

UNITED NATIONS GLOBAL COMPACT (UNGC) – COMMUNICATION ON PROGRESS

AUGUST 2022

LETTER OF COMMITMENT FROM CHIEF EXECUTIVE OFFICER, AYA BANK


AYA Bank embarks on the 12th year journey of placing our clientele first, and 10th year of its unwavering commitment to the United Nations Global Compact (UNGC) principles. Since we had committed Ten principles of the UNGC in the areas of human rights, labor relations, environmental protection and the fight against corruption, we began taking steps to incorporate these principles in our strategy and process towards sustainable journey.

Through this movement, AYA Bank has been working consistently to raise the governance standards internally and build credibility and our brand value. AYA Bank has been awarded ‘Myanmar’s Best Bank for CSR’ in 2017 and 2019 for its remarkable contribution to society as well as its own employees. AYA Bank is strongly committed to continue to develop a wide range of corporate social responsibility programs covering a broad spectrum of social, economic, and environmental issues often associated with rapidly changing society in which we operate.

In the period of 12 years, AYA Bank Ltd. (AYA Bank) has become the 2nd largest private bank in Myanmar in terms of Customer Deposits, Loans & Advances, Capital, number of Branches and Customers. For 7 consecutive years now, AYA Bank is an IFRS compliant bank as well as audited under International Standards of Auditing (ISA) by a big-four international firm – Deloitte. 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 9th 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
Chief Executive Officer
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 respect the rights of the people and communities in the areas in which it operates. ▪ AYA Bank will not assist nor involve 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. ▪ The Bank 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 network, we will expand our advocacy effort across the nation. ▪ Whistleblowing Policy is established to allow raising concerns about any wrongdoing or 	<ul style="list-style-type: none"> ▪ Senior Management executes the framework for building a culture of equality and human rights in the workplace which is set by the Board. ▪ Incorporate human rights into our business strategies that creates value for our society. ▪ Conduct a Human Rights Impact Assessment within Bank. ▪ Code of ethical conduct and Supplier Code of Principle are published on our website www.ayabank.com. ▪ Encouraged suppliers to follow suit in responsible business practices and will continue. ▪ Regular inspections are conducted on suppliers to ensure they adhere to AYA Bank's Supplier Code of Principle in aspects of human rights, freedom of association, forced labor, non-discrimination, working hour, minimum wage, corruption, and money laundering. ▪ Employee handbook is reviewed annually if human rights up-to-date advisories are in place. ▪ Continuous awareness trainings are conducted. Various channels such as suggestion boxes, dialogue session, and communication channels through intranet are placed for both staffs and stakeholders to raise their concerns and feedbacks. ▪ Grievance hotline has been set up for human rights grievances and staffs are strongly encouraged to report any suspected breach of human right act through an established channel. Grievance report has been reviewed every month by HR Committee. ▪ Guidelines on how to deal with human rights violations are

	malpractice of employees.	established.
<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 2022, more than 6000 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 12 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 continuously reviewing policies and guidelines to ensure they are up-to-date and transparent. Employee Handbook has been revised with current 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 workplace harassment issues and provided awareness session to all staffs for gender equality. AYA Bank has received EDGE Certification for gender equity. ▪ Women at AYA Bank remain empowered and given equal opportunity. Women’s representation on Board of Directors is 33 percent. For the entire bank, the labour force participation rate is men 45 percent and woman 55 percent.

ENVIRONMENT		
<p>7 - Businesses should support a precautionary approach to environmental challenges.</p>	<ul style="list-style-type: none"> ▪ Environmental sustainability is a key part of the Bank’s social responsibility efforts. We have established environmental policies and practices that help guide our activities inside out. Environmentally-oriented thinking is incorporated into a range of banking operations, lending, products and services and our community activities. 	<ul style="list-style-type: none"> ▪ We do our part to go green by highlighting our paperless services and products through technological advances. It includes encouraging customers to switch to mobile or internet banking to manage their accounts and make transactions electronically, including bill payment and e-statements. This reduces the need for using paper and cut down emissions of making a trip to the bank.
<p>8 - Undertake initiatives to promote greater environmental responsibility.</p>	<ul style="list-style-type: none"> ▪ Through our ‘Environmental Policy’, we strive to ensure ecological balance and protect the environment by adopting environmentally friendly technologies and actively conducting environmental conservation activities. 	<ul style="list-style-type: none"> ▪ AYA Bank introduced ‘SME Green Financing’ to finance the Sustainable Manufacturing Projects to support transition to clean energy and environmental benefits. We help clients uncover possible grants that they may qualify for if they install environmentally-friendly equipment such as solar panels, lighting (LED), heat exchangers, by-product gas and waste.
<p>9 - Encourage the development and diffusion of environmentally friendly technologies.</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 internally and externally. ▪ 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 	<ul style="list-style-type: none"> ▪ AYA Bank promotes environmentally friendly practices and reduce our carbon footprints from our banking activities. To becoming a green bank, AYA Bank sets goals and practices on <ul style="list-style-type: none"> ❖ Lower energy use, reduce waste, paperless billing, ❖ offering online and digital services ❖ Green-centric products. ▪ Within AYA Bank the following are mandatory: <ul style="list-style-type: none"> ❖ Use projectors and tablets to cut back merchandizing of paper and poster ❖ Notify staff to be mindful to reduce utility consumption ❖ Organize the office carpool among employees to save energy and reduce air pollution.

	<p>serves as a controlling mechanism to prevent and reduce negative environmental impact.</p> <ul style="list-style-type: none"> ▪ AYA Bank has implemented Waste Management System, with rules and regulations internally to reduce the usage of paper, petrol, and other natural resources. ▪ The awareness sharing tools are in place. 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"> ▪ We conduct annual tree planting program for environmental conservation in which community can join, recycling project at all the branches and Seat Belt Campaign for road safety. ▪ Guidelines on reduction of negative impact for 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. ▪ AYA Bank will notify to investigate the supplier / vendor if any violation or misdemeanor, likely to cause negative environmental impact.
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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-Bribery and Anti-Corruption Policy are in place and make sure that it’s been adhered to. 	<ul style="list-style-type: none"> ▪ AYA Bank has implemented numbers of policies and disciplinary actions such as anti-bribery and anti-corruption policy for the employees and suppliers to abide by and ensure effectiveness of anti-corruption efforts along the supply chain. ▪ The policy also applied to our third parties we engage in business with. We ensure that the third-party we are engaging with is a legitimate entity, is properly qualified to provide the services we have retained it to perform and has ethical and legal standards aligned. ▪ AYA Bank raised the awareness of staff towards anti-corruption through training and previous instance. Practice “Start from the Top” when aligning employees to Bank’s ethical standards and providing corruption prevention training. ▪ AYA Bank focus on the culture and create a safe and
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		<p>encouraging environment for employees to report corruption and bribery.</p> <ul style="list-style-type: none">▪ Systems of review is in place that regularly review financial records and business transactions, and that are efficient in flagging any wrongdoing to help reduce liability for the Bank.▪ Watch out for red flags such as unnecessary purchases, poor quality on a purchase being accepted, inaccurate or incomplete information on expense reports and unqualified vendors getting the Bank's business.▪ Keep an eye on all financial transactions take place and check for any irregular activities and expenses that don't comply with Bank's policies.▪ Set clear whistleblowing procedures and in place that allow employees from every rank to report their concerns and come forward with corruption claims.▪ Take corruption claims seriously and follow through with what is established in whistleblowing procedures. Ensure employees keep coming forward and improve overall employee wellbeing.
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