ESG report continued

Task Force on Climate-related Financial Disclosures ('TCFD')

As required by the FCA Listing Rules, ASA International aligns with the Task Force on Climate-related Financial Disclosures ('TCFD') on a comply or explain basis to provide transparent data to investors and other stakeholders about the material risks and opportunities of climate change for the Company. Disclosures are made consistent with the Financial Conduct Authority ('FCA')'s Listing Rule 9.8.6R(8) and the TCFD recommendations and disclosures, except for the scenario analysis and financed emissions, further explained on pages 60 and 65. This is the third year the Group is implementing and reporting on the recommendations of the TCFD and is continuing to mature its approach. In this report, the Group shares the key developments and the status on the four core elements of the TCFD recommendations.

Key activities in 2023

Governance

Approved Terms of Reference ('ToR') Sustainability Committee and continued Board oversight

Read more on page 59

Strategy

Initiated scenario analysis discussions

Read more on page 60

Risk management

Climate risk considered quarterly

Read more on pages 60 and 61

Metrics and targets

Met targets for 2023 and set targets for 2024

Read more on page 62

ESG report continued

Governance

The Group's governance structure provides clear oversight and ownership of the Group's sustainability strategy and management of Climate-related Risks and Opportunities.

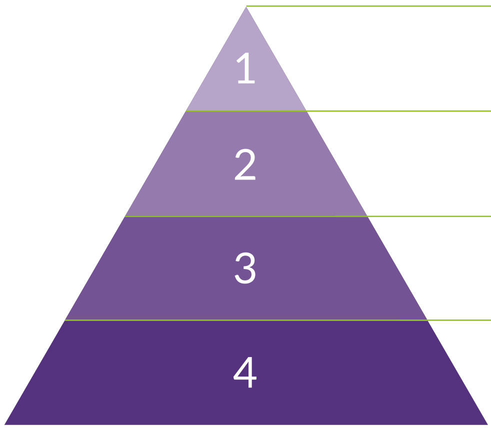
Board oversight

- Board oversight of and engagement with the Company's sustainability efforts is a key priority and is ensured through the active involvement of the Chief Executive Officer in the Sustainability Committee ('SC').
- Two SC meetings were held to discuss progress and performance on Climate-related Risks and Opportunities ('CRROs') in 2023.
- The Board has considered CRROs by reviewing the climate risk as part of the principal risks in the Company's risk taxonomy and risk framework.
- Progress on the sustainability efforts is reported to the Board in quarterly Board meetings.
- All subsidiaries have committed to Board oversight of their climate action plans.

Role of management

- Management plays an important role in assessing and managing the Company's CRROs. This involves cross-functional management at both the Group and subsidiary level.
- All ExCo members with the exception of the Head of Internal Audit are part of the Sustainability Committee.
- The Sustainability Working Group, which includes Leadership Team members across various functions such as risk, finance, legal and sustainability, supports the SC by providing regular updates on the Company's sustainability strategy.
- In 2023, two meetings were held with the SC and subsidiary Managing Directors to (i) present progress on climate targets for 2023 and (ii) present climate targets plans for 2024. Bi-annual progress meetings are scheduled going forward.
- Management receives regular progress reports towards meeting the Company's climate targets, allowing them to make informed decisions and to ensure that the Company's operations and initiatives are aligned with the targets.
- The SC has an approved the Terms of Reference ('ToR').

Sustainability reporting structure



1	**Sustainability Committee**	Discusses progress and performance on climate-related topics and decision making bi-annually.
2	**Sustainability Working Group**	Assesses and cross-functionally manages the CRRO's. Proposes and implements climate-related strategic decisions to drive improvement. Reports to the SC.
3	**Subsidiary Managing Directors**	Responsible for the climate action plan and the achievement of climate targets at subsidiary level. Presents to the SC bi-annually on progress.
4	**Sustainability managers**	Assesses the CRROs on the ground and manages the implementation of the climate targets. Reports to the subsidiary Managing Director and to the Group sustainability manager on a quarterly basis.

ESG report continued

Strategy and risk management

The Group has taken various steps to identify climate-related risks, determine the impact and factor the risks into its financial planning. The risks have been integrated into the Group's risk management framework and are proactively monitored.

Identifying risks

- The Group uses a TCFD subscribed framework to classify climate risk and has implemented standardised templates for identifying and assessing climate risks across all its subsidiaries.
- Each subsidiary has a risk management unit and sustainability manager responsible for identifying climate risks using the standardised template.
- Climate risks are assessed internally using a risk scoring method based on both likelihood and impact, as defined in the Group's risk management framework. Data related to operational and financial damage (assessing materiality) caused by natural calamities is also collected as part of the assessment process. See the Natural Calamity Impact Assessment on page 57.
- The above-mentioned reports are reviewed by the local risk management coordination committee and approved by the Country Head before being submitted to the Group.
- The Group climate risk management report is prepared on the basis of the country reports and presented to the Audit and Risk Committee ('ARC') quarterly. Climate-related risks are identified, assessed and reported quarterly.
- The Group has identified short-term, medium- and long-term climate risks. Long-term scenario planning will be completed in 2024.
- Climate risk is identified and included as a distinct principal risk as part of the broader risk framework due to the prevalence of natural disasters in operational countries, with potential further escalation due to climate change. Enhanced monitoring is necessary for both physical and transition aspects of climate risk. This risk intersects with other principal risks: adverse climate events can impact client payment capacity, affecting credit risk; emission control failures can impact reputation risk; and non-compliance with emerging environmental regulations can affect local regulation risk.

Read more about risk management on pages 37 and 38

Impact of CRROs on the organisation's businesses, strategy and financial planning

- Climate change is a part of the Group's approach to sustainability approved by the Board in 2021.
- Major sources of the Group's emissions within scope 1 and 2 have been identified. A feasibility study was completed in 2022 to determine the opportunities to mitigate these major sources of emissions. Feasibility indicators assessed included market, economic, operational, scheduling and target feasibility.
- With guidance of the Group, based on the outcomes of the feasibility study, concrete mitigation proposals have been defined and approved at entity level for 2023 and 2024. The consolidated targets at Group level can be found on page 62.
- The impact on financial reporting judgments and estimates are presented in note 2.5.1 on page 125.
- Directors have concluded that currently, the impact of the risks in the Group's financial statement is not material. Certain additional investments planned to reduce the carbon footprint of the Group – amounting to approximately USD 650 thousand – have been considered in future business plans.
- The Company acknowledges its current non-compliance with BEIS-f1, which entails an analysis of the resilience of its business model and strategy concerning various climate-related scenarios, including at least a qualitative assessment. Management is aware of this gap in regulatory requirements and understands the importance of fulfilling this obligation. Several factors have contributed to its inability to conduct this analysis thus far. The Company's primary focus has been on establishing governance structures, implementing a robust risk framework, and setting targets, all of which are fundamental prerequisites for conducting scenario analysis. Scenario analysis initiatives commenced in 2023, with the aim of completing scenario projections by Q3 2024, including alignment with the 2C scenario.
- The Company's initial goal of finalizing the scenario analysis in 2023 was impeded by the complexity of its widespread geography with vastly different operating environments and a lack of capacity, in addition to data management challenges. While most transitional and physical risks are considered to be low, acute risks are of medium concern due to the unpredictability and frequency of natural disasters, even if they do not have a material financial impact. These acute risks are carefully monitored through its Natural Calamity Impact assessment, included in its quarterly risk report. Consequently, the company believes it is adequately informed about its exposures in the short-term and has implemented appropriate measures within its current operating model to mitigate these risks. Efforts are underway to enhance its capabilities and address data management challenges to ensure completion of the assessment and the subsequent development of a resilience strategy within the 2024 fiscal year. It is the Company's intention to achieve compliance with this disclosure requirement in the forthcoming reporting cycle.

Managing CRROs

The Company's current focus is on risk management of physical and transition risks, as climate-related opportunities such as resource efficiency are being explored as part of the emissions mitigation efforts.

Managing physical risks:

- Natural calamities such as floods, cyclones, droughts, earthquakes, volcanic eruptions, etc. are common in some of the countries where the Group operates.
- Risk management protocols are built into the Group's operational procedures, including site selection of potential new branches, taking into account the vulnerability to natural calamities.
- Natural disaster management procedures are in place at the entity level, including staff training for emergency response plans, postponement of disbursement and collection until the situation stabilises, and loan repayment rescheduling or moratoriums for borrowers in extreme cases. Assistance/relief is offered to borrowers under community projects. Read more on page 55.

Managing transition risks:

- The Group proactively monitors and addresses regulatory or stakeholder requirements related to greenhouse gas ('GHG') emissions in its operational countries. So far, the operational countries are not facing any strict regulatory or stakeholder requirements in this field.
- The Group is committed to reducing its carbon emissions across all subsidiaries to be an environmentally sustainable organisation and uphold its reputation.
- The Group has approved SMART targets for all its subsidiaries, including initiatives for reducing emission's such as solar panel installation, use of E-bikes, use of LED lights and tree plantation.
- A travel policy has been adopted to ensure air travel is limited as much as possible to reduce carbon footprint.

Read more about targets on page 62

Integrating climate risks into overall risk management

To include climate-related risks into overall risk management, the following steps have been taken:

- Risk taxonomy updated to include climate risk.
- Risk management framework updated to include a new section for climate risk management.
- Standard template introduced in all subsidiaries for identifying, assessing and reporting on climate risks on a quarterly basis.
- Climate risk report included in the risk reporting pack presented to the ARC on a quarterly basis.

ESG report continued
Strategy and risk management continued

Read more about risk on page 39

Time horizon key

ST Short Term (<5 years)
MT Medium Term (5-10 years)
LT Long Term (10+ years)

Climate risk	Risk description	Risk level	Financial impact	Time horizon	Comment
Transition risk					
Legal & regulatory	Risk of failing to comply with regulatory requirement related to carbon footprint/ GHG emissions.	Low	None	ST, MT, LT	• Risk grade is low as none of the subsidiaries have direct regulatory requirements from the local governments/central banks related to carbon footprint/GHG emissions that are applicable to the operational subsidiaries. Upcoming regulatory requirements are being monitored. • The Group follows the Streamlined Energy and Carbon Reporting ('SECR') UK standard to report carbon footprint. • BEIS -f1 (TCFD guidance: S-c) requires scenario analysis to be performed and disclosed. The Group aims to comply in H2 2024. See full explanation on page 60.
Technological	Risk associated with transitioning to lower emission technology.	Low	Not material	ST, MT, LT	• Risk grade is low as the Group's plan to lower the emissions does not involve complex and expensive technologies. • The focus remains on increasing the use of renewable energy, increasing energy efficiency, reducing fuel consumption and using environmentally friendly vehicles. This may present opportunities, such as reduced operating costs through efficiency gains and less exposure to fossil fuel price increases.
Market	Risk associated with changes to the market resulting from climate change, such as changing customer behaviour and uncertain market signals.	Low	None	LT	• Risk grade is low as the Company's clients are micro-entrepreneurs who deal with essential goods and services. It is highly unlikely to see any change in customer behaviour related to transitioning to a low carbon economy.
Reputational	Risk associated with not being able to meet stakeholder concerns in terms of environmental sustainability and carbon emissions.	Low	None	ST, MT, LT	• The Group has approved SMART targets for all its subsidiaries, including initiatives for reducing emissions such as solar panel installation, use of E-bikes, use of LED lights and tree plantation. • Subsidiaries have met their targets for 2023.
Physical risk					
Acute risk	Risk associated with extreme weather event's such as flooding, cyclone, heat waves, etc.	Med	Not material	ST, MT, LT	• Natural calamities such as heavy rain, floods, storms, cyclones, earthquakes, droughts and volcanic eruptions were experienced during the year. As per the Group's yearly assessment, natural calamities are most common in Myanmar and the Philippines. • Some operational and financial impact was seen from natural calamities in Myanmar, Philippines, Kenya, Rwanda and Uganda during the year. However, impact was not material.
Chronic risk	Risk associated with a long-term shift in climate pattern, such as rising mean temperatures and rising sea level.	Low	Not material	LT	• The risk is perceived to be low as of now, although natural calamities like droughts and floods may increase over the long-term. Scenario planning to be completed in 2024 will further inform this. • As the Group's branches are low cost and are on short term rental agreement (2-3 years), there is an option to relocate from areas prone to natural disasters.

ESG report continued

Metrics and targets

The Group has taken its first steps towards mitigating emissions by defining and achieving targets. Its next objective is to enhance its metrics for performance measurement to advance its efforts and increase transparency.

Management and disclosure

- Feasibility study assessing opportunities to reduce emissions at subsidiary level conducted.
- Disclosure of greenhouse gas ('GHG') emissions according to Scope 1 and 2, and to a certain extent (category 6 'business travel' and category 7 'employee commuting') of Scope 3 in the Streamlined Energy and Carbon Reporting ('SECR') report. Category 15 'Investments' have not been disclosed due to the small nature of clients' businesses and lack of data. See page 65.
- Climate related metrics are not yet included in Remuneration policies.
- Internal carbon pricing mechanism not yet considered for targets.
- Forward-looking metrics have not been used.
- Emission sources identified, and reduction targets were set. Subsidiaries propose and implement feasible reduction initiatives, forming the basis for the disclosed 2023 and 2024 Group targets.
- Based on the climate targets of all subsidiaries, the 2024 Group targets have been approved by the Sustainability Committee. Performance will be tracked and reported quarterly.
- Exploring adoption of metrics to measure performance and alignment with frameworks such as the Science Based Targets initiative (SBTi).

Progress Group targets 2023

- Quarterly progress reports were submitted, complemented by bi-annual meetings with the subsidiary Managing Directors to review progress.
- All targets were met within the designated ranges.

Setting Group targets 2024

- Maintain continuity by adhering to similar targets as the previous year.
- Introduce initiatives centred around knowledge sharing and waste management. While challenging to quantify, these initiatives hold significant impact as they are foundational, involving high engagement with colleagues, clients and communities.

Climate targets

Topic	2023 target	2023 achievement	2024 target
Increase the use of renewable energy by installing solar panels	150-200 panels	**213 panels**	200–300 panels
Reduce fuel consumption by introducing electric motorbikes	30–50 electric bikes	**32 electric bikes**	15-25 electric bikes
Absorb CO_2 and protect the environment by planting trees	10–15k trees	**29.5k trees**	20-30k trees

Topic	2023 target	2023 achievement	2024 target
Increase energy efficiency by replacing regular lights with LED's	2.5–4k LEDs	**8.2k LEDs**	2-2.5k LEDs
Share knowledge and create awareness by training clients, colleagues and communities	N/A	**N/A**	300-400k trainees
Improve waste management through various reduce, reuse and recycle initiatives	N/A	**N/A**	Various initiatives

Electrifying operations at ASA Myanmar

In 2023, ASA Myanmar integrated eight electric motorbikes into its operations, primarily assigning them to Development Officers and ABMs engaging with clients. The bikes were strategically placed across several branches to enhance outreach efficiency.

The adoption resulted in significant fuel savings, estimated at over 2,400 litres annually compared to fuel-based motorbikes. Despite encountering challenges such as government restrictions on motorcycle use in certain Yangon townships, ASA Myanmar innovatively replaced fuel motorbikes with battery-powered ones in affected areas.

The transition yielded multiple benefits, including reduced operational costs, noise pollution mitigation, and heightened environmental sustainability. Charging convenience and lower fuel expenses further bolstered the advantages.

Staff members favoured electric motorbikes due to their comfort, cost-effectiveness, and compliance with government regulations. ASA Myanmar plans to expand electric motorbike usage in 2024, focusing on areas where fuel-based motorcycles face restrictions.

While regulatory hurdles and maintenance costs persist, the shift towards electric (motor)bikes aligns with the growing demand in Myanmar, fuelled by governmental mandates and environmental consciousness.

Read about our tree planting project on pages 21 and 22

ESG report continued

Compliance statement

In meeting the requirements of Listing Rule 9.8.6R(8), we have concluded that

- The Group complies with TCFD Recommended Disclosures: Governance a and b; Risk a, b and c; and Metrics and targets a and b.
- The Group partially complies with TCFD Recommended Disclosures: Strategy a and b and Metrics and targets c.
- The Group does not comply with TCFD Recommended Disclosures: Strategy c.

In assessing compliance, the documents referred to in the guidance notes to the Listing Rule were taken into consideration. In the table below, cross-references are added to where the disclosures are located or a reason is provided for non-compliance with an expected timeframe to achieve compliance. Compliance with the Companies Act 2006, s414CB(2a)-(2h), is demonstrated in the column to the right.

TCFD elements	TCFD recommended disclosures	Cross-reference or reason for non-compliance	Next steps and other comments	CA 414CB[1]
Governance	a. Board oversight b. Management's role	• See 'Board Oversight' on page 59. • See 'Role of management' on page 59.		• CA s414CB(a)
Strategy	a. Climate-related risks and opportunities b. Impact on the organisation's business, strategy and financial planning c. Resilience of the organisation's strategy	• See 'Identifying risks' on page 60. • See Impact of CRRO's on the organisation's businesses, strategy and financial planning on page 60. • Focus has been on setting up governance, risk management and targets on pages 59 to 62.	• Identify medium and long-term risks. • Scenario analysis will provide baseline for financial planning. • Scenario analysis has been started and will be completed in H2 2024. See further explanation on page 60.	• CA s414CB(d) • CA s414CB(e) • CA s414CB(f)
Risk management	a. Risk identification and assessment processes b. Risk management process c. Integration into overall risk management	• See 'Identifying risks' on page 60. • See 'Managing CRROs' on page 60. • See 'Integrating climate risks into overall risk management' on page 60.		• CA s414CB(b) • CA s414CB(c)
Metrics and targets	a. Climate-related metrics in line with strategy and risk management process b. Scope 1, 2 and 3 greenhouse gas ('GHG') metrics and the related risks c. Climate-related targets and performance against targets	• See 'Management and disclosure' on page 62. • See 'Streamlined Energy Carbon Reporting' on page 64 and 65. • See 'Climate targets' on page 62.	• The Group currently measures category six and seven of Scope 3 emissions. The Group does not measure category 15 (Investments / financed emissions) due to the small-scale nature of its clients' businesses and a lack of available data. The Group is taking steps to disclose additional categories within scope 3 for 2024. • The Group will be taking steps in the future to have closer alignment with universal standards, such as the Science Based Target Initiative.	• CA s414CB(h) • CA s414CB(g)

1 Companies Act 2006, s414CB(2a)-(2h).