C.K.L.S Finance Plc.

Environmental, Social, and Governance (ESG) Standards Report 2024

Our Approach to Sustainability

At C.K.L.S Finance Plc., our business path is built on the belief that long-term economic growth is inseparable from environmental protection, social well-being, and structured corporate governance. Rooted in our core mission to uplift living standards and promote micro-entrepreneurship in both rural and urban communities, our ESG framework serves as an operational benchmark for how we serve our clients.

The 2024 ESG Report summarizes our dedicated efforts to implement responsible banking policies, strengthen consumer protections, and minimize our ecological impact.

1. Environmental Standards (E)

As a forward-looking financial institution, C.K.L.S Finance Plc. recognizes the growing challenges climate change presents to Cambodian micro-enterprises and agricultural communities. In 2024, we actively modernized our environmental governance:

- **The Environmental Policy Guide:** We finalized and implemented our formal corporate environmental policy. This guide provides strict guidelines for our credit officers to ensure that our funds do not finance projects that cause deforestation, soil depletion, or environmental harm.
- **Support for Clean Practices:** We prioritize lending initiatives that encourage sustainable farming methods and clean water access. This includes providing credit avenues for energy-efficient equipment, drip-irrigation systems, and waste-reduction tools for micro-retail businesses.
- **Internal Green Practices:** At our main office, we have prioritized reducing resource consumption. By modernizing our documentation workflows to digital structures, we have reduced paper waste and lowered our daily power footprint.

2. Social Responsibility Standards (S)

Social inclusion and poverty reduction are the foundation of C.K.L.S Finance Plc. We ensure that financial services are delivered ethically and transparently to help families grow their daily income sustainably.

- **Built-in Client Financial Security:** A core pillar of our social responsibility strategy is our **automatic micro-insurance loan feature**. When a customer applies for a loan with C.K.L.S Finance Plc., they automatically receive micro-insurance coverage. In the event of death or total permanent disability, the loan balance is fully resolved, preventing debt inheritance and protecting the family from sudden poverty.
- **SME and Female Entrepreneurship Support:** Over the course of 2024, we expanded our outreach programs specifically targeting female-led micro-enterprises in urban outskirt communities and family-operated rural farms, bridging the financial gap for individuals who lack standard banking access.
- **Rigorous Financial Training:** To combat over-indebtedness, we host regular financial literacy modules led by our senior field personnel. This program ensures that clients understand loan terms, manage daily cash flows wisely, and maintain healthy business operations.

3. Governance Standards (G)

C.K.L.S Finance Plc. operates under a strong governance infrastructure designed to protect stakeholder interests, maintain absolute corporate compliance, and build market trust.

- **Equal and Accountable Ownership Structure:** C.K.L.S Finance Plc. is governed by a fair, structured framework under our leadership. Our executive operations and credit departments operate under transparent accountability matrices, reporting directly to the Board of Directors and keeping our six equal shareholders fully informed on our strategic trajectory.
- **The 5Cs and 4Rs Risk Management Framework:** Our operational credit manual requires that all credit evaluation actions are driven strictly by the **5Cs** (Character, Capacity, Capital, Collateral, Conditions) and **4Rs** (Return, Repayment, Risk, Remedial) appraisal methods. This safeguards institutional capital, ensuring every credit facility issued represents a responsible and realistic financial match.

- **Strict Anti-Corruption Protocols:** We mandate regular staff assessments, comprehensive credit audits, and complete transparency on write-off (WO) portfolios. This structural separation of duties ensures high operational integrity and a zero-tolerance policy for fraud or compliance deviations.

Looking Forward

"Our performance in 2024 underscores that robust ESG integration does not limit our commercial potential—it unlocks it. By combining credit evaluation matrices, automatic micro-insurance protections, and strict environmental monitoring, C.K.L.S Finance Plc. remains fully committed to serving as a trusted partner for sustainable development across Cambodia."

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

Report Prepared by:

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