

**UNITED NATIONS GLOBAL COMPACT (UNGC) – COMMUNICATION ON PROGRESS**  
**AUGUST 2020**

**LETTER OF COMMITMENT FROM MANAGING DIRECTOR, AYA BANK**

AYA Bank embarks on the 10<sup>th</sup> year on the journey, and 8<sup>th</sup> year of commitment to the United Nations Global Compact (UNGC). With the successful and landmark transition to democracy and large scale legal and regulatory reforms in the pipeline, particularly in the financial services sector, AYA Bank reaffirms our support to the Ten Principles of the United Nations Global Compact.

Since adopting the UNGC principles, AYA Bank has been working consistently to raise the governance standards internally so as to become a role model for the rest of the industry.

In the period of 10 years, AYA Bank Ltd. (AYA) has become the 2<sup>nd</sup> largest private bank in Myanmar in terms of Customer Deposits, Loans & Advances, Capital, Branches and Number of Customers. For 5 consecutive years now, AYA is the only IFRS compliant bank as well as the only one to be audited by an international big 4 firm – Deloitte. AYA touches a wide cross section of customers with the largest 100 depositors.

In working towards our goal to be a leading bank in the country, we adhere to and embed the UNGC Principles into our practices, policies and operations.

In this 7<sup>th</sup> Communication on Progress Report, we highlight a summary of our progress in adhering to the Ten Principles. Additionally, we commit to share this information with our stakeholders using our primary channels of communication.

Yours sincerely,



Myint Zaw  
Managing Director  
AYA Bank Limited

| UNGC Principle  | AYA Bank's Implementation   | Activities and Outcomes   |
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| <p><b>HUMAN RIGHTS</b></p> <p>1 - Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>2 - Make sure Businesses are not complicit in human right abuses.</p> | <ul style="list-style-type: none"> <li>▪ AYA Bank will not assist in committing any forms Human right violation and will not tolerant in any act of violation and abuses. AYA bank has its own Human Right policy and code of ethical conduct which are adopted from Universal Declaration of Human Rights and the ten principles of UNGC.</li> <li>▪ Also developed the Code of Ethical Conduct and Employee Handbook to provide guideline to all employees and it's the standard for relating with all our stakeholders.</li> <li>▪ The bank will continue to promote and advocate human rights norms and respect to fundamental human rights to all our stakeholders: customers, suppliers, partners and government regulators.</li> <li>▪ As the bank expands its retail network, we will expand our advocacy effort across the nation.</li> <li>▪ There is the grievance hotline to receive and handle complaint of human right violation and anti-corruption</li> </ul> | <ul style="list-style-type: none"> <li>▪ We publish our Human right policy, Code of ethical conduct and Employee Hand book on our website <a href="http://www.ayabank.com">www.ayabank.com</a></li> <li>▪ Relevant sections of the human rights policy are incorporated in the staff orientation and trainings along with work place ethic and non-discrimination policy.</li> <li>▪ The bank has and will continue to encourage the suppliers to follow suit.</li> <li>▪ Inspections will be conducted on suppliers.</li> <li>▪ A hotline has been established for human rights grievances and all staffs are required to report any suspected breach of human right act through an established channel.</li> <li>▪ Conducted monthly review of grievance report at the HR committee.</li> <li>▪ Updated the employee hand book annually.</li> <li>▪ Established SOP on how to deal with human rights violations.</li> <li>▪</li> <li>▪ First bank to voluntarily undergo a human rights audit and to implement ILO recommendations</li> </ul> |
| <p><b>LABOUR STANDARDS</b></p>  |   |   |

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| <p><b>3</b> - Businesses should uphold freedom of association and effective recognition of the right to collective bargaining.</p> <p><b>4</b> - The elimination of all forms of forced and compulsory labor.</p> <p><b>5</b> - The effective abolition of child labor.</p> <p><b>6</b> - Eliminate discrimination in respect of employment and occupation.</p> | <ul style="list-style-type: none"> <li>▪ More than 8000 up to 31<sup>st</sup> July 2020 employees drive our business and AYA Bank fully takes pride in being an “Employers of Choice” in the country.</li> <li>▪ We believe in creating a conducive and rewarding work environment for our employees.</li> <li>▪ AYA Bank places utmost importance on being transparent in our procedures and processes when catering to our employees as well as customers.</li> <li>▪ AYA Bank is in a progress of educating the labor rights in the supply chain and then they will have to sign in the commitment which will be attached with the service or product contract</li> <li>▪ Child Labor Policy is in place as part of AYA Bank Human Right Policy.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Our human capital investment is the driving force that made it possible for us to go from 65 branches in March 2014 to more than (264) branches as at 31<sup>th</sup> July 2020 and counting.</li> <li>▪ All AYA Bank branches and Offices are built to ensure the working environment is conducive.</li> <li>▪ AYA Bank provides Group Life Insurance Policies for all our staff to cover for untoward incidents.</li> <li>▪ AYA focuses on capacity development as we invest heavily in training and development of staff with average age of (22 -28 years) the youngest in the country and, we have organized more than (100) capacity building programs across all levels to ensure continuing development.</li> <li>▪ AYA Bank is also continuously reviewing the Policies to ensure we have updated and transparent guidelines. We have also issued a revised Employee Handbook with up to date rules and regulations, revised staff benefits, etc., to ensure all our staff are fully aware of their rights and obligations.</li> <li>▪ AYA Bank has internal Human Rights policy and also checks our vendors to ensure that they also follow our terms and conditions, such as Anti-Corruption, No Child Labor Policies. First bank to implement / achieve zero gender-salary-gap</li> </ul> |
| <p><b>ENVIRONMENT</b></p> <p><b>7</b> - Businesses should support a precautionary approach to environmental challenges.</p> <p><b>8</b> - Undertake initiatives to promote greater environmental responsibility.</p> <p><b>9</b> - Encourage the development</p>  | <ul style="list-style-type: none"> <li>▪ AYA Bank recognizes, understands the need to emphasize the environmental impact caused by the rapid growth of businesses and industries. AYA Bank actively promotes the objective of reducing negative impact on the environment internally and externally.</li> </ul>  | <ul style="list-style-type: none"> <li>▪ To utilize solar energy generated ATM all across the nation/ AYA Banks are developing plans to utilize solar energy to power ATMs across the nation. (Future Plan)</li> <li>▪ A monitoring mechanism is implemented, to ensure the rules and regulations on environmental impact are adhered. Corporate Affairs is acting as a lead for this.</li> <li>▪ The rules and regulations to reduce the negative impact in the environment are being incorporated into our training programs, and staff orientations. Similarly, such trainings and</li> </ul>   |

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| <p>and diffusion of environmentally friendly technologies.</p> | <ul style="list-style-type: none"> <li>▪ All AYA Bank suppliers and vendors have to sign a mandatory SCP agreement prior to entering any form of business relationship. Within this SCP, the Supplier Code of Conduct serves as a controlling mechanism to prevent and reduce negative environmental impact.</li> <li>▪ AYA Bank has amended and implemented rules and regulations internally to reduce the usages of paper, petrol, and other natural resources. In addition, waste management system has also been implemented.</li> <li>▪ The awareness sharing tools are in place. The AYA Bank is picking up the momentum in promoting the awareness of environmental impact to all stakeholders, partners and suppliers.</li> <li>▪ Reduce Paper project, Save Energy, Recycle Bin (Internal Campaign to educated our AYA Staff to aware of the risks and the effect on the environment)</li> <li>▪ Health, Safety, Security and Environment (HSSE) training video in progress to train staff and cover supply chain</li> <li>▪ Environmental (CSR) video production in progress to educated</li> </ul> | <p>orientation will be delivered to our suppliers and vendors at no cost or encourage them to follow AYA's example.</p> <ul style="list-style-type: none"> <li>▪ If there is a violation or misdemeanor, likely to cause negative environmental impact, the AYA Bank will notify a supplier or vendor to investigate. Depending on the impact, it could eventually result in a termination of contract and discontinuation of the services if no corrective action is taken by them.</li> <li>▪ Within AYA Bank the following are mandatory: <ul style="list-style-type: none"> <li>▪ Double Sided Paper Printer</li> <li>▪ "Think before Print" sticker on all AYA Bank printers</li> <li>▪ Recycling garbage at all AYA Bank branches: Paper, Plastic, Can trash bin. (Future Plan)</li> <li>▪ Substitute plastic bag with recycled paper bags in all AYA Bank branches. In order to attract customers to volunteering switch from the plastic bag to paper bag, AYA Bank will incentivize with point system. A customer who chose to use a paper bag will revive point(s), redeemable for Gift Items.</li> <li>▪ Car Pooling is being implemented.</li> <li>▪ Encourage and remind all staffs to turn off light and Air Condition units after work.</li> </ul> </li> <li>▪ AYA Bank has won the award, "BEST BANK FOR CSR in Myanmar" for our recycling project at all the branches and Seat Belt campaign.</li> <li>▪ AYA Bank run tree planting program to encourage community involvement.</li> <li>▪ AYA Bank received EDGE Certificate for gender equity.</li> </ul> |
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|  | <p>public</p> <ul style="list-style-type: none"> <li>▪ Seat Belt campaign</li> <li>▪ Tree Planting Program</li> <li>▪ Gender Equity</li> </ul>   |  |
| <p><b>ANTI-CORRUPTION</b></p> <p><b>10-</b> Businesses should work against all forms of corruption, including extortion and bribery.</p> | <ul style="list-style-type: none"> <li>▪ AYA Bank's Anti-Corruption Policy states that The Reputation of AYA Bank is our greatest Asset. Therefore under the Myanmar Anti-Corruption Law 2013, AYA Bank is strictly against to all kind of corruptions and committed to ensure that AYA Bank's business activities are free from corruption.</li> <li>▪ AYA Bank has declared and is committed to zero tolerance for Corruption.</li> <li>▪ AYA Bank will organize awareness programs for staff and suppliers on Anti-Corruption Policy and on procedures to handle such cases.</li> <li>▪ Higher Level Management support anti-corruption policy and we have quotes</li> <li>▪ We just now newly developed Anti-fraud policy , we issued instruction and every staff got awareness and sign</li> <li>▪ AYA Banks also initiates "Open eyes projects" which aim to audit our branches throughout the country.</li> </ul> | <ul style="list-style-type: none"> <li>▪ AYA Bank has implemented a number of policies and disciplinary actions such as whistle blower policy and anti-corruption policy which are communicated to employees and suppliers via standard internal communication tools.</li> <li>▪ AYA Bank has implemented Guidelines to ensure increased anti-corruption efforts along the supply chain.</li> <li>▪ AYA Bank will also raise the awareness of staff toward anti-corruption through training and case studies.</li> <li>▪ AYA Bank Corporate Affairs Team also works closely with the Management and the Internal Audit Team to carry out Flying Squad (Surprise Audits) to ensure that there are no cases of fraud or forms of corruption within the organization at any touch point.</li> <li>▪ We have internal audit team to practice regular auditing and AYA Bank has no record of irregular payment amount been found.</li> <li>▪ AYA Bank monitors the behavior of staff and suppliers towards corruption. If any violation found, we will take necessary action according to the relevant policies.</li> </ul> |