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Customer demand drives corporate sustainability

There are many reasons for corporations to focus more on sustainability. According to a fresh survey from Nordea, the strongest driving force behind more sustainable businesses in the Nordics is customer demand followed by brand value and regulations.

Among Nordic corporations, 34 per cent ranks customer demand as the most important reason to focus on sustainability, according to Nordea's latest survey – Business Insight Report. For larger and medium-sized corporations, brand value outranks customer demand. Almost 50 per cent of corporations with more than 100 employees rank brand value as the number one reason to focus on sustainability.

- It's interesting to see that both customer demand and brand value rank higher than legal demands for both small and large companies. It shows that companies really understand the value of working with sustainability, says Aleksi Lehtonen, Head of Business Banking Finland.

For larger corporations, Aleksi Lehtonen also believes that external funding will become an increasingly important factor for corporate sustainability going forward.

- More banks and financial institutions like Nordea are integrating what we call the ESG (environmental, social and governance) factors into their models. If we are to lend money to a customer, we want to know that the customer has a sustainable business model. It's all about evaluating risks. Long-lasting banking relationships are simply good business – both for us as a bank and for customers and society at large, says Aleksi Lehtonen.

The survey also shows that size matters when it comes to implementation of sustainability. Larger companies report on carbon footprint, invest in green technology and report to have integrated sustainability into their business models to a greater extent than smaller companies.

- This result coincides well with our perceptions. Large companies have often worked with sustainability for longer periods, they are more often subject to media scrutiny and regulations. Larger corporations also have more resources to invest in sustainability, says Aleksi Lehtonen.

While Finnish corporations stand out as Nordic champions when it comes to integrating sustainability into their business models, Norwegian and Danish corporations are lagging behind. As many as 68 per cent of the Finnish corporations report to have integrated sustainability into their business models. The equivalent figures for Norway and Denmark are 33 and 39 per cent.

Alexsi Lehtonen believes that the sustainability focus will increase on all Nordic markets.

- The clear message we receive in our dialogue with our corporate customers is that the journey towards more sustainable businesses has just started. Exactly how to get there will most likely differ depending on the market as well as the type of business. It is of course natural that while manufacturing industries and natural resources producers will focus more on environmental issues, the service sector will focus more on social responsibility and corporate governance, says Aleksi Lehtonen.

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