



## **Environmental, Social and Governance (ESG) Guideline**

### **1. Purpose**

The Environmental, Social and Governance (ESG) Guideline establishes a structured framework for integrating environmental, social, and governance considerations into the Bank's strategy, governance, risk management, and operational processes. The Bank is committed to conducting its activities in a manner that safeguards the environment, promotes social responsibility, and upholds high standards of governance, transparency, and accountability. ESG considerations are embedded into decision-making processes to support sustainable value creation for all stakeholders.

The Bank seeks to minimize the adverse impacts of its financing activities on human health, the environment, workers, and affected communities. The Bank ensures that its financing and investment activities comply with all applicable environmental, health, safety, and labor laws and regulations of Myanmar; apply technically and financially feasible resource-efficiency and pollution-prevention principles and techniques, to minimize adverse impacts on human health and the environment; and operate in a manner consistent with the applicable labor and working condition requirements.

### **2. Scope**

This Guideline applies to all employees and covers all business activities, operations, products, and services of the Bank. The Guideline includes:

- Integration of ESG considerations into corporate strategy, governance, and risk management frameworks.
- Application to lending, investment, and financing activities, including environmental and social risk assessments.
- Internal operations, including resource efficiency, workplace practices, and ethical conduct.
- Engagement with stakeholders, including customers, employees, regulators, investors, and communities.

All relevant functions shall ensure alignment with applicable laws, regulations, international standards, as well as Corporate Social Responsibility (CSR) commitments of the Bank.

## **3. Environmental, Social and Governance (ESG) Framework**

### **3.1. Sustainability Strategy**

The Bank shall integrate ESG considerations into its corporate strategy and business planning processes to support sustainable growth, responsible banking practices, financial inclusion, and ethical conduct. The Bank shall align its sustainability strategy with applicable local requirements and relevant international frameworks, including the United Nations Global



Compact (UNGC) and the Sustainable Development Goals (SDGs), to promote meaningful and measurable impact and create long-term value for its customers, employees, and communities.

Guided by this approach, the Bank's sustainability strategy focuses on three key pillars:

- **Customers:** Building trust through secure banking services while advancing financial inclusion and equitable access to finance.
- **People:** Building a workforce with a growth mindset and strong resilience through fair and inclusive working conditions, learning and development, and career growth opportunities.
- **Community:** Empowering communities through financial literacy, inclusive business opportunities, and environmentally sustainable practices.

### 3.2. Governance and Oversight

The Board shall have ultimate responsibility for overseeing ESG matters and ensuring that appropriate governance frameworks, controls, and reporting mechanisms are in place. Senior Management shall be responsible for implementing the ESG framework, embedding ESG principles into day-to-day operations, and monitoring performance across all functions.

### 3.3. Environmental Responsibility

The Bank shall incorporate environmental considerations into its decision-making processes and operational activities. This includes promoting environmentally responsible financing, enhancing resource efficiency, and minimizing environmental impacts. The Bank shall assess environmental risk of bank its borrowers' business activities throughout the credit lifecycle to meet applicable environmental risk mitigation practices. The Bank shall also support climate resilience and disaster preparedness initiatives. In addition, the Bank shall promote green finance and sustainable investment practices, while taking measures to reduce its operational carbon footprint and encouraging environmentally responsible lending.

### 3.4. Social Responsibility

The Bank shall conduct its business in a socially responsible manner by ensuring the fair treatment of customers, promoting financial inclusion, and supporting inclusive economic development. The Bank is committed to empowering communities, by expanding access to financial services and supporting initiatives that enhance financial literacy, education, entrepreneurship, and community resilience. The Bank shall assess social risk of bank borrowers' business activities throughout the credit lifecycle to prevent or minimize harm to people, workers, communities. The Bank shall also maintain a safe, inclusive, and ethical workplace that promotes employee wellbeing and upholds labor and human rights standards.

### 3.5. Donations and Philanthropy

The Bank shall support community development and social wellbeing through responsible donations, charitable contributions, and philanthropic activities aligned with its ESG strategy and CSR commitments. Donations shall not be used for political purposes, personal gain, or any activity that may create reputational or compliance risks.



All philanthropic activities shall:

- Be aligned with the Bank's priority areas, including financial inclusion, education, health, and community resilience.
- Be conducted in a transparent, ethical, and accountable manner.
- Comply with applicable laws, regulations, and internal governance standards.
- Be subject to appropriate due diligence, approval processes, and conflict of interest controls.

**Monitoring and Disclosure:** The Bank shall maintain appropriate monitoring and reporting mechanisms for all donations and philanthropic activities. Relevant functions shall periodically review donation programmes to assess their alignment with approved objectives, social impact, compliance requirements, and ESG commitments. Information on significant philanthropic activities, community investments, and related outcomes shall be disclosed, where appropriate, through the Bank's reporting channels, including its website, Annual Report, and Sustainability Report.

### **3.6. Risk Management Integration**

The Bank shall integrate ESG considerations into its overall risk management framework. Environmental and social risks shall be identified, assessed, monitored, and managed alongside other material risks. Appropriate screening, due diligence, and risk assessment processes shall be implemented to support sound decision-making and effective risk mitigation.

### **3.7. ESG Reporting and Disclosure**

The Bank shall maintain transparent and timely ESG reporting for its stakeholders, where appropriate. Reporting shall include the monitoring of ESG performance and data, the assessment of environmental and social impacts, and alignment with relevant international standards and frameworks.

Through its reporting channels, the Bank shall communicate its ESG-related strategies, initiatives, and performance to key stakeholders, including shareholders, customers, employees, and communities. Such engagement supports transparency, accountability, and the incorporation of stakeholder perspectives into the Bank's sustainability journey.