



SCB<sup>x</sup>

# HUMAN RIGHTS DUE DILIGENCE

SUMMARY REPORT 2022

SCBX Group believes that

**'EVERYONE IS EQUAL IN RIGHTS AND DIGNITY'**

and should therefore be treated equally without discrimination.

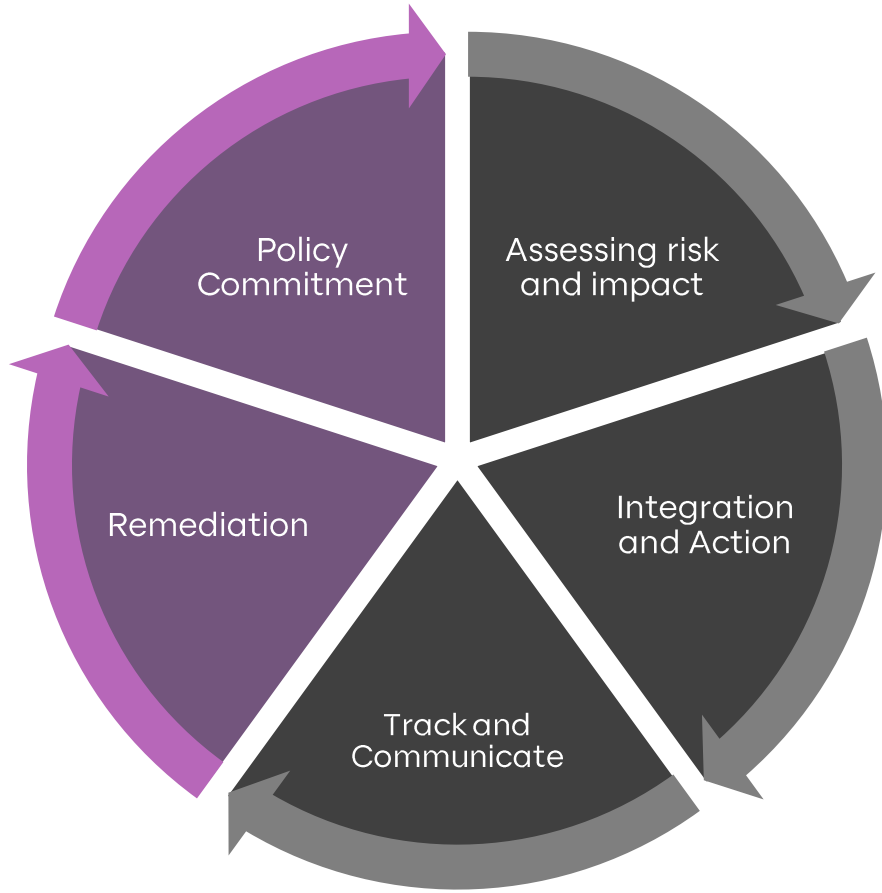
SCBX is committed to conducting business with respect for human rights, and in accordance with the law and the United Nations Guiding Principles on Business and Human Rights (UNGPs), as well as complying with the standards of human rights practices outlined in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

- SCBX Human Rights Policy -

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# 1. BACKGROUND AND OBJECTIVES



UNGP Framework

■ Human Rights Due Diligence Process

Recognizing that 'Everyone is equal in rights and dignity' and therefore should be treated equally without discrimination, SCB<sup>x</sup> Group has established an [SCB<sup>x</sup> Human Rights Policy](#) and commitment to operating business by having respect to human rights and aligning its practices to international principles.

SCB<sup>x</sup> Group follows the human rights due diligence process, based on UNGPs framework, which consists of steps to assess human rights risk, integrate and act upon finding as well as monitor and communicate performance, in order to effectively manage potential human rights risk and impact throughout the value chain. This process covers all of SCB<sup>x</sup>'s operations, subsidiaries, joint ventures and supply chain. Relevant stakeholders, both internal (e.g. employees) and external (e.g. suppliers, contractors, and community) as well as vulnerable groups (i.e. children, indigenous people, migrant labor.)

## OBJECTIVES:

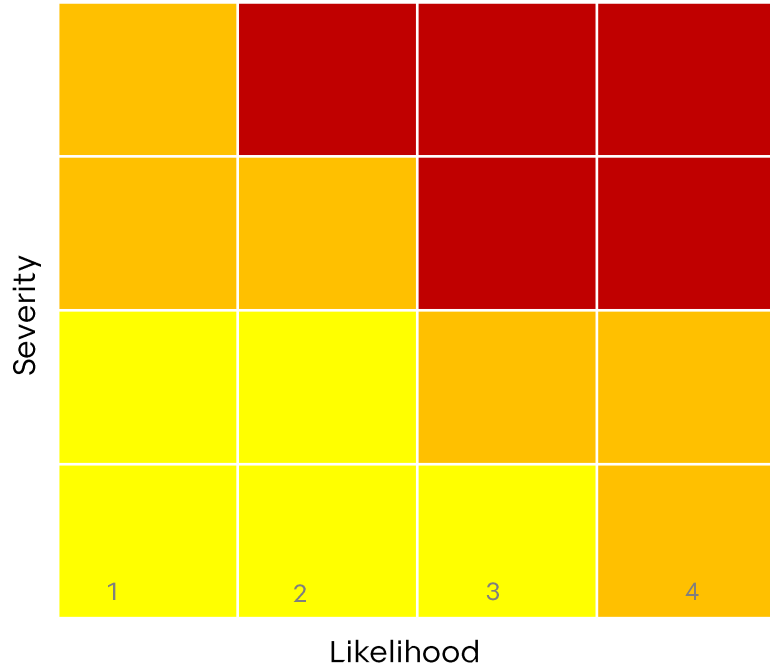
- Identify human rights risks and prioritize the salient issues;
- Identify appropriate mitigation measures and/or controls to reduce adverse human rights impacts and prevent violations from occurring throughout the activities of its direct operations including joint ventures.

# 2. HUMAN RIGHTS RISK ASSESSMENT METHODOLOGY



- 1 Identify human rights risks**
  - Identify all actual and potential human rights risk issues of SCB<sup>x</sup> Group's business activities throughout the value chain
  - Consider rights holders and vulnerable groups
- 2 Assess the inherent risks**
  - Assess inherent human rights risks (risks prior to mitigations measures).
- 3 Identify mitigation measures**
  - Identify existing mitigation measures and/or controls (such as policies or procedures).
- 4 Assess the residual risks**
  - Assess human rights residual risks (risks after mitigations measures). If the risk remains high, additional mitigation measures should be initiated.
  - High human rights residual risk is prioritized as salient issues.

# HUMAN RIGHTS RISK ASSESSMENT METHODOLOGY



**RISK LEVEL**

- HIGH
- MEDIUM
- LOW

## HUMAN RIGHTS RISK MATRIX

The assessment of inherent and residual human rights risks is conducted by using 4-scale risk matrix that consists of:

- Likelihood (axis-x)
- Severity (axis-y)

Levels of risks are categorized into 3 levels: **high, medium, and low.**

## HUMAN RIGHTS RISK CRITERIA

The determining factors of each criterion are as follows:

- ▶ **SEVERITY** is determined based on the **SCALE, SCOPE, and REMEDIABILITY** of the risk or impact.
  - **SCALE:** the gravity of the impact on safety and financial stability.
  - **SCOPE:** the number of people affected by the relevant risk.
  - **REMEIABILITY:** the ability to restore the impact to normalcy.
- ▶ **LIKELIHOOD** is determined based on the **CHANCE and FREQUENCY** of the human rights risk or impact occurring.

# HUMAN RIGHTS RISK ASSESSMENT METHODOLOGY

## HUMAN RIGHTS RISK CRITERIA

SEVERITY LEVEL	SCALE	SCOPE	REMEDIABILITY	LIKELIHOOD LEVEL	LIKELIHOOD	FREQUENCY
	Gravity of impact or risk	Number of people affected	Ability to restore the impact to normalcy			
<b>CRITICAL (4)</b>	<ul style="list-style-type: none"> <li>Significant impact to safety, for both physical and mental health</li> <li>Long-term financial impact on rights holders (with &gt;5 years to recover, or bankrupted)</li> </ul>	Impact to all stakeholders in Groups	Impossible to restore or will take longer than 5 years to restore the impact	<b>Critical (4)</b>	Occur all the time	Always
<b>HIGH (3)</b>	<ul style="list-style-type: none"> <li>Moderate impact to safety, for both physical and mental health</li> <li>Short-term financial impact on rights holders (with 3-5 years to recover)</li> </ul>	Impact to most stakeholders in a particular stakeholder group	Take 3 to 5 years to restore the impact	<b>High (3)</b>	Occur very often	Every 1-5 years
<b>MEDIUM (2)</b>	<ul style="list-style-type: none"> <li>Slight impact to safety, for both physical and mental health</li> <li>Minimal financial impact on rights holders (with 1-3 years to recover)</li> </ul>	Impact to some stakeholders in a particular stakeholder group	Take 1 to 3 years to restore the impact	<b>Medium (2)</b>	Occur occasionally or sometimes	Every 5-10 years
<b>LOW (1)</b>	<ul style="list-style-type: none"> <li>No impact to safety, for both physical and mental health</li> <li>No financial impact on rights holders</li> </ul>	No negative impact to stakeholders	Take less than a year to restore the impact	<b>Low (1)</b>	Never occurred	Every 10 years or over

BACKGROUND  
METHODOLOGY  
RESULTS  
MITIGATION  
REMEDY

# 3. SCB<sup>X</sup> GROUP HUMAN RIGHTS RISK ASSESSMENT RESULTS



SCB<sup>X</sup> Group identified 27 human rights issues related to its operations and throughout the value chain.



## EMPLOYMENT PRACTICES

## BUSINESS AND INVESTMENT PRACTICES

### Consumer Financial Services

### Corporate Lending/ Project Finance

### Food Delivery Service

## SUPPLY CHAIN MANAGEMENT

Issues identified

1. Illegal forms of labor
2. Employee freedom of association & collective bargaining
3. Employee working conditions
4. Employee discrimination
5. Employee health & safety
6. Employee data privacy

7. Financial exclusion, discrimination in product development & provision of service.
8. Customer data privacy
9. Mis-selling of product and service
10. Abusive debt collection

11. Labor & working conditions
12. Community health, safety & security
13. Community standard of living & resource degradation
14. Land acquisition & involuntary resettlement
15. Indigenous people's rights

- Customer
16. Customer data privacy
- Riders
17. Illegal forms of labor
  18. Freedom of association & collective bargaining
  19. Working conditions
  20. Discrimination
  21. Health & safety
- Merchants on food delivery platform
22. Discrimination in promotional campaigns

23. Labor & working conditions in supply chain
24. Discrimination in supplier selection & treatment
25. Supplier health & safety
26. Supplier data privacy
27. Security personnel practices

Group at risk

- Employees

- Clients

- Clients' employee
- Migrant workers
- Indigenous people
- Local communities

- Customers
- Business Partners

- Suppliers and their employees
- Contractors and their employees

BACKGROUND

METHODOLOGY

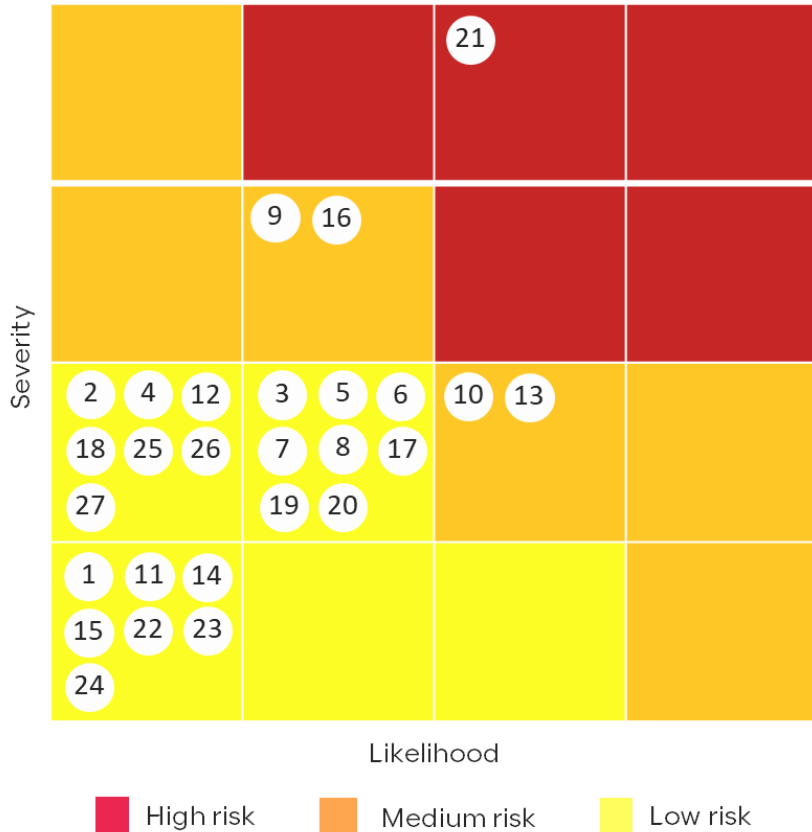
RESULTS

MITIGATION

REMEDY



# SCB<sup>x</sup> GROUP HUMAN RIGHTS RISK PRIORITIZATION



## EMPLOYMENT PRACTICES

Rights holder impacted: Employee

1. Illegal forms of labor
2. Employee freedom of association & collective bargaining
3. Employee working conditions
4. Employee discrimination
5. Employee health & safety
6. Employee data privacy

## BUSINESS AND INVESTMENT PRACTICES

Consumer financial services

Rights holder impacted: Retail Customer

7. Financial exclusion, discrimination in product development & provision of service.
8. Customer data privacy
9. Mis-selling of product and service
10. Abusive debt collection

Corporate Lending/ Project Finance

Rights holder impacted: Corporate customer

11. Labor & working conditions
12. Community health, safety & security
13. Community standard of living & resource degradation
14. Land acquisition & involuntary resettlement
15. Indigenous people's rights

Food delivery service

Rights holder impacted: Customer and business partner

16. Customer data privacy
17. Illegal forms of labor
18. Freedom of association & collective bargaining
19. Working conditions
20. Discrimination
21. Health & safety
22. Discrimination in promotional campaigns

## SUPPLY CHAIN MANAGEMENT

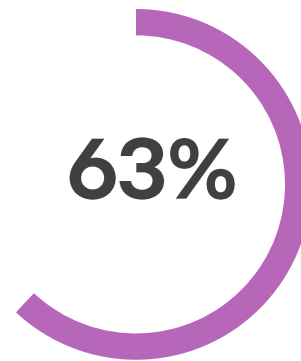
Rights holder impacted: Suppliers and Contractors

23. Labor & working conditions in supply chain
24. Discrimination in supplier selection & treatment
25. Supplier health & safety
26. Supplier data privacy
27. Security personnel practices

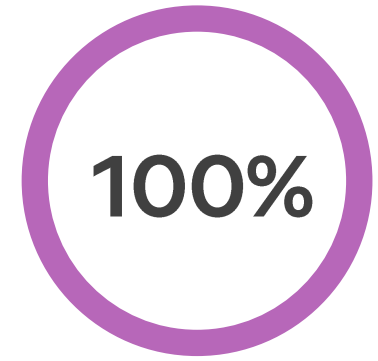
OWN OPERATIONS



of revenue-generating subsidiaries were assessed on human rights risk

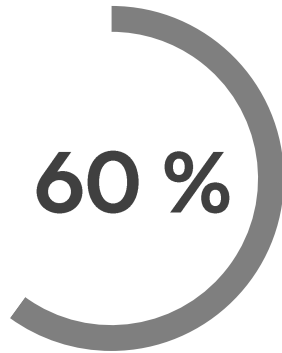


of revenue-generating subsidiaries were identified with human rights risk

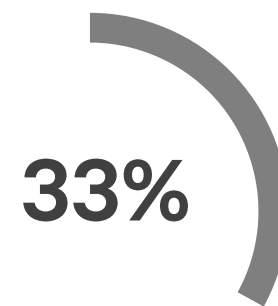


of identified human rights risk with mitigation measures action taken

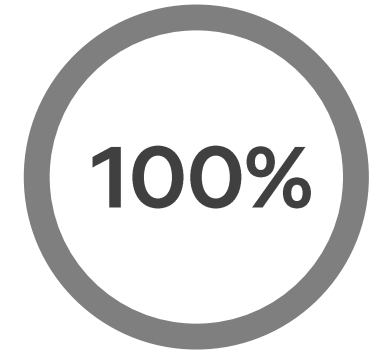
JOINT VENTURES



of total joint ventures were assessed.

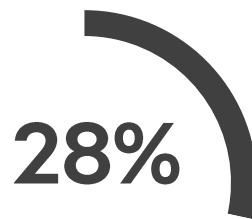


of the critical joint ventures was found to be at risk.

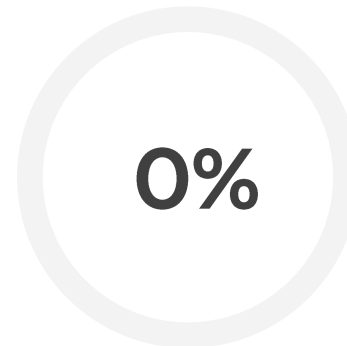


of identified human rights risk with mitigation measures action taken

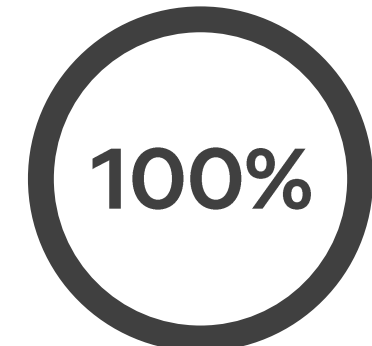
CONTRACTORS & TIER-1 SUPPLIERS



of total critical tier 1 supplier were assessed.



of the critical tier 1 supplier was found to be at risk.



of identified human rights risk with mitigation measures action taken

# 4. SALIENT ISSUES AND MITIGATION ACTION

SCBX Group has identified 5 salient human rights issues throughout its operation:

1

Health and Safety



2

Community Standard of Living and Resource Degradation



3

Mis-selling



4

Abusive Debt Collection



5

Data Privacy



1

Health and Safety



**Risk Level:**

- High

**Affected Stakeholder:**

- Riders

**Business Activity at Risk:**

- Food delivery

**Risk Owner:**

- Purple Ventures Co., Ltd. – operator of food delivery platform ‘Robinhood’

**Risk Detail**

- Road accidents due to reckless driving or exceeding the speed limit

**Measures for Risk Control and Mitigation**

- Basic safe driving and first-aid training
- Safe driving communication campaign on a monthly basis
- Driving safety monitoring
- Coordinating with police checkpoints to prevent traffic rule violations by riders
- Personal accident insurance provision to all riders

2

Community Standard of Living and Resource Degradation



**Risk Level:**

- Medium

**Affected Stakeholder:**

- Communities in/near development projects of corporate clients

**Business Activity at Risk:**

- Project finance

**Risk Owner:**

- Siam Commercial Bank PCL

**Risk Details**

- Community rights violations due to pollution, improper waste management
- Providing financial support to projects that cause adverse impacts on community livelihoods as well as environmental pollution, forest depletion, and biodiversity loss

**Measures for Risk Control and Mitigation**

- Commission of technical and legal advisors with accountability to oversee and ensure that overseen projects are in compliance with laws and regulations
- Drawstop policy in case of contract breach
- Credit policy guide with integrated ESG criteria, ESG sensitive areas, Equator Principles, etc.
- Monitoring processes for ESG issues in mega-projects

For more information, please see ‘Responsible Lending’ on page 57-58

## 3

## Mis-selling

**Risk Level:**

- Medium

**Affected Stakeholder:**

- Clients in securities business

**Business Activity at Risk:**

- Financial services to securities clients

**Risk Owner:**

- SCB-Julius Baer Securities Co., Ltd.

**Risk Details:**

- Deliberate or negligent sale of products or services that are either financially unsuitable or misrepresent the customer's needs

**Measures for Risk Control and Mitigation**

- 3 Lines of defense
- Risk suitability assessment
- System control including pre/post trade check
- Random sale check
- Regular front staff training

## 4

## Abusive Debt Collection

**Risk Level:**

- Medium

**Affected Stakeholder:**

- Retail customers

**Business Activity at Risk:**

- Debt collection from retail customers

**Risk Owner:**

- SCB Plus Co., Ltd.

**Risk Details:**

- Using abusive and/or inappropriate language in the collection process

**Measures for Risk Control and Mitigation**

- Employee Code of Conduct
- Employee training according to Debt Collection Act and Personal Data Protection Act
- Sampling Quality Review
- Client complaint handling process

## 5

## Data Privacy

**Risk Level:**

- Medium

**Affected Stakeholder:**

- Platform users

**Business Activity at Risk:**

- Food delivery service

**Risk Owner:**

- Purple Ventures Co., Ltd. – operator of 'Robinhood' food delivery platform

**Risk Details:**

- Sharing personal information such as phone numbers or bank account numbers between customers and riders in case there are extra orders beyond those ordered through the platform

**Measures for Risk Control and Mitigation**

- Personal data protection policy
- Installation of chat system to prevent requests for customers' personal data
- Implement an escalation process to investigate and manage any breach of data privacy

# 5. REMEDIATION ACTION TAKEN



SCBX Group is committed to conducting a human rights risk assessment throughout its operation within an appropriate timeframe, preparing risk prevention and mitigation measures and taking remedial action in the event of a violation (if any occurred), as well as reviewing policy commitment to ensure maximum effectiveness of its human rights management.

In 2022, there is no case of human rights violation occurred, thus, no remediation action taken.

