Talkpool Deutschland AG

AI-Rating: Sustainable

03.02.2022

WKN:	**-**	*ISIN:*	**-**
Sektor:	**Communication Services**	*Subsektor:*	**Integrated Telecommunication Service**

Company Profile

Talkpool Deutschland AG ("Talkpool-DE") is a 100% subsidiary of Talkpool AG in Chur (Switzerland). The core business of the company, which was founded in 2013, is telecommunications services. Talkpool-DE offers services in the field of planning, implementation and cable networks for telephone and internet. This ranges from planning and documentation of classic copper cable house connections to network planning and documentation of fiber optic house connections for private households, schools, offices, wind turbine generators and 5G sites. In the future, Talkpool-DE will further expand its range of services in Germany: The second business area is in the field of building management using networked digital sensors (IoT) and computer-controlled optimization of heating and air-conditioning systems. The IoT offering includes end-to-end solutions from sensor systems, to associated evaluations and management services, to AI-based optimization for sustainable, safe, and efficient building management. This includes prevention of building damage, optimization of heating, ventilation and air conditioning systems, and centralized management of data.

Business Area and Sustainability

Talkpool plans to become a leading technology provider of services for sustainable buildings and telecommunications sites based on smart IoT solutions. The demand for measuring and optimizing water consumption, energy, heating, and indoor air quality is expected to grow rapidly in the coming years. In addition, Talkpool plans to offer other green building services, such as green buildings and energy certification. The core business should be oriented towards a sustainability transition as well. The company currently supports circular economy approaches and energy efficiency for a transformation to green information and telecommunications technology (Green ICT), for instance with the expansion of a repair service for electronic equipment (telecommunications and industrial IT equipment).

Sustainability Summary

The company has sustainable impact. It supports the Sustainable Development Goals (SDGs) "Affordable and Clean Energy" and "Industry, Innovation and Infrastructure". It’s ESG performance is solid. Talkpool Deutschland AG does not violate any established exclusion criterion of sustainable investors. Talkpool-DE's transformational strengths lie in very meaningful economic activities, a consistent and synergistic corporate strategy, and very ambitious further development goals. Regarding transparency and soundness, we have pointed out possible further development steps. A part of Talkpool's planned activities is eligible for the EU taxonomy for sustainable activities.

Transformation Capability ✓

Talkpool's business is based on network services and IoT (Internet of Things). The company has been offering consulting and planning of fiber optic and mobile networks and now IoT networks since its inception. We rate the company's activities as **very meaningful**. Both segments strengthen infrastructures necessary for technical solutions of measuring and automatically optimizing devices for a climate-neutral and energy-efficient economy.

We classify the implementation as **consistent** and not harmful because the technologies used (e.g., fiber optic cables) are efficient and long-lasting. Fiber optic cables and 5G reduce energy demand. However, the efficiency originates predominantly from the higher utilization capacity, which increases the absolute energy consumption due to increased usage. Consequently, the ecological advantage is only given if a strong reduction in energy consumption can be achieved elsewhere and outperform the rebound effect.
Another aspect of consistency of the company's strategy can be found in the connection between the two segments. The development of efficient communication infrastructures is central to IoT, and the performance and consumption of telecommunications networks can in turn be improved with the help of IoT. Talkpool is in a good position to combine the know-how of both areas and synergistically improve mutual benefits. The corporate strategy envisages even closer integration between the two segments.

On the one hand, the implementation of sensors in existing buildings supports a **short-term effective reduction of emissions** in the transition phase to a climate-neutral economy, because the energy use and heating of buildings that have not yet been renovated can be optimized through behavior measurement. The installation of sensors as-a-service enables **fast implementation** because there are low investment costs for customers that could hinder retrofits. Implementation as-a-Service also enables Talkpool to take responsibility for the lifecycle of equipment and, based on sustainability considerations, to control the procurement, retrofit, reuse and recycling of technologies and materials. It supports **infrastructures for a decarbonized economy** as well.

We classify the company as **very ambitious**, as sustainable activities are placed at the center of the corporate strategy and research & development is being expanded for this purpose.

Sustainability Impact ✓

The company drives the development and establishment of technical solutions in information and communication technology (ICT) for the management of climate protection-relevant data and the saving of greenhouse gases. In the Green & Smart Building segment, building data is managed and evaluated. With the help of additional data sets (e.g., weather forecasts and vacation days), usage behavior is anticipated, thereby optimizing energy use, ventilation, and heating.

For this purpose, an efficient infrastructure of networked CO^2, temperature and humidity sensors is being installed in houses. With the help of interoperable systems, the sensors and measuring devices are connected to the network. Artificial intelligence will be used to detect patterns in the data, which will help to act faster, predict and respond to changes.

Air conditioning systems are optimized to reduce energy consumption for cooling and heating, water, and energy. At the same time, the indoor climate is improved, which helps prevent mold and improve health, reduces CO2 emissions through energy savings, and provides demonstrable cost savings of 10% - 25%.

The advantage is not only efficient management and control - current and empirical data on indoor climate and energy consumption are essential for transparent and empirically based sustainability information through real-time data. This enables improved communication with tenants and owners. It motivates and supports sustainable behavior change and acceptance for savings measures. Centralized data evaluation and communication helps property owners to report and evaluate the sustainability performance of their buildings.

SDG – Sustainable Development Goals ✓

Each of the seventeen UN Sustainable Development Goals ("SDGs") is specified by sub-goals. Activities are considered to have SDG impact, especially if they precisely support a sub-goal.

The company makes significant contributions to the following UN Sustainable Development Goals:

SDG	***Description***
	Smart Buildings Services support the goal of "Access to affordable, reliable, sustainable, and modern energy," specifically sub-goal 7.3 "Double the global rate of increase in energy efficiency by 2030"
	Projects support sub-goal 9.1 "Build high-quality, reliable, sustainable, and resilient infrastructure, including regional and cross-border infrastructure, to support economic development and human well-being, emphasizing affordable and equitable access for all" As well as sub-goal 9.4 "By 2030, modernize infrastructure and retrofit industries to make them sustainable, with more efficient use of resources and increased use of clean and environmentally sound technologies and industrial processes, with all countries taking action according to their respective capacities"

EU – Taxonomy

The European Union defines six ecological goals in its taxonomy for sustainable activities (according to EU Regulation 2020/852 June 2020) and identifies economic activities that are in general suitable to support the achievement of these goals. To constitute an economically sustainable activity in the sense of the EU regulation, the activity must comply with the minimum criteria of the EU taxonomy. A company can indicate which of its economic activities comply with the EU taxonomy and what proportion of total investments and operating expenses they represent. In addition, it must be demonstrated that the company does not cause substantial harm with respect to the other environmental and social categories (DNSH).

Currently, none of Talkpool's economic activities are eligible. However, the company intends to offer services in the future that contribute to the achievement of the first objective "Substantial contribution to climate protection". The company is aware of and seeks to achieve alignment with the DNSH-criteria.

Target of the EU-Taxonomy	***Description***
(1) Substantial Contribution to **climate mitigation**	Activities fall under the category of "substantial contribution to climate change adaptation" with the following classifications: Information and Communication: “Data-driven climate change monitoring solutions” (chapter 7.1) * Construction: “Individual renovation measures, installation of renewables on-site and professional, scientific and technical activities” (chapter 8.3) * Example projects for this may include: (i) Computerized control systems installed in buildings to control and monitor the mechanical and electrical systems of the buildings. (ii) ICT solutions and sensors for optimal use of artificial lighting and heating (iii) Professional services for climate protection in buildings. In the opinion of the issuer, the requirements set out in the technical annex to the EU taxonomy under the specified sub-items are met.
DNSH (Do no significant harm): No substantial violation of objectives (2) to (6).	In the opinion of the Issuer, the planned use of the emission proceeds does not substantially conflict with the other five objectives. (2) Adaptation to climate change (3) Sustainable use and protection of water and marine resources (4) Transition to a circular economy (5) Pollution prevention and control. (6) Protection and restoration of biodiversity and ecosystems.

	To the extent that individual activities could cause potential damage, the issuer will take care to keep such damage as low as possible within the scope of its reasonable possibilities.
DNSH (Do no significant harm) **Social**:	(1) 8th ILO Core Labor Convention. (2) OECD Guidelines for Multinational Enterprises (3) UN Guiding Principles on Business and Human Rights

* EU Technical Expert Group on Sustainable Finance. Taxonomy Report: Technical Annex https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf

Sustainability ESG: Ecological, Social, Governance ✓

Talkpool-DE shows a solid ESG performance.

E - Ecological

The company's economic activities do not have any negative material impact on the environment. Network services in Germany are subject to strict legal regulations as well as the requirements of the clients. Furthermore, the company is aware of sustainability potentials and proactively communicates sustainability issues within the company as well as to stakeholders.

S - Social

There are no indications that employee rights and human rights are being violated. Employee satisfaction at the company is 3.9 out of 5, which is higher than the industry average[1]. The commitment to employee qualification and equal opportunities could be pursued even more strongly.

G – Good Governance

Due to the size of the company, measures, standards, and processes to prevent illegal behavior and corruption have not been introduced. However, there are no indications of material risks of a breach of due diligence obligations or laws. The principles, standards and norms of conduct are set out by Talkpool-DE in the Code of Conduct.

[1] kununu score retrieved at 11/24/2021 https://www.kununu.com/de/talkpool1

Sustainability Risks ✓

Talkpool-DE does not violate any of the key exclusion criteria of sustainable investors.

Weapons:

The company does not manufacture controversial or conventional weapons or major components thereof.

Nuclear Energy:

The company does not mine uranium, does not base its power generation on nuclear energy, does not operate a nuclear power plant, and does not manufacture major components for nuclear power plants.

Fossil:

The company does not mine any fossil fuels, including in particular coal or oil sands, and does not use fracking technologies. It also does not produce electricity using fossil fuels.

Human Rights:

There are no indications of serious and / or systematic violations of human rights as defined in the UN Universal Declaration of Human Rights and the Charter of Fundamental Rights of the European Union.

Labor rights:

There is no evidence of serious and / or systematic violations of the ILO core labor standards and their four fundamental principles (freedom of association and right to collective bargaining; elimination of forced labor; abolition of child labor; prohibition of discrimination in respect of employment and occupation).

Environmental protection:

There are no indications of serious and / or systematic violations of environmental legislation and / or of massive environmental degradation.

Corruption:

There are no indications of serious and / or systematic corruption.