

Sustainability Framework

Throughout the years, the Company has conducted businesses and concurrently managed Corporate Social Responsibility (“CSR”) in line with the sustainable development framework. CSR therefore reflects the Company’s commitment to driving its business growth while upholding good corporate governance, embracing all groups of stakeholders, and paying due attention to both society and environment. Guided by the focus, the Company has consistently upgraded its commitment with its operational process covering economic, social and environmental aspects, honoring transparency, and ensuring good governance in order to bring the Company forward towards sustainable growth through all employees’ contribution and collaboration.

The CSR Report 2020 of the Company aims to communicate to the shareholders and all of stakeholders of the Company regarding our sustainability - based operations. The Company has properly applied sustainable development framework to comply with its vision, mission, policies and operational strategies that are approved by its Board of Directors.

Value Chain Management

The Company has improved its value chain to reflect business activities, facilitate risk analyses, and business-development opportunities by emphasizing creating value for the Company, building positive effects, minimizing adverse social and environmental impacts, and appropriately responding to stakeholders’ expectations. Summary of the improvement is as follows:

1. Stakeholder Engagement

- **Clients:** Clients have been constantly appraised based on surveys that gather their opinions/needs in order for the Company to find out about their true needs/purposes and use the information for improving its operations.
- **Employees:** All employees, especially those from the front office, play an important role in the Company’s successful pursuit of its goals. Therefore, it is important for the Company to develop its human resources and ensure that they all have adequate knowledge, expertise and skills for their jobs.

2. Smart Products & Services

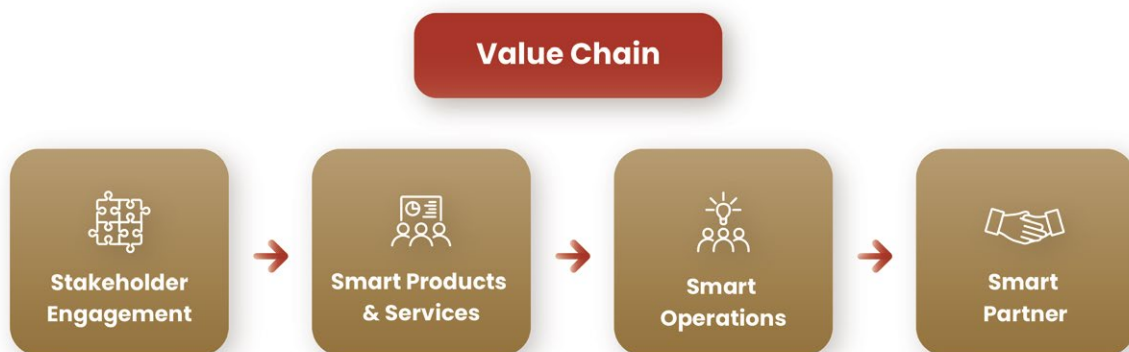
The Company has leveraged innovations/technologies for the development of new products/services that are easily accessible, differentiated from competitors, and responsive to clients’ needs.

3. Smart Operations

The Company’s operations focus on building specialist teams and integrating innovations / modern technologies to its documents process for greater convenience, faster work speed, increased efficiency, personal-data protection, and protection against cyberthreats etc.

4. Smart Partner

The Company has developed client relationship by providing knowledge/counseling related to businesses, and exploring opportunities for joint ventures under “Your Partner in Success” concept.





Economic Issues

1. Sustainable Growth

The Company does not only focus on profit and growth, but also value clients' satisfaction, to ensure Sustainable Growth. The Company emphasizes on structured management and good client relationship by constantly evaluating clients' opinion and suggestion from various channels. Moreover, the Company analyzes and studies the clients' behavior to understand the needs and expectations of clients in each business sector. The information will be used in the planning of yearly business objectives to expand business and opportunities. The Company continually search for new business and services, to support small and medium sized enterprises (SMEs), to become the leading factoring company in Thailand.

During the COVID-19 outbreak, the Company has granted debts restructuring to some leasing clients affected to help improve their cashflow management.

2. Risk Management

The Company recognizes the importance of risk management by implementing Risk Management policies throughout the whole organization. Risk issues, potential impacts, and the possibility of the events happening are thoroughly identified. The revision of the risk issues will take place where the issues tend to occur and to prioritize the risk management plan. Therefore, the Management reports the results of risk management to the Risk Management Committee every quarter, to revise and evaluate the risk management of each issue that may occur.

The Company also revised the exposure guidelines for single client and single customer (buyer) based on risk tolerance and the Company's annual profit to manage the risk in a sustainable way.

In addition, the Company engages internal auditors from IFS Capital Limited (IFS Singapore) to review the operations and internal control of each department, to ensure the effectiveness and efficiency of the systems of the Company. Moreover, they have to review the operations procedures of each department and report directly to the Audit Committee.

3. Digital Development

The Company recognizes the need to keep pace with the changing global environment by exploring the use of technology to scale up efficiently. We hope to be able to kick start a project to digitize our entire operations by 2021.

The Company will focus on doing more businesses through a Digital Factoring Platform as an option for SMEs to gain easier access to financing, enabling Micro SMEs to obtain funding using digital invoices. Currently, the Company is conducting the study on this new platform and it will be implemented in 2021.

4. Corporate Governance and Code of Conduct

Corporate Governance is the Company's component of sustainability. In 2019, IFS Group successfully launched a Compliance e-learning Portal across the Group. With the launch of this portal, the Company is now able to ensure that our staff are properly trained and have understanding in terms of compliance standards and expectations. In 2020, 100% of IFS employees successfully completed online training for IT Cybersecurity and COVID-19 related fraud prevention as well as implementing its prevention and control measures. The Company expects to roll out more training modules consistently.

The Board believes that operations under Good Corporate Governance will influence every area of the Company in the positive way. For instance, it will promote sustainable growth, increase returns and value to shareholders, and continuously raise its reliability among the stakeholders and others.

5. Returns and Benefits for Stakeholders

All stakeholders are crucial to the Company, helping the operations of the business as well as promoting the growth of the Company. The good relationship between stakeholders (shareholders, clients, business partners, banks, etc.) is essential to the products and services development of the Company. To understand the expectations, interests or any other concerns of all stakeholders internally and externally, the Company is opened for opinions and suggestions, which becomes a good source of information to help improve products and services of the Company according to expectations. Moreover, the Company continues to sustainably develop its operations to support the society and environment. The Company expects to constantly return profit and pay dividend to the shareholders.

6. Actions taken during COVID-19 Outbreak

The Company has its clients without interruptions in place a Business Continuity Plan (BCP) by establishing one unit separately to serve if an employee contracts COVID-19. In doing so, there was no impact on the Company's business operations. In addition, the Company has a work-from-home plan for the staff so as to prevent the infection and mitigate the risk during the COVID-19 outbreak.

Social Issues

1. Human Resources Development

Our employees are the most important resource which effectively improve the organization and support sustainable growth. Employees are encouraged to attend training and development as one of Human Resources Development's Strategies. In the year 2020, the Company implemented the Human Resources Development Policies and Strategies as below:

- **Personnel Skills Development**

The Company is determined to develop Human Resources to become experts, able to give the best services to clients and to support the expansion of the business. There are both internal and external training along with competency skills course; assignment of important duty to skilled employees as a test, mentoring and coaching system, on-the-job training as well as education in morality. The Company fully promotes Human Resources Development by searching for qualified and

appropriate courses for qualified employees, which will help to support the organization as a whole.

In 2020, the Company still encouraged all employees to attend trainings and seminars to improve work effectiveness and operating skills mostly held through electronic means as below:

Executives and Employees



Number (person)	85
Number of total training hours (hour)	168
Average number of training hours per person (hour)	1.97

Executives



Number (person)	10
Number of total training hours (hour)	33
Average number of training hours per person (hour)	3.33

Employees



Number (person)	75
Number of total training hours (hour)	135
Average number of training hours per person (hour)	1.80

- **Employees' Welfare**

In 2020, the Company conducted an Employee's Satisfaction Survey to effectively improve Human Capital. The Company modified the employee's Welfare as below:

1. The Company gave achievement awards to children of employees that meet the high standards set by the Company. In 2020, 5 scholarship awards for the Employees' Children of non-management staff. The Company also motivated staff to work for the Company with awards, for example, Long-Service Award, Employee of the Year and Most Healthy Employee etc.
2. The Company improved its employee's health by providing free Influenza Vaccination and encouraging daily exercises.
3. The Company encouraged and supported employees to exercise regularly. A club called "IFS Jogging Club" was formed to serve this purpose. Members were required to run and record their running distance to the target within the specified time. This would support our employees to be fit and healthy.

In the year 2020, the results of the survey indicated that 80 % of the Employees were happy with the Company. However, the turnover rate of the employees for 2020 was still low at 4% in 2020.

Employee Turnover Rate (Year 2018-2020)

	2018	2019	2020
Number of employee (person)	85	86	85
Turnover rate (percentage)	7	4	4

2. Human Rights Movement

The Company respects Human Rights. The Company adheres to fairness and equality, so all directors, executives and employees are encouraged to respect Human Rights, duties and responsibilities as follows:

1. Respect and adhere to human rights and human dignity of all employees and stakeholders.
2. Encourage fairness and equality without violating other people’s rights with speech and actions due to differences, such as nationality, sex, age, religion, physical characteristics, economic and social differences, opinions and believes, etc.
3. Treat every employee with the basic standard of human rights. Support every right of the employees according to the law, and respect the duties and responsibilities of others. Create good working relationship among employees.

Moreover, the Company also opposes the piracy of intellectual property by preventing the employees from using copyright items in any of the Company’s advertising and printed materials or any other works without the permission from the owners.

3. Anti-Corruption

The Company intends to operate business under Code of Conduct and Corporate Governance Principles. The Company promotes knowledge of anti-corruption for every employee in the organization to comprehend its determination against corruption. The Company has been certified as a member of the Collective Action Coalition against Corruption (CAC) since 2017 - 2020, and has been approved the recertification by the CAC for another 3 years starting from 31st December 2020 – 31st December 2023.

The anti-corruption policies and manual are clearly published by the Company as an operating guide for directors, executives and employees. Every year, all directors, executives and employees have to sign to acknowledge the policies. Additionally, in 2020, 100% of IFS’ employees successfully completed online training courses for Anti-Money Laundering & Countering the Financing of Terrorism, and Handling of Confidential Information & Prevention of Insider Trading.

In 2020, the Company did not receive any complaints on corruption or on the employees both internal and external of the organization.

4. Community supports and donations

In 2020, despite the COVID-19 pandemic which spread to all parts of Thailand, especially during March – May 2020, leading to the announcement of emergency situations by the Thai government throughout the Kingdom of Thailand and the announcement of Bangkok Metropolitan Administration Re: Temporary closure of places, the Company still carried out several CSR activities during that period of time as follows:

Phramongkutklo Hospital

On 29th April 2020, IFS joined forces in fighting against COVID-19 to donate personal protective equipment suits (PPEs) to Phramongkutklo Hospital.



Ramathibodi Hospital

On 29th April 2020, IFS joined forces in fighting against COVID-19 to donate personal protective equipment suits (PPEs) to Ramathibodi Hospital.

Donation – Annual Krathin

- On 17th October 2020, the Company donated to the Royal Kathin at Yang Noi Temple, Koae Sub-District, Khaung Nai District, Ubon Ratchathani Province, Thailand, organized by Bangkok Bank PCL.
- On 24th October 2020, the Company donated to the Royal Kathin Robe Offering Ceremony at Wat Yai Suwannaram, Tha Rab Sub-District, Mueang Phetchaburi District, Phetchaburi Province, Thailand, organized by Social Security Office.



Environmental issues

1. Resources and environment conservation

Although the Company's business does not directly impact the environment, the Company recognizes the significance of environmental conservation. With awareness of being a part of the society, the Company encourages every employee through communications and campaigns to acknowledge the importance of efficient environmental usage, such as water and energy savings, as part of environmental responsibility. In 2020, the Company encouraged environmental conservations as follows:

- Improve the operating systems and procedures to reduce papers,
- Shift to cloud platform to reduce carbon footprint,
- Promote information storage instead of making hard copies,
- Raise energy and water savings campaign, as well as the efficient use of office supplies,
- Support the use of environmentally-friendly products.