


# STATE OF SUSTAINABILITY NORWAY 2020

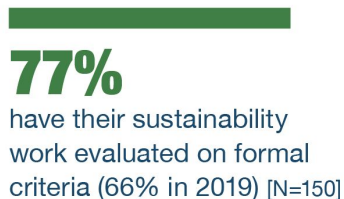
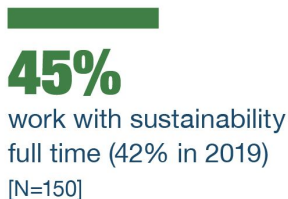
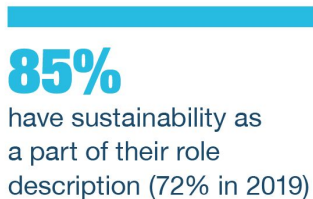
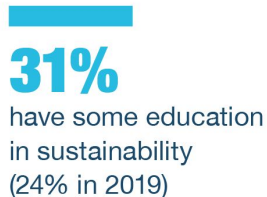
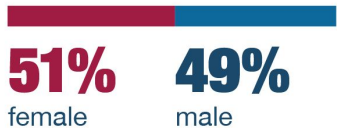
– A survey on sustainable business practices  
among Norwegian companies



# DEMOGRAPHICS & COMPANY



# Demographics and Role



## Role [N=150]

- 47%** EXECUTIVE MANAGEMENT
- 26%** MIDDLE MANAGEMENT
- 11%** SPECIALIST
- 9%** SENIOR STAFF
- 5%** BOARD OF DIRECTORS
- 2%** JUNIOR STAFF

## Experience with sustainability

- 34%** NO PRIOR EXPERIENCE
- 12%** LESS THAN ONE YEAR
- 15%** 1–3 YEARS
- 10%** 3–6 YEARS
- 11%** 6–9 YEARS
- 18%** 10+ YEARS



## Industry Breakdown

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

## Company Info



### Number of Employees in Norway

<b>31%</b>	MORE THAN 1000 EMPLOYEES
<b>15%</b>	250–1000 EMPLOYEES
<b>24%</b>	50–250 EMPLOYEES
<b>30%</b>	LESS THAN 50 EMPLOYEES

### Geography

<b>53%</b>	OSLO
<b>15%</b>	BERGEN
<b>6%</b>	TRONDHEIM
<b>4%</b>	STAVANGER
<b>22%</b>	OTHER CITIES

### Annual Company Revenue

<b>48%</b>	MORE THAN 1000 MNOK ANNUAL REVENUE
<b>20%</b>	250–1000 MNOK
<b>13%</b>	50–250 MNOK
<b>9%</b>	10–50 MNOK
<b>9%</b>	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





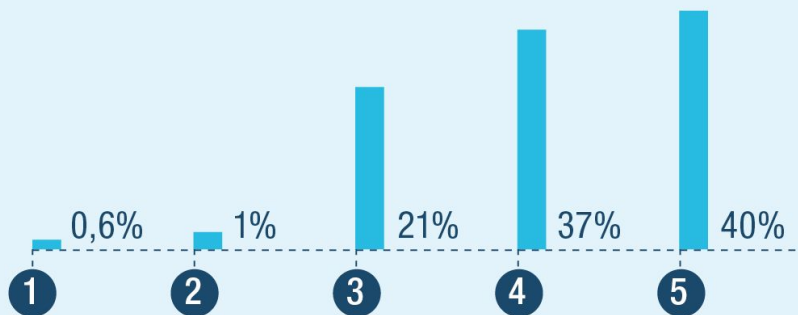
# TRENDS & PRESSURE



## 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.

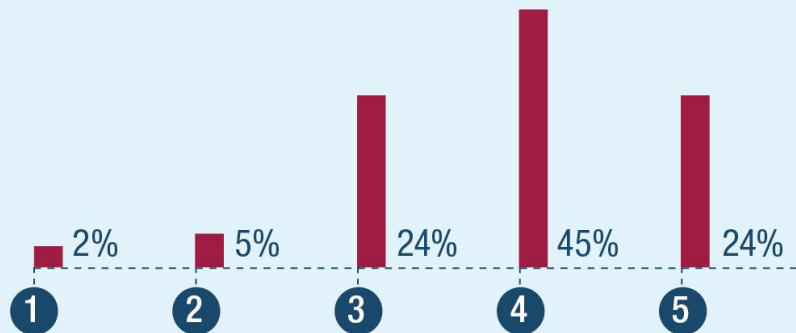


1 = LESS FOCUS, 5 = MORE FOCUS

## 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

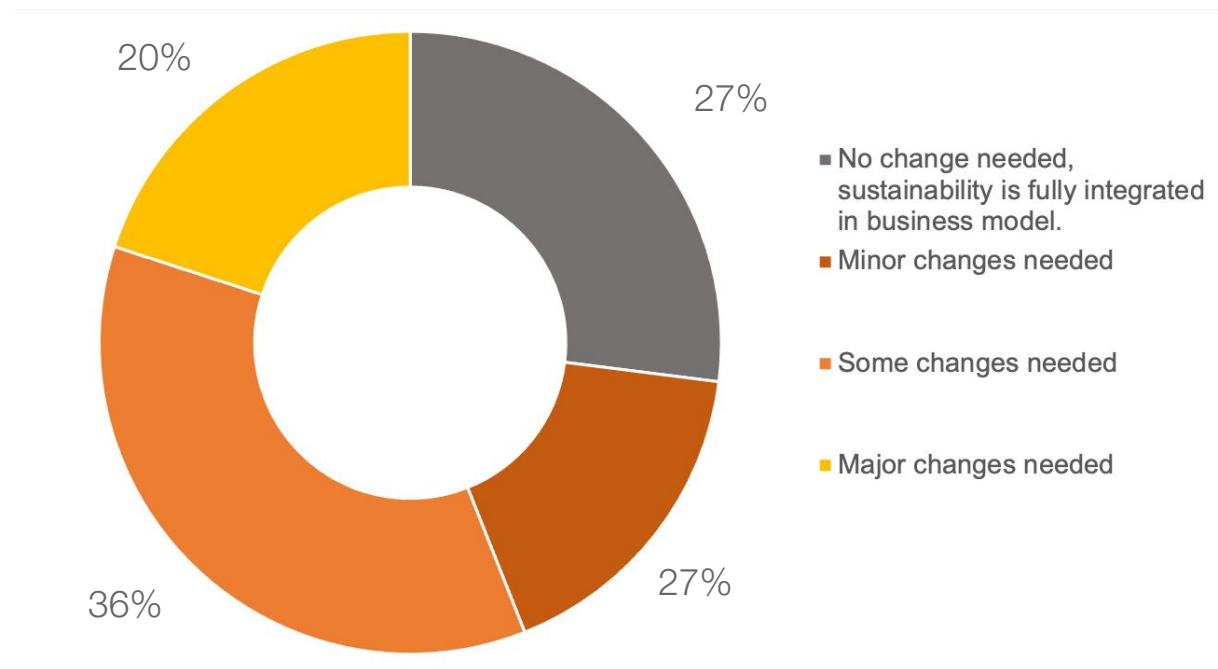
**27%**

say that sustainability is fully integrated in their business model

[N=176]



# Future fit business models?

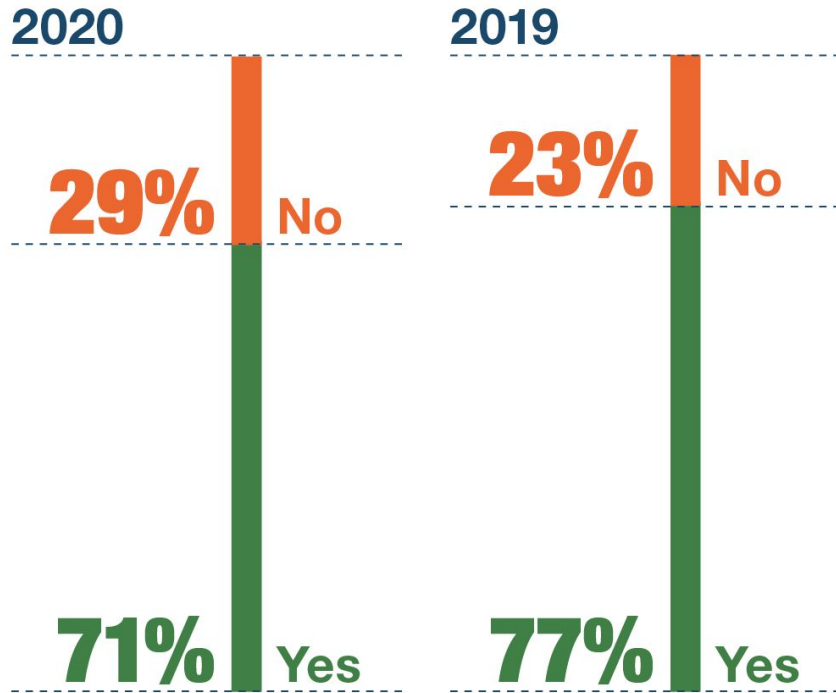


# Is sustainability a strategic focus in different areas of the company?

■ 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:

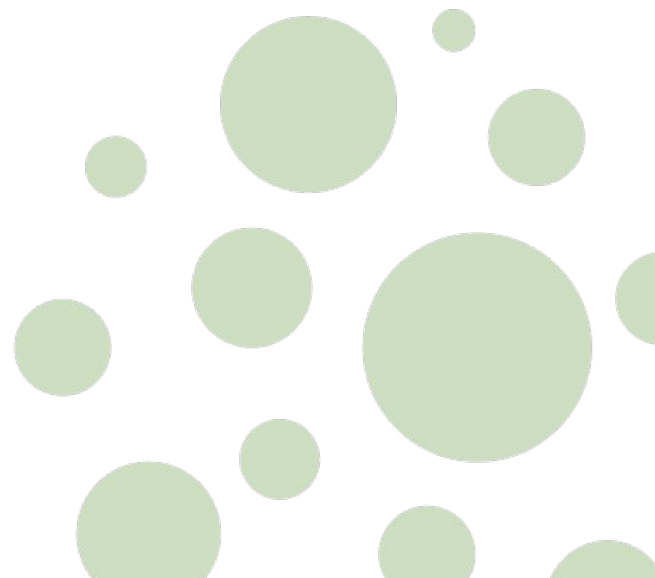
<b>12%</b>	Less than a year
<b>40%</b>	Between 1-3 years
<b>24%</b>	Between 3-6 years
<b>9%</b>	Between 6-9 years
<b>15%</b>	10 years or more



**Sustainability focus of the companies**



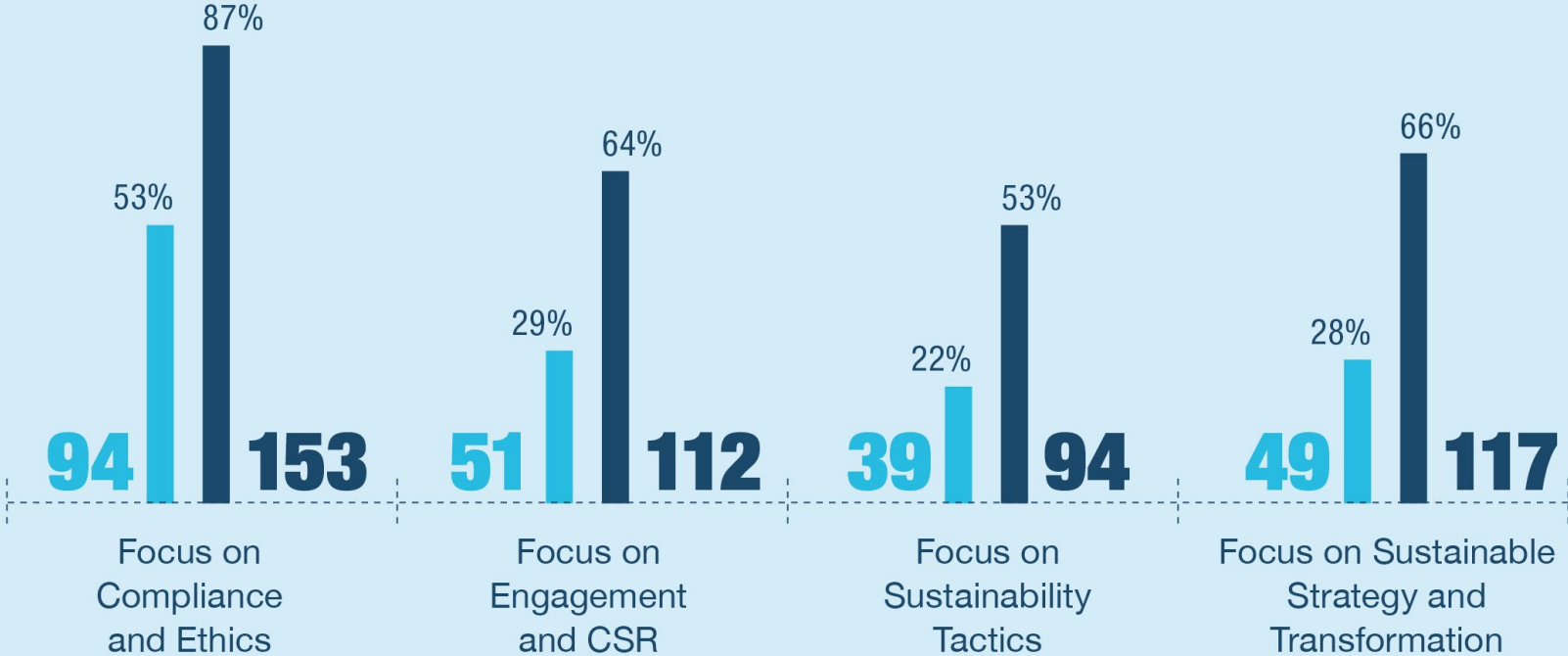
# Sustainability Focus in 2019





# 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

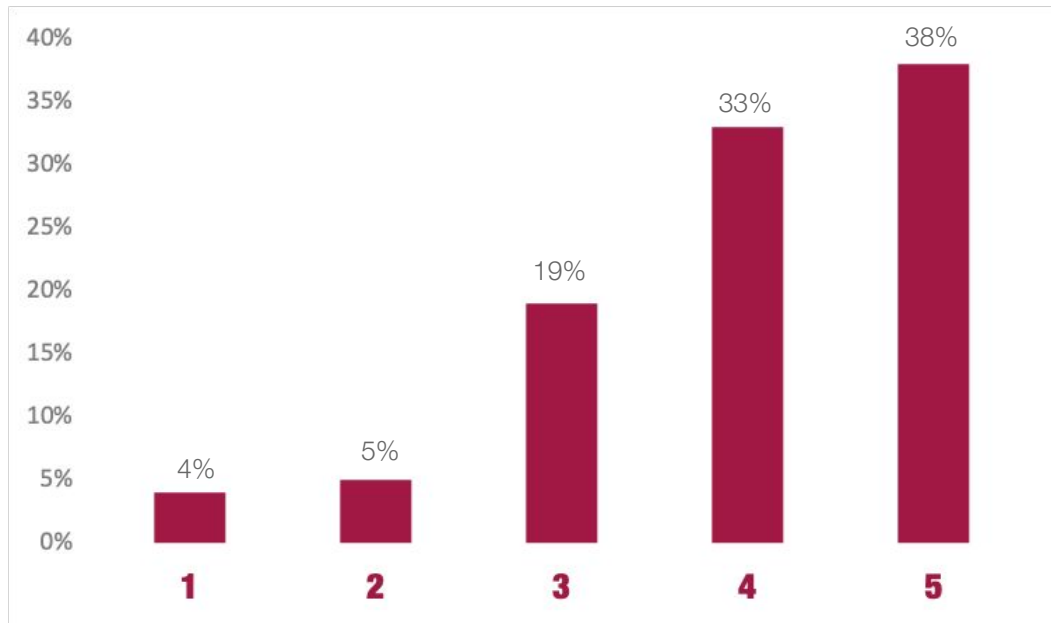
**60%** of companies have experienced increased customer and employee loyalty because of sustainability focus

**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

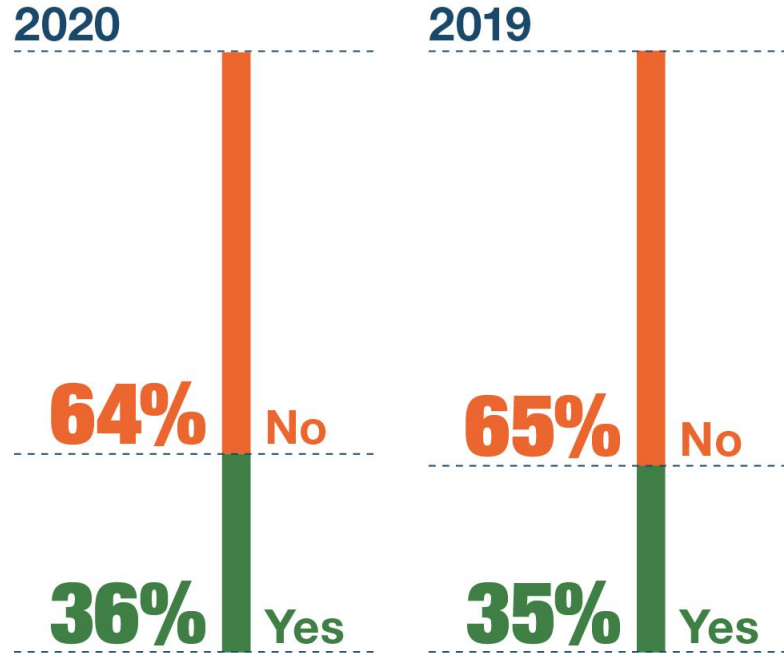




# ORGANIZATION & RESOURCES



## Does the company have a defined sustainability budget?

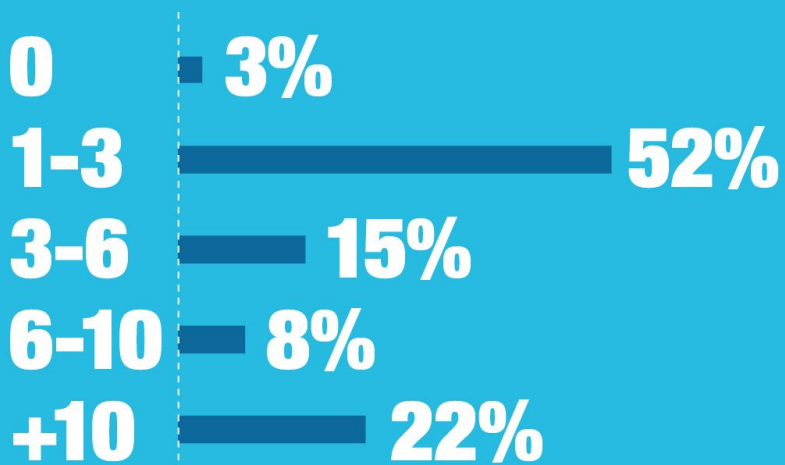


## Who is responsible for the company's sustainability strategy and budget?

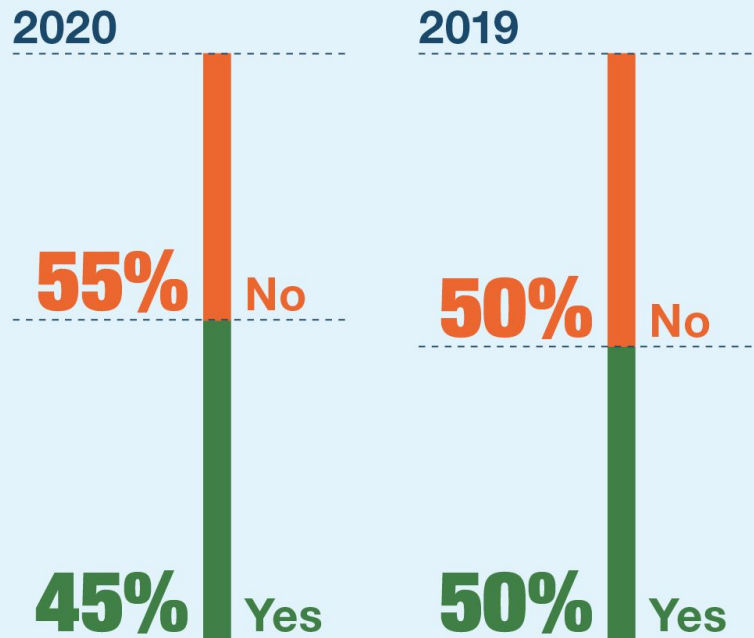
- 36%** CEO
- 14%** SUSTAINABILITY DIRECTOR (MIDDLE MANAGEMENT LEVEL)
- 12%** CSO (CHIEF SUSTAINABILITY OFFICER)
- 6%** EVP/SVP
- 7%** CFO
- 5%** CIO/CCO
- 4%** COO
- 3%** CMO
- 1%** CTO (CHIEF TRANSFORMATION OFFICER)
- 13%** OTHER



## How many employees are working with sustainability in the company



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

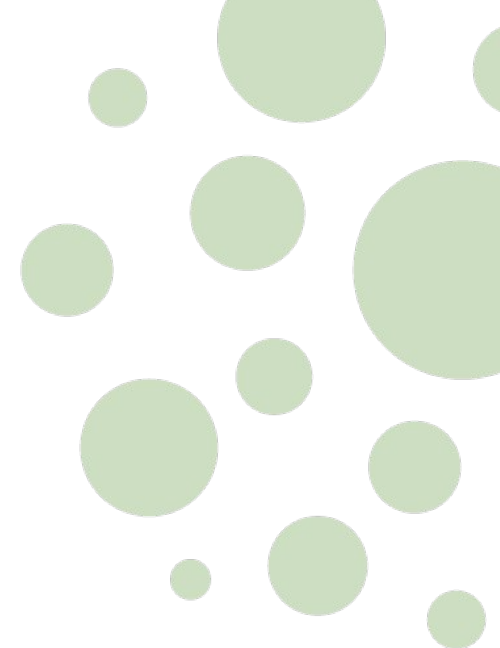


# Resources Summarized

**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



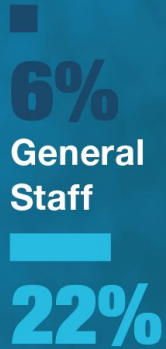
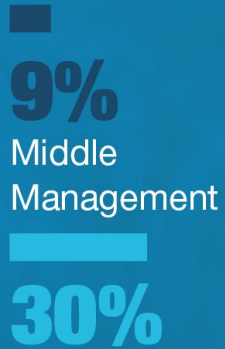
**40%**





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

■ High to Very High ■ Very high

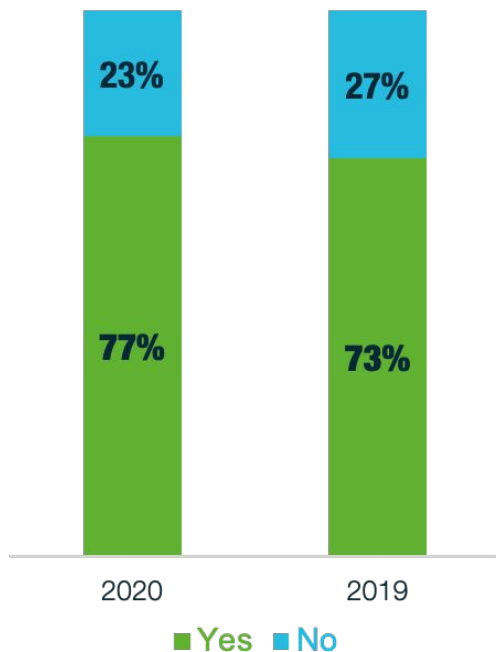




REPORTING  
&  
MEASUREMENT



# Reporting on sustainability

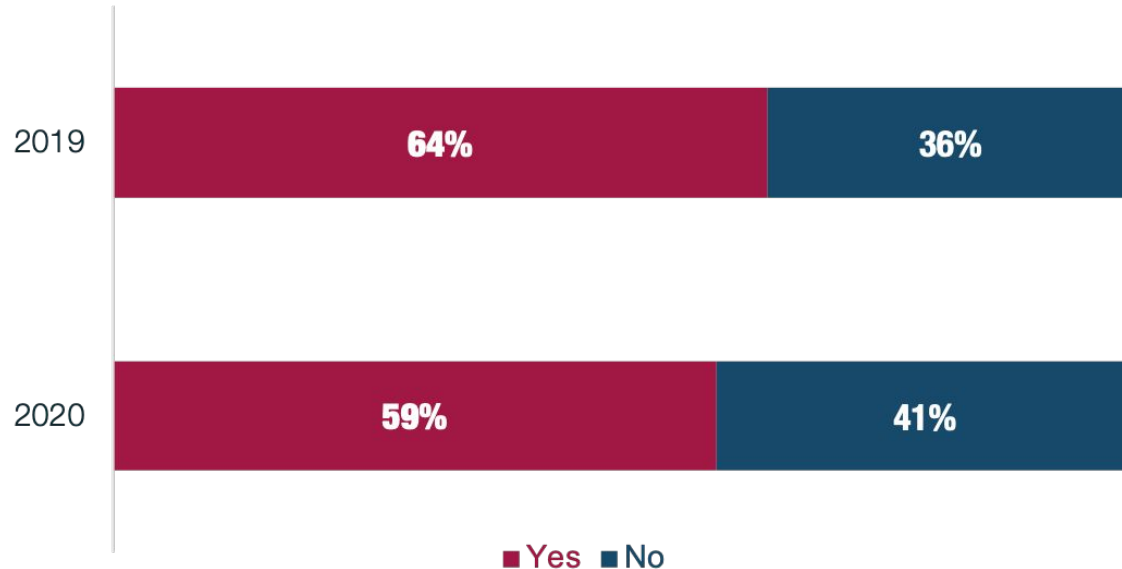


Which of the following tools does your company use to report on sustainability?

- 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

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

Innovation

Health

Life Cycle Assessments & Supply Chain

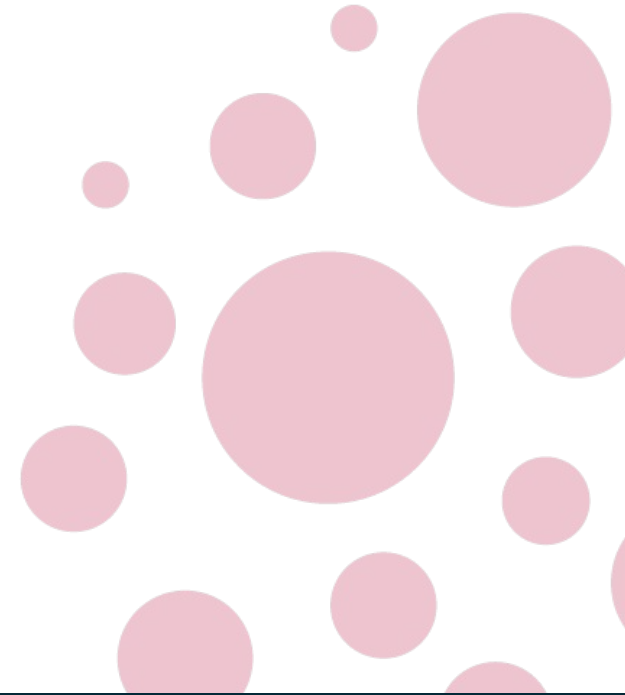
**(Food) Waste**

(Gender) Equality

Environmental Impact



# What do you measure (2019)?



## Sustainability Approach

■ Very high ■ High to very high



# Business Outcomes

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**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

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**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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