Sustainability-Linked
Bond Framework

Progress Report 2024

Uppsala kommun

Uppsala kommun

Uppsala Municipality, Executive Office
Publication date: 2024-12-20

Sustainability-Linked Bond Progress Report 2024

Uppsala has committed to reporting annually until no bonds are outstanding. The Sustainability-Linked Bond Progress Report will form the basis for evaluating the impact on the respective structural bond characteristics. This report will cover the following areas:

- The performance of the KPIs and SPTs as per the relevant reporting period including the calculation methodology
- Information about recalculations if any
- Examples of progress within sustainability in Uppsala during 2024
- Any other information deemed relevant to the investors in Uppsala's bonds

In addition to this progress report, KPMG conducted a limited assurance review in accordance with the framework for KPI 1.

The limited assurance statement will be published on our website.

For more background and information on our Sustainability Linked Bond's see uppsala.se: https://www.uppsala.se/kommun-och-politik/sa-arbetar-vi-med-olika-amnen/ekonomi/ramverk-for-hallbarhetslankade-obligationer/

Uppsala's Key Performance Indicators (KPIs)

Uppsala has selected the following two KPIs for our Sustainability-Linked Bond Framework.

KPI 1: Absolute emissions in tonnes of CO2e in the geographical area of Uppsala Municipality

KPI 2: Installation of solar energy (MW) in the geographical area of Uppsala Municipality

Calculation Methodology

KPI 1:

This KPI is calculated by combining data from both national and local sources. All emissions are then combined to calculate the absolute emissions in tonnes of CO2e in the geographical area of Uppsala Municipality. Climate statistics in general is prone to uncertainties due to the number of assumptions necessary to perform the calculations.

Likewise, our calculations contain assumptions to be able to categorise and prepare emissions in accordance with the Common Reporting Framework (CRF) simplified reporting level and the Global Protocol for Community-Scale Greenhouse Gas Inventories (GHG Protocol for Cities) basic reporting level as explained in the Sustainability-Linked Bond Framework.

Emissions from transport, industrial processes, agriculture, and waste are collected from the National Database for Emissions presented by SMHI (Sw. Sveriges meteorologiska och hydrologiska institut).

The National Database for Emissions can be accessed here.

Emissions from electricity are collected from the local grid owners, Vattenfall and Upplands Energi. All used energy, high and low voltage, for the municipal geography is summarised and multiplied with a locally adapted emission factor. The locally adapted emission factor is an adjustment of the national emission factor for electricity (Nordic electricity mix[1]) to include locally produced electricity and its fuel composition.

Emissions from district heating and cooling are collected from the local heating companies, Vattenfall and Solör. All delivered heating and cooling in the municipality are summarised and multiplied by emission factors delivered by Vattenfall and the Swedish Environmental Protection Agency (Sw. Naturvårdsverket).

Emissions from heat production with other fuels, such as heating oil, wood fuels and alike, are collected through Statistics Sweden (Sw. Statistiska centalbyrån) and multiplied by emission factors collected through the Swedish Environmental Protection Agency.

Statistics Sweden's database can be accessed here.

KPI 2:

This KPI includes all solar energy facilities installed by the Municipality and all other solar energy facilities connected to the electricity grid in Uppsala's geographical area. The data on the installed power of solar panels within Uppsala Municipality's geographical area is collected from the Swedish Energy Agency's (Sw. Energimyndigheten) statistical database.

The database can be accessed here.

Upcoming Changes in Internal Calculation Methodology

Results from the limited assurance review gave us valuable input on how to further improve the transparency and formalize the documentation of how we calculate KPI 1. During 2025 we will:

- Adress and document when changes are made in the source material. For example, if SMHI updates the categorization of emissions or changes names on categories.

[1] The emission factor for the nordic electrical mix (Sw. Nordisk elmix) is calculated by IVL Svenska Miljöinstitutet on behalf of the Swedish Environmental Institute.

- Further emphasize which protocols we use for reporting, e.g. the simplified version of CRF and basic version of GHG.
- Formalize quality assurance.
- Improve our documentation for processes on collecting source material and calculations.

Documented Changes in External Calculation Methodology

Every year, the data distribution methodology and calculations are updated and improved for the National Database of Emissions to increase data quality. The scope of the update varies from year to year and can include retrospective data updates.

No major updates have been made to the data distribution methodology in 2024's submission compared to 2023's. Anyhow, the minor updates made have altered the calculated emissions retrospectively, which has decreased the absolute emissions for Uppsala's baseline (the year 2020).

Please see SMHI's publication for detailed description: Metod- och kvalitetsbeskrivning för geografiskt fördelade emissioner till luft (submission 2024).

2020 CO2e absolute levels per 2023's methodology	2020 CO2e absolute levels per 2024's methodology	Change in baseline +/-
705 kilo-tonnes	702 kilo-tonnes	- 3 kilo-tonnes

KPI and SPT Performance

KPI 1

The KPI 1's performance is tracked by the Sustainability Performance Target (SPT) 1. The SPT 1 is: By 2030, reduce emissions in kilo-tonnes of CO2e in the geographical area of Uppsala Municipality by 72% vs baseline 2020. The SPT 1 trajectory is based on a yearly reduction rate of 12 % from the baseline of 2020.

KPI 1											
Report year		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Data year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
KPI 1: Absolute emissions (kilo-tonnes CO2e)	702	721	639								
Change from 2020 (%)		**+2,7**	**-9,0**								
SPT 1 trajectory (kilo-tonnes of CO2e)		625	550	484	426	375	330	290	255	225	198
Performance vs. SPT 1 (%)		**+15,4**	**+16,1**								

The absolute emissions for the Uppsala geographic area have decreased in 2022 compared to 2021. Larger decreases have been made in the sectors of heating and transportation. The sectors of electricity and heavy machinery have decreased slightly, while the sectors of industry and agriculture have seen a very slight increase in emissions. In total, the absolute emissions have decreased by 9 per cent in the Uppsala geographical area from 2021 to 2022.

Compared to the SPT 1 trajectory, emissions in 2022 are 16 per cent higher than projected. If Uppsala stays within the projected path of emissions decrease, a 24 per cent decrease in total emissions needs to occur in 2023 compared to 2020.

KPI 2

The KPI 2's performance is tracked by the SPT 2. SPT 2 is: By 2030, 100 megawatts (MW) of solar power should be installed in the geographical area of Uppsala. The SPT 2 trajectory is calculated from a linear increase of 7 MW of installed solar power per year.

KPI 2										
Report year		2023	2024	2025	2026	2027	2028	2029	2030	2031
Data year	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
KPI 2: Installation of solar energy (MW)	41,7	52,1	76,9							
Change in installed solar energy (MW)		**+10,4**	**+24,8**							
SPT 2 trajectory (MW)	37	44	51	58	65	72	79	86	93	100
Performance vs. SPT 2 (MW)		**+8,1**	**+25,9**							

The installation of solar energy in Uppsala has increased by 24,8 MW from 2022 to 2023. Compared to the SPT 2 trajectory, the speed of new installations has outperformed the expected projection with 25,9 MW.

Sustainability Linked Bonds Issued by Uppsala

During 2024 Uppsala municipality has issued one sustainability linked bond. The issuance took place on May 15th with a total amount of 300 million SEK, with a maturity date in 2029.

SE number	SEK (Mkr)	Issuance	Maturity	SPT1* Data year	SPT2** Data year	Target Observation Date
SE0013105442	300	2023-04-20	2028-04-20	2025	2026	2027-09-30
SE0013105434	300	2023-04-20	2028-04-20	2025	2026	2027-09-30
SE0013361086	300	2023-05-31	2028-05-31	2025	2026	2027-09-30
SE0019177155	300	2024-05-15	2029-08-15	2026	2027	2028-09-30

*SPT 1: By 2030, reduce emissions in kilo-tonnes of CO2e in the geographical area of Uppsala municipality by 72% vs baseline 2020

**SPT 2: By 2030, 100 megawatts (MW) solar power should be installed in the geographical area of Uppsala

Examples of Progress During 2024

Over the past year, we have initiated and successfully concluded numerous crucial processes to achieve our goal of a climate-neutral Uppsala by 2030.

- We are working on integrating climate perspectives across all aspects of the urban development process. To reduce climate impact throughout the entire planning and implementation chain, a framework has been developed to map and identify areas with the greatest climate impact within urban development and construction, enabling us to put our focus where simple changes can lead to significant reductions in emissions.
- In street and infrastructure projects, as much material as possible is reused within and between projects. We are conducting tests to evaluate whether crushed concrete from demolished buildings meets quality standards for reuse in road constructions, such as in bicycle paths.
- Uppsala Municipality actively promotes a local market for reused building materials. In the Rosendal district, where developers need to adhere to high climate requirements, materials from demolished buildings will be reused. This not only reduces construction waste but also conserves resources and minimizes our climate impact.

- We continue to produce and distribute biogas for vehicles. We have also begun constructing a hydrogen refueling station in Fyrislund, alongside a charging station for heavy vehicles. An investigation into the potential of local hydrogen production is underway.
- Statistics from 2023 show that Uppsala Municipality has nearly 77 MW of installed solar capacity, ranking us second in Sweden. We hope that the goal of 100 MW installed solar panels within the municipality's geographical area will be reached before the target year of 2030. Ongoing efforts include supporting and simplifying processes for companies and private individuals installing solar panels.
- The municipality's internal service for reused furniture, named "Plocket," has operated as a pilot project for two years now. During this period, 3,603 pieces of furniture were reused instead of purchasing new items, saving us over SEK 12.5 million and reducing CO2 emissions by 137 tons.
- The Municipality's efforts to sequester more carbon in soil continue, mainly through restoring wetland areas. The number of wetland projects undertaken by the municipality has increased in recent years, with 16 projects during 2023–2024 compared to seven in 2020–2022.
- Uppsala Municipality, in collaboration with Vattenfall's research department, has conducted a feasibility study on seasonal heat storage. The findings from this study will now be integrated into the municipality's urban development process. By storing surplus heat during the summer for use in winter, more sustainable energy supplies can be achieved.