

THE SUSTAINABLE BUSINESS

The demands, expectations and gains for Swedish companies.
A report from Tele2 Business in collaboration with Kantar Sifo.



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A MORE SUSTAINABLE BUSINESS

Sustainability efforts are becoming an increasingly crucial and integrated part of the operations of Swedish companies, authorities and organizations. Partly because we are facing increased legal requirements, but also because environmental and climate impact is one of the big issues of our time, and something that affects us all. Climate change and disasters around the world in the summer of 2021 clearly showed that we must act quickly. At the same time, we also see increased expectations and demands from owners, management and employees, as well as from external parties where customers, suppliers, stakeholder groups and the general public are involved in these issues.

For us at Tele2, striving to reduce our climate footprint is a given, and we are proud to be the first telco in the Nordics to be climate neutral in our operations. We also link our work to the United Nations (UN) global goals by working for a circular economy, sustainable innovation, inclusion in the workplace and a secure digital life for children and young people.

We want to inspire our customers to a more sustainable business practice, through insights and through services and solutions that can contribute. As a part of this work, we are releasing this report in collaboration with Kantar Sifo, where 400 decision makers have answered questions about sustainability, both in their own operations and in general.

The survey shows that more than 8 out of 10 respondents see opportunities in IT and telecom as a means to support their sustainability work, first and foremost in reducing travel and streamlining processes. In this respect, we look forward to being able to help our partners and customers.

At the same time, only 3 out of 10 companies see opportunities in reducing their environmental impact with the transition to 5G. This tells us that we must improve in informing the public about the gains that can be achieved through technology, and how IoT solutions in combination with 5G can enhance and enable sustainable solutions.

I hope that this report will provide you with information that will allow you to further your sustainability ambitions. One of the most gratifying insights for me personally is that decision-makers believe that sustainability work actually contributes to new business and growth.

Please feel free to contact us if you would like to discuss how we can help you with solutions that will contribute to your sustainability work. And I sincerely hope this report also inspires you.

Stefan Trampus
Business Area Manager, Tele2 Business

About the report

Sustainability is a major concept that can include everything from environmental issues, equality and social issues to corporate governance. In this report, we find out what parts are included in the sustainability work of Swedish companies, but focus on the work related to environmental issues.

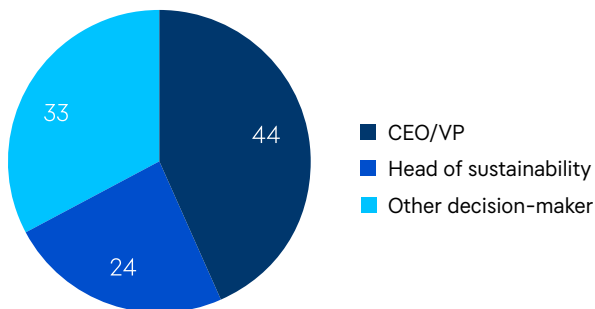
The survey is based on responses from managers in decision-making positions such as CEO, VP, head of IT, head of marketing and head of sustainability. The responses of the heads of sustainability are presented on pages 9, 10, 12, 19, 21 and 22.

A total of 400 people were interviewed between May 17 2021 and June 9, 2021. The respondents work in companies of varying sizes, from self-employed to large enterprises.

The division into sectors is based on the grouping of different industries that have similarities. The manufacturing sector includes manufacturing/industry, transport and construction. The service sector includes retail, services, the public sector, health/medical care and hotels/restaurants. The education sector comprises banking/finance/insurance, knowledge/education and contract operations.

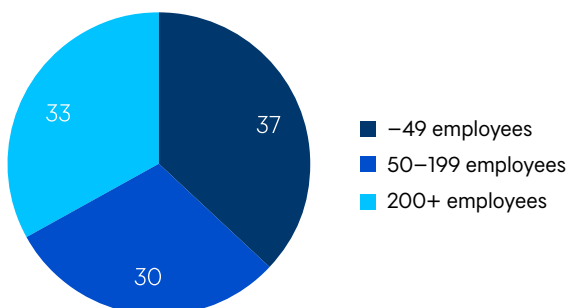
Professional role

The chart shows %



Number of employees

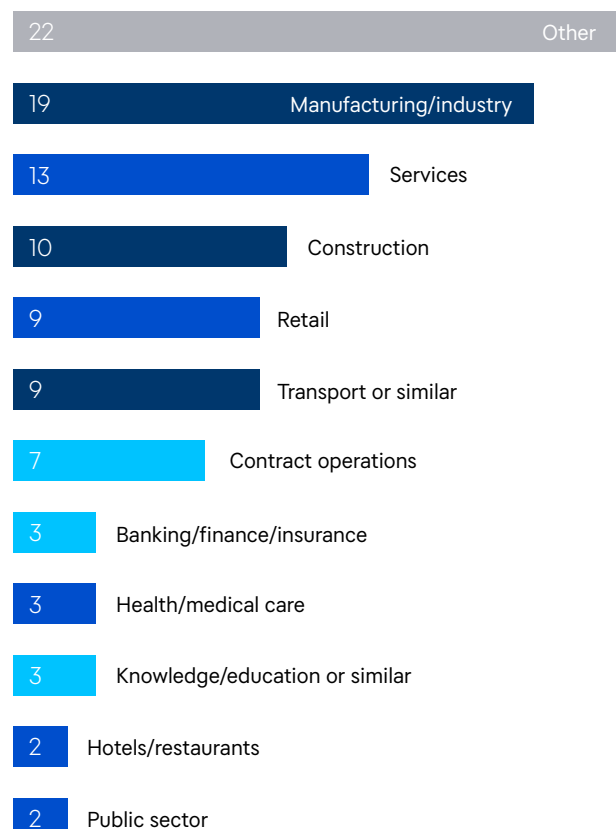
The chart shows %



Industry association

The chart shows %

■ Manufacturing sector
■ Service sector
■ Education sector



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The Sustainability Ladder

Throughout this report, we use the Swedish Agency for Economic and Regional Growth's model, the Sustainability Ladder, as an index of the sustainability work of companies.

The Sustainability Ladder measures the level of ambition of each company's sustainability work from 1 to 7, where 1 means minimal sustainability work, no more than the law requires, and where 7 represents sustainability fully integrated into the business concept, a core issue.

Sustainability increasingly important to Sweden's businesses

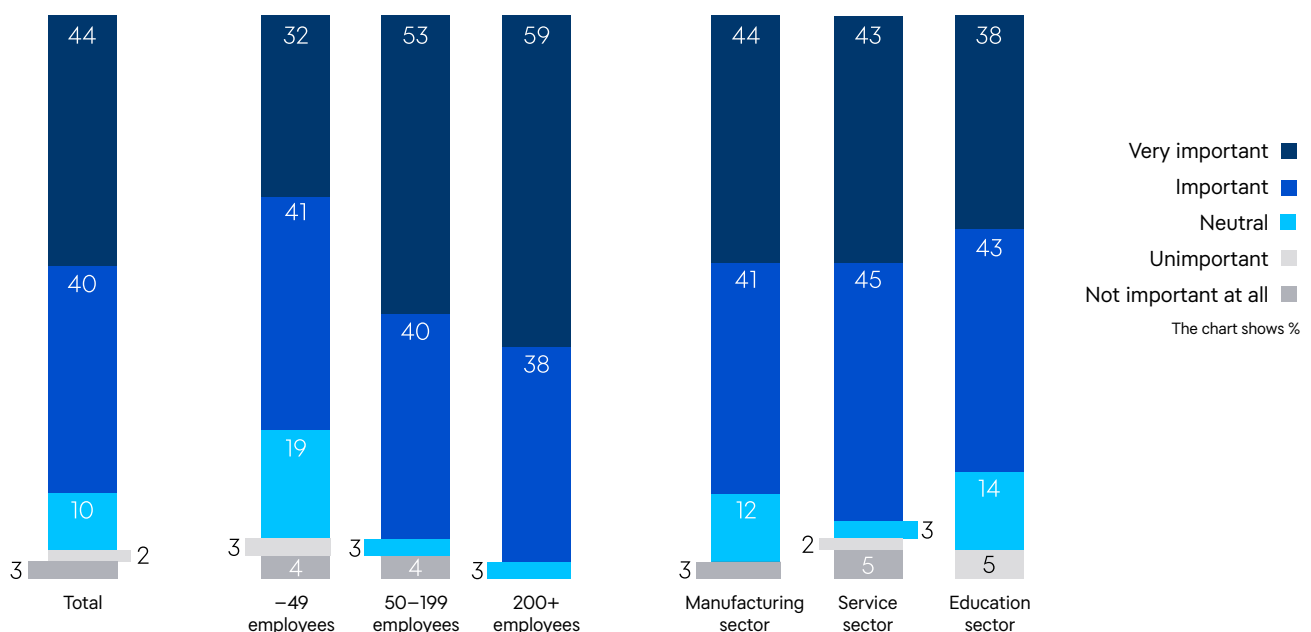
8/10

companies think that sustainability is critical to their business

Among decision-makers at larger companies, 97% feel that sustainability is important or very important for their business. We see a clear majority even among smaller companies, where 73% of these decision-makers answer that it is important or very important.

In total, more than 8 out of 10 believe that sustainability work has a major impact on their business. Among all those who participated in the survey, as many as 44% answered that sustainability is very important for their business.

How important do you think sustainability work is for your business?



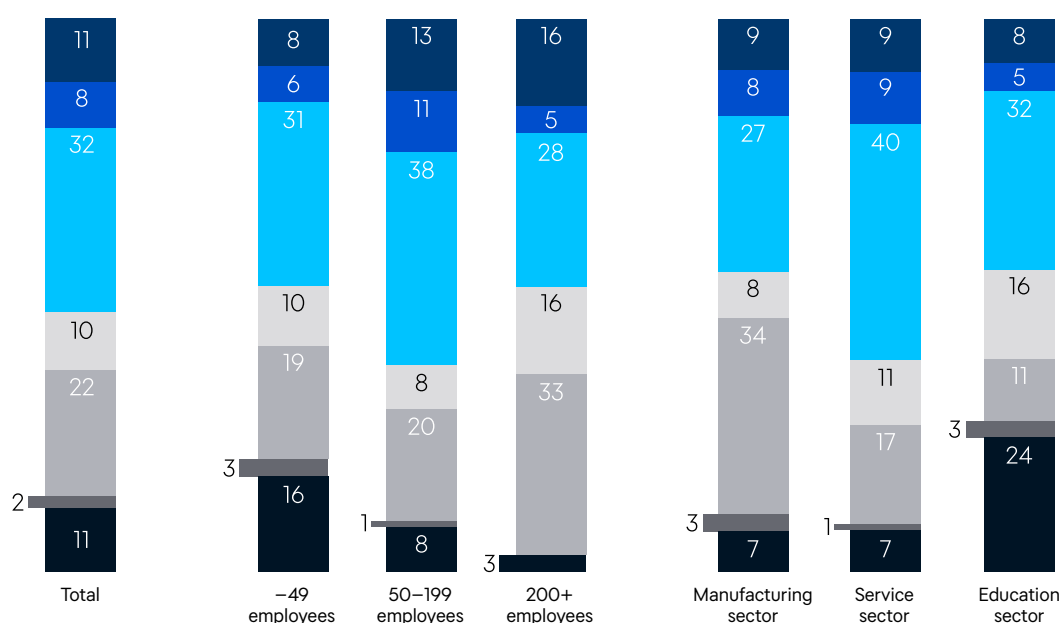
The level of ambition in sustainability work measured in seven steps of the Sustainability Ladder

The chart shows %

7. Sustainability fully integrated in the business concept, core issues
6. Sustainability is integrated in the business in all departments/processes
5. Sustainability is integrated in individual activities in some departments/processes
4. Sustainability is integrated in individual activities in some departments/processes
3. Sustainability is integrated in individual activities in some departments/processes
2. Minimal sustainability work, not more than the law requires
1. Minimal sustainability work, not more than the law requires

9/10

companies do more than the law requires



Among larger companies, 97% have reached step three or higher on the Sustainability Ladder, and therefore do more than the law requires. At the same time, 1 in 3 state that sustainability work takes place in the form of individual projects, rather than being integrated into the entire business.

Among medium-sized companies, as many as 62% have integrated

sustainability in the entire business, and less than 1 in 10 only do what the law requires.

Even smaller companies usually do more than the law requires, but we also see that 16% do not do more than required. We also see that companies within the education sector stand out as less active in their sustainability work.



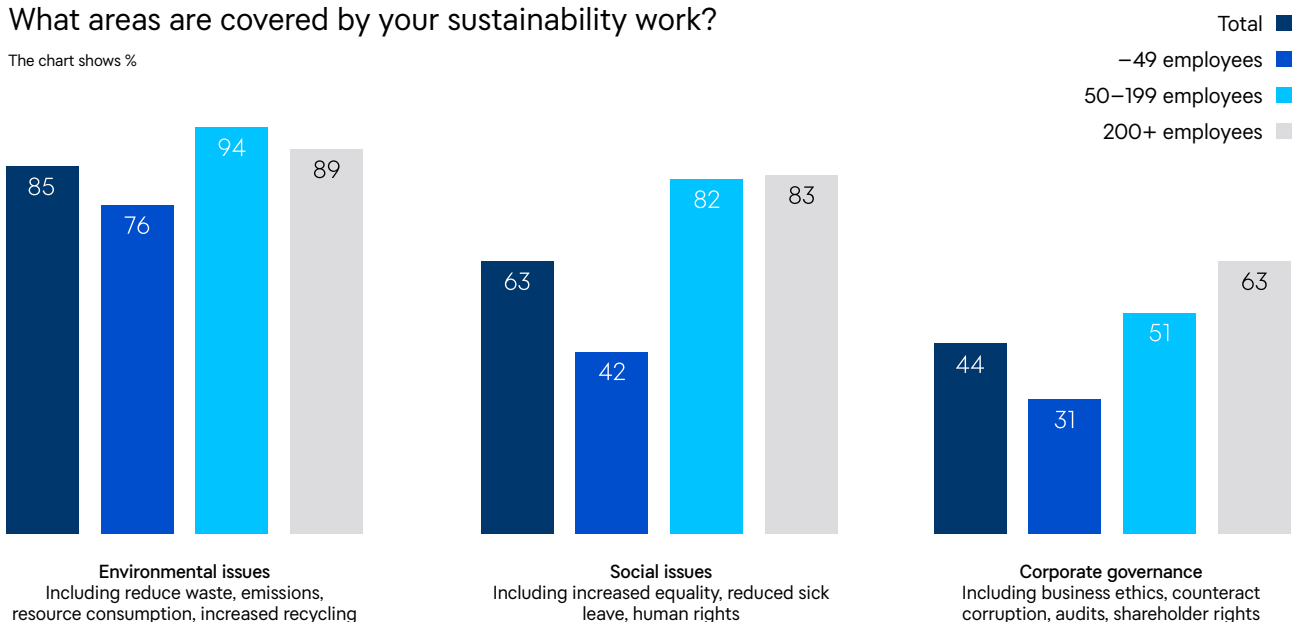
Sustainability in all parts of the business

Environmental issues is the area that most businesses include in their sustainability work, but among medium-sized and large companies social issues such as gender equality are almost as common and are also included. Corporate governance issues such as business ethics are somewhat less common, even among the larger companies.

Among small businesses, environmental issues are dominant. Unlike the others, there are significantly fewer small business who include social issues and corporate governance in their sustainability work.

What areas are covered by your sustainability work?

The chart shows %



Sustainability work will become increasingly important

Most decision-makers are convinced that the requirements around sustainability work will increase in the coming years. Above all, we see clear expectations among large and medium-sized companies, with 70% believing that demands within sustainability will increase. Smaller companies also believe demand will increase, but here the corresponding figure is 52%.

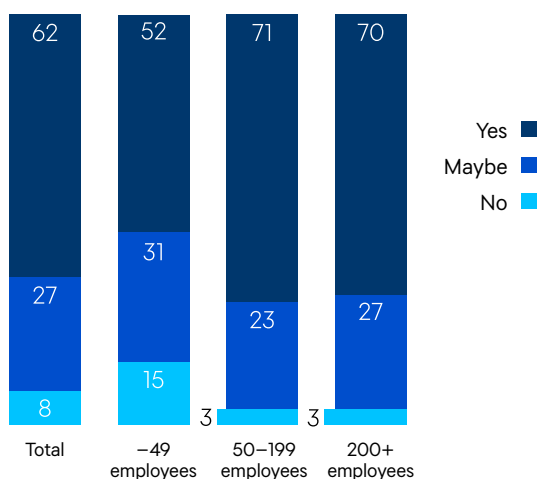
We also see that as many as 94% of decision-makers in larger companies say that their own focus on sustainability will increase in the coming years. Among medium-sized and small companies, there is also an increase, but not quite to the same extent.

94%

of decision makers
at larger companies
say their focus on
sustainability will
increase

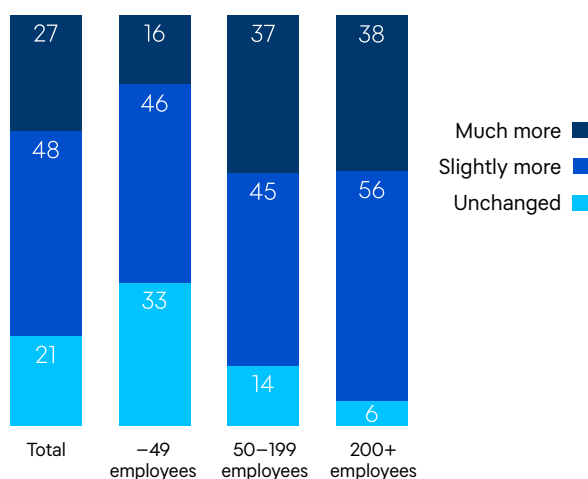
Do you think the requirements of sustainability work in your industry will increase in the next 5 years?

The chart shows %



Will your business have more focus on sustainability work in the next 5 years?

The chart shows %



Larger companies believe in higher demands in the future

We see that decision-makers in large and medium-sized companies believe that their own operations will have a much greater focus on sustainability over the next five years.

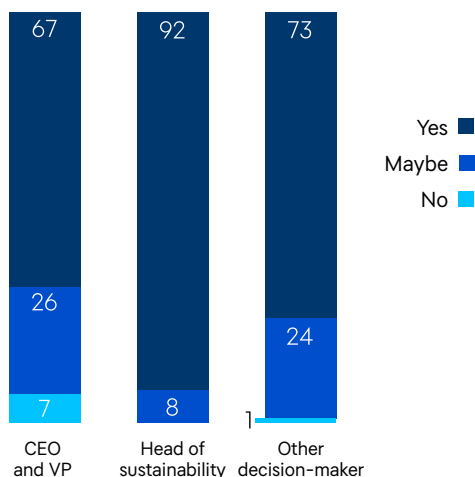
However, there are differences when we compare the different groups. Among CEOs and VPs, 67% believe that the demand will increase, but not to the same extent as other decision-makers and heads of sustainability, where the figure is 73% and 92%, respectively.

92%

of heads of sustainability believe that the demand will increase in the future

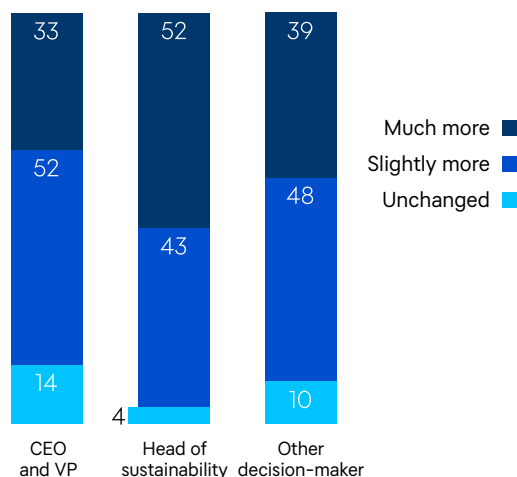
Do you think the demand for sustainability work in your industry will increase in the next 5 years?

The chart shows large and medium-sized companies in %



Will your business have more focus on sustainability work in the next 5 years?

The chart shows large and medium-sized companies in %



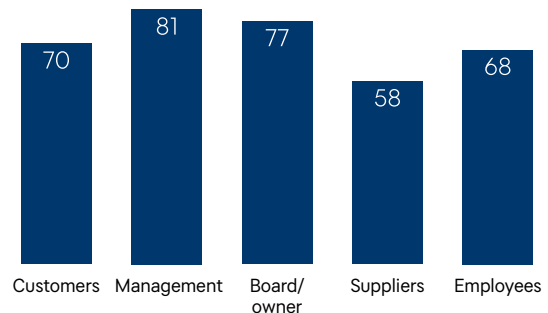
An issue that engages nearly everyone

One explanation for the fact that many have chosen an ambitious sustainability strategy is that they perceive demands from many different stakeholder groups. In more than 3 out of 4 companies, the management group perceives that the board of directors/owners value sustainability highly.

In addition, 70% feel that sustainability work is important to their customers, and they perceive an equally strong pressure from their own employees. Even from suppliers and partners, almost 6 out of 10 at management level perceive that sustainability work is highly valued.

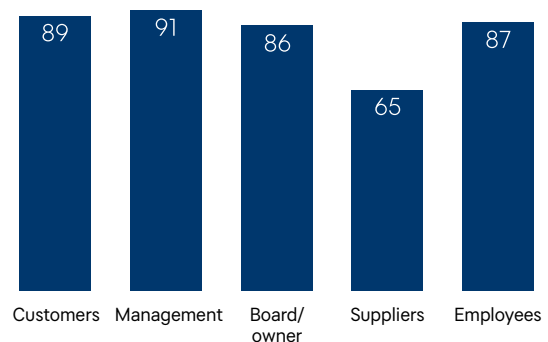
How important do you perceive that sustainability work is for...?

The chart shows the extent to which CEOs/VPs and other decision-makers have answered "Fairly important" and "Very important" in %



How important do you perceive that sustainability work is for...?

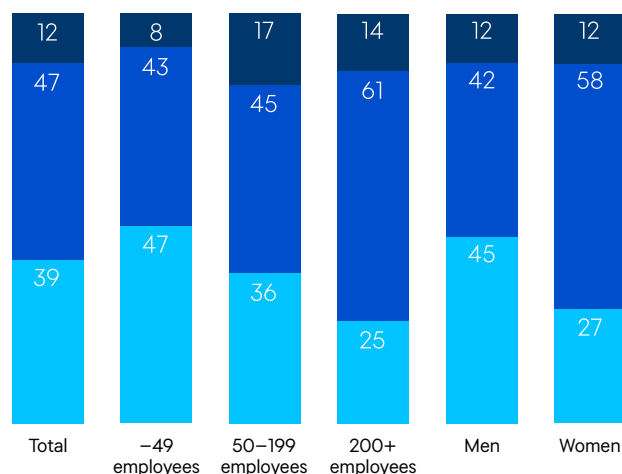
The chart shows the extent to which heads of sustainability have answered "Fairly important" and "Very important" in %



Do you personally believe that you should work more or less with sustainability issues?

The chart shows %

Much more ■
 Slightly more ■
 Unchanged ■
 Slightly less ■
 A lot less ■



We also see that personal convictions play a role, which is in line with how external expectations are perceived. More than half of decision-makers believe that their own company should work more with sustainability. The desire to go the extra mile is clearest among companies that are on step 2-3 on the Sustainability Ladder.

The management's level of ambition has the most influence

How the demands of different stakeholder groups are valued depends on the level of ambition in their own sustainability work.

The results show that ambitious sustainability work presupposes that company management and the board of directors think it is important.

Additionally, in most cases we see that sustainability work needs to be driven from within the organization in order for it to really gather momentum.

A company's sustainability work is mainly affected by:

- 1 Company management
- 2 Board of directors/owners
- 3 Employees
- 4 Customers
- 5 Suppliers

How important do you feel that sustainability work is for different stakeholder groups?

In the columns, the respondents are sorted based on where their companies are positioned on the Sustainability Ladder. The chart shows the answers "Quite important" and "Very important" in %.

Highest value ■
Lowest value ■

Stakeholder group: customers



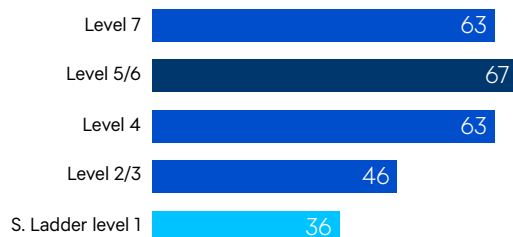
Stakeholder group: management



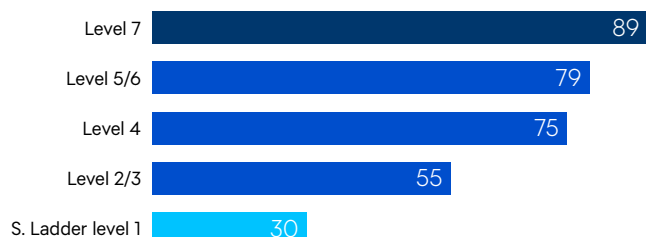
Stakeholder group: boards of directors/owners



Stakeholder group: suppliers/partners



Stakeholder group: employees



Larger companies see more benefits, smaller companies want to do the right thing



Contributing to society is an important driver for sustainability work. But we also see that legal requirements, demands from customers and a desire to strengthen the brand are strong drivers.

The larger companies see more reasons to conduct sustainability work than either medium-sized and small companies.

One explanation is that the legal requirements are more evident for large companies, but that is not the only reason. For large and medium-sized companies, sustainability work is also very much about future-proofing the company and strengthening the brand.

78%

of the large and medium-sized companies work with sustainability to strengthen the brand

What are your reasons for conducting sustainability work?

The chart shows how many have indicated each reason in %
The highest and lowest values for each category are color-coded

	-49 employees	50-199 employees	200+ employees	Head of sustainability
To contribute to society	68	68	80	81
To meet legal requirements	55	70	81	82
To strengthen the brand	47	78	78	87
Demands/expectations from customers	49	70	75	81
To future-proof the company	47	69	73	81
To strengthen competitiveness	40	64	69	84
Requirements from board of directors/owners	40	52	61	69
To be able to gain business/procurements	38	57	47	73
Expectations from employees	30	43	59	71
Demands/expectations from suppliers/partners	30	28	38	37

4/10

larger companies have adapted production for sustainability reasons



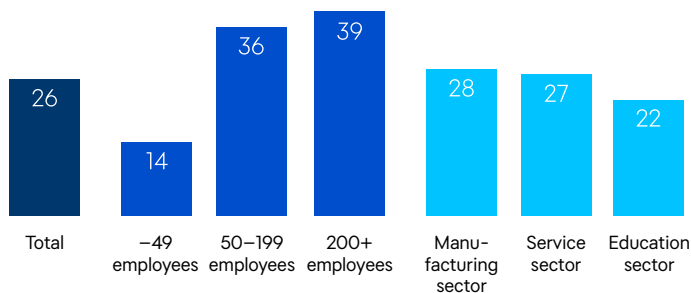
Among medium-sized and large companies, more than one in three have adjusted work or production processes and more than 1 in 4 companies have changed their offer.

Here too, we see that smaller companies are less active than medium-sized and large companies.

Only 14% have adjusted their work or production processes and 16% have changed their offer.

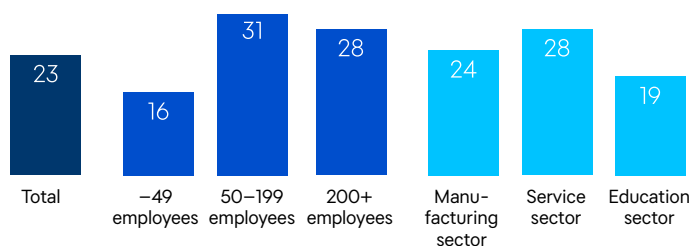
We have adjusted work or production processes for reasons of sustainability

The chart shows %



We have changed our offer for sustainability reasons

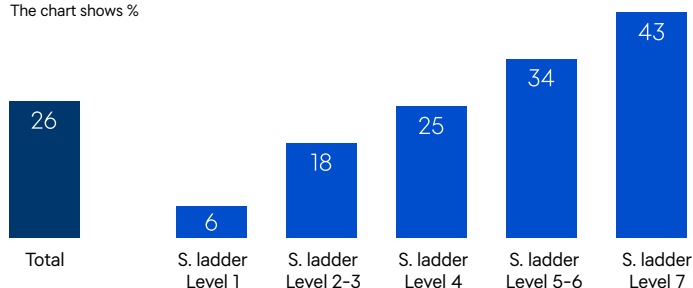
The chart shows %



High ambitions produce better results

Have adjusted work or production processes for sustainability reasons

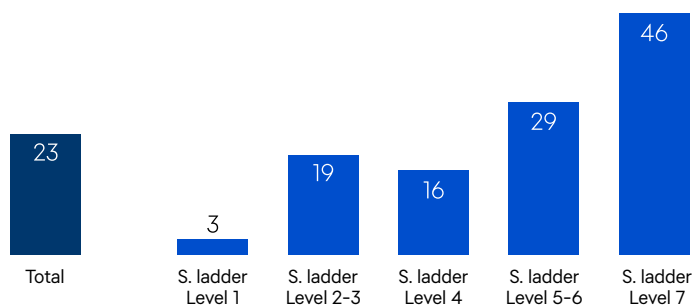
The chart shows %



Work or production processes have been adjusted among 34% of those who are at step 5 or 6 on the Sustainability Ladder. Of the companies that are at step 7, 43% have adapted their processes.

Have changed our offer for sustainability reasons

The chart shows %



Among those at step 5–6, 29% have modified their offering. Here, too, we see that there is a big difference when it comes to taking the last step. Among those who are at step 7, as many as 46% have changed their offer.

Read more about the Sustainability Ladder on page 4.

More policy instruments and better follow-up at larger companies

Almost all major companies have some form of performance instrument or monitoring of their sustainability work. The most common are goal management and the carrying out environmental audits or other external reviews. More than half of large companies also have a sustainability report.

Among medium-sized companies, there are many who manage and monitor their sustainability work. Here, 9 out of 10 state that they have some form of policy instrument or follow-up.

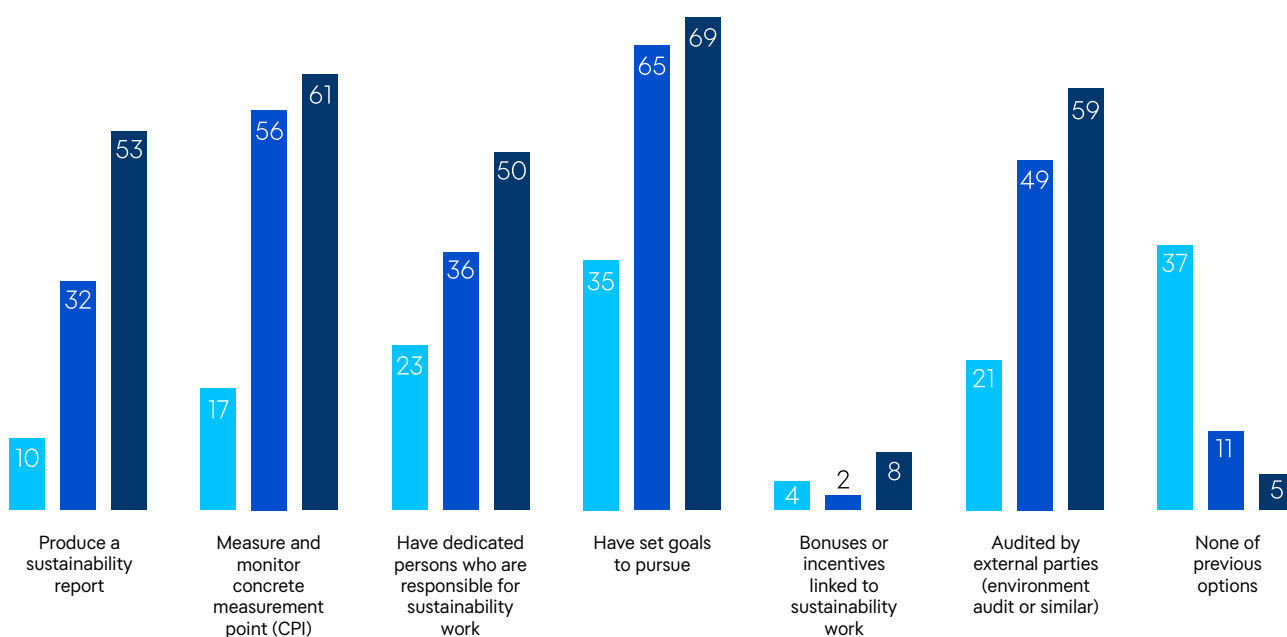
Among small companies, we see a different approach, as over 37% have no policy instrument or follow-up of their sustainability work. At the same time, almost 1 in 5 still have someone who is responsible for sustainability work.

Very few companies, regardless of size, have introduced bonuses or other similar incentives to drive their sustainability work.

In what way do you monitor your sustainability work?

The chart shows %

–49 employees
50–199 employees
200+ employees



A way to win new business

7/10

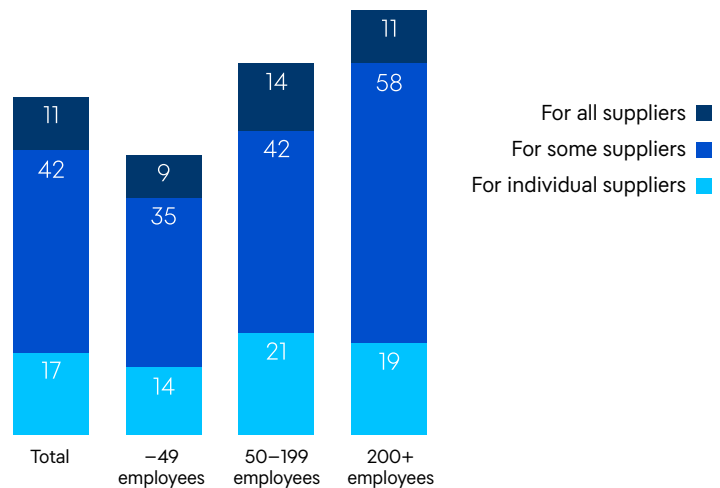
have sustainability requirements for suppliers

When we look at all companies, we see that only 1 in 10 believe that sustainability is a criterion that all suppliers must meet.

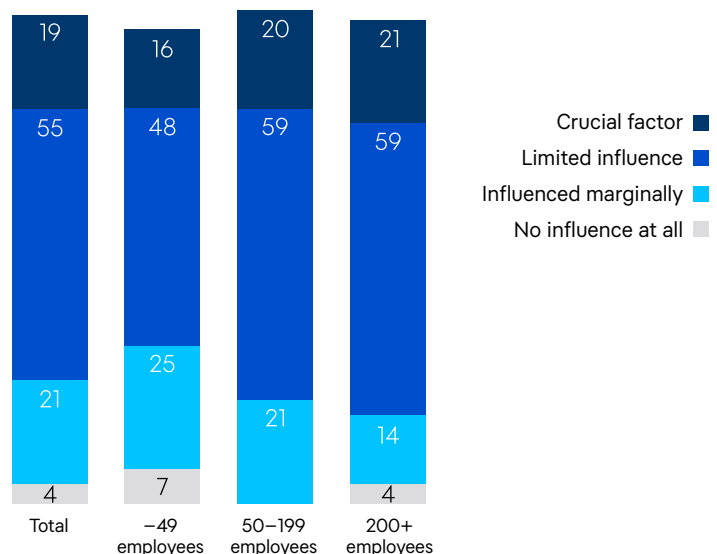
Among more ambitious companies who are at step 5–7 on the Sustainability Ladder, suppliers are chosen based on how they work with sustainability to a great extent. For almost one fifth of these companies, sustainability is a requirement for all suppliers.

For 1 out of 5 companies, sustainability has not only affected, but has been a decisive factor in choosing the most important suppliers.

Has your choice of existing suppliers been affected by how they work with sustainability?



For your more important suppliers, to what extent has your choice of these been influenced by their sustainability work?





Ambitious sustainability agenda pays off

Among large and medium-sized companies, 33% and 38%, respectively, have won business due to their own sustainability work. For smaller companies, it is less common to win business through sustainability work.

A more ambitious sustainability agenda seems to pay off. Among companies that have integrated sustainability into their operations in all departments and processes, almost 1 out of 2 companies feels that they have won business as a consequence of their sustainability work.

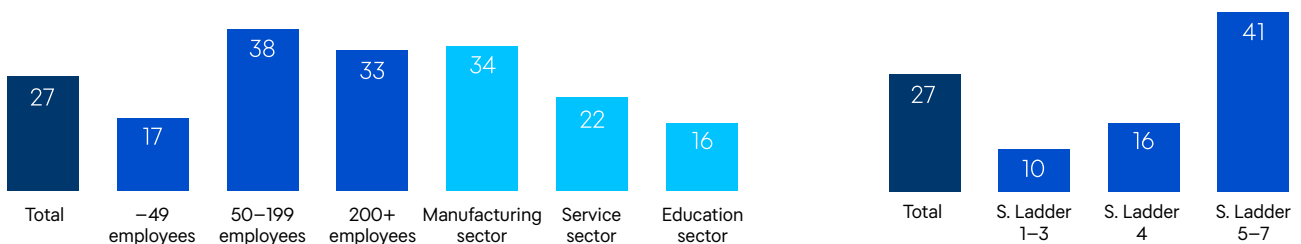
Among companies that work with sustainability only in individual activities in the form of projects, or to comply with legal requirements, there is significantly fewer who perceive sustainability as a way to generate business. These companies are at step 1–3 on the Sustainability Ladder, and only 1 in 10 have experienced business generation as a result of sustainability activities. Of these companies, only one in ten have experienced this.

1/3

larger companies
have won business
because of their
sustainability work

We have won business/procurements due to our sustainability work

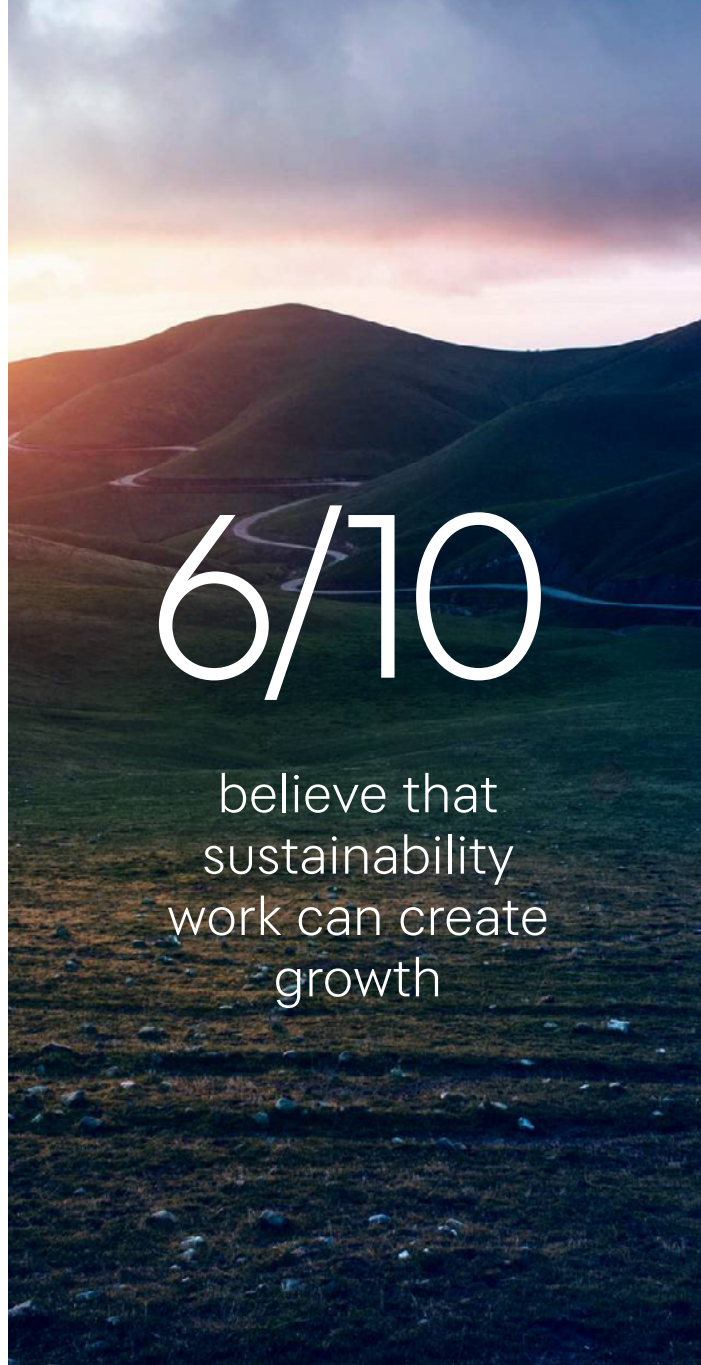
The chart shows %



The increasing importance of sustainability

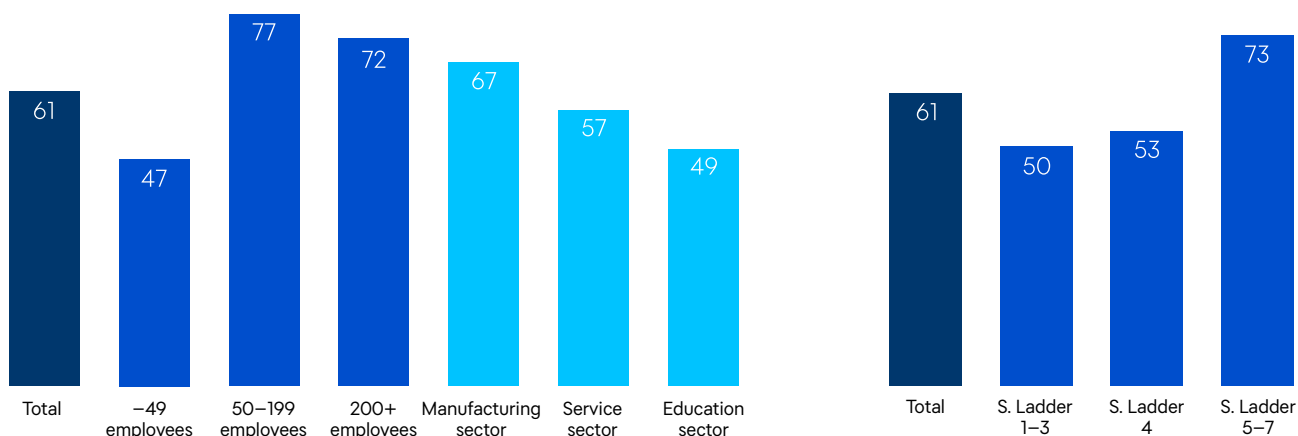
61% of those interviewed decision-makers believe that sustainability work can generate growth for their business. If we look at the companies that currently have a less ambitious sustainability agenda, we see that half of the interviewed decision-makers believe that sustainability can create growth in the future.

If we compare different industries, we see that in the manufacturing sector it is more common to have already won business thanks to their sustainability work. In the future, though, companies in the service and education sector see opportunities to almost the same extent as manufacturing companies.



Can you create growth in the company through your sustainability work?

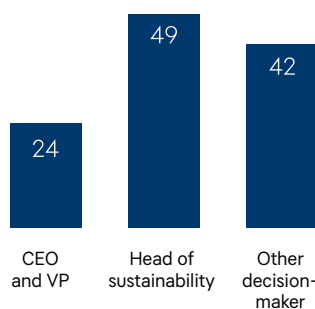
The chart shows %





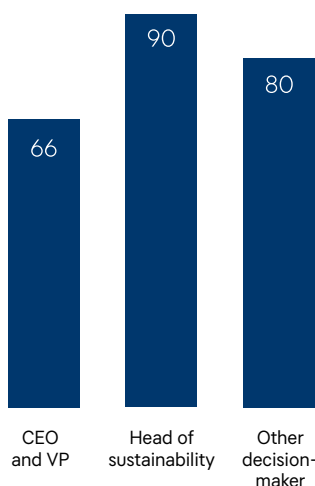
Has the company been affected commercially by your sustainability work?

The chart shows large and medium-sized companies that answered "Yes we have won business thanks to our sustainability work" in %



Can you create growth in the company through your sustainability work?

The chart shows large and medium-sized companies, %



Even higher confidence among large companies

Sustainability creates business and is expected to create growth to an even greater extent among large and medium-sized companies.

Almost half of heads of sustainability believe that the company's business has been positively affected by sustainability work. In addition, more than 4 out of 10 of other decision-makers saw increased business from sustainability work. CEOs and VPs are the least positive.

In larger companies, 9 out of 10 sustainability managers see that sustainability work can create growth, but also 8 out of 10 other decision-makers see it as a positive growth opportunity. Here, too, CEOs and VPs are the least positive, but despite the fact that only 24% have seen growth thanks to sustainability work, 2 out of 3 believe it can create growth for their business in the future.

IT and telecom a contributing factor

When decision-makers have to take a stand on different areas where IT/telecom can make a difference, many see potential benefits.

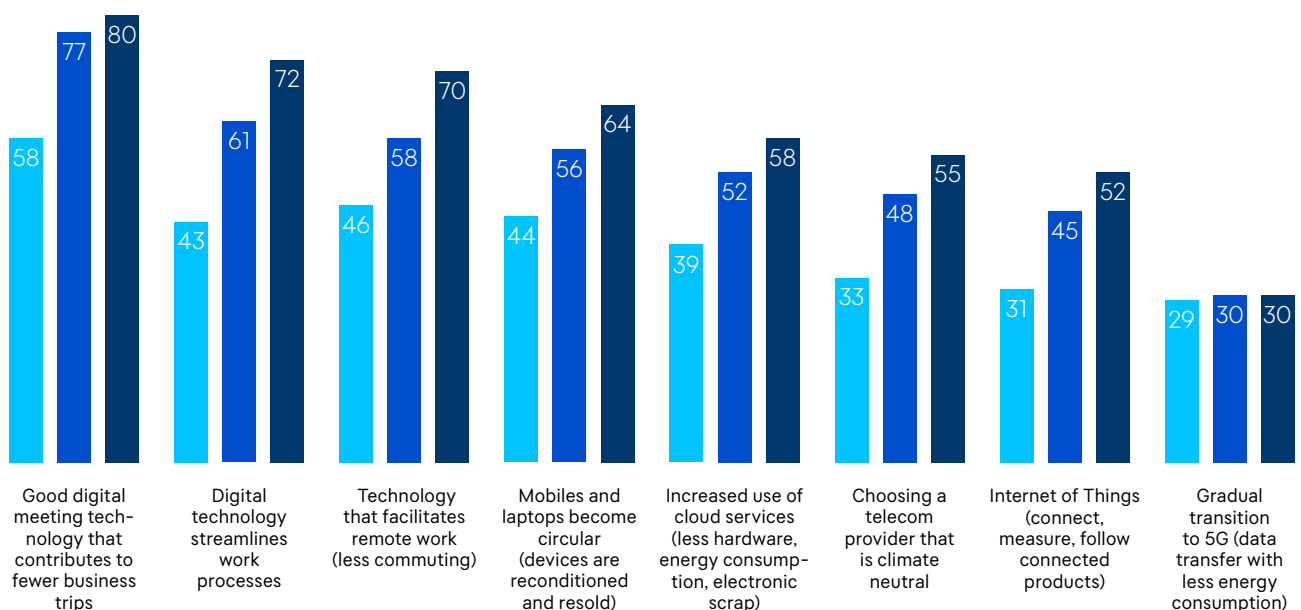
More than 8 out of 10 see opportunities, mainly when it comes to reducing travel and working remotely, but also to make work processes more efficient through technology.

There is an interest in circular solutions, especially among larger companies. This is a recurring pattern. The larger the company, the more likely it is to see opportunities for increased sustainability through various IT/telecom solutions.

Opportunities for climate/environment in the following areas linked to IT/telecom?

The chart shows the answers "Fairly high extent" and "Very high extent" in %

–49 employees ■
50–199 employees ■
200+ employees ■



91%

of sustainability managers see opportunities in areas linked to IT/telecom

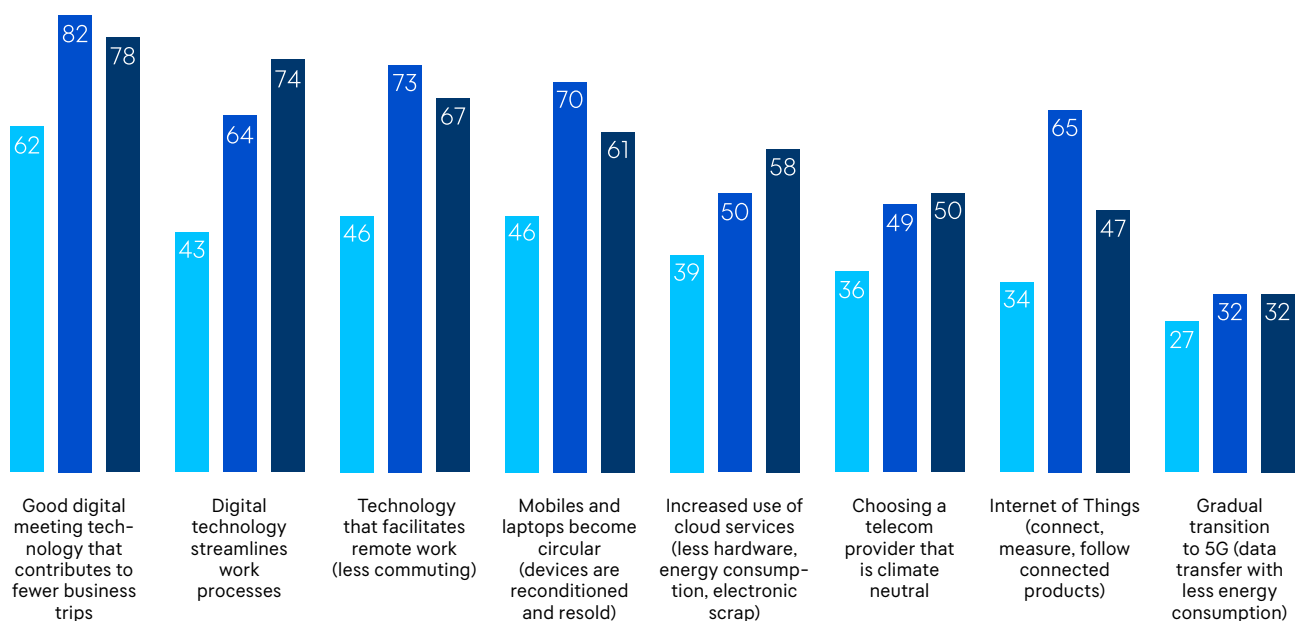
Heads of sustainability are more positive about different IT/telecom solutions for increased sustainability. The optimism is particularly clear when we look at the Internet of

Things (IoT) area, where as many as 65% of heads of sustainability view the opportunities positively, compared with 47% of other management and only 34% of CEOs/VPs.

Opportunities for climate/environment in the following areas linked to IT/telecom?

The chart shows the answers "Fairly high extent" and "Very high extent" in %

CEO/VP ■
Head of sustainability ■
Other decision-maker ■



94%

of sustainability managers impose environmental requirements on suppliers

Traditional sustainability efforts are given priority

IT and telecom are not seen as an enabler for a positive impact on the climate and environment to the same extent as, for example, recycling, fuel or the choice of energy company.

A probable explanation is that the telecom industry has not communicated the opportunities that exist. Additionally, media coverage has put more focus on travel, renewable energy and other areas with more obvious environmental impact.

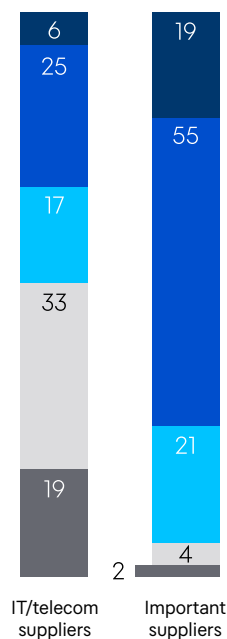
As a consequence, we see that the choice of IT/telecom providers has been influenced to a lesser extent by their sustainability work.

Consideration of how suppliers work with sustainability

The chart shows %

Sustainability

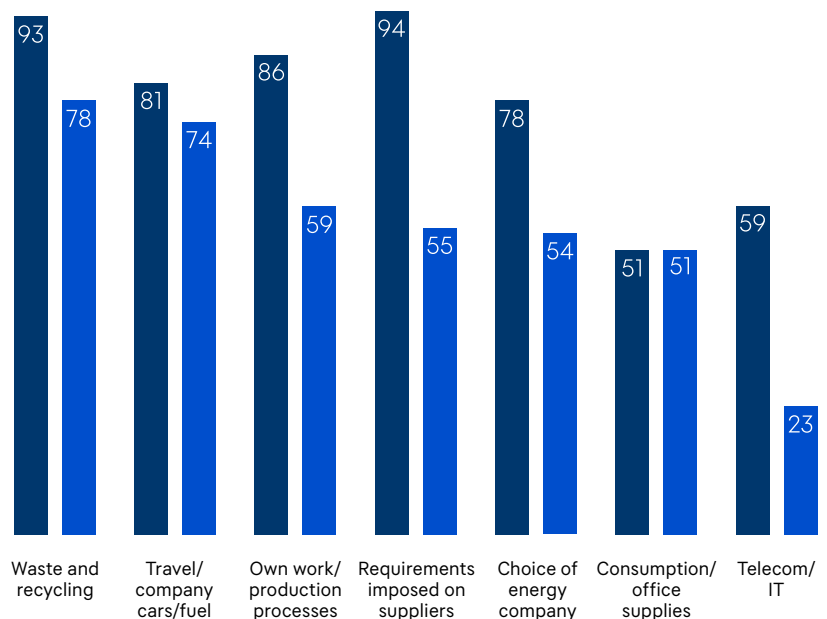
- A decisive factor ■
- Influenced to a limited extent ■
- Influenced marginally ■
- Have not influenced ■
- Uncertain, do not know ■



In a positive sense, opportunities to influence climate/environment in the following areas

Head of sustainability ■
Total ■

The chart shows the answers "Fairly high extent" and "Very high extent" in %

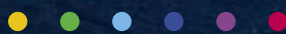


Insights

- **Sustainability is business-critical for companies.** In total, more than 8 out of 10 consider it important or very important for the business.
- **51% of the companies have fully or partially integrated sustainability into their operations.** Many companies have already come a long way in their sustainability work, and sustainability has become an obvious part of the business.
- **For 85% of the companies, environmental issues are part of the sustainability work.** Larger companies also include social issues and, to a certain extent, corporate governance. Smaller companies focus mainly on environmental issues.
- **94% of the larger companies say that their focus on sustainability will increase in the coming years.** Both the external requirements for sustainability work and the internal focus are expected to increase further during the coming five-year period.
- **Sustainability brings new business.** One in four companies has already won business thanks to their sustainability work and 6 out of 10 believe they will.
- **7 out of 10 choose sustainable suppliers.** The majority of all companies have sustainability work as a criterion when choosing suppliers and, for a fifth of companies, this has been a decisive factor.
- **Companies are positive about IT/telecom as an enabler.** More than 8 out of 10 see that there are opportunities for sustainability gains in IT/telecom. But few have reaped these benefits as other measures have been given higher priority.



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Learn about our work with sustainability at tele2.se/foretag/hallbarhet.

Would you like to learn more about how Tele2 Företag can contribute to your sustainability efforts? Please contact us through tele2.se/foretag/radgivning and we will be in touch shortly