

BUSINESS CLIMATE SURVEY

FOR SWEDISH COMPANIES
IN CANADA 2021

A report from Team Sweden in Canada

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INTRODUCTION

WELCOME TO THIS YEAR'S EDITION OF THE BUSINESS CLIMATE SURVEY FOR CANADA. Thirtyone Swedish subsidiaries participated in this survey providing insights on the overall business climate and the general market trends in Canada. We hope you will find the results informative, whether your company is considering entering the Canadian market or if you are already established in the country. The survey also provides important guidance and direction to Team Sweden in Canada to provide better support to Swedish companies with operations here.

Swedish companies have a long history in Canada, with strong engagement, entrepreneurialism, and innovative thinking. Some of the companies have been present in Canada for more than one hundred years, helping to strengthen the bilateral relations between the two countries and contributing to the prosperity of the Canadian economy. Companies will find Canada to be a stable, growing, competitive market, open to trade with foreign companies. In addition, new opportunities are provided under the Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union.

Looking ahead, as we recover from the impact of the Covid-19 pandemic and get ready to seize new opportunities, we see significant Canadian resources focusing on innovation in areas such as renewable energy and clean technology, advanced manufacturing, artificial intelligence, biotechnology, sustainable mining and life sciences. These ambitions align well with Swedish expertise and create opportunities for companies to enter the Canadian market in many different sectors.

Finally, we would like to thank the companies who participated in this survey. We encourage anyone interested in the Canadian market to reach out to Team Sweden for more information and support.



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SUMMARY

The survey shows that the Canadian market offers excellent expansion opportunities for Swedish companies. Canada is a stable, growing and competitive market, open to trade with foreign companies. Canada is recovering well from the initial shock of the Covid-19 pandemic with highly engaged federal and provincial government bodies. Below are the key takeaways from this year's survey.

KEY TAKEAWAYS

87%

of the respondents plan to maintain or increase investments in Canada. This indicates a strong positive outlook and belief that the Canadian market will recover.



Swedish companies find that the large majority of Canadian consumers consider environmental aspects when purchasing products and services.



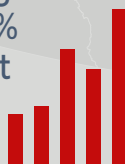
81%

of respondents perceived little or **very little corruption** in Canada. **87%** of respondents perceived the risk of encountering **human rights abuses as very small** or small.

71%

of respondents state that the Swedish Brand contributed significantly to their business in Canada.

Swedish companies' overall perception of the business climate has dramatically improved. The number of companies that viewed the climate as good or very good increased by 15% compared to last year's survey (April 2020).



97%

An overwhelming 97% of companies indicated that **marketing and sales** was one of their primary operations in the Canadian market.



During the COVID-19 pandemic, many subsidiaries of Swedish companies received **financial support** from the **Government of Canada**.



BUSINESS CLIMATE SURVEY 2021

KEY FINDINGS

KEY FINDINGS

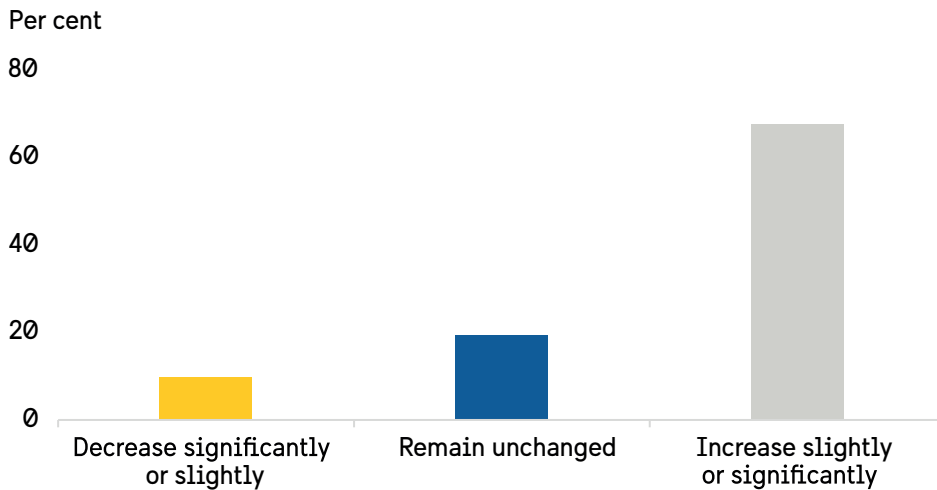
POSITIVE ECONOMIC OUTLOOK

Many Swedish companies are taking steps to increase their investments in Canada; 68 per cent of the respondents are planning to increase their investments followed by 19 per cent who are planning to make no changes. This means that 87% of the respondents still plan to maintain or increase investments.

The data collected in 2021 greatly contrasts the 2020 survey, where only 27 per cent of survey respondents planned to increase their investments and 30 per cent planned to leave their investment levels unchanged over the next three years. This data indicates a more positive outlook and a strong belief that the Canadian market will recover.

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

INVESTMENTS WILL ...



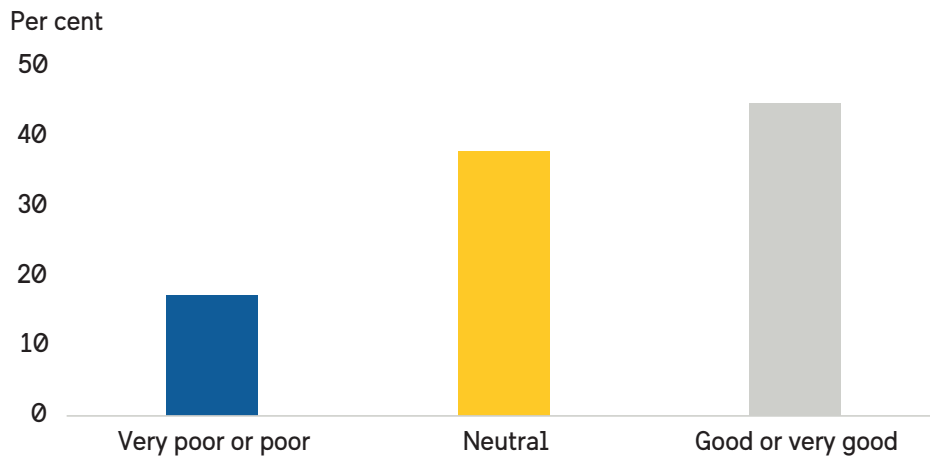
KEY FINDINGS

IMPROVEMENT IN BUSINESS CLIMATE

Compared to the 2020 business climate survey, Swedish companies' overall perception of the business climate has dramatically improved. The number of respondents who perceived the climate as poor or very poor dropped from 30 per cent in 2020 to 17 per cent in 2021. In parallel, the amount that viewed the climate as good or very good increased from 30 per cent to 45 per cent.

Notably, this survey was carried out during the third wave of Covid-19 in Canada in spring 2021.

HOW DO YOU PERCEIVE THE CURRENT BUSINESS CLIMATE IN CANADA?



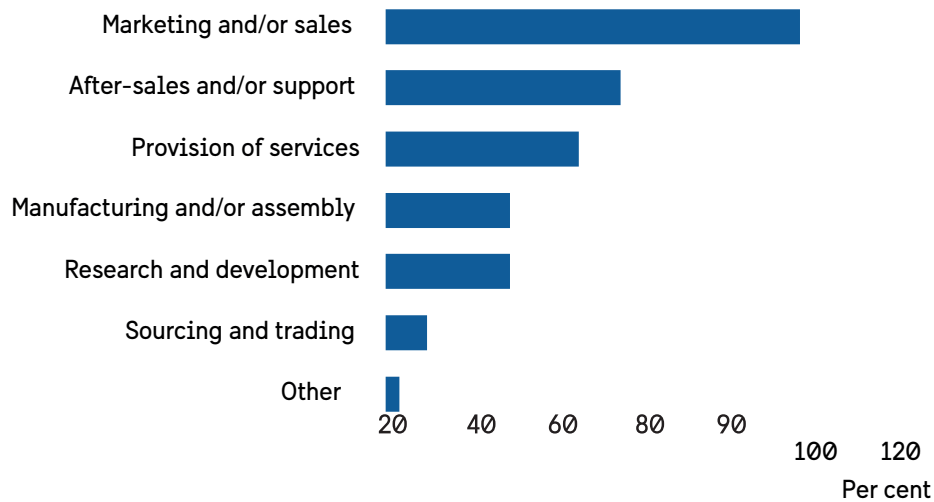
KEY FINDINGS

CANADA IS A SALES AND MARKETING HUB

Marketing and sales have historically been the most prominent function of Swedish companies operating in Canada, and the trend in 2021 remains strong. An overwhelming 97 per cent of companies indicated that it was one of their primary operations in the market. It is common for Swedish firms to establish regional sales offices in Canada to service both the Canadian and other North American markets.

Business Sweden has noted an increase in the number of Swedish companies establishing corporations in 2021 in Canada. The analysis of these companies indicates that they intend to use their new operations for sales purposes of Swedish products in the North American market.

WHAT OPERATIONS DO YOU CARRY OUT IN CANADA?



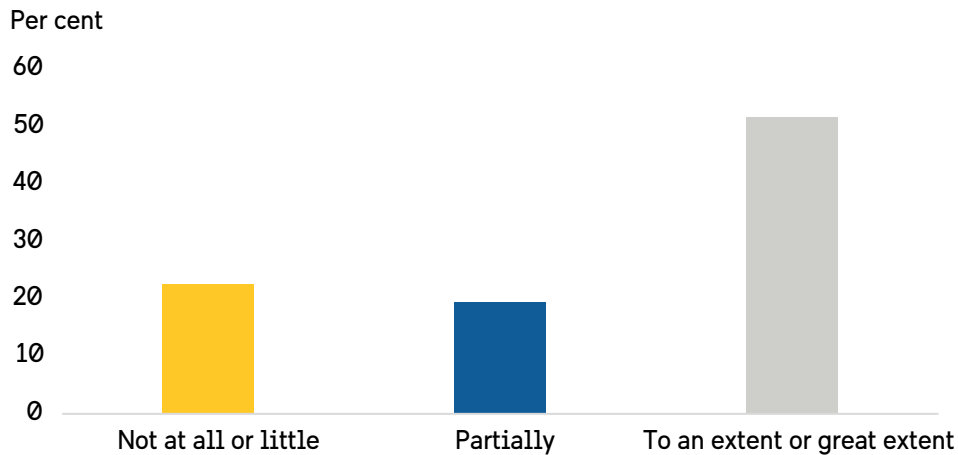
KEY FINDINGS

THE SWEDISH BRAND REMAINS STRONG

The Swedish brand had an increased positive impact compared to the 2020 survey. In fact, 71 per cent state that the Swedish brand had a significant impact on their business in Canada compared to 63 per cent in the previous year.

Only 23 per cent of the Swedish companies report that the Swedish brand does not have any or minor contribution to their business in Canada. This number decreased from last year's survey by 7 per cent, indicating that Swedish businesses are experiencing a greater benefit from using the Swedish brand.

TO WHAT EXTENT WOULD YOU ESTIMATE THAT THE "SWEDISH BRAND" CONTRIBUTES TO YOUR BUSINESS IN CANADA?





HUSQVARNA GROUP'S 2020
SUSTAINOVATE REPORT
SHOWS HOW IT WILL LEAD
THE INDUSTRY IN THE
SHIFT TO A LOW-CARBON,
RESOURCE-SMART ECONOMY.

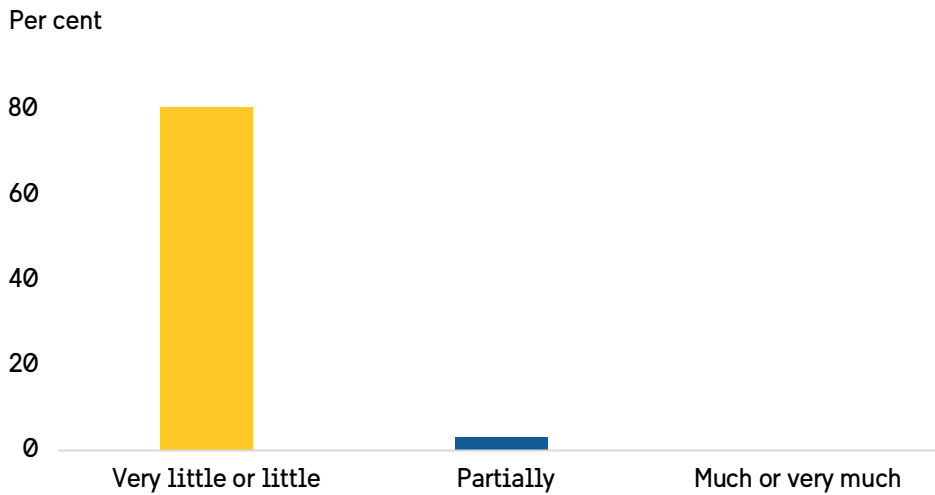
KEY FINDINGS

LOW PERCEPTION OF CORRUPTION

Canada consistently ranks high when it comes to respect for human rights and anti-corruption. Many Swedish companies find the Canadian market similar to Sweden's in these aspects. Freedom House, an organization that tracks democratic, human rights and liberty data, ranks Sweden as third globally and Canada as seventh. (Freedom House, 2020)

The result of this survey confirms these findings. 81 per cent of respondents perceived little or very little corruption in Canada. 87 per cent of respondents perceived the risk of encountering human rights abuses as very small or small (Chart in appendix).

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



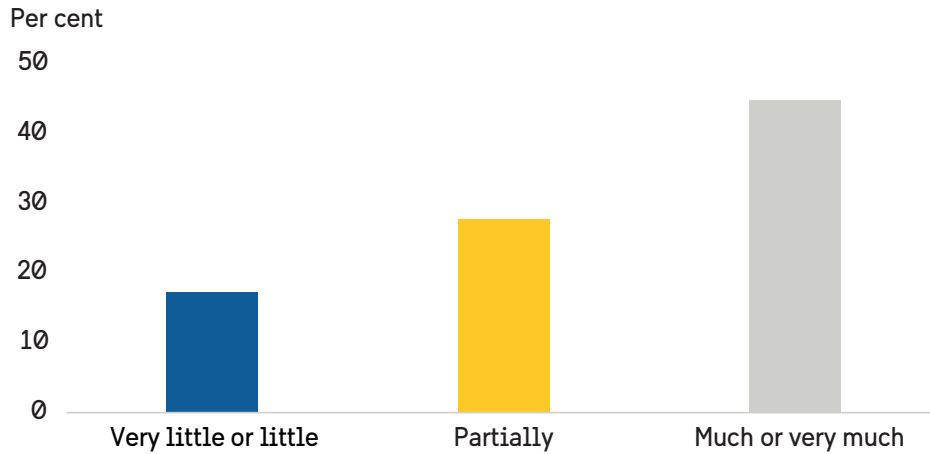
KEY FINDINGS

ENVIRONMENTALLY FOCUSED SOLUTIONS WORK

Swedish companies find that the large majority of Canadian consumers consider environmental aspects when purchasing products and services.

45 per cent of the Swedish companies compared to last year's 37 per cent, report that they perceive that Canadian consumers consider environmental aspects to a great or very great extent.

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



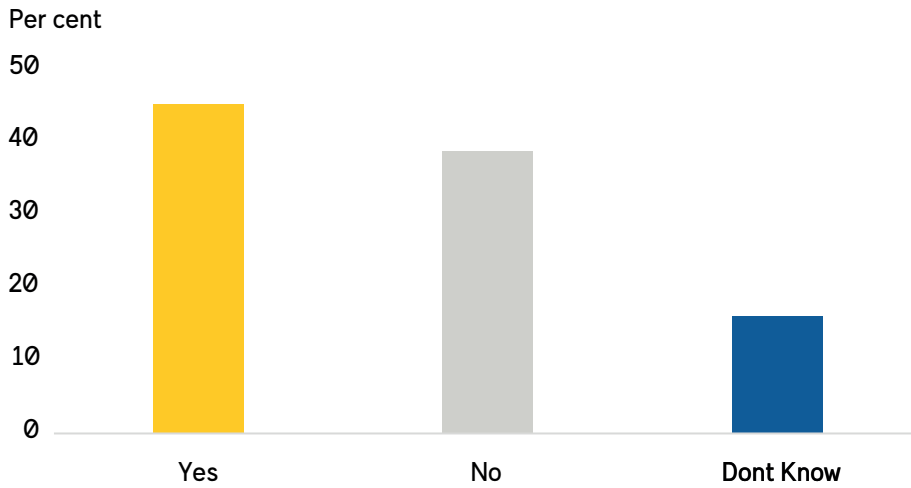
KEY FINDINGS

GOVERNMENT SUPPORTS COMMERCIAL ACTIVITY

Throughout the Covid-19 pandemic, various government programs were launched in Canada at the federal and provincial levels to support businesses. Some of the programs aimed at subsidising rent and wages.

During the Covid-19 pandemic, many subsidiaries of Swedish companies received financial support from the government of Canada. Swedish firms with locally incorporated subsidiaries could access the same types of funds and programs as their Canadian counterparts.

HAS YOUR COMPANY RECEIVED FINANCIAL SUPPORT FROM THE FEDERAL OR PROVINCIAL GOVERNMENT'S RESPONSE PLANS DURING COVID-19?



An aerial photograph of a city skyline at dusk, featuring the CN Tower and several skyscrapers. The image is overlaid with a dark blue gradient.

BUSINESS CLIMATE SURVEY 2021

STORIES OF DOING BUSINESS IN CANADA

EPIROC CANADA – LEADING THE CHARGE ON SUSTAINABLE SOLUTIONS

As the mining industry progresses, spurred on by innovative ways to maximize productivity, mining customers are putting additional focus on sustainability that supports business continuity while limiting their environmental footprint.

THE BENEFITS OF THIS APPROACH EXTEND DIRECTLY TO EMPLOYEES – zero emissions mining provides a healthier work environment for miners and reduces ventilation costs in the process. Longer service intervals on Battery Electric Vehicles (BEVs) allow for uninterrupted production and the high-energy density batteries are easily swappable for continuous operations.

In Canada, the world's first Batteries as a Service (BaaS) agreement was finalised between Epiroc and Vale at the tail end of 2020 and Epiroc will provide 10 BEVs for two separate mine sites as part of the deal. The BaaS offering further supports the sustainability

goals of mining customers by helping to define the overall battery needs of their operation and increasing or decreasing the capacity accordingly. Epiroc takes ownership of the battery and automatically replaces and updates the units as needed while carefully monitoring the status to ensure predictive maintenance and sustainable productivity.

With Canada as a key market for electrification, Epiroc will be setting up a competency hub to help connect electrification solutions with mining customers across the country. The overarching goal is to cut CO2 emissions in half, which will be attainable through continued investments in battery and other non-fossil fuel technologies.



SPROUD: THE SWEDISH START-UP BRINGING PLANT-BASED MILK DISRUPTION TO CANADA



As demand for plant-based alternatives continues to rise, Sweden-based start-up, Sproud, is already shaking up the Canadian market following the 2020 launch of its delicious pea-based beverages.

MADE WITH YELLOW SPLIT PEAS, SPROUD HAS 5X THE PROTEIN of almond milk and 75 per cent fewer carbs than oat milk, making it one of the healthiest dairy alternatives available for cooking, smoothies, and coffee. Also, since peas require much less water to grow, Sproud has a much lower carbon footprint and less water waste than other kinds of milk, ultimately restoring and increasing productivity of the soil. With a silky, creamy texture and a neutral taste that is as close to traditional dairy milk as you can

get, Sproud is THE plant-based milk alternative.

Since Canada is already the leading pea producer worldwide, it is no surprise that Sproud decided to set up its North American production at a large Tetra Pak manufacturer in Toronto. Sproud already sources many of its ingredients in Canada and aims to supply 100 per cent of its North American production via Canadian sourcing and manufacturing by 2022. Sproud is available on Canadian shelves nationally at Loblaws and is coming soon to Sobey's and SaveOn Foods in Fall 2021.

SproudTM



FJÄLLRÄVEN: EXPLORES ALTERNATIVES TO FOSSIL-BASED MATERIALS

Fjällräven’s builds every product with durability and longevity in mind. We know that a product with a long life reduces environmental impact and results in less waste.

WITH OUR RE-KÅNKEN AND TREE-KÅNKEN PROJECTS we set out to go further by reducing the environmental footprint of the Kånken and exploring alternatives to virgin fossil-based raw materials. The Re-Kånken was launched in 2016, made with recycled polyester fabric from post-consumer plastic water bottles. The material is dyed with SpinDye® technology which radically reduces the amount of water, energy and chemicals used compared to traditional dye processes.



”At a time when access to nature is more critical than ever, Power To Be’s adaptive recreation programs support the more vulnerable members of our community. These programs provide access to nature through accessible, inclusive activities including hiking, kayaking, canoeing, camping and outdoor skills. Support for these programs helps us provide the equipment and support required to help our participants experience the physical and psychological benefits of nature.” Tim Cormode, Chief Executive Officer at Power To Be.

Building on the innovation of Re-Kånken, the Tree-Kånken explores alternatives to fossil-based materials by introducing lyocell fabric into the Kånken Family. This unique backpack is made from Pine Weave, a new 100 per cent plant-based fabric made with wood pulp from spruce and pine trees sustainably grown in northern Sweden.

to experience nature. Fjällräven is proud to support Power to Be, a Canadian organization, that helps bring inclusivity to experiencing adventure and being in nature by providing support to those with cognitive, physical or any other kind of barrier. Through the Arctic Fox Initiative Fjällräven will support Power to Be with a contribution of \$35.000,- CAD.

Our mission at Fjällräven is to inspire people to walk with nature and we believe that everyone should have the opportunity and support



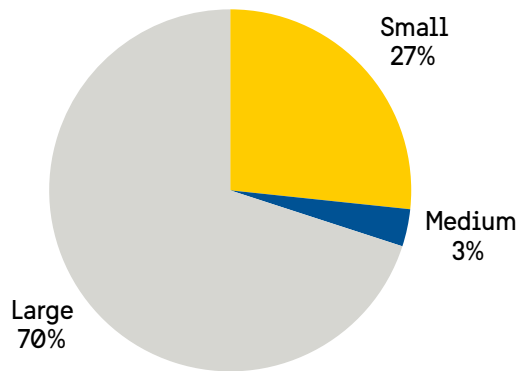
BUSINESS CLIMATE SURVEY 2021

APPENDIX

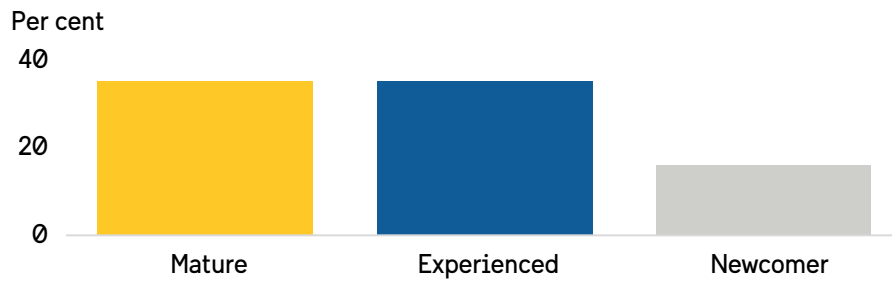
APPENDIX

ABOUT THE RESPONDENTS

SIZE OF COMPANIES THAT RESPONDED



AGE OF COMPANIES THAT RESPONDED

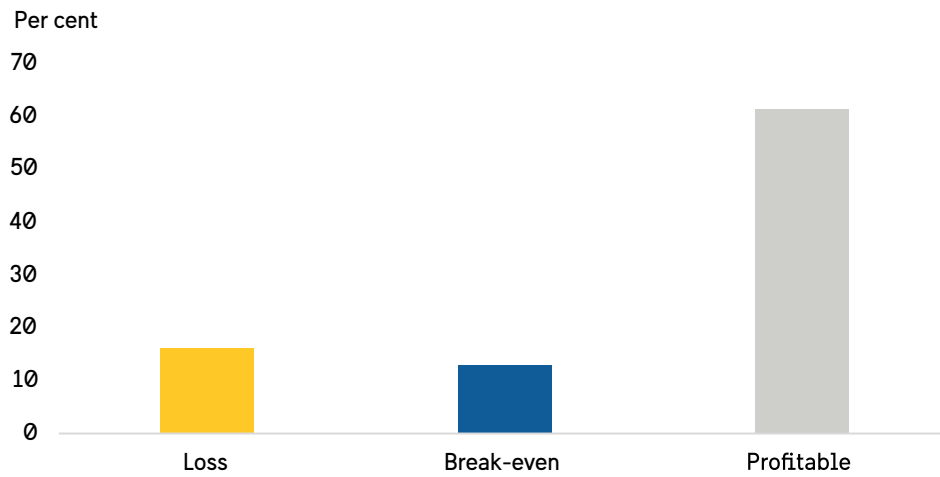


SOURCE: Transparency International.

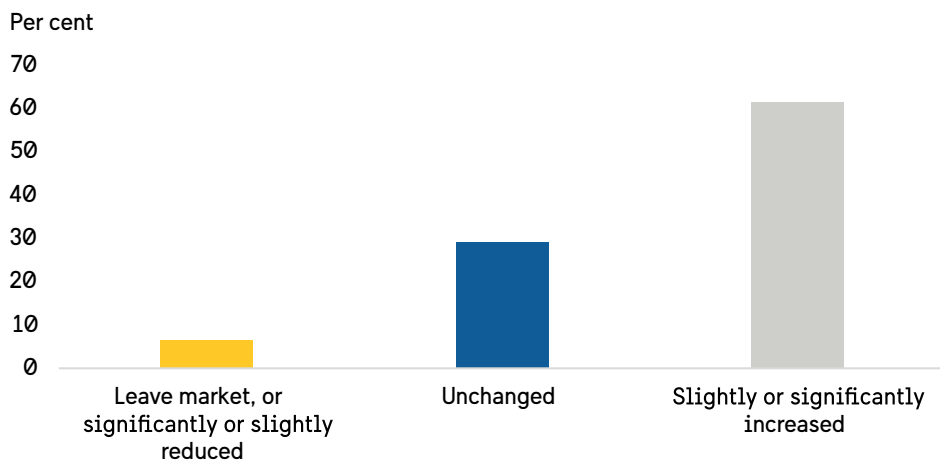
APPENDIX

OTHER SURVEY QUESTIONS

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



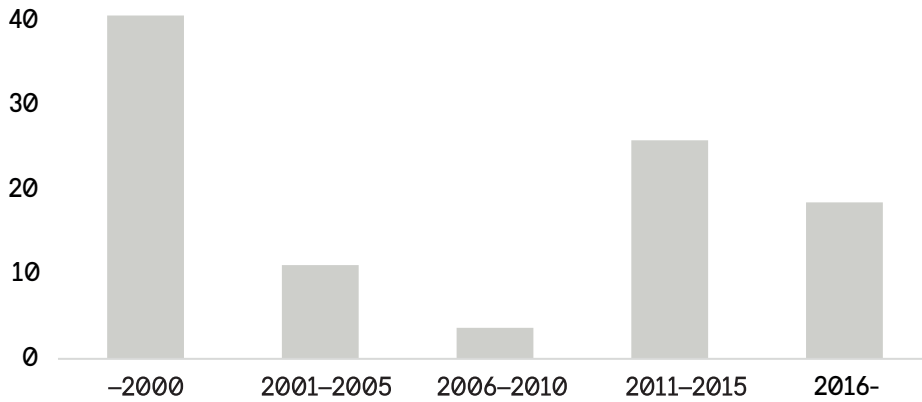
WHAT ARE YOUR COMPANY'S INVESTMENT PLANS FOR THE COMING 12 MONTHS IN CANADA, COMPARED TO THE PAST 12 MONTHS? INVESTMENTS WILL BE...



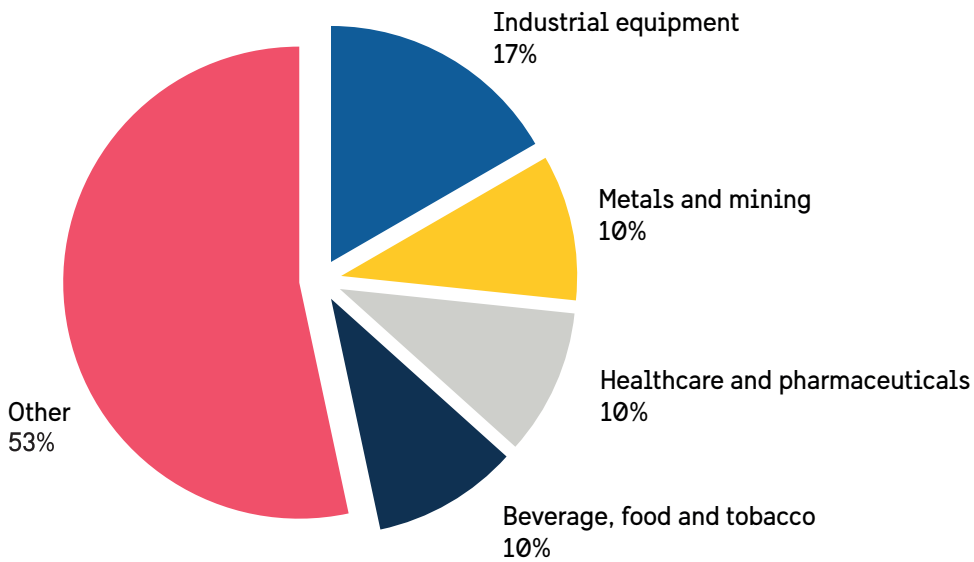
APPENDIX

IN WHAT YEAR DID YOUR COMPANY ESTABLISH OPERATIONS IN CANADA

Per cent

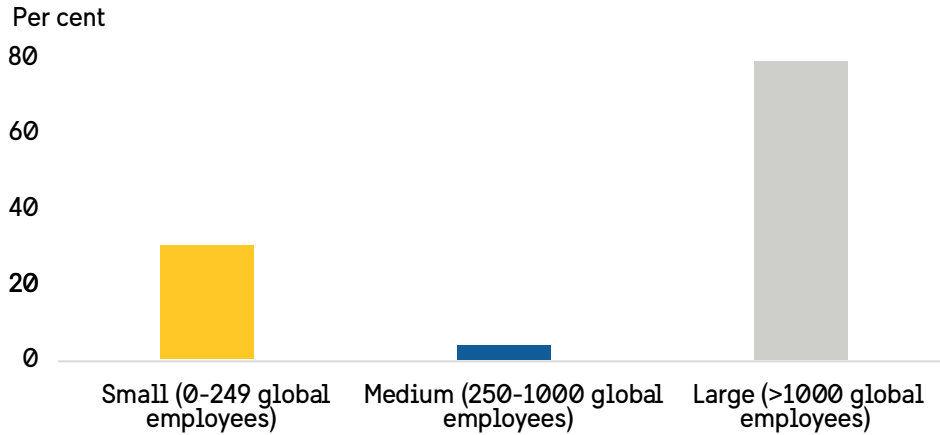


WHAT IS YOUR COMPANY'S MAIN INDUSTRY IN CANADA?

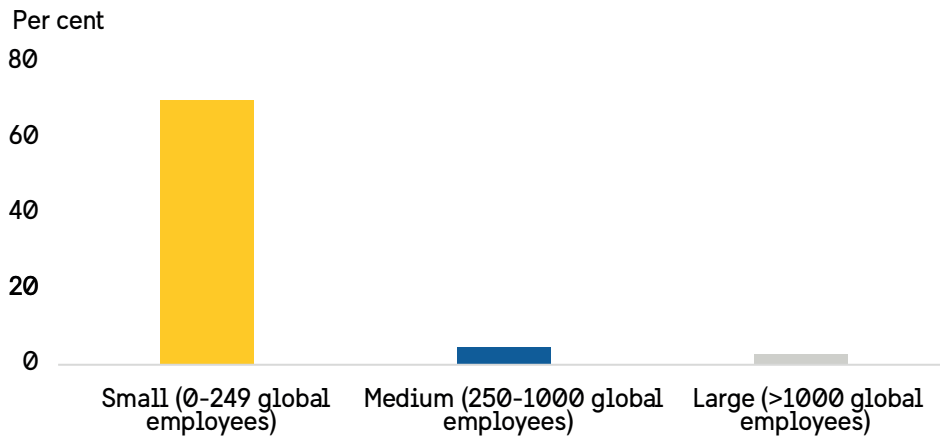


APPENDIX

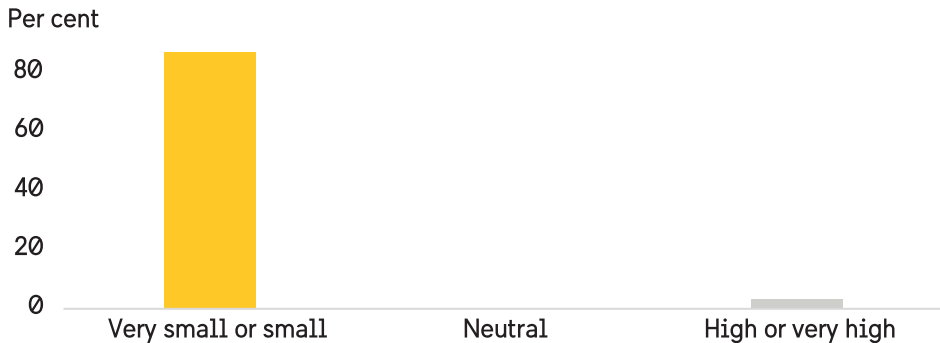
PLEASE ESTIMATE: A) THE GLOBAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN 2021



PLEASE ESTIMATE: B) THE LOCAL NUMBER OF EMPLOYEES (FULL-TIME RESOURCES) IN YOUR COMPANY IN CANADA IN 2021

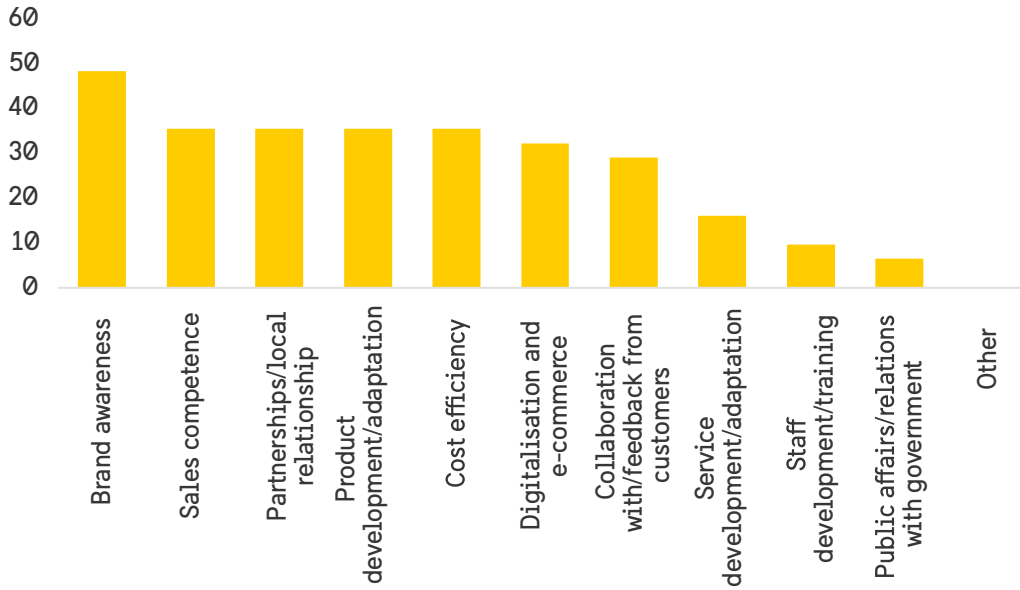


HOW DO YOU PERCEIVE THE RISK OF ENCOUNTERING HUMAN RIGHTS VIOLATIONS AND/OR LABOUR RIGHTS ABUSES WHEN CONDUCTING BUSINESS IN CANADA?

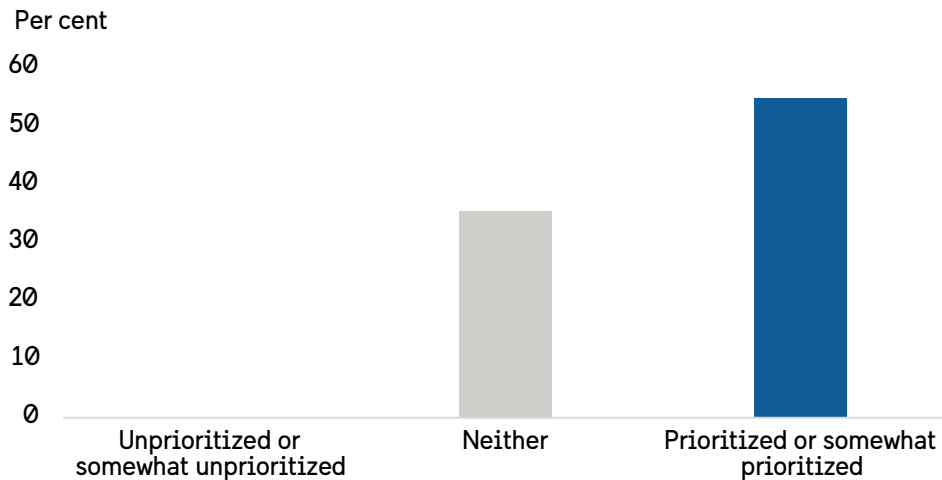


APPENDIX

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



TO WHAT EXTENT DOES YOUR COMPANY PRIORITISE GENDER EQUALITY AND FEMALE LEADERSHIP IN YOUR CANADIAN OPERATIONS?



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