FROM TRANSITION TO ADVANTAGE:

HOW EU COMPANIES COMPETE THROUGH SUSTAINABILITY

APRIL 2026

Haga Initiative
Business Climate Leaders

Content

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Background

In recent years, attention to climate change and environmental challenges has temporarily declined as geopolitical tensions and geoeconomic confrontation have moved to the forefront of global concerns. This shift is reflected in the World Economic Forum's Global Risk Report 2026, which ranks geoeconomic confrontation as the most severe global risk over a two-year horizon, while extreme weather events fall to fourth place from second in both 2024 and 2025.

At the same time, the political landscape surrounding the green transition is becoming increasingly polarized. Across Europe, critical voices question the pace, cost, and feasibility of sustainability policies, arguing that they may constrain economic growth or place European companies at a disadvantage in global markets. This dynamic adds complexity and uncertainty for business leaders navigating regulatory pressure alongside shifting public sentiment.

Despite these short-term shifts in focus, the long-term risk outlook remains unchanged. Extreme weather events and other environmental risks have consistently ranked in the World Economic Forum's Global Risk Report among the most significant global threats for many years, underscoring the persistent and growing importance of climate-related challenges.

In this context, many business leaders are questioning whether continued investment in sustainability transformation remains justified. Against this backdrop, this report examines whether the green transition should be viewed primarily as a regulatory obligation or as a strategic business opportunity that generates value for the broader society. The aim of the report is to analyse how leading European companies explain the reasoning and perceived value behind their climate action and sustainability strategies. The report argues that embedding the green transition in core business strategy creates tangible competitive advantages and long-term value.

Source: The Global Risks Report 2026 by World Economic Forum (https://reports.weforum.org/docs/WEF_Global_Risks_Report_2026.pdf)

This report is based on a review of the latest available public corporate sustainability reports of the selected companies.

The selection of companies was done from OMX Stockholm 30 Index, FTSE 100 Index and EURO STOXX 50 Index. A variety of companies from different sectors were chosen on the basis of having a track record of being public about their sustainability engagement.

Following the review, we systematically analyzed the materials to identify recurring patterns and synthesized company perspectives into a set of key categories.

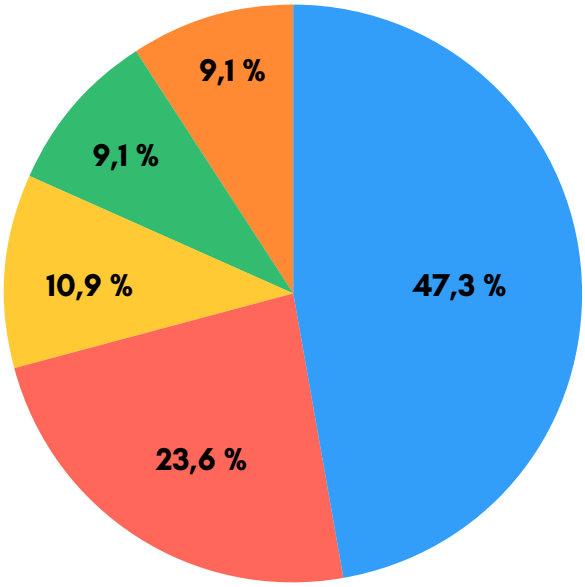
This report has been produced by the Haga Initiative. The Haga Initiative was founded in 2010. The vision of the Haga Initiative is a profitable business sector without climate impact. Members of the Haga Initiative act to jointly create business conditions for this.

Linking sustainability and business competitiveness

Based on an analysis of 40 companies across 8 European countries, Sweden, the United Kingdom, Germany, France, the Netherlands, Spain, Italy, and Finland, representing 32 industries, 5 overarching categories (sorted by the most frequently identified categories) emerged that illustrate how companies link sustainability efforts, with a focus on climate, to competitive advantage and long-term business value:

1. **Market-Driven Growth Opportunities**
2. **Innovation and Product Development**
3. **Energy Savings for the Customer**
4. **Business Resilience and Climate Adaptation**
5. **Operational Efficiency and Cost Savings**

The pie chart illustrates the distribution of categories identified in the analysis.



Companies may address multiple categories at the same time and be accounted for in more than one category. The results in the pie chart are based on the total number of category occurrences captured in the review. Based on the reasoning in the company reports, different categories were derived.

It should also be noted that some companies may address additional categories that were not identified in the reviewed materials, meaning the results reflect visible disclosures rather than the full scope of companies' sustainability activities.

Market-Driven Growth Opportunities represent the most frequently identified category, accounting for 47.3 percent. Innovation and Product Development emerges as the second most prominent benefit of the sustainability transition, representing 23.6 percent.

Energy Savings for the Customer ranks third, representing 10.9 percent of occurrences. Business Resilience and Climate Adaptation and Operational Efficiency and Cost Savings are tied for fourth place, each accounting for 9.1 percent.

Key Categories

- Market-Driven Growth Opportunities
- Innovation and Product Development
- Energy Savings for the Customer
- Business Resilience and Climate Adaptation
- Operational Efficiency and Cost Savings

1. Market-Driven Growth Opportunities

Market-Driven Growth Opportunities emerged as the most prominent category. Approximately half of the companies explicitly identified growing customer demand for sustainable products and services as a key source of new business opportunities linked to sustainable practices.

EXAMPLES FROM COMPANIES

Nordea Bank, Banking and Financial Services, Sweden

Nordea Bank reports strong and growing customer demand for support in transitioning toward more sustainable business models. In response, the bank continues to actively engage clients on sustainability-related topics. In the second quarter of 2025 alone, Nordea conducted sustainability-focused discussions with more than 700 customers. Sustainable financing now represents approximately 14 percent of the bank's total lending portfolio, demonstrating that sustainability-driven financial solutions are becoming a meaningful source of business growth.

Source: Nordea website

Rolls-Royce Holdings plc, Aerospace and Defense, The UK

The transformation of Rolls-Royce's power generation business model has enabled the company to capture profitable growth in the data center market, where it has achieved an estimated market share of around 20 percent. This strengthened market position supports the development and delivery of solutions that enable customers to transition toward more sustainable energy systems across multiple markets.

Rolls-Royce supported the Swedish operator EcoDataCenter in switching the fuel used in its mtu emergency power generators from fossil-derived diesel to sustainable hydrotreated vegetable oil (HVO), demonstrating how sustainability-driven solutions translate into tangible customer value.

Source: Rolls-Royce Annual Report 2024

2. Innovation and Product Development

Innovation and Product Development was the second most frequently cited source of competitive advantage. Companies highlighted how sustainability-driven innovation—across products, services, and business models—enables them to respond proactively to the sustainability transition while simultaneously strengthening their market positioning and long-term competitiveness.

EXAMPLES FROM COMPANIES

SSAB, Steel Manufacturing, Sweden

SSAB, a premium steel producer with decarbonized production processes, has launched the world's first steel powder with no fossil carbon dioxide emissions available for commercial delivery. Produced exclusively using fossil-free energy sources, this innovation enables significant sustainability and performance advantages in additive manufacturing applications.

Steel powder is particularly well-suited for small production runs of customized components or spare parts that require high structural integrity and functionality. This makes it especially attractive for vehicle and heavy machinery manufacturers seeking to reduce weight, improve performance, and lower the carbon footprint of their products.

Source: SSAB Annual and Sustainability Report 2024

BMW, Automobiles, Germany

To reduce carbon dioxide emissions, BMW combines technological innovation with established manufacturing expertise. The BMW iX3 is produced with approximately a 35 percent reduction in carbon dioxide emissions compared to conventional production benchmarks.

Production takes place at the new BMW Group plant in Debrecen, Hungary, which operates entirely on renewable energy and incorporates around one-third secondary (recycled) materials. Through this approach, BMW demonstrates how sustainability-driven innovation can be embedded across the value chain while delivering high-performance vehicles and reducing environmental impact.

Source: BMW Group website

3. Energy Savings for the Customer

Customer value creation through Energy Savings comes in third. Many companies highlighted how sustainability-focused products and solutions enable customers to significantly reduce their energy consumption. By improving energy efficiency with technology, these companies deliver direct cost savings for customers while lowering emissions. This customer value proposition strengthens long-term relationships, increases product attractiveness, and supports market differentiation in increasingly energy- and climate-conscious markets.

EXAMPLES FROM COMPANIES

Alfa Laval, Process Technology and Equipment, Sweden

Alfa Laval drives sustainability by improving energy efficiency across industrial processes. Each year, newly installed Alfa Laval plate heat exchangers enable customers to save approximately 50 GW of energy—equivalent to the annual heating demand of around 10 million European homes.

Beyond energy savings, these efficiency gains deliver significant climate benefits. The avoided energy use corresponds to a reduction of approximately 25 million tonnes of global carbon dioxide emissions, demonstrating how energy-efficient technologies can create substantial environmental impact while lowering operating costs for customers.

Source: Alfa Laval website

JM, Residential Real Estate Development and Construction, Sweden

Beyond reducing the climate impact of its construction activities, such as lowering overall concrete use and substituting conventional concrete with lower-cement alternatives, JM also enables more sustainable living for residents. By developing low-energy buildings, the company creates clear added value for customers through reduced energy consumption, resulting in lower household costs and a smaller climate footprint.

Source: JM Annual and Sustainability Report 2024

4. Business Resilience and Climate Adaptation

A growing number of companies view sustainability transformation as a critical driver of long-term business resilience. By strengthening supply-chain resilience, investing in climate-adaptive practices, and partnering with stakeholders, companies are better positioned to manage climate-related risks. This focus on resilience supports business continuity, protects long-term value, and enhances competitiveness in an increasingly volatile operating environment.

EXAMPLES FROM COMPANIES

Unilever, Household and Personal Products, The UK

Unilever recognizes that effectively executing its sustainability agenda is critical to building a stronger and more resilient business over the long term. By transforming how its raw materials are sourced and grown, the company is increasing the sustainability of its supply chain while strengthening resilience to climate-related risks.

As part of this approach, Unilever is working to implement regenerative agriculture practices across one million hectares of agricultural land by 2030, supporting long-term supply security while mitigating the impacts of climate change.

Source: Unilever Global website

Ahold Delhaize, Food Retail, The Netherlands

For Ahold Delhaize, sustainability transformation is central to building long-term business resilience and a strategic necessity for future growth. The transition toward a healthy and sustainable food system underpins the company's competitive advantage by strengthening resilience across its value chain through partnerships that reduce food waste, lower energy consumption, accelerate decarbonization, and scale circular solutions.

One example of this approach is Ahold Delhaize's collaboration in the United States with General Mills, where the two companies support farmers in adopting regenerative agriculture practices in key sourcing regions. This partnership aims to improve soil health while reducing greenhouse gas emissions, thereby strengthening supply-chain resilience and long-term sustainability.

Source: Ahold Delhaize Annual Report 2024

5. Operational Efficiency and Cost Savings

Sustainability transformation is also closely linked to internal cost efficiencies. Companies reported reduced operating costs through optimized resource use, waste reduction, digitalization, and more efficient logistics and supply-chain management. These measures not only lower environmental impact but also improve margins and enable growth without proportional increases in capital expenditure.

EXAMPLES FROM COMPANIES

Essity, Hygiene and Household Products, Sweden

Essity provides a strong example of how a sustainable supply chain can drive meaningful cost reductions. By reducing waste, logistics and distribution costs, increasing productivity, and optimizing material and energy use, the company has improved operational efficiency while lowering its environmental footprint.

These initiatives have delivered cost savings through an optimized production structure, efficiency improvements, and increased digitalization, alongside reduced raw material and energy consumption. In 2024, Essity achieved cost savings of SEK 1.5 billion while simultaneously reducing Scope 1 and 2 carbon emissions by 27 percent compared to 2016 levels.

Source: Essity Annual Report 2024

Inditex, Apparel Retail, Spain

Inditex is working closely with its logistics partners to improve shipment efficiency by maximizing space utilization and consolidating loads, thereby reducing empty trips. The company is accelerating the use of high-capacity vehicles, such as duo-trailers, which can reduce emissions per trip by up to 30 percent. In parallel, Inditex is expanding the use of multimodal transportation, combining rail and road transport to lower its environmental footprint. The company has also signed agreements to increase the use of sustainable fuels in air freight.

These logistics initiatives, combined with an integrated procurement and stock management system, significantly improve operational efficiency and cost control. As a result, Inditex limits surplus end-of-season inventory to less than 1 percent of all items put on sale, reducing waste, emissions, and inventory-related costs.

Source: Inditex Website

Axfood, Food Retail, Sweden

Axfood provides an example of how systematic efforts to reduce food waste can improve operational efficiency while lowering environmental impact and saving costs. Through initiatives such as increased sales of products nearing their best-before date, improved waste management procedures, innovative new products and collaborations with charity organisations, the Group has optimized resource use across its store operations.

These measures have contributed to both reduced waste volumes and more efficient inventory management, lowering costs associated with unsold goods while supporting a more sustainable food supply chain. In 2024, Axfood reached its target of a 50 percent reduction in food waste compared with 2015 levels. Building on this progress, Axfood has set a new target for 2030, aiming to further reduce food waste to below 0.7 percent of food sales, continuing to combine operational efficiency with sustainability improvements.

6. Combining Several Categories

Many companies link sustainability transformation to more than one source of competitive advantage. As a result, categories are not mutually exclusive, and individual companies may be represented across multiple categories. This reflects the integrated nature of sustainability strategies, where innovation, cost efficiency, customer value, and resilience often reinforce one another.

EXAMPLES FROM COMPANIES SUSTAINABILITY REPORTS

Axfood, Food Retail and Wholesale, Sweden

Axfood identifies growing business opportunities driven by increased consumer awareness of the climate and health impacts of food, particularly among younger consumers. In response, the company has expanded its portfolio of innovative, sustainable, and healthy food products. In 2024, Axfood promoted offerings such as Råggy Berry snack and the hybrid mince Nöt & Grönt, which combine nutritional value with a significantly lower carbon footprint compared to conventional alternatives.

Sustainability-labelled products now represent a substantial share of Axfood's business. In 2024, these products accounted for 27.2 percent of total sales, corresponding to approximately SEK 20 billion in revenue, demonstrating how sustainability-oriented products can translate directly into commercial value.

Source: Axfood Annual and Sustainability Report 2025

SAAB, Defense and Aerospace, Sweden

SAAB identifies their competitive advantage in the market through contributing to sustainable innovation by developing and providing solutions that enable customers to achieve their sustainability ambitions.

The company is strengthening its focus on sustainable innovation by integrating sustainability considerations into product design and expanding the availability of CO_2-neutral options. Initiatives such as the adoption of new energy sources and the replacement of conventional jet fuel with biofuels illustrate how SAAB supports customers in reducing their environmental impact while enhancing the long-term competitiveness of its offerings.

Source: SAAB Annual and Sustainability Report 2024

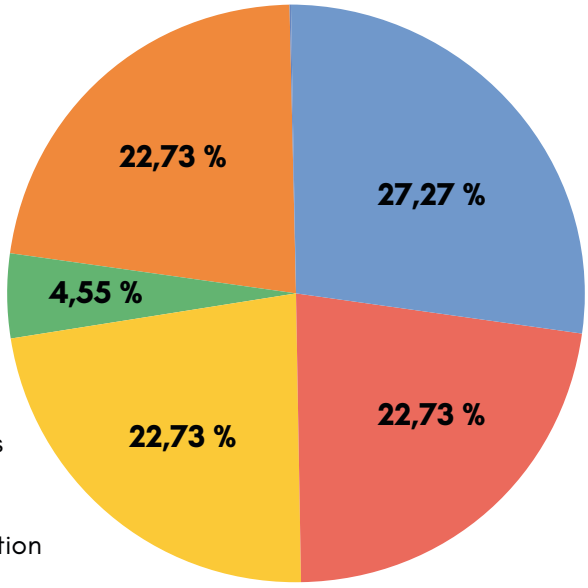
The Haga Initiative's Members

In addition to the European companies, this report extends the study and analysis to members of the Haga Initiative, which both Axfood and JM are members of.

Applying the same identified categorization as previous, the results for the Haga Initiative show that Market-Driven Growth Opportunities is the most frequently mentioned competitiveness category, accounting for 27.27 percent of occurrences. This is followed by Business Resilience and Climate Adaptation, as well as Innovation and Product Development and Operational Efficiency and Cost Savings, which are jointly ranked second, each representing 22.73 percent. Energy Savings for Customers accounts for the smallest share, at 4.55 percent.

When comparing the distribution in the pie chart for the Haga Initiative's members with the overall chart in the previous chapter, it is clear that the same key category is most frequently mentioned (**Market-Driven Growth Opportunities**). After that, the pie charts look slightly different. The group of Haga Initiative companies presents a broader distribution of the different categories of competitiveness, showing that there is a broader and multifaceted understanding of the competitiveness arguments derived from the green transition.

The examples below illustrate sustainability initiatives with a focus on climate, organised by key categories.



Key Categories

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- Operational Efficiency and Cost Savings
- Energy Savings for the Customer
- Business Resilience and Climate Adaptation

1. Market-Driven Growth Opportunities

VAROPreem, Oil Refining and Fuel Production

VAROPreem's renewable fuels enable customers in hard-to-abate sectors, including road transport, marine, and aviation, to reduce their carbon footprint and progress toward their climate commitments. In 2024 alone, the use of these fuels helped customers avoid almost 5 million tonnes of CO_2 emissions.

Source: VAROPreem website

2. Innovation and Product Development

VAROPreem, Oil Refining and Fuel Production

Feedstock sourcing is central to VAROPreem's renewable fuels business. VAROPreem is phasing out food- and feed-crop-based fuels and prioritising advanced renewable fuels that minimise environmental impact while maximising emissions reductions. The portfolio increasingly relies on traceable and scalable waste- and residue-based feedstocks, such as used cooking oil, tall oil, animal fats, manure, and forestry residues,which deliver immediate CO_2 reductions without competing with food production or land use.

VAROPreem is also investing in next-generation feedstocks, including lignocellulosic residues and biogenic waste oils, while developing circular value chains that convert local residues into scalable climate solutions.

Source: VAROPreem website

3. Operational Efficiency and Cost Savings

Folksam, Life & Non-Life Insurance

Folksam Group is investing SEK 2.2 billion, including SEK 1.5 billion from KPA Pension, in a co-investment structure linked to Copenhagen Infrastructure V. The investment strengthens its exposure to the energy transition while aiming for strong returns and climate impact. Funds will be allocated to renewable projects such as onshore and offshore wind, solar parks, and energy storage across OECD countries, mainly Western Europe, North America, and developed Asia.

The fund targets significant sustainability outcomes, including adding 20 GW of renewable capacity and reducing emissions by 15 million tons of CO_2, building on a proven strategy with strong historical performance.

Source: Folksam website

Övik Energi, Energy and District Heating (Local Power Utility)

To reduce the environmental and climate impact of facilities, Övik Energi implements efficiency and improvement measures. Övik Energi's production primarily relies on residual forestry products as fuel, enabling energy recovery while ensuring consistent fuel quality through ongoing monitoring and quality assurance. Övik Energi combined heat and power plant is equipped with advanced emission control technology that effectively cleans flue gases. In addition, heat is recovered through flue gas condensation, significantly improving the facility's overall resource and energy efficiency.

Source: Övik Energi Annual Report 2024

Axfood, Food Retail

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Source: Axfood Annual and Sustainability Report 2025

4. Business Resilience and Climate Adaptation

Coca-Cola Europacific Partners (CCEP), Beverages

CCEP is strengthening climate resilience across its value chain and communities by supporting climate adaptation measures. The company has developed a climate transition roadmap, including a 2030 carbon reduction plan aligned with its business growth strategy as well as Capex and Opex planning. To support the decarbonisation of its operations and value chain, CCEP allocated more than €400 million between 2021 and 2023. Building on this commitment, the company plans to invest approximately €405 million in emissions reduction initiatives between 2024 and 2026.

Source: CCEP Annual Report 2024

Löfbergs, Coffee Production and Food & Beverage Manufacturing

To secure the future supply of coffee and support farmers in addressing climate change, current farming systems need to evolve. In response, Löfbergs has invested in a pilot project in the São Francisco de Paula region of Minas Gerais, Brazil. The initiative aims to develop a model for more sustainable and profitable coffee farming systems that can be scaled up and applied more broadly across the sector.

Source: Löfbergs Sustainability Report 2024

5. Energy Savings for the Customer

JM, Residential Real Estate Development and Construction

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Source: JM Annual and Sustainability Report 2024

6. Combining Several Categories

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Sustainability-labelled products now represent a substantial share of Axfood's business. In 2024, these products accounted for 27.2 percent of total sales, corresponding to approximately SEK 20 billion in revenue, demonstrating how sustainability-oriented products can translate directly into commercial value.

Source: Axfood Annual and Sustainability Report 2025

Lantmännen, Agriculture Cooperative and Food Production

Climate & Nature is Lantmännen's program for the farming of the future and contains concrete measures that benefit biodiversity and reduce climate impact, marked its tenth anniversary in 2025 and continues to evolve. Over the past decade, the programme has enabled fossil-free food production on an industrial scale, positioning Lantmännen as a global leader in this area.

In 2025, 147,300 tonnes of grain grown under the programme were harvested, representing approximately ten percent of the grain used for Swedish food production. During the year, Lantmännen also launched the program in Denmark and recently communicated the first business to business partnership with McDonalds in Finland.

Source: Lantmännen Year End Report 2025

Löfbergs, Coffee Production and Food & Beverage Manufacturing

Löfbergs aims to offer recyclable packaging across all markets by 2025. By 2030, all packaging will be made from renewable or recyclable materials while remaining user-friendly and cost-efficient. Key initiatives include reducing material use through thinner plastics, developing advanced barrier materials, and introducing bio-based plastic solutions.

Packaging is a cornerstone of Löfbergs' sustainability strategy. Since the 1990s, the company has actively driven the development of innovative packaging solutions, guided by its sustainability ambitions as well as evolving societal expectations and regulatory requirements.

Source: Löfbergs Sustainability Report 2024

Stena Recycling AB, Material Recycling Solutions and Circular Services

Recycling is an effective and well-established approach to circular use of resources and helps reduce CO_2 emissions and decrease the need for extraction of virgin resources. Avoided CO_2 emissions, which are calculated by comparing the climate impact of virgin raw materials against the emissions from recycling processes, is a major driver for the demand of recycled materials on the world market.

The strategy for decreased climate impact in scope 1 focuses on electrification of transportation and working machines. Adding on fossil free production processes through purchased electricity and heat in scope 2 and collaboration with purchased transports in scope 3, the goal is to achieve fossil free end-to-end services for clients.

Source: Vårt hållbarhetsarbete | Stena Recycling SE (Climate Impact report 2024)

Folksam, Life & Non-Life Insurance

Folksam Group is investing SEK 300 million in a bond issued by Jönköping Municipality to finance new water infrastructure. The project focuses on replacing old pipelines, separating stormwater and wastewater systems, and increasing capacity to handle future heavy rainfall. These improvements help municipalities reduce water loss, optimize resource use, and lower maintenance costs over time.

By tracking indicators such as water savings, pipeline upgrades, and treatment volumes, the municipality can ensure efficiency gains. Overall, the investment supports long-term resource savings, improved resilience, and more sustainable water management, while also strengthening critical infrastructure and reducing environmental impact.

Source: Folksam website

Concluding Remarks

The purpose of this report is to showcase that businesses across Europe, in fact some of the largest ones listed, see great value in integrating and pushing for sustainability efforts. One can go as far as saying that it is increasingly becoming a hygiene factor that makes up a core pillar in business strategies rather than being a separate add-on issue addressed on the sidelines.

When looking at Swedish businesses in general which have a longstanding tradition of working with sustainability issues and their carbon footprint in particular, and more specifically linking this to the core business strategy and competitiveness. The Swedish companies generally stood out when benchmarking against other European companies in this report. This is also clear when looking at the Swedish business network for climate leadership, the Haga Initiative's pie chart, where the distribution of the different categories was much broader than primarily market-growth opportunities. This showcases a deeper integration of how competitiveness is viewed linked to the green transition. Sustainability efforts have become mainstreamed into business strategies for these companies and that is no small insight. And what we're seeing is that the rest of Europe is on the same track.

However, businesses do not operate in silos. In order for companies to be successful in the green transition and remain competitive, it is imperative that policy is predictable, stable and long-term in its design and decisions. More so, the European climate agenda needs to be ambitious as the world is moving towards 3°C warming, while at the same time there is a global green industrial race, for which Europe needs to remain at the forefront of.

Companies value an ambitious EU climate policy agenda

Some political parties in Europe are pushing the narrative that European businesses risk losing out on the climate agenda and that it is not in their best interest. And that in order to protect their competitiveness, the EU needs to loosen up the regulatory agenda. On the contrary, this review showcases that businesses see added value that comes from market demand, opportunities to innovate, cost and energy savings and secure their value chains and operations through climate adaptation to reduce future material and financial risks.

Breakdown of the "sustainability is profitable" argument in detail

In addition, the findings of the review offers a more in-depth look at the argument that it is profitable for businesses to be sustainable. It breaks that argument into more concrete examples of how businesses become more sustainable. Examples such as seeing opportunities for new market segments that are in demand by customers, or enabling customers to reduce their footprint and energy use, how cost-savings are driven by more sustainable options and lastly risk management that is in fact necessary in the wake of impacts of climate change.

There is additional and broader work to still be done, but in order to begin dissecting the argument that "sustainability is profitable" this review offers an initial approach that can be further developed and studied. All together, understanding more about how profitability increases in practice through more sustainable business models, it will help push an ambitious climate agenda in the policy space. Politicians are concerned with European

businesses remaining competitive to create job opportunities and offer economic growth, and so listening to the companies that are vowing that sustainability is a cornerstone in their businesses can help policymakers to maintain and increase ambition rather than backsliding and diluting climate policies on the basis that it would pose a threat to European companies.

If sustainability has been mainstreamed into companies' way of doing business, then watering down policies which favor and support it, becomes just as serious of a challenge as lowering ambitions linked to labor market or financial market policies. Sustainability has gone from being perceived as a "goodwill" issue to becoming a hygiene factor in business models. And policy makers need to treat it as such a matter if they really want to protect and support the competitiveness of European companies.

Early climate policies have been key in pushing businesses

The reason why companies have been able to reach this level of maturity when it comes to mainstreaming sustainability and climate into their business strategies is in large part due to early climate policies, for example the EU ETS, and the Ff55 agenda of the European Commission. For Sweden specifically, the introduction of a carbon tax early in 1990, together with a few other early adopters, played a key role. Another aspect is the adaptation of national climate frameworks in countries such as Sweden and the UK.

It is a clear example of the symbiotic relationship between the market and policy space. Going forward, this is why it is imperative that the European policy makers maintain ambition levels when moving beyond Ff55 and towards the 2040 target as well as the net zero target for 2050. It adds value for companies which are indeed responding and pushing forward.

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