiaries conduct a thorough assessment of catastrophe risks and implement reinsurance according to a strict reinsurance management framework. This includes developing a catastrophe model to determine the appropriate Excess of Loss (XOL) reinsurance. Catastrophe risk, resulting from both climate change risk and natural catastrophe risk, is a key factor in the Company's insurance business management. The Company and its subsidiaries evaluate the greenhouse gas emissions from various organisational activities to assess the sources of emissions and develop effective mitigation measures. In 2024, the Company assessed greenhouse gas emissions across Scopes 1, 2 and 3, encompassing the Company's supply chain, with total emissions of 2,830.5 TonCO2eq (Scopes 1, 2 and 3).

The Company and its subsidiaries are developing products that prioritise climate change response and consider environmental impacts. For instance, electric vehicle insurance caters to the growing number of electric vehicles, providing comprehensive coverage tailored to the needs of electric vehicle users. This product not only helps reduce greenhouse gas emissions and air pollution but also promotes the use of clean energy and sustainable technology. Furthermore, the Industrial All Risks (IAR) insurance and Construction All Risks (CAR) insurance for solar rooftops respond to the rapidly increasing use of solar energy in Thailand. As more businesses and building owners install solar rooftop systems to save on electricity costs and promote clean energy use, insurance designed to cover potential risks during and after installation plays a crucial role in supporting solar energy adoption. This not only helps reduce reliance on polluting energy sources and lowers greenhouse gas emissions but also boosts confidence among solar rooftop installers in investing in and using clean energy.

Also, having appropriate insurance helps raise public awareness about the importance of environmental conservation and reducing the impact of fossil fuel use. Comprehensive coverage ensures that electric vehicle users feel confident and secure in their usage while contributing to the promotion of a sustainable and environmentally friendly society.

**Indicators and performance outcomes**

The Company and its subsidiaries assess climate change risks and can identify the significant risk factors arising from climate change that have a substantial impact on business operations as follows.

**Climate change risk**

| Risk factors arising from climate change that have a significant impact on business operations | Quantitative and qualitative goals | Plans and measures to mitigate climate change risk |
|---|---|---|
| Climate change increasingly impacts the health and property of consumers. As the risks increase, consumers demand products to address these issues, thereby creating business opportunities. This enables the Company to sell insurance products with coverage related to natural disasters more effectively, such as fire insurance, Industrial All Risks (IAR) insurance, and critical illness insurance related to PM 2.5, among others. | • Sales volume of insurance policies with increased coverage related to natural disasters<br>• A diverse range of products accessible to all customer groups | Develop and design products with coverage related to natural disasters and new protections that reflect the impact of climate change on health and property in terms of frequency and severity. This is to help consumers better cope with natural disaster issues. The product design must meet customer needs, be diverse and easily accessible, and include transparent and accurate communication of product information. |
| Natural disaster risks arising from climate change, such as more intense rainfall leading to high flooding, earthquakes and droughts, result in increased claims costs for the Company. | • Claims costs after reinsurance from natural disasters decrease<br>• Pay claims correctly, quickly and fairly | • Analyse data to identify and assess risks related to climate change that cause heavy rainfall and flooding. This involves using historical flood statistics from both internal and external sources, as well as flood event models at various severity levels in each area. These can identify areas prone to repeated flooding and assess the severity of potential floods for underwriting purposes (Underwriting Guidelines).<br>• Implement sublimits for flood insurance coverage in high-risk flood areas, setting lower sublimits to limit risk exposure.<br>• Transfer flood risk by purchasing sufficient Excess of Loss (XOL) reinsurance, evaluated using a Natural Catastrophe Model alongside the exposure units from policies, flood-prone areas, and the insured amounts held by the Company. Additionally, purchase reinsurance for crop insurance and health insurance to mitigate risks from extreme climate change events that could lead to drought or illness. |
| Climate change poses risks that can affect the Company through sudden changes in climate, leading to disruptions in business operations. | The Company can resume continuous business operations as soon as possible. | The Company manages business continuity and develops a business continuity plan, as well as tests the plan by conducting threat simulation exercises annually. This is to promote understanding of the business continuity management system. There are |

| Risk factors arising from climate change that have a significant impact on business operations | Quantitative and qualitative goals | Plans and measures to mitigate climate change risk |
|---|---|---|
| | | also plans to test system recovery and communication to ensure that the Company can continue operations within the specified time frame when faced with environmental changes. This includes establishing various policies to support and comply with government environmental regulations and international standards. |

The Company and its subsidiaries assess the organisation's greenhouse gas emissions from various internal activities, which include Scope 1 greenhouse gas emissions of 437.04 TonCO2eq, Scope 2 emissions of 2,249.05 TonCO2eq, and Scope 3 emissions involving paper usage, water consumption, and waste and refuse of 144.41 TonCO2eq. The operational goal is aligned with the Paris Agreement, aiming to achieve net-zero greenhouse gas emissions by the year 2065.

**Organisational greenhouse gas emissions**

| Organisational greenhouse gas emissions | 2023 | 2024 |
|---|---|---|
| Scope 1 greenhouse gas emissions (TonCO2eq) | 510.77 | 437.04 |
| Scope 2 greenhouse gas emissions (TonCO2eq) | 2,152.07 | 2,249.05 |
| Scope 3 greenhouse gas emissions (TonCO2eq)* | 161.89 | 144.41 |
| Scope 1 and 2 greenhouse gas emissions (TonCO2eq) | 2,662.84 | 2,686.09 |
| Scope 1, 2 and 3 greenhouse gas emissions (TonCO2eq)* | 2,824.73 | 2,830.50 |

**Note: Scope 3 greenhouse gas emissions include paper usage, water consumption, and waste and refuse.*