

UNITED NATIONS GLOBAL COMPACT (UNGC) – COMMUNICATION ON PROGRESS
AUGUST 2021

LETTER OF COMMITMENT FROM MANAGING DIRECTOR, AYA BANK

AYA Bank embarks on the 11th year journey of serving its customers, and 9th year of its unwavering commitment to the United Nations Global Compact (UNGC). With a view to a growing legal and regulatory reforms during the past few years, 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 to become a role model for the rest of the industry within its rank and beyond. AYA Bank together with Ayeyarwady Foundation consistently made best endeavors to support health initiatives and promote environmental practices in 2021. AYA Bank has been awarded ‘Myanmar’s Best Bank for CSR’ in 2017 and 2019 for its remarkable contribution to society. AYA Bank is strongly committed to continue to develop a wide range of corporate social responsibility programs covering a broad spectrum of compiled social, economic, and environmental issues often associated with rapidly changing society in which we operate.

In the period of 11 years, AYA Bank Ltd. (AYA) has become the 2nd largest private bank in Myanmar in terms of Customer Deposits, Loans & Advances, Capital, Branches and Number of Customers. For 6 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 8th 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
<p>HUMAN RIGHTS</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"> ▪ AYA Bank will not assist in committing any forms of human rights violations and will not be 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. ▪ Also developed the Code of Ethical Conduct and Employee Handbook to provide guidelines to all employees and standard framework for communication with all stakeholders. ▪ The bank will continue to promote and advocate human rights norms and respect fundamental human rights for all our stakeholders: employees, customers, suppliers, partners, and government regulators. ▪ As the bank expands its retail network, we will expand our advocacy effort across the nation. 	<ul style="list-style-type: none"> ▪ Human right policy, Code of ethical conduct and Employee Handbook are published on our website www.ayabank.com ▪ Relevant sessions of the human rights policy are incorporated in the staff orientation and trainings along with workplace ethic and non-discrimination policy. ▪ The Bank has encouraged the suppliers to follow suit and will continue. ▪ Inspections will be conducted on suppliers. ▪ Updated the employee handbook annually. ▪ Grievance hotline has been set up for human rights grievances and all staffs are encouraged to report any suspected breach of human right act through an established channel. ▪ Conducted monthly review of grievance report at the HR committee. ▪ Established SOP on how to deal with human rights violations. ▪ First bank to voluntarily undergo a human rights audit and to implement ILO recommendations.

	<ul style="list-style-type: none"> ▪ The Whistleblowing policy is established to allow raising concerns about any wrongdoing or malpractice of employees. 	
<p>LABOUR STANDARDS</p> <p>3 - Businesses should uphold freedom of association and effective recognition of the right to collective bargaining.</p> <p>4 - The elimination of all forms of forced and compulsory labor.</p> <p>5 - The effective abolition of child labor.</p> <p>6 - Eliminate discrimination in respect of employment and occupation.</p>	<ul style="list-style-type: none"> ▪ As of 31st July 2021, more than 7000 employees drive our business and AYA Bank fully takes pride in being an “Employer of Choice” in the country. ▪ We believe in creating a conducive and rewarding work environment for our employees. ▪ AYA Bank places utmost importance on being transparent in our procedures and processes when catering to our employees as well as customers. ▪ AYA Bank establishes policy related to labor rights that needs vendors’ commitment along with service or product contract. ▪ Child Labor Policy is in place as part of AYA Bank Human Right Policy. 	<ul style="list-style-type: none"> ▪ Our human capital investment is the driving force that made it possible for us to grow up to (265) branches in 11 years and counting. ▪ All AYA Bank branches and offices are built to ensure the working environment is conducive. ▪ AYA focuses on capacity development as we invest heavily in training and development of staff with average age of (22 -28 years) the young generations in the country and, we have organized more than (100) capacity building programs across all levels to ensure continuing development. ▪ AYA Bank is also continuously reviewing policies and guidelines to ensure updated and transparent. Employee Handbook has been revised with up-to-date rules and regulations, staff benefits, etc., and ensure all our staffs are fully aware of their rights and obligations. ▪ AYA Bank Human Rights policy ensures vendors/third party suppliers to follow terms and conditions of “No Child Labor Policy”. ▪ First bank to implement / achieve zero gender-salary-gap ▪ Implemented Grievance Channel’ to handle sexual harassment and provided awareness session to all staffs for gender equality. AYA Bank received EDGE Certificate for gender equity. ▪ “Lactation Rooms” are allocated in two Head offices for mothers in accordance with UNICEF guidelines. ▪ AYA Bank provides Group Life Insurance for all our staff to

		<p>cover for untoward incidents.</p> <ul style="list-style-type: none"> ▪ AYA Bank provided COVID-19 Health Insurance Plan to all staff and implemented ‘Sharing with Care’ program to provide basic necessities and monetary support to non-clerical staff on top of their salary. AYA Bank granted ‘Stay Home’ with full salary for elderly staff, pregnant women, nursing mothers with children under six months, staff staying in lockdown areas and staff who are unfit to work. AYA Bank takes care of its staff as well as their family by providing quarantine facility arrangement together with ‘family care package’ and ‘healthcare package’. ▪ AYA Bank through Ayeyarwady Foundation has been participating in measures against COVID-19 and doing its utmost to combat pandemic in collaboration with Ministry of Health and Sports (MOHS). Ayeyarwady Foundation has set up quarantine centers in major cities which can hold (350) patients per site to be quarantined. Ayeyarwady Foundation also set up a surgical and N95 Mask factories to masks and distribute them to the needy and low-income people.
<p>ENVIRONMENT</p> <p>7 - Businesses should support a precautionary approach to environmental challenges.</p> <p>8 - Undertake initiatives to promote greater environmental responsibility.</p> <p>9 - Encourage the development</p>	<ul style="list-style-type: none"> ▪ AYA Bank recognizes and 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 	<ul style="list-style-type: none"> ▪ A monitoring mechanism is implemented, to ensure the rules and regulations on environmental impact are adhered. ▪ 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 orientation are delivered to our suppliers and vendors at no cost or encourage them to follow AYA’s practices.

<p>and diffusion of environmentally friendly technologies.</p>	<p>internally and externally.</p> <ul style="list-style-type: none"> ▪ All AYA Bank suppliers and vendors must sign a mandatory SCP (Supplier Code of Conduct Policy) 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. ▪ AYA Bank has implemented Waste Management System, rules, and regulations internally to reduce the usages of paper, petrol, and other natural resources. ▪ 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. 	<ul style="list-style-type: none"> ▪ 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. ▪ Within AYA Bank the following are mandatory: <ul style="list-style-type: none"> ▪ Use Double Sided Paper Printer ▪ Place “Think before Print” sticker on all printers ▪ Substitute plastic bag with recycled paper bags in all AYA Bank branches. Educate customers to voluntarily switch from plastic bag to paper bag, AYA Bank will incentivize with point system. A customer who chose to use a paper bag will receive point(s), redeemable for Gift Items. ▪ Car Pooling among employees is encouraged to save energy and reduce air pollution. ▪ Encourage all staffs to be mindful of utility reduction at office. ▪ Ongoing with Projects on Reducing paper usage, Save Energy, Recycle Bin as Internal Campaign to educate our AYA Staff to be aware of the risks and impact on the environment. ▪ AYA Bank conducted tree planting program for environmental reservation in which community can join, recycling project at all the branches and Seat Belt Campaign for road safety. ▪ Environmental educational video clip for public is in progress. ▪ Health, Safety, Security and Environment (HSSE) educational video clip for staff is in progress. ▪ To utilize solar energy generated ATM across the nation / AYA Banks are developing plans to utilize solar energy to power ATMs across the nation. (Future Plan).
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<p>ANTI-CORRUPTION</p> <p>10 - Businesses should work against all forms of corruption, including extortion and bribery.</p>	<ul style="list-style-type: none"> ▪ AYA Bank’s Anti-Corruption Policy states that the Reputation of AYA Bank is our greatest Asset. Under Myanmar Anti-Corruption Law 2013, AYA Bank is strictly against all kind of corruptions and committed to ensure that AYA Bank’s business activities are free from corruption. ▪ AYA Bank has declared and is committed to zero tolerance for corruption. ▪ Anti-Fraud and Anti-Corruption Policy are in place. 	<ul style="list-style-type: none"> ▪ AYA Bank has implemented numbers of policies and disciplinary actions such as anti-fraud and anti-corruption policy to be abide by employees and suppliers. ▪ AYA Bank has implemented guidelines to ensure effectiveness of anti-corruption efforts along the supply chain. ▪ AYA Bank raised the awareness of staff towards anti-corruption through training and previous cases. ▪ AYA Bank’s Internal Audit Team has been carrying out audits to avoid fraud and corruption within the organization at any touch point. ▪ AYA Bank initiated “Open eyes projects” which aim to audit across all AYA branches. ▪ AYA Bank monitors the behavior of staff and suppliers and if any violation is found, necessary action will be taken according to the relevant policies.