MOODY'S RATINGS

ASSESSMENT
10 October 2025

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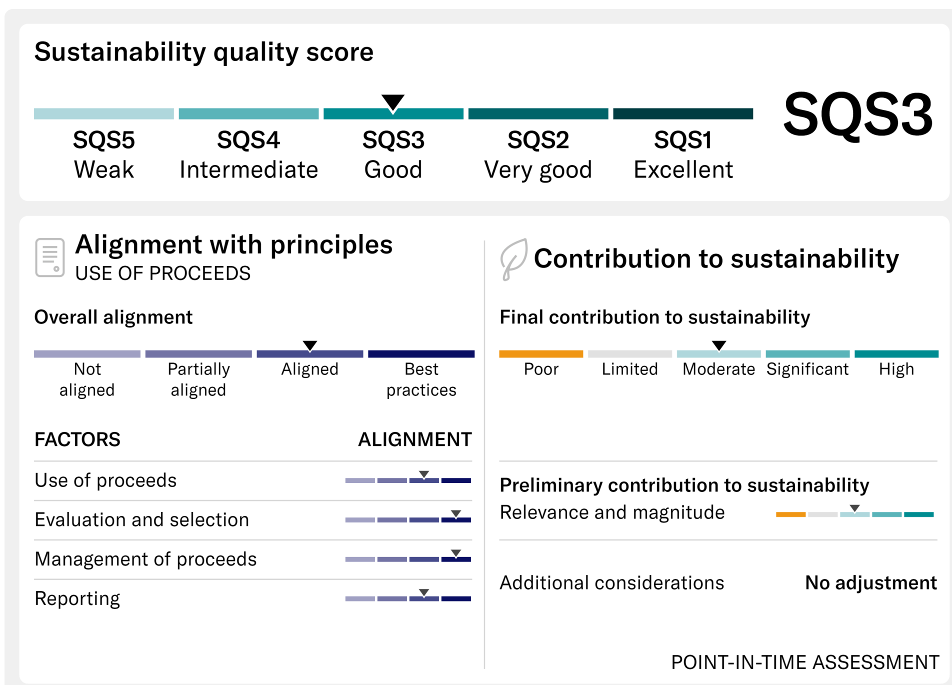
LOLC (Cambodia) Plc.

Second Party Opinion – Sustainability Bond Framework Assigned SQS3 Sustainability Quality Score

Summary

We have assigned an SQS3 Sustainability Quality Score (good) to LOLC (Cambodia) Plc's (LOLC's) sustainability bond framework dated October 2025. LOLC has established its use-of-proceeds framework to finance three eligible green categories and five eligible social categories. LOLC has described the main characteristics of the sustainable financing instruments within a formalised financing framework that is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025, Social Bond Principles (SBP) 2025 and Sustainability Bond Guidelines 2021. The framework demonstrates a moderate contribution to sustainability. In addition, the framework is aligned with the ASEAN Sustainability Bond Standards 2018, as detailed in Appendix 4 to this report.



Scope

We have provided a Second Party Opinion (SPO) on the sustainability credentials of LOLC's sustainability bond framework, including the framework's alignment with the ICMA's GBP 2025, SBP 2025 and Sustainability Bond Guidelines 2021. Under its framework, the company plans to finance projects in three green categories and five social categories, as outlined in Appendix 3 of this report. We have also provided a supplementary opinion on the framework's alignment with the ASEAN Sustainability Bond Standards 2018 (ASEAN SUS) developed by the ASEAN Capital Markets Forum. We performed a full review of the framework in the context of the ASEAN GBS and ASEAN SBS, as set out therein. The assessment is solely based on information provided by the issuer. Our supplementary opinion does not constitute a verification, certification or audit, is distinct from the Alignment with Principles Score, has no influence on the expressed Sustainability Quality Score and does not express an opinion on any financial instrument's compliance with Shari'ah law.

Our assessment is based on the last updated version of the framework received on 9 October 2025, and our opinion reflects our point-in-time assessment[1] of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our Assessment Framework: Second Party Opinions on Sustainable Debt, published in March 2025.

Issuer profile

LOLC (Cambodia) Plc. (LOLC) is a deposit-taking microfinance institution in Cambodia engaging in both lending and savings services. The company primarily serves customers in rural regions of the country, which are traditionally underserved by the banking sector. In 2023, LOLC was the second largest microfinance institution in Cambodia, with total assets amounting to $1.6 billion. LOLC operates 83 branches across Cambodia, with a presence in each of the country's 25 provinces.

The company's financial products include lending targeted towards micro businesses and low-income families. Microfinance institutions face material exposure to social risks driven by the vulnerability of their client base, including overindebtedness of borrowers, which can have severe implications on the welfare of these borrowers and exacerbate the vulnerability of already marginalised groups. LOLC has taken steps to address this risk. Further analysis can be found in the “Contribution to sustainability” and “Additional contribution to sustainability considerations” sections.

Strengths

» Eligible loans target vulnerable groups which lack access to formal financial services

» Commitment to commission an independent audit of the tracking and allocation of funds by a qualified third-party reviewer

» Transparent project selection and evaluation process, including continued monitoring of the eligibility of loans throughout the life of the bond, which involves on-site visits to borrowers

Challenges

» Affordability of loans for low-income individuals in particular may be challenging and LOLC does not have targeted measures on loan pricing to support adequate loan repayment capacity of this group, although its interest rates and fees charged are generally in line with its microfinance lending peers

» Financing of internal combustion engine vehicles under the energy efficiency category will give rise to substantial carbon lock-in despite the required reduction in emissions intensity

Alignment with principles

LOLC's sustainable finance framework is aligned with the four core components of the ICMA's GBP 2025, SBP 2025 and Sustainability Bond Guidelines 2021. For a summary alignment with principles scorecard, please see Appendix 1. Additionally, the framework is aligned with the ASEAN SUS, as detailed in Appendix 4 to this report.

- ☑ Green Bond Principles (GBP)
- ☑ Social Bond Principles (SBP)
- ○ Sustainability-Linked Bond Principles (SLBP)
- ○ Green Loan Principles (GLP)
- ○ Social Loan Principles (SLP)
- ○ Sustainability Linked Loan Principles (SLLP)

Use of proceeds

Not aligned	Partially aligned	Aligned ▼	Best practices

Clarity of the eligible categories – BEST PRACTICES
LOLC has clearly communicated the nature of the expenditures and the exclusion criteria for the eligible categories. The eligibility criteria for all project categories have been defined, including the target populations for the employment generation, socioeconomic advancement and empowerment, and financial inclusion categories. The company has identified the location of eligible projects to be within Cambodia.

Clarity of the environmental or social objectives – ALIGNED
LOLC has defined the environmental and social (E&S) objectives associated with the eligible categories, which are considered relevant and coherent for most eligible projects. Further analysis can be found in the "Contribution to sustainability" section. The company has referenced the United Nations' (UN) Sustainable Development Goals (SDGs) in articulating the objectives of the eligible categories, and the objectives are coherent with these recognized international standards.

Clarity of expected benefits – ALIGNED
LOLC has identified relevant expected E&S benefits for most of the eligible categories. However, the expected environmental benefits of eligible projects under the energy efficiency category are considered partially relevant. Further analysis can be found in the "Contribution to sustainability" section. The benefits identified are measurable and will be quantified in the impact reporting. The company has communicated to us that proceeds will be used to finance new loans only and will not be used for refinancing.

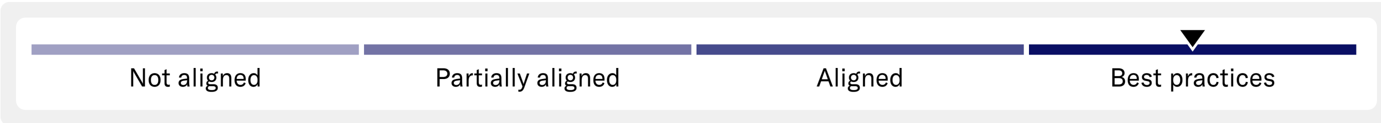
Process for project evaluation and selection

Not aligned	Partially aligned	Aligned	Best practices ▼

Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES
LOLC's decision-making process for the selection and evaluation of projects is structured and outlined in its framework, which will be publicly available. The selection of eligible green and social projects will be performed by a dedicated sustainable bond working team, which includes the deputy CEO, head of treasury department and head of sustainability management department (HSMD). The team is coordinated by the sustainability management department with the oversight of the deputy CEO. After the initial selection of eligible projects by the credit department, the HSMD reviews and recommends eligible projects to the CEO for approval. All projects undergo independent evaluation to assess E&S risks, before being selected. This includes E&S assessments for all loans to determine their E&S risk classification, checking that projects comply with relevant national E&S laws and regulations, conducting site visits and requiring that borrowers commit to adhering to all national regulations on environmental, social, labour, occupational health and safety policies.

LOLC has confirmed that in the event a loan no longer fulfills the eligibility criteria, or in rare cases of postponement or divestment, the company will replace the loan with an eligible one. An overview of LOLC's E&S risk management process is disclosed in the framework.

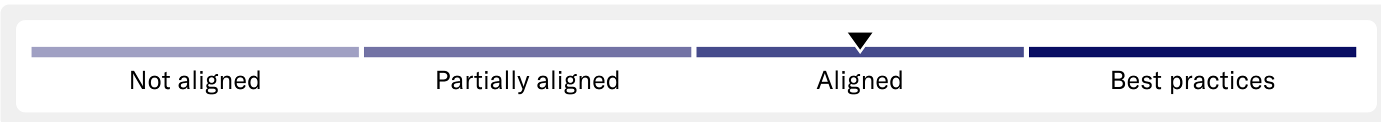
Management of proceeds



Allocation and tracking of proceeds – BEST PRACTICES

LOLC has defined a clear process for the management and allocation of proceeds in its framework, which will be publicly available on the company's website. LOLC has shared that net proceeds will be placed in general treasury and tracked in an off-balance sheet general ledger account to ensure that proceeds are used for the eligible projects in the framework. The company has communicated to us that tracking will be done monthly to match allocations to eligible projects. Proceeds will be allocated within 24 months from issuance and LOLC has shared that temporarily unallocated proceeds will be held as cash.

Reporting



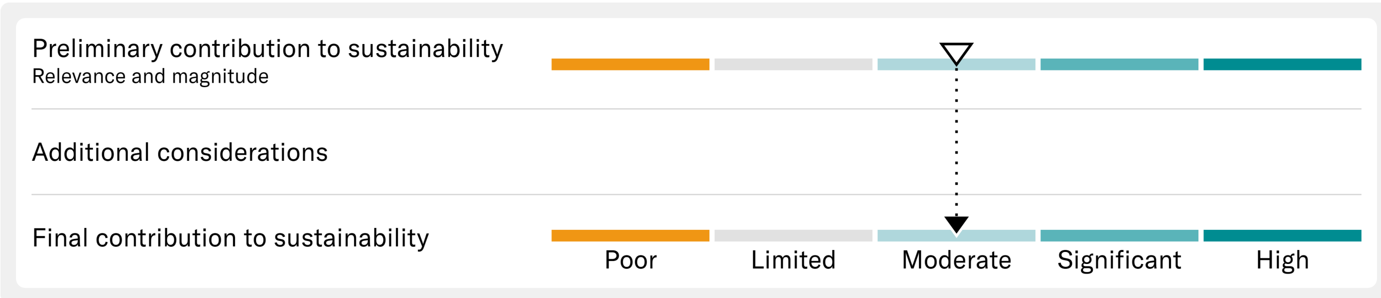
Reporting transparency – ALIGNED

LOLC has confirmed that it will report annually on the use of proceeds under its framework and the reporting will be made publicly available on the company's website. Allocation reporting will be conducted until the full allocation of the net proceeds and on a timely basis in case of material developments, and impact reporting will be conducted until bond maturity. The reporting will cover a brief description of the eligible categories to which proceeds have been allocated, the amount allocated at category level, the balance of unallocated proceeds and the aggregate impact at the category level. LOLC has identified relevant E&S reporting indicators for the eligible categories, and has clearly disclosed these indicators in its framework. For the employment generation category, LOLC has shared that it will report a default number of two jobs created for each eligible loan, which could lead to an over or underreporting of the number of jobs created. However, according to the company, in the majority of cases, at least two individuals — typically spouses — participate in the business. The calculation methodologies and key assumptions used to report on environmental and social impacts will be disclosed in the impact reporting.

LOLC has committed to an annual independent verification of the tracking and allocation of proceeds to eligible projects, at least until full allocation of proceeds and in case of material changes. The company will not, however, obtain an independent external review of its impact reporting.

Contribution to sustainability

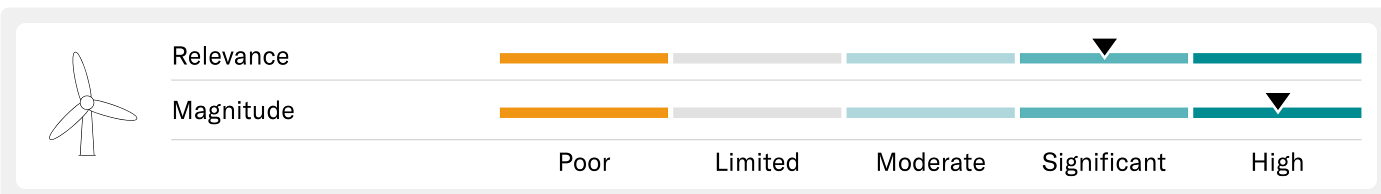
The framework demonstrates a moderate overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of moderate, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



Preliminary contribution to sustainability

The preliminary contribution to sustainability is moderate, based on the relevance and magnitude of the eligible project categories. We have weighted the eligible categories based on LOLC's historical loan disbursements, as provided by the company, to assess the preliminary contribution to sustainability. In line with this, we have assigned the highest weights to the employment generation and socioeconomic advancement and empowerment categories. A detailed assessment by eligible category has been provided below.

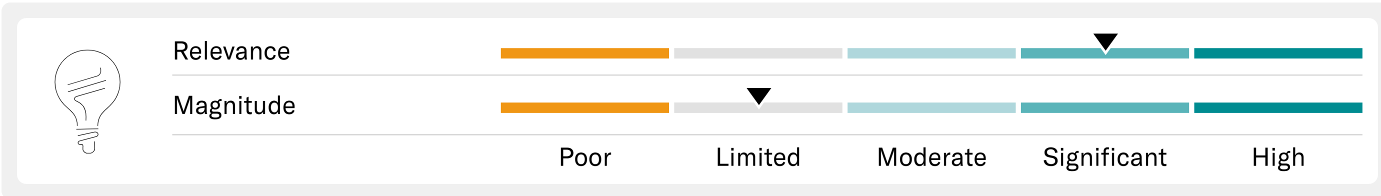
Renewable energy



Financing solar power projects is relevant to addressing climate change mitigation in Cambodia as fossil fuels constitute a significant portion of the country's energy mix. While Cambodia's proportion of renewable energy usage for electricity generation is relatively high compared to the Southeast Asia region — 58% powered by hydropower and 7% by solar in 2022[2] — its electrification rate is low, resulting in usage of wood and agricultural by-products for functions such as cooking and lighting. Solar power projects at the household- and business-level will support the increase of renewable energy usage and could promote cleaner energy production compared to the use of biomass. The provision of access to green products is one of LOLC's ESG key performance indicators for which it sets annual targets. However, LOLC's business is largely focused on micro, small and medium enterprises (MSME) lending, which makes up the majority of its loan portfolio. This is in line with the primary objective of microfinance to provide financing to borrowers which supports them in improving their income generation capacity and promotes self-sufficiency, considering the customer segment served.

We expect the projects under this category to have a highly positive long-term impact on supporting climate change mitigation by directly avoiding greenhouse gas (GHG) emissions in energy production. The company has confirmed that projects will be limited to solar technologies such as solar-powered water pumps and solar panels. Solar power is one of the best available renewable energy technologies in line with international taxonomies. Given the nature of LOLC's business, the projects are likely to be small-scale with limited negative E&S externalities and no carbon lock-in effects.

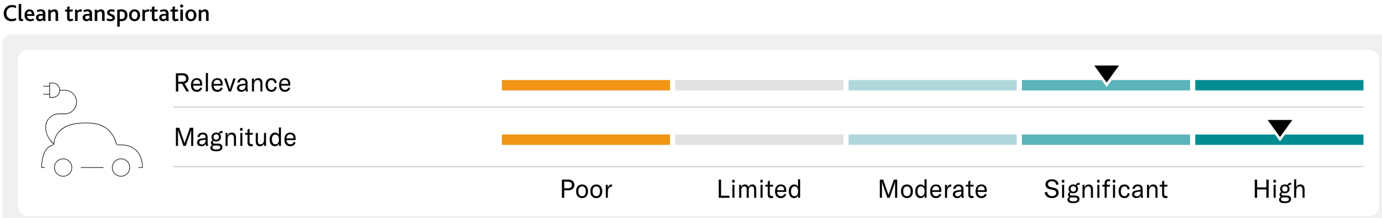
Energy efficiency



Energy efficiency is a key lever for Cambodia to reduce its GHG emissions, with the country targeting a 19% reduction in energy consumption by 2030 through achieving improvements in energy efficiency[3]. Cambodia's National Energy Efficiency Policy (2022-2030)[4] (NEEP) highlights policy initiatives targeting the country's primary energy-consuming sectors. Under the policy, the transport sector target incorporates the adoption of more stringent fuel efficiency standards for internal combustion engine vehicles, aiming to address the rapid increase in the number of road transport vehicles in the country, a majority of which are secondhand and have poor fuel and emissions efficiency. Cambodia's NEEP also identifies households as a key energy consumer, listing energy efficient household appliances and stoves amongst the focus areas for improving energy efficiency in households. As described under the previous category, while the provision of access to green products is one of LOLC's ESG key performance indicators, the focus of LOLC's business is largely MSME lending. This is in line with the primary objective of microfinance to provide financing to borrowers which empowers them to improve their income generation capacity and promotes self-sufficiency.

We expect the projects under this category to have an overall limited impact on climate change mitigation. According to LOLC, eligible loans can be used to finance internal combustion engine vehicles (including hybrid vehicles) or equipment, which achieve a minimum 20% reduction in energy consumption or CO_2 emissions. Emissions reductions for vehicles will be determined by the Global Climate Partnership Fund's assessment by vehicle type. LOLC has confirmed that a majority of the proceeds under this category will be allocated to financing liquefied petroleum gas (LPG)-powered three-wheelers and hybrid vehicles. In Cambodia, three-wheelers are primarily used as taxis. In rural areas, taxis could support a reduction in the use of personal vehicles, as public transportation is limited and personal vehicles are often used for transportation. LPG-powered vehicles could also provide improved CO_2 emissions and NOx emissions performance compared to petrol-powered vehicles, including traditional taxis (tuk tuks). For hybrid vehicles, the eligible emissions threshold and phase-out timeline have not been defined. The lack of criteria leads to limited visibility into the carbon intensity reduction achieved by financed hybrid vehicles over conventional internal combustion engine vehicles. Nonetheless, increasing the use of hybrid vehicles is an important lever in reducing transportation emissions in Cambodia given the nascent state of the electric vehicle market and the inadequacy of charging infrastructure. While LPG-powered three wheelers and hybrid vehicles can support greater emissions efficiency — especially considering the prevalent use of less fuel-efficient secondhand vehicles in the country — the projects contribute to substantial carbon lock-in and there are more effective clean transportation alternatives available, such as electric vehicles. Additionally, the financing of certain types of equipment may also result in lock-in of fossil fuel technologies, such as the financing of diesel-powered tractors.

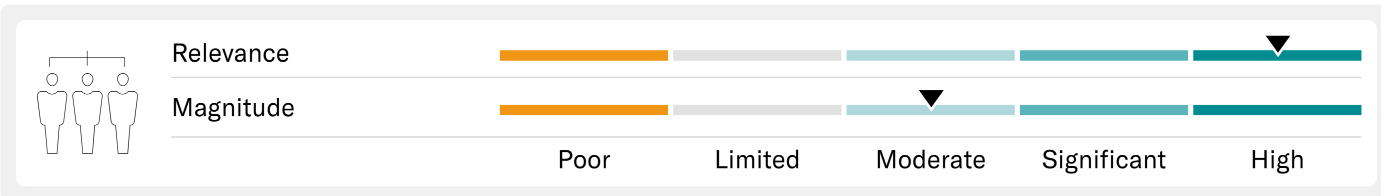
Clean transportation



The transport sector in Cambodia is a significant contributor of GHG emissions in the country due to a reliance on fossil fuels. The sector accounted for more than 28% of Cambodia's total final energy consumption in 2019[5], indicating that transitioning to lower emissions alternatives could materially lower GHG emissions and improve air quality. To facilitate this shift, the Cambodian government has implemented measures to promote the use of electric vehicles, including lowering import duties on electric vehicles and developing the National Policy on the Development of Electric Vehicles 2024-2030, which aims to significantly expand the usage of electric vehicles in the country by 2030. As described under the previous category, while the provision of access to green products is one of LOLC's ESG key performance indicators, LOLC's business is largely focused on MSME lending. This is in line with the primary objective of microfinance to provide financing to borrowers which supports them in improving their income generation capacity and promotes self-sufficiency.

We expect the financing of electric vehicles to have a highly positive long-term environmental impact with no lock-in effects. LOLC has confirmed that only electric vehicles will be financed under this category. Fully electrified vehicles are considered best-in-class technology, with zero tailpipe emissions. As a significant portion of electricity production in Cambodia is powered by fossil fuels, the short-term impact of electric vehicles on GHG emissions reduction will be moderate. However, as decarbonisation of the grid progresses, electrified transportation modes will have a greater positive environmental impact.

Employment generation



MSME financing, which is LOLC's core business, is highly relevant to a microfinance institution and can enhance financial access for business expansion. Microfinance institutions in Cambodia primarily offer products to customers in rural areas undertaking micro and small-scale transactions, which is a segment underserved by banks. MSMEs play a key role in Cambodia's economy, comprising over 99% of all enterprises and providing around 70% of total employment[6]. However, most Cambodian MSMEs are informal entities, which limits their access to formal financial services, with less than 20% of unregistered enterprises obtaining credit from a financial institution[7].

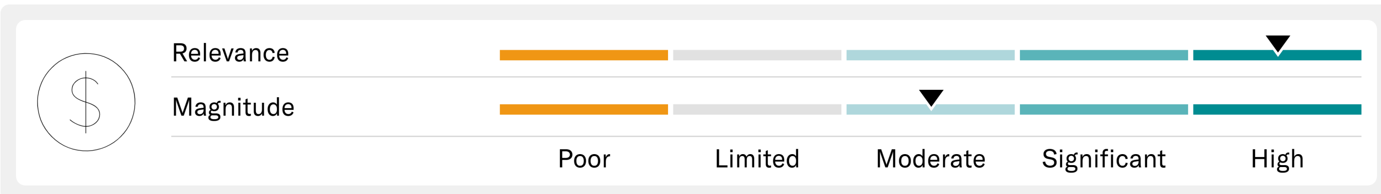
We consider eligible loans in this category to have a moderately positive impact on extending the availability of MSME loans to the most underserved groups to support employment generation. Based on the MSME classification used by the company, which is aligned with the government definition, we expect that a majority of the businesses obtaining eligible loans under this category will be small businesses. While LOLC's core business of providing smaller loans to rural customers ensures that more vulnerable populations are served, eligible loans are not targeting the most marginalised groups, such as micro businesses. However, we expect that LOLC will finance loans to micro businesses under the financial inclusion category.

Based on LOLC's historical disbursements, we expect that financed businesses will largely involve agriculture, and retail and services such as selling grocery products and motorcycle repairs. Agricultural activities in particular, could have inherent negative externalities. As part of the loan application process, LOLC discusses E&S factors of the financed activities and makes recommendations to borrowers to improve environmental aspects of projects, and health and safety and labor conditions, which could help to manage some of the risks. For instance, for financing of agricultural activities, LOLC will advise borrowers on sustainable farming practices, including the use of organic fertilisers. LOLC has defined an exclusion list within its framework which does not allow lending for activities such as production or trade in tobacco, gambling, activities involving child labour, commercial logging or purchase of logging equipment and plantation projects requiring the removal of existing non-degraded natural forest. Following the loan disbursement, LOLC conducts a site visit at least once a year to ensure that loans are being used for the approved purpose.

Borrower overindebtedness is a highly material social risk for microfinance institutions given that it would exacerbate the vulnerability of already marginalised groups. To determine the appropriate loan size, period and repayment method for each potential customer, LOLC conducts a cashflow-based assessment that encompasses business income, household income, business expenses, household expenses, and repayments on existing loans, if any, to assess the customer's financing needs and their ability to repay. LOLC will also check borrowers' credit profiles with the national credit bureau, Credit Bureau Cambodia. The company has established guidelines for customers with multiple loans, including mandating a maximum of three loans per client. With regards to client support procedures in the event of borrower financial distress, LOLC complies with the central bank's directive on loan restructuring and provides defaulting borrowers with grace periods of up to six months as well as allowing write-offs under exceptional cases, such as the death of the primary earner and natural disasters impacting repayment capacity, although these are handled on a case-by-case basis. The company also offers microinsurance products for its clients, designed to assist with loan repayments in the event that the primary income earner becomes deceased, however, it is not mandatory.

Regulatory controls set by the National Bank of Cambodia — Cambodia's central bank — cap the interest rate for microfinance loans at 18% per annum. While this is higher than the average market rate for similar products offered by banks, this reflects the risk profile of the borrowers served by microfinance institutions. In line with other microfinance institutions, LOLC charges fees in addition to the interest, which could bring the total cost to the borrower above the interest rate cap. While the company has shared that its annual percentage rates (sum of interest rates and fees) are in line with its microfinance lending peers and are transparently communicated to customers along with effective interest rates and monthly loan repayment amounts, we expect that high out-of-pocket expenditure will be required of certain groups, especially the most vulnerable. Additionally, although LOLC offers in-class training on financial literacy and promotes financial education awareness to clients and non-clients, which can help reduce the risk of borrower overindebtedness, it is not mandated for clients.

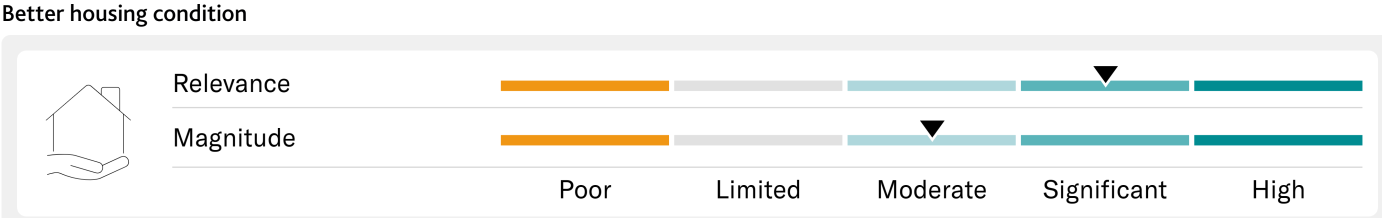
Socioeconomic advancement and empowerment



MSME financing to female smallholder farmers (those with not more than five hectares of land under their management) living in rural areas will be provided under this category and we consider the relevance to be high because of the reasons described above under the employment generation category.

We expect eligible loans under this category to have a moderately positive impact on extending the availability of MSME loans to the most underserved groups to support socioeconomic impacts, such as providing economic opportunities. The target population defined ensures that eligible loans target a vulnerable group. As described above under the employment generation category, LOLC has due diligence procedures in place during the loan application process and loan cycle to manage the risk of borrower overindebtedness, which is a highly material social risk for microfinance institutions given that it would exacerbate the vulnerability of already marginalised groups. To manage E&S risks from financed activities, the company has in place a controversial activities exclusion list which is defined in the framework, and an E&S risk management process for each loan which includes suggestions on improvements for clients on E&S factors, and continued monitoring. The company also has procedures in place to support clients in the event of borrower financial distress, including allowing write-offs under exceptional cases. Although LOLC adheres to the 18% interest rate cap set by the central bank, in line with other microfinance institutions, the company charges fees in addition to the interest, which could bring the total cost to the borrower above the interest rate cap. While the company has shared that its annual percentage rates (sum of interest rates and fees) are in line with its microfinance lending peers and are transparently communicated to customers along with effective interest rates and monthly loan repayment amounts, we expect that high out-of-pocket expenditure will be required of certain groups, especially the most vulnerable. Furthermore, although LOLC offers in-class training on financial literacy and promotes financial education awareness to clients and non-clients, which can help reduce the risk of client overindebtedness in the future, it is not mandated for clients.

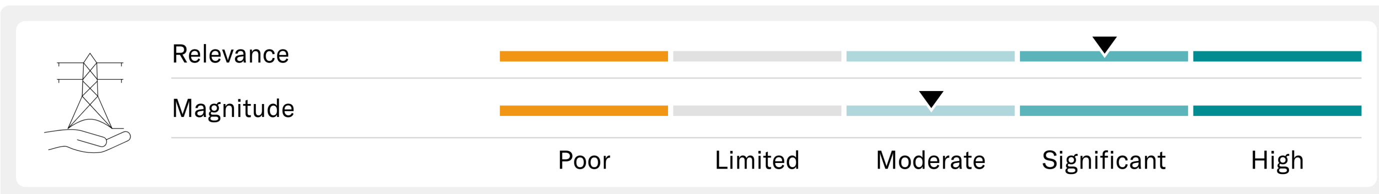
Better housing condition



Obtaining affordable financing for housing in Cambodia is a challenge for low-income earners, particularly in the rural areas where 80% of the population resides. Affordability constraints can lead to the use of lower quality construction materials which are less durable (such as using timber over concrete) or the exclusion of certain essential features and utilities (such as adequate walls and electrical connection). Consequently, a signifiant number of houses in the country require critical upgrades to meet basic quality standards[8]. In rural areas in particular, most homes are constructed using wood and thatch. While the provision of access to better housing conditions is one of LOLC's ESG key performance indicators, as described above under the green categories, LOLC's business is largely focused on MSME lending, in line with the primary objective of the microfinance sector to provide financing to borrowers which supports the improvement of their income generation capacity and promotes their self-sufficiency.

We consider the magnitude of this category to be moderate. Financing home improvements for LOLC's target population of rural customers could reduce households' exposure to harmful living conditions and enhance living standards for these vulnerable groups. Eligible uses for these loans cover a range of home repairs and enhancements, such as repairing roofs and windows, replacing support pillars and constructing additional rooms. LOLC's financial service advisors will conduct on-site checks at least once a year after loan disbursement, ensuring that loans are used for the approved purposes. The scope of potential uses for the loan is broad, which limits our visibility into the extent to which the projects can contribute to the stated social objective. Although, given the nature of LOLC’s customer base, we expect that financed home improvements are likely to be essential, which will provide material long-term benefits for the borrowers. However, as described above under the employment generation category, while the company has shared that its annual percentage rates (sum of interest rates and fees) are in line with its microfinance lending peers and are transparently communicated to customers along with effective interest rates and monthly loan repayment amounts, we expect that high out-of-pocket expenditure will be required of certain groups, especially the most vulnerable.

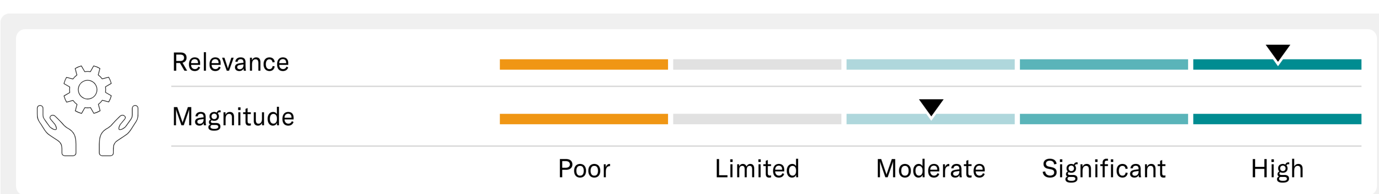
Access to clean water, sanitation, and hygiene



A significant proportion of Cambodia's population lacks access to safe water and household sanitation facilities, with affordable financing remaining a barrier for households to secure these essential services[9]. This issue disproportionately impacts rural communities. A third of the Cambodian population depends on drinking water sources that do not adequately protect against contamination with human waste, posing significant health hazards[10]. Although the provision of access to clean water, sanitation and hygiene is one of LOLC's ESG key performance indicators, as described under the previous category, LOLC's business is largely focused on MSME lending, in line with the primary objective of microfinance to provide financing to borrowers which supports the improvement of their income generation capacity and promotes their self-sufficiency.

We consider the magnitude of this category to be moderate. Loans under this category will provide borrowers with access to water supply, sanitation and hygiene facilities in their households, such as enabling the construction of toilets and wells, procurement of water filters and establishment of water connections. LOLC's financial service advisors will conduct on-site checks at least once a year after loan disbursement, ensuring that loans are used for the approved purposes. While we expect that the financed projects will generate a positive impact on improving access to clean water and sanitation at least over the medium-term, the eligible uses for the loan are broad and we have limited visibility into specific project details and technical thresholds for water quality and sewerage and sanitary works to fully evaluate the extent to which the projects can contribute to the stated social objective, as well as the potential E&S externalities associated with the projects. Additionally, as described above under the employment generation category, while the company has shared that its annual percentage rates (sum of interest rates and fees) are in line with its microfinance lending peers and are transparently communicated to customers along with effective interest rates and monthly loan repayment amounts, we expect that high out-of-pocket expenditure will be required of certain groups, especially the most vulnerable.

Financial inclusion



MSME financing to females living in rural areas will be provided under this category and we consider the relevance to be high because of the reasons described above under the employment generation category. Additionally, the provision of financing for low-income borrowers is one of LOLC's ESG key performance indicators and 66% of the company's total borrowers in 2023 were micro enterprises.

We expect eligible loans under this category to have a moderately positive impact on addressing the financial inclusion of the most underserved groups. While LOLC targets low-income households[11] under this category, eligible borrowers are not limited to this group and may not fall within the most underserved groups. However, we expect that the loan amount cap of $3,000 established for loans within this category will facilitate lending towards more underserved groups.

As described above under the employment generation category, LOLC has due diligence procedures in place during the loan application process and loan cycle to manage the risk of borrower overindebtedness, which is a highly material social risk for microfinance institutions given that it would exacerbate the vulnerability of already marginalised groups. To manage E&S risks from financed activities, the company has in place a controversial activities exclusion list which is defined in the framework, and an E&S risk management process for each loan which includes suggestions on improvements for clients on E&S factors, and continued monitoring. The company also has procedures in place to support clients in the event of borrower financial distress, including allowing write-offs under exceptional cases. Although LOLC adheres to the 18% interest rate cap set by the central bank, in line with other microfinance institutions, the company charges fees in addition to the interest, which would bring the total cost to the borrower above the interest rate cap for loans under this category. While the company has shared that its annual percentage rates (sum of interest rates and fees) are in line with its microfinance lending peers and are transparently communicated to customers along with effective interest rates and monthly loan repayment amounts, we expect that high out-of-pocket expenditure will be required of certain groups, especially the most vulnerable. Furthermore, although LOLC promotes financial literacy awareness, financial literacy training — which can help reduce the risk of borrower overindebtedness — is not mandated for clients, which is particularly important for borrowers under this category because they are likely to include low-income individuals.

Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

LOLC has a due diligence process in place to identify and manage E&S risks associated with its loan products, with measures covering both the pre-approval and post-disbursement stages. This involves an on-site visit by LOLC's financial service advisers at the loan pre-approval stage to assess the potential borrower's ESG risk, as well as ongoing on-site checks on borrowers post-loan disbursement, at least annually, to ensure that they comply with the company's E&S risk management policies and relevant national E&S regulations. LOLC will also make recommendations to borrowers to improve environmental aspects of projects, health and safety, and labor conditions. The company has established an exclusion list and is committed to not financing activities such as commercial logging or purchase of logging equipment, plantation projects requiring the removal of existing non-degraded natural forest and activities involving child labour. In terms of social risk, client protection is a highly material social issue for the microfinance sector given that borrowers are typically from more vulnerable groups. LOLC applies the Client Protection Standards created by Cerise and SPTF, and received the highest level of certification in February 2022, which remains active as of 7 October 2025[12]. The standards require entities to have established measures that manage social risks which are material to microfinance institutions, including procedures to ensure responsible pricing, the prevention of overindebtedness, and fair and respectful treatment of clients. The National Bank of Cambodia regulates all microfinance institutions and supports the Cambodia Microfinance Association in setting regulations and guidelines to enhance responsible business practices and support consumer protection, such as on requirements around the handling of collateral and assessing borrower repayment capacity.

The framework is coherent with LOLC's core business activity and sustainability commitments to provide lending to borrowers in rural areas, households living below the poverty line, as well as provide access to green products.

Appendix 1 - Alignment with principles scorecard for LOLC's framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	Aligned
		Definition of content, eligibility and exclusion criteria for nearly all categories	A		
		Location	A		
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes		
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Aligned	
		Coherence of project category objectives with standards for nearly all categories	A		
		BP: Objectives are defined, relevant and coherent for all categories	No		
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Aligned	
		Measurability of expected benefits for nearly all categories	A		
		BP: Relevant benefits are identified for all categories	No		
		BP: Benefits are measurable for all categories	Yes		
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes		
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes		
Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A	Best practices	**Best practices**
		Disclosure of the process	A		
		Transparency of the environmental and social risk mitigation process	A		
		BP: Monitoring of continued project compliance	Yes		
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices	**Best practices**
		Periodic adjustment of proceeds to match allocations	A		
		Disclosure of the intended types of temporary placements of unallocated proceeds	A		
		BP: Disclosure of the proceeds management process	Yes		
		BP: Allocation period is 24 months or less	Yes		
Reporting	Reporting transparency	Reporting frequency	A	Aligned	**Aligned**
		Reporting duration	A		
		Report disclosure	A		
		Reporting exhaustivity	A		
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes		
		BP: Clarity and relevance of the indicators on the sustainability benefits	No		
		BP: Disclosure of reporting methodology and calculation assumptions	Yes		
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes		
		BP: Independent impact assessment on environmental and social benefits	No		
				Overall alignment with principles score:	**Aligned**

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The eight eligible categories included in LOLC's framework are likely to contribute to seven of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 1: No Poverty	*Access to clean water, sanitation, and hygiene; Better housing condition; Employment generation; Financial inclusion; Socioeconomic advancement and empowerment*	1.4: Ensure all have equal rights to economic resources, access to basic services, property ownership and finance
GOAL 5: Gender Equality	*Financial inclusion; Socioeconomic advancement and empowerment*	5.A: Establish women's equal rights to economic resources, access to ownership and control over property and financial services
GOAL 7: Affordable and Clean Energy	*Renewable energy*	7.1: Ensure universal access to affordable, reliable and modern energy services
	Energy efficiency	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	*Employment generation; Socioeconomic advancement and empowerment*	9.3: Increase SMEs' access to finance, and their integration into value chains and markets, particularly in emerging markets
GOAL 10: Reduced Inequality	*Access to clean water, sanitation, and hygiene; Better housing condition; Employment generation; Financial inclusion; Socioeconomic advancement and empowerment*	10.2: Empower and promote the social, economic and political inclusion of all
GOAL 11: Sustainable Cities and Communities	*Better housing condition*	11.1: Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
GOAL 13: Climate Action	*Clean transportation; Energy efficiency; Renewable energy*	UN SDG 13 consists of taking urgent action to combat climate change and its impacts from operations and value chains. Financial institutions can contribute to this goal by financing projects which will reduce GHG emissions.

The UN SDGs mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's sustainability bond framework, as well as resources and guidelines from public institutions, such as the ICMA's SDG Mapping Guidance and the UN SDG targets and indicators.

Appendix 3 - Summary of eligible categories in LOLC's framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Renewable energy	With this category, LOLC aims to finance eligible Green Loans that pertain to renewable energy (solar energy) sourced from natural resources which are replenished on a human timescale.	Climate change mitigation	- Estimated annual GHG emission saving (tCO2e) - Number of items financed
Energy efficiency	Finance to eligible Green Loans related to the development and implementation of products or technologies that reduce energy consumption/CO2 emission.	Climate change mitigation	- Estimated annual GHG emission saving (tCO2e) - Number of items financed
Clean transportation	Finance to eligible Green Loans that relate to clean vehicles and clean transportation projects which refers to modes of transportation that produce minimal or no emissions of pollutants and greenhouse gases.	Climate change mitigation Pollution prevention and control	- Estimated annual GHG emission saving (tCO2e) - Number of electric vehicles financed
Employment generation	Within this category, LOLC aims to finance eligible micro, small and medium enterprises (MSMEs) which comply and meet the definition of Micro-, Small, and Medium-size enterprises with loan size more than USD 10,000. Those businesses create employed jobs and/or self-employed (entrepreneurs).	Employment generation	- Estimated number of jobs created/ hires - Number & average amount of the MSME loans
Socioeconomic advancement and empowerment	Under the Socioeconomic Advancement and Empowerment (Equal Opportunities) category, LOLC will finance the loans to underserved (women in rural areas) to expand their small agriculture activities with loan size more than USD 3,000 up to USD 10,000.	Socioeconomic advancement and empowerment	- Number of female farmers who are living in rural areas reached
Better housing condition	Within this category, LOLC aims to finance borrowers who need to have their existing houses fixed or renovated in order to get better living conditions.	Affordable housing	- Number of house renovation/improvements
Access to clean water, sanitation, and hygiene	Under the access to clean water, sanitation, and hygiene category, in this category, LOLC will finance a target population to improve their health and well-being, quality of life.	Affordable basic infrastructure	- Number of clients with access to better sanitation (latrine, water filter…) and better water connection (well, water irrigation…)
Financial inclusion	Within financial Inclusion category, LOLC will also finance loans to female clients living in rural areas who lack access to mainstream sources of finance particularly or incomes below the poverty line as per national definitions or their household’s income eligible to access loan size up to USD 3,000.	Access to essential services	- Number of loans to female low-income household living in rural areas

Appendix 4 - Alignment with the ASEAN SUS

We have provided a supplementary opinion on the framework's alignment with the ASEAN SUS, as defined in the Scope section of this report. This Appendix covers requirements in the ASEAN SUS that extend beyond the requirements in ICMA's Green Bond Principles 2025 and Social Bond Principles 2025 (the "Requirements"). Commensurate requirements that exist in both the abovementioned ICMA principles and ASEAN standards have been assessed in the Alignment with Principles section of this report. As detailed in this Appendix, we consider the framework to align with the ASEAN SUS.

Issuer and issuance

» In line with the Requirements, the issuer is incorporated in an ASEAN member country and the bonds issued under this framework will originate from an ASEAN member country.

Use of proceeds

» In line with the Requirements, fossil fuel power generation projects and projects which involve activities that pose a negative social impact related to alcohol, gambling, tobacco and weaponry are excluded from financing under the framework.

Process for project evaluation and selection

» In line with the Requirements, the issuer confirms that the process for project evaluation, the use of proceeds and the external review report on the process will be made publicly available through a website designated by the issuer, at the time of issuance and throughout the tenure of the bonds.

Reporting

» In line with the Requirements, the issuer confirms that it will provide annual reporting on the use of proceeds until full allocation and the external review on the annual reporting to investors through a website designated by the issuer, throughout the tenure of the bonds issued under this framework.

Endnotes

1 Point-in-time assessment is applicable only on date of assignment or update.

2 Cambodia sources of electricity generation, International Energy Agency, 2022

3 National Energy Efficiency Policy, Cambodia National Committee on Energy Efficiency, May 2023

4 Ibid

5 Ibid

6 Supporting Micro-, Small and Medium-sized Enterprises (MSMEs) to Achieve the Sustainable Development Goals (SDGs) in Cambodia through Streamlining Business Registration Policies, United Nations Department of Economic and Social Affairs, July 2020

7 ADB and Cambodia Post Bank Sign $10 Million Loan to Improve Access to Finance for MSMEs in Cambodia, Asian Development Bank, 7 February 2023

8 Cambodia country profile, Habitat for Humanity, 2017

9 Cambodia's water and sanitation crisis, Water.org. Accessed on 8 October 2025

10 Cambodia - Water, Sanitation and Hygiene challenge, Unicef. Accessed on 8 October 2025

11 LOLC defines low-income households as those earning not more than $500 a month.

12 Institutions on the Client Protection Pathway, Cerise+SPTF, 7 October 2025. Accessed on 8 October 2025

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