

An aerial photograph of a tropical village. The scene is dominated by a dense canopy of green trees, including many palm trees. Interspersed among the trees are several small buildings with traditional thatched roofs. Some buildings have corrugated metal roofs. The layout suggests a rural or semi-rural settlement. The overall tone is lush and green, emphasizing a connection to nature.

# Sustainability Report 2024

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## Our approach to sustainability

We are committed to continually evolving and embedding sustainability into our strategy and risk management practices. This involves regularly updating our policies, systems, and processes to align with our sustainability priorities. Additionally, we are enhancing our reporting standards to align with international frameworks, ensuring that stakeholders receive transparent, consistent, and comparable sustainability-related information.

Our commitment to sustainability is clearly defined, reflecting stakeholder priorities and supporting the United Nations Sustainable Development Goals (SDGs).

With a well-structured framework and clearly assigned responsibilities, the Sustainability Steering Committee has actively monitored sustainability performance and identified material risks. As a result, we have incorporated additional risks related to credit and operational processes into our risk management framework.

To ensure comprehensive oversight, we provide quarterly updates to the Board on Environmental, Social, and Governance (ESG) performance, client complaints, exit surveys, and impact survey results. These updates enable the Board to remain informed about our sustainability progress and performance, reinforcing our commitment to transparent and responsible operations.



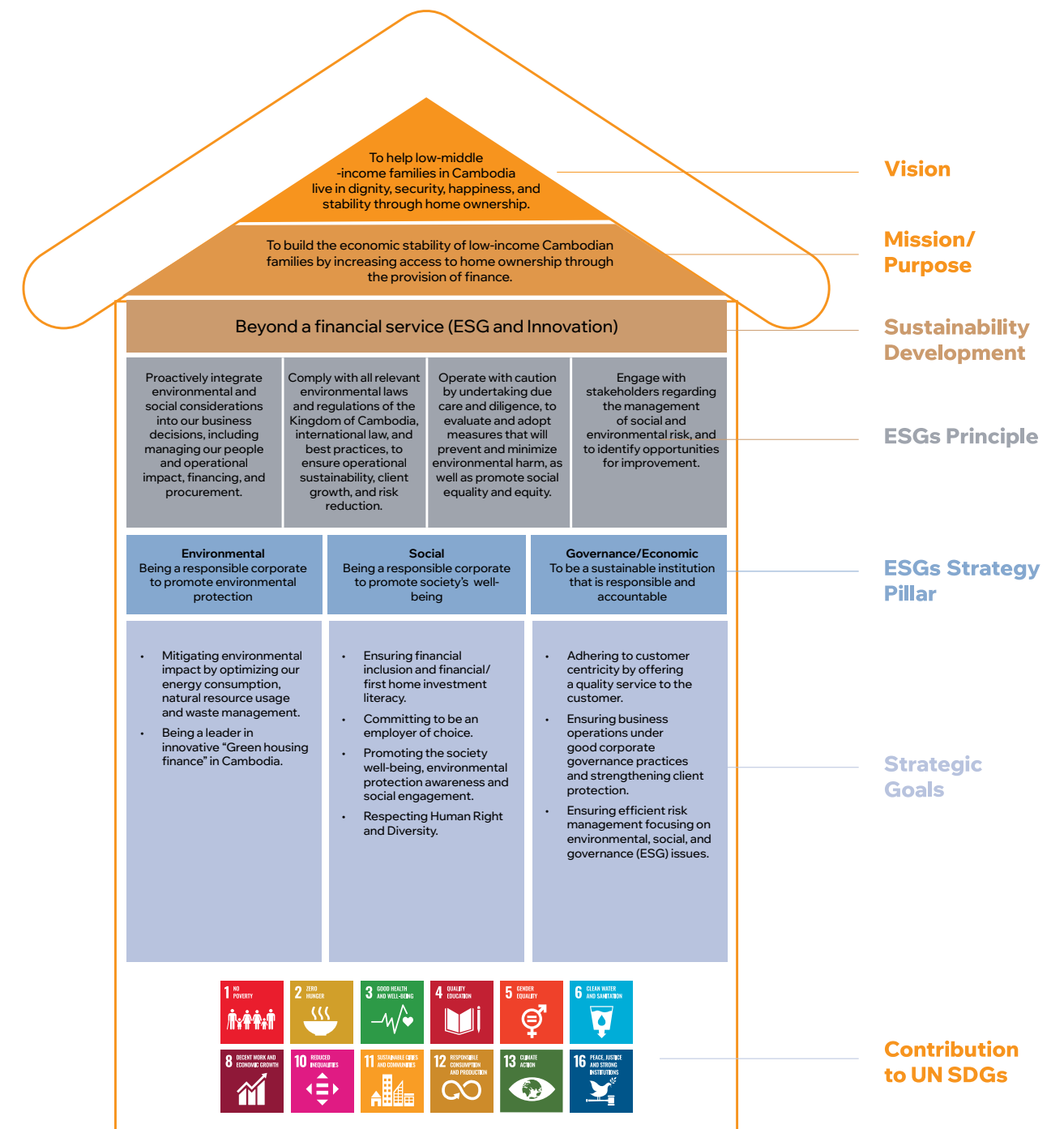
In October 2024, First Finance proudly received the Stakeholder-Verified Orange Seal, a testament to our unwavering commitment to gender equality and environmental sustainability. This prestigious award underscores our dedication to fostering responsible, inclusive, and ethical growth.

The Orange Seal, powered by IIX Values™, is an internationally recognized tool that measures and rates organizations on their progress in fostering gender equality and environmental sustainability. Receiving this certification highlights First Finance's ongoing commitment to promoting gender equity and advancing climate action.

→ find out more about orange seal: [www.orangemovement.global](http://www.orangemovement.global)

**Photo above left:** Mr. Say Sony, Chief Marketing Officer, Chairman of the Sustainability Steering Committee

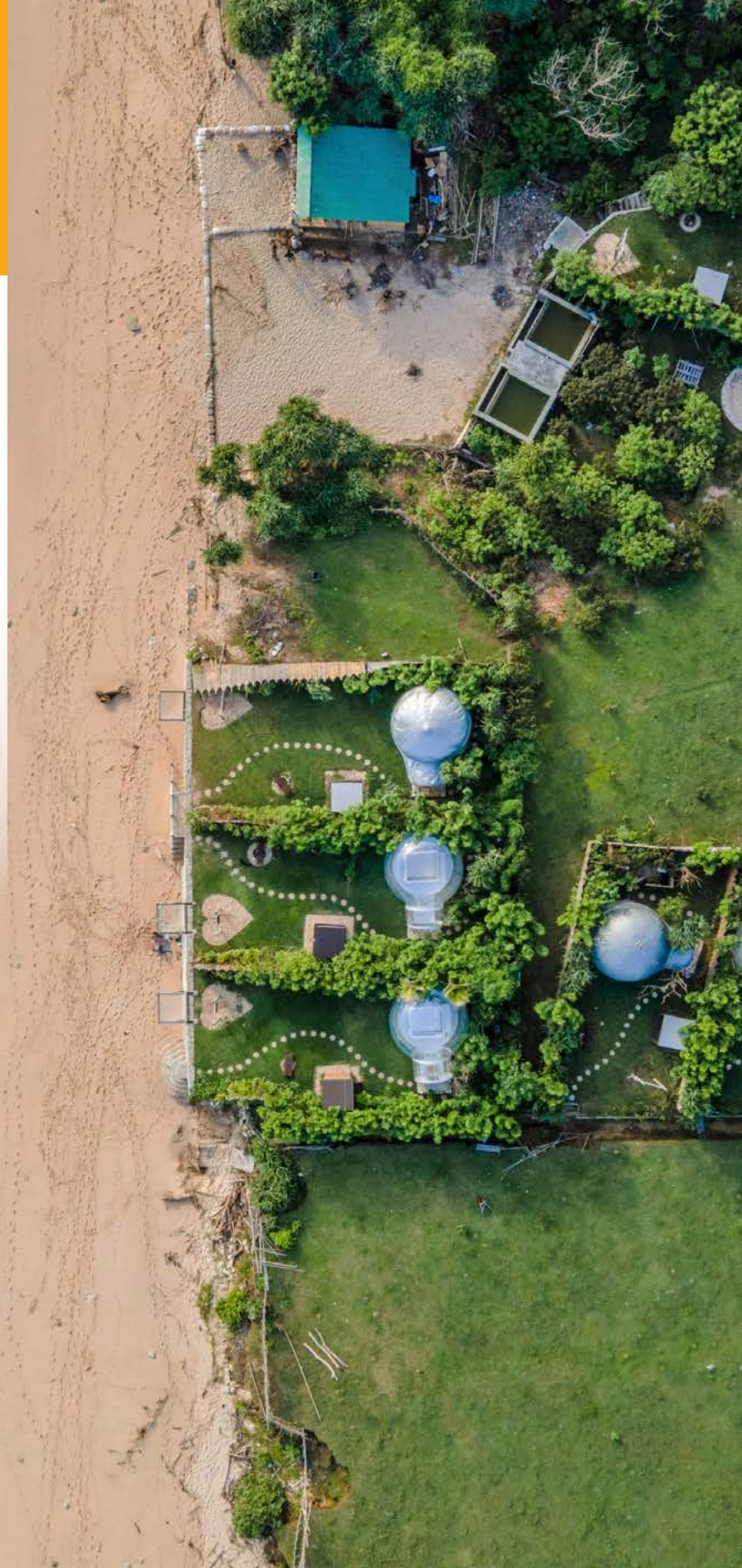
## Sustainability Framework





## Environmental

Our strategy is shaped by our insight into the potential effects of environmental issues on our business, as well as the impact our operations may have on the environment.



## Climate strategy

We are committed to supporting Cambodia's transition to a net-zero economy by 2050. This involves managing the risks and opportunities of climate change, raising awareness among our clients, and advocating for an inclusive transition.

To guide our lending activities, we have implemented our ESG framework, environmental and social performance management policy, and credit policies, while tracking progress toward our sustainability targets. Although our portfolio may not have a significant impact on the environment, we still review our clients' businesses to ensure they do not harm the environment. This includes annual monitoring for loans greater than USD 30,000. In 2024, we re-evaluated 38% of our total loans to check if their income sources were environmentally adverse. Additionally, we actively monitor our energy consumption per product/service production compared to the baseline.

### Environmental Adverse Impact Resulting from Client's Income

Impact	# loan	Environmental risk expose
Environment	60	All defined as low risk
Safety and Health	12	1 case among this defined as medium risk while the rest are low.
Health and environment	3	All defined as low risk

Our focus is on providing affordable housing finance to individuals customer. Less than 10% of our portfolio is for income generation from a micro business. Decarbonizing Cambodia's electricity remain the priority step need for Cambodia to achieve net zero emission by 2050 and a key factor in achieving the institution emissions targets.







### Managing our operational environmental impacts

Our commitment to monitoring and reducing operational emissions remains a top priority. We continue to implement initiatives such as replacing branch office signature spotlights with LED solar panels, minimizing air travel, we have increased the use of online meetings, resulting in no air travel for management in 2024.

We have increased awareness and understanding of environmental issues as well as encourage sustainable practices and behaviors through sharing the education content related to household waste management and energy saving via First Finance’s social media channels and we

also provide training to our staff annually.

➔ for more content related environment awareness content at [firstfinance.com.kh/resources-tips](https://firstfinance.com.kh/resources-tips)

From 2022 to 2024, as we scaled up our business operations, our overall energy consumption increased annually. However, we have strived to maintain or even reduce material/energy consumption per service or product production<sup>1</sup> compared to the baseline.

Material	2024	2023	2022
Total Annual Consumption			
Gasoline (liters) <sup>2</sup>	156,921	126,866	44,956 (baseline)
Electricity (Kwh)	259,238	237,643	187,499 (baseline)
Water (m3)	1,688	3,313 (baseline)	-
Paper (kg)	4,713	3,770 (baseline)	-
Material consumption to produce one product/service unit			
Gasoline (liters)	16.65	13.72	6.83
Electricity (Kwh)	27.51	25.70	28.50
Water (m3)	0.50	0.41	-
Paper (kg)	0.18	0.36	-

1. Energy/material consumption to acquire/retain one client of First Finance. This calculation method was changed from per staff to per client.  
2. Total gasoline consumed by First Finance vehicles and the gasoline incentive that First Finance provides to field staff such as branch managers and credit officers...

### Social

We seek to build a brighter future for everyone by empowering our people, supporting our customers, and uplifting our communities.







Providing a safe and supportive workplace

Creating an inclusive environment that prioritizes health, safety, and wellbeing empowers our people to reach their full potential. It also ensures that everyone has the right to work in a space free from unlawful conduct, such as discrimination, harassment, bullying, and victimization.

We uphold high standards of conduct in line with our Code of Conduct at all times. Any breaches of our policies, the Code of Conduct, or our values are met with appropriate disciplinary actions, up to and including dismissal.

We take our responsibility to keep our people safe very seriously. Recent enhancements to organizational duties align with our ongoing efforts. We have implemented a range of key programs and processes to maintain a safe, respectful, and inclusive workplace. Given our target client profile, we provide door-to-door services, making traffic accidents a significant risk for our field staff. To mitigate this risk, we have developed and instructed all staff on safety and security procedures, with monthly reminders to reinforce these practices.

Above picture: Mr. Chea Hang, DCEO, hands a souvenir to a female staff member on Women's Rights Day.



When our employees feel supported and empowered by our values, they become more engaged, deliver exceptional customer experiences, and drive our strategy forward.



Miss. Nget Sokun  
Head of Human Resource and Development

1.0%

of staff have a disability

0

of fatality incident case

from 1 FY23



Helping our people build future skills

We are dedicated to fostering a culture of continuous learning and growth. In today's rapidly evolving work environment, it's crucial to have the right skills at the right time to deliver superior, timely, and safe services to our customers. We also recognize that our employees aspire to develop new, relevant skills to enhance their capabilities and career prospects. Our goal is to equip our people and communities for the future, supporting ongoing learning and development.

Our upskilling and reskilling efforts are centered on the technical, behavioral, and leadership skills necessary to execute our strategy, manage risks, and prepare our workforce for the future of work. Our technical reskilling programs include training individuals for roles in risk management, loan assessment, sales strategy, branch management, client protection principle, and customer service. We provide upskilling and reskilling opportunities through formal programs and accreditation, coaching from head office experts, and self-directed learning using available resources.

63h

of training per staff this year

7%

of vacancies this year filled internally

7%

of female staff were promoted to a higher level.

Listening to our people

Understanding our employees' perspectives on what is effective and where improvements are needed enables us to maximize our impact on customers, communities, and shareholders. One method we use to gather these insights is through our annual staff engagement survey.

In our most recent survey conducted in late 2024, employee engagement was at 80%, closely mirroring the 81% result from 2023.

People Engagement Index

80%

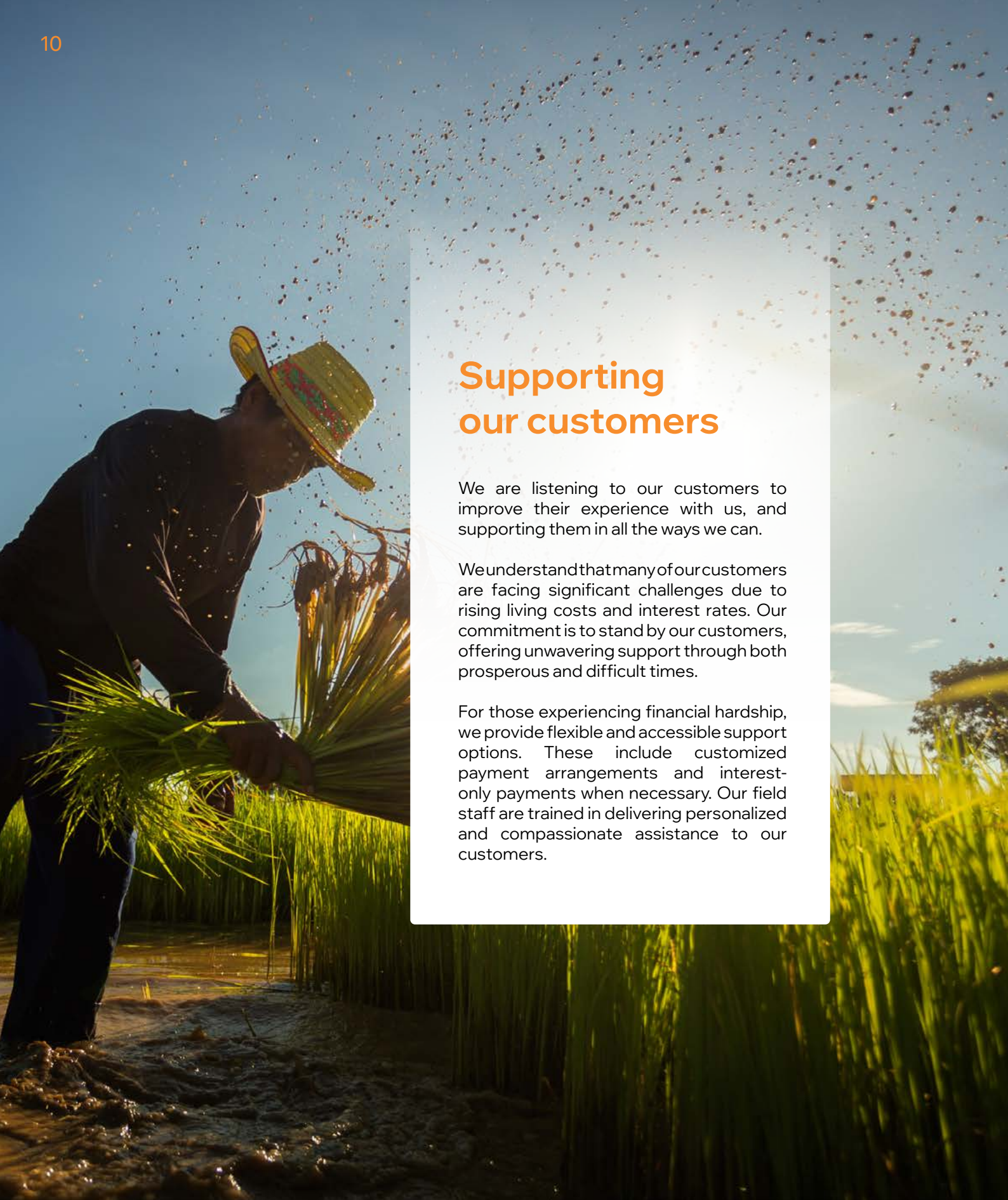
August 2024

81%

June 2023







## Supporting our customers

We are listening to our customers to improve their experience with us, and supporting them in all the ways we can.

We understand that many of our customers are facing significant challenges due to rising living costs and interest rates. Our commitment is to stand by our customers, offering unwavering support through both prosperous and difficult times.

For those experiencing financial hardship, we provide flexible and accessible support options. These include customized payment arrangements and interest-only payments when necessary. Our field staff are trained in delivering personalized and compassionate assistance to our customers.



## Measuring and improving our customers' experience

We aim to consistently provide superior customer experiences. To do this, we need highly engaged employees, and high-quality products and services that suit customers' needs.

We actively seek feedback from our customers to enhance their experience. When we identify factors that negatively impact their experience, we focus on understanding the root cause and making improvements. The Net Promoter Score (NPS) is a crucial metric we use to gauge the quality of our customers' experience, providing insights into how we can strengthen relationships and build deeper connections and trust. NPS scores are externally syndicated, offering an independent perspective on our performance and setting a benchmark for our organization.

We recognize that there is still work to be done to enhance customer experience, and we are committed to embedding customer-centric practices throughout our organization.



64%

net promoter score (NPS)

79%

of clients say Good FF Staff (general) is the top reason why they would recommend FF to their friends or family members.

95%

client retention rate

0.3%

of issues and complaints against the number of transactions





Promoting community well-being

As part of our commitment to community well-being and long-term dedication to improving education, we have undertaken several initiatives. We sponsored the construction of a kindergarten in Kampong Thom province, an initiative led by the National Bank of Cambodia. Additionally, we provided school and sport materials to Da Primary Schools in Kampong Speu province and sponsored the printing of financial educational materials.

In line with our staff's volunteerism efforts, 14 employees participated in a blood donation program organized by the Cambodia Microfinance Association and the Association of Banks in Cambodia. These programs have directly benefited 646 individuals.

646  
directly impacted  
beneficiaries

318  
hours  
volunteered by  
our people



Sponsoring  
printing material for  
strengthening safe  
finance in community  
project

To promote financial literacy among in the community, First Finance sponsored printing materials for the 'Strengthening Safe Finance in Community Project.'

This initiative, piloted in several villages and communes over the past year, has empowered residents to understand their loan-related rights and obligations and avoid financial fraud. The project was initiated by the National Bank of Cambodia and led by a Central Steering Committee comprising the National Bank of Cambodia, the Association of Banks in Cambodia, the Cambodian Microfinance Association, and the Credit Bureau of Cambodia.

Governance

We strive to manage our business ethically and transparently, ensuring we adhere to high governance standards to fulfill our duties.





# Operating responsibly for our customers

At First Finance, our dedication to client protection and transparency is unwavering. This commitment earned us the highest client protection certification in March 2022. We are currently in the process of renewing this certification, with completion expected by the end of April 2025.

Preventing excessive indebtedness among our clients remains a core priority. Over the past year, we have introduced several measures, including refining credit operational procedures, enhancing credit assessment capabilities, closely monitoring sales practices, and integrating loan quality into staff performance evaluations.

Our policies and procedures reflect a strong commitment to delivering clear, accurate, and relevant information to customers. We ensure transparency through product terms and conditions, loan fee and guides, key fact sheets, and other essential materials such as customer rights and responsibilities, exchange risks, and our code of conduct.

To promote fair and respectful client treatment, we adhere to strict lending guidelines, enforce a robust code of conduct, and operate an independent unit to oversee sales practices. Additionally, we conduct satisfaction surveys during the onboarding process via our call center and provide a comprehensive complaint-handling mechanism to address client concerns effectively.

We are equally committed to protecting the privacy and personal information of our customers. To ensure data security, we have implemented rigorous security protocols supported by our internal Data Privacy Policy. These include enhanced cybersecurity measures such as advanced endpoint security (anti-virus software and patch management) and regular PC health checks across all branches.

At First Finance, we remain steadfast in upholding the highest standards of client protection, transparency, and data security, ensuring the trust and confidence of those we serve.

➔ lean more about Bank and Financial Institution code of conduct at [www.firstfinance.com.kh/code-of-conduct](http://www.firstfinance.com.kh/code-of-conduct)



## Fulfilling the dream of having a better home

There are many clients like Mrs. Pao Phal, who is 58 years old, working had almost her entire life in order to have a better house for her and her family to live in.



➔ find out more about client protection priciple at [www.m-cril.com](http://www.m-cril.com)



First Finance proudly received the Stakeholder-Verified Orange Seal

➔ find out more about orange seal at <https://orangemovement.global/>

# Sustaining Leading Risk Management

First Finance operates in a dynamic environment that presents both risks and opportunities, influencing our risk priorities. In 2024, we made significant strides in enhancing our risk management framework to ensure business stability and create value for our stakeholders. Our comprehensive approach encompassed various risk types, including credit, market, liquidity, operational, compliance, capability and culture, reputation, and environmental and social risks.

Effective risk management is vital for fulfilling our mission as a responsible and sustainable institution. By facilitating home ownership, supporting renovations, and fostering business growth, we take calculated risks that we understand and can manage, helping our customers achieve their goals. Remaining adaptable to evolving threats and opportunities is essential, and we prioritize customer outcomes, resilience, security, and safety.

We have also fostered a strong risk culture within the organization, embedding our Risk Management Framework (RMF) alongside a robust Code of Conduct. This empowers our Board, Executive Leadership Team (ELT), and employees to make informed risk decisions that align with our strategy and risk appetite.

A key achievement this year was reinforcing compliance with the regulations set forth by the National Bank of Cambodia (NBC) and industry best practices. We strengthened our credit risk management practices, ensuring strict adherence to internal policies. Regular policy reviews allowed us to stay aligned with regulatory changes and market conditions.

Loan quality remained a priority, leading us to enhance assessment and approval processes across all credit committees. This proactive approach helped minimize non-performing loans (NPLs) and improve overall loan performance. Daily and monthly reviews enabled us to identify root causes of NPLs and implement effective solutions to prevent defaults, contributing to a healthy and diversified loan portfolio.

First Finance also made significant progress in strengthening its operational risk, liquidity risk, and market risk. This framework allowed First Finance to effectively identify, assess, and mitigate risks, protecting the company’s financial health and reputation.

First Finance is committed to maintaining its leadership in risk management. Through vigilance and proactive measures, we aim to strengthen our financial position, safeguard stakeholder interests, and drive long-term growth.



Effective risk management involves understanding diverse perspectives and applying appropriate judgment to make decisions that lead to improved outcomes for customers and the community.



Mr. Neang Sokhim  
Chief Risk Officer






ESG Performance


Social Aspect

Related UN SDGs	Measurement	2024 Performance
	<b>Ensuring Financial inclusion and financial/first home investment literacy</b>	<ul style="list-style-type: none"><li>47.9% of client have income below \$300 per month</li><li>89.6% are females</li><li>75.6% are first-time homeowners</li><li>62% have access to clean water and sanitation through home loan product.</li><li>720 short tips and educational content on personal financial management and property rights posted on social media with an average reach 500 per post.</li></ul>
	<b>Committing to being an employer of choice.</b>	<ul style="list-style-type: none"><li>Engagement index: 80%</li><li>Complaint of discriminatory labor, treatment or violence that leads to a lawsuit: 0</li><li>Retention rate: 65%</li><li>Internal fill rate: 7%</li><li>Average hours per Full-Time Equivalent (FTE) of training and development per staff=62 hours</li></ul>
	Employment	
	Health and Safety	<ul style="list-style-type: none"><li>Fatalities:0</li><li>Lost time through injuries:7</li><li>Medical Treatment:1</li><li>First Aid Case: 0</li><li>High-potential near miss: NA</li></ul>
	<b>Promoting society well-being, environmental protection awareness and social engagement</b>	<ul style="list-style-type: none"><li>Projects: 4</li><li>Beneficiaries: 646 individual</li><li>Staff volunteerism: 318 hours</li></ul>
	<b>Respect for Human Right and Diversity</b>	<ul style="list-style-type: none"><li>Women in management role:11%</li><li>Women at board level: 0%</li><li>New loan was assessed on child labor and forced labor against exclusion list: 100%</li></ul>

Environmental Aspect

Related UN SDGs	Measurement	2024 Performance
	<b>Climate Change<sup>1</sup></b> Reduction on energy consumption by % per staff (baseline 2022) (GHG emission scope 1)	<ul style="list-style-type: none"><li>Gasoline: 16.65L</li><li>Electricity: 27.51Kwh</li></ul>
	GHG emission scope 3 (metric tonne CO2e)	<ul style="list-style-type: none"><li>Total Air travel: 0</li></ul>
	Water (m3)	<ul style="list-style-type: none"><li>Water: 0.5m3</li></ul>
	Paper (Kg)	<ul style="list-style-type: none"><li>Paper: 0.18Kg</li></ul>

Governance/Economic Aspect

Related UN SDGs	Measurement	2024 Performance
	<b>Adhering to customer centricity by offering a quality service to the customer</b>	<ul style="list-style-type: none"><li>Client Satisfaction (NPS): 64%<sup>2</sup></li><li>Maintain issues and complaints against the number of transactions : 0.26%</li><li>Retention Rate=95%</li></ul>
	<b>Ensuring business operations under good corporate governance practices and strengthening client protection</b>	<ul style="list-style-type: none"><li>No significant warning from regulator<sup>3</sup>:0</li><li>No significant non-compliance :0</li><li>Highest level of Client Protection recognition: Gold Certificate</li><li>Completed Impact survey and disclosed to the public.</li></ul>




1. Energy/material consumption to acquire/maintain one client. You will notice a different figure from the previous report, as this calculation method has been revised from an amount per staff member to an amount per client instead.

2. Conducted by 60db in June 2024.

3. Significant means fines or accusations are imposed by NBC or other regulator



Governance/Economic Aspect

Related UN SDGs	Measurement	2024 Performance
  	<b>Policies are in place to support sustainability actions and business</b>	<ul style="list-style-type: none"><li>• Update corporate code of conduct</li><li>• Updated ITC policy</li><li>• Updated BCP policy</li><li>• Update credit operational policy</li><li>• Developed procurement process</li></ul>
	<b>Ensuring efficient risk management focusing on environmental, social, and governance (ESG) issues</b>	<ul style="list-style-type: none"><li>• % of new loans were checked for social and environmental harm against an exclusion list: 100%</li><li>• % of existing loans were reassessed to monitor how clients' income impacts social and environmental factors and to rate them based on their risk level: 38%</li><li>• % of suppliers acknowledged the Supplier Code of Conduct, which addresses societal issues, labor, and human rights: 100%<sup>4</sup></li></ul>

4 The contract with the construction/decoration company included commitments on child labor, forced labor, and asbestos materials.

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