



Sustainability Financing Framework

May 2023



ALLO Fiber Sustainability Financing Framework

Section 1.0 - Introduction

1.1 Who we are- 20 years of providing meaningful connections

We've been creating, connecting, and serving Gigabit communities since 2003. That's 20 years of disrupting the telecom game, supporting businesses, and future-proofing communities.



Simply Better Services

Our exceptional services provide you with noticeably better picture quality, uninterrupted service, faster channel surfing and great rates with tons of free features. ALLO's growth and success since 2003 are thanks in large part to our reputation for winning customer service, technical capabilities, experienced, knowledgeable personnel, and superior products. Since we got started in the fiber game, ALLO has provided customers with the most modern network possible while employing a team of engineers, operators, and technical experts who constantly work with customers to develop creative ways to utilize ALLO's fiber network.

ALLO Communications is a telecommunications company offering fiber telephone, long-distance, broadband, internet, and television to residents and businesses. ALLO currently provides communications services to 36 cities across Nebraska, Colorado, and Arizona totaling over one million in population.

ALLO has developed a world-class network to expand business opportunities, create jobs, and improve quality of life. We at ALLO take great pride in providing residents and businesses with unmatched entertainment and communications options. It is our mission to create, connect, and serve Gigabit communities.



Our Values

We are more than your average service provider. Honest.

Not only does ALLO provide crazy-fast internet, crystal-clear TV, and dependable phone service – we also provide local support. This means we are a part of the communities we serve. You might find us talking tech at a neighborhood BBQ, coaching little league, or supporting local businesses downtown.

We understand where our communities are heading and want our residents and businesses to be able to do more, without hassle. We don't believe in being average. That's why we strive to deliver an extraordinary service to our customers. Our core values are:

- **Exceptional service**
- **Hassle-free service**
- **Honest service**
- **Local service**

1.2 Our sustainability strategy

The energy cost to send an electrical signal over miles of wiring is dozens of times the amount of energy needed to send a brief flash of light over the same distance with fiber. Lower energy equates to a lower carbon footprint.

Optical fiber is a flexible, transparent fiber made of glass or plastic which is slightly thicker than a human hair. The fiber cable coming into your home acts as a conduit carrying all your data via light waves between each end of the fiber. The principles of refraction, which make fiber optics possible, have been around since the 1840s and developing by leaps and bounds since then. NASA even used fiber optics in the cameras they sent to the moon, although the technology was considered highly confidential requiring a high-level security clearance. From the moon to your living room TV, there's a reason we at ALLO like to brag about our superior technology.

Fiber has the advantage over copper by allowing much greater throughput, meaning fiber can carry much more data. A single optical fiber can carry 3,000,000 voice calls or 90,000 TV channels, and that's just to one house.

Metal cables transmit data through electricity, and when data moves at a higher speed, it must overcome greater resistance requiring more power to process signals. Copper basically acts as an electromagnetic antenna, regularly picking up interference causing loss of signal, noise interruption, and slower speeds.

These are non-issues for fiber which uses light rather than electricity to transmit data to you. Think of it like a laser that blinks off and on hundreds of times per second, this form of data translation allows information to flow in its natural, digital form. Additionally, data is much more



vulnerable to interception across copper cabling. Fiber provides more security because light can't be read as easily as signals sent over copper cabling.

A Lasting & Efficient Life Cycle:

Fiber benefits from a long useful life of 40+ years from installation. Fiber that has reached the end of its useful life, an occurrence which has yet to happen in the last 20 years given the relative naissance of the technology, could be removed from its conduits, after which strand and new fiber could be installed in its place in a very efficient manner. The removed materials are mostly glass made from sand and is environmentally friendly. Removed materials are expected to be recycled.

Manufacturers increasingly use more sustainable materials in cable construction, such as bioplastics and natural fibers, which are renewable and have a lower environmental impact than traditional materials. Also, the development of more efficient production processes such as 3D printing and automation is pushing the advancements of these cables being more renewable. These advancements are reducing waste and energy use during manufacturing. Improvements are being made to the end-of-life management of fiber optic cables. All of these initiatives are helping to make fiber optic cables more eco-friendly and sustainable.¹

Before we can even begin laying fiber, ALLO invests considerable time and resources to develop plans that address social and environmental risks related to the provision of services to new areas. This includes building construction plans and working through permitting, restrictions, and other considerations with local authorities. Tremendous work goes into planning construction around existing utilities (water lines, wiring, pipes, etc.) as well as private property access rights (multi-family apartments, private roads, etc.).

Addressing the Digital Divide:

Less than 7% of Americans have access to a true all-fiber network². In most cases, this means we're building a brand new network from the ground up to future-proof your community.

ALLO serves a diverse set of communities in rural areas with less than 28,000 residents to larger communities like Lincoln, NE with a population of 300,000. Much of ALLOs communities are rural farming communities that produce much of the country's food. Historically these communities have been underserved by communications providers. ALLO has more than 3,500 households enrolled in the [Affordable Connectivity Program](#) (ACP), which represents our faster growing segment further demonstrating ALLO's commitment to support our local communities with honest service. Additionally, we provide free services to 80+ non-profits.

Our work addressing the digital divide is exemplified by our participation in the Eduroam program- a pilot connectivity program launched by ALLO Communications, Eduroam, University

¹ <https://fiberbroadband.org/2022/08/23/fiber-broadband-association-provides-update-on-the-status-of-broadband-in-the-u-s/>

² Allo Fiber Blog: <https://www.Allocommunications.com/blog/what-is-a-locate/>

of Nebraska-Lincoln, Lincoln Public Schools, and the National Science Foundation to provide for connectivity of devices across educational institutions. ALLO Communications has brought in Calix for technological innovation to extend the connectivity throughout the ALLO footprint.

The SmartCity solution will allow students to have authenticated access to their school's network through their Chromebooks from ALLO's hosted WiFi6 routers. As ALLO offers hosted Wi-Fi as a homogenous and ubiquitous offering, we believe that we will have a very material impact on solving the digital divide through connecting previously unconnected students at no cost. The Chromebooks will only be allowed to connect to the host school's network and will not have general internet access. The solution should allow substantially all students to connect without seeking out free Wi-Fi locations at consumer businesses. A neighbor's, business or other neighborhood Wi-Fi device will have segregated, secure, and limited bandwidth for educational purposes.

Calix and ALLO began development of this technology in 2021 and believe that the solution will be easy to operate while connecting the previously unconnected. Through the initial roll out and beyond, ALLO will continue to develop this solution utilizing future Sustainability Bond financings.

Fiber Deployment is Green



Less energy consumption. Fiber requires 12 times less energy than coaxial cables. Fiber requires 10.5 times less energy than copper cable



Raw materials are more sustainably sourced. Fiber is derived from silicon dioxide, a common element found in sand, rocks, and water.



A longer lifespan than copper. A fiber network should last for 40 years or more without needing to be replaced.



Lower maintenance. Fiber is more resilient than copper to severe weather events such as flooding and requires fewer pieces of equipment that can fail.



Eliminates Need for Generators. Fiber's passive network, eliminates generators located in the field to maintain active components during inclement weather

Source: Allo Communications & Calix Company Report

Section 2.0 - Sustainability Financing Framework

Under the Green Financing Framework, ALLO can issue green funding instruments to finance or refinance projects enabling the company to meet its environmental objectives. The Framework is designed in line with the Green Bond Principles, Social Bond Principles, 2021 collectively known as "The ICMA Principles," which recommend transparency and disclosure and promote integrity with respect to "sustainable" bonds, and in accordance with the Sustainability Bond Guidelines, 2021, (the "SBG") all of which are administered by the International Capital Markets Association. The Framework is also designed in line with the Green Loan Principles, 2023 and Social Loan Principles, 2023, administered by a joint working group of the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the US Loan Syndications & Trading Association (LSTA), together referred to as 'the Principles'.

The Framework will govern future issuances of green, social, and sustainability senior notes, subordinated notes, securitized financing, convertible notes, and green, social, and sustainability loans (each a "Sustainability Financing") by ALLO Communications and ALLO Funding LLC (together, "ALLO").

ALLO's Sustainability Financing Framework is designed to be aligned with the Principles via the following key pillars:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting




Use of Proceeds



For each Sustainability Financing under the Sustainability Financing Framework, ALLO intends to Allocate an amount equal to the net proceeds from any sustainability bond issuance or loan transactions to finance or refinance, in whole or in part, one or more new or existing Eligible Projects. "Eligible Projects" are defined as investments and expenditures made by ALLO beginning after the issuance of any sustainability bonds or loans, or in the 24 months prior to any such issuance in or on eligible green projects as defined in and aligned with the four core components of The Principles. ALLO expects to fully Allocate the net proceeds from the sale of any sustainability bonds or loans as soon as practicable.

In case of a securitization by ALLO, the proceeds will be Allocated by the fiber cable securitization program, to finance or refinance the acquisition and deployment of eligible fiber that meet the eligibility criteria outlined in this Framework. Green and Social use of proceeds categories are outlined in the following tables along with eligibility criteria and Sustainable Development Goals (SDG) alignment.



For the avoidance of doubt, in the case of a Green, Social, or Sustainability-labelled securitized financing, ALLO will not double count the sustainable benefits associated with the financing and the collateralized assets.

2.1 – Eligible Green Projects:

Eligibility Category	Eligible Green Project Categories	UN SDGs
<p>Energy Efficiency</p>	<p>Investments in or expenditures, including Capex and R&D, that seek to achieve a minimum of 30% energy savings compared to coaxial or copper cables and comply with the U.S. Environmental Protection Agency’s ENERGY STAR Guidelines for Energy Management related to:</p> <ol style="list-style-type: none"> 1) Network deployment transformation (both mobile and fixed) with a view to base connectivity on the latest technologies, making networks more energy-efficient, including but not limited to: <ol style="list-style-type: none"> a. Modernization of broadband networks, both fixed and mobile (5G deployment) b. Optic Fiber deployment, with the aim of transforming wireline legacy copper networks into latest generation fiber networks c. Improvement of supporting infrastructure with a view to making it more efficient (including but not limited to: free cooling systems, cooling 	  

	optimization, power modernization, smart management, intelligent lighting or optimization of power storage)	
Renewable Energy	<p>Investments in or expenditures including Capex and R&D related to:</p> <ol style="list-style-type: none"> 1) The development, construction, or operation of facilities, equipment or systems that generate or transmit renewable energy from wind and solar sources 2) The purchase of renewable energy pursuant to long-term power purchase agreements or virtual power purchase agreements entered into for electricity generated by wind and solar sources 	 

2.2- Eligible Social Projects

Eligibility Category	Eligible Social Project Categories	UN SDGs
Access to Essential Services	<p>Investments in or expenditures including Capex and R&D related to:</p> <ol style="list-style-type: none"> 1) Network deployment transformation (both mobile and fixed) with a view to base connectivity services in unconnected or underserved areas (rural or remote areas), in order to provide internet access with sufficient bandwidth for digital services networks more energy-efficiently, including but not limited to: <ol style="list-style-type: none"> a. Provision of services to participants in the (ACP) b. Provision of service through Euroam program solving the digital divide 	 

	<p>Target Populations:</p> <ol style="list-style-type: none"> 1) Populations with limited or low-quality access to broadband networks in rural or remote areas defined as a small town over 40 minutes from an urban area, or a truly rural area over 40 minutes from an urban area 2) Populations from disadvantaged socioeconomic backgrounds defined as : Low income communities and individuals, making up to 80% of AMI; Individuals eligible for government assistance programs 	
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2.3 - Process for Project Evaluation and Selection

ALLO has established a Sustainable Finance Steering Committee (“the Committee”), which has representation from the company’s Leadership team and is comprised of the following business units: Compliance, Ethical Engagement, and Finance, with representation from Brad Moline (Founder, CEO and President) as well. The Committee will meet on an annual basis at a minimum.

On an ongoing basis the Committee will take responsibility for project identification, evaluation, and selection, including the determination of whether specific projects fit within one or more Eligible Green or Social Project categories set forth above and align with this Sustainability Financing Framework. The committee will also be responsible for ensuring existing projects that are identified as Eligible Green Projects meet the eligibility criteria identified in the Use of Proceeds section of this Framework and any other internal sustainability policies or procedures and tracking actual expenditures on the Eligible Green Projects using internal systems to ensure that expenditures are allocated accurately and without duplication across Green Finance Instruments over the life of any sustainability instrument. To evaluate eligible projects under the Sustainability Financing Framework, the Committee will adhere to ALLO’s existing corporate policies and procedures when assessing perceived social and/or environmental risks associated with the projects.

ALLO has established processes to monitor and mitigate environmental and/or social risks within our operations. In addition, the Committee will seek to ensure alignment of all Eligible Projects that receive allocations with these risk-management protocols.

The Committee will exclude from the Eligible Green and Social Portfolio projects that don’t meet the eligibility criteria as described in the Sustainability Financing Framework.



2.4 - Management of Proceeds

ALLO will establish a Green and Social Financing Register for the purpose of recording all Eligible Green and Social Projects that are intended to be Allocated to future Sustainability Financings. The Sustainable Finance Steering Committee will maintain and update the Sustainability Financing Register.

ALLO will strive, over time, to achieve a level of Allocation to Eligible Green and Social Projects which matches or exceeds the amount of net proceeds from its outstanding Sustainability Financings. Any portion of the net proceeds of a Sustainability Financing that has not been Allocated to Eligible Green or Social Investments will be managed in accordance with ALLO's normal liquidity management practices. In the case of divestment or if a project is not completed or no longer meets the eligibility criteria listed above, we intend to reallocate the funds to other Eligible Green or Social Investments.

Pending the full allocation of an amount equivalent to the net proceeds, we may temporarily invest amounts that are not allocated to Eligible Green Projects in cash or cash equivalents or other short-term investments, including marketable securities or the repayment of debt (provided that all net proceeds will not knowingly be used to invest in any activities determined by our management to be high-emitting or controversial).

Payment of principal and of interest on the debt issued in a Sustainability Financing will be made from ALLO's general funds and will not be linked to the performance of any Eligible Sustainability Investments.

2.5 - Reporting

Within one year from the date of issuance of the applicable Sustainability Financing, and annually thereafter until we have reported that an amount equal to the net proceeds of the financing has been Allocated to Eligible Green or Social Investments, we intend to publish, and keep readily available, on a designated website, a Sustainability Financing Report setting forth information with respect to (i) the Allocation of such amount (ii) the amount of net proceeds pending Allocation (iii) the amount or the percentage of new financing and refinancing. The report is expected to include an assertion by ALLO's management team as to the aggregate amount Allocated to specific categories of Eligible Green and Social Investments and will describe such Eligible Green and Social Investments.

2.6 - Impact Metrics

Where feasible and subject to any confidentiality considerations, ALLO will report estimated quantitative impact metrics and provide qualitative case studies on Eligible Projects. Examples of project quantitative metrics are shown below and are for illustrative purposes only. ALLO will disclose the methodology and assumptions underlying the calculation of any Green or Social Impact metric in our annual allocation report.

Green Impact Metrics

Energy Efficiency	<ul style="list-style-type: none"> • Energy consumption per data traffic (MWh/equivalent unit) • Expected energy savings (MWh) • Estimated GHG emissions reduced (metric tons of CO₂e)
Renewable Energy	<ul style="list-style-type: none"> • Renewable energy capacity commitments (MW) related to newly constructed or rehabilitated projects • % of electricity consumption from renewable sources • GHG emissions reduced/avoided in metric tons of CO₂e

Social Impact Metrics

Access to Essential Services	<ul style="list-style-type: none"> • % of customers receiving broadband access for the first time as a consequence of ALLO's services • % of customers services through participation in the ACP program
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2.7 - External Review

Section 2.7.1 - Second Party Opinion

We will obtain and make publicly available a Second Party Opinion (SPO) from a consultant with recognized environmental and social expertise on the environmental and social benefits of this Green Financing Framework as well as the alignment to the Principles. The SPO will be made publicly available.

Section 2.7.2 - Verification

Annual reporting will be accompanied by an assertion by management detailing the amount of net proceeds from any Green Financing issued under this Green Financing Framework that have been Allocated to Eligible Projects. An independent third party will be appointed by ALLO to provide a report in respect of its examination of management's assertion of the Allocation of such net proceeds, which will accompany future Allocation reports.

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