





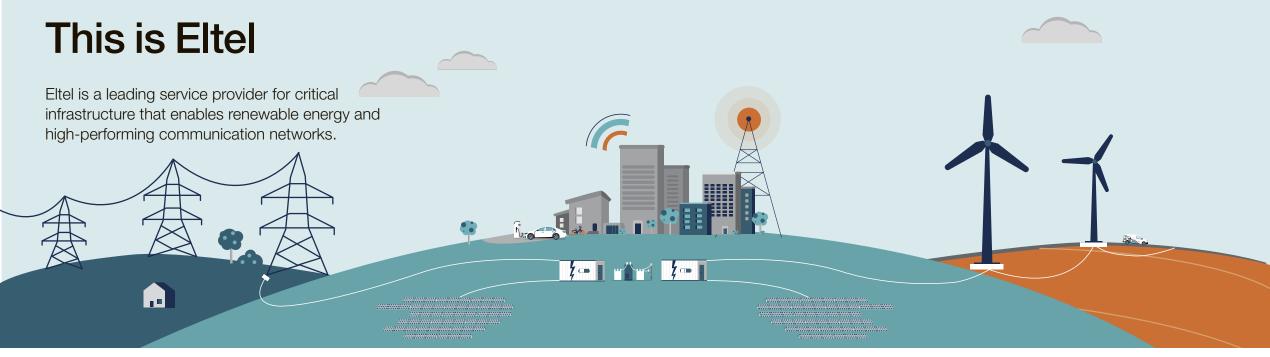
Everyone depends on stable communication and power networks. Eltel builds, maintains and upgrades these essential lifelines of modern society for national network operators and owners.

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# Securing the lifelines of modern society

Everyone depends on stable communication and power networks. Eltel builds, maintains and upgrades these essential lifelines of modern society for national network operators and owners.

#### We enable a more sustainable future

The solutions that Eltel provides enable the transition to a robust, resilient and carbon-neutral society. For example, Eltel provides infrastructure that allows renewable energy generation, electric vehicle charging and high-capacity communication networks. This enables the electrification and digitalisation of society, and new ways of living and interacting.

## Our services and offering

We deliver a comprehensive range of communication and power services – from project delivery to maintenance and upgrade solutions – primarily for the owners of communication and power networks. We typically offer a 24/7 and comprehensive geographical presence in our home markets. Most of our work is conducted through long-term framework agreements that enable us to collaborate with customers to achieve their objectives. We accomplish this through our business strategy, which focuses on delivering on our customer promises, streamlining our operations and improving productivity. Going forward, we continue to focus on our core activities and Nordic markets, as well as our strategic transformation.

Eltel mainly operates in the Nordic market, but is also represented in Poland, Germany and Lithuania.

Eltel AB has been listed on Nasdaq Stockholm since 2015 and at the end of 2022, we had about 5,100 employees.





# Our approach to sustainability

For Eltel, sustainability is about delivering lasting financial, social and environmental value to its stakeholders and society at large. We promote a more sustainable tomorrow by enabling the transition to a robust, resilient and carbon-neutral society.

Our ambition is to be a leader in sustainability. There are two aspects to our approach – creating shared value by enabling a sustainable society – and ensuring responsible business practices.

## Responsibility and governance

Sustainability topics at Eltel are managed by the Head of Sustainability and a Sustainability Task Force, including business representatives from Country Units. The task force report directly to the Group Management Team and the President and CEO, who is ultimately responsible for sustainability at Eltel.

# Our global commitment

Eltel has been committed to a number of sustainability frameworks for many years. Together with stakeholder dialogue on the relevant topics used to shape our strategic decision-making, this provides the roadmap to remain relevant as a partner, employer and investment opportunity.









## Strategy

Our strategy is based on three long-term goals that are mutually supportive and contribute to our success. The three goals directly relate to environmental, social and economic sustainability and guide our way of working:







Satisfied customers

Engaged employees

Rewarded owners





# Our global commitment

Eltel has been committed to a number of sustainability frameworks for many years. Our long-term commitment, together with stakeholder dialogue on the relevant topics, shapes our strategic decision making, and provides a roadmap for remaining relevant as a partner, employer and investment opportunity.



# Science Based Targets initiative (2021)

Eltel has announced its commitment to set science-based targets for significant reductions in our greenhouse gas (GHG) emissions by 2030. Eltel's targets are being developed and will be validated against the latest climate science by the Science Based Targets initiative (SBTi).



### CDP Climate Change (2016)

Eltel reports to the CDP Climate Change programme every year and has done so since 2016. The information gathered is designed to improve transparency for our stakeholders as well as drive positive change throughout our organisation – to reduce our greenhouse gas emissions and mitigate climate change risk.



### **UN Global Compact (2014)**

Since 2014, Eltel has been a signatory of the UN Global Compact and its ten principles on

- Human rights
- Labour
- Environment
- Anti-corruption

The principles are embedded into our strategy, policies and procedures, and related processes. We report annually on our sustainability performance in line with the Communication on Progress process as defined by the UN Global Compact.



### **UN Sustainable Development Goals (SDGs)**

The SDGs provide a roadmap for how we can collectively work to overcome the global challenges related to economic, social and environmental sustainability.

As a sustainability leader in the infranet industry, we believe that we can make the biggest contribution to:

### SDG 7: Affordable and clean energy



Eltel's power services enable access to reliable electricity and the incorporation of renewable energy into the power grid.

### SDG 8: Decent work and economic growth



Eltel provides decent work for its employees and contributes to economic growth in the countries where it operates.

### SDG 9: Industry innovation and infrastructure



Eltel secures resilient communication and power networks, and work in partnership with customers to pilot innovative solutions.

#### SDG 13: Climate action



The infranet solutions that Eltel provides enable the transition to a robust, resilient and carbonneutral society. Eltel works actively to reduce the climate impact of its operations.

Other SDGs relevant to our business are SDGs 5, 10, 11 and 12.





# Integrated to our business

Through our five sustainability priority areas, we aim to minimise our negative impact and maximise our positive impact on people and the environment.

The priority areas are the result of the materiality assessment of different sustainability topics, including dialogue with our main stakeholders and alignment with international agreements and frameworks such as the UN Global Compact and the UN Sustainable Development Goals (SDGs).





# **Environment and climate**

Eltel is active in an industry that has an important role in the transition to a low-carbon society. We have targets and measures in place that will enable us to play our part in combating climate change and we always strive to minimise the environmental impact of our operations.

We develop innovative infranet solutions and support our customers in their efforts to enable a more sustainable future. Our main environmental impact is related to the emissions from our vehicle fleet. Our main focus is to reduce the average CO2 emissions of our cars and vans and establish a roadmap to become fossil free. We constantly strive to minimise the environmental impact of our operations and monitor our performance. Eltel's commitment to the Science Based Targets initiative (SBTi) underlines the company's long-term ambition to tackle the global climate crisis. Collaboration with our suppliers and customers is an important part of reducing our emissions, given the considerable size of our scope 3 emissions. Together with our customers, we work actively to innovate and pilot low-carbon solutions.

Other important and prioritised environmental topics include waste management and the responsible sourcing of materials. We work to minimise our physical environmental impact, disruption and noise from work sites.



# People and society

Eltel's competitive advantage is our employees, and our goal is to be the most attractive workplace in the infranet field. Eltel contributes to sustainable development and social welfare by ensuring that electricity and communication networks function as they should.

Our employees are our greatest asset and our clear focus on leadership, talent management, employee development and engagement are essential parts of our strategy. This helps us to attract and retain the right people and ultimately improve our customer satisfaction. Based on the input received from our employees, local dialogue and action plans are implemented in order to make improvements for the future. On a Group level, the results of employee engagement surveys provide input for business planning, business reviews and high-level decision-making.

At Eltel, managers have a great responsibility for the people in their team. In order to support our managers in their leadership role, we have developed and implemented a leadership framework with clearly defined roles, responsibilities and expectations.

All employees have regular performance and development dialogues with their managers. This helps us to stay focused on our strategy and to more concretely identify further learning needs, development opportunities and potential workplace improvements.





# Supply chain

We have overall responsibility for our subcontractors, including their work environment, employees and the ultimate delivery to the customer. Our partners are included in our systematic work on health and safety, and we have clear processes in place that ensure they sign up to the Eltel Code of Conduct and commit to our other key policies and principles.

Ensuring the quality of our sourcing and supply chain management is an important and integrated part of our business and involves financial and legal responsibilities. Digital development and tools for making life-cycle calculations on projects are increasing and are continuously being evaluated.

To ensure optimal impact of our core operational improvements, subcontractors and suppliers have been included in the implementation of improved production planning and digital route planning.

We recommend that our suppliers and partners have valid ISO certifications. If they do not hold such certifications, they are required to demonstrate their compliance by signing an agreement and participating in Eltel's e-learning courses. Partners rated as the highest risk, category A, are integrated into Eltel's reporting procedures. We regularly conducted supply chain audits, both planned and unannounced. When non-compliance is identified, an action plan is implemented to ensure that the subcontractor meets our standards.



# **Health and safety**

At Eltel, safety is an attitude that we choose to adopt every day. We work hard to foster a culture in which safety is a primary concern among our employees and subcontractors. We proactively work to prevent and reduce the number of workplace injuries and accidents and to promote health and well-being. This is performed through safety training, safety walks by our managers, internal safety bulletins and campaigns, and we promote training managers to analyse the root causes of incidents by a more proactive reporting and on-site execution. The investigation of minor injuries and serious near misses limits and even prevents accidents from re-occurring.

We also believe that follow-up dialogue with employees who are ill and rehabilitation support for employees on long-term sick leave are important measures in reducing absence and promoting health.

Eltel has clearly defined the health and safety risks for our people. High-risk activities related to day-to-day operations include electrical safety, working at height, handling ageing infrastructure and road safety. Road safety is a particularly important area for Eltel as our teams spend a lot of time on the road. Eltel is constantly seeking to identify and implement more modern and safer solutions and processes in order to reduce risk.

We monitor Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR), which includes all lost time injuries, medical treatment cases and occupational illnesses. These measures give us feedback on our initiatives.



# **Business ethics**

Eltel is a signatory to the United Nations Global Compact and its ten principles on human rights, labour rights, environment and anti-corruption, which are incorporated into our internal policies. Working with business ethics involves, as a minimum, complying with all applicable laws and regulations, as well as Eltel's internal policies and agreements with shareholders, customers and subcontractors.

As part of our overall strategy and the improvement of our operations, a taskforce was established to further improve how customer contracts are implemented and executed. This includes team sessions to ensure a common understanding of the terms of agreements and applicable laws and regulations, in order to fully deliver on our customer promises.

As a people company, maintaining an awareness and understanding of our governing policies is critical to ensure business compliance. We have mandatory business ethics training for employees, which presents the fundamentals of our Code of Conduct and other governing policies, including business ethics, whistleblowing, anti-corruption, risk assessment and data protection.





# Sustainable financing

By setting up this document (the "Sustainability-Linked Finance Framework" or "Framework"), Eltel intends to link its funding with key objectives that are material for its long-term sustainability performance. The objectives will be achieved through ambitious timelines, Key Performance Indicators (KPIs), and Sustainability Performance Targets (SPTs).

The Framework will apply to Sustainability-Linked Finance Instruments issued by Eltel such as Sustainability-Linked Bonds, Sustainability-Linked Hybrid Bonds and Sustainability-Linked Loans.

The terms and conditions of the underlying documentation for each Sustainability-Linked Finance Instrument issued by Eltel shall provide a reference to this Framework. The purpose of the Framework is to define the KPIs, SPTs, financial characteristics, disclosure and verification related to our Sustainability-Linked Financing.

The Sustainability-Linked Financing Framework has been developed to align with the Sustainability-Linked Bond Principles ("SLBP") established by the International Capital Markets Association ("ICMA") in June 2020 and the Sustainability Linked Loan Principles ("SLLP") established by the Loan Markets Association ("LMA"), the Asia Pacific Loan Market Association ("APLMA") and the Loan Syndication and Trading Association ("LSTA") in March 2022.

Eltel has worked with Danske Bank to develop the Framework. A pre issuance external review has been completed by Sustainalytics. Eltel will assign an independent party to seek annual verification of the KPIs performance. All relevant documentation will be publicly available at Eltel's website.



The Framework will apply to Sustainability-Linked Finance Instruments issued by Eltel such as Sustainability-Linked Bonds, Sustainability-Linked Hybrid Bonds and Sustainability-Linked Loans.



# Selection of key performance indicators

# Rationale and materiality of the KPIs

The selection of KPIs has been made after consideration of which topics are relevant, core and material to Eltel's business and to society. Based on the materiality analysis, greenhouse gas (GHG) emissions are of high strategic relevance for our current and future operations. They are measurable on a consistent methodical basis and can be benchmarked using the Science Based Target Initiative ("SBTi") criteria to ensure alignment with the 1.5-degree Paris climate agreement. The three KPIs are intended to cover almost all Eltel's GHG emissions.

The KPIs refer to the EU environmental objective "Climate Change Mitigation" and the United Nations Sustainable Development Goal 13 "Climate Action" and Goal 7 "Affordable and Clean Energy".

## **Science Based Targets initiative**

In 2022, Eltel's scope 1, 2 and 3 targets were all validated by the SBTi, which confirms they are grounded in the latest climate science and in line with the Paris climate agreement target of 1.5°C.

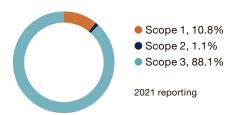
KPI 1	Eltel GHG scope 1	Calculation methodology
Scope 1 - Reduce absolute emissions.	Direct emissions resulting from fuel use within Eltel's car fleet and onsite energy use (heating).	GHG Protocol reporting standard.

KPI 2	Eltel GHG scope 2	Calculation methodology
Scope 2 - Share of renewable electricity sourcing within Eltel's office premises.	Indirect emissions resulting from the generation of purchased electricity used within Eltel office premises.	Calculated share of renewable electricity out of all purchased scope 2 electricity.

KPI 3	Eltel GHG scope 3	Calculation methodology
Scope 3 - Share of suppliers by emission covering scope 3 have set science-based targets.	All other indirect emissions that occur in Eltel's supply chain and are not already included in Scope 2.	Calculated according to the SBTi criteria.



### Scope breakdown of total emissions, %





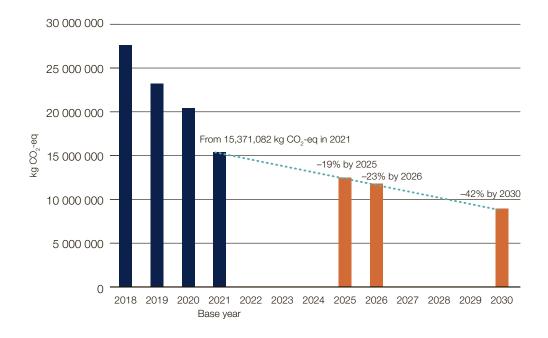




# Sustainability performance target 1 (SPT 1)

SPT1a: Reduce direct GHG emissions (scope 1) by 19% by the end of 2025 compared to 2021 base year.

SPT1b: Reduce direct GHG emissions (scope 1) by 23% by the end of 2026 compared to 2021 base year.



SPT1 is an SBTi absolute reduction target. The fleet of vehicles almost exclusively constitutes Eltel's scope 1 emissions, the onsite energy use (heating) only constitute a very small part of scope 1.

### Strategy to achieve SPT 1

The main operational risks and cause of negative environmental impact from our own operations (scope 1) are related to our fleet of 2,895 vehicles (as of the end of 2021). This has shaped our strategy and targets for our vehicle fleet and it continues to be at the heart of our financial planning. By maintaining a modern, fuel-efficient fleet we reduce emissions per kilometre. Every time a lease contract is to be renewed, we aim to switch to a more fuel efficient, hybrid or electric vehicle. Our ambition is to electrify our fleet as technology develops. Since our vehicles are typically leased over five years, the update of the fleet is an ongoing and long-term project.

Eltel's R&D centre has a particular expertise and focus on sustainability and energy efficiency. The centre is part of Eltel's strategic investment in sustainability and climate related issues. An exciting R&D area trialled in Finland and Poland is drone mapping. Drones have been tested to map sites and infrastructure remotely. The trials have shown that drones can reduce the number of times an Eltel engineer must travel to a site, which saves time and reduces vehicle fuel emissions. Besides maintaining a modern low-emission fleet, we plan jobs in order to ensure that we don't drive more than necessary. We use GPS systems for route planning and technicians that can perform a range of tasks to optimise our fleet usage. The use of

digital tools is one example of how we can plan orders better. Preliminary results show that the digital planning of production has reduced our CO2 emissions by 7%.

### **Benchmark SPT 1**

The scope 1 reduction target is a linear target to achieve Eltel's 2030 emission reduction ambition of 42% from the base year of 2021. The target has been validated by the SBTi and is aligned with the reductions required to keep global warming to within 1.5°C.

# Key factors that could affect the ability to meet the SPT 1

The risks to achieve the target varies between our Country Units, but the main risks are defined as:

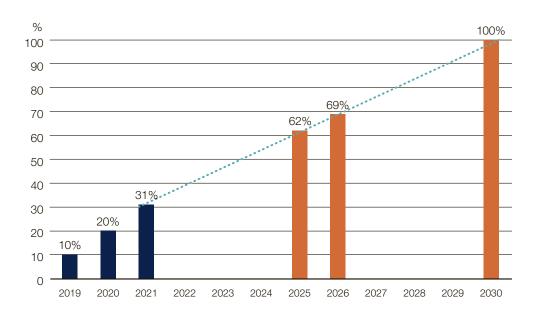
- Limited or no market access to suitable electrified heavy vehicles.
- Prolonged time of electrical vehical delivery.
- The lack of access to and the additional cost of biofuels.
- Limited charging infrastructure access, especially when operating in rural areas.
- Security critical network maintenance works, where combustion powered vehicles and generators are required.



# Sustainability performance target 2 (SPT 2)

SPT2a: Increase renewable electricity sourcing from 31% to 62% by the end of 2025 compared to 2021 base year.

SPT2b: Increase renewable electricity sourcing from 31% to 69% by the end of 2026 compared to 2021 base year.



SPT 2 is an SBTi absolute reduction target, accounted for as proportion of renewable electricity purchased within Eltel's office premises.

# Strategy to achieve SPT 2

Our new and renewed electricity contracts will reflect our renewable electricity ambition. As contracts have various durations, new contracts will be phased in over the next few years. In some countries, each of our premises has a separate supplier, and we will work to centralise the contracts.

Even if not accounted for as purchased electricity, Eltel also has made low-carbon investments. For example, by installing solar panels on our R&D facility in Poland, we have reduced our energy consumption by 61% and avoid producing over 38 tonnes of  $\mathrm{CO}_2$  per year through the electricity we use on the site. This is part of our operational excellence approach, but it also aims to reinforce our green branding to ensure that we remain a green leader in the eyes of our customers.

## **Benchmark SPT 2**

The scope 2 reduction target is a linear target to achieve Eltel's 2030 emission reduction ambition through 100% renewable electricity use. The target has been validated by the SBTi and is aligned with reductions required to keep global warming to within 1.5°C.

# Key factors that could affect the ability to meet the SPT 2

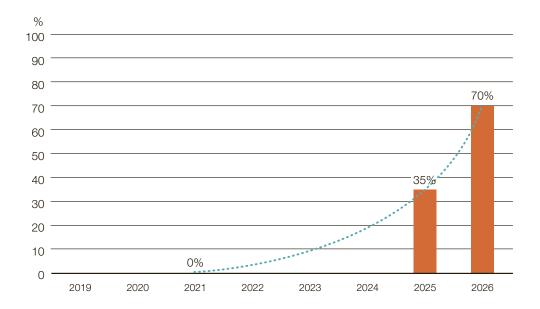
- We see no major risks in our Nordic operations other than e.g. in our Finnish operations, where some electricity contracts are part of the office lease. We will continue to work toward our renewable electricity target – but there is a risk that it cannot be met due to our existing lease agreements.
- In Poland, Lithuania and Germany we are gradually increasing the proportion of renewable electricity we source.
  However, supply is limited and there is a risk that we won't be able to source the renewable electricity to meet our target.



# Sustainability performance target 3 (SPT 3)

SPT3a: Ensure that 35% of its suppliers by emissions covering the upstream scope 3 categories 1, 2, 4, 5 and 6, will have science-based targets by the end of 2025.

SPT3b: Ensure that 70% of its suppliers by emissions covering the upstream scope 3 categories 1, 2, 4, 5 and 6, will have science-based targets by the end of 2026.



Eltel's SPT 3 is an SBTi supplier engagement target. Eltel AB commits that 70% of its suppliers by emissions covering the upstream scope 3 categories (1) "Purchased goods and services", (2) "Capital goods", (4) "Upstream transportation and distribution", (5) "Waste generated within operations", and (6) "Business Travel", will have targets that are science-based by 2026 - meeting the SBTi criteria, using the latest guidelines. An official SBTi validation is not a requirement, though companies are encouraged to have them formally validated.

# Strategy to achieve SPT 3

To drive the supplier adoption of targets that are science-based, we will engage with current suppliers and select future suppliers according to this criterion.

Standard contracts will include an SBTi clause, and we need to engage with SMEs on vehicle and machinery fuel. As contracts vary in duration, this will take time to implement. The main reason to why our Scope 3 trajectory isn't linear is that we acknowledge our suppliers' need to see the development and achieve some successes in reducing CO2 before being comfortable setting targets themselves. This applies especially to SME suppliers as the additional cost of alternative energy needs to be covered.

Many of our larger suppliers have some in-house knowledge, although this is not always the case with our SME suppliers. Scope 3 emissions are the major source of Eltel's total GHG emissions, which means it is important for us to collaborate, engage with and help our suppliers, and customers, to reduce their emissions and thereby our scope 3 emissions. This could be done through knowledge sharing, but also by collabora-

ting with our suppliers to pilot low-carbon solutions, such as electrical excavators and micro-trenching, in order to minimise our physical environmental impact, disruption and noise from work sites. Clients' procurement strategies and favoring more environmental suppliers play an important role in our transition.

### **Benchmark SPT 3**

Eltel's scope 3 target is intended to cover all other indirect emissions that occur in Eltel's supply chain and are not already included within scope 2. The target has been validated by the SBTi and is aligned with reductions required to keep global warming within 1.5°C.

# Key factors that could affect the ability to meet the SPT 3

- Sustainable materials and fuels are often more expensive, due to the limited availability and high demand for greener options. In other cases, we must make sure that we compete on the same terms even if some costs are higher due to a more sustainable process.
- Some large suppliers are contractually bound to major clients, we need to engage and come to terms with the client.
- As fuel is the SME service subcontractor's major cost component, increased fuel cost will in most cases impact on service prices which will need to be compensated by Eltel negotiating higher price levels with clients.
- As not all suppliers are willing to set targets that are science based, long-term relationships might come to an end, which may impact our business opportunities.



# Financial characteristics

The financial characteristics of any Sustainability-Linked Finance Instrument issued under this Framework will be specified in its related Finance Instrument documentation. Eltel will incorporate all KPIs for all Finance Instruments issued under this Framework.

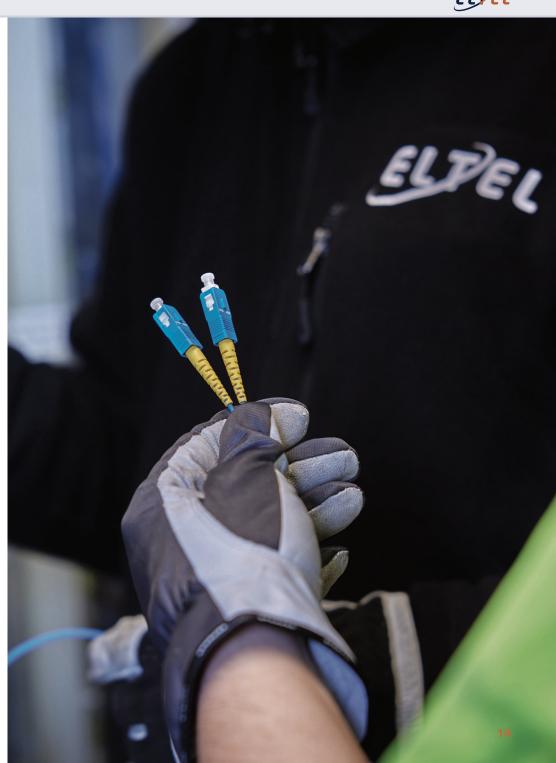
For any Finance Instrument issued under this Framework, the characteristics may change and lead to a financial impact in the form of either a premium payment, coupon step-up or margin adjustment in the event that a trigger event occurs. The premium payment will be paid at maturity, unless otherwise stated in the relevant Finance Instrument documentation. The coupon step-up or margin adjustment will apply to the relevant bond from the first day of the next interest period immediately following the Reporting End Date and until maturity. Unless otherwise specified in the related Finance Instrument documentation, the Target Observation Date fall on the year-end of the SPTs.

A trigger event occurs if:

- any of the KPIs have not achieved the respective SPT on the Target Observation Date, or
- the reporting does not meet the requirements as set out in the related Finance Instrument documentation, or
- the verification has not been provided and made public available as set out in the related Finance Instrument documentation.

The financial characteristic selected for each Sustainability-Linked Finance Instrument including specification of financial impact, Target Observation Date and Reporting End Date will be stated in the relevant Finance Instrument documentation. Fallback mechanisms applicable to any Sustainability-Linked Finance Instrument issued under this framework include a potential recalculation of the baseline figures if there is a significant change of at least five per cent to the baseline due to changes in Eltel's organisational structure, the calculation methodology or data quality. Any recalculation of the baseline will be reported in the immediately following Sustainability-Linked Finance Progress Report, as stipulated in the reporting section below, and verified by a qualified external reviewer as outlined in the verification section of this Framework.

For the avoidance of doubt, the KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any bond issued under the Framework, regardless of any changes to the baseline, overarching sustainability strategy or potential framework updates. This includes any changes relating to the company's general sustainability targets and ambitions.







# Reporting

Eltel will annually publish a Sustainability-Linked Progress Report to ensure that investors and other stakeholders have updated and adequate information about Eltel's sustainability strategy and the performance of the KPIs against the SPTs.

The reporting can be in the form of either a stand-alone report or integrated into the annual report, annually published on Eltel's website until the final Reporting End Date.

Specifically, reports concerning the Reporting End Date will be published as a stand-alone document to ensure transparency regarding the Target Observation Date.

The annual reporting will form the basis for evaluating potential financial impact as outlined in financial characteristics and the respective Financial Instrument documentation.

The performance level of the KPIs against the respective SPT shall be verified by a qualified external reviewer with relevant expertise as described in the next section.

In the case Eltel would have other Sustainability-Linked Finance Instruments than bonds outstanding, the company may choose to report, in relation to these other financial instruments, directly and non-publicly, to the lenders or counterparts.

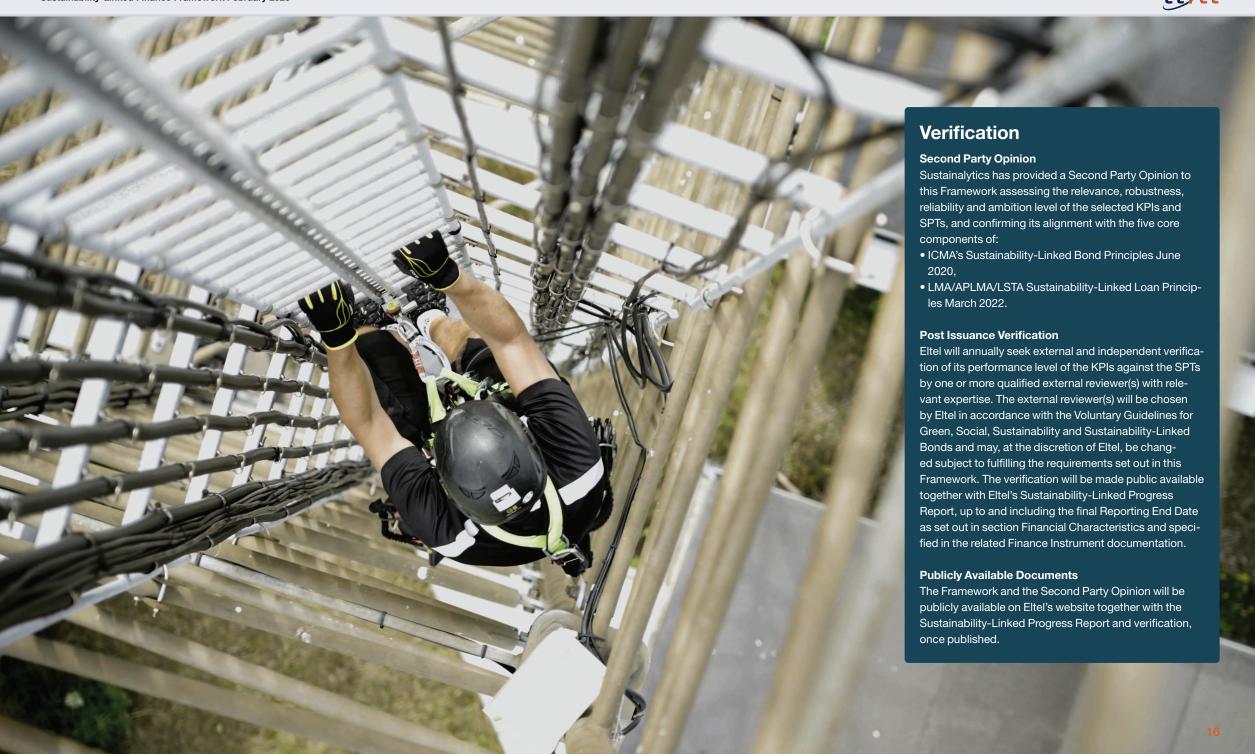
# The Sustainability-Linked Progress Report will include the following reporting points:

- The performance of the KPIs against the respective SPT, as per the relevant reporting period
- Calculation methodology, information about baseline and potential recalculations, when applicable
- Information on any relevant updates to Eltel's sustainability strategy and/or governance with a potential impact on the
- A list of Sustainability-Linked Bonds outstanding

# Where feasible and relevant the reporting will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A activities, behind the development of the performance on the KPI on an annual
- Updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs









We keep society working by ensuring power can be supplied to end users and by securing good communication connections. Our services make society more robust with well-managed and stateof-the-art power and communication networks.