C.K.L.S Finance Plc.

Environmental, Social, and Governance (ESG) Standards Report 2025

Our Approach to Sustainability

At C.K.L.S Finance Plc., we believe that resilient financial systems must be built on a foundation of environmental care, social equity, and highly disciplined corporate governance. As we review our operations in 2025, our ESG initiatives continue to direct how we serve our communities, manage structural risk, and support local businesses.

Central to our social and economic mission is the **economic empowerment of women** and the **advancement of sustainable agriculture**. By closing the financial gender gap and providing tailored capital to rural farmers, we unlock entrepreneurial potential that stabilizes households, reduces poverty, and drives sustainable national development. This report presents our quantitative impact metrics and strategic highlights for the year 2025.

1. Environmental Standards (E)

C.K.L.S Finance Plc. remains committed to protecting Cambodia's natural habitats and ecosystems by promoting responsible lending that prevents environmental degradation.

- **Greening the Portfolio via Screening:** Guided by our institutional environmental policies, our Credit Department implements environmental risk checks during loan appraisals. This prevents capital from flowing into activities that drive deforestation, chemical hazards, or unauthorized environmental depletion.
- **Financing Sustainable Agriculture:** We purposefully direct credit pathways toward eco-friendly agricultural practices. Our specialized green agricultural financing enables rural farmers to invest in climate-resilient technologies—such as solar-powered drip irrigation systems, high-yield organic seeds, and modern crop protection tools—minimizing chemical runoff and preserving soil health for future generations.
- **Geographic Field Stewardship:** Our 2025 credit operations spanned across **5 major provinces and municipalities** (Kampong Speu, Kandal, Koh Kong, Phnom Penh, and

Takeo). Our field credit agents systematically engage with rural farmers and urban entrepreneurs to promote resource efficiency, clean water utilization, and waste reduction.

- **Digital Workflows and Resource Conservation:** Internally, we expanded our paperless systems, digitalizing loan administration workflows and staff records. This shift continues to reduce our physical resource usage, optimize operational power grids, and foster a strong culture of sustainability within our team.

2. Social Responsibility Standards (S)

Fostering financial inclusion, gender equality, and severe economic protection for micro, small, and medium enterprises (MSMEs) represent the core identity of C.K.L.S Finance Plc.

Championing Female Entrepreneurs & Economic Equality

Women are the financial backbones of Cambodia’s local economies and households. In 2025, C.K.L.S Finance Plc. purposefully deepened its outreach to provide women with independent access to capital, business development, and financial autonomy:

- **Breaking the Financial Gender Gap:** Our 2025 lending metrics proudly demonstrate our commitment to gender-equal credit access. Out of our total active borrower base, **1,003 are female entrepreneurs**, compared to 619 male business owners. This means nearly **62% of our entire lending portfolio** is directly managed by women, giving them the economic agency to scale businesses, hire locally, and control their financial destinies.
- **Detailed Female Outreach by Province (Based on 2025 Audited Data):** Our targeted micro-capital has allowed women across both rural fields and urban markets to transform their micro-enterprises into sustainable engines of growth:
  - **Kampong Speu Province:** A major hub for our rural women’s empowerment initiative, supporting **547 female borrowers** across key districts such as Basedth (72 women), Kong Pisei (172 women), and Samraong Tong (144 women). These loans help women transition from subsistence farming to commercialized agri-business.
  - **Takeo Province:** Providing vital micro-capital to **458 female entrepreneurs** to expand retail, wholesale, and agricultural handicraft operations, notably in the Bati (239 women) and Samraong (151 women) districts.
  - **Phnom Penh & Kandal:** Driving urban and peri-urban female financial inclusion by supporting **100 female business owners** in Phnom Penh (including 50 women in the Kamboul district) and **101 female entrepreneurs** in Kandal province.

Uplifting Rural Farmers & Agricultural Communities

Agriculture is critical to national food security and poverty reduction. C.K.L.S Finance Plc. provides tailored credit solutions that match the seasonal realities of Cambodian farmers:

- **Tailored Seasonal Credit:** Our credit packages are structurally customized to match agricultural harvest cycles rather than rigid monthly schedules, allowing smallholder farmers to cultivate fields without immediate repayment stress.
- **Boosting Farming Yields:** In 2025, our micro-loans empowered hundreds of rural families across Kampong Speu and Takeo provinces to acquire high-quality fertilizers, diversify into poultry and livestock farming, and upgrade farming machinery to significantly double their seasonal outputs.

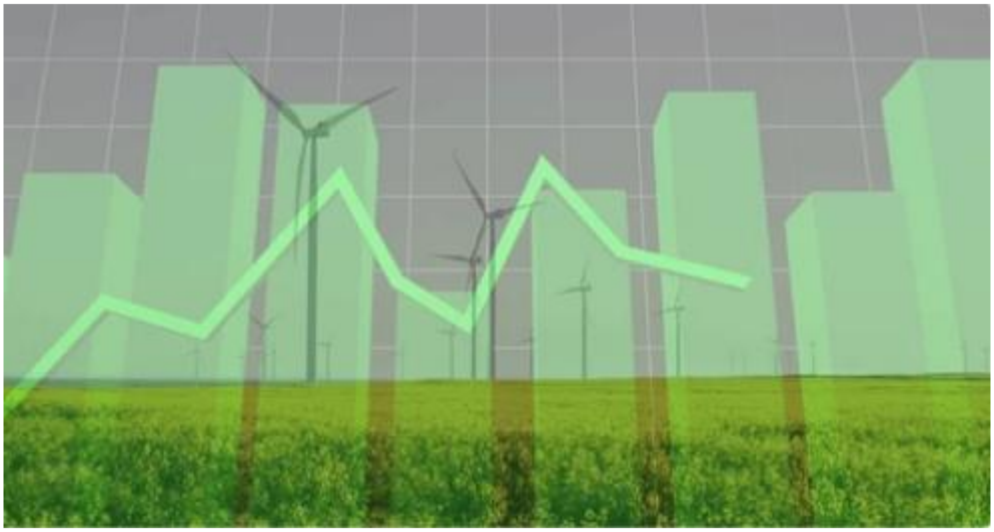
Client Protections and Human Capital (Empowering Female Staff)

- **Built-In Financial Safety Nets for Families:** To protect our female entrepreneurs and farming families from unexpected economic shocks, C.K.L.S maintains its **automatic micro-insurance loan feature**. Every customer gets automatic coverage; in the event of permanent total disability or death, the outstanding debt is fully resolved. This ensures that vulnerable families—particularly women and children—never inherit crippling debt.
- **Workplace Diversity & Female Professional Development:** We practice strict fair-employment standards within our growing workforce. Our dedicated team consists of **63 highly trained professionals**, including **5 female team members** working in key operational and administrative positions. We are actively committed to cultivating female leadership in finance by providing specialized credit analysis training, career advancement pathways, and mentorship programs to elevate our female staff into senior management roles.

3. Governance Standards (G)

Accountability and risk management form the core of C.K.L.S Finance Plc.'s corporate resilience, ensuring that all business operations protect shareholder, regulator, and customer interests alike.

- **Accountable Shareholder Alignment:** C.K.L.S Finance Plc. operates under a transparent governance framework reporting directly to the Board of Directors. This management



matrix ensures that our **six equal shareholders** (holding a 16.66% equity stake each) remain seamlessly aligned on institutional goals and risk exposures.

- **The 5Cs and 4Rs Operational Matrix:** To safeguard institutional credit quality, our operations are strictly managed via our *Credit Analysis Operations Manual*. Loan assessments depend strictly on the **5Cs** (Character, Capacity, Capital, Collateral, and Conditions) paired with **4Rs** (Return, Repayment, Risk, and Remedial management) guidelines.
- **Portfolio Integrity & Transparency:** We maintain complete transparency in our asset health reporting. Our credit monitoring frameworks track portfolio performance across all 27 active operational districts, ensuring standard asset classification, active oversight of restructured loans, and transparent governance regarding write-offs (WO).

Looking Forward

"Our performance throughout 2025 demonstrates that integrating ESG principles strengthens our business model. By pairing rigorous credit appraisal frameworks with compassionate safeguards like automatic micro-insurance, expanding our support for sustainable agriculture, and keeping women's economic empowerment—both for our clients and our staff—at the center of our corporate vision, C.K.L.S Finance Plc. successfully delivers rapid, reliable financial services that honor our commitments to sustainable national development."

Executive Management, C.K.L.S Finance Plc.

Report Prepared by:

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