

Finland's SME Sustainability Barometer Results

21.11.2023



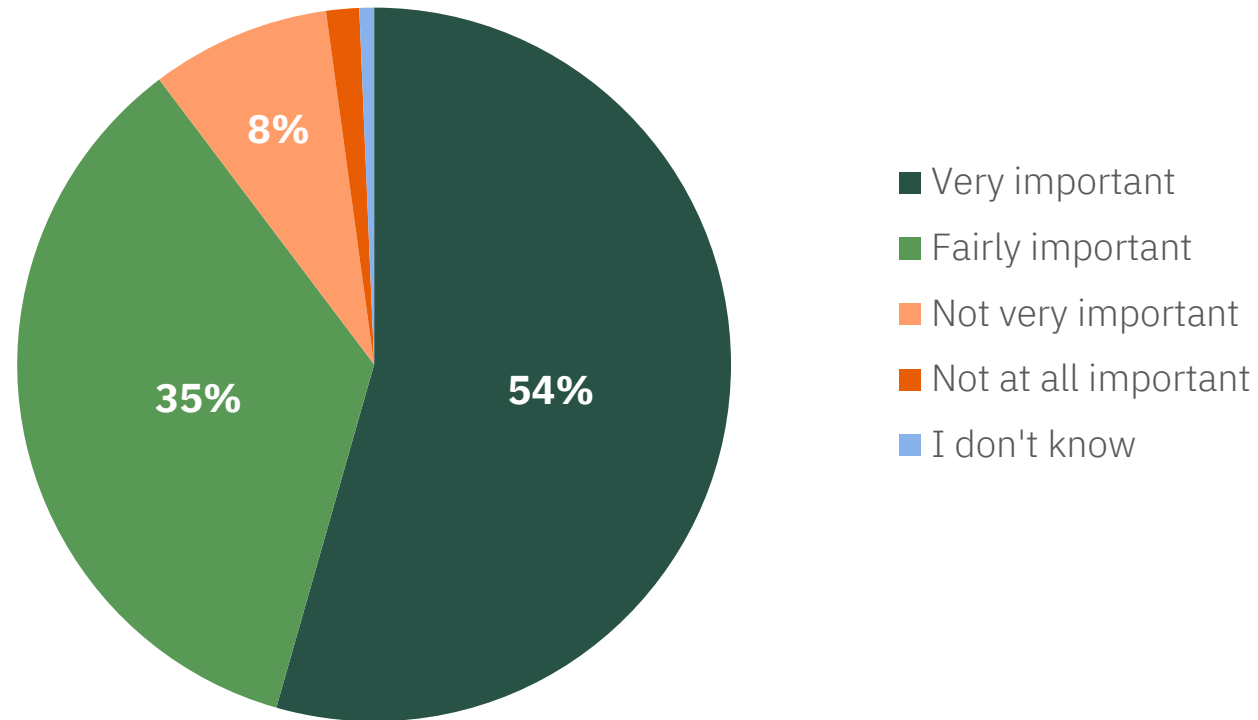
Background of the study

- Finland's SME Sustainability Barometer was conducted by Aula Research and commissioned by the Confederation of Finnish Industries, EK.
 - The objective was to gather information of the sustainability of Finnish SME employers' and what do they perceive as the major bottlenecks and opportunities in their sustainability work.
 - The barometer's target group consisted of Finnish employers in the SME sector employing between 10 and 250 people.
 - Previous barometer was conducted in 2021.
- A total of 455 corporate decision-makers, representing the various sectors, personnel size classes and geographical areas in a representative way, responded to the barometer between 21 September and 20 October 2023.
- The study's sample focused on sector (trade, manufacturing, construction and services) and number of employees (10-19, 20-49, 50-99, 100-249) to represent all respondents in SMEs in Finland.

Importance of sustainability in business operations

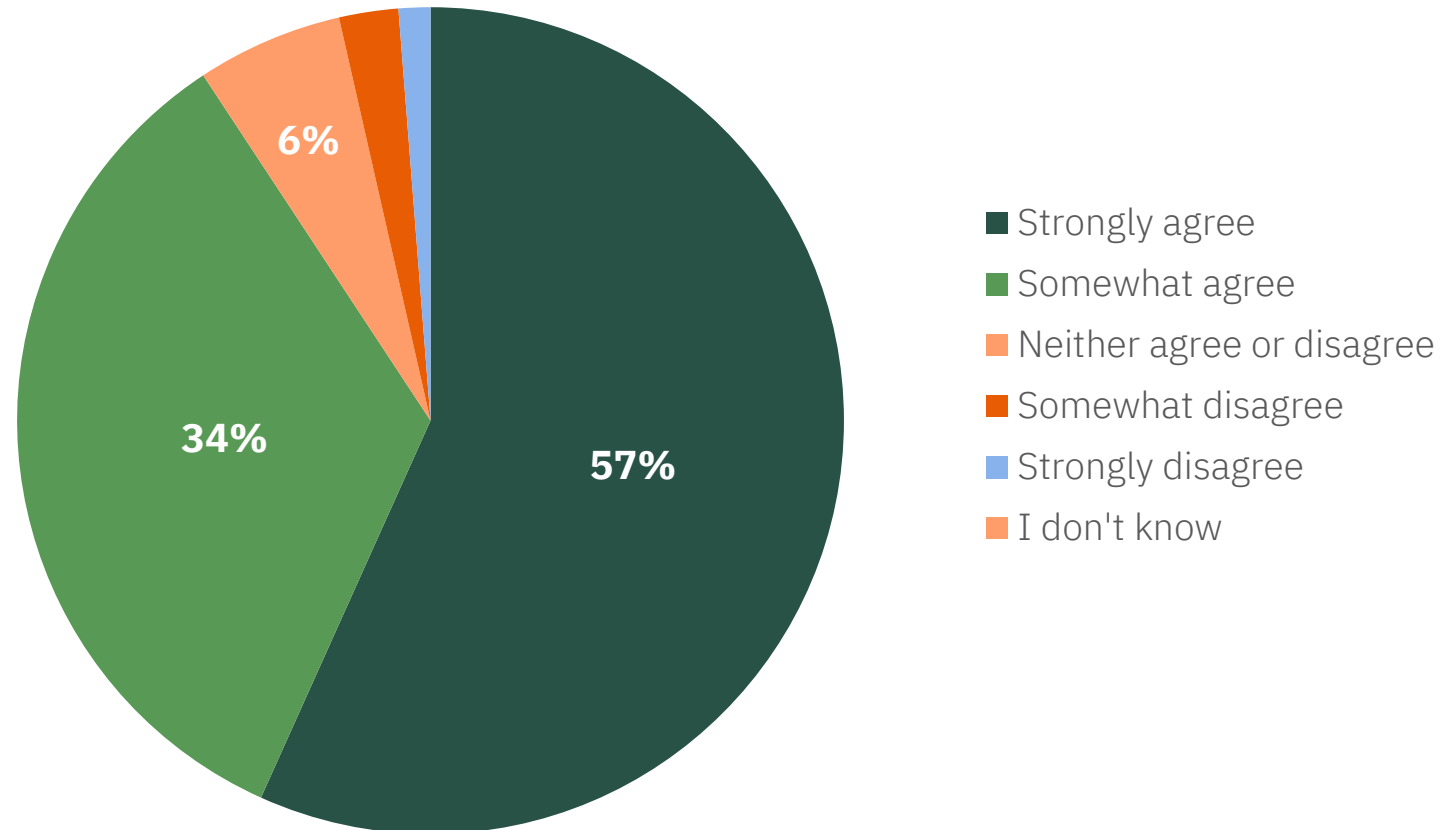
Importance of sustainability in business operations

How important do you feel sustainability is in your own business? By sustainability we mean the company's impact on the environment, people and the economy. (n=455)



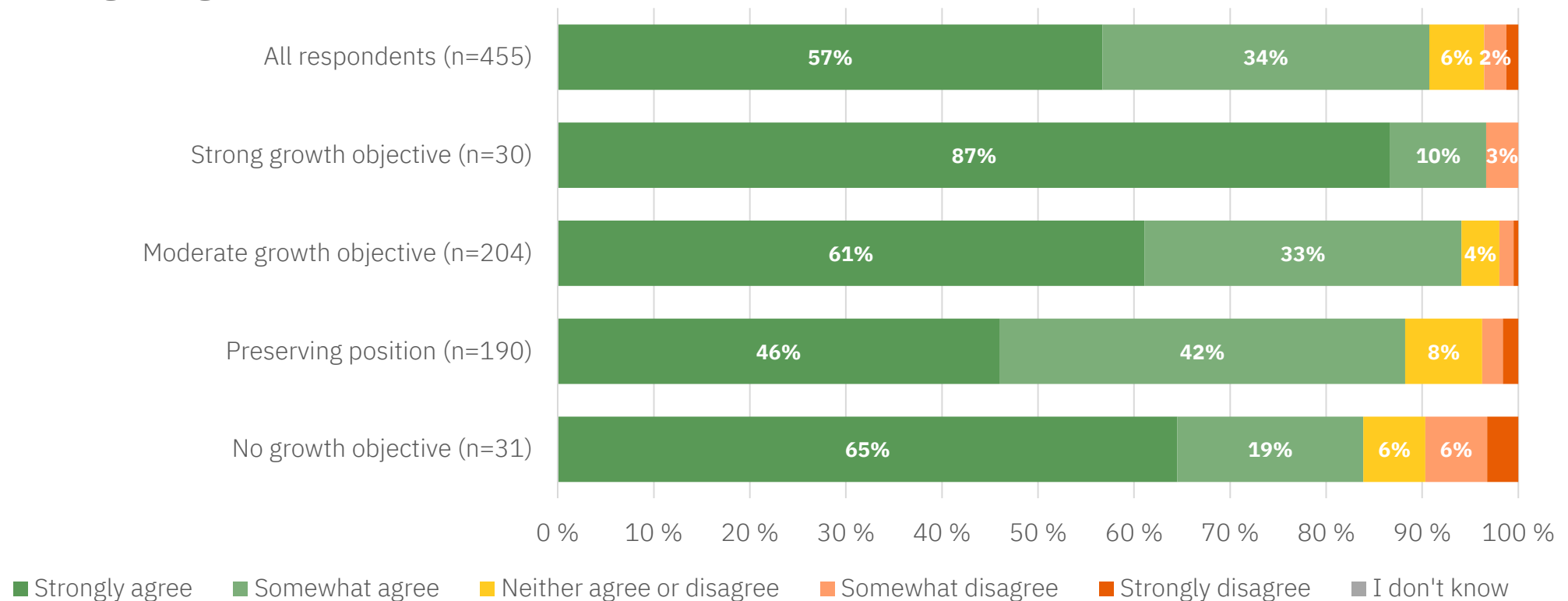
Sustainability in the future

Do you agree with the following statement?: "In the future, sustainability will have an even greater role regarding the success of a business." (n=455)



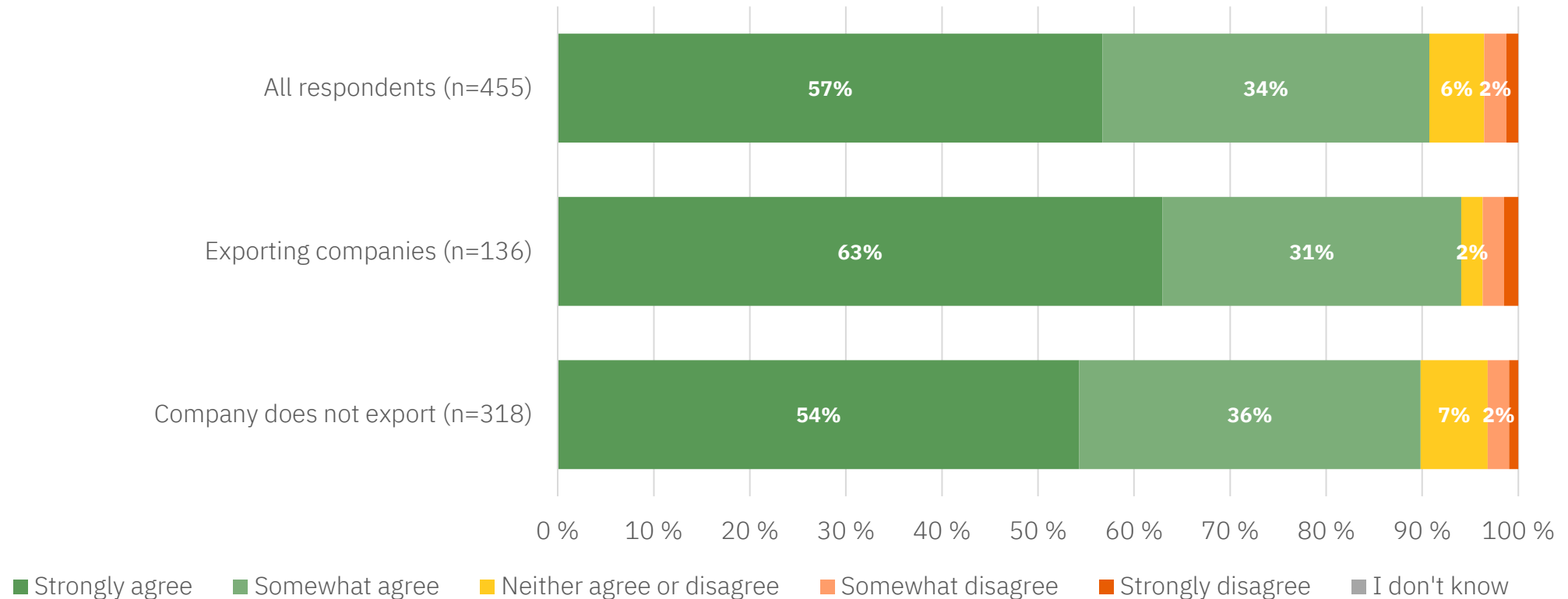
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Sustainability in the future

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Has anything increased the importance of sustainability in your company?

- The question was asked from respondents who considered sustainability as very important in their business.
- A total of 206 open answers
- The following factors were seen to increase the importance of sustainability in the company:
 - Customer demands for sustainability (21 %)
 - Current world situation, such as the impacts of climate change, COVID-19 and wars (19 %)
 - Public discourse highlighting sustainability issues (10 %)
 - Sustainability related regulation (8 %)
- 28 % of respondents estimated that the importance of sustainability in their company has not increased.
- 6 % emphasized that their company has always strived to operate in a sustainable way.

Most important areas of sustainability

Which areas of sustainability are the most important for your enterprise's business operations?

Choose 3 at most.

Personnel wellbeing, occupational safety, competence development

Combating climate change

Other environmental protection, such as biodiversity

Product responsibility and consumer protection

Transparency of supply chains

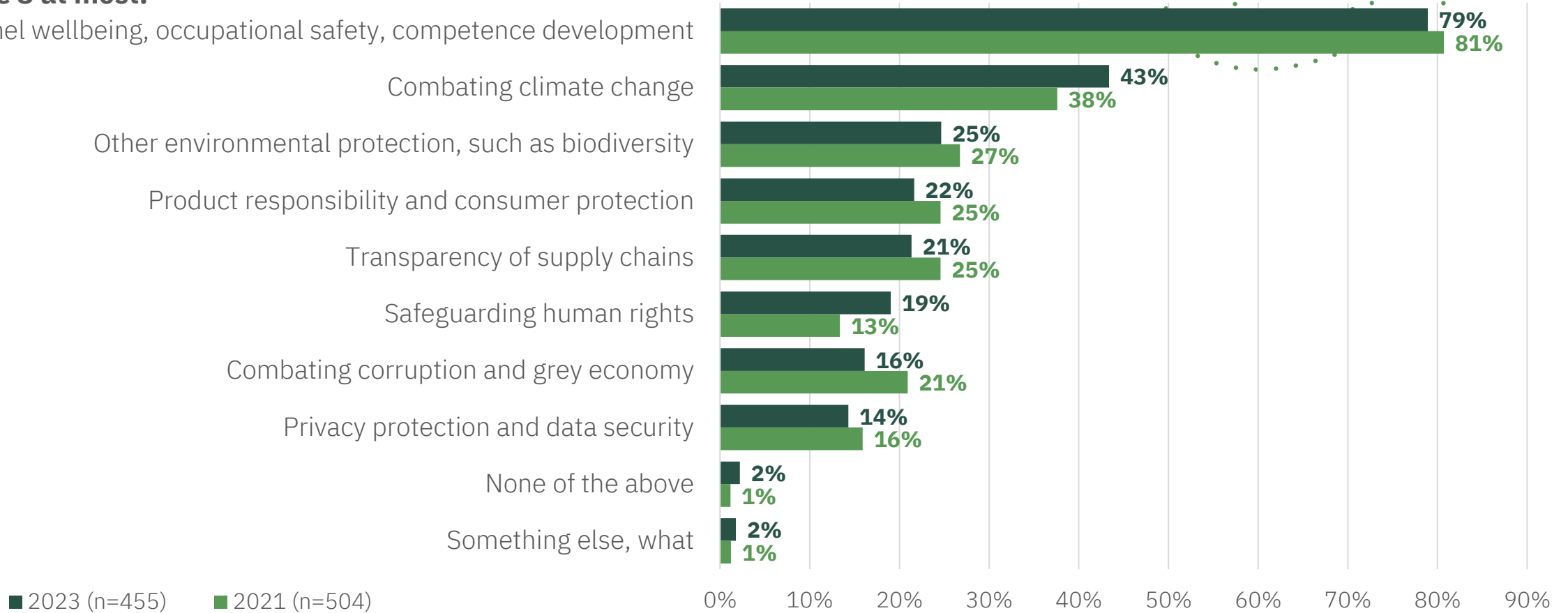
Safeguarding human rights

Combating corruption and grey economy

Privacy protection and data security

None of the above

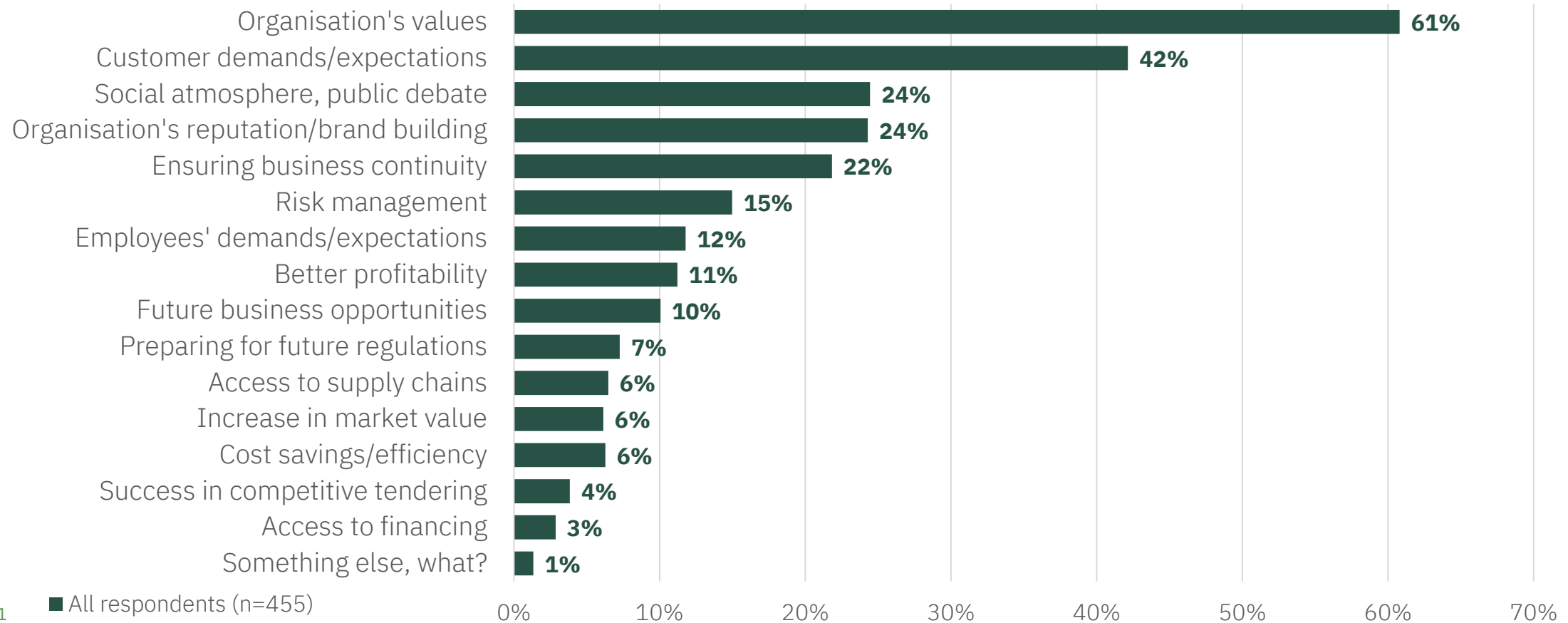
Something else, what



Future benefits and main challenges of sustainability

Organisation's main reasons for advancing sustainability

**What are currently the main reasons for your organisation to advance sustainability?
Choose 3 at most.**



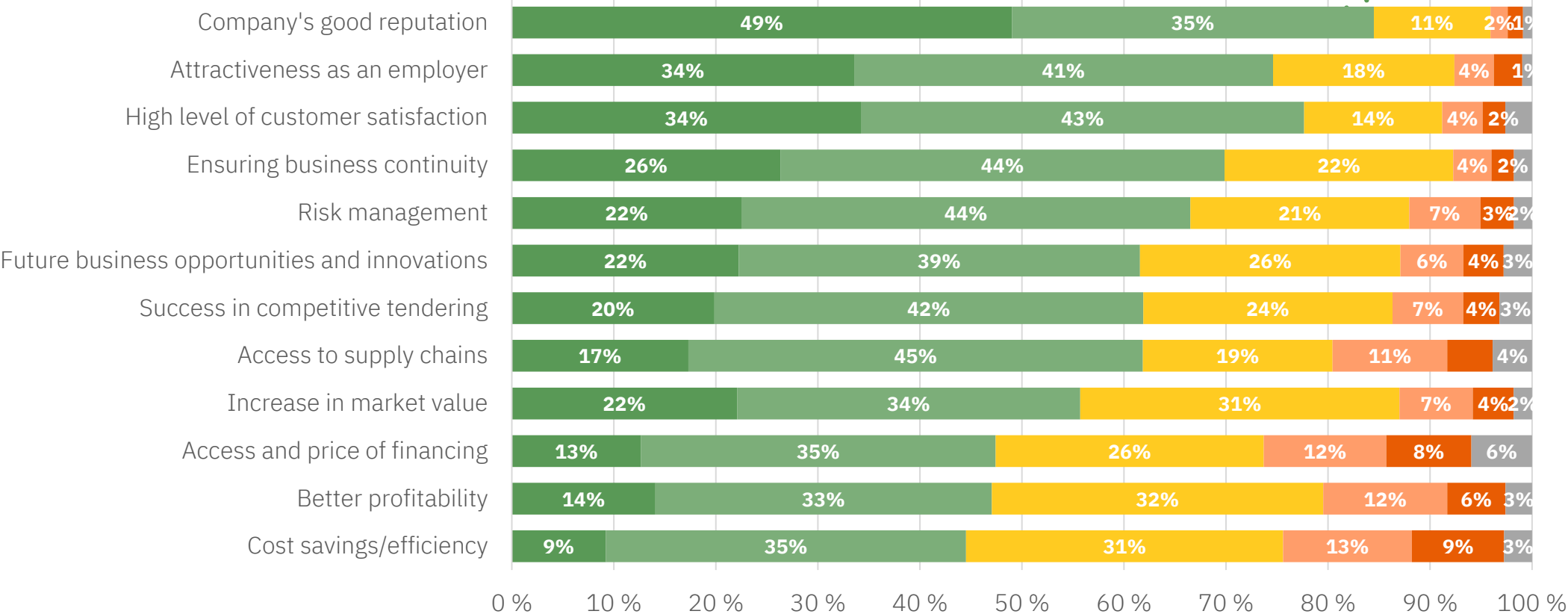
Organisation's main reasons for advancing sustainability

| What are currently the main reasons for your organisation to advance sustainability? Choose 3 at most. | All respondents (n=455) | 10-19 employees (n=218) | 20-49 employees (n=145) | 50-99 employees (n=52) | 100-249 employees (n=40) |
|---|----------------------------|----------------------------|----------------------------|---------------------------|-----------------------------|
| Organisation's values | 61 % | 65 % | 54 % | 60 % | 63 % |
| Customer demands/expectations | 42 % | 37 % | 47 % | 44 % | 65 % |
| Social atmosphere/public debate | 24 % | 26 % | 24 % | 21 % | 23 % |
| Organisation's reputation/brand building | 24 % | 18 % | 26 % | 44 % | 33 % |
| Ensuring business continuity | 22 % | 14 % | 28 % | 35 % | 30 % |
| Risk management | 15 % | 16 % | 15 % | 13 % | 5 % |
| Employees' demands/expectations | 12 % | 11 % | 14 % | 6 % | 18 % |
| Better profitability | 11 % | 13 % | 10 % | 10 % | 5 % |
| Future business opportunities | 10 % | 5 % | 15 % | 23 % | 15 % |
| Preparing for future regulations | 7 % | 5 % | 10 % | 8 % | 18 % |
| Access to supply chains | 6 % | 5 % | 8 % | 6 % | 10 % |
| Increase in market value | 6 % | 7 % | 7 % | 0 % | 3 % |
| Cost savings/efficiency | 6 % | 7 % | 6 % | 6 % | 0 % |
| Success in competitive tendering | 4 % | 6 % | 2 % | 2 % | 0 % |
| Access to financing | 3 % | 1 % | 4 % | 2 % | 10 % |

Future benefits of sustainability

What benefits do you believe sustainability will bring to your company in the future?

(n=455)

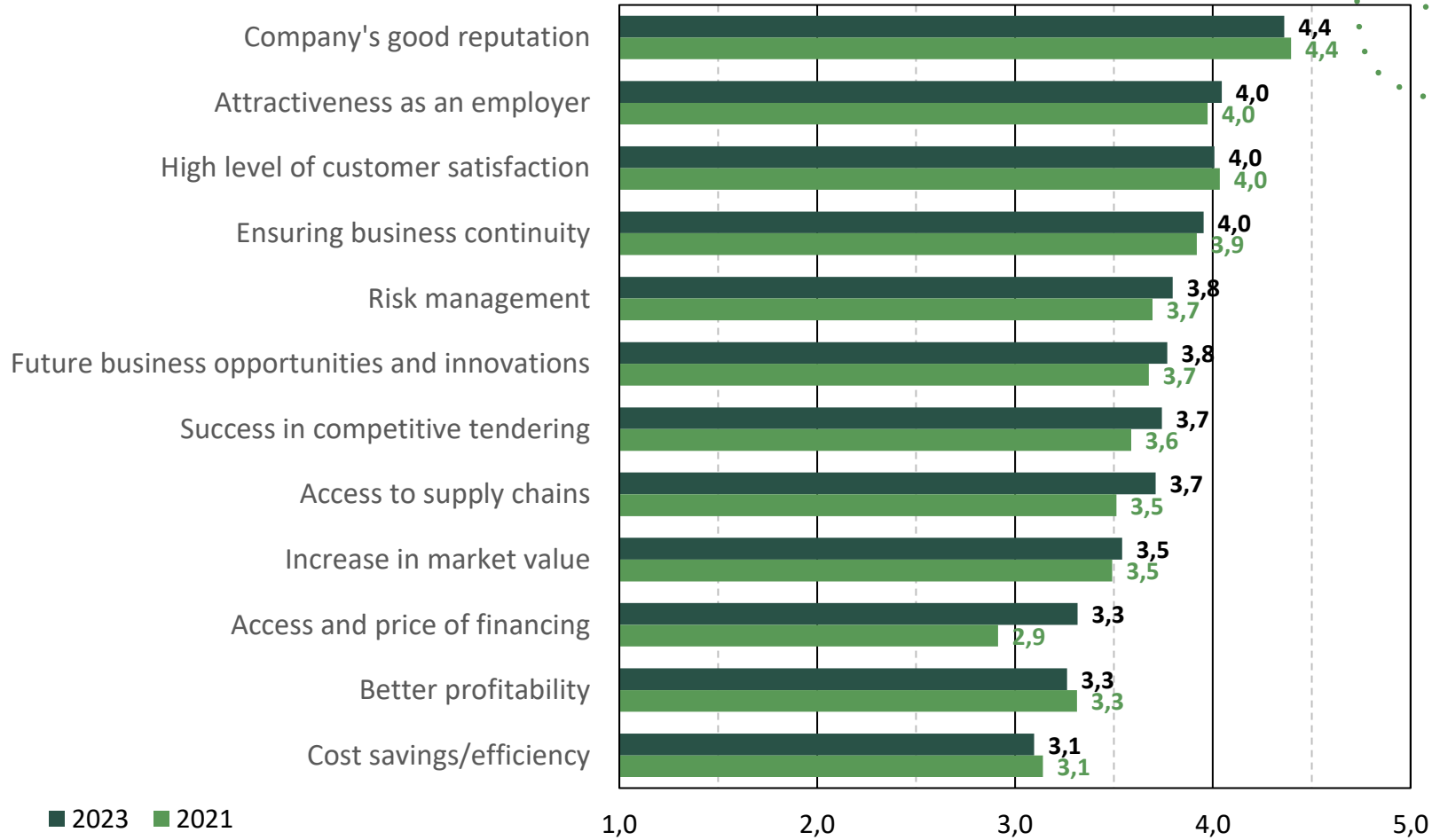


5 Very likely 4 3 2 1 Extremely unlikely I don't know



Future benefits of sustainability

What benefits do you believe sustainability will bring to your company in the future?

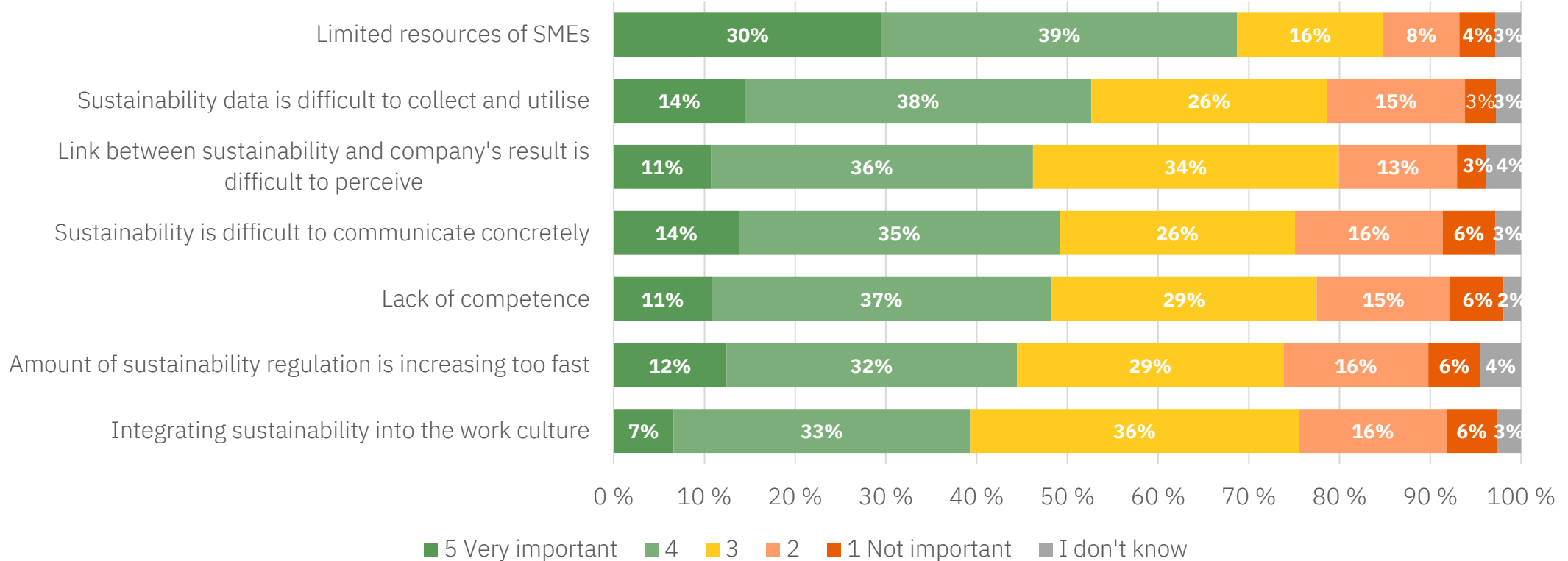


Asked on a scale of 5 = very likely and 1 = extremely unlikely

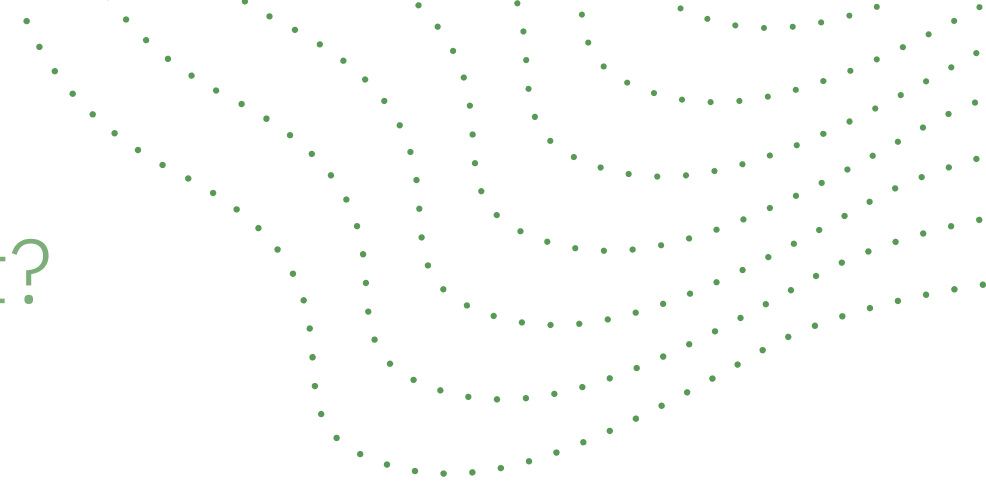


Main challenges

How important do you consider the following challenges related to sustainability to be from the perspective of your organisation?



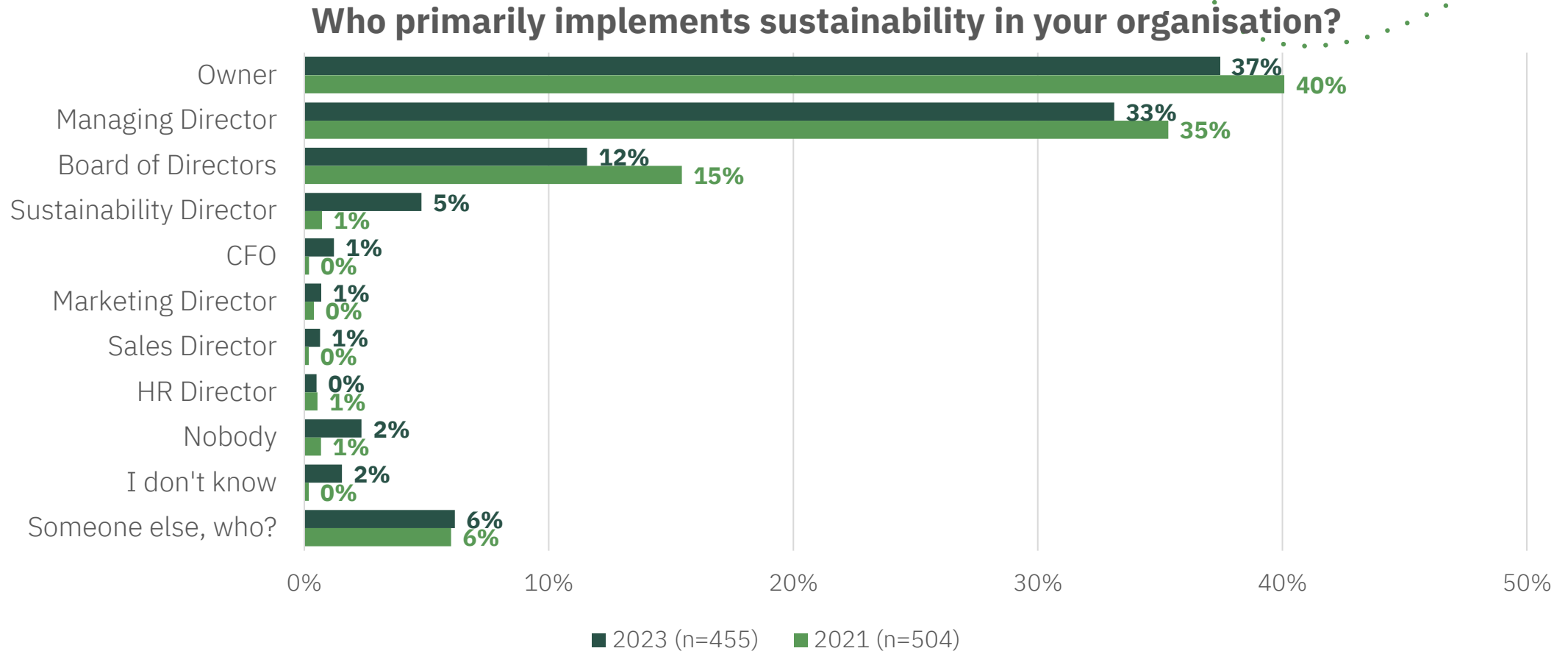
Can you think of other challenges related to sustainability? If so, what?



- A total of 30 open answers
- Respondents mentioned the following challenges related to sustainability:
 - **Problems of sustainability regulation** (n=7): There is too much regulation, it is too difficult to understand or it is too burdensome.
 - **Related costs** (n=5): Sustainability is expensive for companies.
 - **Assessment and measuring** (n=3): It is difficult to assess and measure company's sustainability.
 - **Unfair market competition** (n=3): Irresponsibly operating companies gain a competitive advantage.
 - **Companies are in different positions** (n=3): The bigger the company, the more resources they have for advancing sustainability.

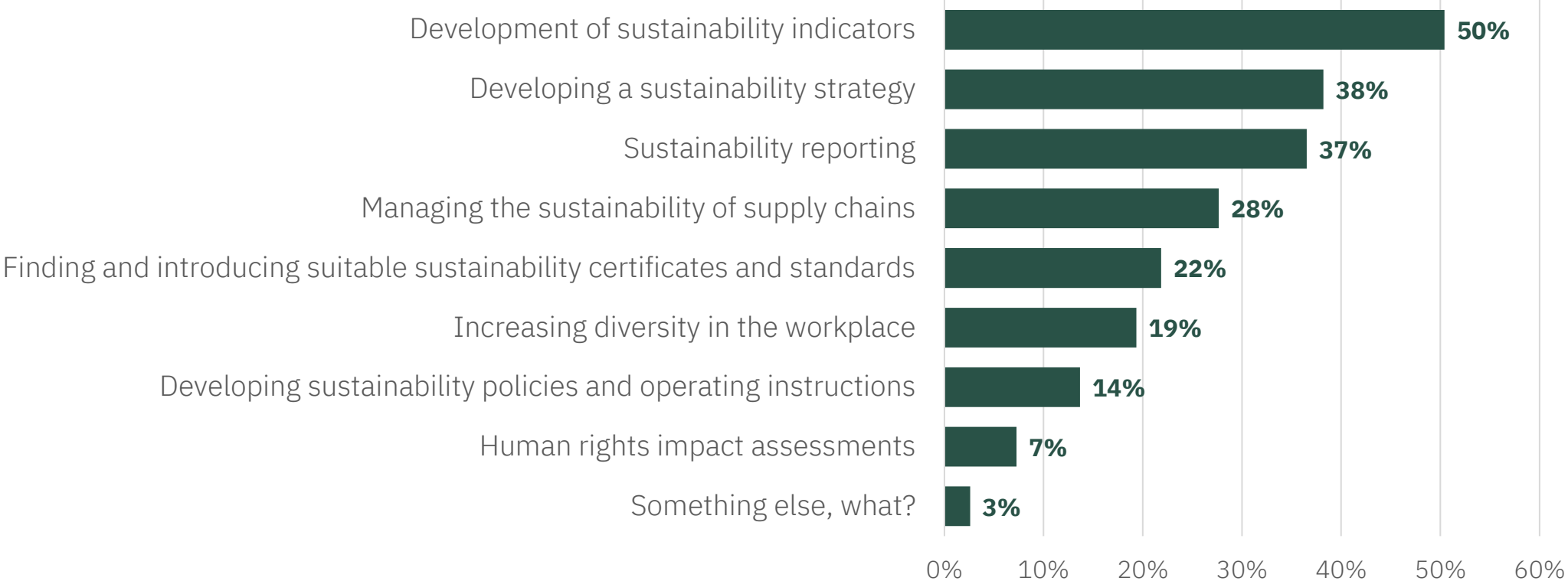
The current situation of companies' practical sustainability work

Who implements sustainability?



Required support

Which aspect of sustainability work would you need the most help in developing?
Choose 3 at most.



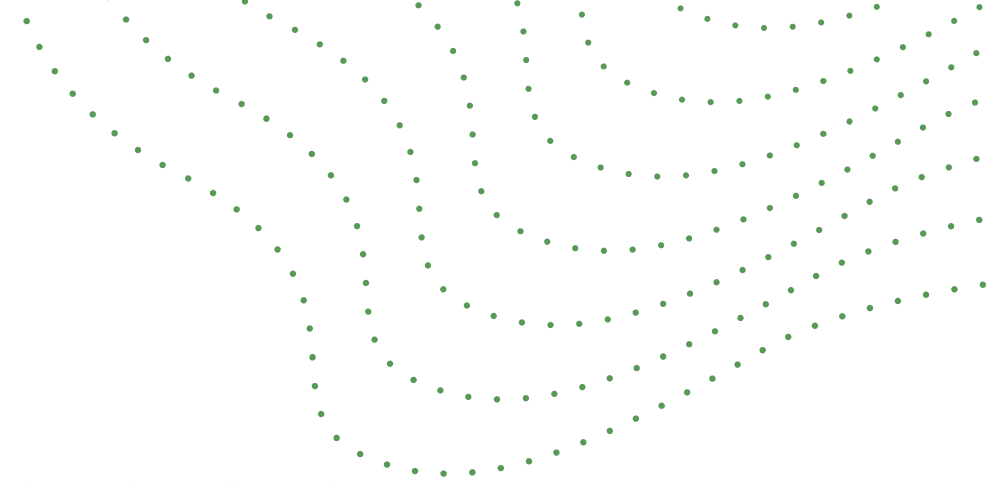
■ All respondents (n=455)



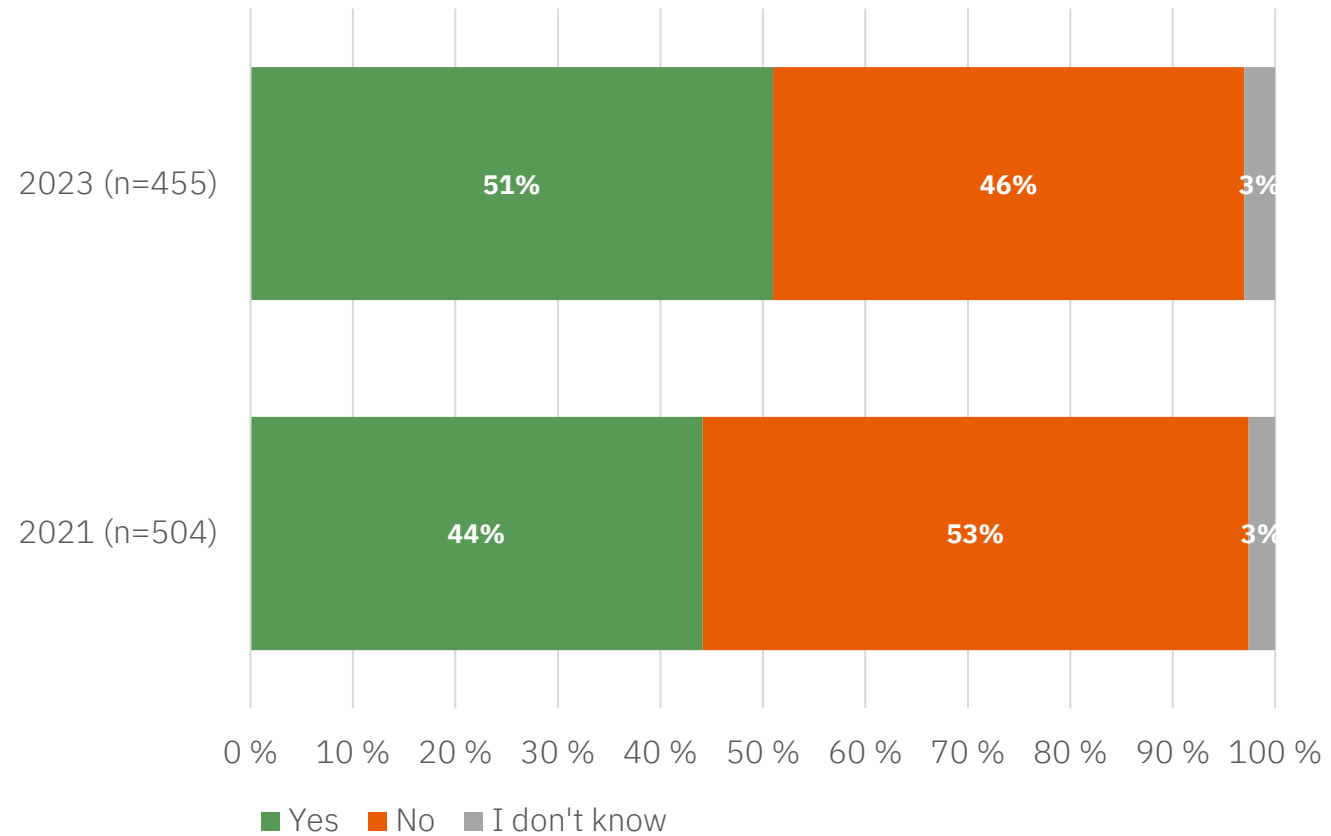
Required support

| Which aspect of sustainability work would you need the most help in developing? Choose 3 at most. | All respondents (n=455) | 10-19 employees (n=218) | 20-49 employees (n=145) | 50-99 employees (n=52) | 100-249 employees (n=40) |
|--|----------------------------|-------------------------------|-------------------------------|------------------------------|--------------------------------|
| Development of sustainability indicators | 50 % | 48 % | 51 % | 55 % | 68 % |
| Developing a sustainability strategy | 38 % | 41 % | 38 % | 23 % | 41 % |
| Sustainability reporting | 37 % | 33 % | 39 % | 40 % | 49 % |
| Managing the sustainability of supply chains | 28 % | 25 % | 26 % | 47 % | 22 % |
| Finding and introducing suitable sustainability certificates and standards | 22 % | 26 % | 18 % | 23 % | 16 % |
| Increasing diversity in the workplace | 19 % | 21 % | 19 % | 23 % | 5 % |
| Developing sustainability policies and operating instructions | 14 % | 14 % | 15 % | 9 % | 22 % |
| Human rights impact assessments | 7 % | 5 % | 11 % | 4 % | 5 % |

Sustainability targets

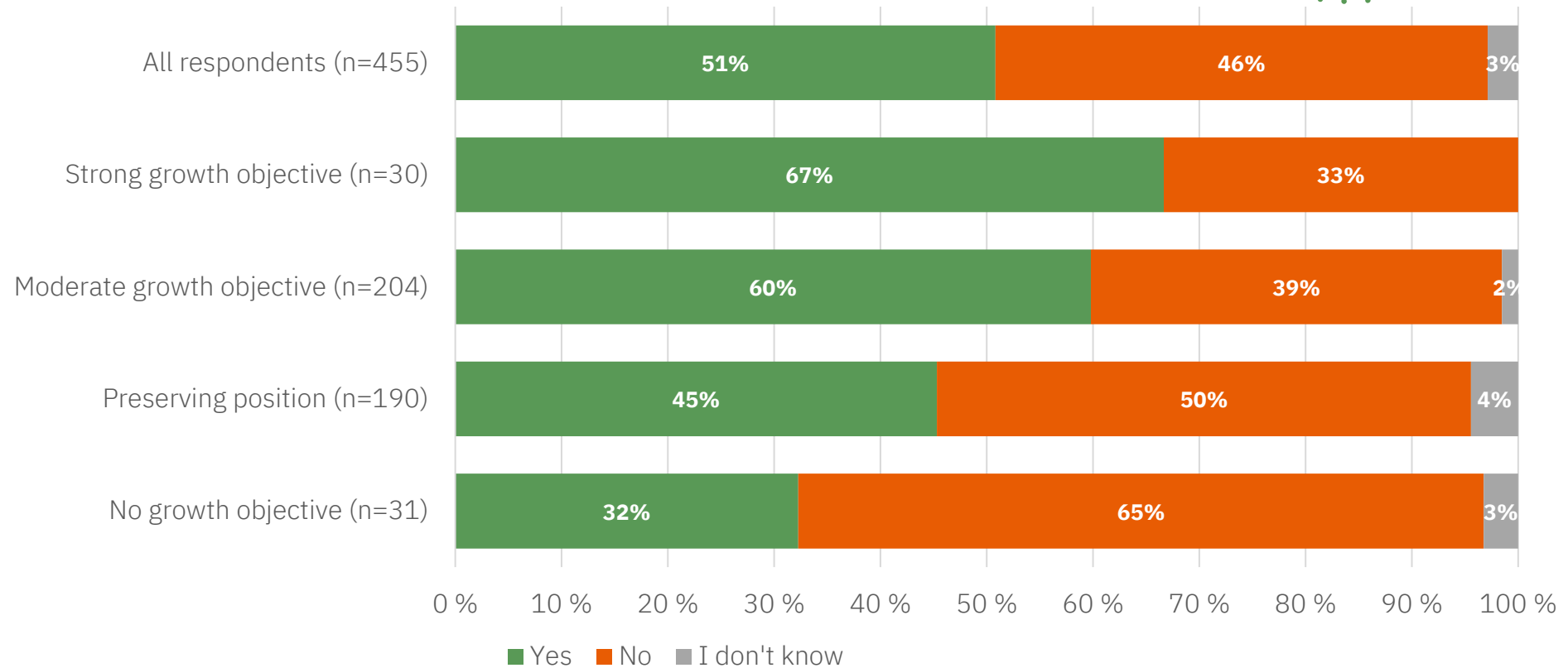


Has your organisation set sustainability targets?



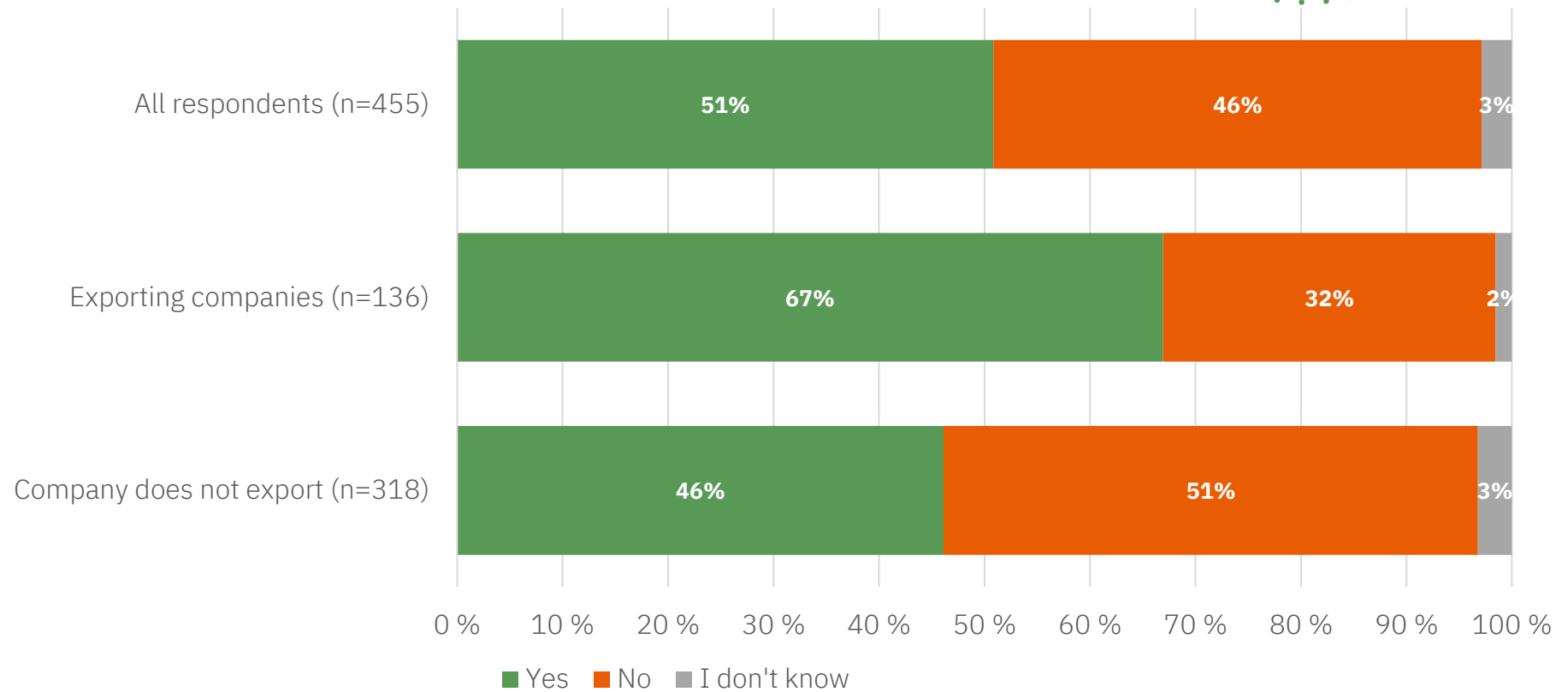
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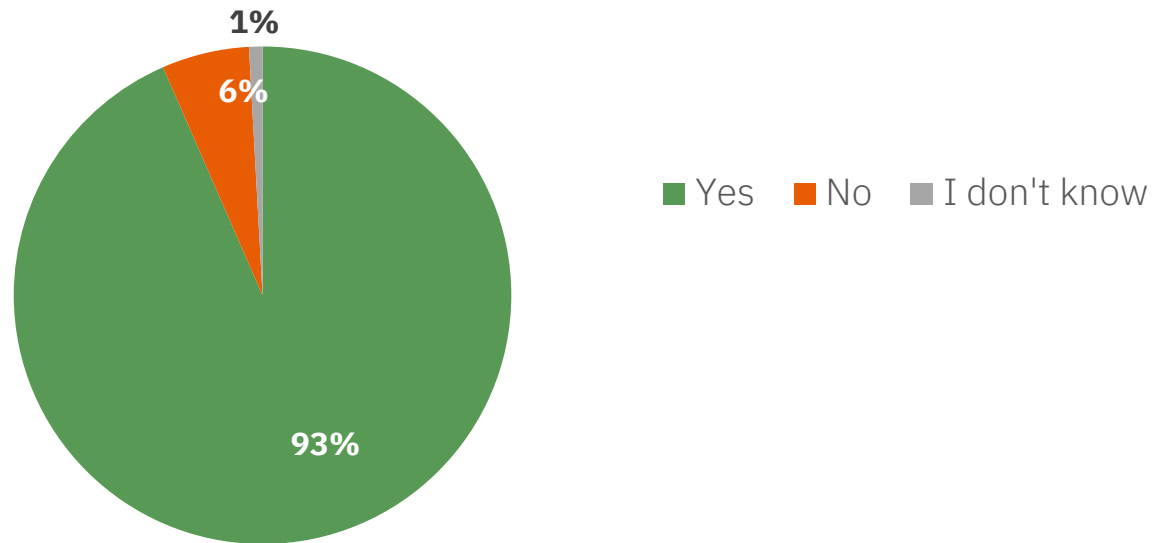
Sustainability targets

Has your organisation set sustainability targets?



Following the implementation of sustainability targets

Do you monitor the implementation of sustainability targets in your organisation?
Organisations who have set targets (n=229)



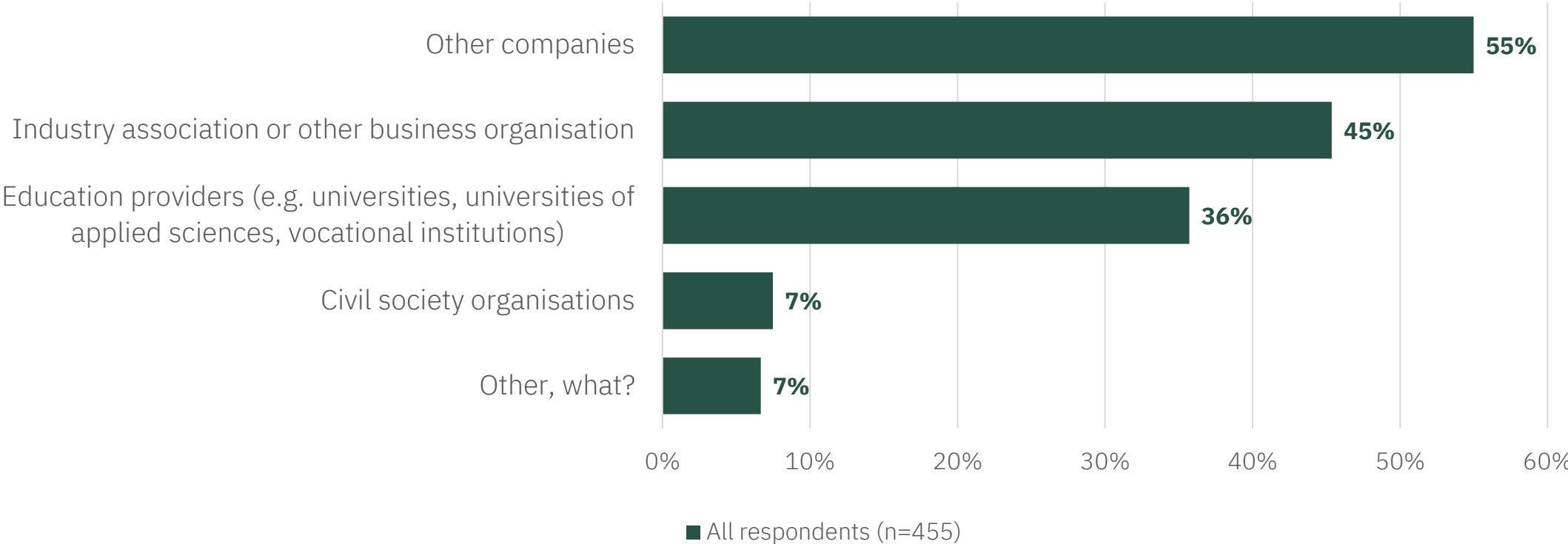
In 2021, 91% of those who had set targets were monitoring their implementation.

Why hasn't your organisation set sustainability targets?

- The question was asked from respondents, who had not set sustainability targets.
- A total of 127 open answers:
- Even 34% of the respondents stated that the reason for this is **that there is no need for targets, or the situation for setting targets is not current.**
- However, 18 % stated that they intend to set sustainability targets **in the near future.**
- 10 % of respondents are working on their **sustainability targets at the moment.**
- 5 % mentioned, that the organisation is waiting for targets from their **parent company.**
- 7 % emphasized that their companies strives to **take sustainable actions in their everyday operations**, even though they don't have documented sustainability targets.
- 15 % mentioned the **lack of resources** as the reason for the absence of targets.

Collaboration to promote sustainability

Do you collaborate with the following entities to promote sustainability? You may choose multiple options.



Conclusions

- 1** SMEs believe that the importance of sustainability will even increase in the future.
- 2** By far, personnel wellbeing, occupational safety and competence development is the most important area of sustainability for SME employers.
- 3** Limited resources and the collection of sustainability data pose bottlenecks for SMEs sustainability work.
- 4** Support is particularly required in the development of sustainability indicators, sustainability strategy and reporting.
- 5** The level of sustainability is further along in larger, growth-oriented, and export-driven companies.