



Sun King's Sustainable Financing Framework

MAY, 2023

Foreword

Sun King focuses on expanding access to energy, essential services and consumer financing to under-electrified and under-banked households in emerging markets while enhancing sustainability across its entire operations and value chain. This Sustainable Financing Framework (the “Framework”) is an important step in aligning Sun King’s financing strategy with this mission and commitment to brightening the lives of underserved African and Asian communities.

The primary purpose of this Sustainable Financing Framework is to demonstrate Sun King’s alignment with the Green and Social Bond and Loan Principles established by leading international organizations such as the International Capital Market Association (ICMA), Loan Market Association (LMA), Asia Pacific Loan Market Association (APLMA), and Loan Syndications and Trading Association (LSTA). By adhering to these principles, Sun King is committed to promoting transparency, responsibility, and sustainability in our financial activities.

It is important to note that this Sustainable Financing Framework does not encompass Sun King’s entire body of work. Instead, it serves to outline Sun King’s commitment and approach to integrating sustainability considerations into specific financial instruments, such as green, social and sustainability bonds and loans.

In summary, the Sustainable Financing Framework looks to provide a clear and concise overview of Sun King’s commitment to sustainability principles, alignment with the UN’s Sustainable Development Goals (SDGs), and its adherence to the Green and Social Bond and Loan Principles, as established by globally recognized entities.

The Sustainable Financing Framework covers Sun King’s commitment to sustainable financing practices, outlining the use of proceeds, project evaluation and selection process, management of proceeds, reporting, and external reviews. By implementing this framework, Sun King reaffirms its dedication to promoting responsible financial practices, enhancing access to clean energy, and contributing to a more sustainable future.

Table of Contents

Foreword	2
1. Introduction	4
1.1 Sun King Overview	4
1.2 Pay-As-You-Go Overview	5
1.3 Sun King's Sustainability Impact	5
1.4 Supporting the UN's Sustainable Development Goals (SDGs)	6
2. Sustainable Finance Framework	9
Rationale for Establishing a Sustainable Financing Framework	9
Alignment with Market Principles	9
2.1 Use of Proceeds	9
2.3 Management of Proceeds	11
2.4 Reporting	13
2.5 External Reviews	15
Annex	16
Disclaimer	17

1. Introduction

1.1 Sun King Overview

Sun King¹ is the world's largest off-grid solar energy company with cutting-edge product design, affordable financing, and a grassroots installation model to provide energy to the 1.8 billion consumers across Africa and Asia who lack access to reliable electricity. Founded in 2007, Sun King sets the gold standard for off-grid solar performance and design as part of its mission: powering access to brighter lives.

Existing electricity grid infrastructure in emerging markets is limited in reaching populations beyond urban centers. Factors such as a lower population density and the high costs associated with capital investments make the extension of the electricity grid unfavourable. As of 2022, 800 million people only have intermittent access to the electric grid. Another 770 million people lack access to the grid altogether.² Most of these under-electrified communities depend on carbon-emitting, fuel-based technologies such as kerosene lamps and diesel- or gas-powered generators for their primary sources of light and energy.

Off-grid solar solutions are key to national low-carbon electrification plans in emerging markets and complement existing grid infrastructure. With its affordable solar power systems for individual homes, Sun King is leading a transformation in how people gain access to electricity across Africa and Asia. The company's products have so far provided light and power to 102 million³ people who lacked access to reliable electricity and have prevented more than 28 million tons³ of carbon dioxide emissions. Sun King solar home systems are dramatically more affordable and sustainable than kerosene or new power lines, allowing customers to leapfrog electrical grids and fossil-fuel energy sources entirely.

Sun King's products range from portable solar-powered lamps, retailing from \$9-50 (USD), to larger solar-powered home and business energy systems that provide light and energy to power essential appliances, many of which Sun King also produces and distributes.

Customers can purchase Sun King products using the company's technology-enabled, pay-as-you-go (PAYG) financing service, which breaks customers' payments down into regular, affordable instalments. Through this financing product, customers pay approximately 5-10% of the system's cost as a down payment and repay the balance through a series of daily, weekly, or monthly 'top-up' payments over a period ranging from six to 36 months. A significant number of Sun King's PAYG clients have low incomes and are either unbanked or underbanked, lacking access to formal credit channels. Approximately half of Sun King's registered PAYG customers in Kenya are women, the majority of whom are accessing formal financing products for the first time.

Direct financing has kick-started substantial demand for more powerful and higher-priced systems, including mobile phone charging capabilities. Since 2021, the company has introduced more extensive home energy systems and complementary products, such as smartphones and televisions, designed to improve consumers' living standards, connectivity and productive potential. In 2022, Sun King introduced their solar inverters capable of producing up to 2,000 watts of electricity, equivalent to grid power, enabling the operation of a wider variety of appliances.

¹ This financing framework supports all sustainable financing activity by Greenlight Planet Inc, known under the brand name of "Sun King", as well as its subsidiaries and affiliated entities. This also includes the activities of Sun King Kenya and Sun King Financing Ltd, a special purpose vehicle set up to finance receivables of Sun King Kenya.

² IEA (2022), SDG7: Data and Projections, IEA, Paris. Source: <https://www.iea.org/reports/sdg7-data-and-projections>

³ Cumulative impact metrics till 31st March 2023 calculated under the methodology prescribed by GOGLA Impact Metrics framework. Source: <https://www.gogla.org/impact/gogla-impact-metrics>

1.2 Pay-As-You-Go Overview

The PAYG business model utilizes a network of field agents, office-based credit and collections staff, and device-embedded remote-shut-off technology to manage repayments:

- Sun King's agents demonstrate products to customers in their local communities, many of whom are lower-income, unbanked or underbanked, and reside in rural or peri-urban areas.
- Sun King's centralized credit team communicates with each identified potential customer via phone to assess their capacity to make payments and either approve or deny their application.
- After approval, customers pay an initial down payment and then make follow-on payments, usually by mobile money, on a daily, weekly or monthly basis, until they complete full payment for the system. Customers receive automated text messages for payment reminders.
- Customers who pay off their purchase with no or minimal delays qualify for follow-on financing of often higher-value products at a discount should they be interested in buying one.

The solar-powered systems serve as collateral in the PAYG financing model, enabling access to finance even for customers without formal credit scores or traditionally recognized assets. If a customer stops payments, the product shuts off remotely. Unlike a typical loan, a PAYG customer is not bound by a specific repayment schedule or obligated to pay additional amounts based on accrued interest. If a customer cannot pay for a period of time they will not be able to utilize the solar home energy system, but they will not be financially penalized. They simply resume payment when they are financially capable and their device reactivates. Sun King's collections team systematically makes reminder calls and assists customers with guidance on adjusted schedules if needed to be able to comfortably make their follow-on payments. Once customers have completed the full series of repayments, the system is perpetually "unlocked", and they fully own the asset. This permanent unlocking ensures that the customer can now access free electricity and lighting from the solar system for the rest of the product's lifetime.

The PAYG business model results in significant receivables with long tenors up to 36 months. This allows Sun King to monetize its receivables through a true sale to a bankruptcy remote special purpose vehicle, with Sun King acting as the originator and servicer of the assets. A typical structure of such a vehicle is provided in Annex 1. This structure is one of the types of financing supported by this Framework.

1.3 Sun King's Sustainability Impact

Sun King is a pure-play sustainability company focused on expanding access to clean energy and livelihood-enhancing products to lower-income, under-electrified and historically under-banked households in emerging markets. The global addressable market for Sun King is 1.8 billion people, primarily concentrated in Africa and Asia. From a social and an environmental perspective, the impact of Sun King's products and consumer financing business model are significant. From a social perspective, gaining access to clean, reliable energy enables families to:

- live in safer conditions, for example, by reducing household air pollution;
- acquire additional productive hours each day for income generation or education; and
- bridge the global opportunity gap between those with and without energy access.

Further, Sun King's PAYG financing model enables those not part of the formal banking system to start developing credit histories and become formally recognized as financeable or creditworthy. One critical non-quantifiable impact of Sun King's business is its ability to improve its customers' dignity and quality of life who previously lacked access to basic energy and lighting.

From an environmental perspective, Sun King's solar-powered energy solutions replace inefficient and carbon-intensive forms of energy, such as kerosene lamps, torches, candles, and diesel generators.

Putting solar energy access into a global perspective, just under 4% of households in the USA have rooftop solar panels, yet 20% of Kenyan households are powered by one of Sun King's home energy solutions. This comparison underlines the importance of solar energy access in areas with limited resources, showcasing solar's existing and potential impact.

As a leader in the sector, Sun King is a founding member of The Global Off-Grid Solar Industry Association (GOGLA). GOGLA promotes, safeguards, and convenes the off-grid solar and efficient appliance industry.

Following GOGLA's impact measurement framework⁴, Sun King's broad social and environmental co-benefits have been calculated (as of 31 March 2023) as follows.

Since 2008, Sun King has:


- Provided 102 million people with improved energy access.
- Installed 96.4 MW of rooftop solar.
- Generated 820,232 MWh of solar energy.
- Enabled 43.7 billion additional hours of light used.
- Saved consumers \$5.9 billion on energy expenditure.
- Avoided 27.9 million metric tons of CO² emissions.

Between 1 April 2020 and 31 March 2023, Sun King has:

- Improved 41 million people's access to energy.
- Supported 2.3 million to undertake greater economic activity.
- Equipped 4.1 million adults with clean energy financing services.




Sun King endorses the GOGLA Consumer Protection Code, which consists of a set of principles and an assessment framework to enable companies to measure, demonstrate and improve their practices. The code establishes the de facto industry standard for consumer protection.

1.4 Supporting the UN's Sustainable Development Goals (SDGs)

 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>SDG 7: Affordable, Reliable, Sustainable and Modern Energy for All</p>	<ul style="list-style-type: none"> • Sun King directly contributes to UN SDG 7 through providing affordable, reliable, sustainable, and modern energy for all. • Sun King's innovative PAYG business model enables more households to access solar energy solutions, making clean and sustainable energy accessible to a wider range of communities, thus supporting the transition to a low-carbon economy. • In recent consumer impact surveys in Kenya and Nigeria, 95% of Kenyan and 94% of Nigerian customers reported improved quality of life.
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⁴ GOGLA Impact Framework and Metrics. Source: <https://www.gogla.org/impact/gogla-impact-metrics>

	SDG 1: No Poverty	<ul style="list-style-type: none"> • 71% of Sun King’s Kenyan customers fall within or below the classification of “low income”; nearly half are considered “poor” or “extremely poor.” Switching from kerosene, torches and candles to solar lights saves these families on average approximately \$70, or 10% of their income, each year. • Sun King’s PAYG business model drives financial inclusion: on average, about 80% of Sun King’s PAYG customers do not have a reliable formal credit score or are unregistered with their respective credit reference bureaus, lacking access to formal channels of credit. In a recent survey of Sun King’s customers in Kenya, one out of five responded that Sun King provided their first access to any kind of financing, enabling them to build repayment histories with Sun King and have opportunities to access more assets in the future. • Sun King’s business model also relies on local sales agents to market, sell, install and provide after-sale services for the solar-powered energy systems. As of January 2023, Sun King contracts nearly 20,000 active sales agents. Almost half of all Sun King sales agents are women, and most reside in areas with high rates of under-employment. In East Africa, Sun King’s sales agents report their incomes have been augmented by 30% on average thanks to their work with Sun King.
	SDG 2: Zero Hunger	<ul style="list-style-type: none"> • The savings accrued from switching to solar energy allow families to buy food, pay for education and invest in their livelihoods. Cost savings accrued from replacing kerosene, candles or flashlights with affordable solar lights enable families to buy additional food, thus supporting the global objective of eradicating hunger.
	SDG 3: Good Health and Well-Being	<ul style="list-style-type: none"> • The common sources of fuel-based energy that Sun King’s solar-powered solutions replace are known to have significant negative impacts on human health and safety. • The open flames of candles and kerosene lamps used by many families to light their homes emit noxious fumes and are one of the leading contributors to indoor air pollution, responsible for taking more than 4 million lives each year. Kerosene ingestion is globally the number one cause of child poisoning. In a study in East Africa, 64% of people who switched from kerosene lamps to solar lights reported an improvement in their health. • Unguarded candles and wick lamps are a particular danger to children. The WHO lists fire-related deaths as one of the leading causes of death among children and young adults aged between five and 29. Burns are the 5th most common cause of non-fatal childhood injuries. Replacing kerosene and candles with solar products is estimated to reduce the probability of fire by 70% and burn injuries by 80%.

	SDG 4: Quality Education	<ul style="list-style-type: none"> • In Sub-Saharan Africa, 65%⁵ of schools lack access to electricity, and children in un- and under-electrified homes are at a significant disadvantage compared with their grid-connected peers. • Off-grid solar solutions enable students to study for longer and allow students to access more educational material through the use of technology. Solar lighting in homes also allows students to study for longer at night, improving their education performance. • Recruitment of qualified teachers to rural schools is often a challenge. In a study in East Africa, 75% of headteachers reported that recruiting and/or retaining teachers was a problem. 60% of headteachers felt that better lighting at home would encourage teachers to live and work in rural areas.
	SDG 9: Industry, Innovation and Infrastructure	<ul style="list-style-type: none"> • The limited purchasing power of low-income households in emerging markets prohibits the purchase of livelihood-enhancing products, such as solar-powered technology. Sun King's leadership in the PAYG off-grid solar sector has demonstrated that PAYG business model innovation can improve the purchasing power of low-income consumers in emerging markets. This innovation is being replicated to deliver other energy-efficient and livelihood-enhancing solutions for these communities, including cooking, refrigeration and mobility. • The innovation and scale of distributed off-grid solar solutions have evidenced the ability of distributed solutions to contribute to infrastructure development. Off-grid solar has been shown to be a cost-effective alternative and has become complementary to centralised solutions in emerging markets.
	SDG 13: Climate Action	<ul style="list-style-type: none"> • Sun King's solar products help reduce greenhouse gas emissions by replacing kerosene, torches and generators with clean, renewable energy sources. This contributes to mitigating climate change and its impacts, directly supporting SDG 13: Climate Action. • Sun King's solar solutions provide a reliable energy supply for rural and remote communities, enhancing their resilience and adaptive capacity to climate-related hazards and natural disasters, which are expected to increase in frequency and severity due to climate change.

⁵ Decentralized Renewables: Improving Children's Welfare, Power for All. Source: https://www.powerforall.org/application/files/4315/5366/0561/Children_Welfare.pdf.

2. Sustainable Finance Framework

Rationale for Establishing a Sustainable Financing Framework

Sun King focuses on expanding access to energy, essential services and consumer financing to under-electrified and under-banked households in emerging markets while enhancing sustainability across its entire operations and value chain. This Sustainable Financing Framework (the “Framework”) is an important step in aligning Sun King’s financing strategy with this mission and commitment to improving the lives of underserved communities.

Alignment with Market Principles

The Framework aligns with the International Capital Market Association (“ICMA”)’s Green Bond Principles⁶ (“GBP”), Social Bond Principles⁷ (“SBP”) and Sustainable Bond Guidelines⁸ (“SBG”) published in June 2021 (with June 2022 Appendix 1 for GBP and SBP) and the Loan Market Association (“LMA”)’s Green Loan Principles (“GLP”)⁹ and Social Loan Principles (SLP)¹⁰ published in February 2023.

The Framework, therefore, adopts the four core components of the ICMA principles, which include:

1. Use of Proceeds.
2. Process for Project Evaluation and Selection.
3. Management of Proceeds.
4. Reporting.

The Framework also follows the key recommendation of the ICMA principles regarding External Reviews.

2.1 Use of Proceeds

Under this Framework, Sun King can issue Green, Social or Sustainable Financing Instruments, collectively referred to as “Sustainable Financing Instruments”, proceeds of which will be exclusively allocated to Sustainable Projects as described further in this Use of Proceeds section. Sustainable Financing Instruments may include bonds, including secured sustainable collateralized bonds¹¹, and loans.

An amount equivalent to the net proceeds from the issuance of Sustainable Financing Instruments will be used to finance or refinance, in part or in full, Eligible Sustainable Projects that meet the Eligibility Criteria set out in this Framework. Eligible Sustainable Projects may include assets, capital expenditures, and operational expenditures, including research and development expenses.

Eligible Sustainable Projects are limited to those that occurred in the three financial years prior to issuance (also referred to as the “look-back period”), the current calendar/financial year, and the three financial years following issuance (also referred to as the “look-forward period”).

⁶ ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1). The possible types of Green Bonds to be issued against the framework are as defined in Appendix 1, with the associated disclosure. Requirements for covered bonds to be followed if relevant. Source: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf

⁷ ICMA Social Bond Principles (SBP) 2021 (with June 2022 Appendix 1). Source: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Social-Bond-Principles_June-2022v3-020822.pdf



⁸ ICMA Sustainable Bond Guidelines 2021. Source: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁹ LMA Green Loan Principles 2023. Source: <https://www.lsta.org/content/green-loan-principles/>

¹⁰ LMA Social Loan Principles 2023. Source: <https://www.lsta.org/content/social-loan-principles-slp/>

¹¹ In the case of sustainable collateralized bonds, both the collateralized pool of assets, as well as the use of proceeds of the financing, will meet the Eligibility Criteria set out in this Framework.

Eligible Sustainable Projects


Alignment with ICMA SBP	Alignment with ICMA GBP	Eligibility Criteria	Target Population	Contribution to UN SDGs
<p>Affordable Basic Infrastructure</p> <p>- Provision of access to clean, safe and affordable energy.</p>	<p>Renewable Energy</p> <p>Environmental objective: climate change mitigation.</p>	<p>Financing related to the development, installation and distribution of:</p> <ul style="list-style-type: none"> Solar-powered expandable home systems providing solar-powered electricity and lighting, such as sensor lights, basic bulbs and tube lights. The capacity of these products ranges from 3W to 5KVA. 	<p>Off-grid¹² and weak-grid communities in Kenya, Nigeria, Tanzania, Uganda, Zambia, Togo, Mozambique, Cameroon and Malawi.¹³</p>	 <p>SDG Targets:</p> <p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.</p> <p>7.2 Increase substantially the share of renewable energy in the global energy mix.</p>
<p>Socioeconomic Advancement and Empowerment</p> <p>- Equitable access to and control over assets, services, resources, and opportunities.</p> <p>- Equitable participation and integration into the market and society.</p>	<p>Energy Efficiency</p> <p>Environmental objective: climate change mitigation.</p>	<p>Financing related to the development, installation, and distribution of energy efficient solar powered electric home appliances,¹⁴ such as:</p> <ul style="list-style-type: none"> Fans, televisions, radios and MP3 players. <p>These appliances outperform reference products¹⁵ by at least 30% in terms of energy efficiency and provide digital connectivity to underserved communities.</p>	<p>Off-grid¹² and weak-grid communities in Kenya, Nigeria, Tanzania, Uganda, Zambia, Togo, Mozambique, Cameroon and Malawi.¹³</p>	 <p>SDG Targets:</p> <p>9.1: Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.</p>

¹² These under-electrified communities without connection to the electricity grid depend on carbon-emitting, fuel-based technologies such as kerosene lamps and diesel- or gas-powered generators for their primary sources of light and energy.

¹³ Assessments are made based on existing sources of energy, the amount of household spending on lighting and the available disposable income.

¹⁴ Each of the electronic appliances provided by Sun King are energy-efficient direct current (DC) appliances which run on the solar power generated by the solar panels and batteries sold by Sun King. These appliances can only be powered by direct current, and therefore it wouldn't be possible for them to be powered by the grid or a diesel generator. These appliances only come as part of the solar home system or as an add-on to an earlier sold system and are never sold as independent products. Sun King's products are also designed to be more energy efficient than other products on the market.

¹⁵ Reference products are the next-best alternative product available in the local market, which are powered by solar power, the grid or a diesel generator. For example, find a comparison of Sun King TV performance versus other mainstream products here: <https://data.verasol.org/products/tv?brand=Samsung&brand=Sun+King>

Alignment with ICMA SBP	Alignment with ICMA GBP	Eligibility Criteria	Target Population	Contribution to UN SDGs
<p>Affordable Basic Infrastructure</p> <ul style="list-style-type: none"> - Provision of digital connectivity. <p>Socioeconomic Advancement and Empowerment:</p> <ul style="list-style-type: none"> - Equitable access to and control over assets, services, resources, and opportunities. - Equitable participation and integration into the market and society. 	<p>N/A</p>	<p>Financing related to the development and distribution of:</p> <ul style="list-style-type: none"> • Smartphones. 	<p>Off-grid and weak-grid communities in Kenya, Nigeria, Tanzania, Uganda, Zambia, Togo, Mozambique, Cameroon and Malawi.</p>	 <p>SDG Targets:</p> <p>9.c: Significantly increase access to information and communications technology and strive to provide universal and affordable access to the internet in the least developed countries.</p>

2.2 Process for Project Evaluation and Selection

Sun King has established a Sustainable Finance Committee (the “Committee”) with responsibility for governing the selection and monitoring of the Eligible Sustainable Projects. The Committee will be chaired by the Head of Corporate Affairs and consist of senior members of the following teams: Finance/Treasury, Risk, Corporate Affairs and Operations. The Committee will be supported by members of corporate affairs, operations and finance teams, and any other teams from across Sun King, its divisions, and its operating businesses, as appropriate. The Committee will meet on an annual basis, and as required for specific issuances.

Role of the Sustainable Finance Committee

The Committee is the oversight mechanism for:

- Reviewing, selecting, and validating the Eligible Sustainable Projects;
- Receiving annual recommendations from the finance team for Eligible Sustainable Projects that meet the established eligibility criteria;
- Conducting further screening and assessment of Eligible Sustainable Projects to ensure alignment with the eligibility criteria outlined in section 2.1 of this Framework, as well as Sun King's Sustainability Policies and Procedures;
- Performing annual reviews of the Eligible Sustainable Projects list against the eligibility criteria, removing and replacing projects as necessary if they no longer meet the established criteria as soon as a substitute has been identified;

- Overseeing, approving and publishing Allocation and Impact reporting, including external assurance statements;
- Monitoring ongoing market evolution, particularly regarding disclosure and reporting, to ensure Sun King remains in line with current market practices.

Identification and Mitigation of Environmental and Social Risks

Sun King has established a robust evaluation and selection process that leverages its existing policy handbook, which includes environmental, e-waste, social, labor and human rights policies, to ensure the mitigation of potential environmental and social risks associated with the Eligible Sustainable Projects. This is in addition to ensuring that Eligible Sustainable Projects meet applicable national and international environmental and social standards and regulations.

For instance, a potential environmental concern is the growth of electronic waste or “e-waste”, which occurs when solar-powered energy products reach the end of their lifespan and require disposal. Sun King works to minimize environmental contamination by practicing safer and more responsible methods of e-waste disposal, including recycling, repairing or refurbishing as much of the electronic waste as possible. The company’s e-waste policy was designed to meet the following key objectives:

- Minimization of e-waste generation.
- Raise awareness and engage stakeholders in sustainable e-waste management and handling practices.
- Develop and implement a skilled human resources team capable of managing e-waste.
- Development of beneficial, environmentally sound e-waste recycling.
- Refurbishment and repair of in- and out-of-warranty products to extend the shelf-life of electronics and minimize the volume of e-waste.

The Operations Department at Sun King is responsible for operationalizing the e-waste policy.

An example of a social risk for the sector is ‘predatory lending’, where bad corporate practices could incentivize growth of top-line revenue, without regard for a customer’s ability to pay, thereby leading to over-indebtedness of customers and increased potential for risk of default. In line with the off-grid solar industry’s Consumer Protection Principles,¹⁶ Sun King has established multiple steps in its sales and credit approval process to prevent predatory practices and instead incentivize responsible customer selection. These practices include:

- New customers can only be initiated after completing a two-step prospect verification process: a member of the Prospect Approvals team within each country’s centralized call centers verifies that the customer understands the details of the purchase contract (i.e. ensuring proper customer education and transparency), that they are capable of purchasing the product and completing follow-on payments (i.e. adherence to fair lending practices), and that their identity matches that of the proposed new customer (i.e. Know Your Customer practices).
- Sales agents earn only a small percentage of sales commissions from initial sales; the majority of their earnings are based on customer repayment patterns.
- Sales agents’ ability to continue selling and earning commissions is suspended if the quality of their customer portfolio drops below healthy repayment levels.

Sun King strives to improve performance over time and be proactive in enhancing its environmental and social management systems in line with good international industry practice.

¹⁶ Consumer Protection Principles. Source: <https://www.gogla.org/consumer-protection>

2.3 Management of Proceeds

Sun King's Finance Team will manage the allocation of an amount equivalent to the net proceeds of its Sustainable Financing Instruments on an aggregated basis for multiple Sustainable Financing Instruments — a portfolio approach. To manage this process, Sun King will establish a Sustainable Financing Register, which will be reviewed annually by the Finance Team.

Sun King will strive to achieve a level of allocation to the Eligible Sustainable Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding Sustainable Financing Instruments. If the size of the eligible portfolio falls below that of the size of the outstanding Sustainable Financing Instrument(s), Sun King will strive to substitute those projects with replacement Eligible Sustainable Projects. Replacement of the Eligible Sustainable Project(s) will be done on a best-effort basis, as soon as possible and within a reasonable period of time of 24 months.

Pending full allocation of an amount equal to the net proceeds of outstanding Sustainable Financing Instruments, the unallocated proceeds will be held in temporary investments such as cash, cash equivalents and/or other liquid marketable investments, and for the avoidance of doubt will not be invested in carbon-intensive activities.

2.4 Reporting

For each Sustainable Financing Instrument, Sun King commits to publishing on its website an allocation and impact report annually, starting one year after issuance and for the life of the Sustainable Financing Instrument(s), and more frequently in the event of a material change or controversy.

a) Allocation Reporting

Sun King will provide information on the allocation of the net proceeds of its Sustainable Financing Instruments on its website. The information will contain at least the following details:

- Net proceeds of outstanding Sustainable Financing Instruments.
- Amount of net proceeds allocated to Eligible Sustainable Projects as defined in the Use of Proceeds section of this Framework.
- Subject to confidentiality considerations, a list of the Eligible Sustainable Projects financed through Sun King's Sustainable Financing Instruments, including a description of the projects and their geographical distribution where feasible.
- The proportional allocation of proceeds between existing projects (refinancing) and new projects.
- The remaining balance of unallocated proceeds, if any.

b) Impact Reporting

Sun King intends to align, on a best-effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2022)"¹⁷ and will follow the calculation methodologies defined by the industry standard GOGLA Impact Reporting Framework.¹⁸

Sun King will provide impact reporting at the Eligible Project Category level, including project-level information where possible, which may include the following estimated Impact Reporting Metrics

¹⁷ ICMA, Handbook – Harmonized Framework for Impact Reporting, Source: https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022v2-020822.pdf (June 2022)

¹⁸ GOGLA Impact Metrics Framework. Source: <https://www.gogla.org/impact/gogla-impact-metrics> (May 2023)

Social Category	Green Category	Environmental Impact Indicators	Social Impact Indicators
<p>Affordable Basic Infrastructure</p> <p>- Provision of access to clean, safe, and affordable energy.</p>	<p>Renewable Energy</p> <p>Environmental objective: climate change mitigation.</p>	<ul style="list-style-type: none"> • Annual CO₂ emissions reduced/avoided (in tCO₂ eq./year). • Annual connection of renewable energy generation in MWh/GWh (electricity). • Annual MW of rooftop solar capacity installed 	<ul style="list-style-type: none"> • Annual number of people benefitting from clean energy financing. • Cumulative number of people benefitting from clean energy financing. • % of customers that are women. • Annual number of households connected. • Cumulative number of households connected.
<p>Socioeconomic Advancement and Empowerment:</p> <p>- Equitable access to and control over assets, services, resources, and opportunities.</p> <p>- Equitable participation and integration into the market and society.</p>	<p>Energy Efficiency</p> <p>Environmental objective: climate change mitigation.</p>	<ul style="list-style-type: none"> • Annual CO₂ emissions reduced/avoided (in t CO₂ eq./year). 	<ul style="list-style-type: none"> • Annual number of people benefitting from high-performing appliances. • Cumulative number of people benefitting from high-performing appliances.
<p>Affordable Basic Infrastructure</p> <p>- Provision of digital connectivity.</p> <p>Socioeconomic Advancement and Empowerment:</p> <p>- Equitable access to and control over assets, services, resources, and opportunities.</p> <p>- Equitable participation and integration into the market and society.</p>			<ul style="list-style-type: none"> • Number of smartphones sold.

2.5 External Reviews

The following external reviews support Sun King's Sustainable Financing Framework:

a) Second Party Opinion ("SPO")

Sun King has appointed Moody's Investor Service to provide a Second Party Opinion on the Sustainable Financing Framework to confirm alignment with the ICMA 2021 Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines. The Second Party Opinion is available on Sun King's website.

b) Post-Issuance External Verification on Reporting

Sun King will request, on an annual basis, starting one year after issuance and until full allocation, an assurance report on the allocation of Sustainable Financing Instrument proceeds to Eligible Sustainable Projects provided by an independent provider.

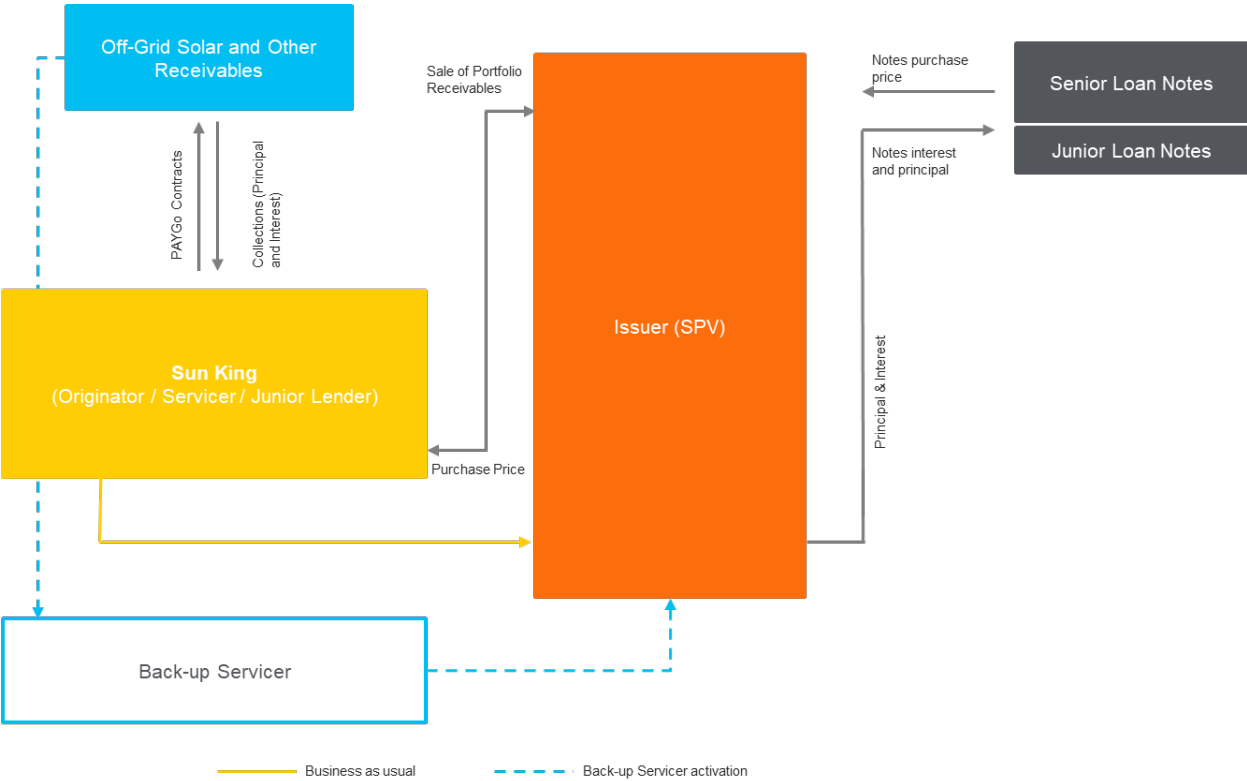
Annex

Structure of securitizations

The PAYG business model results in significant receivables with long tenors of up to 36 months. This allows Sun King to monetize its receivables through a true sale to a bankruptcy remote special purpose vehicle, with Sun King acting as the originator and servicer of the assets. A typical structure of such a financing is provided in Figure 1 below. This is one of the types of financing supported by this Framework.

In a securitization, both the collateralized pool of receivables as well as the use of proceeds of the financing will meet the Eligibility Criteria set out in this Framework.

FIGURE 1: ILLUSTRATIVE MAPPING OF A SECURITISATION STRUCTURE



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