

# Second-Party Opinion

## TDC NET Sustainability-Linked Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the TDC NET Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. This assessment is based on the following:

- Selection of Key Performance Indicators** The TDC NET Sustainability-Linked Finance Framework includes two KPIs: (i) Scope 1 and 2 GHG emissions and (ii) Scope 3 GHG emissions (see Table 1). Sustainalytics considers KPI 1 and KPI 2 to be very strong based on their materiality, relevance, scope of applicability and adequacy to external benchmarking.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with TDC NET’s sustainability strategy. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious based on past performance, peer performance and alignment with science-based trajectories.
- Bond/Loan Characteristics** TDC NET will link the sustainability-linked instruments’ financial characteristics to the achievement of the SPTs, namely a coupon step-up or higher redemption price.
- Reporting** TDC NET commits to report, on an annual basis, on its performance on the KPIs and expects to include the relevant figures in the sustainability report, which will be published on its website. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022.
- Verification** TDC NET commits to have external limited assurance conducted against each SPT for each KPI at least once a year, which is aligned with market expectations.

<b>Evaluation Date</b>	May 13, 2022
<b>Issuer Location</b>	Copenhagen, Denmark

The SPTs contribute to the following SDGs:



### Overview of KPIs and SPTs

KPI	Baseline	SPT	Strength of KPI	Ambitiousness of SPT
Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	2020	Reach net-zero CO <sub>2</sub> e emissions in own operations by 2028 from a 2020 baseline	Very Strong	Highly Ambitious
Scope 3 GHG emissions (tCO <sub>2</sub> e)	2020	Reach net-zero CO <sub>2</sub> e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline	Very Strong	Highly Ambitious

## Table of Contents

<b>Scope of Work and Limitations</b> .....	<b>3</b>
<b>Introduction</b> .....	<b>4</b>
<b>Section 1: Sustainalytics’ Opinion on the Alignment of the TDC NET Sustainability-Linked Finance Framework with the Sustainability-Linked Bond and Sustainability-Linked Loan Principles</b> .....	<b>5</b>
Selection of Key Performance Indicators .....	5
Calibration of Sustainability Performance Targets .....	6
Bond/Loan Characteristics .....	9
Reporting .....	9
Verification .....	9
<b>Section 2: Assessment of TDC NET’s Sustainability Strategy</b> .....	<b>10</b>
<b>Section 3: Impact of the SPTs</b> .....	<b>11</b>
<b>Conclusion</b> .....	<b>13</b>
<b>Appendix 1</b> .....	<b>14</b>

## Scope of Work and Limitations

TDC NET has engaged Sustainalytics to review the TDC NET Sustainability-Linked Finance Framework dated May 2022 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP)<sup>1</sup> and Sustainability-Linked Loan Principles 2022.<sup>2</sup>

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>3</sup> opinion on the alignment of the Framework with the SLBP, as administered by ICMA.

As part of this engagement, Sustainalytics exchanged information with various members of TDC NET's management team to understand the sustainability impact of their business processes and SPTs, as well as the reporting and verification processes of aspects of the Framework. TDC NET's representatives have confirmed that:

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) 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 the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and TDC NET. 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 SPTs of KPIs but does not measure KPI performance.<sup>4</sup> The measurement and reporting of the KPIs is the responsibility of the issuer. 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 TDC NET has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written and aligned with the methodology to calculate the KPI performance outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks<sup>5</sup> against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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<sup>1</sup> The Sustainability-Linked Bond Principles were launched by ICMA in June 2020. They are administered by ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-100620.pdf>.

<sup>2</sup> The Sustainability-Linked Loan Principles (SLLP) were launched by LSTA in May 2021. They are administered by the LSTA and are available at: [https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability\\_Linked\\_Loan\\_Principles.pdf](https://www.lma.eu.com/application/files/8416/2210/4806/Sustainability_Linked_Loan_Principles.pdf).

<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> Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under this Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

<sup>5</sup> Benchmarks refers to science based benchmarks

## Introduction

TDC NET A/S (the “Issuer” or the “Company”) is a leading open-access connectivity provider and owner of critical telecommunications infrastructure in Denmark. TDC NET was part of the TDC Group, a Danish telecommunications company dating back to 1879. In 2019, TDC Group was split into two individual companies TDC NET (telecommunication services) and Nuuday (digital services within TV, broadband, network and telephony for private customers and businesses). As an end-to-end infrastructure provider, TDC NET owns and operates all critical assets necessary for mobile and fixed network connectivity to telecommunications service providers. The Company’s infrastructure asset base includes all active and passive assets necessary for telecom service providers to develop, operate and service mobile and landline telephone and internet networks, including core networks, access networks, active mobile network assets, central offices and transport platforms.

TDC NET intends to issue sustainability-linked bonds and loans whose coupon rate or redemption price are tied to the achievement of sustainability performance targets for two KPIs: (i) Scope 1 and 2 GHG emissions, and (ii) Scope 3 GHG emissions.

TDC NET has engaged Sustainalytics to review the Framework and provide an opinion on the alignment of the Framework with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022.

TDC NET has defined the following KPIs and SPTs:

**Table 1: KPI Definitions**

KPI	Definition
Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	The KPI measures absolute scope 1 and 2 GHG emissions in tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e) and is calculated in line with the GHG Protocol. Scope 1 GHG emissions include emissions from vehicle fuel, backup generator oil and other energy sources from own operations. Scope 2 GHG emissions include indirect emissions from purchased electricity and heat from district heating.
Scope 3 GHG emissions (tCO <sub>2</sub> e)	The KPI measures absolute scope 3 GHG emissions in tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e) and is calculated in line with the GHG Protocol. Scope 3 GHG emissions relates to the emissions generated in the upstream and downstream value chain from operations, mainly purchased goods and services and capital goods (linked to scope 3), and fuel and energy-related emissions (linked to scope 1 and 2).

**Table 2: SPTs and Past Performance<sup>6</sup>**

SPTs	2019	2020 (baseline)	2021	SPT 2028	SPT 2030
Reach net-zero CO <sub>2</sub> e emissions in own operations by 2028 from a 2020 baseline (tCO <sub>2</sub> e)	80,487	81,504	84,001	0	Not applicable
Reach net-zero CO <sub>2</sub> e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline (tCO <sub>2</sub> e)	104,944	109,633	100,511	Not applicable	0

<sup>6</sup> Linear trajectory values: forecasted year-over-year performance leading to the final SPT.

SPTs	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Reach net-zero CO <sub>2</sub> e emissions in own operations by 2028 from a 2020 baseline (tCO <sub>2</sub> e)	100%	Not available	90%	50%	45%	40%	30%	20%	0%	0%	0%
Reach net-zero CO <sub>2</sub> e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline (tCO <sub>2</sub> e)	100%	Not available	90%	85%	80%	75%	70%	65%	60%	45%	0%

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Alignment of the TDC NET Sustainability-Linked Finance Framework with the Sustainability-Linked Bond and Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the TDC NET Sustainability-Linked Finance Framework aligns with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022.



#### Selection of Key Performance Indicators

##### Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers: i) whether an indicator speaks to a material impact of the Company's business on environmental or social issues, and ii) to what extent the KPI is applicable.

##### KPI 1 - Scope 1 and 2 GHG emissions (tCO<sub>2</sub>e) and KPI 2 - Scope 3 GHG emissions (tCO<sub>2</sub>e)

Sustainalytics notes that the KPIs collectively address TDC NET's GHG emissions and therefore has taken a combined view towards assessing their materiality and relevance:

- Sustainalytics' Industry Report on the Telecommunication Services<sup>7</sup> identifies Carbon-Own Operations<sup>8</sup> as a material ESG issue (MEI) for businesses in the telecom sector. The largest share of GHG emissions is derived from the energy used to run data centres, base stations, telephone exchanges and core networks. The rapid expansion of international telecommunications infrastructure, including 5G technology deployment and growing customer demand, is expected to increase the industry's energy requirements substantially over the next few years.<sup>9</sup> The International Telecommunication Union (ITU) highlighted that the ICT sector needs to achieve a 45% GHG emissions reduction between 2020 and 2030 to meet the Paris Agreement's climate goals.<sup>10</sup>
- The Sustainability Accounting Standards Board (SASB) identifies energy management as a relevant issue for the telecommunication services industry.<sup>11</sup> The SASB standard for telecommunication services<sup>12</sup> emphasizes that telecommunication services companies' reliance on and ability to access alternative energy sources will become increasingly material as regulatory focus on climate change widens.
- TDC NET has identified GHG emissions as a material issue among its five sustainability strategy elements to address climate change. This materiality analysis, reported in 2021, identifies climate change and improvements in digital infrastructure strategy as among the core MEIs with the most material impact on the Company and its stakeholders.<sup>13</sup>
- The KPIs cover scopes 1, 2 and 3 GHG emissions applied to 100% of the Company's operations. KPI 1 covers scope 1 and 2 GHG emissions which represented roughly 42.6% of the Company's total GHG emissions (scopes 1, 2 and 3) in 2020. KPI 2 covers TDC NET's scope 3 emissions from upstream and

<sup>7</sup> Sustainalytics, Industry Report Telecommunication Services, (2020).

<sup>8</sup> The Sustainalytics' Carbon – Own Operations MEI refers to a company's management of risks related to its own operational energy use and GHG emissions (scope 1 and 2). It also includes parts of scope 3 GHG emissions.

<sup>9</sup> Sustainalytics, Industry Report Telecommunication Services, (2020).

<sup>10</sup> International Telecommunication Union, "ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030", (2020), at: <https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

<sup>11</sup> SASB, "Materiality Finder, Telecommunication Services", at: [https://www.sasb.org/standards/materiality-finder/find/?industry\[\]=TC-TL](https://www.sasb.org/standards/materiality-finder/find/?industry[]=TC-TL)

<sup>12</sup> SASB, "Telecommunication Services, Sustainability Accounting Standard", (2018) at: [https://www.sasb.org/wp-content/uploads/2018/11/Telecommunication\\_Services\\_Standard\\_2018.pdf](https://www.sasb.org/wp-content/uploads/2018/11/Telecommunication_Services_Standard_2018.pdf)

<sup>13</sup> TDC NET, "Sustainability Report 2021", (2022), p. 17, at: [https://tdcnet.com/media/bt5lhwcnc/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcnc/tdcnet_esg-report_2021.pdf)

downstream value chain, which represented roughly 96% of scope 3 GHG emissions and 55% of total GHG emissions in 2020.

- Therefore, in terms of applicability, KPI 1 and KPI 2 collectively address the large majority of TDC NET’s total GHG emissions and as such they jointly have a high scope of applicability. Therefore, Sustainalytics considered combined applicability towards rating them.

By covering these sources mentioned above in KPI 1 and KPI 2, the Company addresses all direct and most indirect emissions, some of which TDC NET has less or no direct control. Sustainalytics views positively TDC NET’s efforts to influence emissions and environmental performance beyond its direct control.

**KPI Characteristics**

In its assessment of the KPI’s characteristics, Sustainalytics considers: i) whether it uses a clear and consistent methodology, ii) whether it follows an externally recognized definition, iii) whether the KPI is a direct measure of the issuer’s performance on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked against an external contextual benchmark.<sup>14</sup>

KPI 1 - Scope 1 and 2 GHG emissions, and KPI 2 - Scope 3 GHG emissions

Sustainalytics considers TDC NET’s definition and methodology to calculate progress on KPI 1 and KPI 2 to be clear and consistent. KPI 1 and KPI 2 follow the GHG Protocol Corporate Standard. This approach supports benchmarking against external emission reduction trajectories. Sustainalytics considers both KPI 1 and KPI 2 to be directly linked to the Company’s climate performance.

**Overall Assessment**

Sustainalytics considers KPI 1 - Scope 1 and 2 GHG emissions, and KPI 2 - Scope 3 GHG emissions to be very strong given that they: (i) speak to a material issue that directly measures the Company’s environmental performance; (ii) follow a clear and consistent methodology; (iii) have a combined high scope of applicability; and (iv) support benchmarking against emission reduction trajectories.

KPI	Strength of KPI			
KPI 1: Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Scope 3 GHG emissions (tCO <sub>2</sub> e)	Not Aligned	Adequate	Strong	Very strong



**Calibration of Sustainability Performance Targets**

**Alignment with TDC NET’s Sustainability Strategy**

TDC NET has set the following SPTs for its KPIs:

- Reach net-zero CO<sub>2</sub>e emissions in own operations by 2028 from a 2020 baseline
- Reach net-zero CO<sub>2</sub>e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline

Sustainalytics analyzed the TDC NET’s sustainability strategy and notes that the Company has identified GHG emissions, energy intensity and renewable energy as material topics in its five sustainability strategy elements to address climate change.<sup>15</sup> TDC NET has set targets to achieve 100% renewable energy in operations by 2028 and achieve net-zero scope 1 and scope 2 emissions by 2028, and scope 3 by 2030.<sup>16</sup> The Company’s sustainability strategy has been approved by TDC NET’s board of directors, while the Company’s executive management is responsible for the progress towards targets.<sup>17</sup> A governance forum has also been established for four elements of the sustainability strategy to ensure coordination across the Company. The forums meet quarterly and include senior leaders of TDC NET with accountability for relevant areas. Moreover, the environmental activities are

<sup>14</sup> External contextual benchmarks provide guidance on alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

<sup>15</sup> TDC NET, “Sustainability Report 2021”, (2022), p. 17, at: [https://tdcnet.com/media/bt5lhwc/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwc/tdcnet_esg-report_2021.pdf)

<sup>16</sup> TDC NET, “Sustainability Report 2021”, (2022), p. 18, at: [https://tdcnet.com/media/bt5lhwc/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwc/tdcnet_esg-report_2021.pdf)

<sup>17</sup> TDC NET, “Sustainability Report 2021”, (2022), p. 19, at: [https://tdcnet.com/media/bt5lhwc/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwc/tdcnet_esg-report_2021.pdf)

audited as part of the ISO 14001 certified environmental management system.<sup>18</sup> In 2021, TDC NET launched the supplier engagement programme to address the Company's scope 3 emissions.<sup>19</sup> During the same year, scope 3 emissions of the Company reduced by 8.3% thanks to lower investments in mobile networks compared with 2020, and a stronger focus on supplier emissions through its supplier engagement programme.<sup>20</sup>

Based on the above, Sustainalytics considers the SPTs to be aligned with TDC NET's sustainability strategy. Please refer to Section 2 for an analysis of the credibility of TDC NET's sustainability strategy.

### Strategy to Achieve the SPTs

#### SPT 1 - Reach net-zero CO<sub>2</sub>e emissions in own operations by 2028 from a 2020 baseline

TDC NET intends to achieve SPT 1 through the following strategies:

- Increasing the share of renewable energy – the Company has targets to cover 100% of energy consumption from high impact renewable energy sources. At present, 60% of the overall consumption will be covered by power purchase agreements (PPAs) from four new solar parks located across Denmark. The Company plans to cover the remaining consumption with similar high environmental impact solutions.
- Green fleet transition – TDC NET aims to optimize technician routes gradually to reduce kilometres travelled by up to 25% and convert the fleet to electric cars and vans.
- Excessive heat utilisation – the Company plans to utilize excess heat from data centres and equipment with heat pumps.
- Energy efficiency initiatives – the Company intends to invest in energy efficient technologies and reduce energy consumption in its networks. The energy efficiency initiatives relate both to the fixed network (legacy equipment decommissioning project, migration of copper network to coax and fibre, etc.) and mobile network (5G ramp-up, decommissioning of 3G, cell sleep, micro-sleep functions that reduce energy consumption, etc.)
- Conversion of gas and oil to district heating and electricity – TDC NET is also looking to convert natural gas heating in its buildings to district heating or electric heat pumps, since the Danish government is seeking to reduce the district heating emission factor to nearly 0 by 2028.

#### SPT 2 - Reach Net-Zero CO<sub>2</sub>e emissions from business activities [upstream and downstream value chain] by 2030 from a 2020 baseline

TDC NET intends to achieve SPT 2 through the following strategies:

- Reduced consumption in the long run – TDC NET expects reduced consumption in materials from its value chain as part of its long-term business plan towards 2030, thanks to investments in digital infrastructure made in 2020 and 2021.
- Supplier engagement – The Company plans to engage with suppliers to set climate targets and provide data transparency. The supplier engagement initiatives are mainly purchased goods and services and capital expenditures (linked to scope 3 emissions – categories 1 and 2) accounting for 83% of scope 3 emissions.
- Sourcing excellence – TDC NET identifies carbon intensive purchases early in the sourcing process and incorporates CO<sub>2</sub> related requirements into tenders and contracts.
- Fuel- and energy-related emissions – The Company intends to convert to using 100% energy from renewable sources. TDC NET engages in initiatives for fuels- and energy-related emissions (linked to scope 1 and 2 emissions) accounting for 13% of scope 3 emissions. Therefore, as the Company follows a decarbonization trajectory for scopes 1 and 2, scope 3 emissions will also decline.
- Business travel – TDC NET has revised and restricted its travel policy, including by implementing a hybrid workplace and encouraging employees to work some days from home in an initiative titled Pioneering digital collaboration.

<sup>18</sup> Ibid.

<sup>19</sup> TDC NET, "Sustainability Report 2021", (2022), p. 22, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>20</sup> Ibid.

- Avoid and offset – The Company is also promoting solutions to avoid emissions and following the development of carbon removal projects to increase awareness.

### **Ambitiousness, Baseline and Benchmarks**

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, and iii) how the SPTs compare with science.<sup>21</sup>

TDC NET has set the baseline for all the SPTs at 2020. Sustainalytics recognizes that the market favours setting a more recent baseline but notes TDC NET's are covered by the TDC Group's environmental targets, which are validated by the Science Based Targets initiative (SBTi).<sup>22</sup>

**SPT 1:** Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science.

TDC NET's absolute scope 1 and 2 GHG emissions increased slightly between 2019 and 2021 from 80,487 tCO<sub>2</sub>e to 84,001 tCO<sub>2</sub>e at an average linear annual rate of 2%. To achieve SPT 1, the Company must bring these emissions to zero by 2028, implying an average linear annual rate of decrease of approximately 14.3%, which is well above TDC NET's historical performance.

Based on Sustainalytics assessment of TDC NET's peer group, SPT 1 implies an average annual percentage decrease which is above similar absolute scope 1 and 2 GHG emissions targets set by most of the Company's peers. Therefore, Sustainalytics considers TDC NET's SPT 1 to be above peer performance.

For the comparison against science-based targets, Sustainalytics notes that TDC NET has set more ambitious targets than the targets validated by SBTi for the TDC Group for scope 1 and 2 emissions, which are consistent with a 1.5°C aligned scenario. TDC Group has committed to reduce 56% of its absolute scope 1 and 2 GHG emissions by 2030 from a 2020 base year while TDC NET intends to reach net-zero during the same period. Therefore, a 1.5°C alignment scenario would hold even if the Company achieved TDC Group's SBTi validated targets for scope 1 and 2 emissions.

**SPT 2:** Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science.

TDC NET's absolute scope 3 GHG emissions decreased at an average linear annual rate of 2% between 2019 and 2021 from 104,944 tCO<sub>2</sub>e to 100,511 tCO<sub>2</sub>e. To achieve SPT 2, the Company must reduce this figure to zero by 2030, implying an average linear annual rate of approximately 14.3%, which is well above TDC NET's historical performance.

Based on Sustainalytics assessment of TDC NET's peer group, SPT 2 implies an average annual rate of reduction which is above similar absolute scope 3 GHG emissions targets set by the Company's peers. Therefore, Sustainalytics considers TDC NET's SPT 2 to be above peer performance.

For the comparison against science-based targets, Sustainalytics notes that TDC NET has set more ambitious targets than the targets validated by SBTi for the TDC Group for scope 3 emissions, which are consistent with a 1.5°C aligned scenario. TDC Group has committed to reduce 42% of its absolute scope 3 GHG emissions by 2030 from a 2020 base year while TDC NET intends to reach net-zero during the same period. Therefore, a 1.5°C alignment scenario would hold even if the Company achieved TDC Group's SBTi validated targets for scope 3 emissions.

### **Overall Assessment**

Sustainalytics considers the SPTs to align with TDC NET's sustainability strategy and SPT 1 to be highly ambitious given that: (i) it is aligned with the Company's historical performance; (ii) it is above the targets of most industry peers; and (iii) it is aligned with the SBTi's 1.5°C scenario.

Sustainalytics considers TDC NET's SPT 2 to be highly ambitious given that: (i) it is aligned with the Company's historical performance, (ii) it is above the targets of industry peers; and (iii) it is aligned with the SBTi's 1.5°C scenario.

<sup>21</sup> We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

<sup>22</sup> For more information: <https://sciencebasedtargets.org/>

SPT	Ambitiousness of SPT			
SP1: Reach net-zero CO <sub>2</sub> e emissions in own operations by 2028 from a 2020 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SP2: Reach net-zero CO <sub>2</sub> e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



### Bond/Loan Characteristics

- The financial or structural characteristics of the instruments issued under the Framework will be tied to the achievement of all SPTs. TDC NET will incur a coupon step-up or higher redemption price depending on the occurrence of a trigger event. A trigger event will occur if: (i) the SPT(s) have not been achieved by the respective reference year;<sup>23</sup> (ii) the reporting does not meet the requirements as set out in the terms and conditions of the relevant documentation; or (iii) the verification of the KPI performance has not been provided and made public on or prior to the respective reference year. TDC NET has disclosed that the financial or structural characteristics of the sustainability-linked instruments will be specified in the final terms of each instrument. The change in financial characteristic will be applicable to the relevant instrument from the first day of the next interest period following immediately after the trigger event until maturity.
- Sustainalytics notes that the KPIs will be assigned an equal weighting when determining the aggregate coupon step-up or increase in the redemption price, unless otherwise indicated by TDC NET in the respective instruments' terms.
- TDC NET may recalculate and adjust the KPIs and baselines due to: (i) significant changes in TDC NET's structure through acquisition, divestiture or mergers; (ii) technical changes related to updated IT systems; (iii) changes leading to a higher level of assurance; or (iv) adjustments in calculation methodologies to estimate emissions more precisely.



### Reporting

TDC NET commits to report on an annual basis on its progress on the KPIs and expects to include the relevant figures in a dedicated annex in TDC NET's Annual Sustainability Report, which is aligned with the SLBP. TDC NET further commits to disclosing relevant information enabling investors to monitor the level of ambition of the SPTs.



### Verification

TDC NET commits to have an external verifier provide limited assurance against each SPT for each KPI at least once a year, which is aligned with the SLLP on verification.

<sup>23</sup> For SPT 1 the reference year is 2028; for SPT 2, it is 2030.

## Section 2: Assessment of TDC NET's Sustainability Strategy

### Credibility of TDC NET Sustainability Strategy

TDC NET started reporting on its emissions portfolio in 2010. The Company identifies sustainability material issues using the GRI standard and addresses them under the five elements of its sustainability strategy: (i) future-proof digital infrastructure; (ii) climate action; (iii) health and safety; (iv) diversity and inclusion; and (v) digital trust.<sup>24</sup>

- Delivering a reliable, resilient, sustainable and future-proof digital infrastructure in Denmark lies at the base of TDC NET's sustainability strategy. The Company aims towards one million homes to be passed by fibre optic broadband and nationwide 5G mobile coverage by 2025. In 2021, TDC NET connected 106,000 addresses to fibre optic, meeting 50% of the 2025 target and accomplished covering 99% of Denmark's territory with 5G.<sup>25</sup>
- In terms of climate action, the Company targets to achieve using 100% renewable energy in its operations, and net-zero scopes 1 and 2 emissions by 2028. By 2030, it aims to achieve net-zero scopes 1, 2 and 3 emissions. To achieve these targets, in 2021, TDC NET entered a power purchase agreement for four solar PV parks in Denmark, which are expected to provide up to 60% of the Company's energy consumption by 2023. The Company also reduced its scope 3 emissions from the supply chain by launching a suppliers' engagement programme, for them to establish their own climate targets and data transparency. Moreover, in 2021, TDC NET launched Project Greenforce aimed at reducing the total distance driven by its technician vehicles' fleet by up to 25% by 2025, by introducing advanced automated route planning.<sup>26</sup>
- TDC NET aims to prevent and reduce the number of work-related injuries by 50% by 2025 from a 2019 baseline. In 2021, the Company increased the number of near-miss reports as a tool to prevent accidents and undertook further inspections and action plans to decrease the number of injuries.<sup>27</sup>
- TDC NET ensures an inclusive culture, equal opportunities and diverse workforce, and targets to improve gender diversity by having at least 30% of the leadership positions occupied by women by 2025. In 2021, TDC NET had 23% women in leadership – increasing from 18% in the previous year – and launched a diversity and inclusion training programme for leaders.<sup>28</sup>
- The Company's sustainability strategy ultimately covers digital trust, through which TDC NET aims to protect network integrity, personal data and the right to privacy by having all employees complete GDPR e-learning courses and by evaluating data requests in a governance forum, which includes experts in security, IT and privacy, with 98% of the employees having completed such courses by 2021. The Company has also created governance procedures to ensure handling data according to privacy regulations and human rights.<sup>29</sup>

In addition to the above, TDC NET reports that it plans to support other sectors and industries in the green transition while targeting net-zero itself. In 2021, the Company became one of the founding members of the European Green Digital Coalition towards the green and digital transformation of the EU.<sup>30</sup> Furthermore, TDC NET has been a participant in the UN Global Compact since 2009, conforming to the 10 principles of human rights, labour, respect for the environment and anti-corruption, and discloses transparently its performance regarding these. In 2019, TDC NET stepped up its commitment and subscribed to the UN Global Compact Business Ambition for 1.5°C.<sup>31,32</sup>

Sustainalytics considers TDC NET to have a strong sustainability strategy and expects the sustainability-linked instruments issued under the Framework to further support TDC NET's sustainability strategy.

### TDC NET's environmental and social risk management

Sustainalytics acknowledges that TDC NET's defined targets are impactful, however achieving the SPTs bears environmental and social risks related to data privacy and security, human capital and product governance.

<sup>24</sup> TDC NET, "Sustainability report 2021", p.18, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>25</sup> TDC NET, "Sustainability report 2021", p.21, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>26</sup> TDC NET, "Sustainability report 2021", p.22, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>27</sup> TDC NET, "Sustainability report 2021", p.25, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>28</sup> TDC NET, "Sustainability report 2021", p.26, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>29</sup> TDC NET, "Sustainability report 2021", p.27, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>30</sup> European Commission, "European Green Digital Coalition", at: <https://digital-strategy.ec.europa.eu/en/policies/european-green-digital-coalition>

<sup>31</sup> TDC NET, "Responsibility", at: <https://tdcnet.com/about-us/responsibility/>

<sup>32</sup> UN Global Compact, "TDC NET", at: <https://www.unglobalcompact.org/what-is-gc/participants/9045-TDC-NET>

Sustainalytics comments below on TDC NET's ability to mitigate such potential risks.

- TDC NET has shared with Sustainalytics the following policies and relevant documents that the Company has implemented to assess and mitigate environmental and social risks: (i) TDC Group's Personal Data Policy and Governance; (ii) TDC Group's Security Policy; and (iii) TDC NET's Sustainability Policy.
- To mitigate risks related to data privacy and security, TDC Group has in place the Personal Data Policy, applying to all subsidiaries.<sup>33</sup> The Company is committed to complying with personal data legislation and good personal data practice, using principles and measures, such as: being transparent regarding the collection and the use of personal data; taking the appropriate measures to assure the security of personal data; using a personal data compliance framework; creating awareness among employees; and going beyond personal data legislation by adding TDC Group's policy for data ethics and responsible handling of customers' personal data.<sup>34</sup> A governance process is used to enforce the policy, allocating management responsibilities across all levels of TDC Group. In addition to this, TDC NET implements the TDC Group Security Policy, which further outlines security measures for data, customers' communication and information, employees and physical assets, and risk management processes.<sup>35</sup> The responsibilities for governing security are stated in the Information Security in TDC Group document, presenting the Information Security Management System (ISMS), whose processes are compliant with ISO/IEC 2700, the international standard for ISMS.<sup>36</sup>
- To address risks related to human capital, the Company is certified under the ISO 45001 standard which emphasizes employee safety, reducing workplace risks, and creating better and safer working conditions.<sup>37</sup> To supervise the application of health and safety, TDC NET has established a Health and Safety Committee. TDC NET has also created a hybrid and flexible workplace to increase people's well-being and job satisfaction, as a result of Covid-19. This involves facilitating online and offline work and enabling people to work when and where it suits them best.<sup>38</sup>
- Regarding product governance risks, TDC NET applies a sustainability policy which focuses on: i) reducing the environmental impact of products and services through the Company's Environmental Management System (EMS); ii) responsible procurement and sustainable supply chain, and iii) ethical behaviour in business. TDC NET's EMS is certified under ISO 14001.<sup>39</sup> TDC NET ensures good governance of its products and services by its partners through requesting them to comply with the Company's Partner Code of Conduct, which describes professional and ethical standards related to human rights, labour rights, health and safety, anti-corruption, security, data protection, environment, and compliance.<sup>40</sup>

Sustainalytics' controversy research of TDC NET shows no evidence of major controversies related to its operations. Overall, Sustainalytics considers that TDC NET has strong management programmes and policies to mitigate the above risks.

### Section 3: Impact of the SPTs

The ICT sector accounted for an estimated 1.8% to 2.8% of global GHG emissions in 2020.<sup>41</sup> These numbers suggest that the ICT sector emits more than, for example, aviation. In terms of electricity consumption, data centres used 1% of global electricity in 2020, while data transmission networks used 1.1-1.4% of the world's electricity.<sup>42</sup> Increased digitalization has led to exponential increases in energy demand in recent years. Global internet traffic grew by 40% between 2019 and 2020, and increased by 1500% since 2010. The demand for ICT services is expected to continue growing, driven by technologies such as AI, VR, 5G, media streaming and blockchain.<sup>43</sup> The above scenarios highlight the need for the ICT sector to invest in energy efficiency measures in order to meet the targets of the Paris Agreement.<sup>44</sup> In addition, the EU aims to reduce GHG emissions by at least 40%, as compared

<sup>33</sup> TDC Group, "Personal Data Policy and Governance", shared confidentially with Sustainalytics

<sup>34</sup> TDC Group, "TDC Group's policy for data ethics and responsible handling of customers' personal Data", at: <https://tdcgroup.com/-/media/files/tdccom/documents/responsibility/tdc-data-ethics-policy-2019.ashx>

<sup>35</sup> TDC Group, "TDC Group Security Policy", shared confidentially with Sustainalytics

<sup>36</sup> TDC Group, "TDC Group ISMS Framework", at: <https://tdcgroup.com/-/media/images/tdccom/privacy/ISMS-Privatlivspolitik04.ashx?la=en>

<sup>37</sup> ISO, "ISO 45000 Family", at: <https://www.iso.org/iso-45001-occupational-health-and-safety.html>

<sup>38</sup> TDC NET, "Sustainability report 2021", p.26, at: [https://tdcnet.com/media/bt5lhwcw/tdcnet\\_esg-report\\_2021.pdf](https://tdcnet.com/media/bt5lhwcw/tdcnet_esg-report_2021.pdf)

<sup>39</sup> TDC NET, "Sustainability Policy", (2021), shared confidentially with Sustainalytics

<sup>40</sup> TDC Group, "Partner Code of Conduct", at: <https://tdcgroup.com/-/media/files/tdccom/documents/documents/csr-2018/partner-code-of-conduct-for-tdc-group-uk--september-2018.ashx>

<sup>41</sup> Freitag, C. et al.(2021), "The real climate and transformative impact of ICT: A critique of estimates, trends, and regulations", Patterns, at: <https://www.sciencedirect.com/science/article/pii/S2666389921001884>

<sup>42</sup> IEA, "Data centres & networks", at: <https://www.iea.org/fuels-and-technologies/data-centres-networks#reports>

<sup>43</sup> IEA, "Data Centres and Data Transmission Networks", (2021), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

<sup>44</sup> United Nations Climate Change, "Key Aspects of the Paris Agreement", at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement/key-aspects-of-the-paris-agreement#:~:text=The%20Paris%20Agreement%27s%20central%20aim,further%20to%201.5%20degrees%20Celsius.>

to 1990 levels. In comparison to this, Denmark has set the very ambitious and legally binding target to reduce GHG emissions by 70% by 2030, relative to 1990, and to reach net-zero nationally by 2050.<sup>45</sup>

In 2020, the International Telecommunication Union (ITU) released a new pathway, in line with the Paris Agreement, compelling the ICT sector to reduce its GHG emissions by 45% before 2030 from a 2020 baseline.<sup>46</sup> To facilitate this, the SBTi together with ITU, Global Enabling Sustainability Initiative (GeSI) and GSM Association (GSMA), published guidance for science-based targets (SBTs) in the ICT sector, allowing companies to set targets in line with most recent climate science. Continued implementation of energy efficiency plans, switching to low-carbon energy supply and encouraging carbon consciousness among end users have been identified as the main means to decarbonize the ICT sector between 2020 and 2030.<sup>47</sup> To follow the emissions reduction trajectory set by the industry, between 2020 and 2030, data centres operators have to reduce their emissions by 53%, mobile networks operators by 45%, and fixed networks operators by 62%. Separate pathways have been developed for each ICT sub-sector, because of the diversity of applications and devices covered by the sector.<sup>48</sup> As of April 2021, mobile network operators covering 50% of global mobile connections had committed to science-based targets, and operators covering 31% of global mobile connections had set a net-zero target.<sup>49</sup> In Europe more specifically, data centre operators and trade associations launched in 2021 the Climate Neutral Data Centre Pact, a pledge to make data centres carbon neutral by 2030. They plan to achieve this by adopting energy efficiency measures, clean energy, water conservation, circular economy and energy systems<sup>50</sup> and governance.<sup>51</sup> The 2030 target also aligns with the European Commission’s view.<sup>52</sup> As part of the green and digital transformation, in 2021, 26 ICT companies, of which TDC Group is part of, founded the European Green Digital Coalition.<sup>53</sup> The members of the coalition commit to invest in the green digital solutions, with positive energy and material efficiency in multiple sectors, to create assessment methodologies for the environmental impact of the digital solutions, and to strengthen the cross-sectoral dialogue and deployment of green digital solutions. In order to become a member of the coalition, companies also have to establish SBTs by 2030 for GHG reduction and a net-zero pledge by 2040.<sup>54</sup>

Based on the above, Sustainalytics is of the opinion that TDC NET’s efforts to reduce its scopes 1, 2 and 3 emissions, as well as its energy intensity are expected to positively contribute to reducing the environmental footprint of the telecommunications services industry in Denmark, and in Europe more broadly, and support the ambitions of the Paris Agreement’s goals.

**Alignment with/contribution to SDGs**

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by the year 2030. The sustainability-linked instruments issued under the Framework are expected to help advance the following SDGs and targets:

KPI	SDG	SDG Target
Scope 1 and 2 GHG emissions	7. Affordable and clean energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix 7.3 By 2030, double the global rate of improvement in energy efficiency
Scope 3 GHG emissions	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

<sup>45</sup> Danish Ministry of Climate, Energy and Utilities, “Denmark’s Integrated National Energy and Climate Plan”, (2019), at: [https://ec.europa.eu/energy/sites/ener/files/documents/dk\\_final\\_necp\\_main\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/dk_final_necp_main_en.pdf)

<sup>46</sup> ITU, “ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030”, (2020), at: <https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

<sup>47</sup> Science Based Targets initiative, “Guidance for ICT companies setting science based targets”, at: [https://sciencebasedtargets.org/resources/legacy/2020/04/GSMA\\_IP\\_SBT-report\\_WEB-SINGLE.pdf](https://sciencebasedtargets.org/resources/legacy/2020/04/GSMA_IP_SBT-report_WEB-SINGLE.pdf)

<sup>48</sup> Ibid.

<sup>49</sup> GSMA, “Mobile Net Zero State of the Industry on Climate Action”, (2021), at: <https://www.gsma.com/betterfuture/wp-content/uploads/2021/04/Mobile-Net-Zero-State-of-the-Industry-on-Climate-Action.pdf>

<sup>50</sup> Circular energy systems are intended to reuse captured heat from new data centres by transferring it to district heating systems or other heat users.

<sup>51</sup> Climate Neutral Data Centre Pact, “Self-Regulatory Initiative”, at: <https://www.climateutraldatacentre.net/self-regulatory-initiative/>

<sup>52</sup> European Commission, “Shaping Europe’s Digital Future”, (2020), at: [https://ec.europa.eu/info/sites/default/files/communication-shaping-europes-digital-future-feb2020\\_en\\_4.pdf](https://ec.europa.eu/info/sites/default/files/communication-shaping-europes-digital-future-feb2020_en_4.pdf)

<sup>53</sup> European Commission, “European Green Digital Coalition”, at: <https://digital-strategy.ec.europa.eu/en/policies/european-green-digital-coalition>

<sup>54</sup> European Commission, “Declaration of the European Green Digital Coalition Members”, at: [https://ec.europa.eu/information\\_society/newsroom/image/document/2021-12/european\\_green\\_digital\\_coalition\\_declaration\\_-\\_final\\_digital\\_day\\_2021\\_E592503B-D1CC-A599-5EF97E6891B038DF\\_74943.pdf](https://ec.europa.eu/information_society/newsroom/image/document/2021-12/european_green_digital_coalition_declaration_-_final_digital_day_2021_E592503B-D1CC-A599-5EF97E6891B038DF_74943.pdf)

## Conclusion

TDC NET intends to issue sustainability-linked instruments, tying their financial and structural characteristics (such as coupon step-up or higher redemption price) to the achievement of the following SPTs:

- Reach net-zero CO<sub>2</sub>e emissions in own operations by 2028 from a 2020 baseline
- Reach net-zero CO<sub>2</sub>e emissions from business activities (upstream and downstream value chain) by 2030 from a 2020 baseline

Sustainalytics considers KPI 1 and 2 to be very strong given that they are a direct measure of TDC NET's performance on a relevant and material environmental issue, follow a clear and consistent calculation methodology which is aligned with the GHG Protocol; and therefore, support benchmarking against external emission reduction trajectories. Sustainalytics considers the SPTs to align with TDC NET's sustainability strategy. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious given that they are aligned with the Company's historical performance, above the targets and performance of most industry peers, and are also aligned with the SBTi's 1.5°C scenario. Furthermore, Sustainalytics considers TDC NET's reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the TDC NET Sustainability-Linked Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022, and the prospective achievement of the SPTs to be impactful.

## Appendix 1: Sustainability-Linked Bonds - External Review Form

### Section 1. Basic Information

**Issuer name:** TDC NET

**Sustainability-Linked Bond ISIN:** not known at time of publication

**Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3):** Sustainalytics

**Completion date of second party opinion pre-issuance:** May 13, 2022

**Independent External Review provider's name for post-issuance verification (section 4):**

**Completion date of post issuance verification:** not known at time of publication

At the launch of the bond, the structure is:

- a step-up structure  a variable redemption structure

### Section 2. Pre-Issuance Review

#### 2-1 SCOPE OF REVIEW

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

The review:

- assessed all the following elements (complete review)  only some of them (partial review):
- |  |  |
|--|--|
| <input type="checkbox"/> Selection of Key Performance Indicators (KPIs)                      | <input checked="" type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input checked="" type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input checked="" type="checkbox"/> Reporting                                |
| <input checked="" type="checkbox"/> Verification   |  |
- and confirmed their alignment with the SLBP.

#### 2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |

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

#### 2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)

Sustainalytics is of the opinion that the TDC NET Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles (SLBP) 2020.

### Section 3. Detailed pre-issuance 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.

**3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)**

**Overall comment on the section (if applicable):**

Sustainalytics considers KPI 1 - Scope 1 & 2 GHG emissions and KPI 2 - Scope 3 GHG to be very strong given that they: (i) speak on a material issue that directly measures the Company’s environmental performance, (ii) follow a clear and consistent methodology, (iii) have a combined high scope of applicability, and (iv) supports benchmarking against emission reduction trajectories.

**List of selected KPIs:**

- Scope 1 & 2 GHG emissions (metric tons CO<sub>2</sub>e)
- Scope 3 GHG emissions (metric tons CO<sub>2</sub>e)

**Definition, Scope, and parameters**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Clear definition of each selected KPIs | <input checked="" type="checkbox"/> Clear calculation methodology |
| <input type="checkbox"/> Other (please specify):                           |   |

**Relevance, robustness, and reliability of the selected KPIs**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials that the selected KPIs are relevant, core and material to the issuer’s sustainability and business strategy. | <input checked="" type="checkbox"/> Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis                            | <input checked="" type="checkbox"/> Evidence that the KPIs can be benchmarked        |
|  | <input type="checkbox"/> Other (please specify):                                     |

**3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)**

**Overall comment on the section (if applicable):**

Sustainalytics considers the SPTs to align with TDC NET’s sustainability strategy and SPT 1 to be highly ambitious given that it (i) is aligned with the Company’s historical performance, (ii) is above the targets and performance of most industry peers, and (iii) is aligned with SBTi’s 1.5°C scenario.

Sustainalytics considers TDC NET’s SPT 2 to be highly ambitious given that it (i) is aligned with the Company’s historical performance, (ii) is above the targets and performance of industry peers, and (iii) is aligned with SBTi’s 1.5°C scenario.

**Rationale and level of ambition**

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement                                  | <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline                 |
|  | <input type="checkbox"/> Other (please specify):  |

**Benchmarking approach**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance   | <input checked="" type="checkbox"/> Issuer's peers |
| <input checked="" type="checkbox"/> reference to the science | <input type="checkbox"/> Other (please specify):   |

**Additional disclosure**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> potential recalculations or adjustments description            | <input checked="" type="checkbox"/> issuer's strategy to achieve description |
| <input type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/> Other (please specify):                             |

**3-3 BOND CHARACTERISTICS**

**Overall comment on the section (if applicable):**

TDC NET will link the sustainability-linked bonds' financial characteristics to the achievement of the SPT(s), namely a coupon step-up or higher redemption price.

**Financial impact:**

- variation of the coupon
- ...
- Other (please specify):

**Structural characteristic:**

- ...
- ...
- Other (please specify):

**3-4 REPORTING**

**Overall comment on the section (if applicable):**

TDC NET commits to report, on an annual basis, on its performance on the KPIs and expects to include the relevant figures in the sustainability report, which will be published on its website. The reporting commitments are aligned with the Sustainability-Linked Bond Principles 2020.

**Information reported:**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs    | <input type="checkbox"/> Other (please specify):       |

**Frequency:**

- Annual
- Semi-annual
- Other (please specify):

**Means of Disclosure**

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify):
- 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.

**Level of Assurance on Reporting**

- limited assurance
- reasonable assurance
- Other (please specify):

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)**

**Section 4. Post-issuance verification**

**Overall comment on the section (if applicable):**

**Information reported:**

- limited assurance
- reasonable assurance
- Other (please specify):

**Frequency:**

- Annual
- Semi-annual
- Other (please specify):

**Material change:**

- Perimeter
- KPI methodology
- SPTs calibration

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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. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics 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. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

Or contact us [contact@sustainalytics.com](mailto:contact@sustainalytics.com)

