

Master's thesis (MBA)

Degree programme in Business Administration

International Business Management

2016

Rauli Nylander

CORPORATE SOCIAL RESPONSIBILITY

– Business benefits from saving the world

MASTER'S THESIS | ABSTRACT

TURKU UNIVERSITY OF APPLIED SCIENCES

Degree Programme in International Business Management

2016 | 94+22 pages

Instructor: Laura Strömberg

Rauli Nylander

CORPORATE SOCIAL RESPONSIBILITY

- Business benefits from saving the world

To combat against global problems such as poverty, inequality and climate change, the United Nations has published its Sustainable Development Goals to be achieved before the year 2030. Similarly, the United Nations started the UN Global Compact initiative that encourages businesses to adopt responsible and sustainable practices and policies. The goal of this thesis was to find out what businesses could do to operate responsibly and what kind of benefits these responsible actions would create for businesses working towards the global sustainability goals.

The literature review focused on corporate social responsibility, which refers to businesses' responsibility for their impact on society. Corporate social responsibility is divided into social, environmental and economic responsibility. The literature also emphasizes the role of key stakeholders, such as owners, customers, personnel and suppliers. Finally, the literature suggests that businesses should pursue shared value creation to achieve competitive advantage and to create maximum benefits for customers and for society as well.

In the empirical part of the thesis five Finnish businesses were selected and their responsibility was assessed according to their annual corporate social responsibility reports. The assessed businesses were Neste, UPM, KONE, Stockmann and Veikkaus. They were selected because they operate in various industries and are large enough to have an effect on their operating environment. In addition, the results were compared against the findings of a recent report from the Finnish Ministry of Economic Affairs and Employment that focused on stakeholder beliefs and expectations.

Conclusions from the empirical research highlighted that Finnish businesses handle their economic, social and environmental responsibilities well, but that they also have many areas of improvement, such as deeper integration of corporate social responsibility to business operations. It was also shown that businesses should focus more on seeking competitive advantage through shared value creation where business, customers and societies would all benefit from responsible business operations.

KEYWORDS:

Sustainability, Sustainable Development, Corporate Social Responsibility, Stakeholders, Shared Value Creation

OPINNÄYTETYÖ (YAMK) | TIIVISTELMÄ

TURUN AMMATTIKORKEAKOULU

Tradenomi, ylempi AMK I Kansainvälinen liiketalous

2016 | 94+22 sivua

Ohjaaja: Laura Strömberg

Rauli Nylander

YRITYKSEN YHTEISKUNTAVASTUU

- Miten yritys voi hyötyä maailman pelastamisesta

Yhdistyneet kansakunnat on julkaissut kestävän kehityksen tavoitteensa, jotka se pyrkii saavuttamaan ennen vuotta 2030. Näiden tavoitteiden avulla pyritään ratkaisemaan maailmanlaajuisia ongelmia, kuten köyhyys, eriarvoisuus ja ilmastonmuutos. YK on myös kehittänyt yrityksille oman Global Compact –ohjelman, jossa yritykset sitoutuvat toimimaan vastaavien kestävien tavoitteiden edistämiseksi. Tämän tutkimuksen tavoitteena oli selvittää, mitä yritykset voivat tehdä näiden kansainvälisten tavoitteiden saavuttamiseksi sekä millaisia hyötyjä yritykset voivat saavuttaa toimimalla vastuullisesti.

Tutkimuksen teoriaosio keskittyi yritysten yhteiskuntavastuuseen, eli yritysten vastuuseen siltä osin kuin ne toiminnallaan vaikuttavat ympäröivään yhteiskuntaan. Yritysten yhteiskuntavastuu voidaan jakaa taloudelliseen, sosiaaliseen ja ympäristölliseen vastuuseen. Yhteiskuntavastuun teoria korostaa sidosryhmien, kuten omistajien, asiakkaiden, henkilöstön ja toimittajien vaikutusta yritysten vastuullisuuteen. Teoria ehdottaa myös, että yritysten tulisi tavoitella ns. jaettua arvoa, jolloin yritykset voivat saavuttaa kilpailuetua, ja samalla luoda maksimaalista hyötyä asiakkaille ja yhteiskunnalle.

Tutkimuksen empiiriseen osaan valittiin viisi suomalaista yritystä, joiden vastuullisuutta arvioitiin näiden yritysten vuoden 2015 yhteiskuntavastuuraporttien perusteella. Arvioidut yritykset olivat Neste, UPM, KONE, Stockmann ja Veikkaus. Valinta kohdistui juuri näihin yrityksiin, koska ne toimivat eri teollisuudenaloilla ja ovat riittävän suuria vaikuttaakseen toimintaympäristöönsä. Lisäksi yritysten vastuullisuutta verrattiin työ- ja elinkeinoministeriön tutkimustuloksiin sidosryhmien uskomuksista ja odotuksista.

Tutkimuksen päätelmissä korostuivat suomalaisten yritysten kyky hallita hyvin taloudelliset, sosiaaliset ja ympäristölliset vastuunsa, mutta kehitystarpeitakin ilmeni erityisesti vastuullisuuden integroinnissa yritysten toimintoihin ja prosesseihin. Päätelmissä tuli myös esiin, että yritysten tulisi panostaa nykyistä enemmän kilpailuedun tavoittelemiseen juuri jaetun arvon avulla, jolloin yritys, sen asiakkaat sekä ympäröivä yhteiskunta voisivat kaikki hyötyä vastuullisesta liiketoiminnasta.

ASIASANAT:

Kestävä kehitys, Yrityksen yhteiskuntavastuu, Sidosryhmät, Jaettu arvo

CONTENT

LIST OF ABBREVIATIONS (OR) SYMBOLS	7
1 INTRODUCTION	6
1.1 Background	6
1.2 Objectives, research problem and delimitation	7
1.3 Research methods	7
2 SUSTAINABILITY AND CORPORATE RESPONSIBILITY	9
2.1 Sustainability	9
2.2 Sustainable development	10
2.3 Towards sustainable development	11
2.3.1 Organisation for Economic Co-operation and Development (OECD)	12
2.3.2 United Nations	12
2.3.3 UN Global Compact	13
2.4 Basics of responsibility and ethics	15
2.5 Corporate responsibility	18
2.5.1 Corporate responsibility in action	19
2.5.2 What affects corporate responsibility	20
2.5.3 Corporate citizenship	20
3 CORPORATE SOCIAL RESPONSIBILITY	23
3.1 Triple bottom line	24
3.1.1 Economic responsibility	25
3.1.2 Social responsibility	25
3.1.3 Environmental responsibility	27
3.2 Stakeholders	30
3.2.1 Internal stakeholders	31
3.2.2 External stakeholders	32
3.3 CSR in value chain	37
3.4 CSR integration to business processes	39
3.4.1 Planning and implementing the CSR strategy	39
3.4.2 Company's CSR policies	41
3.5 Corporate social responsibility communication	42
3.6 Corporate social responsibility reporting	43

3.7 Effects and implications of CSR	45
3.7.1 Committing to CSR	46
3.7.2 Positive implications	47
3.7.3 Negative implications	50
3.8 Future of CSR	52
4 RESPONSIBILITY CREATES OPPORTUNITIES	54
4.1 Creating shared value	55
4.2 Three ways to create shared value	55
4.2.1 Rethinking products and markets	55
4.2.2 Reforming value chain	56
4.2.3 Developing local community and surroundings	56
4.3 Government and civil society	57
4.4 Shared value creation and progress of capitalism	58
4.4.1 Micro financing	59
4.4.2 Base of the pyramid	60
4.4.3 Inclusive markets	61
5 CSR ASSESSMENT OF FINNISH CORPORATIONS	62
5.1 CSR report from the Finnish Ministry of Economic Affairs and Employment	62
5.2 Neste Corporation	64
5.3 UPM-Kymmene Corporation	68
5.4 KONE Corporation	73
5.5 Stockmann plc	77
5.6 Veikkaus Oy	81
5.7 Summary and comparison to MEAE's study	84
6 CONCLUSIONS	87
REFERENCES	89

APPENDICES

Appendix 1. CSR comparison chart of five Finnish businesses

FIGURES

Figure 1. Sustainable development integrates economic, environmental and social needs.	10
Figure 2. The United Nations Sustainable Development Goals (The United Nations Sustainable Development Goals 2016)	13
Figure 3. FSC and WWF Green Office logos.	29
Figure 4. Assessing CSR goals.	40
Figure 5. How Neste ensures sustainability in supply chain. (Neste Corporation 2016)	67
Figure 6. UPM's stakeholder dialogue. (UPM-Kymmene Corporation 2016)	71
Figure 7. KONE's visual presentation of their energy saving solutions. (KONE Corporation 2016)	75
Figure 8. Supplier development according to audits 2013-2015. (Stockmann plc 2016)	79
Figure 9. Veikkaus' presentation of how the money is redistributed. (Veikkaus Oy 2016)	81

TABLES

Table 1. The ten principles of the UN Global Compact. (UN Global Compact 2016)	14
--	----

LIST OF ABBREVIATIONS (OR) SYMBOLS

BAT	Best Available Technique
BAU	Business As Usual
BOP	Base Of the Pyramid
BSCI	Business Social Compliance Initiative
CDP	Carbon Disclosure Project
CERES	Coalition for Environmentally Responsible Economies
CSR	Corporate Social Responsibility
CSV	Creating Shared Value
DJSI	Dow Jones Sustainability Indices
EC	European Commission
ESG	Environmental, Social and Governance
EU	European Union
GDP	Gross Domestic Product
GFI	Global Financial Integrity
GRI	Global Reporting Initiative
HR	Human Resources
ICC	International Chamber of Commerce
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labour Organisation
IUCN	International Union for Conservation of Nature
KPI	Key Performance Indicator
LOHAS	Lifestyles Of Health And Sustainability
MDG	Millennium Development Goals
MEAE	Ministry of Economic Affairs and Employment
MNC	Multinational Corporation
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation

OECD	Organisation for Economic Co-operation and Development
PRI	Principles for Responsible Investment
SDGs	Sustainable Development Goals
SMEs	Small and Medium-sized Enterprises
UDHR	Universal Declaration of Human Rights
UN	United Nations
UNEP	United Nations Environmental Program
WWF	World Wildlife Fund

1 INTRODUCTION

1.1 Background

The world is developing and changing in an astounding pace and it has already changed significantly in just the last few decades. New technologies are developed in ever accelerating speeds, information and knowledge of our surroundings is gathered in unimaginable quantities. While this is all happening our social habits and norms are transformed by formidable forces like technological and digital revolution, urbanization and globalization, to name just a few.

It is important to understand that these changes are happening in very different speeds around the world. For example, people in Finland have used the Internet steadily for the past 15-20 years. In comparison, there are still over 4 billion people in the world that have no access to the Internet (UNDP 2015, 74). While we in the developed world might think that we are digitally connected to everyone around the world, the reality is that there are still millions and even billions of people that struggle to reach the basic necessities in life, such as food, clean water, sanitation and electricity (Sachs 2015, 30).

Global changes bring good news in some respects, e.g. the United Nations (UN) is reporting that the number of people living in absolute poverty has reduced significantly. Advanced technological and medical progress have increased crop yields, reduced diseases and improved the overall quality of life for many. Still, there are billions of people living in poverty, hunger and war zones. To make matters worse, population growth and climate change amplify the problems mankind is facing with inequality, unemployment, refugees, political and social unrest, natural disasters and biodiversity losses.

To fight against these issues, we all (individuals, businesses, governments, non-governmental organisations, etc.) need to take responsibility for our actions and set long-term sustainability and social cohesion as our highest priorities. In practice, sustainable development is the key to organizing our minds, behavior and actions towards the long-term success and prosperity of the human race on the planet earth. As Sachs (2015, 440) presents, humanity at the moment needs to choose between business as usual (BAU) or drastic measures to truly change our behavior and actions. We can either protect our environment for future generations, or we can chase short term market returns and face the consequences.

Research questions:

1. What are the responsibilities of businesses?
2. How can businesses operate in a responsible and sustainable manner?
3. Can businesses expand their corporate social responsibility to build even greater success for them and for society as a whole?

1.2 Objectives, research problem and delimitation

While some governments have succeeded in improving many aspects of life for their citizens, others have failed to do so because of insufficient funds, lack of educated workforce, corruption, and many other reasons. Even for some western countries, the demand and need for various social services has become too challenging and expensive to handle satisfactorily. The social sector (also called third sector or non-profit sector), meaning Non-Governmental Organizations (NGOs), not-for-profit organisations (non-profits), etc. has emerged as one alternative solution to tackle these problems that the governments have not been able to take care of. As problems have grown, non-profits have often faced their limits, especially because of funding and the scale that is needed to manage the problems they are trying to solve in society. Where governments and NGOs have failed or met their limits, corporations have a possibility to do business while producing common good.

The objective of this thesis is to explore the role of businesses in solving global and local problems, what kind of expectations do businesses face in their operating environments and what businesses can actually do to match up to their role and expectations. I will also introduce a concept of Corporate Social Responsibility (CSR), assess what kind of benefits businesses can achieve from applying CSR practices and explore what kind of opportunities responsible businesses have beyond CSR.

1.3 Research methods

This thesis consists of a literature study and an assessment of corporate social responsibility in five Finnish corporations. In the theoretical part of the thesis I will explore literature on the topic that consists of books, journals and articles written by CSR experts, as well as publications of global organizations, such as the United Nations and the

European Commission. The literature will start from the depiction of the current state of the world, continue to review the notion of corporate social responsibility and finally, specify the fields where businesses might succeed economically while still having a positive impact on society.

In the empirical research I will prepare a document analysis where I assess the responsibility in five Finnish businesses. The businesses have been selected on the basis that they are visible and influential for Finland and its citizens and that they are also large enough to have a noticeable impact on Finnish society and some even on the world. To get a comprehensive picture of Finnish businesses, it was important that the selected businesses operate in different industries. It was also a necessity for the rationality of the research that all selected businesses practice some form of corporate social responsibility and publish their corporate social responsibility reports annually on their webpages.

The qualitative document analysis will be based on the CSR reports of selected businesses and the report findings will also be compared to a stakeholder expectations study prepared by the Finnish Ministry of Economic Affairs and Employment. I decided to use businesses' CSR reports as they give a comprehensive picture of each company and are publicly available. While these reports are created by the companies, they are also assured by external third parties, which creates additional confidence in reported matters. It was also necessary to assess several businesses to obtain an overall understanding of the responsibility of Finnish businesses in general.

Based on the CSR reports, a comparison chart will be created and it will consist of gathered qualitative material that is classified by themes and topics. In accordance to gathered materials, I will first analyze each business separately and then continue to prepare conclusions of the general responsible actions, operations and targets of Finnish businesses.

2 SUSTAINABILITY AND CORPORATE RESPONSIBILITY

Ethics, accountability, responsibility and sustainability haven't always been key topics or focuses for businesses. Instead, businesses have been accused of privatizing their gains and socializing their costs. We have seen this happen on many issues in the past, but today climate change is probably the best example of an issue where certain businesses chase maximum profits and let the rest of society pay for the consequences (Sachs 2015, 215). Still, as bad as things may seem at the moment, there is a rising movement to fix the problems and amend unwanted business behavior and practices. This shift is happening on three fronts, as customers and people in general are raising their expectations, governments and international organisations are expanding and refining regulations and businesses are increasingly awarding decision-making power to progressive people in an understanding that more responsible business practices may prove beneficial.

2.1 Sustainability

The importance of sustainability has long been recognized by many. Already in the 19th century, American writer George Perkins Marsh wrote in his book *Man and nature - Physical geography as modified by human action* (1864) that natural environment is a prerequisite for the survival and well-being of humans and the treatment of the environment will directly and indirectly affect the future of humankind. Similarly, the president of The United States, Barack Obama more recently signed an Executive Order (13514) that defines sustainability as "to create and maintain conditions, under which humans and nature can exist in productive harmony, that permit fulfilling the social, economic, and other requirements of present and future generations" (Federal register 2009).

In general, sustainability can be seen as a long-term view on biological systems and natural environment, while ensuring their continuity. The International Union for Conservation of Nature (IUCN), the United Nations Environment Programme (UNEP) and the World Wildlife Fund (WWF) jointly defined sustainability as a notion of

development that improves the overall quality of life, while preserving the vitality and diversity in the natural environment (IUCN 1991, 8).

Sustainability conflicts with economic growth that generally has demanded a growth in consumption. This combined with high population growth and the fact that we live in a closed system (Earth) with limited amount of resources, we set a great burden on our environment. To tackle this issue, sustainable growth has been suggested as a solution. Sustainable growth proposes that a global increase in consumption is possible if the economy shifts to a significantly more efficient use of resources, while emphasizing green values, preservation of the environment and people's well-being. In addition, sustainable growth requires sustainable consumption that is based on natural processes and the preservation of biodiversity and natural resources. (Harmaala & Jallinoja 2012, 232)

2.2 Sustainable development

The term sustainable development was first mentioned officially by the UN in their report "Our Common Future" in 1987. The basic notion of sustainable development is to fulfill the basic human needs for everyone, without risking the needs of future generations. Sustainable development strives to fit economic progress into a framework of social and ecological sustainability. It also sets the premises for corporate social responsibility and the triple bottom line thinking shown in figure 1 below. (Joutsenvirta et al. 2011a, 13)

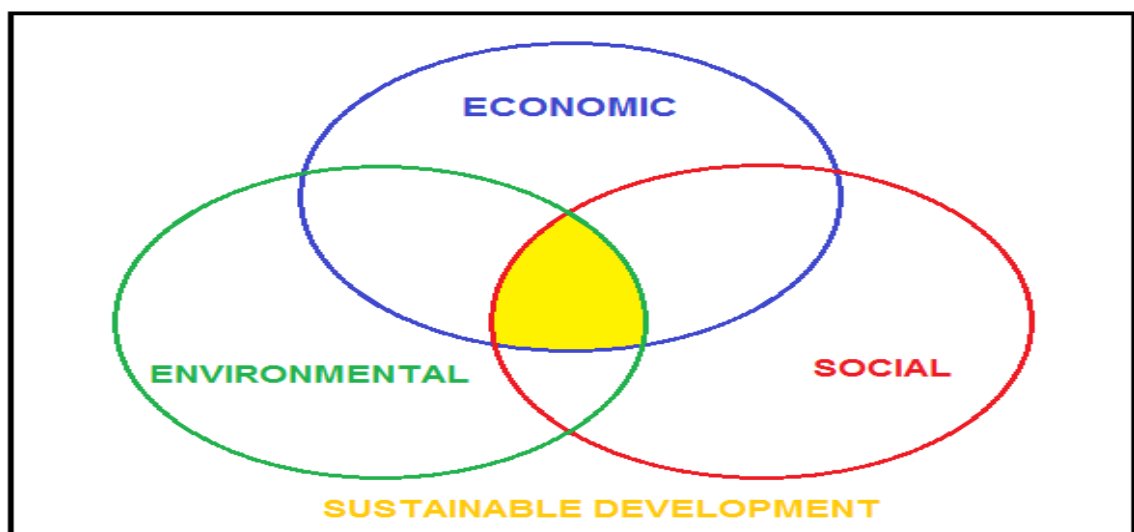


Figure 1. Sustainable development integrates economic, environmental and social needs.

Awareness of and action towards the goals of sustainable development; economic development, social cohesion and environmental sustainability, are necessary for the very survival of millions of species on our planet and for the well-being of humankind. This becomes more evident every day, as the human population grows and pursues survival (people in extreme poverty) and improved quality of life for themselves and their children (everyone else). (Sachs 2015, 2-3)

Jeffrey D. Sachs (2015, 3-4), who is an economist, professor of sustainable development and special adviser to UN Secretary-General Ban Ki-Moon, also suggests that to reach the ultimate goals, a fourth object or dimension, good governance, should be added to the three pillars of sustainable development. Sachs argues that good governance should be required from all major social actors. For example, governments should provide infrastructure and basic social services (healthcare, education) for all and powerful Multinational Corporations (MNCs) should respect the environment and social well-being while obeying legislation. Sachs points out that there is still a long way to reach good governance, as there is still a lot of corruption and misbehavior present within many governments and corporations.

2.3 Towards sustainable development

Governments have a vital role in achieving sufficient, large scale results in sustainable development. For example, government provided public education and healthcare significantly help to reduce poverty and inequality that is essential for sustainable development. (Sachs 2015, 59) Often, an increase in the Gross Domestic Product (GDP) or in income levels does not guarantee the well-being of citizens. Instead, governments and societies should encourage a more holistic approach where wealth is seen as just one part of life satisfaction and an even greater focus is given to values, such as honesty, social inclusion and altruism. (Sachs 2015, 66) Sachs (2015, 243) also points out that social inclusion could be reached faster and easier, if governments would create policies that reduce inequality by transferring some of the income from richest households to support low income households and by preventing the use of various tax breaks and tax havens.

When we consider environmental sustainability, businesses and individuals are too often given the possibility to use any means necessary to seek profits, without bearing responsibility for undesirable side effects, e.g. pollution and CO₂ emissions. To cut down

on these negative effects to our common environment and to stop jeopardizing the living conditions of future generations, governments should apply global policy tools, such as CO₂ taxation, tradable emission rights and liability rules to steer businesses towards more environmentally friendly energy forms and to improve their harmful practices. Governments could also publicly fund and support the research and development of sustainable technologies. (Sachs 2015, 215-217) In Finland, Tekes (Finnish Funding Agency for Innovation) is a major player and influencer that actively subsidizes and finances corporations that operate, for example, in fields like electric cars and renewable energy (Nissilä & Lovio 2011, 69).

Social institutions and organisations can promote sustainable development to local communities by encouraging individuals and groups to learn about the effects they have on the local environment. The same institutions could show the best practices for the groups and individuals to protect their environment for future generations. (Sachs 2015, 216)

2.3.1 Organisation for Economic Co-operation and Development (OECD)

The OECD Guidelines for Multinational Enterprises consists of non-binding principles and standards for international businesses that the OECD member states have agreed on together. In short, the guidelines steer businesses to operate responsibly, advance economic, social and environmental progress and ensure sustainable development. While the recommendations are voluntary for multinationals, OECD member states have still agreed to enforce them and have partly included the same matters in national legislations. (OECD 2011)

2.3.2 United Nations

As the world becomes smaller and people realize that they all live on this one small planet together, people come to understand that their actions have global effects and that the actions of people in other countries affect their lives as well. To save the planet for future generations, people have started to collaborate together, for example, through the United Nations and its Sustainable Development Agenda. In 2015 the UN published new Sustainable Development Goals (SDGs) that included 17 global goals and 169 more detailed targets, to be achieved before the year 2030, for its 193 member states and the

people living in them. All of the global goals and targets are of great importance, but in essence the main ideas of these 17 sustainable development goals, shown in figure 2 below, are to establish peace, end poverty and hunger, achieve general equality and to protect and save the environment for future generations. (UN 2015)



Figure 2. The United Nations Sustainable Development Goals (The United Nations Sustainable Development Goals 2016)

According to Sachs (2015, 490-491), the UN development goals are highly important, as they support the organizing of global actions towards sustainable development. Statistics show that during the previous development program (Millennium Development Goals (MDGs) between 2000-2015) poverty reduced in a faster pace than before, disease-related deaths of children decreased and increased number of children were enrolled in primary education. Sachs presents that the goals are effective, because they provoke social mobilization, steer actions towards common goals, produce peer pressure among countries and governments, spawn expert communities to solve specific challenges and finally, the goals are effective as they unite different stakeholders within society to fight for common goals.

2.3.3 UN Global Compact

The sustainable development agenda of the United Nations is mostly written for governments, civil society and individuals. To complement the effects and results of the SDGs, the United Nations started the UN Global Compact initiative that encourages

businesses to adopt responsible and sustainable practices and policies. The global goals (SGDs) are so general that to motivate businesses to integrate responsibility into their strategies, the UN Global Compact has created ten specific principles targeted for businesses. These principles reflect essential social and environmental responsibilities and originate from former programs and resolutions, such as the Universal Declaration of Human Rights (UDHR). The ten principles can be seen in table 1 below. (UN Global Compact 2016)

Table 1. The ten principles of the UN Global Compact. (UN Global Compact 2016)

Human Rights	
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2	make sure that they are not complicit in human rights abuses.
Labour	
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4	the elimination of all forms of forced and compulsory labour;
Principle 5	the effective abolition of child labour; and
Principle 6	the elimination of discrimination in respect of employment and occupation.
Environment	
Principle 7	Businesses should support a precautionary approach to environmental challenges;
Principle 8	undertake initiatives to promote greater environmental responsibility; and
Principle 9	encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

The UN recommends all corporations to join the UN Global Compact initiative and suggests that it's a win-win situation for both businesses and societies. At the moment,

over 9000 businesses and 4000 non-profits in 167 countries are participating in the UN Global Compact. (UN Global Compact 2016)

2.4 Basics of responsibility and ethics

While there are a lot of opinions and positions on the roles of businesses and governments in societies, or even on what constitutes right and wrong in the realm of business ethics, there are still some fundamental premises and particularities that we must identify, before we can discuss corporate responsibility. These are the ethical foundations of human behavior as well as matters of trust and public good.

Public goods are products or services that cannot be exhausted by single individuals and are considered to be useful for the public in general. For example education, national security, healthcare and infrastructure are regarded as public goods. Public good (sometimes called merit good) is normally considered to be the responsibility of governments and public institutions, but it can also be provided by individuals and private organisations. (Kanniainen 2015, 10-13)

Trust is the most fundamental asset in (national) economy, as it is a mandatory precondition for collaboration and partnerships between people and organisations. The importance of trust cannot be exaggerated, as it indeed makes commerce and cooperation possible. It is guided by social norms that are broken very rarely, because opportunism or breaking the norms would result in sanctions and the destruction of trust. (Kanniainen 2015, 15-16)

When it comes to us, the people that create trust and public goods within society, Kanniainen (2015, 23-25) suggests that we are genetically selfish and opportunistic creatures, but still capable of cooperation, altruism and empathy. Similarly, companies consist of people, whose actions and choices form the ethical basis for the operations of a company. Most of the time, businesses as well as individuals do the right thing, but unfortunately, occasionally the opportunistic side of businesses emerges, as could be witnessed when Enron manipulated its financials in 1990s or from the finance market crash in 2007.

Ethics in business

Ethics and morality ponder topics like good and evil, right and wrong. They investigate questions, such as what is a good life and how to live a good life as part of a society. The same ethical notions apply to companies as well, as companies consist of people that are ethical beings who consider the effects of the actions of their companies on other people and society. In business, ethics steer companies to set their targets to certain values. These could be, for example, sustainability and social responsibility. (Kujala & Kuvaja 2002, 27-30)

Ethics has four essential features. It's thought to be universal and shared regardless of where people live. It's also transcendent compared to other principles. Ethics is also thought to be compelling and obligates people to act in a certain way. Finally, it's autonomous, where it can only be rationalized with ethical concepts of truth, dignity, etc. These features merely characterize ethics as a field and do not take a stand on what is right or wrong. Therefore there are, and have been, many schools of thought with differing ideas on what actually are the best ethical principles to live the best possible life. (Kujala & Kuvaja 2002, 31-32)

One of the ethical schools of thought is consequentialism that evaluates moral goodness on the basis of consequences. The most famous theory of consequentialism is utilitarianism that focuses on the overall benefits of action. Utilitarianism can be seen in businesses' profitability accounting, but non-economic benefits should also be taken into account in order to realize the overall benefits. Consequentialism also includes the opposite theories of egoism and altruism, the first of which proposes that personal gain should be the objective of each individual, whereas the second one goes to the other extreme and posits that the purpose of any action should be to benefit other people. Of course, neither of these is very sensible or practical in the long run and a middle-ground may be sought instead, where an individual should further the interests of others while simultaneously gaining personal good as well. This theory is called enlightened self-interest. (Kujala & Kuvaja 2002, 35-36)

Other ethical school of thoughts are

- Relativism that says moral principles depend on the culture and society.
- Deontology that proposes moral as a duty of each individual.
- Contractualism that suggests justice as a basis for morality.

- Virtue ethics that promotes good deeds to reach happiness and good life.
- Ethics of care that highlights personal relationships and meeting the needs of others.
- Postmodern ethics that promotes conversation, moral dialogue and respecting different opinions.

Any of these ethical theories can be chosen to guide individual actions as well as business decisions, but in the end, the selection will depend on the ethical preferences of key personnel within the company. (Kujala & Kuvaja 2002, 52-54)

Each ethical theory approaches stakeholder expectations from a different perspective.

- Relativism notices and respects various backgrounds and social views of stakeholders, but does not determine which stakeholder opinions should be followed.
- Consequentialism focuses on the results and therefore it considers what the biggest overall benefits would be for key stakeholders. While there can be conflicting interests between owners and customers, a responsible business will find a way to unite stakeholder benefits in the long run.
- Deontology says that a company's duties and responsibilities are towards individuals, stakeholder groups and other important matters like environmental causes. This ethical theory is extremely demanding for businesses and business leaders.
- Contractualism is based on justice and equality. It suggests that companies' should consider the expectations of every stakeholder similarly, even if they do not possess much influence or power.
- Virtue ethics steer businesses to do good deeds and to respect stakeholders by considering them in the decision-making process.
- Ethics of care promotes well-being of individuals, their relationships and guides businesses to take care of, for example, their personnel.
- Postmodern ethics is based on reciprocal conversations and mutual respect. It supports an open and transparent business culture that values different stakeholders. (Kujala & Kuvaja 2002, 63-68)

2.5 Corporate responsibility

Historically, corporate responsibility has meant many different things. In 19th and early 20th centuries big corporations often took on the responsibility of taking care of the well-being and needs of the entire personnel, when they provided housing, healthcare and even education for the whole families. Then, things changed around and after the 1950s governments started to take a lot more responsibility for citizens and businesses were simply expected to follow regulations and pay taxes. (Sorsa 2011, 152)

Nobel Prize winner economist Milton Friedman (1970) represented in his New York Times Magazine article that businesses should not pursue any other goals than to do business and create profits for the owners. On the contrary to today's ideas of corporate social responsibility (CSR), he also suggested that acting socially responsibly is short-sighted and harmful for businesses in the long run. I would propose that Friedman did not foresee the connectedness of today's world, where information flows incredibly fast and a global reputation can get affected in an instant.

Move towards social responsibility can now be seen again in 21st century, where in this connected and increasingly globalized environment, businesses are once more expected to bear significant responsibility on many issues in society (Sorsa 2011, 153). Still, all businesses and industries are distinct, and their needs, as well as possibilities, to affect society are different. Therefore, all businesses should assess and decide for themselves, if there are other goals for them, than just to generate profit for the owners.

Social entrepreneurship

Social entrepreneurship typically aims to take action towards a social or environmental grievance that it feels to be a vital issue to solve. It pursues to make a positive impact on society. Instead of sharing profits to owners, social entrepreneurship uses its profits to advance its business activities and to uncover and resolve issues in its environment. As social entrepreneurship is still a business, it is also expected to aim at securing and enhancing its operations and existence. Social entrepreneurs can be enterprises, co-operatives, organizations or collaborations of these, but they are not owned by governments. (Joutsenvirta et al. 2011b, 353-355)

2.5.1 Corporate responsibility in action

Classical economics argue that a company's responsibility is to generate value for its owners and a government's responsibility is to ensure and provide the public good (education, infrastructure). This divisioning has however blurred recently and it has been suggested that businesses could take care of some of the governmental responsibilities a lot more efficiently. This belief has led to public-private partnerships, where government and businesses together share responsibilities and produce services like health care and the construction and maintenance of infrastructure. (Kanniainen 2015, 9-10)

According to Juutinen (2016, 56-58) a company can act responsibly in three ways.

1. It may engage in philanthropy with donations and sponsorships.
2. It can choose to operate responsibly by paying attention to the environmental, social and economic impacts the company has on its surroundings. (triple bottom line)
3. It can implement CSR in its strategy and daily operations to pursue competitive advantage.

In philanthropy, companies can also donate resources like skilled labour for causes they are supporting. An important aspect that companies need to understand about philanthropy is that it should not be considered to have any strategical meaning nor business advantages as such. At best, it can affect businesses' reputation management positively and, of course, benefit the receiver of the donation or sponsorship. When integrating triple bottom line thinking to core business, companies can focus on making their products more environmentally friendly and improve the working conditions of their personnel. While pursuing competitive advantage, companies should combine responsibility to company strategy and innovation processes to develop completely new products and services that could contribute to solving even global issues, such as world hunger or climate change. Or at least, by creating responsible innovations, companies could expand their business and possibly create totally new markets in the process. According to studies, an integrative and innovative approach to responsibility is most beneficial to companies and the society as a whole, because of the true commitment and long term approach by the companies. (Lankoski & Halme 2011, 42-46)

2.5.2 What affects corporate responsibility

In isolated cases corporate responsibility appears in the decisions and actions of individuals that have a certain understanding and view of responsibility, standards and ethics. From a general perspective, businesses nonetheless operate as collective groups that have blended together the different views and values of individuals. Ultimately, however, these common values, and hence corporate responsibility, are defined by those who have the most influence in the company, that is, the senior managers, the board of directors and the owners. (Sorsa 2011, 154-155)

Also, the environment and surroundings have a notable effect on corporate responsibility, as businesses need to follow rules and regulations, in order to continue operations and to exist in the first place. Businesses also need to listen and take into account their other stakeholders, such as customers that could otherwise stop buying products and services businesses are offering. This would of course have a dramatic effect on businesses possibilities to continue their operations. Similarly to customers, also investors, suppliers, personnel and NGOs may impose demands on corporate responsibility. (Sorsa 2011, 156)

2.5.3 Corporate citizenship

Liberalism (or classic liberalism) has long been the foundation of our market economy and behind the basic reasoning of business behavior. Liberalism encapsulates the set of values in western civilization, freedom and equality, while emphasizing human rights, tolerance, democracy and market economy (Mäkinen 2011, 136). However, our rapidly changing and increasingly complex world sets many challenges for governments to keep up with the development in all areas of society. These challenges have transformed stakeholder expectations, changed the way businesses see themselves in the markets and even challenged classic liberal values. As a result, some businesses have adopted a concept of corporate citizenship, where the role of a business is expanded from key business processes and creating profit to an operator in the market that pursues to affect matters outside the corporation as well.

Expanded corporate citizenship supports the idea that businesses, instead of the government, would take even bigger role and responsibility in liberal society. Meaning

that local businesses and multinational corporations (also referred as multinationals) would provide services in areas like health care and education. As the power and influence of multinationals increases, they could press governments to improve human rights legislation and enforcement. They could also promote various progressive political topics in the society by reinforcing the views and messages of well-informed individuals and social organisations. (Mäkinen 2011, 135-138)

Expanded corporate citizenship and libertarianism

Neo-liberalism or Libertarianism has been gathering support since the 1980s and it heavily opposes the basic ideas of regulations and wealth redistribution. Libertarianism suggests that the government's role should be reduced significantly and that companies and individuals should be freed from today's norms and regulations. It leans on an idea that corporations should function independently and with self-regulation, while the government would simply oversee that corporations follow mutual agreements. Libertarianism also promotes the run-down of most public services (like education and healthcare), dismantling wealth redistribution mechanisms and minimizing the power of labor organizations. (Mäkinen 2011, 145-146) Sachs (2015, 232) points out that libertarian views are actually against the United Nations' Universal Declaration of Human Rights (UDHR) and against the International Covenant on Economic, Social and Cultural Rights (ICESCR). As Libertarians have some decision-making power in the United States, the US haven't actually ratified the ICESCR.

There are problems regarding expanded corporate citizenship, when we compare some of the features and characteristics of businesses and governments. Affiliating to a business is voluntary, businesses have specific goals and they can reward their members. In comparison, it is mandatory to belong to a nation, which in a liberal society, cannot reward or favor any particular portion of its citizens, but it needs to strive to neutrality and equality of individuals in all circumstances. (Mäkinen 2011, 139-141)

Expanded corporate citizenship combined with libertarianism would obstruct the realization of liberal values for many individuals. Actually, corporations would gather even more influence in people's lives, which would lead to questions regarding individual freedom and equality. (Mäkinen 2011, 144, 147)

As we can see, businesses can have many approaches, ethical ideologies and points of view to operate from. Ultimately, it all depends on the individuals, as businesses will select their operating methods, goals and level of responsibility according to the merged ideologies and beliefs of the key stakeholders within the company. There are many issues in the world that can and need to be fixed, and businesses are a key part of the solution as their influence and ability to make a real difference can be the deciding factor when we combat climate change and search for ways to save the environment for future generations. In the next chapter, I will present the concept of corporate social responsibility and emphasize the importance of stakeholders in corporate responsibility.

3 CORPORATE SOCIAL RESPONSIBILITY

People have great expectations for businesses. They believe that businesses should create shared prosperity and fortune around them and not just profits for the business owners. For example, customers expect that businesses should act responsibly towards their own personnel and respect their operating environment. If customers think that this is not the case, they might take their money somewhere else. To address these kinds of issues, businesses have created and acquired voluntary certificates and hired socially responsible personnel. (Kanniainen 2015, 9, 11-12)

Any individual, group or organisation that is affected or that can affect a business is called a stakeholder. These stakeholders hold a major influence over businesses that basically exist for the people and the society. Businesses are responsible for their actions affecting the society and while there are rules and regulations to direct these actions, it is ultimately the stakeholders that assess how well businesses handle their corporate social responsibilities. (Kujala & Kuvala 2002, 159-160)

In a global economy, international organisations, such as the UN, the OECD and the International Labour Organization (ILO) try to guide businesses towards responsible behavior, but at least at the moment they cannot force companies to act ethically (Joutsenvirta et al. 2011a, 17). However, national legislation especially in developed countries does affect businesses' level of responsibility (Lankoski & Halme 2011, 36). I will leave the legislative standpoint out of the focus of this thesis, as I'll start from the presumption that businesses follow laws and therefore the mandatory level of responsibility is the same for everyone. We will also find out later that businesses which have adopted responsibility as their basic guideline, will only benefit from a revised legislation that pushes their competitors to maintain some mandatory level of responsibility.

The European Commission definition for corporate social responsibility

The European Commission (EC) defines corporate social responsibility as “the responsibility of enterprises for their impact on society”. The EC continues that to begin with, businesses need to respect laws, regulations and collective agreements. Subsequently, businesses need to merge and combine social, environmental and ethical

concerns into their business processes and strategy. The European Commission highlights the role of stakeholder collaboration to reach better results in CSR and emphasizes the goals of creating shared value for stakeholders while preventing any negative impacts. (EC 2016)

Common standards, norms and legislation guide business operations and enable collaboration between various parties. When businesses comply with these common rules they create trust and benefit by having an access to the social capital and public good (e.g. educated workforce) that the society is providing. When they fail to follow rules, they may lose access to these benefits and often receive fines or other penalties. Thus, collaboration is based on reciprocity, where everyone benefits when common rules are being followed. It can also be proposed that the public goods provided by society, on the grounds of reciprocity, obligate businesses to be socially responsible. (Kanniainen 2015, 21-23) Still, businesses are primarily producers of products and services, and corporate social responsibility could be just one perspective to businesses operations. This creates the question of whether the incurred costs of implementing CSR are more than the gains. (Kanniainen 2015, 12-13)

3.1 Triple bottom line

By applying triple bottom line thinking, corporate social responsibility can be divided into three categories, according to Jussila (2010, 15). These are

1. Social responsibility
2. Environmental responsibility
3. Economic responsibility

These three aspects can then be explored from angles such as stakeholders, management systems, measurability and essentiality. Also, factors such as industry and type of business entity can affect a company's approach to corporate social responsibility.

3.1.1 Economic responsibility

It is important to understand that businesses create 80% of added value in national economies and therefore the success of businesses is essential for the long term success of nations and societies (Kanniainen 2015, 31).

According to Kanniainen (2015, 27-28), economic responsibility is based on two essential points

- a business needs to be profitable so it can continue to operate in the long run and
- it needs to create profit for its owners and other relevant stakeholders.

Philanthropy is also considered to be part of economic responsibility, as even if a company donates money for environmental or social causes, it does not make the company's actual operations any more socially or environmentally responsible. Donations are basically just payments that companies give to freely chosen charities, without expectations of getting anything in return. Sponsorships, in contrast, are meant for carefully selected charities or non-profits, and companies often pursue closer reciprocal cooperation with these sponsored organisations. Donations should be communicated internally within the company and sponsorships should be actively capitalized in corporate marketing. (Jussila 2010, 61-63, 70-77)

3.1.2 Social responsibility

Social responsibility includes many various topics, but it is usually considered to focus on the well-being of a company's personnel and on general human rights. Responsibility for personnel includes their general well-being, health care, safety, rights, training and equality. All these aspects are also closely connected to businesses' human resource policies and management. (Jussila 2010, 98-104)

Responsibility for human rights can be derived from the UN's human rights declaration. However, the generalization of social responsibility becomes problematic if we try to put western countries in the same group with undeveloped countries. Therefore, while undeveloped countries and businesses operating within these societies should first and foremost focus on fulfilling basic human rights, the developed world should already look

into the well-being of the people. Multinational corporations and companies that are part of international value chains, also need to monitor how their partners and suppliers handle social responsibility and if necessary, try to persuade, or even in some cases, force their partners to revise possibly harmful practices. (Jussila 2010, 105-111)

Leadership and management has a huge impact on the well-being of personnel. Its importance has only grown in our increasingly complex world, where companies personnel calls for a role model and trailblazer. (Ollila 2011, 96) Also, ethical leadership carries and upholds the well-being of individuals and work communities, where people are the focus and their well-being, along with that of the environment, is held to high regard (Ollila 2011, 106-107).

Kanniainen (2015, 53-54) proposes that someone always has to pay for the added expenses that social responsibility causes and asks who the payer should be. According to Kanniainen it can be owners if they accept deduced profits, personnel if they are content to reduce their salaries or other benefits, or it could be the customers if they are willing to pay more for products and services. While this burden probably falls on the customers, I would still argue that at least on a general level, social responsibility tackles many aspects of company's risk management, improves the productivity of personnel and improves the business image in the eyes of customers and stakeholders in general.

Responsibility in human resource policies

Expectations regarding work are changing, especially with younger generations, while previous generations are retiring. Corporate social responsibility, along with work-life balance, meaningful job description and sense of community, are becoming significant factors for applying and staying in certain jobs and companies. This, of course, means that companies should heavily invest in these matters, in order to be able to compete for and retain the best possible workforce. (Juutinen 2016, 221)

Businesses should also connect CSR closely to their human resources (HR) policies by respecting diversity and gender equality, by establishing a safe and supporting working environment, by investing in personnel well-being and competence and by developing a transparent and fair rewarding system. When companies develop CSR processes that are related to HR, they should listen and take into consideration the views and opinions of health and safety representatives, occupational health professionals and workplace

stewards, as they all have substantive experience of personnel matters. (Juutinen 2016, 223-227)

Product responsibility

Product responsibility is considered to be part of social responsibility, even though products can, of course, have environmental impacts as well. For companies to act responsibly, they need to take into account how their products and services affect stakeholders and the environment throughout the product lifecycle, from development to recycling. Companies need to consider what kind of long term effects a product or service can have on the end customers, what kind of health and safety matters there can be, are there any privacy policy issues and lastly, how the company can and should advertise the product or service. (Jussila 2010, 112-118)

Responsibility of surroundings and local community

When considering CSR, place of business refers to the surroundings of stores, offices and factories of a company, as well as the surroundings where a company's personnel and even the customers live. Businesses should take into account how their operations and products affect these surroundings and the people living there physically, financially and mentally. Businesses could make donations to support these neighborhoods, but genuine presence and concrete actions would make corporate social responsibility much more visible. This would most likely have a more positive and long lasting impact on the neighborhood. One way to reach even better results would be to collaborate with local non-profits and public organisations as well. (Jussila 2010, 119-124)

3.1.3 Environmental responsibility

For businesses, environmental responsibility means that businesses should operate ecologically and with environmentally friendly practices that protect the environment, nature and natural resources. Environmental responsibility considers the overall impact of the businesses' operations and, therefore, also means taking responsibility on behalf of suppliers and customers in the value chain. An efficient way to assess environmental responsibility is to associate various business functions and operators to different

environmental factors, e.g. how company's own operations cause waste or how suppliers source their raw materials. (Jussila 2010, 78-85)

Corporate environmental responsibility has progressed comparatively slowly. According to Nissilä & Lovio (2011, 62-64), this is due to

- uncertainty in legislation
- previously made investments in technology and infrastructure
- strong know-how on old ways of doing things
- slow transformation speed in the operating environment
- slow transition of capital flows towards low emission industries
- slowly developing environmentally responsible corporate culture.

When discussing environmental responsibility, climate change is definitely the biggest topic on a global level today and it is considered to be the biggest threat to humankind and society. Carbon emissions are an integral part of climate change and, hence, we have been trying to limit them ever since the Kyoto climate agreement in 1997. Climate policies and regulations have encouraged businesses to pay attention to the effects their operations have on the environment. In the past, businesses thought that the regulations just increased their expenses, but in recent years many businesses have changed their view about regulations and stakeholder pressure, and now see them as possible business opportunities. (Nissilä & Lovio 2011, 53-56)

Environmental certificates and green marketing

Environmental certificates are one form of solutions for businesses to make sure they are taking care of their environmental responsibilities. Examples of well known global standards and certificates are the ISO 14001, the Forest Stewardship Council (FSC) and the World Wildlife Fund's Green office. The WWF (2016) endorses publicly many voluntary standards and certificates, like the FSC, that meet their high standards on environmental protection and sustainability. The WWF also believes that voluntary certifications are the most effective tools to improve general operations and production practices and indirectly refine common practices in entire industries. According to the WWF's own studies (2010), well-established certificates improve the efficiency within a supply chain, decrease risks, improve biodiversity protection by strengthening regulations and policies and they also positively impact personnel and local communities.



Figure 3. FSC and WWF Green Office logos.

Green marketing is any marketing that promotes the environmentally friendly aspects of products and services, an environmentally friendly lifestyle or a business' environmentally responsible image. If any advertising claim is misleading or false, green marketing falls into greenwashing. (Nyilasy et. al. 2014) An environmental marketing firm, TerraChoice, has studied a vast number of environmental marketing claims in Northern America and found out in their research that even as many as 98% of these advertisements included some greenwashing in one form or the other (TerraChoice Group Inc. 2009).

As a conclusion, any marketing activities need to be handled responsibly, carefully and truthfully, but at the same time a company should avoid greenwashing. The International Chamber of Commerce (ICC) also sees that all marketing actions need to follow legislation, high ethical standards and be in accordance with good marketing practices. (Juutinen 2016, 217)

Level of environmental responsibility and ethics

Businesses that want to take corporate social responsibility seriously need to also consider their indirect responsibility and what kind of effects their operation and practices have on human activity in general. Responsible businesses should aspire to have a genuine conversation with their stakeholders about the effects of different lifestyles, materialism and high consumption. These responsible businesses need to take ethical

questions into account when justifying their operations and their marketing campaigns. A good example is long distance travelling. Even if travel creates social well-being, should responsible companies operate in the business in the first place and should they encourage people to fly and, hence, exhaust the world's natural resources significantly while adding to carbon emissions that cause climate change. (Jussila 2010, 94-97)

There are many opinions on the limits of businesses' responsibilities. For example, Kanninen (2015, 45) suggests that a company's environmental responsibility is only limited by a society's standards and legislation, and that the actual responsibility for the environment belongs to consumers (dodging their responsibility) and to the politicians they have elected.

3.2 Stakeholders

As mentioned earlier, stakeholders are individuals, groups and organisations that have an interest in a company, can influence its operations or are influenced by the actions of a company. Interaction with the stakeholders forms an essential part of corporate social responsibility, and accordingly CSR development should be based on communication with stakeholders where their needs and expectations are heard. The emphasis in stakeholder communication should be on reciprocity and diverse collaboration. Every business should recognize their key stakeholders, which traditionally have been owners, customers and personnel. Other important stakeholders are partners, suppliers, competitors, media, non-governmental organizations and the government. In many cases, businesses need to divide some stakeholder groups according to specialization and demographics, for instance customers could be segmented by age, gender, income level and location. (Jussila 2010, 125-135)

Stakeholder collaboration should be deeply integrated into company strategy and be the focus of any business that pursues to act responsibly. These responsible businesses should operate on a premise that they exist to serve their stakeholders, or even because of the stakeholders. (Kujala & Kuvaja 2002, 60-61) For truly responsible businesses, Jussila (2010, 125-135) proposes a question on the relation between stakeholders and CSR: is it genuinely responsible to only listen to key stakeholders and surpass the voices of the less fortunate and have-nots in the society, just because they cannot affect the business in any way.

I have grouped stakeholders to internal and external stakeholders, but they could also be classified as primary and secondary stakeholders, if they were analyzed from the perspective of a particular company.

3.2.1 Internal stakeholders

Owners, management and personnel are the internal stakeholders within a company. Generally, they are considered to be the most important stakeholders, as they have the biggest effect on the actions and the behavior of a company. Internal stakeholders are directly linked to a company and invest their own money or work effort for the common goals and targets of a company. (Harmaala & Jallinoja 2012, 65)

Personnel

Personnel's actions greatly affect how a business conducts its corporate social responsibility. Personnel as a stakeholder expect fair and equal treatment, good work atmosphere, safe environment, good leadership and the possibility to develop and affect one's own work. Personnel also expect a responsible corporate culture with openness and transparency, where their opinions are heard and values respected. (Kujala & Kuvala 2002, 89)

A satisfied and well managed personnel is loyal, promotes the company image and works hard for common targets. Motivated personnel is a key part in adopting and pushing forward corporate social responsibility processes and goals. (Kujala & Kuvala 2002, 90)

Managers and directors

The limited liability companies act, in Finland, states that the board of directors is responsible for promoting a company's interests. As the significance of corporate social responsibility increases, it can be stated that the board of directors should also be responsible for CSR, because it normally improves a company's operations and profitability in the long run, especially if risk management perspective is taken into consideration as well. As such, the board, as well as other directors and managers, are

responsible for a company's reputation, and in today's society responsibility is the very basic precondition to maintaining a good reputation and succeeding in any business environment. (Juutinen 2016, 44-45)

Owners

Owners and major shareholders have traditionally been important stakeholders for companies. Their impact on business actions and targets were especially great at times when businesses' one and only purpose was considered to be creating wealth for company's owners. Slowly, as the importance of corporate social responsibility has increased, the role and targets of owners have shifted towards sustainable values. However, the actual level of corporate social responsibility is still heavily dependent on the owners and their world views. (Kuisma & Temmes 2011, 303)

3.2.2 External stakeholders

Businesses have a wide range of external stakeholders, whose role and level of impact in modern societies has only grown. Economically relevant stakeholders for businesses are customers, suppliers, partners and investors. Businesses are also affected by societal stakeholders, such as media, NGOs, competitors, industry associations, trade unions and the government. (Harmaala & Jallinoja 2012, 66)

Customers, consumers, users

Businesses could not exist without customers, which is why a conscious and informed private customer can have a significant pressing effect on corporate social responsibility. Customer can use critique, demands, boycotts and purchase power to push companies to operate ethically and to take social, economic and environmental matters into consideration. (Wilska 2011, 189-191)

A continuously growing trend is green consumerism where customers base their buying decisions on sustainability and environmental friendliness. For some green consumers, the responsibility aspect only emerges when comparing otherwise similar products, but for many green consumers responsibility is the most significant decision criteria. One

example of green consumers is a customer segment called Lifestyles of Health and Sustainability (LOHAS) that bases its purchase decisions on ecology, well-being and a better world for all. As these kinds of groups are growing and becoming more common, businesses have to acknowledge the needs of these stakeholders, or their purchase decisions may turn against them. (Juutinen 2016, 90-93)

As the awareness of customers is growing, responsible businesses should try to make their case to these customers by emphasizing the added value the business is creating by being socially and environmentally responsible. On the other hand, responsible businesses should try to influence customer expectations and increase their ethical awareness, so that customers would make purchase decisions benefiting the business as well as society. (Kujala & Kuvaja 2002, 94-95)

While all collaboration and communication with customers is beneficial for businesses, they could and should also try to benefit from the users of their products and services. These users should be included in the development processes as early as possible and the collaboration focus should be especially in innovating new products and services. Far too often businesses develop their offering independently, which only results in products that the customers don't actually need or want. (Heiskanen & Jalas 2011, 231)

Suppliers

Suppliers as stakeholders form an integral part of a company's operating environment and the supply chain that consists of everything between acquiring raw materials to recycling used products. For responsible businesses, suppliers are a big piece of corporate social responsibility and it is imperative to share common understanding and define roles and responsibilities within the supply chain. Companies that operate globally in international business need to take into consideration different practices and regulations in different countries and regions, when they assess their risks and responsibilities. Important aspects to consider are at least the following

- Protecting human rights and securing basic rights to work.
- Ensuring access to energy and handling waste with care.
- Checking the origins of raw materials and seeing that land areas are not overburdened.
- Understanding and avoiding local corruption habits.

- Operating in accordance to law, but seeing if practices could exceed the bare minimum. (Juutinen 2016, 97-99)

Investors and shareholders

Investors can be different funds, private investors and institutional investors. The amounts in responsible investing have been comparatively quite moderate in the past, but its portion is expected to rise in the future, especially as more institutional investors are moving towards responsible investing. (Kuisma & Temmes 2011, 308-309)

Investors can estimate responsibility from various perspectives, but their actual practices are very similar. Investors can rule out certain companies or industries from their possible investment choices if they suspect or see irresponsible actions or misconduct. Similarly, investors may favor some companies, if those are seen as especially responsible. Lastly, investors can, as owners, affect companies' operations with direct authority or by giving speeches in companies' general meetings. (Kuisma & Temmes 2011, 317-318)

Sustainable investment assets globally were over 21 billion US dollars in 2014, which meant an increase of over 60% in last two years. This growth is also more than the growth of total invested assets. For now, sustainable investment is most popular in Europe (over 13 billion US dollars), but percentually the biggest growth is happening in the United States. (GSIA 2014)

Sustainability indexes gather information about corporate social responsibility for stakeholders and especially for investors. There are many different indexes, but the most important international indexes are the Dow Jones Sustainability Indices (DJSI) and Carbon Disclosure Project (CDP). These indexes aim to evaluate and list the world's most sustainable companies according to their reporting and actions. Being part of an index brings a competitive advantage for businesses, but at the same time it creates a lot of additional work because of extensive reporting requirements. To relieve some of the workload, the reporting needs have been harmonized with international reporting standards, like Global Reporting Initiative (GRI). (Nokkala 2016, 85-86)

ESG investing stands for Environmental, Social and corporate Governance. These are the three main principles for ESG investors to evaluate a company's risks and opportunities in relation to its environmental and social responsibility and corporate governance. The importance of the ESG perspective has grown, especially after the UN

published its Principles for Responsible Investment (PRI) in 2006, which had ESG matters as an essential component. It's voluntary for investors to commit to ESG principles, but they have been signed by nearly 1500 investors, whose investment assets amount to over 59 trillion US dollars. The interests in ESG issues of institutional investors, as well as venture capitalists, have increased because their stakeholders have started to demand it and because they see responsibility being directly related to the valuation and appreciation of a company in the long run. (Juutinen 2016, 94-97)

Competitors

While some do not regard competitors as stakeholders, they do have an effect on the company and vice versa, and hence should be regarded as stakeholders. Part of being responsible means that businesses should respect their competitors and treat them fairly, which could in return encourage competitors to do the same. As markets change, businesses can find themselves cooperating with old competitors, which of course is a lot easier if the relations do not carry old grudges. (Kujala & Kuvala 2002, 111)

As part of the development of corporate social responsibility, businesses should monitor and analyze what their competitors are doing. The information is in many cases publicly available in competitor web sites, in the CSR reports they have created, and in the responsibility analysis prepared by third parties. It's essential to know if competitors are paying attention to their responsibility and if they are doing it well or inadequately. It's also important to know if there are competitors that are pushing the CSR matters forward within the entire industry. (Juutinen 2016, 101-103)

Government and public policies

Governments, municipalities and, for example, the European Union use public policies to affect businesses with legislation and regulations. These policies enable governments to pass sanctions or even suspend companies' licenses to operate, if they do not comply or meet the set requirements of corporate responsibility. While legislation only sets the minimum level of responsibility, there are many public policies that promote corporate social responsibility on a voluntary basis. On the other hand, companies can try to affect public policies by collaborating with the government and by lobbying for their own interests. (Kautto 2011, 174)

Civil society

Civil society (or sometimes called a social sector) is the part of society that does not include governments nor businesses. Instead, it consists of Non-Governmental organisations, group movements and individual activists that pursue to activate citizens and influence the actions of both governments and businesses. (Joutsenvirta & Kourula 2011, 211)

NGOs are independent, non-governmental and Non-Profit Organisations (NPOs, from here on non-profits) that are considered to act on behalf of government organisations to create public good when a government's resources are for some reason not enough. NGOs are mostly funded by private donations and they operate with both hired and volunteer workers. NGOs often work for specific social, environmental, political or economic causes. Well known examples are the World Wildlife Fund (WWF), Greenpeace and Amnesty International. It has been estimated that there are 40,000 international and several million national NGOs. The biggest strength of international NGOs may be considered to be their global presence and reach, as they are able to almost evenly operate with large multinational corporations. Compared to NGOs, civil movements are less organized groups that operate without hired labor. Still, these movements are often effective and have clear common goals. Civil activists are individuals who are actively participating and involved in matters they care for and, therefore, they try to influence governments' and businesses' activities. (Joutsenvirta & Kourula 2011, 211-212)

Apart from directly influencing businesses, NGOs also try to affect politicians, customers, companies' personnel and investors. NGOs can benefit greatly from media coverage, as it increases their publicity, and of course effectiveness, significantly. (Joutsenvirta & Kourula 2011, 215-217)

Giant multinationals are often rated and critiqued by NGOs, regardless of how much they try to invest in responsibility and ethics, even if they succeed excellently in many areas of corporate social responsibility. This relates to the grand scale of multinationals and their visibility in global markets, which also causes media to magnify any issues even further. A problem with all the focus being on multinationals is that smaller businesses may get away with irresponsible behavior, or at least the expectations towards these smaller businesses are comparatively very low. It's actually quite ironic that even when

multinationals continue to improve their responsibility, the critique towards them only grows greater. (Joutsenvirta & Kourula 2011, 217-219)

Businesses can and will often cooperate with NGOs, if they believe that it brings benefits such as social acceptance, legitimacy for existence and operations, improved reputation and enhanced risk management. With stronger collaboration and with the resources of NGO's, such as expert knowledge and competence in their field, businesses are in a position to enhance their operational efficiency, create better business models and achieve product innovations. Systematic cooperation can also improve personnel's well-being and work motivation and lead to voluntary regulatory actions or jointly created certificates. (Joutsenvirta & Kourula 2011, 221-223)

Media

Media is an essential stakeholder considering corporate social responsibility, as it shares and distributes information among other stakeholders. Media can also collaborate and be a partner for businesses, as well as for NGOs, by developing their communication and by training their personnel. Media is considered to be society's watchdog and it holds a lot of power, as it can choose what information it decides to share and what to keep secret from the public. This behavior of course is guided by media organisations own level of responsibility. (Kujala & Kuvaja 2002, 128-129)

3.3 CSR in value chain

To properly take care of corporate social responsibility along the whole value chain is challenging, especially in international trade where partners can be physically far away and where there may also be many subcontractors in the value chain. Creating responsibility requires that all the links in the value chain understand their expected level of responsibility and act accordingly. A company can try to enforce responsibility with contracts, but they often require a lot of purchase power to influence partners successfully. Another possibility appears when important stakeholders in each step of the way present similar demands on responsibility or when governments and local NGOs push suppliers towards responsibility. (Juutinen 2016, 200-201)

There are many ways that a company can organize its operations and value chain, but product life cycle always begins from the required raw materials and the very first suppliers in the value chain and ends when the product is recycled or disposed. It is challenging for any company to take responsibility for all the actions of every supplier or partner handling transportation, production, development, marketing, sales and retails. Even so, a company needs to consider all the pieces in the value chain to actually reach the desired level of responsibility. (Juutinen 2016, 192)

Corporate social responsibility should be considered already when assessing and selecting partners to the value chain. Once the potential partners are found, the level of responsibility, as well as targets, should be included in the partner agreements. These agreements should also include and agree on possible CSR training needs and how the training should be executed. Suppliers and the whole value chain should be monitored and measured regularly and, in case of any grievances, they should be addressed and corrected immediately. In addition to internal audits, companies could pursue collaboration with specialized NGOs that often already monitor operations on the local level. (Juutinen 2016, 203-204)

CSR in own production

Similarly to other aspects of corporate social responsibility, developing responsible practices in a company's own manufacturing, is a constantly on-going process with mostly minor improvements taking place at a time. When considering a company's own production, everything starts with the products and product development, as it is important to realize the impact a product and its manufacturing has on the environment and the customers. A company needs to consider where it procures the raw materials, the location of the manufacturing plant, what kind of energy sources it uses to run the plant, how it ensures water availability, overall efficiency, waste management, personnel safety and the use of best available techniques (BAT). (Juutinen 2016, 210-213)

CSR in sales and marketing

Selecting a sales channel greatly affects how a company can manage its responsibility in this part of the value chain. If a company decides to set up its own stores or a webshop it has full control over the actions and behavior, but if it uses agents, resellers or

distributors, it may lose its influence similarly as in the supply chain. However, by investing in accurate product information and in the recycling process, a company can improve its level of responsibility in sales, regardless of the selected sales channel. Whichever sales channel is chosen, it still functions as a customer interface that should be used to collect customer feedback and learn about their CSR expectations. (Juutinen 2016, 213-216)

3.4 CSR integration to business processes

To achieve real concrete benefits from corporate social responsibility, companies need to include CSR to their everyday business operations and processes. Corporate social responsibility may start as an initiative from a single person (CEO, management team member, owner, etc.), but it needs to evolve from small group activities and easier projects to comprehensive, strategic actions and targets that are lead and deployed across the company and within all business units. (Juutinen 2016, 151)

A CSR process needs to be started and run very much like any other development process.

1. Company needs to recognize signals and change demands, and evaluate its initial level of responsibility.
2. Company needs to plan and decide its first steps towards CSR.
3. Company has to carry and execute the planned actions throughout the entire organisation and include CSR in all business processes.
4. Company needs to assess, measure and report how the changes have affected various functions and operations, and what kind of results the company has achieved from the CSR process.

A CSR development process also requires a lot of leadership and support from the management and there needs to be continued communication and training within the whole personnel and all business units. (Juutinen 2016, 154)

3.4.1 Planning and implementing the CSR strategy

When a gap between CSR expectations and the current situation is realized, it's possible to start planning development needs for corporate social responsibility. In the beginning,

it's important to select the most essential development objects for the company and to also specify the level of responsibility that the company is pursuing to reach. For a company to be able to set the CSR goals, it's important to research CSR demands and expectations in the industry, as well as the current responsibility levels of competitors within the same industry. (Juutinen 2016, 163)

Most development suggestions regarding corporate social responsibility should be gathered from various stakeholders (board, managers, employees, customers, etc.), but the actual CSR development decisions are often made by the management team of a company. These management team decisions should reflect the agreed CSR goals and the desired level of responsibility. (Juutinen 2016, 168)

A company should define and plan its CSR process goals according to their relative importance to the stakeholders and the pursued impact that the CSR policies have on the business success. The more important an item is for the stakeholders and the more it can affect the company's economic success, the more essential a CSR goal it is for the company. This is illustrated in figure 4 below. The CSR assessment should also consider future requirements, expectations and legislation. (Juutinen 2016, 164-165)

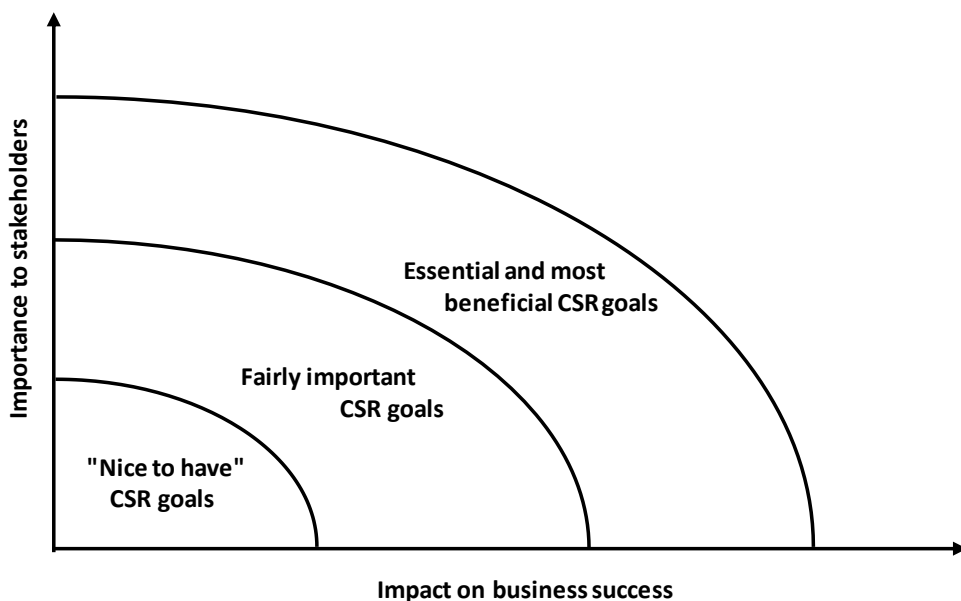


Figure 4. Assessing CSR goals.

Organizing

Part of any development process, is to organize and define responsibilities within the organization. First of all, it's important to have someone in the management team that is responsible for the corporate social responsibility. Similarly, responsibilities and authorities need to be assigned throughout the organisation to managers, teams and CSR specialists, so that communication, monitoring, guiding and reporting will all be taken care of in the desired manner and timetable. It is usually CSR specialists' responsibility to observe and support the progress of the CSR development process, keep track of relevant trends, operational environment and stakeholder moods. The specialists also make sure that the company possesses the latest knowledge on corporate social responsibility and selected reporting guidelines, e.g. Global Reporting Initiative. (Juutinen 2016, 172-173)

Leadership

Corporate social responsibility leadership relies on the basis that the CSR development process is well connected and aligned with the rest of the business processes. Leaders and managers should operate as positive role models for the personnel, provide support and monitor that the process targets are met in agreed timetables. For a company management to succeed, it's important that the CSR goals are essential for the business, and that they can be measured and evaluated. Lastly, it's beneficial for the long term success of a company that the management's incentives, as well as those of the personnel, are coordinated with the company's CSR goals. (Juutinen 2016, 176-178)

3.4.2 Company's CSR policies

Managers and personnel can implement responsibility in practice only when they have heard and understood the essential CSR policies of the company. These policies set the ethical guidelines and code of conduct throughout the organisation and are also vital for a company to reach its CSR goals. CSR policies usually take a stand on legislation and international guidelines, and set the level of ambition for each essential aspect of responsibility. (Juutinen 2016, 181)

Juutinen (2016, 190-191) suggests that the target levels for each CSR policy could be based on the four following tiers.

1. Compliance with minimum requirements
 - Complying with legislation is not really considered as responsibility, but it can be a starting point for certain CSR policies in challenging environments.
2. Commitment to voluntary expectations
 - E.g. the UN Global Compact principles.
3. Anticipating future stakeholder demands
 - Requires careful and accurate research to foresee and prepare for future needs of the stakeholders.
4. Become an industry pioneer
 - Creates innovative approaches to CSR and best practices to lead the way.

Once the CSR policies and target levels have been set, a company can launch planned projects and programs to work for and reach its goals.

3.5 Corporate social responsibility communication

Stakeholder communication is the most essential part of CSR communications. Businesses also use CSR communication to justify their existence, improve corporate image and to increase stakeholder commitment. (Pälli & Turunen 2011, 293) Businesses communicate their responsibility through various channels and with different methods, e.g. brochures, product packaging, customer newsletters and CSR reports. They also seek to create dialogue through customer service and other interactive situations. (Halme & Joutsenvirta 2011, 252)

From the perspective of corporate social responsibility, businesses tend to communicate and act in quite different ways. Some companies don't really acknowledge the whole concept of responsibility, so they don't act responsibly nor communicate about it. Then there are companies that actually operate very responsibly, sometimes even without realizing it, but don't communicate it to their stakeholders. Contrary to the previous, there are also some companies that do not usually act responsibly, but when they do, for example, philanthropy, they make sure everyone hears about it. Most valuable

companies to push forward the concept of corporate social responsibility, and hence benefit the society, are the ones that operate responsibly and also communicate it to their stakeholders. These companies often manage their risks well and stand out from the competitors. (Juutinen 2016, 52-55)

Good responsibility communication is simultaneously understandable, interesting and believable. This, however, isn't quite that straightforward, as credible communication requires a lot of information and details, which usually makes things less interesting. Hence, businesses are required to truly invest in their responsibility communication from the beginning. As they gather experience and increase their competence, businesses should be able to improve the quality and efficiency of the responsibility communication. (Halme & Joutsenvirta 2011, 252)

Responsibility communication is often more challenging than regular stakeholder communication. It's important to realize that the communication needs to be aligned with what customers and other stakeholders want to hear, as otherwise the communication will be ineffective or even harmful, especially, if it's seen as greenwashing. Best practices for efficient communication are to discuss concrete actions and how they relate to ethical and social aspects within the society. (Halme & Joutsenvirta 2011, 253-257)

3.6 Corporate social responsibility reporting

Businesses' responsibility reporting has slowly in recent decades evolved from environmental reporting to current CSR reporting, which should not be confused with CSR communication or marketing. Public CSR reporting is still voluntary, but there are many reasons for businesses to do it. It's economically valuable, as monitoring and reporting helps businesses to develop their best practices, which in turn increases efficiency and reduces risks. CSR reporting is politically worthwhile, because external pressures push, especially multinationals, to increase their transparency. It is also communicationally important, as reporting can positively affect corporate reputation and promote stakeholder collaboration. (Kuisma & Temmes 2011, 267-269)

CSR reports can be part of a company's annual reports or they can be completely separated from other reporting. Whichever approach is selected, the reports need to be comparable and measurable to previous years and to other companies, and the reports

need to be designed especially for CSR experts that are NGOs, media and investment analysts. (Jussila 2010, 144-150)

Industry, environmental impact, customers and especially the size of the business affect the overall amount invested in CSR reporting. However, legislation, location, personnel, media and NGOs can also affect the scope and contents of the reports. As stated earlier, CSR reports are created for many different stakeholders, which creates challenges for the businesses, as stakeholder interests can vary significantly. E.g. interests of customers compared to investors. A solution to represent all facts, financial numbers, descriptions and conclusions to specific stakeholders is to use separate communication channels, such as web pages and annual reports to address the needs of certain stakeholders. (Kuisma & Temmes 2011, 269-271)

Internal CSR reporting is necessary for the long term development of CSR processes. Measured and collected information can be utilized in decision making and to help personnel understand how responsibility affects their tasks and practices. (Harmaala & Jallinoja 2012, 221-222) External reporting can be divided into two different components: annual CSR reporting and continuous CSR communication. Companies should plan both aspects carefully and take into account the different audiences and objectives for both communication aspects. It's important to realize that reporting the progress on CSR matters outside the company is necessary, even if the process is still ongoing and the targets have not been reached yet. (Juutinen 2016, 241)

In practice, CSR reports are often divided into three components; overview, stories and facts. The purpose of the overview is to describe the company and the industry the company is operating in, as well as to describe simply and briefly the kind of responsibility the company is practicing and why. With the story, a company expresses its own interpretation of its operations and what kind of value its products and services create for the society. The story should aim to represent a company's strategy and goals as concretely as possible. Facts are the basis of CSR reporting and they build credibility for the overview and the story. Facts should always include all three parts of corporate social responsibility that are environmental, social and economic responsibilities. (Kuisma & Temmes 2011, 272-277)

While there are globally several reporting recommendations and instructions, like ISO 26000 and AA1000, Global Reporting Initiative has become the generally accepted reporting guideline after it was formed in a stakeholder collaboration with the United

Nations Environment Program (UNEP) and the Coalition for Environmentally Responsible Economies (CERES). GRI's main principles for ensuring reporting quality are impartiality, clarity, accuracy, timeliness, comparability and reliability. GRI report includes basic guidelines and minimum reporting requirements for all businesses, but it is also expanded with industry specific requirements. GRI requirements include essential key figures from economic, social and environmental responsibilities and they also give instructions to include information on how the business and its products are affecting its personnel, operating environment and society as a whole. (Harmaala & Jallinoja 2012, 224-225)

3.7 Effects and implications of CSR

Corporate social responsibility can affect businesses in many ways. Whether the implications are positive or negative, depends a lot on how businesses actually handle their CSR in practice. Businesses' behavior and overall actions affect their image and reputation, customer purchase decisions, personnel turnover and availability of workforce, as well as the behavior of their competitors. (Kanniainen 2015, 47-51)

Measuring and assessing the effects of CSR is essential for the continued support and development of corporate social responsibility. Unfortunately, it is often challenging to estimate the direct effects of business' responsible actions from the changes in turnover only, so businesses also need to do market studies to find out if responsibility has actually affected the turnover or not. On contrary, the cost savings from responsible operations can be measured quickly and precisely. (Juutinen 2016, 62-63)

As corporate social responsibility is such a wide subject matter and as businesses can operate in many different environments and industries, the effects of responsible actions can also vary considerably. As an extreme example we can compare the effects of responsible and irresponsible behavior by a mining company and a web design company. I'm not suggesting that a web design company should neglect their environmental responsibilities, but the results of a mining company acting irresponsibly towards environmental issues would be quite different. Lankoski & Halme (2011, 35, 37) have suggested to use an "it depends" -approach, as different businesses can have very diverse impacts on their social and environmental issues, and the effects of their responsible operations can be either negative, neutral or positive for the businesses and

to their operating environment and stakeholders. For a certain company, the essential question is if the overall effects of corporate social responsibility are positive or negative.

Leena Lankoski has proposed a theory that relates corporate social responsibility to a company's economic performance. This fairly new theory somewhat explains why there are earlier studies about the benefits of CSR that disagree with one another. The theory suggests that there is an optimum level of responsibility for each company and after a certain level, the economic benefits start to get worse. The theory also explains how the optimal level changes through time, as technologies, legislation and operating environment constantly change around the company. (Lankoski & Halme 2011, 38-40)

As stated also earlier, corporate social responsibility can have positive or negative effects on businesses and societies. Hence, whenever there is a possibility to reach win-win situations, responsible businesses should strive towards them. At the very least, businesses should consider their competitiveness and economic responsibility and set their responsibility goals accordingly, while still pursuing innovations by integrating CSR to company strategy and internal processes. (Lankoski & Halme, 2011, 49-50)

3.7.1 Committing to CSR

Businesses can decide to act responsibly if they believe that they will get benefits, such as increased competitiveness and efficiency, financial savings, risk aversion or improved company image. Businesses can decide to focus, for example, on environmental responsibility, if they believe it would help them to perform better in new markets or with new technologies. Finally, businesses are motivated to act responsibly, if they think they can develop new technological solutions for the markets, reach great financial success or solve serious problems in the society. (Lankoski & Halme 2011, 32; Nissilä & Lovio 2011, 65)

True responsibility can only be reached when corporate social responsibility is included in business strategy as well. Strategy will actually benefit from including responsibility into it, as it leads to a more detailed market analysis, better understanding of stakeholders, more careful identification of weak signals and business opportunities and improved risk management. Strategy work and development is supported by an improved vision on the market, future market changes and innovations possibilities. (Juutinen 2016, 70-71)

In strategic CSR, businesses

- listen and incorporate key stakeholder expectations
- integrate responsible goals and actions to operations and business strategy
- focus their actions to business critical ecological and social matters and
- maintain a proactive and long-term approach.

Strategic CSR goals and results are always measurable, and plans and actions are ethically and ecologically sustainable. (Harmaalia & Jallinoja 2012, 77-78)

Values and corporate culture are also important part of the development and implementation of corporate social responsibility. These, together with the CSR strategy, are all imperative to spread responsibility to every corner of the organisation. To strengthen the effectiveness, businesses should at the same time support networking, open communication and trust building between distant departments and business units. (Juutinen 20016, 76-77)

Jussila (2010, 56-58) suggests that companies that decide to implement CSR in their operations should work their way through the next four objectives.

1. Applying and conforming to legislation and general guidelines of society.
2. Responding to stakeholder requests and demands.
3. Introducing and start using voluntary, proactive and innovative approach to responsibility.
4. Utilise and benefit from CSR to build corporate image and reputation.

3.7.2 Positive implications

A business that operates responsibly, has a wide range of opportunities to gain advantages, in almost every aspect of its operations. However, not all the benefits are measurable, because in addition to direct impacts, responsible actions can also generate indirect benefits. (Juutinen 2016, 59-60)

Kanniainen (2015, 47-51) gives two good examples of indirect benefits

- When customers make their purchase decisions on ethical bases, they favor companies that act responsibly and, hence, force competitors to act more responsibly as well. This, of course, will increase responsible businesses position

within the market and shift the whole industry towards sustainability and social cohesion.

- When businesses invest in their personnel, by improving working conditions or offering training, well-being and work motivation increases, which in turn improves work efficiency and creates better chances for innovations that could benefit the surrounding society.

Benefits for businesses

Lankoski & Halme (2011, 35) proposes that businesses benefit from corporate social responsibility, because it

1. Improves the efficient use of resources, for example, by decreasing the waste of raw materials and energy.
2. Improves stakeholder relations, which in turn facilitates collaboration, increases customer loyalty and enables chances to find savings.
3. Gives an option for businesses to differentiate their offering, which could lead to increased sales or a sales price increase.
4. Improves the possibilities for businesses to reach certain markets.
5. Creates totally new business opportunities.

Juutinen (2016, 61-64) adds that businesses benefit from their CSR actions in the form of

- Improved corporate image and increased market value.
- Enhanced competitiveness from growth and new cash flow.
- Added value from increased sales, better pricing and decreased costs.
- Reduced risks with a more reliable supply chain and ensuring business continuity.
- Improved costs effectiveness with, for example, reduced packing materials and transportation optimization.
- Offering innovations when developing new distinguishable products and services.
- Improved work satisfaction that reduces work absences and brings larger labor supply.
- Greater possibility for affordable financing because of increased investor interest.

CSR enhances corporate risk management and increases probabilities to anticipate possible risks in the future. In practice, when businesses take into account changes in their operating environment and listen to stakeholder requests, they can significantly reduce risks. As an example of stakeholder collaboration benefits, the World Economic Forum publishes every year their global risk assessment that can be extremely useful for businesses trying to evaluate possible future risks and how these risks would affect their operations. (Juutinen 2016, 115-117)

Benefits for society

There has traditionally been a business premise of a win-win situation where, for example, businesses have tried to get customers by promoting mutual benefits for the customer and for the business. Similarly, corporate social responsibility is applied most successfully, when a win-win-win situation is reached and the society or local community is the third beneficiary. A great example is the hybrid car that, among many other benefits, creates competitive advantage for the manufacturer, brings fuel cost savings for the customer, decreases pollution in the community and reduces CO₂ emissions globally.

Society gains many benefits, when businesses act responsibly and invest in environmental friendliness and social well-being of stakeholders (Kanniainen 2015, 47-51). However, there have been studies that point out that the effects of CSR can be small, medium or sometimes questionable, but these studies have not concluded if the reasons for small or indistinguishable benefits are a result of insufficient or incorrect actions (Lankoski & Halme 2011, 40-42).

Globalization can also have multiple effects on how businesses conduct their corporate social responsibility. For example, multinationals can try to spread their responsible practices to regions and countries that do not yet uphold responsibility in high regard. In contrast, some multinationals can try to find savings by shifting their operations to areas where they can avoid certain rules and regulations that would elsewhere increase operational expenses. (Lankoski & Halme 2011, 47-48)

3.7.3 Negative implications

Not every aspect and detail of corporate social responsibility is positive nor lucrative for businesses. Responsibility can add expenses in the supply chain if the purchase prices of raw materials increase, or if production costs increase, because of changes made in internal processes and practices. Also, there can be additional switching costs if materials or suppliers need to be changed. In some cases, changed materials and production methods can also have a negative impact on the attitude towards the quality of responsibly produced goods. (Lankoski & Halme 2011, 35-36)

CSR avoidance

Similarly, as businesses can choose to integrate CSR to their operations, they can deliberately choose to avoid any voluntary responsibility if they believe it causes an economic handicap, cost increase or loss of competitiveness. Classical economic theory also supports the notion that there is a trade-off between CSR and competitiveness, where voluntarily set stricter responsibility limits are harmful for the business by adding costs and even reducing sales. However, these old theories have since been challenged and, for example, already in 1995 Michael Porter published his hypothesis where he suggests that responsibility can lead to enhanced efficiency, costs savings, improved reputation and better stakeholder relations. According to Porter's hypothesis, the benefits of adopting CSR will compensate additional costs and could actually improve businesses' competitiveness, which would create a win-win situation. (Lankoski & Halme 2011, 31-33)

If businesses decide to avoid their responsibility, or even actually operate irresponsibly, it will cause a negative stakeholder reaction in the markets in the long run. Juutinen (2016, 68) proposes that customer expectations for responsible behavior have risen so much that simply ignoring CSR can cause businesses to lose customers that prefer more responsible businesses. Juutinen continues that when stakeholder expectations and pressure are transformed into new regulations and legislation, businesses neglecting CSR matters may face sanctions and fines or can even be forced to shut down. In these situations it can become expensive for businesses to improve their processes and operations in a hurry.

In addition, when it becomes public knowledge that companies avoid responsibility or act irresponsibly, customers can decide not to purchase any products or services. There can also be boycotts organized by stakeholders within the community. Lastly, a company's personnel may decide to leave, which leads to increased personnel costs and a decrease in production efficiency. (Kanniainen 2015, 47-48)

Responsibility and international business

Governments and businesses are ultimately in an inevitable partnership with each other. Government arranges the infrastructure and resources that businesses then exploit. In return, businesses pay taxes that governments use to pay their expenses. Responsible behavior from the businesses would be that they paid their taxes to the country they operate in and where the profits are generated. However, paying these taxes has proved to be problematic as multinationals have purposefully started to evade their taxes in certain locations. Still, businesses are not the only ones to blame. Governments are also compounding the problem when they compete for business investments by offering various benefits and tax breaks. (Simola & Ylönen 2011, 117-118)

In the global business environment, as a result of the actions of multinationals, large amounts of money are flowing out of the countries where the actual profits are made. For example, Global Financial Integrity (GFI) has assessed that these amounts add up to between 1000 to 1600 billion US dollars annually, although the amounts flowing out are suspected to be even greater. Respectively, the organization Christian Aid has calculated that, as a result of the above mentioned cash flows, developing countries are losing over 160 billion US dollars in taxation. At the same time, development organisation Oxfam estimates that the same developing countries are losing another 100 billion US dollars in taxation because private citizens are exploiting the same tax havens. (Simola & Ylönen 2011, 121-122)

In the 2000s, and especially after the financial crisis started in 2007, governments have awakened to a need to start monitoring more carefully the operations of financial organisations and multinationals, as well as to tackle tax evasion. For example, the European Union (EU) has introduced an automatic exchange of information, which allows the EU to follow significantly better all money transfer within its borders. A problem still exists, however, as internationally every country makes its own bookkeeping and tax laws and no common international collaboration has been established to monitor the flow

of funds. To curb the tax planning of multinationals a country-specific accounting and reporting model has been suggested, which would greatly add transparency to the operations of these multinationals. (Simola & Ylönen 2011, 129-131)

3.8 Future of CSR

The significance of corporate social responsibility will most likely grow and, at the same time, it's expected that the content, scope and comprehensiveness of CSR will only grow as well. Some currently voluntary aspects of responsibility will probably become part of legislation and normal business processes. Megatrends can, and will, most likely cause significant changes and additions to CSR. For example, climate change can raise new responsibility focuses for businesses as clean water, food production and immigration become issues abruptly. (Jussila 2010, 151-155)

Historically, businesses' level of responsibility have varied following global and local changes, as well as according to the role of governments have taken and depending on the needs of the stakeholders. We can estimate from current trends that more businesses will start to focus on stakeholder demands and corporate social responsibility and a greater part of these businesses will integrate CSR into their strategy. If, and when, multinationals start to apply strategic CSR, they will distribute responsibility to their entire value chain, which will force a huge number of businesses to apply CSR into their practices as well. Lastly, in addition to expected innovations emerging from strategic CSR, there can also be new kinds of collaborations between businesses, NGOs and governments that could truly solve some of the serious global issues. (Harmaala & Jallinoja 2012, 252-253)

High speed networks and communication services, Internet and social media create a global village, and a world, where information is spread instantly and eventually almost everyone will be connected to each other. Therefore, businesses need to operate even more ethically and responsibly in this globalized world, where the importance of a clean reputation increases every day. Ultimately, the actions of consumers and citizens will define businesses' attitudes towards corporate social responsibility. In the end, people will get the world they deserve. (Kanniainen 2015, 59.60)

European Commission's work for promoting corporate social responsibility

Since 2001, the European Commission has raised the topic of corporate social responsibility and in 2011 the EC developed a CSR strategy for 2011-2014 that proposed companies to implement responsibility for their own benefits and for the society as a whole. In 2014, the European Commission did a public consultation regarding the success of the 2011-2014 CSR strategy and found out that stakeholders considered the EC's participation important and actions effective in many aspects. In general, corporate social responsibility was seen as essential for long-term sustainability and competitiveness for the whole economy of the European Union. CSR was also seen as a way to bring together businesses and individuals and actually empower all stakeholders. (EC 2014)

The European Commission held a multi-stakeholder forum in February 2015 to advance its new CSR strategy for 2015-2020. While the new strategy is not quite ready yet, the forum noted that much of the old strategy should be taken as a backbone for the new updated strategy. Still, new refinements included the following

- CSR should be integrated into the normal operations of every company.
- EC should continue to promote transparency via dialogue, shared best practices and stakeholder co-operation.
- Media should be more involved in corporate social responsibility and proactively report CSR related news and developments.
- All CSR guidelines and principles should be universally accepted and aligned.
- While universal guidelines should strive to level the playing field, excessive legislation should be avoided. (EC 2015)

So far, we have discussed the current state of affairs in the world, why sustainable development is essential for our future and what kind of benefits corporate social responsibility can create for businesses. Next, I will discuss about the practical solutions that businesses have taken, and can take in the future to promote sustainable development and create well-being in the society, while pursuing competitive advantage and creating wealth for owners.

4 RESPONSIBILITY CREATES OPPORTUNITIES

Throughout history, there have been pioneers and pioneer companies to take on and push forward new solutions and technologies. For the long term success of humankind, we will need some of these pioneer companies to focus on sustainable development needs, either for altruistic reasons or to generate new profit sources for their owners. In recent years, we have seen ideas, business concepts and movements emerge that combine these very dissimilar motives for doing business. These new concepts are, for example Creating Shared Value (CSV, which I will explain later in detail), social capitalism and conscious capitalism. In short, social capitalism is capitalism with a conscience. Similarly, conscious capitalism means doing business in a more conscious way, as it promotes four goals for business that are; higher purpose than only making money for the shareholders, creating value for all stakeholders, leadership that serves both the higher purpose of the business and the stakeholders, and finally, a business culture that allows people to flourish (Mackey & Sisodia 2013).

At the same time that businesses are picking up corporate social responsibility and concepts like conscious capitalism, there is an emerging demand for businesses to spread their operations and practices into new markets and areas within societies. This kind of business opportunity exists in a so-called white space, where businesses look outside their core business to find new opportunities or even to create totally new markets (Johnson 2010, 7). When we consider the fast changing markets and various limitations most governments face these days, businesses could find new business opportunities within the society, where the resources and know-how of governments and NGOs fail to meet the needs and expectations of the citizens. In a similar, but not quite as severe, manner, there are changed stakeholder expectations that set new requirements for businesses, for example, the LOHAS customer segment that endorses health, sustainability and well-being for all.

In this chapter I will discuss concrete examples where businesses have found new ways to create value for themselves and for the people and society around them.

4.1 Creating shared value

Businesses are often seen as the cause of problems and, even if they try to extend their actions in corporate social responsibility, they are mistrusted and blamed for many other issues in society. The critique towards businesses is often deserved, because of their short-term view and negligence of stakeholders and society. To restore trust and bring companies and societies closer together, businesses need to reinvent capitalism by redefining the purpose of a company as the creation of shared value. Shared value means creating economic value for the businesses, while also creating value for the society by paying attention to its needs and challenges. It's important to realize that CSV does not imply redistribution of the profits, instead it pursues to grow the overall economic and social value. (Porter & Kramer 2011)

4.2 Three ways to create shared value

Businesses can create economic value by creating societal value. However, creating shared value requires new kinds of leaders and new leadership skills, such as genuine comprehension of societal needs, realization of wide matters affecting company productivity and the capability to create partnerships with a variety of organizations. Creating shared value is possible in three distinctly different ways; rethinking products and markets, reforming the value chain, and developing the local community. All methods are applicable regardless of the stage of development within the economy. The other great feature of CSV is that improvements in any of these areas, will reinforce opportunities in the others. (Porter & Kramer 2011)

4.2.1 Rethinking products and markets

To create shared value businesses need to realize that there are real social needs (e.g. security, nutrition, water, health, housing, etc.) in every community. So, instead of businesses trying to create needs for the customers, businesses should consider what beneficial goods and services they could provide for the community. Businesses should also consider the community needs when developing and innovating new offering to the markets. These markets can vary from wealthier communities to poorer urban neighborhoods in developed countries, all the way to billions of poor people living in

developing countries that form a huge customer segment called the base of the pyramid. (Porter & Kramer 2011)

4.2.2 Reforming value chain

A company's value chain affects and is affected by many societal issues that could create economic costs. Therefore, when companies address these issues by making changes directly to the value chain or to the business environment causing these issues, companies can create shared value by cutting costs and fixing issues within the community. There is also a link between societal progress and productivity in a value chain, e.g. investments in environmental performance improve resource utilization, process efficiency and product quality. CSV thinking can help to improve the productivity of a company's value chain in many ways that are mutually reinforcing and create shared value.

- Energy efficiency can be improved through technology, recycling and logistics.
- Resource savings can be achieved through improved utilization, recycling and advanced technologies.
- Redesigning procurement by cooperating, advising and assisting suppliers. Supplier quality, reliability and productivity can be improved by increasing their access to information, sharing technologies and providing financing.
- Distribution models can save materials like paper and plastics. Increased access to rural and remote places benefit communities.
- Productive workforce can be acquired and maintained through personnel well-being, safety, training, development opportunities and a living wage.
- By operating locally, companies can find savings on transportation costs and they can have smaller stocks. Companies can also significantly reduce carbon emissions and form stronger bonds with local communities. (Porter & Kramer 2011)

4.2.3 Developing local community and surroundings

Business success is affected by stakeholders, infrastructure, business environment, public institutions and available public goods, which all affect the productivity, innovation

and competitiveness of companies. Because the operating environment can have such a big impact, businesses can choose to enhance and develop their surroundings, which will create shared value. Businesses can also choose to collaborate with suppliers and build partnerships with local NGOs to build more effective, reliable and sustainable value chains that amplify a community's success and improve the income and purchasing power of local citizens. (Porter & Kramer 2011)

For the biggest impact on company success, businesses should focus on the weaknesses in the environment that restrict a company's operations and growth the most. When the limitations are known businesses should estimate if they can independently, but effectively, affect these limitations or if they need to collaborate with other businesses or organisations. At the same time, those environments that have received significant investments from both local government and businesses have undergone outstanding growth on employment and incomes. (Porter & Kramer 2011)

4.3 Government and civil society

In practice, the success of businesses is strongly connected to the success of their surrounding community. Businesses need prosperous communities to create demand, but they also need a supporting business environment and critical public goods generated by the society. Respectively, communities need businesses to provide jobs and opportunities to create wealth for the citizens. Collaboration and partnerships between businesses, NGOs, governments and various foundations make the biggest impact on communities, society and shared value creation. (Porter & Kramer 2011)

Regulations

Quite often, governments have set policies to undermine competitiveness and even punish businesses, when governments actually should have tried to promote positive business practices that support innovation, sustainability, competitiveness and enforce the creation of shared value. While regulations are necessary for effective markets and to prevent wrongdoings, they should be aligned to promote innovation and the goals of CSV. Regulations should have

- Clear and measurable goals.

- Set standards to reach the goals, but they should not compel the use of any particular methods.
- Phase in periods to give companies a reasonable amount of time to set up new practices.
- Measuring and performance-reporting systems created by the government that promote continuous improvement.
- Specifications for auditable and regular reporting for the government. (Porter & Kramer 2011)

4.4 Shared value creation and progress of capitalism

CSV should become an integral part of business strategy and it can help businesses to upgrade their best practices and rethink their value chain and partnerships. CSV will help businesses to see new market needs and, while innovating and developing products and services for new markets, businesses can sometimes discover new solutions for traditional markets. As businesses internalize the CSV concept better in time, the more opportunities they will have to create shared value. (Porter & Kramer 2011)

Creating shared value is the next phase of capitalism. It is a higher form, where business involves a social purpose that enables society to progress faster while still making it possible for businesses to grow as well. This creates a positive, reinforcing cycle for businesses and communities to prosper sustainably. CSV gives a new perspective for businesses to sense customer needs, grasp productivity and understand the external effects of their operating environment. When businesses realize the true needs of the customers and market opportunities, as well as the community constraints, they can pursue competitive advantage. (Porter & Kramer 2011)

Healthcare – case malaria

Malaria is a serious issue that has killed millions of people globally. While many treatments and protection methods are still too expensive for many individuals in poor countries, businesses have still been able to succeed and make profit in this environment when they have worked together with governments and NGOs. To fight malaria in poor countries, governments and global NGOs have found ways to finance the necessary

medicines, bed nets and community health workers, while businesses have found efficient ways to produce and distribute the supplies to the market. (Sachs 2015, 498) This is a great example of shared value creation that is highly beneficial to the citizens, businesses and society as a whole.

4.4.1 Micro financing

Micro financing refers to small-scale credit, saving, insurance and payment services for individuals, communities and small businesses that do not have possibilities to use common, modern financial services. A vast number of people in developing countries do not have bank accounts and an even bigger proportion cannot get loans. Because people are lacking guarantees banks do not think it makes much sense to run credit checks for very small profit opportunities and also because the local legislation might be ineffective in case credit remains unpaid. (Heikkilä & Kalmi 2011, 325-327)

There are, and have historically been, various financial institutions in developing countries, such as state banks, local commercial banks, international banks, credit unions and informal loan and savings trusts. However, micro financing services have made their breakthrough by operating on a grassroots level and by relying on existing social networks. Micro financing is often offered to groups and especially to women, who tend to act more responsibly than men. (Heikkilä & Kalmi 2011, 327-332)

In addition to better known micro savings and loan services, there are now micro insurance services that provide coverage, for example, for life and crops, but these insurances are still often connected to micro credits as well. Other new micro finance services are payment and mobile bank services that are designed for people without bank accounts who still need to transfer money, e.g. salaries, to their families. Many new innovations have been generated around the payment services in recent years and especially some mobile solutions have become extremely popular options. (Heikkilä & Kalmi 2011, 333-335)

Despite the many positive aspects of micro financing, such as availability and reasonable interest rates, there have also incurred certain problems for customers in case they have not been able to repay their loans. In group loans for example, there has incurred pressure, harassment and even humiliation towards the group members, and even their families, if loan has not been repaid. (Heikkilä & Kalmi 2011, 336-339)

The discussion about the success of microfinancing is still ongoing. Heikkilä & Kalmi (2011, 339) suggest that there has not yet been concrete evidence that micro credits help to reduce poverty in a larger scale and that up to half of the micro credit businesses are struggling with profitability, hence many are still dependent on development aid. However, Sachs (2015, 169) proposes that micro financing has brought many benefits for societies, as it has supported female empowerment, gender equality, income generation and even restrained extreme population growth. These are all extremely vital in reducing poverty on a global level.

4.4.2 Base of the pyramid

A vast number of the world's people live in poverty and almost 2/3 of world citizens live on less than five US dollars per day. As we learned earlier, poverty does not only reflect economic circumstances, but it is also affiliated with basic human needs; freedom, rights, safety, health and a possibility for clean water and housing. (Halme 2011, 75, 80)

According to the UN, businesses can enhance the standard of human living in at least three ways.

- Businesses can help to satisfy basic human needs by offering its products and services and by paying taxes to the community.
- Businesses can facilitate people's own economic activity through their supply chain.
- Businesses can increase the income of individuals by creating and offering jobs. (Halme 2011, 83)

Base of the pyramid (BOP) business refers to a wealth pyramid, where the top consists of richest people and the bottom or base consists of poorest people that still are the vast majority of world's population. The aim of BOP business is to reduce poverty in the world by developing completely new innovations and at the same time create value and profits for the businesses. It is therefore a genuine win-win situation. (Halme 2011, 77-79)

Businesses are motivated to pursue BOP business, because of the enormous size of the market and because the competition is often low or even non-existent. Still, BOP business is not automatically responsible, as businesses can also choose to operate like in any other markets. (Halme 2011, 87-90)

4.4.3 Inclusive markets

Inclusive markets are a kind of a continuation to the base of the pyramid business model combined with shared value goals. The focus group is similarly poor people in developing countries, but it also includes discriminated groups, for example women and indigenous people. Inclusive markets aim to encourage people to be active members on the supply side as employees, producers and business owners. Inclusive markets emphasize multi-stakeholder collaboration, sustainability, development community and operating environment and development of regulations to remove barriers for inclusive and conscious business opportunities. (UNDP 2010, 9-10)

Inclusive markets ensure that poor people have sufficient access to markets that provide income opportunities, employment and access to social and health services. As there are these benefits for communities and societies for enabling the operations of inclusive businesses, governments should try to remove as many barriers and constraints that prohibit inclusive businesses to operate within the markets. These constraints can be inadequate infrastructure, discriminated parts of population, insufficient finance, market information and governance and finally, lack of policies, legislations and administrative frameworks. (UNDP 2010, 34, 61)

Inclusive businesses are economically stable as well as socially and environmentally responsible. They can operate in any business areas, but most commonly inclusive business opportunities are in the fields of healthcare, water, education, electricity, telecommunications and financial services. Inclusive businesses enable poor people to access information, products and services they could not reach earlier, while also providing livelihood opportunities within the poor communities. There are many benefits for inclusive businesses, for example new and expanded markets, and therefore increased income, reduced risks with more secure supply chain and improved relations to local communities and government. (Golja & Pozega 2012)

In the next chapter, I will investigate how selected Finnish companies have adopted corporate social responsibility and if they are expressing signs of shared value creation or other forms of conscious capitalism.

5 CSR ASSESSMENT OF FINNISH CORPORATIONS

The empirical part of my theses will assess how businesses actually conceive and handle their responsibility. I will analyze the responsibility of five Finnish businesses that all practice some form of corporate social responsibility and publish their CSR reports annually on their webpages. All selected businesses have an annual turnover of over 1,4 billion Euros and they operate in different industries. I have selected these particular businesses, as they are visible and large enough to have an impact on Finnish society and some even on the world. In addition, I will use a recent report from the Finnish Ministry of Economic Affairs and Employment (MEAE) and compare their findings and conclusions to mine.

I have selected the following businesses' CSR reports as the empirical material for the thesis

- Neste Corporation
- UPM-Kymmene Corporation
- KONE Corporation
- Stockmann plc
- Veikkaus Oy

A comparison chart of the selected businesses can be seen in appendix 1.

The purpose and end goal of this assessment is to find out how these particular businesses, and Finnish businesses in general, manage their responsibility and what they could do to improve their behavior and attitude regarding corporate social responsibility. I will also assess if the businesses express any significant aspirations to create shared value.

5.1 CSR report from the Finnish Ministry of Economic Affairs and Employment

The Finnish Ministry of Economic Affairs and Employment is a part of the Finnish Government and responsible for building an operating environment for people and organisations. The ministry's goals are to ensure productivity, growth, sufficient employment possibilities, as well as general well-being (MEAE 2016). The report MEAE has produced together with the Ministry of Foreign Affairs and the Department of

Ownership Steering is called *Stakeholders' views on corporate social responsibility in Finnish enterprises*. As the name suggests, the study is assessing stakeholder opinions and views regarding the status and level of corporate social responsibility within Finnish businesses. (MEAE 2016b, 7)

MEAE's study surveyed five stakeholder groups; investors, authorities, NGOs, trade unions and expert organizations. For some reason, the study did not include customers as an essential stakeholder group, but it did include them as one of the focused seven CSR themes. Other themes were human rights, employee rights, environment, corruption, taxation and lastly, reporting and communication.

The following were the main conclusions and findings of the MEAE's study:

- Stakeholders believe that Finnish businesses handle their CSR well or at least similarly as businesses from other Western countries. Corruption and taxation are seen as smaller issues than elsewhere. Comparatively, I was a bit surprised that stakeholders thought that human rights was the least successful theme (among the studied themes) of CSR implementation in Finnish businesses. This was explained to be a result of inadequate supply chain management.
- Overall, stakeholders saw that the biggest CSR related strengths were
 - strong know-how of business operations,
 - efficient and ethical operations,
 - transparency, communication and collaboration and
 - environmental responsibility.
- Stakeholders saw that the biggest CSR related challenges were
 - lack of leadership, poor integration to business strategy and insufficient utilization,
 - weak supply chain management and
 - inadequate know-how of CSR.
- Stakeholders also thought that
 - large corporations have integrated CSR to their leadership and strategy significantly better than small and medium sized enterprises (SMEs) (58,7% > 17,5%).
 - large corporations have integrated CSR to their target setting and daily operations significantly better than SMEs (39,6% > 7,9%). This was clearly seen as the most challenging part of CSR adaptation and development for businesses of any size.

- large corporations have integrated CSR to their corporate governance and reporting processes significantly better than SMEs (66,6% > 7,9%).
- Simple reasoning for the significantly favorable results is that larger businesses have much more resources and know-how than SMEs.
- Other conclusions in the study were:
 - Responses of different stakeholders were quite alike, except that NGOs' responses were somewhat more critical compared to other stakeholders.
 - Stakeholders concluded that responsibility increases the long-term success of a business and is directly connected to corporate governance.
 - Stakeholders suspected that CSR reports from large companies give a bit better picture compared to reality.
- Lastly, support from the government and civil society for CSR was welcomed as it was seen as having a positive impact on knowledge and development of CSR in the society. The government's support was considered to be especially beneficial for SMEs' CSR adaptation and development.

MEAE's study is in line with the literature review of this thesis and there weren't any significant contradictions, as the expectations of stakeholders were pretty much expected. What was clearly shown in the results was that there is still room for improvement for businesses of all sizes. CSR needs to be successfully integrated to business strategy and leadership, first and only then can it be implemented to daily operations.

Next I will discuss how the selected Finnish businesses have succeeded to take all necessary aspects into consideration and how their CSR reports reflect their understanding of concepts and opportunities like shared value creation.

5.2 Neste Corporation

Neste is a Finnish oil industry corporation and its majority shareholder is the state of Finland with 50,1% of shares. Neste's revenue in 2015 was over 11 billion Euros and it employs around 4900 people in 11 countries. Neste's main markets are the Baltic Sea region, Europe and North America. While Neste is the global leader in producing renewable diesel, the share of renewables in Neste's revenue is still only 17% and the remaining 83% comes from oil refining and retailing. (Neste 2016)

As part of the empirical study of this thesis, I have assessed Neste's corporate social responsibility reflected in their CSR report from 2015 called *Neste in 2015 - We create responsible choices every day*, which can be found on Neste's website. Neste's CSR report is combined with their annual financial report and covers all operations of the Neste Corporation. The report itself is 178 pages long and the CSR part follows the Global Reporting Initiative's G4 guidelines. From the Appendix 1, you can see how Neste's CSR report compares to the other four selected businesses.

CSR strategy and goals

Neste's CSR strategy is heavily connected to renewable diesel. The strategy is shaped by Neste's executive board and board of directors, but the practicalities are handled by a public relations steering group. This combined with the fact that only 10% of management incentives are connected to CSR targets, gives an impression that responsibility is not fully integrated to Neste's overall strategy or daily operations. The CSR report focuses on renewables and gives an impression that Neste's daily operations are sustainable, but in reality most of the operations still revolve around crude oil.

This being said, Neste is pursuing a sustainable future and works to increase the share of renewables in its business. Climate change, emission reductions and reducing society's dependency on crude oil are Neste's key sustainability drivers and are well aligned with goals to increase the production of biodiesel and improve the responsibility and efficiency of the whole value chain. Neste's commitments on the UN Global Compact and human rights also well reflect the intent and actions towards developing sustainable practices in the supply chain that consists of, for example, 53 000 palm oil small holders.

Triple bottom line

Neste's strategy to invest in sustainability and renewables has been brave and practically against company's traditional business model, but it is believed to bring new significant business opportunities in the future. Company's social focus is on safety, well-being and human rights of it's own personnel as well as the workers in the supply chain. In addition to biodiesel production, Neste aims to increase the utilization of waste and residue raw materials.

The supply chain of renewable materials is well managed from a sustainability perspective, but this does not seem to be the case with crude oil that is mostly bought from Russia. The crude oil supply chain undergoes financial and security reviews, but no sustainability review is done. This leaves open a question that does not really have a good answer, as either Neste doesn't care enough or it's simply too difficult and time consuming to try to affect the supply chain of an old industry such as crude oil. Because oil is still major part of Neste's operations, it should definitely focus on developing the sustainability of its crude oil supply chain.

Stakeholders

Neste's approach to various stakeholder groups is somewhat conflicting as in company's materiality assessment the highest importance was assigned to financial responsibility to owners, but further on, it was stated that "customers are at the heart of it all". While customers' responsible buying behavior is important for the whole industry to move towards more sustainable future, I propose that Neste could have the biggest effect on global advancement of sustainability through its supply chain.

To increase sustainability within the supply chain, Neste has composed a Supplier Code of Conduct and a Supplier Compliance Principles that obligate suppliers of renewable materials to comply with all national and international laws and regulations, human and labor rights conventions and, for example, no-deforestation principles. Neste has also successfully partnered with local and global NGOs such as Finnwatch and The Forest Trust to more efficiently monitor its suppliers' operations. In figure 5 (next page), we can see Neste's supplier management process.



Figure 5. How Neste ensures sustainability in supply chain. (Neste Corporation 2016)

According to Neste, stakeholder dialogue is part of company's daily operations and key stakeholders are regularly met in various events and meetings. In addition to the fact that there can always be more communication, PricewaterhouseCoopers Oy also made a recommendation in their CSR review that Neste should further develop stakeholder dialogue locally and in the group level.

Corporate ethics

Compared to the visible actions of some other international oil companies, Neste does recognize climate change and also discusses openly and positively about other renewable energy forms, e.g. solar and wind energy. Neste has also set some internal regulations that are clearly based on ethical principles, e.g. the company does not purchase crude oil from Arctic sea area or from conflict areas.

Only 17% of Neste's revenue is generated from renewables and 83% of revenue is still generated from oil related operations and businesses, which does undermine the integrity of the CSR report that almost completely focuses on renewables. As crude oil operations are not discussed much at all, it is fair to ponder if Neste's CSR reporting is guilty of greenwashing. A concrete measure that Neste could do to avoid this kind of speculation would be that it would expand its Supplier Code of Conduct to its crude oil

suppliers and also start to demand and enforce responsible actions within the crude oil supply chain as well.

CSR actions and achievements

In 2015, Neste increased the revenue from renewables by 20% and actually changed its official name from Neste Oil to Neste. It was included in the Global 100 (ranking world's most sustainable corporations) and the Dow Jones Sustainability Index. During the year most of Neste's R&D was focused on renewables and other new technologies, but for some reason this was not highlighted in the CSR report.

Neste ratified a group-wide Human Rights Commitment and also updated its Supplier Code of Conduct. In other social responsibility matters, Neste focused on personnel safety and development. In environmental matters, Neste made many advancements concerning the procurement of renewable raw materials in the supply chain. Neste enhanced the transparency of the supply chain by collaborating with The Forest Trust and other NGOs. Neste also achieved commitments from all of its largest palm oil suppliers to the no-deforestation principles.

Creating shared value

Biodiesel, produced from renewable materials, reduces the greenhouse gas emissions by 90% compared to fossil fuels and hence it helps to combat climate change, while also making the cities and environment cleaner and less polluted.

By collaborating with IDH, a Dutch organization promoting sustainability in supply chains, Neste enables independent small palm oil plantations to become Neste's suppliers and develop sustainable markets that protect the local environment while creating income opportunities. This collaboration could be the needed stimulation to reduce poverty in these rural communities.

5.3 UPM-Kymmene Corporation

UPM is a Finnish forest industry corporation whose main operations comprise of biorefining, paper and energy. UPM's revenue in 2015 was over 10 billion Euros and it

employs around 19 600 people worldwide. UPM has production plants in 13 countries and a global sales network that serves UPM's 100% renewable and recyclable product portfolio. (UPM 2016)

As part of the empirical study of this thesis, I have assessed UPM's corporate social responsibility reflected to company's CSR report from 2015 called *Annual report 2015 - Grow with Biofore*, which can be found on UPM's website. UPM's CSR report is combined with their annual financial report and covers all operations of UPM-Kymmene Corporation. The report itself is 155 pages long and the CSR part follows the Global Reporting Initiative's G4 guidelines. From the Appendix 1, you can see how UPM's CSR report compares to the other four selected businesses.

CSR strategy and goals

UPM sees that corporate social responsibility is directly connected to its global strategy and operations. This can be seen clearly from its statement: "*UPM integrates bio and forest industries and builds a sustainable future across six business areas. Our products are made of renewable raw materials and are recyclable.*" However, this is not quite that simple as CSR includes many other aspects than renewability of raw materials. It should also be stated that UPM has investments in nuclear energy that isn't always considered to be included in sustainable business operations, even though nuclear energy helps to combat climate change.

UPM's strategy includes plans to use biofuels, biocomposites and biochemicals to replace old oil based products. It also pursues widespread responsibility in business operations and continuous improvement of its social and environmental performance. Company's group executive team is responsible for CSR strategy, but the daily responsibility work is directed by a specialized team together with different business units and functions. UPM's incentive program is not directly connected to CSR, but if the business operations in general are considered to be responsible, then it's possible to suggest that incentives are dependent on responsibility as well.

Population growth, climate change and stricter environmental standards are the driving forces in UPM's corporate social responsibility and these are well aligned with company's strategic targets of utilizing renewable materials and energy. UPM also pursues competitive advantage through responsible sourcing, safe working environment that can

be perceived from acquired certificates (e.g. FSC, PEFC) and commitments such as the OECD Guidelines for Multinational Enterprises and the UN's Sustainable Development Goals.

Triple bottom line

UPM's goals on economic responsibility include competitiveness, shareholder value creation and good governance. It also pursues responsible sourcing and focuses on developing new biobased products, resource efficiency, by-product utilization and being part of the circular economy.

In social responsibility, UPM demands all stakeholders to respect human rights throughout the value chain and also promotes safety, personal development and the importance of stakeholder collaboration. Regarding environmental responsibility, UPM pursues responsible forest management, supporting biodiversity and reducing waste.

Stakeholders

UPM creates value together with various stakeholders through dialogue and stakeholder engagement. It also aims to benefit from growing sustainability demands by seizing new opportunities and by setting up new partnerships with associations, NGOs and local communities. Figure 6 (next page), shows how UPM conceives its key stakeholders.

THE FOCUS OF UPM'S STAKEHOLDER ENGAGEMENT WORK

UPM's Biofore strategy forms the foundation of UPM's stakeholder dialogue. The key focus areas and activities vary locally and according to stakeholder needs. Find out more about our activities in 2015 in this picture.

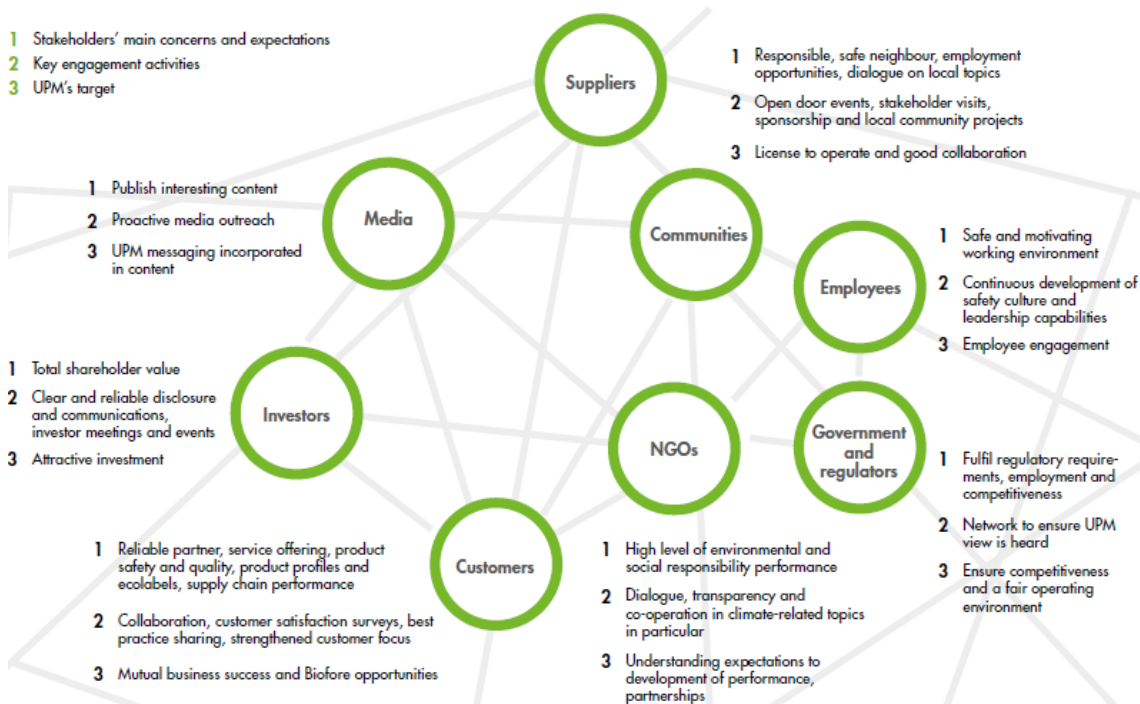


Figure 6. UPM's stakeholder dialogue. (UPM-Kymmene Corporation 2016)

While listening to responsibility expectations from stakeholders, UPM also promotes responsibility throughout its value chain. UPM has published its Code of conduct and arranged related training for its personnel, so individuals can make the right decisions and operate responsibly while collaborating with other stakeholders. To succeed in CSR, UPM needs to get its suppliers to engage in sustainability and also utilize NGOs and third party certificates to enforce responsible practices within the supply chain. A good example of this kind of successful collaboration can be found in China where UPM, the WWF China and the Chinese Forestry Industry Association promote responsible sourcing and sustainable forestry together.

Corporate ethics

UPM's CSR report repeats several times "All UPM activities comply with local laws and regulations", which might not be the strongest claim for corporate responsibility, but of

course is the necessary starting point for CSR. In addition to following legislation, UPM takes strong ethical position on wood sources and does not accept wood from tropical rainforests nor forest plantations that have been created by converting rainforests. UPM also has strict policy against corruption and bribery and assures to pay appropriate taxes to the countries where added value has been generated.

UPM is engaged in many philanthropic projects and actually spent around 3,6 million Euros in various sponsorships and donations in 2015. While philanthropy is considered to be part of economic responsibility and reputation management, UPM still did a lot of good in local communities where the money was donated to. For example, UPM's foundation in Uruguay contributed to local education and made it possible for children to continue to go to school also after they turned 12 years old, which of course is vital for the individual prosperity and for the development of society as a whole.

CSR actions and achievements

UPM was invited by the UN to participate in the Global Compact LEAD forum as the first forest industry company and as the first Finnish company. The LEAD members consist of 50 most sustainable companies in the world. UPM was also 25th company in the Global 100 list and included in the Dow Jones Sustainability Index.

In 2015, UPM continued to enhance the human rights within its supply chain by preparing more supplier audits and by sharing best sustainability practices throughout the supply chain. The company also achieved several environmental improvements such as wastewater treatment and air protection at the paper mill in China, UPM's share of certified wood increased to 84% and its total share of ecolabelled products increased to 77%.

Creating shared value

UPM takes climate change seriously and as a result of collaboration with industry associations and the World Business Council for Sustainable Development in the Paris Climate Summit, UPM has many solutions (renewable, carbon binding and resource efficient products) to combat climate change. This of course creates a world of business

opportunities for UPM and helps governments and societies to reduce the effects of man made climate change.

5.4 KONE Corporation

KONE is a Finnish elevator industry corporation and its majority shareholder is Antti Herlin with 51,0% of shares and 62,7% of voting rights. KONE's revenue in 2015 was around 6,8 billion Euros and it employs roughly 50 000 people in over 30 countries. KONE operates globally selling elevators, escalators and automated doors. In addition to selling new equipment and renewing old products, KONE focuses on maintenance contracts, which already consist of 31 % of KONE's total annual revenue. (KONE 2016)

As part of the empirical study of this thesis, I have assessed KONE's corporate social responsibility reflected in their CSR report from 2015 called *Sustainability Report 2015 - Helping cities grow sustainably*, which can be found on KONE's website. KONE's CSR report is detached report and covers most operations (e.g. all manufacturing units) of KONE Corporation. The report is 26 pages long and follows the Global Reporting Initiative's G4 guidelines. From the Appendix 1, you can see how KONE's CSR report compares to the other four selected businesses.

CSR strategy and goals

KONE's executive board is responsible for developing company's CSR strategy and managers are responsible to make sure each individual in the organization knows at least the responsibility goals and policies in their own processes. However, the internalization may not succeed without issues, as KONE has many policies and processes, such as quality, code of conduct, Key Performance Indicators (KPIs), overall stakeholder and supply chain management that all seem to be without proper integration to responsibility. Also, CSR goals are not included in KONE's incentive program, which could create hindrances in CSR strategy implementation and overall CSR integration to business processes.

Urbanization, resource scarcity and safety are key sustainability drivers for KONE. These seem to be well aligned with company's strategy and goals that focus on excellent quality, resource and energy efficiency and thoroughly safe use of the equipment. To

reach these goals, KONE aligned its manufacturing facilities to operate reliably and eco-efficiently while guaranteeing safe working environment for its personnel. KONE is also investing in developing its supply chain and partner network to reach similar targets throughout the value chain.

KONE has committed to the UN Global Compact, the UN's Sustainable Development Goals as well as to the Paris Climate Agreement that are all well in line with KONE's CSR strategy and ISO certificates that back up company's commitment to these global goals.

Triple bottom line

Urbanization and aging population should assist KONE to reach its economic responsibilities, as it is also backed up by the lifecycle business nature, where KONE sells new elevators while also receiving revenue from equipment upgrades and maintenance contracts. Clear emphasis on KONE's social responsibility is in safety. Namely, safe manufacturing environment for personnel, safe installation and maintenance practices for own staff and hired service providers and finally, safe equipment use for the customers.

Regarding the environmental responsibility, it is quite clear that KONE does not prioritize raw materials very high, as those are rarely referred to in the CSR report. It is true that KONE procures its materials as semi-finished products, but it should still at least try to figure out its supply chain all the way to the raw materials to be sure that each supplier is operating responsibly. However, KONE is focusing on eco-efficiency of its final products and business operations. In figure 7 (next page), is a visual presentation of how KONE pursues to save energy with its offering.

Eco-efficient People Flow solutions



Figure 7. KONE's visual presentation of their energy saving solutions. (KONE Corporation 2016)

Stakeholders

KONE's key stakeholders are customer, users, personnel and suppliers. While the company prepares many surveys and questionnaires, it should aim to have a deeper dialogue and collaboration with key stakeholders. Almost all survey results are positive, but KONE would probably be more efficient and beneficial, if it had more a two-way dialogue with its stakeholders, especially customers and users. For development project needs, KONE does organize design and innovation labs, where R&D personnel can collaborate directly with architects and with university and research center personnel.

Corporate ethics

KONE suggests that it has corporate conscience that shapes its behavior and attitude towards the world. Similarly, KONE's code of conduct steers its personnel to behave responsibly and ethically. This kind of thinking does show in company's philanthropic actions, e.g. KONE's personnel collected winter clothes for refugees in Finland and

KONE Centennial Foundation established a youth center in India offering education and health services in an inner-city slum.

KONE ensures that it pays taxes according to actual business operations in each country and that it has zero tolerance for corruption. The company also follows human and labor rights and expects that its suppliers do so as well.

CSR actions and achievements

KONE's strong financial results have made it possible to distribute and create value for company's key stakeholders. In 2015, KONE was ranked 28th in the Global 100 and was also in top 5% of companies in Carbon Disclosure Project's list. These are, for example, results of KONE's current operational carbon footprint that has reduced 60% (relative to received orders) compared to year 2008.

In addition, KONE has improved access to urban buildings for older people and enhanced their well-being and living standards. KONE's environmental achievements have been significant as well. In past 20 years, the energy efficiency of KONE elevators have improved 90%. As transportation causes almost half of KONE's own operational CO₂ emissions, KONE has optimized its logistic networks, selected more environmentally friendly transportation methods (trains and ships instead of airplanes) and utilized more efficiently space and packaging materials.

Creating shared value

One way KONE creates shared value is in the elevator upgrade sales. While selling and installing new elevators is just part of company's normal daily business, it does create improved usability for customers as new elevators can have up to 50% more space inside. At same time the customer can save up to 70% in electricity costs because of decreased energy consumption and, hence, society's possible CO₂ emissions decrease significantly as well.

5.5 Stockmann plc

Stockmann is a Finnish retail industry corporation that focuses on fashion, cosmetics, household goods and groceries. Stockmann's revenue in 2015 was over 1,4 billion Euros and it employs around 9700 people in 16 countries. Stockmann's main markets are Scandinavia and Baltic countries. (Stockmann 2016)

As part of the empirical study of this thesis, I have assessed Stockmann's corporate social responsibility reflected in their CSR report from 2015 called *2015 Corporate Social Responsibility*, which can be found from Stockmann's web page. Stockmann's CSR report is detached report and covers most operations of Stockmann plc. (Operations in Russia have been excluded, because those have been discontinued.) The report is 39 pages long and follows the Global Reporting Initiative's G4 guidelines. For some reason, Stockmann has decided not to have third party CSR report review or assurance. From the Appendix 1, you can see how Stockmann's CSR report compares to the other four selected businesses.

CSR strategy and goals

Stockmann's CSR strategy has been built around the idea of creating responsible shopping experiences for customers. It also highlights sustainability in supply chain and personnel matters. CSR strategy has been implemented to Stockmann's business operations by training leaders on personnel well-being, by training personnel who operate with supply chain to consider sustainability issues and by training and instructing suppliers on sustainable operations. However, Stockmann's incentive plan is not connected with CSR strategy, which is problematic for CSR integration efficiency.

Stockmann has specialized CSR steering group that is responsible for company's CSR strategy and its implementation. The CSR steering group is directed by Stockmann's communications director, which raises a question of the purpose of the CSR process; Is Stockmann's CSR program just a nice way to gather positive marketing material (greenwashing) or does Stockmann actually pursue the CSR integration to daily business processes?

Customer expectations are named as the key sustainability driver, which is well aligned with the company's CSR strategy. Stockmann is committed to UN's Global Compact,

OECD's guidelines and the Universal Declaration of Human rights, among other things. Stockmann is also committed to BSCI's (Business Social Compliance Initiative) Code of conduct that promotes sustainability in supply chains. These commitments are also well aligned with Stockmann's responsibility focuses.

Triple bottom line

After few years of bad economic results Stockmann's long-term economic goals are competitiveness and profitability. Most of Stockmann's social responsibility targets relate to its personnel and how Stockmann wants to increase employee engagement by creating a safe working environment that supports personal development and well-being. At the same time, Stockmann aims to improve its energy efficiency and minimize waste and transportation emissions in its own operations. The company also tries to improve its environmental responsibility by directing its suppliers towards more ethical operations and sourcing related to nature and animals.

Several times in the CSR report, Stockmann explain that it will "fulfill all quality and safety requirements set by legislation". This is, of course, an important guideline, but as was stated in the theoretical part of this thesis, it is the minimum expectation towards any organization, regardless of their level of responsibility.

Stakeholders

Stockmann pursues active dialogue with key stakeholders to learn and understand their expectations. To prosper financially, the company listens to its customer through surveys, customer service and social media. Stockmann can adjust its own operations according to customer feedback, and similarly, it can try to affect customer behavior through responsible offering and guidance in purchase decision situations. As stated earlier, Stockmann places its personnel high in company's social responsibility and this is clearly visible in the principle that enables two of Stockmann's employees to participate in company's board meetings.

Stockmann can make the biggest impact on social and environmental responsibility in a global level through its supply chain, as many of the items sold are bought and manufactured in developing countries. The company expects that suppliers follow

Stockmann's code of conduct as well as BSCI's code of conduct to enhance working conditions and ensure human and animal rights within the supply chain. To make sure that suppliers follow these guidelines, Stockmann conducts, together with NGOs and other third parties, regular audits throughout its supply chain. Figure 8 below, shows that Stockmann's suppliers have improved their performance compared to BSCI code of conduct, but a lot of work still needs to be done.

BSCI AUDITS IN 2013–2015, %

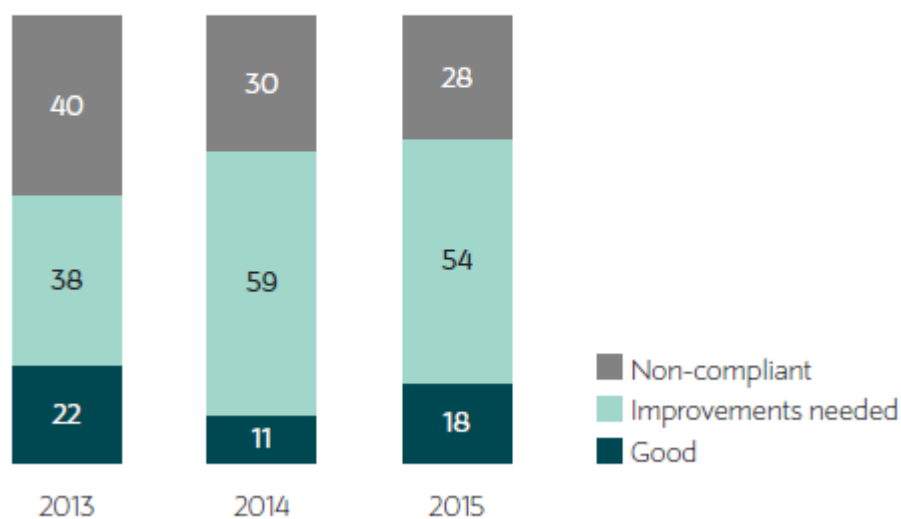


Figure 8. Supplier development according to audits 2013-2015. (Stockmann plc 2016)

Corporate ethics

Stockmann declines to sell certain items, e.g. fireworks, on ethical basis and on the other hand, Stockmann has over 1500 organically produced foods as well as large number of Fair trade products available in its retail stores. Stockmann also aims to increase the share of sustainably produced clothing and decrease the offering of clothes that contain any harmful materials.

Stockmann has the possibility to practice philanthropy by donating excess food, clothes and other products to the people in need in local communities. Stockmann's operations in developing countries, like Bangladesh, can also have a significant impact on human rights and income opportunities. Stockmann refuses to buy from suppliers that have

made human rights violations, until the situation has been fixed and victim(s) have been compensated. Here is an ultimate example from Stockmann to all other businesses on how these cases should be handled:

“Over the years, there have been cases where a child under the minimum working age has worked in a factory producing our products, and thus we have a method that has been developed together with Save the Children for dealing with such a situation. The factory is responsible for compensation and for paying a salary to ensure the child can attend school instead of, for example, moving to another factory to work. The factory management meets with the parents of the child to solve the issue. If possible, and in order to ensure that the family has sufficient resources, an adult member of the family is employed to replace the child.”

As the above example sounds almost too good to be true, it would be beneficial for Stockmann and the credibility of the statement, that Stockmann's CSR report had an external assurance or if the statement was backed up, for example, by local NGO.

CSR actions and achievements

To reach economic sustainability, Stockmann needed to start an efficiency program and let go some personnel in various back office functions. Relating to the personnel reductions, Stockmann started a program to educate, retrain and help these people to apply for work. Stockmann also performed hundreds of supplier audits to increase responsibility, transparency and safety throughout the supply chain.

Based on Stockmann's CSR report, there isn't any real effort to reduce CO2 overall emissions in its own operations. CSR report mentions that some Lindex stores have moved to renewable energy, but it seems all Stockmann department stores still use unsustainable energy. This may be because of the cost savings program, but there is no way to know. Similarly, the cost savings program could be the reason why Stockmann did not have any third party assurance for the CSR report. To add credibility and reduce errors that Stockmann had, for example, in previous years' calculations, Stockmann should seriously consider having the external assurance in its 2016 CSR report.

5.6 Veikkaus Oy

Veikkaus is a Finnish gaming industry corporation and it's wholly-owned by the state of Finland. Veikkaus' revenue in 2015 was close to 2,1 billion Euros and it employs 350 people. Veikkaus operates in Finland only, where it has monopoly in most lotteries, pools and betting games. While Veikkaus' turnover was over 2 billion Euros, it "spent" only 12 % of the revenue in operating costs and retail commissions and actually returned 58 % to the players and distributed the remaining 30 % of the turnover to Finnish society. Revenue distribution can be seen in the figure 9 below. (Veikkaus 2016)

Breakdown of one Veikkaus euro

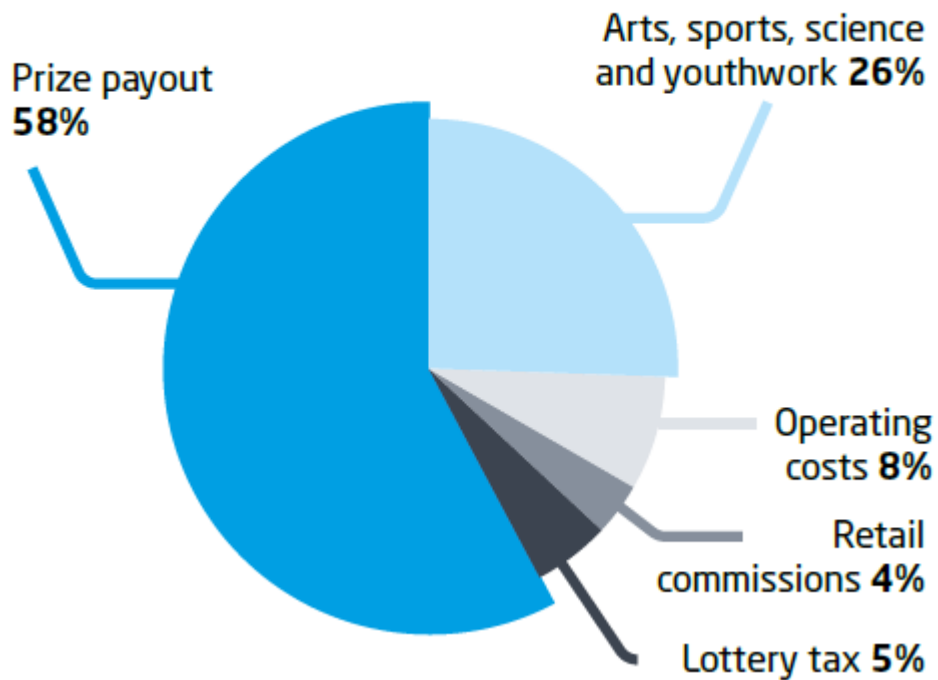


Figure 9. Veikkaus' presentation of how the money is redistributed. (Veikkaus Oy 2016)

As part of the empirical study of this thesis, I have assessed Veikkaus' corporate social responsibility reflected in their CSR report from 2015 called *Corporate Social Responsibility report 2015*, which can be found on Veikkaus' website. Veikkaus' CSR report is detached report and covers all operations of Veikkaus Corporation. The report is 45 pages long and follows the Global Reporting Initiative's G4 guidelines. From the Appendix 1, you can see how Veikkaus' CSR report compares to the other four selected businesses.

CSR strategy and goals

Gambling could be seen as unethical business in many societies, which also creates an interesting ethical dilemma that if Veikkaus can actually be considered to operate responsibly and sustainably. However, long operating history and tradition in Finnish society and the redistribution of profits, have made Veikkaus generally accepted business in Finland, at least for now. Veikkaus' exclusive right to Finnish gaming market is also connected to the facts that Veikkaus promotes responsible gaming, pursues to reduce negative effects of gaming and aims to prevent crimes related to gambling.

Veikkaus' CSR strategy is planned by its board of directors, together with the ethical council of Veikkaus. Actual CSR tasks and implementation are managed by Veikkaus' executive team that aims to operate in the best interest of beneficiaries. As part of Veikkaus' CSR strategy and implementation, Veikkaus uses various tools and processes, e.g. player registration and gaming control, to cut down problems caused by gambling. Only a small part of Veikkaus' incentive program is related to responsible gaming. Considering the nature of the business as well as the monopoly status, I believe at least half of the incentives should be related to company's responsibility goals.

Veikkaus' strategic goals are well aligned with the company's sustainability drivers that focus on stakeholder expectations and reducing gaming related problems. Veikkaus has committed to Finnish consumer and data protection acts. It has also committed to increase its operational efficiency and reducing the use of energy. While the environmental commitments may not be in Veikkaus' responsibility focus, consumer protection definitely is. Veikkaus also sees that its responsibility is to create profits, which can then be distributed by Finnish government to all Finns through arts, sports, science and youth work.

Triple bottom line

Veikkaus' emphasis on economic responsibility is to ensure the business continuation. It also strives for sustainable development, responsible operations and efficiency. Relating to social responsibility, Veikkaus aims to reduce problem gaming and prevent fraud and crime. In addition, Veikkaus pursues environmental responsibility by reducing

energy consumption of its equipment, developing energy efficiency operations and by training its personnel on environmental issues.

Stakeholders

Veikkaus aims to learn and understand stakeholder expectations while also creating trust within society. Veikkaus' common key stakeholders are customers that benefit from responsible consumer data protection, and personnel that is treated with emphasis on equality while also supporting personnel's well-being and development. Because of Veikkaus' business model and operating industry, the company also has some a bit more unusual key stakeholders, e.g. beneficiaries that receive the donations from the government, and sports federations that are at the same time public relations partners, as well as beneficiaries.

Corporate ethics

The balance in ethics is challenging for Veikkaus, as it operates in gambling industry, but at the same time strives to create public good for all citizens in Finland. Still, Veikkaus takes its responsibility very seriously and incorporates ethical guidelines in all phases of new product development. At the moment, Veikkaus' profits are distributed according to the Funds Distribution Act, which states that *"38.5% of the funds go to art, 25.0% to sports, 17.5% to science, and 9.0% to youth work"*. There is also a remaining 10% of profits to be distributed and it's decided separately each year. Because of Veikkaus' peculiar business model, it is quite difficult to define, if this profit distribution should be classified as its normal business, philanthropy or shared value creation.

CSR actions and achievements

During its 75 year of existence, Veikkaus has generated around 16 billion Euros for its beneficiaries and in 2015, it raised 537 million Euros for public good. Veikkaus achieved the highest ranking in Corporate Spirit's Personnel survey and it was also granted a right to use Social Enterprise label, because of the successful integration of business and social responsibility goals.

In 2015, Veikkaus managed to improve many environmental aspects of its operations. For example, Veikkaus updated its office infrastructure, service providers and waste management and now uses 100% green energy and recycles 99,8% of all materials used in its own operations. Actually, as long as Veikkaus' gaming business is generally considered to be justified and acceptable, Veikkaus is doing very well on all segments of corporate social responsibility.

Creating shared value

The facts that Veikkaus is state owned and that its business operations are widely accepted, increase the created profit and hence the distributable amount to public good. While Veikkaus brings joy to people, it promotes hope and even creates wealth for some fortunate individuals. However, this wouldn't probably be possible without the monopoly status and long operating history within Finnish society.

5.7 Summary and comparison to MEAE's study

Most stakeholder views presented in Finnish Ministry of Economic Affairs and Employment's study are in line with my findings of the five assessed Finnish corporations. Only significant difference is the management of CSR in the supply chain that I did not find problematic. However, this may be due to the on average bigger size of the assessed businesses or simply because the comparatively small sample size of my research.

Clear strengths of the assessed businesses were business know-how, ethical operation practices, communication and environmental responsibility. It was also proven clear that corruption and taxes weren't issues with the assessed companies, which agree with MEAE's study. This may be because two of the five companies are owned by the state of Finland, and because other selected businesses aren't quite big enough to even try to evade taxes out of sight.

Assessment agrees with MEAE's study in that CSR implementation and leadership are the biggest challenges for the assessed businesses as well. Even as each five businesses expressed convincingly that responsibility is integrated in their core business operations, it did not come out as clearly in the actions related to CSR strategy

implementation nor did it show up distinctly in described leadership processes. In contrast to MEAE's findings, assessed businesses had relevant know-how of corporate social responsibility. CSR focus, goals and stakeholder inclusion were clearly visible in CSR descriptions and plans, the problems were simply in the integration. For example, only Neste and Veikkaus included responsibility targets in companies' incentives and even they had the emphasis of responsibility considerably low.

As mentioned, biggest difference between MEAE's findings and the assessments is in supply chain management and human rights conduct that were seen least successful part of CSR of Finnish businesses. On the contrary, the assessment showed that all selected businesses emphasized the importance of human and labor rights and invested heavily on supply chain development and collaboration. Veikkaus is the only exception in this regard, as supply chain management is not relevant in its business model. The focus on responsible supply chain can be seen in the use of specific supplier code of conducts that are taken into use by Neste, Kone and Stockmann. UPM has set up other kinds of regulation in its supply chain and it also has an award program for responsible suppliers.

Industry, location, main business operations and key stakeholders affect significantly businesses' CSR emphasis. For example, Neste's focus is clearly more in environmental responsibility and Stockmann's focus is in social responsibility. These focuses are a result of stakeholder expectations and the actual impact these businesses could have on their operating environment.

In the MEAE's report, stakeholders suspected that large businesses may somewhat overstate their level of responsibility, which might not be an entirely incorrect belief. The assessed businesses, as all others, spend huge amounts of time, money and resources to create annual CSR reports, and of course want to present the best possible case for their responsible operations. One aspect of this is that many of the businesses, in this case Neste, Stockmann and Veikkaus, have communications and public relations directors in charge of their CSR strategies. Second aspect of appearing more responsible is related to the parts that are left out or just barely mentioned in the CSR reports. For example, KONE does not discuss much about the origins of the raw materials they use. For a reader, it's impossible to say if it just isn't relevant to KONE as they procure raw materials from normal responsible sources, or if they prefer not to discuss about the possibly less responsible origins of their raw materials. Other example is Neste that almost entirety of the CSR report discusses about the responsibility of its

biodiesel operations. While it may all be just as great as presented, the truth comes up for careful reader, which is that less than 20% of Neste's whole operations consist of renewables and rest of the revenue is generated from crude oil.

In the end, assessed businesses did perform responsibly, but all of them also had things to improve, especially regarding the CSR strategy implementation and integration to business processes. As concluded in the theoretical part of the thesis, this integration would greatly improve the benefits these businesses would have from their responsible operations.

Responsibility in Finnish business operations

According to the gathered knowledge in this thesis, I'm pleased to see that Finnish businesses understand the global issues that societies are facing and they actually pursue to fix many of the problems, in contrast to some US based multinationals. Or the very least, Finnish businesses consider the impacts they have on societies and do not intentionally seek to make matters worse. Some businesses acknowledge the concept of sustainable development and commit to global goals and guidelines, e.g. the UN Global Compact initiative. It is also clear that larger Finnish businesses know the concept of corporate social responsibility and most also pursue to implement CSR, at least in relevant ways to themselves. However, shared value creation seems to be somewhat more unfamiliar concept, but this probably relates to the newness of CSV.

Corporate social responsibility as well as shared value creation both present significant opportunities for Finnish businesses. These ideas could create competitive advantage in smaller scale for individual businesses, but in a larger scale responsible behavior and actions could even raise the image of Finnish businesses worldwide to a level where we were 10-15 years ago. Responsible Finnish businesses could again be the textbook examples like Nokia once was. According to CSR literature and practical research of this thesis, Finnish businesses already possess the knowledge in corporate social responsibility. They just need the support from the government and civil society to be able to make the complicated, but necessary, decisions to finalize the transition by truly adopting and implementing corporate social responsibility within business strategy and operations. As we learned from the theory, benefits for businesses and society will only increase when the integration is done properly throughout the organization.

6 CONCLUSIONS

Many societies are in urgent need for social and environmental policy reforms as they fight against poverty, hunger, inequality, pollution, diseases and climate change. These issues do not become any easier when global population keeps growing and the already existing population in developing countries pursue, deservedly so, to improve their way of life and general well-being. Sustainable development, improved efficiently and new innovative solutions are the only options for humankind to prosper in the future. Neither governments nor individuals can solve these issues alone and from this truth emerges the opportunity for businesses to pursue competitive advantage while operating responsibly. Sachs (2015, 376) highlighted that sustainable development consists of a series of problem solving situations that demand great creativity to come up with practical solutions to economic, social and environmental concerns. Within this realization lies the opportunity for businesses to operate and grow while creating wealth, well-being and sustainability around them.

The purpose of this thesis was to find out how businesses could benefit from corporate social responsibility and how CSR is currently being handled by Finnish corporations. Main findings were that CSR strategy needs to be created according to stakeholder expectations, aligned with business strategy and it needs to be well implemented through training, process integration, incentives and leadership. It was also suggested that maximum overall benefits can be created for all when businesses pursue shared value creation.

Conclusions from the empirical research highlighted that Finnish businesses handle their economic, social and environmental responsibilities well, but that they still have many improvement areas, such as deeper CSR integration to business strategy and daily operations. Research showed that Finnish businesses have internalized well their sustainability drivers, and that their CSR goals and external commitments were clearly set accordingly. Strong ethical beliefs and values were also seen in the actions of the Finnish businesses as they pursued to enforce and enhance human rights in the supply chains and well-being in the local communities.

As a result of responsible actions, assessed Finnish businesses managed to improve their energy efficiency and waste reduction, reduce their CO₂ emissions, increase the proportion of sustainable products and increase responsible operations in their supply

chains. Research revealed that Finnish companies haven't widely internalized the concept of shared value creation, but some similar actions were still noticeable. Best example was Neste's work with parts of its supply chain, where it collaborated together with IDH to enable independent small palm oil plantations to become Neste's suppliers and develop sustainable markets that protect the local environment while creating new income opportunities within the community. Simultaneously, this collaboration made Neste's supply chain more secure and could also be the needed stimulation to reduce poverty in these rural communities.

As further research, I would suggest to research what governments and societies could do to support sustainable development, responsible business behavior and actions and shared value creation.

When I started the thesis project, I simply presumed that businesses should be more responsible to improve stakeholder opinions and hence secure and grow business profits. What I came to learn is that our environment and society as a whole desperately needs the support from businesses, the same way as businesses require functioning and healthy operating environment. It is in the interests of businesses to operate responsibly and to create prosperity for all stakeholders. After this realization, it came apparent that an additional level needed to be included in corporate social responsibility, which I see as shared value. For a business to be truly responsible, it first needs to understand and implement all aspects of corporate social responsibility. Secondly, it needs to comprehend the issues within the society it operates in and finally, it needs to discover how it could fix any of these issues through its business operations. This is the ultimate way to create shared value, and perhaps save the world while doing it.

REFERENCES

Federal Register 2009. The President. Executive Order 13514—Federal Leadership in Environmental, Energy, and Economic Performance.

Friedman, M. 1970. The Social Responsibility of Business is to Increase its Profits. The New York Times Magazine, September 13, 1970. Referred to 30.8.2016 http://doc.cat-v.org/economics/milton_friedman/business_social_responsibility

Global Sustainable Investment Alliance (GSIA). 2015. Global Sustainable Investment Review 2014. Referred to 11.9.2016 http://www.gsi-alliance.org/wp-content/uploads/2015/02/GSIA_Review_download.pdf

Golja, T. & Pozega, S. 2012. Inclusive Business – What It Is All About? Managing Inclusive Companies. International Review of Management and Marketing. Vol.2, No.1, 22-42.

Halme, M. & Joutsenvirta, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Halme, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Harmaala M. & Jallinoja N. 2012. Yritysvastuu ja menestyvä liiketoiminta. Helsinki: Sanoma Pro Oy.

Heikkilä, A. & Kalmi, P. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Heiskanen, E. & Jalas, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

IUCN, UNEP & WWF 1991. Caring for the Earth. A Strategy for Sustainable Living. Referred to 7.10.2016 <https://portals.iucn.org/library/efiles/documents/cfe-003.pdf>

Johnson, M. 2010. Seizing the White Space: Business Model Innovation for Growth and Renewal. Boston: Harvard Business Press.

Joutsenvirta, M. & Kourula, A. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Joutsenvirta, M.; Järvensivu, T. & Järvensivu, P. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Jussila, M. 2010. Yhteiskuntavastuu. Nyt. Vantaa: Hansaprint Oy.

Juutinen, S. 2016. Strategisen yritysvastuun käsikirja. Helsinki: Talentum Pro.

Kanniainen, V. 2015. Yritysten yhteiskuntavastuun taloustiede. Helsinki: BoD - Books on Demand.

Kautto, P. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

KONE Corporation 2016. Sustainability Report 2015 - Helping cities grow sustainably. Referred to 18.11.2016 http://www.kone.com/en/Images/KONE_Sustainability_Report_2015_tcm17-9871.pdf

Kuisma, M. & Temmes, A. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Kujala J. & Kuvaja S. 2002. Välittävä johtaminen – Sidosryhmät eettisen liiketoiminnan kirittäjinä. Helsinki: Talentum Media Oy.

Lankoski, L. & Halme, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Mackey, J. & Sisodia, R. 2013. Conscious Capitalism Is Not an Oxymoron. Harvard Business Review. Referred to 2.11.2016 <https://hbr.org/2013/01/cultivating-a-higher-conscious>

Marsh G. 1864. Man and nature; or, Physical geography as modified by human action. Referred to 7.10.2016 <https://archive.org/details/manandnatureorp00marsgoog>

Ministry of Economic Affairs and Employment (MEAE) 2016. Referred to 8.11.2016 <http://tem.fi/ministerio>

Ministry of Economic Affairs and Employment (MEAE) 2016. Selvitys sidosryhmien käsityksistä suomalaisten yritysten yhteiskuntavastuusta. Työ- ja elinkeinoministeriön julkaisuja. Kilpailukyky 21/2016. Referred to 8.11.2016 <http://tem.fi/documents/1410877/2869440/Selvitys+sidosryhmien+k%C3%A4sityksist%C3%A4+suomalaisten+yriytysten+yhteiskuntavastuusta.pdf/c7caa72e-cea3-4f33-821d-43ce0e96f03e>

Mäkinen, J. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Neste Corporation 2016. Neste in 2015 - We create responsible choices every day. Referred to 18.11.2016 <https://ir-service.appspot.com/view/ahBzfmlyLXNlcnZpY2UtaHJkchsLEg5GaWxlQXR0YWVudWVudBiAgKDYpuWGCAw>

Nissilä, H. & Lovio, R. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Nokkala, J. 2016. in Strategisen yritys vastuun käsikirja. Juutinen, S. (editor) 2016. Helsinki: Talentum Pro.

Nylasy, G. Gangadharbatla, H. & Paladino, A. 2014. Perceived Greenwashing: The Interactive Effects of Green Advertising and Corporate Environmental Performance on Consumer Reactions. Journal of Business Ethics. Vol.125.4, 693-707.

Ollila, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Organisation for Economic Co-operation and Development (OECD). 2011. OECD Guidelines for Multinational Enterprises 2011 edition. Referred to 3.10.2016 <http://www.oecd.org/daf/inv/mne/48004323.pdf>

Porter, M. & Kramer, M. 2011. Creating Shared Value. Harvard Business Review. January-February 2011.

Pälli, P. & Turunen, J. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Sachs, J. 2015. The Age of Sustainable Development. New York: Columbia University Press.

Simola, E. & Ylönen, M. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Sorsa, V. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

Stockmann plc 2016. 2015 Corporate Social Responsibility. Referred to 18.11.2016 <http://www.stockmanngroup.com/documents/10157/19127/Stockmann+CSR+2015.pdf/9747e232-32fe-4ba7-9177-23d93dc3a791>

TerraChoise Group Inc. 2009. The seven sins of greenwashing. Referred to 22.9.2016 <http://sinsofgreenwashing.com/index3c24.pdf>

The European Commission (EC). 2014. The Corporate Social Responsibility Strategy of the European Commission: Results of the Public Consultation. Referred to 6.10.2016 <http://ec.europa.eu/DocsRoom/documents/8021/attachments/1/translations/en/renditions/native>

The European Commission (EC). 2015. EU Multi Stakeholder Forum on Corporate Social Responsibility. Referred to 7.10.2016 <http://ec.europa.eu/DocsRoom/documents/8774/attachments/1/translations/en/renditions/native>

The European commission (EC). 2016. Corporate Social Responsibility (CSR). Referred to 22.9.2016 http://ec.europa.eu/growth/industry/corporate-social-responsibility_en

The United Nations Development Programme. 2015. Human Development Report 2015. The United States: PBM Graphics.

The United Nations Global Compact. Referred to 30.9.2016 <https://www.unglobalcompact.org/>

The United Nations Sustainable Development Goals. Referred to 30.10.2016 <http://www.un.org/sustainabledevelopment/>

The United Nations. 2015. Transforming our world: the 2030 Agenda for Sustainable Development. General Assembly Resolution on 25.9.2015. Referred to 30.9.2016 http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/70/1&Lang=E

United Nations Development Programme (UNDP) 2010. Inclusive Markets Development Handbook. Referred to 8.11.2016 <http://www.undp.org/content/dam/undp/library/Poverty%20Reduction/Private%20Sector/undp-psd-imdhandbook-en-2010?download>

UPM-Kymmene Corporation 2016. Annual report 2015 - Grow with Biofore. Referred to 18.11.2016 <https://user-fudicvo.cld.bz/UPM-annual-report-2015>

Veikkaus Oy 2016. Corporate Social Responsibility report 2015. Referred to 18.11.2016 https://cms.veikkaus.fi/site/binaries/content/assets/dokumentit/vuosikertomus/2015/csr_report_2015.pdf

Wilska, T. 2011. in Vastuullinen liiketoiminta kansainvälisessä maailmassa. Joutsenvirta, M.; Halme, M.; Jalas, M. & Mäkinen, J. (editors) 2011. Tallinna: Raamatutrükikoda.

World Wildlife Fund. 2010. Certifications and roundtables: do they work? Referred to 22.9.2016 http://d2ouvy59p0dg6k.cloudfront.net/downloads/wwf_msireview_sept_2010_lowres.pdf

World Wildlife Fund. 2016. Principles to actively endorse and recognize effective and credible standards and certification schemes. Referred to 22.9.2016 http://d2ouvy59p0dg6k.cloudfront.net/downloads/wwf_principles_for_standards_and_certification_schemes_external_version.pdf

CSR comparison chart of five Finnish businesses

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Report name	Neste in 2015 - We create responsible choices every day	Annual report 2015 - Grow with Biofore	Sustainability Report 2015 - Helping cities grow sustainably	2015 Corporate Social Responsibility	Corporate Social Responsibility report 2015
Web link	https://ir-service.appspot.com/view/ahBzfmyLXNlcZpY2UtaHjkchsLEg5GawxlQXROyWNobWVudBiAgKDYpuWGCAw	https://user-fudicvo.cld.bz/UPM-annual-report-2015	http://www.kone.com/en/Images/KONE_Sustainability_Report_2015_tcm17-9871.pdf	http://www.stockmanngroup.com/documents/10157/19127/Stockmann+CSR+2015.pdf/9747e232-32fe-4ba7-9177-23d93dc3a791	https://cms.veikkaus.fi/site/binaries/content/assets/dokumentit/uosikertomus/2015/csr_report_2015.pdf
Year	2015	2015	2015	2015	2015
Country	Finland	Finland	Finland	Finland	Finland
Report type	Combined financial and CSR report	Combined financial and CSR report	CSR report	CSR report	CSR report
Reporting format	Global Reporting Initiative G4 guidelines	Global Reporting Initiative G4 guidelines	Global Reporting Initiative G4 guidelines	Global Reporting Initiative G4 guidelines	Global Reporting Initiative G4 guidelines
Number of pages	178	155	26	39	45
Scope of the CSR report	"reporting covers all of the operations of Neste Corporation and the operations of companies in which Neste has a holding of over 50%."	Scope is not specified in the CSR report. There is a mention that scope can be seen from UPM's web page, but I couldn't find it. As UPM's annual report is already 155 pages long, I would presume, they could fit the scope in the report as well.	"All major local and regional organizations and all production units are included in the reporting scope. The environmental data has been collected from KONE's 12 manufacturing units worldwide and from 31 major country organizations with sales, installation, and service operations in Asia-Pacific, EMEA, and North America. The collected environmental data covers 86% (2014: 87%) of all KONE's employees and 100% of the employees working at our manufacturing units"	"The CSR review for 2015 covers all of the Stockmann Group's own operations, which in 2015 comprised of three divisions - Stockmann Retail, Real Estate and Fashion Chains – in 11 countries" "The figures reported in the CSR review do not include department store operations in Russia which have been classified as discontinued operations"	All operations in 2015
External audit of CSR	Independent practitioner's assurance report	Independent practitioner's assurance report	Independent assurance statement	"The report has not been reviewed in full by a third party."	Independent assurance report
Used sustainability assurance standard	AA1000 Assurance Standard	AA1000 Assurance Standard	AA1000 Assurance Standard	-	International Standard on Assurance Engagements (ISAE) 3000
External auditor	PricewaterhouseCoopers Oy	PricewaterhouseCoopers Oy	Independent sustainability experts	-	Deloitte & Touche Oy
Auditor's recommendations	"We recommend that the Company further develops dialogue and engagement with the different stakeholders both at group level and on respective geographical areas"	"In future, we recommend that the Company considers the possibility to increase the disclosures on material sustainability topics at the business area level. This would provide stakeholders further opportunities to assess the Company's performance in the responsibility focus areas."	"Nothing has come up"	-	-
Business overview	"pioneer"	"frontrunner"	"pioneer"	-	"pioneer"
Industry and main operations	Oil industry Crude oil and biodiesel refining and retailing	Bio and forest industries Biorefining, energy, paper	Elevators and escalators	Retail trade	Gaming industry "lotteries, and pools and betting games"

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Main market(s)	Baltic Sea region, Europe and North America	World	World	Scandinavia and Baltic countries	Finland
Market / world leader	"Global leader in renewable diesel"	"UPM is listed as industry leader on the global Dow Jones Sustainability Index" "Global market leader in labelling materials"	"a global leader in the elevator and escalator industry"	-	Monopoly
Sayings	"More with less" "Creating responsible choices every day"	"Responsibility is good business" "leading sustainability performance"	-	"responsible shopping experiences"	"bringing joy to the lives of all Finns"
Number One Goal	Many priority goals!	Many priority goals!	"At KONE we have defined safety as our highest priority."	"CSR VISION - We offer our customers responsible shopping experiences. We are committed to work for a more sustainable future."	"Veikkaus aims at promoting responsible gaming, pursuing moderate and sustainable growth"
Strategy and leadership					
Strategy implementation	"Sustainability is one of Neste's four values and part of everything we do. It is at the core of our strategy and part of the management incentive system. We promote responsible business by offering sustainable solutions to the needs of customers and society and by operating as transparently as possible throughout our supply chain."	"UPM is committed to continuous improvement in its financial, social and environmental performance." "Ecodesign (biofuels, biocomposites, biochemicals to replace old oil based products) represents business opportunities with large target markets and high added value."	"sustainability is embedded in our organizational culture. It is how we treat each other and our stakeholders, how we take the environment into account in all of our actions, and how we foster economic performance now and in the future."	"CSR work covers the entire value chain in Stockmann's operations. Responsibility starts in the supply chain, from ensuring safe working conditions to minimizing environmental impacts, and offering our customers the choice of responsibly produced products in our selections. In store operations, we place the customer at the core, and pay close attention to employee wellbeing as well as environmental aspects. We guarantee the safety of our products and inspire our customers to responsible choices."	"The justification of the exclusive right – preventing the detriments of gaming and fighting crime – is assured by Veikkaus' own measures to advance responsible gaming. Successful operations can only be based on a wide customer basis and general acceptance of gaming."
Leadership	"Supervisors are responsible for making sure that each Neste employee knows their own role in producing added value and implementing the company's strategy, and that they receive sufficient support and tools for their work."	"UPM aims to have inspiring leaders who empower and engage employees at all levels."	"KONE continued to carry out global learning programs for leaders"	"Excellent leadership - We trained 130 managers and supervisors in the support functions and department stores in the programme 'Strategy into Action'. The training programme's focus was in change management and performance leadership, as well as inspiring leadership and wellbeing at work."	"Responsible gaming skills are one of the strategic skill profiles that are used as a basis when planning and targeting Veikkaus' training programmes."
Incentives	"Sustainability is part of the management incentive system." However, only 10% of management incentive is based on safety, and everything else throughout the company is based on	Not connected to CSR	-	Based on sales	"Veikkaus' salary and incentive scheme consists of four components: task-specific pay, employee-specific pay, special bonuses and performance incentives."

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
	profitability and efficiency.				"The performance incentives are granted according to the achievement of the company's strategic objectives. Developing responsible gaming constitutes a performance incentive parameter that is common to all."
CSR integration to business processes	Responsibility is seen being created within the operations. Still, only 20% of revenue comes from renewables.	"The company's Biofore strategy and the Code of Conduct approved by the Board lay the foundations for responsible business operations and continuous improvement." "Innovations are at the forefront in the creation and development of new products that can be used to replace non-renewable materials with renewable, recyclable and low-impact alternatives and provide resource efficient alternatives for the future."	"KONE has a Global Facility Policy approved by the Executive Board, which aims at a harmonized approach in the selection and management of our facilities. The policy aims at developing fit-for-purpose facilities and eco-efficient operations as well as providing a safe and secure work environment for all KONE employees."	"Several briefing sessions on CSR issues in the supply chain were held during the year for buyers and merchandise managers of Stockmann's own brand in support of the goal of a responsible, transparent and traceable fashion product supply chain." "Our local CSR specialists provide training and support to suppliers and factory owners, to help them make improvements in line with our Code of Conduct and environmental requirements, while also performing announced and unannounced audits"	"Responsibility is incorporated into Veikkaus' core business processes as separate tools, different models, and guidelines." "Registered gaming enables Veikkaus to implement measures promoting responsible gaming and develop tools for gaming control, thus preventing the problems caused by gaming"
Value chain management	Sustainability aspects are focused in supply chain of renewable materials.	"UPM promotes responsible practices throughout the value chain and is active in finding sustainable solutions in co-operation with its customers, suppliers and partners." "Sustainable forest biomass from certified sources and with full traceability" "Sustainable forest management" "Responsible sourcing"	"We want to develop the best supply chain in the industry, a goal that entails the continuous analysis and improvement of the quality of everything we do. As a part of these efforts, we launched the 10x Better Supplier Quality program in 2014. Through the program we aim to define critical to quality parameters, improve process control to ensure that the critical standards are met, and then implement change management practices, wherein each product and process change is first approved by KONE and then implemented in a controlled manner. The program affects the daily work of thousands of KONE employees and hundreds of external partners in all direct material categories. In 2015 we extended the	"Factories in countries classified as high-risk by the BSCI, are regularly audited by our own audits, conducted by our own local personnel, and by BSCI audits conducted by a third party. If deficiencies are identified, a corrective action plan is formulated and its implementation is monitored. Local working conditions are also influenced through various international conventions and initiatives."	-

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
			program, which is expected to improve efficiency at factories and installation sites, to cover logistic service providers as well."		
CSR process owners					
Who is responsible for CSR?	"The Board of Directors approves policies covering sustainability and monitors how Neste performs in terms of sustainability. The Neste Executive Board is responsible for outlining the company's strategic approach to sustainability and monitoring how sustainability is reflected in business units and support function operations. Sustainability issues are reviewed regularly by the Board of Directors, the Neste Executive Board, and the management teams of the sustainability organization, business areas, and production plants."	"The Group Executive Team, headed by the President and CEO, is in charge of managing corporate responsibility, determining the course of action and guiding development work."	"Sustainability and its management are the responsibilities of KONE's Executive Board and our President and CEO."	"Stockmann's Corporate Social Responsibility Steering Group is responsible for steering, developing and monitoring CSR within the Stockmann Group. The CSR Steering Group approves Group-level guidelines, sets goals for responsibility and defines procedures which are implemented with the help of normal management systems. In addition, Stockmann's CSR strategy is approved by the Stockmann Management Team."	"Veikkaus' Board of Directors discusses CSR themes in its meetings. The Ethical Council is an expert advisory body appointed by Veikkaus' Board of Directors to provide the Board and executive management with an external perspective on ethical questions."
Named CSR leader	"Sustainability-related work is steered by the Senior Vice President, Sustainability and Public Affairs, who is a member of the Neste Executive Board."	-	-	"Chairwoman is Nora Malin, Director, Communication, is responsible for steering, developing and monitoring CSR within the Stockmann Group."	"The Senior Vice President, Communications and CSR, is a member of the Executive Team, and he is in charge of the CSR matters at the Executive Team level."
Who actually handles responsibility	"by expanding the area of responsibility of the Public Relations steering group to also cover sustainability-related matters. The Sustainability and Public Relations steering group prepares guidelines related to the company's sustainability work and discusses matters that do not require the decision of the Neste Executive Board"	"The day-to-day work has been integrated into the company's business operations, and group-level corporate responsibility is managed by an environment and responsibility team that coordinates the projects being carried out in businesses and functions."	"Our management and supervisors work to ensure that our employees are familiar with and comply with the legislation, regulations and internal operating guidelines of their respective areas of responsibility"	"The management of environmental responsibility is coordinated by the Communications and CSR function and is part of the divisions' day-to-day operations. The divisions independently set specific environmental targets, define indicators for monitoring the achievement of these targets and establish appropriate management practices."	"The Executive Team is in charge of the key social responsibility focuses at Veikkaus. It is the Executive Team's duty to ensure that Veikkaus carries out its activities responsibly, mitigating potential harm and acting in the best interests of the various beneficiary groups."
Responsibility					
Company's remarks of the CSR report	"In the stakeholder discussions held in 2015, two themes have repeatedly emerged: climate and resource efficiency, and the sustainability of the supply chain. Therefore, our	"We believe that customers, investors and other stakeholders value responsible operations that keep risks under control and add to our business	"The identified topics were prioritized by KONE experts based on their impact on the value chain, business implications and stakeholder interest. The KONE sustainability focus	"Our goal is to report the relevant indicators from Finland and Sweden, which are our main operating countries based on the revenue and employee count. The goal is to gradually	"This report describes responsible operations at Veikkaus on the basis of a materiality assessment approved by the company management. Nine sectors essential from Veikkaus' point of

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
	reporting focuses on aspects related to these two areas to provide more diverse information on them."	opportunities, thereby increasing the company value. To enhance transparency for our stakeholders, we use the Global Reporting Initiative (GRI) reporting framework. With this report, we also want to highlight the value our businesses create in terms of the economic, social and environmental success of the company and throughout the value chain."	areas were updated based on the materiality analysis results and they were approved by selected members of KONE's management."	expand the reporting regarding these indicators to make it more comprehensive."	view were identified as the most important responsibility aspects, covering economic, social, and environmental responsibility."
CSR commitments	"UN Global Compact" "the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work." "the United Nations' Universal Declaration of Human Rights"	"The company respects international human rights agreements and agreements concerning labour rights, including the UN Declaration of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises. The company is also one of the participants in the UN Global Compact initiative whose ten universal principles are derived from international agreements in the areas of human rights, labour standards, the environment and anti-corruption. UPM also takes into account the sustainable development goals (SDG) of the UN Agenda 2030."	"UN Global Compact" "SDGs" "In 2015, KONE also signed the Paris Pledge for Action climate initiative for non-state actors, showing climate leadership and commitment to limiting global warming to under 2 degrees Celsius in accordance with the Paris Climate Agreement."	"UN's Global Compact" "Consolidated ICC Code on Advertising and Marketing Communication Practice, the Consumer Protection Act" "BSCI Code of Conduct" "Sustainable Water Resources Management (SWAR) project, the Partnership for Cleaner Textiles in Bangladesh (PaCT), the Sweden Textile Water Initiative (STWI), the Better Cotton Initiative and WaterAid" "UN's Universal Declaration of Human Rights and Convention on the Rights of the Child, the ILO's Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises"	"Finnish consumer protection" "Veikkaus has signed the Business and Industry Energy Efficiency Agreement. This involves a commitment to increase the efficiency of Veikkaus' non-production-related energy use at the head office by 9 percent from the 2005 level, by 2016" "The practices are jointly developed according to the guidelines issued by the Data Protection Ombudsman."
Certificates	"ISO9001, ISO14001 and OHSAS18001" "All of Neste's NEXBTL renewable diesel production facilities have ISCC (International Sustainability and Carbon Certification) or RSPO (Roundtable on Sustainable Palm Oil) certificates, and they have been approved by the U.S. Environmental Protection Agency (EPA)."	"Forest certification is an excellent tool for promoting sustainable forestry. Certification is based on standards that have been created in an open stakeholder process, and compliance with these standards is monitored by an independent third party." FSC, PEFC "ISO 9001, ISO 14001 and OHSAS 18001 standards. Additionally, several production sites have an ISO 22000 food safety management system."	"OHSAS 18001" "ISO 14001 ISO 9001 ISO 25745 ISO 50001"	"ISO 22000" "ISO 14001" "LEED Gold certification" "Stockmann Delicatessens have a Marine Stewardship Council (MSC) certificate" "The Stockmann Delicatessen food departments' selections include more than 1 500 organic products. In 2015, the organic food sales percentage of the total food sales was 4.6 per cent (2014: 4.7 per cent). In addition, Stockmann	"Veikkaus holds the World Lottery Association WLA-SCS security standard, ISO/IEC 27001 data security standard, and ISO 9001 quality standard, as well as the responsible gaming certificates issued by the European Lotteries and the World Lottery Association." "WWF's Green Office"

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
		"In order to improve energy efficiency, UPM introduced ISO 50001 certification systems in Germany and a national energy efficiency system (ETJ+) in Finland."		Delicatessen offers a large number of Fair Trade and other certified food products"	
Responsibility focus	Renewables "human rights, which have been at the center of Neste's sustainability work in recent years" "Our main sustainability themes are climate and resource efficiency, sustainable supply chain, and sustainability of our operations"	"Good governance, industry leading environmental performance, responsible sourcing and a safe working environment are important sources of competitive advantage" "continuous improvement"	"To be a leader in sustainability, efficiency becomes more important. We need to be resource-efficient in everything we do and there are a lot of examples of how we have made our products more efficient and more sustainable."	"Implementing the Code of Conduct" "Excellent leadership" "Responsible, transparent and traceable supply chain" "Minimizing the amount of waste"	"Veikkaus games bring joy to us all. More than half of the euros spent on Veikkaus games return to the players as prizes. Veikkaus funds are used to support thousands of beneficiaries in Finnish art, sports, science, and youth work. The hundreds of millions of euros distributed by the Ministry of Education and Culture enable many joyful things all over the country – for all Finns."
Responsibility focus in business strategy	Renewable diesel and other renewable products	Renewable materials and energy biodiesel	Sustainable and energy/resource-efficient products	Providing customers sustainable alternatives Responsible supply chain	"We pay special attention to strong consumer protection, preventing problem gambling and fighting crime and fraud"
Key sustainability drivers	"Climate change and emission reductions" "Mandated use of renewable energy (especially in Europe and the US)" "Energy security and reducing dependency on crude oil"	"Population growth, digitalization, climate change" "Demand for advanced biofuels is growing due to stricter environmental standards and sustainability requirements. Regulation developed in favour of advanced biofuels."	"We have to consider that we are all sharing a global environment and the resources we have at our disposal are becoming increasingly scarce." "four megatrends: urbanization, demographic change, the increasing importance of safety, and concern for the environment." "Reducing the impact urban areas make on the environment is essential for a more sustainable future."	Customer expectations	"responding to the customers' (and other stakeholders') expectations whilst making sure that the problems associated with gaming are mitigated"
2015 top CSR achievements	"20% increase in renewable product sales" "In 2015, the share of waste and residues was 68% of the renewable raw materials."	"United Nations invited UPM to participate in the Global Compact LEAD forum. LEAD members include the 50 most advanced companies in terms of sustainability across geographical regions and industry sectors. UPM is the first forest industry company and also the first Finnish company ever to receive such an invitation."	"our ability to constantly reduce our carbon footprint. In fact, during the reporting year, our operational carbon footprint is down by over 60%, relative to orders received, compared to 2008."	"Responsible, transparent and traceable supply chain - We continued investing in the responsibility and transparency of the supply chain of our own fashion brands. A total of 349 audits were conducted in our suppliers' factories and we educated our personnel on the responsibility of the supply chain."	"In July 2015, seventy-five years had passed since Veikkaus was founded. To date, Veikkaus has generated c. 16 billion euros to its beneficiaries. During the anniversary year, we raised a total of EUR 537.1 million for the common good."
New responsible offering	low-sulfur marine fuel	wood-based renewable diesel	"new elevator models for the residential market were introduced, the KONE	-	-

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Known and communicated sustainability problems	"With biodiesel, lesser impacts are caused by nitrogen dioxide, sulfur and particle emissions, among others. However, they may have a major impact on the air quality in cities."	"In 2015, UPM received approximately 210 inquiries and concerns expressed by stakeholders. The concerns related mainly to environment, forestry and biodiversity. The complaints related mainly to suspected cases of fraud and suspected failures to adhere to the company's HR Rules or compliance procedures. None of the cases were related to society, environment, human rights violations, corruption or labour practices. Some of the reported cases led to disciplinary action including warnings or terminations of employment." "The most notable deviations were either small oil leaks to nearby waters or biological sludge losses from wastewater treatment plants. UPM immediately reported deviations from permit limits to the local authorities and undertook corrective measures to normalise the situation and prevent similar situations from occurring in the future."	I MonoSpace® and the KONE I MiniSpace™" -	"Lindex has received some criticism regarding its choice of models and the gender perspective on kids' clothes." "During the reporting year one complaint was made to The Council of Ethics in Advertising in Finland about Stockmann's marketing campaign, but the complaint was found to be groundless"	"The Finnish gaming operators expressed their shared concern about the increase of problem gambling" "fighting crime and fraud."
Sustainability indexes, etc.	"The Global 100" "Dow Jones Sustainability Index" "CDP Forest" "CDP Climate Change" "Storebrand Sustainable Development Fund" "STOXX Global ESG Leaders"	"UPM invited into UN Global Compact LEAD as the first forest industry company and the first Finnish Company as of 1 Jan 2016" "Industry leader in the Dow Jones European and World Sustainability Indices for 2015–2016" "RobecoSAM's annual Sustainability Yearbook 2015 with Industry Leader and Golden Class distinctions CDP Nordic Disclosure Leadership Index the 7th time in a row" "Number 25 in the 2016 Global 100 Most Sustainable Corporations in the World (Global 100)"	"KONE's score in CDP's climate change program further improved to the best possible 100 A and KONE was included on CDP's global A List of the top 5% of companies for the first time and on the Nordic Carbon Disclosure Leadership Index for the fifth year running. KONE was also included on CDP's global Supplier A List 2015 including the top 2% of suppliers that have been awarded an A grade for their climate performance. KONE was ranked the world's 28th most sustainable company in the Global 100	-	"Most Inspiring Workplaces of Finland 2016 label after reaching the best AAA qualification level in Corporate Spirit's Personnel survey"

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
		"Recognition by FAO for exemplary forestry in Uruguay"	index fund. KONE is the only elevator and escalator company included in the index."		
Triple bottom line					
Emphasis on economic responsibility	"We realize sustainability through our operations. By launching the production of renewable traffic fuels, we were also acting against our own traditional business. However, we saw the direction in which the world is going, and we wanted to be at the forefront, to create the change and shape our industry instead of being merely reactive. Strategic sustainability has opened up significant new business opportunities for us."	"Profitability, cost competitiveness and shareholder return" "Responsible sourcing and selling" "Good governance" "The special focus areas are new biobased products, development of by-product utilisation, resource efficiency and the circular economy."	"Our business model is based on a lifecycle approach. This means we provide solutions for our customers' needs during each phase in the lifetime of elevators, escalators and automatic doors. We offer solutions in new equipment, maintenance and modernization. This lifecycle business model is one of our strengths. The new equipment business is more cyclical in nature and fuels the growth of our maintenance business in the long term. Maintenance, on the other hand, brings stability to the business over economic cycles and in turn, the aging equipment in maintenance creates potential for modernization. Over time, we believe that megatrends such as urbanization, aging population and the emergence of a global middle class will provide a strong backdrop for the continued demand of our solutions."	"Stockmann defined its new strategic direction at the end of 2014, with the aim of improving Stockmann's long-term competitiveness and profitability."	"In 2016 Veikkaus aims at a moderate growth of its profit in order to ensure the continued operations of the beneficiaries." "Veikkaus aims at sustainable development, reinforcing responsible operations, and cost-efficiency. Cost-efficiency is ensured by paying attention to budgeting and continually monitoring and reporting on the development of the operating expenses"
Emphasis on social responsibility	"Safety is part of our corporate culture and the Neste professional identity. Safety is also a question of profitability and reputation." "we made a human rights commitment concerning the entire Group. In addition to that, we have worked extensively to promote labor rights in our own supply chains. I believe that you can make a difference by being an example. Sustainability also includes us taking care	"Health and safety Employee engagement Human rights Diversity" "The principles for social responsibility focus on the implementation of human rights, occupational safety, local co-operation between UPM and stakeholders, and UPM's role as a responsible employer" "UPM aims to provide an environment in which employees are	"Our ultimate goal is zero accidents – for all of our employees, partners, and the users of equipment produced or serviced by us. Safety is an integral part of our strategy, and it is one of our high priority areas. We have global policies, processes, and guidelines in place to enable that our business activities, including subcontractor operations, are organized and conducted in a structured and	"PERSONNEL - Motivation and engagement Learning workplace Occupational safety and wellbeing" "CUSTOMERS - Inspiration for responsible choices"	"we aim at increasing the share of registered gaming, which enables us to promote responsible gaming on the basis of our customers' gaming behaviour and personal communication" "Reduction of problem gaming Fraud detection and prevention"

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
	of our employees, but we also carry our own responsibility for the well-being of our subcontractors' employees."	capable of achieving good results. UPM encourages its employees to pursue professional growth and supports them in learning and developing their skills further."	globally harmonized way." "Our personnel strategy aims to ensure the availability, engagement, motivation, and continuous development of employees." "treating every employee fairly providing a safe working environment individual development plans, by expanding access to a wide selection of online learning courses Job rotation"		
Emphasis on environmental responsibility	"Sustainability is one of Neste's four values." "Our main goal is to increase the use of waste and residue raw materials in producing NEXBTL renewable diesel in a profitable and customer-oriented way"	"Responsible forest management (incl. biodiversity) Product stewardship (ecodesign, product safety, ecolabels) Resource efficiency and environmental performance" "key focus areas are sustainable products, the climate, the utilisation of forests and waterways, and the reduction of waste" "Biodiversity has been one key element in UPM's forestry and wood sourcing strategy for more than 20 years. UPM has enhanced a new working culture by actively taking part in various species and habitat projects in co-operation with stakeholders."	"focus on further improving the eco-efficiency of our solutions and reducing greenhouse gas emissions from our own operations. We aim to further reduce the adverse environmental impact of our operations, particularly with regard to our operational carbon footprint as well as energy, material, and water efficiency."	"Energy efficiency Reduced emissions in logistics "Stockmann aims to minimize the environmental burden of packaging materials and offer customers material efficient solutions" Minimizing & recycling waste" "Our supplier requirements ban certain practices from our own brand products, such as sandblasting for jeans, and also set standards for animal rights, including angora and merino wool, leather, fur, feathers, down, as well as guidelines for cotton and chemicals. In addition, Stockmann department stores have responsibility policies for wood originating from natural tropical forests, and for fish and shellfish products and eggs."	"Veikkaus' environmental programme for the years 2015–2017 consists of three main levels: reducing consumption, advancing energy-efficient solutions in the properties and the ICT choices, and raising the personnel's environmental awareness. The main objective of the Environmental Programme is to decrease the total energy consumption by 15 percent." "Veikkaus' head office and the regional office in Tampere belong to the WWF's Green Office system."
Attitude towards stakeholders	"We aim for active dialogue with our key stakeholders."	"We believe that customers, investors and other stakeholders value responsible operations that keep risks under control and add to our business opportunities, thereby increasing the company value." "UPM promotes responsible practices throughout the value chain and is active in finding sustainable solutions in co-operation with its	"We work closely with our stakeholders on the various topics of sustainability, and maintain an active dialogue with them."	"Open dialogue and cooperation with our stakeholders, and communication and reporting about the advancement in our responsibility work are an essential part of our CSR."	"It is a key prerequisite for successful operations that we know and recognize our stakeholders' expectations and that they can trust us and our operations. We aim at genuine dialogue where stakeholder expectations are listened to closely. To achieve this, we communicate openly about our operations, engage in dialogue, and listen to the

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
		customers, suppliers and partners."			feedback from our stakeholders."
Owners, shareholders, investors	"The aim of the Capital Market Day was to provide investors, shareholders and analysts with information on the company's strategy, future outlook, development of operations and achievements in 2015"	"as UPM has been one of the top performers in NBIM's framework assessing water disclosures in companies' reporting. This co-operation is a good example of how the investor community and companies have started to promote best practices in sustainability topics. Integrating the issue of responsibility more thoroughly into investment decisions improves understanding of risks and opportunities and brings added value to the company and to the society."	"KONE's strong financial performance has made it possible for the company to offer increasing dividend payments." "Financial disclosure is provided through stock exchange and press releases, as well as financial and other company reports. In addition, more personal channels of dialogue include management meetings with investors and analysts, annual general meetings, and capital markets days. We have a dedicated Investor Relations team at KONE"	"Stockmann aims to be an attractive and sought-after investment target on the capital market. The key topics and concerns raised by shareholders and investors are financial performance, strategy execution, financial targets and dividend distribution. We provide shareholder and investor information as required for listed companies"	-
Customers	"customers are at the heart of it all. We have trained our personnel and changed our organizational structure in a customer-oriented way. We are all, starting from the top management, at our customers' service, listening to their needs and improvement proposals. This way, we can offer even better products and services." "People are increasingly aware of environmental and other sustainability aspects related to their consumption and they demand sustainable alternatives for their daily products and services. Customers increasingly demand sustainable value chains from the raw material production to end use."	"The consulting service is based on trust and good co-operation between UPM and the customer. The consultation process does not bind customers in any way, but the open dialogue provides a good basis for growing partnerships. UPM's sales and technical sales experts work closely together to provide customers with the best possible service." "Based on the dialogue and surveys, UPM's customers take an interest in the company's responsibility performance and the sustainability of its operations. Product safety, forest certification and chains of custody, resource efficiency, safety performance and the supply chain are among the most important topics"	"KONE deals with over 400,000 customers worldwide. Our main customers are builders, building owners, facility managers, and developers. Customer meetings and events, constant dialogue through solution support, seminars and conferences, company reports, brochures and magazines, company website and social media channels. Annual global customer loyalty survey" "when it comes to customers, we provide guidance on keeping equipment running safely, such as safety manuals, and provide safety education to their employees."	"Customers are our most important stakeholders and one of the company's values is to inspire our customers. We are in direct dialogue with customers in stores and through customer service and social media. We arrange customer surveys and have a customer panel for Stockmann department stores to better understand customer needs and expectations towards Stockmann"	"As the number of registered customers increases, data protection and its development gain increasing importance. When using the data in its consumer-customer register, Veikkaus strictly complies with the Personal Data Act." "The Responsible Customer Relations model (VasA) aims to ensure that marketing is not targeted at customers whose gaming behaviour involves features that may indicate a risk of problem gambling. Instead of marketing communications, these customers are offered information on the risks of gaming"

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Personnel	<p>"sustainability of own operations, such as safety questions as well as the well-being and development of our employees, are of paramount importance to us."</p> <p>"safety workshops"</p> <p>"Neste's HR policy is built on the company's business strategy, which lays the foundations for all development work. The Way Forward way of working launched in 2013 supports business-oriented management in line with the company's values and development of shared ways of working. Way Forward particularly focuses on developing our ways of working so that we can respond to the requirements and changes of our industry and achieve our strategic goals. The underlying idea is to develop Neste into an increasingly customer-oriented, profitable and safe company that allows employees to develop their skills, as well as to feel well – and to be well."</p>	<p>"The company's updated Code of Conduct discusses our commitment to ethical business conduct, respecting human rights, ensuring occupational safety and environmentally sound practices. The Code of Conduct is complemented by more detailed policies, rules and guidelines. Code of Conduct training is mandatory to all employees. Comprehensive training programme introducing the renewed Code of Conduct will be launched in 2016."</p> <p>"The safety of employees and contractors also remained an important focus area"</p> <p>"encourages its employees to pursue professional growth and supports them in learning and developing their skills further."</p> <p>"performance appraisal process by emphasising managers' roles in leading performance and giving feedback"</p> <p>"support continuous improvement of employees' health, quality of life and ability to perform"</p> <p>"UPM wants to make sure that all its employees, regardless of their country or location, work in an environment that is as healthy as possible. In line with this goal, UPM is the first forest industry company to commit to the WASH (Water, Sanitation and Hygiene) programme launched by WBCSD."</p>	<p>"We want KONE to be a great place to work, and to inspire, engage, and develop our employees to deliver great results. Our employees have the right to a safe, healthy working environment where discrimination is prohibited and personal well-being is promoted"</p> <p>"Employees regard KONE as highly committed to employee safety,"</p> <p>"all accidents are preventable."</p> <p>"Building managers promote and maintain safe and healthy working environments in KONE premises."</p> <p>"well-being programs cover topics ranging from taking care of joints and muscles to weight loss initiatives, walking campaigns, and building stress resilience."</p>	<p>"We value our personnel and their commitment to the company. Our goal is to be a sought-after employer on the labour market. We work continuously to improve the working atmosphere and dialogue with employees"</p> <p>"We treat our employees fairly and equally according to the principle of equal opportunities. Employees are paid a fair level of remuneration for their work, and their personal and professional growth and development is encouraged. We encourage our employees to look after their wellbeing and provide them with healthy and safe working conditions."</p> <p>"In most countries, the employees are offered benefits that clearly go beyond the requirements set by legislation, such as health insurance and meal benefits. All employees can purchase products using an employee discount in stores belonging to the Group. Stockmann supports recreational and leisure activities for permanent employees"</p> <p>"Two employee representatives participate in meetings of Stockmann's Board of Directors"</p> <p>"Systematic, continuous training is a core part of our HR practices and carried out mostly through various in-house training courses and activities in all businesses and for all employee categories"</p>	<p>"Outstanding workplace Ensuring skills development Personnel surveys Individual performance appraisal discussions"</p> <p>"The development of the staff's skills and the strategic training portfolio are based on skill profiles, which help us to recognize objectives recorded annually in the development plan. The key skills based on the strategy include data analytics and customer understanding, ICT skills, data protection and information security, and responsible gaming."</p> <p>"The staff's wellbeing is supported, e.g., by comprehensive occupational health care services, industrial safety, and activities to promote the working capacity. Veikkaus also employs an early intervention system."</p> <p>"The employees are treated equally in compliance with the Act on Equality and our own Equal Opportunities Plan and Code of Conduct"</p>

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Partners	"joined the City of Helsinki's Climate Partners network"	"UPM Grada is ecologically designed and safe for use, as the material is free from harmful compounds. In 2015, the distribution network including agents was expanded to cover the whole of Europe. The first mass production line using thermoformable UPM Grada wood material was started up at the Finnish furniture manufacturer Isku's Lahti mill in Finland. Isku managed to cut the manufacturing time of form-pressed components in half compared to the traditional manufacturing method." "UPM partnered with Slush to offer new partnership opportunities for start-up companies. We are looking for partners to develop new ideas that aim to make good use of forest industry side streams such as sludge, ash and, in particular, waste heat derived from the pulp and paper process. We believe that start-up companies have plenty of opportunities to grow with us in these areas"	-	-	-
Suppliers	"The Neste Executive Board ratified Neste's Suppliers Code of Conduct in December 2015. They specify the basic requirements we expect our suppliers to follow and implement in everything they do. A supplier's ability to meet the requirements of the Code of Conduct is considered a significant factor when Neste decides on commencing or continuing a business relationship with that supplier. The basic requirements require that suppliers comply with all applicable laws, regulations and international human rights and labor conventions, among other things. We will begin discussions on	"UPM requires its contractors to follow safety guidelines which enable them to carry out their work safely whilst on UPM premises." "in China, UPM was one of the ten founding members of the China Sustainable Paper Alliance (CSPA). WWF China and the Chinese Forestry Industry Association are key players in the initiative. The purpose of the alliance is to promote responsible sourcing and sustainable forestry in the Chinese forest industry." "UPM sets requirements for the reliability of deliveries in the long term as well as the quality of the products and services. In addition,	"KONE's Supplier Code of Conduct requires all of our suppliers to protect the health and safety of their employees. KONE has defined clear quality requirements which are continuously measured and followed. In addition, our quality professionals regularly audit key suppliers to monitor the safety and quality of delivered components and products." "KONE's Supplier Code of Conduct sets out the ethical business practice requirements that we expect from our suppliers. It covers areas such as legal compliance, business conduct, anti-bribery, labor and human rights, health and	"Long relationships with goods suppliers and service providers are a key to our sustainability work and continuous improvement in production. We seek to develop our partnerships in order to ensure a good business environment for all, and the best possible service to our customers" "Respect for animal rights, for example, is one of the fundamental requirements set for our suppliers." "All suppliers are expected to follow the Stockmann Code of Conduct. In addition, we require that our own brands' supply chain complies with the Supplier Code of Conduct, which	-

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
	<p>the Code of Conduct with our existing suppliers in phases. In the future, they will be an inseparable part of all subcontracting and cooperation agreements signed by Neste."</p> <p>"Workshop on the implementation of labor rights in supply chains, Malaysia. The workshop focused on working conditions, ethical recruitment, child welfare, employee engagement and complaint systems. The situation of migrant workers was also discussed. The workshop brought together palm oil suppliers, NGOs, as well as representatives of international government organizations and the Malaysian labor office."</p> <p>"We audit the safety management of suppliers and organize joint observation rounds and safety discussions for the management of service providers"</p> <p>"action plan for labour rights is on long-term targets"</p>	<p>requirements are also set for financial stability of the supplier, the environmental management of operations, social responsibility, occupational health and safety and product safety. UPM aims to be a professional partner to its suppliers and to develop supplier relationships in a responsible manner that deliver long-term benefits to both parties."</p>	<p>safety, and environment"</p>	<p>incorporates the Business Social Compliance Initiative (BSCI) Code of Conduct, complemented with Stockmann's additional requirements related to e.g. animal rights, chemicals and environmental matters."</p> <p>"we actively communicate about the BSCI Code of Conduct to our suppliers and producers, and cooperate with them to ensure a better chance of improving working conditions in our supply chains."</p> <p>"audits, conducted by our own local personnel, and by BSCI audits conducted by a third party."</p>	
Competitors	-	-	-	-	"Knowledge sharing of possible misconduct in sports betting".
Media	<p>"Neste's CEO & President and representatives of communications regularly meets editorial boards of Finnish financial media. The events provide background information on the company's situation and discuss topical themes of significance to the company."</p>	<p>"Publish interesting content Proactive media outreach UPM messaging incorporated in content"</p>	<p>"KONE communicates proactively and openly with representatives of the media; Press releases, interviews, background briefings, visits, press events, factory tours, publications and magazines, company website and social media channels"</p>	-	<p>"Out of Veikkaus' media publicity, 96% was either neutral or positive."</p>

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
NGOs	<p>"We organized an event on labor rights together with NGOs and labor rights experts. The discussion was preceded by keynote speeches on international conventions, living wage and immigrant employees' rights."</p> <p>"Our dialogue with Finnwatch, a Finnish NGO focusing on human rights and global corporate responsibility has been continuing in 2015. We have been focusing particularly on our engagement program with producers, authorities and civil society organizations on labor rights and migrant workers in the palm oil industry in Malaysia."</p> <p>"In our No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock, we are committed to ensure that the raw materials used by us do not cause direct or indirect losses in high carbon stock forest areas. In addition to our own supply chain, we want to promote the application of similar policies throughout the palm oil industry. Therefore in 2013 we started cooperation with The Forest Trust (TFT) specialized in preventing the deforestation of tropical rainforests."</p>	<p>"The company has promoted global forest industry partnership projects in the World Business Council for Sustainable Development (WBCSD), The Forest Dialogue (TFD), and with other ethically-driven organisations, such as the World Wildlife Fund For Nature (WWF)."</p> <p>"With regard to ecolabels and standardisation issues, UPM collaborated with FSC, PEFC, the German Blue Angel, the Swan label, The Finnish Key Flag symbol, ISCC and the EU Ecolabel."</p>	-	<p>"By utilizing networks, memberships in several organisations or other means, we engage in dialogue with authorities and organisations concerning improvement work and development projects"</p>	-
Gonvernment	<p>"In 2015, Neste closely participated in developing biofuel legislation in Finland and the European Union. We have exchanged views with members of the European Parliament and their assistants on the mitigating effects of biofuels on climate emissions, sustainability and feedstock base. We are also active in the European Energy Forum operating within the European Parliament."</p>	<p>"Within the EU, UPM promoted competitive and consistent energy and climate policy regulation. UPM co-operated with a number of trade associations on these topics. In Finland, UPM highlighted the economic footprint of its existing operations. In addition, UPM has published six critical topic areas within the Finnish operating environment that impact the competitiveness of the forest industry in Finland and continued</p>	-	<p>"In Bangladesh, we have co-operated with other companies in appeals to the Bangladeshi government to raise the minimum wage."</p>	<p>"Regular contacts in Finland and within the EU"</p>

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
		to discuss these topic areas with several Finnish decision makers."			
Other specially mentioned stakeholder(s)	"universities and research institutions"	Communities, especially the local community in Uruguay	"Educational institutions" "Architects, authorities and consultants are also key parties in the decision-making process regarding elevators and escalators."	-	Beneficiaries
Key partnerships	Transportation partners	"Third-party verified environmental certificates and labels"	-	-	Government "Sports federations and leagues Peluri service and other operators fighting gambling problems International gaming organizations and colleague companies"
Communication, other than reporting	"Stakeholder dialogue is part of everyday work and management. We regularly review our stakeholders' views of our operations, organize events and meetings, and take part in seminars and events significant for our industry and business operations."	"Value creation with stakeholders: Dialogue, feedback and engagement" "Stakeholder demand in sustainability and product safety issues is growing in all markets offering new opportunities for value creating partnerships. In 2015, UPM Raflatac had multiple stakeholder initiatives with customers, end-users, industry associations and the environmental organisation WWF in Poland and South Africa." "UPM is one of the founding members of the industrial consortium part of the European Joint Undertaking on Bio-based Industries (BBI). This Public Private Partnership (PPP) aims to trigger investments and create a competitive market for bio-based products and materials that are sourced locally. For UPM, the PPP is an important funding element for speeding up the implementation of future investments."	"We collaborate closely with our customers, partners, universities, and research centers. For example, we organize design and innovation labs together with academic institutions, and we also encourage our own people to share their inspirations and ideas." "Our safety mascots, Bob and Max, help teach children about the safe use of equipment through events, leaflets, and an online animation and game."	"Stockmann engages in active and ongoing dialogue with the stakeholders to strengthen relations and better respond to the expectations and wishes placed on Stockmann." "At Stockmann Group we actively communicate about the BSCI Code of Conduct to our suppliers and producers, and cooperate with them to ensure a better chance of improving working conditions in our supply chains."	"We aim at genuine dialogue where stakeholder expectations are listened to closely. To achieve this, we communicate openly about our operations, engage in dialogue, and listen to the feedback from our stakeholders." "In addition to information sharing, we engage in dialogue, carry out surveys, answer queries, take part in events and seminars and organise them. Veikkaus is constantly developing new forms and ways of interacting with its stakeholders. The active forms of dialogue with stakeholders include Veikkaus Jury, a customer panel and customer focus groups"
Attitude towards					

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Ethics	"Neste does not purchase crude oil from Arctic sea area or conflict areas."	"Teollisuuden Voima Oyj (partly owned by UPM) decides not to apply for a building permit for the Olkiluoto 4 nuclear power plant project" Is still building Olkiluoto 3 "UPM does not use wood from tropical rainforests as raw material, or accept wood from forest plantations that have been established by converting rainforests. UPM does not operate in areas where the rights of indigenous peoples are threatened or endangered."	"Having a corporate conscience is more than an add-on strategic initiative. It is a mindset that shapes KONE's social behavior and guides the company to pursue an active role in communities around the world." "The Code addresses the type of behavior expected of KONE employees and KONE companies. Topics covered include compliance with the laws and rules of society, work environment and human rights, anti-bribery, health and safety, fair competition, risks and conflicts, marketing of products and services, and environment and sustainability"	"The Stockmann Group does not sell banned products. The Group's divisions prepare guidelines on product selections and purchasing operations as necessary. Since 2012, fireworks have not been sold in the department stores. Lindex does not sell real fur products."	"The Ethical Council is an expert advisory body appointed by Veikkaus' Board of Directors to provide the Board and executive management with an external perspective on ethical questions related to gaming, particularly on the ethics of games and their marketing and on issues such as gambling addiction." "Ethical evaluation is part of the product development process. The product development process includes an assessment of the products and services from a responsibility perspective, from the moment the idea is born to the stage when it is developed into a final product"
Philanthropy	-	"The focus of the local sponsorship was to support the vitality of UPM production locations. UPM spent approximately EUR 3.6 million on local sponsorships and donations. For commercial sponsorships, UPM spent approximately EUR 800,000. UPM's support for its Uruguayan UPM Foundation continued with EUR 367,000. The foundation supports and encourages training, entrepreneurship, employment and healthy living and entertainment in local communities in the Uruguayan countryside. EUR 60,000 was donated to charities or other non-profit purposes, including a donation to the German Stiftung Lesen foundation for supporting reading among refugee children in Germany."	"As the number of refugees globally and in Europe rose and impacted the Foundation's home country, Finland, in an unprecedented way in 2015, the Foundation helped collect winter coats, shoes and other much-needed items from KONE employees for refugee youth in Helsinki"	"We cooperate with NGOs and participate in various charity works." "In Helsinki, we cooperate on a continuous basis with the Reuse Centre and its Näprä unit. In 2015, samples of clothes, sheets, towels, toys and winter accessories were donated to reception centers in Finland, and to nursing homes in Estonia via PAM, the Finnish trade union for people working in private service sectors. Hobby Hall donates its toy samples to the children's hospital in Helsinki each year in the pre-Christmas period." "Group's purchase office in Turkey started cooperation with ASAM (Association for Solidarity with Asylum Seekers and Migrants) and prepared schoolbags for 500 children and donated product samples to them."	"Veikkaus funds are distributed to Finnish culture in accordance with the Funds Distribution Act, laid down by Parliament. According to the Act, 38.5% of the funds go to art, 25.0% to sports, 17.5% to science, and 9.0% to youth work. In addition, the budget contains an annual allocation of 10.0% to be distributed to the above-mentioned beneficiaries as determined separately."

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Human rights	"we made a human rights commitment concerning the entire Group. In addition to that, we have worked extensively to promote labor rights in our own supply chains"	"Due to lack of opportunities and long distances, some children living in the rural areas of Uruguay leave school at 12 years old. The early exit will weaken their opportunities to continue education later and makes it difficult for them to enter into professions that require a higher degree or special vocational training."	"Labor and human rights – Fair and equal treatment of employees; non-usage of child or forced labor; ensuring a harassment-free environment for employees; compliance with any applicable wage-related laws and regulations; respect of employee's rights to freely associate and bargain collectively in compliance with all applicable laws."	"The Stockmann Group respects and promotes all human rights, as defined in the Code of Conduct." "In the case of a human rights violation, we work together with the supplier to remediate the victim. No new orders are placed until the violation has been corrected and the victim has been compensated. Over the years, there have been cases where a child under the minimum working age has worked in a factory producing our products, and thus we have a method that has been developed together with Save the Children for dealing with such a situation. The factory is responsible for compensation and for paying a salary to ensure the child can attend school instead of, for example, moving to another factory to work. The factory management meets with the parents of the child to solve the issue. If possible, and in order to ensure that the family has sufficient resources, an adult member of the family is employed to replace the child." "In Bangladesh, we have co-operated with other companies in appeals to the Bangladeshi government to raise the minimum wage."	"Veikkaus' customers can play the games we offer reliably and safely. The games are subject to strong Finnish consumer protection. Veikkaus develops its data protection and security practices actively according to the standards of the field."
Environment	Discusses openly about climate change and solar energy.	"Wood is UPM's most important raw material. The company is committed to sustainable forestry, monitors the origin of wood and ensures that wood is legally logged from sustainably managed forests." "UPM has mapped all pulp and paper mills on the Water Stress Index (WSI) maps, and reports water stress risk exposure per mill. UPM reports on water-related risks in its supply chain. UPM discloses several	"We aim to further reduce the adverse environmental impact of our operations, particularly with regard to our operational carbon footprint as well as energy, material, and water efficiency." "Improving the eco-efficiency of our facilities" Goals: 100% green energy, 0% waste and reduced facility-related carbon footprint by 15%"	"The proportion of raw materials that are environmentally less harmful ('sustainable materials') will be systematically increased in the Group's own brand fashion products." "The target for fibres is to have at least 80 per cent of the Lindex fashion range in 2020 made from sustainable fibres or from other sustainable materials. A further target is that all the cotton used in Lindex's products will be either organically	"Veikkaus has an Ecological Team, tasked to advance the staff's awareness of environmental issues. In 2015 Veikkaus took part in WWF's Earth Hour and Motiva's Energy Saving Week. During the theme week, the Ecological Team campaigned for smart moving and consumption."

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
		water performance indicators at corporate and mill levels. The indicators include volume of process wastewater, as well as emissions to the water courses."		grown or Better Cotton, or recycled cotton." "Stockmann Delicatessens have a Marine Stewardship Council (MSC) certificate. The MSC-certified fish products consist of imported wild fish that is caught responsibly, without endangering fish stocks, and the origin of the fish is traceable all the way to where it was caught. We do not sell any endangered species as classified by the Finnish Ministry of the Environment and the Finnish Environment Institute"	
Local communities	"Events like open house, anniversary celebrations and world port day have been arranged for local residents and municipality leaders." "Meetings and surveys"	Several programs in Uruguay related to education.	"As a responsible corporate citizen, we are committed to making a positive contribution to the communities where we operate. Our global presence makes it crucial for us to ensure that we have clear rules and guidance in place when it comes to ethical business practices." "KCF's mission is to advance and support developmental, educational, and cultural activities for children and youth around the world. The Foundation gives priority to projects that serve the neediest children and youth. It cooperates closely with strong local partners to plan projects, aiming to ensure efficient resource allocation and respect for local culture and priorities." "At the end of 2015 the Foundation's other core projects included a mobile library initiative in China, a youth center offering educational and health services in an inner-city slum in Chennai, India, and a one-stop shop of opportunities and services for youth in a drug and crime ridden area of Johannesburg, South Africa."	"New internal directions were put into operation in May, and Stockmann can now donate to charity almost all of the food that is removed from sale. Through this we have been able to expand our cooperation with charity organizations." "Our clothing orders create employment opportunities, particularly for women, in developing countries. Local wellbeing and environmental protection is also promoted by various projects to support the status and wellbeing of women, the education of children, and environmental protection in the manufacturing countries"	"We organized 90 different beneficiary events all over the country under the theme "You're a Winner"."

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Corruption	Part of UN global compact principles	"The company is committed to monitoring and assessing its anti-corruption and anti-bribery activities."	"KONE prohibits direct and indirect bribes and unethical payments as well as excessive gifts and hospitality. KONE has a zero tolerance for corruption of any kind."	"Stockmann's policies relating to anti-corruption and anti-competitive behaviour are included in the Stockmann Code of Conduct and further specified in the Stockmann anti-corruption policy" "Stockmann is a founding member of Transparency Suomi ry,"	-
Taxation	-	"In accordance with UPM's tax policy, UPM pays corporate income taxes where added value is created and profit generated. Taxes are paid in accordance with the local tax legislation and regulations of the country in question."	"We are committed to paying all taxes that are legally due, and to meeting all disclosure requirements in the countries where we operate. Our objective is to ensure predictability in all tax matters. In addition, every transaction must have a solid business rationale without compromising tax compliance principles. The location of KONE's group entities is driven by business reasons, such as the location of customers, suppliers, raw materials and know-how. We insist on transparency in all our activities, including our relationships with tax authorities. Since 2015, KONE is participating in an enhanced collaboration with the Finnish Tax Authorities promoting tax transparency."	-	"Veikkaus pays lottery tax and VAT"
CSR actions					
Economic	"Changed name from Neste Oil to Neste" "During the audit we review good corporate governance, corruption, open legal disputes and any other matters to ensure that supplier's operations do not conflict with Neste's policies and operating principles."	"UPM was invited to participate in the UN Global Compact LEAD group, which represents the world's leading companies to promote sustainability through innovation and actions."	"Our strong financial performance in recent years has enabled us to generate stakeholder value for our customers, suppliers, employees, local communities and shareholders alike."	"Following the adverse financial results, Stockmann launched an efficiency programme in early 2015, with the target of achieving annual cost savings of EUR 50 million. During 2015, the programme affected both the number of permanent and the fixedterm employees in the support functions in Finland and Russia and at Lindex Head Office in Sweden"	"In 2016 Veikkaus aims at a moderate growth of its profit in order to ensure the continued operations of the beneficiaries."

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Social	<p>"Neste's Executive Board ratified the group-wide Neste Human Rights Commitment in December 2015. In accordance with it, we are committed to complying with the principles of the United Nations' Universal Declaration of Human Rights and the ILO's fundamental Principles and Rights at Work. We aim to contribute to our partners also complying with corresponding principles."</p> <p>"The development of personnel is based on Neste's strategic objectives, from which personal and team-specific goals have been derived. Supervisors are responsible for making sure that each Neste employee knows their own role in producing added value and implementing the company's strategy, and that they receive sufficient support and tools for their work."</p> <p>"The aim is that every Neste employee feels a professional responsibility for safety in general and can return home safely after a safe day at work."</p>	<p>"The human rights-related risk assessment of the supplier base has been enhanced since 2013. Consequently, the number of risk assessment-based supplier audits has been doubled, with a much wider geographical coverage than earlier. Some of the audits covered the entire upstream supply chain."</p> <p>"Supplier awards motivate suppliers for continuous improvement. In 2015, UPM Raflatac launched the Label Life Award competition on corporate responsibility and invited the best performing suppliers to participate. The purpose of the award is to recognise UPM Raflatac's suppliers' efforts in achieving good environmental and social performance and to share best practices in the field of sustainability."</p>	<p>"The world's population is also aging at an unprecedented rate. The growing number of older people raises the importance of accessibility in buildings and urban infrastructure."</p> <p>"Finally, addressing the growing value placed on well-being and better living standards, as people increasingly want to live in harmony with their surroundings."</p> <p>"As a technology provider, KONE manufactures equipment that meets applicable codes and standards. Furthermore, our equipment often includes additional safety features that exceed the minimum requirements."</p>	<p>"Stockmann and its employees respect the privacy and inviolability of the rights of its customers. We do not reveal or use customer information otherwise than in strict accordance with Stockmann's customer privacy policy. Training on customer privacy is included in the new employee induction programme."</p> <p>"a personnel reduction of around 230 people. To support the department store personnel in the change a support programme was started. Programme is supported by The Finnish Work Environment Fund. The aim of the programme is to provide the personnel in the change, for example, with education and training in applying for work, and to support the well-being of the personnel."</p> <p>"Accord on Fire and Building Safety in Bangladesh, due to the risk posed by substandard factory buildings in the country."</p>	<p>"Veikkaus was granted the Most Inspiring Workplaces of Finland 2016 label after reaching the best AAA qualification level in Corporate Spirit's Personnel survey."</p> <p>"Veikkaus generates additional economic value to Finns both directly and indirectly. Veikkaus' total profit is returned to the Ministry of Education and Culture, which distributes it further to Finnish art, sports, science, and youth work."</p> <p>"The Association for Finnish Work granted Veikkaus the right to use the Social Enterprise label. The decision to grant the label was motivated especially by the way in which Veikkaus has managed to combine business and social objectives successfully."</p> <p>"We made the age limit of gaming more prominent at the points of sale in compliance with the new age limit message. We also provided the points of sale with an updated guide to responsible gaming for customers. The game sales clerks' responsibility knowhow was boosted by producing new training videos. The section concerning the self-control of gaming intended for customers playing via the digital channels was updated and titled Play responsibly."</p>

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Environmental	<p>"All of the renewable raw materials used by Neste can be traced back to the plantation or production site within an EU-certified mass balance system. To increase the transparency of the supply chain, we have also surveyed third parties suppliers within our supply chain in cooperation with TFT. We also strive to have farmers who work with our raw material suppliers to comply with the approved practices although they do not to us. By the end of 2015, all our biggest palm oil suppliers committed to the no-deforestation principles in their procurement from third parties."</p> <p>"Neste decides which raw material suppliers it uses in accordance with its Supplier Compliance principles. All raw material suppliers are required to pass a due diligence process as part of the selection. Due diligence audits are also carried out on existing suppliers if they add a new raw material to their offering or if there is a significant change in the supply chain. In addition, a comprehensive sustainability review of potential suppliers is carried out as part of the selection process, covering areas such as operating practices and policies, a supplier's ability to certify its production and any concerns that NGOs might have about their activities. After selection, we continuously monitor our raw material suppliers. An independent third party annually audits the certified suppliers and where necessary our in-house supplier audits also review the supply chain and its sustainability."</p>	<p>"UPM announces that its FSC® group certification scheme for private forest owners in Finland has exceeded 100,000 hectares of certified forest"</p> <p>"Share of certified wood 84%"</p> <p>"Share of ecolabelled products 77%"</p> <p>"In 2015, the company's environmental investments totalled EUR 28 (12) million. The single largest investment was made to wastewater treatment and air protection at the UPM Changshu paper mill in China. UPM's environmental protection costs totalled EUR 129 (127) million"</p> <p>"Using less water also means using less electricity, chemicals and thermal energy. The water used in different processes is recycled as much as possible."</p> <p>"UPM updated its water-related targets in 2015. The previous target of reducing the COD load by 20% by 2020 proceeded well as the target was nearly achieved in 2015. The second target of reducing the wastewater volume by 15% proved to be challenging. The new targets include reducing water consumption by 30%, reducing COD emissions by 40% and introducing the use of recycled nutrients at wastewater treatment plants by 2030."</p>	<p>"KONE is a pioneer in developing eco-efficient solutions in the elevator and escalator industry. The KONE MonoSpace® 500, our current machine-room-less volume elevator, is up to 90% more energy efficient than KONE's elevators from the 1990s"</p> <p>"Logistics accounted for 148 ktCO₂e, or 48% of KONE's operational carbon footprint, making it the biggest contributor in terms of greenhouse gas emissions. To reduce these emissions, Kone has optimized its transportation networks, selected less polluting transportation equipments and methods, improved space usage and packaging efficiency."</p> <p>"KONE's environmental responsibility covers the full life cycle of its products from design and manufacturing to installation, maintenance, modernization, and end-of-life treatment. KONE's life cycle assessments, carried out in accordance with the ISO 14040 standard, show that our biggest environmental impact stems from the energy consumed by our elevators and escalators during their operational lifetime. By reducing energy consumption we reduce the environmental impact of KONE solutions during their operational lifetime."</p> <p>"We were also awarded a position on the Climate Performance A-List by CDP, recognized as one of the world's leading providers of climate change data."</p>	<p>"WWF red listed tropical shrimps and tuna, which has resulted in a change in selling fresh tuna and we are constantly looking to replace the shrimps with certified green listed options based on availability; foie gras, for which we have checked with our French supplier that the farming conditions are responsible, and for which we also carry domestic, undisputed options."</p> <p>"In 2015, Lindex sold 27 million garments made from sustainable materials, which is an increase of 50 per cent on the previous year and represents 36 per cent of Lindex's product range"</p> <p>"The personnel's environmental awareness is enhanced through training and regular internal communication."</p>	<p>"In 2015 energy consumption at Veikkaus' offices was reduced significantly thanks to changes in building service technology, including the revision of the heat recovery and air conditioning systems, and the renovation of the engine room."</p> <p>"The head office employs green electricity and, since the beginning of 2016, it also uses carbon-dioxide free recycled heat. Out of the waste generated at the head office, 99.8 percent are recovered*, i.e. it can be reused as material or energy"</p>
Shared value					

Company	Neste Corporation	UPM-Kymmene Corporation	KONE Corporation	Stockmann plc	Veikkaus Oy
Shared value creation	<p>"The benefit of a renewable traffic fuel arises when used as fuel in a vehicle. The combustion emissions of NEXBTL renewable diesel amount to zero, as the renewable raw material absorbs the same amount of carbon dioxide as is released upon combustion. NEXBTL renewable fuels can reduce greenhouse gas emissions by up to 90% compared to fossil fuels."</p> <p>"Our aim is to increase the share of independent smallholders in our procurement. We have reviewed suitable areas for a project to develop small-scale palm oil plantations with IDH, a Dutch organization that promotes the sustainability of supply chains. The project aims to link the crude palm oil producer, financiers (IDH) and the buyer, i.e. Neste. The target is to help smallholders in creating a sustainable market and guide them in access to the market. The project has advanced to the implementation phase."</p>	<p>"On the environmental front, the most important influencing activity was the preparations for the Paris COP climate summit together with industry associations and through the Low Carbon Technology Partnership Initiative by the World Business Council for Sustainable Development (WBCSD). The initiative involved an extensive dialogue with the stakeholders. Forest industry, for its part, offers solutions to mitigate climate change through renewable, carbon binding and resource efficient products."</p>	<p>"For example by modernizing an elevator, the space inside the car can increase by even up to 50%, making it easier to access the elevator with a wheelchair or a walker. Reduction of energy consumption is another benefit. Over time, a new elevator can save up to 70% of energy consumption."</p>	-	<p>"The fact that Finns are aware that Veikkaus funds are used for the common good makes gaming more acceptable and is very important for our endeavours to promote transparency and openness"</p>