

# Sustainable financing is our mission

**Kommuninvest's basic concept and vision includes encouraging social development that is sustainable in the long term. Sustainable financing solutions foster efficient use of tax revenues, financial stability and the local government sector's work with Agenda 2030. Despite the exceptional corona pandemic conditions, the operations were able to fulfil their mission during the year relatively unaffected .**

The municipalities and regions form the backbone of the Swedish welfare state. It is under their management that citizens encounter the most central social services, including healthcare, education and residential care. They also play a central role in the basic social infrastructure, in the form of housing, energy supply, public transport, water/sewerage, etc. Local government actors play a key role in advancing Swedish efforts towards Agenda 2030 and the global goals, in terms of both environmental change and societal issues.

## **How we generate sustainable values**

Kommuninvest plays a similar role for the local government sector as the National Debt Office does for the central government and its authorities. Through lending to municipalities and regions, Kommuninvest establishes conditions for the expansion of Swedish welfare, increases the stability of local government finances and contributes to a more sustainable Sweden. By "pooling" local government borrowing needs and channelling them through a single organisation, economies of scale can be achieved, while keeping management costs down.

As the largest lender to the sector by far, we generate both direct and indirect values. Crucially, the financing solutions and the knowledge and debt management tools we provide benefit financial stability in Swedish municipalities and regions and help develop members' debt management expertise. Accordingly, essential investments in welfare and sustainability can be made more efficiently and at a lower cost to taxpayers. This strengthens the welfare society by providing new or refurbished homes for the elderly, schools, apartments and healthcare facilities, or various forms of infrastructure such as roads, public transport, energy, water/sewerage.

## **Covid-19 exerts pressure on local government operations**

The corona pandemic exerted severe pressure on the operations of municipalities, with the need to care for the ill and to protect risk groups being the focus in the handling of the pandemic. The pandemic has greatly affected the local government sector's finances, mainly by causing a heavy burden on health and care services. It has also hampered growth in the tax base and also affected other revenues and expenses.

During 2020, the cooperation that Kommuninvest represents was therefore particularly relevant, helping support the sector in dealing with the challenges it has faced. Throughout the year, Kommuninvest primarily maintained continued access to the capital market and was able to finance municipalities' and regions' funding needs on favourable terms. This was of particular importance early in the crisis, when the stressed market situation caused strong pressure from customers.

## **Normal level of operations generally**

Despite the pandemic, Kommuninvest's own operations could be maintained without significant problems. In mid-March, a decision was made to place the organisation on high alert and operations basically switched entirely to digital platforms, with working from home and digital meetings becoming the new normal, to mitigate operational risks and to help limit contagion.

The transition to digital working methods allowed the operations to develop according to plan. Events formerly held in person, have switched to digital formats, including the Annual General Meeting of the Society, customer seminars, etc. The heightened level of preparedness has also brought an increased frequency of meetings and reporting, with regular "town hall"-meetings with the CEO and the management, for example. Surveys among the employees suggest that internal communications improved over the year.

## **Continued central role**

The welfare assignment for Sweden's municipalities and regions, and thus the conditions for their long-term economic sustainability is largely a matter of demographic development, with an increasing proportion of younger and older people. In addition, the local government sector still has significant needs for investment. Accordingly, it is still of the utmost importance to have access to favourable financing and efficient debt management support.

Kommuninvest's ability to maintain the sector's financing capacity, even in the most troubled times, engenders security and contributes to a high level of trust in the operations.



**Creates stable finances in municipalities and regions.**



**Contributes to the general build-up of welfare in Sweden.**



**Lending**

**443**

SEK bn

Of which 12 percent are Green Loans



**Helps all of Sweden live.**

**355.4**

SEK million in total distribution of surplus<sup>1</sup>

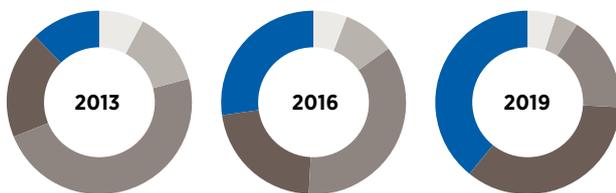
**2,246**

users of KI Finans

**Helps to meet Sweden's sustainability targets.**

<sup>1</sup>) Amount disbursed in 2020, relating to the 2019 financial year.

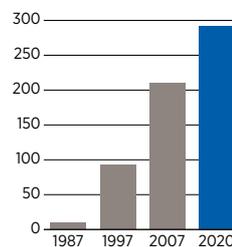
**Kommuninvest's share of local government borrowing**



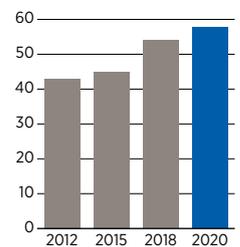
0% 1-50% 51-90% 90-99% 100%

The compilation refers to Kommuninvest's share of borrowing among all of Sweden's municipalities, including both members and non-members. Most of the municipalities with no borrowing from Kommuninvest are non-members, meaning they are not entitled to raise loans from Kommuninvest. Of the 13 municipalities that had no funding from Kommuninvest in 2019, 12 were non-members. Data for 2020 were not available at the time of publication.

**Number of members**



**Kommuninvest's market share, %**



# Sustainability work

**Our sustainability work builds on the expectations of our stakeholders and on our mission to finance local government development and investment for a beneficial and sustainable society. The ambition is to integrate sustainability throughout our operations.**

Our view on sustainability builds on the values of the Swedish local government sector, and actions are conducted in accordance with the Local Government Act and other relevant legislation. It is therefore consistent with the international framework of the ILO Fundamental Conventions, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact.

## Financing, knowledge, responsibility

By providing efficient financing of investments for Sweden's municipalities and regions, we contribute to sustainable welfare over the long term. A strong ownership structure and the joint and several guarantee between the members allow us to raise capital in the financial market cost-efficiently and stably. The members' considerable investment needs and Kommuninvest's position, being responsible for a sizeable proportion of members' funding, generate economies of scale.

We support our members' sustainability work with financing products clearly focused on environmental and social sustainability. Since its launch in 2015, Kommuninvest's green financing programme has grown to become one of the largest in the Nordic region. In 2020, a new product, Social Sustainability Loans, was introduced in a pilot phase and the first loans were granted.

We are also working to build knowledge on debt management, as part of good financial management in the sector. By extension, this should give elected representatives optimal room for manoeuvre in delivering welfare services to citizens. Given its role in society, it is crucial that Kommuninvest be governed clearly to ensure the operations are conducted responsibly.

## Stakeholder dialogue

We maintain a continuous dialogue with those stakeholders who, in various ways, influence and are affected by our operations, to identify the sustainability issues with which the Group should work. Our dialogue with stakeholders involves meetings with members, customers and employee delegates, as well as with representatives of government ministries and national authorities. We also conduct satisfaction surveys among key stakeholders on an ongoing basis, including members, customers, employees and investors.

Swedish municipalities and regions are our most important stakeholder group. As members, they own and govern our operations, although, when they choose to borrow from

us, they are also our customers. In their capacity as owners, our dialogue with members is conducted mainly with elected politicians. In their capacity as customers, our dialogue with members is conducted mainly with local government officials, generally with specialists in economics and finance. Specific sustainability surveys are conducted every two years, with the next being planned for 2021.

## Governance of sustainability work

The Sustainability Manager is responsible for managing, developing and reviewing Kommuninvest's sustainability work in close cooperation with the Executive Management Team and the department heads, who are responsible for taking sustainability aspects into account within their respective areas of responsibility. Guidelines for sustainability work are detailed in a Sustainability Policy adopted by the Company's Board of Directors, and are further specified in supplementary policies and instructions relating to occupational and personal safety, conflicts of interest, IT security, equality and diversity, bribery and hospitality, and regulatory compliance. Sustainability work is reported annually to the Board, and is supplemented by reviews on topical themes.

## Sustainability risks

Sustainability risk is the risk that Kommuninvest's operations will directly or indirectly affect their surroundings negatively in terms of business ethics and corruption, including money laundering and terrorism financing, climate and environment, as well as human rights, including working conditions. Kommuninvest is primarily exposed to sustainability risks related to ethics, IT security and so-called "green-washing", that is, the risk that environmental and climate-related investment projects that it funds fail to meet sustainability requirements. Kommuninvest's actions to address sustainability risks are largely governed by national and international regulations and guidelines alongside the Society's Ownership Directive, internal instructions and policies. For climate-related financial risk, see also the Sustainable financing section.

## Direct and indirect influence

Kommuninvest has both a direct and indirect impact on sustainability. Kommuninvest owns the direct influence, meaning this lies within the Company's direct decision-making mandate and efforts can provide concrete qualitative and quantitative effects. Direct influence includes, for example,



## Our sustainability perspectives

### Sustainability work builds on three perspectives

#### Sustainable financing

Supporting municipalities and regions' efforts in financial, environmental and social sustainability, as well as in fostering stability.

#### Responsible operations

Ensuring that Kommuninvest complies with its Code of Conduct, the expectations of stakeholders, as well as with laws, rules and regulations.

#### Sustainable organisation

Fostering a good working environment and employee health, good management, employee collaboration, and an agile organisation.



## Which global goals are most clearly connected?



Our influence is both direct (within the Company's decision-making mandate) and indirect (in the case of lending, funding and other balance sheet items). A mapping conducted in 2019 shows that the Group has a direct or indirect impact on 15 of the 17 global goals and on about 50 of the 169 sub-goals. The goals most clearly connected are presented here.

customer and employee relations, business travel, office premises, local collaboration, etc. The indirect influence is defined as Kommuninvest's impact on sustainability through its balance sheet, primarily through its lending operations and business relationships with borrowers, investors and counterparties. This influence is mainly related to the local government authorities' choice of investments and how these contribute to a sustainable society. Although Kommuninvest's direct impact is limited, its indirect impact is extensive.

# Sustainable financing

**Kommuninvest offers financial services and products that support the work of the municipalities and regions regarding good financial management and sustainable development. This provides conditions for tax funds to be used as efficiently as possible, to increase the stability of the financial system and to promote the local government sector's sustainability work.**

Our contribution in sustainable financing involves cost-effective and stable financing of public investments, products capable of promoting sustainable realignment, and long-term analysis for sustainable local government finances. The work also focuses on enhancing the skills of our members and customers in sustainable financial management, and offering tools that improve internal decision-making processes.

## Digitalised lending process

Lending forms the foundation of our operations. To be able to offer stable financing at the right price, it must continuously be streamlined in accordance with the needs of customers and members. In 2020, a multi-year development process was completed resulting in a digitalised lending process, KI Låna. This increases flexibility and reduces administration for customers while freeing up resources in the Company for more qualified customer support and strategic conversations.

## Social sustainability loans

During the year, the process of developing a loan product for social sustainability, initiated in 2019 together with a small group of members and customers, transitioned to a "pilot launch" during the year. By the end of 2020, four loans had been granted with a total value of SEK 462.6 million. For further information, see the article on the next page.

## The proportion of Green Loans continues to grow

To highlight and stimulate the local government sector's environmental and climate work, Kommuninvest offers "Green Loans" (for further information, see the article on the next page). At the end of 2020, the volume of Green Loans granted amounted to SEK 74.7 (63.1) billion and related to 431 (346) green investment projects in 167 (150) municipalities and regions. The proportion of Green Loans disbursed in relation to total lending was 12.0 (10.1) percent.

Kommuninvest finances Green Loans by issuing Green Bonds. To date, 11 Green Bonds have been issued and Kommuninvest is one of the Nordic region's largest issuers. The expected annual reduction of CO<sub>2</sub> emissions from the projects financed can be seen in Kommuninvest Green Bonds Impact Report.

## Increasing awareness on local government financing

To increase knowledge of the local government sector's long-term financial conditions, we conduct our own research and publish reports detailing trends in local government investments and their financing, including funding and debt analyses. The data are made available in public databases. Knowledge

is disseminated on an ongoing basis by means of seminars and individual meetings. In 2020, Kommuninvest took the initiative to establish a temporary expert group, the "Welfare Economists", to analyse the finances of municipalities and regions in the wake of the corona crisis. By the end of the year, the group had published two reports.

We also collaborate with higher education. Among other things, Kommuninvest has for several years partnered with the University of Örebro to promote research on the local government sector's debt management and financial conditions, and we finance both a chair and post-graduate studies. Kommuninvest is also part of the reference group affiliated with the university's Master's programme in Sustainable Business.

## Local government debt management tool developed in-house

KI Finans is a web-based financial management service for transaction management, analysis and reporting of financial liabilities and assets. All members of the Society have access to the service, which had more than 2,246 (2,062) users at the end of 2020. The service was originally developed for the Swedish local government sector, but is now also offered by Kommuninvest's sister organisations in Finland and Norway.

## Limited climate-related financial risk

In recent years, there has been increasing awareness that sustainability factors can also lead to financial risk. For Kommuninvest, such a risk could potentially be materialised, associated primarily with balance sheet exposures in the form of lending and funding, for example. Given the Group's organisational and basic structure, including the members' joint and several guarantee for the Group's liabilities, that all lending is zero risk weighted and that primary and secondary local government authorities cannot be declared bankrupt, the financial exposure to climate-related risk is, in practice, negligible.

## A non-profit concept that benefits society

Kommuninvest is established as a cooperative concept whose operations have no vested interest in generating a profit and are to be characterised by as low a level of risk-taking as possible. The profits generated are returned to the members in the form of interest on contribution capital and refunds on business volumes. In this way, SEK 355.4 (717.8) million was transferred back to the members of the Society in 2020. In recent years, profits have decreased following a decision by the members in 2018 to change the pricing model, entailing a reduction in the prices offered by Kommuninvest.



In a few years, Granngårdens Centrum in Trollhättan has been transformed from a deserted and insecure place, where no one wanted to be, into a living district centre with a health centre, pharmacy, grocery shop, etc. Behind the transformation is AB Eidar, Trollhättan’s housing company, whose decision to move its own operations to the area played a major part. This generated a basic degree of security that encouraged other actors, and Granngården Centrum is now a workplace for some 200 people. To finance the renovation and remodeling project, AB Eidar was among the first in Sweden to be granted a Social Sustainability Loan.

## Financing as a catalyst

It is becoming increasingly clear that the financial market can influence the transition to more sustainable societies. The market for “sustainable financing” is growing rapidly, and efforts are under way to adapt regulations to ensure that capital flows are used for sustainable operations.

Kommuninvest is participating actively in this development. Since 2015, municipalities and regions have been offered Green Loans for the financing of investment projects with clear environmental and climate ambitions. By the end of 2020, this loan programme had grown to encompass 431 projects in 167 municipalities and regions, with SEK 74.7 billion in approved loan volumes, of which SEK 53 billion has been disbursed.

In 2020, work on a new Social Sustainability Loans product advanced by several important steps. Municipalities and regions, including their companies, shall be able to use these loans to foster investments for a socially sustainable society. By the end of the year, four loans had been granted, to Botkyrkabyggen AB, AB Eidar i Trollhättan, the Municipality of Botkyrka and Uppsalahem/the Municipality of Uppsala.

The Green and Social financing programmes both promote increased measurement of their effects on society, that is, following up and assessing the investment contribution from a sustainability perspective. Financing is conditional on requirements for both transparency and feedback. For Green Loans, the impact generally involves reducing or avoiding CO<sub>2</sub> emissions. For Social Sustainability Loans, it may be a matter of increased security, increased participation, improved school results or increased employment.

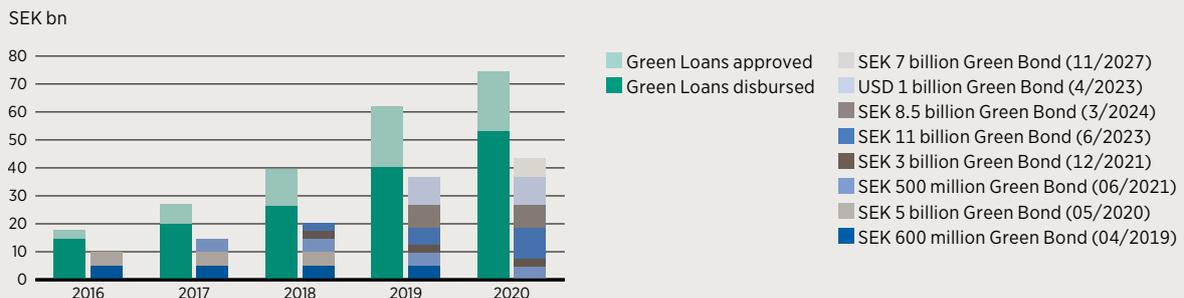
Contributing to a development resulting in improved governance, follow-up and assessment, as well as an increased focus on sustainable investments closely complements Kommuninvest’s basic concept. Accordingly, initiating Nordic co-operation in reporting the impact of Green Bonds has been a natural step. The guidance generated by this collaboration, *the Nordic Position Paper on Green Bonds Impact Reporting*, is in its third edition and has developed into a de facto standard for the Nordic market.

For Social Sustainability Loans, basic requirements for financing include clear targets and systematic assessments of the results. This makes sense, as research indicates that no culture exists of measuring the impacts of local government social initiatives.

In our role as the largest financier of local government investment projects, which are increasingly implemented including aspects of sustainability, we have the opportunity to contribute to development.

At the end of the year, we became members of (and thus active in) the two non-profit associations *Swedish National Advisory Board for Impact Investing* and *Effektfullt*, in efforts aimed at establishing a more uniform view on impact measurement and effects in Sweden, and increasing the accessibility and usefulness of established methods of impact measurement. Potentially, these efforts could help build learning and are deemed to be of great benefit to the members of the Society.

### Green Loans and Green Bonds



# Responsible operations

**A clear division of responsibilities and a focus on owner control, corporate governance and ethics shall help the Group to comply with the laws, regulations and rules applicable to the operations. Control and review activities are designed to meet the demands that can be made on a systemically important player.**

Our efforts to conduct operations responsibly build on the following circumstances:

- The clear division of responsibilities between the parent organisation and the business operations. The Society addresses membership and ownership matters, while the Company addresses business issues.
- Annual ownership directives indicate the Company's course ahead. Risk appetite is low and professional conduct, strict ethical requirements and good business practices are to permeate the operations.
- Clearly regulated requirements on matters of corporate governance, risk management and compliance, including in areas such as money laundering and anti-corruption.
- Integrated sustainability work, in terms of both direct and indirect impact. We climate compensate as a complement to our own emission reductions.
- Commitment to relevant societal issues and coordination with others, to meet stakeholder expectations and increase the effect of our efforts.

## Ethics at the fore

Both the Company's Sustainability Policy and its Code of Conduct emphasise the importance of ethical and responsible behaviour. We are to conduct financially sound and sustainable operations and shall not participate in violations of human rights or the rights of employees, nor shall we contribute to negative environmental impacts, or accept corruption. Our success depends on the trust of members, customers, counterparties, investors, employees and authorities.

Any conflicts of interest are to be identified and handled efficiently and effectively to prevent negative impacts on customers, members or the Company. With regard to tax matters, the Company's actions must be responsible, correct and transparent. The Company shall not participate in transactions or make products available that may be questionable in relation to applicable tax legislation. Where there is any doubt, the Company shall refrain from participating. Ethics shall always be taken into account.

## Anti-corruption and anti-money laundering measures

A risk-based approach is applied to ensure that the Company's products and services are not used for money laundering or terrorist financing. Suspicions of serious irregularities that could entail or lead to a breach of law are to be reported. Such violations can also be reported anonymously via a whistleblower function handled by an external party. No suspicions of corruption or money laundering were identified during the year.

## Environmental consideration

Kommuninvest's environmental work takes into account both the direct environmental impact of the office operations, purchases and services, as well as the indirect environmental impact of the financial operations. Business travel by air, which has historically had the greatest direct impact on the climate, has gradually decreased, particularly during the corona pandemic (see graph on page 25). Efforts are in progress to reduce the impact of our office operations on the climate. In 2020, a decision was made to install solar panels on the roof and to replace roof-mounted cooling units with a district cooling-based system. This is expected to increase the energy we generate ourselves and to reduce energy consumption and noise.

## Climate compensation

We compensate for the emissions remaining following our own climate efforts. In accordance with the conditions that apply to municipalities and regions, we climate compensate internally, that is, for investments made locally/in Sweden. Earmarked funds are being set aside either to finance initiatives supporting the sustainability efforts of the Society's members or helping reduce Kommuninvest's own impact. To date, climate compensation funds have been used for the Group's participation in the project "Climate requirements at a reasonable cost", together with Public Housing Sweden and IVL. In 2020, the project launched an industry standard allowing public housing organisations to calculate climate impact, including the construction process, and to set climate requirements for new production.

## Community commitment and cooperation

To increase the impact of our sustainability work and to respond to stakeholder expectations, we engage in relevant social issues, often in partnership with others. For example, we are participating in SNS's three-year research project, Community Building, which focuses on community planning, a functioning housing market and investments in infrastructure and public services. The Society is also a co-founder of the Axel Prize, which draws attention to people who, in their work, help to secure and developing confidence in the social contract and its democratic values. We are also part of several initiatives aimed at promoting sustainable change, including the Viable Cities strategic innovation programme for intelligent and sustainable towns and cities.



**“ This financing form can advance efforts by municipalities and regions for a more socially sustainable society, and can increase our knowledge about which initiatives generate benefit. ”**

The gender equality initiative of Botkyrkabyggen, Qvinna i Botkyrka, which is now permanent within the operations, offers jobs, language studies, education and healthcare for women living in the company's housing.

## Targeted financing to support increased social sustainability

As Sweden's societal challenges have grown clearer, demand has increased for a financing product able to stimulate the local government sector's work with social sustainability. For this reason, in 2019 and 2020, Kommuninvest worked alongside members and customers to develop the Social Sustainability Loans product. The ambition is to support the work and investments of the municipalities and regions in terms of integration, gender equality and security, for example. Social Sustainability Loans are to finance investments that, individually or in combination with social initiatives, foster a socially sustainable society, and facilitate the achievement of social objectives.

“Two insights have guided the development process, (a) that social results are generally achieved through interpersonal or 'soft' initiatives, and (b) that municipalities usually only borrow money for physical investments, that is, 'hard' assets. We have tried to translate this into a financing product with which Kommuninvest finances the 'hard', physical investment but imposes requirements regarding the 'soft', social efforts and values,” says Björn Bergstrand, Head of Sustainability at Kommuninvest.

As certain physical investments can help promote social sustainability without being linked to specific social initiatives, it is also possible to finance a physical investment that can, in itself, qualify as a social initiative. This applies in cases where research, feasibility studies and/or proven experience show that the investment can contribute to achieving established social objectives.

During the autumn of 2020, the first loans were granted, with the leading public housing companies Botkyrkabyggen (Municipality of Botkyrka) and Eidar (Municipality of Trollhättan) as the very first borrowers. The goal is to now build up a sufficiently large lending volume and, in the longer term, to issue the first social bond.

“The Green Loans that we began offering in 2015 have proven to be in demand among members and customers, with more than SEK 70 billion being granted to date. We also have high ambitions regarding loans for social investments, although it is currently difficult to assess how rapidly these may grow. What can be ascertained, however, is that the issue of sustainability is established on the agenda, meaning progress could be much faster than any of us can imagine,” says Björn Bergstrand.

# Sustainable organisation

**Having a sustainable organisation is crucial to meeting the expectations of our stakeholders in the long term. Our high level of ambition and the insight that each employee can make a difference are what guide us in this work. Communicative leadership, committed employee collaboration and a focus on skills are essential for success.**

By “a sustainable organisation”, we mean an organisation characterised by a strong culture and favourable working conditions, with healthy and motivated employees and managers. The organisation stimulates learning on an ongoing basis and has a good ability to adapt to new conditions. The working environment promotes diversity and gender equality, while discrimination does not occur.

With the corona pandemic, 2020 exposed the organisation and its employees to significant tribulations. The Company’s actions in this regard are detailed on pages 23 and 34.

## **Respect for human rights is a basic requirement**

The Group shall avoid causing or contributing to a negative impact on human rights in its own operations and address any such impact if it arises. Employees should be able to combine working life and their free time. Kommuninvest shall also maintain a good knowledge of, and compliance with, applicable legislation and labour market agreements. This involves, in particular, discrimination legislation, environmental legislation, legislation regarding public companies and legislation relating to business relations. No form of discrimination is tolerated within the Company.

## **An equal workplace**

We foster equality, diversity and development and are to be an inclusive (non-discriminatory) workplace. This is emphasised in the Company’s Gender Equality and Diversity Policy to ensure that the Company is an attractive employer for both current and potential employees. At the end of 2020, 39 (41) percent of the total number of employees were women. Of the managers, 35 (29) percent were women and, in the Executive Management Team, the proportion was 43 (43) percent. A defined target for the Company entails increasing the proportion of female managers. The ambition is to be able to attract, retain and develop skilled employees, regardless of gender, ethnic background, faith, age, disability, sexual orientation or transgender identity. Towards the end of 2020, 13 (17) percent of the Company’s employees came from countries other than Sweden. Employees with origins in 12 (12) different countries are represented in the organisation.

## **Continuous learning to increase benefit for members**

Systematic skills supply shall safeguard appropriate capabilities being available in the right place at the right time. To a large extent, skills supply entails increasing skills among existing

personnel. During 2020, extensive skills development efforts were initiated, aimed at making the Company an even more pronounced learning organisation, continuously developing its skills in the right direction. This allows the Company to achieve its objectives and facilitates optimum benefit for members.

## **Focus on self-management**

Building on the systems support, structures and processes for learning that the Company provides, the individual employees, together with their immediate managers, bear substantial responsibility for their own development and learning. The Company works pro-actively to promote the shift in culture and behaviour needed by managers and employees alike. Key elements in this are the management and employee programmes that have been implemented, multi-year investments in leadership, employee collaboration, communication and culture.

## **The year’s employee survey**

Employee surveys are conducted annually, to gauge the working climate and, in a formalised format, ascertain how employees perceive their work situation. The 2020 survey shows that Kommuninvest is an equal and non-discriminatory workplace, where employees feel considerable commitment to Kommuninvest’s social mission. The survey gave an ESI (Employee Satisfaction Index) of 76 (74), which is a high result, indicating a favourable degree of satisfaction and a well-functioning workplace. The outcome also indicates that efforts devoted to leadership, employee collaboration and cultural issues have yielded results.

## **Sustainable daily life**

We are working actively with the health concept Sustainable Daily Life, seeking to promote a healthy lifestyle, with a balance between work, leisure and parenting. Sustainable Daily Life encompasses the physical and social working environment, training and daily exercise, health-inspiring lectures, stress management, individual coaching and self-help programmes. Among other things, all employees are offered individual health and lifestyle reviews on a regular basis. Based on these, employees are given tools to establish a sustainable lifestyle in the areas where the need is perceived to be greatest. This can involve sleep, diet, exercise and lifestyle, as well as the situation at work.



## Handling of Covid-19

From the perspective of employees and the organisation, handling the corona pandemic had three principle focuses:

- Safeguarding delivery and benefit to customers and members
- Contributing to a safe working environment for employees
- Taking social responsibility and help reducing the spread of infection

The Company's crisis group was activated during the month of February, with scenario planning and crisis exercises being carried out. On March 17, working from home was introduced as standard, this measure being necessary to safeguard the Company's day-to-day operations and the safety of its employees.

Over the spring, as knowledge about the virus measures and it became clear what preventative measures would need to be undertaken, actions were taken to foster conditions for the Company to be able to perform its mission in both the short and long term. These involved both clear and frequent communications, as well as recurring employee surveys concerning health, workload and well-being.

Specific efforts were made to strengthen managers in leadership issues arising during the crisis, such as managing remotely, preventing ill health, digital culture building and facilitating cross-group interactivity, etc. Measures were also taken to ensure that it would also be as safe as possible, from a contagion perspective, to visit the offices in Örebro for the few employees who needed to spend time there. Restrictions on external visits to the offices were introduced.

As a preventive measure, working environment initiatives were also introduced, including ergonomics training, yoga and exercise during working hours, helping to assure a favourable working environment for employees working from home.

The experience gained is that the Company's digital maturity was hastened during the pandemic, with the overall capacity for change being strengthened. Once again, the Company's ability to cope with crisis situations has proven strong. Another positive consequence is that the shift in behaviour to accommodate digital skills development occurred faster than would otherwise have been the case.

# Sustainability indicators

## Environmental indicators – Kommuninvest Group

	Unit	2020	2019	2018
<b>Energy consumption</b>				
Total energy consumption (in buildings)	kWh	518,793	616,853	620,069
– of which, electricity	kWh	334,963	385,980	368,596
– of which, heating	kWh	183,830	230,873	251,473
Total CO <sub>2</sub> impact of energy consumption (in buildings)	Tonnes	119	142	138
– of which, from electricity consumption <sup>1</sup>	Tonnes	106	122	116
– of which, from heating <sup>2</sup>	Tonnes	13	20	22
Proportion of renewable energy in energy consumption of electricity	%	100	56	56
Change in electricity consumption compared to the preceding year	%	-13	5	10
Proportion of renewable energy in energy consumption for heating	%	100	95	95
Total office space	m <sup>2</sup>	2,217	2,217	2,217
Total energy consumption per square metre	kWh/m <sup>2</sup>	234	278	280
Total energy consumption per employee	kWh	5,037	6,107	6,392
<b>Resource usage</b>				
Purchased office paper	Tonnes	0.39	0.45	0.50
– of which sustainability labelled paper (PEFC) <sup>3</sup>	Tonnes	0.33	0.45	0.50
Proportion of sustainability labelled office paper, of total purchases	%	84	100	100
Total paper consumption per employee	Kg	3.8	4.5	5.2
Paper recycling, incl. purchased and delivered paper	Tonnes	1.6	2.0	2.0
CO <sub>2</sub> emissions avoided through recycling <sup>4</sup>	Tonnes	2.3	2.7	3.3
<b>Business travel</b>				
Total business travel	Km	228,922	911,699	948,470
Total business travel per employee	Km	2,223	9,027	9,778
Total air travel	Km	90,363	493,063	521,771
Rail travel in Sweden	Km	120,241	364,616	353,914
Total CO <sub>2</sub> emissions from business travel	Tonnes	43	225	242
CO <sub>2</sub> emissions from business travel, per employee <sup>5</sup>	Tonnes	0.42	2.2	2.5
<b>Total climate footprint</b>				
Total climate footprint of the operations <sup>6</sup>	Tonnes	162	367	380
Total climate footprint per employee, CO <sub>2</sub> e	Tonnes	1.6	3.6	3.9

1) The climate impact from electricity consumption, calculated applying an emissions factor for electricity of 315g CO<sub>2</sub>e/kWh, in accordance with the principles for impact reporting applied by Kommuninvest for Green Bonds (Nordic Position Paper on Green Bonds Impact Reporting). The reported values are within Scope 2, in accordance with the Greenhouse Gas Protocol.

2) The climate impact from heating, calculated applying an emissions factor for district heating in the Municipality of Örebro of 87 g CO<sub>2</sub>e/kWh, in accordance with the principles for impact reporting applied by Kommuninvest for Green Bonds (Nordic Position Paper on Green Bonds Impact Reporting). The reported values are within Scope 2, in accordance with the Greenhouse Gas Protocol.

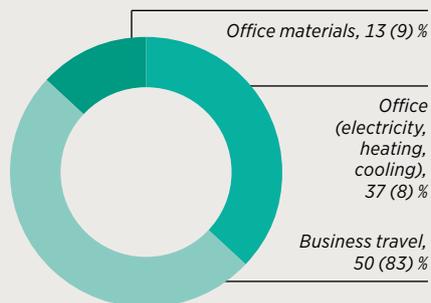
3) Although the remaining quantity of office paper purchased in 2020 is environmentally friendly, it is not sustainability-labelled (PEFC).

4) The emissions avoided through recycling over the year break down between 855 kg plastics, 634 kg paper, 607 kg iron, and 160 kg alternative raw materials, source: Stena Recycling. Kommuninvest does not include emissions avoided by recycling resources, as the climate impact of the purchases in question has not been calculated.

5) As of 2019, Kommuninvest takes into account a so-called RFI factor of 1.9 in emissions calculations regarding the high altitude effects of air travel, in accordance with Tricorona's calculation method and based on research at the Chalmers University of Technology (Kamb et al, 2018). Previously published emission values have been adjusted.

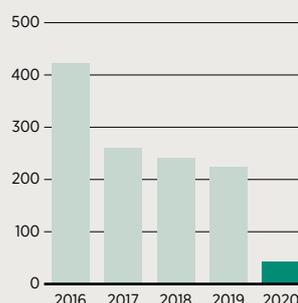
6) Includes CO<sub>2</sub> emissions from energy consumption, resource consumption and business travel. All emissions are included in Scope 1 and Scope 2 and emissions from business travel are included in Scope 3.

## Distribution of total climate impact



With its impact on business travel, the corona pandemic has dramatically altered the relationship between various factors' impact on Kommuninvest's overall climate footprint.

Source: Tricorona Climate Partner

CO<sub>2</sub> emissions from business travel, tonnes

Source: Big Travel, with processing by Kommuninvest (emission values have been multiplied by a so-called RFI factor of 1.9 for the aviation industry's high altitude effects).

Business travel within the operations decreased drastically over the year as a result of the corona pandemic. Business travel by air, measured in kilometres, decreased by 81 (6) percent. Train travel decreased by 67 (increased 3) percent over the year. The total carbon footprint continued to decline, amounting to 1.6 (3.6) tonnes CO<sub>2</sub>e per employee in 2020.

## Economic value generated – Kommuninvest Group

	Unit	2020	2019	2018
<b>Total revenue</b>				
Interest revenues	SEK, million	1,743.1	1,223.5	505.3
Other operating income	SEK, million	10.8	9.0	7.6
<b>Distributed value</b>				
Interest expenses	SEK, million	-1,045.6	-412.5	367.2
Commission expenses	SEK, million	-12.7	-11.3	-8.2
Salaries and emoluments	SEK, million	-76.6	-77.9	-73.9
Pension costs, training costs and other personnel costs	SEK, million	-27.6	-24.5	-23.2
Social security contributions and payroll tax on pension expenses	SEK, million	-26.8	-27.8	-26.9
Resolution fee	SEK, million	-20.9	-27.4	-69.1
Other operating expenses	SEK, million	-107.7	-106.0	-94.1
Tax	SEK, million	-2.3	-2.9	-3.7
Transferred to the members of the Society during the year, refunds on business volumes and interest on member contributions for the previous financial year	SEK, million	355.4	717.8	969.8
<b>Efficiency</b>				
Operating expenses, excluding the resolution fee, as % of balance sheet total	%	0.045	0.050	0.052

In this note, revenues are recognised as positive and expenses as negative.

## Employee statistics – Kommuninvest Group

	Unit	2020	2019	2018
Total number of employees, including those on part-time and probationary employment <sup>1</sup>	Number	116	111	104
Proportion of women/men – total	%	39/61	41/59	45/55
Proportion of women/men – all managers	%	35/65	29/71	36/64
Proportion of women/men – Executive Management Team	%	43/57	43/57	43/57
Average number of full-time annual employees (based on hours worked)	Number	103	101	97
Employment period <2 years (based on permanent employees)	%	15	17	18
Employment period 2–4 years	%	26	19	13
Employment period 5–9 years	%	32	34	40
Employment period >10 years	%	27	29	29
Personnel turnover	%	9	10	8
Participation in employee survey	%	94	95	96
Proportion of employees with university education	%	89	90	89
Proportion of employees who had development interviews	%	100	100	100
Proportion of employees who have undergone sustainability training	%	83	93	64

1) Number of employees refers to the total headcount, including full and part-time employees, those on parental leave and temporary employees. The total number of permanent and probationary employees was 97 at the end of 2020.

# Auditor's opinion regarding the statutory Sustainability Report

To the Annual General Meeting of Kommuninvest i Sverige AB (publ),  
corporate identity number 556281-4409

## Engagement and responsibility

It is the Board of Directors that is responsible for the Sustainability Report for the year 2020 on pages 14-25 and that it is prepared in accordance with the Annual Accounts Act.

## The scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12: The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the statutory Sustainability Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinion

A statutory Sustainability Report has been prepared.

Stockholm,  
KPMG AB

Anders Tagde  
Authorised Public Accountant