

# Second-Party Opinion

## Proximus Sustainable Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the Proximus Sustainable Finance Framework is credible and impactful and aligns with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Energy Efficiency, Renewable Energy, Clean Transportation, Green Buildings, Eco-efficient and/or circular economy adapted products, production technologies and processes, and Access to Essential Services: Digital and Social Inclusion – are aligned with those recognized by the Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 4, 7, 9, 11, and 12.



**PROJECT EVALUATION / SELECTION** Proximus' Sustainable Finance Committee ("the Committee") will be responsible for project evaluation and selection. The Committee will meet annually to ensure project selection is in line with the Framework's eligibility criteria and manage any future updates to the Framework. Proximus has a dedicated environmental and social risk assessment and mitigation process that is applicable to all allocation decisions made under the Framework. Sustainalytics considers this process to be adequate and to be aligned with market expectation and the project selection process in line with market practice.



**MANAGEMENT OF PROCEEDS** Proximus' Group Finance will be responsible for the management of proceeds. Proximus will manage proceeds using a portfolio approach, in which it will strive to maintain a level of allocation that matches or exceeds the balance of net proceeds of outstanding finance instruments. Proximus intends to reach full allocation within 36 months of issuance. Pending allocation, unallocated proceeds will be held in Proximus' treasury liquid portfolio in cash or cash equivalents or money market funds. This is in line with market practice.



**REPORTING** Proximus intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of finance instrument outstanding, the amount of proceeds allocated to eligible projects, the balance of unallocated proceeds, and the share of financing vs refinancing. In addition, Proximus is committed to reporting on relevant impact metrics. Sustainalytics views Proximus' allocation and impact reporting as aligned with market practice.

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<b>Evaluation Date</b>	July 30, 2021
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<b>Issuer Location</b>	Brussels, Belgium
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## Introduction

Proximus (“Proximus”, or the “Company”) is a digital services provider and telephone operator headquartered in Brussels, Belgium. Proximus’ services include fixed-line and wireless phone services, broadband Internet access, and pay-television service.

Proximus has developed the Proximus Sustainable Finance Framework (the “Framework”) under which it intends to issue sustainability, green and/or social bonds and/or loans and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are environmentally and socially impactful. The Framework defines eligibility criteria in six areas:

1. Energy Efficiency
2. Renewable Energy
3. Clean Transportation
4. Green Buildings
5. Eco-efficient and/or circular economy adapted products, production technologies and processes
6. Access to Essential Services: Digital and Social Inclusion

Proximus engaged Sustainalytics to review the Proximus Sustainable Finance Framework, dated May 2021, and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP), Sustainability Bond Guidelines 2021 (SBG)<sup>1</sup>, Green Loan Principles 2021 (GLP), and Social Loan Principles 2021 (SLP)<sup>2</sup>. This Framework has been published in a separate document.<sup>3</sup>

### Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>4</sup> opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, and Social Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021 and Social Loan Principles 2021, as administered by LMA, APLMA, and LSTA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.8.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of Proximus’ management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. Proximus representatives have confirmed (1) they understand it is the sole responsibility of Proximus to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that 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 that Framework.

<sup>1</sup> The Green Bond Principles, Social Bond Principles, and Sustainability Bond Guidelines are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/sustainability-bond-guidelines-sbg/>

<sup>2</sup> The Green Loan Principles and Social Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at: <https://www.lsta.org/content/green-loan-principles/#> and <https://www.lsta.org/content/social-loan-principles-slp/>

<sup>3</sup> The Proximus Sustainable Finance Framework is available on Proximus’s website at: [www.proximus.com/investors/sustainable-finance-framework.html](http://www.proximus.com/investors/sustainable-finance-framework.html)

<sup>4</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Proximus.

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 impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

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 Proximus has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Proximus Sustainable Finance Framework

Sustainalytics is of the opinion that the Proximus Sustainable Finance Framework is credible, impactful and aligns with the four core components of the SBG, GBP, SBP, GLP and SLP. Sustainalytics highlights the following elements of Proximus' Sustainable Finance Framework:

- Use of Proceeds:
  - The eligible categories – Energy Efficiency, Renewable Energy, Clean Transportation, Green Buildings, Eco-efficient and/or circular economy adapted products, production technologies and processes, and Access to Essential Services: Digital and Social Inclusion – are aligned with those recognized by the GBP, SBP, GLP, and SLP. Sustainalytics notes that the following projects and activities will be primarily financed in Belgium and the European Union.
  - Proximus has established a three-year look-back period for its refinancing activities, which Sustainalytics considers to be in line with market practice.
  - Within the Energy Efficiency category, Proximus may finance activities to reduce energy consumption of its operations, as well as products and solutions aimed at improving energy efficiency and reducing carbon emissions of Proximus' clients.
    - Network development projects may include the modernization of Proximus' broadband network from copper cable to fiber optic; the expansion of Proximus' 5G network; and server virtualization to replace the use of multiple servers in data centers.
    - Proximus' may finance data centers that comply with a <1.5 Power Usage Effectiveness (PUE), which is aligned with market practice. Proximus has committed to (i) procure renewable energy (or primarily power the data center through renewables) and/or (ii) use free cooling technology that takes advantage of cool ambient conditions and reduces the need for mechanical cooling and associated power.
    - Within the "Internet of Things" ("IoT") Proximus may finance the development of smart technologies that reduce energy consumption, improve water management and/or enhance fertilization management for smart buildings, smart cities, and smart agriculture. Other examples of investments in smart products and solutions include the development of smart parking apps, traffic management systems and monitoring devices for energy efficient consumption. Sustainalytics notes that although the use of IoT technology in agriculture has the potential to improve efficiency and reduce environmental impact, the Framework does not include selection criteria for the type of customers or agricultural applications for its IoT technologies, as a result of which Sustainalytics is unable to anticipate the expected impact of these applications. Proximus has informed Sustainalytics that these expenditures will be limited to a small

- proportion of the proceeds under this Framework, and Sustainalytics encourages the Company to report on the achieved impact as part of its annual impact reporting.
- Sustainalytics recognizes that, by enabling high-speed network connectivity, Proximus' solutions and products have the potential to support significant energy savings by end users across many sectors. Sustainalytics also acknowledges that the expansion of 5G networks and increasing data flows from IoT enablement technologies may result in additional overall energy demands on telecommunications networks. Overall, Sustainalytics believes that the enabled savings outweigh the potential adverse effects of additional network demands (see Section 3 for additional detail). Additionally, although such investments may indirectly benefit a broad range of industries, including the fossil fuel industry, Sustainalytics positively notes that Proximus excludes products and solutions developed specifically to support the fossil fuel industry/infrastructure.
  - Under the Renewable Energy category, Proximus may invest in the development, construction and upgrade of facilities, equipment and systems for solar and wind energy generation and transmission.
  - Within the Clean Transportation category, Proximus may invest zero direct emissions vehicles and related infrastructure, such as electric charging stations.
  - Within the Green Buildings category, Proximus intends to invest in the construction and acquisition of commercial buildings and building refurbishment according to the following eligibility criteria:
    - Buildings that have received at least an Energy Performance Certificate (EPC) "A" or fall within the top 15% of the national building stock based on primary energy demand.
    - Buildings that have received or expected to receive one of the following green building certifications: BREAM ("Excellent" or above), LEED ("Gold" or above), DGNB ("Gold" or above), or equivalent. Sustainalytics considers the above-mentioned certificates as credible, and levels indicated as impactful. For Sustainalytics' assessment of the building certification schemes, please refer to Appendix 1.
    - Buildings that have or are expected to have net primary energy demand that is at least 10% lower than the one resulting from the local Nearly Zero Energy Buildings (NZEB)<sup>5</sup> requirements.
    - Renovation of buildings that result in at least 30% energy efficiency improvement over baseline. Sustainalytics views the use of a defined energy efficiency improvement threshold as aligned with market practice for building refurbishments.
  - As part of the Eco-efficient and/or circular economy adapted products, production technologies and processes category, Proximus intends to invest in eco-efficient and/or circular economy adapted products, production technologies, and processes aimed at reducing the impact of electronic waste (e-waste) on the environment.
    - For investments related to the eco-designing of equipment, Proximus has clarified to Sustainalytics that types of equipment include modems and decoders developed with 25% fewer electronic components and 50% less plastic.<sup>6</sup>
    - Proximus intends to finance the collection of e-waste to be recycled into secondary raw material such as gold, cobalt, silver, and lithium. Proximus has confirmed to Sustainalytics that source segregation of waste is supported by a robust electronic waste management plan.
    - Proximus has explained to Sustainalytics that investments in 'giving equipment a second life' includes the refurbishment of equipment such as modems, decoders, remotes, Wi-Fi boosters and initiatives to put such equipment back into circulation.
  - Within the Access to Essential Services category, Proximus plans to invest in projects aimed at improving the connectivity and education of underserved populations in Belgium. Intended projects include investment in the deployment of fiber optic networks in remote areas of Belgium, as well as investments in educational programmes.
    - Sustainalytics notes that, for the deployment of fiber optics, Proximus operates in a joint venture structure. Sustainalytics considers equity investment in Proximus' joint

<sup>5</sup> European Commission, "Nearly Zero Energy Buildings", (2020), at: [https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings\\_en](https://ec.europa.eu/energy/topics/energy-efficiency/energy-efficient-buildings/nearly-zero-energy-buildings_en)

<sup>6</sup> The components used in the equipment are recycled.

ventures where the joint ventures are solely dedicated to the deployment of fiber optic networks in medium dense or rural areas and do not have any other purpose or activity as aligned with market practice. Sustainalytics notes that the Framework does not clearly define “medium dense or rural areas” and, as such, encourages Proximus to target investments where high-performance infrastructure is not yet present (white zones) according to the broadband mapping of the Belgian Institute for Postal services and Telecommunications.<sup>7</sup>

- Education programmes financed under the Framework are aimed at closing the digital divide, increasing digital skills and digital literacy of underserved populations including students, children, unemployed, people with disability, and elderly. Proximus has confirmed to Sustainalytics that these programmes will be provided for free or subsidized for the target population.
- **Project Evaluation and Selection:**
  - Proximus’ internal process for project evaluation and selection will be overseen by the Sustainable Finance Committee (the “Committee”) comprised of representatives of the Sustainability & Reputation team and senior officials within Proximus’ Group Finance and Funding Team. The Committee will meet on an annual basis to review and approve eligible projects in line with the Framework’s eligibility criteria and manage any future updates of the Framework. Based on the establishment of a formal committee and involvement of senior membership, Sustainalytics considers this process to be in line with market practice.
  - Proximus has in place sustainability policies and guidelines including the Code of Conduct Policy, Anti-Bribery Policy, and Environmental Policy which is applicable to all allocation decisions made under the Framework. Sustainalytics considers this risk assessment and mitigation process to be adequate and aligned with market expectation. For additional detail see Section 2.
- **Management of Proceeds:**
  - Proximus will manage the proceeds of its green, social, or sustainable finance instruments on a portfolio basis and strive to maintain a level of allocation to the portfolio that matches or exceeds the balance of net proceeds of outstanding finance instruments. Proximus’ Group Finance will be responsible for overseeing the management and allocation of the proceeds. Proximus intends to reach full allocation within 36 months of issuance. Should any proceeds remain unallocated, they will be invested in Proximus’ treasury liquid portfolio in cash or cash equivalent, or money market funds.
  - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- **Reporting:**
  - Proximus intends to report on the allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the total amount of green, social, or sustainable finance instruments outstanding, the amount of net proceeds allocated to eligible projects, the balance of unallocated proceeds, and the share of financing vs refinancing.
  - In addition, Proximus is committed to reporting on relevant impact metrics including, estimated annual CO<sub>2</sub> emissions reduced or avoided (in tCO<sub>2</sub> eq./year), plastic, electronic waste, scrap metal, cables and wires recycled and reused, annual renewable energy installed capacity (MW/year), number of vehicles (units per year), number of EV charging points, level of certification by property, and number of beneficiaries in the target population reached.
  - Based on the commitment to both impact and allocation reporting, Sustainalytics considers this process to be in line with market practice.

**Alignment with Green Bond Principles 2021, Social Bond Principles 2021, Sustainability Bond Guidelines 2021, Green Loan Principles 2021 and Social Loan Principles 2021**

Sustainalytics has determined that the Proximus Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP, and SLP. For detailed information please refer to Appendix 2: Sustainability Bond/Sustainability Bond Programme External Review Form.

<sup>7</sup> Belgian Institute for Postal services and Telecommunications, at: <https://www.bipt-data.be/en>

## Section 2: Sustainability Performance of Proximus

### Contribution of Framework to Proximus' sustainability strategy

Sustainalytics is of the opinion that Proximus demonstrates a commitment to sustainability with a focus on three key environmental and social areas: (i) Net positive contribution to a net zero planet, (ii) Becoming truly circular, and (iii) Contributing to a digital society.<sup>8</sup>

Realizing the importance of Scope 3 emissions, Proximus set a target of reducing its Scope 3 emissions through its value chain by 50% by 2040 compared to 2010.<sup>11</sup> With respect to climate action, Proximus' targets are validated by the Science Based Targets Initiative<sup>9</sup> and are in alignment with the 1.5°C global warming scenario.<sup>10,11</sup> The Company set a target of reducing its Scope 1 and Scope 2 emissions by 30% between 2015 and 2025, and exceeded the target with a 45% reduction by 2020.<sup>11</sup> Proximus aims to be carbon neutral without offsets by 2030. On renewable energy, Proximus uses 100% green electricity with an aim to source additional local capacity by 2024.

Proximus was the first to launch 5G commercial services in Belgium in 2020 and the Company sees the deployment of 5G technology and fiber optic as essential to its energy efficiency efforts.<sup>12</sup> The Company aims for 4.2 mn (70%) Belgian homes and businesses to have fiber connectivity by 2028. In an effort to provide a baseline for the decarbonization of their customer's footprints, Proximus began to quantify avoided CO<sub>2</sub> emissions by customers in 2020.

Proximus' efforts in circular economy focus on electronic equipment and recycling, with 88% of collected equipment being recycled or reused in 2020.<sup>8</sup> As part of its "Don't Miss the Call" campaign, Proximus aims to collect 150,000 devices for recycling into secondary raw materials and refurbishing in 2021.<sup>8</sup> In 2021, Proximus will launch an eco-design modem, composed of recycled components and recyclable plastic - 25% fewer electronic components and 50% less plastic.<sup>8</sup> Proximus has also joined forces with its suppliers and is committed to developing sustainable products under its Circular Manifesto program<sup>13</sup>, currently signed by 21 suppliers.<sup>8</sup> Under this Manifesto, Proximus aims for all the equipment utilized for infrastructure development along with all devices and products for the Company to be a 100% circular by 2025.

Proximus also recognizes its responsibility for achieving positive social impact. In 2020, Proximus entered into joint ventures with Eurofiber in Wallonia and EQT Infrastructure in Flanders with an aim to deploy connectivity in rural and underserved areas.<sup>8</sup> 93.5% of Wallonia had access to high-speed connectivity in 2020 compared to 92.4% in 2019. Proximus also aims to connect all secondary schools to fiber by 2023 and will allocate EUR 10 mn for this purpose.<sup>14</sup> Additionally, Proximus is working towards closing the digital divide through initiatives that help jobseekers acquire essential skills and making products more accessible to individuals with disabilities.<sup>8</sup>

Sustainalytics is of the opinion that the Proximus Sustainable Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental and social priorities. Proximus has also informed Sustainalytics of its intention to align with the EU Taxonomy.<sup>15</sup>

### Well-positioned to address common environmental and social risks associated with the projects

While Sustainalytics recognizes that the use of proceeds from the Framework will be directed towards eligible projects that are expected to have positive environmental and social impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include biodiversity risks associated with infrastructure development, occupational health and safety risks, supply chain social, environmental, and ethical impact, and exposure to data privacy and security risks.

<sup>8</sup> Proximus, "Integrated annual report 2020", (2021) at: <https://www.proximus.com/annualreport2020.html>

<sup>9</sup> Science Based Targets website, at: <https://sciencebasedtargets.org/>

<sup>10</sup> Proximus website, "A net positive contribution to the climate by 2030", at: <https://www.proximus.com/sustainability/respecting-our-planet/net-positive.html>

<sup>11</sup> Proximus website, "External recognition: awards and ranking", at: <https://www.proximus.com/sustainability/respecting-our-planet/external-recognition.html#>

<sup>12</sup> EU 5G observatory, at: <http://5gobservatory.eu/market-developments/5g-services/>

<sup>13</sup> Proximus website, "Suppliers", at: <https://www.proximus.com/suppliers.html>

<sup>14</sup> Proximus website, "Proximus and Signpost support schools in taking a 'digital leap'", (2021) at: <https://www.proximus.com/nl/news/2021/20210211-pxs-and-signpost-support-schools.html#>

<sup>15</sup> European Union, "Sustainable Finance Package", at: [https://ec.europa.eu/info/publications/210421-sustainable-finance-communication\\_en#taxonomy](https://ec.europa.eu/info/publications/210421-sustainable-finance-communication_en#taxonomy)

Sustainalytics is of the opinion that Proximus is able to manage and/or mitigate potential risks through implementation of the following:

- Proximus manages supply chain risk through its Corporate Social Responsibility (CSR) clause in supplier contracts which sets out the standards for social, environmental, and ethical compliance<sup>16</sup>, and includes the option for Proximus to conduct a professional third-party verification.<sup>17</sup> Proximus assesses its suppliers using an external agency through which the suppliers can measure the social and environmental impact of their operations.<sup>17</sup> Proximus is also a member of the Joint Audit Cooperation initiative, a collective of telecommunication companies aiming to promote responsible environmental and social practices amongst suppliers, as well as carrying out third-party audits in production plants. This initiative includes guidelines and protocols which Proximus can use to bring about corrective measures if suppliers fail to meet best practices.<sup>18</sup> Proximus has also been identified as a Supplier Engagement Leader by Carbon Disclosure Project<sup>19</sup> in 2020.<sup>20</sup>
- Proximus addresses risks regarding cybersecurity and data privacy through its Code of Conduct.<sup>21</sup> The Code of Conduct outlines the Company's commitment to respecting its users' privacy and protecting personal data. Proximus' suppliers are also required to have security measures in place to protect confidential information, and to promptly report data breaches as required.<sup>22</sup> In 2020, Proximus invested EUR 7.5 mn in its Corporate Cyber Security Program. The Company's data and operations centers are certified under four ISO 27001 certifications.<sup>8</sup>
- Proximus has its operations in Belgium which is recognized as a Designated Country under the Equator Principles,<sup>23</sup> ensuring the presence of robust environmental and social governance, legislation systems and institutional capacity to mitigate the common environmental and social risk associated with projects financed under this framework.
- Regarding worker health and safety, Proximus is governed by the European Framework Directive on Safety and Health at Work (Directive 89/391 EEC)<sup>24</sup> which provides a strong framework to ensure that employers take necessary measures for the protection of safety and health of workers and the prevention of occupational risks.

Based on these policies, standards and assessments, Sustainalytics is of the opinion that Proximus has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

### Section 3: Impact of Use of Proceeds

All six use of proceeds categories are aligned with those recognized by GBP, SBP, GLP or SLP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

#### Importance of an energy-efficient network infrastructure

According to a report published by McKinsey & Company, the telecom sector accounts for 2-3% of the total global energy demand.<sup>25</sup> In addition, energy consumption by leading European telecom providers increased by 10% between 2010 and 2018 as per a policy paper published by The European Telecommunications Network Operators' Association (ETNO).<sup>26</sup> In its 5G for Europe Action Plan, the EU has noted that "5G is seen as a game changer, enabling industrial transformations through wireless broadband services provided at gigabit speeds, the support of new types of applications connecting devices and objects (the Internet of

<sup>16</sup> Proximus website, "Proximus and its suppliers, together for the climate", at: <https://www.proximus.com/news/2020/20200923-blogpost-pxs-suppliers-together4climate.html>

<sup>17</sup> Proximus website, "CSR clause", at: <https://www.proximus.com/suppliers/a-responsible-supply-chain.html>

<sup>18</sup> Joint Audit Cooperation website, at: <https://jac-initiative.com/about-us/#member>

<sup>19</sup> Carbon Disclosure Project (CDP) website, at: <https://www.cdp.net/en>

<sup>20</sup> Proximus website, "Proximus rewarded for its fight against climate change", at: <https://www.proximus.com/news/2020/CDP-europe-awards-supplier-engagement-leader.html>

<sup>21</sup> Proximus website, "Compliance", at: <https://www.proximus.com/investors/compliance.html#>

<sup>22</sup> Proximus website, "Suppliers – Purchase General Conditions", at:

<sup>23</sup> Equator Principles, "Designated Countries", (2021), at: <https://equator-principles.com/designated-countries/>

<sup>24</sup> European Agency for Safety and Health at Work, The OSH Framework Directive, at: <https://osha.europa.eu/en/legislation/directives/the-osh-framework-directive/the-osh-framework-directive-introduction>

<sup>25</sup> McKinsey & Company report, "The case for committing to greener telecom networks" at <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/the-case-for-committing-to-greener-telecom-networks>

<sup>26</sup> The European Telecommunications Network Operators' Association (ETNO), "European Commission's public consultation on EU climate ambition for 2030 and for the design of certain climate and energy policies of the European Green Deal – ETNO Position Paper" at [https://etno.eu/downloads/positionpapers/etno%20position%20paper\\_2030%20climate%20targets%20ec%20public%20consultation.pdf](https://etno.eu/downloads/positionpapers/etno%20position%20paper_2030%20climate%20targets%20ec%20public%20consultation.pdf)

Things), and versatility by way of software virtualization allowing innovative business models across multiple sectors”.<sup>27</sup>

The adoption of 5G networks offers compelling environmental benefits in addition to the expected social and economic opportunities. 5G networks are up to 90% more energy efficient per bit compared to legacy with 4G.<sup>28</sup> Experts predict that even if initial versions of 5G networks consume similar amounts of energy compared to their predecessors, this will decline over time as both network optimization and energy efficient hardware is developed further.<sup>29</sup>

Similarly, according to a study performed by Europacable, fiber is the most energy efficient technology for broadband access networks and consumes 56kWh compared to 88kWh for Data Over Cable Service Interface Specification (DOCSIS) when performing at 50Mbps.<sup>30</sup> This translates to a carbon emission equivalent of 1.7 tons for fiber relative to 2.7 tons for DOCSIS.<sup>30</sup>

Under the 2030 climate and energy framework, the EU set a target of increasing energy efficiency by a minimum of 32.5% relative to 2018.<sup>31</sup> In line with this, Belgium has set its contribution at 15% for primary energy savings and 12.5% in final energy savings by 2030 compared with the PRIMES (Price-induced Market Equilibrium System) 2007 baseline.<sup>32</sup> Proximus has announced that it intends to increase its IP transport network capacity tenfold and its network reliability through TITAN Project (Terabit IP Transport and Aggregation Network) by 2021.<sup>33</sup>

Sustainalytics is of the opinion that Proximus’ investment in 5G and fiber networks along with IoT applications, offers the potential to enhance energy-efficiency in alignment with the EU goals. Overall, Sustainalytics expects Proximus’ investment to contribute positively to Belgium’s national targets and to the transition to a low-carbon society.

### Importance of social inclusion in the EU and Belgium

Access to fast and reliable broadband connection is a necessity today for everyday life as well as economic progress and growth.<sup>34</sup> In light of this, the European Commission has set out connectivity targets to support the digital transformation of Europe with an objective that all EU households should have gigabit connectivity and all populated areas should be covered by 5G by 2030.<sup>35</sup>

Broadband plays an instrumental role in harnessing the benefits provided by modern technology connected to health, education, business and administration, especially for rural areas. Investment in broadband penetration provides significant socio-economic impacts, with a 1% increase in GDP for 10% increase in penetration rate and 0.3% of GDP growth for twice the broadband speed. In terms of employment opportunities, for every 1,000 new broadband users, 80 new jobs are created.<sup>34</sup> Despite the importance of broadband infrastructure, rural areas in Europe still lack access to fast or ultra-fast broadband. More specifically 50% of rural homes in the EU do not have access to fast or ultra-fast broadband.<sup>34</sup> Given that rural regions are home to around 29% of the EU’s population or almost 149 million people, the number of EU citizens who are not well connected is significant.<sup>36</sup>

Belgium ranks 13th among the EU Member States with an overall connectivity score of 52, marginally above the EU average of 50.1.<sup>37</sup> Regarding fixed broadband take-up, the nation stands at 79%, 1% above the EU average but lags behind in mobile broadband take-up with only 78 subscriptions per 100 people as opposed to the EU average of 100.<sup>37</sup> To increase internet accessibility, Belgium initiated Digital Belgium – Plan for Ultrafast Internet in Belgium 2015-2020 with an objective of providing speeds of up to 1Gbps to half of the

<sup>27</sup> European Commission, 5G for Europe: An Action Plan, 2016, available at <https://digital-strategy.ec.europa.eu/en/library/communication-5g-europe-action-plan-and-accompanying-staff-working-document>

<sup>28</sup> Nokia, “Nokia confirms 5G as 90% more energy efficient”, (2020), at <https://www.globenewswire.com/news-release/2020/12/02/2138047/0/en/Nokia-confirms-5G-as-90-percent-more-energy-efficient.html>

<sup>29</sup> IEEE Spectrum, “The 5G Dilemma: More Base Stations, More Antennas—Less Energy?”, (2018), at: <https://spectrum.ieee.org/energywise/telecom/wireless/will-increased-energy-consumption-be-the-achilles-heel-of-5g-networks>

<sup>30</sup> European Commission, “Shaping Europe’s digital future” (2020) at <https://digital-strategy.ec.europa.eu/en/library/fibre-most-energy-efficient-broadband-technology#:~:text=A%20study%20launched%20in%202017,%2C%20DSL%2C%20vectoring%20and%20DOCSIS.>

<sup>31</sup> EU website, “2030 climate and energy framework”, at [https://ec.europa.eu/clima/policies/strategies/2030\\_en](https://ec.europa.eu/clima/policies/strategies/2030_en)

<sup>32</sup> EU report, “National Energy and Climate Plan” at [https://ec.europa.eu/energy/sites/ener/files/documents/be\\_final\\_necp\\_parta\\_en.pdf](https://ec.europa.eu/energy/sites/ener/files/documents/be_final_necp_parta_en.pdf)

<sup>33</sup> Proximus, “TITAN project: modernization of the transport network” at <https://www.proximus.com/nl/news/2019/proximus-tenfolds-network-capacity.html>

<sup>34</sup> European Commission, “The Broadband Handbook: ‘Facing the challenges of broadband deployment in rural and remote areas”, at <https://digital-strategy.ec.europa.eu/en/library/broadband-handbook-facing-challenges-broadband-deployment-rural-and-remote-areas>

<sup>35</sup> EU website, “5G Action Plan”, at <https://www.europarl.europa.eu/legislative-train/theme-connected-digital-single-market/file-5g-action-plan#:~:text=On%209%20March%202021%20the%20covered%20by%205G%20by%202030.>

<sup>36</sup> Eurostat, “Urban and rural living in the EU”, at <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/EDN-20200207-1>

<sup>37</sup> European Commission, “Digital Economy and Society Index 2020 in Belgium”, at: <https://ec.europa.eu/digital-single-market/en/scoreboard/belgium>



nation by 2020.<sup>38</sup> Under its EUR 3 bn fiber rollout plan launched in 2017, Belgium aims to provide coverage to 85% of businesses and 50% of households by 2027, with 2.4 mn homes being connected by 2025.<sup>39</sup> However, fostering Gigabit network deployment in rural areas and the timely deployment of 5G remain key challenges due to lack of public funding.<sup>39</sup>

Based on this context, Sustainalytics is of the opinion that Proximus' investments in the deployment of fiber and mobile networks in the rural areas of Belgium will contribute positively towards the connectivity goals set forth by both, Belgium and the EU.

#### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) and loan(s) issued under the Proximus Sustainable Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	7. Affordable and clean energy 9. Industry, Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency 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
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Green Buildings	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
Circular Economy	12. Responsible Consumption and Production	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Access to Essential Services	4. Quality education 9. Industry, Innovation and Infrastructure	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

<sup>38</sup> EU website, "Country Information – Belgium", at <https://ec.europa.eu/digital-single-market/en/country-information-belgium>

<sup>39</sup> European Commission, "Digital Economy and Society Index 2020 – Telecom country chapters", at: [https://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/swd/2020/0111/COM\\_SWD\(2020\)0111\(PAR04\)\\_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/swd/2020/0111/COM_SWD(2020)0111(PAR04)_EN.pdf)

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## Conclusion




Proximus has developed the Proximus Sustainable Finance Framework under which it may issue green, social, and/or sustainability bonds and loans and use the proceeds to finance and/or refinance green projects in the areas of energy efficiency, renewable energy, clean transportation, green buildings and circular economy, as well as social projects aimed at closing the digital divide. Sustainalytics considers that the projects funded by the green, social, and/or sustainability bond and loan proceeds are expected to provide positive environmental and social impact.

The Proximus Sustainable Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that Proximus Sustainable Finance Framework is aligned with the overall sustainability strategy of the company and that the use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 4, 7, 9, 11 and 12. Additionally, Sustainalytics is of the opinion that Proximus has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that Proximus is well-positioned to issue green, social and/or sustainability bonds and loans and that Proximus Sustainable Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles (2021), Social Bond Principles (2021), Green Loan Principles (2021), and Social Loan Principles (2021).

## Appendices

### Appendix 1: Certification Schemes for Green Buildings

	BREEAM	LEED	DGNB
<b>Background</b>	BREEAM (Building Research Establishment Environmental Assessment Method) was first published by the Building Research Establishment (BRE) in 1990. Based in the UK. Used for new, refurbished and extension of existing buildings.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC).	The German Green Building Certification or DGNB was developed in 2007 by the non-profit German Sustainable Building Council in partnership with the German Federal Ministry of Transport, Building, and Urban Affairs in order to actively encourage sustainable building.
<b>Certification levels</b>	Pass Good Very Good Excellent Outstanding	<ul style="list-style-type: none"> <li>• Certified</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>	<ul style="list-style-type: none"> <li>• Bronze</li> <li>• Silver</li> <li>• Gold</li> <li>• Platinum</li> </ul>
<b>Areas of Assessment</b>	<ul style="list-style-type: none"> <li>• Energy</li> <li>• Land Use and Ecology</li> <li>• Pollution</li> <li>• Transport</li> <li>• Materials</li> <li>• Water</li> <li>• Waste</li> <li>• Health and Wellbeing</li> <li>• Innovation</li> </ul>	<ul style="list-style-type: none"> <li>• Energy and atmosphere</li> <li>• Sustainable Sites</li> <li>• Location and Transportation</li> <li>• Materials and resources</li> <li>• Water efficiency</li> <li>• Indoor environmental quality</li> <li>• Innovation in Design</li> <li>• Regional Priority</li> </ul>	<ul style="list-style-type: none"> <li>• Environment</li> <li>• Economic</li> <li>• Sociocultural and functional aspects</li> <li>• Technology</li> <li>• Processes</li> <li>• Site</li> </ul>
<b>Requirements</b>	<p>Prerequisites depending on the levels of certification and credits with associated points</p> <p>This number of points is then weighted by item<sup>40</sup> and gives a BREEAM level of certification, which is based on the overall score obtained (expressed as a percentage). Majority of BREEAM issues are flexible, meaning that the client can choose which to comply with to build their BREEAM performance score.</p> <p>BREAAM has two stages/ audit reports: a 'BREEAM Design Stage' and a 'Post Construction Stage', with different assessment criteria.</p>	<p>Prerequisites independent of level of certification, and credits with associated points.</p> <p>These points are then added together to obtain the LEED level of certification</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Percentage-based performance index</p> <p>The total performance index (expressed as a percentage) is calculated by adding the six key areas of assessment. The environmental, economic, socio-cultural and functional aspects and technical quality each account for 22.5% of the total, process accounts for 10% and the site quality is given a separate grade.</p>
<b>Performance display</b>			
<b>Qualitative Considerations</b>	Used in more than 70 countries: Good adaptation to the local normative context. Predominant environmental focus. BREEAM certification is less strict (less minimum thresholds) than HQE and LEED certifications.	Widely recognized internationally, and strong assurance of overall quality.	DGNB certification is based on current European Union standards and norms and is being recommended by the German Federal Ministry of Transport, Building and Urban Development. DGNB System has partnerships in a number of countries, among which

<sup>40</sup> BREEAM weighting: Management 12%, Health and wellbeing 15%, Energy 19%, Transport 8%, Water 6%, Materials 12.5%, Waste 7.5%, Land Use and ecology 10%, Pollution 10% and Innovation 10%. One point scored in the Energy item is therefore worth twice as much in the overall score as one point scored in the Pollution item

			Bulgaria, Denmark, Austria, Thailand and Switzerland.
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## Appendix 2: Sustainability Bond / Sustainability Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Proximus
<b>Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:</b>	Proximus Sustainable Finance Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	July 30, 2021
<b>Publication date of review publication:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.  
 The review assessed the following elements and confirmed their alignment with the GBP and SBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other <i>(please specify)</i> :                        |  |

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

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

### Section 3. Detailed 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.

#### 1. USE OF PROCEEDS

Overall comment on section (*if applicable*):

The eligible categories for the use of proceeds – Energy Efficiency, Renewable Energy, Clean Transportation, Green Buildings, Eco-efficient and/or circular economy adapted products, production technologies and processes, and Access to Essential Services: Digital and Social Inclusion – are aligned with those recognized by both the Green Bond Principles 2021, Social Bond Principles 2021, Green Loan Principles 2021, and Social Loan Principles 2021. Sustainalytics considers that the eligible categories will lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDG 4, 7, 9, 11 and 12.

#### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy   | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control  | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation   | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input checked="" type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                  | <input checked="" type="checkbox"/> Green buildings  |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBPs:

#### Use of proceeds categories as per SBP:

- |   |   |
|---|---|
| <input type="checkbox"/> Affordable basic infrastructure  | <input checked="" type="checkbox"/> Access to essential services                        |
| <input type="checkbox"/> Affordable housing   | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security  | <input type="checkbox"/> Socioeconomic advancement and empowerment                      |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input type="checkbox"/> Other (please specify):  |

If applicable please specify the social taxonomy, if other than SBP:

## 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Proximus' Sustainable Finance Committee ("the Committee") comprised of representatives of the Sustainability & Reputation team and senior officials within Proximus' Group Finance and Funding Team will be responsible for project evaluation and selection. The Committee will meet annually to ensure project selection is in line with the Framework's eligibility criteria and manage any future updates to the Framework. Sustainalytics considers the project selection process in line with market practice.

### Evaluation and selection

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's social and green objectives                                 | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories               |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Sustainability Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available                | <input type="checkbox"/> Other (please specify):  |

### Information on Responsibilities and Accountability

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |  |

## 3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

Proximus' Group Finance will be responsible for the management of proceeds. Proximus will manage proceeds using a portfolio approach, in which it will strive to maintain a level of allocation that matches or exceeds the balance of net proceeds of outstanding finance instruments. Proximus intends to reach full allocation within 36 months of issuance. Pending allocation, unallocated proceeds will be held in Proximus' treasury liquid portfolio in cash or cash equivalents or money market funds. This is in line with market practice.

### Tracking of proceeds:

- |   |
|---|
| <input checked="" type="checkbox"/> Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify):  |

### Additional disclosure:

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
|---|---|

- |   |  |
|---|--|
| <input type="checkbox"/> Allocation to individual disbursements                             | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify):                               |

**4. REPORTING**

Overall comment on section (if applicable):

Proximus intends to report on allocation of proceeds on its website on an annual basis until full allocation. Allocation reporting will include the amount of finance instrument outstanding, the amount of proceeds allocated to eligible projects, the balance of unallocated proceeds, and the share of financing vs refinancing. In addition, Proximus is committed to reporting on relevant impact metrics. Sustainalytics views Proximus' allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported:**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts   | <input checked="" type="checkbox"/> Sustainability Bond financed share of total investment |
| <input checked="" type="checkbox"/> Other (please specify): share of financing vs refinancing |  |

**Frequency:**

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

**Impact reporting:**

- |  |  |
|--|--|
| <input type="checkbox"/> Project-by-project            | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify):                 |

**Information reported (expected or ex-post):**

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings   |
| <input type="checkbox"/> Decrease in water use              | <input checked="" type="checkbox"/> Number of beneficiaries  |
| <input checked="" type="checkbox"/> Target populations      | <input checked="" type="checkbox"/> Other ESG indicators (please specify): reduction plastic, electronic waste, scrap metal, cables and wires recycled and reused (tonnes), number of vehicles (units per year), number of EV charging |

points, level of certification  
by property

**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.

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

[www.proximus.com\investors\sustainable-finance-framework.html](http://www.proximus.com\investors\sustainable-finance-framework.html)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)  Certification  
 Verification / Audit  Rating  
 Other (*please specify*):

**Review provider(s):**

**Date of publication:**

**ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP AND THE SBP**

- i. Second-Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Sustainable Finance framework, or appropriate procedures such as information barriers will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.



- 
- iii. **Certification:** An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
  - iv. **Green, Social and Sustainability Bond Scoring/Rating:** An issuer can have its Sustainability Bond, associated Sustainable Finance Framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.

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