

STATE OF SUSTAINABILITY NORWAY 2020

– A survey on sustainable business practices
among Norwegian companies


*“Build a better future for all,
through business”*

OUR VISION



S·HUB®

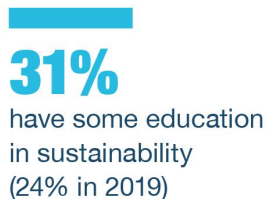
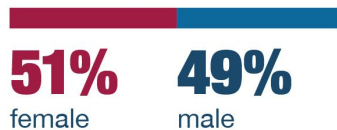
Sustainability Hub
Norway



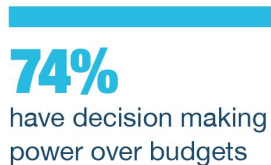
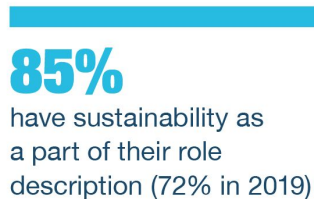
DEMOGRAPHICS & COMPANY



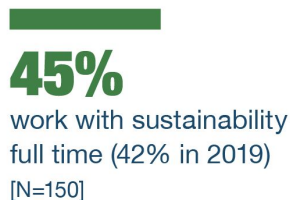
Demographics and Role



Role [N=150]



Experience with sustainability



Industry Breakdown

17%	RETAIL AND CONSUMER GOODS
15%	FINANCIAL SERVICES
12%	OTHER
9%	CONSULTING
6%	TECHNOLOGY
6%	INDUSTRIAL MANUFACTURING
5%	HOSPITALITY AND TOURISM
5%	SEAFOOD, FISHING, AQUACULTURE
5%	OIL & GAS
20%	OTHER INDUSTRIES

Company Info



Number of Employees in Norway

31%	MORE THAN 1000 EMPLOYEES
15%	250–1000 EMPLOYEES
24%	50–250 EMPLOYEES
30%	LESS THAN 50 EMPLOYEES

Geography

53%	OSLO
15%	BERGEN
6%	TRONDHEIM
4%	STAVANGER
22%	OTHER CITIES

Annual Company Revenue

48%	MORE THAN 1000 MNOK ANNUAL REVENUE
20%	250–1000 MNOK
13%	50–250 MNOK
9%	10–50 MNOK
9%	LESS THAN 10MNOK

[N=176]



What is your sustainability work in the company mainly focused on?

■ Producing positive effects ■ Minimizing negative / harmful effects

2020



2019





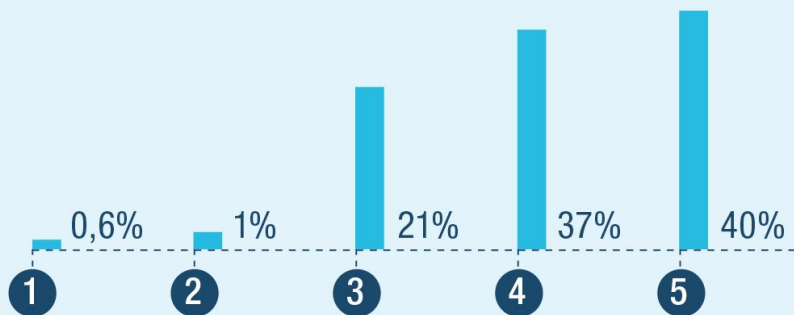
TRENDS & PRESSURE



Trends

Will the global events and economic trends of 2020 affect your company's focus on sustainable business in the upcoming 1–3 years?

77% of respondents say they will have more focus on sustainable business in the upcoming 1–3 years.

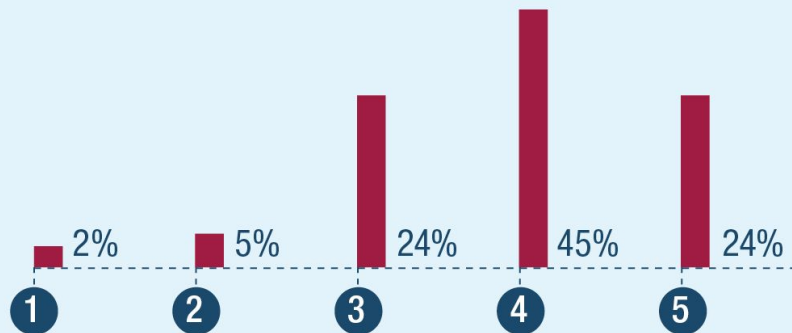


1 = LESS FOCUS, 5 = MORE FOCUS

Pressure

To which extent has your company perceived pressure towards sustainability over the past 12 months?

69% say they have perceived pressure towards sustainability over the past 12 months.



1 = LESS PRESSURE, 5 = MORE PRESSURE



Where does the pressure come from?

	Now	Next 5–10 years
INT. REGULATORS (EU ETC):	65%	44%
CUSTOMERS:	60%	74%
EMPLOYEES:	61%	44%
INVESTORS AND SHAREHOLDERS:	57%	48%
GOVERNMENT AND PUBLIC SECTOR:	48%	32%
MEDIA:	50%	15%
NGO AND CIVIL SECTOR:	48%	15%
FINANCIAL INSTITUTIONS:	37%	22%
SUPPLIERS:	15%	5%

Percentage of respondents who answered high or very high pressure [N=176]



Companies report these factors as threats to their business models





STRATEGY & CORPORATE FOCUS





87%

say they have integrated
sustainability into their
core business strategy

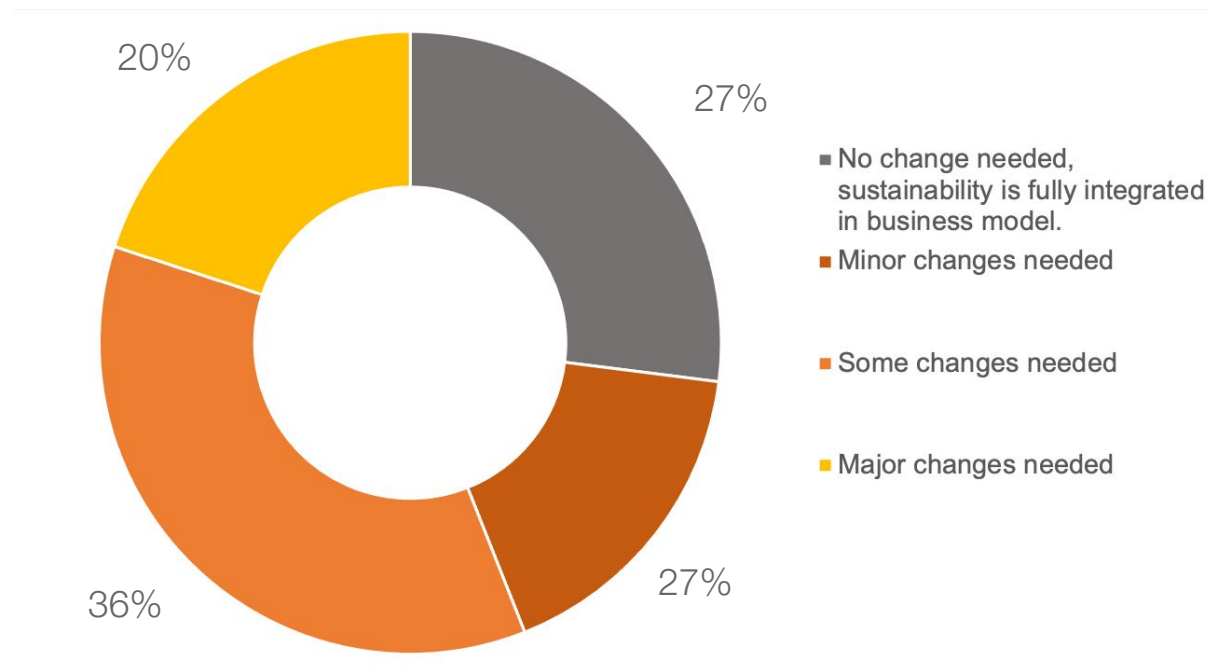
27%

say that sustainability
is fully integrated in their
business model

[N=176]



Future fit business models?

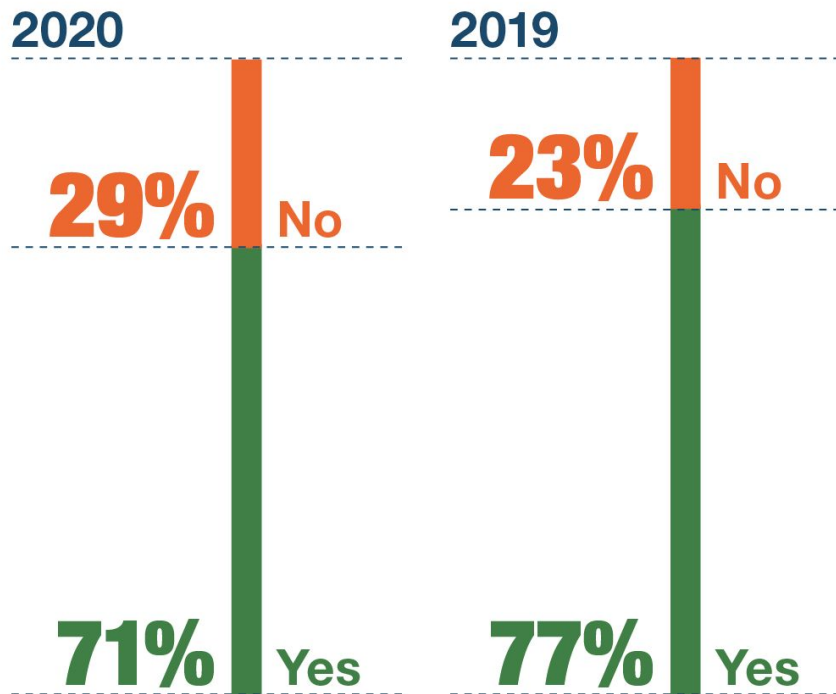


Is sustainability a strategic focus in different areas of the company?

■ High to very high focus ■ Very high focus



Does the company have a formalized sustainability strategy?



Fewer companies report having a distinct sustainability strategy in 2020 than in 2019.

Of the 71% that say they have a sustainability strategy, this is how long they have had it in place:

12%	Less than a year
40%	Between 1-3 years
24%	Between 3-6 years
9%	Between 6-9 years
15%	10 years or more



Sustainability focus of the companies

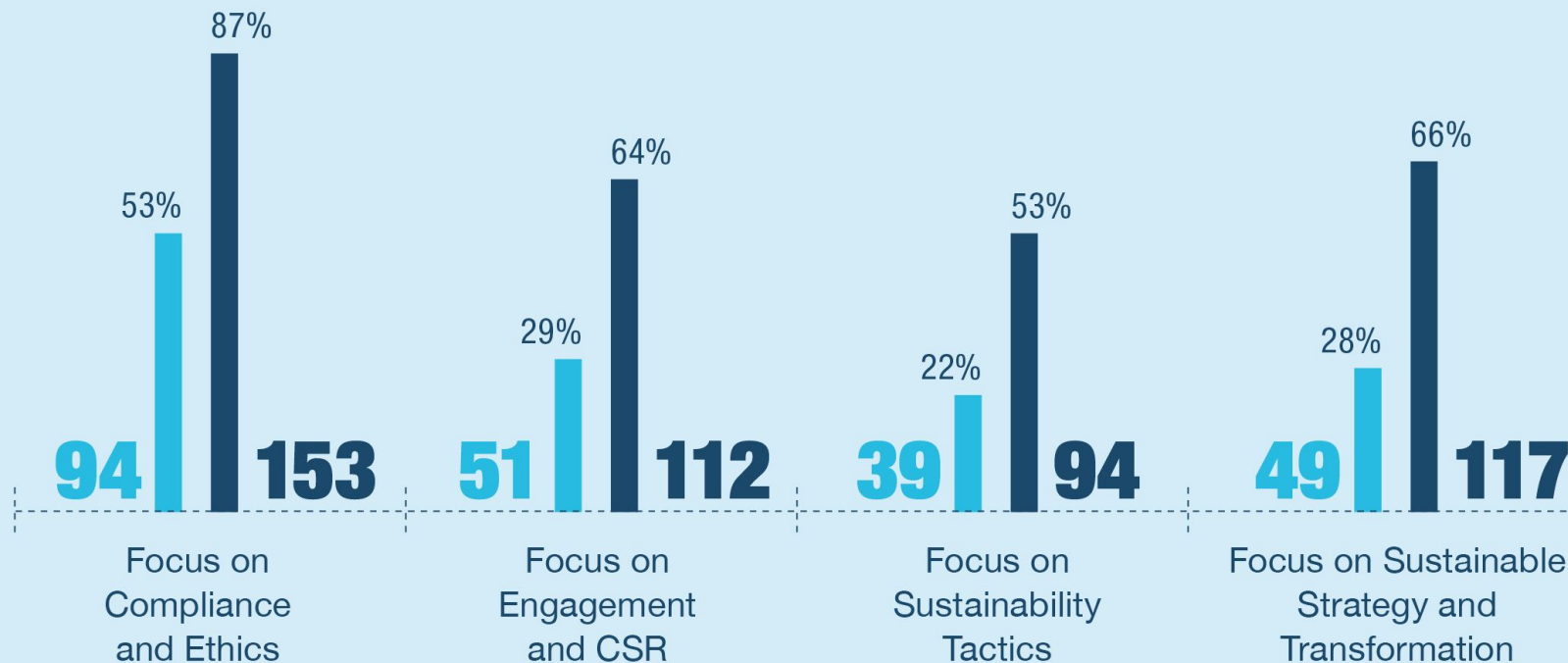


Sustainability Focus in 2019



Sustainability Approach

■ Very high ■ High to very high



Business Outcomes

47% of companies have experienced getting more customers because of sustainability focus

47% of companies have made cost savings because of sustainability focus

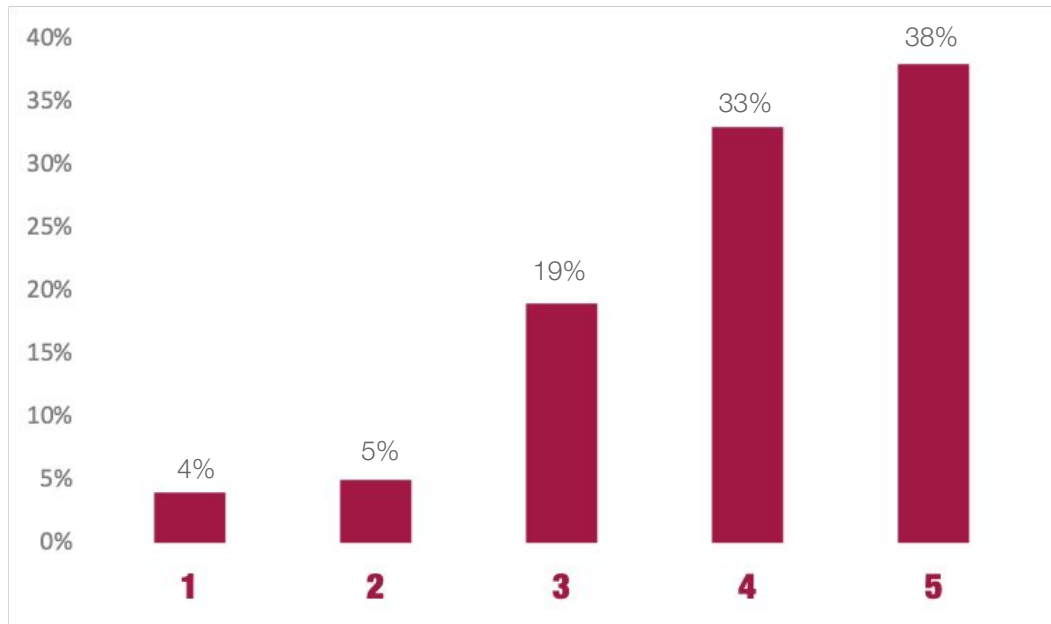
60% of companies have experienced increased customer and employee loyalty because of sustainability focus

77% of companies have chosen suppliers based on their sustainability efforts

84% of companies have innovated or developed new products and services with a specific sustainability focus



Financial performance



71% of companies report solid or very solid financial performance over the last two years

5 = Solid performance
1 = Poor performance

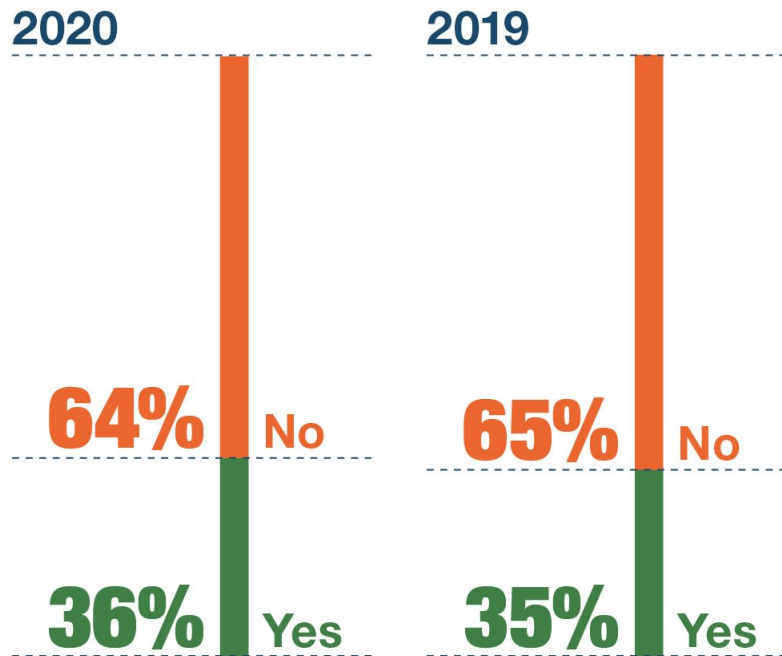




ORGANIZATION & RESOURCES



Does the company have a defined sustainability budget?

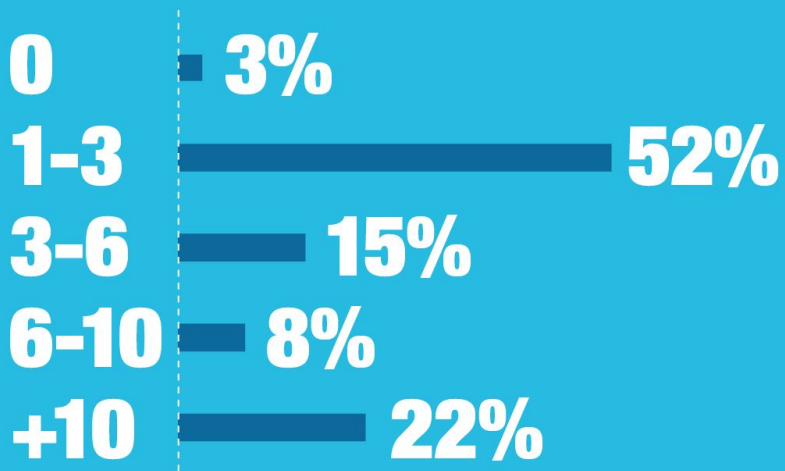


Who is responsible for the company's sustainability strategy and budget?

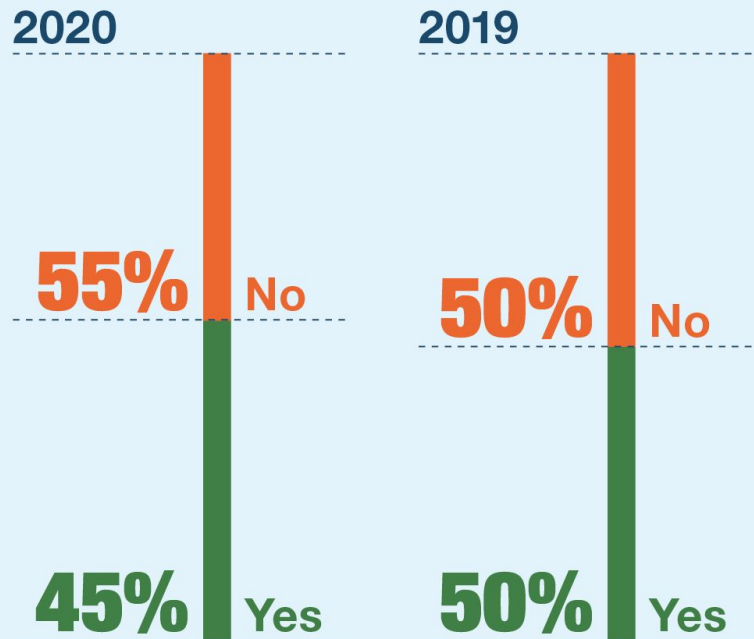
- 36%** CEO
- 14%** SUSTAINABILITY DIRECTOR
(MIDDLE MANAGEMENT LEVEL)
- 12%** CSO (CHIEF SUSTAINABILITY OFFICER)
- 6%** EVP/SVP
- 7%** CFO
- 5%** CIO/CCO
- 4%** COO
- 3%** CMO
- 1%** CTO (CHIEF TRANSFORMATION OFFICER)
- 13%** OTHER



How many employees are working with sustainability in the company



Does your company have sufficient financial and human resources dedicated to sustainability?

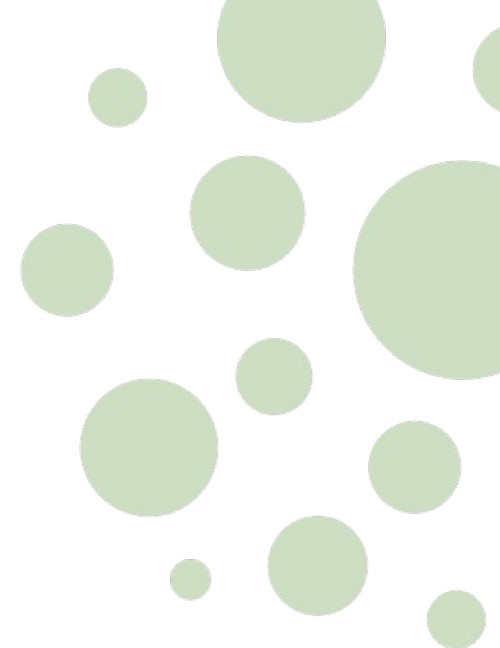


Resources Summarized

55% of companies do not have sufficient financial and human resources dedicated to sustainability

64% of companies do not have defined sustainability budgets

In **61%** of companies, the responsibility for sustainability strategy and budget lies with either the CEO, Sustainability Director or CSO



How much focus do internal groups in your company place on strategic sustainability? [N=176]

■ High to Very High ■ Very high



53%

Sustainability Specialists



75%



28%

Executive Management



68%



15%

Board of Directors



55%



18%

Middle Management



53%



13%

General Staff



47%



10%

General Staff



40%



Rate the competence level on sustainable business of the following internal groups in your company [N=176]

■ High to Very High ■ Very high



39%

Sustainability Specialists



76%



14%

Executive Management



49%



10%

Board of Directors



35%



9%

Middle Management



30%

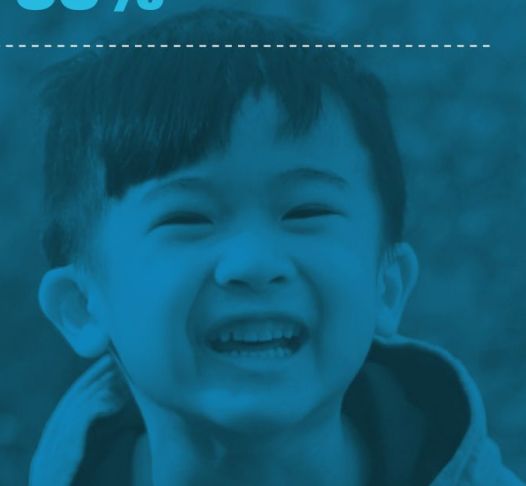


6%

General Staff



22%

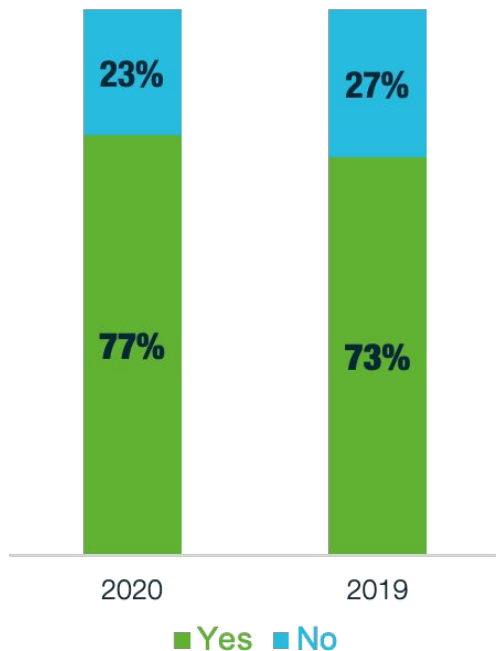




REPORTING & MEASUREMENT



Reporting on sustainability

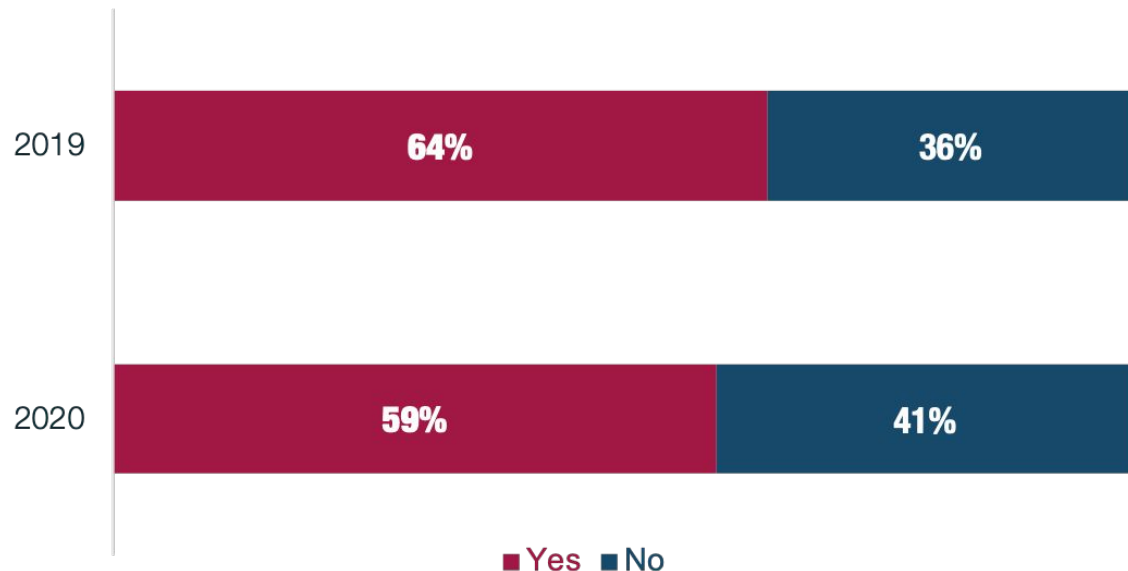


Which of the following tools does your company use to report on sustainability?

- 46%** SDGS
- 40%** GRI
- 39%** UN GLOBAL COMPACT
- 22%** GHG PROTOCOL
- 21%** CDP CLIMATE
- 13%** TCFD
- 10%** OECD GUIDELINES
- 7%** PRI
- 5%** INTEGRATED REPORTING FRAMEWORK (IIRC)
- 2%** SASB
- 21%** OTHER



Materiality assessments and KPIs



87% of companies have chosen specific KPIs to measure and report on sustainability

59% of companies measure sustainability impact



If your company measures sustainability impact,
what does your company measure?

Green Infrastructure

Greenhouse Gases

Energy, Chemical, Water & Land Use

Innovation

Health

**ESG - Environmental,
Social and
Corporate Governance**

Life Cycle Assessments & Supply Chain

(Food) Waste

(Gender) Equality

Environmental Impact



What do you measure (2019)?

Consumption
Energy
GRI
Gender
CO₂
Social
Emissions
Environment
Materials
Water
Products
Sustainability
Waste
Recycling



Sustainability Approach

■ Very high ■ High to very high

What are these 49 companies doing differently compared to everyone else?



Business Outcomes

47% of companies have experienced getting more customers because of sustainability focus

47% of companies have made cost savings because of sustainability focus

60% of companies have experienced increased customer and employee loyalty because of sustainability focus

77% of companies have chosen suppliers based on their sustainability efforts

84% of companies have innovated or developed new products and services with a specific sustainability focus

What are these 31 companies doing differently compared to everyone else?





CORRELATIONS



Drivers of economic performance

(Self-reported)

Explanatory variables

- Learning orientation (culture is motivated to learn)
- Market orientation (focus on the customer and adapting to market insights)
- Level of sustainability focus in marketing and com (marketing and branding, communication and PR, products and services)
- Level of sustainability in internal operations (employee engagement and recruitment, operations and supply chain management, accounting and reporting, etc.)
- Self-efficacy of sustainability officer (belief in one's ability to succeed with improving sustainability)

Control variables: Industry, Revenue, Size (number of employees)



Significant drivers of economic performance

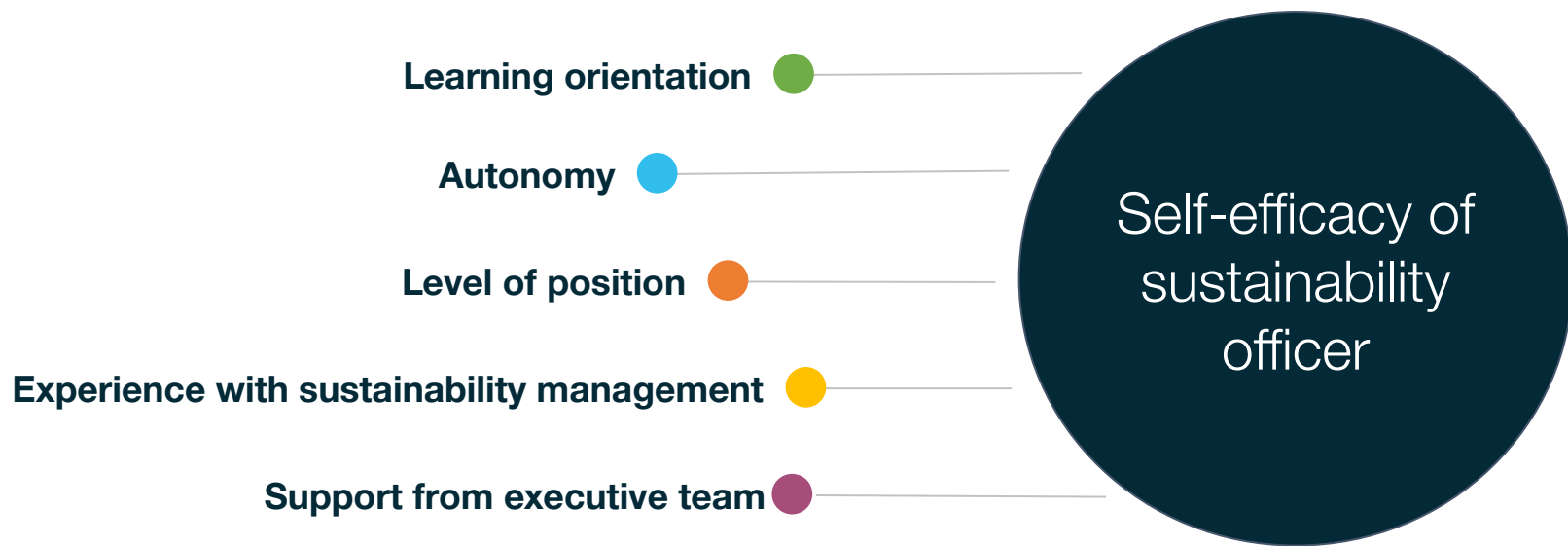
(path coefficients)



Revenue (+) and age (-) also have significant effects. Explained variance is 30%



Which factors explain the level of self-efficacy of sustainability officers?



Which factors explain the focus on sustainability in operations?

**Pressure from regulators, media,
government and public sector, NGOs**

+

Support from executive team

+

Focus on
sustainability in
operations



Which factors explain the focus on sustainability in marketing and communications?

Pressure from investors/shareholders

-

Support from executive team

+

Focus on
sustainability in
marketing and
communications



Which factors explain the level of trustworthiness of sustainability communication?

**Pressure from regulators, media,
government and public sector, NGOs**

+

Learning orientation

+

Trustworthiness
of sustainability
communication





IMPLICATIONS & TAKEAWAYS



Accelerate the implementation - Step by step!



- Increased sustainability focus and pressure from stakeholders
- Sustainability is part of the core strategy of many companies
- Much broader specter of focus areas since last year
- Sustainability is profitable - there is a step-by-step recipe!



- Lagging integration into business models and the entire organization
- Critically low level of knowledge in all parts of the organization
- Many companies are still in the early stages - lack of experience
- What is measured differs from key focus areas





Walk the talk:

7 Strategic Commitments



1. Top level commitment (Board, CXOs)
2. Materiality: Focus on the most significant topics of impact
3. A core strategic orientation towards sustainability
4. Innovate on sustainability to create maximum positive impact
5. Involve all stakeholders in implementing strategic sustainability
6. Increase competence levels in sustainable business
7. Zero negative impact through using existing frameworks

**+ A commitment for the most ambitious
and dedicated companies**

Summary of findings

- **Norwegian companies have increased the level of ambition for sustainability considerably over the past year**, but the implementation is generally too slow
- **Ethics and compliance “trumps the chart”**, but 9 out of 10 say they have sustainability as part of the core strategy
- **The very best have clearly higher competence and integrate sustainability in the whole company**. Indications of a link between internal sustainability focus and increased profitability
- **Half of the companies say they get more customers and save costs with sustainability**. 60% report getting more engaged customers and employees; indications that sustainability contributes to increased profit with the right focus
- **The level of competence in sustainable business among companies is at a relative low level**. Only 14% say that they have very high competence on sustainability in the management team and 10% for the board respectively
- **7 out of 10 companies indicate that they have to make changes to their business model by 2030**
- In order to develop a sustainable business model, **the right competence and a strategic focus on sustainability internally are crucial**. Companies and managers must invest time and resources in their employees and give them a clear mandate to make change happen
- Pointing in the direction that the companies of the future that succeed have integrated sustainability in the daily operations and **as part of the business foundation and strategic ambitions**



JOIN THE S-HUB COMMUNITY



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