

Sun King

Type of Engagement: Annual Review

Date: 9 September 2025

Engagement Team:

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Introduction

Sun King (the “Company”) raised USD 82.71 million through the issuance of the Kenya Securitisation in May 2023 (“2023 Kenya Securitisation”) and the MSME Bond in September 2024 (“2024 MSME Bond”), (collectively, the “Sustainable Debt Instruments”) to finance environmental and social projects. In 2025, Sun King engaged Sustainalytics to review the projects financed with proceeds from the Sustainable Debt Instruments (the “Nominated Expenditures”) and provide an assessment as to whether they meet the use of proceeds criteria and whether Sun King complied with the reporting commitments in the Sun King’s Sustainable Financing Framework (the “Framework”).¹ Sustainalytics did not provide a Second Party Opinion on this framework.

Evaluation Criteria

Sustainalytics evaluated the Nominated Expenditures and Sun King’s reporting based on whether they:

1. Meet the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported on at least one key performance indicator (KPI) for each use of proceeds category defined in the Framework.

Table 1: Use of Proceeds Categories, Eligibility Criteria and Associated KPIs

Social Use of Proceeds Category	Green Use of Proceeds Category	Eligibility Criteria	Key Performance Indicators
Affordable Basic Infrastructure: - Provision of access to clean, safe and affordable energy	Renewable Energy Environmental objective: climate change mitigation	Financing related to the development, installation and distribution of: <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. 	Environmental impact metrics: <ul style="list-style-type: none"> • Annual CO₂ emissions reduced/avoided (in tCO₂e/year) • Annual connection of renewable energy generation in MWh/GWh (electricity) • Annual MW of rooftop solar capacity installed Social impact metrics: <ul style="list-style-type: none"> • Cumulative number of people benefitting from clean energy financing • Percentage of customers that are women • Cumulative number of households connected

¹ Sun King, “Sun King’s Sustainable Financing Framework”, (2023), at: <https://sunking.com/wp-content/uploads/2023/05/Sun-Kings-Sustainable-Financing-Framework.pdf>

<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>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,² such as:</p> <ul style="list-style-type: none"> • Fans, televisions, radios and MP3 players. <p>These appliances outperform reference products by at least 30% in terms of energy efficiency and provide digital connectivity to underserved communities.</p>	<p>Environmental impact metrics:</p> <ul style="list-style-type: none"> • Annual CO₂ emissions reduced/avoided (in t CO₂e/year) <p>Social impact metrics:</p> <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> <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 smartphones</p>	<p>Social impact metrics:</p> <ul style="list-style-type: none"> • Number of smartphones sold

² The electronic appliances are energy-efficient direct current (DC) appliances which run on solar power generated by the solar panels and batteries sold by Sun King. These appliances can not be powered by the grid or a diesel generator and are provided as part of the solar home system or as an add-on to a previously sold system. These appliances are not sold as independent products.

Issuer's Responsibility

Sun King is responsible for providing accurate information and documentation relating to the details of the projects, including descriptions, amounts allocated and impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG research and ratings, conducted the verification of the use of proceeds from Sun King's Sustainable Debt Instruments. The work undertaken as part of this engagement included collection of documentation from Sun King and review of said documentation to assess conformance with the Framework.

Sustainalytics relied on the information and the facts presented by Sun King. Sustainalytics is not responsible, nor shall it be held liable for any inaccuracies in the opinions, findings or conclusions herein due to incorrect or incomplete data provided by Sun King.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight of the review.

Conclusion

Based on the limited assurance procedures conducted,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the Nominated Expenditures do not conform with the use of proceeds criteria and reporting commitments in the Framework. Sun King has disclosed to Sustainalytics that the proceeds from the Sustainable Debt Instruments were fully allocated as of December 2024.

Detailed Findings

Table 2: Detailed Findings

Framework Requirements	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of projects to determine alignment with the use of proceeds criteria outlined in the Framework.	The Nominated Expenditures comply with the use of proceeds criteria. ⁴	None
Reporting Criteria	Verification of projects or assets to determine if impact was reported in line with the KPIs outlined in the Framework.	Sun King reported on at least one KPI per use of proceeds category.	None

³ Sustainalytics' limited assurance process includes reviewing documentation relating to details of projects, as provided by the issuing entity, which is responsible for providing accurate information. These may include descriptions of projects, estimated and realized costs, and reported impact. Sustainalytics has not conducted on-site visits to projects.

⁴ Sustainalytics has not assessed the Use of Proceeds criteria for its alignment with the Green Bond Principles, Social Bond Principles or current market practice

Appendices

Appendix 1: Allocation of Proceeds

Table 3: Allocation of proceeds from the Sustainable Debt Instruments as of December 2024

Social Use of Proceeds Category	Sub-category	Product	Amount Allocated from the 2023 Kenya Securitisation (USD million) ⁵	Amount Allocated from 2024 MSME Bond (USD million)	Total Amount Allocated (USD million)
Affordable Basic Infrastructure	Provision of access to clean, safe, and affordable energy	Solar home systems	64.92	6.50	71.28
	Provision of digital connectivity	Smartphones	11.29	-	11.43
Socioeconomic Advancement and Empowerment	Equitable access to and control over assets, services, resources, and opportunities	Energy-efficient devices ⁶	-	-	-
	Equitable participation and integration into the market and society	Smartphones ⁷	-	-	-
Total Amount Allocated					82.71
Total Unallocated Amount					0.00
Total Net Proceeds Raised					82.71

Table 4: Proportion of Proceeds from the individual Sustainable Debt Instruments

Social Use of Proceeds Category	Sub-category	Product	2023 Kenya Securitisation	2024 MSME Bond
Affordable Basic Infrastructure	Provision of access to clean, safe, and affordable energy	Solar home systems	85.18%	100%
	Provision of digital connectivity	Smartphones	14.82%	0%
Socioeconomic Advancement and Empowerment	Equitable access to and control over assets, services, resources, and opportunities	Energy-efficient devices ⁸	-	-
	Equitable participation and integration into the market and society	Smartphones ⁹	-	0%

⁵ The total amount issued through the 2024 Kenya Securitisation is KES 9,859.9 million.

⁶ The net proceeds allocated to solar home systems also includes the proceeds allocated to energy-efficient devices.

⁷ The proceeds allocated to smartphones, USD 11.43 million, are included under both, Affordable Basic Infrastructure and Socio-economic Advancement and Empowerment.

⁸ Energy-efficient devices are bundled in solar home systems under Affordable Basic Infrastructure.

⁹ Smartphones have been included under both, Affordable Basic Infrastructure and Socioeconomic Advancement and Empowerment.

Appendix 2: Reported Impact

Table 5: Reported Impact from the Sustainable Debt Instruments¹⁰

ESG Theme	Use of Proceeds Category	Sub-category	Product	Impact Indicators	2023 Kenya Securitisation (May 2020-December 2024)	2024 MSME Bond (September 2024-December 2024)	Total
Social	Affordable Basic Infrastructure	Provision of access to clean, safe, and affordable energy	Solar home systems	Annual number of people benefiting from clean energy financing	14,868,257	170,868	15,039,124
				Cumulative number of people benefiting from clean energy financing	14,868,257	170,868	15,039,124
				% of customers that are women	52%	45%	48%
				Cumulative number of households connected	2,703,319	31,067	2,734,386
		Provision of digital connectivity	Smartphones	Number of smartphones sold	337,361	1,736	339,097
Green	Socioeconomic Advancement and Empowerment	Equitable access to and control over assets, services, resources, and opportunities	Energy-efficient devices	Annual number of people benefiting from high-performing appliances	621,353	32,178	653,531
		Equitable participation and integration into the market and society		Cumulative number of people benefiting from high-performing appliances	621,353	32,178	653,531
	Renewable Energy	-	Solar home systems	Annual CO ₂ emissions reduced/avoided (in tCO ₂ e/year)	1,345,453	16,628	1,362,081
				Annual connection of	52,677	1,189	53,866

¹⁰ Sun King has confirmed that the impact of products included under multiple use of proceeds categories has not been double counted.

				renewable energy generation in MWh/GWh (electricity)			
				Annual MW of rooftop solar capacity installed	18.58	0.64	19.22
	Energy Efficiency	-	Energy-efficient devices	Annual CO ₂ emissions reduced/avoided (in MTCO ₂ e/year)	1,345,453	16,628	1,362,081

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