



Sustainability-Linked Finance Framework

Progress report for the year 2023



Executive summary

This is a status report on Eltel Group's (Eltel) progress in 2023 towards the Sustainability Performance Targets (SPT) established in the 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.

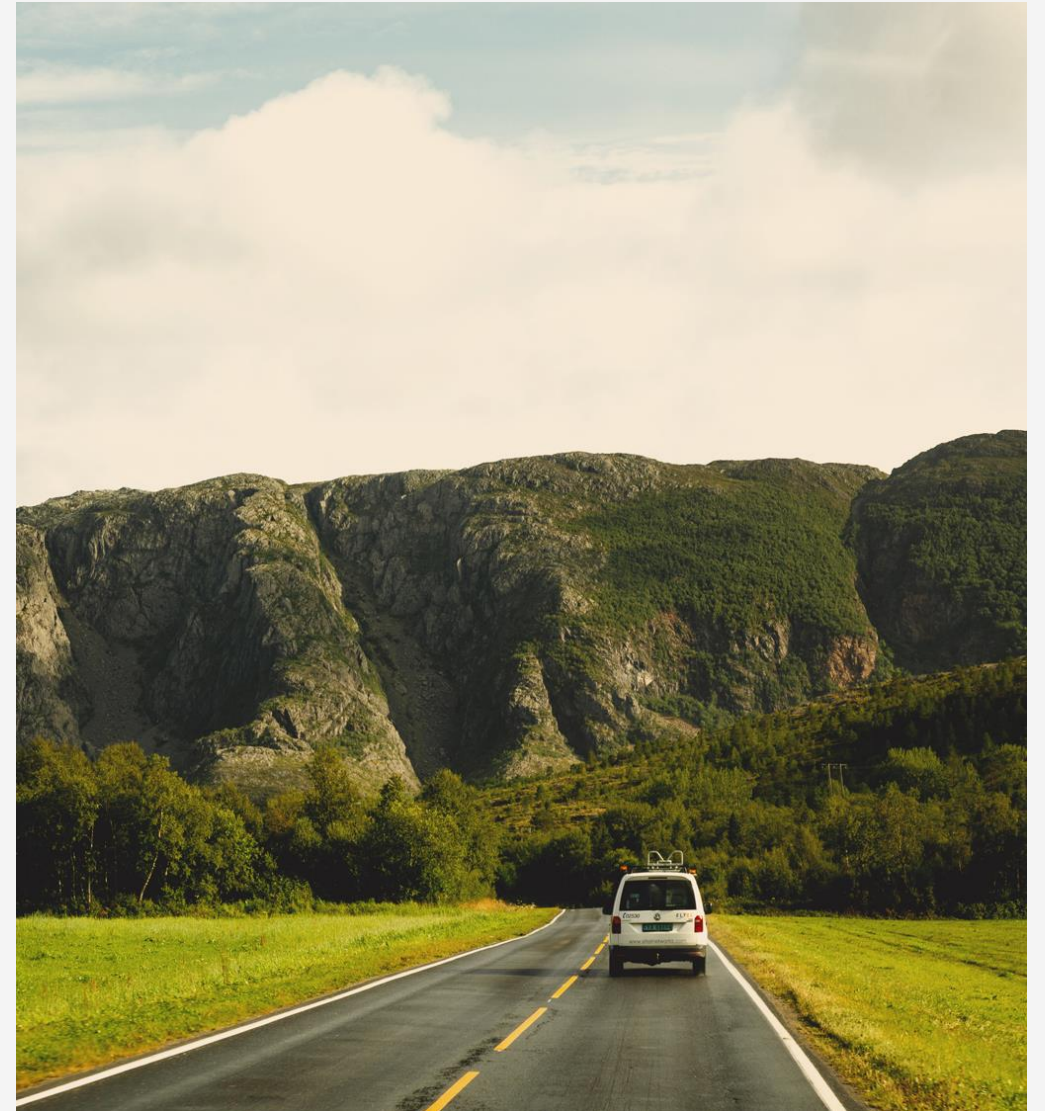
The report should be read in conjunction to Eltel Annual Report 2023 for a more complete update on Eltel's sustainability management and performance.

This report outlines the status of the Key Performance Indicators (KPIs) included in the SLFF. In 2023, Eltel's Scope 1 emissions increased to 16.34 tons of CO₂e, up from 15,37 tons in the 2021 base year, indicating that performance for KPI 1 is falling behind the trajectory as defined in the SLFF. However, for KPIs 2 and 3, we are pleased to report progress ahead of the trajectories. The share of renewable electricity increased to 56%, and the share of supply chain emissions coming from suppliers who have set SBTi targets rose to 16%, up from a base year level of 0%.

To further our progress towards achieving the targets, we are enhancing the oversight of our strategic measures. We are upgrading our processes to align KPI 1 with its intended trajectory and to foster continuous progress in KPIs 2 and 3.

There has been no material update or change to Eltel's sustainability plan and strategies related to the KPIs and SPTs. Eltel's activity level has risen moderately, reflected in a 5% increase in net sales between 2021 and 2023. Beyond this growth, operations have remained stable since the base year, with no significant organizational changes, such as mergers and acquisitions, that would impact the KPIs. Additionally, we anticipate minimal regulatory influence on our strategies related to sustainability KPIs in the near future.

Erno Lehto, Head of Sustainability, Eltel Group

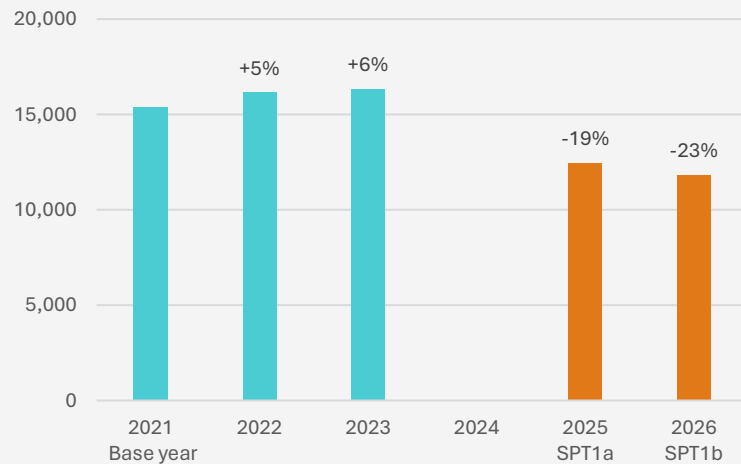


Key Performance Indicators (KPIs)

| KPI | KPI DEFINITION | METHODOLOGY | SPT 2025 | SPT 2026 | 2021 BASELINE | 2023 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 CO2 equivalent (kgCO2e). Scope 1 emissions are direct emissions resulting from fuel use in Eltel's car fleet and on-site energy use (heating). | Etel follows the GHG Protocol standard in measuring its emissions. | SPT1a: Reduce absolute Scope 1 GHG emissions by 19% by 2025 from a 2021 baseline. | SPT1b: Reduce absolute Scope 1 GHG emissions by 23% by 2026 from a 2021 baseline. | 15,371,082 kgCO2e | 16,336,907 kgCO2e | No |
| 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 (measured in kWh). | SPT2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline. | SPT2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline. | 31% | 56% | Yes |
| 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. | SPT2a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline year | SPT3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline year | 0% | 16% | Yes |

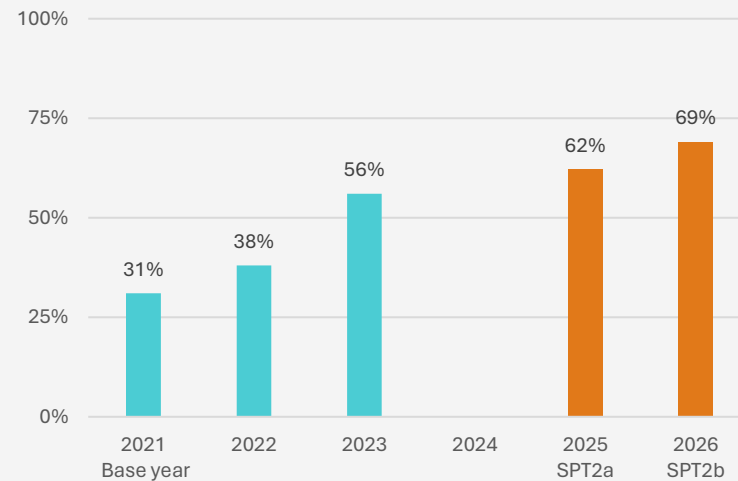
KPI performance against the SPTs in 2023

SPT 1



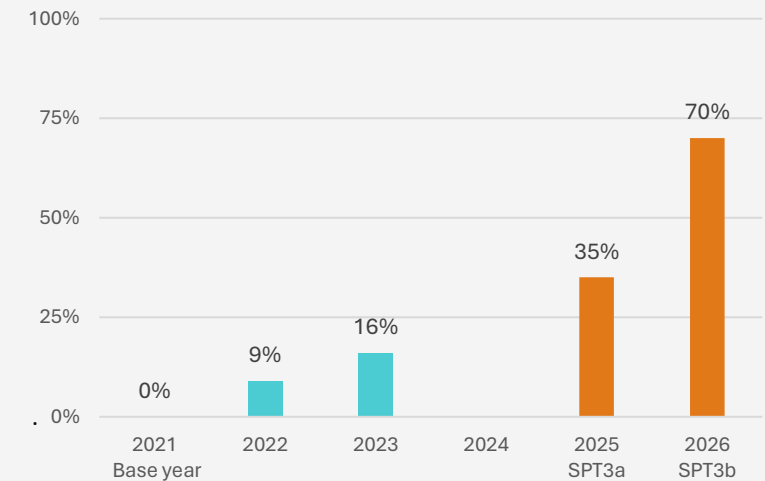
In 2023, Eltel’s Scope 1 emissions were 6 percent higher compared to the base year level of 2021. This increase is attributed to a higher level of activity compared to the base year. Between 2021 and 2023, Eltel’s fleet increased by 323 vehicles, yet Scope 1 emissions per vehicle have decreased. Eltel’s strategies for fleet electrification and the use of biofuels are aimed at combating further increases in Scope 1 emissions.

SPT 2



In 2023, Eltel made progress towards the SPT2 targets by increasing the sourcing of renewable electricity. The percentage of electricity consumed at Eltel’s office locations and other facilities controlled by Eltel rose to 56%, up from a base year level of 31%.

SPT 3



In 2023, Eltel’s performance against SPT3 demonstrated significant progress within our supply chain. The proportion of emissions covered by suppliers committed to the Science-Based Targets initiative (SBTi) increased compared to previous years, exceeding the trajectory set for reaching the SPT3 targets.

The SPTs align with Eltel's long term commitments

Eltel's near term targets

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

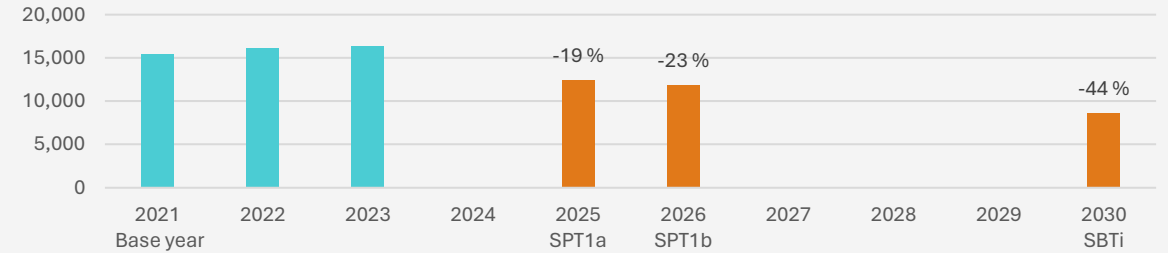
Eltel's climate targets approved by the SBTi are:

- 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.

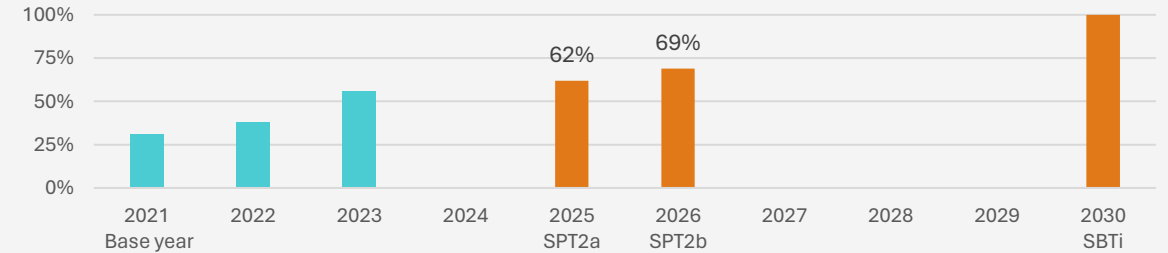
In 2022, Eltel's scope 1, 2 and 3 targets were all validated by the SBTi, which confirms they are grounded in the latest climate science and in line with the Paris climate agreement target of 1.5°C. The SPTs and their alignment with Eltel's SBTi targets are integral for Eltel's long-term strategic commitment to sustainability.



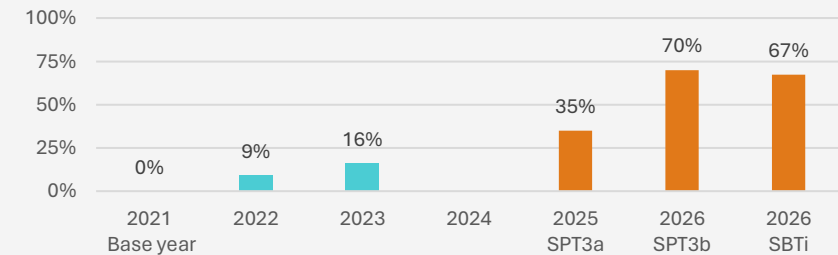
SPT1 AND ELTEL'S SCOPE 1 SBTi TARGET



SPT2 AND ELTEL'S SCOPE 2 SBTi TARGET



SPT 3 AND ELTEL'S SCOPE 3 SBTi TARGET



Verification

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.

In all, the three KPIs cover 96.7% of Eltel’s base year greenhouse gas 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”.

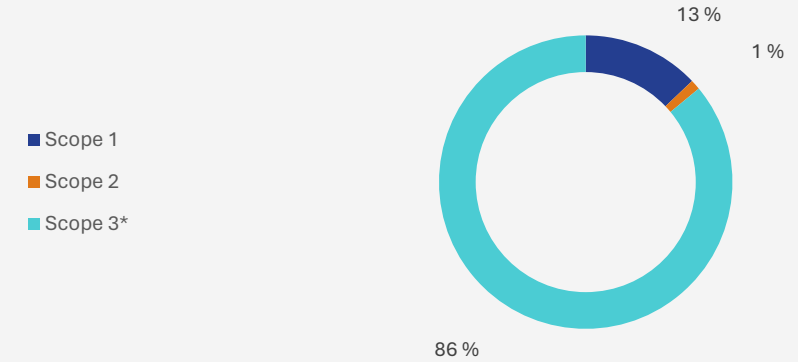
SLFF verification

Etel’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 – Eltelgroup](#)

KPI performance

The 2023 KPI performance against SPTs 1, 2, and 3, as presented in this document, has been reviewed by KPMG. The verification report is available at: [Sustainable financing - Eltelgroup](#)

BREKDOWN OF ELTEL’S 2023 EMISSIONS BY SCOPE



*Value chain emissions covered by KPI 3 (emissions from Scope 3 categories 1, 2, 4, 5, and 6) constitute 80% of Eltel’s total emissions in 2023.



