



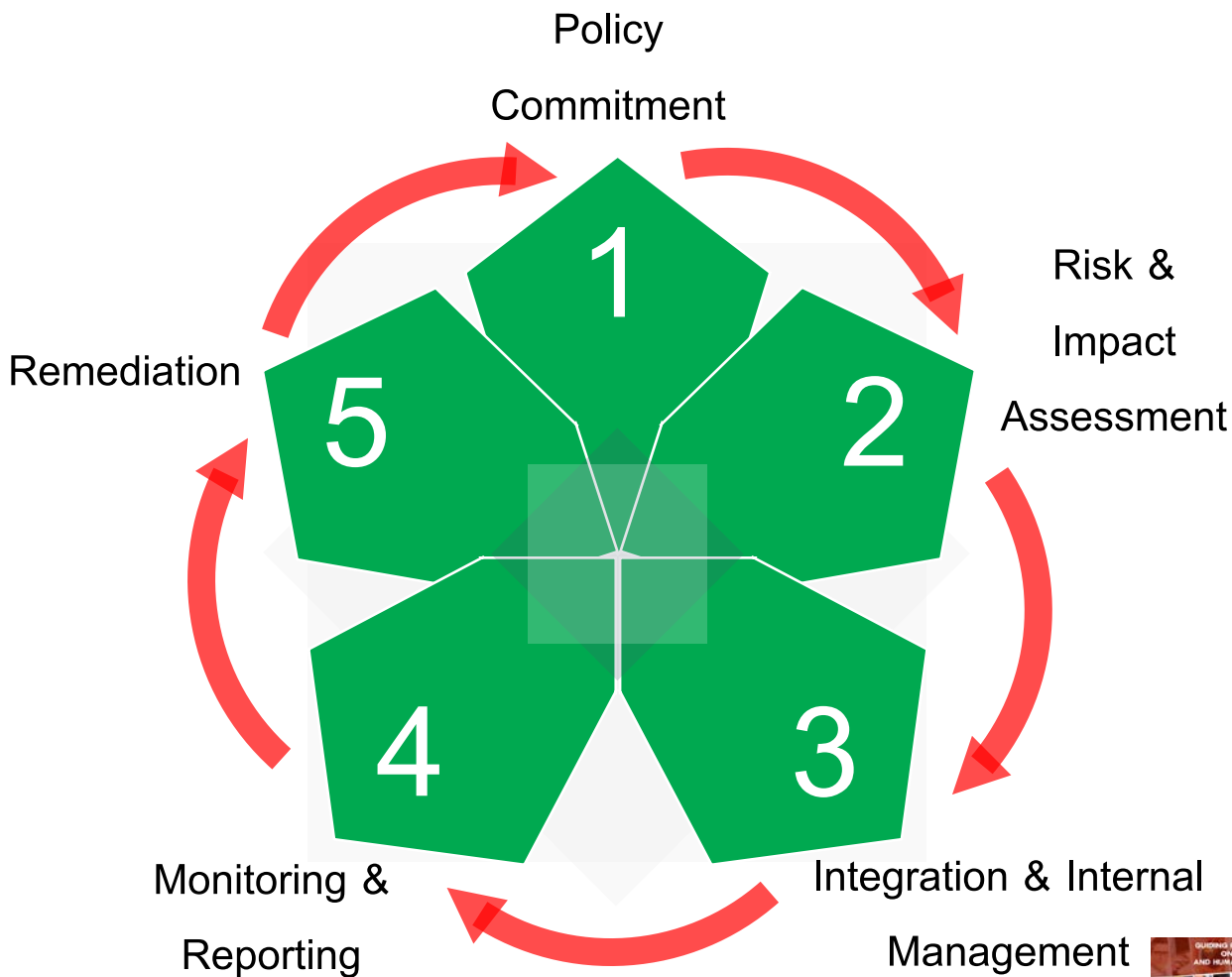
Human Rights Due Diligence

2019 Progress Update



Human Rights Due Diligence Process

KBank's human rights due diligence process has been developed in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs).



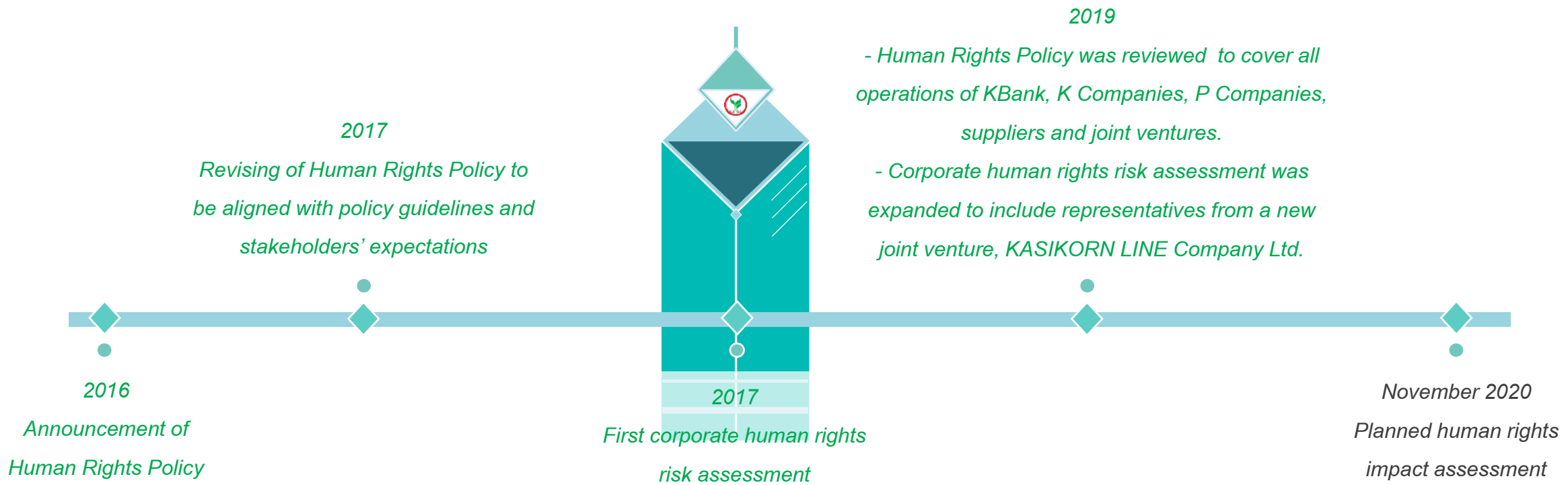
- 1 Policy Commitment: Announcement of Human Rights Policy
- 2 Risk and Impact Assessment: Assessment and analysis of actual and potential human rights impacts
- 3 Integration and Internal Management: Integrate findings to activities and ensure effective implementation
- 4 Monitoring and Reporting: Regularly monitor and report on human rights performance
- 5 Remediation: Remediate adverse human rights impacts (if any)

Reference: UN Guiding Principles on Business and Human Rights (UNGPs)



KBank's Human Rights Journey

Since organizing our first corporate human rights risk assessment in 2017, KBank has embarked on a human rights journey to integrate human rights principles into all our activities. In 2019, we focused on strengthening our human rights awareness through expanding coverage of human rights risk assessment and organizing human rights trainings.





1

Policy Commitment

- KBank is committed to sustainable business operations. We recognizes that respect for human rights is an important responsibility associated with employees, customers, suppliers, and joint ventures. Therefore, Kbank has established a human rights policy that conforms to key legal principles and international standards such as UNGPS, ILO, UNGC.
- The Policy applies across the operations of KBank and other companies in KASIKORNBANK FINANCIAL CONGLOMERATE, as well as suppliers and joint ventures. All have the responsibility to respect human rights and to comply with the laws and regulations governing the protection of human rights at the national and international levels.
- To promote compliance with the Human Rights Policy, KBank has published a Human Rights Due Diligence Guideline and has arranged regular human rights training to enhance the knowledge, understanding, and awareness of human rights principles for employees.

Human Rights Policy

KBank is committed to sustainable business operations. We recognize that respect for human rights is an important responsibility associated with employees, customers, suppliers, and joint ventures. Therefore, KBank has established a human rights policy that conforms to key legal principles and international standards, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), principles of humanity and rights in accordance with the International Labor Organization (ILO), and Principles of the United Nations Global Compact (UNGC). KBank's human rights policy is designed as the guideline for corporate-wide implementation.

Scope
This policy applies across the operations of KBank and other companies in KASIKORNBANK FINANCIAL CONGLOMERATE as well as suppliers and joint ventures. All have the responsibility to respect human rights and to comply with the laws and regulations governing the protection of human rights at the national and international levels.

Human Rights Due Diligence
KBank has established guidelines for human rights management and due diligence practices by carrying out assessments of risks and human rights-related impacts, preventive and remedial measures in the event of human rights violations, monitoring and reporting of implementation results, and providing channels for receiving and handling human rights-related complaints. An annual revision of the human rights policy is included as well. Additionally, KBank has arranged a series of trainings and communications to enhance knowledge, understanding, and awareness of human rights principles for employees on a regular basis to prevent human rights violations. The management guidelines cover the following stakeholders:

Customer

Lending
KBank has identified human rights as one of the factors in considering credit approval. As stated in the Environmental, Social, and Governance (ESG) policy, lending transactions must not link to businesses or activities involved with a human rights violation, e.g., human trafficking or exploitation as defined by the laws, social morality, and practices of each industry.

Investing
KBank has incorporated human rights issues in our investment analysis, decision-making process, and portfolio construction across all asset classes. ESG aspects are integrated into our investment policy.

Market conduct
KBank has established a market conduct policy and procedure detailing fair service provision to customers. This covers pre-sales, during, and after-sales service processes in order to provide complete and accurate information about financial products and services to customers and ensure that any sales pitch or service is truthfully and honestly offered to all customers.

Customer data protection
KBank has established a customer data protection policy with regulations to manage customer data, operating guidelines to access customer information, and procedures for the disclosure of customer information to third parties and external organizations in order to manage customer data properly without violating customer privacy.

Details of Human Rights Policy can be found at KBank website:
https://www.kasikornbank.com/en/IR/CorporateGovernance/transparency/Pages/Human_Rights_Policy.aspx



2 Risk and Impact Assessment (1)

KBank has analyzed and assessed human rights risks and impacts by the following steps:

3 IDENTIFY MITIGATION MEASURES

Identify how each inherent risk is being managed through existing mitigation measures and/or controls.

1 IDENTIFICATION

- Identify all potential human rights issues associated with KBank business activities.
- Consider affected stakeholders, including vulnerable groups (i.e. women, children, migrant worker, third-party contracted labor, indigenous people, and people with disabilities) in this process

2 RANK INHERENT RISKS

(Risk level before considering its exiting mitigation measures and/or controls)

Conduct human rights inherent risk assessment. *In 2019, KBank revisited human rights risks identified in 2018 and updating their risk levels if necessary.*

4 RANK RESIDUAL RISKS

(Risk level after considering its exiting mitigation measures and/or controls)

Rank residual risks and prioritize human rights salient issues.

2 Risk and Impact Assessment (2)

1 IDENTIFICATION

- KBank identified all potential human rights issues associated with KBank functions through peer benchmarking, media analysis, review of existing human rights risks and impacts, and concerns communicated by civil society actors
- In 2019, the scope of risk assessment was expanded to include KASIKORN LINE Company Limited as a joint venture.

Customers

Employees

Suppliers

KBank and
KASIKORN
FINANCIAL
CONGOMERATE

Retail customers:

1. Security and protection of customer data
2. Market conduct and misspelling

Corporate customers:

1. Employment of legal workers and employee treatment based on recognized occupational health standard
2. Right to use land/ public water resource and communities' land ownership
3. Impact on people's way of life, occupation, migration, health of local residents and compensation to the community
4. Environmental impact

1. Working conditions
2. Occupational health and safety of employees related to stress
3. Discrimination
4. Security and protection of employee's data
5. Freedom of association

1. Employment of legal workers and employee treatment based on recognized occupational health standard
2. Occupational health and safety of suppliers
3. Impact on people's way of life, occupation, migration, health of local residents and compensation to the community
4. Protection of customer data security and privacy

KASIKORN LINE
Company Limited,
a joint venture of
KBank

1. Protection of customer data privacy
2. Standard of living
3. Financial exclusion
4. Discrimination

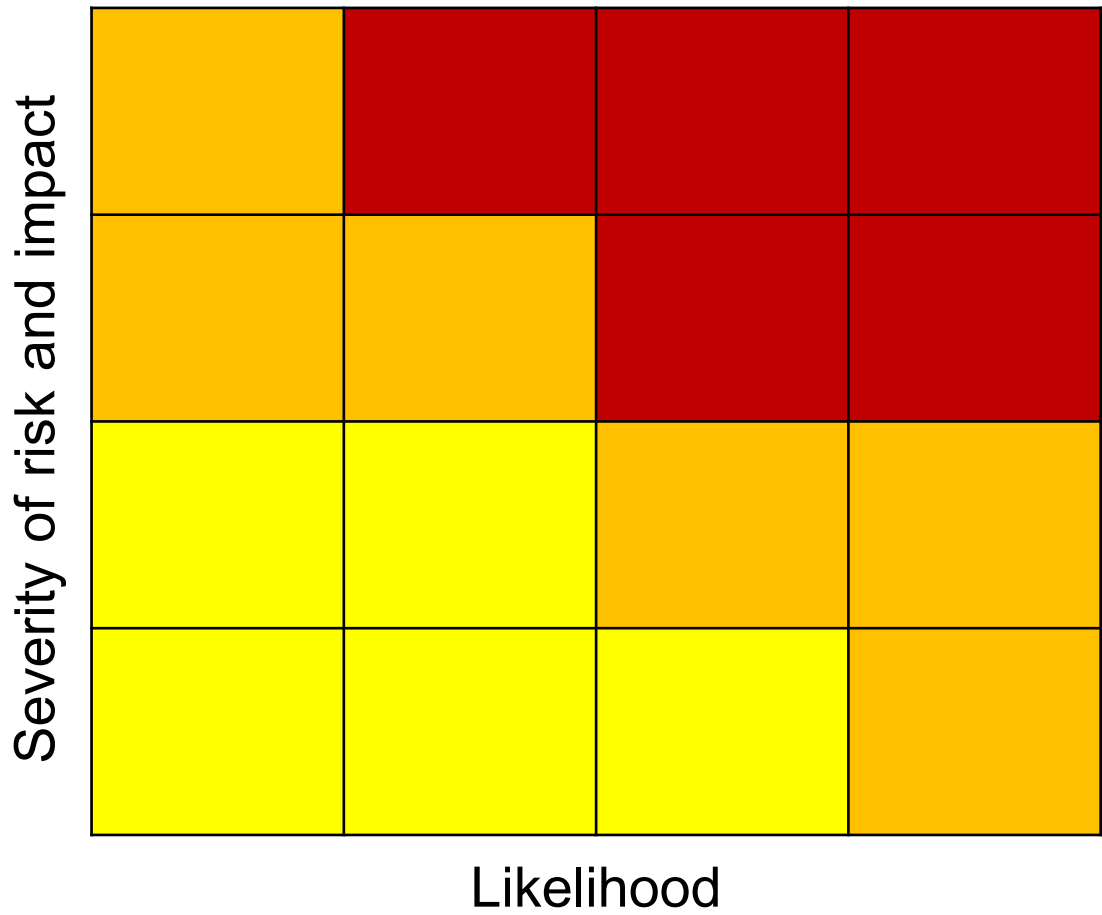
1. Working conditions (i.e. work stress and overtime)
2. Discrimination
3. Freedom of association

1. Employment of legal workers and employee treatment based on recognized occupational health standard
2. Impact on people's way of life, occupation, migration, health of local residents and compensation to the community
3. Protection of data security and privacy



2 Risk and Impact Assessment (3)

2-4 RANK INHERENT RISKS, EVALUATE MITIGATION MEASURES, AND RANK RESIDUAL RISKS.



Human Rights Matrix

Human rights risk assessment is done based on the impacts created on rights holders, especially considering vulnerable groups. Risks are placed on a 4x4 matrix, whereby the y-axis is severity of risk and impact and the x-axis is likelihood of the risk occurring. Risks are assessed and categorized as one of three levels:

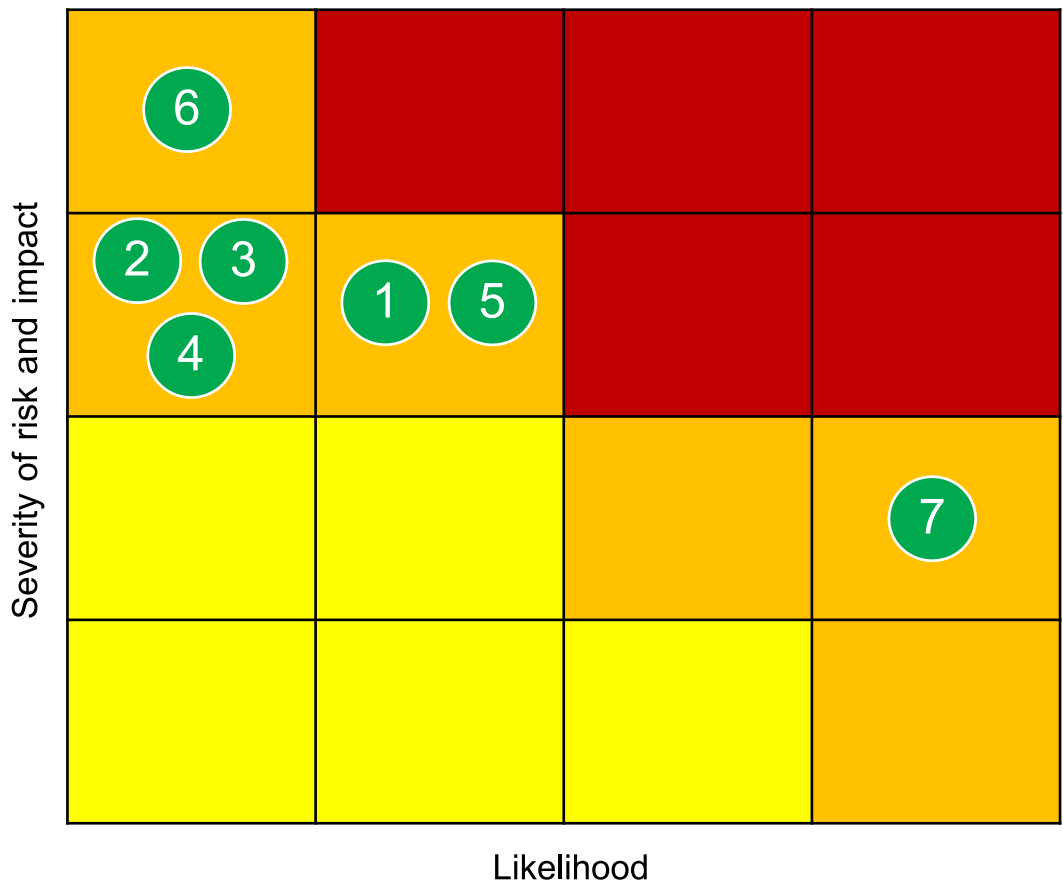
High	High risks are human rights salient issues that need to be addressed with additional mitigation measures.
Medium	Medium risks are human rights salient issues that are mitigated to some extent, but need additional mitigation measures.
Low	Low risks are human rights risks that are presently adequately mitigated, and should be monitored regularly for changes.

In 2019, human right issues that were ranked at high and medium levels will be considered as salient issues for KBank



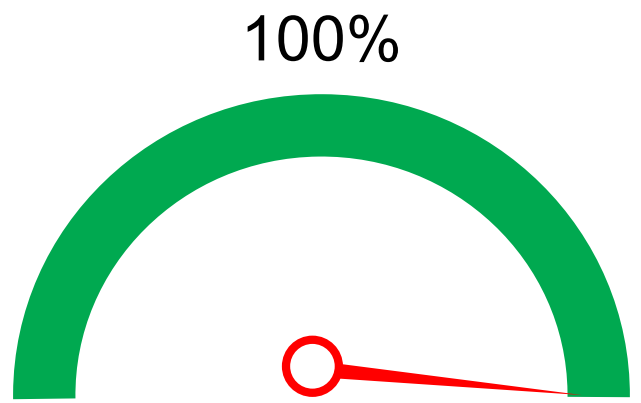
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Risk and Impact Assessment (4): Salient Issues in KBank's Own Operations



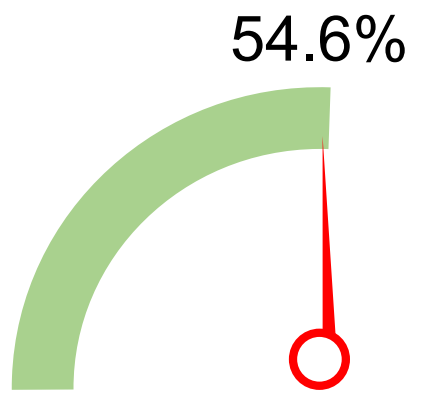
- ### 2019 KBank's Human Rights Salient Issues
1. Security and protection of customer data (KBank retail customers)
 2. Employment of legal workers and employee in project finance
 3. Right to use land/ public water resource and communities' land ownership in project finance
 4. Impact on people's way of life, occupation, migration, health of local residents and compensation to the community in project finance
 5. Occupational health and safety of employees related to stress (KBank employees)
 6. Protection of customer data privacy (KASIKORN LINE customer)
 7. Working conditions i.e. work stress and overtime (KASIKORN LINE employees)

2 Risk and Impact Assessment (5): Overview of Results for KBank's Own Operations



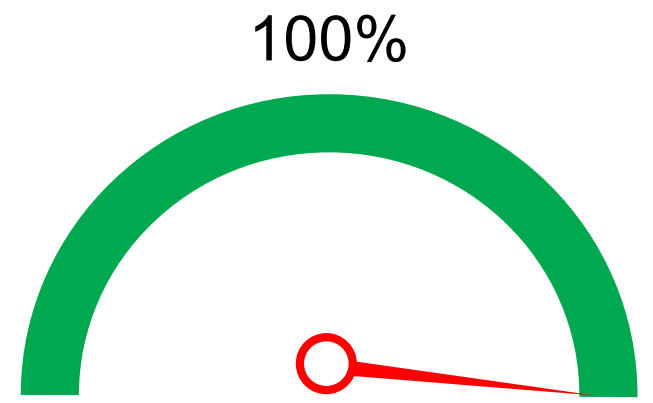
100% of KBank operations and business activities were assessed, including joint ventures with management control

- 886 domestic branches
 - 1 central office
 - 40 subsidiaries
- 1 joint venture with management control



54.6% of business activities in value chain in KBank's own operations with human rights risk

- Working conditions
- Health and safety
- Data privacy and security
- Labor practices
- Land rights
- Community rights



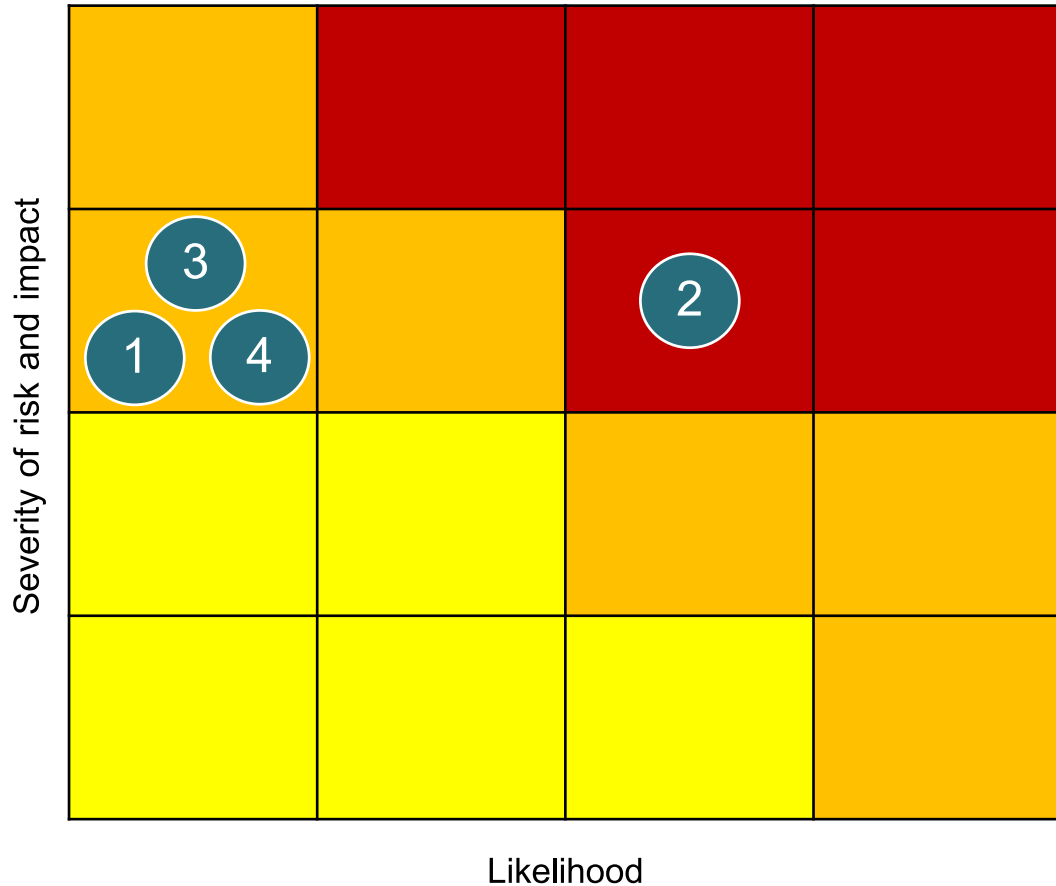
100% of KBank business activities in direct operation with human rights risk have mitigation measures and remediation process implemented

More information is available in KBank Sustainability Report 2019, page 106 – 109.



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Risk and Impact Assessment (6): Salient Issues in KBank's Supply Chain



2019 KBank Suppliers' Salient Issues

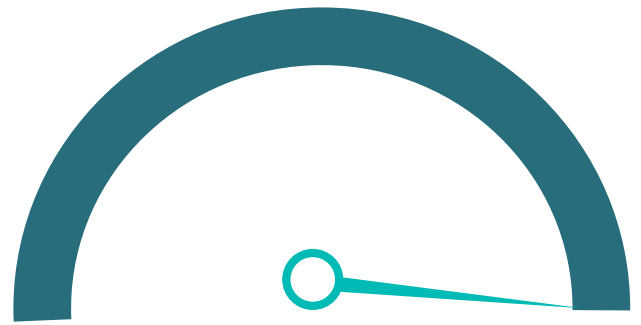
- 1 Protection of customer data security and privacy (KBank's IT suppliers)
- 2 Occupational health and safety of suppliers involved in transportation of goods (KBank's Non-IT suppliers)
- 3 Occupational health and safety of suppliers involved in billboard installation (KBank's Non-IT suppliers)
- 4 Protection of data security and privacy (KASIKORN LINE IT suppliers)



2

Risk and Impact Assessment (7): Overview of Results for Supply Chain

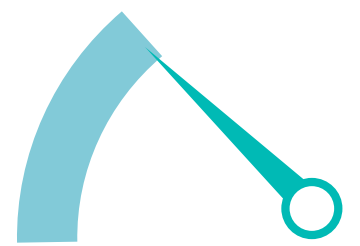
100%



100 % of total KBank' suppliers were assessed.

- 181 suppliers of Tier-1

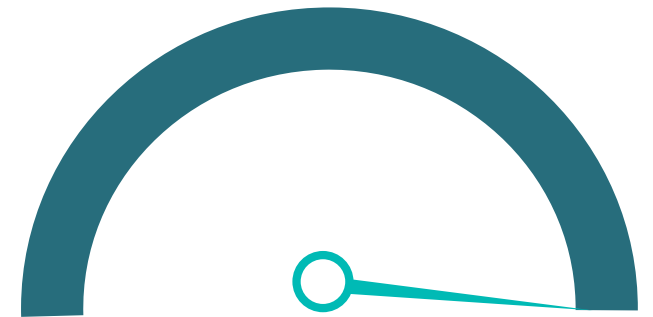
28.18%



28.18% of Tier-1 suppliers and contractors with human rights risk

- Health and safety
- Data privacy and security

100%



100% of assessed suppliers with human rights risk have mitigation measures and remediation process implemented



3 Integration & Internal Management (1): KBank's Salient Issues



RISK



1. Security and protection of customer data

(Retail customers of KBank)



MITIGATION

- Use of customers' data for marketing without consent
- Customer data leakage by internal party
- Potential cyberattack by third parties

- Establishment of Digital-oriented Risk, Data And Cyber Security And IT Risk Management (DCSC) and Data Governance Sub-committee
- Implementation of policies and operational procedures related to information and data security e.g. customer data protection policy, data quality policy, etc.
- Determine six cyber security risk management strategy
- Data leakage detection and prevention system
- Promotion of cyber security culture to our BOD, senior management, employees, customers and suppliers

3 Integration & Internal Management (2): KBank's Salient Issues



2. Employment of legal workers and employee in project finance (Corporate customers of KBank)



- Forced labour
- Improper working conditions (i.e. unsafe working environment, delayed and unfair payment, long working hours)

- KBank's credit policy takes into account environmental, social and governance (ESG) risks.
- KBank's credit operations structure exhibits responsibility towards the environment, society and governance.
- Credit underwriting based on Sector-Specific guideline and exclusion lists
- Environmental, Social, and Governance (ESG) credit assessment process
- External party examination on environmental and social issues
- Compliance with host countries and internationally standards (for project finance abroad)

3 Integration & Internal Management (3): KBank's Salient Issues



RISK

- Risk of forced relocation
- Improper resettlement



3. Right to use land/ public water resource and communities' land ownership in project finance

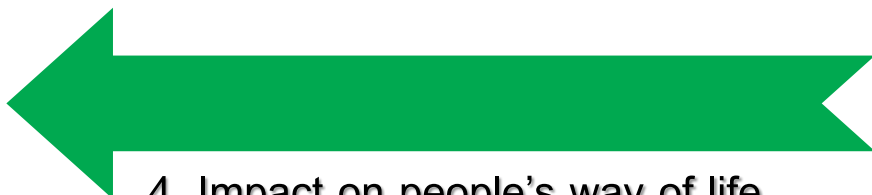
(Corporate customers of KBank)



MITIGATION

- KBank's credit policy takes into account environmental, social and governance (ESG) risks.
- KBank's credit operations structure exhibits responsibility towards the environment, society and governance.
- Credit underwriting based on Sector-Specific guideline and exclusion lists
- Environmental, Social, and Governance (ESG) credit assessment process
- External party examination on environmental and social issues
- Compliance with host countries and internationally standards (for project finance abroad)

3 Integration & Internal Management (4): KBank's Salient Issues



4. Impact on people's way of life, occupation, migration, health of local residents and compensation to the community
(Corporate customers of KBank)



- Adverse impact on local communities' quality of life
- Relocation of local communities, caused by the project that bank invests

- KBank's credit policy takes into account environmental, social and governance (ESG) risks.
- KBank's credit operations structure exhibits responsibility towards the environment, society and governance.
- Credit underwriting based on Sector-Specific guideline and exclusion lists
- Environmental, Social, and Governance (ESG) credit assessment process
- External party examination on environmental and social issues
- Compliance with host countries and internationally standards (for project finance abroad)

3 Integration & Internal Management (5): KBank's Salient Issues



- Stress
- Muscle pain and/or back pain after sitting and working for a long time
- Office syndrome



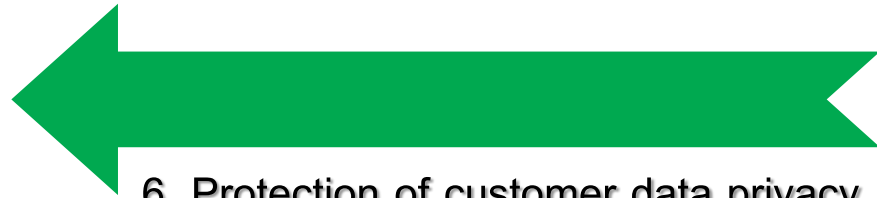
5. Occupational health and safety of employees related to stress (Employees of KBank)



- Occupational Safety and Health, and Workplace Environment Policy
- Activities to promote mental health and build cordial relationship e.g. stress management program, K Spirits, etc.
- Provision of desirable equipment and environment in workplace
- Flexible working arrangement and work from home e.g. providing of Co-Working space



3 Integration & Internal Management (6): KBank's Salient Issues



6. Protection of customer data privacy (Customers of KASIKORN LINE)



- Data leakage (from both system & human fraud)
- Risk from cybersecurity attack

- Data Encryption on Personal Identity Information (PII) at field level
- Implementing Firewall to protect on Infrastructure
- Implementing Threat Detection and Prevention
- Implementing Endpoint Detection Restriction (EDR) in both Client/Server
- Using HTTPS communication between Server to Server

3 Integration & Internal Management (7): KBank's Salient Issues



7. Working conditions
i.e. work stress and overtime
(Employees of KASIKORN LINE)



- Work-related stress
- Overtime work

- Providing the appropriate employees' welfare and benefits
- Setting up a flexi-hours policy
- Implementing employee relation activities

3

Integration & Internal Management (8): KBank's Salient Issues in Supply Chain



1. Protection of customer data
security and privacy
(IT suppliers of KBank)

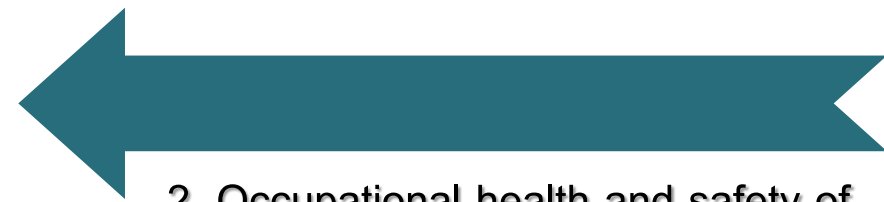


- Risk of data leakage from storing data into internal server, and suppliers who handle critical software and have access to internal server

- Announcing the policy on the outsourcing of IT service to outside suppliers and on the management of the IT suppliers
- Assigning KBTG, a subsidiary of KBank, to oversee the operations of key software
- Acknowledging of the Supplier Code of Conduct
- Evaluating supplier's compliance with the Supplier Code of Conduct

3

Integration & Internal Management (9): KBank's Salient Issues in Supply Chain



2. Occupational health and safety of suppliers involved in transportation of goods

(Non-IT suppliers of KBank)



- Safety risk of employees who use motorbike for transportation
- Road accident while delivering money or goods

- Acknowledging of the Supplier Code of Conduct
- Evaluating supplier's compliance with the Supplier Code of Conduct
- Introducing new conditions and penalties should there be any breach of regulations, and/or laws related to the environment, human rights, unfair labor practices and fail to meet occupational health and safety standards
- Occupational Safety and Health, and Workplace Environment Policy

3

Integration & Internal Management (10): KBank's Salient Issues in Supply Chain



3. Occupational health and safety of suppliers involved in billboard installation

(Non-IT suppliers of KBank)



- Risk from working at height place (i.e. installing advertisement poster)

- Acknowledging of the Supplier Code of Conduct
- Evaluating supplier's compliance with the Supplier Code of Conduct
- Introducing new conditions and penalties should there be any breach of regulations, and/or laws related to the environment, human rights, unfair labor practices and fail to meet occupational health and safety standards
- Occupational Safety and Health, and Workplace Environment Policy

3

Integration & Internal Management (11): KBank's Salient Issues in Supply Chain



- Risk of data leakage from suppliers who handle critical software and have access to internal server



4. Protection of data security and privacy
(IT suppliers of KASIKORN LINE)



- Using service of an external service provider who has data security management policy, and good practices for handling critical software



4 Monitoring and Reporting

Open channels for reporting human rights violation



Details of whistle-blowing and communication channels can be found in our Sustainability Report 2019, page 43 and 47, please visit

https://www.kasikornbank.com/en/sustainable-development/SDAnnualReports/2019_SD_EN.pdf.

KBank is committed to respecting the human rights of all stakeholders, and will take the necessary actions to prevent any possible human rights violation by developing new mitigation measures and enhancing the existing ones. In order to do so, KBank reviews human rights due diligence annually. Results from the human rights due diligence will be utilized for more effective prevention, and performance will be communicated to internal and external stakeholders.

Therefore, KBank provides communication channel for both internal and external stakeholders to report human rights violations or make complaints. This gives KBank an opportunity to conduct further investigation, as well as provide adequate remediation to affected stakeholders.



5 Remediation

Remediation actions taken in 2019

In 2019, KBank had **no cases of human rights violation**, nor concerns or grievances related to human rights submitted. Thus, there were no remediation actions necessary.