



INTERNATIONAL SUSTAINABLE BUSINESS

SUSTAINABILITY REPORT FOR THE FINANCIAL YEAR 2017

Business Sweden

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This is Business Sweden

480
EMPLOYEES

PURPOSE

Business Sweden's purpose is to help Swedish companies grow global sales and international companies invest and expand in Sweden

THE ASSIGNMENT

Business Sweden's assignment is to stimulate economic growth and employment by supporting and promoting Swedish exports and internationalisation, as well as to attract foreign investment to Sweden. The organisation is also tasked with promoting collaboration with Swedish companies as a means of enhancing economic strength, competences and new markets that benefit Sweden's business sector.



53
OFFICES
WORLDWIDE

CORE VALUES

Responsibility. Impact. Collaboration.



Business Sweden supports

GLOBAL
COMPACT

A WORD FROM THE CEO

Sustainability means long-term profitability for Swedish companies and Sweden's economy. Maintaining a strong profile for sustainable business both at home and in overseas operations and investments is becoming more important than ever for Swedish companies as well as for Business Sweden.

We are living in transformational times and the steps we take today will have significant long-term consequences. On the one hand, it is gratifying to see that the Agenda 2030 for Sustainable Development adopted at the United Nations is having a profound effect on the decision-making of politicians and business leaders. On the other hand, the threats posed by climate change, heightened tensions in global security policies and economic protectionism are driving developments in the opposite direction in several markets. This uncertain reality needs to be counterbalanced by committed and genuinely long-term strategic action that puts sustainability centre stage in the worlds of business and public administration.

Sweden and Swedish companies have a crucial role to play – and face tremendous opportunities in the global transition to a sustainable society. Swedish inventions and solutions should be scaled up and exported to a greater extent than today, and we need to further internationalise the economy in order to drive innovation and grow our skills base and financial robustness. To help companies succeed, government agencies, private businesses, city administrations and universities need to engage in ever closer collaboration. In short, we need new partnerships for change.

During 2016 and 2017, Business Sweden has, on behalf of the Swedish government, strengthened our advisory capacity and ability to support Swedish companies in areas such as human rights, employment rights, environmental protection and anti-corruption. As of 2018, all our staff will be provided with training to identify risks and key measures for sustainable business, which will boost the level of global competence available to Sweden's business sector.

Business Sweden's regional export advisory service has been reinforced with a training programme focusing on sustainable exports for small and medium-sized enterprises. We have also launched a Sustainability Guide online for Swedish companies of all sizes. In complex markets that have large export potential, in-depth analyses have been carried out to provide support where it is most needed. In close consultation with the Swedish government, the Ministry for Foreign Affairs and the business sector we have put forward new sustainability routines and guidelines for companies taking part in official international delegations.

In addition, we have recruited a Manager for International Sustainable Business, Marie Trogstam, who brings experience from complex markets to this assignment. Marie and her team have developed Business Sweden's sustainability strategy which is fully in line with our 2020 business strategy. Government departments, the business sector and civil society all took part in the process and were invited to state their views on how Business Sweden could best assist Swedish companies to adopt more sustainable business practices. It has been concluded that Busi-

ness Sweden should provide particular support to Swedish companies when it comes to safeguarding human rights and opposing corruption, both in foreign business relations and during investments in Sweden. This activity has opened up a progressive discussion about the responsibilities and roles of government departments, public bodies and the private sector when it comes to promoting sustainability issues, which we will continue to build on.

Our focus in 2018 will be to implement the new strategy and establish new routines. As a matter of priority, we will strengthen the dia-

logue with the Swedish government and private industry regarding efficient ways of upholding the UN Guiding Principles on Business and Human Rights.

I feel strongly committed to the major steps that Business Sweden is now taking within sustainable business, and I very much look forward to deepening our collaboration with Team Sweden and the business sector as we move forward.

Ylva Berg
CEO, Business Sweden

YLVA BERG
CEO, Business Sweden



ACCOUNTING PRINCIPLES

Business Sweden's sustainability report for 2017 is applicable to the group including the corporate entities Business Sweden and BSO AB. Please see annotation 13 in Business Sweden's 2017 financial report outlining the companies that are not covered by this sustainability report.

There is no binding legal requirement or regulatory standard for presenting a sustainability report in Sweden's Annual Accounts Act (Årsredovisningslagen ÅRL). The most established guideline is the Global Reporting Initiative (GRI). Business Sweden has chosen not to follow GRI in its reporting, and to instead develop indicators measuring the organisation's sustainability performance according to defined strategic goals. In areas where Business Sweden's goals coincide with the GRI indicators, the latter guidelines have been followed and reported.

Business Sweden shall, according to Sweden's Annual Accounts Act, report on environmental impact, social impact and personnel, respect for human rights and anti-corruption measures. Business Sweden is not a publicly listed company and, as such, the Annual Accounts Act does not stipulate requirements for diversity policy reporting related to the board of directors.



ASSIGNMENT, BUSINESS MODEL AND STRATEGY

ASSIGNMENT

Business Sweden has two principal owners – the Swedish state, represented by the Ministry for Foreign Affairs, and the business sector which is represented by the Swedish Foreign Trade Association. An agreement between the two entities forms the basis for Business Sweden's operations and stipulates that Business Sweden should function as a central agency for export and investment promotion activities.

According to the agreement, Business Sweden's assignment is to stimulate economic growth and employment by supporting and promoting Swedish exports and internationalisation, as well as to attract foreign investment to Sweden. The organisation is also tasked with promoting collaboration with Swedish companies as a means of enhancing economic strength, competences and new markets that benefit Sweden's business sector.

Business Sweden operates in Sweden from the Stockholm head office supported by export advisors based in the country's regions who advise, inform and offer training to Swedish companies. Professional expert teams on investment and export-market information at the head office handle requests and provide support to companies and other organisations. Business Sweden has a well-established, global presence with 53 offices that cooperate closely with Swed-

ish embassies, consulates, chambers of commerce and other local network initiatives active in the promotion of Swedish internationalisation.

BUSINESS MODEL

GOVERNMENT ASSIGNMENT

Basic export services

Handling requests, providing information and advice related to basic technical matters in exporting and business promotion in international markets.

Programmes for small companies

Consulting services for small and medium-sized enterprises in Sweden, professional competence development for companies, regional export advice and information about international markets.

Targeted export promotion

Special export preparation initiatives in international markets for small and medium-sized enterprises, targeted promotion activities in selected markets, international marketing of strategic industries and international procurement.

Basic investment promotion

Information and answers to inquiries, reporting of direct investments globally and in Sweden, collaboration with, and professional development initiatives for, regional investment promoters throughout Sweden.

Targeted initiatives to promote investment

Marketing abroad of investment opportunities in Sweden in relevant industries, qualified information and support to foreign investors in the investment process, this being done in close collaboration with regional organisations and other relevant stakeholders throughout Sweden.

Supplementary commissions

In addition to the government assignments listed above, Business Sweden receives supplementary commissions from the government and ministries to a varying extent. Examples include the state-financed initiative to advance sustainable practices in business which was undertaken during 2016 and 2017.

COMPANY-SPECIFIC BUSINESS DEVELOPMENT

Consultancy services

Business Sweden offers Swedish companies market-priced, customer advice to support companies' international business development.

STRATEGY

Business Sweden has developed a business strategy extending to 2020 which outlines three strategic objectives for the organisation:

Proven effect on internationalisation

This strategic goal helps the organisation ensure that all activities strive to enhance Sweden's economic prosperity and employment growth, and contribute to value creation from high-quality investments in Sweden. The goal is measured based on number of high quality investments (HQI) and impact of export promotion (TPI). As of 2018, the added strategic ratio "International sustainable business" will measure how Business Sweden contributes to increasing sustainability in international business practices encompassing both export and investment promotion.

World class promotion agency

This goal steers the organisation toward continuous improvement of business efficiency. It helps to ensure quality service delivery, high customer satisfaction rates as well as high employee motivation – laying the foundation for world class operations. The goal is measured using the Customer Satisfaction Index (CSI), the Employee Satisfaction Index (ESI) and brand attractiveness.

Financial stability

This goal confirms the financial viability of effectively carrying out assignments with the level of stability required by the organisation, which handles a double government commission. The goal is measured using indicators including billable time, revenue-mix from state and private sector commissions, profitability and solidity.





OUR APPROACH TO SUSTAINABLE BUSINESS

WHAT RISKS ARE WE FACING?

During the autumn of 2017, a basic sustainability and materiality analysis was performed in close dialogue with Business Sweden's clients; government departments, public bodies, companies, civil society organisations as well as Business Sweden employees. Expectations on Business Sweden's performance related to its government assignment — coupled with customer expectations in Sweden's business community — was the starting point for the analysis. Four perceptions related to sustainability were identified and linked to considerable risks:

- 1** Business Sweden's internal sustainability work is simply a hygiene factor – the key differentiator is how Business Sweden acts in its advisory role and the steps it takes to set high standards in practices for Swedish companies.
- 2** Business Sweden's employees are not expected to be sustainability experts. However, they are expected to be able to demonstrate general knowledge about sustainability, and especially related to sustainable business practices.
- 3** Business Sweden is expected to adopt a more pronounced role in sustainability work.
- 4** Business Sweden is expected to demonstrate a clearer structure and policy framework for its sustainability work, based on accepted international standards.

Follow the UN Global Compact principles

HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

ANTICORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.



The absence of a structured sustainability programme, firmly anchored in the government assignment and international guidelines, in line with other internal policies as well as providing added value to Swedish companies, has been identified as a considerable risk. Until now, this shortcoming has left both internal and external stakeholders with an ambiguous understanding of Business Sweden's position on the sustainability drive.

Furthermore, the lack of a structured and well-communicated sustainability profile may jeopardise Business Sweden's brand as an employer and complicate the recruitment of top talent and relevant skills, as well as negatively impact employee commitment levels. This poses a serious risk as Business Sweden's greatest asset is its employees and their expertise in their role as advisors. This means that sustainability not only affects Business Sweden's strategic image as a world class promotion agency, but also brand attractiveness and ESI.

Another potential pitfall is that Swedish companies become reluctant to choose Business Sweden's services due to a perception that the agency lacks competences in the fields of sustainability and internationalisation. This

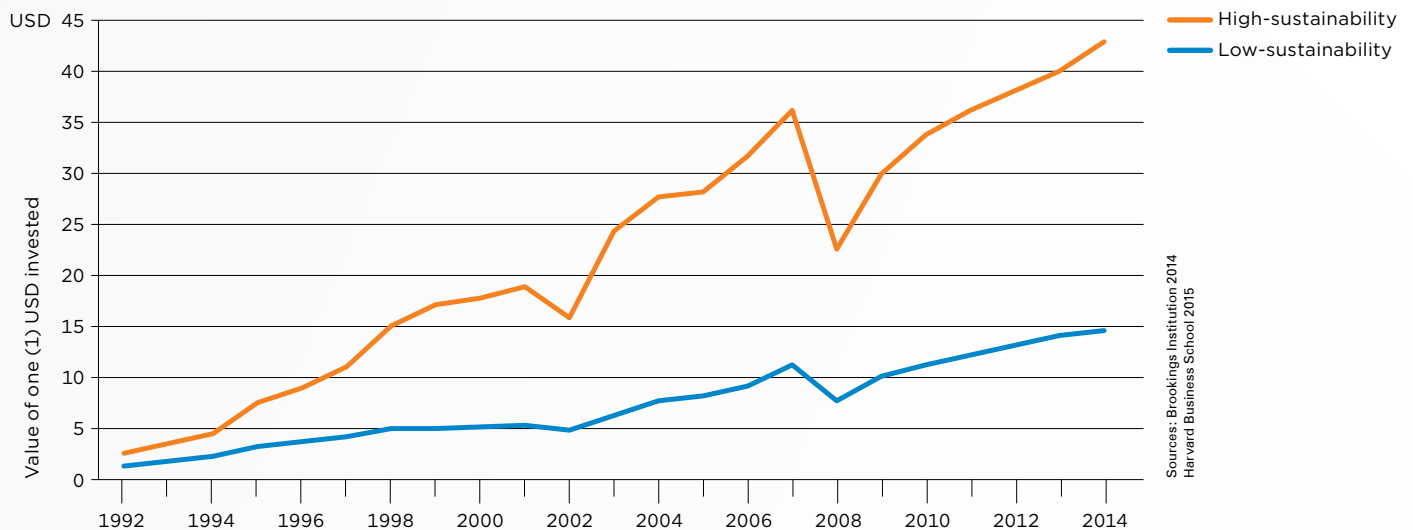
could mean that Swedish companies steer away from both relevant and available government support in internationalisation processes, and therefore take on more risks. Further consequences for Business Sweden could be loss of revenue and reduced CSI.

Having said that, the identified risks bring valuable opportunities for business development as they reveal an increased, while as of yet unfulfilled, demand for Business Sweden's services. This could actually lead to increased revenue and enhanced customer experience.

Research from Harvard Business School and The Brookings Institution shows that companies with systematic sustainability practices generate higher returns on investment and increase their stock market value. In addition to Business Sweden's social responsibility to adopt and follow sustainable business practices – just like other companies – there are financial incentives for integrating sustainability efforts in the organisation's core operations and business plan.

SWEDISH COMPANIES CAN BECOME MORE PROFITABLE THROUGH SUSTAINABLE BUSINESS

Companies with systematic sustainability practices generate increased stock market value and higher returns on investment.



Business Swedens sustainability strategy

**Continued compliance with the UN Global Compact principles:
Human rights, decent working conditions, environmental
protection, anticorruption**

The basis for our sustainability work

ANTI CORRUPTION



No corruption in Swedish companies international business or investments in Sweden

HUMAN RIGHTS



Respect for human rights in Swedish companies international business and investments in Sweden

Focus areas where Business Sweden can contribute the most

AGENDA 2030
SUSTAINABLE DEVELOPMENT GOALS

<p>5 GENDER EQUALITY</p> 	<p>6 CLEAN WATER AND SANITATION</p> 	<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 

Outcome

BUSINESS SWEDEN'S UNIQUE ROLE AND INFLUENCE

Our stakeholders were asked which sustainability issues should be included in Business Sweden's scope of activities, and which processes at Swedish companies that the organisation can bring most value to. There is high confidence in Business Sweden's unique role and ability to influence international business, and unmistakable demand for Business Sweden's ability to provide practical advice to companies and lead the way in sustainability.

Business Sweden has undertaken an important coordination and project leadership role in the Team Sweden collaboration, which spans government agencies and the business sector. The collaboration enables us to build new broad partnerships for sustainable development.

The greatest demand among companies for support services can be found in *anti-corruption efforts and measures to ensure respect for human rights*. Business Sweden's local market presence, diplomatic network and official role provides Swedish companies and government agencies with a resilient, credible and practical resource for dealing with corruption risks and crimes against human rights in foreign markets.

SUSTAINABILITY STRATEGY

Using the sustainability and materiality analysis as the vantage point, Business Sweden has developed a sustainability strategy based on client agreements, the organisation's business model and its 2020 strategy, as well as demand from the business sector and internationally accepted principles for sustainable corporate governance:

- ▶ The UN Global Compact
- ▶ The OECD Guidelines for Multinational Enterprises
- ▶ The ILO Core Conventions
- ▶ The UN Guiding Principles on Business and Human Rights

The Agenda 2030 has been applied as an overall governance standard and communications reference in order to define how Business Sweden will contribute to Sweden's fulfilment of the Global Goals.

The ten principles comprising the UN's Global Compact set the standard and framework for Business Sweden's own activities which must be complied with internally:

- ▶ *Achieve an equal and attractive work environment* – by promoting diversity throughout the organisation and gender equality in managerial positions.
- ▶ *Control and reduce environmental impact* – by measuring CO₂ emissions in order to implement goals for emissions reduction, keeping in mind the EU's climate action goal of reducing greenhouse gas emissions by 25–40% 1990–2020.
- ▶ *Strengthen internal competences in anti-corruption measures and respect for human rights* – by ensuring that all personnel are well aware of our Code of Conduct and are offered training in sustainable business practices.



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Sustainable business is achievable even in difficult markets. Human rights and anti-corruption are two areas of risk that EKN accounts for in its business planning. Business Sweden's ability to set the standards and reinforce its support to Swedish companies is important, as it makes it easier for companies to receive financial guarantees from us. We look forward to deepening our collaboration with Business Sweden in order to promote the growth of sustainable export business.

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Karin Wessman
Sustainability Analyst, EKN

As mentioned earlier, our external stakeholders have identified anti-corruption and respect for human rights as two prioritised areas where Business Sweden can make the greatest contribution.

Companies want support in understanding which ethical guidelines they are expected to live up to. In addition, they are expecting business relations to be based on transparency, complying with an agreed set of rules that reward companies that meet international guidelines.

By educating all employees in issues related to anti-corruption and human rights and integrating these topics as key components in Business Sweden's services portfolio, we can help improve standards in international business relations. This is likely to pave the way for better procurement processes, high quality technology choices and decent working conditions as supplier requirements.

Through our increased focus on these two areas, our goal is to bring value to Swedish companies that follow international guidelines for sustainable business practices. We will enhance their competitiveness and brand image and, not least, help them become eligible for major bidding opportunities within the UN and the multilateral development banks (MDBs).

By eliminating barriers to sustainable business ranging from corruption to crimes against human rights, our advice services and guidance will contribute to increased compliance with the UN Global Compact and the Agenda 2030 for Sustainable Development and Global Goals, turning the spotlight on the following: "Gender Equality", "Clean Water and Sanitation", "Affordable and Clean Energy", "Decent Work and Economic Growth", "Industry, Innovation and Infrastructure", "Sustainable Cities and Communities", "Peace, Justice and Strong Institutions" and "Partnership for the Goals".

By focusing the sustainability work on Business Sweden's core operations and business model – to help ensure that more Swedish companies branch out internationally and that more international companies invest in Sweden – the initiative will contribute to meeting the organisation's three strategic goals; Proven effect on internationalisation, World class promotion agency, Financial stability.



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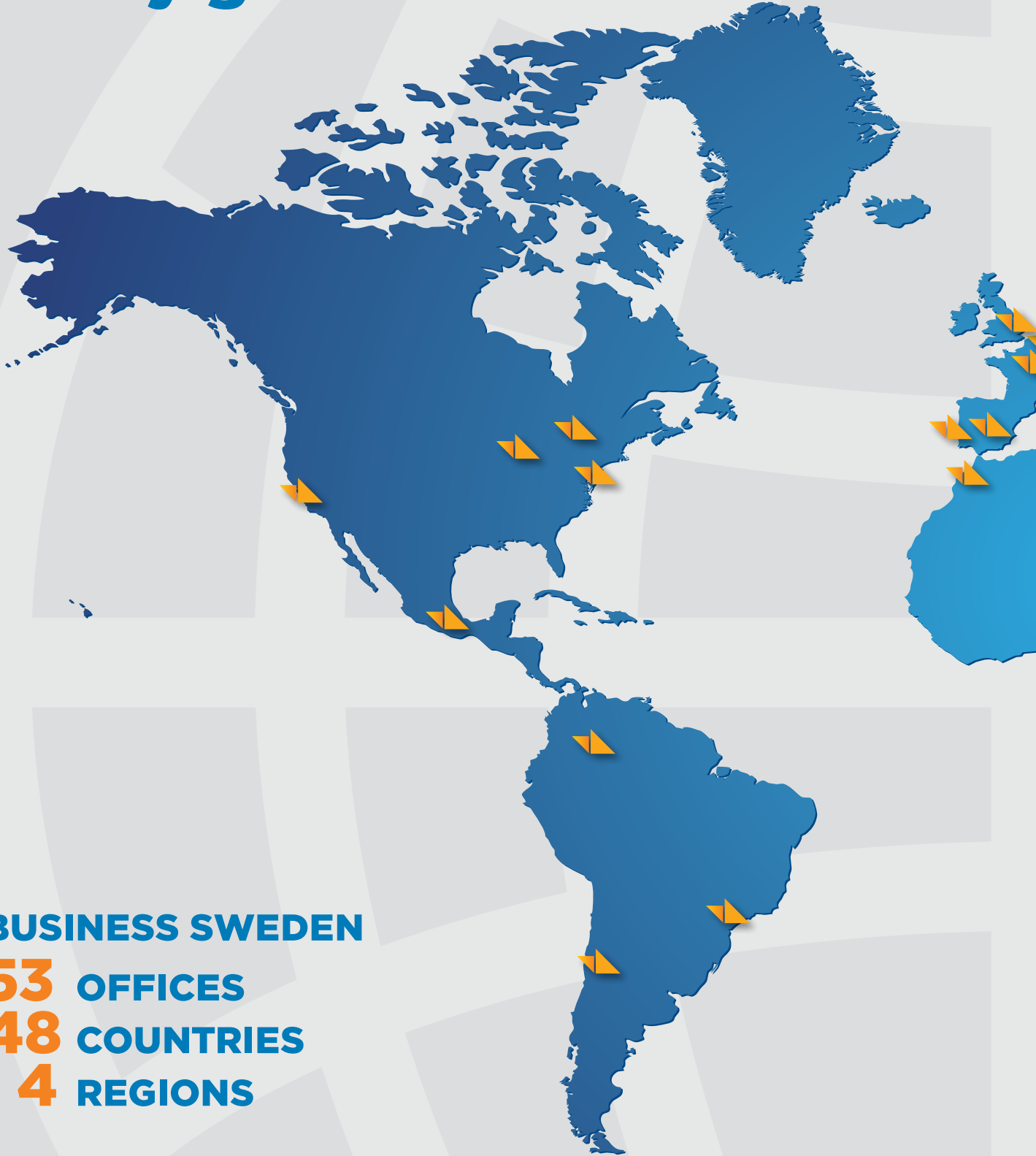
Companies can increase their international profitability by taking a proactive approach to sustainability. This underscores the importance of our ability to offer advice on corruption prevention measures and responsibilities in upholding human rights – in both our efforts to help Swedish companies increase global sales and in supporting international companies as they invest and expand in Sweden.

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Fredrik Fexe
Executive Vice President
Business Sweden



Business Sweden's reach is truly global



BUSINESS SWEDEN

53 OFFICES

48 COUNTRIES

4 REGIONS



- | | | | |
|----------------|------------|-----------------|--------------------------|
| Australia | Finland | Lithuania | South Korea |
| Austria | France | Malaysia | Spain |
| Belgium | Germany | Mexico | Switzerland |
| Brazil | Hungary | Morocco | Taiwan |
| Canada | India: | The Netherlands | Thailand |
| Chile | Bangalore | Norway | Turkey |
| China: | New Delhi | The Philippines | Ukraine |
| Beijing | Indonesia | Poland | The United Arab Emirates |
| Hong Kong | Iran | Portugal | The United Kingdom |
| Shanghai | Italy | Romania | The United States: |
| Colombia | Japan | Russia | Chicago |
| Czech Republic | Kazakhstan | Saudi Arabia | New York |
| Denmark | Kenya | Singapore | San Francisco |
| Estonia | Latvia | South Africa | Vietnam |

IMPACT AND GOVERNANCE OF SUSTAINABILITY ISSUES

OVERALL GOVERNANCE

Business Sweden's code of conduct is the basis for our sustainability work. It defines our area of responsibilities and reflects our core values and policies in each business activity. The code of conduct is adopted annually by the Board of Directors and outlines how Business Sweden should operate as a business partner, an employer and as a member of society. Business Sweden has signed the UN's Global Compact and integrated its principles in our code of conduct – both of which are available on Business Sweden's intranet.

During the autumn of 2017, a new training programme has been developed focusing on Business Sweden's code of conduct, ethics and core values. So far, 12.5% of all employees have completed the course and the aim is for all employees to have passed the course by the end of 2018. The course is offered as part of Business Sweden's internal training courses.

Business Sweden's sustainability strategy is according to a board decision (2017-04-28) an integrated part of the organisation's business strategy which runs until 2020. Implementation and follow up on the sustainability strategy begins as of 2018. This means that sustainability has become one of Business Sweden's strategic activities and is measured and monitored via the strategic ratio "International sustainable business", which relates to our core operations. The results will be measured in our regular customer satisfaction survey. The purpose of this

exercise is to be able to monitor how well our internal training on sustainable business is integrated into our services, and whether the advice we give has an impact on our customers' sustainability efforts.

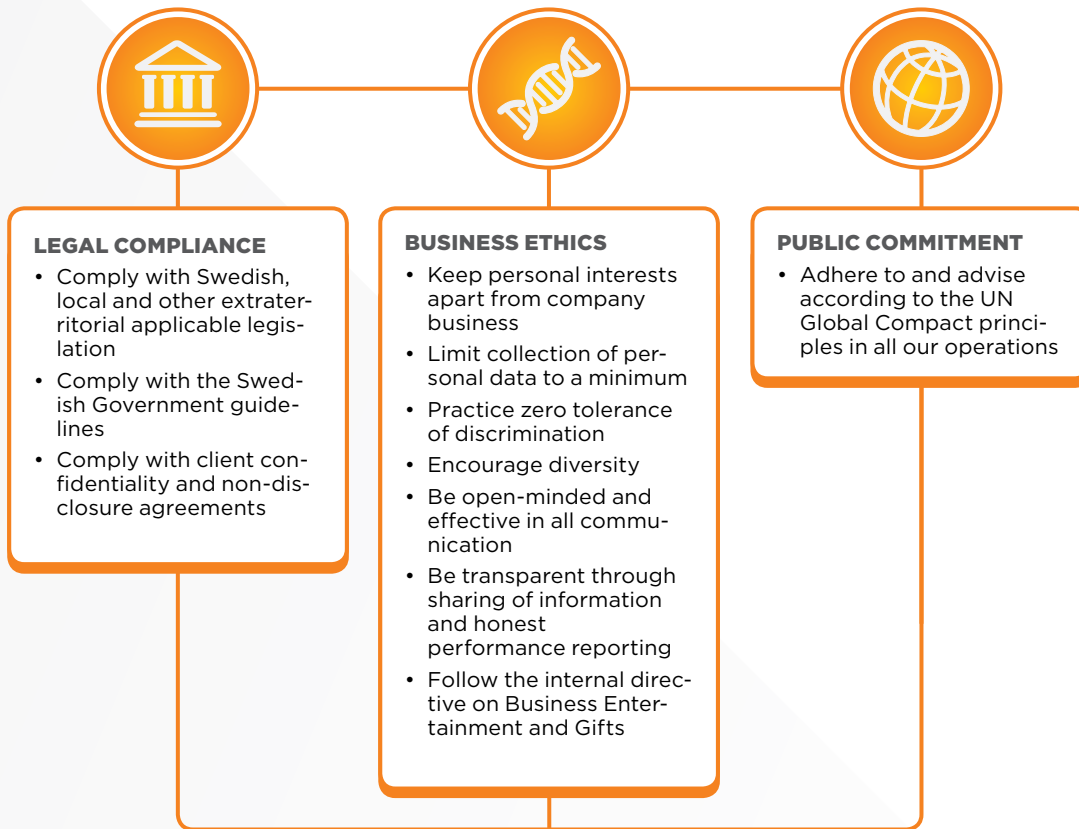
Business Sweden's Manager for International Sustainable Business is responsible for reporting to the Management team on the progress and results of the sustainability strategy, and the CEO is held accountable to the Board of Directors.

During 2018, Business Sweden will evaluate a new whistleblower system which will also be made available to external partners.

Business Sweden's management has decided to establish an internal sustainability committee which is responsible for pre-empting and handling possible risks related to the organisation's sustainability efforts and ethical considerations. The committee held its first meeting on 18 December 2017.

During 2017, Business Sweden established new guidelines and routines for sustainable business during official promotion visits titled "Commitment to sustainable business practices", developed in dialogue with the Ministry for Foreign Affairs and the business sector. The initiative outlines the international guidelines that Business Sweden follows and that Swedish companies taking part in official promotion visits are expected to comply with.

Business Sweden code of conduct



ENVIRONMENT

According to Business Sweden's materiality analysis, the advisory and promotion services we provide to Swedish clean technology companies is our greatest, while indirect, opportunity to help protect local environments and the global climate. Business Sweden's own environmental impact is not large but should be minimised within the requirements dictated by our assignment.

During 2008 and 2009, Business Sweden, at that time known as the Swedish Trade Council, conducted an environmental impact assessment and, in 2011, an action plan was agreed to improve the organisation's environmental performance. It was confirmed that Business Sweden's greatest impact on the environment and climate comes from greenhouse gas emissions due to air travel – which amounts to as much as 80% of the organisation's total emissions – as well as travel using hire cars and taxis in Sweden

and abroad, coupled with the energy consumption of our international offices.

The goal of gradually making Business Sweden's operations more climate-efficient was linked to billing operations, introducing the ratio of reduced emissions per billed Swedish krona. The reduction goal was benchmarked against the EU's mission of reducing greenhouse gas emissions between 1990 and 2020 by 25–40%.

Due to Business Sweden's weak financial situation in 2013-2017 the implementation plan was postponed. As a result, there are no available statistics for Business Sweden's emissions during these years. The most recently reported figures for 2010–2011 are presented on page 22.

Following the Board's decision to introduce a new sustainability strategy (December 14, 2017), Business Sweden will resume its monitoring of the organisation's greenhouse gas emissions according to the GRI 305-3 standard. Once again,

the goal is to reduce emissions in line with the EU's goal of having reduced CO₂ output levels by 20–45% for the period 1990–2020.

The most important instrument for achieving the reduction target is Business Sweden's travel policy which will be updated in 2018 with new environmental requirements. A new procurement policy will also be developed during the year, in tandem with the ongoing investment into a high quality digital workspace that will facilitate and enhance collaboration between our staff in offices worldwide and customers, and further minimise travel needs.

Business Sweden's operations should in concordance with the government assignment contribute to the transition to a green, circular economy through private consulting work for Swedish companies and via official promotion assignments for government departments and public bodies. Below is a selection of relevant projects where Business Sweden has participated to push the green transformation. While the list is by no means complete, it represents the broad scope of green transformation initiatives.

Innovation Accelerator is a program that Business Sweden manages on a running basis together with the Swedish Energy Agency in India and Indonesia. The objective is to help small businesses break into these two fast-growing markets with innovative energy solutions that contribute to the green energy shift.

Energy for Africa is a long-term commitment within the framework of Business Sweden's programme High Potential Opportunities (HPO), which aims to develop the conditions for sustainable energy markets and increase electrification in several African countries, thereby unlocking business opportunities for sustainable energy solutions from Swedish companies.

Action plan for Indonesia's waste energy sector is an example of a consulting assignment undertaken by Business Sweden on behalf of the Swedish Energy Agency, from September 2017 to March 2018. Business Sweden carried out an analysis of pre-conditions for exporting Swedish waste energy solutions

CO ₂ emissions / tonne*	2010	2011
Air travel	4200	3707
Rental cars and taxis	750	768
Hotel visits	-	-
Company cars	90	74
Other forms of transport and energy use (Stockholm)	10	10
Energy use, local transports etc. (abroad)	500	500
Total	5550	5199

*Carbon dioxide equivalents. See Business Sweden's sustainability report 2011 for the measurement's reporting principles.

to Indonesia. We have also developed a strategic action plan for Team Sweden and the private business sector, related to the Indonesian market for waste energy.



We are very pleased to see Business Sweden's long-term commitment to both India and Indonesia. Metrum has chosen to focus on less developed countries that until recently experienced problems with public availability to energy, but now want to focus on the quality of the energy delivered. Our products can help them in this endeavor and lead the way to smarter use of equipment and electricity in the power grid. With Team Sweden's collaborative efforts our technologies in these countries can hopefully result in more sustainable energy use.



Rebecka Andreasson
International Business Development Manager
Metrum



Working model for sustainable business

SOCIAL CONDITIONS

Business Sweden's societal responsibility is to contribute to growth, employment and increased prosperity in Sweden by supporting and promoting Swedish export and internationalization, as well as foreign investments in Sweden. Through the combination of a state commission and consulting services offered to companies on market terms, Business Sweden can meet the needs of Swedish businesses in all phases of the internationalisation process regardless of company size.

A good example is the package of services we offer to small and medium-sized companies free of charge. Swedish companies can benefit from the openly available expertise of 25 business development advisors, who are based in all of Sweden's provinces and provide company-specific advisory services and export-related technical training. In 2017, the training programme Steps to Export, which is aimed at small and medium-sized companies planning to export goods and services, was reinforced with a mod-

ule on sustainable export. Sustainability perspectives have also been integrated horizontally in each section of the course. All global business developers have been invited to take part, so that they in turn can teach and present the course to entrepreneurs across the country.

The impact of the regional organisation will be measured during 2018 following the introduction of an annual survey with questions sent to 25 companies per business developer. These questions will focus on how our services have helped companies attract new business opportunities, if new business contacts have been generated or if new market entry was facilitated. During 2017, Business Sweden launched a guide to sustainable business management which is now available on the website and provides all Swedish companies with information on new legislation, international guidelines, advice on specific measures and a working model (see above) based on the Global Compact toolbox for sustainable business practices.





Two examples of our support for companies where sustainability measures have a large impact are the promotional programmes High Potential Opportunities (HPO) and Strategic Project Opportunities (SPO). In these promotional programs, Business Sweden's goal is to help Swedish companies win large international contracts. In these efforts, Business Sweden takes a project management role and coordinates government support in the form of technical competence sharing, bilateral departmental cooperation and financing solutions.

There is extensive need for improved knowledge when it comes to sustainable procurement in international business, especially in complex markets and developing countries. It has been proved that Business Sweden's active focus on sustainability issues helps to advance sustainable business thinking. This benefits companies that provide premium sustainability products and services, often at a higher initial price but with low life cycle costs. Working in cooperation with Swedish government agencies, Business Sweden plays an important role in spreading knowledge and building this capacity in order to help shape international markets in a more sustainable – and from a Swedish perspective more competitive direction. Moreover, this action is a prerequisite for achieving the Agenda 2030 for Sustainable Development. All HPO and SPO-projects are initiated in collaboration with companies under specified terms that incorporate the UN's Global Compact, the OECD Guidelines for Multinational Enterprises, the ILO Core Conventions as well as the UN's Guiding Principles on Business and Human Rights. In 2017, the agreements were strengthened with clearer requirements on corruption prevention measures.

Business Sweden measures its impact on social conditions based on how well we deliver on our official assignment and the extent to which we contribute to strengthening Sweden's economy.

THE WORKFORCE

Diversity is key to Business Sweden's ability to fulfil its mission. We need people with different backgrounds and skills to provide Swedish companies and international investors with local and in-depth market knowledge. We know that diversity creates better teams, a better workplace and better results. Our human resources vision is therefore one of the sustainability strategy's three internal focus areas:

- ▶ *Achieve an equal and attractive work environment – by promoting diversity throughout the organisation and gender equality in managerial positions.*



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The HPO and SPO programmes make a significant contribution to Agenda 2030, for example in sustainable urban development, by promoting and spreading knowledge that advances sustainable solutions in transport, waste recycling and access to clean energy.

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Olov Hemström
Head of Strategic Projects
International Financing and Procurement
Business Sweden

As an organisation operating in markets all around the world, the biggest challenge in our diversity drive is to make sure that all employees are offered equal opportunities and are treated equally, based on objectivity and clear guidelines. For this reason, we have developed a global competence framework applied in all recruitment processes and career promotions. All open positions are advertised on Business Sweden's intranet and employees worldwide are welcome to apply. We offer job rotation opportunities for local employees to prepare them for an international career. We also try to recruit young professionals who can grow their careers at Business Sweden and assume management positions, which is why our trainee programme is an instrumental tool. The guidelines for the programme stipulate that 50% of the trainees should be female.

In order to be perceived as a fair and attractive employer, gender equality needs to be demonstrated at the management level. Our managers need to set an example and make employees feel empowered to take up leadership roles, if they choose to do so. This approach is crucial for retaining and developing the skills of our personnel.

Business Sweden adapts its organisation to official rules, including the government regulation that trade commissioners must have Swedish citizenship. That's why it is important to offer other possibilities to assume managerial positions in the international organisation, with particular emphasis on increasing the share of women in these roles. In addition, it is more challenging to recruit women than men to trade commissioners positions. As such, providing the right support to accompanying partners and family is crucial in order to increase the proportion of female trade commissioners.

When Business Sweden engages partners to help recruit externally for leadership roles, we require that at least two female candidates are presented. We also apply affirmative action when two candidates have equivalent skills, in order to increase diversity.

Our staff recruitment is always governed by our policy regarding equality, discrimination and harassment. The policy covers equal

GENDER EQUALITY IN LEADERSHIP POSITIONS - WHERE WE ARE TODAY AND WAY FORWARD

(%women)	Result 2017	Goal 2020	Goal 2025
Board of directors	40	-	-
Management	27	35-45	45-55
Trade commissioners	30	35-45	45-55
Managers Sweden	38	45-55	45-55
Managers international	27	35-45	45-55

employment conditions, supplementary training and wages, and clearly states Business Sweden zero tolerance against discrimination on the grounds of ethnicity, disability, religion, sexual orientation, age or gender. This is also reaffirmed in our code of conduct.



Our vision is to shape a workplace that recognises and maximises the potential of individuals, regardless of their gender, background, sexual orientation or age. To create an environment where diversity is considered a strength and where all managers and colleagues take an inclusive approach.



Carl Esselin
 Vice President, Human Resources
 Business Sweden

HUMAN RIGHTS

Business Sweden has signed the UN's Global Compact and adopted its principles in our code of conduct, including Principles 1 and 2 related to the respect for human rights. The code of conduct as well as the principles of the Global Compact are available on Business Sweden's intranet and will be a key focal point of all employee training during 2018.

The government's action plan for business and human rights (2015) states that the Swedish administration is responsible for ensuring that the principles of human rights are respected. As a semi-governmental organisation that is partly owned by the Swedish state, this area of responsibility extends to Business Sweden.

Furthermore, the government's export strategy (2015) underlines that Business Sweden's strengthened capacity for advising on sustainable business practices is a pivotal initiative in the Sweden's official approach to this responsibility. To reinforce the efforts, Business Sweden has developed a digital training programme on sustainable business practices, which includes human rights. The programme's objective is to ensure that all employees at Business Sweden are not just aware of the UN's Guiding Principles on Business and Human Rights, but also understand the government's responsibilities as well as the business sector's role in upholding them, including compensation guidelines and advisable steps for companies when human rights are violated. The programme will be launched during 2018 and is mandatory for all employees, with the goal of having all employees fully trained by the end of the financial year 2018.

Business Sweden has during the autumn of 2017 engaged in a dialogue with EKN, SEK, Swedfund and the Ministry for Foreign Affairs regarding the implementation of the UN's Guiding Principles on Business and Human Rights. This is a developing focus area and the above organisations will continue to advance the discussions together with the business sector.

Business Sweden's initiatives related to respect for human rights will be monitored and measured through:

- ▶ Share of employees who have completed the training programme on sustainable business practices.

In addition, Business Sweden's system for whistleblowing will be made available for external partners. The system will also be evaluated to determine how violations against human rights are reported.

CORRUPTION PREVENTION

Business Sweden's government commission determines that the organisation has a special responsibility to oppose and prevent corruption due to its unique position and relationship with the business sector. Business Sweden's code of conduct further stipulates that all employees should follow the ten principles of the UN's Global Compact, including Principle 10 which states that companies should avoid corruption in



Union to Union believes that Business Sweden can have a positive holistic impact. It is an organisation that can help Swedish companies when establishing a presence in complex markets to prioritise and reinforce the human rights of employees.



Rosmarie Strasky
Chief Financial Officer
Union to Union

all its forms, including extortion and bribery.

Apart from the code of conduct, Business Sweden presents further guidelines on representation in the policy Business Entertainment and Gifts, bearing in mind that representation is a part of everyday operations at Business Sweden and is an area where employees will require guidance. These documents are available via the organisation's intranet.

In Business Sweden's internal training programme focusing on core values, code of conduct and ethics, employees will practice applying the policies to various test scenarios, which are based on real life cases. The sustainable business training programme launched in 2018 includes a session on practical steps for preventing corruption, and introduces employees to Swedish and relevant extraterritorial legislation such as the UK Bribery Act and the Foreign Corrupt Practices Act in the U.S. The training also covers ways of identifying warning signals for corrupt practices, and provides guidelines for corrective measures and reporting.

Business Sweden's initiatives related to anti-corruption will be measured as of 2018 through:

- ▶ Share of employees who have completed the training programme on sustainable business practices.

In addition, Business Sweden's system for whistleblowing will be made available for external partners. The system will also be evaluated to determine how corruption offences are reported.



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Conducting business responsibly with respect for human rights and focus on anti-corruption is a cornerstone of Ericsson's corporate culture.

The presence of Business Sweden and Team Sweden is important to Ericsson in highly complex markets and public support highlights the importance of responsible business practices and helps minimizing risks. Ericsson is positive to Business Sweden's new sustainability strategy and its focus on anticorruption and respect for human rights.

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Elaine Weidman
Senior Vice President
Chief Sustainability & Public Affairs Officer
Ericsson

RESULTS INDICATORS

The results indicators below are applied to measure Business Sweden's sustainability work between 2017 and 2020. A number of indicators will be measured as of 2018 which explains why data and strategic goals are lacking in some areas. This will be amended in the forthcoming sustainability report next year as performance data from 2018 becomes available.

In addition, we will evaluate how Business Sweden's whistleblower system is used to report incidents of discrimination, violation of human rights and corruption.

INDICATOR	Result 2017	Goal 2018	Goal 2019	Goal 2020
Environment				
Indirect greenhouse gas emissions	-	-	-	-
Workforce				
Share of trained employees in code of conduct (%)	12,5	100	100	100
Share of internationally-based female managers (%)	27	-	-	35-45
Share of female trade commissioners (%)	30	-	-	35-45
Respect for human rights				
Share of trained employees in sustainable business practices incl. respect for human rights (%)	-	100	100	100
Anti-corruption work				
Share of trained employees in sustainable business practices incl. anti-corruption work (%)	-	100	100	100
Indirect customer impact				
International sustainable business (%)	-	-	-	-



OUTLOOK BY MANAGER FOR INTERNATIONAL SUSTAINABLE BUSINESS

The introduction of the Agenda 2030 for Sustainable Development along with the UN's 17 Global Goals have, in many ways, set a paradigm shift in motion. For the first time, it is widely agreed that the business sector will play an instrumental role in helping to fulfil the global agenda. At the same time, we know from research findings at Harvard Business School that companies pursuing systematic sustainability work are both valued considerably higher on stock markets and offer investors greater financial returns compared to companies that have a low sustainability profile.

That is why Business Sweden will work full steam ahead to support companies as they face obstacles to adopting sustainable business practices, including corruption and violation of human rights.

By leveraging this approach in our advisory role, Business Sweden can contribute to an expanded compliance with the UN Global Compact and help businesses fulfil several important goals, not least Goal 11 which relates to promoting the development of sustainable cities and communities.

During 2018, our sustainability practices will be further integrated and adopted into the organisation's business strategy which extends to 2020. Furthermore, there are several areas in Business Sweden's services portfolio where a

strong sustainability mindset specifically regarding anti-corruption and human rights can add real business value. All employees will take part in the online training programme on sustainable business practices, which is a pivotal step in order to raise awareness and knowledge throughout the organisation.

Business Sweden's focus will be to identify sustainable business opportunities, to lay the groundwork and help Swedish companies ensure that sustainability drives their international sales. Take for example Sweden's host of fast growing tech companies, in many cases their business models are based on pushing innovation in the domain of sustainability such as circular economy or education. We will also contribute to the task of attracting more high-quality investments to Sweden.

Business Sweden will continue its efforts to bring sustainability issues to the top of the agenda in export-related discussions and when it comes to planning for investments in Sweden.

Beyond this, we have internally identified three key sustainability measures that will be further developed over the next three years:

- ▶ *Achieve an equal and attractive work environment* – by promoting diversity throughout the organisation and gender equality in managerial positions.

- ▶ *Control and reduce environmental impact*
– by measuring CO₂ emissions in order to implement goals for emissions reduction, keeping in mind the EU’s climate action goal of reducing greenhouse gas emissions by 25–40% 1990–2020.
- ▶ *Strengthen internal competences in anti-corruption measures and respect for human rights*
– by ensuring that all personnel are well aware of our Code of Conduct and are offered training in sustainable business practices.

In addition to these three internal focus areas we will continue to:

- ▶ Pursue further dialogue with the business sector, the Swedish government and other public bodies as well as civil society regarding ways of implementing the UN’s Guiding Principles on Business and Human Rights.
- ▶ Pursue further dialogue with Sida (The Swedish International Development Cooperation Agency), the Ministry for Foreign Affairs and the business sector regarding new steps to increase collaboration between the development cooperation and promotion of exports,

investments and trade, focusing on measures for capacity building.

- ▶ Pursue further dialogue with the Ministry for Foreign Affairs and the business sector regarding procurement guidelines at multi-lateral development organisations such as the UN, the World Bank and the regional development banks.

Business Sweden’s mission to bring value to society can only be fulfilled through increased collaboration – with the business sector, government agencies and civil society. For this reason, we welcome the opportunity to engage in deeper discussions, and remain open to new perspectives and forms of cooperation that can accelerate the path to sustainable practices being adopted across Sweden’s business and financial sectors. By working together, we can create new partnerships for sustainable development – in Sweden and on the international stage for business.

Marie Trogstam
Manager for International Sustainable Business
Business Sweden

MARIE TROGSTAM

Manager for International Sustainable Business
Business Sweden

marie.trogstam@business-sweden.se









We help Swedish companies grow global sales and international companies invest and expand in Sweden.

BUSINESS SWEDEN Box 240, SE-101 24 Stockholm, Sweden
World Trade Center, Klarabergsviadukten 70
T +46 8 588 660 00 F +46 8 588 661 90
info@business-sweden.se www.business-sweden.se

