

# Second-Party Opinion

## PPF Telecom Group Sustainable Finance Framework



### Evaluation Summary

Sustainalytics is of the opinion that the PPF Telecom Group 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 2023 and Social Loan Principles 2023. This assessment is based on the following:



**USE OF PROCEEDS** The eligible categories for the use of proceeds – Energy Efficiency, Renewable Energy and Access to Essential Services: Digital Inclusion – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental or social impacts and advance the UN Sustainable Development Goals, specifically SDGs 1, 7 and 9.



**PROJECT EVALUATION AND SELECTION** The PPF Telecom Sustainable Finance Working Group – composed of the Financial Manager, Chief Sustainability Officer, Chief Technology Officer, members of the Sustainability Executive Committee, members of the Sustainability Steering Committee and representatives from the Group or its subsidiaries – will oversee the project evaluation and selection process. The Sustainable Finance Working Group will assess and mitigate environmental and social risks associated with the eligible assets as part of its risk management practice. Sustainalytics views PPF Telecom Group’s risk management systems that are in place to be adequate and the project selection process to be in line with market practice.



**MANAGEMENT OF PROCEEDS** The PPF Telecom Sustainable Finance Working Group will track and manage the allocation of net proceeds using an internal management system. Pending allocation, net proceeds will be temporarily held in line with PPF Telecom Group’s general liquidity management policy. PPF Telecom intends to fully allocate proceeds within 36 months of issuance. This is in line with market practice.



**REPORTING** PPF Telecom Group commits to reporting on the allocation of proceeds on its website on an annual basis until maturity for revolving credit facilities and until full allocation for other financing instruments. In addition, PPF Telecom Group intends to report on relevant impact metrics. Sustainalytics views PPF Telecom Group’s allocation and impact reporting as aligned with market practice.

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### Report Sections

Introduction.....	2
Sustainalytics’ Opinion .....	3
Appendix .....	12

**For inquiries, contact the Sustainable Finance Solutions project team:**

**Nadia Djinnit (Amsterdam)**  
Project Manager  
Nadia.Djinnit@morningstar.com  
(+31) 20 560 2933

**Javier Frisancho Salinas (Amsterdam)**  
Project Support

**Lokesh Jain (Mumbai)**  
Project Support

**Han Xing (Toronto)**  
Project Support

**Diego Gomez (London)**  
Client Relations  
susfinance.emea@sustainalytics.com  
(+44) 20 3880 0193

## Introduction

PPF Telecom Group B.V. and its subsidiaries (“PPF” or the “Group”) are telecommunication service providers that operate in central and eastern Europe. The Group provides mobile, fixed-line, data and internet television services to end users, as well as telecommunications infrastructure services through its subsidiaries<sup>1</sup> in five countries: Bulgaria, Czechia, Hungary, Serbia and Slovakia. The Group employs 12,700 staff across the five countries and serves 18 million mobile subscribers and 1.1 million fixed broadband users as of December 2022.<sup>2</sup>

PPF has developed the PPF Telecom Group Sustainable Finance Framework dated May 2023 (the “Framework”), under which it intends to issue or obtain only green, social or sustainability bonds, debt private placements, revolving credit facilities, and bank loans. Under the Framework, PPF will use the proceeds to finance or refinance, in whole or in part, existing or future projects that provide access to affordable connectivity and digital solutions with reduced environmental impacts. The Framework defines eligibility criteria in three areas:

1. Energy Efficiency
2. Renewable Energy
3. Access to Essential Services: Digital Inclusion

PPF engaged Sustainalytics to review the PPF Telecom Group Sustainable Finance Framework and provide a Second-Party Opinion on the Framework’s environmental and social credentials and its alignment with the Sustainability Bond Guidelines 2021 (SBG), Green Bond Principles 2021 (GBP), Social Bond Principles 2021 (SBP),<sup>3</sup> Green Loan Principles 2023 (GLP) and Social Loan Principles 2023 (SLP).<sup>4</sup> PPF will publish the Framework in a separate document.<sup>5</sup>

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

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent<sup>6</sup> opinion on the alignment of the reviewed Framework with 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 2023 and Social Loan Principles 2023, 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 1.13, 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 PPF’s 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. PPF representatives have confirmed (1) they understand it is the sole responsibility of PPF to ensure that the information provided is complete, accurate and 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> PPF Telecom Group’s subsidiaries include: i) CETIN Group (“CETIN”) and its subsidiaries for wholesale infrastructure services; ii) O2 and Yettel for services to end-users.

<sup>2</sup> PPF Telecom Group, “PPF Telecom Group Facts”, at: <https://www.ppftelcom.eu/>

<sup>3</sup> The Sustainability Bond Guidelines, Green Bond Principles, and Social Bond Principles 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>4</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>5</sup> The PPF Telecom Group Sustainable Finance Framework will be available on PPF Telecom Group B.V.’s website at:

<https://www.ppftelcom.eu/offerings-documentation> and on CETIN Group N.V.’s website at: <https://www.cetin.eu/investors/>

<sup>6</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 PPF.

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. Upon twenty-four (24) months following the evaluation date set stated herein, PPF is encouraged to update the Framework, if necessary, and seek an update to the Second-Party Opinion to ensure ongoing alignment of the Framework with market standards and expectations.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realized 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 PPF has made available to Sustainalytics for the purpose of this Second-Party Opinion.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the PPF Telecom Group Sustainable Finance Framework

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

- Use of Proceeds:
  - The eligible categories – Energy Efficiency, Renewable Energy and Access to Essential Services: Digital Inclusion – are aligned with those recognized by the GBP, SBP, GLP and SLP.
  - PPF has established a look-back period of 24 months for its refinancing activities. Sustainalytics sees this as aligned with market practice.
  - Under the Energy Efficiency category, PPF may finance or refinance systems or technologies that increase energy efficiency or reduce energy consumption, such as:
    - The modernization, replacement and upgrade of network equipment and technologies, such as antennas, radio access network (RAN) active and passive equipment, repeaters, small cell solutions, microwaves, fibre optic network equipment, batteries, IP transport equipment, power supply units, cooling systems, tubes and core network equipment, including hardware.
      - In the context of upgrading its network infrastructure, PPF's activities are expected to increase the efficiency of its network sites. Sustainalytics encourages PPF to report on the quantitative impacts of these projects.
    - The development and implementation of digital products and services based on the internet of things (IoT), big data or artificial intelligence (AI) aimed at reducing energy consumption.
      - PPF confirmed that these digital products and services are dedicated to upgrades directed towards the replacement of older, more energy-consuming technologies. Sustainalytics recognizes that IoT and AI technologies carry two risks in terms of impact. First, IoT and AI technologies have a broad impact and can drive energy-efficiency gains in a variety of industries, including the fossil fuel industry. Sustainalytics notes that the Framework excludes specific activities that are associated with fossil fuels. Also, Sustainalytics understands that the Group cannot control the use and application of the IoT- and AI-enabling technologies once sold. Second, the expansion of IoT and AI networks and increasing data flow resulting from IoT and AI solutions may result in additional energy demands on telecommunications networks. However, there is

evidence that telecommunications technologies are expected to result in net energy savings and carbon reductions.<sup>7</sup>

- Research and development (R&D) on smart metering for consumption of electricity and water, smart logistics, smart cities, smart mobility and new connectivity services and products such as intelligent private networks and smart home devices, that aim to save energy or natural resources. PPF has confirmed to Sustainalytics that R&D expenditures would not exceed 10% of the total amount of proceeds. By enabling high-speed network connectivity, PPF's solutions have the potential to support energy savings by end users across industrial sectors. Sustainalytics is of the opinion that investments in this category are expected to provide net-positive environmental impacts while noting variations in the energy demands on the network and the range of end-user technologies that it supports.
  - Network infrastructure that supports and expands 5G wireless connectivity upgrading old infrastructure, including radio access network (RAN), access transmission, transport backbone, passive infrastructure, core network and intellectual property. Sustainalytics views as impactful the financing of 5G technologies in the context of upgrades from older infrastructure. While the expansion of 5G technologies could lead to increased energy demands on the network, such expenditures are expected to enable energy efficiency gains of data transmission as well as operational efficiency across a range of industries and activities downstream of the network provider. Sustainalytics encourages PPF to report on the energy efficiency gains of these projects.
  - Fibre network transformation, including fibre to the home (FTTH), fibre to the building or basement (FTTB) and fibre to the cabinet (FTTC) upgrades with the aim to replace energy-heavy copper-based networks. Sustainalytics considers these expenditures to be in line with market practice.
  - Software and automation aimed at minimizing power consumption through server virtualization, remote and data management applications, power-saving features, machine learning and AI applications. Sustainalytics considers these expenditures to be in line with market practice.
  - Efficient cooling of RAN sites and data centres, and the change of site layout from indoor to outdoor. In addition, PPF may invest in server virtualization solutions to minimize power consumption in current and newly built data centres. Sustainalytics notes that data centres are inherently energy-intensive and that PPF intends to finance the installation of energy-efficient systems, hardware and technologies in data centres to reduce overall GHG emissions and improve energy performance. Sustainalytics encourages PPF to monitor and report on improvements in energy or carbon performance resulting from such installations.
  - PPF has confirmed to Sustainalytics that expenditures under this category will exclude investments in equipment or technologies designed or intended for processes that are powered by fossil fuels.
- Under the Renewable Energy category, PPF may finance or refinance renewable energy projects, including: i) the installation of solar panels; ii) the installation of wind power with life cycle GHG emissions lower than 100 gCO<sub>2</sub>e/KWh; iii) the purchase of energy from renewable energy sources; and iv) battery energy storage systems connected to renewable energy.
    - PPF has confirmed to Sustainalytics that it does not intend to finance concentrated solar power.
    - PPF has confirmed that the renewable energy the Group intends to procure will include solar, wind and hydro power through renewable energy certificates (RECs)<sup>8</sup>, and virtual and physical power purchase agreements (PPAs).<sup>9</sup> PPF has also confirmed that the procurement of power generated from nuclear and natural gas facilities are excluded from financing under the Framework.
    - PPF has confirmed that the battery energy storage systems connected to renewable energy may occasionally be connected to electrical grids. PPF has further confirmed to Sustainalytics that such electrical grids are connected to the

<sup>7</sup> Global System for Mobile Association, "The Enablement Effect", (2019), at:

[https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA\\_Enablement\\_Effect.pdf](https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA_Enablement_Effect.pdf)

<sup>8</sup> PPF has confirmed to Sustainalytics that PPF will aim to purchase long-term bundled RECs. However, based on availability PPF may purchase unbundled RECs. PPF confirms that unbundled RECs will not be resold and that they will be tied to specific renewable energy projects to facilitate tracking of the same.

<sup>9</sup> PPF has confirmed to Sustainalytics that both virtual PPAs and PPAs are long-term agreements that shall last more than 5 years.

- Interconnected European System<sup>10</sup> and that more than 67% of newly enabled generation installed capacity is below the emission intensity threshold of 100g CO<sub>2</sub>e/kWh, measured on a life-cycle basis over a rolling five-year period.
- Sustainalytics considers these activities to be in line with market practice.
  - Under Access to Essential Services: Digital Inclusion, PPF may finance or refinance the deployment of optic fibre or mobile network services and infrastructure to improve access to internet and digital services for populations residing in areas unconnected to fixed or mobile services by any operator. Sustainalytics views the provision of telecommunication services to unconnected areas as impactful.
  - Sustainalytics notes the exclusionary criteria set out in the Framework and that proceeds will not be allocated to projects or assets directly connected to the exploration, production, or transportation of fossil fuels; consumption of fossil fuels for power generation purposes; alcohol and tobacco; weapons and arms trade; gambling; and activities involving the exploitation of human rights, modern slavery or child labour.
  - Project Evaluation and Selection:
    - The PPF Sustainable Finance Working Group (SFWG) will oversee the project evaluation and selection process. The Financial Manager is the chair of SFWG, which consists of the Group's Chief Sustainability Officer, Chief Technology Officer, members of the Sustainability Executive Committee, members of the Sustainability Steering Committee and representatives from the issuing entity.<sup>11</sup>
    - During the evaluation and selection process, the SFWG will assess and mitigate environmental and social risks associated with the eligible assets under the Framework. For additional details, refer to Section 2.
    - Based on the cross-functional oversight for project evaluation and selection, and the presence of environmental and social risk management systems, Sustainalytics considers this process to be in line with market expectations
  - Management of Proceeds:
    - The SFWG will be responsible for the management of proceeds and will track receipt and allocation of net proceeds.
    - PPF intends to reach full allocation within 36 months of issuance. The net proceeds from each transaction under the Framework will be deposited in bank accounts of the Group companies and an equivalent amount will be used for planned disbursements for capital investments. Pending allocation, net proceeds will be temporarily held in cash in line with PPF's general liquidity management policy. PPF will not invest unallocated proceeds in any activities in the exclusion list defined in the Framework or GHG-intensive projects that are inconsistent with a low-carbon and climate-resilient economy.
    - Instruments issued under the Framework may include multitranches loan facilities. PPF intends to label only those tranches of such facilities whose proceeds will be allocated according to the eligibility criteria in the Framework. This is aligned with market practice.
    - Based on the management of proceeds, disclosure of temporary proceeds and allocation timeframe, Sustainalytics considers this process to be in line with market practice.
  - Reporting:
    - PPF intends to report on the allocation and impact of proceeds on its website on an annual basis until maturity for revolving credit facilities and until full allocation for other financing instruments. Allocation reporting may include details such as the amount of net proceeds allocated to eligible projects, the balance of unallocated proceeds, the amount invested per category, the amount invested per location, the share of financing versus refinancing and material developments related to the eligible projects.
    - In addition, PPF is committed to reporting on relevant impact metrics. These metrics may include energy consumption per data traffic (in MWh/PB or an equivalent unit), annual CO<sub>2</sub> emissions avoided or reduced (in tCO<sub>2</sub>e), energy saved annually (in MWh), renewable energy generated or purchased (in MWh), renewable energy generated (in percentage), estimated population with broadband networks in unconnected areas and the number of users connected with broadband networks in unconnected areas.
    - Based on the commitment to both allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.

<sup>10</sup> The interconnected European power system are electrical grids that cover interconnected control areas of EU Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems.

<sup>11</sup> In case the issuing entity of any sustainable financing instruments under the Framework is one of the Group's subsidiaries, rather than PPF Telecom Group B.V.



### Alignment with Sustainability Bond Guidelines 2021

Sustainalytics has determined that the PPF Telecom Group Sustainable Finance Framework aligns with the four core components of the GBP, SBP, GLP and SLP. For detailed information, please refer to Appendix 1: Sustainability Bond/Sustainability Bond Programme External Review Form.

## Section 2: Sustainability Strategy of PPF

### Contribution to PPF's sustainability strategy

Following a materiality assessment, PPF launched its inaugural Sustainability Report in 2022, with a focus on the following key pillars: i) accelerating technology for a sustainable future; ii) reducing the Group's impact on the environment; iii) putting people at the centre of its business; and iv) acting with transparency and integrity.<sup>12</sup>

To accelerate technology for a sustainable future, the Group aims to make 5G accessible to 80% of the population in the countries where it operates by 2027. As of 2021, CETIN in Czechia covered 63% of all rural households through its fixed next generation access (NGA) network.<sup>13</sup> PPF aims to raise digital literacy and intends to invest in networks, security solutions and new technologies. Among other initiatives, the Group provides subsidized internet and mobile services to single parents in Hungary. In Czechia, CETIN is working with local authorities on a Digital Technical Infrastructure Maps (DTIM) project, which seeks to build large-scale digital topographic reference maps to increase efficiency. CETIN aims to extend DTIM projects to all regions and unify them into a seamless national DTIM by mid-2023.<sup>14</sup>

To reduce the Group's impact on the environment, PPF has committed to: i) reducing energy consumption and emissions by sourcing renewable energy; ii) setting near-term company-wide emission reduction target in line with climate science with SBTi by 2024; and iii) developing a waste management action plan to reduce the waste generated in operations.<sup>15</sup>

The Group's subsidiaries operate and share common mobile network infrastructure through network sharing agreements in Czechia and Hungary, which results in an estimated 6,178 MWh of electricity saving in Czechia every year.<sup>16</sup> The Group has set its first 10-year PPA agreement in Bulgaria in April 2022, and estimates that renewable energy will rise to approximately 25% of the Group's total energy consumption by 2024.<sup>17</sup> In addition, the Group has charted a waste management action plan through which it identifies effective ways to collect, reuse and recycle waste. For example, Yettel Serbia runs a mobile phone recycling programme under which it recycled 309,000 electronic devices, equivalent to 22 tonnes of electronic waste in 2021. Similarly, O2 recycled 31 tonnes of e-waste in the same year, which amounted to 16 tCO<sub>2e</sub> emissions avoidance.<sup>18</sup>

Sustainalytics is of the opinion that the PPF Telecom Group Sustainable Finance Framework is aligned with the Group's overall sustainability strategy and will further the Group's action on the noted key social and environmental priorities. Sustainalytics encourages PPF to further develop and disclose its sustainability targets and report on their progress to further strengthen its sustainability practices.

### Approach to managing environmental and social risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive environmental or social impacts. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks possibly associated with the eligible projects may include issues related to: i) land use and biodiversity issues, and emissions, waste and effluents associated with large infrastructure projects; ii) human rights in supply chain and occupational health and safety of construction workers; iii) emissions released from the Group's own operations and value chain; iv) community and stakeholder participation; and v) consumer protection and data security risks.

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

- Regarding land use and biodiversity issues, and emissions, waste and effluents associated with large infrastructure projects, Czechia, Hungary, Bulgaria and Slovakia, being EU member

<sup>12</sup> PPF Telecom Group, "Sustainability Report", (2021), at: [https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group\\_2021-sustainability-report\\_u20221004.pdf?dl=sustainability-report-1.pdf](https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group_2021-sustainability-report_u20221004.pdf?dl=sustainability-report-1.pdf)

<sup>13</sup> Ibid.

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> PPF Telecom Group, "PPF Telecom Group to reduce CO<sub>2</sub> emissions in Bulgaria with renewable energy Power Purchase Agreement", (2023), at: [https://www.datocms-assets.com/56100/1680521219-20230403\\_pr\\_ppf-telecom-group-to-reduce-co2-emissions-in-bulgaria-with-renewable-energy-ppa.pdf](https://www.datocms-assets.com/56100/1680521219-20230403_pr_ppf-telecom-group-to-reduce-co2-emissions-in-bulgaria-with-renewable-energy-ppa.pdf)

<sup>18</sup> PPF Telecom Group, "Sustainability Report", (2021), at: [https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group\\_2021-sustainability-report\\_u20221004.pdf?dl=sustainability-report-1.pdf](https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group_2021-sustainability-report_u20221004.pdf?dl=sustainability-report-1.pdf)

countries, comply with the EU regulations on construction and demolition waste. PPF is required to follow guidelines set out by each of the member states in which the Group operates.<sup>19</sup> These regulations aim to ensure waste is managed without endangering human health or causing harm to the environment. In Serbia, Yettel has set an environmental management system (EMS) aligned with the requirements of ISO 14001<sup>20,21</sup> and has developed an environmental policy that includes a commitment to preventing pollution and complying with environmental laws and regulations.

- To address risks related to human rights in the supply chain, Yettel Hungary has set out Supplier Ethical Principles,<sup>22</sup> which mandate ethical behaviour regarding conflicts of interest, health and safety, fraud, human rights, discrimination, harassment, anti-competitive practices, data protection and sourcing of minerals. The policy complies with the UN Principles on Business and Human Rights.<sup>23</sup> For other subsidiaries, PPF relies on its Code of Ethics,<sup>24</sup> which requires suppliers to comply with local laws and regulations.
- Regarding occupational health and safety, PPF conducts regular audits, on-site health and safety inspections, supervision and robust site maintenance programmes at all sites. As EU countries, Czechia, Hungary, Bulgaria and Slovakia comply with the EU Directive on the Introduction of Measures to Encourage Improvements in the Safety and Health of Workers at Work.<sup>25</sup> Under this directive, employers must take all necessary measures to prevent occupational health and safety risks and provide essential training, information, tools and means needed to ensure the health and safety of workers. In Serbia, Yettel conducts periodic audits, on-site health and safety inspections, monitoring and site maintenance programmes along with safety training.<sup>26,27</sup> For risks related to emissions released from the Group's own operations and value chain, all of PPF's units are certified to ISO 14001, and O2 and CETIN in the Czechia are ISO 50001-certified.
- To ensure environmental responsibilities are implemented across PPF's value chain and risks of increasing GHG emissions are mitigated, PPF relies on its Code of Ethics,<sup>28</sup> requiring suppliers to comply with local laws or regulations. The Group aims to set a new supplier engagement plan to establish policies and procedures that address environmental risks in its supply chain.
- In 2021, PPF conducted a materiality assessment, which involved engagements with stakeholders including employees, internal leaders, lenders and professional advisors.<sup>29</sup> The assessment identified network deployment, communities and social action as key material topics for the Group.<sup>30</sup> The Group assesses the impact of its operations on communities and engage with community members through regular meetings to discuss the effects of electromagnetic fields.<sup>31</sup>
- PPF manages consumer protection and data privacy risks, except for Serbia,<sup>32</sup> in accordance with the General Data Protection Law (GDPR),<sup>33</sup> which maintains confidentiality, integrity and availability of information. The Group is certified to ISO 27001,<sup>34</sup> as well as ISO 27701<sup>35</sup> in some countries, both of which ensure customer, shareholder, employee and partner data are well protected.

Based on these policies, processes and assessments, Sustainalytics is of the opinion that PPF follows adequate measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories. Sustainalytics encourages PPF to continue to

<sup>19</sup> European Commission, "Directive 2008/98/EC on waste", (2008), at: <https://eur-lex.europa.eu/EN/legal-content/summary/eu-waste-management-law.html>

<sup>20</sup> Yettel Serbia, "Sustainability Report 2021", at: <https://www.yettel.rs/static/file/Yettel%20Sustainability%20Report%202021.pdf>

<sup>21</sup> ISO, "ISO 14001:2015", (2015), at: <https://www.iso.org/standard/60857.html>

<sup>22</sup> Yettel, "Szállítói Etikai Elvek", at: [https://static.yettel.hu/documents/c3phbGxpdG9pX2V0aWthaV9lbHZlay5wZGY/szallitoi-etikai-elvek\\_9m62vmzv.pdf?v=1](https://static.yettel.hu/documents/c3phbGxpdG9pX2V0aWthaV9lbHZlay5wZGY/szallitoi-etikai-elvek_9m62vmzv.pdf?v=1)

<sup>23</sup> UN Human Rights Office of the High Commissioner, "Guiding Principles on Business and Human Rights", (2011), at: [https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf)

<sup>24</sup> PPF Group, "PPF Group Code of Ethics", at: [https://etickalinka.ppf.eu/FilesDownload/PPF\\_Code%20of%20Ethics.pdf](https://etickalinka.ppf.eu/FilesDownload/PPF_Code%20of%20Ethics.pdf)

<sup>25</sup> Council of the European Union, "Directive 89/391/EEC on the introduction of measures to encourage improvements in the safety and health of workers at work", (1989), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31989L0391&from=FR>

<sup>26</sup> Yettel Serbia, "Sustainability Report 2021", at: <https://www.yettel.rs/static/file/Yettel%20Sustainability%20Report%202021.pdf>

<sup>27</sup> Yettel Serbia, "Health and safety at work", at: <https://www.yettel.rs/en/about-yettel/about-us/corporate-responsibility/responsible-business/hsse/>

<sup>28</sup> PPF Group, "PPF Group Code of Ethics", at: [https://etickalinka.ppf.eu/FilesDownload/PPF\\_Code%20of%20Ethics.pdf](https://etickalinka.ppf.eu/FilesDownload/PPF_Code%20of%20Ethics.pdf)

<sup>29</sup> PPF Group, "Sustainability Report – Connecting with a Sustainable Future", (2022), at: [https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group\\_2021-sustainability-report\\_u20221004.pdf?dl=sustainability-report-1.pdf](https://www.datocms-assets.com/56100/1664957569-ppf-telecom-group_2021-sustainability-report_u20221004.pdf?dl=sustainability-report-1.pdf)

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

<sup>32</sup> PPF communicated to Sustainalytics that Yettel Serbia has adopted policies governing data processing and security with an appointed data protection officer and specialized departments handling information security and fraud protection.

<sup>33</sup> The GDPR is a regulation that protects the personal data of EU citizens and applies to organizations that store or process their personal data. European Parliaments, "General Data Protection Regulation", (2016), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R0679>

<sup>34</sup> ISO, "ISO 27001 and related standards – Information security management", at: <https://www.iso.org/isoiec-27001-information-security.html>

<sup>35</sup> ISO, "ISO 27701:2019 – Security techniques", at: <https://www.iso.org/standard/71670.html>

elaborate and set policies for all subsidiaries to address known environmental and social risks associated with the financed projects.

### Section 3: Impact of Use of Proceeds

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

#### Impact of energy efficient network technologies in central and eastern Europe

The information and communications technology (ICT) sector consumed approximately 4-6% of global electricity in 2020 through data centres, communication networks and user devices.<sup>36</sup> In the same year, the ICT sector accounted for 2.1-3.9% of global carbon emissions.<sup>37</sup> In 2021, global data transmission networks consumed 260-340 TWh, or 1.1-1.4% of global electricity use.<sup>38</sup> In the EU, total electricity consumption from telecom operators was approximately 29 TWh in 2020.<sup>39</sup> During the COVID-19 lockdown, network electricity usage remained flat as a result of higher energy efficiency in data transmission despite data traffic spiking by 50%.<sup>40</sup>

The EU 2022 Action Plan outlines that investing in digital technologies, such as 5G connectivity, will support the clean energy transition by monitoring energy consumption and optimizing operations.<sup>41</sup> As of October 2022, the EU had reached the 5G coverage of an estimated 72% of its total population, with 40.1% in Bulgaria, 70% in Czech Republic, 17.6% in Hungary and 13.8% in Slovakia.<sup>42</sup> Serbia currently does not have 5G coverage and the spectrum auction is expected in the remainder of 2023.<sup>43</sup> To improve the energy efficiency of the ICT sector, 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 improvement in the ICT sector.<sup>44</sup>

Under the requirement of the EU's regulation on governing energy union and climate action, Serbia and the EU member states have established a 10-year integrated national energy and climate plan (NECP) for the 2021-30 period to meet the EU's energy and climate targets for 2030, with energy efficiency being one of the core focuses.<sup>45,46</sup> In 2022, Bulgaria adopted the Recovery and Resilience Plan to support the country's green transition through strategies such as removing financial and regulatory bottlenecks for energy-efficiency investments.<sup>47</sup> Czechia also adopted a Recovery and Resilience Plan in 2021, supported by EUR 7 billion grants, 20% of which has been allocated to investments in energy efficiency.<sup>48</sup> The Hungarian government introduced an Energy Efficiency Obligation Scheme in 2021 to encourage energy-efficiency investments and meet the cumulative energy savings target for the 2021-30 period based on the EU's Energy Efficiency Directive.<sup>49</sup> In 2021, Serbia adopted a Law on Energy Efficiency and Rational Use of Energy,<sup>50</sup> and the country signed an agreement with the EU in the following year to receive EUR 165 million to implement its energy roadmap, which includes measures such as promoting energy efficiency.<sup>51</sup> In

<sup>36</sup> Government of the UK, "Energy Consumption of ICT", (2022), at: <https://post.parliament.uk/research-briefings/post-pn-0677/>

<sup>37</sup> 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#:~:text=Peer%2Dreviewed%20studies%20estimate%20ICT's,between%202.1%25%20and%203.9%25.>

<sup>38</sup> IEA, "Data Centers and Data Transmission Networks", (2022), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

<sup>39</sup> Lundén, D. et al., (2022), "Electricity Consumption and Operational Carbon Emissions of European Telecom Network Operators", Sustainability, at: <https://www.mdpi.com/2071-1050/14/5/2637>

<sup>40</sup> IEA, "Energy Efficiency", (2020), at: [https://iea.blob.core.windows.net/assets/59268647-0b70-4e7b-9f78-269e5ee93f26/Energy\\_Efficiency\\_2020.pdf](https://iea.blob.core.windows.net/assets/59268647-0b70-4e7b-9f78-269e5ee93f26/Energy_Efficiency_2020.pdf)

<sup>41</sup> European Commission, "Communication From The Commission To The European Parliament, The Council, The European Economic and Social Committee And The Committee Of The Regions Digitalising the energy system - EU action plan", (2022), at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2022%3A552%3AFIN&qid=1666139977675>

<sup>42</sup> European Commission, "5G Observatory Quarterly Report 17", (2022), at: <https://5gobservatory.eu/wp-content/uploads/2022/10/QR-17-Final-v3-CLEAN.pdf>

<sup>43</sup> CMS, "5G Regulation and Law in Serbia", at: <https://cms.law/en/int/expert-guides/cms-expert-guide-to-5g-regulation-and-law/serbia#:~:text=Currently%2C%205G%20technology%20is%20not%20available%20in%20Serbia.>

<sup>44</sup> 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](https://joint-research-centre.ec.europa.eu/scientific-activities-z/energy-efficiency/energy-efficiency-products/code-conduct-ict_en)

<sup>45</sup> European Commission, "National energy and climate plans (NECPs)", at: [https://energy.ec.europa.eu/topics/energy-strategy/national-energy-and-climate-plans-necps\\_en](https://energy.ec.europa.eu/topics/energy-strategy/national-energy-and-climate-plans-necps_en)

<sup>46</sup> Serbia Energy, "Serbia, Country presented National Energy and Climate Plan for a period until 2030", (2022), at: <https://serbia-energy.eu/serbia-country-presented-national-energy-and-climate-plan-for-a-period-until-2030/>

<sup>47</sup> European Commission, "Recovery and resilience plan for Bulgaria", at: [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/recovery-and-resilience-plan-bulgaria\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/recovery-and-resilience-plan-bulgaria_en)

<sup>48</sup> European Commission, "Czechia's recovery and resilience plan", at: [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/czechias-recovery-and-resilience-plan\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/czechias-recovery-and-resilience-plan_en)

<sup>49</sup> IEA, "Hungary 2022: Energy Policy Review", (2022), at: <https://iea.blob.core.windows.net/assets/9f137e48-13e4-4aab-b13a-dcc90adf7e38/Hungary2022.pdf>

<sup>50</sup> Odyssee-Mure, "Serbia Profile", at: <https://www.odyssee-mure.eu/publications/efficiency-trends-policies-profiles/serbia.html#:~:text=According%20to%20EU%20obligations%20Republic,by%20Government%20in%20late%202016.>

<sup>51</sup> Government of Serbia, "EU aid of EUR 165 million for Serbia's energy sector", (2023), at: <https://www.mei.gov.rs/eng/news/1829/more/w/0/eu-aid-of-eur-165-million-for-serbias-energy-sector/>



2021, Slovakia also adopted a Recovery and Resilience Plan, through which it aims to invest EUR 368 million in energy-efficiency improvements and deployment of innovative technologies by 2026.<sup>52</sup>

The ICT sector is moving towards the target of achieving net zero carbon emissions by 2050.<sup>53</sup> The International Telecommunication Union in collaboration with the Global System for Mobile Association, the Global Enabling Sustainability Initiative and SBTi has developed a sector-specific decarbonization pathway to allow ICT companies to set climate targets in line with the latest climate science.<sup>54</sup> In 2021, the EU adopted a new energy-efficiency target, namely reducing final energy consumption by 36% by 2030 compared to the 2007 Reference Scenario<sup>55</sup> to meet the EU's objective of reducing GHG emissions by at least 55% by 2030.<sup>56</sup>

Based on this context, Sustainalytics is of the opinion that PPF's investments in mobile network transformations are impactful and may enable energy-efficiency gains and assist decarbonization of the ICT sector in Bulgaria, Czechia, Hungary, Serbia and Slovakia.

### Impact of mobile network development in central and eastern Europe

Information and communications technologies have facilitated the global digital transformation.<sup>57</sup> However, the UN notes that digital technologies can accelerate inequalities by leaving behind those who are disconnected and the digital divide has been extending since the onset of the COVID-19 pandemic.<sup>58</sup> Individuals without internet access experience difficulties accessing remote education, work and health services.<sup>59</sup> Therefore, addressing inequalities in ICT accessibility is important, particularly among socio-economically advantaged and disadvantaged children, and rural and urban residents.<sup>60</sup> In 2021, about 20 million people in Europe and Central Asia live in areas without mobile broadband coverage.<sup>61</sup> The share of households with internet access in the EU reached an average 93% in 2022, 87% in Bulgaria, 91% in Czechia, 91% in Hungary and Slovakia and 83% in Serbia.<sup>62,63</sup> In the same year, 16% of individuals followed an online course in the EU, but only 8% of individuals did so in Bulgaria.<sup>64</sup> Similarly, 68% of individuals aged 16-74 ordered goods or services online for private use in the EU compared to 23% in Bulgaria.<sup>65</sup>

The EU's Universal Service Directive considers broadband access as a universal service to access basic internet and voice communications at an affordable price.<sup>66,67</sup> In 2021, the EU adopted the Digital Decade Framework, targeting connectivity, digital skills, digital business and digital public services of its member states, which are expected to develop their own national trajectories around these targets.<sup>68</sup> In the same year, the EU issued the NextGenerationEU for a total of EUR 723.8 billion in combined loans and grants to support its member states, aiming for a greener, more digital and resilient economy.<sup>69</sup> Together with

<sup>52</sup> European Commission, "Slovakia's recovery and resilience plan", at: [https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/slovakias-recovery-and-resilience-plan\\_en](https://commission.europa.eu/business-economy-euro/economic-recovery/recovery-and-resilience-facility/slovakias-recovery-and-resilience-plan_en)

<sup>53</sup> 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/#:~:text=ICT%20Industry%20Agrees%20Landmark%20Science%2DBased%20Pathway%20to%20Reach%20Net%20Zero%20Emissions,-Thursday%2027%20February&text=London%3A%20The%20ICT%20industry%20is,emissions%20across%20the%20telecoms%20sector>

<sup>54</sup> Science Based Targets initiative, "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>

<sup>55</sup> The EU Reference Scenario is a key analysis tool for the European Commission in the areas of energy, transport and climate action.

European Commission, "EU Reference Scenario", at: [https://energy.ec.europa.eu/data-and-analysis/energy-modelling/eu-reference-scenario-2020\\_en](https://energy.ec.europa.eu/data-and-analysis/energy-modelling/eu-reference-scenario-2020_en)

<sup>56</sup> European Commission, "Energy efficiency targets", at: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-targets\\_en](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficiency-targets-directive-and-rules/energy-efficiency-targets_en)

<sup>57</sup> United Nations Conference on Trade and Development, "Digital Economy Report 2019", (2019), at: [https://unctad.org/system/files/official-document/der2019\\_en.pdf](https://unctad.org/system/files/official-document/der2019_en.pdf)

<sup>58</sup> United Nations, "With Almost Half of World's Population Still Offline, Digital Divide Risks Becoming 'New Face of Inequality', Deputy Secretary-General Warns General Assembly", (2020), at: <https://www.un.org/press/en/2021/dsgsm1579.doc.htm>

<sup>59</sup> Ibid.

<sup>60</sup> OECD, "Inequalities in Digital Proficiency: Bridging the Divide", (2015), at: <https://www.oecd-ilibrary.org/docserver/9789264239555-8-en.pdf?expires=1620980693&id=id&accname=guest&checksum=71CCE1CFA8FEFE99727C9B4E4CFE87E4>

<sup>61</sup> Global System for Mobile Association, "The State of Mobile Internet Connectivity 2022", (2022), at: [https://www.gsma.com/r/wp-content/uploads/2022/12/The-State-of-Mobile-Internet-Connectivity-Report-2022.pdf?utm\\_source=website&utm\\_medium=download-button&utm\\_campaign=somic22](https://www.gsma.com/r/wp-content/uploads/2022/12/The-State-of-Mobile-Internet-Connectivity-Report-2022.pdf?utm_source=website&utm_medium=download-button&utm_campaign=somic22)

<sup>62</sup> Eurostat, "Digital economy and society statistics - households and individuals", (2023), at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital\\_economy\\_and\\_society\\_statistics\\_-\\_households\\_and\\_individuals](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_economy_and_society_statistics_-_households_and_individuals)

<sup>63</sup> Eurostat, "Households- level of internet access", at: [https://ec.europa.eu/eurostat/databrowser/view/isoc\\_ci\\_in\\_h/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/isoc_ci_in_h/default/table?lang=en)

<sup>64</sup> Eurostat, "Digital economy and society statistics - households and individuals", (2023), at: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital\\_economy\\_and\\_society\\_statistics\\_-\\_households\\_and\\_individuals](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Digital_economy_and_society_statistics_-_households_and_individuals)

<sup>65</sup> Ibid.

<sup>66</sup> European Union, "Using and accessing the internet", (2022), at: [https://europa.eu/youreurope/citizens/consumers/internet-telecoms/internet-access/index\\_en.htm#:~:text=Wherever%20you%20are%20in%20the,the%20%22universal%20service%22%20provision](https://europa.eu/youreurope/citizens/consumers/internet-telecoms/internet-access/index_en.htm#:~:text=Wherever%20you%20are%20in%20the,the%20%22universal%20service%22%20provision)

<sup>67</sup> European Commission, "State of the Union 2016: Commission paves the way for more and better internet connectivity for all citizens and businesses", (2016), at: [https://ec.europa.eu/commission/presscorner/detail/it/MEMO\\_16\\_3009](https://ec.europa.eu/commission/presscorner/detail/it/MEMO_16_3009)

<sup>68</sup> European Commission, "Europe's Digital Decade", (2021), at: [https://digital-strategy.ec.europa.eu/en/policies/europes-digital-decade#tab\\_2](https://digital-strategy.ec.europa.eu/en/policies/europes-digital-decade#tab_2)

<sup>69</sup> European Commission, "NextGenerationEU", at: [https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu_en)

NextGenerationEU, the EU's 2021-27 long-term budget aims to allocate more than 50% of the total amount to support the EU's modernization through strategies such as innovation and digital transitions.<sup>70</sup>

Most central and eastern Europe countries share a similar goal of ICT and network capacity development. In 2020, Bulgaria approved the Digital Transformation of Bulgaria for the Period 2020-2030 as its national strategic document, which aims to implement high-capacity networks, among other objectives.<sup>71</sup> Similarly, the Hungarian government established the National Digitalisation Strategy 2021-2030 with a focus on promoting the development of gigabit-capable networks.<sup>72</sup> In Czechia, connectivity and network development is one of the key initiatives that the country has committed to in line with the Berlin Declaration on Digital Society and Value-Based Digital Government.<sup>73</sup> In 2021, Slovakia adopted the new national broadband plan.<sup>74</sup> Furthermore, the EU commission has set a target for broadband connectivity, aiming to ensure that all households, whether in the country side or cities, have access to connectivity with download speeds of at least 100 Mbps by 2025.<sup>75</sup>

Based on this context, Sustainalytics is of the opinion that PPF's investments in fixed and mobile networks in areas unconnected by any operator are impactful, may result in social benefits, and assist Bulgaria, Czechia, Hungary, Serbia and Slovakia in their digital transformation.

### Contribution to SDGs

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

Use of Proceeds Category	SDG	SDG target
Energy Efficiency	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.
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.
Access to Essential Services: Digital Inclusion	1. No Poverty	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.

<sup>70</sup> European Commission, "The 2021-2027 EU budget – What's new?", at: [https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/whats-new\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/whats-new_en)

<sup>71</sup> European Commission, "Digital Public Administration factsheet 2022: Bulgaria", (2022), at: [https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA\\_Factsheets\\_2022\\_Bulgaria\\_vFinal\\_0.pdf](https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA_Factsheets_2022_Bulgaria_vFinal_0.pdf)

<sup>72</sup> European Commission, "Digital Public Administration factsheet 2022: Hungary", (2022), at: [https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA\\_Factsheets\\_2022\\_Hungary\\_vFinal\\_0.pdf](https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA_Factsheets_2022_Hungary_vFinal_0.pdf)

<sup>73</sup> European Commission, "Digital Public Administration factsheet 2022: Czech Republic", (2022), at: [https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA\\_Factsheets\\_2022\\_Czech\\_Republic\\_vFinal\\_0.pdf](https://joinup.ec.europa.eu/sites/default/files/inline-files/DPA_Factsheets_2022_Czech_Republic_vFinal_0.pdf)

<sup>74</sup> European Commission, "Digital Economy and Society Index (DESI) 2022: Slovakia", at: <https://digital-strategy.ec.europa.eu/en/policies/desi-slovakia>

<sup>75</sup> European Commission, "State of the Union 2016: Commission paves the way for more and better internet connectivity for all citizens and businesses", (2016), at: [https://ec.europa.eu/commission/presscorner/detail/it/MEMO\\_16\\_3009](https://ec.europa.eu/commission/presscorner/detail/it/MEMO_16_3009)

	<p>9. Industry, Innovation and Infrastructure</p>	<p>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.</p>
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**Conclusion**

PPF has developed the PPF Telecom Group Sustainable Finance Framework, under which it may issue or obtain only green, social or sustainability bonds, debt private placements, revolving credit facilities, and bank loans. Under the Framework, PPF will use the proceeds to finance projects under the Energy Efficiency, Renewable Energy and Access to Essential Services: Digital Inclusion categories. Sustainalytics considers that the projects funded by the proceeds are expected to provide positive environmental and social impacts.

The 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 the Framework is aligned with the overall sustainability strategy of the Group and that the use of proceeds categories will contribute to the advancement of UN Sustainable Development Goals 1, 7 and 9. Additionally, Sustainalytics is of the opinion that PPF has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that PPF Telecom Group B.V. is well positioned to issue or obtain the specified sustainable finance instruments and that the PPF Telecom Group 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 (2023) and Social Loan Principles (2023).

## Appendix

### Appendix 1: Sustainability Bond / Sustainability Bond Programme - External Review Form

#### Section 1. Basic Information

Issuer name:	PPF Telecom Group B.V. and its subsidiaries
Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable:	PPF Telecom Group Sustainable Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	May 2, 2023
Publication date of review publication:	

#### 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, and Access to Essential Services - Digital Inclusion – are aligned with those recognized by the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles. Sustainalytics considers that investments in the eligible categories are expected to lead to positive environmental or social impact and advance the UN Sustainable Development Goals, specifically SDGs 1, 7 and 9.

**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 type="checkbox"/> Clean transportation  |
| <input type="checkbox"/> Sustainable water and wastewater management   | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                             | <input 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):

The PPF Telecom Sustainable Finance Working Group – composed of the Financial Manager, Chief Sustainability Officer, Chief Technology Officer, members of the Sustainability Executive Committee, members of the Sustainability Steering Committee and representatives from the Group or its subsidiaries – will oversee the project evaluation and selection process. The Sustainable Finance Working Group will assess and mitigate environmental and social risks associated with the eligible assets as part of its risk



management practice. Sustainalytics views PPF Telecom Group's risk management systems that are in place to be adequate and the project selection process to be in line with market practice.

#### Evaluation and selection

- |   |   |
|---|---|
| <input 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 checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify):   |   |

### 3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

The PPF Telecom Sustainable Finance Working Group will track and manage the allocation of net proceeds using an internal management system. Pending allocation, net proceeds will be temporarily held in line with PPF Telecom Group's general liquidity management policy. PPF Telecom intends to fully allocate proceeds within 36 months of issuance. 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)*:

PPF Telecom Group commits to reporting on the allocation of proceeds on its website on an annual basis until maturity for revolving credit facilities and until full allocation for other financing instruments. In addition, PPF Telecom Group intends to report on relevant impact metrics. Sustainalytics views PPF Telecom Group's allocation and impact reporting as aligned with market practice.

**Use of proceeds reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (please specify):

**Information reported:**

- Allocated amounts  Sustainability Bond financed share of total investment
- Other (please specify):

**Frequency:**

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

**Impact reporting:**

- Project-by-project  On a project portfolio basis
- Linkage to individual bond(s)  Other (please specify):

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

- GHG Emissions / Savings  Energy Savings
- Decrease in water use  Number of beneficiaries
- Target populations  Other ESG indicators (please specify): Amount of renewable energy generated or purchased; % of energy originated in renewable sources

**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): Allocation report and impact report published on the Group's website
- 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.)**

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

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

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

**Review provider(s):**

**Date of publication:**

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- 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 Sustainability Bond 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 Sustainability Bond 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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