

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 2024 and the Sustainability-Linked Loan Principles 2025. This assessment is based on the following:

- Selection of Key Performance Indicators** The TDC NET Sustainability-Linked Finance Framework defines the following KPIs: i) absolute scope 1 and 2 GHG emissions (tCO₂e); and ii) absolute scope 3 GHG emissions (tCO₂e). Sustainalytics considers KPIs 1 and 2 to be very strong based on materiality, relevance, scope of applicability and comparability to external benchmarks.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with TDC NET’s sustainability strategy. Sustainalytics assessed the SPTs as follows, based on historical performance, peer targets and science-based trajectories, as applicable: SPTs 1a -1d highly ambitious and SPTs 2a – 2f highly ambitious.
- Financial Instruments Characteristics** TDC NET has linked the financial characteristics of the sustainability-linked instruments to the achievement of the SPTs. The failure to achieve the SPTs will trigger a coupon step-up or premium payment for bonds and margin adjustment for loans.
- Reporting** TDC NET commits to provide details of its performance on the KPIs in its annual report, which is available on its website. The reporting commitments are aligned with the SLBP and SLLP.
- 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 the SLBP and SLLP.

Evaluation Date	April 9, 2025
Issuer Location	Copenhagen, Denmark

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	2020	Very Strong	SPT 1: Reduce scope 1 and 2 GHG emissions from a 2020 baseline by: SPT 1a: 60% by 2025 SPT 1b: 70% by 2026 SPT 1c: 80% by 2027 SPT 1d: 100% by 2028 (net zero)	Highly Ambitious
KPI 2: Absolute Scope 3 GHG emissions (tCO ₂ e)	2020	Very Strong	SPT 2: Reduce scope 3 GHG emissions from a 2020 baseline by: SPT 2a: 25% by 2025 SPT 2b: 30% by 2026 SPT 2c: 35% by 2027	Highly Ambitious

			SPT 2d: 40% by 2028 SPT 2e: 55% by 2029 SPT 2f: 100% by 2030 (net zero)	
--	--	--	---	--

Table of Contents

Evaluation Summary	1
Table of Contents	3
Scope of Work and Limitations	4
Introduction	5
Sustainalytics' Opinion	6
Section 1: Alignment with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles	6
Selection of Key Performance Indicators.....	6
Calibration of Sustainability Performance Targets.....	8
Financial Characteristics	10
Reporting	11
Verification	11
Section 2: Assessment of TDC NET's Sustainability Strategy	11
Section 3: Impact of the SPTs	13
Conclusion	14
Disclaimer	15
About Morningstar Sustainalytics.....	16

Scope of Work and Limitations

TDC NET has engaged Sustainalytics to review the TDC NET Sustainability-Linked Finance Framework dated April 2025 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2024 (SLBP)¹ and Sustainability-Linked Loan Principles (SLLP).²

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent³ opinion on the alignment of the Framework with the SLBP, as administered by ICMA.

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

- (1) They understand it is the sole responsibility of the issuer to ensure that the information provided is complete, accurate and up to date.
- (2) They have provided Sustainalytics with all relevant information.
- (3) Any material information provided 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 assesses alignment of the Framework with current market standards but does not provide any guarantee of alignment nor warrants any alignment with future versions of such standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs but does not measure progress on the KPIs. This Second-Party Opinion is valid for issuances aligned with the Framework until one of the following occurs: i) a material change to the external benchmarks against which targets were set; ii) 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. Measuring and reporting on KPIs and SPTs is the responsibility of the Framework owner.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related circumstances that TDC NET may have disclosed to Sustainalytics for the purpose of this Second-Party Opinion.

For inquiries, contact the Corporate Solutions project team:

Siina Matihaldi (Amsterdam)
Project Manager
siina.matihaldi@morningstar.com
(+31) 207 511 353

Camilla Bovati (Amsterdam)
Project Support

Kibii Sisulu (London)
Client Relations
kibii.sisulu@morningstar.com
(+44) 20 3880 0193

Meenakshi Agarwal (Mumbai)
Project Support

¹ The Sustainability-Linked Bond Principles are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-linked-bond-principles-slbp/>

² The Sustainability-Linked Loan Principles are administered by the LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/>

³ 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. In addition, analyst compensation is not directly tied to specific commercial outcomes.

Introduction

TDC NET A/S (“TDC NET” or the “Company”) is an open-access connectivity provider and owner of critical telecommunications infrastructure in Denmark. As an end-to-end infrastructure provider, TDC NET owns and operates all assets necessary for mobile and fixed network connectivity to telecommunications service providers. The Company’s infrastructure asset base includes all 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. As of December 31, 2024, the Company owned 4,378 mobile sites and a 19,750 kilometre fibre network in Denmark,⁴ and employed 2,637 people.

TDC NET intends to issue sustainability-linked bonds and obtain sustainability-linked loans whose financial characteristics, such as coupon rate, margin adjustments or premium payment, are tied to the achievement of sustainability performance targets (SPTs) for two key performance indicators (KPIs) related to the Company’s scope 1, 2 and 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 2024 and Sustainability-Linked Loan Principles 2025. The Framework will be published in a separate document.⁵

TDC NET has defined the following KPIs and SPTs:

Table 1: KPI Definitions

KPI	Definition
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	The KPI measures absolute scope 1 and 2 GHG emissions in tonnes of carbon dioxide equivalent (tCO ₂ e) and is calculated in line with the GHG Protocol Corporate Reporting Standards. ⁶ Scope 1 GHG emissions include emissions from vehicle fuel, backup generator oil and other energy sources from own operations. Scope 2 GHG emissions follow the market-based calculation method and include indirect emissions from purchased electricity and heat from district heating. ⁷
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ e)	The KPI measures absolute scope 3 GHG emissions in tonnes of carbon dioxide equivalent (tCO ₂ e) and is calculated in line with the GHG Protocol Corporate Reporting Standards. ⁸ Scope 3 GHG emissions cover the emissions generated in the upstream and downstream value chain from operations, mainly from purchased goods and services, and fuel and energy-related emissions. ⁹

⁴ TDC NET, “Annual Report 2024 - Pioneering the future of connectivity”, (2024), at: <https://tdcnet.com/media/bahljs5f/tdc-net-annual-report-2024.pdf>

⁵ TDC NET, “TDC NET Sustainability-Linked Finance Framework”, at: <https://tdcnet.com/investor-relations/?lr=true>

⁶ Greenhouse Gas Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

⁷ Greenhouse Gas Protocol, “Scope 2 Guidance”, at: <https://ghgprotocol.org/scope-2-guidance>

⁸ Ibid.

⁹ The KPI includes the following categories from the GHG Protocol Corporate Reporting Standard: category 1 (purchased goods and services), category 2 (capital goods), category 3 (fuel- and energy-related activities), category 4 (upstream transportation and distribution), category 5 (waste generated in operations), category 6 (business travel), category 7 (employee commuting), category 11 (use of sold products), category 12 (end-of-life treatment of sold products), and category 13 (downstream leased assets).

Table 2: SPTs and Past Performance

KPI	2019	2020 (baseline)	2021	2022	2023	2024	SPT 2025	SPT 2026	SPT 2027	SPT 2028	SPT 2029	SPT 2030
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e) ¹¹	80,071	80,827	89,839	81,205	35,972	31,773	32,330	24,248	16,165	0	N/A	N/A
KPI 2: Absolute Scope 3 GHG emissions (tCO ₂ e)	104,944	121,328	100,868	83,357	78,682	71,776	90,996	84,930	78,863	72,797	54,598	0

Sustainalytics' Opinion

Section 1: Alignment with the Sustainability-Linked Bond Principles 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 2024 and the Sustainability-Linked Loan Principles 2025.

TDC NET published the TDC NET Sustainability-Linked Finance Framework in May 2022,¹² for which Sustainalytics provided a Second-Party Opinion.¹³ The TDC NET Sustainability-Linked Finance Framework of April 2025 (under review in the current Second-Party Opinion) updates the 2022 Framework by introducing annual intermediate targets linked to the financial characteristics of the instruments for both KPIs, which remain unchanged. KPI 1 (absolute scope 1 and 2 GHG emissions) includes annual SPTs from 2025 to 2028; KPI 2 (absolute scope 3 GHG emissions) includes annual SPTs from 2025 to 2030.



Selection of Key Performance Indicators

Relevance and Materiality of KPIs

In assessing the materiality and relevance of a KPI, Sustainalytics considers: i) whether the indicator speaks to a material impact of the issuer's activities on environmental or social issues; and ii) to what extent the KPI is

¹⁰ TDC NET has communicated that it adjusts baselines annually to ensure data comparability in alignment with the Greenhouse Gas Protocol and best practices in carbon accounting. The Company will report on the baseline numbers for absolute scope 1 and 2 market-based GHG emissions, and absolute scope 3 GHG emissions in the Sustainability Performance Report in TDC NET's Annual Report, which is covered by external auditor's limited assurance opinion.

¹¹ TDC aims to reach net zero scope 1 and 2 emissions by 2028. Therefore, the Company has not set targets for 2029 and 2030.

¹² TDC NET, "TDC NET Sustainability-Linked Finance Framework", (2022), at: <https://tdcnet.com/media/yflpkwgr/tdc-net-sustainability-linked-finance-framework.pdf>

¹³ Sustainalytics, "TDC NET Sustainability-Linked Finance Framework Second-Party Opinion", (2022), at: [https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tdc-net-sustainability-linked-finance-framework-second-party-opinion-\(2022\).pdf?sfvrsn=52ce381a_1](https://mstar-sustops-cdn-mainwebsite-s3.s3.amazonaws.com/docs/default-source/spos/tdc-net-sustainability-linked-finance-framework-second-party-opinion-(2022).pdf?sfvrsn=52ce381a_1)

applicable. Additionally, TDC NET has communicated to Sustainalytics that both KPIs and their associated SPTs will be included in all sustainability-linked issuances under this Framework.

KPI 1: Absolute scope 1 and 2 GHG emissions (tCO₂e) and KPI 2: Absolute scope 3 GHG emissions (tCO₂e)

Sustainalytics notes that KPIs 1, and 2 collectively address the issue of TDC NET's GHG emissions and has therefore taken a combined approach to assess these KPIs. Sustainalytics considers the KPIs to be highly material and relevant given that:

- Mobile and fixed network consumption accounts for 75% of the telecommunication industry's total energy consumption.¹⁴ Sustainalytics' ESG Risk Rating identifies Carbon – Own Operations¹⁵ as a Material ESG Issue for the telecommunication services industry, primarily due to the pressures relating to energy optimization for its networks from rising energy costs, growing energy consumption and the need to meet decarbonization goals.¹⁶
- The Sustainability Accounting Standards Board (SASB) identifies Energy Management as a relevant topic to track and disclose for the telecommunication services sector.¹⁷ Telecommunication service providers' management of energy efficiency, energy mix, and access to alternative sources may become increasingly material amid a growing global regulatory focus on climate change.
- Scope 3 emissions make up approximately 75% of all GHG emissions from the mobile telecom sector, with categories 1 (purchased goods and services), 2 (capital goods), 3 (fuel- and energy-related activities), 11 (use of sold products) and 15 (investments) accounting for approximately 90% of scope 3 emissions.¹⁸
- In terms of applicability, KPI 1 covers 100% of the Company's scope 1 and 2 emissions, which accounted for approximately 30% of TDC NET's total GHG emissions in 2024. KPI 2 covers scope 3 emissions from the upstream and downstream value chain, representing 100% of the Company's scope 3 emissions in 2024, and approximately 70% of total scope 1, 2 and 3 emissions in the same year. Altogether, KPI 1 and 2 address 100% of TDC NET's total GHG emissions in 2024, indicating a high scope of applicability.

Based on the above, Sustainalytics considers KPIs 1, 2 and 3 to be material and to have a high scope of applicability.

KPI Characteristics

In assessing a 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 a material environmental or social issue;¹⁹ and iv) whether the methodology can be compared against an external contextual benchmark.²⁰

KPI 1: Absolute scope 1 and 2 GHG emissions (tCO₂e) and KPI 2: Absolute scope 3 GHG emissions (tCO₂e)

Sustainalytics considers TDC NET's definition of and methodology to calculate KPIs 1 and 2 to be clear based on the ease of calculation and consistent since the Company started calculating its scope 1, 2 and 3 emissions using this methodology in 2019. Both KPIs follow the GHG Protocol's Corporate Reporting Standards,²¹ which represent an externally defined methodology. Sustainalytics also considers both KPIs to be directly linked to the Company's

¹⁴ McKinsey & Company, "The growing imperative of energy optimization for telco networks", (2024), at: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-growing-imperative-of-energy-optimization-for-telco-networks?stcr=1A99D403B4244E3C91AD3533E4E91473&cid=other-eml-alt-mip-mck&hlkid=02af558649294767b1c52706ec40ae6a&hctky=14731690&hdpid=74c2d512-3ec8-485e-9607-3c29eb037281>

¹⁵ Sustainalytics' Carbon – Own Operations MEI refers to a company's management of risks related to its own operational energy use and scope 1 and 2 GHG emissions. It also includes parts of scope 3 GHG emissions.

¹⁶ Sustainalytics' Industry Report Telecommunication Services (2024)

¹⁷ SASB, "Materiality Finder, Telecommunication Services", at: <https://sasb.ifrs.org/standards/materiality-finder/find/?industry%5b%5d=TC-TL>

¹⁸ GSMA, "Mobile Net Zero 2024 State of the Industry on Climate Action" (2024), at: <https://www.gsma.com/solutions-and-impact/connectivity-for-good/external-affairs/wp-content/uploads/2024/02/Mobile-Net-zero-2024-State-of-the-Industry-on-Climate-Action-1.pdf>

¹⁹ A direct measure refers to a metric selected for the KPI that shows a specific indicator of performance or an outcome on the material ESG issue.

²⁰ External contextual benchmarks are standards or points of reference established by recognized third-party organizations to facilitate comparability.

²¹ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

sustainability performance on GHG emissions. Furthermore, Sustainalytics notes that the KPIs support comparison against external science-based decarbonization pathway, such as the Science Based Targets initiative’s (SBTi) cross-sectoral absolute reduction method.²²

Overall Assessment

Sustainalytics considers KPIs 1 and 2 to be very strong given that: i) they are a direct measure of the Company’s sustainability performance on a relevant and material environmental issue; ii) together they have a high level of applicability; iii) they follow clear and consistent methodologies that are externally defined; and iv) they lend themselves to comparison against recognized external GHG emission reduction trajectories.

KPI	Strength of KPI			
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ 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:

- SPTs 1a – 1d: Reduce scope 1 and 2 GHG emissions by 60% by 2025, 70% by 2026, 80% by 2027, and 100% by 2028 (net zero) from a 2020 baseline.
- SPTs 2a – 2f: Reduce scope 3 GHG emissions by 25% by 2025, 30% by 2026, 35% by 2027, 40% by 2028, 55% by 2029, and 100% by 2030 (net zero) from a 2020 baseline.

As part of its sustainability strategy, TDC NET aims to reduce the energy consumption and intensity of its networks and technologies, transition to 100% renewable electricity, adopt zero-emission mobility solutions, and implement sustainable procurement practices. The SPTs align with the Company’s target of achieving net zero emissions across its value chain by 2030.

Please refer to Section 2 for an analysis of the credibility of TDC NET’s sustainability strategy.

Strategy to Achieve the SPTs

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

- TDC NET aims to reduce energy consumption across its networks and invest in energy-efficient technologies for both fixed and mobile networks. For the fixed network, the Company plans to decommission its legacy equipment and transition from copper to coax and fiber. For the mobile network, the Company aims to accelerate 5G development, decommission 3G and integrate energy-saving features such as cell sleep and micro-sleep functions.
- TDC NET commits to achieving 100% renewable energy consumption by 2028, with 65% currently sourced through long-term power purchase agreements (PPAs) from four solar parks in Denmark, covering the Company’s bundled renewable energy contracts. The Company plans to cover the remaining consumption with similar PPAs, requiring new renewable energy capacity to ensure new renewable capacity is built rather than relying on existing renewable sources.
- TDC aims to gradually optimize technician routes to reduce travel distance by up to 25% by the end of 2025 and transition the fleet to electric cars and vans.

²² Science Based Targets initiative, “SBTi Corporate Net-Zero Standard Criteria”, (2024) at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard-Criteria.pdf>

- The Company plans to replace natural gas heating in buildings with district heating or electric heat pumps, aligning with the government of Denmark's goal to reduce the district heating emission factor to nearly zero by 2028.

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

- TDC NET aims to engage with suppliers to set climate targets and enhance data transparency focusing on purchased goods and services as well as capital expenditures (linked to scope 3 emissions – categories 1 and 2), which account for approximately 91% of scope 3 emissions.²³ The Company also plans to innovate new products using recycled plastic and develop partnerships to implement energy-efficient solutions, such as artificial intelligence and machine learning software, to reduce energy consumption.
- The Company plans to incorporate CO₂ related requirements into tenders and contracts for carbon intensive purchases identified early in the sourcing process.
- TDC NET intends to transition to 100% renewable energy for fuel- and energy-related emissions, which account for approximately 5.7% of the Company's scope 3 emissions.
- TDC NET plans to revise and tighten the Company's travel policy, including an implementation of a hybrid workplace to reduce travel time and encourages employees to work from home on designated days.
- TDC NET commits to improving energy efficiency by installing smart grids in buildings, developing IoT applications and optimizing logistics networks. The Company estimates that such measures could reduce carbon emissions by up to 15%.
- TDC NET aims at neutralizing its remaining emissions using afforestation, improved soil and forest management, land restoration, including peatlands, terrestrial forests, and mangroves, direct air capture (DAC) with storage, and bioenergy carbon capture and storage (BECCS). TDC NET has committed to following SBTi guidance to ensure its approach remains closely aligned.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of an SPT, Sustainalytics considers: i) whether the SPT goes beyond a business-as-usual trajectory; ii) how the SPT compares to targets set by peers; and iii) how the SPT compares with science-based references.²⁴

TDC Net has set the baseline for the SPTs at 2020, in line with SBTi-validated targets.

SPTs 1a – 1d: Reduce scope 1 and 2 GHG emissions by 60% by 2025, by 70% by 2026, by 80% by 2027, and by 100% by 2028 (net zero) from a 2020 baseline.

Sustainalytics was able to use the following criteria to assess ambitiousness: past performance, peer performance and science-based trajectories.

Regarding past performance, TDC NET increased its absolute scope 1 and 2 GHG emissions from 80,071 tCO₂e in 2019 to 80,826 tCO₂e in 2020. To achieve its targets, the Company must reduce its absolute scope 1 and 2 GHG emissions by 12% annual linear reduction from 2020 to 2025 for SPT 1a; 11.7% annual linear reduction from 2020 to 2026 for SPT 1b; 11.4% annual linear reduction from 2020 to 2027 for SPT 1c; and 12.5% annual linear reduction from 2020 to 2028 for SPT 1d. Therefore, Sustainalytics considers SPTs 1a – 1d to be above TDC NET's historical performance.

Sustainalytics analyzed the performance of seven peers in the telecommunications sector and found that six have set net zero targets for scope 1 and 2 emissions. TDC NET's targets exceed those of its peers with respect to the timeline commitment and average annual percentage reduction. Therefore, Sustainalytics considers TDC NET's targets to be above peer performance.

Regarding comparison with science-based references, each of the annual SPTs for 2025, 2026, 2027, and 2028 is above the minimum 4.2% annual linear reduction rate required for alignment with SBTi's 1.5°C cross-sectoral

²³ TDC NET, "Annual Report 2024 - Pioneering the future of connectivity", (2024), at: <https://tdcnet.com/media/bahlj5f/tdc-net-annual-report-2024.pdf>

²⁴ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

absolute reduction method. Additionally, Sustainalytics notes that the Company has set a target of achieving net zero GHG emissions across all scopes by 2030 from a 2020 baseline, which has been validated by the SBTi.

SPTs 2a – 2f: Reduce scope 3 GHG emissions by 25% by 2025, by 30% by 2026, by 35% by 2027, by 40% by 2028, by 55% by 2029, and 100% by 2030 (net zero) from a 2020 baseline.

Sustainalytics was able to use the following criteria to assess ambitiousness: past performance, peer performance, science-based trajectories.

Regarding past performance, TDC NET increased its absolute scope 3 GHG emissions from 104,944 tCO₂e in 2019 to 121,328 tCO₂e in 2020. To achieve SPTs 2a, 2b, 2c, and 2d, the Company must reduce its absolute scope 3 GHG emissions by 5% annual linear reduction from 2020 to 2025, 2026, 2027, and 2028; by 6.1% annual linear reduction from 2020 to 2029 for SPTs 2e; and by 10% annual linear reduction from 2020 to 2030 for SPT 2f. Therefore, Sustainalytics considers SPTs 2a - 2f to be above TDC NET’s historical performance.

Sustainalytics analyzed the performance of seven peers in the telecommunications sector and found that six have established net zero targets for scope 3 emissions. TDC NET’s targets exceed those of its peers with respect to the timeline commitment and average annual percentage reduction. Therefore, Sustainalytics considers TDC NET’s targets to be above peer performance.

Regarding comparison with science-based references, Sustainalytics notes that the trajectory leading to SPT 2f (net zero scope 3 emissions by 2030) has been validated by the SBTi, following the net zero approach.²⁵ Additionally, each of the annual SPTs for 2025, 2026, 2027, 2028, 2029, and 2030 is above the minimum 4.2% annual linear reduction rate required for alignment with SBTi’s 1.5°C cross-sector absolute reduction method.

Overall Assessment

Sustainalytics considers the SPTs to align with TDC NET’s sustainability strategy.

Sustainalytics considers TDC NET’s SPTs 1a to 1d to be highly ambitious given that they are: i) above past performance; ii) above peer performance; and iii) aligned with the SBTi’s cross-sectoral absolute reduction method.

Sustainalytics considers TDC NET’s SPTs 2a to 2f to be highly ambitious given that they are: i) above past performance; ii) above peer performance; and iii) aligned with the SBTi’s cross-sectoral absolute reduction method.

SPT	Ambitiousness of SPT			
SPT 1: Reduce scope 1 and 2 GHG emissions from a 2020 baseline by: SPT 1a: 60% by 2025 SPT 1b: 70% by 2026 SPT 1c: 80% by 2027 SPT 1d: 100% by 2028 (net zero)	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Reduce scope 3 GHG emissions from a 2020 baseline by: SPT 2a: 25% by 2025 SPT 2b: 30% by 2026 SPT 2c: 35% by 2027 SPT 2d: 40% by 2028 SPT 2e: 55% by 2029 SPT 2f: 100% by 2030 (net zero)	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Financial Characteristics

The financial characteristics of the sustainability-linked instruments issued under the Framework will be linked to the achievement or non-achievement of the SPTs in the form of a coupon step-up or premium payment for bonds and margin adjustment for loans.

²⁵ SBTi, ‘Corporate Net-Zero Standard’, (2024), at: <https://sciencebasedtargets.org/resources/files/Net-Zero-Standard-Criteria.pdf>

A trigger event occurs if: i) a relevant SPT is not met on the relevant target observation dates; or ii) TDC NET fails to comply with the reporting or verifications specified in the relevant sustainability-linked financing instrument documentation. The financial characteristics of each financial instrument issued under the Framework will be specified in its corresponding documentation.

Additionally, TDC NET has communicated to Sustainalytics that both KPIs and their associated SPTs will be included in all sustainability-linked issuances under this Framework.

Sustainalytics considers the financial characteristics of the sustainability-linked bonds and loans to be aligned with the SLBP and SLLP but does not opine on the adequacy of the magnitude and structure of the financial penalty.



Reporting

TDC NET commits to report on an annual basis on its progress on the KPIs and expects to include the relevant figures in its Annual Report available on its website, which is aligned with the SLBP and SLLP. TDC NET further commits to disclose relevant information enabling investors to monitor the level of ambition of the SPTs. The reporting commitments are aligned with the SLBP and SLLP.



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 SLBP and SLLP on verification. The verification will be made publicly available in the Company's Annual Report available on TDC NET's website.

Section 2: Assessment of TDC NET's Sustainability Strategy

Credibility of TDC NET Sustainability Strategy

TDC NET conducted a materiality analysis in 2024 which highlights four key environmental areas of its corporate strategy: i) climate change; ii) energy; iii) circular economy; and iv) biodiversity and ecosystems.²⁶

TDC NET has established the following GHG emissions reduction targets, which were validated by the SBTi in 2022: i) an achievement of net zero emissions across its value chain by 2030 from a 2020 base year; ii) a 60% reduction in absolute scope 1, 2 and 3 GHG emissions by 2028 from a 2020 base year; and iii) a 90% reduction in absolute scope 1, 2 and 3 GHG emissions by 2030 from a 2020 base year.²⁷

To achieve its scope 1 targets, TDC NET aims to invest in energy efficiency initiatives and technologies, including 5G and fibre optic.²⁸ In addition, the Company plans to transition to a zero-emission fleet by 2028 by optimizing technician routes and switching to electric cars and vans. To address its scope 2 emissions, TDC NET aims to transition from using natural gas to district heating and switch to 100% renewable energy by 2028. With respect to scope 3 emissions, TDC NET plans to build a sustainable procurement setup to reduce the use of new materials and improve circularity. In addition, the Company intends to engage with its key suppliers to encourage them to establish decarbonization targets and provide transparent data. Between 2023 and 2024, TDC NET achieved a 12% and a 9% reduction in scope 1 and 2 emissions and scope 3 emissions, respectively. The Company also reduced its energy intensity by 11% over the same timeframe.²⁹

Regarding biodiversity, TDC NET has set a target to preserve 30% of the Company's unbuilt land by 2030 compared to 2024. In 2024, the Company restored 9.6% of its land by implementing projects related to grazing, hay sled, removal of invasive species

²⁶ TDC NET, "Annual Report 2024", at: <https://tdcnet.com/media/bahljs5f/tdc-net-annual-report-2024.pdf>

²⁷ Ibid.

²⁸ Ibid.

²⁹ Ibid.

and heather recovery. Regarding circular economy, TDC NET achieved a recycling rate of 82% of its waste in 2024. TDC NET plans to develop a circularity strategy and commit to specific targets in 2025.³⁰

Sustainalytics considers TDC NET to have a strong sustainability strategy and considers that instruments issued under the Framework will further support its sustainability strategy.

TDC NET's Environmental and Social Risk Management

Sustainalytics recognizes that the targets defined by TDC NET are impactful but notes that achieving the SPTs bears environmental and social risks related to: i) data privacy and security;³¹ ii) product governance;³² iii) human capital;³³ and iv) business ethics.³⁴

Sustainalytics comments below on TDC NET's ability to mitigate the potential risks:

- To address risks related to data privacy and security, TDC NET has a Data Ethics Policy, applicable to all its subsidiaries.³⁵ The policy aligns with applicable data protection legislation in Denmark and the EU, including the General Data Protection Regulation,³⁶ e-Privacy Directive³⁷ and Artificial Intelligence Act³⁸, and outlines the Company's processes related to the collection of personal data, confidentiality, machine learning, AI and the rights of the data subject. TDC NET's Privacy and Compliance Team monitors the data handling processes to assess compliance with the policy.
- Regarding product governance, TDC NET has an ISO 14001-certified³⁹ environmental management system which is regularly audited.⁴⁰ In addition, TDC NET requires its suppliers and its sub-suppliers to comply with the Company's supplier 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.⁴¹
- With respect to risks related to human capital, TDC NET's Diversity, Equity, Inclusion and Belonging Policy outlines the Company's approach to promote diversity and an inclusive working environment within the Company's processes including recruitment, onboarding, promotions and management.⁴² TDC NET's occupational health and safety processes are ISO 45001-certified⁴³ and outline the Company's safety measures on the provision of protective equipment, good sanitary and residence conditions, working hours and OHS training.⁴⁴ TDC NET has assigned a Health and Safety Committee which is responsible for overseeing the application of the policy, annually review the policy,

³⁰ TDC NET, "Annual Report 2024", at: <https://tdcnet.com/media/bahljs5f/tdc-net-annual-report-2024.pdf>

³¹ Sustainalytics' Data Privacy and Security MEI focuses on data governance practices, including how companies collect, use, manage and protect data.

³² Sustainalytics' Product Governance MEI focuses on how companies manage responsibilities to their clients. Emphasis is put on quality management systems, marketing practices, fair billing and post-sales responsibility

³³ Sustainalytics' Human Capital MEI focuses on the management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

³⁴ Sustainalytics' Business Ethics MEI focuses on the management of ethical considerations applicable to most or all sectors, such as taxation and accounting, anti-competitive practices and intellectual property issues.

³⁵ TDC NET, "Data Ethics Policy", at: <https://tdcnet.com/media/vihct4bs/tdc-net-data-ethics-policy-vfinal-250205.pdf>

³⁶ European Parliament, "Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (Text with EEA relevance)", at: <https://eur-lex.europa.eu/eli/reg/2016/679/oj/eng>

³⁷ European Parliament, "Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector", at: <https://eur-lex.europa.eu/eli/dir/2002/58/oj/eng>

³⁸ European Parliament, "Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)", at: <https://eur-lex.europa.eu/eli/reg/2024/1689/oj/eng>

³⁹ ISO, "ISO 14001:2015", at:

<https://www.iso.org/standard/60857.html#:~:text=What%20is%20ISO%2014001%3F,continually%20improve%20their%20environmental%20performance.>

⁴⁰ TDC NET, "Environmental Policy", at: <https://tdcnet.com/media/2bqdi3me/tdc-net-environmental-policy-2024-vfinal-250203.pdf>

⁴¹ TDC NET, "Supplier Code of Conduct", at: <https://tdcnet.com/media/w3jdi31y/tdc-net-supplier-code-of-conduct-vfinal-250203.pdf>

⁴² TDC NET, "Diversity, Equity, Inclusion & Belonging Policy", at: <https://tdcnet.com/media/ac5bikpq/tdc-net-diversity-equity-inclusion-and-belonging-policy-vfinal-250203.pdf>

⁴³ ISO, "ISO 45001:2018", at: <https://www.iso.org/standard/63787.html>

⁴⁴ TDC NET, "Human & Labour Rights Policy", at: <https://tdcnet.com/media/fleji1wr/tdc-net-human-and-labour-rights-vfinal-250203.pdf>

provide guidance on health and safety strategies, assess risk exposure, recommend health and safety-related targets and manage related reporting.⁴⁵

- Regarding business ethics, TDC NET's Anti-Bribery and Corruption Policy describes the Company's processes to prevent, mitigate, manage and report business ethics-related risks including conflict of interest, receiving gifts, donations and bribery.⁴⁶ The Company has an anonymous whistleblower scheme in place, available for internal and external stakeholders to report any breach of the policy.⁴⁷ TDC NET became a signatory to the United Nations Global Compact in 2009 and has reported its progress on the Ten Principles in terms of human rights, labour, environment and anti-corruption within an annual progress report.⁴⁸

Overall, Sustainalytics considers that TDC NET has management programmes and policies to mitigate the above.

Section 3: Impact of the SPTs

Importance of decarbonizing the telecom sector

The Information and Communications Technology (ICT) sector accounted for 1.7% of total global GHG emissions as of 2022 with telecom operators responsible for 0.4% of global GHG emissions from energy and 1% of global electricity consumption.⁴⁹ In this context, the mobile and fixed network operations accounted for more than 75% of total energy consumption of the telecommunications companies.⁵⁰ Current mobile networks use only 15% of the energy that they demand for data transfer as the remaining 85% is wasted because of heat loss, intermittency and inefficient infrastructure.⁵¹

To align with the 1.5-degree target of the Paris Agreement, the sector needs to reduce its GHG emissions by 45% between 2020 and 2030.⁵² According to the SBTi, decarbonization actions in the ICT sector, to align with a 1.5°C trajectory by 2030, should mainly focus on: i) continued implementation of energy efficiency plans; ii) a shift to renewable or low-carbon electricity supply; and iii) encouragement of carbon consciousness among end users.⁵³ In this context, 26 ICT companies formed the European Green Digital Coalition (EGDC) in 2021 to harness the sector's potential to facilitate climate transition in other sectors.⁵⁴ The members of the coalition commit to establishing SBTi-aligned decarbonization targets reaching net zero by 2040. Additionally, the signatories commit to investing in more energy- and material efficient digital solutions, develop standardized methodologies to assess the environmental impact of digital solutions and to strengthen the cross-sectoral collaboration.⁵⁵

Based on the above, Sustainalytics is of the opinion that TDC NET's efforts to reduce its scope 1, 2 and 3 GHG emissions will contribute to reducing the environmental footprint of its telecommunications services and support the ambitions of the Paris Agreement goal to limit global warming to 1.5°C.

⁴⁵ TDC NET, "Mandate and Charter for the Health and Safety Committee in TDC NET A/S", (2023), at: <https://tdcnet.com/media/s45fbfbu/tdc-net-health-and-safety-committee-charter.pdf>

⁴⁶ TDC NET, "Anti-Bribery and Corruption Policy", at: <https://tdcnet.com/media/sjvihzkbk/tdc-net-anti-bribery-and-corruption-policy-vfinal-250203.pdf>

⁴⁷ TDC, "TDC NET's whistleblower scheme", at: <https://tdcnet.com/whistleblower/>

⁴⁸ The UN Global Compact, "TDC NET A/S", at: <https://unglobalcompact.org/what-is-gc/participants/9045-TDC-NET-A-S>

⁴⁹ The World Bank and International Telecommunication Union, "Measuring the Emissions & Energy Footprint of the ICT Sector: Implications for Climate Action", (2024), at:

<https://documents1.worldbank.org/curated/en/0991212231655890/pdf/P17859712a98880541a4b71d57876048abb.pdf>

⁵⁰ McKinsey & Company, "The growing imperative of energy optimization for telco networks", (2024), at: <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-growing-imperative-of-energy-optimization-for-telco-networks>

⁵¹ Ibid.

⁵² 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>

⁵³ 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

⁵⁴ European Commission, "European Green Digital Coalition", at: <https://digital-strategy.ec.europa.eu/en/policies/european-green-digital-coalition>

⁵⁵ European Commission, "Declaration of the European Green Digital Coalition Members", (2021), 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

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The SLB is expected to help advance the following SDG and targets:

KPI	SDG	SDG Target
KPI 1: Absolute scope 1 and 2 GHG emissions (tCO ₂ e)	7. Affordable and Clean Energy	7.3. By 2030, double the global rate of improvement in energy efficiency.
KPI 2: Absolute scope 3 GHG emissions (tCO ₂ e)	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.

Conclusion

TDC NET intends to issue sustainability-linked bonds and obtain sustainability-linked loans, tying their financial and structural characteristics, such as coupon step-up or premium payment for bonds and margin adjustment for loans, to the achievement of the following SPTs:

- (1) SPTs 1a - 1d: Reduce scope 1 and 2 GHG emissions by 60% by 2025; by 70% by 2026; by 80% by 2027; and by 100% by 2028 (net zero) from a 2020 baseline.
- (2) SPTs 2a – 2f: Reduce scope 3 GHG emissions by 25% by 2025; by 30% by 2026; by 35% by 2027; by 40% by 2028; by 55% by 2029; and 100% by 2030 (net zero) from a 2020 baseline.

Sustainalytics considers KPIs 1 and 2 to be very strong based on their materiality, relevance, scope of applicability and comparability to an external benchmark. In addition, Sustainalytics considers SPTs 1a – 1d and SPTs 2a – 2f to be highly ambitious, based on past performance, peer performance and alignment with science-based trajectories.

Additionally, Sustainalytics considers the reporting and verification commitments to be aligned with the SLBP and SLLP.

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 2024 and the Sustainability-Linked Loan Principles 2025, and the prospective achievement of the SPTs to be impactful.

Disclaimer

Copyright ©2025 Sustainalytics, a Morningstar company. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein (the “Information”) are proprietary to Sustainalytics and/or its third-party content providers and may be made available to third parties only in the form and format disclosed by Sustainalytics. The Information is not directed to, nor intended for distribution to or use by India-based clients and/or users, and the distribution of Information to India resident individuals and entities is not permitted.

The Information is provided for informational purposes only and (1) does not constitute an endorsement of any product, project, investment strategy or consideration of any particular environmental, social or governance related issues as part of any investment strategy; (2) does not constitute investment advice nor recommends any particular investment, nor represents an expert opinion or negative assurance letter; (3) is not part of any offering and does not constitute an offer or indication to buy or sell securities, to select a project nor enter into any kind of business transaction; (4) is not an assessment of the economic performance, financial obligations nor creditworthiness of any entity; (5) is not a substitute for professional advice; (6) has not been submitted to, nor received approval from, any relevant regulatory or governmental authority. Past performance is no guarantee of future results.

The Information is based on information made available by third parties, is subject to continuous change and no warranty is made as to its completeness, accuracy, currency, nor the fitness of the Information for a particular purpose. The Information is provided “as is” and reflects Sustainalytics’ opinion solely at the date of its publication.

Neither Sustainalytics nor its third-party content providers accept any liability in connection with the use of the Information or for actions of third parties with respect to the Information, in any manner whatsoever, to the extent permitted by applicable law.

Any reference to third party content providers’ names is solely to acknowledge their ownership of information, methodologies, data and opinions contained or reflected within the Information and does not constitute a sponsorship or endorsement of the Information by such third-party content provider. For more information regarding third-party content providers visit <http://www.sustainalytics.com/legal-disclaimers>

Sustainalytics may receive compensation for its ratings, opinions and other services, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics maintains measures designed to safeguard the objectivity and independence of its opinions. For more information visit [Governance Documents](#) or contact compliance@sustainalytics.com.

This deliverable, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the opinion wholly or in part, the distribution of the opinion, either free of charge or against payment, or the exploitation of this opinion in any other conceivable manner.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

About Morningstar Sustainalytics

Morningstar Sustainalytics 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 30 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, which 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. For more information, visit www.sustainalytics.com.

