

# K

**KASIKORNTHAI**

Sustainability  
Report 2017

**GREEN  
DNA**

Bank of Sustainability

ธนาคารกสิกรไทย  
开泰银行 KASIKORNBANK



บริการทุกระดับประทับใจ



**KASIKORNTHAI**

**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



**แพคเตอร์รี่ 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 ซอฟต์แวร์**  
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





Green DNA is our resolution to pursue sustainable development in the economy, society and environment as a central building block of our organizational culture.

This resolution guides us in all our operations and serves to create our identity as a “Bank of Sustainability” for our society and nation.



## Bank of Sustainability

KBank embraces sustainable development in the economy, society, and environment as the foundation of our operations. This guiding concept enhances our business innovation and ensures maximum benefit to all stakeholders, thus paving the way towards being a “Bank of Sustainability” for our society and nation.



# CUSTOMER CENTRICITY



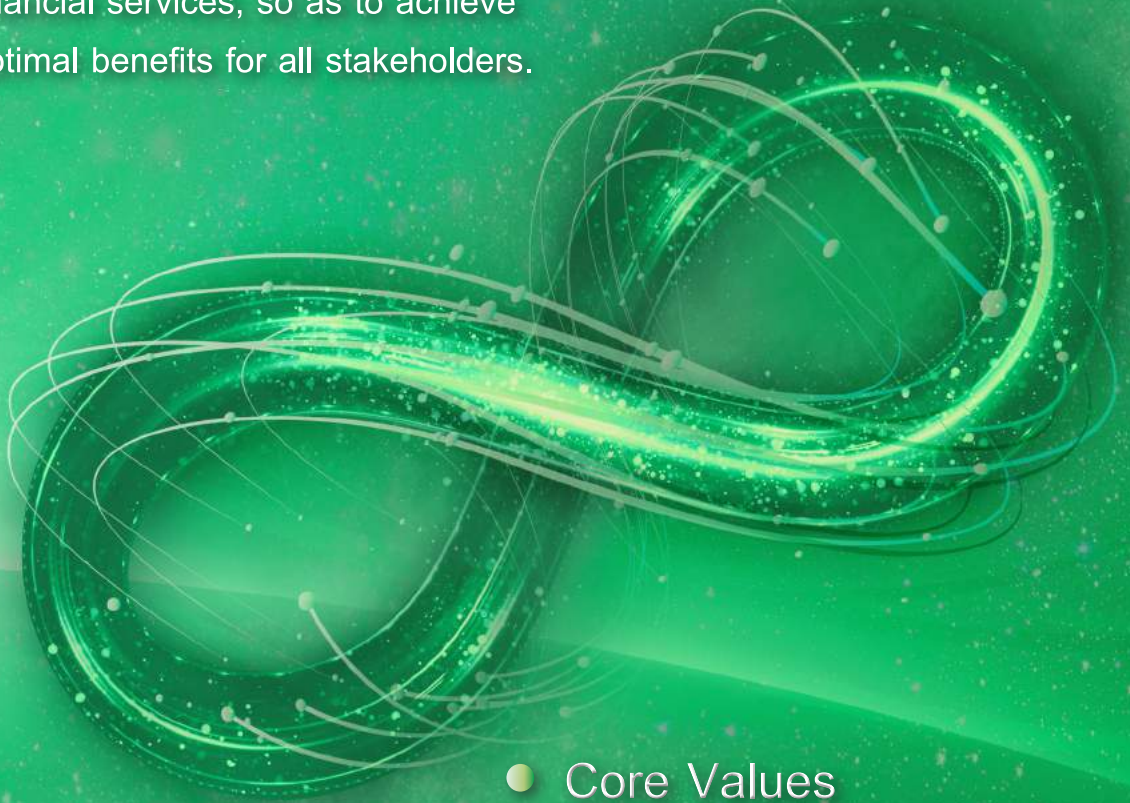


## ● Vision

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 pride of Thai businesses

The first and only bank in Thailand, and ASEAN, to be selected for the

## DOW JONES SUSTAINABILITY INDICES (DJSI) 2017

The world's premier benchmark of sustainable business practices

Included in DJSI World and DJSI Emerging Markets  
the second year running



MEMBER OF  
**Dow Jones**  
**Sustainability Indices**  
In Collaboration with RobecoSAM



**ROBECOSAM**  
Sustainability Award  
Bronze Class 2018



**FTSE4Good**



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## Message from Chairman of the Board and Chief Executive Officer

Over the past year, Thailand experienced great loss and profound sorrow with the passing of His Majesty King Bhumibol Adulyadej. His Majesty's virtues and graceful compassion were deeply revered by all Thais. In remembrance of His Majesty's righteous reign, all of us at KASIKORNBANK (KBank) will hold His Majesty's eloquence and wisdom as a guiding light in our undertakings towards stable and sustainable advancement.

In 2017, Thailand's financial and banking businesses were confronted by many challenges, including rapid evolution in technologies that have a greater role in business operations, government policies and supervisory regulations, as well as changing customer behaviors and expectations. Our performance, guided by "Sustainable Development" concepts in economic, social, and environmental dimensions, will create an atmosphere of balanced, flexible self-adjustment immunizing us against hardships. This, in turn, will lead to sustainable growth and achievement of UN Sustainable Development Goals (SDGs). Our adherence to Sustainable Development concepts has earned us membership in the Dow Jones Sustainability Indices (DJSI) 2017 measuring the sustainability of businesses. These indices are recognized by leading companies globally. We are proud that KBank is the first and only bank in Thailand and ASEAN to be selected as a member of the DJSI, with placement in both their DJSI World Index and DJSI Emerging Markets Index for the second consecutive year. With that commitment, we are focusing on stakeholder participation and determining key elements to that implementation based on feedback from stakeholders on their views and expectations. In response to customer expectations, KBank's Board of Directors resolved to address the issue of "Customer Data Security and Privacy" in our Sustainable Development Policy. In 2017, notable operations included:

### Economic Dimension

We aspire to be a technology-driven business. We unrelentingly develop products and services that add convenience to our customers' lives, allowing them to conduct transactions anywhere, anytime, on their mobile devices. We affirm standards and security measures that have garnered customers' trust, and widespread use of our K PLUS mobile application continues to surge. This is evidenced by an 85 percent over-year increase in number of transactions, 59 percent growth in number of users, and 46 percent rise in transaction value. We now enjoy leadership in mobile banking services, having attained the highest mobile banking application download volume with our K PLUS. Other applications have been introduced as well, such as our K PLUS SHOP with a QR code payment function and e-Wallet features to facilitate merchants and customers alike. We also have our K PLUS SME application, enabling SMEs to gain access to useful information that can help them manage their enterprises better, with greater convenience and speed. We now accept QR codes and barcodes as new payment channels, as well as acceptance of PromptPay transactions. We have also increased the number of merchants accepting payments via our electronic data capture (EDC) devices. New technologies are being employed, including blockchain, electronic Know Your Customer (e-KYC) systems using biometric identification, and machine learning to analyze customer behaviors for use in developing products and services that are more responsive to their needs. The above implementations are founded in our "Customer Centricity" strategy and our aspiration to become our "Customers' Life Platform of Choice", wherein we deploy leading-edge technologies to enhance our service quality in our customers' everyday lives; these changes are the most extensive, swifter in operation, and most secure. In parallel with these endeavors, we are continually increasing our capacity to prevent cyber risks and ensure our customers that more attention is being paid to their security concerns. At this point, one particular challenge to effectively drive forward our innovations is the need to seek a balance between greater customer convenience and the most security. Our technology-driven business is aimed at maximizing technological advancements to deliver the best quality in services and, thus, be rated as an excellent customer experience. Our decisions are based on good corporate governance principles and appropriate risk management that also support the government's targets to attain a cashless society. This direction also contributes to lower cash management costs in the system, overall.



In relation to our aim of becoming “The Bank of AEC+3” specializing in regional settlements and investment, we have introduced an “Exotic Currency Settlement Initiative” to support money transfers within the AEC+3 and in all regional currencies – making us the first Thai bank to accept transactions in all AEC+3 currencies. Our international service networks continue to expand, including the opening of a second locally incorporated institution (LII) branch in the Lao People’s Democratic Republic, an increase in the business scope of the Phnom Penh Branch, Kingdom of Cambodia, and the acquisition of a stake in Bank Maspion of Republic of Indonesia. More recently, we attained an LII license in People’s Republic of China with headquarters located in Shenzhen, Guangdong Province. Furthermore, we opened a Shanghai Branch to upgrade our service network in China amid flourishing trade and investment there, as China proceeds towards becoming an economic superpower in the next decade. Our emphasis has been on business conglomerates engaging in Sino-Thai trade and investment, as well as those advancing into ASEAN markets, enhancing their regional economic connectivity as a digital bank of the AEC+3.

## Social Dimension

KBank has always placed great importance on human resource development. In this era of business transformation towards digital banking platforms and demographic changes, human resources are crucial to development and, thus, are challenges to be met in business. New employment issues have emerged, in physical factors, structure, and pattern. Recruitment and development of staff skills must conform to changing business characteristics. KBank is therefore deploying HR Digitization methods using data analyses towards all processes of human resource management, including recruitment, staff development, and employee retention. It is KBank’s intent to support the career advancement of our employees, with provision of fair and competitive compensation and benefits. We promote respect for diversity and equality based on human rights principles. We undertake proper occupational health and safety standards, while placing equal importance on skill development to empower employees in relation to new business requirements. All actions are founded on reliable information used in analyzing overall management efficiency which has subsequently raised our engagement score to 68 percent, beating the 66 percent threshold set up as our target. It has also surpassed the average score of financial conglomerates in Thailand and the Asia Pacific region. Our turnover rate has dropped to 9.95 percent – the lowest in five years – confirming that we are on the right path in human resource management. Because we believe that a happy workplace will be a source of good products and services for our customers, we aim to offer our employees the highest satisfaction in their work through consistent improvements in our human resource functions.

Concerning local communities and our society in general, KBank has begun a Corporate Citizenship Strategy focusing on the participation of all stakeholders learning more about their communities’ problems and needs. We use our financial know-how and skills to benefit local communities and our society overall. Notable examples of this include our “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” Project wherein our employees, nationwide, have contributed over 60,000 hours participating in volunteer activities. We also undertake financial literacy lessons on our AFTERKLASS website – an online community to develop financial knowledge and learning skills for young people, thus helping pave the way for greater success in their future lives and careers. Additionally, KBank has joined forces with many other parties, integrating their expertise for the benefit of society. A sample of such productive cooperation is our Cultivation of Wisdom Project in collaboration with the Thailand Research Fund (TRF), aimed at reforming the thinking processes of Thai youths via research-based learning (RBL). Other social support programs and activities have taken the form of budgetary assistance, human resources, financial donations, emergency assistance, and internal staff activities donating money and other items to social welfare organizations. These acts reflect the “Green DNA” in all KBank employees who are determined to take part in positive changes for our entire society, in a sustainable manner.

## Environmental Dimension

KBank has accorded considerable importance to environmental issues, given our connectivity to the sustainable development of the country. Global attention on such matters is reflected in the joint declaration of 196 nations in the United Nations Framework Convention on Climate Change, by the auspices of which efforts have been made to devise practical guidelines tackling “global warming” and “climate change” now being faced by populations worldwide. KBank’s Chief Executive Officer has been assigned by the Board of Directors to act as our Chief Environmental Officer to drive forward our environmental missions. A target has been set to reduce greenhouse gas emissions from our operations by 20 percent within 2020 (versus 2012 base year). So far, an 8-percent reduction (versus 2012 base year) has been realized; we continue our efforts in terms of management procedures, technical practices, and staff cooperation to achieve that target. In addition, KBank provides financial support to renewable energy projects and environmentally-friendly businesses. We also take into consideration Environmental, Social, and Governance (ESG) criteria prior to approvals for project financing to ensure thorough assessments are undertaken regarding any adverse impact on the environment and local communities.

In relation to the environment within communities, KBank has granted much assistance towards reforestation and solutions to forest encroachment – exacerbated by monocropping farming – in Nan Province, at the headwaters of the Chao Phraya River. We have worked with communities, authorities, and social networks there to create a model wherein we can devise experimental guidelines to halt deforestation and revive the abundance of nature so that this area will someday offer a prosperous future to the children of Nan. Mitigation of carbon emissions is also targeted in our sustainable development programs, along with enhanced immunity against climate change. Our model, if it is successful, will expand to other provinces in support of Thailand’s resolution to become a low-carbon society that is resilient to climate change.

All the above elements are key to our efforts to become a “Bank of Sustainability” with a balance between economic, social, and environmental dimensions. To achieve our aims, we strive to be a data-driven bank, having in place systematic data management, exhaustive data analytics, and the creation of a corporate culture with a data-driven mindset. All units must be able to maximize the benefits of properly used data in alignment with our “Customer Centricity” strategy to enhance our competitiveness, income generation, and operational efficiency, which will ultimately profit KBank and all our stakeholders while also building their highest satisfaction in our service excellence.



(Mr. Banthoon Lamsam)

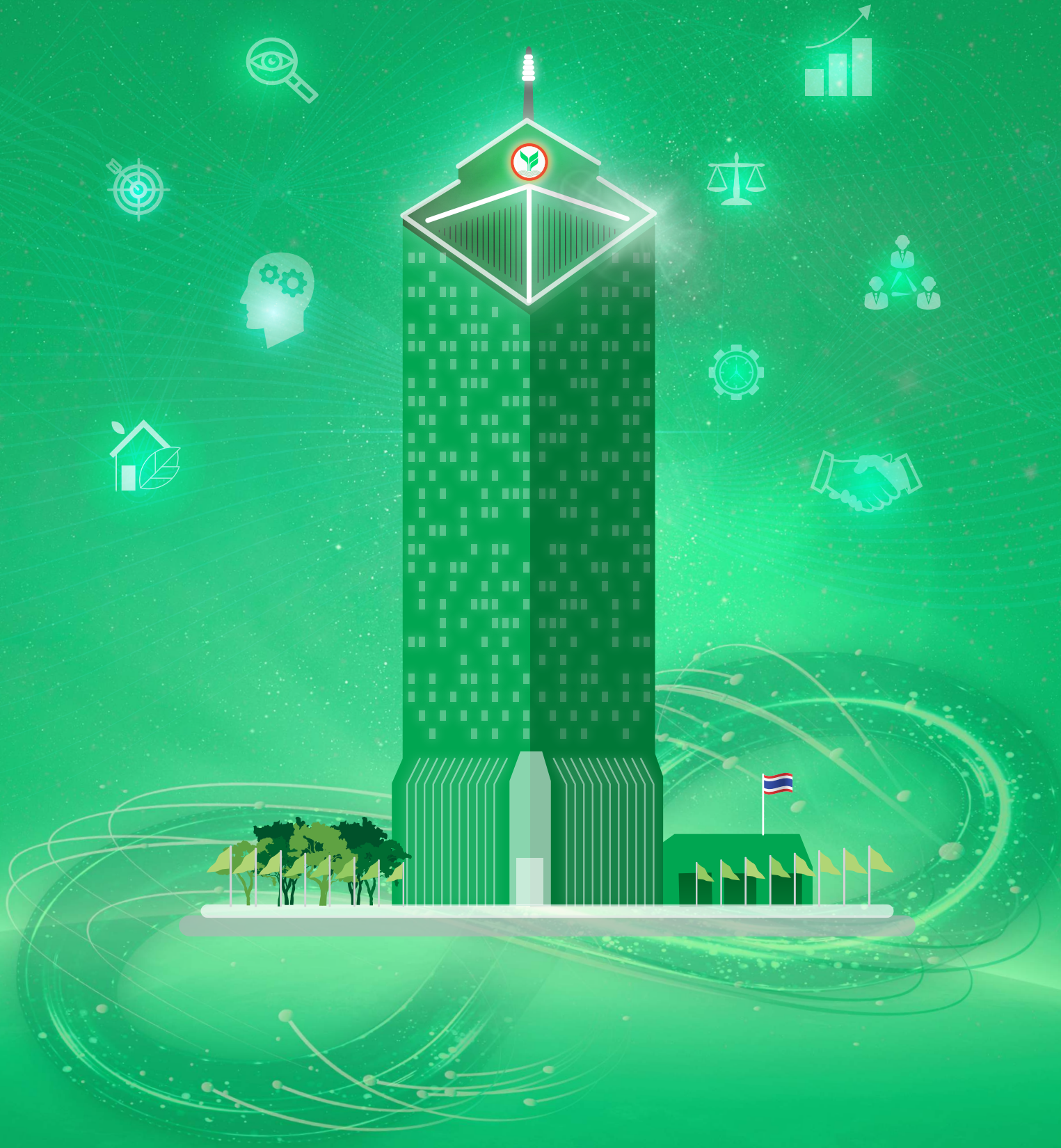
Chairman of the Board and Chief Executive Officer



## About KASIKORNBANK

010 Information of KASIKORNBANK

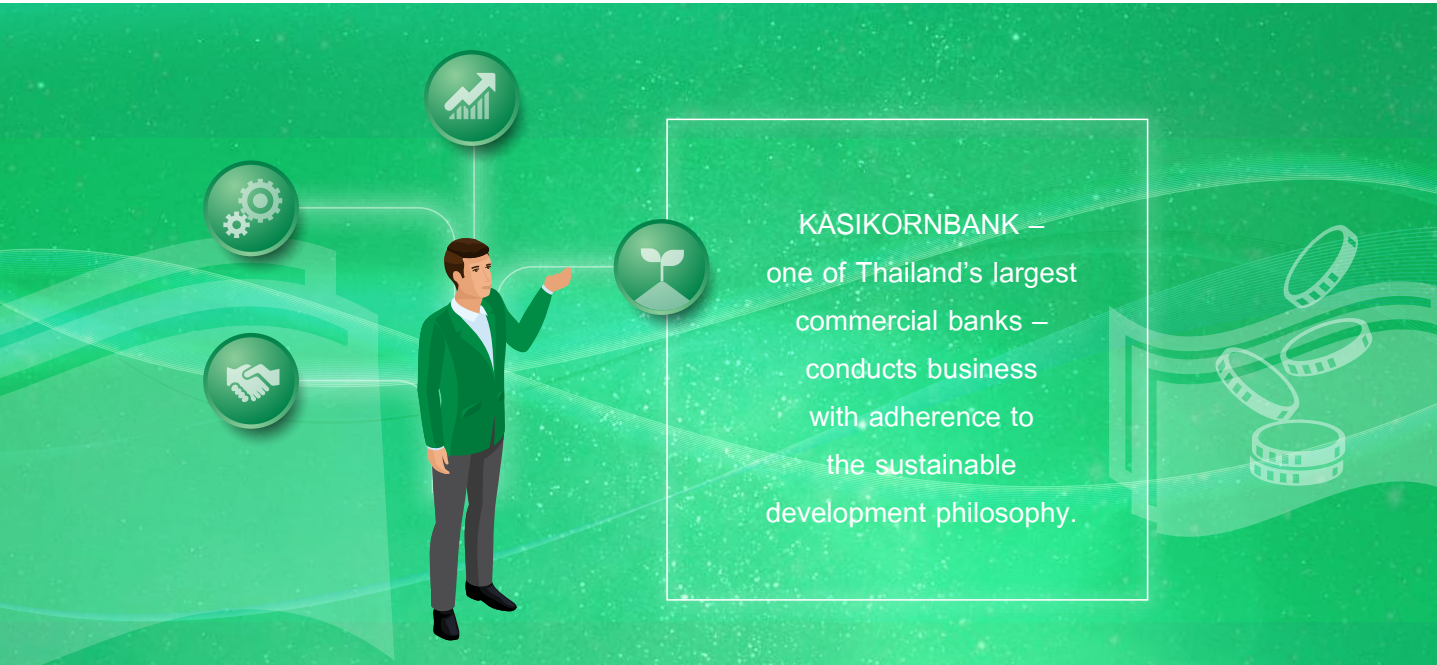
012 Strategic Directions of KASIKORNBANK







## Information of KASIKORNBANK



KASIKORNBANK – one of Thailand's largest commercial banks – conducts business with adherence to the sustainable development philosophy. We have recorded balanced growth, supported by the customer centricity strategy, Good Corporate Governance principles and cautious 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 36 subsidiaries, a service network of 1,026 domestic branches across Thailand and 17 overseas offices in 9 countries. KBank Headquarters is located

in Bangkok; a total number of employees stands at 34,257\*. 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 include 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
- Skillful investment advisor of Thailand, 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
- Supplying full-circuit 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
- Offering integrated and diverse financial services to the auto industry, including hire purchase loans for individual, corporate 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
- Operating a full circuit 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 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 prototypes of in-house innovations for beta testing prior to rolling them out as KBank products



## Strategic Directions of KASIKORNBANK

### Management Directions

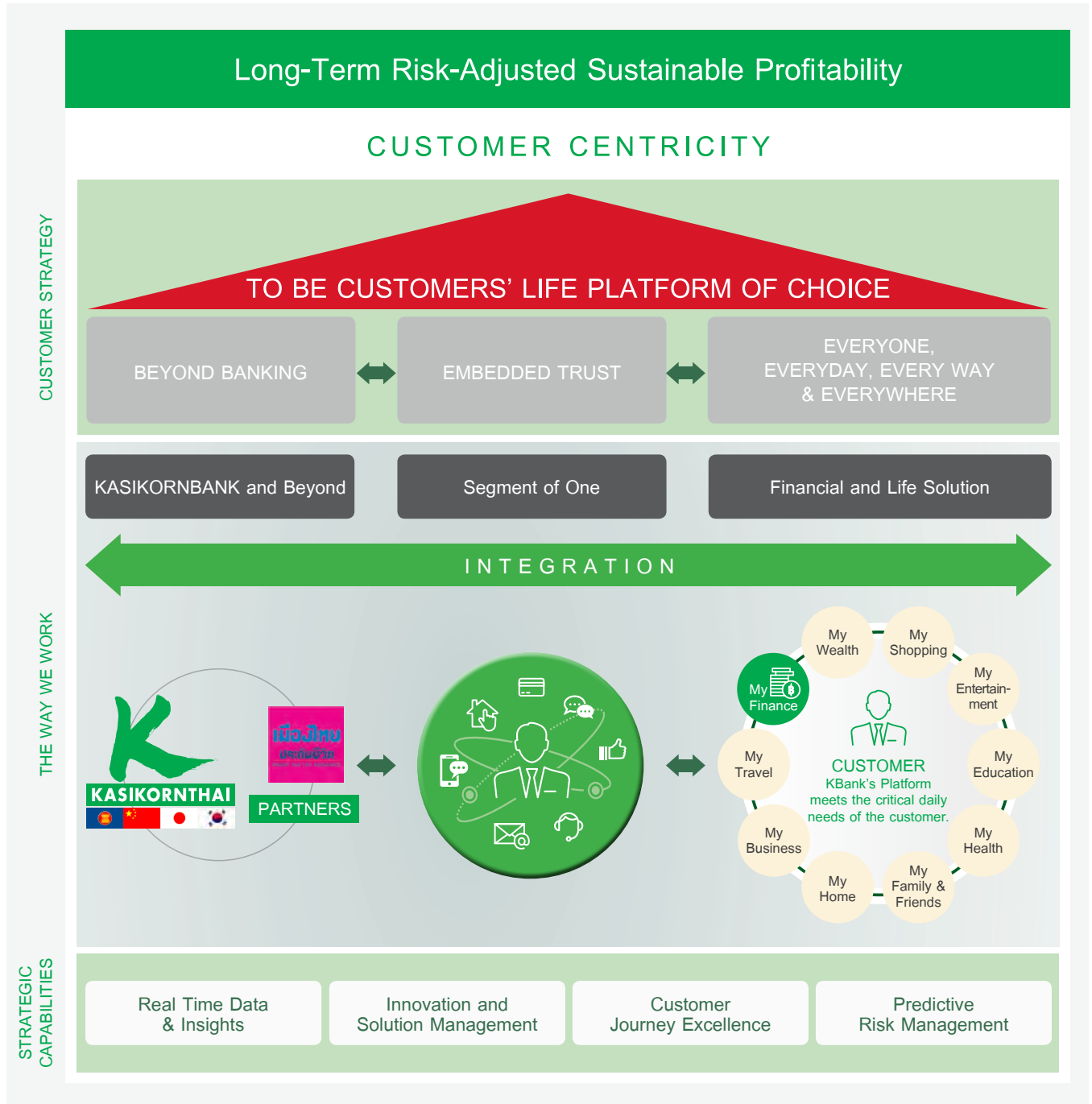
KBank organizational structure comprises 14 divisions and the World Business Group. The Corporate Strategy Management Division is responsible for determining the overall directions and strategies of the organization for proposal to KBank Board of Directors, with the aim of promoting our corporate image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

Throughout 2018-2020, KBank will continue to adhere to our "Customer Centricity" strategy, good corporate governance and sound risk management, wherein we aspire to deliver the finest service experience along with sustainability for all stakeholders. We have established a new target to become our "Customers' Life Platform of Choice", to meet their changing needs, expectations and behaviors, deploying leading-edge technologies to enhance our top position in the digital banking realm. Determined to offer "Beyond Banking" services to thus earn the "Embedded Trust" of our customers, we strive to be responsive to "Everyone, Every Day, Every Way and Everywhere" via seamless collaboration between KBank, our wholly-owned subsidiaries and key business partners, as well as through other assets within our unceasingly expanding network. Our rich array of products and services satisfies the diverse customer requirements with speed and efficiency. It is our ultimate hope to become part of our customers' lives, benefiting them with new technologies and innovations. As we journey forward alongside our customers' business advancement, we are committed to contributing to the sustainable development of our country.

In the realization of our Customer Centricity strategy, we have focused on the enhancement of our "Customers' Life Platform of Choice", wherein KBank services are integrated into our customers' lifestyles. Based on analyses of customers' behaviors and needs, we are now able to personalize products and services that are responsive to an individual customer, thus creating an excellent customer experience. We have taken into consideration our customers' expectations towards diversity, convenience and speed across all channels, consumer protection, as well as the protection of customers' personal information. We stress integrated and proactive risk management, efficient capital fund management and the creation of risk awareness within our organizational culture to uphold our position as a leading financial institution, preserving our capability to deal with economic volatility. Good corporate governance practices and strict regulatory compliance keep us resilient against all forms of impropriety.



## The Extended K-Strategy



## The Bank of AEC+3

### People's Republic of China Shenzhen (LII)

The locally incorporated institution offering full-scale financial services with;

- Branches: Shenzhen, Chengdu, Shanghai, Hong Kong and Longgang (Sub-Branch)
- Representative Offices: Beijing and Kunming

### Japan Tokyo Representative Office

### Myanmar Yangon Representative Office

### Vietnam Hanoi and Ho Chi Minh City Representative Offices

### Indonesia Jakarta Representative Office

- and strategic partnership with **BANK MASPIION**
- 49 locations across the country.

### Lao PDR Vientiane (LII)

The first Thai locally incorporated institution offering full-scale financial services with 2 branches;

- Lane Xang Head Office
- Ban Ponesinuan Branch

### Cambodia Phnom Penh Branch



\* AEC+3 consists of Thailand, Lao People's Democratic Republic, Kingdom of Cambodia, Republic of the Union of Myanmar, Socialist Republic of Vietnam, Republic of Indonesia, Malaysia, Republic of the Philippines, Negara Brunei Darussalam, Republic of Singapore, Japan, Republic of Korea and People's Republic of China.



To achieve our aim of becoming “The Bank of AEC+3”, specializing in regional settlements and investment, we have built up a strong infrastructure to support cross-border monetary transfers and payments in ASEAN regional currencies. Other notable actions have included assistance to Thai investors in the CLMVI\*, the opening of a second Border Trade Business Center in Mukdahan, plus support to fund-raising for infrastructural investments, namely power plants, roads and marine ports in the CLMV\*\*, and to business mergers, especially between Thai and Japanese companies.

In 2017, KBank moved ahead towards enlarging our international networks, including the achievement of a locally incorporated institution (LII) license in China, establishment of a second branch of our LII in the Lao PDR, an increase in the business scope of the Phnom Penh Branch and the acquisition of a stake in Bank Maspion, Indonesia. Looking ahead into 2018, we will continue to explore a possibility of new branch opening in Vietnam, Indonesia and Myanmar.

### 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, Learning & Development.

The Strategy Map has been communicated to all division, 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. Operating results were monitored to enable the attainment of established objectives.



\* CLMVI – Kingdom of Cambodia, Lao People’s Democratic Republic, Republic of the Union of Myanmar, Socialist Republic of Vietnam and Republic of Indonesia

\*\* CLMV – Kingdom of Cambodia, Lao People’s Democratic Republic, Republic of the Union of Myanmar and Socialist Republic of Vietnam

## KASIKORNBANK and Sustainable Development

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## Notable Performance of Sustainable Development in 2017



Number of  
K PLUS user  
**7.3**  
million users



rising  
**59%**  
YoY

Leadership of Thailand's  
Digital Banking

**Top**  
of Mind Brand

Perception Rating –  
Nielsen 2017



**100%**

of the number of project finance  
that passed the environmental,  
social and governance (ESG)  
assessment

Economic  
Dimension

Social  
Dimension

Environmental  
Dimension

Turnover rate :  
**9.95%**

**41%**

decreased from  
the last year and the lowest  
in the past 5 years

Employee  
engagement



score 2017

**68**

The Highest of  
the Past 5 Years



Volunteer hour:

**66,182**

hours

against the target of  
50,000 hours



Value of renewable  
energy credits

**3,547**

Megawatts

Value of energy and  
environmental  
conservation credits:

**655.77**

Baht

million



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

**104,805.85**

tons CO<sub>2</sub> equivalent

(8% decreased from baseline year 2012)





## KASIKORN BANK and Sustainable Development

### SUSTAINABLE DEVELOPMENT GOALS



The United Nations has announced Sustainable Development Goals (SDGs) and KBank has adopted 17 targets, consisting of 169 sub-targets, in harmony with our commitment towards sustainable development guidelines. We have given particular attention to nine goals as being in perfect agreement with our Material Issues, while giving full support to eight other Goals, as well, to help us generate sustainable value to all stakeholders.

MEMBER OF

**Dow Jones Sustainability Indices**  
In Collaboration with RobecoSAM



**ROBECOSAM**  
Sustainability Award  
Bronze Class 2018



**FTSE4Good**

Our dedication and performance towards sustainable development have earned us an inclusion in the Dow Jones Sustainability Indices (DJSI) 2017 – which are indices measuring sustainable business operations recognized by leading companies globally. KBank is the first and only bank in Thailand and ASEAN to have been selected as a member of the DJSI, including the DJSI World Index and DJSI Emerging Markets Index, for the second consecutive year.

KBank has been classified in the Bronze Class of the banking industry category by RobecoSAM – an international sustainability investment specialist. RobecoSAM conducts Corporate Sustainability Assessment (CSA) of companies in the same industry groups globally, which is the research base of the Dow Jones Sustainability Indices (DJSI). The assessment results are published in RobecoSAM Sustainability Yearbook.

KBank has also been selected as a constituent of FTSE4Good Emerging Index 2017 for the second year. The FTSE4Good Index Series identifies companies with sound environment, social and governance (ESG) management, which are used as a basis for measuring tracker funds and structured products, and as a performance benchmark for companies worldwide.

In complying with those international indications, KBank is assured that the adoption of sustainable development concepts in our business operations and the incorporation of such concepts as “Green DNA” in all our business processes will contribute to preventing risks that may affect future undertakings.

In addition, our adherence to sustainable development will foster new business opportunities for KBank and our stakeholders, leading to “Shared Value Creation” for our society, communities and the nation as a whole.



## Sustainable Development Policy

KBank announced our Sustainable Development Policy as a guideline for all units, focusing on the economic, social and environmental factors in our business decision-making. In 2017, the Corporate Governance Committee proposed to KBank Board of Directors revisions to the 15 items of the Sustainable Development Policy, streamlining them into 12 items because prevailing KBank functions and Core Values have already incorporated the elements of “Professionalism”, “Participation in the Development of Sustainable Economy”, and “Building on Awareness and Organizational Culture in Environmental Protection”. Matters regarding “Youth and Educational Personnel Development”, and “Community and Social Development” have been merged into the “Youth education development and community and social development”. Amid an environment of rapid change and technology-led competition, the issue of “Customer Data Security and Privacy” has been added to our Sustainable Development Policy to better conform to our new strategic goals and material issues. KBank’s sustainable development structure cascades development targets down to the implementation level in all divisions, and integrates action plans within the organization to harmoniously generate maximum benefits for all stakeholders.

### Sustainable Development Policy



#### Economic Aspect

- Business operations defined by good corporate governance practices
- 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 performance results and submit reports to the Board of

Directors. The Sustainable Development Unit, under the Corporate Secretariat Division's 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' orders to ensure consistency within all operational processes, which thus leads to the achievement of targets and response to stakeholders' needs.



## Commitment towards Sustainable Development



### Commitment towards economic sustainability

To create stable, strong and sustainable economic advancement



### Commitment towards social sustainability

To enhance good quality of life for employees and communities in a sustainable manner



### Commitment towards environmental sustainability

To preserve natural resources and the environment for future 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 our material issues of 2016, along with present and future risk factors based on the opinions of our stakeholders via such resources as surveys, in-depth interviews and workshops. Those viewpoints were then analyzed and prioritized, and concluded into operational guidelines that respond to stakeholders' concerns.

### Materiality Assessment Processes

#### 1. Identification

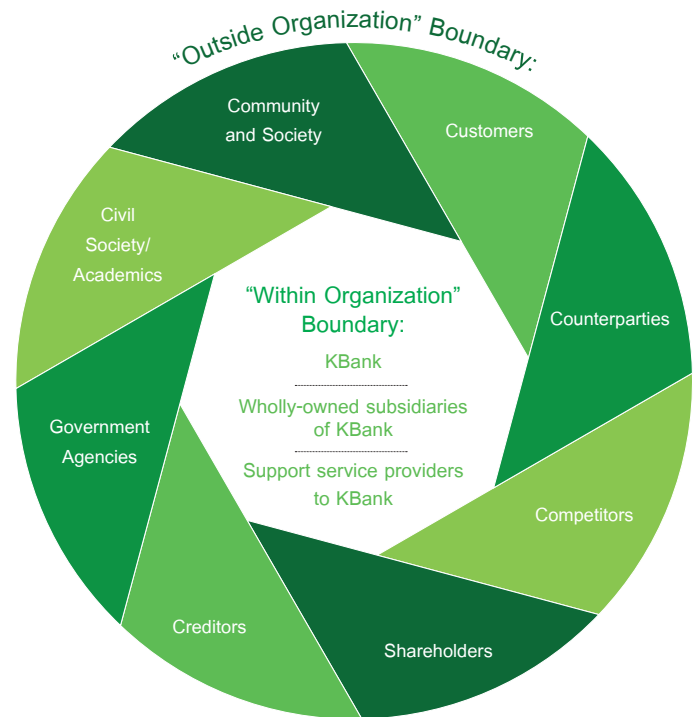
- The material aspects of 2016 were reviewed.
- Studies were conducted on related aspects set out in other sustainability standards, for example, the Dow Jones Sustainability Indices (DJSI) and the sustainability aspects emphasized by banks worldwide per Sustainability Accounting Standard Board (SASB) guidelines.
- KBank then compiled and screened all material aspects that are significant to KBank and the stakeholders' decision making, and submitted the findings to all KBank divisions and stakeholders for review and assessment, as mentioned below:

##### Internal Divisions of KBank

KBank used brainstorming sessions with all divisions, in the forms of meetings, conferences and questionnaires; the information gained was compared with KBank's strategies and key risk factors over the short and long terms. External stakeholders were identified to jointly determine the sustainable material aspects and information disclosure boundaries of KBank.

##### Outside Stakeholders

Officially and unofficially, KBank gathered the opinions and expectations of external stakeholders, including customers, investors, supervisory agencies and officers in sustainable units of various institutions, using meetings, questionnaires and in-depth interviews with individuals. With that information, KBank learned about factors towards decision making and sustainability issues that our stakeholders deem important.



#### 2. Prioritization

- KBank analyzed and reviewed the information gained from internal and external stakeholders.
- Prioritization was made into 13 aspects of three magnitudes of impact significance: 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

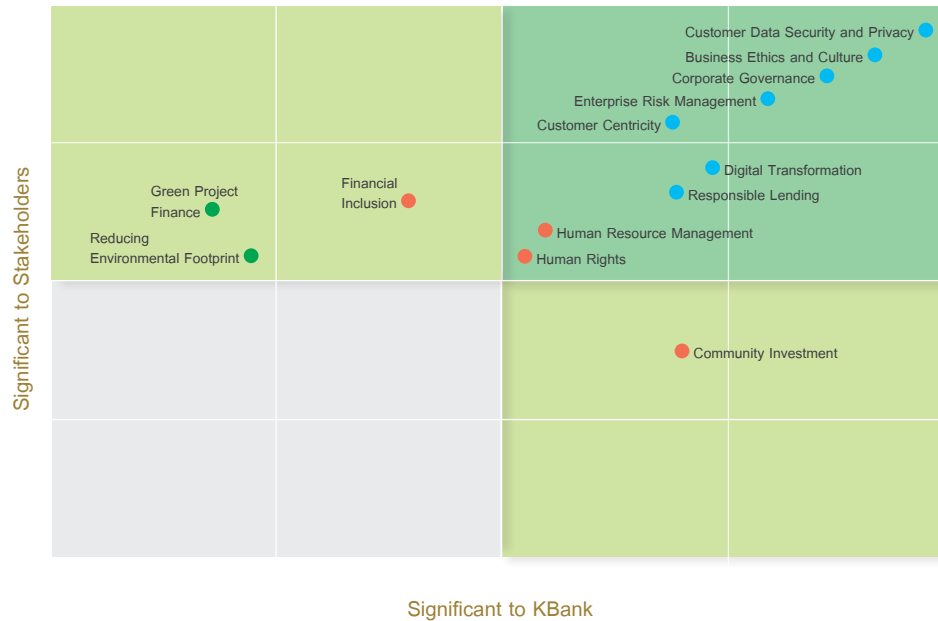
### 3. Validation

- 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 approval 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 13 Material Issues per the GRI Standard, compared to 12 Material Issues in the Sustainability Report 2016, with the following details:

1. The Material Issues in 2016 Sustainability Report that are not Material Issues in this report include "Business Partnership" and "Financial Literacy".
2. New Material Issues in this report include "Human Rights", "Financial Inclusion" and "Community Investment".
3. The issue of "Mitigation of the Impacts of Climate Change" has been renamed "Green Project Finance".



## Material Issues

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects stated in the report
<p><b>Corporate Governance</b> Good corporate governance / anti-corruption, anti-money laundering and combating financing of terrorism, promotion of internal audit/control systems, transparency and information disclosure</p>	Anti-Corruption and Fraud Prevention	All businesses	Customers Shareholders	<ul style="list-style-type: none"> <li>Corporate Governance</li> <li>Economic Dimension</li> </ul>
<p><b>Business Ethics and Culture</b> Statement of Business Conduct, Code of Conduct, organizational culture and compliance with ethical and transparency principles</p>	Anti-Corruption	All businesses	Customers Shareholders	<ul style="list-style-type: none"> <li>Business Ethics and Culture</li> <li>Economic Dimension</li> </ul>
<p><b>Enterprise Risk Management</b> Management risks from operations and regulatory changes / risk analysis based on environmental, social and governance factors / assessment of emerging risks that may affect KBank's business operations</p>	Compliance / Audit	All businesses	Customers Shareholders Counterparties	<ul style="list-style-type: none"> <li>Risk Management</li> <li>Economic Dimension</li> </ul>
<p><b>Customer Centricity</b> Products and services that meet customers' needs, satisfaction and expectations / Development of financial access for various customer groups</p>	Products and Services	All businesses	Customers Competitors	<ul style="list-style-type: none"> <li>Customer Centricity</li> <li>Economic Dimension</li> </ul>
<p><b>Responsible Lending</b> Lending with responsibility, with consideration of environmental, social and governance factors</p>	Products and Services	All businesses	Customers	<ul style="list-style-type: none"> <li>Responsible Lending</li> <li>Economic Dimension</li> </ul>
<p><b>Digital Transformation</b> Utilization of technologies to facilitate access to financial products and services conveniently, rapidly, appropriately, extensively and in consistence with customers' needs</p>	Products and Services	All businesses	Customers	<ul style="list-style-type: none"> <li>Digital Transformation</li> <li>Economic Dimension</li> </ul>
<p><b>Customer Data Security and Privacy</b> Safety of information and technologies / Customer data privacy</p>	Customer Privacy	All businesses	Customers	<ul style="list-style-type: none"> <li>Customer Data Security and Privacy</li> <li>Economic Dimension</li> </ul>

Material Issues	GRI Aspect	Within Organization	Outside Organization	Aspects stated in the report
<b>Human Resource Management</b> <ul style="list-style-type: none"> <li>• Labor practices</li> <li>• Training and development</li> <li>• Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>• Employment / Labor Management Relations / Diversity and Equal Opportunity / Equal Remuneration between Women and Men / Labor Practices Grievance Mechanisms</li> <li>• Employee Attraction and Retention / Employee Engagement</li> <li>• Training and Education</li> <li>• Occupational Health and Safety</li> </ul>	All businesses	Counterparties	<ul style="list-style-type: none"> <li>• Human Resource Management</li> <li>• Social Dimension</li> </ul>
<b>Human Rights</b> Respect for and management of human rights related to employees, customers and counterparties	Human Rights Assessment	All businesses	Customers Counterparties	<ul style="list-style-type: none"> <li>• Human Rights Operations</li> <li>• Social Dimension</li> </ul>
<b>Financial Inclusion</b> Promotion of financial inclusion for underprivileged persons and provision of financial literacy	Products and Services / Economic Effects / Indirect Economic Impacts	All businesses	Customers Communities and Society	<ul style="list-style-type: none"> <li>• Financial Inclusion and Provision of Financial Literacy</li> <li>• Social Dimension</li> </ul>
<b>Community Investment</b> Activities for communities' benefits / volunteer activities / activities to stimulate economic growth	Local Communities / Indirect Economic Impacts	All businesses	Communities and Society	<ul style="list-style-type: none"> <li>• Community and Society Operations</li> <li>• Social Dimension</li> </ul>
<b>Green Project Finance</b> Provision of credits to support and promote environmentally friendly projects or businesses in order to mitigate climate change impacts	Products and Services that promote reduction of climate change impacts	All businesses	Customers	<ul style="list-style-type: none"> <li>• Renewable Energy Project Financing and Energy &amp; Environmental Conservation Project Financing</li> <li>• Environmental Dimension</li> </ul>
<b>Reducing Environmental Footprint</b> Reduction of greenhouse gas emissions / energy management / water management / waste management	Emission / Energy / Water / Wastewater and Solid Waste	All businesses	Communities and Society	<ul style="list-style-type: none"> <li>• Environmental Impact Management</li> <li>• Environmental Dimension</li> </ul>



## Stakeholder Engagement

Stakeholder engagement is key to KBank’s ability to understand stakeholders’ requirements 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, communities, environment and society. We have adopted the AA 1000

Stakeholders Engagement Standard (AA 1000SES) and created stakeholder 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
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>• Holding Ordinary and Extraordinary Meeting of Shareholders*</li> <li>• Information disclosure via the SET Portal Straight Through system of the Stock Exchange of Thailand, KBank websites and publications within and outside KBank</li> <li>• Meeting with and providing information for shareholders, investors and general public, either one-on-one or in group</li> <li>• Enquiring via website</li> <li>• Answering questionnaires</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate return on investment in KBank stock, sound and sustainable growth of the organization</li> <li>• Sustainable performance and stable growth</li> <li>• Transparent and fair operations</li> <li>• Sound risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Creating satisfactory performance, based on sound risk management</li> <li>• Disclosing company information to shareholders and SET via various activities and communication channels to enhance transparency and inspectability</li> <li>• Inviting shareholders to Annual Shareholders Meeting and encouraging them to express their view in the meeting</li> </ul>

\* Details of shareholder’s meeting, please see Annual Report 2017 page 216




Stakeholders	Communications and Channels	Interest and Expectations	Actions
<p><b>Board of Directors</b></p> 	<ul style="list-style-type: none"> <li>• Holding board meeting every month* (except for force majeure cases)</li> <li>• Providing adequate, complete and timely information</li> <li>• Arranging for knowledge development related to board functions, in the forms of printed media and training/ seminars</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent operations and adherence to the Good Corporate Governance principles</li> <li>• Equitable treatment of all stakeholders</li> <li>• Satisfactory performances and consistent growth</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of adequate, complete and timely information</li> <li>• Participation in corporate governance practices</li> </ul>
<p><b>Employees</b></p> 	<ul style="list-style-type: none"> <li>• Holding orientation for employees at all levels</li> <li>• Enquiring into the requirements of employees and supervisors to prepare appropriate learning courses that are in line with KBank's business growth</li> <li>• Having in place channels for receiving opinions and suggestions</li> <li>• Conducting employee satisfaction surveys</li> <li>• Organizing employee engagement activities and boosting employee morale, with an aim to become "The Best Employer"</li> <li>• Organizing meetings of supervisors and employees to share opinions and recommendations on work improvement guidelines</li> </ul>	<ul style="list-style-type: none"> <li>• Appropriate remuneration and welfare</li> <li>• Career path and advancement</li> <li>• Continued employee development</li> <li>• Security and safety at work</li> <li>• Having in place necessary equipment to facilitate employees' operations</li> </ul>	<ul style="list-style-type: none"> <li>• Setting up policies and operational guidelines for HR departments, and compliance with labor law</li> <li>• Setting up a human rights policy and guidelines to manage diversity in the workplace</li> <li>• Setting up a roadmap to promote staff career path</li> <li>• Undertaking annual salary surveys in the market to come up with appropriate remunerations and benefits</li> <li>• Organizing training courses suitable to staff in different divisions and levels</li> <li>• Conducting annual employee satisfaction surveys and performance assessment</li> <li>• Enhancing occupational hygiene and safety</li> </ul>

\* Details of board's meeting, please see Annual Report 2017 page 222, 229

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

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



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

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 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



## Economic Dimension

032	Corporate Governance	056	Digital Transformation
035	Business Ethics and Culture	059	Customer Data Security and Privacy
042	Risk Management	064	Supply Chain Management
046	Customer Centricity		
052	Responsible Lending		



## KASIKORN BANK (China) Co., Ltd.

KBank is the only one bank in the AEC that has been granted a license to operate a locally incorporated institution (LII) in Guangdong, China

The First Thai Bank to offer funds transfer in all currencies in AEC+3



Leadership in mobile banking service: K PLUS being the highest download mobile banking application via Google Play Store & Apple App Store



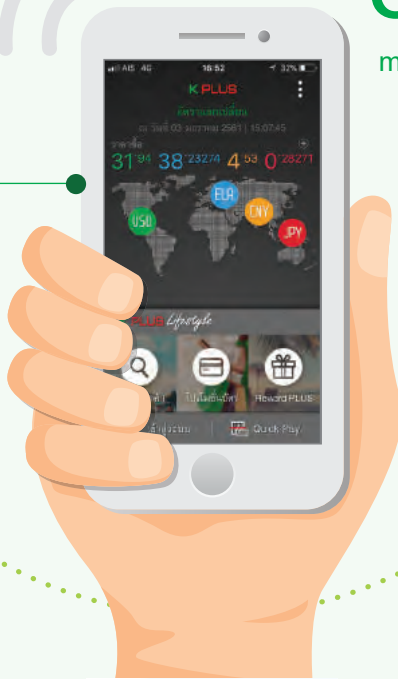
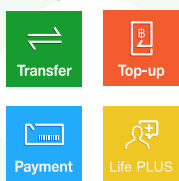
Number of transactions via K PLUS

# 3,052

million transactions

(rising 85% over 2016)

Cooperation with the Thai Bankers' Association and the Bank of Thailand to establish Thailand Banking Sector Computer Emergency Response Team (TB-CERT) to act as a center for upgrading cyber security







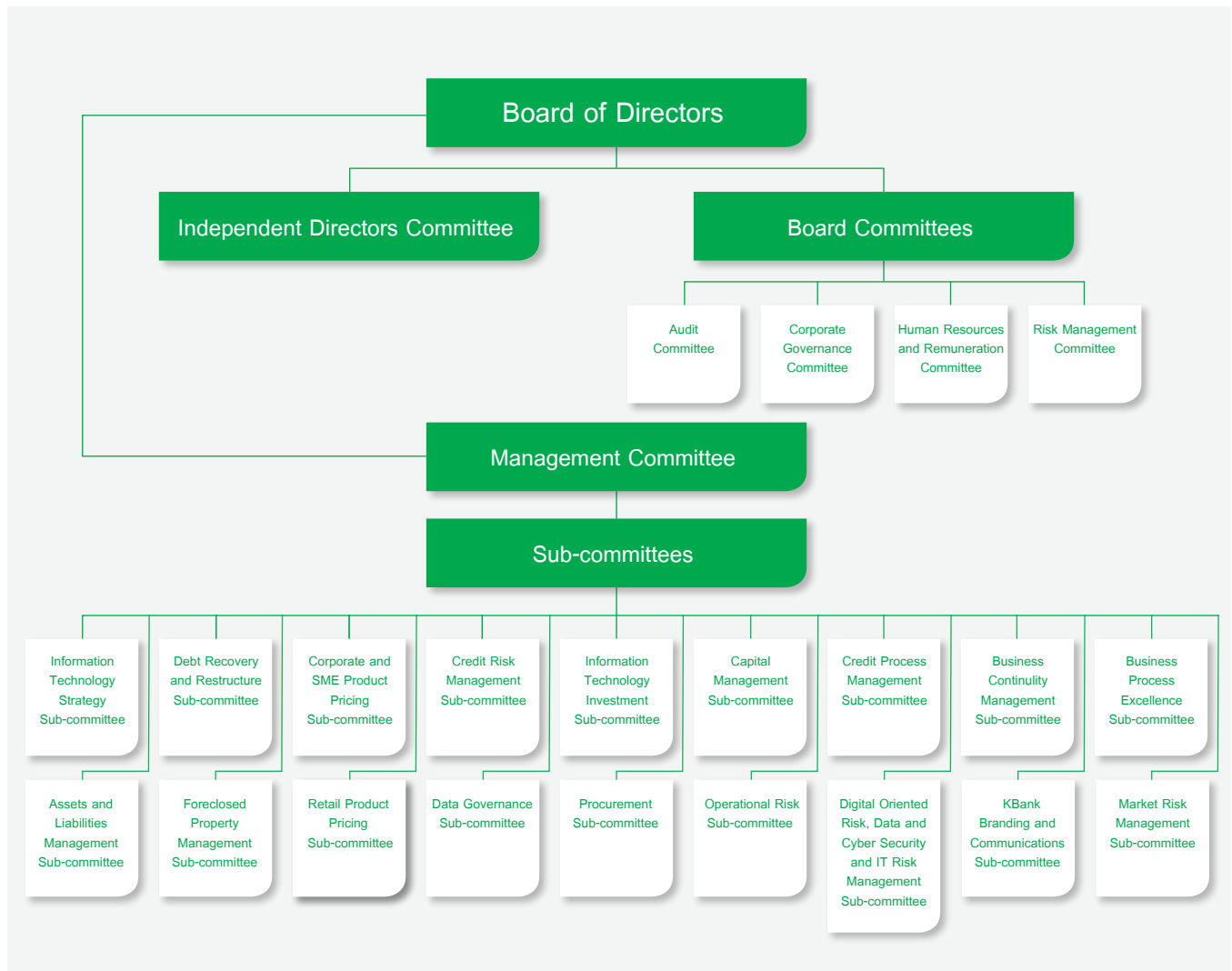
## Corporate Governance

Sustainability Long-Term Target 2020	Excellent in CG Level (Measured by CG Award received and CG rating)
Target 2017	Excellent in CG Level (Measured by external agencies)
Performance 2017	<ul style="list-style-type: none"> <li>- "Excellent" level of corporate governance granted by the Corporate Governance Survey project of the Thai Institute of Directors Association</li> <li>- "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</li> </ul>



### Management Approach

Good corporate governance is instrumental to 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. The Board approves the Vision, Mission and Core Values, as well as operational strategies, which are reviewed on an annual basis. The Board also approves major decisions with respect to directions and policies of KASIKORNBANK FINANCIAL CONGLOMERATE, as well as the Annual Business Plan and Capital Expenditure Budget. The Board oversees the Management's performance towards achieving the set objectives, and compliance with the laws, regulations 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 management has thus been conducted organization-wide, covering 79 departments, 5 networks, 14 divisions and World Business Group.

The Human Resources and Remuneration Committee has been assigned by the Board of Directors to conduct the nomination process in order to select qualified candidates in tandem with the composition, size and diversity of the Board of Directors, taking into consideration gender, age, skills, knowledge, competency and experience, which must be in compliance with KBank business directions, regulatory requirements, the Bank's Articles of Association and the Statement of Corporate Governance Principles.

The Chairman of the Board and Chief Executive Officer is currently the same person so as to fulfill ongoing missions and to create new generation of qualified leaders who can drive the organization towards stability and sustainability. The Board of Directors has appointed the Independent Directors Committee to maintain checks and balances between the Board of Directors and the Management, and to protect shareholders' rights.

The Board appoints the Board Committees, with the specific duty to study and pre-screen matters that need prudent attention prior to submission to the Board of Directors. The Board also establishes a Management Committee consisting of the Chief Executive Officer, the Presidents, officials, and persons that the Board of Directors deems appropriate to manage and operate KBank's business as defined by the Board.

### Independent Directors Committee

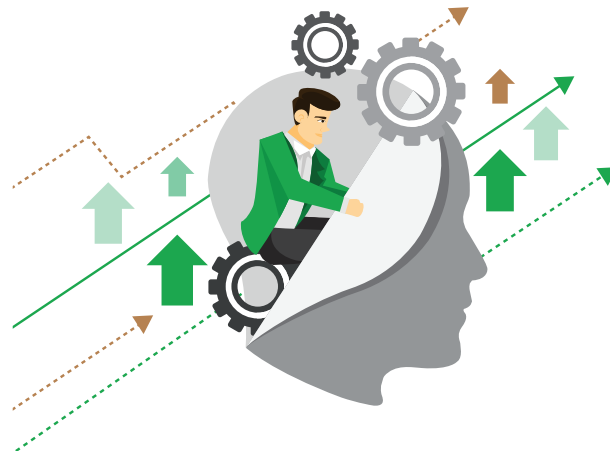
The Independent Directors Committee has been established to support the Board of Directors' work in accordance with the Statement of Corporate Governance Principles in order to assure all shareholders, investors and stakeholders that KBank management is transparent and protects all parties' interest 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 adherence to independence, transparency and freedom from involvement in any interest, the Independent Directors Committee assists the Board of Directors in performing with greater efficiency and effectiveness. The Committee holds at least one meeting in each quarter. In 2017, the Committee held a total of 12 meetings.

### Audit Committee

The Audit Committee oversees the preparation of financial reports, risk management, internal control and audit, as well as compliance with laws, regulatory requirements and ethical standards. The Audit Committee holds at least 6 meetings per year. In 2017, the Committee held a total of 12 meetings.

### Corporate Governance Committee

The Corporate Governance Committee oversees KBank's operations and performance of executives and employees in accordance with the Statement of Corporate Governance Principles, Sustainable Development Principles and regulatory requirements which are consistent with international standards. The Corporate Governance Committee holds at least 4 meetings each year. In 2017, 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 to recommend qualified successors to the Board 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 2017, the Committee held 10 meetings.

### Risk Management Committee

The Risk Management Committee oversees the overall risk management framework to ensure that it is at an appropriate level. The Committee formulates the KASIKORNBANK FINANCIAL CONGLOMERATE risk management policy and risk appetite to present to the Board of Directors for consideration of overall risk management. The Risk Management Committee meets at least once a month. In 2017, the Committee held 12 meetings.

### Management Committee

The Management Committee oversees KBank's day-to-day business operations for continual excellent performance, with present and future risks taken into account, which must be in conformity with KBank's Vision, Mission, the Statement of Business Conduct and Statement of Corporate Governance Principles. The Management Committee holds at least 1 meeting a week, except when there is compelling reason or when there is no required meeting agenda or other justifiable reason. In 2017, the Committee held 48 meetings.



## Business Ethics and Culture

Sustainability Long-Term Target 2020	NO significant warnings issues/findings on KBank from regulators
Target 2017	NO significant warnings issues/findings on KBank from regulators
Performance 2017	NO significant warnings issues/findings on KBank from regulators



### Management Approach

“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, 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 Business Ethics and Code of Conduct are subject to an annual review.

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.

### 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.



\* Detail of Statement of Business Conduct can be found at <https://www.kasikornbank.com/th/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 our stated compliance policies, 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.

In 2017, major changes communicated by the Compliance Department included the following:

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

- Guidelines for Quick Response Code (QR Code) setup for payment and funds transfer, and guidelines for PromptPay service for e-Money under the National e-Payment Master Plan
- Guidelines to participate in the testing and innovation development within a predefined scope of restrictions or the so-called “Regulatory Sandbox” wherein the supervisory agency and service providers learn and discuss about the service patterns and related risk factors, proper care and protection of service users, and timely launches of services based on advanced technologies
- Exchange control regulations
- Regulations and operational methods on foreign exchange, and measures to prevent Thai Baht speculation
- Regulations on financial conglomerate supervision
- Regulations on credit card business and personal credit business under supervision

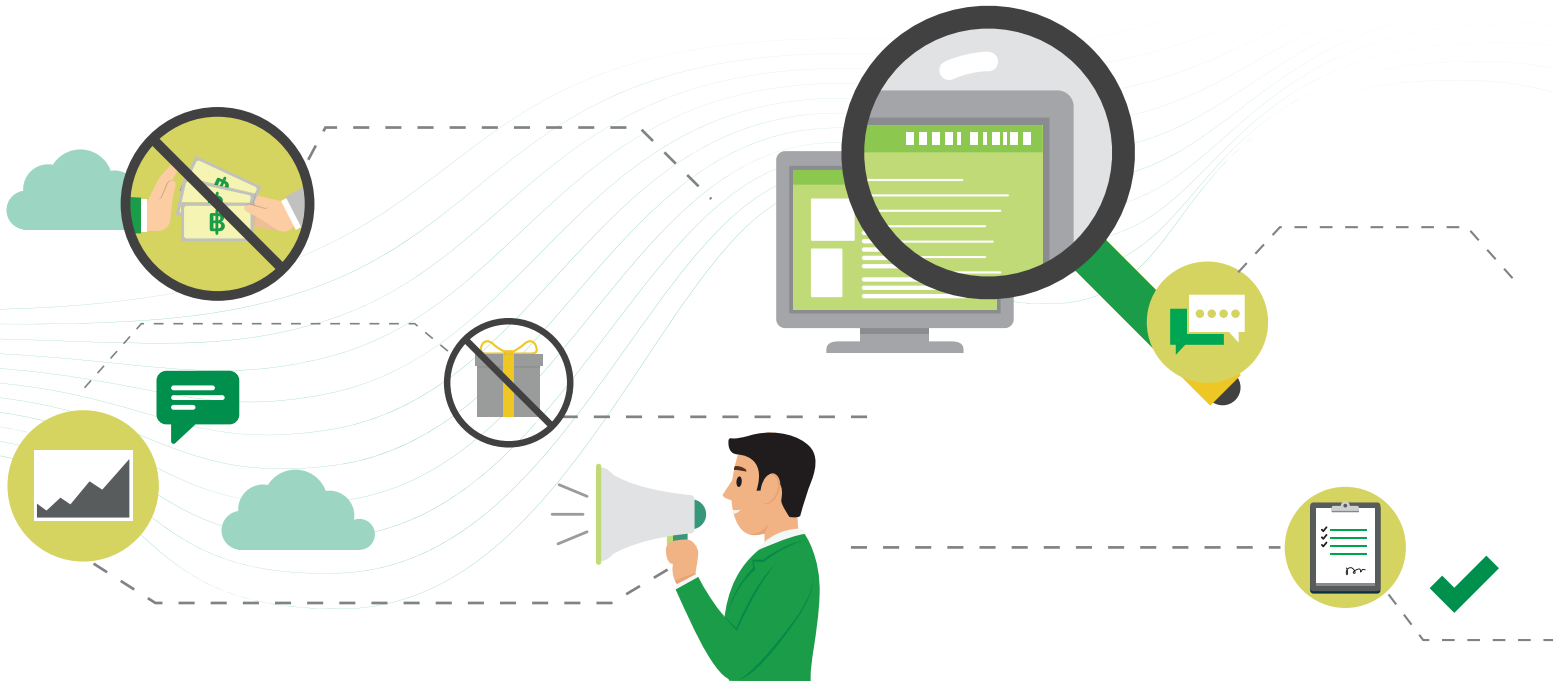
Apart from staff communications, meetings have been held to enhance staff understanding, while training courses have been organized for branch employees to ensure that they comply with market conduct in transactions, such as sales of mutual funds and insurance. KBank’s policies and procedures have been 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 Management Committee 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 2017	Persons	Percentage of total employees* or counterparties**
Number of attendants until 2017	17,688	85
• Management	796	4
• Operating and staff level	16,892	81
Number of employees who were communicated with	20,839	100
• Management	908	4
• Operating and staff level	19,931	96
Counterparties that were trained and communicated with	1,147	100

\* Total employees refer to the employees of KBank 20,839 persons

\*\* 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 2017, 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 seriousness 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.

## Support to Internal Control and Auditing System

KBank has placed particular emphasis on effective corporate governance, risk management process and internal control system to ensure that business undertaking 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 are thus set. The Audit Committee is responsible for supervising risk management, internal control and compliance wherein Management promotes the implementation so that KBank’s set goals are achieved. To attain our established targets, we have prepared the Code of Conduct, Statement of Corporate Governance Principles, Best Practices for Internal Control, Information and Complaint Receiving Policy, Anti-Corruption Policy and Employee Operational Handbook. In addition, internal audit has been put in place to assess effectiveness of corporate governance, risk management process and internal control system while recommendations are given for improvement in these areas. The objectives of assessment and compliance with laws, rules and regulations of competent authorities, KBank policies and operational procedures, work processes, the Code of Conduct, 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 Board of Directors, the Audit Committee and/or Management Committee within an appropriate period. Upon request, KBank forwards the audit results to regulatory agencies.

In 2017, KBank prepared the Market Conduct Policy as guidelines for determining the sales and service processes. This policy involves KBank departments related to internal control and risk management, which have to set up adequate and proper processes of internal control and monitoring to ensure our equitable treatment of all customers. The Customer Data Privacy Policy was also prepared to uphold customers' trust towards our data protection. KBank has seriously pushed forward the implementation of this policy to enhance the awareness of all responsible operating employees, executives and teams to work together in operational risk management, in compliance with the related regulations, rules and ethical standards; KBank has also aimed at ensuring effective and efficient performance of all related persons. The Governance, Risk Management and Compliance courses were held for mid-level executives, while e-Learning courses on internal control practices were organized for operating employees.

## 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 networks and KASIKORNTV.

In 2017, KBank expanded our support and promotion of businesses without involvement with corruption to our suppliers. We regularly communicated on KBank Supplier Code of Conduct covering business ethics, human rights and labor, occupational health and safety, and environment, and required our suppliers to sign this document as acknowledgement. The Procurement Handbook for Suppliers and Service Providers stipulates that all suppliers or service providers must not be involved with corruption. The following actions were undertaken:

- Organized training courses on the Code of Conduct and Anti-Corruption Policy, and assessed their knowledge and understanding via electronic system after the training.
- Communicated the Anti-Corruption Policy 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 or complaints.
- Sought the cooperation of suppliers to abstain from giving gifts or monetary gratuities, and regularly communicated with them about such policies and procedures.

## 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).

## Information or Complaint Receiving

The Bank has established a 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:

### 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 : +662-8888888 Press 1 Thai /Press 2 English/

(Personal) Press 877 Japanese/ Press 878 Mandarin/  
Press 879 Burmese

K-BIZ Contact Center : +662-8888822 Press 1 Thai/ Press 2 English/

(Business) Press 3 Mandarin/ Press 4 Japanese

### Complaint Hotline

Personal : +662-8888888 Press 9

Business : +662-8888822 Press 9

### Board of Directors

Address : Corporate Secretary

1 Soi Rat Burana 27/1, Rat Burana Road,  
Rat Burana Sub-District,  
Rat Burana District, Bangkok 10140

### 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

### Internal Audit Department,

#### Compliance and Audit Division

e-mail : InternalAudit@kasikornbank.com

Address : Internal Audit Head

Muang Thai-Phatra Complex 1,  
31<sup>st</sup> Floor, 252/40-41,  
Ratchadaphisek Road,  
Huai Khwang Sub-District,  
Huai Khwang District,  
Bangkok 10320



## Risk Management

Sustainability Long-Term Target 2020	Monthly 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 2017	Adequate Tier 1 Capital Ratio*, as required under the Basel III, and sufficient to support business growth
Performance 2017	Tier 1 Capital Ratio* at 15.66% (Minimum regulatory Tier 1 Capital Ratio at 7.25%)

\*KASIKORNBANK Financial Conglomerate

Sustainability Long-Term Target 2020	100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure
Target 2017	100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure
Performance 2017	100% of Project Finance requests were processed through the Environmental, Social and Governance (ESG) assessment procedure

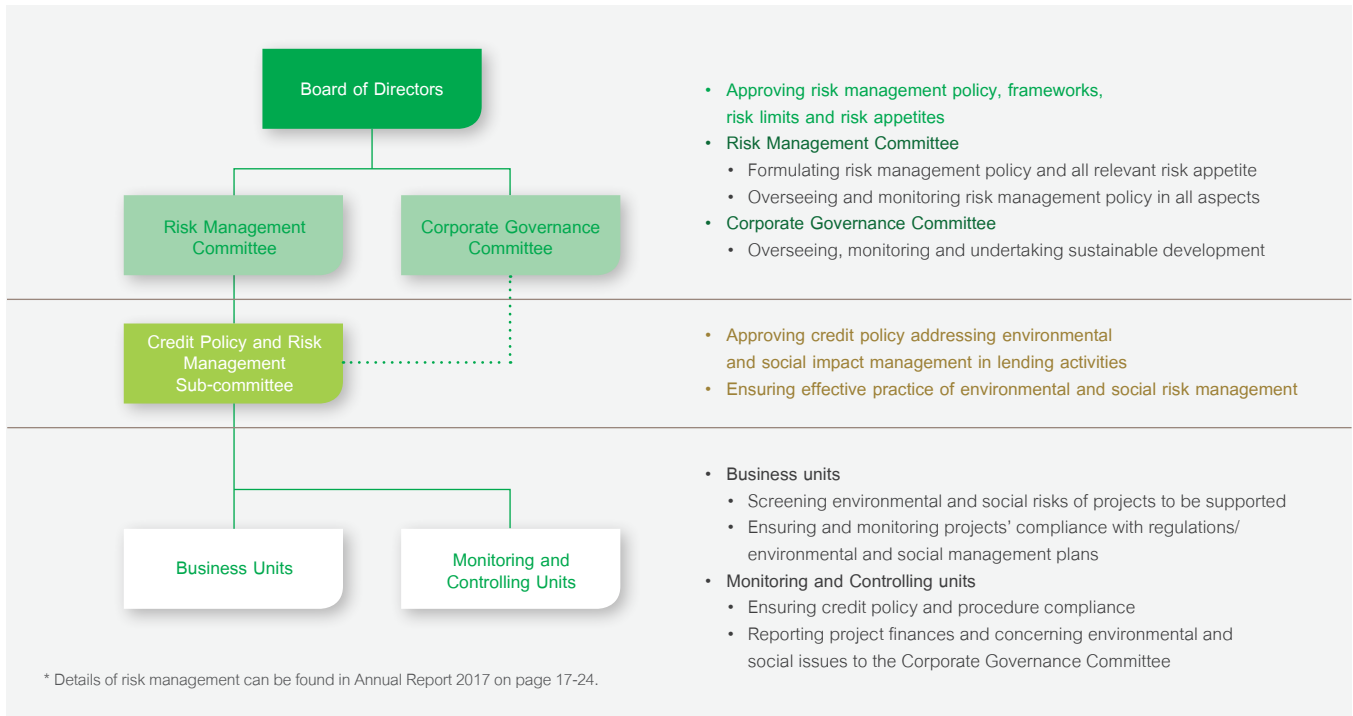


## Management Approach

Banking business can play a vital role in promoting or resisting projects with potential environmental and social impacts. Correct understanding in environmental and social impact management is therefore crucial for credit underwriting, with a balance to be maintained between credit requests and consideration of environmental and social impacts on stakeholders. KBank has mapped out risk management strategies and policies for the entire financial conglomerate in conformity with international guidelines and principles. We have integrated environmental, social and governance (ESG) factors into consideration of credits, products and financial services, as well as investment, to prevent risks that may adversely affect KBank's image and operations, and to enhance stable business advancement and sustainable returns for all stakeholders in the long term.

KBank has established credit policies and operations that manifest ESG responsibility, with an operational structure divided into management and transaction levels. The Credit Policy and Risk Management Department of 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.

## 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.

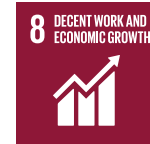




## Customer Centricity

Sustainability Long-Term Target 2020	Excellent Service (Measured by customer satisfaction score)
Target 2017	91% branch customer satisfaction
Performance 2017	90% branch customer satisfaction* (Top Percentile of World all Industry 2015-2017)

\*Expand criteria for higher service standards



## Management Approach

Rapid changes in the global landscape and technological advancement are shaping our customers' lifestyles and their use of financial services has become more diverse and complex. Customers expect simple, convenient and fast services that they depend on at any place and any time, with maximum security and extensive features. They are hoping for 'Personalized Offerings at the Individual Level' in services. More and more customers are turning to digital banking services, though physical branches and other sales channels maintain their importance even amid the shift to digital banking, when they want to seek advice on financial planning, especially in relation to complex financial services.

With our adherence to "Customer Centricity", KBank aspires to maintain our excellence in service standards to all customers and via all service channels, while also being able to remain current with technological advancements and to satisfy customer expectations in all matters of their lives. We are committed to sound risk management with regard to changes in technologies and demographic structure, as well as newly evolving consumer behaviors. Through the implementation of our strategies, we have been capable to respond to customers' desires and expectations. We have analyzed the needs of customers and other stakeholders, and the results have been used to develop new innovations in products and processes, founded on good corporate governance and appropriate risk management. We are determined to offer "Beyond Banking" services to thus earn the "Embedded Trust" of our customers, wherein we strive to be responsive to "Everyone, Everyday, Every Way and Everywhere" to achieve sustainable value creation for the organization in the long term.

## Financial Products and Services

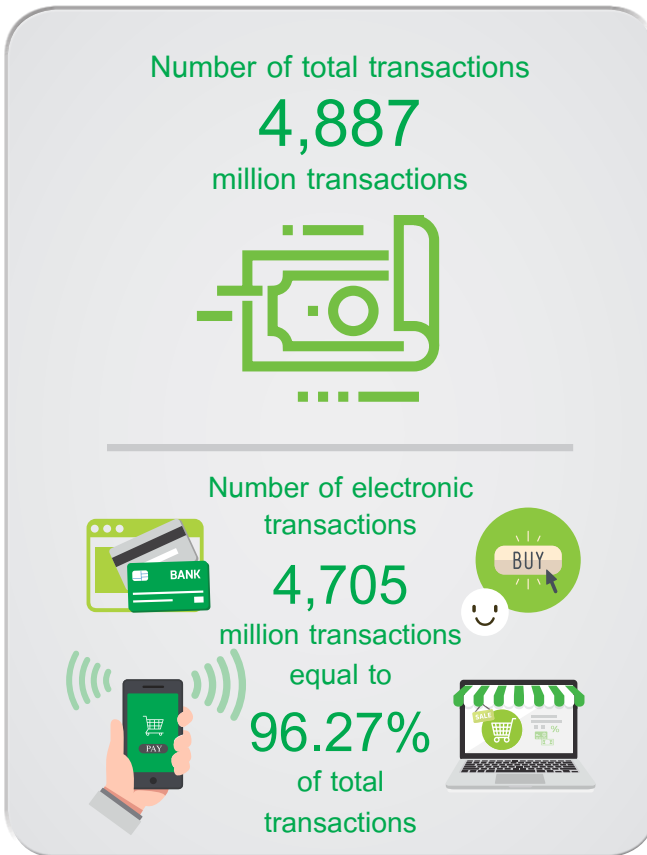
With an aim to support sustainable development of Thailand's economic and financial systems, KBank has prioritized the promotion of equal and complete access to financial products and services among the general public, which will help upgrade their quality of life and facilitate the transition into a digital economy. KBank has thus developed financial products and services to serve all customer segments. The targets and achievements are as follows:

### Products and Services for Retail Customers

In alignment with the Bank of Thailand's "Cashless Society" promotion strategy and amid consumers' digital lifestyles via a variety of devices, KBank has unceasingly developed our digital banking services, which offer the customers greater access to financial products and services, anywhere-anytime. Our digital banking services for the retail customers include the following:

#### K PLUS Mobile Application

Mobile banking services of KBank have been developed continually to allow customers to conduct financial transactions on their own anywhere, anytime. In 2016, the K-Mobile Banking PLUS was introduced and received overwhelming responses; this application was renamed K PLUS in 2017 to become easier to remember. Using K PLUS, customers do not need to go to branches for their transactions, which is very convenient especially for those in remote areas. Secured by IT security standards based on the ISO 27001:2013, various services are available, for example, funds transfer, mobile top-up,



bill payment, debit card issuance and delivery to home address, 12-month account statements, changes in withdrawal/funds transfer/payment limits, debit card suspension, mutual funds subscription-redemption, purchase of travel insurance, application for personal loans, activation of credit and cash cards, and inquiry of credit card spending amount and accumulated points.

**New Features of K PLUS**

- QR Code payments via K PLUS, for more convenient payments at merchants
- Opening of fund and savings deposit accounts in response to customers' real-time needs, bolstering KBank's competitiveness

**Operating Performance**

**Digital Banking\***

- Number of transactions: 3,742 million (rising 71 percent YoY)
- Transaction value: 8.1 trillion Baht (rising 33 percent YoY)

**K PLUS**

- Number of users: 7.3 million (rising 59 percent YoY)
- Target of users: 8 million
- Number of transactions: 3,052 million (rising 85 percent YoY)
- Transaction value: 6.3 trillion Baht (rising 46 percent YoY)

**K PLUS SHOP**

In support of the government policy to promote a “Cashless Society” and reduce the overall cash management cost, KBank has developed the K PLUS SHOP mobile application – the first application for merchants in Thailand that accommodates QR code payment. This service, offering convenience for merchants and customers, has reemphasized KBank potential as the leader of mobile banking business. At the testing stage, service was provided at Siam Square, Chatuchak Weekend Market and The Platinum Fashion Mall in Pratunam, and at the end of 2017 nationwide service was realized in tune with consumers' preference of mobile banking transactions.



KBank launched K PLUS SHOP for merchants to accept payment with a QR code – the only mobile application in Thailand that accepts QR code payments from any bank's mobile banking application, as well as Alipay and WeChat Pay.

\* Digital Banking included K PLUS, K-CYBER and K-Speed Top Up

### Operating Performance

- Number of participating merchants: 590,000
- Transactions volume: 1.02 million
- Transactions value: Baht 562 million

### QR Code Payment

QR code payment was launched to add more payment acceptance channels for merchants and expand the customer base. Payments can 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. Aside from facilitating Chinese visitors, the service offers enhanced trade opportunities to merchants.

### Operating Performance

- Alipay  
Transaction volume: 1.56 million transactions  
Transaction value: Baht 5,900 million
- WeChat Pay  
Transaction volume: 0.14 million transactions  
Transaction value: Baht 320 million

### K-Speed Top Up

K-Speed Top Up is designed to respond to the needs of customers using pre-paid mobile phones of any model and service networks seeking convenience in mobile top-up. The service debits the user's deposit account, allowing for easy, fast and convenient top-up with no need to download an application.

### K-CYBER

K-CYBER consolidates customers' financial management into a single site. KBank has developed financial services available on its website along with introducing a new security system for confirming important transactions with QR-OTP (One-Time Password) to increase confidence for customers when conducting transactions.

### PromptPay for Individual Customers

To ensure broader access to financial services among the general public, KBank has worked with the government to implement the National e-Payment Master Plan through:

- Opening of registration for PromptPay service at KBank branches, K-ATM and via K PLUS app and K-CYBER.
- Marketing 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 relevant information accurately and completely.

### Operating Performance

- There were more than 5.8 million PromptPay registered numbers, 53% of which were registered by K PLUS mobile number
- Around 400,000 funds transfer transactions were made daily via PromptPay (average growth of 30 percent per month on a continual basis).

### KBank-JCB Credit Card

KBank in collaboration with JCB – our business partner with a global network – developed KBank-JCB Credit Card to satisfy the needs of Japan lovers with multiple privileges in dining, shopping and travelling categories plus reward points earned from installment payment for air tickets, the use of airport lounge

Pioneer in mobile payments with  
**K PLUS SHOP**  
– Thailand's first  
application for merchants  
to accommodate QR code  
or barcode scanning for Alipay  
and WeChat Pay e-wallets



service, special rate of foreign exchange and discounts at restaurants and shopping venues in Japan and Thailand.

#### Operating Performance

- New cards issued 27,000 cards  
Expenditure Baht 144 million

#### PTT Blue Credit Card

KBank, in partnership with PTT PLC, launched the first credit card that offers complete privileges responding to the needs of the new generation with an array of privileges in dining, travelling and shopping categories. For any expenditure, PTT Blue credit cardholders earn both PTT Blue Points and KBank Reward Points.

#### Operating Performance

- New cards issued 5,650 cards  
Expenditure Baht 90.9 million

### Products and Services for Corporate Customers

Corporate customers play a pivotal role in the development of the Thai economic system. KBank has thus focused on creating an ecosystem facilitating our corporate customers to have better access to financial services and conduct business more conveniently with greater flexibility. Among the initiatives are:

#### K PLUS SME

To enable SME customers to gain better access to data with more convenient and faster business management, KBank developed a mobile banking application exclusively for SMEs which can be used with individual account, joint account and corporate account for making funds transfer and bill payment. Up to 25 accounts can be added to the service. Customers can manage their finance and business professionally including checking status of cheques (both cheque deposit and payment), cheque alert in case of a problem, and loan reports for all types of loans including overdraft (O/D), promissory note (P/N), long-term loans or letter of guarantee as well as inquiry of account statements covering the past 12 months in real time. K PLUS SME can simplify our customers' businesses.

#### Operating Performance

- Since the official launch in May 2017, more than 40,000 users have signed up for K PLUS SME.

#### K-CYBER FOR SME

K-CYBER FOR SME features financial services available on KBank's website for SME customers, including medium, small and micro enterprises, either individual or corporate clients, who wish to make funds transfer, top-up and bill payments. With the highest security of QR Scan OTP, the service allows users to check incoming/outgoing funds transfer 24 hours a day, making transactions at branches a thing of the past, thus saving both time and traveling expenses.

#### Operating Performance

- The number of K-CYBER FOR SME users rose 70 percent over 2016.

#### K Electronic Letter of Guarantee for Electronic Government Procurement: K e-LG for e-GP

K Electronic Letter of Guarantee for Electronic Government Procurement: K e-LG for e-GP guarantees compliance with contract or obligation, wherein customers who have LG line of credit may apply for and use Electronic Letter of Guarantee service via the Comptroller General's Department's electronic system.

#### Customer Document Delivery

Customer Document Delivery allows faster delivery of documents to customers via electronic channels. Documents delivered via this service include account statements, debit advice and receipts of various products such as savings deposit, current account deposit, overdraft loan, commercial loans, promissory notes and letter of guarantee.

#### PromptPay Business

In collaboration with the Bank of Thailand, the Ministry of Finance and the Thai Bankers' Association, KBank has pushed for the Business PromptPay scheme, as part of the National e-Payment Master Plan implemented early 2017 which aims to drive the country towards "Thailand 4.0". Among the initiatives were:

- Registration for Corporate PromptPay: Companies may register for the service with KBank to ensure reduced cost and enhanced convenience when making funds transfer.
- Funds transfer via Corporate PromptPay: Corporate customers may make funds transfer to their trade partners via K-CYBER FOR SME and K PLUS SME; they may submit PromptPay instruction in the form of Bulk PromptPay Transfer file.



### Cross Bank Bill Payment

Introduced in late 2017, Cross Bank Bill Payment aims to provide greater convenience for operators in accepting bill payment from any bank. The service allows payer to conduct bill payment transactions at any bank without the need to open an account or apply for bill payment service with relevant bank.

### Advisory and Business Support Service

Recognizing the importance of enhancing competitiveness for sustainable growth of our customers, KBank has provided them with advisory service, such as tax management, accounting system, strategic marketing plan and business matchmaking via our partner bank networks both in Thailand and abroad, thus broadening opportunity for business expansion. We also work with our business partners to recommend appropriate tools for customers, for increased business management efficiency.

### International Trade Products and Services

In adherence to our strategy of expanding business and service networks in other countries to accommodate the ASEAN Economic Community (AEC), KBank aspires to be the Bank of AEC+3 which provides comprehensive services to our customers in AEC countries, including China, Japan and South Korea for greater convenience in conducting financial transactions with Thailand at lower costs. The move will help promote Thailand as a top choice when it comes to financial services. KBank now has international service networks covering 17 locations in the AEC+3 region and other countries, totaling 9 countries. They include two locally incorporated institutions, one located in the People's Republic of China with its headquarters in Shenzhen, and another in Lao PDR with its head office in Vientiane; 7 foreign branches including the Shanghai Branch, Chengdu Branch, Hong Kong Branch, Longgang Sub-Branch, Phnom Penh Branch, Ban Ponesinuan Branch and Cayman Islands Branch; and 8 representative offices in Beijing, Kunming, Yangon, Hanoi, Ho Chi Minh City, Jakarta, Tokyo and Los Angeles.

### Operating Performance

#### Establishment of KASIKORNBANK (China) Co., Ltd. - a locally incorporated institution

KBank is the only one bank in the AEC that has been granted a license to operate a locally incorporated institution (LII) in Guangdong Province under the name of 'Kai Tai Yin Hang (Zhong Guo)', or KASIKORNBANK (China) Co., Ltd., by the China Banking Regulatory Commission (CBRC), with its headquarters in Shenzhen, Guangdong Province, and a service network comprising the Shenzhen Branch (Longgang Sub-Branch) Chengdu Branch, Shanghai Branch, Hong Kong Branch, Beijing Representative Office and Kunming Representative Office. The LII license allows KBank to offer more comprehensive services to corporate business, expand branches or upgrade representative offices to branches more rapidly, and extend services to retail customers in the future. This is thus a major step of KBank's business expansion into the huge China market, which has shown remarkable growth and high purchasing power. Under China's development plan, there will likely be promising business opportunities for KBank's corporate and retail business, e.g., a national policy to create greater prosperity for the Chinese population and the "One Belt, One Road" policy which may be expanded into ASEAN countries, thus strengthening regional economic connectivity, with KBank as the Bank of AEC+3 (China, Japan and South Korea).

Shenzhen, a city known as the "Asian Silicon Valley", is home not only to KBank (China) headquarters, but also many fintech "unicorns". KBank is therefore well-placed to cooperate with the development of innovations, and will join hands with technology and/or fintech companies to develop even better digital banking platforms to link KBank (China) services with those of KBank in Thailand and other ASEAN nations. With this goal, KBank will rise to become an AEC+3 settlement hub.

### Global Inward

Global inward has been designed to accommodate our corporate customers in accepting international funds transfer. KBank has developed a system to accommodate inward remittance, allowing us to receive a funds transfer instruction from a fintech company providing funds transfer service in another country to distribute directly to each recipient in the full amount. Previously, recipients received the transferred amount less fees, of which the rates vary per the agreement entered into with intermediary companies or correspondent banks.



**KBank is the first Thai bank to offer funds transfer in all currencies in AEC+3 region.**

### Regional Settlement Bank

The Exotic Currency Settlement Initiative has been introduced in AEC+3 countries to facilitate our corporate clients in making multi-currency funds transfers at reduced operating cost. KBank is the first Thai bank to offer funds transfer in all currencies, allowing those having trade deals with countries within the region to avoid the step of conducting foreign exchange, thus cutting relevant transaction costs while increasing opportunities to find business partners. Since the launch of this service in 1Q17, more than Baht 50,531million has been transferred. KBank has been preparing to link payment services within our regional bank networks, a prelude to making KBank the regional center for exotic currency settlement.

### Establishment of Mukdahan Border Trade Business Center

After the opening of the Thailand-Myanmar Border Trade Center in Tak province in 2016, KBank launched the Mukdahan Border Trade Business Center to facilitate frontier trade along the Thai-Lao border while providing greater convenience for business operators located in Mukdahan and other nearby provinces seeking to conduct financial transactions. Major KBank services are international funds transfer and border trade advisory services.

### Operating Performance

- International funds transfer amount Baht 3,762 million

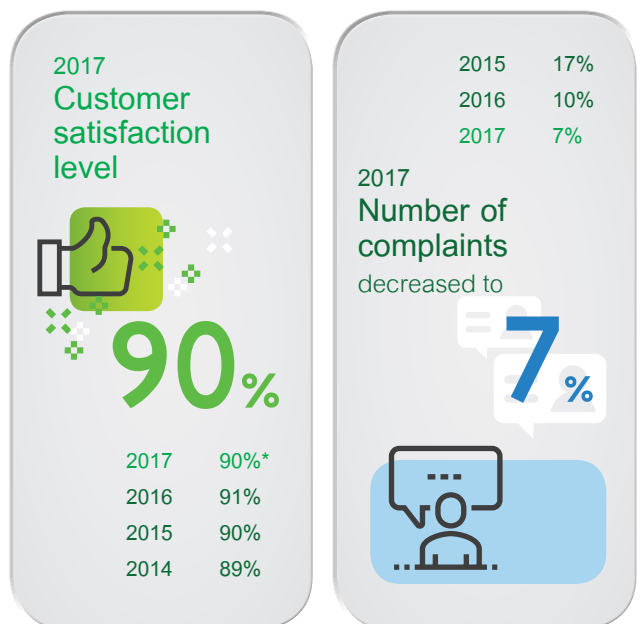
### Holding Shares in Bank Maspion Indonesia

To reinforce our strategy of becoming the Bank of AEC+3, KBank took a 9.99-percent stake in Bank Maspion, Indonesia, with the aim of jointly developing international trade and investment services, services for SME customers and digital banking services, as well as synergizing one another's service potential. With a service network of 49 Bank Maspion branches in major Indonesian cities, we are certain that the move will help us provide services to corporate customers in Indonesia and Indonesian clients doing business in Thailand with the highest efficiency.

### Customer Relationship Management

KBank adheres to an effective complaint management system, with focus on rapid problem-solving, responsiveness to customers' requirements and systemic mechanism to deal with unresolved issues. In 2017, KBank achieved 90 percent customer satisfaction and reducing the number of complaints by 7 percent from 2016.

KBank conducts customer surveys via multiple channels, including the K-Contact Center and social media in order to gather information on actual after-sales service experience for in-depth analyses leading to service quality improvement. The Customer Experience Management Working Group (CXM) is responsible for creating impressive customer experiences that motivate customers to recommend KBank services to others.



\* Expand criteria for higher service standards.



## Responsible Lending

Sustainability Long-Term Target 2020	100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure
Target 2017	100% of Project Finance requests must be processed through the Environmental, Social and Governance (ESG) assessment procedure
Performance 2017	100% of Project Finance requests were processed through the Environmental, Social and Governance (ESG) assessment procedure



## Management Approach

Stakeholders are now expecting social responsibility concerns to play a greater role in the Bank's lending practices. We are cognizant of our role in promoting financial literacy and discipline among the general public and business operators when accessing funds, including appropriate planning for the use of loan and debt repayment discipline. Knowledge, planning and discipline can reduce dependence on informal lenders who often charge exorbitantly high interest and utilize abusive collection procedures. KBank also partners with the government in a number of stimulus programs providing loans to businesses

whose growth is an essential component of the national economic engine. Although programs may reduce our interest margins, they should be conducive to growth for both KBank and the society over the long term. Socially responsible lending includes underwriting that takes into account impacts on the environment, society and governance (ESG), ensuring that no lending project promotes or supports business operations which are contradictory to ethical standards or in violation of human rights principles. Such lending practices should help to build up resilient ecosystems for sustainable social and national development. Examples of social responsible lending considerations:

## Controversial Lending

- As a good corporate citizen, KBank recognizes the importance rights concerns, e.g., illegal/ forced labor of women and children and human trafficking
- The Bank's lending policy aims to prevent financial support to borrowers suspected of being involved in such illegal activities

**HUMAN RIGHTS**

- KBank ensures that our credit customers take good care of their employees and follow applicable Good Labor Practices (GLP), especially in labor-intensive industries
- Example of labor-intensive industries include fishery, seafood processing, poultry farming, clothing, toy, footwear, employment agent, construction, tanning, and furniture

**LABOR PRACTICES**

Note: More details of the underwriting process based on environmental, social and governance (ESG) risk may be found in the "Risk Management" section.

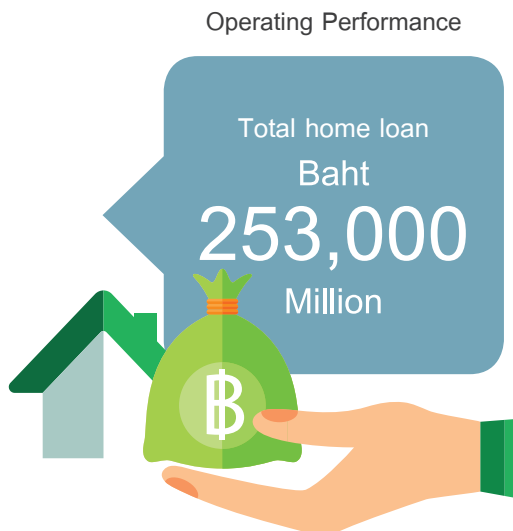
KBank has continually developed loan products and service channels as follows.

### Loan Products and Services for Retail Business Customers

To help our Retail Business customers reduce their interest payment burden, bolster liquidity and manage their finances in an appropriate manner amid the fragile economic recovery, KBank has introduced various loan products and services for them, as follows:

#### K-Home Loan

KBank has developed innovations to align home loan services with customer needs in the digital era. In so doing, our [www.askkbank.com/khomesmilesclub](http://www.askkbank.com/khomesmilesclub) has been improved to provide complete information on homes. This website now features a search engine to find residential project locations nationwide and details on K-Home Loan. Our customers can preliminarily check their credit limit to be approved by KBank via K-Home Loan Online. Other information available on the website includes contact channels of our business partners, such as stores offering home services and products. Once their loans have been approved, our customers will then be given K Home Smiles Club credit cards to enjoy various privileges and activities, plus special conditions when shopping at leading stores. K-Home Loan Delivery, which offers home loan advisory services sent to customers' homes, is available every day.



#### K-Express Cash

This product has been designed to ease the interest burden for our customers based on their needs. If they are short of cash during a one-month period, KBank offers a zero-percent interest rate for a period of 30 days. Customers who have applied for Auto Payment are entitled to this privilege. However, those who do not apply for Auto Payment receive a 50 percent discount on normal interest rates charged, also for a period of 30 days. Designed to help cut funding costs for our customers facing economic difficulties, the loan program not only controls mounting household debt with special interest rates offered for a short period of time, but also expands our customer base.



#### K-Personal Loan

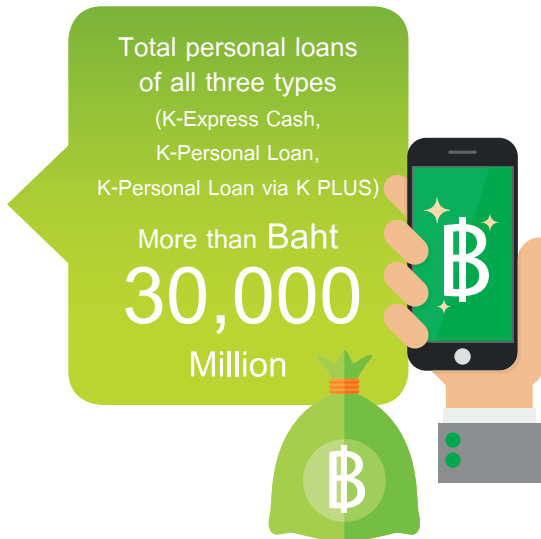
This unsecured loan is designed for retail customers in need of funding for conducting transactions as planned. With a fixed repayment plan in terms of the monthly repayment amount and loan term, customers are able to set their financial plan easily. A low interest rate of only 2.34 Baht/day for every Baht 10,000 borrowed is offered, representing only 16 percent per annum.



### K-Personal Loan via K PLUS

This personal loan can be applied for via K PLUS, with credit line approved immediately. The target customers are KBank Payroll clients who are less likely to default on payment, who also use the K PLUS service. The financing serves as an emergency reserve, adding opportunity for our customers to access funding sources and facilitating personal finance management in times of economic slowdown. The loan has received overwhelming response from customers.

#### Operating Performance



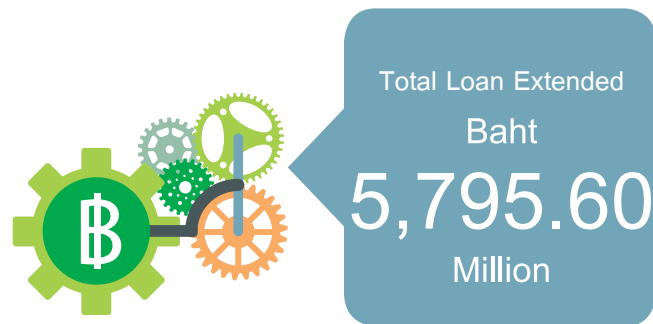
### Loan Products and Services for SME Business Customers

To ensure that our SME Business customers have sufficient liquidity for business operations, easier access to funding sources and enhanced competitiveness that will enable them to grow healthily, being a driver for the advancement of the Thai economy, KBank provided support to these clients through the following loan products this year.

### Soft Loan Program for SMEs to Replace Machinery and Increase Production Efficiency, worth Baht 30 Billion

This is a soft loan program for SMEs to enhance production efficiency through purchases of new machinery, equipment, tools, and computer programs. Moreover, they can obtain this loan to build permanent facilities to house new machinery, expand, alter, or improve assets related to their businesses. Aside from spurring domestic investment and steering the economy towards sustainable growth, the program is intended to provide SMEs with greater access to soft loans for business operation improvements. The program offers Baht 30 billion worth of credit line in soft loans.

#### Operating Performance



### Good Innovation, Zero-Interest Project

This loan program was jointly launched by KBank and the National Innovation Agency (NIA) to support innovative products and services. The National Innovation Agency (NIA) provides loan-interest support over a specified period for innovations from the commencement of commercial operations to full-scale production. KBank will consider applications for credit lines on innovations that have been certified as advancements by the NIA.

#### Operating Performance



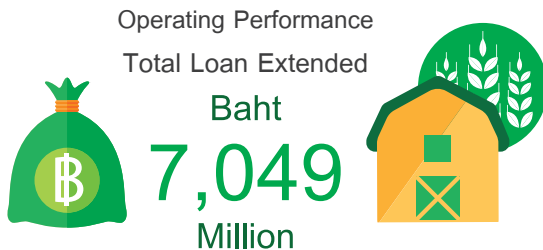
### Interest Compensation Program for Rice Traders in Maintaining Rice Stocks during 2016-2017 Crop Season

A program to compensate interest incurred from maintaining rice stocks for rice traders during the 2016-2017 crop season, aimed at absorbing paddy supplies to stabilize prices.



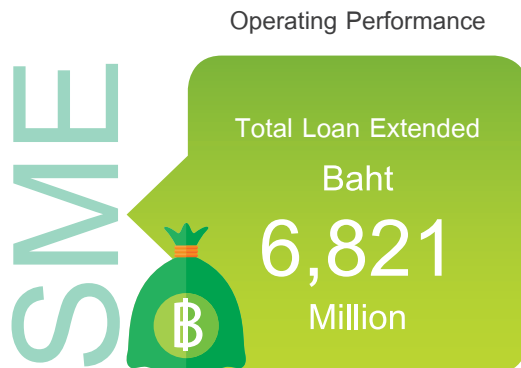
### Interest Compensation Program for Rice Traders in Maintaining Off-Season Rice Stocks during 2017

A program to compensate interest incurred from maintaining off-season rice stocks for rice traders during 2017, aimed at absorbing paddy supplies to stabilize prices.



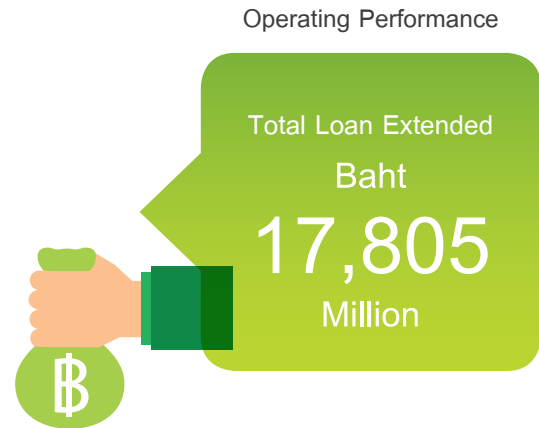
### Portfolio Guarantee Scheme

This loan program, jointly initiated by KBank and the government, aims to ease our customers' burden by waiving the fee for four years, while they are also entitled to a six-month grace period for principal repayment, thus reducing their financial cost and increasing their opportunities with potential to access funding.



### Supply Chain Financing

The working capital for both buyers and sellers enables our customers to conduct business with large suppliers, focusing on major industries including consumption, services, infrastructure, energy and transportation.



### Loan for Operators in Tourist Destinations and Potential Commercial Areas

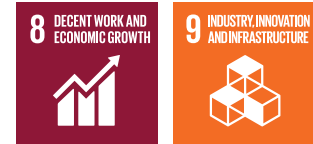
This financing catered for operators in tourist destinations including Chiang Mai, Ko Samui, Surat Thani, Phuket and Pattaya, as well as commercial areas with potential such as Chatuchak Weekend Market, Pratunam, The Platinum Fashion Mall and Siam Square. The loan, with a six-month grace period, is available for customers seeking to expand their business to cash in on the growing economy.





## Digital Transformation

Sustainability Long-Term Target 2020	No.1 Digital Banking Perception
Target 2017	No.1 Digital Banking Perception
Performance 2017	No.1 Digital Banking Perception



### Management Approach

The rapid technological advancement continues and big data analysis is becoming an indispensable element in making business decisions, sparking major transformations in business models and the competitive arena. This is especially so in the financial and banking industry, making adaptability and innovation critical to sustainable success.

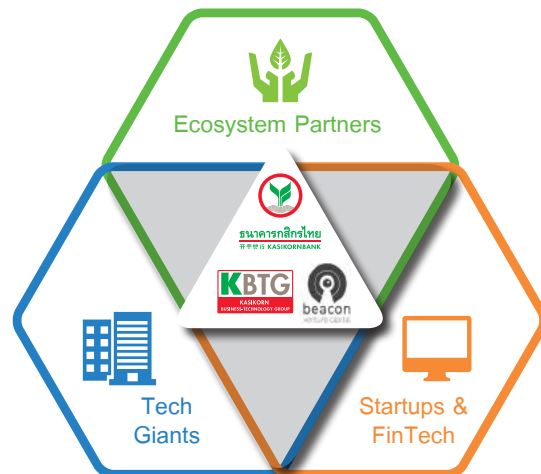
The Bank of Thailand has implemented the Financial Master Plan Phase III (2016-2020), aimed at steering Thailand towards becoming a cashless society and the Thai Bankers' Association's five-year digitization strategy is promoting electronic financial services and settlements in order to boost the efficiency of financial services systems through digitization, reduce cash management costs, and offer greater convenience and access to financial services. KBank has introduced products and pursued activities consistent with the National e-Payment Master Plan such as PromptPay, standardized QR Code payments, expanding the number of merchants accepting Electronic Data Capture (EDC) payments, replacement of magnetic ATM and debit cards with more secure chip-embedded cards, implemented blockchain and biometric technology for identification authentication, and financial innovation. Guided by our Customer Centricity strategy, we apply technology to the development of innovative financial products and services meeting and exceeding customer daily needs as fully, rapidly and securely as possible along with delivering unsurpassed service experience and customer satisfaction.

### Digital Transformation Operations

Managing technological infrastructure and digital development along with cultivating business partnerships within the financial ecosystem in such a way as to maintain our leadership with operational effectiveness and efficiency is a challenge. In the fast-changing world of technology, an appropriate balance between innovation and security must continually be sought in order to meet and exceed customer needs and deliver the most satisfying possible experience through comprehensive, secure and fast services. KBank's approach to developing business models for the best customer experience has two broad thrusts:

#### 1. Short-term business solutions

Strategies for achieving immediate results while responding to technology-induced changes in the market, consumer behavior, laws and regulations, and challenges from new forms of competition in the financial arena, KBank has implemented three major strategies, i.e.,



Real Digital Partnership

- Establish partnership with startups and other business partners, e.g., IT service providers
- Create data-driven business models
- Effectively respond to customers and introduce to them digital lifestyles; e.g., K PLUS and K-CYBER which enable them to carry out financial transactions conveniently anywhere, anytime.

## 2. Long-term organizational reform

In order to lay a strong business foundation and enhance long-term competitiveness, KBank has established long-term business directions covering resource management and the development of potential operations for necessary business undertakings in the future.

### Operating Performance

Pursuing our Customer Centricity strategy, KASIKORN BUSINESS -TECHNOLOGY GROUP (KBTG) conducted studies throughout 2017 into the utilization of emerging information technologies in the development of a single platform meeting all customer needs, the Customers' Life Platform of Choice. Striving to make KBank services a more integral part of the daily life of customers, KBank carefully analyzes consumer behavior to gain advanced insights into real needs so as to introduce the most satisfying products and services for every customer, thus maintaining competitiveness and holding our leadership position in digital banking services amid fast-changing consumer behavior and challenges in this highly competitive, technology-driven environment. Among key initiatives included:

**K PLUS Platform:** KBank's mobile banking platform comprises the following services:

1. **K PLUS – KBank mobile banking app**
  - The K PLUS SHOP application function was added to K PLUS for confirming the applicant's identity, while QR code payment was also made available on K PLUS.
  - Goods were offered via Life PLUS on a trial basis within KBank, allowing employees to place orders with a delivery service.
2. **K PLUS SME – KBank mobile banking app for SMEs**

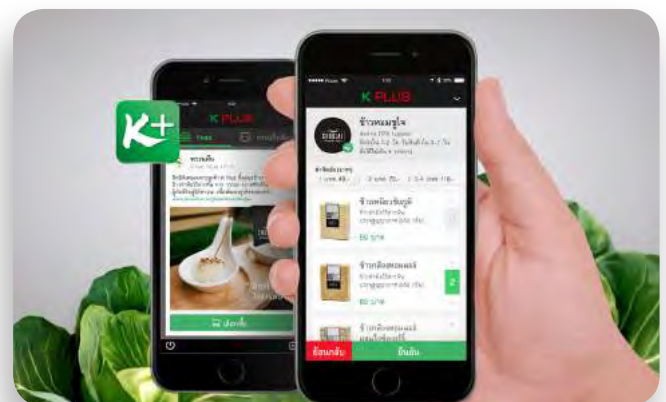
Functions were added to K PLUS SME, including bill payment and statement request for both savings and current accounts.

### 3. K PLUS SHOP – KBank mobile banking app for merchants

- The app accommodates payment with QR code via any mobile banking app, and serves as an e-wallet. The service provides greater convenience for both merchants and customers while also enhancing sales management efficiency for retailers. At the end of 2017, cashless payment function via K PLUS was developed to better meet the needs of both shops and customers, who can use the service on a single app, by scanning the QR code of a K PLUS merchant when making bill payments.

**Pruanfun:** A menu option on K PLUS featuring an online market that sells a wide selection of products

- Financial technology was developed to create opportunities for sellers to offer their products to a large number of potential buyers with enhanced efficiency at moderate costs via a mobile platform accessible to customers at all times. Customers can place an order, and goods will be sent to the given address. Pruanfun is thus a venue where sellers can directly meet buyers. In the initial stage, the machine commerce platform was put to a test where staff members were allowed to sell their products such as flowers during the Valentine's festival, farm goods and moon cakes, in order to check system preparedness before the official launch.
- At the end of 2017, a book titled "Light of the Land", featuring the story of late His Majesty King Bhumibol Adulyadej, was offered to general customers on this K PLUS menu option – the first time that customers used this machine commerce platform.



### K PLUS Beacon: Application for the Visually Impaired

KBank and Beacon Interface Co., Ltd. – a fintech startup which is a joint venture set up by KBank – worked together to develop the K PLUS Beacon application, which is a mobile banking app that began as an international fintech contest entry that won two world-class awards. Based on a disruptive technology, the first-of-its-kind app enables visually-impaired persons to conduct mobile transactions. This initiative, which is a synergy of K PLUS – a KBank mobile banking app for conducting financial transactions, and Beacon Interface – a fintech startup, provides ease of use for the visually impaired, together with the highest security. K PLUS Beacon was tested at the end of 2017 with four groups of 300 volunteers, i.e., those with total vision loss, those with low visual acuity, senior citizens, and others in the general populace. The volunteers taking part in the trial service will have the opportunity to express their opinions and give recommendations after using the prototype application. Their input will be valuable to KBank towards further development of K PLUS Beacon to best serve the visually impaired. The application's official launch is scheduled in 2018.

### Study and Development of an Application Programming Interface (API) Manager system

We are in the process of compiling data and mapping out strategies in response to the requirements of fintech, with prominence given to data suitability and security so as to link API to the KBank platform, aside from the linkage of API to Flow Account on K PLUS SME. The collaborative effort aims to best respond to the demands of our customers in using the system.

### Study of Machine Learning Techniques for KBank Businesses

We have applied machine learning technology in customer behavior analyses so as to develop products and services that are best suited to their needs. Staff members participated in product trials, and the results were analyzed to shed light on their behaviors and lifestyles to determine formats and guidelines for the introduction of products and services to customers with similar behaviors.



### Development of Blockchain Technology

We have conducted studies on blockchain technology, which has been developed and applied to financial business to be better aligned with business needs. The Hyperledger blockchain platform was applied to the prototype of letters of guarantee issuance for our Multi-Corporate Business customers and certain state enterprises to ensure accuracy and standards for their enhanced work efficiency, streamlined process, time saving and reduced paper consumption.

### Study and Development of Electronic Know Your Customer (e-KYC)

KBank, the Electronic Transactions Development Agency and other commercial banks have together established a working group to design formats for sharing data among banks via a Digital Identity Platform as a common standard for electronic transactions for all banks. We have employed biometrics, which is biotechnology used in healthcare service and computer science, for customer identification through fingerprint authentication and national ID card verification based on the database of the Department of Provincial Administration (DOPA), Ministry of Interior, to ensure the cards' validity and verify the identity of the information owner. We launched a system for identity verification of those registering for K+ Wallet with the use of national ID card information. We additionally collaborated with Samsung (Thailand) Co., Ltd. to create a prototype for an authentication feature which will allow financial transactions based on voice, face and fingerprint recognition.





## Customer Data Security and Privacy

### Sustainability Target

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



### Management Approach

Customer data security and privacy are key in establishing confidence and trust in services provided by financial institutions, as well as in the financial and banking system at the national and global level. With growth in the data-driven enterprise where databases are analyzed for business decision-making, technological advancement may bring about both competitive advantages and risks such as data breaches, cyber attacks and data fraud. These substantial risks bear wide-ranging potential consequences, including financial loss, together with a tainted public image, thus affecting customer trust, business relations, as well as laws and operational procedures.

KBank thus prioritizes more control and balance of data prior to intake. An effective system for integrated risk analyses is in use, while guidelines for prevention, monitoring and detection of cyber threats are also in place, including methods for coping with such threats as well as remedial measures for any potential incident, to create stability in our IT financial system and Thailand's future financial landscape.

### IT Management Structure and Data Security

As the Board of Directors prioritizes data security and customer privacy, it has assigned the Risk Management Committee to supervise overall IT risk management and cyber risks of KBank. In 2017, KBank set up the Digital Oriented Risk, Data and Cyber Security and IT Risk Management (DCSC), which is responsible for management of digital risk, data security and overall IT risk management, including identification of risks and risk analyses, monitoring and investigating of risks for regular review, 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 Management Committee every quarter. 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.

Mr. Somkid Jiranuntarat, as Chief Information Officer (CIO) and Chief Security Officer (CSO), is responsible for IT management and IT system and data security, and reports IT risk to the Risk Management Committee on a quarterly basis. In addition, the IT Risk & Security Assurance Department has been set up to supervise IT and cyber system security per KBank security policy to ensure that various systems and measures have appropriately been employed to readily cope with cyber threats.

## IT and IT Data Security Policies

In 2017, KBank reviewed its set of IT system policies and related operational procedures, and enacted additional related policies to efficiently establish and supervise IT and IT data security management guidelines. A number of policies have also been implemented to prevent threats and security risks that may occur from internal and external factors, aimed at reducing damage that may occur from security breaches, and ensuring business continuity. They include:

1. A set of IT and information security policies which comprise major policies including confidentiality classification and data management and standards, IT system access, IT system application security, and security violation management.
2. A set of IT risk management policies
3. Customer data protection policy which is aimed at protecting customer data and serves as guidelines for customer data management in terms of access to data, data disclosure and data security. KBank established operational procedures related to various aspects of customer data, which staff must comply with. They are, i.e.,

- **Customer data access and use**

Operational procedures for customer data access were established. Staff were assigned roles for accessing customer data based on their duties and responsibilities; they are authorized to have access to data based solely on their assigned roles and criteria for duty performance. Staff members must keep customer data confidential and not divulge it to others. User control and checking procedures are in place to allow access to customer data via various KBank systems in accordance with established policies.

- **Customer data disclosure**

KBank established operational procedures on data or technology which is confidential or should be kept confidential. If customer data is to be disclosed, approval must be sought from the authorized person by relevant unit. Procedures for data disclosure approval or data provision to external companies or organizations have been established with an emphasis on data security control. For instance, Non-Disclosure Agreement (NDA) and an agreement for use of data by data-receiving companies must be entered into with relevant parties, while data must be submitted per standard procedures determined by KBank. Data-receiving companies must also put in place processes for data security control. All of these tasks are under the supervision of the Data Governance Sub-committee.

## IT 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, 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 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 were 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.

### Data Security System Operations

1. In 2017, KBank installed a data leakage preventive system, aimed at preventing IT data leakage, 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 a measure to prohibit the use of USB disk drives, a broad channel for large-scale data leaks.



\* Details of customer data security and privacy, please see Annual Report 2017 page 23-24

2. KBank has been awarded with ISO 27001:2013 certification for the fourth consecutive year, attesting that our information security management system is on a par with international standards. 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. KBank uses a cutting-edge security system called Triple Lock Security, approved by the Bank of Thailand (BOT) and security technology firms, to control the security of transactions via K PLUS. Triple Lock Security comprises user protection, transaction protection, and high-security customer data protection.

**Operating Performance**

- In 2017, No complaint on customer privacy\*

3. Campaigns and knowledge enhancement programs on financial fraud and cyber risk protection

1. Knowledge enhancement campaigns for employees

- “2 Musts 4 Don’ts” Program

The program aims to encourage employees to be aware of keeping important data of KBank with “2 Musts and 4 Don’ts”: Must be assigned role to have access to data as necessary; Must keep important data in a safe place accessible only by authorized persons; Don’t disseminate, forward or post important data of KBank on social networks; Don’t disclose important data of KBank to unauthorized persons; Don’t disseminate data outside KBank without permission; and Don’t take photos or record important data of KBank on screens.

- An e-learning program on data security management excellence was arranged to provide our employees basic understanding of data security protection.



\* Complaints on customer privacy refer to complaints that have passed the processes of explanation, inquiry, examination and follow-up with the customers, and have been found as KBank's error related to customer privacy violation or disclosure



- Security tips and security alert were launched via our monthly IT Newsletter, which is easily accessible, to ensure that our employees have understanding and stay ahead of cyber threats.
  - “Security Day”, under the theme “Information is Our Asset”, was held to cultivate an organizational culture of efficient data privacy protection.
  - Phishing Drills were organized by sending a phishing email to a certain group of employees to test and create their awareness in order to familiarize them in how to cope with phishing email. Phishing Drills were conducted on a regular basis.
2. Knowledge enhancement campaigns for customer
- KBank has provided knowledge of financial fraud and cyber risk protection to our customers via such channels as K-Contact Center, branches and social media. At the same time, KBank has improved infrastructure systems for cyber risk protection and adopted systematic data management. Operational procedures and measures have been implemented to continuously protect, maintain, and inspect our customer privacy, in order to prevent and stay ahead of financial frauds and cyber risks of various forms that may appear the future.

- KBank held an international trade seminar entitled “Foreign Exchange and Stay Ahead of Fraud” to disseminate knowledge of how to prevent fraud in various forms, to more than 200 importers and exporters, so that they can cope with the changing global situation and forex fluctuations while also being aware of how to prevent fraud in international trade business. Among the most common frauds are fraudulent emails sent to persuade recipients to make funds transfer, with seemingly credible information such as auditor reference or use of fake power of attorney, among others.
3. 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 through the strengthening of awareness and cooperation within the financial institution sector to cope with cyber threats. A cyber security drill arranged by TBA members and the BOT is slated to be held each year.
  - The Board of Directors and high-ranking executives of KBank attended “Cyber Resilience Leadership”, held by the BOT to exchange perspectives, experience and strategies for cyber risk management and supervision, as well as case studies on how to prevent and cope with related incidents in a timely manner. The seminar was beneficial to business operations, good corporate governance and creation of organizational culture to ensure sustainability for KBank in the digital era, where technologies play a pivotal role in the transition of the financial and banking industry.





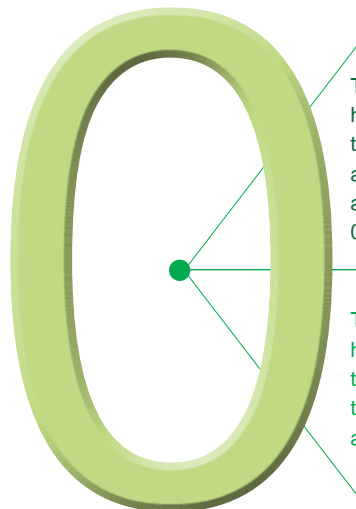
## Supply Chain Management

Sustainability Long-Term Target 2020	100% of suppliers have acknowledged the supplier code of conduct which integrated the social and environmental, labor practice and human rights.
Target 2017	100% of suppliers have acknowledged the supplier code of conduct which integrated the social and environmental, labor practice and human rights.
Performance 2017	100% of suppliers have acknowledged the supplier code of conduct.



### Management Approach

Sustainability management for KBank is not only a matter related to our operations, but it is also about our supply chain management based on good 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. KBank considers that choosing suppliers operating in conformity with sustainability development guidelines will help support any business that adheres to good corporate governance principles and create opportunities to promote positive changes in the society. It will also allow KBank to acquire quality goods and services, as well as promoting sustainability development in the economy, society and the environment via supply chain management.



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.

### Operating Performance

In 2017, KBank had 1,147 suppliers, including 1,092 domestic suppliers and 55 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. 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, we 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.

For new suppliers, an assessment to select them is based on our Supplier Code of Conduct, which requires all new suppliers to conduct businesses in a transparent manner, recognize human

rights, treat their workers with fairness and comply with occupational health, safety and environmental standards. We also ensure that their operations are strictly in conformity with our Supplier Code of Conduct. In 2017, KBank had 112 new suppliers, accounting for 10 percent of all suppliers.

In addition, KBank held meetings with our suppliers to clarify our sustainable supply chain management policy and ensure that they understand and comply with our procurement methods and regulations in an accurate and transparent manner, thus helping avoid any operation that is not consistent with our process standards and enhance our long-term supplier relations management. 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. In addition, KBank strives to improve the potential of our suppliers by promoting them to carry out operations in a transparent manner as this endeavor will allow them to become more sustainable in the future.

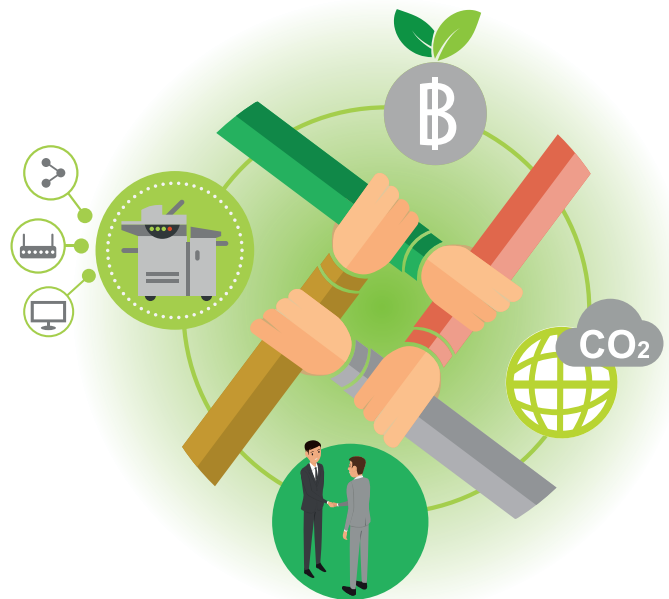
### Supplier Monitoring, Inspection and Assessment Process

KBank monitors and assesses operations of our suppliers via a number of ways, for example requesting our service users to make 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 developments are sustained over the long term.

### Joint Development of Innovations for Sustainability with Suppliers

A project to switch our photocopy machines to those of a multi-function device (MFD) model to enhance our operational efficiency and be environmentally-friendly as a result of electricity savings and reduction of wastes from using many types of ink in standalone printers, thus helping reduce greenhouse gas emissions. In addition, the ink used in MFD photocopy machines does not contain any hazardous chemical in accordance with the Restriction of Hazardous Substance Directive (RoHS)

In addition, KBank employs software authentication to inspect the use of photocopy machines in each department, wherein related data is collected to analyze and devise our procurement and resource saving plans in the future. This project helps us save on ink costs from standalone printers by approximately Baht 1.3 million/month.



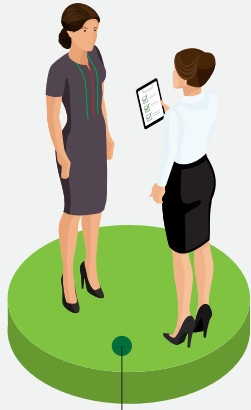
## Social Dimension

- 068 Human Resource Management
- 076 Human Rights Operations
- 078 Financial Inclusion and Provision of Financial Literacy
- 087 Community and Society Operations



Human Capital Return on Investment (HCROI)

4.31



Number of female top management increase to

27.42%

(against 20.75% in 2016)



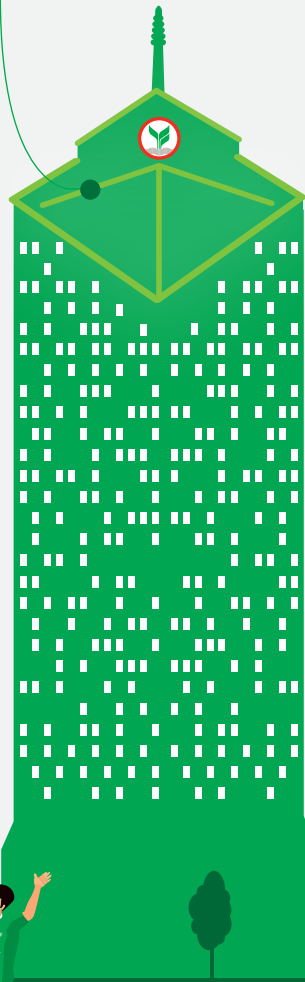
**K PLUS Beacon**  
The first mobile banking application for visually impaired

Promotion and development of disability living standards:

to **210**

disabled persons  
(In 2016: 45 persons),

with the budget of  
Baht **23** million



Number of volunteers

totals **13,408** persons,  
accounting for 39% of all employees\*

\* All employees include employees of KBank, the wholly-owned subsidiaries of KBank and support service providers of KBank





## Human Resource Management

Sustainability Long-Term Target 2020	Excellent Labor Relations and Welfare Award (Annually)
Target 2017	Excellent Labor Relations and Welfare Award given for the 12 <sup>th</sup> consecutive year
Performance 2017	Award given for the 12 <sup>th</sup> consecutive year

Sustainability Long-Term Target 2020	To maintain human capital return on investment (HCROI) at equal or higher than 4.05 times
Target 2017	HCROI at equal or higher than 4.05 times
Performance 2017	HCROI = 4.31 times

Sustainability Long-Term Target 2020	10% Decreasing trend of lost days (Absentee Rate = 0.63)
Target 2017	Absentee Rate = 0.69
Performance 2017	Absentee Rate = 0.74*

\*Influenza epidemic



### Management Approach

In 2017, employees in the financial and banking industry faced challenges from many factors and changes. These included an opportunity to undertake a new form of business to better respond to changing consumer behaviors and aging populace that require products and services that are more diverse and complex, or those that are more personalized than ever. For KBank, we strived to use the latest technologies and innovations to improve our products and services, as well as our operations in all dimensions to better respond to our customer needs anywhere, anytime. Such factors and changes precipitated us to physically and structurally alter the way we operate business, as well as our anticipation for the behavior and skills required in operations.

The Bank attached importance on the needs of our employees for “balance” and flexibility in operational hours and locations. Since people of many generations have to work together here, this has become a challenge for KBank to manage their expectations and devise operational guidelines to match the diverse needs of different generations of our employees.

Throughout 2017, KBank placed significance on preparing our personnel to cope with numerous challenges amid rapid changes in the world. We also made adjustments towards HR digitization to brace for the digital banking era. In so doing, we began recruiting more Gen Y and Z people to work with us and ensured that our employees were equipped with the skills and capabilities required for the new forms of business. From this perspective, we introduced a new internal communication platform, equipment and work environment to allow our employees to work anywhere, anytime with benefits and remuneration that were fair and competitive. Our labor management attached importance on respect for diversity and equality, based on human rights, as well as rights for workers to assemble, plus sound occupational health and safety. Plans were mapped out to maximize competencies of our employees so that they have better career paths, are contented with their jobs and able to deliver the best value for all stakeholders in accordance with our commitment to offer excellent financial products and unsurpassable service experience to our customers.



## Labor Relations and Human Rights

### Adherence to Principles of Human Rights and Diversity in the Workplace

Based on our revised and improved human rights policy, we have put in place important labor relations procedures, which comply with major 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). Given this, we aim to manage diversity in the workplace with equality and fairness regarding gender, age, education, nationality, race, color, religion, citizenship, sexual orientation or disability as indicated in the Code of Conduct. KBank has also undertaken human rights risk assessment and due diligence to inspect our operational process and find guidelines in reducing risk arising from human rights violation. We have also ensured that our employees understand and comply with related procedures to avoid human rights violation.

### Promotion and Development of Disability Living Standards

Joining hands with the Social Innovation Foundation, KBank supports employment of the disabled by offering them careers suited to their skills and domiciles, so that they can commute to work conveniently and earn sustainable income over the long term. In 2017, a total of 210 disabled persons from different regions participated in the Baht 23 million program, including vermicompost making in Nakhon Sawan, career development program in Chai Nat, the yellow galangal growing for disabled project in Nakhon Ratchasima, agricultural self-sufficiency and custom-made choppers projects in Lampang, and cattle feedlot, laundering, and mushroom growing for the disabled and their family project in Lampang. KBank believes that our endeavors in this program will match business labor demand with suitable work for the disabled over the long term.

### Labor Relations Management and Promotion of Employee Assembly and Negotiation

KBank promotes and offers opportunities for group negotiation. Four official bilateral meetings are held each year between KBank management, KASIKORN Labor Union and Employee Committee of KASIKORNBANK. In addition, other meetings can be called for at all times to promote constructive discussions and problem-solving for better operational cooperation, as well as stronger mutual ties. We welcome complaints and suggestions via many channels, including a labor relations hotline center, that eventually result in enhancements useful to KBank and our employees under better bilateral understanding. From 2013-2017, all complaints from staff members were fully resolved. Enhancing efficiency of labor relations management in the banking industry, KBank also participated in a number of meetings to share views on labor relations with other commercial banks.



Petitions and suggestions related to labor practices	2012	2013	2014	2015	2016	2017
Number of staff complaints related to labor practices	23	23	23	34	2	2
Number of resolved complaints	23	23	23	34	2	2
Number of pending complaints	0	0	0	0	0	0

## Remuneration Management

Supervised by the Board of Directors, precise policies are stipulated to ensure transparent and fair remuneration appropriate for each individual board member, executive and employee.

### 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 benefits 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 our employees as deemed appropriate. 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 compensation and benefits 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 benefits handbooks are provided for domestic, expatriate and local employees.

## Employee Benefits

Benefits are provided for all staff members\*, with some differences concerning the expenditure rate, e.g. hospital room rates. Diverse benefits are provided with an aim of improving employee living standards, both during the employment period and in retirement, in conformity with KBank's guidelines. In upholding the sufficiency economy philosophy, we constantly promote a sustainable self-reliance among our staff, by encouraging them to save through the provident fund system in accordance with the Provident Fund Act B.E. 2530 (1987).

- **Healthcare:** Annual health checkup, medical treatment by KBank physicians, medical claims in case of treatment outside KBank, exercise venues, etc.
- **Loans:** Housing loan, auto hire purchase service, educational loan, marriage loan, relief scheme loans, etc.
- **Other financial assistance:** Employees' children education, retirement, resignation, death, disability, disaster, relief, etc.

With regard to wages for our female employees taking maternity leave, the Thai labor protection law stipulates that a pregnant employee is eligible to take pre-and-post maternity leave at not more than 90 days and an employer shall pay wages to a female employee for maternity leave equivalent to wages of a working day at not more than 45 days. However, KBank pays wages to our female employees throughout their maternity leave for 90 days, which is better than that set forth in the labor protection law. In addition, KBank allows our male employees to take up to 5 days of paternity leave to offer opportunities for them to take care and bond with their wives and children.

## Talented Acquisition and Opportunity for Advancement

In 2017, KBank developed a new employment application platform under the "Anywhere, Anytime, Any Device" concept in response to the digital lifestyles and to make it easier for people to apply for jobs with us. Application channels have been modernized to suit the lifestyles of millennials, while job openings were posted via social media, including Facebook, KBank Live, KBank Line Official Account and LinkedIn KASIKORNBANK. Many activities were organized to reach a diverse group of applicants, including:

- KBank Campus Roadshow
- Get Inspired by K-Expert: A seminar conducted by our K-Expert to offer investment knowledge and advice.
- Smart Career with Digital Life: A job fair to attract qualified people to join KBank and KBTG.
- Light Up Your Career: A seminar conducted by our credit experts for millennials interested in SME analysis.
- LET'S JOIN US: Grow Your Career with KBTG: A job fair to attract talented students and IT veterans to join KBTG.
- K Career Connect: Strive for the Best: A job fair to recruit qualified people to join KBank and KBTG.
- KASIKORNTHAI TALENT ENGAGEMENT was geared at promoting Thai students abroad to join KBank. In 2017, our high-ranking KBank and KBTG executives traveled to Silicon Valley, USA, to recruit talented Thai students there.

\* Staff members mean full-time employees under KBank employment contract only. For staff members of K Companies and support service providers to 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.

### Opportunity for Advancement

Career advancement is what every employee wants. KBank devises career paths for all of our employees to ensure that they thrive with their potential and capability. It is KBank’s policy to provide internal promotion of the talented and internal job transfer appropriate for their skills and interests. With regard to internal filling in 2017, KBank allocated existing staff to fill 83 vacant executive positions or 81.92%.

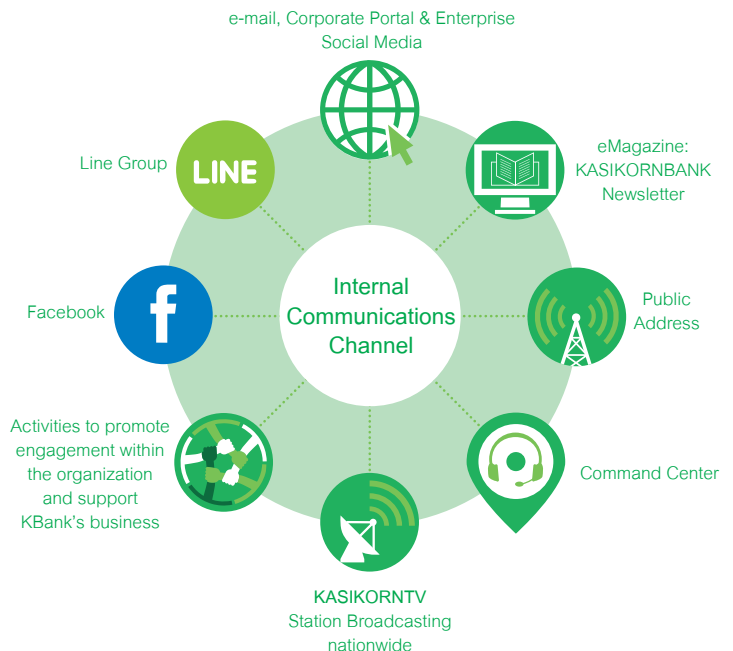
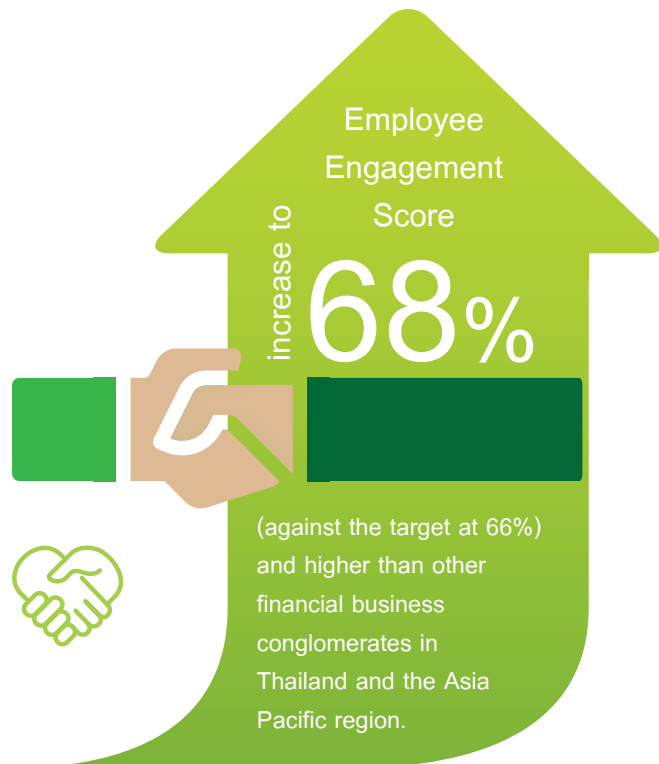
### Employee Engagement

“Staff” is the most important stakeholder. KBank hence attaches great importance on employee engagement. In 2017, we introduced many new internal communication media and activities to promote cordial relations, corporation and unity within divisions, departments and among staff at various positions. Most importantly, our employees were offered greater access to information and news, as well as opportunities to exchange their views, thus fostering employee engagement.

In addition, KBank arranges that an employee engagement survey be conducted every two year. Our Engagement Survey 2017 was carried out by external consultants to ensure neutrality and privacy of staff, who respond to the surveys. Competency assessment procedures and key performance indicators in line with industry standards are in place. According to the 2017 survey results, the level of KBank employment engagement overall was higher than our established target, KBank internally aired the Series-K LOVE DIY to stimulate and promote staff members to bond with their heads and the organization under the principles of “4 givings”, i.e., heart, respect, knowledge and growth.



KBank staged the K-Spirit Sport Night under the “New Possibilities Begin with Doing Differently” concept, encouraging creative ideas and cooperation within the organization.



## Human Resource Development

In 2017, KBank faced rapid changes amid a transition towards a “digital banking” era. Preparations related to human resource development were undertaken to ensure that our employees were qualified with skills and competency meeting our needs to offer the most satisfying service experience and better lives for our customers per our “Customer Centricity” strategy. They were carried out in accordance with our training roadmap tailored for our employees at all positions to ensure that they had functional competency. In addition, we continued to improve capacities of our employees in various dimensions to ensure that their operating results met our set goals and grew in tandem with us.

- **Capacity Enhancement to Brace for Competition in the Digital Era**

KBank places importance on digital capability development. In 2017, study courses related to important operational skills were organized for various work teams throughout our organization under many topics, including “Digital Mindset/Financial Technology/Design Thinking/Agile/Data Analytics. They were conducted by our high ranking executives to stimulate staff members to realize the importance of adapting to the digital era.

- **Promoting business expansion into AEC+3**

offered a comprehensive study course on financial and banking business for foreign employees under the “K-Banker Academy Project”, as well.

- **Leadership Development Program**

KBank attaches importance towards leadership development program for our executives at all levels. Such executives will undergo a systematic management development program (MDP), which requires them to attend training with specialized institutes and special internal seminars conducted by leading experts and executives at home and abroad. We have also established K-Coaching Academy that focuses on improving coaching skills of our executives on a par with international standards so that they can fully bolster capacities of our employees, thus allowing them achieve the set goals and have more incentives to perform, while fostering cordial relations between heads and employees and improving leadership skills of those who conduct and receive the coaching.

- **Development of Diverse Learning Channels and Models**

Our e-Learning system has been improved through advanced technologies that allows KBank employees to learn everywhere and anytime via computers and mobile devices. A virtual classroom has also been introduced to allow those working in different locations to take study courses and exchange knowledge at the same time via our internal communications system.

- **Building Organizational Culture**

An “Executive Retreat: ONE FOR ALL, AND ALL FOR ONE” was organized for executives of KBank and K Companies at First Vice President and Vice President positions to boost their creative thinking and unity in accordance with our core values.

- **Scholarships**

KBank offers scholarships to the general public and KBank employees every year as part of our endeavor to build competent personnel in the financial field for our organization, society and country. In 2017, a total of 13 full scholarships for master’s programs at local and international institutes, plus four “Young Scholarships” were offered. Those receiving our “Young Scholarships” will be entitled to work with us for three years to acquire needed experience before embarking on post-graduate programs at world’s leading universities later on.





Employee Study Courses	Course Number		Class Number		Total Staff Participating in Study Courses	
	2016	2017	2016	2017	2016	2017
Internal study course	205	244	1,005	979	54,962	60,682
External study course	347	307	416	374	1,297	1,178
Electronic study course	85	86	85	86	51,821	132,822
<b>Total</b>	<b>637</b>	<b>637</b>	<b>1,506</b>	<b>1,439</b>	<b>108,080</b>	<b>194,682</b>

### Leadership Development Programs

KBank has set out guidelines to nurture our employees having high potential to facilitate our business strategies via a number of leadership development programs. Such employees include those with continually good performance and those with especially high potential. They are categorized into three groups:

1. Leadership Development Participant (LDP) group comprises executives with the potential to become department heads or First Senior Vice Presidents.
2. Division High Potential (Division HiPo) group comprises staff members in the position of heads or senior officers with the potential to become executives.
3. Expert group comprises KBTG staff members who are specialists and have the potential to become application specialists.

All staff under these programs will be groomed for a leadership role, plus related skills. With their enhanced competencies, they will be assigned major projects wherein they can perform to their full potential. KBank believes that, with this approach, staff can advance through their respective career paths with security and sustainability. These leadership development programs also allow KBank to plan senior executive succession, while mitigating the risk of a leadership vacuum.

### Employee Performance Assessment

We put great significance on performance assessment and management procedures, ensuring fair and competitive compensation, together with staff performance commensurate with KBank targets. Performance assessment is also aimed at boosting staff morale towards efficient operation and eventually creating sustainable stakeholder value.

To evaluate staff performance, individual scores will first be compared with respective targets and then with same-job responsibility peers, to eliminate assessment deviation. Additional comparison dimensions include other expected operations, staff behaviors, compliance with stipulated policies, corporate titles and duties, staff salaries, etc. Assessment results must be achieved from well-targeted plans, clear assessment principles and fair procedures, while assessment weighting must be conducted appropriately, as stipulated by KBank.

All staff members will be notified of their respective performance and receive official performance coaching twice a year, at the middle and end of the year. Further on spot coaching will also be provided with honest and timely sharing of viewpoints between staff and supervisors. Each year, the “360 Walk the Talk” assessment is implemented in order to evaluate leadership among executives at the Assistant Vice

Performance Assessment

**100%**  
Assessed Employee



Assessment Type	Assessed Employee Level	Percentage of Assessed Employees
Management by Objective	All employee levels	100
Formal Comparative Ranking of Employees within One Employee Category	Allemployee levels	100

President position and higher, by direct supervisors, colleagues, subordinates, and customers or direct service recipients. Results will be used for further leadership improvement among the assessed executives.

## Occupational Health and Safety (OHS)

This year, KBank's policy on occupational safety, health and environment was revised, covering operations and personnel related to operations under KBank, K Companies and support service providers to KBank, as well as all activities held at venues under KBank management, namely main and sub buildings, and branches nationwide. The move was aimed at enhancing occupational safety, health and environment as part of KBank business undertakings, as well as efficient and continual staff operation. A KBank occupational safety, health and environment taskforce is in place, having set a limit of staff injury rate (IR) to zero. Strict management guidelines were implemented on workplace design, work environment, and arrangement of equipment and facilities for maximum safety. Our occupational safety, health and environment taskforce at each building comprises at least 5 members and it must hold at least 1 meeting per month, plus staff training for workplace injury prevention, such as fire drills, breathing assistance devices, etc. Occupational safety was promoted among staff throughout the organization.

## Promotion of Work-Life Balance

Currently, employees anticipate a better work-life balance and this is what KBank encourages our employees to do so by providing equipment and creating working environment that allow them to work anywhere, anytime with flexible working arrangement.

In 2017, KBank introduced a new internal communication platform to allow our employees to gain greater access to information and work at anytime under the "Digital Workplace" project. Operational tools were improved to enhance the team work performance, while database necessary for operations was upgraded to bolster the efficiency of its search system and become more user-friendly. In addition, our HR Service Portal was improved to make it more accessible within and outside the bank under the "Life+" concept, thus making it more convenient and flexible to carry out various tasks. KBank also built an internal social network to promote the exchange of knowledge and experience among our employees, as well as increasing employee engagement, helping create favorable working experience that meets the digital lifestyles of millennials.





## Human Rights Operations

### Sustainability Target

KBank recognizes to respect human rights exists over compliance with laws and regulations at the international standard.



## Management Approach

Respect for human rights and diversity is considered as a responsibility of KBank and is part of our organizational culture. KBank, as a financial service provider, fully recognizes that our business activities may support, promote, link with, or inhibit human rights violations that may affect our image and operations. For this reason, KBank announced a human rights policy in 2016. For 2017, KBank aligned related policy guidelines with stakeholders' expectations, whereby the Corporate Governance Committee proposed those policy guidelines for the Board of Directors' approval and announcement, covering KBank, K Companies and support service providers to KBank and our business partners.

## Scopes, Duties and Responsibilities

KBank recognizes that we are directly responsible for any effect resulting from our business activities towards our customers, employees and suppliers:

### 1. Customers

- **Loan:**  
KBank does not offer loans to any business or project related or linked to human rights violation. Human rights violation risk is set forth in our environmental, social and governance (ESG) criteria for loan approval under relevant international laws, rules and regulations.
- **Investment:**  
KBank uses human rights as one of our criteria to assess environmental, social and governance risk required for investment analysis and building portfolios for all types of assets.

- **Customer data security and privacy:**

KBank attaches significance to end-to-end management as seen from the establishment of a number of supervisory subcommittees, such as the Digital Oriented Risk, Data and Cyber Security and IT Risk Management Subcommittee tasked with overseeing customer data security and privacy and devising related policies. In addition, KBank introduced appropriate protective, monitoring and response measures, such as data leakage prevention tools (DLP tools) to prevent data leakage and monitor the use of data.

### 2. Employees

KBank has set forth human rights protection in our Code of Conduct as an established guideline for the respect of human rights. KBank shall refrain from any action that may abuse human rights in conformity with the Principles of Humanity and Rights of the International Labor Organization (ILO).

### 3. Suppliers

KBank attaches importance to human rights as they have been set forth in our Supplier Code of Conduct and related procurement contracts. Suppliers must acknowledge business operations based on human rights before becoming our suppliers. To clearly show that we expect our suppliers to adhere to human rights, KBank ensures that their operations are strictly in conformity with our Supplier Code of Conduct.

## Human Rights Operations

In 2017, KBank undertook operations related to human rights in accordance with the UN Guiding Principles:

1. The Corporate Governance Committee considered revising human rights policy and proposed it for the Board of Directors' approval and announcement as operational guidelines on an organization-wide basis. Amendments were made to stakeholders and customer data security and privacy was added in those operational guidelines. Customer data security and privacy is an issue that KBank attaches importance to for it helps prevent human rights violation per the recommendation and expectation of relevant stakeholders. For more details, please visit <https://www.kasikornbank.com/th/IR/CorporateGovernance/Pages/transparency.aspx>.
2. KBank has conducted human rights risk assessment and risk register, as well as human rights due diligence to inspect operational processes that may link to human rights violation and find guidelines to reduce related risk, as well as methods to prevent, monitor, inspect, address

and restore cases of human rights violation. Relevant KBank stakeholders attending related meetings accounted for 100 percent of all stakeholders responsible for business activities related to human rights. They included the Corporate Secretariat Division, Compliance Department, Credit Policy and Risk Management Department, Operational Risk and Fraud Management Department, Information Management Department, Employee Relations Department and Procurement Management Department, all of which took part in human rights risks identification and prioritization. A review by these stakeholders on the existing management process of KBank showed that KBank put more stringent controls on various operations than before to prevent risks that may arise from the following:

- Customer data privacy and security.
- Project finance for businesses with exposure to human rights violation risk, such as power plant, fishery and agriculture.
- Hiring construction companies to build KBank branches and IT service providers.

3. KBank undertook business operations in a prudent manner to reduce risks that may arise from human rights violation. We also reviewed human rights mitigation measures, including:

- The establishment of a subcommittee on digital oriented risk, data and cyber security and IT risk management.
- Provide more training and understanding to staff members about rights to access data, misuse of data and prevention of cyber threats, such as phishing email.
- Review sector-specific credit policy.
- Review criteria for considering suppliers and Supplier Code of Conduct, focusing more on customer and KBank data privacy and security.

KBank is confident that the above operations will help prevent risks that may arise from human rights violation in a sustainable manner.





## Financial Inclusion and Provision of Financial Literacy

Sustainability Long-Term Target 2020	To provide financial literacy to all segmentations (8 customer segments) and the underserved group
Target 2017	Number of participants of all segmentations (8 customer segments) and the underserved group = 4,800,000 persons
Performance 2017	Number of participants of all segmentations (8 customer segments) and the underserved group = 6,290,000 persons



### Management Approach

KBank has always placed significance on promoting all segments of the society to have more access to financial services because this endeavor helps improve their livelihood and the overall economy and society. KBank is committed to improving financial capacities of the Thai people via the following dimensions:

1. Increase financial service channels that are convenient and meet the needs and lifestyle of the Thai people.
2. Improve financial products to help underprivileged segments of the society gain greater access to financial services, such as those residing in remote areas, ethnic groups, aliens, disabled persons, low-income earners and those affected by economic fallouts.
3. Provide financial literacy to the general public so that they can choose suitable financial products without any risk and are able manage their finances accurately based on sound financial disciplines. This is aimed at building their financial capabilities and immunities in their lives.

Therefore, any person who has access to financial services and financial literacy with disciplines to manage their own finances in an appropriate manner will have a required foundation to create financial wellbeing for oneself, family, community and society, as well as the overall economy in the future.

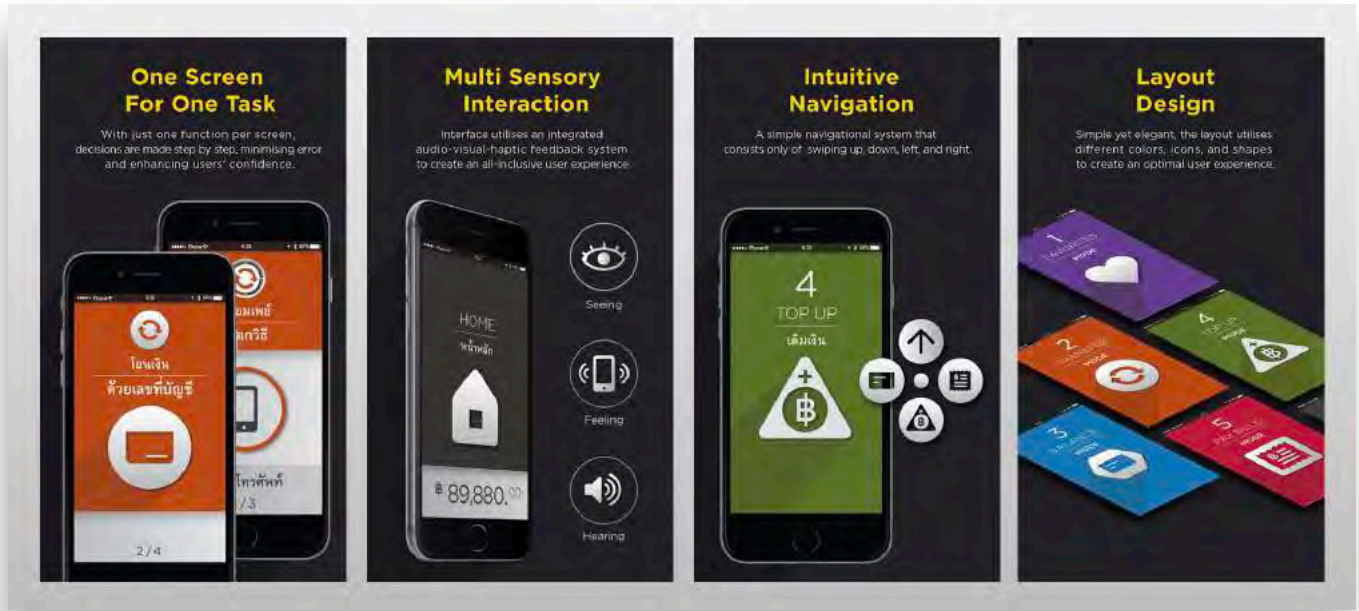
### Financial Inclusion

Equality in the society is a primary foundation for economic development of the country. Therefore, improving the livelihood of individuals, in particular the underprivileged, including those residing in remote areas, ethnic groups, aliens, disabled persons, low-income earners and those affected by economic fallouts by offering them greater access to financial service, fundamental financial knowledge and disciplines, is imperative. This is one of the guidelines of inclusive development that KBank has adopted in the following projects.





Technology  
Designed  
for All



### K PLUS Beacon - A mobile banking app for visually impaired

As part of our endeavor to promote financial inclusion, KBank and the fintech start-up, Beacon Interface, have jointly developed K PLUS Beacon - the first all-inclusive mobile banking application that allows the visually impaired and elderly to conduct financial transactions more conveniently at their finger tips via voice guidance system and sensory cues. It is the first mobile banking app in Thailand that helps empower the blind, the low vision, the elderly and everyone to access online banking via smart phone without the need for screen viewing. K PLUS Beacon, which offers privacy, convenience and security to users, can be easily used

for balance inquiry, 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 of volunteers towards the end of 2017, including those with 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 will have the opportunity to express opinions and give recommendations after using with the prototype application. Their inputs were valuable for KBank toward further development of K PLUS Beacon to best serve the visually-impaired, so that they can carry out their financial transactions as a simple routine in comfort and security, before the official launch of the app in 2018.

### 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 for recipients residing in remote areas.

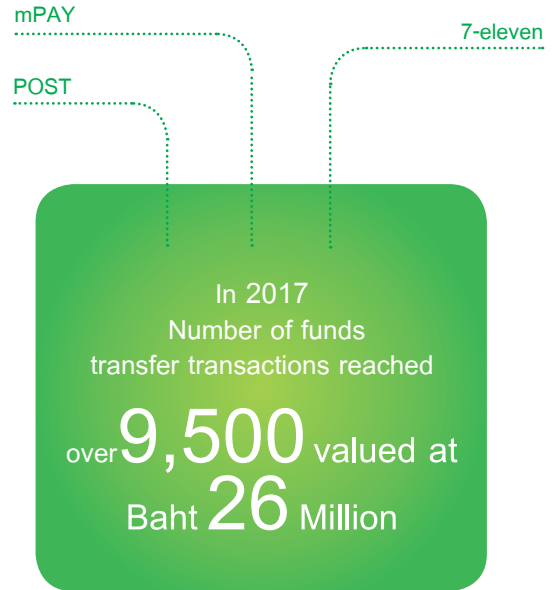
### K-Bank to 7-Eleven

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 for recipients residing in remote areas, as well.

### K-Bank to mPAY

A funds transfer service that KBank collaborates with Advanced mPay Co., Ltd., whereby funds transferred via KBank can be received at over 3,000 mPay STATIONS nationwide. The service allows KBank to tap new customers wanting to transfer money to recipients who do not have accounts with KBank, thus offering convenience to senders and recipients.

### Operating Performance of three services



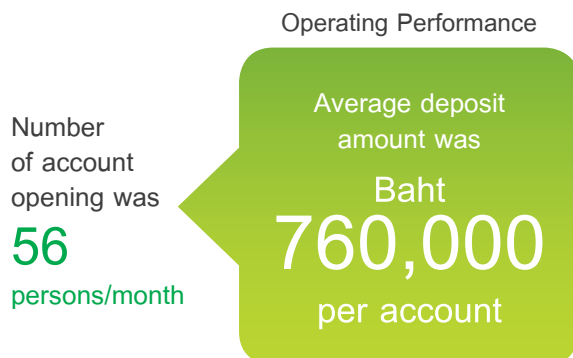
### K-eSavings Account Opening via K PLUS (No minimum amount required)

KBank unveiled K-eSavings account opening via K PLUS. Customers can apply for K-eSavings account via K PLUS app 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, as well.



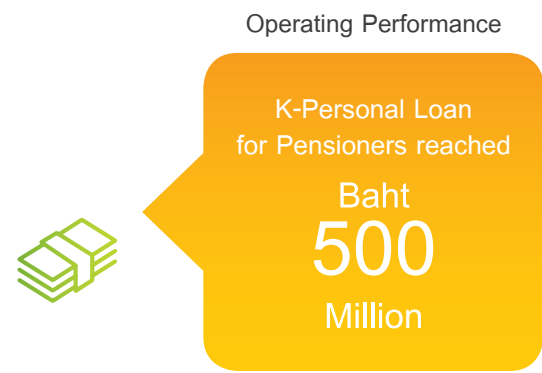
### Super Senior Fixed Deposit

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 millions /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. Customers are entitled to personal insurance coverage until they reach 70 years old or they close their Super Senior Fixed Deposit Accounts.



### 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 pensions. They can pledge their pension inheritance rights to obtain loans with fixed repayment terms from KBank.



### Soft Home Loan Program for Seniors and Seniors' Children

In response to the government policy per guidelines of the Public-Private Partnership Working Group and to promote family bonding, as well as bracing for the aging society, KBank introduced a soft home loan program for those wishing to buy or build homes for their parents. Such home loan customers will enjoy a special fixed interest rate at 4.25 percent per annum for three years without having to pay for collateral valuation fee if they pledge their collaterals by December 30, 2017.

## First Card for Funds Transfer to Myanmar

KBank 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 to transfer funds to their home country. Previously, most Myanmar workers in Thailand typically transferred money back home via non-financial institution channels, in particular a third person to directly deliver money to their relatives. Although Myanmar workers here are most familiar with these channels, which are easier to reach, there is a risk that the recipients may not get the full amount of money, or nothing at all. To address this problem, KBank decided to join hands with KBZ Bank to issue the Myanmar Remit Card for convenient and safe funds transfer to Myanmar. With barcode scanning of the cards at 9,000 K-ATMs nationwide, Myanmar workers in Thailand can transfer up to Baht 100,000 per day per recipient account. The recipients can receive funds in Myanmar Kyat (MMK) within one day at any of the 400 KBZ branches, or withdraw cash from 800 ATMs of KBZ Bank. Senders will enjoy an exemption on transfer fee regardless of the number of transactions during an introduction period; thereafter, the standard fee will be charged.

Myanmar Remit Card

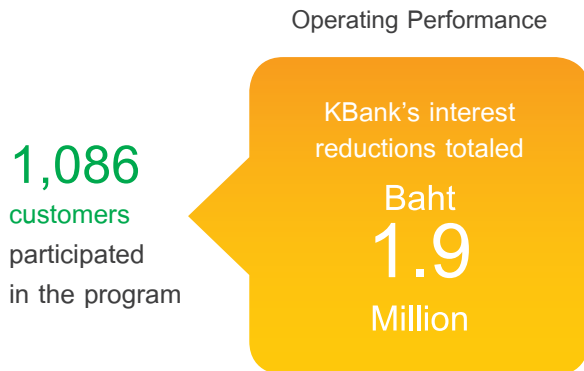
# First Card for Funds Transfer to Myanmar



## Measures of Assistance to Flood Victims in 2017

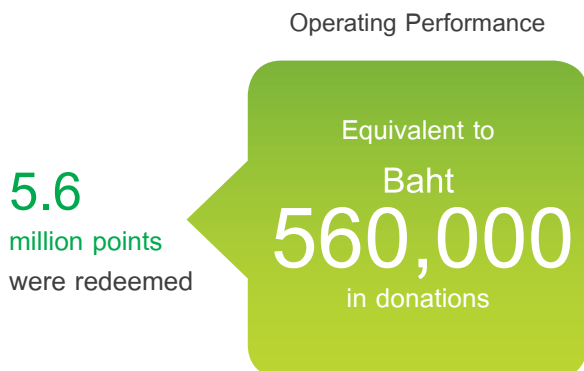
### 1) Measures to Assist Retail Customers Affected by Flooding in Southern Thailand

KBank granted debt moratoria to retail customers affected by flooding in the southern provinces to ease its adverse impacts on K-Credit Cardholders and to maintain our loan quality. To help our customers in the 12 flood-hit southern provinces, KBank also cut the interest on existing and new loans by half, and provided an option of a smaller minimum installment of up to 10 percent less for up to three billing statement periods.



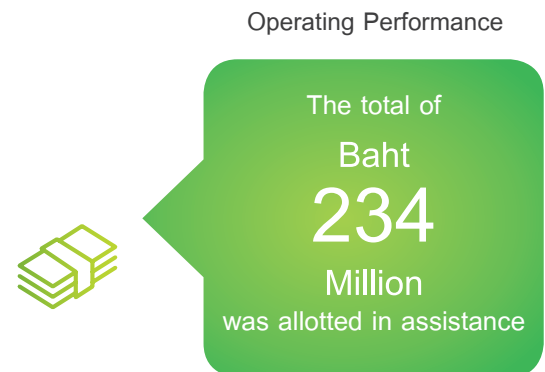
### 2) Redemption of Points as Donations to Help Flood Victims in the Southern Region.

KBank initiated a program enabling K-Credit Cardholders to participate in relief efforts to help flood victims in the southern provinces. K-Credit Cardholders were able to redeem their points as donations; for every 1,000 KBank Reward Points that were redeemed, we gave a 100-Baht donation to the Thai Red Cross Society; this was done by simply getting in touch with our K-Contact Center, or by sending an SMS to KBank between April 1-30, 2017.



### 3) Measures to Assist SME Entrepreneurs Affected by Sonca Typhoon

Sonca tropical depression swept through many provinces in Thailand, particularly those in the northeast, lower northern and upper central regions. KBank then launched an emergency assistance program for SMEs hit by this severe natural disaster that included an up to 12-month moratorium on loan principal repayments, as well as the extension of promissory note (P/N) and trade finance terms by up to six months. KBank also provided financing for repairs of business premises and machinery, and compensation for damaged inventories, a six-month grace period on principal repayments and a waiver on collateral valuations. KBank also sent our teams to the affected areas to assist those SME clients, in an effort to help relieve the burdens of customers by providing them with sufficient liquidity to operate during the difficult period and thus recover faster after the flooding.





## Financial Literacy

### Financial Literacy for Retail Customers

KBank continues to offer financial planning guidelines to retail customers as a tool to ensure that they can achieve their financial goals using sound approaches that are appropriate to their financial status. Currently, there are around 5,744 trained K-Experts available for advisory services nationwide through the following channels:

#### 1. Electronic Channels

KBank places high importance on facilitating the financial knowledge of our customers in accordance with contemporary lifestyles, wherein most information is received via electronic channels. Through our [www.askbank.com/k-expert](http://www.askbank.com/k-expert) website, knowledge is disseminated in the form of articles, handbooks and financial tips, as well as calculation tools matched to each individual's financial status and goals. In addition, KBank shares our K-Expert's financial knowledge and information on social media sites such as Twitter (@KBank\_Expert), Facebook (KBank Live) and Line (KBank Live).

In 2017, KBank added more real-time channels to reach out to our customers via Facebook Live via our "Fang Dee Mee Tang" (listen and learn to profit) live broadcast program every other Wednesday from 8:00-9:00 p.m. on Facebook (KBank Live) featuring K-Expert gurus who raise interesting topics and give real-time answers to the participant questions. The public can also seek financial advisory service around the clock by sending questions to [k-expert@kasikornbank.com](mailto:k-expert@kasikornbank.com) or the [www.pantip.com](http://www.pantip.com) website to receive financial advice in their main chat rooms, via corporate clubs or by personal messages.

#### 2. Other Channels

##### K-Expert Center

Located on the 2<sup>nd</sup> Floor of Chamchuri Square Building, K-Expert Center is a favored venue for organizing seminars averaging around 3,000 workshop activities per year. Providing financial advisory services to customers and the general public, KBank experts with Certified Financial Planner (CFP) certification are available to perform analyses using various financial tools to help customers realize their life goals. Interested persons can also request financial advisory services at all KBank branches nationwide.

##### Corporate Roadshow

KBank organizes many training courses for various organizations, including state agencies, state enterprises, private companies and merchants, so that their employees can efficiently apply financial knowledge in their personal financial management.

### 2017 Operating Performance

Providing Financial Knowledge to Retail Customers		Target (persons)	Operational results (persons)	% of participants of K-Expert activities having the incremental investment volumes in mutual funds and insurance products
Training	No. of participants seeking advisory services and joining training sessions at K-Expert Center and Corporate Roadshow	27,170	26,132	27%
Digital channels	No. of website viewers per month, on average	400,000	521,715	-
	No. of viewers of K-Expert Facebook Live for each program average per live	-	15,396 persons per live	-

## Financial Literacy for Business Customers

KBank supports and promotes business customers, including SME entrepreneurs, micro-business operators and startups, who want to advance and strengthen their businesses by equipping themselves with essential knowledge on which to build a solid business foundation for expansion and long-term profitability. In 2017, KBank organized the following activities to support these customers:

### Financial Knowledge for SME Customers in Myanmar

SME entrepreneurs have a pivotal role in integrating Myanmar into the ASEAN Economic Community (AEC) because over 90 percent of businesses in Myanmar are SMEs that generate 30-50 percent of all the revenue for the country and account for 70 percent of domestic employment.

In 2017, KBank teamed up with Myanmar's state agencies to organize a seminar entitled "Holistic Empowerment of SMEs" for over 150 parliamentarians and high-ranking officials there on how to devise strategies and ecosystems for SME business capacity development. Two out of the four seminars were held in Nay Pyi Taw, while the others were held in Yangon and Mandalay. They were aimed at sharing Thailand's experience in SME development, backed up by the government and bolstered by access to commercial bank funding.

Moreover, KBank joined forces with the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI) and Department of SME Development, under the Ministry of Industry of Republic of the Union of Myanmar, to host a training course on "SME Capacity Building Program Series II" for SME entrepreneurs. The training was a follow-up on the ones held in 2016, aimed at disseminating knowledge towards business planning, marketing, human resource management and financial planning. Over 250 SME entrepreneurs attended the workshops, rising 35 percent over 2016.

### Green and Energy-Efficient Business Administration

KBank organized a "Green Building" seminar on green and energy-efficient business administration during "Energy Efficiency Initiatives: Transforming Green Measures into Tangible Bottom-Line" by inviting hoteliers in Pattaya and elsewhere in the eastern region to raise their awareness towards energy efficiency in hotels and other buildings.



### International Trade Seminars on Fraud-Related Regulations and Damage Prevention

- KBank organized an international trade seminar on “Foreign Exchange and Fraud” for over 200 importers and exporters to help them deal with changes in global dynamics and international currency volatility, helping them to realize the importance of preventing damage caused by fraud in various forms that may exist in international trade transactions. Most cyber thieves use email to deceive victims into transferring money to them. Now, they have also developed more persuasive scam techniques, such as referring to auditors or the use of falsified power of attorney documents. The seminar was aimed at enabling operators to learn how to prevent and cope with various types of fraud.
- Each year, KBank organized training courses on basic international transactions to inform our customers about international transactions, related international regulations and risk hedging relative to import-export documentation. In addition, KBank organizes training for corporate customers at their offices to promote better understanding of international transactions within their organizations.

### Knowledge Sharing with SMEs and International Organizations

In the past year, KBank organized business training courses for Kanbawza Bank of Myanmar and Bank Maspion of Indonesia to share our insights of service models and international transactions to further advance the financial and banking systems of the two countries.

### SME MATCHING DAY 2017

“SME MATCHING DAY 2017” was organized as a forum to unite trade partners for enhanced business networks, domestically and internationally, thus helping SMEs find new channels to boost sales, which is a key factor towards achieving stable business performance. This year, the number of participants rose 20 percent over 2016 to 749 attendees, including 7 retail and wholesale operators, 4 online and 2 overseas businesses. Business matching was the main activity of the event, with the participation of KBank’s trade partners from 13 business groups, including retail and wholesale or modern trade, online and international businesses. Meanwhile, other trade seminars were held to provide knowledge on overseas business expansion and to share the experience of successful SMEs with aspiring new firms. SME Matching Day also presented business advisory services on enhancement of efficiency and innovations to optimize sales, and presentation of new solutions in the digital era, e.g., accounting software, logistics matters and online transactions, to help SME entrepreneurs advance in a sustainable manner.

### Penetrate UAE Market Seminar

The seminar provided knowledge and tips to enter the new markets of Dubai and the Northern Emirates by presenting the insightful experience of SME operators who have already invested in the Middle East. They shared their valuable business lessons with others to enhance the capacity to do business in the United Arab Emirates (UAE) in the future.

### Seminar on New Land and Building Tax Law

KBank organized a seminar for SME entrepreneurs about the impact of the new Land and Building Tax Law to boost the participants’ tax management efficiency. The new law, which will come into effect on January 1, 2019, will revise the criteria for land and building administration and valuation. The Chairman of Baker & McKenzie Ltd., Bangkok office, was the guest speaker for the seminar.



## Community and Society Operations

Sustainability Long-Term Target 2020	20% increasing number of participants of the educational support program
Target 2017	20% increasing number of participants of the educational support program
Performance 2017	Scholarships for Nan youth: number of participants increased 44.57% Cultivation of Wisdom (Phao Phan Panya): number of participants increased 43%

Sustainability Long-Term Target 2020	Increasing the volunteer hours aligned with the group wide Corporate Citizenship Strategy
Target 2017	50,000 Volunteer Hours
Performance 2017	66,182 Volunteer Hours



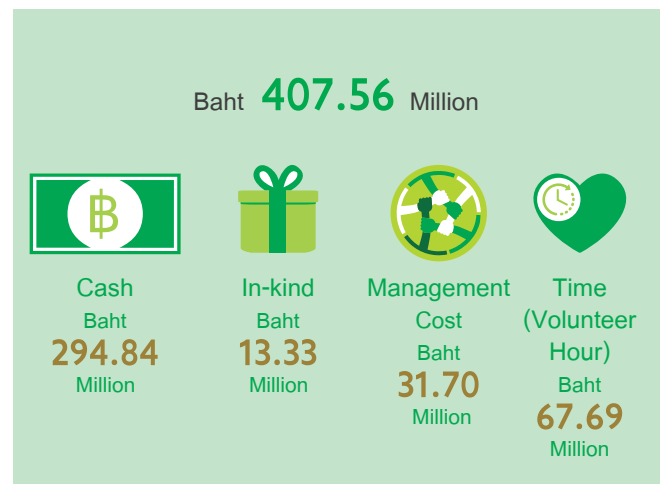
### Management Approach

KBank is well aware that a balance must be maintained between corporate expansion and community/social development. With adherence to our Corporate Citizenship Strategy as an operational guideline, KBank supports projects and other activities that benefit communities where KBank operates by using our expertise to create a positive impact on social change there via various types of support. This includes support towards their budgets, as well as donations for emergency relief and volunteer activities by KBank staff, plus our internal charitable activities and exchanges of knowledge via various activities by working with our partners, networks, customers and the Kasikornthai Foundation. KBank hopes that our community and social activities will help change society for the better to create inclusive prosperity, contributing to more robust national development in the future.

### Operating Performance

KBank has applied the internationally-recognized London Benchmarking Group (LBG) guidelines to our Community and Social Operations Report since 2015, in which we have featured the following results:

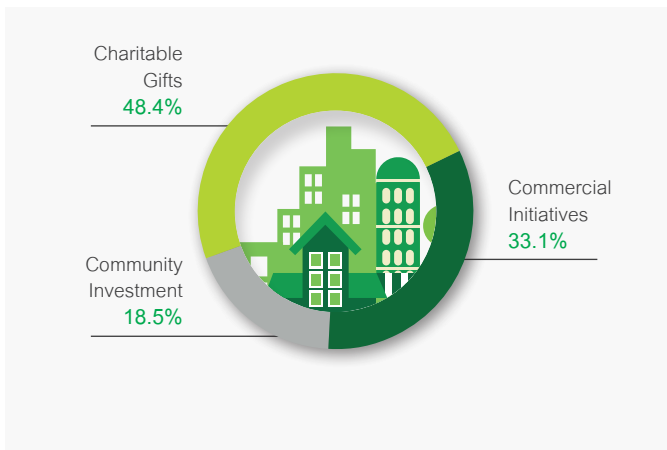
#### Form of Contribution



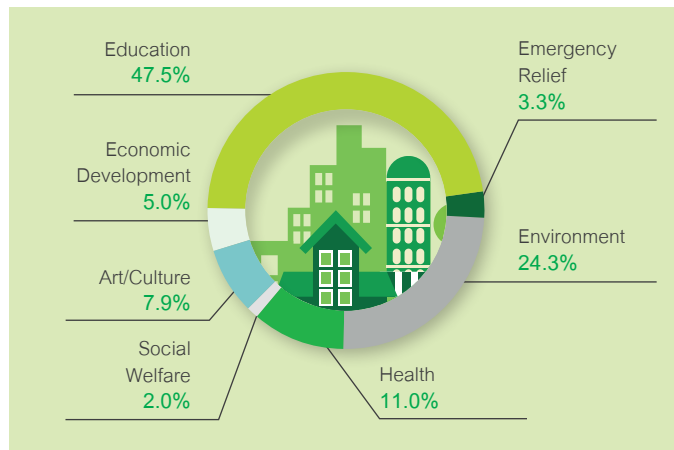


KBank unveiled the “50,000 Chuamong Tham Di Tham Dai (50,000 Volunteer Hours)” project to encourage employees to participate in any volunteer activity for one working day per year without counting it as a leave day, such as offering of financial literacy for youths and the general public in an effort to create financial sustainability in all segments of the society.

### Driver for Contribution



### Program Category



### 50,000 Chuamong Tham Di Tham Dai (50,000 volunteer hours) Project

- 50,000 Chuamong Tham Di Tham Dai (50,000 volunteer hours) Project is a follow-up project from our 20,000 Chuamong Tham Di Tham Dai (20,000 volunteer hours) Project in 2016 to encourage employees of KBank, K Companies and P Companies to participate in volunteer activities with various community networks in accordance with our “Green DNA” resolution. This program focuses on sharing our expertise in financial business and risk prevention with communities through the networks of government agencies, social enterprises, charitable foundations and local

organizations. Their efforts help communities to make informed decisions towards choosing financial products in response to their life goals, thus assisting them in coping with financial risks by immunizing them via various approaches when digital banking has now gained a more prominent role in their regular routines. These activities also lead to better Customer Engagement, which also enables KBank to understand their needs and issues better than before in ways where we can develop our financial products and services to better meet their needs. At the same time, our employees have an opportunity to develop their skills, review their knowledge and strengthen their financial expertise, which instill





personal pride in their professionalism. Consequently, community members gain more positive attitude towards us. KBank allowed all employees to take a one-day leave to do volunteer work in 2017. Thus, in 2017, every employee had the opportunity to engage in volunteer activity.

- Employees shared their financial knowledge, totaling 2,171 persons 6,158 hours.
- Employees invited outsiders to join our volunteer projects, totaling 504 persons 3,104 hours.
- Employees engaged in 130 volunteer projects, relative to:
  - Educational Development 30%
  - Healthcare Promotion 8%
  - Economic Development 2%
  - Environmental Protection 29%
  - Art & Culture 7%
  - Welfare Promotion and Social Problem Prevention 16%
  - Disaster Relief 2%
  - Other work 6%
- KBank donations to support volunteer projects Baht 693,236
- Staff donations to support volunteer projects (above grants donated by KBank) totaled Baht 1,234,526
- Monetary donations Baht 1,162,041
- Value of donated items Baht 288,959

### Phao Phan Panya (Cultivation of Wisdom) Project

KBank has collaborated with the Office of the Thailand Research Fund (TRF) since 2012 to reform the thinking processes of youths and to enhance their analytical skills through Research-Based Learning (RBL) by developing their logical thinking processes via outside-the-classroom Learning by Doing approach.

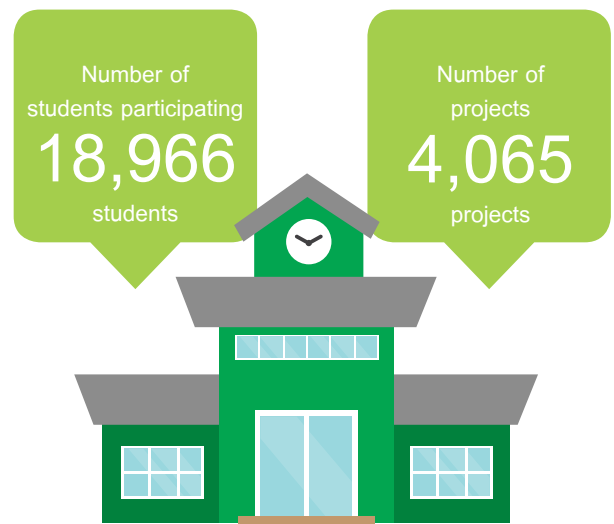
In 2017, KBank implemented the second phase of the program by aiming to create 16 model schools with the cooperation of 8 network universities, or “mentoring centers”, including Silpakorn University, Mahidol University, Prince of Songkla University, Ubon Ratchathani University, University of Phayao, Lampang Rajabhat University, Sisaket Rajabhat University and Suratthani Rajabhat University. These mentoring centers provide advice and monitor the performance of participating schools. This year, KBank drove the Cultivation of Wisdom project forward by encouraging the mentoring centers to incorporate the Cultivation of Wisdom into their social activities and also spread the word about the Sufficiency Philosophy of late His Majesty King Bhumibol Adulyadej through this program. KBank believes that the Cultivation of Wisdom process will help reform the study practices of students and teachers, and create more concrete and positive results for our society.

### Operating Performance

Schools passing the screening

**129**

from 18 pilot provinces



## Rak Pa Nan (Care for Nan Forest) Project

KBank has collaborated with the Office of H.R.H. Princess Maha Chakri Sirindhorn's Projects, Chulalongkorn University, Mae Fah Luang University, the Royal Thai Army and Nan Province to organize various projects to support a strategy to preserve and rehabilitate the Nan Forest via the "Care for Nan Forest Project" since 2014. KBank has long-term development plans for this project that includes 10 years of funding. The goal is to reduce the losses to forest land and increase greenery spaces in Nan, particularly the watershed area which is the source of the Nan River, one of the most important tributaries of the Chao Phraya River, contributing over 40 percent of the waters making up the Chao Phraya River. The project began by creating greater public awareness towards the negative impacts of deforestation, as well as prevention and suppression of forest encroachment, while rehabilitating the forest. To achieve this goal, KBank created a cooperative network with various groups in Nan and promoted better livelihoods among Nan farmers per the concept of "Create Forest, Create Jobs" to ensure peaceful co-habitation with the forest. In addition, the project is aimed at raising consciousness related to forest conservations among children and young people.

In 2017, KBank organized "the 3<sup>rd</sup> Care for Nan Forest" seminar at the Center of Learning Network for the Region, Chulalongkorn University, Muang District in Nan, which served as a forum for disseminating knowledge and mobilizing ideas to end deforestation; it also presented solutions to enable the people to live with the forest in a sustainable manner.

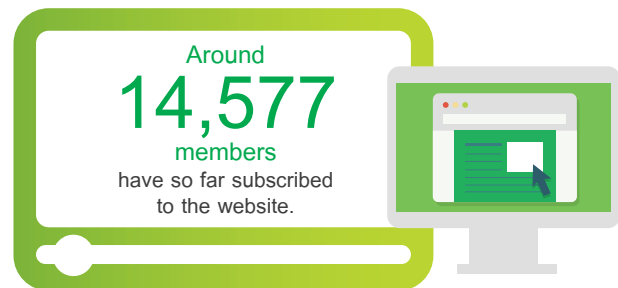
## AFTERCLASS

KBank provides financial literacy to online communities on [www.AFTERCLASS.com](http://www.AFTERCLASS.com) using the concept of "enjoy life with a financial buddy" to educate young people about savings, financial planning, investments and new business startups to prepare them, aged 15-20 years old, for their future careers. KBank experts are available to provide them with financial advice. In 2017, KBank developed a website and categorized platform templates into two constituent parts:

- The website page provides financial information and knowledge to encourage young people to express their views, post messages and share what they have learned with their friends, enhancing their knowledge about finances and investments.
- AFTERCLASS CITY Game creates a virtual reality world featuring AFTERCLASS citizens who are salaried workers working to save money by investing in shares and funds to build their wealth.

### Operating Performance

WWW.



### Scholarships for Undergraduate Study at Nation University for young people in Nan

KBank has joined with Nation University to offer bachelor's degree scholarships for Nan youths to study at Nation University with the aim of increasing their opportunities to study further in an undergraduate program. This helps prepare better human capital to sustainably drive economy in Nan. Moreover, the program encourages students to bring their knowledge back to their hometowns to develop the local economy, as well as improving social and natural resources in the province. Most of the students applying for scholarships are hilltribe youths with talent, but lack financial support. In addition to scholarships, KBank provides related trainings at the campus about banking and finance every year, e.g., on financial management, inspiration for success and systematic thinking. KBank also provides funding for scholarship students who want to initiate projects to develop their hometowns such as a KBank's project with Nation University to help people suffering from the cold weather. In addition, scholarship students have a chance to attend trainings with local organizations during their school breaks to hone their skills and gain hands-on experience to be prepared for a real-world workplace in the future.

### Operating Performance

Number of scholarship applicants in 2017

120



Number of scholarship recipients in 2017

60

### KBank supports the Pracharat Rak Samakkhi Project in Nan province (Civil-State Unity in Nan Province)

In 2017, KBank provided support to community organic farming groups in Bua Yai Sub-District, Na Noi District, Nan. We organized training sessions wherein many of our business customers with vast skills in cultivation, marketing and financial management were invited to share their valuable experiences with model farmers, who would pass on knowledge gain to the members of their groups. We also devised more prolific product distribution channels by acting as an intermediary between them and our customers in agricultural product processing businesses. Farmers could thus sell their goods more profitably, and our agro-produce processing customers gained access to new sources of fresh produce. In the future, KBank plans to offer even more comprehensive assistance to farmers in Nan, including product quality development, brand creation and the introduction of more distribution channels, so that Nan's local brands can become more widely recognized. This direction is expected to enhance the sustainability of business cooperation between farmers and our customers.



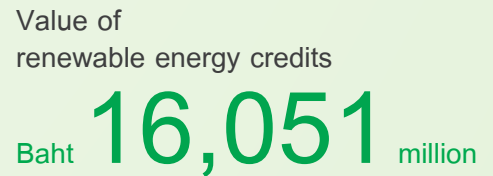
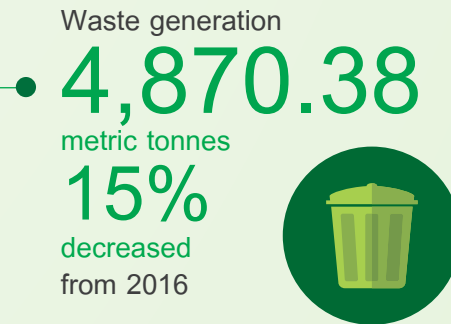
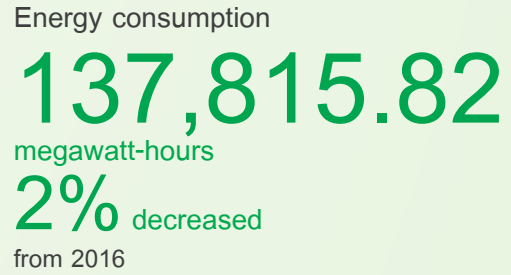
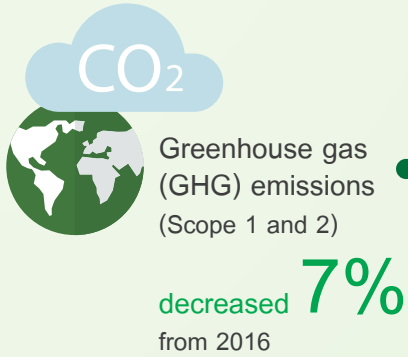


## Environmental Dimension

094 Mitigation of Climate Change Impacts

098 Environmental Impact Management









## Mitigation of Climate Change Impacts

Sustainability Long-Term Target 2020	Total Megawatt (MW) up to 15% of domestic market share providing various types of financial support and services to renewable energy projects in accordance with Thailand's renewable energy roadmap.
Target 2017	Megawatt of Market Share of Renewable Energy Projects 14%
Performance 2017	Megawatt of Market Share of Renewable Energy Projects 14.2%



Sustainability Long-Term Target 2020	10 times Loan Growth of Environmental Funding (2015 the base year)
Target 2017	4.5 times Loan Growth of Environmental Funding (2015 the base year)
Performance 2017	6.1 times Loan Growth of Environmental Funding (2015 the base year)

### Management Approach

Global warming, caused by the greenhouse effect, has had a serious impact on the livelihoods of the living things and will affect the survival of human inhabitants in the future. It is everyone's problem. Thailand is a party of the 21st session of the United Nations Framework Convention on Climate Change (UNFCCC) - COP 21 – wherein we have joined the international community in organizing various programs to reduce the concentration of greenhouse gases (GHG) in the atmosphere (Low Emission). At the same time, Thailand is gearing towards "Climate-Resilient Development" to achieve "Low Carbon Economy" in line with our Sustainable Development Goals.

Being one of the major financial institutions in our country and a global citizen, KBank is aware of the problem and is ready to have a role as a financial mechanism in support of changes to the current paradigm of the global community, based on the following three approaches:

1. Provide financial support to the promotion of alternative energy resource use and power conservation to encourage businesses to employ environmentally friendly processes that reduce GHG.
2. On Mitigation and Adaptation of the Climate Change Impacts, KBank encourages our customers to expedite their transactions via K PLUS mobile app to save travel time and reduce the amount of paper used in financial

transactions. Other efforts include reduction of energy and resource consumption, efficient water utilization, waste management, forest management and sustainable use of land.

3. To enhance our capacity towards coping with climate change, KBank has set the target for reducing GHG emissions by at least 20 percent from our operations by 2020 (versus our 2012 baseline). In addition, KBank has announced our energy conservation and environmental protection policy, as well as an Environmental Management System (EMS), Measurement – Report – Verification (MRV) protocols, GHG data management procedures, campaigns to raise awareness about GHG, etc.

### Renewable Energy Project Financing and Energy and Environment Conservation Project Financing

#### Renewable Energy Project Financing

Providing financial facilities to support renewable energy programs is one direction towards reducing or tackling global warming by keeping the global temperature rise below 2 degrees Celsius in accordance with agreements reached at the United Nations Framework Convention on Climate Change (UNFCCC) because such renewable energies can limitlessly used to replace traditional fossil fuels. These energy sources are

naturally replenished, thus, helping solve shortages of power while also reducing pollution. KBank has introduced a program to finance renewable energy projects that should encourage every sector to promote the production and use of clean energy from alternative sources, e.g., wind, solar, biomass, waste, etc. Each project supported by KBank has undergone risk assessments by taking into consideration Environmental, Social and Governance (ESG) criteria to ensure thorough assessments regarding any adverse effect on the environment and surrounding communities before we give approval.

### Risks Associated with Credit Extension to Renewable Energy Project Financing

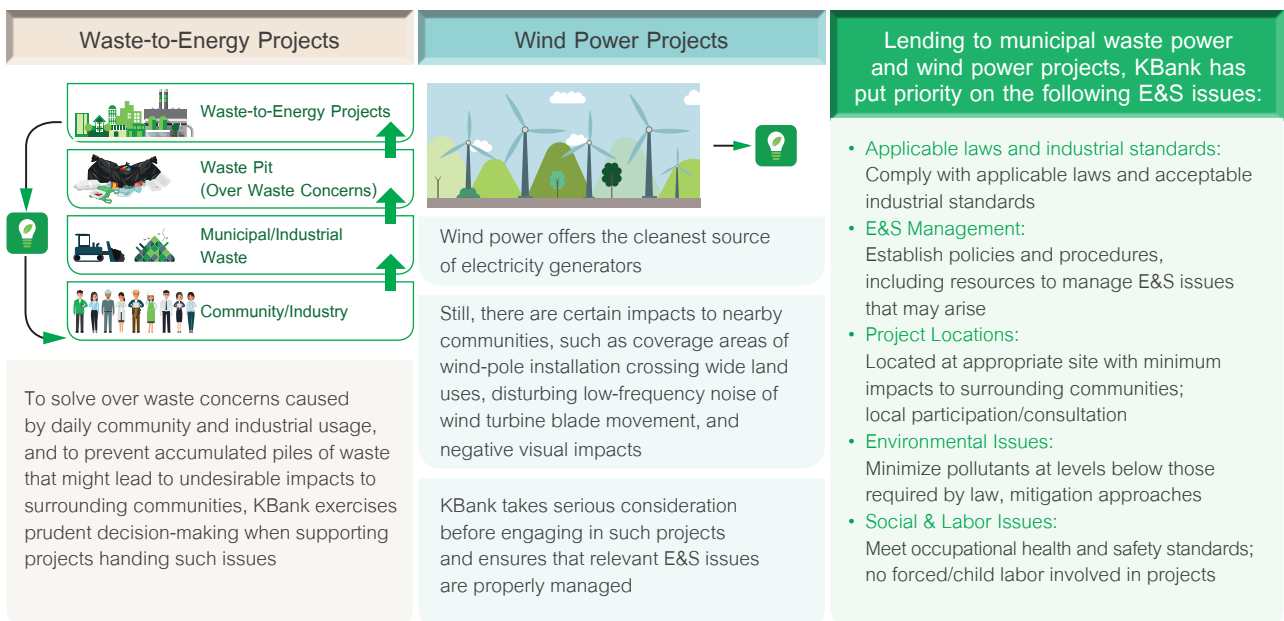
Before granting financial approvals to producers of alternative and renewable energy, such as solar, wind, hydro and biomass, KBank considers the risks in various dimensions, e.g.:

- Power plant construction risks: Certain types of power facilities such as hydro-power plants require an extended period for construction and entail high costs. Therefore, good supervision is required to ensure that the construction will proceed as planned and construction costs are kept under control.

- Major risks of biomass power plants: Raw material prices and availability must be assessed amid a growing number of power plant projects, given limited raw material resources. Also, there are many other industries that use such raw materials as fuel.
- Climate change risks: Unpredictable weather can affect solar, wind and hydro-power production because these alternative energy systems depend on natural resources varying in intensity.
- Technology/machinery risks: This entails design features, e.g. boilers, turbines and generators (preliminary inspection in Initial Environmental Report by independent engineers).
- Civil unrest risk: Mass protests and adverse opinions, occurring while credit requests are being considered, could prevent a power plant from being commissioned.
- Environmental and safety impact risks: Matters to be investigated include safety systems, Initial Environmental Examination (IEE), Environmental Impact Assessment (EIA) and Environmental and Social Impact Assessment (ESIA) by responsible agencies, plus certification of preventive measures and remedies to ensure environmental quality and safety.

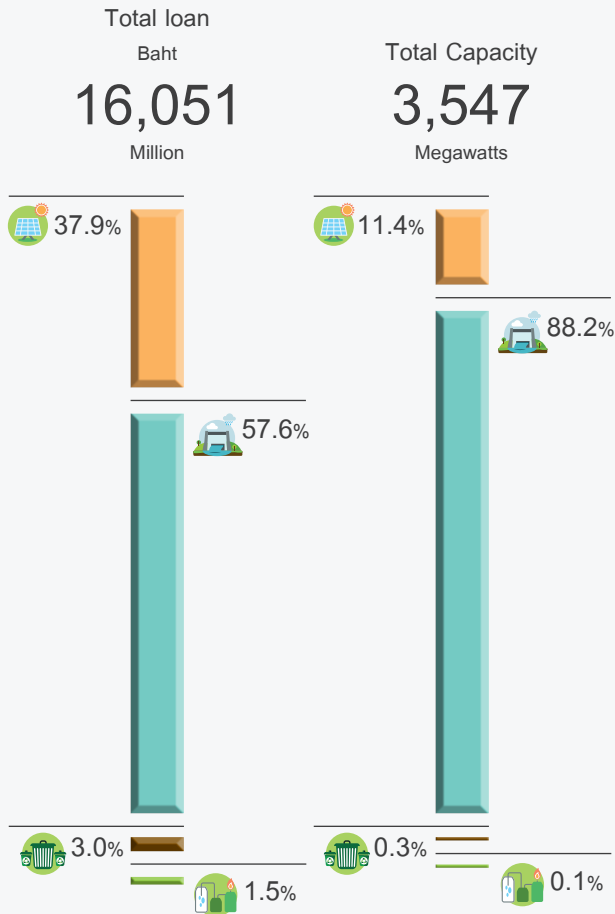
### Example showing procedures to consider credit requests by considering environmental and social risks ESG: Lending to Power Plant Projects

KBank has continually participated in power plant project lending. The Bank's credit policy requires project financing to pass Environmental and Social (E&G) screening before going into detailed credit of the proposed project.



Note: Detailed procedures for ESG screening are available in the "Risk Management" chapter.

## Renewable Energy Loan Value



**Solar**  
Loan Value Baht 6,094 Million  
Capacity 403 Megawatts

**Hydro**  
Loan Value Baht 9,247 Million  
Capacity 3,130 Megawatts

**Waste to Energy**  
Loan Value Baht 466 Million  
Capacity 10 Megawatts

**Biogas**  
Loan Value Baht 244 Million  
Capacity 4 Megawatts

### Monitoring and Evaluation

After granting loan approvals, KBank continuously monitors and evaluates the operators' performance from the program start until one year after operators' commencement of feed to the power grid. This evaluation is carried out by independent engineers, as well as local and international energy consultant networks recognized by the operators.

### Energy and Environmental Conservation Project Financing

KBank is steadfast in our intent to help decrease the effects of climate change. We have devised various loan programs to raise consumers' and businesses' awareness of the necessity to use eco-friendly products and innovations as a way to fight global warming. Such programs include:

#### Energy and Environmental Conservation Project Financing for Retail Customers

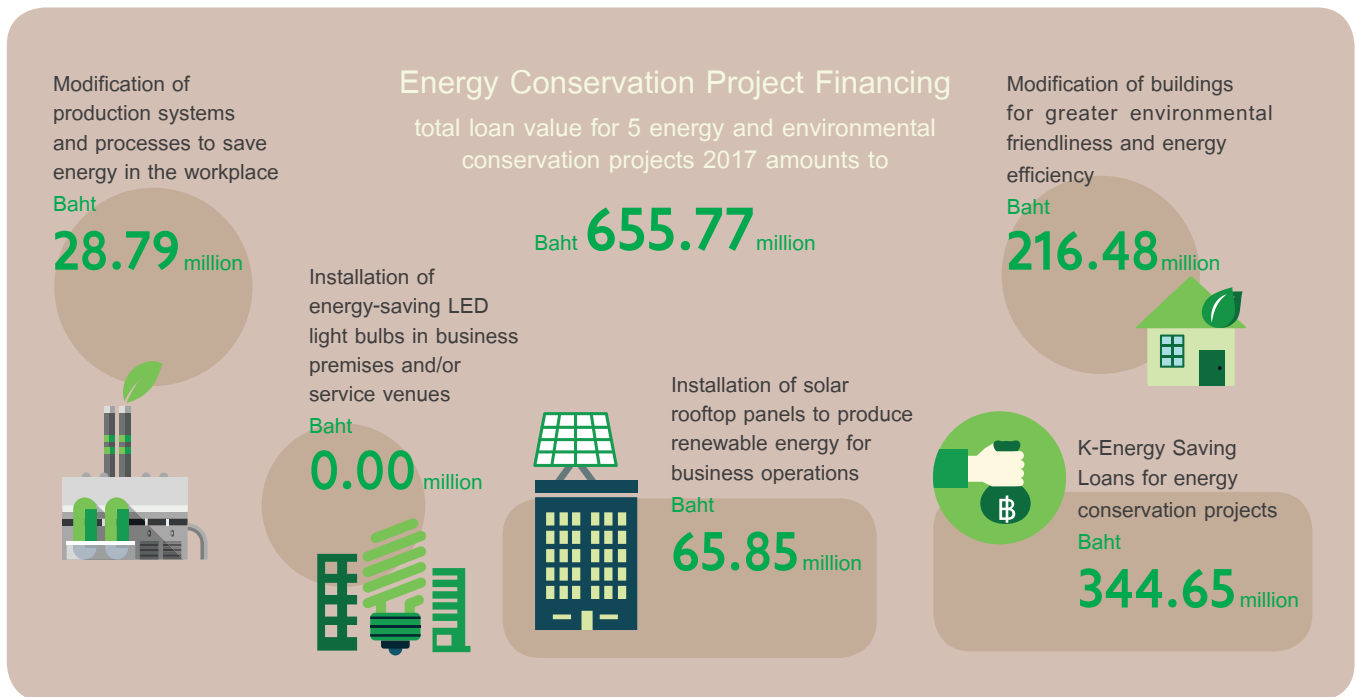
##### K-Green Home SCG HEIM Program

KBank supports housing loans for the SCG Heim Project to encourage customers to choose energy-conserving residences. In 2017, KBank set a loan target at Baht 100 million and approved Baht 73 million in such loans.

#### Energy and Environmental Conservation Project Financing for Corporate Customers

KBank supports businesses that commit to environmental principles in their operations. KBank initiated Energy and Environmental Conservation Project Financing to provide business operators with easy access to funding, ensuring that they can manage their working capital better, while also raising their competitiveness over the long run. KBank has allocated a total credit line of Baht 3 billion to support businesses towards the following:

- Modification of production systems and processes to save energy in the workplace
- Installation of energy-saving LED light bulbs in business premises and/or service venues
- Installation of solar rooftop panels to produce renewable energy for business operations
- Modification of buildings for greater environmental friendliness and energy efficiency
- K-Energy Saving Loans for energy conservation projects



Other than providing loans for energy-efficient projects, KBank has collaborated with various organizations and agencies to encourage companies to pay more attention to energy-saving business operations as presented below:

#### Local collaboration

- **KBank teams up with Thai Energy Service Company Association (Thai ESCO Association)** and its members. Thai ESCO Association provides advice and guidelines on comprehensive environmentally friendly operations to businesses, to serve as an essential mechanism to ensure businesses' confidence that their savings from energy conservation will pay off the loans in self-financing projects, promoting their competitiveness along with saving energy and preserving the environment.
- **KBank participates in the public hearings for the (draft) Thailand Country Program (TCP)** involving the framework on climate change, organized by the Ministry of Natural Resources and Environment, which is the focal point for the Green Climate Fund (GCF) and their GCF Secretariat, as well as the German Federal Ministry for Economic Cooperation and Development (BMZ), through the Deutsche Gesellschaft für Internationale

Zusammenarbeit (GIZ) GmbH, to disseminate an understanding about implementations and present ideas and recommendations for the (draft) TCP.

#### 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. In addition, KBank organizes seminars to disseminate knowledge and advice on energy-saving green building for operators.
- **KBank works with the United States Agency for International Development (USAID)** 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 scale-up their investments in green business.
- **KBank collaborates with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)** to provide the business sector with the knowledge and advice about energy-saving and renewable energy investments.



## Environmental Impact Management

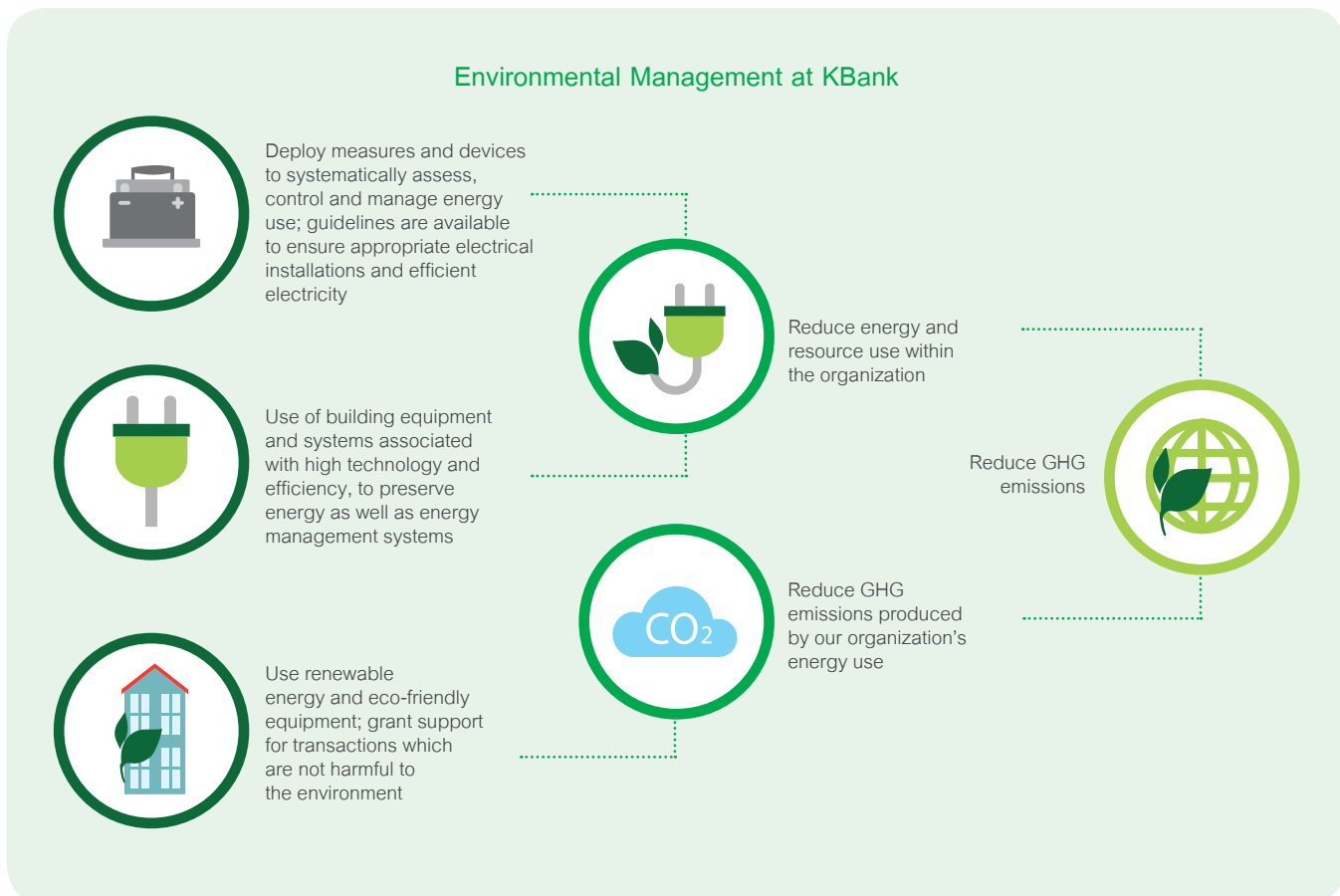
Sustainability Long-Term Target 2020	20-25% reduction in GHG emissions (Baseline year 2012)
Target 2017	6% reduction in GHG emissions (Baseline year 2012)
Performance 2017	8% reduction in GHG emissions (Baseline year 2012)



### Management Approach

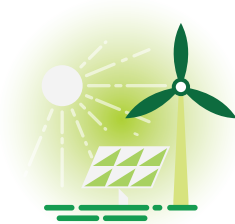
In environmental impact management, KBank clearly defines environment and energy conservation policies and lays down strategies as our corporate-wide implementation guidelines to achieve our goal towards reducing GHG emissions by 20-25 percent from our business activities by 2020, versus the 2012 baseline. Our approach is detailed below.

1. **Establish guidelines for environmental management** to achieve our goals vis-à-vis lowering GHG emissions to meet our target.





**2. Environmental and energy conservation management** is aimed at steering our organization towards a low carbon footprint by designing and helping us to choose energy conservation technologies, along with efficient building management by considering practices that protect the environment and more efficiently use natural resources.



Energy Conservation	Water Management	Waste and Effluent Management
<ul style="list-style-type: none"> <li>• Energy conservation plans and goals are established.</li> <li>• KBank will provide necessary support including manpower, budgets, training and participation in power management. We will deploy initiatives to ensure continuous improvements in energy efficiency and renewable energy usage, while also developing energy-saving systems and equipment accordingly.</li> <li>• It is the duty of executives at all levels to conserve energy and participate in implementing stipulated measures, monitoring, examining and reporting relevant matters to the Energy Management Working Group.</li> <li>• Energy policies, goals and operational plans will be reviewed and adjusted every year by executives and the Energy Management Working Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Water management plans and goals are established.</li> <li>• Patterns, procedures and management of water resources, including tap water, stored rainwater and wastewater recycled for consumption use are well defined.</li> <li>• It is stipulated that wastewater from our buildings must be processed to meet the standards required by related laws and regulations.</li> <li>• KBank will provide necessary support including manpower and budgets, and will always improve the effectiveness of water equipment in a timely and appropriate manner.</li> </ul>	<ul style="list-style-type: none"> <li>• Waste and effluent management plans and goals are established.</li> <li>• Waste and effluent management is handled in compliance with sanitation principles, covering collection, transportation, recovery and disposal.</li> <li>• Employees are supported to gain more knowledge and participate in waste and effluent management activities.</li> </ul>

### 3. An Energy Management Working Group for each building and Energy Use Assessment Team

have been established with the responsibility of energy management, along with monitoring and examinations, as well as the compilation of energy usage data to support continual development towards the attainment of KBank's energy conservation goals.

### 4. Promotion of maximum efficiency in the use of energy and resources

#### 1. Modify air conditioning systems at three main buildings

namely the Rat Burana Building, Phahon Yothin Building and KBank Learning Center. KBank has replaced chillers and condenser water pumps in these buildings to boost the efficiency of their air conditioning cooling systems, contributing to energy savings of 720,928 kilowatt-hours or 2,595,378 megajoules.

#### 2. Improve electricity and lighting systems illuminating the KBank logo at four main buildings,

namely the Rat Burana Building, Phahon Yothin Building, KBank Learning Center and KBank resort facility at Suk Samakkhi Village.

This project is an extension of the LED light bulb transition project at KBank's offices, which was completed last year, helping lower our energy consumption by 629,000 kilowatt-hours or 2,264,400 megajoules.

### 3. Waste sorting project

Containers for different types of waste are provided on each floor of KBank's main buildings to boost eco awareness among employees so that they dispose waste by type, thus assisting external waste management agencies in disposal and recycling. In 2017, the total amount of waste processed was 2,856 tons over the course of the year.

### 4. Water management system

KASIKORN BUSINESS-TECHNOLOGY GROUP (KBTG) initiated a water management program for more efficient-in-building water use. Rainwater is stored for use and wastewater is treated for recycling. Treated wastewater is then used in the building's air conditioning, sanitary and plant-watering system, for greater water efficiency. A total 21,237 cubic meters of water were recycled during the year.

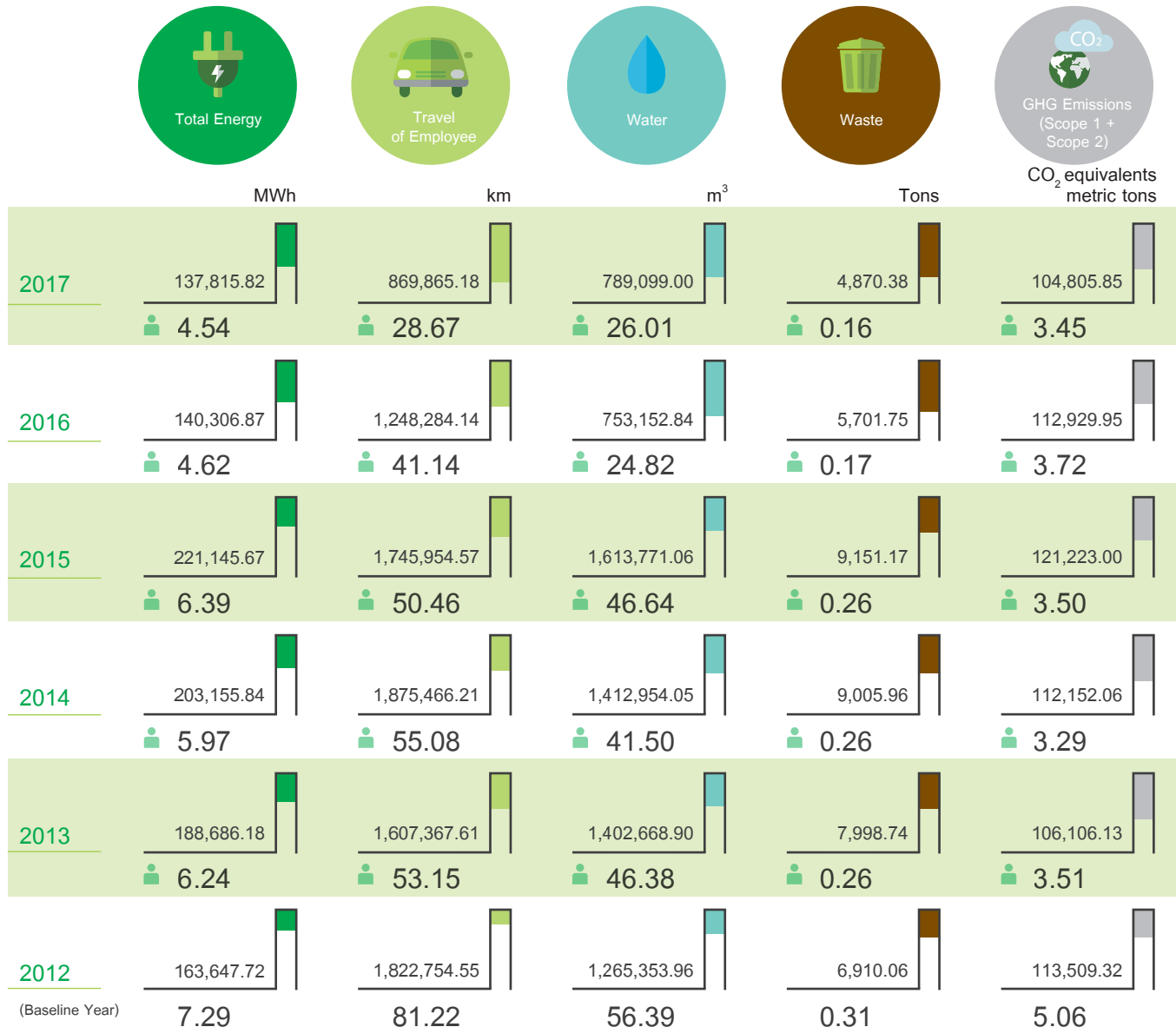
### 5. KBTG Building solar power project

KBTG Building is equipped with solar panel system having a capacity of 350 kilowatts that can produce up to 452,518 kilowatt-hours of electric power per year – equivalent to 1,629,064 megajoules p.a. – or about 5 percent of the total energy used in the building, in line with the LEED-NC "Platinum" certification by the United States Green Building Council (USGBC).

## Operating Performance

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

### KBank Energy Consumption and Environmental Management



Per FTE (Full Time Employee)

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

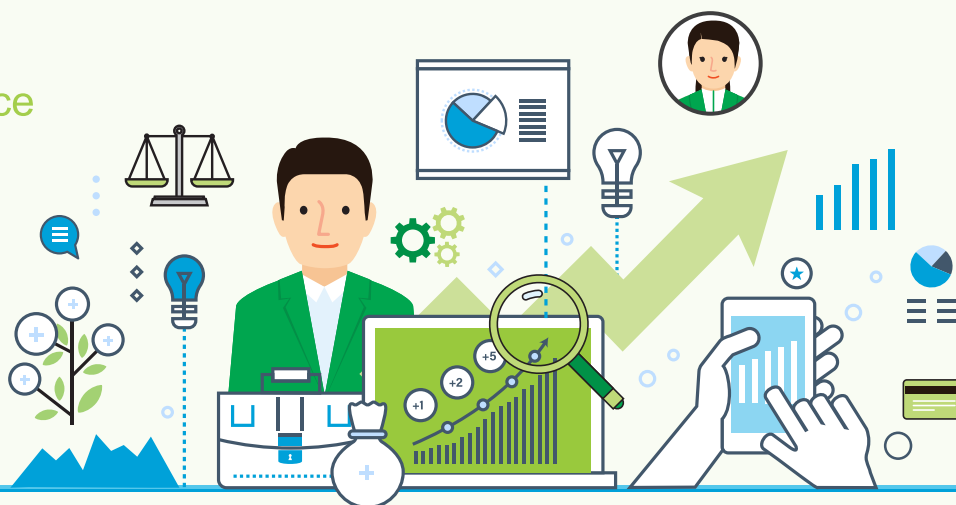
\*\* In 2017, higher water consumption was caused by improvement of the automatic fire suppression system for greater efficiency and the test of pipe cleaning system.

- Remarks:
- GHG Emission (Scope 1) did not include refrigerant and Halotron leaks.
  - GHG Emission (Scope 2) did not include electricity consumption of branches in the department stores, which account for approximately 5 percent of total premise of KBank.  
**Improvement guideline**  
KBank plans to compile the information related to refrigerant use in six main buildings within Scope 1 and expects to disclose such information in the Sustainability Report 2018.
  - GHG Emission (Scope 3) was calculated from business travels by taxis only, not including mass transit and air transport.
  - The volume of waste was evaluated from the volume of waste delivered to the municipal authority for disposal, and did not include electronic waste and paper. KBank plans to compile the information and reports in the Sustainability Report 2018.
  - Recalculation was made with GHG volume since 2012, as the baseline year. The volume of fuels used in travels in 2012 was collected from Fleet Card usage only (not including cash payment). KBank has promoted more use of Fleet Card in place of cash, and the calculation method has been revised accordingly.
  - The reduction of waste was caused by the effective of resourceful use campaign.



## Economic, Social and Environmental Performance

### Economic Performance



Economic	Unit	2017	
		Consolidated	KBank
Revenues*	Thousand Baht	182,032,493	158,975,087
Other operating expenses**	Thousand Baht	30,371,858	30,209,683
Employee's expenses***	Thousand Baht	31,007,961	23,020,704
Payments to providers of capital****	Thousand Baht	34,749,315	34,694,189
Tax payment to government*****	Thousand Baht	13,552,479	9,919,253
Cash donation for supporting community and education	Thousand Baht	467,406	416,300
Economic value retained	Thousand Baht	71,883,474	60,714,958
Total assets	Thousand Baht	2,900,840,774	2,444,824,063
Total liabilities	Thousand Baht	2,513,018,479	2,130,506,043
Total equity	Thousand Baht	387,822,295	314,318,020

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

\*\* Other operating expenses include director remuneration, premises and equipment expenses, and other operating expenses excluding employee's expenses and cash donation for supporting community and education.


\*\*\* 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.

## Social Performance







Item	2013		2014		2015		2016		2017	
	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	% of total employees
 Number of Employees*	19,303		21,614		21,484		21,029		20,839	
<b>By Gender</b>										
• Male	7,386	38.26%	7,694	35.60%	7,377	34.34%	6,831	32.48%	6,579	31.57%
• Female	11,917	61.74%	13,920	64.40%	14,107	65.66%	14,198	67.52%	14,260	68.43%
<b>By Nationality</b>										
• Thai	19,289	99.93%	21,601	99.94%	21,470	99.93%	20,995	99.84%	20,809	99.86%
• Foreigner	14	0.07%	13	0.06%	14	0.07%	34	0.16%	30	0.14%
<b>By Type of Employment</b>										
• Permanent	19,263	99.79%	21,548	99.69%	21,429	99.74%	20,978	99.76%	20,767	99.65%
• Contracted	40	0.21%	66	0.31%	55	0.26%	51	0.24%	72	0.35%
<b>By Workplace</b>										
• Head office and main buildings	10,093	52.29%	10,688	49.45%	10,537	49.05%	9,940	47.27%	9,787	46.96%
• Elsewhere	9,210	47.71%	10,926	50.55%	10,947	50.95%	11,089	52.73%	11,052	53.04%
<b>By Country</b>										
• Thailand	19,294	99.95%	21,606	99.96%	21,474	99.95%	21,008	99.90%	20,815	99.88%
• Elsewhere	9	0.05%	8	0.04%	10	0.05%	21	0.10%	24	0.12%


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



Item	2013		2014		2015		2016		2017	
	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	% of total employees
<b>By Level of Education</b>										
• High school (lower than bachelor's degree)	702	3.64%	633	2.93%	554	2.58%	469	2.23%	401	1.92%
• Bachelor's degree	12,678	65.68%	14,653	67.79%	14,568	67.81%	14,512	69.01%	14,358	68.90%
• Master's degree	5,890	30.51%	6,289	29.10%	6,322	29.43%	6,010	28.58%	6,046	29.01%
• Doctoral degree	33	0.17%	39	0.18%	40	0.19%	38	0.18%	34	0.16%
<b>By Employee Level</b>										
<b>Top Management (Executive)</b>	51		52		56		53		62	
• Male	39	76.47%	40	76.92%	44	78.57%	42	79.25%	45	72.58%
• Female	12	23.53%	12	23.08%	12	21.43%	11	20.75%	17	27.42%
• < 30 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	31	60.78%	29	55.77%	27	48.21%	28	52.83%	32	51.61%
• > 50 years	20	39.22%	23	44.23%	29	51.79%	25	47.17%	30	48.39%
<b>Middle Management</b>	759		815		865		827		846	
• Male	458	60.34%	478	58.65%	501	57.92%	466	56.35%	462	54.61%
• Female	301	39.66%	337	41.35%	364	42.08%	361	43.65%	384	45.39%
• < 30 years	1	0.13%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
• 30 - 50 years	492	64.82%	524	64.29%	536	61.97%	487	58.89%	493	58.27%
• > 50 years	266	35.05%	291	35.71%	329	38.03%	340	41.11%	353	41.73%
<b>Operating and Staff Level</b>	18,493		20,747		20,563		20,149		19,931	
• Male	6,889	37.25%	7,176	34.59%	6,832	33.22%	6,323	31.38%	6,072	30.47%
• Female	11,604	62.75%	13,571	65.41%	13,731	66.78%	13,826	68.62%	13,859	69.53%
• < 30 years	7,773	42.03%	9,345	45.04%	8,853	43.05%	8,662	42.99%	8,260	41.44%
• 30 - 50 years	8,409	45.47%	8,978	43.27%	9,189	44.69%	8,947	44.40%	9,013	45.22%
• > 50 years	2,311	12.50%	2,424	11.68%	2,521	12.26%	2,540	12.61%	2,658	13.34%



Item	2013		2014		2015		2016		2017	
	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	% of total employees
 <b>New Hires</b>	3,994	20.69%	4,246	19.64%	3,578	16.65%	2,825	13.43%	2,346	11.26%
<b>By Age</b>										
• < 30 years	3,480	87.13%	3,567	84.01%	3,034	84.80%	2,515	89.03%	1,971	84.02%
• 30 - 50 years	511	12.79%	678	15.97%	542	15.15%	309	10.94%	373	15.90%
• > 50 years	3	0.08%	1	0.02%	2	0.06%	1	0.04%	2	0.09%
<b>By Gender</b>										
• Male	893	22.36%	950	22.37%	762	21.30%	541	19.15%	498	21.23%
• Female	3,101	77.64%	3,296	77.63%	2,816	78.70%	2,284	80.85%	1,848	78.77%
<b>By Workplace</b>										
• Head office and main buildings	1,716	42.96%	1,809	42.60%	1,459	40.78%	880	31.15%	962	41.01%
• Elsewhere	2,278	57.04%	2,437	57.40%	2,119	59.22%	1,945	68.85%	1,384	58.99%
<b>By Country</b>										
• Thailand	3,994	100%	4,246	100%	3,578	100%	2,825	100%	2,346	100%
• Elsewhere	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
 <b>Number of Turnover (not including retirement, early retirement, death, not qualified, disclaim, contract termination and termination of all kinds)</b>	2,424	12.56%	2,465	11.40%	3,180	14.80%	3,562	16.94%	2,074	9.95%
<b>By Gender</b>										
• Male	690	28.47%	642	26.04%	821	25.82%	981	27.54%	541	26.08%
• Female	1,734	71.53%	1,823	73.96%	2,359	74.18%	2,581	72.46%	1,533	73.92%
<b>By Age</b>										
• < 30 years	1,619	66.79%	1,641	66.57%	2,118	66.60%	2,076	58.28%	1,250	60.27%
• 30 - 50 years	751	30.98%	776	31.48%	978	30.75%	1,372	38.52%	762	36.74%
• > 50 years	54	2.23%	48	1.95%	84	2.64%	114	3.20%	62	2.99%
 <b>Number of employees who are labor union members</b>	7,180	37.20%	7,336	33.94%	7,115	33.12%	8,736	41.54%	8,687	41.69%
 <b>Number of employees under supervision of the Welfare and Labor Union Committee</b>	19,303	100%	21,614	100%	21,484	100%	21,029	100%	20,839	100%

Item	2013	2014	2015	2016	2017
 Ratio of Salary and Basic Remuneration of Male and Female Employees					
<b>Head Office</b>					
• Top Management (Executive)	1 : 1	1 : 1	1 : 0.84	1 : 0.84	1:0.76
• Middle Management	1 : 1	1 : 1	1 : 1	1 : 1.06	1:1.04
• Operating and Staff Level	1 : 1	1 : 1	1 : 0.75	1 : 0.76	1:0.75
<b>Elsewhere</b>					
• Top Management (Executive)	1 : 1	1 : 1	-	-	-
• Middle Management	1 : 1	1 : 1	1 : 1.61	1 : 1.73	No Female
• Operating and Staff Level	1 : 1	1 : 1	1 : 0.69	1 : 0.69	1:0.69



Item	2013		2014		2015		2016		2017	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
• Number of employees having the right of maternity/parental leave	19,303		21,614		21,484		21,029		20,839	
	7,386	11,917	7,694	13,920	7,377	14,107	6,831	14,198	6,579	14,260
• Number of employees using the right of maternity/parental leave (classified by gender)	394		536		677		691		766	
	N/A	N/A	33	503	41	636	39	652	36	730
• Number of employees returning to work after maternity/parental leave (classified by gender)	369		519		626		629		727	
	N/A	N/A	32	487	38	588	32	597	35	692
• Percentage of employees returning to work and remaining at work after maternity/parental leave	93.65%		96.83%		92.47%		91.03%		94.91%	
	N/A	N/A	96.97%	96.82%	92.68%	92.45%	82.05%	91.56%	97.22%	94.79%

Item	2013	2014	2015	2016	2017
<b>Employee Engagement*</b>					
• Engagement Score*	62%	64%	61%	61%	68%
• Information coverage (%)	99.99%	100%	100%	100%	100%
<b>Minimum notice period before effective operational changes that potentially affect job title/type of employment, e.g., organizational restructuring, business merger and branch expansion</b>					
• Job changes			2 weeks		
• Business merger, branch expansion			60 days		
• Organizational restructuring, e.g., addition or reduction of divisions			2 weeks		
<b>Employee Complaints in relation to Labor Practices</b>					
• Number of employee complaints in relation to labor practices	23	23	34	2	2
• Number of resolved complaints	23	23	34	2	2
• Number of pending complaints	-	-	-	-	-



\* The Engagement Score assessment is conducted every 2 years

## Training

Item	Hours per year per person				
	2013	2014	2015	2016	2017
Total training hours	1,070,326	1,045,128	1,359,209	1,186,243	1,094,591
Average training hours	55.5	48.4	62.1	56.4	52.5
<b>By Level</b>					
• Management level (First Vice President and higher)	55.6	48.1	62.1	116.6	81.6
• Operating and staff level (below First Vice President)	47.4	66.6	63.4	55.5	52.1
<b>By Gender</b>					
• Male	47.5	42.9	53.1	54.8	50.7
• Female	60.4	51.4	66.8	57.2	53.4

Item	Percentage of Total Employees				
	2013	2014	2015	2016	2017
<b>Employee Performance Evaluation</b>					
Percentage of evaluated employees	100%	100%	100%	100%	100%
<b>By Level</b>					
• Top Management	100%	100%	100%	100%	100%
• Middle Management	100%	100%	100%	100%	100%
• Operating and staff level	100%	100%	100%	100%	100%
<b>By Gender</b>					
• Male	100%	100%	100%	100%	100%
• Female	100%	100%	100%	100%	100%
<b>By Program</b>					
• Management by Objectives	100%	100%	100%	100%	100%
• Formal comparative ranking of employees within one employee category	100%	100%	100%	100%	100%
<b>Training Expenses (Baht)</b>					
Staff Productivity (Revenue/Personnel Expense)	5.78	5.45	5.69	5.90	5.81
Human Capital Return on Investment	4.21	4.01	4.05	4.39	4.31





## Occupational Health and Safety

Item	Unit	2013		2014		2015		2016		2017	
		Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Injury Rate (IR)	Number of employees per 200,000 operating hours	0.02		0.01		0.01		0.01*		0.00	
		0.03*	0.01*	0.00	0.02*	0.03*	0.00	0.04*	0.00	0.00	0.00
Lost Time Injury Rate (LTIR)	Number of employees per 200,000 operating hours	0.02		0.01		0.01		0.01*		0.00	
		0.03*	0.01*	0.00	0.02*	0.03*	0.00	0.04*	0.00	0.00	0.00
Lost Day Injury Rate (LDIR)	Number of lost days per 200,000 hours	2.69		0.17		0.80		0.00		0.00	
		0.44*	4.08*	0.00	0.27*	2.34*	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		0	
		0	0	0	0	0	0	0	0	0	0
Absentee Rate (AR)	Percentage	N/A		0.61		0.70		0.70		0.74***	
		N/A	N/A	0.53	0.65	0.64	0.74	0.65	0.72	0.68	0.77
Number of Fatalities	Person	0	0	0	0	0	0	1**	0	0	0
<b>Sick Leave</b>											
Number of sick leave days	Day	N/A	N/A	10,001	22,037	11,442	25,335	10,887	25,027	10,990	26,638
<b>By Workplace</b>											
• Head office and main buildings	Day	N/A		N/A		N/A		24,202		25,258	
• Elsewhere	Day	N/A		N/A		N/A		11,712		12,370	
Number of time lost due to non-work related illness	Day x 8 hours	N/A	N/A	80,008	176,292	91,532	202,680	87,092	200,216	87,916	213,100

**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.

\*\*\* Influenza epidemic



## Environmental Performance



### 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 Jan2017
Materiality threshold	10%
Intensity ratio	per FTE
Independent assurance	YES



Parameter	2012 (Baseline Year)	2013	2014	2015	2016	2017	% change 2016 vs 2017	% change 2012 vs 2017
 <b>Greenhouse Gas Emission (GHG Emission)</b>								
Total Scope 1 emission (Tonnes CO <sub>2</sub> e)	18,249.98	19,646.22	24,180.32	29,765.00	31,257.32	24,583.26	↓ -21%	↑ 35%
Total Scope 2 emission (Tonnes CO <sub>2</sub> e)	95,259.34	86,459.91	87,971.74	91,458.00	81,672.63	80,222.59	↓ -2%	↓ -16%
Total Scopes 1&2 emission (Tonnes CO <sub>2</sub> e)	113,509.32	106,106.13	112,152.06	121,223.00	112,929.95	104,805.85	↓ -7%	↓ -8%
Total Scopes 1&2 emission intensity (Tonnes CO <sub>2</sub> e per FTE)	5.06	3.51	3.29	3.50	3.72	3.45	↓ -7%	↓ -32%
 <b>Energy</b>								
Total energy consumption within organization (MWh)	163,647.72	188,686.18	203,155.84	221,145.67	140,306.87	137,815.82	↓ -2%	↓ -16%
Total energy consumption intensity (MWh per FTE)	7.29	6.24	5.97	6.39	4.62	4.54	↓ -2%	↓ -38%
 <b>Water</b>								
Water consumption (mil m3)	1.27	1.40	1.41	1.61	0.75	0.79	↑ 5%*	↓ -38%
Water consumption intensity (m3 per FTE)	56.39	46.38	41.50	46.64	24.82	26.01	↑ 5%*	↓ -54%
 <b>Waste</b>								
Total Waste generate (Metric Tonnes)	6,910.06	7,998.74	9,005.96	9,151.17	5,701.75	4,870.38	↓ -15%	↓ -30%
Waste generated intensity (kg per FTE)	307.92	264.50	264.50	264.50	166.54	160.51	↓ -4%	↓ -48%
 <b>Travel</b>								
Total business travel from road (km)	1,822,754.55	1,607,367.61	1,875,466.21	1,745,954.57	1,248,284.14	869,865.18	↓ -30%	↓ -52%
Total CO <sub>2</sub> emission from road travel (Tonnes CO <sub>2</sub> )	262.84	297.55	347.18	323.20	180.00	159.35	↓ -11%	↓ -39%
Total CO <sub>2</sub> emission from road travel per FTE (Tonnes CO <sub>2</sub> per FTE)	0.01 (0.0117)	0.01 (0.0098)	0.01 (0.0110)	0.01 (0.0093)	0.01 (0.0059)	0.01 (0.0053)	↓ -11%	↓ -55%
<b>Full Time Employee** (FTE)</b>	<b>22,441</b>	<b>30,241</b>	<b>34,049</b>	<b>34,598</b>	<b>30,339</b>	<b>30,344</b>	<b>0.02%</b>	<b>35%</b>

Remarks:

- GHG Emission (Scope 1) did not include refrigerant and Halotron leaks.
- GHG Emission (Scope 2) did not include electricity consumption of branches in the department stores, which account for approximately 5 percent of total premise of KBank.  
**Improvement guideline**  
KBank plans to compile the information related to refrigerant use in six main buildings within Scope 1 and expects to disclose such information in the Sustainability Report 2018.
- GHG Emission (Scope 3) was calculated from business travels by taxis only, not including mass transit and air transport.
- The volume of waste was evaluated from the volume of waste delivered to the municipal authority for disposal, and did not include electronic waste and paper. KBank plans to compile the information and reports in the Sustainability Report 2018.
- Recalculation was made with GHG volume since 2012, as the baseline year. The volume of fuels used in travels in 2012 was collected from Fleet Card usage only (not including cash payment). KBank has promoted more use of Fleet Card in place of cash, and the calculation method has been revised accordingly.
- The reduction of waste was caused by the effective of resourceful use campaign.

\* In 2017, higher water consumption was caused by improvement of the automatic fire suppression system for greater efficiency and the test of pipe cleaning system.

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



## 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 2016 was published in March 2017. As for the 2017 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 2017 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 115

### Report Boundaries

The report boundaries cover KBank's performance during January 1 – December 31, 2017. 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 122-123.

### 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 2017 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, the Lloyd Register International (Thailand) 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) and total employees' absenteeism (GRI 403-2), share of online users (% of total transactions), initiatives to enhance financial literacy by type of beneficiaries (former FS16) per the GRI Standards, as shown on page 126-127.

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 K Companies 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 sources for consumption include fuel combustion and electricity.

### Greenhouse Gas (GHG)

This exhibits greenhouse gas (GHG) emissions from operations or activities of KBank, calculated in compliance with Intergovernmental Panel on Climate Change (IPCC) guidelines (Emission Factor is based on the IPCC Standard, Volume 2, while septic tank calculation is based on the 2006 IPCC Guideline for National Greenhouse Gas Inventories, Volume 5, Chapter 6 – Wastewater Treatment and Discharge), with the following principles:

#### 1. Report Boundaries

- 1.1 Direct emissions (Scope 1) occur from fuel or natural gas combustion and the leakage of methane gas from septic tank, through operating processes and activities under KBank's monitoring, control and management.
- 1.2 Indirect emissions (Scope 2) occur mainly from electricity, bought from external sources for KBank's operations, excluding the electricity usage of the branches in the department stores.
- 1.3 Other indirect emissions (Scope 3) occur from staff travels by taxis 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 rate, as suggested in the 2006 IPCC guidelines.

- 2.2 The calculation of Scope 2 GHG emissions is based on the quantity of purchased electricity, with reference to the GHG emission rate of Thailand Greenhouse Gas Management Organization (Public Organization)

3. **The GHG emission report** covers CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub>, calculated and illustrated in the form of carbon dioxide equivalent (CO<sub>2</sub>e), indicating Global Warming Potential (GWP) as designated by IPCC.

4. **Emission Factor** according to Thailand Greenhouse Gas Management Organization (Public Organization) (TGO)

5. **Assessment Method** according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard Revised Edition and TGO guideline for carbon footprint assessment, third edition, October 2016

6. **Assumption of GHG emission** from taxi travels is based on the proportion of NGV and LPG consumption of the number of taxis registered with the Department of Land Transport

### Water

Water management involves water from external sources, recycled water, discharged wastewater and reused water. Evaluation of water utilization efficiency and risk from difference water sources is in place.

Water from external sources is used for KBank's activities. The information is extracted from the accounting evidence or water supply meter reading.

Reused water\* refers to the amount of reused water consumption after wastewater is treated through the wastewater management processes. Water management is in place at KBank's main buildings, including Rat Burana Building, Chaeng Watthana Building and KBTG Building. The activated sludge wastewater treatment system receives appropriate level of oxygen to ensure that at least 12 percent of water consumed within the buildings is recycled and reused, without GHG emission during the water management processes.



## 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)

## 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

$$\text{Injury Rate (IR)} = \frac{\text{Number of all injuries (as of the day the report is prepared)} \times 200,000 \text{ (operating hours)}}{\text{Operating hours (as of the day the report is prepared)}}$$

$$\text{Lost Time Injury Rate (LTIR)} = \frac{\text{Number of Lost Time Injuries (as of the day the report is prepared)} \times 200,000 \text{ (operating hours)}}{\text{Operating hours (as of the day the report is prepared)}}$$

$$\text{Lost Day Injury Rate (LDIR)} = \frac{\text{Number of Lost Day Injuries (as of the day the report is prepared)} \times 200,000 \text{ (operating hours)}}{\text{Operating hours (as of the day the report is prepared)}}$$

$$\text{Occupational Disease Rate (ODR)} = \frac{\text{Number of Occupational Diseases (as of the day the report is prepared)} \times 200,000 \text{ (operating hours)}}{\text{Operating hours (as of the day the report is prepared)}}$$

$$\text{Absentee Rate (AR)} = \frac{\text{Number of Lost Day Injuries and other Occupational Diseases that are not excused (as of the day the report is prepared)} \times 100}{\text{Total number of operating days in one year}}$$



## 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.	○	○	○	●	●	●	●
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 2017.

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



## GRI Content Index



GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>General Disclosures</b>						
<b>GRI 102: General disclosures 2016</b>	<b>Organizational profile</b>					
	102-1 Name of the organization		Page 10			
	102-2 Activities, brands, products, and services		Pages 10-11			
	102-3 Location of headquarters		Page 41			
	102-4 Location of operations		Pages 10, 14-15			
	102-5 Ownership and legal form		Page 10			
	102-6 Markets served		Pages 13-15			
	102-7 Scale of the organization		Pages 10, 102			
	102-8 Information on employees and other workers		Page 103			SDG 8
	102-9 Supply chain		Pages 64-65			
	102-10 Significant changes to the organization and its supply chain		Pages 10-11, 15, 115			
	102-11 Precautionary principle or approach		Page 94			
	102-12 External Initiatives		Pages 18, 122-123			
	102-13 Membership of associations		Page 29			
	<b>Strategy</b>					
	102-14 Statement from senior decision-maker		Pages 6-8			
	102-15 Key impacts, risk, opportunities		Pages 6-8			
	<b>Ethics and integrity</b>					
	102-16 Values, principles, standards, and norms of behavior		Pages 35-36			SDG 16



GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>Governance</b>						
	102-18 Governance Structure		Pages 20, 33-34, 42-43			
	102-19 Delegating authority		Pages 20, 33-34, 42-43			
	102-30 Effectiveness of risk management processes		Pages 42-45			
	102-31 Review of economic, environmental, and social topics		Page 42			
	102-32 Highest governance body's role in sustainability reporting		Pages 22, 112			
<b>Stakeholder engagement</b>						
	102-40 List of stakeholder groups		Pages 25-29			
	102-41 Collective bargaining agreements		Page 105			SDG 8
	102-42 Identifying and selecting stakeholders		Pages 25-29			
	102-43 Approach to stakeholder engagement		Pages 25-29			
	102-44 Key topics and concerns raised		Pages 25-29			
<b>Reporting Practice</b>						
	102-45 Entities included in the consolidated financial statements		Pages 21, 115			
	102-46 Defining report content and topic boundaries		Pages 21-22			
	102-47 List of material topics		Pages 22-24			
	102-48 Restatements of information		Pages 101, 111			
	102-49 Changes in reporting		Pages 22, 115			
	102-50 Reporting period		Page 112			
	102-51 Date of most recent report		Page 112			
	102-52 Reporting cycle		Page 112			
	102-53 Contact point for questions regarding the report		Page 112			
	102-54 Claims of reporting in accordance with the GRI STANDARDS		Pages 22, 112, 116-121			
	102-55 GRI content index		Pages 116-121			
	102-56 External assurance		Pages 126-127			





GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>Material topics</b>						
<b>Economic performance</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 46, 49, 50			
	103-2 The management approach and its components		Pages 12-15, 46			
	103-3 Evaluation of the management approach		Pages 17, 46-51			
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed		Pages 87, 102			SDG 5, SDG 8, SDG 9
<b>Indirect economic impacts 2016</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 52			
	103-2 The management approach and its components		Pages 52-54			
	103-3 Evaluation of the management approach		Pages 52-55			
GRI 203: Indirect economic impacts 2016	203-2 Significant indirect economic impacts		Pages 53-55			SDG 1, SDG 3, SDG 8, SDG 10
<b>Anti-corruption</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 35, 39-40			
	103-2 The management approach and its components		Pages 35, 39-41			
	103-3 Evaluation of the management approach		Page 35			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures		Pages 37-38, 40			SDG 16
<b>Energy</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 94			
	103-2 The management approach and its components		Pages 98-100			
	103-3 Evaluation of the management approach		Pages 98, 101, 110-111			
GRI 302: Energy 2016	302-1 Energy consumption within the organization		Pages 101, 110-111, 113		YES	SDG 8, SDG 13
	302-3 Energy intensity		Pages 101, 110-111			SDG 8, SDG 13
	302-4 Reduction of energy consumption		Page 100, 110-111			SDG 8, SDG 13
<b>Water</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 94			
	103-2 The management approach and its components		Pages 98-100			
	103-3 Evaluation of the management approach		Pages 101, 110-111			
GRI 303: Water 2016	303-1 Water withdrawal by source		Pages 101, 110-111, 113		YES	





GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>Emissions</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 94			
	103-2 The management approach and its components		Pages 98-100			
	103-3 Evaluation of the management approach		Pages 98, 101, 110-111			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		Pages 110-111, 113		YES	SDG 3, SDG 13
	305-2 Energy indirect (Scope 2) GHG emissions		Pages 110-111, 113		YES	SDG 3, SDG 13
	305-3 Other indirect (Scope 3) GHG emissions		Pages 110-111, 113		YES	SDG 3, SDG 13
	305-4 GHG emissions intensity		Pages 110-111, 113			SDG 13
<b>Effluent and Waste</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 94			
	103-2 The management approach and its components		Pages 98-100			
	103-3 Evaluation of the management approach		Pages 93, 100-101, 110-111			
GRI 306: Effluent and Waste 2016	306-2 Waste by type and disposal method		Pages 101, 110-111, 114	Information unavailable – the volume of waste did not include electronic waste and paper. KBank plans to compile the information and reports in the Sustainability Report 2018.	YES	
<b>Environmental assessment to suppliers</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 64			
	103-2 The management approach and its components		Pages 64-65			
	103-3 Evaluation of the management approach		Pages 64-65			
GRI 308: Supplier environmental assessment 2016	308-1 New suppliers that were screened using environmental criteria		Page 65			
<b>Employment</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 68			
	103-2 The management approach and its components		Pages 68-72			
	103-3 Evaluation of the management approach		Pages 17, 68, 72			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover		Page 105			SDG 5, SDG 8
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees		Page 71			SDG 8
	401-3 Parental leave		Page 107			SDG 5, SDG 8

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>Labor/Management relations</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 68			
	103-2 The management approach and its components		Pages 68-72			
	103-3 Evaluation of the management approach		Pages 17, 68, 72			
GRI 402: Labor/Management relations 2016	402-1 Minimum notice periods regarding operational changes		Page 107			SDG 8
<b>Occupational health and safety</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 68, 75			
	103-2 The management approach and its components		Pages 68, 75			
	103-3 Evaluation of the management approach		Pages 68, 75, 109			
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 109		YES	SDG 3, SDG 8
<b>Training and education</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 68, 73			
	103-2 The management approach and its components		Pages 68, 73-74			
	103-3 Evaluation of the management approach		Pages 67-68, 73-74, 108			
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee		Page 108			SDG 4, SDG 5, SDG 8
	404-3 Percentage of employees receiving regular performance and career development reviews		Page 108			SDG 5, SDG 8
<b>Diversity and equal opportunity</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 68-69			
	103-2 The management approach and its components		Pages 68-70			
	103-3 Evaluation of the management approach		Pages 67, 104, 106			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees		Page 104			SDG 5, SDG 8
	405-2 Ratio of basic salary and remuneration of women to men		Page 106			SDG 5, SDG 8, SDG 10
<b>Human rights assessment</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 76			
	103-2 The management approach and its components		Pages 76-77			
	103-3 Evaluation of the management approach		Page 77			
GRI 412: Human rights assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments		Pages 76-77			

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s) and / or URL (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGS
		ANNUAL REPORT	SUSTAINABILITY REPORT			
<b>Supplier social assessment</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 64			
	103-2 The management approach and its components		Pages 64-65			
	103-3 Evaluation of the management approach		Pages 64-65			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria		Pages 64-65			
	414-2 Negative social impacts in the supply chain and actions taken		Page 64			
<b>Customer privacy</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 59			
	103-2 The management approach and its components		Pages 59-63			
	103-3 Evaluation of the management approach		Page 59, 62			
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		Page 62			SDG 16
<b>Specific standard disclosures for the financial services sector</b>						
<b>Product portfolio</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 52, 94-95			
	103-2 The management approach and its components		Pages 52-54, 94-95			
	103-3 Evaluation of the management approach		Pages 52-55, 93-94, 96-97			
GRI G4 Product portfolio	FS7 Monetary value of products and services designed to deliver a specific social business for each business line broken down by purpose		Pages 53-55			SDG 1, SDG 8, SDG 9, SDG 10
	FS8 Monetary value of products and services designed to deliver a specific environmental business for each business line broken down by purpose		Pages 93-94, 96-97			
<b>Local communities</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Page 78			
	103-2 The management approach and its components		Page 78			
	103-3 Evaluation of the management approach		Pages 78-83			
GRI G4 Local communities	FS13 Access points in low-populated or economically disadvantaged areas by types		Pages 79-83			SDG 1, SDG 8, SDG 10
	FS14 Initiatives to improve access to financial services for disadvantaged people		Pages 79-83			SDG 1, SDG 8, SDG 10
<b>Financial Literacy (Former FS16)</b>						
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundaries		Pages 78, 84			
	103-2 The management approach and its components		Pages 78, 84-86			
	103-3 Evaluation of the management approach		Pages 78, 84-86		YES	



## Practices under the United Nations Global Compact



Area	Principles of Global Compact	Implementation
Human Rights	<ol style="list-style-type: none"> <li>Businesses should support and respect the protection of internationally proclaimed human rights; and</li> <li>Make sure that they are not complicit in human rights abuses.</li> </ol>	<ul style="list-style-type: none"> <li>KBank Board of Directors's review of the Human Rights Policy, including changes in stakeholders and expansion of policy scope to cover the operations related to customer data security and privacy.</li> <li>Include respect for human rights in the Employee Code of Conduct.</li> <li>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.</li> <li>Set up additional measures to inspect, prevent, mitigate and manage key human rights issues.</li> </ul>
Labor	<ol style="list-style-type: none"> <li>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</li> <li>The elimination of all forms of forced and compulsory labor;</li> <li>The effective abolition of child labor; and</li> <li>The elimination of discrimination with respect to employment and occupation.</li> </ol>	<ul style="list-style-type: none"> <li>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.</li> <li>Encourage establishment of KASIKORNBANK Labor Union and KASIKORNBANK Officer Labor Union in order to foster good relationships between employer and employees, and among employees.</li> <li>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.</li> <li>Have in place a policy against forced and child labor.</li> <li>Announce the Diversity Management Policy for organization-wide compliance.</li> <li>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).</li> <li>Have in place effective channels for employees to offer their opinions and suggestions, for example, Employee Relations Hotline.</li> <li>Develop a policy related to complaint acceptance and employee grievance procedures.</li> <li>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.</li> </ul>



Area	Principles of Global Compact	Implementation
<p><b>Environment</b></p>	<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"> <li>• Announce the Environmental and Energy Conservation Policy.</li> <li>• Set up a target to reduce GHG emissions from KBank’s operations by 20 - 25 percent within 2020.</li> <li>• Establish 5-year environmental management guidelines and plans to reduce GHG emissions.</li> <li>• Aim to achieve environmentally friendly business operations, and incorporate environmental impacts, mitigation of resource use and waste, and creation of awareness and culture related to environmental conservation in the Environmental and Energy Conservation Policy.</li> <li>• Align office development with “Green Building” standards, with focus on energy-saving and environmentally friendly features.</li> <li>• 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.</li> <li>• Organize energy conservation campaigns to enhance knowledge and compliance of employees across the organization.</li> <li>• Promote “Green Building” knowledge related to energy saving and environmental friendliness, through training and company visits for various organizations and educational institutions.</li> <li>• Organize “50,000 Chuamong Tham Di Tham Dai” volunteer activities on environmental conservation at nationwide communities wherein KBank branches are located.</li> <li>• Provide knowledge on environmental friendliness for operators in various business segments.</li> <li>• Extend credits for projects of renewable energy and energy/environmental conservation to support renewable power producers and green business operators.</li> </ul>
<p><b>Anti-Corruption</b></p>	<p>10. Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<ul style="list-style-type: none"> <li>• Be part of a collaborative effort of Thai private sector to fight corruption by joining the Private Sector Collective Action Coalition against Corruption.</li> <li>• Enforce the Anti-Corruption Policy and include it in the Code of Conduct.</li> <li>• Establish a policy to receive information or complaints against unethical behaviors or fraudulent acts within KBank.</li> <li>• Disseminate and provide knowledge on the Anti-Corruption Policy to directors, executives and employees on a continual basis.</li> <li>• Have in place effective channels for direct communication with KBank Board of Directors, in order to provide them with useful recommendations or information, or complaints on illegal or wrongful acts, with measures that safeguard informers against reprisal.</li> <li>• Organize meetings with counterparties to reiterate KBank’s procurement processes and to encourage counterparties to conduct anti-corruption policies and practices.</li> <li>• Have in place channels to receive complaints.</li> <li>• Request cooperation in refraining from offering gifts or monetary benefits to KBank officers and communicate KBank’s policies and operations to counterparties on a regular basis.</li> </ul>





## Sustainability Awards

### National

#### SET Sustainability Awards 2017 – 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 by the Stock Exchange of Thailand.



KBank was selected by the Stock Exchange of Thailand to be included in the Thailand Sustainability Investment (THSI) for 2017



#### Sustainability Report Award 2017 (Outstanding)

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



#### ESG 100 Certificate 2017

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



#### “Excellence”, based on the Corporate Governance Report of Thai Listed Companies

by the Thai Institute of Directors Association (IOD)



#### “Excellence”, based on the AGM Quality Assessment Program

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

## International



KBank has been classified in the Bronze Class of the banking industry category by RobecoSAM – an international sustainability investment specialist. RobecoSAM conducts Corporate Sustainability Assessment (CSA) of companies in the same industry groups globally, which is the research base of the Dow Jones Sustainability Indices (DJSI). The assessment results are published in RobecoSAM Sustainability Yearbook.

MEMBER OF

### Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

KASIKORNBANK is honored to be the first and only commercial bank in Thailand and ASEAN to be selected as an index component of the Dow Jones Sustainability Indices (DJSI) 2017, including the DJSI World Index and the DJSI Emerging Markets Index the second year running.



### FTSE4Good

**KASIKORNBANK is a constituent of the FTSE4Good Emerging Index 2017 the second 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.

### IR Magazine

IR Global Top 50

### Institutional Investor Magazine

Best IR Companies Emerging

### Corporate Governance Asia Magazine

- Asia Best CEO (Investor Relations)
- Best Investor Relations Company (Thailand)
- Best Investor Relations Professional (Thailand)

## ONGOING ASSESSMENT



The Carbon Disclosure Project [CDP] is an international, not-for-profit providing the only 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 continuous developed every year.



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.



## Assurance Statement



### LRQA Assurance Statement

#### Relating to Kasikornbank Public Company Limited's Sustainability Report for the calendar year 2017

This Assurance Statement has been prepared for Kasikornbank Public Company Limited in accordance with our contract but is intended for the readers of this Report.

#### Terms of Engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by Kasikornbank Public Company Limited (KBANK) to provide independent assurance on its 'Sustainability Report 2017' ("the Report") against the assurance criteria below to a moderate level of assurance and at the materiality of the professional judgement of the verifier, using AccountAbility's AA1000AS (2008), where the scope was a Type 2 engagement.

Our assurance engagement covered KBANK's operations and activities in Thailand only and specifically the following requirements:

- Evaluating the nature and extent of KBANK's adherence to AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.
- Confirming that the report is in accordance with:
  - GRI Standard and core option, and
  - GRI Financial Services Sector Disclosure.
- Evaluating the reliability of data and information for the selected indicators listed below:
  - Environmental: energy consumption (GRI302-1), water withdraw by source (GRI 303-1), direct GHG emissions (Scope 1) (GRI305-1), energy indirect GHG emissions (Scope 2) (GRI305-2), other indirect GHG emissions (Scope 3) (GRI305-3) : Category 6 - business travel by taxicab only), waste by type and disposal method (GRI 306-2) and
  - Social: total employees' absenteeism (GRI403-2), share of online users (% of total transactions), initiatives to enhance financial literacy by type of beneficiaries (former FS16).

Our assurance engagement excluded all of KBANK's operation outside of Thailand.

LRQA's responsibility is only to KBANK. LRQA disclaims any liability or responsibility to others as explained in the end footnote. KBANK's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of KBANK.

#### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that KBANK has not:

- Met the requirements above
- Disclosed reliable performance data and information for the selected environmental and social indicators as no errors or omissions were detected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

**Note:** The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.

#### LRQA's approach

LRQA's assurance engagements are carried out in accordance with AccountAbility's AA1000AS (2008) Type 2 approach. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing KBANK's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through interviewing the associated records.
- Reviewing KBANK's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by KBANK and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining



- material issues to evaluate whether KBANK makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing KBANK's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems. We also spoke with those key peoples responsible for compiling the data and writing the report.
  - Sampling the consolidated data and information at KBANK's head office in Bangkok.

### Observations

Further observations and findings, made during the assurance engagement, are:

- Stakeholder inclusivity:  
We are not aware of any key stakeholder groups that have been excluded from KBANK's stakeholder engagement process.
- Materiality:  
We are not aware of any material issues concerning KBANK's sustainability performance that have been excluded from the report. KBANK reviews regularly their material issues, against their established and extensive criteria for determining material issues, to reconfirm that their material issues are still relevant. The criteria for determining materiality are not biased to KBANK. However, we believe that KBANK would continue its efforts for assessing emerging issues in Thailand such as sustainable land use and online banking security.
- Responsiveness:  
KBANK has processes for responding to various stakeholder groups. Principally the report is prepared with the aim of providing performance data and information to investors. However, we believe that the report will also be used by other stakeholders, i.e., NGOs, agricultural sector, and its clients.
- Reliability: Whilst KBANK has improved its centralized data management system for energy consumption and associated GHG data, we believe that similar systems and controls should be employed on other environmental indicators, which include but are not limited to waste disposal.

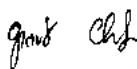
### LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification is the only work undertaken by LRQA for KBANK and as such does not compromise our independence or impartiality.

Signed

Dated: 30 January 2018



Opart Charuratana  
LRQA Lead Verifier  
On behalf of Lloyd's Register Quality Assurance Ltd.  
Lloyd's Register International (Thailand) Limited  
22<sup>nd</sup> Floor, Sirinrat Building, 3388/78 Rama IV Road  
Klongton, Klongtoey, Bangkok 10110 THAILAND  
LRQA reference: BGK000000155



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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 2017, compiled from the perspective of what kind of contributions KASIKORNBANK has made in FY2017 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 2017 and complete the questionnaire or from our website. Your opinion and comments are great value and will help us developing future reports.

### 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  
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## KASIKORNBANK

### “Sustainability Report 2017”

#### Questionnaire



What were your thoughts after reading the Sustainability Report 2017?

#### 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 2017?

- More Favorable
- Same
- Less Favorable

#### 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



Please feel free to write down your evaluation and thoughts on KASIKORNBANK Sustainability Report 2017.

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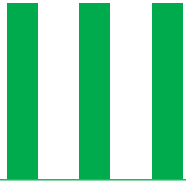
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กรมการคลัง



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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**

