



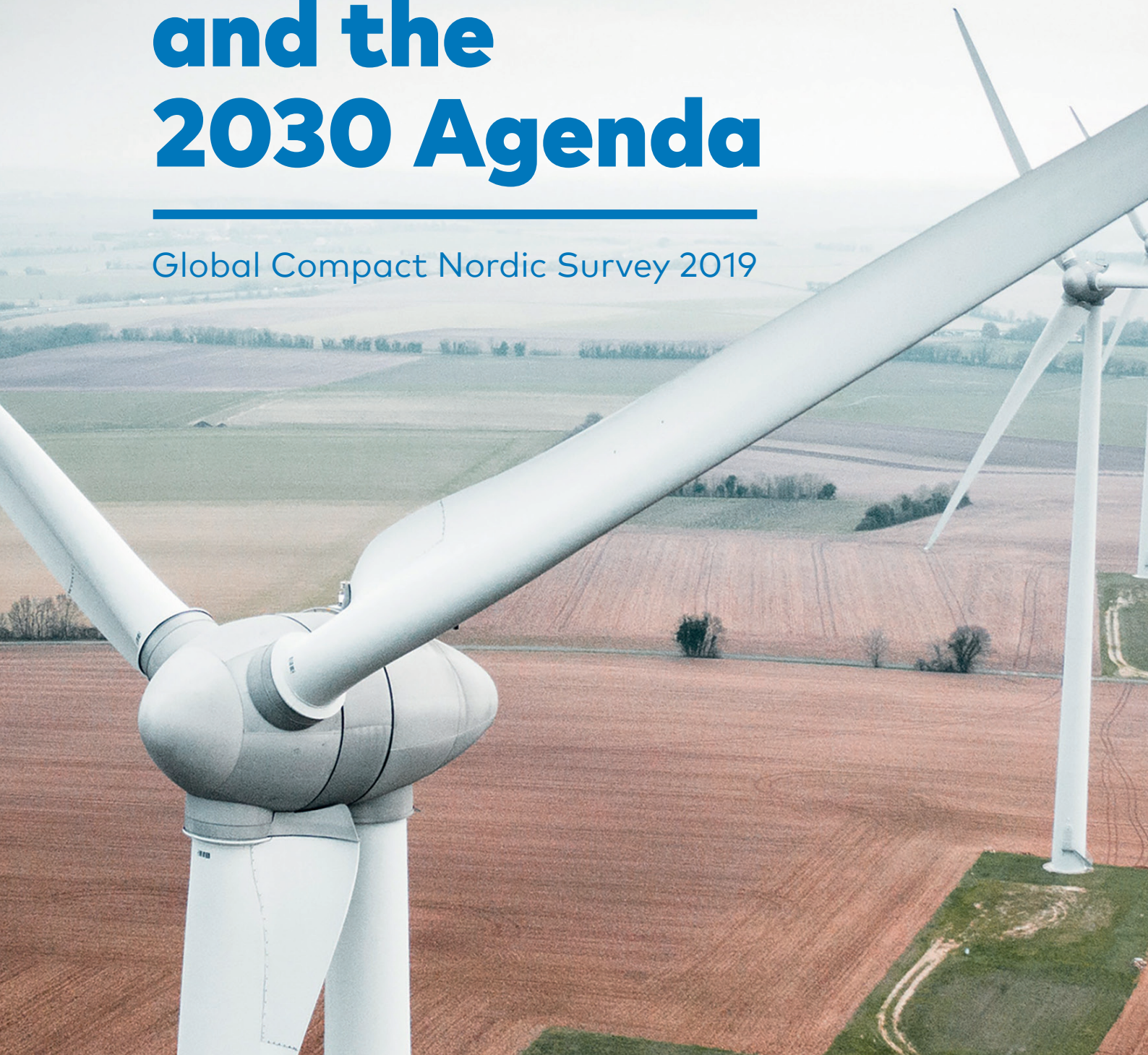
Nordic Council
of Ministers



Global Compact
Network Denmark

Nordic businesses and the 2030 Agenda

Global Compact Nordic Survey 2019



Nordic Businesses and the 2030 Agenda

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Nordic co-operation

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Shared Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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Global Compact Nordic Survey 2019



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243

total responses received,
breakdown by country:

100 Denmark
64 Norway
48 Sweden
22 Finland
7 Iceland
2 Greenland



FOREWORD: NORDIC REPORT

Enhanced co-operation needed to realize the Global Goals

Nordic countries are committed to achieving the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). However, four years into this ambitious plan to transform our world, although the Nordic region ranks highly in international reports on progress towards the SDGs, we still have a long way to go if we are to realize these Global Goals by 2030.

Business is central to the promise of a better world envisioned by the 2030 Agenda and agreed on by all 193 UN Member States. Responsible companies can provide the creativity and the bold leadership we need to help to solve the world's most pressing challenges, while at the same time embracing new business opportunities. As UN Secretary-General António Guterres has said, "The only way to achieve the Sustainable Development Goals is if there is involvement from all stakeholders — including the business community."

This report shows that participants of the United Nations Global Compact — the world's largest corporate sustainability initiative — are among the most ambitious organizations in the Nordic region. By embracing universal values and embedding the Ten Principles of the UN Global Compact into strategies and operations, these businesses are better able to advance the 2030 Agenda and, indeed, get the world back on track.

However, this report is not merely a testimony to the meaningful contributions Nordic organizations have made. It is a testament to the idea that, although the path towards sustainability can be filled with tough challenges — even for the organizations that put the most effort into pursuing it — the end results can significantly impact not only local communities in the Nordic regions but also the entire world.

Importantly, participants of the UN Global Compact in the Nordic region are embracing the 2030 Agenda with high levels of buy-in from top-level management. However, the report also reveals that many of these companies are finding it difficult to measure the impact of their efforts to help achieve the Global Goals and integrate them into core business practices.

These findings tell us something important about the hurdles even the most responsible of businesses face on the path to 2030. Nordic organizations across sectors need to work collaboratively to identify best practices and share knowledge on how to effectively advance the Global Goals. Meaningful collaboration between Government and the private sector is crucially important to achieving the 2030 Agenda.

Our response must be to work with businesses in the Nordic region to find new ways to tackle the challenges of SDG implementation and empower the Nordic region to do what it does best: engage in meaningful collaboration.

As key players in this field, the Nordic Council of Ministers and the UN Global Compact joined forces in creating this report, which frames the path for future action. It is only by working together that we can mobilize an unstoppable global movement of responsible companies and stakeholders to create the world we want.

Lise Kingo
CEO &
Executive Director
United Nations
Global Compact

Paula Lehtomäki
Secretary General
of the Nordic Council
of Ministers

SUMMARY

SDGs becoming mainstream for Nordic Global Compact businesses, but more support needed

The Nordic Global Compact companies in the survey show strong motivation for working with the SDGs, and the goals are increasingly being used across a number of areas from communication to strategy and business development. However, the survey also indicates scope for faster progress if boards – and governments – put more power behind the SDGs.

Strong buy-in to the 2030 Agenda

There are strong signals that some of the traditional barriers to sustainability work and the SDGs are becoming less important for the Nordic Global Compact companies. Buy-in from top level management is only seen as a problem in 11 percent of surveyed businesses, and only 14 percent of the respondents report challenging financial trade-offs relating to working with the SDGs. Twelve percent of respondents see the accusation of greenwashing and the accompanying risk to reputation as a barrier to working with the SDGs.

Integrating the SDGs is still difficult, but businesses are making progress

While the will seems to be there, the implementation, and potentially the skills and tools, are still a challenge. Almost half (44 percent) of respondents find it challenging to translate the SDGs into a business context. A similar proportion (47 percent) find it hard to define relevant KPIs and progress targets. A third (34 percent) of the respondents report a lack of resources for integrating SDGs into their company's work.

Nevertheless, these results are a clear improvement on the results from a comparable survey from 2015 when the SDGs were presented.* The progress over the three and a half years since then is significant.

Also, it is worth noting that, despite the challenges reported, many of the respondent companies have started using the SDGs as tools in their corporate responsibility work. Firstly, as a tool for communicating sustainability issues, but the goals have also been adopted as a framework for strategy and business development, especially with the SMEs.

Governmental support for SDG implementation deemed very low

A large proportion of companies report a need for stronger backing or guidance from national governments. Across a number of areas where business could expect support from national governments, only 8 to 18 percent of respondents feel that they have been given adequate support, with many companies stating they are unsure about the support they received. Only 42 percent of the companies know of their national governments' action plans on the SDGs.

* "Make it your business: Engaging with the Sustainable Development Goals", PwC 2015



Photo: Unsplash.com

Top management is involved, but could go further

The survey also shows that boards and top management are generally involved in the overall shaping of the sustainability policies and practices within the respondent companies. However, boards can still push harder for tangible results, for example by linking management remuneration to sustainability performance.

The responding Global Compact member businesses show a very high adherence to the central principles of the UN Global Compact, but it is worth noting that respect for labour rights was the most widely adopted.



SECTION I

SDGS: STATUS AND CHALLENGES

Companies motivated to work with SDGs, and show progress integrating them

The Nordic Global Compact companies surveyed generally know which SDGs they want to focus on, their top management is aligned, and the business value of the goals seems clear. The greatest challenges are connected to how businesses can actually turn the SDGs into tools for guiding their next steps towards the 2030 Agenda.

The companies seem to have passed a number of important thresholds in working with the SDGs: 90 percent of companies report that top management buy-in for the SDGs is not a challenge, and just 14 percent report financial considerations as a barrier for working with the SDGs. Other issues such as risk to reputation caused by greenwashing accusations and identifying which of the SDGs to focus on are only seen as main barriers by 12 and 7 percent of the companies, respectively.

This is supported by responses showing that four out of five (79 percent) of the surveyed companies have integrated sustainability throughout their strategies, and close to half (42 percent) have put decision-making power and budgets behind their sustainability initiatives.

The results signal that the companies are motivated to work with the SDGs and that some of the common risks of corporate responsibility play only a small role with respondents.

Integration of SDGs in business is increasing, but still a challenge

While initial buy-in and financial aspects are no longer principal challenges, taking the next steps to embed the SDGs into the core business seems to be the dominating challenge for companies. Close to half – 47 percent – of the responding companies report that setting KPIs and progress targets for the SDGs is a main barrier, and 28 percent report that they have a challenge with creating tangible contributions to the SDGs.

More than four in ten – 43 percent - report that they struggle to make the SDGs relevant in a business context and a third – 32 percent – of the respondents report difficulties in integrating the SDGs into existing reporting and compliance processes.

However, it should be acknowledged that, despite the challenges reported, these results represent a considerable positive development. Contrasting this progress to a comparable survey* created in the immediate aftermath of the launch of the SDGs in 2015, the differences are noticeable.

* "Make it your business: Engaging with the Sustainable Development Goals", PwC 2015

42%

of the Nordic Global Compact companies have created a sustainability governance structure with decision-making power and budget.

79%

of the Nordic Global Compact companies establish and/or adjust policies to incorporate sustainability visions and goals throughout their strategies.

Main reported challenges and barriers for working with the SDGs



Q: What are the main challenges and barriers for your organisation in working with the SDGs? Select all that apply | Proportion of respondents, N=243

At that time, just 29 percent of comparable businesses reported that they set goals aligned with the SDGs, fewer looked for indicators to measure progress and even fewer – 13 percent – believed that they had the tools needed to work with the SDGs. In this light, the development over the approximately three years between the two surveys is encouraging.

More resources needed

The survey does not address what companies need to maintain the momentum of progress, but it should be noted that while 42 percent of respondents have created a sustainability governance structure with decision-making power and budget, a third (33 percent) seem to struggle with dedicating or obtaining adequate resources internally to ensure a full integration of the SDGs into the companies.

SECTION I

SDGS: STATUS AND CHALLENGES

Governmental support for SDG implementation deemed very low

Despite the Nordic companies moving forward with their work on the SDGs, many express a lack of support from national governments. Moreover, there is great uncertainty about what support is actually available.

Business is not working towards the 17 SDGs in isolation. Since the presentation of the goals and the 2030 Agenda in 2015, it has often been pointed out that, to meet the goals, governments, business, and civil society need to work together.

However, when asked about the support their businesses have received from governmental level, most respondents express an uncertainty, with close to half being "unsure".

Across the Nordic countries, a mere 13 percent of the companies in the survey report that they have been provided with sufficient support from their respective governments. The remaining 87 percent report that they have either not received enough support, or are unsure of the support they have received.

In a related question, more than four out of 10 of the responding companies – 42 percent – report that they do not know of a national SDG action plan or equivalent national strategy in their home country.

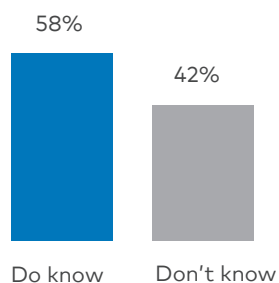
Of the companies that do know of national SDG plans, 15 percent respond that it has had significant impact on their SDG work and 45 percent that it has had a moderate influence.

Companies' role in achieving specific SDGs is unclear

It is outside the scope of the survey to assess whether businesses could have done more to strengthen the collaboration, but it does map out some of the perceptions from businesses on government support.

Just 14 percent of the companies report that their national government has provided sufficient support in translating the SDGs and indicators to the business context. Only 19 percent of the companies state that they have received sufficient government support on clarifying the role of companies in achieving specific SDGs, and only 14 percent report that they have received sufficient guidance on which SDGs represent national priorities.

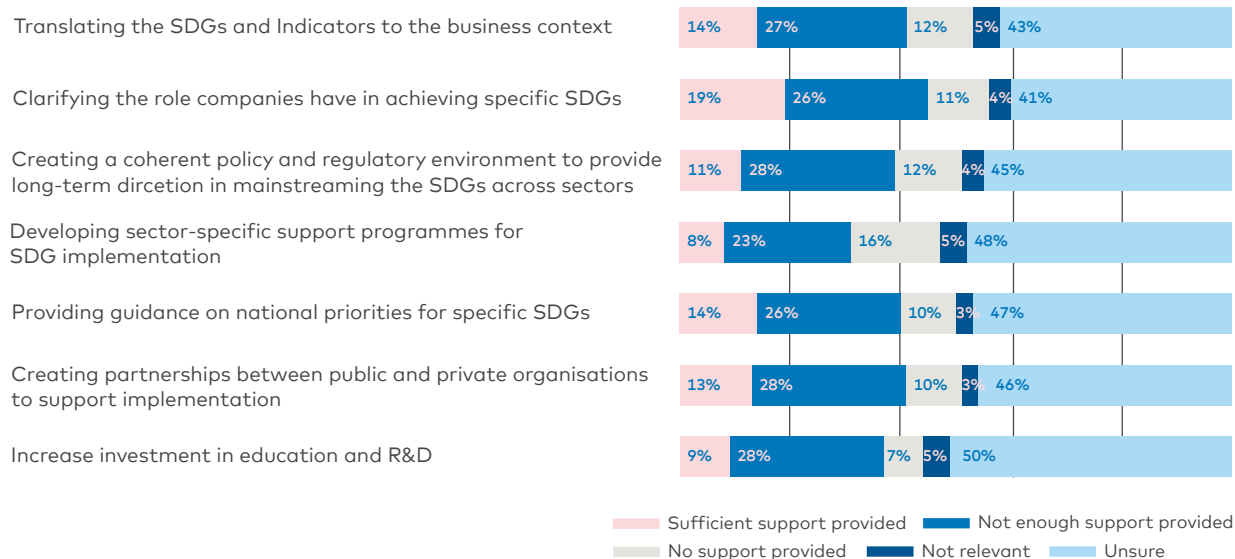
Percentage of companies that know of plans from their national government for implementing the SDGs



How companies that know of national plans describe the influence of these plans on their work with the SDGs



Company perceptions on degree of support received from national governments



Q: How do you see your national government's support on SDG implementation across the following areas?
| Proportion of respondents, N=243

Very few respondents - 11 percent - report that their governments have adequately provided a coherent policy and regulatory environment to support the SDGs.

Finally, businesses assess initiatives taken in specific policy areas, such as training and R&D and creation of public-private partnerships, in a similar light.

General uncertainty among companies

Across all the questions asked to specify the companies' take on their respective national governments' support on SDG implementation, a large group of

respondents - 41-50 percent - state that they are unsure about what to report. The low level of knowledge of national plans on the SDGs might play a significant role in this number

It is important to stress that the survey was not designed to explore the suggested disconnect between respondents' expected and perceived support from government on SDG Implementation. The data merely suggests that this disconnect could be significant. Furthermore, some government plans on the SDGs are still quite sparse.



SECTION II

HOW COMPANIES WORK WITH SDGs

Companies see impacts across the SDGs, but particularly SDGs 3, 5, 8, and 12

Businesses see their greatest impacts on responsible consumption and production, climate action, decent work and economic growth, health and wellbeing, and gender equality. Purely environmental SDGs, such as SDG 14 – *Life Below Water*, and SDG 15 – *Life On Land*, as well as SDG 1 – *No Poverty* and SDG 2 – *Zero Hunger*, receive less attention.

Four SDGs received significantly more attention than the other goals, when the surveyed companies were asked to choose the five SDGs on which they have the greatest impact.

Between 43 and 50 percent of companies include SDG 3 – *Good Health and Wellbeing*, 8 – *Decent Work and Economic growth*, 12 – *Responsible Consumption and Production*, and 13 – *Climate Action* among the five SDGs they have the greatest impact upon.

The selection of these SDGs as the most impacted is perhaps not unexpected. SDG 8 and SDG 12 relate directly to general business and economic activities, and like SDG 3, the result could be indicative of the fact that the survey was conducted in the Nordic countries, where high living standards and relatively strong worker's rights and conditions are the norm. A similar reasoning, that perceived standards are already high, may also explain why SDGs 1 – *No Poverty* and 2 – *Zero Hunger* were not selected more often.

The way the question was formulated, with companies asked to choose only five SDGs from the 17, meant they had to prioritise in their responses. This may have led to an over-concentration on relatively few of the SDGs. This might also explain why 47 percent of respondents declare they impact SDG 13, while only 2 percent state they impact SDG 15, despite the clear connection between the two.

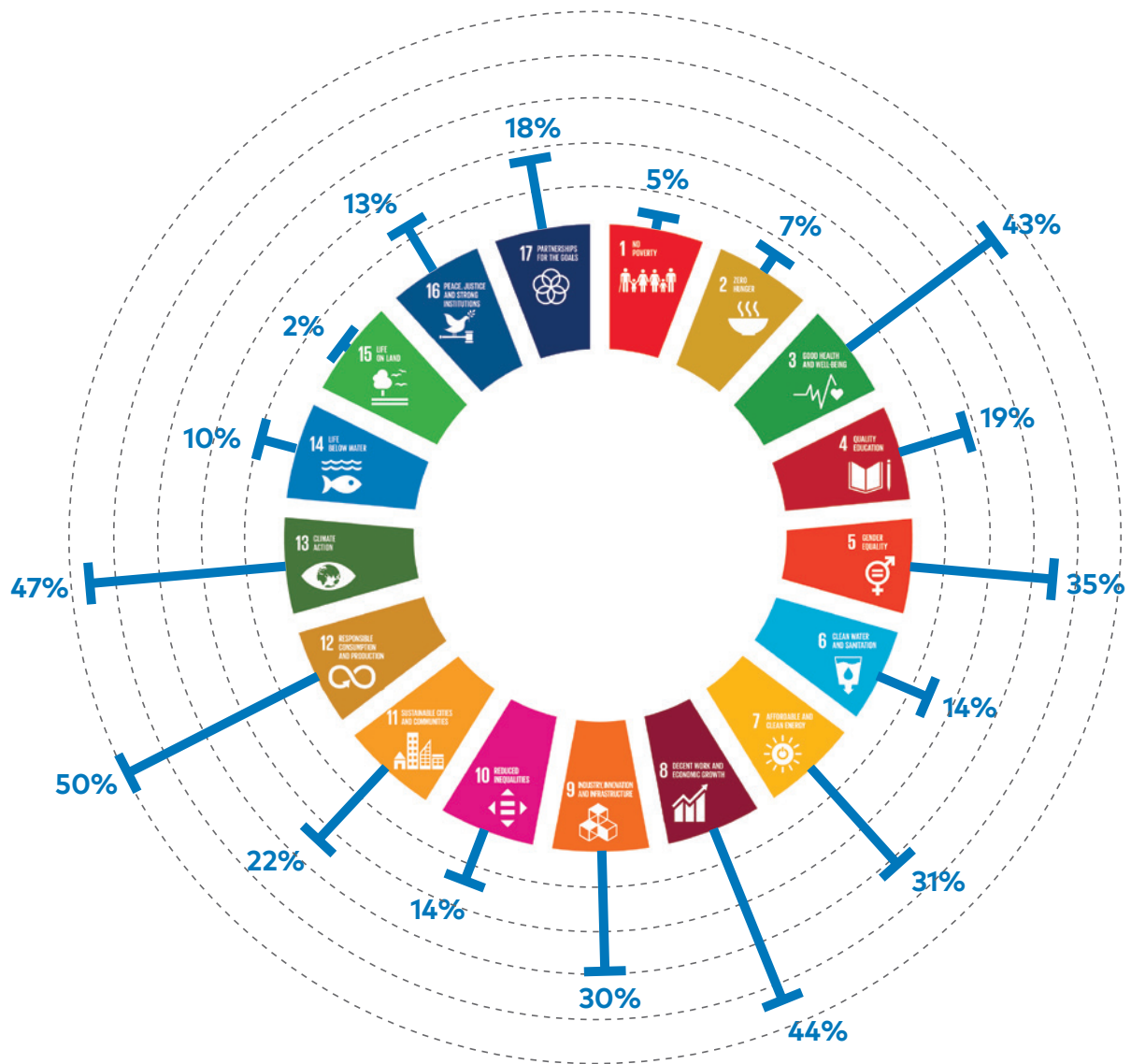
Businesses could explore impacts in greater depth

These results should be considered against the results shown in a recent study* on the progress towards the SDGs in the Baltic Sea Region. Some of the environmental goals less frequently chosen by the companies, such as SDG 14 – *Life Below Water* and 15 – *Life On Land*, represent some of the greatest challenges in this region.

When compared to the low priority the companies gave to SDG 14 and 15, and important social goals, such as SDG 1 and 2, the results raise the concern that many businesses gravitate towards the

**"Baltic 2030: Bumps on the Road", Nordic Council of Ministers (2018)

Proportion of companies that impact each SDG



Q: Which SDGs does your company currently impact? | Up to 5 selected, proportion of respondents, N=243

"usual suspects" SDGs, such as SDG 13, when defining their most material goals and do not explore either the goals or their own impact – both negative and positive – in depth.

Lastly, companies state they have a relatively high impact on SDG 5 – *Gender Equality*. Of relevance

here is that gender equality is embedded in law and has been an issue for company policies for decades. It is therefore no big surprise that SDG 5 is selected as an area of impact by 35 percent of the responding companies.

SECTION II

HOW COMPANIES WORK WITH SDGs

SDGs offer significant inspiration for strategy and business development – especially for SMEs

Many Nordic companies have taken the SDGs to heart when it comes to using them as a tool for communicating sustainability issues, and the goals have been adopted as a framework for strategy and business development, as well as for building new partnerships.

The majority of the surveyed Nordic Global Compact companies use the SDGs primarily to promote sustainability internally (59 percent) and externally (65 percent).

In addition to communication-focused activities, more than a third (36 percent) of the companies report that they use the SDGs as part of their work to guide their strategic development, while 29 percent use them to identify new business opportunities.

These trends are especially strong in SMEs and the largest companies: 85 percent of companies with 0-249 employees report that the SDGs guide their strategic development, whereas only 25 percent of companies with 250-4,999 employees report this. Of the larger companies (5,000-50,000 employees), 43 percent use the SDGs to guide strategy, while 62 percent report that the SDGs are useful in helping to identify new business opportunities.

Across the Nordic countries, the answers to the question of how the companies work with the SDGs are consistent, indicating that companies across the region work with the SDGs in a similar way.

One in two companies use SDGs to guide their work

As seen previously in the report, many of the responding companies use the SDGs as a guide to steer their work (see p. 5-6). While 52 percent of respondents state they define priorities in relation to the SDGs, only 35 percent report that they set measurable targets. This reinforces the point that working with the SDGs in a tangible way is still difficult for most companies on an operational level (see p. 5-6).

Forty-seven percent of companies report that they develop products and/or services that contribute to the SDGs, indicating that the SDGs are linked to business development. A third of respondents – 33 percent – state that they align their core business strategy with the SDGs, indicating that the Nordics are home to companies that have really taken the SDGs to heart. A large percentage of the companies stating that they are aligning their core business with the SDGs are Norwegian (31 companies out of 79 total responses).



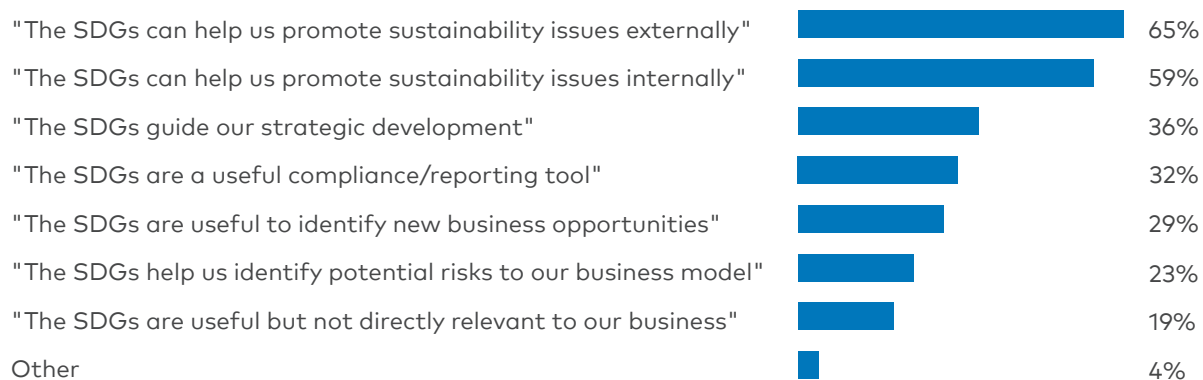
Photo: Unsplash.com

Partnerships to reach goals

Forty-one percent of the surveyed companies state that they engage in partnership projects with public or private organisations. Most collaborate with NGOs, industry associations, as well as other companies and academia.

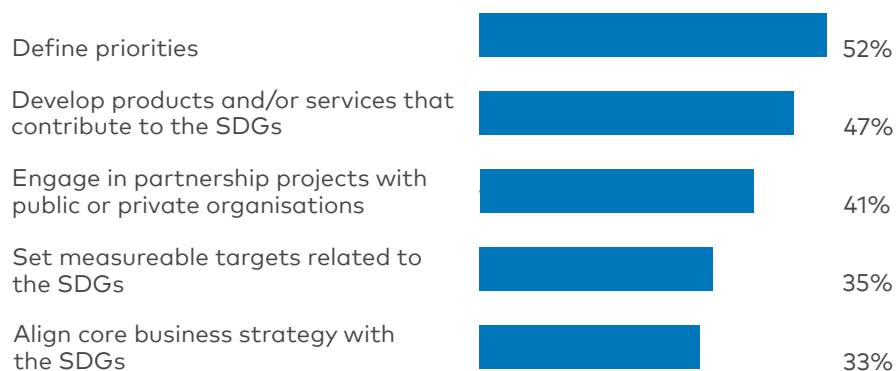
The large companies with over 5,000 employees report a higher percentage of partnership projects with UN organisations, compared to partnerships with companies and academia.

How companies describe their SDG work



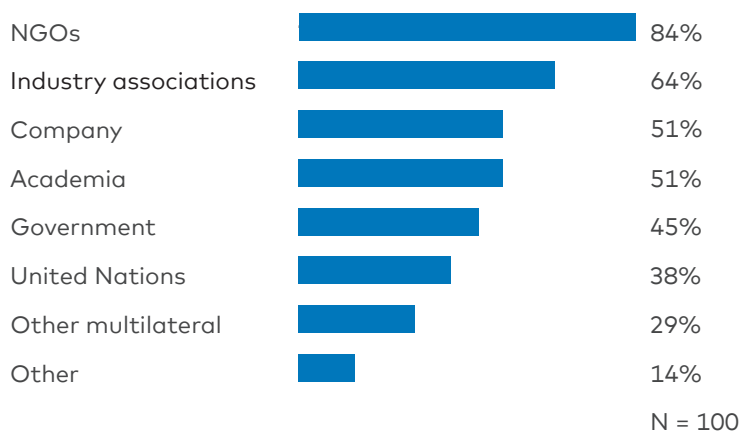
Q: Which of the following statements best describe your organization's perspective on working with the SDGs? Select all that apply | Proportion of respondents N=243

How companies take action to contribute to the SDGs



Q: How does your company take action to contribute to the SDGs? Select all that apply | Proportion of respondents, selected topics, N=243

What organisations do companies partner with?



SECTION III

STRATEGY AND REPORTING

Sustainability shaped at executive level, but scope for greater involvement remains

Boards and senior management play a vital role in shaping corporate responsibility in companies. The survey also shows that this group still has unused tools for integrating sustainability even more firmly into the core of their companies.

Top management usually involved

In nearly three-quarters of the companies, the CEO is involved in shaping corporate responsibility and policies. As all respondents are members of the Global Compact, where CEO commitment is one of the criteria, this is not surprising.

However, the picture of strong involvement in sustainability from the top levels of the companies is supported by more than half (55 percent) of them involving the board of directors. Almost the same proportion (47 percent) involve other senior management members in shaping corporate responsibility policies and strategies. Over half of the companies also have corporate responsibility or ethics officers involved, according to the survey.

This indicates that sustainability is moving out of specialised CSR departments of the companies and becoming a more integrated part of the business. Over 60 percent of the companies state that they integrate reporting, or at least some sustainability metrics, into their annual financial reports.

Boards becoming involved – but scope for improvement

For boards of directors, the survey suggests that they are largely involved, yet there is scope for a greater role in certain areas.

Nearly 80 percent of the respondents report that the boards approve reporting on corporate responsibility, and 51 percent report that the boards establish or approve targets for sustainability performance.

A smaller, but still significant, proportion (42 percent) of the respondents have started to put power behind their strategies by creating a sustainability governance structure with decision-making power and budget.

Close to half (47 percent) of the companies in the survey delegate the corporate responsibility agenda to a subcommittee or individual members of the board.

Management levels shaping the corporate responsibility policies and strategies



Q: At what levels within your company are corporate responsibility policies and strategies developed and/or evaluated? Select all that apply | Proportion of respondents, N=243

Tools used by boards of directors to address corporate responsibility



Q: How does your company's Board of Directors (or equivalent) address corporate responsibility issues? Select all that apply | Proportion of respondents, N=243

Few boards link executive pay to corporate sustainability performance, with only 12 percent of companies in the survey reporting that remuneration packages for executives are linked to sustainability.

A small minority of respondent companies have provided sustainability training for board members.

As sustainability and the SDGs are becoming established as a part of most larger businesses' strategies, it will be interesting to see if boards in coming years will invest in upgrading skills in this area.

SECTION III

STRATEGY AND REPORTING

Sustainability is measured and reported, but companies struggling to find the best ways

Almost two-thirds of businesses conduct integrated reporting or include sustainability metrics in their annual financial reports, but companies are still struggling with methodology and resources.

Sixty-four percent of companies in the survey integrate at least some sustainability metrics along with financial reporting in their annual reports.

From a perspective of “what gets measured gets done” this is encouraging, but the survey also tells a story of a large number of companies still struggling with reporting in a comprehensible way, without incurring excessive costs.

Challenges in resources and in methods

Asked about the challenges they encounter in reporting, respondents point both to resource constraints and conceptual challenges. A third – 33 percent – report that they lack the internal processes needed to monitor, measure, and report properly. Almost as many – 29 percent – cite lack of resources as a barrier to reporting on the company’s sustainability performance.

The companies also encounter challenges in conceptual or methodological aspects. Thirty percent see too many reporting standards and framework as a challenge. This reflects a common problem facing CSR staff – the multiple ways in which they are required to report on sustainability performance for different stakeholders are not coherent in the data

they require, and this places a heavy work load on reporting staff. One in four – 26 percent – cite a lack of standard performance metrics as a barrier, and 30 percent see a specific challenge in reporting on the SDGs.

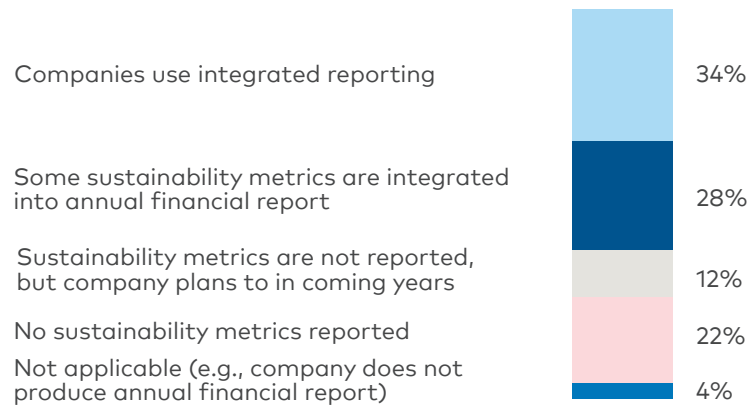
This correlates well with the responses indicating that businesses are calling for more support from national governments on defining their role towards the SDGs. In particular, some companies hope that governments will create SDG indicators that can also be applied in a business context (see p. 7-8).

Plans to integrate reporting

It should be noted that none of the challenges revealed in the survey are faced by more than a third of the respondent companies, and one in eight companies – 12 percent – report no challenges at all.

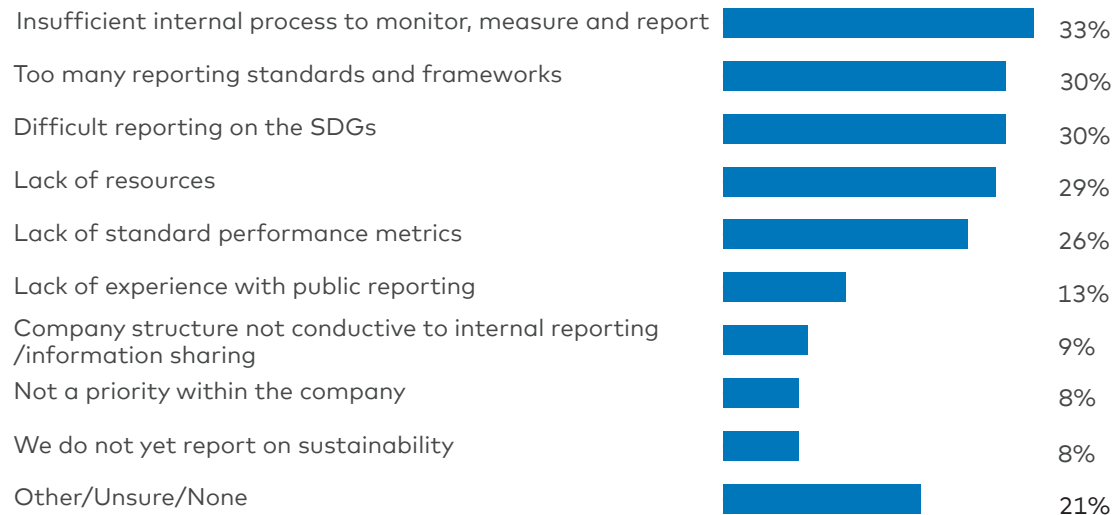
Overall, the figures indicate that most respondents perceive sustainability reporting as a relatively approachable task. It is also worth noting that approximately a third of the companies state that they currently do not integrate sustainability data in their reporting, but plan to start doing so in the coming years.

How companies integrate sustainability metrics in their annual reporting



Q: Does your company integrate sustainability metrics and/or performance into its annual financial report?
 | Proportion of respondents, N=243

Challenges in reporting among surveyed companies



Q: What challenges does your company face in CSR/sustainability reporting? Select all that apply | Proportion of respondents, N=243



SECTION IV

UNGC'S TEN PRINCIPLES

Strong integration of Global Compact's ten principles in policies across Nordic Global Compact companies

Over 90 percent of respondents have policies and practices in place relating to the four pillars of the UN Global Compact principles: human rights, labour rights, environment, and anti-corruption. The survey shows that labour rights policies are those most deeply ingrained in respondent companies.

Strong integration of Global Compact's ten principles

Over 90 percent of respondents report that they have policies or practices in place relating to human rights, labour rights, environment, and anti-corruption. This shows the strong impact of the UN Global Compact and other organisations in these areas.

Respondents were asked to indicate whether or not they had a number of specific policies or practices in place for each of the four main themes. A breakdown of the data shows that companies generally have a high level of implementation, with labour rights being the most strongly represented in policies and practices.

Even the least frequently adopted labour rights policy – not to use or benefit from child labour – is implemented by three of every four respondent companies (75 percent). This is a higher implementation rate than the most commonly adopted policy or practice within each of the other three areas. It is

reasonable to assume that this is partly an effect of the companies being situated or headquartered in the Nordic countries, where labour rights are well developed and implemented.

Need for greater transparency

On the practical level, some gaps remain. Few surveyed companies have conducted human rights impact assessments, or issue operational guidance notes on human rights. This may partly be explained by the size of the responding companies and by them not being active in areas where human rights are under pressure.

Transparency could also be increased with regard to anti-corruption. Only 22 percent state that they require pre-approval of facilitation payments. This number is relatively low partly because many companies report that they have banned facilitation payments altogether.

Percentage of respondents with policies or practices in place relating to:

92%

Human Rights

95%

Labour

93%

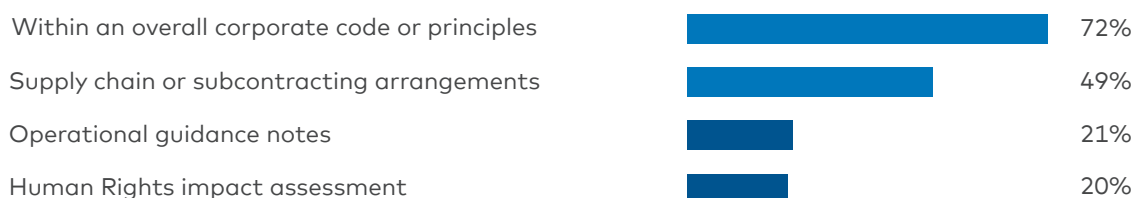
Environment

93%

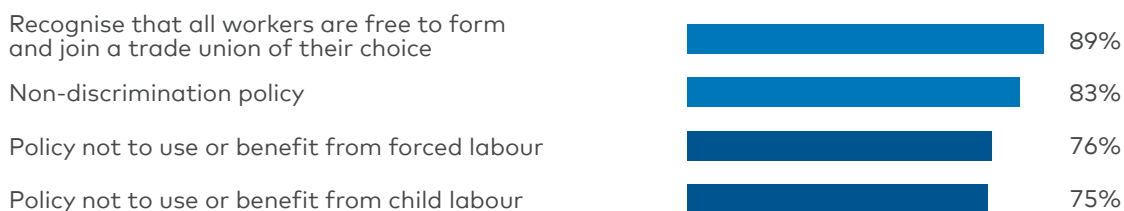
Anti-Corruption

How companies take into account Human Rights, Labour Rights, Environment, Anti-Corruption

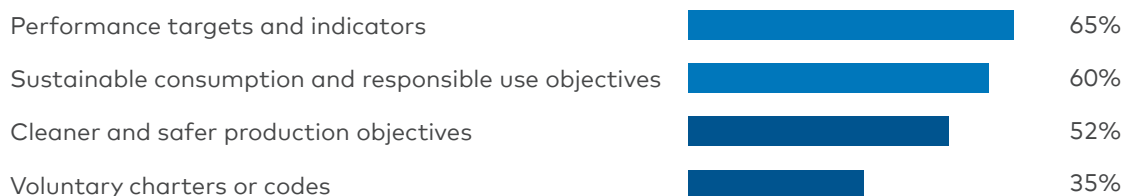
Human rights



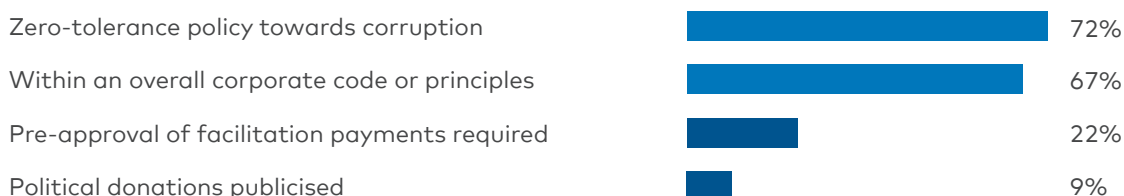
Labour



Environment



Anti-Corruption



Q: How does your company take [Human Rights/Labour Rights/Environment/Anti-Corruption] principles into account in its policies or practices? Select all that apply | Proportion of respondents, top 2 and bottom 2 answers selected for analysis, N=243



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Nordic Global Compact Survey Report 2019

This report presents the results of a survey prepared by the Global Compact Network Denmark and carried out among its member companies in Denmark, Finland, Greenland, Iceland, Norway, and Sweden in Q4 2018 and Q1 2019.

The aim of the survey was to analyse how Nordic Global Compact member companies work with sustainability and the SDGs, identify challenges & barriers they face in their work, and use the findings to strengthen the work of the UN Global Compact. The results are not representative of businesses in general in the surveyed countries and some bias towards a greater focus on sustainability can be expected from the Global Compact member companies surveyed.