

# Second-Party Opinion

## Tele2 Green and Sustainability-Linked Financing Framework



### Evaluation Summary

#### Use of Proceeds Instruments

##### Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics is of the opinion that the Tele2 Green and Sustainability-Linked Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021 (the “Use of Proceeds Principles”). The eligible categories for the use of proceeds – Energy Efficiency, Clean Transportation, and Renewable Energy – are aligned with those recognized by the Use of Proceeds Principles and will lead to positive environmental impacts.

#### Sustainability-Linked Instruments

##### Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021

Sustainalytics is of the opinion that the Tele2 Green and Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2021 (the “Sustainability-Linked Principles”). Overview of KPIs and SPTs:

KPI	SPT	Strength of the KPI	Ambitiousness of SPT
Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029 from a 2019 base year	Very Strong	Highly Ambitious
Scope 3 GHG emissions per subscription (tCO <sub>2</sub> e)	To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year	Very Strong	Ambitious

<b>Evaluation Date</b>	May 2, 2022
<b>Issuer</b>	Stockholm,
<b>Location</b>	Sweden

The Use of Proceeds and SPTs contribute to the following SDGs:



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## Scope of Work and Limitations

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent<sup>1</sup> opinion on the alignment of the Tele2 Green and Sustainability-Linked Financing Framework with current market standards. As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the Green Bond Principles 2021, Green Loan Principles 2021, Sustainability-Linked Bond Principles 2020, and Sustainability-Linked Loan Principles 2021<sup>2</sup> (the "Principles");
- The credibility and anticipated positive impacts of the use of proceeds and SPTs;
- The issuer's sustainability strategy, performance and sustainability risk management; and

As part of this engagement, Sustainalytics held conversations with various members of Tele2's management team to understand the sustainability impact of their business processes and the core components of the Framework. Tele2 representatives have confirmed that:

- (1) They understand it is the sole responsibility of Tele2 to ensure that the information provided is complete, accurate or up to date;
- (2) They have provided Sustainalytics with all relevant information; and
- (3) Any provided material information has been duly disclosed in a timely manner.

Sustainalytics also reviewed relevant public documents and non-public information. This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Tele2.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. The Second-Party Opinion is valid for issuances aligned with the respective Framework for which the Second-Party Opinion was written up to 24 months or until one of the following occurs: (1) A material change to the external benchmarks<sup>3</sup> against which targets were set; (2) A material corporate action (such as material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.<sup>4</sup>

For use of proceeds instruments, Sustainalytics relied on its internal taxonomy, version 1.11, which is informed by market practice and Sustainalytics' expertise as an ESG research provider. The Second-Party Opinion:

- addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.
- opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities

For sustainability-linked instruments, the Second-Party Opinion:

- addresses the anticipated SPTs of KPIs but does not measure the KPIs' performance. The measurement and reporting of the KPIs is the responsibility of the Bond issuer.

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<sup>1</sup> When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

<sup>2</sup> The bond Principles, Guidelines and Handbooks are administered by the International Capital Market Association and are available at: <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/>

<sup>3</sup> Benchmarks refers to science-based benchmarks

<sup>4</sup> Sustainalytics has provided an opinion based on the understanding that the financial characteristics of instruments issued under this Framework will be tied to the achievement of SPTs corresponding to each of the KPIs included in the Framework.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that Tele2 has made available to Sustainalytics for the purpose of this Second-Party Opinion.

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## Introduction

Tele2 AB (“Tele2”, or the “Company”) is a Swedish telecommunications company operating in Sweden, Estonia, Latvia and Lithuania. Founded in 1997 and headquartered in the Kista Science City, Stockholm, Sweden, the Company is a major telecommunications service provider, employing approximately 4,500 people across its European operations.

Tele2 has developed the Tele2 Green and Sustainability-Linked Financing Framework (the “Framework”) under which it intends to issue use of proceeds (green) and sustainability-linked bonds. Tele2 engaged Sustainalytics to review the Framework, dated March 2022, and provide a Second-Party Opinion on the Framework’s alignment with the Green Bond Principles 2021, Green Loan Principles 2021, Sustainability-Linked Bond Principles 2020, Sustainability-Linked Loan Principles 2021 (the “Principles”). This Framework has been published in a separate document.<sup>5</sup>

Issuance from use of proceeds instruments will finance and refinance, in whole or in part, existing and future projects expected to reduce the Company’s carbon and environmental footprint.

The Framework defines eligibility criteria in three areas:

1. Energy Efficiency
2. Clean Transportation
3. Renewable Energy

Under sustainability-linked instruments, the coupon rate or redemption price of the bond is tied to the achievement of the Sustainability Performance Targets for 2 KPIs. Both KPIs relate to greenhouse gas (GHG) emissions and collectively cover Tele2’s scope 1, 2 and 3 emissions.

The KPIs and SPTs used by Tele2 are defined in Tables 1 and 2 below.

**Table 1: KPI Definitions**

KPI	Definition
KPI 1: Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	The KPI is defined as the Scope 1 and 2 GHG absolute emissions <sup>6</sup> calculated in accordance with the Greenhouse Gas Protocol.
KPI 2: Scope 3 GHG emissions (tCO <sub>2</sub> e) per subscription	The KPI is defined as the Scope 3 GHG emissions per subscription, where emissions are calculated in accordance with the Greenhouse Gas Protocol. The Company will include in its calculation GHG emissions from its value chain related to its continuing operations. The following three categories <sup>7</sup> were considered in the methodology: <ul style="list-style-type: none"> <li>• Purchased goods and services</li> <li>• Use of sold products</li> <li>• “Other”, including Fuel and energy related activities, Business travel, Transportation and distribution and Employee commuting</li> </ul>

**Table 2: SPTs and Past Performance**

KPI	2017	2018	2019 (baseline)	SPT 2029
KPI 1: Scope 1 and 2 GHG emissions (tCO <sub>2</sub> e)	78,413	53,914	43,258	To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029 from a 2019 base year
KPI 2: Scope 3 GHG emissions per subscription (tCO <sub>2</sub> e)			189,168	To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year

<sup>5</sup> The Tele2 Green and Sustainability-Linked Financing Framework is available on Tele2 AB’s website at: [tele2.com/investors](https://tele2.com/investors)

<sup>6</sup> Scope 1 represents GHG emissions from Tele2’s own operations, and Scope 2 are indirect GHG emissions from consumption of purchased electricity, cooling and heat.

<sup>7</sup> In 2019, Purchased good and services represented 76.8% of Scope 3 emissions, Use of sold products 15.1% and “Other” 7.3%.

## Sustainalytics' Opinion

### Section 1: Sustainalytics' Opinion on the Alignment of the Framework with Relevant Market Standards

#### Alignment with Use of Proceeds Principles

Sustainalytics is of the opinion that the Tele2 Green and Sustainability-Linked Financing Framework is credible, impactful and aligns with the Green Bond Principles 2021 and the Green Loan Principles 2021, (the "Use of Proceeds Principles"). For detailed information please refer to Appendix 1: Green Bond / Green Bond Programme External Review Form. Sustainalytics highlights the following elements of Tele2's Green and Sustainability-Linked Financing Framework:



#### Use of Proceeds

#### Overall Assessment of Use of Proceeds

Use of Proceeds	Activity	Classification	Description and Sustainalytics' Assessment
Energy Efficiency	Network technology	Green	<ul style="list-style-type: none"> <li>- Tele2 intends to invest in upgrades to 4G and 5G infrastructure, Internet of Things (IoT), as well as products and solutions for more energy efficient transferring of data. These activities are directed towards replacement of older, more energy consuming technologies and are undertaken where the Company has relied on supporting studies.                             <ul style="list-style-type: none"> <li>- Energy efficient products and solutions for the transferring of data include energy saving software such as machine learning and artificial intelligence (AI) applications, radio access network (RAN) sharing, and demand management technologies such as smart metering and smart data for logistics and fleet management. Sustainalytics views these activities to be in line with market practice, while noting the diversity of the magnitude of potential benefits, given the various use-cases associated with these energy efficiency improvements. Refer to Section 3 for more information on the environmental impact of these technologies.</li> </ul> </li> <li>- Sustainalytics recognizes that IoT technologies as described in Tele2's Framework carry two risks or limitations in terms of impact:                             <ul style="list-style-type: none"> <li>- IoT technologies have a broad impact and can drive energy efficiency gains in a variety of industries, including the fossil fuel industry. Sustainalytics notes that Tele2 excludes the allocation of assets under the Framework for which the purpose is fossil energy production, nuclear energy generation, weapons and defense, and potentially environmentally harmful resource extraction. Sustainalytics understands that the Company cannot control the use and application of the IoT enabling technologies once sold.</li> <li>- The expansion of IoT networks and increasing data flow resulting from IoT solutions may result in additional energy demands on telecommunications networks. However, studies have indicated that networks can facilitate avoided emissions that are up to ten times</li> </ul> </li> </ul>

			<p>greater than their own direct emissions.<sup>8</sup> Based on this, telecommunications technology investments can be expected to result in net energy savings and carbon reductions.</p> <ul style="list-style-type: none"> <li>- In the context of upgrading its network infrastructure, Tele2’s activities are expected to increase the efficiency of its network sites. Sustainalytics encourages Tele2 to report on the quantitative impacts of these projects.</li> </ul>
	Data centers	Green	<ul style="list-style-type: none"> <li>- The Company intends to finance the construction and development of new data centers, as well as energy efficiency improvements to existing data centers. Tele2 will limit its activities under this category to facilities with a targeted annualized power usage effectiveness (PUE) of &lt;1.5. This PUE threshold is aligned with market expectations.</li> <li>- Sustainalytics notes that data centers are energy-intensive in nature, and that Tele2 intends to finance the installation of energy-efficient systems, hardware and technologies within such data centers with the purpose of reducing overall GHG emissions and/or improving energy performance. Sustainalytics recommends that Tele2 monitor and report on improvements in energy or carbon performance resulting from such installations.</li> </ul>
	Fiber-optic networks	Green	<ul style="list-style-type: none"> <li>- Tele2’s network development expenditures relate to the replacement of and upgrade to legacy copper-based network cable by the deployment of fixed-line fiber-optic connections. Sustainalytics considers investments in fiber-optic networks that lead to energy efficiency gains to be in line with market practice.</li> <li>- Sustainalytics notes that Tele2 does not have in place corporate targets for increased energy efficiency in its networks and encourages the Company to develop such targets to support and guide its future network and infrastructure upgrades.</li> </ul>
<b>Clean Transportation</b>	Zero emission vehicles	Green	<ul style="list-style-type: none"> <li>- The Company contemplates the purchase of zero tailpipe emissions vehicles including electric and hydrogen fuel cell. Within this category, Tele2 also intends to finance supporting clean transportation infrastructure such as electric vehicle charging stations or hydrogen refueling stations. Sustainalytics considers the financing of green transportation vehicles and supporting infrastructure to be aligned with market expectations.</li> </ul>
<b>Renewable Energy</b>	Solar, wind and geothermal power generation	Green	<ul style="list-style-type: none"> <li>- Tele2 intends to consider investments in power plants from solar, wind and geothermal sources. The Framework specifies that the financing will be limited to geothermal power plants that are emissions-free. These activities are in line with market practice for renewable energy projects.</li> </ul>

<sup>8</sup> GSMA, “The ratio of network carbon emissions to direct carbon emissions abatement from mobile technologies has been estimated at 1:10 in Europe and North America based on data from GeSI (2019)”, at: [https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA\\_Enablement\\_Effect.pdf](https://www.gsma.com/betterfuture/wp-content/uploads/2019/12/GSMA_Enablement_Effect.pdf)



## Project Evaluation and Selection

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- Tele2's Green Finance Committee (the "Committee") will be responsible for overseeing the evaluation and selection process for all eligible projects. The Committee is comprised of representatives from the Company's treasury, strategy, technology, and sustainability teams. The Committee is also responsible for the final approval of eligible projects and intends to review eligible projects periodically to ensure alignment with the Framework criteria.
- Tele2 has in place an environmental and social risk management system applicable to all allocation decisions in the Framework. See Section 2 for additional details.
- Based on the clearly defined responsibilities and risk management policies, Sustainalytics considers this process to be in line with market practice.



## Management of Proceeds

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- Tele2's Treasury department will oversee the management of proceeds and track allocation to eligible projects internally using an earmarked account. The Company intends to reach full allocation within 12 months of issuance and has established a look-back period of three years for its refinancing activities. Sustainalytics considers these to be aligned with market practice.
- Unallocated proceeds will be temporarily held in liquidity reserves and managed in accordance with Tele2's normal liquidity practices.
- Based on the defined management approach and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.



## Reporting

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- Tele2 intends to report on allocation of proceeds in a Green Financing Investor Report, published on its website annually until full allocation. The report will include a description of the portfolio of eligible assets, type of financing securities utilized and respective outstanding amounts, proportion of new financing and refinancing, disbursed amounts per category as well as a list of eligible assets including amounts allocated.
- In addition, Tele2 is committed to impact reporting and intends to report on KPIs, on an aggregated basis, such as energy use per terabyte per year (MWh), annual energy savings compared to replacement technology) (MWh) and (estimated avoided/reduced GHG emissions (tCO<sub>2</sub>e)).
- Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice.



## Alignment with Sustainability-Linked Principles

Sustainalytics is of the opinion that the Tele2 Green and Sustainability-Linked Financing Framework aligns with the Sustainability-Linked Bond Principles 2020 (“SLBP”). For detailed information please refer to Appendix 2: Sustainability Linked Bond External Review Form. Sustainalytics highlights the following elements of Tele2’s Green and Sustainability-Linked Financing Framework:



### Selection of Key Performance Indicators (KPIs)

#### Relevance and Materiality of KPIs

In its assessment of materiality and relevance, Sustainalytics considers i) whether an indicator speaks to a material impact of the issuer’s/borrower’s business on environment or social issues, and ii) to what portion of impact the KPI is applicable.

#### KPI 1: Greenhouse Gas Emissions (Scope 1 and 2) and KPI 2: Greenhouse Gas Emissions (Scope 3)

Sustainalytics notes that KPI 1 and KPI 2 collectively address Tele2’s operational and supply chain carbon footprint, and as such has taken a combined approach in assessing the scope of applicability of these KPIs. Sustainalytics considers the KPIs to be material and relevant based on the following:

- According to the International Energy Agency (IEA), the largest single source of energy demand for traditional telecommunications service providers is the electricity needed to run their network base stations, with telephone exchanges, core networks, and data centers contributing significant energy loads and representing on average 20-40% of operational expenditures for these companies.<sup>9</sup> To align with the Paris Agreement’s goals, the International Telecommunication Union (ITU) highlighted that the information and communications technology (ICT) sector needs to achieve a 45% reduction in GHG emissions by 2030 from a 2020 baseline. A shift to renewable and low-carbon energy sources for telecommunication operations is expected to account for most of the industry’s required GHG emissions reduction over this timeframe.
- Sustainalytics’ ESG Risk Rating methodology identifies “Carbon - Own Operations”<sup>10</sup> as a material ESG issue (MEI) for Tele2. In addition, KPI 1 and KPI 2 account for all direct GHG emissions related to the energy use associated with Tele2’s operations and supply chain.
- Sustainalytics’ Industry Report on Telecommunication Services<sup>11</sup> estimates that the rapid expansion of international telecommunications infrastructure, including the deployment of 5G technology<sup>12</sup> and growing customer demand, is expected to increase the industry’s energy requirements substantially in the coming years. Furthermore, the Sustainability Accounting Standards Board (SASB)<sup>13</sup> identifies energy procurement and efficiency as relevant topics for the telecommunication services industry to track and disclose, based on the substantial amounts of energy associated with its infrastructure and operations.

Sustainalytics considers KPI 1 and KPI 2 to be material and relevant based on their contribution to a material issue for the sector. Additionally, both KPIs have been validated under the Science Based Targets initiative (SBTi).<sup>14</sup>

<sup>9</sup> IEA, “Data Centres and Data Transmission Networks”, (2020), at: <https://www.iea.org/reports/data-centres-and-data-transmission-networks>

<sup>10</sup> The Sustainalytics’ Carbon – Own Operations MEI refers to a company’s management of risks related to its own operational energy and GHG emissions (Scope 1 & 2). It also includes parts of Scope 3 emissions, such as product use, fuel and energy related emissions.

<sup>11</sup> Sustainalytics’ Industry report, Telecommunication Services, (2020).

<sup>12</sup> Tele2 launched its first public 5G network in Sweden in May 2020, with other markets to follow soon. More at: <https://www.tele2.com/about/what-we-offer/tele2-5g/>

<sup>13</sup> SASB was founded in 2011 as a not-for-profit, independent organization, that establishes and maintains industry-specific standards to assist companies in disclosing financially material, decision-useful sustainability information to investors.

<sup>14</sup> Tele2, “Tele2 launches industry-leading goals approved by the Science-Based Target initiative”, (2021), at:

<https://www.tele2.com/media/news/2021/tele2-launches-industry-leading-goals-approved-by-the-science-based-target-initiative/>

In terms of applicability, Sustainalytics notes that KPI 1 and KPI 2 together cover 100% of GHG emissions (Scope 1, 2 and 3) in baseline 2019. Scope 1 and 2 emissions cover approximately 18.8% of total emissions, while Scope 3 (purchased goods and services, use of sold products, and “other”) covers 81.2% of total emissions in baseline 2019.

**KPI Characteristics**

In its assessment of the KPI characteristics, Sustainalytics considers i) whether a clear and consistent methodology is used, ii) whether the issuer/borrower follows an externally recognized definition, iii) whether the KPIs are a direct measure of the performance of the issuer/borrower on a material environmental or social issue, and, if applicable, iv) whether the methodology can be benchmarked to an external, contextual benchmark.<sup>15</sup>

KPI 1: Greenhouse Gas Emissions (Scope 1 and 2) and KPI 2: Greenhouse Gas Emissions (Scope 3)

Sustainalytics considers Tele2’s definition and methodology to calculate KPI 1 and KPI 2 to be clear and consistent. Tele2 calculates its GHG emissions in accordance with the GHG Protocol Corporate Standard,<sup>16</sup> which is commonly used in the industry and therefore facilitates benchmarking against external carbon trajectories as well as peer performance. Further, KPI 1 follows an operational control approach for Scope 1<sup>17</sup> and a market-based method is used for Scope 2.<sup>18</sup>

On the other hand, KPI 2 is an intensity metric measuring GHG emissions based on the number of subscriptions.<sup>19</sup> The methodology includes three categories namely: (i) Purchased goods and services, (ii) Use of sold products, and (iii) “Other”, including fuel and energy related activities, business travel, transportation and distribution and employee commuting.

Sustainalytics further notes that both KPIs have been validated by SBTi, which is considered to be a credible external reference.<sup>20</sup>

**Overall Assessment**

Sustainalytics considers KPI 1 and KPI 2 to be very strong given that, when assessed in combination, they represent direct measures of GHG emissions from Tele2’s own operations as well as its supply chain, through the purchase of goods and services and the use of sold products. In addition, both KPIs (i) represent a material environmental issue for the sector and the Company; (ii) are defined following clear and consistent definitions as per GHG Protocol Standard which supports benchmarking against external emission reduction strategies and (iii) are validated by SBTi.

<b>Scope 1 and 2 GHG emissions</b>	Not Aligned	Adequate	Strong	Very strong
<b>Scope 3 GHG emissions per subscription</b>	Not Aligned	Adequate	Strong	Very strong

<sup>15</sup> External contextual benchmarks provide guidance on the alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

<sup>16</sup> Greenhouse Gas Protocol, “Corporate Standard”, at: <https://ghgprotocol.org/corporate-standard>

<sup>17</sup> Under the control approach, a company accounts for 100 percent of the GHG emissions from operations over which it has control. See more at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

<sup>18</sup> A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice). It derives emission factors from contractual instruments, which include any type of contract between two parties for the sale and purchase of energy bundled with attributes about the energy generation, or for unbundled attribute claims. See more at: [https://ghgprotocol.org/sites/default/files/Scope2\\_ExecSum\\_Final.pdf](https://ghgprotocol.org/sites/default/files/Scope2_ExecSum_Final.pdf)

<sup>19</sup> Tele2 measures the number of individual subscriptions as an approximation of the size of the Company’s business, reported annually in the Annual and Sustainability Reports as “Revenue-generating units (RGU)”. Tele2 estimated no change in the number of subscriptions up until 2029 due to the fact that (i) the number of fixed connections is expected to decrease and (ii) mobile is expected to increase – leading to a net zero sum of RGUs.

<sup>20</sup> Tele2 AB’s SBTi validation report, dated April 19, 2021, was provided to and reviewed by Sustainalytics.



## Calibration of Sustainability Performance Targets (SPTs)

### Alignment with Issuer's/Borrower's Sustainability Strategy

Tele2 has set the following SPTs for its KPIs:

- SPT 1: To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029 from a 2019 base year.
- SPT 2: To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year.

Sustainalytics considers the SPTs to be aligned with Tele2's sustainability strategy (please refer to Section 2 for analysis of the credibility of Tele2's sustainability strategy).

While Tele2 has been reporting on its Scope 1 and 2 GHG emissions since 2010, the Company only recently commenced assessment of its Scope 3 emissions inventory in 2019 (the base year) which was conducted while setting its science-based reduction targets. This is an indication of Tele2's organizational approach and commitment to measuring and mitigating its climate change impact (please refer to section 3 for further analysis).

Additionally, Tele2 achieved carbon neutrality in 2020 and used 100% renewable electricity in all of its operations.<sup>21</sup> As a result, the Company reduced its CO<sub>2</sub> emissions by 85,000 tons of CO<sub>2</sub>e annually. Notably, Tele2's Scope 1, 2 and 3 emissions targets as outlined in the Framework have been approved by its management team and validated by SBTi.

### Strategy to Achieve the SPTs

#### SPT 1: To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029 from a 2019 base year

Tele2 intends to achieve the SPT through the following strategy:

- Tele2 intends to set a target in 2022 to become fossil fuel free in its Scope 1 and 2 activities by 2025. The Company will continue its plan to replace all cars in its fleet, representing 74% of all company vehicles, with electric vehicles by 2025. Service vehicles and equipment, which represent 26% of all company vehicles, will be replaced with either electric vehicles where possible, or biodiesel by 2025. In addition, the Company intends to replace its conventional diesel back-up generators with bio-diesel alternatives by 2025.
- The Company has further set target for all service vehicles to be replaced with zero emission vehicles by 2029, and for all back-up generators to be replaced with hydrogen fuel cells or other zero emission technology by 2029. Tele2 also intends to replace data centre refrigerants with low emission alternatives by 2029.

#### SPT 2: To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year

Tele2 intends to achieve the SPT through the following strategy:

- Tele2 is engaging in dialogue with its key suppliers to align on the Company's environmental targets. In 2023/2024, Tele2 intends that its largest suppliers set climate targets that are in line with the Company's. Tele2 will include emissions reductions as part of the contractual conditions of its Business Partner Code of Conduct as well as measure and report on supplier emissions reduction from year to year. In addition, Tele2 is planning to run initiatives that inform customers about mechanisms to reduce their own emissions to encourage more responsible energy consumption practices.
- For the remaining Scope 3 emissions, Tele2 is facilitating emissions reductions from service providers such as airlines and transport companies, combined with active measures from Tele2's side. For example, the Company will employ reduced air travel in line with current travel policy for employees,

<sup>21</sup> Tele2, "2020 Annual and Sustainability Report", (2020), at: <https://www.tele2.com/files/Main/3372/3313796/release.pdf>

selecting low-emissions transport alternatives, and enabling employee commuting using electric vehicles as well as encouraging employees to use public transport, cycle or car share.

- Tele2 set and published a target in 2022 which relates to increased circularity for network equipment that should be reached by 2025. This involves 100% of Tele2's network equipment being responsibly resold, reused, remanufactured, or recycled with non-recyclable materials being disposed of securely.<sup>22</sup>

### **Ambitiousness, Baseline and Benchmarks**

To determine the ambitiousness of the SPTs, Sustainalytics considers whether the SPTs go beyond business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, iii) and how the SPTs compare with science.<sup>23</sup>

Tele2 has selected 2019 as the baseline for the SPTs. Sustainalytics recognizes that the market favors a more recent baseline but notes Tele2's intention to ensure consistency with its SBTi-validated targets, which represent the Company's most recent data at the time the targets were set. Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance, and SBTi approved targets.

#### SPT 1: To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029 from a 2019 base year

Related to past performance, Tele2 achieved a reduction of 31% between 2017 and 2018 and achieved a 20% reduction between 2018 and 2019, highlighting a strong downward trend in emissions leading up to 2019. As of 2020, Tele2 had reduced its Scope 1 and 2 emissions by 79% compared to the baseline of 2019.<sup>24</sup> To achieve the SPT 1, the Company will need to further reduce its Scope 1 and 2 GHG emissions by an annual average rate of 11% between 2019 and 2029. Sustainalytics notes that this anticipated annual reduction rate necessary to meet the SPT is lower than Tele2's historical emissions reduction rate. However, the emissions reductions achieved by the Company prior to the baseline year were due primarily due to a switch to 100% renewable energy power at all Tele2's operations and as such, equivalent reductions are unlikely to be achieved going forward.

In comparison to its peers, Tele2's SPT 1 is aligned with targets in the telecommunication service industry. Based on the analysis Sustainalytics conducted, Tele2's peer group, comprised of 29 operators and representing 30% of the mobile connections worldwide, have committed to a reduction of at least 45% of GHG emissions between 2020 and 2030, according to the International Telecommunications Union.<sup>25</sup>

Sustainalytics considers the SPT 1 to be beyond business-as-usual trajectory. In addition, the targets align with targets set by peers and align with science (1.5°C scenario). This bolsters the overall assessment.

#### SPT 2: To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year

In terms of past performance, Sustainalytics notes that Tele2 lacks thorough data on historical performance. Sustainalytics further notes that Tele2 performed an initial scope 3 screening when setting its SBTs in 2020, using 2019 as the base year. The Company then conducted its first inventory of Scope 3 emissions in 2020, which Sustainalytics considers to be an improvement compared to past performance.

In comparison to peers, although Tele2's SPT 2 is consistent with their targets, many of the peers have set targets against different Scope 3 categories and using absolute GHG emissions reduction as a unit of measurement. This contrasts Tele2's use of an intensity metric, and hence not entirely comparable. As per SBTi's validation, however, Tele2's SPT 2 target is considered to exceed the minimum ambition for the 2°C pathway.

Sustainalytics considers the SPT 2 to be aligned. In addition, the targets are considered ambitious as per SBTi's target validation report.

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<sup>22</sup> Tele2, "Tele2 commits to 100% circularity for network equipment by 2025", (2022), at: <https://www.tele2.com/media/news/2022/tele2-commits-to-100-circularity-for-network-equipment-by-2025/>

<sup>23</sup> We refer here to contextual benchmarks, that indicate the alignment of targets with ecosystem boundaries.

<sup>24</sup> Tele2 communicated to Sustainalytics that the strong decrease in Scope 1 and 2 emissions is due to increased sourcing of renewable electricity with Guarantees of Origin certificates.

<sup>25</sup> ITU, "ICT industry to reduce greenhouse gas emissions by 45 per cent by 2030" (2020), at: <https://www.itu.int/en/mediacentre/Pages/PR04-2020-ICT-industry-to-reduce-greenhouse-gas-emissions-by-45-percent-by-2030.aspx>

**Overall Assessment**

Sustainalytics considers the SPTs to align with Tele2’s sustainability strategy and considers Tele2’s SPT 1 to be highly ambitious given that the SPT aligns with the targets set by the Company’s peers and SBTi’s well-below 1.5-degree scenario. Sustainalytics notes that the performance trajectory necessary for Tele2 to achieve SPT 1 represents a lower rate of reduction than is seen in the Company’s past performance, it nonetheless considers this SPT to be ambitious given the Company’s broader context of historical emissions reductions, and the implied effort necessary for marginal emissions reductions as a Company’s GHG footprint approaches zero.

Sustainalytics considers Tele2’s SPT 2 to be ambitious given that it presents a material improvement compared to past performance and the SPT aligns with the targets set by the Company’s peers, and is considered to be ambitious as per the SBTi target validation report.

To reduce absolute scope 1 and 2 GHG emissions 100% by 2029 from a 2019 base year	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
To reduce scope 3 GHG emissions 60% per subscription by 2029 from a 2019 base year	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



**Bond Characteristics**

Tele2 has disclosed that securities issued under the Framework will have financial penalties in the form of either a coupon step-up or an increase in the redemption price, tied to the Issuer’s achievement of the instrument’s SPTs. Such financial penalties will succeed a trigger event, defined by the Framework as being any of the following: i) Tele2’s KPI performance following short of the applicable SPT on the relevant target observation date, as defined by the respective security documentation; ii) insufficient reporting by Tele2 based on the reporting requirements outlined in the Framework; or iii) insufficient reporting on, and verification of, Tele2’s performance against the applicable KPI, in accordance with the Verification requirements of the Framework. Specific financial and structural characteristics of any security issued under the Framework will be described in its corresponding documentation.

Sustainalytics positively notes that all SPTs need to be met to avoid an increase in the coupon/interest rate.



**Reporting**

Tele2 will provide relevant reporting on the progress made with respect to the KPIs, and, in relation to any relevant reference periods, the achievement or not of the SPTs set out in the security specific documentation. The Company will make such reporting publicly available on an annual basis in a Sustainability-Linked Financing (SLF) Progress Report, and in any case relevant for assessing the KPI performances leading to a potential adjustment of the financial or structural characteristics of bonds issued under the Framework. Tele2 intends to publish the SLF Progress Report to its web page no later than the Reporting End Date, as outlined in the security specific documentation, after the end of the year and including the Reference Period. This reporting practice is aligned with the SLBP.



**Verification**

Tele2 commits to having an external verifier provide limited assurance against each SPT for each KPI at least once a year, which is aligned with the SLBP on verification. The Company intends to make public the verification report on its website together with the SLF Progress Report, no later than the applicable Reporting End Date, and in any case for an SPT related trigger event, as outlined in the Framework. This practice is aligned with market expectation.

## Section 2: Assessment of Tele2's Sustainability Strategy

### Credibility of Tele2 Sustainability Strategy

According to Sustainalytics' ESG Ratings, Tele2's overall management of material ESG issues is strong, ranking it in the top 11% of companies within its sub-industry.<sup>26</sup>

Tele2's sustainability strategy aims to support the following four focus areas: (i) advance circular economy to combat climate change, (ii) boost innovation for sustainability, (iii) maximize potential through an inclusive and diverse workplace and (iv) protect children in a connected society. Tele2's Board of Directors is responsible for setting the Company's sustainability strategy and targets. There are 4 Executive Vice Presidents who, in collaboration with the Head of Sustainability, oversee the implementation of the strategy and targets. Implementation and tracking progress against the strategy occurs within every business unit, and at the country level, leveraging the Company's sustainability representative to enable coordination between the markets it operates in.<sup>27</sup> Pertaining to its environmental priorities, Tele2's Environmental Policy is structured around a commitment to standards of environmental actions applicable to its own business operations as well as those of its customers, business partners and suppliers.<sup>28</sup>

Tele2's ambitions most relevant to the activities that the Company intends to finance under the Framework include the following: (i) for adaptive circular economy to combat climate change, Tele2 aims to develop offerings for relevant customer segments in B2B and B2C based on a circular business model and reduced climate impact by 2025, and (ii) for boosting innovation for sustainability, Tele2 aims to create product and service offerings through partnerships, increased internal efficiencies and sustainability value creation by 2025. Additionally, Tele2 has established a target of reducing Scope 1 and 2 carbon emissions by 90% by 2025 in order to set the path towards reducing emissions by 100% by 2029. The Company also aims to reduce Scope 3 emissions by 60% per subscription by 2029. As of 2021, Tele2 has achieved its 2025 target for Scope 1 and 2 emissions and used 100% renewable electricity in all of its operations. Tele2's Scope 1, 2 and 3 emissions targets have been approved by its management team and by SBTi.<sup>29</sup> Tele2 will continue to actively engage with suppliers to enable the reduction of Scope 3 emissions.<sup>30</sup>

Tele2 has implemented an environmental management system certified to the Swedish Environmental Base standard. The Company will continue to purchase renewable electricity from hydropower and ensure that all company cars are replaced by electric vehicles by 2024. Furthermore, Tele2 will consider electric vehicles or hydrogen for service vehicles and equipment, replace back-up generators with fuel cells or other zero-emission technology to reduce its scope 1 emissions and replace refrigerants used in cooling data centers with low-emissions alternatives.<sup>31</sup> Overall, Tele2 is viewed to have strong environmental and green procurement policies, GHG reduction programme and scope for GHG reporting, and an adequate environmental management system.<sup>32</sup> Sustainalytics also notes that based on these policies, Tele2's environmental performance is viewed to be aligned with that of its industry peers.<sup>33</sup>

Based on the above assessment, Sustainalytics considers Tele2 to have a strong sustainability strategy and considers that the SLBs and green bonds issued under the Framework, will further support Tele2's sustainability strategy.

### Tele2's Environmental and Social Risk Management

Sustainalytics notes that Tele2's overall management of material ESG issues is strong.<sup>34</sup> However, Sustainalytics also recognizes that while the Tele2's defined targets are impactful, achieving the SPTs bears environmental and social risks related to emissions released from its own operations and value chain, land use and biodiversity issues associated with large infrastructure projects, occupational health and safety and consumer protection and data security risks.

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<sup>26</sup> The assessment has been derived from Sustainalytics' ESG Risk Rating framework, accessed on March 18, 2022, comparing Tele2 with other 227 peers (25 out of 228) in the global telecommunication services industry.

<sup>27</sup> Ibid.

<sup>28</sup> Tele2, "Environmental Policy", (2020), at: <https://www.tele2.com/files/New-Structure-2021/Sustainability/Policies/Tele2EnvironmentalPolicy.pdf>

<sup>29</sup> SBTi, "Companies taking action", at: <https://sciencebasedtargets.org/companies-taking-action>

<sup>30</sup> Tele2, "2021 Annual and Sustainability Report", (p47).

<sup>31</sup> Tele2, "Green and Sustainability Financing Framework", (2022)

<sup>32</sup> This assessment has been derived from Sustainalytics' ESG Ratings framework conducted in 2021, accessed March 18, 2022.

<sup>33</sup> This assessment has been derived from Sustainalytics' ESG Ratings framework conducted in 2021, accessed March 18, 2022.

<sup>34</sup> This assessment has been derived from Sustainalytics' ESG Risk Ratings framework, accessed March 18, 2022.



In the following section Sustainalytics comments on Tele2's ability to mitigate such potential risks.

- Tele2 has implemented a Code of Conduct that is applicable to all activities, suppliers, vendors and customers. The code outlines the guidelines, policies and standards that are set to manage risks related to customer safety, exposure of electromagnetic fields of its networks, a safe workplace and negative environmental impacts. The code is compliant with the ten principles set forth by the United Nations Global Compact.<sup>35</sup>
- Tele2's environmental management system complies to the Swedish Environmental Base standard (known as Svensk Miljöbas in Swedish). Tele2 has communicated to Sustainalytics that the standard establishes the processes and guidelines for routines and improvements for environmental performance. Specifically, it includes standards around regular environmental reviews, implementation of environmental improvements, employee training and handling non-conformities. Tele2 has also communicated that its environmental management system is re-evaluated annually by a third-party auditor to ensure compliance to the standard.
- The Company has implemented an Environmental Policy to ensure that environmental risks are managed or mitigated within its operations, value chain and stakeholders, and that all applicable laws and regulations are followed. The policy enables a precautionary approach towards impact on biodiversity and ecosystems and other environmental and climate matters and that a robust environmental risk assessment system is in place. Lastly, the policy ensures that the Company implements strategies for its operations and networks around renewable energy and energy efficiency and against climate change including reducing GHG emissions in its operations such as transportation, travel, production and IT infrastructure.<sup>36</sup>
- To further manage or mitigate risks associated with emissions from its own operations, Tele2 has implemented a formal strategic risk management process executed by its group leadership team. As a part of this process, risk owners are assigned to risk areas, each associated with a specific climate risk, and responsible for assessing the potential impact and likelihood of risk materialization as well as implementing mitigative actions. Notably, the risk management process for identification, assessment and mitigation measures related to climate change and GHG emissions adheres to the Task Force on Climate-Related Financial Disclosures while emissions targets are approved by the SBTi.<sup>37</sup> In addition, relevant scope 3 emissions are a key area of focus given Tele2's priority to reduce emissions in its value chain.<sup>38</sup>
- In order to manage risks around land use and biodiversity, Tele2 has communicated that its operations are compliant with the Swedish Environmental Code (Ds 2000:61). The Code ensures that all activities, including the construction of buildings, preserve biological diversity and land use will incorporate long-term good ecological management.<sup>39</sup>
- Under its Code of Conduct, Tele2 ensures that occupational health and safety risks are managed by implemented a series of adequate steps to prevent workplace accidents and injuries. As a part of these steps, the Company focuses on minimizing causes of hazards that exist in the workplace environment and providing employees with appropriate safety equipment.<sup>40</sup>
- To ensure that risks associated with consumer protection and data privacy risks, Tele2 is compliant with the EU's General Data Protection Regulation ("GDPR"). The GDPR protects the privacy and security of EU citizens and applies to personal data, data processing and parties who either control or process the data.<sup>41,42</sup> Tele2's organizational and technical measures, policies and guidelines and governance structure are compliant to the regulation. In addition, the Company conducts a privacy impact assessment with all its projects.

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<sup>35</sup> Tele2, "Code of Conduct", (2020), at: <https://www.tele2.com/files/Tele2CodeofConduct.pdf>

<sup>36</sup> Tele2, "Environmental Policy", (2020), at: <https://www.tele2.com/files/New-Structure-2021/Sustainability/Policies/Tele2EnvironmentalPolicy.pdf>

<sup>37</sup> Tele2, "Our Climate-Related Risk and Opportunities - Task Force on Climate-related Financial Disclosures (TCFD) Report 2020", at: <https://www.tele2.com/files/New-Structure-2021/Sustainability/Tele2-TCDF-Report-2020.pdf>

<sup>38</sup> Ibid.

<sup>39</sup> Government Offices of Sweden, "The Swedish Environmental Code – Ds 2000:61", (2015), at: <https://www.government.se/49b73c/contentassets/be5e4d4ebdb4499f8d6365720ae68724/the-swedish-environmental-code-ds-200061>

<sup>40</sup> Tele2, "Code of Conduct", (2020), at: <https://www.tele2.com/files/Tele2CodeofConduct.pdf>

<sup>41</sup> Wolford, B., "What is GDPR, the EU's new data protection law", GDRP EU, at: <https://gdpr.eu/what-is-gdpr/?cn-reloaded=1>

<sup>42</sup> European Union, "Data protection in the EU", at: [https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu\\_en](https://ec.europa.eu/info/law/law-topic/data-protection/data-protection-eu_en)



- Tele2's operations are predominantly in Sweden, with activities in Estonia, Latvia and Lithuania. These countries are recognized as "Designated Countries" by the Equator Principles, implying the presence of a robust environment and social governance systems, legislation and institutional capacity for protecting the environment and communities.<sup>43</sup>
- According to Sustainalytics' controversy research, Tele2 has no major controversies related to its operations or its supply chain impact on the environment or society.

Overall, Sustainalytics considers that Tele2 has demonstrated efforts in implementing policies and systems to mitigate environmental and social risks associated with the activities to be carried out in the Framework.

## Section 3: Impact of the UoPs and SPTs Selected

### Importance of energy efficiency investments in the telecommunications industry

The telecommunications industry is in the midst of a global transformation, driven by the rollout of new technology. One such example is 5G technology, a new wireless standard expected to enable faster connection speeds and improve bandwidth and lower latency. According to JP Morgan Research, approximately 32% of global smartphone volumes adopted 5G technology by the end of 2020.<sup>44</sup> Furthermore, McKinsey & Company also predicted that by 2023 the number of IoT-connected devices will grow to 43 billion, a threefold increase from 2018.<sup>45</sup> The use of 5G networks can provide environmental benefits. For example, 5G networks have been modelled to use up to 90% less energy per bit compared with 4G.<sup>46</sup> Large telecom networks however, are energy-intensive to operate, and it is expected that the deployment of 5G and IoT devices for example, will impose even greater electricity demands due to the need for increased equipment installation and data processing capacity.<sup>47</sup> The International Energy Agency estimates that from 2010 to 2020, the number of internet users doubled while internet traffic has grown twelve-fold globally.<sup>48</sup> The rapid increase in data traffic will likely translate to increased energy consumption and subsequently, a 2% increase in global carbon emissions.<sup>49</sup> Nevertheless, experts predict that even if 5G networks initially consume large amounts of energy, this will decline over time as network optimization and energy efficient hardware is developed.<sup>50</sup>

Under Sweden's energy policy, the government has established a target of increasing energy efficiency by 50% by 2030 from a 2005 baseline.<sup>51</sup> The aim of the policy is to ensure effective and sustainable energy consumption with energy supply at competitive prices. Sweden's policy also ensures that the country is aligned to the EU's priorities on energy efficiency.<sup>52,53</sup>

Sustainalytics is of the opinion that Tele2's investments in projects that could result in increased energy efficiency will positively contribute to reducing the environmental footprint of the telecommunications services industry and contribute towards Sweden's national targets.

<sup>43</sup> Equator Principles, "Designate and Non-Designated Countries", (2021), at: <https://equator-principles.com/about-the-equator-principles/designated-countries/>

<sup>44</sup> J.P. Morgan, "The Future of 5G Adoption", (2021), at: <https://www.jpmorgan.com/insights/research/future-of-5g-adoption>

<sup>45</sup> Dahlqvist, F. et al. (2019), "Growing opportunities in the Internet of Things", McKinsey & Company, at: <https://www.mckinsey.com/industries/private-equity-and-principal-investors/our-insights/growing-opportunities-in-the-internet-of-things>

<sup>46</sup> Data Makes Possible by Western Digital, "5G vs. 4G – A Side-by-Side Comparison", (2019), at: <https://datamakespossible.westerndigital.com/5g-vs4g-side-by-side-comparison/>

<sup>47</sup> Institute of Electrical and Electronics Engineers, "Is Your IoT Device Harming the Environment", at: <https://innovationatwork.ieee.org/iot-environmental-impact-ieee-wake-up-radio/#:~:text=Negative%20IoT%20Environmental%20Impact&text=All%20that%20data%20will%20require,batteries%20end%20up%20in%20landfills>

<sup>48</sup> IEA "Data Centres and Data Transmission Networks", (2020), at: <https://www.iea.org/reports/data-centres-anddata-transmission-networks>

<sup>49</sup> S&P Global, "ESG Industry Report Card: Telecoms", (2020), at: <https://www.maalot.co.il/Publications/GRB20200824143602.pdf>

<sup>50</sup> 6 DATA Makes Possible by Western Digital, "5G vs. 4G – A Side-by-Side Comparison", (2019), at: <https://datamakespossible.westerndigital.com/5g-vs4g-side-by-side-comparison/>

<sup>51</sup> UNFCCC, "Sweden's long-term strategy for reducing greenhouse gas emissions", (2020), at: [https://unfccc.int/sites/default/files/resource/LTS1\\_Sweden.pdf](https://unfccc.int/sites/default/files/resource/LTS1_Sweden.pdf)

<sup>52</sup> Ibid.

<sup>53</sup> IEA, "Energy Policies of IEA Countries – Sweden 2019 Review", (2019), at: [https://iea.blob.core.windows.net/assets/abf9ceee-2f8f-46a0-8e3b-78fb93f602b0/Energy\\_Policies\\_of\\_IEA\\_Countries\\_Sweden\\_2019\\_Review.pdf](https://iea.blob.core.windows.net/assets/abf9ceee-2f8f-46a0-8e3b-78fb93f602b0/Energy_Policies_of_IEA_Countries_Sweden_2019_Review.pdf)



## The importance of financing renewable energy and energy efficiency projects to reduce GHG emissions

According to the IEA, heat and electricity generation and transportation accounted for over 67% of global CO<sub>2</sub> emissions in 2019.<sup>54</sup> In this context, increasing the share of renewable energy generation and improving energy efficiency has the potential to have significant impact on meeting climate goals. According to the IRENA, renewables and energy efficiency, supported by electrification, has the potential to provide over 90% of the required reductions in energy-related carbon emissions.<sup>55</sup>

In the EU, the energy sector accounted for more than 75% of the annual GHG emissions as of 2020.<sup>56</sup> Furthermore, fossil fuels including coal, oil and natural gas account for 71% of the EU's primary energy supply, despite on-going efforts made by the EU to reduce fossil fuel use and GHG emissions.<sup>57</sup> The European Commission has proposed to cut GHG emissions by at least 55% by 2030 in order to set the EU on its path to become carbon-neutral by 2050.<sup>58</sup> This plan is in line with the EU's commitments under the Paris Agreement. To achieve its goals and commitments, the EU has implemented the European Climate Law that requires EU Institutions and Member States meet their respective targets.<sup>59</sup> In order to meet these, the IEA has stated that the EU should further invest in clean energy, accelerate the implementation of energy efficiency policies as well as innovate and deploy technology for decarbonization.<sup>60</sup>

As a Member State of the EU, Sweden implemented its climate policy framework in 2017 which sets forth the country's commitment to have zero net GHG emissions by 2045 to align with the goals of the EU and Paris Agreement.<sup>61</sup> The Swedish government has set specific targets including ensuring that 100% of its energy demand is fulfilled by renewable sources by 2040, and enhancing its energy performance by 50% by 2030, compared to a 2005 baseline.<sup>62,63</sup> In Estonia, the government aims to reduce GHG emissions by 80% by 2050 compared to a 1990 baseline. To achieve its commitments, the government adopted a National Adaptation Strategy and Action Plan which includes policies related to energetics and energy supply systems.<sup>64,65</sup> In Latvia, the government approved the country's Climate Change Adaptation Plan for 2030 with its National Low Carbon Development Strategy until 2050 underway to implement actions against climate change across various sectors.<sup>66,67</sup> Lastly, in 2019, the Lithuanian government has implemented its National Climate Change Management Policy in line with EU regulations and targets to reduce GHG emissions across all of its economic sectors by 2050. A key strategy of this is related to the improvement of energy efficiency and generation of energy from renewable sources.<sup>68,69</sup>

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<sup>54</sup> International Energy Agency (IEA), "Greenhouse Gas Emissions from Energy: Overview", (2021), at:

<sup>55</sup> International Renewable Energy Agency (IRENA), "How to Transform the Energy System and Reduce Carbon Emissions", (2019), at: <https://www.irena.org/DigitalArticles/2019/Apr/How-To-Transform-Energy-System-And-Reduce-Carbon-Emissions>

<sup>56</sup> European Commission, "Powering a climate-neutral economy", (2020), at: [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1259](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1259)

<sup>57</sup> IEA, "Europe", (2019), at: <https://www.iea.org/regions/europe>

<sup>58</sup> European Commission, "2030 Climate Target Plan", (2021), at: [https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan\\_en](https://ec.europa.eu/clima/eu-action/european-green-deal/2030-climate-target-plan_en)

<sup>59</sup> European Commission, "European Climate Law", (2021), at: [https://ec.europa.eu/clima/eu-action/european-green-deal/european-climate-law\\_en](https://ec.europa.eu/clima/eu-action/european-green-deal/european-climate-law_en)

<sup>60</sup> IEA, "European Union 2020 – Energy Policy Review", (2020), at: [https://iea.blob.core.windows.net/assets/ec7cc7e5-f638-431b-ab6e-86f62aa5752b/European\\_Union\\_2020\\_Energy\\_Policy\\_Review.pdf](https://iea.blob.core.windows.net/assets/ec7cc7e5-f638-431b-ab6e-86f62aa5752b/European_Union_2020_Energy_Policy_Review.pdf)

<sup>61</sup> Government Offices of Sweden, "Sweden's climate policy framework", (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

<sup>62</sup> UNFCCC, "Sweden's long-term strategy for reducing greenhouse gas emissions", (2020), at: [https://unfccc.int/sites/default/files/resource/LTS1\\_Sweden.pdf](https://unfccc.int/sites/default/files/resource/LTS1_Sweden.pdf)

<sup>63</sup> Government of Netherlands, "Climate policy", (2020), at: <https://www.government.nl/topics/climate-change/climate-policy#:~:text=To%20combat%20climate%20change%2C%20the,Act%20on%20May%2028%2C%202019.>

<sup>64</sup> Denks, G. (2017), "Climate-adapting Estonia", Republic of Estonia – Ministry of the Environment, at: [https://www.varam.gov.lv/sites/varam/files/content/files/6\\_31\\_10\\_part7\\_3\\_ppt\\_getlyn\\_denks.pdf](https://www.varam.gov.lv/sites/varam/files/content/files/6_31_10_part7_3_ppt_getlyn_denks.pdf)

<sup>65</sup> European Climate Adaptation Platform Climate-ADAPT, "Estonia", (2021), at: <https://climate-adapt.eea.europa.eu/countries-regions/countries/estonia>

<sup>66</sup> University of Turku, "Latvia is ready to be part of climate change solution", (2019), at: <https://sites.utu.fi/bre/latvia-is-ready-to-be-part-of-climate-change-solution/>

<sup>67</sup> Republic of Latvia, "Recent Climate Policy Developments", (2020), at: [https://www.orgbalt.eu/wp-content/uploads/2020/02/Recent-Climate-policy-developments\\_Gancone-A\\_20200129-1.pdf](https://www.orgbalt.eu/wp-content/uploads/2020/02/Recent-Climate-policy-developments_Gancone-A_20200129-1.pdf)

<sup>68</sup> Grantham Research Institute on Climate Change and the Environment – London School of Economics, "Strategy for the National Climate Change Management Policy until 2050", at: <https://www.climate-laws.org/geographies/lithuania/policies/strategy-for-the-national-climate-change-management-policy-until-2050#:~:text=The%20overall%20vision%20of%20the,carbon%20economy%2C%20implemented%20eco%2D%20innovative>

<sup>69</sup> OECD, "Greening Lithuania's Growth – Working Paper No. 1667", (2021), at: [https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP\(2021\)18&docLanguage=En#:~:text=Lithuania%20set%20up%20a%20range,carbon%20emission%20target%20by%202050](https://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=ECO/WKP(2021)18&docLanguage=En#:~:text=Lithuania%20set%20up%20a%20range,carbon%20emission%20target%20by%202050)

In this context, Sustainalytics is of the opinion that Tele2's financing of renewable energy and energy efficiency projects is expected to support the energy-related targets and strategies of all the regions in which it operates in, Sweden and the Baltics. As a result, projects being financed will also contribute to the EU's transition towards a low-carbon economy.

### Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. The Tele2 Green and Sustainability-Linked Financing Framework advances the following SDG goals and targets:

KPI/Category	SDG	SDG Target
Energy Efficiency	7. Affordable and Clean Energy  9. Industry, Innovation and Infrastructure	7.3 By 2030, double the global rate of improvement in energy efficiency  9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons
Renewable Energy	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
KPI 1 - Reduction of Scope 1,2 GHG emissions	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix  7.3 By 2030, double the global rate of improvement in energy efficiency
KPI 2 - Reduction of Scope 3 GHG emissions	9. Industry, Innovation and Infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

## Conclusion

Tele2 has developed the Tele2 Green and Sustainability-Linked Financing Framework under which it may issue use of proceeds and/or sustainability-linked bonds/loans.

Under the green bonds/loans, the proceeds may finance projects related to energy efficiency, clean transportation, and renewable energy. Sustainalytics considers that the projects funded by the use of proceeds bonds are expected to provide a positive environmental impact. The Tele2 Green and Sustainability-Linked Financing Framework outlines a process by which proceeds will be tracked, allocated, and managed and makes commitments for reporting on the allocation and impact of the use of proceeds.

Under the sustainability-linked instruments, Tele2 intends to tie the financial characteristics of the bonds to the achievements of the following SPTs:

- SPT 1: To reduce absolute scope 1 and 2 GHG emissions by 100% by 2029.
- SPT 2: To reduce scope 3 GHG emissions by 60% per subscription by 2029 from a 2019 base year.

Sustainalytics considers KPI 1 and KPI 2 to be very strong given that, together, they directly measure performance on a relevant and material ESG issue for the Company, have significant scope of applicability, are aligned with credible external methodologies and are fit for benchmarking on top of being validated by SBTi.



Sustainalytics considers Tele2's SPT 1 to be highly ambitious given that the SPT aligns with the targets set by the Company's peers and SBTi's well-below 1.5-degree scenario. Sustainalytics considers Tele2's SPT 2 to be ambitious given that it presents a material improvement compared to past performance and the SPT aligns with the targets set by the Company's peers. Sustainalytics considers reporting and verification commitments to be aligned with market expectations.

Furthermore, Sustainalytics believes that the Tele2 Green and Sustainability-Linked Financing Framework is aligned with the Company's overall sustainability strategy.

Based on the above, Sustainalytics is confident that Tele2 is well-positioned to issue green bonds and sustainability-linked bonds and that the Tele2 Green and Sustainability-Linked Financing Framework is in alignment with the Green Bond Principles 2021, Green Loan Principles 2021, Sustainability-Linked Bond Principles 2020, and Sustainability-Linked Loan Principles 2021.

## Appendix 1 Green Bond / Green Bond Programme - External Review Form

### Section 1. Basic Information

<b>Issuer name:</b>	Tele2 AB
<b>Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:</b>	Tele2 Green and Sustainability-Linked Financing Framework
<b>Review provider's name:</b>	Sustainalytics
<b>Completion date of this form:</b>	May 2, 2022
<b>Publication date of review publication:</b>	

### Section 2. Review overview

#### SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds        | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting                                    |

#### ROLE(S) OF REVIEW PROVIDER

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 <sup>nd</sup> opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification   | <input type="checkbox"/> Rating        |
| <input type="checkbox"/> Other ( <i>please specify</i> ):                       |  |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

### Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 1. USE OF PROCEEDS

Overall comment on section (if applicable):

Sustainalytics is of the opinion that the Tele2 Green and Sustainability-Linked Financing Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021 (the “Use of Proceeds Principles”). The eligible categories for the use of proceeds – Energy Efficiency, Clean Transportation, and Renewable Energy – are aligned with those recognized by the Use of Proceeds Principles and will lead to positive environmental impacts.

#### Use of proceeds categories as per GBP:

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy  | <input checked="" type="checkbox"/> Energy efficiency  |
| <input type="checkbox"/> Pollution prevention and control   | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation  | <input checked="" type="checkbox"/> Clean transportation   |
| <input type="checkbox"/> Sustainable water and wastewater management  | <input type="checkbox"/> Climate change adaptation   |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes                            | <input type="checkbox"/> Green buildings   |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify):   |

If applicable please specify the environmental taxonomy, if other than GBP:

#### 2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Tele2’s Green Finance Committee (the “Committee”) will be responsible for overseeing the evaluation and selection process for all eligible projects. The Committee is comprised of representatives from the Company’s treasury, strategy, technology, and sustainability teams. The Committee is also responsible for the final approval of eligible projects and intends to review eligible projects periodically to ensure alignment with the Framework criteria. Tele2 has communicated to Sustainalytics that it has in place environmental and social risk management system applicable to all allocation decisions in the Framework. See Section 2 for additional details. Based on the clearly defined responsibilities and risk management policies, Sustainalytics considers this process to be in line with market practice.

**Evaluation and selection**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives            | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories    |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available                  | <input type="checkbox"/> Other ( <i>please specify</i> ):  |

**Information on Responsibilities and Accountability**

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other ( <i>please specify</i> ):  |  |

**3. MANAGEMENT OF PROCEEDS**

Overall comment on section (*if applicable*):

Tele2's Treasury department will oversee the management of proceeds and track allocation to eligible projects internally using an earmarked account. The Company intends to reach full allocation within 12 months of issuance and has established a look-back period of three years for its refinancing activities. Sustainalytics considers these to be aligned with market practice. Unallocated proceeds will be temporarily held in liquidity reserves and managed in accordance with Tele2's normal liquidity practices. Based on the defined management approach and the disclosure around management of unallocated proceeds, Sustainalytics considers this process to be in line with market practice.

**Tracking of proceeds:**

- |   |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner          |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other ( <i>please specify</i> ):   |

**Additional disclosure:**

- |   |   |
|---|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements                     |

- Disclosure of portfolio balance of unallocated proceeds
  Other (*please specify*):

#### 4. REPORTING

Overall comment on section (if applicable):

Tele2 intends to report on allocation of proceeds in a Green Financing Investor Report, published on its website annually until full allocation. The report will include a description of the portfolio of eligible assets, type of financing securities utilized and respective outstanding amounts, proportion of new financing and refinancing, disbursed amounts per category as well as a list of eligible assets including amounts allocated. In addition, Tele2 is committed to impact reporting and intends to report on KPIs, on an aggregated basis, such as energy use per terabyte per year (MWh), annual energy savings compared to replacement technology) (MWh) and (estimated avoided/reduced GHG emissions (tCO2e). Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market practice

#### Use of proceeds reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

#### Information reported:

- Allocated amounts
  Green Bond financed share of total investment
- Other (*please specify*):  
 Description of portfolio of Eligible Assets; type of financing securities utilized and respective outstanding amounts; information on the split between new financing and re-financing;

#### Frequency:

- Annual
  Semi-annual
- Other (*please specify*):

#### Impact reporting:

- Project-by-project
  On a project portfolio basis
- Linkage to individual bond(s)
  Other (*please specify*):

#### Information reported (expected or ex-post):

- GHG Emissions / Savings
  Energy Savings

- Decrease in water use
- Other ESG indicators (please specify): Energy use per terabyte/year (in MWh); % of fossil fuel free vehicles (as % of total vehicles); % of fossil fuel free equipment (as a % of total fuel use per annum of equipment); low-carbon infrastructure: number of EV charging points; renewable energy generated (MWh); installed generation capacity (MWh)

**Frequency**

- Annual
- Semi-annual
- Other (please specify):

**Means of Disclosure**

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other (please specify): Information published in a Green Financing Investor Report
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):

Where appropriate, please specify name and date of publication in the useful links section.

**USEFUL LINKS** (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

**SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**

**Type(s) of Review provided:**

- Consultancy (incl. 2<sup>nd</sup> opinion)
- Certification
- Verification / Audit
- Rating
- Other (please specify):

**Review provider(s):**

**Date of publication:**



**ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

## Appendix 2: Sustainability-Linked Bonds - External Review Form

### Section 1. Basic Information

Issuer name: Tele2 AB

Sustainability-Linked Bond ISIN:

Independent External Review provider's name for second party opinion pre-issuance (sections 2 & 3): Sustainalytics

Completion date of second party opinion pre-issuance: May 2, 2022

Independent External Review provider's name for post-issuance verification (section 4):

Completion date of post issuance verification:

At the launch of the bond, the structure is:

- a step-up structure  a variable redemption structure

### Section 2. Pre-Issuance Review

#### 2-1 SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review:

- assessed all the following elements (complete review)  only some of them (partial review):
- |  |  |
|--|--|
| <input checked="" type="checkbox"/> Selection of Key Performance Indicators (KPIs)           | <input checked="" type="checkbox"/> Bond characteristics (acknowledgment of) |
| <input checked="" type="checkbox"/> Calibration of Sustainability Performance Targets (SPTs) | <input checked="" type="checkbox"/> Reporting                                |
| <input checked="" type="checkbox"/> Verification   |  |
- and confirmed their alignment with the SLBP.

#### 2-2 ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification  |
| <input type="checkbox"/> Verification                    | <input type="checkbox"/> Scoring/Rating |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

#### 2-3 EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (if applicable)



### Section 3. Detailed pre-issuance review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

#### 3-1 SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

**Overall comment on the section (if applicable):** Sustainalytics considers KPI 1 and KPI 2 to be very strong given that, when assessed in combination, they (i) represent direct measures of GHG emissions from Tele2's own operations as well as its supply chain, through the purchase of goods and services and the use of sold products. In addition, both KPIs; (ii) represent a material environmental issue for the sector and the Company; (iii) are defined following clear and consistent definitions as per GHG Protocol Standard which supports benchmarking against external emission reduction strategies and (iiiv) are validated by SBTi.

##### List of selected KPIs:

- Reduction of Scope 1,2 GHG emissions
- Reduction of Scope 3 GHG emissions

##### Definition, Scope, and parameters

- |                                     |  |                                     |                               |
|-------------------------------------|--|-------------------------------------|-------------------------------|
| <input checked="" type="checkbox"/> | Clear definition of each selected KPIs | <input checked="" type="checkbox"/> | Clear calculation methodology |
| <input type="checkbox"/>            | Other (please specify):                |                                     |                               |

##### Relevance, robustness, and reliability of the selected KPIs

- |                                     |  |                                     |  |
|-------------------------------------|--|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Credentials that the selected KPIs are relevant, core and material to the issuer's sustainability and business strategy. | <input checked="" type="checkbox"/> | Evidence that the KPIs are externally verifiable |
| <input checked="" type="checkbox"/> | Credentials that the KPIs are measurable or quantifiable on a consistent methodological basis                            | <input checked="" type="checkbox"/> | Evidence that the KPIs can be benchmarked        |
|                                     |  | <input type="checkbox"/>            | Other (please specify):                          |

#### 3-2 CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

**Overall comment on the section (if applicable):** Sustainalytics considers the SPTs to align with Tele2's sustainability strategy and considers Tele2's SPT 1 to be highly ambitious given that the SPT aligns with the targets set by the Company's peers and SBTi's well-below 1.5-degree scenario. Sustainalytics considers Tele2's SPT 2 to be ambitious given that it presents a material improvement compared to past performance and the SPT aligns with the targets set by the Company's peers, and is considered to be ambitious by SBTi.

##### Rationale and level of ambition

- |                                     |  |                                     |   |
|-------------------------------------|--|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Evidence that the SPTs represent a material improvement                                  | <input checked="" type="checkbox"/> | Credentials on the relevance and reliability of selected benchmarks and baselines |
| <input checked="" type="checkbox"/> | Evidence that SPTs are consistent with the issuer's sustainability and business strategy | <input checked="" type="checkbox"/> | Credentials that the SPTs are determined on a predefined timeline                 |
|                                     |  | <input type="checkbox"/>            | Other (please specify):   |

**Benchmarking approach**

- |                                     |                          |                                     |                         |
|-------------------------------------|--------------------------|-------------------------------------|-------------------------|
| <input checked="" type="checkbox"/> | Issuer own performance   | <input checked="" type="checkbox"/> | Issuer's peers          |
| <input checked="" type="checkbox"/> | reference to the science | <input type="checkbox"/>            | Other (please specify): |

**Additional disclosure**

- |                                     |   |                                     |  |
|-------------------------------------|---|-------------------------------------|--|
| <input checked="" type="checkbox"/> | potential recalculations or adjustments description                       | <input checked="" type="checkbox"/> | issuer's strategy to achieve description |
| <input checked="" type="checkbox"/> | identification of key factors that may affect the achievement of the SPTs | <input type="checkbox"/>            | Other (please specify):                  |

**3-3 BOND CHARACTERISTICS**

**Overall comment on the section (if applicable):** Tele2 AB has disclosed that securities issued under the Framework will have financial penalties in the form of either a coupon step-up or an increase in the redemption price, tied to the issuer's achievement of the instrument's SPTs. Such financial penalties will succeed a trigger event, defined by the Framework as being any of the following: i) Tele2's KPI performance following short of the applicable SPT on the relevant target observation date, as defined by the respective security documentation; ii) insufficient reporting by Tele2 based on the reporting requirements outlined in the Framework; or iii) insufficient reporting on, and verification of, Tele2's performance against the applicable KPI, in accordance with the Verification requirements of the Framework. Specific financial and structural characteristics of any security issued under the Framework will be described in its corresponding documentation. Sustainalytics positively notes that all SPTs need to be met to avoid an increase in the coupon/interest rate.

**Financial impact:**

- variation of the coupon
- ...
- Other (please specify):

**Structural characteristic:**

- ...
- ...
- Other (please specify):

**3-4 REPORTING**

**Overall comment on the section (if applicable):** Tele2 will provide relevant reporting on the progress made with respect to the KPIs, and, in relation to any relevant reference periods, the achievement or not of the SPTs set out in the security specific documentation. The Company will make such reporting publicly available on an annual basis in a Sustainability-Linked Financing (SLF) Progress Report, and in any case relevant for assessing the KPI performances leading to a potential adjustment of the financial or structural characteristics of bonds issued under the Framework. Tele2 intends to publish the SLF Progress Report to its web page no later than the Reporting End Date, as outlined in the security specific documentation, after the end of the year and including the Reference Period. This reporting practice is aligned with the SLBP.

**Information reported:**

- performance of the selected KPIs
- level of ambition of the SPTs
- verification assurance report
- Other (please specify):

**Frequency:**

- Annual
- Other (please specify):
- Semi-annual

**Means of Disclosure**

- Information published in financial report
- Information published in ad hoc documents
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review):
- Information published in sustainability report
- Other (please specify): Tele2’s web page

Where appropriate, please specify name and date of publication in the “useful links” section.

**Level of Assurance on Reporting**

- limited assurance
- reasonable assurance
- Other (please specify):

**USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)**

**Section 4. Post-issuance verification**

**Overall comment on the section (if applicable):** Tele2 commits to having an external verifier provide limited assurance against each SPT for each KPI at least once a year, which is aligned with the SLBP on verification. The Company intends to make public the verification report on its website together with the SLF Progress Report, no later than the applicable Reporting End Date, and in any case for an SPT related trigger event, as outlined in the Framework. This practice is aligned with market expectation.

**Information reported:**

- limited assurance
- reasonable assurance
- Other (please specify):



**Frequency:**

- Annual
- Other (please specify):
- Semi-annual

**Material change:**

- Perimeter
- SPTs calibration
- KPI methodology

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In case of discrepancies between the English language and translated versions, the English language version shall prevail.

## About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading ESG research, ratings and data firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world’s leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 17 offices globally, Sustainalytics has more than 800 staff members, including more than 300 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit [www.sustainalytics.com](http://www.sustainalytics.com)

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