

# Human Rights Due Diligence

Disclosure Report (2022/2023)



**Krungthai**  
กรุงไทย

# HUMAN RIGHTS DUE DILIGENCE

## Due Diligence Process



Krungthai Bank Public Company Limited ("the Bank") acknowledges the significance of upholding human rights as a fundamental element in attaining sustainable business prosperity. The Bank deeply values human rights and upholds the belief that they are inherent to every individual, irrespective of factors such as race, gender, ethnicity, language, faith, educational background, cultural heritage, societal standing, possession, political stance, residency, or any other legal or obligatory commitment.

During the fiscal year 2022/23, Krungthai Bank initiated a meticulous procedure for Human Rights Due Diligence (HRDD) aligned with international benchmarks, encompassing the UN Guiding Principles (UNGPs) on Business and Human Rights. The Bank commits to annually revisit the HRDD mechanism to sustain its ongoing efficiency.

The core objective of the HRDD process is to identify and evaluate current and potential human rights issues linked with the Bank's activities, joint ventures, business partners, and value chain. The aim is to institute preventive measures for mitigating potential human rights risks and impacts, along with implementing remediation actions to redress any infringements on human rights arising from the Bank's operations that impact the rights holders.



### Human Rights-Related Operations Krungthai Bank PCL

Under the vision "Growing Together for Sustainability", Krungthai Bank PCL is committed to sustainable business operations and it aims to develop the nation's economy, society and environment.

The Bank places great importance on good governance by inspecting and assessing human rights-related operations conducted by the Bank, as well as by entities in its supply chain which includes employees, customers and partners. This is stated in the Bank's Code of Conduct.

The Bank respects basic human rights that everyone equally deserves so that we all can live in peace, regardless of nationality, race, gender, age, language, religion, physical or health condition. The Bank treats everyone equally, without excluding, discriminating, restraining anyone or limiting anyone's rights. It also has measures in place to protect whistleblowers. The Bank has also incorporated the UN Guiding Principles on Business and Human Rights (UNGPR) and Ruggie's Protect, Respect, and Remedy framework in its human rights management guidelines, and extended them to its supply chain: its employees, customers and partners.

#### Approach to Human Rights Issues

The Bank conducts human rights due diligence which consists of the following process:

- Publicly announce the human rights policy and disclose operations related to it in Sustainability Development Report or Annual Report;
- Assess human rights risk and impact by having the business units that deal with stakeholders assess human rights risk involved;
- Integrate human rights principle into work process and incorporate human rights principle in the Bank's work process that involves stakeholders;
- Remedy, correct and prevent human rights violation as well as seeking solutions and preventive measures to ensure that such violation will not occur in the future, and implement the measures at all offices and branches;

The Bank has established guidelines for human rights operations which cover the rights of employees, the rights of customers and human rights in the supply chain. The details are as follows:

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The Policy applies to all operations of the Bank, as well as employee, customers, suppliers and business partners. All have the duty to respect human rights and adhere to the laws and regulations governing the protection of human rights on both domestic and global levels.

# HUMAN RIGHTS RISK ASSESSMENT

## Risk Assessment Process



Krungthai Bank has undertaken a Human Rights Risk Assessment (HRRRA) as an integral component of its Human Rights Due Diligence (HRDD) procedure. The purpose is to identify any potential human rights issues associated with the Bank's own operations and value chain activities. This assessment encompasses all aspects of the Bank's operations, value chain, including subsidiaries where the Bank holds management control. This process is subject to annual systematic evaluation and will be conducted when substantial alterations in operational activities occur.

The primary objectives of the HRRRA encompass the identification, prevention, and mitigation of possible human rights risks or issues through the implementation of suitable remediation measures across Krungthai Bank's operations, associated endeavors, and the value chain.



KTB identifies human rights issues throughout its business and value chain by considering potential impacts caused by the Bank's operations. This is informed by desktop research, including peer benchmarking and a review of global human rights trends, such as country and sector specific context. The human rights issues were identified by taking into account the potential affected rights holders and vulnerable groups that may be impacted by the Bank's own operations and throughout the value chain.

Vulnerable groups include women, children, people with disabilities, the elderly, LGBTQI+ individuals, indigenous people, migrant workers, and third-party employees. Krungthai prioritizes the potential affected rights holders and vulnerable groups to proactively address human rights risks and protect the rights of all stakeholders.



Assess and rank inherent risks, which are risks related to the nature of the business activity, regardless of the existing controls and measures in place to mitigate them



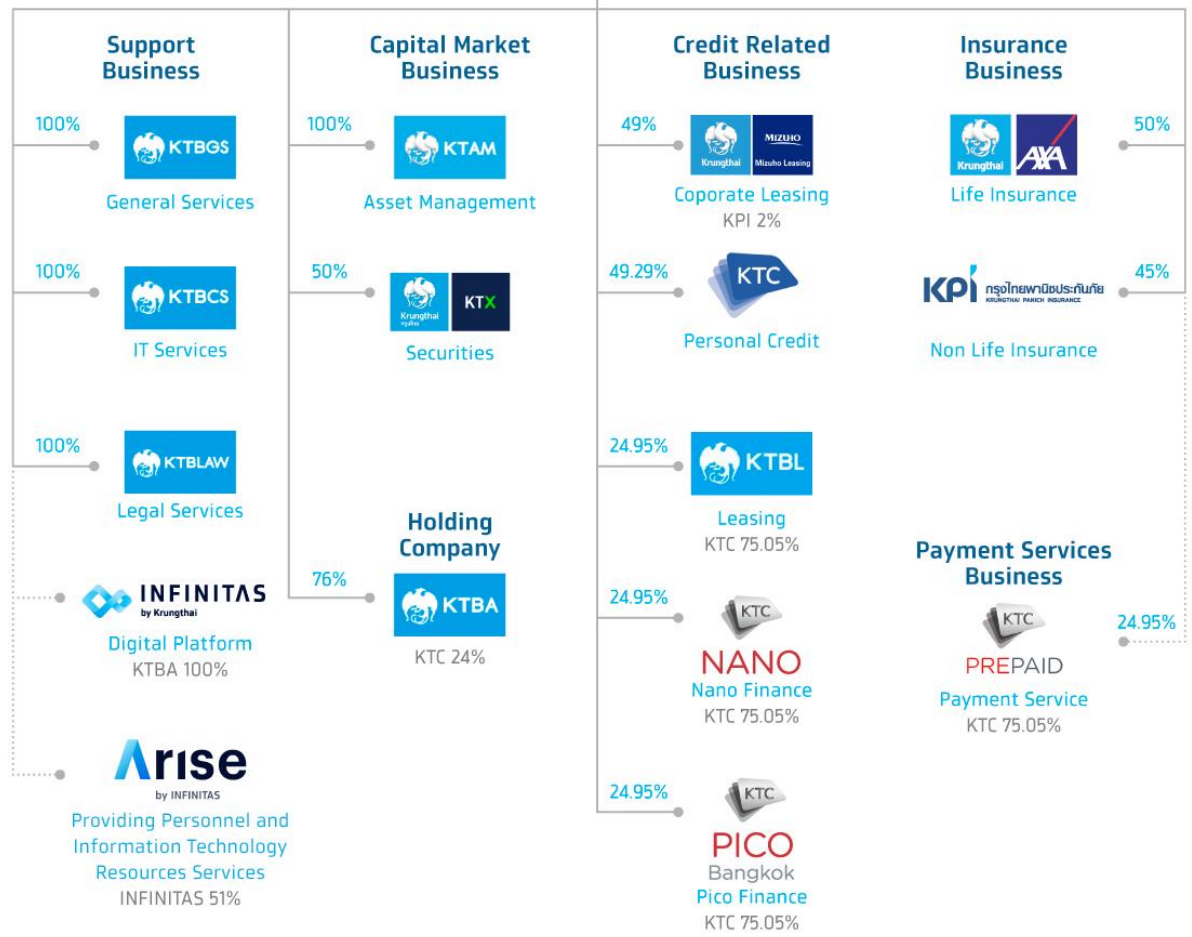
Assess and rank residual risk, which refers to the level of risk that remains after considering all existing controls and measures have been implemented



Prioritize human rights salient issues, referring to identified human rights issues with "high" and "extreme" residual risk, and consider actions to address and reduce the risk level in the future.

# HUMAN RIGHTS RISK ASSESSMENT

## Scope of Risk Assessment



The scope of KTB's Human Rights risk assessment covers own operations and subsidiaries with management control, as well as throughout the value chain.



**KTB**  
Core Banking Business



**KTB +**  
Supporting Businesses



**Clients, Suppliers, Business Partners**

# HUMAN RIGHTS RISK ASSESSMENT

## Risks Identified & Assessed



KTB	AS A SERVICE PROVIDER	AS A LENDER	AS AN EMPLOYER	AS A BUYER
Areas	Customer Practice	Business and Investment Practices	Human Capital Management	Supply Chain Management
Human Rights Issues	<ul style="list-style-type: none"> <li>Data privacy</li> <li>Mis-selling</li> <li>Discrimination</li> </ul>	<ul style="list-style-type: none"> <li>Labor rights, including modern slavery</li> <li>Land rights</li> <li>Community rights</li> </ul>	<ul style="list-style-type: none"> <li>Workplace discrimination and harassment</li> <li>Working conditions</li> <li>Freedom of association, assembly, and collective bargaining</li> </ul>	<ul style="list-style-type: none"> <li>Labor rights, including modern slavery</li> <li>Community rights</li> <li>Security personnel practices</li> </ul>
Rights Holders	<ul style="list-style-type: none"> <li>Retail clients</li> </ul>	<ul style="list-style-type: none"> <li>Clients' <u>employees</u></li> <li>Workers in <u>supply chain</u></li> <li><u>Communities</u> affected by clients' projects</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers' <u>employees</u></li> <li>Workers in <u>supply chain</u></li> <li><u>Communities</u> surrounding suppliers' facilities</li> </ul>

: Disproportionate use of security force which could cause physical / mental harms to other rights holders

# HUMAN RIGHTS RISK ASSESSMENT

## Risk Assessment Matrix

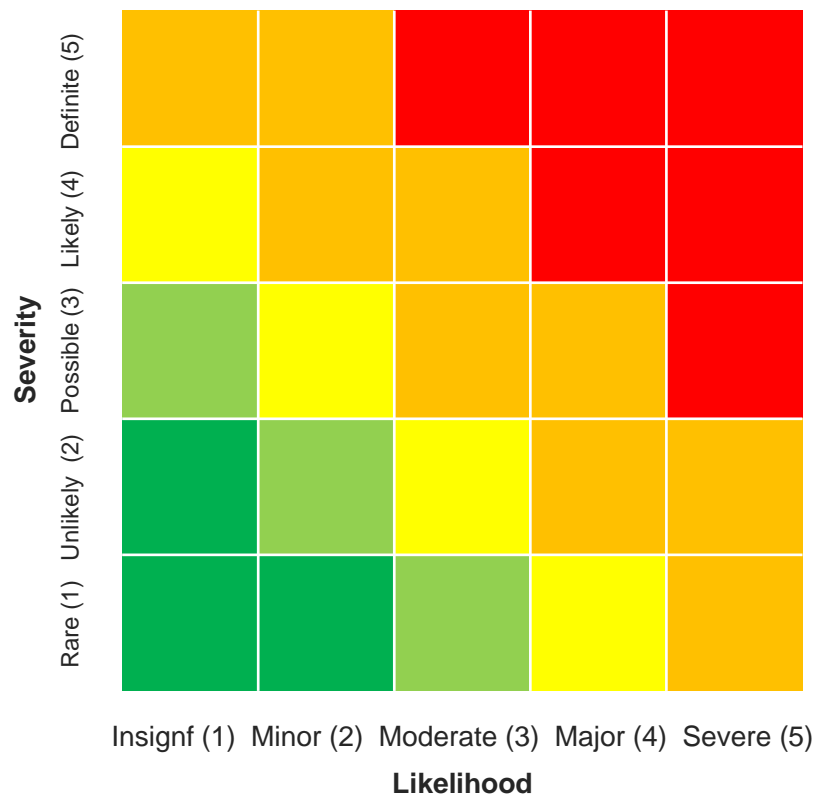


Krungthai conducts a human rights risk assessment using a risk matrix to determine the level of significance of each risk. The matrix will evaluate the severity and likelihood of each risk, taking into account its scale, scope, and remediability.

- Severity (Y-Axis)
- Likelihood (X-Axis)

By using this approach, the Bank will be able to prioritize and manage human rights issues based on their level of risk. Issues that are considered "**Salient**" are those that have been ranked as "**High**" risk. The Bank will prioritize managing and addressing these salient issues to reduce their severity and/or likelihood.

### HUMAN RIGHTS RISK EVALUATION MATRIX



Risk level: ■ High ■ Relat-high ■ Medium ■ Relat-low ■ Low

# HUMAN RIGHTS RISK ASSESSMENT

## Salient Issues (2022/2023)



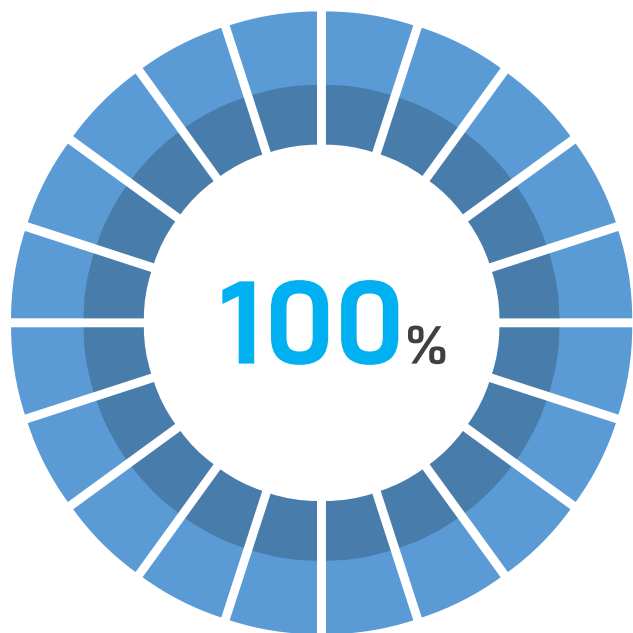
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 Human Rights issues that were ranked at high risk and will be considered as salient issues for KTB



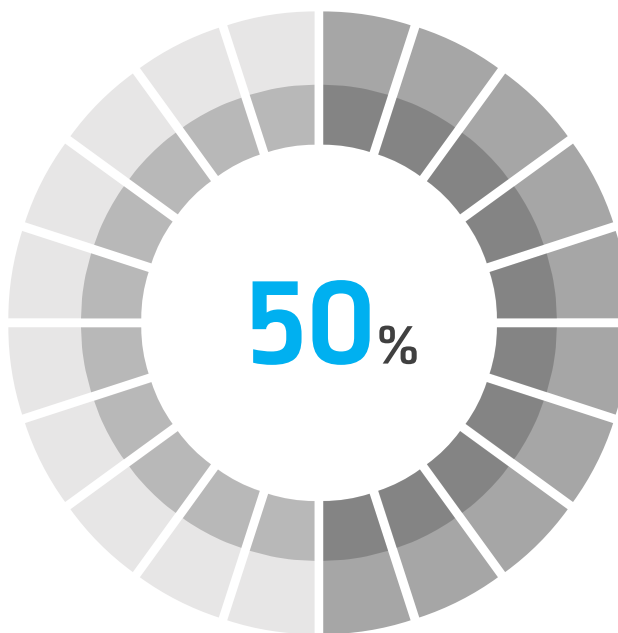
# HUMAN RIGHTS RISK ASSESSMENT

Salient Issues (2022/2023)



100% of KTB functions based on revenue generation were assessed, including subsidiaries with management control.

- Corporate Banking
- Retail Banking
- Government & State Enterprise
- Digital Solutions
- Global Business



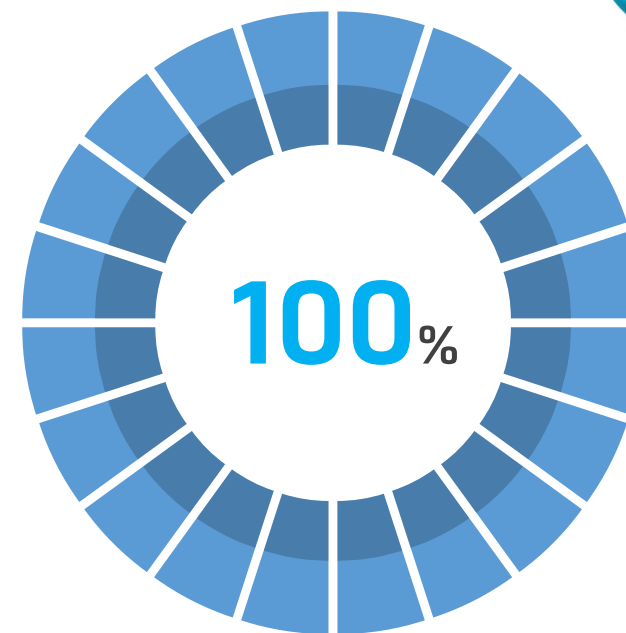
50% of assessed functions of KTB have human rights risks. The human rights risks identified were:

#### Corporate Banking

- Labor rights
- Community rights

#### Procurement

- Community rights



100% of KTB functions with human rights risk(s) have mitigation measures and remediation process implemented

# HUMAN RIGHTS RISK ASSESSMENT RESULT

## Integrate Findings and Take Appropriate Actions



Krunghthai Bank intends to embed the Human Rights Policy in all relevant functions of operations by integrating and envisioning human rights principles in KTB's policies and related managing frameworks. All KTB's functions are obliged to strictly comply with principles, especially through interaction with customers, suppliers, and business partners.

Through comprehensive human rights risk assessments, the Bank is capable of identify and prioritize the most significant human rights issues (salient issues) within its operational scope and value chain activities. These findings are then incorporated into the Bank's existing controls, initiatives, and measures, with the objective of consistently evaluating and elevating the efficiency in managing these risks.

Moreover, the insights derived from the risk assessment procedure are utilized to identify and implement appropriate additional measures aimed at diminishing the overall risk level and thwarting the emergence of kindred risks in the future. By embracing this proactive approach, Krunghthai Bank adeptly mitigate the potential human rights violations and ensures the protection of human rights across its operations and value chain. Whilst additional measures will also be considered and implemented, as step in development to reduce the risk level in the future.



# MITIGATION ACTIONS FOR SALIENT ISSUE

## Corporate Customers: Labor rights, including modern slavery



<b>Description</b>	The Bank may engage in human rights violations on poor working conditions, health and safety in the business operations of clients through illegal form of labors such as child labor, forced labor, and the health and safety of workers during their operations.
<b>Activity with salient issue</b>	Corporate lending/ project finance
<b>Affected rights holders &amp; vulnerable groups</b>	Employees and workers of corporate clients and vulnerable groups including women/ pregnant women, LGBTQI+, people with disability, migrant people, children, senior citizen, etc.
<b>Relevant human rights</b>	based on the principles from International Bill of Rights which consist of the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR): 1) Right to life (UDHR 3, ICCPR6) 20) Right to freedom of assembly (UDHR 20, ICCPR 21) 21) Right to freedom of association (UDHR 20, ICCPR 22) 25) Right to enjoy just and favorable conditions of work (UDHR 23 and 24, ICESCR 7)
<b>Existing measures to address salient issue</b>	<ul style="list-style-type: none"><li>▪ Responsible Lending Guideline</li><li>▪ ESG Checklist Form in corporate client onboarding process</li><li>▪ Call Report in corporate client onboarding process</li></ul>

# MITIGATION ACTIONS FOR SALIENT ISSUE

## Corporate Customers: Community rights



<b>Description</b>	The Bank may engage in human rights violations on community due to unplanned events or accidents from corporate lending/ project finance.
<b>Activity with salient issue</b>	Corporate lending/ project finance
<b>Affected rights holders &amp; vulnerable groups</b>	Local communities around the operation site(s) of corporate clients and vulnerable groups including women/ pregnant women, LGBTQI+, people with disability, migrant people, children, senior citizen, etc.
<b>Relevant human rights</b>	based on the principles from International Bill of Rights which consist of the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR): 1) Right to life (UDHR 3, ICCPR6) 27) Right to an adequate standard of living (UDHR 25, ICESCR 11 and 24) 28) Right to health (UDHR 25, ICESCR 12)
<b>Existing measures to address salient issue</b>	<ul style="list-style-type: none"><li>▪ Responsible Lending Guideline</li><li>▪ ESG Checklist Form in corporate client onboarding process</li><li>▪ Call Report in corporate client onboarding process</li></ul>

# MITIGATION ACTIONS FOR SALIENT ISSUE

## Suppliers: Labor rights, including modern slavery



<b>Description</b>	The Bank may engage in human rights violations on poor working conditions, health and safety in the business operations of Tier-1 suppliers through illegal form of labors such as child labor, forced labor, and the health and safety of workers during their operations.
<b>Activity with salient issue</b>	Supply Chain Management/ Procurement
<b>Affected rights holders &amp; vulnerable groups</b>	Employees and workers of suppliers and vulnerable groups including women/ pregnant women, LGBTQI+, people with disability, migrant people, children, senior citizen, etc.
<b>Relevant human rights</b>	based on the principles from International Bill of Rights which consist of the Universal Declaration of Human Rights (UDHR), the International Covenant on Civil and Political Rights (ICCPR), and the International Covenant on Economic, Social and Cultural Rights (ICESCR): 1) Right to life (UDHR 3, ICCPR6) 20) Right to freedom of assembly (UDHR 20, ICCPR 21) 21) Right to freedom of association (UDHR 20, ICCPR 22) 25) Right to enjoy just and favorable conditions of work (UDHR 23 and 24, ICESCR 7)
<b>Existing measures to address salient issue</b>	<ul style="list-style-type: none"><li>▪ Supplier Code of Conduct</li><li>▪ Supplier Assessment Checklist</li><li>▪ Relevant clause in purchasing contract/ Terms &amp; Conditions, addressing requirement for contractor to adhere to labor practice with specified penalty if violated</li></ul>

# HUMAN RIGHTS RISK

## Tracking and Communication

Krungthai Bank is committed to respecting the human rights of all stakeholders and vulnerable groups. The Bank is also dedicated to taking essential measures to avert potential human rights violations. This entails developing new mitigation measures and bolstering existing ones.

In order to fulfill this commitment, KTB annually reviews its Human Rights Due Diligence. The insights gleaned from this process serve to enhance preventive efforts, while the outcomes are disseminated to both internal and external stakeholders.

To this end, the Bank has instituted a communication channel for both internal and external stakeholders, including vulnerable groups, to report instances of human rights violations or raise concerns. This framework allows Krungthai Bank to carry out thorough investigations and provide adequate remediation to affected stakeholders and vulnerable groups.

The Bank communicates its human rights performance through its website and Sustainability Report to ensure transparency.



### Whistleblowing Channels



[Whistle@krungthai.com](mailto:Whistle@krungthai.com)



Tel. 0-2208-4120



Fax 0-2256-8778



**Office of the President,  
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35 Sukhumvit Road, Klong Toey Nua Subdistrict,  
Wattana District Bangkok 10110, Thailand

# HUMAN RIGHTS RISK

## Remediation of Adverse Impacts



Krungthai Bank is dedicated to upholding the highest standards of ethical business practices and acknowledges the fundamental importance of human rights. To this end, the Bank places great emphasis on conducting consistently review of its human rights policy commitments, risk assessment, and relevant practices to ensure that proper measures and remediation actions have been implemented to prevent and/or mitigate human rights issues in the Bank's own operations and throughout the value chain, for all affected rights holders and vulnerable groups. Additionally, the Bank is fully committed to monitoring and reporting its performance in this regard, in order to ensure effectiveness of its human rights management.

Furthermore, the Bank is committed to take swift action to address any complaints or violations that may arise, always prioritizing the provision of effective remedy to those who have been negatively impacted. Should a violation occur, the Bank is dedicated to taking immediate remediation action that prioritizes the restoration of the affected rights holders, and the remediation of any harm caused by its business activities. Such remediation may include various forms of compensation (e.g., apologies, restitution, rehabilitation, financial or non-financial), as well as punitive sanctions and proactive measures to prevent future harm.

**In 2022, there was not any human rights violation case caused or contributed by KTB. Therefore, no remediation action has been taken.**

