

Sustainability in Europe – Top trends **2017**

Introduction

As part of our annual *Responsible Business Trends 2017* Report we reached out to our community to get an understanding of the top trends and issues for 2017. This mini-report highlights some key findings from our community based in Europe.

SOME KEY FINDINGS

- 1 The impact of Brexit:** We wanted to gauge our community's response to the impact that Brexit will have on their organisation's sustainability activities. Many stated Brexit will create unnecessary work and uncertainties and will have a negative impact on sustainability investment decisions.
- 2 Sustainability is driving revenues:** Just under 56% of executives polled stated that sustainability is driving revenue for their business.
- 3 Sustainability as a source of competitive advantage:** 21% of our respondents indicated sustainability as a source of competitive advantage as the single most exciting opportunity for their organisation in 2017.
- 4 A tightening of sustainability budgets:** Just 25% of respondents stated their sustainability budgets will increase in 2017. This is a fall of 1% on last year's findings. A further 35% stated their budgets won't increase in 2017, a rise of 3% from 2016's report. It would appear that recent events have impacted organisations' investments in sustainability activities.



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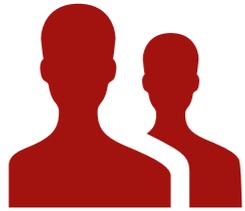
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40+
sessions

80+
speakers

2+ days
of insight & networking

Setting the scene

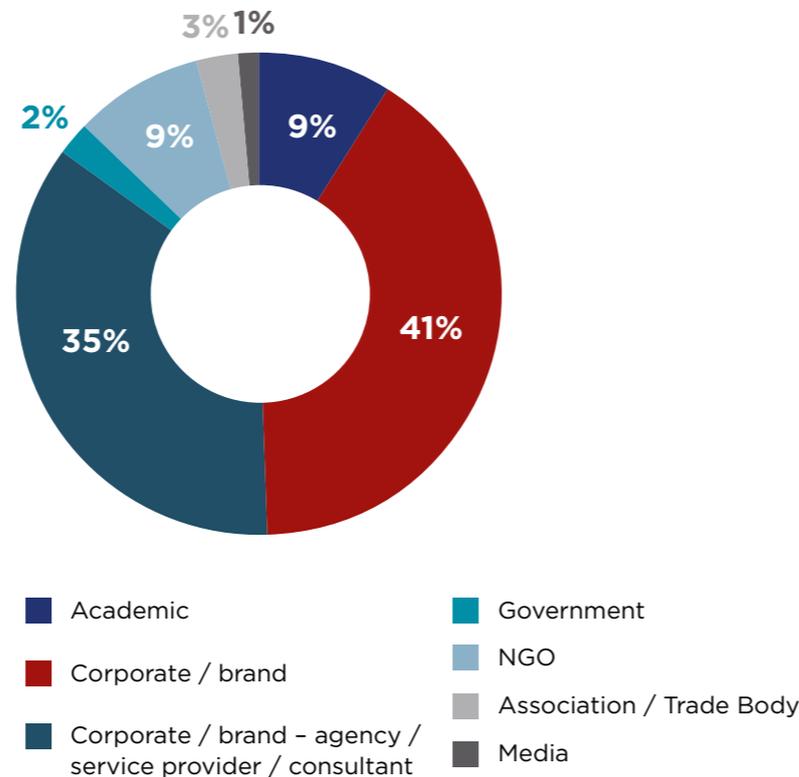


1,015
respondents
in total, an
increase of
22%

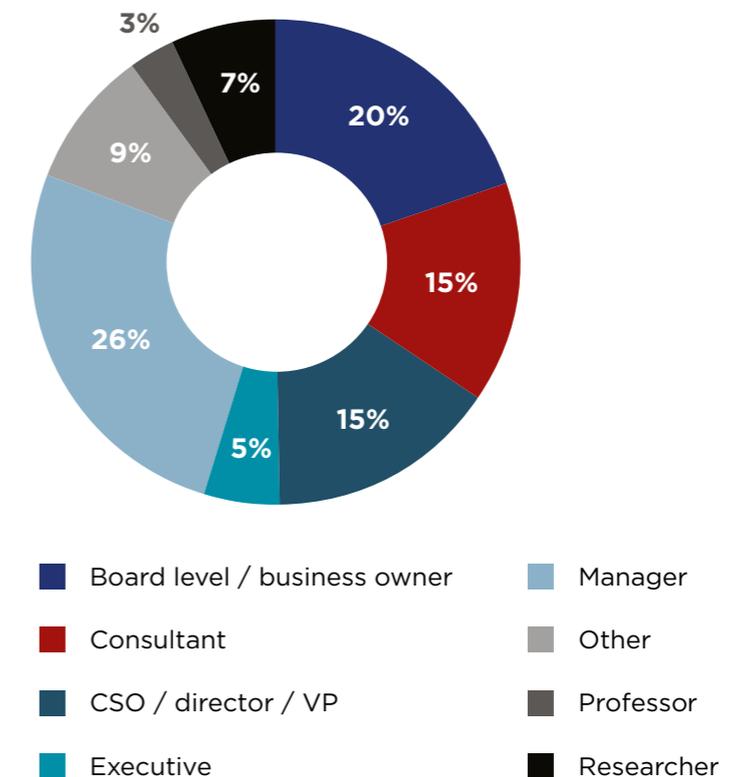
Between December 2016 and January 2017 Ethical Corporation surveyed its global community to identify the key issues, opportunities and trends in corporate responsibility and sustainability. The full 50+ page **Responsible Business Trends 2017 Report** features insight from approximately 2,500 global business executives. The report features analysis and trends on issues such as: the evolution of the sustainability department, engagement on the SDGs, key opportunities in 2017, budgets for 2017 and more. The full report is only accessible to Ethical Corp subscribers, for more information about the benefits of subscribing [visit here](#).

This snapshot report features extract insight from the report, that's specific to ALL respondents based in Europe. There were **1,015 respondents** in total, an increase of 22% on last year's snapshot briefing.

Q: Which of the following best describes where you work?



Q: Which of the following best describes the level of your role?



* Majority of the respondents that replied 'Other' stated; media or Association.

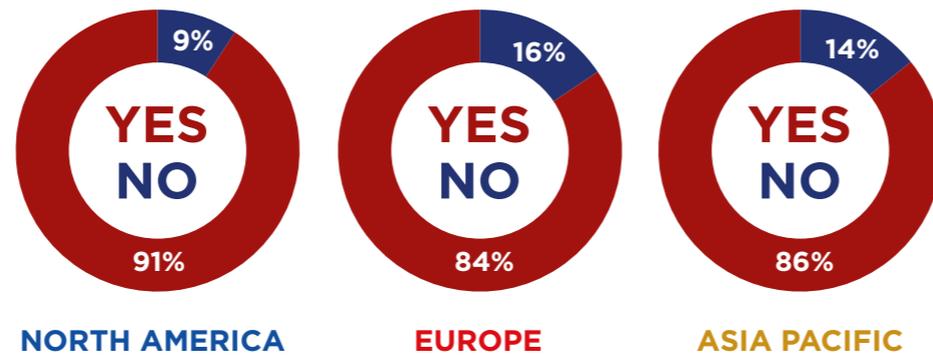
Importance of sustainability



Just under 1/3 of all respondents report to their CEO

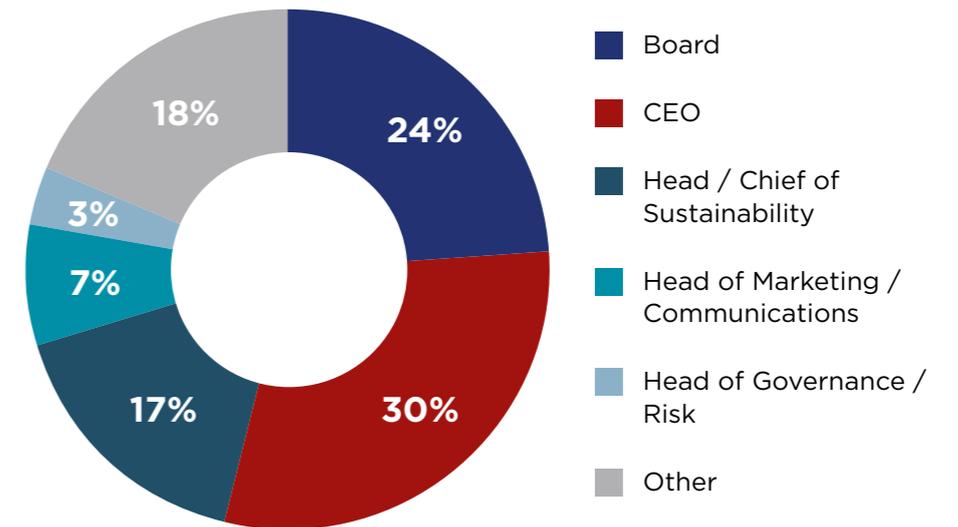
The level to which sustainability is part of the business strategy varies considerably from company to company.

Q: Is sustainability becoming an increasingly important part of your business strategy?



The above highlights that sustainability is becoming more important to business strategy in Asia Pacific, than Europe and North America. Interestingly, when comparing these findings with the 2016 snapshot report, both Asia Pacific and Europe and remained consistent over the two years. However, the importance of sustainability to business strategy in North America has fallen by 3% over the 12 months. It's a small change, but one we'll track in the coming years.

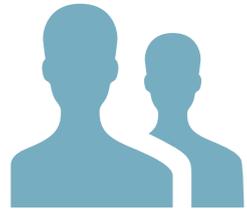
Q: Who does the "team" ultimately report to?



*Majority of the respondents that replied 'Other' stated; Academic Dean, University President, Owner, EHS, President

Just under 30% of all respondents report to their CEO. When including the Board, this increases to over half of all European respondents. This indicates that corporate responsibility and sustainability has a seat at the top of the organisation and is important to business strategy.

Allocation of finances to sustainability

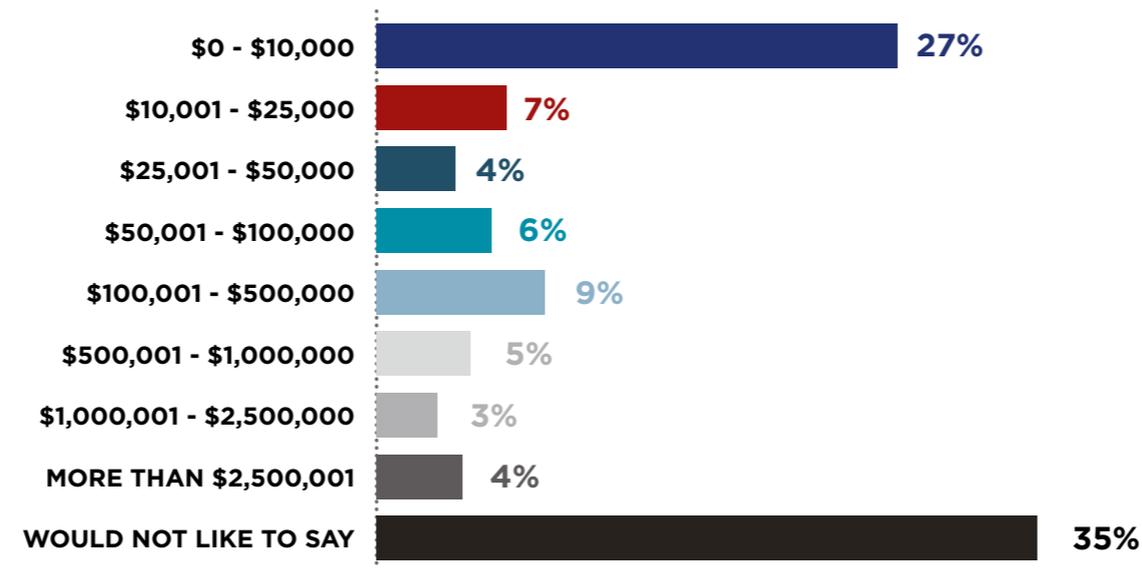


7%

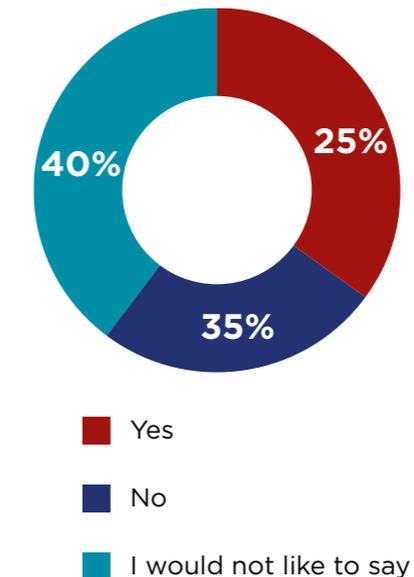
of respondents stated sustainability budgets in excess of \$1m

How much money an organisation devotes to sustainable and responsible initiatives gives a true indication of how serious these issues are.

Q: What budget does your company have for CSR activity? (in USD)



Q: Will your budget for CSR increase in 2017?



Few organisations have a sustainability budget in excess of \$1m – just 7% of our respondents fell into this category. This is an increase of 1% on 2016’s report which indicates an increasing appetite for sustainability activities for European organisations. Interestingly, only 5% of North American and 5% of Asia Pacific respondents indicated a budget in excess of \$1m which would imply a higher importance placed on sustainability in Europe. This investment trend will be tracked over the coming years.

In 2016, 26% of respondents stated that their budgets will increase, 32% said “no” and a further 42% stated they would not like to disclose this information. As can be seen from this year’s responses, the appetite for increased expenditure has fallen. This could be a consequence of some organisations increasing their budgets over the next 12 months, others could have also peaked in terms of investment.

Allocation of finances to sustainability

The impact of Brexit

The survey was conducted a few months after the UK voted to leave the European Union. We wanted to gauge the feeling from those based across Europe of the suspected impact that Brexit would have on the organisation’s sustainability activities.

Whilst many respondents stated it was “too early to say”, “no impact”, “we will see” or “not sure”, many were more direct in their views.

For the majority, there was resentment and pessimism with what the result will mean for their sustainability activities. “It’s already created significant investment uncertainty”, “a complete mess and waste of time – we should be focusing on climate change, not Brexit”, “it will impact legislation and no doubt mean extra work”, “many UK-based clients have postponed key sustainability related investments, and instead looking to move operations to other countries within the EU”.

Some respondents were more upbeat concerning the likely implications of Brexit on sustainability activities. Some stated it “will have little impact on sustainability activities as they’re tied to global legislation and expectations”. Others stated it could present “opportunities to businesses based both in the UK and mainland Europe” or “it could be positive, just need to ascertain where the opportunities lie.”

The below, although somewhat vague in some instances, outlines the 27 most used words and phrases:

Clients Attention **Trade** Term **Reduce** Effect **Likely** Projects
Think Unclear **Activities** Unknown **Sustainability**
Impact Difficult **Brexit** Europe **Negatively** Hard
Positive **Continue** Development **Little** Not Clear **Affect**

Central to business strategy

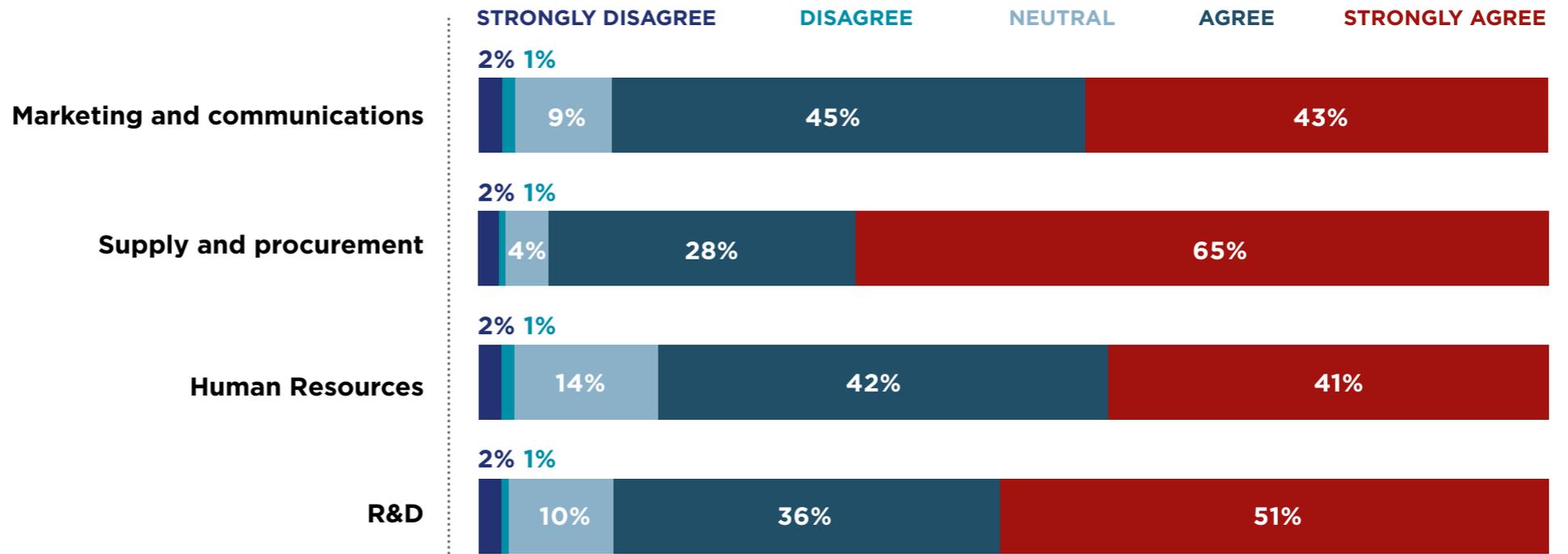


93%

of respondents agreed that sustainability should be involved in setting supply chain strategy

There is increasing feeling that sustainability is now becoming a core component of mainstream business. Many European companies are looking at how their business can deliver **purpose and quantifiable social impacts**. For a company to achieve this requires the buy-in and coordinated efforts of all departments. Understanding where our respondents feel sustainability should have the strongest impact on departmental strategies gives an indication as to where focus is and success is being realised.

Q: Sustainability should be involved in setting the strategy for...



Just shy of 93% of respondents agreed that sustainability should be involved in setting supply chain strategy which could be a result of increasing supply chain legislation around the globe and increased risks to the brand from supply chain activities. Interestingly all responses are similar to the responses from professionals based in North America and Asia Pacific – indicating consistency in successes and focus across the globe.

The SDG and COP21 legacy

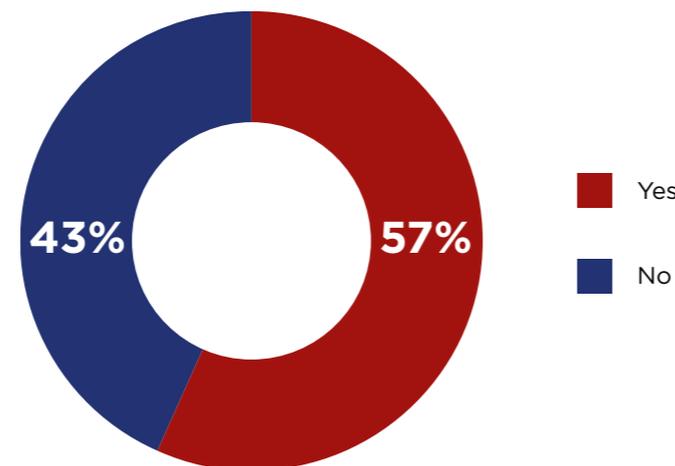


2/3

respondents feel there hasn't been the right level of action to keep up momentum from COP21

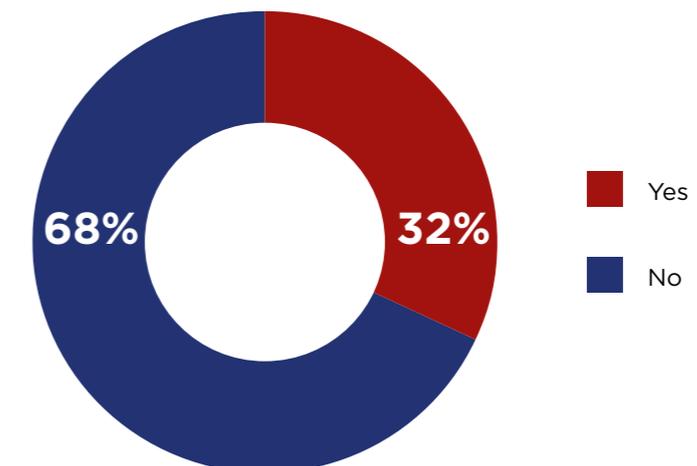
2015 was a momentous year when sustainable development and climate change became a global focus for governments, companies, NGOs, academics and others. 12 months on we wanted to gauge whether action was being taken against both.

Q: Is your organisation integrating the SDGs into the business strategy?



57% of our respondents are integrating the SDGs into their business strategy. In some instances, companies are using the SDGs to adjust or confirm direction of strategy. However, one would have expected a higher percentage stating “yes” if sustainability was truly a core consideration to business strategy. The SDGs are globally recognised and are a mechanism that can signpost activities for interested stakeholder groups. It will be interesting to track the responses in the coming years to see if more companies realise the opportunities that the SDGs present to their overall strategy.

Q: Has there been the right level of action to keep up momentum from COP21?



Interestingly, over two-thirds of all respondents feel there hasn't been the right level of action to keep up momentum from COP21. With recent political shifts on both sides of the Atlantic it's not a surprise that many feel the focus and momentum has been somewhat lost. This level of pessimism is matched when looking at all responses from around the globe.

More analysis on this question, and another that asks whether corporates will drive the required change can be found in the *Responsible Business Trends 2017 Report*.

A source of revenue

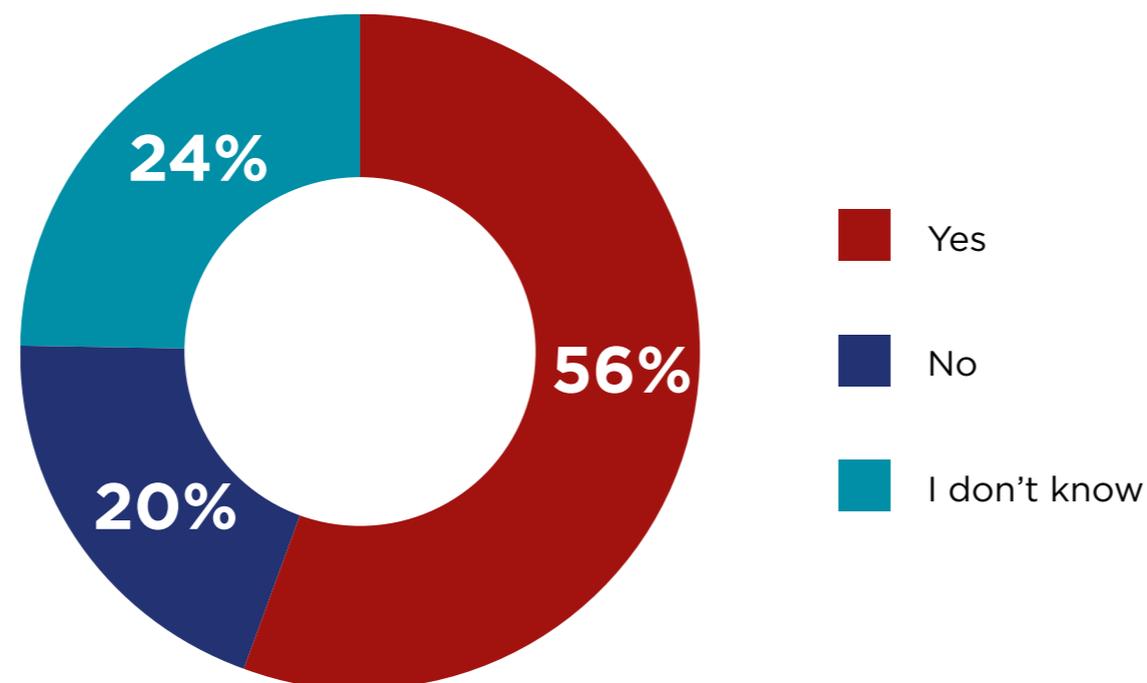


56%

of respondents stated that sustainability is delivering revenue for their organisation

Corporate responsibility and sustainability is the right thing to do, but for many acting responsibly is an extra cost that impacts a company's profitability. Proving the commercial benefit of being a sustainable and responsible business is required if sustainability is to become central to mainstream business strategy.

Q: Does sustainability drive revenue for your business?



56% of our respondents stated that sustainability is delivering revenue for their organisation. Even more encouraging is this represents a slight increase on the same question in 2016's **snapshot report**.

Unfortunately 24% of respondents don't know if sustainability drives revenue for their business. This is an increase of 2% on 2016's snapshot report - indicating more companies are failing to accurately track and measure the impact of their sustainability work. For sustainability to be taken seriously across the business, it needs to demonstrate financial benefit to the business - proving this return is the responsibility of the sustainability department.

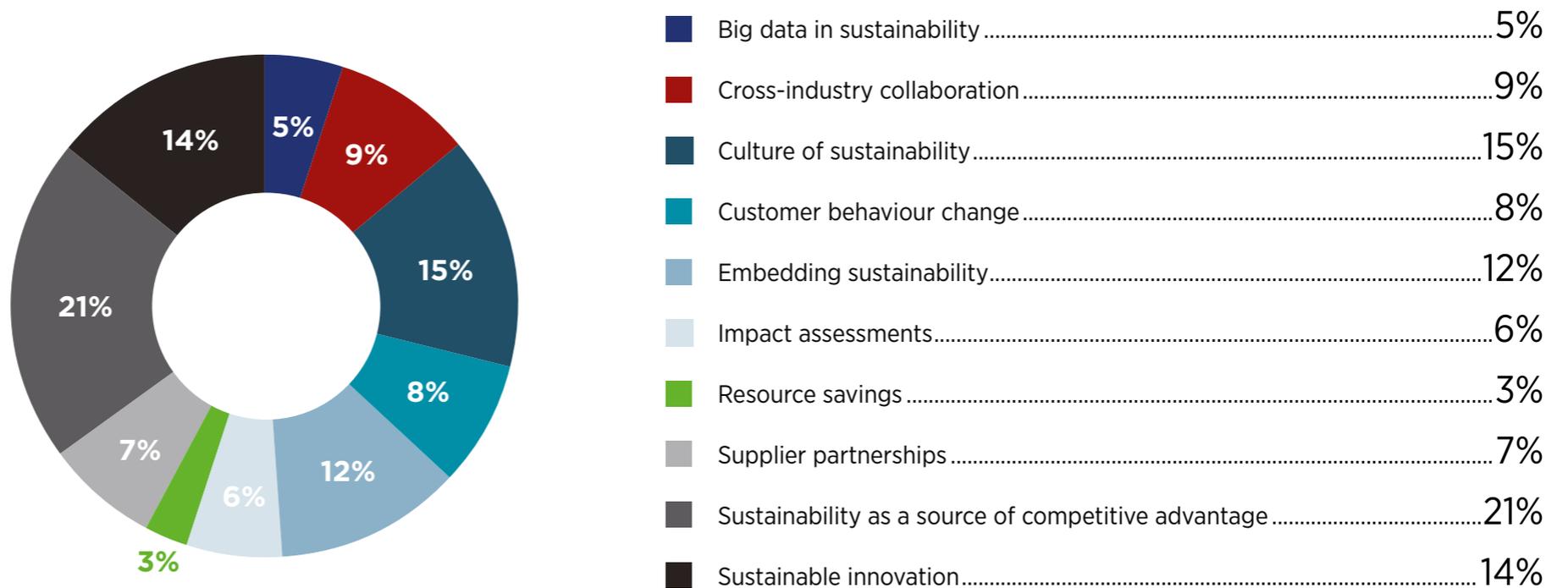
Looking ahead



21%

of respondents still perceive sustainability as a source of competitive advantage

Q: Which one area holds the single most exciting opportunity for your organisation in 2017?



There is a slight shift in what our respondents see as the greatest opportunities in the year ahead. Last year’s report showed the top three opportunities were: sustainability as a source of competitive advantage (**21%**), embedding sustainability (**14%**) and sustainable innovation (**14%**).

This year, our respondents still perceive sustainability as a source of competitive advantage with **21%** respondents indicating so. The second and third most exciting opportunities were culture of sustainability and sustainable innovation with **15%** and **14%** of responses respectively.

These findings represent a small proportion of analysis and insight from the 50+ page Responsible Business Trends 2017 Report. The report features analysis and trends on issues such as; the evolution of the department, engagement on the SDGs, key opportunities in 2017, budgets for 2017 and more. The full report is only accessible to Ethical Corp Subscribers, for more information about the benefits of subscribing [visit here](#).



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