

SUSTAINABILITY

IES's overall objective is to provide children and young people with the opportunity to reach their full potential whatever their background. That is why the most important sustainability activities take place locally, at each individual school, focusing on care of students and employees. Priority topics include action against bullying, an orderly classroom environment, a high level of physical safety, high educational quality and good academic results.

IES clarified its sustainability agenda in spring 2019 to further strengthen its activities in the field of sustainability. This includes a business environment analysis into the factors with the greatest sustainability impact on IES, stakeholder dialogue featuring interviews with key stakeholders and a materiality analysis of priority sustainability issues for IES. Based on this work, four focus areas in sustainability, with associated action plans and targets, were identified. Results of the activities are monitored by applying a number of metrics that reflect IES's sustainability efforts and are reported in the Annual Report, on the website and in other channels.

Sustainability is also integrated into the company's overall business strategy by identifying areas of double value creation – where social and environmental value also generate business value. This offers potential for profitable investments that simultaneously strengthens IES's sustainability activities and IES's competitiveness. A Sustainability Board comprising selected internal experts and members of executive management govern the work and present proposals for management and the Board to decide on. More information about IES's sustainability agenda is also available on IES's website that is continuously updated during the year and will provide a summary of IES's sustainability activities.

A turbulent operating environment

The role of sustainability in the school world is growing larger and larger and is now an important part of both public debate and education that impacts IES in many different ways. Focus is on integration and the great need for increasing the inclusion of different groups in society. This could be socio economic weaker groups in areas of segregation in Swedish cities, or people living more remotely in regional areas with a tougher economic climate and declining population. With its schools, IES can help improve inclusion and offer greater freedom of

choice for more families in society. Another external factor is the debate on poorer school results in general in Swedish schools and the need for an orderly school environment. This is where IES has a key role to play using its pedagogical methods that create good academic results and a safe learning environment for students and teachers.

IES must also relate to the new values emerging among a new generation of young people, where sustainability and values are becoming increasingly important when choosing schools and places of work. This trend is reflected over time among IES's students, parents and own employees. Sustainability is crucial for attracting teachers and students to IES. The climate is also an issue of growing importance to the younger generation and has evolved into one of the greatest questions for society in our times. It places demands on IES to develop a more resource efficient school, for example, in terms of energy consumption, with the expectation of reducing its climate footprint over time. Read more on page 18 about how IES approaches challenges to schools in Sweden.

Stakeholder dialogue

A dialogue with external and internal stakeholders was conducted in spring 2019. The key stakeholders for IES are parents, students and teachers as well as investors, suppliers, trade unions, municipalities and other community representatives. Particular emphasis was given to social issues in the stakeholder dialogues. These issues include a safe learning environment, good academic results, measures to counter bullying and safety risks. They also stressed the importance of good terms of employment for teachers and other staff groups so that they have high job satisfaction and are committed to IES's operations. Transparency featuring good communication about IES's operations was highlighted as important. Furthermore, stakeholders consider climate and

IES Focus areas 2019 – 2022

Student well-being

- Security
- Order
- Anti-bullying
- Student health
- Equal treatment

Educational excellence

- Working conditions
- Competence development
- Diversity
- Attractive workplace
- Leadership training
- Quality in teaching

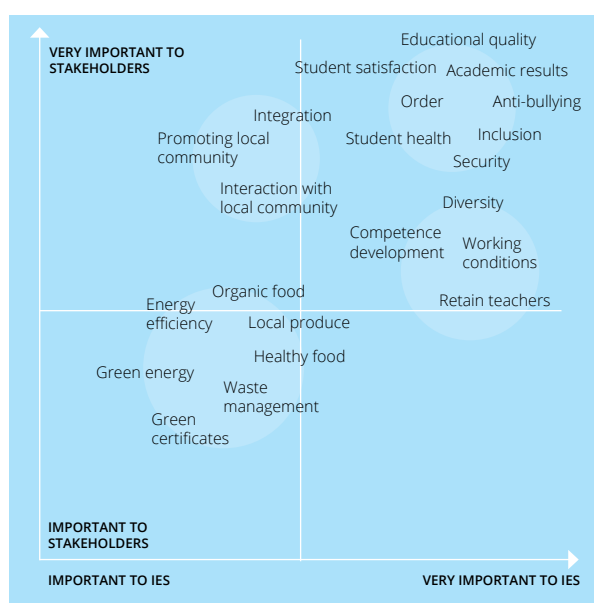
Building community

- Integration
- Community development
- Expansion of school capacity

Green initiatives

- Energy efficiency
- Waste management
- Vegetarian food
- Digital meetings

Stakeholder	Stakeholder's role for IES	Material issues for stakeholder
Parents	Parents are decision makers on choices of school and critical to student success.	<ul style="list-style-type: none"> • A safe and orderly study environment where teachers can teach and students learn • High academic expectations and aspirations • Transparency
Students	IES can play a decisive role in providing children and young people with the opportunity to reach their full potential whatever their background, and form character traits that last a lifetime.	<ul style="list-style-type: none"> • A safe and orderly learning environment where teachers can teach and students learn • High academic expectations and aspirations • Commanding English • Good habits and standards for life • Healthy, high-quality food at school
Teachers	Teachers and other staff play a critical role in creating the right conditions for students to reach their full potential.	<ul style="list-style-type: none"> • A safe and orderly work environment where teachers can teach and students learn • High academic expectations and aspirations • Good terms of employment • The opportunity to progress • Transparency
Municipalities	Municipalities are IES's collaborative partners in the collective endeavour of providing high-quality education. The level of each municipality's school voucher funding is critical to the potential for establishing IES.	<ul style="list-style-type: none"> • IES should be a complement to municipal schools • IES should enhance a municipality's attraction
Employee representatives and trade unions	IES appreciates a structured and professional relationship with employee representatives.	<ul style="list-style-type: none"> • MBL (Swedish Co-determination at Work Act) procedures and collective bargaining agreements • Compliance with IES's ethical guidelines • Transparency
Real estate companies and other suppliers	Close and long-term collaborations with real estate companies are important for new schools, and thus IES's capability to start up new schools.	<ul style="list-style-type: none"> • Strong project management • IES maintaining long-term stable finances • Willingness to cooperate on sustainability
Swedish National Agency for Education	Defines skills standards, ordinances, general guidelines, national tests, monitoring and evaluation. Also allocates central government subsidies.	<ul style="list-style-type: none"> • National tests • Subsidy applications • Supporting data for reports
Swedish Schools Inspectorate	Audits IES and considers applications to start up and expand schools.	<ul style="list-style-type: none"> • Supporting data for granting permits • Managing cases • Inspections and follow-ups
Swedish Association of Independent Schools	IES's advocate on sector-wide issues. States official opinions. Activities include addressing Sweden's teacher shortage.	<ul style="list-style-type: none"> • Commitment and support in stating official opinions • Support in opinion building • Driving development in the industry • Pioneer and role model
Owners	Decision makers, supply capital and appoint the Board of Directors.	<ul style="list-style-type: none"> • Quality of IES's operations • Growth • Stable profitability • Social responsibility toward students; safety • Transparency; measure sustainability performance • Employment terms for teachers; ability to recruit



environmental issues to be important, including healthy food and combating food waste.

The table provides an extensive overview of the other key issues for stakeholders based on IES's experiences of its day-to-day operations, regulations and laws, and in certain cases, more in-depth discussions.

Most material issues for IES

The materiality analysis compares stakeholder opinion with IES's view of the most important sustainability topics. It shows that matters relating to care for students is one of the most important for IES. It includes action against bullying, orderly classroom environment, a high level of physical safety, high educational quality and good academic results. Another group of highly important issues involve IES as an attractive workplace and teachers' work situation comprising good employment terms, equal opportunity, educational quality and competence development for teachers as well as promoting leadership skills of school leaders and principals. A social commitment and

cooperation with the schools' local community is important to IES. This includes integration through the school, good relationships with parents, the municipalities and local organisations and is also based on new schools promoting local and national development. A fourth group of important issues is environmental matters, such as impact on the climate, recycling, reduced food waste, and healthy and vegetarian food.

Based on the materiality analysis, IES has created four focus areas for its sustainability efforts: *Student well-being*, *Educational excellence*, *Building community* and *Green initiatives*.

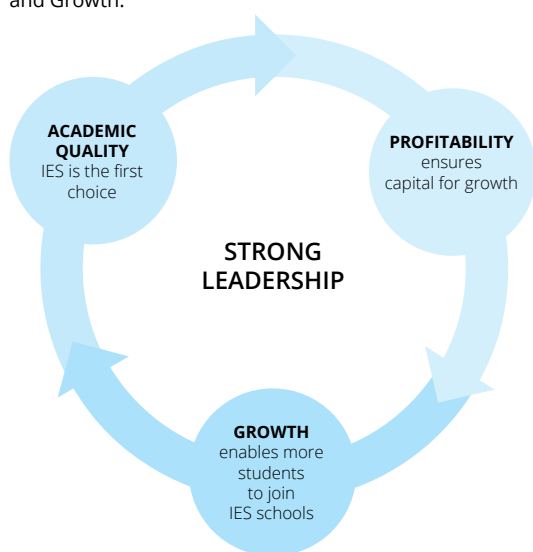
More information about the various activities in the focus areas is provided below and also elsewhere in the front section of this Annual Report.

Double value creation

IES's sustainability activities are, in many respects, directly linked to the company's business strategy and competitiveness. This form of double value creation provide both greater financial value and social and environmental value, benefiting both the company and the company's stakeholders at the same time.

Some examples are the quality of education that results in good academic results for students and good social development, which also enhances IES's attractiveness. IES operating and establishing schools in areas of social exclusion increases the choice of schools and helps counteract segregation at the same time as offering new opportunities for IES to grow. Being an attractive workplace with good employment terms and major opportunities for managerial and professional development results in lower staff turnover, which is a major competitive advantage in a labour market with a shortage of good teachers. More efficient use of resources also reduces impact on the environment and lowers the carbon footprint, while also presenting an opportunity to carry out the operations more cost effectively using smart solutions.

In IES's general business model, the school's strategies are divided into three overall areas: Academic Quality, Profitability and Growth.



UN Sustainable Development Goals

IES began its support of the UN's Sustainable Development Goals (SDGs) in the 2018/2019 school year. Following internal discussions, a selection of SDGs were prioritised as having the

greatest relevance to IES's core operations. SDG 4 "Quality education" is a priority goal given IES's endeavours to give children the same opportunity to quality schooling. In addition, SDG 3 "Good health and well-being" is prioritised with IES working to ensure children's well-being at school, for example, by giving children extensive access to school healthcare and a safe learning environment. SDG 10 "Reduced inequalities" is also addressed through continuous activities on inclusion and diversity. Ensuring an attractive workplace for teachers, school leaders and other employees in line with SDG 8 "Decent work and economic growth" is also of central importance to the operations.

In 2019, IES also initiated a strategic venture to reduce its climate impact in accordance with SDG 12 "Responsible consumption and production." This involves central initiatives in waste management and energy efficiency.



IES and human rights

The United Nations Convention on the Rights of the Child is a human rights treaty specifically for children. It is deeply integrated in Sweden through the Swedish Education Act and the Swedish National Agency for Education's rules and supervision, as well as through the traditions and the core values followed by Swedish schools, including IES. The National Agency for Education states on its website that "the principle of the Convention on the Rights of the Child that the best interest of the child and the child's right to express a view freely in all matters affecting the child is also a guiding factor and is the basis of the Swedish Education Act" (skolverket.se). In this manner, human rights are integrated into IES's work methods and regulatory compliance. It is also expressed in several parts of the IES document "Basic Defining Policy Documents" and in IES's core values.

Main principles of the Convention

- All children have the same rights. Non-discrimination.
- Devotion to the best interests of the child.
- The right to life, survival and development.
- Respect for the views of the child. The views of the child are given due weight in accordance with the age and maturity of the child.

IES's human rights initiatives also incorporate equal treatment, diversity and integration, which cross many of IES's focus areas.

Sustainability risks

The IES's overall risk analysis (page 73) also includes a number of predefined, sustainability-related risks. It includes such areas as *Staff and management*, with the risk of a diminished employer brand due to shortcomings in employment terms for teachers and school leaders, and *Compliance with IES's concept*, with the risk of deficiencies in order, structure and safety. It also encompasses *Labour conflicts* regarding employment terms for staff such as the importance of collective bargaining agreements to avoid strikes, for instance, and *Occupational health and safety* referring to the risk of violating laws, resulting in fines. Furthermore, *Security risks* are included in the sustainability dimension since threats and vandalism could impact the sense of safety and good order and *Brand and reputation* whereby a lower commitment to society could reduce IES's reputation among its key stakeholders. IES will perform a special risk analysis on sustainability in 2019/2020 to further expand the risk analysis in this area and to supplement the overall risk analysis.

IES quality monitoring model



Sustainability and quality

In parallel with its sustainability activities, IES has a comprehensive quality programme to ensure that its organisation fulfils its pledges and imparts the skills and behavioural standards on students that shape them to become responsible citizens. IES's quality work proceeds from its Basic Defining Policy Documents, which clarify school objectives, expectations and ethical guidelines. Each year, employees and parents respond to questions in a number of areas central to the success of students, teachers and IES. Results are also compared between each year and between schools, and departures from established targets are identified and rectified. This quality programme interacts with the sustainability programme and is also part of the focus areas of *Student well-being* and *Educational excellence*. Read more about the quality programme on pages 13–15.

IES also integrates sustainability topics into its education in line with the curriculum. IES can also make a difference through its education in the subjects of biology, physics, chemistry, social sciences and home economics, based on students studying sustainability from different perspectives.

IES's focus areas

Student well-being

This area refers to student safety at school and students' ability to achieve their academic potential. Action against bullying is particularly important. Action on preventing offensive treatment was a focal point of the year, for example, with student health teams, equal treatment plans and providing information to students about the school's policy. These efforts to reduce social exclusion often take place in collaboration with the municipality, social services and other organisations. All schools must have an equal treatment plan that describes the specific measures for preventing all offensive behaviour.

To further strengthen these efforts, IES created the new executive role of head of pastoral in August 2019, responsible for a safe and calm learning environment with the task of increasing information at schools and who can be engaged as extra support in specific cases. This person also serves as "ombudsman." IES's work on safety and a calm learning environment, and setting the same high expectations regardless of background, are some of the reasons that IES has higher than average school results. The average qualification level in 2018/2019 was 271, which was in line with the preceding year (273). The percentage of students completing compulsory schooling at IES is 96% (97) compared with the national average of 84% (84).

Another important priority is the physical security at the school, including the traffic situation and threats from external visitors. IES applies the closed campus concept whereby students stay at school during school hours and visitors are not permitted without first signing in at a manned reception.

IES's work on student health, safety and the physical working environment is regulated by its Checklist Health and Safety, and responsibility for follow-ups rests with school principals. The results of the Swedish Schools Inspectorate's inspections provide support in this process. Each school's academic manager assists teachers with identifying students that need additional resources or require other forms of special attention. Student health coordinators ensure the availability of non-educational resources.

All students and parents sign a Code of Conduct to ensure that everyone is treated with respect and is entitled to a calm learning environment. IES's ethical guidelines and Code of Conduct are part of the Basic Defining Policy Documents and clearly stipulate zero tolerance of all types of harassment and bullying. IES complies with Chapter 6 of the Swedish Education Act regarding a school's liability for reporting, investigation and action. In addition, school principals formulate a more detailed plan on countering and managing bullying. Procedures build on each school's local plans against offensive treatment. This is then followed up through a yearly survey of students about whether they feel safe at school. The 2019 survey revealed that nine out of ten students feel safe at school and eight out of ten students believe that the school addresses bullying. This is in line with the preceding year.

FACT BOX STUDENT WELL-BEING

Policies:

Basic Defining Policy Documents, Checklist Health and Safety.

Risks:

- *Risk 13*, Security risks; external factors and unpredictable safety risks, such as vandalism, threats, violence or similar incidents.

Performance:

- The percentage of students qualified for upper secondary school at IES is 96% (97) compared with the national average of 84% (84).
- Nine out of ten students feel safe at school.
- Eight out of ten students believe that the school addresses bullying.
- All employees have signed the Basic Defining Policy.

Educational excellence

This priority area relates to the situation of teachers, school leaders and other staff who make it possible to offer the highest quality of education. It encompasses employment terms, development and other matters that make employees stay and work at IES with a great dedication. IES's critical stakeholders regard occupational health and safety as central to school success. It is critical for students and parents that IES can attract, develop and retain staff with the right subject skills, teaching skills and leadership abilities. High staff turnover can result in a quality shortcomings. To ensure that IES remains an attractive employer, IES works actively to ensure market-based employment terms and a good work environment, both centrally and locally.

Sweden currently has a teacher shortage, which IES has partly compensated for by hiring teachers from foreign countries. In the 2018/2019 academic year, 85% of IES's teachers were qualified. 38% of teachers held Swedish teacher qualifications and 47% held teaching qualifications from another country. If an unqualified teacher is recruited, IES requires that a development plan is prepared for the teacher to become qualified.

In 2018/2019, IES has through the The Barbara Bergström School Leadership Program, an internal talent programme, to identify and nurture future potential school leaders. Furthermore, IES worked on the Improved Candidate Experience to facilitate onboarding to IES through follow-up meetings and dialogue. Read more under Human Resources on pages 40–45 of the Annual Report.

A safe, secure and stimulating work environment are important for attracting teachers. Absence due to illness was 3.6% for the year, in line with the preceding year. This can be considered to be relatively low compared with other companies and IES works on a broad front to reduce absence due to illness. The partnership with occupational health services was developed during the year to quickly address short-term sick leave and reduce the risk of long-term sick leave. IES also has an Employee Assistance Programme, a support line open 24/7 that provides employees with external help from experts. This may take the form of psychological, financial or legal support.

IES has a natural staff turnover since some staff members are contracted from other countries. Staff turnover among all employees in 2018/19 was 24% (25% in the preceding academic year) and among permanent employees (i.e. excluding contracted employees) was 17% (18% in the preceding academic year).

The Basic Defining Policy Documents stipulate what constitutes a good work environment for students and employees, and all principals received occupational health and safety training during the year. IES follows a structured approach to ensure compliance with its policies, with one example being the yearly survey stating questions on the degree to which teachers are able to start lessons on time, and the extent to which employees experience an orderly working environment.

This area includes matters relating to ethics and anti-corruption. The importance of anti-corruption is clearly stated in the ethical guidelines. The ethical guidelines are signed by all parents and students, and the teachers then implement these policies through their actions during the school day. Principals are responsible for implementing policies in the schools.

Any action bordering on corruption is prohibited. This includes, but is not confined to, any attempt to offer benefits to friends or relatives in terms of admittance to schools, accepting benefits to award higher grades than justified, using a position within IES for personal advantage, purchasing equipment or services for the school based on personal relationships.

A whistle-blowing policy was implemented in the Swedish operations in 2019 that can be used by all employees to report serious irregularities to an external party. Local whistle-blowing policies apply to IES's operations outside Sweden.

IES regularly develops processes to ensure equal and fair grading. Quality is continuously monitored using a quality system at both school and operator level. A quality report is also presented to the Board every year. Initiatives are also continuously carried out to raise grading skills and consistency. One example is a collective assessment whereby the heads of department in the same subject from different schools compare students' work before grading. Joint conferences with teachers are also held. Part of quality activities includes closely monitoring student performance in national tests to ensure that students gain the knowledge and skills they need for the future.

The Swedish Schools Inspectorate also conducts regular reviews of the national test results and this year selected 21 IES schools and about 2,000 examples from a total of 23 tests. The Schools Inspectorate noted deviations for three tests. One test in English in grade 6 showed that the teacher had set a lower grade, while two tests in English in grade 9 had too high grades.

FACT BOX EDUCATIONAL EXCELLENCE

Policies:

Basic Defining Policy Documents, Checklist Health and Safety, Ethical guidelines.

Risks:

- **Risk 6**, Staff and management and the risk of a diminished employer brand due to shortcomings in employment terms for teachers and school leaders.
- **Risk 7**, Compliance with IES's concept linked to the annual quality monitoring process.
- **Risk 11**, Labour conflicts regarding employment terms for staff and the importance of collective bargaining agreements to avoid strikes, for instance.

Performance:

- 85% of teachers are qualified.
- Nine out of ten teachers stated that lessons start on time (no change compared with last year).
- Nine out of ten IES employees stated that their work is stimulating (no change compared with last year).
- Nine out of ten would recommend IES as a workplace to an acquaintance (no change compared with last year).
- Staff turnover was 17% for permanent employees (18% last year).
- Absence due to illness was 3.6% (3.6 last year).
- 63% women and 37% men.

Building community

IES engages in local and national social issues in a wide variety of ways. This may be local voluntary association or other types of contact with the local community. Such commitment is decentralised to each school, allowing the principal to decide on what form such involvement is to take.

For instance, IES's students and staff participate in local charity groups, such as the School Run to raise money for the Swedish Childhood Cancer Fund where the schools including those in Linköping, Liljeholmen and Lund took part. Another example is the Giving People organisation that combats child poverty, which is supported by the school in Nacka. A third example is the fashion show organised by the school in Sundsvall to support the Warchild organisation. The majority of IES schools were involved in charity work in 2018/2019.

Another key part of IES's commitment to society is the capacity that IES brings to the Swedish school market and the many new opportunities and freedom of choice presented with IES's operations. The number of students at IES has increased by about 8,000 over the past five years to 25,500 in 2018/2019. IES opened two new schools in Sweden during the year and the number of students increased by 1,600. IES's presence can make municipalities attractive to live in and establish businesses, thus contributing to the development of society.

Furthermore, IES has an important role regarding integration and diversity since its operations increase movement between different areas of Sweden and provides opportunities for students to find new learning environments and new cultures that differ from those in which they have grown up. The catchment area of 36 IES schools in Sweden during the year encompassed 160 of Sweden's 290 municipalities.

FACT BOX SOCIAL COMMITMENT

Policies:

Not defined by policies.

Risks:

- **Risk 8**, Brand and reputation. IES is dependent on maintaining a good reputation in society and a low level of commitment to society risks diminishing IES's reputation among society stakeholders.

Performance:

- In 2018/2019, 29 of 36 IES schools reported involvement in charity work.
- IES opened two new schools in Sweden during the year and the number of students increased by 1,600.
- A total of 38% of IES students have a foreign background, compared with 25% in all of Sweden's compulsory schools.
- The catchment area of the 36 IES schools in Sweden during the year encompassed 160 of Sweden's 290 municipalities.

Several schools are situated in socially vulnerable areas and most IES schools have a higher percentage of children with a foreign background than the Swedish average. Some schools provide mother-tongue teaching in more than 40 different languages. A total of 38% of IES students have a foreign background, compared with 25% in all of Sweden's compulsory schools. The fact that IES teachers come from many different countries and that half of teaching takes place in English creates a neutral linguistic environment that promotes the integration process. Read more about this under IES's role in society on pages 17–25.

Green initiatives

IES conducts school operations in rented premises, meaning that its direct environmental impact is limited. Most environmental activities take place locally at each school based on the specific needs that exist there and are managed by the principal and local management team.

IES does not currently have a company-wide policy for reducing, for example, energy consumption, waste and food waste. A review will be carried out in the forthcoming financial year into the initiatives that could be organised and controlled centrally, and applied equally at all schools.

Energy consumption and other environmental impacts are mainly linked to the properties in which IES conducts operations or to IES's other subcontractors. IES's agreements with subcontractors include undertakings to comply with environmental legislation and other regulations.

Over time, IES has the potential to reduce environmental impact through the acquisition of new school buildings, where IES collaborates with real estate companies that possess substantial know-how on the effective utilisation of public premises. The intention is to have a closer dialogue with the major property companies in the future.

Electricity is included in rent in most schools. Electricity consumption at the 16 schools where electricity is paid directly by IES amounted to 4.9 million kWh or 43.3 kWh/m². IES is to work centrally and locally to reduce its electricity consumption in all properties over time.

IES offers healthy food with vegetarian options together with its suppliers. The IES guideline is that all schools are to offer at least one vegetarian option every day. However, procurement of food is delegated to each school and management team. Some schools have several different vegetarian dishes every day, whereas other schools have a more limited offering. Not all suppliers measure the amount of vegetarian meals offered, although the school in Jönköping, where IES has its own staff and kitchen, does. This school serves about 950 portions a day, just over 20% of which are vegetarian.

IES also has the aim of increasing the amount of locally produced food together with its suppliers. Several schools are working on this aim. One example is IES in Gothenburg which requires suppliers to locally source 30% of meat and poultry. Many

suppliers also offer seasonal ingredients. Such produce is prioritised when it is available locally and in season.

IES staff need to travel on business to exchange experience and attend conferences and courses. However, everyone is encouraged to use video conferences in the first instance. If travel is necessary, bus and rail are to be chosen first according to the travel policy, which is positive in terms of both cost and impact on the environment.

FACT BOX GREEN INITIATIVES

Policies:

IES Environmental Manual and Travel Policy.

Risks:

- Environmental risks including climate risks will be analysed in 2019/20.

Performance:

- Local initiatives at each school.
- Electricity consumption at the 16 schools where electricity is paid directly by IES (not included in rent) amounted to 4.9 million kWh or 43.3 kWh/m².
- Initiative to reduce printing to be implemented in 2019/20.