

ESG STANDARDS REPORT 2022

1. Introduction to our ESG Commitment

In 2022, C.K.L.S Finance Plc. recognized that for a financial institution to be truly sustainable in the Cambodian market, it must look beyond financial profit. We integrated ESG standards into our core operations to manage risks and create long-term value for our shareholders, staff, and the rural communities we serve.

2. The Three Pillars of ESG (2022 Performance)

E - Environmental Stewardship

In our first year, we focused on building awareness and reducing our direct environmental impact:

- **Responsible Credit Screening:** We introduced an "Environmental Exclusion List." We do not provide loans to businesses involved in illegal logging, wildlife trafficking, or activities that cause significant pollution.
- **Internal Resource Management:** At our head office, we launched a "Paper-Reduction" policy, encouraging digital communication to minimize waste.

S - Social Responsibility



Social impact is at the heart of our mission as a micro-finance provider:



- **Financial Inclusion:** We reached **842 active borrowers**, specifically targeting the "unbanked" population in rural areas.
- **Gender Equality:** Over **50%** of our loans were granted to women entrepreneurs, empowering them to become primary decision-makers in their households.
- **Client Protection:** We ensured 100% transparency in our pricing, with no hidden fees, protecting our clients from over-indebtedness.

G - Corporate Governance

Transparency and ethics are the foundation of our institution:

- **Regulatory Compliance:** We maintained strict adherence to all National Bank of Cambodia (NBC) regulations and local tax laws from day one.
- **Audit Transparency:** Our 2022 financial statements were audited by **Cam Accounting & Tax Service Co., Ltd**, receiving a clean, unmodified opinion.
- **Code of Conduct:** Every staff member was trained on our internal ethics policy, ensuring a zero-tolerance approach to corruption or client harassment.



3. 2022 ESG Metrics at a Glance

- **Environmental:** 100% of loans screened against the Environmental Exclusion List.
- **Social:** 50%+ female borrower ratio; 100% Khmer-language contract transparency.
- **Governance:** 100% compliance with NBC reporting requirements.

4. C.K.L.S'S Client: Social Impact in Action

One of our early 2022 clients was a rural shop owner. By providing a transparent and fair loan, we enabled her to restock her inventory. This did more than just grow her business; it provided her village with better access to goods and allowed her to pay for her daughter's vocational training, demonstrating the **Social (S)** pillar of our strategy.

5. Looking Forward (2023–2024)

Following this foundational year, C.K.L.S Finance Plc. aims to:

- Formalize a dedicated "ESG Committee" within the Board of Directors.
 - Introduce specialized "Green Loan" products for sustainable agriculture.
 - Expand ESG training to all branch-level staff to ensure consistent standards across Cambodia.
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Report Prepared by:



The Management Team
C.K.L.S Finance Plc.
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