

Second-Party Opinion

Cellnex Sustainability-Linked Financing Framework



Evaluation Summary

Sustainalytics is of the opinion that the Cellnex Sustainability-Linked Financing (SLF) Framework aligns with the Sustainability-Linked Bond Principles (SLBP) 2020 and Sustainability-Linked Loan Principles (SLLP) 2021. This assessment is based on the following:

- Selection of Key Performance Indicators (KPIs)** Cellnex Sustainability-Linked Financing Framework includes three KPIs: (i) (1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e), (ii) sourcing of renewable electricity (%), and (iii) Percentage of women in directors and senior management/managers roles (%), (see Table 1). Based on their materiality, relevance, scope of applicability and adequacy to external benchmarking, Sustainalytics considers KPI 1 very strong and KPI 2 and KPI 3 strong.
- Calibration of Sustainability Performance Targets (SPTs)** Sustainalytics considers the SPTs to be aligned with Cellnex's sustainability strategy. Sustainalytics further considers SPT 1 and SPT 2 highly ambitious, based on past performance, peer performance and alignment with science-based trajectories. Sustainalytics considers SPT 3 ambitious based on past performance and peer performance.
- Bond/Loan Characteristics** Cellnex has disclosed that the sustainability performance of the Company against selected KPIs and SPTs will be tied to a coupon adjustment or margin adjustment, or a premium payment, in case of a trigger event, which is aligned with the SLBP and SLLP
- Reporting** Cellnex commits to report on an annual basis on its relevant performance on the KPIs, Cellnex will provide annual relevant reporting until the SPTs' target dates of all outstanding Sustainability-Linked financing instruments issued under the Framework. The reporting will be made publicly available on Cellnex's website. This reporting commitment is aligned with the SLBP and SLLP.
- Verification** Cellnex commits to have external limited assurance conducted at the minimum against each SPT for each KPI at least once a year, which is aligned with market expectations.

Evaluation Date	January 7, 2022
Issuer/Borrower	Madrid, Spain
Location	Spain

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	SPT	Strength of the KPI	Ambitiousness of SPT
(1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	2020	(1a) Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline. (1b) Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline.	Very Strong	Highly Ambitious
Sourcing of renewable electricity (%)	2020	Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline.	Strong	Highly Ambitious
Percentage of women in directors and senior management/managers roles (%)	2021	Increase the percentage of women in directors and senior management/managers roles to 30% by 2025.	Strong	Ambitious

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Scope of Work and Limitations

Cellnex Telecom S.A. has engaged Sustainalytics to review the Sustainability-Linked Financing (SLF) Framework and provide an opinion on the alignment of the notes with the SLBP and (SLLP) respectively.¹

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed the SLF Framework with the SLBP 2020, as administered by ICMA, and with the SLLP 2021, as administered by APLMA, LMA, and LSTA.

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

- (1) They understand it is the sole responsibility of Issuer/Borrower 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 SLF Framework and should be read in conjunction with the Framework and the transaction document. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Cellnex Telecom S.A. 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 the KPIs' performance.³ The measurement and reporting of the KPIs is the responsibility of the Issuer/Borrower. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favor or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Cellnex Telecom S.A. 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 benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SLBs and SLLs or the materiality of the KPI.

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¹ The Sustainability-Linked Bond Principles (SLBP) were launched by ICMA in June 2020. They are administered by the ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-100620.pdf> The Sustainability-Linked Loan Principles (SLLP) were launched by APLMA, LMA and LSTA in July 2021. They are administered by the APLMA, LMA and LSTA and are available at: <https://www.lsta.org/content/sustainability-linked-loan-principles-sllp/#>

² 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.

³ 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.

⁴ Benchmarks refers to science based benchmarks

Introduction

Cellnex Telecom, S.A. (“Cellnex”, the “Company”, the “Issuer” or the “Borrower”) is a provider of telecommunication services operating broadcasting centers, network and radio spectrum along with the distribution of content on digital television, radio and multi-screen environments. The Company, headquartered in Spain, has an annual revenue of EUR 1,605 million and has around 2,300 employees.

Cellnex intends to issue Sustainability-Linked Bonds (SLBs) or borrow Sustainability-Linked Loans (SLLs) where the financial characteristics of these instruments, such as a coupon adjustment or margin adjustment, or premium payment, will be tied to the achievement of one or more SPT(s) for three selected KPIs. The selected KPIs refer to (i) absolute scope 1, 2 and 3 GHG emissions (tCO₂e), (ii) sourcing of renewable electricity (%) and (iii) percentage of women in directors and senior management/managers roles.

Cellnex has engaged Sustainalytics to review the SLF Framework and provide an opinion on the alignment of the Framework with the SLBP and the SLLP.

The KPIs and SPTs used by Cellnex are defined in Tables 1 and 2 below.

Table 1: KPI Definitions

KPI	Definition
(1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	The KPI is calculated following the GHG Protocol Corporate Standard and verified with the ISO 14064 standard for quantification and reporting GHG emissions and removals. The KPI is measured in metric tonnes of carbon dioxide equivalent (tCO ₂ e).
Sourcing of renewable electricity (%)	In the calculation of this KPI, the total amount of electricity from renewable sources consumed in a given year is divided by the total electricity consumed by the Company in that same year.
Percentage of women in directors and senior management/managers roles (%)	This KPI is the headcount of the number of women in directors and senior management/managers roles divided by the total headcount of all directors and senior management/managers roles. These roles account for 16% of total employees at Cellnex.

Table 2: SPTs and Past Performance

KPI	2017	2018	2019	2020	2021	SPT 2025	SPT 2030
(1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	NA ⁵	NA ⁵	NA ⁵	(Baseline) (1a) 221,279.63 (1b) 79,764.45	N/A	(1a)45% reduction compared to baseline (1b)21% reduction compared to baseline	(1a)70% reduction compared to baseline
Sourcing of renewable electricity (%)	0%	0%	0%	(Baseline) 2%	N/A	100%	N/A
Percentage of women in directors and senior management/managers roles (%)	N/A	N/A	20%	24% ⁶	(Baseline) 23.6%	30%	N/A

⁵ Cellnex started accounting its scope 3 GHG emissions from 2020. Therefore, complete scope 1, 2 and 3 emissions data is not available prior to 2020.

⁶ The difference between 2020 and 2021 data is on account of perimeter change. For more detail, see Section 1: Calibration of Sustainability Performance Targets (SPTs) – Ambitiousness, Baseline, and Benchmarks.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of Cellnex's Sustainability-Linked Financing Framework with the Sustainability-Linked Bond Principles and the Sustainability-Linked Loan Principles.

Sustainalytics is of the opinion that the Sustainability-Linked Bond Framework align with the five core components of the Sustainability-Linked Bond Principles 2020 (SLBP) and the Sustainability-Linked Loan Principles 2021 (SLLP) respectively.



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

Sustainalytics in its assessment of materiality and relevance considers i) whether an indicator speaks to a material impact of the Issuer's/Borrower's business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

KPI 1 - (1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)

Sustainalytics considers KPI 1 to be material and relevant based on the following:

- i. Sustainalytics' ESG Risk Rating of Cellnex identifies "Carbon - Own Operations"⁷ as a material ESG issue (MEI). The telecommunication industry's largest share of GHG emissions is derived from the energy used to run the data centers, base stations, telephone exchanges and core networks. Sustainalytics' Industry Report on Telecommunication Services,⁸ estimates that the rapid expansion of international telecommunications infrastructure, including deployment of 5G technology and growing customer demand, is expected to increase the industry's energy requirements substantially in the following years. 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.⁹
- ii. The Sustainability Accounting Standards Board (SASB) identifies energy management as a relevant issue for the telecommunication services industry.¹⁰ The SASB standard for telecommunication services,¹¹ emphasizes that the energy management by the telecommunication services companies and their reliance and ability to access alternative energy sources will become increasingly material as the global regulatory focus on climate change increases.
- iii. Cellnex conducted a materiality analysis in 2020 which identified Climate change and carbon footprint strategy as one of the most material ESG issues for the Company and its stakeholders.¹²

In terms of applicability, KPI 1 (1a and 1b) covers the GHG emissions from activities of Cellnex and its supply chain, representing over 99% of the Company's total emissions profile (scope 1, 2 and 3) in the baseline year 2020.

⁷ The Sustainalytics's 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.

⁸ Sustainalytics' Industry Report, Telecommunication Services, (2020)

⁹ International Telecommunication Union, ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030, at:

<https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

¹⁰ 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)

¹¹ Telecommunication Services, Sustainability Accounting Standard, at: https://www.sasb.org/wp-content/uploads/2018/11/Telecommunication_Services_Standard_2018.pdf

¹² Cellnex, 2020 Integrated Annual Report, at:

<https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

The Company's scope 1 GHG emissions represent less than 1% of its total emissions, while scope 2 GHG emissions represent the large majority (61.23% in 2020). In addition, Cellnex is committed to mitigating all the relevant sources of absolute scope 3 GHG emissions (i) fuel and energy-related activities,¹³ (ii) purchased goods and services,¹⁴ and (iii) capital goods.¹⁵ Sustainalytics positively notes the addition of the most relevant scope 3 categories in the KPI, in line with best practice, showing Cellnex's efforts to influence emissions and environmental performance beyond its direct control and influence. On this basis, Sustainalytics considers KPI 1 (1a and 1b) to be highly material with a high scope of applicability.

KPI 2 - Sourcing of renewable electricity (%)

Sustainalytics considers KPI 2 to be relevant and material to Cellnex's business based on the above-mentioned reasons (KPI 1).

In terms of applicability, the KPI covers 100% of electricity consumed by the Company. In 2020, the share of renewable sources in Cellnex's electricity mix was insignificant (2%), whereas the Company plans to achieve 100% by 2025.

KPI 3 - Percentage of women in directors and senior management/managers roles (%)

Sustainalytics considers KPI 3 material and relevant in the context of the gender gap in leadership and top management roles in the telecom industry. According to recent studies, this sector remains heavily dominated by men.¹⁶ The greatest challenge in preventing this economic gender gap from closing is the under-representation of women in leadership positions. Additionally, Sustainalytics ESG Risk Rating methodology identifies 'Human Capital' as an MEI for the telecommunications sector.¹⁷

In terms of applicability, KPI 3 accounts for roughly 16% of all Cellnex employees (2020). Nevertheless, Sustainalytics considers that increasing the percentage of women in directors and senior management/manager roles would generate impacts across all operations of the Company and assesses this KPI to be highly applicable in scope.

KPI Characteristics

Sustainalytics in its assessment of the KPI characteristics considers i) whether a clear and consistent methodology is used, ii) whether the Issuer/Borrower follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the Issuer/Borrower on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.¹⁸

KPI 1 - (1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)

Sustainalytics considers Cellnex's definition and methodology to calculate the KPI 1 clear and consistent with the Company's historical reporting. Cellnex follows the GHG Protocol Corporate Accounting and Reporting Standard,¹⁹ for calculating and reporting scope 1, 2 and 3 GHG emissions. The GHG emissions reports are verified in line with the ISO 14064 standard for quantification and reporting GHG emissions and removals.²⁰ This approach is

¹³ GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions, Category 3: Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2, pg- 38, at: https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

¹⁴ GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions, Category 1: Purchased Goods and Services, pg- 36, at: https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

¹⁵ GHG Protocol, Technical Guidance for Calculating Scope 3 Emissions, Category 2: Capital Goods and Services, pg- 20, at: https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

¹⁶ GSMA, "Accelerating the digital economy: Gender diversity in the telecommunications sector", (2015), at: <https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2015/11/Accelerating-the-digital-economy-Gender-diversity-in-the-telecommunications-sector.pdf>

¹⁷ The Sustainalytics' Human Capital MEI management of risks related to scarcity of skilled labour as well as labour relations, such as non-discrimination, working hours and minimum wages.

¹⁸ External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹⁹ GHG Protocol, Corporate Accounting and Reporting Standard, at: <https://ghgprotocol.org/corporate-standard>

²⁰ ISO 14064-1:2018, Greenhouse gases — Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals, at: <https://www.iso.org/standard/66453.html>

considered an industry standard and supports benchmarking against external emission reduction trajectories. The KPI is also directly linked to the Company’s performance.

KPI 2 - Sourcing of renewable electricity (%)

Sustainalytics considers Cellnex’s definition and methodology to calculate the KPI 2 to be clear and consistent. Cellnex has defined the sources of renewable electricity as self-generation, direct procurement (through power purchase agreements), green electricity from energy suppliers (green tariffs), energy attribute certificates (Guarantees of Origin), as well as any other supply arrangements. This approach is considered an industry standard and supports benchmarking against external criteria. The KPI 2 is indirectly linked to the Company’s environmental performance.

KPI 3 - Percentage of women in directors and senior management/managers roles (%)

Sustainalytics considers Cellnex’s definition and methodology to calculate the performance of KPI 3 to be clear and consistent based on the ease of calculation and replicability. Cellnex follows Global Reporting Initiative standard 405-1 on "Diversity of governance bodies and employees", and reports against this indicator yearly in its Integrated Annual Report. Sustainalytics considers KPI 3 directly linked to the performance of Cellnex regarding material impact.

Sustainalytics further notes that while there are no applicable externally recognized benchmarks for this KPI, it enables comparability across various industry players.

Overall Assessment

Sustainalytics considers KPI 1 (1a and 1b) - absolute scope 1, 2 and 3 GHG emissions (tCO₂e) to be very strong given that (i) it speaks to a material environmental issue that directly measures Cellnex’s environmental performance, (ii) it has a high scope of applicability, (iii) it follows a clear and consistent methodology, and (iv) it supports benchmarking against emission reduction trajectories.

Sustainalytics considers KPI 2 - Sourcing of renewable electricity (%) to be strong given that (i) it speaks to a material environmental issue indirectly related to the Company’s performance, (ii) it has a clear definition, and (iii) it has a high scope of applicability, and (iv) it supports benchmarking against external criteria.

Sustainalytics considers KPI 3 - Percentage of women in directors and senior management/managers roles (%) to be strong given that: (i) it is relevant and speaks to material social issue, (ii) directly related to the Company’s performance, and (iii) follows a clear and consistent methodology. Sustainalytics notes that while there are no applicable externally recognized benchmarks for this KPI, it enables comparability across various industry players.

(1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)	Not Aligned	Adequate	Strong	Very strong
Sourcing of renewable electricity (%)	Not Aligned	Adequate	Strong	Very strong
Percentage of women in directors and senior management/managers roles (%)	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets (SPTs)

Cellnex has set the following SPTs for its KPIs:

- SPT 1 a: Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline.
- SPT 1 b: Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline.
- SPT 2: Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline.
- SPT 3: Increase the percentage of women in directors and senior management/managers roles to 30% by 2025.

Alignment with Issuer's/Borrower's Sustainability Strategy

Overall, Sustainalytics considers the SPTs to be aligned with Cellnex's sustainability strategy (please refer to Section 2 for analysis of the credibility of Cellnex's sustainability strategy).

- Regarding SPT 1, Cellnex has formulated an Environment and Climate Change Policy in 2021,²¹ emphasizing carbon management into the Company's business strategy and decision-making. The Company measures its annual carbon footprint, which is verified by a third party, sets annual emission reduction targets, and publishes the Company's progress every year. As part of the policy, the Company identifies the climate change related risks and opportunities concerned with its businesses as per the recommendations of the TCFD. Cellnex has also undertaken physical and transitional climate scenario analysis for its operations in all countries which would facilitate devising action plans for mitigation and adaptation to climate change.
- Regarding SPT 2, Cellnex is in the process of developing an Energy Transition Plan (ETP),²² which will constitute the action areas for accomplishing the established corporate goals in terms of energy management. The ETP commits to achieve 100% certified green energy by 2025, based on different levers of energy management initiatives such as digitalization of energy management processes, improved energy efficiency, purchase of RE and self-generation of RE. Additionally, Cellnex has obtained ISO 50001: Energy Management certification for its operations in Spain and aims to obtain the certification for its operations in all other countries.
- SPT 3: Recognizing 'Equity, Diversity and Inclusion' as a material aspect in its annual materiality exercise,²³ Cellnex has instituted an Equity, Diversity and Inclusion Policy that establishes the guidelines and lines of action in this area for the entire Cellnex group, approved by the Board of Directors in December 2019. Cellnex has introduced an Equity, Diversity and Inclusion Programme that defines actions, commitments, and strategic lines to complement the policy. The Program consists of 90 specific actions that have been scheduled over the four years (2019-2022), resulting from five lines of actions (gender, generational, affective-sexual, cultural and functional).

Strategy to Achieve the SPTs

• SPT 1a: Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline.

• SPT 1b: Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline.

Cellnex intends to achieve SPT1 through the following strategy:

- Cellnex plans to focus on energy management to achieve the SPT 1a. Some strategies to reduce emissions include smart energy initiatives, improving energy efficiency, expanding the purchase of RE, and self-generation of RE.
- Cellnex plans to install smart meters, implement process digitalization, and establish an energy control platform as part of its smart energy initiative. These initiatives will enable Cellnex to optimize energy efficiency in terms of cost and consumption and help in improving its energy performance.
- In terms of energy efficiency, Cellnex is in the process of renovating its TDT, FM and DAB equipment, which is estimated to save around 10GWh electricity per year. The free cooling initiative has been implemented in some regions and is under evaluation in other regions. Further, as a core part of Cellnex's energy efficiency strategy, the Company aims to have around 80% of its energy consumption certified with ISO 50001, during the period 2022-2025.

²¹ Cellnex, Environment and Climate Change Policy, at: https://www.cellnextelecom.com/content/uploads/2021/04/POL_GR_018_Environment-and-Climate-Change-Policy-clean.pdf

²² Cellnex, 2020 Integrated Annual Report, at: <https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

²³ Cellnex Telecom, "2020 Integrated Annual Report", at: <https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

- For achieving SPT 1b, Cellnex intends to develop a strategic purchasing model, consisting of various criteria for selection, homologation, and evaluation of suppliers. The criteria will include elements such as, potential risks related to GHG emissions to screen the suppliers. Further, the Company plans to carry out audits to implement improvement action, wherever necessary.

SPT 2 - Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline

Cellnex intends to achieve SPT2 through the following strategy:

- Cellnex plans to implement the Energy Transition Plan, which includes procuring renewable electricity through power purchase agreements or guarantees of origin.
- Cellnex intends to self-generate renewable electricity by commissioning solar PV plants. Cellnex is executing a project in Spain that considers the installation of solar panels in 692 rural sites which is expected to produce 3GWh of clean energy per year. Depending on outcomes, Cellnex may extend the scope of the project.
- Cellnex is also evaluating the feasibility of implementing other technologies for self-generation, such as fuel cells, wind-power based energy, etc.

SPT 3 - Increase the percentage of women in directors and senior management/managers roles to 30% by 2025

- Cellnex is committed to further Equity, Diversity, and Inclusion (EDI) as one of the key elements of its business model.
- Cellnex's talent review programme aims to retain and develop people and ensure a talent mapping to ensure the Company's needs, including the priority of equity through equal opportunities, focusing on gender equity and inclusion. The Company has also implemented the Blind CV initiative to remove bias discrimination during the search of candidates. The CVs do not include a photograph, name, age and gender of the candidates.
- Cellnex conducts monthly global awareness workshops for all its employees so that employees become aware of gender biases, enabling them to eliminate such biases.
- Cellnex has created a multi-approach women development program, wherein during the eight-month programme, the selected women receive mentoring, coaching sessions, specific training. The mentors of these women (internal) receive training about mentoring women along with women's managers that participate in workshops. Mentors also receive training regarding unconscious bias and inclusive leadership.
- Cellnex has incorporated EDI in all of its talent-related initiatives. The Company tracks the number of women in the talent pool of critical positions and synergizes efforts to maximize gender balance in all the Company's initiatives and development programmes (E.g. the Cellnex MBA programme).

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.²⁴

• SPT 1a: Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline.

• SPT 1b: Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline.

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

Cellnex has set 2020 as the baseline for SPT 1 to reflect the latest audited data available, which incorporates all recent expansions of the Company.

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

With regard to Cellnex's past performance, the complete historical data of the emissions is not available as the Company began accounting for its scope 3 GHG emissions from 2020 onwards. However, based on the historical performance of scope 1 and 2, Sustainalytics considers that SPT 1a and 1b exhibits a continued and significant improvement compared to the past performance. In addition, based on a comparative assessment of 11 peer companies, only one peer was found to have stronger targets, with three other peers' targets aligned with the Cellnex. The remaining companies had set targets that are below Cellnex's SPTs. Sustainalytics, therefore, considers the SPT to be aligned with its peer performance. For comparison with recognized decarbonization trajectories, Sustainalytics notes that the SPTs are validated by the SBTi and align with its 1.5°C scenario. This model requires a minimum GHG emissions reduction rate of 4.2%,¹⁴ annually in absolute terms. Cellnex's SPTs set for the short term and mid-term are above this minimum reduction rate. Therefore, Sustainalytics considers Cellnex's SPT1a and 1b collectively to be in alignment with the 1.5°C scenario.

SPT 2 - Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline

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

In terms of Cellnex's past performance, the Company did not use any renewable energy until 2019, and in 2020 it had only 2% renewable energy share in its total electricity consumption. As such, Sustainalytics considers the SPT to be significantly above its past performance. In addition, 11 peer companies were assessed for their targets linked to renewable electricity usage. Among these, three companies had either already achieved 100% share of renewable energy in their electricity consumption or had shorter target dates. Only two companies had set targets similar to Cellnex, while the remaining companies had targets below the SPTs or had longer timelines. Overall, Sustainalytics assesses Cellnex's SPT to be aligned with peer performance. For comparison with science-based trajectories, Sustainalytics considers the criteria set by the SBTi, according to which the minimum acceptable renewable energy-related target is acceptable only if it is in line with procuring 80% of electricity from renewable sources by 2025 and 100% by 2030.²⁵ Sustainalytics further notes that the SPT is validated by the SBTi and is well above the minimum acceptable requirements of renewable energy-related targets.

SPT 3 - Increase the percentage of women in directors and senior management/managers roles to 30% by 2025

Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance and peer performance.

Regarding past performance, Cellnex increased the share of women in executive positions by an average annual rate of approximately 1.80% between 2019 and 2021. Sustainalytics notes that the difference between historical data of 2020 (24%) and 2021 (23.6%) is mainly on account of acquisitions made by Cellnex. To achieve SPT targets, the proportion of women employees must rise to 30.00% compared to 23.60% in 2021, representing an increase of 1.60% per annum between 2021 and 2025. Sustainalytics considers that the targeted 2025 increase aligns with past performance.

Cellnex's targets were compared with 11 direct peers, where only five peers have set targets in line with the SPT 3. Compared to the targets set by five of its peers globally, Cellnex's SPT is above the targets set by three peers and below the targets of two peers. Sustainalytics considers SPT 3 slightly above or aligned with most of its peers' targets. While most peers have similar shares of women in executive or leadership roles, very few peers have set related targets.

Overall Assessment

Sustainalytics considers the SPTs to align with Cellnex sustainability strategy and considers Cellnex's SPT 1 to be highly ambitious given that (i) it represents a continued improvement over historical performance, (ii) it is aligned with Cellnex's industry peers, and (iii) it is aligned with a 1.5°C scenario.

Sustainalytics considers Cellnex's SPT 2 to be highly ambitious given that (i) it represents a target significantly above its historical performance, (ii) it is aligned with Cellnex's industry peers, and (iii) it is aligned SBTi approved decarbonization trajectories.

Sustainalytics considers Cellnex's SPT 3 as ambitious given that it aligns with past performance and peer performance.

²⁵ SBTi Corporate Manual, Version 2.0, December 2021, pg-16, at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

SPT 1a: Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline. SPT 1b: Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2: Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3: Increase the percentage of women in directors and senior management/managers roles to 30% by 2025	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Bond and/or Loan Characteristics

Cellnex has disclosed that:

- The sustainability performance of the Company against selected KPIs and SPTs will be tied to a coupon adjustment or margin adjustment, or a premium payment, in case of a trigger event. The relevant step-ups, margin amount or the premium payment amounts, as applicable against the KPIs and SPTs, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB).
- The different KPI(s) may be used in different financial instruments at the discretion of Cellnex where some of the instruments may be linked to annual KPI(s), others may require only other specific measurement date(s). For instruments using annual KPI(s), such as loans, the SPTs are of private nature and will be agreed with the lenders.
- Sustainalytics notes that the relevant characteristics of bonds and loans are aligned with the SLBP and SLLP respectively.



Reporting

Cellnex commits to report on its performance on the KPIs on an annual basis. It will provide annual reporting until the SPTs’ target dates of all outstanding Sustainability-Linked financing instruments issued under the Framework. The reporting will be made publicly available in Cellnex Integrated Annual Report, or a similar report, on Cellnex’s website. Cellnex will report all the relevant information needed to assess if any changes to the Sustainability-Linked Financing instruments characteristics are to be made. The reporting commitments are aligned with the SLBPs and SLLPs.



Verification

Cellnex commits to having an external verifier provide a limited assurance at the minimum against each SPT for each KPI at least once a year, which will be published in Cellnex’s Integrated Annual Report. Sustainalytics notes that this is aligned with the SLBPs and SLLPs on verification.

Section 2: Assessment of Cellnex's Sustainability Strategy

Credibility of Cellnex Sustainability Strategy

Cellnex formulated its ESG Policy²⁶ following the Good Governance recommendations of the CNMV,²⁷ and based on international standards such as principles of the UN Global Compact, SDGs, TCFD or International Labour Organization. Cellnex's ESG Policy establishes the basic guidelines and lines of action for Cellnex's ESG strategy. In December 2020, Cellnex set out its ESG Master Plan (2021-2025) at the group level by updating its ESG strategy stipulated in its previous CSR Master Plan 2016-2020. The ESG Master Plan (2021-2025) of Cellnex was developed on the basis of a materiality study carried out in 2020. The materiality study was based on an internal and external analysis, and considering international standards such as GRI or SASB and sustainability Laws & regulations (for instance, the Law 11/2018 of Spain).²⁸ It prioritizes six strategic areas: (i) acting with integrity; (ii) boosting talent, being diverse and inclusive; (iii) being a facilitator of social progress; (iv) growing with a long-term sustainable environmental approach; (v) extending commitment to the value chain;²⁹ and (vi) ensuring the awareness of responsible way of doing. The Nominations, Remunerations and Sustainability Committee is the highest governing body, responsible for ensuring compliance and implementation of Cellnex's ESG Master Plan.³⁰

Under its fourth strategic area of priority,³¹ Cellnex aims to: (i) achieve 100% of its energy consumption green certified by 2025 and beyond as part of its Energy Transition Plan and (ii) reduce carbon footprint by 50% by 2030 and by 100% by 2050 in line with the SBTi. Cellnex has achieved 100% renewable energy consumption in its Ireland and UK operations in 2020 as part of its Energy Transition Plan. In addition, the Company completed 100% carbon footprint calculation, scope 3 GHG emissions screening and scope 1 GHG emissions' offsetting in all its operational countries in 2020. Moreover, Cellnex has participated in the UN Global Compact since November 2015 and joined its "Business ambition for 1.5°C" initiative in 2019.³² Furthermore, Cellnex is also part of the MSCI, FTSE4GOOD, CDP, Sustainalytics and Standard Ethics sustainability indexes. The Company's Strategic Sustainability Plan (2019-2023) set an objective to lead the sustainability indexes of the telecommunications sector. Furthermore, Cellnex plans to implement an internal carbon pricing mechanism in 2022.³³

As part of its priority area of "boosting talent, being diverse and inclusive", Cellnex aims to advance the inclusion of women in the telecom sector, which underpins its Equity, Diversity and Inclusion (EDI) plan. Fostering gender equity through the promotion of equal opportunities is one of the key objectives of the Company's EDI plan. The Company's Second Equality Plan (2018-2022) set an objective to progressively increase the number of female employees in all positions and responsibilities, guaranteeing equal treatment and opportunities for women and men and preventing sexual harassment and gender discrimination. In line with its EDI plan, Cellnex hired 44% of women against a target of 40% in 2020. In addition, women constituted 30% of career advancements against an objective of 20% at Cellnex. Cellnex is in the process of incorporating the best Corporate Governance practices recommended in the new CNMV Good Governance Code of listed companies, wherein it had set a target of 40% female representation of directors on the Board of Directors by the end of 2022 and achieved the same in 2021.^{34 35}

Sustainalytics considers Cellnex to have a strong sustainability strategy and considers that the SLBs and SLLs will further support the Cellnex sustainability strategy.

²⁶ Cellnex, "ESG Policy", at: <https://www.cellnextelecom.com/en/esg-policy/>

²⁷ The National Securities Market Commission (CMNV) is the Spanish government agency responsible for the financial regulation. The Good Governance Code of Listed Companies sets out recommendations to ensure good practices in corporate governance among listed companies including environment and social issues, at: <http://www.cnmv.es/portal/Legislacion/COBG/COBG.aspx?lang=en>

²⁸ Law 11/2018 of Spain stipulates increased disclosures by companies on non-financial information and diversity, at: <https://www.boe.es/boe/dias/2018/12/29/pdfs/BOE-A-2018-17989.pdf>

²⁹ Cellnex, "ESG Master Plan PPT", at: https://www.cellnextelecom.com/content/uploads/2021/03/ESG_Master_Plan_ppt-1.pdf

³⁰ Cellnex, "Integrated Annual Report 2020", at:

<https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

³¹ Fourth strategic area of priority as per Cellnex's ESG strategy as mentioned above - growing with a long-term sustainable environmental approach.

³² The initiative sets out two areas of action: (i) "1.5°C science-based targets", aligning its GHG emissions in all relevant areas with emission scenarios at 1.5°C, and (ii) "Zero Emissions Commitment" by setting a public target to achieve zero emissions by 2050.

³³ Cellnex, "Integrated Annual Report 2020", at:

<https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

³⁴ Ibid.

³⁵ Cellnex, "Board of Directors", at: <https://www.cellnextelecom.com/en/cellnex-board-of-directors/>

Cellnex's Environmental and Social Risk Management

According to Sustainalytics' ESG Risk Rating assessment, Cellnex has a medium-risk exposure in line with the subindustry benchmark where its management of material ESG issues is assessed as strong.³⁶ Sustainalytics also recognizes that while Cellnex's defined targets are impactful, it is acknowledged that achieving the SPTs bears environmental and social risks related to Product Governance, Human Capital, and Data Privacy and Security.

In the following section Sustainalytics comments on Cellnex's ability to mitigate such potential risks.³⁷

- Cellnex established the Global Risk Management Policy (GRMP) and the Global Risk Management Model in 2020. The GRMP is mandatory for all the companies controlled by the Cellnex Group. The GRMP establishes the essential principles and commitments in risk management, its communication with stakeholders and its integration into all the operational systems and processes. In this regard, the Global Risk Committee is the body responsible for executing overall risk management in Cellnex.
- Cellnex's risk management system identifies (i) environment and climate risks, (ii) risks related to people management, and (iii) information systems as three of the key functional areas. These functional areas also fall under the channelized oversight of different bodies, including the Board of Directors and the Company's Global Risk Committee. The Nominations, Remunerations and Sustainability Committee (NRSC) is the highest governing body responsible for ensuring compliance with the commitments established in the Company's ESG Policy.
- Cellnex has a methodology approved by the Board of Directors for risk management. This risk management methodology has three specific lines of defence: (i) Operational Management including all functional areas within Cellnex, (ii) Global Risk Committee and Quality and Risk Management department to oversee and facilitate the implementation of effective risk management practices, and (iii) Internal Audit Department to ensure the independence of the Board and senior management on how the organization assesses and manages its risks.
- Cellnex's Risk Management Department has implemented a Global Risk Management Master Plan 2021-2022 for the day-to-day operational development of risk management. In 2021, initiatives implemented as part of this plan included: (i) redesigning of the organizational model for risk management, (ii) design and deployment of a risk management communication plan, (iii) risk assessment of the company's main risks, including non-financial risks, (iv) implementation of a business continuity management system aligned with the best practices of the Business Continuity Institute (BCI) and the ISO 22301 standard, and (vi) SAP GRC tool that enable the monitoring of the tasks necessary to carry out simple risk management, internal control and internal auditing.
- Cellnex has obtained ISO 50001 for its operations in Spain and established a global model for further certification to the rest of the countries. The Company plans to implement ISO 50001 in the rest of the countries of the Company by 2025 to improve energy efficiency.
- Cellnex's Equity, Diversity and Inclusion Policy has set out guidelines approved by its Board of Directors for the Company. In line with Cellnex's strategic focus on "Boosting our talent, being diverse and inclusive", the yearly talent review process was consolidated in 2020. The talent review process included interactive "talking talent" sessions with managers to identify talent, risk identification, development needs, and succession plan to build up the talent pipeline for the Company's future growth. The talent review programme aims to retain and develop people to ensure a talent mapping which addresses the Company's needs, including the priority of achieving gender equity through equal opportunities.
- Cellnex deployed the security model as defined in the Strategic Global Security Plan, which establishes comprehensive security risk management, both physical and logical, with well-defined roles and functions. An important aspect of this plan is to analyze Company's security based on standard frameworks such as NIST cybersecurity and ISO 27001. Cellnex renewed its ISO 27001 certification for the entire Company in 2020.
- Moreover, the Global Security Office was established in 2020 to support Information Security at a global level and provide the services of (i) threat Intelligence and legal surveillance, (ii) Continuous monitoring of vulnerabilities, (iii) continuous improvement of security incident monitoring, (iv) update of threat catalogue and security risk map and, (v) technical consultancy and auditing in security matter.

³⁶ This assessment has been derived from Sustainalytics' ESG Risk Ratings framework, accessed on December 21, 2021.

³⁷ Cellnex, "Integrated Annual Report 2020", at:

<https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

In addition to the above, Sustainalytics notes that it has found no evidence of major environmental or social controversies related to Cellnex. Overall, Sustainalytics considers that Cellnex has strong management programs and policies to mitigate risks that could arise from its operations.

Section 3: Impact of the SPTs Chosen

Importance of increasing Renewable Energy and GHG emission reduction efforts

The Telecoms sector contributes over 2% of global carbon emissions, where an increase in data traffic could mean an increasing energy consumption.³⁸ The IEA estimates that since 2010, “the number of internet users worldwide has doubled, while global internet traffic has expanded 15-fold or ~30% per year.” The global data centres were responsible for around 1% of global final electricity demand in 2020.³⁹ In addition, data transmission networks consumed 1.1-1.4% of global electricity use in 2020.⁴⁰ Furthermore, the Telecommunication Services industry is amid a global transformation, driven by the rollout of 5G technology and shift toward a faster virtual mode of communications due to the impacts of the COVID-19 pandemic. Large telecom networks are energy-intensive to operate, and the deployment of 5G will impose even greater electricity demands given that a lot more equipment needs to be installed and potentially more data needs to be processed. The ICT sector has been able to meet such dynamic demand historically. However, the SBTi considers the achievement of 1.5-degree as a challenging task requiring significant commitment and ambitious action. According to SBTi, from 2020 to 2030, the main strategy to decarbonize the ICT sector at the pace necessary to align with a 1.5-degree trajectory includes: (i) continued implementation of energy efficiency plans; (ii) switch to renewable or low carbon electricity supply and (iii) encouragement of carbon consciousness among end-users.⁴¹

Sustainalytics is of the opinion that Cellnex’s focus and efforts in reducing scope 1, 2 and 3 GHG emissions will positively contribute to reducing the environmental footprint of the telecommunications services industry and support the ambitions of the Paris Agreement in keeping global warming below 1.5-degrees.

Importance of Gender Equity in the telecom sector

The Global Gender Gap Report 2020 estimates that it will take another 100 years to achieve gender equality considering the current pace of progress.⁴² Investing in programmes that advance income-generating activities for women can return USD 7 on every USD spent.⁴³ Moreover, according to International Finance Corporation (IFC), companies that achieve gender parity in their leadership teams see their valuations increase by approximately 25% than those with less diverse teams.⁴⁴ The proportion of women in the technology sector is lesser than that of women in the overall workforce.⁴⁵ Increasing women’s representation in senior and middle management roles increases the representation of women in decision-making processes, thereby resulting in the bridging of the gender gap within an organization.

Sustainalytics is of the opinion that Cellnex’s programmes on gender equity and its goal of achieving 30% percent of women in directors and senior management/managers roles will help advance SDG 5.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. These sustainability-linked bonds or loans advances the following SDG goals and targets:

³⁸ S&P Global, “ESG Industry Report Card: Telecoms”, (2020), at: <https://www.maalot.co.il/Publications/GRB20200824143602.pdf>

³⁹ This excludes energy used for cryptocurrency mining, which was ~100 TWh in 2020.

⁴⁰ IEA, “Data Centres and Data Transmission Networks”, (2021), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

⁴¹ Science Based Targets, “GUIDANCE FOR ICT COMPANIES SETTING SCIENCE BASED TARGET”, at: https://sciencebasedtargets.org/resources/legacy/2020/04/GSMA_IP_SBT-report_WEB-SINGLE.pdf

⁴² World Economic Forum, “Global Gender Gap Report 2020”, at: <https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality>

⁴³ UNDP, “Financing solutions for SDG 5”, at: <https://www.sdfinance.undp.org/content/sdfinance/en/home/sdg/goal-5--gender-equality.html>

⁴⁴ IFC, “Moving Toward Gender Balance in Private Equity and Venture Capital”, at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/gender+at+ifc/resources/gender-balance-in-emerging-markets

⁴⁵ Deloitte, “Women in the tech industry: Gaining ground, but facing new headwinds”, (2021), at: <https://www2.deloitte.com/xe/en/insights/industry/technology/technology-media-and-telecom-predictions/2022/statistics-show-women-in-technology-are-facing-new-headwinds.html>

KPI	SDG	SDG Target
(1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency
	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Sourcing of renewable electricity (%)	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Percentage of women in directors and senior management/managers roles (%)	5. Gender Equality	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life

Conclusion

Cellnex Telecom S.A. intends to issue Sustainability-Linked Bonds or borrow Sustainability-Linked Loans, which will tie the financial characteristics of these instruments, such as a coupon adjustment or margin adjustment, or premium payment to the achievements of the following SPTs:

- (1) a. Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline;
b. Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline;
- (2) Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline;
- (3) Increase the percentage of women in directors and senior management/managers roles to 30% by 2025.

Sustainalytics considers the KPIs chosen to be relevant, material and aligned with the Company's sustainability strategy. Sustainalytics considers KPI 1 (1a and 1b) - absolute scope 1, 2 and 3 GHG emissions (tCO₂e) to be very strong; KPI 2 - Sourcing of renewable electricity (%) to be strong; and KPI 3 - Percentage of women in directors and senior management/managers roles (%) to be strong. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious and SPT 3 to be ambitious. Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Cellnex Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020, and Sustainability-Linked Loan Principles 2021, and the prospective of achievement of the SPTs to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Cellnex Telecom S.A.

Sustainability-Linked Bond ISIN:

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

Completion date of second party opinion pre-issuance: January 7, 2022

Independent External Review provider's name for post-issuance verification (section 4): not known at the time of publication

Completion date of post issuance verification:

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 checked="" 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)

Cellnex Telecom S.A. intends to issue Sustainability-Linked Bonds or borrow Sustainability-Linked Loans, which will tie the financial characteristics of these instruments, such as a coupon adjustment or margin adjustment, or premium payment to the achievements of the following SPTs:



- (1) a. Reduction of absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities by 45% by 2025, then further by 70% by 2030, against a 2020 baseline;
 b. Reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 21% by 2025, against a 2020 baseline;
 (2) Increase annual sourcing of renewable electricity to 100% by 2025, against a 2020 baseline;
 (3) Increase the percentage of women in directors and senior management/managers roles to 30% by 2025.

Sustainalytics considers the KPIs chosen to be relevant, material and aligned with the Company's sustainability strategy. Sustainalytics considers KPI 1 (1a and 1b) - absolute scope 1, 2 and 3 GHG emissions (tCO₂e) to be very strong; KPI 2 - Sourcing of renewable electricity (%) to be strong; and KPI 3 - Percentage of women in directors and senior management/managers roles (%) to be strong. Sustainalytics considers SPT 1 and SPT 2 to be highly ambitious and SPT 3 to be ambitious.

Furthermore, Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers Cellnex Sustainability-Linked Financing Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020, and Sustainability-Linked Loan Principles 2021 and the prospective of achievement of the SPTs to be impactful.

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):

Cellnex Sustainability-Linked Financing Framework includes three KPIs: (i) (1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e), (ii) sourcing of renewable electricity (%), and (iii) Percentage of women in directors and senior management/managers roles (%), (see Table 1). Based on their materiality, relevance, scope of applicability and adequacy to external benchmarking, Sustainalytics considers KPI 1 very strong and KPI 2 and KPI 3 strong.

List of selected KPIs:

- KPI 1 - (1a) Absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel and energy-related activities, and (1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)
- KPI 2 - Sourcing of renewable electricity (%)
- KPI 3 - Percentage of women in directors and senior management/managers roles (%)

Definition, Scope, and parameters

- Clear definition of each selected KPIs Clear calculation methodology
- Other (please specify):

Relevance, robustness, and reliability of the selected KPIs

- Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy. 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 (<i>please specify</i>): |

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers the SPTs to be aligned with Cellnex’s sustainability strategy. Sustainalytics further considers SPT 1 and SPT 2 highly ambitious, based on past performance, peer performance and alignment with science-based trajectories. Sustainalytics considers SPT 3 ambitious based on past performance and peer performance.

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 (<i>please specify</i>): |

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 (<i>please specify</i>): |

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 (<i>please specify</i>): |

3-3 BOND CHARACTERISTICS

Overall comment on the section (if applicable): Cellnex has disclosed that the sustainability performance of the Company against selected KPIs and SPTs will be tied to a coupon adjustment or margin adjustment, or a premium payment, in case of a trigger event, which is aligned with the SLBP and SLLP.

Financial impact:

- variation of the coupon
- premium payment
- Other (*please specify*): margin adjustment

Structural characteristic:

- Other (*please specify*):

3-4 REPORTING

Overall comment on the section (*if applicable*):
 Cellnex commits to report on an annual basis on its relevant performance on the KPIs, Cellnex will provide annual relevant reporting until the SPTs’ target dates of all outstanding Sustainability-Linked financing instruments issued under the Framework. The reporting will be made publicly available on Cellnex’s website This reporting commitment is aligned with the SLBP and SLLP.

Information reported:

- performance of the selected KPIs
- verification assurance report
- level of ambition of the SPTs
- 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.*)

<https://www.cellnextelecom.com/en/environment-social-and-governance-esg/>

Section 4. Post-issuance verification

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

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (please specify): |

Frequency:

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

Material change:

- | | |
|---|--|
| <input type="checkbox"/> Perimeter | <input type="checkbox"/> KPI methodology |
| <input type="checkbox"/> SPTs calibration | |

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