



Human Rights Due Diligence Report

2023



Human Rights Due Diligence Process

Bank of Ayudhya Public Company Limited (“Krungsri”) always adheres to our key corporate responsibility in respecting human rights, while strictly complying with related domestic and international regulations, principles, and laws. This includes implementing protective measures and preventing violations of human rights against relevant rights holders (e.g., employees, suppliers, customers, business partners, value chain, and communities).

In fulfilling above-stated responsibility and in compliance with the international standard--the UN Guiding Principles (UNGPs) on Business and Human Rights, Krungsri continues to conduct the Human Rights Due Diligence (HRDD) which will be reviewed on an ongoing basis, understanding that human rights risks may change over time as the business enterprise’s operations and operating context evolve.

By implementing mitigation measures to address and manage human rights violations as necessary, the HRDD process seeks to minimize risks by identifying and evaluating present and future human rights issues across the entire value chain.



① Policy Commitment

Scope of the Policy for Human Rights

This Policy applies to Bank of Ayudhya Public Company Limited (“the Bank”) and the companies under the Bank’s financial business group where the Bank holds more than 50% shares, directly or indirectly, or the Bank has a substantial control (“Subsidiaries”). Subsidiaries shall acknowledge this Policy, and either approve this Policy as their own policy or use this Policy as a guideline to establish an equivalent policy to comply with this Policy.

This Policy is applicable to all operations of the Bank and Subsidiaries as well as its relevant stakeholders and rights holders in the value chain, which includes **all employees, suppliers, contractors, business partners, joint ventures, and other business relations including new mergers and acquisitions, as well as customers, and communities**. The Policy also covers groups at risk and vulnerable groups that may be affected by the Bank’s business and associated activities such as women, pregnant women, children, LGBTQI+, elderly, people with disability, migrant workers, third-party employees, indigenous people, and local communities.

Basic framework for human rights

Krungsri Group adheres to and places importance on the protection of and respect for human rights as well as labor practices of all employees and stakeholder groups, taking into account individual equality and non-discrimination, while focusing on appropriate human rights management in compliance with international regulatory requirements and principles regarding labor and human rights, e.g., **Universal Declaration of Human Rights (UDHR), ILO Declaration on Fundamental Principles and Rights at Work adopted by International Labour Organization (ILO), United Nations Guiding Principles on Business and Human Rights (UNGPR), United Nations Global Compact (UNGC), etc.**, in order to prevent and avoid actions that may violate human rights.

The Policy commits in all our own operations and value chain activities to prohibit all forms of human trafficking activities and the use of forced and child labor, and to respect the following rights but not limited to, the freedom of association, and the right to collective bargaining, equal remuneration, digital security and privacy, health, and safety. This policy also commits to have zero tolerance against all forms of discriminatory actions and harassment (i.e., sexual, and non-sexual harassment) and not to use security forces that conduct any form of human rights abuses or violations.

② Actual and Potential Impact Assessment

Krungsri conducted actual and potential impact assessment through the **Human Rights Risk Assessment (HRRA) process**, while also reviewing and identifying human rights risks, associated with the Bank's business activities throughout the value chain every two years. Krungsri has done these systematically via the following steps:



2.1) Identify Human Rights Issues

Determine human rights issues that exist or might arise in relation to Krungsri's operations throughout the value chain. The process addresses the actual or potential human rights issues that cause impacts on relevant rights holders (employees, customers, communities, suppliers, and contractors) including vulnerable groups (third-party employees, women, pregnant women, children, migrant workers, indigenous people, LGBTQI+, people with disability). These issues include discrimination and harassment, right to privacy, environmental issues and community rights, human trafficking, forced labor, child labor, working conditions, equal remuneration, freedom of association, right to collective bargaining.



2.2) Inherent Risk Assessment

Assess risk level without considering its existing mitigation measures and/or controls



2.3) Residual Risk Assessment

Assess risk level with considering its existing mitigation measures and/or controls



2.4) Residual Risk Prioritization

Prioritize human rights risks (salient issues), referring to identified human rights issues with **“high” residual risk**, and consider actions to address and reduce the risk level in the future.

2.1) Human Rights risk and impact assessment

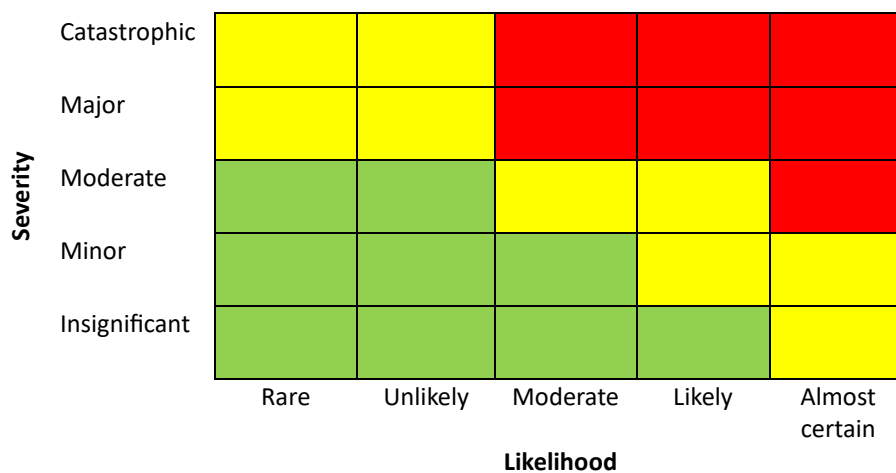
Scope of Assessment: Rights holders relevant to human rights issues

Customers	Retail & Commercial (Excluding Project Finance)	<ul style="list-style-type: none"> • Health and Safety • Discrimination in Lending Process and Services • Security Practices • Customer Data Privacy • Anti-Money Laundering
	Commercial (Project Finance only)	<u>Community Rights:</u> <ul style="list-style-type: none"> • Standard of Living • Land Acquisitions and Forced Resettlement • Conflict Areas • Security Practices • Bribery and Corruption <u>Labor Practices:</u> <ul style="list-style-type: none"> • Working Conditions/ Health & Safety/ Security • Illegal Labors in Supply Chains
Employees		<ul style="list-style-type: none"> • Working Conditions • Occupational Health and Safety • Workplace Discrimination • Unfair Dismissal and Termination • Unequal Pay to Employee (including equal remuneration) • Workplace Harassment • Employee Data Privacy • Freedom of Association/ Expression and Right to Collective Bargaining • Illegal Forms of Labor (including human trafficking, forced labor, and child labor)
Suppliers/ Contractors		<ul style="list-style-type: none"> • Working Conditions • Occupational Health and Safety • Illegal Forms of Labor (including human trafficking, forced labor, and child labor) • Supplier's Discrimination in Screening Process • Supplier's Discrimination in Operating Process • Supplier/ Contractor Data Privacy

2.2) – 2.4) Inherent Risk Assessment, Residual Risk Assessment, Mitigation Measures, and Residual Risk Prioritization

Human Rights Risk Matrix:

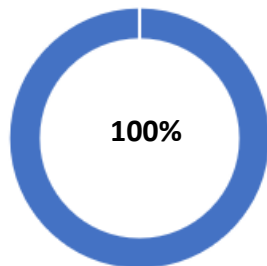
- Krungsri used a **5x5 risk matrix** to conduct a risk assessment for human rights. The y-axis shows the severity of risk and impact, while the x-axis shows the likelihood that a risk will materialize.
- In 2023, residual human rights risks that were ranked at a **"high"** level will be considered as salient issues for Krungsri.



Level	Description
High	It is necessary to immediately manage the risk by specifying additional measures to lower the risk to the acceptable level.
Medium	It is necessary to manage and closely monitor the risk by strictly following the existing mitigation measures to maintain the risk level.
Low	The risk is acceptable by controlling and monitoring the risk level to prevent the risk from increasing to medium or high level.

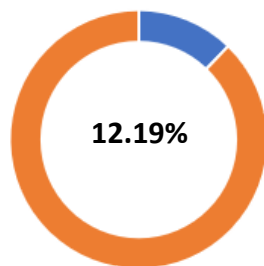
Human Rights Risk Assessment (Own Operations*)

The Bank assessed human rights risks covering **Krungsri Group's activities and operations that generated revenues (all revenue-generating segments)** and ensured mitigation measures were in place for all identified risks.



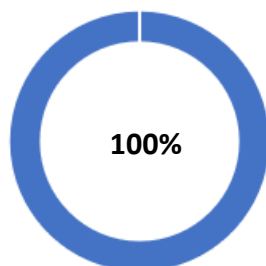
100% of Krungsri Group's activities and operations that generated revenues were assessed, including:

- Commercial **
- Retail
- Others



12.19% of Krungsri Group's activities and operations were identified as being exposed to human rights risks (salient issues).

The potential salient issue identified was **Community Rights, Standard of Living from Commercial (Project Finance Segment)**.



100% of Krungsri Group's activities and operations with potential human rights risks (salient issues) have mitigation measures and/or remediation processes implemented.

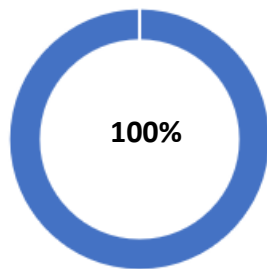
Remarks:

* Own Operations including joint ventures and associates, in which Krungsri has management control.

** Commercial refers to Corporate and Investment Banking including Project Finance, JPC/MNC Banking, and SME Banking.

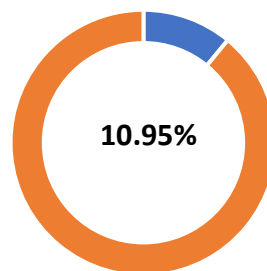
Human Rights Risk Assessment in Supply Chains

Krungsri assessed human rights risks in **tier-1 suppliers/contractors' operations** and ensured that there are mitigation measures in place for all identified risks.



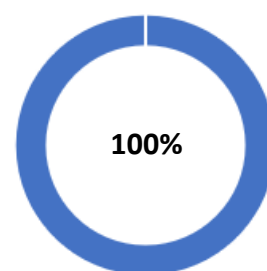
100% of Krungsri's tier-1 suppliers/contractors* were assessed.

*(Remark: * 1,269 active suppliers/contractors were assessed.)*



10.95% (139 out of 1,269) of Krungsri's tier-1 suppliers/contractors that were associated with potential human rights risks have been identified.

The potential high-risk issues identified in tier-1 suppliers/contractors were **forced labor; human trafficking; child labor; discrimination and harassment; working conditions; health and safety; and community and indigenous rights.**



100% of Krungsri's tier-1 suppliers/contractors with potential human rights risks have mitigation measures and/or remediation process implemented.

Remarks:

* Scope of assessment: Tier 1 suppliers/contractors refer to directly supply goods, materials, or services to the company

3 Integration of Findings and Potential Impacts

Salient Human Rights Issues and Mitigation Measures

Krungsri Group's own operation: Commercial (Project Finance)

Topic (s)	Description (s)
Salient issues	Community rights (standard of living)
Affected rights holders & vulnerable Groups	Local communities, indigenous people, women, pregnant women, people with disability, LGBTQI+, children
Potential human rights risk(s)	The Bank may be involved in human rights violations against people living in local communities due to unplanned events or accidents from the Bank's investment in project finance, such as, a dam failure/collapse which leads to flooding and impacts on the communities' standard of living.
Relevant human rights based on principles of the International Bill of Rights	<ul style="list-style-type: none"> • Right to life • Right to an adequate standard of living • Right to access to effective remedies • Right to health • Right to a fair trial
Existing and additional measures to address salient issues	<p>Krungsri's existing and additional measures have been implemented to ensure communities' rights are protected:</p> <ul style="list-style-type: none"> • Establish the Policy for Sustainability Lending, Policy for Human Rights, Policy for Credit Risk Management (taking into consideration ESG dimensions) • Place great importance on the provision of financial products and services that consider environmental, social, and governance (ESG) dimensions in parallel with the economic dimension, in alignment with responsible lending principles and sustainable lending guidelines • Stipulate the Good Corporate Governance Principles and comply with good governance guidelines of regulators as well as all relevant laws and regulations • Carry out the processes and steps of customer identification and other security risk checks through the principles of Customer Due Diligence (CDD) principles and Know Your Customer (KYC) • Implement the credit risk management procedure • Establish "the nature and types of transactions" as credit underwriting criteria by taking into account ESG risk management (Prohibited Transactions, High Caution

Topic (s)	Description (s)
	<p>Transactions, Closely Monitored Transactions, and Sustainable Finance)</p> <ul style="list-style-type: none"> Financing transactions with material ESG risks are discouraged and must be carried out with high caution. Loans should be selectively granted to customers who impose appropriate ESG measures. The frontline should conduct due diligence or have experts in the field make a due diligence report as deemed appropriate. If the customer's EGS risk management approach is deemed insufficient for mitigating potential risks and impacts, financing should be avoided. Consult and seek pieces of advice from experts, such as considering the experience of contractors for project finance and establishing criteria for contractor selection

Krungsri's Tier-1 Suppliers/Contractors

Topic (s)	Description (s)
Salient issues	Labor practices and community benefits
Group of suppliers with potential high risk	<ul style="list-style-type: none"> Building/ facilities management/ central admin. services Business unit operations HR related
Affected rights holders & vulnerable groups	Women, migrant workers, third-party employees, people with disability, pregnant women, LGBTQI+
Potential human rights risk(s)	<p>The Bank may be involved in human rights violations of contractors and tier-1 suppliers during their operations which include:</p> <ul style="list-style-type: none"> Labor practices: Human trafficking; child labor; forced labor; working condition; health and safety; and discrimination and harassment Community and indigenous rights
Relevant human rights based on Principles of the International Bill of Rights	<ul style="list-style-type: none"> Right to life Right to enjoy just and favorable conditions of work Right to health
Existing and additional measures to address potential high risk	<p>Krungsri's existing and additional measures have been implemented to ensure tier-1 suppliers' and contractors' rights are protected:</p> <ul style="list-style-type: none"> Establish the "Supplier Code of Conduct" as a guideline to encourage all suppliers to adopt corporate governance guidelines and code of conduct standards in the same

Topic (s)	Description (s)
	<p>fashion as Krungsri Group did, particularly regulatory requirements related to their respective corporate governance guidelines, and principles of human rights such as fair treatment of workers, workplace well-being and safety, and expect suppliers to apply the principles to their business operations</p> <ul style="list-style-type: none"> • Implement human rights and labor practices operational guidelines for suppliers covering equality, fairness and non-discrimination treatment to employees, compliance with labor laws regarding vulnerable group employment and refraining from using forced labor, harassing, or human trafficking, appropriate remuneration and benefits (e.g., working hours, overtime, leave, termination), support freedom of association and collective bargaining of employees • Implement occupational health & safe working environment operational guidelines for suppliers to arrange safe and hygienic working environment, safety guidelines, mitigation measures or management, as well as training and knowledge sharing on occupational health and safety for employees • Set human rights as one of the supplier selection criteria (i.e., no complaints are reported regarding the giving or receiving of gifts or entertainment during various festive seasons by vendors and suppliers, nor are there any reports of human rights violations) • Communicate and disseminate knowledge to support and encourage the protection of and respect for human rights as well as stipulate guidelines for monitoring and providing support to stakeholders in the business value chain, including suppliers

Employees

Topic (s)	Description (s)
Salient issues	Occupational Health and Safety
Potential human rights risk(s)	The Bank may be involved in human rights violations against employees due to unsafe working conditions, such as accidents from slips and falls due to different floor levels.
Affected rights holders & vulnerable groups	Women, migrant workers, people with disability, pregnant women, LGBTQI+

Topic (s)	Description (s)
Relevant human rights based on principles of the International Bill of Rights	<ul style="list-style-type: none"> • Right to life • Right to enjoy just and favorable conditions of work • Right to health
Existing and additional measures to address salient issues	<p>Krungsri's existing and additional measures have been implemented to ensure employees' rights are protected:</p> <ul style="list-style-type: none"> • Impose occupational health and safety measures in compliance with related laws and regulations • Establish the "Safety, Occupational Health, and Environment Committee" to consider policies, action plans, and compliance with regulatory requirements related to safety, occupational health, and environment. The Committee holds monthly meetings and sets an annual inspection of the buildings. • Establish the Policy for Environment, Resource, Occupational Health, and Safety • Provide training on safety, occupational health, and working environment • Set a target of reducing accidents in the workplace toward zero percent • Control and assess workplace environment, and file information about employees' and related parties' work-related injuries, accidents, and illness • Regularly assess health risk of high-risk employees to seek preventive and risk mitigation solutions • Provide Krungsri Clinic at the Head Office and Krungsri Ploenchit Office • Establish channels for complaints regarding health, safety, and environmental conditions at work • Establish fire prevention and suppression plans, ensure that there are no materials or working conditions that could trigger fire, and organize annual fire evacuation drills in compliance with related laws • Develop a contingency plan to prepare for emergencies • Regularly conduct air quality assessment in the Bank's buildings to be at par with the standards, assess current and future environmental conditions as well as air quality in the areas of the Bank's operations, and notify employees accordingly • Provide communication or warning signs in operational sites for employees • Share knowledge to or notify employees or related parties about noise pollution caused by diverse activities to equip them with preventive and precautionary measures

Topic (s)	Description (s)
	<ul style="list-style-type: none"> Organize robbery simulation drills at branches once a year

④ Performance Tracking and Communication

Krungsri Group has established basic principles for whistleblowing pertaining to human rights and labor rights via the Bank's **whistleblowing channels** by encouraging the reporting of staff or related parties' actions that may violate human rights laws, policies, procedures. In addition, whistleblowers and related parties are protected accordingly. Related facts will be monitored and verified, while progress and results are reported to whistleblowers and related committees for acknowledgement.



Whistleblowing Process

Report a lead or file a complaint about a possible violation of a rule, policy, procedure, or code of conduct through the designated channels or business units.



Follow up and investigate the facts.



Determine the rectification and report it to the whistleblower as well as the relevant committees.

Whistleblowers or complainants can report matters or complaints through the following channels:

1. Supervisor or next-level supervisor who is trusted by the complainant

2. Compliance Group (Head of Compliance Governance Department or any delegate from Chief Compliance Officer)

3. Ombudsperson

- Tel. 85588 for Head Office,
0-2296-2000 ext. 85588 for branches
- Address: P.O. Box 169, Yan Nawa, Bangkok 10120
- Intranet: Krungsri Portal SharePoint > Compliance > Ombuds Corner > Ombudsperson

4. Branch Operational Risk Management Department

- Tel. 0-2296-2000 ext. 83456 followed by 1 then 2

5. Human Resources Group

- HR Hotline Tel. 0-2296-2000 ext. 85577

6. Audit Committee

- Address: Audit Committee
Bank of Ayudhya PCL, Head Office, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10210
- e-mail: audit.committee@krungsri.com

7. MUFG Channel (for leads or complaints in English or Japanese only)

- **Nishimura & Asahi Law Firm**
Address: Otemo Tower, 1-1-2 Otemachi, Chiyoda-ku, Tokyo 100-8124, Japan
e-mail: mufgwhistleblow@nishimura.com
- **MUFG Audit Committee**
Address: JP-Tower, 2-7-2, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
e-mail: mufg-group-helpline_kansaiinkai_PF@mufg.jp

⑤ Adverse Impacts Remediation

Krungsri is committed to regularly reviewing and monitoring its human rights management and practices to ensure that appropriate steps and corrective actions have been taken to address human rights issues in both the Bank's operations and the value chain including all affected rights holders and vulnerable groups.

In 2021-2023, Krungsri has not received any complaints, reports, or lawsuits regarding human rights issues from the Krungsri website, Krungsri Simple Fanpage, Krungsri Call Center 1572 (Overseas call 66-2296-2000 # 1), Krungsri branches, and letters arising from the activities and business operations of Krungsri Group that are still in process. Therefore, there were no corrective measures of any forms which include restitution, punitive sanctions, persuading the associated third party to remedy affected persons, financial or non-financial compensation, publicly official apologies.

