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Together we electrify Sweden.

Ellevio is one of Sweden's largest electricity network companies. By helping to develop a climate-smart energy system and investing in the future, we ensure a reliable electricity supply. This is one of society's most important tasks. The electricity grid is also crucial for both global and national climate targets.

Electrification is required for Sweden to achieve its national goal of zero net emissions of greenhouse gases by 2045. Working towards these objectives, electrification is often identified as a solution where fossil-free electricity replaces fossil fuels in both industry and the transport sector. It also involves the smarter use of the electricity grid and about connecting more renewable electricity production.

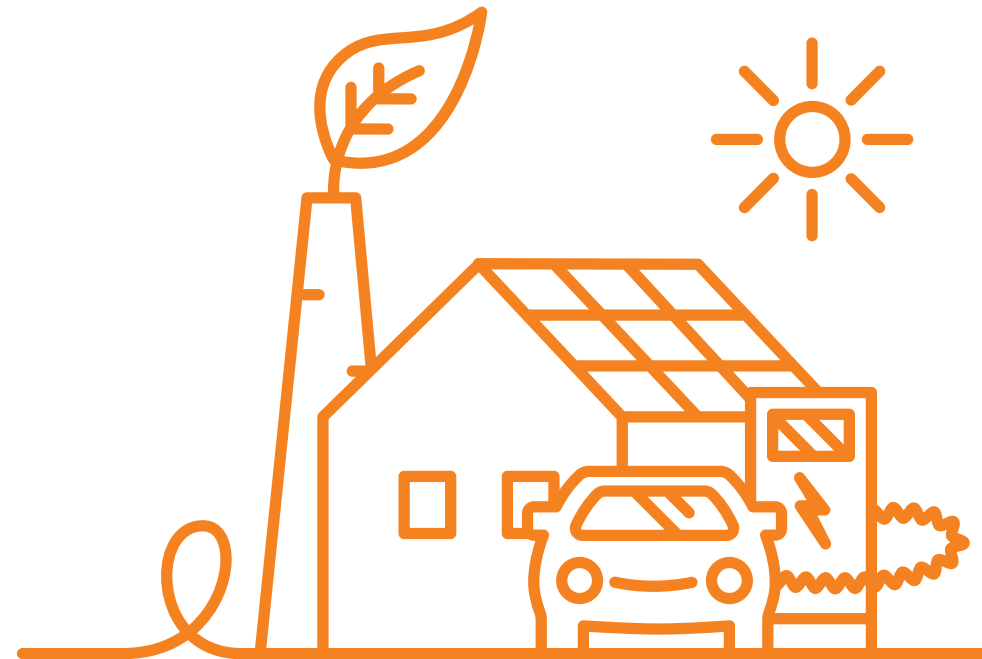
This is a major societal change that requires an infrastructure with greater capacity to enable electrification of both the transport sector and industry.

According to forecasts from Swedenergy (Energiföretagen Sverige), the annual energy consumption in Sweden is expected to

increase to about 310 TWh in 2045 – which is more than double than consumption today. To meet this increased demand, Swedish electricity networks require investments of around SEK 670 billion by 2045, according to a report published by Sweco in March 2022.

At Ellevio, we are driving the transition to a long-term sustainable electricity system by:

- Investing in and developing the electricity grid to better secure delivery and increase capacity.
- Support customers to act more climate-smart and efficient.
- Develop solutions and services based on smart data and analysis.



“Swedish electricity networks require investments of around SEK 670 billion by 2045.”



Market development and societal trends.

Society's growing need for electricity places high demands on Ellevio – but at the same time creates opportunities. The role of electricity network companies in society has never been more important. Ellevio is adapting its electricity grid to meet the new requirements from, among other things, the electrification of transport and industry, digitalisation, urbanisation, changes in the composition of electricity production, safety risks and more extreme weather conditions.

Electricity production – increasingly local and renewable

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 of the future will become increasingly dependent on wind but also solar power.

As electricity production from weather-dependent energy sources is irregular, the electricity grid of the future must be designed to be able 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 and discharging their surplus electricity.

New requirements when more people live in cities

One of the biggest challenges for Sweden's electricity network is that more and more people live in cities. Around 70 percent of the population increase takes place in the big cities, and Stockholm is expected to become a three million inhabitant city in 20 years.

At the same time, demand for improved reliability is increasing throughout the country. The demographic changes place new demands on the electricity networks that must meet increased needs from, for example, new housing, offices and infrastructure.

Electrification of important sectors

The large increase in electricity use can above all be linked to the electrification of the transport sector and industry as well as

to the continued need for data centres. The electrification of transport and industries is crucial for Sweden to achieve its objective of net zero greenhouse gas emissions by 2045.

Electric vehicles offer both an opportunity and a challenge – the vehicles contribute to an increased need for charging capacity, but also provide storage opportunities that could contribute to balancing electricity use. Industry must also change to become fossil-free, and thanks to technological breakthroughs, a radical change is underway that can have major positive effects on greenhouse gas emissions.

Thanks to a favourable climate, abundant fossil-free electricity and favourable tax conditions, Sweden is an attractive location for establishing data centres.

Smart grids – the future of energy efficiency

Smart grids can collect, communicate, store and analyse information from millions of measuring points. This creates opportunities to control the energy system more efficiently – and, among other things, ensure that the right amount of electricity is produced and delivered when and where it is needed. They can also help reduce the impact of electricity networks on the climate and the environment by reducing network losses.

Ellevio works actively with the digitisation of electricity networks, among other things by providing its customers with the next generation of smart electricity meters.

Strategic sustainability work.

Ellevio's vision is to contribute to a bright and sustainable future. Together with our customers and partners, we electrify Sweden. Contributing to a sustainable future is thus our core business. But we also want to be a pioneer in how we run our own business. This is why we steer our operations towards lower climate impact.

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 following four goals:

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.

Our Annual and Sustainability Report for 2021 describes how we manage our sustainability work, our commitments, how we measure our progress, and what results we achieved in 2021. Read more in the section 'Sustainability information' on pages 74–90 and on page 20 and in the 'CEO statement' on pages 8–9.



Ellevio's operations are to a large extent taxonomy-eligible

In 2021, the EU taxonomy for sustainable activities was launched to classify environmentally sustainable economic activities. The taxonomy's basic principles and criteria are very much in line with Ellevio's green framework.

Ellevio's operations are to a large extent taxonomy-eligible as 'Transmission and distribution of electricity' is classified as an enabling activity.

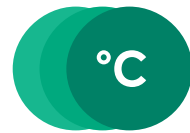
Ellevio estimates that 100 percent of its sales are taxonomy-eligible. In 2022, a full evaluation will be made of how much of the business is classified as sustainable. Preliminary assessments indicate that electricity networks are to a very large extent environmentally sustainable activities in aligned with the taxonomy. Read more in our Annual and Sustainability Report 2021.

Green bond framework.

Ellevio launched a **green framework** in 2019 to be able to issue green bonds. The purpose is to offer the capital market opportunities to invest in projects that support the transition to an emission-neutral and climate-smart energy system. Projects that may be eligible for funding are those that contribute to the UN Sustainable Development Goals.

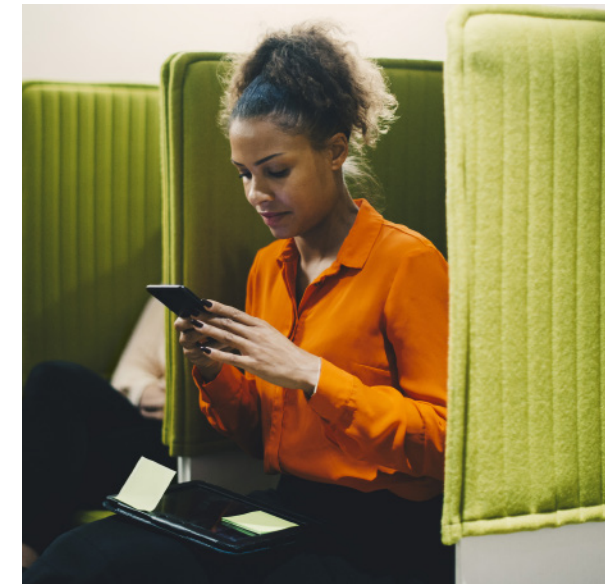
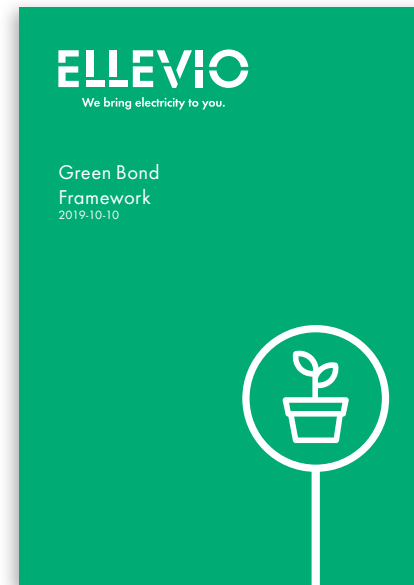
The framework has been reviewed by the independent climate and environmental research institute Cicero and has received the highest rating, 'Dark Green'. Projects that fall within the green bond framework deliver value in the following areas:

- Renewable energy
- Energy efficiency
- Adaptation to climate change
- Protection of natural resources
- Fossil-free transports



°CICERO
Shades of
Green

Cicero's statement is available here:
www.ellevio.se/globalassets/content/finansiell-information/second-opinion-cicero-06_11_19.pdf



“The Swedish electricity system is becoming increasingly dependent on wind but also solar power.”



Ellevio's green bond.

Ellevio has issued a total of SEK 2,000 million within the company's green bond framework.

Ellevio issued its first bond under the company's framework for green bonds in June 2020. A total of SEK 1,650 million was issued at that time. The strong demand from investors led to that Ellevio increased the value of the bond by SEK 350 million in August of the same year. No bonds were issued in 2021.

The bond is issued under the company's Euro Medium Term Note (EMTN) programme on Euronext Dublin and in accordance with Ellevio's green bond framework.

Ellevio's green bond

ISIN	Amount (million SEK)	Start date	Maturity	Fixed / Variable	Reference rate	Margin	Coupon	Type
XS2187707893	1,000	2020-06-11	2027-06-11	Variable	Stibor 3M	1.43%		Green
XS2187708198	1,000	2020-06-11	2027-06-11	Fixed			1.728%	Green



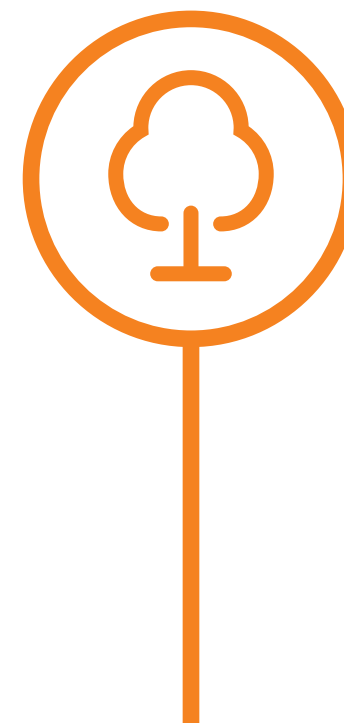
Approved projects and allocated amounts.

In 2021, Ellevio invested SEK 1,052 million in projects approved for green financing in accordance with the company's green bond framework. A total of SEK 1,402 million has been invested in green investment projects as part of the framework.

Allocation of green financing for completed investments as of 31 December 2021, SEK million

Approved green investment projects, total amount	3,555
- of which energy efficiency	1,675
- of which renewable energy	1,880
Green funding, total amount	2,000
- of which allocated to energy efficiency	590
- of which allocated to renewable energy	812
- of which not allocated	598

Ellevio's 'Green Account' as of 31 December 2021, amounted to SEK 803 million. Following the allocation of investment funds of accrued costs under approved green investment projects as of 31 December 2021, the balance on the 'Green Account' amounted to SEK 598 million in March 2022.



Description of the projects.

Ellevio has invested in two projects under the green bond framework. The projects increase the share of renewable energy by connecting wind power and enable energy efficiency by installing the latest generation of smart electricity meters.

Energy efficiency – the latest generation of smart electricity meters

The Energy Efficiency project involves installing the latest generation of smart electricity meters in almost one million households and companies in Sweden. The work began in 2020 and will be completed in 2023.

The new meters are an important piece of the puzzle for the sustainable energy systems of the future, and by the end of 2021, around 400,000 of Ellevio's customers had their second-generation smart electricity meter installed.

The new electricity meters create opportunities for new smart energy services that enable

our customers to live more climate-smart and energy-efficient. Customers are given better conditions to follow, compare, measure and reduce their electricity use.

The meters also allow the connection of photovoltaic solar panels, and thanks to a standardised interface, the new electricity meters open up new services from third-parties, including energy efficiency, and smart electric vehicle charging and heating.

In 2021, a new app was launched that provides a clear overview of energy use and can be connected to other devices in the home, such as solar panels, electric vehicle charging stations and heat pumps.

Renewable electricity – Connection and wind power

Increasing the share of connected renewable energy is part of Ellevio's essential sustainability work, and we are investing in electricity grids to make it possible to convert the energy system to renewable energy sources. The proportion of wind power is increasing rapidly, and wind power now accounts for approximately 15–18 percent of the country's electricity supply. There is a political goal that Sweden should have a 100 percent renewable electricity production by the year 2040, which means that the importance of wind power is only likely to increase in the coming years.

In total, the supply of wind power to Ellevio's electricity grid in 2021 amounted to 4.0 TWh. This corresponds to 26 percent of the total electricity directly fed into the network. The connected effect from wind power to Ellevio's network increases every year.

Ellevio has made investment decisions on the connection of wind farms and has close collaboration with wind power developers. The investment projects that are approved for green financing intend to connect up to 1,970 MW of new wind power production to the company's regional network during the period 2019–2022. In 2021, Ellevio connected 98 (33) new wind turbines with a combined effect of 576 MW (137).

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Auditor's limited assurance report on Ellevio's Green Bond Investor Report

This is a translation of the Swedish original. To the board of Ellevio AB (publ), corporate identity number 556037-7326

Scope

We have been engaged to issue a report over the specified information presented in the board of directors' and the managing director's report "Ellevio's Green Bond Investor Report May 2022" (investor report) that the proceeds of SEK 2,000 million from issuance of green bond have been used in accordance with the conditions within Ellevio's green bond framework (the framework).

The set conditions in the framework are to finance investments in renewable electricity, energy efficiency, adaptation to climate change, protection of natural resources or fossil-free transports.

Responsibilities of the Board and Managing Director

It is the responsibility of the board of directors and the managing director that the conditions the green bond is based on are fulfilled in accordance with the requirements in the framework, that it is used in the supposed way and within the activities that are specified in the framework that shows which kind of project that could be financed. The board of directors and the managing director have the responsibility to prepare and issue the investor report.

Responsibilities of the auditor

Our responsibility is, based on our limited review, to express a conclusion on the specified information presented in the board of directors' and the managing director's investor report and on the use of the issued proceeds in accordance with the framework's categories.

We have conducted our engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

Ernst & Young AB applies ISQC 1 (International Standard on Quality Control) 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 are independent of Ellevio AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our procedures are based on the criteria defined by the board of directors and the managing director as described above. We consider these criteria suitable for the preparation of the investor report.

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



Conclusion

Based on our review of the specified information presented in the board of directors' and the managing director's investor report for Ellevio's green bond May 2022, nothing has come to our attention that causes us to believe that the company has not, in all material respects, used the issued proceeds to other activities than specified in the framework.

Stockholm May 3, 2022

Ernst & Young AB

Henrik Jonzén
Authorized public accountant