



# NORDIC CEOs FOR A SUSTAINABLE FUTURE

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Business transformation:  
The SDGs as a North Star for corporate strategy

# Nordic CEOs for a Sustainable Future

## ABOUT THE INITIATIVE

'Nordic CEOs for a Sustainable Future' is a CEO-led initiative comprising 14 of the largest companies in the Nordics and a global industry association. The goal of the initiative is to align business models with the ethical, social and environmental issues of our time, and to promote opportunities for collaboration that help achieve the UN Sustainable Development Goals (SDGs).

The SDGs and the Paris climate agreement provide the direction of travel, and serve as a North Star for business transformation. The CEOs will exchange and develop progressive practices, and draw inspiration from each other on how businesses can achieve more sustainable outcomes.

Having a clear and common purpose and framework for business transformation, Nordic CEOs will be better placed to cooperate with and push governments and public leaders across the region to speed up the transition to a more sustainable economy.

## ABOUT THIS REPORT

The report defines how the unique strengths of Nordic business can support progress towards the SDGs and deliver purpose-driven business models.

It explores current practices among the participating companies on their transformation journey, from treating sustainability as a non-financial risk and compliance issue to making it central to corporate culture. The report identifies barriers for change and opportunities for collaboration towards the global challenges, with a particular focus on the CEO role in driving business transformation.

## Participating companies:



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# Nordic CEOs for a sustainable future

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The world needs new business models that will drive the transition to a 21st century economy aligned with the ethical, social and environmental priorities of our time. In response, CEOs of some of the Nordic region's largest listed companies have come together in a commitment to create shared prosperity by putting purpose and society at the heart of business.

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We, the CEOs, believe the Nordic values of inclusion, equality and long-termism provide a strong foundation to drive this change and ultimately, accelerate progress on the UN Sustainable Development Goals (SDGs).

We agree to be guided by these principles.

## Principle 1 – Business with purpose

Equality, trust and transparency underpin how we conduct business.

We uphold this principle by:

- Developing commercial strategies grounded in social purpose;
- Keeping a core set of values that guide us both in prosperous and uncertain times;
- Putting people first, respecting their rights, valuing diversity and improving quality of life; and
- Encouraging debate and being honest about progress, challenges and failures.

## Principle 2 – Innovation with impact

Use innovation for solutions which deliver positive business, social and environmental impact at scale.

We uphold this principle by:

- Evolving our business models to benefit society and overcome collective challenges;
- Pursuing scalable commercial opportunities that positively contribute to society; and
- Collaborating internationally to manage the use of natural resources and to promote technology for social good.

## Principle 3 – Brave leadership

Promote business as a force for good in creating a more sustainable future for all.

We uphold this principle by:

- Identifying and taking action on the current and emerging material issues for our sectors;
- Building social and environmental impacts into business decision-making;
- Partnering to tackle the global challenges that are bigger than ourselves; and
- Advocating for policies, principles and practices that make for a better world.

# The Nordic model and the Global Goals

Corporate governance in the Nordics is influenced by Nordic culture and the Nordic economic model. Nordic culture is characterised by high levels of transparency and trust, and the Nordic economic model is built on dialogue, transparency and trust between workers, employers, civil society, governments and the public. Transparency enables government, investors, media and the public to hold corporate boards and management responsible for the impact of their companies' actions.

Stakeholders expect companies to measure and report on their non-financial performance in a trustworthy and transparent manner. As a result, Nordic companies have worked to communicate more clearly around their sustainability priorities. A clearly defined business model for sustainable value creation, which is aligned with government expectations, safeguards the business's license to operate. In parallel, investors are requesting more non-financial information, as the correlation between sustainability and long-term value creation is becoming apparent.

## Example of stakeholder expectations

### INVESTOR EXPECTATIONS



Transparency around preparedness for the transition to a low-carbon economy.



Transparency around human capital, talent development and employee health and well-being.



Transparency around resource use and production patterns.



### GOVERNMENT EXPECTATIONS



Gender equality, decent work and economic growth as means to a productive private sector benefitting society.



Climate impact and responsible production and consumption as means to environmentally sound private sector.



In response, Nordic companies started focusing on how to align their business strategy with stakeholder priorities and expectations. As a first step, sustainability efforts tend to focus on 'doing less harm' and setting qualitative ambitions for the Global Goals related to responsible employment practices (Goal 8) and reduced carbon emissions (Goal 13).

The second step is often to focus on more responsible practices related to current products and services and initiatives to promote learning, equality and safety in the working environment. In addition, many companies link their compliance and internal controls initiatives to Goal 16.

Today, the companies participating in the Nordic CEOs initiative want to go beyond responsible business practices, and focus on scaling up products and services that

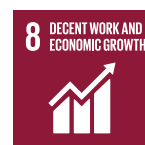
are long-term profitable and have a positive impact on society and the environment. To do this, the companies are investing in business opportunities that anticipate the policy, technological and cultural shifts needed to reach the Global Goals.

The long-term solution for sustainable economic growth is to transform businesses into purpose-driven companies where sustainability is an integral part of the business strategy and company culture. The idea is to transform the core business so that it is grounded in a social purpose and drives positive impact, while not compromising long-term commercial returns.

### Early steps to align business with the Global Goals

#### FIRST STEP: DO LESS HARM

##### MATURE REPORTING STANDARDS



Reporting on efforts to implement responsible employment practices and labour standards (Goal 8) and reduce GHG emissions (Goal 13).

#### SECOND STEP: RESPONSIBLE BUSINESS

##### MATURE REPORTING STANDARDS



##### LESS MATURE REPORTING STANDARDS



Reporting on efforts to reduce the negative impact on: water use (Goal 6), energy efficiency and renewable energy use (Goal 7), material footprint (Goal 12), impact on the environment besides GHG emissions (Goals 14 and 15).



Reporting on efforts targeting talent acquisition and development (Goal 4), gender equality (Goal 5), and health, safety and well-being (Goal 3) for the business's own employees.

#### COMPLIANCE FOCUS

##### IMMATURE REPORTING STANDARDS



Reporting on efforts to combat corruption, AML and other compliance issues.



# The Nordic model and the Global Goals

## EQUINOR RESPONDING TO STAKEHOLDER EXPECTATIONS – STRESS TESTING THE BUSINESS MODEL AGAINST CLIMATE RISKS



Equinor needs to be resilient to the multiple risks – both upside and downside – posed by climate change. These include potential stricter climate regulations, changing demand for oil and gas, technologies that could disrupt our market, as well as physical effects of climate change.

Climate-related risks and opportunities, and our strategic response to these are discussed frequently by our corporate executive committee and board of directors.

Management of climate-related risk is embedded in Equinor's enterprise risk management process. It uses internal carbon pricing, scenario analysis and sensitivity analysis to assess and manage climate-related risk. The company monitors technology developments and changes in regulation and assesses how these might impact the demand for oil and gas, the cost of developing new assets and opportunities for low-carbon technologies.

Climate-related risk factors are identified by considering main sources of change – market, policy and regulatory, technology, physical and reputational.




In 2017, Equinor embedded low-carbon in its core strategy and the company's climate roadmap explains how we plan to build a low-carbon advantage, through concrete actions with ambitious targets. This forms the basis for how Equinor responds to climate-related risks and opportunities. As part of this the company has embedded climate considerations into incentives, reporting and decision-making, with targets in place to measure progress and incentivise performance across the entire company. Equinor's investment principles take climate into account and our energy scenario reports and portfolio stress tests inform our strategy.



# Business transformation: The SDGs as a North Star

Transforming businesses to align with the Global Goals is not just the 'right thing to do' or a result of wanting to do good. It is a way to seize new business opportunities and maintain competitiveness. In light of the global challenges, there are growing expectations from all stakeholders that companies act responsibly and deliver on a social or environmental purpose. Doing well, financially, in the long term is therefore increasingly connected with the company's ability to deliver on social and environmental objectives.

The companies participating in the 'Nordic CEOs for a Sustainable Future' initiative have identified three stages on the path to develop purpose-driven strategies and a corporate culture grounded in accountability and the sustainability agenda.

PATH TO SUSTAINABILITY	CORPORATE STRATEGY	CURRENT BUSINESS FOCUS
<b>RESPONSIBLE BUSINESS PRACTICES</b> 	Assuring processes comply with ethical standards and mandatory regulations for the sector. Focus on risk and cost management of the most material ESG issues for the sector, such as corruption and the physical risks of climate change.	The participating companies are relatively mature in this respect. Transparency has been an important driver for responsible business practices, as have defining moments such as crises in the company or among its peers.
<b>DEVELOPING SHARED VALUE PRODUCTS AND SERVICES</b> 	Scaling up products and services that are long-term profitable and have a positive impact on society and the environment. Investing in business opportunities that anticipate the policy, technological, and cultural evolution following the sustainability agenda.	<p>Several of the participating companies have taken steps to grow existing – and invest in new – shared value products and services.</p> <p>Companies whose shared value services are relatively small compared to their core business invest in new opportunities and a gradual shift to increased reliance on new products and services with a positive impact on society and the environment.</p> <p>Companies whose core product or service has a positive impact focus on enhancing the efficiency of production and service delivery and scaling up by bringing their products and services to new markets.</p>
<b>DEVELOPING A PURPOSE-DRIVEN COMPANY CULTURE</b> 	Transforming the core business to align with a social purpose and drive positive impact on society and the environment, while not compromising long-term commercial returns. Innovating the business models that will contribute towards the Global Goals.	<p>The participating companies have good examples of projects, collaborations and individual actions taken to strengthen and build a purpose-driven company culture.</p> <p>Systemic change requires concerted effort and collaboration with multiple stakeholders. The companies call for government to actively engage and support businesses in working towards the Global Goals, and to align government policy and corporate incentives aimed at the SDGs.</p>



# Responsible business practices

The companies participating in the initiative started their transformation journey by focusing on reducing their negative impact. This includes combating corruption, ensuring human rights and labour rights in the value chain, and implementing initiatives that reduce energy use and carbon emissions.

The companies all deal with sustainability issues that represent material risks and opportunities for the company. In some cases, the starting point is reputational risk, where a robust and visible focus on sustainability and the Global Goals is an opportunity for building and protecting the business brand. The companies have shown such focus for example by participating in local development initiatives to build trust among local stakeholders, or shifting the business towards lower-emission production and service models. In other cases, the focus on sustainability helps reduce and manage liability and compliance risks, such as corruption charges or violating environmental and pollution regulations.

## ÍSLANDSBANKI'S RESPONSIBLE BANKING



Responsible banking is deeply ingrained in the Íslandsbanki organisation. The Bank is highly committed to prevent money laundering and terrorist financing. The Bank has set internal rules that are based on the strictest compliance with international and national best practices, namely Measures to Prevent Money Laundering and Terrorist Financing, and guidelines of the Financial Supervisory Authority Iceland. These rules mandate identity verification, based on data from a reliable and independent source, whenever the Bank enters into “a permanent contractual (business) relationship” with a new customer. The rules apply throughout the organisation. Moreover, an electronic monitoring system for money laundering was set up in 2009 in collaboration with the Icelandic Banks Data Centre. The system has increased the Bank's security and reduced the risk of fraud for money laundering purposes.



## SAS'S RESPONSIBLE SUPPLY CHAIN

13 CLIMATE  
ACTION

SAS works with suppliers to meet sustainability and social responsibility requirements through their purchasing policy and general terms and conditions. Historically, the main focus has been to invest in initiatives that enhance energy efficiency and reduce carbon emissions. Going forward, SAS is increasingly looking at its role as a transport and logistics company in helping customers and other stakeholders achieve their sustainability targets.

## NOKIA'S TECHNOLOGIES – DESIGNED FOR THE ENVIRONMENT

13 CLIMATE  
ACTION

Nokia has over decades developed its environmental management system to ensure all products are designed for the environment - designing products and services that are not only more energy efficient when in use by large digital infrastructure and service providers, but also help other industries and enterprises reduce their carbon footprint. This has a positive impact on the whole downstream environment footprint. Working with the supply chain to also track, report and decrease energy use further increases the capacity to make an even greater positive impact.

## Developing shared value products and services

The participating companies have subsequently gone beyond the 'do no harm' agenda in responsible business practices, to also focus on how their products and services can have a positive impact on society and the environment. The companies are motivated by developing products and services that are long-term profitable and have a positive impact on society and the environment, creating shared value in the process.

This shift in focus has led the participating companies to integrate sustainability into their business strategy, rather than having a sustainability strategy that lives alongside the business strategy. Leading a business according to a single strategy that includes prioritised sustainability issues helps align

the business to the Global Goals and enables integrated management of sustainability and commercial performance.

Shifting the business model towards shared value products and services can be challenging if the company's sustainability strategy is driven by downside risk and compliance with industry and national regulations. The companies participating in the Nordic CEOs initiative started to focus on growth areas and markets that align with the Global Goals. To achieve long-term sustainable value creation, the companies embrace the opportunities that come with policy changes, technological advances, and a cultural shift towards a sustainable future. Companies where the core business faces significant risk in the transition to a low-carbon economy have started to reduce their business risks by diversifying their core business and expanding into lower-carbon emission products and services.



## HYDRO'S PRODUCT DEVELOPMENT FOR THE ENVIRONMENT



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CLIMATE ACTION



Hydro sees sustainability as a growth opportunity. Recycled and low-carbon aluminium are two integral elements of a broader strategic understanding within Hydro of the global market. People increasingly want to buy aluminium with a low-carbon footprint or are looking to use more post-consumer recycled aluminium. With the launch of these new products, Hydro is meeting this growing sustainability demand. In 2017, Hydro launched two new low-carbon aluminium products, designed to help customers reach their sustainability goals and meet the demand from ever more climate-conscious consumers. Hydro 4.0, is a hydropower-based aluminium with a maximum content of 4.0 kg CO<sub>2</sub> per kg aluminium, while Hydro 75R is an aluminium with a guaranteed minimum post-consumer recycled content of 75%.

“Our aim is to make sure we maximise the sustainability benefits of a metal that brings carbon savings in the user phase and can be infinitely recycled with only 5% of the original energy needed. Our two new products address the sustainability challenge of our industry – making sure we meet the global demand for aluminium with metal that is produced with the lowest possible carbon footprint – and that we are there to bring it back into the loop.”

Hilde Merete Aasheim, CEO of Norsk Hydro

## SWEDBANK'S SUSTAINABLE FINANCE



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PARTNERSHIPS FOR THE GOALS



Swedbank facilitates sustainable choices for its customers by integrating sustainability into its products and services, such as an equity fund with an SDG strategy and green loans and bond products. The Swedbank Robur Global Impact is an actively managed fund that only invests in companies that derive at least 15% of their revenues from products and services that directly contribute to the fulfilment of one or more SDG. Through this product, Swedbank promotes investments in companies that contribute to the SDGs by for example preserving land and sea ecosystems, providing healthcare or generating renewable energy.

Swedbank's commitment to green bonds is one way it creates a positive impact through its core business. Issuing green bonds creates opportunities for Swedbank and its customers to contribute towards a more sustainable society. Promoting investments in green projects such as sustainable housing, renewable energy and sustainable transport are crucial for the environment, society and long-term value creation.

## Developing shared value products and services

### TELENOR PROVIDES CONNECTIVITY TO EMPOWER SOCIETIES



Delivering internet access and connectivity is the core of Telenor's business. Telenor has chosen a specific focus on SDG 10, Reduced Inequalities, in part because the company is convinced that more equality in the world is good for business. Telenor aims to reduce inequalities by improving access to services by leveraging digital services and connectivity. The company wants to help unlock the benefits of the digital revolution and demonstrate how more can be achieved with connectivity. Telenor's digital services have made access to financial services more available and affordable. Telenor's internet services have opened up possibilities to interact, learn, participate and grow both socially and economically. More women are using these services than ever before.

A clear example of the link between Telenor's sustainability vision and value creation is the development of Khushaal Zamindar in Pakistan, a free of cost Interactive Voice Response, robot-call and SMS-based service that provides localised and customised weather forecasts and actionable agriculture advisory to farmers. There are now more than four million monthly active users. Almost 90% of farmers in Pakistan are smallholders out of which at least 60 per cent grow crops for subsistence. These farmers have limited or no access to agriculture information which results in primitive farming techniques or poor farm management. Khushaal Zamindar is in effect bridging the information gap between smallholders and the large progressive farmers.

### POSTEN: SUSTAINABLE LOGISTICS SOLUTIONS



Road transport is the largest source of local air pollution. Posten's commitment to reduce its emissions over the past ten years and minimise its negative impact on climate change has resulted in zero-emission post distribution in 49 cities and towns in Norway. This commitment includes an ambition to use only renewable energy in its vehicles and buildings by 2025.

Posten has invested in an energy efficient and shared logistics network to reduce emissions and reduce the total number of transport-kilometres in Norway, Sweden and Denmark. To expand on its own efforts, Posten has partnered with waste disposal collaborates company Ragn-Sells on the Älskade stad (Beloved city) initiative in Stockholm, which combines goods delivery with waste collection in shared, small, electric trucks. The truck first delivers goods to stores and offices in the city centre, and picks up recyclable waste for the return journey, thereby reducing the total number of trips needed and reducing the presence of heavy transport in urban areas.



## YARA'S SUSTAINABILITY AS A BUSINESS OPPORTUNITY



Yara is not only working on reducing the environmental footprint of its own production process but also working systematically to reduce environmental footprint in the whole value chain. Agriculture and related value chains account for 25% of global greenhouse gas emissions. Half of this comes from deforestation and cultivating new farmland, which act as natural carbon sinks. Sustainable intensification of agriculture is crucial in order to produce enough food on already existing land, to avoid increased emissions and reduced biodiversity. As a world leader within crop nutrition, Yara's solutions have a direct positive impact on farmers' yields, the quality of their produce and thereby also their profitability and livelihood.

Yara's mission is to "Responsibly feed the world and protect the planet", and the strategic ambition is to be the "Crop Nutrition Company for the Future". The company has therefore, since the Paris Climate Accord in 2015, actively used the UN Sustainable Development Goals as a framework to drive its business. CEO Svein Tore Holsether is passionate about promoting the role of a responsible business community at global arenas, such as the World Economic Forum and the UN General Assembly. To contribute to a thriving future and drive inclusive growth, he is a member of the Executive Committee and Chair of the Food & Nature program for the World Business Council for Sustainable Development (WBCSD). He was also a Commissioner of the Business and Sustainable Development Commission (BSDC), with among others Paul Polman of Unilever, Ho Ching of Temasek and Jack Ma of Alibaba. The commission looked at the potential of linking business to the SDGs and the conclusion was very encouraging: \$12 trillion in potential value creation and more than 300 million new jobs.

Yara has created dedicated business units within for example decarbonisation, circular economy and driving innovation with a purpose to support tackling the global challenges. The company sees its responsibility beyond its own industry and has entered into a number of partnerships. These include working with the world's largest waste management company (Veolia) to explore the opportunities in circular economy, as well as with partners to look at the possibility to develop green ammonia. Yara is also a founding partner of multi-stakeholder initiatives with among others The World Food Programme to improve infrastructure and supply chains in poorer farming areas, and provide farmers with better access to markets. In recent years, the company has invested significantly in digital tools to reach smallholder farmers with agronomic advice to become more productive, profitable and environmentally friendly.

**“ Sustainability is not about constraints, but rather about opportunities. In Yara we don't have a strategy for sustainability, but a sustainable business strategy. ”**

**Svein Tore Holsether, CEO of Yara International**

## Developing shared value products and services

### STOREBRAND'S SUSTAINABILITY AS A BUSINESS OPPORTUNITY



Storebrand does not have a sustainability strategy, but a sustainable business strategy, where sustainability principles apply to the entire business, including investments, product development, procurement, employment policies, and house management.

Storebrand's entire investment portfolio, of more than NOK 700 billion, is screened based on sustainability criteria, and companies that do not meet the criteria are excluded. Storebrand and its Swedish subsidiary, SPP, were early pioneers with fossil-free funds; in 2018, 23% of the capital managed in SPP's and Storebrand's fund portfolios was fossil-free. In 2018 Storebrand announced its action plan for zero coal by 2026. Together with other investors and companies in Europe, the company is working purposefully to achieve a total divestment from coal, gradually excluding coal companies from investment portfolios. In 2013, Storebrand excluded companies with more than 30 per cent of its business activities in coal. By 2026, aligned with the advice of the UN Intergovernmental Panel on Climate Change, the company will gradually take steps down to five per cent – which in practice means zero coal. Storebrand has achieved public attention nationally and internationally by encouraging other investors to tighten their coal criteria and divest from coal by 2026.

Storebrand invests in more than 3000 companies, and performs strong, active ownership. In 2018, Storebrand engaged with more than 300 companies to influence their business in a sustainable direction. The dialogue led to new measures for monitoring deforestation caused by palm oil suppliers, better follow-up of methane leaks and voluntary commitments related to methane emissions in the oil and gas industry, and improved deforestation policies for soy and cattle production companies.

“ *The report from the Intergovernmental Panel on Climate Change is crystal clear. If we are to reach the goal of limiting global warming, coal consumption must be close to zero in 2050. The finance industry must stop financing coal power.* ”

Odd Arild Grefstad, CEO of Storebrand



# Developing a purpose-driven corporate culture

The participating companies are working to build a corporate culture that supports purpose-driven business models. This includes clearly defining the businesses' social purpose and a focus on initiatives and collaborations that drive progress towards the Global Goals.

The Global Goals are complex and affect the whole business value chain. In addition to focusing on products and services that have a positive impact, the companies are working to build a corporate culture where sustainability is integrated in all business functions. The companies are also exploring new modes of collaboration. These collaborations can focus on solving complex sustainability challenges affecting their own businesses as well as partnerships that leverage their technologies and experience towards solving challenges primarily affecting other stakeholders.

## YARA'S PARTNERSHIPS FOR SUSTAINABLE LOGISTICS AND TRANSPORT



Yara has partnered with technology company Kongsberg to develop Yara Birkeland, the world's first fully electric, autonomous and zero-emission container vessel. Dubbed by Wall Street Journal as "the Tesla of the seas", it can replace up to 40,000 truck journeys a year and has the potential of being a game-changer in the maritime sector. It is a commercial solution that can deliver positive impact on several of the SDGs, including reducing greenhouse gas emissions and improving road safety.

## VESTAS' PARTNERSHIPS FOR EDUCATION AND TRAINING



Vestas' vision and mission is a commitment to the planet, the company's stakeholders and employees. Vestas has a history of challenging the status quo and setting bolder targets to push the limits of technology to be at the forefront of the renewable energy transformation.



*We do it to grasp new business opportunities and to be a dominant player in our sustainable development. This is an ambition that is shared among our employees, shareholders and customers across the globe.*



Anders Runevad, CEO of Vestas

# Developing a purpose-driven corporate culture

## MAREL'S RESEARCH AND DEVELOPMENT FOR SUSTAINABILITY



Sustainability is an integral component of entering and developing new markets for Marel. The company has traditionally served customers consisting of advanced food producers; going forward, Marel is increasingly focusing on standardising stand-alone solutions that can be the first piece of the puzzle in building less mature food production markets from ground up and towards automation. In these markets, Marel combines machine sales, software platforms and its own reputation with know-how and talent development to create market opportunities and support the creation of new infrastructures in the food industry. This correlates directly with SDG 9, Industry, Innovation and Infrastructure, and supports Marel's vision of a world where quality food is produced sustainably and affordably.

From day one Marel has had sustainability as a key component of its business, with its first products focusing on minimising waste in the Icelandic fish industry. Marel first welcomed the SDG's into its strategy toolbox in late 2015, with the creation of an SDG roadmap and a guidance policy for what to achieve in by 2018. The first step focused on understanding the social and environmental footprint of the business: mapping areas where the business could mitigate its negative impact and understanding the company's direct impact on issues such as diversity, climate and culture. The second step focused on the value chain: how the business can contribute in a positive manner beyond the food processing industry's traditional focus on efficiency, yield and footprint. The third step involves integrating sustainability in daily business decisions: Marel, for instance, now uses a sustainability scorecard for all R&D and innovation efforts, whereby social and environmental impact is evaluated for all new initiatives.

## SWEDBANK COLLABORATIONS FOR SUSTAINABLE FINANCE



Swedbank collaborates extensively both with the Swedish Government and international institutions to promote the sustainability agenda. The bank has both supported and given feedback to the Swedish government on how to enable growth in green bonds, and has supported the development of UNEP FI's work to establish international Guiding Principles on Responsible Banking as well as an Energy Efficiency platform in collaboration with the European Commission through EEFIG. Swedbank also takes part in the Swedish Agenda 2030 delegation that sets the framework for the 2030 SDGs. In other areas, Swedbank has preceded government action. The fund company Swedbank Robur has for example adopted the self-regulated framework that discloses the carbon footprint of all its equity and balanced funds.

## THE GSMA'S COMMON PURPOSE FOR THE MOBILE INDUSTRY



In 2016 the GSMA and its Board members defined and agreed to a common industry purpose, “Intelligently Connecting Everyone and Everything to a Better Future”. In doing so, the mobile industry announced its commitment to help achieve the SDGs, recognising the enabling power of mobile in transforming lives and societies at the core of its strategy. Since then, achieving the SDGs and promoting a triple bottom line approach to business have remained core value for the industry.

The GSMA committed itself as a board and as an industry to the 17 SDGs in 2016; and in 2018 it added the word ‘intelligently’ at the start of its purpose. In its capacity as an industry association, the GSMA took an active role to collaborate with key partners and influencers to promote the role of mobile in addressing global challenges, including building an inclusive digital future, responding to humanitarian crisis, closing the gender gap, driving financial inclusion, or leveraging operators’ big data insights for social good.

Importantly, the association has developed a methodology to report on industry progress and impact against the SDGs. The SDG Industry Impact Report is launched annually at the United Nations General Assembly. The GSMA continues to facilitate various platforms for mobile network operators and technology companies to share best practice, providing opportunities for shared responsibility and for an entire industry to work together to further sustainability at the core of its strategy.

## NOKIA'S COLLABORATIONS ON DIGITAL TECHNOLOGY



Communications and digital technology can play a significant role in achieving all 17 SDGs, but collaboration is key. Nokia works with industry peers, customers, suppliers, NGOs, authorities, governments, academia and other associations to not only achieve its own sustainability goals but to also help others achieve theirs, driving sustainable development through its products, solutions and business. Nokia delivers technology that fundamentally benefits society, improving people’s lives by providing access to information, services, education, knowledge, better healthcare and market opportunities, and enables a safer, more sustainable planet.

At the end of 2018, the radio networks Nokia delivered to its customers served around 6.1 billion subscriptions worldwide. Nokia sustainability innovations include zero-emission mobile sites, the first commercial liquid-cooled mobile base station that captures wasted heat to feed back into residential or commercial buildings heating systems, as well as the Saving Lives Innovation initiative where the capabilities of an ultra-compact quick set-up 4G network with drones and drone video applications are used for search and rescue missions in emergency situations. Nokia’s community investment contribution focuses on long-term positive change in collaboration with its partners, aligned with Nokia’s community investment approach: connecting the unconnected, empowering women and saving lives. In 2018, Nokia’s corporate and key regional community investment programmes had around 304,200 direct beneficiaries. Since 2016, around 1,426,600 people have benefited from its programs.



# Developing a purpose-driven corporate culture

## TELENOR EMPOWERING SOCIETIES, CREATING MARKETS



In its effort to deliver on SDG 10, Reducing Inequalities, the Telenor Group emphasises dialogue, partnerships and events with the public sector. To kick start major SDG 10 efforts across Asia in 2017, Telenor Group brought together local stakeholders and partners in a series of events in Telenor's markets to discuss how corporations can play a role in achieving the SDGs. Notably, these events are happening in countries with significant social, educational, economic and environmental inequalities. The aim was to promote dialogue on reduced inequalities among important players in the private and public sectors across Asia, in order to cooperate on delivering solutions that can address social and economic needs and close inequality gaps.

Telenor's purpose is to connect people to what matters most and to empower societies. Telenor will do this by delivering mobile technology and accessibility. Achieving this can often have a positive impact on people's lives and the SDGs. Telenor has partnered with a range of companies and organisations to develop new services and leverage their technology for digital ID, health programmes and educational inclusion programmes. Such partnerships use their core services to drive systemic changes for sustainable economic development involving the public sector, civil society and several private companies.

Telenor Group's Digital Birth Registration project together with UNICEF and local authorities highlight how the mobile industry can contribute to the SDGs. More than one billion people in the world today lack an official identity. The ability to prove one's identity is crucial to social, political, and economic inclusion and enables greater access to basic services such as healthcare and

education. In Pakistan, the births of approximately 60 million children remain unregistered, with registration rates lowest among girls, children from rural areas and the poorest households. In 2014, a first-of-its-kind pilot for Digital Birth Registration trained local health workers visiting newborns for health check-ups to also register the births via a mobile app. The aim was to test how mobile technology could improve the traditional, paper-based birth registration process. In just six months, the pilot saw an increase in birth registration from 30% to 90% in the Punjab and Sindh provinces. By year-end 2018, more than 580,000 children were registered through the app. In August 2018, Telenor and UNICEF announced they would be scaling the mobile birth registration pilot to Myanmar.

Telenor has further extended its effort to reduce inequalities through education. In 2018, Telenor Group partnered up with Plan International to collaborate on enhancing children and young people's skills for a digital future. The joint initiatives aims to reduce inequalities through building skills for a digital future, such as digital literacy, education for out-of-school children, youth educational skills training and online safety, all with a specific focus on closing the digital gender gap. On Telenor's part, the collaboration involves financial support and access to a range of digital and mobile technology solutions.

# The CEO role in business transformation

The CEO has an important role in defining the company's sustainability agenda and driving transformation to align the core business with ethical, social and environmental issues. The participating companies have identified several approaches for a CEO to lead this transformation.

## UNDERSTAND THE GLOBAL CHALLENGES



The CEO should understand the business's impact on society and the environment and show clear evidence of decisions being made in light of the sustainability agenda. Decisions to withdraw from an opportunity or a market due to downside sustainability

risks, or strategic investments and big bets made on the basis of upside opportunities, can be equally powerful. The CEO should also understand the employees' values and motivations to work for the company.

The CEOs in the initiative have all gone through their own maturation process on sustainability priorities. The Nordic CEOs initiative provides a platform for the CEOs to meet and discuss how to tackle specific challenges, such as climate change. This helps create a common understanding and framework for sustainable business transformation, which in turn paves the way for common action. CEOs committing to a decision together enables fast action and progress on pressing social and environmental issues and the Global Goals.

## HYDRO'S PRODUCTS FOR A LIGHTER, STRONGER AND MORE RECYCLABLE FUTURE



The world is rapidly becoming aware of the intricate connections between resource and energy scarcity on one hand, and the accelerating drive for technological development on the other. For Hydro CEO, Hilde Merete Aasheim, this equation can only be solved through sustainable products and solutions, which in turn requires increased focus on innovation to create the low-carbon, circular future we all need and want. As a consequence, the former distinctions between business and sustainability, economy and climate have already been turned on their head. As a global provider of aluminium products and solutions, this broader megatrend translates into a merging between Hydro's twin ambitions to be industry-leading on both innovation and sustainability.

**“** We aim to drive sustainable innovations for a lighter, stronger and more recyclable future, which are all key qualities of our metal. As a result, Hydro's strategic direction may be summed up as engineering the future, lightweighting our planet, since innovation and sustainability go hand in hand for us, for our customers and for the world around us. **”**

Hilde Merete Aasheim, CEO of Hydro



# The CEO role in business transformation

**“** Collectively, GSMA members connect more than 5 billion individuals globally, providing unique scale to deliver life-enhancing services to achieve the Sustainable Development Goals. In our annual ‘Mobile Industry Impact Report’, GSMA demonstrates how the mobile industry is positively impacting all 17 of the Goals and identifies areas where progress can be accelerated and amplified.

*We have been making good progress, but there is much more ahead of us.*

*I am determined to work with our members to reduce the coverage gap. Today over 800 million individuals are without access to mobile services. There is also a ‘usage gap’ with more than 3.2 billion people living in areas covered by mobile broadband networks but who are not using the services. Expanding mobile penetration will help us progress our impact against the SDGs. Affordability, local content and digital skills are essential priorities to achieve our ambition but they require genuine public-private collaboration.*

*Meeting the SDGs is an ambition that requires collective and relentless action by all governments and business sectors. The ‘Nordic CEOs for a sustainable future’ can serve as a model for driving shared value and public-private collaboration.*

**”**

**Mats Granryd**, Director General of the GSMA

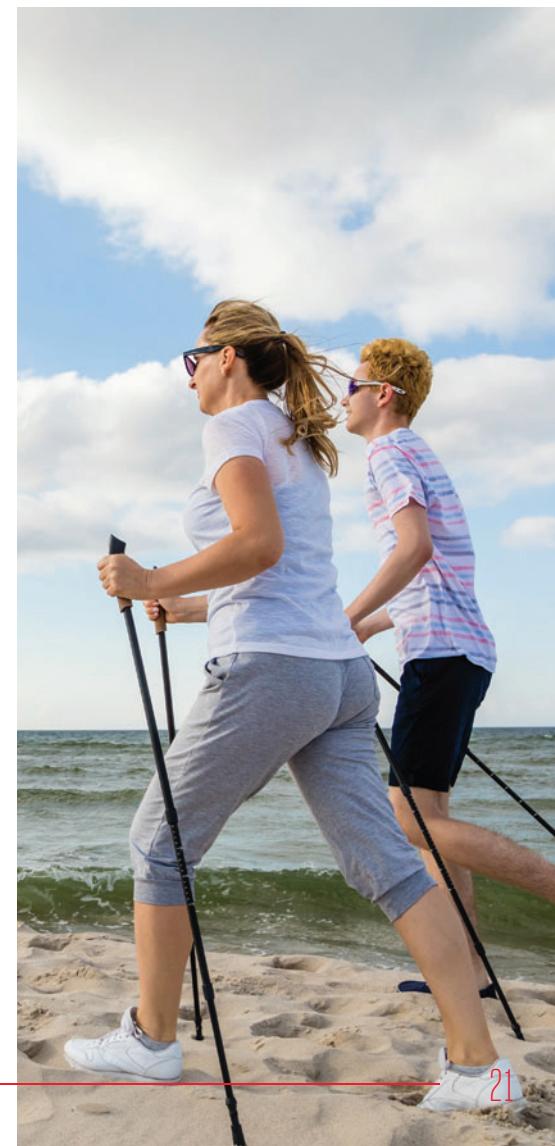


## SWEDBANK INTEGRATES SUSTAINABILITY IN RISK ASSESSMENTS

**13** CLIMATE ACTION

As a bank, Swedbank is concerned with risk and the future potential of companies and industries. In 2018, research clearly shows that the transformation towards a low-carbon society is too slow. More efforts need to be made in order to reach the SDGs and the Paris agreement towards 1.5 degree warming. If we do not manage to shift the direction the world will probably experience a 4 or 6 degree warming within this century. This is significant to Swedbank in that it will put many assets at risk such as land, real-estate and forestry. On the other hand, in a scenario where we manage to keep global warming below 1.5 degrees, we can expect many brave political decisions that will faster impact many industries and their possibilities to survive. It is evident to Swedbank that if these companies do not adapt and change their business model into something more sustainable, they will not survive long-term. But if a company manages to identify and adopt the disruptive technologies, live a sustainable business strategy and take advantage of the opportunities, it will have a greater chance to become one of tomorrow's winners.

Swedbank believes that climate change and social inclusion are key challenges of our time and that it therefore is important to align corporate vision, mission and values with society's needs and opportunities. This translates to a sustainability strategy accelerating the transformation needed to take a lead in the shift to a more sustainable society. As a clear contribution towards this, the SDGs from the core business are enablers in gaining a competitive advantage. Do good and do good business at the same time.



## Define purpose and implement strategy

Defining a corporate purpose and a sustainable business strategy is a crucial initial step on a company's transformation journey.

Long-term financial sustainability depends on the company being able to adjust to stakeholders' growing demands for responsible business practices and shared value products and services. Companies that can credibly demonstrate that their products and services have a positive impact on society and the environment, and that their business model is guided by a clear social purpose, will be better placed to attract talent, motivate employees and build a strong brand.

The participating CEOs interact closely with Nordic stakeholders, including owners, investors, policy-makers and

civil society. Given the importance placed on transparency, trust and the societal impact of companies in the Nordics, it is crucial for the CEOs to demonstrate how their company's strategy and operations consider sustainability issues, and ultimately how the company contributes towards the Global Goals. Failing to do this in a transparent and credible manner can result in a loss of stakeholder trust and in turn undermine the company's licence to operate.

Several of the CEOs have promoted a focus on shared value products and services and strategies to scale up the positive impact of their products and services, innovate for continued improvement, and explore and develop new shared value products and services.

### HYDRO'S GREENER BUSINESS STRATEGY



In 2009, there was an acute need for cost cutting in light of plummeting aluminium demand globally. Hydro managed to overcome this through a drive for long-term improvement through its “Better, Bigger, Greener” strategy, which focuses on improvement, growth and sustainability, respectively. Implementing a corporate strategy, where sustainability (greener) is one of three key focus areas, helped define a clear roadmap for the company that the employees could relate to. Within two years, employee engagement went up significantly, indicating the benefit of a strategy rooted in visible and credible purpose for the employees.



## SAS'S STRATEGY FOR EMISSION REDUCTIONS



SAS is an enabler for safe, fast and efficient air travel for passengers and cargo, and strongly believes it can support its customers' contribution to the SDGs. SAS's responsibility is to continuously reduce the greenhouse gases from its operations to be able to continue to offer its services in a long-term sustainable society.

SAS works to minimise its climate and environmental impacts. SAS shares its customers' desire for more sustainable travel, and is strongly committed to reduce its greenhouse gas emissions. To actively address this, SAS has set targets to reduce total CO<sub>2</sub> emissions by 25% and to use biofuel on traffic equivalent to domestic biofuel production in Sweden by 2030. To reach its targets, SAS works to reduce emissions from the entire value chain through its environmental management system, certified to ISO 14001.

As a member of the Board of Governors in the International Air Transport Association, SAS's CEO Rickard Gustafson actively contributes to a transition towards more sustainable aviation on the global arena. By sharing SAS' s experience, strategies and insights from the Nordic business environment, SAS believes that the transition can be accelerated.

## EQUINOR'S LOW-CARBON STRATEGY



Equinor has integrated sustainability into their corporate strategy: "Always Safe; High Value; Low Carbon". The strategy describes Equinor's transition from a focused oil and gas company to a broad energy company. The process of establishing renewables as an important profitable part of Equinor's business is well underway.

**“** *The world's energy system must be transformed in a profound way to drive decarbonisation. And by engaging in a respectful dialogue, supported by real action, we can demonstrate that we are committed to accelerate — not slow down — the transition.* **”**

**Eldar Sætre**, CEO of Equinor

## Define purpose and implement strategy

“ *In great partnership with our customers, we are transforming the way food is processed. Our passion is innovation, with focus on increasing yield, efficiency and minimising waste in the whole value chain. We have been helping our customers to vertically integrate the value chain and provide advanced solutions from live animal handling at the farm gate through all processing steps to final customer products that are ready for delivery to retail or restaurants.* ”

*Our vision is of a world where quality food is produced sustainably and affordably and to support that, we invest around 6% of our revenues in innovation every year. All our innovation projects now go through a sustainability scorecard which focuses on increasing output for our customers, and consequently for the whole value chain, as well as minimising resource dependency among other things. Sustainability has always been a critical component of how we want to do things and we feel the SDGs are a terrific tool all companies can use to accelerate and enhance their sustainability journey. Therefore, we are very happy to utilise them as our guiding light when taking decisions.* ”

Árni Oddur Þórðarsson, Marel CEO

“ *Our vision is to shape the future of energy, and our next generation portfolio demonstrates that we are delivering. We strive to be an industry leader on safety and form our portfolio to deliver high value with a low carbon footprint. We are building a material and profitable portfolio within renewable energy, and we are developing as a broad energy company.* ”

Eldar Sætre, CEO of Equinor

“ *At Nokia we create the technology to connect the world – digital technologies that have the potential to ignite a new era of opportunity – for business, for industry and for people everywhere. Technology that works for people and the planet, improving human experience. 5G, IoT and other new technologies are capable of revolutionising lives, economies and societies. Nokia creates these technologies with social purpose, quality and integrity, core to its business and values.* ”

Rajeev Suri, President and CEO of Nokia

“ *Sustainability has been at the core of Hydro for more than a century. For a purpose-driven, value-based company like Hydro the importance of sustainability is only growing, since our business is to provide one of the key building blocks of the low-carbon, circular economy. To me, sustainability has long since gone from talk to action, and in this context I have ensured that the SDGs form the framework for what we do and how we act as company. We want to engineer the future and lightweight our planet, and that requires from us that we make a positive difference, improve our own footprint, and drive innovation for a better tomorrow.* ”

Hilde Merete Aasheim, CEO of Hydro



# Integrate sustainability in performance management

The CEOs should set a clear tone from the top with clearly defined expectations for sustainability performance in the company. Management at all levels indicate that the tone from the top is important to ensure action on sustainability topics throughout an organisation. It is important that sustainability performance targets are clearly defined and communicated, such as zero accidents in manufacturing processes or a 10% reduction in the carbon intensity of managed assets.

The participating CEOs work to integrate material sustainability matters in policies and management processes to closely monitor sustainability performance throughout

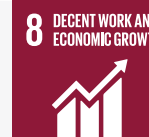
the year. Any reason to believe that the company falls short of targets should lead to change: new initiatives, new controls, new investment, or a new direction. Defining good performance indicators linked to sustainability leads to continuous discussion and evaluation of relevant issues at all levels, rather than a deep-dive once a year as part of a strategy review.

To integrate sustainability into formal governance and performance management, the CEOs ensure that prioritised sustainability topics are expressed in guidelines, policies and processes. This exposes management at all levels to the relevance of downside sustainability risks and business opportunities for positive social and environmental impact, including difficult business decisions and potential dilemmas in light of sustainability priorities. The companies also work to ensure that those charged with sustainability in the company are

visible and accessible to management at all levels, not just top management. Finally, transparency and reporting on sustainability to the board is key to ensure that sustainability priorities and performance are subject to the same level of internal review as other performance metrics in the organisation.

## STOREBRAND'S SUSTAINABILITY AS A COMPETITIVE ADVANTAGE

  
storebrand



Storebrand has established goals and key figures to ensure a business is run in a sustainable manner. In 2019 one of the company's top 5 'must-win battles', is "to strengthen sustainability as our competitive advantage". The strategic goal is owned by the executive management group. The goal is reviewed regularly, and has business unit specific goals and targets. The Board of Directors also reviews the strategic goal achievement on a regular basis.

# Integrate sustainability in performance management

## SUSTAINABLE STRATEGY AND PERFORMANCE MANAGEMENT

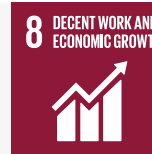


Hydro has integrated sustainability in their core business strategy “Better, Bigger, Greener” and report on key performance indicators for each component of the strategy. Each component of the strategy has several ambitions, which are tied to specific, time-bound targets. The annual reporting includes progress reporting on the targets, with an evaluation of the status vis-à-vis achieving their ambitions.

As the global aluminium industry’s only fully integrated company, Hydro is able to assume full value chain responsibility from bauxite mining to finished products – and do so through ensuring that both climate and CSR are integral parts of the decision-making process. Application of aluminium in products and solutions where the use phase benefits are high has a positive environmental impact and creates positive financial returns.

As part of the “Greener” strategy, in 2013 Hydro launched its ambition to become carbon-neutral from a life-cycle perspective by 2020, which at the time was the most ambitious climate strategy within the global metal and mining sector. Every year since, Hydro has reported on its progress towards this ambition, and remains on track to realise this goal within the set deadline. This has necessarily involved the entire company, and been highly influential on Hydro’s decision making and strategic direction.

## EQUINOR INTEGRATING SUSTAINABILITY INTO CORPORATE GOVERNANCE



Equinor’s management system includes policies, requirements and guidelines. Together with the corporate governance principles and performance framework, this forms the basis for how the company has embedded sustainability into core business activities.

The management system ensures that the sustainability focus does not remain at the top management level but penetrates the entire organisation. There is a clear expectation from middle management to focus on sustainability issues.

To ensure a continued focus on sustainability Equinor has made climate ambition part of the corporate scorecard of the CEO. In turn, each of the business areas need to contribute to reaching the corporate climate ambition, which means that the heads of each business area are asked to report on their climate performance in their biannual business reviews. Equinor also emphasises the value of building internal climate ambassadors throughout the company. As part of the climate roadmap launched in 2017, Equinor has introduced a corresponding ambassadors’ programme.

## Visibility and leadership internally and externally

Building a purpose-driven corporate culture takes time, effort and communication, not least to anchor the project throughout the organisation. The CEO's visibility provides an important signalling effect in this process. The CEO should lead the way and put sustainability on the internal agenda, frequently, and communicate why both the company and the world around it benefits from integrating sustainability into business decisions. This is key both to cement an understanding of sustainability priorities in the whole company, and to build company pride.

The participating CEOs have found that emphasising sustainability priorities in dialogue with stakeholders increases the focus on sustainability in business decisions. Most companies refer to sustainability topics in contractual terms and formal dialogue with business partners. By lending their voice to material sustainability issues, for example when visiting actors in their supply chain or being present at key project meetings, the CEO signals the importance of sustainability to business partners and suppliers.

The participating CEOs employ a variety of internal and external channels and communications measures to highlight the sustainability agenda. This includes being vocal within the organisation through internal communication platforms such as newsletters, email and blogs, and externally through the CEO statement in the annual report and other external communications channels.

### MAREL'S EMPHASIS ON SUSTAINABILITY



8 DECENT WORK AND ECONOMIC GROWTH



Focusing on sustainability through innovation has always been in the DNA of Marel and is always on the agenda of Marel's CEO.

“*Secular trends such as urbanisation and the rise of the middle class are increasing demand for food globally. The only reliable solution to match supply with increased demand is to step up investments and vertically integrate value chains in order to increase output, utilise limited resources effectively and minimise waste. Marel invests around 6% of revenues in innovation every year with a focus on increasing yield, value and efficiency.*”

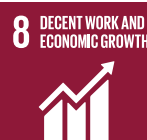
Árni Oddur Þórðarsson, Marel CEO

Marel has gradually expanded its operational window and now provides full processing lines with overarching software that serves processors from post-farm gate all the way to despatch of consumer products to retail and restaurants. By doing this, Marel is actively collaborating with global food processors in eliminating waste, minimising the environmental footprint and increasing value in the food industry.



## Visibility and leadership internally and externally

### STOREBRAND'S SUSTAINABILITY AS A COMPETITIVE ADVANTAGE



Storebrand's CEO emphasises the importance of sustainability internally through his own blog, internal events and by including sustainability as an integral part of the business strategy. Grefstad and the rest of the group also participate actively in the public debate and have a clear voice in sustainable investments. Storebrand also conducts regular employee surveys to measure employees' perception of sustainability. The survey shows that nearly 8 out of 10 employees find that Storebrand's focus on sustainability makes their job more meaningful. The survey provides Storebrand's management with feedback and suggestions for improvement within the sustainability field.

### THE GSMA'S COLLABORATIONS FOR SUSTAINABILITY

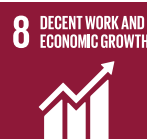


The GSMA is in a unique position to stimulate collaboration between industry, policy-makers and influencers. Meeting the SDGs is an ambition that requires collective and relentless action by all governments and business sectors. GSMA regularly engages with global influencers to advocate the central role of mobile in impacting societies and economies. GSMA's Director General has taken an active role in leading and contributing to several global coalitions (i.e. UN Secretary General Task Force on Financing of the SDGs, ITU EQUALs coalition, WEF Board of Steward for the Digital Economy and Society) ensuring the private sector is at the forefront of shaping our digital future.

**“** *When our industry speaks with one voice, our impact is stronger.* **”**

**Mats Granryd**, Director General, GSMA

## EQUINOR'S COLLABORATIONS FOR SUSTAINABILITY



To enhance the visibility of Equinor's prioritisation of safety and sustainability, the company has launched a CEO award for safety and sustainability. The best safety and sustainability projects in the company compete for the award, which in 2017 included a maintenance project that reduced CO<sub>2</sub> emissions and cut costs at one of the company's LNG plants, and a platform construction project comprising more than 15 million working hours without serious injury. In 2018, the CEO Safety and Sustainability award went to a project, which demonstrates strong support for human rights. The project has improved labour conditions for workers at a Dubai yard.

## POSTEN'S ZERO-EMISSION TRANSPORTATION



To deliver on its commitment to 100% renewable energy use in its vehicles and buildings by 2025, Posten is investing in energy efficient buildings and zero- and low-emission vehicles. The company has strict environmental requirements for its suppliers and is a driver of technological developments in vehicles and fuel. The ambition provides a clear signal to its customers, competitors and suppliers that Posten seeks rapid transition towards zero-emission solutions for the logistics industry.

Posten has the largest fleet of zero-emission vehicles in Norway. Most of the vehicles are electric, with heavier vehicles using renewable diesel, biogas and bioethanol. There are still limited solutions available for zero-emission heavy transport. As a significant customer, Posten collaborates with vehicle manufacturers on specifications for electric and biofuel vehicles and is at the forefront in testing new solutions.

**“ We take extra responsibility to stop climate change by being at the forefront of the green transition in transport and logistics services. ”**

**Tone Wille, CEO of Posten**

## Build a corporate culture for sustainability

An open corporate culture characterised by free exchange of ideas on business model, strategy and targets encourages critical discussion on whether core business and new initiatives are aligned with the Global Goals. This can enhance the effectiveness of strategy implementation, build a strong brand that attracts talent, and help retain and develop human capital within the organisation.

The first step towards value-based management is to translate the CEO's understanding of the company's impact on society and the environment into a systematic integration of sustainability in the

company culture. CEOs often meet external stakeholders who stress the importance of the Global Goals for the company's future. However, management at different levels are less exposed to the risks and opportunities relating to the global challenges and may not see the importance of aligning daily business processes with the Global Goals.

The participating companies use variations of corporate values, mission, vision, and purpose to define a business model that integrates prioritised sustainability topics. All companies benefit from value-based management and a tone from the top that defines the company's purpose and how it creates value.

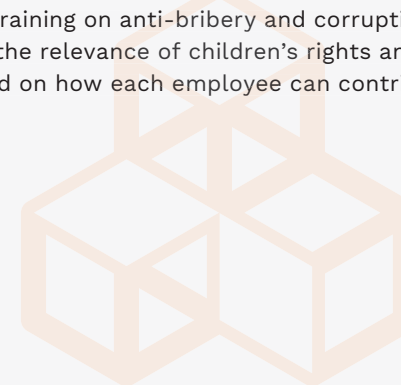
### TELIA BUILDING A CULTURE FOR DIGITAL IMPACT



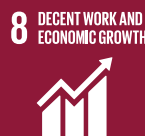
9 INDUSTRY, INNOVATION  
AND INFRASTRUCTURE



Telia's sustainability strategy focuses on "digital impact". To deliver on the strategy, ongoing employer-worker dialogues focus on sustainability. Code and compliance-based training on anti-bribery and corruption is complemented with workshops on the relevance of children's rights and staff volunteering programmes focused on how each employee can contribute to positive digital impact.



## TELENOR'S TRAINING FOR A SUSTAINABLE SUPPLY CHAIN



During Sigve Brekke's time as CEO, Telenor has chosen a new, value-based purpose. Today Telenor works to connect people to what matters most and to empower societies. There is a clear link between the strategic direction of internet access as the foundation of Telenor's business and the belief that personalisation will stimulate customer engagement and capture value on the one hand, and the company's commitment to SDG 10, Reducing Inequalities, on the other. Telenor has further taken steps to raise standards in employment and supply chain sustainability. In order to build the capacity of their suppliers to raise standards in their operations, Telenor has introduced 100,000 hours of training.

## HYDRO'S VALUE-BASED LEADERSHIP



Hydro's purpose is to "create a more viable society", based on the values Care, Courage, Collaboration. The value platform was revamped in 2018. In addition, Hydro's strategic direction has been framed as "Better, Bigger, Greener". Hydro now takes action not only to live up to its values, but also aims to make a positive difference, improve its footprint and drive innovation for a more sustainable future. Specific actions under each heading are tracked, measured and reported, both on a corporate level and within each business area. To Hilde Merete Aasheim, sustainability has long since gone from talk to action, and in this context she has ensured that the SDGs form the framework for what Hydro does and how it acts as company.

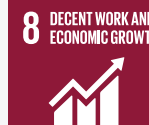
## Build a corporate culture for sustainability

### THE GSMA'S VALUE-BASED LEADERSHIP



The GSMA integrates the values behind its Industry Purpose 'Connecting Everyone and Everything to a Better Future' across the organisation to deliver impact. Rallying employees behind our corporate values is also essential. For example, in 2018, GSMA created an employee forum on equality, diversity and inclusion in the workplace. It has launched a Women in Tech programme offering mentoring opportunity and profiling women executives at MWC events. The association has launched an initiative 'Giving for a Better Future' which encourages employees to volunteer in their local communities.

### VESTAS' SUSTAINABLE GOVERNANCE



Since Vestas joined the United Nations Global Compact initiative in 2009, the company has been actively supporting the 10 principles throughout its business and value chain as part of its overall sustainability approach. In 2017, Vestas decided to set a new, bold vision for the company: to become the global leader in sustainable energy solutions. Vestas' commitment to sustainability is reflected in corporate strategy, code of conduct and supporting policies on human rights, labour, environment, and anti-corruption. In 2017, Vestas continued rolling out a new employee code of conduct and business partner code of conduct, with a focus on increasing awareness of the company's values and principles. To further strengthen employee awareness of the employee code of conduct, Vestas launched a mandatory sign-off on the employee code of conduct for all salaried employees.



## ÍSLANDBANKI'S PUSH FOR EQUALITY



The Íslandsbanki CEO, Birna Einarsdottir, has pushed hard to achieve real equal opportunities throughout the organisation for the past decade. The bank has undertaken a quality agreement with UN Women and UN Global Compact, and crucially translated the commitment to concrete company policies. Íslandsbanki's human resource strategy includes an active equal opportunities policy that is reviewed every year. In addition, the bank has an equal pay policy, and equality and neutrality are guiding principles for both recruitment and selection for corporate committees and boards. All employees are given the same opportunities for education and professional development, and the bank has emphasised creating a family-friendly workplace that enables and encourages work-life balance. Einarisdottir has further pushed her commitment to gender equality to other parts of the organisation by requiring measures of gender equality from external service providers.

**“** *In the past 10 years our focus has been on implementing an equal opportunity workplace and building a culture focusing on gender equality. This means addressing matters of inequality in the management team as any other business decision, and thinking about it every day. If there is a will, there is a way.* **”**

**Birna Einarisdottir**, CEO of Íslandsbanki



# Challenges

An open corporate culture characterised by free exchange of ideas on business model, strategy and targets encourages critical discussion on whether core business and new initiatives are aligned with the Global Goals. This can enhance the effectiveness of strategy implementation, build a strong brand that attracts talent, and help retain and develop human capital within the organisation.

## INCENTIVE STRUCTURES

While many stakeholders expect companies to align their business to the Global Goals, existing incentive structures remain a challenge

to the business transformation journey. Corporate management models still focus on short-term risks and delivering positive quarterly results, which hamper long-term strategic change. CEOs need to convince investors and boards that a long-term strategic focus on sustainability creates more value in the long run than continuing to manage on the basis of short-term returns and growth.

Companies in certain industry sectors, such as extractive industries, are faced with a particular challenge in this respect. The question is how a company can complete a business transformation anchored in sustainability when the transition challenges the core business. Investors and analysts may evaluate such companies based on industry performance indicators that do not favour a transition to low-carbon business models, such as proven reserves and reserve

replacement ratios for fossil fuels. In this case, investors are a barrier to business transformation – not a driver of long-term sustainable value creation.

Lastly, it is challenging to transform the mindset of all employees to embrace the sustainability agenda. Even if the CEO manages to convince the whole organisation that a purpose aligned with the Global Goals is both right and a competitive advantage, it will still take time and effort to make it a natural part of everyday processes and decision making.

Changing incentive structures requires consistent effort over time. Internally, the companies work to develop incentive structures that support the transformation agenda at all management and seniority levels. An important tool in this effort is to institute value-based management and build a company culture that drives

positive impact at every turn and decision in the organisation. Employee performance evaluations should also take the corporate values and culture into account alongside traditional performance metrics.

Externally, the participating CEOs challenge adverse incentives through transparent discussion on sustainability risks. Transparency around the risks posed by a failure to respond to climate change and other global challenges helps to balance the view of the competing pressures the companies face. Transparency also facilitates discussions on shared value products and services, and business opportunities that align with the Global Goals.

## INTEGRATING SUSTAINABILITY IN STRATEGIC DECISIONS

It is challenging to evaluate sustainability risks correctly when developing profitability models. This is illustrated by the gap between economic losses and insured losses: in 2015, the gap between economic and insured losses from climate-related natural disasters was valued at \$100 billion. This indicates that the risks posed by climate change – and other non-financial risks such as environmental damage, reliance on non-renewable resources, and disregarding labour and human rights – are not priced correctly in the market. When risks are not priced correctly, companies cannot correctly evaluate the risk of not transitioning to sustainable business models, which can slow down business transformation given the cost and effort involved.

Sustainability strategies driven by downside risk and compliance also do not embrace the opportunities in

developing and scaling up shared value products and services. Business transformation may be further challenged by the apparent success of competitors that do not adapt to the sustainability agenda. Especially if these companies are able to deliver lower-cost products and services in the short and medium term.

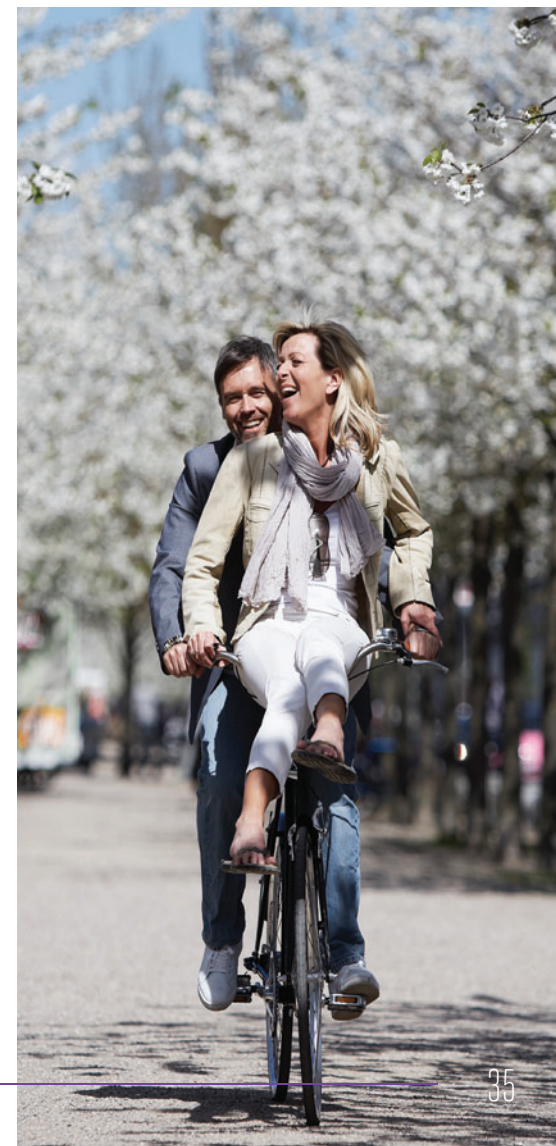
The participating CEOs are working to improve their evaluation of financial risks posed by climate change and the other global challenges. The companies integrate sustainability issues, concerns and opportunities in strategic business decisions and long-term prioritisation of products, services and markets. These are important steps to ensure the companies' survival, to grasp opportunities from adapting to the Global Goals and become tomorrow's winners that align with the Global Goals.

## VESTED INTERESTS

Business transformation is especially challenging when there are strong

vested interests that work to maintain existing industries or operational models, for example with a view to deliver on political objectives such as securing jobs or economic development. This holds particularly true for companies where a sustainable business model entails a fundamental change in the composition of the product and service portfolio or requires a drastic change in the composition and skills of the employees.

The participating CEOs encourage transparency and debate on how to reconcile interests that at face value seem conflicting. The Nordic CEOs initiative provides a platform for the participating companies to engage stakeholders on questions about what the Global Goals mean for jobs, economic growth and stability. The initiative provides a unique platform for public-private dialogue to further develop the Nordic model for sustainable economic development in partnership between the private sector, government and civil society.





# Opportunities to address the global challenges

The initiative illustrates the convergence between Nordic businesses and the Global Goals. All the participating companies have embarked on the transformation journey. However, the private sector – in the Nordics and globally – can do much more to contribute towards the Global Goals.

The transformation journey presents a roadmap to align business with the ethical, social and environmental issues of our time. As the report illustrates, visible and credible commitment at the top is a prerequisite for building a corporate culture and business strategy that drives positive change and contributes towards achieving the Global Goals.

The participating companies are at different stages of the transformation journey, operate in very different industries, and face different challenges when it comes to making their business more sustainable.

However, the CEOs share an ambition to integrate sustainable, long-term and purpose-driven goals into business models, to promote opportunities for collaboration that help achieve the Global Goals, and to inspire other companies to work towards sustainable business transformation.

To reach their ambition, the participating CEOs are committed to:

1. **Identify material SDGs** based on where the company can have the greatest impact;
2. **Integrate the SDGs into the business strategy** and ensure that business development and investment decisions are informed by the Global Goals;
3. **Define quantifiable and verifiable targets** for the company's sustainable business performance that aligns with the Global Goals;
4. **Report on the company sustainability goals**, with quantified performance indicators

that align with the company's ambitions and targets for the Global Goals;

5. **Build a corporate culture and purpose** that align with material sustainability priorities; and
6. **Work to identify concrete projects** that the companies can work on, together, towards the Global Goals.

The initiative will engage the Nordic governments in dialogue on incentives that drive business transformation. The Nordic governments have a stated aim to share their knowledge and commitment on the SDGs with national and Nordic stakeholders, including the private sector. The Global Goals are ambitious, and the solutions to the global challenges are complex. The participating companies are excited about the opportunity to be part of the solution through dialogue with the Nordic governments on how to drive sustainable business, build trust and strengthen Nordic businesses' contribution towards a sustainable 21st century economy.

