

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

As a financial conglomerate operating in conformity with the Statement of Business Conduct, as well as Corporate Governance and Corporate Social Responsibility (CSR) Principles, KASIKORNBANKGROUP (KGroup) aims to become a sustainable and transparent business with sound social responsibility. The Board of Directors has assigned the Corporate Governance Committee to supervise CSR activities and has approved the CSR policy, incorporating the following mandates.

- To strictly adhere to the Statement of Business Conduct, and to participate in social development and environmental protection
- To encourage employees at all levels to strictly abide by the Code of Conduct and CSR Principles
- To launch CSR activities for the benefit of all stakeholders
- To arrange workplaces with an emphasis on safety, occupational health, environmental concerns, and facilitation for employees and customers
- To promote environmental preservation and contribution to society

KASIKORNBANKGROUP has harmoniously integrated CSR concept into our business plans, utilizing knowledge gained from past CSR experience to create innovations of the greatest benefit to both business and society. CSR activities were ongoing throughout 2011 with focus on participation by employees, customers and communities. KGroup CSR activities were allocated a budget of 1-1.5 percent of annual net profit, and CSR activity reports were submitted to the

Corporate Governance Committee and the Board of Directors on a regular basis. CSR projects and activities may be summarized under four headings.

Business Activities*

Business venture under the Corporate Governance and CSR Principles has always been embraced by KGroup, along with our firm commitment to promote and support the development of business potential for sustainable and continuous growth of customers in the corporate, SME and retail segments.

A number of projects were carried out over the past year, from knowledge sharing and advisory services to customer networking, equipping customers with knowledge for more effective business practices. KGroup acted as an intermediary conveying to customers and the general public information, knowledge, and the operating philosophies and practices of the Bank for consistency with and in response to the government's business promotion policies.

A Rigorous Culture of Credit

KGroup has adhered to a policy of extending only justifiable credit. The Bank has a culture as well as policies and regulations avoiding grants of credit to certain types of business, including those in contravention of moral principles and social norms, those involved with speculation for profit, illegal activities, encroachment upon and/or negatively

* In compliance with the Core Indicators of the Global Reporting Initiatives Guidelines (GRI)

Profile Disclosure	Description
Product and Service Impact	
FS 1	Policies with specific environmental and social components applied to business lines.
FS 2	Procedures for assessing screening environmental and social risk in business lines.

affecting mangrove areas and violation of environmental legislation. Of the utmost importance, priority has been given to the environmental credit policy, based on the awareness on and accountability for our operations that could affect the environment. Thus, credit approval must conform to environmental legislation. This will lead to sustainable development for society as a whole. KGroup credit approval policies have been geared towards environmental concerns in the following ways.

- Beyond the viability of the business, environmental impact assessments are a key consideration for credit approvals.
- Environmental impact assessments are strictly required with credit applications from industries and businesses likely to have environmental or social impacts.*

Green Concept “Green Bank, Green Financing, Green Project”

In keeping with the commitment to CSR, it is KGroup policy to develop and promote environmentally-friendly products and technologies and to inspire environmental awareness and cooperation in preserving the earth in and among all target groups.

Green Lending*

The Bank has valued alternative and renewable energy, responding to business demand and educating customers and the general public through the “Green Bank, Green Financing and Green Projects” concept. The Bank has provided financial consultation and financing to over 20 solar projects and to no less than three wind projects. The Bank has disseminated knowledge of renewable energy in a variety of forums, such as at the Executive Dinner Talk for Alternative Energy Business that was jointly organized with the Stock Exchange of Thailand, and participation in the opening of the Solar Farm Learning Center, Amphoe Sung Noen, Nakhon Ratchasima. The Bank also developed the K-Energy Saving Guarantee Program, providing businesses consultation for full-cycle energy conservation of SMEs and financing their investments in energy management for maximum savings. This initiative should reduce energy usage and benefit the environment nationally. At the same time, these policies will allow businesses to be strengthened through long-term cost savings, in turn buoying national economy in these times of critically high and rising energy prices.

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Profile Disclosure	Description
Economic Performance Indicators	
EC 08	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
EC 09	Understanding and describing significant indirect economic impacts, including the extent of impacts.
Environmental Performance Indicators	
EN 5	Energy saved due to conservation and efficiency improvements
EN 6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these Initiatives.

K-ATM to Reduce Carbon Footprint*

The “K-ATM to reduce carbon footprint” project has been continually implemented by KGroup to allow the public to participate in preserving the global environment through innovations that serve customer needs while pursuing the Bank’s “Going Green” commitment for a sustainably clean and bright world. The program includes enhancement of energy efficient ATMs and smaller ATM slips, cutting down resource usage and helping to cut back global warming. Concrete results include the followings:

- Power consumption has been reduced at some ATMs by keeping the lighting on for only four hours a day instead of the previous 12, at 872 K-Lobbies and 299 stand-alone ATMs.
- The time that ATM air conditioners are on have been shortened from 18 to 10 hours a day, reducing power and air conditioner usage by 61 percent, and reducing carbon dioxide emissions from power plants, a major source of greenhouse gasses, by as much as 6,700 tons a year.
- ATM slips have been reduced from 8.0 x 11.2 to 8.0 x 8.5 centimeters, appropriate for use and less

of a burden on the environment, while all necessary transaction data is retained. The smaller slips reduce paper usage by about 30 percent. Customers can also opt not to receive an ATM slip, an alternative path to reducing paper usage.

Business Strength and Sustainability Through K SME Care

KGroup has strived to promote “boundless business” sustainable growth for SMEs, recognizing them as a major driver of the Thai economy. KBank works with allies in the public and private sectors, including leading universities, the Thailand Productivity Institute, the Institute for Small and Medium Enterprise Development and the National Science and Technology Development Agency to provide relevant knowledge and news, aside from financial products, to our SME customers. A survey of business needs shows that up-to-date news and information along with access to competent business advices are important elements in building sustainable business in today’s environment. These are the bases of K SME Care projects.

The Training Series offers short-term business courses with the following salient features.

- Courses are not limited to Bank customers and are offered free of charge.

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- The courses are intensively focused, and cover doing business from a full range of perspectives. Courses are continually brought up to date and tailored to the needs of participants in each different region.
- Learning takes the form of direct transfers of knowledge and experience from experts in different fields and from successful business persons.
- Decision making skills are honed through business simulation games.
- Activities are organized so as to foster network building among participants and also extending out to the more than 7,000 members of K SME Care Network Club nationwide, so that business colleagues can share knowledge and experience.

In 2011, K SME Care offered courses in Creative Economy to the 14th and 15th Training Series participant groups. Classes were held in Bangkok, Chiang Mai, Khon Kaen, Chon Buri and Phuket, and attended by more than 1,300 participants. The most outstanding activity of the year was the K SME Care Business Forum 2011, in the innovative format of giving presentations simultaneously

at five different cinemas to over 2,000 participants. Five topics were covered by renowned speakers under the general heading of Creative Economy.

Over the five years since its inception, K SME Care has given 15 sets of classes to over 7,000 participants nationwide. Participants are all members of the K SME Card Network Club, a learning society where business knowledge and experience in supporting sustainable business growth is shared.

K SME Academy, a Further Advancement by Sustainable Business Plan

KASIKORNBANKGROUP and the Thammasat Business Consulting Center (TBCC) have joined forces to develop an intensive training course entitled K SME Academy for the Privilege group of SME Medium Segment, under K SME Value Plus program.

The K SME Academy program is aimed for a further advancement of mid-sized SME customers' business via business planning comprising definitive targets and work plans with clearer investment and financial planning



K SME Care projects to promote sustainable growth for SMEs



K SME Care Business Forum 2011, under the "Creative Economy" concept

for more systematic and efficient business undertakings. As a result, the Bank will be able to provide relevant products and financial services to support long-term growth of SME's more efficiently, The K SME Academy program has been organized for two years with eight training classes and 222 participating SMEs.

K SME: Realize the Dream of Thai Business 2011

This year, KGroup and the College of Management Mahidol University (CMMU), organized K SME: Realize the Dream of Thai Business 2011, a training course in writing business plans for start-ups, helping aspiring and new entrepreneurs to lay solid foundations for their new businesses. The program included a business plan competition open to proprietors who have been in business less than a year and students nearing completion of their bachelor's degree. CMMU shared their knowledge through training courses and workshops, conveying the importance of the business plan along with techniques for creating a clear and appropriate plan for one's own business. There were over 1,000 participants and over

300 business plans were entered in the contest. A panel of judges was to select the best business plans nationally and announce winners and prizes by December 15. However the widespread flooding towards the end of the year forced the final selection and announcement of winners to be postponed to March 8, 2012.

K SME Care Knowledge Center: The First of its Kind in Thailand

KASIKORNBANKGROUP has opened the K SME Care Knowledge Center, the first of its kind in the Thai banking business, on the second floor of Chamchuri Square Building, to provide advisory service solutions to all SME proprietors and those wishing to start their own businesses. Interested persons can make an appointment to use our advisory services.

Learning services are offered in three forms:

- 1. **Business Intelligence:** A knowledge base for SMEs; KBank works with business partners from many organizations to compile news and information beneficial to SMEs. Services include SME GURU



"K SME: Realize the Dream of Thai Business 2011" program, in cooperation with the College of Management, Mahidol University



K SME Care Knowledge Center: The First of its Kind in Thailand

through which business specialists give one-on-one consultation on such matters as brand building, listing on the stock market, accounting and more. The Knowledge Corner is a study zone providing business-related books, magazines and analyses. Online Intelligence provides internet access to business research and information in databases throughout the world.

2. **Business Training:** Seminars, training and other activities addressing SME needs at every stage of growth. The Start-up Business course trains entrepreneurs for the initial stages of starting a new business, conveying basic knowledge and inspiring passion for business success. The Business Owner course helps entrepreneurs to develop and expand their businesses while maintaining stability and sustainability. The Lifestyle course trains business persons for work-life balance, such as gift wrapping techniques, photography tips and the art of persuasion in presentation.
3. **Business Network:** Networks are a most important element of any successful business. K SME Care

Knowledge Center facilitates SMEs in building up strong networks, through activities for SMEs to meet and share experiences. SME Society brings operators together with new trading partners through Business Matching activities. Online Business Matching is a networking tool available through www.ksmecare.com.

The Bank has been working to provide online channels giving easy access to business knowledge and networks for all types of SME. The website www.ksmecare.com provides centralized access to business knowledge, including news, articles and research from KResearch; online seminars are held and much other information is available through the site. Entrepreneurs identify new business opportunities with Online Business Matching, and the K SME Premium Mall - a joint project of KBank and Tarad.com - provides online global trading solutions. Throughout 2011, the Bank continued to form new alliances with various organizations, such as Microsoft Thailand and Google Thailand, as part of our effort to enhance our capacity to assist SMEs.



Participants in the 14th training series of K SME Care projects to promote sustainable growth of SMEs



Activities to build up strong business networks among members of K SME Care

In 2011, more than 10,000 SME entrepreneurs used the services of the K SME Care Knowledge Center and there were over 20,000 visitors at www.ksmecare.com on average each month. Meanwhile, the 2012 learning program will be redesigned as AEC Flagship Knowledge Center, emphasizing the enhancement of SME capabilities in preparation for the inception of ASEAN Economic Community (AEC) in 2015

KGroup hopes that all these offerings will assist our SME customers in building solid business foundations and provide the tools to stand firmly on their own while advancing through the path of success, with KGroup as partner.

AEC: National Agenda for SMEs

KGroup recognizes importance of encouraging and helping our customers to strengthen their businesses, especially in preparation for creation of the ASEAN Economic Community as a single market and production base in 2015. The AEC: National Agenda for SMEs is another program introduced by KGroup to provide knowledge and information through the K SME Care program assisting SMEs in coping with the direct and indirect changes that may come with the AEC. The AEC Self Assessment Tool has been developed to measure SME preparedness for AEC implementation.



"AEC: National Agenda for SMEs" to provide knowledge and information through the K SME Care program assisting SMEs in coping with the inception of the ASEAN Economic Community (AEC)

KBank: The Bank for All

In addition to knowledge-based support to our business and retail customers as well as general public by conveying financial and business management skills, KGroup has developed products and services for convenience and accessibility, i.e.,

- The Savings for Future Benefit program which allows the self-employed and others with limited documentation showing a steady income to use their savings history for loan applications.
- K-Personal Loan for Pensioners: personal loans for government retirees using pension inheritance rights as collateral.
- K-Bank to Post: Funds transfers from any of the over 7,500 K-ATMs nationwide to any one of 1,200 post offices countrywide. Jointly developed with Thailand Post Co., Ltd. the service provides convenience to those in outlying areas with neither bank branches nor ATMs. The recipient is required to present only an acknowledgement code and national ID card number to collect the transferred funds at any post office.



The "Savings for Future Benefit" program, which allows the self-employed to use their savings history to apply for loans

K-WePlan

KASIKORNBANKGROUP promotes financial management and planning among our customers and the general public. K-WePlan provides financial advisory services helping customers better manage their finances and achieve their financial goals. Activities under this program include the followings:

- Disseminating financial planning knowledge and related articles through the www.k-weplan.com website. There are also financial news and a DIY calculator for basic financial planning.
- Developing the K-Saving Memo computer program for recording income and expense in order to promote savings discipline and simplify basic financial management. Available both in CD format and online, the program had been distributed to the general public for three years in a row. Available at www.k-weplan.com, over 20,000 copies were downloaded in 2011.
- Giving lectures on financial management with such topics as Smart Financial Planning and Preparing for a Happy Retirement. Lectures were given at various educational institutions, and other private and public organizations such as the Institute of

Academic Development (IAD), King Mongkut's University of Technology, Thonburi, the Ministry of Tourism and Sports, the Si Sa Ket Chamber of Commerce, and the Faculty of Medicine, Chiang Mai University. There were 136 such events in 2011 attracting more than 4,000 attendees.

- Providing online financial advisories on Facebook, "How to Complete your Personal Income Tax Form" and "How to Prepare Yourself for a Happy Retirement", through which KBankLive members consulted with K-WePlan specialists. These activities were well received, with a great number of ideas as well as questions and answers posted.
- Participating in financial expositions in Bangkok and other provinces. For example, the Money Expo at Chiang Mai, Songkhla and Bangkok, drawing a great deal interest from those attending financial health checkup and basic financial planning activities.
- Giving joint support with the SET for the Young Financial Star Competition for the fourth consecutive year. The competition honors the best financial planners among university students and promotes personal financial planning among young Thais.



K-WePlan promotes efficient financial management among customers.



A computer program to promote financial management and planning for customers and the general public is available in CD format and online.

KGroup, in cooperation with Money & Banking magazine, held activities promoting a greater understanding of financial management among the general public. Lectures were given at financial institutions, public organizations, state enterprises and private companies. Seminars were organized for the general public and knowledge was disseminated through various media, including articles in Money & Banking and financial advice given by specialists via Facebook chat.

Assistance for Flood-affected Customers and the Public

In response of the most extensive flooding in Thai history towards the end of the year, KGroup launched a number of financial and advisory assistance measures.

- An information center providing aid to flood-hit K-Home Loan customers for home, electrical appliance and furniture repair and restoration. More than 8,000 technicians were available through the cooperation of more than 200 allied businesses.
- KBank Big Cleaning by K Home Smiles Club: Over 300 managers and staff joined in cleaning and restoration activities and cleanup kits were given to K-Home Loan customers and to 200-plus housing projects.

- Aid to business customers for rapid recovery, including repair and restoration credit lines for SMEs; loans guaranteed by the Small Business Credit Guarantee Corporation (SBCG), as part our cooperation with the public sector; extension of loan terms by as much as 10 years; and shoring up liquidity through suspending principal and interest payments for up to six months.
- Credit lines with effective interest rate for replacement of destroyed machinery, extended payment periods of up to seven years, no principal or interest payments for up to six months and credit limit of up to 100 percent of machinery value.
- A one-stop flood relief center at the K SME Care Knowledge Center, the second floor, Chamchuri Square, offering sales of goods and necessary supplies. Many services were also provided, especially repair services, at special prices to SME customers and K SME Care Network Club members.
- Acting as a center for pooling assistance and advice from KBank allies such as the Office of Small and Medium Enterprises Promotion (OSMEP) and the Department of Industrial Promotion (DIP).



KASIKORNBANKGROUP and "Money and Banking" magazine provided knowledge and information in financial management for the general public.



An information center provided aid to flood-hit K-Home Loan customers in house rehabilitation, with the participation of more than 200 housing project allies.

- Organizing seminars to provide knowledge concerning measures that will be beneficial to business rehabilitation during the post-flooding period, for example, corporate communications during the flood crisis, machine repair and bookkeeping.
- Coordinating with the Japan Bank for International Cooperation (JBIC) and 19 Japanese partner banks to help flood-stricken Japanese business customers. Post-flooding assistance included credit limits for business rehabilitation, workplace and machinery repair, or financial aids if their products had been damaged by floods. The Bank launched other assistance measures, including KBank Recovery Loan for SMEs, as well.

Aside from financial assistance, KGroup assessed the damage from the flooding closely and continued our assistance via other measures to help alleviate the hardship of our customers and enhance rapid resumption of their normal life and business.

Environment and Safety

“Going Green” Commitment

KGroup fully recognizes that safe, clean, and pleasant environments will help allow our employees to work more

efficiently, as well as being convenient for business contact with customers and general public. Therefore, KGroup has adopted the occupational safety, health and environmental programs in compliance with the standards established by the Ministry of Labor. Those programs are also consistent with recognized international standards. They include:

In 2011, KGroup was awarded Leadership in Energy and Environmental Design (LEED) Gold certification by the U.S. Green Building Council (USGBC), an environmental organization in the United States that supports and provides knowledge under the concept of sustainable design. The LEED Gold certification affirms our commitment of not just ‘building green,’ but also ‘living green’, which has promoted our image on par with other world-class organizations.

- The sanitation systems installed in the buildings are there for the health and safety of personnel working in these buildings, and include such systems as a two-stage air filtration system, plus air conditioning for clean air, free from outside air pollution; lighting systems with standardized lighting values for comfortable eyesight; and ozone-treatment drinking water purification systems, etc. In addition, energy-efficient electrical appliances are used within the buildings.



K SME Business Rehabilitation...Through the Flooding Crisis



The Thailand Business Council for Sustainable Development and Thailand Environment Institute Foundation granted a certificate of emissions reduction to the Chaeng Watthana Building.

- Regarding KGroup concern towards the environment in society and in communities, emergency electricity generators are installed with exhaust systems that filter out smoke and smells, and have noise abatement devices to prevent disturbing nearby communities. The highly efficient wastewater system provides treated water to gardens and for use within the cooling system. Therefore, apart from enabling KGroup to significantly reduce water utility costs, the system also helps preserve the environment.

“Green Building” Status of the Chaeng Watthana Building for Environmental Sustainability

The Chaeng Watthana Building is the third building of the Bank’s Main Offices that has been categorized as a “green building”. It is our pride of having been recognized as an exemplary organization in terms of energy conservation and environmental friendliness. KGroup has promoted knowledge on green architecture through seminars and study tours. In addition, books, pamphlets, video presentation and website have been launched about the Chaeng Watthana Building. A permanent exhibition on our green buildings has also been set up in the entrance hall to provide related knowledge and create shared inspiration among staff for organization development.

The Chaeng Watthana Building has been designed and constructed in a manner consistent with LEED standards. The building’s construction and improvements also standards of the Thailand Energy & Environmental Assessment Method (TEEAM), which are design guidelines and assessment of energy-saving and environmentally-friendly buildings.

Architecture under the “green building” concept involves characteristics that are simple yet creative, outstanding, elegant, energy-saving, and sustainable.

- Exterior glass is insulated and laminated, a new technology preventing heat from entering the building. The glass is self-cleaning, in order to combat dust and filth; and it is anti-reflecting, so surrounding areas will not be disturbed by glare.
- The Chaeng Watthana Building’s interior has been designed with the concept of openness in order to make use of natural light for interior areas, to reduce electric light use and increase ventilation to assist the standard air conditioning system. Thus, the entire building is comfortably cool and consumes less energy.
- To save even more energy, all of the building’s electric lights are energy-saving LEDs.
- The Bank has installed a chemical-free wastewater treatment system equipped with direct electric



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The Chaeng Watthana Building’s interior has been designed with the concept of openness to make use of natural light and increase ventilation.

coagulation technology and ultra-efficient filters to provide water for use within the sanitary systems, which helps the Bank reduce water utility costs by as much as 50 percent.

- As for the landscape, additional plots of land have been purchased for outdoor car parking, providing more open space and green areas to the Chaeng Watthana Building. The outdoor car parking area has been designed in a way that helps to reduce heat on the hard parking surface, mitigating the so-called “urban heat island” effect, and to allow 80 percent of rainwater to permeate through, preventing water from being trapped in parking spaces.
- The Bank has also reserved 166 parking spaces for energy-efficient vehicles and bicycles, accounting for 5 percent of the total parking space in the building.
- Meanwhile, building materials such as carpet, plywood, medium-density fiberboard (MDF), adhesives and paint meet the requirements of “Green Label” and “Green Guard”, and are below the volatile organic compounds (VOC) content limit, helping to improve indoor air quality and prevent cases of “sick building syndrome”. Noise, water runoff and dust occurring during the building’s construction were strictly controlled.

- In addition, stairways have been constructed to connect six locations within the building for easier access to each floor, helping to reduce the use of elevators and thus save electricity costs for the Bank.

“Green Building” Status of the Phahon Yothin Main Branch Building

With the Bank’s ‘Going Green’ commitment, the Phahon Yothin Main Branch is also categorized as a green building. The design focused on a concept that will upgrade staff members’ quality of life in the Phahon Yothin Main Branch and improve the interior design of the building for a modern look in tandem with a changed work platform. In use for more than 25 years, the Phahon Yothin Main Branch Building’s indoor conditions are fairly good, but office devices as well as infrastructure equipment such as air conditioners consume too much energy due to their dated technologies. The Bank has carried out an interior renovation of the whole building, including new interior architecture and piping work system, but has left the external building structure and main infrastructure system unchanged. Inner walls have been improved for modern, simple, and efficient function. The design focuses on an open plan office for greater vision of workflow continuity, while all staff can equally access



The Chaeng Watthana Building's interior has been designed for energy saving and environmental friendliness.



The Phahon Yothin Main Branch under renovation, including its piping work system and floor plans, in an attempt to make the old building “green” in accordance with international standards.

external views and natural light. This will also allow the Bank greater flexibility in adjusting the office plan in the future. Foreseeing the significance of energy and the environment as critical global issues, the Bank would like the project of making the old building green to be endorsed by international standards and deemed that LEED (Leadership in Energy and Environmental Design), established by USGBC (US Green Building Council), was internationally accepted and the most suitable with this endeavor. This renovation project has achieved a LEED Gold rating, which affirms our commitment to energy and environmental conservation, along with improving working conditions of our employees, which helps to enhance the Bank's image to the level achieved by other international organizations.

Electricity-saving procedures for branches, the consistency of the Bank's environmental focus, and future projects*

Construction and renovation projects

- Third residential building construction at the KASIKORNBANK Learning Center - Bang Pakong
 The building was constructed under a green building concept with a Platinum rating and opened for use on December 16, 2011. The USGBC is in the process of assessing this business.
- Interior refurbishment of the Bank branches Non-toxic construction materials and furniture have been specified for refurbishment at all branches.
- Replacing T8 light bulbs with T5 bulbs The project, implemented from 2008 to 2010, reduced carbon dioxide by 4,415 tons per year.

- Installation of energy-saving remote control systems for air conditioners Remote control systems had been installed in 369 branches, reduced carbon dioxide by 5,133 tons per year.

Employees*

KGroup has adopted a human resource policy wherein we seek to enhance job opportunities and boost the potential of our staff toward professional excellence. This policy is consistent with business requirements and KGroup "Customer-Centricity" strategy that pave the way for us to become an even more secure and innovative financial institution, as well as being able to respond to the needs of customers more effectively. This is achieved via a number of established methods. We -

- Undertake to recruit quality personnel and then enhance their competency to suit tasks that further their career growth.
- Motivate each employee to achieve better results by offering incentives to perform well, and encourage them to commit themselves to our organization. Also, we seek to enhance employee leadership skills at every level, where appropriate.
- Organize and promote an internal organizational culture with emphasis on teamwork and customer-centricity.
- Continuously promote joint efforts under the KASIKORNBANKGROUP brand.

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Profile Disclosure	Description
Environmental Performance Indicators	
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.

Compensation and Benefits

KGroup has adhered to the philosophy regarding compensation and benefits for better quality of life of employees. This philosophy is based on the following principles:

- Compliance with the rule of law and justice.
- Competitiveness in the job market.
- Staff competencies and expertise that meet the required tasks.
- Retaining competent employees and attracting qualified persons to work for KGroup.
- Motivation, e.g., via incentives, for employees to perform better in the work delegated to them.
- Consistency with the KGroup business strategies.

Employee Benefits*

KGroup places much significance on benefits that improve employee living standards and provide those that have the most meaningful impact:

1. Housing
2. Healthcare
3. Retirement plans
4. Severance pay
5. Educational subsidies for their children

Additionally, we offer other benefits such as loans for the purchase of private vehicles and computers, scholarships and grants for education, financial stipends upon marriage as well as other assistance, i.e., healthcare support for their parents, spouses and children, help with home renovation, special welfare in cases of accidental injuries, etc.

Employee Development*

KASIKORNBANKGROUP emphasizes personnel development. Thus, various voluntary study courses are provided to our employees to enhance their knowledge, and expertise in consistence with KGroup strategic business plans, especially to achieve optimal customer satisfaction.

KGroup employee study programs in 2011 included:

Creation of K-Culture:

1. Customer-Centricity
2. Professionalism
3. Innovation
4. Group-wide Teamwork

The model for K-Culture core values as devised for KGroup encourages employee behaviors that serve as roles models, especially when they are KGroup senior management staff, plus incentives for devoted service. Consistent encouragement is supplied via diverse activities and campaigns



Suksamakki House, Hua Hin, a resort provided for the benefit of KBank staff



"K-Culture" handbook, a constructive media to promote the organizational culture of KGroup core values

within KGroup. KGroup PR, including KASIKORNTV, messages within our intranet system, KASIKORNBANKGROUP Newsletter, in-house radio programs, etc., are used to encourage praiseworthy values and actions.

K-Leadership Program (K-Leadership’s 11 Desired Behaviors)

KGroup consistently pursues employee development at all levels, including those at senior management and supervisory levels, because they are key to building teamwork and a positive corporate culture. KGroup supervisors are expected to be not only “competent” in their jobs but also in personnel matters by displaying fairness and appropriate behavior in all work-related situations. Thus, we have devised eleven elements in our behavioral guidelines as intrinsic to K-Leadership. They are:

1. Paying attention and giving opportunities to subordinates;
2. Setting appropriate targets;
3. Giving clear and reasonable advice;
4. Offering suitable rewards;
5. Praising appropriately;
6. Inspiring acceptance of changes;
7. Regularly monitoring staff performance;

8. Listening to, and encouraging the expression of other’s views;
9. Building good relationships;
10. Assisting in problem-solving; and -
11. Creating trust.

These values are communicated via all internal media for to all management, supervisors and staff in order to promote desired professionalism in management and facilitate the supervision of appropriate leadership behaviors.

The above guidelines for supervisors are presented via a number of internal channels using short, concise and easy-to-remember formats. For example, a song regarding the ‘11 behaviors’ of K-Leadership is often broadcast via our in-house radio programs and also played at appropriate occasions. Desktop artwork depicting the 11 K-Leadership behaviors is placed on the desks of supervisory staff at First Vice President and higher levels, as well as on tables in meeting rooms on all floors of our three corporate headquarters buildings (Rat Burana, Phahon Yothin, and Chaeng Watthana). Activities are organized for staff where they may express their views towards intranet campaigns, which feature easy-to-answer questions related to KGroup leadership behavior.

KGroup systematically plans and develops staff skills and expertise via:



K-Leadership Training Program



KGroup personnel potentiality development program

- A training roadmap for all organizational job positions throughout the country - as well as those who work at offices in China - in order to support our branch expansion, wherein all sites must be staffed by personnel trained and competent to KGroup standards.
- Our Management Development Program (MDP) was enhanced in 2011 to include additional courses for senior management study. Each Annual Training Plan for supervisors and staff is meticulously devised in accordance with our established overview for training roadmaps, as well as the MDP, and is within the budget for each department. In-house training facilities assist supervisors in planning their staff members' curricula.
- Study courses that are relevant to staff tasking and financial institution business, e.g., such matters as "compliance in anti-money laundering law", have been provided for employees and others to whom the material is relevant. These courses are given in traditional text as well as e-learning formats. In 2011, the number of participants was 16,628 employees, or 90 percent of total employees.
- All e-learning study courses are regularly updated to keep them relevant. Employees are able to study at anytime and anywhere via devices accessible to online content. In 2011, in-house learning activities were rigorously promoted, doubling the number of employees in attendance over the previous year.

Coursework and Attendance in 2011

Learning Courses in 2011	Number of Topics	Number of Classes	Number of Employees Attending
In-house study courses	263	777	14,056 (83.86%)
External study courses	381	n.a.	734 (4.38%)
e-Learning	131	n.a.**	10,983 (65.53%)

Remarks: ** e-Learning is a self-study program, so its number of classes cannot be counted

* In compliance with the Core Indicators of the Global Reporting Initiatives Guidelines (GRI)

Profile Disclosure	Description
Labor Practices and Decent Work Performance Indicators	
LA 3	Benefits for fulltime employees that are not provided to temporary or part-time employees, by major operations.
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
LA 11	Programs for skills management and lifelong learning that support the continued employability of employee and assist them in managing career ending.
Human Rights Performance Indicators	
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employee trained.

KGroup also promotes and enhances the living standards of KBank staff families via diverse KGroup media, including:

1. Knowledge Sharing

1.1 KASIKORNTV

Our “Suk Kai Sabai Jai” (healthy body and mind) program presents content related to healthcare in a broad range of topics. The “K Style” program presents interesting and worthwhile hobbies that can be balanced between work and leisure time. Also, our “Khui Len Len Yen Wan Suk” (‘Leisurely Talk, Friday Evening’) program is a radio and TV talk show presented on Friday evenings, centering on general beneficial issues related to health, sports, family, shopping, holidays, financial management, tourism, dining places, etc.

1.2 Items carried on Our Lotus Notes System:

- K Life Balance eMagazine is an online magazine presenting lifestyle subject matter for our staff, adhering to a balance between personal lives and work, published every second and fourth Monday of the month.
- K Tips presents useful articles for work and daily life, including physical and mental health care, financial matters, family care, etc., issued as special editions on various occasions including at the New Year,

Songkran, or upon events where employees need special care, such as during outbreaks of influenza.

1.3 KBank Newsletter “Kitchakan Samphan” (business relationship) – Issued every first and third Monday of the month:

- “Suk Kai Di Mi Suk” (Healthiness for Happiness) is a column presenting healthcare-related issues.
- “Mi Di Ma Bok” (Useful Tips to Share) is a column presents good and useful contents
- “Sang Khon Keng Leng Khon Di” (Building and Taking Care of Competent and Good People), which is a column presenting contents related to the enhancement of one’s potential.

1.4 In-House Radio Programs

Our in-house radio programs offer beneficial spots on special occasions. The “Khui Len Len Yen Wan Suk” (‘Leisure Talk, Friday Evening’) program is a radio and TV talk show on Friday evenings. The program presents subject matter on beneficial issues including health, sports, family, shopping, holidays, financial management, tourism, dining places, etc.

2. “KGroup...Healthy Group” activities

Apart from providing knowledge via diverse in-house media, KGroup also organizes an annual “KGroup...Healthy Group” program that campaigns for better healthcare among



KBank newsletter, “Kitchakan Samphan”



“K Life Balance” eMagazine disseminated via KBank intranet system



The 8th Sino-Thai Forum Project, “Empowering Rural Development: Micro-Finance, Agri-Production and Community Organization”



The Painting Contest in Honor of His Majesty the King's 84th Birthday Anniversary

staff and positive relationships between employees and the organization, in accordance with staff interests and the current situation. Highly-experienced physicians have been invited to give tips on “Mental Care, Post-Flooding, Resilience Despite Loss” and other subjects of interest to our staff. These programs are broadcast to branches nationwide via KASIKORNTV.

Social Activities

KASIKORNBANKGROUP has continued to organize various activities for social contribution as per our commitment to take part in social development by giving assistance and supporting post-crisis recovery for alleviating hardship and loss to people. Our notable efforts included:

The 8th Sino-Thai Forum Project, “Empowering Rural Development: Micro-Finance, Agri-Production and Community Organization”

Her Royal Highness Princess Maha Chakri Sirindhorn presided over the 8th Sino-Thai Forum project entitled, “Empowering Rural Development: Micro-Finance, Agri-Production and Community Organization” and gave

a lecture entitled, “Rural Development under the His Majesty the King's Initiatives”. Organized by KASIKORNBANKGROUP, with cooperation of the Chaipattana Foundation and Ministry of Agriculture of the People's Republic of China, this seminar was aimed at sharing knowledge on agricultural management and development for rural areas of Thailand and China in the dimensions of the management of community, enterprise and finance. Knowledge and experiences from the seminar should be useful for participants to upgrade their operations in a more sustainable way, thus benefiting the overall economies and societies of the two countries and strengthening their relationships. KASIKORNBANKGROUP has been the sponsor and organizer of the seminar for eight consecutive years. The event has attracted around 500 Chinese and Thai participants each year.

Projects in Honor of His Majesty the King

On the occasion of His Majesty the King's 84th Birthday Anniversary, December 5, 2011, KASIKORNBANKGROUP invited Thais to pledge loyalty to His Majesty the King and respond to His Majesty's call for unity among Thais. Two main activities were organized during 2011:



Her Royal Highness Princess Maha Chakri Sirindhorn presided over the award ceremony of the painting contest held in honor of His Majesty the King, with the grand prize of a 'Golden Paintbrush.'

Painting Contest in Honor of His Majesty the King
KASIKORNBANKGROUP and the Bangkok Art and Culture Center jointly organized a painting contest in honor of His Majesty the King's 84th Birthday Anniversary. Based on the concept of "Happiness of the People under the Reign of His Majesty the King", the grand prize winner of this art competition was awarded a 'golden paintbrush.' The contest aimed at publicizing valuable artistic works that promote Thai people's realization and appreciation of the graciousness of His Majesty the King, and the unity expressed through living together in peace and harmony under His Majesty's reign with righteousness. Among 260 artists, with 292 artistic works in total, there were 94 award-winning paintings that were selected for display at the exhibition.

The King's Cup KBank Dragon Boat Championship
KASIKORNBANKGROUP, in cooperation with the Rowing and Canoeing Association of Thailand (RCAT) and the Royal Thai Navy, hosted the 2011 King's Cup KBank Dragon Boat Championship in honor of His Majesty the King's 84th Birthday Anniversary. With a history going back more than 2,000 years, dragon boat racing is a traditional Thai sport that



The final round of the 2011 King's Cup KBank Dragon Boat Championship, held on the Chao Phraya River, in front of KASIKORNBANK Rat Burana Main Branch

highly values and promotes the spirit of unity. This sport also represents people's loyalty to His Majesty the King and alignment with His Majesty's call for unity among the Thais.

Tournaments were arranged in all regions across the country, and the winning team of each region was invited to join the final-round competition held on the Chao Phraya River, in front of the KASIKORNBANK Rat Burana Main Branch, on February 2012.

Assistance during Disasters

During 2011, KASIKORNBANKGROUP assistance measures for alleviating hardship among disaster-hit people were as follows:

Campaign of Donation to Flood Victims in Southern Thailand

To help flood-affected people in southern Thailand, donations were transferred to the account of the Princess Pa Foundation, Thai Red Cross Society. Also, K-Credit Cardholders can use their reward points for donations. Every 1,000 KBank Reward Points earned with K-Credit Card spending can be converted to a 100 Baht donation. In addition, 10,000 packs of K Excellence drinking water and

5,000 bags of rice were donated to flood victims via offices of the Bank.

In cooperation with the Thai PBS television channel, KBank helped renovate flood-affected schools in southern Thailand.

At the evacuation center of Kantharalak district, Kantharalak, Si Sa Ket, **bottles of K Excellence drinking water were given to victims of the Thailand-Cambodia border clashes.**

Assistance to Disaster Victims Abroad

Aside from providing assistance measures for victims at home, KBank joined hands with Old Japan Students' Association, Thailand (OJSAT), to help tsunami victims in Japan in March 2011 by opening an account for donations to the 'Tohoku Tsunami Fund.' To provide convenience and help our affected customers there, a measure to help K-Credit Cardholders in Japan was launched, with the offer of an additional credit line for supporting their emergency spending. In case of insufficient credit line, the cardholders can later ask for a temporary increase of credit limit, with other services provided, such as personal assistance for hotel reservations and flight schedule checking.

K-Credit Cardholders in Japan can have a cash advance immediately at any Visa or MasterCard ATM there. In case of a lost PIN code, cardholders can request a new PIN code, which will be provided within one day.

“Helping Each Other in the Thai Spirit”: A Helping Hand from KGroup through the Flood Crisis

Amid massive flooding in mid - to late 2011 inundating vast areas from the Central Region to Bangkok, and severely impacting a large number of people, KGroup staff joined hands to relieve hardship of flood victims, such as donating relief packages and K Excellence drinking water, providing free transportation and launching various assistance measures for our customers and the general public. In addition, a flood relief center was established, with efforts to help rehabilitate damaged communities, temples and schools. Post-flood handbooks providing useful knowledge were also disseminated. In detail:

Establishment of Relief Center

Under the royal initiative and approval of HRH Princess Maha Chakri Sirindhorn, the Kasikornthai Foundation arranged for the establishment and operation of the Chaipattana Foundation Aid and Restoration Center for Flood Victims at Wat Yansangwararam Varamahavihara, Bang Lamung,



KBank joined hands with the Old Japan Students' Association, Thailand (OJSAT), to help tsunami victims in Japan.



The Chaipattana Foundation Aid and Restoration Center for Flood Victims at Wat Yansangwararam, Chon Buri.

Chon Buri. Officers were assigned to provide 24-hour assistance and coordination at this center, which could accommodate 600 flood victims. Food and drinking water were supplied, as well as occupational training and other recreational activities. In addition, an account was opened for donations for the center's operations.

Relief Packages 'Helping Each Other in the Thai Spirit'

KGroup employees with the volunteer spirit joined hands in preparing more than 7,000 relief packages 'Helping Each Other in the Thai Spirit', containing dry food and other necessities. Apart from these relief packages, more than 1,000,000 bottles of drinking water and vital items such as paper toilets and adult diapers were given to flood victims in the severely affected areas of Sing Buri, Lop Buri, Phra Nakhon Si Ayutthaya, etc. and Bangkok, via branch officers and volunteer teams. KGroup also joined hands with government agencies, such as the Royal Thai Army and Navy, the Revenue Department and Nonthaburi City Hall, and charitable organizations such as the Chaipattana Foundation, to give assistance to flood-affected people for ensuring that these packages were delivered to the widest possible areas.



KBank gave relief packages 'Helping Each Other in the Thai Spirit' to flood-affected people.

Free Transportation

KASIKORNBANKGROUP provided free transportation for the convenience of the general public in flood-hit areas from 8 a.m. to 6 p.m., every day, in four routes including Phahon Yothin Road, Phet Kasem Road, Vibhavadi Rangsit Road and Rangsit - Nakhon Nayok Road.

Free copies of "Post-flood Home Renovation" handbook

KASIKORNBANKGROUP offered 400,000 copies of our "Post-Flood Home Renovation" handbook free to flood victims. The handbook provides 21 rules of post-flooding home renovation for homeowners to cope with related problems systematically and safely. Interested persons were able to get this free handbook at the reopened KBank branches in flood-hit areas.

Post-flood Recovery Activities with KGroup

Big Cleaning Day

KGroup invited all employees to join hands with volunteers and local people to clean up and rehabilitate severely flood-affected areas, such as the shine of Chao Phor and Chao Mae Pak Nam Pho; the area in front of the KASIKORNBANK Thanon Sai Asia Nakhon Sawan branch;



KASIKORNBANKGROUP gave free copies of the "Post-flood Home Renovation" handbook to flood-affected people.

the area of the market and Wong Wien Kaset Park, Phra Nakhon Si Ayutthaya; Wat Siri Kumalaward, Bangkok; and Wat Thasung, Uthai Thani. We joined hands with The Mall Department Store, students of the Faculty of Nursing, Siam University and the community near Ban Bang Khae market to clean up the area of the Ban Bang Khae Social Welfare Development Center for Older Persons; and student volunteers from King Mongkut's University of Technology Thonburi and Thammasat University, as well as staff of TV Burapha Co., Ltd. (the 'Kon Kon Kon' TV program) to rehabilitate the buildings of Khok Khem School and Temple, Amphoe Supphaya, Chai Nat. KBank arranged "KBank Big Cleaning by K Home Smiles Club," with a cleaning team consisting of over 300 executives and staff members volunteering to help others clean up flood-hit areas. In addition, we gave cleaning kits to K-Home Loan customers and more than 200 housing projects.

Financial Measures to Aid Customers Hit by the Floods

Based on our assessment of customers' damages caused by the severe flooding situation, additional aid measures were launched. For retail customers who use

K-Home Loan, the Bank reduced the monthly installment amount and extended additional credit limit for home repairs up to the amount of paid installment payments.

For K-Credit Card holders and users of K-Express Cash who were unable to meet the specified debt repayment date, they also received a waiver of late payment penalties, and a reduced monthly installment amount. The monthly payment amount of KLeasing customers was also reduced, and the installment payment period was extended.

"Green at Heart" Project

To commemorate KASIKORNBANK 66th anniversary on June 8, 2011, KASIKORNBANKGROUP organized the "Green at Heart" project, including the campaign entitled, "1 Person, 1 Idea worth 8 Baht for Green Society", which encouraged employees to share ideas and propose water resource preservation guidelines. The Bank contributed 8 Baht for each idea submitted. All proceeds of the project were used for the implementation of wastewater treatment project at Bang Namphueng Floating Market, a community by the Chao Phraya River, Phra Pradaeng District, Samut Prakan. The volunteer-spirit employees learned about the production



KBank joined hands with volunteers and local people to clean up and rehabilitate Wat Siri Kumalaward, Bangkok.



KGroup employees participated in "1 Person, 1 Idea Worth 8 Baht for a Green Society" for the implementation of a wastewater treatment project at Bang Namphueng Floating Market, Samut Prakan.

of the Effective Microorganisms (EM) solution and distributed it to shoppers at the floating market, as well as paddling a boat together with representatives from other agencies to pour the EM solution in the Chao Phraya River.

Other Volunteer-Spirit Activities

- **Coral Planting and Marine Animal Releasing Activity at Samae San Beach, Sattahip, Chon Buri**

KGroup staff participated in coral planting and releasing rare marine animals back to the sea at Samae San Beach, Sattahip District, Chon Buri. They also attended a lecture on seabed preservation and background of artificial coral reef construction, delivered by the Director of the Marine Science and Conservation Center.

- **Coral Planting at Talu Island, Bang Saphan, Prachuap Khiri Khan**

Apart from attending a lecture on seabed preservation delivered by the staff of the Marine Science and Conservation Center, KGroup staff also took part in coral planting in the area around Talu Island, Bang Saphan District, Prachuap Khiri Khan.

- **Creating Artificial Salt Licks and Building Dike at Kui Buri National Park, Prachuap Khiri Khan**
KGroup staff jointly created artificial salt licks for elephants and other wildlife, as well as building dikes, at Kui Buri National Park. They also donated equipment and foodstuffs to officers of Kui Buri National Park to be used in their forest preservation patrols.

Support of Volunteer Camps for Rural Development

Realizing the significance of skill and knowledge development among students, who are the future workforce of the nation, KGroup supported them in spending their free time during the university holidays in doing useful activities, which also helped them to bring their knowledge into practice and disseminate it to benefit communities and society, especially through the self-practice from their field-trip. KGroup has consistently supported students in their volunteer camp projects and any other activities that yield public benefits, so that they can use their knowledge in a concrete manner through rural community development. In 2011, KGroup supported 57 volunteer camps of both private and public universities, including the Livestock Camp to



KGroup staff participated in coral planting and releasing rare marine animals back to the sea at Samae San Beach, Chon Buri.



Activities to create artificial salt licks as well as building dikes, at Kui Buri National Park, Prachuap Khiri Khan

Honor His Majesty the King, of the Student Club, Faculty of Veterinary Technology, Kasetsart University; the Pharmacy Camp to instill health reinforcement ideas to villagers in Buri Ram by the students of Faculty of Pharmacy, Huachiew Chalermprakiet University; the volunteer camp project for rural development to provide legal knowledge to people by students in the Faculty of Law, Thammasat University; the sport camp for youth development by students of the Faculty of Sports Science, Chulalongkorn University, the elephant and forest preservation camp by the Save Thai Elephant Club of Kasetsart University, etc.

KGroup Kathin Robe Presentation

KGroup organized the Royal Kathin Robe Presentation Ceremony in 2011 at Wat Kanchanapisek Anusorn, commonly known as Leng-Noei-Yi Two Temple. Participating in the ceremony were KGroup executives and employees, and the general public, who jointly made donations to the temple and charitable organizations.



KGroup joined hands with our customers and the general public to organize the Royal Kathin Robe Presentation Ceremony in 2011 at Wat Kanchanapisek Anusorn, Nonthaburi.

Support of Environmental and Social Activities

KGroup has persistently supported to the Kasikornthai Foundation's activities to promote education and health of underprivileged children, such as library projects and lunch projects. In addition, assistance has been provided to public and private agencies working on social development, as well as educational institutions, as per the following:

Support on Educational, Art and Cultural Aspects

- The Supreme Artist Project of the Rama IX Art Museum Foundation to honor His Majesty the King for his great artistic talents and contributions. A book and DVD of His Majesty's painting portfolio were prepared, as well as an exhibition held at the Bangkok Art and Culture Center.
- The International Conference on General Education 2012, entitled "Roles and Experiences in Cultivating Global Citizens", organized by the Thai General Education Network, Chulalongkorn University, and the Office of the Higher Education Commission (OHEC)



KBank supported the "Conservation of Koh Sichang" Youth Camp, Chon Buri arranged by the Siam Katanyu Foundation.

- Bangkok's International Festival of Dance & Music in celebration of His Majesty the King's 7th cycle, or 84th Birthday Anniversary
- The International Conference by the Faculty of Motion Pictures and Still Photography, Faculty of Communication Arts, Chulalongkorn University
- The 5th training course on "The Path to Become a Writer", arranged for youth in budget-deficient educational institutions, under the Office of the Coordination Committee for Cultural Promotion in Youth
- The 12th university-level speech contest to honor His Majesty the King, organized by the Alumni Association of Chulalongkorn University
- A seminar entitled "Investment for the Future" to acquire scholarships and subsidies for Thai students who have been accepted to further their study at Cambridge University, the United Kingdom, of the Cambridge Thai Foundation, under the patronage of Her Majesty the Queen
- The Sermon of the Last Great Incarnation Story of the Buddha 2011 Project of the Buddhist Association of Thailand

- The International Symposium on Business and Industrial Statistics (ISBIS 2012) of the Faculty of Commerce and Accountancy, Chulalongkorn University

Support on Social and Environmental Aspects

- Donation to buy medical equipment for Phaholpolpayuhasaena Hospital, Kanchanaburi
- Anti-corruption campaign projects
- The Marine Animal Preservation and Breeding Project to honor His Majesty the King, at Laem Ngop, Trat

Plan for CSR Activities in the Future

KASIKORNBANKGROUP remains determined to be an organization that operates under the Statement of Corporate Governance Principles along with ultimate social responsibility, through the combination of CSR policies in the work process and business undertaking procedure of all departments as per international standards. All groups of stakeholders have been taken into consideration based on common benefits so that Thai society can step forward with stability and sustainability.



KGroup supported "Sai Jai Thai Day" event.



Anti-corruption campaign project at Lumpini Park