



ESG

Toward Leading Sustainability Bank

Sustainability Report 2023

Our Core Value

ACLEDA Bank Plc. is a Cambodian bank, operating regionally in CLM (Cambodia, Laos, and Myanmar) countries that commits and maintains its core values with financial soundness, safety, competence, integrity, accountability, transparency, honesty, purity and empathy. These values are clearly defined in the meaning of the letter in Khmer-English “**អ-A, ស-C, ល-L, ដ-D (អេស៊ីសីដា-ACLEDA)**”.

A
Affinity and
Empathy

Affinity and Empathy: focusing on conducting satisfying and transparent manner to all stakeholders including employees, customers, partners and the publics.

C
Customer
Experience
With Integrity
& Loyalty

Customer experience with Integrity and Loyalty: focusing on delivering service to customer-public with integrity and professional ethic.

L
Leverage Quick
& Efficiency

Leverage Quick & Efficiency: focusing on fast, satisfying service, providing high confidence to customer-public with efficiency and effectiveness.

D
Developing

Developing: focusing on secured and innovative product-services with superiority and prosperity.

Our Vision

To be Cambodia's leading and the most trusted commercial bank serving all segments of the community.

Our Mission

Our mission is to provide our customers with secured and innovative products and services to manage their financial resources efficiently. At all times, we observe the highest principles of ethical behaviour, respect for society, the law and environment. By doing so, we aim to contribute to improving the quality of lives, ensuring a sustainable and growing benefits to our stakeholders, and to support the socio- economic development of the society as a whole.

Our Slogan

The Bank's Slogan:

The Bank you can trust, the Bank for the people!

ACLEDA Mobile's Slogan:

The Bank in your hand!



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MESSAGE FROM PRESIDENT & GROUP MANAGING DIRECTOR

|| ACLEDA Bank focus on achieving strong, sustainable financial returns, while respecting the environment and community within which we live. ||

Dr. IN Channy

President & Group Managing Director



Apart from the COVID-19 crisis, businesses and society are encountering critical challenges, including new technology disruption, global resource security, regulatory change, and particularly alarming impacts of climate change.

Over the past 30 years operation and as one of the leading financial institutions in Cambodia, we have aware of the important roles in supporting our clients and community by focusing not only on financial services and profit but also the business activities to our clients, society, and environment which are also important parts of sustainable development.

As stakeholders are increasingly valuing businesses' overall performance across key environmental, social, and governance (ESG) topics. We have also made changes to show our willingness to participate in this change and action on these topics. Therefore, we have evolved to expand the scope of our environmental and social reports to meet the needs of stakeholders. We are proud to present our sustainability report this year as it sets out our ESG process to ensure transparency, measurement and accountability to our stakeholders.

2023 has been a notable year for ACLEDA Bank's ESG and sustainability approach, while the Bank takes into accounts of our actions toward sustainability by working

toward to build our capability, develop an initial framework and strengthen our data integrity in this area in order to advance our own sustainability agenda because we do not only want to create a healthy planet, but also to ensure the accomplishment of our transition. Moreover, the Bank also enhanced our risk management framework and strategic planning with the integration of ESG to assess climate-related risks in our business activities.

Lastly, we would like to express our gratitude to shareholders, clients, and all stakeholders for their confidence and continued support for the Bank in creating value that will encourage inclusive and sustainable growth, allowing the Bank to achieve its goal to be "Cambodia's leading and the most trusted commercial bank".

Dr. In Channy

President & Group Managing Director
ACLEDA BANK PLC.

ABOUT ACLEDA BANK PLC.



A. Identity of ACLEDA Bank Plc.

Entity Name in Khmer	ធនាគារ អេស៊ីលីដា ភីអិលស៊ី
In Latin	ACLEDA BANK PLC.
Standard Code	KH1000100003
Address	Building N° 61, Preah Monivong Blvd., Sangkat Srah Chak, Khan Doun Penh, Phnom Penh, Kingdom of Cambodia
Phone number	+855 (0)23 998 777 / 430 999
Fax	+855 (0)23 430 555
Website	www.acledabank.com.kh
Email	acledabank@acledabank.com.kh
Company registration number	00003077 dated 05 June 2000, issued by Ministry of Commerce
License number	C.B.06 dated 07 December 2023, issued by National Bank of Cambodia
Disclosure Document registration number	053/20 SECC/SSR dated 19 March 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia “SERC”)
Representative of the listed entity	Dr. In Channy

B. Nature of Business

ACLEDA Bank is a commercial bank and first listed bank in Cambodia that has largest branch and office networks for offering a wide range of financial products and services to the customer such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. Currently, it has 4 subsidiaries: (1) ACLEDA Bank Lao Ltd., (2) ACLEDA MFI Myanmar Co., Ltd., (3) ACLEDA Securities Plc., and (4) ACLEDA University of Business and 1 representative office in Myanmar.

ACLEDA Bank has 6 shareholders who hold at least 5% or more shares of outstanding equity securities including: (1) AFT, (2) SMBC, (3) COFIBRED (4) ORIX Corporation (5) Public Shareholders and (6) Shareholders Legalized from ASA, Plc.

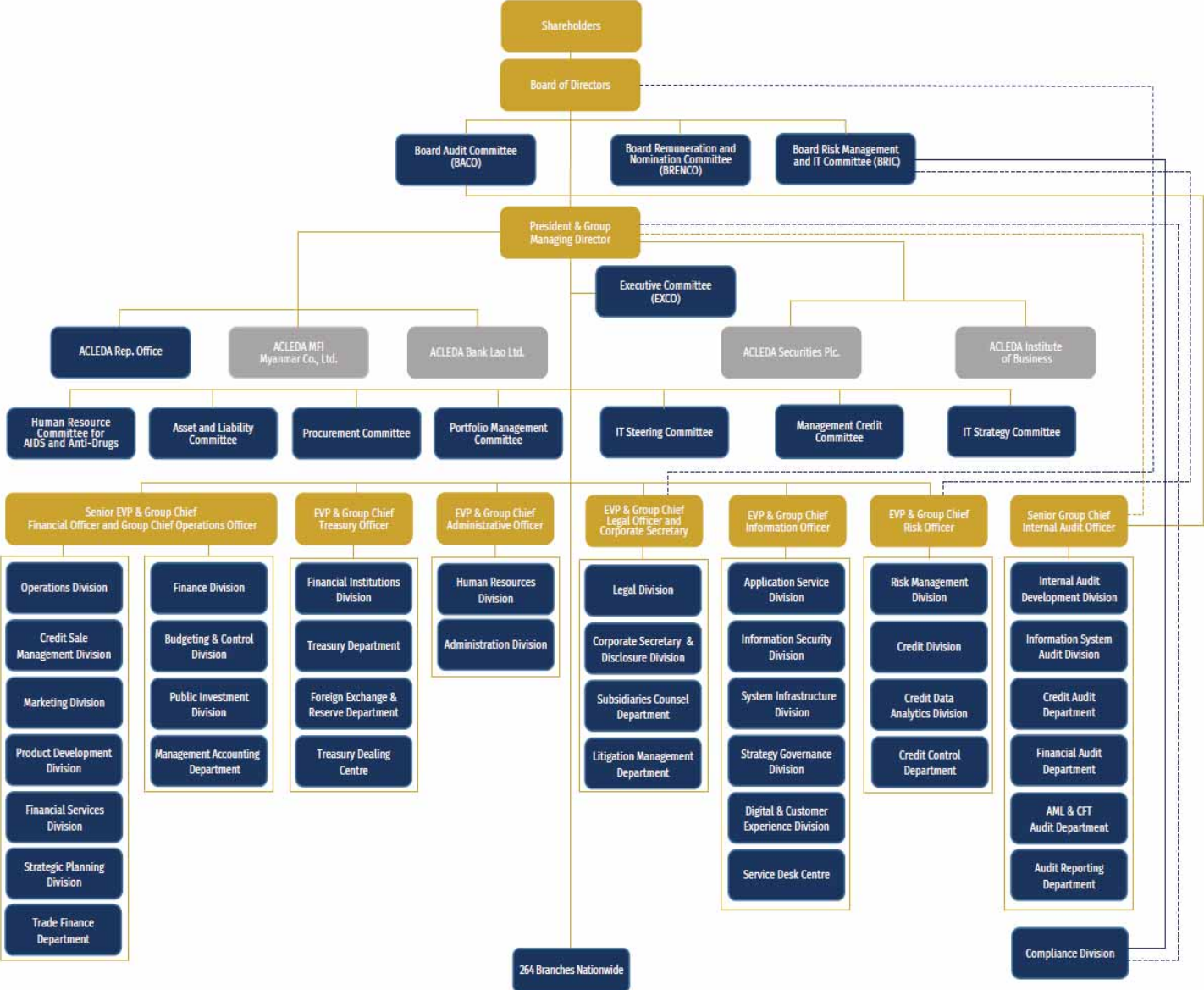
Financial Highlights

Units in US\$ '000	31/12/19 Audited	31/12/20 Audited	31/12/21 Audited	31/12/22 Audited	31/12/23 Audited	Change (%)
Consolidated Financial Highlights (CIFRS)						
Assets	6,175,162	6,551,494	7,855,252	9,031,163	9,744,040	7.89%
Loans and Advances (net)	3,846,021	4,471,301	5,393,954	6,379,406	6,601,665	3.48%
Liabilities	5,210,700	5,461,868	6,650,217	7,714,515	8,362,020	8.39%
Deposits	4,367,898	4,611,296	5,716,020	6,388,991	7,227,813	13.13%
Share Capital	428,818	433,163	433,163	433,163	433,163	0.00%
Shareholders' Equity	964,462	1,089,626	1,199,042	1,310,588	1,375,999	4.99%
Gross Income	550,128	579,221	636,698	743,831	828,008	11.32%
Profit Before Income Tax	153,523	180,035	204,753	228,308	184,238	-19.30%
Net Profit After Tax	120,860	141,493	166,674	181,815	148,018	-18.59%
Earnings Per Share	0.29	0.33	0.39	0.42	0.34	-19.05%
Dividend Per Share	0.0763\$	0.0981\$	548.6405¢	685.8985¢	-	-

Financial Highlights (CIFRS)

Assets	6,017,303	6,379,484	7,695,163	8,918,446	9,605,647	7.71%
Loans and Advances (net)	3,686,579	4,292,649	5,232,059	6,246,269	6,457,043	3.37%
Liabilities	5,045,025	5,285,458	6,486,071	7,587,359	8,213,001	8.25%
Deposits	4,256,424	4,477,033	5,582,534	6,280,045	7,101,695	13.08%
Share Capital	428,818	433,163	433,163	433,163	433,163	0.00%
Shareholders' Equity	972,279	1,094,026	1,209,092	1,331,086	1,392,646	4.62%
Gross Income	514,933	537,756	594,625	705,214	792,125	12.32%
Profit Before Income Tax	148,226	172,154	201,662	217,423	172,202	-20.80%
Net Profit After Tax	117,887	138,342	162,085	173,406	138,139	-20.34%

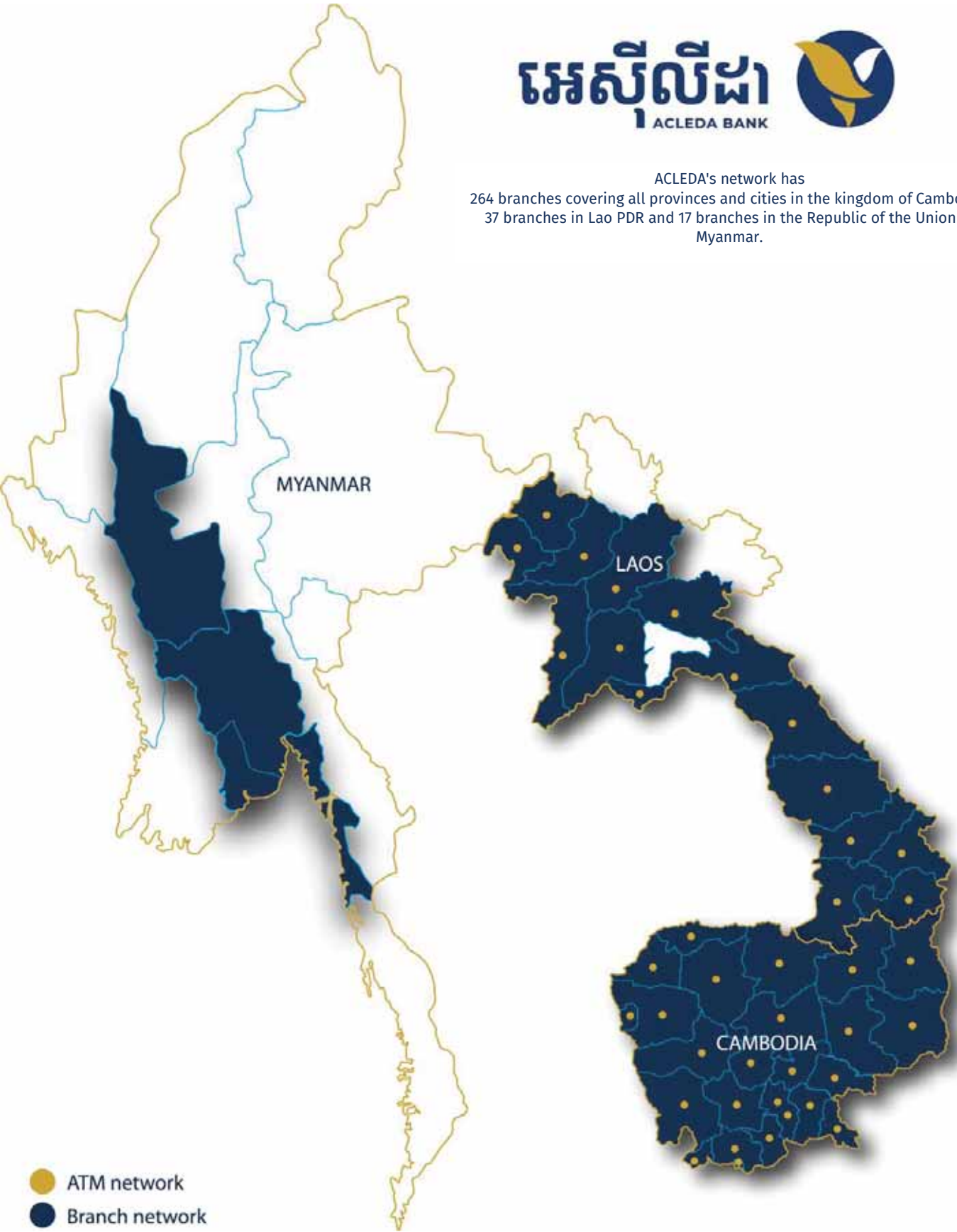
Organizational Chart



Branch Network



ACLEDA's network has 264 branches covering all provinces and cities in the kingdom of Cambodia. 37 branches in Lao PDR and 17 branches in the Republic of the Union of Myanmar.



Products and Services

Credit

- Small-Sized Enterprise Loan
- Medium-Sized Enterprise and Corporate Loan
- Overdraft
- Revolving Credit Line
- Trade Finance Facility
- Bank Guarantee Facility
- Personal Loan
- Car Loan
- Motorbike Loan
- Student Loan
- Housing Loan
- Home Improvement Loan
- Financial Lease

Trade Finance

- Documentary Collection
- Letter of Credit (L/C)
- Bank Guarantee

Deposits

- Savings Account
- Demand Deposit Account
- Current Account
- Term Deposit
- Euro Flex Account
- Securities Account
- Monk Account and Pagoda Fund Account
- Future Kid Account

Cards

- Consumer Card
- ACLEDA Card
- VISA Debit/Credit Card
- Master Debit/ Credit Card
- Master Lady Debit/Credit Card
- JCB Debit Card
- UPI Debit Card

Financial Health Check

Corporate Agent Life Insurance Service

Cash Management

- Bank Confirmation
- Cashier's Check
- Payroll Service
- Cash Collection Service
- Supplier Payment
- Cash Consolidation Accounts
- Standing Order / Direct Debit
- Foreign/Traveller Cheque Purchasing
- Tax Payment Service
- Forward Exchange Contract
- Bulk/Package Payment Service
- Foreign Exchange

Funds Transfers

- Local Funds Transfers
- International Funds Transfers via SWIFT
- International Funds Transfers via Western Union
- International Funds Transfers via MoneyGram
- International Funds Transfers via Thune
- International Funds Transfers via Ria Money Transfer

Digital Services

- ACLEDA Internet Bank
- ACLEDA mobile
- ACLEDA E-Commerce
- ACLEDA ATM
- ACLEDA POS
- Term Deposit Machine
- Virtual Teller Machine
- Pay Band
- Virtual Card
- Top Up Service
- Bill Payment
- Bank Service Order via Email/Fax
- Message Alert on Account Information.

Securities & Trust Services

- Custody Services in the Securities Sector
- RTP Operation Service
- Government Bond Service
- Commercial Trust
- Social Trust
- Public Trust
- Individual Trust
- Financial Trust



ACLEDA BANK TOWARD SUSTAINABILITY DEVELOPMENT

ACLEDA Bank conducts business in accordance with the principles of a sustainable bank that cover three areas: the economy, society, and environment. Since 2005, the Environment, Social, & Governance Policy has been developed and officially promulgated with the aims to provide a framework of guidelines, which could make the Bank operates in a sustainable manner by minimizing the impact on the environment, society and the community while it is reviewed annually. All business function units have implemented this policy in their day-to-day operations.

ACLEDA Bank Sustainability Strategy

ACLEDA Bank focuses on achieving strong, sustainable financial returns while respecting the environmental protection, social responsibility, and robust governance. To achieve this objective, the Bank will strive to provide sustainable financial products, adhere to the highest principles of ethical behavior, respect for society, law and reduce the environmental footprints aiming toward sustainability development goals to improve the quality of lives.

Our Sustainability Pillars



Environmental

Committed to minimize the negative environmental and climate change impacts from our operations and its associated partners' performance in order to support and pursue sustainable development goals



Social

Committed to promote an inclusive culture embracing not just only shareholders and staff, customers and business partners but also respect for the individual within our community.



Governance

Committed to integrity and fair dealing in all business activities in compliance with applicable laws and regulations and upholds the highest standard of corporate governance.

Sustainability Actions

- Reduce carbon footprint in our operation to align with the Cambodia long term strategies in carbon neutrality.
- Encourage all level of employee to participate in activities that help reduce the impact on environment and climate change.
- Provide training and encourage all level of employee to participate in activities that help reduce the impact on environment and climate change.
- Respect human rights, diversity and gender equality.
- Provide a place to work with an environment and hygiene.
- Fair labor workforce.
- Provide financial inclusion and literacy to all segments of the community.
- Adhere to the code of conduct on lending guidelines.
- Avoid any activities that may lead to socially sensitive behavior and violate the regulation limit.
- Adhere to the best governance structure in business operations.
- Zero tolerance to any form of corruptions.
- Prioritize in digital transformation to enhance customer conveniences way in managing their banking needs, and reduce the cost of transaction.
- Protect customer assets & privacy with first class IT and security.
- Integrate ESG factor in business process.
- Transparent in disclosing both our financial and sustainability performance.

We committed to adhering to the Cambodian Sustainable Financial Principles by developing and integrating our sustainable finance approaches while also contributing to the best practice implementation in line with the United Nations Sustainable Development Goals (SDGs). Moreover, ACLEDA Bank will organize training and raise awareness of environmental, social and governance issues among our stakeholders in order to manage risks, promote capacity building, enhance the implementation of ESMS (Environmental and Social Management System), offer sustainable financial products, and use all possible means to minimize negative impacts in align with the international best practices or relevant standards.



Cambodian Sustainable Finance Principles

Protecting the Environment, our People and our cultural Heritage

- Principle 1. Assessing and managing environmental risk
- Principle 2. Assessing and managing social risk
- Principle 3. Assessing and managing risk to protect cultural heritage

Financing the Future of Cambodia

- Principle 4. Raising financial literacy & customer protection
- Principle 5. Expanding access to finance
- Principle 6. Financing innovation with green finance

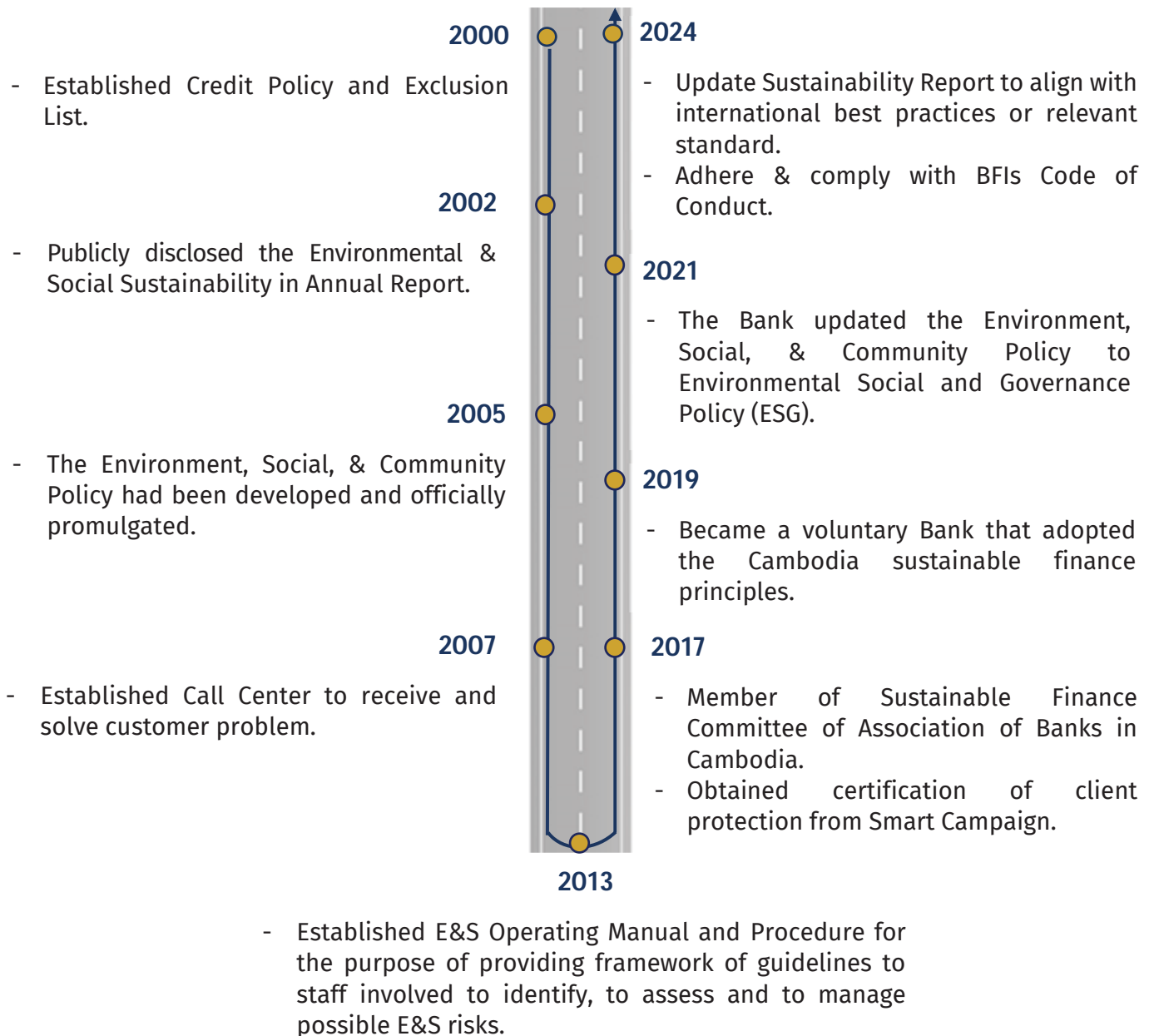
Leading the Way

- Principle 7. Building capacity and raising awareness
- Principle 8. Managing our own footprints
- Principle 9. Reporting annually on progress against commitments

Note:

* The 09 principles above are based on the Cambodia Sustainable Finance Principles, which officially launched in 2019.

Timeline of our Sustainability Action



ESG Highlights

AWARD



Awarded by the SME Finance Forum as the GOLD winner in the "Best Financier for Women Entrepreneurs"



Asian Leadership Awards for the Bank with Leading Financial Inclusion Initiatives.

ESG CREDIT INDICATORS



The rating outlook reflects the strength of the business network operations of ACLEDA Bank by maintaining sustainable development.



The Smart Campaign recognized ACLEDA Bank Plc. as Client Protection Certified for meeting strong standards of client care.

Sustainability Governance

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff, and the public. The Board of Directors conduct risk management, culture, oversight by supporting and encouraging the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics. The Board of Directors is responsible for determining the strategy of the Bank and supervising the conduct of its business and affairs. Its members shall act in the best interests of the Bank. As proven of our responsibility towards the environment, society and governance, ACLEDA Bank's structure, policies and management with respect to ESG practices and climate-related risks and opportunities have been set up as part of the sustainability operational processes, as follows:

Board of Directors

The Board of Directors approves business strategies, targets and policies that cover sustainable development operations. The Board of Directors also approves the risk management policies and frameworks as well as determine and oversee the management and monitoring of the Bank's material ESG factors and scopes that involve with opportunities and risks related to environmental, social and governance as well as the impact of climate-related risks. In addition, they also review and approve relevant disclosure.

Board Risk Management and IT Committee (BRIC)

The Board Risk Management and IT Committee (BRIC) is accountable for monitoring the Bank's risk profile against the risk appetite and advises the Board on risk related matters, particularly review the potential risks in light of the high standards as set by the Board of Directors on the Environmental, Social, and Governance (ESG) aspects and climate-related risks. The committee hold the meeting quarterly to discuss the relevant risk & opportunities embedded in the daily operation.

Executive Management Committee (EXCO)

The Executive Management Committee (EXCO) is responsible for recommending objectives and strategy for the group in the development of its business regarding the interests of its shareholders, customers, employees, and other stakeholders. Ensure the control, coordination, and monitoring within the group of risks and the provision of adequate management development within business divisions. They also oversee the management and monitoring of risk factors related to the environmental, social, and governance according to each business function.

Credit Management Committee (MCC)

The Credit Management Committee has overall responsibility of the credit process, monitor that credit policies, credit operating manuals, procedures, or instructions are in place, up to date, appropriate to the business and consistent sound lending practice. Moreover, they also monitor portfolio quality, identify adverse trend to ensure that the Bank's portfolio has been align with sustainability plan well within the lending target and compliance with the regulatory framework as well as monitor problem exposures and take appropriate action.

Stakeholders

Our Stakeholders

Our stakeholders are including but not limited to shareholders, board of directors, customers, business partners/suppliers, communities, employees, and regulators.

We identified our stakeholders according to the relationships and the impact which may have on our operations. We believe that having good relationships and cooperation with our stakeholders are important for establishing and maintaining mutual values and interests. Stakeholder engagement is also a significant factor in evaluating the

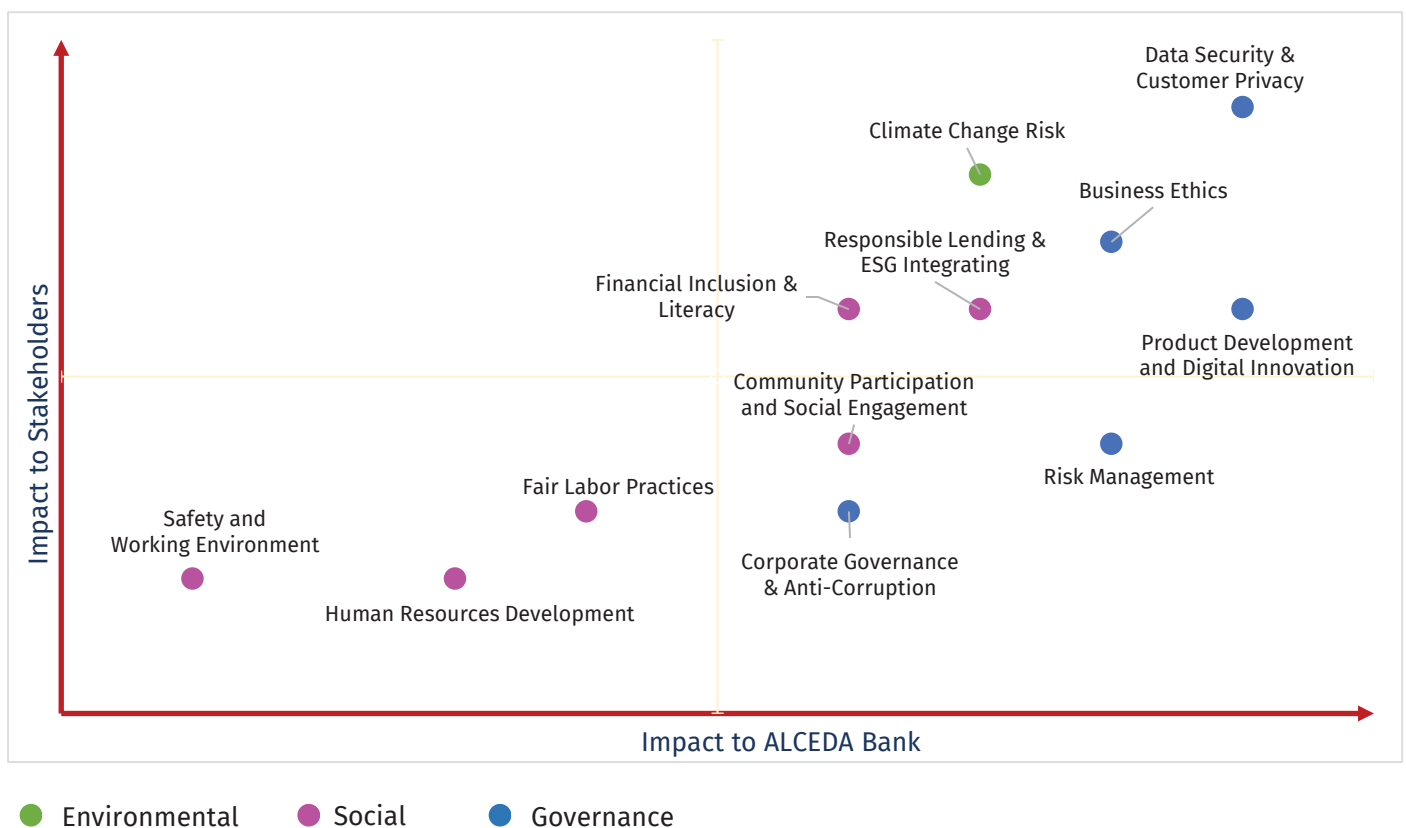
Key Stakeholder	Channel Engagement
Shareholders	Annual general meeting, annual report, sustainability report, ACLEDA Bank website and social media.
Board of Directors	Meeting discussion, annual report, sustainability report, ACLEDA Bank website and social media.
Employees	Internal communication channels, including email, video communication, face-to-face conversations between managers and team, regular team meeting, training and workshop.
Customers	Meetings (both formal and informal), surveys, website, social media page, call center, annual report, sustainability report.
Business Partners/Suppliers	Meetings (both formal and informal), surveys, and joint agreements.
Communities	Direct engagement within the communities in which we operate, through collaborations, partnerships, voluntaries, donations activities.
Regulators	Meetings, consultation and engagement, annual report.

Materiality Assessment

A materiality assessment is a structured way to identify and prioritize the environmental, social, and governance (ESG) issues in which stakeholders care about, as well as what is important to the business. In order to identify the ESG factors which matter most to our business and to our stakeholders, the Bank conducts its material sustainability & climate-related issues by collecting, assessing, and benchmarking the national and global context/taxonomy such as regulatory, international framework, public/customer sentiment, and our internal policy. After identifying material topics, stakeholders' opinions and suggestions are also gathered in order to examine the connections between important issues connected to and resulted from the Group and the Bank's operations.

As a result, twelve materiality risk factors were identified, addressed, and prioritized based on their importance and effects on the operation of the Group and the Bank. Consequently, this report describes the Group and the Bank's performance in relation to the risk factors that have been identified with the goal to respond to the stakeholders' expectations regarding sustainability and climate-related issues.

The following is the material topics derived from the material matrix that reflect the Group and the Bank's current strategies, direction, and prioritization in integrating environmental, social, and governance considerations into business operations:



How we determine our material factors



- 1. Identification:** Review and identify material topics that may affect our strategy implementation. Through data collection, and benchmark from national and international sustainability standards, material related topics are identified. The UN SDGs also assess to evaluate how significant each of the 17 SDGs within the consolidated and entity level. From this, we identified ESG factors and trends that are relevant to both the group and the bank.
- 2. Prioritization:** Prioritize these material aspects by considering on the information obtained from internal and external stakeholders, such as shareholders, customers, and employees through conducting surveys and questionnaires for analyze and review.
- 3. Integration:** Issues that are material to value creation into our strategy were reviewed by senior management and responsible division. The final results are used as the basic information for the development of the sustainability action plan and the sustainability report 2023.
- 4. Sustainability Report:** Disclose the voluntary information follow the content in the sustainability report.

Detail materiality assessment factors

Material Factors	Stakeholders	ACLEDA Bank's Strategic	Impact	Contributed to the UN SDGs
Data security and customer privacy	<ul style="list-style-type: none"> - Shareholders, - Board of Directors - Customers - Employees - Business Partners - Regulators 	<ul style="list-style-type: none"> - Strengthen internal capacity to protect customer data and privacy. - Build first-class IT services to support the Bank business. 		

<p>Climate change risk</p>	<ul style="list-style-type: none"> - Shareholders - Customers - Employees - Business Partners/Suppliers - Regulators 	<ul style="list-style-type: none"> - Identifying and managing our risks and opportunities in response to the impacts of climate change. - Collaborate with stakeholders to manage climate risk. - Raise Awareness regarding climate change. 		
<p>Business ethics</p>	<ul style="list-style-type: none"> - Shareholders - Customers - Employees - Business Partners/Suppliers 	<ul style="list-style-type: none"> - Building and maintaining an ethical culture of integrity, transparency and accountability. - Training to avoid misconduct. 		
<p>Product development and digital innovation</p>	<ul style="list-style-type: none"> - Shareholders - Customers - Employees - Business Partners/Suppliers 	<ul style="list-style-type: none"> - Innovating and transforming digital banking products to meet customers' demand. 		
<p>Responsible lending & ESG integrating</p>	<ul style="list-style-type: none"> - Shareholders - Employees - Regulators - Communities 	<ul style="list-style-type: none"> - Integrate ESG into credit process. - Enhance on ESMS implementation. - Train staff to identify and support sustainable finance. 		
<p>Financial inclusion and literacy</p>	<ul style="list-style-type: none"> - Customers - Communities - Regulators 	<ul style="list-style-type: none"> - Make banking product and services more accessible and inclusive to all segment in the community. - Focus on digital marketing by offer educational resources to raise awareness about digital banking, and provided incentives to enhance the customer experience with digital services and products, retain their 		

		loyalty, and improve their financial literacy		
Risk management	<ul style="list-style-type: none"> - Shareholders - Board of Directors - Customers - Employees - Business Partners/Supplier - Regulators 	<ul style="list-style-type: none"> - Strengthen internal capacity to identify and management risk, - Strong risk management governance and transparency 		
Corporate governance & Anti-corruption	<ul style="list-style-type: none"> - Shareholders, - Customers - Employees - Business Partners/Suppliers 	<ul style="list-style-type: none"> - Maintain highest standards of governance and risk culture. - Adopt zero tolerance to bribery and corruption. - Always comply with banking regulation and supervision and on time reporting. 		
Community participation and social engagement	<ul style="list-style-type: none"> - Employees - Communities 	<ul style="list-style-type: none"> - Encourage social and community participation through voluntary activities. 		
Fair labor practices	<ul style="list-style-type: none"> - Shareholders - Board of Directors - Employees - Regulators 	<ul style="list-style-type: none"> - Ensure fair treating to all employee. - Ensure equal opportunity to all employee through diverse backgrounds, age, genders. 		
Human resources development	<ul style="list-style-type: none"> - Shareholders - Board of Directors - Employees 	<ul style="list-style-type: none"> - Strengthen capacity via training and career development. - Reskilling and upskilling development 		
Safety and working environment	<ul style="list-style-type: none"> - Shareholders - Board of Directors - Employees - Regulators 	<ul style="list-style-type: none"> - Ensure healthy, safety workplace and environmental around and well-being for all employees. 		

ACLEDA Bank will operate in a sustainable manner, minimizing the negative footprints on the environment through improving the practices of relevant frameworks and guidelines.

ENVIRONMENTAL ASPECT







Climate Change Risk

The climate change issue has raised concerns to the global communities and Cambodia due to its direct impact on economic development, business, ecosystems, biodiversity, and human health. Many countries around the world raise this issue and address it through both policies and institutional processes, despite it being an issue that the United Nations seeks to resolve by addressing through its sustainable development goals.

The Bank recognizes its own roles and responsibilities to protect and prosper the planet and acknowledges that the risks of climate change could pose a direct and indirect impact to the Bank's business operations and the country's economy as whole. As a responsible bank that takes environmental, social and governance issues into account, ACLEDA Bank is constantly developing indicators for measuring and reporting our performance and impacts on society and the environment.

Management Approaches:



- ACLEDA Bank put in place the environmental, social and governance policy, environmental and social operating manual and procedure as framework and guideline for operating in a sustainable manner so that our impact on the environment, society and governance in which we operate is managed in a responsible way.

- ACLEDA's exclusion list is prohibited business activities that are important to assess clients' business activities on their impact on the environment.
- The Bank encourage green business by providing loans or financing, as part of promoting sustainable finance as well as managing climate change.



- Reduce our environmental footprints by promoting working processes and operations that reduce carbon emissions, such as digitalization which uses less resources and leaves fewer environmental footprints, including video conferences, digital approval, sensor equipment etc.
- Become a member of the Sustainable Finance Committee of the Association of Banks in Cambodia and became a voluntary bank that adopted the Cambodia Sustainable Finance Principles (CSFPs).
- Integrate Cambodia Sustainable Finance Principles and its implementation guidelines into our sustainable finance approaches, practices, and decision-making processes.

យើងទាំងអស់គ្នាអាចចូលរួមជាមួយធនាគារ ដើម្បីកាត់បន្ថយផលប៉ះពាល់ទៅលើបរិស្ថាន តាមរយៈការអនុវត្តគោលការណ៍ 5Rs ។



- Encourage all employees to participate in the implementation of the 5R principles of the Ministry of Environment aimed to optimize the reduction of plastic pollution.
- Promote awareness on appropriate electricity consumption, such as turning on and off lights, air conditioners, and other electrical appliances based on operational time.
- Encourage the use of environmentally friendly and renewable energy sources.
- Set out environment indicators as an essential tool for tracking our environmental performance.
- Put in place the Environmental and Social Management System (ESMS) and governance structure, policy, operating manuals, procedures and internal capacity resources to identify, manage, monitor and solve environmental risks posed by project/business operation being financed by the Bank.

Climate-Related Risk Assessment

The Bank conducts a climate-related risk assessment in order to identify external and internal risks and opportunities that have an impact on our management, and reflects the results in our business operations. It assesses not only the impact that sustainability and climate-related factors may have on the company, but also the impact that corporate business operations may have on economy, society and the environment.

Identification of Climate-related Risks and Opportunities

Transition risks are risks arise from process of shifting towards a low-carbon economy including policy and legal, technology, market, reputational risks which could result in financial and non-financial impacts.

Physical risks are risk arise from climate change, it can be acute (driven by an event such as a flood or storm) or chronic (arising from longer-term shifts in climate patterns), which could result in increasing financial risks including damage to assets, interruption of operations, and disruption to supply chains.



Climate-Related Risk

	Climate Related Risk	Risk	Impact on the Business
Transition Risks	Policy and Legal Risk	<ul style="list-style-type: none"> - Non-compliance with laws or regulations - Enhance sustainability reporting obligation - Exposure to litigation 	<ul style="list-style-type: none"> - Increase indirect operating cost
	Market Risk	<ul style="list-style-type: none"> - Changing consumer behaviors resulting in changes in demand and supply - Consumers considering environmental and global warming issue as another factor in their buying decisions 	<ul style="list-style-type: none"> - Decrease asset value or asset useful life - Affecting sales of goods that cannot keep up with such trends, leading to financial problems
	Technology Risk	<ul style="list-style-type: none"> - Technology development in transition to low greenhouse gas emissions - Unsuccessful investment in new technology - Costs of transition to lower emission technology 	<ul style="list-style-type: none"> - Costs to adopt/deploy new practices and process - Need more funds for research and development
	Reputation Risk	<ul style="list-style-type: none"> - Shift in consumer preferences - Increased stakeholder concern or negative stakeholder feedback 	<ul style="list-style-type: none"> - Declining confidence of stakeholders - Reduction in capital availability
Physical Risks	Acute	<ul style="list-style-type: none"> - Increase extreme weather events such as droughts and floods that tend to occur more often and with increased severity 	<ul style="list-style-type: none"> - Increase credit risk - Direct impact to assets, financials, earnings or reputation. - Business interruption - Increasing costs and expenditures for prevention of and recovery from impacts of natural disasters.

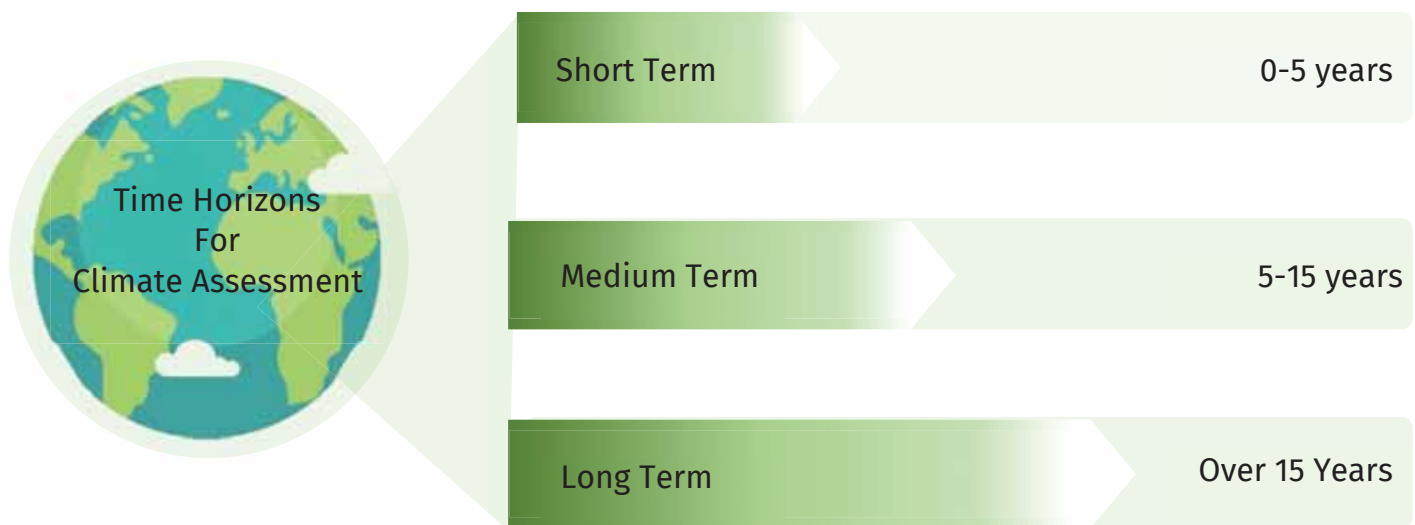
	Chronic	<ul style="list-style-type: none"> - Change in precipitation patterns and weather pattern - Rising mean temperature - Rising sea level 	<ul style="list-style-type: none"> - Increase credit risk - Direct impact to assets, financials, earnings or reputation. - Decrease revenues from lower sale/output - Write-off and early retirement of existing assets (e.g. Damage property and assets)
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Climate-Related Opportunity

Climate-Related Opportunity	Types of Opportunity	Opportunity on the Business
Resource Efficiency	<ul style="list-style-type: none"> - Increase the use of energy and resource efficiency such as water recycling, energy-saving devices - Expansion of construction of green buildings 	<ul style="list-style-type: none"> - Operating cost reduction through the enhancement in energy efficiency and minimize greenhouse gas emissions - Improvement on employees' quality of life and livelihoods
Energy Resources	<ul style="list-style-type: none"> - Increase in the use of green energy sources (renewable energy) - Expansion of low-carbon technologies 	
Products/Services	<ul style="list-style-type: none"> - Increase in customer preference for green products - Development of green financial products and services - Development of products that can minimize impacts of climate changes 	<ul style="list-style-type: none"> - Income generation from financial products and services in support of environmentally friendly businesses - Expansion of business opportunities
Market	<ul style="list-style-type: none"> - Diversify business portfolio - Creation of new market with products and services that are related to climate change 	
Resilience	<ul style="list-style-type: none"> - Enhancement of energy efficiency/resource diversification - adaptation to climate change 	<ul style="list-style-type: none"> - Review of business strategies to focus on management of the environment and climate conditions - Analysis of sustainability & climate-related risks and business opportunities.

Climate Risk Analysis

Climate change not only poses risks to economic and financial stability, but also presents opportunities for growth. Analysis of climate risk helps the Bank better understand the risks and opportunities associated with climate change. The outcomes of these tests will assist us in developing preventive or corrective measures that will aid the Bank in addressing the risks posed by these climate-related risks.



- Short term (0 to 5 years):** the main risks are associated with transition to low carbon (e.g. changes in legislation and regulation, changes in technology). For instance, the capacity of the Bank and customers to achieve the transition to a low-carbon economy. ACLEDA Bank sees opportunities supporting our clients by financing to them and the potentially increasing our financing towards green industries (e.g. renewables energy).
- Medium term (5 to 15 years):** the risks stem from the fundamental change in business models, the emergence of new technologies, and ongoing regulatory updates which may increase risks from a physical perspective. Challenges will be presented by both physical and transition risks. Moreover, technology risks could advance if energy efficiency version is outdated.
- Long term (Over 15 years):** Physical risks are main challenges due to their effects on customers' business models and supply chains, and consequently on their capacity to mitigate and ensure that repayment capacity is not adversely affected. Numerous long-term analyses point to significant losses in the event of an uneven climate transition such as flood, drought, heatwave etc. while it brought huge impact to the client and the Bank's business.

For instance, climate change will influence food production via direct and indirect effects on crop growth processes while it expected to damage key staple crop yields. Meanwhile, it would impact the Bank in the way of increased operating costs, credit risk, and business disruption etc.

Climate Risk Management

Climate risk management is a key component of our overall response to climate change. The Bank has considered climate-related risk aspects within its analysis exercise, examples of the rising of global temperature and its impact as credit risk related to climate change which would affect our loan portfolios. We fully subscribes to international conventions which prohibit the provision of credit to, or otherwise support, any activities which might harm the environment, be morally repugnant or jeopardize human rights. Moreover, the Bank adopt preventive or corrective actions to mitigate these risks by integrated the ESG frameworks or policies into business and operational perspectives, particularly in the credit assessment to ensure that the Bank is equipped with the necessary strategies and mitigation plans to manage climate-related risks.

E&S Management System:

- 1- Roles and Responsibilities: Separate roles and responsibilities as credit officer, Environment Unit, E&S Coordinator, E&S Manager.
- 2- Every loan is required to be screened against ACLEDA's Exclusion list, ACLEDA E&S Operating Manual and Procedure (ACLEDA E&S Performance Standards) and other requirements from lenders; and
- 3- E&S Teams: In case of the bigger size, E&S teams with support from E&S coordinator will conduct due diligence and make recommendation to E&S Manager then E&S Manager makes recommendation to Management Credit Committee for final decision.

Loan Assessment:

- 1- Every loan is assessed and prepared by loan officer; and
- 2- Credit Analysis Officer independently verify and/or conduct separate analysis then recommend to approval authority for loan decision;
- 3- Approval Authority: Review and make final decision.

Approval Authority:

Decentralized/delegated to management level based on experience, loan performance and loan size.

ACLEDA Bank's Eligible Green Project Categories

Eligible Green Project Criteria	Subcategories
Renewable Energy	Finance the development, construction and operation of facilities that generate renewable energy including (i) solar energy including Concentrated Solar Power (CSP) and Photovoltaic (PV) projects, (ii) wind energy, (iii) biomass energy where the waste-based residue is from livestock, (iv) waste to energy where the majority of recyclables have been segregated before energy conversion i.e. waste prevention and recycling, (v) hydropower, and (vi) energy storage.
Green Buildings	Finance the acquisition, development, and construction of residential and commercial properties and logistics facilities or refurbishment/retrofit of existing buildings certified by a third party as green buildings Certification schemes eligible for the allocation of proceeds including LEED (Gold or above), BREEAM (Excellent or above), and EDGE (EDGE Certified or above).
Energy Efficiency	Finance the installation, operation, and support services to the energy conservation equipment, including, but not limited to LED lighting, efficient HVAC (heating, ventilating, and air conditioning), building insulation and energy demand control systems which improve energy efficiency.
Clean Transportation	Finance the clean energy vehicles as well as public transportation facilities including electric or hybrid vehicles (motorbikes, motor tricycles, and cars), electric vehicle re-charge station.
Sustainable Water and Wastewater Management	Finance the construction or operations of clean water treatment plants and water connections to home and finance the purchase and installation of products or technologies that reduce water consumption in office buildings including installation, operation and support services related to water, clean water and/or drinking water infrastructure construction and maintenances, waste water treatment, sewages and drainage systems. Finance the expenditures related to small scale dam/waterway and irrigation system.
Climate Change Adaptation	Finance the installation, operation, construction of flood and drought protection including building water reservations and big scale dam/waterway/ irrigation system. This big scale is required to have vulnerability assessment and adaptation plans in place.
Pollution Prevention and Control	Finance the waste collection and recycling facilities, including waste collection which supports source segregation of waste, waste collection vehicles which aligned with Clean Transportation category, mechanical recycling of waste, separating and recycling the waste into souvenirs/handicrafts. The recycling of e-waste and chemical recycling of waste are excluded.

Environmental Performance Indicators

In order to establish baselines for the measurement of our efforts to reduce our environmental impact, ACLEDA Bank has established environmental key performance indicators (KPIs) as an essential tools for tracking environmental progress, supporting policy evaluation and informing the public. It will help the Bank manage and communicate the links between environmental and financial performance. The operating results have been monitored to attain the established objectives.

GHG Emission



Scope 1

2,963 Mt CO₂e

In 2023

ACLEDA Bank committed to minimize our carbon footprint in our business operations by maintaining the carbon emissions from the Bank's operations in 2024.

GHG Emission



Scope 2

20,755 Mt CO₂e

In 2023

Our Short Term Target

Reduce 4% Carbon Emission by 2025

From baseline year 2023

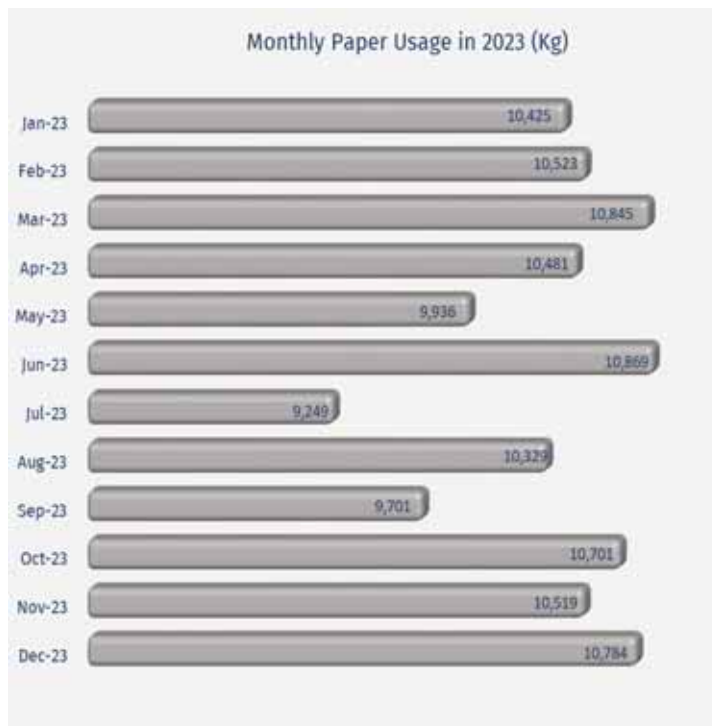
ACLEDA Bank GHG Source

Scope	Item	ABC	ABL	AMM	AUB	DR. Site
Scope 01 Direct GHG emissions from organizational activities and operations						
	• Fuel Combustion from volume of gasoline or diesel consumption for Bank's generators	✓	✓	✓	✓	✓
	• Fuel Combustion from volume of gasoline or diesel consumption for Bank's vehicles	✓	✓	✓	✓	✗
Scope 02 Indirect GHG emissions from the generation of purchased energy consumption						
	• Purchased Electricity	✓	✓	✓	✓	✓
Scope 03 Other indirect GHG emissions						
	• Tap water withdrawn	✓	✓	✓	✓	✓
	• A4 paper consumption	✓	✓	✓	✓	✗

In efforts to reduce our environmental impact, since 2005 we introduced a tracking system for resource usage. The results are given under their respective headings below and will be used to benchmark our future performance



Paper Usage



By establishing new platform of digital request, e-signature and e-stamp are used with the aim of reducing paper use from printing. As a result in 2023, the paper (A4) usage decreased to 124,360 kg (from 127,920 kg in 2022) of which by 2.55% per co-worker compared to 2022 as the Bank continue to strengthen the use of electronic data by using our system developed by the Bank's IT Divisions to send/receive internal information. Moreover, we committed to the print less action.

Meanwhile, in 2023 scrape paper recycle decreased by 20.00% per co-worker compared to 2022 due to the fact that most meeting /training were conducted by electronic/ online mean instead of onsite.

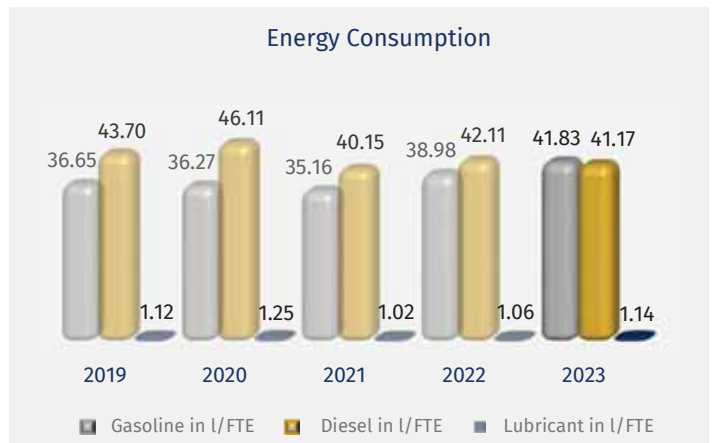
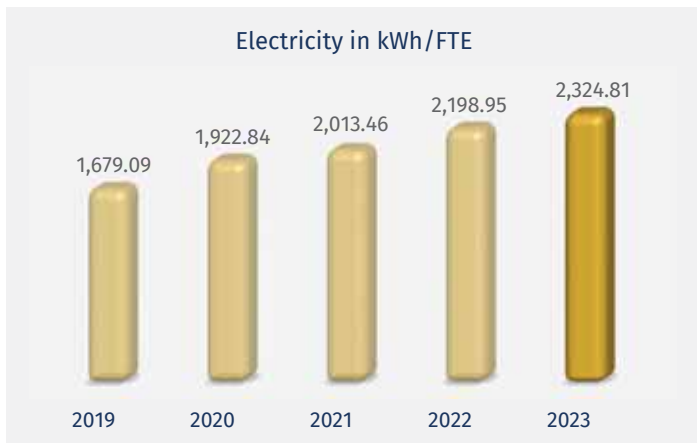
	2019	2020	2021	2022	2023	Target 2024
Paper						
Paper in kg/FTE	10.60	10.61	10.18	10.58	10.31	10.00
Scrape Paper Recycled						
Scrape paper in kg/FTE	1.03	1.23	2.06	1.80	1.44	1.30



Energy & Fuel Consumption

In 2023, the electricity consumption per co-worker increased by 5.72% compared to 2022 due to the increasing in human resources and electronic equipment/devices to support daily work. Gasoline increased by 7.31% in 2023 and lubricants consumption increased by 7.55% due to the increasing in number of front office staff and vehicles for travelling. However, the use of diesel decreased by 2.23% per co-worker compared to 2022.

By all means, the Bank tries to raise awareness to all employees regarding energy conservation which hope to reduce emission in our operation.



	2019	2020	2021	2022	2023	Target 2024
Energy						
Electricity in kWh/FTE	1,679.09	1,922.84	2,013.46	2,198.95	2,324.81	2,100
Gasoline in l/FTE	36.65	36.27	35.16	38.98	41.83	38.06
Diesel in l/FTE	43.70	46.11	40.15	42.11	41.17	40.00
Lubricant in l/FTE	1.12	1.25	1.02	1.06	1.14	1.00



Water consumption

Water consumption per co-worker decreased 6.95% in 2023 compared to 2022 due to the fact that the Bank keep pursuing a water conservation effort by installing advanced water-efficient technologies such as water sensor tap as well as monitor/ check to make sure there is no water supply pipe leaked, damaged and broke. Moreover, the Bank raise awareness and encourage all employees to save water by explaining and guiding on the impacts of wasting water to the environment.



	2019	2020	2021	2022	2023	Target 2024
Tap Water Consumption						
Water in m ³ /FTE	28.21	20.42	22.19	18.70	17.40	17.00



Business Travel



In 2023, the total distance travelled by car decreased by 0.07%, while motorcycle travel increased by 24.33% compared to 2022 due to the economic resumption and the increased travelling for onsite client visit.

	2019	2020	2021	2022	2023
Business Travel					
By car in km/FTE	514.54	565.59	367.29	574.28	573.90
By motorcycle in km/FTE	1,838.73	1,845.04	1,705.52	1,979.70	2,461.44



Emission of CO₂

	2019	2020	2021	2022	2023
Scope 01 (Mt-CO ₂ e)	2,484	2,550	2,339	2,521	2,963
Scope 02 (Mt-CO ₂ e)	12,590	14,406	15,189	16,641	20,755
Full Time Employee (FTE)	11,984	11,975	12,057	12,095	12,067

- Note:
- ACLEDA Bank Plc. (ABC), ACLEDA Bank Lao Ltd. (ABL), ACLEDA MFI Myanmar Co.,Ltd. (AMM), ACLEDA University of Business (AUB).
 - For CO₂ emissions scope 01 and scope 02 from 2019 to 2022 are for ABC only, and 2023 are for the group.
 - The emission factor for purchased electricity has been changed in accordance with the grid emission factor of the Ministry of Environment.
 - For paper usage, energy consumption, water withdrawn, business travel are for ABC only. There was no disclosure about renewable energy consumption/production, solid waste, and wastewater recycling because the Bank considered such information not material and non-availability of data and resources.

ACLEDA Bank will honour the society in which we operate and will actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners but respect for the individual within our community.

SOCIAL ASPECT



ACLEDA Bank will honor the society in which we operate and will actively work to promote an inclusive culture embracing not just shareholders and staff, customers and business partners. The Bank will observe a policy of equal opportunity towards all members of society. In particular, the Bank commit to:

- Prohibit financing or any other support for activities involving harmful or exploitative forms of forced labour or child labour or discrimination.
- Providing appropriate products and services which are carefully selected, accessible, educable and developed for the particular needs to improve financial literacy and financial inclusion in Cambodian society;
- Careful in lending to subprime customers by adhere to best practice of client protection;
- Participate in programs to educate the public in financial matters so that they can manage their resources more effectively, improve their business skills and be better equipped to qualify for bank finance;
- Maintain our focus on providing financial services to the lower segment of society to provide them with the wherewithal to improve the quality of their lives;
- Increasing outreach, opening up banking services to new communities in new locations by expanding our network in the provinces and extending online banking services to mobilize savings;
- Promote career opportunities for women, within the reasonable constraints of the job requirements, so as to ensure an appropriate gender balance;
- Promote the best working environment for all employees and protecting the common interests of employee and community through improving the implementation of guidelines on labour, human resource management, occupational health, safety and security for both employees and communities.
- Support generous social welfare or pension schemes.
- Compliance with tax regimes where the Bank and subsidiaries operate.
- Encourage young generation to attend high education by giving them the chance for better lives.



Safety & Working Environment

The Bank pledged to offer a secure and healthy working environment so that our employees can give their best work. We believe that taking care of their well-being also enables us to increase our productivity level, motivate our efforts, and maintain our skills for long-term growth. Over the previous years, the Bank strictly focused on prevention and control of the spread of COVID-19 in the area of the Bank in accordance with the Ministry of Health.

Management Approaches:

- In order to support and maintain the health and working environment of our employees, the Bank promulgated guidelines and procedures such as Guideline and Procedure on Occupational risk, Guideline of Tidiness and Sanitation, Operating Manual on Office Safety Management, and Welfare Operating Manual.
- Establish a Disaster Management Committee aimed to reduce the occurrence of disasters and to reduce the impact of those that cannot be prevented.
- Put in place the procedures for the evacuation of employees from the office in the event of a fire in the office.
- Regularly conduct air quality assessment in the Bank's buildings to ensure the good environment for all staff.

Office –Indoor Temperature

Range from

24 °C -26 °C

Workplace Light Intensity

Range from

300 lux – 500 lux



- Ensure that lighting in the workplace is adequate and appropriate for operations in compliance with related regulatory requirements.
- Provide a health insurance coverage so that employees feel confident in safety and have lower healthcare expenses.
- To ensure the well-being of the employee, the Bank equipped water purifiers for use in all offices.
- Arrange health care consultants, one doctor and two nurses for employees to conveniently consult and interact with doctor via direct and call or telegram. Moreover, we prepared rest room for employees to relax when they feel unwell. Healthy and safe work practices are part of the training provided to all employees under the doctor's supervision.



Fair Labour Practices

The Bank adhere a policy of equality in all dealings with the public in general and customers and staff alike. We are aware that appropriately managing and respecting human rights and treating employees fairly would promote business growth while also enhance the organization's competitiveness and fostering sustainable growth.

Management Approaches:

- The Bank have promulgated the policies and procedure such as Collective Labor Agreement, Policy on HIV/AIDS, Human Resources Management Operating Manual, Operating Manual of Salary and Other Fringe Benefits, Performance Appraisal Operating Manual, and guidelines for effective implementation.
- Implement practical measures such as training interviewers on recruitment procedures and the non-discriminatory recruitment process and disseminating to managers and staffs on relevant laws and regulations.
- Promote career opportunities for women ensuring equal representation of women in the workplace.



Promoting Gender Diversity

As of December 2023,

4,711

Female Staff

Equaled 39.11%

Total Staff

Ensuring equal opportunity



- Promulgate the Rights of People with Disabilities Operating Manual to ensure the equal opportunities and treatment for disabled employees and career opportunity based on their job roles without discrimination.
- We strongly believe that providing employment opportunities is a means of advancing social equality and inclusivity. ACLEDA Bank offered employment to 2,897 disabled people nationwide in 2023.

Note: Criteria for disabled employees based on the Ministry of Social Affairs, Veterans and Youth Rehabilitation.



- Employee career development and management on compensation and benefits with fairness, transparency and non-conflict of interest which aim to encourage and motivate all workers to increase their capacity through knowledge, skills and experience in the job role.

- The staff is represented by a self-elected Staff Representative Committee, which excludes management, as a spokesperson to inform the employer of the grievances of individual or collective workers who are dissatisfied with the implementation of wages, performance of work, general rules of employment and collective agreements for implementation and propose all measures that are useful to contribute to the protection of health, improve security and working conditions of employees.

Classification of Employees by Age



Classification of Employees by Gender

	Male	Female
- Top managers	62.50%	37.50%
- Middle Managers	83.77%	16.23%
- First Line Managers	65.76%	34.24%
- Staff	59.29%	40.71%



Community Participation & Social Engagement

ACLEDA recognizes that playing our part as good citizens in the community in which we abide is vital to our mutual interests and prosperity. Social and community engagement are critical in creating a vibrant, diverse, and resilient society. It provides a foundation for individuals to develop a strong social bonds and feel a sense of belonging. Actively engaging in the communities of the Bank not only benefit society but also increasing social support, improving mental well-being, and gaining a better understanding of the community's challenges and opportunities.

Management Approaches:

- Encourage social responsibility among employees, including volunteerism and community involvement.
- Collaborate with public, private and civil society such as the Cambodian Red Cross, Kantha Bopha Foundation, Samdech Techo Voluntary Youth Doctor Association (TYDA), National Blood Transfusion Center, Cambodia Football Federation, and Association of Banks in Cambodia to promote quality of lives and overall well-being.

The social and humanitarian activities that ACLEDA Bank Plc. contributed in 2023:

Charity

- Donation KHR800,000,000 to the Cambodian Red Cross on their 160th anniversary of World Red Cross Day on May 8th, 2023.
- Donation to the Ministry of Information to support Kantha Bopha and Krousar Thmey Foundations, a social affair and humanitarian activities, and to contribute with the Royal Government in socio-economic development and poverty alleviation.
- Donation to the Airavata Elephant Foundation to support their program "5th Annual Fundraising Gala Dinner".



Education



- Sponsorship of the "Financial Technology Awareness Program" organized by Rithipul.
- Donation to the Ministry of Education, Youth and Sport to support their program "Our Business" for 2023.
- Donation US\$300,000 to build a new school building and meeting hall of the Preah Sihanouk Raja Buddhist University Phnom Penh.
- Sponsorship to the 20th Anniversary Celebration of Western International School.
- Silver sponsorship of the RULE's Education Fair 2023.

Health

- Donation to the Samdech Techo Voluntary Youth Doctor Association (TYDA) to provide free health care services to Cambodian people nationwide.
- Sponsorship of the Road to Give 2023.
- Gold sponsorship of the Sunrise Japan Hospital Phnom Penh's 7th anniversary celebration.
- Sponsorship of the "1st Areyksat Fun Run" organized by Khmer Amateur Athletics Federation.
- Silver sponsorship to the Thansur Sokha Hotel to support their program "The 8th Bokor Cycling Tour and Half Marathon for Kantha Bopha Children's Hospital" on October 28th-29th, 2023.
- Sponsorship to the National Social Security Fund (NSSF) to support their program "NSSF Members Pageant 2023".



- In 2023, ACLEDA Bank organized two blood donation events in order to help patients in emergency situations. Over 1,400 ACLEDA Bank's management & staff nationwide voluntarily participated in the blood donation to the National Blood Transfusion Center to rescue all patients who need the blood transfusions in March and December, 2023.



Sport



- Sponsorship of the "Paddy Field Half Marathon" event.
- Sponsorship to the Football Federation of Cambodia (FFC) in order to take part in supporting and developing football in Cambodia.
- Diamond sponsorship to the Association of Banks in Cambodia to support their program "Bankers' Cycling 2023 to Promote Khmer Riel and Sustainability of Banking Sector in Cambodia" held on October 29th, 2023 in Krong Preah Sihanouk.
- Sponsorship of the "CSX FUN RUN 2023" organized by Cambodia Securities Exchange to support sports and the Cambodia Kantha Bopha Foundation.

Culture & Traditional

- Sponsorship of the "3rd Thanks Angkor" event organized by APSARA National Authority on December 7th, 2023.

Sponsor Events

- Sponsorship to the National Social Security Fund (NSSF) to support their program "NSSF Members Pageant 2023".
- Silver sponsorship of the National Science, Technology, & Innovation Day 2023 organized by the Ministry of Industry, Science, Technology & Innovation at Koh Pich Convention & Exhibition Center.
- Gold sponsorship of the CWEA Expo 2023 organized by the Cambodia Women Entrepreneurs Association in Olympia Mall on March 29th-30th-31st, 2023.



- Premium sponsorship to the National Bank of Cambodia to support the 43rd Anniversary of the Reintroduction of Riel.
- Sponsorship of the "Plate Number Exhibition 2023" organized by the Ministry of Public Works and Transport.
- Gold sponsorship of "The First Trust Forum 2023: Regulatory Frameworks, Best Practices, and Opportunities" organized by Trust Regulator.
- Silver sponsorship of the "7th River Festival 2023" under the theme "Our River for Now and Next" organized by Ministry of Tourism.

- Gold sponsorship of "The First Economic Forum 2023" organized by Cambodia Economic Youth Association.
- Participation in the inauguration ceremony of the new headquarters of the National Social Security Fund (NSSF).



- Sponsorship to the National Bank of Cambodia to support their program "ASEAN Savings Day" on October 31st, 2023.
- Silver sponsorship of the 10th Sea Festival under the theme of "Together For Tourism", held on December 01st - 02nd -03rd, 2023 in Kep Province.

- Sponsorship of the "Cambodia Stock Market Exhibition (My First Stock)" organized by Cambodia Securities Exchange (CSX) on November 16th-19th, 2023
- Sponsorship to the Institute of Banking & Finance to support their program "Jobs & Skills Summit 2023" held on September 29th-30th, 2023.
- Diamond sponsorship of the "Cambodia Banking Conference 2023" organized by the Association of Banks in Cambodia.
- Sponsorship of the National Career and Productivity Fair 2023 on November 10th-11th, 2023.
- Gold sponsorship of the Cambodia Women Entrepreneur's Day under the topic: "The Challenges of Taxation on Women Entrepreneurs and Future Outlook".
- Sponsorship of the "CamTech Summit 2023" on November 30th, 2023.



As part of economic and society contribution, ACLEDA Bank complying with laws and regulations across the countries and territories in which we operate. ACLEDA file our tax returns accurately and in a timely manner, and fulfill our tax obligations appropriately. In 2022, the Bank received the "Gold" Certificate of Tax Compliance validity for a 2-year period 2022 and 2023 from the General Department of Taxation for complying with applicable laws and regulations on tax payment.

Tax Paid Report

In the interests of fiscal transparency, we are pleased to publish our consolidated tax paid report in the table below:

Unit in US\$	2019	2020	2021	2022	2023	Total*
Patent tax	19,130	19,576	18,942	18,900	18,762	247,727
Signboard tax	64,096	83,562	49,965	54,709	89,120	993,445
Transportation tax	33,643	20,753	43,134	54,966	57,167	507,220
Property tax	7,673	7,636	7,683	9,545	22,616	159,571
Value Added Tax	5,749	22,181	195,574	557,516	775,588	1,566,163
Prepayment of profit tax	5,122,833	5,298,199	-	-	6,835,097	49,103,860
Profit tax	11,923,464	28,645,171	26,673,600	34,743,690	34,934,217	305,116,846
WHT-Salary	5,163,212	6,497,199	7,223,313	9,507,189	13,469,471	83,128,122
WHT-Saving Deposits	169,667	160,417	200,324	447,035	1,029,332	4,012,182
WHT-Fixed Deposits	4,758,442	5,129,096	6,310,737	7,873,068	11,651,275	61,733,745
WHT-Asset Rental	1,049,504	1,036,530	1,140,932	1,215,754	1,232,716	13,892,948
WHT-Local Services	335,193	298,033	256,376	328,028	329,739	4,992,456
WHT-Overseas Services	5,865,202	6,519,072	2,937,694	4,259,693	10,394,782	62,936,941
Total Paid	34,517,809	53,737,423	45,058,275	59,070,093	80,839,881	588,391,226
Accumulated amount* (Year to date)	349,685,554	403,422,977	448,481,251	507,551,345	588,391,226	

*Total and Accumulated Amount from year 2000.



Contributed to UN SDGs

Human Resources Development

With the rapid development of the financial services industry, which is shifting to the digital economy, the Bank is aware that if employee's knowledge falls behind such rapid development and customer expectations, they may not be supported to work effectively. The Bank is committed to improving the skills of its employees by expanding the scope of technical development and knowledge so that they can maintain work efficiency and competitive opportunities.

Management Approaches:

- ACLEDA Bank put in place the Employee Training and Development Operating Manual in order to strengthen the development of knowledge and skills and improve the attitude of ACLEDA's employees so that they can perform their work effectively.
- Promulgate the Learning Support Operating Manual and Procedure as a guideline to implement and support to enhance the professional capacity to keep up with the Bank's development and growth as well as to maintain the advantage over competition, which is an important strategy for managing and encouraging.
- ACLEDA Bank offer many opportunities for learning by training through combinations of rank-based and business-related training programs.
- In 2023, the Bank reassessed its training programs for employees and management positions. We will actively encourage employees to improve their skills through training seminars and enhance the training's curriculum in accordance with ACLEDA's management strategy.

In 2023, the bank has invested and spent on staff training amount

US\$ 3,171,586



Average Training Hours per Employee

25.3 Hours

The Bank raises awareness of environmental, social and governance to all management and staff via e-learning.

11,248 Participations



Employees availed further education support

2,364 Employees

- Candidates that are selected to join ACLEDA Bank are formally trained by ACLEDA Bank to enhance their skills, knowledge, and attitudes in order to integrate them into the work culture of the Bank and make them feel happy at work and able to work more efficiently.
- ACLEDA Bank promulgate the operating manual and procedure on internship aimed to provide opportunities and facilitate internship applications of both local and international students at ACLEDA Bank Plc. and subsidiaries.

In 2023, the ACLEDA Bank conduct new recruits training program to

607 employees

Internship students at ACLEDA Bank

520 Students



ACLEDA Bank works to increase employee engagement in the area through organizational management strategies and initiatives that aim to promote and integrate risk culture into daily operations. The Bank specify five areas with significance to the Bank's operations as mandatory courses via e-learning for all staff.



Code of Conduct



Conflict of Interest



AML-CFT Knowledge



Whistleblowers Protection



Bank Risk Management



Financial Inclusion & Literacy

With its reputation of offering superior banking services, ACLEDA Bank offers a comprehensive suite of financial services such as credits, deposits, funds transfers, cash management, trade finance, ACLEDA card, credit and debit card, and digital services including internet banking, ACLEDA mobile (mobile banking app), e-commerce payment gateway, ACLEDA ATM/POS, and term deposit machine. With the supported of its digital infrastructure and physical offices, the Bank is efficiently reaching out to assist farmers to manage their farmland or provide working capital for SMEs. By narrowing the financing gap, over four million Cambodians today have access to ACLEDA Bank's services as it is in the forefront driving financial inclusion in the Kingdom.

Management Approaches:

In the near future, ACLEDA Bank will be seen as a digital bank with a sophisticated data lakehouse providing quality, security, and trust. While enabling clients to access financial services, the Bank actively promotes innovations in financial products and services that are suitable for customers in all segments. These initiatives not only help to provide funding sources for their business operations but also help to improve their quality of life, job creation, and the economy as a whole. The following are notable performances that occurred in 2023:



“ The Bank has worked closely with SMEs and provided them with a wide range of financial products, in particular a convenient and safe EBS and digital services to meet their needs. Moreover, ACLEDA Bank has mostly financed SMEs to take part in the sustainable development of SMEs at large. ”

In 2023, the Bank provide loan to

298,606 SME customers

Amount of **US\$ 5,204.23** million

(80.43%) of total loan.

The Bank commits to create better and more appropriate financial access channels for all segments of the community by leveraging innovations and technologies that promote efficiency and improve financial access anywhere, anytime.



The Bank promotes sustainable economic growth and job creation by providing financial access to all segments of the community, including agriculture, housing, student, and personal loans.

Loan to First Home Buyer/Affordable Home

4,799

Customers

US\$ 151.71

million

Staff Loan & Staff Housing Loan

10,171

Customers

US\$ 324.84

million

Loan to Women

220,716

Customers

US\$ 3,151.14

million

Loan to Personal

81,752

Customers

US\$ 440.96

million

In order to promote economic growth, inclusion, and decent work for all by 2023, the Bank provided loan to 280,187 small business customers with the amount of US\$ 2,868.65 million equivalent to 44.34% of total loan portfolio.

The Bank maintains a diversified infrastructure of choices with 264 traditional branches (or offices), and 177 self-service banking with 1,393 ATMs and 4,728 POS terminals.

4,550,582

Deposit Accounts

US\$7,101.69 million

Deposit Balance



- Developed diverse financial products, while more convenient channels have been offered for customers' access to our various financial services.

- In 2023, ACLEDA Bank and the Japan-Cambodia Association (JCA) organized a business match between Cambodian and Japanese investors to exchange knowledge on financial management, technical knowledge and key innovations for Cambodian businesses and Japanese investors. In addition, this program can promote local and international business opportunities for all investors.
- At the end of 2023, we conducted an annual survey on our small-sized and medium-sized enterprise loan customers' living standards that get loans at least twice from ACLEDA Bank to test the impact of our credit services. The responses indicated that their income had generated higher as a result of credit provided by ACLEDA Bank,

ACLEDA Bank Financial Access Channel

ACLEDA Bank keep on improving and making our digital services to be more easily for customer usage by continuing to innovate new products and services as well as enhancing a variety of service channels to allow rapid and convenient customer access, anywhere, anytime in response to customers' demands.



With 264 branches office nationwide to provide excellent services with a hearted smiling and professional manner.

04 branches open from 7:30 AM to 7:00 PM from Monday to Friday (excluding public holidays)

03 branches in AEON 1, 2, 3 open daily from 9:00 AM to 7:00 PM from Monday to Sunday, including public holidays



ACLEDA Bank's Self Service Banking, equipped with machines that enable customer do transaction 24/7, around Phnom Penh and provinces.



An electronic machine for using with KHQR, GLN QR, ACLEDA cards and other banks' card to pay goods or services instead of cash safely and conveniently.

Financial Awareness

To make people financially literate and educated, ACLEDA Bank has been making sustained efforts to deliver a key message in order to promote financial literacy among students, customers, employees, and the general public which focused on the financial education for the next generation via Facebook, Telegram, YouTube, Video Clip, and Radio channels.





Responsible Lending & ESG Integrating

ACLEDA Bank is aware of the crucial role we can play in influencing our customers' transition to a low-carbon future through our financing practices. By being responsible, the Bank cooperate to build a more sustainable financial system by taking the ESG and climate risk into account when making our decisions.

Management Approaches:

ACLEDA Bank's maintains sustainability growth due to its adherence to the principles of law, environmental, social and strong governance, and its focus on triple bottom lines: people, profit and planet as stated in our vision and mission. By adhering to responsible lending practices while taking ESG factors into consideration by not only supporting businesses and society in moving toward sustainable development and growth, but also helping to prevent financial, operational, reputational, and regulatory risks.

- Promulgate Environmental, Social and Governance Policy (ESG Policy), Credit Policy, and Exclusion list for lending in accordance with the principles of sustainable finance in Cambodia.
- Since 2013, E&S Operating Manual and Procedure has been established for the purpose of providing framework of guidelines to staff involved to identify, to assess and to manage possible E&S risk so that ESG considerations are integrated into our credit evaluation and approval processes.
- The Bank requires, at the minimum, that all loans must be checked and screened to comply with ACLEDA's Exclusion list. Where avoidance of environmental impacts is not possible, the Bank seeks to engage with its clients to minimize such risks and impacts.

Our responsible financing policy prohibits our financing of companies

- Business activities that directly or indirectly cause environmental and social Risks and Impacts such as deforestation, causing severe flood, drought, and biodiversity loss, hazard chemical producing, water waste etc.
- Business activities that affect labor and working conditions and community health, safety and security such as human trafficking or illegal labour, child labour, exploitation, and working in a dangerous environment etc.
- Business activities that consume resource efficiency and pollution such as large volume of water, and or power/electricity, papers, GHG emission, CO₂, water pollution, and ground water contamination etc.

- Business activities that could cause land acquisition and involuntary resettlement such as the land dispute, land loss and loss of right on the land or loss of opportunity to get benefit from the land etc.
- Business activities that could affect biodiversity conservation and sustainable management of living natural resources etc.
- Business activities that could cause the loss of cultural heritage and indigenous people.

Environmental and Social Impact Assessment Process

The assessment of the E&S impact breakdown into four levels as below:

- Level 1- ACLEDA's Exclusion Lists Screening

At an initial stage of inquiry, the credit officer will apply for the ACLEDA's Exclusion List for reviewing the target client's business activities to be financed by the Bank. If the target client involves any activity on the Exclusion List, the target client will be informed and further consideration of financing should be terminated.

- Level 2- ACLEDA's Environmental & Social Performance Standard/APS Screening

Credit Officer required all loans to be checked and screened on site regarding the client's business activities to comply with ACLEDA E&S Performance Standard to avoid of environmental significant impacts as set forth above.

- Level 3- Verification Compliance with National E&S Laws and Regulations

After the target clients have passed the ACLEDA's Exclusion List and APS screening, a legal compliance verification will be carried out for the potential client's business to be financed by the Bank.

- Level 4- High E&S Risks Screening

Environmental and Social Impact Assessment on the business activity or project will be additionally screened for high E&S risks by using 2-filter screening system. The outcome of 2-filter screening will be one among three situations below:

- No significant E&S risks
- Further E&S risks assessment is needed
- E&S risks too high

Where the potential clients are identified for E&S risks is too high, the target client will be informed, and further consideration of financing should be terminated.

Social Performance Indicators

Employee Data

	2019	2020	2021	2022	2023
Total Number of Employees	11,997	12,013	12,081	12,083	12,045
Number of Female Employees	4,816	4,761	4,750	4,687	4,711
Number of Male Employees	7,181	7,252	7,331	7,396	7,334

Board of Directors Data

	2019	2020	2021	2022	2023
Total Number of Board of Directors	10	9	10	10	9
Number of Female	2	1	1	1	1
% of Female	20%	11%	10%	10%	11%
Number of Male	8	8	9	9	8
% of Male	80%	89%	90%	90%	89%

Top Management Data

	2019	2020	2021	2022	2023
Total Number of Top Management	9	9	9	8	8
Number of Female	4	4	4	4	3
% of Female	44%	44%	44%	50%	38%
Number of Male	5	5	5	4	5
% of Male	56%	56%	56%	50%	62%

	2019	2020	2021	2022	2023
Ratio of Lowest Paid Employee Against Minimum Wage	0.95	0.95	0.95	1.00	1.00
Lowest Paid Employee	185	185	185	240	240
Minimum wage	195	195	195	240	240

Data of Disabled Employees

	2019	2020	2021	2022	2023
No. of Disabled Employees Male	1,058	981	1,225	1,277	1,457
No. of Disabled Employees Female	1,137	1,049	1,254	1,305	1,440
Total	2,195	2,030	2,479	2,582	2,897

Living Support

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Living Support	4,834	4,779	4,738	4,697	4,367
No. of Male Employees Who Aailed Living Support	7,157	7,191	7,286	7,358	6,853

Work Related Accident

	2019	2020	2021	2022	2023
No. of Employees Injury	258	245	203	217	219
No. of Fatalities	-	-	2	-	-
Fatalities Rate	-	-	0.99%	-	-

Social Welfare Fund (NSSF)

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Social Welfare Fund	825	806	554	480	511
No. of Male Employees Who Aailed Social Welfare Fund	165	177	122	135	145
Total no. of employees who aailed social welfare fund	990	983	676	615	656

Monthly Telephone Fee

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Monthly Telephone Fee	1,393	1,419	1,495	1,586	1,808
No. of Male Employees Who Aailed Monthly Telephone Fee	5,186	5,236	5,436	5,538	5,272
Total No. of Employees Who Aailed Monthly Telephone Fee	6,579	6,655	6,931	7,124	7,080

Employee Training Hour

	2019	2020	2021	2022	2023
Total Training Hours	283,705	227,468	275,972	339,695	304,583
Average Training Hours Per Employee	23.6	18.9	22.8	28.1	25.3

Employee Training and Development

	2019	2020	2021	2022	2023
Training – Career Development and Refresher Programs	5,023	7,293	6,554	7,979	5,313
Training of New Recruits – Induction Program	940	788	843	776	607
Internships for Local Students	645	237	415	557	520
Internships for International Students	4	5	-	-	1
Employee Training Investment/Expense (US\$)	2,500,564	2,892,983	2,883,690	4,058,026	3,171,586

Further Education /Training Support

	2019	2020	2021	2022	2023
No. of Female Employees Who Aailed Further Education Support	38	26	93	53	208
No. of Male Employees Who Aailed Further Education Support	38	92	203	213	2,156
Total No. of Employees Who Aailed Further Education Support	144	118	296	266	2,364

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, enhancing the efficiency of the Bank, creating shareholder value, and securing trust for all stakeholders including shareholders, customers, staff, and the public.

GOVERNANCE ASPECT





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Corporate Governance & Anti-Corruption

ACLEDA Bank recognizes the critical importance of corporate governance in supporting the Group and the Bank's sustainable growth, enhancing the efficiency of the Group and the Bank, creating shareholders' value, and securing trust for all stakeholders including shareholders, customers, staff, and the public. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a code of conduct and business ethics.

Management Approaches:

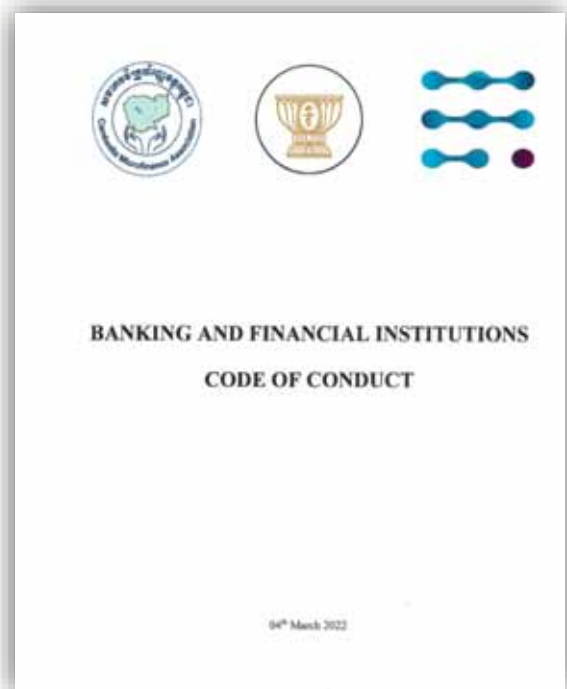
The Board of Directors is responsible for determining the strategy of the Bank by conducting risk management, culture, and oversight. Its members shall act in the best interests of the Bank. The Board of Directors supports and encourages the adoption and implementation of good corporate governance policies, together with a Code of Conduct and business ethics.

The Board of Directors assumes responsibility for corporate governance and for promoting the success of the Bank by directing and supervising its business operations and affairs. It appoints and may remove the President & Group Managing Director, Group Chief Internal Audit Officer, and Head of Compliance Division. It also ensures that the necessary human resources are in place, established with the management's strategies and financial objectives to be implemented by the management, and monitors the performance of management both directly and through the Board Committees. With the following management strategies, ACLEDA Bank place a strong emphasis on conducting business in accordance with the good corporate governance and preventing corruption in all its forms with the following management approaches:

- Stipulate the Corporate Governance Policy which covers the duties and responsibilities of the Boards of directors, right, transparency, composition, and qualification.
- Stipulate the code of conduct policy to pursue the highest standards of ethical conduct in the best interest of all stakeholders and as being practiced for all directors, executives, and staff by working with integrity. Moreover, all staff members will promote honest and ethical conducts, compliance with applicable rules and regulations, and accountability in adhering to this Policy.
- Establish its conflict of interest policy to enable all staff members of ACLEDA Bank easily identify, prevent, and manage conflict of interest which may arise in the course of the Bank's business.

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របស់កម្មករនិយោជិត ធនាគារ អេស៊ីលីដា ភីអិលស៊ី

- Adhere to the Banking and Financial Institution Code of Conduct to maintain the stability and sustainability in the development of the banking sector and built on integrity and trust with the customers and the public. The code covers on 1) Enhancing Good Governance, 2) Roles of Board and Executives, 3) Awareness Raising and Training, 4) Responsible Financing, 5) Conflicts of Interest, 6) Availability, 7) Accountability and Reliability, 8) Responsibility and Transparency, 9) Privacy and Consumer Data, 10) Service Standards, 11) Information, 12) Guarantee, 13) Advertising, Marketing and Sale, 14) Ethics, 15) Debt Collection, 16) Aggressive Selling Techniques, 17) Product and Service Design, 18) Discrimination, 19) Channel Communication, 20) Dispute Resolution for Consumers, 21) Dispute Resolution for Banking and Financial Institutions.



- The Bank prohibits offering or receiving bribes or corrupt payments in any form. All employees shall comply with laws and regulation in force. We are strongly committed to conducting our business with honesty, integrity and in accordance with all applicable laws including anti-corruption law.
- Promulgate the Collective Labour Agreement which mentioned the responsibilities of all employee to adhere to the business conduct and avoid any form of fraud and corruption.
- Promulgate the Compliance Policy and compliance function in identifying, evaluating, and addressing compliance risks and will help the Bank to look at and get across business lines and activities of the organization as a whole and to consider how activities in one area of the Bank may affect the legal and reputational risks of other business lines and the entire group/enterprise.
- Promulgate the Operating Manual on Gift, Commission and Persuasion in order to prevent improper behavior among employees, such as bribery, corruption, and other actions that violate ACLEDA Bank Plc's policies, procedures, and guidelines.



Contributed to UN-SDGs

Business Ethics



ACLEDA Bank is committed to implement and serve the customer with highest ethical standards, while maintaining transparency and accountability at all levels of operations. It is for this reason that ACLEDA Bank has adopted a Code of Ethics to ensure that all Directors and employees of ACLEDA Bank shall pursue the highest standards of ethical conduct in the interests of shareholders, customers, staff and the public.

Management Approaches:

All staff members will promote honest and ethical conduct, compliance with applicable rules and regulations, and accountability in adhering to the code of ethics which is incorporated into the Collective Labour Agreement. The Bank's code of ethics covers the following important principles including personal behavior, relationships with colleagues, customers and regulators, confidentiality, conflicts of interest, acceptance of gifts, money laundering and "whistle blowing".

Whistleblower Protection

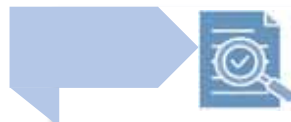
The Bank always pays attention to any attitude against to regulations, policies, operating manuals, procedures, code of ethics which are likely to occur sometimes; therefore, the Bank established the Whistle Blower's Protection Policy as one of a measure to identify such behavior and take preventive and corrective actions in order to remove it. Employees are encouraged to disclose any concerns which is the constructive opinion and could affect and detrimental to the best interests of ACLEDA Bank Plc. and general public. The Bank has adopted a Whistle Blower's Protection Policy aimed to receive the information and protect each whistleblower who expresses a concern in good faith, without malice and with no expectations of personal gain.

Under the Whistle Blower's Protection Policy, the Bank offers channels for reporting information or tips regarding violations of laws, rules, and the Bank's code of conduct, such as cases of corruption, nepotism, fraud and unethical behaviour etc.

Whistleblower Handling Process



Whistleblower send information via employee suggestion letter, email, or direct call.



Compliance Division compile and review, while the information of whistleblower is kept confidential.



Disciplinary action will be taken if wrongdoing or inappropriate behavior is found.

Customer Complaint Channel



For complaint purpose

(Every working day from 7:30 to 16:30)

- Tel: 015 888 654
- E-mail: cmc@acledabank.com.kh

24-hour customer service:

- Tel: 023 994 444, 015 999 233
- E-mail: inquiry@acledabank.com.kh
- Visit the nearest ACLEDA Bank Plc. Branch
- Fulfill the "[CUSTOMERS' COMPLAINT](#)" form

Please fulfill the following information:

Name

Address

Tel

E-mail

1. Please select *Product-Service* which you are using:

E-Banking

Credit

Deposit

Cash Management

Fund Transfer

Trade Finance

Financial Lease

Other...

2. Subject:

3. Please provide the information of *Product-Service* which you are facing the problem:

Example: Card Number (First 6 digits and last 4 digits: 123456-XXXXXX-1234) / Account Number / User ID...

4. Please describe on the problem:



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Data Security & Customer Privacy



Since businesses now need to connect with more external parties, such as business partners and service providers, cyber threats have remained a significant risk for ACLEDA Bank. The Group and the Bank committed to protecting the privacy and confidentiality of personal Information of its employees, customers, business partners, and other identifiable individuals.

Management Approaches:

In order to commit to this, the Group and the Bank specified governance structure that promotes collaboration from the board of directors, senior management, and employees. Under this structure, the Board of Directors is responsible for reviewing the related policies and the internal control system to make sure that they comply with regulations and potential conflict of interest that deserve special attention.

- Establish IT Steering Committee to assist in governance, risk and control framework; and directing, monitoring and managing continual improvement of IT Governance implementation.
- Establish IT Security Division to supervise, monitor and strengthen compliance with IT security principles of users and monitor physical security related to the organization of information technology equipment in the Data Center in order to identify risks and lead to set policies and procedures for prevention in a timely and safe manner.
- Promulgate Data Classification Policy to protect the Bank's data appropriately and comply with the relevant laws and regulations related to different types of data. It governs the confidentiality, integrity, availability, privacy and security of firm's sensitive data and the responsibilities of individuals for such data.
- Promulgate Information Security Incident Management Policy to prevent the disruptive short and long-term effects of security incidents and thereby prevent their recurrence in the Bank.
- Promulgate the Back-Up Policy as the rules for the backup and storage of information and improve business operations to enable the business continuity plan and recovery of the data and applications in case of disaster, system failures, and espionage of system operations.
- Promulgate Data Privacy Policy to protect the privacy and confidentiality of Personal Information about ACLEDA's employees, customers, business partners and other identifiable individuals.

ACLEDA Bank declare a [Legal and Privacy Notice](#) to inform clients and the public while sternly enforcing its Data Privacy Policy and Information Security Policy across the entire organization. Employees of the Bank and its contracted service providers are required to adhere to all relevant policies and procedures, including those governing the protection, collection, and management of customer, employee, and other data owners' personal information as required by law. To prevent violation and unauthorized access to personal information, appropriate safeguards are put in place when using, sending, or transferring that data. Customer's consent is required before the provider shares personal information with any external audience, including credit bureaus.

Establishing a Cyber Risk Awareness Culture

To help employees handle and respond to the cases of privacy breach effectively and appropriately, the Bank has specified the Information Security Policy and others. Moreover, the Bank also emphasizes on raising employee awareness through consistent training, communication, and activities.

1. The Board of Director and Senior Management

- Cyber security management, IT risk management and other main IT issues have been reported to the Board Risk Management and IT Committee on a quarterly basis.
- High-level executives of ACLEDA Bank participated in a cyber-attack simulation to familiar with such incidents and develop the procedures they will need to deal with any future threats.

2. Employees

- E-learning and testing on data security management has been arranged for employees.
- To ensure that our employees have a better awareness and understanding of cyber threats, IT newsletters on security tips and security alerts have been regularly released on a PC's screen to all employees.
- Regular phishing exercises have been carried out. Employees of ACLEDA Bank and its subsidiaries have received fictitious emails as a way to put them to the test, ensure their awareness, and provide them with training on how to handle the situation. According to the exercise results, employees are becoming more cautious and aware of phishing emails.

Reporting of Cybersecurity Performance

In 2023, there were no incidents of leakage, theft, or loss of customer sensitive data as a result of all cyber threats reported.

IT Security Awareness

In 2023, IT Security Division conducted 2,568 IT security training sessions for ACLEDA Bank executives and staff members in order to ensure that executives and staff members understood and were aware of cyber threats in accordance with the Bank's IT security regulations and policies.



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Risk Management

In the competitive business environment along with the rapid evolution and development of technology and changes in the law, the Group and the Bank is fully aware that today's business operations could involve volatility and uncertainty from both internal and external factors, some of which are uncontrollable, such as the COVID-19 pandemic, domestic and international economies, unpredictable weather, changes of laws and regulatory requirements, etc. Most of these factors have either positive or negative impacts on the Group and the Bank's operations.

Management Approaches:

ACLEDA Bank values the importance of risk management, while we strongly believes that proactively identifying the risk before it occurs and adapting to future changes could even help the Bank manage and minimize the potential risk properly efficiently and in a timely manner.

- The Bank integrated risk management into all business process while the risk governance structure has been developed with well-defined, and consistent lines of responsibility of employee to all levels in order to manage risk effectively.
- The board of directors is responsible for reviewing and approving on risk management policy and risk appetite with considering the most significant risk that specifies the nature, types, and levels that the Bank is willing to assume and provides an outline of the approach to managing these risks.
- The Board Risk Management and IT Committee (BRIC) that appointed by the Board responsible for oversight and promote the risk management and risk governance of the bank, conducts annual review on the adequacy of the risk management framework outlining the bank wide high-level policies which include the risk identification, risk assessment, risk treatment and monitoring and reporting.
- Promulgate the Risk Management Policy to set standards for the Bank's enterprise-wide risk management in a way that optimally balances managing risks while adding value to the Bank. The policy distinguished different risk categories in line with the categories identified by the Basel.
- Establish Risk Management Division to ensure that material risks as set out in the risk management policy are identified, measured, monitored, monitored and reported effectively and in a timely manner.
- Establish "**three lines model**" approach to provide structure around risk management and controls within the Bank by defining roles and responsibilities in different areas and the relationship between those different areas.

Risk Management Process

ACLEDA Bank has a process in place for managing risks that includes risk identification, assessment, monitoring, and reporting.

Risk Identification

The risk identification process begins with identifying what could happen and could cause a potential loss as well as gaining insight into how, where, and why the loss might happen from each process flow. Moreover, comprehensive identification of risk of risks faced by the Bank is determined by evaluating on the people, process, system, products, and external events that can adversely affect the Bank's business strategy and risk profile.

Risk Assessment

Once a risk has been identified, it needs to be assessed and measured. The risk assessment or measurement enables the Bank to consider the extent of potential events that could affect the accomplishment process based on two perspectives: likelihood and impact, which are normally used by the combination of qualitative and quantitative methods. In addition, the identified risks are plotted onto the risk heat map with three levels i.e. high, medium, and low, based on their likelihood and impact ratings and control effectiveness.

Risk Mitigation

The results from the risk assessment are then used as the basis to determine the appropriate treatment of the identified risks. Options for treatment of the risks are evaluated in relation to Bank's risk appetite and cost-benefit analysis of potential risk response.

Four type of risk mitigation options:

1

Risk Acceptance

The impact of risk is very low or because of the potential benefits bigger than the risk; therefore the Bank can accept the risk.

2

Risk Reduction

The impact of risk on the Bank is high and the Bank is able to take measures to solve the problem effectively and low cost; therefore, the Bank chooses this method to reduce risk.

3

Risk Transfer

This is where the risk is such a high impact on the Bank due to lack of expertise to manage, high management cost and significant loss; therefore the Bank can transfer the risk to another party such as buying insurance.

4

Risk Avoidance

This is where the risk is such a very high threat to the business or over the Bank's current risk appetite that may lead to stop of operations/systems, high management costs, no risk transfer solutions are available; therefore the Bank can choose the risk avoidance strategy.

Risk Categories within the Bank



Risk Management Approach

In order to effectively identify and manage the risk, the Bank set up "three lines model" approach to providing structure around risk management and controls within the Bank by defining roles and responsibilities in different areas and the relationship between those different areas.

Three Lines Model

1. First lines roles

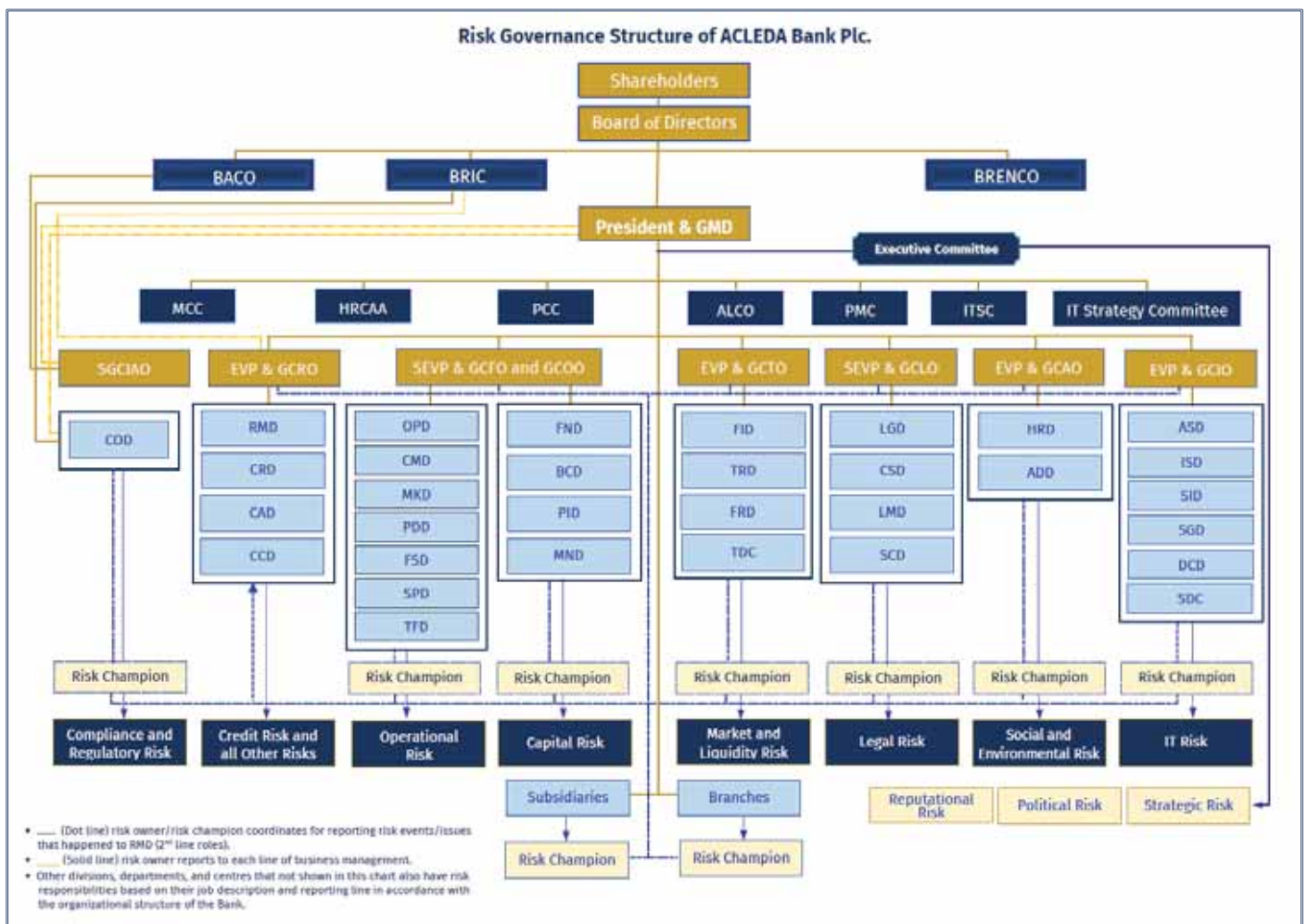
The first line roles are both business operations and support functions who are the risk owners, ultimately responsible to acknowledge and manage day-to-day risk inherent in the Bank's business and activities.

2. Second line roles

The second line roles comprise Risk Management Division who are responsible for developing risk methodologies, templates, and procedures, and providing training and guidance to the first line roles in order to perform the risk management processes.

3. Third line roles

The internal audit forms as the third line roles are responsible for providing an independent review and performing regular post checking on the business and operations activities. It reviews implementation of policies, procedures as well as the effectiveness and adequacy of risk management.



- The Bank puts in the place the Risk Governance Structure and mapping the risk owner by the line of business in order to manage the risk effectively and in a timely manner.
- Have set the risk appetite statement and its key metrics within the Bank risk in order to identify, measure, mitigate, monitor and report in a consistent manner across the Bank.
- Conduct Material Risk Assessment annually in order to manage the Bank's risks effectively and to identify the risk before it occurs and minimize the potential risk properly and in a timely manner.
- Determine the 'Risk and Control Self-Assessment' (RCSA) and 'Key Risk Indicators' (KRI) as tools and methods that ACLEDA Bank uses for closely monitoring and assessing various aspects of all business function risks.



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Product Development & Digital Innovation

ACLEDA Bank is aware of how critical it is to build competitive capability in today's innovation- and technology-driven. The plans are to keep on improving and making its digital service to be more convenient for customer usage by continuing to innovate new products and services and continuing to update all existing digital products and services. Additionally, ACLEDA Bank plans to reduce the number of physical branches by establishing the Banking Self-Service, equipped with machines and enable customers to do transaction 24/7, around Phnom Penh and provinces. They play a key role in facilitating trade and enabling the efficient use of resources.

Management Approaches:

The Bank is developing a payment platform to enable licensed partners of all sizes, locally as well as internationally, to join forces in servicing its customers mutually and beyond borders. This will not only benefit to our valued customers directly but also their own business partners and recognizing that they are an important link for extending the Bank's outreach and growth together. Meanwhile, the digitized ACLEDA mobile has proved very popular in which the number of registered users has reached 3.29 million users as at the end of December 2023, all enabling the rapid circulation of money in the economy.

The Bank supports the development of innovation and digitization based on management approaches as follows:

- Establish Portfolio Management Committee (PMC) to manage all projects and investments in a timely manner in accordance with market needs and in accordance with the strategic plan of the Bank and reserve sufficient resources, equipment and materials to support the development process effectively.
- Promulgate the Product Development Operating Manual in order to develop and improve a wide range of IT products and infrastructure, including investment in new product development, improvement of existing products, development of new technology systems, or modernization of technology, ease of use and high security to meet market demand.

Product Development Process

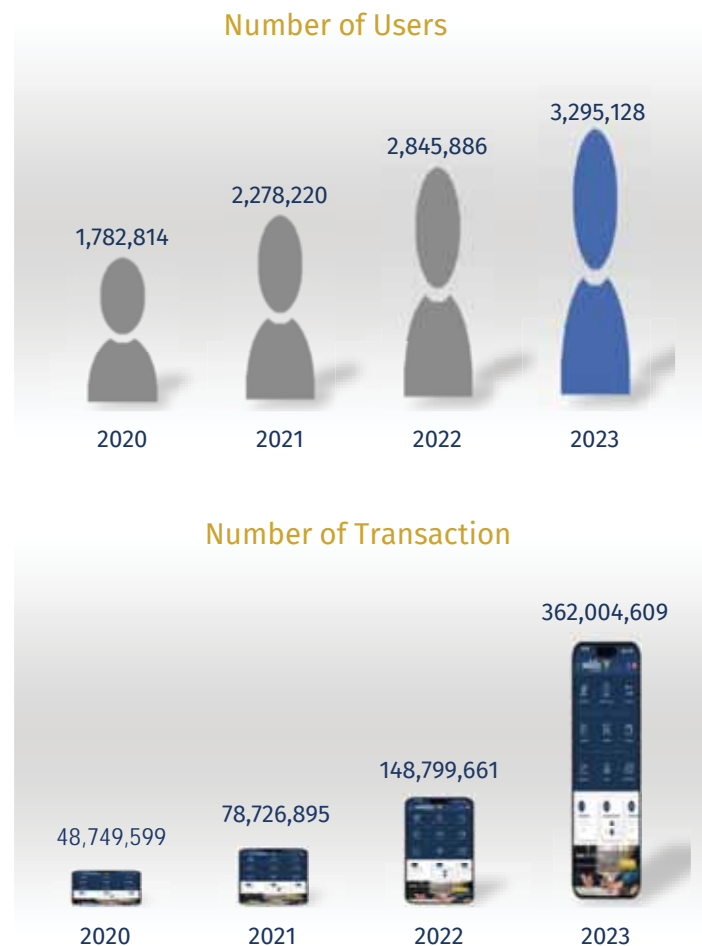


- Promulgate the software development project management operating manual to serve as a guidance for stakeholders to refer to throughout the various phases of the project. This document outlines activities, milestones and deliverables involved in the project management process. Software development project management process is organized into five phases, namely initiating, planning, designing, executing and closing.
- Emphasize and educate employees about innovation and technology in order to maximize their potential and prepare them for new ways of working, such as learning and employing new technology and data analytics, the agile management method and the scrum method, and design thinking for long-term success.
- Initiate in the development and adoption of innovations and digital technologies in our operational processes and customer services to ensure a positive experience for employees, customers, and relevant stakeholders.

- The mobile banking application (Mobile App) shows its popularity and competitiveness, in the digital era, with about two-third (2/3) of banks having launched their App.

- ACLEDA Mobile is designed to meet the financial needs of customers of all ages. Customers can use ACLEDA Mobile worldwide where WiFi/internet is available, scan KHQR/QR within Cambodia countrywide, and cross-border payment with QR in Thailand, Vietnam, Lao PDR etc. The Bank design ACLEDA Mobile by thinking of a benefit that we can provide to the users including convenient, fast and highly secure, reduce cost and save time by not going to the Bank, decrease risk of carrying physical cash along for making payment as well as deducing the use of paper documents through digital services.

- In 2022, ACLEDA Bank received the "Data Innovation Leader Award" from Credit Bureau Cambodia (CBC) at the 10th Anniversary of CBC. The Bank is so proud and honored to receive this award since the Bank is the leading data innovation in banking and financial sector, in particular effectively delivering the credit reporting in Cambodia.



ABOUT THIS REPORT

This report is ACLEDA Bank's Sustainability Report and covers the 2023 financial year. The report boundaries cover ACLEDA Bank Plc. ("the Bank") and its subsidiaries (collectively referred to as "the Group")' performance during January 1 - December 31, 2023.

Economic & Governance Information,

Performance of the Group and the Bank that are consistent with our 2023 Annual Report.

Environmental Information,

Reporting boundaries

Direct GHG emissions and indirect GHG emissions from electricity have been reported by ACLEDA Bank, its branches, subsidiaries and entities where ACLEDA Bank has operational control and through which ACLEDA Bank conducts its banking and finance business or provides services in support of such business.

Greenhouse Gas Emission (GHG)

The Greenhouse Gas Emission indicated in the report are from ACLEDA Bank's operation and activities and is calculated based on the reference rates of Intergovernmental Panel on Climate Change 2006 (IPCC) and greenhouse gas protocol.

All GHG emission figures are in metric tons of carbon dioxide equivalents (CO₂e).

Calculation Method

1. The calculation of Scope 1 GHG direct emissions is based on fuel consumption (by weight or quantity), e.g., the quantity of gasoline/petrol and diesel multiplied by its emission factors.
2. The calculation of Scope 2 GHG indirect emissions is based on the quantity of purchased electricity multiplied by grid emission factors.
3. The calculation of Scope 3 GHG indirect emissions is not applicable in this report.

Social Information,

Number of ACLEDA Bank Employees

Employees are workers under employment contracts with ACLEDA Bank Plc; they are classified into five groups, as below:

1. Top Management Level: Includes President & Group Managing Director, and EVP & Group Chief Officers.
2. Middle Management Level: Includes SVP & Head of Division, VP & Head of Department, and Branch Manager "A"
3. First-Line Management Level: Includes VP & DH, ASVP, Assistant Head, VP & BM "B", VP & BM "C", AVP & Manager, AVP & Assistant Manager, AVP & Manager "B"

4. Skilled/Technical Staff: Includes Group Specialist, Group Engineer, Group Vault, Staff, and Clerk.
5. Unskilled Staff: Includes Driver, CSA / Cleaner.

The above employees are also classified in accordance with the employee contracts, i.e., permanent and temporary employees. Data collection on number of employees (headcount) was collected at the end of the reporting period.

This sustainability report has been prepared and issued by ACLEDA Bank to whom any comments or requests for further information should be sent.



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MAPPING TO UN SDGs

Goals	Targets	Response & Reference
1. No Poverty	1.4 Equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.	<ul style="list-style-type: none"> Financial Inclusion & Literacy , Page 50-54 Community Participation & Social Engagement, Page 42
2. Zero Hungry	2.3 Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.	<ul style="list-style-type: none"> Financial Inclusion & Literacy, Page 50-51
3. Good Health and Well-being	3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines.	<ul style="list-style-type: none"> Safety & Working Environment, Page 39
	3.C Substantially increase health financing and the recruitment, development, training and retention of the health workforce.	<ul style="list-style-type: none"> Community Participation and Social Engagement, Page 42-44
4. Quality Education	4.3 Equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	<ul style="list-style-type: none"> Fair Labour Practice, Page 41 Human Resources Development, Page 48-49
	4.4 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.	<ul style="list-style-type: none"> Human Resources Development, Page 48-49
	4.6 Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.	<ul style="list-style-type: none"> Community Participation & Social Engagement, Page 42
	4.7 Learners acquire the knowledge and skills needed to promote sustainable development, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.	<ul style="list-style-type: none"> Human Resources Development, Page 48-49 Financial Inclusion and Literacy, Page 50-54
5. Gender Equality	5.5 Full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<ul style="list-style-type: none"> Fair Labor Practice, Page 40-41 Responsible lending & ESG Integrating, Page 55
6. Clean Water and Sanitation	6.1 Equitable access to safe and affordable drinking water for all.	<ul style="list-style-type: none"> Safety & Working Environment, Page 39
	6.3 Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials.	<ul style="list-style-type: none"> Responsible lending & ESG Integrating, Page 55-56
7. Affordable and Clean Energy	7.2 Increase substantially the share of renewable energy.	<ul style="list-style-type: none"> Responsible lending & ESG Integrating, Page 55-56
8. Decent Work and Economic Growth	8.2 Higher levels of economic productivity through diversification, technological upgrading and innovation.	<ul style="list-style-type: none"> Product Development & Digital Innovation, Page 70-72
	8.5 Full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	<ul style="list-style-type: none"> Fair Labor Practice, Page 40-41

9. Industry, Innovation and Infrastructure	9.1 Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.	<ul style="list-style-type: none"> • Safety & Working Environment, Page 39
	9.3 Increase the access of small-scale industrial and other enterprises to financial services, including affordable credit.	<ul style="list-style-type: none"> • Financial Inclusion & Literacy, Page 50-54
10. Reduce Inequalities	10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	<ul style="list-style-type: none"> • Fair Labor Practice, Page 40 • Responsible lending & ESG Integrating, Page 55-56
11. Sustainable Cities and Communities	11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	<ul style="list-style-type: none"> • Responsible lending & ESG Integrating, Page 55-56
	11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	
12. Responsible Consumption and Production	12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> • Climate Change Risk, Page 25-26, 33-36
13. Climate Action	13.2 Integrate climate change measures into national policies, strategies and planning	<ul style="list-style-type: none"> • Climate Change Management, Page 33-36 • Responsible lending & ESG Integrating, Page 55-56
	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
14. Life Below Water	14.1 Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution.	<ul style="list-style-type: none"> • Responsible lending & ESG Integrating, Page 55-56
15. Life On Land	15.a Increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems.	<ul style="list-style-type: none"> • Responsible lending & ESG Integrating, Page 55-56
16. Peace, Justice and Strong Institutions	16.4 Strengthen the recovery and return of assets and combat all forms of organized crime.	<ul style="list-style-type: none"> • Data Security & Customer Privacy, Page 65-66
	16.5 Substantially reduce corruption and bribery in all their forms.	<ul style="list-style-type: none"> • Business Ethics, Page 63
17. Partnerships for the Goals	17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection.	<ul style="list-style-type: none"> • Financial Inclusion and Literacy, Page 50-54 • Community Participation & Social Engagement, Page 42-46
	17.16 Complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals	<ul style="list-style-type: none"> • Responsible lending & ESG Integrating, Page 55-56 • Product Development & Digital Innovation, Page 71

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ACLEDA BANK

