

SUSTAINABILITY LINKED BOND PROGRESS REPORT

April 2023

TELE2



Contents

1. Introduction.....	3
2. KPI Performance and strategy to achieve Sustainability Performance Targets ("SPT").....	4
3. Calculation methodology and recalculations.....	5
4. Auditor's limited assurance report.....	7



1. Introduction

With a corporate purpose of enabling a society of unlimited possibilities, our approach to sustainability is driven by a desire to work smarter. This has led us to set a clear vision for our sustainability efforts: to lead in sustainability. For us that means that sustainability should be an integrated part in our daily business decisions, to ensure our long-term sustainability as a business. At Tele2, sustainability is not about charity, or limited to minimizing risk, but about finding business opportunities. When we invest in sustainability it delivers returns. These returns ensure that we maximize the value that we create for our customers, investors, employees, society at large, and other stakeholders.

To facilitate our vision to lead in sustainability, and integrate Tele2's Sustainability strategy into its funding, Tele2 launched a Green- and Sustainability Linked Financing Framework in April 2022. The Framework has been developed in accordance with the Green- and Sustainability Linked Bond Principles ("GBP" and "SLBP").

Under the framework, Tele2 can issue Green- and Sustainability Linked Bonds.

A Second Party Opinion on the Green- and Sustainability Linked Financing Framework has been provided by

Sustainalytics. The Second Party Opinion as well as the Green- and Sustainability Linked Financing Framework are available on Tele2's website.

The Framework has been incorporated into our EMTN-documentation, enabling us to further communicate on our sustainability strategy and commitment.

This Sustainability Linked Bond Progress Report is prepared in accordance with the Green- and Sustainability Linked Financing Framework as well as the Terms and Conditions of the outstanding SEK 1.3bn stibor 3m + 110bps and SEK 300m 3.25% sustainability linked Notes due 2027 (the "2027 Notes").

The report contain status on the selected KPIs and should be read in conjunction to the Group's Annual and Sustainability report found on <https://www.tele2.com/investors/reports-and-presentations/>

We are happy and proud to report progress is ahead of our trajectory on both KPIs. During 2022 we have reduced absolute scope 1 and 2 GHG emissions by 95%, up from 94% in 2021, compared to 2019 whereas reduction of scope 3 emissions was -11%, up from +1.7% in 2021, compared to 2019.

2. KPI Performance and strategy to achieve Sustainability Performance Targets (“SPT”)

KPI	2019 baseline Tons CO2-eq	2019 revised baseline ¹ Tons CO2-eq	2022 outcome Tons CO2-eq	% Reduction against revised baseline	Sustainability Linked Bond SPT for 2026	Sustainability performance targets for 2029
KPI 1: Reduction of Scope 1 and 2 GHG emissions. Including CO2 and other GHG emissions as defined in the GHG Protocol.	43,058	43,258	2,074	95%	96%	100%
KPI 2: Reduction of Scope 3 GHG emissions. Including CO2 and other GHG emissions as defined in GHG Protocol.	145,345	211,099	188,112	11%	8%	60%

¹) Tele2 recalculated its baseline emissions during 2022, in line with current best practice for setting and following up on science-based climate targets. Please refer to the section “Revised baseline” on page 6 for more details.

KPI 1: Reduction of Scope 1,2 GHG emissions.

The total emissions in scope 1 and 2 for Tele2 in 2022 were 2,074 tons of CO2-eq which is a decrease of 95% compared to 2019 (43,258 tons CO2-eq). Tele2 has maintained more than 90% emission reductions in scope 1 and 2 compared to the 2019 base year, and is on the path to reach a 96% decrease as defined in the Notes final terms and its science based target of 100% reduced emissions by 2029.

In 2022, Tele2 continued its sourcing of 100% renewable electricity which means that the emissions from purchased electricity using the market-based method are zero, i.e., the same as in 2021. Since Tele2 started sourcing 100% renewable electricity, the climate impact from cars is the largest source of emissions in Tele2’s scopes 1 and 2. In 2022 the emissions from cars corresponded to 81% of Tele2’s total scope 1 and 2 emissions.

To reduce these emissions, Tele2 implemented an updated company car policy in 2020, stating that all new company cars (except service vehicles) must be electric vehicles. With the continued replacement of the current fleet of company cars with electric vehicles, the emissions from cars have decreased by 18% compared to 2021. This is a result of using less diesel and increasing the number of electric vehicles. The energy fuel consumption from electricity has increased by 455% and from gas mix by 142% since 2021. However, the use of petrol has increased since 2021. We are expecting most of the petrol and diesel cars (except service vehicles) to be replaced by 2023/2024 and therefore predict further reductions of scope 1 emissions in the near term.

In efforts to increase the generation of renewable energy, Tele2 has during 2022 conducted pilots related to solar panels at base stations in Latvia and wind turbines and solar panels in Estonia. Tele2 has also continued its implementation of free-cooling systems, to decrease its dependency on air conditioning systems using electricity and refrigerants.

KPI 2: Reduction of Scope 3 GHG emissions

The total emissions in scope 3 for Tele2 in 2022 were 188,112 tons of CO2-eq which is a decrease of 10.9% compared to 2019 (211,099 tons CO2-eq). Tele2 has estimated that the number of subscriptions will remain unchanged between 2019 and 2029 due to the fact that (i) the number of fixed connections is expected to decrease and (ii) mobile is expected to increase. Therefore, the decrease per subscription is also 10.9% compared to 2019. Tele2 is thereby performing significantly better than the projected emissions reductions of 8% by 2026 as defined in the Notes final terms and remains on path for achieving the goal of reducing scope 3 emissions 60% per subscription by 2029. The progress towards the SPT2 is the result of a combination of reduced emissions in several scope 3 emission categories, improved data quality and purchasing variations between the years.

Tele2 has previously identified the category “purchased goods and services” to be the main source of Scope 3 emissions, which remains valid also for 2022. As part of Tele2’s roadmap to decrease emissions from this category and reaching our long-term goals, Tele2 has in 2022 engaged in dialogue with our 21-40 largest suppliers by spend to inform them of Tele2’s Science-Based Targets.

During the year, Tele2 has continued to offer services for a more circular use of hardware. In 2022, 24% of devices in Tele2 Sweden B2B Large Enterprise & Public segment was sold in a circular business model, compared to 22% in 2021. The share of reclaimed mobile phones in our Swedish B2B and B2C operations has also increased, from 7.4% in 2021 to 12.7% in 2022.

There are some changes in emissions in several scope 3 categories compared to 2021 that are mainly owing to improved data quality and purchasing variations between the years. These include emissions in the categories Purchased goods and services, Capital goods, Upstream and downstream transportation and distribution. Additionally, there are increases in emissions in the categories Business travel and Employee commuting, mainly associated with increased travel after the Covid-19 pandemic.

3. Calculation methodology and recalculations

Scope 1 and 2 emissions and calculations for Science-based target.

Scope 1 represents GHG emissions from Tele2’s own operations, and Scope 2 represents indirect GHG emissions from consumption of purchased electricity, cooling and heat. Tele2’s definitions are aligned with the GHG Protocol. Targets for these emissions are set towards at least a 1.5 degrees scenario.

Scope 1:

Tele2 applies the operational control approach to its calculations, meaning that emissions from facilities and vehicles under the operational control of Tele2 are reported.

- Emissions from company cars include all cars operated by Tele2’s employees in duty and includes company owned cars, leased cars, rental cars and private cars operated for business purposes. The primary source of data for fuel combustion is the actual volume of fuel consumed per fuel type. If the fuel volume is not available, the travelled distances per fuel type is used.
- Refrigerant leakages emissions are included in scope 1 for facilities where Tele2 has the operational control. Refrigerant leakages are assumed to equal the refilled volumes of a cooling system.
- If data is not available, assumptions are based on known data sources to estimate the unknown parts.

Scope 2:

Emissions in scope 2 relate to purchased electricity, district heating and district cooling.

- Data on actual energy use was primarily used, e.g. the actual electricity consumption for a facility.
- Where primary data was not available, the energy use was based on the energy cost and an assumed cost per kWh.
- If data was not available, assumptions based on known data sources were made to estimate the unknown parts.

There have been no significant changes in the reporting or calculation methodology of scope 1 and 2 emissions in 2022.

Scope 3 emissions and calculations for Science-based target

Scope 3 represents GHG emissions from Tele2’s value chain. Tele2’s definitions are aligned with the GHG Protocol. Targets for these emissions are set towards at least a 1.5 degrees scenario.

Emissions in scope 3 include both upstream and downstream emissions. For the emission reductions in

scope 3, purchased goods and services, capital goods, use of sold products and end-of-life treatment of products are especially crucial categories as they combined represent 96% of Tele2’s total scope 3 emissions.

- Purchased goods and services and capital goods: 149,019 t CO₂-eq (79% of scope 3 emissions)
- Use of sold products and end-of-life treatment of products: 31,230 t CO₂-eq (17% of scope 3 emissions)
- Other: 7,863 t CO₂-eq (4% of scope 3 emissions)

As advised by the Science-Based Targets initiative during the validation process of our net-zero target in 2022, a few updates were made to the scope 3 reporting. Emissions previously reported in the scope 3 category Upstream leased assets have been moved to the scope 3 Purchased goods and services, and the new category Capital goods has been added, to which parts of the emissions previously related to Purchased goods and services has been moved.

Purchased goods and services and capital goods

Where possible Tele2 has collected data through supplier surveys from 2019 to 2022. If hardware suppliers could not report emissions for all products purchased by Tele2 the hybrid method was used to fill any data gaps, using average emissions per reported product. New for Tele2’s disclosure for 2022 was that surveys were also sent to some of Tele2’s largest service suppliers by spend, asking for emissions related to Tele2’s activities. Most suppliers reported emissions per product, but some reported material use in their products in which case emission factors from e.g. the ICE database were applied to calculate the product emissions.

Calculations for capital goods follow the same methodology as described in the Purchased goods and services section above since these emissions also relate to purchases from Tele2’s suppliers. Emissions previously reported in the scope 3 category Purchased goods and services have now partly been moved to the scope 3 category Capital goods as Tele2 capitalizes on e.g. purchased network equipment.

Use of sold products and end-of-life treatment of products

Emissions were calculated based on the number of RGUs (revenue generating units) per country. Mobile RGUs were assumed to represent smartphones and fixed RGUs were assumed to represent e.g. routers. For use of sold products, the energy use from these devices was then calculated and the resulting emissions were calculated by applying the respective country grid mix emission factor. For end-of-life treatment of sold products, the weight of these devices was estimated in order to calculate the total weight of waste in the EOL treatment process. Emissions from the waste were

then calculated using the same emission factors as for the waste generated in operations category. Based on feedback from the SBTi, the end-of-life emissions from the packaging of sold products were added to the calculations this year. The average-data method was applied for these calculations, where the share of waste to recycling, combustion and landfill was estimated based on national statistics. The waste transport emissions are included in this calculation as well.

Other scope 3 categories

- Fuel and energy related activities: 3,059 t CO2-eq
- Upstream and downstream transportation and distribution: 2,135 t CO2-eq
- Waste generated in operations: 12 t CO2-eq
- Business travel: 1,082 t CO2-eq
- Employee commuting: 1,575 t CO2-eq
- Upstream leased assets: N/A

Calculations of emissions in the above categories are conducted in line with the GHG Protocol, and include primary data, industry/country averages and estimates based on data availability.

Changes and altered calculation methods:

- Upstream and downstream transportation and distribution: Emissions from inbound transports were previously estimated using a spend analysis. This year, additional transport data was collected through surveys sent to hardware suppliers. Emissions from inbound transports of remaining suppliers were estimated using purchased product volumes together with assumptions on travel distances and travel modes.

- Upstream leased assets: Since Tele2 applies the operational control approach to account for emissions from upstream leased assets, no emissions are emitted. In previous years Tele2 has reported emissions in this category, but based on feedback from SBTi these emissions have now been moved to the Purchased goods and services category.

Revised baseline

As a part of Tele2’s process to obtain approval for our net-zero target by the Science-Based Target initiative (SBTi) in July 2022, the SBTi required us to recalculate our base year emissions for already existing climate targets as well as for the new net-zero target. These recalculations are in line with the current best practice for setting and following up on science-based climate targets, and an important tool to continuously ensure that our emission reductions and progress towards the SPTs are accurate.

Tele2 works continuously with improving the data quality of reported emissions in our operations and value chain. As a result of this process, updates in emissions data are likely to occur to varying degrees. We view this as a positive development as we are able to provide an increasing share of primary emissions data.

The recalculations and methodology updates have been conducted for the base year (FY 2019), FY2021 and FY2022 to enable continued comparability and ability to track progress towards Tele2’s climate goals.



4. Auditor’s Limited Assurance Report on specified sustainability information in Tele2’s Sustainability Linked Bond Progress Report 2022

To Tele2 AB (publ), corporate identity number 556410-8917

Introduction

We have been engaged by the Executive Management of Tele2 AB (publ) to undertake a limited assurance engagement on the below specified disclosures, presented in the Tele2 ‘Sustainability Linked Bond Progress Report’ for 2022.

- KPI 1: Reduction of Scope 1 and 2 greenhouse gas emissions, as presented on page 4 to 6 in the Tele2 Sustainability Linked Bond Progress Report 2022.
- KPI 2: Reduction of Scope 3 greenhouse gas emissions, as presented on page 4 to 6 in the Tele2 Sustainability Linked Bond Progress Report.

Responsibilities of the Executive Management

The Executive Management is responsible for the preparation of the Sustainability Linked Bond Progress Report in accordance with the applicable criteria, as explained on page 3 in the Sustainability Linked Bond Progress Report 2022 and are the parts of Tele2’s Green and Sustainability-Linked Financing framework dated April 2022 (available at https://www.tele2.com/files/globalassets/documents/investors/dept-financing/Tele2_Green_and_Sustainability_Financing_Framework.pdf), as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Linked Bond Progress Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the above specified disclosures in the Tele2 Sustainability Linked Bond Progress Report 2022 based on the limited assurance procedures we have performed. The selection of disclosures to be reviewed has been made by the management of Tele2. Our engagement is limited to the above specified disclosures, and is limited to historical information presented and does not cover future oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Linked Bond Progress Report and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Tele2 in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Executive Management as described above. We consider these criteria suitable for the preparation of the above specified disclosures presented in the Sustainability Linked Bond Progress report 2022.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the information regarding the above specified disclosures in Tele2 Sustainability Linked Bond Progress Report 2022, are not prepared, in all material respects, in accordance with the criteria defined by the Executive Management.

Stockholm 28 April 2023

Deloitte AB

Didrik Roos
Authorized Public Accountant

Adrian Fintling
Expert Member of FAR



TELE2

