



Step by step
towards increased
sustainability

THE SOCIETY OF SWEDISH LITERATURE IN FINLAND
SUSTAINABILITY REPORT 2021

We preserve cultural heritage

SLS was founded on 5 February 1885. Ever since then, our mission has been to explore, collect and disseminate knowledge about Swedish culture in Finland.

We work with publishing, archiving, research funding and wealth management. We support humanities and social science research and promote Finland-Swedish literature through prizes and scholarships.

SLS is one of the largest managers of assets for the public good in Finland. SLS owns and manages the Swedish Cultural Foundation in Finland. Our activities are made possible by private donations.





Responsible investment

SLS has a long-term investment approach. We strive to generate good overall returns in the long term, in order to enable future generations to benefit from our grants and funding.

The people who have donated funds to SLS over the years, our donors, have had the future in mind – and so have we when we manage the donated funds.

We consider responsible investment to be a natural part of a long-term perspective. Responsible investment is also risk management; companies that act responsibly can be expected to be more successful and face fewer risks in their business activities.

SLS's values are *knowledge, quality, renewal and diversity*. The values are visible in and support our work on responsible investment: through greater knowledge, high quality, constant renewal and consideration of diversity, we also achieve goals linked to sustainability. SLS wants to act sustainably and develop responsibility both in respect of investments and in its day-to-day operations.

In our first separate sustainability report, we want to share with you the steps we have taken so far. These are steps along the way – the journey continues!

Principles governing investment

The investment activities are governed by the SLS Financial Board through the investment policy set by the board. The Financial Board has also established SLS's principles for responsible investment, which describe how environmental responsibility, social responsibility and good governance are integrated into investment decisions.

In 2021, SLS joined the PRI (Principles for Responsible Investment) investor initiative, which supports investors in their work with responsible investments. By signing the six principles of the initiative, we commit to emphasising environmental, social responsibility and governance issues in our investment activities. With effect from 2023, we will follow up on the implementation of the principles through annual reporting to the PRI. The initiative therefore also serves as a tool for the continued development of our responsible investment strategy.

In accordance with SLS's responsible investment principles, we work with partners who have committed to incorporating responsibility considerations in their investment activities. At the end of 2021, 94% of the externally managed assets in the portfolio were managed by partners who have also accepted the principles and signed the PRI.



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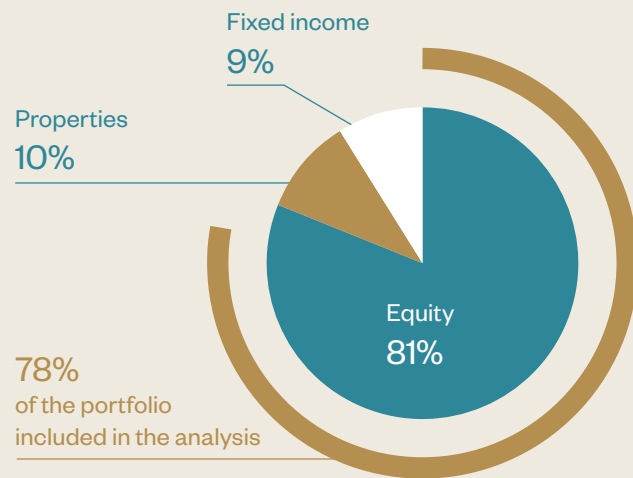
Share of externally managed investments where the asset managers have signed the PRI

94%	All externally managed investments
92%	Equity investments
100%	Fixed income investments
100%	Private equity *

** by asset managers engaged by SLS; underlying investments may have asset managers who are not PRI signatories.*

Responsible investment analysis

The analysis contains:

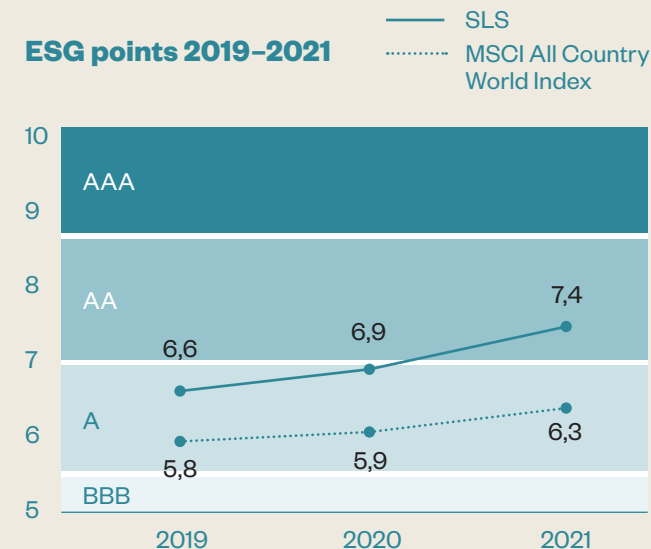


Participation in general meetings

Finnish directly-owned companies

- 16 Number of general meetings of Finnish directly-owned companies at which SLS voted in advance
- 92% Degree of participation in the general meetings of Finnish directly-owned companies (Based on market value)

ESG points 2019–2021



Nordea's analysis, data: MSCI and ISS.

Follow-up of responsible investment

Responsible investment in the portfolio is followed up on annually through a comprehensive analysis performed by our partners. In 2021, 78% of the investments in the portfolio were included in the responsible investment analysis. The analysis included the majority of the equity investments as well as the fixed income investments for which responsible investment information is available. The analysis did not include

unlisted shares, holdings in private equity funds or real estate holdings because comparison data for these asset classes are not available. For investments linked to private equity, we review the asset managers' separate responsible investment reports at least once a year.

Active ownership

In accordance with the SLS Principles for Responsible Investment, active ownership is exercised through, e.g., participation in and voting at general meetings. SLS's active ownership focuses on Finnish directly owned companies. In 2021, SLS participated in advance voting at the general meetings of 16 of its directly owned companies.

Follow-up of ESG metrics

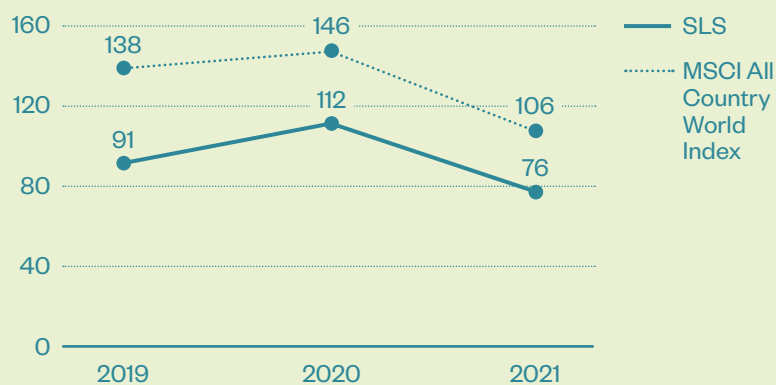
The average level of responsible investment in SLS's equity investments showed a positive development in 2021, as the portfolio's ESG score rose by 7% compared with 2020. The ESG score is based on criteria related to environment (E), social factors (S) and governance (G), and reflects the performance of companies in comparison with other companies in the same industry. In 2021, the portfolio's rating rose from A to AA, which meant that, on average, the portfolio companies' management of risks and opportunities related to responsibility outperformed the market average.

Carbon footprint

An important key metric for evaluation of portfolio performance in terms of climate issues is the measurement of carbon dioxide emissions from investments in the portfolio. The carbon footprint of SLS's equity investments decreased by nearly 30% compared with the level in 2020. The reduced carbon footprint was due to changes in the portfolio, but also the companies' own efforts to reduce their emissions. The carbon footprint of SLS's equity investments was 29% lower than the market average, although the carbon footprint of the benchmark index also fell by 27%.

In addition to the backward-looking perspective provided by the carbon footprint, it is also important to have a forward-looking approach to the issue of responsible investment. The analysis of the portfolio showed that 74% of the companies in SLS's share portfolio are committed to reducing their emissions. SLS also invests in themed funds focusing on companies that produce solutions for energy efficiency, renewable energy or other environmentally related solutions.

Carbon footprint 2019–2021



	2019	2020	2021
Carbon footprint of equity investments Tonnes of CO ₂ per MEUR investment	91	107	75
Carbon intensity of equity investments Tonnes of CO ₂ per MEUR sales	-	131	109
Analysis coverage ratio	92,80%	90,90%	94,30%

	SLS 2021	Benchmark index	Comparison
Carbon footprint of equity investments	75	106	-29%
Carbon intensity of equity investments	109	220	-50%
Weighted carbon intensity of equity investments	137	174	-21%

Source: SEB



The solar panels cover approximately 15% of the annual energy consumed in the building on Snellmaninkatu 13.

Analysis of violations of global norms

The SLS portfolio is analysed on an annual basis to identify any violations of global norms. The analysis is based on the principles listed in the UN Global Compact Framework and the OECD Guidelines for Multinational Enterprises. The analysis includes four areas: human rights, labour standards, environmental protection and anti-corruption. The analysis of direct investments found no confirmed violations of global norms and two suspected violations of global norms.

Real estate investments

SLS's portfolio of direct property investments includes residential and commercial real estate and property companies. Work on evaluation of the environmental impact of the properties will begin in 2022 to identify the steps that can be taken to map and measure the environmental impact and carbon footprint of the properties with a view to obtaining sustainability certification.

In order to increase the share of renewable energy used in SLS's office premises, in 2021 SLS installed solar panels on the roof of the property Snellmaninkatu 13 in Helsinki. The solar panels cover approximately 15% of the annual energy consumed in the building.

Facility Manager Hans Wiljanen inspects the solar panels on the roof of SLS office building in Kruununhaka in Helsinki. Photo: SLS / Janne Rentola

UN Sustainable Development Goals

The impact investments have on the environment and on society can also be measured through their alignment with the Sustainable Development Goals. Below are some indicators on how SLS's investments are related to the goals. The market reference is MSCI All Country World Index.

28% of the companies in the portfolio have women in their management; the market average is 30%

The average water consumption of the equity investments is **41% lower** than the market average



The average waste production of the equity investments is **67% lower** than the market average

74% of companies in the portfolio are committed to reducing their emissions, **64%** have set ambitious goals

71% of the board members of the portfolio companies are independent; the market average is 75%

Sustainability in our own operations

In addition to a responsible approach to investing, SLS also wants to follow up and develop the sustainability of our own operations. Below we list some examples of our work on sustainability in 2021.



Sininen pallo (Blue Globe) award laureates Maija Itkonen, Reetta Kivelä, Leena Saarinen, Zhong-qing Jiang and Tarja Ollila. Photo: SLS /Janne Rentola

The Sininen pallo (Blue Globe) award supports actors building a sustainable future

The Sininen pallo award was launched in 2021 to support actors who are developing solutions to overcome the ongoing environmental crisis. The prize is awarded in collaboration with the Tiina and Antti Herlin Foundation and the Maj and Tor Nessling Foundation. SLS's share of the award is funded with contributions from the Ingrid, Margit and Henrik Höjjer Donation Fund II. In 2021, the prize was awarded to the developers of the Finnish plant protein products Härkis and Pulled Oats, innovations that counteract both climate change and the decline in biodiversity.

High quality governance

During the year, several of SLS's internal processes were developed to ensure the quality of our governance. A whistleblowing channel subject to external oversight has been established with the aim of ensuring that SLS complies with laws and regulations and that no one is treated in an unlawful or inappropriate manner. Matters related to the processing of personal data or breaches of research ethics regulations are among the issues that may be reported anonymously through the whistleblowing channel.

We have also clarified rules related to conflicts of interest, in line with the requirements that good foundation practices impose on grants and prizes.

SLS offsets emissions from business air travel

Emissions from activities that cannot be avoided can instead be offset. In 2021, we chose to offset the emissions arising because of business travel by air. Emissions offset means that a project leading to reduced or avoided emissions is financed with a sum equal to the amount of emissions from the business trips. Emissions are compensated through a domestic project, where trees are planted in areas previously used for the production of peat.



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For more information
about our operations, please
find our Annual Report at
2021.sls.fi.

