



BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN THE UNITED KINGDOM 2022

REPORT FROM TEAM SWEDEN IN THE UNITED KINGDOM

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FOREWORD

The United Kingdom has many prominent industries, a thriving start-up scene and one of the most important financial hubs in the world, London. Thanks to low entry barriers and a large market size, there are a lot of opportunities in sectors where Swedish companies can fully leverage their strengths.

Sweden has a long-lasting trade relationship with the UK. Throughout England, Scotland, Wales, and Northern Ireland, approximately 1,500 Swedish and Swedish-related companies have established an office, and there are many more businesses that export from Sweden to the UK.

With the City of London, it is also home to one of the largest financial centres in the world. There are not only lots of opportunities for Swedish companies to do business, but the UK also functions as a stepping-stone for international expansion, especially in sectors where Swedish companies can make a real difference. Examples of these areas are energy and cleantech, healthcare and life sciences, consumer goods and retail, transport, construction and infrastructure and ICT.

Team Sweden in the UK (the Swedish Embassy, the Swedish Chamber of Commerce and Business Sweden) have conducted the third edition of the Business Climate Survey among Swedish companies in the UK, whose findings are presented in this report. The purpose of the survey has been to increase the understanding of Swedish companies' performance in the UK and deepen our appreciation of the opportunities and challenges that the UK market poses. It sheds light on the key factors driving Swedish companies' success in the UK as well as their strategies in the face of the current climate of uncertainty. In addition, it will hopefully serve as a reference in bilateral trade dialogues between Sweden and the UK.

There is no doubt that the global Covid-19 crisis has major effects on the world economy, and Swedish trade with the UK is no exception. The destabilizing economic effect of Russia's aggression in Ukraine also has a global reach. Furthermore, the longer-term effects of Brexit are increasingly apparent. The results of this survey should therefore be considered in the light of recent developments. However, a key finding of the 2022 Business Climate Survey is that the UK remains a very important market for Swedish companies and that the trust in economic recovery is high among respondents.

Lastly, we would like to extend our most sincere gratitude to the participating companies and respondents which have contributed to this report.



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EXECUTIVE SUMMARY

~1,500

Swedish-owned
companies/entities
active in the UK



Business Climate

61%

Good/Very good

Very poor/poor (11%) – Neutral (29%)



Profitability

73%

of respondents
enjoyed a
profitable 2021



Investments

66%

of respondents plan to
increase their investments
compared to last year



Turnover

83%

of respondents expect
their industry's turnover to
increase in 2022



Advantages of the market

- Strong legal security
- Access to numerous distributors
- Favourable IP protection
- Personal safety



Disadvantages of the market

- Complicated customs procedures
- High custom duties
- High level of regulations
- Lack of knowledge on the market



ABOUT THE SURVEY

Results are based on the answers of 41 Swedish companies

With its proximity to Sweden, many Swedish companies naturally consider expanding to the United Kingdom at some point. It is an attractive market for a number of reasons; home to 67 million citizens, and its population enjoys a high GDP per capita. The UK ranks as one of the easiest places to do business in the world according to the World Bank. It is home to a robust market infrastructure. UK has more flexible and liberal labour laws than most other EU countries.

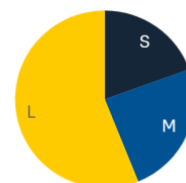
How are these companies experiencing the business climate in the UK? Team Sweden carried out a survey to understand how Swedish companies, actively operating in the UK, perceive the market conditions and the economic prospects of their business. Where possible, the survey also shows if and how the views diverge across company types. The report provides insights about the economic outlook in the UK including interesting facts about the market. It also sheds light on the key factors that allow Swedish companies to succeed in the UK. The Business Climate Survey will be conducted regularly in the future to track and analyse changes over the years.

This year, the survey was sent out to 287 company representatives. There are an estimated 1,500 Swedish entities in the UK, however according to our research it is fairly common for large Swedish companies to own multiple entities in the UK.

The answers were collected during March and April 2022 and with a record 41 respondents providing answers, similar to previous year's respondents. Looking at the respondents, 20 per cent were small companies, 24 per cent medium and 56 per cent large. Regarding industry, 24 per cent of firms were from the industrial sector, 27 per cent from professional services, 24 per cent from consumer goods and the remaining share from other sectors. There was also a range of company age, 16 per cent were newcomer companies founded after 2016 and experienced (post 2000) companies at 34 per cent, lead by mature companies by 50 per cent.

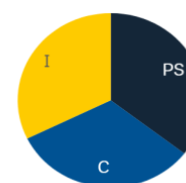
Finally, it should be noted that any statistics presented in this report are solely indicative of our respondents' experience in the UK market. Furthermore, the response period coincides with Russia's invasion of Ukraine and the subsequent ongoing war, therefore responses should be read in light of these recent developments.

SIZE OF COMPANIES



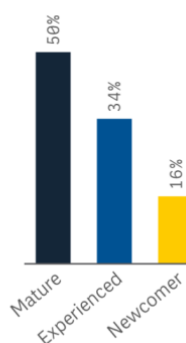
NOTE: Global employees.
Small 0-249 (20%)
Medium 250-1000 (24%)
Large >1000 (56%)

MAIN INDUSTRY



NOTE:
Industrial: 24%
Professional Services: 27%
Consumer Goods: 24%
Other: 25%

AGE OF COMPANIES



NOTE:
Mature (<2000)
Experienced (2001-2015)
Newcomer (2016-)

ECONOMIC OUTLOOK

A profitable road ahead

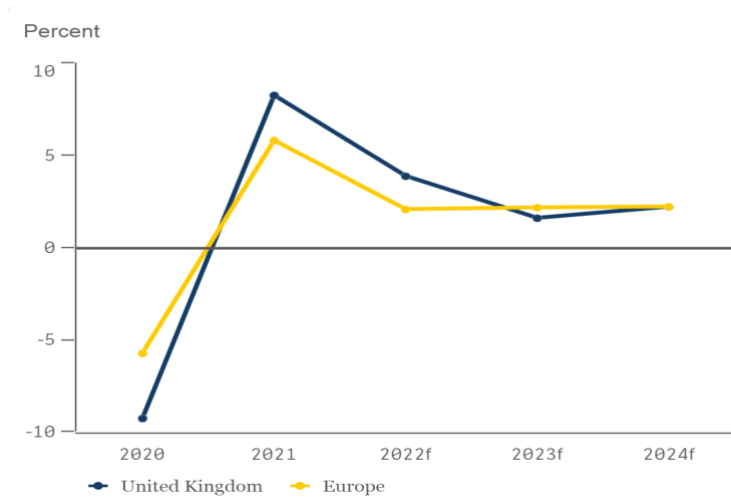
UK lifted majority of its Covid-19 restrictions by the beginning of April 2022. Which was a sigh of relief for the country that navigated through numerous restrictions for the past two years such as lockdown, shutting down of many businesses, limits on mobility and the economic impact which has been severe. **The magnitude of the recession caused by the pandemic is unprecedented in modern times, GDP saw a drastic decrease by 9.3 per cent in 2020, one of the steepest drops recorded. In 2021, GDP growth was at 7.4 per cent. In 2022, the forecasted growth is said to be at six per cent, returning the UK to its pre-crisis level during the year.** The crisis along with a few other factors has impacted and reshaped the economy. Even when the immediate impact will fade, some of the 'scars' will remain. The Office for Budget Responsibility (OBR) estimates that this will lower the level of GDP by two per cent compared to what it would have been without the pandemic.

The UK Government announced numerous policy measures along with the Bank of England to support business and workers, with the main agenda to help keep businesses afloat and retain jobs for as many as possible. The UK Government along with the NHS successfully vaccinated 69.1 per cent (3rd dose) of the population.

At the time of writing this report, it is considered likely that the UK economic growth could suffer, and that inflation will be worsened, with a further surge in food, soaring high energy prices, and heavy supply chain disruptions. There have been warnings that UK inflation can see a jump above 20 per cent during 2023 if natural gas prices remain elevated during the remaining months of 2022. In terms of domestic economic support, the Government in May set out a package with an extra GBP 15 billion to tackle the rising cost of living.

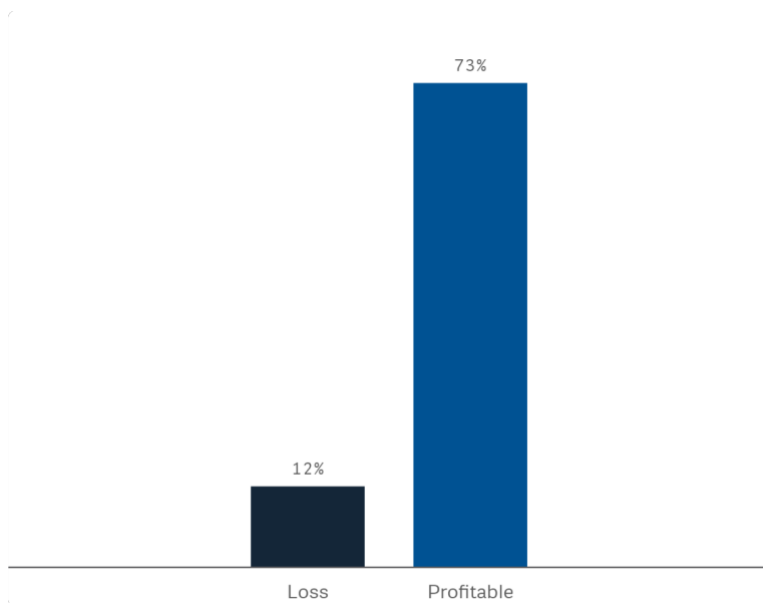
Despite the uncertainties, it is pleasant to see majority of Swedish companies have come through the pandemic with an optimistic outlook for the future. Furthermore, most firms anticipate increasing their investment in the UK, an expression of Swedish commitment to the UK economic future and a positive indication of continued recovery and growth.

PROJECTED GDP GROWTH IN THE UK



SOURCE: Oxford Economics, GDP, real, annual growth. Last update: 25 April 2022.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN THE UK IN THE PAST YEAR?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

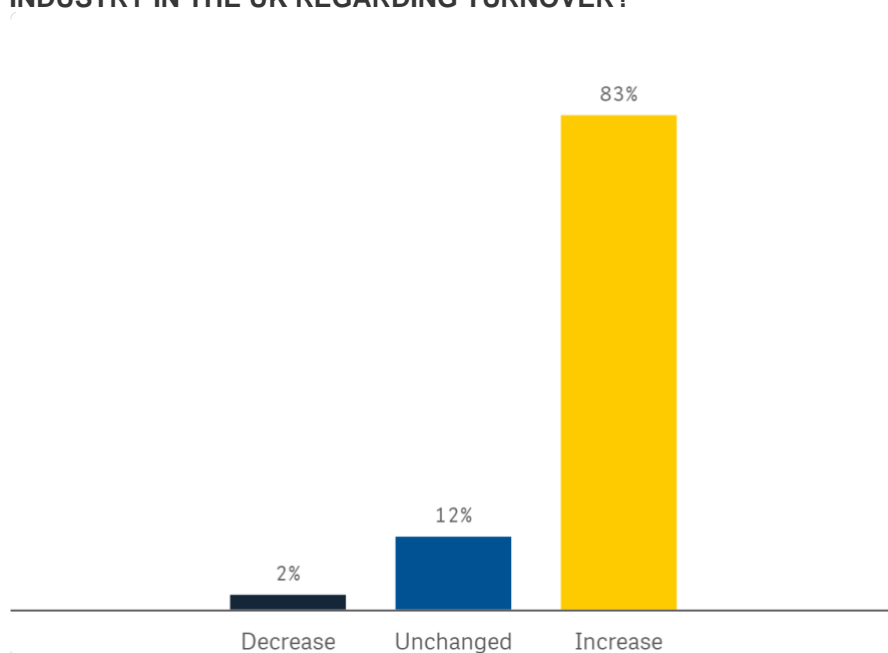
Swedish companies remain profitable in 2021

Building on the previous years' Business Climate Survey reports, companies' economic results are stable. In terms of financial performance 73 per cent of respondents reported a profitable performance and 12 per cent a loss, in comparison to 2020 where 63 per cent reported profitability and 23 per cent loss. This is an indication that on the whole, Swedish companies are continuing their financial recovery and are successfully adapting to the post-lockdown market. 15 per cent of companies answered that this question wasn't applicable to them or they didn't know.

When breaking down results by industry, Industrials showed 100 per cent profitability, Consumer companies were 70 per cent profitable, and 30 per cent were at a loss. Professional services were at a 64 per cent profitability rate, nine per cent faced loss and a surprising 27 per cent were at the don't know/not applicable stage.

As could perhaps be expected, medium and large companies had a reliably high profitability per centage, scoring 70 per cent and 87 per cent respectively, with smaller companies who have fewer resources to fall back onto in times of crisis suffering slightly more with almost 38 per cent recording a loss. Similarly, when analysing the length of time that the company has been established in the UK, mature and experienced firms fared the best, with the vast majority reporting profitable results. Newcomer firms faced with the wide-ranging challenges of entering a new market had a less profitable year.

COMPARED TO THE DEVELOPMENT IN THE PAST 12 MONTHS, WHAT ARE YOUR EXPECTATIONS FOR THE COMING 12 MONTHS FOR YOUR INDUSTRY IN THE UK REGARDING TURNOVER?



NOTE: Decrease and increase represent aggregations of slight / significant development changes. The number of respondents for these questions was 41. "Don't know / Not applicable" responses are included but not shown in figure.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Respondents' answers on turnover remains consistent

Respondents' answers on turnover expectations for the coming year mirror the overall economic outlook in the UK. 2021 projections, recorded at the peak of the pandemic where uncertainty was rather high, were more negative, with 14 per cent of participants anticipating turnover to decrease either significantly or slightly and 74 per cent expecting it to increase. Since then, as the economic outlook has improved, so have Swedish firms' expectations: in 2022 an overwhelming positive perspective was recorded with 83 per cent of participants expecting turnover to increase slightly or significantly and a mere two per cent expecting it to decrease, whereas 12 per cent remain unchanged. A review of the outcome of the UK Business Climate Survey 2022 reveals that despite the Covid pandemic and Brexit, the performance expectations on the market have not shifted much in the UK.

These positive expectations are reasonably uniform across company size and sector: while in comparison to consumer and industrial companies professional services had the lowest percentage of firms expecting a slight increase in turnover. More variation can be seen in the differences between firms who are long established in the UK and more recent newcomers. Newer firms were overwhelmingly optimistic, with 83 per cent reporting an increase in turnover and zero per cent a decrease, whereas among more mature and experienced firms they swayed between increase slightly and increase significantly.

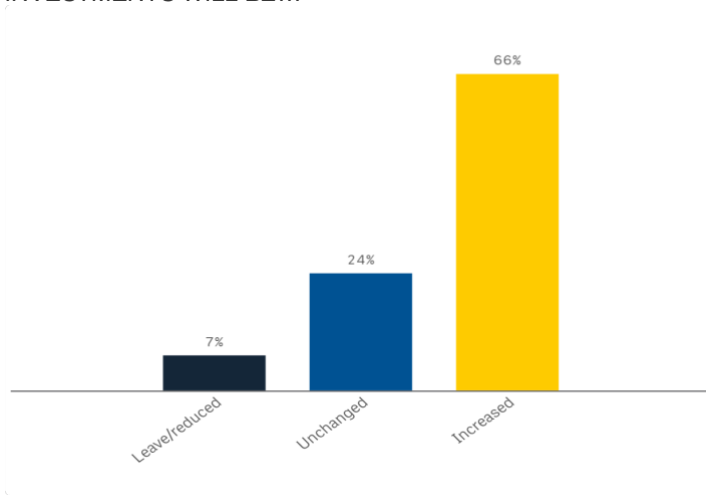
Respondent companies will increase investments in the UK

In keeping with expectations on industry turnover, a relatively high share of participants reflecting on their plans for 2020 (around 41 per cent) reported their intention to reduce investment or even leave the UK market altogether. By 2021, Swedish firms' appetite for investments in the UK had improved greatly, with only 14 per cent planning a reduction in investments and 63 per cent anticipating an increase. In 2022, these numbers are even more positive as 66 per cent plan to increase investments in the UK and only seven per cent to reduce investments. This optimistic outlook demonstrates the continued attractiveness of the UK market for Swedish firms, and a continuation of the historically close relationship between the two countries.

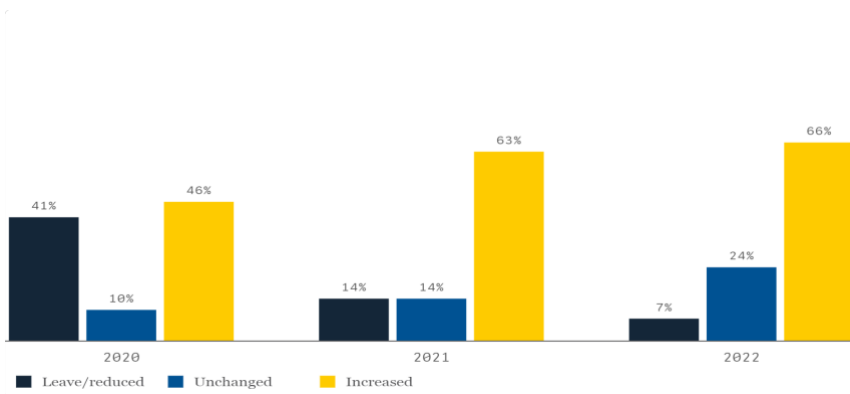
The industrials sector leads the way in increasing their investments in the UK with 80 per cent responding positively in comparison to 70 per cent for consumer firms, with professional services falling at the lower end at 56 per cent. Echoing the previous question of anticipated turnover, newcomer firms were again the most optimistic in their investment plans with a fantastic 100 per cent planning to increase investment, whereas experienced firms perhaps seeing less new growth potential were more cautious: around 46 per cent plan to increase investments and the same amount again do not anticipate any change in investment.

WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN THE UK, COMPARED TO THE PAST 12 MONTHS?

INVESTMENTS WILL BE...



COMPARITIVE RESULTS FROM 2020, 2021 and 2022



NOTE: Reduced and increased represent aggregation of slight/ significant development changes. The number of respondents for this question was 41. "Don't know / Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

THE MARKET

The UK offers a supportive business environment

The United Kingdom is ranked one of the top countries in Europe for “ease of doing business”, which indicates better regulations for businesses and stronger protections of property rights. A low interest rate and weakened pound sterling, helped the UK remain attractive to foreign investors.

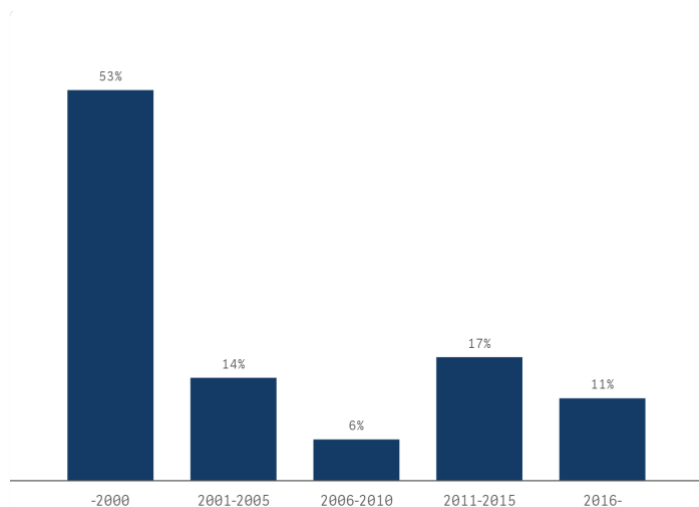
The UK offers a supportive business environment that can be characterised by strong protections of property rights, favourable fiscal policy, a flexible labour market and high levels of financial freedom and openness to trade. Stable and efficient institutions, high quality public health and education systems and access to cutting edge technologies are key factors that support the competitiveness of the UK in the global market. The UK is ranked amongst the 10 best economies worldwide on efficiency of customs clearance process, quality of trade infrastructure, and logistics services in general.

The UK is a neighbouring market to Sweden, and the countries have a long tradition of strong trade relations. There is also a low language barrier in comparison to other markets, which simplifies operations on the UK market. The UK has a great track record, and more companies locate their European headquarters in the UK compared to anywhere else in Europe. There is a high interest in Scandinavian products on the UK market.

UK's and Sweden's long-standing relationship is valuable for many Swedish companies

The number of newcomers in our sample not only shows a nuanced picture of the business climate but is also proof of UK's attractiveness as a location for Swedish firms. The share of companies that entered the UK market before 2000 is roughly the same as the share that entered since 2016, which includes the years heavily affected by the pandemic. The lower numbers in the intervening years, between 2001-2015, could be attributed to increased caution among firms and resulting reluctance to commit resources to internationalisation strategies. During these years the financial world was badly affected first by the bursting of the dotcom bubble in the early 2000s, followed by the financial crisis of 2008 and its extensive repercussions.

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN THE UK?

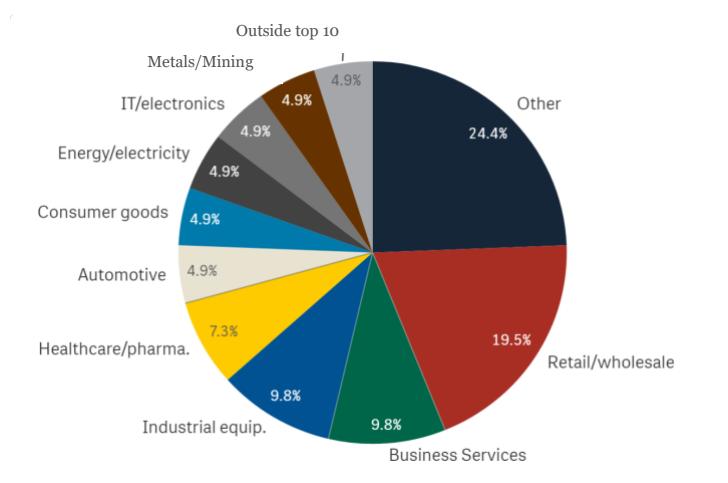


NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Our survey respondents represent a wide range of industries, showcasing the diversity of Swedish firms within the UK. Perhaps unsurprisingly given UK's diverse nature, the 'other' category was the highest percentage of 24 per cent. Other sectors represented in the survey include retail/wholesale at 20 per cent, business services and industrials at 10 per cent each, followed by healthcare/pharma at seven per cent and automotive, consumer goods, energy/electricity, IT/electronics, metals/mining all at two per cent. Although these numbers may not be representative of the entire population of Swedish companies in the UK, it is valuable for the results of this survey to have received input from such a variety of sectors.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN THE UK?



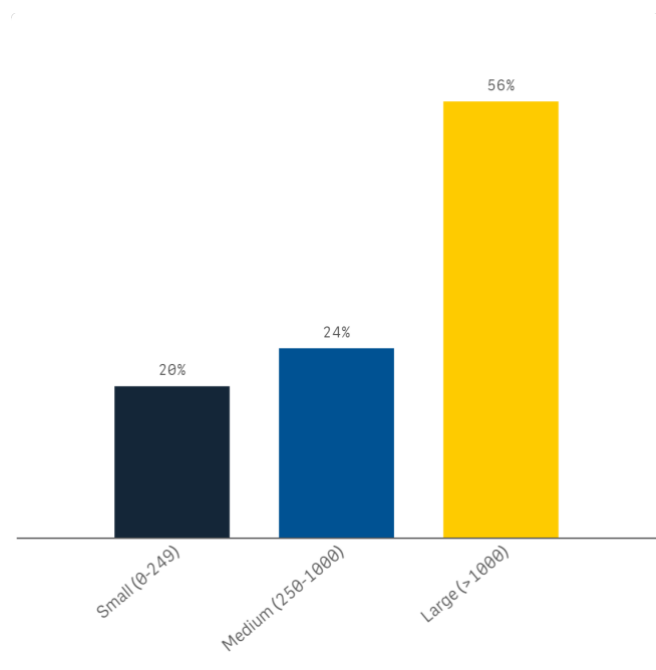
NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

The UK's success is driven by the large long-established companies. These firms account for more than half of UK's economic output and a large chunk of jobs – being the backbone of the economy. It is therefore unsurprising that such a high proportion of Swedish firms are classed as a large enterprise and employ over 1000 employees, and that only 20 per cent of respondents represent a small company. These results are also similar to those recorded in previous surveys, and there is no noticeable industry difference in employment patterns.

Contrary to the UK, Sweden benefits from SMEs representing a comparable share of the total economy. The high share of SMEs in Sweden and a high share of large companies in the UK ties both countries closer together as combined, and they can complement the challenges and opportunities of both categories.

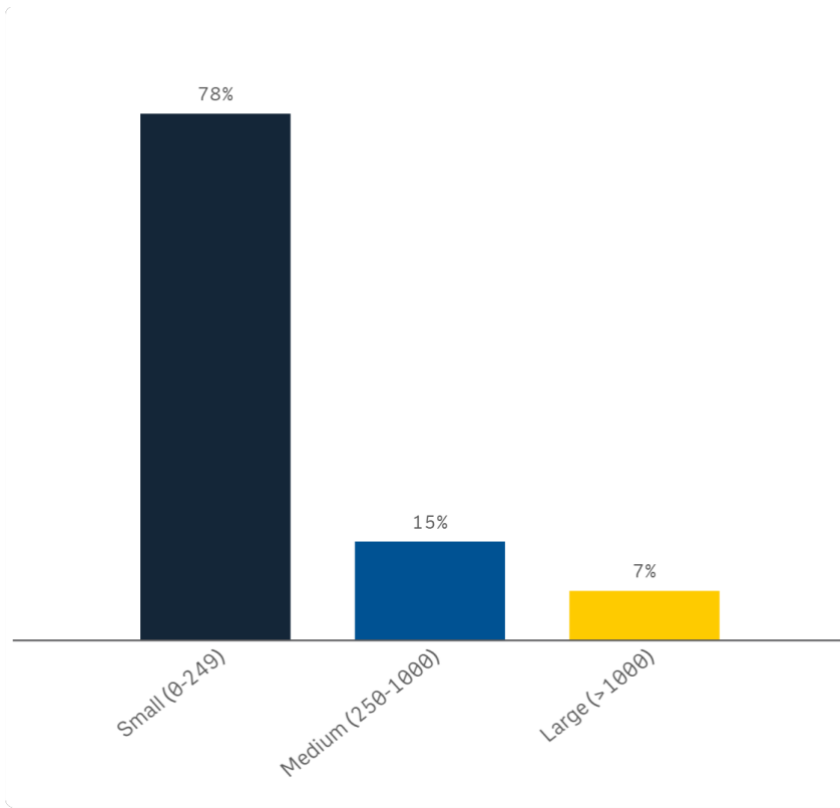
PLEASE ESTIMATE: A) THE GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2022



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

PLEASE ESTIMATE: B) THE LOCAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN THE UK



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Swedish businesses perceive the UK business climate very positively

Similarly to 2021, in 2022 as a whole Swedish respondents perceive the UK business climate very positively, with over 61 per cent of companies rating it as good or very good and only 11 per cent as poor. When viewing this in the context of previous years, a clear upward trend can be seen: from only 43 per cent considering the business climate positively and 18 per cent considering it poorly in 2021. In 2020, we saw poor results, there was a decrease of positivity by 290 per centage as compared to 2022. In 2020, only 21 per cent of companies viewed the environment as positive whereas the double, 42 per cent, viewed the business climate as negative. Taking into account that the global pandemic was still continuing in 2021 and 2022, these results are impressive, indicating that the UK has been successful in maintaining a strong business climate despite global uncertainty.

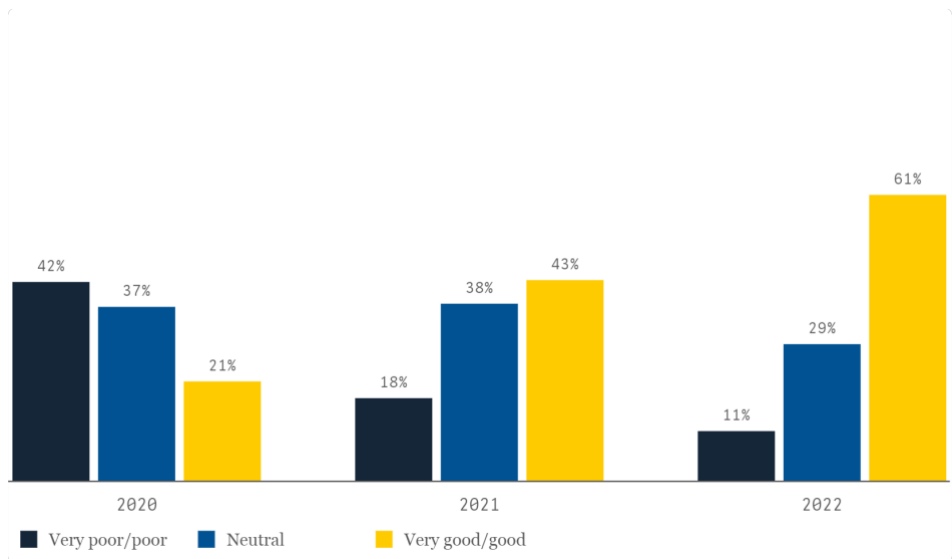
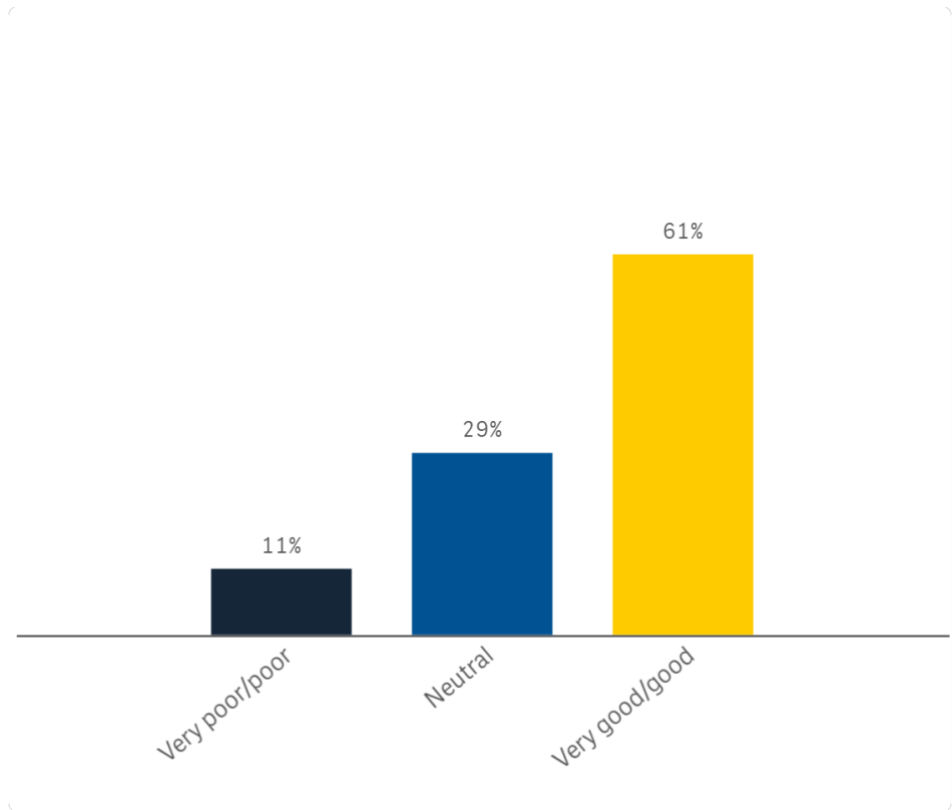
Segmenting these results further, the professional services and consumer sector score similarly with around 53 and 50 per cent of participants responding positively to the business climate. Meanwhile, Industrials have found the UK business climate most favourable and rated it a staggering 76 per cent. When comparing results based on company size, the findings are interesting where we see 100 per cent of small companies find the UK business climate positive. Medium and large companies consider the business climate either neutrally or positively.

When asked to comment on the UK business climate, however, respondents did have some criticisms, that supply issues may be a problem for Swedish business growth this year. And the limbo state between EU and UK regulations has caused some uncertainty and hinderance for Swedish businesses, including large amounts of paperwork, unclarity on documentations needed, and high data protection levels making processes ineffective and slow.

Some companies commented on the positive aspects of the UK being the high e-commerce rate, which benefits their business. More firms focus on solutions and policies, such as the green deal turned into actions to improve customers' sustainability footprint. Some have said it was surprisingly smooth sailing after Brexit, better than what was anticipated. The good digital/tech scene and multicultural/cosmopolitan workforce are also strong positive factors for Swedish businesses to come to the UK.

The survey results are positive overall, demonstrating the favourable business conditions found in the UK and shedding some light on why so many foreign firms choose the UK when evaluating their international expansion.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN THE UK?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Swedish companies find legal security and distributors as favourable conditions in the UK

There are a number of factors that determine whether or not the business environment is conducive to success. We asked Swedish companies to evaluate to which degree certain factors met their needs in the UK market. When evaluating the UK market conditions, participants' results were broadly positive, with no category receiving an overall negative response, indicating that Swedish companies are on the whole satisfied and that their business needs are broadly met by the UK market. On average, respondents gave the highest score to legal security and number of distributors. This was closely followed by intellectual property protection, personal safety, service providers and the financial system.

However, there are persistent findings to be observed in terms of which market conditions the UK is not providing as successfully, such as the level of digitalisation, licences, permits and approvals, specialists and key personnel and the physical infrastructure (roads, railroads, harbours, and airports) in the UK.

Additionally, for the third year in a row, respondents have ranked the level of digitalisation as the UK market condition that meets the needs of their businesses least. Sweden is a frontrunner in the EU regarding digital connectivity and integration of digital technologies into all areas of life, with a high level of digital maturity within the population, public sector and individual companies. According to the Digital Economy and Social Index (DESI) ranking established by the European Commission, Sweden is fourth in the EU behind only Finland, Denmark and the Netherlands. In comparison, the UK is placed eighth, with the report citing a third of citizens still do not have basic digital skills and Computer Science graduate numbers have not increased, despite growing demand in the labour market. Use of digital technologies by businesses in the UK shows a mixed picture. While use of social media, cloud and e-commerce is relatively high, use of electronic information sharing, RFID and e-invoices is very low and showing little improvement.

Furthermore, when considering the countries' digital readiness, Sweden far outranks the UK in technology adoption, technology infrastructure and government investment levels. Given Swedish companies' digital expertise, it is not surprising that they enter the UK with high expectations of existing digital infrastructure and thus are challenged by the UK digital market conditions.

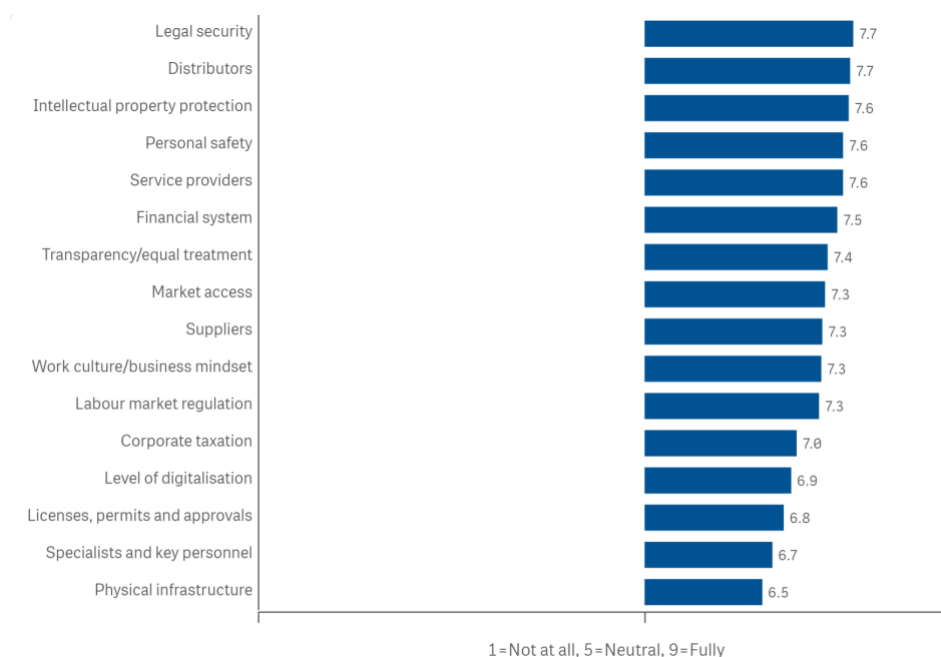
“

In general, we see an optimistic trend in the coming years since we are focused on solutions to improve our customers sustainability footprint. We need to see policies such as the green deal turned into action

Swedish company

”

PLEASE RATE FROM 1-9 HOW THE BELOW CONDITIONS MEET THE NEEDS OF YOUR COMPANY'S BUSINESS IN THE UK



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

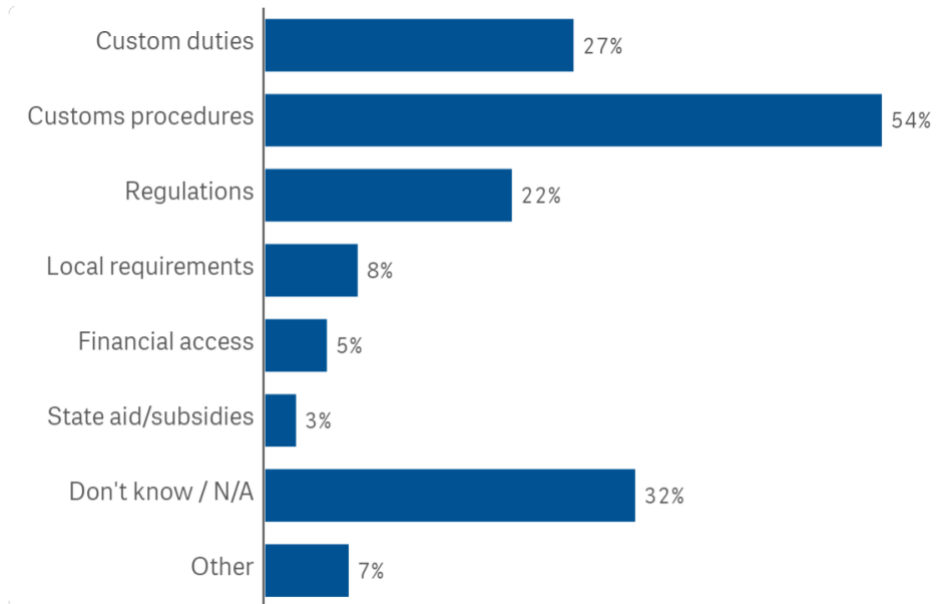
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Trade barriers in the UK are few and mainly concentrated around custom procedures

On a rolling basis, trade between Sweden and the UK and within the UK is going well and deal breaker barriers are rarely reported. While a number of barriers experienced in many countries currently were noted, such as rising costs of energy, supply chain disruptions and shortages of raw materials, the majority of survey participants responded that trade barriers were not raised as an issue.

However, doing business with the UK is not exempt from challenges. The most significant area of difficulty reported was customers procedures: Swedish companies struggle with clarity on customs procedures, a probable after effect of Brexit. The trade barrier that affects Swedish companies after customers procedures was reported as 'don't know', which could probably mean there are gaps in knowledge or lack of structured information available, this was rated highest by small companies in our sample group. This can also be interpreted as the fact that smaller companies do not know where to start, where to find the information or who to turn to. It was not surprising that medium to large companies rated custom procedures as their highest concern. Furthermore, the barrier that came third on the list was customs duties, which seem to be high and unclear for companies.

HAS YOUR COMPANY IN THE PAST YEAR ENCOUNTERED TRADE BARRIERS IN THE UK WITH A NOTICEABLY NEGATIVE IMPACT ON OPERATIONS, IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

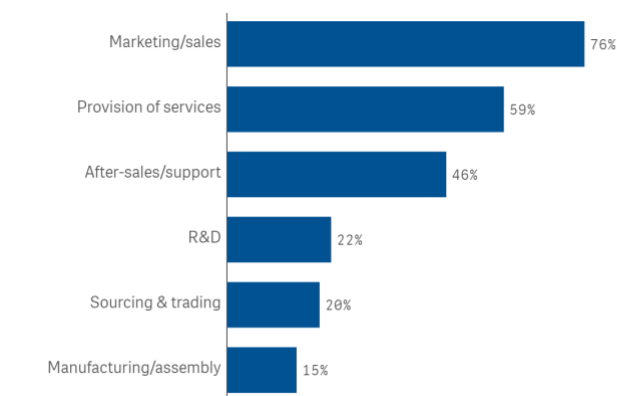
HOW SWEDISH COMPANIES SUCCEED IN THE UK

Sales and marketing is the main area of operations of respondent companies

For 76 per cent of respondents, marketing and sales form a key focus of their local operations in the UK, other target areas include provision of services (59 per cent) and after sales support (46 per cent). Scoring much lower are manufacturing/assembly, followed by sourcing and trading and R&D, at around 20 per cent each. This indicates, that on the whole, Swedish companies are not committing resources to set up design centres and manufacturing plants in the UK but prioritising other activities. This is understandable when taking into account the high proportion of newcomers in our sample, whose focus naturally is on marketing and sales.

Lastly, these results are similar to the survey conducted in 2020 and 2021, with similar amounts recorded in every category, illustrating that despite global uncertainty, companies are not altering their operational focus.

WHAT OPERATIONS DO YOU CARRY OUT IN THE UK?



NOTE: The number of respondents for this question was 41. "Don't know/Not applicable" responses are included but not shown in figure.

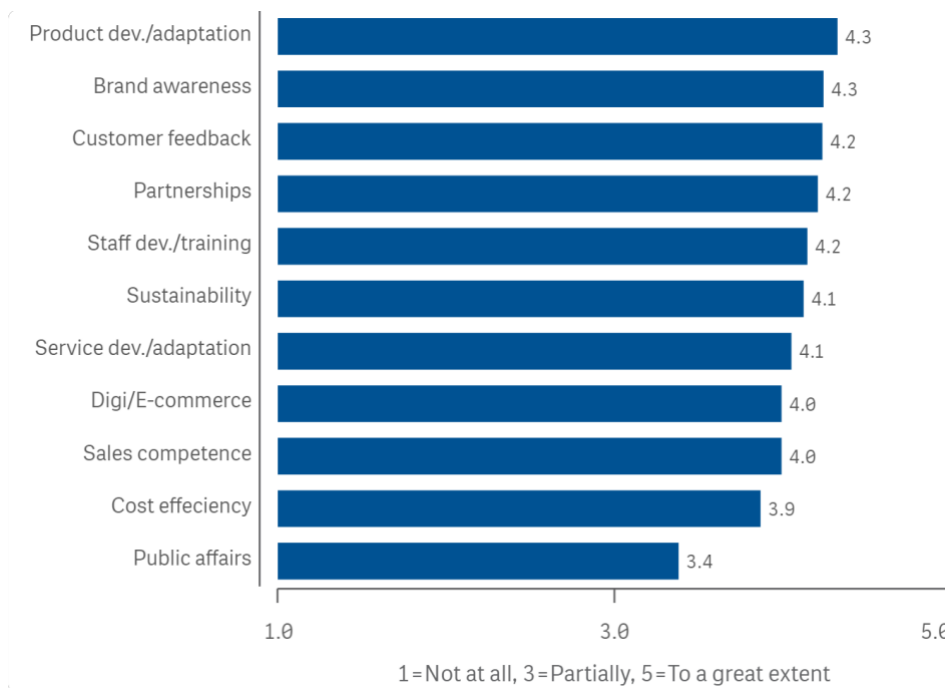
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Product development and adaptation is important when entering the UK market

Keeping up with the importance of product development and adaptation for firms operationally, has surprisingly been opposite to our previous year's findings'. During last year, sales competence topped the list of criteria, and product development was on the bottom end of the scale. Additionally, as previously discussed, product development and adaptation are key for Swedish firms looking to establish themselves in the dynamic and competitive UK market.

Interestingly, brand awareness, customer feedback, partnerships and staff development/training also ranked highly, indicating that investing in your staff, customers and partners is equally important. The least important factor for maintaining competitiveness was public affairs and cost efficiency; public affairs has consistently in 2020 and 2021 been ranked the least.

TO DATE, WHICH OF THE FOLLOWING AREAS HAVE BEEN IMPORTANT IN MAINTAINING COMPETITIVENESS IN THE UK?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

The UK rides the tide of ‘Scandimania’ – the affiliation for Scandinavian products

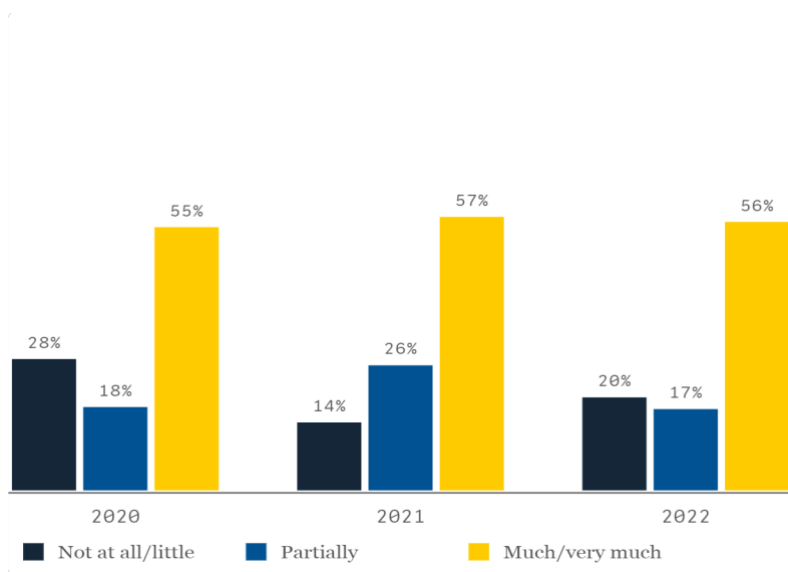
Over the years, there has been an influx of Swedish brands in the UK market spanning across all industries. When you walk down Oxford or Regent Street in London, you will for sure come across a few Swedish brands. Or when you are shopping online, you can be sure to browse through a number of Swedish food and beverage products. The UK perceives Swedish brands in positive light keeping in mind their sustainability, innovation and quality angle.

Sweden as a country has a solid brand reputation in the UK. Swedish companies see the UK as a market for benchmarking their activities against those of other companies in a multinational and competitive environment. Often the country is seen as a springboard for doing business in other parts of the world. Thanks to a large number of venture capitalists, family offices and business angels, London is also a major hub for companies that are looking for investors.

73 per cent of respondents estimate that the “Swedish brand” positively contributes to their business in the UK, and of this share, an impressive 56 per cent believe it contributes greatly.

Analysing the results, there are some variations to be seen as medium and large businesses tend to value the Swedish brand over smaller ones, with 78 per cent of large companies and 70 per cent of medium companies estimating that it contributes to their business as compared to 64 per cent of smaller firms. Furthermore, the industrials sector regards the Swedish brand most highly, with 70 per cent of respondents responding positively, as opposed to 10 per cent each for consumer and professional services.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE “SWEDISH BRAND” CONTRIBUTES TO YOUR BUSINESS IN THE UK?



NOTE: The number of respondents for this question was 41. “Don’t know/Not applicable” responses are included but not shown in figure.

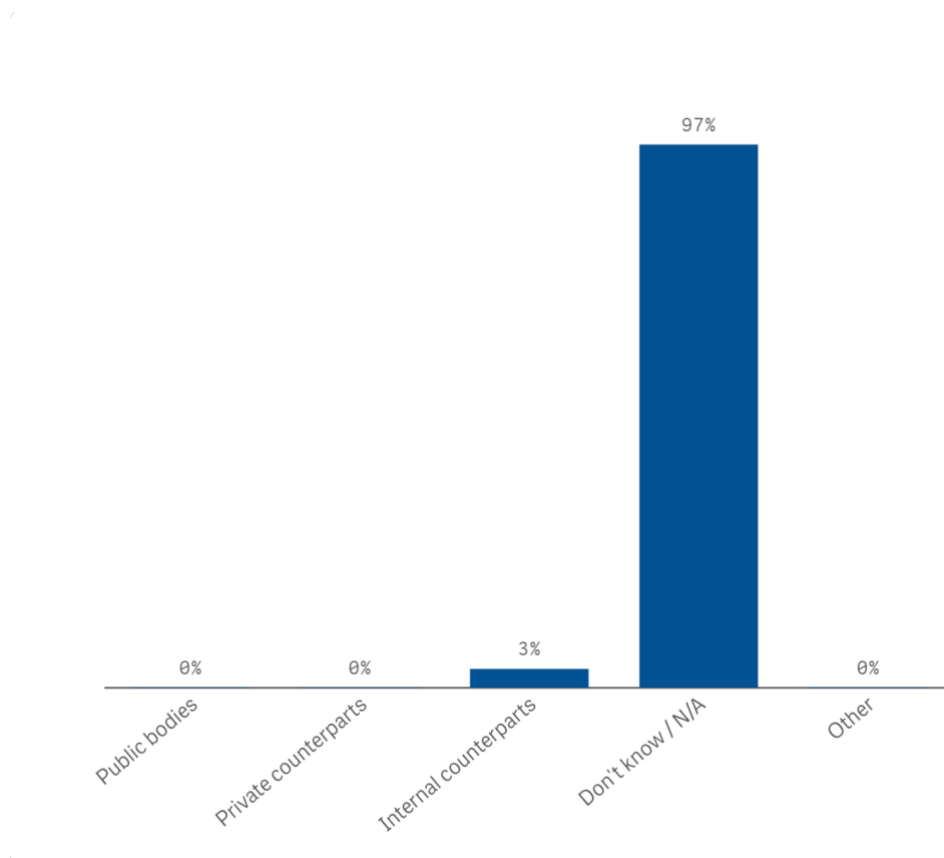
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

ACTING SUSTAINABLY

Swedish firms have not been exposed to corruption in the UK

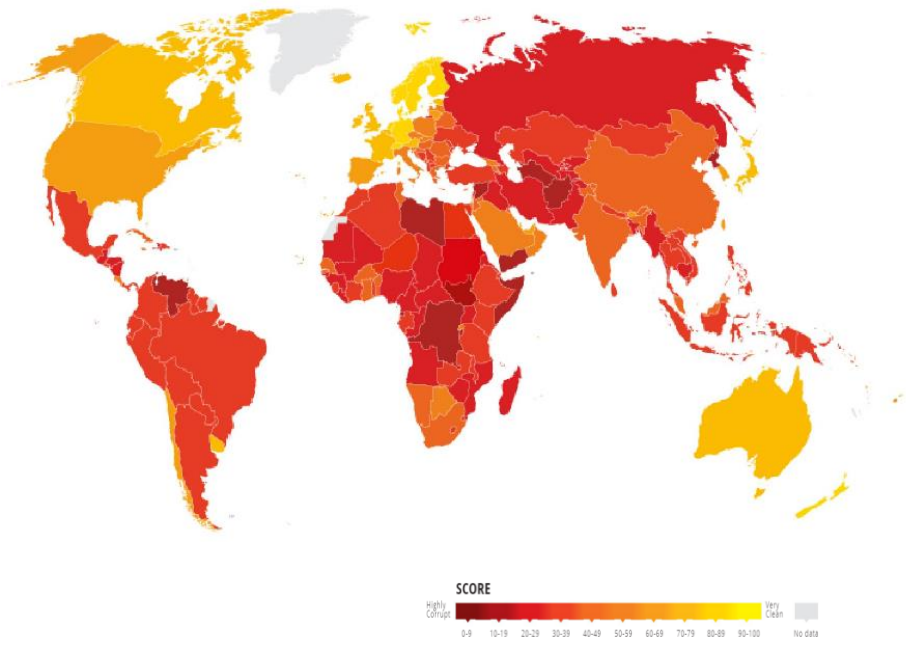
Survey respondents regardless of company size, industry, and length of time in the UK reported almost unanimously that they are not exposed to corruption such as attempts of bribery or fraud. That impressive 97 per cent of participants answered in this way is not surprising when considering the global Corruption Perception Index (CPI), where the UK ranks 11th out of 180 countries, not too far behind Sweden who sits at 4th alongside Singapore and Norway. Published by Transparency International, the CPI was first launched in 1995 and its ratings are published annually, ranking countries worldwide based on their perceived levels of public sector corruption. The UK and Sweden have both remained consistent in their results since 2018, a state of affairs which is not anticipated to change in the future.

HAS YOUR COMPANY BEEN EXPOSED TO CORRUPTION SUCH AS, BUT NOT LIMITED TO, ATTEMPTS OF BRIBERY OR FRAUD IN CONTACTS WITH ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 41.
SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

CORRUPTION PERCEPTION INDEX 2021

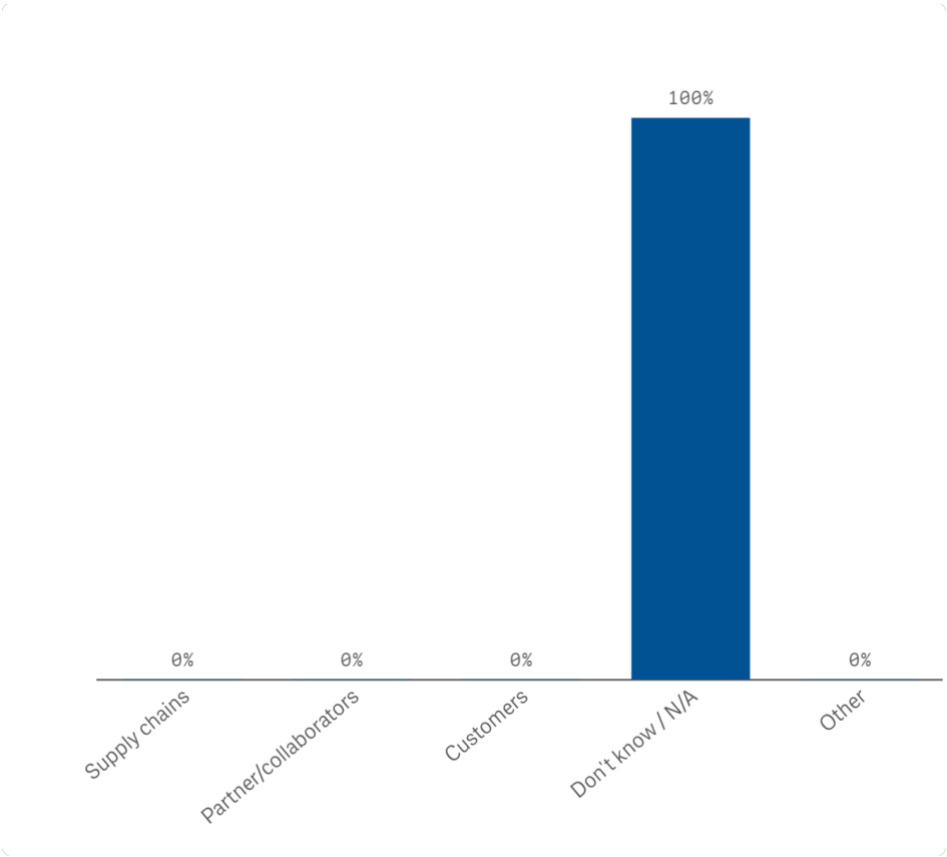


SOURCE: Transparency International.

No perceived risk of human rights abuses

Considering the overall positive UK business climate, it is unsurprising that the risk of encountering human rights violations in the UK was considered nil. This figure is consistent across sector, firm size and length of time in the UK. This has been consistent in the previous years, where Swedish companies have never predicted, nor in the future predict, any risk of human rights violations.

HAS YOUR COMPANY IN THE UK ENCOUNTERED ANY FORM OF HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSE IN ANY OF THE FOLLOWING AREAS?



NOTE: The number of respondents for this question was 41. Don't know/Not applicable" responses are included but not shown in figure.

SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Swedish businesses believe their customers take environmental considerations into account

In very similar findings to last year's survey, 80 per cent of respondents reported that their customers take environmental considerations into account, with 46 per cent deeming the environment to have a high impact on customers when making purchasing decisions. Almost three quarters of respondents recognise environmental factors as playing a part in this decision making – the share of those who do see any impact has increased by 31 per cent since 2020.

Amid the increasing rate of deforestation, climate control, and high level of pollution, Brits are increasingly inclined towards environmental sustainability, which now reflects in their buying behaviour. Especially millennials and Gen Z prefer buying products from the organisations who prioritise sustainable production.

Breaking down responses, medium and larger companies reported over 50 per cent of their customers considered environmental aspects, in comparison to only 38 per cent of smaller companies. Looking at the results by sector, 60 per cent of both industrials and consumer respondents also reported that environmental considerations have a considerable effect on their consumers, with 36 per cent of professional services companies stating that they do consider an environmental impact on purchasing decisions.

To help understand these results, some participants offered an explanation on sustainability-related challenges in the UK:

1. According to a respondent, the UK Government only renders lipservice in this topic. The absence of incentives in order to decarbonise the transport industry limits the interest of the customers to be an early adopter. In continental Europe, many governments secure substantial incentives, something that is completely missing in the UK, in their view.
2. Another point raised by a respondent was that targets need to be structured into medium and long-term and be much clearer. More detailed policy frameworks need to be put in place, enabling policies and incentives for businesses and customers to be more sustainable.
3. A recurring push from Swedish companies was for a more stringent plastic reduction drive in the UK.
4. The use of Sustainable Aviation Fuels needs to be developed and mandated. Awareness of sustainability in aviation is still limited.
5. Most participants acknowledged the growing pressure on companies to minimise carbon emissions and move away from fossil fuels, several explained that the increased price of purchasing more sustainably produced products prevents customers from changing their behaviour.



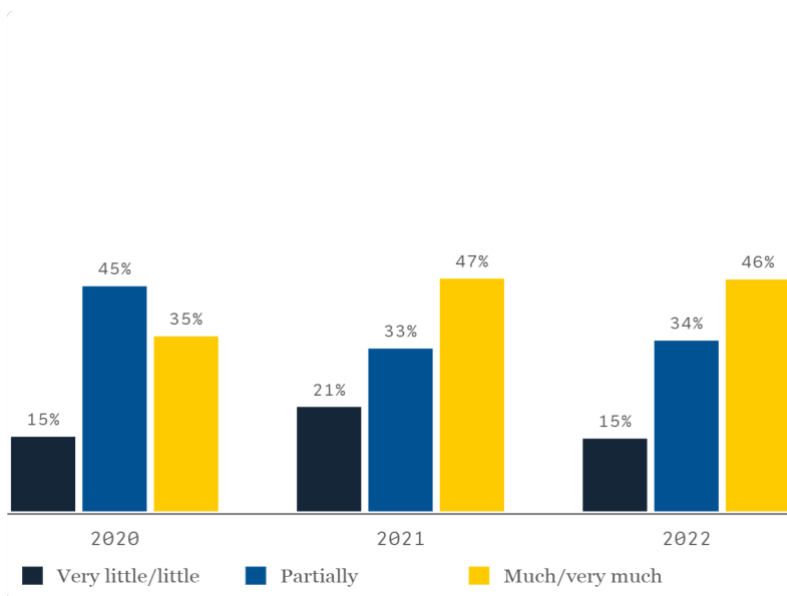
Sustainability accreditation is fragmented across Europe and Swedish standards are not necessarily the ones adopted and recognized in the UK. In addition, those favoured by Swedish companies have typically been more comprehensive, so UK retail brands have been able to shortcut their "sustainability efforts" with less completeness in their efforts in some cases.

Swedish company



- 6. Respondents also emphasised the risk of greenwashing in this field, where companies with strong messages of sustainability fail to back up their words with concrete actions.
- 7. It was also highlighted that the Government has set clear targets to decarbonise the UK's economy, and renewable investments will be critical to achieving this. This presents enormous opportunities, assuming barriers to investment can be removed or reduced.

TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN THE UK CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION



NOTE: The number of respondents for this question was 41. Don't know/Not applicable" responses are included but not shown in figure.
 SOURCE: Business Climate Survey for Swedish Companies in the UK 2022

Team Sweden

