

KBZ BANK CORPORATE AFFAIRS

SOCIAL PURPOSE POLICY

1. OVERVIEW

This Social Purpose Policy (“Policy”) outlines the philosophies and focus areas that will guide KBZ Bank’s approach to establishing trustworthy, stable and mutually beneficial relationships with its stakeholders in all the regions in which it operates. This group of stakeholders includes members of the community, customers, employees, government regulators and potential investors as well as suppliers, partners (i.e. external collaborators) and social/civic groups.

The Policy also provides a common framework, a common language and a common set of actions that shall direct the socially responsible behaviour of KBZ Bank, in line with its strategic business priorities and long-term goals.

This socially responsible behaviour may include but not be limited to charitable or philanthropic contributions and support in the form of:

- ❖ financial donations
- ❖ gifts in the form of food or other goods or
- ❖ practical assistance from KBZ Bank employees sharing their time and/or expertise.

Responsibilities for oversight of the Policy’s implementation are currently in pilot implementation phase via the Social Purpose and Impact Partnership Committee which kicked off on 1 October 2019. Specific monitoring and reporting tools are currently in development.

2. SCOPE OF APPLICATION & ADOPTION

The Social Purpose Policy is applicable to all functions and departments that form KBZ Bank across Myanmar and is to be upheld by all employees of KBZ Bank regardless of their location, role or rank.

The Social Purpose Policy shall be circulated to all existing employees for adoption with immediate effect, and again as a reminder on a quarterly basis. The Policy is to be appended to all new employment contracts and is deemed to have been received, understood and adopted by an employee upon signing his/her employment contract and becoming an employee of KBZ Bank.

The Social Purpose Policy shall form part of KBZ Bank’s internal codes of conduct and corporate governance rules. KBZ Bank shall promote and encourage its suppliers and collaborating partners to adopt the guidelines defined in this Policy.

3. SOCIAL PURPOSE PILLARS

The following Social Purpose Pillars reflect the areas KBZ Bank will focus on and is committed to supporting within the larger Myanmar community. They also serve as the philosophies that shall form the foundation of life at KBZ Bank and guide day-to-day practices and decision-making amongst all staff in the Bank. These pillars should in time define all the Bank’s people, products, partnerships and policies.

Pillar 1: Climate change mitigation through education

KBZ Bank will support projects that mitigate the effects of climate change by educating the community about the ‘Dos and Don’ts’ in their surrounding environment.

For the first two years from the launch of the Social Purpose & Impact Partnership Committee, the Bank will only support the relief efforts of disasters caused by environmental factors if the funds are matched dollar to dollar in an investment in education to prevent a similar disaster from occurring again in the future. From 1 November 2022, support will only be provided to educational programmes and projects and not to disaster relief initiatives.

Pillar 2: Talent development for the future economy

KBZ Bank will support projects and programmes aimed at developing and harnessing the skills of the workforce to be able to contribute more effectively to Myanmar’s economic growth as well as those aimed at developing young talent to secure the future of Myanmar.

Pillar 3: Inclusive society & workplace

KBZ Bank will support projects and programmes that promote and put into effect:

- ❖ financial inclusion
- ❖ advancement of women in the private sector
- ❖ non-discriminatory, equal opportunity employment

4. COMMITMENT TO NATIONAL & GLOBAL PRIORITIES

KBZ Bank is committed to mapping its Social Purpose Pillars to the United Nations Sustainable Development Goals (SDGs) and the Myanmar Sustainable Development Plan (MSDP) to ensure compliance and adherence to only the highest national and global causes and standards.

KBZ BANK SOCIAL PURPOSE PILLAR	UN SDG	MSDP PILLAR / GOAL
Climate change mitigation through education	13. Take urgent action to combat climate change and its impact 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	People & Planet / Natural resources & the environment for national prosperity
Talent development for the future economy	1. End poverty in all its forms everywhere 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Prosperity & Partnership / Job creation & private sector-led growth
Inclusive society & workplace	5. Achieve gender equality and empower all women and girls 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent	People & Planet / Human resources & social development for a 21st century society

	work for all	
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5. TRANSITION FROM CHARITY TO PHILANTHROPY

It is the desire of KBZ Bank to move away from short-term, ad hoc charitable donations to more strategically approached philanthropic work with a view to the long-term by 2022. More details on the differences between the two can be found in the Appendix on page 5.

6. KEY PARTNERS & SUPPORT PROVIDED

KBZ Bank will only support legitimate organisations:

- ❖ who work for the benefit of all the people in their communities, regardless of ethnicity, social background, gender or religion; and
- ❖ whose objectives are exclusively humanitarian and politically neutral.

No support of any kind shall be provided to individuals.

The contributions and support provided by KBZ Bank to its Partners may take the form of financial donations, gifts in the form of food or other goods or practical assistance from KBZ Bank employees sharing their time and/or expertise. KBZ Bank will only support partners and projects that have passed the stringent evaluation of the Social Purpose and Impact Partnership Committee.

As part of KBZ Bank’s desire to move away from ad hoc charitable donations towards strategic philanthropy, by the end of 2022, KBZ Bank shall have established a set of Key Partners with whom it collaborates on initiatives that fulfil all three pillars to a satisfactory level. Conversely, the Bank will no longer consider, acquire or support new partner organisations, programmes or projects from 2023 unless an engagement with a Key Partner is up for review or expires. All initiatives will be supported in accordance with Myanmar law.

7. DOING BUSINESS

As part of the Bank’s move towards establishing trustworthy, stable and mutually beneficial relationships with its stakeholders and ensuring only the highest standards of socially responsible behaviour, doing business with the following high risk sectors or customer types shall be avoided:

- ❖ defence equipment
- ❖ houses of worship
- ❖ political organisations and politically exposed persons
- ❖ business activities that damage the environment, engage child labour and/or have unacceptable working conditions

Additionally, KBZ Bank will not bank with any individual, corporation or institution whose activities or interests are in conflict with any of the Social Purpose Pillars above.

8. NO GAINS OR BENEFITS

All charitable contributions and support provided by KBZ Bank are intended solely as an expression of goodwill and a sign of KBZ Bank’s commitment to the communities in the regions in which it operates. In the same spirit, and in accordance with local practice, KBZ Bank’s local offices may make seasonal donations to religious centres in the neighbourhoods where it operates with no expectations of anything in return for any of these donations. Separately, KBZ Bank shall never make a charitable donation with an intention to influence a government official, business partner or a business decision, or to gain any advantage to which the Bank is not entitled.

9. RESPONSIBILITIES - MONITORING & REPORTING

All contributions and support provided by KBZ Bank shall be transparent, and never provided in secret. Accurate records of all support and contributions shall be recorded and tracked.

Day-to-day adherence of Social Purpose initiatives (led by Corporate Affairs) and Impact Partnership (Sponsorship) initiatives (led by Marketing) to the Social Purpose Policy is the responsibility of the Social Purpose and Impact Partnership Committee. Bankwide compliance with the Policy resides with the CEOs, who shall:

1. receive information about the implementation and general monitoring of said policy on a quarterly basis
2. review the Bank’s Social Purpose Policy on a yearly basis to ensure it focuses on the creation of value

Comprehensive bank-wide implementation of the Social Purpose Policy requires the joint effort of multiple, interconnected functions within KBZ Bank. The following responsibilities shall fall under the respective functions:

Corporate Affairs	<ul style="list-style-type: none"> - Promoting dissemination, knowledge and compliance with the Social Purpose Policy - Supervision and assessment of relationship processes with the different stakeholders - Coordination of the process for reporting non-financial and diversity-related information according to the applicable regulations and international standards - Development of Annual Social Purpose Report; externally informing stakeholders on the progress made with the implementation of this Policy
Risk	<ul style="list-style-type: none"> - Assessment of all aspects of the company's financial and non-financial risks - including operations, technologies, legal, social, environmental, political and reputation matters - in implementing this Social Purpose Policy
Finance	<ul style="list-style-type: none"> - Recording and tracking of both financial and in-kind support and contributions provided by KBZ Bank and its beneficiaries
Human Resources	<ul style="list-style-type: none"> - Ensuring awareness and adoption of Policy during recruitment process - Implementation and enforcement of Code of Conduct
Legal & Compliance	<ul style="list-style-type: none"> - Ensuring regulatory compliance in the implementation of the Social Purpose Policy by establishing the Bank’s Regulatory Compliance Policy as well as promoting a compliance culture - Development of KBZ Bank’s Code of Ethics, Code of Conduct and Corporate Governance Rules

Internal Audit	- Ensuring compliance with external and internal regulations, policies and controls to mitigate operational risks, corruption, fraud and legal risks in the implementation of this Policy
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9. APPROVAL

This KBZ Bank Social Purpose Policy has been approved by the Deputy CEO of KBZ Bank Nang L. Kham and Chief Risk Officer John Byrne on 28 February 2020.

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APPENDIX:

CHARITABLE VS. PHILANTHROPIC CONTRIBUTIONS

Both involve giving money, goods or time to the unfortunate, either directly or by means of a charitable trust or other worthy causes - what are the key differences between the two?

Charitable contribution	Philanthropic contribution
emotional, immediate response to immediate situation	more strategic and long term approach, addresses the root cause of issues
giving usually occurs in the short-term	giving usually takes a longer term view
mainly focused on rescue and relief	mainly focused on building or rebuilding
can take the form of monetary donations or volunteering	in addition to monetary donations or volunteering, may include advocacy work
e.g. disaster relief action: provide aid for basic necessities during emergency	e.g. disaster relief action: looks at the full disaster relief life cycle, from prevention, to preparedness to recovery donors may focus on certain populations, such as the elderly or the poor, as part of their strategy or work directly with stakeholders to improve systems