

# Second-Party Opinion

## BCE Inc Sustainable Financing Framework



### Evaluation Summary

Sustainalytics is of the opinion that the BCE Inc Sustainable Financing Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2018 and Green Loan Principles 2020. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Energy Efficiency, Eco-Efficient Products, Pollution Prevention and Control, Clean Transportation, Renewable Energy, Green Buildings, Climate Change Adaptation, Affordable Basic Infrastructure, Access to Essential Services, and Emergency Response and Pandemic Relief – are aligned with those recognized by the Green Bond Principles, Social Bond Principles and/or Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 9, 10, 11, 12, and 13.



**PROJECT EVALUATION / SELECTION** Bell’s internal process for evaluating and selecting projects relies on a Sustainable Finance Working Group which includes members from Bell’s Treasury, Finance, Corporate Responsibility and Network departments. Sustainalytics considers the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Bell’s processes for management of proceeds is to reflect allocation in Bell’s internal records. Sustainalytics considers this process to be aligned with market practice.



**REPORTING** Bell intends to report on the allocation of proceeds in its Corporate Responsibility report on its website on an annual basis until full allocation. In addition, Bell is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Bell’s allocation and impact reporting as aligned with market practice.

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<b>Issuer Location</b>	Montreal, Canada

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## Introduction

BCE Inc., through Bell Canada, (“Bell” or the “Company”) is a large communications company in Canada, providing telecommunications services as well as owning and operating media brands. The Company delivers wired and wireless services to more than 22 million consumer and business customer connections.

Bell has developed the BCE Inc Sustainable Financing Framework (the “Framework”) under which it intends to issue a green, social or sustainability bond and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that will reduce greenhouse gas emissions, reduce waste, increase connectivity for underserved groups and build awareness and enhance access to mental healthcare. The Framework defines eligibility criteria in ten areas:

1. Energy Efficiency
2. Eco-Efficient Products
3. Pollution Prevention and Control
4. Clean Transportation
5. Renewable Energy
6. Green Buildings
7. Climate Change Adaptation
8. Affordable Basic Infrastructure
9. Access to Essential Services
10. Emergency Response and Pandemic Relief

Bell engaged Sustainalytics to review the BCE Inc Sustainable Financing Framework, dated January 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2018 (SBG) and Green Loan Principles 2020.<sup>1</sup> This Framework has been published in a separate document.<sup>2</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>3</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2018, Social Bond Principles 2020, and Sustainability Bond Guidelines 2018, as administered by ICMA and the Green Loan Principles 2020, as administered by LMA;<sup>4</sup>
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.6.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Bell’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Bell representatives have confirmed (1) they understand it is the sole responsibility of Bell to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and

<sup>1</sup> The Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The BCE Inc Sustainable Financing Framework was available on BCE Inc’s website at: <https://bce.ca/investors/bonds/sustainable-financing-framework>

<sup>3</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

<sup>4</sup> In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

(3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Bell.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the intended allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Bell has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the BCE Inc Sustainable Financing Framework

Sustainalytics is of the opinion that the BCE Inc Sustainable Financing Framework is credible, impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP) and Social Bond Principles 2020 (SBP). Sustainalytics highlights the following elements of Bell's Sustainable Financing Framework:

- Use of Proceeds:
  - The eligible categories – Energy Efficiency, Eco-Efficient Products, Pollution Prevention and Control, Clean Transportation, Renewable Energy, Green Buildings, Climate Change Adaptation, Affordable Basic Infrastructure, Access to Essential Services, and Emergency Response and Pandemic Relief – are aligned with those recognized by the GBP and SBP.
  - For the Energy Efficiency category, Bell intends to finance investments that reduce energy consumption in Bell's own operations, namely the following:
    - The modernization and replacement of network infrastructure and technology including the deployment of fibre to replace legacy equipment, extending 5G networks, consolidation of servers, and energy saving software features. Bell estimates that the deployment of fibre networks can result in up to 98% energy reductions per subscriber from copper and 87% reductions from cable.<sup>5</sup> Based on the availability of quantitative energy savings estimates, and the anticipated magnitude of the savings, Sustainalytics considers these investments to be aligned with market expectations.
    - Investments in energy efficient heating, ventilation, air conditioning, refrigeration, lighting and electrical equipment in buildings that result in at least 15% improvement in energy efficiency on a per project basis. Sustainalytics highlights the use of a quantitative threshold in determining eligibility, and therefore considers financing of these projects to be aligned with market practice.
    - Deployment of telematics systems on Bell's vehicle fleets to reduce fuel consumption. Sustainalytics notes that these systems can be deployed on all vehicles including those with internal combustion engines. Nevertheless, these technologies have the potential

<sup>5</sup> These figures are not reached in all situations, however, Bell estimates per-subscriber efficiency gains from 80 to 98% will be achieved.

- to provide significant benefits such as energy savings and do not constitute a “lock in” of vehicles with internal combustion engines.
- For the Eco-Efficient Products category, Bell intends to finance investments that reduce energy consumption by Bell’s customers and enable carbon abatement. These include 5G wireless technologies such as smart grids, smart buildings, smart city systems, as well as artificial intelligence and Internet of Things (IoT) to optimize infrastructure management, and cloud computing to optimize power and data storage.
    - Sustainalytics recognizes that next-generation wireless technologies such as 5G, while placing increased energy demands on the network due to denser infrastructure requirements, are anticipated to enable energy efficiencies by end users, and that therefore these investments can be environmentally net-positive.<sup>6,7</sup> Bell has commissioned a report from consultant Groupe AGÉCO which aims to define a methodology for measuring and subsequently to quantify these enabled benefits; this study finds that the enabled benefits are greater than Bell’s corporate emissions and that this ratio is increasing over time. Sustainalytics encourages Bell to report on estimated or achieved energy reductions, where feasible, in order to demonstrate the positive impact of its technology rollouts.
    - Deployment of IoT, AI, and virtualization solutions have the potential to deliver energy savings. Bell has provided to Sustainalytics examples of such projects,<sup>8</sup> noting that many initiatives within this category may be in early or pilot stage. Bell has further provided information on the methodology, developed by an external consultant, by which it will measure the environmental benefits of various solutions such as fleet telematics and remote monitoring. Sustainalytics views positively Bell’s efforts to measure these impacts, and encourages reporting where feasible, in order to demonstrate the positive impact of its technology rollouts.
  - Bell intends to invest in Pollution Prevention and Control projects such as R&D expenditures in land-fill waste diversion and recovery of residual materials from Bell’s operations including fibre and electronic waste (e-waste) recycling. Sustainalytics considers these waste diversion efforts as likely to deliver positive environmental impacts.
    - Sustainalytics notes the importance of the waste hierarchy in assessing the impact of waste management projects and highlights positively the prioritization of waste diversion.
    - As it relates to e-waste, Sustainalytics notes the importance of environmental and social risk assessment, and that Bell’s selected vendor for e-waste handling is accredited with relevant certifications related to the management of electronic waste.<sup>9</sup>
  - In the Clean Transportation category, Bell intends to invest in construction, development, acquisition, maintenance, and operation of zero direct emissions vehicles and associated charging infrastructure. Sustainalytics considers the use and promotion of electrical vehicles to be aligned with market practice.
  - Bell intends to invest in renewable energy facilities and equipment primarily dedicated to wind and solar energy generation operating at life cycle emissions lower than 100gCO<sub>2</sub>e/kWh. Sustainalytics views wind and solar power to be aligned with market practice, and further highlights that the specified lifecycle emissions threshold is also aligned with market practice
  - In the Green Building category, Bell intends to finance the design, construction, acquisition, retrofits and leasing of commercial and industrial certified green buildings with LEED Gold or higher or BOMA BEST Gold or higher certifications. Sustainalytics views these schemes as credible and, given the level of certification, these projects to be aligned with market practice. See Appendix 1 for an overview of these certifications.
  - Bell intends to invest in Climate Adaption projects to improve network infrastructure resilience to climate change. The company has conducted a vulnerability assessment and is employing a

<sup>6</sup> A study by Accenture, “Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change” calculates that by 2025, wireless technologies will enable an emissions reduction of 48-54 MT of CO<sub>2</sub>e, and that 18-23% of this savings is attributable to 5G.

<sup>7</sup> GSMA & Carbon Trust, “The Enablement Effect”, [https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA\\_Enablement\\_Effect.pdf](https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA_Enablement_Effect.pdf)

<sup>8</sup> Smart City initiatives are currently underway with the municipalities of Kingston, Markham, and Orillia, which intend to use IOT technology to support local governments in leveraging data to make better decisions.

<sup>9</sup> Including but not limited to R2, ISO 140001, ERS 2010 or equivalents. Sustainalytics views these certifications as adding credibility to the environmental benefits of e-waste recycling.

- third-party consultant to support its adaptation prioritization.<sup>10</sup> Considering the vulnerability assessments and adaptation plans, Sustainalytics views these projects as aligned with market expectations.
- Within the Affordable Basic infrastructure category, Bell intends to finance fibre to the premises (FTTP) and 5G enabled connectivity to targeted communities lacking adequate access to broadband networks due to remote location, terrain or low population density. The company also plans to finance the deployment of fibre in low-income housing neighborhoods, and equipment for schools in low-income neighborhoods. Sustainalytics notes the following:
    - Connectivity in remote and low-income communities is recognized as an important service, and therefore considers such projects are expected to have positive social impacts.
    - Bell's access goals are aligned with government objectives and regulatory decisions, which further bolster the credibility of the initiative and its target populations.
    - Access to digital tools for education in low-income communities and supports for individuals with disabilities are highlighted as providing particularly strong social benefits.
  - Within the Framework's Access to Essential Services category, Bell intends to finance initiatives to promote mental health with the goal of educating and supporting individuals in the workplace and community. Eligible projects in this category may relate to the "Bell Let's Talk" mental health awareness and anti-stigma campaigns, the development of training and education programming which could be deployed in the workplace or the community, funding research and supporting infrastructure to develop supports and treatments for mental illness, and community care/access programmes.
    - Sustainalytics anticipates that these projects will support positive social impacts for vulnerable groups, specifically those affected by mental illness and their communities.
    - Education, marketing and awareness campaigns are not typical classes of expenditures for social bonds. However, Sustainalytics recognizes that in the area of mental health that reducing stigma and making individuals aware of resources is a key driver of social impact. In addition, Bell's position as a leading telecommunications service provider and prominent actor in the Canadian media landscape make the Company well-placed to engage in such activities.
    - Sustainalytics notes that allocation of a large share of proceeds for philanthropic purposes is not typically aligned with market practice for social or sustainability bonds. Bell has disclosed that donations to charitable organizations will not be included under the use of proceeds, however, in addition to running workplace programs or contribution of in-kind telecommunications services, some other activities undertaken within this category may still be viewed as philanthropic in nature. Bell has disclosed that allocations to this category will make up no more than 10% of the proceeds raised under the Framework, and as such Sustainalytics does not view this to be a limitation to the Framework.
  - In the instance of an emergency or pandemic, Bell intends to finance network capacity upgrades to support access to essential services through the internet as well as reduced fees for access to essential information related to the emergency or pandemic. Within this same category, Bell may include expenditures related to supplementary health and safety measures for employees. Sustainalytics anticipates that the projects described by Bell in this category have the potential to provide positive social impacts, while also recognizing the wide variety of potentially eligible activities. Considering this, Sustainalytics encourages Bell to report at the project level on any such initiatives that have received Sustainable Financing allocations.
    - Sustainalytics considers that emergency conditions, for example the COVID-19 pandemic, may trigger unanticipated needs for various groups, and as such recognizes the increased flexibility around the definition of target populations in this context.
  - Project Evaluation and Selection:
    - Bell has established a Sustainable Finance Working Group which includes members from Bell's Treasury, Finance, Corporate Responsibility and Network departments. This group will be responsible for evaluating and selecting eligible projects under this Framework.

<sup>10</sup> Bell has commissioned PwC to conduct this analysis, using the methodology of the TCFD (<https://www.tcfhub.org/scenario-analysis/>) to identify physical climate risks at varying temperature scenarios.

- Based on the establishment of a project selection committee, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
  - Allocation of the proceeds of financings will include financing or refinancing of eligible projects made by Bell up to 36 months prior to issuance and will be reflected in Bell's internal records. The proceeds will be deposited in Bell's general funding accounts and pending allocation to Eligible Investments, proceeds will be managed in accordance with Bell's normal liquidity management practices including repayment of existing indebtedness.
  - Based on the clear definitions of how proceeds will be held, tracked, and disbursed, Sustainalytics considers the procedure for the management of proceeds to be aligned with market practice.
- Reporting:
  - Within one year of issuance, Bell will report annually on its website the amount of proceeds allocated to each eligible use of proceeds, at least one example of specific investments made under each Use of Proceeds category, the remaining balance of unallocated proceeds and, where feasible, impact metrics.
  - Potential impact metrics for each category are listed in the Framework and may include carbon emissions avoided as well as number of individuals reached by social projects.
  - Based on annual public reporting, Sustainalytics considers this process to be in line with market practice.

### Alignment with Sustainability Bond Guidelines 2018

Sustainalytics has determined that the BCE Inc Sustainable Financing Framework aligns to the four core components of the Green Bond Principles (2018), Social Bond Principles (2020) and Green Loan Principles (2020). For detailed information please refer to Appendix 2: Sustainability Bond/ Sustainability Bond Programme External Review Form.

## Section 2: Sustainability Strategy of Bell

### Contribution of Framework to Bell's sustainability strategy

Sustainalytics is of the opinion that Bell demonstrates its commitment to sustainability through a focus on six key areas: (i) build the best networks, (ii) drive growth with innovative services, (iii), deliver the most compelling content, (iv) champion customer experience, (v) operate with agility and cost efficiency, and (vi) engage and invest in people.<sup>11</sup> Specifically related to sustainability, Bell focuses on "energy reduction", "reducing waste", and "advancing how Canadians connect with each other and the world" through its operations.<sup>12</sup>

Environmental, Social and Governance (ESG) issues are a central component to Bell's corporate responsibility. As such, the company has established oversight from the Board of Directors level throughout the organization, including the Health, Safety, Security, Environment and Compliance (HSSEC) committee and the Management Resources and Compensation Committee (MRCC) to provide oversight and track performance against key ESG performance indicators.<sup>13</sup> The indicators include community investment, greenhouse gas emissions reduction, ISO recertification, team member engagement, time lost accident frequency rate, and waste management, which are published in the annual corporate responsibility report.<sup>14</sup> Bell's initial environmental KPI was the reduction of scope 1 and 2 greenhouse gas emissions relative to network usage by 75% below 2014 levels by 2020, which it surpassed by 4% in 2019.<sup>15</sup> To update its goal, Bell committed to a 40% reduction from 2019 levels by 2021.<sup>16</sup> In 2021, Bell established a target of carbon-neutral operations by 2025.<sup>17</sup> The

<sup>11</sup> BCE Inc. "Building Better Experiences: BCE Inc. 2019 Corporate responsibility report" (2020). Accessed at <https://www.bce.ca/responsibility/corporate-responsibility/2019-cr-report/2019-csr-report.pdf>

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid. Scope 1 reductions refer to direct emissions controlled by Bell including accidental release of ozone depleting substances from cooling equipment, burning of fuel oil and natural gas in buildings, combustion of diesel for its telecommunication towers and transmission equipment, combustion of propane for its maintenance equipment and combustion of diesel and gasoline for its vehicle fleet and generators. Scope 2 emissions refer to indirect emissions associated with energy corresponding to the production and transmission of electricity required by Bell's activities, in its buildings and other facilities.

<sup>16</sup> Ibid.

<sup>17</sup> BCE Inc, "Bell planning for carbon neutral operations in 2025. <https://www.bce.ca/news-and-media/releases/show/Bell-planning-for-carbon-neutral-operations-in-2025-1?page=1>

proceeds outlined in this Framework are likely to further support Bell's greenhouse gas emission reduction targets, as well as its goals to reduce waste and support connectivity for all Canadians, including those in remote and low-income regions.

Sustainalytics is of the opinion that the Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

### **Well-positioned to address common environmental and social risks associated with the projects**

While the use of proceeds from the Framework will be directed towards eligible projects that are anticipated to have positive environmental and social impact, Sustainalytics recognizes that such projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects could include occupational health and safety, land use and biodiversity issues associated with large-scale infrastructure development, emissions, effluents, and waste generated in construction.

Sustainalytics is of the opinion that Bell is able to manage and/or mitigate potential risks through implementation of the following:

- Bell's operations are certified under ISO 14001 and ISO 50001.
- Operations are supported by risk management and identification measures such as risk oversight at the Board level, business unit identification and risk review, and Internal Audit functions which provide expertise and mitigation, while independently reporting on the level of risk in operations.<sup>18</sup>
- Bell has identified and established Corporate Responsibility performance indicators, which provide a quantitative measure of economic, environmental, and social targets, which it manages and tracks against internally.<sup>19</sup>
- Bell has implemented a number of approaches for management and monitoring the environmental impact of its projects and infrastructure, including commitments for conducting environmental site assessments when appropriate to protect soil and groundwater, to protect biodiversity in particular through avoidance of sensitive habitats where possible, to appropriately manage fuel tanks and other hazardous materials to minimize leaks and spills, and to embed good practice and strict regulatory compliance within its operating procedure.<sup>20</sup> Bell has shared with Sustainalytics internal reference material on how it implements these programmes.

Sustainalytics also recognizes that as 5G enables end users to deploy a wide range of solutions, the technologies have a broad impact, and can drive energy efficiency gains in a variety of industries. This does not exclude the possibility of application in fossil fuel-based industries. Sustainalytics understands that Bell does not directly control the use and application of its network technologies.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Bell has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

## **Section 3: Impact of Use of Proceeds**

All ten use of proceeds categories are aligned with those recognized by GBP or SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

### **Impact of Energy Efficient Networks in Canada**

As Canadians become increasingly reliant on wireless technology across sectors, energy efficiency in networks and combating climate change become more intertwined. By 2030, Canada will need to reduce its greenhouse gas emissions to 30% below 2005 levels to achieve its Paris Agreement commitments.<sup>21</sup> It is reported that between 2017, and 2022, data consumption is expected to increase at a 34% compound annual growth rate.<sup>22</sup> As such, current networks will not be able to support such increases in consumption without also increasing energy use.<sup>23</sup> Supporting increased data usage in an environmentally conscious way, should

<sup>18</sup> BCE Inc, "Corporate Responsibility Approach and Management" (2020) Accessed at <https://www.bce.ca/assets/responsibility/corporate-responsibility/2019-cr-report/2019-sustainability-approach-management.pdf>

<sup>19</sup> Ibid.

<sup>20</sup> See "Environmental Information Sheets", at: <https://www.bce.ca/responsibility/overview>

<sup>21</sup> Government of Canada, "Progress Towards Canada's Greenhouse Gas Emissions Target", (2020) Accessed at <https://www.canada.ca/en/environment-climate-change/services/environmental-indicators/progress-towards-canada-greenhouse-gas-emissions-reduction-target.html>

<sup>22</sup> Accenture, "Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change" (2020).

<sup>23</sup> Ibid.

lead to more efficient networks. 5G networks are expected to provide Canadians with increased connectivity, faster access to information and reduced greenhouse gas emissions as a result of energy efficiencies.<sup>24</sup> It is estimated that 5G networks in Canada would reduce energy consumption in data transmission to 8-15% of current 4G levels.<sup>25</sup>

Although telecommunications is not one of the primary sources of greenhouse gas emissions in Canada, it can enable further reductions in other industries as a result of the adoption of wireless technologies and associated behavioral changes. A report by Accenture estimates that 5G networks could enable up to a further 20% reduction in emissions, in total contributing to up to 23% of Canada's total emission reduction target.<sup>26</sup> Thus, Sustainalytics views investments in network upgrades as having potential positive impacts and contributing to Canada's achievement of the Paris Agreement targets.

### Impact of Network Connectivity in Remote and Low-Income Areas in Canada

As internet access becomes more important in obtaining essential services and information, it is necessary to recognize the unequal coverage across Canada. Since Canada is a large geographic country with low population density outside of urban areas, Canadians living in rural and remote regions face limited reliable access to internet.<sup>27</sup> As a result, the Canadian government has established the Canadian Connectivity Strategy with the goal of ensuring all Canadians have access to fast and affordable internet and cellular connections across regions.<sup>28</sup> Current internet speeds in many rural communities are too slow to power cloud solutions, video streaming or online learning, which limits economic growth and advancement in those communities.<sup>29</sup> Additionally, more than half of Canadians with a household income of less than \$30,000 do not have access to internet at home.<sup>30</sup> Various levels of government in Canada have provided financial support for the expansion of broadband internet across the country and the private sector continues to invest in increasing low-cost coverage; however, the problem persists.<sup>31</sup> Thus, Bell's efforts described in this Framework can contribute to increased access to information, education and services in Canada's remote regions and for low-income families and communities.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green, social or sustainability bond advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Eco-Efficient Products	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound a workers per 1 million people and public and private research and development spending.

<sup>24</sup> Communications Research Centre Canada, "What is 5G" (2017) Accessed at <https://www.ic.gc.ca/eic/site/069.nsf/eng/00077.html>; Accenture, "Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change" (2020).

<sup>25</sup> Accenture, "Accelerating 5G in Canada: The Role of 5G in the Fight Against Climate Change" (2020).

<sup>26</sup> Ibid.

<sup>27</sup> Innovation, Science and Economic Development Canada, "High Speed Access for All: Canada's Connectivity Strategy" (2019) Accessed at [https://www.ic.gc.ca/eic/site/139.nsf/eng/h\\_00002.html](https://www.ic.gc.ca/eic/site/139.nsf/eng/h_00002.html)

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Innovation, Science and Economic Development, "Connecting Families" (2019), Accessed at <https://www.ic.gc.ca/eic/site/111.nsf/eng/home>  
<sup>31</sup> CRTC " Telecom Regulatory Policy CRTC 2016-496" (2016), Accessed at <https://crtc.gc.ca/eng/archive/2016/2016-496.htm>; Innovation, Science and Economic Development, "Connecting Families"(2019), Accessed at <https://www.ic.gc.ca/eic/site/111.nsf/eng/home>

Pollution Prevention and Control	<p>11. Sustainable Cities and Communities</p> <p>12. Responsible Production and Consumption</p> <p>9. Industry, Innovation and Infrastructure</p>	<p>11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p>
Clean Transportation	<p>12. Responsible Production and Consumption</p>	<p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>
Renewable Energy	<p>9. Industry, Innovation and Infrastructure</p>	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
Green Buildings	<p>9. Industry, Innovation and Infrastructure</p>	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>
Climate Change Adaptation	<p>13. Climate Action</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p>
Affordable Basic Infrastructure	<p>10 Reduced Inequalities</p> <p>9. Industry, Innovation and Infrastructure</p>	<p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>9.c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020</p>
Access to Essential Services	<p>3. Good Health and Well-being</p>	<p>3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p>
Emergency Response and Pandemic Relief	<p>4. Quality Education</p>	<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p>

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## Conclusion

Bell has developed the BCE Inc Sustainable Financing Framework under which it will issue green, social or sustainability bonds and use the proceeds to finance projects within the categories of Energy Efficiency, Eco-Efficient Products, Pollution Prevention and Control, Clean Transportation, Renewable Energy, Green Buildings, Climate Change Adaptation, Affordable Basic Infrastructure, Access to Essential Services, and Emergency Response and Pandemic Relief. Sustainalytics considers that the projects funded by the sustainability bond proceeds will provide positive environmental and social impact.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 7, 9, 10, 11, 12, and 13. Additionally, Sustainalytics is of the opinion that Bell has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Bell Canada is well-positioned to issue green, social or sustainability bonds and that that BCE Inc Sustainable Financing Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2018) and Social Bond Principles (2020).

## Appendices

### Appendix 1: Overview of Green Building Certification Schemes

	<b>LEED</b>	<b>BOMA BEST</b>
<b>Background</b>	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	BOMA BEST, administered by the Building Owners and Managers Association (BOMA) of Canada, is a certification program for existing buildings. The assessment considers performance and operation of buildings in a wide range of performance and operations categories.
<b>Certification levels</b>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Bronze</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Water</li> <li>• Air</li> <li>• Comfort</li> <li>• Health and Wellness</li> <li>• Custodial</li> <li>• Purchasing</li> <li>• Waste</li> <li>• Site</li> <li>• Stakeholder Engagement</li> </ul>
<b>Requirements</b>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Minimum requirements independent of level of certification; score based on checklist to determine certification level.</p> <p>The minimum best practices and category scoring is adjusted for seven different asset classes: office, enclosed shopping centres, light industrial, open air retail, universal, MURB, and health care.</p>
<b>Performance display</b>		
<b>Qualitative Considerations</b>	Widely recognized internationally, and strong assurance of overall quality.	Most commonly used certification for existing buildings in Canada and considered less administratively burdensome for existing buildings.

## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

Issuer name:	BCE Inc
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	BCE Inc Sustainable Financing Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 29, 2021
Publication date of review publication:	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

**1. USE OF PROCEEDS**

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds –Energy Efficiency, Eco-Efficient Products, Pollution Prevention and Control, Clean Transportation, Renewable Energy, Green Buildings, Climate Change Adaptation, Affordable Basic Infrastructure, Access to Essential Services, and Emergency Response and Pandemic Relief – are aligned with those recognized by the Green Bond Principles and/or Social Bond Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 7, 9, 10, 11, 12, and 13.

**Use of proceeds categories as per GBP:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency  |
| <input checked="" type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input checked="" type="checkbox"/> Climate change adaptation  |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                  | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

**Use of proceeds categories as per SBP:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure   | <input checked="" type="checkbox"/> Access to essential services                                   |
| <input type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation (through SME financing and microfinance)            |
| <input type="checkbox"/> Food security  | <input type="checkbox"/> Socioeconomic advancement and empowerment                                 |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (please specify): Pandemic relief and emergency response |

If applicable please specify the social taxonomy, if other than SBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Bell's internal process for evaluating and selecting projects relies on a Sustainable Finance Working Group which includes members from Bell's Treasury, Finance, Corporate Responsibility and Network departments. Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                           | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Bell's processes for management of proceeds is to reflect allocation in Bell's internal records. Sustainalytics considers this process to be aligned with market practice.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify):  |

### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |  |  |
|--|--|
| <input type="checkbox"/> Allocation to individual disbursements                  | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):                               |

**4. REPORTING**

Overall comment on section (if applicable):

Bell intends to report on the allocation of proceeds in its Corporate Responsibility report on its website on an annual basis until full allocation. In addition, Bell is committed to reporting on relevant impact metrics where feasible. Sustainalytics views Bell’s allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported:**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Sustainability Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify):      |   |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings  |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Number of beneficiaries                                       |
| <input checked="" type="checkbox"/> Target populations      | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Various, see Framework |

**Frequency:**

- |  |                                      |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual       | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): |                                      |

**Means of Disclosure**

- |   |   |
|---|---|
| <input type="checkbox"/> Information published in financial report  | <input type="checkbox"/> Information published in sustainability report                         |
| <input type="checkbox"/> Information published in ad hoc documents  | <input checked="" type="checkbox"/> Other (please specify): Made available on corporate website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): |   |

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)****SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE****Type(s) of Review provided:**

- |  |  |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit                        | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):            |  |

**Review provider(s):****Date of publication:****ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability Bond framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.
- iii. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance

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data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. The firm works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. The world's foremost issuers, from multinational corporations to financial institutions to governments, also rely on Sustainalytics for credible second-party opinions on green, social and sustainable bond frameworks. In 2020, Climate Bonds Initiative named Sustainalytics the "Largest Approved Verifier for Certified Climate Bonds" for the third consecutive year. The firm was also recognized by Environmental Finance as the "Largest External Reviewer" in 2020 for the second consecutive year. For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com).



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