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## Second Party Opinion

# Comcast Corp. Green Financing Framework

Jan. 27, 2023

Comcast Corp. is a global media and technology company headquartered in Philadelphia with three primary businesses: Comcast Cable, NBCUniversal, and Sky.

- Comcast Cable is a leading provider of broadband, video, voice, wireless, and other services to residential customers in the United States under the Xfinity brand. It also provides these and other services to business customers and sells advertising.

- NBCUniversal is a diversified media company consisting of domestic broadcast television, domestic cable networks, filmed entertainment, and theme parks. NBCUniversal operates the Peacock video streaming service.

- Sky is one of Europe's leading entertainment companies and primarily includes a direct-to-consumer business, providing video, broadband, voice, and wireless phone services, and a content business that operates entertainment, broadcast, and sports networks.

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In our view, Comcast's Green Financing Framework, published on Jan. 27, 2023, is aligned with:

- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Green Loan Principles, LMA/LSTA/APLMA, 2021


## Issuer's Sustainability Objectives

Comcast's primary sustainability objective is to achieve scope 1 and 2 carbon neutrality across its global operations by 2035. This means eliminating or offsetting approximately 1.8 million tons of carbon dioxide equivalent (per 2021 data) in line with science-based pathways to keep global warming to no more than 1.5 degrees Celsius above preindustrial levels. Comcast plans to first reduce its scope 1 and 2 emissions—about 70% of which come from purchased electricity—by sourcing more renewable energy and improving energy efficiency within their facilities, vehicle fleet, products, and operations. It will purchase carbon offsets to address emissions not yet mitigated. Comcast is also investing in improved measuring and reporting of emissions data to increase transparency and encourage improvement in emissions reduction. We understand that Comcast began reporting its estimated scope 3 emissions in 2022, with a view to begin developing science-based targets across all scopes in the future.

Under this framework, the company may issue a variety of financial instruments, including bonds, commercial paper, term loans, securitizations, and convertible notes, among other green financing options.

## Second Party Opinion Summary


### Use of proceeds

**Alignment**  Comcast's Green Financing Framework is aligned with this component of the Green Bond Principles (GBP) and Green Loan Principles (GLP).

**Score** Not aligned **Aligned** Strong Advanced

Comcast commits to allocating an amount equal to the net proceeds issued under the framework exclusively to finance or refinance eligible green projects. Eligible projects include projects in the renewable energy, energy efficiency, green buildings, and clean transportation categories (to support the company's scope 1 and scope 2 carbon-neutrality objective), and the circular economy adaptation category (to support scope 3 emissions reductions).


### Process for project evaluation and selection

**Alignment**  Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

**Score** Not aligned **Aligned** Strong Advanced


Comcast will establish a project selection committee comprising representatives from its sustainability, treasury, finance, accounting, and legal teams. This committee will be responsible for selecting and approving projects that meet the eligibility criteria outlined in the framework. Within the project selection process, Comcast also applies its internal environmental health and safety policies and practices, as well as other policies that aim to identify and manage environmental and social risks.

### Management of proceeds

**Alignment**  Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

Comcast's finance department will track the allocation and spending of the proceeds from its outstanding instruments toward eligible green projects. The company will manage unallocated proceeds in line with its normal liquidity practices, which could include investments in cash, treasuries, other short-term investments, and repayment of debt.

### Reporting

**Alignment**  Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

**Score** Not aligned **Aligned** Strong Advanced

Comcast commits to report on the allocation of proceeds across eligible projects at least annually until full allocation. Where feasible, the company will also report on the project categories' expected environmental impact, and in some cases the underlying methodology used to calculate metrics.

# Framework Assessment

## Use of proceeds

The principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For use of proceeds, we consider the commitments and clarity on how the proceeds are used.

 Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

Commitments score

Not aligned

**Aligned**

Strong

Advanced

We consider Comcast's overall use of proceeds commitments to be aligned.

Comcast commits to allocating an amount equal to the net proceeds of debt instruments issued under the framework exclusively to finance or refinance eligible green projects, all of which are clearly defined and contribute to GBP- and GLP-aligned environmental objectives. Eligible projects include expenditures related to renewable energy generation, energy consumption reduction, green real estate, electric and alternative-fuel vehicles and related infrastructure, and waste prevention, reduction, and recycling. The specifics of how they will contribute to Comcast's sustainability goals are not detailed in the framework, which constrains the score. Qualifying eligible projects for renewable energy, energy efficiency, green buildings, and clean transportation will contribute to Comcast's goal of achieving carbon neutrality in scope 1 and 2 emissions. Qualifying projects in circular economy adaptation will contribute primarily to scope 3 emissions reductions.

For refinancing, the company commits to a look-back period of up to two calendar years before green financing issuance, which we view as a strong practice.

## Process for project evaluation and selection

The principles make optional recommendations for stronger structuring practices, which inform our alignment opinion as aligned, strong, or advanced. For our process for project selection and evaluation, we consider the commitments and clarity on the process used to evaluate and select eligible projects to fund with the proceeds of the sustainable finance instrument.

 Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

Commitments score

Not aligned

**Aligned**

Strong

Advanced

We consider Comcast's overall process for project selection and evaluation commitments to be aligned.

The company's framework describes its process for evaluating and selecting green projects. A committee comprising representatives from Comcast's sustainability, treasury, finance, accounting, and legal teams will be responsible for selecting and approving projects that meet the eligibility criteria outlined in the framework. This committee will also evaluate the ongoing eligibility of selected projects annually. We believe the eligibility criteria is well defined in the framework. For example, all power purchase agreements (PPAs), virtual PPAs, and green tariffs must be five years or longer and support the addition of new renewable energy to the grid. In addition, all clean transportation vehicles must have carbon dioxide emissions of 50 grams per passenger kilometer or less. Market-based standards and certifications are also incorporated into the project selection process, such as Leadership in Energy and Environmental Design (LEED) certification and Energy Star ratings for green buildings. However, the framework does not identify market-based standards, certifications, or taxonomies for its selection of all eligible projects.

## Second Party Opinion

To identify and manage environmental and social risks associated with eligible projects, Comcast will ensure they are consistent with its corporate policies and procedures, such as its internal environmental health and safety policies and practices, code of conduct, code of conduct for suppliers and business partners, statement on modern slavery and supply chain values, and human rights statement.

### Management of proceeds

The principles require disclosure of the issuer's management of proceeds from sustainable finance over the life of the funding. The alignment opinion focuses on how clear in the documentation is the issuer's commitment to ensure that the funds raised will remain dedicated to eligible sustainability projects throughout the life of the sustainable finance funding.

✓ Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

Comcast commits to track the funds allocated to eligible green projects for the life of the outstanding securities through its internal systems. Management says the proceeds will not be credited to a separate sub-account or sub-portfolio. Pending full allocation of proceeds to eligible projects, Comcast will manage the proceeds in accordance with its normal liquidity practices, which could include investments in cash, treasuries, and other short-term investments, or the repayment of debt. While not precluding alignment, we do not view this as a best practice. The company commits to reallocating proceeds to new eligible projects with commercially reasonable efforts if the original projects are no longer eligible.

### Reporting

The principles make optional recommendations for stronger disclosure practices, which inform our disclosure opinion as aligned, strong, or advanced. We consider plans for updates on the sustainability performance of the issuer for general purpose funding, or the sustainability performance of the financed projects over the lifetime of any dedicated funding, including any commitments to post-issuance reporting.

✓ Comcast's Green Financing Framework is aligned with this component of the GBP and GLP.

### Disclosure score

Not aligned

**Aligned**

Strong

Advanced

We consider Comcast's overall reporting practices to be aligned.

The company commits to report on the allocation and expected impact of the proceeds at least annually until full allocation in its Green Financing Report, which will be available on Comcast's website. The report will include the amount allocated to eligible green projects and the balance of unallocated proceeds, along with an external verification of management's assertions with respect to these amounts. It will also include expected impact metrics (where applicable and feasible) such as annual greenhouse gas emissions reduced/avoided, annual renewable energy generation, square footage of new green certified buildings, number of clean vehicles deployed, and waste prevented, minimized, reused, or recycled. The company has not committed to including actual impact measured from funded projects in annual reporting, which somewhat constrains the score. However, it has committed to share case studies on select projects, which we view as a strong feature that exceeds International Capital Market Association requirements.

In some cases, where helpful, the company will include the methodology used to calculate impact metrics, although Comcast has not made any commitments related to an external review. Although not explicitly stated in the framework, management indicates the annual report will also include disclosure on the proportion of the funds it used for refinancing.

## Second Party Opinion

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