

Second-Party Opinion

City of Malmö Social Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the City of Malmö Social Bond Framework is credible and impactful and aligns with the four core components of the Social Bond Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Sustainable Living Environments; Health, Culture and Leisure; Education and Work; and Integration, Trust and Safety – are aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 8, 10, 11 and 16.



PROJECT EVALUATION AND SELECTION The City of Malmö's Social Financing Committee, which comprises experts on social sustainability and finance from the City of Malmö's administrative units and city-held companies, is responsible for the review, evaluation and approval of the eligible social investments to be financed with proceeds from social bond issuances under the City of Malmö Social Bond Framework. The City of Malmö adheres to Swedish national legislation and its policy standards to identify and manage environmental and social risks associated with investments in projects under the Framework. Sustainalytics considers the risk management systems and project selection process to be in line with market best practice.



MANAGEMENT OF PROCEEDS The City of Malmö's Finance Department will manage net proceeds from issuances under the Framework on a portfolio basis and track the allocation of proceeds using a social bond register. The City of Malmö will allocate net proceeds within 12 months of issuance. Pending full allocation, unallocated proceeds may be held in bank deposits with an approved credit rating or in short-term interest-bearing securities, in compliance with the City of Malmö's financial policy. This is in line with market expectations.



REPORTING The City of Malmö commits to report on the allocation of proceeds and the corresponding impact on its website on an annual basis. Allocation reporting will include information on the amount of proceeds allocated to each eligible project category and sub-category, the share of financing versus refinancing and the share of unallocated proceeds. Sustainalytics views the City of Malmö's allocation and impact reporting as aligned with market practice.



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Issuer Location Malmö, Sweden

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Introduction

The City of Malmö (the “City” or the “Issuer”) is the municipality of Malmö, the third-largest city in Sweden with a population of more than 350,000. The City provides services such as education, elderly care and services to people with disabilities among other municipal services. The Issuer employs approximately 28,000 personnel.

The City of Malmö has developed the City of Malmö Social Bond Framework dated January 2023 (the “Framework”) under which it intends to issue social bonds and use the proceeds to finance and refinance, in whole or in part, existing and future projects intended to deliver positive social impact in Malmö and Sweden. The Framework defines eligibility criteria in four areas:

1. Sustainable Living Environments
2. Health Culture and Leisure
3. Education and Work
4. Integration, Trust and Safety

City of Malmö engaged Sustainalytics to review the City of Malmö Social Bond Framework and provide a Second-Party Opinion on the Framework’s social credentials and its alignment with the Social Bond Principles 2021 (SBP).¹ The Framework has been published in a separate document.²

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent³ opinion on the alignment of the reviewed Framework with current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Social Bond Principles 2021, as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.12, which is informed by market practice and Sustainalytics expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of City of Malmö’s management team to understand the sustainability impact of its business processes and planned use of proceeds, as well as the management of proceeds and reporting aspects of the Framework. City of Malmö representatives have confirmed that: (1) they understand it is the sole responsibility of City of Malmö to ensure that the information provided is complete, accurate and up to date; (2) that they have provided Sustainalytics with all relevant information; and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics’ opinion of the Framework and should be read in conjunction with that Framework.

Sustainalytics’ Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics’ Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Social Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

² The City of Malmö Social Bond Framework is available on the City of Malmö’s website at: <https://malmo.se/Sa-arbetar-vi-med.../Ekonomi/Finansiering.html>

³ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that City of Malmö has made available to Sustainalytics for the purpose of this SPO.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the City of Malmö Social Bond Framework

Sustainalytics is of the opinion that the City of Malmö Social Bond Framework is credible and impactful, and aligns with the four core components of the SBP. Sustainalytics highlights the following elements of the City of Malmö Social Bond Framework:

- Use of Proceeds:
 - The eligible categories – Sustainable Living Environments; Health, Culture and Leisure; Education and Work; and Integration, Trust and Safety – are aligned with those recognized by the SBP, namely access to social services, affordable housing, and socioeconomic advancement and empowerment.
 - The City has communicated to Sustainalytics that it will limit financing and refinancing to capital expenditures in accordance with Swedish legislation, which applies to all Swedish municipalities.
 - The Framework outlines criteria for eligible social investments which are directed at contributing to social outcome targets⁴ in Malmö, which adhere to the City's social sustainability goals, strategies, policies and processes.
 - Under the Sustainable Living Environments category, the City may finance or refinance projects such as, but not limited to:
 - Acquisition, development, refurbishment or renovation of public rental housing. In Sweden, public housing is open to all, regardless of income, background, age and family situation with no income limits or similar thresholds established to avoid stigmatization of public housing or specific residential areas.⁵ In practice, the residents of public housing are on average less well off than the general population and have a lower income, exhibit higher unemployment rates and receive more social benefits.⁶ Sustainalytics is of the opinion that the Swedish welfare system offers comprehensive support, ensuring services are accessible and affordable for people in need and therefore have broader target population definitions which are inclusive but not limited to a specific target group. Based on the above context and the Issuer's project evaluation and selection process, Sustainalytics is of the opinion that the City's investment in social public rental housing is socially impactful.
 - Acquisition, development, refurbishment or renovation of homeless shelters and housing projects.
 - Adaptation of existing housing stock to increase accessibility for people with disabilities or for specific groups such as students or the elderly. Example projects include colour coding of buildings to assist people with dementia to orientate themselves, elevator systems and assisted living arrangements for the elderly.
 - Premises exclusively for the provision of various types of municipal services, such as hosting social service offerings, service provision to the elderly, local offices and hubs for housing-related services. The City may also invest in premises linked to the provisions of digital tools, services and systems for people with limited socioeconomic

⁴ The City defines an outcome targets as a measurable future condition that a social investment and associated social intervention is intended to achieve. Examples include: "reduced number of homeless people" or "increased upper secondary school eligibility" within one or more specific target groups.

⁵ Housing Europe, "Social Housing in Sweden", at: <https://www.housingeurope.eu/resource-125/social-housing-in-europe>

⁶ Ibid.

resources, such as the provision of IT equipment for socioeconomically disadvantaged groups and information, dialogue and help related to the city's programmes and services in different languages and braille, and the sharing and donation of essential equipment. Additionally, the City may invest in the adaptation of the aforementioned premises to ensure universal accessibility or improve existing accessibility.

- Development and quality improvement of built environments, such as parks and city spaces, including public squares, sidewalks and public transportation hubs. The City has communicated to Sustainalytics that public transportation hubs are spaces that facilitate access to public transportation and essential services, such as postal collection and drop-off.
- The City has communicated to Sustainalytics that parks, city spaces and services offered at premises invested in under this category will be accessible to all regardless of their ability to pay.

Sustainalytics considers that investments under this category are expected to enhance access to affordable housing and essential services, and therefore, views these investments as socially impactful.

- Under the Health, Culture and Leisure category, the City may finance or refinance the following:
 - Properties for the provision of community services such as family centres and meeting places for organized assemblies intended to promote physical and mental health of vulnerable groups, such as the elderly combatting loneliness or for members of ethnic or sexual minority groups.
 - Recreational facilities such as libraries, open air stages, parks, playgrounds, outdoor gyms and sports grounds.
 - Public meeting places and facilities for the provision of cultural and leisure activities, such as culture schools for children to learn and play musical instruments and take art or drama classes at a subsidized cost.
 - Playgrounds or sports grounds with universal accessibility and accessibility adaptations for existing premises used for the provisions of cultural, leisure and social activities.

The Issuer has confirmed to Sustainalytics that services provided at premises invested in under this category will be accessible to all, regardless of their ability to pay. Sustainalytics considers that investments under this category are expected to improve access to essential services, and therefore, views these investments as socially impactful.

- Under the Education and Work category, the City may finance or refinance the following:
 - Infrastructure such as schools located in areas identified as undergoing socioeconomic challenges, premises that provide homework assistance or supplementary tuition or premises dedicated to preschools or playgrounds in areas identified as having low preschool attendance.
 - Infrastructure and urban development projects such as the planning and construction of bus lines, dedicated bus lanes, bus stops and cycle paths to facilitate connectivity between public transport in areas identified as having low-employment rates. The City has confirmed to Sustainalytics that the financing of roads or streets where cars or other vehicles may ply are excluded under this category.
 - Premises dedicated to the training of long-term unemployed target populations or for the provision of training programmes, such as courses to improve digital competence or Swedish language skills. The Issuer has confirmed to Sustainalytics that all training programmes provided at financed premises will be accessible to all, regardless of their ability to pay.

The Issuer has confirmed to Sustainalytics that services provided at premises invested in under this category will be accessible to all, regardless of their ability to pay. Sustainalytics considers that investments under this category are expected to improve access to education and essential services, and therefore, views these investments as socially impactful.

- Under the Integration, Trust and Safety category, the City may finance or refinance the following:
 - Infrastructure such as walking bridges, dedicated bus lanes, new bus stops and bus lines to facilitate connections between areas with different socioeconomic

characteristics. The City has confirmed to Sustainalytics that the financing of roads or streets where cars or other vehicles may ply are excluded under this category.

- Infrastructure or built environment such as sidewalks, bike lanes, fences, lighting in public spaces, adaptations or renovation of unsafe corridors, parks, courtyards, buildings, or other public spaces to enhance security and well-being, prevent suicide, or promote road safety.
- Built environment such as parks, open city spaces and public libraries that encourage spontaneous interactions between members of different socioeconomic, age, ethnic, and sexual minority population groups.
- Premises dedicated to organized assemblies or meetings with the purpose of facilitating meetings between individuals of different socioeconomic, age or ethnic groups.⁷
- Premises dedicated to hosting citizen dialogue or the City's of Malmö's community hosts.⁸

Sustainalytics considers that investments under this category are expected to enhance social integration and improve safety and security for target population groups in Malmö, and therefore, views these investments as socially impactful.

- Project Evaluation and Selection:
 - The City's Social Financing Committee (the "Committee") is responsible for the review, evaluation and approval of the eligible social investments to be financed by proceeds from social bond issuances based on the criteria set out in the Framework. The Committee comprises experts on social sustainability and finance from the City's administrative units and city-held companies.
 - The City has established nine criteria that all projects must meet to be considered eligible social investments and warrant financing from proceeds raised under the Framework:
 - Finance a physical investment which, distinctly or by association with a social intervention contributes to social sustainability by addressing a target problem, for one or more target groups, which in turn defines a specific social challenge for the group in question. Furthermore, the physical investment or the associated social intervention must be clearly connected to the target problem.
 - Have clearly defined and measurable social goals, which are based on identified needs of the target groups.
 - Be planned, established, and operated in a coherent and systematic way.
 - Be based on a long-term social perspective.
 - Comply with the city's central policy documents.
 - Consider any conflicts of objectives, including both environmental and social aspects.
 - Comply with current Swedish legislation.
 - Fall into one or more of the eligible categories as defined under the Framework.
 - Commit to a plan for evaluation of the social goal, as well as the implementation and use of the physical investment and any associated intervention.
 - The City has established a multi-step process for project evaluation and selection, which includes: i) consultations between the investing department or city-held company's consulting core members of the Committee to discuss investment proposals; ii) submission of an investment proposal including information on how the investment complies with the above mentioned nine criteria and how its social impact will be evaluated; and iii) evaluation of the eligibility of the investment proposal by the Committee in consultation with the respective investing department or city-held company based on its adherence to the nine criteria. The Committee also reviews the data and impact periodically to calibrate the financed projects to ensure whether the programmes are served in the best interest of the target populations.
 - To identify and manage environmental and social risks associated with investments in projects under the Framework, the Issuer adheres to Swedish legislation that governs all municipalities.

⁷ Examples include interactions between the elderly and pre-school children, residents of areas with differential socioeconomic conditions, and ethnic minorities and majority population.

⁸ Community hosts are residents of Malmö employed through a city-run programme aimed at keeping Malmö clean and safe. The City has communicated to Sustainalytics that community hosts are recruited from long-term unemployed individuals who are generally immigrants with little to no experience of the Swedish labour market.

- The legislation outlines environmental and occupational health regulations for the City's employees and those of companies and organizations providing services under public procurement contracts. Additionally, the City has its own policy standards that regulate minimum social and environmental standards for suppliers.
- Based on the above, including the establishment of the Committee, the clearly outlined project evaluation and selection process and the presence of environmental and social risk management procedures, Sustainalytics considers the City's project evaluation and selection process to be in line with market best practice.
 - Management of Proceeds:
 - The City's Finance Department will manage net proceeds from issuances under the Framework on a portfolio basis. The allocation of proceeds will be tracked using a social bond register.
 - The Issuer will allocate net proceeds within 12 months of issuance. Pending full allocation, unallocated proceeds may be held in bank deposits with an approved credit rating or in short-term interest-bearing securities, in compliance with the City's financial policy.
 - Based on clear definitions of how proceeds will be tracked, held and disbursed, Sustainalytics considers this process to be in line with market expectations.
 - Reporting:
 - The City is committed to reporting on the allocation and impact of proceeds in a report that will be published and maintained on its website on an annual basis and until any social bonds issued under the Framework remain outstanding.
 - Allocation reporting will include information on the amount of proceeds allocated to each eligible project category and sub-category, the share of financing versus refinancing and the share of unallocated proceeds. The allocation of proceeds to eligible investments as set out in the Framework will be reviewed by an external auditor appointed by the Issuer.
 - Where feasible, impact reporting may include the output, outcomes and effects of investments in categories outlined in the Framework. Metrics reported on may include school grades, completed education, income level, employment rates and levels of perceived safety.
 - Based on the commitment to allocation and impact reporting, Sustainalytics considers this process to be in line with market expectations.

Alignment with Social Bond Principles 2021

Sustainalytics has determined that the City of Malmö Social Bond Framework aligns with the four core components of the SBP. For detailed information please refer to Appendix 1: Social Bond/Social Bond Programme External Review Form.

Section 2: Sustainability Strategy of City of Malmö

Contribution to the City of Malmö's sustainability strategy

Sustainalytics is of the opinion that the City of Malmö demonstrates a commitment to sustainability through the *Översiktsplan för Malmö* ("Comprehensive Plan for Malmö" or "Comprehensive Plan"), adopted by the Malmö City Council in May 2018. It focuses on several social issues, including: i) housing supply; ii) access to active meeting places; iii) facilitating public participation in the cultural environment; iv) equality and integration; and v) improving children's access to facilities.^{9,10} The Issuer also signed the Voluntary Local Review Declaration in 2019, committing to use the SDGs as a framework for local development and to report on its progress to the United Nations.^{11,12} The Issuer has been publishing sustainability reports since 2016 and, since 2019, these have focused on providing an overview of Malmö's progress on the SDGs.¹³

⁹ City of Malmö, "Comprehensive Plan for Malmö - Summary in English", (2018), at: https://malmo.se/download/18.4f363e7d1766a784af162c8/1610100360559/OP_english_summary_lores.webb.pdf

¹⁰ City of Malmö, "Översiktsplan för Malmö Planstrategi", (2018), at: https://malmo.se/download/18.4f363e7d1766a784af162af/1610100094509/%C3%96VERSIKTSPLAN%20F%C3%96R%20MALM%C3%96_antagen_31maj2018.l%C3%A5g.webb.pdf

¹¹ City of Malmö, "Localising the SDGs of the 2030 Agenda", (2022), at: <https://malmo.se/Welcome-to-Malmo/Sustainable-Malmo/Localising-the-SDGs-of-the-2030-Agenda.html>

¹² City of Malmö, "Voluntary Local Review", (2021), at: https://sustainabledevelopment.un.org/content/documents/27960VLR_City_of_Malmo_2021.pdf

¹³ City of Malmö, "Tidigare års hållbarhetsrapporter", at: <https://malmo.se/Redovisningar/Hallbarhetsrapport/Tidigare-ars-hallbarhetsrapporter.html>

Sustainalytics highlights the following aspects of the Issuer's Comprehensive Plan which are aligned with the objectives of the Framework:

- The City aims to create and maintain a well-functioning housing market which keeps pace with population growth to ensure homelessness is minimized. The Issuer adopted an action plan for the housing supply in 2018, providing guidelines to be followed in the period 2018-2022. To keep up with the housing demand created by Malmö's populational growth, estimated at 5,000 people per year, the City has set the goal to construct 2,500-3,000 homes annually, of which 1,500 are on municipal land. To tackle structural homelessness, the City of Malmö sublets 15% of houses newly built on municipal land to homeless individuals and families.¹⁴
- The Issuer considers the development of active meeting places as a public health priority. Active meeting places are defined as areas which are easily accessible, promote interaction between people, offer a variety of physical activities due to the flexible design, and accommodate residents' different interests, abilities and needs. The City has identified 300 areas landscaped for physical activity, which currently have a fixed purpose, but offer the opportunity of becoming multifunctional active meeting places. In 2021 and 2022, the Issuer built two outdoor gym meeting places and two multifunctional meeting places.¹⁵
- The City leverages cultural activities as a way to promote social and democratic participation. Between 2014 and 2020, the Issuer implemented its Culture Strategy,¹⁶ which focused on facilitating access to artistic and cultural facilities and promoting local cultural players and artists, aiming to stimulate residents to join in artistic and cultural experiences and activities, such as cultural history, experiencing museums and libraries, regardless of their position in society, gender identity, ethnicity, religion or other belief, disability, sexual orientation or age.¹⁷
- The Issuer integrates equality into its development strategy by facilitating strong public participation and consultation in urban planning processes. The City's objective is to make Malmö easily accessible to all societal groups by taking into account the different experiences, cultures and needs of people, achieving a more equal housing market, and improving public transportation stations and routes to contribute to equal access to education and work.^{18,19} To this end, the City also implements its 2022 policy for human rights with a focus on equality and children's rights.²⁰
- The City also prioritizes traffic planning that takes into account children walking, cycling or taking public transport, children's needs for leisure activities in playgrounds, large parks and nature areas, and the development of preschools and primary schools with open spaces for outdoor activities,^{21,22} as part of a larger effort to encourage self-discovery and improve access to facilities for children.

Sustainalytics is of the opinion that the City of Malmö demonstrates a strong commitment to delivering positive social impact and that the Framework is aligned with the Issuer's overall sustainability strategy and initiatives, and will further the City's action on its key social priorities.

Approach to managing social and environmental risks associated with the projects

Sustainalytics recognizes that the proceeds from the instruments issued under the Framework will be directed towards eligible projects that are expected to have positive social impact. However, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key

¹⁴ City of Malmö, "Handlingsplan för Bostadsförsörjning – Malmö Stads Riktlinjer för Bostadsförsörjningen 2018-2022", (2018), at: <https://malmo.se/download/18.4f363e7d1766a784af15e57/1610028964471/Handlingsplan%20f%C3%B6r%20bostadsf%C3%B6rs%C3%B6rjning%20Malm%C3%B6%202018-2022,%20antagen%20KF.pdf>

¹⁵ City of Malmö, "Program för aktiva mötesplatser – Strategi för utveckling av platser och strukturer för ökad fysisk aktivitet på allmän plats i Malmö". (2015), at: <https://malmo.se/download/18.4f363e7d1766a784af122207/1614779754201/Program+f%C3%B6r+aktiva+m%C3%B6tesplatser.pdf>

¹⁶ The City has communicated to Sustainalytics that it is in the process of deciding upon a new culture strategy in 2023.

¹⁷ City of Malmö, "Malmö Culture Strategy 2014-2020", at: https://malmo.se/download/18.7094e2f615704e5ab2aac8c/1491298351430/KulturstrategiEngelska_webb.pdf

¹⁸ City of Malmö, "Comprehensive Plan for Malmö - Summary in English", (2018), at: https://malmo.se/download/18.4f363e7d1766a784af162c8/1610100360559/OP_english_summary_lores.webb.pdf

¹⁹ City of Malmö, "Översiktsplan För Malmö Planstrategi", (2018), at: https://malmo.se/download/18.4f363e7d1766a784af162af/1610100094509/%C3%96VERSIKTSPLAN%20F%C3%96R%20MALM%C3%96_antagen_31maj2018.l%C3%A5g.webb.pdf

²⁰ City of Malmö, "Förslag till policy för mänskliga rättigheter med fokus på barnets rättigheter, jämlikhet och jämställdhet", at: <https://motenmedborgarportal.malmo.se/welcome-sv/namnder-styrelser/kulturnamnden/mote-2021-06-16/agenda/forslag-till-policy-for-manskliga-rattigheter-med-fokus-pa-barnets-rattigheter-antidiskriminering-och-jamstalldhetpdf?downloadMode=open>

²¹ Ibid.

²² City of Malmö, "Friytor vid Förskolor och Skolor", at: <https://www.skolhusgruppen.se/Homepage/Download-File/f/860203/h/5864b984e592fc7ae5ad9077a02331c9/26.+Riktlinjer+f%C3%B6r+friytor+vid+f%C3%B6rskolor+och+skolor>

environmental and social risks possibly associated with the eligible projects may include: i) human and labour rights (including occupational health and safety risks); ii) risks of increasing inequalities if social programmes are not appropriately targeted to beneficiaries or if universal access is not ensured; iii) land use and biodiversity loss associated with large-scale infrastructure development; and iv) risks related to bribery and corruption.

Sustainalytics is of the opinion that the City of Malmö is able to manage potential risks through implementation of the following:

- For mitigating issues involving occupational health and safety (OH&S), the City complies with the obligations set out by the Swedish Work Environment Act (1977:1160), which regulates employers and others responsible for OH&S.²³ The City of Malmö also follows a Systematic Work Environment Management system, which includes provisions and recommendations to investigate, implement and follow up on activities to prevent accidents and ill health.²⁴
- Concerning the risks of increasing inequalities for social projects, the City factors gender equality, anti-discrimination and children's rights into all of the municipality's operations. Several of the City's committees have outlined their preventative and promotional initiatives to combat discrimination and work to ensure equal rights and opportunities in accordance with the Swedish Discrimination Act. Examples of initiatives include gender equality analyses, equality training and review of steering documents. The City has also established the Forum for Democracy and Human Rights, which consists of elected representatives and aims to improve participation, safety, accessibility and election turnout and to reduce hate crime in the city.²⁵
- Regarding biodiversity risks associated with the disruption of ecosystems from infrastructure development, the City implements an environmental protection plan, according to the Swedish Environmental Code, which sets goals and strategies related to nature conservation. The plan represents the basis for the sustainable development of municipality projects.^{26,27} In addition, according to the Swedish Environmental Code (1998:808),²⁸ local governments must carry out an environmental risk assessment in cases where their activities are likely to have substantial impact on the environment. The content of the risk assessment is guided by the Swedish Environmental Code and requires an evaluation of the project's environmental impact.
- To mitigate risks related to bribery and corruption, the City enforces Swedish legislation. Sweden is a signatory to several international anti-corruption conventions, such as the UN Convention against Corruption,²⁹ the Council of Europe Civil Law Convention on Corruption,³⁰ and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.³¹ Sweden's Penal Code (1962:700)³² also includes provisions prohibiting bribery of foreign and domestic officials, and the country's Code on Gifts, Rewards and other Benefits³³ provides further guidance in specific business situations.³⁴ Moreover, the City follows the guidelines of the *Sveriges Kommuner och Regioner*,³⁵ the employer organization for all Swedish municipalities, on bribery activities and

²³ Swedish Government, "Work Environment Act (1977:1160)", at:

<https://www.government.se/4ac754/contentassets/86e9091526644e90b78d2ff937318530/sfs-19771160-work-environment-act>

²⁴ Swedish Government, "Systematic Work Environment Management", at:

<https://www.av.se/globalassets/filer/publikationer/foreskrifter/engelska/systematic-work-environment-management-provisions-afs2001-1.pdf>

²⁵ City of Malmö, "Annual Report and Statement of Accounts 2021", at:

<https://malmo.se/download/18.187ac425180513e4ebc1ec0b/1657269836596/Annual%20Report%20and%20Statement%20of%20Accounts%202021%20City%20of%20Malmo%CC%88.pdf>

²⁶ City of Malmö, "Naturvårdsplan för Malmö stad – Programdel", (2012), at:

<https://malmo.se/download/18.4f363e7d1766a784af12704d/1615545636862/naturv%C3%A5rdsplan%20del%201.pdf>

²⁷ City of Malmö, "Naturvårdsplan för Malmö stad – Områdesbeskrivningar", (2012), at:

<https://malmo.se/download/18.4f363e7d1766a784af12704b/1615545627076/naturv%C3%A5rdsplan%20del%202.pdf>

²⁸ Swedish Government, "Miljöbalk (1998:808)", at: https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/miljobalk-1998808_sfs-1998-808#K3

²⁹ UN, "United Nation Convention Against Corruption", (2004), at: https://www.unodc.org/documents/brussels/UN_Convention_Against_Corruption.pdf

³⁰ Council of Europe, "Civil Law Convention on Corruption", (1999), at: <https://rm.coe.int/168007f3f6>

³¹ OECD, "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions", (1997), at:

https://www.oecd.org/daf/anti-bribery/ConvCombatBribery_ENG.pdf

³² Swedish Government, "The Swedish Criminal Code (1962:700)", (1962), at:

<https://www.government.se/4a4563/contentassets/7a2dcae0787e465e9a2431554b5eab03/the-swedish-criminal-code.pdf>

³³ The Swedish Anti-Corruption Institute, "Code on Gifts, Rewards and other Benefits in Business", (2014), at: http://www.institutetmotmutor.se/wp-content/uploads/2015/11/141120-IMM_Code_of_Business_Conduct.pdf

³⁴ Lexology, "Anti-Corruption Regulation – Sweden", (2022), at: <https://nordialaw.com/wp-content/uploads/2022/02/2022-Anti-Corruption-Regulation-Sweden.pdf>

³⁵ Swedish Association of Local Authorities and Regions

other conflicts of interests for employees within municipalities, county councils and regions.³⁶ In addition, the City uses the Trumpet whistleblowing system as one of the internal channels through which employees can report misconduct and irregularities in the municipality's organization, including bribery and corruption.^{37,38}

Based on these policies, standards and assessments, Sustainalytics is of the opinion that the City of Malmö is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the SBP. Sustainalytics has focused on two below where the impact is specifically relevant in the local context.

Importance of affordable housing investments in Malmö

Malmö is the fastest growing city in Sweden with a forecasted population of 500,000 people by 2047, an increase of approximately 43% from 2021.³⁹ The Swedish National Board of Housing, Boverket, identifies a housing supply in Malmö compared to the expected demand, estimating that the Malmö-Lund area needs to provide 83,370 homes between 2021 and 2030 to accommodate growing housing needs.⁴⁰ Among other causes, the shortage of supply has caused Malmö's housing prices to rise nearly by 20% in 2021.⁴¹ In this context, groups such as students, the elderly⁴² and low-income individuals face difficulties to find accommodation.⁴³ The average waiting time for an apartment in Malmö was 972 days in 2021, and finding accommodation as a student took more than a year in Malmö in August 2022.^{44,45} Furthermore, Malmö had 510 structurally homeless adults and 410 children living in homeless families in October 2022.^{46,47}

To tackle the housing shortage, the City built 2,840 homes in 2021, with approximately 8,600 starts in 2021-2022, and zoning processes for another 13,000 underway as of March 2022.⁴⁸ To tackle homelessness, the City of Malmö set up the Bostad Först (Housing First) programme 2012 to support individuals struggling with long-term homelessness in finding suitable apartments and assisting them with independent living.⁴⁹

Based on the above, Sustainalytics is of the opinion that investments in affordable housing by the City of Malmö will improve accessibility and affordability of housing in Malmö.

Importance of education in Malmö and Sweden

Sweden invested 7% of its GDP in education in 2021, and ranked the second highest in 2020 for spending on education as a share of GDP among EU countries.⁵⁰ However, the Swedish education system has been

³⁶ Sveriges Kommuner och Landsting, "Om mutor och jäv – Vägledning för Anställda Inom Kommuner, Landsting och Regioner", (2012), at: <https://skr.se/download/18.5627773817e39e979ef38b49/1642167211784/5275.pdf>

³⁷ Trumpet, "Whistleblowing Function for Malmö Stad och Dess Bolag", at: <https://malmo.trumpet-whistleblowing.eu/>

³⁸ City of Malmö, "Visselblåsarfunktion", (2022), at: <https://malmo.se/Om-Malmo-stad/Visselblasarfunktion.html>

³⁹ Leander, F. et al. (2021), "Voluntary local review City of Malmö", City of Malmö, at: https://sustainabledevelopment.un.org/content/documents/27960VLR_City_of_Malmo_2021.pdf

⁴⁰ Boverket - Swedish National Board of Housing, Building and Planning, "Behov av bostadsbyggande 2021–2029", at: <https://www.boverket.se/globalassets/publikationer/dokument/2021/behov-av-bostadsbyggande---regionalt-och-nationellt-till-2030.pdf>

⁴¹ Svensk Fastighetsförmedling, "Dyraste bostadspriserna någonsin – då tror rekordmånga på ytterligare ökning" at: https://www.mynewsdesk.com/se/svensk_fastighetsformidling/pressreleases/dyraste-bostadspriserna-naagonsin-daa-tror-rekordmaanga-paa-ytterligare-okekning-3078674

⁴² City of Malmö, "Strategi för äldres boende", (2021), at: <https://malmo.se/download/18.4f363e7d1766a784af15e54/1610028822437/Strategi%20f%C3%B6r%20%C3%A4ldres%20boende%202018-2022%20beslutadKF.pdf>

⁴³ City of Malmö, "Befolkning och bostadsmarknad", (2022), at: <https://malmo.se/Stadsutveckling/Tema/Bostadsbyggande/Bostadsstatistik/Befolkning-och-bostadsmarknad.html>

⁴⁴ Boplats Syd, "Om oss", at: <https://www.boplatssyd.se/om-boplatssyd>

⁴⁵ Swedish National Union of Students, "Bostad rapport 2022", (2022), at: https://sfs.se/wp-content/uploads/2022/08/SFS-Bostadsrapport-2022.pdf?_ga=2.105617859.1719221007.1670331287-1363763003.1670331287

⁴⁶ City of Malmö, Hållbarhetsrapport 2021, at: <https://malmo.se/Redovisningar/Hallbarhetsrapport.html>

⁴⁷ City of Malmö, "Kartläggning av hemlösheten år 2022", (2022), at: <https://malmo.se/download/18.2ee594701840eb8de613f86/1668162640527/Heml%C3%B6shetskart!%C3%A4ggning%20Malm%C3%B6%202022.pdf>

⁴⁸ City of Malmö, "Planering för bostadsbyggande", (2021), at: <https://malmo.se/Stadsutveckling/Tema/Bostadsbyggande/Bostadsstatistik/Planering-for-bostadsbyggande.html>

⁴⁹ City of Malmö, "Bostad först", (2022), at: <https://malmo.se/Stadsutveckling/Tema/Bostadsbyggande/Bostadsbrist-och-hemloshet/Bostad-forst.html>

⁵⁰ Eurostat, "General government expenditure by function", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/sweden.html#annex1>

experiencing growing school segregation since 1990, when the national education reform decentralized the education system and introduced school choice, allowing parents in Sweden to choose between public schools, privately-run municipality-funded independent schools and tuition-fee based private schools.⁵¹ Research suggests that residential segregation and private schools' inability to cater to the needs of migrant students may have contributed to the situation.⁵² Historically, independent schools have attracted more children with well-educated and Swedish-born parents compared to pupils with migrant backgrounds or less well-educated parents.^{53,54} Segregation has a negative effect on school results, particularly for already vulnerable students, such as those with disadvantaged socioeconomic backgrounds or learning difficulties.⁵⁵ For example, non-EU -born students are more likely (16.2%) to leave education and training programmes at ages 18-24 than native-born students (5.3%).⁵⁶ In Malmö, more specifically, education results in 2020 were lower compared to the national average,⁵⁷ where the City has also identified school segregation to affect residents' educational outcomes, with foreign-born students and students whose parents have lower education levels reaching lower educational results compared to Sweden-born students and students with highly educated parents.⁵⁸

To combat low educational outcomes, Swedish municipalities with a higher concentration of children from migrant and disadvantaged socio-economic backgrounds receive additional funding to attract better teachers and improve teaching quality.⁵⁹ In 2020, this sort of funding for these municipalities added up to SEK 6 billion (EUR 627 million).⁶⁰ Despite the increases in funding targeted to reduce inequalities, 97.9% of municipalities reported cuts in school budgets in 2021 due to costs of financing and establishment of new independent schools.^{61,62} As a result, the Government has proposed several structural changes to the education system, including harmonizing school enrolment and banning profit-making from independent school providers.⁶³ To decrease school segregation and its impact on educational outcomes, the City of Malmö aims to increase the proportion of students who finish high school within four years and decrease the number of students who do not work or study.⁶⁴ The City of Malmö has budgeted SEK 793 million (EUR 72.8 million) for education spending between 2023 and 2028.⁶⁵

Based on the above, Sustainalytics is of the opinion that the City of Malmö's investments in education projects will positively contribute towards reducing school segregation and improving educational outcomes in Malmö and in Sweden.

Contribution to SDGs

The Sustainable Development Goals were adopted in September 2015 by the United Nations General Assembly and form part of an agenda for achieving sustainable development by 2030. The instruments issued under the City of Malmö Social Bond Framework are expected to help advance the following SDGs and targets:

⁵¹ Swedish Institute, "The Swedish school system", at: <https://sweden.se/life/society/the-swedish-school-system>

⁵² Hansen, K. et al., (2016), "Causes of educational segregation in Sweden – school choice or residential segregation", Educational Research and Evaluation, at: https://www.researchgate.net/publication/301940254_Causes_of_educational_segregation_in_Sweden_-_school_choice_or_residential_segregation

⁵³ European Commission, "Education and Training Monitor 2019. Sweden", (2019), at: https://education.ec.europa.eu/sites/default/files/document-library-docs/et-monitor-report-2019-sweden_en.pdf

⁵⁴ Kornhall, P. et. al, (2019), "School segregation in Sweden: evidence from the local level", at: <https://nesetweb.eu/en/resources/library/school-segregation-in-sweden-evidence-from-the-local-level/>

⁵⁵ Ibid.

⁵⁶ European Commission, "Education and Training Monitor 2021. Sweden", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/sweden.html#annex1>

⁵⁷ City of Malmö, "Bostadsbyggande 2021", (2022), at: <https://malmo.se/Redovisningar/Hallbarhetsrapport.html>

⁵⁸ City of Malmö, "Hållbarhetsrapport 2020", (2021), at:

⁵⁹ European Commission, "Education and Training Monitor 2019. Sweden", (2019), at: https://education.ec.europa.eu/sites/default/files/document-library-docs/et-monitor-report-2019-sweden_en.pdf

⁶⁰ Ibid.

⁶¹ Municipalities are responsible for compensating the cost of pupils transferring to the new independent school. The cost per pupil for the municipality rises as the municipality does not usually have the time to adjust their own school organisation accordingly.

European Commission, "Education and Training Monitor 2022. Sweden", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2022/en/country-reports/sweden.html>

⁶² European Commission, "Education and Training Monitor 2021. Sweden", at: <https://op.europa.eu/webpub/eac/education-and-training-monitor-2021/en/sweden.html#annex1>

⁶³ Ibid.

⁶⁴ City of Malmö, "Hållbarhetsrapport 2021", (2022), at: <https://malmo.se/Redovisningar/Hallbarhetsrapport.html>

⁶⁵ City of Malmö, "Budget 2023", at: <https://socialdemokraternamalmö.se/wp-content/uploads/2022/11/Budgetskrivelse.pdf>

Use of Proceeds Category	SDG	SDG target
Sustainable Living Environments	11. Sustainable Cities and Communities	11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums
		11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
Health, Culture and Leisure	3. Good Health and Well-Being	3.4 By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
	11. Sustainable Cities and Communities	11.7 By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities
Education and Work	4. Quality Education	4.1 Ensure that all girls and boys complete free, equitable and quality primary and secondary education
		4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and preprimary education so that they are ready for primary education
	4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	
	8. Decent Work and Economic Growth	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
Integration, Trust and Safety	10. Reduced Inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
	16. Peace, Justice and Strong Institutions	16.1 Significantly reduce all forms of violence and related death rates everywhere

Conclusion

The City of Malmö has developed the City of Malmö Social Bond Framework, under which it may issue social bonds and use the proceeds to finance or refinance, in whole or in part, existing or future projects related to access to social services, affordable housing, and socioeconomic advancement and empowerment. Sustainalytics is of the opinion that projects funded with proceeds from the the social bond are expected to result in positive social impact in Malmö.

The City of Malmö Social Bond Framework outlines a process by for tracking, allocating and managing proceeds, and makes commitments for the City of Malmö to report on their allocation and impact. Sustainalytics is of the opinion that that the Framework is aligned with the overall sustainability strategy of the City and that the social use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 3, 4, 8, 10, 11 and 16. Additionally, Sustainalytics is of the opinion that the

City of Malmö has measures in place to identify, manage and mitigate environmental and social risks commonly associated with eligible projects.

Based on the above, Sustainalytics is confident that The City of Malmö is well positioned to issue social bonds and that the City of Malmö Social Bond Framework is robust, transparent and in alignment with the four core components of the Social Bond Principles 2021.

Appendix

Appendix 1: Social Bond/ Social Bond Programme -External Review Form

Section 1. Basic Information

Issuer name:	City of Malmö
Social Bond ISIN or Issuer Social Bond Framework Name, if applicable:	City of Malmö Social Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	February 23, 2023
Publication date of review publication: Original publication date <i>[please fill this out for updates]</i> :	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarize the scope of the review.

The review assessed the following elements and confirmed their alignment with the SBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds – Sustainable Living Environments; Health, Culture and Leisure; Work and Education; and Integration, Trust and Safety – are aligned with those recognized by the Social Bond Principles that seek to achieve positive socio-economic outcomes for target populations. Sustainalytics considers that investments in the eligible categories will lead to positive social impacts and advance the UN Sustainable Development Goals, specifically SDGs 3, 4, 8, 10, 11 and 16.

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input checked="" type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation (through SME financing and microfinance) |
| <input type="checkbox"/> Food security | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBP | <input checked="" type="checkbox"/> Other (please specify): Sustainable Living Environments; Health, Culture and Leisure; Work and Education; and Integration, Trust and Safety. |

If applicable please specify the social taxonomy, if other than SBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The City of Malmö’s Social Financing Committee, which comprises experts on social sustainability and finance from the City of Malmö’s administrative units and city-held companies, is responsible for the review, evaluation and approval of the eligible social investments to be financed with proceeds from social bond issuances under the City of Malmö Social Bond Framework. The City of Malmö adheres to Swedish national legislation and its policy standards to identify and manage environmental and social risks associated with investments in projects under the Framework. Sustainalytics considers the risk management systems and project selection process to be in line with market best practice.

Evaluation and selection

- | | |
|---|---|
| <input checked="" type="checkbox"/> Credentials on the issuer’s social objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Social Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (please specify):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (please specify):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

The City of Malmö's Finance Department will manage net proceeds from issuances under the Framework on a portfolio basis and track the allocation of proceeds using a social bond register. The City of Malmö will allocate net proceeds within 12 months of issuance. Pending full allocation, unallocated proceeds may be held in bank deposits with an approved credit rating or in short-term interest-bearing securities, in compliance with the City of Malmö's financial policy. This is in line with market expectations.

Tracking of proceeds:

- Social Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (please specify):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (please specify):

4. REPORTING

Overall comment on section (if applicable):

The City of Malmö commits to report on the allocation of proceeds and the corresponding impact on its website on an annual basis. Allocation reporting will include information on the amount of proceeds allocated to each eligible project category and sub-category, the share of financing versus refinancing and the share of unallocated proceeds. Sustainalytics views the City of Malmö's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported:

- Allocated amounts Social Bond financed share of total investment
- Other (please specify):

Frequency:

- Annual Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project On a project portfolio basis
- Linkage to individual bond(s) Other (please specify):

Information reported (expected or ex-post):

- Number of beneficiaries Target populations
- Other ESG indicators (*please specify*):

Output, outcomes and effects of eligible investments. Example metrics include school grades, completed education, income level, employment rates, and levels of perceived safety.

Frequency:

- Annual Semi-annual
- Other (please specify):

Means of Disclosure

- Information published in financial report Information published in sustainability report
- Information published in ad hoc documents Other (please specify):
- Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): Allocation reporting

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE SBP

- i. Second-Party Opinion: An institution with social expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Social Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Social Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to social sustainability, and an evaluation of the social features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or social criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the socially sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Social Bond proceeds, statement of social impact or alignment of reporting with the SBP, may also be termed verification.
- iii. Certification: An issuer can have its Social Bond or associated Social Bond framework or Use of Proceeds certified against a recognised external social standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Social Bond Scoring/Rating: An issuer can have its Social Bond, associated Social Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on social performance data, process relative to the SBP, or another benchmark. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material social risks.

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