

NORDIC CEOs' VIEW OF RAISED CLIMATE AMBITIONS IN THE NORDIC COUNTRIES

– An interview study among leading
businesses in the Nordics





The IPCC report confirms that we have a burning world, and it paints a scary picture. If we needed any incentives or motivation to think about how to move faster, this report provides it quite clearly.

Søren Skou, CEO of A.P. Møller – Mærsk A/S

Authors: Deniz Butros and Nina Ekelund, Haga Initiative

Layout: Caroline Gränsbo, Haga Initiative

Cover photo: Nikola Johnny Mirkovic

Steering group: Björn K. Haugland, Skift Business Climate Leaders (NOR) Jenny Rogdo, Skift Business Climate Leaders (NOR), Jouni Keronen CLC Finland (FIN), Senni Raunio, CLC Finland (FIN), Nina Ekelund, Haga Initiative (SWE), Deniz Butros, Haga Initiative (SWE), Ulrika Erkenborn Rugumayo, Haga Initiative (SWE)

Reference group: Anders Turesson, chair (SWE), Jeanette Krantz (SWE), Hugi Ólafsson (ISL), Taru Savolainen (FIN), Bo Storrånk (FIN), Elin Økstad (NOR), Kiristine Jespersen (DEN), Laura Hoffman (DEN), Marie Karlberg (Nordic Council of Ministers), Hans Jakob Eriksen (Nordic Council of Ministers)

This report has been conducted by [Haga Initiative](#) (SWE), [Skift Business Climate Leaders](#) (NOR), and [Climate Leadership Coalition](#) (FIN) and is financed by the Nordic Council of Ministers.

TABLE OF CONTENT

TABLE OF CONTENT	3
EXECUTIVE SUMMARY	4
KEY FINDINGS	5
BACKGROUND	6
INTRODUCTION	7
THE REPORT	8
RESULTS	9
COMPANIES' REACTION ON THE IPCC REPORT OF 2021	9
CLIMATE CHANGE AS THREAT AND ENABLER	11
IS YOUR COMPANY ALIGNED WITH THE 1.5°C TARGET?	14
THE COVID-19 PANDEMIC'S IMPACT ON COMPANIES' CLIMATE TRANSITION	16
THE ROLE OF POLICY	18
TRACKS TO TRANSITION	25
Track 1: From linear to circular	25
Track 2: Skills development in the 2020's	27
Track 3: Promising innovative green technologies in the Nordics	29
Track 4: Measuring foot and handprints	31
MESSAGE TO NORDIC POLICY MAKERS	33
MESSAGE TO BUSINESS	35
ANALYSIS	37
APPENDIX A: INTERVIEW QUESTIONS	40
APPENDIX B: INTERVIEWED COMPANIES	41

EXECUTIVE SUMMARY

Current Paris Agreement pledges will limit global warming to no less than 3.2°C by the end of the century. In order to reach the 1.5°C target, pledges must be fivefold. The Nordic Council of Ministers have set the vision “The Nordic region will become the most sustainable and integrated region in the world in 2030.” and the overall aim of this study is to examine Nordic business leaders view on climate change, what business need from policy, how business have been affected by COVID-19 and other geopolitical changes.

The 40 respondents represent companies with approximately 1.2 million employees across the globe. The aggregated revenue of the companies is around 326 billion EUR, corresponding to approximately 24 percent of the GDP of the Nordic region.

The results shows that Nordic business leaders have a grave concern on climate change and its consequences. All of the respondents regarded climate change as a threat. The leadership of these Nordic enterprises were alarmed but also felt big commitment and responsibility to be a part of the solution by aligning with the 1.5°C target. The COVID-19 pandemic had small negative effects on the Nordic climate transition, it has rather given new perspectives on how to handle a severe crisis.

Nordic business leaders are not opponents to policy makers, they are on the contrary asking policy makers to collaborate and ask for strong incentives. The Nordic business leaders are clear about which incentives they want to see. It's about both carrots and sticks. The majority of business leaders preferred carbon pricing, either in the form of carbon tax or emission trading scheme, as an instrument for decarbonization. Most of the interviewed business leaders had low carbon products but many of the respondents stressed the high costs of renewable, circular and low carbon pathways.

In addition to carbon pricing also, strict legal instruments such as prohibition and binding carbon disclosures were presented by several interviewees.

Climate transformation spurs Nordic competitiveness on a global market while they're also developing inclusive, welfare societies – the Nordic region can become the most sustainable region in the world by joining forces with business and national governments.

KEY FINDINGS

The result of this report shows that business leaders have a grave concern on climate change and its consequences. All of the respondents regarded climate change as a threat. The leadership of these Nordic enterprises were alarmed but also felt big commitment and responsibility to be a part of the solution by aligning with the 1.5°C target.

Policy incentives

The most needed incentives for a faster climate transition, reflected by the companies are:

- **Carbon pricing through taxes, emission trade scheme or other**
- **Higher climate requirements in public procurement**
- **Binding and transparent methodology on companies' climate reporting**
- **Phase out fossil fuel subsidies, or prohibit fossil fuels**

Almost all responding companies are working with circularity and five themes came up when asking about the obstacles: Lack of recycled raw materials, legislation, and costs.

The green transition will create more jobs compared to the gray economy. Skills development is considered as key for company development. Skills developments are on all companies' agendas. Companies responded a need for the following skills in their sector:

- **Digitalization**
- **AI**
- **ESG**
- **Sustainability**

Further collaboration with Nordic companies and policy makers

When asking the Nordic business leaders what they would like to discuss with Nordic policy makers it is clear that they ask for higher climate ambitions, collaboration, public private partnerships, and integrating climate in other policy areas. Carbon taxes were especially stressed as good incentives. The Nordics is a good stakeholder to show the world how sustainability can be implemented, but the European Union is now seen as frontrunners.

“Act not talk” is the key message from the Nordic business leaders to other CEOs. Collaboration with other companies is vital to the success of decarbonisation. There is a need for companies to discuss value chain cooperation, partnerships and to collaborate to push policy for higher climate ambitions.

BACKGROUND

Current Paris Agreement pledges will limit global warming to no less than 3.2°C by the end of the century. In order to reach the 1.5°C target, pledges must be fivefold¹. While greenhouse gas emission increases worldwide – they are decreasing in the Nordic region. The Nordics have a history of climate leadership; Finland and Sweden were the first to set carbon taxes in the beginning of 1990's and have had stronger domestic targets than what is required from the international community.

The Nordic Council of Ministers financed a similar study in 2018, then focusing on climate transition and profitability. The study resulted in the report *Nordic businesses on climate transition, competitiveness, and growth – An interview study among leading businesses in the Nordics*² which concluded that climate transition within companies:

- **Creates new business opportunities**
- **Reduces costs through energy and resource efficiency**
- **Strengthens employer branding, and employees are more satisfied**
- **Increases customer demand which leads to increased sales**
- **Creates a demand for environmental requirements in public procurement**

The climate transition has evolved since 2018. The IPCC published their special report *Global warming of 1.5°C*³ in which they stated that human activities already have caused approximately 1.0°C of global warming above pre-industrial level and that there will be severe consequences even with a 2°C warming. That report shift focus from the 2°C target towards the 1.5°C ambition in the Paris Agreement.

The COVID-19 pandemic resulted in a decrease of 7 percent of global greenhouse gases compared to 2019, but these effects will have a negligible climate impact due to temporarily changes. The emissions began to rise again in 2021 in correlation to the vaccination programmes and are already back to normal levels in end of 2021. However, the pandemic rapidly changed the way of living, and the business sector.

The IPCC published the report *Climate Change 2021 – Physical Science Basis*⁴ in August 2021. The report states a grave concern on anthropogenic emissions. It also highlights that the world risks to exceed the 1.5°C target within 10-20 years and that threshold effects with greater risks and irreversible effects, which may further exacerbate climate change lies ahead of us.

The Nordic Council of Ministers vision for 2030 is “The Nordic region will become the most sustainable and integrated region in the world.” And in autumn 2021 they presented the analysis *Støtte og skuffelse - Holdninger til nordisk samarbeid*⁵ on which matters Nordic citizens would like to see an increased Nordic collaboration; climate issues were stressed as one of the most important ones. Climate transition call for cooperation between Nordic governments, businesses, and organisations. This project is therefore financed as a vision project and act as pre-study which results will be used in onwards projects.

1 UNEP (2021) [Emission Gap Report 2020](#)

2 Haga Initiative, Fossil Free Sweden, Climate Leadership Coalition, Icelandic New Energy and Norway 203040 (2018) [Nordic businesses on climate transition, competitiveness, and growth – An interview study among leading businesses in the Nordics](#)

3 IPCC (2018) [Special report: Global warming of 1.5 °C](#)

4 IPCC (2021) [AR6 Climate Change 2021: The Physical Science Basis](#)

5 Nordic Council of Ministers (2021) [Støtte og skuffelse - Holdninger til nordisk samarbeid](#)

INTRODUCTION

Our world is changing rapidly. We have seen unprecedented consequences of climate change, such as records of ice loss from Greenland, and extremely high temperatures in Siberia. The COVID-19 virus has caused a pandemic with drastic consequences worldwide, including the Nordic countries. The IPCC state in their report from August 2021 that it is "unequivocal that human influence has warmed the atmosphere, ocean and land." and those temperatures are likely to exceed 1.5°C target within the next two decades. Rapid and drastic reductions of emissions in this decade can prevent a climate breakdown.

Parallel to this; Brexit is a fact and will affect Nordic trade as well as European politics and the power balance within the European Union. The European Union has stepped up its climate leadership; the European Commission launched their European Green Deal and new climate targets for 2030 with the ambition to decrease greenhouse gas emissions with at least 55 percent by 2030.

This new global order demands fast and flexible responses from Nordic governments, businesses, and organisations. It is possible to decrease emissions, enhance including welfare societies while strengthening Nordic competitiveness and making the Nordic region the most sustainable and integrated region in the world. It is time to level up together.

The Nordic region need to accelerate the climate transformation in which policy and business need to be engaged and interact with each other. This will lead to a reinforced societal process leading up to a more competitive, inclusive, and sustainable Nordic region.

The overall aim of this study is to examine Nordic business leaders view on climate change, what business need from policy, how business have been affected by COVID-19 pandemic and other geopolitical changes.



THE REPORT

This report is produced in the light of the Nordic Council of Minister's 2030 vision of climate and integration. It calls for cooperation between Nordic governments, businesses, and organisations. There are synergies to be found and developed in the three pillars of the Nordic Council of Ministers' goals for a green Nordic region, a competitive Nordic region and a socially sustainable Nordic. Most significant is that climate transformation spurs Nordic competitiveness on a global market while also developing inclusive, welfare societies.

This report is based on 40 interviews with business leaders from all Nordic countries, conducted during May and September of 2021. In total, 34 of the interviews were with the companies' Presidents or CEOs and the rest with other top-level management. We will further on refer to these interviewees as "Nordic business leaders". Sector and land specifics can be found in appendix B.

Every interview consisted of ten open-ended questions and the collected results from the interviews give a cross section view of business climate efforts in the Nordic region today. One additional question was added after the IPCC published their report on climate in August.

Companies were chosen to represent all sectors of the economy, including some fossil fuel companies. Big, well-known companies with Nordic origin was chosen since large companies have bigger climate impact.

Together, the respondents represent companies with approximately 1.2 million employees across the globe. The aggregated revenue of the companies is around 326 billion EUR, corresponding to approximately 24 percent of the GDP of the Nordic region.

Sector	Number
Energy	7
Materials	5
Industrials	4
Consumer discretionary	5
Consumer staples	3
Health care	5
Financials	4
Information technology	3
Utilities	1
Real Estate	3
Total number of companies	40

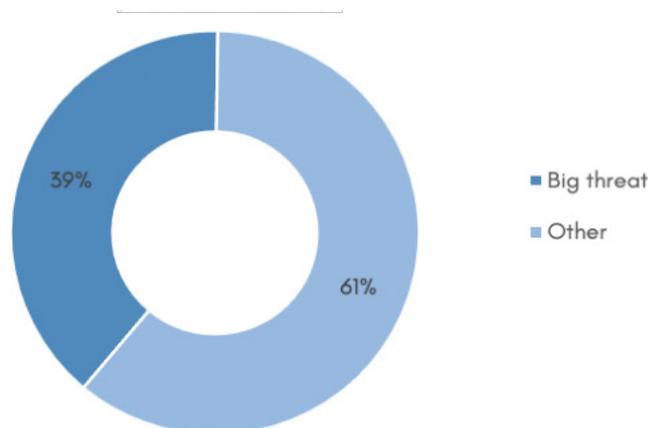


RESULTS

COMPANIES' REACTION ON THE IPCC REPORT OF 2021

The IPCC published the report *Climate Change 2021 – Physical Science Basis* in August 2021. The report states a grave concern on anthropogenic emissions. It also highlights that the world risks to exceed the 1.5°C target within 10–20 years and that threshold effects with greater risks and irreversible effects, which may further exacerbate climate change lies ahead of us.

1. What are your thoughts on the newly published IPCC report?



Company answer

The results show that by the 23 company CEO's who got the question regard the IPCC report as underscoring climate change as a threat (39 percent) while the other 61 percent of the companies see this report as confirmative of what they already know and that the report is a signal to speed up the transition. Many of the CEO's use strong wordings to express their grave concern.



“The IPCC report confirms that we have a burning world, and it paints a scary picture. If we needed any incentives or motivation to think about how to move faster, this report provides it quite clearly.”

Søren Skou, CEO of A.P. Møller - Mærsk A/S



“There is no question how planet and human health are interconnected, and how economic development could take place within planetary boundaries. The question on climate affects all of us, individuals, companies and governments, with an even bigger need for collaboration and science-based approach.”

Helena Helmersson, CEO of H&M Group



“Now it is stated, and we have the facts on the table. Nothing in the IPCC report was a surprise per se; it was confirmative and shows that we need to speed up our actions to drive impact.”

Nathalie Ahlström, President and CEO of Fiskars Group

“The IPCC report is a code red for humanity. We need to step up from a business perspective and take steps forward to set targets to develop our business within the Paris Agreement. It is also a reminder we need a global, political agreement.”

Steffen Syvertsen, CEO of Agder Energy AS

“The latest IPCC report confirms that the climate crisis is not “a crisis” but THE crisis. And this is a crisis like no other. It has been slow to develop and so action to address it has been slow too.”

Börje Ekholm, President and CEO of Ericsson



“It is great that we have common information about the situation. However, I am worried about the situation. There is so much we need to do. Meanwhile, politicians are making decisions and create new agriculture policies that lack a long-term perspective.”

Anikka Hurme, CEO of Valio

“The IPCC report highlights the importance of fighting climate change; that is our number one priority as a company and society.”

Markus Rauramo, President and CEO of Fortum

“I am not surprised by the IPCC report. The journey to an emission-free society is going at a very slow pace right now. Next year we will build infrastructure for natural gas and potentially biogas. If biogas becomes a possibility in terms of sufficient capacity and lower prices, then we can swift to biogas. If that swift is possible for all fuels, then it will most likely bring us to a 50 percent to 2030 reduction of our emissions. But that’s only a hypothetical scenario.”

Michael Lundgaard Thomsen, Managing Director of Aalborg Portland Holding A/S

“It was a very clear reminder of the urgency, and that climate change is not something that happens in the future, it is happening here and now. Urgent and forceful action is needed.”

Mads Nipper, Group President and CEO of Ørsted

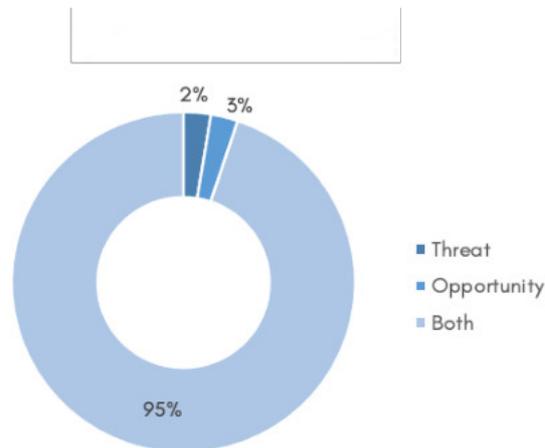


CLIMATE CHANGE AS THREAT AND ENABLER

Current Paris Agreement pledges will limit global warming to no less than 3.2°C by the end of the century⁶. In order to reach the 1.5°C target, pledges must be fivefold⁷. Nordic business leader's perception of climate change consequences are central in climate transition.

2. Do you see climate change as a...

- Threat
- Opportunity
- Both



Reflections of the answers

Climate change is clearly both a threat and enabler for companies. Many business leaders tend to separate their business from the general perspective on climate change. An overwhelming majority pose climate change as a threat for humanity and the planet but recognize it as an opportunity or commitment for their own company. The leadership of these Nordic enterprises are alarmed with regards to the quotes, at least grave concern. They attempt to take opportunity; they have been transforming in hundreds of years. Grasp the opportunities.

In the report published in 2018, climate transition was seen as a possibility with potential profitable outcome. The climate debate and scientific evidence has since then evolved, and the sense of urgency is now much more obvious.

6 UNEP (2021) [Emission Gap Report 2020](#)

7 Ibid





“The climate crisis is the biggest challenge of our time. It is a risk and an existential threat. But it is also an opportunity. The most sustainable companies in the world are the most successful and resilient in many respects.”

Peter Vanacker, President and CEO of Neste

“We have a huge task when it comes to climate change. Without carbon capture and storage, we will not reach our climate goals. Climate change is a severe threat, but in it, there lies opportunity if we take on the challenge and rapidly reduce emissions.”

Edda Aradottir, CEO of Carbfix



“Today, 90 percent of our top 200 customers worldwide have set Science Based Targets for all three scopes. Many of our customers have a majority of their emissions in scope three, and they can only deal with that if we offer carbon-neutral products.”

Søren Skou, CEO of A.P. Møller - Mærsk A/S



“It's just a threat to humanity and the planet. If you are an industry leader, then perhaps it can lead to industry opportunities. If we find better solutions than the competitors', it can lead to a competitive advantage. But overall, it is a threat.”

Magnus Groth, President and CEO of Essity

“Climate change is a threat to the way we are currently living. The world energy system is responsible for 70 percent of greenhouse gas emissions, so a fast energy transition is key.”

Remi Eriksen, Group President and CEO of DNV

“Both. There are three big threats. Firstly, how long will a country accept that you have an energy-intensive industry that does not reduce emissions fast enough? Secondly, if you don't reduce your emissions and your environmental footprint in the product, you will not be competitive. Thirdly, if you don't reduce your emissions, it will eventually be too expensive to run your company.”

Michael Lundgaard Thomsen, Managing Director of Aalborg Portland Holding A/S



“The transition into a low carbon society will have a significant impact in our business.”

Odd Arild Grefstad, CEO of Storebrand Group



“Climate change will not only have tragic human and planetary consequences, but it will also lead to huge costs for companies. So even those that only focus on maximizing short-term shareholder value should take action. Ultimately, the costs of dealing with climate change will be much higher than the cost of trying to make it humanly possible to mitigate it.”

Mads Nipper, Group President and CEO of Ørsted

"Climate change is a threat to us all. But in times of crisis we all need to act and that also creates opportunities. While our company's climate impact is limited, we are part of an industry that is critical to solving the climate problem. ICT is a solutions sector. The technology we provide can reduce greenhouse gas emissions by 15 percent in other sectors."

Börje Ekholm, President and CEO of Ericsson

"Climate change poses an immediate to the future and us all today. At Huhtamäki we are addressing this by making significant commitments to addressing this challenge in the best way we can, working with others to find solutions where we do not have these in hand today."

Charles Héaulmé, President and CEO of Huhtamäki



"Insurers can play a bigger role in reducing climate change. As large investors, Folksam have an impact on companies, bonds, and infrastructure investments. We can accelerate the transition to more sustainable business models".

Ylva Wessén, President and CEO of Folksam



"If we don't act, it is a threat to the existence on the planet. It threatens our livelihoods, economic welfare, and many aspects of life. However, it is an opportunity to be at the forefront, to develop new strategies and business models."

Daniel Kjørberg Siraj, CEO of OBOS

"Climate change is the worst threat mankind has seen for decades. But as a company, we see it as an opportunity."

Bjarni Bjarnason, CEO of Orkuveita Reykjavíkur



"If we do the right thing going forward, it is possible to turn this around. When you gather strength from companies and politics, there are many solutions to reduce emissions and even become climate neutral in the future."

Anders Danielsson, President and CEO of Skanska

"Climate change is a big threat for the globe and humanity. Our company wants to be a part of the solution and our goal is to become carbon neutral."

Gunnar Hovland, President and CEO of Tine

"I can only agree on the sense of urgency. The climate question impacts health, social and economic development globally, therefore, not addressing it something we can't afford."

Helena Helmersson, President and CEO of H&M Group

"Above all, climate change is a threat and especially to our future generations. It is also an opportunity, as it speeds us up. It is positive that countries and societies work together because this is a universal challenge. The corporate world recognizes that we cannot solve climate change on our own."

Christian Levin, President and CEO of Scania

IS YOUR COMPANY ALIGNED WITH THE 1.5°C-DEGREE TARGET?

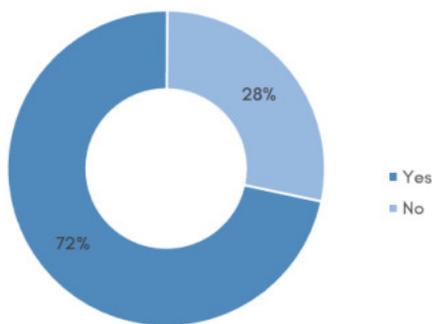
The Paris Agreement stated the target “Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.” The special report on 1.5°C, published by the IPCC in 2018, resulted in a shift away from the 2°C target. Hence, the 1.5°C target is now the target governments and businesses are focusing on.

3. Is your company aligned with the 1.5-degree target?

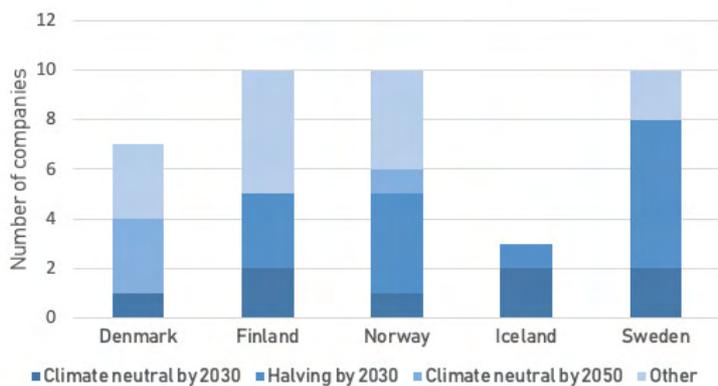
Answers

A majority of companies have targets to align with the 1.5°C target (70 percent) and the need to set scientifically correct targets.

QUESTION 3.
Is your company aligned with the 1.5-degree target?



Nordic companies climate targets



Reflections of the answers

All respondents answered whether they believed their company is aligned with the 1.5°C target, which illustrates the level of importance for CEO's. There is a strong determination to contribute to climate transition and several CEOs answered that they are pushing their limits continuously to increase their contribution. A majority of companies consider themselves as aligned with the 1.5°C target, or at least that they have climate targets which are aligned.

The graph above illustrates how the companies' targets differs in the Nordic countries. Danish companies focus on 2050 as target year, or lack climate targets. Approximately halve of the companies in Norway and Finland have targets to halving or become climate neutral by 2030. The other halves have unclear targets or no concrete climate targets. The Icelandic companies are committed to become climate neutral by 2030. Sweden has most companies halving their emissions by 2030 or becoming climate neutral by 2030. The two companies with “other” targets have targets of 2 or well-below 2°C.

Raising on the companies' agenda is the reduction of emissions in the value chain. Five companies responded that they have reduction targets for the value chain emission.

“We are aligned with the Paris Agreement. Our goal is to have net-zero CO₂e emissions in the entire value chain by 2045.”

Anders Danielsson, President and CEO of Skanska



“We have set a group-wide target to be aligned with the 1.5-°C target. We have set a target on reducing our emissions with 6.7 percent per year to be aligned with the emission gap report and move towards net zero in 2050.”

Odd Arild Grefstad, CEO of Storebrand Group

“2.5 years ago, we thought solving the environmental crisis was a technical problem. Then, we regarded it as a cost problem. Today, we are in a different place in our thinking. We will have the same motors, but they will be running on other green fuels, like ammonia or green methanol.”

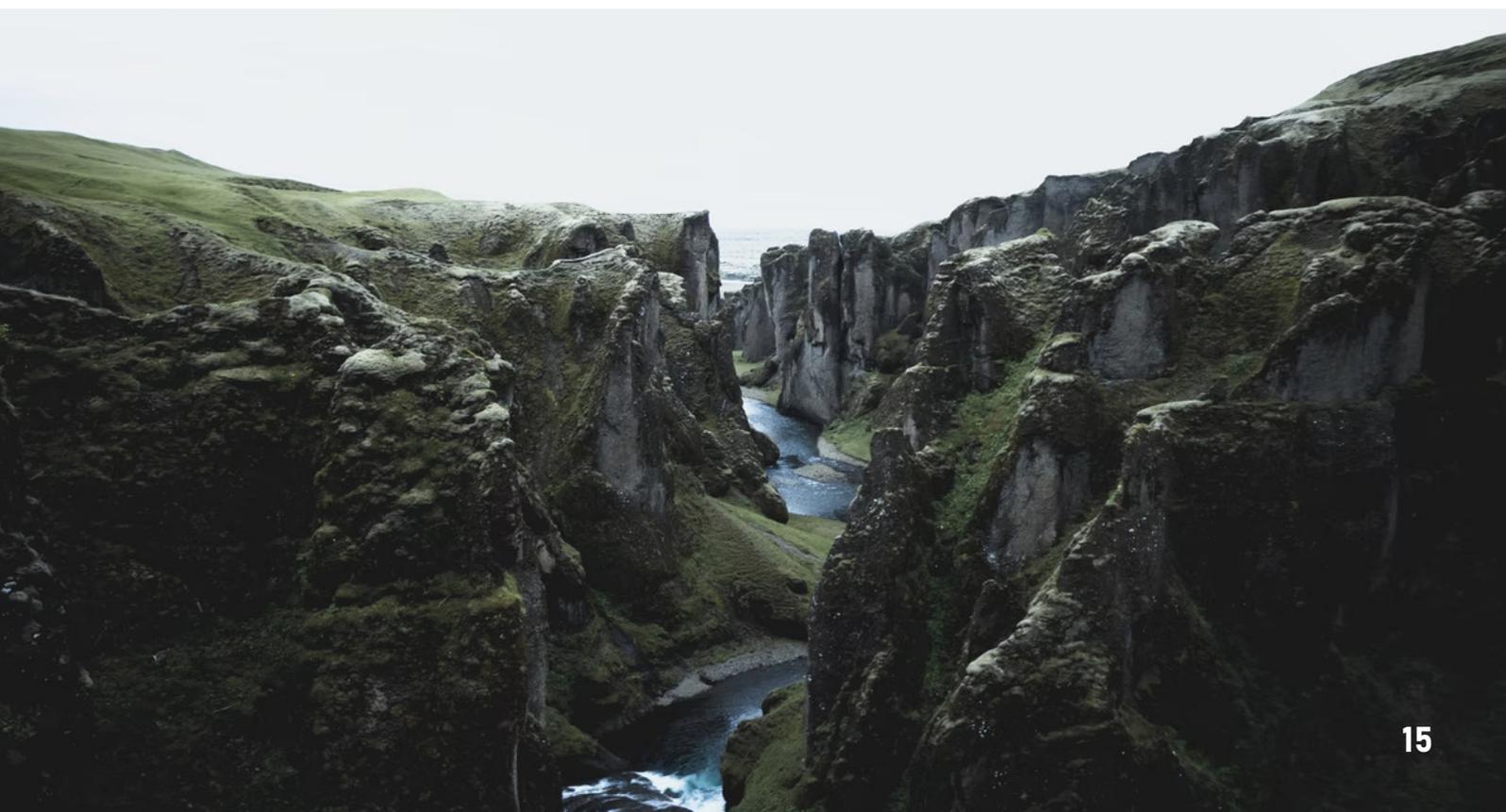
Søren Skou, CEO of A.P. Møller - Mærsk A/S

“The next ten years will be a game-changer in regards to keeping up with the objectives of the Paris Agreement. We are committed to reaching a carbon-neutral production in 2035.”

Peter Vanacker, President and CEO of Neste

“Having a science-based approach to our work on climate has always been fundamental to us, helping us pushing the boundaries and our ambitions.”

Helena Helmersson, CEO of H&M Group



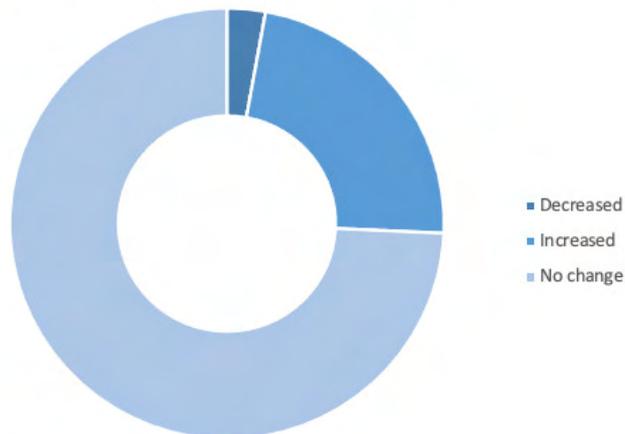
THE COVID PANDEMIC'S IMPACT ON COMPANIES' CLIMATE TRANSITION

The COVID-19 pandemic emerged in the beginning of 2020 and is an ongoing global pandemic. The pandemic resulted in severe global social and economic disruption, including the largest global recession since the Great Depression of the 1930s according to the International Monetary Fund (IMF)⁸. The Nordics has been equally affected by the pandemic and all Nordic governments have been taken measures to curb the economic and social consequences. The business' sector was heavily affected and therefore it is interesting to examine how the pandemic affected their climate transition.

4. **Has the corona pandemic affected your company's climate transition?**
 - Decreased ambition
 - No change
 - Increased ambition

5. **Has the corona pandemic changed your business model?**
 - What are the main changes?
 - What changes are permanent?

QUESTION 4 - Has the corona pandemic affected your company's climate transition?



8 IMF Blog (2020) [The Great Lockdown: Worst Economic Downturn Since the Great Depression](#)



Answers

20 percent of the companies responded that the pandemic increased their climate transition, while 65 percent responded no change. Only one interviewed company responded that their projects had been delayed due to the pandemic. The pandemic forced companies to quickly adapt to the new situation and health regulations, which several CEOs stressed affected them and their climate actions positively. COVID-19 pandemic made companies:

- **Realize that big changes can be done in a shorter time**
- **More cooperative**
- **Use the pandemic as a catalyst for new business models**
- **1 of 5 companies increased their climate ambitions, a majority of companies saw no change**

"Maybe we dare to be more ambitious in climate action because we have learned that if we don't negotiate the target and just go on with it, we can do more than we thought was possible."

Jacob Riis, President and CEO of Falck



"The business environment has changed more quickly than we thought was possible. However, it was eye-opening to see that even if we stopped society completely, our greenhouse gas emissions would not stop. We need to take drastic measures if we want to do something quickly."

Henrikki Talvitie, CEO of St1 Nordic OY

"The pandemic has demonstrated the relationship between health and our natural environment and that collective action is important. So, we have rather accelerated our sustainability ambitions."

Katarina Ageborg, Executive Vice-President Sustainability, Chief Compliance Officer and Sweden President at AstraZeneca.

"COVID-19 was an opportunity to visualize what the world can do and mobilize around a common challenge."

Remi Erikssen, Group President and CEO of DNV

"We have accelerated our efforts in recent years. An interesting consequence of the COVID-19 pandemic is that it seems like consumers have become more interested in sustainability issues. They have also shown a willingness to buy and pay more for sustainable products."

Magnus Groth, President and CEO of Essity

"Corona has been a clear catalyst for rapidly increased customer demand for sustainability products and our product innovation has increased, as customers want green mortgages and ESG funds.."

Johan Ekwall, Chief of Staff, Nordea



"Our business models and circularity and transport schemes are local to every region in operation. Therefore, our business model was ideal in a pandemic. The different regions are not dependent on each other but have independent strategies in each country."

Jens Birgersen, President and CEO of Rockwool

THE ROLE OF POLICY

Policy incentives will be needed to abate emissions efficiently. Nordic businesses ask for more cooperation with policy as well as more incentives to implement the ambitious targets. We asked about policy instruments on a national, Nordic, EU and global level.

Several respondents preferred carbon taxes, emission trading scheme, carbon border adjustment mechanism and phasing out of fossil fuel subsidies in their answers. We have aggregated these instruments under the subtopic 'Effective carbon pricing' since in many answers change of relative prices with the help carbon pricing was the main point instead of specific change of taxes.

To create markets for new products demand for the product should be enhanced via public procurement or other different demand based policies. On the other hand, also supply-side projects can be supported.

6. What policy instruments do you require to stimulate your company's climate transition?



“We can not afford only utilizing some of these instruments, we need all of them. We are a diverse company engaging in many industries, and various tools are needed. We need to use the whole toolbox.”

Remi Erikssen, Group President and CEO of DNV

National level

Nordic companies require these following incentives to speed up their climate transition:

- **Effective carbon pricing**
- **Simplified permit processes**
- **Higher climate requirements in public procurement**
- **Financial support for scaling up pilots**
- **Increase support research and development**
- **Enhanced policies on circular economy**
- **Secure a role for biofuels in the transition**



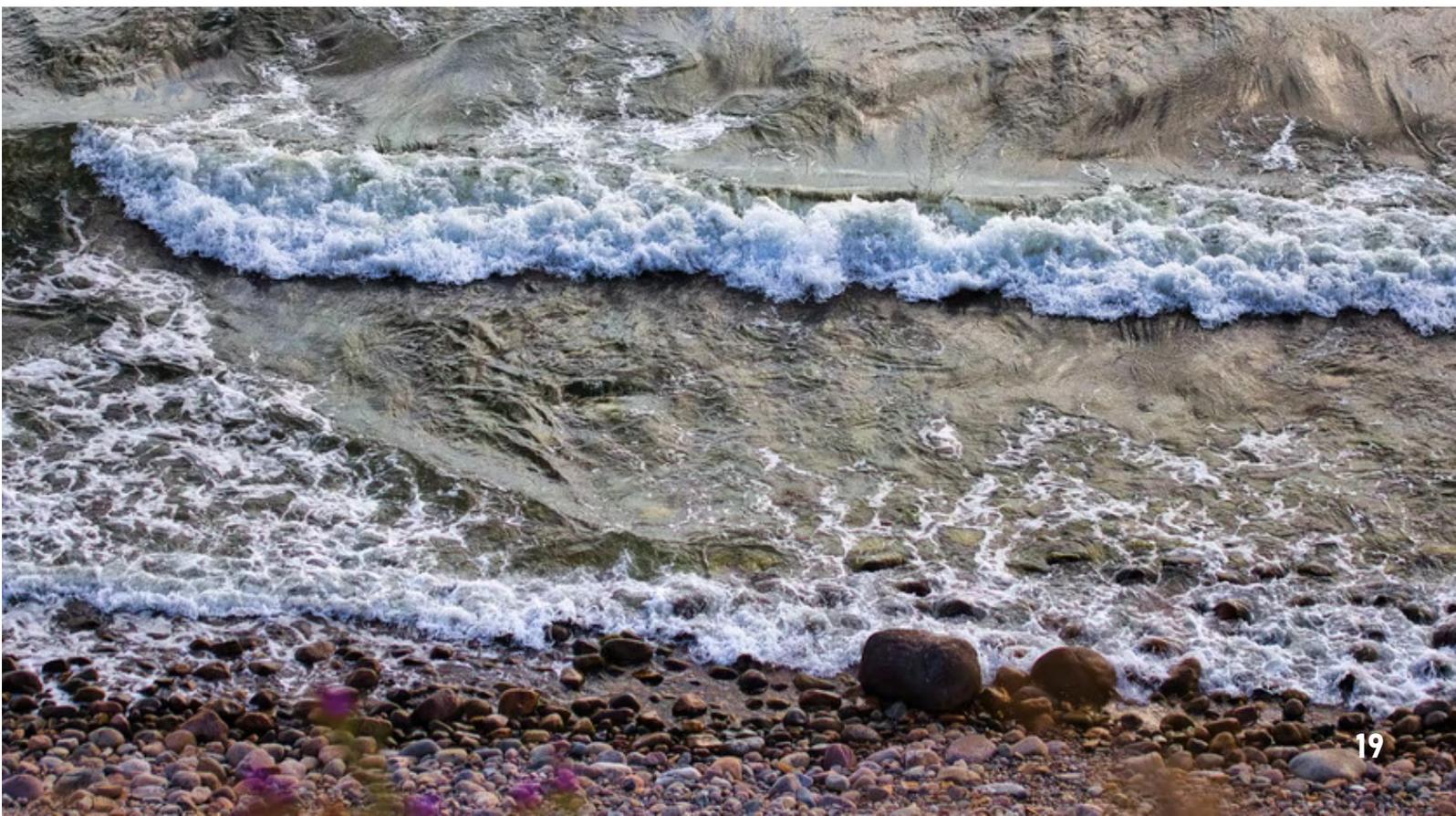
Reflection of the answers

Nordic CEOs recognize that the Nordics generally have high climate ambitions and targets. However, incentives and clear timelines are required to implement ambitious policy into actions. A level playing field requires predictability. This will also lead to new, green investments.

Companies from all Nordic countries asked also for more investments in research and development, and incentives for scaling innovations. Icelandic companies stressed the need for economic incentives, Norwegian companies mentioned the need for more climate requirements in public procurement while Swedish businesses emphasized the ineffective permit processes. Finnish companies were more likely to stress the role and need for biofuels in the transition, Danish companies were more focusing on global leadership.

More than half of the respondents preferred policies related to carbon pricing, either carbon taxes, emission trading schemes, carbon border adjustment mechanisms or phasing out of fossil fuel subsidies in their answers.

Several respondents emphasized also policies to support new markets for low carbon products as one of the most important instruments. Public procurement, different demand based policies and support for pilot projects were mentioned as most preferred in this context.



Reflection of the answers

Companies from all Nordic countries asked also for more investments in research and development, and incentives for scaling innovations. Icelandic companies stressed the need for economic incentives. Norwegian companies mentioned the need for more climate requirements in public procurement while Swedish businesses emphasized the ineffective permit processes. Finnish companies were more likely to stress the role and need for biofuels in the transition. Danish companies were more focusing on global leadership.

More than half of the respondents preferred policies related to carbon pricing, either carbon taxes, emission trading schemes, carbon border adjustment mechanisms or phasing out of fossil fuel subsidies in their answers.

Several respondents emphasized also policies to support new markets for low carbon products as one of the most important instruments. Public procurement, different demand based policies and support for pilot projects were mentioned as most preferred in this context.



“Time is running out! Everything takes a very long time, and the heavier the industry, the longer the adjustment time. We weigh about 1 billion tonnes, and if you are going to rebuild these large facilities, it takes time. The most time-consuming is that we are constantly under permit testing.”

Jan Moström, President and CEO of LKAB

“Today, we expect that green fuel would be 2-3 times more expensive than fossil fuel. It is not a trivial problem. Last year Maersk spent 4,5 billion dollars on fuels. If we need to spend 9 million more, even if we can transfer a lot of the cost to the consumer, it would be helped a lot if we could make fossil fuel more expensive. That is the most important regulatory thing that we need.”

Søren Skou, CEO of A.P. Møller - Mærsk A/S

“When we invest in a new truck, it takes normally more than seven years before we re-invest. We therefore have to be as assured as possible before we invest in example a biogas truck that taxes, tolls etc. will be predictable over the next seven years.”

Gunnar Hovland, President and CEO of Tine



“Politicians should do more in the energy production area. We have utilized the existing policies, and we have solar panels in our factory that are now covering four hectares, and we may be expanding. However, it only generates 5 percent of our energy demand in our factories. It is a big issue that should be seen over.”

Juha Grön, CEO of Atria Plc.

“In the Nordic countries, 50 percent of our sales are to customers in the public sector. However, I see too few climate requirements in public procurements. That is a power we could make better use of.”

Anders Danielsson, President and CEO of Skanska

Nordic level

Nordic companies require these following incentives to speed up their climate transition:

- **Raise climate standards within Svanen label**
- **Climate roadmaps (färdplaner/veikart/tiekartta) in all Nordic countries**
- **Incentives for biofuels and hydrogen**
- **Joint requirements in the Nordic region**

Reflection of the answers

Several companies stressed that the Nordics have been world leading in decarbonizing their societies and thereby showing other what is possible. Also, the Nordics have the potential to take a bigger climate leadership due to Brexit.

Two companies raised the need for climate roadmaps (veikart/tiekartta/färdplaner) in all Nordic countries. This already exist in all Nordic countries which sends a signal to the governments to communicate and use the roadmaps to larger extent.

Joint requirements and better connectivity in the Nordics were also raised by the respondents. These joint requirements were raised in the light of joint financial risks in green investments, joint requirement for carbon neutrality in public buildings, and access to green electricity.

“The Nordics can be a light post that show the way because the Nordics are further ahead of many other countries”

Deborah Dunsire, President and CEO of Lundbeck



“When it comes to the opportunity of tackling this issue, the Nordics are providing an example that we can have a clean and circular energy and material system. And at the same time have an equal society, good infrastructure, affordable and accessible health care, and have global competitive industries.”

Markus Rauramo, President and CEO of Fortum

“The Nordics should set an ambition to be part of the green shift of the countries around us. When other countries transition, we have the competence and possibilities to help. It is important political work for the Nordic countries.”

Steffen Syvertsen, CEO of Agder Energi AS

“The Nordic countries have a special role to play because we have strong, well-organized public sectors with a high level of trust. When you convert from the standard ways of doing private-public partnerships, collaboration, and innovation where you allow more flexibility and new solutions, trust is a key element.”

Jacob Riis, President and CEO of Falck

“We all know that reaching global agreements is incredibly difficult, and on a European level as well. I think the Nordic level could be a good aggregator”

Mads Nipper, Group President and CEO of Ørsted

EU level

During the summer of 2021, the EU Commission announced their Fitfor55 package and new climate targets for 2030. Nordic companies require these following incentives to speed up their climate transition:

- **Enhanced carbon pricing via taxes and ETS**
- **Prohibit CO2 emissions**
- **Revise the Common Agricultural Policy**
- **Transparent and standardized methodology on companies' climate reporting**
- **Phase out fossil fuel subsidies**
- **Mandatory TCFD-reporting**
- **Embracing and developing EU Taxonomy**

Reflection of the answers

EU is seen as frontrunner in many of the companies and pointed out as an important global actor in terms of climate legislation. But there is a general view that EU regulation changes too slow. The EU Green deal and EU Taxonomy are welcomed but there is a hesitation on how fast regulation might be implemented into national law. Some companies mentioned the EU Taxonomy as positive but with deficiencies that can and should be solved.

Pricing carbon emissions were on the table in various interviews; framed as carbon taxation, emission trading, prohibition of fossil fuel subsidies. Many of the companies also requested clear end-dates, such as a prohibition of new fossil cars and lorries, and specific numbers such as a strengthen EU ETS linear reduction factor or updated regulation on CO2 capture.

“EU is leading the way these days. We see the taxonomy coming into place, reporting requirements for financial products, and the important emission taxation for green solutions to become profitable and get into the EU.”

Odd Arild Grefstad, CEO of Storebrand Group



“If we have a global deal on taking down fossil together with a high price on CO2, then we will have an energy price that is good enough to build enough renewable energy.”

Steffen Syvertsen, CEO of Agder Energi AS



International level

Nordic companies require these following incentives to speed up their climate transition:

- **Effective carbon pricing**
- **Global taxonomy**
- **Global program for shutting down fossil production**
- **Binding and transparent methodology on companies' climate reporting**
- **Stimulate the production of green energy**
- **Infrastructure for circularity; re-collecting and recycling**

Reflection of the answers

International regulations are preferable due to global value chains and global markets. Carbon pricing on a global level was stressed, asking for significant price on carbon emissions. Carbon tax on emissions from shipping was especially pointed out as an area of interest by a majority of the companies. Binding international agreements for ending fossil production was also asked by some companies.

Also vital to the level playing field is according to the companies' transparency. X of the 40 interviewed companies stressed the need for binding and transparent methodology in carbon disclosures.





“All product calculations must have a price on the environment. The environment is considered a free resource, while steel, plastic, rubber, software, electronics have market prices. We must regulate and set a price for what the environmental impact costs.”

Ola Rollén, CEO of Hexagon

“Although sustainability will be on our agenda without any monetary incentives, the fact is that money talks. These needed changes have to turn to money somehow. Carbon must have a meaningful price to motivate change. Therefore, the price of fossil energy should be much higher.”

Hannu Keinänen, President and CEO of Ensto



“To have a carbon tax is very important and put the cost on externalities that come from oil, gas, and coal. By increasing that price, we will get new technology that can compete with the old technology much faster.”

Odd Arild Grefstad, CEO of Storebrand Group



“If you do not have the same rules globally, there is a risk that some companies and businesses will move their factories abroad to avoid European regulation. We are going to lose this game if we do not have common global rules regarding climate change.”

Anikka Hurme, CEO of Valio

POLICY WISH LIST

The most needed incentives for a faster climate transition, reflected by the companies are:

- **Carbon pricing through taxes, emission trade scheme or other**
- **Higher climate requirements in public procurement**
- **Binding and transparent methodology on companies' climate reporting**
- **Phase out fossil fuel subsidies, and prohibit fossil fuels**

“On top of my wish list, which is holistic, legislation need to be a long-term focus and predictable with an established pathway with the information on how to reach it, from year to year.”

Peter Vanacker, President and CEO of Neste

TRACKS TO TRANSITION

Climate transition is diverse; this report therefore delves into four current topics which are seen as central onwards. These topics are mentioned as tracks as they are pathways towards climate neutrality, used together or separate. From *linear* to *circular* cover the topic on circular economy, *Skills development in the 2020's* covers the just transition perspective. Track three on *Promising innovative green technologies* in the Nordics cover new technologies, and the last track *Measuring foot and handprints* cover the topic of transparency and reporting.

Track 1: From linear to circular

A more circular economy can make deep emission cuts to from heavy (steel, plastics, aluminium, and cement) with 296 million tons CO₂ per year in the EU by 2050, out of 530 Mt in total – and some 3.6 billion tonnes per year globally, according to Material Economics⁹. Circular economy has been identified as an important tool to reduce emissions; Sweden, Norway and Finland have published action plans for accelerating this transition.

7. What would you need to change your business model from linear to circular, to decrease your climate impact? Do you work with circular economy?

- What are the obstacles?
- What are the enablers?

Answers

Almost all responding companies are working with circularity and five themes came up when asking about the obstacles:

- Lack of recycled raw materials
- Legislation
- Costs
- Behaviour
- Collaboration

Reflection of the answers

All companies responded that they are working with circular economy to some extent, and all companies thought this will increase in the coming years. Profitability was the main enabler in going from linear to circular, and reselling waste heat to the municipality and reselling cooling to the big hospitals was one example.

Costs and lack of profitability is seen as the main obstacle. One obstacle that was mentioned is that new raw materials are so cheap, while recycled materials are expensive. Recycling in itself are also connected to costs.

8 [The Circular Economy – a Powerful Force for Climate Mitigation – Material Economics](#)

Except from costs, companies responded that legislation on recycled materials and waste are hindering. Specifically rocks and soil masses were mentioned. Also consumer behaviour was mentioned as a challenge; offering repaired products instead of new ones and suggesting renovations of buildings instead of building new ones are two areas where respondents see a challenge in what their customers want and what is best from a climate point of view. Lastly, building trust between companies are also needed to speed up circularity.

"We need to change the mindset about repairs. Today many customers expect a product to be replaced when a damage occurs but repairing is often much more sustainable."

Ylva Wessén, President and CEO of Folksam



"We are very committed to going into a circular economy. There is a different culture in the company now than before, and the circular initiatives we have taken have not cost us any money, but rather saved us money."

Jon Sigurdsson, President and CEO of Össur

"A huge problem with circularity in new buildings is to know the quality of recycled materials. We need external help to get the best system for tracking building materials and having certifications for recycled building materials. That could be a huge step forward."

Tor Olav Mork Mørseth, Managing Director of Snøhetta Oslo

"We are importing waste products from Finland, Sweden, and Norway, and it has always been a part of our business model. It will just keep growing, and we will continue to recycle and reuse as much of the material as possible."

Michael Lundgaard Thomsen, Managing Director of Aalborg Portland Holding A/S

"Once the cost of depositing goes up, other alternatives would turn financially viable seen from a building material producer's perspective. This would pave the way for a larger deployment of recycling plants in existing quarries. Our Group has successfully invested in a large scale recycling business in Australia. The idea is to share learnings and best practices across to regions such as Northern Europe where we expect that the emphasis on circular economy would over time favor the establishment of recycling businesses"



Giv Brantenberg, General Manager of HeidelbergCement Northern Europe

"There is more and more legislation coming in where you are getting added value of handling certain types of side streams waste streams. That is already built in our company and investments we do for solid biomass and biofuels."

Henrikki Talvitie, CEO of St1 Nordic OY

Track 2: Skills development in the 2020's

The green transition will create more jobs compared to the grey economy. The change in the labour market can be divided into three parts: firstly, new jobs in new sectors, secondly innovations and new needs in traditional. Thirdly, the most difficult part, are those sectors that must change radically to new businesses (such as oil and gas). Skills development is considered as key for company development. In the light of the yellow vests' movement and the EU statement of "leaving no one behind" there is a need to understand how businesses and governments cooperate on skills development.

8. What type of skills development/competence do you see a need for in your sector over the next ten years?

Answers

Companies responded a need for the following skills in their sector:

- **Digitalization**
- **AI**
- **ESG**
- **Sustainability**
- **Engineering**
- **Innovation**
- **Technical competence**
- **Interdisciplinary knowledge**

Reflections of the answers

Skills development is an important means for increased productivity, private-sector development, and economic growth. Skills developments are on all companies' agendas, and they see the need for a continuous development due to the fast technical development. The answers above were the same independent of sector. Understanding sustainability in combination with technical skills or engineering are seen as vital for this decade. Some respondents stressed the need for a new leadership post COVID-19 pandemic.

Changing the competence and skills of the current staff are seen as difficult in many sectors; there is rather a wish for closer collaboration with universities. However, several of the responding companies answered that they are developing skills among their staff on circularity, climate adaptation and other areas of sustainability.



“We need people who have a holistic perspective on business, because there are way too few people who do.”

Bjørn Arild Thon, CEO of Renas A/S

“We still need the basic skills which have been demanded for hundreds of years: People that can solve problems and understand the processes.”

Juha Grön, CEO of Atria Plc.



“One of the big questions in the future will be the difference between those who are connected and those who are not. Digital inclusion is an area where we as a global community must take responsibility and here, Sweden can play a more prominent role both locally and globally”

Börje Ekholm, President and CEO of Ericsson

“We will have to work with educational institutions and have close cooperation with universities. We also need more structured and targeted education internally, as we change significantly in our production process.”

Jan Moström, President and CEO of LKAB



TRACK 3: PROMISING INNOVATIVE GREEN TECHNOLOGIES IN THE NORDICS

Scaling up low-carbon solutions have significant potential to contribute to climate transition¹⁰.

The Nordic region have a history of successful low-carbon solutions, and there is a need to continue this development. There is a need to make Nordic countries a testbed for new technology, new innovations, and new business models. There are several innovative development projects in the field of green technology underway in the Nordic region and scalable solutions.

9. In your view, what are the most promising innovative green technologies and/or solutions to the climate crisis being developed in the Nordic countries?

Answers

Companies listed the following areas as especially promising green technologies in the Nordics:

1. Wind power, incl. offshore wind
2. Carbon neutral steel
3. Hydrogen
4. Battery production
5. Carbon capture (and storage)
6. Circularity
7. Carbon neutral cement
8. Biogas
9. Carbfix

Reflection of the answers

Wind power has a significant role in Nordic climate transition, and almost all companies who stressed the need for wind power mentioned offshore wind power. Strong, Nordic innovations such as carbon neutral steel and battery production were pointed out as especially important for the companies' climate transition since this relates to value chain emission.

Previous Nordic experiences has given examples of how Nordic innovation can contribute to global climate transition. The list above of new technologies and innovations would gain to scale up, in the Nordics as well as globally. Nordic business leaders stress the need of joint Nordic leadership and challenge Nordic and other countries to innovations and implementation of new, green technology.

10 Sitra (2019) [Green to Scale - Sitra](#)

"I think that the Nordics are leading the game in a way. I am very impressed with how well Sweden invests in batteries and energy systems in the north of Sweden, and there are good activities in the industrial companies as well. I think it is very exciting to see what Sweden is doing with the green steel."

Risto Murto, CEO of Varma

"Why are the Nordic countries the first with a battery factory? Why is it that almost all battery electric vehicles we manufacture, we sell in the Nordic region? Why? The answer is green electricity. We have not understood how extremely important access to green electricity is at a reasonable price. It should be at the top of the agenda for all our European policymakers."

Christian Levin, President and CEO of Scania

"Often there is a too big focus on new technology, but we do not need new technology to solve this. We need to do the work and meddle in people's life. Politicians are short term, they worry about the next elections, and our goals are long term."

Jens Birgersen, President and CEO of ROCKWOOL



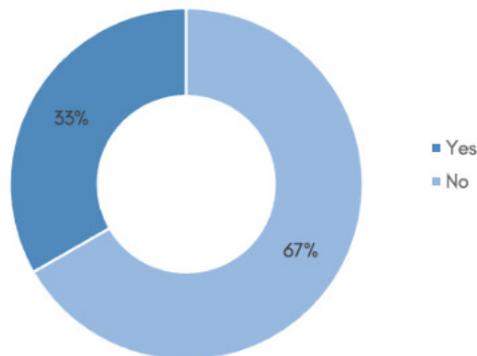
TRACK 4: MEASURING FOOT AND HANDPRINTS

Measuring and reporting on a companies' own emissions are done by most big, Nordic companies. However, measuring the positive climate impact is new to Nordic businesses.

Carbon handprint [The Carbon Handprint Guide](#) was established in 2018 by VTT and LUT University, Finland. The definition stated by the authors is as follows: *An indicator of the climate change mitigation potential. Describes the GHG emission reduction in a user's activities that occurs when the user replaces a baseline solution with the offered solution.*

Carbon handprint helps a company to develop products and services that allow its customers to reduce their own carbon footprint¹¹.

10. Have you estimated the positive climate impact your products or services have (providing solutions to climate change, reducing carbon footprints or similar)?



Answers

Measuring and reporting on carbon emissions (or footprints) are done by all responding companies. However, there is a variety among respondents on handprint. Five of the ten Finnish companies reported that they are measuring their handprint, while the equivalent number in Sweden, Denmark, and Norway were three. No Icelandic company measured their handprint.

¹¹ [Footprint](#): An LCA-based metric that describes the potential negative environmental impacts of a product system. Limited to a specific environmental theme or impact category. For example, carbon footprint (climate change impacts) (ISO 14067) or water footprint (water-related impacts) (ISO 14046)

Reflection of the answers

The EU has ambitious emission reduction targets and the Fit for 55 package includes 13 legislative proposals related to greenhouse gas emission reductions. Currently, the focus is on measuring emission reductions within Europe's borders, and there is no EU regulation which shows the positive climate impact of a product or service. Carbon handprint is a positive measure indicating climate benefits of climate-friendly solutions implemented by companies. The Nordic countries are at the forefront of developing this methodology, and can contribute to introduce it at European level. ¹¹

Future economy will demand more products and services with low footprints. It will also be a large demand for products and services with low footprints and large handprints. By using the term of handprint it is possible to stress the positive climate impact the product has compared to competitors. It makes it easier for customers to make climate friendly choices.



“We naturally carry the responsibility of our footprint, using the most circular processes and creating as little waste as possible, but our key contribution is through our handprint. It is not a 1 to 10, but rather a 99 to 100 divide of where the impact is. The 1 is our own operations, and the 99 is how we can impact the world through the products and solutions we provide.”

Kai Öistämö, President and CEO of Vaisala



MESSAGE TO NORDIC POLICY MAKERS

To succeed with climate transformation and to stay below 1.5°C, all respondents emphasized the need to work together. It is about collaboration between companies, with research and especially with policy makers. That is why we asked all of them to reflect and comment how they want to contribute to the vision.

The vision of the Nordic countries is “The Nordic region will become the most sustainable and integrated region in the world in 2030.”

11a. What would you as a CEO like to discuss with policy makers in the Nordic countries to enable the vision on climate?

Answers

- Higher ambition from policy
- Speed; is important in urgent times
- Importance of predictability of the policies and level playing field with competing countries.
- Collaboration; to reach our common goals of a 1.5°C world
- Work on Nordic strength; between policy in the Nordics and with business
- Support for research and innovation
- Global impact; the Nordics can take lead in the world
- Procurement; climate neutral procurement can contribute to a faster transition
- Reporting; is important for business to be able to reduce climate impact in the value chain
- Public private partnerships
- Skip silos; integrate climate in all relevant policy areas
- High speed rail between capitals
- Green fuels; an important strategy to reach climate transformation



“Now, it is the business community that drives the politicians. We are no longer opponents, we play in the same team, and we have the same goals.”

Christian Levin, President and CEO of Scania



“In regards to our industry, this transition has accelerated the last two years, much driven by the invested capital around the world. We need to set concrete requirements for the green transition to ensure future investments. We have to recognize that we are driven by the economy. If you stand there with a "brown" construction, you won't get any investments – or it will get very expensive. But if you present a green construction, you will get money, and it gets cheaper. If politicians can strengthen that even further, it will be what pushes us forward.”

Jimmy Bengtsson, CEO of Veidekke

“The topic could be: how can we make Nordic a superpower region of smart electricity?”

Hannu Keinänen, CEO Ensto

“I think politicians will have to agree on policies and strict plans to progress the climate issues on local and regional levels in the Nordics. I believe it is crucial that they actually commit to defining very clear targets. It’s time to walk, not just talk.”

Katarina Ageborg, Executive Vice-President Sustainability, Chief Compliance Officer and Sweden President at AstraZeneca

“The energy transition requires collaboration and a collective effort. The Nordics are a large power in Europe but small globally. A country-by-country approach results in fragmentation and won’t get us to the much-needed scale. By working together with coherent policies, attracting capital, and approaching this massive transition that is happening in Europe together, we will become a driving force”

Markus Rauramo, President and CEO of Fortum

“While we need to be aware of our differences, we have to focus and identify our common interests, possibilities, and shared interests.”

Bjørn Arild Thon, CEO of Renas A/S OK

“What the Nordic countries can do is to increase collaboration. We could be the leading region globally if we bring our climate solutions to scale. We will need to work on the various strengths of the different Nordic countries and cooperate on them.”

Edda Aradottir, CEO of Carbfix

“We can become the most sustainable region in the world, but if you want to integrate the Nordics, you need to have better transportation systems. You must invest in sustainable connections.”

Daniel Kjørberg Siraj, CEO of OBOS

“Look across the Nordics instead of looking at only one country. I can imagine that through collaborating, we may become even more efficient. The Nordics are like-minded in reducing the carbon footprint, and collaboration could produce a better outcome on the climate.”

Deborah Dunsire, President and CEO of Lundbeck

“Fewer visions and more implementation of laws and regulations at the national level. There is no point in discussing visions unless Sweden, Denmark, and the Nordic countries implement the legislation.”

Ola Rollén, CEO of Hexagon

“We engage closely with our corporate customers. Together our ambitions are good, and if we keep the pace, level of ambition, and the requirements for reporting are not changing, then we will achieve it.”

Johan Ekwall, Chief of Staff of Nordea

MESSAGE TO BUSINESS

Business leaders emphasize the importance of working with other businesses. There are various reasons for cooperation, a common factor is that emissions in the value chain cannot be reduced unless cooperation increases between companies. A company's emissions in the value chain are someone else's own emissions.

Another perspective is that collaboration enhances the chance of impact. We also asked the business leaders about the vision and what they want to discuss with other CEOs.

The vision of the Nordic countries is "The Nordic region will become the most sustainable and integrated region in the world in 2030."

11b. What would you as a CEO like to discuss with other CEOs to gear up your climate transition?

Answers

- **Collaboration; for new technology, new business models, new collaborations etc.**
- **Value chain cooperation; for transparency and the possibility to reduce climate impact**
- **Partnerships; long term valuable cooperation**
- **Act not talk; acting for climate reductions is credible**
- **Push policy for higher climate ambitions**



"Industries and businesses have taken steps to provide solutions, and it is very encouraging to see at the moment. The Nordics are leading the way, and we should ask big companies to take more leadership. It is a great opportunity."

Risto Murto, CEO of Varma



"It is always interesting to see how companies are evaluating the whole value chain. We are working with this internally, but we also have a key role in choosing suppliers for our projects. It would be useful for us to understand more about how other companies work with their value and supply chains."

Tor Olav Mork Mørseth, Managing Director of Snøhetta Oslo

"It is about being at the forefront. We need less talking and more action, clarity, a long-term vision, and predictability. Many companies are taking action, us included, for quite some time. However, when looking at governments and societies overall, there has been a lot talking and planning - but not always the action required."

Kai Öistämö, President and CEO, Vaisala.

MESSAGE TO BUSINESS

“The transition that is taking place is the biggest business opportunity that exists. Make sure to use it and position your company so that you can capitalize on the enormous expansion we will see of sustainable systems.”

Ola Rollén, CEO of Hexagon



“I would like to discuss how other companies organize their value chains, work with the innovation processes in material and processes, and combination with, how we can build sustainable recycling models in different industries. It is important to understand how we can do this efficiently and not only idealistically; how can we efficiently do this right?”

Lars Ivar Røiri, CEO of Flokk

Join the UN's Global compact Business ambition for 1.5-degrees. Do It is not enough not only to commit to net-zero by 2050 because it's so far away but make concrete plans year by year to also reach your 2030 science based targets "well below 2 degrees". Many have not done so yet, which is surprising.”

Magnus Groth, President and CEO, Essity

“Building operations has a significant impact on our environment, making up more than 25% of global CO2 emissions. Reducing built environment emissions is a key priority for ISS and one that we as CEOs need to partner up on to accelerate.”

Jacob Aarup-Andersen, Group CEO, ISS



“You must execute, do something about it, and not just only talk about it. Do not wait for government policy, just do it.”

Bjarni Bjarnason, CEO of Orkuveita Reykjavíkur

“Transition is coming, and it is happening whether you like it or not. Come on board, or you will be left behind. We need to take charge of what we can while telling and sharing good stories. Don't be afraid of sharing your good examples, it inspires others. Even the small ones, because we need to start small.”

Bjørn Arild Thon, CEO of Renas A/S



ANALYSIS

Strong sense of urgency

This year's report shows a grave concern on climate change and its consequences. All of the respondents regarded climate change as a threat. The leadership of these Nordic enterprises were alarmed but also felt big commitment and responsibility to be a part of the solution by aligning with the 1.5°C target.

2020's challenges

During the 2010's many companies began to measure, set targets, and cut own emissions. Many Nordic companies stressed that they have decreased their own emissions to a large extent. The new decade has other, more complex challenges. The CEO's stressed the need for emission cuts in their value chains, which demands transparency in reporting by other companies in the value chain. Binding, and standardized reporting were highlighted as one of the most pressing incentives by the companies.

Two thirds of the responding companies were according to themselves aligned with 1.5°C target, which is ambitious in a global context. There are differences within the Nordic countries and how the companies have set their climate targets and its level of ambition.

Opportunities this decade are circular economy, if the price on recycled materials compared to new ones could be affordable. Digitalization and interdisciplinary skills were also highlighted as needed in the 2020's. These types of skills will be needed in all kinds of sectors and are difficult to learn current staff. Collaboration with universities will be even more important, but Nordic governments need a plan for the changing labour market. Nordic innovations have been important in reducing emissions in the world, but in the future it will be even more important. The large-scale innovations and solutions such as green steel, wind power and battery factories enable for many companies to reduce their emissions. At the same time, there are more innovations that need to be scaled up and that can provide value to many companies, especially in the green sector.



Many companies have reduced their emissions, set net zero targets, developed strategies for climate neutrality, but are now facing new challenges as how to contribute to negative emissions. Measuring footprints and own emissions are already a natural part of companies' climate transparency. Handprint, on the other side, is fairly new to the Nordic businesses even though 35 percent of the companies responded that they are measuring their positive climate impact. Since future economy will demand more products and services with low footprints and thereby larger handprints, it's important to further develop and use the term in the Nordics.

The Nordic business leaders are clear about which incentives they want to see. It's about both carrots and sticks. The majority of business leaders preferred carbon pricing, either in the form of carbon tax or emission trading scheme, as an instrument for decarbonization. This will on the other hand contribute to develop or gain benefits from the products and services that lead to climate transformation.

The majority of business leaders preferred carbon pricing, either in the form of carbon tax or emission trading scheme, as an instrument for decarbonization. In addition to carbon pricing also, strict legal measures such as prohibition and binding carbon disclosures were presented by several interviewees. Only the demand for higher climate requirements in public procurement remains the same since the previous report in 2018.



Comparison with 2018's report

The report Nordic businesses on climate transition, competitiveness and growth – An interview study among leading businesses in the Nordics conducted in 2018, urged the Nordic policy makers to be more ambitious on their climate targets and policy. Climate was important and on the top three of the companies' priorities. This year's report shows that climate change rather is top priority. Nordic business leaders show a grave concern on climate change and its consequences on society and economy.

In 2018, the interviewed business leaders said that the Nordic region can contribute to reaching the goals of the Paris Agreement, and the Nordic impact can be greater than what is proportional for this small region. There has been a slight shift in this position since EU has been taking the lead on climate with the EU Green Deal and Fitfor55 package. EU is now seen as frontrunners compared to the Nordics. The Nordic region is still though an important player on the international climate arena, with its innovations and historically strong climate leadership. According to the interviewees, the Nordics have the potential to take a bigger climate leadership due to Brexit. The Nordic countries are in a European context consisting of smaller nations and thus with less real power in the EU. UK was the first in the world to establish a climate law and has been an important ally in EU. With Brexit, a major player who has been a driving force in the climate debate leaves a void. This gap should be filled by an actor who is at least as proactive, which will be important in the coming years when the EU's Green Deal and Fit for 55 packages are to be implemented. There is a void to be filled and Nordics could be this stakeholder.

There are also differences on the level of incentives required. Companies requires distinct measures, and increased pace to gear up the climate transition in this report. The need for climate neutral procurement and more proactive states were stressed both in 2018 and 2021.

In conclusion, Nordic business climate leaders are gravely concerned about climate change and stress the urgency of climate action. They are committed to decarbonizing their companies and thereby aligning to the 1.5°C target. The COVID-19 pandemic had small negative effects on the Nordic climate transition, it has rather given new perspectives on how to handle a severe crisis. Nordic business leaders are not opponents to policy makers, they are on the contrary asking policy makers to collaborate and ask for substantial incentives. Climate transformation spurs Nordic competitiveness on a global market while they're also developing inclusive, welfare societies – the Nordic region can become the most sustainable region in the world by joining forces with business and national governments.



APPENDIX A: INTERVIEW QUESTIONS

1. **What are your thoughts on the newly published IPCC report?**
2. **Do you see climate change as a...**
 - Threat
 - Opportunity
 - Both
3. **Is your company aligned with the 1.5-degree target?**
 - regarding climate target
 - regarding business model
4. **Has the corona pandemic affected your company's climate transition?**
 - Decreased ambition
 - No change
 - Increased ambition
 - Comment
5. **Has the corona pandemic changed your business model?**
 - What are the main changes?
 - What changes are permanent?
6. **What policy instruments do you require to stimulate your company's climate transition?**
 - a. ... on a local/regional level?
 - b. ...on a national level?
 - c. ...on a Nordic level?
 - d. ... on a European level
 - e. ...on a global level?
 - f. What policy is on the top of your wish list?
7. **What would you need to change your business model from linear to circular, to decrease your climate impact? Do you work with circular economy?**
 - What are the obstacles?
 - What are the enablers?
8. **What type of skills development/competence do you see a need for in your sector over the next ten years?**
9. **In your view, what are the most promising innovative green technologies and/or solutions to the climate crisis being developed in the Nordic countries?**
10. **Have you estimated the positive climate impact your products or services have (providing solutions to climate change, reducing carbon footprints or similar)?**
 - If yes, how could your product or service provide solutions to climate change?
 - If yes, have you considered how the positive climate impact of your products could be improved further?
11. **The vision of the Nordic countries is "The Nordic region will become the most sustainable and integrated region in the world in 2030." What would you as a CEO like to discuss with:**
 - A) policy makers in the Nordic countries to enable the vision on climate?
 - B) other CEOs to gear up your climate transition?

APPENDIX B: INTERVIEWED COMPANIES

Country	Company	Business sector	Interviewee	Position
Denmark	A.P. Møller - Mærsk	Industrials	Søren Skou	CEO
Denmark	Aalborg Portland	Materials	Michael Lundgaard Thomsen	Managing Director
Denmark	Falck	Health care	Jakob Riis	President and CEO
Denmark	ISS	Consumer discretionary	Johan Bjørn Jeppesen	SVP, Group Strategy and CEO Office
Denmark	H. Lundbeck	Health care	Deborah Dunsire	President and CEO
Denmark	Rockwool International	Materials	Jens Birgersson	President and CEO
Denmark	Ørsted	Energy	Mads Nipper	Group President and CEO
Finland	Atria	Consumer staples	Juha Gröhn	CEO
Finland	Ensto	Information technology	Hannu Keinänen	President and CEO
Finland	Fiskars Group	Consumer discretionary	Nathalie Ahlström	President and CEO
Finland	Fortum	Energy	Markus Rauramo	President and CEO
Finland	Huhtamäki	Materials	Charles Héaulmé	President and CEO
Finland	Neste	Energy	Peter Vanacker	President and CEO
Finland	St1 Nordic	Energy	Henrikki Talvitie	CEO
Finland	Vaisala	Industrials	Kai Öistämö	CEO
Finland	Valio	Consumer staples	Annikka Hurme	CEO
Finland	Varma	Financials	Risto Murto	CEO
Iceland	Carbfix	Energy	Edda Sif Pind Aradóttir	CEO
Iceland	Orkuveita Reykjavíkur	Energy	Biarni Bjarnason	CEO
Iceland	Össur	Health care	Jon Sigurdsson	President and CEO

Country	Company	Business sector	Interviewee	Position
Norway	Agder Energi	Energy	Steffen Syvertsen	CEO
Norway	DNV	Industrials	Remi Eriksen	Group President and CEO
Norway	Flokk	Consumer discretionary	Lars Ivar Røiri	CEO
Norway	HeidelbergCement Northern Europe	Materials	Giv Brantenberg	General Manager
Norway	OBOS	Real estate	Daniel Kjørberg Siraj	CEO
Norway	Renas	Utilities	Bjørn Arild Thon	CEO
Norway	Snøhetta Oslo	Industrials	Tor Olav Mork Mørseth	Managing Director
Norway	Storebrand Group	Financials	Odd Arild Grefstad	CEO
Norway	Tine	Consumer staples	Gunnar Hovland	President and CEO
Norway	Veidekke	Real estate	Jimmy Bengtsson	CEO
Sweden	AstraZeneca	Health care	Katarina Ageborg	Executive Vice-President Sustainability, Chief Compliance Officer and Sweden President
Sweden	Ericsson	Information technology	Börje Ekholm	President and CEO
Sweden	Essity	Health care	Magnus Groth	President and CEO
Sweden	Folksam	Financials	Ylva Wessén	President and CEO
Sweden	H&M Group	Consumer discretionary	Helena Helmersson	President and CEO
Sweden	Hexagon	Information technology	Ola Rollén	CEO
Sweden	LKAB	Materials	Jan Moström	President and CEO
Sweden	Nordea	Financials	Johan Ekwall	Chief of Staff
Sweden	Scania Group	Consumer discretionary	Christian Levin	President and CEO
Sweden	Skanska	Real estate	Anders Danielsson	President and CEO

The business sector categories are based on [Morgan Stanley Capital International \(MSCI\)](#)

