

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: (1) absolute scope 1 and 2 emissions, and scope 3 GHG emissions from fuel and energy-related activities and from purchased goods and services and capital goods, (2) share of renewable electricity sourcing, and (3) percentage of women in directors and senior management/manager roles, (see Table 1). 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 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 performance on the KPIs 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	March 24, 2022 ¹
Issuer/Borrower	Madrid,
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, 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 _{2e})	2020	(1a) Achieve 70% reduction of absolute scope 1 and 2, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025. (1b) Achieve 21% reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025.	Very Strong	Highly Ambitious
Share of renewable electricity sourcing (%)	2020	Reach 100% renewable electricity sourcing by 2025.	Strong	Highly Ambitious
Percentage of women in directors and senior management/manager roles (%)	2021	Increase the percentage of women in directors and senior management/manager roles to 30% by 2025.	Strong	Ambitious

¹ This document is an update of a second-party opinion originally published in January 2022.

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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.²

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent³ 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.⁴ 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 benchmarks⁵ 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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²The 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-PrinciplesJune-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/#>

³When 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.

⁴ 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.

⁵ 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 centres, 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 SPTs for three selected KPIs. The selected KPIs refer to (i) absolute scope 1 and 2, and scope 3 GHG emissions, (ii) share of renewable electricity sourcing and (iii) percentage of women in directors and senior management/manager 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, 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)	<p>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. KPI 1a and 1b cover the following emissions:</p> <ul style="list-style-type: none"> scope 1 corresponds to direct GHG emissions from Cellnex’s own operations. scope 2 equal indirect GHG emissions from consumption of purchased electricity used in their own operations. Scope 2 is calculated in line with the market-based method. scope 3 from fuel and energy related activities includes extraction, production, and transportation of fuels and energy purchased or acquired by Cellnex in the reporting year, not already accounted for in scope 1 or scope 2. <p>The KPI is measured in metric tonnes of carbon dioxide equivalent (tCO₂e).</p>
Share of renewable electricity sourcing (%)	This KPI is calculated dividing the total amount of electricity (in kWh) from renewable sources consumed in a given year by the total electricity (in kWh) from renewable and non-renewable sources consumed by the Company in that same year.
Percentage of women in directors and senior management/manager roles (%)	This KPI is the headcount of the number of women in directors and senior management/manager roles divided by the total headcount of all directors and senior management/managers roles. These roles account for approximately 14% of total employees at Cellnex.

Table 2: SPTs and Past Performance

KPI	2019	2020 ⁶	2021	SPT 2025	SPT 2030
(1a) Absolute scope 1 and 2, 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)	N/A	(Baseline) (1a) 528,817.65 (1b) 73,313.00	N/A	(1a) 45% reduction compared to baseline (1b) 21% reduction compared to baseline	(1a) 70% reduction compared to baseline
Share of renewable electricity sourcing (%)	0%	(Baseline) 2%	40.5%	100%	N/A
Percentage of women in directors and senior management/manager roles (%)	20%	24%	(Baseline) 23.6%	30%	N/A

⁶ The Company’s 2020 GHG emissions data was recalculated according to the GHG Protocol in response to structural and methodological changes in 2021, mainly due to the expansion of the countries where the company operates.

⁷ 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.

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 Cellnex Sustainability-Linked Financing Framework aligns with the five core components of the SLBP and the SLLP, respectively.



Selection of Key Performance Indicators (KPIs)

Relevance and Materiality of KPIs

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

KPI 1 - (1a) Absolute scope 1 and 2, 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:

Sustainalytics' ESG Risk Rating of Cellnex identifies Carbon - Own Operations⁸ 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 centres, base stations, telephone exchanges and core networks. Sustainalytics' Industry Report on Telecommunication Services⁹ estimates that the rapid expansion of international telecommunications infrastructure, including 5G technology deployment and growing customer demand, is expected to increase the industry's energy requirements substantially 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.¹⁰

The Sustainability Accounting Standards Board (SASB) identifies energy management as a relevant issue for the telecommunication services industry.¹¹ The SASB standard for telecommunication services¹² emphasizes that the energy management by the telecommunication services companies, as well as their reliance and ability to access alternative energy sources, will become increasingly material as the global regulatory focus on climate change rises.

Cellnex conducted a materiality analysis in 2020, identifying the climate change and carbon footprint strategy as one of the MEIs with the most material impact on the Company and its stakeholders.¹³

In terms of applicability, KPI 1 (1a and 1b) covers the GHG emissions from the activities of Cellnex and its supply chain, representing approximately 77% of the Company's total emissions profile (scope 1, 2 and 3) in the baseline year 2020. The Company's scope 1 GHG emissions represent less than 1% of its total emissions, while scope 2 GHG emissions represent the majority at 56.65%, in 2020. In addition, Cellnex is committed to mitigating all the relevant sources of absolute scope 3 GHG emissions from: (i) fuel and energy-related

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

⁹ Sustainalytics' Industry Report, Telecommunication Services, (2020).

¹⁰ 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>

¹¹ 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)

¹² SASB, "Telecommunication Services, Sustainability Accounting Standard", (2018), at: https://www.sasb.org/wp-content/uploads/2018/11/Telecommunication_Services_Standard_2018.pdf

¹³ Cellnex, "2020 Integrated Annual Report" (2021), at: <https://www.cellnnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

activities,¹⁴ (ii) purchased goods and services,¹⁵ and (iii) capital goods.¹⁶ 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 - Share of renewable electricity sourcing (%)

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.

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

Sustainalytics considers KPI 3 material and relevant in the context of the gender gap in leadership and top management roles in the telecommunications industry. According to recent studies, this sector remains heavily dominated by men, particularly in more senior positions, with women holding less than 20% of leadership roles in all regions except North America.¹⁷ The greatest challenge in this economic gender gap 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.¹⁸

In terms of applicability, KPI 3 accounts for roughly 14% of all Cellnex employees (2021). Nevertheless, Sustainalytics considers that increasing the percentage of women in directorial and managerial roles would generate impacts across all operations of the Company and assesses this KPI to be highly applicable in scope.

KPI Characteristics

In its assessment of the KPI characteristics, Sustainalytics considers: i) whether a clear and consistent methodology is used, ii) whether the Company follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance the Company on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked to an external contextual benchmark.¹⁹

KPI 1 - (1a) Absolute scope 1 and 2, 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 KPI 1 to be clear and consistent with the Company's historical reporting. Cellnex follows the GHG Protocol Corporate Accounting and Reporting Standard,²⁰ 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.²¹ This approach is 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 - Share of renewable electricity sourcing (%)

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. KPI 2 is indirectly linked to the Company's environmental performance.

¹⁴ GHG Protocol, "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)", (2013), at: https://ghgprotocol.org/sites/default/files/standards/Scope3_Calculation_Guidance_0.pdf

¹⁵ Ibid. (p.36)

¹⁶ Ibid. (p.20)

¹⁷ 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>

¹⁸ 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.

¹⁹ 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.

²⁰ GHG Protocol, "Corporate Accounting and Reporting Standard", at: <https://ghgprotocol.org/corporate-standard>

²¹ ISO, "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>

KPI 3 - Percentage of women in directors and senior management/manager 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, (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 a 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, 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
Share of renewable electricity sourcing	Not Aligned	Adequate	Strong	Very strong
Percentage of women in directors and senior management/manager roles	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets (SPTs)

Cellnex has set the following SPTs for its KPIs:

- SPT 1a: Achieve 70% reduction of absolute scope 1 and 2, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025, against a 2020 baseline.
- SPT 1b: Achieve 21% reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025, against a 2020 baseline.
- SPT 2: Reach 100% renewable electricity sourcing by 2025, against a 2020 baseline.
- SPT 3: Increase the percentage of women in directors and senior management/manager roles to 30% by 2025, against a 2021 baseline.

Alignment with Cellnex’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 2021,²² emphasizing carbon management in the Company’s business strategy and decision-making. The Company measures its annual carbon footprint, which is verified by a third party, sets annual

²² 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

emission reduction targets and publishes the Company's progress every year. As part of the policy, the Company identifies climate change-related risks and opportunities associated with its businesses, as per the recommendations of the Task Force on Climate-Related Financial Disclosures (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 has developed an Energy Transition Plan (ETP),²³ which commits to achieve 100% certified green energy by 2025, utilizing different levers of energy management initiatives. This includes the digitalization of energy management processes, improved energy efficiency, purchase of renewable energy (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: Cellnex has instituted an Equity, Diversity and Inclusion Policy that establishes the guidelines and lines of action for the entire Cellnex group, approved by the Board of Directors, in December 2019.²⁴ Cellnex has introduced an Equity, Diversity and Inclusion Programme to complement the policy. The programme consists of 90 specific actions that have been scheduled over the four years (2019 to 2022), resulting from five lines of actions (gender, generational, affective-sexual, cultural and functional).

Strategy to Achieve the SPTs

• SPT 1a: Achieve 70% reduction of absolute scope 1 and 2, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025, against a 2020 baseline

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

Cellnex intends to achieve SPT 1 through the following strategy:

- Cellnex plans to focus on energy management to achieve 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 Digital Terrestrial Television, Digital Audio Broadcasting and Analog Radio (FM) equipment, which is estimated to save around 10 GWh of electricity per year. The free cooling initiative has been implemented in some regions and is under evaluation to roll out in the other geographies where Cellnex operates. 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 to 2025.
- 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 the potential GHG emission-related risks to screen the suppliers. Further, the Company plans to carry out audits to implement improvement action, wherever necessary.

SPT 2 - Reach 100% renewable electricity sourcing by 2025, against a 2020 baseline

Cellnex intends to achieve SPT 2 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. The Company is executing a project in Spain that considers solar panel installation in 692 rural sites,

²³ Cellnex, "2021 Integrated Annual Report" (2022)", at: https://informeanualintegrado2021.cellnextelecom.com/files/Informe_Anual_Integrado_2021_report.pdf

²⁴ Cellnex Telecom, "2020 Integrated Annual Report" (2021), at: <https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

which is expected to produce 3 GWh of clean energy per year. Cellnex may extend the scope of the project based on this pilot project's outcomes.

- Cellnex is also evaluating the feasibility of implementing other technologies for self-generation, such as fuel cells and wind-power based energy.

SPT 3 - Increase the percentage of women in directors and senior management/manager roles to 30% by 2025, against a 2021 baseline

- 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 with talent mapping to ascertain the Company's needs. This includes focusing on gender equity and inclusion as well as prioritizing equity through equal opportunities. The Company has also implemented the Blind CV initiative to remove bias discrimination during the recruitment of candidates. This means that the CVs do not include the candidate's photograph, name, age and gender.
- Cellnex conducts monthly global awareness workshops for all its employees, so that they are aware of gender biases, enabling them to eliminate such biases in recruitment and hiring processes.
- Cellnex has created a development programme tailored toward female employees; during the eight-month programme, the selected women receive mentoring and coaching sessions as well as specific training. The internal mentors receive related training, about mentoring for women, along with workshops that are participated by female managers. 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: i) whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, and iii) how the SPTs compare with science.²⁵

SPT 1a: Achieve 70% reduction of absolute scope 1 and 2, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025, against a 2020 baseline

SPT 1b: Achieve 21% reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods 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.

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 its 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 Cellnex's. The remaining companies had set targets that are below Cellnex's SPTs. Sustainalytics, therefore, considers the SPTs to be aligned with its peer performance. For comparison with recognized decarbonization trajectories, Sustainalytics notes that the SPTs are validated by SBTi and align with SBTi's 1.5°C scenario. This model requires a minimum GHG emissions reduction rate of 4.2%,²⁶ annually in absolute terms. Cellnex's SPTs set for the short and mid terms 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.

²⁵ We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

²⁶ SBTi, "SBTi Corporate Manual, Version 2.0" (2021), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

SPT 2 - Reach 100% renewable electricity sourcing 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. Therefore, 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 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 2030.²⁷ 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/manager roles to 30% by 2025, against a 2021 baseline

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 female employees must rise to 30% compared to 23.60% in 2021, representing an increase of 1.60 percentage points 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 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’s sustainability strategy and considers 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 with SBTi-approved decarbonization trajectories.

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

SPT 1a: Achieve 70% reduction of absolute scope 1 and 2 emissions, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025, against a 2020 baseline SPT 1b: Achieve 21% 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: Reach 100% renewable electricity to 100% sourcing 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/manager roles to 30% by 2025, against a 2021 baseline.	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious

²⁷ Ibid.



Bond and 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, 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 a private nature and will be agreed with the lenders.
- The Company may issue multiple sustainability-linked instruments while the SPO is valid for issuances aligned with the SLF Framework. On this note, the Company can choose to tie the financial characteristics of future issuances to one or more SPTs. However, Sustainalytics considers any issuance linked with KPIs and SPTs 1 and 2 to be aligned with market practice and encourages Cellnex to include KPI and SPT 3 in conjunction with KPIs and SPTs 1 or 2 when issuing finance under this Framework.
- 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's 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's Sustainability Strategy

Cellnex formulated its ESG Policy²⁸ following the Good Governance recommendations of the CNMV²⁹ as well as based on international standards, such as the principles of the UN Global Compact, SDGs, TCFD and 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 that 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 considered international standards such as GRI or SASB and sustainability-related legislation (for instance, Law 11/2018 of Spain).³⁰ For corporate governance, the Nominations, Remunerations and Sustainability Committee is the highest governing body, responsible for ensuring compliance and implementation of the ESG Master Plan.³¹ Cellnex's ESG Master Plan 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,³² and (vi) ensuring awareness of the responsible way of doing.

Under the fourth priority area, Cellnex aims to: (i) achieve 70% and 100% of its energy consumption green certified by 2022 and 2025, respectively, in line with its Energy Transition Plan, and (ii) reduce carbon footprint by 50% by 2030 and by 100% by 2050, in line with SBTi trajectories. As of 2021, approximately 45% of Cellnex's power consumption across the group comes from green sources, while its operations in Ireland and the UK have been supplied by 100% green energy since 2020. Additionally, the Company completed the calculation of its scope 1, 2 and 3 GHG emissions, and offsetting of scope 1 GHG emissions 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 2019.³³ Cellnex is also part of the MSCI, FTSE4GOOD, CDP, Sustainalytics and Standard Ethics sustainability indices. The Company's Strategic Sustainability Plan (2019-2023) set an objective to lead the telecommunications sector's sustainability indices. Cellnex also plans to implement an internal carbon pricing mechanism in 2022.³⁴

As part of its priority area of "boosting talent, being diverse and inclusive", Cellnex aims to advance the inclusion of women in the telecommunications sector, which underpins its 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, women comprise 47% of new hires in 2021, an increase from 40% in 2020 and above the 45% target for 2022. In addition, women constituted 36% of career advancements in 2021, against a target of 33% by 2022. Cellnex is in the process of incorporating the best Corporate Governance practices recommended in the new CNMV Good Governance Code of listed companies, where 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.^{35,36}

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

²⁸ Cellnex, "ESG Policy", at: <https://www.cellnextelecom.com/en/esg-policy/>

²⁹ The National Securities Market Commission (CNMV) is the Spanish government agency responsible for 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>

³⁰ 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>

³¹ Cellnex, "2021 Integrated Annual Report" (2022), at: https://informeanualintegrado2021.cellnextelecom.com/files/Informe_Anual_Integrado_2021_report.pdf

³² Cellnex, "ESG Master Plan PPT", at: https://www.cellnextelecom.com/content/uploads/2021/03/ESG_Master_Plan_ppt-1.pdf

³³ 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.

³⁴ Cellnex, "2020 Integrated Annual Report" (2021), at: <https://www.cellnextelecom.com/content/uploads/2021/03/Informe%20Anual%20Integrado%202020%20web%20con%20informe%20ENG.pdf>

³⁵ Cellnex, "2021 Integrated Annual Report" (2022), at: https://informeanualintegrado2021.cellnextelecom.com/files/Informe_Anual_Integrado_2021_report.pdf

³⁶ 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 MEI management is assessed as strong.³⁷ Sustainalytics also recognizes that while Cellnex's defined targets are impactful, 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.^{38,39}

- 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 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) environmental 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 enables 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 in the rest of the countries, where it operates by 2025, to improve energy efficiency.
- Cellnex's Equity, Diversity and Inclusion Policy sets out guidelines on promoting diversity and inclusion based on diversity of backgrounds, equal opportunities, non-discrimination and fair opportunities for people with disabilities, older people or people from vulnerable situations. Diversity is a key focus of the Company pursued along gender, generational, affective-sexual, cultural and functional lines. Additionally, the Company has established protocols against harassment and discrimination for sexual orientation or gender identity, aimed at eradicating these forms of discrimination.
- In line with Cellnex's strategic focus on "Boosting our talent, being diverse and inclusive", Cellnex conducts a talent review process to build internal talent for more senior roles, establish individual and organizational action and development plans, determine retention risks and facilitate key employees' career progressions. The process also serves as a planning tool to determine future needs in terms of headcount, talent, recruitment, internal mobility, etc., in line with business strategy.
- 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 the 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.

³⁷ This assessment has been derived from Sustainalytics' ESG Risk Ratings framework, accessed on 21 December 2021.

³⁸ Cellnex, "2020 Integrated Annual Report" (2021)

³⁹ Cellnex, "2021 Integrated Annual Report" (2022)

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 programmes 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.⁴⁰ 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 2020.⁴¹ In addition, data transmission networks consumed 1.1-1.4% of global electricity use in 2020.⁴² 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.⁴³

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.⁴⁴ Investing in programmes that advance income-generating activities for women can return USD 7 on every USD spent.⁴⁵ 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.⁴⁶ The proportion of women in the technology sector is lesser than that of women in the overall workforce.⁴⁷ 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.

⁴⁰ S&P Global, “ESG Industry Report Card: Telecoms”, (2020), at: <https://www.maalot.co.il/Publications/GRB20200824143602.pdf>

⁴¹ This excludes energy used for cryptocurrency mining, which was ~100 TWh in 2020.

⁴² IEA, “Data Centres and Data Transmission Networks”, (2021), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

⁴³ SBTi, “Guidance for ICT Companies Setting Science Based Target” (2020), at: https://sciencebasedtargets.org/resources/legacy/2020/04/GSMA_IP_SBT-report_WEB-SINGLE.pdf

⁴⁴ World Economic Forum, “Global Gender Gap Report 2020”, at: <https://www.weforum.org/reports/gender-gap-2020-report-100-years-pay-equality>

⁴⁵ UNDP, “Financing solutions for SDG 5”, at: <https://www.sdfinance.undp.org/content/sdfinance/en/home/sdg/goal-5-gender-equality.html>

⁴⁶ 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

⁴⁷ 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>

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:

KPI	SDG	SDG Target
(1a) Absolute scope 1 and 2, 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
Share of renewable electricity sourcing (%)	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/manager 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. Achieve 70% reduction of absolute scope 1 and 2, and scope 3 GHG emissions from fuel and energy-related activities by 2030, with an intermediate target of 45% reduction by 2025, against a 2020 baseline;
- b. Achieve 21% reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025, against a 2020 baseline;
- (2) Reach 100% renewable electricity sourcing by 2025, against a 2020 baseline;
- (3) Increase the percentage of women in directors and senior management/manager roles to 30% by 2025, against a 2021 baseline.

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 and 2, and scope 3 GHG emissions (tCO₂e) to be very strong; KPI 2 – Share of renewable electricity sourcing (%) to be strong; and KPI 3 - Percentage of women in directors and senior management/manager 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: March 24, 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:

- | | |
|--|--|
| <input checked="" type="checkbox"/> assessed all the following elements (complete review) | <input type="checkbox"/> 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 | |
| <input checked="" type="checkbox"/> 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)

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, 2, 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) share of renewable electricity sourcing (%), and (iii) percentage of women in directors and senior management/manager 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, 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 – Share of renewable electricity sourcing (%)
- KPI 3 - Percentage of women in directors and senior management/manager roles (%)

Definition, Scope, and parameters

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

Relevance, robustness, and reliability of the selected KPIs

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

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

Overall comment on the section (if applicable): Sustainalytics considers the SPTs to 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 (please specify): |

Benchmarking approach

- | | |
|--|--|
| <input checked="" type="checkbox"/> Issuer own performance | <input checked="" type="checkbox"/> Issuer’s peers |
|--|--|

- reference to the science
- Other (please specify):

Additional disclosure

- potential recalculations or adjustments description
- Issuer’s strategy to achieve description
- identification of key factors that may affect the achievement of the SPTs
- Other (please specify):

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:

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

Frequency:

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

Material change:

- Perimeter
- KPI methodology
- SPTs calibration

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For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

