Ellevio's Green Bond Investor Report

May 2025

Contents

Together we electrify Sweden	3
Market development and societal trends	4
Strategic sustainability work	5
New green bond framework	6
Use of proceeds	7
Ellevio's green bonds	8
Approved projects and allocated amounts	9
Investments that enable climate transition	10
Independent assurance report	11

This is Ellevio AB's Green Bond Investor Report for reporting period January–December 2024. The report includes use of proceeds from green bonds in line with Ellevio AB's green financing framework until April 2025.

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Together we electrify Sweden

Ellevio is one of Sweden's largest electricity network companies. We secure the electricity supply to homes, workplaces, industries, transport and societal functions, while at the same time contributing to the energy transition and the development of a climate-smart energy system. The electricity grid is crucial for enabling the climate transition.

Electrification is often identified as a key enabler in mitigating climate change, as fossil-free electricity replaces fossil fuels in both industry and the transport sector. This transition also relies on smarter use of the electricity grid and the integration of more renewable energy sources. It requires an infrastructure with greater capacity and flexibility to enable electrification of both the transport sector and industry.

Moreover, demand for electricity is going to increase drastically in the coming years. By 2045, Sweden is expected to need twice as much electricity as it does today, according to several forecasts. To meet the demand, Swedish electricity networks require investments of around SEK 945 billion by 2045, according to The Electricity Network Report conducted by Sweco on Ellevio's behalf and published in 2023.

Ellevio is laying the foundation for the fossil-free society of the future through two strategic focus areas: building tomorrow's energy systems and developing climate-smart energy services. We achieve our targets by creating top-class operations that attract the best people.

Market development and societal trends

Sweden needs a smart electricity system with significantly greater capacity and flexibility than the one in place today. Achieving this will require significant investment in the electricity grids. At the same time, global security concerns are increasing, and the climate crisis is driving changes in technology, regulation and policy.

Market update 2024

Energy remained central to the public debate in Sweden during 2024, driven by electrification, network investment needs, fluctuating electricity prices, and growing concerns about societal resilience in the face of crises and war. Work on security and preparedness continued to grow in importance throughout the industry.

Ellevio is investing heavily in the electricity network to meet society's growing demands for electrification, digitalisation, the energy transition, and increased capacity. Additionally, new needs are emerging in the energy system, such as enhanced capabilities for national defence and the support for new electricity production.

> **Forecasts show that electricity demand in Sweden will increase to 300 TWh by 2045.**

New conditions for Sweden's electricity system

The climate crisis and technological developments have created completely new conditions for Sweden's electricity system in recent years. A new energy mix, increased digitalisation, electrification of transport and industry, capacity shortages, security threats and new EU requirements are some of the drivers leading to a fundamental change in Sweden's electricity system.

The transition to a fossil-free society will lead to a dramatic increase in demand for electricity across the country – and thus also a major need for network investments. The Electricity Network Report 2023 forecasts that network investments totalling SEK 945 billion will be needed in Sweden by 2045. As a comparison, the Swedish national budget amounts to just over SEK 1,000 billion.

The traditional Swedish energy system is built to handle predictable electricity production from a limited number of large plants based on hydropower, nuclear power and cogeneration. However, the electricity system is becoming increasingly dependent on wind but also solar power. As electricity production from weather dependent energy sources is irregular, the electricity grid must be designed to better handle an uneven supply and other technical challenges. More and more electricity consumers also produce and sell their own electricity by connecting solar panels to the electricity grid.

When the need for electricity increases in society, there is also an increased need for flexibility solutions and energy storage. To manage imbalances in both electricity supply and demand, more local production, investments in national, regional and local networks and innovative digital solutions for smarter management of the electricity system are needed.

Electrification of transports and industry

Industries and transport need to be electrified to ensure that Sweden achieves its climate targets but also to maintain its competitiveness. This requires the electricity system to be modernised and expanded. The transition to an electrified transport sector is moving rapidly and many major vehicle manufacturers have ambitious targets. Rapid developments towards electrified processes are also under way within industry. Swedish industry is heading for a comprehensive transition that could have huge positive effects on the emission of greenhouse gases.

Strategic sustainability work

As an electricity network company, Ellevio is essential for a sustainable society. But the transition also requires us, like everyone else, to contribute via our own operations. Ellevio wants to be a role model and have the smallest possible footprint. For that reason, sustainability is a driving force throughout the organisation.

Ellevio is a signatory of the UN Global Compact and supports Agenda 2030 and the UN Sustainable Development Goals (SDGs) and the Paris climate agreement. Contributing to the SDGs is a matter of course for us and an integral part of our business strategy. Our core business has the greatest contribution to the four goals on the right side.

Our Annual and Sustainability Report 2024 is for the first time inspired by the new EU directive Corporate Sustainability Reporting Directive (CSRD). The reports describes Ellevio's most material sustainability topics, how we manage impacts, risks and opportunities, how we measure progress, and what results we achieved in 2024.

→ Download Ellevio Annual and Sustainability 2024 here.

The taxonomy

Transmission and distribution of electricity	Percentage eligible, %	Percentage non-eligible, %	Percentage aligned with the taxonomy, %	Percentage aligned with the taxonomy, of percentage eligible, %
Sales	100	0	100	100
Capital expenditure	99	1	99	100
Operating expenses	95	5	95	100

Ellevio's operations and investments enable the climate transition

The EU taxonomy is an important tool in achieving the EU's climate targets and the objectives of the EU's green growth strategy. Electricity networks are classified as an enabling activity for climate change mitigation (objective 1) and Ellevio's activities are classified under chapter 4.9 of the taxonomy: Transmission and Distribution of Electricity. This means that Ellevio's operations and investments can be deemed to be key to achieving the EU's goal of mitigating climate change. The conclusions of the taxonomy analysis are very much in line with Ellevio's assessments of material impacts, risks and opportunities under the CSRD/ESRS

SDG 7

Sustainable energy for all

This is our social mission and what our long-term investments are aimed at.

SDG 9

Sustainable industry, innovation and infrastructure

The electricity system is essential to society and enables the transition to a fossil-free world.

SDG 11

Sustainable cities and communities

By creating the electricity system of the future, Ellevio contributes to a sustainable society.

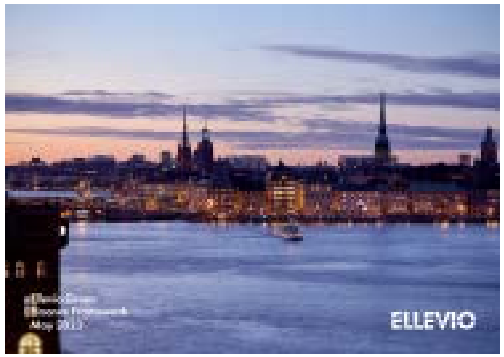
SDG 13

Combating climate change

In addition to electrification being crucial for the transition to a fossil-free society, we work actively to reduce the emissions and environmental impact from our own operations, and also to adapt electricity networks to a changing climate.

Ellevio's green bond framework

In May 2023, Ellevio AB launched a new framework for green financing to promote investments that contribute to the Paris Agreement and the UN Sustainable Development Goals. The framework is adapted to the EU taxonomy and has obtained a second party opinion from ISS ESG.



→ Download the framework here

→ ISS ESG's statement is available here

The second party opinion by ISS ESG, one of the world's leading rating agencies in the field of sustainable investment, concludes that the new framework:

- is aligned with the ICMA's Green Bond Principles and LMA's Green Loan Principles,
- will finance projects that contribute to UN SDG 13 'Climate action',
- is aligned with the EU Taxonomy regarding the Climate Change Mitigation Criteria, the Do No Significant Harm Criteria and the Minimum Safeguards requirements.

Use of proceeds

According to the new green framework eligible green projects may include the current value of fixed assets ("Assets"), capital expenditures ("CapEx") and/or operational expenditures ("OpEx") associated with the Eligibility Criterias.

Green Bond Principles Category

Renewable Energy.

Eligibility and alignment criteria[1)]

Interconnected European System
The system is the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems.

More than 67 percent of newly enabled generation capacity in the system is below 100g CO_2e/ kWh rolling-five-year

The average system grid factor is below 100g CO_2e/kWh rolling-five-year

Exclusion Criteria

- Infrastructure dedicated to creating a direct connection or expanding an existing direct connection between a substation or network and a power production plant that is more greenhouse gas intensive than 100g CO_2e/kWh measured on a life cycle basis is not compliant.
- Installation of metering infrastructure that does not meet the requirements of smart metering systems of Article 20 of Directive (EU) 2019/944 is not compliant.

Alignment 2024

- Ellevio's system is a part of the interconnected European system and its' subordinated systems.
- The share of newly enabled generation capacity in the system with emission factor below 100g CO_2e/kWh was 98 percent rolling-five-year.[2)]
- The average system grid factor rolling five years was 24 CO_2e/kWh.[3)]
- None of the exclusion criteria occured in 2024.

Impact Indicator

Estimated annual avoided GHG emissions (tCO_2e/year)[4)]
Estimated annual avoided GHG emission (tCO_2e/year) was 1,992,600 tonnes CO_2e in 2024.

Environmental Responsibility Indicators[5)]

System Average Interruption Duration Index, SAIDI
SAIDI was 58 in 2024.

SF6 leakage
SF6 leakage (kg) amounted to 24.2 kg in 2024.

Grid losses (GWh)
Grid losses amounted to 878 GWh in 2024.

[1)] Electricity grids are classified as an "enabling activity" in terms of limiting climate change (goal 1), and Ellevio's operations are categorised under Section 4.9 of the taxonomy: "Transmission and distribution of electricity".
[2)] During the year, Ellevio connected new wind and solar power to the network. Some hydro and thermal power has also been added. These production facilities have greenhouse gas (GHG) emissions intensity far below 100g of CO_2e/kWh based on the life cycle. For more information, see Ellevio Annual and Sustainability Report 2024.
[3)] "The system" refers to Sweden's electricity grid as electricity production in Ellevio's network takes place both within the own network and in grids owned by other companies. Verifiable data on which electricity is fed into Ellevio's network from overhead grids is not available to Ellevio. Thus, official data is used for values of the average emission factor for the Swedish network: https://www.nowtricity.com/country/sweden.
[4)] The emission factor for Ellevio's network is considered to be the same as for the Swedish electricity grid, which has averaged 18g CO_2e/kWh during 2024. The taxonomy threshold for contributing to climate change mitigation is <100g CO_2e/kWh. The difference between this threshold value and the emission factor for the Swedish electricity grid is thus 82g CO_2e/kWh, which is therefore used to calculate how much CO_2 emissions are avoided by transferring the electricity in Ellevio's grid, compared to transferring electricity in a system with grid factors above 100g CO_2e/kWh. In 2024, Ellevio transmitted 24.3 TWh of electricity (Source: Ellevio Annual and Sustainability Report 2024).
[5)] Source: Ellevio Annual and Sustainability Report 2024.

Ellevio's green bonds

Ellevio has so far issued bonds under the Green Framework of 2023 on four occasions. The net proceeds from these bonds will be used to finance a portfolio of Eligible Green Projects in accordance with the Eligibility Criteria specified in the Framework.

Ellevio's green bonds as of March 2025

Notes	Amount	Maturity	Reference %	ISIN-number
FLO	SEK 1,000,000,000	11 June 2027	Stibor 3M	XS2178807893
FIX	SEK 1,000,000,000	11 June 2027	1.73	XS2187708198
FIX[1)]	SEK 1,500,000,000	20 Nov 2028	3.768	XS2943726872
FIX	SEK 3,000,000,000	01 June 2029	4.53	XS2630500887
FIX[1)]	SEK 2,500,000,000	20 Nov 2031	4.290	XS2943727177
FIX	SEK 1,450,000,000	16 Jan 2032	4.23	XS2748854242
FLO	SEK 1,550,000,000	16 Jan 2032	Stibor 3M	XS2748854671
FIX	EUR 500,000,000	07 March 2034	4.125	XS2777383840

[1)]Class B

Between June 2023 and March 2024, Ellevio issued green bonds totalling approximately SEK 11.5 billion, including SEK 3 billion in June 2023 and additional issuances of SEK 3 billion and EUR 500 million in early 2024. These first three issuances were fully allocated to investments made during 2024. In the second half of 2024, Ellevio issued an additional SEK 4 billion of Class B bonds, divided into two tranches. The decision to allocate this latest amount has now been taken. The SEK 4 billion issuance took place on 20 November 2024.

Approved projects and allocated amounts

Eligible Green Projects include taxonomy aligned Capex and taxonomy aligned Opex less Capex linked to project specific financing agreements and are added to Ellevio's Eligible Green Project Portfolio.

The starting date for calculating Eligible Green Projects is January 1, 2020, i.e. the date when Ellevio issued its first Green Bond.

In 2024 SEK 4,867 million was added to the Eligible Green Project Portfolio. Since the start in 2020 a total of SEK 18,900 million of taxonomy aligned Capex and Opex less Capex linked to specific project financing agreements has been added to the Portfolio.

Allocation of proceeds from Green Finance Instruments

The goal is to allocate raised funding towards the Eligible Green Project Portfolio within 12 months of new green funding being taken up. The SEK 2,000 million Green Bond raised in 2020 under the Framework from 2019 was gradually allocated in 2020 to 2022. Green Bonds raised in 2023 and 2024, in total approximately SEK 15,610 million, was allocated to Eligible Green Projects Portfolio as per end of April 2025, whereby the net proceeds from these Green Bonds was moved from Ellevio's Green Account. After allocation, the balance on the Green account amounts to SEK 0. Eligible Green Project Portfolio amounts to SEK 1,290 million after allocation. 100 percent of the net proceeds raised under the Green Bonds raised has been allocated to taxonomy aligned Capex and Opex spent in 2020–2024.

Calculation of Eligible Green Projects

MSEK

Year	Taxonomy aligned Capex	Taxonomy aligned Opex	Less Capex linked to project financing agreements	Sum of Eligible Green Projects	Accumulated sum of Eligible Green Projects (Eligible Green Project Portfolio)
2020	3,236	573	0	3,809	3,809
2021	3,525	562	0	4,087	7,896
2022	3,267	597	−1,000	2,864	10,760
2023	3,644	629	−1,000	3,273	14,033
2024	4,196	671	0	4,867	18,900

Calculation of Allocation of Green Financing to Eligible Green Projects Portfolio

MSEK

Year	Accumulated sum of Eligible Green Projects	Green financing Instruments raised	Allocation of Green Financing Instruments to Eligible Green Projects Portfolio	Green Account	Eligible Green Projects Portfolio less Allocations
2020	3,809	2,000	−356	1644	3,453
2021	7,896	0	−1,046	598	6,494
2022	10,760	0	−598	0	8,760
2023	14,033	3,000	0	3,000	12,033
2024	18,900	12,610	−11,610	4,000	5,290
2025		0	−4,000	0	1,290
Total	n.a	17,610	−17,610	0	1,290

Investments that enable climate transition

As one of Sweden's largest electricity grid companies, Ellevio has a central role in the country's journey towards freedom from fossil fuels. To meet society's needs, Ellevio has an extensive investment programme.

Investment projects in selection from 2024

A new primary substation and 4 km of new local network was built in Gullspång, in Västra Götaland, which is a key hub for the regional grid in Skaraborg. The local network part of the project was Ellevio's largest electrified contract to date – meaning that only electric-powered machinery was used.

A new reinforced 400 kV connection that will strengthen the capacity in Stockholm was built in Högdalen between the transmission grid and the regional and local grid. The first connection was commissioned in 2024 and the second and final connection will be commissioned in 2025.

The renewal of the primary sub-station Värtan in Stockholm, which will increase the transmission capacity by more than 80 per cent, continued. The project is scheduled to be commissioned in 2027.

Major local grid projects got underway during the year on Ekerö outside Stockholm and on the West Coast. In order to reduce outages, modernisation is taking place by activities such as burying cables, replacing selected substations, preparing for voltage increases, demolishing overhead lines and clearing power lanes.

Extensive activities within wind, solar and battery solutions also continued. Increasing the share of connected renewable energy is part of Ellevio's essential sustainability work, and we are investing in electricity grids to enable convertion of the energy system to renewable energy sources. 97 percent (96) of the electricity fed in from connected production plants in our grid areas came from renewable sources in 2024.

Several battery projects have been commissioned recently and a number of large-scale solar parks are in the planning phase. Ellevio's work with connections for several large wind power projects also continued, and in total, Ellevio connected 347 MW (193) new wind power in 2024.

In Gullspång Ellevio built two new substations and seven kilometres of underground cable in 2024. The cable project was entirely powered by electricity.

Major local grid projects got underway during the year on the West Coast as well as on Ekerö outside Stockholm.

Stockholm is seeing several projects aimed at increasing electricity grid capacity in the growing capital region.

This is a translation from the Swedish original

Independent assurance report

TO THE BOARD OF DIRECTORS OF ELLEVIO AB (PUBL), ORG.NR 556037-7326

Introduction

We have been engaged by the Board of Directors of Ellevio AB (publ) to perform a review of the information reported on page 9 of the Board and Managing Director's report "Ellevio's Green Bond Investor Report May 2025" for Ellevio AB (publ) for the period 2024-01-01 – 2025-03-31 ("the Report") that proceeds raised from issuance of Green Bonds of SEK 12 610 million during the period has been used in accordance with the criteria stated in Ellevio's Green Finance Framework (the framework).

The set criteria in the framework are to finance investments in renewable energy.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the conditions underlying the Green Bond are fulfilled in accordance with the requirements of the framework, that they are used in the intended way and within the activities specified in the framework which shows the type of projects that can be financed. The Board of Directors and Managing Director are responsible for preparing and submitting the Investor Report.

Auditor's responsibility

Our responsibility is to express a conclusion on the basis of our procedures. We have performed our procedures in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. This standard requires that we comply with ethical requirements and plan and perform the procedures to obtain limited assurance with respect to the engagement described above.

The firm applies ISQM 1 (International Standard on Quality Management 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The review includes, through various measures, obtaining evidence about financial and other information in the Report. The auditor selects which measures are to be carried out, including assessing the risks of material misstatement in the Report, whether these are due to fraud or errors. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and Managing Director prepare the Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of making a statement about the effectiveness of the internal control. The review has been limited to making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review procedures and the evidence obtained, nothing has come to our attention to indicate that the reported information on page 9 of the Board and Managing Director's Green Bond Investor Report dated May 2025 has not, in all material respects, been used for other purposes than projects in accordance with the criteria set out in the framework.

Stockholm May 20, 2025
Ernst & Young AB

Henrik Jonzén
Authorized Public Accountant

ELLEVIO

ellevio.se