

Ref. CBT 8 678 / 2022

15 September 2022

To: Federica DONATI
Officer-in-charge
Special Procedures Branch
OHCHR

Re: Krung Thai Bank Public Company Limited's responses to the letter dated 18 July 2022 regarding the joint communications of UN Human Right's Council's Special Procedure on the collapse of the auxiliary dam in the Attapeu province

Dear Sirs/Madams,

We are writing this letter in response to your communication (the "Letter") addressed to us with the subject: joint communication of United Nations Human Right Council's Special Procedure on the collapse of the auxiliary dam of Xe-Pian Xe-Namnoy Hydropower Project located in Attapeu Province (AL OTH 50/2022). The Letter concerns the impact on human rights from the flood, including the impact on people living in poverty, access to healthcare, safe drinking water, sanitation, and housing of internally displaced people. In addition, the Letter includes discussion of the loss of land experienced by local communities and indigenous people, and the prior and informed consent regarding the potential impact of the dam on their lands and resources.

In response to the Letter, we would like to inform you that, as a financier to the project financing transaction of Xe-Pian Xe-Namnoy Power Company Limited ("PNPC"), a project developer of Xe-Pian Xe-Namnoy Hydropower Project, we have remained actively involved in closely monitoring remedial measures taken by PNPC. In this regard, we set forth our responses to each of the requests in the Letter as follows:

1. **Please provide any additional information and/or comment(s) you may have on the above-mentioned allegations.**

We have been monitoring remedial measures implemented by PNPC and the Government and have seen periodic reports of positive progress with the rehabilitation process to date. From the reports and our discussion with representatives of PNPC, the completion is almost 96% of total works.

2. **Please provide information on whether and how your company has used and built upon its leverage to promote and enable the provision of remedies to victims of business-related human rights abuses.**

5. Please explain what measures have been adopted to ensure that the staff of your bank as well as those of your business partners possess adequate awareness, knowledge and tools to identify and report human right abuses, including those alleged in the present letter, throughout your operations.
6. Please provide information on whether your bank publicly disclose how it is addressing human rights risks and impacts connected with investment activities.

Placing importance on good human rights issues, the Bank ensures good corporate governance by inspecting and evaluating the operations of the bank and throughout its supply chain, including its employees, customers and suppliers, as stated in the Bank's Code of Conduct. The Bank has also incorporated the UN Guiding Principles on Business and Human Rights (UNGP) and Ruggie's Protect, Respect, and Remedy framework in its human rights management guidelines, and extended them to its supply chain: its employees, customers and suppliers.

Approach to Human Rights Issues

The Bank conducts human rights due diligence which consists of the following process:

- Publicly announce the human rights policy and disclose operations related to it in Sustainability Development Report or Annual Report;
- Assess human rights risk and impact by having the business units that deal with stakeholders assess human rights risk involved;
- Integrate human rights principle into work process and incorporate human rights principle in the Bank's work process that involves stakeholders;
- Remedy, correct and prevent human rights violation as well as seeking solutions and preventive measures to ensure that such violation will not occur in the future.

The performance of the Bank's human rights operations are disclosed at the following URL:

https://krungthai.com/Download/generalcontent/MediaFile_15963HumanRights%E2%80%93RelatedOperationsKrungthaiBankPCL.pdf

3. Please provide information regarding what processes and mechanisms are available to survivors to file complaints, make their grievances known, or make inquiries with regard to housing, compensation or other issues relates to the 2018 dam collapse. Please detail what steps, if any, are being taken to raise the awareness of survivors to these processes and mechanisms.

Based on the reports from PNPC:

- (i) The latest update of the remedial measures is that construction of new houses, totaling 700 houses, is 96% complete. Most families have relocated into new permanent homes. With respect to compensation for those affected, the process includes collection of household-by-household compensation data and household-by-household consultation where compensation

amounts, and the basis for calculation of such amounts, are explained to the villagers. Affected individuals are entitled to submit a complaint, which are proceeded with and resolved in person.

- (ii) In addition, interview sessions are conducted for all claimants individually to assure that all concerns and issues in relation to the offered accommodation and compensation are addressed. Such sessions are followed by an open consultation session for each village where PNPC's staff remain on standby to accept comments and questions raised by villagers. Each individual interview and open consultations serve as platform for complaints or grievances submissions and compensation settlements. To date, we were informed that PNPC has attended all interviews and consultation sessions so that assistance by PNPC can be performed to the satisfaction of the villagers. A significant decrease in the numbers of official complaints being made against PNPC through the government's claim process is proof that the master plan for compensation and construction of housing has been effective.
- (iii) All claimants were given opportunities to provide responses/feedback on their compensation claims and their experience with the claim process. PNPC and the Government continually coordinate with each other and jointly put an effort to resolve and address any complaints and queries to the satisfaction of each claimant.
- (iv) Payments of compensation are deposited directly into each claimants' / household's bank accounts. Donations from the private and government sectors are coursed through relevant government offices/committees tasked with the management of donations.
- (v) In total, PNPC has provided the required USD 3.13 million in full to support the cost of operating and maintaining temporary accommodations. The amount is inclusive of daily allowances and monthly food expenses.

4. In your previous response, your bank noted that it has provided donations to assist affected individuals and families. Please describe the steps taken to ensure that donations, supplies, and any compensation payments have reached their intended recipients; payments are paid on a consistent schedule; estimates given on the damages incurred and actual compensation received are consistent; and the application of certain processing fees are legitimate.

The Bank donated through Thailand's government agency to help the people affected and Krungthai bank account been used as the receiving account by the government agency called for donations.

7. Please kindly provide information on how Krungthai Bank does not impact negatively the work of human rights defenders, specifically in light of the recommendations provided to Businesses in the report of the Working Group on the issue of human rights and transnational corporations and other business enterprises on the adverse impact of business activities on human rights defenders (A/HRC/47/39/Add.2), which recalls for States and businesses the normative and practical implications of the Guideline Principles on Business and Human Rights in relation to protecting and respecting the vital work of human right defenders.

The Bank respects and places importance on human rights while operating its business. It has incorporated the UN Guiding Principles on Business and Human Rights (UNGPR) and Ruggie's Protect, Respect, and Remedy framework in its practices. Moreover, the Bank collaborated with UNDP Thailand in #UNDP Koh Tao, Better Together project, in which the Bank's e-Donation platform was used to crowdfund donations. The money raised was used to hire tourist boat drivers to collect marine debris during the Covid-19 tourism slump. There are 5 follow-up projects: taxi boat driver development program for sustainable tourism, Maehaad Bay's dolly rope-free beach, recovering marine life with FADs, encouraging the local youth to manage biodiversity information for tourism, and tie-dye fabric workshop for tourists. Moreover, the Bank's staff carried out financial literacy workshops to educate the locals about financial literacy and financial technologies, as well as performing financial checkup, so that the locals can apply the knowledge to their daily life. The Bank also plans to extract lesson learned from the #UNDP Koh Tao, Better Together project to improve future social and environmental development projects which will also be in collaboration and under supervision of UNDP.

As part of the syndicated lenders in the financing to PNPC, we proactively follow up on the status and progress of the implementation of the master plan by requiring periodic reports and having discussion with representatives of PNPC on a periodic basis. This is to ensure that PNPC has appropriately implemented remedial measures to the local communities in the affected area, instruments, and standards. We hope that our responses to this letter issued by the United Nations Human Rights Council provides clarity on the situation in the affected area. Please rest assured that all stakeholders are keeping abreast of the status of the implementation of remedial measures and are doing their best to fully promote human rights possible.

Regards,

For and on behalf of

Krung Thai Bank Public Company Limited



(Kessraporn Prapurttum)

Executive Vice President Sector Head

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