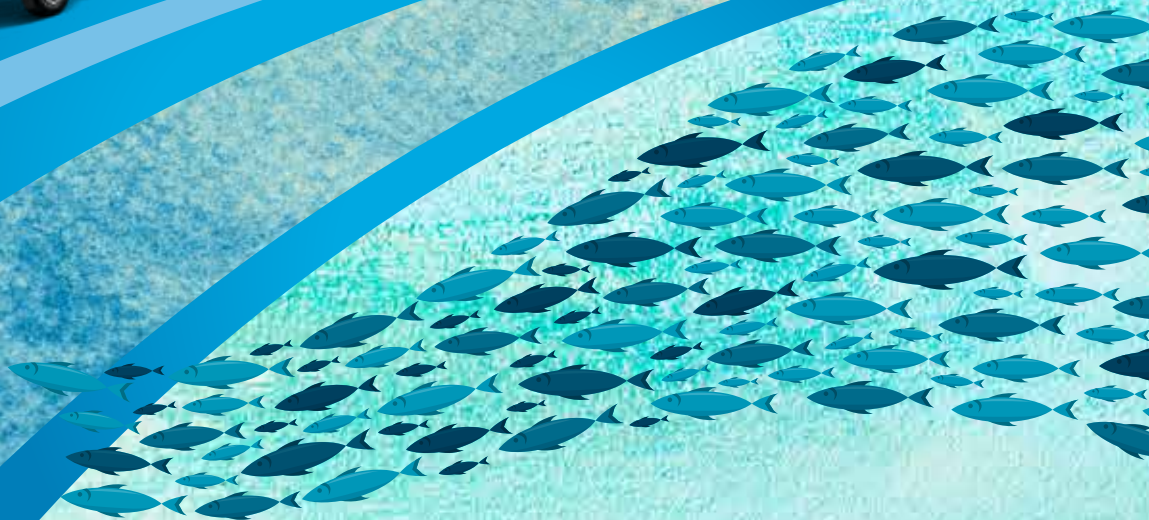









MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED

SUBSTAINABILITY REPORT 2019

Responsible
Microfinance



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Headquarter Bangkok

🌿 Thailand

Number of Employee

🌿 9,576 Persons

Listed Date in the SET

26 November 2014

🌿 MTC.BK

Loan Receivable

🌿 60,253 Million Baht

🌿 2.31 Million active contracts

Net Profit Margin

🌿 35.6%

Registered Capital

🌿 2,120 Million Baht

Domestic Distribution

🌿 4,107 Branches in 74 provinces

NPL Ratio


🌿 1.12%

Message from the Chairman of the Corporate Governance Committee


Muangthai Capital Public Company Limited has been conducting business accordingly to corporate governance principles and striving for fairness and transparencies, as well as focusing on our stakeholders. Throughout the years, our actions have reflected through operational strategies and results of operations which have been proven to be of great success.

Over the past years, the board of directors, executives and employees of the Company have accomplished their duties to the best of their abilities making the company have been listed by the Stock Exchange of Thailand as one of “Sustainable Shares” or Thailand’s Sustainability Investment (THSI), which has brought pride to the Company and all the staff greatly. More importantly, it is recognised by the Company’s stakeholders as the **“Leader in Thailand’s Microfinance”** in all aspects, especially in terms of competitiveness by being a leader in the development of customer service standards with fairness and transparency and accountability.


This year, the sustainable development of the Company has been carried out more concrete through the corporate governance committee, with the roles and responsibilities of the board; covering the set of sustainability goals, review of policies, strategies, and operational plans for sustainable development, as well as following up on the performance. The agenda that the Corporate Governance Committee pushed for success in 2019 are as follows:


 Considered and made recommendations to the Board of Directors for organisational structure improvements by considering the


additions of roles and responsibilities in regards to sustainable development to the Corporate Governance Committee as the Corporate Governance Committee agreed that sustainable development must be performed only in conjunction with the operation and good corporate governance.

 Reviewed business ethics, corporate governance policy and sustainable development policy to be complete and present as a guideline for executives and employees in adherence by implementing the No-gift Policy in accordance with the Anti-Corruption Policy.

 Considered the plan and made recommendations to the executives regarding actions after being certified by Thailand’s Private Sector Collective Action Coalition Against Corruption to align with the sustainable development goals, for example, an improvement on the practice manual of suppliers, supplier evaluation, training on Anti-Corruption and money laundering.

 Considered and made recommendations to the Board of Directors to manage legal risks by suggesting the company add regulatory oversight agencies and organisations.

 Considered and made recommendations to the Board of Directors to connect social activities in line with the sustainable development goals.

 Followed up on the progress on sustainable development from the working groups including disclosure guidelines and new risks related to economic, social and environmental dimensions.

Message from the Chairman of the Executive Committee

From over 28 years from the very first day that the Company had been established, on behalf of the employees of Muangthai Capital Public Company Limited and the Executive Committee myself with the determination and effort of all executives and employees in jointly developing sustainability to enable the Company to be **“Responsible Microfinance”** service provider, I am pleased to declare to the stakeholders that this year the Company is honoured to be selected as a sustainable stock in Thailand’s Sustainability Investment Index or THSI by the Stock Exchange of Thailand as we are a listed company who operates in the business concerning the environment, society and corporate governance. (Environment, Social, Governance: ESG)

The Company emphasise and focus on management in the economic dimension and society as the core which considered important dimension and has the greatest weight on the sustainability of the Company. However, in the past year, the Company reviewed the risk assessment and the impact on the environmental dimension more clearly. Therefore, the Company has established policies and strategic plans for operations to support, limit, and diversify risks that may occur from environmental change, which is considered as one of the important Megaforce environmental risks in the future as a good corporate citizen for the environment. Thus, in the past year, we started by developing

measures to improve and value energy use and resources as well as the purchasing policy which includes managing the entire supply chain of the Company.

Regarding the economic and social dimensions, the company is confident that the key to bringing the Company to sustainability is responsible business operations, such as offering responsible credit products to customers; treating customers with responsibility, transparency and fairness; understanding and reaching customers with responsibility supervising employees to be able to perform their duties to their full potential and work happily and strengthening our communities with responsibility. The Company would like to present the policy development and the performance of sustainable development in the year 2019 in this report.

Even so, in the year 2020, the Company will continue to strive for sustainable development covering all 3 dimensions. Specially for the Environment pillar, the Company prepare to move to a new headquarters building; a green building that has been certified by the LEED Institute as well as manage of environmental impacts from the agriculture customer group which is the main customer group of the company. Other than that, the Company has the policy to promote business and social innovation which may be implemented through new CSR programmes, as will be further announced in the Sustainability Report 2020.



Mr. Chuchat Petaumpai
Director/Chairman of the
Executive Committee

Sustainability Achievements, Awards and Recognitions in 2019



Thailand Sustainability Investment (THSI)

MTC has been first-time selected as one of “**Sustainability Shares**” in which the company’s stock to be included in the THSI Index calculation in December 2019.

Business Excellence in SET Awards 2019

MTC received two honourable awards, Outstanding CEO Awards and Outstanding Company Performance Awards, in SET Awards 2019 hosted by the Stock Exchange of Thailand and Finance and Banking Magazine.

Board of the Year Awards

MTC received the Board of the Year Awards 2018 for the market capital between 30,000-100,000 million baht from IOD Thailand in the IOD National Director Conference 2019 event.

CGR

MTC received an “**Excellent**” score in Corporate Governance Report of Thai Listed Companies (CGR) arranged by IOD Thailand in the second consecutive year.

Thai Investors Association

MTC has been assessed as a 4 TIA for its shareholders’ meeting quality evaluation by the Thai Investors Association.

CAC

MTC has been certified as a member of the Private Sector Collective Action Coalition Against Corruption.

MSCI

MTC received an A-rating for sustainability and is calculated in the MSCI Global Sustainability Index and MSCI Global Standard Indexes by Morgan Stanley Capital International.

Sustainability Policy and Goals

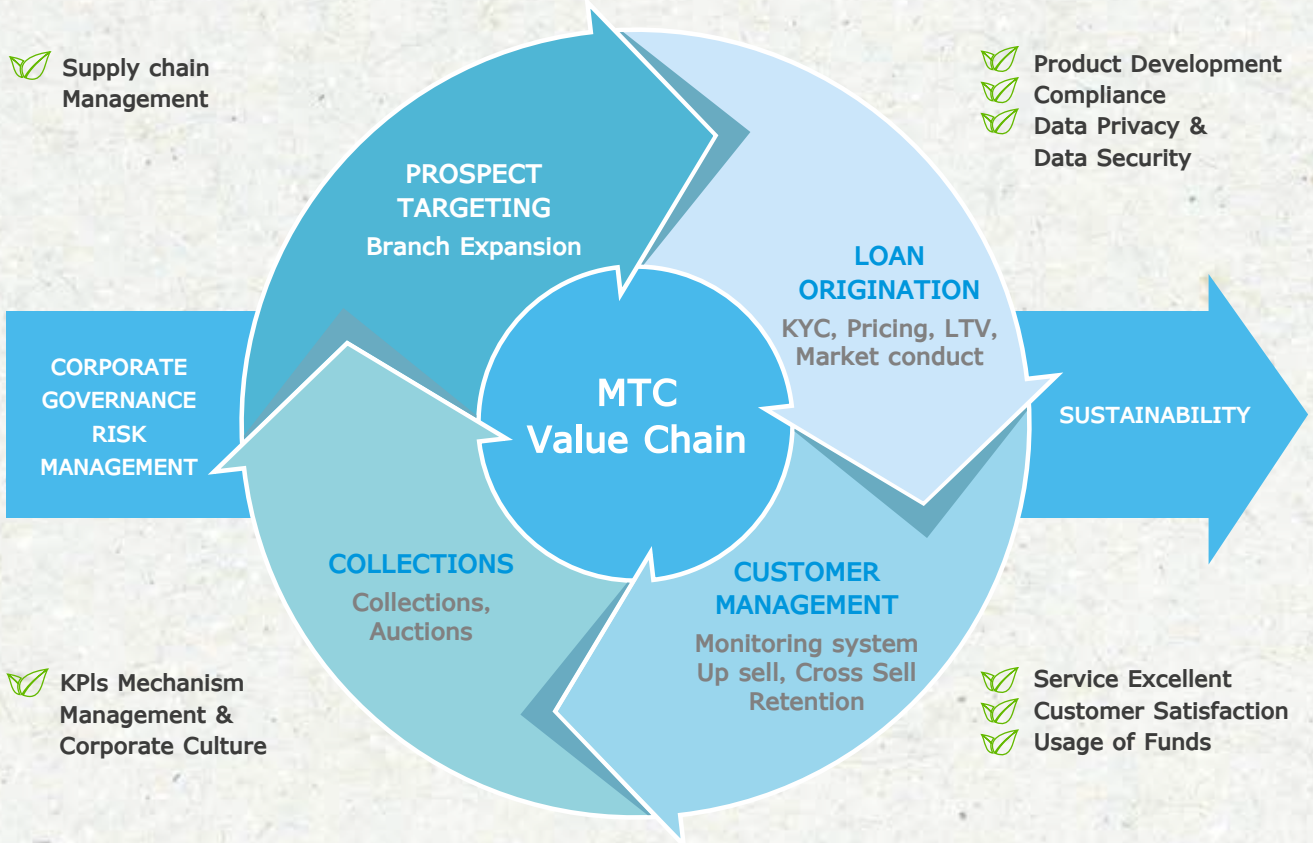
The business philosophy of the founders, Mr.Chuchat Petaumpai and Mrs Daonapa Petumpai, is to be a microfinance service provider that helps people with limited access to the loan from financial institutions to be able to access emergency funding with fair and transparent financial costs. The said philosophy has become a guideline for business operations based on the principles of good governance and appropriate risk management over the past years. However, after having been listed on the Stock Exchange of Thailand, the Company's performance has leapt dramatically from the strategy to expand the number of branches to maximize the coverage and getting closer to the people. As a result, in just 5 years, the Company's credit portfolio has grown by more than 800 per cent. The number of customers has increased from 0.62 million contracts to 2.9 million contracts and the number of employees has grown from 1,703 people to 9,576 people. The Company is well aware that the impact of the Company's operations on its stakeholders has increased significantly.

In terms of economy, society and environment, the Company currently emphasises sustainable development to be a **"responsible microfinance"** by operating under the principles of good corporate governance and consider the impact on all stakeholders. Following the policy of the Bank of Thailand, the Company has considered the value chain to set the goals, policies and framework as follows:

Company Value Chain and Stakeholder Engagements

Muangthai Capital Public Company Limited is a non-bank financial institution providing mainly vehicle title loan under a personal loan license with the supervision of the Bank of Thailand to primarily retail customers. The Company focus on growth by diversifying customer reach through the Company's branches. By the end of 2019, the Company has a network of 4,107 branches nationwide. Nonetheless, the customer group has a habit of repeatedly applying for credit which is reflected in the Company's circular value chain.

In this regard, the value chain management adhere to the guidelines for good corporate governance which consists of having good corporate governance and risk management that is sufficient, appropriate and effective. As a result, the Company will be able to create sustainable development.



Stakeholder Engagements

To determine stakeholders, the Company considered the value chain that consists of basic activities; such as loan origination, customer management and debt collection; and supporting activities such as branch expansion, Know-Your-Customer (KYC), interest rate and LTV setting, market conduct practising, customer monitoring, an increase of customer retention, asset auction. The Company has set guidelines for treating all stakeholders in the CG Handbook and Business Code of Conduct disclosed on the Company’s website in the investor relations section <http://investor.muangthaicap.com>

Stakeholder	Materiality	SD Strategy	SD Tool
Customer	Responsibility to Customer	<ul style="list-style-type: none"> Financial Inclusion Development Industry Ethical Conduct Development 	CSV
Employee	Workforce Management	<ul style="list-style-type: none"> Human Right and Diversity 	

Stakeholder	Materiality	SD Strategy	SD Tool
Employee	Workforce Management	<ul style="list-style-type: none">  Human Development Programmes and Learning Culture  Security and Healthcare  Life quality, Compensation and Welfare Programs  Proper, Fair and Transparent Communication Channels and Employee Assessment Programmes  Succession Plan 	
Supplier and Business Partner	Supply Chain Management	<ul style="list-style-type: none">  Supply chain management with consideration to the impact on ESG 	
Shareholder/ Investor/ Creditor	Corporate Governance	<ul style="list-style-type: none">  Corporate Governance in Management Structure  Risk Management 	
Competitor	Participation for Industrial Market Conduct Development	<ul style="list-style-type: none">  Establishment of a trade association for vehicle title loans industry and jointly discuss common industry development practices 	
Community and Social	Community and Social Development	<ul style="list-style-type: none">  Economic Pillar Through CSR-in process programmes to cultivate financial knowledge and discipline in customers, employees and general public. 	CSR & Corporate Citizenship

Stakeholder	Materiality	SD Strategy	SD Tool
<p>Community and Social</p>	<p>Community and Social Development</p>	<p> ✔ Social Pillar Through CSR-after process programmes to create a bond between the company and communities by providing educational opportunities, public health and maintain the inheritance of good cultural traditions ✔ Environment Pillar Environmental Management </p>	<p>CSR & Corporate Citizenship</p>

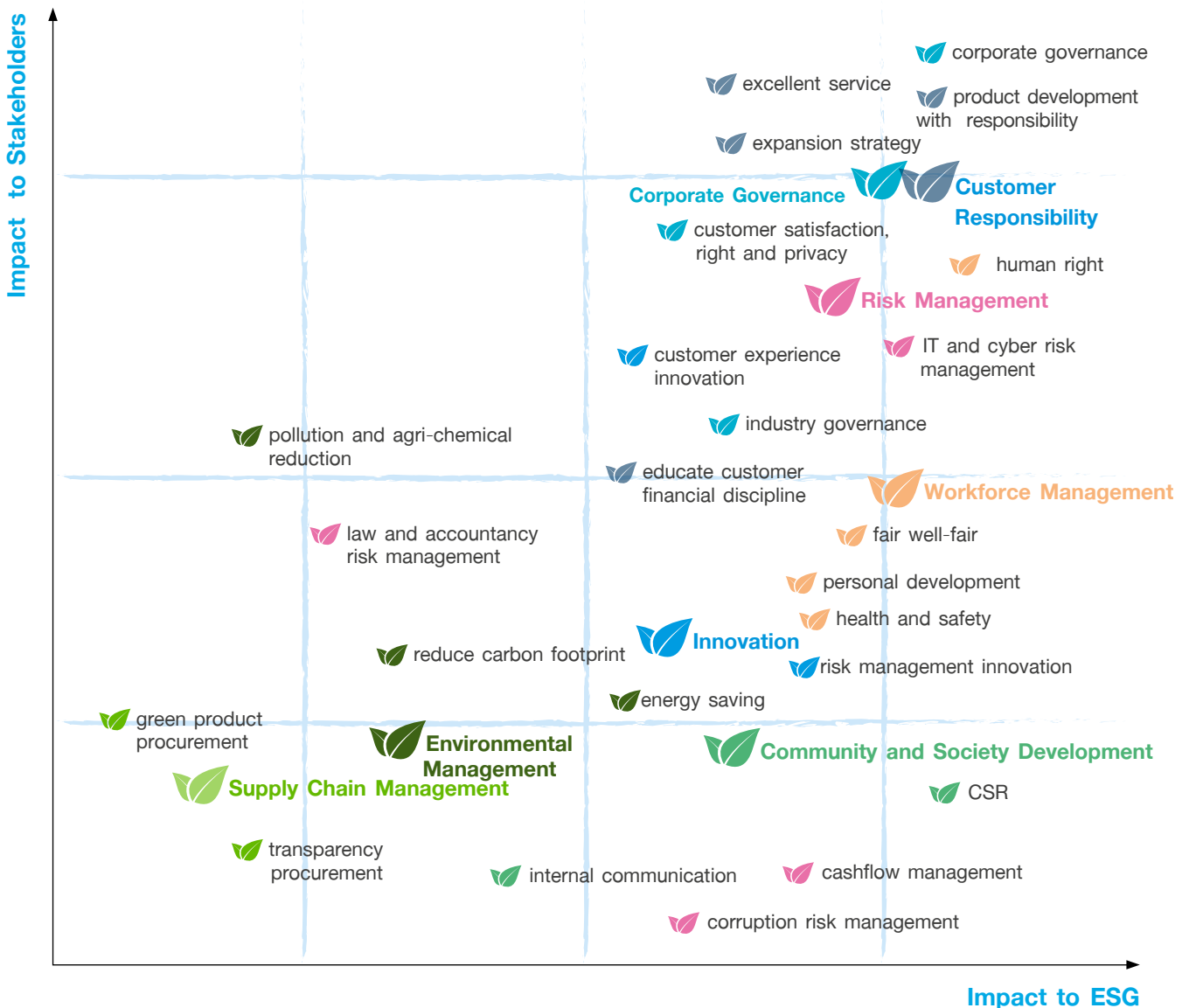


Sustainability Materiality and SDGs Goals

In 2019, the Corporate Governance Committee together with the management team and working group for sustainable development who consists of representatives from various business units jointly assess, compile, and prioritise important issues to the business operations of the Company by considering the participation of all stakeholders, such as shareholders and creditors, customers, personnel, competitors, partners, communities and the environment. This covers issues that the industry and regulatory agencies pay attention to that lead to the goals of the United Nations (UN's SDGs) to prioritise and find a way or strategy for operations in response to the Company's sustainability goals appropriately.




Therefore, this year, the important sustainability issues of the Company are the 8 key issues that have been improved from the Sustainability Report 2018, with the following details:

Identification and Prioritization of the Key Business Materiality



Report of Issues and Improved Issues for Sustainable Development

In 2019, the Corporate Governance Committee together with the management team and the working group for sustainable development jointly assess to improve policies and strategies in detail with key points maintained. Such improvements result in a clear policy formulation and ways to work more which can show the details of the improvements as follows:

Pillar	Materiality	Scope and Boundary in 2018	Scope and Boundary in 2019
G	 Responsibility to Customer	 Financial Product Development for Customer's Need  Customer Satisfaction  Customer Right	 Financial Inclusion Development - Financial Product Development with Responsibility - Branch Expansion Strategy - Service Excellency - Customer's Financial Discipline Cultivation  Industrial Ethical Conduct Development - Respect to Customer's Satisfaction, Right and Data Privacy - Development of Industrial Market Conduct - Being a role model organisation in the area of corporate governance
	 Risk Management	 Regulatory and Accounting Standard Risk Management	 Regulatory and Accounting Standard Risk Management  IT Security and Cyber Security Risk Management  Financial Liquidity Risk Management  Fraud Risk Management




Pillar	Materiality	Scope and Boundary in 2018	Scope and Boundary in 2019
G	 Corporate Governance	 Corporate Governance	 Anti-Corruption
	 Innovation	-Not Available-	 Innovation for Risk Management  Innovation for Customer Experience Improvement
S	 Workforce Management	 Human Right & Diversity  Human Development Programmes  Security and Healthcare	 Human Right & Diversity  Human Development Programmes  Security and Healthcare  Compensation & Welfare Programmes  Communication Channels  Succession Plan
	 Community and Social Development	 CSR Programmes	 CSR Programmes
E	 Environmental Management	 Carbon Footprint Reduction  Efficient Energy Consumption	 Carbon Footprint Reduction  Efficient Energy Consumption
	 Supply Chain Management	 Green Purchasing	 Green Purchasing  Transparent Purchasing and Consider ESG Impacts

As a result of the initial sustainability review, the Company still adheres to the Sustainable Development Goals (SDGs) goals in accordance with the United Nations goals, 9 out of 17 goals: 1. No Poverty, 3. Good Health and Well Being, 4. Quality Education, 5. Gender Equality, 8. Decent Work and Economic Growth, 9. Industry, Innovation and Infrastructure, 10. Reduced Inequality, 11. Sustainable Cities and Communities, 12. Responsible Consumption and Production.



To improve the business policy, the Company focuses on creating shared value (CSV) by generating and developing microfinance loan products to respond to the financial inequality of the people with responsibility to be main Corporate Social Responsibility (CSR) and Corporate Citizenship to build sustainable value for the stakeholders with a framework to exceed sustainable development in 3 dimensions: economic, social and environmental as follows:

Responsible Microfinance			
Pillar	Governance	Social	Environment
Tool	CSV	CSR	Corporate Citizenship
Goal	To Reduce Financial Inequality	To Build Strong Communities	To Build Strong Communities
Strategy	<p> Responsibility to Customer</p> <p>1) Financial Inclusion Development</p> <ul style="list-style-type: none"> - Microfinance product development to enable accessibility to unbanked customers to have proper cost of fund and transparency with responsibility 	<p> Workforce Management</p> <ul style="list-style-type: none"> - Human right and Diversity - Human development programme and Building a learning culture - Security and Healthcare Policy - Life quality and Long-term incentive plan in regard to company's performance 	<p> Environmental Management</p> <p>1) Carbon Footprint Reduction</p> <ul style="list-style-type: none"> - Waste Management with Recycle Process - Paper usage reduction with Information Technology Development <p>2) Efficient Energy Consumption</p>

Responsible Microfinance			
Pillar	Governance	Social	Environment
Tool	CSV	CSR	Corporate Citizenship
Goal	To Reduce Financial Inequality	To Build Strong Communities	To Build Strong Communities
Strategy	<ul style="list-style-type: none"> - Branch expansion to be sufficient and appropriate for access to public loans - Service excellency for customers thoroughly and equally - Cultivation of financial knowledge and discipline to customers <p>2) Industrial Ethical Conduct Development</p> <ul style="list-style-type: none"> - Respect to customer's satisfaction, right and data privacy - Participation in development of industrial market conduct to be fair and transparent to customers - Being a role model organisation in the area of corporate governance <p> Risk Management  Corporate Governance</p>	<ul style="list-style-type: none"> - Communication channel development and proper, fair and transparent performance assessment programme - Succession plan <p> Community and Social Development with CSR Programmes</p> <ul style="list-style-type: none"> - Supporting child development of children in the communities with “Baan Mai Khong Noo” Project - Being part of community's emergency healthcare programme with “Muangthai Blood Donation” Program incorporation with Thai Red Cross - Behaving as a good community's citizen by inheriting traditions, culture and religion with members of the community with Kathina Hosting Ceremony 	<ul style="list-style-type: none"> - Investment in Head Quarter Office which will increase the efficiency of energy consumption and being community and environmental friendly - Turn-off for a Change Programme <p> Supply Chain Management</p> <ol style="list-style-type: none"> 1) Green product purchasing policy 2) Transparent purchasing policy that consider the impact to ESG

Sustainable Development Report in 2019

Economy

The Company has laid out a guideline for sustainable development by creating shared value (CSV), which is implemented to develop and solve economic and social problems to create economic value and society along the way. The Company has considered that financial inequality is an economic problem that has been rooted in Thailand for a long time. It is also known as the origin of the microfinance business in Thailand. Therefore, the principles of the Company is to bring the operations used by the Company as a tool to reduce financial inequality among Thai people. The Company aim to be an alternative loan source to increase opportunities for people to easily and conveniently access loan sources. Nowadays, the microfinance loan industry is accepted and has grown rapidly. This creates a significant impact on the national economy at the macro level, such as Growth Domestic Product, Household Debt, Working capital and agricultural growth rate etc. Thus, the Company considers that the microfinance business should act responsibly to customers so that it will alleviate the problem of economic inequality and keep up the existence of a sustainable microfinance loan industry.

“Responsibility to customers” issue becomes an important issue the Company regards as a top priority and the operating philosophy that has always been adhered to, as reflected in the characteristics of the Company’s diverse products which have been designed for the general public to easily access. The products include interest rate, fair fees, appropriate and sufficient size of the loan and provides excellent service equally and thoroughly, the nationwide expansion of branches which aims to improve access to financial resources of people in every locality while also distributing geopolitical risks. However, the Company has raised the responsibility to customers issue for consideration and found there are still other dimensions that affect the economy, society and environment. Hence, the Company should consider additional operational guidelines for sustainable development.

Therefore, in this year 2019, the Sustainable Development working group has presented to the Corporate Governance Committee to consider improving customer responsibility issues by altering the SD structure, SD Goals including more issues to consider and expanding the scope to cover the entire microfinance loan industry. The guidelines for sustainable development in the Company’s economic dimension are as follows:

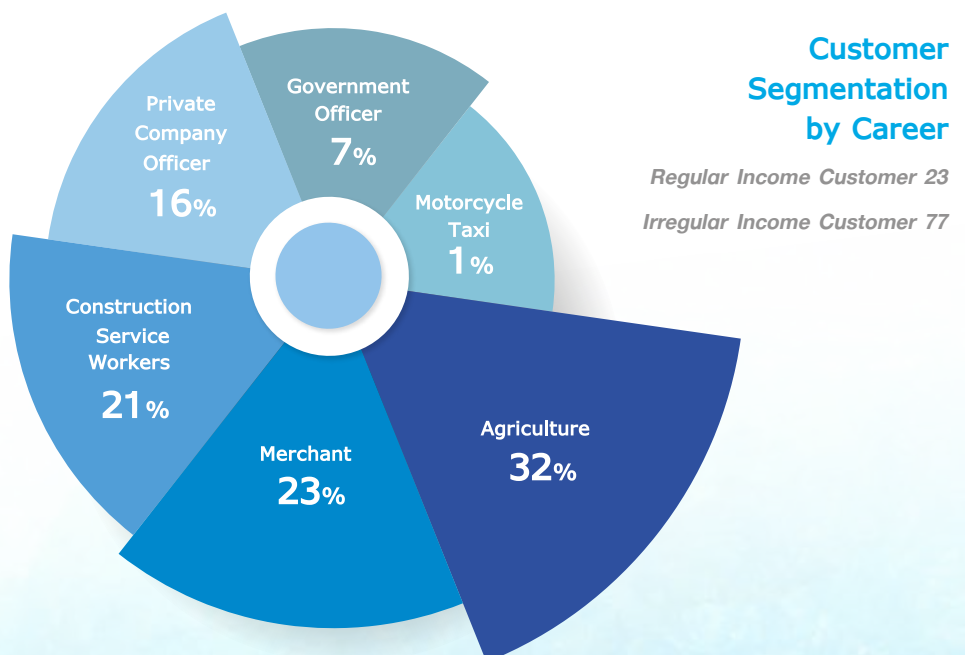


Responsibility to Customers

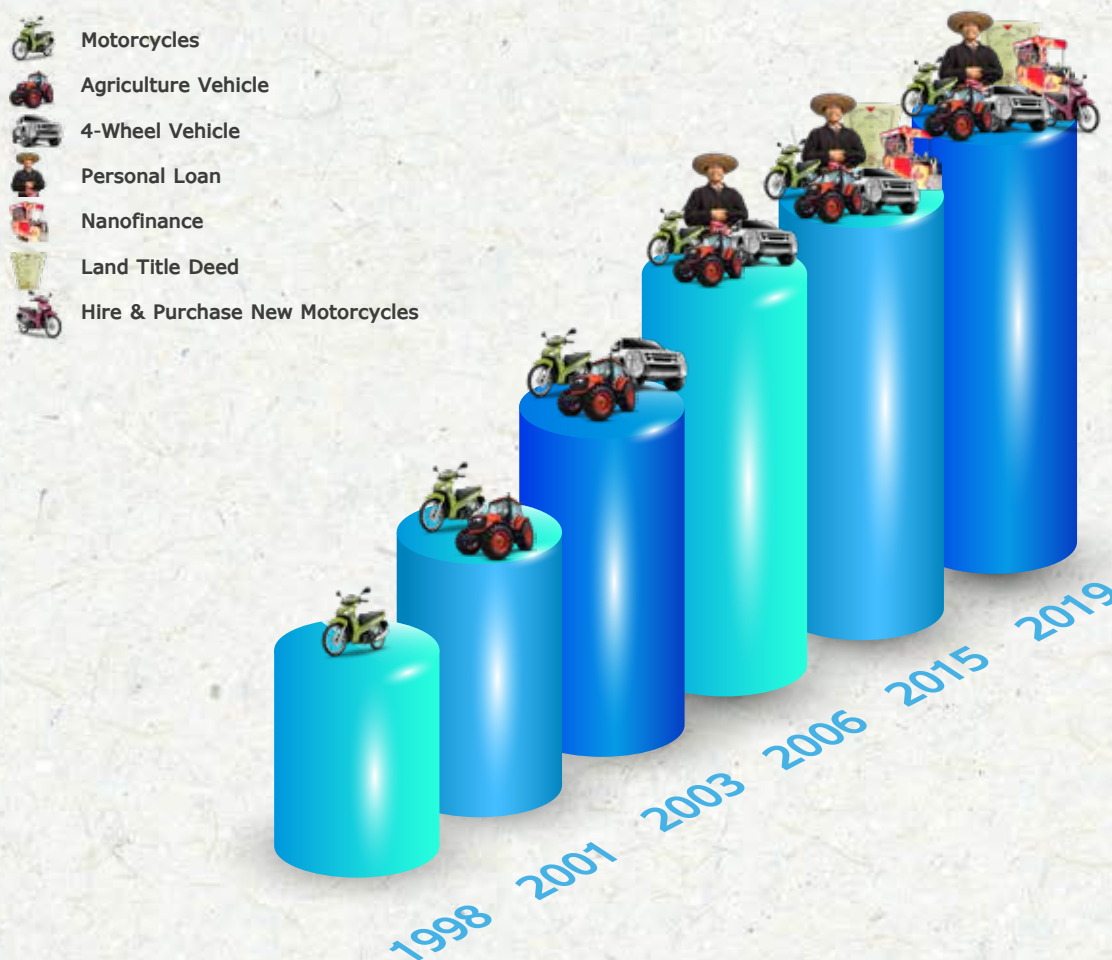
1. Financial Inclusion Development with Responsibility

1.1 Development of microfinance products that enable accessibility to unbanked people for fair and transparent financial costs

The main target of the Company is a group of customers without the regular income that can be segmented according to career fields as follows, as of December 2019:



Most customers without regular income are unable to request loans from financial institutions such as commercial banks, causing financial inequality. The Company then focuses on microfinance loan products that use vehicle registration or title deeds as guarantees that borrowers will return for repayments. Working this way, credit approval process, hence, is paying attention to the collateral value and the loan-to-value rather than income or proof of income of the applicant. As a result, this group of customers can access the source of loan as well as customers with regular income. In the past, the Company has continuously developed new microfinance loan products mainly to respond to the needs of customers which can demonstrate the following evolution:

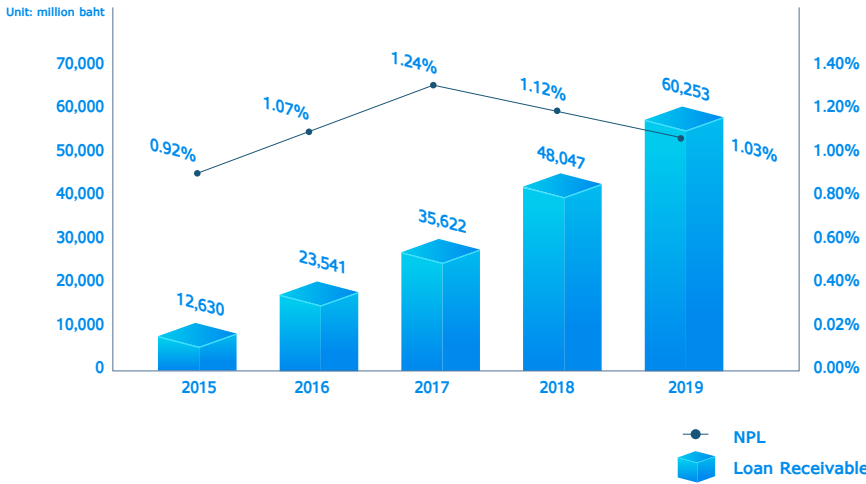


New motorcycle hire-purchase loans

As the Company anticipated the problems and realised opportunities from the need for new motorcycle hire-purchase of both existing and current customers, in 2019, the Company has introduced new credit products. It is the new motorcycle hire-purchase credit for the Company’s customer groups who want to buy a new motorcycle with an appropriate hire-purchase interest rate for their credit risk. By evaluating and considering the customer’s credit history from the Company’s internal database system, this rate is lower than the market average interest rate.

The Company operates the aforesaid motorcycle hire-purchase business through a subsidiary company; Muangthai Leasing Company Limited, that has been approved the establishment at the general meeting of shareholders on 26 February 2019 with a registered capital of 20 million baht and has a 99 per cent shareholding.

As of 31 December 2019, the outstanding value of the new motorcycle hire-purchase loans of Muangthai Leasing Company Limited is equal to 84 million baht.



As of 31 December 2019

Total Loan Receivable is 60,253 million baht

Total number of contracts 2.9 million contracts

Average Loan Receivable per Contract is 21,025 baht

1.2 Branch expansion to be sufficient and appropriate for access to public loans

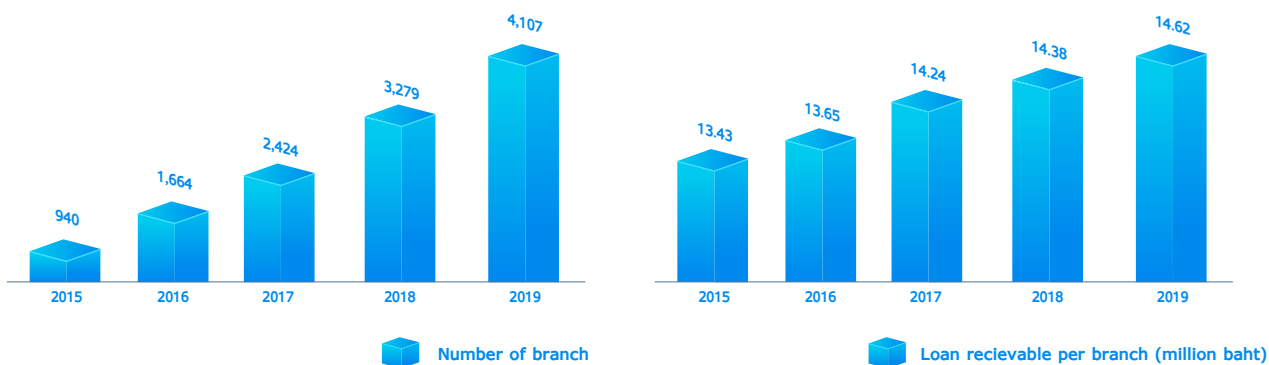
The strategy to expand the number of branches has subsequently followed the Company’s medium-term business strategy which covers from 2018 - 2020 by focusing on the growth of the number of receivables, via loans through the expansion of branches throughout all regions of the country. This results in customers and the public can access the Company’s services more easily and conveniently.

The branch management system is directed as a network type, that is, the branch is divided into 3 types, major branches, sub-branches and service centres. Each major branch is responsible for managing 10 sub-branches and 10 service centres, with branch managers responsible for management.



Growing number of branches to increase access

In 2019, the Company has opened a total of new 828 branches, 36 large branches, 565 sub-branches and 227 service centres. However, loans per branch equal to 14.62 million baht, which is still close to the average loans per branch at the end of 2018 which is equal to 14.38 million baht, meaning the Company can still maintain the efficiency of loan receivables growth through branch expansion firmly.



Graph : Number of branch period 2015-2019

Graph Presents Brand Efficiency

1.3 Service Excellent, thoroughly and equally to customers

As of 31 December 2019, the Company has a total number of 1,797,000 outstanding customers, although most of them are offline customers. However, in the past year, the Company found that the number of customers who contacted the company via online channels such as social media, telephone, email, has more than 65,527 persons, growing from 2018 more than 51.12 per cent. Hence, increasing the efficiency of experience development is an important strategy for sustainable development. In 2019, the company has carried out the following operations:

AI Chatbot Development

From the development of Line and social media to increase convenience for customers, currently, the Company, therefore, considered to improve the service to align with the excellent service policy by developing AI Chatbot in answering basic questions such as product information, branch search etc. as the number of customers who communicate through those channels is increasing. The management team has assigned the working group, who are customer relations officers, participate in AI training because they are familiar with the questions and the answers that customers need most.

K-Plus payment method development

The Company has started the service of Cross Bank Bill Payment to facilitate the customers to pay the loan more conveniently and quickly via the online banking application of Kasikorn Bank K-Plus without fees.

 **Send money online nationwide**

The Company, together with Bangkok Bank Public Company Limited, have opened an online remittance service throughout Thailand to allow customers with a credit limit of more than 50,000 baht to go to the bank at any branch of Bangkok Bank Public Company Limited to increase the convenience in using services.

1.4 Cultivating financial knowledge and discipline for customers and the public

From the research results that Bank of Thailand together with The Nielsen Company (Thailand) Ltd. conducted household surveys throughout the country under the Thai Household Debt Survey Program and the BOT-Nielsen Household Financial Survey, it is clear that household debt is necessarily caused by lack of financial discipline in the household. However, even though the Bank of Thailand issues measures to solve the debt problem for example; promoting financial literacy; measures for supervising credit card loans and personal loans under supervision Debt Clinic Project, and the project to proceed to eliminate the informal debt to zero, the household is still unable to establish financial discipline.

In this regard, Muangthai Capital Public Company Limited, as a retail loan service provider (Microfinance) operating the business with good governance practices, intend to reduce financial inequality and promote Thai people to have access to loans with a fair and transparent interest rate under the supervision of the Bank of Thailand. Therefore, the Company in cooperation with the Bank of Thailand aims to create a CSR-in process project to help strengthen financial discipline for the general public and our customers as the Company is a retail loan provider (Microfinance) with the maximum number of customers and branches as well as having the largest outstanding loan in the country. The company has determined that it can reach millions of people and customers through various communication channels.

The Company sincerely hopes that the effort in initiating the CSR-in process social project to instil financial awareness and discipline for customers and the public will be part of creating financial stability for users, strength for the national economy and also to maintain the quality of the Company’s assets

sustainably. In consequence, in 2019, the company initiated the CSR-in process as follows:

 **KYI-KYE (Know Your Income-Know Your Expense) Project**

The company has initiated an expense awareness programme for users to record income and expenses based on the guidelines of the Bank of Thailand. This project the reduction of household debt in the public sector of the Bank of Thailand as well as being open to the customers of the Company. The public can download the programme from the Company’s website without charge. The programme can analyse spending habits for users to understand their spending behaviour and track expenses, income, and savings. Income and expense book can be requested from every branch of the Company. This year, there are more than 9,000 employees participating in the project and the next year, the Company plans to expand the scope to customers who have defaulted to assess the achievement of changes in repayment behaviour which can reflect financial discipline.

 **“Debt Clinic” project with SAM**

Apart from social activities that the Company initiated to support the establishment of financial discipline for the public, the Company also joins with SAM (Sukhumvit Asset Management Co., Ltd) to participate in the Debt Clinic Project to help small debtors with many creditors that include credit cards, cash cards, cash and personal loans without collateral. This project plans to increase an opportunity to solve the debt problems along with promoting the learning, planning and creating good financial discipline for debtors and interested people which will help prevent the economic and social problems in the long term. Within this year, there are a total of 19 non-financial entrepreneurs joining.

2. Industrial Ethic Conduct Development

The company as a leader in the microfinance loan industry, therefore, aspires to create a standard for business operations of the microfinance loan industry to stand based on good governance and become an industry that is accepted as other financial institutions. The company has practised as an example and tried to seek cooperation from large and small operators in the same industry as previously reported in the 2018 Sustainability Report (page 30). The Company is expecting that if the microfinance loan industry has been elevated to the standard of business practices, key stakeholders especially social customers and communities will be the highest beneficiary.

In this regard, in 2019, the company has additional operations continuously by defining strategies for various departments, put into practice for sustainable development as follows:

2.1 Respect to the satisfaction, rights and data privacy of the customers

Tablet devices installation for customers to assess satisfaction

The company's main goal is to provide the best service. Customer satisfaction is, therefore, an important factor that helps the company achieve its sustainability goals. Throughout time, the Company has made efforts to develop communication channels both offline and online. This year the Company began to bring tablet devices to be installed in the branch to increase channels for customers to participate in the satisfaction assessment quickly, conveniently and efficiently. Customer satisfaction statistics will be saved in the system and will be used to assess the quality of service in each branch, while also improving the quality of credit products and services.

Data Privacy Policy

To conduct business in accordance with the Data Privacy Act announced in the Government Gazette on 24 May 2019 and will take effect from 1 January 2020, the Company has set relevant policies of data protection, information security and disclosed on the website of the Company. In addition to the formulation of the aforementioned policy, the company has also increased the risk of personal data protection with a legal department and the Information Technology Department to reduce or limit the risks involved.

2.2 Participation in the development of fair and transparent customer service supervision

In 2019, the Company, in association with the Vehicle Title Loan Trade Association, has cooperated well with the Bank of Thailand in participating in the discussion and share opinions on various issues for the Bank of Thailand to set regulations or guidelines to be in the same direction with the Bank of Thailand's policies; such as guidelines for central standards in assessing the debt serviceability of retail debtors and the Debt Clinic Project, for supervising businesses under financial institutions and entrepreneurs that are not financial institutions.


2.3 Being a role model organisation in the area of corporate governance


The Company has been honoured as **“excellent”** (5 stars) for the second consecutive year from the results of the corporate governance assessment of listed companies for the year 2019, organised by the Thai Institute of Directors Association (IOD). And in the same year, The Board of Directors also received an honour announcement for being **“Board of the Year for Distinctive Practices”** of the year 2018/19,

which is an honour to the board of companies listed on the Stock Exchange of Thailand who can operate efficiently and effectively by taking into account transparency and fairness for all stakeholders under good corporate governance principles, organised by 6 leading private sector organisations and the Thai Institute of Directors Association. Besides, the company has been certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) on May 21, 2019.

Risk Management

The risk management team has presented new risk factors that may occur in the future to the Risk Management Committee. This could be risky for sustainable development and requires guidelines for limiting or reduce the risk. Also, the Company has revealed new possible risks that may occur in the future along with the risk management process in the report 56-1 and the annual report 2019 as follows:

New risk factors that may occur in the future	Risk management process
<p> Cyber Security Risk</p> <p>With technology that has developed dramatically, as a result, cyber threats could affect all sectors both for the economy and national security. The threats could impact on the financial industry, financial institutions and various financial service providers. This risk creates a more severe impact in terms of probability which may come in a variation that is becoming increasingly difficult to prevent or detect. Although the operation and business model are focusing on the branches, concrete collateral and most transactions are conducted in cash, however, the main operating system used for recording important customer information, the management and administration are in the digital format. Still, the Company is having digital risks or cyber threats.</p>	<ol style="list-style-type: none"> 1. The company has established measures to prevent and detect threats by opening up channels for reporting clues and communication channels with customers both online and offline. As a result, the Company can detect cyber threats and find ways to prevent and solve problems promptly. 2. The company has initiated an organisational culture of continuous awareness of cyber threats for the employees and customers This also includes conducting a phishing scam for instant risk, SMS messages through the Company’s communication channels both to internal stakeholders and external stakeholders.

New risk factors that may occur in the future	Risk management process
<p> Non-conventional Competitor Risk</p> <p>Ever since the Bank of Thailand has enacted laws to oversee the car loan business and a provincial retail loan license under the supervision of the Ministry of Finance, it results in an interest in the microfinance business from a small financial service provider such as Fintech technology developers, financial institutions both domestically and internationally. The competition in the industry including competition with technology, branch expansion, as well as expanding new microfinance loan products or even price competition has become intense. The Company is well aware of the changes. Thus, there is preparation and strategy adjustment and action plans to be able to handle and compete in the industry stably.</p>	<ol style="list-style-type: none"> 1. The Company has created a Service Excellence standard, including strict compliance with the regulations related to providing fair services to the customers (Market Conduct) as a guideline for the company to operate which is part of the employee performance index. The company's service excellence policy has completely changed the competition in the microfinance industry. It helped reduce conflicts and unequal customer service. Besides, the emphasis on the company's excellent service has resulted in former customers coming back to use the service again. They also tell to new customers (Snowball Effect) which is considered an important marketing strategy of the company. 2. Due to the main target customers are a motorcycle title loan who tend to use credit services near their home and most convenient to travel, the Company, therefore, emphasises the strategy of reaching customers first by expanding branches to provinces, districts, sub-districts and villages. However, the Company currently has more than 4,107 branches, which are considered microfinance service providers that have most branches in the country. They have been extended out in 74 provinces and have more than 1,791,000 customers and still see the potential for business growth through the expansion. 3. In response to customer needs and reach more customers, the Company continuously extends credit products for retail customers. Previously before listing on the stock market, the company only had motorcycle registration loans. After entering the stock market, the Company increased car title loans, agricultural vehicle registration loans, title deed loans,

New risk factors that may occur in the future	Risk management process
	<p>personal loans without collateral and retail loans for occupations which are under supervision respectively. In this year, the Company has expanded the motorcycle hire-purchase products to existing customers with good payment history. The Company believes that new products will help accelerate the growth of the remaining loan portfolios and the interest rate of the company in the future. At the same time, the Company can enhance customer loyalty that customers have with the company.</p> <p>4. Fair and transparent interest rate and fee under the Personal Loan Act under supervision that sets the maximum interest rate of not more than 28 per cent, it is a factor driving the interest rate of new industries to fall from the past that is higher than 30 per cent on average. However, the Company has an average of around 22-23 per cent for many years. In this year, the said interest rate has remained at the same level which is much lower than the maximum interest rate to be fair, which can maintain credit status and debt quality as well and to attract new customers from informal loan service providers including other service providers.</p>
<p> Climate Change Risk</p> <p>Climate change has been occurring around the world and has a direct negative impact on the economy, society and environment. The impact is becoming more severe in Thailand. Climate is a major factor affecting agricultural products, which is considered the main source of income that drives the country's economy. From the assessment of climate change</p>	<p>1. The Company is well aware of the risk, therefore has implemented environmental policies since 2018 intending to reduce greenhouse gas emissions from direct and indirect business operations, such as the construction of a new headquarters building which is a green building (LEED Certified).</p> <p>2. The Company has expanded branches to various areas to reach a wider group of customers, such as the expansion of</p>

New risk factors that may occur in the future	Risk management process
<p>in Thailand, it shows that the average temperature is likely to rise 1.5 - 2.0 degrees Celsius within the next 40 years, therefore it is very challenging for the agricultural sector and the Company, which has a group of customers who mainly engaged in agriculture. Climate emergency, therefore, may result in reduced incomes of farmers which will increase the demand for credit, on the other hand, the quality of the debt decreased.</p>	<p>branches in Bangkok to balance the customer base for customers who are not directly involved in the agricultural sector, or not being at risk from climate change as much as farmers' groups.</p>

However, in addition to managing the emerging risks mentioned above, in 2019 the Company has developed and improved the efficiency of risk management as follows:

 **Information security improvements and cyberattacks prevention**

- The Company provides the measures to prevent and detect cyberattacks by creating a whistleblower channel as well as other communication channels via online and offline, in order to detect the cyberattacks and be able to prevent the crime in time.
- The Company creates a corporate culture of cyberattack risk awareness for the employees and customers. The protective measures for phishing scam has been implemented by conducting an investigation and send out notifications through all communication channels to the related internal and external stakeholders.

 **Establishment of a supervising agency under the laws and regulations**

In 2018, the Board of Directors approved of an establishment “**Compliance Department**” under the Risk Management and Legal Department having a role and responsibility to oversee the business operations and personnel within the company to operate correctly under laws, rules, regulations, orders, announcements, both from inside and outside the organisation strictly. The department is also responsible for overseeing legal tasks related to business operations, laws on listed companies and other laws related to the Company’s business operations.

Good Corporate Governance

Roles, duties and responsibilities Improvement of the Corporate Governance Committee to cover sustainable development

In the year 2019, the Board of Directors has approved an amendment to the charter of the Corporate Governance Committee to assign the role, duties and responsibilities of the Corporate Governance Committee which covers sustainable development for the benefit of creating sustainable value for the Company, and following the good corporate governance policy.

Review of the Good Corporate Governance Handbook and business ethics

Corporate Governance Committee reviewed business ethics, corporate governance policy and sustainable development policy to be complete and present as a guideline for executives and employees in adherence by implementing the No-gift Policy in accordance with the Anti-Corruption Policy.

Tax management policy

Board of Directors has approved tax management policies which represent the transparent and tight principles and measures for tax management.

Dividend payment policy

In 2019, the Corporate Governance Committee and the Board of Directors has considered and revised the mission, vision, core values including annual corporate governance policy and manual of the Company, it came to the resolution at the Board of Directors Meeting 2/1983, held on April 18, 2019, at the Arun Amarin 1 meeting room, Royal City Hotel to change the dividend policy in line with the operating situation and the current business management strategy from **“The Company has a policy to pay dividends at a rate of not less than 50 per cent of the net profit from the separate financial statements of the company and subsidiaries, after corporate income tax deduction and legal reserve allocation, each year.”** to **“The Company has the policy to pay dividends at a rate of not less than 50 per cent of the net profit from the separate financial statements of the company and subsidiaries, after corporate income tax deduction and legal reserve allocation, each year. However, the dividend payment may change depending on the business expansion plan, liquidity, necessity and other suitability in the future.”** This said dividend payment policy has been disclosed on the Company’s website. However, the said change is to ensure transparency and fairness for the stakeholders of the Company especially to small shareholders and financial institutions that invest in ordinary shares of the Company.

Historical Dividend Payouts

Dividend Payout Approval Date	XD	Dividend Payout Date	Dividend Type	Dividend Payout Per Share (THB)	Fiscal Year
26/02/62	26/02/62	15/05/62	Cash	0.26	01/01/61-31/12/61
20/02/61	20/02/61	14/05/60	Cash	0.18	01/01/60-31/12/60
20/02/60	20/02/60	15/05/60	Cash	0.10	01/01/59-31/12/59
18/02/59	18/02/59	13/05/59	Cash	0.20	01/01/58-31/12/58
19/02/58	19/02/58	11/05/58	Cash	0.13	01/01/57-31/12/57

Data Privacy Policy

In the year 2019, the rights of personal information of customers have been emphasised. The company has set a policy to protect personal information and the stability of the information system as disclosed on the Company's website as a guideline for protecting the personal information of both customers, employees and business partners under the Personal Information Act.

Shareholder's Annual General Meeting Assessment

Thai Investor Association, under the AGM Assessment Programme, assigned a representative to attend the Company's AGM on 18 April, 2019 at 10.00 AM at Pinklao 2 Meeting Room (9th Fl.), Royal City Hotel 800 Borommaratchachonnani Road, Bangkok Noi, Bangplad, Bangkok. In the event, the Thai Investor Association had been working incorporation with the SEC and Thai Listed Company Association to establish an "AGM checklist". Such checklist contains principle practices in accordance to the Public Company Act and international corporate governance principles in order to be used as a guideline ensuring that the Company conduct a proper and complete Annual General Meeting in which leading to transparency, which is a part of good corporate governance. In this 2019, the Company received TIA 4 level as a score for assessment, considered a highest ranking.

Appointment of the quality evaluation consultants for the Company's internal audit

In 2019, the Board of Directors has approved of the external consultants from Dharmniti Public Company Limited; a leading professional organisation in law, accounting, taxation, auditing, including internal audit, to assess the quality of internal audit. By the guidelines of the International Internal Audit Professional Framework for complying with the compulsory components which should be practised every 5 years, the Company should comply;

- 1) To enhance knowledge and understanding of workflow planning in detail, reviewing the flow chart, controlling points and risk assessment, audit program designing, auditing process and implementation, reporting, monitoring process in accordance to the IIA standard practises.
- 2) To develop knowledge skills and competencies for employees who are responsible for internal audit processes with workshop training in relating to workflow planning in detail, reviewing the flow chart, controlling points and risk assessment, audit program designing, auditing process and implementation, reporting, monitoring process in accordance to the IIA standard practises
- 3) To ensure that the internal auditor has been operating in accordance with the IPPF standards.

However, as of 31 December 2019, the Company is still in the process of assessing the quality of the internal audit and will report the evaluation results in the Sustainability Report 2021.

 **Report of Whistleblower for the year 2019**

The Company has set and disclosed a policy for accepting complaints (Whistleblower Policy) on the company’s website to comply with the anti-corruption policy of the Private Sector Collective Action Coalition Against Corruption guidelines. The guidelines are set for receiving complaints including protecting the complainants as well. The Company has communicated and disclosed the channels for complaints as follows:

Link : <https://www.muangthaicap.com/th/contact.php>

Whistleblower Channels and Contacts

Any whistleblowing or complaints may be sent directly to the following channels:

To : Chairman of Audit Committee

Address : Muangthai Capital Public Company Limited

32/1 Jaransanitwong Road, Bangor, Bangplad, Bangkok 10700

Telephone : 02 880 1033

Email : whistleblower@muangthaicap.com

In 2019, the Company received 5 cases of whistleblowing reports through the whistleblowing channels as well as company’s social media channels.

Report of Whistleblowing	Total 5 Cases	Process
Fraudulent/Corruption	5	Investigated and Disciplinary Action Completed
Conflict of Interest	-	-
Human Right	-	-
Insider Trading	-	-
IT Security and Personal Data Privacy	-	-
Inaccuracy of Financial Reporting, Defective Internal Control and False Financial Statements	-	-
Other misconducts ex. Code of Conduct Violation, Wrongful Liability of Officers	-	-

Social

The Company provides small loans to retail customers, or microfinance, in which more than 3 in 4 customers are with no regular income and not of financial institutions and commercial banks. So, the Company gives a high priority to car registration loans which is why the Company needs to have points of service scattered throughout the country to reach our customers. In other words, the Company believes that **“Relationship Quality”** is the most important success factor. Therefore, to create relationships between the Company and the customers, we must be able to be driven by quality employees who work accordingly to the 5 values of the Company: the Honesty, Dedicated to Work, Good Attitude, Harmony Unity and Strict Discipline. These qualities will lead to **“Strong corporate culture”** and guidelines for labour management. We believe that if our staff are happy to work then such

happiness will be passed on to our customers. This factor will then lead the Company to sustainable development. Therefore, the Board of Directors and executives have jointly laid down guidelines for labour management and keep up with the environment and competition in a rapidly changing industry. Our main goal is to maintain and attract employees to remain and work with full efficiency with happiness. Having 4,107 branches spread across the country is considered to be a great challenge for the Company to manage the diversity of 9,576 employees from different backgrounds and cultures to work together as a team. However, the Company found the opportunities gained from having a variety of employees is that we have those who can understand and able to truly reach the needs of customers as they tend to come from that area and know the local communities and cultural traditions in the area very well.

Harmony or being a part of the community will bring acceptance and sustainable growth of the Company. Apart from the use of local employees, the Company also sets guidelines and strategies for engaging and becoming a part of the community through various CSR projects to strengthen the community. If the community is strengthened, the employees and the customers who reside in the community will also be quality people.



Statistics of diversity of employees

Ratio of female employees to the total number of employees
10.42%




Ratio of female employees to the number of employees (in the head office)
38.59%

Ratio of female executives
23.08%

Statistics of diversity of employees

Hiring local employees **From 77 provinces nationwide (without intensive employment)**

Hiring employees with incapacity or disabilities
 3 employees

-  **One employee sending documents**
-  **One accounting employee**
-  **One administrative employee**

1. Workforce Management

1.1 An adherence to human rights and acceptance of diversity in the organisation

The HR staff had attended a training on **“Human Rights Due Diligence”** hosted by the Stock Exchange of Thailand with a main objective to prevent and mitigate the impact to human right from the company’s operation. The Company proceeded to investigate and improve the human right protection procedure afterwards, per follows;

- Improve the human rights code of conduct to improve human rights in all aspects.
- Improve the human rights management which occurred from business operations.
- Comply with human rights principles for customers and suppliers.
- Improve the process of the department responsible for the process in accordance with the company’s human rights policy by clearly specifying duties and responsibilities.
- Improve the communication channel for human rights knowledge to the employees to be effective such as human rights code of conduct in e-document format and whistleblowing channels.

1.2 Creating a learning culture within the organisation for the development of personnel skills and knowledge



 **Learning Exchange Platform (MTC University)**

It is a digital platform for organisation management including knowledge sharing, Company information, market data and various databases. In other words, it acts as a library that all employees can access. The platform aims to create a learning culture for the personnel to develop and extend their potential to keep up with the current competition. Furthermore, the knowledge from this digital platform is used as a tool to help transfer knowledge to new employees as well.

 **Training**

The company is committed to valuing talented employees to remain with the company. Apart from the compensation structure given for both short and long term, the company also has other methods to reduce turnover rates, such as satisfaction surveys and improvement on human resource development plans to allow all levels. The training programme is divided into 4 main categories which are:

Programme	Objective	Attendee
<p>Orientation for new employees (17,850 Hours)</p>	<p>The company arranges new employee orientation to introduce employees to the new working environment, corporate culture and being a part of the organisation, as well as understanding the Company’s vision, goals and mission.</p>	<p>Every new employees</p>

Programme	Objective	Attendee
<p>Knowledge and understanding of operation process creation</p> <ul style="list-style-type: none">  Service Excellency (23,922 Hours)  Negotiation Techniques for debt collection in practice (16,662 Hours) 	<p>A training programme that emphasises the excellent service policy for employees at all levels like the slogan <i>“Intimate services like close family members.”</i> which is considered the heart of the operation to achieve the Company’s goals. The employees will learn about the problem-solving skills both at the personal and organisational levels and enable employees to operate business in compliance with regulations.</p>	<p>Employees of all levels</p>
<p>Management Techniques (1,638 Hours)</p>	<p>It is considered essential for the Company to increase the leadership skills of executives from middle to high level as the management system is a decentralized model.</p>	<p>Middle-High Level Managements</p>
<p>Topic of interest (Optional)</p>	<p>Each employee can participate in training on topics that interest them or related to their duties and responsibilities to develop more skills and knowledge.</p>	<p>Employees of all levels</p>
<p>Supply Chain Management Training Gen 4 by Stock Exchange of Thailand (24 Hours)</p>	<p>Supply Chain Management for Sustainability, Analysis and understanding of supply chain. Upstream and downstream supply chain management.</p>	<p>Middle Management /Employee in Purchasing Department</p>
<p>Annual Report (56-2) and Integrated Reporting Concept Gen 1/62 by Federal of Accounting Professions (24 Hours)</p>	<p>To understand and be able to prepare for a new direction on Integrated Reporting.</p>	<p>Company Secretary and IR Department</p>

Programme	Objective	Attendee
SETPortal system (6 Hours)	SETPortal usage preparation	Company Secretary Department
MTCNA (12 Hours)	RouterOS	IT Support Department
Student Loan Fund Act 2560 Training (12 Hours)	Knowledge Update to enable compliance to the new regulation regarding Student Loan Fund.	HR and Operational Finance Department
Risk Management for Fraud Protection (36 Hours)	To improve forensic skill for fraud protections.	Internal Audit Department
Brand Experience Management (6 Hours)	To improve customer's experience.	Administrative Department
Creating Automate workflow and data visualization on ACL Cloud (6 Hours)	To improve analysis skill and implementation.	Senior Officer - Accounting Department
IT Compliance (6 Hours)	Knowledge and Understanding of regulations related to technology and information governance.	IT Support Department
Disability Employment Regulation (12 Hours)	To improve knowledge and understanding regarding the disabled fund contributions and compliance.	HR Department
Fortinet 361 Security 2019 (6 Hours)	Knowledge Update on Cyberattacks and Cyber Crimes.	IT Support Department
New Digital Regulations (24 Hours)	Knowledge Update	Operational Finance Department
Debt Collection Compliance (6 Hours)	Knowledge Update	Compliance Department

Programme	Objective	Attendee
Deferred tax, Accounting Standard and Tax-Differentiation and Similarity (12 Hours)	Knowledge Update	Senior Officer - Accounting Department
Social Security 2019 (12 Hours)	Knowledge Update	HR Department
Business vs. Human Rights (12 Hours)	Human Rights Conducts and How to apply to Business Operation.	HR Department
Effective Rate Calculation and Impact to Customers (4 Hours)	Accounting Knowledge Update	Senior Officer - Accounting Department
Land Tax Regulations (6 Hours)	Regulatory Knowledge Update	Senior Officer - Accounting Department
Vehicle Title Loan Industrial Market Conducts (3 Hours)	Operational Practices and Knowledge	Senior Officer - Accounting Department
Green Bonds (4 Hours)	Investment and Analysis Knowledge & Skills	Corporate Finance Department
YPO : PERSONAL ASSISTANT WORK-SHOP (8 Hours)	Professions in Secretary Role	Company Secretary Department

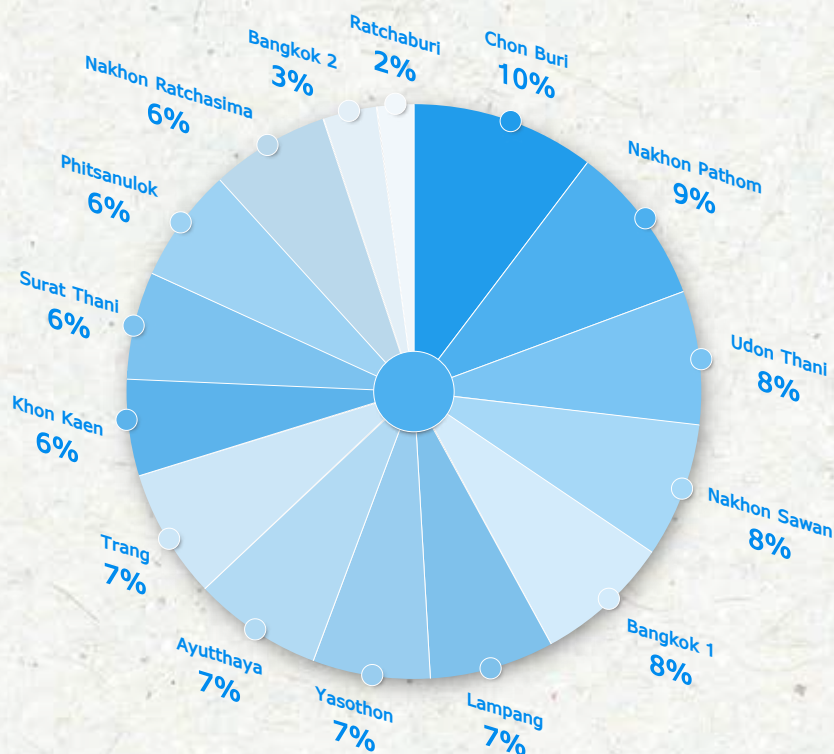
In 2019, the Company has an average rate of staff training hour of 6.30 hours per person (the year 2018: 9.19 hours per person) and the costs for training projects are in the amount of 9.00 million baht (the year 2018: 10.77 million baht).

Remark: The Service Excellency Training was adjusted from being a mandatory for every employee every year to be new employees from each region only. Hence, in 2019, the employees from Central and Eastern region totaled 3987 people had attended the Service Excellency Training.

Safety Index

2019 Annual Accident Statistics								
Accident Cause	Cause from Drinking		Time of Accident		Damage			Total No. of Accident
	Drink	Not Drink	Working Hour	Off-working Hour	Death	Serious Injury	Slight Injury	
January	5	25	6	24	1	0	29	30
February	10	16	6	19	0	1	25	26
March	12	27	9	30	0	5	34	39
April	10	35	14	32	0	2	43	45
May	12	26	12	26	1	3	34	38
June	6	26	9	23	0	2	30	32
July	6	45	15	36	1	4	46	51
August	14	27	14	27	0	3	38	41
September	6	25	6	25	0	2	29	31
October	9	39	17	31	0	1	47	48
November	10	36	11	35	1	6	39	46
December	14	34	16	32	2	2	44	48
	114	361	135	340	6	31	438	475
	24%	76%	28%	72%	1%	7%	92%	100%

Accident Statistics by Region



1.3 Improving the quality of personnel life with incomes and welfare following the Company's performance

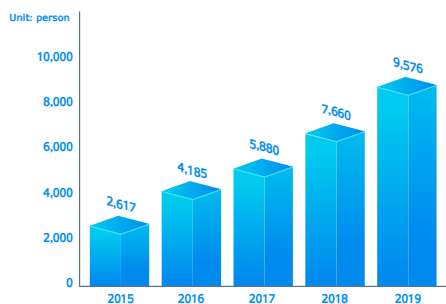
The Company has therefore established a compensation and welfare policy for employees, taking into account the suitability, fairness, and in line with the company's performance to motivate employees to work at full power and with maximum efficiency in line with organisational indicators.

The Company's KPI has been continuously developed to cover almost every dimension of operations in all parts. The indicators will be communicated from the Chief Executive Officer to the staff respectively. Therefore, each employee will have their indicator which follows the Company's goals in each year and long-term goals. This indicator, besides, is used as a tool for performance evaluation and employee compensation, personal skills assessment and knowledge for promotion. It is also applied as a development of knowledge skills for each employee to plan suitable training both in the short and long term.

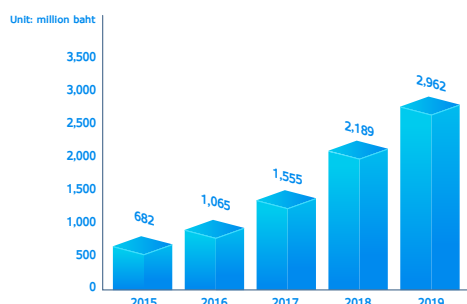
Salary and Bonus Compensation

The company has the policy to pay staff compensation based on knowledge, capability, duty and responsibility by considering the appropriateness, fairness, and in line with the industry average of the same type, to maintain and enhance the ability to compete in human resources. Also, the company has determined to pay the bonus by considering the operating results and the performance of each employee each year. This is to thank, reward and motivate employees to perform their duties to the best of their ability and willingness. In the long run, the company has set an annual salary increase of employees.

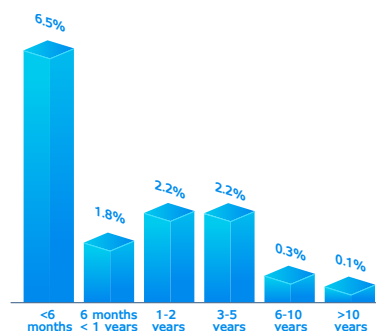
In the year 2019, the Company has paid 2,963.55 million baht (the year 2018: 2,188.69 million baht) of compensation to employees (Excluding 13 executives), including salary, commissions, bonuses, and allowances.



Graph: Number of Employee 2015-2019



Graph: Employee Compensation Payout 2015-2019



Graph: Employee Turnover Rate by employment period in 2019

Other compensation

Other than general remuneration, the Company has established a provident fund under the Provident Fund Act B.E. 2530, in which the Company and employees will contribute to the fund monthly, at the rate of 3-5 per cent of the salary managed by Kasikorn Asset Management. The fund will be paid back to the employees when they resign, according to the Company's fund regulations.

Benefits for Employees

To develop the working environment for employees by providing various benefits for them in compliance with the law, the Company has also improved welfare and various additional benefits as follows:

1) Insurance

- The employees are offered with health insurance, life insurance and accident insurance to facilitate the medical treatment as well as to create security for the employees and their families. Also, the Company provides special welfare as annual medical expenses for staff.

- The employees can apply the Compulsory Motor Insurance for motorcycle and personal cars at a staff price.

2) Grants Benefits

The Company provides benefits in the form of grants for various agendas, such as marriage allowances and maternity grants. The Company and staff have also established a generous fund to help fellow employees in the event of a death in the family.

3) Accommodation for staff

To enhance the quality of life of employees, the Company has provided accommodation on

the 2nd and 3rd floor of the branch buildings for employees to stay if they are in need, while employees at the head office are permitted to stay in the dormitories of the Company which is located on the opposite side of the head office building in Bang Plad District, Bangkok.

4) Motorcycle helmet

The Company has provided a helmet to employees whose duties need to use a motorcycle to perform. According to the security policy of the Company and the laws, the employees are required to wear helmets every time for their safety and relieve the severity of accidents that may occur unexpectedly.

Safety Index or the employees injured during work in the year 2019 is 4.96 percent. (the year 2018: 3.5 per cent)

5) Connection activity

Teamwork is the heart to achieve success. As a core culture, the Company has organised activities to connect relations between employees: New Year party, Sporting events within the area nationwide, Annual outing, Marathon organised by external organisations (through sponsors). The activities also include social activities (CSR) to give employees the opportunity to contribute to society and the communities in which they are involved. Some activities are the education development for preschool children (Baan Mai Khong Noo), Public health (Blood donation project for the Thai Red Cross nationwide), and religious maintenance such as the establishment of financial contribution (Kathina Ceremony) to promote, and follow the culture as well as building good relationships between the employees and the people in the community.

Statutory compensation from retirement

In May 2019, the Company has made an additional legal reserve for employees with more than 20 years’ experience will be entitled to receive 400-day compensation on retirement days (turning 60 years) under the Labour Protection Law No.7

1.4 A development of internal communication channels and a fair and transparent evaluation system

MTC Forums

MTC Forums is an online platform that connects more than 10,000 employees with the purpose of communication, inquiry, knowledge sharing, comments, complaints and suggestions. The platform aims to create a space for forums that focus on 2-way communication.

Muang Thai Samphan Journal

Muang Thai Samphan Journal is a channel used for communication in the organisation, from executives to employees. The journal promotes various news both internal and external, an overview of activities and articles about corporate culture including important movement events that could relate to the company, employees themselves or other interested parties.

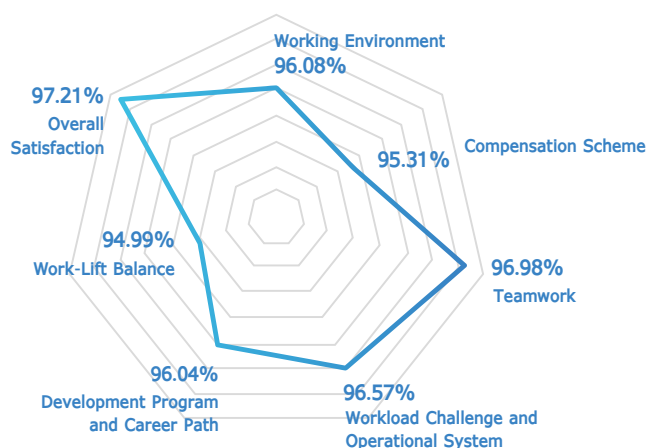
360 Degree Assessment

Teamwork is one of the Company’s core cultures, the Company, therefore, pays more attention to 360-degree assessments as it is more effective than top-down assessments. It also reflects the true potential of the staff, both in terms of individuals and being able to work as a team. Such an assessment also helps to guide the direction of self-development of the employees. To conduct a 360-degree assessment, the HR department and the internal audit department also have a role in risk

assessment of employees such as the risk of fraud etc. However, both departments will operate independently.

Satisfaction survey

In 2019, the Company has conducted an employee satisfaction survey through corporate communication systems to improve the Company’s ongoing and sustainable operations as the Company has faced the high turnover rate of employees with 0-6 months’ experience (excluding failing probation). The results of the Annual Satisfaction Survey 2019 are as follows:



1.5 Succession Planning

To ensure the Company’s operations are continuous and efficient, the Company has a succession planning policy in key positions of the company. The recruitment for who to be able to perform substitutes in important positions follows the steps below:

- 1) The Board of Director prepared a succession plan for positions of Chairman of the Executive Committee, Managing Director, High-Level Mangement and key personnels by considering the potential knowledge, capability and readiness of the successors.

2) Training programs development for chosen successors to increase knowledge and develop one's skills to take on the positions in the case that Chairman of the Executive Committee, Managing Director, High-Level Managements and key personnels are unable to perform in the positions.

3) The chosen successors must be appropriated and qualified persons who shall be knowledge transferred, gain experiences by job rotationn and pass all mandatory training programmes.

4) The Chief of Executive Committee Position's successor is required to attend Board of Directors' meetings to understand, witness and prepare all aspects for taking on the positions.

2. Strengthening Community and Society

The Company has been carrying out CSR activities since the year 2011 by focusing on giving and creating opportunities for communities and society. The activities focus on education, public health, religion and culture that is the cornerstone of the strong communities and society. The Company's stakeholders, employees including customers also had an opportunity to participate in various CSR activities.

2.1 Education

The Company has initiated the child development centre project under the name **"My New House" (Baan Mai Khong Noo)** which has been ongoing for over 8 years. Each year, there will be a study and survey in the area before proposing to the management if the areas are in need or lacking child development centres. After being chosen, the Company will contact the sub-district Administration Office in that area

to arrange for the construction of the centre with a budget of approximately 1-1.2 million baht per 1 child development centre building. Safety is what we paid close attention to such as using a long glass partition for teachers so that they should be able to see small children sitting on the floor or using suitable toilet productsize for young children. The project has already built 12 centres nationwide. In 2019, the Company had arranged to build 4 more centres under budget more than 4.2 million baht. Furthermore, the operations of the centres were also monitored to make surethey meet the Company's objectives. The assessment is based on the number of children under the care of the centre, which is under SAO responsibility.

2.2 Public Health

Our employees have supported the project **"Muang Thai Donate Blood"** to the Thai Red Cross very well by donating blood at various hospitals and to the Thai Red Cross nationwide. In 2019, 6,325 employees have donated 1,897,500 cc of blood (300 cc per person). In this regard, the Company's chief executive, Mr. Banyat Nilsiri, has donated blood for 10 consecutive years and received a medal from Her Royal Highness Princess Maha Chakri Sirindhorn which brought great pride to the employees.

2.3 Religion and Culture

As temples are a centre for people in the community, in 2019 the Company has participated in the Kathin ceremony and gave 5,557,346.50 baht to the temple to support and preserve cultural traditions, build good relationships and be a part of the community.

Environmental dimension

Although the Company is a financial service and might not seem to have a direct negative impact on the environment, we cannot deny that our existence has an impact on the environment as we still use natural resources with the use of fuel and electric power. Moreover, climate change affects directly to the sustainability of the company. Around 32 per cent of our customers are farmers, whose production and income are directly related to the climate. Therefore, climate change will inevitably affect the farmers' income as well as the Company's debt quality in the long run. To deal with this issue, the company, as a citizen of society, has put forth great effort by implementing the concept of Corporate Citizenship through policies and strategies to reduce negative environmental impact.

1. Environmental Management

1.1. Reducing carbon footprint

Waste management by recycling

The company began the waste classification process in the office building, starting from the head office building in Bangkok to be set as a sample and stimulate awareness of environmental issues to employees. This waste classification is primarily emphasising the recycle and the reuse processes, in which in the first phase, the waste is classified into paper, cardboard, plastic, plastic bottle in order to be proceeded to the responsible third party.

Reducing paper usage by developing a module in SAP system

In 2019, the company focused on the development of storage of internal information

documents in the form of e-document platform by reducing paper works mainly in the internal departments such as HR, Operation, and central information documents. The design and development of several modules in the LRA system (approval process) as well as MTC University platform (data recording and data storage) has been in place and reduced the use of paper efficiently and permanently.

1.2 Energy efficiency and value

By investing in a green LEED-Certified building to improve energy efficiency and is friendly to the community and environment.

The Chief Executive Officer and Deputy Managing Director are responsible for environmental performance in being the first non-bank credit service provider and the only place in Thailand who invests in a Green building which is LEED-certified at the Gold level. The building has been assessed to pass the criteria on all 9 aspects, namely

1. Operational process
2. Location and transportation
3. Project location for sustainability
4. Efficient use of water
5. Energy and environment
6. Materials and resources
7. The quality of the internal environment
8. Innovation
9. Priority at the regional level

The new headquarters building is expected to be completed by the 2nd quarter of 2020 and will help reduce the impact on communities and the environment in the long run.

 **“Turn-off for a Change” project to reduce energy use during lunch breaks**

The company has an energy conservation project **“Turn-off for a Change”** for all employee levels to be aware of the importance of energy conservation and reduce electricity usage. The project requires employees to follow the following measures:

1. Air Conditioning

- Turn on at 8:30 am
- Turn off between 12.00 hrs. - 13.00 hrs.
- Turn off at 17.00 hrs. Or about 30 minutes before the end of work time. If there needs to work overtime, turn on as necessary as possible.
- Set the temperature to 25 degrees (save 10% of energy)
- Clean the air filter at least once per month

2. Lightings

- Turn on the lights only when needed
- At night, turn on the lights as necessary to maintain the security within the office building.
- Turn off the lights and all electrical appliances when leaving the office every time.

3. Computers and office appliances

- Turn off the computers without not in use
- In case that the copier is not used for a long time, turned them off
- Inspect and check all electrical appliances to estimate the cost of repairs and maintenance.

As a result of the implementation of energy-saving measures in the head office in 2019, the Company can save approximately 27,398 kg Co2.



2. Supply Chain Management

🌿 Review of Purchasing Policy

The major move to reduce carbon footprint in 2019 is to improve the purchasing policy to buy environmentally friendly and green-labelled products. Moreover, there are still improvements in purchasing policy in selecting trading partners and the criteria for evaluating partners by considering the Environmental, Social and Governance (ESG) risks.

🌿 Review of Methods for Evaluating Partners

In 2019, the purchasing department has improved the methodology of evaluating the top 10 key business partners by increasing the assessment criteria which are related to Environmental, Social and Governance (ESG) risks. However, based on the annual evaluation of the top 10 business partners, it is found no significant risk of ESG from the top 10 key trading partners which have a combined trade value of 215.76 Million baht



Appendix

The procedure for Identifying Sustainability Issues

The company has evaluated and improved sustainable development issues including risk factors related to sustainable business operations every year. However, the main key points will be taken into account of stakeholders to consider the impact on ESG and the business. The evaluation process consists of 2 main stages as follows:

1. Identifying Issues

The process of identifying sustainability issues in 2019 was conducted by a survey and Megaforce risk analysis of key stakeholders including executives, employees, customers and investors. The evaluation results, consisting of the analysis of risk management reports by the risk management department; the Company's internal audit report by the internal audit department; the analysis of the Company's value chain and the analysis of issues compared to other operators in the same industry, are presented to the Corporate Governance Committee, the Risk Management Committee, And the board of directors.

2. Prioritising Issues

Results of the assessment of sustainability issues will be prioritised and appear in the table in the Sustainability Report 2020 on page 11 according to the size of the impact on ESG (horizontal) and the size of the impact on stakeholders (vertical). The Company will focus on creating strategies for sustainable development on issues that are considered to be important first.

Sustainable Development Structure

Committees and working teams who manage issues include:



Board of Directors / Corporate Governance Committee

Board of Directors and the Corporate Governance Committee jointly determine, review, and approve sustainability goals and policies in all 3 areas, guidance, operational guidelines including listening to opinions from stakeholders to prepare for sustainable development issues (materiality). The teams also set the framework for risk management and Megaforce risks, define the structure and set a responsible team including monitoring supervision work.

President and the Working Group of the Sustainable Development Work

The Deputy Managing Director of the Company has appointed a working group on sustainable development which consists of representatives from various departments such as representatives of Human resources, Investor Relations Department, Company Secretary Department, Marketing and Customer Relations (Administration), Purchasing, Finance and Information Technology Department. This working group is responsible for creating strategies to work accordingly with the goals and policies set by the board, plan the direction, implement the plan by using performance indicators, tools and guidelines to help with operations, including monitoring the operations and report to the Corporate Governance Committee and the Board of Directors.

Summary of Contributions to ESG

Employee	Number of Valuable Employees 9,576	Number of Disabilities 3	Personal Expense 3,008 Million Baht
Customer	Average Interest Rate Charge 22.58%	Individual Unbanked Supported Across Thailand 1.79 Million Customers	Average Ticket Size 21,025 Baht
Investor	Market Capital as at 31 December 2019 138,860 Million Baht	Dividend Payout 15%	Return on Equity 29.44%
Social	Contribution in Child Development “ <i>Baan Mai Khong Noo</i> ” Programme 4.2 Million Baht	Contribution in Thai Red Cross’s Blood Bank 1,897,500 CC	Contribution in Religion through Kratina Ceremony 5.6 Million Baht
Creditor	New Bond Issued 15,670 Million Baht	Credit Rating BBB+	Average Cost of Fund 3.78%
Tax Contribution	Tax to Revenue Ratio 12.52 Percent	Corporate Income Tax 1,053 Million Baht	Other Taxes 536 Million Baht
Board of Directors & Managements	Board Remuneration 3.7 Million Baht	Management Remuneration (Inclusive of 13 Executives) 46 Million Baht	
Auditor	External Auditor 4.2 Million Baht	Other Auditing Services	

About This Report

Reporting Period and Content

Following the previous Sustainability Report launched on 30 April 2018, this is the third Sustainability Report published by Muangthai Capital PCL (“MTC”). It provides overviews of the key achievements and updates on our sustainability efforts. It is our long-term commitment to communicate our sustainability strategies to stakeholders. Therefore, the Sustainability Report, approved by the Board of Directors, will be launched on an annual basis.

The data presented in this report covering from 1 January-31 December 2019. Where appropriate, some historical data presented for comparison over time. Some numbers are rounded off.

The scope of activities in this report is broadly aligned with the core application of the Stock Exchange of Thailand Guidelines, UN’s objective and this material references the GRI Standards 2016. More information about each disclosure used, can be found in the GRI Content index (page XX):

Content can be summarized as follows;

Stakeholder Inclusiveness

As described in the Stakeholder Engagement section of this report.

Materiality

As described in the Business Materiality section of this report.

Sustainability Context

In each section of this report, the presentations are referring to 2019 performances. We typically present the year’s results relative to our own

historical performance, international good practice standards or broader concepts of sustainability relevant to our activities.

Completeness

For each of ESG pillar, we have provided sufficient, reasonable and appropriate information to allow stakeholders to assess our performance during the reporting period.

This report should be read in conjunction with the Annual Report 2019.

MTC has printed only limited copies of this report as part of our environmental conservation efforts. The electronic version of the report can be viewed and downloaded at; <http://investor.muangthaicap.com/en/report/sustainability-report>

There are no significant changes to the material topics and boundaries, besides the reorganization of contents, no restatements of information were made. However, the change of company’s value was disclosed in the Message from the Chairman of the Executive Committee section.

Enquiries and Feedback

The stakeholder enquiries and feedbacks are welcomed. Please do not hesitate to contact us at IR@muangthaicap.com.



GRI Content Index

GENERAL DISCLOSURES	DESCRIPTIONS	REFERENCES
GRI 102: General Disclosure		
	Organizational Profile	02
	Strategy	07
	Ethics and Integrity	07
	Stakeholder Engagement	08
	Reporting Practices	46
GRI 200: Economic		
201	Economic Performance	02
202	Market Presence	02
203	Indirect Economic Impacts	16
204	Procurement Practices	42
205	Anti-Corruption	49
GRI 300: Environmental		
302	Energy	40
305	Emissions	40
306	Effluents and Waste	40
GRI 400: Social		
401-1	Total number of rates of new employees hires and employee turnover	36
401-2	Benefits provided to full-time employees	36
402	Labor/Management relations	37
403	Occupational health and safety	37
404	Training and education	31
405	Diversity and equal opportunity	31
406	Non-discrimination	31
412	Human rights	31
413	Local communities	39
417	Marketing and labelling	17



MUANGTHAI CAPITAL Charity Project



Muangthai Capital “My New Home” Project

Muangthai Capital has operated “My New Home” project for underprivileged children in order to be center of children development; helping support working parents.

In 2018, the Company has built a total of 12 centers nationwide. The centers have gained well supported from parents and continuously increase in number of children. So, in 2019, the Company has built 4 more centers including 13th of Banthaeowitthayakarn School Child Development Center, Phra Nakhon Si Ayutthaya Province, 14th of Ban Nong Wa Child Development Center, Maha Sarakham Province, 15th of Ban Nong Kung Child Development Center, Surin Province and 16th of Bang Ngon Child Development Center, Surat Thani Province. Each center costed around 1-1.2 million baht each.



MUANGTHAI CAPITAL PUBLIC COMPANY LIMITED

32/1 Jaransanitwong Road, Bangor, Bangplad Bangkok 10700

TEL.02 880 1033 FAX. 02 880 1733 www.muangthaicap.com

 muangthai capital  @muangthaicapal