

HSB

COMMUNICATION ON PROGRESS

UN GLOBAL COMPACT

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1 STATEMENT OF CONTINUED SUPPORT

Dear stakeholders,

I am pleased to confirm that HSB reaffirms its supports of the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our cooperative company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication. This Communication on Progress builds on our annual business and sustainability report to our stakeholders from 2020, found in Swedish [here](#). In the report much more can be found than what is included in this communication.

Sincerely yours,

Johan Nyhus
Chairman

2 ABOUT HSB

HSB has worked for the good housing for almost 100 years. We are a cooperative organization, owned by the members, operating in property development/building and property management. We focus on providing good and functional living. The revenue generated by HSB is invested back into the business.

HSB consists of:

- 670 000 members
- 4 100 tenant owned cooperative housing association, with about 345 000 flats
- 26 regional associations
- 1 national federation
- 2 construction companies
- 1 company for digital development
- 1 company for financial services
- 140 000 home-savers
- 25 500 rental flats

Read more [here](#).

Creating Value

Our mission is to create the Good Living together with the members, focusing on what is beneficial for them and taking their influence and opinions into account. Everything we do is founded on taking responsibility for our members as well for society in general. HSB meets the needs of the members of today and tomorrow. A growing number of HSB members give us an even better possibility to influence society in a positive way.

HSB is taking our part of responsibility for the progress in society and a sustainable future. Our focus is on increasing the value of the HSB membership as well as the customer offering, compromising of a variety of services in housing. In addition, HSB aims to minimize the housing sectors footprint impacting the environment and climate.

Strategy for sustainable growth

In 2016 HSB put a [Strategy for sustainable growth](#) in place consisting of four overarching goals:

- **Resource efficiency** - HSB have sustainable and resource efficient member and business operations in 2023 that optimizes our contribution to sustainable development and reduces our dependence on limited resources.
- **Climate** - HSB have by 2030 close to zero climate impact and will be adapted to the changing climate.
- **Sustainable services and products** - HSB is a leading actor in the development of sustainable services and products in 2023.
- **Important community actor** - HSB is an important actor for the sustainable society in 2023 and reflects society's diversity and contributes to creating security and safety.

HSB wants to contribute to sustainable development focusing on Agenda 2030 and the 17 Sustainable Development Goals. We focus on the goals that are most relevant to our business and where together with our members, customers and suppliers we can make the most positive difference and reduce negative impact. As a company in the housing and construction industry, we direct our efforts to support the global development goals number 5 and number 7-13. We also contribute to three of [the sixteen Swedish environmental quality goals](#), primarily Good built environment, Limited climate impact and Non-toxic environment.



3 DESCRIPTION OF PRACTICAL ACTIONS AND OUTCOMES

In this section we describe practical actions that HSB has taken to implement the Global Compact ten principles and the outcomes as well as our own strategy. Find out more [here](#).

3.1 HUMAN RIGHTS

Sustainability and human rights throughout the supply chain

HSB has high ambitions in terms of taking responsibility for and working with sustainability and human rights throughout the supply chain. With many suppliers, this is a challenge. We place clear demands on quality, environmental and social responsibility assurance on our partners.

The housing market in Sweden has traditionally a high proportion of supplier collaborations. HSB has national framework agreements with about 130 different suppliers, for example in building management and new production of housing.

It is compulsory for all suppliers to fill in a self-assessment questionnaire which includes, among other things, how they work with environmental issues, human rights, working conditions and anti-corruption. The self-assessment survey is in line with HSB's common Code of Conduct for partners and suppliers, which was adopted by the board of the national HSB federation in 2017.

HSB conducts follow-up surveys of all national framework contract providers every third year. At least once a year, HSB meets the framework contract suppliers where sustainability (including human rights) requirements, in the agreements, are followed up. In the stakeholder dialogue, requests were made for HSB to carry out sustainability audits, which we now review. If discrepancies are detected, we require that they will be corrected and we introduce closer checks to ensure results. If the deviation is large and we do not see an opportunity for rapid improvement, the supplier is replaced. We had no reported deviations during 2020.

HSB's associations and companies are recommended to work with the goal that all HSB's suppliers are sustainability-guaranteed in 2023.

In 2020 97 percent of all HSB's national frame contract suppliers were sustainability-assured.

21 out of 31 HSB associations and companies have adopted HSB's common Code of Conduct for partners and suppliers. 6 HSB associations have their own Code of Conduct.

9 HSB associations and companies have implemented HSB's national supplier assessment tool. We have received requests from suppliers for greater coordination between national and local agreements, and to get more regional associations to join the framework agreements, which we work with continuously.

A major challenge is to ensure that the third and fourth tiers of the supply chain work in a sustainable way. Suppliers are expected to sign the Code of Conduct and implement routines to ensure compliance, but also have routines to ensure compliance with the requirements in their own supply chain and sub-contractors. HSB is also an active participant in the development of social responsibility criteria for construction products, which has recently been developed within the industry-wide organization [Byggsvarubedömningen](#) (a Swedish construction product assessment tool).

3.2 LABOUR

Labour rights in the supply chain

For several years, when procuring new suppliers nationally, all suppliers are obliged to answer a self-assessment questionnaire which includes, among other things, how they work with environmental impact, human rights, working conditions and anti-corruption. The self-assessment survey is in line with HSB's common Code of Conduct for partners and suppliers, which they also are obliged to sign.

A sustainable workplace is an attractive workplace

We want HSB to be an attractive employer that also reflects the diversity of society. HSB shall be a developing, inclusive and safe workplace. In order to create the best conditions for our employees, we want them to have a safe work environment where employees feel comfortable and feel good. We work continuously and purposefully with leadership, security, equality and diversity. Among other things, it is about building an organization that reflects the general population and reducing the risk of workplace accidents and stress-related ill health.

To follow up on how HSB's employees perceive their work situation, annual employee surveys are conducted. In 2020, a joint survey was conducted in which all HSB associations and national companies were invited to participate. A total of 15 HSB associations and national companies participated (approximately 30% of HSB employees). The total NMI index (satisfied employee index) was 70 (71), which is a decrease compared to previous year. However, as there are different HSB-associations that is participating in the survey we cannot draw significant conclusions of the data. 14 HSB associations measured the total MMI index (motivated employee index) which was 72 (73).

In 2020, the employee surveys were conducted with questions about the pandemic and teleworking. These showed that the vast majority of employees considered that it worked well to work at home, that they received the support they needed from the immediate manager and that the manager was available to the desired extent.

Work environment and safety

To reduce the risks of workplace accidents in new construction, HSB has significantly improved the system of work environment work in recent years and places demands on a good work environment in our contracting agreements (both shared and total contracts). Follow-up is done at construction meetings. Requirements are also set for renovation, but there is no joint management or follow-up.

In 2020, the previous years' commitment to a good and safe work environment in new production continued. Continuously risk inventory has resulted in an action plan for a better working environment. We continue to work with risk observations and incidents more efficiently and thus provide a better follow-up basis.

We continue with implemented guidelines for solitary work, threats and violence.

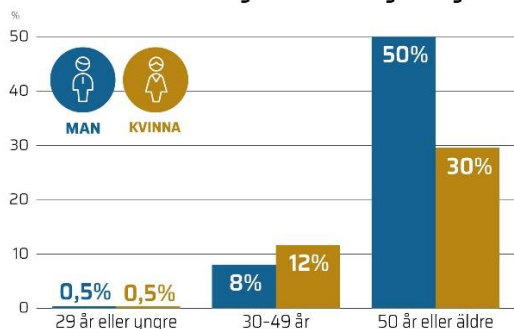
To minimize negative stress and sick leave, proactive work in health and wellness is an important issue. Continuous follow-up on health and wellness is done through systematic work environment work at the respective HSB association and companies, such as protection rounds, employee surveys, employee interviews, and follow-up of key figures.

Diversity and equality

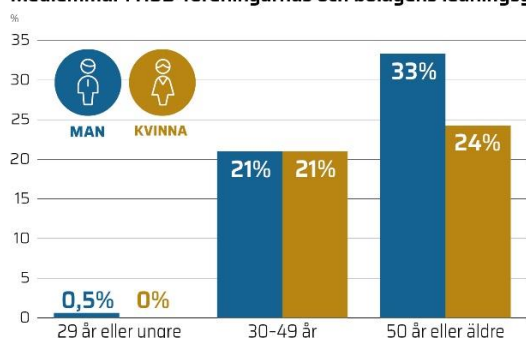
At HSB we believe in diversity, which is why our goal in 2023 is to have the same proportion of foreign-born in our boards, management and among employees as in society. Diversity is one of HSB's common goals in one of our steering documents HSB's Compass. Today, diversity and gender equality issues are handled mainly by the respective HSB association and companies.

The gender distribution among HSB's 3311 employees was 56 (55) percent men and 44 (45) percent women in 2019. In the management groups for HSB's associations and companies, 55 (52) percent were men and 45 (48) percent women. 7 of 30 (7 of 30) CEOs were women. On the boards of HSB's associations and companies, 58 (60) percent were men and 42 (40) percent were women. 11 av 31 (9 av 31) presidents were women.

Ledamöter i HSB-föreningarnas och bolagens styrelser



Medlemmar i HSB-föreningarnas och bolagens ledningsgrupper

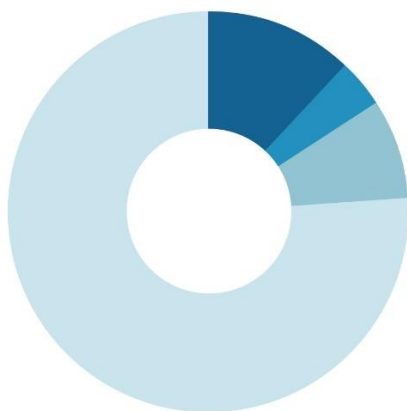


Annual salary surveys to ensure fair wages and remuneration are carried out at the respective HSB association and companies.

In order to reflect society's diversity for HSB, the entire HSB reports from 2019 the number of employees and elected representatives with foreign backgrounds in management, the board and among employees. Foreign background is defined as foreign-born and / or domestic-born with two foreign-born parents and the reporting is done according to Statistics Sweden's method for statistics on foreign / Swedish background.

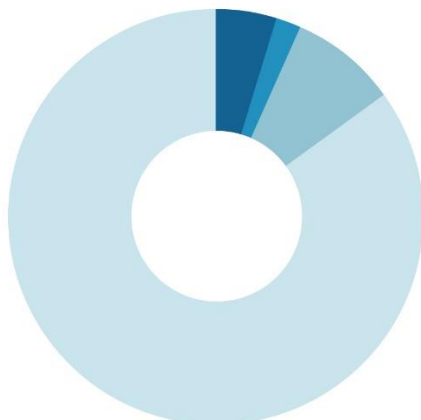
28 of 31 (29 out of 32) HSB associations and companies have reported in 2020. In total, 16 (16) percent of employees and 7 (7) percent of the board and management have foreign backgrounds. This can be compared with the proportion of people registered between 20-64 years in Sweden with a foreign background, which according to Statistics Sweden was 25,9 percent in 2020.

Medarbetare med utländsk bakgrund



- Utrikesfödda, 12%
- Inrikes födda med två utrikesfödda föräldrar, 4%
- Inrikes födda med en inrikes- och en utrikesfödd förälder, 8%
- Inrikes födda med två inrikesfödda föräldrar, 76%

Utländsk bakgrund ledning och styrelse



- Utrikesfödda, 5%
- Inrikes födda med två utrikesfödda föräldrar, 2%
- Inrikes födda med en inrikes- och en utrikesfödd förälder, 8%
- Inrikes födda med två inrikesfödda föräldrar, 85%

3.3 ENVIRONMENT

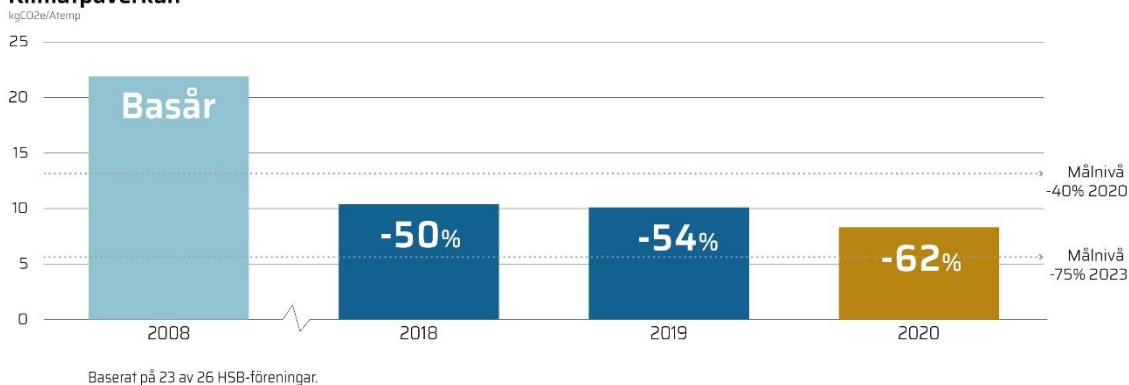
Climate mitigation

HSB's overarching goal is to have by 2030 close to zero climate impact and to be adapted to the changing climate. HSB's goal for the year 2023 is to reduce the climate impact by 75 percent from the base year 2008.

NYTT MÅL

In 2020, HSB as a whole has reduced the climate impact by -62 (-54) percent, for the KPI kgCO₂e/Atemp(m²), compared with 2008.

Klimatpåverkan



The result is due to:

- efficiency of electricity use -27 percent for the KPI kWh/Atemp (m²)
- less climate impact from district heating, -46 percent for the KPI kgCO₂e/Atemp (m²) related to district heating
- transition to renewable electricity, about 95 percent of purchased electricity is renewable
- investments in photovoltaics – at the end of the year 2020 there were a total of about 16 MW of installed effect and in 2020 HSB have invested in [Sweden's largest photovoltaics park](#) on 20MW installed effect.
- phasing out of some remaining oil boilers and natural gas

renewable share of energy use for fuel in the vehicle fleet is 38% and electric cars are being implemented

HSB calculates greenhouse gas emissions according to the international standard Greenhouse Gas Protocol.

Find out more about climate: [here](#) and [here](#), in Swedish.

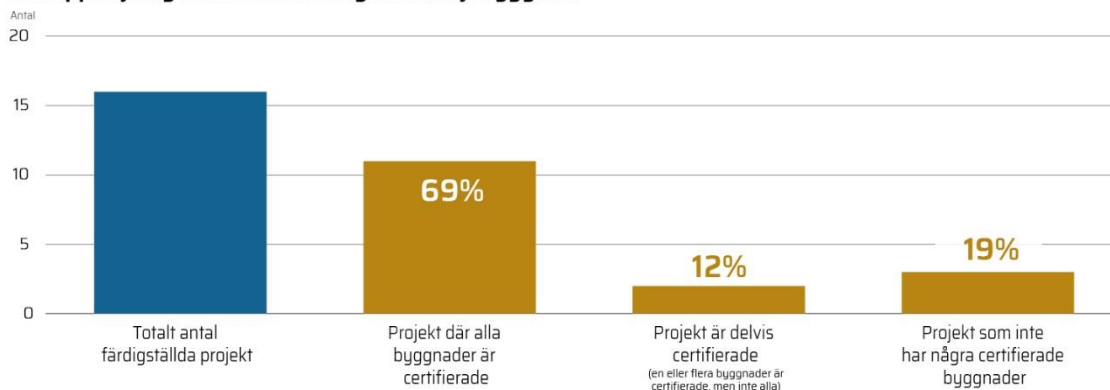
Systematic environmental work

In 2020, 13 of 26 HSB associations had systematic environmental work. This may include the HSB association having a formulated environmental policy, environmental action plan and conducting regular environmental training. Eight HSB associations are environmentally certified according to ISO 14001:2015 and three have an diploma from [the Swedish Environmental Base standard](#).

HSB makes material choices and works to reduce the amount of potentially hazardous substances in building materials and products. In new production, building materials are assessed in the web tool [Byggsvarubedomningen](#), which is a standard for environmental assessment of construction products. In 2020, more focus was placed on building up knowledge about the climate impact from the materials in the framework and foundation of the building. We are also working on phasing out hazardous chemical substances in chemical products used in the management of housing with the webtool [Chemgroup](#).

HSB's ambition is that all new production shall be certified according to [Miljöbyggnad](#), grade Silver (Miljöbyggnad is an environmental certification system for buildings owned by [Sweden Green Building Council](#)). Certification according to Miljöbyggnad gives an independent assessment of important qualities of a building in terms of energy, indoor environment and materials. In 2020, 69 (44) percent of HSB finalized new production projects achieved a certification according to Miljöbyggnad building grade silver.

Måluppföljning 2020 certifiering med Miljöbyggnad



HSB Living Lab

Innovative and smart solutions are an important puzzle piece in the future of sustainable society and good housing. To be at the forefront, HSB conducts an innovation project, HSB Living Lab, together with, among other things, Chalmers University of Technology in Gothenburg. At HSB Living Lab, around 30 people live permanently, while the entire house is a laboratory where research is ongoing around the clock. It is a unique test bed where research is done in a real living environment. So far, about 100 projects have started in HSB Living Lab in everything from sharing economy, energy efficiency, better water management and digitization to circular economy and building materials.

Find out more [here](#).

3.4 ANTI-CORRUPTION

Code of Conduct for partners and suppliers

With many collaborations and procurements, there are risks of corruption, which makes anti-corruption and good business ethics important issues for HSB. In order to counteract corruption, we require, in the Code of Conduct and Agreements, that our suppliers have zero tolerance against corruption and taking and giving bribes. They must also have established routines to prevent irregularities in their own operations, consultants and subcontractors. We also want the suppliers to train their own employees about anti-corruption and business ethics.

Code of Conduct for employees

In 2017, the board of the national HSB federation adopted a common Code of Conduct for employees, which provides support for actions when we represent HSB and our members from

a business ethical perspective, such as what constitutes a fair and undue benefit and how to promote and safeguard the market's interest in efficient and sound competition on equal terms.

22 of 31 HSB associations and companies have adopted the common Code of Conduct. 6 HSB associations have their own Code of Conduct. All employees must follow the Code of Conduct and be informed of it at the start of employment.

In 2019 an e-learning training in the Code of Conduct for all employees, elected representatives and consultants was conducted. The e-learning is developed in collaboration with [The Swedish anti-corruption institute \(IMM\)](#). This gives every employee a common foundation and confidence in their actions when we represent HSB and our members in business-related situations.

During 2018, a whistle blower function was also implemented. Based on HSB's basic values, it is in HSB's interest that business-harmful phenomena come to light and can be handled. Such phenomena are incompatible with the HSB way to run our business in a long-term sustainable and responsible way.