



SCB Human Rights

Executive Summary 2018

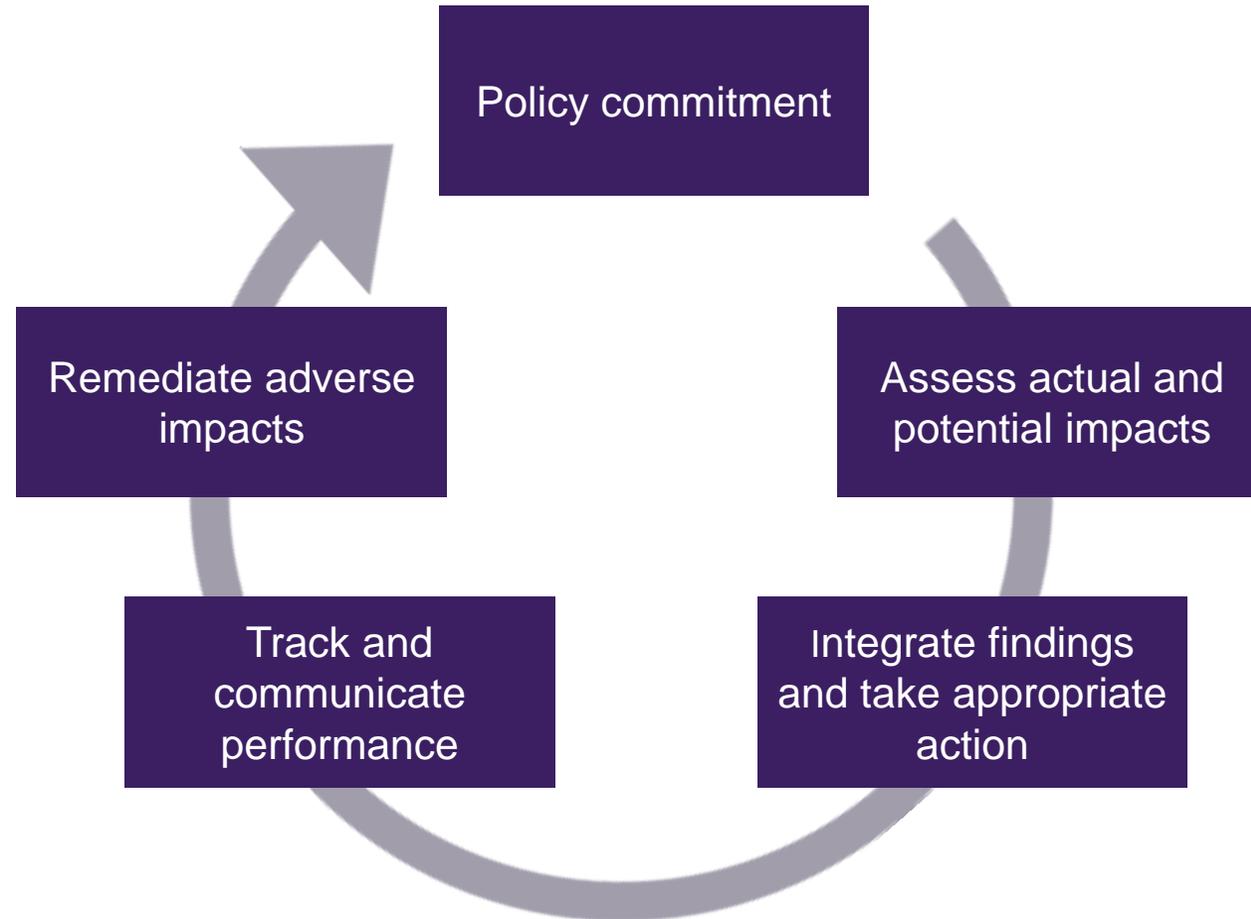
Together, we can



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Human Rights Due Diligence Process

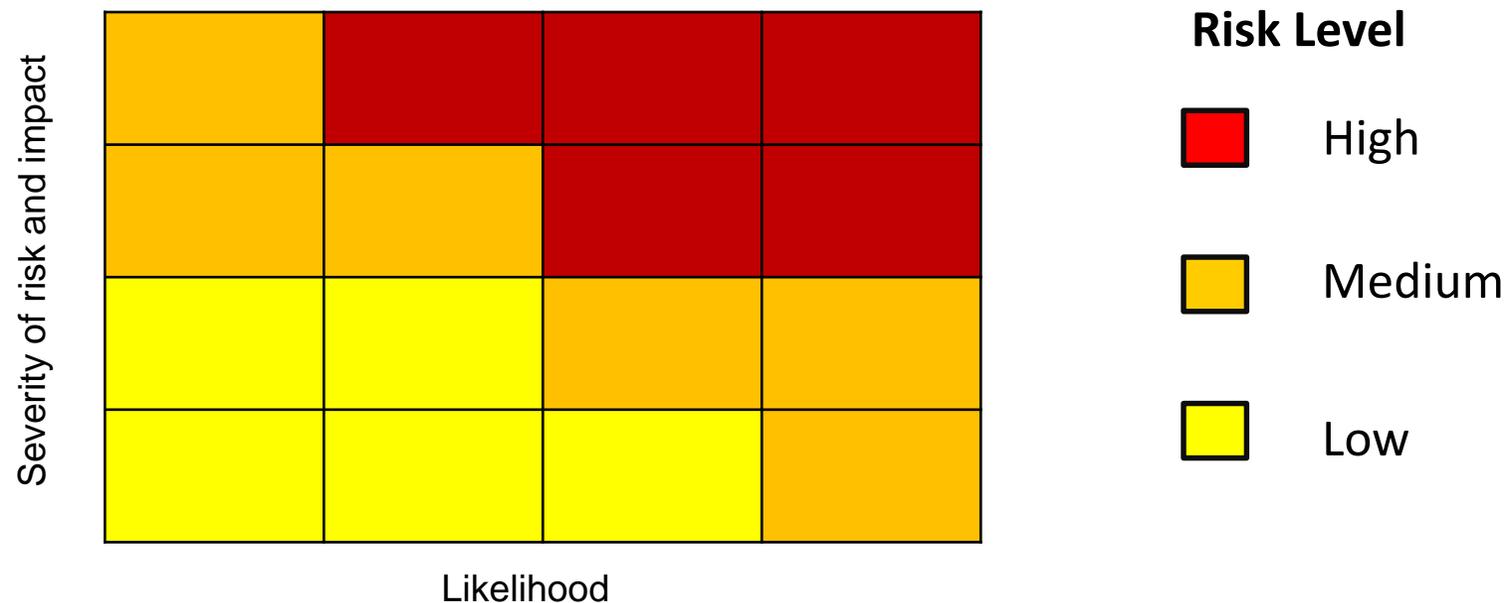


Reference: UN Guiding Principles on Business and Human Rights



Human Rights Risk Assessment

SCB undergoes the human rights due diligence process to identify, prevent and mitigate adverse human rights impacts as a result of its activities throughout the value chain. As part of the process, SCB conducted human rights risk assessment, which covered all of the Bank's operations, subsidiaries and relevant stakeholders – including both internal (e.g. employees) and external stakeholders (e.g. suppliers, contractors, and community) as well as vulnerable groups (i.e. children, indigenous people, migrant labor) – that may be or have been impacted by its activities. The assessment of human rights risk level was conducted by using a matrix below to determine the significance of the human rights risk based on two factors which are likelihood and severity.



Human Rights Risks Assessment Criteria: Severity

Severity Level	Scale (severity of impact)	Scope (How many people are or will be affected)	Irremediable Nature (Difficulty to rehabilitate the impacts to the previous conditions)
Critical (4)	Significant impact to health and safety: physical disability or fatality	Impact to all stakeholders in the group	Impossible to restore or will take longer than 5 years (≥ 5 years) to restore the impact
High (3)	Moderate impact to health and safety: serious injury that needs rehabilitation (loss time injury)	Impact to most stakeholders in particular stakeholder group	Take 3 to 5 years ($3 \leq n < 5$) to restore the impact
Medium (2)	Slight impact to health and safety: minor injury or illness (no loss time)	Impact to some stakeholders in particular stakeholder group	Take 1 to 3 years ($1 \leq n < 3$) to restore the impact
Low (1)	Minor impact to health and safety: first aid case	No negative impact to stakeholder	Take less than a year (< 1 year) to restore the impact

Severity will be considered based on the scale, scope and irremediable of the risk or impact from the **perspective of affected stakeholders**. Severity is not an absolute value, but is relative to the other human rights risks and impacts that have been identified (UN Guiding Principle 14).

Human Rights Risks Assessment Criteria: Likelihood

Likelihood level	Likelihood
Very likely (4)	Such human rights issues have occurred consistently from the past until present.
Likely (3)	Such human rights issues have happened in the past and also occurred very often at the present.
Unlikely (2)	Such human rights issues have happened in the past and also occurred sometimes at the present depending on operation of business units.
Very unlikely (1)	Such human rights issues have never occurred in our business operation but have occurred in the industry of the operation.

Likelihood will be considered based on the local environment or context – the likelihood of a risk occurring is greater in a high risk operating environment (UN Guiding Principle 19).

Number of Sites with Mitigation Plans

Based on the human rights risk assessment, the results were summarized as follows:

- **Own operation (including Joint Ventures where SCB has management control)**
- **Human Rights Risks Issues Identified**
 - Misselling
 - Data privacy of customer
 - Labour practices in project lending
- **% of Sites with Human Rights Risks and Mitigation Plan**
 - 100 % of own operation sites were assessed (15 operational sites in Thailand and overseas)
 - 18 % of activities in own value chain operation with human rights risk, accounted for 3 activities from 17 activities
 - 100% of all high risk activities with mitigation plan and remediation process implemented
- **Critical Tier 1 Feedstock Suppliers**
- **% of Sites with Human Rights Risks and Mitigation Plan**
 - 100% of total critical Tier 1 supplier with were assessed.
 - None of the critical Tier 1 supplier was found to be at risk.

The Main Issues Identified

The results of the human rights risk assessment illustrate residual risks – risk levels post-mitigation measures. This reflects the effectiveness of mitigation measures, therefore, guides the prioritization of salient human rights issues or main human rights issues that need to be addressed first. These human rights salient issues include:

- 1) Misselling
- 2) Working conditions in lending projects
- 3) Data privacy of customers

The Main Issues Identified

The results of the human rights risk assessment illustrate residual risks – risk levels post-mitigation measures. This reflects the effectiveness of mitigation measures, therefore, guides the prioritization of salient human rights issues or main human rights issues that need to be addressed first. These human rights salient issues include:

Main Issues Identified	Relevant Right Holders						
	Employee	Local community	Children	Migrant workers	Indigenous people	Customers	Etc.
Misselling						✓	
Working conditions in lending projects		✓	✓	✓	✓		
Data privacy of customers						✓	

Detailed results of the human rights risk assessment, including all potential human rights issues are available on the SCB Human Rights Due Diligence Report and SCB Human Rights Risk Register

The Main Issues Identified: Misselling



Description:

- The deliberate or negligent sale of products or services in circumstances where the contract is either misrepresented or unsuitable for the customer's needs
- Misselling might contribute to adverse impacts on the customer's ability to secure an adequate standard of living and to own property (i.e. selling a mortgage product despite knowing that the customer will not be able to pay it).



Activity at risk:

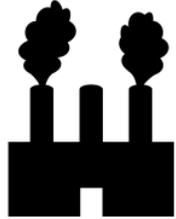
- Selling products and services

Mitigation action:

- Separation between customer service and sales divisions
- Employee trainings on products and services
- Supervisory review process to check the Bank's interactions with retail clients
- Grievance channels through customer services



The Main Issues Identified: Working Conditions in Lending Projects



Description:

- Most development projects are labour intensive, and thus the posed risks on labour rights violations, includes but not limited to, cases of inadequate compensation, discrimination, and lack of necessary safety equipment.



Activity at risk:

- Provision of corporate loan for large scale projects



Mitigation action:

- Compliance with local regulations
- Technical and Legal Advisors with accountability in overseeing projects
- Door-stop freeze policy in case of breach of contract
- Credit Policy Guide with integrated ESG criteria, alignment with Equator Principles, etc.
- Monitoring processes for ESG issues in major capital projects

The Main Issues Identified: Data Privacy of Customers



Description:

- Inadequate security measures may lead to the leakage of customer's data. This includes both intended events (i.e. hackers, employee breach of code), and unintended events (i.e. employee neglect- using data for purposes without customer consent).

Activity at risk:

- The Bank's day-to-day operation relating to customer transactions



Mitigation action:

- Establishment of Information Technology Security Committee chaired by President
- Implementation of relevant policies and guidelines related to data security, such as Information Security Policy and Guidelines: Responsibility to report, Info Classification Standards and Guidelines, IT Security Risk Management Framework and Third Party Access Control Standard
- Installation of Tokenization for data security which helps to reduce risk on customer's data leakage. Even though hackers can access the code, they will encounter a reference code that cannot be used to withdraw money
- Employee trainings on data security



Remediation Action Taken

SCB is committed to conducting human rights risk assessment within an appropriate timeframe in conjunction with preparing risk prevention and mitigation measures, providing reasonable remedies in cases of violations, monitoring and reporting performance, as well as reviewing policy commitment to ensure maximum effectiveness in human rights management.

In 2017, SCB had no cases of human rights violation. Thus, there were no remediation actions necessary and taken.