



KASIKORNTHAI

Sustainability
Report 2018

Bank of Sustainability

**GREEN
DNA**

ECONOMY

ENVIRONMENT

SOCIETY

ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ



ธนาคารกสิกรไทย
开泰银行 KASIKORNBANK



หลักทรัพย์จัดการกองทุนกสิกรไทย
开泰基金管理 KASIKORN ASSET MANAGEMENT



ศูนย์วิจัยกสิกรไทย
开泰研究中心 KASIKORN RESEARCH CENTER



หลักทรัพย์กสิกรไทย
开泰证券 KASIKORN SECURITIES



ลีสซิ่งกสิกรไทย
开泰租赁 KASIKORN LEASING



แฟคเตอรี แอนด์ อีควิปเมนต์ กสิกรไทย
开泰设备融资 KASIKORN FACTORY AND EQUIPMENT



กสิกร เทคโนโลยี กรุ๊ป เซครเทเรียต
开泰技术集团管理 KASIKORN TECHNOLOGY GROUP SECRETARIAT



กสิกร แล็บส์
开泰研发 KASIKORN LABS



กสิกร ซอฟต์
开泰软件 KASIKORN SOFT



กสิกร โปร
开泰信息基础设施 KASIKORN PRO



กสิกร เซิร์ฟ
开泰服务 KASIKORN SERVE



กสิกร เอกซ์
开泰爱科思有限公司 KASIKORN X



Bank of Sustainability

KBank conducts business with the foundation of Bank of Sustainability, with appropriate risk management and good corporate governance principles.

We strive to balance economic, social, and environmental dimensions to achieve goals and create sustainable long-term returns.

The philosophy of sustainable development is instilled in all our operations as part of our Green DNA, ensuring maximum benefit for all stakeholders and paving the way for sustainable growth.



CUSTOMER CENTRICITY

Multi-
Corporate
Business

Large
Corporate
Business

Mass

Medium
Business



KASIKORNTHAI

Middle
Income

Small &
Micro
Business

Affluent

High
Net Worth
Individual

Vision

KASIKORNBANK aims to be a most innovative, dynamic, and proactive customer-centric financial institution that creates sustainability for all stakeholders.

Mission

KASIKORNBANK aims to harmoniously combine technology and human resources to sustainably create world-class quality financial services, so as to achieve optimal benefits for all stakeholders.

Core Values

- Customer Centricity
- Organization-Wide Teamwork
- Professionalism
- Innovation

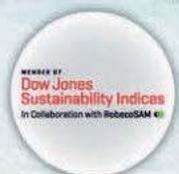
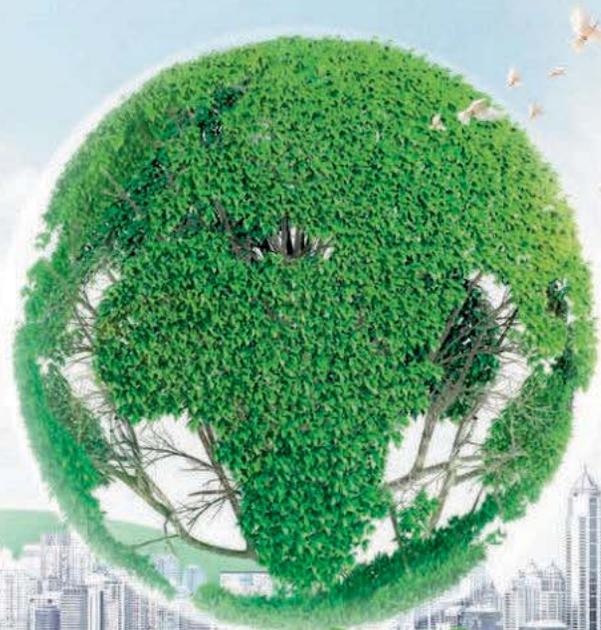
KASIKORNBANK

A Bank of Sustainability

We are Thailand's leading financial conglomerate.

We embrace sustainable development in the economy, society, and environment.

Sustainable development is the foundation of all we do,
because sustainable development ensures the maximum benefit for all stakeholders,
and paves the way for the sustainable growth of Thailand.



Dow Jones Sustainability Indices (DJSI)
The first and only bank in Thailand and ASEAN selected as a member of the DJSI for three consecutive years (2016 - present)



FTSE4Good Emerging Index
Selected as a constituent of the FTSE4Good Emerging Index for three consecutive years (2016 - present)



Thailand Sustainability Investment (THSI)
Included in the Thailand Sustainability Investment (THSI) for three years (2015, 2017 - present)



The ESG 100 Certificate
Granted the ESG 100 Certificate as one of 100 listed companies that have outstanding Environmental, Social and Governance (ESG) performance for three consecutive years (2016 - present)



Bloomberg Gender-Equality Index (GEI)
The first and only company in Thailand selected as a member of the Bloomberg Gender-Equality Index 2019



Carbon Neutral Certification
The first and only commercial bank in Thailand granted this certification (2018)



The first Thai and ASEAN bank to launch sustainability bond



Thailand's Top Corporate Brand Value
Awarded Thailand's Top Corporate Brand Value for two consecutive years (2017 - present)

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Statement of the Board of Directors



Amid a global economic recovery, the Thai economy prospered in the first half of 2018, especially exports and tourism, whilst the second half of the year saw a more subdued performance due to growing uncertainties in the world economy and limited support from private consumption and investment. Business undertakings by commercial banks face a number of challenges, including technological advancements, the competitive environment, cancellation of fees for financial transactions via digital channels, regulatory requirements, and global climate conditions, all of which may present both opportunities and threats to business operations.

KASIKORNBANK (KBank) is a mechanism to drive the national economy. We conduct business with the foundation of Bank of Sustainability and strive to balance the three dimensions, namely the economy, society, and environment, with good corporate governance principles and appropriate risk and cost management. We uphold our “Customer Centricity” strategy and aspire to become our “Customers’ Life Platform of Choice”. Cooperation has been forged between KBank, K Companies, and our business partners. We endeavor to be a “Data-Driven Bank”, focusing on data management and data analytics for decision-making towards enhancing our competitiveness and business efficiency for sustainable growth under our resolution to offer excellence in service.

In 2018, KBank and its subsidiaries reported Baht 38,459 million in net profit, rising Baht 4,121 million or 12.00 percent over the previous year, mostly from lower impairment loss on loans and debt securities in line with KBank’s asset quality. Net interest income rose Baht 4,377 million or 4.65 percent over-year, resulting in Net Interest Margin at 3.39 percent. Non-interest income dropped Baht 5,750 million or 9.17 percent over-year, mainly due to the cancellation of fees for financial transactions via digital channels and a decrease in net premiums earned - net. In this regard, KBank’s capital remained higher than the criteria set by the Bank of Thailand, reflecting the continued strength of our capital position. The Capital Adequacy Ratio (CAR) of KASIKORNBANK FINANCIAL CONGLOMERATE, according to the Basel III Accord, stood at 18.32 percent, with a Tier 1 capital ratio of 15.90 percent.

KBank is emphasizing risk management and cyber security along with maintaining growth and our position as a leader in digital banking services in Thailand. KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) are innovative in our development of new products and services. In 2018, KBank launched a new version of K PLUS application with the concept “With change, we understand you better” to perfectly match the lifestyle of each individual user and connect them with platforms of various business partners. Currently, there are 10 million K PLUS users, with transactions of 5,188 million items per year or 70-percent growth compared to 2017. Development has been finalized for a payment platform that links large companies with retail customers and financial innovations for SME customers. Other notable innovations include the Pay with K PLUS service on the Facebook Messenger platform, cooperation with Grab to create a digital lifestyle ecosystem, and establishment of KASIKORN LINE COMPANY LIMITED to offer a novel financial service experience for LINE users with new service offerings in 2019. In addition, a wide variety of service channels are offered to cater to all customer segments across Thailand.

Regarding global business undertakings, KBank is determined to become an “AEC+3 Bank” via a strategy of regional expansion with respect to general banking and digital banking sectors. KBank has 75 bank partners in 13 countries and 17 overseas service networks in 9 countries. In 2018, a real-time service was launched for transfer of funds from Singapore, while payment via e-Wallet was introduced in Lao People’s Democratic Republic. In addition, KASIKORN VISION COMPANY LIMITED was formed to function in joint investments, searching for pioneering digital technologies worldwide. The aim is to become the “Regional Life Platform of Choice”, furthering business expansion in the AEC+3 market to accommodate new customers in the future. Our representative offices in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar are aimed to be upgraded to acquire branch status in the future.

In the social dimension, KBank aims to be a good corporate citizen and create sustainable results for society and the country, focusing on cooperation with communities, public and private agencies, and all networks. Notable examples include the “100,000 Chuamong Chaun Kan Tham Di Tham Dai (100,000 Volunteer Hours)” project, providing supplemental education to young people via the AFTERCLASS website, the Cultivation of Wisdom project to develop the thinking processes of teachers and students, and a project designed to add value to organic waste in Nan province and provide donations, emergency assistance, and other staff activities based on KBank’s “Green

DNA” resolution. Amid the demographic change towards an aging society that has led to a relative decrease in Thailand’s working-aged population, KBank has employed a data-driven format for HR analytics in all processes of HR management, from recruitment to staff potential enhancement and engagement creation. We understand the need to develop successors who can grow alongside the organization in the future. KBank emphasizes an open-mindedness and respect for staff diversity inclusive of gender, age, education, race, religion, and physical condition. Equal access to jobs is integral to the culture of KBank and K Companies, with fair and competitive welfare and returns, alleviation of risk of human rights violations, and supervision of occupational hygiene and safety, to ensure a happy workplace for all employees. Our strong and consistent support of our employees has earned us the acceptance and recognition of both Thai and international organizations. The Bank ranked 8th in the Global 2000: World’s Best Employers 2018 by Forbes magazine and is the first and only company in Thailand to be included in the 2019 Bloomberg Gender-Equality Index (GEI).

In terms of the environment, the 196 countries including Thailand that are members of the United Nations Framework Convention on Climate Change (UNFCCC) are committed to keeping the global temperature rise this century below 2 degrees Celsius. KBank’s Board of Directors has assigned Chief Executive Officer the role of Chief Environmental Officer, to lead KBank’s environmental operations. In 2018, KBank became the first and only commercial bank in Thailand to achieve “Carbon Neutral” status and the first Thai and ASEAN bank to launch sustainability bonds to finance projects that will provide environmental and social benefits. KBank also considers Environmental, Social, and Governance (ESG) factors in our credit underwriting processes. In the long term, KBank aims to help create a zero-carbon society based on three dimensions. Firstly, our business is geared towards financial product and service innovations that promote environmental conservation, including the extension of credits for energy and environmental conservation. Secondly, our environmental management is focused on achieving zero carbon emissions. In 2018, greenhouse gas emissions from KBank’s operations decreased by 13.77 percent (with 2012 as the base year), comparing with the long-term target of reducing greenhouse gas emissions from our operations by 20 percent within 2020. Thirdly, KBank is working with communities by providing support to the “Rak Pa Nan (Care for Nan Forest)” project, as part of a strategy to preserve and rehabilitate Nan’s forest resources, promote alternative careers for the sustainable cohabitation of humans and forests, and enhance the sense of responsibility and consciousness of children and youth related to natural resource conservation via cooperation between Nan communities and the public and private sectors. As a major financial institution of the country, KBank has participated in a move propelling the Nan Sandbox project (NSP) in order to revolutionize and seek new alleviation methods for the problems of depleted natural resources in a sustainable manner, based on Pracharat (Civil Society) scheme. This will promote cooperation among local communities, government agencies and related networks. NSP will serve as a platform to experiment the new management concept and problem-solving methods, which will be replicated in other provinces across the nation.

Our business operations in all above dimensions have earned recognition among leading Thai and international organizations. KBank is the first Thai and ASEAN bank to be selected as a component of the Dow Jones Sustainability Indices (DJSI) 2018, including the DJSI World Index and the DJSI Emerging Markets Index, for three consecutive years. It has also been included as a constituent of the FTSE4Good Emerging Index for three consecutive years. We have also been included in Thailand Sustainability Investment List 2018 of the Stock Exchange of Thailand for three years. Apart from this, our efforts were affirmed by many other accolades over the past year.

On behalf of KASIKORNBANK’s Board of Directors, executives, and employees, I would take this opportunity to express our sincere appreciation for your continued trust in our business.

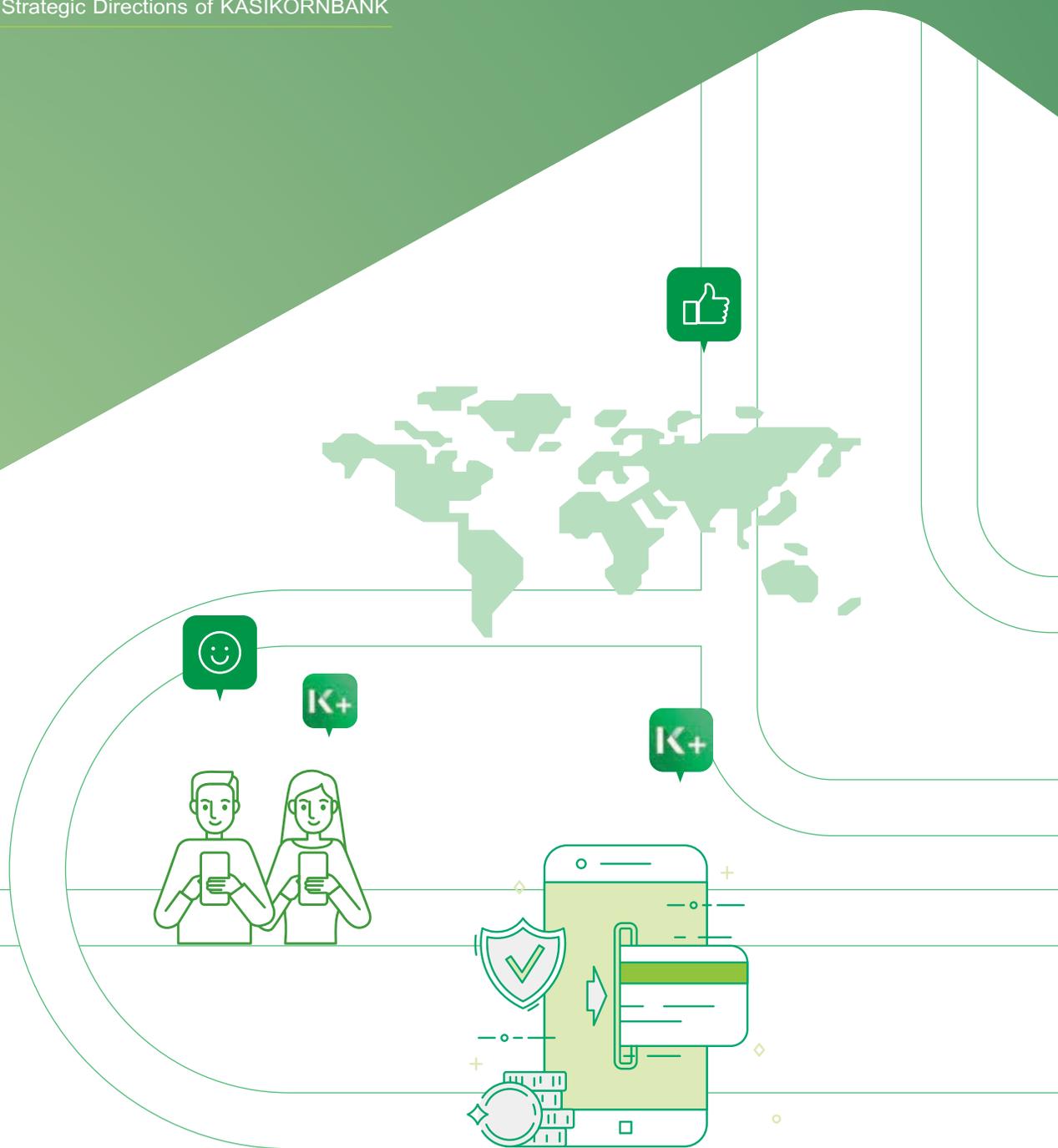


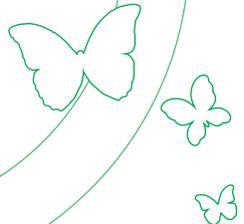
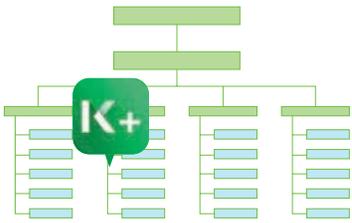
(Mr. Banthoon Lamsam)

Chairman of the Board and Chief Executive Officer

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- 010 Information of KASIKORNBANK
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Information of KASIKORNBANK



KASIKORNBANK

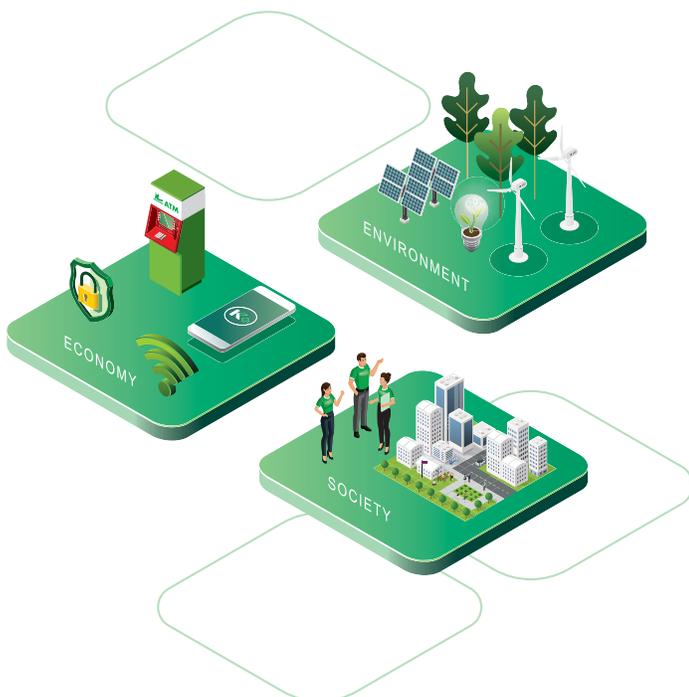
One of Thailand's
largest commercial banks -
conducting business
with the foundation
of Bank of Sustainability

KASIKORNBANK - one of Thailand's largest commercial banks - conducting business with the foundation of Bank of Sustainability, supported by the Customer Centricity strategy, good corporate governance principles and appropriate risk management in all dimensions with aspiration towards sustainable business achievement.

Established on June 8, 1945, KBank has been in business for over 70 years, conducting commercial banking business, securities business and other related businesses under the Financial Institution Business Act, Securities and Exchange Act and other related notifications. KBank has 37 subsidiaries, a service network of 958 domestic branches across Thailand and 17 overseas offices in 9 countries. KBank's head office is located in Bangkok; a total number of employees stands at 34,551*. Our financial network provides service solutions in response to all financial requirements of customers, with respect to banking, fund management, economic and financial analyses, securities brokerage and financial advisory, as well as auto financing and leasing services. KBank endeavors to deliver excellent experience for our customers on the basis of good corporate governance and sound risk management to attain sustainable advancement and create benefits for all stakeholders.

KASIKORNBANK PUBLIC COMPANY LIMITED

- Established on June 8, 1945
- A financial conglomerate that offers comprehensive financial solutions to accommodate customer demands



* Number of employees includes employees of KBank, the wholly-owned subsidiaries of KBank and support service providers of KBank.

KASIKORN ASSET MANAGEMENT COMPANY LIMITED

- Established on March 18, 1992
- Providing fund management business, offering integrated services related to mutual funds, private funds and provident funds for individual and business customers, as well as funds, foundations, commercial banks, public agencies and large-scale foreign institutional investors

KASIKORN RESEARCH CENTER COMPANY LIMITED

- Established on December 16, 1994
- Providing economic, business, financial and banking knowledge for KBank staff and customers, as well as the general public; preparing accurate, useful and up-to-date academic information for the purpose of public relations; and dissemination of academic reputation as a KBank's subsidiary

KASIKORN SECURITIES PUBLIC COMPANY LIMITED

- Established on July 29, 2005
- Providing a complete range of financial solutions and services of investment in equity and derivatives markets, including securities brokerage, investment banking and in-depth analyses based on reliable data sources and a team of experienced analysts

KASIKORN LEASING COMPANY LIMITED

- Established on August 8, 2005
- Providing a complete range of financial services to the auto industry, including hire purchase loans for individuals, corporates and fleet customers; financing for dealers; and car-for-cash loans for individuals and business entities

KASIKORN FACTORY AND EQUIPMENT COMPANY LIMITED

- Established on July 9, 1990
- Providing a complete range of machinery and equipment leasing business, consisting of three key services, i.e., hire purchase, financial lease and operating lease for business entities in trade, commerce and all types of manufacturing; and acting as an intermediary between machinery distributors and customers in need of funding for acquisition of machinery and equipment for their business operations

KASIKORN BUSINESS – TECHNOLOGY GROUP (KBTG)

- Established on October 9, 2015
- Supporting KBank's business-technology strategies and serving customer demand that has changed significantly due to technology transformation, in order to enhance efficiency of KBank's IT management and raise our potential in dealing with any form of disruptive forces and in building competitiveness amidst constant changes in financial technologies in the global market. KBTG consists of the following six companies:

KASIKORN TECHNOLOGY GROUP SECRETARIAT COMPANY LIMITED

Planning and overseeing KBTG operations; providing support for financial and human resource management; and facilitating the alignment of the Group and KBank

KASIKORN LABS COMPANY LIMITED

Focusing on research and development of new technologies and innovative business models that embrace digital banking and the digital economy; and development of prototypes of in-house innovations for beta testing prior to rolling them out as KBank products

KASIKORN SOFT COMPANY LIMITED

Designing and building the IT systems that accommodate business requirements of KBank; and successfully supporting innovations towards provision of rapid and quality services

KASIKORN PRO COMPANY LIMITED

Being responsible for KBank's new and modified IT infrastructure and systems; and ensuring that such infrastructure is up-to-date and in well-maintained conditions for maximum efficiency

KASIKORN SERVE COMPANY LIMITED

Providing support services for KBTG, in regard to IT system development, testing and implementation

KASIKORN X COMPANY LIMITED

Focusing on research and development of new technologies and innovative business models that embrace digital banking and the digital economy; and development of prototypes of in-house innovations for beta testing prior to rolling them out as KBank products

Strategic Directions of KASIKORNBANK



KBank's organization structure comprises 14 divisions* and the World Business Group. The Corporate Strategy Management Division is responsible for determining the overall directions and strategies of the organization for proposal to KBank Board of Directors, with the aim of promoting our corporate image and fruitful collaboration across KASIKORNBANK FINANCIAL CONGLOMERATE. KBank's business directions and strategies are announced to all stakeholders every year.

KBank operates our business with the foundation of Bank of Sustainability under appropriate risk management and good corporate governance. We accentuate enhancement of our business capabilities to achieve sustainable returns while maintaining our long-term market leadership. The philosophy

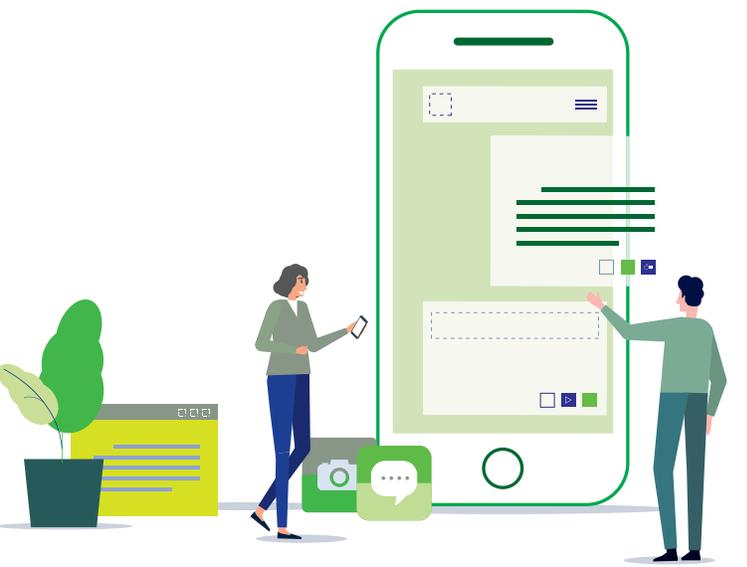
of sustainable development is instilled in all our operations as part of our Green DNA to ensure the maximum benefits for all, primarily taking into consideration both internal and external stakeholders. Guided by our core strategies of "Customer Centricity", KBank has decided to extend our aspiration to become "Customers' Life Platform of Choice", meaning the most-preferred platform that can meet customers' needs in every aspect of their lives. All of these endeavors aim to understand and anticipate each individual customer's needs under the "Segment of One" while also placing emphasis on the offering of financial innovations and product management, including those of the "Beyond Banking" realm, in order to deliver an excellent customer experience. To this end, we have emphasized collaboration and synergy with other companies within KASIKORNBANK FINANCIAL CONGLOMERATE, startup firms and partners.

Aside from business strategies, KBank has established strategic capabilities which include:

- Capabilities for data collection, data analysis, and maximization of analysis results for the organization's optimum benefit
- Capabilities for creating new products and services in order to meet the needs of customers and KBank's operations
- Capabilities for designing and delivering the most impressive customer experience through integrated service channels
- Capabilities for integrated risk management through genuine understanding and ability to anticipate business and operational risks, as well as management of risk at an appropriate level
- Financial and IT strengths including robust capital position, profitability, customer expansion, financial knowledge dissemination and maintenance of IT security
- Capacities for efficient operation and performance taking into account social and environmental aspects, including development of employees' abilities, elimination of unnecessary procedures and operations, and application of technology for greater efficiency and effectiveness

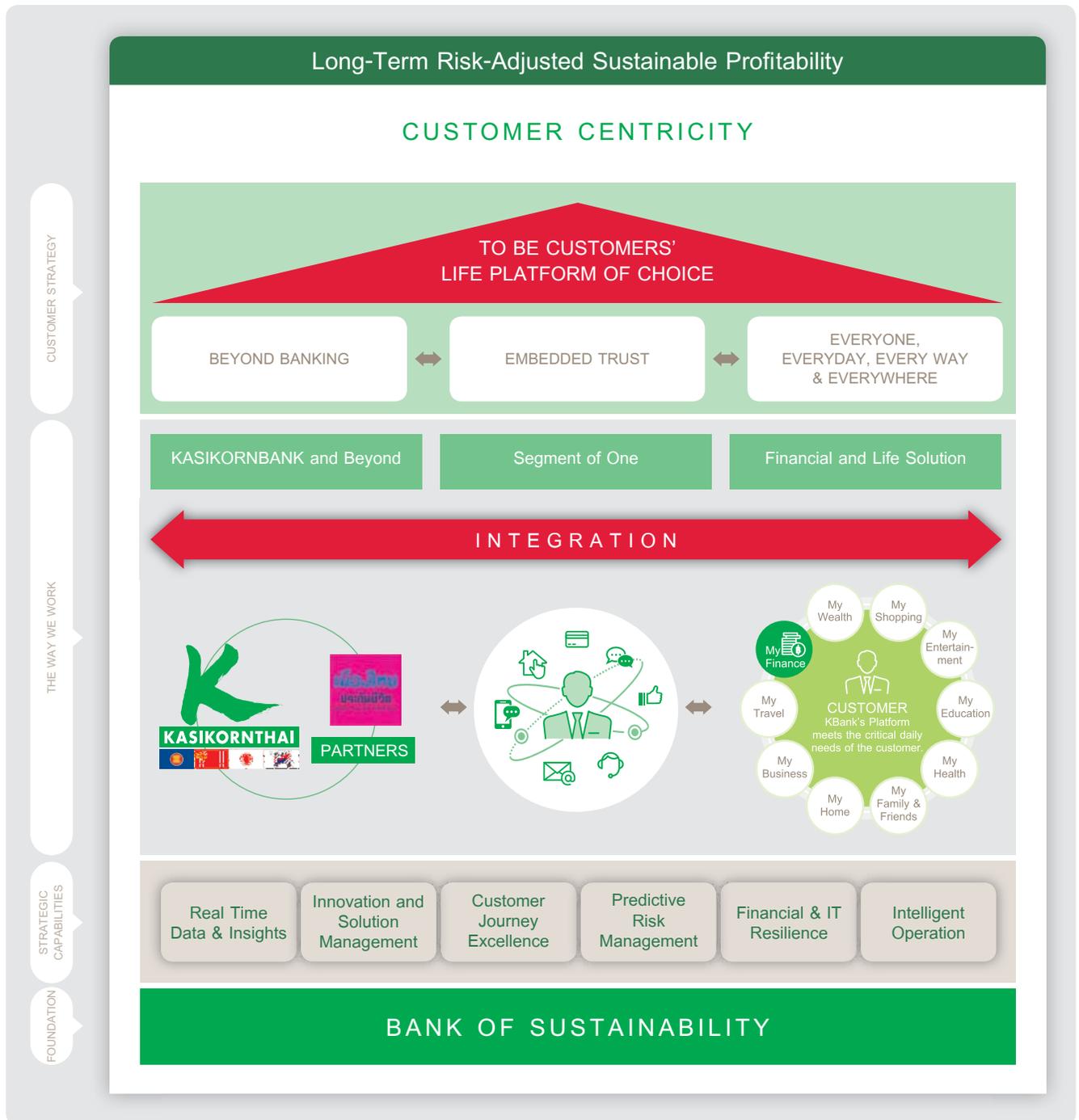
The foundation of Bank of Sustainability

ensures the maximum benefits for all stakeholders, guided by the core strategies of "Customer Centricity" and the aspiration to become "Customers' Life Platform of Choice"



* Organization Structure as of December 31, 2018

The Extended K-Strategy





KBank strives
to become “The Bank of AEC+3”
by expanding business
operations throughout the region

The Bank of AEC+3

In adherence to our strategy of becoming “The Bank of AEC+3”, KBank remained committed to expanding our business operations within the region through the Dual-Track Regional Digital Expansion operation in 2018. In detail:

Conventional Expansion: KBank aims to expand our service network in the CLMVI bloc*. After branching out into Lao People’s Democratic Republic and the Kingdom of Cambodia, we began providing business loans to local operators and Thai companies investing in these two countries in 2018. Meanwhile, we have collaborated with the public and private sector in the Socialist Republic of Vietnam and the Republic of the Union of Myanmar to accommodate the upgrade of the representative offices there to the status of a branch, by 2019-2020

Digital Expansion: At the end of 2018, we introduced an e-wallet payment service in Lao People’s Democratic Republic, and established KASIKORN VISION COMPANY LIMITED (KVision) as an investment holding company to be responsible for scouting tech communities to find innovative firms and tech talents from all corners of the world to collaborate and develop new technological capabilities. The move is aimed at strengthening KBank capacities in AEC+3 in keeping with our strategy of becoming the Regional Life Platform of Choice to accommodate a large number of new customers in the future.

Performance Assessment

KBank’s supervision towards the achievement of our established goals and sustainable success is based on the Balanced Scorecard (BSC) system, as a tool for strategic implementation. KBank Strategy Map has been drawn up, with short- and long-term indicators to measure success through four key dimensions, including: Finance, Customers, Internal Processes, and Learning & Development.

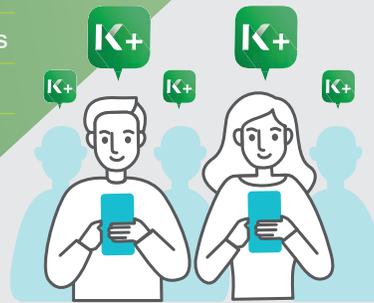
The Strategy Map has been communicated to all divisions, so that they can devise their own Division Strategy Maps that are in harmony across the organization. The Central BSC team and division representatives jointly identified the key performance indicators of each dimension, which will be cascaded from the President level to the Division Head level and other parties involved with successful performances.

* CLMVI countries comprise the Kingdom of Cambodia, Lao People’s Democratic Republic, Republic of the Union of Myanmar, Socialist Republic of Vietnam and Republic of Indonesia.



KASIKORNBANK and Sustainable Development

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- 020 Material Aspects and Boundaries
- 027 Stakeholders Engagement



Leadership of Thailand's Digital Banking:
Top of Mind
 Brand Perception Rating (Nielsen)

Number of K PLUS users:
10 million
 (up 37% YoY)



Establishment of **KVision** to enhance digital technology capability and potential, and to partner with worldwide experts for joint technology development



Acceptance of real-time funds transfers from Singapore via KBank to recipients' accounts at 21 banks in Thailand: First time for a Thai bank to enable funds transfers from foreign countries with the capability to verify the status of recipients' accounts in Thailand and to know the transfer fees



Efma Innovation Asia Pacific Gold Award 2018 granted to CU NEX Project: Using digital technology to create an infrastructure management solution for Chulalongkorn University, an educational institution engaging in Thailand's human capital development.





137,209
volunteer hours
(over the target of 100,000 hours)



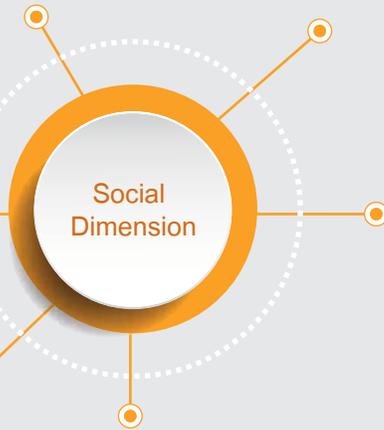
Eighth place
and top bank in the World's
Best Employers 2018
by Forbes magazine



ແອັບປະເປີຈາກເທິງມືຖື ຂອງທຸກຄົນ

QR KBank

First mobile application for
payment in Lao PDR



Social
Dimension

AFTERCLASS

The first online learning platform in Thailand
providing financial and business knowledge
to youth, with a growing number of subscribers
(over 35,000 in 1 year)



Launch of "KBank service" via banking agents in place of
bank branches, to facilitate cash transactions of customers
in remote areas across Thailand



Notable Performance
of Sustainable
Development in 2018



Sustainability bonds

First bank in Thailand and Southeast Asia to
issue sustainability bonds, totaling USD 100 million.



Environmental
Dimension



**Carbon
Neutral**

First commercial bank to
conduct carbon neutral activities
to achieve net zero carbon
emissions to combat global warming
a prototype organization
in global warming mitigation.



Value of renewable
energy credits:

3,749 megawatts



Value of energy and environmental
conservation credits:

Baht **785.4** million



Greenhouse gas (GHG) emissions
(Scope 1 & 2):

97,880.79

tons CO₂ equivalent
(13.77% decrease from baseline year 2012)

Sustainable Development of KASIKORNBANK



KBank Sustainability Framework



KBank is giving particular attention to nine United Nations Sustainable Development Goals (SDGs) as being in perfect agreement with our Material Issues, while giving full support to the other eight goals, to help us generate sustainable value to all stakeholders.



Goals



Sustainable Development Policy

Economic Aspect

- Business operations defined by good corporate governance principles
- Adherence to the “Customer Centricity” philosophy and effective customer responsiveness
- Product and service enhancements via value-added innovations
- Sharing of financial knowledge with the general public
- Efficient risk management
- Customer data security and privacy

Social Aspect

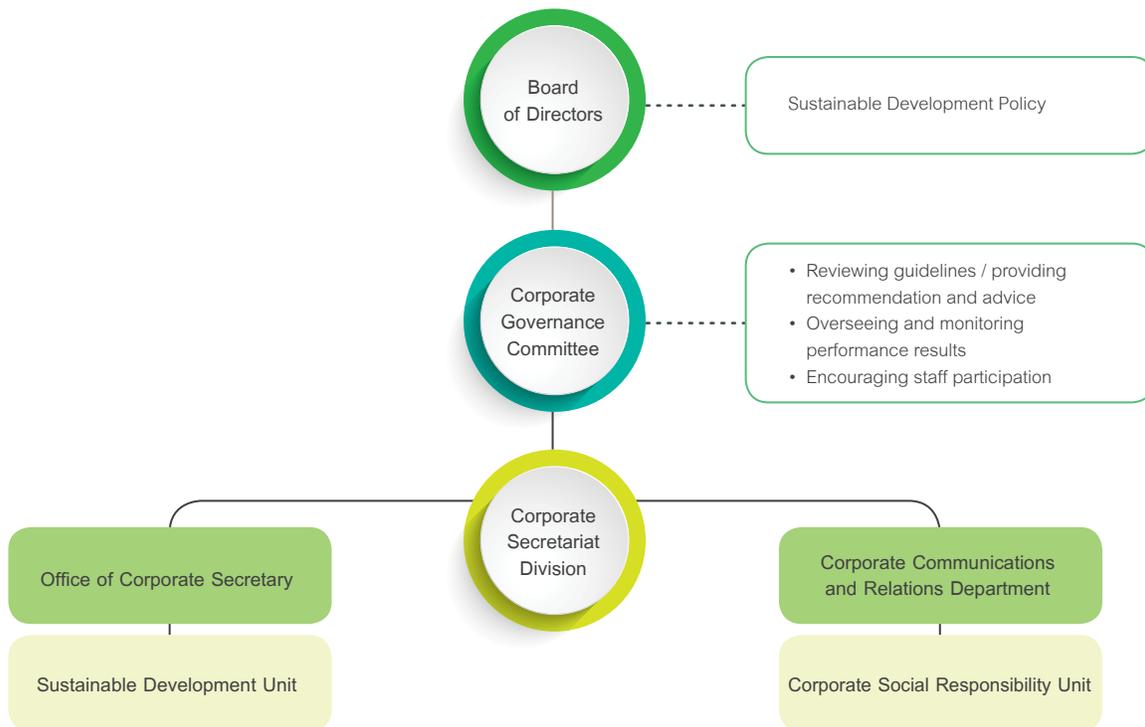
- Fairness of labor relations management and employee caring
- Employee development
- Promotion of occupational health and safety for employees
- Youth education development and community and social development

Environmental Aspect

- Environmentally friendly business operations
- Conservation and reduction of use of natural resources and waste reduction

Sustainable Development Structure

In our sustainable development structure, the Chairman of the Board and Chief Executive Officer drives the organization towards sustainable development. KBank Board of Directors has assigned the Corporate Governance Committee to supervise sustainable development operations; the Committee holds a meeting each quarter to determine operational guidelines, monitor and submit reports to the Board of Directors. The Sustainable Development Unit, under the Corporate Secretariat Division, Office of Corporate Secretary, provides support for and collaborates with the Sustainable Development Working Group, which comprises representatives of KBank departments and pursues the Board of Directors’ instructions to ensure consistency within all operational processes, which thus leads to the achievement of targets and responds to stakeholders’ needs.



Internal Communications on Sustainable Development

This year, we have emphasized internal communications on sustainable development operations under the “Because of our acts, we are a Bank of Sustainability” project. Communications have been made on a monthly basis throughout the year via video clips containing interviews of the representatives of KBank’s divisions to elaborate how their assigned jobs are contributing to KBank’s role as a Bank of Sustainability, in order to reiterate the “Green DNA” commitment towards generating maximum benefits for all stakeholders.



Because of our acts,
we are a Bank of Sustainability

Material Aspects and Boundaries



KBank has compiled and prioritized material aspects that affect our business - as well as those emphasized by our stakeholders - against global sustainability standards and important issues adopted by leading global banks. We have also considered all of our material issues of 2017, along with present and future risk factors based on the opinions of all stakeholders, including shareholders, Board of Directors, employees, customers, counterparties, competitors, creditors, and communities, environment and society via participation processes, such as surveys and in-depth interviews. These viewpoints were then analyzed and prioritized, and concluded into operational guidelines that respond to stakeholders' concerns.

MATERIALITY ASSESSMENT



1

IDENTIFICATION



2

PRIORITIZATION



3

VALIDATION



4

REVIEW



Materiality Assessment Processes

1. Identification

- The material aspects of 2017 were reviewed.
- Studies were conducted on related aspects set out in other sustainability standards, for example, the Dow Jones Sustainability Indices (DJSI) and the sustainability aspects emphasized by banks worldwide per Sustainability Accounting Standard Board (SASB) guidelines.
- KBank then compiled and screened all material aspects that are significant to KBank and the stakeholders' decision making, and submitted the findings to the Board of Directors, Division Heads and outside stakeholders for review and assessment, as mentioned below:

Internal Boundary

KBank compiled the opinions of the Board of Directors, Division Heads and employees of KBank, K Companies and P Companies via questionnaires; the information gained was compared with KBank's strategies and key risk factors over the short and long terms.

External Boundary

KBank gathered the opinions of customers, investors, regulators, counterparties, competitors and communities via questionnaires and in-depth individual interviews in the forms of meetings and telephone conversations, in order to learn about stakeholders' significant issues and expectations.

2. Prioritization

- KBank analyzed and reviewed the information gained from internal and external stakeholders.
- Prioritization was made into 20 aspects of three magnitudes: Large, moderate and small. Those issues have been prioritized on the Materiality Matrix, as follows:
Horizontal axis: Issues that are significant to KBank
Vertical axis: Issues that are significant to stakeholders

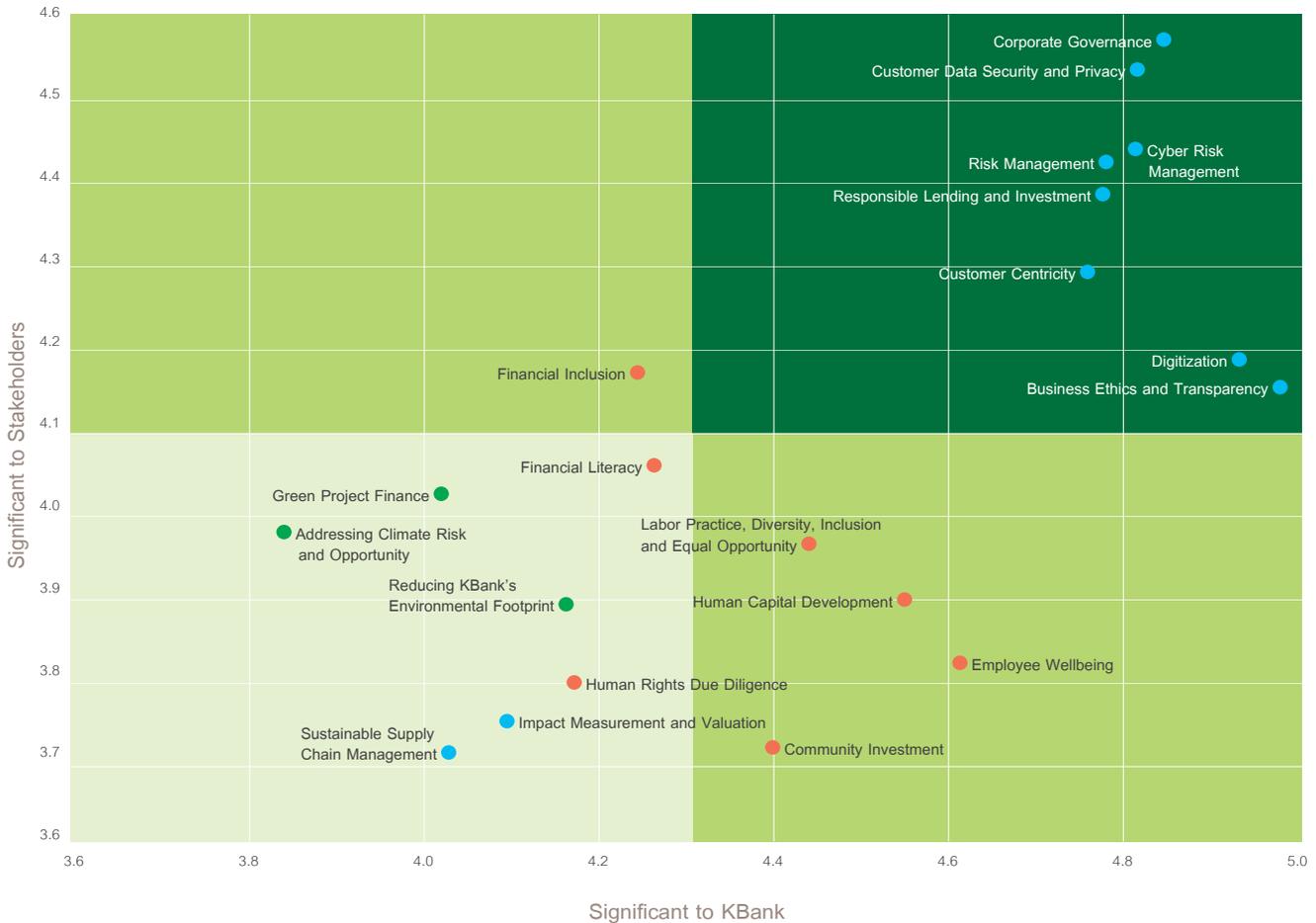
3. Validation

- KBank explained the derived prioritization to all divisions, so that they acknowledge the stakeholders' opinions and use them to define operational guidelines that cater to the stakeholders' requirements.
- KBank reported the material aspects to the Corporate Governance Committee for endorsement for further submission to KBank Board of Directors for acknowledgement and disclosure in KBank's Sustainability Report and website.

4. Review

KBank has in place an information review process after the Sustainability Report has been disseminated to the stakeholders. Their views and recommendations will be used to modify the contents of further reports.

Prioritization of Material Aspects



Changes in Material Issues

In this report, there are 20 Material Issues per the GRI Standards: Core option, compared to 13 material issues in the Sustainability Report 2017, with the following details:

- New material issues in this report** include “Cyber Risk Management”, “Sustainable Supply Chain Management”, “Impact Measurement and Valuation”, “Financial Literacy”, and “Addressing Climate Risks and Opportunity”.
- The issue of human resource management** in the Sustainability Report 2017 divided into three issues in Sustainability Report 2018: “Labor Practice, Diversity, Inclusion and Equality Opportunity”, “Human Capital Development” and “Employee Wellbeing”.

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects Stated in the Report	Sustainable Development Goals
<p>Corporate Governance</p> <p>Corporate governance principles, with supervision policy and processes to ensure sustainable returns in the long term</p>	Governance (GRI 102-18, GRI 102-19)	All Businesses	Customers Shareholders	Corporate Governance Economic Dimension	
<p>Business Ethics and Transparency</p> <p>Statement of Business Conduct, Code of Conduct, organizational culture, compliance with ethical and transparency principles, prevention of frauds and anti-corruption</p>	Ethics and Integrity (GRI 102-16) Anti-corruption (GRI 205)	All Businesses	Customers Shareholders	Business Ethics Economic Dimension	
<p>Risk Management</p> <p>Management of risks from operations and regulatory changes, credit risk, reputation risk, assessment of emerging risks that may affect KBank's business operations</p>	Governance (GRI 102-30)	All Businesses	Customers Shareholders Counterparties	Risk Management Economic Dimension	
<p>Customer Centricity</p> <p>Products and services that meet customers' needs, satisfaction and expectations</p>	Product and Services (GRI 103)	All Businesses	Customers	Customer Centricity Economic Dimension	  
<p>Responsible Lending and Investment</p> <p>Lending with responsibility, with consideration of environmental, social and governance factors to ensure that all projects financed by KBank do not create any environmental and social impact and comply with good corporate governance principles</p>	Governance (GRI 102-30, GRI 102-31)	All Businesses	Customers Shareholders	Responsible Lending and Investment Economic Dimension	 

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects Stated in the Report	Sustainable Development Goals
Digitization Utilization of technologies to develop products and services that are appropriate, convenient, rapid and responsive to customers' needs	Product and Services (GRI 103)	All Businesses	Customers	Customer Centricity Economic Dimension	
Customer Data Security and Privacy Safety of information and customer data privacy	Customer Privacy (GRI 103, GRI 418)	All Businesses	Customers	Cyber Security and Data Privacy Economic Dimension	
Cyber Risk Management Cyber risk management with policy, structure and processes to assess and identify risk factors, and risk monitoring, prevention, examination, correction and remedy	Governance (GRI 102-30) Customer Privacy (GRI 103, GRI 418)	All Businesses	Customers Shareholders Counterparties Competitors	Cyber Security and Data Privacy Economic Dimension	
Sustainable Supply Chain Management Supply chain management with consideration of environmental, social and governance impacts to ensure that KBank's counterparties will not create any environmental and social impacts, and conduct business operations with good corporate governance principles	Supply Chain (GRI 102-9) Environmental and Social Assessment to Suppliers (GRI 103, GRI 308, GRI 414)	All Businesses	Counterparties	Sustainable Supply Chain Management Economic Dimension	 
Impact Measurement and Valuation Evaluation of projects or activities in both quantitative and qualitative aspects to learn about their efficiency and benefits to KBank, society and the environment	Management Approach (GRI 103)	All Businesses	Customers Communities and Society	Impact Measurement and Valuation Economic Dimension	  

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects Stated in the Report	Sustainable Development Goals
<p>Labor Practice, Diversity, Inclusion and Equality Opportunity</p> <p>Respect for diversity of employees and equal opportunity among employees, equitable treatment and fair compensation, complaint acceptance mechanism and channels</p>	<p>Employment (GRI 103, GRI 401)</p> <p>Labor / Management Relations (GRI 103, GRI 402)</p> <p>Diversity and Equality Opportunity (GRI 103, GRI 405)</p>	All Businesses	Counterparties	Human Resource Management Social Dimension	   
<p>Human Capital Development</p> <p>Enhancement of employees' knowledge and potential</p>	<p>Training and Education (GRI 103, GRI 404)</p>	All Businesses	Counterparties	Human Resource Management Social Dimension	
<p>Employee Wellbeing</p> <p>Supervision of occupational health and safety to employees, physically and mentally, office and equipment allocation to facilitate operations, provision of knowledge on health and safety at workplace</p>	<p>Occupational Health and Safety (GRI 103, GRI 403)</p>	All Businesses	Counterparties	Human Resource Management Social Dimension	
<p>Human Rights Due Diligence</p> <p>Respect for and management of human rights related to employees, customers and counterparties</p>	<p>Human Rights Assessment (GRI 103, GRI 412)</p>	All Businesses	Customers Counterparties Employees	Human Rights Operations Social Dimension	 
<p>Financial Inclusion</p> <p>Promotion of financial inclusion for customers and underprivileged persons</p>	<p>Indirect Economic Impacts (GRI 103, GRI 203)</p> <p>GRI G4 Product Portfolio (GRI 103, FS 7)</p> <p>GRI G4 Local Communities (GRI 103, FS 13, FS 14)</p>	All Businesses	Customers Communities and Society	Financial Inclusion and Financial Literacy Social Dimension	     

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects Stated in the Report	Sustainable Development Goals
<p>Financial Literacy</p> <p>Provision of financial literacy to promote financial management potential of customers and underprivileged persons</p>	Financial Literacy (GRI 103, (Former FS 16)	All Businesses	Customers Communities and Society	Financial Inclusion and Financial Literacy Social Dimension	 
<p>Community Investment</p> <p>Community activities, volunteer activities and activities to stimulate community economic growth</p>	Economic Performance (GRI 103, GRI 201)	All Businesses	Communities and Society	Social Contributions Social Dimension	     
<p>Green Project Finance</p> <p>Provision of credits to support and promote environmentally friendly projects or businesses in order to mitigate climate change impacts</p>	GRI G4 Product Portfolio (GRI 103, FS 8)	All Businesses	Customers	Financial Support to Environmentally Friendly Businesses Environmental Dimension	
<p>Reducing KBank's Environmental Footprint</p> <p>Reduction of greenhouse gas emissions, energy management, water management and waste management</p>	Energy, Water, Emissions, Effluent and waste (GRI 302, GRI 303, GRI 305, GRI 306)	All Businesses	Communities and Society	Environmental Management of KASIKORNBANK Environmental Dimension	
<p>Addressing Climate Risks and Opportunity</p> <p>Analysis and assessment of opportunities and risks arising from climate change</p>	Emissions (GRI 103, GRI 305)	All Businesses	Customers Communities and Society	Financial Support to Environmentally Friendly Businesses Environmental Dimension	

Stakeholders Engagement



Stakeholders engagement is key to KBank's ability to understand stakeholders' requirement and expectations in order that we may map out effective operational guidelines to prevent risks or impacts that could occur due to what might be deemed improper performances. Stakeholders are classified into eight groups according to their relevance to our business processes: shareholders, the Board of Directors, employees, customers, counterparties, competitors, creditors, and communities, environment

and society. We have adopted the AA 1000 Stakeholders Engagement Standard (AA 1000SES) and created stakeholders participation via related units and designed processes to identify their needs and concerns through various forms of activities, for example, meetings, seminars, customer and employee surveys, and in-depth interviews. The results of those efforts have been used to determine practical guidelines that should alleviate negative impacts and efficiently generate added value, as follows:

Stakeholders	Communications and Channels	Interest and Expectations	Actions
 <p>Shareholders</p>	<ul style="list-style-type: none"> • Holding Ordinary and Extraordinary Meeting of Shareholders* • Information disclosure via the SET Portal Straight Through system of the Stock Exchange of Thailand, KBank websites and publications within and outside KBank • Meeting with and providing information for shareholders, investors and general public, either one-on-one or in group, in Thailand and foreign countries • Enquiring via website • Answering questionnaires 	<ul style="list-style-type: none"> • Appropriate return on investment in KBank stock, sound and sustainable growth of the organization • Sustainable performance and stable growth • Transparent and fair operations • Sound risk management 	<ul style="list-style-type: none"> • Creating satisfactory performance, based on sound risk management • Disclosing company information to shareholders and SET via various activities and communication channels to enhance transparency and inspectability • Inviting shareholders to Annual Shareholders Meeting and encouraging them to express their view in the meeting
 <p>Board of Directors</p>	<ul style="list-style-type: none"> • Holding board meeting every month (except for force majeure cases) • Providing adequate, complete and timely information • Arranging for knowledge development related to board functions in the forms of printed media and training/seminars 	<ul style="list-style-type: none"> • Transparent operations and adherence to the Good Corporate Governance principles • Equitable treatment of all stakeholders • Satisfactory performances and consistent growth 	<ul style="list-style-type: none"> • Board's supervision of sustainable development operations • Provision of adequate, complete and timely information • Participation in corporate governance practices

* Details of shareholders' meeting are in the Annual Report 2018, page 206 - 207

Stakeholders	Communications and Channels	Interest and Expectations	Actions
<p data-bbox="126 380 240 407">Employees</p> 	<ul style="list-style-type: none"> • Holding orientation for employees at all levels • Enquiring into the requirements of employees and supervisors to prepare appropriate learning courses that are in line with KBank's business growth • Having in place channels for receiving opinions and suggestions • Conducting employee satisfaction surveys • Organizing employee engagement activities and boosting employee morale, with an aim to become "The Best Employer" • Organizing meeting of supervisors and employees to share opinions and recommendations on work improvement guidelines • Creating new digital channels for rapid communications with employees that are in line with their lifestyles, such as Line Group, Facebook and Yammer 	<ul style="list-style-type: none"> • Appropriate remuneration and welfare • Career path and advancement • Continued development of employees' knowledge and life skills • Security and safety at work • Having in place necessary equipment to facilitate employees' operations • Offer of opportunities to employees to allocate their time for work-life balance 	<ul style="list-style-type: none"> • Setting up policies and operational guidelines for HR departments, and compliance with labor law • Setting up a human rights policy and guidelines to manage diversity in the workplace • Setting up a roadmap to promote staff career path • Undertaking annual salary surveys in the markets to come up with appropriate remunerations and benefits • Organizing training courses suitable to staff in different divisions and levels • Conducting annual employee satisfaction surveys and performance assessment • Enhancing occupational hygiene and safety • Answering inquiries via different communication channels in a consistent manner

Stakeholders	Communications and Channels	Interest and Expectations	Actions
<p>Customers</p> 	<ul style="list-style-type: none"> • Assisting customers via Relationship Managers • Conducting customer visits every month to strengthen relationships with them • Producing public relations media to disseminate information on KBank products and services in an accurate, complete, clearly defined and transparent manner • Having in place channels for customers to file their viewpoints, recommendations and complaints • Organizing training sessions and seminars to provide knowledge and advice on finance, trade and investment, as well as self-protection against cyber threats for customers in Thailand and foreign countries • Conducting regular and continued customer satisfaction surveys • Creating new digital channels for rapid communications with customers that are in line with their lifestyles, such as Line Group, Facebook and Twitter 	<ul style="list-style-type: none"> • A variety of quality and responsive products and services • Convenient access to financial products and services, provision of financial advice and knowledge • Protection of customers' data privacy information • Preparedness and swiftness in responding to customers' demands • Availability and stability of mobile application to enhance continued, swift and smooth services 	<ul style="list-style-type: none"> • Conducting staff training to maintain service quality • Delivering products and services that respond to customers' demands and lifestyles • Promoting good corporate governance culture, business ethics and employee code of conduct, in order to deliver accurate, honest and transparent products and services to customers • Adding channels to offer varied and convenient access to financial products and services that match customers' lifestyles • Launching training and seminar sessions to provide knowledge on financial products, financial discipline and prevention of cyber threats • Cyber risk management • Implementing policies, structures and measures of IT management, and protection of data security and customer data privacy, which the employees shall strictly comply with • Conducting regular surveys on customers' opinions and satisfaction, answering questions via different communication channels

Stakeholders	Communications and Channels	Interest and Expectations	Actions
Counterparties 	<p>Counterparties</p> <ul style="list-style-type: none"> • Arranging annual meeting with counterparties • Holding meetings to brainstorm on innovation development or new work patterns in a creative manner • Conducting counterparty visits to receive their viewpoints and recommendations • Having in place channels for receiving recommendations or complaints • Conducting annual counterparty satisfaction survey <p>Business partners</p> <ul style="list-style-type: none"> • Holding meetings to exchange information and opinions • Organizing relationship enhancement activities every year 	<p>Counterparties</p> <ul style="list-style-type: none"> • Business ethics, code of conduct and transparent business operations • Fair trade <p>Business partners</p> <ul style="list-style-type: none"> • Business cooperation based on good corporate governance 	<p>Counterparties</p> <ul style="list-style-type: none"> • Having in place criteria to select suppliers based on environmental, social and governance (ESG) factors • Having in place definitive audit processes as specified in the Supplier Code of Conduct • Reviewing and improving procurement procedures and communication methods to achieve common goals • Undertaking problem examinations and solving in a timely manner • Providing knowledge on various fields for sustainable development of counterparties <p>Business partners</p> <ul style="list-style-type: none"> • Entering into agreement to define cooperation framework with business partners
Competitors 	<ul style="list-style-type: none"> • Joining meetings to exchange opinions and cooperation 	<ul style="list-style-type: none"> • Fair and transparent business operations and competition, compliance with fair and honest competitive framework 	<ul style="list-style-type: none"> • Creating fair competitive conditions
Creditors 	<ul style="list-style-type: none"> • Arranging annual activities in various forms to promote relationships and provide useful knowledge • Having in place channels to accept recommendations or complaints 	<ul style="list-style-type: none"> • Interest and loan payment within due date • Continual communications and information 	<ul style="list-style-type: none"> • Interest and loan payment within due date • Arranging continual activities and communications to provide accurate and complete information, news and knowledge

Stakeholders	Communications and Channels	Interest and Expectations	Actions
Communities, Environment and Society 	<ul style="list-style-type: none"> • Conducting surveys and discussions to understand viewpoints and requirements of communities and society on a yearly basis • Organizing community relations activities via employees' volunteer projects 	<ul style="list-style-type: none"> • Financial literacy • Products, services and financial service channels that match communities' requirements and ways of life • Development and promotion of community economic growth • Environmental protection • Support to social and community activities 	<ul style="list-style-type: none"> • Providing financial knowledge for communities via electronic channels, bank branches, public relations media of KBank, training activities and volunteer activities of employees • Providing knowledge for local communities, promoting their skills development, as well as natural resource and environmental preservation • Providing continuous budget support for development of communities, society and environment

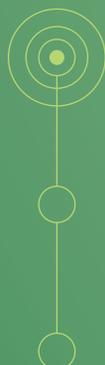
Membership of Associations

KBank has entered into membership of various organizations established for economic and social benefits, and has adopted their policies for implementation within the bank. We have taken part in developing work systems with those organizations, and have employed knowledge, experiences and lessons learnt shared with them to drive forward our own organization. Our executives have been appointed as directors and members of agencies and organizations related to enhancement of the financial institution system and sustainable development. These organizations and agencies include the following:

First year of membership

Organization/Agency

1958	Thai Bankers' Association
1989	CSR Club of Thai Listed Companies Association
1993	Thailand Business Council for Sustainable Development
2010	Thailand Management Association
2012	CSR Club of Thai Bankers' Association
2013	Thailand's Private Sector Collective Action against Corruption



01 Economic Dimension

Sustainable Profitability

- 034 Corporate Governance
- 037 Business Ethics
- 044 Risk Management
- 048 Customer Centricity
- 060 Responsible Lending and Investment
- 066 Cyber Security and Data Privacy
- 072 Sustainable Supply Chain Management
- 076 Impact Measurement and Valuation





Corporate Governance



Sustainability Long-Term Target 2019 - 2023

Excellent in CG level



Target 2018

Excellent in CG level

(Measured by external agencies)



Performance 2018

- “Top 50 ASEAN Publicly Listed Companies” from the 2nd ASEAN Corporate Governance Awards Ceremony under the ASEAN CG Scorecard project from the ASEAN Capital Markets Forum (ACMF)
- “Excellent” level in Corporate Governance Report of Thai Listed Companies by the Thai Institute of Directors (IOD)
- “Excellent” level of General Meeting of Shareholders granted by the Annual General Shareholders Meeting Quality Assessment Program, organized by the Thai Investors Association, the Office of the Securities and Exchange Commission and the Thai Listed Companies Association

Good corporate governance is instrumental in enhancing confidence and trust of stakeholders towards KBank, and promoting KBank's positive image, sound financial performance and sustainable growth in the long run. KBank has adhered to the good corporate governance principles in our business operations. It is the Board of Directors' main role and responsibility to supervise the transparent, inspectable and ethical corporate governance, and to provide equal attention for all stakeholders, in order to create sustainable value to KBank.

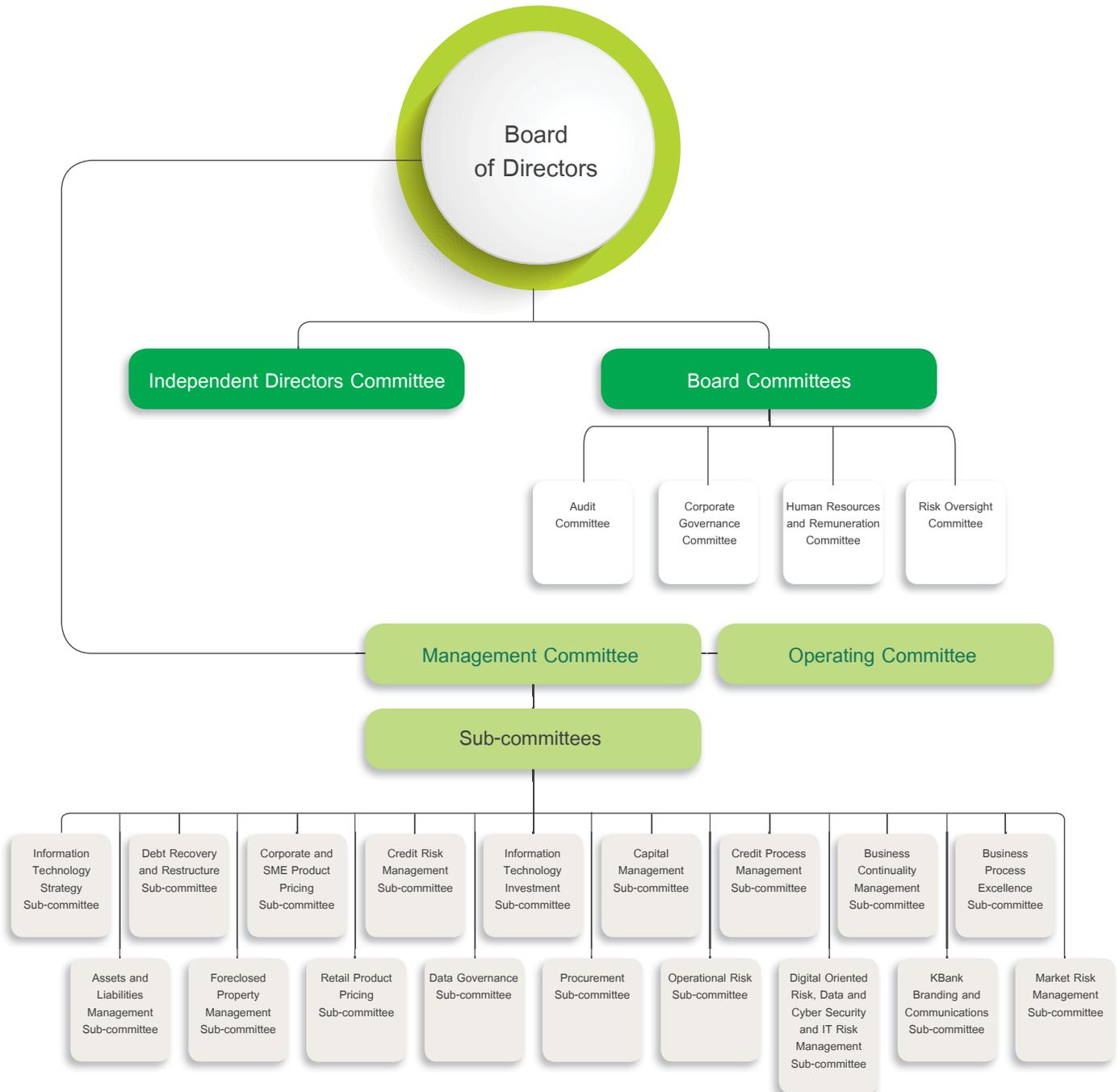
Corporate Governance

The Board of Directors' role is to manage KBank business operations. The Board's decisions are independent, taking into account the highest benefit of KBank and all stakeholders. Every year the Board reviews and approves the Vision, Mission and Core Values, as well as operational strategies. The Board also approves strategic directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, reviews the annual business plan and budget, and monitors and oversees the Bank's management in effectively carrying out actions that are in line with designated policies, corporate strategy and business plans and are in accordance with the rules and regulatory requirements of related government agencies and the resolutions of shareholders' meeting. Moreover, the Board ensures the existence of an effective internal control system and appropriate risk management framework, and cooperates with the management in business undertakings in order to continuously attain the excellent results with current and future risks taken into consideration. Risk assessment has thus been conducted organization-wide, covering 81 departments, 5 networks and 15 divisions.*



* Organization Structure as of December 31, 2018

Governance Structure*



* Governance Structure as of December 31, 2018

The Human Resources and Remuneration Committee has been assigned by the Board of Directors to select and review candidates nominated to the position of director under director nomination policy, taking into consideration appropriate composition, size and diversity of the Board, i.e. gender, race, nationality, age, skills, knowledge, expertise, experience and independence, which must be in compliance with KBank's strategies of business operations and sustainable development and conforms to regulatory requirements, KBank's Articles of Association, and the Statement of Corporate Governance Principles. KBank also gives shareholders the opportunity to propose candidates for consideration and election as directors in the General Meeting of Shareholders.

Independent Directors Committee

The Independent Directors Committee has been established to support the Board of Directors' work in accordance with Statement of Corporate Governance Principles in order to assure all shareholders, investors and stakeholders that KBank management is transparent and protects all parties' interest with fairness. The Committee's role is to oversee KBank's overall interests, maintain checks and balances between the Board of Directors and the management, and protect shareholders' rights by offering recommendations and views on significant matters beneficial to KBank, investors and minor shareholders, with independence, transparency and freedom from involvement in any interest. This will assist the Board of Directors in performing with greater efficiency and effectiveness. The Committee holds at least 1 meeting in each quarter. In 2018, the Committee held 12 meetings.

Audit Committee

The Audit Committee oversees the financial reporting, risk management, internal control system and internal audit, as well as compliance with laws, regulatory requirements and ethical standards. The Audit Committee holds at least 6 meetings per year. In 2018, the Committee held a total of 12 meetings.

Corporate Governance Committee

The Corporate Governance Committee oversees KBank's business practice and the conduct of the management and

personnel to ensure compliance with the Corporate Governance principles and Sustainable Development set by the Bank and official governing agencies consistent with international standards. The Corporate Governance Committee holds at least 4 meetings each year. In 2018, the Committee held 4 meetings.

Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee's role is to propose to the Board of Directors views on remuneration and nomination of directors, taking into account the composition, size and diversity, and recommendation of qualified successors for the position of Chief Executive Officer and President. The Committee also reviews a succession plan and monitors operation to ensure that it is aligned with KBank's vision and strategy on human resources as well as executive development plan. The Human Resources and Remuneration Committee holds at least 3 meetings each year. In 2018, the Committee held 8 meetings.

The Risk Oversight Committee

The Risk Oversight Committee was established under a resolution of the Board of Directors on September 27, 2018 to replace the Risk Management Committee. The Risk Oversight Committee provides recommendations on the KASIKORNBANK FINANCIAL CONGLOMERATE's risk governance framework, supervises the strategy of capital and liquidity management to cope with risks which must be consistent with the acceptable risk appetite, as well as reviews and examines the adequacy and effectiveness of the overall risk management policies and strategies. The Risk Oversight Committee meets at least once a quarter. In 2018, the Committee held 2 meetings.

The Management Committee

The Management Committee manages and conducts KBank's business as designated by the Board of Directors to attain sustained performance excellence, by conscientiously taking into account prevalent and future risk environment, consistent with Vision, Mission, the Statement of Business Conduct and in accordance with good corporate governance principles. The Management Committee holds at least 1 meeting a month. In 2018, the Committee held 25 meetings.

Business Ethics



Sustainability Long-term Target 2019 - 2023

No significant warnings issues/findings
on KBank from regulators



Target 2018

No significant warnings issues/findings
on KBank from regulators



Performance 2018

No significant warnings issues/findings
on KBank from regulators



“Business ethics” are the core component of KBank’s business operations. With strict adherence to the expected ethical standards, KBank employees are committed to delivering products and services in an appropriate and transparent manner, and in response to stakeholders’ requirements. This commitment has been reflected in KBank’s practices towards our customers, employees and counterparties. Compliance with the Statement of Business Conduct and Code of Conduct is compulsory for all permanent and contracted employees of KBank and counterparties in order to prevent risks that may affect KBank’s image and business operations, directly and indirectly via supply chains. The Board of Directors has approved the Statement of Business Conduct and Code of Conduct as a set of principles that all directors and employees are expected to follow in all activities within the scope of their responsibilities for KBank and all stakeholders, for example, shareholders, Board members, employees, customers, counterparties, competitors, creditors, and communities, environment and society. It is our common obligation to perform our functions with integrity and honesty, in compliance with applicable laws and KBank rules and regulations. The Board has also assigned the Corporate Governance Committee to establish principles and effective practices for corporate governance at KBank. The Statement of Business Conduct and Code of Conduct are subject to an annual review.

Statement of Business Conduct*

1. The Bank strives to achieve customer satisfaction by providing quality products and delivering exceptional service to our customers.
2. The Bank continually strives for superior performance.
3. The Bank attracts and recruits people with skills and experience, continually develops employees to a high level of competence and provides them with salaries and benefits comparable to leading companies.
4. The Bank performs our duties as a good citizen, remains non-partisan, enhances society and acts to preserve the environment.
5. The Bank believes in being fair to all parties having business relationships with us.
6. The Bank believes in strong ethical standards and carries out our business with uncompromising integrity and honesty in all respects.
7. The Bank protects our customers and maintains the trust placed in us by ensuring that all information relating to our customers’ business affairs remains confidential at all time.
8. The Bank is dedicated to carrying out our responsibilities in a professional manner.
9. The Bank is responsive to customer needs.
10. The Bank is committed to discipline in the operation of our business which is in compliance with all applicable laws and regulations.

* Details of Statement of Business Conduct can be found at <https://www.kasikornbank.com/EN/IR/CorporateGovernance/Pages/ethics.aspx>

Code of Conduct*

1. Integrity: We are committed to doing the right thing and to carrying out our duties in an honest, ethical and straightforward manner, adhering to all anti-corruption principles.
2. Trust: We shall give our utmost efforts to perform duties on a basis of mutual trust.
3. Confidentiality: We will handle customer business data, whether individual or organization, with professionalism, thus leading to trustworthiness.
4. Professionalism: We shall fulfill our duties based on the principles of professionalism at all times.
5. People: Our conduct towards colleagues shall be based on mutual respect of honor and individual rights of employees.
6. Leadership: We emphasize that our employees attain the leadership objectives and exercise leadership approaches in their functions.
7. Ownership: We shall prevent deterioration and loss of the Bank's assets, using them to their full advantage.
8. Compliance: We shall expect that the decisions and operations of all employees will be taken in strict conformity to laws, and to relevant rules and regulations, along with adhering to ethical standards in our own individual conduct.

KBank reviews the Statement of Business Conduct and Code of Conduct on a yearly basis, and encourage all employees to perform their duties diligently in strict compliance with rules and regulations through circulation of the Code of Conduct and operational procedures for employees' acknowledgment, employee orientations, e-Learning, internal PR media, training courses, meetings and video presentations to aid in their understanding towards proper and continuous compliance with our good corporate governance philosophy, and learning/testing sessions on the Code of Conduct and Anti-Corruption Policy. Furthermore, executives at all levels must be responsible for any staff issues with regard to the Statement of Business Conduct and Code of Conduct, as well as any significant non-compliance. In the overall, the Compliance Department has been assigned for supervising staff compliance with the Code of Conduct. For KBank's counterparties, new counterparties must sign for their acknowledgement and compliance with the Supplier Code of Conduct.

Business Operation Oversight

KBank operates in compliance with the laws, rules and relevant regulatory requirements, and requires all employees to perform their duties and responsibilities completely, accurately and in strict compliance with established regulations. To ensure that we can achieve our goals, KBank requires that all employees comply with our Compliance Policy, Compliance Department Charter, Compliance Manual, Compliance Program and other operational procedures, as well as each unit's handbook.

The Board of Directors approves a Compliance Policy, while the Audit Committee approves the Compliance Department Charter, which requires the Compliance Department to monitor changes in rules and regulations and inform senior management, the Audit Committee and Board of Directors of such changes. The Compliance Department is an independent unit that reports directly to the Executive Vice President in charge of managing the Compliance and Audit Division. The Executive Vice President reports further to the Audit Committee. The Compliance Department monitors changes in rules and regulations based on data received from the competent authorities, and analyzes the impacts of such changes that may exist for KBank before communicating to relevant departments and monitoring their compliance. If there are significant changes, meeting with related departments including training on major issues are arranged to ensure their understanding and compliance. The Compliance Department assists in the review and revision of KBank's policies and procedures, so that they comply with the regulatory requirements, and also performs review on staff operations to ensure correct and complete undertakings.

* Details of Code of Conduct can be found at <https://www.kasikornbank.com/EN/IR/CorporateGovernance/Pages/principles-core-values.aspx>

In 2018, major changes communicated by the Compliance Department included the following:

- Principles of Market Conduct, which stipulate minimum criteria and standards for KBank to offer services in a responsible and fair manner.
- Regulations on service channels of commercial banks, aimed at promoting banks to adopt more efficient and flexible service channels.
- IT Risk Supervision principles of financial institutions.
- Regulations on Corporate Governance of financial institutions.
- Regulations on recovery plan for Enhance Stability and Problem-Solving.
- Permission for commercial banks to offer customer authentication or digital data service.

Apart from staff communications, meetings have been held to enhance staff understanding, while training courses have been organized for branch employees to ensure that they comply with market conduct in transactions, such as sales of mutual funds and insurance. KBank's policies and procedures have been reviewed accordingly, while monitoring has been conducted to ensure staff compliance with all of these stipulations.

KBank has put in place an examination of effectiveness and adequacy of risk management on compliance with rules and regulations of competent authorities. Audit results and the Internal Audit Department's recommendations have been reported to responsible persons, and monitoring has been conducted to ensure timely corrections. Significant weaknesses have been notified to the Audit Committee and/or Top Management within an appropriate period. Upon request, KBank forwards the audit results to regulatory agencies.



Employees or counterparties who were communicated with and trained on Anti-Corruption Policy and Process in 2018	Persons	Percentage of total employees or counterparties*
Number of trained employees until 2018	19,741	95.62
• Management	231	1.12
• Operating and staff level	19,510	94.50
Number of employees who were communicated with	20,646	100
• Management	950	4.60
• Operating and staff level	19,696	95.40
Counterparties that were communicated with	1,567	100

* Total employees refer to the employees of KBank and total counterparties refer to KBank's counterparties in Thailand

Staff Communication on Code of Conduct and Anti-Corruption Policy

“Honest KBank People” Campaign

KBank adheres strictly to Good Corporate Governance through transparency and fairness as detailed in our Statement of Business Conduct and in conformity to the law. Throughout 2018, KBank promoted the “Honest KBank People” campaign to reinforce a culture of integrity, as the foundation to prevent internal and external corruption, which may affect KBank image and operations. The campaign was promoted through the following themes:

- Responsibility: Work with knowledge, full contribution and professionalism
- Transparency: Work with ethics, inspectability and disclosure of complete and accurate information
- Fairness: Equitable treatment of all stakeholders, and non-exploitation of authority or duty for one's own benefits

KBank senior management communicated these themes to staff through video, audio and other channels so that they would be fully aware of the importance of implementing them in the workplace.

Specific metrics for success are evaluated through a decrease in the number of non-compliant staff and of staff engaging in misconduct.



Communication on “Honest KBank People” Campaign

Support to Internal Control and Auditing System

KBank places particular emphasis on effective corporate governance, risk management process and internal control system to ensure that business undertakings of KASIKORNBANK FINANCIAL CONGLOMERATE will achieve long-term corporate-wide goals and objectives. The roles and responsibilities of employees at all levels and a management structure have thus been set. The Audit Committee is responsible for supervising risk management, internal control and compliance while the Management is tasked with steering KBank to achieve the set goals through the established ethics and policies, including the Code of Conduct, Statement of Corporate Governance Principles, Internal Control Policy, Information and Complaint Receiving Policy, Anti-Corruption Policy and Employee Operational Handbook.

KBank has undertaken risk identification and assessment, as well as stipulating that internal control be part of our operational process. KBank has an appropriate internal control structure as duties within the organization are segregated to ensure cross control and audit. Internal control assessment and monitoring are in place to ensure that the internal control system continues to operate efficiently in line with its original design and is able to cope with new risks emerging during any period. Regarding internal control, the Internal Audit Department is directly accountable to the Audit Committee to ensure that they perform their tasks independently, justly and transparently. Such tasks include the assessment of risk management, internal control and corporate governance to ensure that those operations are effective and efficient in conformity with KBank’s policy, and relevant regulatory requirements. To prevent and reduce losses from corruption, the assessment results of those operations shall be reported directly to responsible persons and any loopholes shall be monitored to ensure that they have been rectified in an appropriate timing. Issue of significant importance shall be reported to the Board of Directors, the Audit Committee and/or Top Management within an appropriate period. KBank may submit the audit results upon the request from regulatory agencies.

KBank attaches significance to Market Conduct as evidenced by our sales and services that are fair to the customers. Customer data privacy, cyber security measures and IT risk management

are also our priorities to ensure that the customers use our services with greater confidence and security. Study courses on governance, risk management and compliance have been organized for our executives while operating employees have undergone e-learning course on internal control.

Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing

KBank recognizes the importance of preventing corruption, money laundering, and the financing of terrorism and proliferation of weapon of mass destruction that all have wide-ranging impacts on economy and society. KBank has therefore established operational guidelines to assure all stakeholders that KBank operates our business in a fair and transparent manner.

Anti-Corruption

The Board of Directors establishes the Anti-Corruption Policy to ensure that all operational processes are in compliance with regulatory requirements. The Corporate Governance Committee is responsible for promoting compliance with the policy, KBank's operational procedures, relevant regulatory requirements, the Statement of Business Conduct and the Code of Conduct among employees at all levels.

KBank, KASIKORN ASSET MANAGEMENT CO., LTD. (KAsset) and KASIKORN SECURITIES PCL. (KSecurities) co-signed a declaration of the Private Sector Collective Action Coalition Against Corruption (CAC), jointly initiated by the Thai Institute of Directors (IOD), Thai Chamber of Commerce, Joint Foreign Chambers of Commerce, Thai Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of the Thai Industries. The project's major objective is to raise anti-corruption awareness. Since 2013, KBank, KAsset and KSecurities have been certified by the CAC Council, and in 2016, the CAC certification was renewed.

KBank has established the Anti-Corruption Policy and the Code of Conduct as the guidelines for performance of duties and responsibilities of employees so that KBank can attain our set goal. The Policy is subject to annual review. KBank recognizes the importance of communications on the Anti-Corruption Policy for appropriate practices and actions both within and outside

the organization. The Anti-Corruption Policy is posted on KBank website. KBank has regularly communicated the Anti-Corruption Policy to directors, executives and employees via our internal media and channels, including the Corporate Governance Journal, electronic network and KASIKORNTV.

To show our staunch commitment to anti-corruption in all forms and to ensure transparency in our operations and promote good governance, a no gift policy has been introduced at KBank and companies within KASIKORNBANK FINANCIAL CONGLOMERATE.

KBank has consistently supported and promoted our counterparties to refrain from conducting businesses involved with corruption. Related actions undertaken in 2018 included:

- Communicated on KBank Supplier Code of Conduct, covering business ethics, human rights and labor, occupational health and safety, and environment, for acknowledgement and as operational guidelines.
- Communicated the no gift policy for all festivals and occasions to the customers and counterparties.



Communication on no gift policy

- Organized training courses on the Code of Conduct and Anti-Corruption Policy, and assessed their knowledge and understanding via an electronic system.
- Communicated to KBank directors via the Corporate Governance Journal.
- Held supplier meetings to clarify about our procurement processes, to encourage suppliers to follow the anti-corruption policy and operational guidelines.
- Provided various communication channels for receiving information, complaints or whistle-blowing.

Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing

KBank is a bank with trusted financial transaction security and mechanisms for the prevention of money laundering, and financing of terrorism and weapon with mass destruction. The Board of Directors has approved our Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing (AML/CTPF) Policy, along with related procedures and handbooks to which all employees are required to strictly adhere, under the supervision of senior management, for effective compliance.

KBank implements an AML Monitoring System for tracking suspicious financial transactions or behavior. Training sessions have been arranged to educate our employees about AML criteria. AML e-Learning has been further developed and revised for greater simplicity. A sanction list audit system has been put in place with transaction reporting as required by the Anti-Money Laundering Office (AMLO).

Procedure on Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing

Policy/Practice	KYC/CDD	Sanction List	Transaction Monitoring	Reporting	Training and Communication
KBank has implemented policy, practice and operational manual that are in conformity with the Thai law and international standards as operational guidelines for branches, KBank and its wholly-owned subsidiaries.	KBank has introduced KYC/CDD* process and risk management for the customers, including austere risk management measures for high-risk customers.	KBank has developed the sanction list inspection system for products and services, and sought additional names on the sanction list from service providers to effectively examine transactions conducted at home and abroad	KBank has developed a system to monitor the customers' financial movements and review unusual or suspicious transactions. A Data Analytics technique has been used to analyze transaction and steadily improve the system efficiency.	KBank has improved a transaction reporting system to ensure that KBank's transaction reporting system is efficient and in compliance with the law.	KBank has organized AML/CTPF** training courses for our employees via classroom, e-Learning and e-mail. An assessment has also been made on their understanding about AML/CTPF.

* KYC: Know Your Customer / CDD: Customer Due Diligence

** AML/CTPF: Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing

Information or Complaint Receiving

The Bank has established a written policy of information or complaint receiving (Whistle-blowing Policy), identifying the receiving channels, information or complaint management processes, measure to protect the rights of information providers, protection of confidential information - only authorized persons can have access to such information, and the Audit Committee is assigned to issue instructions and report to the Board of Directors on confidential information. Fair measures have been established for stakeholders to whom losses are incurred due to violation of their legal rights. For further enquiries, suggestions or to submit complaints, please contact KBank at:

Communication Channel

KASIKORNBANK PUBLIC COMPANY LIMITED

Head Office	: 1 Soi Rat Burana 27/1, Rat Burana Road, Rat Burana Sub-District, Rat Burana District, Bangkok 10140, Thailand
E-mail	: info@kasikornbank.com
Telephone	: +662-2220000
Fax	: +662-4701144 to 5
K-Contact Center (Personal)	: +662-8888888 Press 1 Thai / Press 2 English / Press 877 Japanese / Press 878 Mandarin / Press 879 Burmese
K-BIZ Contact Center (Business)	: +662-8888822 Press 1 Thai / Press 2 English / Press 3 Mandarin / Press 4 Japanese

Board of Directors

Address : Corporate Secretary
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District,
Rat Burana District, Bangkok 10140

Complaint Hotline

Personal : +662-8888888 Press 9
Business : +662-8888822 Press 9

Internal Audit Department, Audit Division

E-mail : InternalAudit@kasikornbank.com
Address : Co-Department Head-Internal
Audit Department
Muang Thai-Phatra Complex 1,
32nd Floor, 252/40-41,
Ratchadaphisek Road,
Huai Khwang Sub-District,
Huai Khwang District,
Bangkok 10320

Investor Relations Unit, Office of Corporate Secretary

- **Individual Investors and Shareholders**
E-mail : Shareholder_IR@kasikornbank.com
Telephone : +662-4706116
Fax : +662-4702690
- **Institutional Investors and Shareholders**
E-mail : IR@kasikornbank.com
Telephone : +662-4706900 to 1,
+662-4702660 to 1
Fax : +662-4702690

Risk Management



Sustainability Long-Term

Target 2019 - 2023

Risk Management Monitoring and Identifications reported as required by laws and regulations: measured by CAR; adequate Tier 1 Capital Ratio*, as required under the Basel III, and sufficient to support business growth



Target 2018

Adequate Tier 1 Capital Ratio*, as required under the Basel III, and sufficient to support business growth



Performance 2018

Tier 1 Capital Ratio* at 15.90
(Minimum regulatory Tier 1 Capital Ratio and buffer requirement at 7.875%)

* KASIKORNBANK FINANCIAL CONGLOMERATE

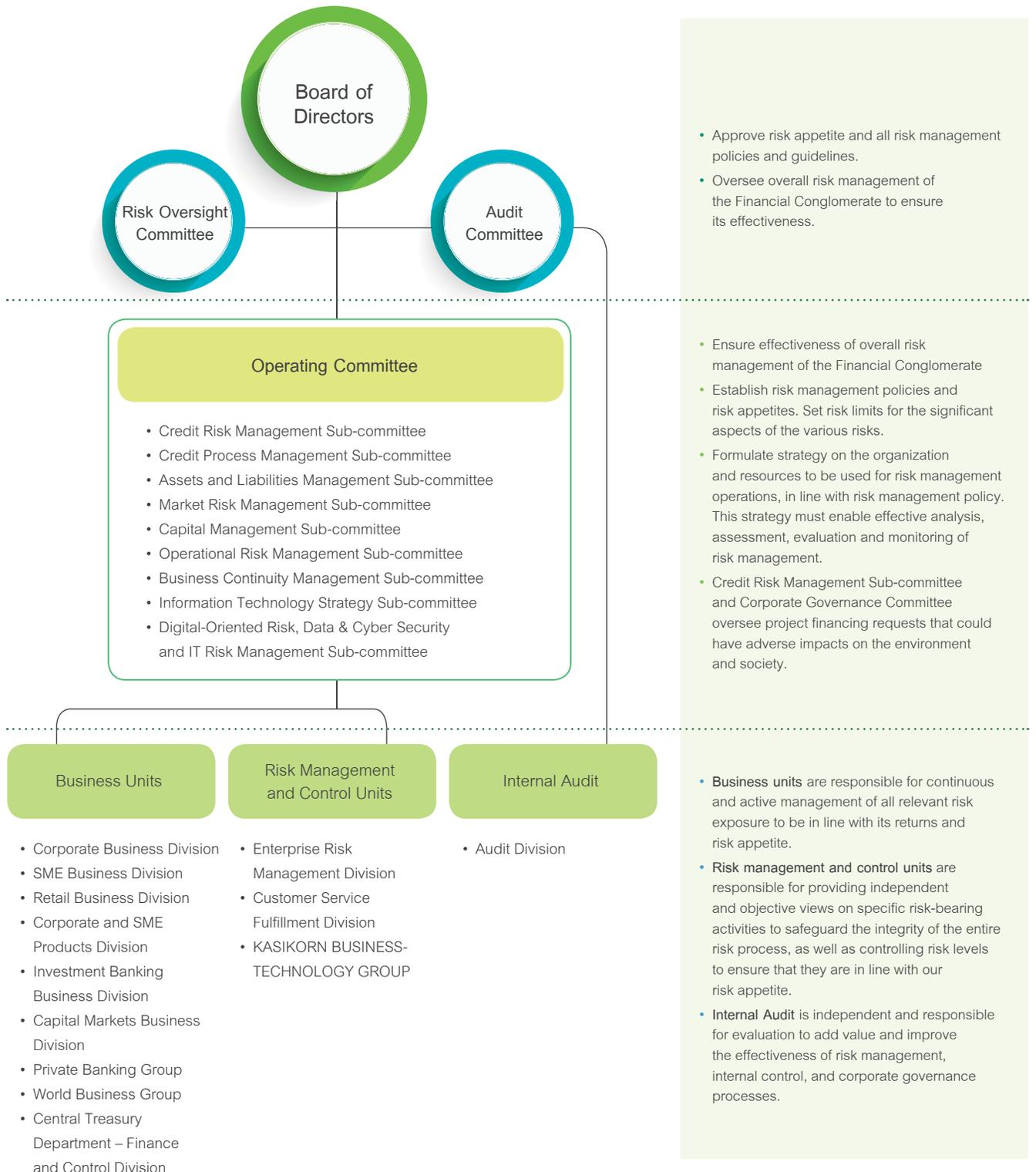


KBank always attaches importance to appropriate risk management, focusing on promoting risk management as an integral part of our organizational culture via the implementation of risk management policy, together with risk appetite and risk management guidelines at the Board and Senior Management levels. Potential risks are taken into account when formulating our strategies and business undertakings to support business growth, thus ensuring sustainable profitability and maximization of returns to stakeholders, as well as preventing any adverse impacts on Bank's business operations and stability. KBank's risk management strategy has been established in line with international guidelines and applied throughout the Conglomerate. We engage in a consolidated risk management framework that emphasizes management of major risks, namely credit, market, liquidity, operational, digital and strategic risks. KBank's risk management structure clearly determines duties and responsibilities of relevant units, including independent risk management unit. Risk-adjusted performance measurement has been applied with each business unit.

In addition, the Board reviews and considers details of risk management policy, and established risk appetite of the Conglomerate every year. The Board is also tasked with monitoring various risk positions and ensuring that an analysis on the impact of changes in various factors, including economy, politics, regulatory requirements and cyber threats, on the Conglomerate is in place to ensure that our present and future capital is at an appropriate level.

Meanwhile, Senior Management ensures that policy, process and system for controlling, monitoring and reporting risk and capital are in place where segregation of duties and reporting lines are clearly defined in conformity with the good internal control principle. We also emphasize thorough, accurate and regular disclosure on capital and liquidity risk management to the public.

Risk Management Structure*



* Organization Structure as of December 31, 2018

Risk Management Process

To ensure effective risk management, KBank has a risk management process, comprising risk identification, assessment, monitoring, controlling and reporting, in place. We have steadily improved our risk management process so that it is consistent with the new environment and international standards. KBank also places significance on early warning, and monitoring of risk position and concentration overall. We have also regularly reviewed the adequacy of our risk management system and efficiency of risk management.

Risk Identification

Key risks are proactively identified in detail, including types and sources of risk, as well as other risk-related factors, both internal and external. Assessments and projections of the Bank's current and expected risks are also reviewed.

Risk Assessment

Various tools and methodologies for risk measurement suitable for different business characteristics are utilized. These tools and methodologies are verified, approved and reviewed within appropriate timeframes.



Risk Reporting

Timely and adequate reports of all types of risk in various dimensions to ensure the highest effectiveness in risk management.

Risk Monitoring and Control

Operational monitoring and control per risk policies and regulations related to risks and risk limits as approved by the Board of Directors. Risk monitoring and control are undertaken regularly and continuously.

Building and Instilling Risk Culture

In 2018, KBank established the Risk Oversight Committee with the following objectives, including, to enhance our risk governance, which would give greater dependency to our governance mechanism, to bolster the effectiveness of our risk management, and to promote an organizational culture that recognizes risk, fairness and transparency.



Communication “Honest KBank People” Campaign

KBank adheres to transparent and fair business practices under the Statement of Business Conduct and relevant law. In 2018, we continued the “Honest KBank People” project as part of our endeavor to build an organizational culture that embraces the provision of fair services with integrity under the Principles of Market Conduct, which serve as a foundation for achieving sustainable growth and promoting risk culture to employees at all levels. KBank has regularly communicated operational guidelines with employees, as follows:

- Responsibility: We have to thoroughly understand sales rules and regulations, as well as being ready to offer advices that meet financial needs of our customers.
- Transparency: We will inform complete and accurate information, basic rights and alternatives to the customers.
- Fairness: We shall refrain from forced sales or imposing sales conditions.

To ensure that our employees recognize the importance of operational guidelines, based on “Responsibility, transparency and fairness”, these messages have been communicated with them via video and voice clip, while senior executives have communicated such operational guidelines through KASIKORN TV, Office 365 and other channels that target specific employees. An assessment has been made to ascertain if our staff members understand operational guidelines.

- Senior executives places importance on the creation of risk culture: All Committees of KBank, including senior executives at the President position to the First Senior Vice President position, have pushed forward various operations and participated in the “Honest KBank People” campaign, aimed at creating the risk culture by communicating with employees at all levels. .
- Instilling the risk culture in KBank employees: We instill risk culture in all employees, beginning at the new employee orientation and throughout their employment period with us via internal communications and study courses. Key performance indicator and assessment have been established to ensure that our employees comply with Market Conduct and carry out their tasks in accordance with our expectations.

KBank has established and promoted compliance with the conduct risk management policy to ensure that our conduct risk management covers the entire operations of KBank and helps create the risk culture.

Guidelines and processes have been established to allow our employees to report loss events for immediate rectifications. We have also put whistle-blowing channels in place for our employees to report events that may potentially lead to frauds, including e-mail, letter and telephone.

Regarding our credit operations, KBank has introduced the credit management structure that recognizes checks and balances, plus credit policy and process, clear guidelines on desirable and undesirable credit behavior and credit communication channels. Training sessions and revisions on credit knowledge have been organized regularly to ensure that related operating staff members are updated with the current practice. We have also established a process to monitor credit events. Such results are reported to the Credit Practice Review Working Group and used to improve our credit policy and process, as well as mapping out actions towards non-compliance with the Code of Conduct. This effort is aimed at building good credit operating discipline and culture within our organization.

Customer Centricity



Long-Term Sustainability

Target 2019 - 2023:

- Highest satisfaction score of retail customers of the global banking business
- 77% SME customer satisfaction
- Digital banking top of mind brand perception



Target 2018

- 91% retail customer satisfaction
- Digital banking top of mind brand perception



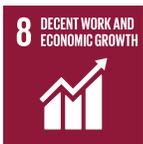
Performance 2018

- 90% retail customer satisfaction*
- Digital banking top of mind brand perception

Amid technological advancement and rapid changes of the digital era, customers are now seeking convenient, swift and anywhere-anytime financial services, with world-class security standards. The rising number of digital banking service users has offered greater opportunities for KBank to present financial innovations that are more responsive to individual desires. Meanwhile, branch services remain important, especially for complex financial services and products, and for customers needing advice on their financial planning.



With adherence to the “Customer Centricity” concept, KBank has endeavored to cater to all requirements of customers, creating excellent experience and sustainability to all stakeholders. We have aspired for being the Customers’ Life Platform of Choice, taking into our consideration their changing demands, expectations and behaviors. We have adopted advanced technologies in data analysis and processing with respect to customers’ service use to gain correct understanding and develop financial innovations that meet customers’ personal and business requirements. “Beyond Banking” products and services have been offered through the digital banking services based on appropriate risk management and good corporate governance principles, which have promoted our competitiveness and business efficiency that have led to the generation of sustainable returns in the long term.



* KBank extended the measurement scope of customer satisfaction to be more thorough, emphasizing swift service quality and staff knowledge in order to upgrade service quality of the Bank.



Products and Services for Retail Customers

K PLUS Mobile Banking Application

KBank has introduced a new version of K PLUS based on a “With change, we understand you better” concept, along with the new logo and a single transaction button which simplifies users in conducting money transfer, top up, payment and other transactions. The new K PLUS is served by the “K PLUS AI-Driven Experience: KADE” innovation wherein Artificial Intelligence (AI) assists in Big Data analysis to develop more responsive services. Personalization functions have been offered to match customers’ lifestyles. Moreover, K PLUS features “Open Platform” technology to facilitate connectivity with platforms of business partners and add more privileges to the users in the future.

The new K PLUS has been aimed at being a lifestyle platform for all customer segments, enabling them to conduct all transactions in a simple manner, thus reaffirming KBank’s digital banking leadership.

Operating Performance of K PLUS

- Number of K PLUS users: 10 million (rising 37 percent YoY)
- Target of users: 10.8 million
- Number of transactions: 5,188 million (rising 70 percent YoY)
- Transaction value: Baht 8.1 trillion (rising 42 percent YoY)



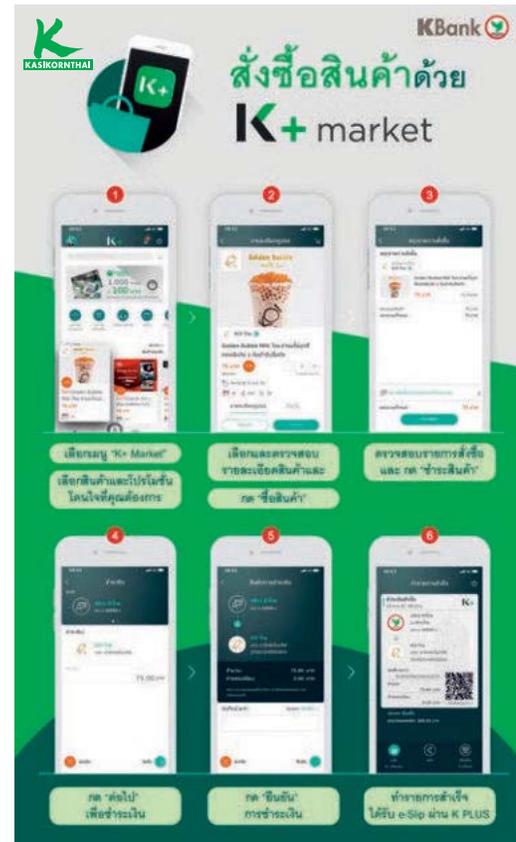
KBank launched a new version of K PLUS application with the concept “With change, we understand you better” to perfectly match the lifestyle of each individual user.

K PLUS – Pay with K PLUS

KBank has focused on digital payment development to enhance convenient and rapid payments for retail customers and small businesses. KBank is the first Thai bank to introduce payment service on the Facebook Messenger platform - the “Pay with K PLUS” that offers seamless payment experience to serve online shoppers with convenience and safety. Only the Pay with K PLUS button is pushed without having to memorize the account number or switch the screen to open the payment application, thus making payments for goods and services more convenient and fast. All transactions can be made on Facebook Messenger, in tune with KBank’s role of the Customers’ Life Platform of Choice.

KASIKORNBANK

Pioneer of digital payment innovation through development of K PLUS to become an easy-to-use lifestyle platform through Pay with K PLUS service and K PLUS SHOP - Thailand’s first mobile application for merchants-and QR Code or Barcode scanning from Alipay and WeChat Pay e-wallets

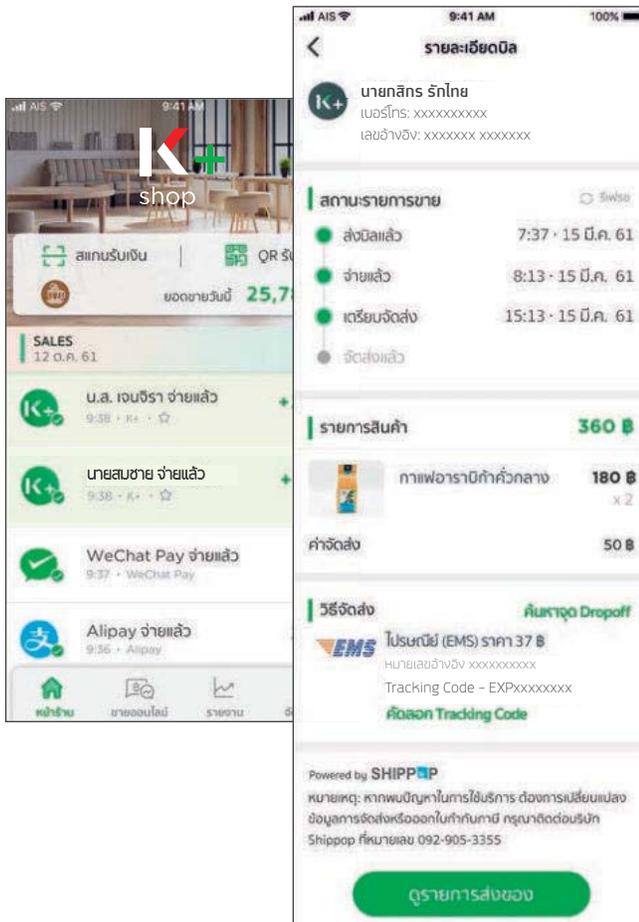


K PLUS Market - a new online channel for selling goods and services

K PLUS Market

KBank has launched the K PLUS Market service as an online channel for the sales of goods and services of retail businesses, including farmers, community enterprises and K PLUS SHOP customers. Lawful registration is needed for participating merchants, with proper certification for their products and services by related agencies, such as the Thai Food and Drug Administration, the Thai Industrial Standards Institute, or in accordance with the requirements of the Office of the Consumer Protection Board and other regulatory agencies. Those businesses must have well defined production capacity and must be able to undertake on-time product delivery. Fee for selling goods on K PLUS Market, as well as other fees for space or advertising, is waived for retail businesses that have passed the screening criteria.

K PLUS Market is using the Machine Commerce system for data analysis and processing, allowing KBank to understand the behaviors of service users and offer responsive and timely products and services to match the demands of each user.



K PLUS SHOP: Mobile Banking Application for Merchants

In support of the government's innovation development policy to promote a "Cashless Society", KBank has fortified our digital leadership potential via the introduction of new version of K PLUS SHOP with a feature to accept QR code payment of goods and services based on the Thai QR Payment standard and to accommodate QR code from Alipay and WeChat Pay e-wallets, benefiting Chinese customers. Other new features include real-time notification sounds for incoming funds, tips for shop management, additional right for employees to accept incoming funds notifications, creation of point collection card, creation of promotions and delivery service in a single app, while the service coverage area has been extended across Thailand in order to boost QR Code payment for goods and services.

Operating Performance

- Number of participating merchants: 1.74 million
- Number of transactions: 9.1 million
- Transaction value: Baht 12,900 million

QR Code Payment

QR code payment was launched to add more payment acceptance channels for merchants, including electronic data capture (EDC) and EDC linked with merchants' payment systems, direct transactions from the point of sale (POS) to various e-wallets and K PLUS SHOP mobile application. The customer base has been extended as payments can also be made via mobile application by scanning QR code or barcode from Alipay and WeChat Pay e-wallets among Chinese tourists making payment in Thailand. Moreover, other preparations are ongoing to accommodate increasing transactions in the future to facilitate Chinese customers and open up new trade opportunities for the participating merchants.

Operating Performance

- Merchants that accommodate Alipay/WeChat Pay: 168,900
- Number of transactions: 6.8 million
- Transaction value: Baht 17,900 million

K-CYBER

K-CYBER consolidates customers' financial management into a single site. KBank has developed financial services available on our website, along with improving services in response to market demands and the security system to ensure customers' confidence towards their transactions.

PromptPay for Individual Customers

KBank has undertaken the following operations:

- Opening of registration for PromptPay service at KBank branches, K-ATM and via K PLUS app and K-CYBER.
- Promotional campaigns to promote PromptPay service via KBank branches, K-ATM and KBank website to ensure better awareness and understanding while also persuading the public to register for the service.
- Training sessions to provide branch officers and K-Contact Center representatives with relevant knowledge so that they can answer customers' questions or give them related information accurately, completely and clearly.

Operating Performance

- PromptPay registration: 7.8 million numbers, 57 percent of which were registered by mobile numbers via K PLUS
- Funds transfer via PromptPay: 500,000 transactions/day

Expansion of merchants with EDC terminals

In accordance with Thailand's National E-Payment Master Plan, the government has planned to expand the nationwide base of card accepting merchants to promote electronic payment that reduces cash production costs and prepares for a Cashless Society. KBank, as one of those entitled to set up electronic data capture (EDC) systems, has already installed EDC portals at more than 59,000 merchants, resulting in a higher payment amount by Baht 621,000 million. Marketing and public relations activities have been conducted for EDC promotion, such as special prizes for debit card payment acceptance, distribution of marketing media to merchants across Thailand, invitation of merchants to participate in the project and reduction of debit card fee.



CU NEX Project

The CU NEX Project has been initiated on cooperation between Chulalongkorn University, KBank and KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG), with the aim to create innovations of the future that are driven by digital technology. CU NEX is an application to accommodate student lifestyles with various features, such as digital student card, student debit card, payment of tuition fees and examination of class schedules, plus privileges from merchants in the university and nearby areas. Other KBank supports include construction of PLEARN Space to serve as an area for creative activities and provision of advice on Data Hub establishment to store data for future benefits of the students. The CU NEX Project has been awarded with the Efma Innovation Asia Pacific Gold Award 2018, which affirms its contribution to an educational institute that engages in the country's human capital development.



KBank worked with Chulalongkorn University (CU) in launching the CU NEX application to accommodate every aspect of CU students' lifestyle.



The CU NEX project won Efma Innovation Asia Pacific Gold Award 2018.

K-My Fund Application: Personal Advisor for Mutual Fund Investment

This application serves as digital wealth advisor to offer new customer experience related to mutual fund investment. Its advisory service consists of the following issues:

- Suitable investment portfolio and Fit-Line to advise customers on their investment that matches their risk appetite
- Self-selection of investment portfolio through recommended portfolio or purchase of investment units of K-FIT
- Investment unit purchase, redemption, switching or regular purchase plan to ensure timely investment
- Notifications on fund status, profit and loss, and transactions



K-My Fund application – your personal advisor for mutual fund management

The application is also a part of the “Five Steps to Ensure Investment Confidence” Project of the Office of the Security and Exchange Commission, which is a new dimension of comprehensive investment supervisory service to enhance financial freedom of the general public.

Operating Performance

- Number of users: 54,000



steps
to invest

Digital Wealth Advisor

Design ways of investment for the better portfolio

- 1 Understand your needs
- 2 Create portfolio from analysis by experts
- 3 Be ready to FIT your investment with recommended portfolio
- 4 Track and be ready to adjust portfolio to achieve investment target
- 5 Summarize your investment portfolio

ONE SIAM



OneSiam-KBank Credit Card - a “Lifestyle Credit Card” with multiple privileges

OneSiam-KBank Credit Card

KBank has partnered with Siam Piwat Co., Ltd., a leader of retail business of Siam Paragon, Siam Center, Siam Discovery and ICONSIAM, to launch a co-branded OneSiam-KBank Credit Card in response to all lifestyles with respect to dining and shopping. The holders of Infinite Card, Signature Card and Platinum Card are entitled to triple reward points from shopping at the above-stated shopping complexes and up to 50-percent discount given by participating merchants, plus reserved parking lots and eight-hour free parking, as well as other special privileges.

Operating Performance

(August - December 2018, after the launch)

- Number of new cards: 65,000
- Card spending value: Baht 1,660 million

The Passion Credit Card

KBank joins hands with Visa International (Thailand) to present The Passion Credit Card to add more convenience to all types of spending, such as dining, recreation and worldwide travel. Double reward points are granted for spending in Thai Baht and triple reward points for spending in foreign currencies. Reward points can also be redeemed for snacks, beverages, entertainment and services, along with other diverse privileges.

Operating Performance

- Number of new cards: 86,000
- Card spending value: Baht 16,000 million



THE PASSION Credit Card for superb dining, travelling and shopping lifestyles

Provincial Debit Card

Based on a concept to promote the love of hometown, KBank has introduced the Provincial Debit Card with eight watercolor designs that signify the identities of eight provinces: Chiang Mai, Nakhon Sawan, Ayutthaya, Chon Buri, Nakhon Ratchasima, Khon Kaen, Songkhla and Phuket. The aim of this card is to showcase the pride of those provincial residents and promote local goods with privileges and discounts of up to 30 percent offered by more than 300 leading restaurants and merchants in each province. Other privileges include Debit Card Reward Plus and a waiver of application fee.

Operating Performance

(August - December 2018, after the launch)

- Number of new cards: 84,000 (127 percent of the target)
- Card spending value: Baht 89 million



K-Provincial Debit Card with watercolor theme representing each province, to support sales of local products

KASIKORN LINE COMPANY LIMITED

KBank (through KASIKORN VISION COMPANY LIMITED) and LINE (through LINE Financial Asia), leaders of digital banking and mobile platform, jointly invest in the establishment of KASIKORN LINE COMPANY LIMITED. The new company is aimed at delivering excellent experience of financial service to more than 44 million LINE users in Thailand, serving millennial customers with a social media platform that is easy to use, fun and safe. Customers can use KBank services on LINE, including simple application for services, convenient funds transfer and rapid approval of personal loans. Through this cooperation, KBank and LINE will share knowledge and resources to strengthen their organizations towards becoming one of the top loan service providers with most advanced innovations in Thailand. Products and services are planned to launch in the second half of 2019.

The formation of KASIKORN LINE is an important step of KBank to create change to Thailand's banking business via introduction of novel financial services that are in tune with customers' desires in the digital era, where financial matters perfectly fit into the customers' daily life.



Products and Services for Corporate Customers

Online Salary Payment

KBank has expanded our online payroll service for SME customers. In 2018, there were 3,000 new companies in the scheme, involving more than 62,000 employees. Meanwhile, the employees are entitled to a systematic verification system of the evidences of their financial status, which has given them an easier access to funding sources of commercial banks.

Credit/Debit Card Payment Acceptance via EDC

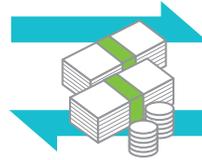
In accordance with the government's policy to reduce the volume of bank notes in the economic system, there were more than 185,000 merchants that applied for EDC installation in 2018, adding new payment acceptance channels and greater opportunities to sell goods and services. In addition, payment acceptance via EDC facilitates accounting management with safety, because the incoming amounts will be credited into the accounts automatically at each day-end, allowing for efficient marketing strategy planning based on the sales summaries by KBank.

Corporate PromptPay

With adherence to the government's policy to drive the country towards "Thailand 4.0", KBank has implemented the Corporate PromptPay program with the purpose of business cost reduction. In 2018, there were 10,840 companies according to their taxpayer identification numbers that registered for Corporate PromptPay. It is expected that the usage will rise in line with the government's plan to stimulate PromptPay usage among large organizations and to implement the e-Payment system at all government agencies.

Cross-Bank Bill Payment

Based on the infrastructure of PromptPay, KBank has introduced the Cross-Bank Bill Payment to serve as a bill payment channel across banks for business operators (bill issuers) and to shorten the processes of bill payment agreement with each bank. There were 242 companies according to their taxpayer identification numbers that registered for Cross-Bank Bill Payment. Moreover, KBank has developed a "Request to Pay" system, which enables businesses to send payment notices to their buyers, making their payment collection and acceptance more convenient and rapid.



KBank joined hands with DBS Bank of Singapore to provide funds transfer service from Singapore via KBank.

Real-time Money Transfer from Singapore

KBank and DBS Bank of Singapore launched a new real-time money transfer service from Singapore via KBank to accounts at 21 banks in Thailand. It is the first money transfer service that allows senders to check account names and status in Thailand before conducting transactions. Senders are also advised of the service fees and recipients receive the full amount of the transferred funds of up to Baht 1.5 million/transaction. From the service launch on July 23, 2018 until the end of October 2018, there were more than 25,000 funds transfer transactions under this service.

K-CONNECT LG: Online Letter of Guarantee for Corporate Customers

The service of online letter of guarantee (LG) including LG issuance and renewal helps save time for the LG application processes and customers' visits to bank branches. Notable features are, as follows:

- Customers can directly send the application notification without having to visit a branch, enhancing convenience and rapidity, while preventing errors in the LG.
- Customers can check the LG status, such as the outstanding guarantee amount, the guarantee liabilities, and operating status of KBank. They can also view and download the reports from the system.
- Information verification and correction can be made before the LG issuance.

Operating Performance

- Number of applicants via K-CONNECT LG:
3,902 companies

K Electronic Letter of Guarantee for Electronic Government Procurement (K e-LG for e-GP)

K-e-LG for e-GP guarantees compliance with contracts or obligations, wherein customers who have LG line of credit may apply for and use the e-LG service via the electronic system of the Comptroller General's Department.

Operating Performance

- Total Electronic Government Procurement transactions:
23 percent of all K Electronic Letter of Guarantee

Cooperation with University of the Thai Chamber of Commerce

KBank has teamed up with the University of the Thai Chamber of Commerce in a development of financial innovation and education system, aiming for the university to enter into a Cashless Society and become a Digital Hybrid University. QR code payment has been implemented in the university canteen and merchants around the university. Smart Student ID Card has been introduced in the form of physical student ID card that serves as both debit card and access card, and also in the form of virtual student ID card. Card data is linked with the newly developed application with various functions in tune with the users' behaviors, such as course registration, payment of tuition fees, notifications of course/examination schedules and university announcements/public relations news and contact with the Registration Department for transcript issuance, as well as location searches in the university area with the Location-Based Technology.

Cooperation with Silpakorn University

KBank has provided support for the SU CHANGE Project of Silpakorn University, based on a concept that “creativity may occur with everyday-life inspiration of the 21st century students”, as follows:

1. **Development of Mobile Application** to enable students to register their courses, view course timetable, request various documents, receive SU news alerts, view their activity records, monitor the status of requested documents, request SOS, and view the electric train locations. The application provides convenience to students and staffs of the university up to 25,000 people. It can also be used to make bill payments via QR Code at SU canteens and stores located around SU to promote a Cashless Society.

Another feature involve the dormitory system management wherein students can check the status of dormitory, reserve the room, pay the rent, update the information and activities, check their rights to renew the lease, vote for the dormitory president and request a repair with attached image of broken equipment. The online service has boosted the efficiency of the university’s facilities management. It is not only used for the students’ dormitories but also the accommodations of the university’s lecturers and staff at Sanam Chandra Palace Campus and Phetchaburi Information Technology Campus.

2. **Establishment of co-learning space** for activities, providing an area for students to innovate and display their work. Small meeting rooms will also be available for students.
3. **Provision of business perspectives for students** by guiding them to commercialize their designs so that they blossom in future career in their individual style.

Additionally, KBank plans to drive forward other universities towards a Cashless Society, for example, Huachiew Chalermprakiet University and Dhurakij Pundit University, so that their services are consistent with the lifestyles of the new generations.



KASIKORNBANK (China) Co., Ltd. – a locally incorporated institution

With a license granted by the China Banking Regulatory Commission (CBRC) to operate a locally incorporated institution (LII) under the name of Kai Tai Ying Hang (Zhong Guo) or KASIKORNBANK (China) Co., Ltd, KBank has gained better understanding on China’s market and customers’ requirements. In 2018, corporate services have been expanded to the following areas:

1. Lead Arranger service for syndicated loans extended to Chinese customers
2. Co-lending with Thai commercial banks for Chinese customers and Thai customers in China
3. Financial advisory service for Thai businesses seeking to invest in China
4. Financial support for Chinese customers wishing to invest in the EEC in accordance with the “Belt and Road Initiative (BRI)” under the Chinese government’s economic development policy, starting from financial facilities provided for Chinese investors in Cambodia

In the third quarter of 2018, a Retail Business License was granted by the CBRC to KBank, which is an important step of our business expansion to corporate and retail customers in China. Joint development of products and services has been undertaken with large technology companies and/or fintech companies in order to set up a Digital Banking Platform that offers comprehensive solutions to corporate and retail clients, in line with KBank’s strategy to become a Digital Life Platform in the AEC+3.



KBank launched KASIKORN VISION COMPANY LIMITED (KVision) with the aim of becoming a digital life platform provider for customers in Thailand and other AEC+3 countries.

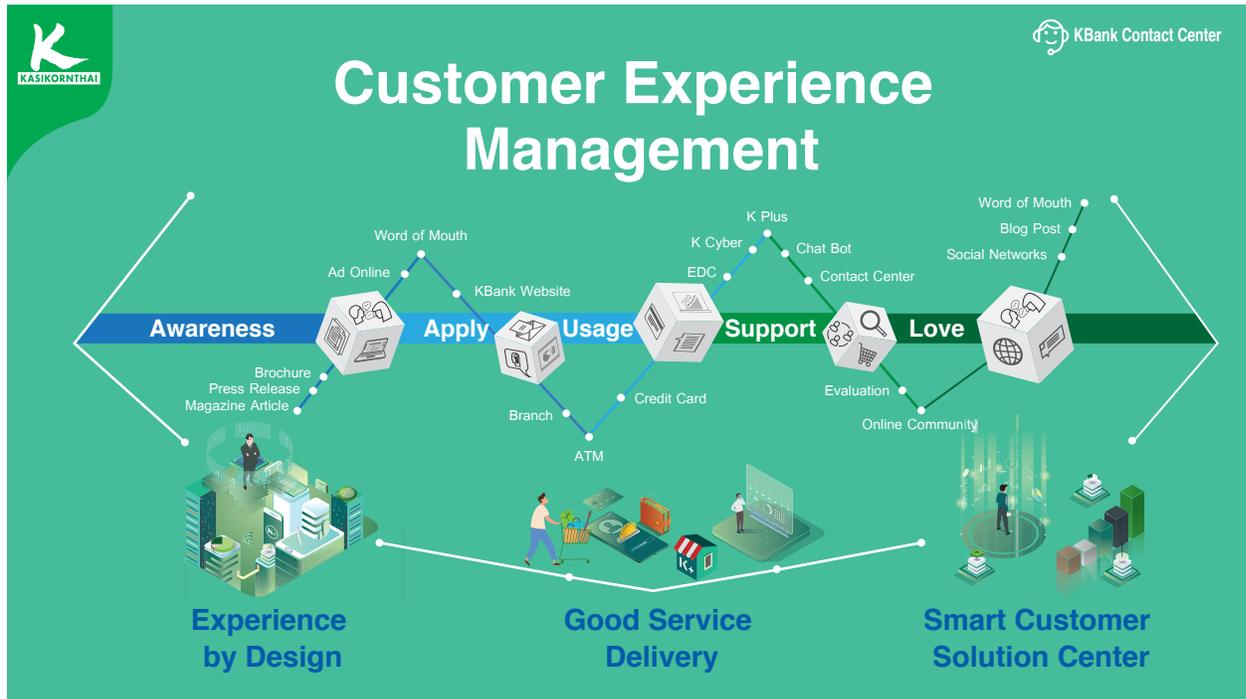


KASIKORN VISION COMPANY LIMITED (KVision)

Guided by a strategy to achieve the role of Customers' Digital Life Platform in Thailand and the AEC+3 via digital channels and mobile solutions, based on the development of technology potential at the regional level, KBank has invested Baht 8 billion (USD245 million) in a new company - KASIKORN VISION COMPANY LIMITED - or KVision to upgrade our digital technology capability and potential. As KBank's investment holding company, KVision is engaged in partnering with worldwide tech communities or experts that will join hands with KBank in technology development.

In the initial stage, KVision will place its focus on building of a strong foundation. To start with, the "Business Innovation Scouting" will be implemented in four countries, namely the People's Republic of China, Vietnam, Indonesia and Israel, to seek potential partners. Afterwards, KVision will analyze investment feasibility to determine whether to hold their shares directly or through Beacon Venture Capital Fund to provide financial support to appropriate tech start-ups which are developing interesting technologies in line with KBank strategy and business plans. These technologies will be applied to elevate KBank services in Thailand and other AEC+3 countries.

The establishment of KVision will enhance business advantages and agility in applying digital solutions in customer service provision, while streamlining the processes of service development towards the delivery of more diverse, swift and responsive services. Furthermore, KVision will contribute to boosting the potential of KBank's employees who work with the experts in creating world-class innovations.



Customer relationship management (CRM) process

Customer Relationship Management

On the path to becoming a Data Driven Bank, KBank has assess and analyzed transaction data to gain a deeper and broader understanding on customers' behaviors and needs, which has been used as a management guideline to devise timely and suitable products and services for our customers.

KBank adheres to an effective complaint management system, with focus on rapid problem-solving, responsiveness to customers' requirements and system mechanism to deal with unresolved issues. Meanwhile, KBank attaches equal importance on improving customer experience by prevention of complaint increases amid continued business growth. Customer relationship management is also conducted via social media channels of KBank, for example, Facebook, LINE, Twitter, Instagram and Youtube, which serve to create customer relations, disseminate news, promote marketing activities, provide knowledge on financial matters, investment, products/services and transaction security. Social media channels are also used in solving customers' problems with convenience and speed.

In addition, KBank has developed various systems for data analysis and assessment of customers' desires, and has undertaken customer surveys via multiple channels, including branches, Contact Center and social media, so as to come up with service quality improvement. The Customer Experience Management Working Group (CXM) is responsible for creating impressive customer experiences that motivate them to recommend KBank services to others.

Annual customer satisfaction surveys are conducted via two channels:

- Questionnaires via SMS2WAY for customers at all KBank branches: In 2018, the respondents accounted for 99.7 percent of the sample group and the overall satisfaction score stood at 94.
- Phone interviews: The interviewed persons were the most frequent users of services at particular branches. In 2018 the overall satisfactions score stood at 90.

Responsible Lending and Investment



Long-term Sustainability

Target 2019 - 2023

100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure



Target 2018

100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure



Performance 2018

100% of Project Finance requests were processed through the Environmental, Social and Governance (ESG) assessment procedure



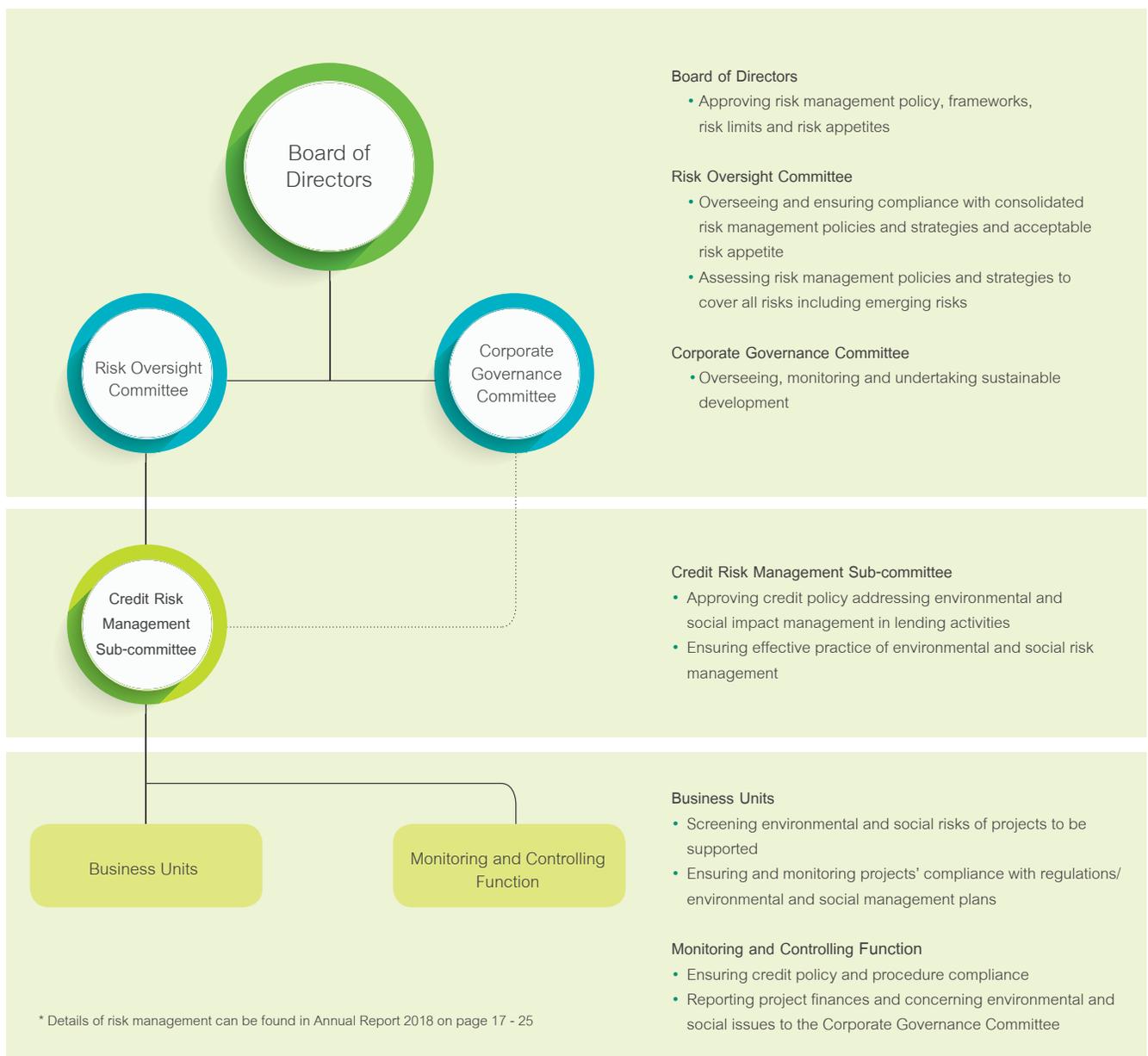
The banking business could be a part of the starting point of support or prevention of business operations that may create environmental and social impacts. Therefore, financial institutions have an important role to promote changes towards a low-carbon society, while generating positive effects and minimizing negative impacts from banking business undertakings, which could also be an opportunity to develop financial innovations for their income generation and reputation. An understanding about environmental and social impact management is crucial for consideration of credit extension and investment of customers of each business segment, for example, retail customers, business customers, asset management business and private banking business. KBank has incorporated risk factors with respect to the environment, society and governance (ESG) in our processes, including the processes of Know Your Customer (KYC) and Customer Due Diligence (CDD), along with other issues in credit underwriting function, namely Customer Characters, borrowing objectives, sources of income and income consistency, debt repayment capability that matches borrowers' income, debt burdens and expenses and related regulatory criteria. A validation process is also in place to ensure that customers are granted a proper credit limit that will not produce any adverse effect to the economy, society and environment. As for the post-approval processes, customers will be monitored to ensure that their credit utilization complies with their objectives as notified to KBank and that their payments meet the schedules. Impacts of any economic incident or natural disaster will be assessed whether they are harmful to our customers and their repayment capability, and to prepare necessary assistance for the affected customers.

To affirm the importance of environmental and social impact management, KBank has formulated a policy of responsible lending and investment, along with the consideration processes that take into account the ESG factors in conformity with international practices. An Exclusion List has been established for projects that are ineligible for KBank credits, along with a Sector-Specific Guideline and intensive risk management measures for high-risk customers, to ensure that all projects that have been supported by KBank will not produce any effect on the environment and society, as well as KBank's image and operations, while enhancing stable business advancement and sustainable returns for all stakeholders in the long term.

Structure of credit operations demonstrating ESG responsibility

KBank has established credit policies and operations that manifest ESG responsibility, with an operational structure divided into management and transaction levels. The Enterprise Risk Management Division is responsible for monitoring and controlling projects to be supported by KBank and identified as having environmental and social impacts. Reports on this issue will subsequently be submitted to the Corporate Governance Committee on a quarterly basis for comments and recommendations.

At the management level, lending activities are structured so as to demonstrate environmental, social and governance responsibility as follows:



At the transaction level, KBank ensures that lending transactions violate neither the law nor social norms.

- KBank has established procedures for assessing environmental and social impacts prior to credit underwriting process to ensure that any probable concerns are properly managed.
 - Projects identified as having possible environmental and social impacts must be endorsed by Heads of the relevant business divisions and the Enterprise Risk Management Division before initiating the credit underwriting process.
 - KBank may impose additional environmental and social regulations and management plans for credit requests of industries/businesses with certain potential environmental and social impacts. In case a credit applicant fails to comply with them or to correct violations, KBank shall take an action as deemed appropriate.
 - Projects seeking credit support from KBank must be regularly reported to the Corporate Governance Committee for recommendations and further actions.
 - Project activities abroad must comply with the environmental and social regulations of the host countries and relevant national agencies as well as internationally accepted standards.
- A credit policy has been established to reject credits and credit applicants, whose activities may have adverse impacts on the economy, society or the environment. They are, i.e.,
 - Applicants involved or expected to be involved with offences under the Anti-Money Laundering Act, B.E. 2542 (1999), offences relating to narcotics, public fraud, embezzlement, or cheating and fraud involving assets, acts of dishonesty or deception, terrorism, gambling, exploitation of natural resources or the environment through the illegal use or taking possession of natural resources for commercial purposes, weapons and war materials, including offences under the Anti-Trafficking in Persons Act, B.E. 2551 (2008) and/or any other illegal activity
 - Market speculation
 - Activities contrary to morality and/or social norms such as massage parlors and love hotels, etc.
 - Applicants employing illegal workers, migrant workers, forced labor, child labor in violation of relevant labor standards
 - Activities in violation of national environmental laws
 - Activities that may encroach upon or potentially damage natural coastal wetlands
 - Activities that may damage the Bank's reputation

Types of Rejected Credits and Credit Applicants



Environmental, Social and Governance (ESG) Credit Assessment Process



To ensure that all projects financed by KBank will not produce any environmental and social impacts, and comply with good corporate governance principles, all related employees are required to use the established environmental and social screening tools with projects that may create significant impacts. Training courses have also been arranged on environmental and social risk management criteria of each business/industry to provide useful knowledge and understanding on risk identification and management, as well as reporting of those risk factors, especially complex risks that may exist in the supply chains of projects requesting credits. Correct understanding on risk factors of each business/management and assessment of each important risk are crucial for credit underwriting tasks.

If a project is found to be incompliant with the environmental and social risk assessment criteria, KBank will notify the customer of the issues for improvement or correction, related conditions and constraints, so that the customer can manage those issued within the specified timeframe. Without any improvement or correction, KBank may terminate the financial support for the project.

Project Finance Result 2018



Examples of ESG Credit Assessment to Project Finance

1. Waste-to-energy power projects

To avoid over-reliance upon certain types of fuels, the government has established guidelines to support the generation of electricity from alternative fuels. Generating electricity from industrial waste is one such option, as it could reduce the amount of waste from ever-increasing industrial output.

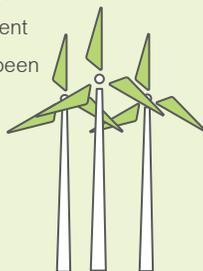
KBank has supported an industrial waste power plant project to invest in the construction of renewable energy power plants that generate power from industrial waste in different regions, by processing waste obtained from companies in these areas into refuse-derived fuel (RDF). Waste-to-energy plants help lead to sustainable waste disposal. Rather than relying on other waste disposal methods, especially landfills which incur high social costs, the projects can supply electricity to surrounding communities.

Regarding environmental and social management, an Environment & Safety Assessment (ESA) has been conducted. Along with this, necessary measures have been put in place in compliance with the government's regulations and industrial standards to ensure that any potential concerns are appropriately managed. This includes measures for participation in resolution of pollution problems and communities' complaints, and accepting comments from communities directly. Moreover, public relations initiatives must be carried out to ensure that the general public understands the projects' work and their environmental and social impact, as well as publicizing actions taken to ensure that the projects are environmentally friendly, and will contribute to a sustainable society. Furthermore, we have closely monitored the projects' progress and continuously complied with environmental and social regulations to ensure that both KBank and our customers are always working together to prevent any adverse effects on the environment and society.



2. Wind power projects

Thailand has strong wind energy potential because of its weather. However, the percentage of wind energy generation when compared to overall power generation is low. The data of January-December 2018 shows that Thailand produced only 927.82 megawatts of wind power during that time, against the 2036 target of 3,000 megawatts. Therefore, KBank has given priority to financial support for a wind power plant in the Northeastern region, where the weather is suitable for wind power generation. The project's Environment & Safety Assessment (ESA) is being undertaken to prevent and resolve any potential impacts on environment and safety. Management measures have been established in line with government and industry standards. The project is set to start generating power in April 2019 under a 10-year contract for the Electricity Generating Authority of Thailand.



3. Solar power projects

Thailand is located near the equator, and thus receives sufficient sunlight to consistently produce electricity year-round. In addition, the cost of solar power generation has fallen, because the government has supported the installation of solar rooftops and solar farms in households and for commercial purposes, respectively.

KBank has provided financial support to our customers for the installation of photovoltaic power stations in the government projects of the Eastern region's agricultural cooperatives area, and for distribution of power to the Provincial Electricity Authority. KBank requires these projects to comply with regulatory requirements, and has appointed independent consultants to ensure that these projects are carried out in accordance with the related regulations and laws to prevent any adverse impact on the environment and community members' quality of life. Moreover, KBank has monitored the performance of these projects.



Sector Specific Guideline for Credit Assessment

KBank has placed great emphasis on environmental and social issues. We have adopted a prudent lending policy towards businesses that may be environmentally and/or socially harmful as follow:

- Credit shall not be granted to businesses with certain potential exploitation of environment or natural resources
- Credit shall not be granted to businesses that potentially having adverse social impacts, such as use of illegal labor or forced labor, no work safety standards, or operations negatively impacting communities' ways of life.

KBank has assessed these risks and put in place guidelines for effective handling of such risks which may adversely affect business operations of our customers, during their credit request and throughout the period they maintain relationships with KBank, based on types of businesses/industries, such as

Sector Specific Guideline for Credit Assessment

Environmental and social impacts	Power plant		Mining	Chemical plants that caused harm to the environment	Metal/non-metal smelters	Tanneries	Agriculture (plants/ animals including fisheries and aquatic animals)	Labor intensive business/industries such as frozen/ processed seafood, construction, footwear, garments and toys
	Non-renewable energy	Renewable energy (solar/ wind/ hydro power)						
Environmental impacts	Emission of pollution such as poisonous substances, gases, dust, noise, heat, wastewater	✓	✓	✓	✓	✓	✓	
	Excessive use of non-renewable resources	✓		✓		✓	✓	
	Use of large areas	✓	✓	✓			✓	
	Located near sensitive areas (biological and cultural diversity) such as water sources, communities or historical sites	✓	✓	✓	✓	✓	✓	
Social impacts	Change in way of living, migration	✓	✓	✓			✓	
	Use of illegal labor such as forced or child labor			✓			✓	✓
	Working conditions and occupational health	✓	✓	✓	✓	✓	✓	✓

Remark:

Environmental and social impacts will be considered based on different criteria of each business/industry.

Cyber Security and Data Privacy



Long-term Sustainability

Target 2019 - 2023

Create effective cyber security awareness
To increase the number of employees passing criteria for cyber security awareness and bolster cyber security awareness among relevant stakeholders of KASIKORNBANK including the Board of Directors, employees, customers, and counterparties.



Target 2018

Extensively increase customer data security and privacy awareness among relatively high-exposure and relevant stakeholders of KASIKORNBANK including the Board of Directors, employees, customers, and counterparties.



Performance 2018

Extensively increase customer data security and privacy awareness among relatively high-exposure and relevant stakeholders of KASIKORNBANK including the Board of Directors, employees, customers, and counterparties.

Cyber security and data privacy are key in establishing confidence and trust in services provided by financial institutions, as well as in the financial and banking system. With the growth in technology-driven enterprises where databases are analyzed for business decision-making, technological advancement offers opportunities and competitive advantages. Without proper controls, however, businesses may be exposed to risks such as data breaches, cyber attacks and data fraud. These substantial risks bear wide-ranging potential consequences, including financial and non-financial loss to KBank and its customers, either directly or indirectly, together with a tainted public image, thus affecting customer trust, business relations, as well as laws and operational procedures.

KBank aims to maintain growth in digital banking services and retain our status as Thailand's number-one digital banking service provider. To provide our customers confidence and security when using KBank services, KBank prioritizes cyber risk management, making cyber security one of our core operational targets. The Board of Directors has considered and approved strategies, structures and policies related to cyber security such as IT and data security policy and IT risk management policy, taking into consideration customer data security, system security and financial service users' changing behavior. Measures for controlling and maintaining balance in the use of data – especially customer data – have been put in place, while a cyber risk control development plan has been devised to ensure that our goals are met. Emphasis has been placed on risk control, including prevention, detection and response, which must cover our business processes and major work systems. Measures must be in place to cope with potential complaints or loss incidents caused by cyber threats, to ensure the stability of KBank's financial IT system as well as Thailand's present and future financial landscape. Reduction of cyber risk incidents is set as KBank's main target for assessing operational efficiency.



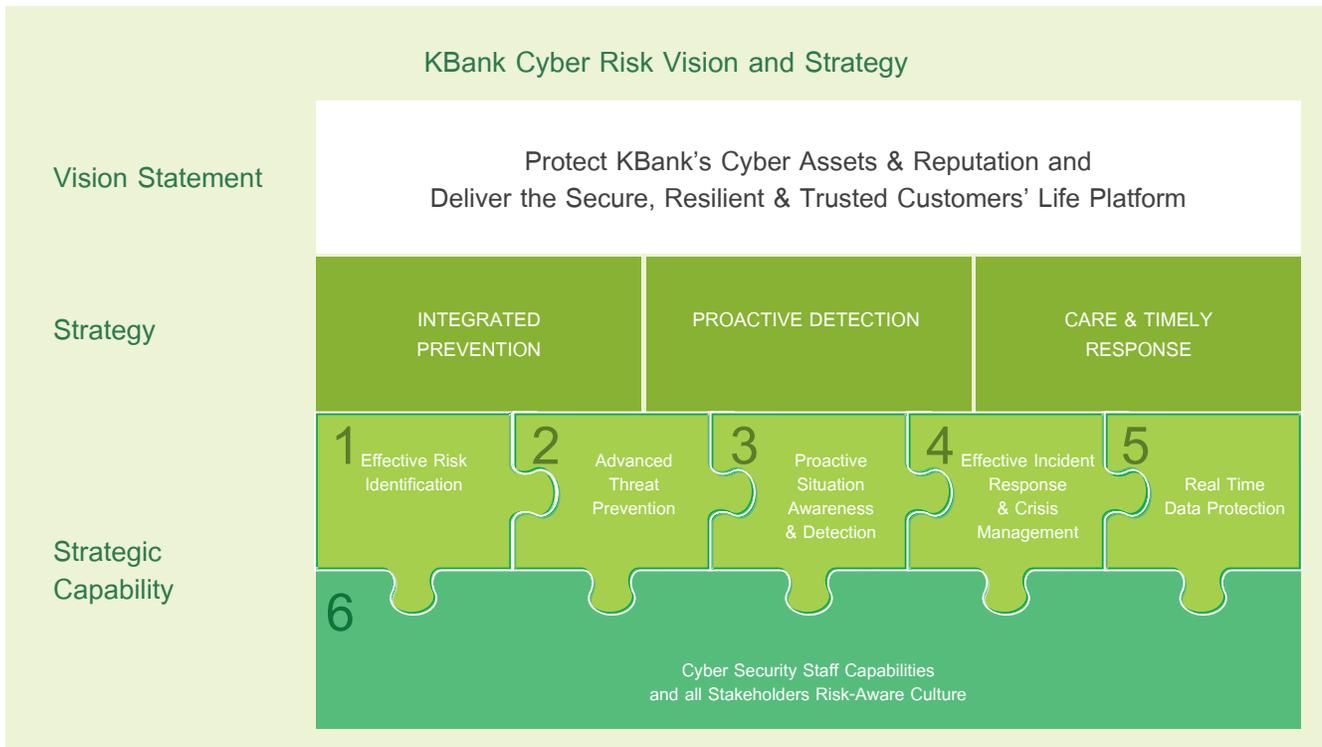
IT Management Structure and Data Security

The Board of Directors prioritizes data security and customer privacy. The Board is responsible for approving risk policy and risk appetite and risk limit. It has assigned the Risk Oversight Committee to supervise risk management in alignment with the risk management policy and strategy and consistent with acceptable risk level, as well as review and audit adequacy and effectiveness of the overall risk management policy and strategy. To ensure that digital and cyber risks are systematically managed, KBank set up the Digital-Oriented Risk, Data and Cyber Security and IT Risk Management (DCSC) which reports directly to the Risk Oversight Committee and is responsible for management of digital risk, data security and overall IT risk management, including identification of risks and risk analyses, monitoring and investigation of risks, along with giving recommendations for continual development of processes for risk control and loss prevention. Meetings are held on a monthly basis, and operation progress is reported to the Risk Oversight Committee every quarter. On the operation front, KBank has established a Digital Risk Unit which is responsible for monitoring digital risk and technology risk management, as part of operational risk management. The unit assesses risks and provides advice regarding proper risk management measures to business and support units, and reports risks to the Enterprise Risk Management Division Head and relevant committees.

The Information Technology Strategy Sub-committee has been established to devise overall IT system policies and strategies, as well as reviewing, approving and supervising related operations so that they are in alignment with the strategies, operational procedures and IT system architectural structure as well as IT security control standards of KBank. The Chairman of KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG), acting as Chief Information Officer (CIO) and Chief Information Security Officer (CISO), is responsible for IT management and IT system and data security. A Cyber Security Management Unit has been established to be responsible for determining measures for cyber security control, monitoring of management to ensure appropriate practices, and maintaining vigilance against potential cyber attacks, while also giving advice to business and support units regarding appropriate security management. The Unit reports cyber security risk management to CISO, Enterprise Risk Management Division Head and relevant committees. Main Sections of this Unit include a Section responsible for monitoring and supervising compliance with security measures, a Section that provides advice and establishes secure architectural structures and standards, a Section that acts as a center for cyber threat monitoring and surveillance, and a Section responsible for cyber security operations.

Digital and Cyber Risk Management Framework

As cyber threats and cyber risks become more serious and significantly more complex, KBank prioritizes management of these challenges. We have therefore formulated a digital and cyber risk management framework in alignment with the strategy of maintaining our leadership in digital banking services. The KBank Cyber Risk Vision and Strategy is as follows:



Information Technology and Data Security Operations

KBank has improved operational systems, technologies and innovations together with our personnel potential, while also stepping up preventive measures to cope with cyber threats across all dimensions, including prevention, monitoring and detection, management and remedies, in order to enhance consumer confidence towards KBank services. Such operations are, as follows:

Customer Privacy Protection in Conformity with Good Governance Principles

1. The Data Governance Sub-committee has been established, comprising high-ranking executives, to supervise information management as well as corporate and customer data protection, to ensure maximum efficiency and security of information management systems.



2. Policies and operational procedures related to information management and data security have been implemented. They include a customer data protection policy, data quality policy, customer data access operational procedures, electronic document management operational procedures and policies, and customer data management operational procedures.
 3. Operational guidelines for seeking approval for disclosure of customer data or data related to customers to external parties or organizations have been prepared, to ensure that the data disclosure or dissemination is under stringent control with the highest data security.
 4. Policies and operational procedures have been reviewed regularly to be up-to-date with the fast-changing technology, in line with our dynamic performance. Our operations have been controlled, managed and examined for compliance with the established policies and operational procedures.
- Imaged Cheque Clearing and Archive System (ICAS), which allows confirmation of interbank cheque collection with the use of electronically-sent images rather than physical examination.
 - Bank of Thailand Automated High-value Transfer Network (BAHTNET), which involves financial infrastructure that accommodates transfer of high-value funds between financial institutions and those holding deposit accounts with the Bank of Thailand on a real-time gross settlement (RTGS) basis to minimize risks that may be incurred from payment while also strengthening financial system stability.
 - Technology infrastructure
 - Data center

We attach importance to checks and balances in key operations, and set out security requirements in all system development processes, from service user screening, solution designs, and operating system development and testing, to system implementation. In 2018, no significant complaint of customer data privacy infringement was detected*. However, in July 2018, KBank found that 3,000 names of KBank's corporate customers using the letter of guarantee (LG) service on KBank's website were leaked as the result of a cyber attack. The data that might have been leaked to the public included names and telephone numbers of certain KBank corporate customers using the letter of guarantee service via website only. Such data is not sensitive information related to transactions or financial data of these customers. Upon detecting this irregularity, KBank immediately closed the loophole and increased the level of data surveillance and protection to prevent further potential leaks. KBank has already reported this incident to the Bank of Thailand and planned to individually contact our corporate customers that were affected by this hacking incident. If our customers notice anything suspicious in the related transactions, KBank is prepared to accept responsibility. According to a follow-up inspection, no damage has been found among our customers.

IT Data Security System Operations

1. KBank further installed a data leakage preventive system at various units for broader coverage, aimed at preventing leakage of IT data, especially that sent by operating units on KBank network systems. Significant efforts range from the classification and assessment of risks arising from data usage to the installation of standard systems allowing KBank to more effectively detect and prevent potential data leaks. We also established additional tools for preventing data leakage from employees' use of mobile devices, to ensure that all KBank data transmission can be detected.
2. KBank focused on strengthening proactive situation awareness and detection while also enhancing incident response and crisis management efficiency to ensure timely actions and minimize potential impacts on our customers and KBank.
3. KBank has been awarded ISO 27001:2013 certification for the fifth consecutive year, attesting that our information security management system is on par with international standards. This year, our scope of operation has been extended to include the use of mobile handsets for the following major work systems:

* Significant complaint of customer data privacy infringement means unauthorized access to customer data which has a highly adverse effect upon the customer and KBank. According to an investigation, the incident is determined to be KBank's fault.

4. Collaboration with government sector, regulatory bodies and other sectors as a member of the Thai Bankers' Association (TBA), KBank worked with the Bank of Thailand to establish the Thailand Banking Sector Computer Emergency Response Team (TB-CERT) to act as a center for upgrading cyber threat security. In 2018, KBank's major collaborative efforts on cyber threat security were, as follows:

- Upgrade of readiness for cyber security incident response

KBank participated in a workshop and cyber drill exercise, jointly organized by Thailand Banking Sector CERT (TB-CERT) under the Thai Bankers' Association, and the Bank of Thailand, to upgrade readiness for cyber security incident response, boost response and decision-making skills as well as exchanging information, as part of a collaborative effort among relevant organizations and units in coping with cyber threats.

- Upgrade of security for funds transfer transactions via PromptPay

KBank, as a PromptPay service provider, signed a memorandum of understanding with mobile phone operators on "Verification of Mobile Phone Number for PromptPay" to upgrade security in e-money services via mobile phones, which have steadily gained in popularity among consumers. Users' identity verification and authentication when applying for PromptPay service can be undertaken at all KBank branches and via electronic channels.

Operations to create cyber risk-aware culture

KBank emphasizes the creation of a cyber risk-aware culture. Stakeholders in this culture are divided into four target groups as follows:

1. Board of Directors and high-level management
 - Cyber security experts from leading advisory firms have been commissioned to keep the Board of Directors and high-level management updated with the latest trends of cyber threats, in the form of case studies including strategies for security incident management, on a regular basis. The move will ensure corporate governance and create a risk-aware culture, thus fostering trust towards KBank in this era where digital technology has played a pivotal role for the banking industry in transition.
 - Cyber News Alert has been provided to the Board to equip them with knowledge and news about cyber threats.



Cyber News Alert



IT Newsletters on Security Tips and Security Alerts

2. Employees

- E-learning course on data security management excellence has been arranged for employees.
- Campaigns have been launched on a quarterly basis to provide employees with knowledge on cyber threats in different formats and contents. For instance, customer data security awareness has been promoted among staff members through infographics and online games to encourage them to participate in fun activities while also gaining knowledge.
- IT Newsletters on Security Tips and Security Alerts have been issued regularly in formats that are easily accessible to our employees, to ensure that they have better awareness and understanding of cyber threats.
- Phishing drills have been conducted on a regular basis. Fake emails have been sent to employees of KBank and K Companies as a way to put them to the test, ensuring their awareness and training them in how to cope with the situation.



Communication on Phishing Mail

3. Customers

- Our customers are provided with knowledge on how to safely conduct transactions online and cyber threat prevention via all KBank channels, such as KBank's websites, K-Contact Center, branches and social media.

4. KBank's Service Providers and Counterparties

- KBank has formulated a cyber risk management framework to communicate to our service providers and counterparties, demonstrating that KBank has placed emphasis on cyber security and risk management.

Sustainable Supply Chain Management



Sustainability Long-Term

Target 2019 - 2023

- 100% of suppliers have acknowledged the supplier code of conduct, which integrated the social and environment, labor practice and human rights.
- 100% of annual suppliers risk assessment from Tier 1 & 2
- Collaboration with suppliers for continuous development & innovation, sustainability outcomes and impacts to social and environmental once a year



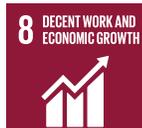
Target 2018

100% of suppliers have acknowledged the supplier code of conduct which integrated the social and environment, labor practice and human rights.



Performance 2018

100% of suppliers have acknowledged the supplier code of conduct which integrated the social and environment, labor practice and human rights.



KBank has attached great importance on supply chain management in the same manner as business operation by ensuring sustainability in all respects. KBank aims to manage supply chain based on corporate governance principles and recognition towards the environment and society to prevent any risk that may directly and indirectly affect KBank's image and operations via our supply chain. At the same time, sustainable supply chain management will also increase new business opportunities via KBank supply chain from upstream to downstream.

KBank establishes clear policies and criteria in choosing suppliers in conformity with the environment, social and corporate governance guidelines to help support any business that adheres to good corporate governance principles and ethical standards to ensure transparent and fair business operations. KBank has a clear auditing process equipped with revisions and adjustments, providing channels to accept complaints. Meetings with suppliers are also organized to encourage suppliers to express their opinions, examine issues and solve problems together with KBank. Additionally, KBank takes part in building our suppliers' capacity to contribute to the long-term economic development. KBank also joins the effort to protect and preserve the environment and promote social opportunities. The compliance with the above-mentioned policies and measures will help KBank reduce risks of leaving negative impact on the society and the environment thanks to the KBank sustainable supply chain management.

Operating Performance

In 2018, KBank had 1,633 suppliers, including 1,567 domestic suppliers and 66 international suppliers. Of all our suppliers, 100 percent acknowledged and understood the scopes and guidelines of our business practices pursuant to relevant laws and regulations, as well as sustainable development guidelines set forth in our Supplier Code of Conduct. They also had to be acknowledged by KBank before being our suppliers, regardless of whether they are IT suppliers, consultants, marketing promotion suppliers, publishing companies or other groups of suppliers. In hiring workers, our suppliers must not violate human rights, use child labor and employ illegal labor. In addition, they must adopt environmentally-friendly management practices, good occupational health and safety, as well as adhering to business ethics and fair trade. If any of our suppliers have been found to violate human rights, KBank may have to discuss this matter with them to issue a warning; thereafter setting a time frame for them to improve such a matter, or rescind the contract and permanently withdraw them from our supplier list. This is to prevent any risk that may affect our image and operations in the future.

KBank will assess and select new suppliers from the regulations prescribed in the Supplier Code of Conduct. Every supplier must carry out business with transparency with respect of human rights, treat their workers with fairness and comply with occupational health, safety and environmental standards. KBank also monitors and evaluates the performance of our suppliers to ensure that their operations are strictly in conformity with our Supplier Code of Conduct. In 2018, KBank had 205 new suppliers, accounting for 13 percent of all suppliers. KBank also improved our procurement contract standards by introducing new conditions and penalties should there be any breach of regulations, and/or laws related to the environment, human rights, or if suppliers employ illegal workers, exercise unfair labor practices and fail to meet occupational health and safety standards. This is to ensure that all of our suppliers strictly comply with relevant laws and regulations.



ZERO

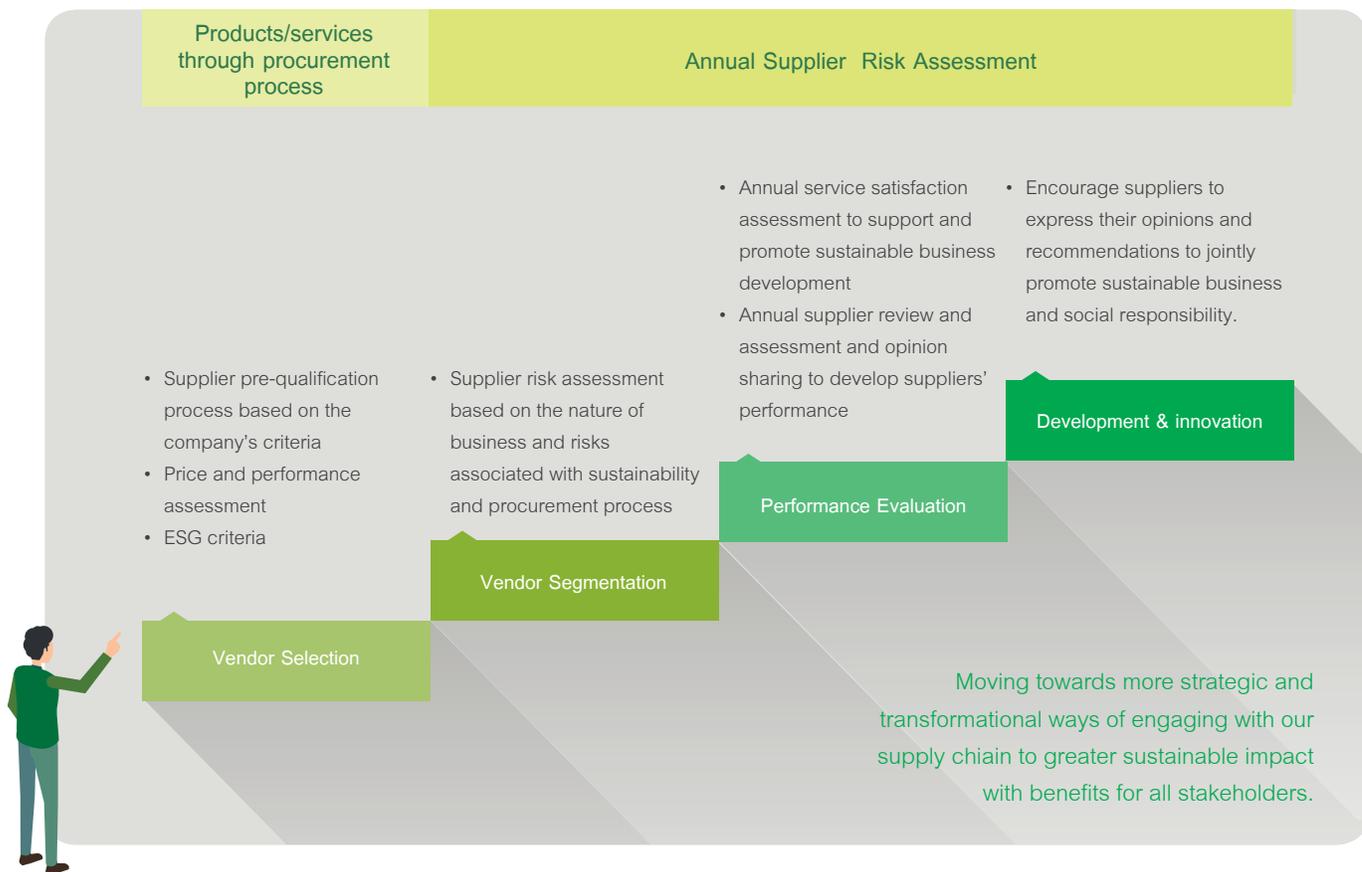
The number of suppliers found to have a tendency to create adverse effects to the society, whereby KBank have issued a warning to them to improve this matter after finding out, accounted for 0 percent of all suppliers.

The number of suppliers found to have a tendency to create adverse effects to the society, whereby KBank have decided to rescind their procurement contracts, accounted for 0 percent of all suppliers.

Sustainability Sharing 2018 seminar for suppliers

KBank organized the Sustainability Sharing 2018 seminar for our suppliers to communicate KBank sustainable management guidelines throughout the supply chain and our anti-corruption determination. The seminar was aimed at sharing KBank experiences and encouraging our suppliers to pay greater attention to sustainable business operation without leaving the negative environmental and social impacts and carrying out their business operation with transparency in compliance with the corporate governance principles. Moreover, KBank has communicated KBank sustainable supply chain management policies and procurement procedures with our suppliers to make everyone understand and follow the procurement procedures and regulations correctly and transparently. The effort will help avoid any operation that is not consistent with our process standards and enhance our long-term supplier relations management.

Environmental, Social and Governance (ESG) Risk Assessment



Supplier Monitoring, Inspection and Assessment Process

KBank has categorized our suppliers into three tiers according to the nature of business and risk exposure. KBank will closely evaluate the performance of suppliers under Tier 1 and Tier 2 (around 100 suppliers or 7 percent of all suppliers) by working on improvement plans for goods or services as well as guidelines to develop new innovation with them to ensure the sustainable business development. KBank also carries out the satisfactory survey on working with KBank as the guidelines for further development and improvement of KBank operation.

To inspect and monitor our suppliers, KBank visits our key suppliers at least once a year to ensure that they comprehensively comply with KBank Supplier Code of Conduct in terms of environment, social and corporate governance to ensure the sustainable development throughout the supply chain.

To assess the operations of our suppliers, KBank makes a service satisfaction assessment on our suppliers via questionnaires, developing channels to receive complaints towards the suppliers, and making random visit, inspection and assessment on their operating performances to ensure that KBank receives goods and services via sustainable procurement processes from them. In addition, KBank has a procurement supervisory and management team that works with various agencies to jointly check facts and solve related problems, as well as offering advices to suppliers to improve and develop quality products and services. However, if suppliers are not able to comply with our set standards, they will be subject to appropriate penalties set by KBank. This is to ensure that our economic, social and environmental development are sustained in the long term.

Joint Development of Innovations for Sustainability with Suppliers



KBank took part in the “Bank of Sustainability” exhibition in Bangkok Sustainable Banking Forum 2018 organized by the Bank of Thailand.

1. KBank participated in Bangkok Sustainable Banking Forum 2018 organized by the Bank of Thailand under the theme “Sustainable Banking”. KBank took part in the “Bank of Sustainability” exhibition to present the concept of sustainable development under the “Green DNA” philosophy, by working with our partners in the selection of environmentally friendly materials for our exhibition booths. The booth structure was made from recycled paper and printed with environmentally-friendly soy ink which emitted only 0.04107 kilograms of carbon-dioxide equivalents.
2. KBank initiated the “Green DNA Save the World” project to reduce plastic consumption in the banking operations and exhibited booths to show how our booth structure materials can be reused for other projects to reduce waste and promote effective use of resources.



“Green DNA Save the World” booth materials can be recycled for other projects.

3. KBank supported the use of products made by underprivileged or those who need special care to engage our employees in the communication of the “Because of our acts, we are a Bank of Sustainability”. These products include Green DNA pillows made by people with disability and papyrus bags made by members of the Foundation for the Promotion of Supplementary Occupations and Related Technique of Her Majesty Queen Sirikit of Thailand in the southern parts of Thailand.



KBank supported the use of products made by underprivileged.

4. KBank supported the use of environmentally-friendly products to engage our employees in communicating the “Because of our acts, we are a Bank of Sustainability” concept. KBank promotes the use of biodegradable materials for making products, such as water bottles and lunch boxes made of wheat straw.



KBank supported the use of environmental-friendly products.

5. KBank worked with our suppliers to acquire environmentally-friendly waterproofing roof materials. Our suppliers have recommended the waterproofing EVA Membrane material system which is chemical and moisture resistant with the ability to reflect heat and ultraviolet light, helping reduce the temperature inside the building during the daytime. Hence, it saves the energy cost and has the usable lifetime of up to 10 years. In addition to helping to reduce maintenance costs, the earth-saving materials help save energy and reduce waste.

Impact Measurement and Valuation



Guided by the principles of sustainable development, KBank is aware that all of our operations may have an impact on the economy, society and environment. It is therefore essential for KBank to evaluate and assess our performance, both financial and non-financial, to reflect on the outcomes of our operations, which may have a positive or negative impact on society.

Evaluation and assessment of impacts from our operations will be a guideline that allows KBank to be aware of the advantages and disadvantages of our sustainability projects so that we can decide whether or not a given project should be continued. KBank has thus placed our focus on methods for assessing and evaluating impacts from our operations in numerical values which can be applied to KBank projects. The outcomes should reflect impacts on KBank and other external contexts in different dimensions, for instance, non-financial added value we have gained from collaboration with other organizations, acceptance by the community or society, improved management process within a community as gauged by its self-reliance and well-being, or better environmental management as measured by reduced pollution and enhanced efficiency in coping with global warming.

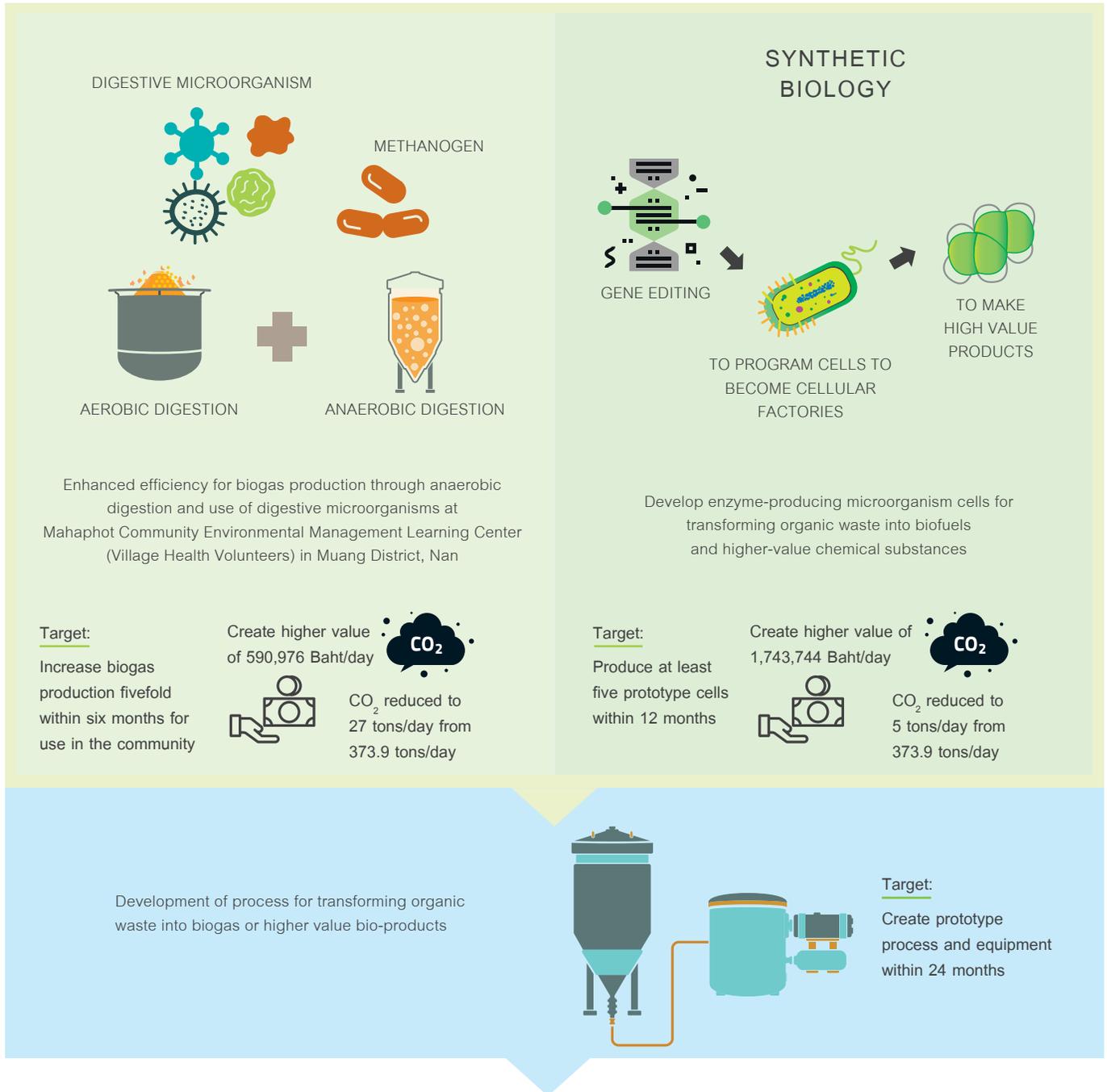
In adherence to our Corporate Citizenship strategy of creating a sustainable society, we prioritize the implementation of projects that combat problems and respond to the needs of communities, thus truly paving the way for social change.

KBank therefore works with the Vidyasirimedhi Institute of Science and Technology (VISTEC) to conduct research and development under the theme of “Value Creation for Organic Waste through Synthetic Biological Process” with the aim of promoting a “Sustainable Society and Zero Waste in Nan”. KBank has provided a support fund worth Baht 9.5 million for R&D to be conducted by VISTEC for a period of 24 months. In the initial stage, the Mahaphot community has been selected as a prototype community for household waste management. To reduce the huge amount of organic waste which has until now been disposed of in landfills, it will be transformed into biomass energy or fuels for household use. This model will provide know-how for further development of sustainable waste disposal. Nan has been picked as a prototype province for R&D on waste disposal as the province is the origin of the Chao Phraya River - Central Thailand’s major river. The Nan River basin contributes around 45 percent to the flows of the Chao Phraya River. Therefore, efficient environmental management and development is vital. Amid a tourism boom, a rapidly increasing amount of garbage has emerged as a major problem that needs to be urgently addressed as it has adversely affected local people’s quality of life. KBank intends to change this crisis into an opportunity by creating occupational health and good environment within communities, upgrading of local residents’ well-being, and reduction of household expenses - all of these missions will bring about a self-reliant community with enhanced economic opportunity. We will always lend a helping hand to drive the community economy forward through sustainable development along economic, social, and environmental dimensions.

KBank has highlighted the Nan Model as a prototype community for zero waste. We aspire to create a community where sorting of garbage and high-value products are promoted. Green technology or biotech has been adopted for waste management to bolster economic value at the household, communal, sub-district and provincial levels. By 2020, this pioneering project will be fully implemented in this community, which will become a learning center for community leaders and volunteers to apply the know-how to other communities nationwide.



Organic waste value-creation via synthetic biological process



Technology transfer for real-world use in the province

Target: Prototype technology is to be applied within the community to enhance local residents' quality of life and economic status.

The community will become a model for waste transformation that generates income in a sustainable manner.

02



Financial Inclusion and Financial Literacy



Sustainability Long-Term

Target 2019 - 2023

- Financial inclusion for retail customer and underprivileged: growth at least 5%
- The level of retail customer satisfaction towards financial Literacy: 90%
- The level of corporate customer satisfaction towards financial Literacy: 95%
- Number of SME Business customers receiving financial literacy: 57,500 persons



Target 2018

Number of retail customers and underprivileged participating in financial literacy sessions: 4.95 million persons



Performance 2018

Number of retail customers and underprivileged participating in financial literacy sessions: 2.89 million persons*

If members of the society have better financial positions, their quality of life in community will generally improve, allowing the economy and society to thrive. KBank is confident that our customers having sound financial knowledge, skills and discipline will be able to create returns on financial products, thus helping sustain their financial positions. In addition, financial knowledge is indispensable for gaining financial resources as it bolsters one's ability to consider and decide which financial products are the most suitable for him/her, thus creating sustainable returns and wealth for him/her and his/her families.

KBank attaches importance to building a solid financial base for our customers and the underprivileged, including those having to endure financial difficulties as a result of natural disasters and economic woes, as well as low-income earners, foreign workers and those residing in remote areas, ethnic groups and those having limited ability to earn income, namely senior citizens, people who need special care and the disabled. We have developed a diverse range of financial products and new channels for our customers to gain greater access to our financial services, as well as improving financial skills and discipline for our customers to choose the most suitable financial products and services for them, thus benefiting KBank, the economy and communities. In 2018, KBank introduced a number of financial services and products, as follows:

Financial Inclusion for Retail Customers

K PLUS mobile banking application

KBank has strategically positioned K PLUS to become a "Lifestyle Platform" that offers all lifestyles solutions for all customers, including cardless cash withdrawal, buying-selling of funds and personal loan service, which offers more opportunities for the general public and small businesses to gain access to microfinance services. K PLUS also features K PLUS Market, a large online market linking buyers and sellers, which allows K PLUS users to shop for quality products anytime and anywhere. Bill payments also can be made via K PLUS by simply filling out your delivery address, thus helping save traveling time and costs. KBank has a goal to make various technologies and functions to be more user-friendly under our "Insight" concept, aimed at meeting diverse needs of our customers.

* KBank adjusted an operating procedure in line with business transition, emphasizing the provision of financial planning knowledge and customer centric skill for branch officers and sales staff across the nation. K-Expert team, responsible for proving knowledge to society and customers, and in-house training, has been assigned to develop potential of representatives and to increase opportunity in achieving the quality of branch services and financial knowledge provision, which have been implemented in parallel with knowledge provision to society. These resulted in a lower number of customers and those receiving knowledge from the Bank, not in line with the set target.



K-Personal Loan service via K PLUS

Our customers can apply for K-Personal loan, and know the approval results, plus approved limits instantly via K PLUS. Initially, this service was offered to those having KBank Payroll Accounts, but it was introduced to the customers with monthly income below Baht 15,000 for the first time in 2018, aimed at allowing them to have greater access to funds within the system. Loan applicants must authorize KBank to conduct the customer credit check with the National Credit Bureau via K PLUS and they will be notified of the results instantly.

KBank encourages the customers to use this credit limit as an emergency fund. K-Personal Loan service via K PLUS is intended to offer an opportunity for the general public to have a convenient access to funds and allow them to manage their personal finances with greater ease. The service has been warmly welcomed by our customers.

Performance

- Total loan amount Baht 1,000 million



KBank and Beacon Interface Co., Ltd. worked together to develop the K PLUS Beacon application.

K PLUS Beacon - A mobile banking application for visually impaired

As part of our endeavor to promote financial inclusion, KBank has supported Beacon Interface, a fintech start-up under the venture capital of KBank, to develop K PLUS Beacon - all-inclusive mobile banking application that allows the visually impaired and elderly to conduct financial transactions more conveniently at their fingertips via voice guidance system and sensory cues.

K-eSavings Account Opening via K PLUS (No minimum amount required)

KBank unveiled K-eSavings account opening via K PLUS. Customers can apply for K-eSavings account via K PLUS application by themselves via mobile phone without the need to travel to KBank branch or submit any documents, thus offering convenience and taking less time to open an account. Most importantly, our K-eSavings account can be used immediately once the request has been processed with no minimum amount of money required. Customers can personalize their debit cards via K PLUS, or conveniently withdraw cash without using debit card.

Performance

- The number of account opening averaged 225 accounts/day
- Total deposit amount was Baht 450 million

K PLUS Beacon is the first mobile banking application in Thailand that helps empower the blind, the low vision, the elderly and everyone to access online banking via smart phone the need for screen viewing. This application, which offers privacy, convenience and security, can be easily used for balance enquiry, money transfer, top-up and bill payment with the same level of security as K PLUS. Initially, K PLUS Beacon was tested on four groups, including those with the total loss of vision, those with low visual acuity, senior citizens and others in the general public. The volunteers taking part in the trial service had the opportunity to express opinions and give recommendations for the improvements of K PLUS Beacon later on. At present, K PLUS Beacon has been tested by 500 users.



KBank appointed Thailand Post as a business partner to offer "KBank Service".

KBank Service

"KBank Service" via banking agents or service representatives of KBank is a strategy to get closer to customers by means of new branches and service channels beyond conventional bank branches. This service will be in tune with diverse lifestyles and locations of the customers. It is also intended to offer greater convenience for those residing in remote areas to conduct transactions in cash. "KBank Service" is similar to KBank branches that initially providing services of deposit taking, and having plans to expand to withdrawal and bill payment. Furthermore, the possibility of account opening for retail customers is now under consideration. The provision of financial services via banking agents will likely offer greater convenience and the most satisfying service experience for the customers because it is convenience, fast and secure.

Performance

In 2018, KBank appointed our business partners to offer "KBank Service", namely Thailand Post and Family Mart (CenPay). The service was well embraced by the customers. KBank plans to expand this service and bring it more in line with the customers' lifestyles by collaborating with potential business partners, namely convenient store, shopping mall, supermarket and petrol station.

K-Bank to Post

A funds transfer service, whereby funds transferred via K-ATMs can be received at post offices nationwide, without the need for the recipients to open a deposit account with KBank. This service is intended to offer convenience to recipients residing in remote areas.

K-Bank to 7-Eleven

A funds transfer service, whereby funds transferred via K-ATMs can be collected at 7-Eleven convenience stores nationwide, without the need for the recipients to open a deposit account with KBank. This service is aimed at offering convenience to recipients residing in remote areas, as well.

Performances of the two services

(K-Bank to Post and K-Bank to 7-Eleven)

- Number of funds transfers exceeded 6,000 items or over Baht 18 million



Funds Transfer Services through K-Bank to Post and K-Bank to 7-Eleven

Super Senior Fixed Deposit

A 30-month fixed deposit service designed for individuals at the age of 55 and higher. Customers are eligible for personal accident coverage (from Muang Thai Insurance Public Company Limited), effective from the account opening date without the need to pay insurance premiums. Personal accident coverage equals the balance in Super Senior Fixed Deposit Account with a maximum insured amount of Baht 3 million/person. In addition, customers will benefit from a coverage for accident-related hospital admission of up to Baht 10,000 for each admission and up to Baht 30,000 for each treatment of broken bone fracture. Customers are entitled to personal insurance coverage until they reach 70 years old or they close their Super Senior Fixed Deposit Accounts.

Performance

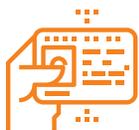
- The number of account opening averaged 58 accounts/month
- The total deposit amount averaged Baht 950,000/account

Basic Banking Account

In response to the Bank of Thailand and Thai Bankers' Association's financial sector master plan for the civil sector, aimed at promoting grassroots people to have greater access to financial services, KBank has introduced a basic deposit service for individuals aged 65 years or older at the deposit date or those participating in the government welfare program. The Basic Banking Account service features the same deposit service as the conventional savings account, meaning the account holders can make deposits, money transfers and bill payments, as well as other services related to their daily life as normal. However, the service is limited for one person per account only. There is no minimum amount required for the account opening; nor are there the account maintenance, application and annual fees. KBank reserves the right to change the status of Basic Banking Account to a general savings account if the deposit amount in the account exceeds Baht 50,000/month or the amount of money credited into or debited from the account exceed Baht 50,000/month or the account has been dormant for 24 consecutive months.

Performance

(Launch in October 2018)



Number of Account Opening

865 accounts

Low-income earners under the government welfare program

552 accounts

Individuals aged 65 years or older

313 accounts



Super Senior Fixed Deposit

K-Personal Loan for Pensioners

Amid the rising cost of living, the government has assisted government retirees by amending laws allowing them to pledge their inheritance rights to obtain loans from financial institutions. In response to the government's move, KBank has introduced K-Personal Loan for Pensioners to help government retirees receiving monthly pension. In 2018, KBank was able to tap into more pensioners with inheritance rights. This loan has fixed repayment terms and pensioners can use their inheritance rights as collaterals to obtain loans from KBank.

Performance

- Total loans around: Baht 320 million

QR KBank

First Thai bank's e-wallet in Lao PDR

Due to the Lao government's policy of promoting digital financial services, aimed at providing the consumers with greater access to financial services and reducing the use of cash for sustainable economic and social development, KBank as a leader in digital banking in Thailand has introduced the "QR KBank" - an e-wallet application to facilitate spending by consumers in Lao PDR. Aside from "QR KBank" application for general consumers, we have also launched "QR KBank Shop" application for merchants. Services featured in "QR KBank" include mobile top-up, bill payment, money transfer and cash withdrawal. The application is easy to use and no bank account is required. It also helps reduce the use of cash and serves like a smart wallet in your mobile phone. KBank is the first Thai commercial bank to develop such apps in Lao PDR.

In 2018, KBank joined hands with Nong Chan Market or "Talat Khua Din" to introduce "QR KBank" along with the "Convenient for Sellers, Easy for Buyers: Pay with QR KBank Code" campaign at the market, which made Nong Chan Market the prototype of a cashless market in Lao PDR. By 2019, it is expected that transactions via "QR KBank" will reach around 2 million transactions, accounting for over Kip 36 billion or Baht 115 million.



The launch of QR KBank in Lao PDR marks the first and important step of a Thai bank in introducing technologies to upgrade the scope of banking services in the AEC+3, aimed at meeting the customers needs in digital era via mobile platform. To reinforce our position as the bank for AEC+3, KBank plans to apply the knowledge learned from "QR KBank" in Lao PDR, which is regarded as our business model, for other countries in the CLMVI*, thus allowing us to become the genuine digital banking pioneer in the region.



The debut of QR KBank service in Lao People's Democratic Republic

* CLMVI countries include Cambodia, Lao PDR, Myanmar, Vietnam and Indonesia

First Thai Card for Funds Transfer to Myanmar

KBank has entered into an agreement with Kanbawza Bank (KBZ), which is Myanmar’s commercial bank with the largest network and customer base in the country, to issue the Myanmar Remit Card for over four million Myanmar workers in Thailand. In 2018, the number of customers using this service increased substantially because KBank offered knowledge and advice to potential customers, and promoted the service via various activities and channels.

Performance

- Funds transfers exceeded Baht 67 million (increase 1,095% YoY)
- Number of funds transfers exceeded 1,600 items (increase 836% YoY)

Financial Inclusion for Business

Soft loan program to upgrade machinery and production efficiency for SMEs worth Baht 30 billion

Low-interest and long-term loans for SMEs to upgrade their machinery and production efficiency through buying machinery, equipment, tools and computer programs, as well as constructing permanent structures to install new machinery, or expanding, changing, improving properties related to their businesses. This soft loan program is aimed at bolstering business capacities of SMEs and bolstering domestic investment for sustainable growth of the Thai economy. The total loan amount was Baht 30 billion.

Performance

- Total amount of loans extended was Baht 4,003 million



Thai-Myanmar Funds Transfer Service Brochure

Good Innovation, Zero Interest Project

KBank has collaborated with the National Innovation Agency (NIA) to support businesses that need capital to seek new innovations. NIA will finance interest costs incurred during a certain period during the initial phase of the project while KBank considers loans for the customers' projects assessed as an innovation by the NIA.

Performance

- Total amount of loans extended was Baht 81.14 million. (It is a continuous project and will end in the third quarter of 2019.)

Interest compensation program for rice traders in maintaining rice stockpiles for 2017/2018 production season

The government interest compensation program for rice traders in maintaining rice stockpiles for the 2017/2018 production season, aimed at absorbing paddy that will enter the market. It is expected that this project will help stabilize paddy prices in the market.

Performance

- Total amount of loans extended during 2017/2018 production season was Baht 10,496 million.

Financial Literacy for Retails

KBank strives to offer financial literacy to all customer segments, including disabled persons, those requiring special care, senior citizens or those residing in remote areas. The topics offered have been aligned with their needs and economic conditions. Financial literacy is an integral part of business operations at all departments and we ensure that our employees have sufficient financial knowledge that can be used for their own benefit or offering advisory services by being a lecturer at corporate roadshow or financial advisor at our K-Expert Center. They may also offer financial knowledge through electronic and social media, info graphic or video clips, which allow all segments in the society to get access to without having to be our customers.

Financial literacy performance for individual customers

Financial performance results to individual customers		Targeted (person)	Number of participants (person)	Percentage of participants of K-Expert activities investing in mutual fund and insurance
Via training	Number of participants seeking advisory services and joining training sessions at K-Expert Center and Corporate Roadshow	21,116	22,458	21
	Number of underserved	-	1,671	-
Via digital channels	Number of website viewers per month, on average	200,000	215,370	-
	Number of viewers of K-Expert Facebook Live, average per Live	11,429	13,585 person/Live	-

Financial Literacy for the Underprivileged

In 2018, the K-Expert team offered knowledge to the underprivileged in collaboration with the Thai Red Cross Society, Thai Bankers' Association and the Ministry of Social Development and Human Security. There were 1,671 participants in those sessions, including the disabled, senior citizens and teachers from rural areas, schools and university students, and our new customers, who had limited access to our financial and investment advisory services, aimed at assisting them in using financial services to meet their needs in an appropriate manner.

Financial Literacy for KBank Employees

KBank believes that having good financial health will help improve your performance. Given this, K-Expert organized many activities to offer personal financial management knowledge to our employees at the Head Office. Those working elsewhere or at branches have also been equipped with such a knowledge through various channels, including LINE. Our employees may use personal financial management knowledge for their own benefit or to advise their friends, family members and customers.

Financial Literacy for Businesses

1. Investment literacy on the environment and energy conservation for the business and industrial sectors: KBank joined forces with many public and private agencies at home and abroad, including Thailand Greenhouse Gas Management Organization, Office of Natural Resources and Environmental Policy and Planning, Department of Alternative Energy Development and Efficiency, Institute of Industrial Energy, Federation of Thai Industries and German-Thai Chamber of Commerce, to organize seminars and public lectures, aimed at promoting the business sector to place importance on green and energy-efficient business operations.
2. KBank and the Stock Exchange of Thailand (SET) organized the "Journey to IPO" for interested customers and those private companies planning to make their shares available for trading on the public markets (Initial Public Offering), aimed at equipping the participants prior to listing on the SET and enhancing their business capacities.
3. KBank collaborated with Advanced Info Service PCL. and Stanford University organized a workshop, aimed at equipping organizations to brace for the disruptive era in terms of attitude, organizational culture and personnel.
4. KBank supported and promoted SMEs, retailers and startups by providing knowledge to bolster their business performances and create long-term returns. In 2018, KBank organized seminars throughout the year, including on tax and accounting management, online marketing, the use of IT in business management for apartment, drug store, restaurant and retail store owners, KBank Franchise Expo 2018 and "SME MATCHING DAY 2018. Aside from the knowledge gains, SMEs participating in those seminars had an opportunity to build business networks, as well.



KBank joined forces with Department of Alternative Energy Development and Efficiency to share investment literacy on the environment and energy conservation

Financial Literacy for International Businesses

Taksila Banking Forum 2018 : Navigating the Next Wave of Revolution

Taskila Banking Forum 2018 focused on exchanging financial and banking knowledge and strategies among related agencies in the AEC. This forum was held for the second time in 2018 under the “Financial Technology Disruption” and “New Roles of Banks and Financial Institutions of the Future” themes, where three case studies were raised, as follows:

- Financial services of the future and new roles of banks and financial institutions during the digital era
- Opportunities and concepts to brace for the cashless society
- Strategies to improve the organization to cope with the digital world

KBank expects that the forum will help foster cordial cooperation among financial institution in the region, thus bringing about services and capabilities to cope with needs during the digital era. A total of 60 high-ranking executives from leading banks in AEC participated in the forum.

Seminar on “Holistic Empowerment of SMEs” in Vietnam

SMEs play an important role in Vietnam’s presence in the AEC because over 95 percent of businesses in the country are SMEs and they contribute up to 40 percent of national income and 50 percent of total employment.

In 2018, KBank collaborated with the Ministry of Planning and Investment (MPI) to organize the seminar on “Holistic Empowerment of SMEs” in Hanoi, Vietnam, aimed at offering knowledge on how to formulate strategies and ecosystem in enhancing the potential of 120 Thai SMEs that receive support from the government and funding sources from commercial banks.

In addition, KBank signed a cooperation agreement with Vietnam’s Agency for Enterprise Development (AED) and Ministry of Planning and Investment (MPI) in the development of SMEs and startups in Vietnam.



Taksila Banking Forum 2018: Navigating the Next Wave of Revolution



KBank signed a cooperation agreement with Vietnam’s Agency for Enterprise Development (AED) and Ministry of Planning and Investment (MPI) in the development of SMEs and startups in Vietnam



KBank collaborated with the Ministry of Planning and Investment (MPI) to organize the seminar on “Holistic Empowerment of SMEs” in Vietnam

KBank Biz Plan Challenge 2018: The Digital Marketing for Digital Entrepreneur

In 2018, KBank joined forces with the Department of SMEs Promotion, Myanmar's Ministry of Industry, the Union of Myanmar Federation of Chambers of Commerce and Industry, and UTCC International College to organize the KBank Biz Plan Challenge 2018: The Digital Marketing for Digital Entrepreneur in Myanmar. The contest is part of the SME Capacity Development Project that KBank holds regularly to enhance the potential of SMEs and startups in the form of business plan competition in Myanmar. There were four winning teams out of the total 270 teams participating in the contest. The champion received financial support from KBank and all four winning teams were invited to observe innovation operations at KASIKORN Business-Technology Group and learn how to do business directly with startups in Thailand.



KBank joined forces with the Department of SMEs Promotion, Myanmar's Ministry of Industry, the Union of Myanmar Federation of Chambers of Commerce and Industry, and UTCC International College to organize the KBank Biz Plan Challenge 2018: The Digital Marketing for Digital Entrepreneur in Myanmar

Seminar on "Belt and Road-Eastern Economic Corridor: The New Rise of Regional Prosperity"

KASIKORNBANK (CHINA) joined hands with the Department of Commerce of Guangdong Province, Royal Thai Consulate-General in Guangzhou and the Office of BOI Thailand to organize the seminar on "Belt and Road-Eastern Economic Corridor: The New Rise of Regional Prosperity", aimed at offering knowledge related to the Belt and Road initiative and Eastern Economic Corridor (EEC) per Thailand 4.0 via an area-based development, based on the success of the Eastern economic development plan. There were over 150 Chinese investors participating in the session.



KASIKORNBANK (CHINA) joined hands with the Department of Commerce of Guangdong Province, Royal Thai Consulate-General in Guangzhou and the Office of BOI Thailand to organize the seminar on "Belt and Road-Eastern Economic Corridor: The New Rise of Regional Prosperity"

Human Resource Management



Sustainability Long-Term

Target 2019 - 2023

- Brandon Hall Group's award for excellence in human resource management
- No complaint on inequal labor treatment and violence that enters into lawsuit



Target 2018

Excellent Labor Relations and Welfare Award granted by the Department of Labour Protection and Welfare, Ministry of Labour



Performance 2018

Excellent Labor Relations and Welfare Award given for the 13th consecutive year, granted by the Department of Labour Protection and Welfare, Ministry of Labour

Promotion of Diversity, Inclusion and Equality

KBank is open to diversity in the workplace in terms of gender, age, education, nationality, race, color, religion, citizenship, sexual orientation and disability. Such factors are not considered a constraint in employees' operations, but are ingrained into an organization identity to drive forward KBank towards efficient management of a challenging diversity amid rapid technological changes.

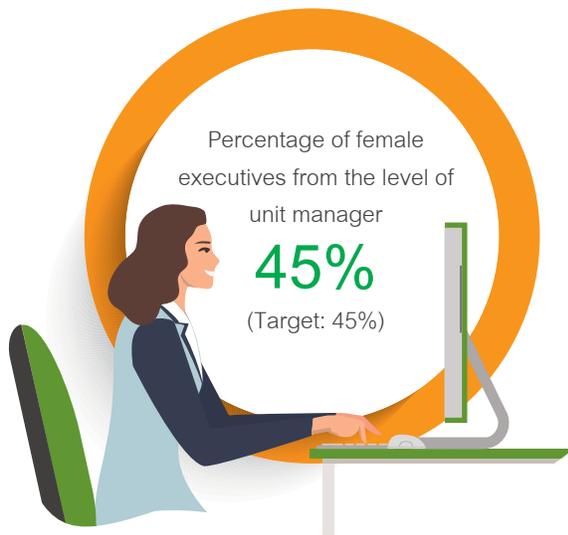
KBank also promotes equal treatment of employees in accordance with labor laws and the Code of Conduct*, Diversity Management Guideline** and Human Rights Policy***, which comply with related international laws and standards, including the UN Guiding Principles on Business and Human Rights, Principles of Humanity and Rights of the International Labor Organization (ILO) and Principles of the United Nations Global Compact (UNGC). KBank does not accept any form of forced labor and child labor, discrimination in employment and at workplace regarding local and foreign workers, and gender discrimination. KBank has organized a project of career path enhancement to promote female equality. Such actions have been aimed at improving the overall operational processes, ensuring efficient examination and seeking directions to reduce risks of discrimination or violation of human rights that will affect KBank's image and business operations. As a consequence, KBank has been bestowed with the Excellent Labor Relations and Welfare Award by the Ministry of Labour's Department of Labour Protection and Welfare and is the only Thai company that has been included in the 2019 Bloomberg Gender Equality Index, which is a globally recognized index on the gender equality management.



* Details on the Code of Conduct are at <https://kasikornbank.com/EN/IR/CorporateGovernance/Pages/principles-core-values.aspx>

** Details on the Diversity Management Guidelines are at https://www.kasikornbank.com/EN/IR/CorporateGovernance/transparency/Pages/KBank_Diversity_Management.aspx

*** Details on the Human Rights Policy are at https://www.kasikornbank.com/EN/IR/CorporateGovernance/transparency/Pages/Human_Rights_Policy.aspx



KBank has in place various channels for complaints and suggestions, such as the labor relations hotline center, meetings to exchange views, advice and problem-solving guidelines for the benefits of employees and common understanding among the meeting participants. KBank also supports group negotiations and bilateral meetings between KBank management and Employee Committee of KASIKORNBANK at least every quarter. In addition, KASIKORN Labor Union can call for the meetings at all times to ensure that all employees' complaints and recommendations are timely managed.

Support for People with Disabilities

KBank believes that "to give someone an opportunity" is deemed as promoting "Inclusion and Equality". In 2018, KBank provided career support to 208 disabled persons across Thailand, via more than a Baht 23 million budget donated to the Thai Red Cross Society for use in career promotion for disabled persons.

Remuneration Management

KBank has cautiously and thoroughly revised remuneration management to prevent any risk of inclination, discrimination or unequal treatment in the processes of performance assessment and remuneration payment. Emphasis has been placed on fairness and balance with regard to remuneration for male and female employees based on their performances and work values.

Remuneration for Board of Directors and Executives

Clear and transparent remuneration for the Board of Directors is stipulated by KBank and considered by the Human Resources and Remuneration Committee in accordance with appropriateness and the Board of Directors' scope of duties and responsibilities, comparable to that of the industry, before being proposed to the general shareholders' meeting for approval. Considered by the Human Resources and Remuneration Committee, appropriate executive remuneration is established with reference to policies and guidance provided by the Board of Directors, and is also related to KBank's operating results, as well as individual performance, before being proposed to the Board of Directors for approval.

Employee Compensation

Employee compensation is based on equality commensurate with staff competencies, with a focus on competitiveness. Regular compensation and benefit surveys are conducted for comparison with the industry, with annual salary raises, plus bonus payment, being issued in line with employee proficiencies. Special salary hikes during the year are considered for retention of capable personnel. Therefore, staff success can be achieved through their career paths, along with KBank expansion; while, the best value is delivered to our stakeholders. As we expand service networks abroad, KBank has established a system of compensation, living wage and welfare for expatriate and local staff members in line with the respective local regulatory requirements. Competitiveness in the foreign job markets is also considered, in comparison with average local compensation and benefits, together with their cost of living price index. Compensation and benefit handbooks are provided for domestic, expatriate and local employees.

Employee Benefits

Benefits are provided for all staff members* to ease concerns and promote good living quality that affect the operations and living conditions of our employees and their families. Employee benefits are provided for our employees and communicated via our online platform, Kworkplace.com, as follows:

- Healthcare: Annual health checkup, medical treatment by KBank physicians, medical claims in case of treatment outside KBank, exercise venues
- Financial assistance in case of retirement and children's education
- Loans for home, car, education, marriage and relief. In 2018, the relief scheme has been expanded to included loans for education of children and adopted children, medical treatment of parents, parents of spouses, spouses, children, close relatives and dependents
- Family matters: 90 days of maternity leave with wage payment throughout 90 days - higher than the regulatory requirement of 45 days and five days of paternity leave; arrangement of lactation room
- Funds: provident fund, compensation fund, social security fund, cremation welfare fund



As part of the Thailand Corporate Excellence Awards 2018 hosted by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University, and graciously bestowed by Her Royal Highness Princess Maha Chakri Sirindhorn, KBank earned an award for distinguished performance in human resource management. The awards were granted to organizations with excellent management in different fields, based on surveys of top business executives from the top 1,000 Thailand's companies by revenue.



* All employees refer to full-time employees under KBank employment contract only. For staff members of K Companies and support service providers of KBank, they are eligible to such benefits as life insurance, medical expenses in case of injury and disability, maternity leave and financial assistance in case of retirement.



A short film was released, showcasing the KBank atmosphere and work style under the 'JOIN THE KULT' concept.

Employee Recruitment



KBank has established the Digital Talent strategy to attract capable persons to work with KBank. Under the KASIKORN CAREER program, various channels and formats for recruitment have been developed in keeping with the fast-changing lifestyles of the digital age, especially through social media including Facebook, LINE, YouTube, LinkedIn and KBank's website. A short film was released, showcasing the KBank atmosphere and work style under the 'JOIN THE KULT' concept. Activities of various formats have been arranged to reach a wide variety of job applicants, focusing on multiple themes to match their preferences, in order to reflect their self-image and create shared experiences with them.

To hone our image as a leader in financial technologies that can perfectly meet business needs, KBank and KBTG launched TechJam 2018 under the theme "Tomorrow Squad" - an event designed to encourage top talents from across the country to showcase their technology capabilities through challenging presentations; the general public was invited to join the fun by cheering on the contestants.

KBank also worked with the public and private sectors to arrange a technology capability development program through activities to exchange digital knowledge and skills with educational institutions and numerous leading tech organizations. Notable activities included:

- Organize Digital University Forum to share technological expertise among high-ranking executives responsible for IT tasks of leading universities, such as Chulalongkorn University, Kasetsart University, Thammasat University, King Mongkut's Institute of Technology Ladkrabang, Chiang Mai University, Khon Kaen University, etc.



KBank and KBTG launched TechJam 2018 under the theme "Tomorrow Squad"

- Provide support to and take part in the International Joint Conference on Computer Science and Computer Engineering (JCSSE) while also acting as part of the judging committee in the Hack Your Tech 2018 (Payment Tech for Elderly) competition held by the Faculty of Information Technology and Communication, Mahidol University.
- Provide support to activities and act as a judging committee in the ModDang Bootcamp 2018, organized by the Faculty of Science, Chiang Mai University, to search for the 'Data Science Champion'.
- Join forces to provide training to students who won scholarships from the Institute for the Promotion of Teaching Science and Technology (IPST).
- Act as a major sponsor for Google I/O Extended Bangkok 2018 and Android Conference BKK 2018.

- Organize K Talent Engagement and Networking in Seattle, San Francisco and South Bay (Silicon Valley), U.S.A., to discuss the visions of KBank and KBTG with tech talents and Thai students.



Communication on K Talent Engagement and Networking

- Organize KBTG Internship Bootcamp 2018 to promote and develop educational potential for university students and interested members of the general public, offering them a chance to gain hands-on experience from IT personnel.



Communication on KBTG Internship Bootcamp 2018

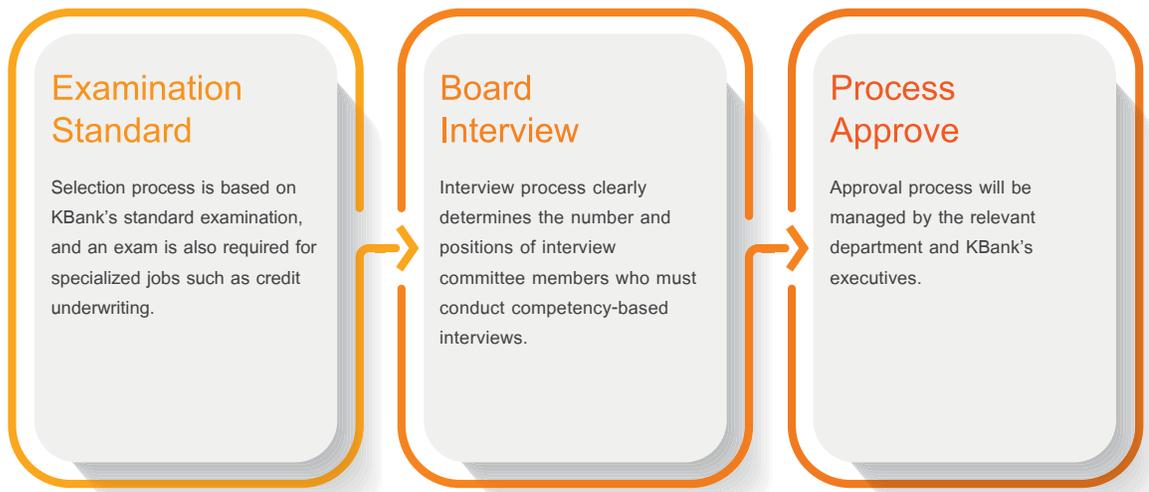
KBank has opened a new dimension of professional internship under the “New Possibilities Begin with Doing Differently” concept to encourage career seekers to change their perspectives in order to seize new opportunities that they had never before seen or perhaps overlooked. A startup concept has been adopted for this program to open up opportunities for students to learn a new business format, engage in career training and get hands-on experience as part of the self-discovery process. More than 60 university students from 20 universities both in Thailand and abroad were selected to join this program.



KCapstone: A new dimension of professional internship

To select qualified candidates that match job requirements and implement an impartial selection and recruitment process, KBank has developed standardized procedures for employee recruitment as follows:

Selection Process for Recruiting Employees



Internal Job Transfer

89%

(Target 80%)



Opportunities for Advancement

Career advancement is instrumental in retaining personnel and helping them thrive together with the organization. This also lowers the employee turnover rate; high turnover can be costly to an organization because of the expenses involved in replacing employees who leave. The program can respond to employee expectations regarding career paths. It is KBank's policy to provide internal promotion of talented personnel, and internal job transfers appropriate for their skills and interests. We also focus on internal filling, especially for vacant executive positions.

Positive Employee Experience and Engagement

Based on an employee engagement survey, KBank developed a plan to promote a positive employee experience across all dimensions and in alignment with the Employee Life Cycle at each generation, and to enhance employee engagement at the division and corporate-wide levels. Therefore, the "New World # New Possibilities" program was launched to foster employee bonds with the organization over the short and long term, as part of our drive towards a sustainable bank. Major initiatives in 2018 were as follows:

- **Digital Workplace:** The program aims to upgrade employees' ability in gaining access to data and working anywhere with the use of IT tools under the smart workplace concept, such as meetings via Skype, O365, etc.
- **New Hired Experience:** KBank introduced a Digital Learning Platform for new hires to attend orientation and learning courses online while also promoting classroom learning. We plan to create an online community as a learning center where new employees may share their experiences with KBank.
- **YES Talk:** The program involves inspirational talks given by representative employees from various divisions who share their experiences and inspiring stories from different perspectives. This TED Talk-style forum, which aims to ignite ideas and a positive attitude at work, has received overwhelming response from our staff.



K-Spirit activity under theme "The Planet of Possibility" for building organization-wide teamwork



Employee
Engagement Score **68**

Corporate image was the highest score in the engagement assessment representing pride to be part of organization of employees and praising KBank for the one in their hearts

- **K-Spirit:** KBank held team spirit activities under "The Planet of Possibility" theme in alignment with the "New Possibilities Begin with Doing Differently" concept for all KBank and K Companies employees. Executives and employees alike are encouraged to work out and burn calories for one month to promote good health and organization-wide teamwork.
- **Retreat Program:** The company retreat is aimed at promoting a team building spirit among staffers in middle management and the higher levels of KBank and K Companies under the "K-Unity" concept to promote a culture of teamwork in the workplace. Over 3,000 employees attend retreat programs in a year.
- **Ookbee:** KBank aims to be a learning organization by collaborating with Ookbee, an online reading application (e-book application). In addition to books, there are magazines, journals and newspapers available for employees to choose in line with their preferences and lifestyles.

KASIKORNBANK was ranked
in **Global 2000: World's Best Employers**
by Forbes magazine

- The **8th** in the world
- Only Thai organization ranked in Top **10**
- The **1st** among global banks





Sustainability Long-Term

Target 2019 - 2023

Maintain Human Capital Return on Investment (HCROI) rate at 4.05 or higher



Target 2018

Maintain Human Capital Return on Investment (HCROI) rate at 4.05 or higher



Performance 2018

HCROI rate at 4.15



Human Resource Development

Employees are at the heart of KBank’s success, especially as business and technology are now rapidly evolving. KBank has established our employees’ capacity development plans to boost their learning skills throughout their working lifetime to enhance our staffers’ capability to keep up with the rapidly changing technology in line with KBank’s mission and strategy to become our Customers’ Life Platform of Choice. KBank aims to drive the organization forward by becoming a Data-Driven Bank to create the long-term returns for KBank and every stakeholder while reducing risks associated with business disruption.

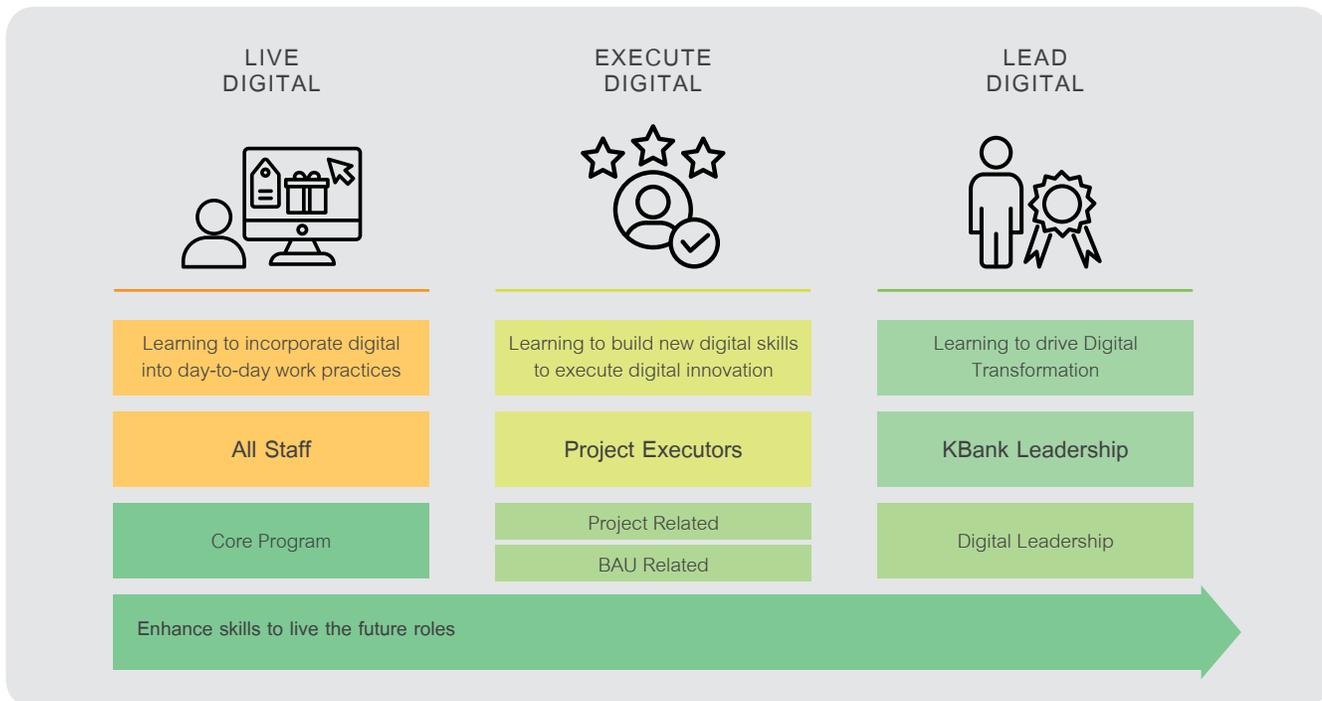
Human Resource Development to Support Digital Banking and Data-Driven Bank Strategy

KBank plans to equip our staffers with the knowledge and capacity and create a corporate culture that is ready for the transition towards the digital workplace. In charge of digital training, KBank Digital Academy classifies the digital learning into three levels:



- **Live Digital:** The corporate-wide training is organized through KDwise (KBank Online Learning Platform). It comprises over 2,000 courses to update our staffers with new knowledge and enable them to adjust to the digital workplace smoothly. The available courses include Digital Competency and Digital Collaboration Tools among others.

Human Resource Development to Support Digital Banking and Data-Driven Bank Strategy



- **Execute Digital:** The course is designed for teams responsible for developing new products and services which are compatible with digital channels. Additionally, the KBank Data Analytics Series seminar is organized to encourage employees to take initiatives to add value to the existing data. Cyber security courses for data scientists and other interested staffers have also been organized. There have been over 1,200 participants attending the trainings so far.
- **Lead Digital:** The Digital Leadership Program is designed for KBank executives to enable them to effectively drive the organization towards digital banking in accordance with KBank's strategy.

Employees with High Potential Management and Development Programs

KBank has revised the criteria to select our employees with high potential to ensure that every staff member will be evaluated based on uniform criteria and standards and to develop our staffers with high potential systemically to nurture their career path in the organization. KBank uses Business Simulation as a tool to select and assess our staff's potential and enhance the Talent Experience by using Online Self-Assessment in the Leadership Development and individual development plan.

In addition, KBank has prescribed human resource development guidelines to enable KBank to "strategically move with speed and agility" as follows:

1. Developing an easily-accessible electronic learning platform to create a learning culture that is in line with the contemporary lifestyle; whereas, the KDwise learning platform consists of knowledge that enhances working skills and inspires new ideas.



KBank also teams up with SkillLane, Coursera and Chula MOOC, the online learning platforms, to encourage KBank employees to equitably increase their skills and capacity through online training courses which are accessible anywhere and anytime. In 2018, each KBank employee enrolled in 10 courses on average.

2. KBank enhances our staff capacity in using information in their business decisions in an attempt to become a Data-Driven Bank in accordance with KBank's strategic goal. In 2018, over 1,000 staff members enrolled in training courses on Data Analytics by using PowerBI, Qlik Sense and Python to analyze behavioral data and patterns to develop products and services to best serve customer needs.



KBank was granted the Brandon Hall Group's award for excellence in human resource management.

3. The Leadership Development Program is organized to develop and prepare executives for their leadership role in the organization in the future. This is because the corporate leaders will determine directions, find opportunities and identify new challenges in an increasingly complicated business world. A leadership development program is essential for solidifying the corporate foundation and development process.

- K-Coaching Academy is established based on the executive International Coaching Federation (ICF) course. At the same time, KBank's mentoring system allows our staffers to select executives at the department head and first senior vice president levels to be their coaches.

4. KBank establishes a network of Change Makers to help communicate the messages related to changes in the banking operation and increase skills and capacity of our Change Makers, who are stationed in every department. The network is aimed at enabling KBank to strategically move with speed and ability to prepare for prospective corporate-wide changes.

5. KBank initiates a staff exchange program with Kanbawza Bank (KBZ Bank), our partner bank in Myanmar, to promote businesses related to border trade. KBank has expanded its cooperation with KBZ Bank by sending KBank staff to work in the Myawaddy branch of KBZ Bank. In turn, KBZ Bank staff will come to work at the Mae Sot branch of KBank for one year. This cooperation should enable KBank to gain in-depth expertise, regarding the business operational format and banking regulations in Myanmar as well as consumer insight in using financial services of Myanmar's consumers. Moreover, KBank staff under this exchange program can help advise Myanmar entrepreneurs on how to conduct financial transactions in Thailand, thus allowing both Thai and Myanmar entrepreneurs to conduct border trade transactions more smoothly.



Average hours of training



The ratio of e-learning hours compared to classroom learning hours is

51 : 49



Sustainability Long-Term Target 2019 - 2023

Absentee rate is no more
than one day



Target in 2018

0.69 percent absentee rate



Performance 2018

0.78 percent absentee rate



Employee Well-Being

KBank has placed high priority on employee wellness, both physically and mentally, because KBank believes that a happy workforce will be able manage their professional and personal lifestyles, leading to overall productivity and an increase of their engagement and cohesiveness with the company.

In 2018, KBank has revised the policy on occupational safety, health and environment for KBank, K Companies and P Companies. Our occupational safety, health and environment committee comprises representatives from every department to jointly assess risks associated with work operations. In addition, an occupational safety, health and environment taskforce is established for each building. The taskforce consists of at least five members, and it must hold at least one meeting per month to operate the occupational health and safety management system in compliance with the Occupational Safety, Health and Environment Act. The performance in 2018 is as follows:

1. In creating a desirable work environment, the occupational safety, health and environment taskforce of each building will evaluate the environment quality every month and report the findings to the occupation safety, health and environment committee of KBank for further improvement of the work environment.
2. In compliance with the Occupational Safety, Health and Environment Act, KBank has provided desirable equipment and environment as follows:
 - With the ergonomic working arrangement, KBank provide office chairs that can be adjusted according to user's physical needs and the height of the desk.
 - Design a copy room and space for destroying documents to be separately located from the work area.
 - Allocate specific space for a document storage room and storage room.
 - Install LED light bulbs with sufficient and appropriate light distribution for working.
 - Glass and walls of the buildings can adequately screen sunlight and noise to ensure that they will not disrupt the work atmosphere.
 - Regularly measure air quality in the workplace and regularly clean air conditioners.
 - Appropriately control temperature and humidity in the buildings, according to the weather in different seasons.
 - The buildings are designed to accommodate a recreation area.



Providing information about K-Parking Care which features a shuttle bus service for the security of employees parking their cars outside the Bank's premises

3. K-Parking Care: There is a transportation service for employees to bring them to designated car parks nearby the bank office to ensure their safe travel before and after work. KBank also works with such parking service providers to install an electrical system and closed-circuit television cameras for surveillance and safety.



4. KBank disseminates information and training about health care and nutrition via brochures and electronic learning platform.



Public relations about news and training on healthcare and nutrition



K-Spirit and Table Tennis League held to promote good health and forge cordial ties among KBank employees

5. KBank organizes activities to promote health and safety for the entire organization, such as having a fitness facility, annual health check-up, annual table tennis tournament, a mini-marathon for health and color sports activities (K-Spirit) with a joint exercise mission to collect calorie data for a period of 1 month through mobile phone applications, etc.



6. Occupational health safety training courses to comply with the law, including

- Courses for executive-level safety staff
- Courses for supervisory-level safety staff
- Basic fire fighting training course
- Basic safety, occupational health and environment courses for general employees.

7. KBank disseminates information about safety via public relations announcements, VTR, advisory on fire evacuation routes in case of emergency, CPR training, first aid demonstration and Safety Week @KBank to show that KBank cares about safety to create safety awareness and employee participation.



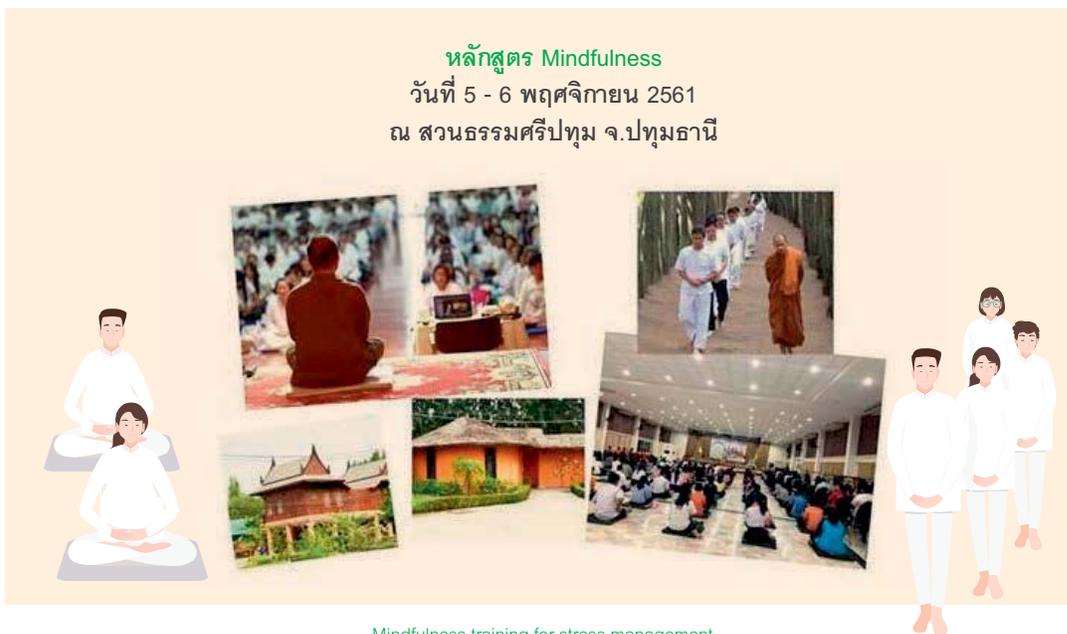
Providing information to promote safety awareness and participation among KBank employees

8. Stress management with two approaches as follows:

- Self learning information about stress management via electronic learning platform.



- Organizing activities to train employees how to deal with stress such as “Mindfulness” training and mediation to relieve stress.



Mindfulness training for stress management

Flexible Working Arrangements and Work from Home

KBank gives employees flexible working arrangements to encourage employees to manage their time in response to their professional and personal requirements. This flexible arrangement includes the flexibility of daily working hours for arriving at and leaving the workplace. The staff can work from any KBank building, work from home or work overtime. KBank also allows certain groups of employees to work from home, for example, in case a sick family member requires special care. The staff however needs to receive an approval from their immediate supervisor.

Under the Digital Workplace project, KBank has improved the information technology infrastructure so that the employees of KBank and K Companies will be able to access information and work from anywhere and at anytime. KBank has used secured equipment for mobile device management for employees authorized to use Microsoft Office 365 via their personal mobile devices, such as smartphones and tablets. Additionally, KBank produces video to convey the messages regarding the benefits of various tools under the Digital Workplace program. Activities to promote the understanding of such tools are organized for KBank staffers to enable them to balance their work and life in ways that can be fulfilling both at work and at home.

Human Rights Operations

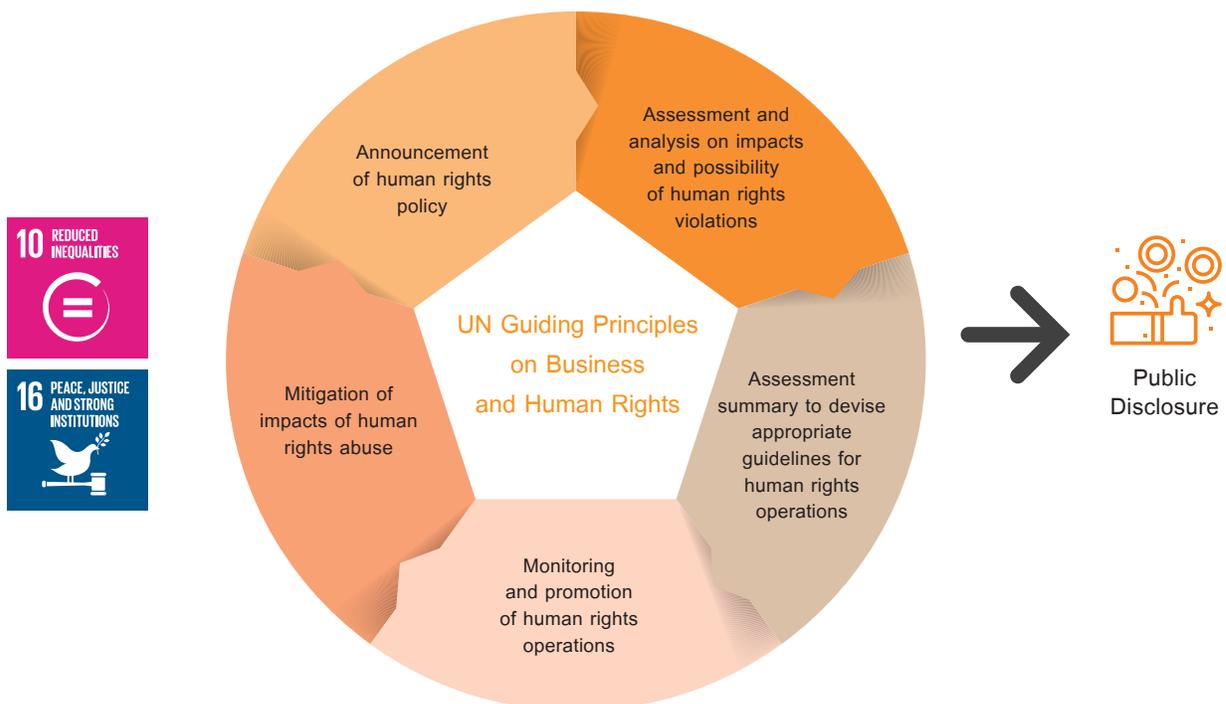


KBank places importance on the respect for human rights in all business activities in conformity with important laws and international standards, namely the UN Guiding Principles on Business and Human Rights, Principles of Humanity and Rights of the International Labor Organization (ILO), and Principles of the United Nations Global Compact (UNGC)

Respect for human rights is an issue that businesses worldwide attach significance to because any human rights abuses could put their operations at risk. KBank, as a financial service provider, fully recognizes that our business activities may support, promote, link with, or restrain human rights violations, which could affect our image and operations, or lead us to violate the relevant laws. For this reason, the Board of Directors considers reviewing our human rights policy every year*. Relevant work teams from various departments also work together every year to assess human rights risks and impacts, examine operational processes to prevent such risks and find appropriate solutions and remediation actions to brace for any impacts stemming from human rights violations.

Human Rights Operations

KBank operates its business in conformity with the “Guiding Principles on Business and Human Rights” of the United Nations.



* For more details, please visit https://www.kasikornbank.com/en/IR/CorporateGovernance/transparency/Pages/Human_Rights_Policy.aspx

In 2018, KBank implemented our human rights assessment process in accordance with the UN Guiding Principles, as follows:

1. The Board of Directors considered reviewing and supervising implementation of human rights policies, covering all operations of KBank, K Companies, P Companies and our business partners.
2. KBank conducted a study and considered human rights issues from such international regulations as the Universal Declaration of Human Rights, International Covenant on Civil and Political Rights (ICCPR) and International Covenant on Economic, Social and Cultural Rights. We also considered various human rights risks of the banking business group so as to screen specific risks that may have significant impacts on our banking business operations.
3. KBank undertook human rights risk assessment and risks register based on the specific risks above by holding meetings with various internal units responsible for business activities related to human rights issues, namely the Corporate Secretariat Division, Credit Policy and Risk Management Department, Operational Risk and Fraud Management Department, Employee Relations Department and Procurement Management Department. The human rights risk assessment was carried out on activities, which accounted for 100 percent of our own operations and business activities that we engaged with our suppliers throughout the supply chain. Risks classified by stakeholders are as follows:

Human Rights Risk Issues Classified by Stakeholders

Stakeholders	Customers (Retail and corporate customers)	Employees	Suppliers
Human rights risk issues that had been assessed	<ul style="list-style-type: none"> • Cyber security and customer data privacy and security • Market conduct • Credit facilities for corporate customers 	<ul style="list-style-type: none"> • Employment • Discrimination at work • Collective bargaining and establishment of the labor unions 	<ul style="list-style-type: none"> • Employment (Non-IT business suppliers) • Employee (Construction business suppliers) • Customer data privacy and security (IT business suppliers)

After the human rights risk identification process was implemented, the departments tasked with screening human rights violation risks, conducted human rights risk prioritization in order to implement the human rights risk mitigation process and remediation actions in the event of human rights violations. KBank was able to prevent human rights risks arising from issues related to our employees.

In 2018, KBank implemented human rights risk mitigation actions, as follows:

Customer Segment

Market conduct

- KBank's governance structure covers the Board of Directors, Operational Risk Management Sub-Committee and 360 Prudent Selling Practice Steering Committee. They hold a meeting every month to ensure that sales management, service provision and other operations are fair, efficient and practical, based on the needs and purchasing power of our customers.
- The market conduct policy and procedure was implemented to ensure that we have such clear operational guidelines.
- KBank put in place the market conduct framework, covering pre-sales, sales and post-sales processes.
- Internal communications were made continuously to create the market conduct culture via the "Honest KBank People" campaign under the "Responsibility, Transparency and Fairness" principles. This operation is part of our K-Culture.

Customer data privacy and security

- KBank places significance on cyber security, with the governance structure covering the Board of Directors, Risk Oversight Committee and Digital Oriented Risk, Data and Cyber Security and IT Risk Management (DCSC). The DCSC, which is tasked with supervising digital oriented risk, data and cyber security and IT risks, holds a meeting every month to monitor risk management operations, make decisions and provide recommendations on risk management to ensure that related risk management is carried out in an appropriate manner. In addition, the Data Management Oversight Sub-Committee was established to determine major data management operational plans and ensure that data accessibility and disclosure are in conformity with KBank's policies. The Data Management Oversight Sub-Committee holds a meeting every two months.
- KBank implemented the privacy policy, customer data management/accessibility regulations and customer data disclosure guidelines, aimed at ensuring that our customer data management is appropriate and secure.
- KBank determined six cyber security risk management strategies, including effective risk identification, advanced threats prevention, proactive threat detection, timely and effective response, data protection and cyber risk-aware culture, to ensure that our risk management is extensive and timely.

- The data leakage detection and prevention system was installed to enhance our IT security system. We also tightened security at offices of work units that need to use confidential customer data by introducing more stringent access control, installing CCTV and prohibiting the use of mobile phone to prevent data leakage.
- Promotion of security culture was made steadily to our senior executives, employees, customers and suppliers via e-Learning, Security Newsletter, Cyber News Alert, online games, infographic and phishing drill exercise, so that they recognize related risks and phishing treats.

Project finance for businesses with exposure to human rights violation

- KBank's credit policy takes into account environmental, social and governance (ESG) risks. Our credit underwriting is based on sector-specific guidelines and we do not extend credit to applicants on the exclusion list.
- Our credit operations structure exhibits responsibilities towards the environment, society and governance.
- KBank allows an external party to examine environmental and social issues related to large project finance to ensure that operations of overseas projects are in conformity with the laws and required international environmental and social standards.

Employees

Having assessed and prioritized risks related to employment, discrimination at workplace, collective bargaining and the establishment of labor unions, it was found that KBank's human resource management is on a par with the required international standards. Moreover, the nature of our business is not sensitive to human rights violation risks, meaning that human rights violation risk stemming from our employees is low. However, we will continue to ensure that there are no human rights violations within our organization.

Suppliers

KBank regularly reviews criteria for considering suppliers and Supplier Code of Conduct*, based on environmental, social and governance issues. Human rights are also considered under the social issue. All suppliers must not violate human rights in their employment, including the use of child and illegal labor. They must adhere to good occupational safety and health. All suppliers must agree on these regulations during and before becoming our suppliers. We also conduct a random survey on our suppliers to ensure that they do not commit human rights abuses. We organize training sessions on human rights to our suppliers, as well.

Regarding issues concerning customer data privacy and security for our IT business clients, KBank implemented the IT outsourcing policy and IT outsourcing security management policy, aimed at preventing human rights risks. KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG), which oversees the operations of key software, is also tasked with preventing data leakage.

Despite all operations above, KBank will continue to prevent human rights risks to ensure that there are no human rights violations within our organization.

* For details on our Supplier Code of Conduct, please visit https://www.kasikornbank.com/en/IR/CorporateGovernance/transparency/Pages/KBank_Supplier_Code_of_Conduct.aspx

Social Contributions



Sustainability Long-Term

Target 2019 - 2023

- 300,000 volunteer hours
- 2,000,000 participants in social activities



Target 2018

- 100,000 volunteer hours
- Increasing number of participants of the educational support projects 20%



Performance 2018

- 137,209 volunteer hours
- Increasing number of participants of the educational support projects 16.84%*

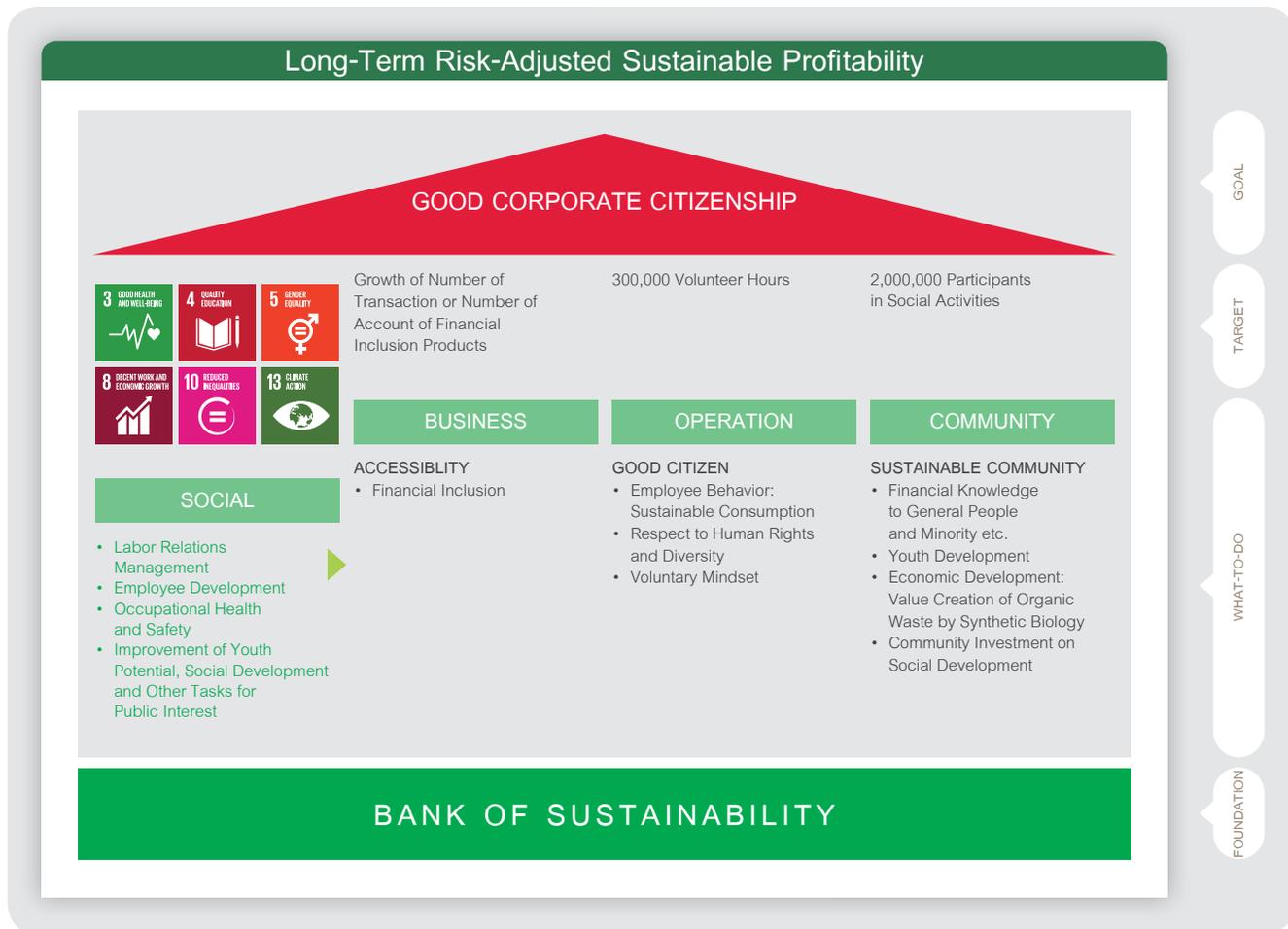
KBank as a business organization plays an important role in promoting and creating benefits for the economy, society and the environment. Our social operations focus on the results that give rise to positive changes in communities via numerous forms of support. These include budgetary support, donations, emergency assistance, employee volunteer activities and internal charitable activities. KBank regularly conducts sessions to exchange knowledge with our business partners, networks, customers and stakeholders in areas where we have business presence because we strongly believe that engaging in activities for public benefit cannot be carried out alone, but via concrete cooperation to help address and create changes for the betterment of the society.

In 2018, KBank carried out social operations in accordance with our Corporate Citizenship Strategy 2015-2018, aimed at improving our society through budgetary support, employee volunteer activities, donations and exchanges of knowledge and expertise with our business partners, networks, customers and the Kasikornthai Foundation.



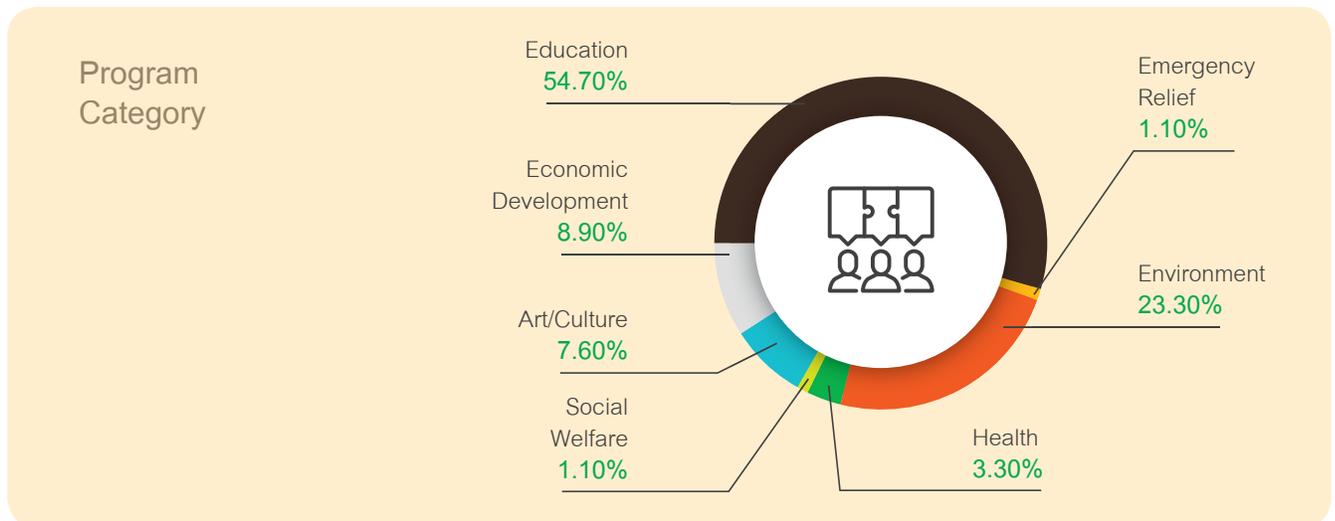
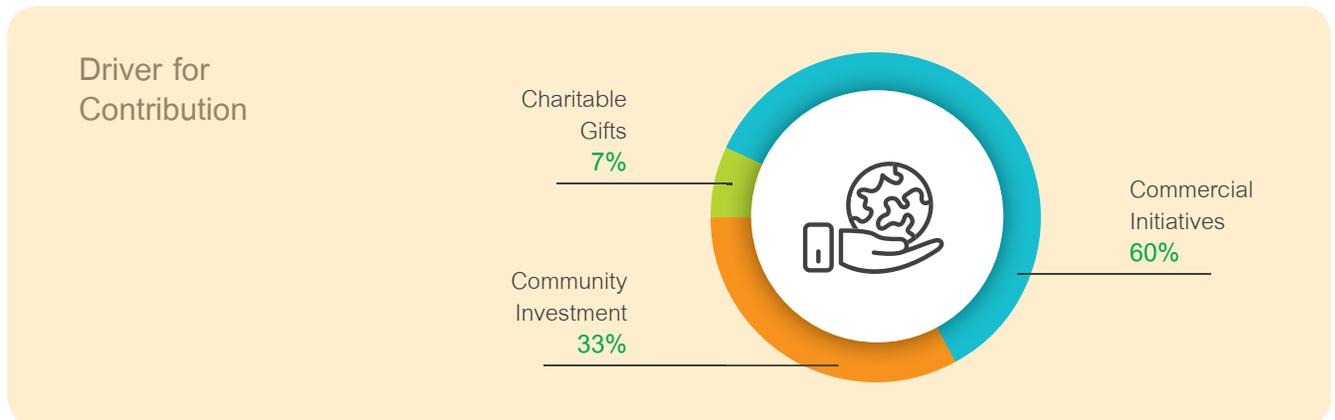
* The lower population growth rate resulted in a drop in a number of students in educational system by 10-15%: in the meantime, universities have offered more courses for further studies of students.

Corporate Citizenship Strategy 2019-2023



To continue our support in areas of social and community development, the Corporate Governance Committee reviewed the Corporate Citizenship Strategy 2019-2023 at the end of 2018, with the establishment of Good Corporate Citizenship goals, covering business, internal and social operations, For business operations, we shall strive to promote financial inclusion. For internal operations, KBank is committed to be a civil organization for the society. For social operations, we aim to build sustainable communities and society. The Corporate Citizenship Strategy 2019-2023 will be used as our social operational guidelines that are consistent with our Sustainable Development Policy.

Social Dimension Performance



KBank has used the London Benchmarking Group (LBG)* as a basis for our operations since 2015 because it has helped us assess various activities more efficiently.

* The London Benchmarking Group (LBG) standard measures the total financial value of contributions, including donations, volunteering hours, and the community investment component of commercial activities. KASIKORNBANK began using the LBG framework for measuring and reporting our community contributions in 2015.



100,000 Chuamong Chaun Kan Tham Di Tham Dai (100,000 volunteer hours) Project

In 2018, KBank continued to promote our employees to participate in volunteer activities within and outside business hours, with more challenging targets. We also encouraged our them to take a one-day leave and invite outsiders, family members and stakeholders to partake in any volunteer activities of their choice under the “100,000 Chuamong Chaun Kan Tham Di Tham Dai” Project, namely educational improvement, healthcare promotion or those that promote the economic development, environmental and cultural conservation, social problem prevention and disaster relief. We also continued to support our employees to offer financial literacy to target groups so that they are able to choose appropriate financial products that meet their financial goals, as well as having financial discipline and being able to brace for financial threats, which is the best immunity amid rapid changes in financial innovations.

KBank believes that promoting our employees to engage in volunteer activities will not only help build their volunteer spirit, but also open an opportunity for them to spend more time with communities close to their offices, thus allowing them to understand the needs and problems of local residents, who are our customers, as well. Such needs can be used to develop financial products and services that match their lifestyles. At the same time, our employees may help their communities by finding solutions to their problems or organizing activities that bring out positive changes within the communities. As such, they will be proud of themselves while local residents will be content, thus benefiting KBank’s image.

Performance 2018

- Number of employees engaging in volunteer activities and volunteer hour - 19,940 persons, 137,209 hours
 - Working hours, totaling 64,668 hours
 - Off-hours, totaling 72,541 hours
- Employees at Vice President position and higher, totaling 403 persons, 3,167 hours
- Operating officers, totaling 19,537 persons, 134,042 hours
- Employees who invited outsiders to join our volunteer projects, totaling 4,492 persons, 24,455 hours
- Employed engaged in 245 volunteer projects, including:
 - Educational Development 22%
 - Healthcare promotion 27%
 - Economic Development 2%
 - Environment Protection 25%
 - Art & Culture 3%
 - Welfare Promotion and Social Problem Prevention 20%
 - Disaster Relief 2%
 - Other 1%
- KBank donations to support volunteer projects, totaling Baht 1,234,686
- Staff donations to support volunteer projects (other than budgetary support of KBank), totaling Baht 1,491,990
- Monetary donations, totaling Baht 4,567,659
- Value of donated items, totaling Baht 3,816,848



Employees participated in volunteer activities under the "100,000 Chuamong Chaun Kan Tham Di Tham Dai (100,000 Volunteer Hours)" project.

Number of employees engaging in volunteer activities and volunteer hour



64,668 Working hours,
72,541 Off-hours



เพาะพันธุ์ปัญญา

Phao Phan Panya (Cultivation of Wisdom) Project

Due to our commitment to learning process reform, aimed at promoting self-directed learning among youths, the Cultivation of Wisdom Project was initiated in 2012. KBank has collaborated with the Office of the Thailand Research Fund (TRF) since then to enhance the capacities of teachers and students by improving their mind and spiritual wellness to cope with changes in teaching and learning, as well as bolstering their advanced thinking skills, comprising analytical and critical thinking. We have worked with eight universities to create “mentoring centers” at their campuses, including Silpakorn University, Mahidol University, Prince of Songkhla University, Ubon Ratchathani University, University of Phayao, Lampang Rajabhat University, Sisaket Rajabhat University and Suratthani Rajabhat University. These mentoring centers provide advice and monitor the performance of participating schools.

The learning process at schools participating in the Cultivation of Wisdom Project is based on research-based projects that are familiar with the students. Teachers at those schools act as directors using three important tools: Asking questions (asking is teaching), inviting students to reflect their ideas (reflecting is learning) and allowing students to write their ideas while doing academic research (writing is thinking). Students work in groups right from determining the topic to designing methodologies and this is called Research Based Learning (RBL).

KBank believes that the Cultivation of Wisdom Project will be able to reform teaching and learning process, as well as improving the society and our educational system.

Performance 2018

- Schools participating in the project, totaling 129 schools
- Teachers participating in the project, totaling 4,586 persons
- Students participating in the project, totaling 24,730 persons
- Subsequent projects arising from the project, totaling 5,181 projects



Number of projects

5,181
projects

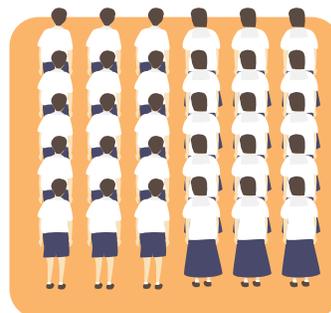
Number of Schools participating in the project

129
schools



Number of teachers participating

4,586
teachers



Number of students participating

24,730
students

AFTERKLASS



AFTERKLASS project – an online platform for holding activities to promote financial literacy among youths

AFTERKLASS

AFTERKLASS is an online platform providing financial literacy to children and youths, including savings, finances, investment and how to start the business, comprising the following:

1. HYPERLINK “<http://www.afterclass.com>” www.afterclass.com: A website featuring numerous topics via various Class, namely BIZ Class for those interested in business, Smart Class for those keen on learning and Play Class for those enjoying activities. Participating members are free to express opinions, post and share their knowledge with friends in the space provided.
2. AFTERKLASS CITY game which simulates the real-life business world. Members playing the game act as good citizens of the AFTERKLASS CITY and must lead their lives as salary earners, who have to save money and learn how to invest in order to be successful. AFTERKLASS CITY game app can be downloaded from both Android and IOS.

Aside from the provision of financial literacy via online platform, KBank also supports youths to improve various skills by joining in activities at K-Expert Center, including public speaking, portfolio building, personal goal setting, e-commerce, plus fund and stock investment. Gurus and experts in respective fields are invited to share their experience and inspire youths every month. K-Expert Center offers a venue for aspiring youths to improve their capacities, exchange views with new friends interested in the same fields.

Performance 2018

- Online members, totaling 50,536 persons
- Youths participating in activities, totaling 581 persons
- Social media followers, totaling 39,858 persons

50,536
members



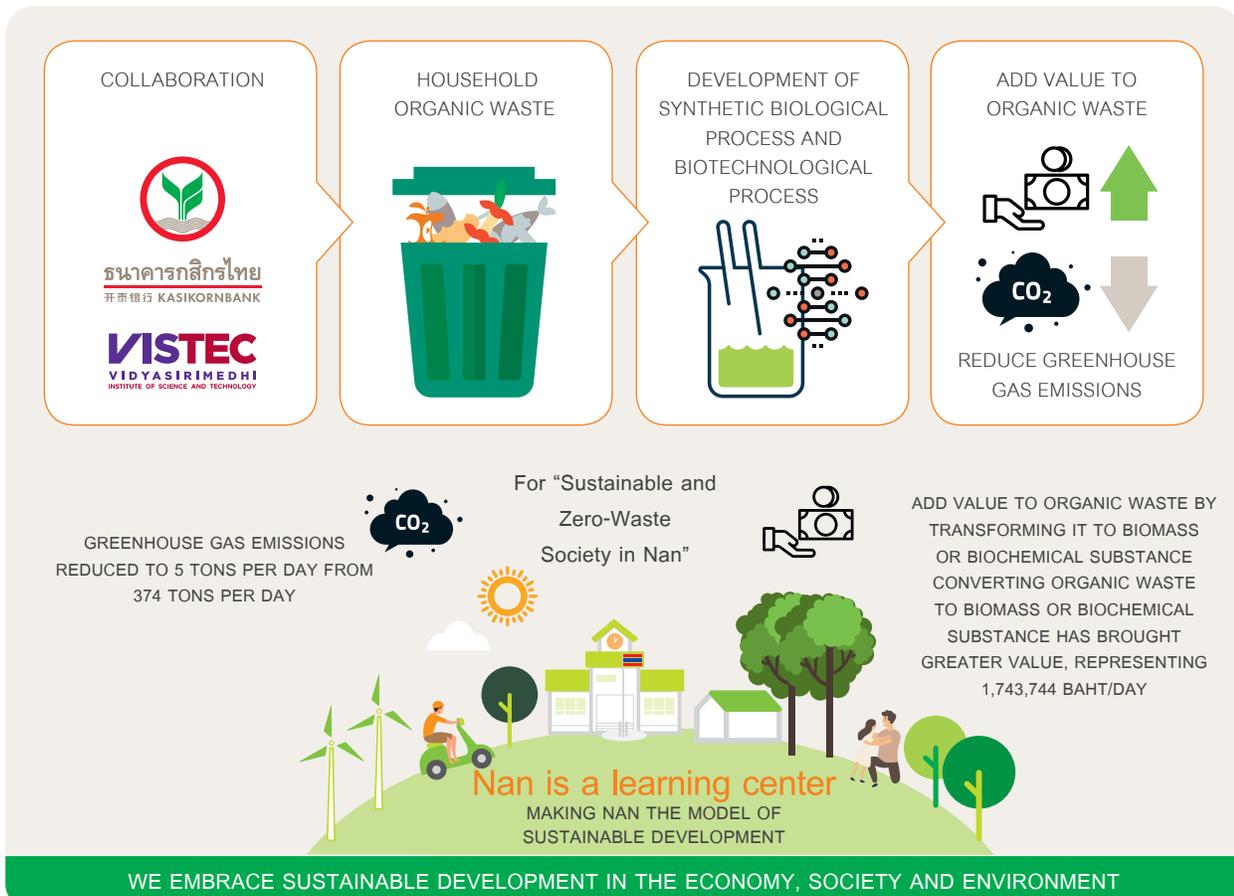
The project to add value to organic waste via biosynthesis process

In response to our Sustainable Development Policy and Corporate Citizenship Strategy, aimed at promoting KBank to be a good citizen and improving communities for sustainable growth, KBank’s social activities are primarily based on problems and needs of the communities. The project to add value to organic waste via the biosynthesis process has been initiated from the field survey findings that Nan has limited agricultural land and number of population on the contrary to huge amount of waste that is set to increase every year. With the rising number of tourists, limited technology know-how and workforce, it has been found that waste in Nan cannot be disposed of completely through correct methods. Undisposed waste is bound to landfills without sorting. As a result, available landfills are full faster than expected

and may not be adequate in the future. The waste crisis has adversely affected Nan residents and it needs to be addressed quickly. In addition, because the Nan River contributes about 45 percent of annual water flows to the Chao Phraya River, environmental management and development in Nan is imperative.

KBank has joined hands with Vidyasirimedhi Institute of Science and Technology to conduct research, aimed at promoting “Sustainable and Waste-Free Society in Nan” under the project to add value to organic waste via the biosynthesis process, which will be used as a prototype to turn waste from households and communities into biofuel or electricity or value-added biochemicals. If successful, this project will serve as a learning source for communities to follow suit, thus helping add economic value at the household, community, sub-district and provincial level.

Project to add value to organic waste via synthetic biological process



Nan Sandbox

Nan Sandbox is a special project approved by the government for the civil, public and private sectors collaborating in the form of civil state to solve deforestation and land rights problems in Nan Province. It is also aimed at encouraging local farmers to adopt a new form of farming or environmentally-friendly occupations in place of monoculture. With forest rehabilitation, as well as legal and fair forest land allocation in 99 sub-districts under the “State gets the forest back and people get the land” concept, the project ensures that local residents have sufficient income and better quality of life. Nan Sandbox, therefore, can address deforestation and land rights problems through the experiment of a novel integrated approach, whereby related rules, regulations and laws may be amended in order to achieve the set goals. If this project is successful, it may be used as a prototype to address such problems in other provinces later on. The Rak Pa Nan Foundation, chaired by Her Royal Highness Princess Maha Chakri Sirindhorn, is responsible for financing the transition from low-value monocropping cultivation to new and high-value economic crops.

Rak Pa Nan Project

The Rak Pa Nan Project was officially launched in 2014 in accordance with the initiative of HRH Princess Sirindhorn, with the ultimate goal of preserving and rehabilitating Nan forest

resources, as well as promoting all sectors there to recognize and cooperate in preserving watershed forest, in particular the Nan River because it contributes over 45 percent of the waters making up the Chao Phraya River. Therefore, the conservation of watershed forest in Nan Province is very important for the Thai people.

Recognizing this, KBank in collaboration with the Office of HRH Princess Sirindhorn's Projects, Chulalongkorn University, Mae Fah Luang University, the Royal Thai Army and Nan Province, began implementing strategies to preserve and restore Nan forest resources in 2015. KBank has planned to support this project for a period of 10 years. Major activities included forest rehabilitation, prevention and suppression of forest encroachment, the building of a cooperative Nan community network with private and public sector agencies, instilling a sense of responsibility and awareness among the local people, especially children and youth, towards natural resources conservation and development of alternative occupations for local residents to ensure a sustainable cohabitation between man and the forest.

The Rak Pa Nan Project organizes the “Rak Pa Nan” seminar every two years at Chulalongkorn University's Center of Learning Network for Region (CLNR) in Muang District, Nan Province, aimed at disseminating knowledge and mobilizing ideas for the project implementation.



The chairman of the Board and Chief Executive Officer of KBank implemented Nan Sandbox project in local communities in Nan province.



Denuded forest area in Santisuk district, Nan province

Environmental Dimension

Tackling to Climate Change

120 Financial Support to Environmentally Friendly Businesses

126 Environmental Management of KASIKORNBANK

03





Zero Carbon Society

carbon neutral

RECYCLE
CIRCULAR ECONOMY
MAKE
USE

Financial Support to Environmentally Friendly Businesses



Sustainability Long-Term

Target 2019 - 2023

- Total megawatts (MW) 15 percent of domestic market share by providing various types of financial support and services to renewable energy projects in accordance with Thailand's renewable energy roadmap.
- 2 times loan growth of Environmental Funding from the 2018 base year.



Target 2018

- Total megawatts (MW) 14 percent of domestic market share by providing various types of financial support and services to renewable energy projects in accordance with Thailand's renewable energy roadmap.
- 6.4 times loan growth of Environmental Funding from the 2015 base year.



Performance 2018

- Total megawatts (MW) 13 percent of domestic market share by providing various types of financial support and services to renewable energy projects in accordance with Thailand's renewable energy roadmap.
- 7.1 times loan growth of Environmental Funding from the 2015 base year.

Global warming, caused by the greenhouse effect, has had a serious impact on all life on Earth, including its human inhabitants. The international community has paid much attention to this issue, which requires immediate solutions. Thailand is a party of the 21st session of the United Nations Framework Convention on Climate Change (UNFCCC) – COP 21 – wherein we have organized various programs to limit the temperature rise to no more than 2 degrees Celsius. At the same time, the United Nations has set the Sustainable Development Goal (SDG) No. 13 of taking urgent action to combat climate change and its impacts, an important goal for which the world is implementing serious measures to address the issue.

Based on our “Bank of Sustainability” foundation, KBank has advocated economic growth, social inclusion and environmental balance. KBank realizes that climate change has presented both opportunities and threats to KBank's operations, as it may generate additional income associated with new forms of products and services, but at the same time it could negatively impact the debt servicing ability of certain industries, increasing non-performing loans. Hence, KBank addresses climate risks and opportunities in our business operations and internal management to ensure that KBank is well-equipped to cope with the changes. In 2018, KBank's Board of Directors approved the Long-Term Sustainability Target for 2019 - 2023, following the current Sustainability Target. The Corporate Governance Committee has also established an environmental protection framework as a guideline to achieve the long-term goals, including the following:

- Conduct business focusing on financial products and services which promote environmental conservation.
- Manage the internal corporate environment to transform KBank into a zero-carbon organization.
- Perform community activities to encourage the communities to achieve a zero-carbon footprint.

KBank hopes that such efforts will lead to a Zero-Carbon Society enabling every stakeholder to achieve sustainable development.

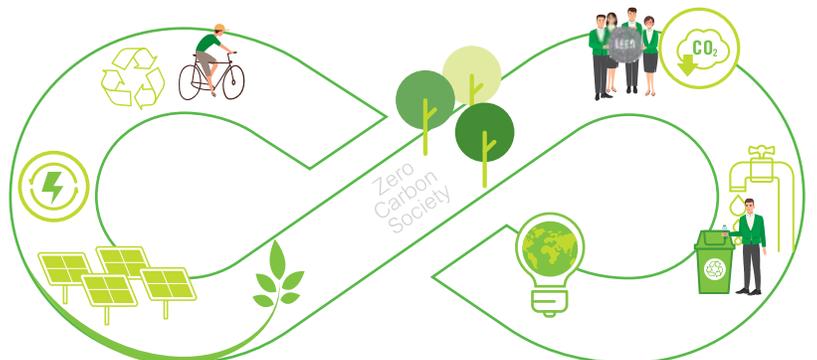


Environmental Strategy 2019 - 2023



On Mitigation of and Adaptation to the Climate Change Impacts, KBank has proceeded with the following actions.

1. KBank encourages our customers to expedite their transactions via K PLUS mobile application as an alternative to ease global warming. Customers can save fuel consumption from travelling to physical bank offices, as well as reducing the amount of paper used in financial transactions. Other efforts to reduce greenhouse gas emissions include the reduction of energy and resource consumption, efficient water utilization, waste management, forest management and sustainable use of land.
2. KBank provides financial facilities to support renewable energy projects and companies engaging in energy and environmental conservation.
3. KBank runs its business with an aim of cutting greenhouse gas emissions in the process of our operations.



Renewable Energy Project Financing

The banking business provides financial supports to companies and raises the social awareness of the effects of climate change by offering financial products that help promote the use of renewable energy, which is clean, natural and inexhaustible. KBank supports projects such as solar power, wind power and hydropower projects, biomass power plants, and waste-to-energy conversion projects. Each project supported by KBank has undergone risk assessment by taking into consideration Environmental, Social and Governance (ESG) criteria to ensure thorough assessment regarding any potentially adverse effects on the environment and surrounding communities before approval, to prevent any risk that may occur to KBank as a lender.

KBank supports Renewable Energy Project Financing to domestic and overseas customers with total loan limit Baht 28,000 million contributing up to 3,749 Megawatts and the details as follows:

Operation Results of Renewable Energy Project Financing



Operating Results of Renewable Energy Project Financing Overseas

KASIKORNBANK (CHINA) has approved more than Baht 293 million (70 million Hong Kong dollars) of syndicated loan for renewable energy power projects in China to expand the capacity of renewable energy power plant projects as follows:

- Solar power plant with a capacity of 2,300 Megawatts
- Wind power plant with a capacity of 840 Megawatts and under construction for 1.2 Gigawatts
- Clean heating, which produces heat from natural energy and does not emit greenhouse gases. The project covers the total area of over 60.9 million square meters.

The renewable energy power plants will distribute electricity to households and industrial sectors in two regions, namely, Tibet and Ningxia Autonomous Regions, covering 12 provinces in China. The renewable energy service will have no greenhouse gas emissions, and help reduce global warming.



Energy and Environmental Conservation Project Financing

Energy and Environmental Conservation Project Financing for Retail Customers

KBank encourages our retail customers to pay greater attention to energy saving and environmental conservation by presenting financial products that offer customers easy access to financial services that support environmentally friendly businesses. Operating results in 2018 are as follows:

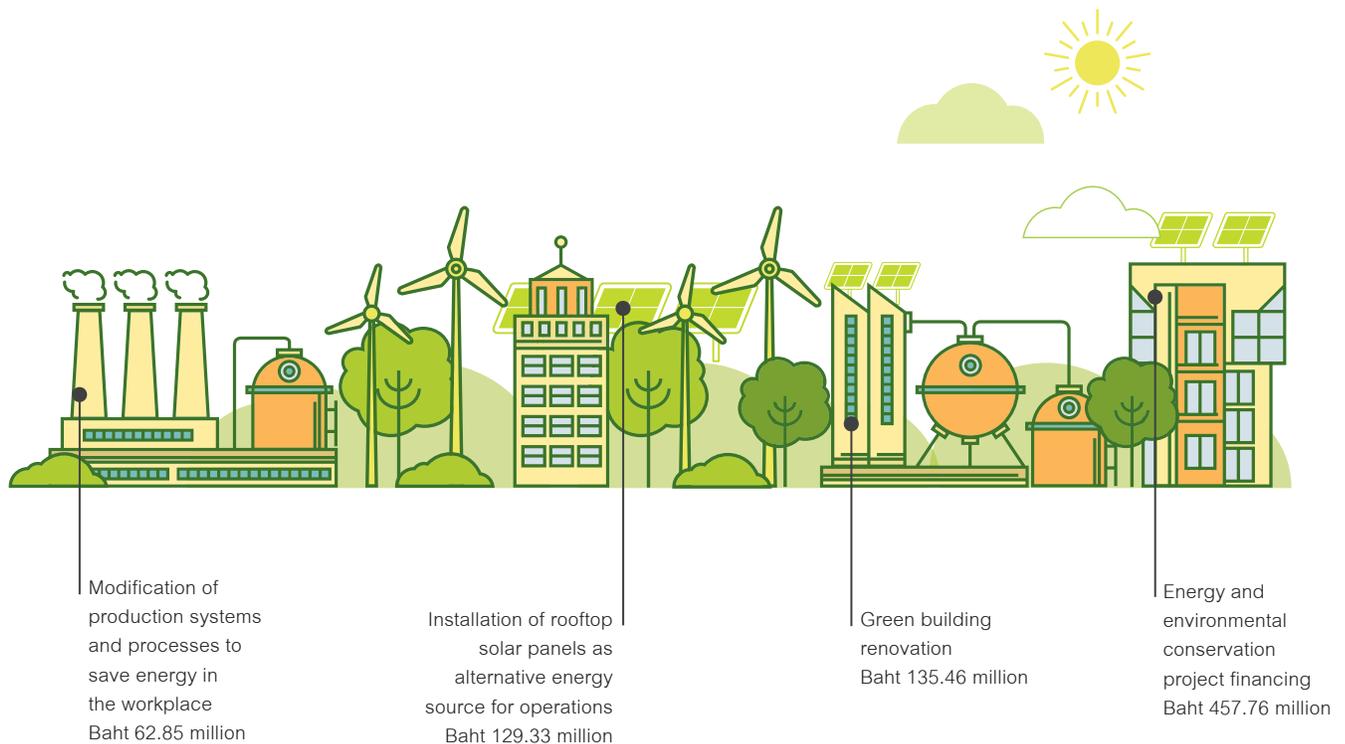
K-Green Home SCG HEIM Project

KBank has continuously supported housing loans for the SCG HEIM Project to encourage customers to choose energy-conserving residences. In 2018, KBank had approved Baht 19 million of such loans as of the end of 2018.

Energy and Environmental Conservation Project Financing for Corporate Customers

KBank supports entrepreneurs who commit to environmental principles in their operations. KBank provides Energy and Environmental Conservation Project Financing to allow business operators easy access to funding, ensuring that they can better manage their working capital better by supporting green building renovation, modification of production systems and processes to save energy in the workplace, installation of energy-saving LED light bulbs in business premises, installation of rooftop solar panels, and advisory service to products exposed to risks associated with climate change. The effort is aimed at promoting efficient energy consumption in companies and boosting their long-term competitiveness.

Four programs of Energy and Environmental Conservation Project Financing for Corporate Customers, four projects with total loans Baht 785.40 million



Loans approved for large-scale property projects with environmentally friendly guidelines

KBank realizes that it is important for large-scale property projects to incorporate eco-friendly concepts in their operations. Large-scale projects have many service users and therefore consume large amounts of resources and produce large amounts of waste. KBank therefore supports property projects with “Ecosystem Ecoplex” and “Green Building” management in accordance with the LEED standard of the United States Green Building Council (USGBC). This is to ensure that companies consume energy and resources efficiently, and are equipped with waste treatment systems in their buildings. In 2018, KBank approved over Baht 9 billion of credit limit to large-scale property projects with environmentally-friendly operations.

Collaboration with other organizations on environmental conservation

KBank strives to operate a green business with energy conservation through collaborations with both public and private sectors, domestically and internationally, to promote and transfer knowledge about energy and environmental conservation project financing.

Local cooperation

- KBank has teamed with the Thai Energy Service Company Association (Thai ESCO Association) and its members. The Thai ESCO Association provides advice and guidelines on comprehensive environmentally friendly operations to businesses, serving as an essential mechanism to ensure businesses' confidence that their savings from energy conservation will pay off the loans for self-financed projects, promoting their competitiveness along with saving energy and preserving the environment.
- KBank is a member of the working committee of the Iron and Steel Institute of Thailand to enhance the energy-efficiency capacity in the production process of iron manufacturers, encouraging them to realize the importance of green business operation.

International Collaboration

- KBank collaborates with the Agence Francaise de Developpement (AFD) on our K-Green Building Program to provide special credit to companies planning to modify their offices to become green buildings that save energy and help mitigate climate change. The K-Green Building Program approves special loans to support various types of buildings. In addition, KBank organizes seminars to disseminate knowledge and advice on energy-saving green buildings for operators.
- KBank works with the United States Industrial Organization under the Private Finance Advisory Network for Asia Program to transfer knowledge and expertise towards energy conservation and environmental friendliness to businesses, encouraging them to further engage in green business.
- KBank has joined forces with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to provide the business sector with knowledge and advice about energy-saving and renewable energy investments. The cooperation includes financial support for the green Thailand Refrigeration and Air Conditioning NAMA (Nationally Appropriate Mitigation Action).
- KBank participates in the Prosperity Fund Programme of the United Kingdom to address climate change and promote Green Banking in the Southeast Asian region.

Sustainability Bonds

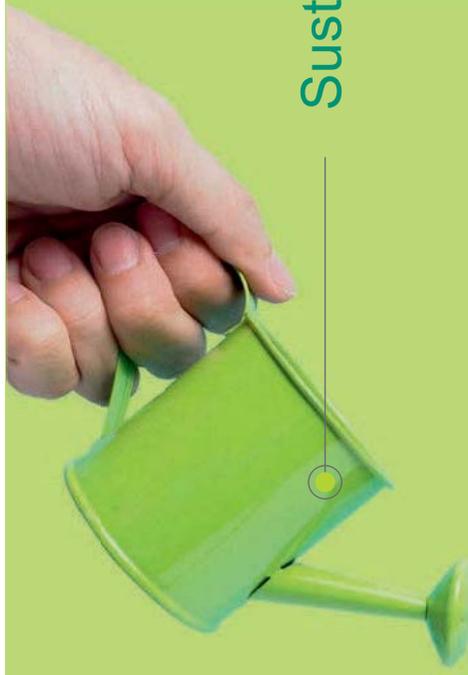


KBank has issued sustainability bonds totaling USD 100 million to finance green and social projects.

The first Thai and ASEAN bank to launch sustainability bonds

KBank has issued sustainability bonds totaling USD 100 million to finance green and social projects. Such bond issuance is aimed at supporting the development of Thai and regional capital markets. The bonds were offered to international investors. KBank is the first Thai and ASEAN bank to issue sustainability bonds in accordance with standards prescribed by the International Capital Market Association (ICMA) and ASEAN Capital Markets Forum (ACMF).

KBank's sustainability bonds have established a new benchmark for Thai and regional capital markets in presenting investment products with good returns to investors, in line with an effort to promote sustainable development in Thailand and worldwide. Details of Sustainability Bond Framework and Second-Party Opinion are available on KBank's website under the "Sustainable Development" link, click "Sustainability Bond".



Environmental Management of KASIKORNBANK



Sustainability Long-Term Target 2019 - 2023

6.1% reduction
in GHG emissions
(Baseline year 2018)



Target 2018

6.0% reduction
in GHG emissions
(Baseline year 2017)



Performance 2018

6.61 % reduction
in GHG emissions
(Baseline year 2017)

13 CLIMATE ACTION



Climate change is an ongoing problem that will continue to harm the ecosystem. KBank realizes the importance of this critical issue because KBank recognizes that it is part of the society and environment and it relies on natural resources and energy consumption for business operations. As impacts of climate change affect KBank operations and business, KBank has constantly strived to improve our environmental management. KBank's Board of Directors reviews the Environmental and Energy Conservation Policy annually and uses it as a guideline for organization-wide implementation. Additionally, the Board has named our Chief Executive Officer to act as Chief Environmental Officer to drive KBank's environmental work and set tangible goals for reducing greenhouse gas emissions (scope 1 and 2) from our operations by 20 percent by 2020 (from the base year 2012) with the cumulative performance from 2016 to 2018 was at 13.77 percent and expands our targeting scope to reduce greenhouse gas emissions (scope 1 and 2) by 6.1 percent by 2023 (from the base year 2018) to help reduce the impact of climate change. In addition, KBank plans to expand the scope of data collection for greenhouse gas emissions (scope 3), which is a continuous responsibility of banking business in a supply chain, as a guideline for reducing greenhouse gas emissions from upstream to downstream in a concrete manner. KBank is currently developing an Environmental Management System (EMS), Measurement Report Verification (MRV) and campaigns to raise awareness on greenhouse gas emissions and the reduction of resource consumption such as, electricity, water, waste segregation and fuel consumption from corporate travel in our ongoing efforts to reduce our environmental footprint. The effort is aimed at transforming KBank into a zero carbon organization according to KBank environmental management strategy. This covers KBank environmental management, financial supports for green businesses and environmental activities associated with the society and communities.

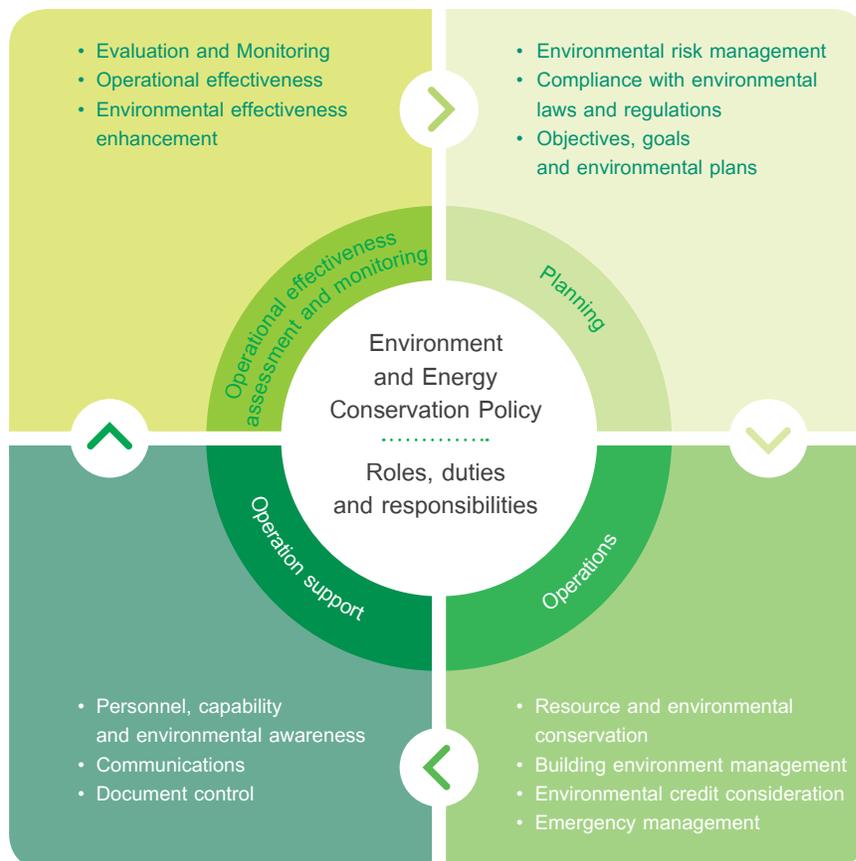


The first Thai commercial bank to offset carbon to achieve net zero carbon emissions

and transform into a carbon neutral organization, becoming the corporate model for easing the global warming problem, contributing towards a low carbon society, and propelling Thai businesses towards sustainability

Environmental Management

KBank is developing the Environmental Management System (EMS) based on international standards as seen in the following flow chart:

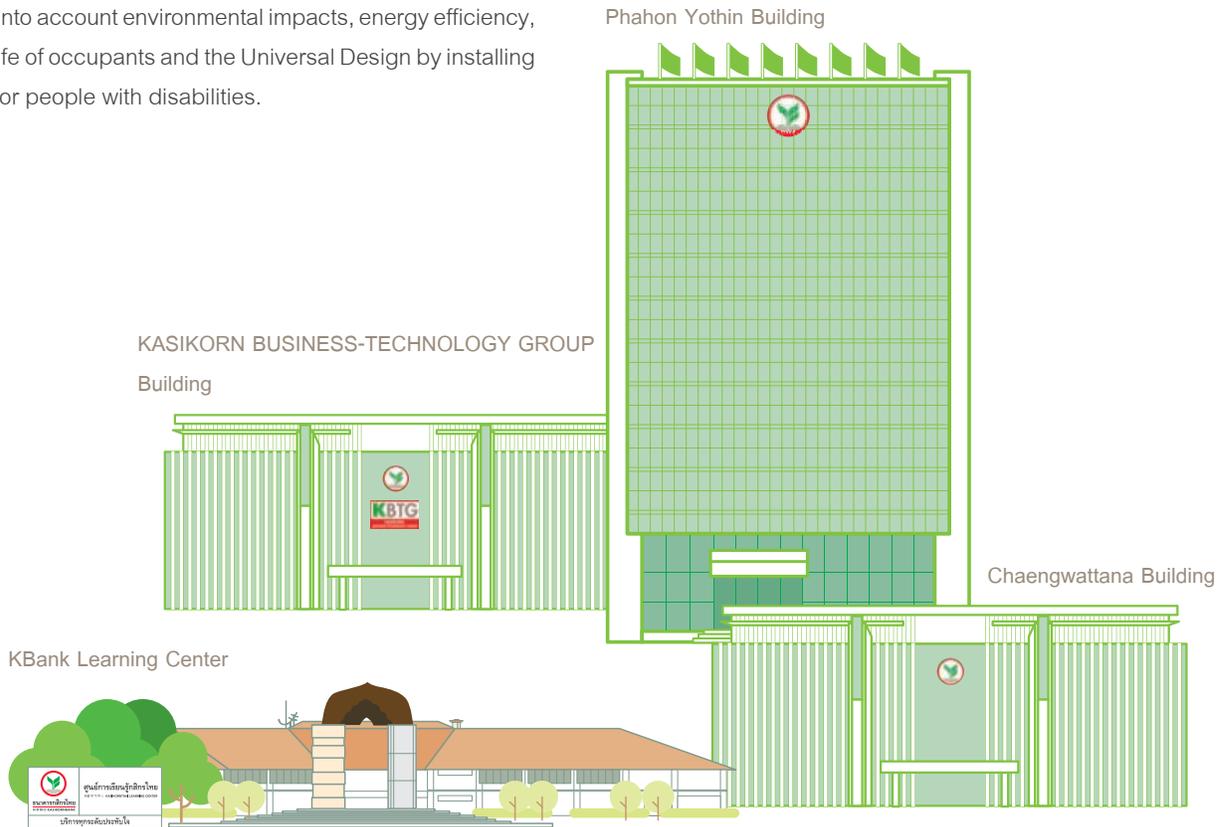


Management Approach

To become a zero carbon organization according to the environmental management strategy, KBank manages the energy and resource consumption based on Focus Acceleration Approach. This method focuses on energy conservation efficiency and minimizing environmental impacts from the process of design, procedure management and selection of energy-saving equipment. This method also looks at the policies, plans and measures for environmentally friendly operations as follows:

Green Building Design

KBank attaches great importance to construction design and selection of environmentally friendly materials under the guidelines for energy and environmental conservation. This is in accordance with the Leadership in Energy and Environmental Design (LEED) standard which is a certification of green buildings that takes into account environmental impacts, energy efficiency, quality of life of occupants and the Universal Design by installing a system for people with disabilities.



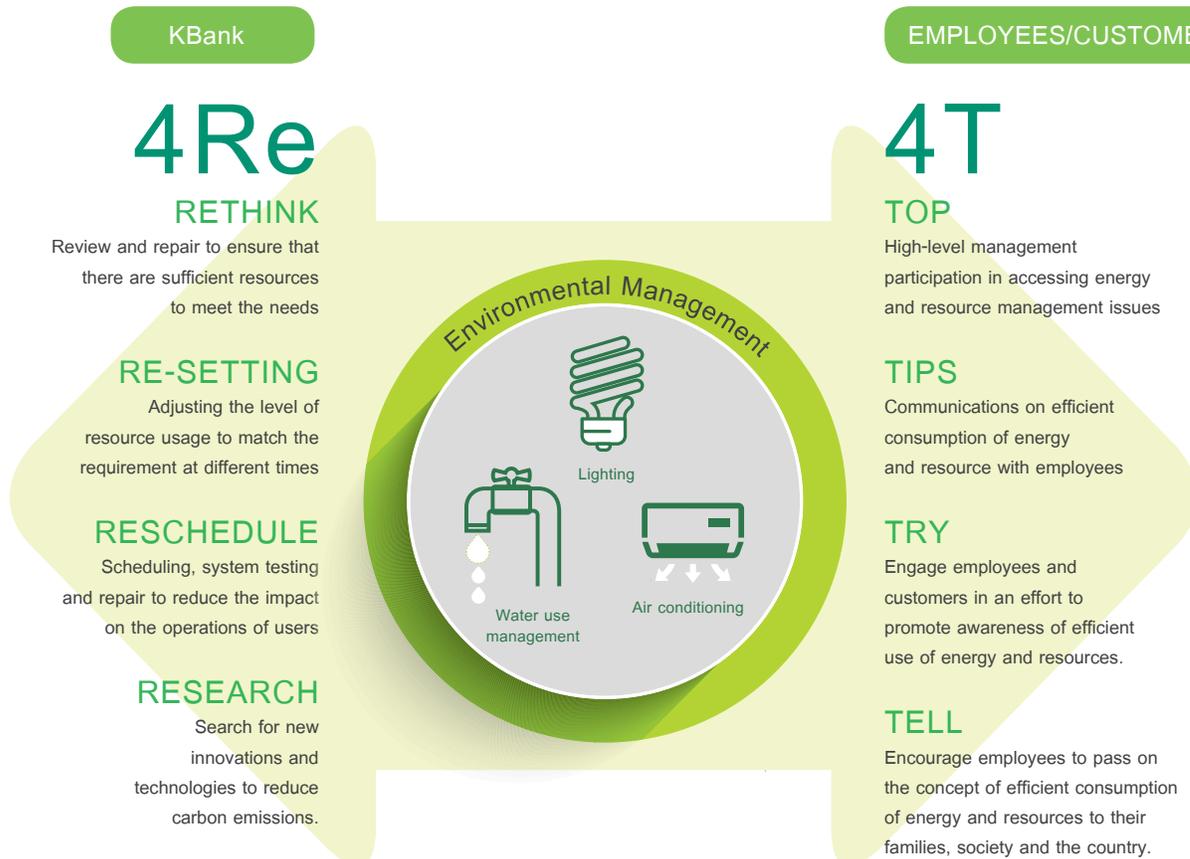
Green Process Design

KBank continuously promotes green process design by incorporating digital technology within the operation to boost efficiency, reduce work procedures and use paper resources efficiently. KBank has designed processes and developed digital infrastructures for an exchange of documents used in operations between branch employees nationwide and employees at the head office. KBank uses digitized document instead of original paper copies and expands our paperless services to communicate with our customers via email to reduce paper consumption and cost of document transportation for internal banking operation and for servicing our customers.

For paper-based transactions requiring the use of paper, KBank has set a Printing Clinic team to find efficient usage strategy for paper, enhance green designs and serve as a consultant to establish resource consumption standards to ensure an efficient use of paper within the organization. For example, Duplex double-sided printing has replaced Simplex printing to save the paper consumption; the thickness of paper is reduced and the Preprinted form is adjusted from colored to white paper to save resources used in paper manufacturing.

Green Facility

KBank has established the 4Re ↔ 4T concept to be used as a guideline for effective resource management. This will cover the management of lighting system, air conditioning system and organization-wide water usage. The 4Re concept will help increase the efficiency of technical management and create awareness among employees and customers about efficient energy and resource consumption.



KBank has regularly carried out the following:

1. Lighting System Management

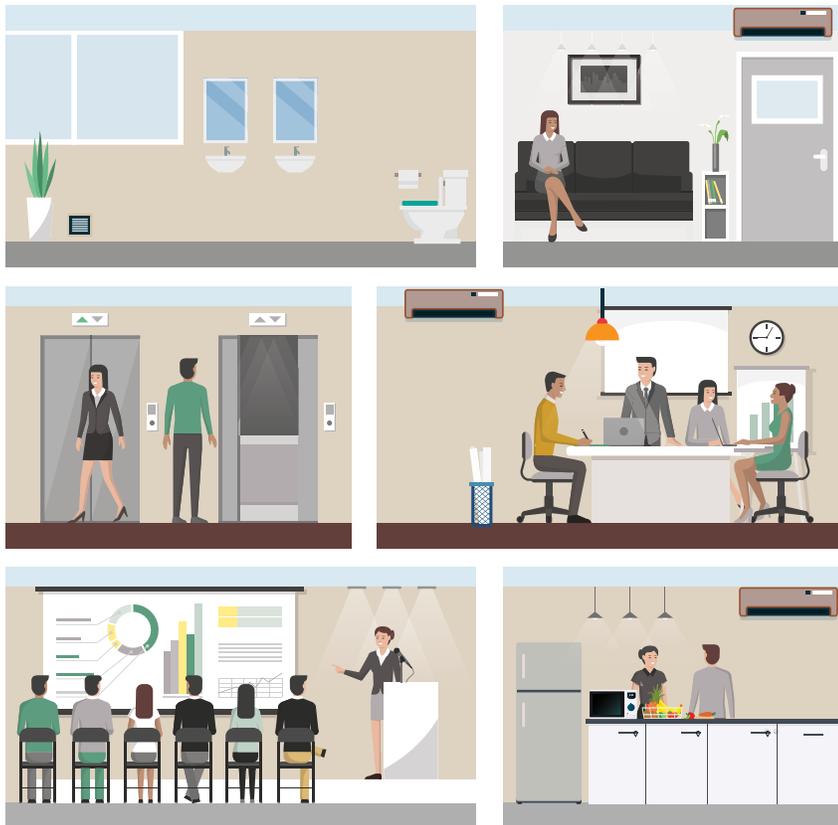
KBank has installed control devices and various types of sensor devices to control the operation of the lighting system. Interior and exterior lighting lamps have been replaced with LED bulbs at Rat Burana Building and the KBank Learning Center. To date, 29,600 LED light bulbs have been installed, thus reducing energy consumption by 1,188,653 kilowatt-hours. KASIKORN BUSINESS-TECHNOLOGY GROUP building is also equipped with solar rooftops with a capacity of 350 kilowatts. In 2018, a total of 434,493 kilowatt-hours of electricity was generated.

2. Air Conditioning System Management

The control system for the operation of chiller plant has been installed. It is equipped with cold-air dispenser and diffuser to keep the temperature inside the building at an appropriate level. KBank also replaces old devices with energy-saving ones to help reduce electricity consumption. This process includes changing chillers and condenser water pumps at Rat Burana Building, Phahon Yothin Building and KBank Learning Center. This has helped lower energy consumption by 709,274 kilowatt-hours.

3. Water Use Management

Water flow rates of faucets and toilet bowls in every building is adjusted to save water consumption. Waste water is effectively treated and reused in sanitary and plant watering systems to ensure energy efficiency and optimize benefits. In 2018, KBank could recycle the amount of treated water from our operation up to 29,158 cubic meters.



Air conditioning system management

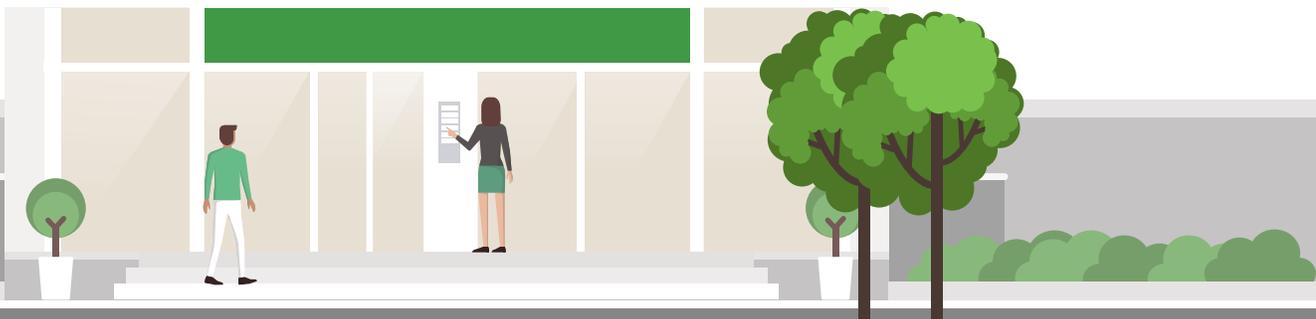
This has helped lower energy consumption by

709,274
kilowatt-hours.

Solar Rooftop

can produce
Electric power

434,493
kilowatt-hours.



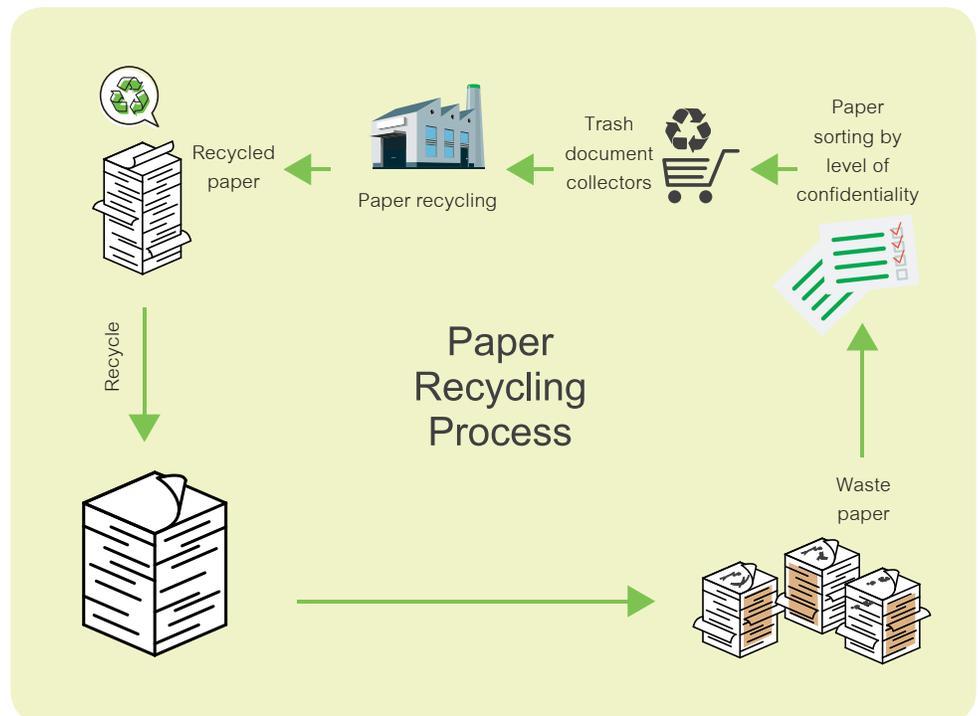
4. Green Waste Management

KBank has established the organization-wide waste management strategy by integrating technical management and installing eco awareness in every employee in order to reduce the amount of waste and trash caused by business operation. Such waste is commonly disposed in landfills, causing pollution and greenhouse gas emissions to the world's atmosphere. KBank raises awareness among our staffers by encouraging them to apply the 3R (Reduce, Reuse, and Recycle) technique for waste disposal via effective waste sorting systems with locations to dispose waste by type and appropriate disposal solutions for each type of waste. Additionally, KBank encourages our staffers to recycle certain types of waste in an effort to protect our eco system.

KBank manages paper recycling by cooperating with service providers who collect waste documents to turn into pulp for reuse. The amount of paper sent to be recycled in 2018 is 1,009 tons.



The amount of paper sent to be recycled in 2018 is 1,009 Tons.



Green Behavior

KBank encourages all employees to realize the importance of energy and environmental conservation so that they will become good global citizens and help mitigate the effects of global warming. The focus is to change behavior of employees throughout the organization in order to multiply the outcomes and transform them into a role model for their families, the society and the country.

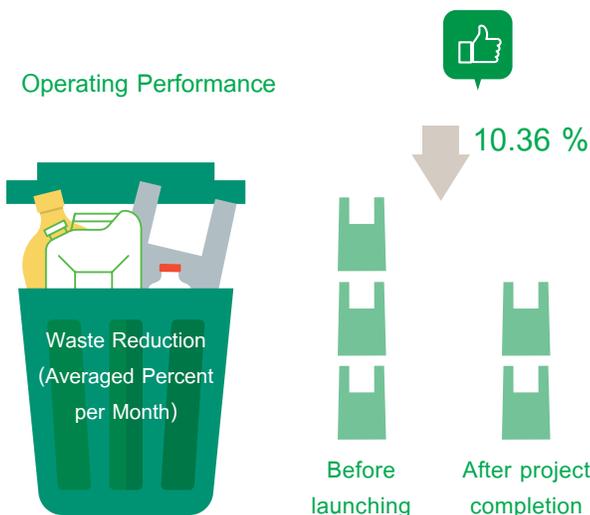


Green DNA Save the World project advocating for a reduction of plastic bag use

Green DNA Save the World Project or #GreenDNASaveTheWorld

In 2018, KBank initiated the Green DNA Save the World project advocating for a reduction of plastic bag use by encouraging staffers to use less plastic bags, reuse plastic bags and replace plastic containers with other eco-friendly ones to reduce the amount of plastic waste, which is not bio-degradable and can take several years to decompose, causing harmful effects on the eco system. KBank also collaborates with merchants in KBank buildings by asking them to stop giving plastic bags to customers and organizes special activities to encourage our staffers to bring their own containers or glasses when purchasing takeaway food and beverages. KBank also makes cloth bags for sale. In addition, there is a cloth bag borrowing-returning corner to allow employees to share their cloth bags with their friends to promote sustainable consumption in accordance with the Corporate Citizenship strategy. This strategy advocates efficient use of resources by taking into account environmental and social impacts caused by consumption behavior. KBank wishes that our employees will transfer this behavior to their families and communities within society that is consistent with the concept “Because of our acts, we are a Bank of Sustainability”.

Operating Performance



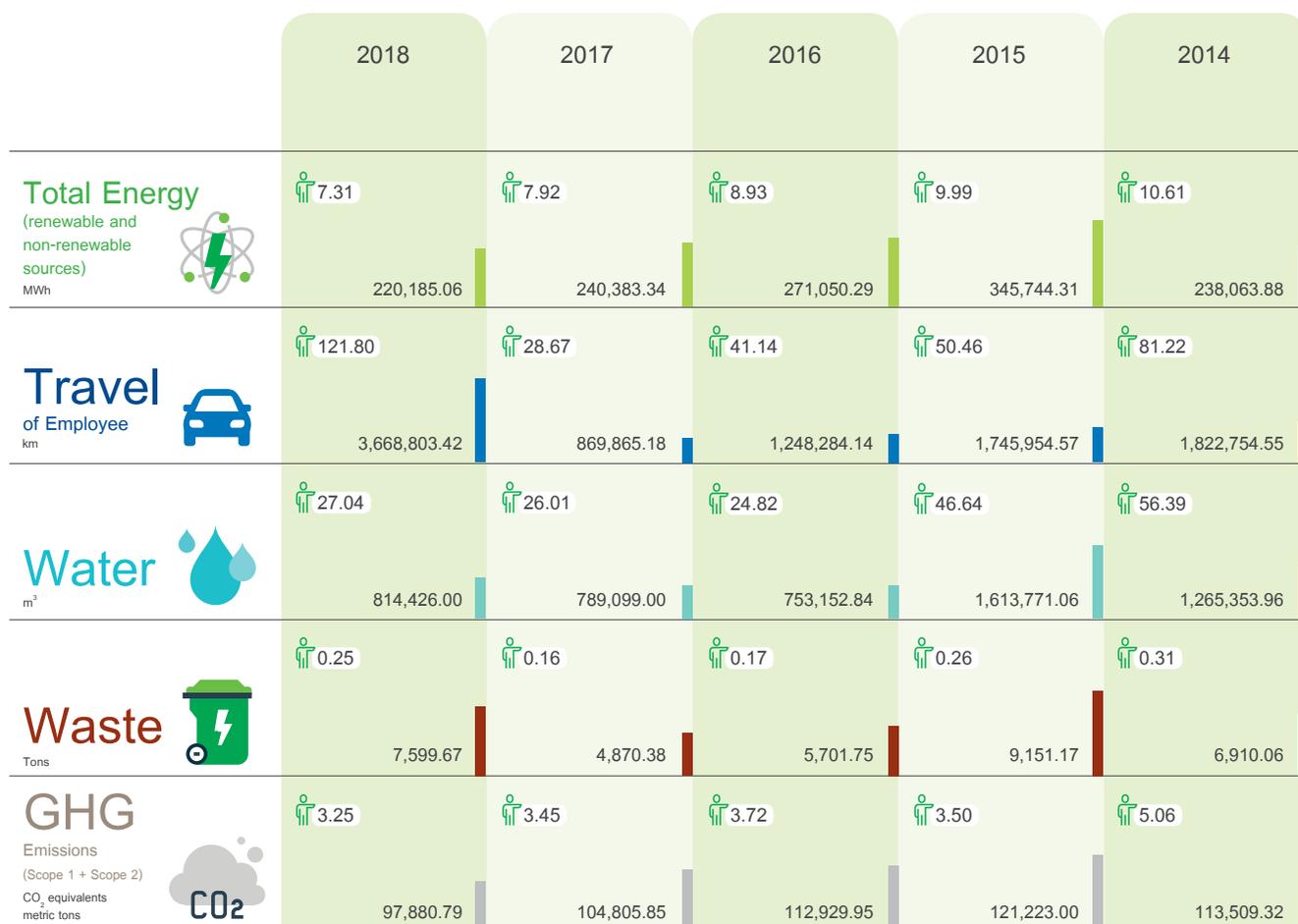
Thailand Voluntary Emission Reduction Program (T-VER) Signing ceremony

Carbon Neutral Program

In 2018, KBank participated in the Thailand Voluntary Emission Reduction Program (T-VER) signing ceremony and received a Carbon Neutral certificate from Thailand Greenhouse Gas Management Organization (Public Organization) (TGO), thanks to KBank’s success in implementing carbon offsetting schemes by joining carbon credit program with Mitr Phol Bio-Power (Danchang) Co., Ltd. (Block 2). The cooperation is aimed at driving society towards Low Carbon Economy to ensure Sustainable growth in terms of economy, society and environment. This will not only benefit Thailand but also the world now and in the future.

Operating Performance

KBank is preparing an Environmental Management System (EMS) to serve as the database on KBank's GHG emission and energy consumption in line with our strategies and objectives. Below is a depiction of our environmental performance.



 Per FTE (Full Time Employee)

* FTE = Full Time Employees, including the employees of KBank, K Companies, KBTG and P Companies

** An increased amount of waste is calculated from the amount of waste treated by municipality and outsourced company. It included hazardous and non-hazardous waste but excluded electronic waste.

Remarks:

- GHG Emission (Scope 1) in 2018 includes refrigerant leaks, which account for 0.14 percent of the total GHG under Scope 1 and Scope 2.
- GHG Emission (Scope 2) includes consumption of energy directly purchased from Metropolitan Electricity Authority and Provincial Electricity Authority only.
- GHG Emission (Scope 3) was calculated from business travels by road and water consumption only.
- KBank has recalculated power consumption. In the base year 2012-2017, KBank reported the total energy consumption based on electric power only. However, in 2018, KBank has recalculated power consumption by including 1) non renewable energy including electricity and power from fuel combustion and 2) renewable energy including solar power, bio-diesel and bio-gasoline in the fuel ratio.
- Water consumption is higher than the figure in 2017 because KBank increased water meter at KBank Learning Center's buildings in Bang Pakong.
- Total volume of waste rose compared to 2017, given that the report included data on the volume of used paper sent for disposal by outsourced companies. In 2018, KBank reported waste disposed of by landfill, recycling and other methods totaling 6,575.36 tons, 1,023.89 tons and 0.42 tons, respectively.)
- Total business travel by road increased compared to 2017, given that data on travel by road for the appraisal business was included for more complete data coverage. Previously, only data on travel by taxi pool between the Rat Burana Building, Phahon Yothin Building and Chaeng Watthana Building had been reported.

Economic, Social and Environmental Performance



Thousand Baht

Economic	2018	
	Consolidated	KBank
Revenues*	180,867,103	155,338,143
Other operating expenses**	31,659,086	31,435,446
Employee's expenses***	31,369,411	22,645,594
Payments to providers of capital****	34,957,452	34,782,647
Tax payment to government*****	15,262,031	11,226,682
Cash donation for supporting community and education	451,755	393,446
Economic value retained	67,167,368	54,854,328
Total assets	3,155,090,809	2,641,149,531
Total liabilities	2,737,268,887	2,303,021,495
Total equity	417,821,922	338,128,036

* Revenues include net operating income, exclusive of interest expenses.

** Other operating expenses exclude expense associated with employees, tax, charitable donations and donations to support public services and educational projects.

*** Employee's expenses include salaries, wages, overtime pay, bonuses, pension, cost of living subsidies, employee benefits, bank contributions to provident funds, welfares and other benefits, e.g., health insurance and annual health checkup.

**** Payments to providers of capital refer to dividends paid to shareholders and interest expenses.

***** Tax payment to government includes direct and indirect taxes, e.g., corporate income tax, property tax, value-added tax and special business tax.



Item	2015		2016		2017		2018	
	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees
 Number of Employees*	21,484		21,029		20,839		20,646	
By Gender								
• Male	7,377	34.34%	6,831	32.48%	6,579	31.57%	6,452	31.25%
• Female	14,107	65.66%	14,198	67.52%	14,260	68.43%	14,194	68.75%
By Nationality								
• Thai	21,470	99.93%	20,995	99.84%	20,809	99.86%	20,611	99.83%
• Foreigner	14	0.07%	34	0.16%	30	0.14%	35	0.17%
By Type of Employment								
• Permanent	21,429	99.74%	20,978	99.76%	20,767	99.65%	20,548	99.53%
• Contracted	55	0.26%	51	0.24%	72	0.35%	98	0.47%
By Workplace								
• Head office and main buildings	10,537	49.05%	9,940	47.27%	9,787	46.96%	9,920	48.05%
• Elsewhere	10,947	50.95%	11,089	52.73%	11,052	53.04%	10,726	51.95%
By Country								
• Thailand	21,474	99.95%	21,008	99.90%	20,815	99.88%	20,622	99.88%
• Elsewhere	10	0.05%	21	0.10%	24	0.12%	24	0.12%

* Total number of employees refers to employees of KASIKORNBANK (Bank only), including permanent and contracted employees.

Item	2015		2016		2017		2018	
	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees
By Level of Education								
• High school (lower than bachelor's degree)	554	2.58%	469	2.23%	401	1.92%	357	1.73%
• Bachelor's degree	14,568	67.81%	14,512	69.01%	14,358	68.90%	14,127	68.42%
• Master's degree	6,322	29.43%	6,010	28.58%	6,046	29.01%	6,124	29.66%
• Doctoral degree	40	0.19%	38	0.18%	34	0.16%	38	0.18%
By Employee Level								
Top Management (Executive)	56		53		62		63	
• Male	44	78.57%	42	79.25%	45	72.58%	45	71.43%
• Female	12	21.43%	11	20.75%	17	27.42%	18	28.57%
• < 30 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	27	48.21%	28	52.83%	32	51.61%	29	46.03%
• > 50 years	29	51.79%	25	47.17%	30	48.39%	34	53.97%
Middle Management	865		827		846		887	
• Male	501	57.92%	466	56.35%	462	54.61%	477	53.78%
• Female	364	42.08%	361	43.65%	384	45.39%	410	46.22%
• < 30 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	536	61.97%	487	58.89%	493	58.27%	507	57.16%
• > 50 years	329	38.03%	340	41.11%	353	41.73%	380	42.84%
Operating and Staff Level	20,563		20,149		19,931		19,696	
• Male	6,832	33.22%	6,323	31.38%	6,072	30.47%	5,930	30.11%
• Female	13,731	66.78%	13,826	68.62%	13,859	69.53%	13,766	69.89%
• < 30 years	8,853	43.05%	8,662	42.99%	8,260	41.44%	7,244	36.78%
• 30 - 50 years	9,189	44.69%	8,947	44.40%	9,013	45.22%	9,645	48.97%
• > 50 years	2,521	12.26%	2,540	12.61%	2,658	13.34%	2,807	14.25%

Item	2015		2016		2017		2018	
	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees	Number of employees	% of total employees
 New Hires	3,578	16.65%	2,825	13.43%	2,346	11.26%	1,771	8.58%
By Age								
• < 30 years	3,034	84.80%	2,515	89.03%	1,971	84.02%	1,315	74.25%
• 30 - 50 years	542	15.15%	309	10.94%	373	15.90%	455	25.69%
• > 50 years	2	0.06%	1	0.04%	2	0.09%	1	0.06%
By Gender								
• Male	762	21.30%	541	19.15%	498	21.23%	471	26.60%
• Female	2,816	78.70%	2,284	80.85%	1,848	78.77%	1,300	73.40%
By Workplace								
• Head office and main buildings	1,459	40.78%	880	31.15%	962	41.01%	1,016	57.37%
• Elsewhere	2,119	59.22%	1,945	68.85%	1,384	58.99%	755	42.63%
By Country								
• Thailand	3,578	100.00%	2,825	100.00%	2,346	100.00%	1,771	100.00%
• Elsewhere	0	0.00%	0	0.00%	0	0.00%	0	0.00%
 Number of Turnover (not including retirement, early retirement, death, not qualified, disclaim, contract termination and termination of all kinds)	3,180	14.80%	3,562	16.94%	2,074	9.95%	1,570	7.60%
By Gender								
• Male	821	25.82%	981	27.54%	541	26.08%	378	24.08%
• Female	2,359	74.18%	2,581	72.46%	1,533	73.92%	1,192	75.92%
By Age								
• < 30 years	2,118	66.60%	2,076	58.28%	1,250	60.27%	917	58.41%
• 30 - 50 years	978	30.75%	1,372	38.52%	762	36.74%	648	41.27%
• > 50 years	84	2.64%	114	3.20%	62	2.99%	5	0.32%
 Number of employees who are labor union members	7,115	33.12%	8,736	41.54%	8,687	41.69%	8,433	40.85%
 Number of employees under supervision of the Welfare and Labor Union Committee	21,484	100%	21,029	100%	20,839	100%	20,646	100%

Item	2015	2016	2017	2018
 Ratio of Salary and Basic Remuneration of Male and Female Employees				
Head Office				
• Top Management	1 : 0.84	1 : 0.84	1 : 0.76	1 : 0.78
• Middle Management	1 : 1	1 : 1.06	1 : 1.04	1 : 1.04
• Operating and Staff Level	1 : 0.75	1 : 0.76	1 : 0.75	1 : 0.77
Elsewhere				
• Top Management	-	-	-	-
• Middle Management	1 : 1.61	1 : 1.73	No Female	No Female
• Operating and Staff	1 : 0.69	1 : 0.69	1 : 0.69	1 : 0.69

Item	2015		2016		2017		2018	
	Male	Female	Male	Female	Male	Female	Male	Female
• Number of employees having the right of maternity/parental leave	21,484		21,029		20,839		20,646	
	7,377	14,107	6,831	14,198	6,579	14,260	6,452	14,194
• Number of employees using the right of maternity/parental leave (classified by gender)	677		691		766		893	
	41	636	39	652	36	730	53	840
• Number of employees returning to work after maternity/parental leave (classified by gender)	626		629		727		849	
	38	588	32	597	35	692	49	800
• Percentage of employees returning to work and remaining at work after maternity/parental leave	92.47%		91.03%		94.91%		95.07%	
	92.68%	92.45%	82.05%	91.56%	97.22%	94.79%	92.45%	95.24%

Item	2015	2016	2017	2018
Employee Engagement*				
• Engagement Score*	61%	61%	68%	68%
• Information Coverage (%)	100%	100%	100%	100%
Minimum notice period before effective operational changes that potentially affect job title/type of employment, e.g., organizational restructuring, business merger and branch expansion				
• Job changes		2 weeks		
• Business merger, branch expansion		60 days		
• Organizational restructuring, e.g., addition or reduction of divisions		2 weeks		
Employee Complaints in Relation to Labor Practices				
• Number of employee complaints in relation to labor practices	23	34	2	8
• Number of resolved complaints	23	34	2	8
• Number of pending complaints	-	-	-	-

Training

Item	Hours per year per person			
	2015	2016	2017	2018
Total training hours	1,359,209	1,186,243	1,094,591	881,469**
Average training hours	62.1	56.4	52.5	42.2**
By Level				
• Management level (First Vice President and higher)	63.4	116.6	81.6	67.6
• Operating and staff level (below First Vice President)	62.1	55.5	52.1	41.8
By Gender				
• Male	53.1	54.8	50.7	41.0
• Female	66.8	57.2	53.4	42.8

* The Engagement Score assessment is conducted every 2 years

** Training hours are shortened because KBank encourages our employees to study through online platform, decreasing the training process by three times when compared to classroom-format training.

Item	Percentage of total Employees			
	2015	2016	2017	2018
Employee Performance Evaluation				
Percentage of evaluated employees	100%	100%	100%	100%
By Level				
• Top Management	100%	100%	100%	100%
• Middle Management	100%	100%	100%	100%
• Operating and staff level	100%	100%	100%	100%
By Gender				
• Male	100%	100%	100%	100%
• Female	100%	100%	100%	100%
By Program				
• Management by Objectives	100%	100%	100%	100%
• Formal comparative ranking of employees within one employee category	100%	100%	100%	100%
Training Expenses (Baht)				
Staff Productivity	5.69	5.90	5.81	5.75
Human Capital Return on Investment	4.05	4.39	4.31	4.15

Occupational Health and Safety

Item	Unit	2015		2016		2017		2018	
		Male	Female	Male	Female	Male	Female	Male	Female
Injury Rate (IR)	Number of employees per 200,000 operating hours	0.01		0.01*		0.00		0.00	
		0.03*	0.00	0.04*	0.00	0.00	0.00	0.00	0.00
Lost Time Injury Rate (LTIR)	Number of employees per 200,000 operating hours	0.01		0.01*		0.00		0.00	
		0.03*	0.00	0.04*	0.00	0.00	0.00	0.00	0.00
Lost Day Injury Rate (LDIR)	Number of lost days per 200,000 hours	0.80		0.00		0.00		0.00	
		2.34*	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Occupational Disease Rate (ODR)	Number of employees per 200,000 hours	0		0		0		0.00	
		0	0	0	0	0	0	0.00	0.00
Absentee Rate (AR)	Percentage	0.70		0.70		0.74***		0.78***	
		0.64	0.74	0.65	0.72	0.68	0.77	0.75	0.79
Number of Fatalities	Person	0	0	1**	0	0	0	0	0
Sick Leave									
Number of sick leave days	Day	11,442	25,335	10,887	25,027	10,990	26,638	11,902	27,495
By Workplace									
• Head offices and main buildings	Day	N/A		24,202		25,258		27,180	
• Elsewhere	Day	N/A		11,712		12,370		12,217	
Number of time lost due to non-work related illness	Day x 8 hours	91,532	202,680	87,092	200,216	87,916	213,100	95,212	219,960

Remarks:

* 2014-2016: Calculation method was revised to be based on genders.

** 2016: Data was revised as the compensation fund was under consideration and the result was notified to KBank in January 2018.

*** KBank's absentee rate in 2018 is lower than the average absentee rate of companies in financial sector (1.4 percent).



Assessment Parameter	
Baseline year	2012
Consolidation approach	Operation controls
Boundary summary	All entities and facilities either owned or under operation control
Emission factor data source	IPCC 2006, DEDE 2010 and TGO update Jan 2017
Materiality threshold	10%
Intensity ratio	per FTE
Independent assurance	YES

Parameter	2012 (Baseline Year)	2015	2016	2017	2018	% Change 2017 VS 2018	% Change 2012 VS 2018
 Greenhouse Gas Emission (GHG Emission)							
Total Scope 1 emission (Tonnes CO ₂ e)	18,249.98	29,765.00	31,257.32	24,583.26	21,160.73	↓ -13.92%	↑ 15.95%
Total Scope 2 emission (Tonnes CO ₂ e)	95,259.34	91,458.00	81,672.63	80,222.59	76,720.06	↓ -4.37%	↓ -19.46%
Total Scopes 1&2 emission (Tonnes CO ₂ e)	113,509.32	121,223.00	112,929.95	104,805.85	97,880.79	↓ -6.61%	↓ -13.77%
Total Scopes 1&2 emission intensity (Tonnes CO ₂ e per FTE)	5.06	3.50	3.72	3.45	3.25	↓ -5.92%	↓ -32.58%
 Energy							
Total energy consumption within organization from renewable and non-renewable sources (MWh)	238,063.88	345,744.31	271,050.29	240,383.34	220,185.06	↓ -8.40%	↓ -7.51%
- Total fuel consumption within the organization from non-renewable sources (MWh)	230,429.70	331,894.46	256,750.98	229,191.07	209,526.30	↓ -8.58%	↓ -9.07%
- Total fuel consumption within the organization from renewable sources (MWh)	7,634.18	13,849.85	14,299.31	11,192.27	10,658.76	↓ -4.77%	↑ 39.62%
Total energy consumption intensity from renewable and non-renewable sources (MWh per FTE)	10.61	9.99	8.93	7.92	7.31	↓ -7.72%	↓ -31.09%
Total energy consumption within organization from renewable and non-renewable sources (GJ)	857,029.97	1,244,679.52	975,781.06	865,380.02	792,666.21	↓ -8.40%	↓ -7.51%
- Total fuel consumption within the organization from non-renewable sources (GJ)	829,546.92	1,194,820.05	924,303.53	825,087.85	754,294.67	↓ -8.58%	↓ -9.07%
- Total fuel consumption within the organization from renewable sources (GJ)	27,483.05	49,859.48	51,477.53	40,292.16	38,371.54	↓ -4.77%	↑ 39.62%
Total energy consumption intensity from renewable and non-renewable sources (GJ per FTE)	38.19	35.98	32.16	28.52	26.32	↓ -7.72%	↓ -31.09%
 Water							
Water withdrawal (mil m ³)	1.27	1.61	0.75	0.79	0.81	↑ 3.21%	↓ -35.87%
Water withdrawal intensity (m ³ per FTE)	56.39	46.64	24.82	26.01	27.04	↑ 3.97%	↓ -52.05%
Total CO ₂ emission from water withdrawal (Tonnes CO ₂)	-	-	-	-	448.95	-	-
Total CO ₂ emission from water withdrawal per FTE (Tonnes CO ₂ per FTE)	-	-	-	-	0.01 (0.0149)	-	-
 Waste							
Total Waste generate* (Metric Tonnes)	6,910.06	9,151.17	5,701.75	4,870.38	7,599.67	↑ 56.04%	↑ 9.98%
- Total weight of hazardous waste (Metric Tonnes)	-	-	-	0.01	0.42	↑	-
- Total weight of non-hazardous waste (Metric Tonnes)	-	-	-	-	7,599.25	-	-
Waste generated intensity (kg per FTE)	307.92	264.50	166.54	160.51	252.30	↑ 29.81%	↓ -18.06%
 Travel							
Total business travel from road (km)	1,822,754.55	1,745,954.57	1,248,284.14	869,865.18	3,668,803.42	↑ 321.77%	↑ 101.28%
Total CO ₂ emission from road travel (Tonnes CO ₂)	262.84	323.20	180.00	159.35	593.35	↑ 258.73%	↑ 125.74%
Total CO ₂ emission from road travel per FTE (Tonnes CO ₂ per FTE)	0.01 (0.0117)	0.01 (0.0093)	0.01 (0.0059)	0.01 (0.0053)	0.02 (0.0197)	↑ 261.38%	↑ 68.37%
Full Time Employee** (FTE)	22,441	34,598	30,339	30,344	30,121	-0.73%	34.22%

Remarks:

- GHG Emission (Scope 1) in 2018 includes refrigerant leaks, which account for 0.14 percent of the total GHG under Scope 1 and Scope 2.
- GHG Emission (Scope 2) includes consumption of energy directly purchased from Metropolitan Electricity Authority and Provincial Electricity Authority only.
- GHG Emission (Scope 3) was calculated from business travels by road and water consumption only.
- KBank has recalculated power consumption. In the base year 2012 - 2017, KBank reported the total energy consumption based on electric power only. However, in 2018, KBank has recalculated power consumption by including 1) non renewable energy including electricity and power from fuel combustion and 2) renewable energy including solar power, bio-diesel and bio-gasoline in the fuel ratio.
- Water consumption is higher than the figure in 2017 because KBank increased water meter at KBank Learning Center's buildings in Bang Pakong.
- Total volume of waste rose compared to 2017, given that the report included data on the volume of used paper sent for disposal by outsourced companies. In 2018, KBank reported waste disposed of by landfill, recycling and other methods totaling 6,575.36 tons, 1,023.89 tons and 0.42 tons, respectively.
- Total business travel by road increased compared to 2017, given that data on travel by road for the appraisal business was included for more complete data coverage. Previously, only data on travel by taxi pool between the Rat Burana Building, Phahon Yothin Building and Chaeng Watthana Building had been reported.

* An increased amount of waste is calculated from the amount of waste treated by municipality and outsourced company. It included hazardous and non-hazardous waste but excluded electronic waste.

** FTE = Full Time Employees were considered from average number of employees per month in 2018 including the employees of KBank, K Companies, KBTG and P Companies and excluding employees in department stores.

About This Report



The Sustainability Report of KASIKORNBANK PUBLIC COMPANY LIMITED has been prepared annually since 2012 as a channel to report on our sustainable development performance. The Sustainability Report 2018 was published in March 2019. As for the 2018 report, its boundaries include information disclosure on the performance of KBank, subsidiaries, associates and related companies of which KBank holds at least 50 percent of shares or companies for which KBank holds management authority, and companies that wish to disclose such information. Types of information and coverage are elaborated below:

- **Economic Aspect Information**

Performance of KBank, subsidiaries, associates and related companies in consistence with our 2018 Annual Report

- **Social Aspect Information**

Performance of KBank only

- **Environmental Aspect Information**

Performance of KBank, K Companies, KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) and P Companies in Thailand as shown on page 147

Report Boundaries

The report boundaries cover KBank's performance during January 1 – December 31, 2018. This report has been prepared in accordance with the GRI Standards: Core option. Furthermore, the boundaries cover guidelines for practices under the United Nations Global Compact (UNGC): voluntarily, as shown on page 154 - 155

External Assurance for the Report

The economic aspect information boundaries in this report was compiled from the accounting recording system, as utilized in KBank's 2018 Annual Report and audited by Certified Public Accountant. In addition, in order to ensure the credibility and transparency of the environmental and social aspect information, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. certified the correctness of energy consumption (GRI 302-1), water withdraw by source (GRI 303-1), direct GHG emissions (Scope 1) (GRI 305-1), energy indirect GHG emissions (Scope 2) (GRI 305-2), other indirect GHG emissions (Scope 3) (GRI 305-3 : category 6 - business travel by taxicab only), waste by type and disposal method (GRI 306-2), total employees' absenteeism (GRI 403-2) and initiatives to enhance financial literacy by type of beneficiaries (former FS16) per the GRI Standards, as shown on page 158-159.

The sustainable development performance disclosed in this report is under the responsibility of KBank and our executives, taking into consideration that the information is relevant and valuable to all stakeholders.

Quality Control of Report Preparation

The Sustainable Development Unit of the Office of Corporate Secretary is the center for supervising the quality of report preparation to ensure the correctness and completeness of the report. The unit is responsible for compiling and verifying related information in compliance with the guidelines. All operational directions and processes have been reported to KBank's Corporate Governance Committee.

All inquiries regarding the report should be addressed to:

Sustainable Development Unit
Office of Corporate Secretary, Corporate Secretariat Division
KASIKORNBANK PUBLIC COMPANY LIMITED
1 Soi Rat Burana 27/1, Rat Burana Road,
Rat Burana Sub-District, Rat Burana District,
Bangkok 10140, Thailand
Tel. +662-4702984

Environmental Aspect Information

The environmental aspect information in this report covers activities considered by KBank to have significant impacts on the environment, and has been compiled from KBank that produce environmental impacts.

The environmental aspect information comes from different sources, e.g., recording gauges, accounting evidences, operating processes and data evaluation on quality principles



Energy

Total energy consumption consists of non renewable energy, including electricity and energy from fuel combustion and renewable energy, including solar power as well as the amounts of bio-diesel and bio-gasoline in the fuel ratio. The information is derived from accounting data, meter readings and energy unit conversion based on the annual energy report of Department of Alternative Energy Development and Efficiency.



Greenhouse

This exhibits greenhouse gas (GHG) emissions from operations or activities of KBank, calculated in compliance with Intergovernmental Panel on Climate Change (IPCC) guidelines and carbon footprint calculation guidelines of Thailand Greenhouse Gas Management Organization (Public Organization).

1. Report Boundaries

- 1.1 Direct emissions (Scope 1) occur through operating processes and activities under KBank's monitoring, control and management, including fuel or natural gas combustion and the leakage of methane gas from septic tank and refrigerant links only.
- 1.2 Indirect emissions (Scope 2) occur mainly from electricity, bought from external sources for KBank's operations, including power purchased from Metropolitan Electricity Authority and Provincial Electricity Authority only.
- 1.3 Other indirect emissions (Scope 3) occur from KBank business travels and water consumption only.

2. Report on Intensity

- 2.1 The calculation of Scope 1 GHG emissions is based on fuel consumption (by weight or quantity), e.g., the quantity of oil or natural gas x GHG emission factor and the leakage of methane gas from septic tank and refrigerant leaks.

- 2.2 The calculation of Scope 2 GHG emissions is based on the quantity of purchased electricity and emission factor.

- 2.3 The calculation of GHG emissions incurred directly through other means (Scope 3) is based on KBank business travels by land and acquisition of enter tap water x emission factor.

3. Greenhouse Gas Emission (GHG)

The GHG emission report covers CO₂, CH₄, N₂O, HFCs, PFCs and SF₆, calculated and illustrated in the form of carbon dioxide equivalent (CO₂e), indicating Global Warming Potential (GWP) as designated by IPCC.

4. Emission Factor

Based on the reference rates of Intergovernmental Panel on Climate Change 2006 (IPCC) and Thailand Greenhouse Gas Management Organization (Public Organization) (TGO) as well as fuel heat rate of Department of Alternative Energy Development and Efficiency.

5. Assessment Method

Based on the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and corporate carbon footprint assessment of Thailand Greenhouse Gas Management Organization (Public Organization), Third Revision, October 3, 2016.

6. Assumption of GHG

Business travels by land transport to carry out KBank businesses including taxi travels based on the proportion of NGV and LPG consumption of the number of participating taxis registered with the Department of Land Transport and the distance of the trips.



Water

Water management involves water from external sources, recycled water and reused water. Evaluation of water utilization efficiency and risk from different water sources is in place. Water from external sources is used for KBank's activities. The information is extracted from the accounting data or water supply meter reading.



Waste

Waste management covers total waste generated through KBank's operations and activities. The quantity of waste refers to the quantity of waste generated through KBank's operations and activities, and the quantity of waste recorded in this report was based on valid estimation of the quantity of garbage delivered to the municipal authority for disposal from Rat Burana Building, Phahon Yothin Building, Chaengwattana Building, KBTG Building and KBank Learning Center in Bang Pakong, and did not include electronic waste and paper managed by outsourced companies.

Social Aspect Information

Number of KBank Employees

KBank employees are workers under employment contracts with KASIKORNBANK PUBLIC COMPANY LIMITED; they are classified into three groups, as below:

- "Top Management" includes those from the level of First Senior Vice President to the Chief Executive Officer.
- "Middle Management" includes Department Heads and Function Heads.
- "Officers" are officers and senior officers/supervisors.

The above employees are also classified in accordance with the employment contracts, i.e., permanent and contract employees.

Calculation of Working Hours

1. The data is extracted from the time recording system and data record at human resources units, accounting units and other related units.
2. In case the companies or factories lack a time recording system, average working hours will be used for the calculation, as follows:
 - Working hours (hours-employees) =
Number of employees x working days x normal working hours (per day) + total overtime hours (only applicable to Operating Level employees)
 - Working days in a year =
Number of employees x working days in a year.

Safety Data Recording

Work safety data concerning health and hygiene is calculated and recorded as shown below:

Definition

Day	means scheduled work day.
Injuries	are on-the-site injuries, including injuries requiring first aid and injuries that lead to absence of one day or more.
Lost Time Injuries	are injuries that lead to absence of one day or more (starting from the day of absence after the day the incident occurs).
Lost Day Injuries	are actual days of absence.

Calculation

Injury Rate (IR)
= Number of all injuries (as of the day the report is prepared) x 200,000 (operating hours)
Operating hours (as of the day the report is prepared)
Lost Time Injury Rate (LTIR)
= Number of Lost Time Injuries (as of the day the report is prepared) x 200,000 (operating hours)
Operating hours (as of the day the report is prepared)
Lost Day Injury Rate (LDIR)
= Number of Lost Day Injuries (as of the day the report is prepared) x 200,000 (operating hours)
Operating hours (as of the day the report is prepared)
Occupational Disease Rate (ODR)
= Number of Occupational Diseases (as of the day the report is prepared) x 200,000 (operating hours)
Operating hours (as of the day the report is prepared)
Absentee Rate (AR)
= Number of Lost Day Injuries and other Occupational Diseases that are not excused (as of the day the report is prepared) x 100
Total number of operating days in one year

Social and Environmental Information Disclosure Boundaries

	Name of Company	Social Aspect			Environmental Aspect			
		Labor Practice	Training	Safety	Fuel	Electricity	Water	Waste
1.	KASIKORNBANK PUBLIC COMPANY LIMITED	●	●	●	●	●	●	●
2.	KASIKORN ASSET MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
3.	KASIKORN RESEARCH CENTER CO., LTD.	○	○	○	●	●	●	●
4.	KASIKORN SECURITIES PCL.	○	○	○	●	●	●	●
5.	KASIKORN LEASING CO., LTD.	○	○	○	●	●	●	●
6.	KASIKORN FACTORY AND EQUIPMENT CO., LTD.	○	○	○	●	●	●	●
7.	PROGRESS PLUS CO., LTD.	○	○	○	●	●	●	●
8.	PROGRESS APPRAISAL CO., LTD.	○	○	○	●	●	●	●
9.	PROGRESS GUNPAI CO., LTD.	○	○	○	●	●	●	●
10.	PROGRESS MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
11.	PROGRESS FACILITIES MANAGEMENT CO., LTD.	○	○	○	●	●	●	●
12.	PROGRESS SERVICE CO., LTD.	○	○	○	●	●	●	●
13.	PROGRESS STORAGE CO., LTD.	○	○	○	●	●	●	●
14.	PROGRESS H R CO., LTD.	○	○	○	●	●	●	●
15.	PROGRESS SERVICE SUPPORT CO., LTD.	○	○	○	●	●	●	●
16.	PROGRESS COLLECTION CO., LTD.	○	○	○	●	●	●	●
17.	PROGRESS TRAINING CO., LTD.	○	○	○	●	●	●	●
18.	PROGRESS MULTI INSURANCE BROKER CO., LTD.	○	○	○	●	●	●	●
19.	KASIKORN TECHNOLOGY GROUP SECRETARIAT CO., LTD.*	○	○	○	●	●	●	●
20.	KASIKORN LABS CO., LTD.*	○	○	○	●	●	●	●
21.	KASIKORN SOFT CO., LTD.*	○	○	○	●	●	●	●
22.	KASIKORN PRO CO., LTD.*	○	○	○	●	●	●	●
23.	KASIKORN SERVE CO., LTD. (Former name: PROGRESS SOFTWARE CO., LTD.)	○	○	○	●	●	●	●
24.	KASIKORN X CO., LTD.*	○	○	○	●	●	●	●

Remarks:

Economic data relates to the operating results of KBank, subsidiaries, associates and related companies as indicated in the Annual Report 2018.

* Companies in operations for less than three years; social information in the preparation process

GRI Content Index



For the Materiality Disclosures Service, GRI Services reviewed that the GRI Content Index is clearly presented and the references for Disclosures 102-40 to 102-49 align with the appropriate sections in the body of the report.

For the SDG Mapping Services reviewed that the disclosures included in the content index are appropriately mapped against the SDGs.

For the GRI Content Index Service, GRI Services reviewed that the GRI Content Index is clearly presented and the references for all disclosures included align with the appropriate sections in the body of the report.

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
GRI 101: Foundation 2016	Reporting principles		Pages 20-31			
	Using the GRI Standards for sustainability reporting		Page 144			
	Making claims related to the use of the GRI Standards		Pages 148-153			
General Disclosures						
GRI 102: General disclosures 2016	Organizational profile					
	102-1 Name of the organization		Page 10			
	102-2 Activities, brands, products, and services		Pages 10-11			
	102-3 Location of headquarters		Page 43			
	102-4 Location of operations	Pages 292-297	Pages 10, 14-15			
	102-5 Ownership and legal form	Pages 287-289	Page 10			
	102-6 Markets served	Pages 292-297	Pages 10, 13-15			
	102-7 Scale of the organization	Page 4	Pages 10, 134			
	102-8 Information on employees and other workers		Page 135			SDG 8
	102-9 Supply chain		Pages 72-75			
	102-10 Significant changes to the organization and its supply chain		Pages 14, 58			
	102-11 Precautionary principle or approach		Pages 7, 120			
	102-12 External Initiatives		Pages 18, 154-155			
	102-13 Membership of associations		Page 31			
Strategy						
102-14 Statement from senior decision-maker		Pages 6-7				
102-15 Key impacts, risks and opportunities		Pages 6-7				
Ethics and integrity						
102-16 Values, principles, standards, and norms of behavior		Pages 37-38			SDG 16	

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
	Governance					
	102-18 Governance Structure		Pages 19, 35-36, 44-45, 61-62			
	102-19 Delegating authority		Pages 19, 35-36, 44-45, 61-62			
	102-20 Executive-level responsibility for economic, environmental, and social topics		Pages 7, 126			
	102-22 Composition of the highest governance body and its committees	Pages 219-220, 223-228				
	102-23 Chair of the highest governance body	Pages 219-220				
	102-24 Nominating and selecting the highest governance body	Pages 221-222, 227	Page 36			
	102-30 Effectiveness of risk management processes		Pages 45, 60-63			
	102-31 Review of economic, environmental, and social topics		Page 61			
	102-32 Highest governance body's role in sustainability reporting		Pages 21, 144			
	Stakeholder engagement					
	102-40 List of stakeholder groups		Pages 27-31			
	102-41 Collective bargaining agreements		Page 137			SDG 8
	102-42 Identifying and selecting stakeholders		Pages 27-31			
	102-43 Approach to stakeholder engagement		Pages 27-31			
	102-44 Key topics and concerns raised		Pages 27-31			
	Reporting Practice					
	102-45 Entities included in the consolidated financial statements	Pages 83, 111-114	Pages 21, 147			
	102-46 Defining report content and topic boundaries		Pages 20-22			
	102-47 List of material topics		Pages 22-26			
	102-48 Restatements of information		Pages 133, 143			
	102-49 Changes in reporting		Pages 22, 143			
	102-50 Reporting period		Page 144			
	102-51 Date of most recent report		Page 144			
	102-52 Reporting cycle		Page 144			
	102-53 Contact point for questions regarding the report		Page 144			
	102-54 Claims of reporting in accordance with the GRI Standards		Page 144			
	102-55 GRI content index		Pages 148-153			
	102-56 External assurance		Pages 158-159			

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
Material topics						
Economic performance						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 12-14, 48			
	103-2 The management approach and its components		Pages 12-14, 48			
	103-3 Evaluation of the management approach		Pages 49-59			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed		Pages 111, 134			SDG 5, SDG 8, SDG 9
Indirect economic impacts 2016						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 76, 80			
	103-2 The management approach and its components		Pages 76, 80-86			
	103-3 Evaluation of the management approach		Pages 77, 80-86			
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts		Pages 76-77, 81-83, 85-86, 116			SDG 1, SDG 3, SDG 8, SDG 10
Anti-corruption						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 37, 41-42			
	103-2 The management approach and its components		Pages 38-42			
	103-3 Evaluation of the management approach		Page 37, 39, 40			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		Page 39			SDG 16
Energy						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 120, 126			
	103-2 The management approach and its components		Pages 120-121, 126-132			
	103-3 Evaluation of the management approach		Pages 126, 129-130, 133, 142-143			
GRI 302: Energy 2016	302-1 Energy consumption within the organization		Pages 133, 142-143, 145		YES	SDG 8, SDG 13
	302-3 Energy intensity		Pages 133, 142-143			SDG 8, SDG 13
	302-4 Reduction of energy consumption		Pages 142-143			SDG 8, SDG 13
Water						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 120, 126			
	103-2 The management approach and its components		Pages 120-121, 126-130			
	103-3 Evaluation of the management approach		Pages 130, 133, 142-143			
GRI 303: Water 2016	303-1 Water withdrawal by source		Pages 133, 142-143, 145		YES	

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
Emissions						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 120, 126			
	103-2 The management approach and its components		Pages 120-121, 126-130, 132			
	103-3 Evaluation of the management approach		Pages 126, 133, 142-143			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		Pages 142-143, 145		YES	SDG 3, SDG 13
	305-2 Energy indirect (Scope 2) GHG emissions		Pages 142-143, 145		YES	SDG 3, SDG 13
	305-3 Other indirect (Scope 3) GHG emissions		Pages 142-143, 145		YES	SDG 3, SDG 13
	305-4 GHG emissions intensity		Pages 142-143, 145			SDG 13
Effluents and Waste						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 120, 126			
	103-2 The management approach and its components		Pages 120-121, 126-129, 131-132			
	103-3 Evaluation of the management approach		Pages 131-133, 142-143			
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method		Pages 133, 142-143, 146		YES	
Environmental assessment to suppliers						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 72			
	103-2 The management approach and its components		Pages 72-75			
	103-3 Evaluation of the management approach		Pages 72-74			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		Page 73			
Employment						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 90, 97			
	103-2 The management approach and its components		Pages 90-96			
	103-3 Evaluation of the management approach		Pages 90, 97, 137			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		Page 137			SDG 5, SDG 8
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Page 92			SDG 8
	401-3 Parental leave		Page 138			SDG 5, SDG 8

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
Labor/Management relations						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 90			
	103-2 The management approach and its components		Pages 90-96			
	103-3 Evaluation of the management approach		Pages 90-91, 95-97			
GRI 402: Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes		Page 139			SDG 8
Occupational health and safety						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 101			
	103-2 The management approach and its components		Pages 101-104			
	103-3 Evaluation of the management approach		Pages 101, 141			
GRI 403: Occupational health and safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Page 141		YES	SDG 3, SDG 8
Training and education						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 98			
	103-2 The management approach and its components		Pages 98-100			
	103-3 Evaluation of the management approach		Pages 98-100			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee		Page 139			SDG 4, SDG 5, SDG 8
	404-3 Percentage of employees receiving regular performance and career development reviews		Page 140			SDG 5, SDG 8
Diversity and equal opportunity						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 90			
	103-2 The management approach and its components		Pages 90-91			
	103-3 Evaluation of the management approach		Pages 90-91			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees		Page 136			SDG 5, SDG 8
	405-2 Ratio of basic salary and remuneration of women to men		Page 138			SDG 5, SDG 8, SDG 10
Human rights assessment						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 105			
	103-2 The management approach and its components		Pages 105-108			
	103-3 Evaluation of the management approach		Pages 105-106			
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		Page 106			

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
Supplier social assessment						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 72			
	103-2 The management approach and its components		Pages 72-75			
	103-3 Evaluation of the management approach		Pages 72-74			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria		Page 73			
	414-2 Negative social impacts in the supply chain and actions taken		Page 73			
Customer privacy						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 66, 68			
	103-2 The management approach and its components		Pages 66-68			
	103-3 Evaluation of the management approach		Pages 69-71			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Page 69			SDG 16
Specific standard disclosures for the financial services sector						
Product portfolio						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 80, 120, 122			
	103-2 The management approach and its components		Pages 80, 120-125			
	103-3 Evaluation of the management approach		Pages 80-89, 120, 122-125			
FS 7	Monetary value of products and services designed to deliver a specific social business for each business line broken down by purpose		Pages 81-83, 85-86			SDG 1, SDG 8, SDG 9, SDG 10
FS 8	Monetary value of products and services designed to deliver a specific environmental business for each business line broken down by purpose		Pages 122-125			
Local communities						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 80			
	103-2 The management approach and its components		Page 80			
	103-3 Evaluation of the management approach		Pages 80-89			
FS 13	Access points in low-populated or economically disadvantaged areas by types		Pages 81-83, 85-86			SDG 1, SDG 8, SDG 10
FS 14	Initiatives to improve access to financial services for disadvantaged people		Pages 80-86			SDG 1, SDG 8, SDG 10
Financial Literacy (Former FS 16)						
GRI 103: Management approach 2016 FS 16	103-1 Explanation of the material topic and its boundaries		Page 80			
	103-2 The management approach and its components		Pages 80, 86			
	103-3 Evaluation of the management approach		Page 80, 86-89		YES	

Practices under the United Nations Global Compact



Area	Principles of Global Compact	Implementation
Human Rights	<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. Make sure that they are not complicit in human rights abuses. 	<ul style="list-style-type: none"> • KBank Board of Directors reviews the Human Rights Policy annually. • Include respect for human rights in the Employee Code of Conduct. • Prepare the processes of Human Rights Risk Assessment and Risks Register, and Human Rights Due Diligence, via meetings with internal stakeholders to jointly assess human rights risks related to KBank's business operations. • Set up additional measures to inspect, prevent, mitigate and manage key human rights issues. • KBank announces Corporate Citizenship 2019-2023 by including human rights as one of the key strategies. • Hold meeting with suppliers on "Sustainability Sharing 2018" with labor and human rights being one of the topics of the meeting.
Labor	<ol style="list-style-type: none"> 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. The elimination of all forms of forced and compulsory labor; 5. The effective abolition of child labor; and 6. The elimination of discrimination with respect to employment and occupation. 	<ul style="list-style-type: none"> • Include employee practice in the Statement of Business Conduct, whereby employees are protected against discrimination, have access to knowledge building opportunities, and are offered good benefits comparable to leading companies, as well as proper welfare and work environment. • Encourage establishment of KASIKORNBANK Labor Union and KASIKORNBANK Officer Labor Union in order to foster good relationship between employer and employees, and among employees. • Foster good relationships between KBank and labor unions, and between the Employee Committee and employees, promote bilateral system of labor relations, comply with regulatory requirements and provide equal treatment of all stakeholders. • Have in place a policy against forced and child labor. • Announce the Diversity Management Policy for organization-wide compliance. • Provide career opportunities for the disabled, allowing them to be able to live with dignity in society, in compliance with the Persons with Disabilities Empowerment Act B.E. 2550 (2007). • Have in place effective channels for employees to offer their opinions and suggestions, for example Employee Relations Hotline. • Develop a policy related to complaint acceptance and employee grievance procedures. • Participate in meetings to exchange opinions on employee relations with other Thai commercial banks to enhance greater efficiency of employee relations management of the overall industry. • Hold meeting with suppliers on "Sustainability Sharing 2018" with labor and human rights being one of the topics of the meeting.

Area	Principles of Global Compact	Implementation
Environment	<p>7. Businesses should support a precautionary approach to environmental challenges;</p> <p>8. Undertake initiatives to promote greater environmental responsibility; and</p> <p>9. Encourage the development and diffusion of environmentally friendly technologies.</p>	<ul style="list-style-type: none"> • KBank Board of Directors reviews the Environment and Energy Conservation Policy. • KBank sets up a target to reduce GHG emissions from KBank's operations by 20 percent within 2020. • KBank announces Environment Strategy for 2019-2023. • KBank carries out carbon offset schemes to achieve carbon neutrality. • KBank establishes 5-year environmental management guidelines and plans to reduce GHG emissions. • Align office development with "Green Building" standards, with focus on energy-saving and environmentally friendly features. • Specify use of building equipment and systems associated with high technology and efficiency to preserve energy and the environment, e.g., the Solar Rooftop Project. • Organize energy conservation campaigns to enhance knowledge and compliance of employees across the organization. • Organize the Green DNA Save the World activity to reduce the use of plastic bags. • Promote "Green Building" knowledge related to energy saving and environmental friendliness, through training and company visits for various organizations and educational institutions. • Organize "100,000 Chuamong Tham Di Tham Dai" volunteer activities on environmental conservation at nationwide communities wherein KBank branches are located. • Organize "Sustainability Sharing 2018" meetings with environmental issue being one of topics of the seminar. • Provide knowledge on environmental friendliness for operators in various businesses. • Extend credits for projects of renewable energy and energy/environmental conservation to support renewable power producers and green business operators.
Anti-Corruption	<p>10. KBank campaigns against corruption including extortion and all kinds of bribery.</p>	<ul style="list-style-type: none"> • Become a signatory of Collective Action Coalition of Thai private sector to combat corruption. • Announce no gift policy and policy to prevent abuse of power and include all kinds of anti-corruption in the employees' code of conduct. • Establish whistle blowing policy. • Continuously communicate policies to prevent abuse of power to directors, executives and employees. • Create channels to receive complaints or tips to be forwarded directly to KBank directors or auditing unit, together with measures to protect the sources. • Hold meetings with suppliers to reaffirm KBank procurement process and enable suppliers to follow the anti-corruption policies and not involve in any types of fraud. • Communicate no-gift policies during every festival and occasion with our customers and suppliers.

Sustainability Awards and Assessment



National



Sustainability Report Award 2018 (Excellence)

Granted by the Office of Securities and Exchange Commission (SEC), Thai Listed Companies Association and Thaipat Institute



KBank was selected by the Stock Exchange of Thailand to be included in the **Thailand Sustainability Investment (THSI) 2018**



SET Sustainability Awards 2018 - Outstanding

KBank was one of the listed companies in the category of SET market capitalization of over 100 billion Baht, which were granted the outstanding award for sustainability performance excellence for 2018 by the Stock Exchange of Thailand.



The first Thai commercial bank to offset carbon to achieve net zero carbon emissions

and transform into a carbon neutral organization, becoming the corporate model for easing the global warming problem, contributing towards a low carbon society, and propelling Thai businesses towards sustainability



ESG 100 Certificates 2018

KBank was granted the ESG 100 Certificate by Thaipat Institute as one of 100 listed companies that have outstanding ESG performance.



"Excellence", based on the Corporate Governance Report of Thai Listed Companies for 2018

by the Thai Institute of Directors Association (IOD)



"Excellence", based on the AGM Quality Assessment Program for 2018

Organized by the Thai Investors Association in cooperation with the Office of the Securities and Exchange Commission and the Thai Listed Companies A



MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM



KASIKORNBANK is honored to be the first commercial bank in Thailand and ASEAN to be selected as an index component of the Dow Jones Sustainability Indices (DJSI) 2018, including the DJSI World Index and the DJSI Emerging Markets Index for the third year running and is classified in the Bronze Class of the banking industry category by RobecoSam for the second year.

The assessment results are published in RobecoSam Sustainability Yearbook 2019.



FTSE4Good

KASIKORNBANK is a constituent of the FTSE4Good Emerging Index 2018 for the third year running. The FTSE4Good Index Series is designed to help investors integrate environmental, social and governance (ESG) factors into their investment decisions. The indexes identify companies that better manage ESG risks and are used as a basis for tracker funds, structured products and as a performance benchmark. The ESG Ratings are used by investors who wish to incorporate ESG factors into their investment decision making processes, or a framework for corporate engagement and stewardship.



KASIKORNBANK is included as a member of the 2019 Bloomberg Gender-Equality Index (GEI), the first to become a GEI member from Thailand. It is one of 230 companies selected for the 2019 Bloomberg Gender-Equality Index (GEI) which distinguishes companies committed to transparency in gender reporting and advancing women's equality.



The Carbon Disclosure Project (CDP) is an international, not-for-profit providing the global system for companies and cities to measure, disclose, manage and share vital environmental information, motivating companies to reduce their actions on the environment. KASIKORNBANK has been taking part in CDP's climate change program since 2014 and the score performance is continuously developed every year.

IR Awards 2018

The Stock Exchange of Thailand

SET Awards - Outstanding Investor Relations

Corporate Governance Asia 8th Asian Excellence Award 2018

- Asia's Best CEO (Investor Relations)
- Best Investor Relations Company (Thailand)
- Best Environmental Responsibility (Thailand)
- Best Investor Relations Professional (Thailand)

Assurance Statement



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INDEPENDENT LIMITED ASSURANCE REPORT ON SUSTAINABILITY REPORT 2018

**To Chairman of the Board and Chief Executive Officer
KASIKORNBANK PUBLIC COMPANY LIMITED**

KASIKORNBANK PUBLIC COMPANY LIMITED (“the Bank”) has engaged Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. (“we” or “us”) to perform limited assurance procedures on selected subject matter (“the Subject Matter”) for the year ended December 31, 2018 presented in the Sustainability Report 2018 (“the Sustainability Report”) in accordance with the reporting criteria (“the Criteria”).

Subject Matter

The selected Subject Matter chosen by the Bank comprises:

- a) Environmental dimension performance indicators expressed numerically
 - o Energy consumption (megawatt-hour and gigajoules) (page 143)
 - o Water withdrawal (cubic metres) (page 143)
 - o Greenhouse gas emissions scope 1 & 2 (tons) (page 143)
 - o Total weight of waste by type and disposal method (tons) (page 143)
 - o Total road travel for business purpose and greenhouse gas emission from such activity (kilometres and tons) (page 143)
- b) Social dimension performance indicators
 - o Total absenteeism (including sickness and injuries leave) (days and rate) (page 141)
 - o Financial literacy for retail customers (persons and rate) (page 86)

Criteria

The selected Subject Matter above included in the Sustainability Report has been assessed according to the reporting principle prepared by the Bank in “About This Report” section (page 144 - 146) which is in accordance with the Sustainability Reporting Standards - Core issued by the Global Reporting Initiative (GRI Standards).

Basis of our work and level of assurance

We carried out limited assurance in accordance with International Standard on Assurance Engagements 3000 (“ISAE 3000”) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” and, International Standard on Assurance Engagements 3410 (“ISAE 3410”) “Assurance Engagements on Greenhouse Gas Statements”.

To achieve limited assurance ISAE 3000 and ISAE 3410 require that we review the process and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. Therefore, the work for a limited assurance engagement is less detailed than for a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We have applied International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedure regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitation

Inherent limitation exists in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, errors or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. Greenhouse gases quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Deloitte Touche Tohmatsu Jaiyos Audit
ดีลอยท์ ทูเช่ โทมัทสึ ไชยยศ สอบบัญชี

Key assurance procedures

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion.

The assurance procedures included the following work:

- interviewing the Bank's management and those with operational responsibility for performance in the areas we are report on
- visiting Head Office of the Bank
- completing analytical procedures
- reviewing the appropriateness of management review and reporting processes
- performing testing of selected data on sampling basis, and
- reviewing the process for consolidating data at the bank level

As a limited assurance engagement generally comprises of making enquiries, primarily of management, and applying analytical procedures and the work for a limited assurance engagement is less detailed than for a reasonable assurance engagement.

Respective responsibilities of the Management and Independent assurance provider

The management of the Bank is responsible for the preparation of the Sustainability Report which is accordance with the Sustainability Reporting Standards - Core issued by the Global Reporting Initiative (GRI Standards), where relevant and determining the adequacy of the Criteria to meet the reporting needs of the Bank. Management's responsibility also includes designing, implementing and maintaining of internal control system relevant to the preparation and fair presentation of the selected Subject Matter that is free from material misstatement, whether due to fraud or error.

Our responsibility is to independently express limited assurance opinion in according with ISAE 3000 and ISAE 3410 on the selected Subject Matter.

Limitation of Use

This report has been prepared in accordance with our engagement terms, solely for the Board of Director as a body, for the purpose of reporting on the selected Subject Matter within the Sustainability Report. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Board of Director for our work or for this report, or for any other purpose other than that for which this report was prepared.

Our assurance opinion

Based on the work described above, nothing has come to our attention that causes us to believe that the selected Subject Matter for the year ended December 31, 2018 included in the Sustainability Report has not been prepared, in all material respects, in accordance with the Criteria.



Suwatchai Meakhaamnouychai
Partner
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

Bangkok, Thailand
February 11, 2019

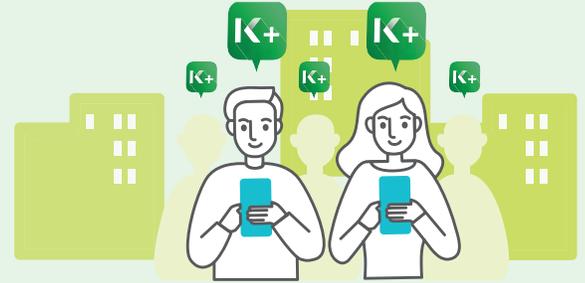
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KASIKORNTHAI



To Our Stakeholders

We would like to express our sincere appreciation for your long-standing patronage of KASIKORNBANK. We are pleased to announce the availability of our Sustainability Report 2018, compiled from the perspective of what kind of contributions KASIKORNBANK has made in FY2018 to build the sustainable economy, society and environment. The report underpins our undertaking and activity on realizing a future where people are connected and created value in society. We thank all our stakeholders again for taking the time to read KASIKORNBANK Sustainability Report 2018 and complete the questionnaire or from our website. Your opinion and comments are great value and will help us developing future reports.



What were your thoughts after reading the Sustainability Report 2018?

Level of understanding:

- Very easy to understand
- Easy to understand
- Average
- Difficult to understand
- Very Difficult to understand

Do you have a different impression of KASIKORNBANK after reading the Sustainability Report 2018?

- More Favorable
- Same
- Less Favorable

Please feel free to write down your evaluation and thoughts on KASIKORNBANK Sustainability Report 2018.

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Overall satisfaction:

- Very satisfied
- Satisfied
- Average
- Slightly satisfied
- Dissatisfied

Which of the following best describes you or your affiliation?

- Product/Service user
 - Product purchaser
 - In charge of SD/CSR at a different company
 - In charge of environmental activities at a different company
 - Environmental specialist
 - Media
 - Government official
 - KBank employee
 - KBank partner
 - Shareholder/Investor
 - NGO/NPO
 - Student
 - Others
-

Which areas were you interested in or which sections were you most impressed by

- Sustainable Development
- Economic Dimension
- Social Dimension
- Environmental Dimension
- Economic, Social and Environmental Performance



All Inquiries Regarding the Report Should Be Addressed to:

Sustainable Development Unit,
Office of Corporate Secretary,
Corporate Secretariat Division
KASIKORNBANK PUBLIC
COMPANY LIMITED
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Rat Burana Road,
Rat Burana Sub-District,
Rat Burana District,
Bangkok 10140, Thailand
Tel. +662-4702984
Fax: +662-4702690

10140

กรุงเทพมหานคร

ปตท. จำกัด (มหาชน)

ที่ ปตท. 1399

นาย. อภิชาติ อภิสิทธิ์

ผู้อำนวยการอาวุโส

ฝ่ายปฏิบัติการ

ปิโตรเลียม

ปิโตรเลียม



แบบบัญชีรายชื่อ



KASIKORNTHAI

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In adherence to our “Green DNA” resolution, this report is printed on paper made from trees grown in sustainably managed forests and processed with concern for the environment. The use of soy-based ink reduces greenhouse gas emissions and is environmentally friendly.



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开泰银行 KASIKORNBANK

