

Second-Party Opinion

Cellnex Sustainability-Linked Financing Framework

Second-Party
Opinion



Reviewed by:

MORNINGSTAR

SUSTAINALYTICS

Evaluation Summary

Sustainalytics is of the opinion that the Cellnex Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2023. This assessment is based on the following:

- Selection of Key Performance Indicators** The Cellnex Sustainability-Linked Financing Framework includes three KPIs: 1a) Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities; 1b) Absolute scope 3 emissions from purchased goods and services and capital goods, 2) Share of renewable electricity sourcing, and 3) Percentage of women in director and senior management or manager roles (see Table 1). Sustainalytics considers KPIs 1a and 1b to be very strong and KPI 2 and KPI 3 to be strong.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with Cellnex's sustainability strategy. Sustainalytics further considers SPTs 1a, 1b and 2 to be highly ambitious, based on past performance, peer performance and alignment with science-based trajectories. Sustainalytics considers SPT 3 to be moderately ambitious based on past performance and peer performance.
- Instrument Characteristics** Cellnex has disclosed that its sustainability performance against the 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 Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.
- 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 Cellnex Sustainability-Linked Financing Framework. The reporting will be made publicly available on Cellnex's website either in Cellnex's Integrated Report or a similar report. This reporting commitment is aligned with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.
- 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	June 19, 2023 ¹
Issuer Location	Madrid, Spain

The SPTs contribute to the following SDGs:



¹ This document is an update of a second-party opinion originally published in January 2022, which was subsequently updated in March 2022. Sustainalytics has revised the assessment of KPIs and SPTs based on Cellnex's merger and acquisition activities, as well as most recent data and information available.

Overview of KPIs and SPTs

KPI	Baseline	Strength of the KPI	SPT	Ambitiousness of SPT
KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities (tCO ₂ e)	2020	Very Strong	Achieve a 70% reduction of absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities by 2030, with an intermediate target of a 45% reduction by 2025	Highly Ambitious
KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	2020	Very Strong	Achieve a 21% reduction of absolute scope 3 GHG emissions from purchased goods and services and capital goods by 2025	Highly Ambitious
KPI 2: Share of renewable electricity sourcing	2020	Strong	Reach 100% renewable electricity sourcing by 2025	Highly Ambitious
KPI 3: Percentage of women in director and senior management or manager roles	2021	Strong	Increase the percentage of women in director and senior management or manager roles to 30% by 2025	Moderately Ambitious

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Scope of Work and Limitations

Cellnex has engaged Sustainalytics to review the Cellnex Sustainability-Linked Financing Framework dated June 2023 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP)² and Sustainability-Linked Loan Principles 2023 (SLLP).³

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent⁴ opinion on the alignment of the Framework with the SLBP, as administered by ICMA and the SLLP as administered by APLMA, LMA and LSTA.

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

- (1) They understand it is the sole responsibility of issuer to ensure that the information provided is complete, accurate and up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Cellnex. Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure KPI performance.⁵ The measurement and reporting of the KPIs is the responsibility of the issuer. No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Cellnex 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 benchmarks⁶ against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

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² The Sustainability-Linked Bond Principles were launched by ICMA in June 2020. They are administered by ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

³ The Sustainability-Linked Loan Principles (SLLP) were launched by LSTA in February 2023. They are administered by the LSTA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

⁴ 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.

⁵ Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under the Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

⁶ Benchmarks refer to science-based benchmarks.

Introduction

Cellnex Telecom, S.A. (“Cellnex”, the “Company”, the “Issuer” or the “Borrower”) provides telecommunication services; operates broadcasting centres, network and radio spectrum; and distributes content on digital television, radio and multi-screen environments. The Company, headquartered in Madrid, Spain, has an annual revenue of EUR 3.5 billion and nearly 3,000 employees as of December 2022.⁷

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 the selected KPIs. The selected KPIs refer to: 1a) absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities; 1b) absolute scope 3 GHG emissions from purchased goods and services and capital goods; 2) share of renewable electricity sourcing; and 3) percentage of women in director and senior management or manager roles.

Cellnex has engaged Sustainalytics to review the Framework and provide an opinion on the alignment of the Framework with the Sustainability-Linked Bond Principles 2020 (SLBP) and Sustainability-Linked Loan Principles 2023 (SLLP) – together the “Principles”. The Framework will be published in a separate document.⁸

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

Table 1: KPI Definitions

KPI	Definition
KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities (tCO ₂ e)	<p>The KPIs are calculated following the GHG Protocol Corporate Standard and verified with the ISO 14064 standard for quantification and reporting GHG emissions and removal. KPIs 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 its 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. • Scope 3 from purchased goods and services and capital goods <p>The KPIs are measured in metric tonnes of carbon dioxide equivalent (tCO₂e).</p>
KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)	
KPI 2: Share of renewable electricity sourcing	This KPI is calculated by 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.
KPI 3: Percentage of women in director and senior management or manager roles	This KPI is the number of women in director and senior management or manager roles divided by the total headcount of all directors and senior management or managers roles. These roles account for approximately 14% of total employees at Cellnex. ⁹

⁷ Cellnex, “2022 Integrated Annual Report”, at: https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁸ The Cellnex Sustainability-Linked Finance Framework will be available on Cellnex’s website at: <https://www.cellnex.com/nl-en/>

⁹ Percentage of senior managers and directors of the total workforce

Table 2: SPTs and Past Performance¹⁰

KPI	2019	2020 ^{11,12}	2021	2022	SPT 2025	SPT 2030
KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities (tCO ₂ e)	N/A	(Baseline) 525,036.69	432,899	108,620	45% reduction compared to baseline	70% reduction compared to baseline
KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO ₂ e)		(Baseline) 80,957.10				
KPI 2: Share of renewable electricity sourcing	0%	(Baseline) 10%	40.5%	77%	100%	N/A
KPI 3: Percentage of women in director and senior management or managers roles	20%	24%	(Baseline) 23.6%	27%	Increase the percentage of women in directors and senior management/managers roles in Cellnex Group from 2021 baseline to 30% by 2025	N/A

Sustainalytics' Opinion

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



Selection of Key Performance Indicators

Relevance and Materiality of KPIs

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

KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities

KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)

¹⁰ This table includes updated data based on Cellnex's recalculations. For further information, please see Section 1.

¹¹ 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. Further recalculation of the 2020 baseline and 2021 emissions inventory was made in 2023 to account for the Company's merger and acquisition activities in 2022, as well as changes to approaches in calculating the Company's scope 3 emissions. Cellnex acquired the following companies in 2022: MBA Datacenters, Nextcell, Hivory, London Connectivity Partnership, Cellnex UK In-Building Solutions Limited, Infracore SA, Hivory Portugal and Signal Infrastructure Poland. The corresponding added emissions represent 3.6% of Cellnex's total GHG emissions. The affected data relates to indirect emissions from the purchase of goods and services and capital goods, as well as emissions associated with rented offices or downstream leased assets. In addition, new emissions sources that were either not previously available or where information did not exist have been added.

¹² 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 considers KPIs 1a and 1b to be material and relevant based on the following:

Sustainalytics' ESG Risk Rating of Cellnex identifies Carbon – Own Operations¹³ as a Material ESG Issue (MEI). The telecommunication sector's largest share of GHG emissions is derived from the energy used to run data centres, base stations, telephone exchanges and core networks. Sustainalytics' Industry Report on Telecommunication Services¹⁴ 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.¹⁵

The Sustainability Accounting Standards Board (SASB) identifies Energy Management as a relevant issue for the Telecommunication Services industry.¹⁶ The SASB standard for telecommunication services¹⁷ 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 2022 in accordance with the GRI standards, identifying climate change, environmental strategy and positioning, and energy management as topics with the most material impact on the Company and its stakeholders.¹⁸

In terms of applicability, KPIs 1a and 1b cover GHG emissions from the activities of Cellnex and its supply chain, representing 56.9% 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 56.7% in 2020. On this basis, Sustainalytics considers KPIs 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 for KPIs 1a and 1b. In terms of applicability, the KPI covers 100% of electricity consumed by the Company.

KPI 3: Percentage of women in director and senior management or managers roles

Sustainalytics considers KPI 3 to be material and relevant in the context of the gender gap in leadership and top management roles in the telecommunications sector. As of 2021, women made up only 19% of the information and communication technology sector in the EU and earned nearly 20% less than men.¹⁹ The greatest challenge in preventing this economic gender gap from closing is the underrepresentation of women in leadership positions. Additionally, Sustainalytics' ESG Risk Rating methodology identifies Human Capital as an MEI for the Telecommunications Services.

In terms of applicability, KPI 3 accounts for approximately 14% of all Cellnex employees in 2022.²⁰ Nevertheless, Sustainalytics considers that increasing the percentage of women in director and senior management or manager roles would generate a positive impact across all operations of the Company and assesses this KPI to be highly applicable.

KPI Characteristics

In its assessment of the KPI's characteristics, Sustainalytics considers whether: i) it uses a clear and consistent methodology; ii) it follows an externally recognized definition; iii) the KPI is a direct measure of the issuer's

¹³ 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.

¹⁴ Sustainalytics' Industry Report, Telecommunication Services, (2023)

¹⁵ 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>

¹⁶ 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)

¹⁷ SASB, "Telecommunication Services: Sustainability Accounting Standard", (2018), at: https://www.sasb.org/wp-content/uploads/2018/11/Telecommunication_Services_Standard_2018.pdf

¹⁸ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

¹⁹ European Parliament, "Women in the digital sector", (2023), at:

[https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739380/EPRS_ATA\(2023\)739380_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739380/EPRS_ATA(2023)739380_EN.pdf)

²⁰ Percentage of senior managers and directors of the total workforce

performance on a material environmental or social issue; and iv) if applicable, it can be benchmarked against an external contextual benchmark.²¹

KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities

KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)

Sustainalytics considers Cellnex’s definition and methodology to calculate KPIs 1a and 1b to be clear and consistent with the Company’s historical reporting. Cellnex follows the GHG Protocol Corporate Accounting and Reporting Standard²² 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 removal.²³ This approach is considered an industry standard and supports benchmarking against external emissions reduction trajectories. The KPIs are also directly linked to the Company’s sustainability performance.

KPI 2: Share of renewable electricity sourcing

Sustainalytics considers Cellnex’s definition and methodology to calculate 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) and 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.

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 GRI 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 to be 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 KPIs 1a and 1b to be very strong given that they: i) speak to a material environmental issue that directly measures Cellnex’s environmental performance; ii) have a high scope of applicability; iii) follow a clear and consistent methodology; and iv) support benchmarking against emissions reduction trajectories.

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

Sustainalytics considers KPI 3 to be strong given that it: i) is a direct measure of the Company’s performance on a relevant and material ESG issue; and ii) has high applicability. Sustainalytics notes that while there are no applicable externally recognized benchmarks for this KPI, it enables comparability across various industry players.

KPI(s)	Strength of KPI(s)			
KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities (tCO₂e) KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods (tCO₂e)	Not Aligned	Adequate	Strong	Very strong
KPI 2: Percentage of renewable electricity sourcing	Not Aligned	Adequate	Strong	Very strong
KPI 3: Percentage of women in director and senior management or managers roles	Not Aligned	Adequate	Strong	Very strong

²¹ 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.

²² GHG Protocol, “A Corporate Accounting and Reporting Standard”, at: <https://ghgprotocol.org/corporate-standard>

²³ 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>



Calibration of Sustainability Performance Targets

Alignment with Cellnex's Sustainability Strategy

Cellnex has set the following SPTs for its KPIs:

- SPT 1a: Achieve a 70% reduction of absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities by 2030, with an intermediate target of a 45% reduction by 2025 against a 2020 baseline
- SPT 1b: Achieve a 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 director and senior management or manager roles to 30% by 2025 against a 2021 baseline

Sustainalytics considers the SPTs to be aligned with Cellnex's sustainability strategy. Please refer to Section 2 for an analysis of the credibility of Cellnex's sustainability strategy.

- Regarding SPT 1, Cellnex has formulated an Environment and Climate Change Policy in 2021,²⁴ 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 emissions reduction targets and publishes its progress every year. Cellnex has also identified climate change-related risks and opportunities associated with its businesses according to the recommendations of the TCFD²⁵ and has undertaken physical and transitional climate scenario analysis for its operations in all countries, which facilitates devising action plans for the mitigation of and adaptation to climate change.²⁶
- Regarding SPT 2, Cellnex has developed an Energy Transition Plan (ETP),²⁷ which commits to achieving 100% certified green energy by 2025, utilizing different levers of energy management initiatives. This includes the improvement 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 70% of its energy consumption by 2025.²⁸
- Regarding SPT 3, Cellnex recognizes equity, diversity and inclusion (EDI) as one of the most material topics in its annual materiality exercise.²⁹ The Company has instituted an Equity, Diversity and Inclusion Policy, which establishes the guidelines and lines of action in this area for the entire Cellnex group, approved by the board of directors in December 2019 and updated in 2021.³⁰ Between 2019 and 2022, Cellnex implemented an Equity, Diversity and Inclusion Programme, which defined actions, commitments and strategic lines to complement the policy. The programme consisted of 90 specific actions resulting from five lines of actions (gender, generational, affective-sexual, cultural and functional).³¹ As of 2021, Cellnex has developed a women acceleration programme, aiming to empower women talent through workshops, mentoring and emotional well-being sessions.³² The Company has

²⁴ Cellnex, "Environment and Climate Change Policy", (2021) at: https://www.cellnex.com/app/uploads/2021/04/POL_GR_018_Environment-and-Climate-Change-Policy-clean.pdf

²⁵ Cellnex, "Environment and Climate Change Report", (2022), at: <https://www.cellnex.com/app/uploads/2023/03/ECC-Report-2022.pdf>

²⁶ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

²⁷ Ibid.

²⁸ Ibid.

²⁹ Cellnex, "2022 Integrated Annual Report 2022", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

³⁰ Cellnex, "Equity, Diversity and Inclusion Policy", (2021), at: https://www.cellnex.com/app/uploads/2021/03/Equity-Diversity-and-Inclusion-Policy_web.pdf

³¹ Cellnex, "2021 Integrated Annual Report", at: <https://informeanual2021.cellnextelecom.com/2021/assets/documentos/people-boosting-our-talent-being-diverse-and-inclusive.pdf>

³² Cellnex, "Towards gender equality", (2022), at: <https://www.cellnex.com/nl-en/trends/towards-gender-equality/>

also established an Inclusive Leadership programme, which intends to strengthen the inclusive company culture. The programme is mandatory for the managers across the organization.³³

Strategy to Achieve the SPTs

Cellnex intends to achieve the SPTs through the following strategy:

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

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

- Cellnex plans to focus on energy management to achieve SPT 1a. The Company has in place its Energy 4.0 plan, which facilitates the integration of smart energy initiatives to reduce GHG emissions. Cellnex further strives to improve energy efficiency, expand the purchase of RE and self-generate RE.
- Cellnex plans to install smart meters and implement process digitalization to enable it to optimize energy efficiency, in terms of cost and consumption, and help improve its energy performance.
- In terms of energy efficiency, Cellnex has initiatives in place at the locations where the Company operates. In Spain, such measures include implementing pilot projects for on-site photovoltaic panels and hydrogen batteries, as well as upgrading equipment and monitoring and controlling energy consumption. Furthermore, as a core part of Cellnex's energy efficiency strategy, the Company aims to have nearly 70% of its energy consumption certified with ISO 50001 by 2025.
- For achieving SPT 1b, Cellnex intends to develop a strategic purchasing model, considering various criteria, such as the reduction of GHG emissions. These criteria form the basis for the selection, homologation and evaluation of suppliers. Furthermore, 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 plans to implement the ETP, which includes procuring renewable electricity through power purchase agreements or guarantees of origin.
- Cellnex aims to implement self-generation of electricity at Cellnex sites, including on-site generation solutions and higher-capacity off-site generation plants, where feasible. Cellnex may also reduce the consumption of fossil fuels for fixed back-up diesel generators.³⁴
- Cellnex is also evaluating the feasibility of implementing other technologies for self-generation, such as fuel cells, and is testing aluminium-based energy storage.

SPT 3: Increase the percentage of women in director and senior management or managers roles to 30% by 2025 against a 2021 baseline

- Cellnex commits to furthering EDI as one of the key elements of its business model. To validate this commitment, the Company certifies its EDI performance through various external evaluations, including the Bloomberg Gender-Equality Index and UN Target Gender Equality Programme in Spain and Poland.^{35,36}
- Cellnex's talent review programme aims to retain and develop people and ensure talent mapping to ensure the Company's needs, including prioritizing equity through equal opportunities and focusing on gender equity and inclusion. The Company has also implemented the Blind CV initiative to remove bias discrimination during the search for candidates. The CVs do not include a photograph, name, age and gender of the candidates. Cellnex has also established EDI Champions – working groups comprised of employees from various backgrounds with the aim to implement and promote the Company's EDI policy. Two of the champions are dedicated to progress inclusive recruitment practices across the group.

³³ Cellnex, "Equity, Diversity and Inclusion", at: <https://www.cellnex.com/nl-en/talent/equity-diversity-inclusion/>

³⁴ Cellnex, "2022 Integrated Annual Report", at: https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

³⁵ United Nations Global Compact, "Target Gender Equality", at: <https://unglobalcompact.org/take-action/target-gender-equality>

³⁶ Bloomberg, "Gender-Equality Index (GEI)", at: <https://www.bloomberg.com/professional/gender-equality-index/>

- 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, for example the Cellnex MBA programme. Cellnex has also launched EDI Connecting Circles initiative, aiming to connect employees periodically around a specific EDI topic and create a safe space for discussion, learning and raising awareness.³⁷ Additionally, in 2022, the Company held 8,600 hours of diversity awareness training, workshops and campaigns, which reached 650 employees.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of the SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, and iii) how the SPTs compare with science.³⁸

Cellnex has set 2020 as the baseline for SPTs 1a and 1b and SPT 2 for consistency with its SBTi-validated climate targets.³⁹ For SPT 3, the Company has selected 2021 as the baseline year as it provides the most up-to-date data available.

The SLLP recommends setting annual targets for SPTs throughout the tenor of a loan. Cellnex has disclosed that it has not done so due to prevailing geopolitical conditions⁴⁰ that could lead to fluctuations in the intermediate targets.

Sustainalytics considers reasonable the difficulty in setting these goals due to the current geopolitical conditions that may cause the intermediate objectives to vary.

SPTs 1a and 1b: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and science.

With regard to past performance, the complete historical data of Cellnex's emissions is not available as it began accounting for scope 3 GHG emissions from 2020 onwards. However, based on the historical performance of scope 1 and 2, Sustainalytics considers that SPTs 1a and 1b exhibit a continued and significant improvement compared to the Company's past performance.

Regarding peer performance, based on a comparative assessment of 11 peer companies, only one peer was found to have stronger targets, with two 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 peer performance.

For comparison with recognized decarbonization trajectories, Sustainalytics notes that the SPTs are validated by the SBTi and align with the SBTi's 1.5°C scenario. This model requires a minimum GHG emissions reduction rate of 4.2%⁴¹ annually in absolute terms. Cellnex's SPTs set for the short and medium terms are above this minimum reduction rate. Therefore, Sustainalytics considers Cellnex's SPTs 1a and 1b to be in alignment with a 1.5°C scenario.

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

In terms of Cellnex's past performance, the Company did not use any renewable electricity until 2019. As of 2020, renewable electricity accounted for 10% of total electricity consumption and for 77% in 2022. Considering the latest share of renewable electricity Sustainalytics considers the SPT to be below its past performance.

In relation to peer performance, 11 peer companies were assessed for their targets linked to renewable electricity usage. Among these, two companies had already achieved a 100% share of renewable electricity in their overall consumption and two had set targets similar to Cellnex's. The remaining companies had targets below the SPTs, longer timelines or no target related to renewable electricity. 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 electricity procurement target that is consistent with a 1.5°C

³⁷ Cellnex, "Equity, Diversity and Inclusion", at: <https://www.cellnex.com/nl-en/talent/equity-diversity-inclusion/>

³⁸ We refer here to contextual benchmarks that indicate the alignment of targets with ecosystem boundaries.

³⁹ Cellnex has informed Sustainalytics that following its merger and acquisition activities, emissions have been recalculated according to the GHG Protocol and verified by an independent third party. Cellnex has further informed Sustainalytics that it has assessed the implications of this recalculation on its science-based targets and concluded that updating its SBTi-validated targets is not necessary.

⁴⁰ Cellnex has informed Sustainalytics that such conditions included inflation which resulted in higher energy prices as well as macroeconomic uncertainties associated with geopolitical events in Europe.

⁴¹ SBTi, "SBTi Corporate Manual", (2023), at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

scenario is in line with procuring 80% of electricity from renewable sources by 2025 and 100% by 2030.⁴² 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: 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 1.8 percentage points between 2019 and 2021. Sustainalytics notes that the difference between the Company’s performance in 2020 (24%) and 2021 (23.6%) is mainly on account of its acquisitions. To achieve the SPTs, the proportion of women employees must rise to 30% by 2025 compared to 23.6% in 2021 and 27% in 2022, representing an increase of 1.6 percentage points per annum between 2021 and 2025. Sustainalytics considers that the targeted 2025 increase to be below past performance. Compared to the targets of 11 peers globally, Cellnex’s historical performance is above 8 peers and below the performance of 3 peers.

Overall Assessment

Sustainalytics considers the SPTs to align with Cellnex’s sustainability strategy and considers SPTs 1a and 1b to be highly ambitious given that they: i) represent a continued improvement over historical performance; ii) are aligned with Cellnex’s industry peers; and iii) are aligned with a 1.5°C scenario.

Sustainalytics considers SPT 2 to be highly ambitious given that it aligned: i) with a decarbonization trajectory that is consistent with a 1.5°C scenario; and ii) Cellnex’s industry peers.

Sustainalytics considers SPT 3 to be moderately ambitious given that it is: i) below past performance; and ii) aligned with the targets set by Cellnex’s peers.

SPT(s)	Ambitiousness of SPT(s)			
SPT 1a: Achieve a 70% reduction of absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities by 2030, with an intermediate target of a 45% reduction by 2025 against a 2020 baseline SPT 1b: Achieve a 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 director and senior management or managers roles in Cellnex Group from 2021 baseline to 30% by 2025	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Financial Instrument 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. Failure by Cellnex to achieve an SPT by the relevant observation date will trigger an increase in the margin or payment of premium, whereas achievement of an SPT may trigger a margin adjustment. The relevant step-ups, margin amount or the premium payment amounts, as applicable, will be specified in the relevant documentation of the specific transaction (for example, the final terms of the relevant SLB).

⁴² SBTi “Target Validation Protocol for Near-term Targets”, (2023), at: <https://sciencebasedtargets.org/resources/files/Target-Validation-Protocol.pdf>

- Sustainalytics recognizes that Cellnex can issue multiple SLBs or SLLs under the Framework. Additionally, the Group has disclosed that the different KPIs may be used in different financial instruments at the discretion of Cellnex, where some of the instruments may be linked to annual KPIs and others may require only other specific measurement dates. For instruments using annual KPIs, such as loans, the SPTs are of a private nature and will be agreed upon with the lenders. Sustainalytics encourages Cellnex to select a set of KPIs that collectively reflects relevant and material sustainability issues for the Company.
- 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 on Cellnex's website in Cellnex's Integrated Annual Report or a similar report. Cellnex will report relevant information, including performance on the KPIs, information regarding recalculations, as well as updates on the sustainability strategy and governance in case the KPIs and SPTs are impacted. The reporting commitments are aligned with the SLBPs and SLLPs.



Verification

Cellnex commits to have an external verifier provide limited assurance, at the minimum, against each SPT for each KPI at least once a year, which will be published in Cellnex' Integrated Annual Report, or similar. This is aligned with the SLBPs and SLLPs on verification.

Section 2: Assessment of Cellnex's Sustainability Strategy

Credibility of Cellnex's Sustainability 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 using a framework of recognized standards, such as the GRI or SASB, and sustainability-related legislation, such as Law 11/2018 of Spain.⁴³ In 2022, Cellnex conducted a double materiality analysis based on its 2020 materiality matrix and identified eight ESG topics that are considered to be most material to Cellnex's business, such as environmental strategy and position, climate change, energy management and EDI.⁴⁴ Cellnex's ESG Master Plan prioritizes five strategic areas: i) acting with integrity; ii) boosting talent and 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; and vi) ensuring awareness of the responsible way of doing.⁴⁵ Under the plan, Cellnex developed the Environment and Climate Change Strategy 2023-2025, which outlines 40 action points in eight strategic areas and covers three commitments to integrate environmental management in the telecommunications sector, address climate change and establish collaborative alliances with stakeholders. Some of the action points include achieving carbon neutrality by 2035 and net zero by 2050; reducing scope 1 and GHG emissions by 70% and scope 3 GHG emissions from fuels and energy by 2030; and achieving sourcing from 100% renewable electricity by 2025.⁴⁶

In line with the above priorities, Cellnex established in 2021 three objectives for GHG emissions reductions, which have been validated by SBTi, including reducing its absolute scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuels and energy by 70% by 2030 compared to 2020, and reducing its absolute scope 3 emissions from goods and services and capital

⁴³ Law 11/2018 of Spain stipulates increased disclosures by companies on non-financial information and diversity. Government of Spain, "Ley 11/2018", (2018), at: <https://www.boe.es/boe/dias/2018/12/29/pdfs/BOE-A-2018-17989.pdf>

⁴⁴ Cellnex, "2022 Integrated Annual Report", at: https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁴⁵ Ibid.

⁴⁶ Cellnex, "2022 Environment and Climate Change Report", at: <https://www.cellnex.com/app/uploads/2023/03/ECC-Report-2022.pdf>

goods by 21% by 2025 compared to 2020.⁴⁷ These objectives are also aligned with the UN Global Compact Business Ambition for 1.5°C initiative.⁴⁸

In 2022, Cellnex achieved its target of 77% of electricity consumption from renewable sources.⁴⁹ The Company continues to aim to source 100% of its electricity consumption from renewables by 2025 in line with its updated ETP in 2022.⁵⁰ In 2022, Cellnex reduced its total GHG emissions by 48% compared to the 2020⁵¹ and achieved a 79% reduction of scope 1 and 2 GHG emissions and scope 3 GHG emissions from fuel- and energy-related activities from 2020 levels.⁵²

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 plan. The Company’s Second Equality Plan (2018-2022) sets an objective to progressively increase the number of women 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 ESG Master Plan, women represented 42% of new hires in 2022, falling short of the 45% target set for 2022. In addition, women constituted 35% of career advancements in 2022 against a target of 33% and represented 55% of directors on the board against the target of 40%.⁵³

For corporate governance, there are three levels of governance structure that are responsible for integrating sustainability and climate change into the Company’s management and strategy, including i) the Nominations, Remunerations and Sustainability Committee (NRSC), the highest governing body, responsible for overseeing and evaluating the Company’s ESG practices; ii) an ESG Committee to promote and guide Cellnex’s performance in ESG matters; and iii) ESG leaders who co-ordinate daily operations in ESG matters and monitor the ESG Master Plan.⁵⁴

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

Cellnex’s Environmental and Social Risk Management

Sustainalytics acknowledges that while Cellnex’s defined targets are impactful, achieving the SPTs may bear environmental and social risks related to Product Governance, Human Capital and Data Privacy and Security.

Sustainalytics comments below on Cellnex’s ability to mitigate such potential risks.

- Cellnex has established the Global Risk Management Policy (GRMP) and the Global Risk Management Model, which are based on a combined assurance Three Lines Model that involves: i) the First Line, where operational management of all functional areas of Cellnex Group is responsible for risk assessment and mitigation through internal controls; ii) the Second Line, including the Global Risk Management unit facilitating the implementation of effective risk management practices and a Global Risk Committee responsible for adequate coverage of risks in risk management systems; and iii) the Third Line, where internal audits provide assurance to the board of directors, Audit and Risk Management Committee and senior management by validating the effectiveness of the First and Second Line operations.^{55,56} The GRMP mandates adherence and applies to all the companies controlled by Cellnex Group.⁵⁷ The GRMP establishes the Company’s principles and commitments with regard to risk management, its communication with stakeholders and its integration into all the operational systems and processes. The Global Risk Management team reviews the GRMP periodically to update it against new organizational, environmental and market requirements.⁵⁸
- Cellnex’s risk management system classifies risks in functional areas, such as i) environmental and climate risks; ii) risks related to people, such as talent and culture; and iii) legal and regulatory compliance. For identified risks, managers evaluate the potential impact of the risks based on the economic impact, involvement in operations and reputation.

⁴⁷ Cellnex, “2022 Environment and Climate Change Report”, at: <https://www.cellnex.com/app/uploads/2023/03/ECC-Report-2022.pdf>

⁴⁸ The initiative sets out two areas of action: i) “1.5°C science-based targets”, aligning its GHG emissions in all relevant areas with emissions scenarios at 1.5°C; and ii) “Zero Emissions Commitment” by setting a public target to achieve zero emissions by 2050.

⁴⁹ Cellnex, “2022 Integrated Annual Report”, at: https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² Ibid.

⁵³ Ibid.

⁵⁴ Cellnex, “2022 Environment and Climate Change Report”, at: <https://www.cellnex.com/app/uploads/2023/03/ECC-Report-2022.pdf>

⁵⁵ Cellnex, “2022 Integrated Annual Report”, at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁵⁶ Cellnex, “Global Risk Management Policy”, (2022), at: https://www.cellnex.com/app/uploads/2021/10/20220427_POL_GR_016_Global-Risk-Management-Policy_v2.pdf

⁵⁷ Ibid.

⁵⁸ Cellnex, “Global Risk Management Policy”, (2022), at: https://www.cellnex.com/app/uploads/2021/10/20220427_POL_GR_016_Global-Risk-Management-Policy_v2.pdf

Combining the impact and probability levels of the risks results in risk criticality, which is classified into three levels for the Company to adopt mitigation plans, ranging from possible improvements to control mechanisms for low-criticality risks to short-term actions for high-criticality risks.⁵⁹

- **Product Governance:** Cellnex has in place a Procurement Policy, which sets a framework of policies and codes of conduct for the group and its suppliers on procurement activities. The Procurement Policy includes basic principles, such as integrating Cellnex's overall policies, including the ESG policy, Code of Ethics, Human Rights Policy and Risk Management Policy. The basic principles of this policy also require the consideration of the overall costs, including ESG considerations along the life cycle of the procured goods or services in Cellnex's procurement decisions, and ensure its supply chain supports and complies with the group's policies. Moreover, the principles of ensuring the supply chain's compliance to Cellnex's policies include: i) respecting the current legislation on protecting the environment and adopting procedures to minimize the environmental impact and GHG emissions of the activities of Cellnex Group and its suppliers; ii) mandatory compliance with, protection of and respect for universally recognized basic human rights; iii) compliance with the data protection policy to ensure confidentiality of information containing personal and confidential data; iv) compliance with the applicable legal and regulatory requirements; and v) compliance with Cellnex's Suppliers Code of Conduct. Furthermore, Cellnex periodically reviews the performance of its main suppliers' compliance with the group's policies and codes of conduct to prevent undue risks for Cellnex Group. The Audit and Risk Management Committee monitors the degree of compliance with this policy.⁶⁰
- **Human Capital:** Cellnex conducts regular gender pay analyses and performs a global analysis annually to ensure equity and fairness.⁶¹ 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.⁶² Diversity is a key focus that the Company pursues along gender, generational, affective-sexual, cultural and functional lines. Additionally, the Company has established protocols against harassment and discrimination based on sexual orientation or gender identity with the aim to eradicate these forms of discrimination.⁶³ 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 and other areas, in line with business strategy.⁶⁴
- **Data Privacy and Security:** In 2022, Cellnex developed a new Global Security Master Plan for cybersecurity and physical security and defined actions to manage associated risks. Under this plan, Cellnex implemented two-factor authentication for access by internal and external users who are not part of Cellnex' workforce and need to access the Company's systems to manage the operation and maintenance of Cellnex assets, deployed a real-time vulnerability monitoring solution to detect security risks proactively, and automated security incident response processes. Furthermore, Cellnex carries out specific audits and drills to check the level of protection against new security threats in cases of conflicts.⁶⁵
- Cellnex expanded the Global Security Office⁶⁶ to support information security at the global level and provide new services, including security risk management model development and maintenance, conducting of tests on the effectiveness of security measures, and monitoring of new regulations.⁶⁷

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 the above risks.

⁵⁹ Cellnex, "Annual Corporate Governance Report 2022", at: <https://www.cellnex.com/app/uploads/2021/11/IAGC-2022-EN-28.02.2023-junto-con-el-Informe-de-Auditoria.pdf>

⁶⁰ Cellnex, "Procurement Policy", (2022), at: https://www.cellnex.com/app/uploads/2023/02/POL_GR_013_Procurement-Policy.pdf

⁶¹ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁶² Cellnex, "Cellnex formalises its commitment to equity, diversity and inclusion", (2020), at: <https://www.cellnex.com/news/cellnex-commitment-equity-diversity-inclusion/>

⁶³ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁶⁴ Cellnex has confirmed with Sustainalytics that these practices are still present and now part of the Company's Holistic Performance Management model.

⁶⁵ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁶⁶ Cellnex, "2022 Integrated Annual Report", at:

https://informeanualintegrado.cellnex.com/files/2022/Informe_Anual_Integrado_2022_EN_final.pdf

⁶⁷ Ibid.

Section 3: Impact of the SPTs

Importance of increasing renewable energy and GHG emissions reduction efforts

The information and communications technology (ICT) sector accounted for 4-6% of global electricity consumption in 2020 through data centres, communication networks and user devices.⁶⁸ In the same year, the ICT sector accounted for 2.1-3.9% of global carbon emissions.⁶⁹ In 2021, global data transmission networks consumed 260-340 TWh, or 1.1-1.4% of global electricity use.⁷⁰ While most emissions for the telecom sector come from energy consumption, energy-efficiency measures may reduce energy-related GHG emissions by 40% over the next two decades.⁷¹

The ICT sector is moving towards the target of achieving net zero carbon emissions by 2050.⁷² The International Telecommunication Union, in collaboration with the Global System for Mobile Association, the Global Enabling Sustainability Initiative and the SBTi, has developed a sector-specific decarbonization pathway to allow ICT companies to set climate targets in line with the latest climate science.⁷³ According to the SBTi, from 2020 to 2030, the main strategy to decarbonize the ICT sector at the pace necessary to align with a 1.5°C trajectory includes: i) continued implementation of energy-efficiency plans; ii) a switch to renewable or low-carbon electricity supply; and iii) encouragement of carbon consciousness among end-users.⁷⁴ To improve the energy efficiency of the ICT sector in the EU, the European Commission launched the EU Code of Conduct for ICT in 2000 that supports its member states in developing voluntary standards and commitments for energy-efficiency improvements in the ICT sector.⁷⁵

Sustainalytics is of the opinion that Cellnex's focus and efforts in reducing scope 1, 2 and 3 GHG emissions and increasing the share of renewables in Cellnex's electricity sourcing will positively contribute to reducing the environmental footprint of the telecommunications services industry and support the ambitions of the Paris Agreement in limiting global warming to 1.5°C.

Importance of gender equity in the telecom sector

According to Global Gender Gap Index it will take 132 years to achieve full gender pay parity considering the current pace of progress.⁷⁶ The proportion of women in technical roles in technology companies is smaller than that of women in the overall workforce worldwide,⁷⁷ but in Europe, only 17% of ICT specialists are women.⁷⁸ Moreover, women are 15% less likely to get promoted to a management position than men.⁷⁹

In the context of the EU Gender Equality Strategy 2020-2025,⁸⁰ the European Parliament and Council adopted the EU Gender Balance Directive in November 2022, mandating listed companies to meet a 40% target of women in non-executive boards, or 33% for all board members by 2026.⁸¹ The average in the EU in 2022 was 40%.⁸²

⁶⁸ Ross, A. et al. (2022), "Energy Consumption of ICT", UK Parliament, at: <https://post.parliament.uk/research-briefings/post-pn-0677/>

⁶⁹ Freitag, C. et al. (2022), "The real climate and transformative impact of ICT: A critique of estimates, trends, and regulations", Patterns, at: <https://www.sciencedirect.com/science/article/pii/S2666389921001884>

⁷⁰ IEA, "Data Centers and Data Transmission Networks", (2022), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

⁷¹ IEA, "Energy Efficiency 2020", at: https://iea.blob.core.windows.net/assets/59268647-0b70-4e7b-9f78-269e5ee93f26/Energy_Efficiency_2020.pdf

⁷² Global System for Mobile Association, "ICT Industry Agrees Landmark Science-Based Pathway to Reach Net Zero Emissions", (2020), at: <https://www.gsma.com/newsroom/press-release/ict-industry-agrees-landmark-science-based-pathway-to-reach-net-zero-emissions/>

⁷³ Science Based Targets, "Guidance For ICT Companies Setting Science Based Targets", at: <https://www.itu.int/en/action/environment-and-climate-change/Documents/20200227-Guidance-ICT-companies-report.PDF>

⁷⁴ Ibid.

⁷⁵ European Commission, "Code of Conduct for ICT", at: https://joint-research-centre.ec.europa.eu/scientific-activities-z/energy-efficiency/energy-efficiency-products/code-conduct-ict_en

⁷⁶ World Economic Forum, "Global Gender Gap Report 2022", (2022), at: https://www3.weforum.org/docs/WEF_GGGR_2022.pdf

⁷⁷ Hupfer, S. et al. (2021), "Women in the tech industry: Gaining ground, but facing new headwinds", Deloitte, 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>

⁷⁸ European Institute for Gender Equality, "Work-life balance in the ICT sector", at: <https://eige.europa.eu/publications-resources/toolkits-guides/work-life-balance/women-in-ict>

⁷⁹ White, S. (2023), "Women in tech statistics: The hard truths of an uphill battle", CIO, at: <https://www.cio.com/article/201905/women-in-tech-statistics-the-hard-truths-of-an-uphill-battle.html>

⁸⁰ European Commission, "Gender equality strategy", at: https://commission.europa.eu/strategy-and-policy/policies/justice-and-fundamental-rights/gender-equality/gender-equality-strategy_en

⁸¹ Directive (EU) 2022/2381, at: <https://eur-lex.europa.eu/eli/dir/2022/2381/oj>

⁸² Institute of Directors, "The European Women on Boards Directive what it means and why it matters", (2023), at: <https://www.iod.com/resources/blog/inclusion-and-diversity/the-european-women-on-boards-directive-what-it-means-and-why-it-matters/>

Based on the above, Sustainalytics is of the opinion that Cellnex's efforts to increase the percentage of women in leadership roles are expected to positively contribute to fostering gender equity within the telecom sector and support the EU's agenda on promoting more diverse and inclusive corporate leadership.

Contribution to SDGs

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

KPI	SDG	SDG Target
KPI 1a: Absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities KPI 1b: Absolute scope 3 GHG emissions from purchased goods and services and capital goods	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
KPI 2: Percentage 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
KPI 3: Percentage of women in director and senior management or 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, tying the financial characteristics of these instruments, such as a coupon adjustment, margin adjustment or premium payment to the achievements of the following SPTs:

- (1a) Achieve a 70% reduction of absolute scope 1 and 2 GHG emissions, and scope 3 GHG emissions from fuel- and energy-related activities by 2030, with an intermediate target of a 45% reduction by 2025 against a 2020 baseline
- (1b) Achieve a 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 director and senior management or 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 KPIs 1a and 1b to be very strong, and KPI 2 and KPI 3 to be strong. Sustainalytics considers SPTs 1a, 1b and 2 to be highly ambitious and SPT 3 to be moderately ambitious. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the 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 2023, and the prospective 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: June 19, 2023

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

Completion date of post issuance verification:

Original 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:

- (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;
- (1.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 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 SPTs 1a,1b and 2 to be highly ambitious and SPT 3 to be moderately 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 2023, 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: (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.

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/managers roles in Cellnex Group

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
- Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis
- Evidence that the KPIs can be benchmarked

Other (please specify):

3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

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

Rationale and level of ambition

- | | |
|---|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Evidence that the SPTs represent a material improvement <input checked="" type="checkbox"/> Evidence that SPTs are consistent with the issuer’s sustainability and business strategy | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Credentials on the relevance and reliability of selected benchmarks and baselines <input checked="" type="checkbox"/> Credentials that the SPTs are determined on a predefined timeline <input type="checkbox"/> Other (please specify): |
|---|--|

Benchmarking approach

- | | |
|--|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Issuer own performance <input checked="" type="checkbox"/> reference to the science | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Issuer’s peers <input type="checkbox"/> Other (please specify): |
|--|--|

Additional disclosure

- | | |
|---|--|
| <ul style="list-style-type: none"> <input checked="" type="checkbox"/> potential recalculations or adjustments description <input type="checkbox"/> identification of key factors that may affect the achievement of the SPTs | <ul style="list-style-type: none"> <input checked="" type="checkbox"/> issuer’s strategy to achieve description <input type="checkbox"/> 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 or margin adjustment, or a premium payment, in case of a trigger event, which is aligned with the SLBP and SLLP.

Financial impact:

- coupon adjustment or margin adjustment
- 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 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 either in Cellnex’ Integrated Report or similar report. This reporting commitment is aligned with the SLBP and SLLP.

Information reported:

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

Frequency:

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

Means of Disclosure

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

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

Level of Assurance on Reporting

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

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

Section 4. Post-issuance verification

Overall comment on the section (if applicable):

Information reported:

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

Frequency:

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

Material change:

- Perimeter
- KPI methodology
- SPTs calibration

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For more information, visit www.sustainalytics.com

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