

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Bond Framework

Inteno Group AB
9 June 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Bonds
Relevant standard(s)	Sustainability-Linked Bond Principles, as administered by ICMA (06.2020)
Scope of verification	Inteno Group's Sustainability-Linked Bond Framework (31.05.2022)
Lifecycle	Pre-issuance verification
Validity	As long as Inteno Group's Sustainability-Linked Bond Framework and benchmarks for the Sustainability Performance target(s) remain unchanged.

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SCOPE OF WORK

Inteno Group AB (“Inteno” or “the issuer” or “the company”) commissioned ISS ESG to assist with its Sustainability-Linked Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Inteno’s Sustainability-Linked Bond Framework (31.05.2022 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBP), as administered by the International Capital Market Association (ICMA).
2. The sustainability credibility of the KPIs selected and Sustainability Performance Targets (SPTs) calibrated – whether the KPI selected are core, relevant and material to the issuer’s business model and industry, and whether the associated target are ambitious.
3. Sustainability-Linked Bonds link to Inteno sustainability strategy – drawing on Inteno’s overall sustainability profile and related objectives.

INTENO BUSINESS OVERVIEW

Inteno Group AB (Inteno Group) is a Swedish-based organization operating in the Broadband and Telecommunication Industry for over 30 years. The company along with its subsidiaries “Genexis” and “IOPSYS” has been providing access to products for the fast-growing fiber market for hardware independent software for customer premises equipment (CPE). It aims to provide innovative services in the IoT industry through a targeted change in the landscape of connectivity towards open platforms and ease of use through its presence in 13 countries. The company is also a part of Accent Equity which has further invested in over 80 companies. It is classified in the Telecommunication industry, as per ISS ESG’s sector classification.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ¹
<p>Part 1:</p> <p>Alignment with the SLBP</p>	<p>Aligned with ICMA Sustainability-Linked Bond Principles</p> <p>The Issuer has defined a formal framework for its Sustainability-Linked Bonds regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), Sustainability-Linked Bond characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA.</p> <p>The financial characteristics of any security issued under this Framework, including a description of the selected KPI(s), SPTs, additional redemption premium, as applicable, will be specified in the relevant documentation of the specific transaction. In the event that the issuer should fail to prove that the SPTs are met at the applicable Target Observation Date the financial characteristics will automatically be amended to include an additional redemption premium.</p>
<p>Part 2A:</p> <p>KPI selection and SPT calibration</p> <p>KPI 1:</p> <p>Increase the use of recycled plastics in Inteno's products</p> <p>SPT 1: 55% of total plastics used in final products to consist of recycled plastics by 2026</p>	<p>KPI selection: Relevant, Core, Material, to issuer's business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer's past performance with limitations • Ambitious against issuer's industry peer group • Limited information to assess against international standards <p>ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable, and benchmarkable. It has not been externally verified. It covers all of the company's operations and production worldwide, 90% of which include plastic.</p> <p>ISS ESG finds that the SPT calibrated by Inteno is ambitious against the company's past performance with limitations due to the KPI's unverified nature, and ambitious compared to a peer group of telecommunication companies' practices in terms of defining a target for recycled material use in final products. The target contributes in broad unquantified terms to UN SDG 12, but the lack of specific international standards means that there is limited information to assess ambition against international targets. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.</p>
<p>Part 2B:</p>	<p>KPI selection: Relevant, Core, and Material to issuer's business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer's past performance with limitations

¹ ISS ESG's evaluation is based on the engagement conducted in May and June 2022, on Inteno's Sustainability-Linked Bond Framework (31.05.2022 version) and on public information.

KPI 2: Setting Science-Based Targets for scope 1-3 emissions approved by SBTi for CO₂e emission reduction in line with the 1.5-degree scenario

- **Limited information to assess the level of ambition against issuer’s industry peer group**
- **Committed to be in line with the Paris Agreement**

ISS ESG finds that the KPI selected is relevant, core and material to the issuer’s business model and consistent with its sustainability strategy. Inteno will develop emissions reduction targets in line with the SBTi’s criteria, seek official approval by the SBTi, and aim to achieve the set reduction targets. Inteno explains that the 2026 target will be calculated as a linear extrapolation of the targets. Thereby, this KPI covers both the target setting process and the actual emissions reductions for Scope 1, 2 and 3. It will be appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. It will cover all of Inteno’s emissions worldwide.

SPT 2: Target validation by the SBTi and accomplishing the Scope 1, 2 and 3 target for 2026

SPT 2 has two sub-targets, first the company aims to have their emissions reduction targets for Scope 1, 2 and 3 validated by the SBTi and secondly to achieve emissions reduction by 2026 that are on a linear extrapolation of the SBTi-validated targets. ISS ESG finds that the SPT calibrated by Inteno is ambitious against past performance with limitations due to the lack of historical performance data, because the company has not set or measured any emissions reductions targets in the past, nor has it ever tried to receive SBTi-validation. Compared to a reported industry peer group of 16 companies, SPT 2 ranks in the top 35% of the peer group. Since the SPT is currently a commitment and the emission reduction targets are still to be defined, ISS ESG concludes that there is limited information to determine that SPT 2 is ambitious against peers. The SPT will permit the issuer to be Paris-aligned at least in the short run. It will be important that Inteno achieves the targets set on the timeline validated by the SBTi, which are expected to extend beyond 2026. Hence, ISS ESG finds that Inteno commits to be Paris-aligned in the future. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company’s framework.

Part 3:

Consistent with Issuer’s sustainability strategy

Link to issuer’s sustainability strategy

The KPIs selected by the issuer are related to the sustainability aspects of distributed hardware and climate protection. These issues have been defined as being key priorities of the issuer in terms of sustainability strategy and ISS ESG finds that these are material sustainability topics for the issuer. ISS ESG finds that this issuance contributes to the issuer’s sustainability strategy thanks to the KPIs’ clear links to one of the key sustainability priorities of the issuer and due to SPT 1 being ambitious against past performance (with limitations) and industry peers and SPT 2 being ambitious against past performance (with limitations) and committed to be in line with the Paris Agreement.

ISS ESG SPO ASSESSMENT

PART 1: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

This section describes ISS ESG’s assessment of the alignment of Inteno’s Sustainability-Linked Bond Framework (dated 18.05.2022) with the ICMA Sustainability-Linked Bond Principles (SLBP).

SLB PRINCIPLES	ASSESSMENT	ISS ESG’S OPINION
1. Selection of KPIs		ISS ESG conducted a detailed analysis of the sustainability credibility of KPIs selection available in Part 2 of this report.
2. Calibration of SPTs		ISS ESG conducted a detailed analysis of the sustainability credibility of SPTs is available in Part 2 of this report.
3. Bond Characteristics	✓	<p>ISS ESG considers the Sustainability-Linked Bond Characteristics description provided by the issuer as aligned with the SLBP.</p> <p>The issuer gives a detailed description of the potential variation of the financial characteristics of the securities. In the event that Inteno should fail to prove that the SPTs are met at the applicable Target Observation Date the financial characteristics will automatically be amended to include an additional redemption premium.</p>
4. Reporting	✓	<p>ISS ESG considers the Reporting description provided by the issuer as aligned with the SLBP.</p> <p>This will be made available annually to investors and other stakeholders and it will include valuable information, such as up-to-date information on the performance of Inteno on each of the KPIs versus the SPTs.</p>
5. External verification	✓	ISS ESG considers the Verification description provided by the issuer as aligned with the SLBP. ISS ESG provides an SPO through this report. The performance of the SPTs against the KPIs will be externally verified annually until the maturity of the bond.

PART 2: KPI SELECTION & SPT CALIBRATION

1A.1 Selection of KPI 1

KPI 1: Increase the use of recycled plastics in Inteno's products

FROM ISSUER'S FRAMEWORK

KPI 1: Increase the use of recycled plastics in Inteno's products

SPT 1: 55% of total plastics used in final products to consist of recycled plastics by 2026.

Long-term goal: The company has a 2028 goal for 75% of total plastics used in final products to consist of recycled plastics.

Definition: Recycled plastics in this KPI is defined as post-consumer recycled plastics (PCR), meaning that the materials are made from items that consumers have recycled. The amount of plastic within products will be measured in metric tons. The KPI targets are reached if Inteno can show that out of the total amount of plastics used within final products, 55% is recycled plastics.

Rationale: Approximately 90% of Inteno's products contain plastic components. Due to this, Inteno is a large consumer of virgin plastics from fossil sources. By minimizing the proportion of virgin plastics in new production, Inteno can further commit to a circular economy that uses more sustainable resources. Due to the different characteristics of recycled plastics, both technical and aesthetic, Inteno's designers and engineers will have to work closely with its partners along the value chain.

Timeline: Inteno's final target of 55% recycled plastics will be measured on a linear basis from the baseline year (2021) until the target observation date, equaling to an annual increase of approximately 7-8% until the target is reached in 2026.

Baseline performance and year: 12% in 2021

Historic performance:

- 2019: 0%
- 2020: 4%
- 2021: 12%

Scope: All of Inteno's operations and production worldwide. The KPI itself covers approximately 90% of Inteno's total production, since the other 10% share of final products does not contain any plastic materials.

Materiality and relevance

'Sustainability aspects of distributed hardware' is considered as a key ESG issue faced by the Telecommunications industry according to key ESG standards² for reporting and ISS ESG assessment. Similarly, companies from this sector which are significantly involved in the production of hardware can be considered to share key issues from Electronic Devices & Appliances industry, which include resource-conserving production, eco-design of products, and responsible sourcing of raw materials.

These issues are broadly aligned with the concerns and tenets of a concept known as 'circular economy', which is restorative and regenerative by design. This means materials should constantly

² Key ESG Standards include SASB and TCFD, among others.

flow around a 'closed loop' system, rather than being used once and then discarded. In the case of plastic, this means simultaneously keeping the value of plastics in the economy, without leakage into the natural environment. Companies addressing these issues often attempt to follow the tenets.

Companies of these industries can have intensive consumption of resources such as plastic.³ Therefore, by applying specific sourcing policies and/or targets in combination with other principles of circular economy (e.g., material and energy efficiency, extension of useful product life, etc.) companies can have a significant impact on the sustainability of their business models.

ISS ESG finds that the KPI tracking the use of recycled plastics in final products and selected by the issuer is:

- **Relevant** to Inteno's business as the company is currently a large consumer of virgin plastics. By targeting its sourcing practices and favorizing the consumption of recycled plastics, the company can reduce its dependency from materials which originate from extractive and unsustainable sources – i.e. petrochemicals.
- **Core** to the Inteno's business as it is heavily implicated in the design phase of its products, even though the latter are produced by 'original design manufacturers' (ODMs). The company and its ODMs have established long-term relationships which are key to the company's operations. In order to increase the share of plastics in its products, it is imperative for the company to engage in commercial efforts with its ODM to promote designs that are compatible with the use of recycled materials. This includes research and development, as well as extensive testing required to ensure the quality and safety of Inteno's products since the latter contain electronics.
- **Material** to Inteno from an ESG perspective as the KPI can have a material impact on the general issue of circularity. The KPI also addresses a significant portion of the company's business, since 90% of its final products are composed of plastic. As aforementioned, by targeting its sourcing practices and favorizing the consumption of recycled plastics, the company can contribute to the minimization of unsustainable resource consumption – i.e. virgin plastics. In order to best address the issue of circularity, this KPI should be coupled with other efforts to reduce consumption and waste generation, since the process recycling materials such as plastics is energy intensive. These efforts notably include the application of circularity principles such as the extension of useful product life, which the company is involved in. In fact, by designing hardware in tandem with software that allows the physical products to be updated, the company can improve the longevity of its products – thereby reducing the need for frequent replacements.

Consistency with overall company's sustainability strategy

Inteno sees sustainability as a cornerstone of their business. By building hardware products to last, which can stay up-to-date with different software solutions, the company aims to contribute to a society that can stay connected with less pressure on the environment. Increasing the amount of post-consumer recycled plastics (PCR) in its products – as opposed to virgin plastics which come from unsustainable fossil feedstocks – is therefore a priority for the company.

³ Plastics, the environment and human health: current consensus and future trends, 2009, Philosophical Transactions, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2873021/>

Beyond environmental sustainability, the company is actively working on ensuring safety and well-being amongst their employees and throughout their supply chain, by mandating their partners to comply with the Inteno Group Code of Conduct.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Scope and perimeter:** The KPI scope and perimeter is transparently defined as it covers approximately 90% of Inteno's total production, the rest of which does not contain plastic
- **Quantifiable/Externally verifiable:** The KPI selected is quantifiable and externally verifiable. The amount of recycled plastics will be measured by the company, as well as the total amount of plastic within its products.
- **Externally verified:** The historical data has not yet been verified by an external party.
- **Benchmarkable:** By tracking the amount of post-consumer recycled plastics (PCR), as well as the overall amount of plastics in its final products, Inteno can generate a KPI that is comparable with the data reported by other companies if the latter were to disclose the same.

***Opinion on KPI 1:** ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable, and benchmarkable. It has not been externally verified. It covers approximately 90% of Inteno's total production, the rest of which does not contain plastic.*

1A.2 Calibration of SPT 1

SPT 1: 55% of total plastics used in final products to consist of recycled plastics by 2026.

FROM ISSUER'S FRAMEWORK⁴

Sustainability Performance Target: 55% of total plastics used in final products to consist of recycled plastics by 2026

Sustainability Performance Target Trigger: is calculated as follows: the share of recycled plastics amongst total plastics used in final products in 2026.

Sustainability Performance Target Observation Date: FY ending 2026

Baseline performance and year: 12% in 2021

Target performance and year: 55% in 2026

Risks and factors supporting the target:

- Price and availability of recycled plastics
- Customer acceptance of products containing recycled plastics

⁴ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.

- Demand for products with recycled plastics
- Sub-suppliers' capabilities to manufacture products according to specifications with recycled plastics

Ambition

Against company's past performance

Inteno sets the SPT to increase the share of recycled plastics in its products to 55% by 2026. In absolute terms this equates to an arithmetic increase of 43 percentage points from the baseline year of 2021 – during which the company reached a share of 12%. Over the span of 5 years, this means that the company needs an average increase of 8.60 percentage points to reach its target.

Conversely, from 2019 to 2021, the average yearly increase was of 6 percentage points. In fact, 2020 was the first year in which the company started making use of recycled plastics in its products (4%). In all years prior – 2019 included – that share stood at 0%. From a quantitative perspective and when considering the trend observed in the last three years, the company's future performance will need to surpass its historical one.

As such, ISS ESG considers SPT 1 as ambitious against the company's past performance, with limitations deriving from the fact that past performance data on the KPI has not been verified by a third-party.

Against company's industry peers

ISS ESG conducted a benchmarking of the SPT set by Inteno against a peer group of 12 other companies from the Telecommunications industry, which was provided by the company⁵. As of 25.05.2022, ISS ESG could only identify one other company with a target similar to Inteno's. It should be noted that this remained the case when broadening the scope to include any target for recycled material use in final products (as opposed to Inteno's KPI which specifically focuses on recycled plastic).

ISS ESG concludes that the SPT set by the issuer is ambitious compared to its peer group practices in terms of defining a target for recycled material use in final products.

Against international targets

In the context of this assessment, ISS ESG could not identify any international standards or targets concerning the use of recycled plastics or materials in final products. In broad unquantified terms though, the KPI contributes to the United Nation's Sustainable Development Goal 12⁶, titled "responsible consumption and production", and more specifically its sub-target 12.2: "Sustainable management and use of natural resources".

Nonetheless, ISS ESG finds that there is limited information to assess the level of ambition of this target against international targets.

⁵ Because of KPI/SPT 1's nature as pertaining to hardware production, only companies involved in the latter were included. As such, this peer group is slightly smaller than that observed in KPI/SPT 2.

⁶ This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an company's product and service portfolio on the SDGs.

Measurability & comparability

- **Historical data:** The issuer provided relevant historical data for the years 2019 to 2021, in line with the SLBP recommendation to report at least three years of historical data.
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including the target observation date, the trigger event and the frequency of SPTs measurement.

Supporting strategy and action plan

To increase the share of recycled plastics uses in its products, Inteno is already replacing virgin material with recycled where it can in its production processes. According to the company, it is frequently in a position to do so, since it often acts as an intermediary between raw material producers (since Inteno is engaged in the selection process for materials such as plastics) and the ODMs (which then receive raw materials).

In order to further these efforts, the company is also actively engaging with ODMs and leveraging its long-term relationships with them, notably over a sustainability project that will run over the summer of 2022. This project, which aims to define a sustainability strategy, sustainability goals, and action plans, as well as sustainability prioritization, will be based on dialogues with stakeholder (e.g., supplier & ODMs). This will be done in the form of interviews (to obtain in-depth information) and surveys (to obtain comprehensive and quantitative responses), the objective being to understand the expectations and requirements that their stakeholders have in terms of sustainability. By going through this process, Inteno hopes to be in a position to influence the design and request-for-quote phase, thereby pushing ODMs towards production processes that are compatible with a greater share of post-consumer recycled plastics.

Opinion on SPT 1: *ISS ESG finds that the SPT calibrated by Inteno is ambitious against the company's past performance with limitations due to the KPI's unverified nature, and ambitious compared to a peer group of telecommunication companies' practices in terms of defining a target for recycled material use in final products. The target contributes in broad unquantified terms to UN SDG 12, but the lack of specific international standards means that there is limited information to assess ambition against international targets. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.*

1B.1 Selection of KPI 2

KPI 2: Setting Science-Based Targets for scope 1-3 emissions approved by SBTi for CO₂e emission reduction in line with the 1.5-degree scenario

FROM ISSUER'S FRAMEWORK

KPI 2: Setting Science-Based Targets for scope 1-3 emissions approved by SBTi for CO₂e emission reduction in line with the 1.5-degree scenario

SPT 2.1: SBT to be validated by the Science Based Target Initiative (SBTi) by 2024

SPT 2.2: This SPT will be aligned with the SBTi targets (as sub-targets) and will be announced when the SBTi targets are validated. The targets are to be reached by 2026 (in relation to the SBT milestone of that year).

2030 goal: The Science-Based Targets will include long-term goals until 2030 and beyond, in order to align with the Paris Agreement

Definition: Inteno will implement two SBTs: SBT 1 will include a Scope 1 & 2 emission target; SBT 2 will include a scope 3 emission target. The SPTs are reached if a) the Inteno CO₂e emission reduction targets are validated by SBTi and listed on the SBTi list of companies with validated targets (with 1.5C target classification). b) if the new sub-targets announced are reached by 2026.

Rationale: By committing to targets that are validated by the SBTi, Inteno is insured that the company works towards the 2015 Paris agreement goals developed by the UN. Inteno believes that all companies need to take action and responsibility to make the change that is required for the world to succeed in the 1.5 degrees Celsius target.

Timeline: Setting a science-based target is a five-step process:

1. Commit: Submit a letter establishing your intent to set a science-based target
2. Develop: work on an emissions reduction target in line with the SBTi's criteria
3. Submit: present your target to the SBTi for official validation
4. Communicate: announce your target and inform your stakeholders
5. Disclose: report company-wide emissions and track target progress annually

Baseline performance and year: the company has not set any emissions reductions targets in the past.

Scope: All of Inteno's operations and production worldwide.

Materiality and relevance

Climate protection is considered as a key ESG issue faced by the Telecommunications industry according to key ESG standards⁷ for reporting and ISS ESG assessment. In a connected world, where data usage has been propelled by the COVID-19 pandemic, the greenhouse gas (GHG) emissions of the telecommunications and ICT sectors has been in the limelight. A recent report by BCG⁸ finds that "the ICT sector is now responsible for 3 to 4% of global CO₂ emissions".

ISS ESG finds that the Scope 1-3 emissions KPI selected by the issuer is:

⁷ Key ESG Standards include SASB and TCFD, among others.

⁸ Boston Consulting Group (BCG), 'Telco Sector Can Be Game-Changer on Sustainability, Shrinking Its Own, Other Industries' Carbon Footprints', <https://www.bcg.com/press/24june2021-telco-sector-game-changer-sustainability-shrinking-carbon-footprints>

- **Relevant** to the issuer's business as the KPI addresses a key issue for its industry. Indeed, setting GHG reduction targets and action plans are important ways in which the company can address climate protection.
- **Core** to the issuer's business as it will first require active engagement with the Science-Based target initiative (SBTi) in order for Inteno to develop emissions reduction targets in line with the SBTi's criteria and get them approved. Since this is a time-consuming process (such as data gathering, analysis, reporting, and governance), Inteno will invest in hiring external support, as well as internal resources. Secondly, the company will aim to achieve the set reduction targets. The target date for the Sustainability-Performance Target (SPT) connected to this KPI will be set for 2026, while the Science-Based Targets (SBT) are expected to be set for later years. Inteno explains that the 2026 target will be calculated as a linear extrapolation of the SBT. It will require different actions from the company to achieve these targets, as they cover all three scopes of emissions. As such, actions will range from energy efficiency measures within the company to engaging with suppliers.
- **Material** to the issuer's business from an ESG perspective as it is one of the key ESG issues faced by the Telecommunication industry and hence Inteno can have material impact on the issue. The KPI covers all three scopes of GHG emissions of the company, where Scope 1 includes the company's direct emissions, Scope 2 includes the emissions from purchased electricity, and Scope 3 includes emissions caused by upstream and downstream activities. Indeed, by including all three scopes, the company will tackle the totality of the emissions Inteno is responsible for.

Consistency with overall company's sustainability strategy

Inteno sees sustainability as a cornerstone of their business. By building hardware products to last, which can be stay-up-date with different software solutions, the company aims to contribute to a society that can stay connected with less pressure on the climate. Lowering GHG emissions is a priority for the company. For example, it has identified overseas shipping as a large contributor to its GHG emissions and using more slow steamer ships in order to address this issue.

Beyond environmental sustainability, the company is actively working on ensuring safety and well-being amongst their employees and throughout their supply chain, by mandating their partners to comply with the Inteno Group Code of Conduct.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Scope and perimeter:** The KPI scope and perimeter is transparently defined as it covers 100% of the company's operations and all three scopes of GHG emissions.
- **Quantifiable/Externally verifiable:** The KPI selected is quantifiable and externally verifiable. GHG emissions broken down per scope (Scope 1, 2 and 3) are widely disclosed and standardized in the market. The issuer is referring to key reporting and accounting protocols for GHG emissions such as the SBTi criteria.

- **Externally verified:** The KPI is forward-looking and is not yet calculated. The company will have the performance level against the SPTs for the KPI externally verified by a qualified third party.
- **Benchmarkable:** By referring to commonly acknowledged GHG accounting standards and the SBTi methodology, the KPI will be comparable with the data reported by other companies and with international targets such as the Paris Agreement.

Opinion on KPI 2: ISS ESG finds that the KPI selected is relevant, core and material to the issuer’s business model and consistent with its sustainability strategy. Inteno will develop emissions reduction targets in line with the SBTi’s criteria, seek official approval by the SBTi, and aim to achieve the set reduction targets. Inteno explains that the 2026 target will be calculated as a linear extrapolation of the targets. Thereby, this KPI covers both the target setting process and the actual emissions reductions for Scope 1, 2 and 3. It will be appropriately measurable, quantifiable, externally verifiable, externally verified and benchmarkable. It will cover all of Inteno’s emissions worldwide.

1B.2 Calibration of SPT 2

SPT 2: Target validation by the SBTi and accomplishing the Scope 1, 2 and 3 target for 2026

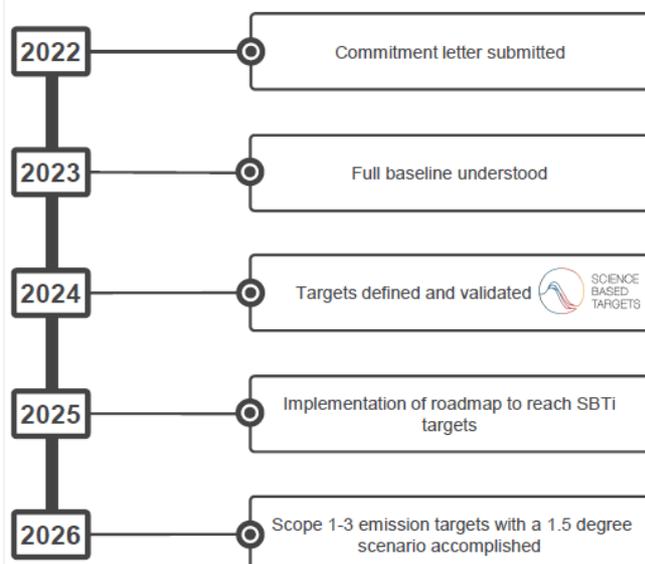
FROM ISSUER’S FRAMEWORK

Sustainability Performance Target (SPT) 2.1: SBT to be validated by the Science Based Target Initiative (SBTi) in 2024.

SPT 2.2: This SPT will be aligned with the SBTi targets (as sub-targets) and will be announced when the SBTi targets are validated. The targets are to be reached by 2026 (in relation to the SBT milestone of that year).

Sustainability Performance Target Trigger for SPT 2.1: is calculated as follows: binary assessment on whether the SBTs have been validated by the SBTi

Projected target trajectory & STP Milestones



Sustainability Performance Target Trigger for SPT 2.2: is calculated as follows: the calculation of the emissions reduction according to the linear pathway of both SBTs for the year 2026.

Sustainability Performance Target Observation Date: FY ending 2024 and FY ending 2026

Factors that might influence the targets: some of Inteno’s suppliers have historically been proactive in CSR matters which should create a good platform for involvement around lowering GHG emission.

Risks to the target: since Inteno does not control the full value chain (partners), this implies that partners may need to collaborate on certain matters in order to reach the identified targets. This is applicable towards

scope 3 emissions. This is mitigated through having long and stable relationships with the partners, which gives the capability to have an impact on these partners.

Ambition

Against company's past performance

Inteno has set two SPTs based on SBTi methodology, covering both the target setting validation and achievement. This should lead to a reduction in Inteno's GHG emissions on all three scopes.

The issuer has shared partial historical data on the current levels of emissions. However, since target setting of emissions reductions is part of this SPT, it is not yet possible to quantitatively compare the future emissions to the past emissions.

Still, it should be noted that the company has not set or measured any emissions reduction targets in the past, nor has it ever tried to receive SBTi-validation.

In this context, ISS ESG considers SPT 2 ambitious against past performance with limitations due to the lack of historical performance data.

Against company's industry peers

ISS ESG conducted a benchmarking of the SPTs against a peer group of 16 companies, reported by the issuer.

In terms of target set, there are two companies in the peer group which are committed⁹ to the SBTi. Three peers have already set targets that have been approved by the SBTi, which are confirmed to be in line with a 1.5 degree warming scenario and in line with the Paris Agreement. The remaining 11 peers have neither. This would place Inteno in the top 35% of the peer group.

ISS ESG concludes that there is limited information to determine that SPT 2 is ambitious against peers, because the SPT is currently a commitment and the emission reduction targets are still to be defined.

Against international targets

Paris Agreement

The SPT will include calibrating emissions reductions targets validated by the SBTi. Indeed, like all SBTi-validated targets, the targets will be developed in line with the GHG Protocol Corporate Standard and it will cover all relevant GHG emissions. Based on this, the issuer will commit to be in line with the Paris Agreement and be below a 1.5 degree warming scenario according to SBTi methodology.

Secondly, the SPT 2.2 will be achieved when Inteno reaches an emissions reduction by 2026 that is on a linear extrapolation of the SBTi-validated targets for Scope 1, 2 and 3. Therefore, SPT 2 will permit the issuer to be Paris-aligned at least in the short run. It will be important that Inteno achieves the targets set on the timeline validated by the SBTi, which are expected to extend beyond 2026.

ISS ESG finds that, through the adoption of SPT 2, Inteno commits to be Paris-aligned in the future. However, it is important to stress that the target is not yet available, and therefore no details can be provided.

⁹ The SBTi explains that "Organizations whose target status is 'committed' have made a public commitment to set a science-based target aligned with the SBTi's target-setting criteria within 24 months". For more information: <https://sciencebasedtargets.org/companies-taking-action>

Measurability & comparability

- **Historical data:** The issuer has not provided historical data on its Scope 1, 2 and 3 emissions for the last 3 years, as recommended by the SLBP, because Inteno has not comprehensively measured all emissions yet. That will be part of the strategy for this SPT.
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including the target observation date, the trigger event and the frequency of SPTs measurement.

Supporting strategy and action plan

Inteno will start with setting the emissions reductions targets and having them validated by the SBTi according to the following action plan:

- **Commit:** Submit a letter establishing your intent to set a science-based target
- **Develop:** work on an emissions reduction target in line with the SBTi's criteria
- **Submit:** present your target to the SBTi for official validation
- **Communicate:** announce your target and inform your stakeholders
- **Disclose:** report company-wide emissions and track target progress annually

Subsequently, the issuer will define a strategy to reduce the emissions. Actions could include, but are not limited to, engagement with suppliers and efficiency measures for shipping.

Opinion on SPT 2: SPT 2 has two sub-targets, first the company aims to have their emissions reduction targets for Scope 1, 2 and 3 validated by the SBTi and secondly to achieve emissions reduction by 2026 that are on a linear extrapolation of the SBTi-validated targets. ISS ESG finds that the SPT calibrated by Inteno is ambitious against past performance with limitations due to the lack of historical performance data, because the company has not set or measured any emissions reductions targets in the past, nor has it ever tried to receive SBTi-validation. Compared to a reported industry peer group of 16 companies, SPT 2 ranks in the top 35% of the peer group. Since the SPT is currently a commitment and the emission reduction targets are still to be defined, ISS ESG concludes that there is limited information to determine that SPT 2 is ambitious against peers. The SPT will permit the issuer to be Paris-aligned at least in the short run. It will be important that Inteno achieves the targets set on the timeline validated by the SBTi, which are expected to extend beyond 2026. Hence, ISS ESG finds that Inteno commits to be Paris-aligned in the future. The target is set in a clear timeline and is supported by a strategy and action plan disclosed in the company's framework.

PART 3: LINK TO INTENO'S SUSTAINABILITY STRATEGY

Methodological note: Please note that Inteno Group AB is not part of the ISS ESG Corporate Rating Universe. Thus, the below sustainability profile is an assessment conducted by the analyst in charge of the Telecommunications sector based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

This section aims to provide an overall level of information on the ESG risks to which the issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Climate protection
Customer protection and service
Data protection
Sustainability aspects of the distributed hardware
Responsible access to products and services

ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating methodology, ISS ESG assessed the current sustainability performance of the issuer to be poor. Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part 2 of the report.

Sustainability impact of products and services portfolio

The issuer provided ISS ESG with the revenue breakdown of its products/services portfolio, based on non-audited information. Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along the issuer's production process.

ISS ESG determined that, based on the information provided by the company, its overall business model has no net impact (contribution and/or obstruction) to the UN SDGs.

Breaches of international norms and ESG controversies

At issuer level

At the date of publication, ISS ESG has not identified any severe controversy in which the issuer would be involved.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Telecommunications industry are as follows: Failure to respect consumers' right to privacy, Failure to manage cybersecurity and Anti-competitive behaviour.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

ANNEX 1: Methodology

ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from industries with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per industry, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Bond Framework of Inteno, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of the Inteno's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles / Sustainability-Linked Loan Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.

ISS ESG analysed the ambition of the SPT against Inteno's own past performance (according to Inteno's reported data), against Inteno's industry peers (selected by the issuer), and against international benchmarks such as the Paris agreement. Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of Inteno.

ANNEX 2: Quality management processes

SCOPE

Inteno commissioned ISS ESG to compile a Sustainability-Linked Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Bond Framework aligns with the ICMA Sustainability-Linked Bond Principles and to assess the sustainability credentials of its Sustainability-Linked Bonds, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability-Linked Bond Principles

ISSUER'S RESPONSIBILITY

Inteno's responsibility was to provide information and documentation on:

- Framework

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability-Linked Bonds to be issued by Inteno based on ISS ESG methodology and in line with the ICMA Sustainability-Linked Bond Principles.

The engagement with Inteno took place in May and June 2022.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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