



MTC



Social Bond

# Framework

## Muangthai Capital

Customer care, Social development  
Environmental conservation and Responsible for stakeholders



## 01 Organization Overview

**Part** MTC is committed to delivering the opportunity to access funding sources to create well-being and enhance the quality of life in Thai society.

## 02 Social Bond Framework

**Part** MTC has developed Social Bond Framework to raise funds and achieve the company's aim, which is creating positive social impact across Thailand.

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# ABOUT MUANGTHAI CAPITAL



From a shophouse business to a world-class Thai microfinance company. Together, Mr. Chuchat Petaumpai and Mrs. Daonapa Petumpai started Muangthai Capital (MTC), on May 22, 1992. MTC has operated with a strong aspiration to be a financial dependency, especially for low-income people who lack of access to finance services from financial institutions, with deep support to further their careers, access to infrastructure services, including creating well-being and enhancing the quality of life that will eliminate inequality in society with appropriate financial costs.

For more than 32 years, MTC has been a Non-bank Financial Institution that serves personal loans to retail customers through 8,023 domestic branches (as of Aug 2024) throughout Thailand, provides financing to more than 3.5 million customers by 15,520 employees, committing themselves to implement the governance throughout our policies and deliver profoundly positive impacts on the economy, society, and environment, reflecting the company's sustainability development strategy.



# MTC's Business Objective

MTC is committed to delivering the opportunity to access funding sources in Thailand comprehensively. Being a world-class Thai microfinance company to drive the fundamental economic, be reliable company in a highly volatile economic and develop the financial products that meet the need for low-income group equality with appropriate fair and transparent financial costs. Aim to reduce inequality according to the United Nations' goals.

## Mission

- To accelerate financial inclusion, the Company focuses on expanding the service area to cover the whole country by opening for operation both the main branches and sub-branches, including the opening of service centers.
- To be a leader in financial opportunity creation in the microfinance business who most delivers positive impacts to society.
- Our employees must be experts in their field in all dimensions, with the potential to conduct performance evaluations based on the highest loan amount per capita in the same industry.
- Be guided by a good corporate governance and realize all stakeholders throughout the supply chain by key performance indicators (KPIs) that include all areas.
- We committed to being an international standard loan service provider, created high-quality services, supported product development that met customer needs, and delivered the highest level of customer satisfaction.

## Vision

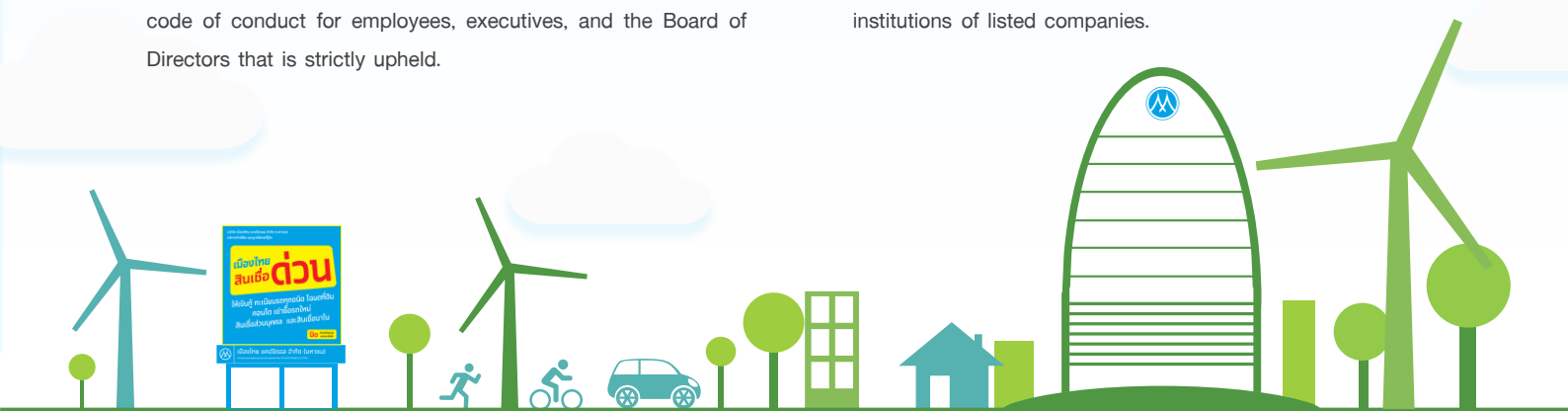
**No.1 Leader in  
Thailand's microfinance industry**



# Strategies in the Implementation of Sustainability

With a vision to lead in delivering high-quality and diverse credit products tailored to the needs of society in different careers, we strive to provide accessible financing that truly considers the context of retail business owners, focuses on providing great experiences to customers, builds trust and reliable financial support, combined with developing the working process into transparent following cooperative governance, ensures a positive impact on all stakeholders throughout the business chain and delivers a positive impact on economics, society, and the environment significantly according to the organization's nine sustainable development strategies, as follows:

1. Raise awareness of the importance of organizational development for sustainability in all sectors, and also drive business that concerns economic society and environmental impacts.
2. Operate business with good governance, as well as good corporate governance of the Board of Directors, to establish a code of conduct for employees, executives, and the Board of Directors that is strictly upheld.
3. Establish risk management system across all dimensions, including policy, operational processes, and external factors. Develop plans for prevention to manage each risk promptly.
4. Establish a system and process to promote cooperation between the Company and all groups of stakeholders and create valuable positive impacts throughout the business chain.
5. Against corruption in all its forms, set a strategy for protection effectively, as well as the disclosure of information with transparency and verifiability to build confidence and prevent damage to the Company.
6. Encourage the management of human resources in driving efficient operations in line with the challenging from economic social and environmental. To create value for the business in all forms.
7. Encourage non-profit social activities, instill awareness, and create responsibility in business operations that are beneficial to the surrounding society and contribute to a happy society.
8. Operate the business by using resources for maximum efficiency, reducing negative impacts on the environment at the organizational, regional, and global levels.
9. Develop ESG performance at a global level for investment support and global competition. Including the disclosure of standard sustainability information accepted by various institutions of listed companies.



2017-2022

## Foundation

- Determine the direction of policies, strategies, practices.
- Prepare a manual for all departments in the organization to practice.
- Establishing a business driving structure for sustainability.
- Resource preparation.

2023-2027

## Driving

- responding to sustainability issues.
- Improve risk management.
- Encourage employees to work at their full potential.
- Utilize resources efficiently and reduce negative impacts.
- Innovation development.

2028-2032

## Development

- Maintain operational standards.
- Increase operational efficiency.
- Increase the economic value.
- Integrate Business with Sustainability.

2032

## Aiming for a

## Sustainable Organization

- Creating added value together with stakeholders.
- Bringing back good quality of life to society.



# The Success of Sustainable Business

The Company adheres to international corporate governance standards and applies them in developing our organizational management system. This enhances investor confidence, ensures compliance with laws and regulations and focus on escalating the organization into sustainability. In 2023, Our efforts have been recognized through various awards and rankings for corporate governance and sustainability, both domestically and internationally.



The company receives the results of the Company's environmental disclosure and performance from CDP at the level of C.



The company was rated "A" on the SET ESG Rating from the Stock Exchange of Thailand.



The company was rated "AA" in the ESG MSCI Index on the environment, social, and corporate governance performance in the Consumer Finance sector by MSCI.



The company received the level of Excellent (5 stars) for the six consecutive years for the results of corporate governance assessment of listed companies on the Stock Exchange of Thailand in 2023 by the Thai Institute of Directors.



The company was rated "very good" with a full score of 100 in the 2023 Annual General Meeting of Shareholders Quality Assessment by Thai Investors Association.



The company has been certified as a member of Thai Private Sector Collective Action Against Corruption (CAC).

# MTC's Social Objective

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The company supports the Sustainable Development Goals (SDGs) and gives priority to client's sustainable development, including its own business operations. The company implements environmental and social risk management following the standards of the International Finance Corporation (IFC) best practices, which is a member of the World Bank Group. The proceeds from the Social Bond will be used to support the following SDGs:

**SDG 1 :** End poverty in all its forms everywhere

**SDG 2 :** End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

**SDG 5 :** Achieve gender equality and empower all women and girls.

**SDG 8 :** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

# Social Responsibility Commitment

All stakeholders play a vital role in driving our business towards achieving our sustainability development goals. Therefore, we are committed to considering the interests of all stakeholders throughout value chain, focusing on providing exceptional customer experiences, developing our workforce in any levels, improving the quality of life for society in every dimension, and creating a positive social impact through these four key areas.

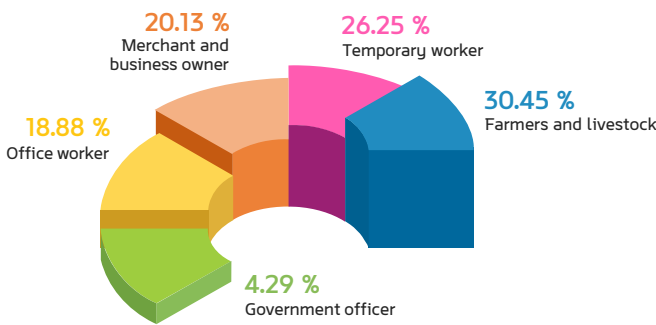
**Emphasize Customer :** Giving priority to customers in every dimension by offering products and services that meet the needs of diverse customer segments and expanding our services to reach all regions of the country, ensuring equal access to funding regardless of gender or location. Our focus is on delivering exceptional customer experiences.

**Personnel Creation :** Investing in our employees by providing them with the necessary training and resources

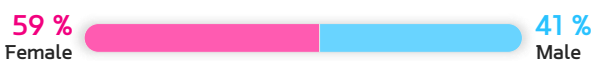
to excel in their roles and deliver outstanding customer service. Providing competitive compensation and benefits ensures that our employees have well-being.

**Protect Human Rights :** The company has a governance system in place to prevent human rights abuses at all stages of its operations, ensuring equal access to financial resources for all, enabling them to improve their quality of life in all aspects, including living standards, education, and access to basic public services with the implementation of employees guided by our human rights policies.

**Return Society :** Recognizing the impact of our business on all stakeholders through socially responsible operations and are dedicated to creating a positive social impact through our business activities in order to grow sustainably with Thai society.



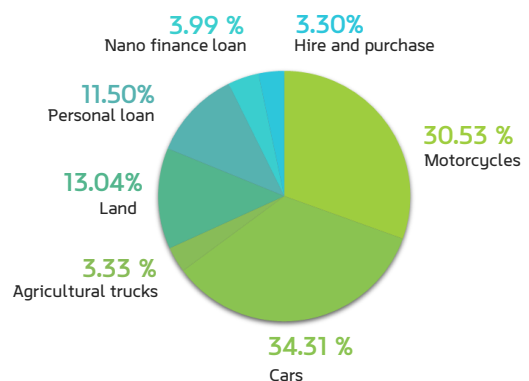
Lending portfolio 2023 (Group of customers)



Lending portfolio 2023 (Sex)

In 2021 Increase 915 branches, total 5,799 branches.  
 In 2022 Increase 869 branches, total 6,668 branches.  
 In 2023 Increase 869 branches, total **7,537** branches.

Branch expansion



Lending portfolio 2023 (Types of Loans)



“ The achievement goals of 80% ”

The average satisfaction : **80.59%**

Customer Satisfaction Evaluation Results 2023





### New Home for Chance

The company recognizes the importance of early childhood education. The company has therefore initiated a project to build early childhood development centers under the name “New Home for Chance”. Over the past 10 years, the Company has supported basic education a total of 700 children and promoting children to grow up to be quality adults who will drive society forward. There are also plans to continue the project in 20 provinces the next 5 years.

### MTC – No One Left Behind

This project aims to promote equal access to basic public health services through the donation of a new patient care building in order to enhance quality services in 4 districts of Sukhothai province from 2013 to present and another 5 districts in the next 10 years.

### Weaving the Dream

Providing financial and knowledge support for Thai farmers who raise bees under the concept of “sustainable giving Is to educate” with the collaboration of Chiang Mai University for farmers to be able to increase the product value and sustainably sustain a career in agriculture.

### MTC – Promoting Employment opportunities for Disabled People

The company recognize the importance of equality in society, including improving the quality of life and creating job opportunities for disadvantaged groups. In 2023, the Company employed 6 disabled people to be a part of the organization.



### Blood for Chance

The company is actively involved in raising awareness of the shortage of blood reserves and cultivating a strong sense of corporate culture among employees under the concept “Blood for Chance” This resulted in the Company collecting more than 21,600 units of blood for patients in need. Therefore, they are committed to conducting this project annually.

### MTC – Money Matters, Sustainable Happiness

The company has collaborated with members of the Vehicle Title Loan Association (VTLA) to organize activities aimed at enhancing financial literacy to the community in Ban Nong Samrong, Lopburi Province. We aim to promote understanding, financial resilience, and provide effective financial tools. There are also plans to continue the project in 7,980 branches nationwide.



### MTC – Unite for the Community

In order to increase the opportunity to access the public health system and facilitate the provision of services to the community by staff and volunteers, including the transportation of elderly patients. The company has built 20 modified motorcycles to be given to 40 sub-districts across 3 provinces, and we plan to expand to another 100 sub-districts within the next 5 years.

# Alignment with The UN SDGs

MTC is a Non-bank Financial Institution (NBFI) specializing in providing loan to retail customers in Thailand. The Company is committed to creating well-being for society by providing easily accessible funding and developing financial products that meet the needs of customers while aligning with the Sustainable Development Goals (SDGs) by United Nations. Aim to deliver positive impact to society as follows:

1. All men and women have the right to equal access to funding. Closing the financial gap comprehensively. Reducing inequality in access to basic services and appropriate technology.



2. Promoting finance to increase agricultural productivity and income and ensuring access to land and resources, which is the factors of production, for low-income farmers.



3. Promoting finance to ensure sufficient food and safety for all, ending malnutrition in all its forms.



4. Providing financial support in the wake of economic crises and pandemics.



5. Promoting finance to ensure equitable access to all levels of basic public health services and comprehensive health coverage.



6. Promoting financial support to ensure equitable access to quality and affordable education at above K12 schools and also eliminating educational inequality.



7. Increasing access to quality, safe, and affordable student dormitory.



8. Increasing accessibility to purchasing renewable energy, such as solar cells, to improve the quality of life for society.



9. Promoting financial support to foster the growth of small and medium-sized enterprises and create quality, equitable employment opportunities.



10. Promoting financial support to improve infrastructure in clean and environmentally friendly industries, increasing resource efficiency and sustainable production technologies.



11. Promoting social and economic equality for all, regardless of age, gender, disability, race, ethnicity, religion, economic status, or other factors.



12. Providing financial support to ensure access to adequate, safe, and affordable housing and basic services.



**SUSTAINABLE DEVELOPMENT GOALS**

# Purpose of This Framework

The Company has developed this Social Bond Framework (the "Framework") to raise funds for eligible projects that expect to create a positive social impact across Thailand especially with a focus on lower income group, farmers, female and underserved population. The Framework provides a set of clear and transparent standards that support investments that deliver significant social benefits and create long-term values for the Company's stakeholders.

MTC's Framework is aligned with Social Bond Principles (2023), as administered by the International Capital Market Association (ICMA) and the ASEAN Social Bond Standards. MTC's Framework addresses the following key pillars, in line with ICMA's SBP:





MTC has appointed the independent Second Party Opinion (SPO) provider to review the Social Bond Framework and attest to its alignment to the SBP and the relevant UN SDGs. Both the Framework and the SPO are publicly available on the Company's official websites.



# Use of Proceeds

MTC shall use an amount equal of the net proceeds from the Social Bonds to finance or refinance in whole or in part, eligible social projects and activities that seek to achieve positive social impacts. Look-back period for refinancing of eligible social projects or activities shall be up to with a maximum look-back period of 3 years prior to the date of issuance of the Social Bond.

Projects or activities to be financed by the proceeds of social bonds should meet at least one of the eligibility criteria as described in the table below.

Project Categories	Eligible Activities	Target Population	Alignment with the SDG
1.) Financial Inclusion	Ensure that all men and women, in particular the poor and the vulnerable, have equal access to economic resources, and financial services, including microfinance.	General Public (Lower income group, farmers, female and underserved population)	
	Proceeds shall be allocated to smallholder farmers, including individuals who have agricultural registration book, rubber farmers' ID card, or aquaculture farmers' ID card.		
2.) Employment generation	2.1 Proceeds shall be allocated towards providing finance to micro, small and medium enterprises including microfinance.	Unemployed People, Women Entrepreneur	
	2.2 Proceeds shall be allocated towards providing financing to enterprises that is individual woman entrepreneur, individual woman business owners and/or self-employed woman.		
3.) Food security and sustainable food systems	Loans aiming to increase agricultural productivity and income. Access to land and resources that are factors in production.  Invested in loans, which allow farmers to purchase things to increase their productivity, such as fertilizer and necessary agricultural equipment.	Farmers	



# Evaluate and Selection of Projects and Assets

The company has appointed “the ESG Bond Working Group” to evaluate and select eligible projects that align with the criteria following this Framework, consider about impact and possible risk including efficient management according to the Sustainable Development Goals (SDGs) by United Nations.

The Working Group consists of representatives from various departments as follows:

- |                                  |   |
|----------------------------------|---|
| 1. Mr. Amornthep Pookang         | Head of Sustainability / Secretary of Risk Management Committee           |
| 2. Mr. Kritsada Kuruchitkosol    | Head of Treasury and Corporate Finance Manager                            |
| 3. Mr. Anuchit Aroonwilairat     | Assistant to Head of Sustainability                                       |
| 4. Ms. Sirilak Srimanee          | Senior Sustainability Officer   |
| 5. Mr. Yanabhaksinee Seeha-ampai | Assistant to Head of Specialist –Investor Relations and Corporate Finance |



Relevant members of the Social Bond Working Group are tasked with

- Reviewing the alignment of social assets that be proposed with this Framework to certify suitability to be “Eligible Social Assets”.
- Integrating environmental, social and governance (ESG) management and impact management into the project evaluation and selection process to effectively identify and reduce environmental and social risks that might occur according to the company’s risk management manual. Throughout, monitoring and management of information about impacts through defined impact indicators connect with the Sustainable Development Goals (SDGs) by United Nations.
- Managing eligible social assets portfolio, as long as social bond is remaining to ensure the funds raised are utilized to eligible projects.
- Following the social bond market development and revise on both this framework and the criteria.
- Preparing evaluation and selection of eligible projects document for external audit (if necessary).



# Management of Proceeds

Process of project evaluation and selection



The company will appoint the ESG Bond Working Group to manage the Social Bond proceeds. They will monitor and track the allocation of net proceeds from social bonds issued under the Framework following an official internal process and review the allocation of the proceeds of eligible projects. When necessary, consider to change or revise the eligible social projects to maintain the qualifications of the portfolio of eligible social projects.

As long as Social Bonds are outstanding, it is intended to exclusively allocate an amount equivalent to the net proceeds of these instruments to a portfolio of Social Eligible Assets which meet the eligibility criteria and other criteria as described in the Framework. In addition, the proceeds temporarily unallocated will be invested in highly liquid products following the Company's standard liquidity policy. The unallocated proceeds shall not be invested in highly polluting or energy-intensive projects.



# Reporting

The Company will annually prepare the social bond report under the scope and conditions as described in this operation or significant changes on a timely basis. It shall be made publicly under any other-disclosure obligations, specifying on both the proceeds objectives and any positive or negative impact throughout bond maturity.

## Allocation Reporting

The social bond report will include information on the allocation of the Social Bond proceeds annually until all proceeds have been allocated. The allocation reporting shall include the following:

- The total amount of social bond proceeds.
- The total amount of allocated social bond proceeds.
- An overview of the Social Bond portfolio per Social Bond category.
- Share of financing vs refinancing.
- An overview of the geographical distribution of allocated assets.
- The balance of unallocated proceeds (if any).

## Impact reporting

The Company will prepare on both direct and indirect impact report through qualitative Indicators and quantitative indicators that will be classified as follows:

Project Categories	Eligible Activities	Impact Metrics
<b>1. Financial Inclusion</b>	Ensure that all men and women, in particular the poor and the vulnerable, have equal access to economic resources, and financial services, including microfinance.	<ul style="list-style-type: none"> <li>• Number of people reached divided by career (Unit: #)</li> </ul>
	Proceeds shall be allocated to smallholder farmers, including individuals who have agricultural registration book, rubber farmers' ID card, or aquaculture farmers' ID card.	
<b>2. Employment generation</b>	2.1 Proceeds shall be allocated towards providing finance to micro, small and medium enterprises including microfinance.	<ul style="list-style-type: none"> <li>• Number of loans supported to women (Unit: #)</li> <li>• Number of jobs supported (Unit: #)</li> <li>• Number of Female Founded/Owned/Managed Enterprises (Unit: #)</li> </ul>
	2.2 Proceeds shall be allocated towards providing financing to enterprises that is individual woman entrepreneur, individual woman business owners and/or self-employed woman.	
<b>3. Food security and sustainable food systems</b>	Loans aiming to increase agricultural productivity and income. Access to land and resources that are factors in production.	<ul style="list-style-type: none"> <li>• Number of farmers reached (Unit: #)</li> </ul>
	Invested in loans, which allow farmers to purchase things to increase their productivity, such as fertilizer and necessary agricultural equipment.	



## External Review

The Company has appointed the independent second-party opinion provider to review the Social Bond Framework. The independent second-party opinion will be published on the Company's official website and Sustainable Fitch's official website.

Within one year of issuance and on an annual basis until maturity of the bonds, the Company may request a review of the Eligible Social Projects and their compliance with the eligibility criteria set forth in this Framework, to be provided by a consultant with recognized social expertise.

## Remark

- This framework is reviewed and revised following the strategic policy, sustainable development plan, procedure and related standards that significantly change.
- This framework revise will be approved by the ESG Bond Working Group and will be declared on the Company's official website.
- For further information, please contact:

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