

Sustainability-Linked Finance Framework

Progress report for the year 2024

Executive summary

In 2024, Eltel made significant progress towards the Sustainability Performance Targets outlined in its Sustainability Linked Finance Framework. However, to achieve the 2025 targets, we must further intensify our efforts in the year ahead.

This is a status report on Eltel Group's (Eltel) progress in 2023 towards the Sustainability Performance Targets (SPT) established in Eltel's Sustainability Linked Finance Framework (SLFF) of February 2023. This report has been prepared in accordance with the SLFF and the terms and conditions of the sustainability-linked hybrid capital securities of EUR 25 million issued by Eltel AB on April 6, 2023.

This report outlines the status of the Key Performance Indicators (KPIs) included in the SLFF. The report should be read in conjunction with Eltel's Annual Report 2024 for a more complete update on Eltel's sustainability management and performance.

2024 marked a pivotal moment as we achieved our first reduction in Scope 1 emissions since our base year. However, despite this positive shift, our Scope 1 emissions remained 1,342 tonnes of CO₂e above the KPI 1 trajectory outlined in the SLFF. With the target year approaching, this shortfall means that more significant measures will be necessary in the following year to meet SPT 1a.

For KPI 2, we are pleased to report that our transition to renewable electricity is progressing ahead of expectations, reaching 64%—exceeding the projected trajectory.

We also made significant improvements in increasing the share of supply chain emissions coming from suppliers who have set SBTi targets, rising to 27.6%. 2024 performance on KPI 3 surpasses the projected trajectory.

In 2024, the divestment of High Voltage Poland necessitated a recalculation of our base year Scope 1 emissions to ensure accurate tracking of progress. While the targets remain as established in the SLFF, this adjustment maintains comparability over time. Further details on base year recalculation are explained on page 3 of this report.

In line with our fleet electrification strategy to mitigate Scope 1 emissions and drive performance on KPI 1, Eltel's electricity use through public electric vehicle charging infrastructure has increased. As KPI 2 measures the share of renewable energy in our offices and facilities, it is important to note that an increasing portion of our total electricity consumption now falls outside the scope of KPI 2.

There has been no other material update or change to Eltel's strategies related to the KPIs and SPTs.

Erno Lehto, Head of Sustainability, Eltel Group



Base year recalculation

In June 2024, Eltel completed the divestment of its Polish High Voltage business. This divestment necessitated a recalculation of our base year Scope 1 emissions to maintain comparability in reporting over time. The adjustment aligns with the principles set out in the SLFF and its accompanying verification documents, which prescribe maintaining a consistent and relevant emissions baseline following material organizational changes.

Following the recalculation, Eltel's base year 2021 Scope 1 emissions were reduced by 3%, from 15,371 tCO₂e to 14,962 tCO₂e.

Since SPT 1 is an absolute emission reduction target – expressed as a percentage change from base year Scope 1 emissions – this recalculation affects the targeted absolute Scope 1 emission levels (tCO₂e). However, the targeted percentage reduction remains as established in the SLFF.

In this progress report, we present the KPI 1, KPI 2, and KPI 3 values for the remaining business. For all three KPIs, the 2024 values have been adjusted to exclude emissions and other metrics associated with High Voltage Poland. The recalculated base year Scope 1 emissions for KPI 1 also exclude the divested Polish operation. This ensures consistency and comparability in tracking progress toward the SPTs.

KPI performance has not been retrospectively adjusted for the impact of the divestment. Therefore, the KPIs reported in the SLFF Progress Report 2023 are not fully comparable to those in this report, and previous year's values are not included in this report.

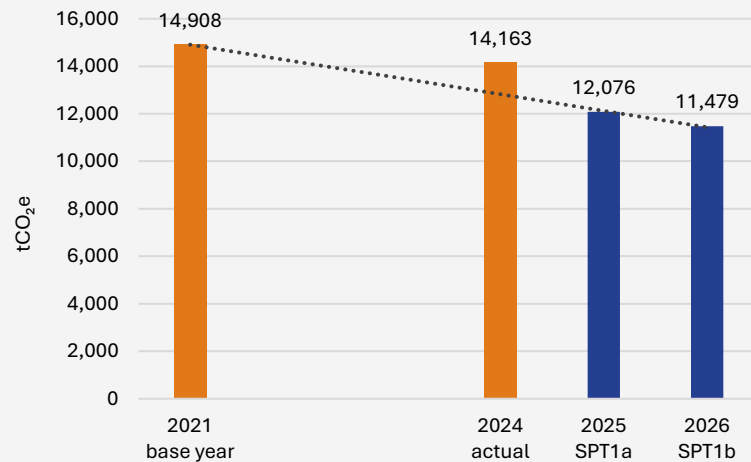


Key Performance Indicators (KPIs)

KPI	KPI definition	Methodology	SPT 2025	SPT 2026	2021 baseline	2024 performance	Alignment with the SPT trajectory
KPI 1: Absolute scope 1 GHG emissions	KPI 1 is defined as the absolute amount of scope 1 GHG emissions measured in kilograms of CO ₂ equivalent (kg CO ₂ e). Scope 1 emissions are direct emissions resulting from fuel use in Eltel's car fleet and on-site energy use (heating).	Eltel follows the GHG Protocol standard in measuring its emissions.	SPT 1a: Reduce absolute Scope 1 GHG emissions by 19% by 2025 from a 2021 baseline.	SPT 1b: Reduce absolute Scope 1 GHG emissions by 23% by 2026 from a 2021 baseline.	14,908,403 kg CO ₂ e	14,162,843 kg CO ₂ e	Falling behind the trajectory
KPI 2: Renewable electricity sourcing	KPI 2 is defined as the share of electricity consumption from renewable sources on Eltel's office premises as a percentage of the total purchased electricity.	Calculated share of renewable electricity out of all purchased electricity used in Eltel's office premises (measured in kWh).	SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline.	SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline.	31%	64%	Ahead of the trajectory
KPI 3: Suppliers with science-based targets	KPI 3 measures the percentage of Eltel's suppliers by emissions with science-based targets that meet the criteria set by the Science Based Targets initiative (SBTi). KPI 3 covers Eltel's scope 3 emissions from purchased goods and services (category 1), capital goods (2), upstream transportation and distribution (4), waste generated in operations (5) and business travel (6).	KPI3 follows the supplier engagement method based on the SBTi's criteria and recommendations, which is consistent with the GHG Protocol's Corporate Standard.	SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline year.	SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline year.	0%	27.6%	Ahead of the trajectory

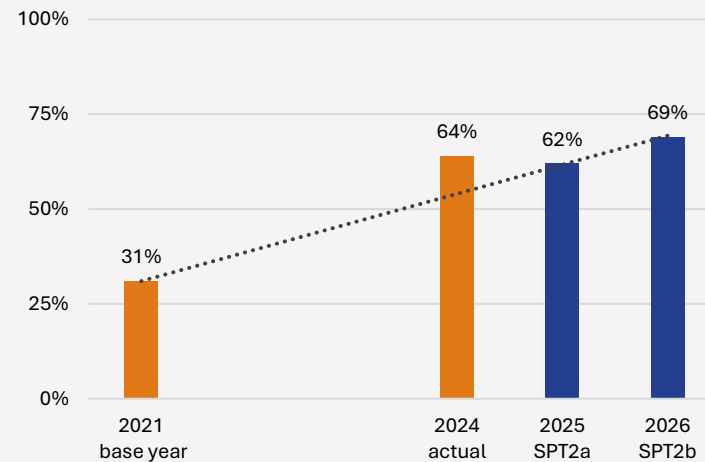
KPI performance against the SPTs in 2024

SPT 1: Reduce scope 1 emissions



In 2024, Eltel's Scope 1 emissions were 5% lower than the base year level of 2021. This progress is primarily attributed to the increased share of electric vehicles in Eltel's fleet and the use of renewable fuels. SPT 1a corresponds to a 19% reduction from the base year level, and additional adoption of renewable fuels is planned for 2025 to achieve the target.

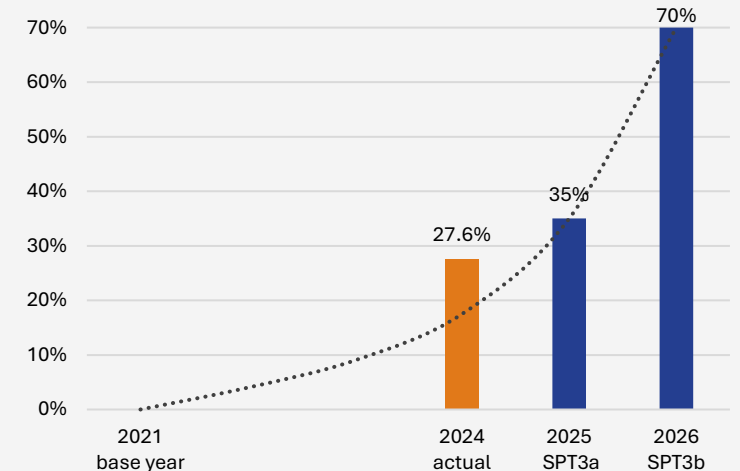
SPT 2: Increase renewable electricity sourcing



Eltel advanced towards the SPT 2 target in 2024 by increasing the sourcing of renewable electricity, bringing the share of renewable energy in office premises' electricity consumption to 64%. To reach SPT 2a, we must ensure that the share of renewable electricity used within our office premises remains at least 62% in 2025.

KPI 2 covers electricity used in offices and other facilities controlled by Eltel. With the growth of our electric fleet and expanded use of public EV charging infrastructure, more than 10% of Eltel's electricity consumption now comes from electricity purchased outside office premises. In 2024, the share of renewable energy was 57% of Eltel Group's total electricity consumption.

SPT 3: Increase the share of emissions from scope 3 categories 1, 2, 4, 5, and 6 coming from suppliers with set SBTi targets



Eltel's performance against SPT 3 in 2024 showed significant progress within the supply chain. The proportion of Scope 3 supply chain emissions covered by suppliers committed to the Science-Based Targets initiative (SBTi) increased compared to previous years, surpassing the projected trajectory for meeting SPT 3. The 35% target for 2025 remains within reach through further supplier selection and engagement.

The SPTs align with Eltel's long term commitments

Rationale and materiality of the KPIs

The selection of the SLFF 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.

The KPIs 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 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".

Eltel's near-term targets

The SPT's align with Eltel's science-based climate targets.

Eltel's climate targets approved by the SBTi are:

- Scope 1: Reduce greenhouse gases by 42% by 2030 with a base year of 2021.
- Scope 2: Increase the use of renewable electricity to 100% by 2030.
- Scope 3: Ensure that more than 67.4% of Eltel's suppliers by emissions set their own science-based targets by 2026.

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. The SPTs and their alignment with Eltel's SBTi targets are integral for Eltel's long-term strategic commitment to sustainability



Verification



Framework verification

Eltel's Sustainability-Linked Finance Framework has been verified by Sustainalytics in 2023 to align with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. The verification report is available at: [Sustainable financing – Eltel Group](#)

KPI performance

The 2024 KPI performance and the recalculation of base year Scope 1 emissions, as presented in this document, have been reviewed by KPMG to verify that the presented results are consistent with the underlying definitions, methodology, and calculations. The report on agreed upon procedures is available at: [Sustainable financing – Eltel Group](#)

