

Second-Party Opinion

Etel Sustainability-Linked Finance Framework



Evaluation Summary

Sustainalytics is of the opinion that the Etel Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022. This assessment is based on the following:

- Selection of Key Performance Indicators** The Etel Sustainability-Linked Finance Framework includes three KPIs: i) Absolute scope 1 GHG emissions; ii) Renewable electricity sourcing; and iii) Suppliers with science-based targets (see Table 1). Sustainalytics considers KPI 1 as very strong, and KPI 2 and KPI 3 as strong based on their materiality, relevance, scope of applicability and comparability to external benchmarks.
- Calibration of Sustainability Performance Targets** Sustainalytics considers the SPTs to be aligned with Etel’s sustainability strategy. Sustainalytics further considers SPT 1a, SPT 1b, SPT 2a and SPT 2b to be highly ambitious and SPT 3a and SPT 3b to be ambitious based on comparison with past performance, peer performance and science-based trajectories.
- Financial Instrument Characteristics** Etel will link the financial characteristics of the instruments to its performance on the SPTs. A coupon or interest rate step-up or premium payment will apply if any SPT has not been achieved by its observation date. Additionally, the target observation date will be set before the first call date for hybrid bonds, and failure to achieve an SPT will result in Etel paying a pre-defined premium payment when the hybrid bond is called. This is aligned with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.
- Reporting** Etel commits to reporting on its progress on the KPIs on an annual basis in either a stand-alone report or integrated into its annual report published on its website. Etel also commits to disclosing relevant information that may affect the KPIs, such as the recalculations of relevant KPI metrics. These reporting commitments are aligned with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles.
- Verification** Etel commits to having an external verifier provide either limited or reasonable assurance against each SPT for each KPI once a year, which is aligned with the SLBP and SLLP.

Evaluation Date	February 28, 2023
Issuer Location	Stockholm, Sweden

The SPTs contribute to the following SDGs:



Overview of KPIs and SPTs

KPI	Baseline	Strength of KPI	SPT	Ambitiousness of SPT
KPI 1: Absolute scope 1 GHG emissions (kgCO ₂ e)	2021	Very Strong	SPT 1a: Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline	Highly Ambitious
			SPT 1b: Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline	Highly Ambitious
KPI 2: Renewable electricity sourcing (%)	2021	Strong	SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline	Highly Ambitious
			SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline	Highly Ambitious
KPI 3: Suppliers with science-based targets (%)	2021	Strong	SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline	Ambitious
			SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline	Ambitious

Table of Contents

Scope of Work and Limitations	4
Introduction	5
Sustainalytics’ Opinion	6
Section 1: Sustainalytics’ Opinion on the Alignment of the Etel Sustainability-Linked Finance Framework with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles	6
Selection of Key Performance Indicators	6
Calibration of Sustainability Performance Targets	8
Financial Instruments Characteristics	10
Reporting	11
Verification	11
Section 2: Assessment of Etel’s Sustainability Strategy	11
Section 3: Impact of the SPTs	12
Conclusion	13
Appendix 1	15

Scope of Work and Limitations

Etel has engaged Sustainalytics to review the Etel Sustainability-Linked Finance Framework dated February 2023 (the "Framework") and provide an opinion on its alignment with the Sustainability-Linked Bond Principles 2020 (SLBP)¹ and Sustainability-Linked Loan Principles 2022 (SLLP).²

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent³ opinion on the alignment of the Framework with the SLBP, as administered by ICMA, and the SLLP as administered by APLMA, LMA and LSTA.

As part of this engagement, Sustainalytics exchanged information with various members of Etel's management team to understand the sustainability impact of its business processes and SPTs, as well as the reporting and verification aspects of the Framework. Etel's representatives have confirmed that:

- (1) They understand it is the sole responsibility of the issuer to ensure that the information provided is complete, accurate and 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 the Framework. Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and Etel. Sustainalytics' Second-Party Opinion reflects on the alignment of the Framework with market standards, but provides no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Sustainalytics' Second-Party Opinion addresses the anticipated SPTs of KPIs but does not measure KPI progress. The measurement and reporting on the KPIs is the responsibility of the issuer. 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 Etel has made available to Sustainalytics for the purpose of this Second-Party Opinion.

The Second-Party Opinion is valid for issuances aligned with the Framework and the methodology to calculate the KPI outlined in the Second-Party Opinion up to 24 months or until one of the following occurs:

- (1) A material change to the external benchmarks⁴ against which targets were set;
- (2) A material corporate action (such as a material M&A or change in business activity) which has a bearing on the achievement of the SPTs or the materiality of the KPIs.

For inquiries, contact the Corporate Solutions project team:

Titus Vilches (Amsterdam)
Project Manager
titus.vilches@morningstar.com
(+31) 20 797 1563

Taotao Yue (Amsterdam)
Project Support

Kibii Sisulu (London)
Client Relations
susfinance.emea@sustainalytics.com
(+44) 20 3880 0193

Prashant Pandey (Mumbai)
Project Support

¹ The Sustainability-Linked Bond Principles were launched by ICMA in June 2020. They are administered by ICMA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

² The Sustainability-Linked Loan Principles (SLLP) were launched by LSTA in March 2022. They are administered by the LSTA and are available at: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-PrinciplesJune-2020-100620.pdf>

³ 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.

⁴ Benchmarks refer to science-based benchmarks.

Introduction

Eltel AB (“Eltel” or the “Company”) is a Sweden-based company that provides technical services for power and communication networks. The Company operates through two business segments. The communication segment, accounting for more than 60% of net sales, provides maintenance services and upgrade work to telecom operators and other communication network owners. The power segment provides network maintenance and fault repair services, upgrade work and project services mainly to transmission system operators and distribution network owners. Eltel operates in the Nordics (Sweden, Finland, Norway and Denmark), Poland, Germany and Lithuania.

Eltel intends to structure sustainability-linked bonds, sustainability-linked hybrid bonds and sustainability-linked loans, whose financial characteristics are tied to the achievement of the sustainability performance targets for three KPIs. KPI 1, KPI 2 and KPI 3 address scopes 1, 2 and 3 of Eltel’s GHG emissions, respectively.

Eltel has engaged Sustainalytics to review the Framework and provide an opinion on the alignment of the Framework with the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022 (the “Principles”). The Framework will be published in a separate document.⁵

Eltel has defined the following KPIs and SPTs:

Table 1: KPI Definitions

KPI	Definition
KPI 1: Absolute scope 1 GHG emissions	<p>This KPI is defined as the absolute amount of scope 1 GHG emissions measured in kilograms of CO₂ equivalent (kgCO₂e).</p> <p>Scope 1 emissions are direct emissions resulting from fuel use in Eltel’s car fleet and on-site energy use (heating). Eltel follows the GHG Protocol⁶ standard in measuring its emissions.</p>
KPI 2: Renewable electricity sourcing	<p>The KPI is defined as the share of electricity consumption from renewable sources on Eltel’s office premises as a percentage of the Company’s total purchased electricity (measured in kWh).</p> <p>This KPI is calculated by dividing the total amount of electricity from renewable sources (measured in kWh) by the total amount of purchased electricity from renewable and non-renewable sources consumed by the Company on its office premises (measured in kWh). Eltel considers the following as renewable electricity sources: solar, wind and hydropower.</p>
KPI 3: Suppliers with science-based targets	<p>The KPI 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).⁷</p> <p>The KPI is calculated by dividing the emissions of suppliers that have set science-based targets by the total emissions of Eltel’s suppliers. The science-based targets are not required to be formally validated by the SBTi but need to meet the criteria based on the SBTi’s guidelines at the time that the targets are set.</p> <p>The KPI’s boundary is limited to suppliers that are classified under the following categories of the GHG Protocol for scope 3 emissions: i) purchased goods and services (category 1), ii) capital goods (category 2), iii) upstream transportation and distribution (category 4), iv) waste generated in operations (category 5), and v) business travel (category 6).</p>

⁵ The Eltel Sustainability-Linked Finance Framework will be available on Eltel’s website at: <https://www.eltelgroup.com/sustainable-financing>

⁶ Greenhouse Gas Protocol, “Corporate Standard”, at: <https://ghgprotocol.org/corporate-standard>

⁷ Science Based Targets initiative, “About us”, at: <https://sciencebasedtargets.org/about-us0020>

Table 2: SPTs and Past Performance

KPI	2020	2021 (baseline)	SPT 2025	SPT 2026
KPI 1: Absolute scope 1 GHG emissions	20,384,761 kgCO ₂ e	15,371,082 kgCO ₂ e	Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline	Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline
KPI 2: Renewable electricity sourcing	20%	31%	Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline	Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline year
KPI 3: Suppliers with science-based targets	-	0%	Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline year	Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline year

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Alignment of the Eltel Sustainability-Linked Finance Framework with the Sustainability-Linked Bond Principles and Sustainability-Linked Loan Principles

Sustainalytics is of the opinion that the Eltel Sustainability-Linked Finance Framework aligns with the five core components of the SLBP and SLLP.



Selection of Key Performance Indicators

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 business on environmental or social issues, and ii) to what extent the KPI is applicable.

Sustainalytics notes that the KPIs collectively address Eltel's GHG emissions, and therefore, has taken a combined view towards rating these KPIs' relevance and materiality. Sustainalytics considers the KPIs to be material and relevant given that:

- Sustainalytics' ESG Risk Rating identifies Carbon – Own Operations⁸ as a material ESG issue for the construction and engineering industry. The construction industry consumes large amounts of energy through the use of gasoline, diesel fuel and natural gas to power on-site tools, machinery and vehicles, which makes it important to optimize energy efficiency and increase renewable electricity use in the industry.⁹
- The engineering and construction industry is the world's largest consumer of raw materials, and constructed entities such as buildings and infrastructure account for 25-40% of the global carbon

⁸ Sustainalytics' Carbon – Own Operations MEI refers to a company's management of risks related to its own operational energy use and scope 1 and 2 GHG emissions. It also includes parts of scope 3 GHG emissions.

⁹ Sustainalytics' ESG Risk Rating: Construction & Engineering, (2022)

emissions.¹⁰ To limit the global rise in temperature to 1.5°C by 2050, the operational carbon emissions and the entire building and construction supply chain need to decarbonize to net zero by 2050.¹¹ The carbon footprint of a construction project covers not just emissions from the various on-site activities but also emissions from the contributing partners in the production and movement of materials in supply chains.¹² More specifically, for the construction sector, purchased goods and services (category 1) and capital goods (category 2) are the most significant source of scope 3 emissions.¹³ To address scope 3 emissions, companies in the engineering and construction industry need to engage their suppliers to adopt emissions reduction strategies.¹⁴ The SBTi recommends companies to engage with their suppliers to set science-based targets as one of the emissions reduction strategies.¹⁵

- The KPIs' applicability is assessed on a combined basis as all three KPIs are an integral part of the Company's decarbonization strategy that addresses scope 1, 2 and 3 emissions. In 2021, scope 1 and 2 GHG emissions represented 11.7% of the Company's total emissions (scope 1, 2 and 3). KPI 3 covers Etel's scope 3 emissions from purchased goods and services (category 1), capital goods (category 2), upstream transportation and distribution (category 4), waste generated in operations (category 5) and business travel (category 6), which represented 84.9% of Etel's total GHG emissions in 2021 (or 96.2% of the Company's total scope 3 emissions). In all, the three KPIs cover 96.7% of Etel's GHG emissions.

Based on the above, Sustainalytics considers the KPIs to be material and highly applicable.

KPI Characteristics

In its assessment of the KPIs' characteristics, Sustainalytics considers: i) whether they use a clear and consistent methodology, ii) whether they follow an externally recognized definition, iii) whether the KPIs are direct measures of the issuer's performance on the material environmental or social issue, and iv) if applicable, whether the methodology can be benchmarked against an external contextual benchmark.¹⁶

KPI 1: Absolute scope 1 GHG emissions

Sustainalytics considers Etel's definition and methodology to calculate KPI 1 to be clear and consistent with the Company's historical disclosures on scope 1 emissions. KPI 1 follows the GHG Protocol's Corporate Reporting Standards.¹⁷ Additionally, the KPI supports benchmarking against external emission reduction trajectories, such as the SBTi's absolute contraction approach.¹⁸ Sustainalytics considers KPI 1 to be directly linked to the Company's climate performance.

KPI 2: Renewable electricity sourcing

Sustainalytics considers Etel's definition and methodology to calculate KPI 2 to be clear and consistent with the Company's historical disclosures. Additionally, the KPI is benchmarkable against the relevant criteria of RE100 and the SBTi for renewable electricity procurement.¹⁹ Sustainalytics considers KPI 2 to be indirectly linked to the material issue of GHG emissions.

¹⁰ International Finance Corporation, "Construction Industry Value Chain", (2018), at: <https://openknowledge.worldbank.org/bitstream/handle/10986/31055/132770-WP-Construction-Industry-Value-Chain-PUBLIC.pdf?sequence=1&isAllowed=y>

¹¹ Willis, T. et al., "WorldGBC responds to IPCC: The entire building and construction supply chain must decarbonise by 2050 to reach 1.5 degrees", WGBC, at: <https://worldgbc.org/article/worldgbc-responds-to-ipcc-the-entire-building-and-construction-supply-chain-must-decarbonise-by-2050-to-reach-1-5-degrees/>

¹² Hassan Labaran, Y. et al. (2022), "Carbon footprint management: A review of construction industry", Cleaner Engineering and Technology, at: <https://reader.elsevier.com/reader/sd/pii/S2666790822001367?token=5AEE12015BA2EAF4037D3752A708A297D0FDE3097D326AC67D20B367969D3D3C725FC1FE09AF4A472701936BAC7C53D7&originRegion=eu-west-1&originCreation=20230215123520>

¹³ CDP, "CDP Technical Note: Relevance of Scope 3 Categories by Sector", (2023), at: https://cdn.cdp.net/cdp-production/cms/guidance_docs/pdfs/000/003/504/original/CDP-technical-note-scope-3-relevance-by-sector.pdf?1649687608

¹⁴ International Finance Corporation, "Construction Industry Value Chain", (2018), at: <https://openknowledge.worldbank.org/bitstream/handle/10986/31055/132770-WP-Construction-Industry-Value-Chain-PUBLIC.pdf?sequence=1&isAllowed=y>

¹⁵ Science Based Targets initiative, "SBTi Criteria and Recommendations", (2021), at: <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

¹⁶ External contextual benchmarks provide guidance on alignment with ecological system boundaries. This criterion is not applied to social KPIs or impact areas for which such contextual benchmarks are not available.

¹⁷ Greenhouse Gas Protocol, "A Corporate Accounting and Reporting Standard revised edition", at: <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>

¹⁸ Science Based Targets initiative, Corporate Manual, (2021) at: <https://sciencebasedtargets.org/resources/files/SBTi-Corporate-Manual.pdf>

¹⁹ RE100, Frequently Asked Questions (FAQs): Technical, (2023), at: <https://www.there100.org/sites/re100/files/2023-02/RE100%20FAQs%20-%20February%202023.pdf>

KPI 3: Suppliers with science-based targets

Sustainalytics considers Etel’s definition and methodology to calculate KPI 3 to be clear. KPI 3 follows the supplier engagement method based on the SBTi’s criteria and recommendations,²⁰ which is consistent with the GHG Protocol’s Corporate Standard. Sustainalytics considers KPI 3 to be indirectly linked to the Company’s performance on GHG emissions.

Overall Assessment

Sustainalytics considers KPI 1 to be very strong given that it: i) represents a direct measure of a material ESG issue related to Etel’s climate performance; ii) reflects a high scope of applicability in combination with KPI 2 and KPI 3; iii) follows a clear and consistent methodology which is externally defined; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 2 to be strong given that it: i) represents an indirect measure of a material ESG issue related to Etel’s climate performance; ii) has a high scope of applicability in combination with KPI 1 and KPI 3; iii) follows clear and consistent definitions; and iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 3 to be strong given that it: i) represents an indirect measure of a material ESG issue related to Etel’s climate performance; ii) has a high scope of applicability; iii) follows a clear definition; and iv) is validated by the SBTi.

KPI	Strength of KPI			
KPI 1: Absolute scope 1 GHG emissions	Not Aligned	Adequate	Strong	Very strong
KPI 2: Renewable electricity sourcing	Not Aligned	Adequate	Strong	Very strong
KPI 3: Suppliers with science-based targets	Not Aligned	Adequate	Strong	Very strong



Calibration of Sustainability Performance Targets

Alignment with Etel’s Sustainability Strategy

Etel has set the following SPTs for its KPIs:

- SPT 1a: Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline
- SPT 1b: Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline
- SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline
- SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline
- SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline
- SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline

In assessing the alignment of the SPTs to Etel’s overall strategy, Sustainalytics analyzed the Company’s sustainability strategy and notes that Etel has identified climate and environment as one of its sustainability strategy priorities. It aims to reduce the average CO₂ emissions from its vehicle fleet and is further committed to increasing renewable electricity sourcing and engaging suppliers and customers to reduce scope 3 emissions. Sustainalytics considers the SPTs to be aligned with Etel’s sustainability strategy, reflecting the pathways to achieve Etel’s sustainability goals under this strategy. Please refer to Section 2 for an analysis of the credibility of Etel’s sustainability strategy.

²⁰ Science Based Targets initiative, “SBTi Criteria and Recommendations”, at: <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

Strategy to Achieve the SPTs

Eltel intends to achieve the SPTs through the following strategy:

SPT 1a: Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline

SPT 1b: Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline

- Eltel intends to reduce its vehicle fleet's emissions, a major environmental impact from its own operations, by switching to more fuel-efficient vehicles (hybrid or electric) on an ongoing basis.
- Eltel intends to use drone mapping to reduce site visits by Eltel engineers, thus reducing travel emissions.
- Eltel uses GPS systems for route planning to optimize fleet usage and reduce CO₂ emissions from it.

SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline

SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline

- Eltel plans to centralize its supplier electricity contracts so all new contracts reflect its renewable energy plans.
- Eltel has installed solar panels in its R&D facility in Poland, which reportedly reduced energy consumption from the grid by 61% and avoided more than 38 tonnes of CO₂ per year from electricity used on-site.

SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline

SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline

- Eltel plans to engage with its current and future suppliers to include an SBTi clause in their contracts to drive their adoption of climate targets that are science based.
- It further plans to promote knowledge sharing and collaboration with suppliers to pilot low-carbon solutions, such as electrical excavators and microtrenching, to minimize environmental impacts, disruption and noise from work sites.

Ambitiousness, Baseline and Benchmarks

To determine the ambitiousness of SPTs, Sustainalytics considers: i) whether the SPTs go beyond a business-as-usual trajectory, ii) how the SPTs compare to targets set by peers, and iii) how the SPTs compare with science.²¹

Eltel has set the baseline for the SPTs at 2021, which reflects the most recent data that Eltel has reported on in terms of its sustainability performance, as well as for consistency with its SBTi-validated targets.

SPTs 1a and 1b: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science.

Regarding past performance, Eltel has reduced its absolute scope 1 emissions by approximately 25% between 2020 and 2021 mainly due to operating fewer vehicles and better route planning. Achieving SPT 1a will require an average annual linear reduction of 4.8% between 2021 and 2025, while achieving SPT 1b will require an annual linear reduction of 4.6% over the 2021-26 period. Based on a comparative assessment of seven peer companies, SPT 1a and SPT 1b are aligned with the targets set by most of Eltel's peers. Therefore, Sustainalytics considers the SPTs to be aligned with peer performance.

For comparison with science-based decarbonization trajectories, Sustainalytics notes that the SPTs are validated by the SBTi and align with the 1.5°C scenario.

SPTs 2a and 2b: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science.

Between 2019 and 2021, Eltel increased the share of renewables by an average of 10.5 percentage points per annum from 10% in 2019 to 31% in 2021. To achieve SPT 2a, Eltel needs to increase the share of renewables by 7.8 percentage points from 2021 to 2025, while SPT 2b requires an annual increase of 7.6 percentage points from 2021 to 2026. Sustainalytics notes that the SPTs are below past performance but represent a continuous material improvement. In terms of peer performance, Sustainalytics considers the SPTs to be aligned with most of its peers based on a comparative assessment of renewable electricity sourcing targets of seven peer companies. Regarding science, Sustainalytics notes that the SPTs are aligned with Eltel's targets validated by the SBTi consistent with the 1.5°C scenario.²²

²¹ Contextual benchmarks that indicate the alignment of targets with ecosystem boundaries

²² SBTi has validated Eltel's renewable electricity sourcing target of 100% by 2030 from 31% in 2021, to be aligned with a 1.5°C scenario.

SPTs 3a and 3b: Sustainalytics was able to use the following benchmarks to assess ambitiousness: past performance, peer performance and alignment with science.

In terms of historical performance, Sustainalytics considers the SPTs to be above past performance, noting that the Company has no suppliers with science-based targets as of 2021. Additionally, based on a comparative assessment of seven peer companies, the SPTs are aligned with the majority of Etel’s peers. For comparison with science-based decarbonization trajectories, Sustainalytics notes that the established supplier engagement target meets all relevant time frame, boundary and ambition requirements set by the SBTi.

Overall Assessment

Sustainalytics considers SPT 1a and SPT 1b to be highly ambitious given that they: i) represent a continued improvement over historical performance; ii) are aligned with the targets of Etel’s peers; and iii) are aligned with the SBTi’s 1.5°C scenario.

Sustainalytics considers SPT 2a and SPT 2b to be highly ambitious given that they: i) represent continued improvement over historical performance; ii) are aligned with the targets of the Company’s peers; and iii) are aligned with the SBTi’s 1.5°C scenario.

Sustainalytics considers SPT 3a and SPT 3b to be ambitious given that they: i) are above past performance; ii) are aligned with the targets of Etel’s peers; and iii) meet all relevant time-frame, boundary and ambition requirements set by SBTi.

SPT	Ambitiousness of SPT			
SP1a: Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SP1b: Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious
SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline	Not Aligned	Moderately Ambitious	Ambitious	Highly Ambitious



Financial Instruments Characteristics

Etel has disclosed that the financial characteristics of the instruments issued under the Framework will be tied to the achievement of the SPTs. Etel will incur a coupon step-up, margin adjustment or an increased redemption premium if Etel: i) fails to achieve any SPTs at the target observation date, or ii) fails to meet the reporting and verification commitments defined in the related finance instrument documentation. Etel has confirmed that for hybrid bonds, the target observation date will be set before the first call date. If Etel fails to achieve an SPT on a target observation date, Etel will pay a predefined premium payment when the hybrid bond is called. Additionally, Etel has confirmed that all KPIs will be included in all bond issuances or loan transactions under the Framework.

Sustainalytics notes that specific details on the financial characteristics’ changes or adjustments will be outlined in the relevant documentation, which may also include calculation methodology and fall-back mechanisms if the baseline figures are recalculated in the event of a significant change (at least 5% to the baseline due to changes in Etel’s organizational structure). This is aligned with the SLBP and SLLP.



Reporting

Etel commits to reporting on an annual basis on its progress on the KPIs in a standalone Sustainability-Linked Progress Report or integrated into its annual report published on its website. Etel further commits to disclosing relevant information enabling investors to monitor the SPTs' level of ambition, including the progress on the KPIs against the respective SPTs, calculation methodology, relevant updates to Etel's sustainability strategy and governance, and a list of sustainability-linked bonds outstanding. If Etel has sustainability-linked finance instruments outstanding other than bonds, it may report directly and non-publicly to lenders or counterparties. The reporting commitments are aligned with the SLBP and SLLP.



Verification

Etel commits to having an external verifier provide limited assurance against each SPT for each KPI once a year, which is aligned with the SLBP and SLLP.

Section 2: Assessment of Etel's Sustainability Strategy

Credibility of Etel sustainability strategy

Etel's sustainability strategy focuses on the following five priority areas: i) environment and climate, ii) people and society, iii) supply chain, iv) health and safety, and v) business ethics.²³

Regarding the environment and climate, Etel is committed to reducing the environmental impact of its operations. To this end, Etel's aims to reduce the average CO₂ emissions from its vehicle fleet (cars and vans), which account for the majority of its scope 1 emissions. The Company has also established a roadmap to become fossil fuel-free by gradually switching to electric, hybrid or renewable fuel vehicles. Additionally, Etel aims to collaborate with its suppliers and customers to reduce emissions in its value chain. Regarding suppliers, in 2021, Etel's country units began engaging with their respective suppliers and contractors on climate change, exploring whether they could set science-based climate targets. To address downstream emissions, Etel has worked with customers to pilot low-carbon solutions, such as electrical excavators and microtrenching to reduce impacts during excavation work. Between 2020 and 2021, Etel reduced scope 1 emissions by approximately 25% and increased the share of renewable electricity by 8%.

In support of its sustainability commitments, Etel has appointed a head of sustainability and a Sustainability Task Force which includes representatives from each country unit to manage sustainability topics. The task force reports directly to the Group Management Team, the president and CEO, who are ultimately accountable for sustainability.

Sustainalytics considers Etel to have a strong sustainability strategy and considers that the instruments issued under the Framework will further support Etel's sustainability strategy.

Etel's environmental and social risk management

Sustainalytics acknowledges that Etel's defined targets are impactful, but achieving the SPTs may bear environmental and social risks related to occupational health and safety; emissions, effluents and waste from construction; business ethics; the supply chain; and community relations.

Sustainalytics comments below on Etel's ability to mitigate such potential risks.

- Etel has in place a Health, Safety, Security, Environment & Quality (HSSEQ) policy that sets out overall principles regarding health, safety and security which apply to all units and employees. Additionally, Etel has adopted various initiatives to prevent and reduce workplace injuries and accidents. This includes safety training and knowledge sharing, management safety walks, annual safety campaigns, internal safety bulletins and campaigns, root-cause analyses by proactive reporting and on-site execution, and investigations of minor injuries and serious near-misses. To reduce absenteeism and promote occupational health, Etel has follow-up dialogues with employees who are ill and provides rehabilitation support for employees on long-term sick leave. Etel also evaluates the effectiveness of its safety and

²³ Etel, "Etel Sustainability Priority Areas", at: <https://www.eltelgroup.com/sustainability/eltel-priority-areas/>

health initiatives through continued monitoring of the lost-time injury frequency rate and total recordable injury frequency rate.²⁴

- The HSSEQ policy requires Etel's Country and Solution Units to maintain local, certified environmental management systems based on ISO 14001, which requires Etel to comply with local legislation and practices in managing environmental risks and impacts related to emissions, effluents and waste. Additionally, Etel defines waste management processes and responsibilities in its customers' project contracts.
- To address business ethics risks, Etel has been a signatory to the UN Global Compact since 2014, committing to the 10 principles on human rights, labour, environment and anti-corruption, and annually reports on its sustainability performance according to the Communication on Progress process.²⁵ Furthermore, Etel has established a series of internal policies, such as the code of conduct, the anti-corruption policy, the insider policy, the whistleblowing policy and competition law instructions to reduce the risk of corruption and conflicts of interest.^{26,27}
- Etel seeks to reduce risks in its supply chain by ensuring subcontractors and partners adhere to Etel's code of conduct and commit to Etel's other key policies and principles. Etel categorizes subcontractors and suppliers according to their level of risk exposure and includes partners rated as the highest risk in its procedures for reporting incidents and monthly working hours. Etel also encourages suppliers and partners to have valid ISO certifications or to demonstrate compliance by signing an agreement and participating in Etel's e-learning courses. Etel regularly conducts planned or unannounced supply chain audits and implements an action plan when non-compliance is identified.²⁸
- Regarding community relations, Etel disclosed to Sustainalytics that it carries out construction and engineering activities on behalf of customers which directly engage with the communities in which the projects are operated. If customers delegate Etel to engage directly with communities, the Company acts in accordance with the relevant customers' community relations policies.

In addition to the above, Sustainalytics notes that it has found no evidence of any major environmental or social controversies related to Etel. Overall, Sustainalytics considers that Etel has adequate management programmes and policies to mitigate the above risks.

Section 3: Impact of the SPTs

Importance of increasing GHG emissions reduction efforts

Infrastructure is responsible for 79% of global GHG emissions, with energy and digital communication infrastructure accounting for 39%.²⁹ Meanwhile, the energy and digital communication infrastructure sectors need to invest respectively USD 28 trillion and USD 8.9 trillion to meet the UN SDGs,³⁰ highlighting the need to mitigate emissions construction, transportation, operation, maintenance and decommissioning of infrastructure.

In the EU, the European Commission set a target to become climate neutral by 2050³¹ and committed to reducing GHG emissions by at least 40% by 2030 compared to 1990 levels.³² The bloc also aims to achieve, by 2030, at least a 32% share of renewable energy in its energy mix and a minimum energy-efficiency improvement of 32.5% (compared to projections of the expected energy use in 2030).³³ As part of the European Green Deal, the European Commission intends to increase the binding target of renewable sources in the EU's energy mix to 40% and increase the energy-efficiency target to an overall reduction of 36-39% for final and primary energy consumption by 2030.³⁴ In this sense, the European Climate Law requires EU institutions and member states to

²⁴ Etel, "Health and safety", at: <https://www.eltelgroup.com/sustainability/eltel-priority-areas/health-and-safety/>

²⁵ UN Global Compact, "Company Information: Etel Group", at: <https://www.unglobalcompact.org/what-is-gc/participants/41861>

²⁶ Etel, "Code of Conduct", at: <https://www.eltelgroup.com/about-us/code-of-conduct/>

²⁷ Etel, "Business ethics", at: <https://www.eltelgroup.com/sustainability/eltel-priority-areas/business-ethics/>

²⁸ Etel, "Supply chain", at: <https://www.eltelgroup.com/sustainability/eltel-priority-areas/supply-chain/>

²⁹ UNOPS, "Infrastructure for Climate Action", (2021), at: https://content.unops.org/publications/Infrastructure-for-climate-action_EN.pdf?mtime=20211008124956&focal=none

³⁰ Ibid.

³¹ European Commission, "2050 Long-term Strategy", at: https://content.unops.org/publications/Infrastructure-for-climate-action_EN.pdf?mtime=20211008124956&focal=none

³² European Commission has proposed to raise the target to 55%.

European Commission, "2030 Climate Target Plan", at: https://climate.ec.europa.eu/eu-action/european-green-deal/2030-climate-target-plan_en

³³ European Commission, "2030 Climate & Energy Framework", at: https://climate.ec.europa.eu/eu-action/climate-strategies-targets/2030-climate-energy-framework_en

³⁴ European Commission, "Delivering the European Green Deal", at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en

meet their respective targets.³⁵

As a member state of the EU, Sweden implemented its climate policy framework in 2017, setting forth the country’s commitment to have net zero GHG emissions by 2045 to align with the goals of the EU and the Paris Agreement.³⁶ 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.^{37,38} In Finland, the government aims to be carbon neutral by 2035 and reduce GHG emissions by at least 90% by 2050 compared to 1990.³⁹ In Denmark, the Climate Act sets the goal of reducing emissions by 70% by 2030 compared to 1990 and achieving climate neutrality by 2050.⁴⁰ Although not an EU member state, Norway has submitted an enhanced climate target to the UNFCCC that aims to reduce GHG emissions by at least 55%, an increase from the previous target of 40-50%, by 2030 compared to the 1990 level.⁴¹

Sustainalytics is of the opinion that Eltel’s focus and efforts in reducing scope 1, 2 and 3 GHG emissions in the markets where it operates are expected to positively contribute to reducing the carbon footprint of energy and digital communication infrastructure and support the ambitions of the Paris Agreement, including by encouraging suppliers to commit to science-based targets.

Contribution to SDGs

The Sustainable Development Goals were adopted by the United Nations General Assembly in September 2015 and form part of an agenda for achieving sustainable development by the year 2030. The sustainability-linked bonds issued under the Framework are expected to help advance the following SDG goals and targets:

KPI	SDG	SDG Target
KPI 1: Absolute scope 1 GHG emissions	7. Affordable and Clean Energy	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
KPI 2: Renewable electricity sourcing		7.3 By 2030, double the global rate of improvement in energy efficiency
KPI 3: Suppliers with science-based targets	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

Eltel intends to issue sustainability-linked instruments which will tie the financial characteristics, such as a coupon step-up, margin adjustment or increased redemption premium, to the achievement of the following SPTs:

- (1) SPT 1a: Reduce absolute scope 1 GHG emissions by 19% by 2025 from a 2021 baseline
- (2) SPT 1b: Reduce absolute scope 1 GHG emissions by 23% by 2026 from a 2021 baseline
- (3) SPT 2a: Increase the share of renewables in electricity sourcing to 62% by 2025 from a 2021 baseline
- (4) SPT 2b: Increase the share of renewables in electricity sourcing to 69% by 2026 from a 2021 baseline
- (5) SPT 3a: Increase the share of suppliers by emissions with science-based targets to 35% by 2025 from a 2021 baseline

³⁵ European Commission, “European Climate Law”, at: https://climate.ec.europa.eu/eu-action/european-green-deal/european-climate-law_en

³⁶ Government Offices of Sweden, “Sweden’s climate policy framework”, (2021), at: <https://www.government.se/articles/2021/03/swedens-climate-policy-framework/>

³⁷ UNFCCC, “Sweden’s long-term strategy for reducing greenhouse gas emissions”, (2020), at: https://unfccc.int/sites/default/files/resource/LTS1_Sweden.pdf

³⁸ Government of the 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.>

³⁹ Finland Ministry of the Environment, “Finland’s National Climate Policy”, at: <https://ym.fi/en/finland-s-national-climate-change-policy>

⁴⁰ LSE, “The Climate Act”, at: <https://climate-laws.org/geographies/denmark/laws/the-climate-act>

⁴¹ Government of Norway, “Norway’s New Climate Target: Emissions to be Cut by at least 55%”, at: <https://www.regjeringen.no/en/aktuelt/norways-new-climate-target-emissions-to-be-cut-by-at-least-55-/id2944876/#:~:text=Norway%20is%20submitting%20an%20enhanced%20climate%20target%20to,emission%20reduction%20target%20to%20at%20least%2055%20%25.>

(6) SPT 3b: Increase the share of suppliers by emissions with science-based targets to 70% by 2026 from a 2021 baseline

Sustainalytics reviewed the Eltel Sustainability-Linked Finance Framework and considers the KPIs chosen to be relevant, material and aligned with the Company's sustainability strategy. Sustainalytics considers KPI 1 to be very strong, and KPI 2 and KPI 3 to be strong. Sustainalytics considers SPT 1a, SPT 1b, SPT 2a and SPT 2b to be highly ambitious and SPTs 3a and 3b ambitious based on past performance, peer performance and alignment with science-based trajectories. Furthermore, Sustainalytics considers the reporting and verification commitments to be aligned with market expectations.

Based on the above, Sustainalytics considers the Eltel Sustainability-Linked Finance Framework to be in alignment with the five core components of the Sustainability-Linked Bond Principles 2020 and Sustainability-Linked Loan Principles 2022 and the prospective achievement of the SPTs to be impactful.

Appendix 1: Sustainability-Linked Bonds - External Review Form

Section 1. Basic Information

Issuer name: Eltel 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: February 28, 2023

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

Completion date of post issuance verification:

Original completion date of post issuance verification *[please fill this out for updates]*:

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)*

Sustainalytics is of the opinion that the Etel Sustainability-Linked Finance Framework aligns with the Sustainability-Linked Bond Principles (SLBP) 2020 and Sustainability-Linked Loan Principles (SLLP) 2022.

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 to be Very Strong given that it: (i) represents a direct measure of a material ESG issue related to Etel’s climate performance; (ii) reflects a high scope of applicability in combination with KPIs 2 and 3; (iii) follows a clear and consistent methodology which is externally defined; and (iv) supports benchmarking against external emission reduction trajectories.

Sustainalytics considers KPI 2 to be Strong given that it: (i) represents an indirect measure of a material ESG issue related to Etel’s climate performance; (ii) has a high scope of applicability in combination of KPIs 1 and 3; (iii) follows clear and consistent definitions; and (iv) supports benchmarking against external emissions reduction trajectories.

Sustainalytics considers KPI 3 to be Strong given that it: (i) represents an indirect measure of a material ESG issue related to Etel’s climate performance; (ii) has a high scope of applicability; (iii) follow a clear definition; and (iv) is validated by SBTi.

List of selected KPIs:

- Absolute scope 1 GHG emissions
- Renewable electricity sourcing
- Suppliers with science-based targets

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 SPTs 1a and 1b to be highly ambitious given that they: (i) represent continued improvement over historical performance; (ii) are aligned with the targets of Eltel's peers; and (iii) are aligned with the SBTi's 1.5°C scenario.

Sustainalytics considers SPTs 2a and 2b to be highly ambitious given that they: (i) represent continued improvement over historical performance; (ii) are aligned with the targets of the Company's peers; and (iii) are aligned with SBTi's 1.5°C scenario.

Sustainalytics considers SPTs 3a and 3b to be ambitious given that they: (i) are above past performance (ii) are aligned with the targets of Eltel's peers, and (iii) meet all relevant timeframe, boundary and ambition requirements set 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 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):

Eltel has disclosed that the financial characteristics of the instruments issued under the Framework, which may include bonds and loans, will be tied to the achievement of SPTs. Eltel will incur a coupon step-up, margin adjustment or an increased redemption premium in the event that Eltel (i) fails to achieve any SPTs at the target observation date or (ii) fails to meet the reporting and verification commitments as defined in the related finance instrument documentation. Eltel has confirmed that for hybrid bonds, the target observation date will be set before the first call date, and should Eltel fail to achieve an SPT on such target observation date, the Company will pay a pre-defined premium payment when the hybrid bond is called. Additionally, Eltel has confirmed to Sustainalytics that all KPIs will be included in all bond issuances or loan transactions under the Framework.

Sustainalytics notes that specific details on the changes or adjustments in financial characteristics will be set out in the relevant documentation, which may also include calculation methodology and fallback mechanisms in case there is recalculation of the baseline figures if there is a significant change of at least five per cent to the baseline due to changes in Eltel's organisational structure. This is aligned with the SLBP and SLLP.

Financial impact:

- variation of the coupon
- Variation of the repayment amount

Other (please specify):

Structural characteristic:

Other (please specify):

3-4 REPORTING

Overall comment on the section (if applicable):

Etel commits to reporting on an annual basis on its progress on the KPIs in a Sustainability-Linked Progress Report either stand-alone or integrated into its annual report published annually on its website. Etel further commits to disclose relevant information enabling investors to monitor the level of ambition of the SPTs, including the performance of KPIs against respective SPTs, calculation methodology, relevant updates to Etel’s sustainability strategy and governance, and a list of sustainability-linked bonds outstanding. In the case that Etel would have other sustainability-linked finance instruments than bonds outstanding, it may report directly and non-publicly to lenders or counterparts. The reporting commitments are aligned with the SLBP and SLLP.

Information reported:

- | | |
|--|---|
| <input checked="" type="checkbox"/> performance of the selected KPIs | <input checked="" type="checkbox"/> verification assurance report |
| <input checked="" type="checkbox"/> level of ambition of the SPTs | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): Sustainability-Linked Progress Report |
| <input checked="" type="checkbox"/> 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.

Level of Assurance on Reporting

- | | |
|---|--|
| <input checked="" type="checkbox"/> limited assurance | <input checked="" type="checkbox"/> reasonable assurance |
| <input type="checkbox"/> 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)*:

Information reported:

- | | |
|--|--|
| <input type="checkbox"/> limited assurance | <input type="checkbox"/> reasonable assurance |
| | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Material change:

- | | |
|---|--|
| <input type="checkbox"/> Perimeter | <input type="checkbox"/> KPI methodology |
| <input type="checkbox"/> SPTs calibration | |

Disclaimer

Copyright ©2023 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

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 30 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 1500 staff members, including more than 500 analysts with varied multidisciplinary expertise across more than 40 industry groups.

For more information, visit www.sustainalytics.com

Or contact us contact@sustainalytics.com

