

Swedish firms find environmental targets easiest to measure

Swedish companies have made most progress in the sustainability areas of environment and climate change issues, as these are the easiest issues to measure against targets and link to economic benefits, according to research from the Sustainable Value Creation (SVC) investor initiative

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In September the initiative – which comprises 15 institutional investors including the first four Swedish AP pension funds, DnB NOR and Folksam – issued a questionnaire to the chairmen of the top 100 companies in the NASDAQ OMX Stockholm Exchange, to assess the companies' work in addressing sustainability issues in six areas:

- Human rights;
- Labour rights;
- Environment and climate change;
- Anti-corruption;
- Responsible business conduct, and
- Health, working environment and safety.

At least 84% companies responded and more than 90% of these stated they have key policies in at least one of the sustainability areas, while more than 60% claimed to have policies for all areas.

Findings revealed 95% of respondents state they have key policies on environmental protection and climate change, with only policies on health, working environment and safety showing a higher implementation at 97%.

The biggest gaps were in anti-corruption policies, implemented by just 67% of those questioned, and on some human rights issues. The SVC initiative noted this may be "partly attributable to many of the companies conducting business only in the Nordic region".

SVC noted environmental and climate change is the area in which companies have advanced furthest in terms of the work of the board, company policies, implementation and reporting. The findings suggested this is because the issues have been a focus in society for longer and in some cases are regulated in legislation.

It added: "Environmental targets are regarded as easier to measure and to link to economic benefits, such as through greater energy-efficiency and the competitiveness of green or environmentally safe products and services".

Despite this, the report showed that only 58% of companies systematically follow-up and measure their work on sustainability. This figure is higher in specific areas such as environment and health and safety, but the lowest focus is on human and employee rights where half of companies lack "management by objectives" and a feedback structure.

Overall, the findings suggested while companies have reached different stages in their view of sustainability work from a business perspective, they can be broadly divided into two groups: those that see major business opportunities and/or value in associating a brand with sustainable development, and those that see no direct link to business opportunities for themselves but see sustainability issues as a question of values and social responsibility.

The results therefore found that over 90% of companies apply sustainability policies to its own employees in both a parent company and subsidiaries. However, only 62% extend this requirement to suppliers, and just 40% do so with business partners. The application of these key policies decreases further down the value chain as only 24% respondents said they apply these principles to financial investments.

Allan Emanuelsson, project manager for SVC, said: "Through the Sustainable Value Creation project, we want to acquire better information for investment decisions and activities as company shareholders. The survey responses are valuable to us as investors, because they show how the companies see their responsibility for and work on sustainable value creation."

The full results of the survey, including the individual responses from 34 companies that took part, can be found on <http://www.svcinitiative.com/>.

Source: [IPE.com](http://ipe.com)