



2021 BUSINESS CLIMATE SURVEY FOR SWEDISH COMPANIES IN SINGAPORE

A REPORT FROM TEAM SWEDEN IN SINGAPORE

KEY CONTRIBUTORS TO THIS REPORT

Business Sweden in Singapore

Swedish Chamber of Commerce in Singapore

Embassy of Sweden in Singapore

FOREWORD

This report aims to increase the understanding of Swedish companies' performance in Singapore and deepen our appreciation of the opportunities and challenges that the Singapore market presents. In addition, it will hopefully serve as a reference for bilateral trade dialogues between Sweden and Singapore. For decades, Singapore has spearheaded the development of smart city infrastructure, innovation, and international trade in Southeast Asia. The country, once a nodal point between the advanced and developed worlds, is today a leading nation in many economic and development indices. This has positioned Singapore as a natural home port for the Swedish business community in Asia Pacific, supplying the latest technology and expertise required to bring about continuous change and drive competitiveness. A natural stepping-stone into the wider region, it has attracted every range and size of Swedish companies; from small- to medium-sized enterprises, to large corporations, and ever-increasingly, technology-savvy start-ups – a business community now totaling over 250 companies.

The 2021 Singapore Business Climate Survey demonstrates Swedish companies' optimistic view of the current and future business climate in Singapore, despite the still ongoing Covid-19 pandemic. Prudent and sound economic management of Singapore during the crisis has helped reduce some uncertainty about the future and many Swedish companies have received government support. Although companies' 2020 performance declined in certain areas, this seems to have been offset by uptake in other areas, resulting in an overall positive performance for the majority. However, challenges regarding foreign labour supply and border restrictions have become more prevalent, putting pressure on Singapore's position as a hub for global talent.

This year's survey also portrays a diverse Swedish business landscape in Singapore that contributes to the Singapore economy within multi-faceted areas such as revenue growth, FDI, equality, and sustainability. Swedish companies in Singapore continue to generate job opportunities for local employees, with some investing in R&D activities. Swedish technology companies continue to bring in new solutions to support Singapore's journey to be world-leading in its key industries. Local partnerships and established client bases of Swedish companies, attained through decades of business operations in Singapore, are keeping businesses going and helping them through the current. Here, Team Sweden serves a vital role facilitating exports and collaboration across industries and governments. The Embassy's position in facilitating government relations is even more critical in the ever-changing regulatory landscape. SwedCham's initiative, SESG in 2020, created unique partnerships between Swedish multi-national corporations (MNCs) and local small to medium-sized enterprises (SMEs) to exchange experiences and develop business, and bring people and companies together to harness shared values that create opportunities in times of crisis. Meanwhile, Business Sweden's monthly *Southeast Asia Covid-19 Executive Brief* was distributed to Swedish business leaders to offer a global and regional perspective on the most recent situation and to highlight potential business implications.

Looking ahead, optimism characterises Swedish companies' views on the future. Given its status as a very open economy, it is still important to note that the path to recovery and the future competitiveness of Singapore will depend on how the global economy changes. Though that path has just started to take form, Singapore – and the Swedish business community – is well-positioned to venture into a new normal.

Though times are busier than ever, many of those we reached out to reverted and made important contributions to this study. We extend our most sincere gratitude to the participating companies, the knowledge and insights of whom we continue to value significantly.

Thank you.



Niclas Kvarnström
Ambassador of Sweden
to Singapore



Emil Akander
Trade Commissioner of
Sweden to Singapore



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General Manager,
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EXECUTIVE SUMMARY

SAMPLE SELECTION

77 Swedish companies in Singapore answered the survey



33% of respondents have more than two decades experience in Singapore

ECONOMIC OUTLOOK



54% of Swedish companies reported profitability in 2020 despite the Covid-19 crisis

78% of Swedish companies expect a higher turnover for the coming 12 months

MARKET INSIGHTS



Swedish companies affirmed Southeast Asia's continued importance as a market



49% of Swedish companies have an optimistic view on the business climate

KEY SUCCESS FACTORS

59% of Swedish companies believe that the "Swedish brand" contributes to their business.



The highest-ranking key success factors are sales competence, partnerships and brand awareness

ACTING SUSTAINABLY



32% of Swedish companies think that environmental aspects do not affect purchase decisions much



Corruption is not an investment obstacle – 84% report that it affects business little or very little

ABOUT THE SURVEY

A REPORT ON BUSINESS ACTIVITY

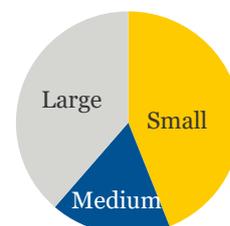
For the fourth year running, the Embassy of Sweden, Business Sweden, and SwedCham conducted the Singapore Business Climate Survey from 25 March to 25 April 2021. The Business Climate Survey is a tool used by Team Sweden to map the opportunities and challenges Swedish companies face when doing business across the world. This survey also includes an extended investigation of the Swedish footprint in Singapore and the impact this has on Singapore in terms of trade, economic development, and customs.

A total of 77 respondents participated in the online survey, which drew from a pool of respondents representing Swedish companies with subsidiaries in Singapore. The sample constitutes a mix between small, medium, and large companies. To be included in the sample selection, companies have to be owned by either a Swedish juridical entity (e.g., private limited, branch office, joint venture, representative office) or an individual. Large companies, or those with a headcount of more than 1,000 global employees, represented 38 per cent of the sample, while medium-sized companies (250-1,000 global employees) comprised 17 per cent. Finally, 43 percent were small companies with less than 250 employees.

The industries covered by the surveyed Swedish companies cover a wide spectrum. This survey groups the sample into three categories; industrial (49 per cent), professional services (30 per cent), and consumer companies (seven per cent) – the rest are categorised as “other” and are not specified in the data. Just over a third (33 per cent) of respondents have more than two decades experience in Singapore, while, 39 percent established their business between 2001-2015 and 28 per cent are new entrants, having set up their businesses between 2016-2019.

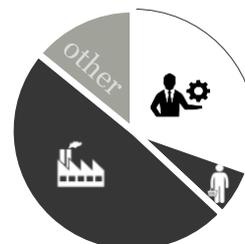
The remainder of the survey presents an overview of the economic outlook, reviews the market and deep-dives into how Sweden's local business community contributes to the Singaporean economy, shows examples of how Swedish companies succeed in Singapore, and concludes by looking at how Swedish companies reflect on sustainability in Singapore.

SIZE OF COMPANIES



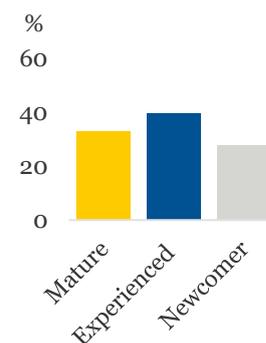
Global employees
Large >1,000
Medium 250-1,000
Small 0-249

MAIN INDUSTRY



Industry sector
49% Industrial
30% Professional services
7% Consumer
11% Other

AGE OF COMPANIES



Company age
Mature (-2000)
Experienced (2001-2015)
Newcomer (2016-)

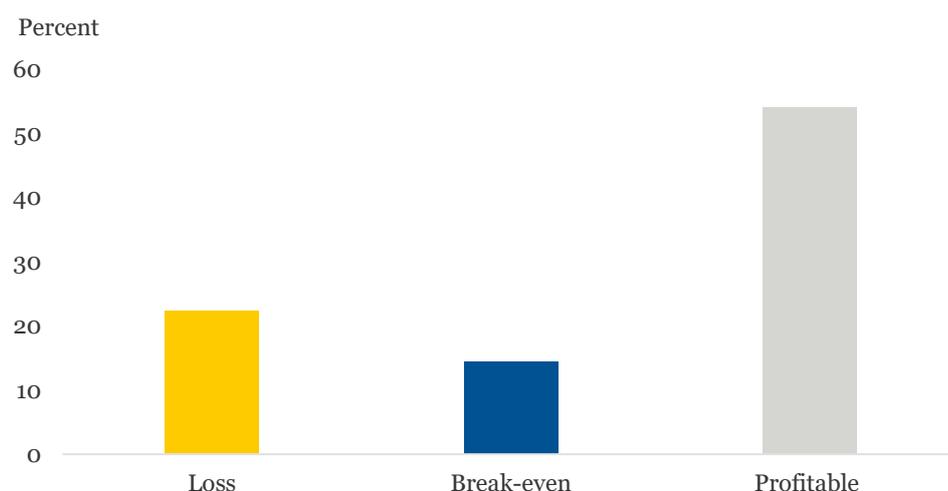
ECONOMIC OUTLOOK

WEATHERING THE STORM: FINANCIAL PERFORMANCE IN SINGAPORE

Swedish companies have taken part in Singapore's development journey, many from an early stage starting in the 1990s. While the magnitude of the pandemic's impact is not to be underestimated, this is likely not the first financial crisis that Swedish companies in the broader region have dealt with. With 2020 serving as our context for this report, the majority of respondents say that their business is profitable, signaling that Swedish companies are competitive in the mature, Singapore market—even with the repercussions of the lockdown last year and the ongoing pandemic. However, it is worth noting that the intensive cost-cutting performed by many companies during this period may likely be a large contributor to increased profitability. Singapore's government has also continued to inject the local business community with multi-billion dollar stimulus measures, though these are largely to support local citizens. Swedish companies whose workforce is made up of a combination of local and expatriate workers are eligible for some of the governmental support.

Breaking down the respondents into company segments provides an even more insightful picture of the situation. In particular, we see that consumer goods companies did not experience a hit to their profitability during 2020. While conversely, 30 per cent of the companies engaged in professional services experienced losses. With many industries deciding to cut expenses amidst the pandemic, this outcome is expected.

HOW WOULD YOU DESCRIBE YOUR COMPANY'S FINANCIAL PERFORMANCE IN SINGAPORE IN 2020?



- The number of respondents for this question was 77.
- "Don't know/Not applicable" responses are included but not shown in the table.
- SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021.

A QUICK RECOVERY FOR SINGAPORE'S ECONOMY?

Since the establishment of ASEAN in 1967, the region has taken important steps to secure sustainable growth. In particular, infrastructure projects have been the catalyst for growth, supported by policy work aimed at increasing tourism and consumer protection. Singapore has spearheaded this work in many ways, acting as a testbed for innovations and a stable market used as an operating base to reach other, higher growth, but more volatile markets.

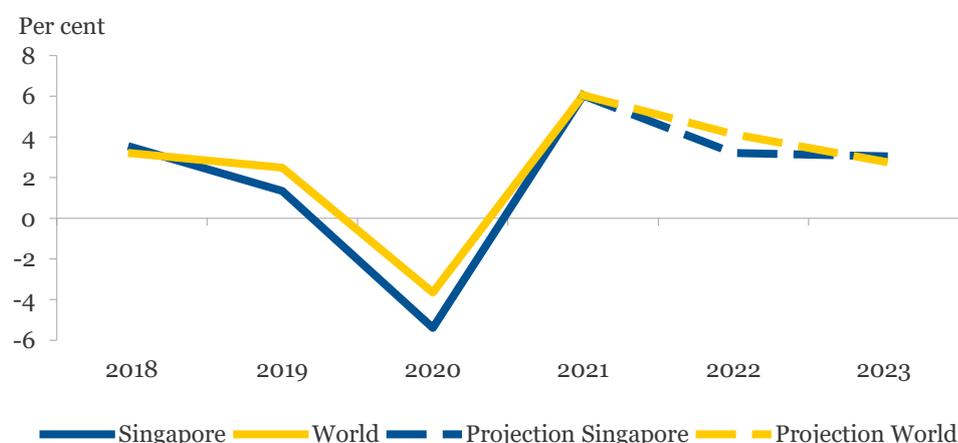
Southeast Asian economies have laid the groundwork to enable future revenue growth – setting up an institutional structure and co-operative frameworks that have separated it from many other developing regions. The continued economic growth is further expected to be high; according to the Asia Development Bank (ADB), the projected growth rate for Southeast Asia in 2022 is 6.4 per cent, slightly above the world average. For Singapore specifically, growth projections are more muted at 3.2 per cent, which indicates a more mature market.

Singapore's GDP growth, in particular, is evolving in sync with that of the global economy, indicating that the country's economic development mirrored the market average during the pandemic. The response to the pandemic meant that in 2021, Singapore was ranked by Bloomberg's Covid-19 resilience ranking as the safest place in the world to be during the pandemic. This is a measure of the best and worst places to be during the crisis and the response to the pandemic was based on a combination of Singapore's ability to mitigate the spread of the virus while rolling out support packages to stimulate the economy and administer vaccines to the population, facilitating an environment for people to be safe and businesses to stay afloat.

In the near-term, Singapore and the broader ASEAN region are projected to see GDP growth returning to pre-pandemic levels. At the same time, that recovery will be dependent on their largest trading partners, the European and US markets. For example, according to the Swedish Embassy, the European Union's exports and imports to Singapore decreased by 16.8 per cent and 5.2 per cent respectively during 2020, with the aviation and raw materials industries particularly impacted. Given Singapore's status in the region and its trade relationships, its recovery will likely continue to be affected by how quickly the EU and the USA resume normal economic activity.

▶ **In 2021, Singapore was ranked as the safest place in the world to be during the Covid-19 pandemic**

PROJECTED GDP GROWTH IN SINGAPORE

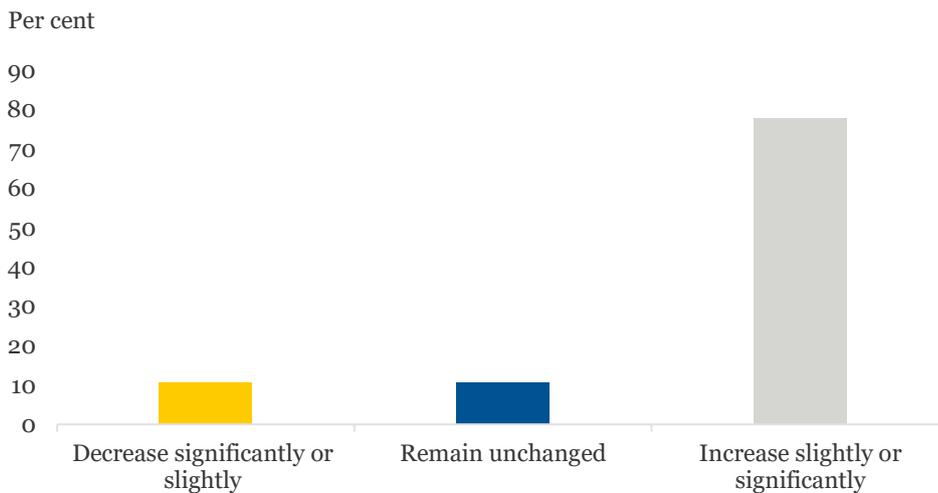


NOTE: Constant prices
SOURCE: Oxford Economics 2021-03-31

The results from this year's survey show that companies are more optimistic regarding their sales results for the upcoming year, with 78 per cent expecting a higher turnover, compared to last year's 43 per cent. This could be explained by the outperformance of sales expectations. In the 2020 Survey, over 40 per cent of companies said that they expected a decrease in turnover. However, results from the 2021 survey showed that "only" 22 per cent of Swedish companies actually saw a decrease in sales last year.

There are multiple reasons behind Swedish companies' positive outlook. China—which is Singapore's main business partner both in terms of trade and in activities like warehousing and distribution centres—is no longer under lockdown, which makes it easier to resume normal business operations. Singapore is also currently in discussions with Hong Kong and Australia to establish travel bubbles, which would further open up the economy to international trade and perhaps even travel. Lastly, the strict, government-imposed lockdown in April 2020 successfully limited the spread of Covid-19, making it possible to expect business as usual on a national level for the upcoming year. While some uncertainties still remain, with some small, localised outbreaks bringing Singapore back into a form of lockdown at present, it is still reasonable to expect business operations to proceed unimpeded in the year ahead.

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



NOTE: The number of respondents for this question was 77.
 - "Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

OPTIMISM MIRRORED BY CONTINUED INVESTMENT INTO SINGAPORE

With this rosy outlook, it is no surprise that Swedish companies expect to continue investing in Singapore. Over half of the surveyed companies even said that they are going to increase their investments. Small companies, in particular, are expecting to ramp up their investments during the year.

Indeed, the investment appetite of companies already present in the country, Singapore's extensive free trade agreements and key geographical position on major global trade routes, and its longstanding reputation as an attractive, low-risk destination for investments will continue to attract investors in the long-term.

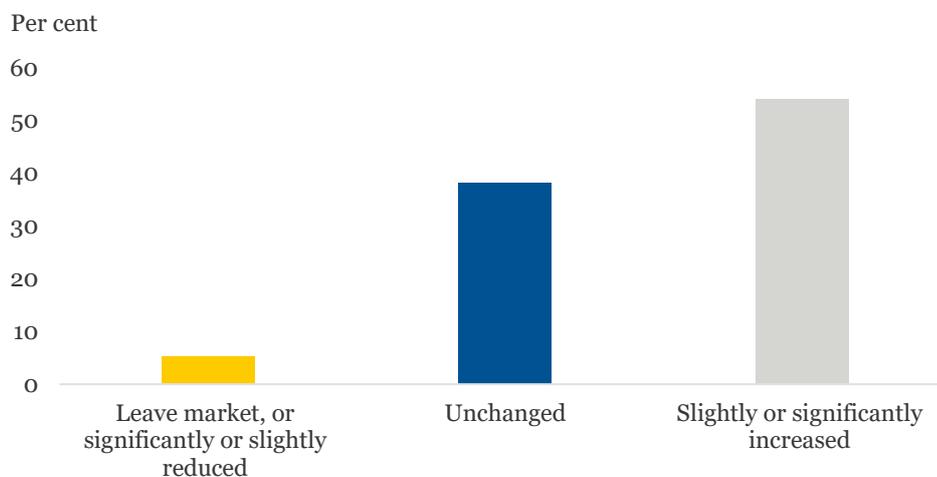
"We opened the Marine Competence Center in Singapore and it has worked well for us so far. We arrange everything - repairs, maintenance of ships- from here, given the country's status as a major port."

- Horst Wasel, Vice President, Atlas Copco

"Singapore is extremely important for us - not only in terms of revenue, but given the fact that Getinge works with advanced products and solutions for healthcare in hospitals and supporting pharmaceutical production, it's important for us to have an installed base with established customers that we can reference to when doing marketing and sales in the rest of the Southeast Asia region."

- Teodor Johansson, Managing Director for SEA, Getinge

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



NOTE: The number of respondents for this question was 77
 - Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

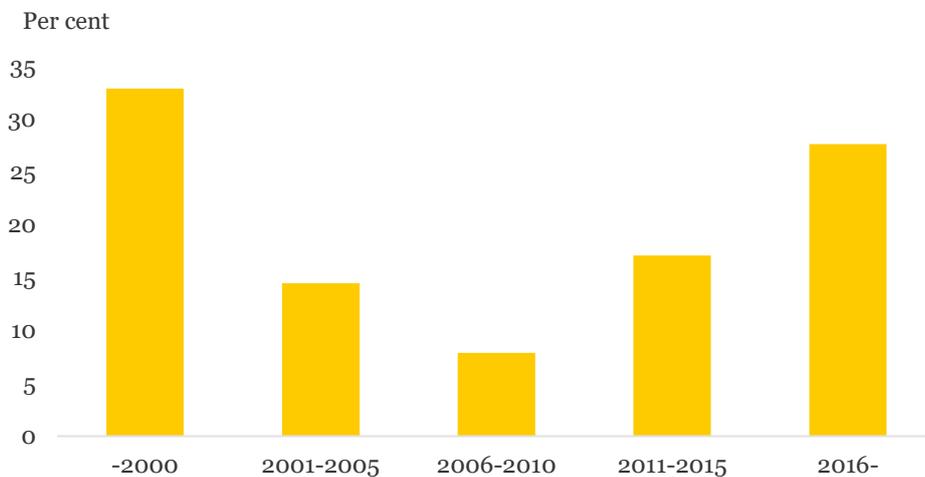
THE MARKET

SINGAPORE IS A DESIRABLE DESTINATION FOR SWEDISH BUSINESSES

In recent years, Singapore has seen a substantial increase in the number of newly arriving Swedish companies - which is not too surprising considering the inherent imperative to find new markets for growth. These markets can be found in Southeast Asia, to which Singapore represents a convenient and attractive doorway.

Beyond this, Singapore's "top-of-mind" status also stems from the ease of setting up a company here, the many incentive programmes implemented by the government, and the cultural proximity compared to other Asian markets. In addition, Singapore is actively entering into collaborative agreements with other ASEAN countries to promote integration and establish ease of doing business in the whole region. The government is also supporting businesses of various stages by setting up risk-sharing arrangements with capital providers. Topping the World Economic Forum's "Ease of doing business" ranking, Singapore is also well-known for its low income and corporate tax rate of 0-22 and 17 per cent respectively.

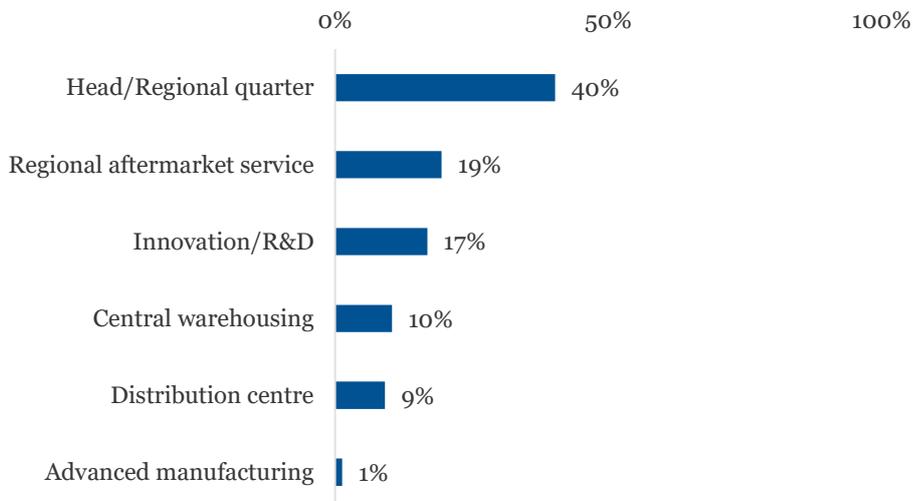
IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN SINGAPORE?



NOTE: The number of respondents for this question was 77
- "Don't know/Not applicable" responses are included but not shown in figure
SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

Minister Lim Hng Kiang once said, *Sweden and Singapore have a longstanding and complementary relationship that has flourished and been deepened by strong partnerships across a broad spectrum of sectors such as defence, science and technology, and education.* The presence of approximately 250 Swedish companies operating in Singapore today is proof of this strong relationship. Of these companies, the majority of Swedish investments lie in regional headquarters, followed by regional aftermarket service, with Swedish companies aiming to increase presence in a strategically located trading hub.

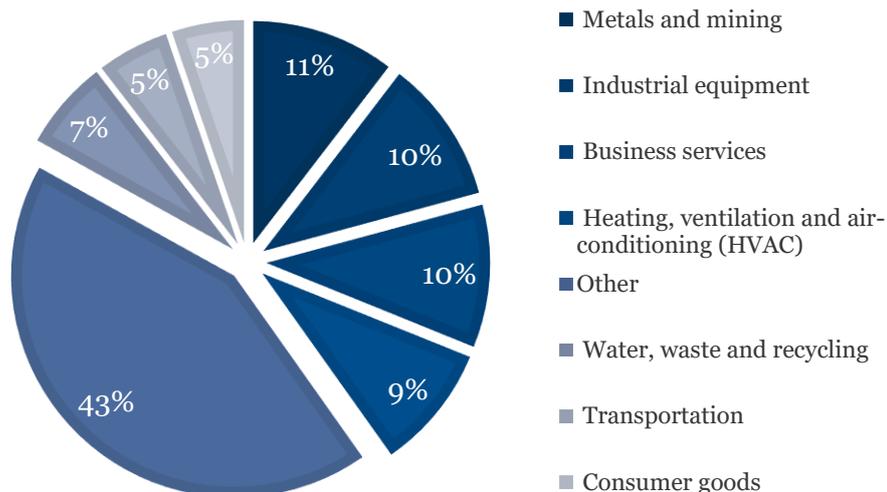
HAS YOUR COMPANY MADE ANY DIRECT INVESTMENT IN SINGAPORE?



NOTE: The number of respondents for this question was 77
 - "Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

Swedish firms in Singapore are present in a wide range of industries, the most prevalent being metals and mining, followed by industrial equipment, then business services. In these sectors, most companies offer sophisticated technology solutions that complement local offerings very well. These industries also mirror the demand and some of the focus areas that the government targets for further expansion and for meeting new demographic challenges. The "other" segment, which is composed of 43 per cent of the responding companies, reflects the diversity of Swedish companies located in Singapore and consequently, the vast array of opportunities in the country and the wider region.

WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN SINGAPORE?



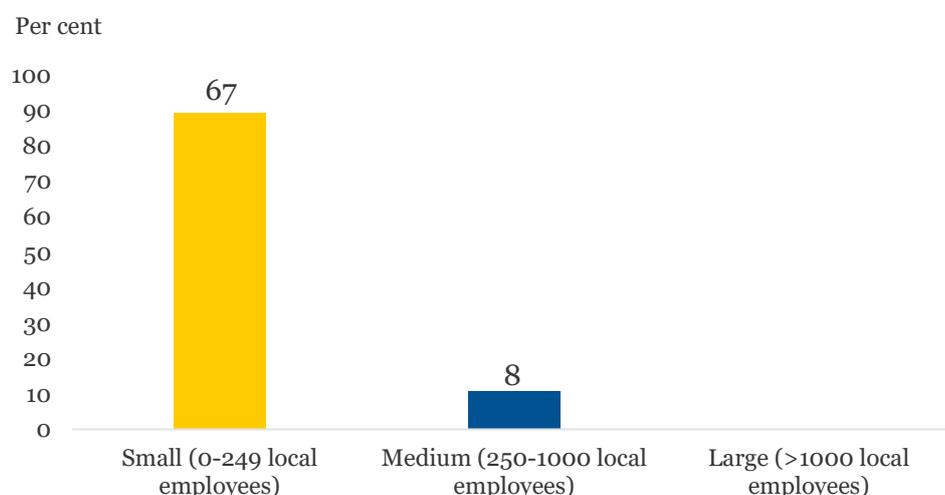
NOTE: The number of respondents for this question was 77
 - "Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

Swedish companies also range in size from smaller companies to large multi-national corporations. However, in Singapore, the majority of Swedish companies have 249 employees or less, which illustrates the still-moderate size of Swedish organisations in the country. With Singapore often serving as companies' regional headquarters, which traditionally have a lean employee base, the low headcount is not necessarily surprising. Meanwhile, 11 per cent of respondents report that they have larger organisations (250-1,000 local employees), which represents a significant increase of five percentage points compared to last year's survey. This can be explained by maintained profitability and strategy of continuous investment despite the impact of the pandemic.

"Continuous investments into SEA serve as an important enabler to our focus on organic growth."

- **Horst Wasel, Vice President, Atlas Copco**

SWEDISH FIRMS' NUMBER OF LOCAL EMPLOYEES IN SINGAPORE IN 2021



NOTE: The number of respondents for this question was 77
 - "Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

AN OPTIMISTIC OUTLOOK ON THE BUSINESS CLIMATE

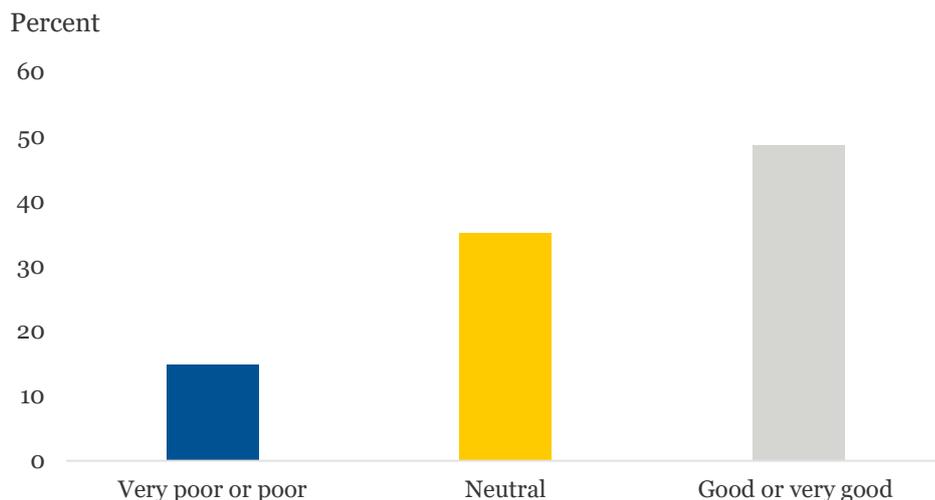
The perception of the current business climate in Singapore has slightly changed from being neutral to optimistic: 49 per cent of companies have a good or very good view; 35 per cent, a neutral view; and 15 per cent, a poor or very poor perspective on Singapore's business environment. The position represents a shift compared to the 2020 Survey, where 45 per cent of companies had a neutral view, and 19 per cent, a poor or very poor perspective on Singapore's business environment.

This reversal in survey respondents' point of view may be explained, in part, by Singapore's crisis management and pandemic containment measures. It is also important to keep in mind that some companies in our sample benefited financially from the crisis, particularly healthcare companies.

Survey respondents also shared with us their views on the challenges when operating in Singapore, which include high levels of cost, both in terms of labour and business operations. A somewhat special case is the availability of skilled personnel, which is seen as both an opportunity and a challenge. The strong Singaporean work ethic, paired with

education from renowned universities, provides companies with skilled employees in many areas. At the same time, a number of Swedish companies continue to report that they experience difficulty in finding people with the right IT and engineering skillsets. For companies with strong brands and regional presence that allow for a broad spectrum of career opportunities, attracting skilled personnel is easier. Regardless, once hired, Singaporeans tend to appreciate the Swedish work culture and stay loyal over extended periods.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN SINGAPORE?



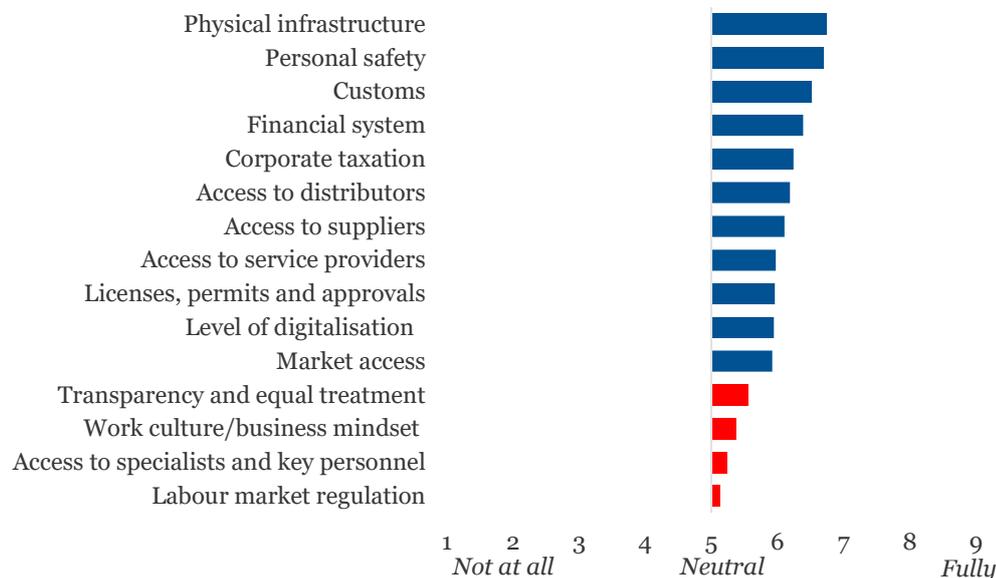
NOTE: The number of respondents for this question was 77
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 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

SINGAPORE'S BUSINESS CONDITIONS TESTED DURING THE CRISIS

When asked to which degree Swedish companies perceive that certain factors meet their needs in the Singaporean market, physical infrastructure, personal safety, and customs are seen as most suited to their expectations and needs. These areas are also high priorities for the Singaporean government, which supports their extensive development.

Swedish companies rank transparency and equal treatment, work culture, access to specialists and key personnel, and labour market regulations on the lower end of the business conditions in the survey. While these factors have been seen as challenges also in previous years, they became more prevalent during the Covid-19 pandemic, when local businesses were the primary recipients of government support and when international hiring or cross-border movement of talent became even more difficult. Singapore tightened restrictions around employment visas for foreign nationals amidst the crisis. The majority of Swedish companies interviewed cited this as a major hindrance to their operations. Some companies mentioned that this clampdown on foreign visas had pushed them to relocate certain head office operations to other countries in ASEAN even before the pandemic. Other companies said that the difficulty of bringing in foreign talent worsened during the pandemic, as they were unable to bring in technical experts and other key personnel from other country offices.

HOW WELL DO THE FOLLOWING CONDITIONS MEET THE NEEDS OF YOUR COMPANY IN SINGAPORE?



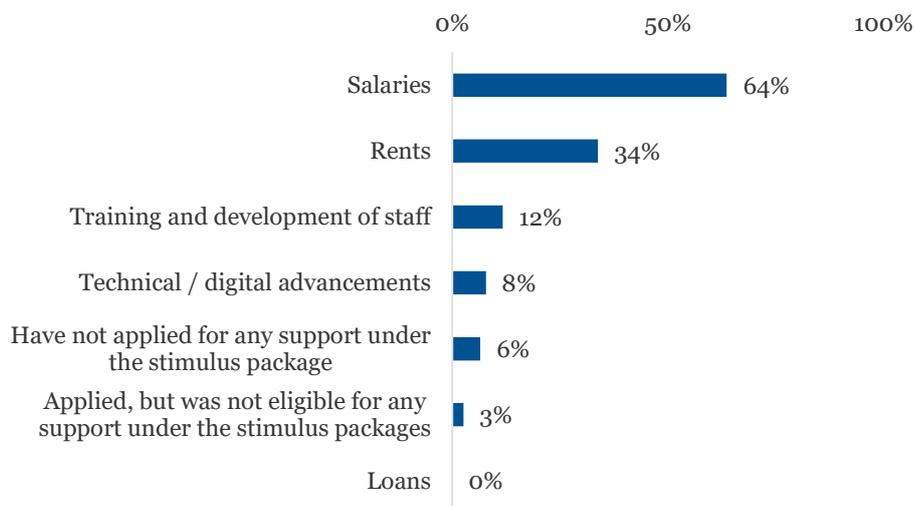
NOTE: The number of respondents for this question was 77
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

SOME SUPPORT RECEIVED BY SWEDISH BUSINESSES

During the pandemic in 2020, the Singaporean government released multiple stimulus packages targeting different areas to provide support for the economy and society. In total, over SGD 100 billion were paid out to cushion the blow of Covid-19. Swedish companies benefited from this stimulus, though not to a large extent, as the stimulus packages were limited to supporting local citizens and do not cover a large portion of the foreign workforce. Though most Swedish small- to medium-sized companies in Singapore are made up of foreign-born labour, they do also employ local workers to a certain extent, which made them eligible for some government support.

As demonstrated by the respondents, most of the companies who applied for the stimulus package also received additional funds, indicating a supportive and secure business climate especially during the global pandemic. These were primarily used to cover operational costs such as salaries and rents.

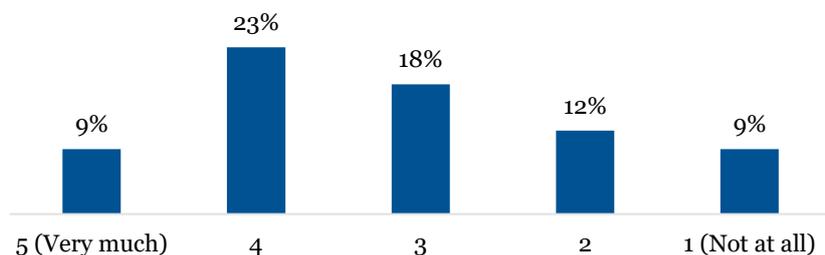
HAS YOUR COMPANY RECEIVED SUPPORT FROM THE STIMULUS PACKAGE ISSUED BY THE SINGAPORE GOVERNMENT?



NOTE: The number of respondents for this question was 77
 - Don't know/Not applicable* responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

When asked how much the financial support actually helped the companies to cope with the crisis, the view was quite fragmented. Majority of the respondents did, however, agree that the additional funds did help, rating government support three and above. It should be noted that nine per cent of the respondents were of the view that the financial support was not sufficient to help deal with the repercussions caused by the pandemic.

TO WHAT EXTENT HAS THE STIMULUS PACKAGE SUPPORTED YOUR BUSINESS IN SINGAPORE DURING THE COVID-19 PANDEMIC?



NOTE: The number of respondents for this question was 77
 - Don't know/Not applicable* responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

OPPORTUNITIES IN SOUTHEAST ASIA

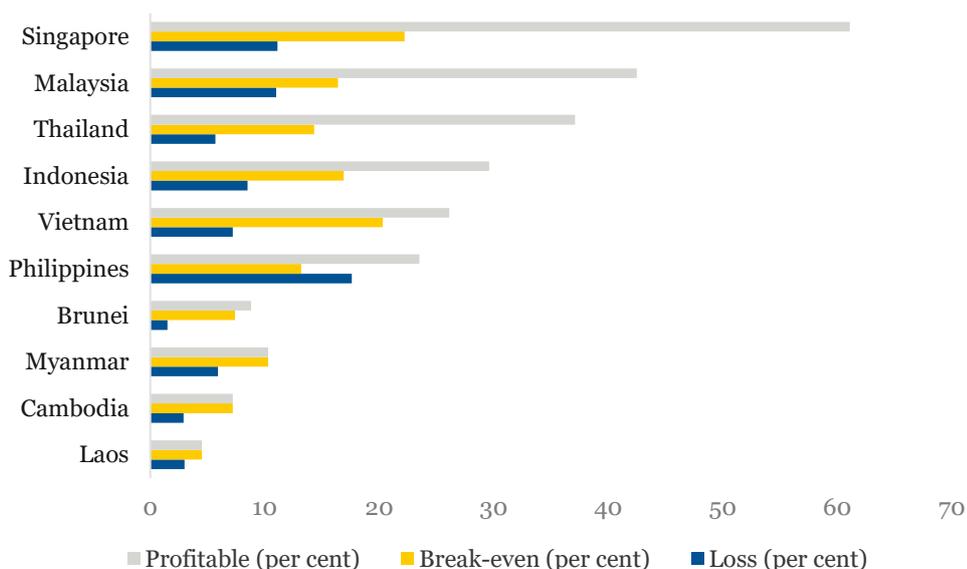
Southeast Asia is home to a diverse set of countries, which creates a region rife with opportunities with different pockets of growth. At the same time, the pandemic magnified certain challenges related to the diversity in the region: with ASEAN nations in different stages of development, there were also significant variations in their institutional and financial capacities to respond to and mitigate the impact of Covid-19. This naturally had an impact on business operations, as seen in the graph below.

Singapore, by far, appeared to have the most business-friendly environment—one that allowed over 61 per cent of surveyed companies to count 2020 as a profitable year. In the interviews, Swedish companies generally praised the Singaporean government's response to Covid-19.

"The government's pandemic response was strong, and after an initial dip, our business in Singapore has seen an impressive uptake despite the Covid-19 crisis, and as compared to many other neighboring countries"

– **Anders Liss, Country Manager Singapore and Regional Manager South Region, Scania**

HOW WOULD YOU RATE THE LISTED MARKETS IN SOUTH EAST ASIA BELOW IN TERMS OF HOW YOUR BUSINESS HAS PERFORMED (SALES) IN THE MARKET DURING 2020, AS COMPARED TO 2019.



When asked about the opportunities they saw in the region, Swedish companies affirmed Southeast Asia's continued importance as a market. However, the question of priority markets yielded different answers depending on the respective.

Swedish companies' perception of Southeast Asia has not changed materially, with Singapore, Indonesia, Vietnam, and Thailand as top destinations for future expansion. However, in contrast to last year's survey, Singapore now tops the list, which further emphasises the country's successful management during the pandemic. Indonesia and Vietnam have also both successfully managed the crisis as both countries grew more than the region average, with real GDP growth of -2.1 per cent and 2.9 per cent, respectively, during 2020. Swedish companies remain hesitant towards the frontier markets Cambodia, Brunei, and Laos – in these countries, human rights and corruption still represent barriers that make it challenging for many to operate there.

THE SWEDISH FOOTPRINT IN SINGAPORE

Within the region, Singapore has developed a multi-faceted reputation beyond simply being a hub for businesses; the excellence of its education system and its status as a hub for innovation both stand out.

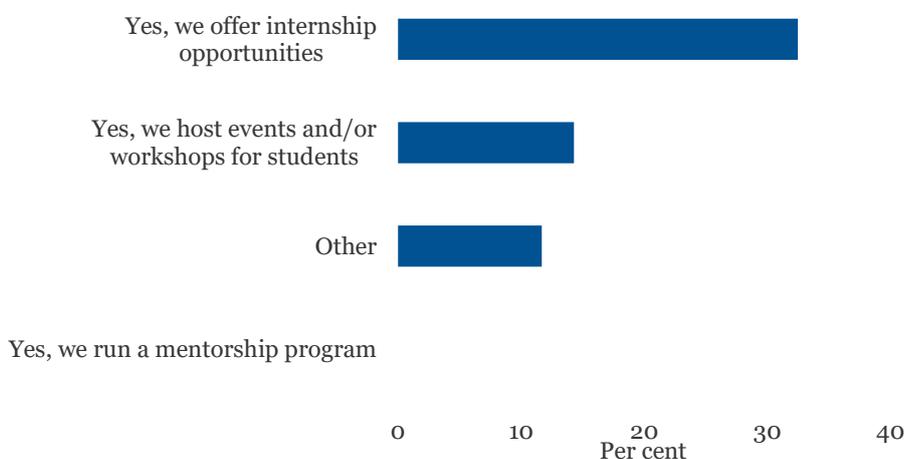
While Swedish companies generally acknowledged Singapore's strengths in innovation, their approaches have been mixed when it comes to setting up their own R&D and/or innovation centres in the country. Those with no R&D operations in Singapore at present attribute this to more practical reasons – for example, given their company's tradition of keeping R&D at headquarters in Sweden or simply because of the cost structures involved.

Other companies have taken a different approach. For example, Electrolux Singapore has established a number of R&D, design, and innovation initiatives in the country: from product management, to design, and innovation hubs - the latter an avenue to trial new business models. When asked about their company's innovation operations, Electrolux's Chief Financial Officer, Enrique Patrickson said, "Technically, our R&D centers are located with our manufacturing operations, but they take direction and report to teams in Singapore."

In addition to this, Swedish companies have also forged strong partnerships with the academia, both to support their needs as a business and to attract local talents. Over 30 per cent of the survey respondents revealed that they offer internship opportunities, while 14 per cent of the companies host events and workshops for students.

A few companies also have partnerships with universities or act as sponsors of PhD programmes or scholarships. Lars Ronquist of Saab shared their strategy, saying that they had identified Nanyang Technological University (NTU) for its strengths in Artificial Intelligence and Machine Learning; "These are key components of many of our operations. We currently have four PhD students in the programme, which has yielded good results, including internationally-published papers." Ronquist explained that PhD students in the programme typically find a place in the Saab global organisation, and emphasised that there needs to be strong linkages between industry and academia to ensure that key talent is developed.

HAS YOUR COMPANY COLLABORATED WITH ANY UNIVERSITY IN SINGAPORE TO CREATE JOB OR INTERNSHIP OPPORTUNITIES FOR STUDENTS?



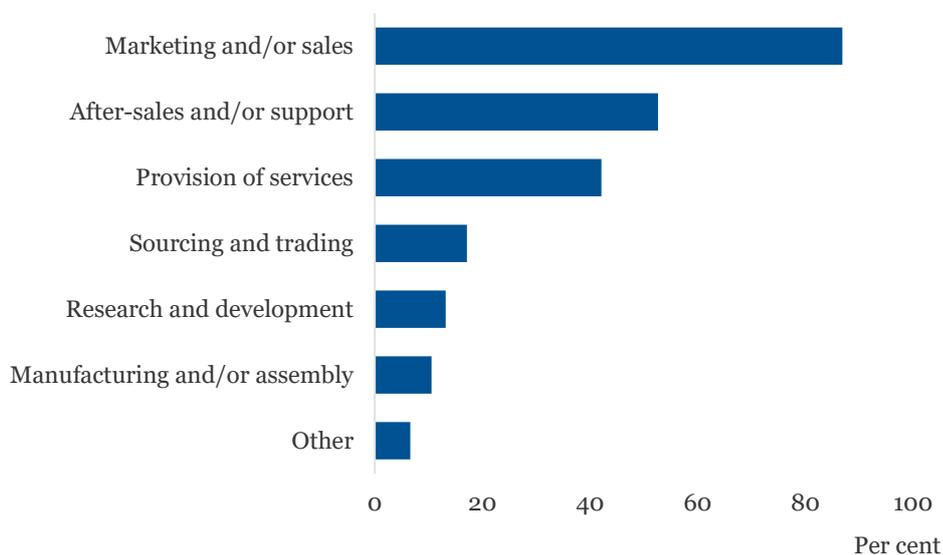
HOW SWEDISH COMPANIES SUCCEED IN SINGAPORE

SINGAPORE - A TRADING ARM FOR SWEDISH COMPANIES

A majority of companies report that their operations in Singapore are related to marketing and sales, or related services such as after-sales and support. This likely reflects the nature of most businesses who choose to establish in the region in order to access new customers in Southeast Asia.

Even though the majority of the operations carried out by Swedish companies remain the same compared to last years' report, there is a slight increase in the number of companies whose operations in Singapore have shifted to focus on R&D and manufacturing. In 2020, R&D and manufacturing-related operations comprised less than five per cent of all companies surveyed. Today, operations in R&D have more than doubled to 13 per cent, with manufacturing at 11 per cent, portraying a strategy of further investments to sustain growth during the pandemic.

OPERATIONS OF SWEDISH FIRMS IN THE MARKET

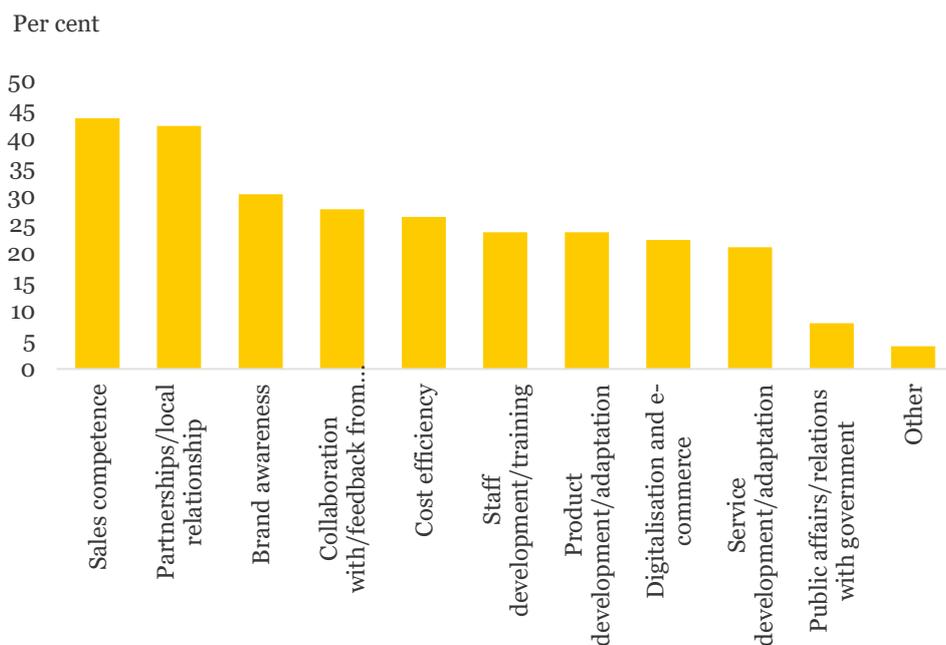


NOTE: The number of respondents for this question was 77
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SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

MULTIPLE FACTORS DRIVE COMPETITIVENESS

Multiple factors contribute to Swedish companies' competitiveness in Singapore. The most dominant ones are sales competence and partnerships/local relationships, which are seen as important by over 40 per cent of respondents. Sales competence, in particular, has spiked in importance compared to previous years - likely due to the need to drive sales despite an ongoing pandemic and decreased purchasing power of consumers or cost-cutting measures by companies. Further, even while all types of businesses recognised its importance, small Swedish companies in particular, found partnerships as especially key to their competitiveness. With Singapore as a hotspot for innovation, the environment can be competitive, which means that establishing good working relationships can be crucial for success. This also extends to navigating the uncertainties of the pandemic; as shown in Business Sweden's Covid-19 report for Southeast Asia, companies with a substantial footprint in the region maintained steady communication with important stakeholders, allowing them to better manage the impact of the crisis.

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



NOTE: The number of respondents for this question was 77
 - "Don't know/Not applicable" responses are included but not shown in figure
 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

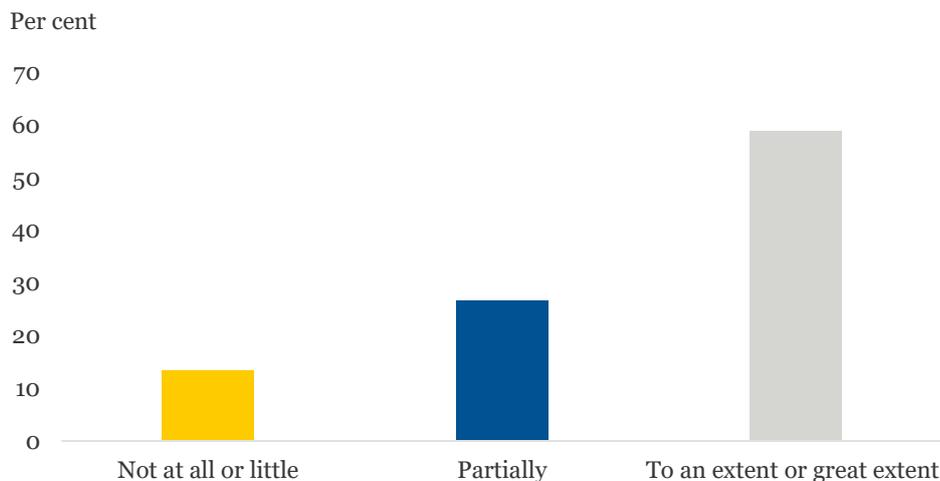
THE SWEDISH BRAND – CONTRIBUTING TO BUSINESS SUCCESS

Globally, the Swedish brand brings mainly positive benefits: sustainability practices, good governance, and poverty reduction, to name a few. This is evidenced in the Good Country Index, which ranks Sweden as the top country in the world for its net contributions to the common good of humanity, relative to its size.

In this respect, 2020 can be viewed as somewhat of a challenge, given the spotlight that international media shone on Sweden for its unique strategy of dealing with the Covid-19 pandemic. However, even with differing opinions on Sweden’s response to the pandemic, an analysis conducted by the Swedish Institute shows that the perception of Sweden as a whole has not been negatively affected.

This is also reflected in the 2021 Survey, which cites 59 per cent of respondents as stating that the Swedish brand benefits them significantly. Sweden’s innovative strength inspires Singapore, not only because of the perception that Sweden is a “smart nation” that prioritises business innovation, but also because of our social innovations such as parental leave or our emphasis on the individual employee. Indeed, the Swedish brand remains a strong contributor to business success.

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



NOTE: The number of respondents for this question was 77
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 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

ACTING SUSTAINABLY

Since its foundation in 1965, Singapore has designed policies with long-term sustainability in mind. The island nation has integrated nature into its *Garden City* and carefully managed scarce resources like water and energy. Education has been made accessible and affordable to all, while healthcare policies have been meticulously reviewed and the ageing population prioritised for subsidies.

Today, all Singaporeans enjoy clean air, water and sanitation, quality healthcare and education, and lush greenery and safe common spaces because of these policies. This is also why Singapore has been one of the central markets of interest in Southeast Asia for Swedish companies supplying the latest technologies in many sustainability-related fields.

Sustainable development is a widely used concept in public and private decision-making, increasingly highlighted in official statements and annual reports. Among other things, Singapore has expressed an ambitious vision to become the world's leading smart nation, furthering investments in connectivity, sustainable city planning, and high-tech solutions. While the market has come a long way in the last couple of years, it is still relatively nascent from a sustainability perspective. This is an area in which Swedish business brings substantial value to the local and surrounding markets, offering high-quality sustainable solutions with world class levels of innovation. It is not too bold to claim that many Swedish companies are leading in sustainable development within their sectors. This collective value proposition allows for a good match with the policy directions taken by the Singaporean government.

“To remain mindful to the potential impact of our operations, we have incorporated sustainability KPIs such as carbon reduction targets as part of our short and long term leadership incentive schemes and removed all single-use plastics in the office. We constantly introduce market-relevant campaigns to increase sustainability awareness and leverage our commitment to Shape Living for the Better. We will continue to use technology as a key driver to become innovatively more sustainable. Our Swedish heritage gives us more credibility on our sustainability messages.”

- **Enrique Patrickson, CFO & Head of Sales, Electrolux**

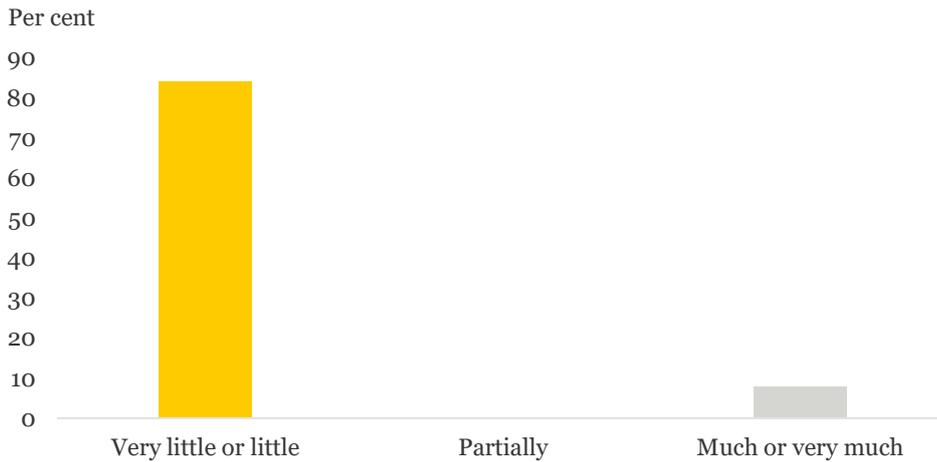
“The whole shipping industry is going through a huge transition towards being more sustainable. For the new ships that we and our peers are building today, we have a vision of zero emissions. By actively exploring types of propulsion and driving new technology through innovation and performance, we strive for a more sustainable future.”

- **Jacob Enersen, General Manager and Head of Stena Bulk Singapore**

ANTI-CORRUPTION IN SINGAPORE

Singapore has a long history of acting decisively on the topic of corruption. Indeed, this has been fundamental to the country’s success, separating it from many other Southeast Asian nations, where Singapore’s robust institutions and the strong rule of law has laid the foundation for its current, conducive business climate.

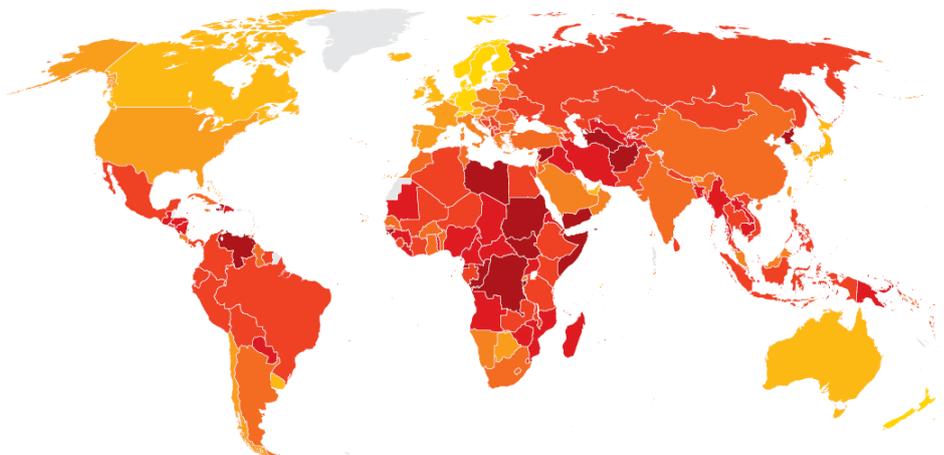
TO WHAT EXTENT DO YOU PERCEIVE THAT CORRUPTION IN SINGAPORE AFFECTS YOUR BUSINESS?



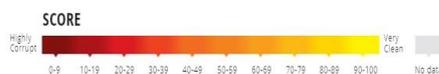
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From an international perspective, Singapore remains a best practice example as the only Asian country ranked within the top ten of the Transparency International’s 2020 Corruption Perception Index. Even more impressively, Singapore improved its already good position from last year, now ranking third alongside Sweden, Finland, and Switzerland.

CORRUPTION PERCEPTION INDEX 2020



SOURCE: Transparency International



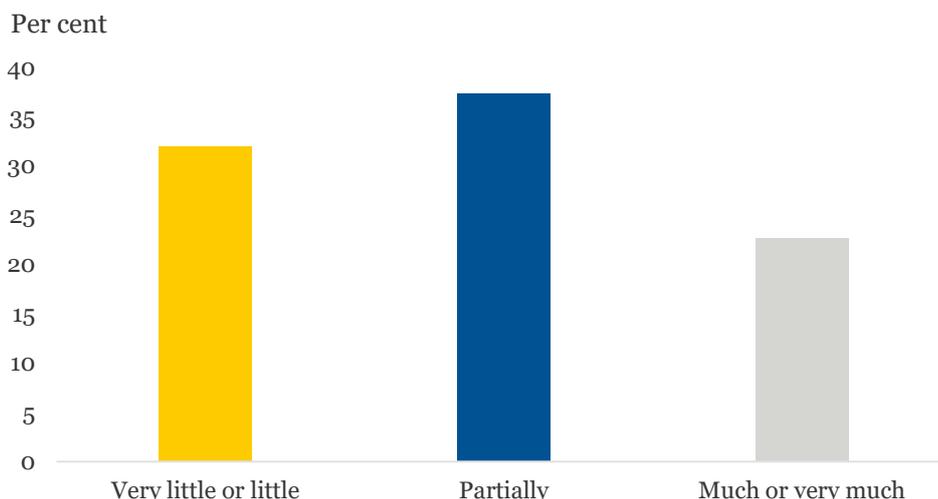
EMERGENCE OF ENVIRONMENTAL ASPECTS IN PURCHASE DECISIONS

Singapore's green efforts can be traced back to the 1960s when the country underwent rapid industrialisation and urbanisation. Former Prime Minister Lee Kuan Yew had a vision to transform Singapore into a city with abundant greenery and a clean environment. That plan materialised quickly, and in the decades following, Singapore developed a world-renowned "garden city".

Launched in 1992, the Singapore Green Plan is a continuation of that policy. It was Singapore's first environmental blueprint, setting a series of environmental targets, a policy tradition which was continued in 2002 and 2012. Singapore's historical and present-day efforts to create an environment-friendly city have instilled an environment-friendly mindset in Singaporeans and this sentiment is partially reflected in the below graph.

A caveat remains: Swedish companies report that many Singaporean customers pay very little or little attention to environmental aspects in their purchasing decisions, which is partly explained by the price sensitivity of local consumers. This pattern of behavior continues from last year, though some improvements have been seen. For example, customers having very little or little consideration for environmental aspects in purchasing decisions have decreased to 32 per cent from 43 per cent in the 2020 Survey. Conversely, there has been an increase in customers who consider environmental aspects much or very much in purchasing decisions to 23 per cent, from 20 per cent in the previous year. However, the environment is still not a top priority for local customers making purchases.

IN YOUR VIEW, TO WHAT EXTENT DO CUSTOMERS IN YOUR INDUSTRY IN SINGAPORE CONSIDER ENVIRONMENTAL ASPECTS OF A PRODUCT OR SERVICE IN THEIR PURCHASING DECISION?

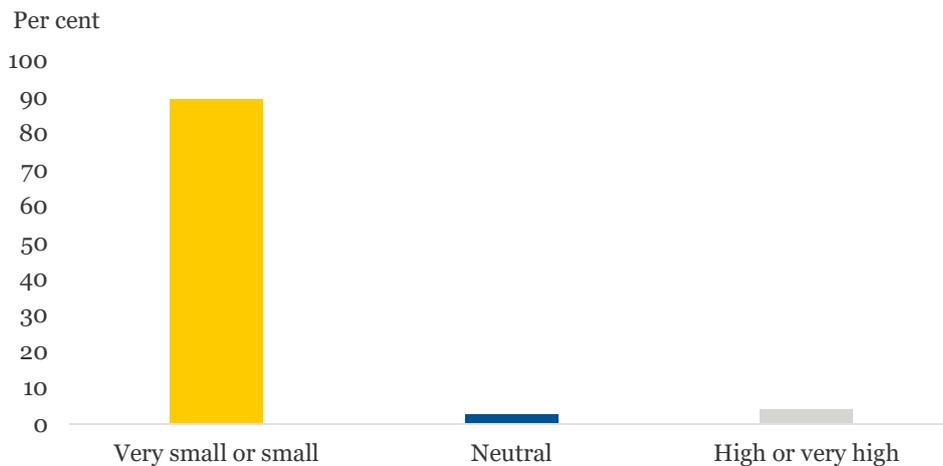


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 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

VERY LOW CHANCES OF ENCOUNTERING HUMAN RIGHTS AND LABOUR VIOLATIONS

Complementing its reputation as a country with minimal corruption, Singapore continues to uphold its reputation as a country that stands for human rights. Given existing policies and Singapore's commitment to sustainable development, the likelihood of encountering any human rights or labour violations remains very low.

HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN SINGAPORE?



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 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

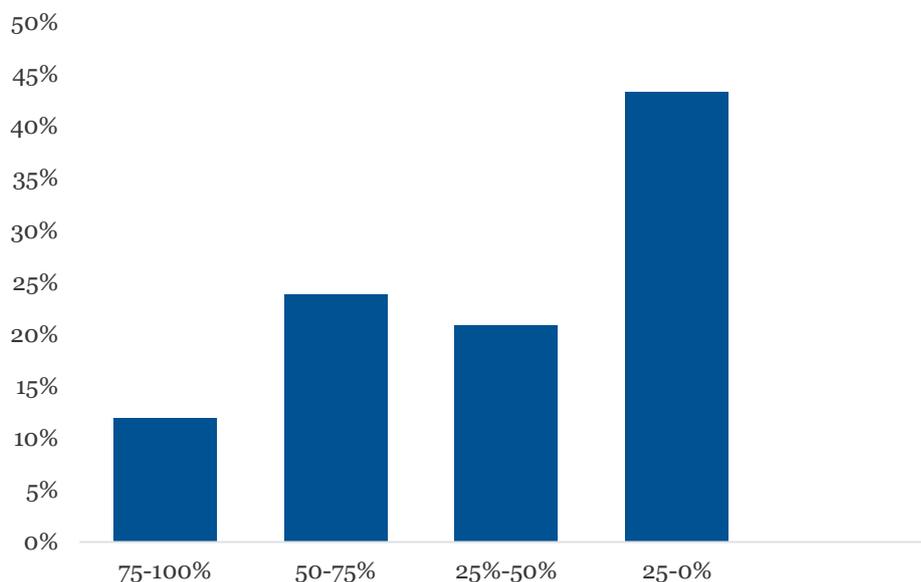
SWEDISH COMPANIES CONTINUE TO PROMOTE GENDER EQUALITY

Sweden is often considered by many as a role model in gender equality. According to the World Economic Forum's Global Gender Report 2021, it ranks as the fifth most gender equal country in the world—not surprising, considering Sweden's history of efforts to promote gender equality, including measures such as The Swedish Discrimination Act.

Swedish companies' promotion of equality extends to their operations in Singapore. Many Swedish companies are employing women in management positions in Singapore, a country that is catching up on the gender gap. Over 30 per cent of the respondents stated that 25 per cent of their management positions are held by women.

WHAT SHARE OF MANAGEMENT POSITIONS (IN THE SINGAPORE ORGANISATION) IN YOUR COMPANY ARE HELD BY FEMALES?

Per cent



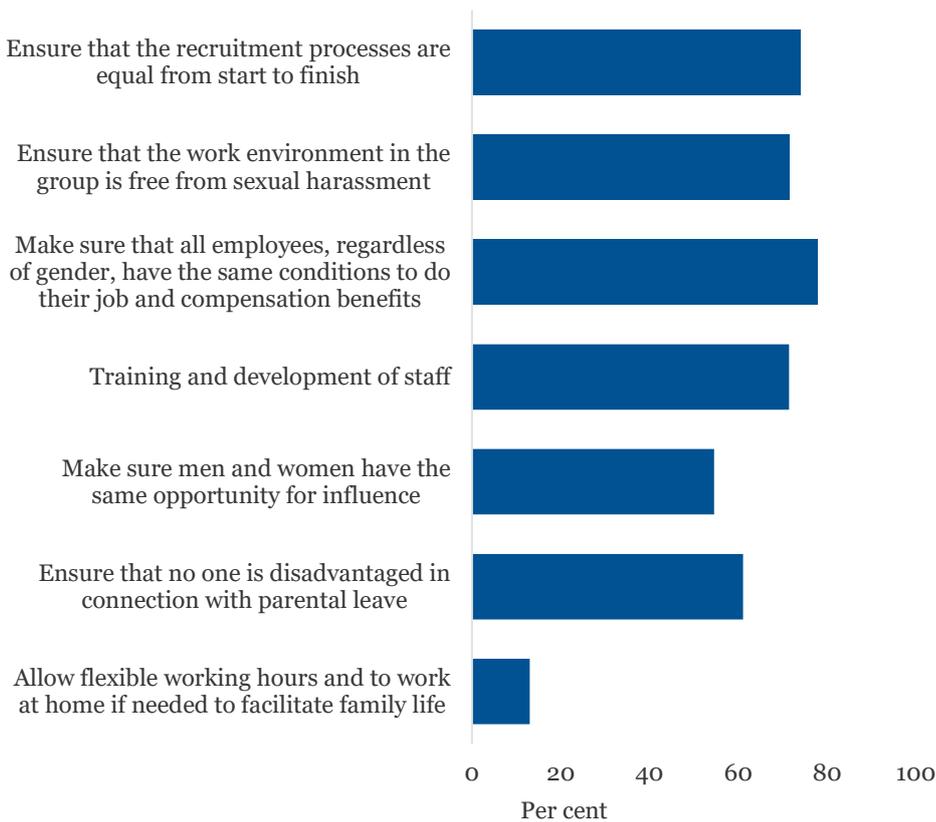
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SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

The majority of respondents have implemented active measures against harassment and gender inequality by ensuring that all employees, regardless of gender, have the same working conditions, compensation and benefits, that the work process is equal from start to end, and that the work environment is free from sexual harassment.

HOW DOES YOUR ORGANISATION WORK WITH GENDER INCLUSIVENESS / EQUALITY?



NOTE: The number of respondents for this question was 77
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 SOURCE: Business Climate Survey for Swedish Companies in Singapore 2021

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