Climate Change Strategy

Challenges and Opportunities

Siam Global House Public Company Limited ("the Company") recognizes that climate change and the impacts of greenhouse gas emissions are critical issues that affect global sustainability, the economy, the quality of life of the global citizens, business continuity, and the Company's supply chain. However, at the same time, these challenges also find business opportunities for the Company to develop sustainable practices, such as expanding renewable energy projects, introducing innovations to improve energy efficiency, developing environmentally friendly products and services, and collaborating with business partners.

The Company is committed to being part of the solution to climate change and place great importance on greenhouse gas management by setting a target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 20% by 2030. Furthermore, the Company aims to achieve net-zero greenhouse gas emissions by 2050.

Climate Change Management Framework

The Company has established a climate change management framework that aligns with applicable laws, regulations, and relevant standards at both national and international levels, such as the Task Force on Climate-related Financial Disclosures (TCFD) and the IFRS S2 Climate-related Disclosures Standard. The framework covers four areas: (1) Governance, (2) Strategy, (3) Risk Management, and (4) Metrics and Targets. The Company focuses on analyzing and assessing climate-related risks and opportunities that may affect financial reporting and business operations in the short, medium, and long term. Both qualitative and quantitative methods are applied to cover physical risks and transition risks. The results are integrated into the Company's sustainability strategies and action plans, thereby enhancing long-term competitiveness and business resilience.

1. Climate change governance structure

Duties and Responsibilities

The Board of Directors

1. Review and approve policies and guidelines for managing climate change that align with environmental conditions and risk factors, covering business activities and stakeholders throughout the value chain, with at least an annual review.
2. Ensure that business operations comply with relevant laws, regulations, directives, policies, and practices related to climate change and promote the implementation of these policies in a fair manner.
3. Supervise and monitor the implementation of risk and opportunity management related to climate change to ensure effective risk control and timely response to situations.
4. Promote and support the management in recognizing the importance of managing climate change and instilling it as part of the organizational culture.

The Sustainability and Corporate Governance Committee

1. Consider, establish, review, and improve policies, strategies, and action plans for managing climate change to ensure alignment with relevant laws, regulations, practices, and standards.
2. Supervise the implementation of policies, strategies, and action plans for managing climate change, and regularly monitor the performance data.
3. Supervise and advise the risk management working group in assessing risks, managing risks and opportunities, and mitigating risks arising from climate change in accordance with international standards, for presentation to the company's board of directors for consideration.
4. Supervise the regular annual disclosure of climate change management reports or its performance to stakeholders across the value chain, in accordance with regulatory requirements.

Chief Executive Officer

1. Promote the company's climate change management efforts by clearly defining the roles and responsibilities of those in charge, and by allocating appropriate and sufficient resources to ensure continuous operations in alignment with the company's policy.
2. Require the analysis and assessment of climate change risks impacting business operations, and establish appropriate risk management approaches in alignment with company policies and operational strategies.
3. Establish objectives, targets, strategies, plans, and interconnected indicators for managing climate change to ensure business continuity.
4. Support suppliers, business partners, and stakeholders in complying with relevant laws, policies, measures, and regulations.
5. Raise awareness and promote a culture of climate change management by communicating continuously to employees at all levels and relevant stakeholders.
6. Consider the performance reports according to policies before presenting to the sustainability and corporate governance committee and the board of directors.

Risk Management Working Group

1. Evaluate and manage risks related to climate change, including having strategies for prevention and mitigation of its impacts.
2. Report important climate change-related issues affecting business operations to management and the sustainability and corporate governance committee, and promptly report any abnormalities as they occur.
3. Manage the disclosure and reporting of climate change management information to stakeholders annually, in accordance with regulatory requirements.
4. Communicate and raise awareness, cultivate consciousness, and promote participation in dealing, adapting, and managing climate change among employees and stakeholders consistently.

2. Climate Change Strategy

The Company had set a short-term target to reduce Scope 1 and Scope 2 greenhouse gas emissions by 20% by 2030 and a long-term goal to achieve net-zero emissions by 2050. Accordingly, the Company began assessing its organizational carbon footprint (Carbon Footprint for Organization: CFO) in 2022, in accordance with the standards of the Thailand Greenhouse Gas Management Organization (TGO). The assessment serves as a guideline for effective greenhouse gas management, together with the establishment of the "Smart Stores" strategy, which represents the Company's environmental strategy to minimize the environmental impacts of its business operations.

Risk Management and Opportunities

The company assesses climate-related risks and opportunities to identify the types of risks it may face. The company places importance on potential risks and opportunities to develop action plans that mitigate adverse impacts. The company evaluates both physical risks and transition risks across three-time horizons: short-term (1–3 years), medium-term (3–10 years), and long-term (over 10 years). The assessment of climate-related opportunities that impact financial reporting, in alignment with the guidelines of the Task Force on Climate-Related Financial Disclosures (TCFD) and IFRS S2.

Climate-related Risk Assessment

Type	Climate-Related Risk	Potential Financial Impacts
Transition Risks	**Policy and Legal (Medium Term: 3–10 Years)** • Changes in Government Policies and Regulations. • Enhancing Standards for Environmentally Friendly Products and Services. • Mandates on and regulation of existing products and services. • Exposure to litigation	• Increased operating costs such as higher compliance costs, increased insurance premiums. • Increased cost of goods and services. • Increase costs and reduced demand for products and services.
	Technology (Medium Term: 3–10 Years) • Increasing investment in technology, research, and development of alternative products and services with low greenhouse gas emissions. • Costs to transition to lower emissions technology.	• Research and development (R&D) expenditures in new and alternative technologies. • Capital investments in technology development • Reduced demand for products and services. • Costs to adopt/deploy new practices and processes.

Type	Climate-Related Risk	Potential Financial Impacts
Transition Risks	**Marketing (Medium Term: 3–10 Years)** • Changing customer behavior • Uncertainty in market signals • Shifting consumer demand toward environmentally friendly products may result in challenges in sourcing and maintaining the availability of sustainable products, as well as increased product costs.	• Reduced demand for goods and services due to shift in consumer preferences. • Increased operating expenses due to higher costs of environmentally friendly products.
	Reputation (Medium Term: 3–10 Years) • Changing consumer demands. • Increased stakeholder concerns and potential negative feedback.	• Reduced revenue from decreased demand for goods and services. • Reduced revenue from negative impacts on workforce management and planning. • Decline in Available Capital Due to Negative Corporate Image and Reputation.
Physical Risk	**Acute (Short to Long-Term: 1–20 Years)** • cyclones and floods. **Chronic (Short to Long-Term: 1–20 Years)** • Changes in precipitation patterns and extreme variability in weather patterns. • Rising mean temperatures. • Rising sea levels.	• Increased Operating Costs Due to Business Disruption from Natural Disasters. • Decline in revenue due to business disruptions (e.g., store closures, transportation issues, supply chain interruptions). • Reduced revenue and higher costs from negative impacts on workforce (e.g., health, safety, absenteeism). • Increased costs for repairing damaged store and implementing preventive operational measures. • Capital expenditures for constructing new store. • Increased costs for flood response and mitigation efforts. • Increased insurance premiums and potential for reduced availability of insurance on assets in “high-risk” locations

Physical Risk Management and Action Plan

Type	Climate-Related Risks	Action Plan	Time Horizon		
			short-term (1-3 years)	Medium-term (3-10 years)	Long – term (over 10 years)
Acute	cyclones	Assess the weather conditions, structural and overall condition of store buildings to prevent leaks and damage.	✓	✓	✓
	floods.	Clean waste and remove waterway obstructions and install flood barriers for high-risk stores.	✓	✓	✓
Chronic	Changes in precipitation patterns and extreme variability in weather patterns.	Inspect and maintain the operation of generators, cleanliness, and readiness of equipment.	✓	✓	✓
	• Rising mean temperatures.	Strengthen employee preparedness and basic medical knowledge to address heatstroke or related health risks during periods of high temperatures.	✓	✓	✓
	Rising sea levels.	Maintain communication with local and national authorities while regularly monitoring sea levels.	✓	✓	✓

Climate-related Opportunity

Type	Climate-Related Opportunities	Potential Financial Impacts
Resource Efficiency	• Reduce electricity consumption in stores and offices by replacing lighting systems and electrical equipment, both inside and outside the buildings, with LED technology. • Reduce electricity and forklift fuel consumption in conventional warehousing and distribution by implementing an Automated Storage and Retrieval System (ASRS). • Efficient material management by converting used pallet wrap from branches and distribution centers into eco-friendly plastic bags, in line with Circular Economy principles. • Reduce water consumption by installing water-saving fixtures and sanitary equipment in stores and offices, as well as implementing systems to recycle and reuse wastewater.	• Increase expenses from system installations, which can reduce operational costs in the long term. • Reduce utility costs, including electricity and water expenses. • Increase revenue from product sales as the Automated Storage and Retrieval System (ASRS) minimizes product damage and enhances service, thereby improving customer satisfaction. • Reduce plastic waste management costs and maximize resource utilization in accordance with Circular Economy principles.
Energy Source	• Transition to renewable energy by installing solar rooftops at all stores to generate electricity from solar power as a substitute for fossil fuel. • Transitioning the energy source of machinery and operational vehicles from fossil fuels to electricity by adopting electric forklifts and electric vehicles (EVs). • Participation in a Low Carbon Society by providing electric vehicle (EV) charging stations at store locations.	• Reduce long-term energy and operational costs. • Reduce exposure to future energy price volatility. • Increase revenue from EV charging station services while enhancing brand image, particularly among environmentally conscious customers. • Increase opportunities to access green financing sources.
Products and Services	• Sourcing and developing environmentally friendly products and services to support and respond to the shifting needs and behaviors of consumers.	• Increase revenue from environmentally friendly products and services.

Type	Climate-Related Opportunities	Potential Financial Impacts
Markets	• Market opportunities for environmentally friendly products and services to expand the customer base of environmentally conscious consumers.	• Increase revenue from a growing base of environmentally conscious customers.
Resilience	• Participating in the Thailand Voluntary Emission Reduction Program (T-VER) to demonstrate the company's commitment to reducing environmental impact.	• Enhance the company's brand image and credibility by positioning it as an environmentally responsible and sustainable organization.

Climate-related Scenario Analysis

The Company conducts Climate-related Scenario Analysis for prevention and mitigation of future impacts, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), covering both a 4°C Scenario and a 1.5°C Scenario. For physical risk, the analysis refers to the Representative Concentration Pathways (RCP) model of the Intergovernmental Panel on Climate Change (IPCC) for greenhouse gas emissions. For transition risk, the analysis refers to scenarios developed by the International Energy Agency (IEA). The details of the scenario analysis are presented below.

Transition Risk	
Scenario 1 IEA STEPS	**Scenario 2 IEA NZE 2050**
This scenario assumes that countries around the world comply with energy and climate change policies by increasing the deployment of renewable energy and low-carbon technologies and implementing greenhouse gas (GHG) mitigation measures. However, the overall level of ambition remains insufficient to achieve the global warming limitation target. As a result, greenhouse gas emissions remain at a high level and climate change impacts continue to occur, leading to an increase in the global average temperature of approximately 2.5 degrees Celsius.	This scenario represents a rapid transition to a low-carbon economy driven by clean technology development and stringent energy policies. It aims to achieve net-zero greenhouse gas emissions by 2050, aligning with the target to limit the global average temperature rise to 1.5°C, thereby keeping climate change impacts to a minimum.

Physical Risk	
Scenario 1 RCP 8.5	Scenario 2 RCP 2.6
This scenario assumes that fossil fuels remain the primary source of energy worldwide, with no effective reductions in greenhouse gas emissions. As a result, the concentration of greenhouse gases in the atmosphere continues to increase, leading to more severe droughts and natural disasters, while the global average temperature is projected to increase by approximately 4.3°C	This scenario assumes low greenhouse gas (GHG) emissions driven by rigorous global GHG reduction measures, such as replacing fossil fuels with renewable energy, improving energy efficiency, waste reduction, and green space conservation and restoration, thereby limiting the increase in the global average temperature to well below 2°C.

Scenario 1 (4°C Scenario) This scenario analysis assumes that the global average temperature increases by approximately 4°C above pre-industrial levels due to the failure of all sectors to cooperate effectively in addressing climate change and their continued heavy reliance on fossil fuels, including coal, petroleum, and natural gas, for electricity generation, transportation, and industrial activities. As a result, carbon dioxide (CO_2) and other greenhouse gas (GHG) emissions continue to increase at a significant rate. At the same time, extreme weather events become more frequent and severe, affecting all sectors, including the economy, society, the environment, and business operations. Consequently, the Company has analyzed and assessed stakeholders' behaviors and their potentially changing expectations under this scenario, as presented below.

Business Operation	The Company continues to operate under traditional business model, with a primary focus on business expansion and financial performance. Meanwhile, investments in clean energy, resource efficiency improvements, carbon management, and the development of environmentally friendly products and services remain limited. As a result, greenhouse gas (GHG) emissions from the Company's operations and supply chain remain at a high level.
Customers	Customers continue to prioritize price and convenience when making purchasing decisions, with limited consideration given to environmental impacts. As a result, demand for products associated with high greenhouse gas (GHG) emissions remains strong, while incentives for the development and adoption of sustainable products remain limited.
Suppliers	Suppliers continue to rely on production processes powered by fossil fuels and carbon-intensive energy sources, as they remain more cost-effective than clean technologies. In addition, investments in greenhouse gas (GHG) emission reduction initiatives and energy efficiency improvements remain limited.
Shareholders	Shareholders and investors continue to prioritize short-term financial returns over long-term climate-related risks. As a result, investments in projects and technologies aimed at reducing greenhouse gas (GHG) emissions remain limited.

Creditors	Financial institutions continue to provide funding and financial support to economic activities and industries with high greenhouse gas (GHG) emissions, without imposing stringent climate-related requirements or conditions in their lending and investment decisions.
Competitors	Competitors continue to focus primarily on price competition and sales growth, placing limited emphasis on investments in clean technologies, the development of low-carbon products, and greenhouse gas (GHG) emission reduction initiatives across the value chain.
Community and Society	Communities and society continue to place greater emphasis on economic growth and infrastructure development than on environmental concerns. As a result, support for greenhouse gas (GHG) emission reduction measures and natural resource conservation remains limited.
Governmental Sector	Governmental Sector implements greenhouse gas (GHG) emission reduction policies and measures on a limited basis, or lack effective enforcement of relevant regulations. As a result, the transition to clean energy and a low-carbon economy is delayed.

Scenario 2 (1.5°C Scenario) This scenario assumes that the increase in global average temperature is limited to no more than 1.5°C above pre-industrial levels, driven by strong cooperation across all sectors to significantly reduce greenhouse gas (GHG) emissions through reduced reliance on fossil fuels and an accelerated transition to renewable energy and low-carbon technologies, resulting in a greenhouse gas emissions have continuously decreased. Governments sector plays a crucial role in implementing and effectively enforcing climate-related policies and regulations, such as GHG reduction measures, carbon taxation, and the promotion of clean energy, as a result, significant changes occur across business sectors and society, leading to changes in regulatory requirements, technological, and consumer behavior. Accordingly, the Company has analyzed and assessed potential changes in stakeholder behaviors and expectations under this scenario, as presented below.

Business Operation	The Company implements a proactive sustainability strategy by offering construction materials and home decoration products with energy-saving properties, climate resilience, and environmentally friendly characteristics. The Company utilizes renewable energy and promotes energy efficiency across its operations. It is also transitioning machinery, equipment, and vehicles toward electrification to reduce greenhouse gas (GHG) emissions from operations and supply chain. In addition, the Company develops innovations and business models that support the transition to a low-carbon economy.
Customers	Customers place increasing importance on environmentally friendly, energy-saving products and services with low greenhouse gas (GHG) emissions. Sustainability factors are also being incorporated into purchasing decisions, resulting in growing demand for green products and environmentally certified products.
Suppliers	Suppliers invest in clean technologies, improve energy efficiency, reduce the use of fossil fuels, and set targets for greenhouse gas (GHG) emission reductions across the supply chain. As a result, carbon emissions throughout the value chain continue to decrease.

Shareholders	Shareholders and investors place greater emphasis on long-term sustainable growth, supporting investments in clean technologies, environmental innovations, and the Company's climate risk management.
Creditors	Financial institutions incorporate climate-related factors into their lending and investment approval processes, providing financing to businesses with strong environmental performance and supporting projects in clean energy and low-carbon technologies.
Competitors	Competitors focus on developing environmentally friendly products and services, improving resource efficiency, and reducing greenhouse gas (GHG) emissions throughout business operations. As a result, sustainability standards within the industry continue to rise.
Community and Society	Communities and society place greater importance on natural resource conservation, energy efficiency, and reducing environmental impacts, while also supporting activities and initiatives that help reduce greenhouse gas (GHG) emissions and promote sustainability.
Governmental Sector	The governmental sector establishes clear policies and measures to reduce greenhouse gas (GHG) emissions, supporting the use of renewable energy, energy efficiency improvements, and the development of a low-carbon economy, while also effectively enforcing environmental regulations.

Based on the analysis of climate change impacts on the Company's business under 2 scenarios, potential risks may arise that could affect the Company's future financial position. Accordingly, the Company has developed response plans to ensure business continuity and operational efficiency, as follows:

Analysis of Potential Financial Impacts of Climate-Related Risks Without a Contingency Plan	
Physical Risk **Scenario 1 (4°C Scenario)**	**Transition Risk** **Scenario 2 (1.5°C Scenario)**
Under extreme climate conditions, including more severe heavy rainfall and flash flooding events, the Company's stores, warehouses, and assets may be significantly affected. The estimated financial impact of such damage is approximately THB 300–350 million per branch.	Carbon tax expenses arising from greenhouse gas (GHG) emissions under Scope 1, Scope 2, and Scope 3 from the Company's operations in 2025 amounted to a total of 74,907 tCO_2e. Based on a carbon pricing assumption of THB 200 per tCO_2e, the Company is expected to incur carbon tax expenses of approximately THB 14.98 million.

3. Metrics and Targets

Climate Performance Indicators

Level	Indicators
Chief Executive Officer and Senior Executives	• Increase in sales of environmentally friendly products or ESG1-4 product group. • Reduce electrical energy use • Increase the proportion of renewable energy usage.
Executives and employees at all levels	• Reduce the use of natural resources, including paper, water, and electricity. • Reduce waste volume.

Target

1. By 2030, reduce Scope 1 and Scope 2 greenhouse gas emissions per total revenue by 20% compared to the base year (2022).
2. By 2050, achieve net-zero greenhouse gas emissions.
3. By 2027, generate 100,000,000 kilowatt-hours per year of electricity from solar power.
4. By 2025, increase the proportion of revenue from ESG product groups to 40% of total sales revenue.
5. By 2024, achieve 63% renewable energy usage.

Carbon Footprint for Organization (CFO)

The Company places importance on managing environmental impacts from its operations and recognizes its role in contributing to the reduction of greenhouse gas (GHG) emissions in support of sustainable development. In 2022, the Company conducted a Carbon Footprint for Organization (CFO) assessment to measure and monitor GHG emissions from operation activities, including energy consumption, waste management, and transportation, with results reported in tons of carbon dioxide equivalent (tCO_2e). The assessment covered Scope 1, Scope 2, and Scope 3 emissions and was reviewed and validated by VGREEN KU Co., Ltd., an auditing firm registered with the Thailand Greenhouse Gas Management Organization (TGO). The Company has designated 2022 as base year for setting targets, developing action plans, and continuously tracking long-term GHG emission reduction performance.

Scope of Greenhouse Gas Emissions

Scope 1	Scope 2	Scope 3
• Fuel consumption for vehicles • Fuel consumption for equipment testing, lawn mowers, generators, and fire pumps • Fuel consumption for forklifts • CO_2 Fire Extinguishing Agent Consumption. • Refrigerant consumption in equipment such as chillers, air conditioners, water dispensers, and refrigeration units • Methane emissions from septic tanks • Methane emissions from wastewater treatment systems (activated sludge process)	• Electricity consumption.	• Consumption of purchased paper (A4, 70 gsm/ A5) plastic carrier bags (LDPE), and purchased water from Provincial Waterworks Authority / Metropolitan Waterworks Authority • Acquisition of Gasoline / Benzene / Diesel / LPG / Electric. • Transportation of raw materials (paper, handle bag). • Landfill Waste Management. • Disposal of product residues (e.g., A5 tax invoice paper, plastic carrier bags, and paper waste) • Electricity consumption of tenant.

Greenhouse Gas Emissions Control Performance

1. **Renewable Energy Consumption (Solar roof top)**

Since 2017, the company has adopted a policy to promote renewable energy consumption, starting with the Solar Rooftop Installation Project at all stores to generate electricity from solar energy, which is a clean and non-polluting energy source that has no negative impact on the environment. In addition, this initiative has effectively helped reduce the company's energy and operational costs.

By 2025, the company successfully completed the installation of solar panels at all 96 store locations, enabling comprehensive electricity generation from solar energy. This achievement aligns with the company's sustainability targets as follows:

Year	Stores with solar cell setting	Electricity generated (kWh/year)	CO_2e reduction (tCO_2e/year)
2023	83	83,037,916.04	47,265.18
2024	90	82,863,304.64	47,165.79
2025	96	85,250,324.83	48,524.48

2. Electric Power System Changing Project both Interior and Exterior

The company has an action plan to improve the lighting systems both inside and outside the buildings to enhance energy efficiency and reduce environmental impact. As a result, energy consumption was reduced by 109,911 kWh per year. The details of the operations in 2025 are as follows:

Project	Number of Stores	Reduced Energy Volumes (kWh/Year)	CO_2e reduction (tCO_2e/year)
Change street light around the building from Street Light 120 Watt to be Solar Cell system	6	46,675	26.18
Change Customer's Garage light from LED 20 Watt to be Solar Cell system	6	3,064	1.72
Change light in display tray from LED 14 Watt to be LED 10 Watt	6	39,168	21.97
Change Aisle light from TLD 36-Watt, 13 set to be LED 48-Watt, 4 set	6	15,994	8.97
Change Rack light from TLD 20 Watt to be LED 18 Watt	6	5,010	2.81

3. Electric Forklift and Electric Stacker Using

Due to daily operating activities of stores about transferring products, picking and products storage, need to use Forklift to be convenient, fast and labor-saving, the Company has defined that Electric Stacker for using in area of home décor products and electric forklift for using in construction products.

Since 2020, the Company has implemented a policy of using electric forklifts for new stores and replacing fuel-powered forklifts in existing stores once they reach the end of their useful life. Recognizing its commitment to supporting the reduction of greenhouse gas emissions and air pollution, the Company has set a target to convert 100% of its transport equipment to electric systems by 2030 to drive sustainable growth and minimize long-term environmental impacts. As of 2025, the Company operated 117 electric forklifts and 274 electric stackers, totaling 391 electric transport equipment units.

4. EV Charger Station installation project

The Company has installed EV charger stations in the service areas of its stores to support the use of renewable energy and reduce greenhouse gas emissions generated by its stakeholders. As of the end of 2025, EV charger stations have been installed at 13 stores, located in Phitsanulok, Phrae, Sukhothai, Uttaradit, Mae Sai, Phuket, Satun, Krathum Baen, Kantharalak, Ubon Ratchathani, Nakhon Ratchasima, Lopburi, and Nakhon Sawan.

5. Thailand Voluntary Emission Reduction Program

The Company has been registered in the Thailand Voluntary Emission Reduction Program (T-VER) under the Thailand Greenhouse Gas Management Organization (TGO). Demonstrating its commitment to sustainability, the Company joined this voluntary greenhouse gas reduction initiative through the "Solar PV Rooftop Project by GLOBAL HOUSE." As part of its efforts to mitigate greenhouse gas emissions, the Company has successfully registered the following T-VER projects:

- 2023: Registered the first phase of the T-VER project, covering 29 stores, expected to achieve a reduction/sequestration of 16,760 tCO2eq/year. The credit period for this project runs from May 1, 2022, to April 30, 2029.
- 2024: Registered the second phase of the Thailand Voluntary Emission Reduction Program for an additional 12 branches, which is expected to achieve a reduction/sequestration of 6,311 tCO_2eq/year. The crediting period for this phase runs from January 1, 2025, to January 31, 2031

6. Eco-friendly Products

The Company is committed to sourcing and promoting the sale of environmentally friendly products with a strong focus on minimizing environmental impact. It also continuously supports the concept of responsible consumption among its customers. Environmentally friendly products are categorized into four main groups as follows:

- ESG 1 Energy saving group, reducing global warming group, Natural resources saving group
- ESG 2 Health Promotional Group
- ESG 3 Elderly & Disability Care Products Group
- ESG 4 Product group for responding to New Normal way of living

At the end of 2025, ESG products accounted for 42.58% of total sales revenue.