



SOCIAL BOND FRAMEWORK

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1. Introduction

This document, the *Social Bond Framework*, contains information on the selection criteria and principles for approval of investments that may be financed via Social Bonds issued by the City of Malmö. The issue proceeds are used for new and existing investments with a positive expected social impact.

The Social Bond Framework has been established in accordance with ICMA's (International Capital Market Association) *Social Bond Principles* (SBP) 2022. The Framework describes the criteria and the process for selection and approval of Eligible Social Investments, the management of the issue proceeds, and the principles for the city's reporting on the allocation of the issue proceeds and the social impact connected to its investments.

Sustainability is an important guiding principle for the City of Malmö and an integral part of the city's activities. The city is responsible for a broad range of tasks, including, e.g., housing, public buildings, schools, municipal adult education services, social work and welfare, sanitation and waste management, civil protection, and city planning. Taken together, this implies that the City of Malmö's investments generally live up to the standards stated in ICMA's *Social Bond Principles*.

Due to Swedish legislation, only physical investments may be considered for debt financing by municipalities (see Section 4.2). The Social Bond Framework takes the SBPs as its starting point, but focuses on a narrower subset of Social Investments, which fall into one of four investment categories that address the City of Malmö's specific social challenges. Eligible investments should address these challenges either by its physical design or by being the prerequisite for social interventions that go beyond the standard activities that typically takes place in similar physical environments.



2. Background

Achieving sustainable growth in the City of Malmö

Malmö is the third largest city in Sweden. For several decades, its population growth has been among the greatest in Europe and has exceeded that of both Stockholm and Gothenburg. Malmö is a youthful and global city. Nearly half of its inhabitants are under age 35, and the population originates in more than 180 different countries. Malmö is a regional growth engine, strategically located along the coast in the south-west of Sweden and connected to Copenhagen and Denmark by the Öresund bridge. More than half of the new jobs that are created in Scania, the southernmost region in Sweden, are created here. Due to these favorable conditions, an increasing number of businesses choose to locate their regional or head offices in Malmö.

A great population growth implies high demands on investments in housing, infrastructure and welfare services. Reaching an environmentally, economically and socially sustainable growth poses great demands on foresight and long-term¹ municipal planning. It takes great courage to prioritize issues and activities that generate a sustainable development for current and future Malmö inhabitants.

A holistic notion of sustainability

Sustainability has been a guiding principle for the City of Malmö since the 1990s. Together with local businesses, civil society, academia and other external agents, the city has been promoting sustainability in a systematic and determined way. Malmö has been ranked the top Swedish municipality regarding environmental sustainability five times and has received several national and international awards for its efforts related to sustainability issues.

The City of Malmö was an early adopter of the holistic view on sustainable urban development. In 2010, the City of Malmö appointed the world's first local commission on equal health, *the Commission for a Socially Sustainable Malmö* (henceforth the *Malmö Commission*). The Malmö Commission was inspired by the World Health Organization's report *Closing the Gap in a Generation*, which summarized the organization's extensive analysis of which factors contribute to health inequality.

The Malmö Commission performed extensive analyses and, based on this work, put forward recommendations that have been guiding the city's policy work since 2013. Two main recommendations have served as guidelines: establishing a social investment policy that decreases inequalities in living conditions and changing the city's processes in favor of establishing knowledge alliances and democratizing management.

The recommendations put forward by the Malmö Commission has led to a more systematic and long-term focus on issues related to social sustainability. The social investment perspective that has become the Commission's legacy emphasizes the importance of using impact evaluation to systematically assess the benefits of social investments and interventions.² It is clear that such investments and interventions are profitable, both from an individual and a societal perspective.

Like other large cities, Malmö has its social challenges. Despite a considerable economic growth, many of Malmö's inhabitants have no connection to the labor market and suffer economic deprivation.

Despite an improvement of school results among Malmö children during the past decade, too few people complete secondary education. This is a problem, both since a secondary education diploma is an important determinant of societal and labor market establishment and since education and knowledge are important foundations of a democratic society.

¹ This Framework defines long-term as a systematic approach to ensure that a social investment and potential associated intervention will contribute to a socially sustainable society over time. This implies an ambition to monitor and evaluate social investments/interventions over an extended period, to make good use of knowledge and experience gained through such investments/interventions, to adjust interventions to obtain desired results if needed, and to continuously implement interventions that prove to obtain the desired results.

² A *social intervention* is an operation, a working method, a series of activities or a program that aims at promoting good living conditions or prevent, counteract, decrease or solve a specific social challenge within a defined and relevant target group.

Despite many dwellings being constructed during recent years, there is a lack of housing at a cost level that is accessible to low-income households. Further, the structural conditions for good health, wellbeing, culture, and recreation differ across geographical areas, and the population in disadvantaged areas suffer a greater risk of falling victims to crime and report lower levels of safeness and trust. Despite a general improvement in public health over time, great differences between groups prevail.

The City of Malmö works actively and strategically, in cooperation with many external agents, towards leveling differences in living conditions, combatting segregation, and building a sustainable city, whose development benefits all its inhabitants. The Social Bond Framework is part of this work. The Framework is developed to promote the City of Malmö's efforts to obtain a socially sustainable city by addressing four investment categories that target Malmö's specific social challenges:

- Sustainable Living Environments
- Health, Culture, and Leisure
- Education and Work
- Integration, Trust, and Safety

A Social Bond Framework aligned with the Sustainable Development Goals

The Sustainable Development Goals (SDGs) is the foundation for the City of Malmö's work on social sustainability. According to the 2030 Agenda for Sustainable Development, these goals are integrated and indivisible, as the mutually affect each other, and success in all areas covered by the 2030 Agenda is required to fulfill each separate goal.

The City of Malmö was the first municipality in Sweden to commit to developing and following a local strategy for sustainable development in alignment with the SDGs by endorsing the United Nations document *A declaration of Cities' Commitment to the 2030 Sustainable Development Agenda*. The intention behind the commitment is to think globally by working locally.

The City Budget is the City of Malmö's local action plan for the SDGs. The city states its main priorities in the *Goals of the City Council*, which in turn relates directly to the SDGs. The City of Malmö evaluates the Goals of the City Council and annually analyzes and report outcomes related to the SDGs through its sustainability reporting. These analyses and evaluations provide the foundation for the following year's priorities. Additionally, the city adheres to long-term programs and policy documents aiming to promote human rights and increase equality.³ The main ambition is to reduce inequalities and ensure that all citizens of Malmö benefit from the city's development, in line with the 2030 Agenda's central principle *Leave No One Behind*.

The systematic work using the SDGs as the guiding principle for its local goals, City Budget and reporting is the foundation of the City of Malmö's ambition to promote both social and environmental sustainability through its investments. The Social Bond Framework mainly targets SDGs 1, 2, 3, 4, 5, 8, 9, 10, 11, 16 and 17. As the City of Malmö's Green Bond Framework mainly targets SDGs 3, 6, 7, 9, 11, 12, 13, 14 and 15, the two frameworks complement each other in ensuring that the city's investment policies promote all SDGs.

³ In 2021, the City of Malmö carried out a so called Voluntary Local Review (VLR) in preparation for the UN High Level Meeting on the 2030 Agenda for Sustainable Development. In addition, the City of Malmö appointed a *Growth Commission for an Inclusive and Sustainable Malmö* with the task of promoting an inclusive and sustainable growth in Malmö, based on the SDGs.

CITY OF MALMÖ WORKS TOWARDS ALL SDG. THIS SOCIAL BOND FRAMEWORK MAINLY TARGETS THE FOLLOWING SDG'S.

THE GLOBAL GOALS

For Sustainable Development



Malmö

2023-04-04

Katrin Stjernfeldt Jammeh
Mayor of city of Malmö

Andreas Norbrant
Chief Executive Officer



3. Social Bond Framework Structure

The purpose of this framework is to mobilize capital to enable investments that contribute to increased social sustainability by addressing social challenges in Malmö. The framework also aims to increase knowledge about the way in which these investments generate social welfare by strengthening the city's capacity to systematically assess the impact of investments and social interventions associated to these investments. By promoting the use of impact evaluation, the framework also contributes to the development of theoretical and methodological knowledge that may drive the city's pursuit of the UN Sustainability Goals towards an increased focus on systematicity and long-term impact and solutions. Most investments made by the City of Malmö fulfill the requirements of the ICMA Social Bonds Principles. However, this framework focuses on a narrower subset of social investments, within four investment categories that address the more specific social challenges that the City of Malmö faces. To fulfill the requirements of this Framework, eligible investments must relate to one of these categories, either through its physical characteristics or by the physical investment being a prerequisite of a social intervention that meets the criteria.

The structure of the Social Bonds Framework is aligned with the ICMA Social Bonds Principles (SBP) 2021 (with June 2022 Appendix I):

- i. Use of Proceeds
- ii. Selection and Evaluation of Eligible Investments
- iii. Management of Proceeds
- iv. Transparency and Reporting

The Framework defines investments that meet its requirements and that have been approved by the City of Malmö's *Social Financing Committee* (see Section 5) through an established selection process as *Eligible Social Investments*. In addition to complying with the Social Bonds Principles, this Social Bond Framework has been examined and verified through a *Second-Party Opinion* provided by Sustainalytics (see Section 7).





4. Use of proceeds

4.1 ALLOCATION OF PROCEEDS

Proceeds issued under this Social Bond Framework will be used exclusively to, fully or partially, finance or refinance Eligible Social Investments. Such investments must fulfill the criteria stated in Section 4.2 and correspond to one of the categories described in Section 4.3.⁴

New financing is Eligible Social Investments that were completed during the present reporting year. Refinancing is Eligible Social Investments that were completed prior to the present reporting year. The distribution of the Social Bond proceeds, whether it be new financing or refinancing of Eligible Social Projects, will be described in an annual Social Bonds Report (see Section 7). Eligible Social Investments may be financed via Social Bonds issued by the City of Malmö's up to the actual investment cost for new financing. Social Bonds may only finance Eligible Social Investments to the extent that they are not financed in any other way.

Upon approval, all Eligible Social Investments will together constitute an investment pool that may be financed using Social Bonds. It is the City of Malmö's intention that the size of the pool should always exceed the total volume of outstanding Social Bonds.

4.2 CRITERIA FOR ELIGIBLE SOCIAL INVESTMENTS

To be eligible for financing via Social Bonds issued by the City of Malmö, investments must meet the criteria stated in this section. Eligible Social Investments must aim to contribute to social sustainability in a way that exceeds the contribution via regular municipal core activities and aim to contribute to meeting social *outcome targets*⁵. It must also comply with Swedish law and the City of Malmö's central policy documents (see Section 8), and its ambition to establish a social investment strategy to even out unjustified differences in living conditions. No discrimination of any kind may be related to the planning, establishment, and operation of the investment or the associated social interventions.

⁴ Although an investment may have the potential to fall into several categories, one main category must be chosen for categorization.

⁵ An *outcome target* is a measurable future condition that a social investment and associated social intervention is intended to achieve. Examples of outcome targets are "reduced number of homeless people" or "increased upper secondary school eligibility" within one or more specific target groups. Outcome targets for social investments must adhere to the City of Malmö's overall goals, strategies, policies and/or processes concerning social sustainability.



Swedish law allows for municipalities to borrow money to finance investments (i.e., capital expenditures), but not to finance operating expenditures, such as wages, rent, financial support for citizens, or other expenditure related to running social interventions. Therefore, only physical investments, such as the acquisition of land, and the development, renovation, refurbishment, acquisition or refinancing of indoor or outdoor environments, may be financed by the proceeds of Social Bonds.

A physical investment may constitute an Eligible Social Investment in its own right if it, through its design, fulfills the criteria stated in this section. A physical investment may also qualify as an Eligible Social Investment by being a prerequisite of a social intervention that fulfills the criteria stated in this section. In either case, only the physical investment itself may be financed via Social Bonds. The City of Malmö finances the operating expenditure related to associated social interventions via its operating budget or through special appropriations or external funds (for example, government grants, EU funds or funds from private property owners).

Social interventions that are associated with Eligible Social Investments may be arranged by the city's administrations and companies under its own auspices, in collaboration with civil society, or in agreement with external agents.⁶ If an external agent provides the social intervention, the City of Malmö will specify relevant conditions in the procurement contract, in order to ensure that the intervention fulfills and continues to fulfill the criteria stated in this section and that the external agent will provide the information necessary to commit to the plan for evaluation (see Criterion ix. below). The City of Malmö will continuously monitor the contract fulfillment.

⁶ Such agreements may, for example, consist of public procurement with social conditions and/or clauses. Through its procurement unit, The City of Malmö works with social clauses in ongoing procurements of, e.g., construction contracts, as well as in the procurement of goods and services. The experience from procurements of construction contracts and similar services is that social clauses that state formal requirements may hamper the procurement. The trend is therefore that the city of Malmö moves towards so-called *dialogue requirements* when designing social clauses. A dialogue requirement states that the supplier, in dialogue with the City of Malmö, must, e.g., examine the possibility of receiving long-term workers in the pursuit of the contract. The dialogue requirement concern three parties: the City of Malmö, the supplier, and the jobseeker. Some follow-up of the dialogue requirements takes place, but the city recognizes the need for improvement of the follow-up procedure.

Eligible Social Investments must meet the following criteria:

- i. Finance a physical investment which, in its own right or by association with a social intervention, contributes to social sustainability by addressing a *target problem*⁷, for one or more *target groups*^{8,9}, which in turn defines a specific social challenge for the group(s) in question. The physical investment, and/or the associated social intervention, must be clearly connected to the target problem.
- ii. Have clearly defined and measurable social goals, which are based on identified needs of the target group(s).
- iii. Be planned, established, and operated in a coherent and systematic way.
- iv. Be based on a long-term social perspective.
- v. Comply with the city's central policy documents (see Section 8).
- vi. Consider any conflicts of objectives, including both environmental and social aspects.
- vii. Comply with current Swedish legislation.¹⁰
- viii. Fall into one of the Eligible Social Investment Categories stated in Section 4.3.
- ix. 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.

Exclusion Criteria

To maintain its status as an Eligible Social Investment, the physical investment and the associated social intervention must be implemented and evaluated according to plan. The City of Malmö's *Social Financing Committee* (see Section 5) will continuously review each Eligible Social Investment to ensure that this is the case, and that it continues to fulfill the criteria specified in this section and fall into one of the categories specified in Section 4.3.¹¹ If this is not the case, the investment will be excluded from the pool of Eligible Social Investments and the funds previously allocated to the excluded investment will be reallocated to other investments within the pool.

The investment/intervention failing to meet its social goals is not a criterion for exclusion. However, if an Eligible Social Investment does not meet its target, the City of Malmö will, to the best of its ability, describe what is deemed to have prevented the fulfillment of the goals in its annual Social Bonds Report (see Section 7).

⁷ A *target problem* is the specific social challenge that a Social Investment and any related intervention aims to prevent, counteract, reduce, or solve. The intervention must be likely to significantly affect the target problem, by an acceptable level of probability. A target problem may affect other social challenges. For example, a social investment may address the target problem "lack of knowledge of the Swedish language among newly arrived immigrants". In this case, the target problem has consequences such as "high unemployment rates among newly arrived immigrants". However, these broader consequences are also affected by factors other than the target problem and thus are not necessarily directly addressed by the Social Investment.

⁸ A *target group* is the defined group of individuals towards whom the physical investment and any associated social intervention is directed. The individuals within the target group are the people for whom the desired change in the target problem is to take place and thus the people for whom social outcomes and effects linked to the physical investment and any intervention are to be evaluated. The target groups for individual social investments may vary, depending on the intervention, local conditions, and type of investment.

⁹ Target groups considered relevant by this Framework include low-income earners, persons belonging to minority groups, students, the elderly, the undereducated, people with disabilities, persons suffering from mental illness, people with special needs, or persons who belong to otherwise vulnerable, excluded and/or marginalized groups.

¹⁰ The Swedish legislation that governs municipalities is strict, from both a social and an environmental perspective, by international standards. This safeguards a high fundamental level of Eligible Social Investments.

¹¹ If the Eligible Social Investment is of the type where the physical investment is connected to a social intervention, the exclusion criteria apply regardless of whether the City of Malmö or an external agent provides the intervention.



4.3 ELIGIBLE SOCIAL INVESTMENT CATEGORIES

In accordance with criterion i. listed in Section 4.2, Eligible Social Investments must aim to improve living conditions for one or more vulnerable target groups, thereby increasing social equality and enhancing the quality of life for the people of Malmö. They must also fall into one of the categories stated in this section (see Criterion viii. In Section 4.2), which are designed to target Malmö's most prominent social challenges.

These categories are defined according to which type of social impact they intend to promote and are not limited to a specific type of investment. Instead, the framework is forward-looking, in order to accommodate for changes in legislation, demographic and social development, research frontiers, and proven experience. The open and forward-looking approach ensures that the City of Malmö is well-equipped to accommodate to future changes in the nature of social challenges and in our notion of how to best combat them. Eligible Social Investments may consist of the acquisition of land, and the development, renovation, refurbishment, acquisition or refinancing of indoor or outdoor environments, which, by their design or by their association with social interventions, fall into the main categories and subcategories listed below.¹²

All social interventions associated with the investments in the categories and subcategories below are to be provided free of charge or at a cost level that are considered affordable for the target group by the Social Financing Committee (see Section 5) when assessing the eligibility of an investment. It is desirable that the investments and associated social interventions are developed through co-creating processes and that affected target groups are included in the planning and establishment of the investment to the greatest degree possible to ensure subsidiarity and partnership.

¹² Although an investment may have the potential to fall into several categories, one main category must be chosen for categorization.

A Sustainable Living Environments

A1 Equal Access to Housing

Investments and potential social interventions that fall into this category aim at creating equal housing opportunities and eliminate physical, financial, or social barriers to reasonable accommodation.¹³

Examples of investments that fall into this category are, but are not limited to, development of housing at a cost level that is reasonable for Malmö residents with low income or financial aid¹⁴, adaptation of existing housing stocks to increase accessibility for people with disabilities, or housing adapted for specific target groups, such as the elderly or students.

A2 Equal Access to Good Living Environments, Urban Qualities and Services by Geographical Proximity

Investments and potential social interventions that fall into this category aim at and improving living environments and promote equal access to urban qualities and services, based on a principle of *geographical proximity*. The investment/intervention addresses the target problem mainly through its geographical location.

Examples of investments that fall into this category are, but are not limited to, premises for various types of municipal services¹⁵ in areas with a lack of such services for relevant target groups. Other examples are construction or quality improvement of built environments, such as parks or city spaces and investments that aim to increase access to information, digital tools, services, and systems in areas where relevant target groups are present.

A3 Equal Access to Good Living Environments, Urban Qualities and Services by Physical and Social Accessibility

Investments and potential social interventions that fall into this category aim at promoting equal access by enabling participation and representativeness to urban qualities and services, based on a principle of *physical and social accessibility*¹⁶. The investment/intervention addresses the target problem mainly through its design or user cost level.

Examples of investments that fall into this category are, but are not limited to, premises for various types of municipal services and construction or quality improvement of built environments, such as parks or city spaces with universal accessibility. Other examples are built environments with adaptations to increase accessibility for people with disabilities, and investments that aim to increase access to information, digital tools, services, and systems for people with limited socioeconomic resources, limited knowledge of the Swedish language, or disabilities.

¹³ In Sweden the term "social housing" is not used. The corresponding sector is called "allmännyttig", which literally means "public utility" or "for the benefit of everybody". In an international context the concept "public housing" is appropriate. This sector consists of rental dwellings, owned by municipal housing companies that are organized as joint-stock companies (limited companies). Municipal housing companies must work for the purpose of promoting public benefit and they must have a general interest objective by promoting the supply of housing in the municipality not only housing for the most vulnerable but for all kinds of people. To avoid stigmatization of public housing estates or residential areas the sector is open to everyone. There are no income caps or other similar access limits. However, in practice, the residents in public housing have, on average, a lower income, show higher unemployment rates and receive more social benefits than residents in other sectors and tenure types. They are also to a greater extent single persons, single parents, and/or immigrants. Malmö has one public housing company, MKB, in which the City of Malmö holds all shares.

¹⁴ MKB, which is the sole city held housing company that operates in Malmö, defines a reasonable price level for new housing as a level of rent that is accessible for at least 80 percent of Malmö's households.

¹⁵ E.g., premises hosting social service offices, service provision to the elderly, local offices or hubs for housing-related services (through the city-held housing company MKB).

¹⁶ Physical and social accessibility implies equal access for all, regardless of characteristics and conditions, such as disability, socioeconomic circumstances, or gender identity.

B Health, Culture, and Leisure

B1 Good and Equal Health and Access to Health-promoting Activities

Investments and potential social interventions that fall into this category aim at increasing access to community services that promote good and equal health and prevent ill health.

Examples of investments that fall into this category are, but are not limited to, family centers¹⁷ and meeting places¹⁸ for specific groups, such as senior citizens, the LGBTQIA + community, or young people.

B2 Equal Access to Environments that promote Culture, Leisure, and Social Activities by Geographical Proximity

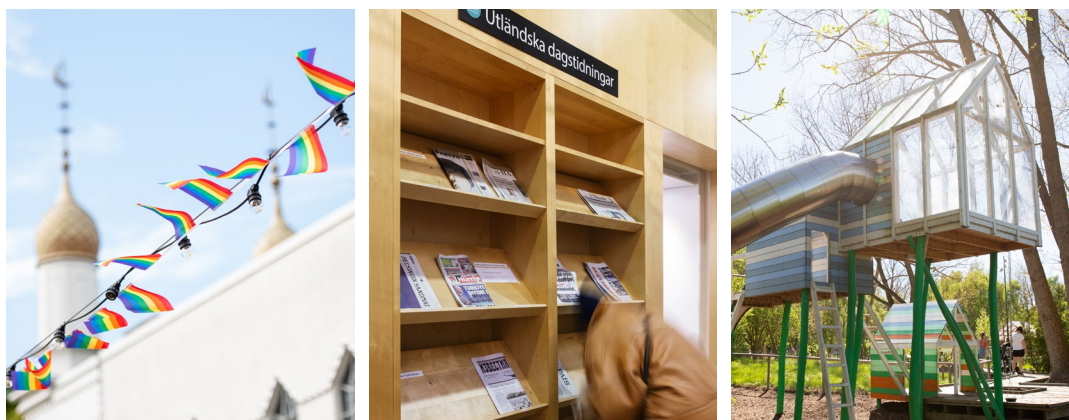
Investments and potential social interventions that fall into this category aim at promoting equal access to culture, nature, leisure activities and social encounters, based on a principle of geographical proximity. The investment/intervention addresses the target problem mainly through its geographical location.

Examples of investments that fall into this category are, but are not limited to, libraries, open air stages, playgrounds, sports grounds, outdoor gyms and other types of facilities for culture and leisure activities in areas with a lack of such facilities and where relevant target groups are present.

B3 Equal Access to Environments that promote Culture, Leisure, and Social Activities by Physical and Social Accessibility

Investments and potential social interventions that fall into this category aim at promoting equal access to culture, nature, leisure activities and meetings, based on a principle of physical and social accessibility. The investment/intervention addresses the target problem mainly through its design or user cost level.

Examples of investments that fall into this category are, but are not limited to, libraries, open air stages, playgrounds, sports grounds, outdoor gyms and other types of facilities for culture and leisure activities with universal accessibility. Other examples are built environments that encourage physical or social activities and that are available to all, regardless of socioeconomic resources and disabilities, and accessibility adaptations of existing premises for cultural, leisure, and social activities.



¹⁷ Malmö's family centers offer, for example, playgroups for families with young children, child health care, midwifery clinics and social counseling for families with children under the age of six. All activities are offered free of charge.

¹⁸ Meeting places refer to premises for organized meetings, intended to promote physical and mental health within vulnerable groups. Social goals could include combatting loneliness or providing a space where members of specific target groups get to meet peers, and/or participate in conversations and discussions related to their situation. These meetings could be organized by the City of Malmö or in cooperation with external agents.



C Education and Work

C1 Good and Equal Education

Investments and potential social interventions that fall into this category aim at promoting learning, education, and school performance, through its geographical placement or design.

Examples of investments that fall into this category are, but are not limited to, specialist schools in areas with socioeconomic challenges, premises for homework assistance or supplementary tuition, or premises for preschools or playgroups in areas with a low preschool attendance.

C2 Good and Inclusive Labor Market

Investments and potential social interventions that fall into this category aim at promoting job opportunities for business owners and employees and/or conditions for an inclusive labor market.

Examples of investments that fall into this category are, but are not limited to, infrastructure and urban development projects¹⁹ that link low-employment areas with areas with many workplaces, and urban development projects that include or promote employment, internships, or training for long-term unemployed people. It may also include investments with associated interventions that aim to increase, for example, digital competence or Swedish language skills within the target group.

¹⁹ E.g., bus routes, bus stops, bike paths etc. that enable relevant target groups to reach more job opportunities in an affordable and environmentally sustainable way.



D Integration, Trust, and Safety

D1 Integration and Reduced Barriers between Geographical Areas

Investments and potential social interventions that fall into this category aim at encouraging meetings between people from different social groups, backgrounds, and communities, bridging physical barriers to increase mobility between different geographical areas, or helping to break mental barriers, thereby promoting trust, tolerance, and/or integration.

Examples of investments that fall into this category are, but are not limited to, green infrastructure, such as walking bridges or bus lines, and parks or other public spaces with the purpose of connecting areas with different socioeconomic characteristics. Other examples include built environments with the purpose of connecting people with different backgrounds, characteristics and conditions.²⁰

D2 Safety and Well-being

Investments and potential social interventions that fall into this category aim at promoting safety and well-being or social or situational crime prevention.

Examples of investments that fall into this category are, but are not limited to, investments and interventions aimed at increasing the flow of people in places that are perceived as unsafe, or built environments designed to enhance security and well-being, prevent suicide or promote road safety.²¹ Other examples include premises for hosting citizen dialogue or to the City of Malmö's *community hosts*, who are employed through a city-run program that aims at keeping the city clean and safe.

²⁰ E.g., providing contact between different socioeconomic, age or ethnic groups.

²¹ E.g., lighting or other adaption (removing dark corners, bushes etc.) of parks, streets, courtyards, or other spaces that are perceived as unsafe, buildings or infrastructure that ensures a greater flow of people in such places, and bike lanes, sidewalks or other infrastructure that aims to decrease the number of traffic accidents.

4.4 UN SUSTAINABLE DEVELOPMENT GOAL MAPPING

Each category contributes to the UN Sustainable Development Goals. The list below describes the correspondence between the Eligible Social Investment Categories and the SDGs. The mapping is inspired by the *High-Level Mapping to the Sustainable Development Goals*²², published by ICMA.

Category A: Sustainable Living Environments

Goal 1: No Poverty
 Goal 3: Good Health and Well-being
 Goal 5: Gender Equality
 Goal 8: Decent Work and Economic Growth
 Goal 10: Reduced Inequalities
 Goal 11: Sustainable Cities and Communities

Category B: Health, Culture, and Leisure

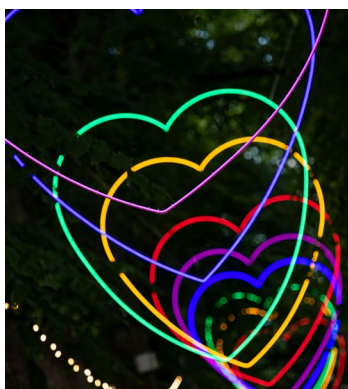
Goal 2: Zero Hunger
 Goal 3: Good Health and Well-being
 Goal 5: Gender Equality
 Goal 8: Decent Work and Economic Growth
 Goal 10: Reduced Inequalities
 Goal 11: Sustainable Cities and Communities

Category C: Education and Work

Goal 1: No Poverty
 Goal 4: Quality Education
 Goal 5: Gender Equality
 Goal 8: Decent Work and Economic Growth
 Goal 9: Industry, Innovation, and Infrastructure
 Goal 10: Reduced Inequalities
 Goal 11: Sustainable Cities and Communities

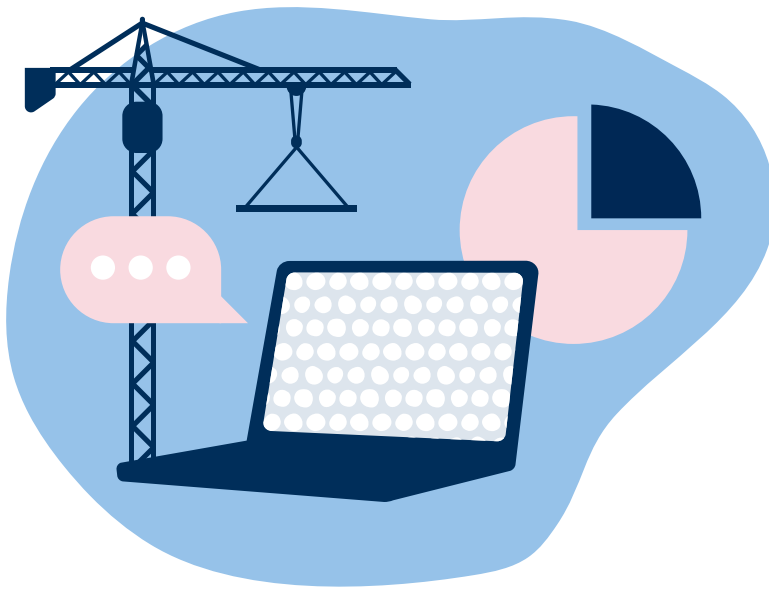
Category D: Integration, Trust, and Safety

Goal 5: Gender Equality
 Goal 9: Industry, Innovation, and Infrastructure
 Goal 10: Reduced Inequalities
 Goal 11: Sustainable Cities and Communities
 Goal 16: Peace, Justice, and Strong Institutions
 Goal 17: Partnership for the Goals



²² <https://www.icmagroup.org/green-social-and-sustainability-bonds/mapping-to-the-sustainable-development-goals/>





5. Selection and evaluation of eligible projects

The City of Malmö's administrative units and companies controlled by the city may continuously identify and nominate potential social investments based on the criteria stated in this Framework. The City of Malmö's Social Financing Committee reviews, evaluates and decides on the approval of Eligible Social Investments, based on their correspondence to the criteria stated in Section 4.2. The Social Financing Committee consists of experts on social, environmental and economic sustainability and finance from the City of Malmö's administrative units and city held companies, possibly with the addition of external experts. A broad representation of administrative units ensures a solid knowledge of each field that falls into the municipal responsibility within the Committee.

The City of Malmö's Social Financing Committee is responsible for:

- i. Reviewing and approving the Social Bond Framework and ensuring that it works appropriately and is duly updated.
- ii. Reviewing and approving applications for categorization as Eligible Social Investments according to the criteria stated in Section 4.2.
- iii. Reviewing previously approved Eligible Social Investments to ensure that they are implemented and evaluated according to plan and continue to fulfill the criteria specified in Section 4.2. and, based on this review, deciding on any exclusion of previously approved Social Investments.
- iv. Reviewing and approving the annual Social Bonds Report.

The Social Financing Committee does not, however, decide on whether or not the investment will take place. All investments made by the City of Malmö are decided upon by the city's political boards, in a formalized, uniform decision-making process. The financing for investments can take place in different ways, one of which is via Social Bonds. The Social Financing Committee decides whether investments that have been approved by one of the City of Malmö's political boards meet the criteria in the Social Bond Framework and thus may be financed by the means of Social Bonds.



A decision to approve an Eligible Social Investment in accordance with this Framework requires a consensus decision in the Social Financing Committee and means that the investment may be financed through a Social Bond. The Social Financing Committee documents and records this decision. Only Eligible Social Investments that have been approved by the Social Financing Committee will be included in the investment pool that may be financed using Social Bonds. A list of Eligible Social Investments will be used as a tool to determine whether there is financial room to issue Social Bonds. The allocation of net proceeds may not exceed the market value or investment expenditure, as applicable, of an Eligible Social Investment or Asset less any external debt encumbering/financing such projects. The Finance Department is responsible for the allocation of the net proceeds from the issuance of Social Bonds to relevant and approved Eligible Social Investments (in accordance with this Framework).

The Swedish legislation that governs municipalities is considered strict, in both social and environmental terms, by international standards. This legislation implies strict regulation of environmental and occupational health issues both for the City of Malmö's own employees and for companies and organizations providing services through public procurement contracts. In addition, the City of Malmö's policy standards (stated in the documents listed in Section 8) ensure that additional social and environmental concerns, including minimum social and environmental standards for subcontractors of procurement contracts who operate abroad, are taken into consideration during the review process. This safeguards a high fundamental level of Eligible Social Investments.



6. Management of proceeds

In accordance with the Social Bond Framework, the proceeds from issues of Social Bonds will be transferred to an earmarked account (the Social Account). Until full allocation²³ to Eligible Social Investments, proceeds may temporarily be held in bank deposits with an approved credit rating, or in short-term interest-bearing securities. This complies with the financial policy of the City of Malmö and ensures a strong monitoring and tracking of the use of proceeds. Transfers from the Social Account are allowed by an amount that corresponds to the financing or refinancing of Eligible Social Investments.

²³ Allocation will be done within 12 months in line with Nordic market practice.



7. Transparency and reporting

To make it possible for investors and stakeholders to follow the development of completed Social Investments and the social outcomes related to these investments, the City of Malmö will provide a publicly available annual report, containing a list of Eligible Social Investments that have been financed via the issue proceeds i.e., an *Allocation Disclosure*, and a cursory description and evaluation of the results²⁴ of completed investments and associated interventions, i.e., an *Impact Report*.²⁵

7.1 ALLOCATION DISCLOSURE

The Allocation Disclosure will contain the following information:

- i. A summary of the City of Malmö's work on Social Investments during the past year.
- ii. Issued and outstanding amount of Social Bonds.
- iii. The total amount of Eligible Social Investments, contained to each category and sub-category as defined in Section 4.3.
- iv. Share of new financing vs. refinancing.
- v. The share of the issue proceeds that has not been allocated to Eligible Social Investments (if any).

The City of Malmö will appoint an external auditor, or a person of similar function with the relevant competence and experience, to review and report on whether an amount corresponding to the net proceeds has been allocated to Eligible Social Investments, in accordance with this Framework.

7.2 IMPACT REPORT

Using *Impact Evaluation*²⁶ provides an opportunity to systematically assess the actual benefit of a social investment and any related intervention in relation to its target problem. This approach ensures not only an increased long-term focus and systematicity regarding social sustainability efforts, but also increased knowledge and method development to support future efforts.

²⁴ In this context, *results* is a collective term including output, intervention, outcome, and effect (see definitions below).

²⁵ Allocation and results being reported on a yearly basis does not imply that each investment will be evaluated and reported upon in each report. Each individual investment will be followed up and evaluated at the points in time and with a periodicity deemed suitable by the Social Financing Committee.

²⁶ An *Impact Evaluation* is a systematic, ex-post assessment of the outcomes and effects related to the investment/intervention.

The Impact Report will provide information on the social results, i.e., the *output*²⁷, *outcomes*²⁸ and, if possible, *effects*²⁹, that Eligible Social Investments financed via Social Bonds issued by the City of Malmö has contributed to or can be expected to contribute to. These results will mainly be based on evaluations conducted by the city's administrative units and city held companies and will be conducted on a best effort basis.

The Impact Report shall strive to identify and report social effects. However, the possibility to identify effects varies depending on the context, time horizon and available data. Therefore, the Impact Report will in many cases be limited to reporting outcomes or output.

In cases where social effects cannot be measured, the City of Malmö shall strive to explain why this is the case, describe the expected effects, and state whether it may be possible to measure long-term effects at a later point in time. Descriptions and estimates shall, if possible, be supported by science and/or practical experience.

As the City of Malmö's Social Bond Framework enables social investments that address a broad range of social challenges, the indicators used for evaluation will vary both within and between categories.

7.3 SECOND-PARTY OPINION

The City of Malmö has engaged Sustainalytics to provide a Second-Party Opinion regarding this Social Bond Framework and the compliance with the ICMA Social Bond Principles (SBP) 2021 (with June 2022 Appendix I). The city intends to follow market practice as it develops and will update the Framework appropriately when the Social Financing Committee finds this relevant.

7.4 PUBLICLY AVAILABLE DOCUMENTS

This Framework, the annual Social Bonds Report, and the Second-Party Opinion will be publicly available on the City of Malmö's webpage.

²⁷ *Output* is the direct result of a social investment (for example, the number of apartments built/renovated, or the number of people offered an intervention).

²⁸ An *outcome* is the change (or absence of change), related to the target problem, that is observed in the target group during and after an intervention (e.g., reduced structural homelessness). The outcome may differ before and after the social investment, even though the Social Investment did not cause that change.

²⁹ An *effect* is a change in the target group's outcome that has been caused by the investment/intervention and that would not otherwise have occurred. Effects can be both positive and negative. The effect is the difference between the outcome with and the outcome without the Social Investment for the target group.

8. Relevant policy documents

RELEVANT POLICY DOCUMENTS	
Document name	URL
Det fortsatta arbetet för ett socialt hållbart Malmö	Link
Folkhälsopolicy för Malmö stad	Link
Handlingsplan för bostadsförsörjning 2018–2022	Link
Hållbarhetsrapport	Link
Inköpspolicy Malmö stad	Link
Kulturstrategi för Malmö, med tillhörande handlingsplan	Link
Lokalbeslutsprocess för Malmö stad	Link
Lokalförsörjningsplan för Malmö stad	Link
Malmökommissionens slutrapport – Malmös väg mot en hållbar framtid	Link
Malmökommissionen – Vad hände sen utvärdering av arbetet med jämlik hälsa och social hållbarhet med Malmökommissionen som hävstång	Link
Malmö stads budget	Link
Miljöprogram för Malmö stad 2021–2030	Link
MKB affärsplan	Link
Naturvårdsplan Områdesbeskrivningar	Link
Naturvårdsplan för Malmö stad Programdel	Link
Näringslivsprogram 2017–2022	Link
Plan för barn- och kvinnofrid och mot våld i nära relation, hedersrelaterat våld och förtryck, sexuellt våld, sex mot ersättning och människohandel 2022–2026	Link
Plan för samhällsservicens markbehov i Malmö	Link
Policy avseende Malmö stads arbete med att tillgodose de nationella minoriteternas rättigheter	Link
Policy för mänskliga rättigheter med fokus på barnets rättigheter med fokus på barnets rättigheter, jämlikhet och jämställdhet	Link
Policy och norm för mobilitet och parkering i Malmö	Link
Riktlinjer för Malmö stads arbete med att värna demokratin mot våldsbejakande extremism	Link
Riktlinjer vid våld och hot	Link
Rutiner vid våld och hot	Link
Samverkansöverenskommelse Malmö stad och Polisen 2017–2022	Link
Strategier för Malmö stads arbete med Agenda 2030	Link
Tillväxtkommissionen för ett inkluderande och hållbart Malmödirektiv	Link
Trafik och mobilitetsplan	Link
Trygghets- och säkerhetspolicy för Malmö stad	Link
Voluntary Local Report (VLR) High Level Political Forum 2021	Link
Överenskommelse för samverkan mellan idéburen sektor i Malmö och Malmö stad	Link
Överenskommelsen Malmöandan – Samarbetsplan för idéburen sektor och Malmö stad	Link
Översiktsplan för Malmö, Planstrategi	Link



Malmö stad