



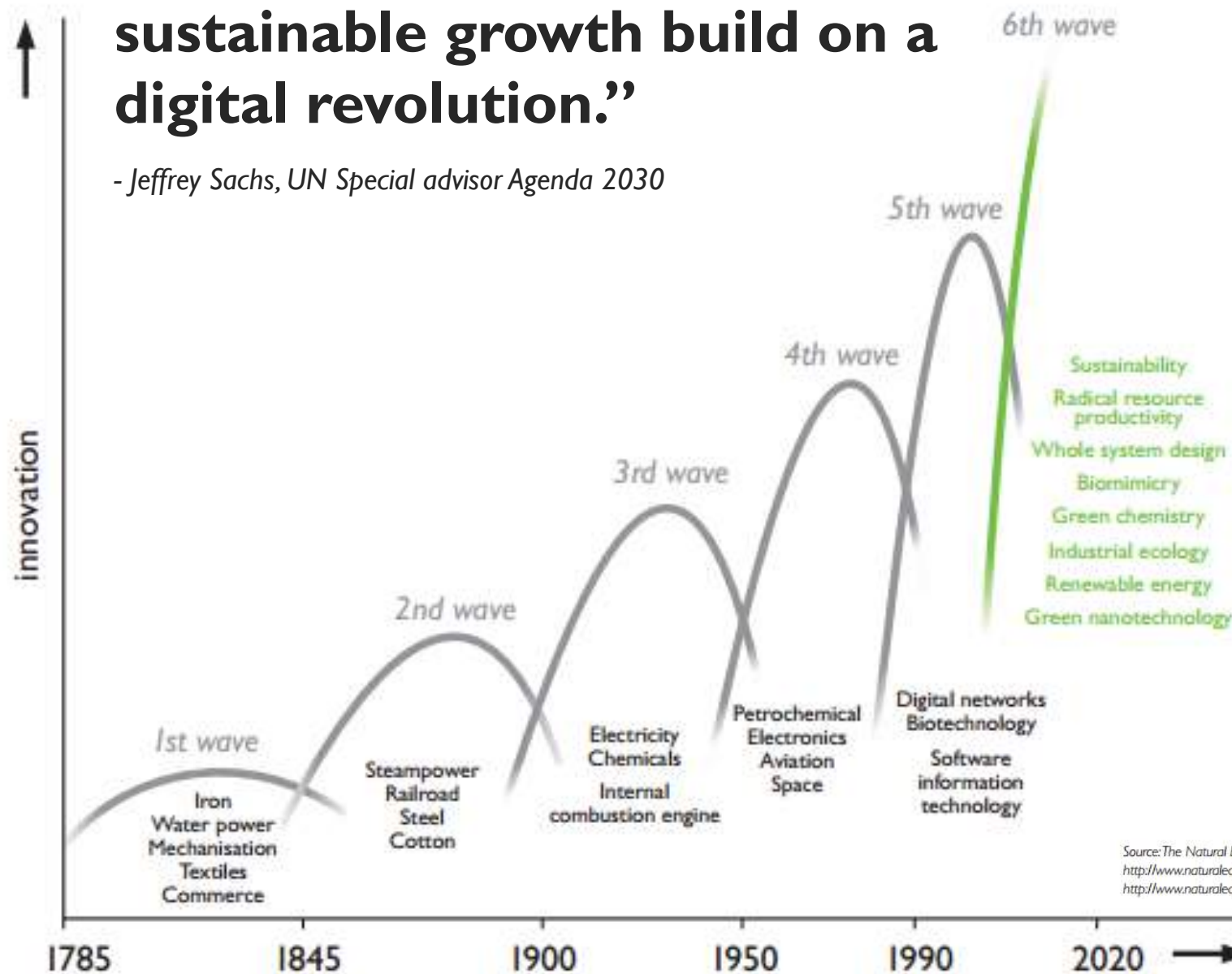
# SustainableBusinessOutlook2017/2018

SUSTAINABLE GROWTH AT SWEDEN'S 100 LARGEST COMPANIES

# “A sixth wave of growth should be sustainable growth build on a digital revolution.”

- Jeffrey Sachs, UN Special advisor Agenda 2030

SENSIBLE GROWTH.  
EVERYWHERE.  
OUR VISION.



Source: The Natural Edge Project, 2004  
<http://www.naturaledgeproject.net/Keynote.aspx>  
<http://www.naturaledgeproject.net/NAONChapter1.4.aspx>

# EXECUTIVE SUMMARY SUSTAINABLE BUSINESS OUTLOOK

## Introduction

Sweden is sometimes regarded as frontrunner when it comes to sustainability in general, and sustainable businesses particularly.

This survey focuses on the largest Swedish organizations and different governance models.

The study also uses the same scope as a MIT Sloan Management Review article published in 2013 *The Innovation Bottom Line*, but in this case applied with an interest of understanding the status of sustainability efforts in Sweden.

## Background and method

Allies and Centigo have created the *Sustainable Business Outlook* based on our study on Swedish sustainability, which was conducted in 2017. In the study over 100 of the largest companies and organizations in Sweden participated in a survey where they were asked about how far they have come with integrating sustainability into their business and operating models.

In the study we divided the participants into six categories. Rather than an industry based division, we chose to focus on the ownership structure to see if governance model and purpose has a correlation with their sustainability performance, namely:

- State-owned companies
- Listed companies
- Non-listed companies
- Co-operatives
- Municipal companies
- Administrative authorities

# EXECUTIVE SUMMARY SUSTAINABLE BUSINESS OUTLOOK

## Main findings

The most important findings can be summarized as:

- Swedish businesses and organizations are in a transition phase to becoming more sustainable and integrating the sustainability issues into the core business. There are vast differences in the results between the six categories, but also a wide span within the categories. There were top performers and laggards in all categories.
- The main insight from the study indicates that state-owned companies *and* listed companies are the top performers in the overall result, which show us that the driving force to be sustainable can come either from the market *or* from the owners – and result in the same performance.
- Almost three out of four of the largest companies and organizations in Sweden (74%) have changed their business model as a result of their sustainability efforts, compared to 65% in 2013\*.
- More than half of them (52%) state that their sustainability efforts have created positive economic results, compared to 35% in 2013\*.
- The three most popular United Nations' Sustainable Development Goals (UN SDGs) addressed by Sweden's largest companies and organizations are:
  - GOAL 13: Climate Action – 46%
  - GOAL 8: Decent Work and Economic Growth – 41%
  - GOAL 12: Responsible Consumption and Production – 39%

In Sweden the state-owned companies and the listed companies have come the furthest in their efforts of integrating sustainability into their business and operational models. Out of a maximum score of 100 the state-owned companies got an index score of 78 and the listed companies an index score of 75.

## Main findings

Among the privately-owned companies co-operatives follow quite closely after the listed companies, with an index score of 70, whilst the non-listed companies are clearly lagging behind with an index score of 59. One thought as to why there is such a big difference between the listed and non-listed companies is that the listed companies have higher demands on transparency from the stock exchange, as well as having the eyes of the media and the public on them to a greater extent. It is somewhat surprising that the co-operatives saw themselves performing worse than the listed companies, when many of the co-operatives have a business idea that is very close to many of the core areas of sustainability.

Among the publicly governed companies and organizations the municipal companies at an index score of 56 are far behind the state-owned companies, and the administrative authorities are even further behind, managing a total index score of just 41. It is interesting that the difference between the publicly held companies and organisations is so big, especially the difference between the state-owned companies and the administrative authorities who are both controlled by the Swedish Government Offices.

One source of inspiration for our study was the MIT Sloan Management Review and The Boston Consulting Group report *Innovation Bottom Line*, which found that companies in developing countries more often change business models as a result of sustainability, when comparing the number of respondents that had changed their business model as a result of their sustainability efforts and the amount of respondents that could see a positive impact on their financial result. When we compared the answers from Sweden's 100 largest companies to the same two questions we found that the listed companies and co-operatives are the two categories that had come the furthest, whilst municipal companies and administrative authorities, again, are lagging behind.



# EXECUTIVE SUMMARY SUSTAINABLE BUSINESS OUTLOOK

## Main findings

The integration of sustainability into the business and organizational models of Swedish companies and organizations is currently showing a wide range of outcomes, some have created a long-term sustainable business model where sustainability is fully integrated into the strategy of the organization, whilst others have further to go. Almost three out of four of the largest companies and organizations in Sweden (74%) have changed their business model as a result of their sustainability efforts, compared to 65% in 2013\*. The co-operatives take a leading position in this regard, with 94% stating that they have changed their business model. The results of the state-owned, listed and municipal companies follow shortly after, scoring between 83% to 80%. The non-listed companies are behind in this aspect, with only 54% saying that they have changed their business model.

More than half of companies and organizations (52%) state that their sustainability efforts have created positive economic results, compared to 35% in 2013\*. Listed and non-listed companies are ahead of other sectors in society, with 75% and 73% respectively saying that they see positive economic results from their sustainability efforts. This can be compared to state-owned companies and co-operatives, where only 50% say that they see that same result. Municipal companies and administrative authorities are further behind with only 40% of municipal companies and merely 17% of administrative authorities see their sustainability efforts having created positive economic results.

## Main findings

We found that 64% of Swedish companies and organizations are using the United Nations Sustainable Development Goals in their efforts to integrate sustainability into their organizations, which is very encouraging. State-owned companies and listed companies are ahead of the other categories also on this topic, and the municipal companies are behind. We went on to ask everyone who said that they were using the UN SDG which SDG:s they were addressing and found that the 3 most common goals to be addressed by Swedish companies and organizations were:

- GOAL 13: Climate Action – 46%
- GOAL 8: Decent Work and Economic Growth – 41%
- GOAL 12: Responsible Consumption and Production – 39%

The popularity of goal 13 might be related to a sense of urgency in climate change and an importance for companies and organizations to at least appear to be taking some actions. For both listed companies, co-operatives and administrative authorities these were among the most popular goals to address. Both goals 8 and 12 are close at hand for many companies as they relate to the core of many businesses. Goal 8 was particularly popular among non-listed companies and co-operatives, whilst goal 12 was most popular among state-owned companies, listed companies and co-operatives.

Among the least popular UN SDGs were GOAL 1: No poverty (8%) and GOAL 2: No hunger (9%). This might be because they are distant to the core business of many large Swedish companies and organizations.

# EXECUTIVE SUMMARY SUSTAINABLE BUSINESS OUTLOOK

## Other insights

Other facts from the study are summarized as:

- 83% of all businesses and organizations in Sweden has a person/function responsible for the sustainability efforts. All listed companies, 95% of non-listed, co-operatives and state-owned companies have a responsible person/function. For municipal companies and administrative authorities the same figure is 79%.
- In 44% of businesses and organizations the person responsible for sustainability efforts is a members of the management team. The category where it was most common was the state-owned companies where the figure is 61%, the least common was in non-listed companies (24%) and municipal companies (21%)
- 16% of businesses and organizations lack a sustainability strategy. Among administrative authorities 47% do not have a sustainability strategy, and 43% of municipal companies also lack a sustainability strategy. Based on these categories generally poor result in the study we find it unlikely that this is because they have fully integrated sustainability into their strategy. Instead we find it more likely that these organizations are so immature in their sustainability efforts that they have not even reached the stage where they have set a sustainability strategy, much less integrated sustainability into the organization's long-term strategy.
- 19% say that the sustainability efforts have had an impact on the competence requirements when recruiting and further developing those in leading positions

## Other insights

- Human rights and diversity are the two areas of sustainability where the participating businesses and organizations state that they still have a long way to go before they have implemented a systematic way of working with these issues. The listed companies have come the furthest in terms of creating a systematic way of working with sustainability and the administrative authorities have the furthest way to go still.
- The environment, equality and diversity are the areas which most businesses and organizations approach from an opportunity perspective. Human rights, working conditions, anti-corruption and business ethics are approached by most from a risk perspective. The two noticeable exceptions from this is the non-listed companies who view working conditions as an opportunity, and the state-owned companies who approach the issues of the environment from a risk perspective.
- 85% of businesses and organizations have conducted a materiality analysis. All listed and state-owned companies that participated stated that they have done a materiality analysis. Only 44% of administrative authorities say the same.
- The most commonly used international guidelines are GRI (59%) and UN Global Compact (55%). Listed companies are the most frequent users of international guidelines, e.g. 100% saying that they use UN Global Compact and ILO Declaration on Fundamental Principles and Rights at Work. The state-owned companies also use international guidelines to a high extent, e.g. 100% using GRI and 94% using UN Global Compact. The least commonly used international guideline was ISO26000.

# EXECUTIVE SUMMARY SUSTAINABLE BUSINESS OUTLOOK

## Other insights

- 64% of businesses and organizations use UN SDGs to support the integration of sustainability into their organizations. The most frequent users are state-owned companies (78%), the least frequent users are municipal companies (40%).
- The most commonly used of the 17 UN Sustainable Development Goals was Goal 13: Climate action, the least used was Goal 1: No poverty
- 82% of businesses and organizations can see synergies in working with digitalization and sustainability
- The most important stakeholders are employees, customers and owners.
- The view on the importance of customers as a stakeholder varies between different categories. Most highly valued are the customers by state-owned companies and municipal companies. The customer is less important as a stakeholder group for listed companies, and far less important customers are for administrative authorities.

## Questions for further studies

- The study raised the following questions for more discussion and further studies
- Does capitalism actually drive authentic Sustainable Business? Listed companies rank highest, administrative authorities in the bottom.
- Why is not a publicly governed organization a guarantee for a sustainable organization?
- Why does administrative authorities show a wide spread of engagement despite of the government's directives on Agenda 2030? It seems like it is up to the management team whether to address sustainability issues or not?
- Does a wide stakeholder view drive a good sustainable performance?

A STUDY ABOUT SWEDISH  
**SUSTAINABLE  
GROWTH™**



# SUSTAINABLE BUSINESS OUTLOOK – *by Allies & Centigo*

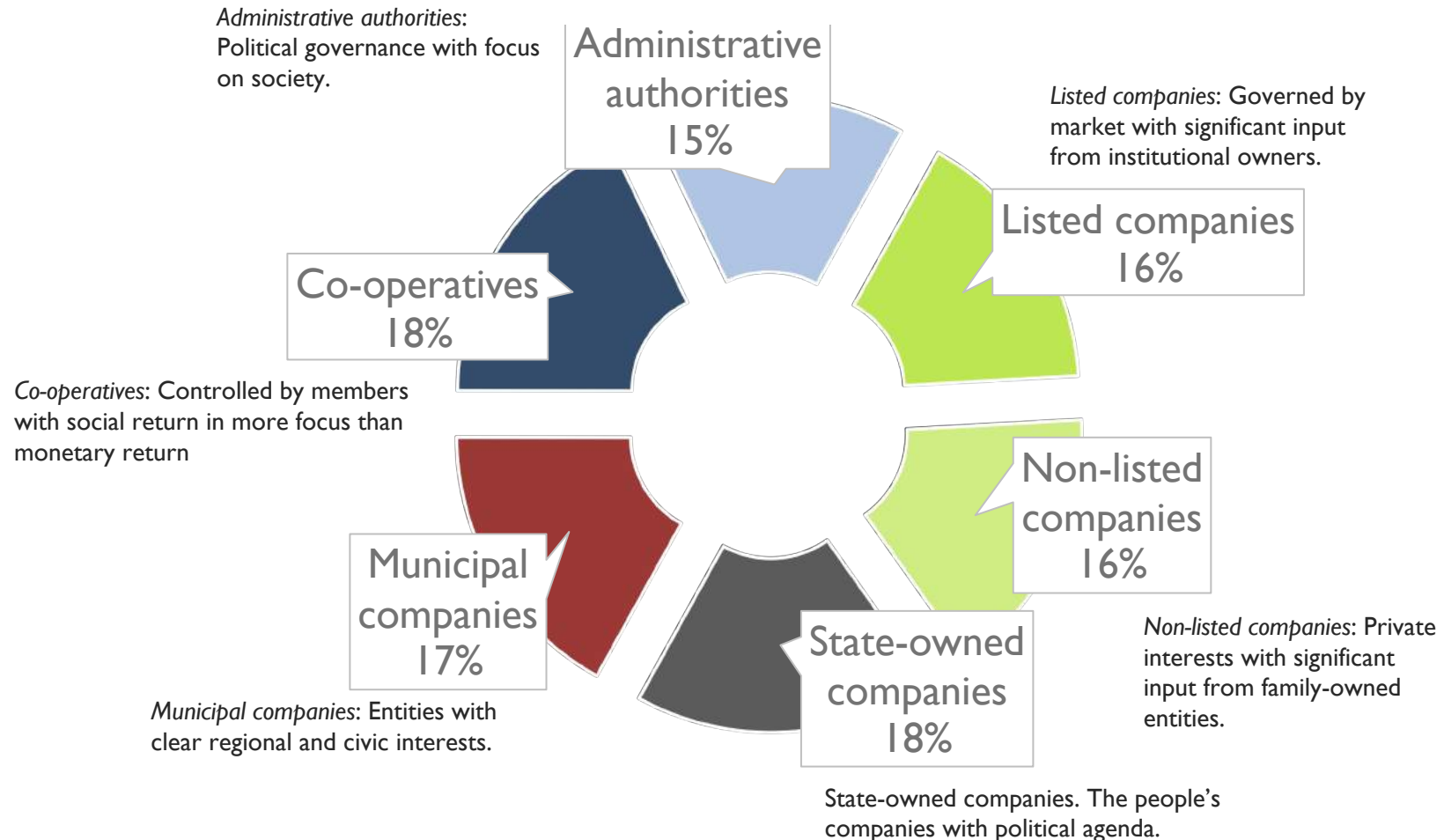
- Based on “A study about Swedish sustainable growth”
- Study about how **business- and operational models are adjusted to global sustainability challenges.**
- Study based on a survey in which participants have conducted a self-report.
- “Sustainable growth” defined in the study based on EU-designated international guidelines and the Swedish Government Offices definition on sustainable business as well as Swedish legislation on corporate sustainability reporting.
- The study includes the 30 largest organisations in Sweden. In the following 6 categories:
  - Listed companies
  - State-owned companies
  - Non-listed companies
  - Municipal companies
  - Administrative authorities
  - Co-operatives



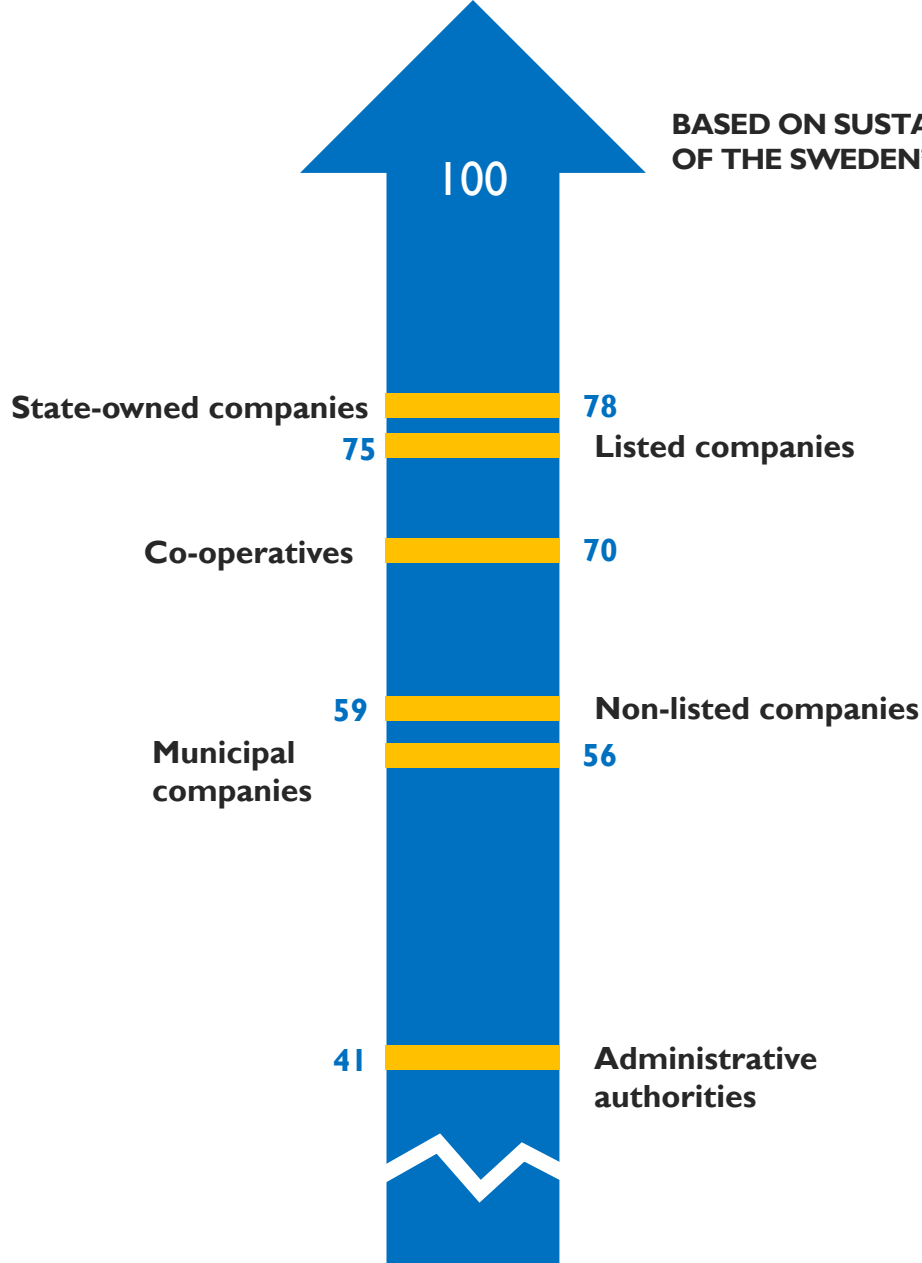
Conducted in cooperation with:



# The largest 100 organisations in Sweden about sustainability as an integral part of the business model



BASED ON SUSTAINABILITY EFFORTS IN 113  
OF THE SWEDEN'S LARGEST ORGANISATIONS



The compounded result of the different participants in the different categories have given the category and index value on a scale from 1 to 100. The state-owned companies and the listed companies have the best result in the study, meaning that these categories have come the furthest in adapting their business model to global sustainability challenges. Administrative authorities is the category with the worst result in the study, meaning that they have a long way to go to adapting their operational model to global sustainability challenges.

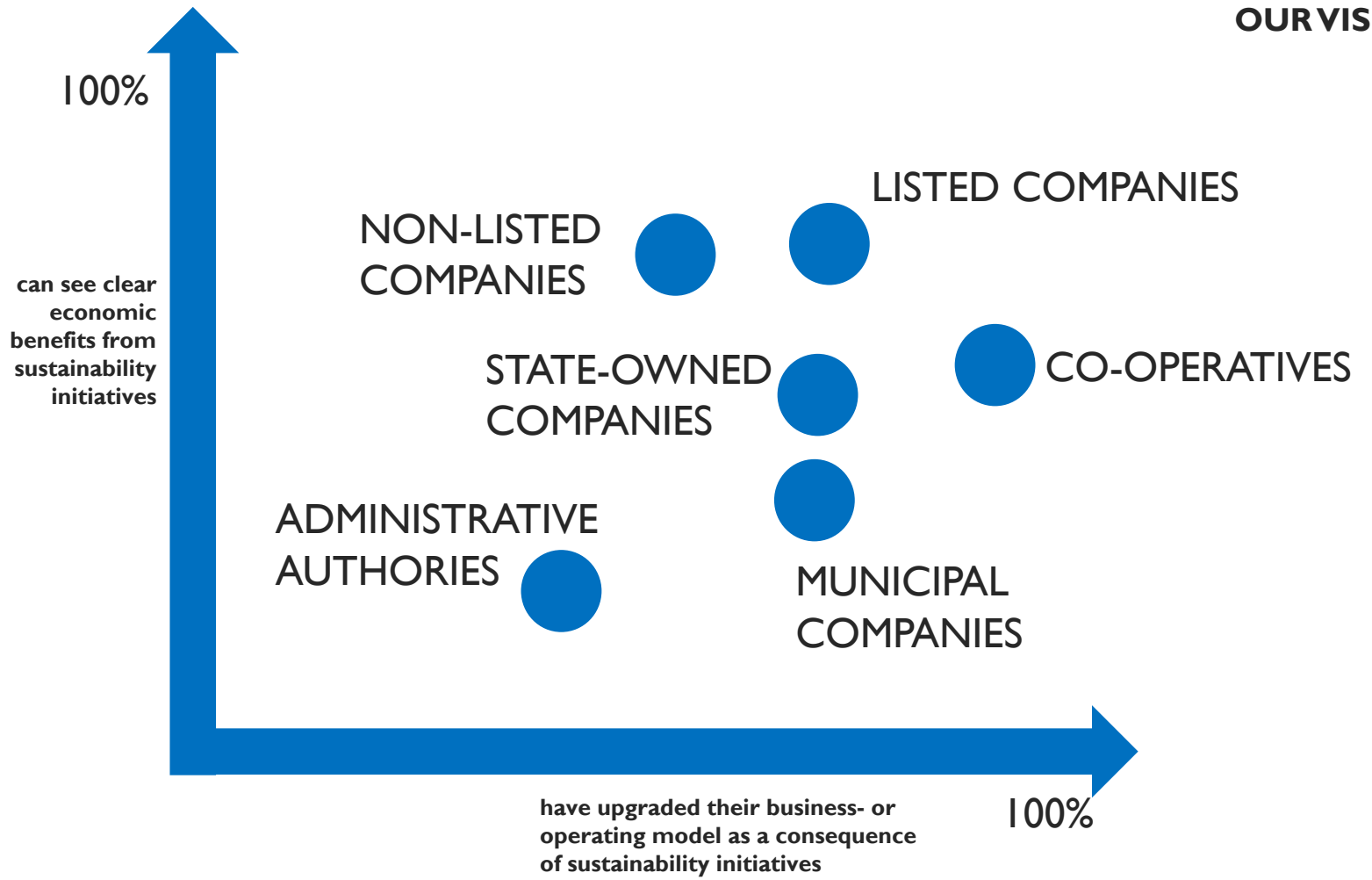
A STUDY ABOUT SWEDISH  
**SUSTAINABLE  
 GROWTH**

Listed companies see a positive result from their sustainability efforts to a greater extent than any other category.

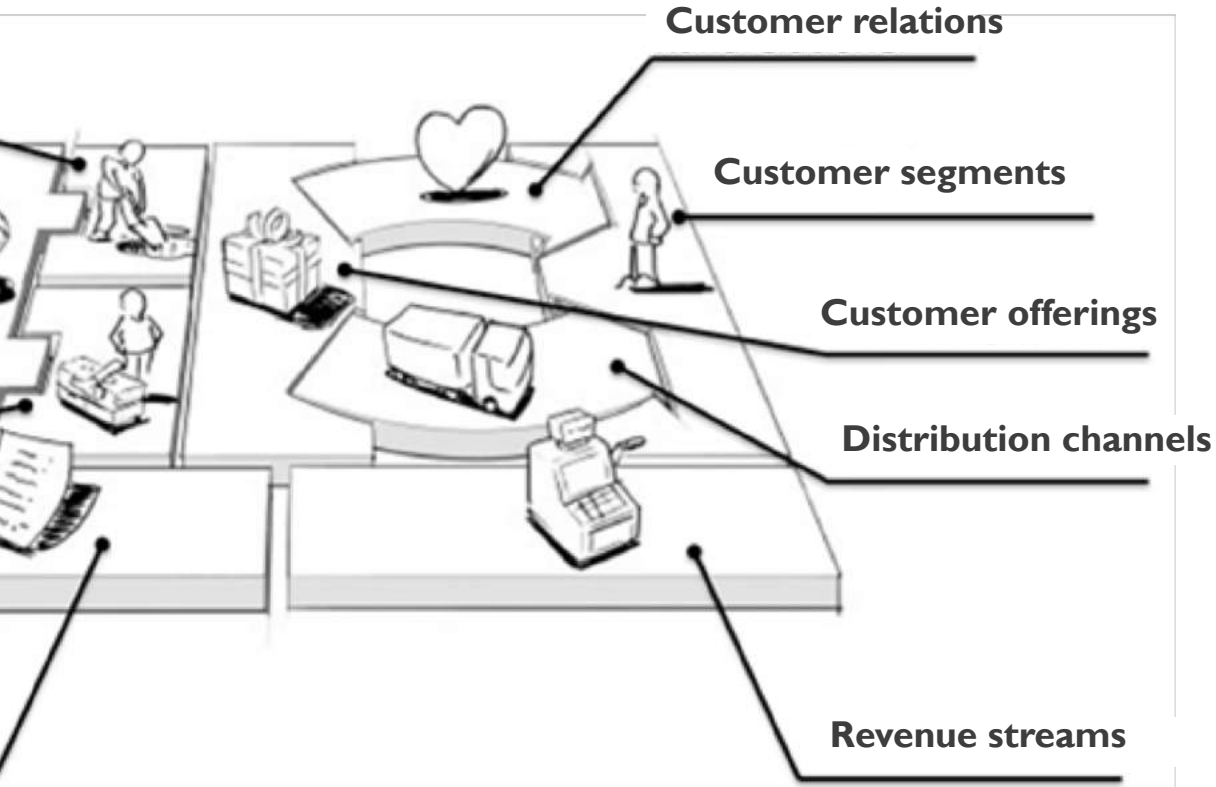
Co-operatives have come the furthest in upgrading their business-/operational models.

Administrative authorities are behind, both in terms of seeing financial benefits from their sustainability efforts and upgrading their operational model as a result of their sustainability efforts.

**SENSIBLE GROWTH.  
 EVERYWHERE.  
 OUR VISION.**



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EVERYWHERE.  
OUR VISION.



74%  
2017

65%  
2013

have upgraded  
their business- or  
operating model as  
a consequence of  
working with  
sustainability.

Question from "A study about Swedish sustainable growth":  
"Have you upgraded your business model from a sustainable business perspective? A change in business model can for instance be that sustainability has been integrated into the business idea, business strategy, governance or that products/services with a clear sustainability aspect have been developed with the purpose of contributing to value creation.



Listed and non-listed companies are at the top

52%  
2017

35%  
2013

can see clear  
positive  
financial results  
from  
sustainable  
initiatives

*Question from "A study about Swedish sustainable growth":  
"Has the organization clearly defined that working with sustainability has  
affected your financial result in a positive way? Meaning have the changes  
that have been made generated an increased profitability in the form of  
decreased costs, increased revenue or measurable growth?"*

**SENSIBLE GROWTH.  
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OUR VISION.**

A magnifying glass with a black handle and silver frame is positioned over a row of stylized human figures. The figures are mostly grey, but one in the center is highlighted in red. The magnifying glass's lens is focused on the text '49%' which is also in a large, bold, black font. The background is a plain white surface with soft shadows.

**49%**

**Report that sustainability DOES NOT  
affect competence requirements in  
recruitment of key resources.  
19% report that it does.**



*Question from "A study about Swedish sustainable growth":  
"To what extent has your organization's sustainability efforts  
affected the required competencies when recruiting and/or  
development of people in managerial positions?"*

Sustainable Business Outlook Question:

To the extent that you have initiated the discussion/work with **DIVERSITY** — what is the main reason?

**84%**

...of respondents states that work with diversity is “Primarily relation to opportunity” or “Both relating to risk- and opportunity”.

Only 9% of administrative authorities and 12% of co-operatives view diversity as a opportunity





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# 82% YES



Question from "A study about Swedish sustainable growth":  
"Provided that you have an ongoing effort on "digitalization"  
- have you seen any synergies in the efforts between  
digitalization and sustainability? "

44% of municipal companies and 46% of administrative authorities do not have a sustainability strategy.

89% of state-owned companies have decided on their sustainability strategy in the board, compared to 44% for non-listed companies, 71% for co-operatives and 72% for listed companies.





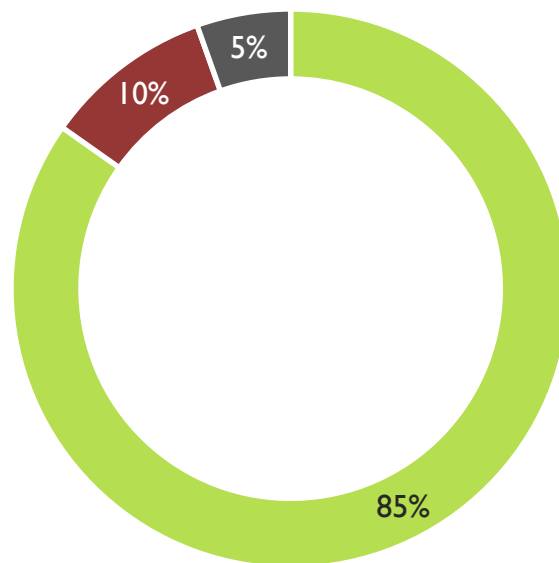
*72% of Swedish organizations state that they have upgraded to a sustainable business model*

**“A sixth wave of growth should be sustainable growth build on a digital revolution.”**

*82% of Swedish organizations see synergies between digitalization and sustainability*

# HAS YOUR ORGANISATION CONDUCTED A MATERIALITY ANALYSIS BASED ON STAKEHOLDERS, SOCIETY, ENVIRONMENT AND OWNERSHIP VALUE?

## ALL CATEGORIES

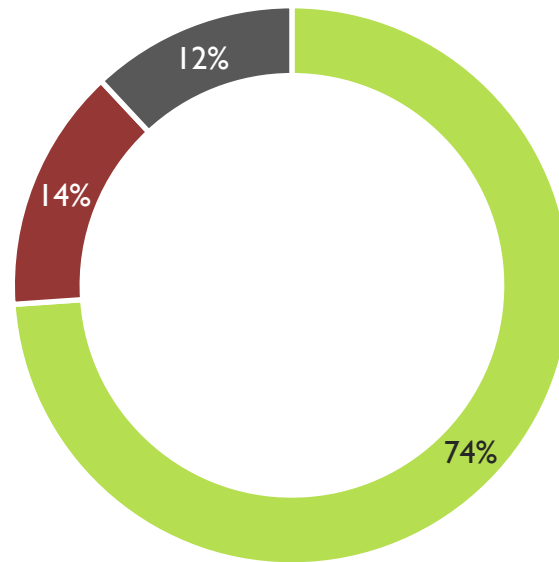


■ Yes ■ No ■ Don't know/don't want to answer

*Question from "A study about Swedish sustainable growth":  
"Has your organization conducted a materiality analysis from the perspectives stakeholders, society, environment and value for owners? Materiality analysis is the name of the working process which leads to the decision on what sustainability areas are the most material/important for a specific organization to work with."*

# HAVE YOU UPGRADED YOUR BUSINESS- OR OPERATING MODEL FROM A SUSTAINABLE BUSINESS PERSPECTIVE?

## ALL CATEGORIES

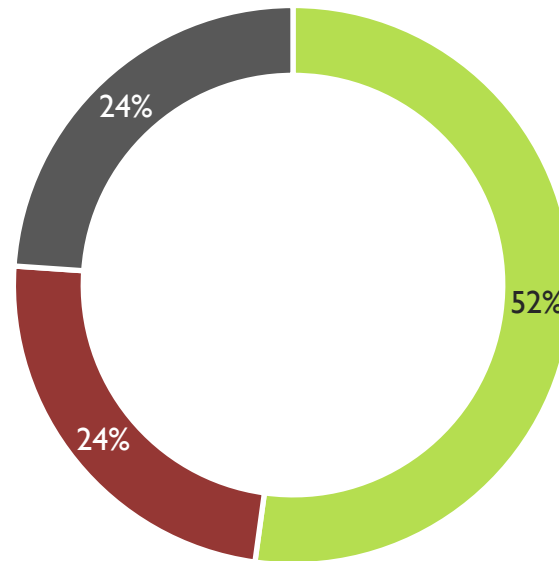


■ Yes ■ No ■ Don't know/don't want to answer

*Question from "A study about Swedish sustainable growth":  
"Have you upgraded your business model from a sustainable business perspective? A change in business model can for instance be that sustainability has been integrated into the business idea, business strategy, governance or that products/services with a clear sustainability aspect have been developed with the purpose of contributing to value creation."*

# HAS THE BUSINESS CLEARLY DEFINED THAT WORKING WITH SUSTAINABILITY AFFECTS THE FINANCIAL RESULTS IN A POSITIVE MANNER?

ALL CATEGORIES

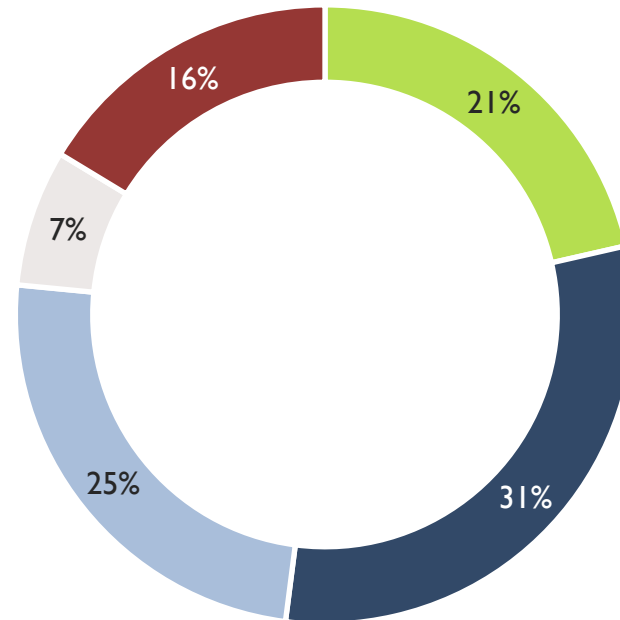


■ Yes ■ No ■ Don't know/don't want to answer

*Question from "A study about Swedish sustainable growth":  
"Has the organization clearly defined that working with sustainability has affected your financial result in a positive way? Meaning have the changes that have been made generated an increased profitability in the form of decreased costs, increased revenue or measurable growth?"*

# PROVIDED THAT THERE IS A SUSTAINABILITY STRATEGY, IN WHICH FORUM HAS IT BEEN DECIDED ON?

ALL CATEGORIES



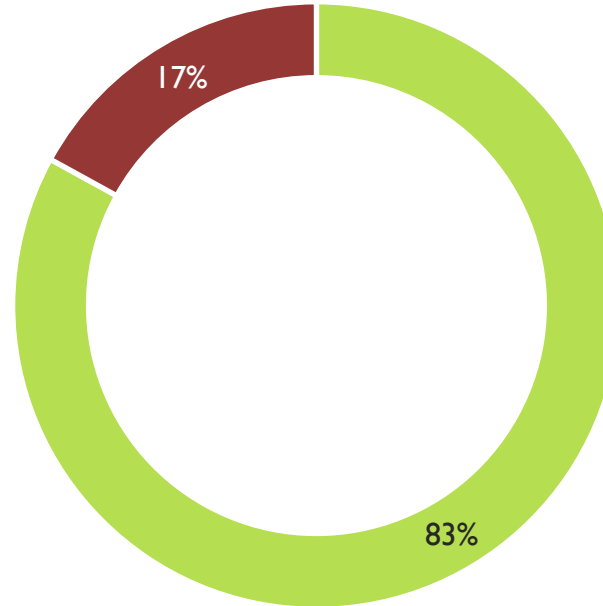
■ Only the management team ■ Only the board ■ Management team and board ■ Other forum ■ Don't have a sustainability strategy

*Question from "A study about Swedish sustainable growth":  
"If your organization has a sustainability strategy or equivalent, in which forum has it been decided upon?"*



# DO YOU HAVE A PERSON/FUNCTION THAT IS RESPONSIBLE FOR THE SUSTAINABILITY EFFORTS?

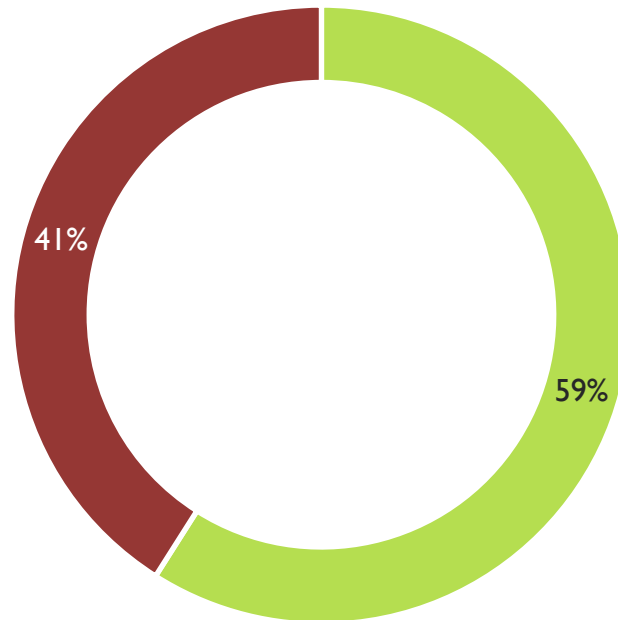
ALL CATEGORIES



■ Yes ■ No

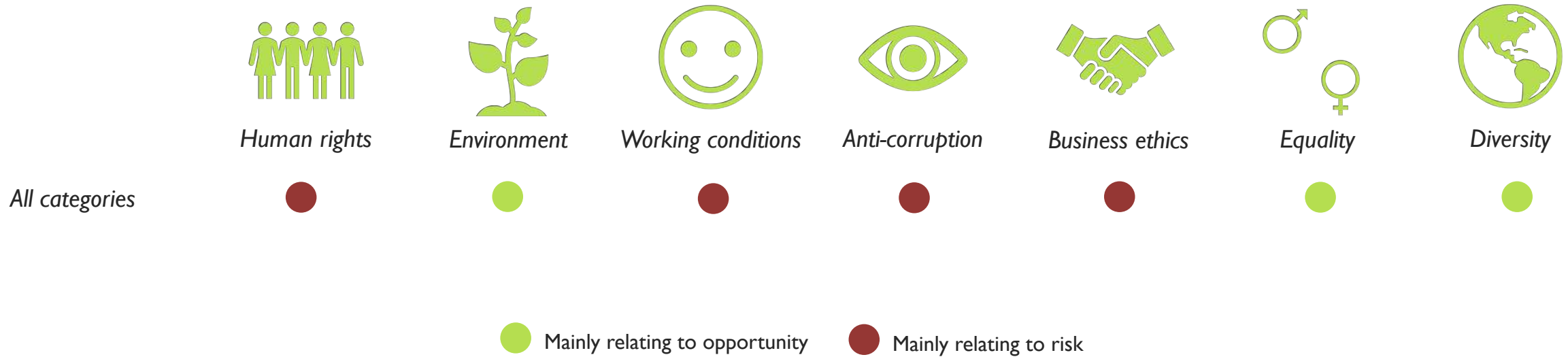
# IS THE PERSON RESPONSIBLE FOR SUSTAINABILITY PART OF THE ORGANISATION'S MANAGEMENT TEAM?

ALL CATEGORIES



■ Yes ■ No

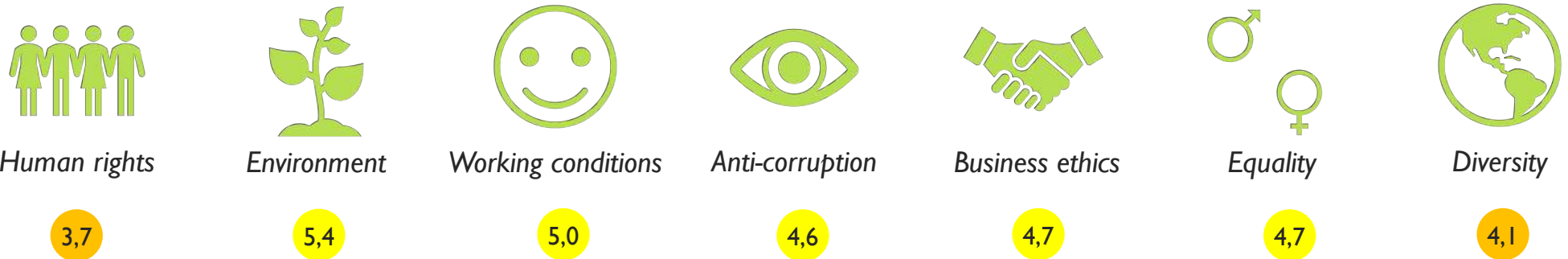
# TO THE EXTENT THAT YOU HAVE INITIATED THE DISCUSSIONS OR EFFORTS – WHAT IS THE MAIN REASON?



Based on: In this breakdown the response option "Both relating to risk and opportunity" has been removed for the categories "All categories" and "State-owned companies".

Question from "A study about Swedish sustainable growth":  
" Provided that you have started the discussion/working with the following areas of sustainability - what is the main reason?"

# HOW FAR HAVE YOU COME IN INTEGRATING WORKING POLICIES AND EVALUATION SYSTEMS IN THE FOLLOWING AREAS OF SUSTAINABILITY?



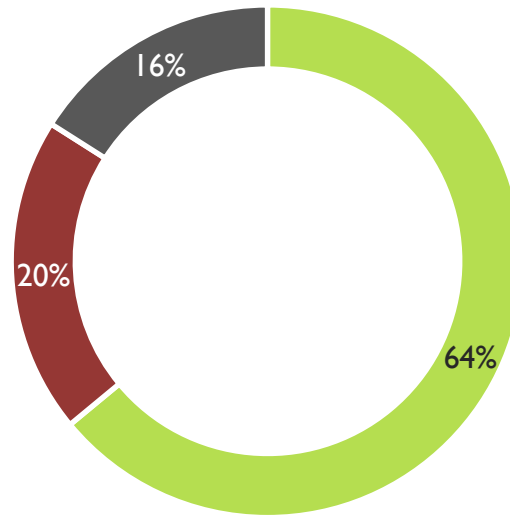
All categories

- Well-functioning: >5.5
- Implemented: 4.6-5.5
- Started implementation: 3.6-4.5
- Not started implementation: <3.5

Question from "A study about Swedish sustainable growth":  
"How far have you come in your efforts to integrate working policies and systems for following up on progress for the following areas of sustainability? With systematic way of working we mean below that there is a current policy or goals, plan for execution and a system for following up on the progress."

# HAVE YOU USED THE UN SUSTAINABLE DEVELOPMENT GOALS AND AGENDA 2030 WHEN INTEGRATING SUSTAINABILITY IN THE BUSINESS?

## ALL CATEGORIES



■ Yes ■ No ■ Don't know/don't want to answer

*Question from "A study about Swedish sustainable growth":  
"Have you used the UN Sustainable Development Goals and Agenda 2030 in your efforts to integrate sustainability into your business?"*



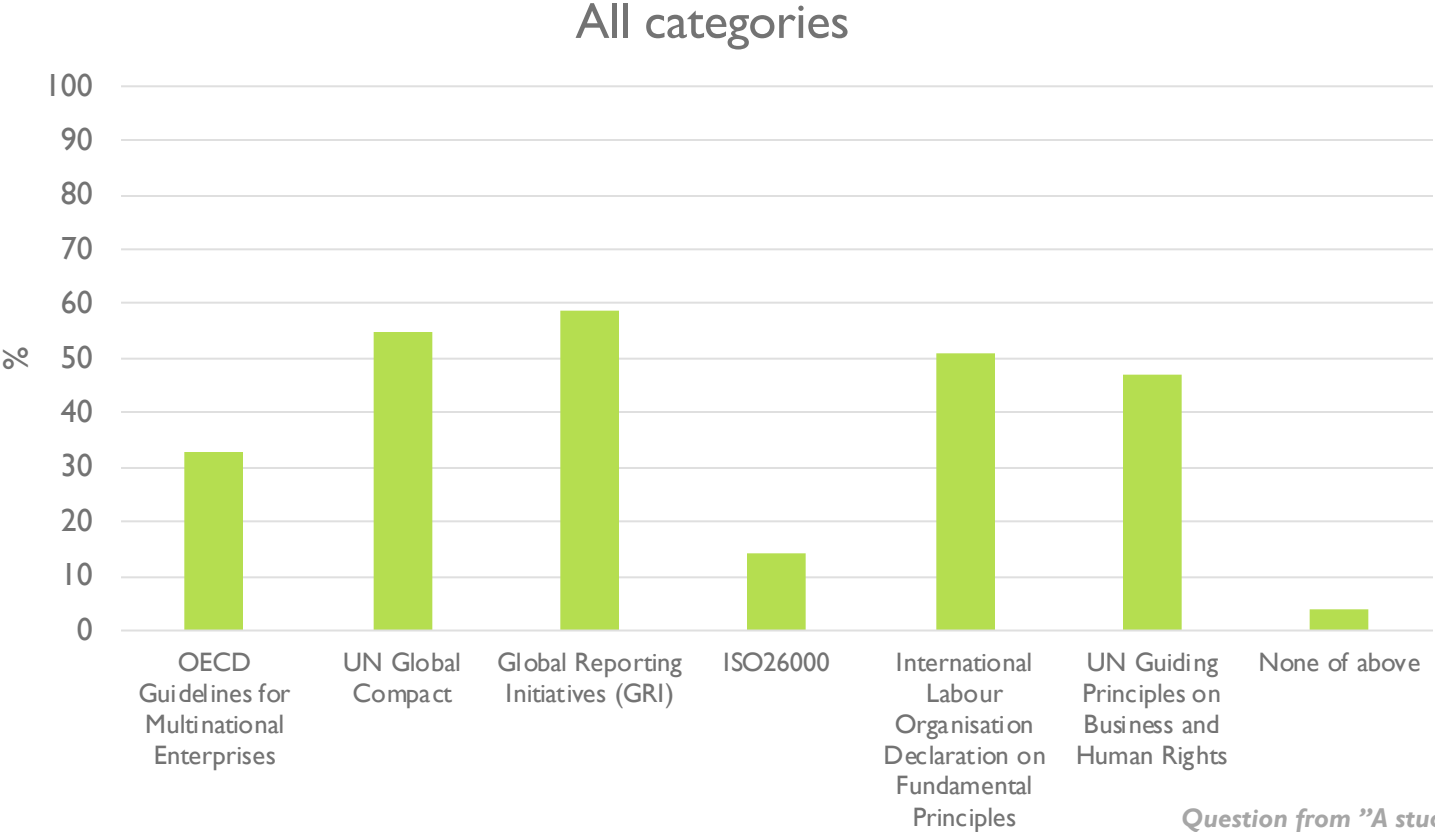
# APPROACH TO THE UN SUSTAINABLE DEVELOPMENT GOALS AND AGENDA 2030

ALL PARTICIPATING ORGANISATIONS IN THE STUDY ADDRESS THE GOALS WITH BELOW DISTRIBUTION



Question from "A study about Swedish sustainable growth":  
 "Which of the UN Sustainable Development Goals in Agenda 2030 have you used?"

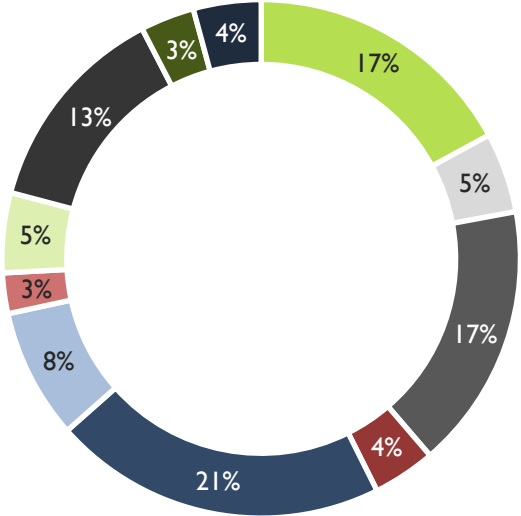
# WHICH EU-APPOINTED INTERNATIONAL GUIDELINES FOR SUSTAINABLE BUSINESS HAVE YOU USED IN INTEGRATING SUSTAINABILITY IN YOUR BUSINESS?



*Question from "A study about Swedish sustainable growth":  
"Which EU designated international guidelines for sustainable business have you in any way used in your work to integrate sustainability into your business?"*

# WHICH ARE YOUR MOST IMPORTANT STAKEHOLDERS?

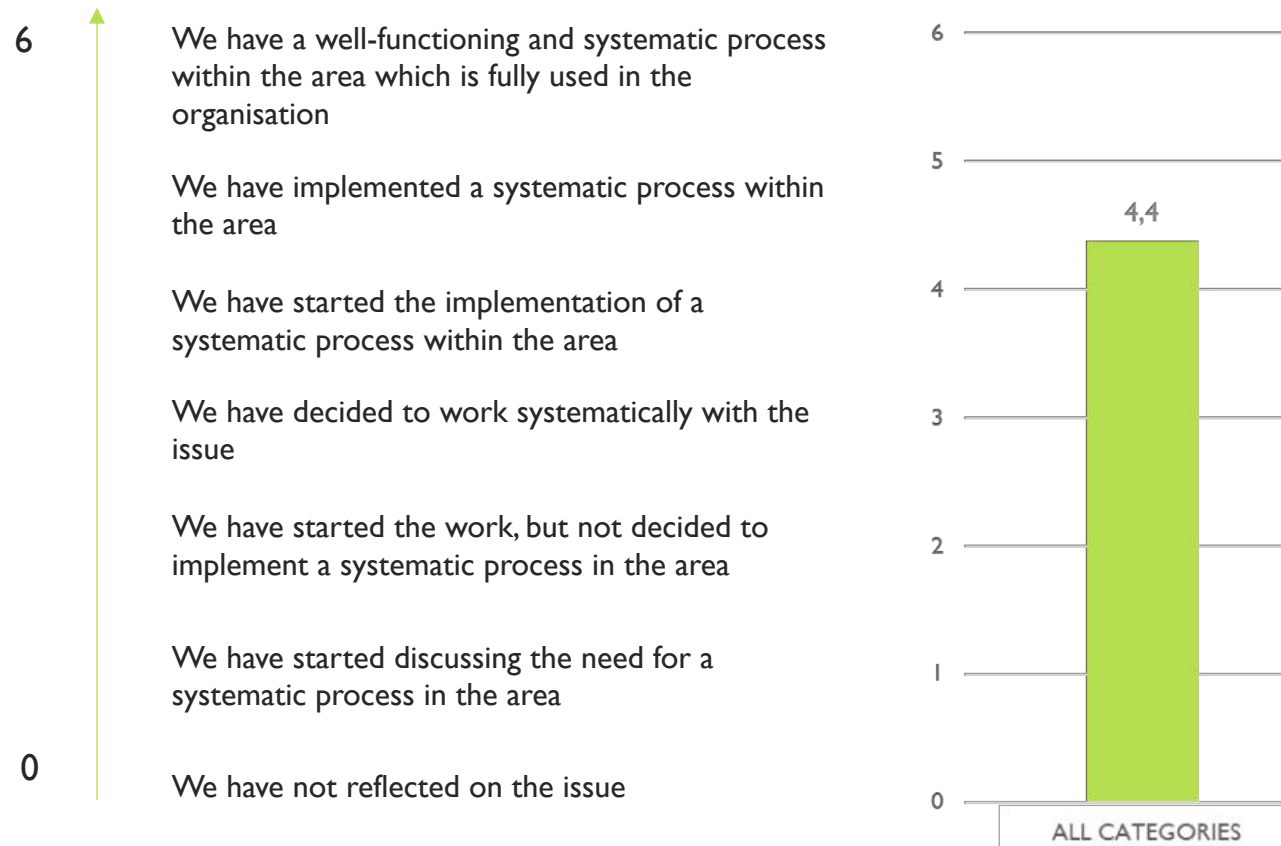
## ALL CATEGORIES



- Employees
- Owners
- Customers
- Subcontractors
- Society
- Potential employees
- Potential investors
- Suppliers
- Partners
- Media

Question from "A study about Swedish sustainable growth":  
"Which are your most important stakeholders\*? Divide 100% between the stakeholders listed below. Enter a number (decimals, percentages and non-numerical characters is not accepted). If there are any of your most important stakeholders that are missing, please state the number in the box Other stakeholder and state the stakeholder in the comments field.\*Definition of stakeholder according to ISO26000: "an individual or group who has an interest in an organization's activities or decisions."

# HOW FAR DO YOU ESTIMATE THAT YOUR ORGANISATION HAS COME IN INTEGRATING SUSTAINABILITY IN BUSINESS?



Question from "A study about Swedish sustainable growth":  
"To conclude, how far do you think that the organization which you represent has come in its' efforts to integrate sustainability into the operations?"

# CENTIGO & ALLIES



# THE PRESSURE TO CHANGE HAS NEVER BEEN GREATER

GLOBALISATION

DIGITALISATION

SUSTAINABILITY



Radically different circumstances for business and operations

Companies and organisations have to be both efficient and dynamic

Affects the whole operation across all functions

The ability to drive continual change is strategic

# THIS IS WHAT WE BRING TO THE TABLE

## ALLIES AND CENTIGO IN COOPERATION



Scientifically developed  
stakeholder dialogue  
tool



100.000 consumer  
testimonials, 10.000  
statements from  
employees, 1000 leaders'  
advice and experience  
from 100's of discussions  
with management teams,  
boards and owners



Smart Cities EU-project



Expert member

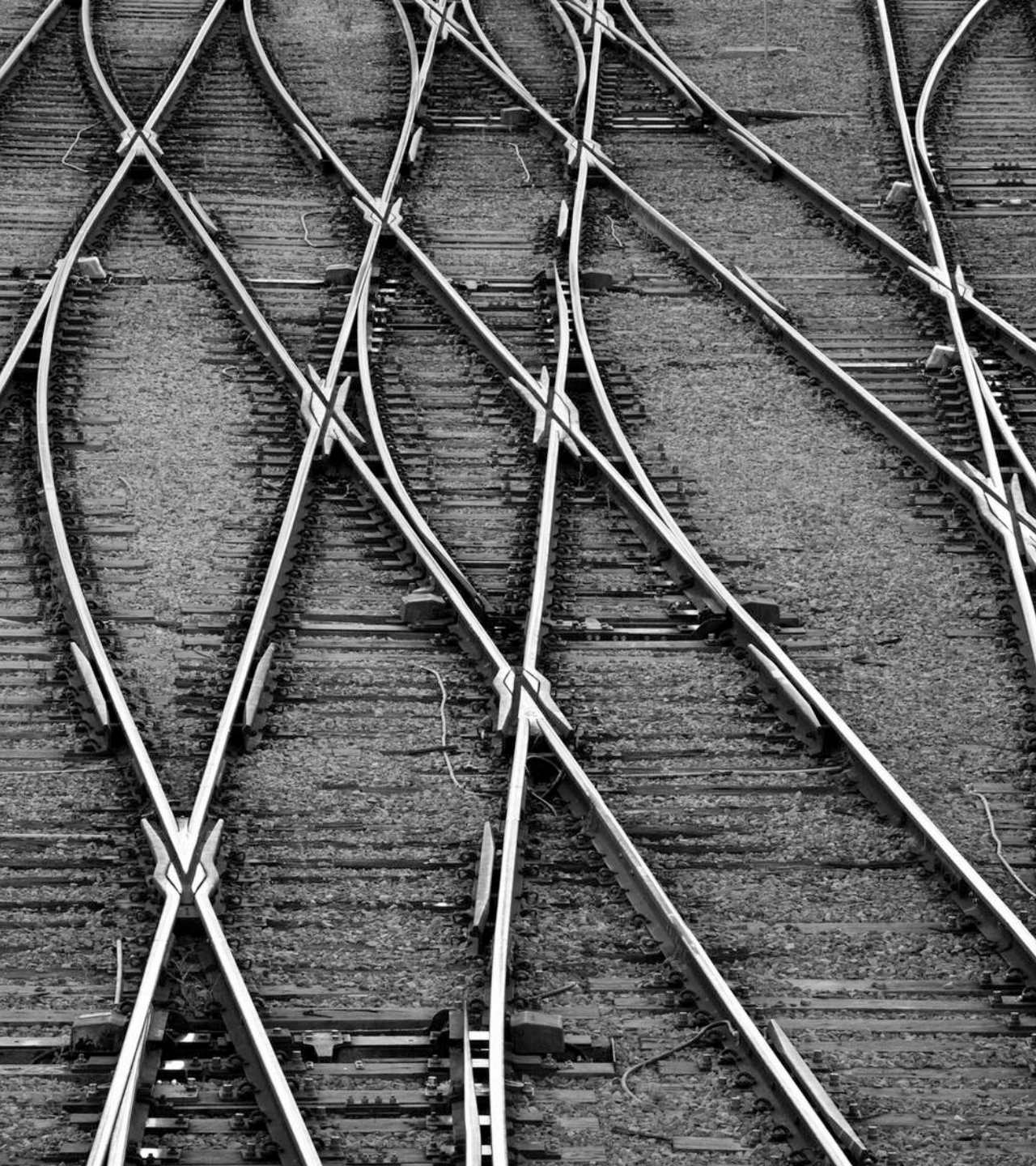


Studies on sustainable  
behavior since 1995



Award-winning books on  
arguments, processes  
and tools for sustainable  
accountability





## SIGNIFICANT DEMAND WITHIN FOLLOWING AREAS

BUSINESS INTEGRATION

INNOVATION HUB/CATALYST

SYSTEMATIC STAKEHOLDER- AND  
INNOVATION DIALOGUE

MATERIALITY ANALYSIS

INVOLVEMENT- AND  
IMPLEMENTATION

AGENDA 2030

CARBON NEUTRALITY





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SUSTAINABLE GROWTH AT SWEDEN'S 100 LARGEST COMPANIES