Sustainability in Finland 2023

A survey on the corporate responsibility management, practices, challenges and future prospects of Finland's largest companies

The prerequisites for a genuine sustainability transformation exist

Our corporate responsibility survey brings to light the state of Finnish companies' sustainability efforts. Thanks to our updated content, it is more current than ever. In addition to describing the current state, it indicates the direction for the future and helps companies to develop their own operations in the direction required by international reference frameworks.

According to our survey, Finnish companies currently have good prerequisites for effective sustainability efforts: Corporate responsibility reflects in strategy and the management's agenda, and its importance and benefits are recognised.

Despite these prerequisites and good intentions, a surprisingly large number still have much to do at the basic level of corporate responsibility, i.e. managing risks and negative effects. We encourage companies to take even more concrete actions regarding climate, environment, and human rights, as well as transparent reporting.

In this report, we now turn our gaze to the future. With new perspectives, we want to encourage companies to reflect on their own influence in accelerating the sustainability transformation.

Pioneering companies use a wide range of innovation, financing and advocacy tools to promote social and environmental well-being and resilience. We were delighted to see that efforts in this area are underway in Finnish companies. Sustainability is now particularly visible as a driver of innovation and investment.

World turbulence, pandemics, the energy crisis and war have further increased the commitment to promoting corporate responsibility. So the keys to a business-led sustainability transformation are already in our hands.

We hope that the 10th anniversary of our survey inspires you to effective sustainability measures, and that you enjoy our findings.

Helena Kekki, Director, FIBS

Table of contents

Summary

5 main findings

1. **Companies have good prerequisites for effective sustainability efforts:** Corporate responsibility reflects in strategy and the management's agenda, and its importance and benefits are recognised. War and the pandemic have led to a growing commitment to CSR.

2. **Sustainability commitments and targets do not always translate into concrete actions.** Despite good existing prerequisites, there is much to be done on climate, nature, human rights and transparent reporting.

3. **Sustainability is now driving innovation and investment,** but companies still cling to unsustainable business practices.

4. **Actions that enable a sustainability transformation are already taking place in Finnish companies.** The role of political influence in promoting sustainability is not yet recognized by companies.

5. **Skills shortages are an obvious bottleneck for the future.**

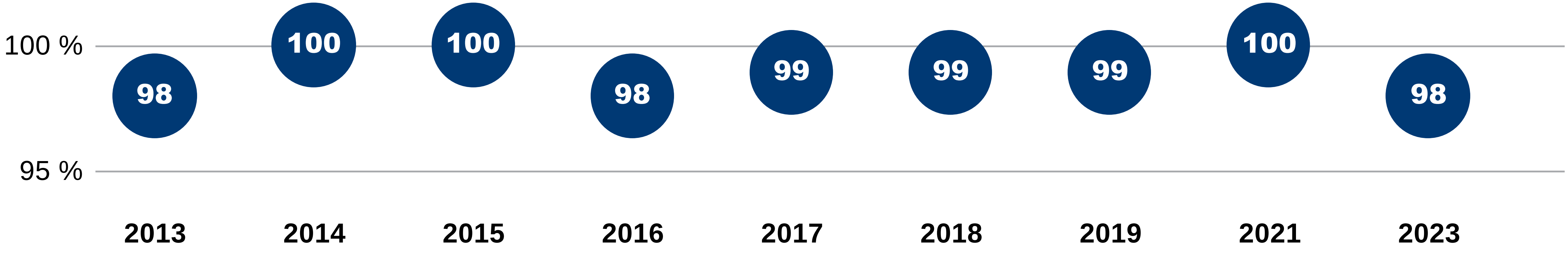
1

Businesses are well placed to make an impact in the area of corporate responsibility:

Sustainability is reflected in the strategy and management agenda, and its importance and benefits are recognised.

The war in Ukraine and the pandemic led to an increasing commitment to CSR.

Sustainability has been an essential factor for Finnish companies for 10 years



72% stated that the war in Ukraine, the pandemic and the energy crisis have increased commitment to sustainability objectives

Sustainability is reflected in the strategy and management agenda, and its importance and benefits are recognised

the board discusses corporate responsibility issues on a regular basis

the management team discusses sustainability issues at least quarterly

includes sustainable development goals in its **strategy**

recognise the **business benefits** of sustainability

Four out of five have set quantitative and qualitative targets for sustainability

86%

have set quantitative targets

80%

have set qualitative targets

2

Sustainability commitments and targets do not always translate into concrete actions.

Despite good existing prerequisites, **there is much to be done** on climate, nature, human rights and transparent reporting.

Commitment or Objective	**46%** have set a Net Zero GHG emissions target for their operations (2050)	**42%** have set goals to contribute to the recovery of nature or biodiversity	**85%** support the UN Guiding Principles on Business and Human Rights in their company's business activity	**93%** are committed to supporting inclusion, equality, diversity and the removal of all forms of discrimination
Measure	**27%** formed a science-informed plan to reach the target (e.g. SBTi)	**16%** formed a science-informed plan to reach the target	**<40%** carried out a human rights risk assessment or a continuous human rights due diligence process	**62%** set quantitative or qualitative goals for this work

74% publish a sustainability report

Significantly fewer report progress on thematic objectives annually in a standard format

38%	32%	49%	62%	45%
Climate	Nature	Human rights	D&I	Financial information

82%

of companies integrate ESG into their risk management processes and reports

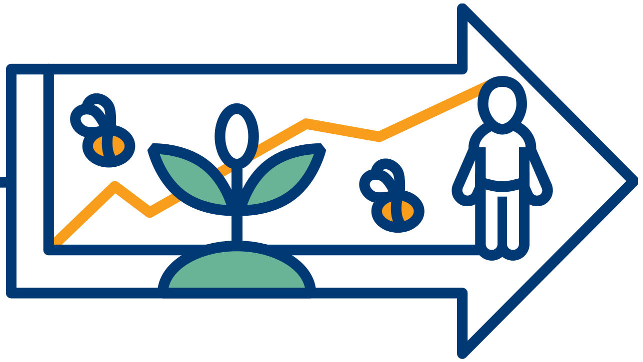
3

Sustainability is now driving innovation and investment.

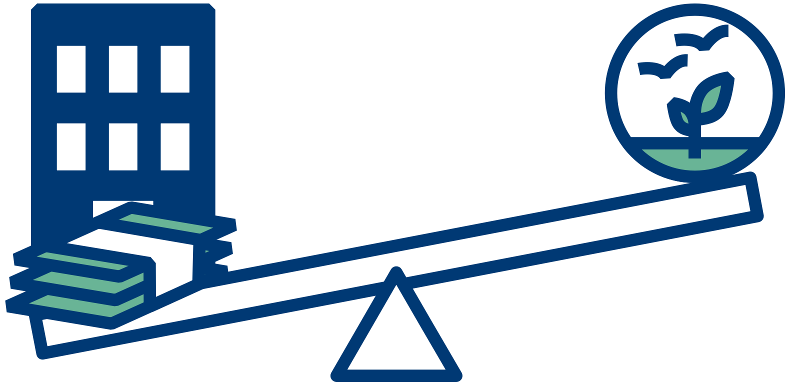
Yet companies still cling to their unsustainable business practices.

63% made investments

59% made innovations



where sustainability is the main driver



Only 16% have abandoned business activities that are not sustainable

54% are working to promote sustainable consumer behaviour

Yet, only

13% removed options that do not support sustainable development from their product or service range

and

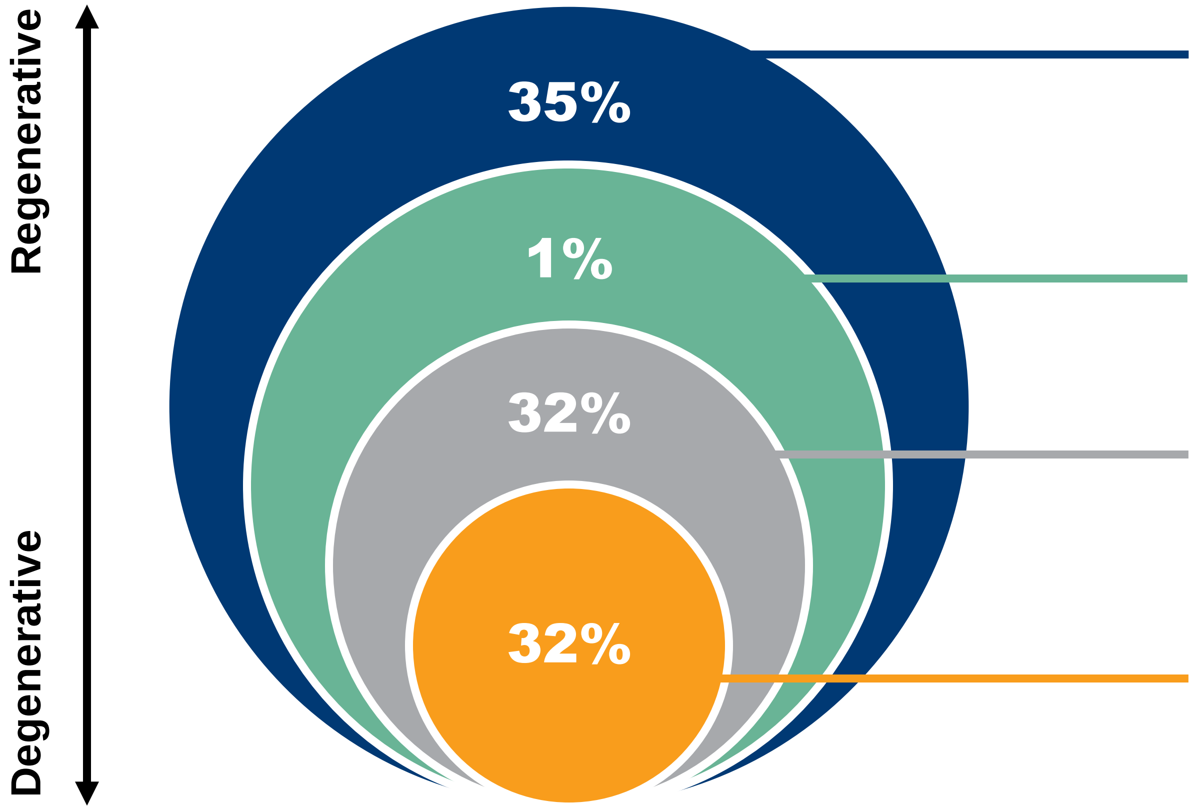
50% design their products to be durable and repairable

4

Enabling sustainability breakthroughs are taking place in Finnish companies.

The role of **political influence** in promoting sustainability is not yet recognised by companies.

1/3 focuses on reducing risks, 1/3 approaches sustainability work through regenerative thinking



Regenerative: we build the capacity of social and environmental systems to regenerate (in addition to managing negative impacts)

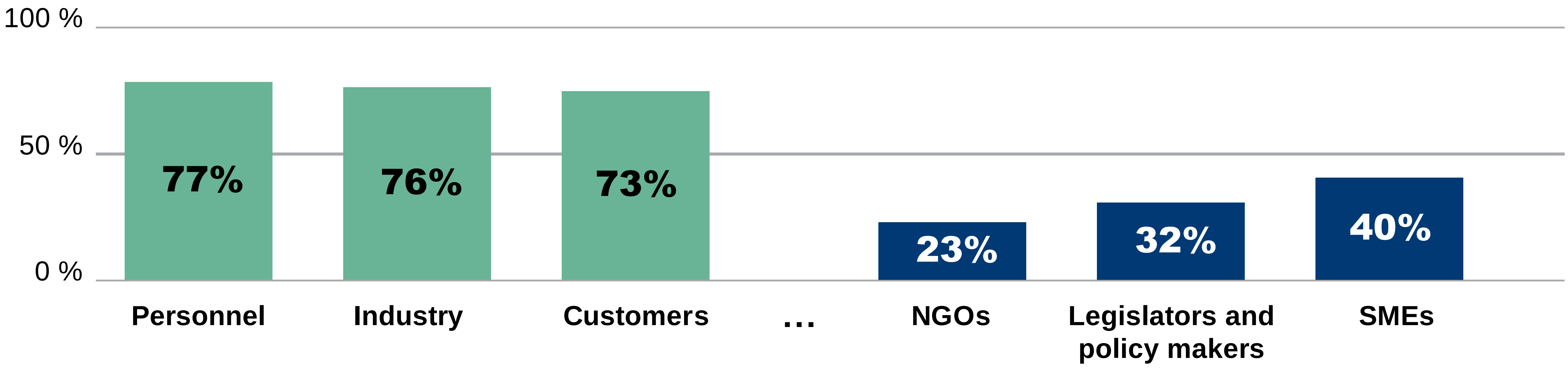
Restoration/Net positive: we are correcting negative impacts caused in the past

Net zero: we ensure that our activities do not have negative environmental and social impacts

Risk mitigation: mitigating the negative environmental or social impacts we cause

The majority of companies cooperate with their close stakeholders

There is least cooperation with NGOs



Companies should actively seek to influence, among other things, these enablers of change to support systemic change towards a more sustainable society:

Innovation and technology

55% estimate environmental impacts and only 24% estimate social impacts as part of their innovation process

38% innovate extensively, involving stakeholders

Finance and investment

44% take sustainable development into account in cost-benefit analyses of internal development projects

60% work with decision-makers, regulators and industry groups to create better conditions for sustainable investment

Individuals and consumption

69% are increasing the proportion of recycled materials in their products

50% design their products to be durable and repairable

Policy and regulation

Surprisingly many do not know their company's policy on political influence

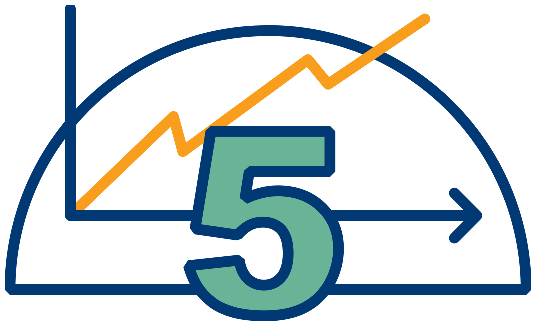
24% will disassociate from advocacy organisations whose political influence does not support sustainable development

33% only take part in such political influencing that is in line with sustainable development

5

Skills shortages are an obvious bottleneck for the future.

The majority of companies see an increase in the importance and resources devoted to corporate responsibility over the next 5 years.



Yet only **10%** estimate that the available resources and actions are sufficient to reach the company's sustainability goals, and

6% estimate that the competence of company staff is sufficient to reach company's sustainability goals.

Background to the survey, implementation and respondents

Finland's most comprehensive survey reveals the state and future direction of corporate responsibility

The Sustainability in Finland 2023 describes the strategic importance, management and practices of corporate responsibility in the country's largest companies - not forgetting the outlook for the future.

This survey provides useful information on sustainability for companies, business decision-makers and policy-makers alike - and we already have a strong tradition of using it in Finland. The last survey was carried out in 2021

The set of questions has now been partly revised to reflect the recommendations of our international partner WBCSD, and the questions cover the key themes of sustainability efforts, from climate change to human rights. The role of companies as an enabler of the wider sustainability transformation will also be explored from a new perspective.

wbcsd Global Network

Business decision maker: How to make the most of this survey

- Benchmark your company's sustainability performance against the results of the survey
- Use the analyses and perspectives to support your company's strategic planning and operational development in its sustainability efforts
- Use the questions to identify key sustainability themes, and plan and develop your own operations in line with them
- Use the survey to train your own personnel
- Use the information to your advantage in communication, sales and marketing
- Extract information and figures for your own blogs and analyses
- Analyse and monitor more widely the level of corporate responsibility in Finnish companies - encourage and pressure others to invest in the topics covered
- **The content of the survey may be cited by mentioning the publisher (FIBS)**

The target group of the survey are the 1000 largest companies in Finland

Participants in the survey in 2023 included:

184 companies

with 1 person from each as follows:

30% CEOs

39% of directors responsible for corporate responsibility

31% of managers responsible for corporate responsibility

29% listed companies

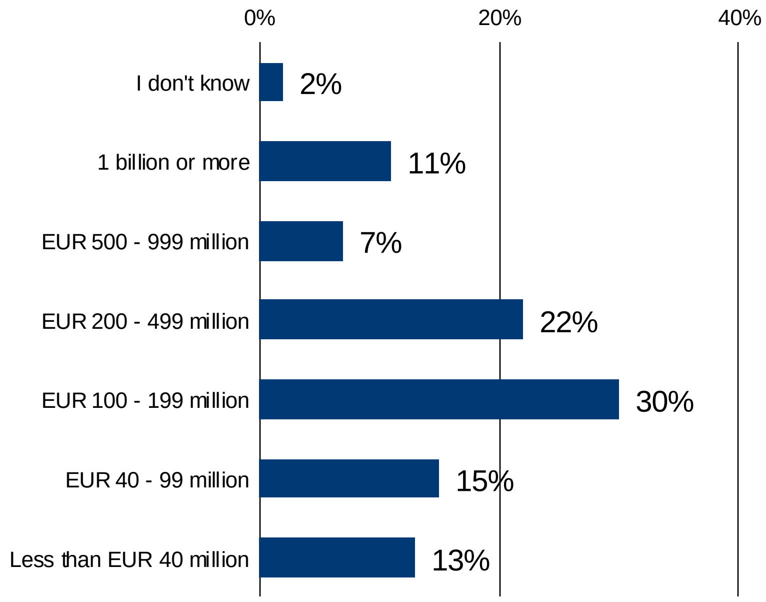
38% of companies with personnel only in Finland

46% FIBS members

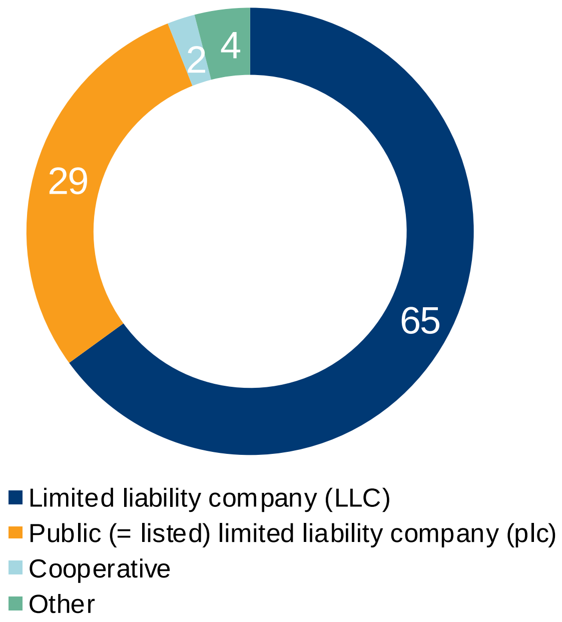
More information on the implementation in Annex 1

65% of respondents from limited liability companies, just over a third from manufacturing

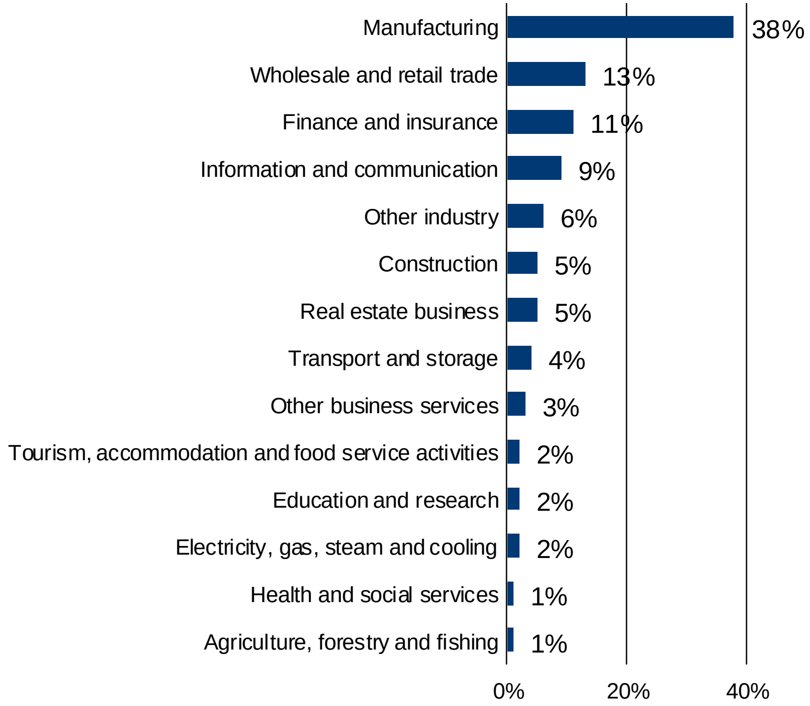
Turnover (n=184)



Type of company (%)



Main sector of activity



The study is carried out by FIBS

FIBS is the largest corporate responsibility network in the Nordic countries and a leading developer of corporate expertise.

Our aim is to accelerate the drivers of corporate responsibility towards a more sustainable world

We provide our members with the widest range of services and development tools in the industry, including:

- ✓ Studies and surveys
- ✓ Training
- ✓ Seminars and webinars
- ✓ Light mentoring programme

Involved in our activities

400+ members

- ¾ companies
- ¼ other operators

Read more: www.fibsry.fi

Part 1

Prerequisites: Sustainability is ingrained in leadership

4 Trendsetters

3 Pioneering

2 Basic level

1 Prerequisites

- Relevance
- Management practices
- Board and management work
- Preparing for the future

Sustainability is ingrained in leadership. Corporate responsibility is visible in strategy and the management's agenda, and its importance and benefits are recognised. Companies have good prerequisites for impactful work.

Part 1 | Prerequisites: Sustainability is ingrained in leadership

In this section, we look at the prospects for corporate responsibility at a time of global turmoil, from the Ukraine war to the energy crisis.

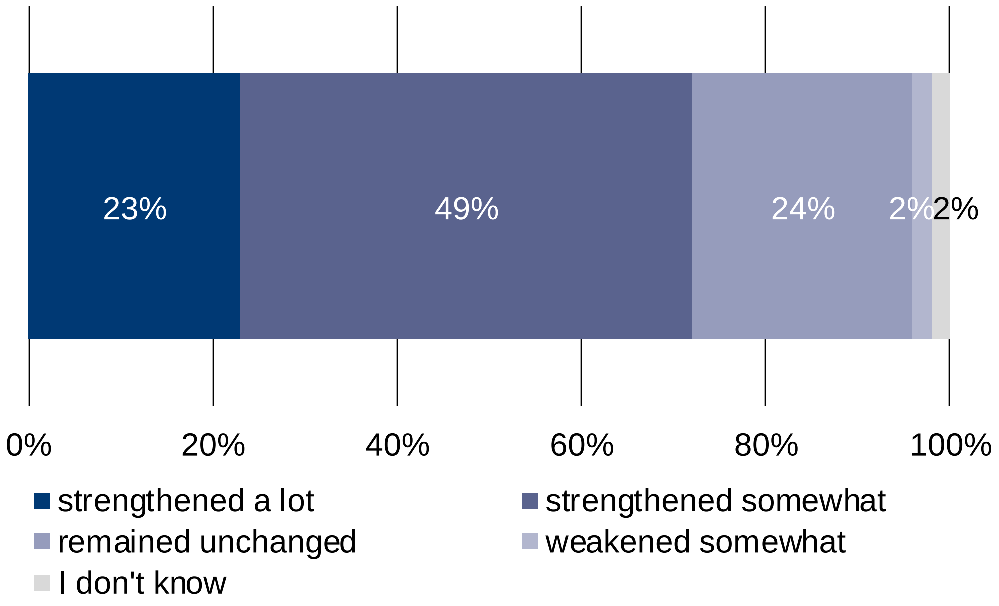
Recognising the importance of sustainability and the business benefits it brings will lead to sustainability being reflected in the management of the company: in the strategy, in the work of the board and management teams, and in the setting and monitoring of concrete targets.

Recognising the strategic importance of sustainability also helps management to build their capacity to respond to future sustainability challenges.

Relevance

The war in Ukraine, the pandemic and other crises led the majority (72%) to make a strong commitment to their sustainability objectives

Commitment to sustainability targets:

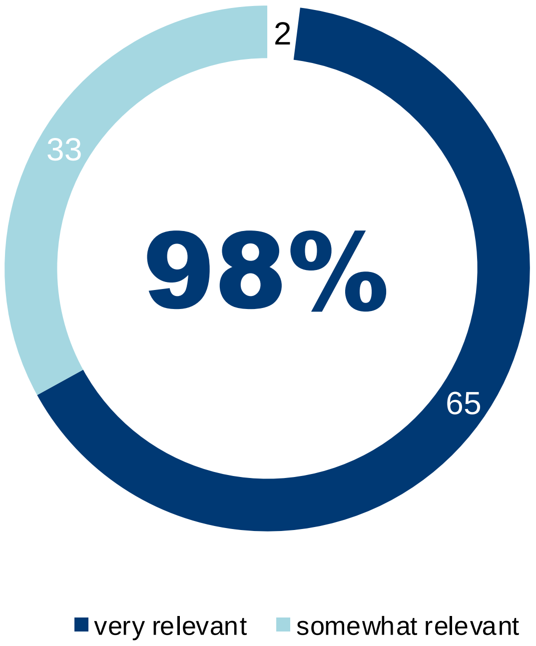


Contrary to what has been assumed, the global disasters of recent years have not weakened companies' commitment to sustainability objectives.

At their best, crises shine a light on what is important. And now it seems that sustainability is perceived as so central that companies are willing to invest in it, even as the world changes.

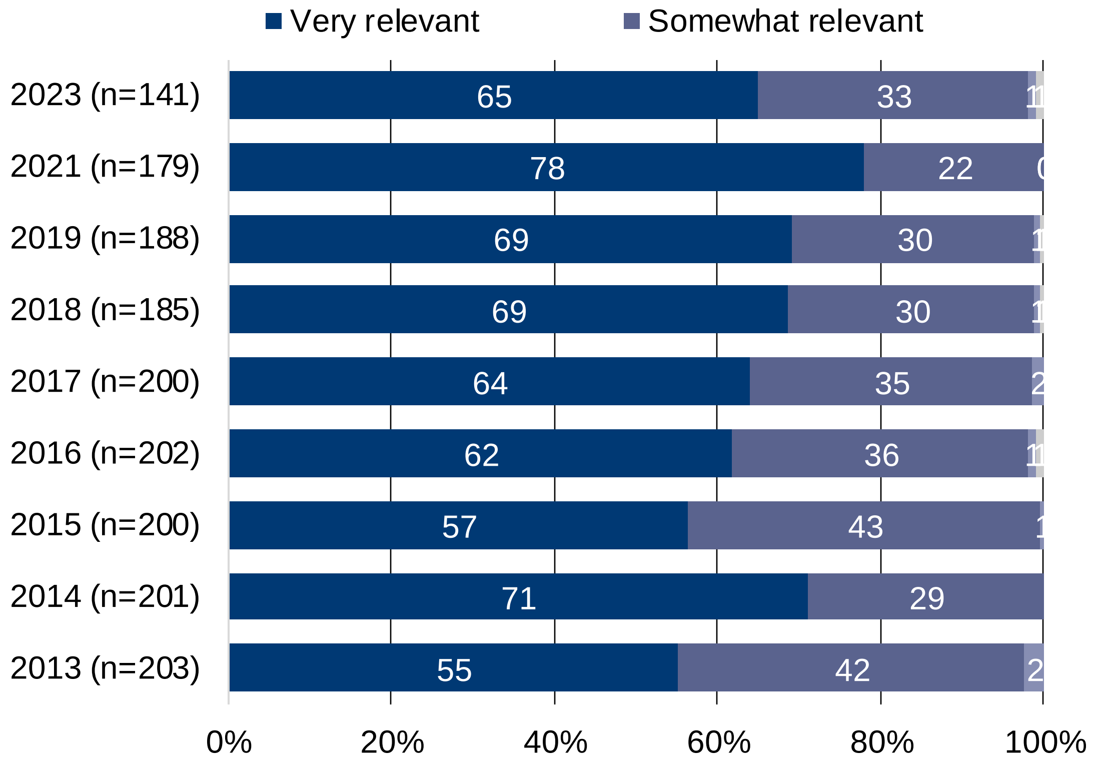
Question: "What kind of an impact would you say the world situation and the changes in recent years (including the pandemic, the war in Ukraine, the energy crisis) have had on your company's responsibility goals? Our commitment has... " (n=142)

Almost every company considers corporate responsibility to be relevant

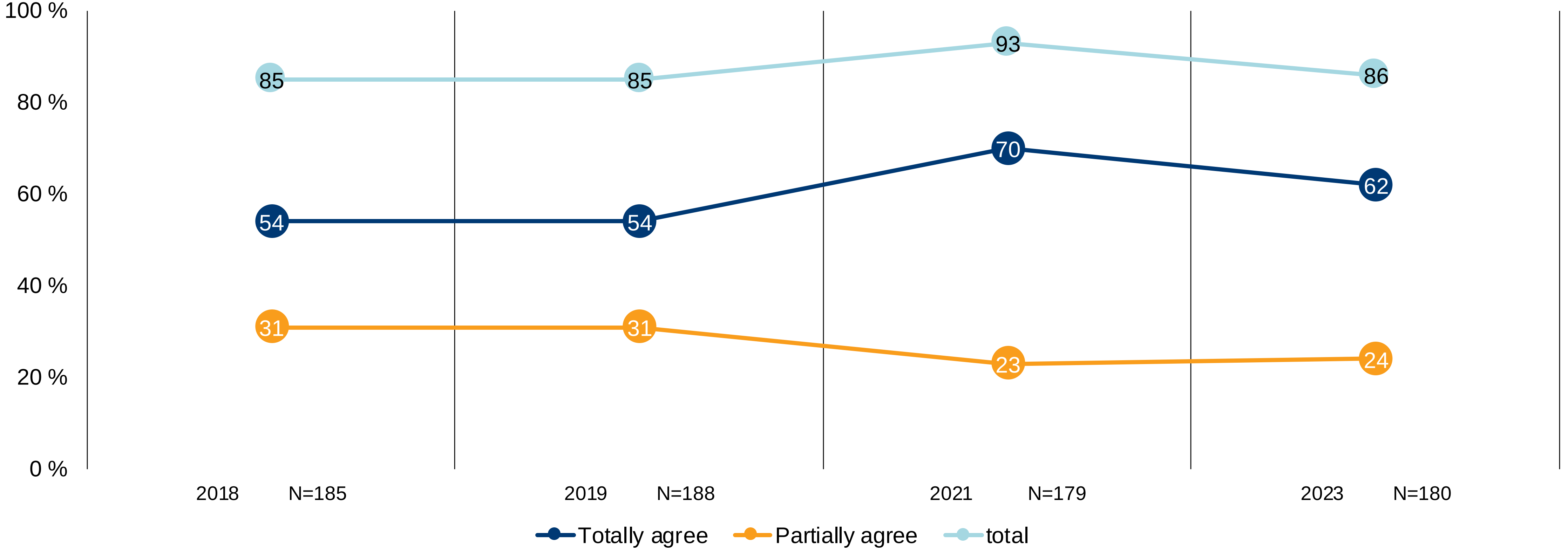


Question: "How relevant is corporate responsibility for your company right now? " (n=141)

Corporate responsibility has been relevant for 10 years - the share of those who consider it very relevant fell compared to 2021



Strategy: Most companies have sustainability goals in their strategy - number down from two years ago

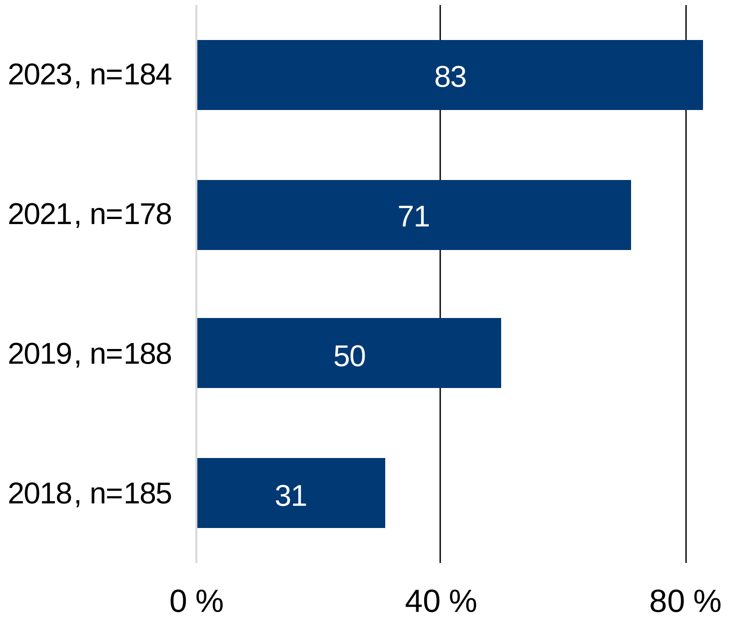


Claim: "Our strategy includes goals related to sustainable development"

Management practices

The materiality assessment is helping more and more companies to clarify the most critical issues for their business

The process of defining material corporate responsibility issues



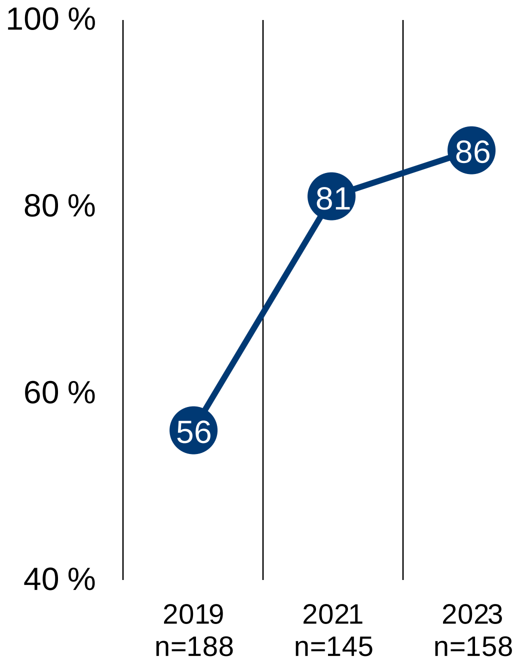
Claim: "Does your company use the following management practices to promote corporate responsibility ": Materiality assessment

A well-done materiality assessment describes the opportunities and risks created by sustainability factors for your business. It supports the prioritisation of corporate sustainability efforts and guides action on key issues.

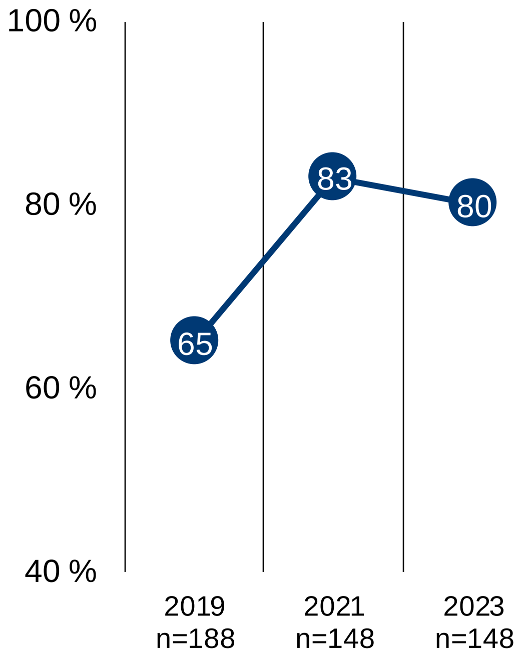
Indeed, a significantly higher number of companies (+12% -points) have a process for defining material corporate responsibility issues in place compared to the situation in 2021.

Tracking corporate responsibility has become much more measurable

Quantitative targets have been set for corporate responsibility



Qualitative targets have been set for corporate responsibility



The change has been significant: In four years the share of respondents setting quantitative targets has increased by +30 percentage points.

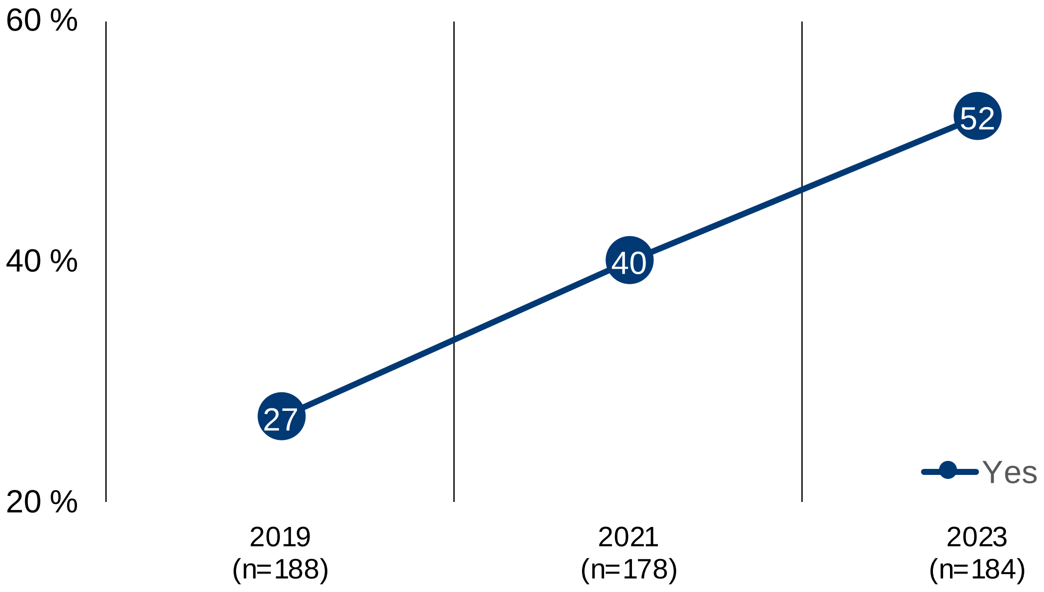
The share of those setting qualitative targets has increased more slowly (+15% points) and has turned to a slight decline compared to 2021.

This change is likely to be explained by, among other things, increased quantitative reporting pressures and the systematisation of sustainability efforts.

Question: "Does your company use the following management practices to promote corporate responsibility?": "There are quantitative goals for responsibility" and "There are qualitative goals for responsibility" Yes respondents

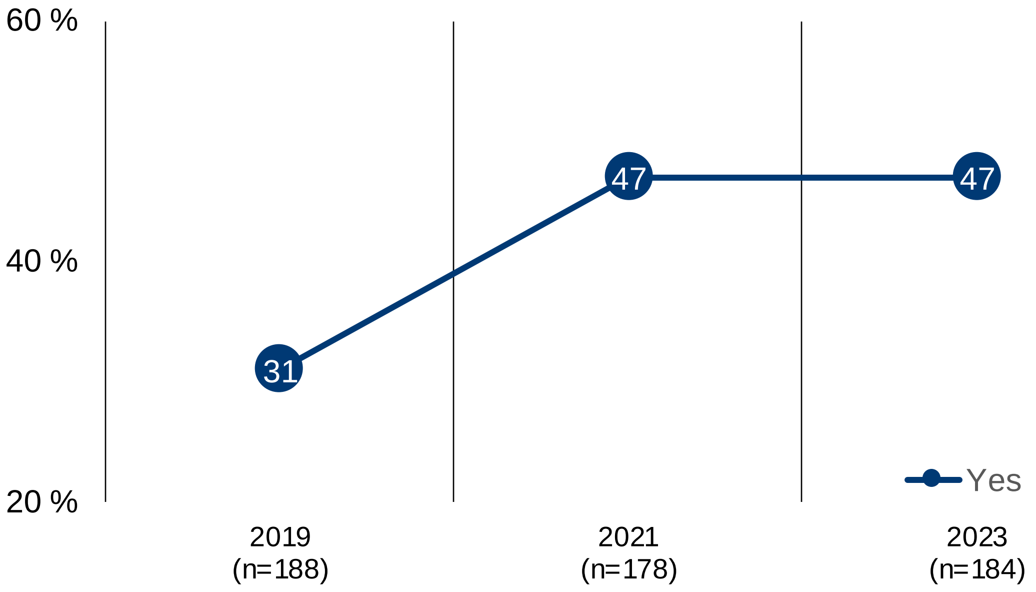
Incentive schemes already take corporate responsibility into account in every second company - rewarding has increased significantly in four years

Corporate responsibility aspects are included in the incentive and reward system for management



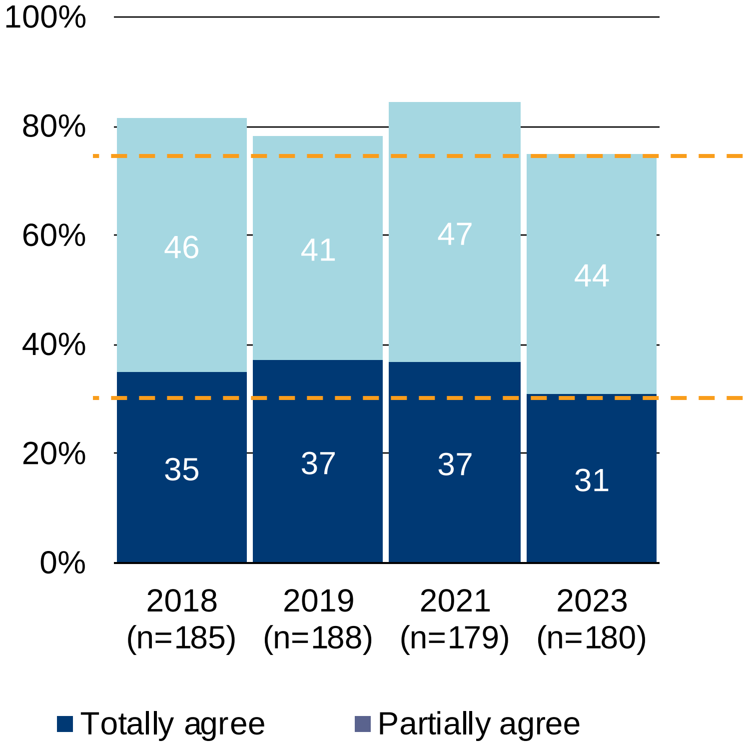
Question: "Does your company use the following management practices to promote corporate responsibility?": "Responsibility aspects (such as emissions, work safety, well-being at work, etc.) are included in the management's incentives and rewards".

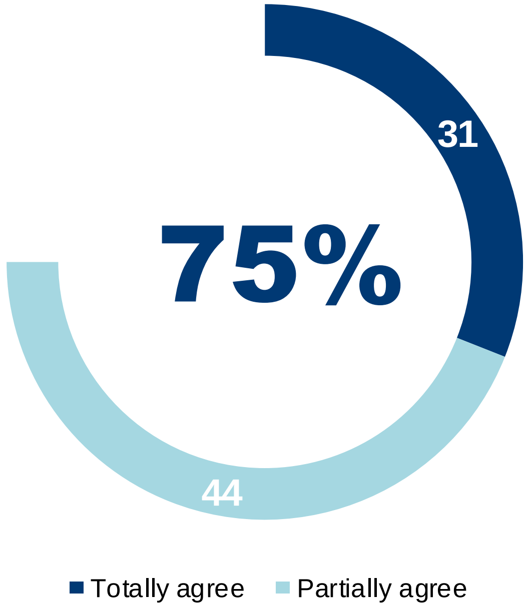
Corporate responsibility aspects are included in the incentive and reward system for other personnel



Question: "Does your company use the following management practices to promote corporate responsibility?": "Responsibility aspects (such as emissions, work safety, well-being at work, etc.) are included in other personnel's incentives and rewards".

Business benefits of corporate responsibility are no longer as obvious as before





75% feel they gain business benefits from investing in corporate responsibility.

The gentle decline from previous years suggests that the easy benefits of corporate responsibility are beginning to be reaped.

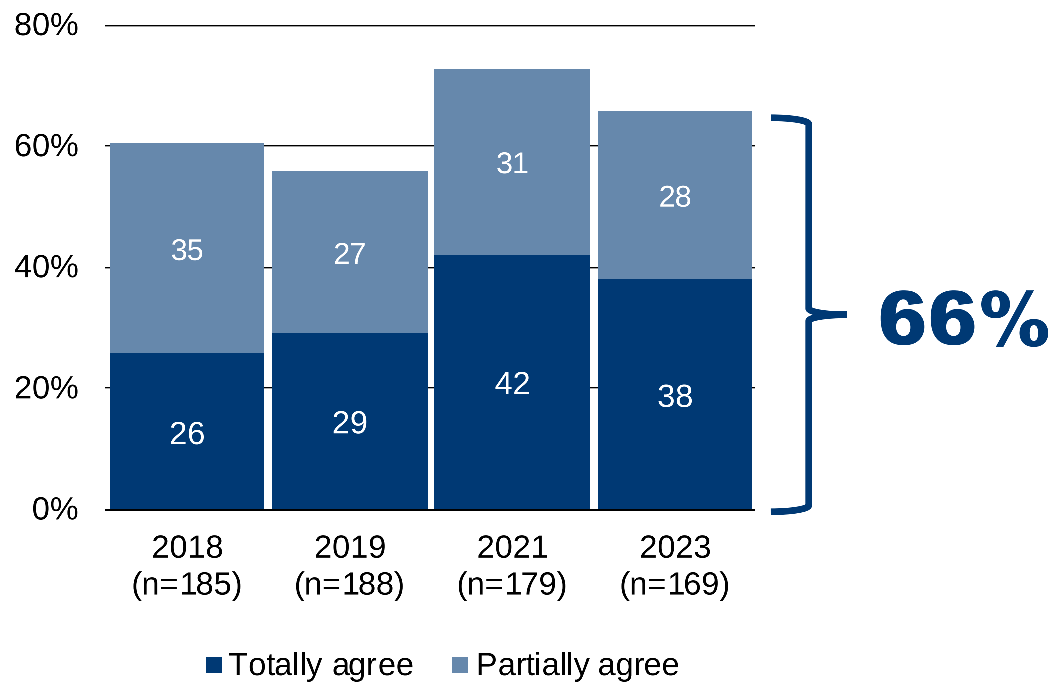
At the same time, as regulations and requirements become more stringent, sustainability efforts are currently demanding a great deal of effort from companies.

Claim: "The business benefits gained from corporate responsibility are greater than the resources used to ensure it" (n=180)

Board and management work

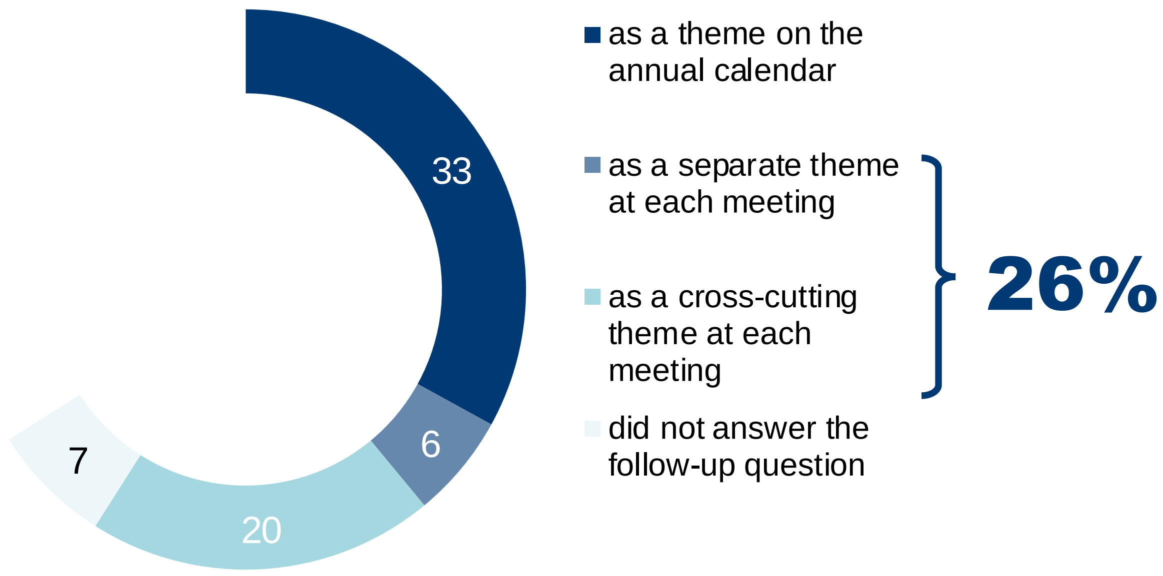
Boards: Two out of three companies say corporate responsibility is on the board's agenda regularly - in every meeting in the quarter

The board discusses corporate responsibility issues on a regular basis



Claim: "Our company's board of directors regularly discusses corporate responsibility issues"

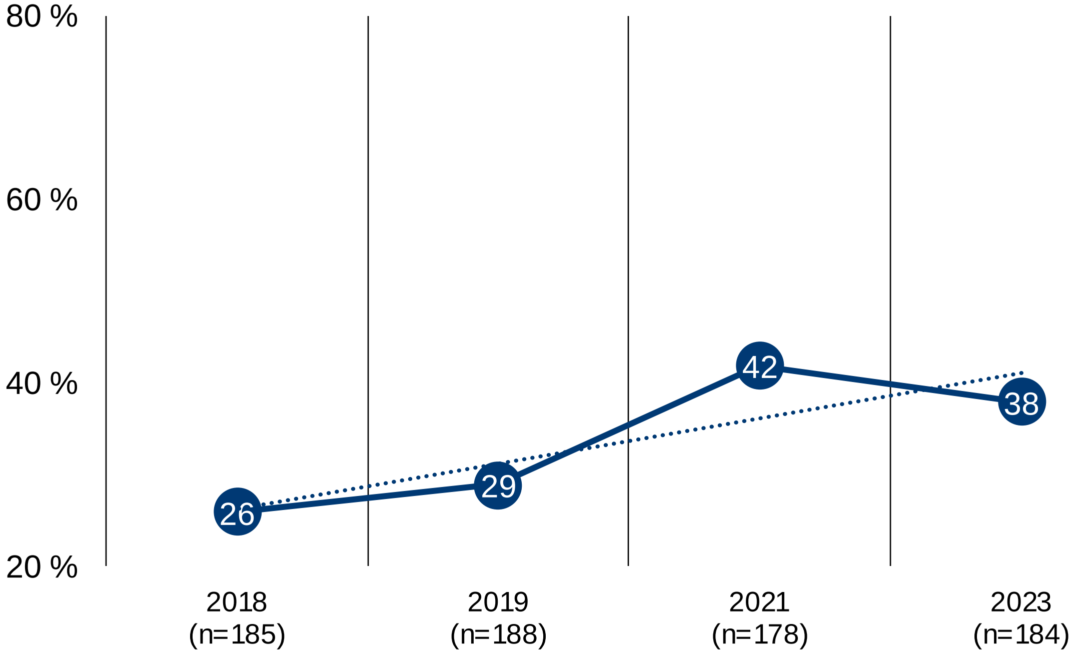
Handling of corporate responsibility issues at board meetings (%)



Follow-up question, if you either partially or fully agree with the previous answer: "Does your company's board of directors discuss corporate responsibility issues... "(n=100) Percentage of all respondents to the previous question (n=169)

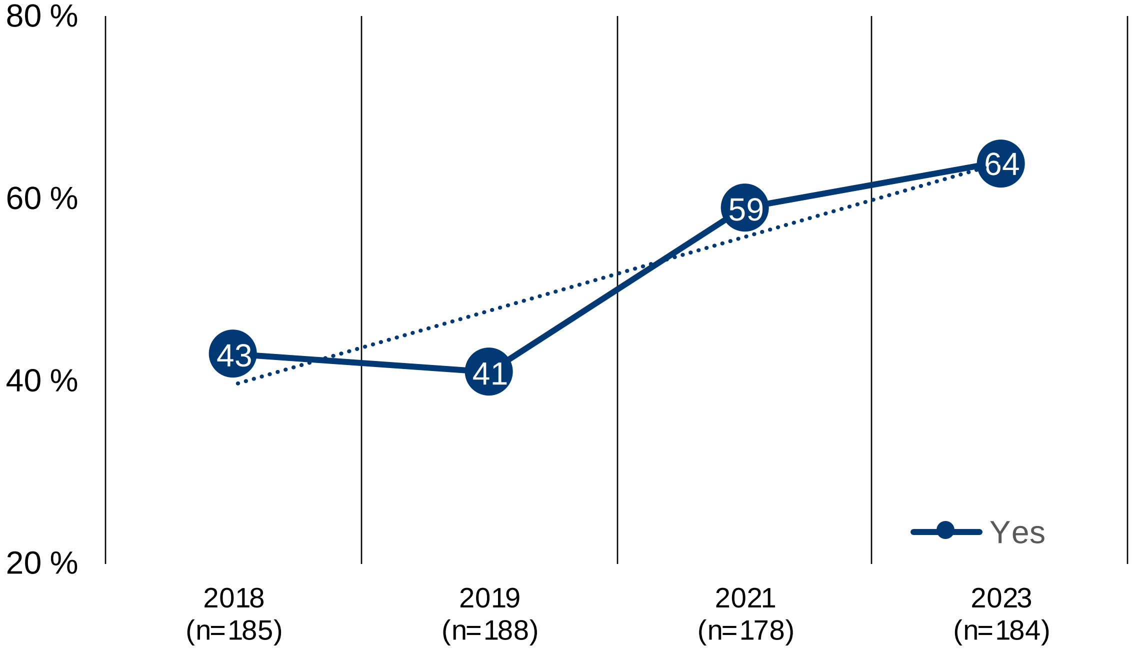
5-year trend (boards): Boards have clearly increased their knowledge of corporate responsibility - corporate responsibility is also being addressed more often

The company's board of directors discusses corporate responsibility regularly



Claim: "Our company's board of directors regularly discusses corporate responsibility issues". Percentage of respondents who "strongly agree" with this claim.

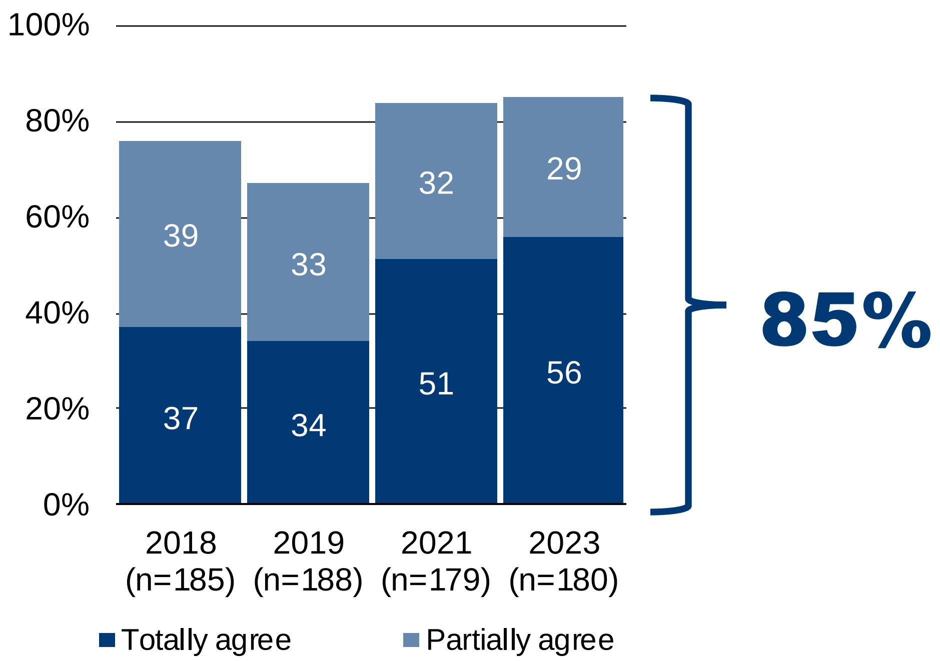
At least one member of the board of directors has a good grasp of corporate responsibility issues



Claim: "At least one member of the board of directors is familiar with corporate responsibility issues". "Yes" respondents

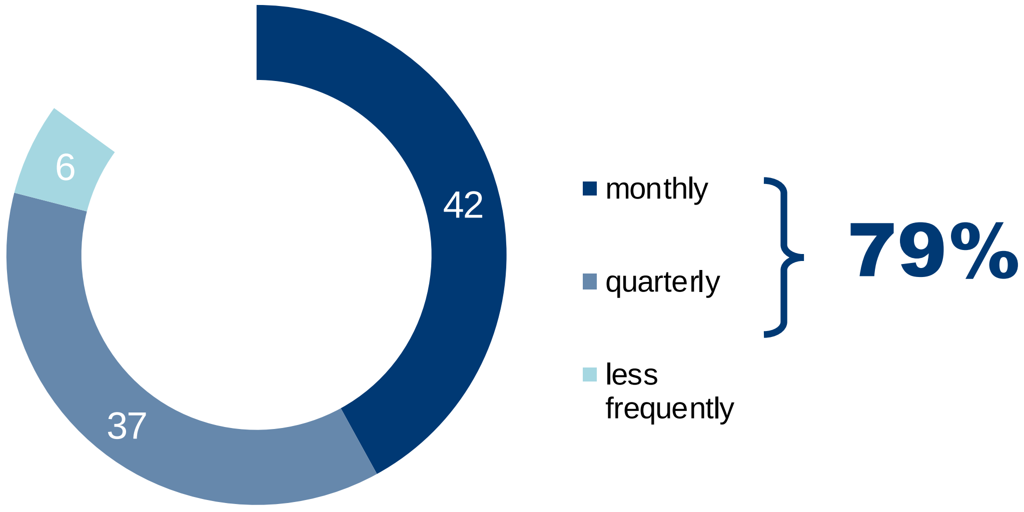
Management team: Almost 80% of management teams already discuss corporate responsibility issues on a monthly or quarterly basis

The management team discusses corporate responsibility issues on a regular basis



Claim: "Our company’s management team regularly discusses corporate responsibility issues"

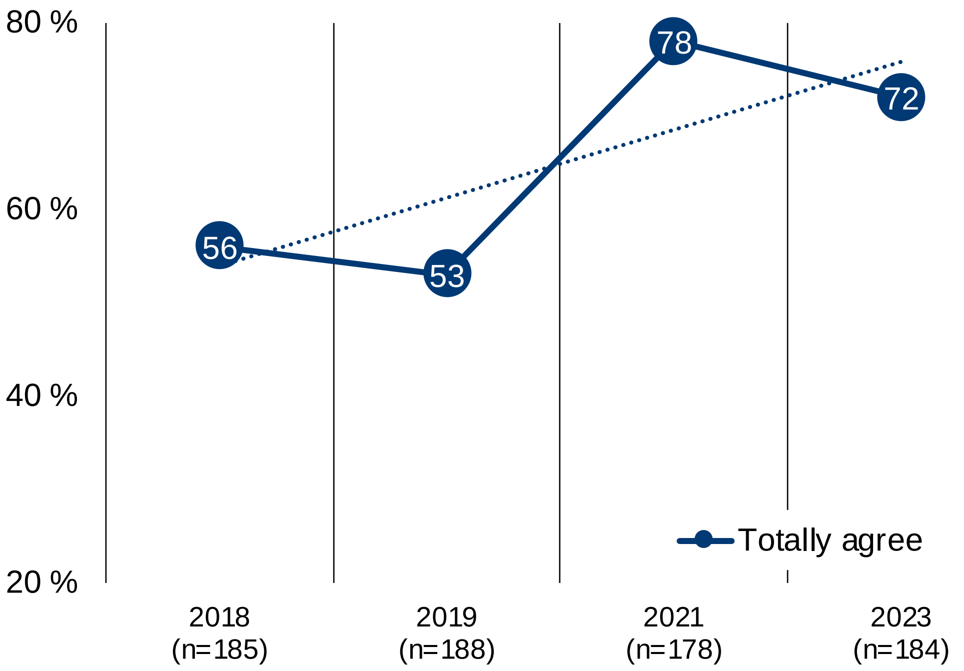
Regularity of corporate responsibility discussions in the management team (%)



Follow-up question, if you either partially or fully agree with the previous answer: "Does your company's management team discuss corporate responsibility issues... " (n=153). Percentage of all respondents to the previous question (n=180)

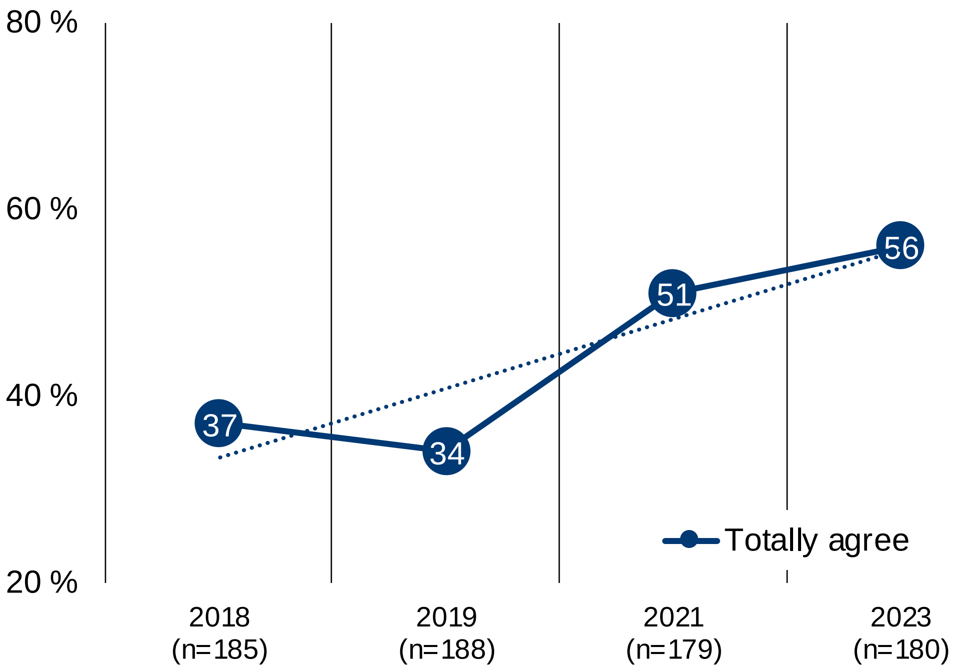
5-year trend (management team): Increasingly, management teams have a corporate responsibility officer and discuss corporate responsibility issues more regularly

The management team includes a person who is in charge of corporate responsibility



Claim: "The management team includes a person who is in charge of corporate responsibility". " Totally agree" respondents

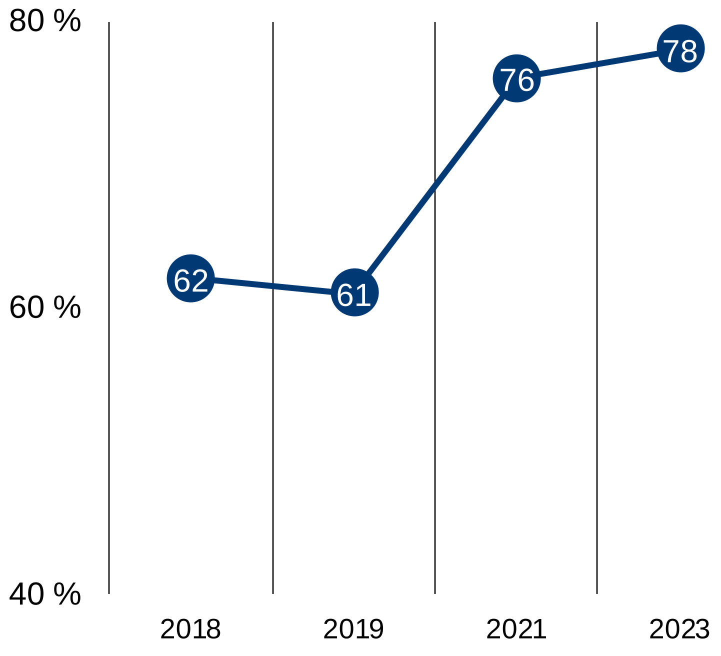
The management discusses corporate responsibility issues on a regular basis



Claim: "Our company's management team regularly discusses corporate responsibility issues". "Totally agree" respondents

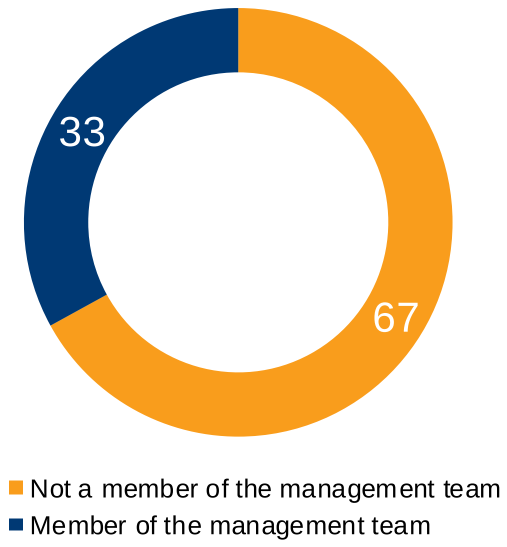
One third of corporate responsibility managers are members of the management team

The number of directors/managers responsible for corporate responsibility has increased dramatically over the last five years



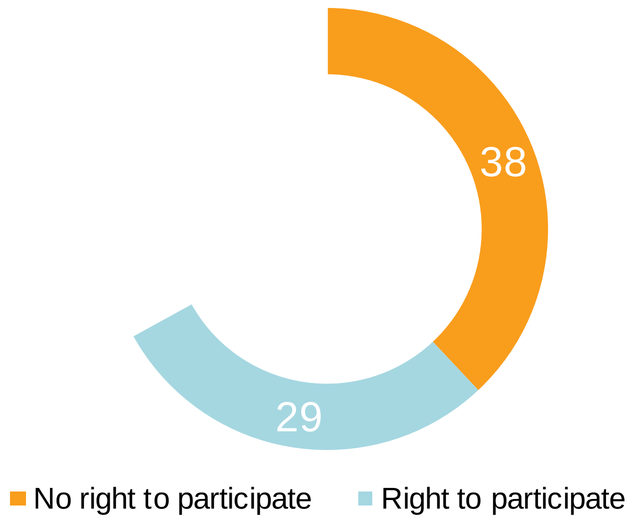
Question: "Does your company use the following management practices to promote corporate responsibility?: A manager or a director who is in charge of corporate responsibility "

A third of corporate responsibility directors and managers are members of the management team



Question: (for corporate responsibility directors and managers only): "Are you a member of the management team?" (n=126l

Just under a third also have the right to attend meetings of the management team



If not a member of the management team: "Do you have the right to participate in management team meetings? " (n=83)

Perspective: Reworking the playbook for senior management

Sustainability has become the core of business. The results of the survey show that sustainable business is regularly on the agenda of senior management, which is a prerequisite not only for a minimum level of corporate responsibility, but also for the continuous development of sustainability efforts throughout the organisation.

Another piece of good news is that sustainability issues are increasingly being addressed as part of business strategy and innovation. And with skills and incentives for sustainability on the rise, I believe that Finnish companies will continue to be among the world's elite in sustainable business.

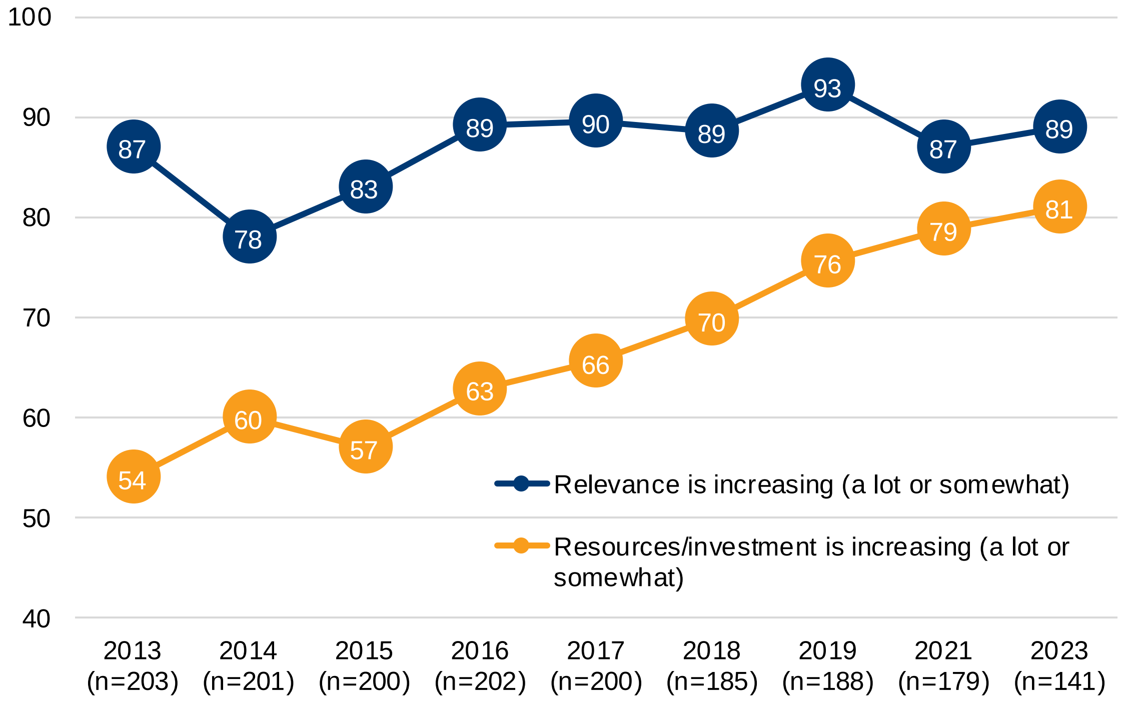
Even though the results are quite good, there is no time to beat around the bush. The corporate responsibility bar has risen rapidly in recent years and will continue to do so. Simply minimising negative effects is no longer enough, and soon net zero will not be either.

The change required does not follow the familiar patterns of economic efficiency or linear development. The double materiality alone brings a whole new perspective to the management playbook. When materiality must be combined for your business, for society and for the planet, in all the day-to-day operations, the skills of senior management and the organisation as a whole are tested at an unprecedented high level.

Kimmo Lipponen, Managing Director, FIBS

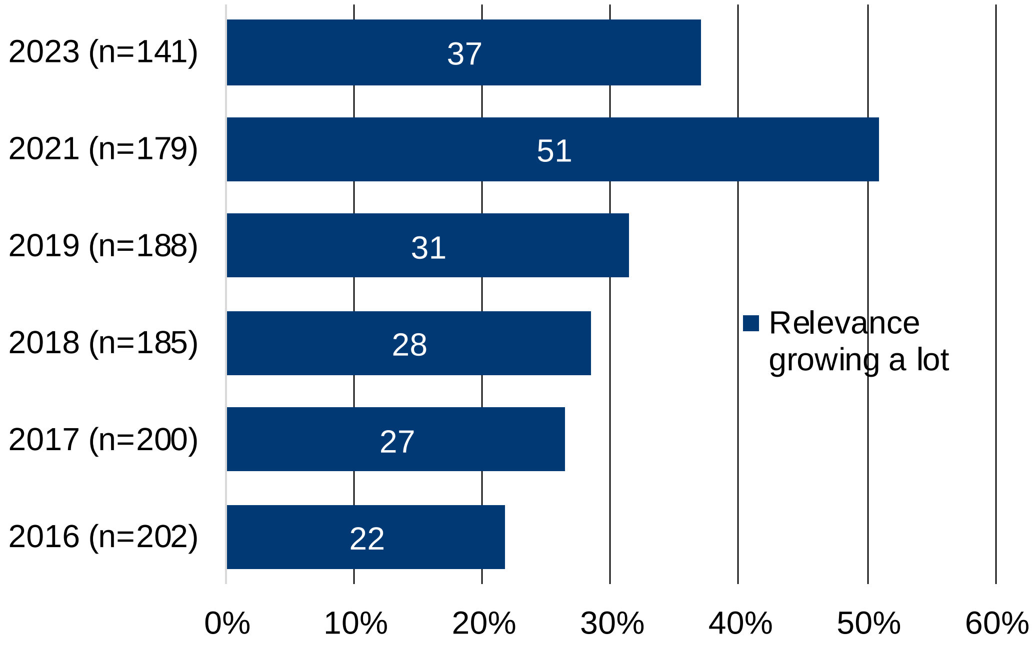
Preparing for the future

More than 80% believe that the importance of corporate responsibility will increase - resources are also seen to increase



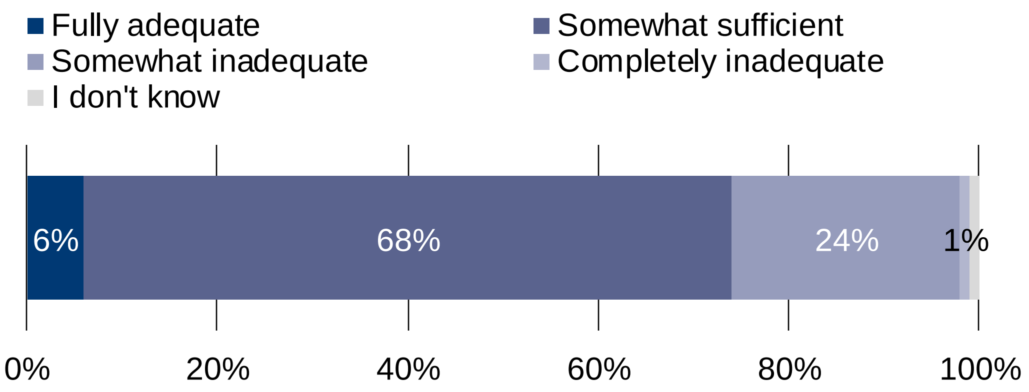
Question: "How do you see the importance of corporate responsibility changing in your company in the next 5 years?" and "In your estimation, how will the amount of resources your company uses on corporate responsibility (such as financial investments / human resources) develop in the next 5 years?"

However, the importance of corporate responsibility is expected to grow at a more moderate pace compared to the 2021 growth forecast.



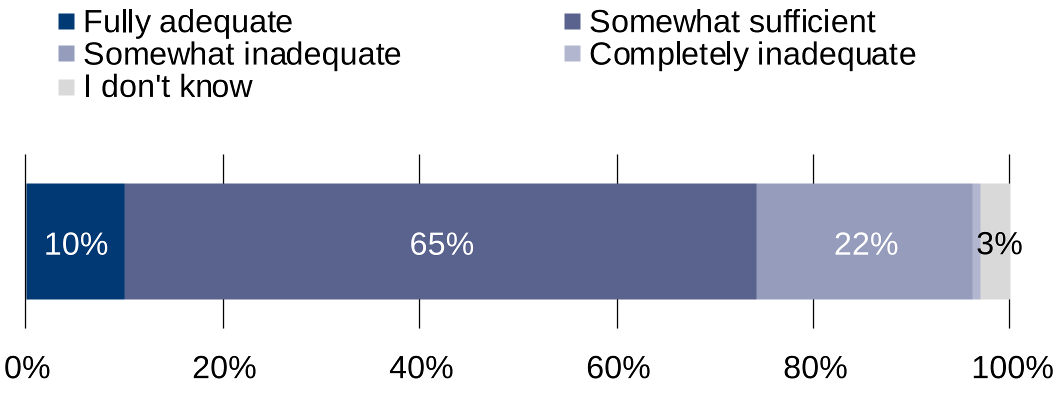
Corporate responsibility competence, resources and actions are estimated to be more or less sufficient

Only 6% estimate that the competence of company staff is sufficient to reach company's sustainability goals



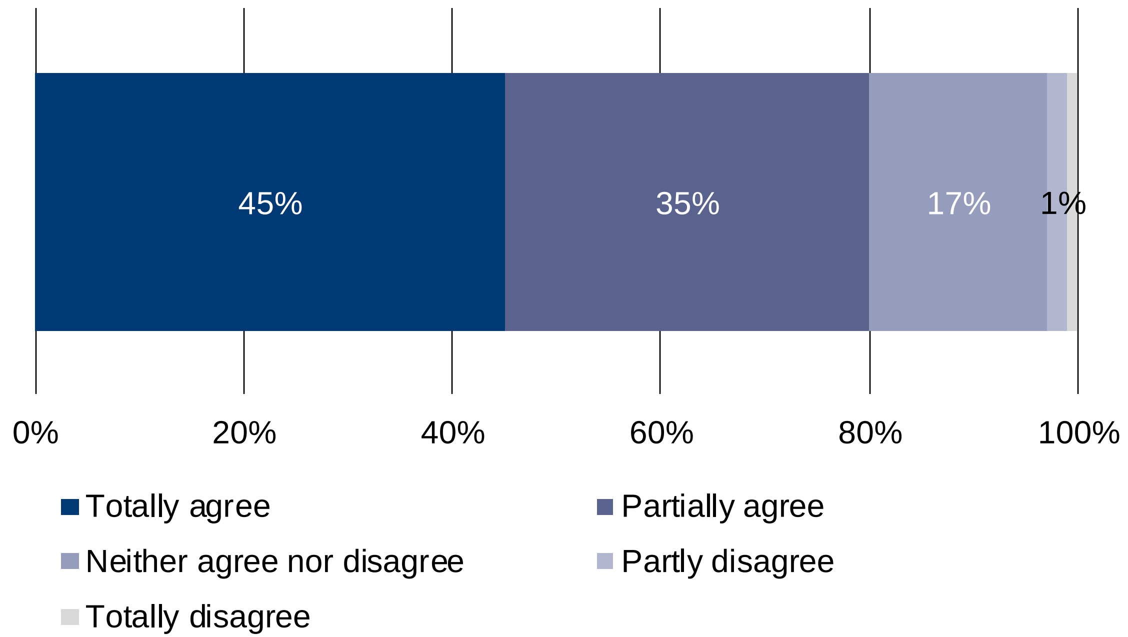
Question: "In your estimation, is the competence of your company staff sufficient to reach the company's responsibility goals?" (n=142)

Only 10% estimate that the available resources and actions are sufficient to reach the company's sustainability goals



Question: "In your estimation, are the available resources and actions taken sufficient to reach the company's responsibility goals?" (n=141)

80% of respondents agree that their company is building the capacity to anticipate and react to future sustainability challenges



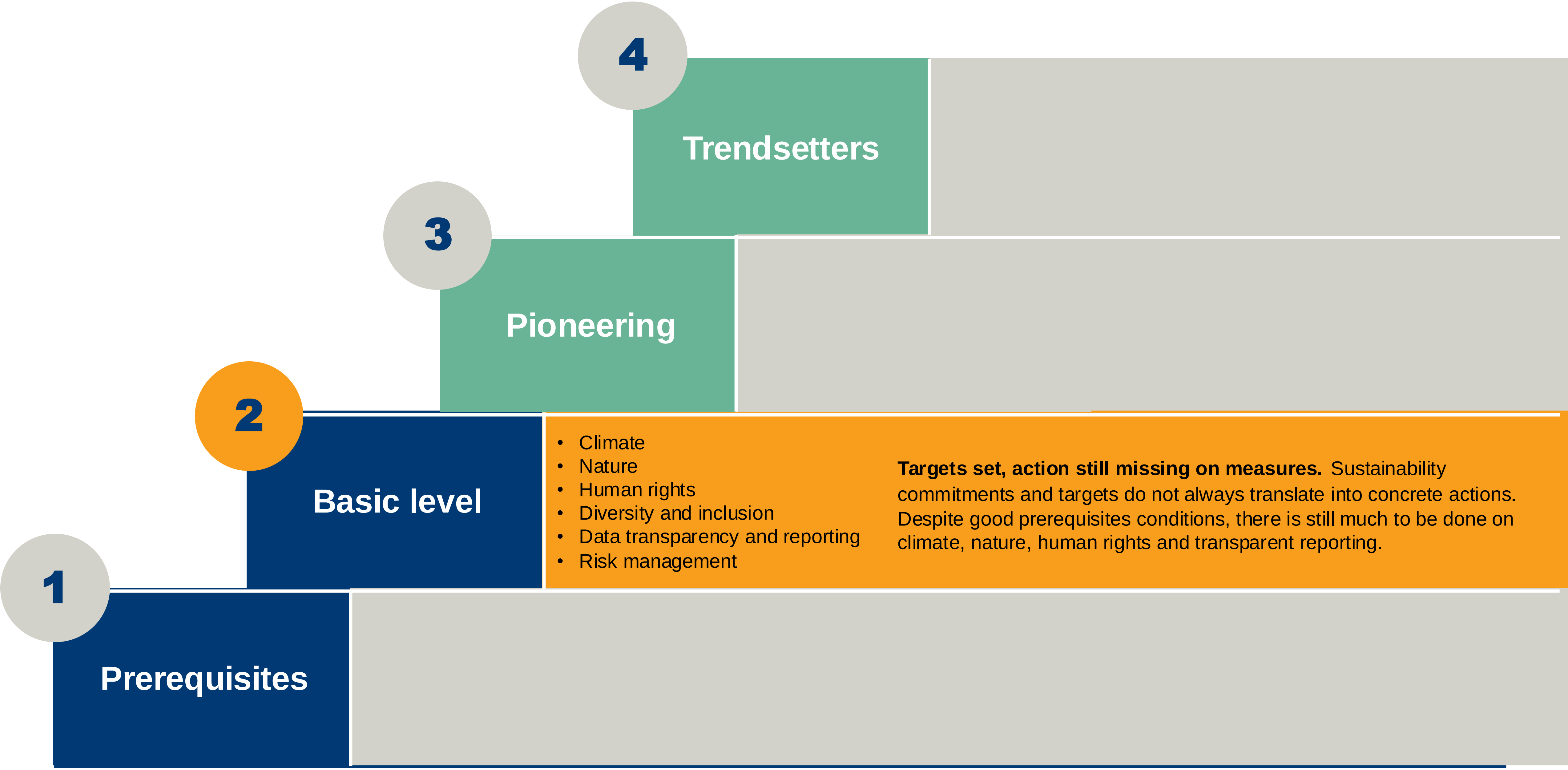
Claim: "We are building our company's preparedness to anticipate and react to coming sustainability challenges" (n=180)

Most companies feel that the skills of their own personnel are somewhat adequate in relation to the company's corporate responsibility objectives. The responses show that sustainability issues are challenging and changing rapidly - and keeping up with them is a challenge.

However, the skills of your own personnel are key to building your resilience to the challenges of the sustainability transformation.

Part 2

Basic level: Targets set, action still missing on measures


4
Trendsetters
3
Pioneering
2
Basic level
Climate
Nature
Human rights
Diversity and inclusion
Data transparency and reporting
Risk management
Targets set, action still missing on measures. Sustainability commitments and targets do not always translate into concrete actions. Despite good prerequisites conditions, there is still much to be done on climate, nature, human rights and transparent reporting.
1
Prerequisites

Part 2 | Basic level: Targets set, action still missing on measures

In this section, we explore the extent to which the importance of corporate responsibility and management commitment seen in the previous section is reflected in companies' efforts to address global sustainability challenges. We present the basic level of corporate responsibility and look at how Finnish companies are currently achieving it.

The basic level of corporate responsibility is determined by international agreements, guidelines, standards, frameworks and tightening legislation. Our work is guided in particular by the UN Sustainable Development Goals, the Paris Climate Agreement, the UN Guiding Principles on Business and Human Rights and, most recently, the Kunming-Montreal Nature Agreement. Companies should therefore commit to the development path set out in these frameworks, and in addition to the declarations, communicate transparently on the progress of their work. The perspectives we take are based on the membership criteria of FIBS' partner, the world's leading sustainability organisation, the WBCSD, which set out a basic level of international sustainability.

A basic level of sustainability

A company that acts responsibly:

Climate: Achieve net zero greenhouse gas emissions by 2050*

Nature: Promote the restoration of biodiversity by 2050

Risk management: Include the essential ESG information in risk management processes and reporting****

Human rights: Comply with the UN Guiding Principles on Business and Human Rights**

Reporting: Publishes essential economic data related to climate and sustainable development***

Diversity and inclusion: Promotes inclusion, equality, diversity and the elimination of all forms of discrimination

*2035 Finland's national target. Scope 1, 2 and the most important and influential Scope 3 emissions are included in the net zero calculations. * **Company supports human rights policies and due diligence process *** In line with reputable reporting frameworks (e.g. TCFD) **** Using primarily standard metrics

Climate: Less than half have set a net zero target

46% **Of companies have set a net zero greenhouse gas emissions target for their operations by 2050**

38% Aim to reach the net zero target by 2035 at the latest

34% Have included Scope 1, 2 and the most important Scope 3 emissions in their net zero target *

27% Have formed a science-informed plan to achieve the net zero target (e.g. SBTi)

38% Report annually on their progress towards the net zero target in a standardised manner (e.g. in line with the GHG Protocol)

*(i.e. emissions from the company's own activities as well as indirect emissions in the value chain from the purchase of goods and services and from the final use of products or services)" (n=184)

Nature: Few have science-informed nature objectives

42% **Of companies have set goals on contributing to the recovery of nature or biodiversity**

36% Aim to reach their nature objectives by 2050 at the latest

16% Have formed a science-informed plan to reach the nature objectives

32% Report annually on their progress towards nature objectives in a standardised manner

(n=184)

Perspective: Boldly towards net zero and halting the loss of nature

To limit global warming to 1.5 degrees, the global total of greenhouse gas emissions must be zero by 2050. While in our previous sustainability report in 2021, climate change was the top priority for Finnish companies' sustainability efforts (66% rated it as very important and 23% as somewhat important), we were surprised to find that a few years later only less than half, 46%, have set a concrete net zero target, and even fewer (27%) have a science-based plan to achieve it. There has been a lot of talk about climate, but not many companies seem to have the courage to commit to the targets that support the Paris Agreement. Some may also have not yet set climate targets, for example because of the complexity of the SBTi process.

For biodiversity, the situation is slightly reversed: in 2021, biodiversity was relatively low on the corporate responsibility agenda (13% rated it as very important and 28% as somewhat important), while by 2023, almost as many companies (42%) had made biodiversity targets as had committed to a net 2050 target (46%). Biodiversity therefore seems to have risen very quickly up the company agenda. However, few companies have yet developed a science-informed plan to achieve their nature goals, partly due to the incomplete nature frameworks (e.g. SBTn: read more about our pilot) and the fact that the nature work of companies is still in its infancy.

Nature loss and climate change are the fateful issues of our time, the effects of which no country, company or person will be spared. The extent of these impacts will be decided now, in this decade. Some companies have already taken up these sustainability challenges in a very pioneering way, and now at the latest is the time for others also to jump on this train, for example by starting to explore SBTi, SBTn, and TNFD frameworks, mapping their own climate and nature impacts and focusing on reducing the most significant ones. This work will also be useful in the context of meeting the requirements of tightening sustainability legislation. Let's move boldly towards net zero and halting the loss of nature.

Mea Lakso, Coordinator, FIBS

Human rights: Principles are perceived as important - but fewer people act on them

85% **Of companies support the UN Guiding Principles on Business and Human Rights in their business activities**

64% Declare a public commitment by senior management to respect human rights in business

36% Have made a risk assessment of human rights

49% Report annually on their progress on human rights in a standardised manner

38% Carry out a continuous human rights due diligence process

(n=184)

Perspective: Finnish companies need practical input, transparency and honest reflection in their human rights work - and definitely also support

On paper, corporate top management is broadly committed to respecting human rights (75%), but at the same time, in my work I constantly hear from sustainability professionals that it is challenging to find the internal will and resources to promote human rights. The poor human rights performance on the ground is also reflected in the results of this report. However, action is needed, as virtually all companies have some negative human rights impacts.

Many people in the field feel uncertain about what steps to take to promote human rights, and it is not always clear where to look for and get support for their work. This survey also suggests that the stakeholders with the most expertise in human rights issues are not represented in business partnerships, at least not to a significant extent. For example, only 23% of respondents say they cooperate with NGOs.

Some years ago, I did a study on how companies and NGOs could work together on sustainability issues. I see that actors could benefit from each other's expertise, especially in the context of human rights challenges in the supply chain context. I came to the same conclusion as many others who have looked at the same issue - there is a need for low-threshold facilitation of collaboration - some kind of project hub system, for example.

The human rights report published by FIBS and Fairtrade also underlined the need for public support for human rights work. Perhaps now is the time to finally solve the point-to-point task, and add this much-needed missing piece to the field.
In the meantime, companies can remind themselves of the key steps in the due diligence process:
1. Human rights risk mapping,
2. Understanding the scope of your own responsibility and influence (starting from the most critical issues),
3. Prevention and mitigation of adverse effects,
4. Elimination or minimisation of impacts that have occurred; and
5. Monitoring, reporting and seeking improvements.

The key is to get moving.

Greta Andersson, Corporate Responsibility Specialist, FIBS

Diversity and inclusion: Commitment to supporting diversity - including targets and reporting

93% **Of companies are committed to supporting inclusion, equality, diversity and the removal of all forms of discrimination**

66% Announce the public commitment of their senior management to promoting these themes

62% Have set quantitative or qualitative targets to work on these themes

64% Report annually on their progress on these themes in a standardised manner

(n=184)

Perspective: If you want to know what water is, don't ask the fish (old Chinese proverb)

I recently had a discussion that raised concerns about the homogeneity of corporate management and boards. Although the relative number of female managers in Finland is relatively high, it has risen very slowly over the last ten years. However, an EU directive has set quotas for women: by July 2026, at least 40% of company boards must be made up of women. The interlocutor pointed out that the people sitting in government (middle-aged cis heterosexual men) do not see the problem themselves. It's hard for the privileged to notice.

Diversity work emphasises that it is the voice of minority groups that should be listened to. The one who can easily slip into the mainstream does not see a problem where someone from another group feels they have been ignored because of their personal characteristics. Someone at the heart of the culture of privilege is not the best person to understand, let alone criticise, the structures that sustain privilege.

At present, the debate on diversity in the workplace seems to focus largely on the operational level. The higher you climb, the closer the glass ceiling hangs. If we look at the profile of boardroom professionals through a more diverse lens than gender, for example by ethnic background or sexual orientation, the spectrum of corporate power seems even more asymmetrical.

When I first started working on diversity issues, I often wondered how much faster diversity issues would move forward if diversity requirements were applied to the top rungs of the corporate ladder. In many ways, this would be wise, as our society is diversifying at a rapid pace, and in the future understanding diversity will be an absolute competitive asset.

Companies riding the diversity wave will, I believe, be rewarded with improved business opportunities and committed personnel.

Greta Andersson, Corporate Responsibility Specialist, FIBS

Data transparency and reporting: 74% publish a sustainability report - significantly fewer report progress in a standard format

74%

publish a sustainability report
(n=184)

Significantly fewer report progress on thematic objectives annually in a standard format

38%	32%	49%	62%
			
Climate (e.g. using the GHG protocol)	Nature	Human rights	D&I

Data transparency and reporting: Less than half of companies publish relevant sustainability-related financial information

45% Of companies publish relevant financial information relating to climate and sustainable development, e.g. according to TCFD or other reputable framework

Risk management: The vast majority of companies integrate environmental, social and governance risks into their risk management

82% Of companies integrate environmental, social and governance (ESG) risks into their risk management processes and reports

(n=184)

Perspective: From qualitative to quantitative - Quantitative data is the tool of the future

The pressure on companies to report to stakeholders has increased enormously. This is why the quality, quantity and availability of information is becoming increasingly important. Knowledge also drives finances, and sustainability data will increasingly become a decision-making criterion in investment decisions, lending and partner selection.

Already 86% of companies have set quantitative targets for sustainability (2021: 81%). At the same time, the number of quality objectives has been on a downward trend. This development bodes well for future preparedness, as future legislation will require companies to report in quantitative terms.

The process of defining essential issues guides sustainability efforts in 83% of companies. Instead of jumping headfirst into the deepening swamp of corporate responsibility issues, we should focus on what is important to us. The CSRD Reporting Directive, which will enter into force from 2024, will extend the materiality assessment to a two-dimensional approach by considering the impact of sustainability factors on business as risks, opportunities and economic impacts, alongside the significance of social and environmental impacts. The aim is to create a balanced picture of the organisation - now and in the future.

Finnish companies report comprehensively, especially on climate, human equality and diversity issues. A pleasingly high number is reporting on biodiversity, even though less than half have targets. With the global nature targets set in Montreal, nature will certainly be visible more strongly in the future, also at target and indicator level.

Heidi Melkas, Corporate Responsibility Specialist, FIBS

Part 3

Pioneering: Business is becoming sustainable

4

Trendsetters

3

Pioneering

- Value creation
- Change of business
- Innovation
- Partnerships

Business is becoming sustainable. Sustainability is now driving innovation and investment, but companies still cling to unsustainable business practices.

2

Basic level

1

Prerequisites

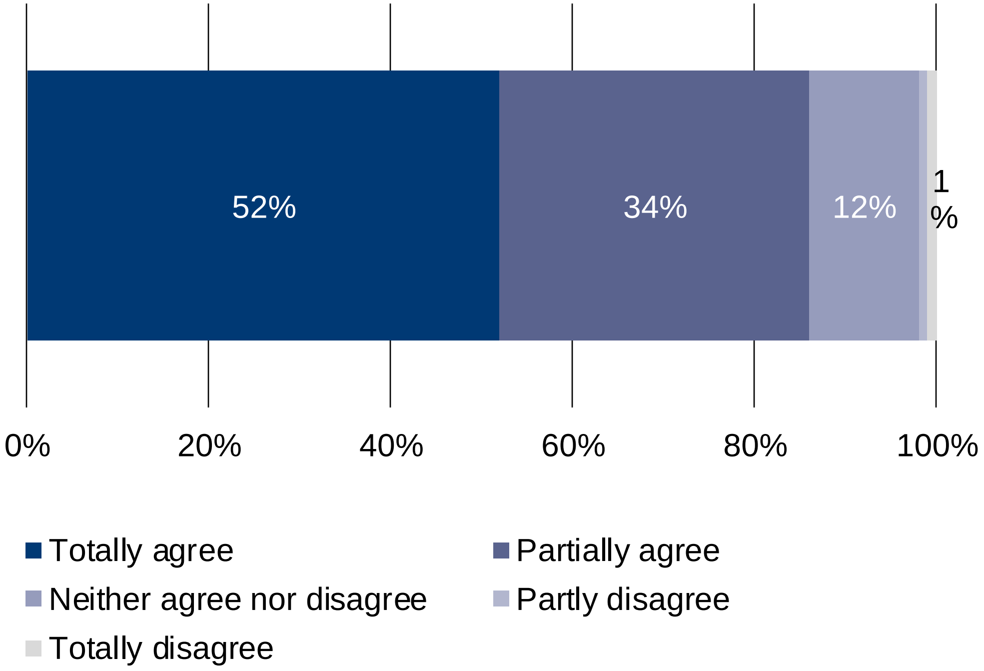
Part 3 | Pioneering: Business is becoming sustainable

In this section, we look at the capacity of Finnish companies to genuinely transform their own operations towards sustainability and thus become sustainability pioneers.

Staying ahead means innovating and investing in new ways of doing things and sustainable business models. Inevitably, it also means abandoning unsustainable business.

For the most advanced, being a pioneer means adopting a regenerative mindset. In this way, the company is not content to simply mitigate the harm caused by its activities, but actively seeks to create the conditions for social well-being and resilience through its own activities and partnerships.

Value creation: Half of companies have included in their purpose, vision or mission statement how they create value for their stakeholders



Claim: "Our company has a statement of purpose, vision or mission that clarifies how the company creates value for all stakeholders" (n=180)

Especially now, as societal tensions intensify and ecosystems falter, companies should clarify how they create value for their stakeholders through their activities more broadly.

Value can be created, for example, by producing products or services that promote sustainable development. Through innovation and smart investment, business models can be made sustainable and thus time-sustainable. In addition to new construction, there must be the courage to drive down outdated and unsustainable business models and practices.

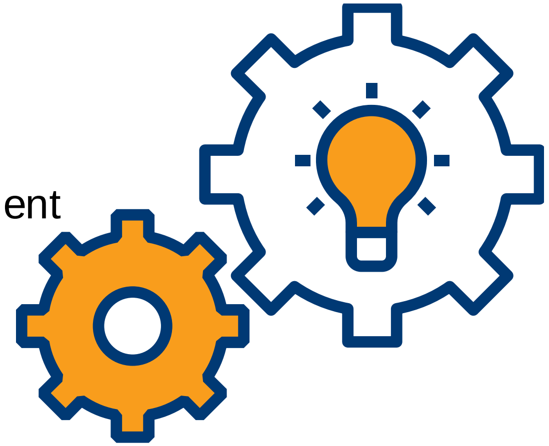
Change of business: Sustainability is now strongly reflected in investment and innovation - but unsustainable business practices are not yet being abandoned

More than half of respondents have used sustainability in business development, including

63% made investments where sustainability is the main driver (in the last 3 years)

59% made innovations where sustainability is the main driver (in the last 3 years)

53% changed their business model to be more in line with sustainable development (in the last 3 years)



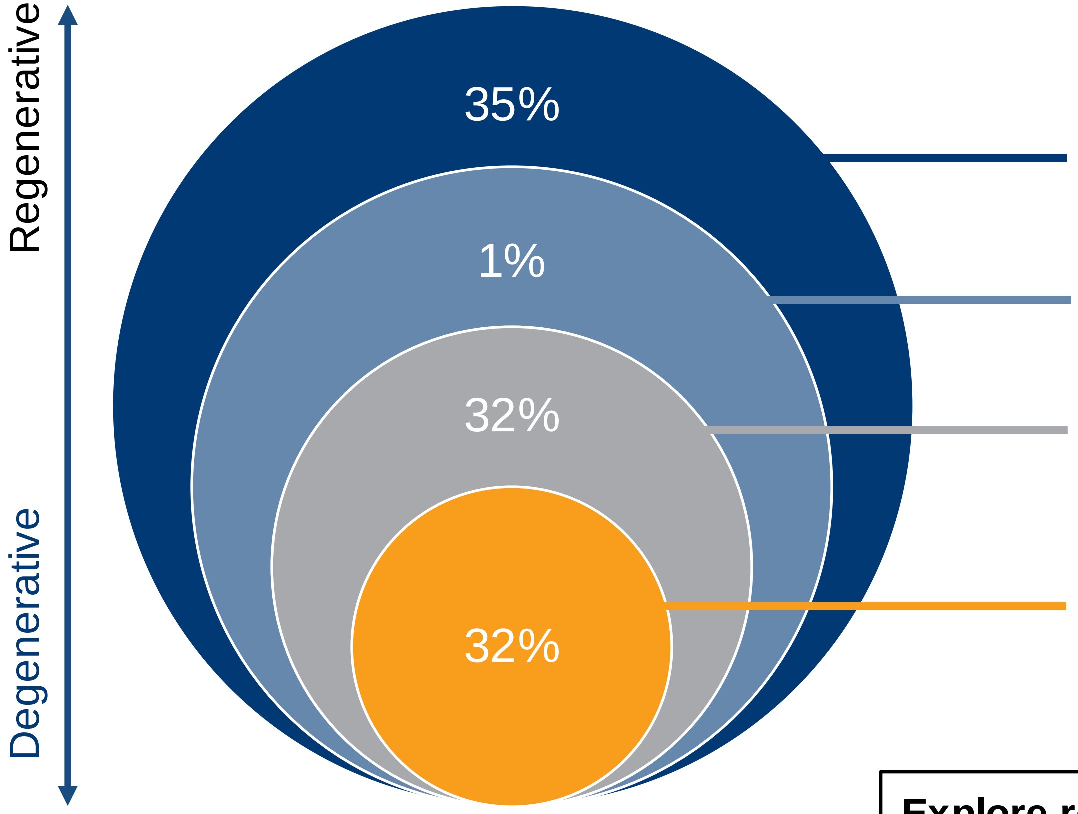
But only

16% **have abandoned business activities** that are not sustainable (in the last 3 years)

13% **removed** options that do not support sustainable development **from their product or service range**

(n=184)

Regeneration: A third of companies have moved from mitigation of harm to a more regenerative approach



Regenerative: In addition to managing our negative impacts, we help enable the regeneration of social and environmental systems

Restoration/Net positive: we correct previously caused negative impacts

Net zero: we ensure that our activities do not have any negative environmental and social impacts

Risk mitigation: we mitigate the negative environmental and social impacts we cause

Explore regenerative thinking on pages 86-87 of the Time to Transfrom

Question: "When you evaluate your business as a whole, which of the following is your main approach to your company's environmental and social impacts? Pick one..." (n=177)

Perspective: A third are using a regenerative mindset - or are they?

A third of respondents consider their main relationship with the environmental and social impacts they cause to be regenerative. In this case, the company is not content to simply mitigate the harm it causes, but seeks to create the conditions for social welfare growth through its own activities. I was surprised by the result, as I believe that a regenerative mindset is only just emerging in management debates.

On the previous page, a hierarchy of nested spheres illustrates the regenerative thinking model. A virtuous circle of regeneration requires that the company's activities do not have a negative impact on the surrounding society.

The activities of large companies have wide-ranging effects. It may well be that in one place the action is regenerative - while at the same time in another place it still has a negative impact. This may be the case, for example, when products are used to address environmental challenges in society, even though human rights may not be fully protected along the value chain of the product's manufacture. Indeed, ¾ of those who describe their approach as regenerative say they produce services or products that actively promote sustainable development. More than 70%, on the other hand, have made innovations where sustainable development is the main driver.

At the same time, only a third (34%) have set a greenhouse gas emission target for their operations, and only slightly more than half (54%) have carried out a human rights risk analysis, to help identify their own harmful effects.

Despite the complexity of sustainability, figures for minimising the harm that is central to sustainability efforts are low for companies describing their work as regenerative. I'm left to ponder how respondents that already think their work to be regenerative will manage potential harmful effects if these activities are not included among them? I interpret the high number of respondents related to regeneration as indicating the willingness of companies to consider the impact of their activities on society. It is a good idea to continue a debate on regenerative business on principles, conditions and means together.

Helena Kekki, Director, FIBS

Partnerships: The majority of companies cooperate with their personnel, industry and customers.

Question: "Do you coordinate with the following parties on sustainability themes? Scale: yes, partly, no or I don't know?" (n=140)

Companies cannot solve the sustainability challenges of the entire value chain alone - let alone systemic sustainability challenges.

The most effective way to promote sustainability is through broad cooperation across value chains. New, pioneering networks of cooperation and partnerships are needed, including with actors with whom we are not used to working.

NGOs (23%), legislators and policy makers (32%) and SMEs (40%) are likely to have the most untapped potential for cooperation.

Perspective: Working together on sustainable systems requires the ability to put yourself in the other's shoes and create shared, inspiring goals

While the scope for action to slow the climate crisis is global, the scope for action to slow biodiversity loss is local. I challenge companies to seek dialogue and cooperation with NGOs without prejudice, drawing on both their deep expertise and their practical approach to solving local sustainability challenges. For example, assessing companies' own impact on nature requires precisely the kind of expertise that organisations have. In the beginning, it is worth investing in finding a common language, as everyone already has the will.

And of course there is still a place for traditional cooperation, including donations and sponsorship. But why leave it at that when long-term, strategic cooperation can produce more effective, measurable results, both for sustainability development and for nature?

I also think an important aspect of this is that, at its best, cooperation between companies and NGOs brings more meaning to the working day for everyone. This, in turn, is likely to engage employees and create a sense that, together, we are all part of the solution, and active players. It is also very possible that your own personnel members are also members of the local environmental organisation, so the cooperation patterns may be closer than you imagine!

A great example of such cooperation is the three-year partnership between the Post and WWF in the field of biodiversity.

Marja Kurkela, Corporate Responsibility Specialist, FIBS

Part 4

Trendsetters: Enabling a sustainability transformation is in its infancy

4

Trendsetters

- Innovation and technology
- Finance and investment
- Individuals and consumption
- Policy and regulation

Enabling a sustainability transformation is in its infancy. The role of political influence in promoting sustainability is not yet recognized by companies.

3

Pioneering

2

Basic level

1

Prerequisites

Part 4 | Trendsetters: Enabling sustainability transformation

In this section, we look at the capacity of Finnish companies to support and promote the wider sustainability transformation of our society - systemic change.

Regardless of the sector, management should recognise their role as an enabler of the sustainability transformation and actively work for sustainability change as speakers. The surrounding society and its changes can be influenced through actions affecting investment and innovation, the financial world, consumer behaviour and regulation. Companies are the key to change: The sustainability transformation can only be achieved if companies' strengths, talents, creativity and voice are harnessed to shape the structures and operating methods surrounding companies.

This section is based on the work of FIBS international partner's, World Business Council for Sustainable Development Business (WBCSD), report Time to Transform recommendations, which FIBS and its members also contributed to.

Recommendations for achieving a sustainability transformation:
Four enablers of change

1. INNOVATION AND TECHNOLOGY

Innovation processes that set targets for social and environmental impacts and anticipate and avoid unintended negative impacts are good for society and lead to more sustainable business models.

2. FINANCE AND INVESTMENT

Companies should find ways to direct investments towards socially, environmentally and economically sustainable outcomes.

3. INDIVIDUALS AND CONSUMPTION

Businesses can drive systemic change by offering consumers more sustainable options and encouraging them to act for sustainability.

4. POLICY AND REGULATION

Regulation creates a stable, predictable and fair environment, which is essential for business investment, competition and success. Businesses need to be more supportive of policies and regulations that promote sustainable change.

Companies should actively seek to influence, among other things, these enablers of change to support systemic change towards a more sustainable society.

Explore systemic change and its enablers on pages 88-107 of the Time to Transform

Perspective: A sustainability transformation would give Finnish companies a long-term competitive advantage

The corporate responsibility initiatives and projects of the past decades have been steps in the right direction and have done a lot of good for the business world. Despite this, critical sustainability challenges - climate change, nature loss and growing inequality - will not be solved by the actions of individual companies or sectors.

To address the multidimensional and structural sustainability challenges, we need a systemic change - one that changes the structures, incentives and rules of the game in society to enable and promote sustainability.

I would venture to say that Finnish companies would be in a position to benefit internationally as societies become more sustainable. Then the investments already made by Finnish companies in the well-being of people and the environment would give them a real advantage over their competitors.

Companies are key to bringing about systemic change.

For this reason, I would encourage company management to consider now at the latest whether their own company's activities support the changing societal models to enable and encourage sustainability - or is there still some way to brush up your own company's activities to create the necessary changes?

Could supporting systemic change create longer-term business conditions and success for your own business? Could the management of your own company play an even clearer role as advocates of system-level change aimed at sustainability?

Helena Kekki, Director, FIBS

Enabling a sustainability transformation 1: Innovation and technology

INNOVATION AND TECHNOLOGY

Innovation processes that set targets for social and environmental impacts and anticipate and avoid unintended negative impacts are good for society and lead to more sustainable business models.

Environmental impact assessment is clearly more common than social impact assessment

55% estimate the environmental impact and only a quarter (24%) estimate the social impact of their innovation process

Almost 2/3 are trying to anticipate and avoid the potential risks created by the new technologies they create

63% identify and monitor the potential risks of the technologies they create

61% help their stakeholders to utilise new technologies in ways that avoid their risks and disadvantages

Just over a third innovate extensively, involving stakeholders

38% involve the whole company, industry and value chain actors in their innovation process

Explore systemic change and its enablers on pages 88-107 of the Time to Transform

Enabling a sustainability transformation 2: Finance and investment

FINANCE AND INVESTMENT

Companies should find ways to direct investments towards socially, environmentally and economically sustainable outcomes.

Less than half (44%) take sustainable development into account in cost-benefit analyses of their internal development projects

More than half already influence financial markets, either through their own investors or other stakeholders

60% work with decision-makers, regulators and industry groups to create better conditions for sustainable investments

59% provide investors with information on how sustainability issues affect a company's success

Untapped potential in sustainable financing opportunities?

40% of all respondents are developing or utilizing sustainable financing opportunities. 65% (n=20) of respondents from the financial sector.

Explore systemic change and its enablers on pages 88-107 of the Time to Transform

Enabling a sustainability transformation 3: Individuals and consumption

INDIVIDUALS AND CONSUMPTION

Businesses can drive systemic change by offering consumers more sustainable options and encouraging them to act for sustainability.

Only half design their products to be durable and repairable, although 2/3 of companies are increasing the share of recycled materials.

69% of companies manufacturing products are increasing the share of recycled materials in their products (n=127).

50% design their products to be durable and repairable (n=108).

More than half encourage sustainability both for consumers and their own personnel

54% of companies strive to support sustainable consumer behavior, while at the same time only 13% have removed unsustainable options from their product or service range

65% encourage their personnel to lead a sustainable lifestyle

Explore systemic change and its enablers on pages 88-107 of the Time to Transform

Enabling a sustainability transformation 4: Policy and regulation

POLICY AND REGULATION

Regulation creates a stable, predictable and fair environment, which is essential for business investment, competition and success.

Companies need to be more supportive of policies and regulations that promote sustainable change.

Surprisingly many do not know their company's policy on political influence - a quarter would disassociate from sustainability-challenging advocacy organisations

24% will disassociate from advocacy organisations whose political influence does not support sustainable development. As many as 57% do not know the situation of their company with regard to this question.

33% say they only engage in political influencing that is in line with sustainable development. As many as 36% do not know the situation of their company with regard to this question.

More than half support policies that encourage sustainable development

54% say they are harnessing their company's innovation capacity to support sustainable development policies

65% say they exceed the minimum standards set for sustainability

Explore systemic change and its enablers on pages 88-107 of the Time to Transform

Perspective: Has political influence on sustainability been overlooked?

The enablers of a systemic sustainability transformation described in this section are largely familiar to companies and work on them is already well underway. The exception is the questions in the policy and regulation section.

Policy and regulation define the rules and incentives that encourage both businesses and their customers to act in a sustainable way. Companies have a lot of power to influence the future of society, for example through their own political influence or via their work through advocacy organisations. According to the Time to Transform report, business leaders should therefore more strongly support policies and regulations that promote sustainable change, and engage constructively with decision-makers, regulators and industry groups to create better conditions for sustainable investment and business.

At the moment, one third of companies say that they only do the kind of political lobbying that supports sustainable business operations. A quarter of respondents say they will disassociate from advocacy organisations whose political influence does not contribute to sustainable development. However, I think the more interesting finding is that more than half (57%) of respondents do not know their company's policy on political influence. The number is surprisingly even higher (60%) among respondents for whom sustainability is their main job.

It seems, therefore, that political influence is not currently seen as part of corporate responsibility. That's why I challenge you to think about these questions: Do you know your company's relationship with political influence? Could political influence be an untapped asset for your organisation to accelerate the sustainability transformation? And would your company have the courage to break away from such partners whose advocacy efforts would go against your company's sustainability goals?

Helena Kekki, Director, FIBS

Annex 1

Methodology and background information on respondents

Sample and data collection 1/2

Target group

- The target group of the survey is the largest 1000 enterprises in Finland in terms of turnover (Profinder Register of Principal Investors).
- The target group also includes other major players, such as cooperatives and mutual companies.
- The target group included 1030 organisations (1000 largest companies + 30 major players).

Sampling

- The sample meets the criteria for a reliable sample.
- CEOs and corporate responsibility directors, including corporate responsibility managers where appropriate, were accepted as respondents.
- Only one respondent from each respondent organisation was included. To make the results comparable, the responses were weighted so that 29% of respondents were listed companies and the rest were limited liability companies and other operators.
- 30% of the respondents were CEOs.

Sample and data collection 2/2

Contacting respondents

- The survey was conducted by telephone and email in Finnish and English.
- The data collection was primarily carried out through telephone interviews. If the respondent did not have time to answer by telephone, they were offered the opportunity to do so using a visual and clear electronic survey form. The target companies were also informed about the survey and participation through various channels, and some respondents answered the survey directly through an electronic link.
- 88% of respondents were contacted by phone and 12% responded via an email form.
- The data collection was carried out between 14.10.2022 and 25.1.2023.

Response rate

- A total of 184 CEOs, corporate responsibility directors or managers responded to the survey.
  - The remaining questions (7) were optional for respondents - for these the response rate is lower than the total number of respondents (n=140)
- The response rate for the survey was 18%.
- The 2021 and 2023 survey was carried out by Innolink.

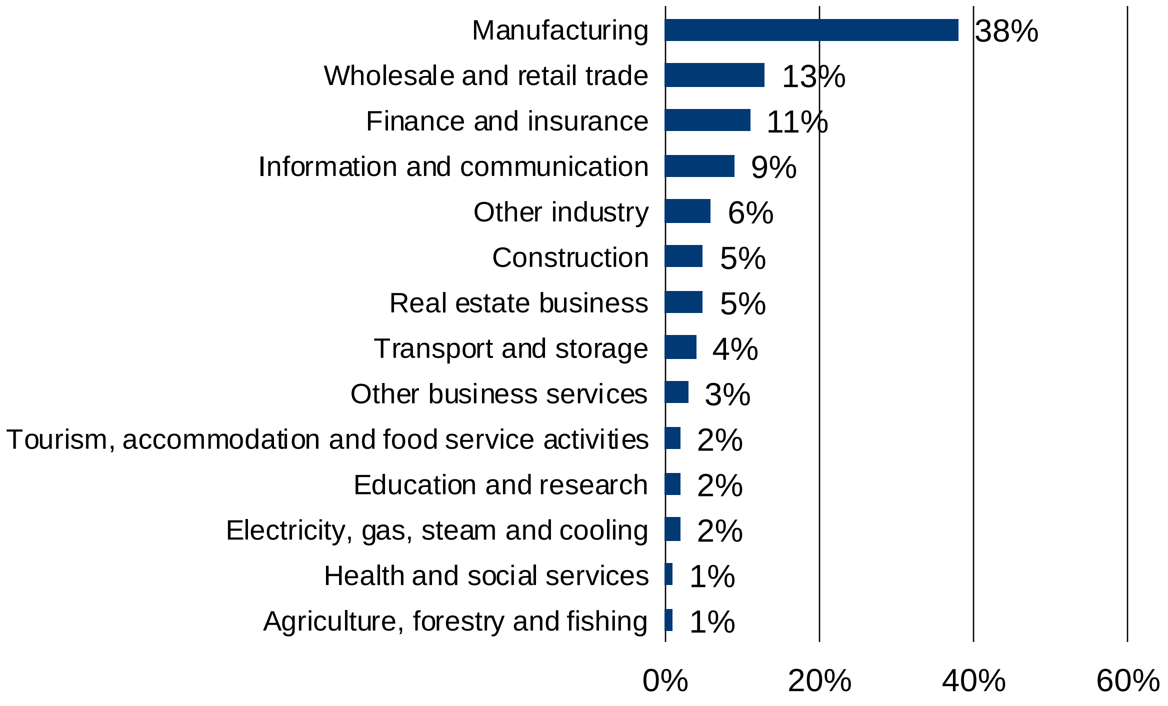
The results are comparable with previous years. The structure of the survey sample has remained largely the same and there are no major differences in the distribution of respondents.

Things to note when comparing results

- The data collection was primarily carried out through telephone interviews. If the respondent did not have time to answer by telephone, they were offered the opportunity to do so using a visual and clear electronic survey form. The data collection method is fully consistent with the 2021 data collection method, so the results are directly comparable.
- A total of 88% of respondents were contacted by telephone and 12% responded via an electronic form. This is slightly higher than in previous years (2021: 76% by telephone, 24% electronically). In 2019, the share of electronic responses was higher, at 67%.
- The number of respondents is 184 in 2023 (2021: 179; 2020 188). The variation in the response rate did not affect the results of the survey.
- The structure of the sample in terms of type of enterprise is very similar to previous years:
- Of the companies represented by respondents, 29% are public limited liability companies (2021: 26%), limited liability companies 65% (2021: 66%) and cooperatives and others 6% (2021: 7%).
- The distribution of the main sector of activity of companies is in line with the 2023 and 2021 implementations. Among the sectors, there are more respondents from manufacturing in 2023 than in 2021.
- More corporate responsibility managers were reached this year than in 2021. The total number of CEOs was 30% (2021: 36%), 39% (36%) of directors responsible for corporate responsibility and 31% (28%) of corporate responsibility managers.
- The number of corporate responsibility managers was higher in companies with a turnover of more than 200 million. The share of CEOs was higher in companies with a turnover of less than EUR 200 million.
- The results are comparable with previous years. The structure of the survey sample has remained largely the same and there are no major differences in the distribution of respondents.
- Until 2019, the sustainability survey has been carried out annually, while from 2019 onwards it has been carried out every two years. This should be taken into account when interpreting annual comparisons

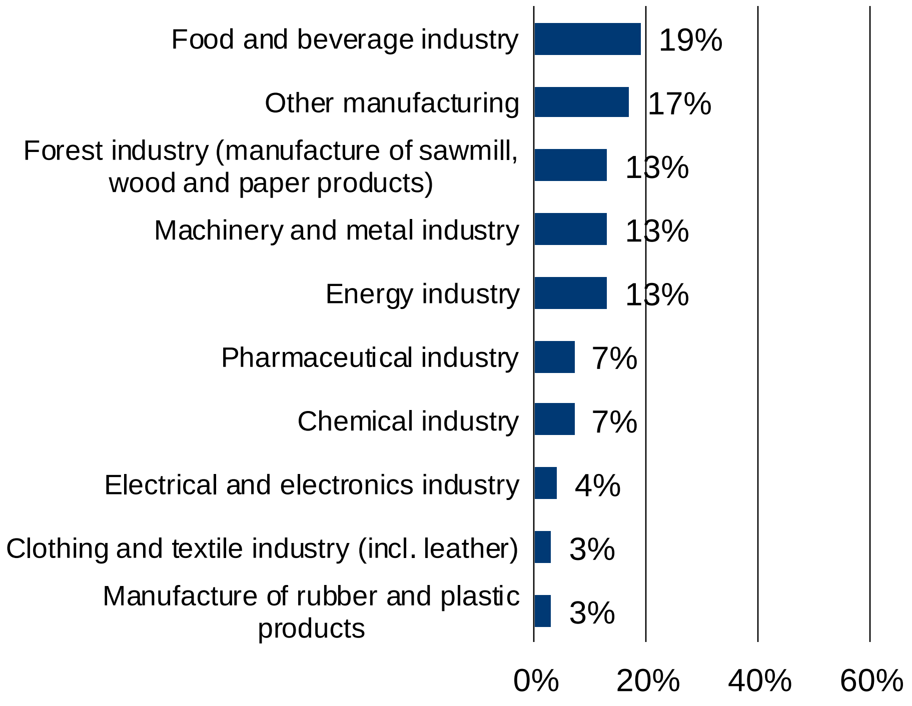
Respondent's sector of activity

Main sector of activity



Question: "What is the main activity of your company" (n = 184)

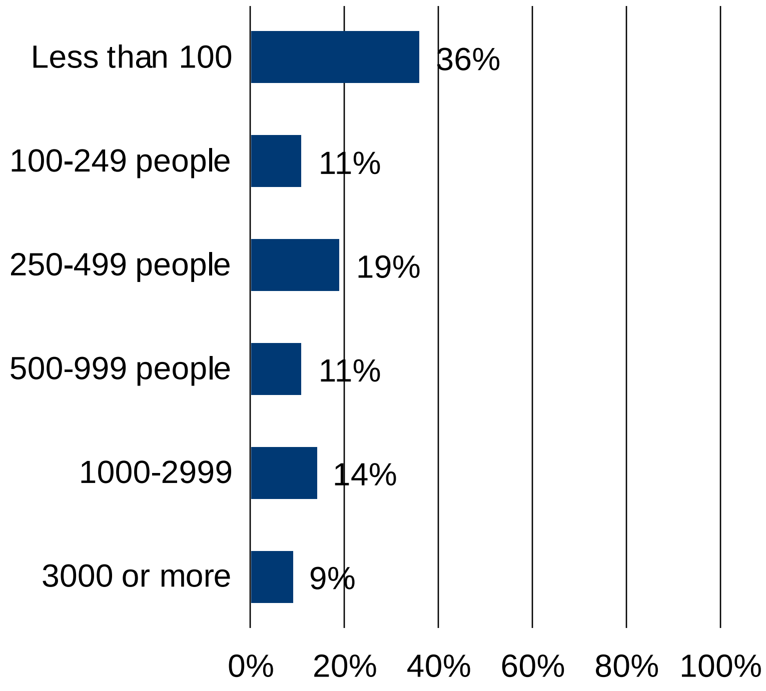
Specify, if the sector of activity is industry



Question: "What is your company's specific industry" (n=69)

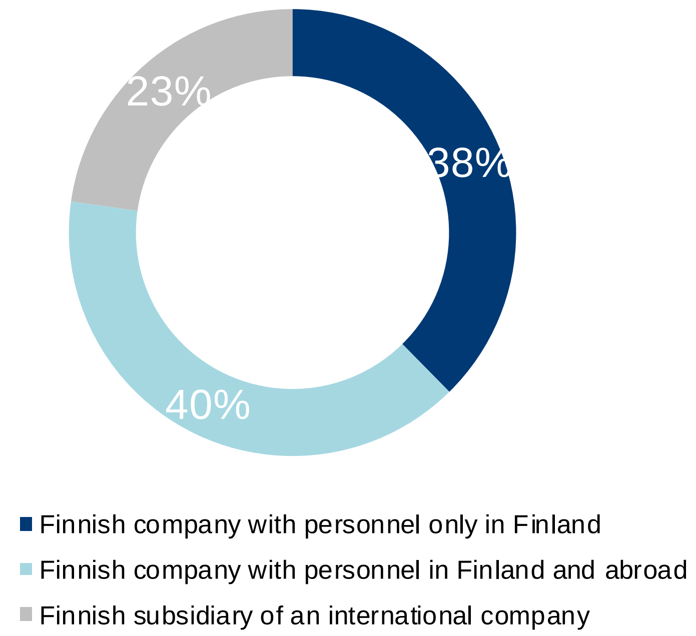
Number of respondents and internationalism

Number of personnel



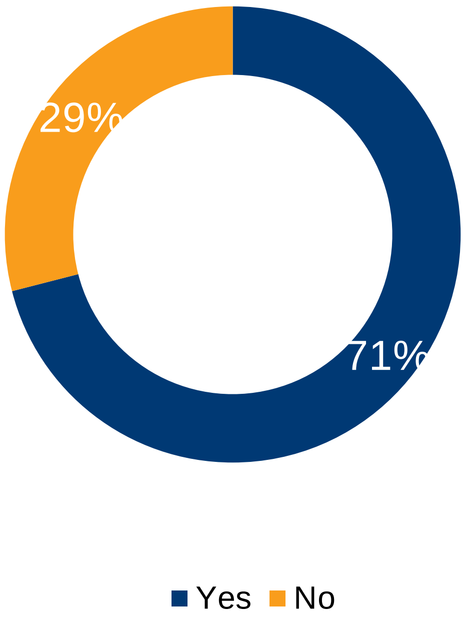
Register data: 'personnel category' (n = 174)

Internationalism



Question: "Does your company..." (n=184)

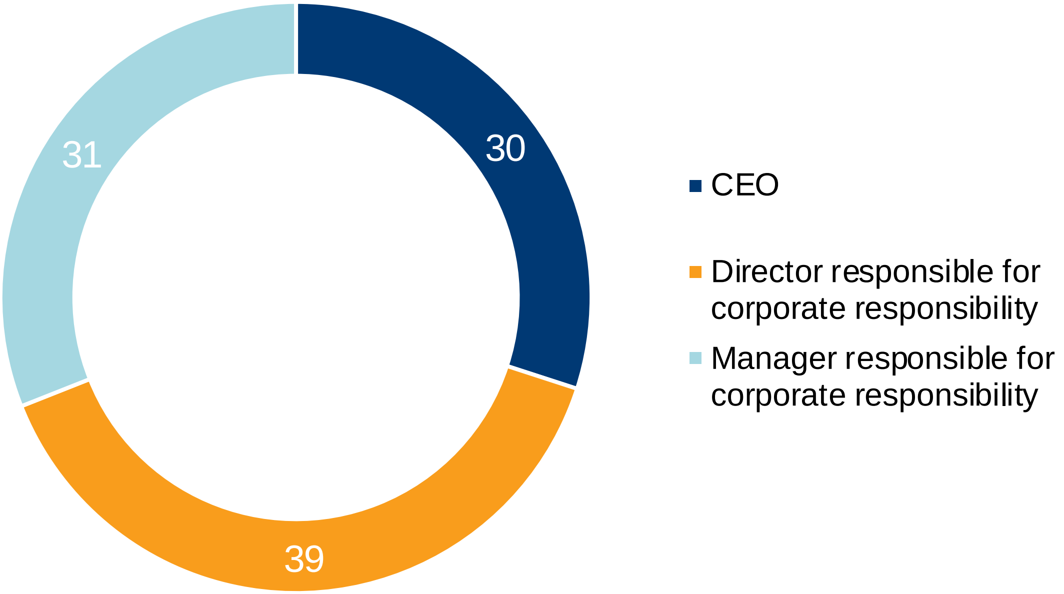
Does your company produce or sell products?



(n=184)

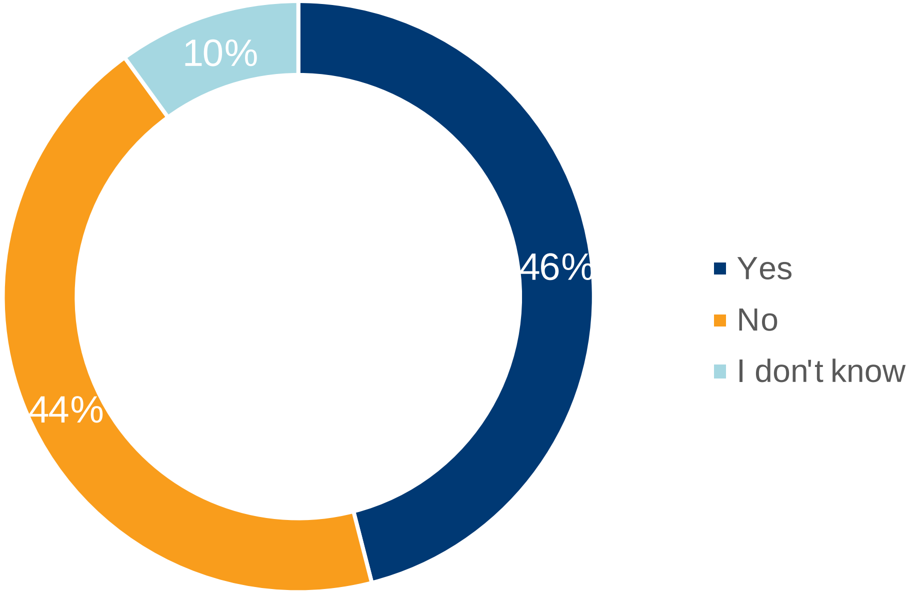
Title of the respondent and FIBS membership of the organisation, if any

Title of the respondent



Question: Turnover (n=184)

FIBS membership

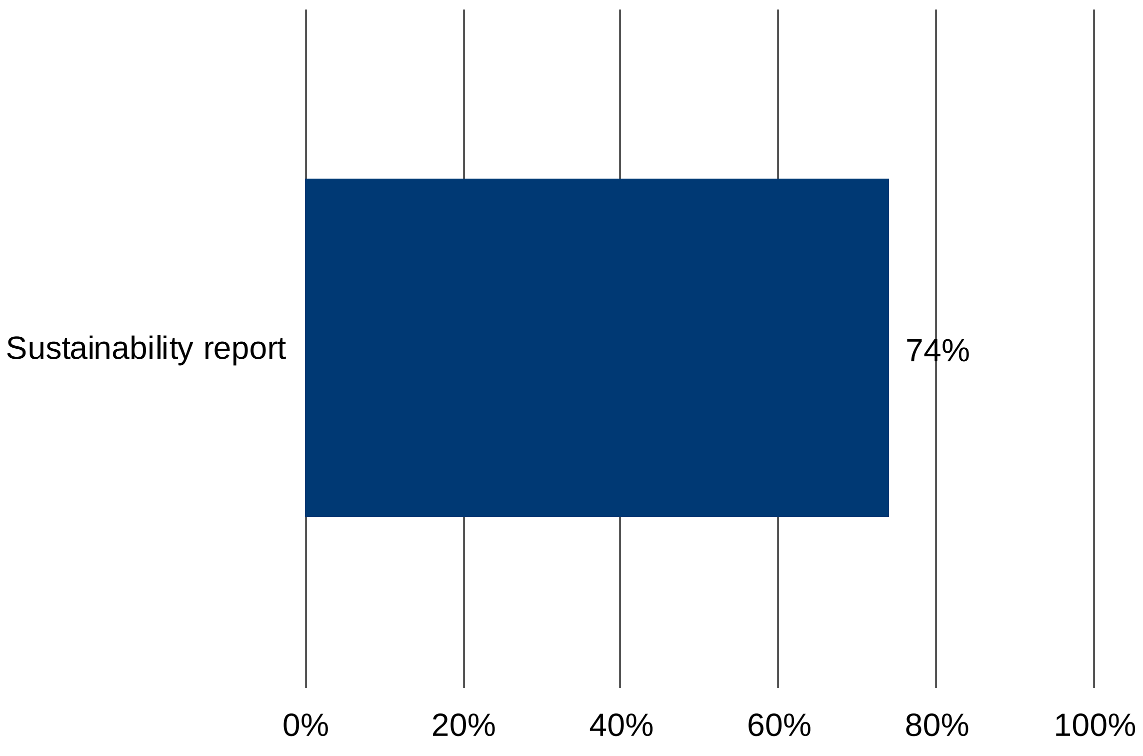


Question: "We are a member of the Corporate Responsibility Network FIBS"
(n = 184)

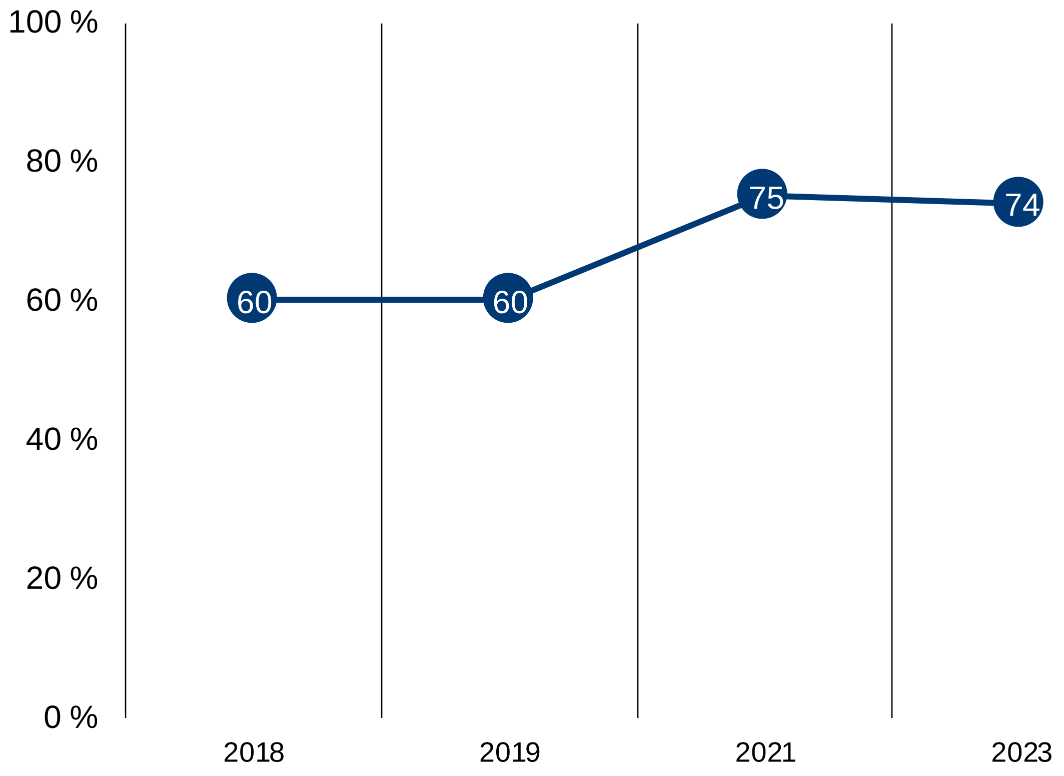
Annex 2

More Detailed Survey Results

Sustainability report

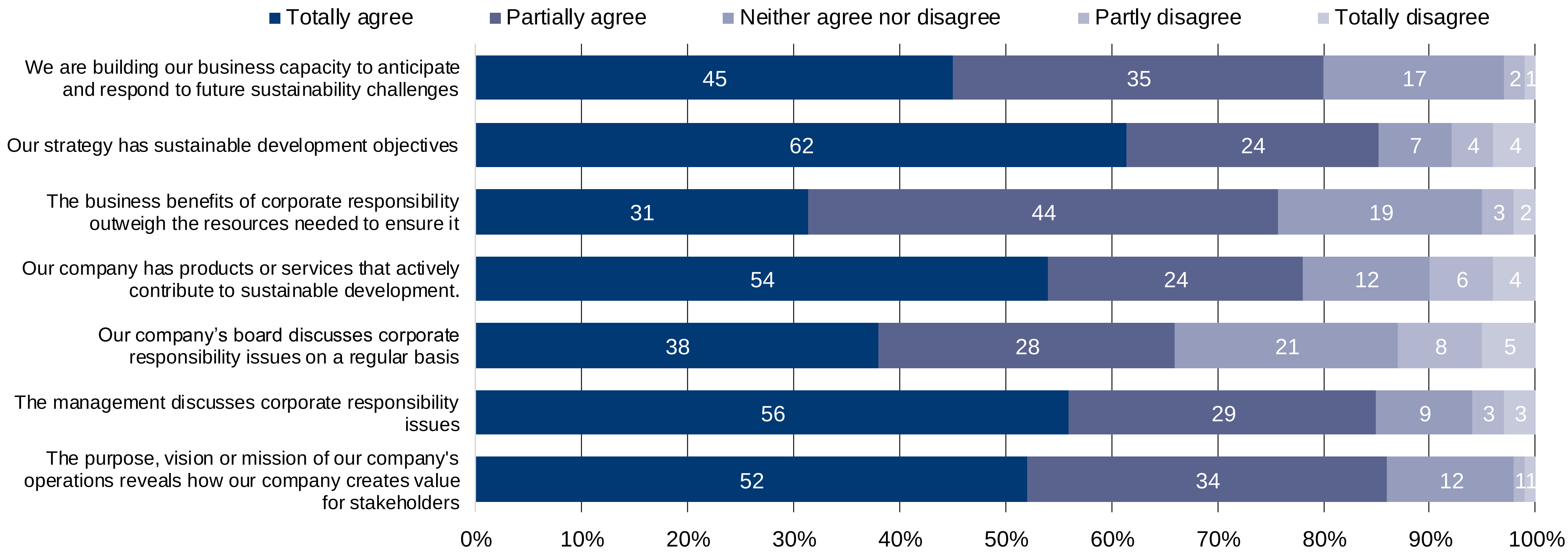


Question: "Does your company have the following corporate responsibility management practices" “(n=153) “Yes” respondents



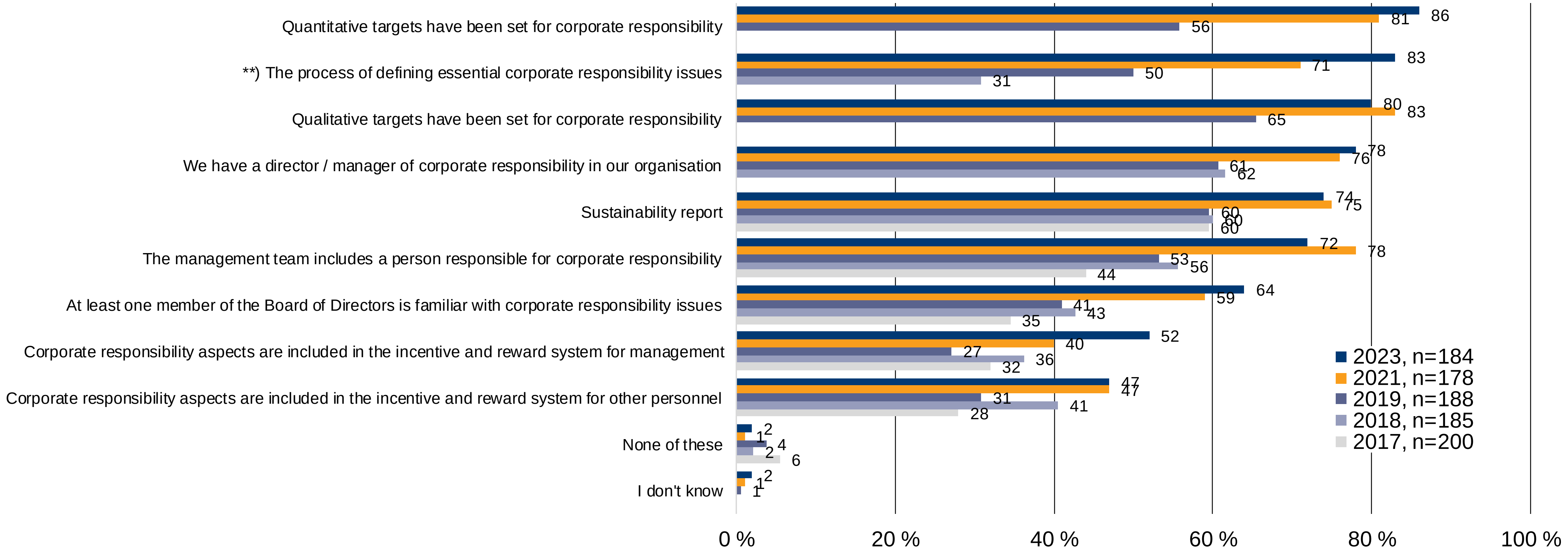
Question: "Does your company have the following corporate responsibility management practices? " Sustainability report "Yes" respondents

Claims related to responsibility (n = 180)



Question: "How much do you agree or disagree with the following statements?"

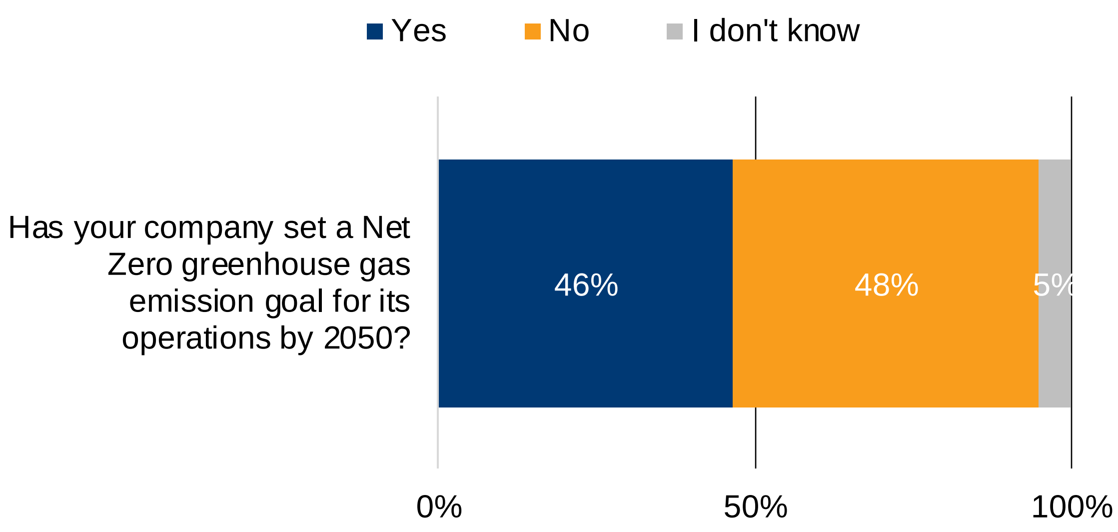
Corporate responsibility management practices - annual review



Question: “Does your company have the following corporate responsibility management practices?"

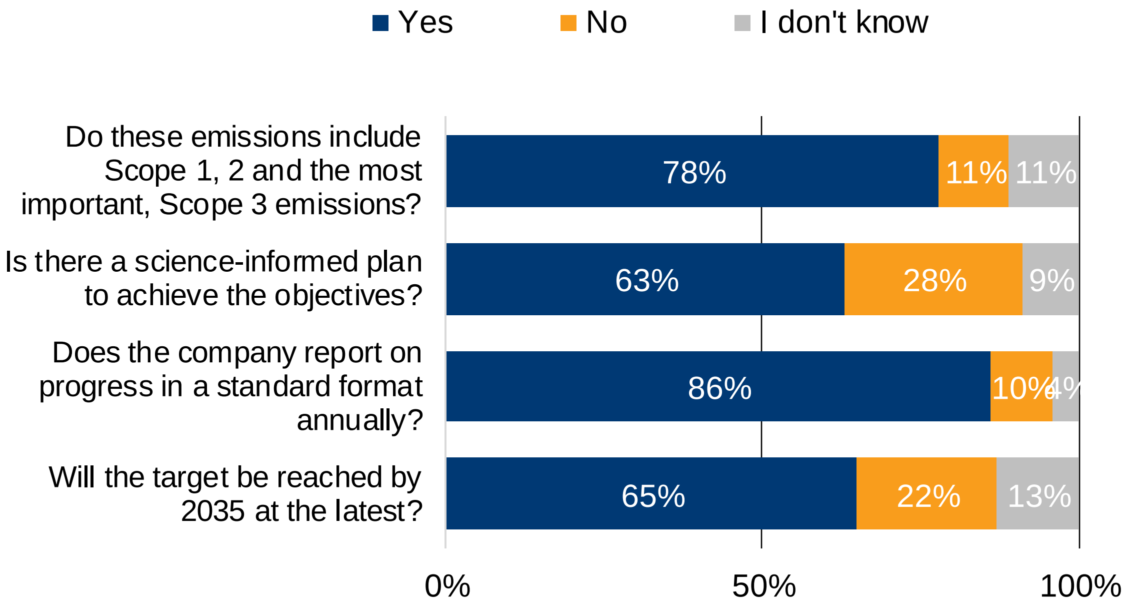
**) Claim was in 2021 in the form "Materiality process, i.e. the process of defining materiality issues"

Net Zero greenhouse gas emissions target



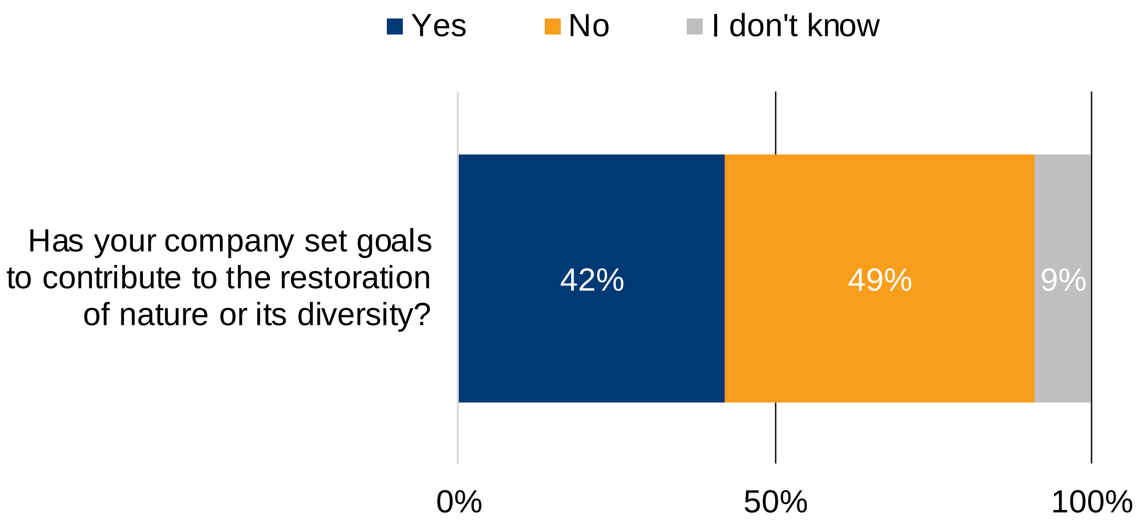
Question: "Has your company set a Net Zero greenhouse gas emission goal for its operations by 2050?" (n=184)

If you answered yes to the previous, of these:

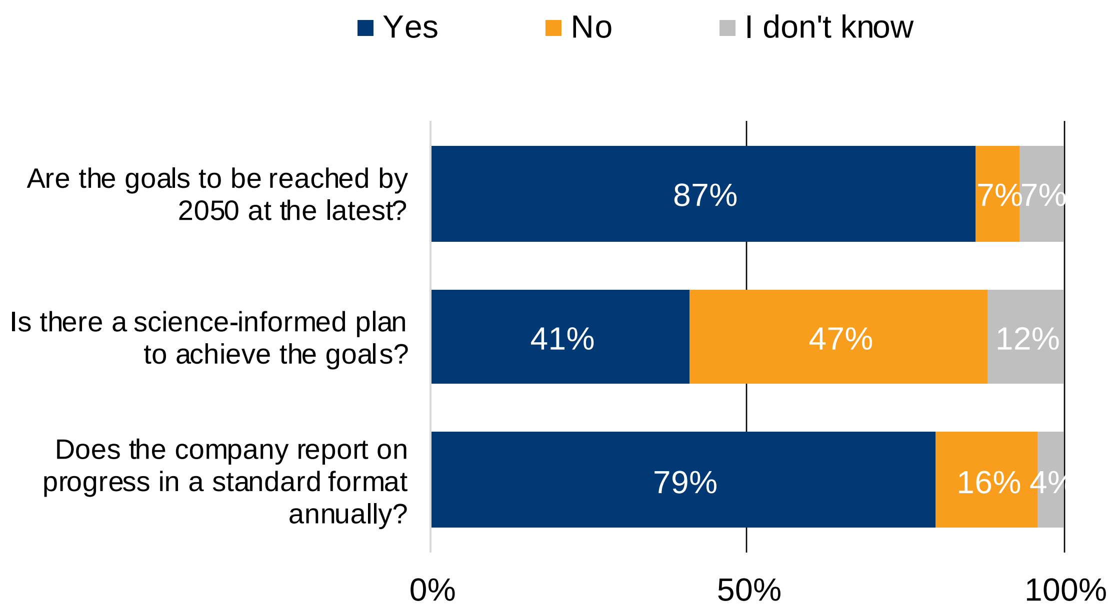


Question: "If you have set a Net Zero greenhouse gas emission goal for your operations by 2050...?" (n=82)

Restoration of nature or its biodiversity



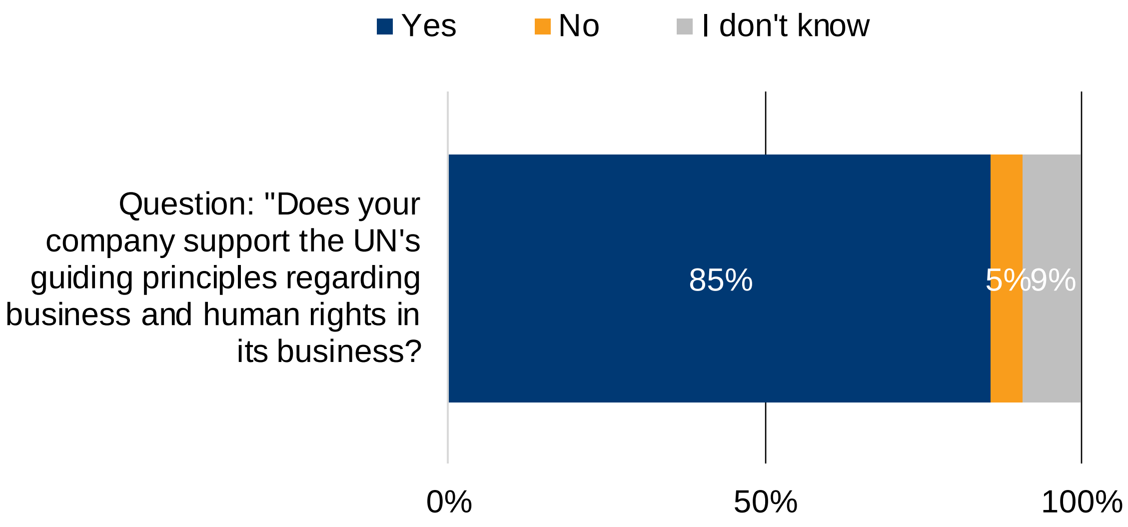
If you answered yes to the previous, of these:



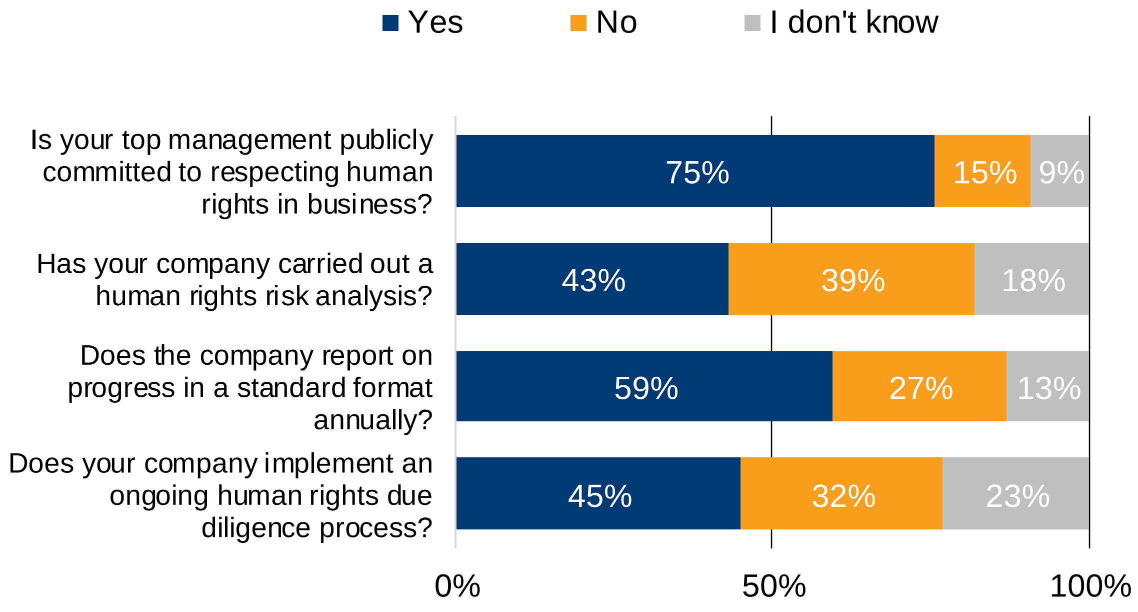
Question: "Has your company set goals to contribute to the restoration of nature or its diversity?" (n=184)

Question: "If you have set goals that contribute to the restoration of nature or its diversity..." (n=76)

Supporting UN business and human rights



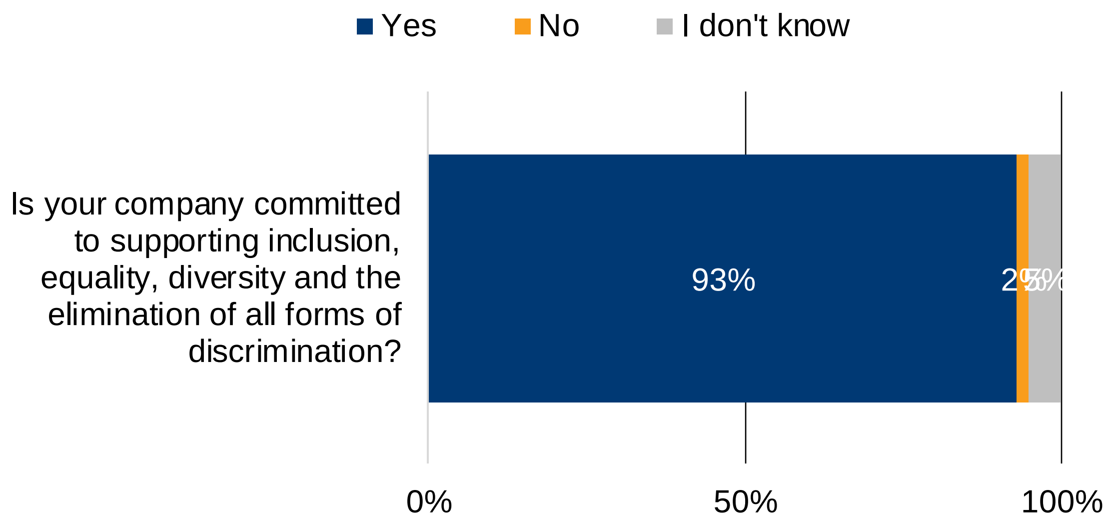
If you answered yes to the previous, of these:



Question: "Does your company support the UN's guiding principles regarding business and human rights in its business?" (n=184)

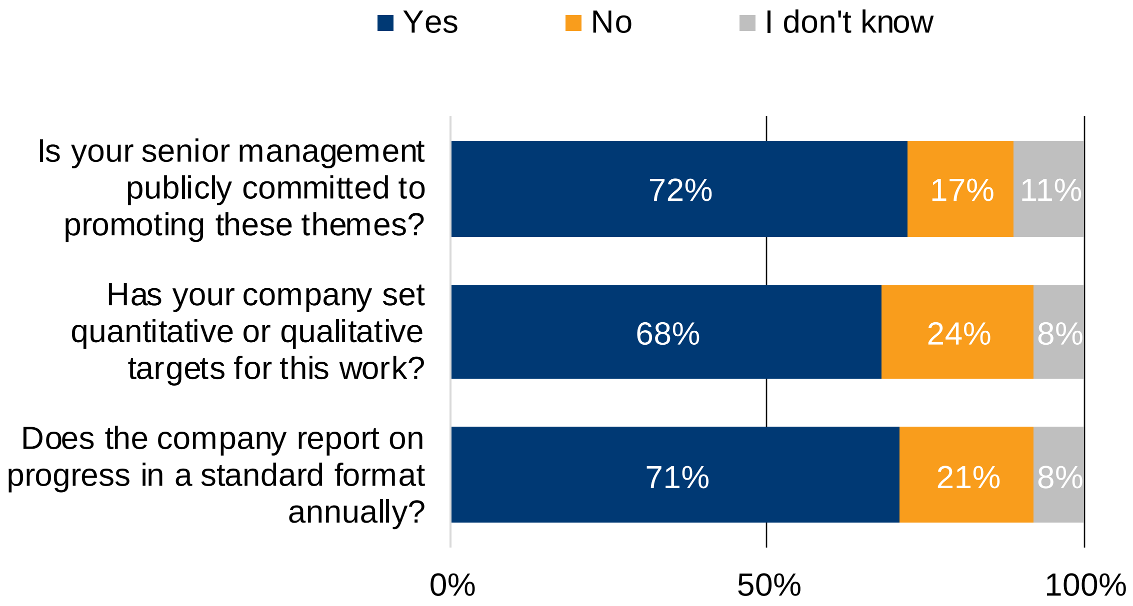
Question: "If the company supports the UN guiding principles regarding business and human rights in its business..." (n=155)

Inclusion, equality, diversity and the elimination of discrimination



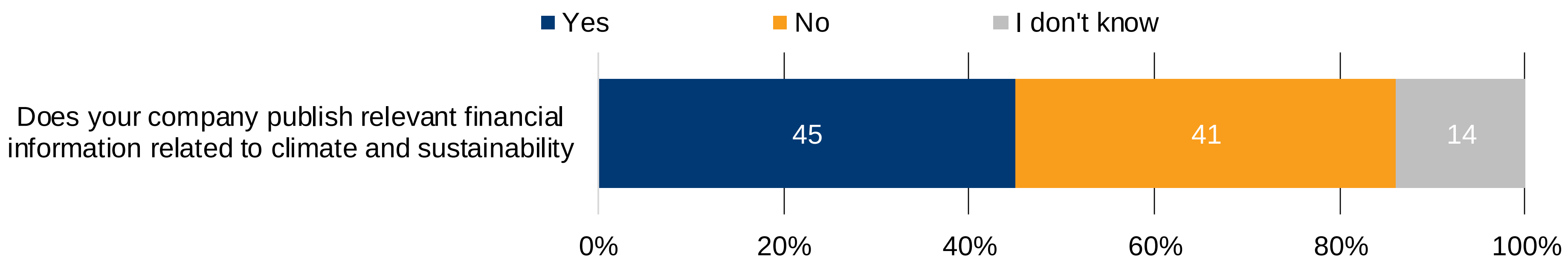
Question: "Is your company committed to supporting inclusion, equality, diversity and the elimination of all forms of discrimination?" (n=184)

If you answered yes to the previous, of these:

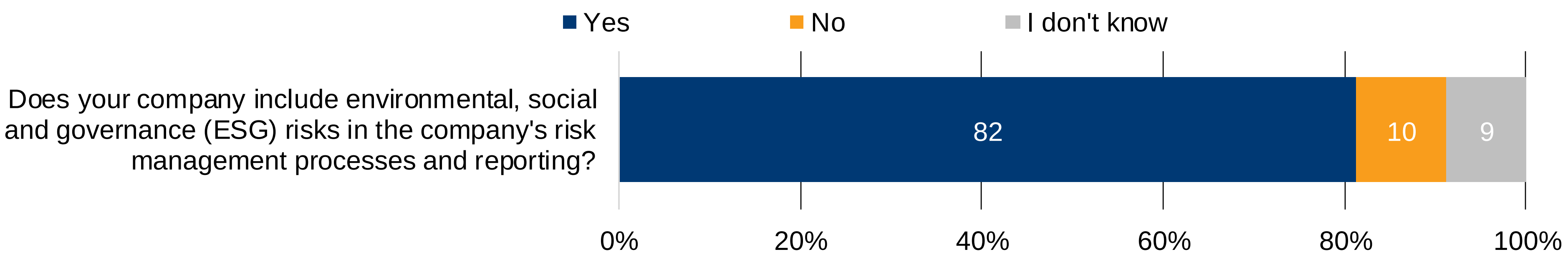


Question: "If the company is committed to supporting inclusion, equality, diversity and the elimination of all forms of discrimination..." (n=168)

Publication of climate and sustainability-related financial data and ESG risk management

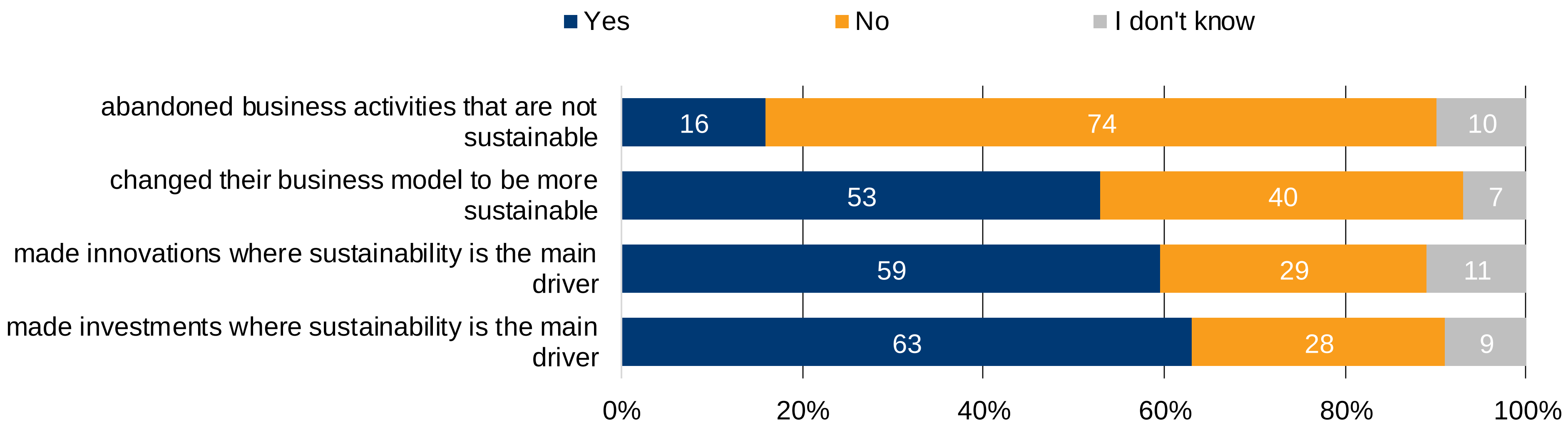


Question: "Does your company publish relevant financial information related to climate and sustainable development (e.g. according to TCFD or another reputable framework)?" (n=184)



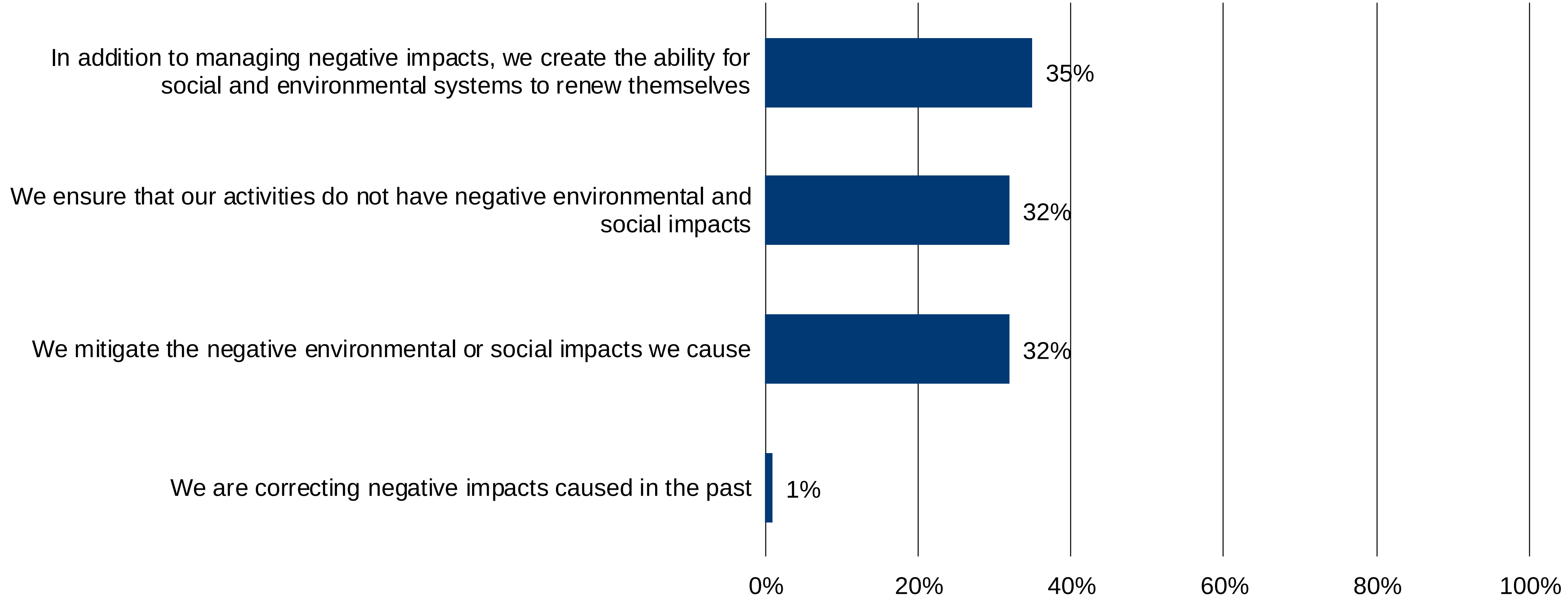
Question: "Does your company include environmental, social and governance (ESG) risks in the company's risk management processes and reporting?" (n=184)

Measures



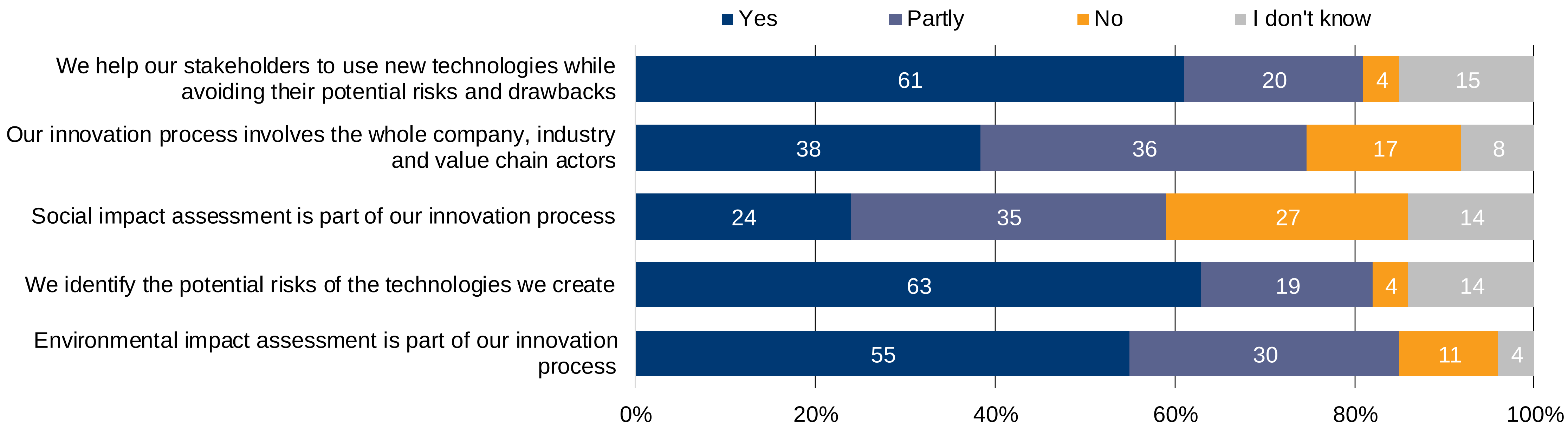
Question: "On a scale of yes, no or I don’t know, has your company in the last three years..." (n=184)

Main relationship with the environmental and social impacts caused



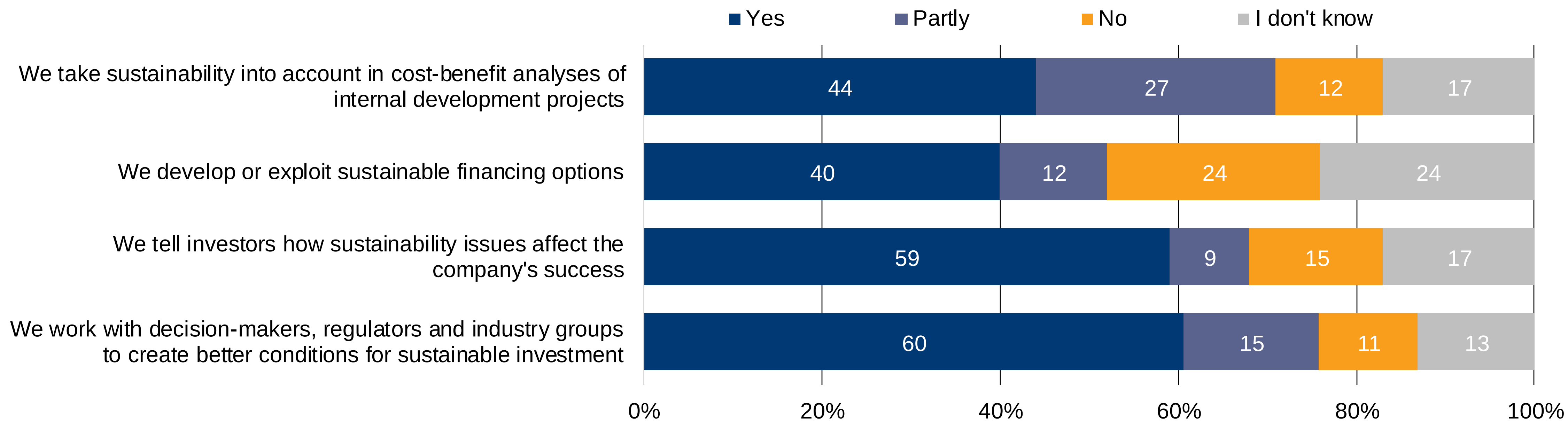
Question: "When you look at your business as a whole, what is your main relationship with the environmental and social impacts you cause? Choose one..." (n=177)

Implementation of technology and innovation



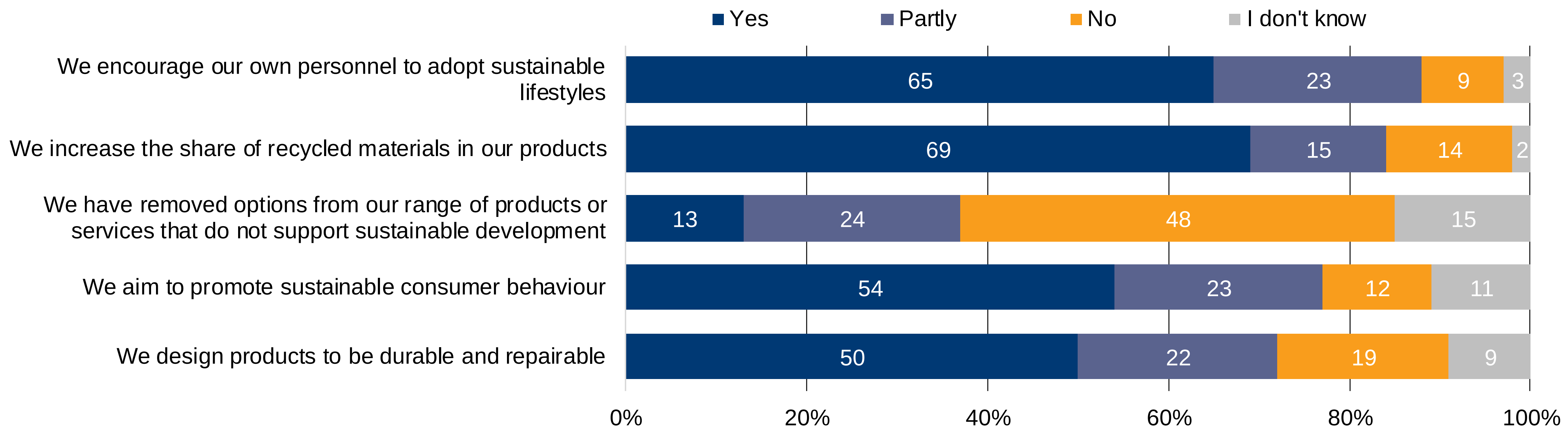
Question: 'Is the following being implemented in your business? Scale: yes, partly, no or I don't know (Technology and innovation)"
(n=184)

Implementation of finances and investment



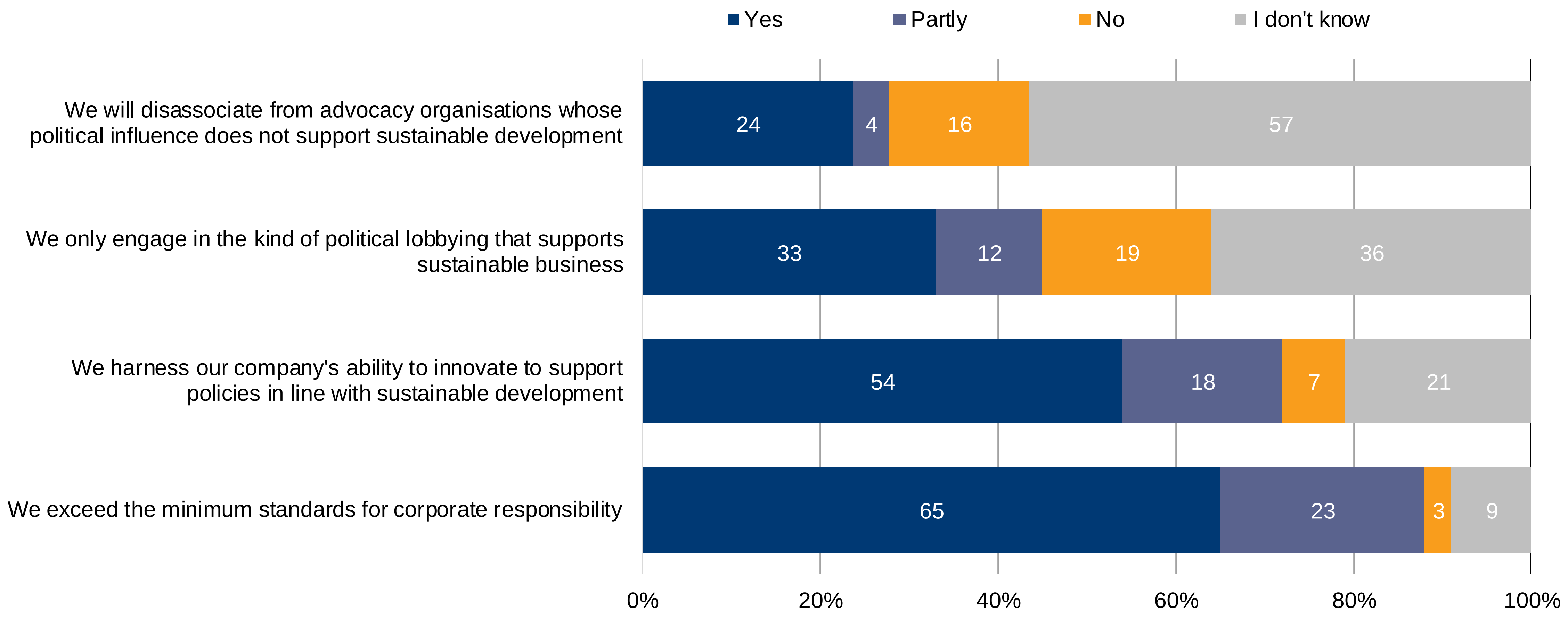
Question: "Is the following being implemented in your business? Scale: yes, partly, no or I don't know (Finance and investment)"
(n=184)

Realisation of people and consumption



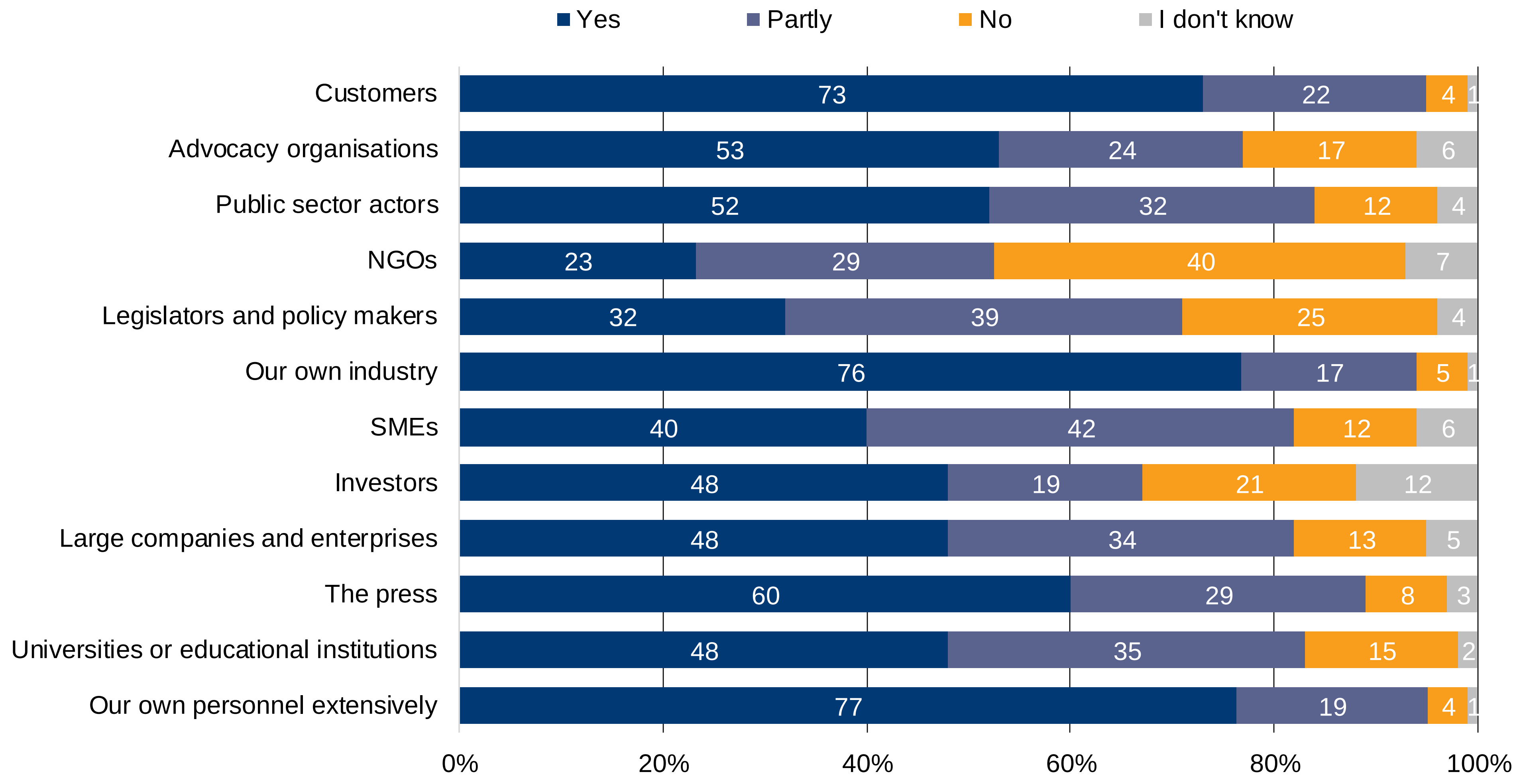
Question: "Is the following being implemented in your business? Scale: yes, partly, no or I don't know (People and consumptio n)" (n=184). Questions "We design products..." (n=108) and "We add recycled materials.." (n=127) were only addressed to companies that produce or sell products.

Implementation of policy and regulation



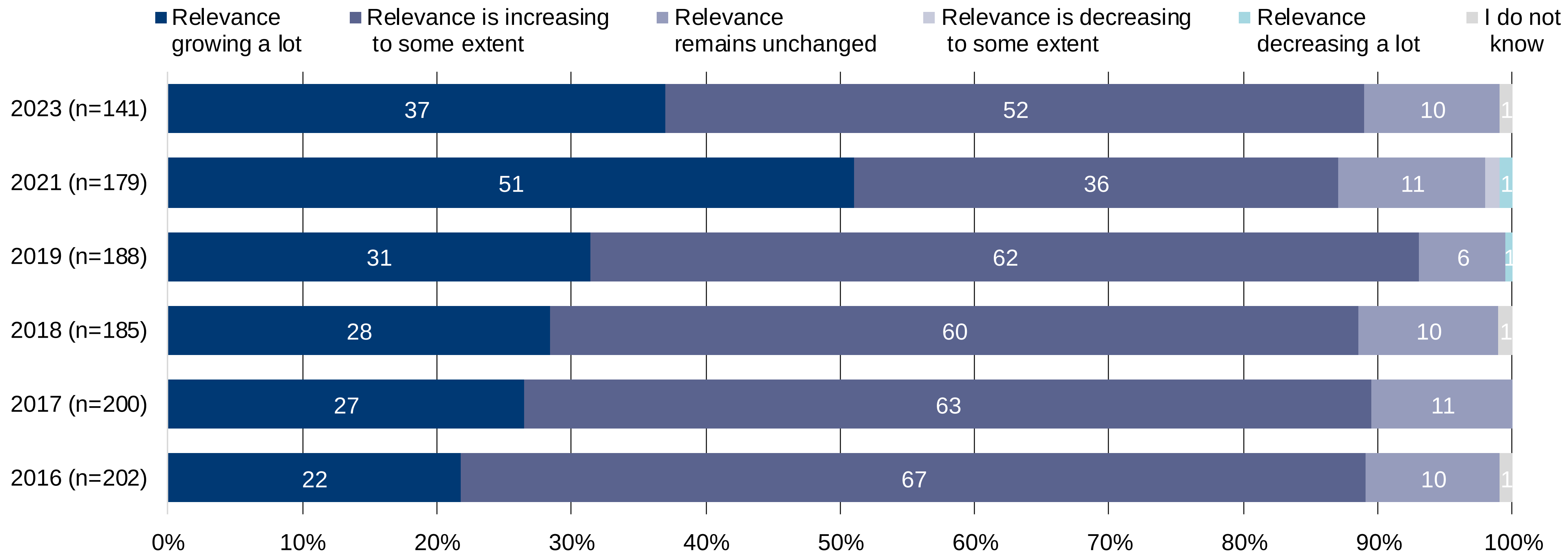
Question: ”Is the following being implemented in your business? Scale: yes, partly, no or I don't know (Policy and regulation)"
(n=184)

Cooperation on sustainable systems (n=140)



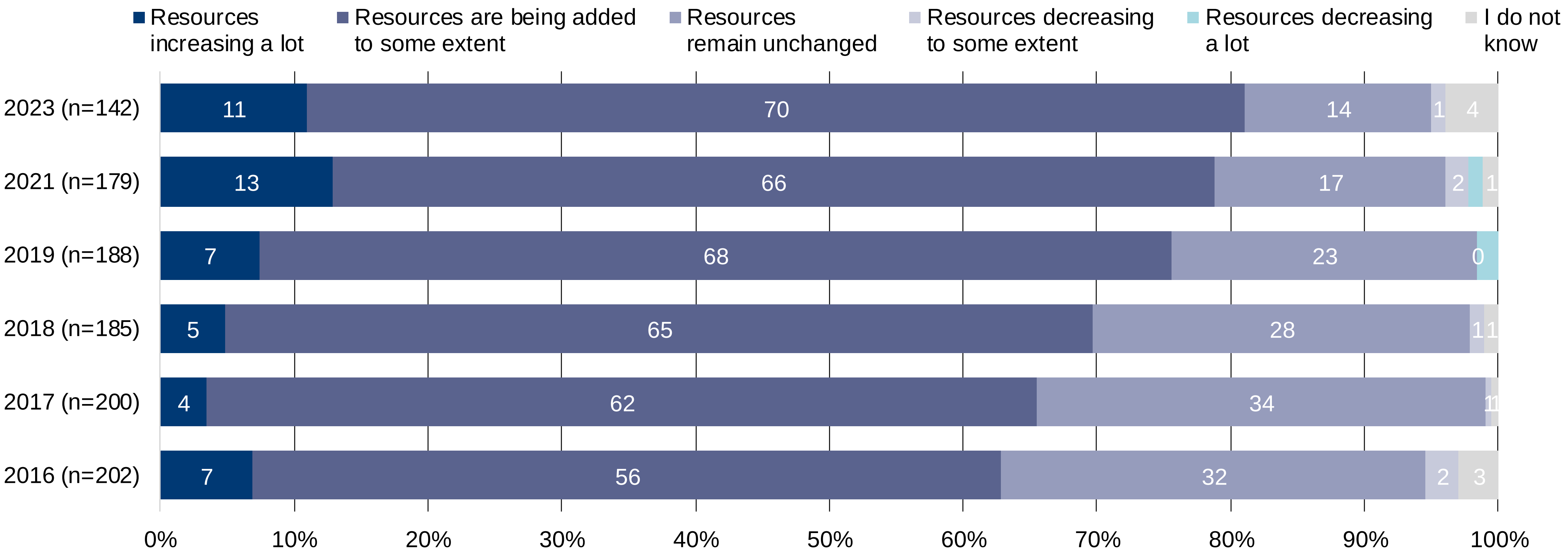
Question: "Do you work with the following on sustainability issues? Scale: yes, partly, no or I don't know?"

The importance of corporate responsibility is not expected to grow as strongly as in 2021



Question: "How do you expect the importance of corporate responsibility to change for your company in the next 5 years?"

The majority of companies see an increase in the resources devoted to corporate responsibility



Question: "How do you expect the amount of resources (such as financial investments/human resources) devoted to corporate responsibility in your company to develop over the next 5 years?"

FIBS

More information

on the Sustainability in Finland 2023 survey

or FIBS services:

fibs@fibsry.fi