

Climate Transition Plan

April 2024

TELE2



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Table of contents

- Tele2 climate targets & strategy.....2
 - The 3 targets of Tele2’s climate strategy2
 - Having a climate strategy reduces risks and captures opportunities3
 - Leading telco in the Nordic & Baltic region.....4
- Where we currently stand and the targets we have set 4
- Timeline and activities to reach the targets5
 - Targets and plan for scope 3 emission reduction by 2029 6
 - Current progress scope 3 (2019-2023; in tCO₂-eq).....7
 - Financing emissions reduction activities 8
- Feedback mechanism..... 8
- Climate strategy governance 9



Tele2 climate targets & strategy

Tele2 has developed a climate strategy with both short-term and long-term actions to mitigate greenhouse gas (GHG) emissions in Tele2's own operations and its value chain. Additionally, climate change risks are integrated in Tele2's strategic risk management process, where a member of the Group Leadership Team is assigned responsibility for identifying actions to mitigate the risks and to monitor and report any development to the Group Leadership Team.

The 3 targets of Tele2's climate strategy

1. A fossil fuel free business

To achieve our goal of reducing scope 1 & 2 emissions by 100% we have set a goal to eliminate the use of all fossil fuels in our own operations by 2029. There are three main sources of fossil fuel use at Tele2:

1. Company cars (to be transitioned to electric vehicles (EV) by 2027 according to current policy)
2. Service vehicles and equipment (100% EV/hydrogen by 2029)
3. Back-up power generators (100% biodiesel by 2027, 100% fuel cells by 2029)

2. Science-based target for GHG emissions

Tele2's science-based targets (SBT):

- Tele2 commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2025 and 100% by 2029 from a 2019 base year (approved in May 2021).
- Tele2 commits to reduce scope 3 GHG emissions 60% per subscription by 2029 from a 2019 base year (approved in May 2021).
- Tele2 commits to achieve net-zero GHG emissions in our value chain by 2035 from a 2019 base year (approved in July 2022).

3. Net-zero emissions: value chain in 2035

Following the same pace of value chain emissions reduction as in our SBT we reach a 90% reduction by 2035, which is the necessary lowest reduction to achieve net zero.

Remaining emissions would need to be neutralized using Carbon Dioxide Removals. To mitigate these potential costs, Tele2 will evaluate an internal carbon price, ensuring that the part of the organization causing the GHG emissions also covers the costs of neutralizing those emissions.

Definitions:

Own operations: scope 1 & 2

Our business: our own operations

Scope 3 categories relevant to Tele2: purchased goods and services, capital goods, fuel and energy related activities, upstream and downstream transportation and distribution, waste generated in operations, business travel, employee commuting, use of goods sold, end-of-life treatment of sold products.



Having a climate strategy reduces risks and captures opportunities

Tele2 wants to be a contributor to – and enabler in – the transformation to a net zero world, creating unlimited possibilities for people, businesses, and societies.

With an ambition of being a leading telco in the Nordic and Baltic region, we want to lead in sustainability. Climate change is an important issue for us as a company to address. We have historically had a negative climate impact, and our future success as a company is dependent on globally successful climate mitigation. We take responsibility in doing our part of this mitigation. Climate change poses several risks to our company, and we must do everything we can to try to mitigate these risks. As consumers, businesses, and societies are taking steps towards mitigating climate change, there is an opportunity for us to contribute to and enable their transition to a low-carbon economy and a net-zero world.

Being perceived as a company that genuinely cares about climate change by stakeholders, especially customers and investors, will lead to a competitive advantage in the short-term and will be necessary in the long-term. Climate action can strengthen brand value, improve customer loyalty, and boost recruitment – in addition to the direct benefits of reducing emissions.

Climate change poses several risks to Tele2:

- Value chain risks include *physical risks*, such as disruptions to our supply chain; *price risks*, that can be caused by disruptions to our suppliers' supply chain or carbon taxation; and *product risks*, such as more insecurity in terms of product availability.
- External stakeholder risks include *legislation risks*, such as carbon taxation; *reputational risks*, such as decreased brand value due to negative climate impact; and *ratings risks*, such as poorer ESG ratings leading to being considered less attractive as an investment.

We have come a long way in reducing our climate impact, but we still have a long way to go before being satisfied. By following science-based targets, our goal is to achieve science-based net-zero emissions as one of the first telcos in the world. To mitigate these risks and to seize these opportunities, it is important for us to have a climate transition plan with clear goals to strive towards.

Leading telco in the Nordic & Baltic region



Tele2's climate strategy can contribute to achieving several parts of Tele2's business strategy, as indicated in the figure above.

Where we currently stand and the targets we have set

In the base year 2019, our operations emitted 43,258 tons of GHG emissions. We have a clear strategy to reduce our climate impact, with a goal of reaching zero emissions in own operations by 2029.

Since April 2020, all our operations have been using 100% renewable electricity, either through direct delivery if Tele2 has a contract with the energy provider, or through guarantees of origin if we do not, for instance if we are a tenant of a site.

We offset remaining emissions through projects for generation of renewable energy and avoided emissions, biochar, and carbon capture and storage (CCS).

Our science-based targets were approved by the Science Based Targets Initiative in May 2021 and July 2022:

- Tele2 AB commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2025 and 100% by 2029 from a 2019 base year (approved May 2021).
- Tele2 AB commits to reduce scope 3 GHG emissions 60% per subscription by 2029 from a 2019 base year (approved May 2021).
- Tele2 AB commits to maintain 100% absolute scope 1 and 2 GHG emissions reductions from 2029 through 2035. Tele2 AB also commits to reduce absolute scope 3 GHG emissions 90% by 2035 from a 2019 base year.

This means contributing to and accelerating Sweden’s, the European Union’s, and global Paris Agreement’s goal of achieving net-zero emissions by the middle of this century, and in line with the Paris Agreement’s goal of halving emissions by 2030.

This climate action is done with the purpose of ensuring long-term resilience of our business, and to contribute to the achievement of the United Nations’ Sustainable Development Goal #13 Climate Action.

Timeline and activities to reach the targets

							2035: Net zero Tele2 (Scope 3)
						2029: Scope 3: -60%/RGU	Emissions should decrease by at least 90%, and remaining emissions should be offset using carbon removals. If Tele2 continues to reduce emissions in line with SBT target 2029 this will be achieved by 2035.
					2029: Scope 1 & 2: -100%	Suppliers: 46% of spend is assumed to set 0 emissions by 2030 target. We will reach another 20% reduction through demands and dialogue. Customers: inform about importance of energy efficiency and using renewable electricity. Other: equal only 5% of total.	
				2029: Fossil fuel free business	Continue using 100% renewable electricity.		
			2025: Scope 1 & 2: -90%	Company cars: 100% electric vehicles (EV) by 2027. Service vehicles and equipment: 100% EVs/ hydrogen. Back-up generators: replace with bio-diesel, fuel cells or other zero emissions-technology.	Replace data center refrigerants with low emissions alternatives.		
		2022: Set SBT for net-zero	Using 100% renewable electricity plus decreasing emissions from company cars, as they transition to EVs.				
	2022: Avoided emissions	Set a science-based target for net-zero as one of the first telcos in the world.					
2021: Use of carbon removal	Initiate project to calculate the level of emissions that customers avoid by using our service. Measure these and report annually.						
Change a part of offsetting to carbon removals. Early-mover opportunity in the industry.							

As Tele2 implements its climate transition plan, particular care will be taken to minimize emissions in our own operations, for instance through increasing the use of electric vehicles. The majority of Tele2’s emissions are found in our upstream and downstream value chain. To reduce upstream value chain emissions, Tele2 will engage in dialogues with its largest suppliers to inform them of our expectations to reduce their emissions. Additionally, the further development of a circular economy for electronic hardware used by telecommunication companies and their customers can have significant impact on our upstream value chain emissions by increasing the longevity of this equipment. To reduce downstream value chain emissions, Tele2 could inform customers of the importance of using renewable electricity and ensure that products that we sell have good energy efficiency.



In 2023, Tele2’s eligibility for alignment with the EU taxonomy for sustainable activities was 1.5% for CAPEX and 2% for OPEX. The eligibility for Tele2’s business activities remain relatively low. Tele2 is evaluating actions to ensure a high level of alignment of those business activities that are eligible for alignment with the EU taxonomy.

Engaging with stakeholders

Tele2 is engaged in dialogues with its largest suppliers about the need for rapid emissions reduction in our suppliers’ operations.

Tele2 is an active participant in our industry association the GSMA’s forums on sustainability and climate action. Tele2 is a project leader of the GSMA’s working group on circular economy for devices. Increasing the circular flow of devices will be key for our industry to achieve its climate ambitions.

Tele2 is acting as a friendly expert in climate matters to many of our B2B clients, providing them with information, products and services that can help them reduce their emissions. Tele2 is planning to increase its communication to B2C clients on sustainability topics and climate action.

A just transition

Tele2 is committed to the concept of a ‘just transition’ to minimize potential negative impact of our climate action on employees and local communities in the value chain. Our assessment of our impact has the following conclusions:

- As Tele2 does not have any own production, Tele2’s direct impact on a ‘just transition’ is limited.
- Tele2 is committed to reduce its negative climate impact rapidly, to ensure that the impact on stakeholders in vulnerable areas affected by climate change is minimized.
- Tele2 has a key role to play in acting as an enabler for our customers’ transition to a net-zero economy and society. In this transition, Tele2 is also committed to decrease the digital divide and promote digital inclusion. This will ensure all members of society being able to participate in an increasingly digital society, and that they are able to make use of the solutions that Tele2 provides or enables that can decrease their climate footprint.

Targets and plan for scope 3 emission reduction by 2029

Purchased goods and services & capital goods:	a reduction of 66% (141 000 tCO ₂ -eq)
Use of sold products:	a reduction of 47-52% (9 100 – 10 100 tCO ₂ -eq)
Other:	a reduction of 49% (6 200 tCO ₂ -eq)

These activities together add up to a reduction of total scope 3 emissions by 156 300 tCO₂-eq by 2029, or 63.47%.

Purchased goods and services & Capital goods:

- Suppliers representing 33% of spend have already announced targets to reduce their emissions to 0 by 2030, or significantly decrease their emissions by 2030. We assume that two other key suppliers will set similar targets, increasing that number to 46%.
- We aim to reach an additional 20% reduction of emissions in this category through dialogue and setting demands on remaining key suppliers.



Use of sold products:

- The main source of emissions in this category is the electricity that our customers use to power and charge equipment that they have purchased from us or that they need to use our services. If the growth of renewable energy continues to increase with the same pace during the 2020's as it did during the 2010's, we estimate that emissions in this category will decrease by 42%. By informing our customers of the importance of using renewable electricity, we estimate we can further reduce emissions by 5-10%, resulting in a total reduction of 47-52%.

Other:

- Fuel and energy related activities -50%: This decreases for companies using 100% renewable energy. In combination with engaging in dialogue with our energy provider we estimate that we will be able to reduce the emissions of this category by 50%.
- Business travel -50%: Of which -25% comes from airlines' 2030 reduction target, and -25% comes from reduced air travel, in line with our travel policy's requirements and the changes in travel patterns following the Covid-19 pandemic and the more widespread use of video-conferencing.
- Transportation and distribution -40%: The use of renewable energy in this category has increased during the 2010's. If this trend continues, we estimate a reduction of emissions close to 40%.
- Employee commuting -50%: of which -25% comes from the replacement of fossil-fuel vehicles with electric vehicles, and -25% comes from encouraging employees to use public transportation, bicycle, or car sharing to and from work.

Current progress scope 3 (2019-2023; in tCO₂-eq)

Category	2019	2023	Change in %
Purchased goods & services	174 394	164 782	-5.5%
Capital goods ¹	39 713	78 621	98.0%
Fuel and energy related activities	4496	2973	-33.9%
Upstream and Downstream Transport & Distribution	2201	2063	-6.3%
Waste generated in operations ²	6	17	187.7%
Business travel	2546	1307	-48.7%
Employee commuting	3384	2734	-19.2%
Use of goods sold	19 494	20 672	6.0%
End-of-life treatment of sold products	37	48	29.1%
Total	246 271	273 217	10.9%

¹ The increase in this category is related to improved data quality in calculations of Scope 3 GHG emissions and purchasing variations between the years.

² The increase in this category is related to an updated methodology for calculating Scope 3 GHG emissions and increased waste from network construction and maintenance.

Financing emissions reduction activities

- If Tele2 should need to finance emissions reduction activities, Tele2 has the option to issue green and/or sustainability-linked bonds using its Green Bond and Sustainability-Linked Bond Framework.
- According to current evaluations, there is limited financing need to implement the climate transition plan in Tele2's own operations, as the largest remaining source of emissions are the leased company cars.
- According to current evaluations, there is limited financing need to implement the climate transition plan in Tele2's value chain. According to Tele2's current position, Tele2 should not finance transition activities neither upstream nor downstream. Tele2 can in certain cases anticipate increasing prices from suppliers for products with better climate performance, however Tele2 also expects a higher willingness from customers to pay for products and services with better climate performance.

Feedback mechanism

Giving our investors the opportunity to provide feedback on your climate efforts and our plan to reach net-zero emissions by 2035, is a key priority in Tele2's dialogue with investors. Tele2's Head of Sustainability regularly meets with investors and shareholders during the year, to present our goals, plans, and progress for sustainability in general and for climate in particular. During these meetings Tele2 actively asks for investors' feedback on Tele2's goals and plans.

Tele2 will also present the climate transition plan at the shareholders' Annual General Meeting and ask for our shareholders' feedback.

In summarizing the feedback that Tele2 receives, we gather that our shareholders and investors to a very large extent are content with the industry-leading Science-Based Targets that Tele2 has set, and the ambitious net-zero target year of 2035, which has also been validated by the Science-Based Targets initiative.

Climate strategy governance

Board of Directors

- Approve Tele2's sustainability strategy
- Regularly receive and respond to updates on performance

Group Leadership Team

- Ensure sufficient resources are provided to meet the targets
- If there is a conflict between the climate transition plan and other decisions or governing documents, this will be decided by the Group Leadership Team

Executive Vice President Communications & Sustainability

- Responsibility for the climate transition plan and results
- Responsibility for implementation, reporting and communication of the climate transition plan
- Delegates operational responsibility to the Head of Sustainability

Head of Sustainability

- Operational responsibility for the implementation of the climate transition plan and updates
- Operational responsibility for reporting and presenting the climate transition plan, e.g. to external stakeholders
- Commissions input of climate data from the organization to sustainability reporting, ESG-ratings and investors/analysts

Other concerned departments

Scope 1 and 2 (emissions from company cars, back-up power, service vehicles and equipment):

- People & Change
- Digital Capabilities and Technology (DCT)

Scope 3 (emissions from suppliers, transportations, B2B and B2C customers):

- Finance (primarily Procurement and Supply Chain)
- Commercial units within both B2C and B2B
- DCT

Follow-up and reporting

- Sustainability report
- Annual Group Leadership Team review to be prepared and initiated by the Head of Sustainability
- Shareholder and investor meetings

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