No time to waste

Assessing Finnish Companies’ Alignment with SDGs

January 2019
Introduction

In 2015, the UN member countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Private sector actors participated actively in the consultative SDG development process, and their key role in delivering the goals by 2030 is recognized in the documents themselves. This study analyses how companies in Finland are making progress in the integration of SDGs into their business and sustainability strategies.

Methodology
The study covered the 120 largest companies in Finland based on the TE500 list¹. However, the final number of the companies included in the analysis was 110 since in some cases the list included both a larger organisational body (e.g. a corporate or a cooperative) and one or several of its subsidiaries. In these cases the information was collected and analysed only at the corporate/group level.

The data was collected in October – November 2018 using publicly available information disclosed by the companies on their websites and in their annual and/or sustainability reports. It is noted, that some information on company progress regarding SDG integration may not be reflected in the study, in case the companies have not yet publicly disclosed the information.

¹ The TE500 list is annually published by the Finnish business magazine Talouselämä. It lists the 500 largest companies in Finland based on their annual revenue.

Based on the information available, the companies were divided into the following four categories:

**Green**
A company, which has identified its priority SDGs, integrated them into its business and/or sustainability strategies, and established targets and/or indicators for measuring its contribution to them.

**Yellow**
A company, which has identified its priority SDGs, and started to integrate them into its business/sustainability strategies, but has not yet established concrete measurements for them.

**Orange**
A company, which has mentioned SDGs, and in some cases provided a list of prioritised SDGs, but has not explained their linkages to the company’s business and/or sustainability strategies nor provided concrete measurements for them.

**Red**
A company, which has not mentioned SDGs at all either on their website or in their annual and/or sustainability reports.
Actual progress made by Finnish companies in integrating SDGs into their business and sustainability strategies remains limited.

The level of SDG integration among the studied 110 companies:
- 55% SDGs not mentioned.
- 18% General level commitment to SDGs.
- 11% Prioritization of SDGs has been made and their integration into the business and/or sustainability strategies planned or in process.
- 16% SDGs integrated into the business and/or sustainability strategies.

Only 11% of the studied companies have integrated the SDGs into their business and/or sustainability strategies, and over half of the companies have not mentioned the Goals or Agenda 2030 at all.

The ranking of the company correlates to some extent to the level of SDG integration. 10 out of the 12 companies with SDG integration are among the 40 largest companies.

The level of SDG integration by ranking of the companies in the TE500 list:
- RANK 1–20: 6 companies with SDGs not mentioned, 5 general level commitment, 4 prioritization, 3 SDGs integrated.
- RANK 21–40: 4 companies with SDGs not mentioned, 2 general level commitment, 2 prioritization, 5 SDGs integrated.
- RANK 41–60: 1 company with SDGs not mentioned, 4 general level commitment, 4 prioritization, 4 SDGs integrated.
- RANK 61–80: 1 company with SDGs not mentioned, 2 general level commitment, 1 prioritization, 4 SDGs integrated.
- RANK 81–100: 4 companies with SDGs not mentioned, 1 general level commitment, 1 prioritization, 1 SDGs integrated.
- RANK 101–120: 2 companies with SDGs not mentioned, 1 general level commitment, 1 prioritization, 1 SDGs integrated.

No time to waste.
Concrete and measurable integration of SDGs leads to more focused prioritization of the Goals.

37% of the companies had made at least some prioritization of SDGs in relation to their business. The number of prioritized SDGs varied from 1 to 17. However, for the companies in the green category the deviation was only 6. This shows that the more concretely the SDGs are addressed in business operations, the more prioritization has been made.

While 12 companies had integrated SDGs into their business and/or sustainability strategies, 41 of the studied 110 companies had done some prioritization of SDGs relevant to their business. The below diagram shows the % of companies having prioritized each SDG.
The most prioritized SDGs

**SDG8 on Decent work** is the most prioritised goal among the studied companies. The emphasis on this goal can be seen as a positive signal showing rising interest in human rights due diligence, and a handful of forerunner companies have indeed taken a comprehensive approach in their strategy regarding SDG8. However, with most companies, it remains unclear to what extent the full value chain has been looked into when analysing their contribution towards SDG8, since the chosen indicators portray a rather narrow outlook, focusing on issues of internal health and safety, and having a strong focus on operations in Finland.

**SDG13 on Climate action** is the second most prioritised goal reflecting the rapidly growing attention climate change prevention and mitigation is finally receiving. However, the actions the companies report against the goal, are actually primarily contributing towards SDG6 on Clean water and sanitation and SDG7 on Affordable and clean energy. Climate action is a powerful and positive message companies surely wish to relate to, but for solid monitoring and reporting purposes, a more detailed mapping of actual contributions and to which Goals the concrete efforts are linked to, is needed.

**SDG12 on Sustainable consumption and production** seems to be one of easiest goals for the companies to contribute towards. Large Finnish companies have mainly focused e.g. on development of renewable materials, recycling and reducing food waste. These have been essential elements of the EU’s waste legislation and policy since 2008, which together with the national legislation has directed companies to further develop their actions in these areas. These focal areas fit naturally into the business and sustainability strategies of most of the studied companies, and the contributions towards the goal are tangible and measurable. Interestingly though, not all companies have chosen SDG12 as a priority goal, even though one of the sub-targets (12.6) is related to annual sustainability reporting.

Why are these goals getting so little attention?

**SDG5 on Gender equality** =>
The private sector has enormous potential in driving gender equality and there is even a specific target related to recruitment practices and the need to ensure full participation of women also in managerial positions. Still, only 39% of the companies, which have done any SDG prioritization, and only 29% of the companies in the green category have chosen to focus on this SDG.

**SDG10 on Reduced inequalities** =>
The private sector has a huge opportunity to contribute positively to the realisation of SDG10. The specific targets and indicators bear many interlinkages to business operations, e.g. to empower and promote the social, economic and political inclusion of all, to promote appropriate legislation ensuring equal opportunities and to have safe and migrant-friendly recruitment policies. Only 15% of the studied companies had prioritized SDG10, even though this goal together with SDG5, could actually be seen as cross-cutting goals, that every private sector organisation should contribute towards.

**SDG16 on Peace, Justice and Strong Institutions** =>
Only 32% of the companies which have done any SDG prioritization and 14% of the companies in the green category have prioritized this SDG. The finding that the sub-target 16.5 “Substantially reduce corruption and bribery in all their forms” received so little attention among the large Finnish companies may reflect the tendency of making the prioritization on the level of goals and logos, and lack of target and indicator level analysis.
Key messages to Finnish companies for strengthened SDG integration

1. Look beyond the logo!
A comprehensive analysis of the SDGs on the level of specific targets and indicators enables you to understand where your company can most efficiently and concretely mitigate and reduce its potential negative impacts affecting the realisation of SDGs. This analysis helps you also in identifying opportunities for increasing your company's positive contributions e.g. through innovation and product development for emerging markets.

2. Do well-justified prioritisation!
Meaningfully contributing towards all 17 SDGs is rarely realistic. Each business is unique and unfortunately there is no “one size fits all” solution, and that is why understanding the linkages between one's own business operations and the SDGs is crucial. A comprehensive mapping of your company's negative impacts to be mitigated and the positive impacts to be promoted forms a solid basis for focusing and defining the concrete contributions towards the Goals.

3. Focus on systematic prevention and mitigation!
The important role of all companies is to prevent and mitigate their negative impacts affecting the achievement of SDGs. Environmental sustainability initiatives, including water use, energy efficiency and climate change prevention are clearly high on the companies’ agenda and concrete steps are already being taken. However, goals focusing on social and economic sustainability are not receiving the needed attention. For this reason it is crucial to keep in mind the goals, which all private sector organisations should have on their agenda: SDG 5 (gender equality), SDG8 (decent work), SDG10 (reduced inequalities) and SDG 16 (peace, justice and strong institutions). These are all goals where your company can contribute remarkably and there are even suitable goal-specific indicators in place.

4. Be brave!
We encourage you to think out of the box and to seek ways for your company to concretely contribute towards the SDGs. Besides paying attention to the linkages between the Goals and existing strategies, think whether something could be changed in your company’s business and sustainability strategy to have a maximum positive impact on the Goals. Take also time and resources to develop a feasible monitoring system. A clear and easy-to-use monitoring framework, with clear internal targets and indicators, is great for planning and reporting purposes, but it is, also, needed for wider public and government officials to follow the actual contributions of the private sector towards the Goals.
FIANT Consulting Oy offers high-quality consultant services on human rights and sustainable development.

www.fiantconsulting.com

3bility Consulting provides expert services in the field of corporate social responsibility, with specific focus on business and human rights.

www.3bility.fi