

**BUSINESS
FINLAND**

SUPERPOWER IN SUSTAINABLE DEVELOPMENT – FROM AMBITION TO ACTION

Consultative evaluation of the implementation of Business Finland's strategic goal for sustainable development at the societal level.

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FOREWORD

The strategy of Business Finland was updated in year 2020, and sustainable development was selected as one of the three main strategic objectives. This is relevant when it is worth considering the decoupling of economic growth from fossil resources. Sustainable development also offers future market potential for the companies and the entire Finnish economy. Solving humanity's grand challenges offers viable business opportunities.

The main objective of this evaluation was to assess the prerequisites of Business Finland in supporting Finland to become a superpower in sustainable development.

This is outlined to be Business Finland's strategic goal for sustainability at the societal level. The objectives of the evaluation can be summarized in three main tasks: First,

a look at the past. How has sustainability been integrated in Business Finland's operations before and, based on relevant literature, what has been Business Finland's main impact in the field? Second, a snapshot of presence. A description of the current state, role and possible future role of Business Finland in the field of sustainability as

part of the Finnish innovation system, and an evaluation of the prerequisites of BF to be successful in helping Finland to achieve a superpower status in the field of sustainable development. Third, a look ahead. The evaluation includes also consultative elements in the form of concrete development and implementation support regarding for example impact model development, prioritization of goals and related tasks, and KPI development.

The evaluation team of Forefront Oy, Enact Sustainable Strategies AB and Demos Helsinki carried out this evaluation study. Business Finland wishes to thank the evaluators for their thorough and systematic approach. Business Finland expresses its gratitude to the steering group and all others who have contributed to the study.

Helsinki, December 2022

Business Finland

ABBREVIATIONS

AV	Audio visual (targeted support)	MEUR	Million euros
BF	Business Finland	MFA	Ministry for Foreign Affairs of Finland
BoD	Board of Directors	NGO	Non-governmental Organization
BPI	Banque Publique d'Investissement de France	OECD	Organization for Economic Co-operation and Development
CASB	Change Agent for Sustainable Development	OECD/DAC	OECD Development Assistance Committee
CO2	Carbon dioxide	PRI	UN Principles for Responsible Investment
CoC	Code of Conduct	RBC	Responsible Business Conduct of OECD
CRM	Customer Relations Management	RDI	Research, Development and Innovation
CR	Corporate Responsibility	RRF	Recovery and Resilience Facility of the EU
CSDD	Corporate Sustainability Due Diligence Directive	SA	Service Area
CSR	Corporate Social Responsibility	SDG	UN Sustainable Development Goals
CSRD	Corporate Sustainability Reporting Directive	SHOK	Strategic Centers for Science Technology and Innovation
DevPlat	Development Platform. A program of BF and MFA	SME	Small and medium-sized enterprises
DNSH	Do No Significant Harm principle	SPA	Strategic Priority Area
EC	European Commission	SPA3	Strategic Priority Area 3 (sustainability)
EFQM	European Foundation for Quality Management	STF	Sustainable Travel Finland
ERA-NET	EU funding instrument for research collaboration at program level	UN	United Nations
ESG	Economic, Social and Governance aspects of sustainability	UNGP	UN Guiding Principles on Business and Human Rights
IPCC	Intergovernmental Panel on Climate Change	VTT	VTT Technical Research Centre of Finland Oy
KPI	Key Performance Indicator	WP	Work Package
MEAE	Ministry of Economic Affairs and Employment		

EXECUTIVE SUMMARY

In February 2022 Business Finland commissioned a consortium led by 4FRONT and partnered with ENACT and Demos Helsinki to conduct a consultative evaluation on one of Business Finland's three Strategic Priority Areas; Finland – a Superpower in Sustainable Development.

The evaluation concludes that Business Finland has high ambitions in sustainable development and this commitment is widely shared by its staff. At the same time, there is work to be done in putting this ambition into practice. Integration of sustainability in Business Finland core operations needs stepping up, if new strategic objectives are to be met.

Strategic focus

Sustainability is a broad field which provides challenges, risks and opportunities for the Finnish businesses. Over the years, in many fields, themes and technologies, Business Finland has been a recognized forerunner and driver of sustainability for its customers, and for the

Finnish business sector at large. The new sustainability objective set out in Business Finland's latest strategy has intentionally been set at a very ambitious level.

In the long run, Business Finland's sustainability position has evolved with regard to its focus (narrow-wide) and approach (proactive-reactive), as well as the position in relation to the rest of the society (i.e. global sustainability commitments, rise of sustainability in corporate agenda).

At the same time, the general understanding of what sustainability in practice means, requires, and offers to organizations, has extended from mere environmental and climate actions, to cover many social and governance issues. Capturing the full scope of sustainability aspects challenges the operations, services, competences and even the operating culture of Business Finland. It is a transformative change or transition to a new mode of operation, in which there is a need to learn and adapt.

Leadership and organization

Ambition is high, but the content of sustainability within Business Finland has not yet been sufficiently elaborated. The evaluation indicated that there is still a lack of shared or consistent understanding of sustainability at Business Finland context. This complicates the concrete implementation at many levels.

Leadership has advocated for sustainability, but gap between strategy formulation and implementation undermines the perceived leadership commitment. Sustainability has not been systematically on the Board agenda and until recently there have been little expectations from the Ministry of Economic Affairs and Employment Economy regarding Business Finland's role in advancement of sustainable development and efforts to that regard.

On the positive side, leadership has succeeded in introducing first generation sustainability KPIs for Service Areas and tying sustainability in annual leadership planning cycles. Update of KPIs and related instructions is required to ensure efficient steering and right incentives.

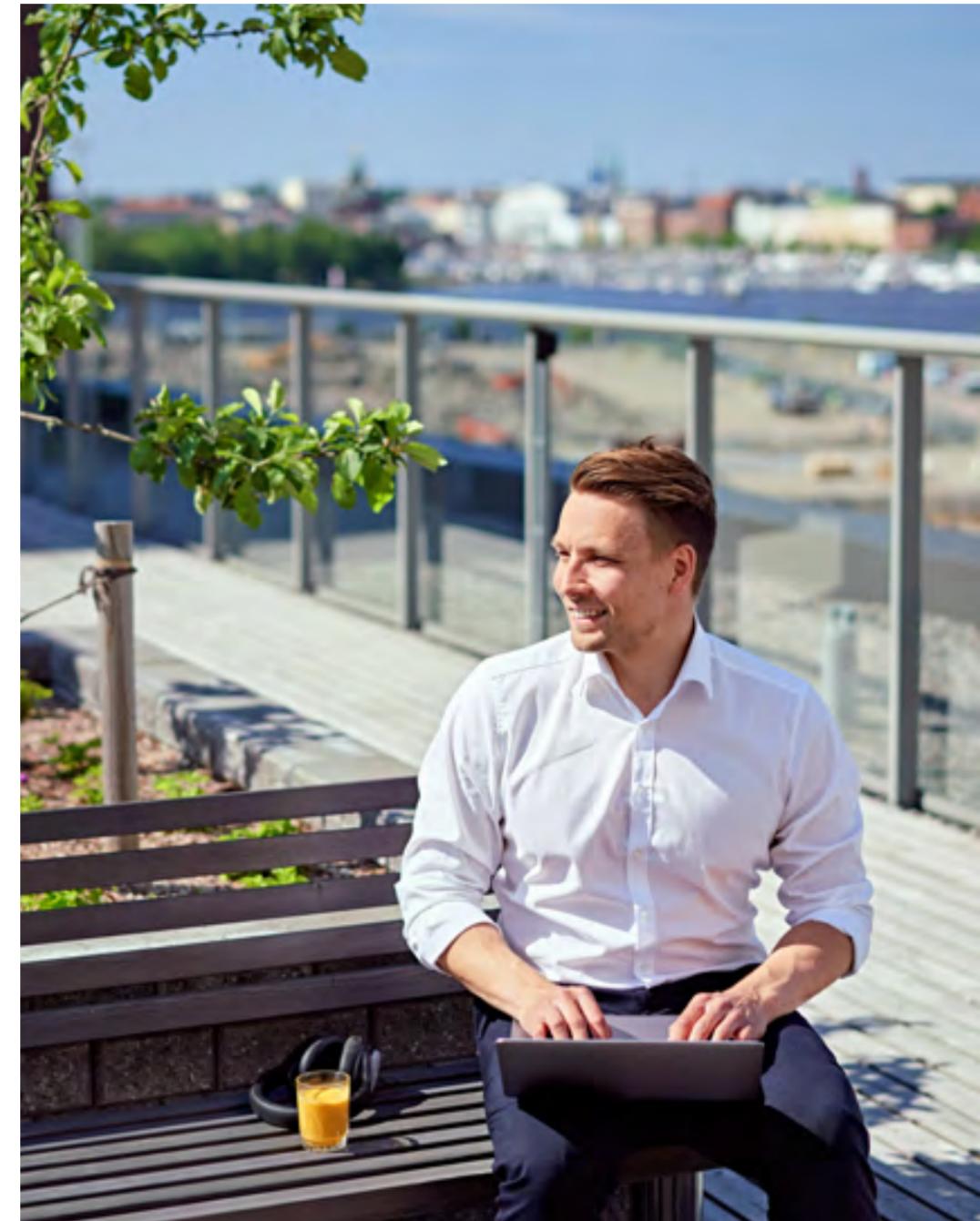
The current organization does not fully support the implementation of the required transition. There is a need to develop the accountability for sustainability or sustainability topics and ensure the mandate to lead the Business Finland's sustainability work. Sustainability transition areas and integration are needs well identified and consistently structured in the CASB roadmap, but the organization of the CASB project is not aligned with the transition needs. There is a need for stronger top-down leadership and more strategic actions.

Stakeholders have a key role in development and prioritization of sustainability focuses and efforts. Business Finland has recently undertaken some efforts to gather customer views. There is still a need to engage stakeholders more systematically to achieve and maintain forerunner position in sustainability.

Resourcing

At Business Finland, there are always many organization developments ongoing in parallel, and it is difficult to allocate sufficiently resources from normal duties of staff. Yet, if the objective of sustainability is taken seriously, the organizational transition will need to be properly resourced. At the moment, dedicated sustainability resources are very low in relation to the ambition level and considering the Business Finland's starting point in this matter.

Resource constraints apply to human resources, budgetary allocations, and external service providers. Apart from thematic programs, Visit Finland's Sustainable Travel Finland, and CASB operative project manager, there are no dedicated sustainability experts at Business Finland. Additionally, heavy workload and other internal development processes override and often hinder the opportunities of Business Finland experts to dedicate their time in developing sustainability and building expertise. Inconsistency between CASB objectives and allocated resources was also observed in the evaluation.



Policies

There are several policies guiding sustainability topics at Business Finland. Due to lack of clear sustainability focus areas, sustainability related policies appear to be fragmented, and there is no certainty that all relevant aspects of sustainability are being covered. For example, human rights policy (or integration of human rights aspects to other policies) and subsequent due-diligence process is missing, and environmental aspects appear to be mainly guided through updates in travel policy. There is no overarching sustainability policy, and environmental and social aspects appear not to be part of risk management policy.

Programs, services, and processes

There is a long history of thematic programs (energy and environment) through which intelligent solutions towards environmental challenges have been developed and promoted in international markets. With new Business Finland strategy, sustainability goals and elements have been added in all programs, and through new thematic focuses and missions, programs continue targeting especially environmental solutions. There is still some way

to go to address sustainability cross-cuttingly in program design and execution.

Innovation funding was considered the most important area which should reflect Business Finland's strategic sustainability ambition level. Business Finland is already an important funder of especially environmental solutions. Despite well-defined development needs, action plans, and few exceptions, ESG aspects are not considered in funding. RRF, however, is an example of Business Finland being able to apply sustainability criteria in funding decisions.

Regarding other Service Areas and services, transition, and integration needs are well identified, and there are attempts to integrate sustainability. In addition, many good initiatives have been introduced. Visit Finland is furthest in sustainability integration and appears as a forerunner while considering the service integration.

Capacity, culture, and tools

Commitment to strategic sustainability goal is strong

and widely shared in the organization. There are challenges in delivering sustainability due to lack of resources and capabilities. For example, there are not enough dedicated in-house sustainability experts to support Service Areas and units in their development endeavors.

Know-how on sustainability and specific topics exists in pockets across Business Finland but common knowledge base is yet to be established across the organization. Insight and up-to-date understanding of the sustainable business opportunities is essential, and this capacity varies across experts; the same applies to identification and mitigation of risks. There is experience and know-how on technologies and solutions (especially environmental), but less on responsible business practices, especially on social responsibility issues, including human rights. Sustainability integration has not advanced to introduction of concrete tools. These, as well as continuation of the capacity building efforts, are required.

Increasing the impact on sustainability

Business Finland's strategy defines its customer level objectives for sustainability impact, which focus on the

developers of new sustainable solutions and operations. This is measured against three sub-objectives: 1) Increased environmental and social responsibility awareness; 2) New solutions that increase carbon handprint; 3) Smart business models and solutions based on lifecycle thinking. These direct customer goals contribute to the societal goal of Finland becoming a superpower in sustainable development.

According to the evaluation, Business Finland's key impact mechanisms for sustainability are:

1 The raising of general awareness of sustainability, not only as a challenge, but particularly as a strategic business opportunity, as well as its activities as an expert organization for delivering advice and input in related public policies and strategies. To this end, it is important that Business Finland's key target groups are looked through the sustainability aspects to ensure their engagement, mobilization and investments into this theme.

2 The strategic openings for those thematic areas in which the Finnish business sector has important opportunities and can make a significant competitive leap

and deliver systemic changes over a long-term. These are mainly implemented through Business Finland's missions, programs, and campaigns. To this end, the evaluation includes an analysis on how the current program portfolio highlights sustainability aspects.

3 The instruments and services directly serve the customers on a demand-base, but they also provide the service content of the Business Finland's strategic openings. To this end, sustainability can be built in through cross-cutting requirements, specific incentive mechanisms and in specifically targeted instruments and services for sustainability

4 Culture and cross-cutting requirements refer here mainly to the internal culture, the competence-base, and general customer practices of Business Finland, which will eventually influence its customer relations and behavior.

Future recommendations

Below are listed the key recommendations for Business Finland on how to enhance and step up the integration of sustainability aspects in its operations, with a view to meet its overall sustainability goals at societal level.

These recommendations are based on the evaluation of sustainability implementation at Business Finland, as well as on the feedback received through a series of interviews and workshops. At the same time, it is acknowledged that progress is already made in addressing some of these aspects.

RECOMMENDATION 1:

Business Finland should define its sustainability policy, thus more clearly stating its ambitions, priorities and requirements towards customers and partners.

RECOMMENDATION 2:

Business Finland should designate a responsible director and respective operative unit (e.g. Service Area) to ensure accountability and a coherent implementation of sustainability aspects throughout its operations.

RECOMMENDATION 3:

Transition into the sustainability paradigm requires effort, and Business Finland should dedicate more resources to make progress. Further efforts are needed in adapting the processes, practices, and services accordingly.

RECOMMENDATION 4:

Business Finland should systematically build its expertise in this area, to assume thought leadership in sustainable business and innovation.

RECOMMENDATION 5:

Sustainability aspects should be more clearly integrated particularly into funding services.

5.a. As a first step, assessment of applicant sustainability should be introduced, together with cross-cutting principles and minimum requirements.

5.b. Incentives to specifically address and encourage sustainability impact should be developed.

5.c. Dedicated funding services to support sustainable businesses (e.g. scaling of sustainable innovation) should be considered.

RECOMMENDATION 6:

The integration of sustainability aspects in Service Areas should be stepped up and systematized.

6.a. Practical guidelines should be developed to support systematic interpretation of sustainability policy at Service Areas, as well as to assess related customer risks and opportunities in a coherent manner.

6.b. Immediate action should be taken, e.g. to establish appropriate due diligence processes.

RECOMMENDATION 7:

Performance monitoring of sustainability aspects should be stepped up both at Service Area level, but equally at the overall organization level.



1 INTRODUCTION

This chapter provides an overall introduction with background and objectives to the evaluation.



1.1. The assignment and this report

In February 2022 Business Finland commissioned a consortium led by 4FRONT and partnered with ENACT and Demos Helsinki to conduct a consultative evaluation on one of Business Finland's three Strategic Priority Areas; Finland – a Superpower in Sustainable Development.

A steering group was appointed to follow and steer the progress of this evaluation. The steering group has been led by Sampsa Nissinen from the Ministry of Economic Affairs and Employment (MEAE), while steering group members being Riikka Astala (MEAE), Hannu Kemppainen (Business Finland), Kimmo Lipponen (FIBS), and Paavo Virkkunen (Business Finland). In addition, a working group with representatives from Business Finland (Jari Hyvärinen, Annu Kotiranta, Annabella Polo, Teppo Tuomikoski and Olga Vartiainen) was formed to support the full execution of the evaluation.

This Evaluation Report is the final deliverable on the evaluation. The nature of this document is both descriptive (for the past) and analytical (current state of operations), as well as consultative (future development options).

The correctness of any data and results presented in this report is in the sole responsibility of the authors.

1.2. Background of the Evaluation

Sustainable development is strongly emphasized in Sanna Marin's Government Program with equality, climate change mitigation and biodiversity protection as key goals. In addition, international commitments, such as Agenda2030, require comprehensive measures from Finland to promote sustainable development. So far Finland has performed extremely well in international rankings of sustainable development.

Private sector innovations play key role in solving sustainability challenges, and sustainable development offers increasingly international business opportunities for Finnish companies. Sustainability has already become a strategic issue for Finnish companies, especially large companies having sustainability-related goals in their strategies and widely applied sustainability management practices. Also, SMEs have widely recognized the importance of sustainability for their competitiveness but are yet to tap the business



opportunities that arise from sustainable development at scale.

In line with the above, Business Finland selected sustainability as one of its strategic goals in its strategy 2021–2025. The two other strategic objectives, economic growth, and competitiveness are identical to the former strategy. The three strategic goals are split into society and customer level goals. A superpower in sustainable development is the society level sustainability goal.

1.3. Objectives of the evaluation and structure of the report

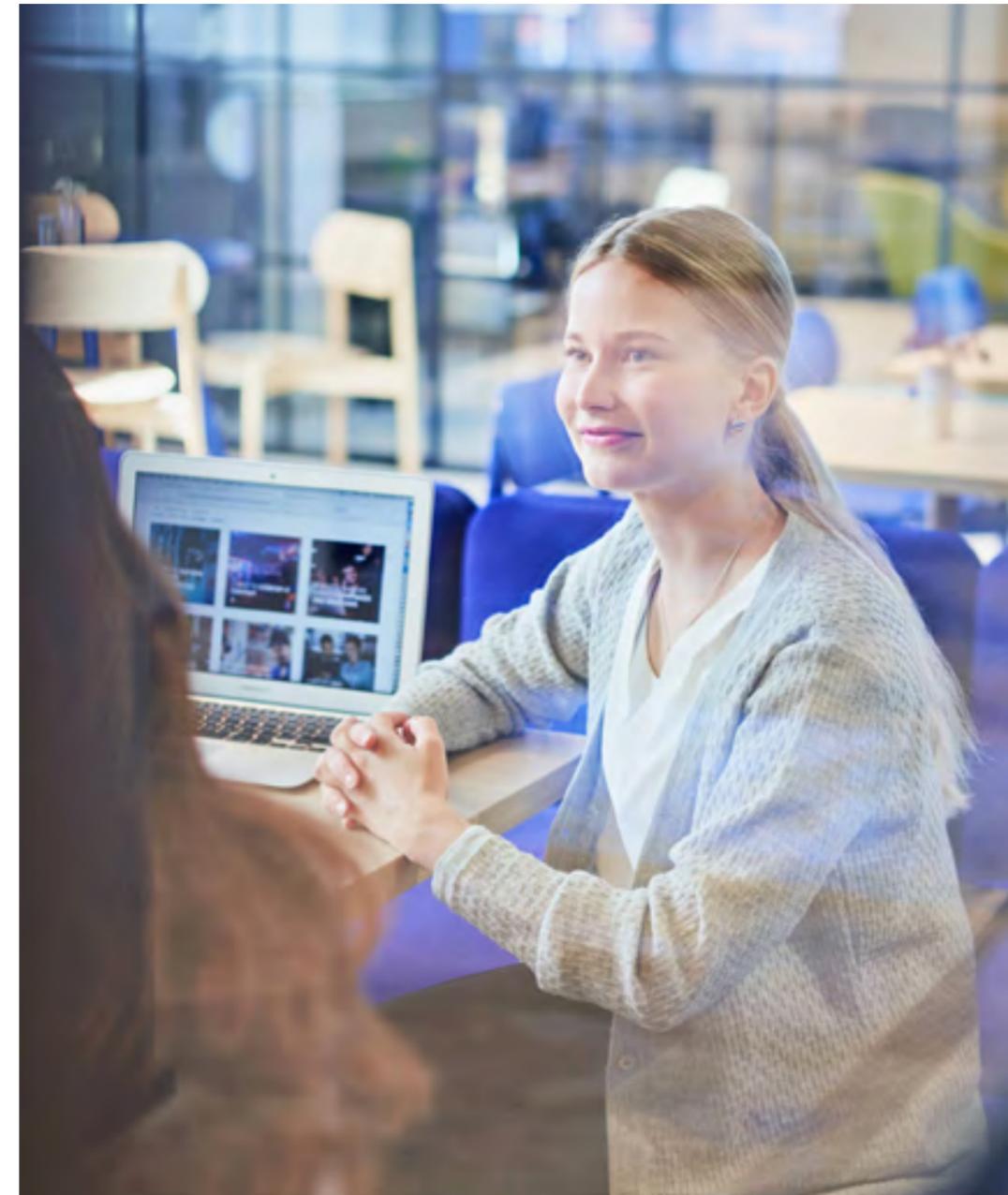
The main objective of this evaluation is to assess the prerequisites of Business Finland in supporting Finland to become a superpower in sustainable development, which is outlined to be Business Finland's strategic goal for sustainability at the societal level. As the new strategy has been in place only since 2021, the evaluation focuses on the baseline analysis, evaluation of prerequisites, and development of the impact model for sustainable development – rather than Business Finland's realized societal or customer level impacts. The objectives of the evaluation can be summarized in three main tasks:

1 Description of the past: How has sustainability been integrated in Business Finland's operations before, and based on relevant literature, what has been Business Finland's main impact in the field?

2 Current state and prerequisites of success: A description of the current state, role, and possible future role of Business Finland in the field of sustainability as part of the Finnish innovation system, and an evaluation of the prerequisites of Business Finland to be successful in helping Finland to achieve a superpower status in the field of sustainable development.

3 Look forward: A consultative process to support the development of Business Finland's impact and current impact model on sustainable development.

In addition, the evaluation includes a benchmarking of four international organizations looking how these organizations have implemented their sustainability strategies and integrated sustainability in the operations.



EVALUATION TASK	EVALUATION QUESTIONS
1. Description of the past	Where do we come from? A description of the integration of sustainable development in Business Finland’s operations before year 2021.
2. Current state and evaluation of the prerequisites of success	Does Business Finland have what it takes to integrate sustainability in an impactful way to its core operations?
2.1 Description and evaluation of the current situation at Business Finland regarding the integration	<ul style="list-style-type: none"> • Description of the current state of integration of sustainability in all Business Finland’s operations (innovation funding, export promotion, invest-in Finland, and Visit Finland). Including a description of concrete changes due to the new strategy, progress of the CASB-project, motivation and knowledge of the staff and leadership, and resourcing. • Reflection on the baseline from WP 1 and the recommendations made in the previous sustainability related evaluations.
2.2 Benchmarking	<ul style="list-style-type: none"> • State of sustainability integration and good practices at four organizations (BPI France, Business Sweden, Innovation Fund Denmark, Visit Sweden)
2.3 What is the current role of Business Finland in the field of sustainable development, together and alongside with other actors of the public (innovation) system?	<ul style="list-style-type: none"> • What should, could, and should not be the role of Business Finland regarding the advancement of sustainable development and considering Business Finland’s complete service offering? Including a “minimum level” –scenario and an “ambitious” –scenario.
2.4 Assessment of prerequisites of sustainability	<ul style="list-style-type: none"> • How does the current state of sustainability integration of Business Finland fit the targets laid out in the strategy, and/or the minimum/ambitious –level scenarios for what Business Finland should or could be? Taking into account the relative newness of the strategic target of sustainability for Business Finland.
3. Look forward	Impact model development, prioritization and measurement, identification and prioritization of the most impactful actions and their KPI’s
3.1 Further development of the impact model on sustainable development	<ul style="list-style-type: none"> • Identification of concrete and most impactful impact paths: from Business Finland’s inputs to desired impacts. • Prioritization of impact paths & focal points: environmental, social, corporate governance focuses, including the implications of prioritization, such as “What must change in Business Finland’s customer work?”.
3.2 Facilitation of drafting impact supporting KPIs for eight Service Areas	<ul style="list-style-type: none"> • Customer Management & Fast Growth Services, Global Growth, Network Services, Finland promotion services, Funding services, Experience & Marcom, Renewal, and Strategy
3.3 Conclusions and recommendations	

TABLE 1. EVALUATION TASKS AND QUESTIONS.

The report has been structured in a way that Chapter one provides an overall introduction, with background and objectives to the evaluation, while Chapter two explains the study approach, the methodologies used as well as the sources of data used and shortly discusses the limitations of the study.

Chapter three focus on how sustainability has been integrated into the strategies and operations of Business Finland and its predecessors Tekes and Finpro over the past decade. The chapter will present sustainability starting from the performance agreements with the ministry, how it appears in the strategy documentations, in the programming and in the operations. It will also reflect how earlier studies and evaluations have addressed the issue and what they have concluded.

Chapter four will look how the current strategy, in which the sustainability is a stated goal, has been implemented. The analysis will follow a systematic view from the top of the organization to the practical implementation in services.

Chapter five will synthesize the key lessons from selected benchmark organizations abroad. A more elaborated description of these organizations is appended.

Chapter six presents the outcomes of the scenario work related to the possible future roles of Business Finland regarding its sustainability goal. The strengths and weaknesses of various options are appended separately.

Based on the above, Chapter seven will collect and present Business Finland's prerequisites for successfully meeting the sustainability objectives. In addition, Chapter provides a suggestion for appropriate Impact model, as well as suggestions for elaborating KPIs for Service Areas.

Chapter eight presents conclusions from the evaluation and identifies areas to be further addressed. Chapter nine provides recommendations for development.

1.4. Definition of sustainability at Business Finland

Sustainable development is generally defined as development, which meets the needs of the present generation without compromising the ability of future

generations to meet their own needs. Sustainable development is regarded to comprise three dimensions economic, environmental, and social.

At business context sustainable development, or sustainability, focus on organizations' efforts to contribute positively to environment and society. These efforts are also often referred as Corporate Responsibility, CR (or Corporate Social Responsibility, CSR). In short, CR can be regarded as business means to contribute towards sustainable development. EU has defined CR as the responsibility of enterprises for their impacts on society. The aim is to maximize the creation of shared value for the owners/shareholders and for other stakeholders and society at large, and to identify, prevent, and mitigate the possible adverse impacts. Furthermore, CR includes process whereby enterprises integrate social, environmental, ethical, and human rights concerns into organizations' core strategy, operations, and integrated performance, in close collaboration with the stakeholders.¹

Also, at organizational context sustainability often has three dimensions, economic, environmental, and social. These are usually referred as ESG issues, G including governance issues alongside the those related to responsible investments.² Sustainability is not a static concept, but the content is always dependent on the context: the societal and environmental impacts that need to be managed, stakeholder expectations, and business strategy define the focuses of the sustainability and efforts thereafter.

In the new Business Finland strategy, the goal of Superpower in sustainable development is translated into three sub-goals, namely high sustainability impact globally, decrease in carbon emissions, and decoupling growth from resource use. In addition, Business Finland has defined sustainability comprising all the three ESG dimensions and listed several focus areas under these dimensions in 2021.

¹ European Commission. Communication from the Commission to the European Parliament, the council, the European Economic and Social Committee and the Committee of the Regions. A renewed EU strategy 2011-14 for Corporate Social Responsibility. Brussels, 25.10.2011 COM(2011) 681 final. 2011.

² ESG is an abbreviation of Environmental, Social and Governance aspects of sustainable development, in which the governance aspect includes responsible investments. The term originates from UN Principles of Responsible Investment Report of 2004 (Who Cares Wins). Today ESG is the most used framework for sustainability.

2 EVALUATION APPROACH AND METHODOLOGY

This chapter explains the study approach, the methodologies and the sources of data used and shortly discusses the limitations of the study.



2.1. Approach

The first part of the assignment, a description of the past is descriptive by nature, aiming at producing overview on the sustainability integration in the past. This is conducted to better understand the baseline and context from where Business Finland comes to strategic integration of sustainable development in line with the strategic goal.

The second part of the assignment, an evaluation of the current state is by nature analytical. The approach for the evaluation is based on frameworks reflecting best international practices and guidelines of OECD/DAC and European Commission.

A framework for integrating and implementing sustainable development was constructed at the beginning of the evaluation of the current state. The framework is based on the various levels and success factors of sustainability integration. It guides the analysis on how sustainability is integrated across the organization, starting from the leadership and organization extending down to practical tools such as guidelines and frameworks supporting Business Finland experts in their daily work.



FIGURE 1. FRAMEWORK FOR EVALUATING THE SUSTAINABILITY INTEGRATION AT VARIOUS LEVELS.

Source: Authors.

³ See e.g. OECD. Evaluation Criteria. <https://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

⁴ See e.g. European Commission. Better regulation: guidelines and toolbox. https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en

2.2. Methodology and data sources

The evaluation was based on the following methods and data sources. Methodological triangulation was used to validate the findings.

Analysis of Business Finland documentation

First, documentary analysis covered MEAE-Business Finland performance agreements (2010–2022), Business Finland strategy documentation (both current and previous strategies), monitoring data (KPIs) as well as minutes of meetings of Business Finland Board of Directors (BoD) (2021–2022). Second, sustainability reports, plans and related presentations, Business Finland policies, as well as internal guidelines and instructions were analyzed to gain understanding on activities and level of sustainability integration. Third, publicly available program, service, and funding instrument descriptions (incl. funding terms and conditions) were reviewed to see how sustainability aspects are integrated in service portfolio and communicated to customers.

A meta-analysis on previous evaluations and studies

A meta-analysis based on previous evaluations commissioned by Business Finland was also carried out. The meta-analysis consisted of identifying sustainability related impact evaluations and program evaluations. Sustainability related key messages and recommendations were collected and analyzed.

Business Finland leadership and expert interviews

Altogether 32 interviews with Business Finland leadership and experts were conducted as part of this evaluation. The objective was to gain understanding on the implementation of the strategic sustainability goal, activities promoting sustainability, and current state of sustainability integration across Business Finland service areas (SAs) and functions. All leadership team members were interviewed as well as experts across the organization. Interviews were conducted between March and June 2022.

Stakeholder interviews

Ten interviews with external stakeholders were carried out to gain understanding on stakeholders' views and expectations regarding Business Finland's role in advancing sustainable development in the Finnish innovation ecosystem. Interviewees represented municipalities, academia, civil society, and business organizations. Stakeholder interviews were carried out in May 2022.

Survey for Business Finland staff

A survey was sent to all Business Finland employees. The objective was to find out how the operationalization and implementation of strategic sustainability goal had succeeded till date and gather Business Finland staff's views on development needs in terms of sustainability. The survey attracted 110 responses, 15% of the total staff. Survey was conducted in May 2022. Most respondents represented Finland promotion and Funding services. Compared to total staff in Service Areas, the response rate was also highest among Finland promotion services and funding services⁵.

⁵ Response rate per Service Area: Customer management & Fast growth: 10%; Experience and MarCom: 13%; Finland promotion services: 26%; Funding services: 20%; Global growth: 10%; Network services: 14%; Renewal: 12%; Strategy: 10%; Support and enablement: 16%.

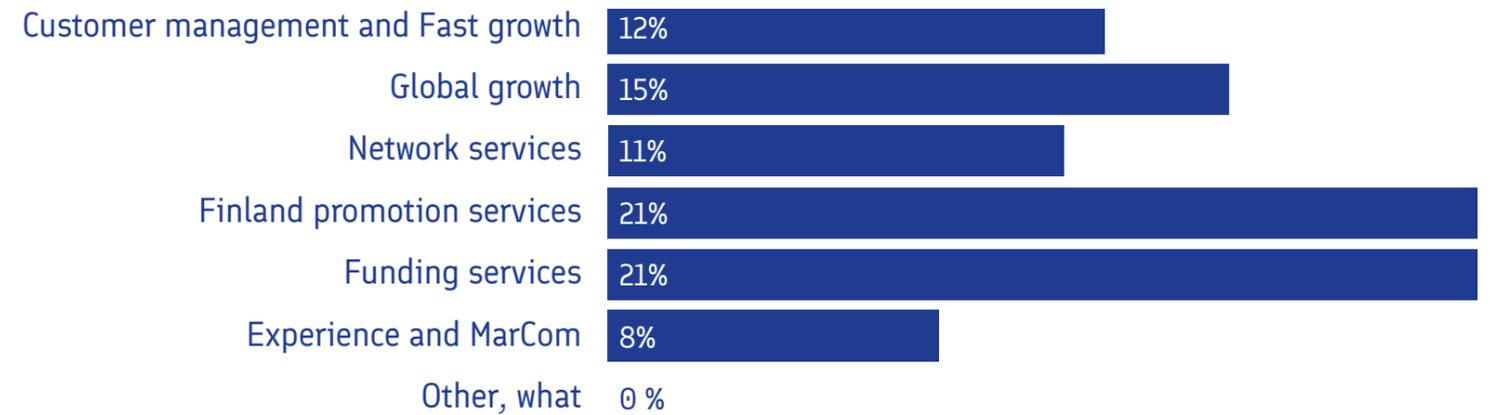


FIGURE 2. SHARE OF RESPONSES ACROSS BUSINESS FINLAND'S SERVICE AREAS. "WHICH SERVICE ARE DO YOU REPRESENT?" (N=110).

Source: Business Finland staff survey.

Quantitative and statistical analyses

Statistical analysis was performed to analyze Business Finland funding towards sustainable development. Business Finland's funding was analyzed based on its orientation towards sustainability related topics. Environmental categories were readily available from Business Finland. The social dimension was investigated through text mining as social categories were not as widely available as environmental. The project descriptions were analyzed using a list of keywords. The focus was on identification of funded projects through keyword matching.

Benchmarking

Evaluation included international benchmarking of four organizations (BPI France, Business Sweden, Innovation Fund Denmark and Visit Sweden). Objective was to understand how sister organizations have succeeded in integrating sustainability in their operations and services, and to gather good practices that could be applied at Business Finland context. Benchmarking consisted of documentary analysis of publicly available material (e.g., strategies, sustainability strategies, programs and plans, sustainability reports, key policies, and service portfolio). In addition, interviews were conducted with representatives from three organizations (BPI France, Business Sweden, and Visit Sweden).

Workshops

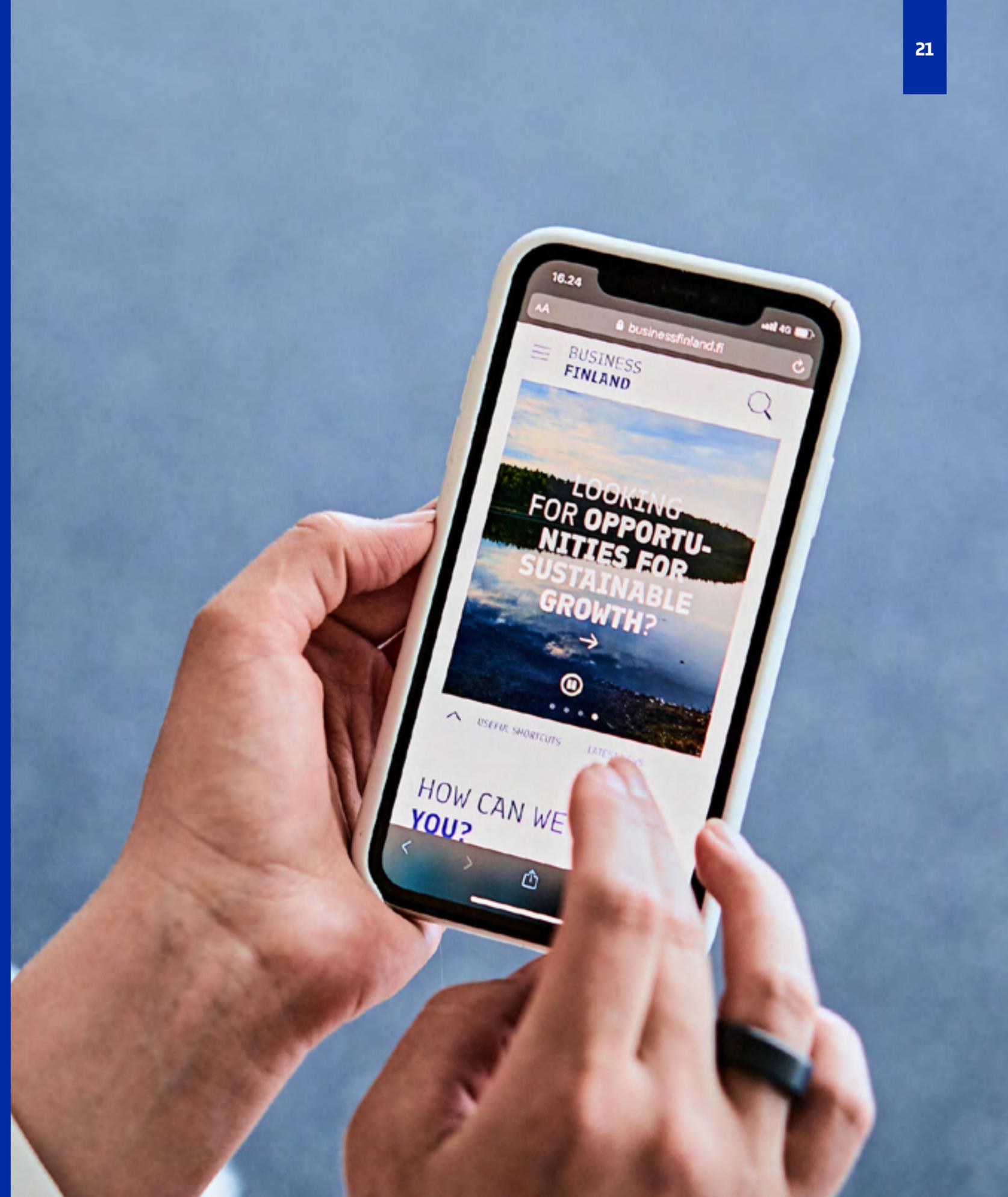
Two workshops with Business Finland experts were conducted. The first one focused on presenting, discussing, and validating the results of the description of the past and collecting expectations and insights for evaluation of the current state of operations. The first workshop was arranged in April 2022 and attracted 20 participants. In the second workshop the possible future roles and approaches of Business Finland in advancement of sustainable development and related requirements were discussed. In addition, the first results of the evaluation of the current state and benchmarking were shared and validated with Business Finland experts. The second workshop took place in June 2022 and it had 26 participants.

EVALUATION TASK	RELATED QUESTIONS	UTILIZED METHODS
1. Description of the past	Where do we come from? A description of the integration of sustainable development in Business Finland's operations before year 2021.	<ul style="list-style-type: none"> • Documentary analysis • Background interviews (N=6) • Workshop with Business Finland experts
2. Current state and evaluation of the prerequisites of success	Does Business Finland have what it takes to integrate sustainability in an impactful way to its core operations?	
2.1 Description and evaluation of the current situation at Business Finland regarding the integration	Description of the current state of integration of sustainability in all Business Finland's operations (innovation funding, export promotion, invest-in Finland, and Visit Finland). Including a description of concrete changes due to the new strategy, progress of the CASB-project, motivation and knowledge of the staff and leadership, and resourcing. Reflection on the baseline from WP 1 and the recommendations made in the previous sustainability related evaluations.	<ul style="list-style-type: none"> • Documentary analysis • Interviews with Business Finland leadership team members and experts (N=26) • Survey for Business Finland staff (N=110) • Statistical analysis on funding towards sustainable development • Workshop with Business Finland experts
2.2 Benchmarking	State of sustainability integration and good practices at four organizations (BPI France, Business Sweden, Innovation Fund Denmark, Visit Sweden)	<ul style="list-style-type: none"> • Documentary analysis on publicly available materials • Interviews with representatives from three organizations
2.3 What is the current role of Business Finland in the field of sustainable development, together and alongside with other actors of the public (innovation) system?	What should, could, and should not be the role of Business Finland regarding the advancement of sustainable development and considering Business Finland's complete service offering? Including a "minimum level" –scenario and an "ambitious" -scenario.	<ul style="list-style-type: none"> • Stakeholder interviews (N=10) • Analysis of results from previous tasks and creating draft roles as desktop work • Workshop with Business Finland experts
2.4 Assessment of prerequisites of sustainability	How does the current state of sustainability integration of Business Finland fit the targets laid out in the strategy, and/or the minimum/ambitious –level scenarios for what Business Finland should or could be? Taking into account the relative newness of the strategic target of sustainability for Business Finland.	<ul style="list-style-type: none"> • Analysis of results from previous tasks • Evaluation team's internal workshops and discussions • Workshop with Business Finland experts
3. Look forward	Impact model development, prioritization and measurement, identification and prioritization of the most impactful actions and their KPI's	<ul style="list-style-type: none"> • Forward looking workshops
3.1 Further development of the impact model on sustainable development	Identification of concrete and most impactful impact paths: from Business Finland's inputs to desired impacts. Prioritization of impact paths & focal points: environmental, social, corporate governance focuses, including the implications of prioritization, such as "What must change in Business Finland's customer work?"	<ul style="list-style-type: none"> • Desk research • Interviews with evaluation unit • Validation workshop
3.2 Facilitation of drafting impact supporting KPIs for eight Service Areas	Customer Management & Fast Growth Services, Global Growth, Network Services, Finland promotion services, Funding services, Experience & Marcom, Renewal, and Strategy	<ul style="list-style-type: none"> • Desk research • Interviews with Service Areas • Validation workshop
3.3 Conclusions and recommendations		<ul style="list-style-type: none"> • Steering group validation

TABLE 2. SUMMARY OF THE EVALUATION TASKS AND UTILIZED METHODS.

3 SUSTAINABILITY INTEGRATION IN THE PAST

This chapter describes the sustainability integration in Business Finland's and its predecessors' (Finpro and Tekes) operations in the past. This descriptive analysis was prepared to better understand the organization's baseline in advancing sustainability and efforts related.



The focus was on evolution of strategic priorities and goals in addition to which some efforts were made to gain understanding on sustainability approaches at operative level. The analysis covered old strategy documentation and performance agreements between MEAE and Business Finland (and Finpro and Tekes). It is to be noted here that Finpro's strategy documentation was not as comprehensively available.

Besides strategy documentation, program review was conducted to understand a level of sustainability integration in program portfolio, and key operative documents (such as sustainability reports) were examined. Meta-analysis of previous evaluations and studies commissioned by Business Finland was also carried out to review the extent to which sustainability issues had been addressed in previous evaluations and studies, as well as to collect the findings and outcomes of those. The documentary analysis was supplemented with background interviews to elaborate and validate the findings. It was decided with Business Finland to limit this historical analysis from 2010 onwards. However, Tekes strategies already from early 2000s were included in the analysis as they were available.

3.1. Sustainability in performance agreements and strategies

3.1.1. Sustainability aspects in performance agreements

Ministry of Economic Affairs and Employment and Business Finland prepare each year a performance agreement that set outs the goals, targets and KPIs for the forthcoming year. Similar agreements were also made between MEAE and Tekes and Finpro before Business Finland began its operations in 2018. The goals are set for three levels each year: societal goals, operational goals, and goals related to resource management.

Looking at the goals in different levels, the analysis showed that sustainability aspects were included rather systematically in Tekes societal goals in 2010–2017. Well-being of people and the environment were amongst Tekes societal goals in 2010–15. As an example, sustainability was included as one of the three societal goals already in 2010 agreement outlining the following: economic growth is united with well-being of people and environment. Innovations and broad development form

a basis for achieving societal well-being and environment goals.

Tekes' societal KPIs during these years addressed the funding and innovations under these themes.

Sustainability aspects were included rather systematically in Tekes societal goals over 2010-2017. At Finpro, sustainability was (contrary to Tekes) more of an operative goal.

It was observed that there was a slight shift in focus from the society (wellbeing of people and environment) towards the business in 2016/17. When in 2010 societal sustainability goal emphasized the triple-bottom line and innovations as means for improving the state of the environment and enhancing wellbeing, the same for 2017 highlighted the employment and exports with sustainability-related societal goals being 'Creation of new jobs through sustainable use of natural resources' and 'growth of cleantech companies, and growing exports of bio and cleantech companies'.

Tekes operational goals in 2010–2017 focused on operational efficiency and quality with no sustainability-related goals and KPIs. Goals for resource management, in turn, consistently included goals and KPIs related to social responsibility as an employer. Despite some differences in emphasis and scope of the themes addressed from year to year, the goals and KPIs were mainly related to competence development, well-being at work and job satisfactions along with leadership development.

While Tekes societal goals included sustainability aspects through addressing environmental and social well-being, Finpro's societal goals and KPIs (2010–2014) focused on exports with no sustainability-linked goals or KPIs. In 2015–2017 sustainability aspects were reflected in performance agreements through focus on strategic growth sectors including bioeconomy, cleantech, and health.

Finpro's operational goals, however, included each year some social and environmental goals (while Tekes had no sustainability-related operational goals). Examples of sustainability-related operational goals and KPIs include reviewing communications in case of harmful stereotypes (2010), efforts to mainstreaming equality (2011, 2012,

2013 and 2014), developing energy efficiency plan (2012) and participation in supporting green businesses (2013).

Like in case of Tekes, also social sustainability aspects were included systematically in Finpro's goals for resource management in 2010–2017. KPIs and targets were set for wellbeing at work and leadership improvement for each year.

Business Finland was born in 2018 when Tekes and Finpro merged. The content analysis of performance agreements revealed that sustainability themes disappeared altogether from societal goals for a few years (2018–2019). 'Exports of bio and cleantech companies' and 'creation of new jobs through sustainable use of natural resources and growth of cleantech companies' were still included among the KPIs related to societal goal of 'World-class ecosystems and competitive operational environments supporting growth'. Operational goal included no sustainability-related goals either, but well-being at work and leadership improvements remained among goals for resource management.

The situation changed in 2020 and sustainability issues were emphasized in the performance agreement. The

agreement included references for IPCC report and SDGs and stressed the urgent need to cut CO2 emissions. Solutions for global development challenges were included in the societal goals as means to increase exports and value-added, and Business Finland's role in promotion of solutions for global development challenges was addressed. KPI's tracked the funding for low carbon and circular solutions, growth in RDI funding customers that invest in low-carbon and circular solutions, and turnover in project target year.

3.1.2. Sustainability aspects in strategies

The content analysis of strategy documentation showed that Tekes strategies in early 2000s including 2005 and 2008 strategies emphasized triple-bottom line aspect and included people and environment dimensions alongside economic goals. Tekes 2008 strategy also outlined the challenges and opportunities arising from people, economy, technology, and environment as basis for strategic choices, and entailing adoption of ethical activity and social responsibility were seen as key foundations of operational valuation. Sustainability was also reflected through strategic application focus areas that included 'environment and energy' concentrating on eco-efficient and sustainable solutions (2005 strategy),

‘clean energy and scarce resources’ (in 2008) and ‘health and well-being’ (in 2005 and 2008 strategies).

Earlier Tekes strategies reflected sustainability in application areas...

Moving ahead there were no sustainability-related strategic goals in Tekes 2011 and 2015 strategies. However, strategic focus and application areas included ‘natural resources and sustainable economy’ (energy & raw material efficiency, renewable energy solutions, new forest and biomass solutions, sustainable solutions for mineral resource use & water consumption) (in 2011), natural resources and efficiency (bioeconomy and cleantech) (in 2015) and ‘vitality of the people’ (in 2011) and ‘wellbeing and health’ (in 2015).

...but in 2011/2015 Tekes and 2010-2017 Finpro strategies there were no more sustainability-related goals.

Finpro’s strategy documentation was not as comprehensively available as Tekes. Based on information obtained from other documentation (like performance agreements and annual reports) Finpro’s strategic goals

2010–2017 addressed solely promotion of exports, inward investments, and tourism. Strategic focus areas included sectors with potential to advance sustainable development (e.g. cleantech, bioeconomy and health and well-being).

The birth of Business Finland led to a complete disappearance of references to sustainability in strategy (until 2020).

The birth of Business Finland led to complete disappearance of references to sustainable development or sustainability themes at strategy level with first Business Finland 2018 strategy addressing solely economic growth and competitiveness.

The Figure 3 presents the overlook on evolution of sustainability in performance agreements and strategies as well as emergence of national and global sustainability commitments.

Looking at the timeline, sustainability’s weight appeared to reflect government priorities rather than for example, international commitments or rise of sustainability issues in corporate agenda.



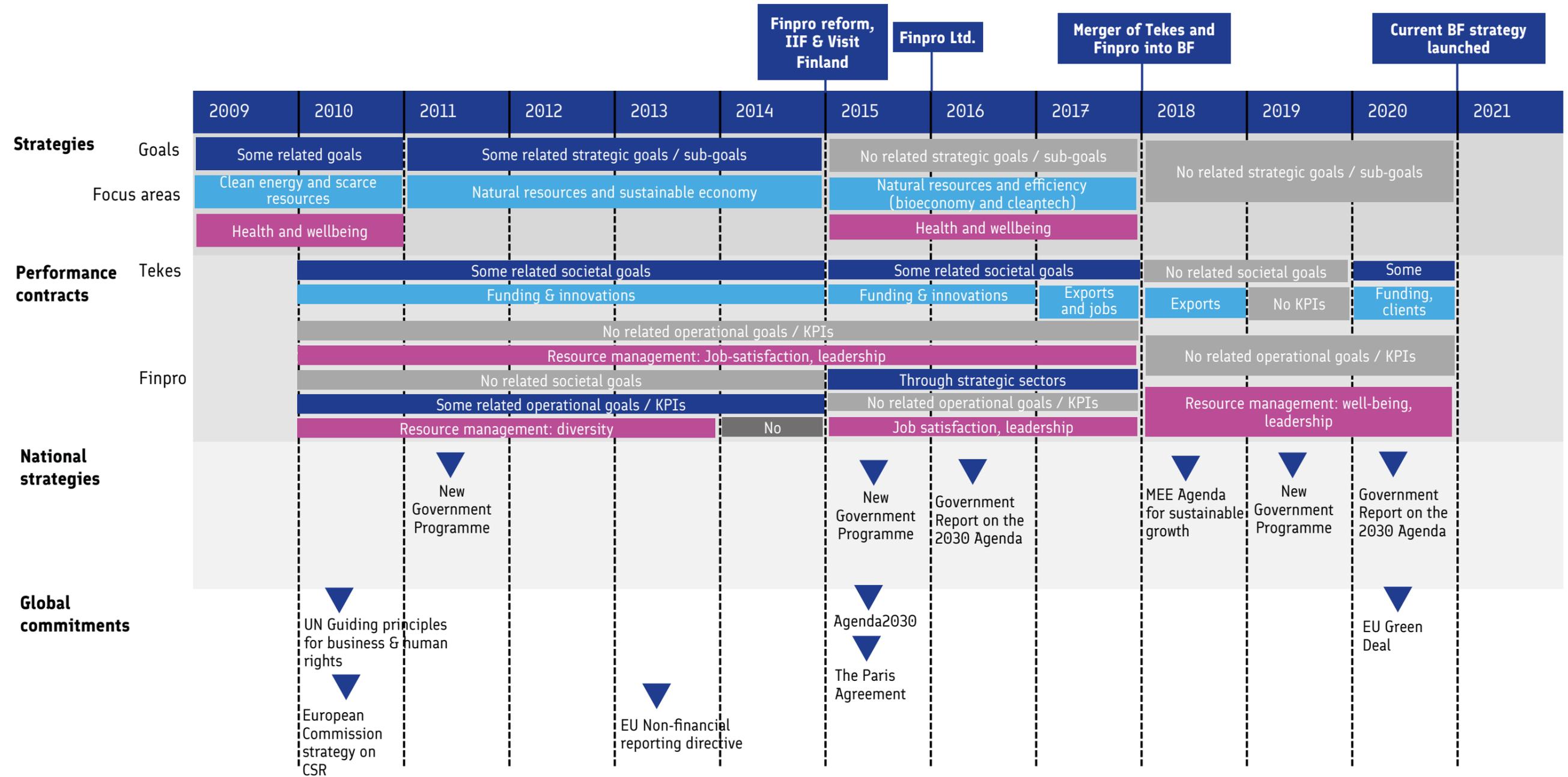


FIGURE 3. OVERLOOK ON THE EVOLUTION OF SUSTAINABILITY IN STRATEGIES.

Source: Authors.

3.2. Sustainability in programs

3.2.1. Evolution of programs in 2010–2022

Programs have been the primary thematically focused ‘instrument’ for implementing Finpro, Tekes and Business Finland strategies. For Finpro, these have mainly been called growth programs, for Tekes and later Business Finland, these have been either technology programs, innovation programs or merely Business Finland programs.

Programming has been the main tool to implement strategic and thematic priorities by both Tekes and Finpro.

Each of these program types has its own features, reflecting the services of both organizations. The main instrument used in Tekes / Business Finland programs has been the allocation of collaborative RDI funding for businesses and research organizations through specific calls for proposals, with complementary activations, joint events, etc. In comparison, Finpro growth programs have typically focused more on identified export opportunities and in gathering a network of Finnish companies to jointly of separately respond to it, with a series of facilitated activations and promotions, as well as organized export promotion visits to target markets.

Programs have traditionally been set up with a specific objective and anticipated impact, a defined target group of clients and collaborators, a limited duration (usually around four years), a designated budget and a separate steering and management structure with sometimes involving external stakeholders, too. In general, Tekes / Business Finland programs have been more precisely defined and tightly coordinated than their Finpro counterparts, while individual programs vary a lot.

The progress of every program has been monitored and their impact externally evaluated after completion. On the basis of evaluations, the programs have usually been effective, and overall, the programming at Tekes/Business Finland has been considered one of its best working funding ‘instruments’.

There has been a significant number of programs by both Tekes and Finpro...

By looking at the Finpro & Tekes / Business Finland, the first finding is the vast number of programs and their large volume. Programming has evidently become a very

strong tradition and a culture for allocating funding / organizing work according to thematic priorities. In the search for past programs, altogether 68 different Finpro & Tekes programs (not including SHOKs, ERA-NETs, Eureka and other EU / international collaborative programs) could be identified. These programs were running between 2010–2018. Around half of these programs were Tekes and the other half Finpro programs. As there is no database of past programs, it is not certain that all past programs have been identified. Apparently at best, there were 37 growth programs running in parallel, before the program concept revision in 2014. After 2018, only 16 programs (and campaigns) were running. Before their merger into Business Finland, the program landscape was much more complex and scattered.

...but over time, the number of programs has decreased, and program concepts have evolved.

In fact, over the time, the program concepts of both organizations have evolved significantly. The growth program concept was revised in 2014 and in 2017. As a result, there were less and more targeted programs, with

more elaborated concepts (invest in, export, visit). Rather similar evolution took place with Tekes programs, which in the early days were technology oriented specific R&D programs. Over the time, their focus was broadened, for example to cover innovation also in services. At the same time, the number of programs was reduced, while their duration and overall budgets were raised.

Overall, as a trend, the number of separate programs has decreased and there is more consideration of mutual/thematic synergies across programs.

3.2.2. Programs specifically addressing sustainability

During 2018–2019 Business Finland carried out internal development work around the SDGs and identified among the 17 goals those that are the most relevant to their own work. Subsequently Business Finland scanned their ongoing programs and categorized them into the following six SDG groupings:

1. Smart Health & Wellbeing (SDG3 Good Health and Wellbeing)
2. Smart and Clean Energy (SDG7 Affordable and Clean Energy)
3. Smart Industry (SDG9 Industry, Innovation and Infrastructure)
4. Smart and Sustainable Communities (SDG11 Sustainable Cities and Communities)
5. Circular economy and Responsible consumption (SDG12 Responsible Consumption and Production)
6. Cross-cutting themes (linked to SDG8 Decent Work and Economic Growth and SDG13 Climate Actions)

This categorization has been utilized to ‘back map’ also earlier Tekes/Finpro programs (+ SHOKs) until 2020, to see to which extent and how programs were thematically connected to different SDGs.

The Figure 4 illustrates with respective color coding into which category, if any, the programs could be placed over time. The programs are roughly grouped according to the host organization, too.



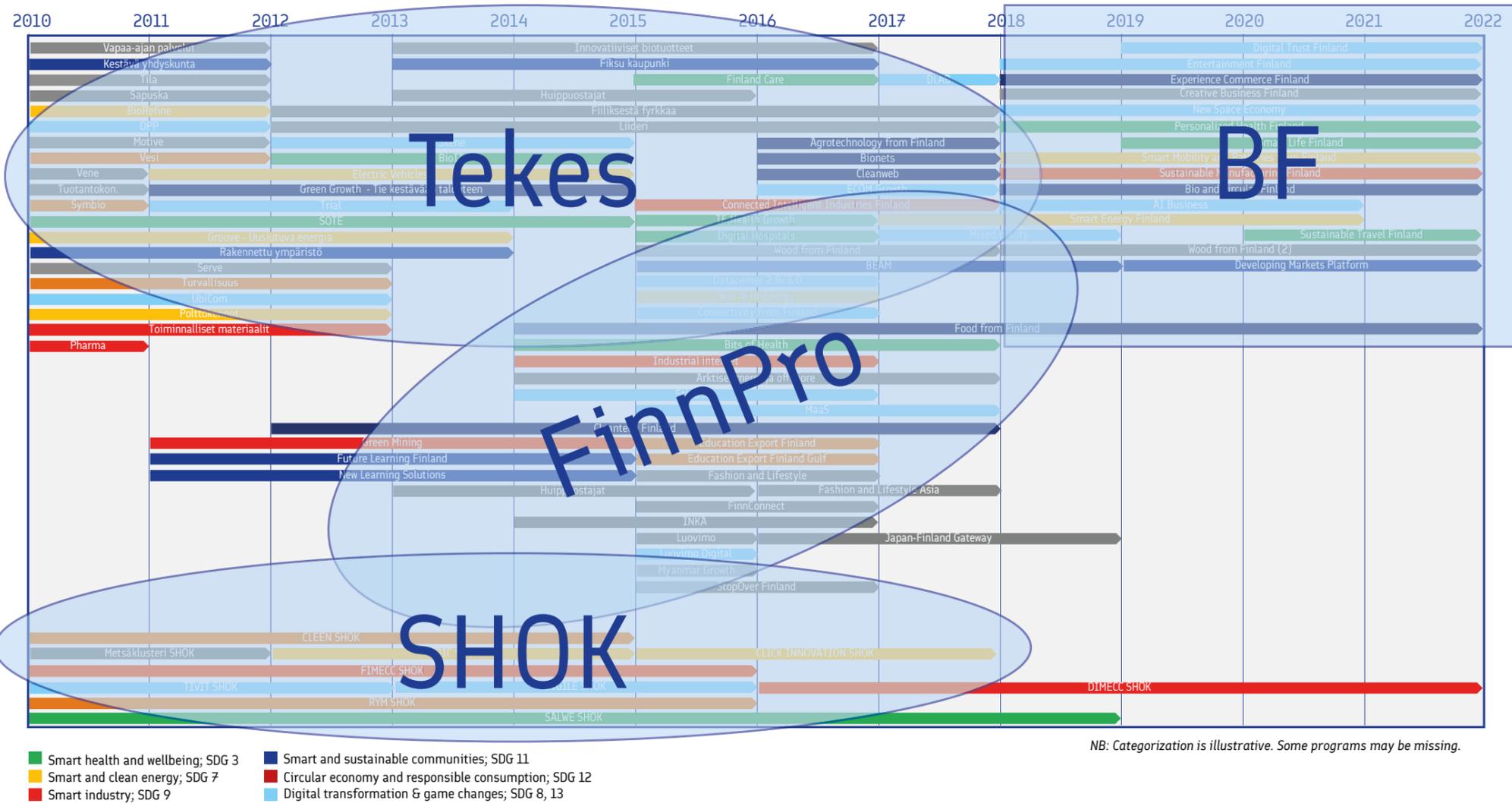


FIGURE 4. OVERLOOK ON THE EVOLUTION OF PROGRAMS AND THEIR THEMATIC FOCUS ACCORDING TO SDGS. Source: Authors.

The Figure 4 indicates that, if wanted, **most earlier programs could be categorized to some SDG groupings**, although in particular some of the earlier Finpro growth programs did not show any evident link to SDGs. The thematic focus of programs was assessed based on the general description and main objectives of the programs presented at the website or in other public documentation. It should be kept in mind that the above classification is merely illustrative.

3.2.3. Key findings on programs

Sustainability is not a new objective at Tekes/Finpro/Business Finland, although until the current strategy. Through thematically oriented programs, work has been done to enhance sustainability.

The mapping shows that most Tekes/Finpro/Business Finland programs have, also in the past, served the SDGs in one way or another. Most current and earlier programs can be linked to support at least one SDG. At least indicatively or indirectly, but most likely also with a clear impact. Therefore, it can be concluded that SDGs and sustainability aspects have been present, or an aspect, in the strategic focus of activities and the thematically targeted programs have been actively used to support

this. Keeping in mind that SDGs provide a very broad framework, and the above analysis has been conducted at a generic level.

Most Tekes / Finpro / Business Finland programs – also in the past – have served the SDGs in one way or another.

Due to the large number of parallel running programs, there have always been some ‘thematic clustering or grouping’ of programs, also regarding environmental and cleantech topics, to seek for larger and long-term impact. For example, Tekes funding for Energy and Environment Business Area was altogether 237 million euros for years 2007–2011. Tekes programs related to that Business Area were Sustainable Society, Green Mining, Groove, Green Growth, BioRefine, Fuel Cells, Water and Electric Vehicles. Similar focus grouping was done under SHOKs.

There has always been thematic clustering of Tekes / Finpro programs and climate / environment (at large) has for long been one priority theme.

Among the whole program portfolio, there have been several ‘forerunner’ programs that have specifically focused on the development and promotion of sustainable

solutions. For example, the Groove and Electric Vehicles programs have been mentioned as such. Many of these have been considered as change agents in their own field and have attracted business sector to invest in (market/system/transformational) change.

3.3. Integration of sustainability in operations

The aim was to carry out a review of key documents outlining Business Finland’s and its predecessors’ sustainability ambitions and activities to gain insight into sustainability integration at operational level. No evidence was found that Finpro, Tekes or Business Finland would have had formally documented sustainability strategies, programs, policies, or frameworks that would have specified focuses and goals, or guided approaches.

Tekes had used EFQM model for organizational change and improvement. Finpro (since inception of Ltd. in 2015) reported on Corporate Social Responsibility, and Business Finland started reporting on sustainability in 2018 (called Social Responsibility Report). Available documentation gave little evidence on holistic sustainability management and approaches, incl. allocation of responsibilities,

development of internal practices or systematic integration of ESG issues in service offering (e.g., funding, customer selection, advisory).

There is little indication of holistic approach to sustainability in the past for either organization. Sustainability has mainly been reflected as a theme in programs and with social aspects towards own personnel.

Based on the documentation and background interviews, sustainability was mainly reflected as thematic sustainability programs described in the previous chapter as well as social responsibility especially towards own personnel. Issues such as well-being at work and competence development seemed to be rather systematically addressed. At Finpro, diversity management was on the agenda at least to some extent. Measures were also carried out to ensure economic responsibility and good governance.

Finpro’s sustainability reports outlined some aspirations to develop management, monitoring, and reporting on CSR. As little development was observed from 2016 to 2017, it can be assumed that upcoming organizational changes left the development efforts outside the focus.

Even though Business Finland's first strategy did not include goals related to sustainability, Business Finland's sustainability reports 2018–2020 and information obtained through interviews demonstrated some willingness and measures to develop sustainability management and practices more systematically. These include for example work around SDGs to identify most material SDGs and to link Business Finland programs with those. Some exercises were also made to map Business Finland funding against SDGs and develop funding classifications to better monitor the funding towards sustainability themes.

When it comes to other international sustainability frameworks, commitment towards UN Guiding Principles for Business and Human Rights was outlined in Business Finland's sustainability reports 2018–2020. Now evidence, however, was found on any measures conducted to actually fulfil the requirements (e.g., human rights due diligence). These due diligence processes would also be needed in the anticipated CSDD directive.

3.4. Previous evaluations and studies

3.4.1. Overview

The evaluation investigated a total of 45 evaluations on Business Finland, Tekes and Finpro during the years 2010–2021. Majority of the evaluations had been commissioned by Business Finland itself, but some of the had been ordered by external organization, e.g., the Ministry of Economic Affairs and Employment in Finland. The list of evaluations includes both program evaluations and impact evaluations. The list is not exhaustive, some of the smaller or older evaluations may have been excluded

or they were not available publicly or through Business Finland.

The Table 3 lists the analyzed evaluations on based on how they were looking at sustainable development on an annual basis. Majority of evaluations, 32 in total, was not related to sustainability and did not include questions on sustainability. Majority of sustainability related evaluations were evaluations of thematically related programs, out of which only some were evaluating impacts on social or environmental sustainability. Seven evaluations were measuring societal impacts or there was an evaluation question related to sustainability.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Evaluation questions related to sustainability impacts	-	1	-	-	1	-	-	1	-	2	1	1
Sustainability themed program evaluation	-	-	-	1	3	-	2	1	-	3	-	2
No focus on sustainability	2	1	1	1	4	-	3	-	6	3	7	3
Total	2	2	1	2	7	0	5	1	6	7	8	4

NB: Some of the evaluations belong to two categories. Hence, the sum may exceed total.

TABLE 3. META-ANALYSIS OF BUSINESS FINLAND, TEKES AND FINPRO EVALUATIONS.

⁷ Sustainability here refers especially to consideration of social / societal and environmental issues and impact alongside economic perspectives. Inherent to Business Finland's operations.

3.4.2. Sustainability-focused evaluations and studies

The total of 45 evaluations were analyzed based on their focus on sustainable development. Seven of the evaluations were explicitly looking at Business Finland's sustainability impact or included an evaluation question related to sustainability impacts. In some cases, sustainability was playing an insignificant role in the evaluation, or the question was not sufficiently addressed. These evaluations were not included in the further analysis. There were also 7 program evaluations that were thematically related to sustainability topics. The program evaluations included 3 cleantech, 1 education, 1 digitalization, 1 environment and 4 health and wellbeing related topics. Typically, the program evaluations were looking at more than one program at a time. Despite the programs having a sustainability focus, not all the evaluations were explicitly appraising Business Finland's impact on sustainable development.

NAME	KEY FINDINGS AND RECOMMENDATIONS RELATED TO SUSTAINABLE DEVELOPMENT
Business Finland Advancing Cleantech and Bioeconomy (2021)	Environmental impacts are impossible to fully measure due to lack of clear objectives and monitoring of the projects. Moreover, the programs were found to deliver mainly economic outcomes. Programs and national strategies were quite well aligned, however, there is room for improvement.
Finland on a path to a zero carbon society – Business Finland is fostering development of low carbon solutions (2020)⁸	Business Finland has contributed significantly to development of low carbon solutions through its investments. Low carbon investments are a great way for Business Finland to strengthen their brand and visibility. Investments on low carbon solutions allow for different types of rationale and criteria for investments: as large companies contribute significantly to low carbon solutions, there is a rationale to invest in larger companies as well; the timeline for low carbon innovation is very long and research intensive – an increased rationale for public intervention. Ecosystems and clusters are significant players – Business Finland should have an increased focus on this
Development Evaluation of Business with Impact (Beam) Program, Final Report (2019)	The evaluation developed tools/criteria to assess developmental impacts of the projects. The evaluation recommended a broader inclusion of local partners and NGOs as a way to increase developmental and economic impact
Innovation for Sustainable Growth, Evaluation of the Results and Impacts of Selected Tekes Cleantech Programs (2017)	Programs have increased the participating companies' awareness of sustainability related issues. Moreover, it is stated that cleantech products naturally have environmental benefits. Tekes should systematically set environmental goals as programs' objectives and criteria. Tekes should rethink novel ways to create value (both economic and societal) and how to incorporate sustainability into business models (e.g., intangible value creation and resource sharing)

⁸Original: Hjelt, Hietala, Sepponen, Sirppiniemi, Luoma. Suomi matkalla kohti hiilineutraalia yhteiskuntaa – Business Finlandin rooli vähähiilisten ratkaisujen edistäjänä. Gaia Consulting Oy, 2020.

The list in the Table 4 summarizes 6 evaluations that were explicitly assessing environmental or societal aspects, including impacts.

In addition to above, Business Finland ordered a study “Review of Scholarly Literature on Sustainability and Firm Growth” from VTT in 2021. The study reviewed scholarly literature on Environmental, Social, and Governance (ESG) sustainability and firm growth with the purpose of supporting strategy development at Business Finland.

Based on the literature review, the study provided some recommendations for Business Finland. Firstly, it suggested making a separation between internal/inbound/process issues and external/outbound/product issues. The ways to address internal and external aspects are different: internal aspects could be compressed to a handful of simple criteria to be checked – in a “tick the box” manner – before taking a firm on as a Business Finland client and external aspects on the other hand could be evaluated via anticipated market outcomes.

NAME	KEY FINDINGS AND RECOMMENDATIONS RELATED TO SUSTAINABLE DEVELOPMENT
The Impact of Tekes Activities on Wellbeing and Environment (2014)	<p>The evaluation found that Tekes’ intervention has increased societal impacts of the participating industry projects. This has happened largely through Tekes’ ability to create networks, add relevant partners to project consortiums and to enable the usage of relevant outside resources. This suggests that Tekes has impacted firm behavior (Behavioral additionality) through its intervention and created positive changes in how networks are created. This behavioral additionality appears to be positively linked with generation of societal impacts.</p> <p>The impacts on environmental impacts however were not confirmed by statistical analysis. Case studies on Tekes supported innovations however show significant economic and environmental impacts. While generalization from few cases is not possible, they demonstrate some of the key mechanisms through which Tekes can have a positive contribution to environmental sustainability. Investments in knowledge creation, support to knowledge transfer through research subcontracting, and support to demonstration projects are among the key mechanisms observed. Part of the environmental impacts are realized outside Finland (with generally economic benefits for Finland).</p>
Societal and Environmental Impact Assessment of Tekes’ Actions (2011)⁹	<p>Tekes’ pathway to sustainability impact is merely indirect: innovations it has supported may have had positive impact on environment or society.</p> <p>Tekes was recommended to collect more data related to sustainability, particularly on the projects.</p>

TABLE 4. LIST OF BUSINESS FINLAND’S EVALUATIONS EXPLICITLY ADDRESSING SUSTAINABILITY AND THEIR KEY FINDINGS AND RECOMMENDATIONS.

⁹Original: Hjelt, Luoma, Pesola, Saario, Kämäräinen, Maksimainen, Vesa. Selvitys Tekesin toiminnan vaikutuksista yhteiskunnan ja ympäristön hyvinvointiin, Tekesin päämääräselvitys. Gaia Consulting & Nordic Healthcare Group Oy, 2011.

Second, it suggested that Business Finland's focus could be more strongly on environmental aspect of ESG though a 'E-affiliated price premium'. Such a premium could be related to several dimensions of environmental sustainability by creating incentives for firms to shift into more ecological innovations and production.

Third, the report also stated that currently there is a high level of awareness on ESG issues among private sector. Hence, other areas like development, adoption, and diffusion of ESG might need stronger public encouragement. Therefore, the role of ESG criteria in Business Finland's future strategy should reflect the recently heightened private attention and interest.

3.4.3. Results and impact on sustainability

Business Finland's investments on thematic programs have enhanced development of sustainable innovations and technologies. Indeed, the evaluations found that Business Finland has had a significant positive – but indirect – impact on environmental sustainability through its programs. However, this has been largely through clients, as clear sustainability related objectives, funding criteria or measuring has been missing.

Evaluations found that Business Finland (with its predecessors) has had significant positive, but indirect, impacts on sustainability through its programs.

At Business Finland, sustainability is often assumed on the merits of the sector or segment alone. For instance, cleantech and bioeconomy solutions and companies are implied to be sustainable by definition, without closer inspection, reasoning or criteria.

The evaluations also concluded that without clear project/program level objectives and data collection on the project the direct impact is difficult to verify. The positive impacts found in the evaluations were assessed through qualitative case studies or generic reasoning that since clients have tackled sustainability issues also Business Finland has created sustainability impact. However, to find out if Business Finland's intervention actually increased the impact or would the impacts have happened even without the intervention, would require more robust methods of evaluation and counterfactual analysis.

Based on the meta-analysis, Business Finland's impact is strongly biased towards environmental sustainability. There have been some evaluations made on health and

wellbeing programs, but the societal impacts were not assessed.

3.4.4. Recommendations from previous evaluations

Based on the meta-analysis of the evaluations, Business Finland has a strong position to impact sustainable development though its investments into R&I. However, if it could further enhance its sustainability impact by setting clear sustainability related objectives for programs and thereafter, using sustainability criteria for project selection and portfolio management. Monitoring projects and requiring them to report on progress towards sustainability goals could both nudge the companies to focus on sustainable development and make it easier to evaluate the sustainability impacts of Business Finland's portfolio. To this end, sustainability criteria should address both contribution to positive impacts, as well as reducing negative impact and managing risks.

One of the evaluations also concludes that since environmental transitions require different kinds of interventions, it gives Business Finland a rationale to support also larger companies, clusters and ecosystems. Moreover, inclusion of broader set of stakeholders

(e.g., civil society/academia) is mentioned as a way to enhance sustainability impacts and legitimizing the societal challenges to be tackled. Additionally, low carbon investments are also a great way for Business Finland to strengthen their brand and visibility.

Business Finland could also enhance sustainability through rethinking novel ways to create value (both economic and societal) and how to incorporate sustainability into business models (e.g., intangible value creation and resource sharing).

3.5. Summary of the past development

The analysis on past development showed that sustainability is not a new topic for Business Finland. Business Finland's (and its predecessors) performance agreements and strategies included at least some environment and health and wellbeing-related goals and focus areas linked to sustainability. Weight of sustainability topics at strategy-level, however, showed declining trend with higher emphasis on strategies in early 2000s than in late 2010s.

Sustainability has been an important topic for long, but its strategic weight was declining – until the current strategy.

The Figure 5 provides a simplified illustration of the evolution of the Business Finland's sustainability position over time. The focus (narrow-wide) here addresses the scope of both sustainability topics and their integration in Business Finland operations. The approach (proactive-reactive), in turn, takes into account also the position in relation to the rest of the society (i.e. global sustainability commitments, rise of sustainability in corporate agenda).

Business Finland's (and Finpro's and Tekes's) sustainability approaches were narrow and focused on few topics. At operational level sustainability was primarily reflected at programs focusing on sustainability themes and as social responsibility as employer (in addition to bearing economic responsibility). Documentation gave little evidence on systematic integration of ESG issues in services or development of internal practices.

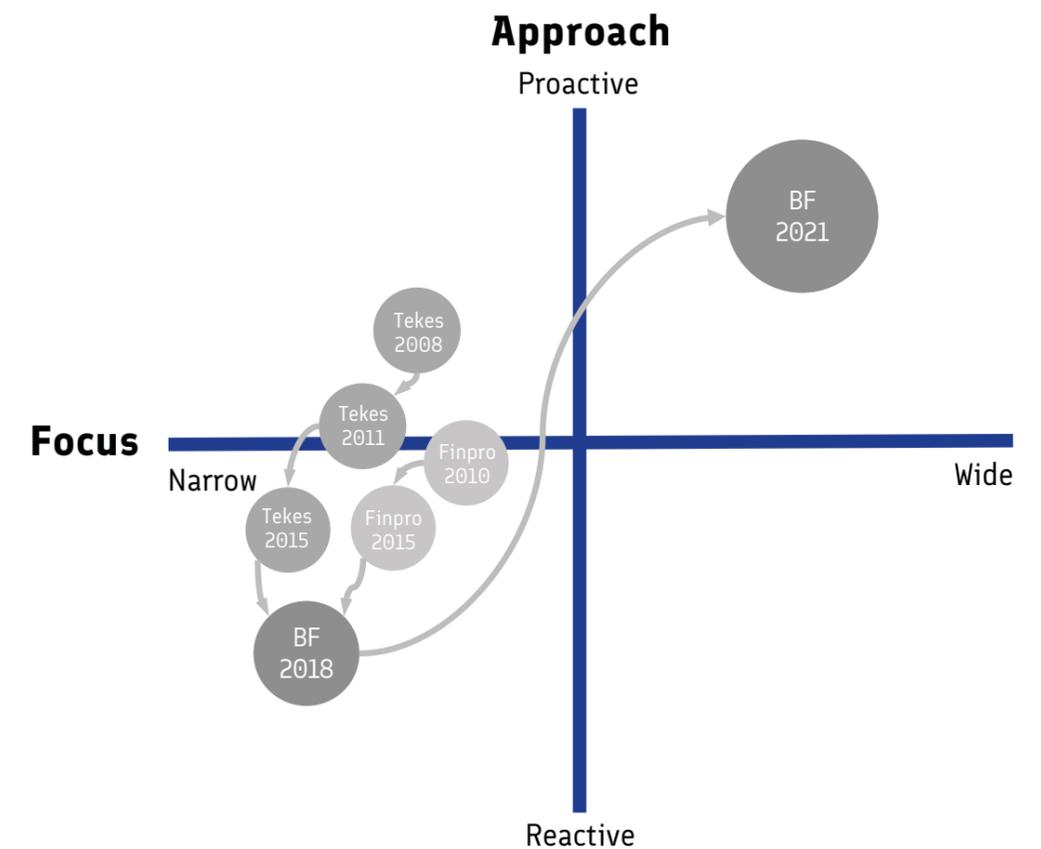


FIGURE 5. EVOLUTION OF BUSINESS FINLAND'S SUSTAINABILITY POSITION. ILLUSTRATION FORMAT ADAPTED FROM EK (2019).¹⁰

¹⁰ Elinkeinoelämän Keskusliitto EK. Vastuullisuuden suunnannäyttäjät. Käytännön työkaluja ja esimerkkejä yritysvastuun johtamiseen. 2019. https://ek.fi/wp-content/uploads/EK_Vastuullisuusjulkaisu_final_net_11.9.2019.pdf

The current strategy represents a significant shift to a more proactive approach and a higher level of ambition in sustainability.

Analysis of the past development also indicated a declining trend on Business Finland's proactiveness, especially when looking it against the developments in the rest of the society. There has been remarkable rise of sustainability issues in corporate agenda in 2010s. The past decade has also seen global commitments including Paris Climate Agreement, SDGs, and UN Guiding Principles for Business and Human Rights. In early 2000s addressing triple-bottom line in the strategy or promotion of solutions toward environmental challenges showed proactiveness, coming to 2020s this would be more of a mainstream and in case of Business Finland the strategic weight seemed to reduce.

To conclude, main strategic focus was clearly on promotion of economic growth and competitiveness in line with statutory objectives. Link between sustainability

and economic growth was recognized and solutions towards environmental / societal challenges were seen as way to promote Finnish enterprises' business growth. Risk management aspect was taken into consideration to a lesser extent: the potential for economic growth may decline if environmental or social issues are not considered in Business Finland's or its customers' operations. Also, sustainability's weight appeared to reflect government priorities (rather than for example, international commitments or rise of sustainability issues in corporate agenda).

Some willingness to foster sustainability integration and develop practices was observed. Since 2010 there have been several major organizational changes that have very likely affected the abilities to systematically address the topic. Internal development work was carried out during the previous strategy period paving the way for the new strategy.



4 CURRENT STATE OF SUSTAINABILITY

Chapter four focuses on how the current strategy, in which the sustainability is a stated goal, has been implemented. The analysis follows a systematic view from the top of the organization to the practical implementation in services.



4.1. Introduction

This chapter focuses on evaluation within current situation of sustainability integration at Business Finland. The evaluation was carried out according to a set analytic framework for sustainability integration (see Figure 1). The framework consists of six levels:

1. Leadership and Organization
2. Policies
3. Resources
4. Programs, services and underlying processes
5. Capacity and Culture
6. Tools

The objective was to form a comprehensive overview on status of sustainability integration by analyzing how sustainability is reflected in all these levels across Business Finland service areas.

The evaluation methods included document analysis to clarify operationalization and implementation of the strategic sustainability goal till date and integration of ESG issues in across Business Finland service areas

and service offering. Quantitative analyses on Business Finland funding portfolio were carried out to assess Business Finland current level of funding towards sustainable development.

In addition, altogether 26 semi-structured interviews with all Business Finland leadership team members and service area directors as well as experts across the organization were conducted. The expert interviewees mainly represented people that had been involved in Business Finland's sustainability work i.e., through CASB project or through sustainability-focused programs. Interviews were complemented by a survey for Business Finland staff.

4.2. Sustainability as a new strategic goal

During 2020 Business Finland prepared a new strategy for 2025¹¹. Whereas previous strategy included no sustainability-related goals, in this new strategy sustainability was selected as one of the core areas alongside economic growth and competitiveness.

This core area is rationalized and defined as follows:

Prosperity cannot be generated without a focus on sustainability, because this enables long-term economic growth. The increasing need for sustainable solutions generates new and rapidly growing market opportunities. By sustainability, we refer to all three aspects: economic, ecological and social.

Strategy includes six strategic goals, two for each core area, that outline what Business Finland wants to accomplish both in terms of customer value creation and societal impact. Goals for customer value creation level outline Business Finland's value for its customers' business and capacity development and societal impact level goals societal impact that Business Finland contributes to.

Developers of new sustainable solutions and operations is Business Finland's customer level sustainability goal. It includes three sub-goals: increased environmental and social responsibility awareness, new solutions that increase carbon handprint, and smart business models and solutions based on lifecycle thinking. Superpower

¹¹Business Finland Strategy 2025. Presentation material, 2021.

in sustainable development, in turn, is Business Finland's sustainability goal at societal level. Its sub-goals are high sustainability impact globally, decrease in carbon emissions, and decoupling growth from resource use.

Strategy core areas, goals, and sub-goals as illustrated by Business Finland are presented in Figure 6.

In addition to strategic goals, Business Finland strategy includes five strategic priority areas¹² (SPAs). Change agent for sustainable business (CASB) is one these priority areas, consisting of following elements:

- Helping our customers improve their ecological, social, and economic responsibility by raising awareness and encouraging them to pay attention to sustainability related matters
- Supporting our customers in developing solutions that contribute to positive development impact (UN SDGs)
- Ensuring that we operate sustainably as an organization

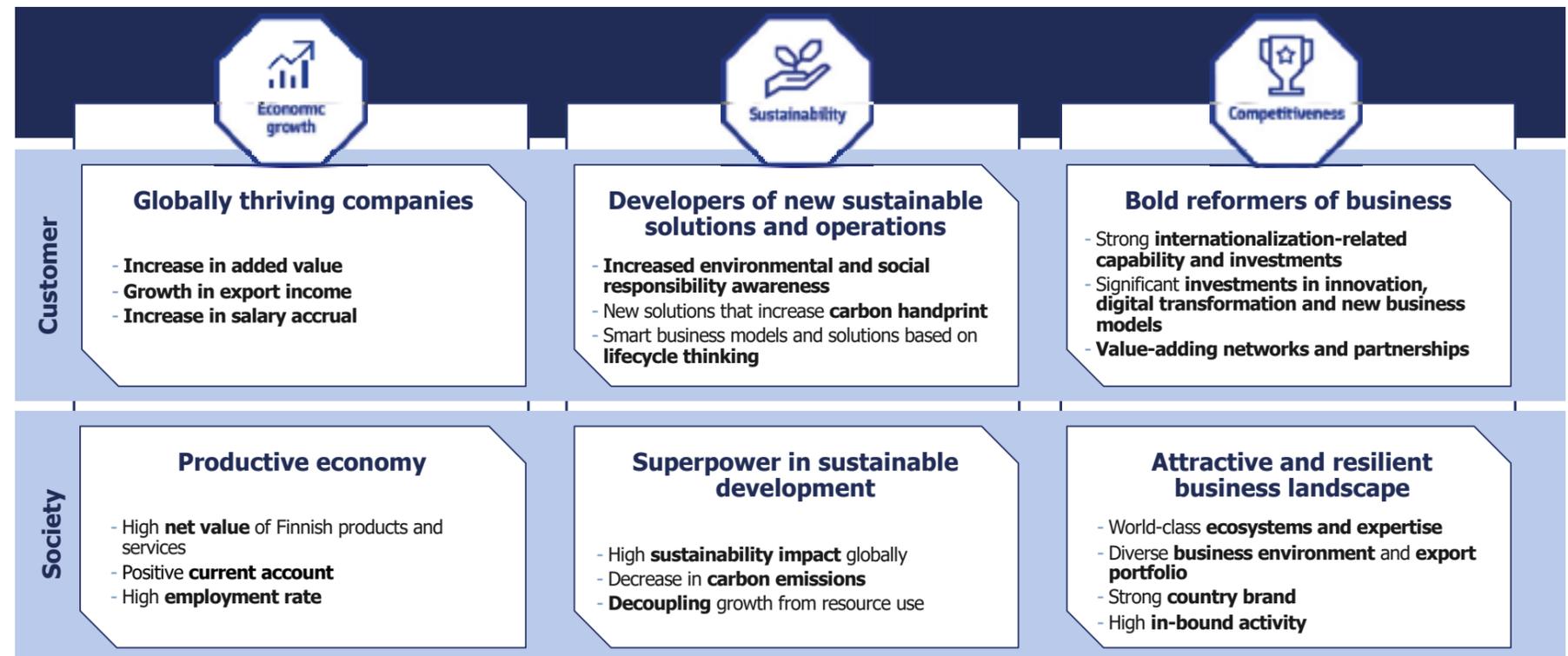


FIGURE 6. STRATEGIC GOALS OF BUSINESS FINLAND STRATEGY FOR 2021–2025.

Source: Business Finland.

¹² The four other SPAs are: Value adding and proactive partner for our customers; Strong and proactive actor in society; Best workplace for leading-edge expertise and Operationally excellent and agile organization.

Post introduction of the new strategy, each strategic priority area was projected into internal development projects, including a preparation of roadmap for each SPA.

In 2021 extensive work was carried out around CASB development project at Business Finland. Work included

baseline analysis on state of sustainability both at Business Finland and amongst Business Finland customers, efforts to define concepts and focus areas as well as preparing a roadmap for implementing the strategic sustainability goal.¹³

Thematic focus areas and areas where Business Finland can make impact as defined by Business Finland during the roadmap development phase are presented in the Figures 7 and 8.



FIGURE 7. THEMATIC SUSTAINABILITY FOCUS AREAS AS DEFINED BY BUSINESS FINLAND IN 2021.

Source: Business Finland.

FIGURE 8. AREAS WHERE BUSINESS FINLAND CAN MAKE SUSTAINABILITY IMPACT AS DEFINED BY BUSINESS FINLAND IN 2021.

Source: Business Finland.

¹³ Business Finland. Change Agent for Sustainable Business CASB. Summary Deliverables 10/2021.

Inputs for roadmap development included e.g., identification of ongoing sustainability actions, brainstorming sessions with Business Finland staff, leadership team meetings, and some stakeholder interviews and engagement.

Identified changes required at Business Finland formed the basis of the CASB roadmap¹⁴. CASB roadmap consists of seven work packages (WPs) under three categories, ensure, demand, and encourage, with activities extending until 2025:

- WP1: First steps of ‘walk the talk’
- WP2: Frameworks for monitoring and impact
- WP3: Organizing sustainability and partnerships
- WP4: Company screening and funding criteria
- WP5: Sustainability in existing services
- WP6: New sustainability service development
- WP7: Models and concepts for global transitions

CASB project results and roadmap outlining actions were launched in November 2021. Implementation phase of the roadmap began in early 2022.

4.3. Leadership and organization

4.3.1. Top management ownership and buy-in

Sustainability considered important by the top management and the staff

New Business Finland strategy was presented in late-2020. Interviews revealed that Business Finland leadership considers it important that the sustainability is included in the strategy along with more traditional economic and innovation goals. Also, experts interviewed appreciated the fact that sustainability was included in the strategy, and most were very satisfied the high ambition level of Business Finland becoming a ‘Superpower in sustainable development’.

Both the leadership and staff consider it important that sustainability is now included in the strategy.

The same was indicated by the survey. As illustrated by Figure 9, most of the survey respondents perceive sustainability as very (64%) or quite important (27%). The importance of the topic was highlighted also in the open-ended responses. It was stressed that sustainability

should be on everyone’s agenda and that it is good that sustainability is on Business Finland’s agenda although the integration should have happened already earlier. It was also acknowledged that focus on sustainable development can strengthen Business Finland’s position as a global player through influence, credibility, and invest-in approach. It was also pointed out that in order to create real impact, the sustainability should be integrated in all the Business Finland’s processes in a cross-cutting way.

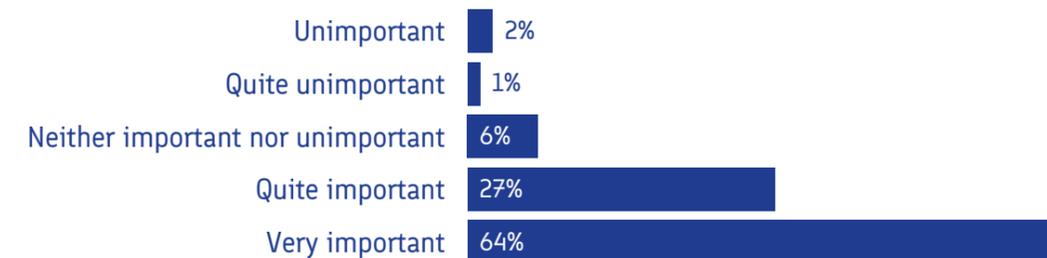


FIGURE 9. “HOW IMPORTANT IS IT FOR YOU PERSONALLY THAT SUSTAINABILITY HAS BEEN SELECTED AS ONE OF THE CORE AREAS IN BUSINESS FINLAND’S NEW STRATEGY?”

Source: Evaluation survey to Business Finland staff. (N=110).

¹⁴ Business Finland. Change Agent for Sustainable Business CASB. Presentation material 2021.

According to leadership and expert interviews, Business Finland staff and leadership acted as main drivers to include sustainability in the strategy, considering the urgent need to find solutions for global challenges and the expectations from the stakeholders, including customers. Sustainability is at the center of the current Government program, and performance agreements between Ministry of Economic Affairs and Employment and Business Finland have included sustainability related KPIs both presently and in the past. Still, Business Finland interviewees saw there had been little push or expectations from the Ministry towards Business Finland to take more strategic approach for sustainability considering all ESG aspects.

Experts interviewed saw that leadership has highlighted the strategic sustainability goal especially in connection of the launch of the new strategy and the launch of the CASB roadmap. The majority of the survey respondents also agreed (~75%) that sustainability goal has been communicated as a core area effectively and ~52% agreed that the leadership seems to have a strong commitment to the strategic goal (see Figure 10).

Still, many expert interviewees called for stronger leadership voices on required sustainability transition and expected leadership to take a stronger position on driving sustainability forward. Many experts also hoped for bolder choices by the management and stronger advocacy both internally with Business Finland and externally towards stakeholders.

Stronger leadership is called for the sustainability transition.

Also, the implementation of the strategic sustainability goal till date somewhat undermined the perceived leadership commitment amongst the expert interviewees and the survey respondents. One open-ended survey response summarizes this as follows:

The strategic goals related to sustainability are good, clear and ambitious, and there have been some development projects as well, but there has yet been almost no results or actions at all to implement those in the operations.

“SUSTAINABILITY TRANSITION NEEDS STRONG LEADERSHIP TO DRIVE IT FORWARD.”

Varied understanding on sustainability at Business Finland context

Interviews indicated that even though Business Finland leadership considers sustainability important, the understanding on sustainability, its meaning and scope within Business Finland varies also within the leadership team. This has led to a situation where there are differences in leadership perceptions on Business Finland’s sustainability performance and changes required. Some were in an opinion that Business Finland has practically already attained the Superpower goal (since Finnish companies were considered acting responsibly per se and Finland is a top performer in global SDG ranking) whereas others saw Business Finland only taking the first steps in its journey towards the Superpower goal.

Understanding of sustainability, its meaning and scope within Business Finland varies. The content has not been sufficiently concretized.

The same challenge is visible throughout the organization: both the expert interviewees and survey respondents shared the view on ambiguities on what sustainability means at Business Finland context: according to the survey ~ 45% of the respondents are not sure what sustainability means at Business Finland. Further, only ~25% of the Business Finland’s staff agree that the sustainability goal has been sufficiently elaborated into measurable sub-goals (See Figure 10).

Some interviewees still saw sustainability as an environmental issue whereas others pointed out the whole spectrum of ESG aspects or referred to SDGs as what sustainability is. During the CASB roadmap preparation phase some efforts were made outline thematic focuses and areas where Business Finland can make impact. Still, expert interviewees were quite uniform in their opinions that the content has not been sufficiently concretized. Interviewees hoped for actions to elaborate the content: ‘Its ESG’ is too vague conceptualization of sustainability at Business Finland context leaving too much room for individual interpretations.

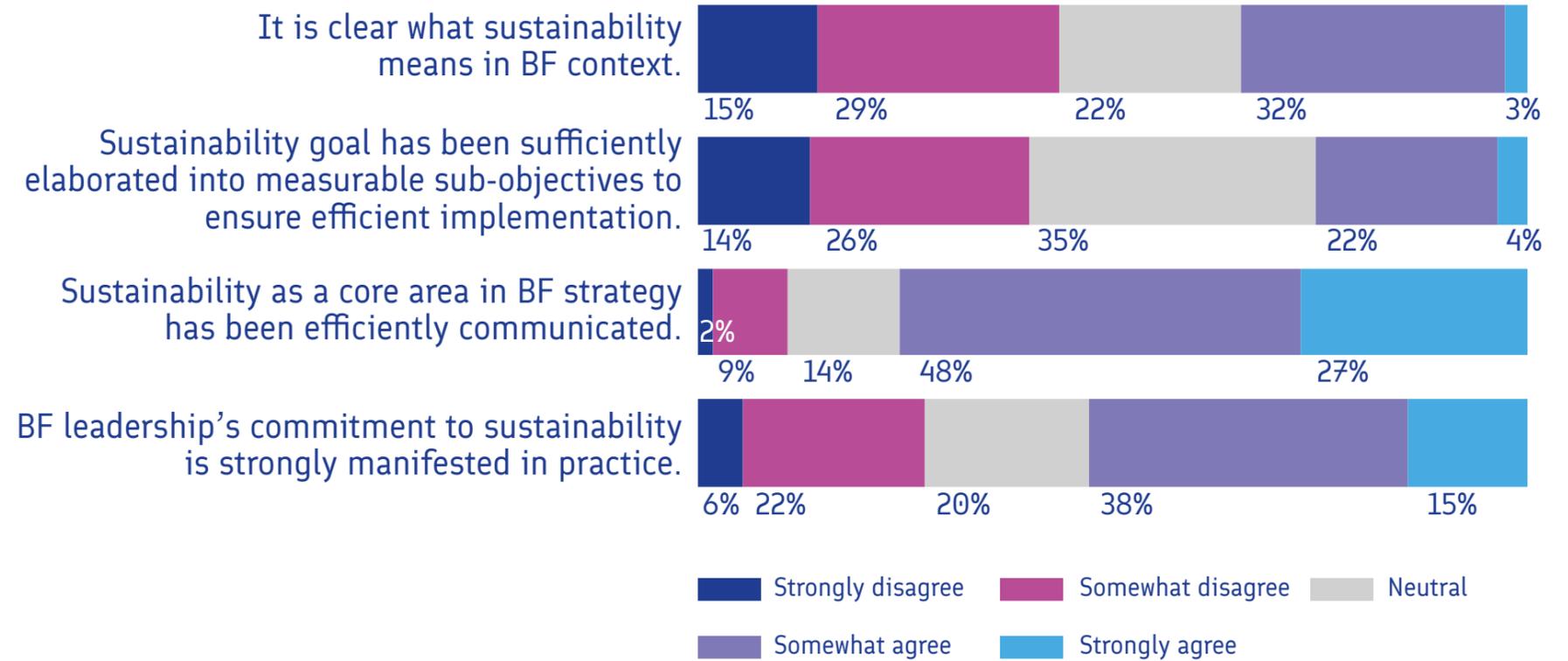


FIGURE 10. “TO WHAT EXTENT DO YOU AGREE WITH FOLLOWING STATEMENTS ON OPERATIONALIZATION OF STRATEGIC SUSTAINABILITY GOAL?”

Source: Evaluation survey to Business Finland staff. (N=110).

The open-ended survey responses highlight similar conclusions:

Environmental sustainability is clear, economic sustainability bit fuzzy, social sustainability quite fuzzy.

...More detailed definition is needed or at least communicated to the whole organization. The KPI's are not clear and sustainability marks in CRM are not used and it is a bit unclear when to use them. Our teams target with sustainability should be higher and more ambitious. Help is also needed....

Questions on inaccurate definition were also raised amongst the Business Finland's key sustainability challenges in survey's open question regarding Business Finland's challenges (N=62).

As description of the past indicated, there were no stand-alone sustainability programs or strategies at Business Finland in the past, which would have defined the sustainability focuses and important topics. Business Finland is thus only now making the first attempts

to conceptualize and concretize the sustainability at Business Finland context.

Sustainability in Board agenda

Business Finland has a Board of Directors, which guides, monitors, and supervises the activities and makes decisions on general policies. The Board is appointed by the Ministry of Economic Affairs and the Board decides on Business Finland's annual budget proposal and implementation plan, approves financial statements and annual report, and grants funding for projects in which Business Finland's funding exceeds EUR 3 million. The new Business Finland strategy was accepted by the previous Board. A new Board was appointed at the end of 2021, and it started its work at the beginning of 2022.

Sustainability has not been systematically on the Board agenda.

Minutes from the Board meetings since the beginning of the new strategy period until March 2022¹⁵ were reviewed in connection with this evaluation, in order to analyze how the emerge of sustainability in the Business Finland strategy is reflected in the Board agenda. The review indicated

that sustainability is not yet systematically addressed in the board meetings. The Board notified Business Finland's sustainability report in connection of approval the financial statements. Apart from presentation on Zero carbon mission, there were no sustainability reviews on the agenda, and the topic was not covered in Director general's reviews. Environmental challenges, especially scale of transition required towards carbon neutrality, were touched upon in connection with discussion around missions and thematic strategy work. During the period reviewed, the Board also approved Business Finland risk management principles. Interviews indicated that there was a Board support for inclusion of sustainability goal in the strategy. Still, the current Board was not seen as a proactive driver or accelerator for Business Finland's sustainability objectives. The strategic sustainability goal did not guide the search for new Board members, i.e. sustainability expertise was among the search criteria.

4.3.2. Strategic sustainability initiatives

The Business Finland's strategy is intentionally formulated at rather high-level. The SPA3 CASB project aims at supporting the implementation of the strategic sustainability goal. The strategic focuses, in

¹⁵ The Business Finland Board meetings are held at monthly basis, excluding summer and Christmas season. There were ten Board meetings in 2021 and four meeting until March 2022.

turn, are further defined through thematic strategy work that the Business Finland conducted in 2022.

Sustainability challenges recognized as one of the main drivers for new business opportunities.

During the process, nine sustainable growth opportunities were identified. Out of these four are related to environmental sustainability (carbon neutral and resilient energy system, overcoming material related resource challenges, zero waste and circular economy, responsible use of natural resources), two are related to social sustainability (comprehensive health and well-being and safe and sustainable future nutrition), and three not linked or link is very much indirect (digitalization based boost for productivity, engaging and immersive experiences and life enriching built environment). Out of the nine growth opportunities five thematic focus areas were selected and approved by the board in June 2022:

- Digitalization based boost for productivity
- Comprehensive health and wellbeing
- Carbon neutral and resilient energy system
- Zero waste and circular economy
- Emerging and immersive experiences

Selected focus areas are well in line with Business Finland previous priorities (cf. also focuses during previous strategy periods). However, it can be assumed somewhat stronger focus on environment since two out of five selected focus areas are related to solving environmental challenges. Business Finland's focus will increasingly be on solutions that tackle environmental challenges, which is in line with the climate and circularity sub-goals of the superpower goal. Contribution towards social and societal challenges is less evident – especially when thinking of challenges at global scale.

Thematic selections will guide establishment of the missions and subsequently guide program alignment and design. According to Business Finland missions are a new dimension in Business Finland's operating model to respond to global challenges that require long-term, societal efforts and cooperation between public and private sectors and to assist the customers to benefit from the emerging market opportunities that arise from these systemic changes. Business Finland introduced two pilot missions already prior finalizing the thematic strategy work. One of the missions 'Zero carbon future', is directly related to sustainability and supporting Business Finland's work towards Superpower goal. As the pilot missions were launched only at the beginning of 2022 and thematic

focuses selected only in June 2022, their implementation in practice and subsequent results remain to be seen.

4.3.3. Organization structure, roles, and responsibilities

Sustainability roles and responsibilities

Business Finland has four core functions, innovation funding, export promotion, Invest in Finland, and Visit Finland organized around Service Areas (SAs). Service Area directors together with Director general form the Business Finland leadership team. All leadership team members have been assigned responsibilities to sponsor and coordinate the SPAs to support the implementation of the strategic priorities. Also, the responsibility for the SPA3 CASB project has been assigned at leadership team level.

Sustainability is lacking designated leadership, governance structure and a dedicated expert team.

Apart from this, there is no director responsible for the whole of sustainability at leadership team or below, and no one is leading the sustainability work at Business Finland level. There are no defined governance structures for sustainability that would specify roles, responsibilities, and mechanisms for managing sustainability, considering

also the ESG risks. This leads to a situation with no accountabilities in terms of sustainability or sustainability topics. Most expert interviewees called for sustainability director with a strong mandate to lead the sustainability transition. Similar views were given in the open comments of the survey.

Business Finland has also no sustainability function with dedicated experts responsible for developing organization's overall sustainability work or overseeing and supporting the Service Areas in their sustainability work. There is a team of dedicated experts at Visit Finland's Sustainable Travel Finland service and several experts working for programs mainly around energy and environment domains. Many interviewees saw that Business Finland would benefit from permanent sustainability team and the same was indicated by the survey respondents.

Implementation through CASB project

The implementation of the strategic sustainability goal at Business Finland has been organized in a CASB SPA3 project. There was a project team with project manager (50%-time allocation) for the CASB roadmap development

phase in 2021. New project manager was appointed for implementation phase (50%-time allocation). Project manager was supported by coordinator (25%-time allocation) for the first six months of implementation phase.

The SPA3 CASB roadmap consists of seven work packages (WPs) each of which constitutes a significant area for transition. Analysis of CASB documentation revealed that the development needs and steps are very well identified and structured in the CASB roadmap. Each WP addresses an area that requires actions to accomplish strategic sustainability goal. Objective has also been set and target state defined for each WP.

SPA3 CASB implementation is carried out with pilot projects which are organized into several work packages (WP). Following the launch of the roadmap, experts could propose pilots for WPs. Based on proposed actions, number of pilots were selected for roadmap implementation, some of which were also dedicated some funding by the leadership team. The Table 5 presents structure of SPA3 CASB in WPs alongside objectives, responsibilities, and resourcing.

“ NEW GOVERNANCE IS NEEDED TO SPECIFY ROLES, RESPONSIBILITIES, AND MECHANISMS FOR MANAGING SUSTAINABILITY.

SPA3 CASB WP	WP OBJECTIVE	RESPONSIBILITY DEFINED	NO. OF PILOTS (2021-22)	PILOTS WITH FUNDING (2021-22)	TOTAL FUNDING (2021-22) €	INTERNAL RESOURCE ALLOCATION (PERSON YEARS)	NOTE
WP1: First steps of 'walk the talk'	Ensure that we have the means to operate sustainably as an organization and every BFER is well aware of how sustainability is embedded into our operations, and what it means in his/her own role.	No	8	1	50 000	2	Internal resource allocation for sustainability report and updated travel / procurement guidelines
WP2: Frameworks for monitoring and impact	We have developed the needed set of metrics and models for assessing and monitoring our responsibility and external sustainability impact to be able to better steer and develop our operations in line with our sustainability targets.	No	5	2	205 000	0	Pilots from strategy SA budget
WP3: Organizing sustainability and partnerships	Define the operating model for implementing and leading the CASB roadmap, including resourcing and managing WPs. Position Business Finland in the sustainability space, identify and activate key Business Finland-level external strategic partnerships to support implementation.	No	4	3	70 000	0	
WP4: Company screening and funding criteria	Developing and implementing ESG screening tools and criteria for Business Finland funding and other/new services	No	7	1	40 000	0,5	Funding allocated for DevPlat
WP5: Sustainability in existing services	Existing Business Finland services better acknowledge, and help support customers in integrating, sustainability elements into their activities	Defined	8	1	50 000	6	2/3 internal resource allocation for single service (STF)
WP6: Models and concepts for global transitions	Help companies create greater sustainability value together	No	5	0	0	0	
WP7: New sustainability service development	New customer service needs related to sustainability are mapped and assessed. New sustainability services are developed as relevant, piloted and implemented.	No	5	2	40 000	0	
TOTAL			42	10	455 000	8,5	

TABLE 5. SPA3 CASB ROADMAP WPS, OBJECTIVES, RESPONSIBILITIES, AND RESOURCING.

Source: Business Finland SPA3 CASB Roadmap presentation.

Document analysis and interviews **revealed several challenges with the current model of project organization and in its implementation.**

The SPA3 CASB roadmap has seven well-identified transition areas, but as can be seen from the table above, only one of them has been assigned a person responsible till date. It is thus unclear who leads the change towards the desired state in the transition areas (WPs). This is due to an overall lack of available resources, as all proposed Project Managers are tied up in other duties.

CASB presents a roadmap for way forward, but its implementation is somewhat unclear. It is also the only SPA, without a designated Service Area.

Furthermore, the link between the WP objectives and pilots under the WP is in several cases unclear. Document analysis of SPA3 CASB material showed that many pilots are individual initiatives, and several of them represent existing services (such as STF) rather than strategically tailored actions to support the attainment of the WP objective. It's important to leverage on existing good practices and aim at scaling them organization wide. With current model of CASB it's difficult to see how pilots would scale so that the objectives could be reached. Reaching of WP objectives

is likely to require more strategic actions instead of pilots.

The interviews and workshop discussion with Business Finland experts indicated that all the other four SPA projects¹⁶ have a specific Service Area responsible for them. Since there is no sustainability function, there is no responsibility for CASB excluding leadership team member's responsibility to sponsor and operative project manager.

In short, interviews and document analyses indicate that the current project organization of SPA3 CASB appears insufficient, especially when looked against the set ambition level and transition required.

Business Finland's ambition to embed sustainability in all its Service Areas, functions and expertise areas is a desirable one. At the same time, some permanent structures and responsibilities are needed to drive the sustainability transition, to lead development, to facilitate, coordinate and to build capacities, as well as to support the sustainability work at Service Areas. And for the accountability perspective, too. The transition may be temporary project, but at the end, sustainability should be seen as a permanent function of Business Finland and the organizational choices should anticipate that.

4.3.4. Sustainability KPIs

As in the past, sustainability related KPIs are included in the performance agreements between the Ministry of Economic Affairs and Employment and Business Finland. Performance agreements for 2021 and 2022 include references for national carbon neutrality goals and Agenda2030 as well as highlight the national recover and resilience facility as means to advance green transition and digitalization. Regarding sustainability, the agreement for 2022 outlines the following:

Business Finland emphasizes sustainability as a prerequisite for economic growth and competitiveness in the long run. Sustainable development, including economic, environmental, and social sustainability, is considered in all Business Finland's core processes. Business Finland promotes increasing environmental and social responsibility awareness both within the organization itself and within its customers and helps its customers to develop solutions that create positive development impacts globally. Special attention is paid to solutions that increase the carbon footprint and solutions based on life cycle thinking and smart business models.

¹⁶Other four SPA projects are Value-adding and proactive partner for our customers, Strong and proactive actor in society, Best workplace for leading-edge expertise, and Operationally excellent and agile organization.

The numeric KPIs in the performance agreements are set for the strategic customer-level goals.

In the performance agreements of 2021 and 2022 two out of ten (in 2021) and nine (in 2022) KPIs measuring attainment of Business Finland’s societal goals are related to sustainability, namely Share of service transactions relating to advancing sustainable development goals and (target > 50%) and Turnover of RDI funding customers that invest in low-carbon and circular solutions in the project target year.

Sustainability is not included in the operational goals, but like in the previous years, the goals for resource management include wellbeing and work and leadership improvement which is tracked through KPI of overall job-satisfaction (target > 3,5).

Sustainability related KPIs and targets for 2021 and 2022 as set in performance agreements are presented in the Table 6.

KPI	TARGET 2021	TARGET 2022
Share of service transactions relating to advancing sustainable development goals (Societal KPI 3)	> 50	> 50
Turnover of RDI funding customers that invest in low-carbon and circular solutions in the project target year (Societal KPI 4)	> 4 000 MEUR	> 7 500 MEUR
Overall job satisfaction (Goal for resource management)	> 3,5	> 3,7

TABLE 6. SUSTAINABILITY RELATED KPIS IN PERFORMANCE AGREEMENTS IN 2021 AND 2022.

Source: Business Finland.

New sustainability objectives, KPIs and targets for various organization levels

With the new strategy, Business Finland has introduced sustainability objectives, KPIs and targets for various organization levels: Business Finland level, Service Area specific objectives, and unit specific objectives, KPIs and targets.

At Business Finland level strategic objective for 2021–2025 is formulated as follows:

We drive sustainable development by raising our customers' awareness and encouraging them to take actions that contribute to the sustainable development goals.

This is followed through monitoring of service transactions relating to advancing sustainable development goals, with percentage of transactions related to sustainable development goals of all transactions as an KPI (defined as transactions, in which sustainability has been discussed and a clear positive link to enhancing sustainability can be established). Target for this KPI for 2022 is >50%. Service Area specific KPIs for 2021 and 2022 are presented in the Table 7.

SERVICE AREA	KPI 2021	RESULT (AND TARGET) 2021	KPI 2022	TARGET 2022
Customer management	Sustainable R&D funding share	37% (50%)	Share of service transactions relating to advancing sustainable development goals	50%
Fast Growth	Share of service transactions relating to advancing sustainable development goals	16.9% (50%)	Share of service transactions relating to advancing sustainable development goals	50%
Global Growth	% of sustainable MOPPS	54.5% (75%)	% of sustainable MOPPS	75%
Network Services	No strategic sustainability KPI	-	Share of service transactions relating to advancing sustainable development goals	50%
Finland Promotion Services	% of sustainable customer service transactions CCI sustainability content visibility growth	(50%) (10%)	Share of service transactions relating to advancing sustainable development goals Clear increase in sustainable value added	50% Yes
Funding Services	Turnover estimate of funding customers focusing on sustainability	8.1 (4.0)	Turnover estimate of funding customers focusing on sustainability	4.3
Experience and MarCom	EMC Attention score with sustainability tonality analysis	7.0% (7.0%)	HUB activities cover sustainability Sustainability included in HOT activities Sustainability in CHB	Yes Yes Yes
Strategy	Added value for other SAs by impact evaluation	3.5 (3.5)	Added value for other SAs by impact evaluation	3.5
Renewal	No strategic sustainability KPI	-	No strategic sustainability KPI	-
Support and Enablement	Indicator and target level defined for sustainability Sustainability considered in procurements	No (yes) No (yes)	Sustainability of premise indicators defined Decisions on office space done Sustainability degree of procurements	Yes Yes 50%

TABLE 7. SERVICE AREA SPECIFIC SUSTAINABILITY KPIS.

Source: Business Finland.

There has been an evolution of KPIs from 2021 to 2022. Service Areas working at customer interface share the KPI that is related to considering sustainability in service transactions. The Renewal is the only Service Area that has no sustainability related KPI.

Limitations of existing KPIs

KPIs have brought the sustainability into annual leadership planning and monitoring cycles. In addition to KPIs, Service Areas are required to report on planned key actions and projects as well as deadlines / KPIs related to strategic goals and strategic priority areas in their semi-annual reports. In connection with Service Area annual reporting, Service Areas are required to submit a Corporate Social Responsibility (CSR) Review outlining the most important activities or results regarding CSR.¹⁷ This division and terminology (activities related to strategic sustainability goals vs. activities related to CSR) is likely to add on confusion what sustainability actually means at Business Finland context.

Limitations to current sustainability KPIs are widely recognized in Service Areas.

Interviewees considered important that sustainability strategy has been translated in first generation sustainability KPIs for all Service Areas (except Renewal). According to interviewees KPIs had waked a lot of discussion especially what is meant by sustainable development. Some limitations with existing KPIs were widely recognized and KPIs' ability to steer towards

desired direction questioned. If sustainability is too vaguely or broadly defined, it's very easy to connect all customer transactions with sustainable development and achieve the targets.

The survey responses also revealed some ambiguities relating to the sustainability related KPIs. First, 38% of the respondents are unsure what the respective KPIs are in their Service Area (see Figure 11).

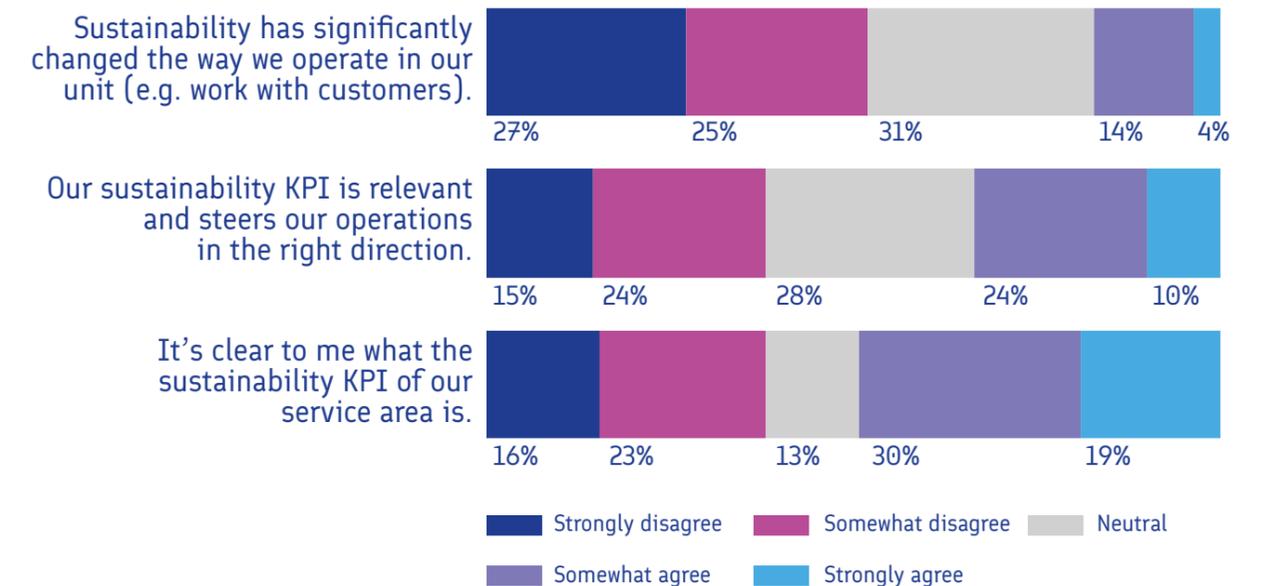


FIGURE 11. “WHAT IS YOUR POSITION ON THE FOLLOWING STATEMENTS ON THE PRACTICAL IMPLEMENTATION OF SUSTAINABILITY IN YOUR SERVICE AREA?”.

Source: Evaluation survey to Business Finland staff. (N=110).

¹⁷ Business Finland. Service Areas Monthly and yearly reporting templates 2021 and 2022.



However, the differences are explained largely by different practices in the Service Areas (see Figure 12). The KPIs were clear in Finland promotion services and networking services and not so clear in funding.

Second, only one third of survey respondents see that the KPIs would steer operations in the right direction. The outlook was the most positive in Finland promotion services and the most pessimistic in customer management (see Figure 13).

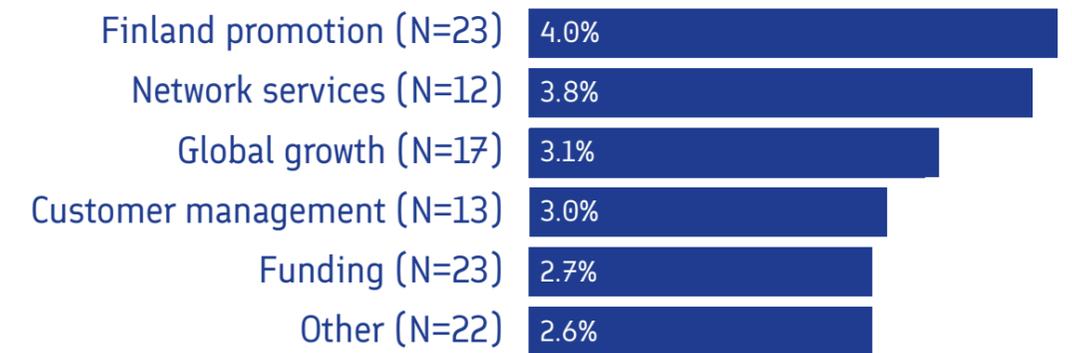


FIGURE 12. IT'S CLEAR TO ME WHAT THE SUSTAINABILITY KPI OF OUR SERVICE AREA IS. SOURCE: EVALUATION SURVEY TO BUSINESS FINLAND STAFF. (N=110).

Scale: 1 = “strongly disagrees”; 2 = “somewhat disagree”; 3 = “neutral”; 4 = “somewhat agree”; 5 = “strongly agree”. Other category includes Service Areas with less than 10 respondents; strategy, renewal, support and enablement, experience and MarCom.

The need for revised KPIs is reflected more on open-ended responses. Some of the responses have been listed below:

- I don't know if that is in our KPI. It has not changed anything. There have been questionnaires and plans, but I don't know if that has ever been executed in practice.
- The only sustainability KPI, as far as I know, is if we have enhanced sustainability somehow with our customers or not. No KPIs set to measure how sustainably we act ourselves.
- I have all my career (20 years) worked for sustainability and was allowed to do that. I cannot find out, what could be the best KPI to "force" us to increase sustainability focus. RRF funding has steered to right direction. Without any changes in funding instruments and/or their criteria, the mission is impossible, whatever KPIs there are.

In addition to these, objectives, KPIs and targets have also been defined for each strategic priority area.

4.4. Guiding policies and principles

Business Finland has several policies that set the foundations for business conduct at various domains of sustainability. Existing policies that were identified in connection with this evaluation include the following:

- Business Finland Code of Conduct
- Equality plan
- Information security policy

- Management principles
- Policy for accidents and occupational diseases
- Policy for developing personnel competences and professional training
- Policy for inappropriate behavior and its management
- Procurement Policy
- Risk management policy
- Travel policy

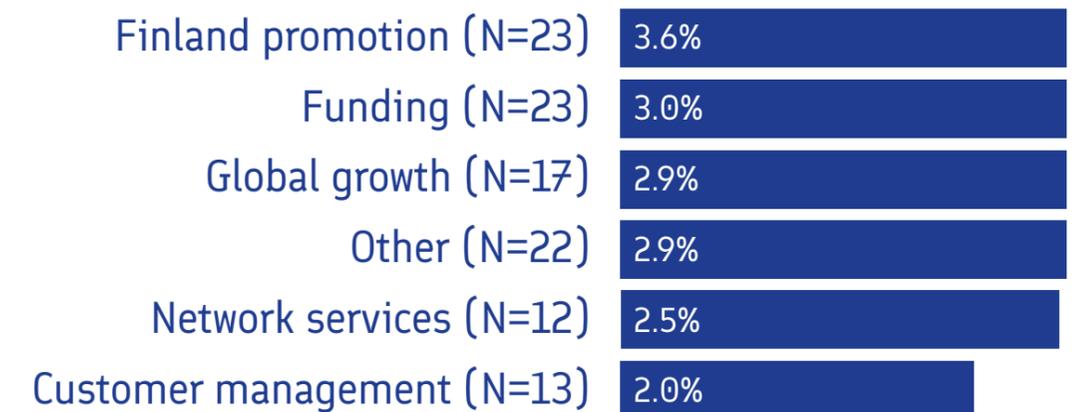


FIGURE 13. OUR SUSTAINABILITY KPI IS RELEVANT AND STEERS OUR OPERATIONS IN THE RIGHT DIRECTION.
 Source: Evaluation survey to Business Finland staff. (N=110). Scale: 1 = "strongly disagree"; 2 = "somewhat disagree"; 3 = "neutral"; 4 = "somewhat agree"; 5 = "strongly agree". Other category includes Service Areas with less than 10 respondents; strategy, renewal, support and enablement, experience and MarCom.

Analysis of policy documentation revealed that there is no overarching sustainability policy at Business Finland. Interviewees indicated that development of this kind of policy has been included in the plans, but it has not been prepared yet. Development of Code of Conduct, Procurement policy and Travel Policy, in turn, were included in the SPA3 CASB Roadmap.

Sustainability aspects are widely considered in specific policies, while no overall policy for it.

What complicates the analysis of policies, is the fact that ESG focuses are not really defined. If the focuses and objectives are not clear, it is difficult to analyze whether the current policies are enough to guide the behaviors towards desired directions. Also, it was observed from the interviews that the organization is guided by KPIs rather than policies.

Looking at the main policies, Code of Conduct is rather generic document, briefly touching upon Business Finland's role as an employer and outlining the equal opportunities and prohibition of non-discrimination. Other topics covered by CoC include avoiding of conflicts of interest (incl. prohibition of bribery and corruption), protection of

customer data and obligation to report on malpractices.

Social responsibility, especially in terms of Business Finland's role as an employer is guided through equality and non-discrimination plan, policy for accidents and occupational diseases, policy for developing personnel competences and professional training, and policy for inappropriate behavior and its management. Much of the equality plan is devoted to equal pay and analysis around salary audit. Policy for inappropriate behavior and its management defines the inappropriate behavior and gives guidelines in cases of inappropriate behavior.

Procurement Principles¹⁹ describe in detail the organization of procurement as well as design and implementation of procurement process. Environmental and social aspects are handled very briefly and generically: Paragraph on promoting sustainable choices includes a reference to Government Resolution on Sustainable Procurement (April 8, 2009) and states that

"Business Finland promotes the use of environmentally friendly products and services as far as possible."



¹⁸The list here is not exhaustive and other policies may exist.

¹⁹Business Finland. Hankintasääntö 1.4.2022.

²⁰Business Finland Travel Policy. Valid as from January 1st, 2019.

²¹ Business Finlandin riskien hallinnan linjaukset, Business Finland 2021.

Paragraph on socially responsible procurement briefly defines socially responsible procurement (as public entities taking into account the effect of the procurement in the society at large) and states that it is possible to consider social aspects in procurement. Further expectations or detailed instructions are not outlined.

Update of travel policy was included in the SPA3 CASB roadmap. Interviewees pointed out that environmental aspects were considered in the update i.e., through banning air travel on business trips less than 500 km. Travel policy²⁰ submitted for analysis, however, was dated in 2019, and it included no environmental aspects.

Principles of Business Finland's Risk Management²¹ define the objectives, principles, responsibilities, and process of risk management. Social responsibility and HR issues are included as items in the classifications for operational risks. Other than that, environmental and / or social aspects are not included in the principles.

Interviewees indicated that Business Finland has plans to join UN Global Compact. UN Global Compact is based on ten principles for responsible business in the areas of

human rights, labor, environment, and anti-corruption which the signatories commit to.²² According to the UN Global Compact website there are already 181 signatory organizations in Finland.²³

Based on the content analysis of policy documents and interviews, following issues can be highlighted, even though the framework to assess the policies against (i.e. clear sustainability focuses and objectives) is lacking.

First, as no one is responsible for the whole of sustainability and the focus areas are not clearly defined, no one has overseen the policy development through to make sure that relevant issues, including risks, are covered by relevant policies.

Second, even though climate and circularity related goals are included in the Business Finland strategy, policies set basically no standards or expectations for environmental sustainability. Business Finland has no stand-alone environmental or climate policy. Environmental issues are not included in the CoC and they are mentioned very briefly and generically in procurement principles. In travel policy update they are considered.

Third, Business Finland's sustainability report has outlined the respect for human rights in line with UN Guiding Principles for Business and Human Rights. Adhering to principles, however, requires that the organization has top management approved policy commitment where it stipulates its respect and that it carries out a human rights due diligence. The due diligence consists of identifying and assessing of human rights risks in the whole value chain, mitigating the risks, tracking the responses, and communicating on the process. There was no evidence on such a policy or carrying out the required due-diligence process.

Fourth, environmental and social risks are not included in the Business Finland's current risk management principles. It is important to address these to avoid potential damages. In addition, including ESG risks in risk management will put the topic in the Board agenda as the Board is overseeing the risk management. and approving the principles.

Finally, interviews indicated that the awareness on existing policies is rather low. Observation was made that KPIs are regarded very important in driving sustainability, not the policies.

²² UN Global Compact. Ten principles of the UN Global Compact. <https://www.unglobalcompact.org/what-is-gc/mission/principles>

²³ UN Global Compact. Participants. <https://www.unglobalcompact.org/what-is-gc/participants>

4.5. Allocation of resources

Strategic sustainability goal not led to new recruitments or creation of new roles

According to interviewees emergence of sustainable development as a new core area in strategy has not been reflected in rise or re-orientation of financial or human resources towards sustainability and its development. Only practical increase is related to SPA3 CASB project and selected CASB pilots that have been dedicated extra budget.

The lack of sufficient resources has been identified as one of the critical bottlenecks for making progress. Specific expertise and dedicated resources are called for.

As stated earlier in this report, there are no dedicated Business Finland-level sustainability directors, managers, or experts, and strategic sustainability goal has not led to new recruitments or creation of new roles. The only new Business Finland human resources include operative project manager of CASB project with 50%-time allocation and coordinator with 50%-time allocation. The latter position was temporary and was not continued after the ending of the agreement period. The operative project manager, in turn, is responsible for overseeing the project and coordinating the initiatives and pilot projects.

When looking at sustainability human resources at

SAs, there is a team of sustainability experts at Finland Promotion / Visit Finland's Sustainable Travel Finland service. Some thematic experts are also working for sustainability-related programs especially in the domain of energy and environment.

Resourcing of SPA3 CASB project

As CASB is the major initiative in implementing strategic sustainability goal and in the development of sustainability practices, a closer look is taken to its resourcing. The following Table 8 illustrates CASB WPs and those pilot projects under them that have been allocated resources, either financial or human resources.

SPA3 CASB WP	PROJECTS WITH BUDGETARY ALLOCATIONS (FOR EXTERNAL SERVICE PROVIDERS)	BUDGET (€)	PROJECTS HUMAN RESOURCE ALLOCATION	BUSINESS FINLAND PERSON YEARS
WP1: First steps of ‘walk the talk’	Sustainability training for Business Finland staff	50 000 €	Updating travel policy and procurement guidelines Updating responsibility report	2
WP2: Frameworks for monitoring and impact	Sustainability evaluation impact	75 000		
	Mission evaluation impact model	(-90 000) € 130 000 €		
WP3: Organizing sustainability and partnerships	Mapping ways of leading and organizing CASB	30 000 €		
	Business Finland baseline analysis (2021)	20 000 €		
	External strategic partners	20 000 €		
WP4: Company screening and funding criteria	DevPlat sparring services for customers	40 000 €		0,5
WP5: Sustainability in existing services	Sustainability offering: existing and development opportunities	50 000 €	Sustainable Travel Finland Finnish suppliers digital service	4 2
WP6: Models and concepts for global transitions	-			
WP7: New sustainability service development	Baseline analysis of customer sustainability readiness and mapping of services needs	20 000 €		
	Understanding international sustainability related standards	20 000 €		
TOTAL		455 000 (470 000) €		8,5

TABLE 8. SPA3 CASB PILOT PROJECTS WITH RESOURCE ALLOCATIONS.

Source: Business Finland.

The analysis of CASB roadmap showed that there are 42 CASB pilot projects in total spread across the seven WPs. Total budget allocated for the pilots for 2021–2022 is below 0,5 MEUR. According to CASB documentation, this budget is directed at 10 pilots, leaving most pilots without funding from Business Finland’s development budget. Almost half of the total CASB funding has been allocated for sustainability and mission evaluation impact model, whereas for example WP4 (Company screening and funding criteria) has been allocated only 40 000 € – and this for a single pilot instead of a strategic development of the whole.

Internal human resource allocation for SPA3 CASB (2021–2022) is 8,5 person years. However, close to half of this is dedicated for one pilot covering existing service, Sustainable Travel Finland. Most of the pilot projects include no internal resource allocation, which means that experts and teams responsible for them are supposed to carry out the pilots in addition to their other duties.

Several pilot projects lack dedicated human resources.

According to interviewees familiar with CASB, this has in many cases meant that there have been little opportunities to advance the pilots. Interviews also revealed that some Business Finland experts are resourced for several SPA projects. Since other SPA projects kicked off before CASB, many experts were already tied for those, and have not been able to work for CASB pilots as planned. There are also a lot of ongoing development projects at Business Finland. Due to this and subsequent heavy workload, pilots have not progressed as planned and some have also been officially postponed.

According to interviewees there are also challenges with SISU project management model. Much of the project manager's time, which is overall constrained, is spent with project administration rather than with actual development and facilitation of the required change.

As mentioned earlier in the report (see Chapter 4.3 on leadership and organization), it is difficult to see how the objectives and goals of CASB could be achieved with current portfolio of pilot projects, when considering their resourcing.

Adequate resourcing supporting strategic commitments called for

The lack of dedicated sustainability resources was raised as a key point for development by several interviewees and the survey respondents. Less than 20% of the survey respondents agree that sufficient resources have been allocated for implementation of sustainability aspects (see Figure 14). Less than half of the respondents say to know who is driving sustainability forward. Following are examples of open comments on resourcing and organization:

I know who are driving sustainability forward in our organization, but this comprises of 2-3 people. If we want to be taken seriously in sustainability, we need to put more effort and resources in this.

Sustainability cannot be taken care as "side job" (in addition to someone's regular job or role). We are talking about being the superpower – how would that become reality with vague, not clearly defined side activity. To be taken seriously, we need to show serious effort -> resources and commitment.

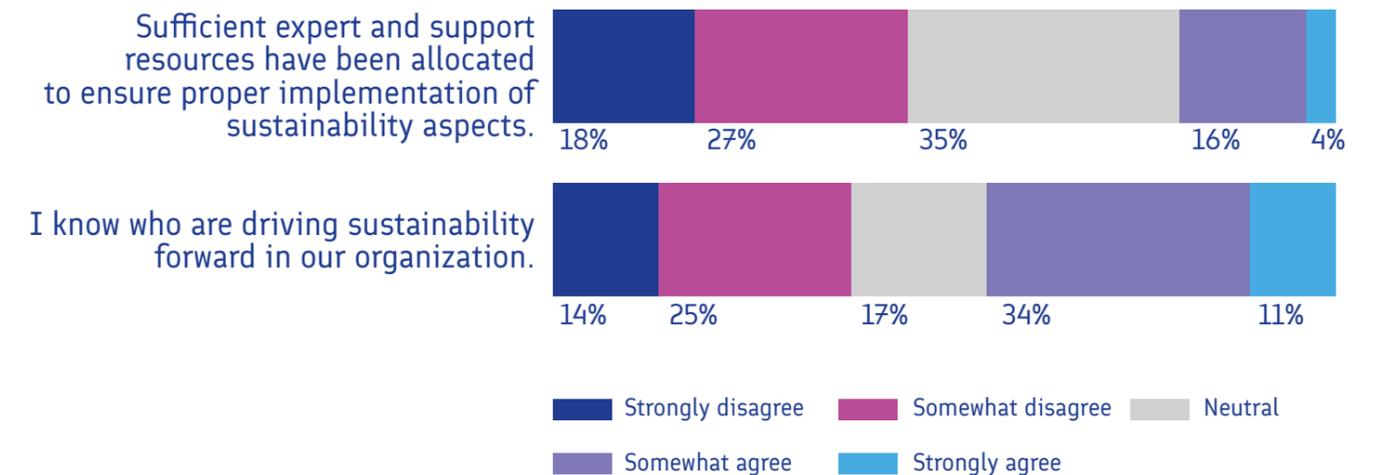


FIGURE 14. TO WHAT EXTENT DO YOU AGREE WITH FOLLOWING STATEMENTS ON ORGANIZING AND RESOURCING SUSTAINABILITY FUNCTION AT BUSINESS FINLAND?
Source: Evaluation survey to Business Finland staff. (N=110).

²⁴ Business Finland. Change Agent for Sustainable Business. Presentation material.

The survey respondents were also asked to point out Business Finland's biggest challenges related to sustainability. Amongst the open comments (N=62) lack of resources was cited as one of the key challenges and increase in resourcing was called for in several parts of the survey.

To conclude, both financial and expert resources appear to be very low especially when looked against the ambition level and the transition required. Analysis of interviews and documents indicated that challenges with human resources are two dimensional, related to both the time and the expertise required. First, not enough time has been allocated to actually deliver the projects. Second, as there are no Business Finland level dedicated sustainability experts to support the pilots, the delivery can be hindered by too little know-how.

It's to be noted here that the sustainability field is developing fast, considering not only the technologies and stakeholder expectations but also requirements also in the form of binding legislation. There are several EU level initiatives on sustainability regulation, including sustainability reporting. Resources are also required to follow up these developments as they impact both Business Finland and its customers.

Apart from financial and own human resources partnerships can support the sustainability work. Need to build new partnerships has been identified and development of partnerships and networks is included in the CASB roadmaps. So far, few new partners have been identified at Business Finland level and few collaborations initiated, including the Global Compact membership. Business Finland has also joined FIBS, the largest corporate responsibility network in the Nordic countries with around 400 member organizations in Finland. CASB presentation material²⁵ indicated that during the CASB roadmap development phase there had been some stakeholder engagement by Business Finland. Interviews or other documentation gave little evidence on systematic stakeholder engagement or collaboration with for example, civil society organizations around sustainability.

4.6. Program and service portfolio

In this chapter we'll investigate integration of sustainability aspects in Business Finland's current program portfolio and in funding services. In addition, we'll look at efforts to integrate sustainability across information and advisory services as well as across the Service Area processes.

4.6.1. Programs and campaigns

The objective of Business Finland programs is to activate and encourage Finnish businesses to utilize market changes and to increase their understanding of anticipated business transformations. Programs have a duration of about four years.

Business Finland initiates programs and campaigns in areas and themes, in which there are significant market potential to Finnish businesses. The programs offer funding, services, and networks to internationalization, business growth and renewal. Each program has its unique service portfolio according to its defined target groups and their specific needs. An essential element in the implementation of a program is the built-in peer-to-peer learning and co-development amongst program participants. With the introduction of the mission-oriented policy approach in 2022, all forthcoming Business Finland programs will fall under some of the (currently two) strategic Business Finland missions.

Business Finland campaigns are somewhat similar concepts to programs, but they can be shorter in duration (usually around two years) and their topics do not

²⁵ Business Finland. Change Agent for Sustainable Business. Summary and deliverables.

necessarily need to fall under the strategic missions. There is more flexibility in the concept of campaigns than in programs.

During 2021, nearly half (47%) of Business Finland funding was directed through programs and campaigns, totaling to altogether 544 projects and 256 million euros. At the time of the study, there were 16 ongoing Business Finland programs or campaigns (and two under preparation), of which four were RRF -campaigns.²⁶

The above does not include European and international programs, such as participation in EU Horizon Europe, Cost, European Space Agency programs, Eurostars, etc. Neither does this include those Business Finland program type of services, which do not have a program status, such as the Sustainable Travel Finland. (See Appendix 1 for the list and description).

Majority of the current Business Finland program themes are, at least at some level, linked to sustainability (while

taking the promotion of economic growth for granted). Most clearly the sustainability objectives are integrated in program areas related to Health and wellbeing, Smart and clean energy and Sustainable communities, although these programs would have links to other themes as well. It is noteworthy that the programs most extensively focusing on sustainability are also the ones with the largest funding volumes, thus representing the majority of all allocated program funds.²⁷

In program themes related to Digital Transformation and Smart Industry the program topics and objectives were only partially related to sustainability aspects.

At the same time, there are number of programs and campaigns related to export promotion or inward investment, in which the sustainability aspects are not expressed. This is in great contrast to, for example, the Sustainable Travel Finland (STF) service, in which the whole competitiveness aspect is built upon Finnish leadership and attractiveness in sustainability.

“SUSTAINABILITY IS A WIDE TOPIC AREA AND MAJORITY OF BUSINESS FINLAND’S PROGRAMS ARE, AT LEAST AT SOME LEVEL, LINKED TO IT.”

According to interviews all programs regardless their thematic focuses are required to set program-specific sustainability goals. The KPI tracking the sustainability-related service transactions, in turn, has led to new program elements. A sustainability playbook developed in Experience Commerce Finland program is an example of addressing sustainability in those programs that are not advancing sustainable development per se: the playbook guides ecommerce players carrying out the commerce in a responsible way.

²⁶ RRF refers to funding received from the EU Recovery and Resilience Facility, and which are directed to Business Finland for their implementation. This funding needs to follow certain rules and objectives (e.g. Green Transition objective under the Finnish Recovery and Resilience Plan (RRP) – Sustainable growth). Ministry of Finance, Finland. Finland’s Recovery and Resilience Plan. <https://vm.fi/en/finlands-recovery-and-resilience-plan>

²⁷ For example: Budget of Bio & Circular Finland € 33,3 million; Personalized Health Finland € 12,7 million; Smart Life Finland € 13,4 million; Smart Mobility and Batteries € 20,5 million.

THEMATIC AREA / EMPHASIS	N/A	TO SOME EXTENT	RATHER EXTENSIVE	EXTENSIVE
Smart Health and Wellbeing (SDG3)				Personalized Health Finland Smart Life Finland
Smart and Clean Energy (SDG7)				Smart Mobility and Batteries from Finland
Smart Industry (SDG9)			Hävittäjähanke HX-teollinen yhteistyö Sustainable Manufacturing Finland	
Smart and Sustainable Communities (SDG11)				Developing Markets Platform
Circular Economy and Responsible Consumption (SDG12)		Food from Finland	Talent Boost Finland	Bio and Circular Finland
Digital Transformation (SDG8&13)		New Space Economy	Digital Trust Finland	
No theme	Creative Business Finland Entertainment Finland Experience Commerce Finland Luovien alojen kasvusoimus Wood from Finland			

TABLE 9. CATEGORIZATION OF ONGOING BUSINESS FINLAND PROGRAMS & CAMPAIGNS ACCORDING TO THE SIX SDG GROUPINGS AND STATED EMPHASIS OF SUSTAINABILITY ISSUES IN PROGRAM DOCUMENTATION*.

*NB. The program emphasis on sustainability has been qualitatively categorized based on public program descriptions of a) sustainability aspects in the direct objectives of the program, and b) focus and means of actions within the program.

4.6.2. Funding services

According to interviewees and survey respondents the funding services is the most important Business Finland function and service to integrate the sustainability in. Several interviewees pointed out that as country’s prime funding organization Business Finland would have an opportunity to further promote and scale sustainability solutions by focusing funding increasingly into sustainability themes. In addition, Business Finland could encourage responsible business practices by introducing requirements and criteria towards responsible business conduct. It was also pointed out in interviews and in workshop that addressing ESG issues in funding would be important from risk management perspective as well: at some point of time Business Finland funding is likely to be examined by stakeholders like NGOs in case of potential projects with environment or human rights risks.

Better integration of sustainability criteria into funding criteria is often seen as the most effective means to drive customer behavior.

Development of funding criteria is included in the CASB roadmap. Internal development work around sustainability has been carried out at funding services already before the

current strategy period. There is for instance an internal sustainability working group within the Service Area.

According to interviews, integration of sustainability in Business Finland funding has been examined from following perspectives:

- Directing funding on sustainable development and improving the tracking of sustainability focus and impact (for example using SDGs as framework)
- ESG analysis and funding for responsible companies, incl. potential incentives.

Interviews showed that both have evoked discussion within the organization. Some considered making thematic focuses challenging as it would leave some customers and projects outside the scope of Business Finland funding and thus contradictory with Business Finland's role as serving the whole Finnish business sector. Introduction of some basic ESG criteria was considered as a rather straightforward step by several interviewees which Business Finland should take immediately. It was pointed out by interviewees that Business Finland has developed solid capabilities and analytics to analyze

business potential and risks over years. Now sustainability dimension is to be added on these.

In addition, there has been discussions on introduction of new sustainability funding services, which would allow customers using Business Finland funding towards development of their responsible business practices.

In line with above, there is a rather clear vision what needs to be done to improve the sustainability integration in funding services and the steps to that regard.

So far, however, only a couple of pilots have progressed in practice: First, Asiakastieto's ESG screening tool was piloted as means to scan large portfolio of applicant projects in case of visible social or environmental risks. There have been delays in the actual procurement of the service.

Second, sustainability survey for was piloted in connection with AV production incentive call for 2022. Survey included open questions on applicants environmental and social responsibility as well as their practices for sustainability management. The survey gained positive feedback from the applicants who expected Business Finland to put

forward expectation regarding sustainability. The survey was a good example on directing applicant attention towards sustainability and on stepwise introducing sustainability criteria. Some shortcomings were however identified in the survey content for instance in the use of terminology.

Third, ESG analyses have been piloted also in BF-MFA joint DevPlat program. There projects are required to contribute towards the SDGs and Finnish development policy objectives and applicants are required to answer an extensive set of ESG questions as part of the application process, including questions on biodiversity, climate, equality, and human rights. Applicants are also to specify potential ESG risks connected with the project. Sparring is offered for the applicants to understand and tackle the issues.

Sustainability aspects have been piloted, but not systematically applied into funding criteria, or otherwise put in practice.

During this study, a quick review of public descriptions of Business Finland funding services and funding terms and conditions was carried out to see how sustainability

and ESG, and especially E and S, aspects are integrated outside the above given examples.

The review indicated that sustainability is included as funding goal in 3 (4)/17 funding opportunities.²⁸ These include Energy aid, Material audit funding, and Funding for innovation and growth research. Talent explorer indirectly increases social sustainability by promoting the use of foreign talent (linked to increasing diversity). There are solely economic requirements for projects in most funding opportunities (13/17).

Some ESG criteria / requirements outside are found in 4/17 funding opportunities. Some ESG criteria is included in following:

- Research to business: Project's impact on the development of significant international business or on society at large one of the evaluation criteria

- Material audit funding: includes economic and environmental criteria
- Energy aid: includes economic and environmental criteria
- AV production incentive: Sustainability survey to be submitted as an appendix in 2022 call, no impact on funding decision.

The current funding terms and conditions do not include environmental and / or social requirements. It was also observed that public descriptions of funding opportunities rarely include any references for sustainability such as mentions of Business Finland's strategic sustainability goals or SDGs. Only 2/17 funding opportunities include some references for sustainability. These kinds of examples have no impact on funding decisions, but they could be used to highlight the importance of sustainability (in line with Business Finland strategy) and to direct applicant attention towards the themes.

RRF funding and sustainability

European Union's Recovery and Resilience Facility (RRF) is a remarkable facility in directing funding towards sustainability, especially towards the green transition. Business Finland will grant around 530 MEUR funding through the facility between 2021 and 2023. The funding is organized through calls. Many of the RRF calls²⁹ are related to sustainable solutions. There are calls for hydrogen, low carbon exports, recycling investments, and low carbon built environment to name a few examples.

Along with increasing funding towards sustainability, especially environment, what is remarkable in RRF while considering the development of Business Finland's ESG analysis, is the application of 'Do No Significant Harm'

²⁸ Funding opportunities identified in Business Finland webpage.

²⁹ Leading companies 2.6.2021-30.3.2022, Key sectors and leading companies partnerships 16.4.2021-30.9.2022, Leading companies partnerships 1.11.2021-31.1.2022, Hydrogen IPCEI 11.6.-4.7.2021 and 26.10-20.11.2021, Microelectronics IPCEI 12.7.-23.8.2021, Creative industries – idea call 3.8.-31.8.2021, Innovation infrastructures and experimental environments 2022, Sustainable growth and digitalization in the tourism sector, companies 1.3.-29.4.2022, co-innovation 4.4.-16.9.2022, Low carbon export 21.1.-30.6.2022, Battery industry 15.8.2021-31.3.2022, Green transition for growth companies 23.8.2021-15.10.2022, Low carbon built environment 23.8.2021-31.3.2022, Creative industries 15.9.-31.10.2021 and co-innovation 4.4.-16.9.2022, 1.6.-30.9.2022 companies, Recycling and reuse investments 15.9.-31.12.2021, Health, wellbeing expertise and tech 1.11.2021-31.1.2022, Creative industries.

(DNSH) principle.

Business Finland successfully applies EU sustainability principles (DNSH) to RRF funding.

The EU level regulation for RRF funding stipulates that projects funded through RRF regardless the focus (digitalization / green transition) should not do significant harm on any six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of marine resources, circular economy, pollution prevention and biodiversity) that have been outlined in the EU taxonomy. RRF also includes some exclusion criteria.

The Commission has provided some technical guidance to Member States on the application of this principle. Even though it was due to EU requirements that Business Finland had to start applying the DNSH principle,

according to interviewees Business Finland was a forerunner in developing the practices to make the DNSH assessment in practice. Business Finland has prepared a guidance document on applying in DNSH. The actual assessment carried in two phases: first applicants are required to assess if there is potential negative impact on environmental objectives. If there is, substantial justification on the impact is to be submitted.

EU taxonomy, though focused on environmental objective, also requires compliance with social safeguards (alignment with the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, and Declaration of the International Labor Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights). Even though RRF is aligned with taxonomy in terms of environmental objectives, these social safeguards are not included in RRF requirements and thus RRF does not

include any assessment from social aspects. Still, RRF is an example of Business Finland being able to apply sustainability related criteria in a short span of time. It is possible to scale the practices and learnings also beyond RRF.

Business Finland funding to sustainable development

Alongside analyzing Business Finland's work around sustainability integration in funding services and current practices of setting ESG criteria, Business Finland's current funding towards sustainability themes was examined. The focus was on environmental, and social dimensions, as consideration of economic aspects, and creation of economic benefits is inherent to all Business Finland funding.

The analysis is based on Business Finland's own classifications. It must be noted that the results are

indicative, as a thorough classification would require more elaborate monitoring data on the intended impacts of the projects. Therefore, the presented categories may also include projects that are not explicitly tackling sustainability issues. I.e., biobased economy may also include projects that do not contribute to sustainability or other categories may include projects that advance sustainability (e.g., digitalization as a transformer of business models).

Business Finland’s funding portfolio emphasizes environmental sustainability over other aspects (social & governance).

From sustainability perspective Business Finland’s funding portfolio emphasizes environmental sustainability. Social sustainability is underrepresented, and it includes mainly projects related to health and wellbeing. This is also due to fact that Business Finland’s classification system includes rather specific environmental and energy categories and sub-categories.

The total Business Finland funding in 2021 was 543,9³⁰ MEUR, out of which 398,3 million euros was directed for companies and 145,6 for research organizations. The total number of funded projects was 1469, out of which 1180 was directed for companies and 289 for research organizations.

Business Finland’s classification has 9 thematic priorities, out of which three were identified as relating to sustainable development: cleantech, biobased economy and health and wellbeing (see Figure 15). Altogether 36% (196,8 MEUR) of Business Finland’s funding portfolio has been classified as related to cleantech, 21% (113,8 MEUR) to health and wellbeing and 11% (60,4 MEUR) to biobased economy. The thematic priorities are not mutually exclusive; hence each project may be classified under several themes. The other thematic priorities include: customer and user experience, management and organizations, business models in value chains, digitalization as transformer of business models, developing business ecosystem and exports.

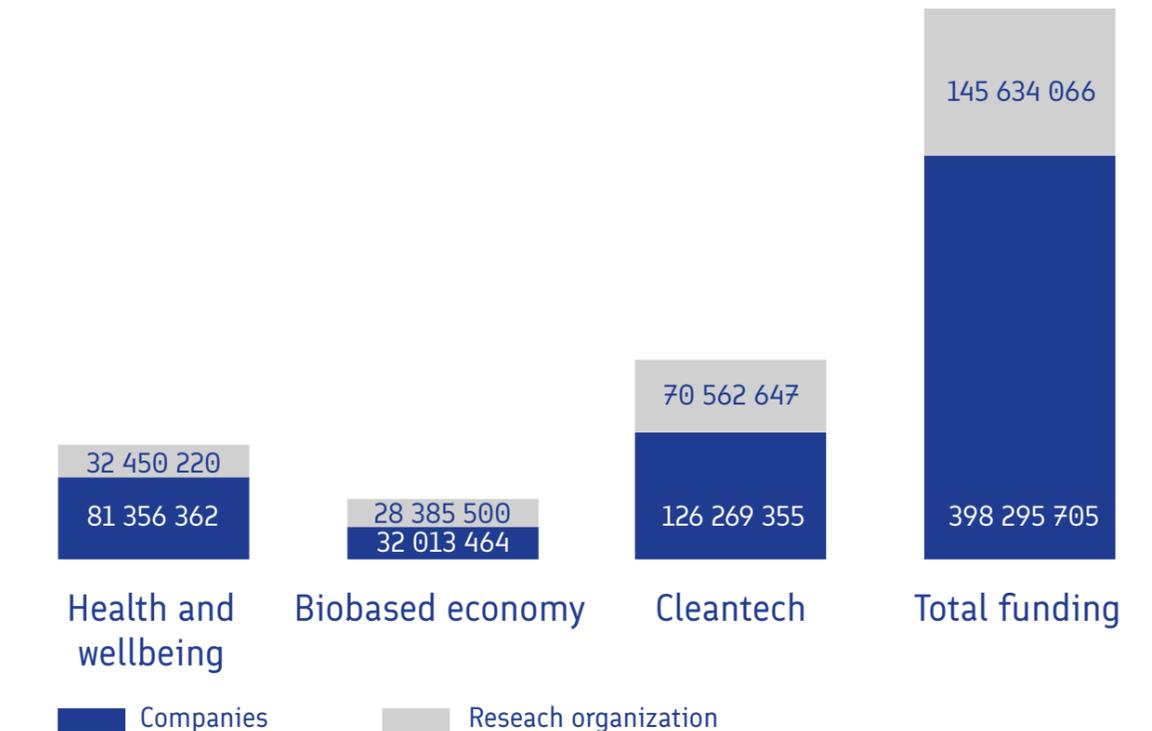


FIGURE 15. BUSINESS FINLAND FUNDING ACCORDING TO THEMATIC PRIORITIES RELATED TO SUSTAINABILITY (2021, EUROS). PROJECTS MAY BE ASSOCIATED WITH MORE THAN ONE CATEGORY, THEREFORE, THE SUM OF ALL PRIORITIES EXCEED 100%.

Source: Business Finland data.

³⁰ This sum excludes state aid and RRF funding.

Business Finland also classifies its portfolio further according to project’s environmental focus (see Figure 16). Approximately half of Business Finland’s portfolio had an environmental focus in 2021. Environmental focus was somewhat more common among companies than research organizations. Development of climate positive products and processes is the largest category among environmentally focused funding, accounting for approximately 35% (182,7 MEUR) of the funding. Other types of environmental focuses were quite scarce (< 5%). In the case of environmental focus, the classifications are mutually exclusive, i.e., each project gets only one category.

In addition to environmental focus Business Finland specifically tracks energy focus. A total of 188,5 MEUR in Business Finland’s portfolio had an energy focus in 2021.³¹ Altogether 18% (35,4 MEUR) of these went into renewable energies³², while 37% (69,3 MEUR) to energy use and efficiency³³, 0,2% (0,4 MEUR) to non-renewables³⁴ and 45% into other categories³⁵. It must be noted that based on available data, it is impossible to say how large share of the categories were directed to solutions enhancing sustainable development, e.g., energy use and energy efficiency include several ambiguous categories such as energy consumption in traffic, buildings, and industries.

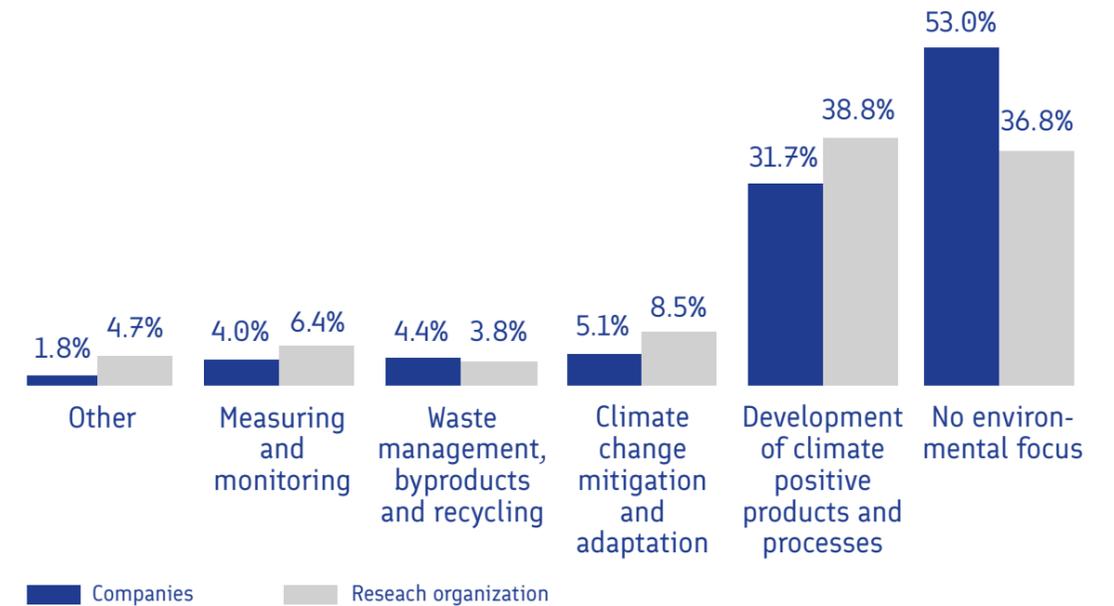


FIGURE 16. ENVIRONMENTAL FOCUS IN BUSINESS FINLAND’S PORTFOLIO. PERCENTAGE OF TOTAL FUNDING IN 2021.
Source: Business Finland data.

³¹Traffic, Other energy use, Industries, Solar energy technology, Solar energy, Bioenergy, Energy focus categories include: Biofuel, Nuclear fission, Fusion, Geothermic energy, Other energy efficiency, Other renewable energy sources and technologies, Fuel cell, Wind power technology, Water power and its impact, Hydrogen, Energy consumption in traffic, Service and living buildings, machines and systems, Energy use in building and households, Electric power transmission and distribution, Energy consumption in industries, Carbon capture, Research of energy systems and their impact, Grid energy storage, Coal and peat, Natural gas and oil, Other fossil fuels.

³² Solar energy technology, Solar energy, Bioenergy, Biofuel, Nuclear fission, Fusion, Geothermic energy, Other renewable energy sources and technologies, Fuel cell, Wind power technology, Water power and its impact, Hydrogen.

³³ Energy consumption in traffic; Other energy efficiency; Service and living buildings, machines and systems; Energy use in building and households; Electric power transmission and distribution; Energy consumption in industries; Carbon capture; Research of energy systems and their impact; Grid energy storage.

³⁴ Coal and peat; Natural gas and oil; Other fossil fuels.

³⁵Traffic; Other energy use; Industries.

Large share (1001/1469) of the projects have been classified also based on their expected impact on sustainable development (see Figure 18). Half of these projects are expected to have a positive impact on sustainable development. Environmental impacts (34%) are more common than social impacts. Different societal impacts include only a small share of the projects.

Majority of the Business Finland categories available for tracking the project focus were looking at the environmental dimension of sustainability. Therefore, the social dimension was investigated through text mining. The aim was to identify funded projects with social responsibility focus through keyword matching. The project descriptions were analyzed using a list of keywords and their interceptions. The words were then classified under 9 main categories: social sustainability, development of communities, development of work communities, equality and diversity, human rights, gender equality, hunger, poverty, and responsible supply chains.

Altogether 36% of the projects mentioned a word related to solutions enhancing social sustainability. The list of words for this group included: health, wellbeing, education, learning, nutrition, sanitation, and social innovation. The results are in line with previous findings on Business Finland’s funding portfolio: Business Finland has had many programs that are supporting health and wellbeing as well as education.

“ MOST OF BUSINESS FINLAND'S PROJECTS BASE ON THEIR EXPECTED IMPACTS ON SUSTAINABLE DEVELOPMENT.

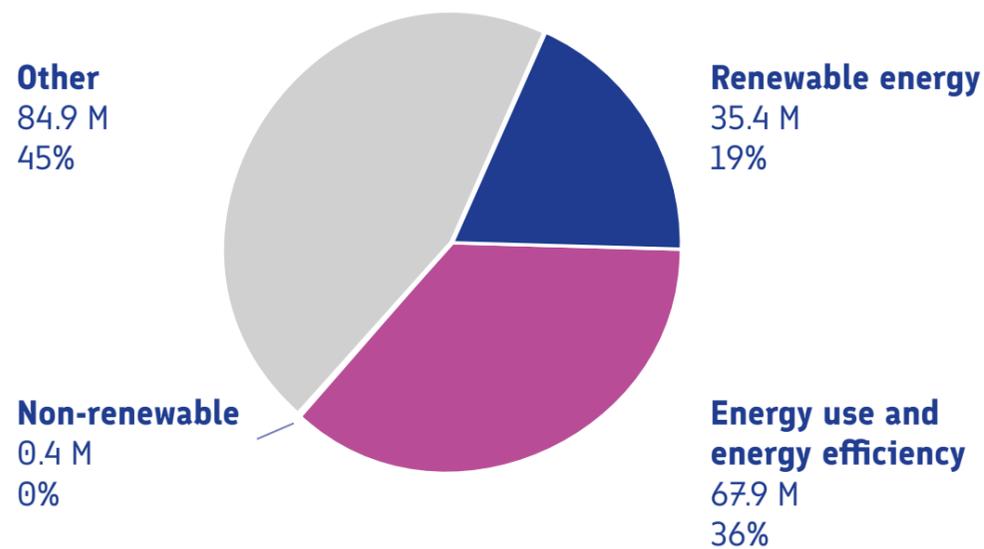


FIGURE 17. BUSINESS FINLAND'S INVESTMENTS INTO ENERGY BY TYPE OF ENERGY. SUM OF FUNDING TO COMPANIES AND RESEARCH ORGANIZATIONS (EUROS, 2021).
Source: Business Finland data.

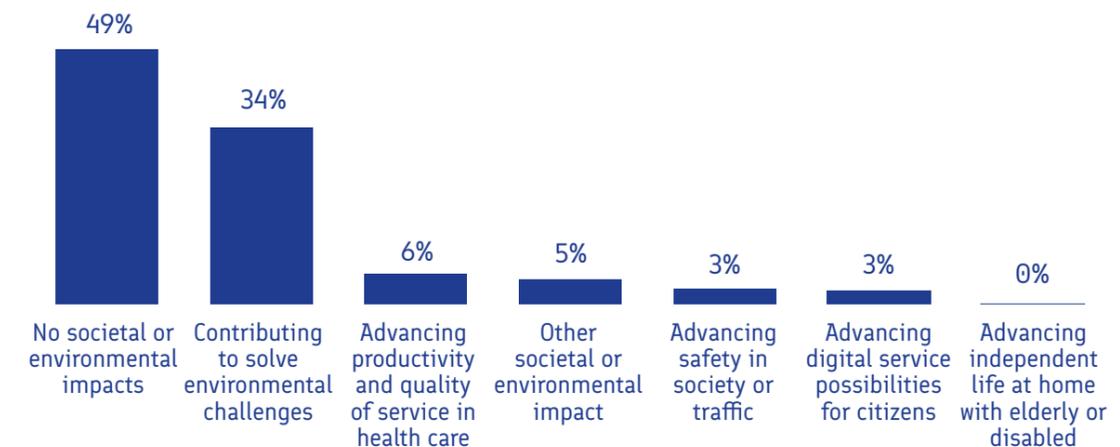


FIGURE 18. NUMBER OF FUNDED PROJECTS AND THEIR ANTICIPATED IMPACT AREAS ON SUSTAINABLE DEVELOPMENT. N=1001 PROJECTS IN 2021 (OF TOTAL OF 1469 PROJECTS). DATA ON MONETARY VALUES NOT AVAILABLE.
Source: Business Finland data.

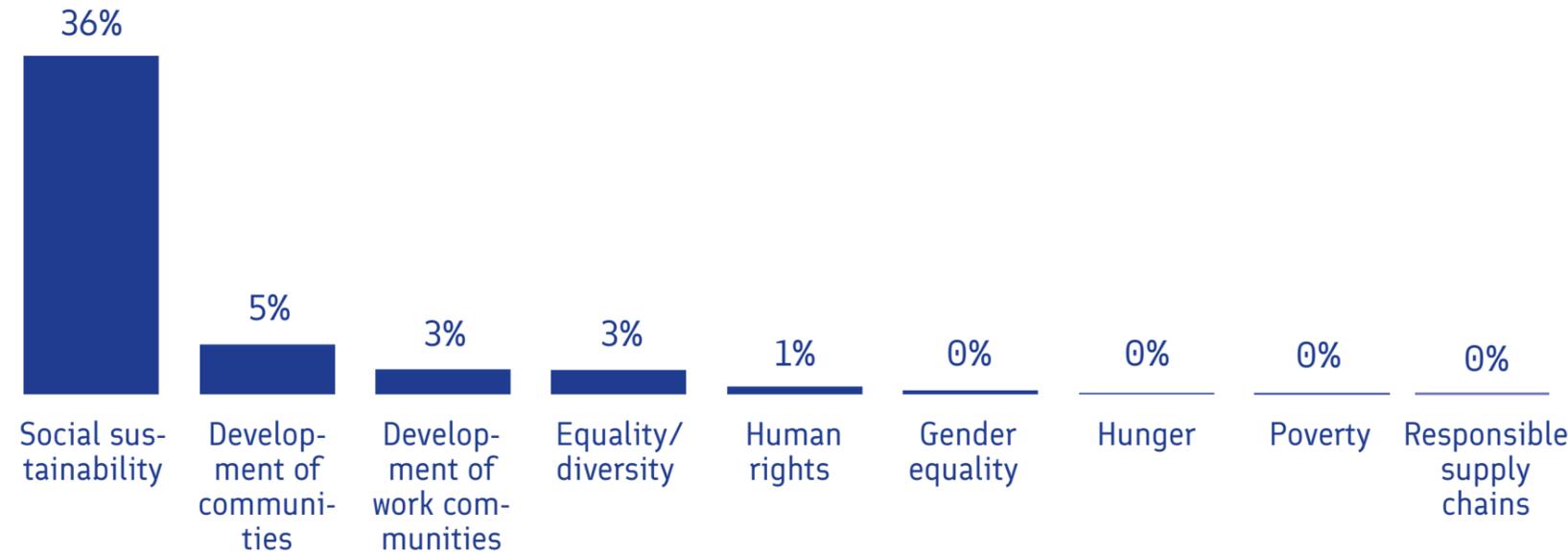


FIGURE 19. THE SHARE OF PROJECT ABSTRACTS WITH A REFERENCE TO SOCIAL SUSTAINABILITY.
Source: Business Finland data.

“ MOST OF THE PROJECTS ENHANCE SOCIAL SUSTAINABILITY.”

Other categories were quite underrepresented: development of communities (ageing, disabled, local communities, community development, inclusion, sustainable livelihoods, civil society, NGO) was associated with 5% of the project descriptions and development of work communities (health at work, work safety, wellbeing at work) with 3%. Human rights or supply chains attracted basically no mentions.

This exercise validates the fact that even though health and wellbeing solutions have a strong position in Business Finland funding portfolio, Business Finland funding has been targeted more on environment than social sustainability themes. It indicates applicants have felt no need to emphasize the social responsibility in the project descriptions, also because there are no questions to that regard.

4.6.3. Sustainability integration in other Business Finland services and Service Area processes

As noted earlier in this report, Business Finland has succeeded in introducing sustainability KPIs for all Service Areas and there has been some development in terms of sustainability integration in all of them. The Table 10 gives an overview on these actions.

SERVICE AREA	CURRENT SITUATION AND MAIN ACTIONS UNDERTAKEN	REMARKS
Customer Management & Fast Growth	<ul style="list-style-type: none"> Sustainability related questions included in Business Finland customer tier scoring and one round of updates of questions undertaken 	<ul style="list-style-type: none"> Questions yet to impact final scoring Some elaboration of questions likely to be needed to better guide answering
Global Growth	<ul style="list-style-type: none"> Opportunities arising from (environmental) sustainability well understood and already promoted Couple of services with rather strong sustainability orientation and integration (i.e. DevPlat) 	<ul style="list-style-type: none"> Business Finland locations include challenging operating environments in terms of sustainability (e.g., human rights) Risks related to these not systematically identified, assessed, or mitigated yet – considering both Business Finland and customer perspective
Network Services	<ul style="list-style-type: none"> Long history with sustainability work especially through environmental programs as well as in EU collaborations Sustainability goals and additional sustainability content for all programs Two pilot missions, incl. Zero Carbon, already launched 	<ul style="list-style-type: none"> Due to new strategy new sustainability elements added, program portfolio not fully aligned Responsible business practices addressed in program design and execution only to limited extent
Finland Promotion	<ul style="list-style-type: none"> Visit Finland’s Sustainable Travel Finland (STF) as a ‘flagship’ service addressing sustainability issues cross-cuttingly. Team of dedicated in-house experts and external experts. At IIF, Finland marketed as forerunner in sustainable development, KPI tracking sustainable investment opportunities. Talent Boost closely linked to social aspect of sustainability (diversity & inclusion) 	<ul style="list-style-type: none"> Visit Finland furthest in sustainability integration amongst Service Areas
Funding	<ul style="list-style-type: none"> Development needs identified, and actions planned, but few pilots (DevPlat, sustainability survey in connection with AV production incentive, advanced in practice Applying DNSH criteria in connection with RRF funding decisions. 	<ul style="list-style-type: none"> According to interviewees and survey respondents the most important function in terms of sustainability integration Remarkable share of funding towards environment in 2021 For most the funding, requirements, and criteria solely economic
Experience & MarCom	<ul style="list-style-type: none"> MarCom excluded from the CASB roadmap as an independent WP 	<ul style="list-style-type: none"> Sustainability is important topic and Business Finland is well-recognized among the clients in the area of sustainability (22% attention rate)
Renewal	<ul style="list-style-type: none"> Renewal leading sustainability skills development project, couple of trainings undertaken Well-being and work, coping with workload and management of work-related stress key issues that Renewal has and continues to address Focus also on matters related to remuneration, incl. equal pay and pay transparency 	<ul style="list-style-type: none"> No sustainability KPI for Renewal yet HR’s full potential and synergies in advancing sustainability not fully utilized yet (important role both in terms of embedding sustainability, i.e., skills development, and bearing responsibility for social responsibility themes) Comprehensive work around the management of diversity and promotion of inclusion yet to begin
Strategy	<ul style="list-style-type: none"> Sustainability integrated in annual planning processes and templates, systematic follow up First generation KPIs introduced to all SAs Thematic strategy work carried out and thematic focuses selected Sustainability aspect included in all evaluation assignments Frameworks for monitoring and impact under development 	<ul style="list-style-type: none"> Development of frameworks for monitoring and impact best resourced single project in CASB Sustainability risks not included in risk management principles
Support	<ul style="list-style-type: none"> Recognized that sustainability increasingly compliance issue Some policy documents updated / about to be updated (CoC, procurement, travel) 	

TABLE 10. MAIN SUSTAINABILITY ACTIONS UNDERTAKEN IN BUSINESS FINLAND SERVICE AREAS SINCE THE INTRODUCTION OF THE NEW STRATEGY.

When it comes to external services, service development both in terms of integrating sustainability into existing services and creation of new services are included in the CASB roadmap. Project around development of service offering is ongoing. As of now there are couple of services with rather strong sustainability orientation and ESG integration. These include i.e. Visit Finland’s Sustainable Travel Finland (STF) and DevPlat and ESG sparring service. STF is a very good example of a service addressing sustainability and responsible business cross-cuttingly. Finland and Finnish destinations are not only marketed as sustainable destinations, but the service also includes activities to develop tourism destinations and companies’ sustainability capacities and ESG performance. There is also an STF label is available for those companies taking the required steps to develop the sustainability performance. Based on documentary analysis, interviews, and survey sustainability is most extensively integrated in Visit Finland's services till date.

There is an ongoing development of service offering towards sustainability. STF and DevPlat serve as internal benchmarks.

In export promotion and Global Growth service area, business opportunities related to sustainability are already rather well understood and promoted. New market opportunities are increasingly linked to sustainability. The promotion of responsible business practices and their importance in internationalization is less evident. The aspect of minimizing negative business and societal impacts by identifying, preventing, and managing sustainability-related risks was not really included in Business Finland’s information and advisory service offering. No services were identified that would for example support Finnish companies in identifying and managing human rights risks.

Few of Business Finland staff consider that much progress has been made in terms of sustainability.

Despite all Service Areas carrying out some actions to foster sustainability integration in internal processes and customer services, according to many interviewees and survey respondents very little has changed till date compared to previous strategy period. Only ~15% of the survey respondents agree with the statement that sustainability has

significantly changed the way that the unit operates with half of the respondents disagreeing (see Figure 11). Looking at the situation across the Service Areas, Finland promotion services is leading in terms of concrete changes in practices and other Service Areas are lagging behind (see Figure 20).

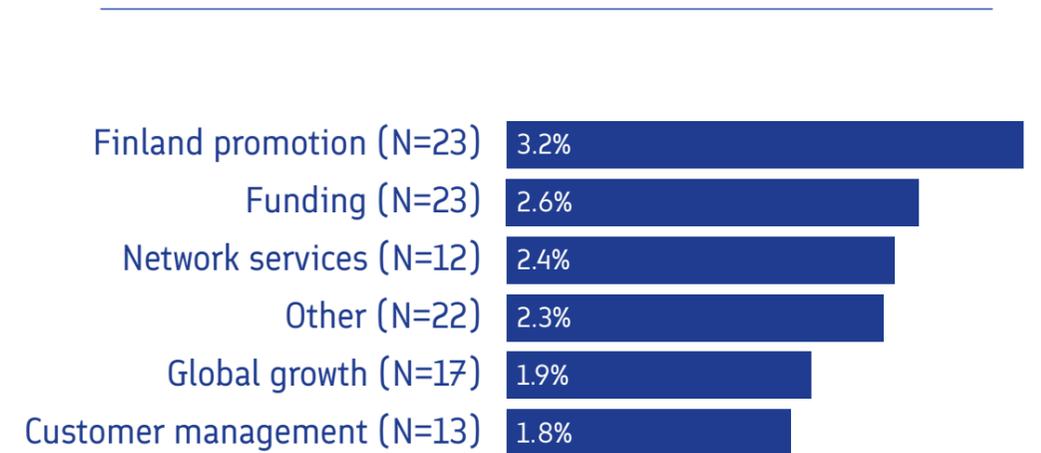


FIGURE 20. SUSTAINABILITY HAS SIGNIFICANTLY CHANGED THE WAY WE OPERATE IN OUR UNIT (E.G. WORK WITH CUSTOMERS). SOURCE: EVALUATION SURVEY TO BUSINESS FINLAND STAFF. (N=110).

Scale: 1 = strongly disagree; 2 = somewhat disagree; 3 = neutral; 4 = somewhat agree; 5 = strongly agree. Other category includes Service Areas with less than 10 respondents; strategy, renewal, support and enablement, experience and MarCom.

When the staff was asked to prioritize measures (note: choose 3, sum exceeds 100%) to achieve the strategic sustainability goal in the survey, clarification of targets, monitoring and impact evaluation was found to be by far the most important step (62%). After that, direction of funding towards sustainable projects, integration of ESG factors in funding criteria, skills development for client companies and integration to advisory and networking services were perceived as equally important (~34%).

4.7. Capacity and culture for implementation

Favorable culture for implementing strategic sustainability goal

Interviews and survey showed that Business Finland staff consider it important that sustainability is (finally) in the core of Business Finland strategy. The interviews proved that the staff is also motivated to develop the Business Finland's sustainability performance. The favorable culture for implementation is challenged by the fact shared earlier in this report that there is not yet enough consistent understanding on sustainability within Business Finland context, which leaves too much room for individual interpretations. Interviewees and survey

respondents called for more discussions regarding this at various organizational levels.

Definitions was amongst the top challenge in open-ended survey comments together with resources and competences. As one respondent formulated the challenge:

Inaccurate definition of sustainability: what is meant by sustainability, what is sustainability in practice and how does it show in the organization (implementation). -> A need for more holistic approach covering all services and thematic areas.

When asked about how Business Finland should further develop its sustainability work, definitions were also included in open comments:

Defining sustainability at the organization level as well as at the customer level. What sustainability means both internally and externally? In addition focusing on concrete and visible sustainability actions (including travelling and even small things in daily lives) – but not forgetting measuring and reporting the outcomes and impact.

Interviewees, and workshop participants expressed concerns regarding lost momentum and declining motivation as despite ambitious goals little progress has happened till date.

Competence development

Even though sustainability at Business Finland context is perceived ambiguous and many call for better definitions, according to the survey most of the respondents (~59%) consider that they have a good understanding of what sustainability means in their own work.

Competence development at large, is seen as one of the key issues. Strengthening is needed particularly in social responsibility and human rights.

Regarding sustainability-related competences and capacity-building efforts at Business Finland, nearly half of the survey respondents consider that they have sufficient competences to deploy sustainability issues in their work. However, the respondents are somewhat more pessimistic on the state of capacity-building and competences in the organization as whole; only every fourth person agree that Business Finland leadership has sufficient expertise or that they as staff have received enough training on sustainability (see Figure 21).

Competences were also included amongst the top challenges Business Finland is facing. Skills development was identified as a development area in the CASB roadmap. Post introduction of the roadmap, couple of trainings for staff and middle management were conducted, one introducing sustainability at rather general level and the other one focusing on social responsibility and human rights. The interviewees and survey respondents considered trainings important and called for more of these starting from basics to in-depth trainings in various sustainability topics.

Respondents were also asked to elaborate on issues or areas where Business Finland’s competences should be strengthened in an open-ended questions (N=43). Some of the responses have been listed below. Alongside skills, the need to further define sustainability and to strengthen the resources is reflected also in these comments:

- Defining Business Finland’s role in sustainability as well as defining what sustainability mean in Business Finland: playground, targets, concrete actions and ways to measure
- Expertise and competences in sustainability: training, sustainability guidelines. Starting from basic skills to industry-specific sustainability training.

- Further resources sustainability referent/committee, a top management level director of sustainability/ executive director of sustainability.
- Effective communication of the sustainability both internally and externally, e.g. successful projects
- Attention to social sustainability, e.g. what is social sustainability in customer work

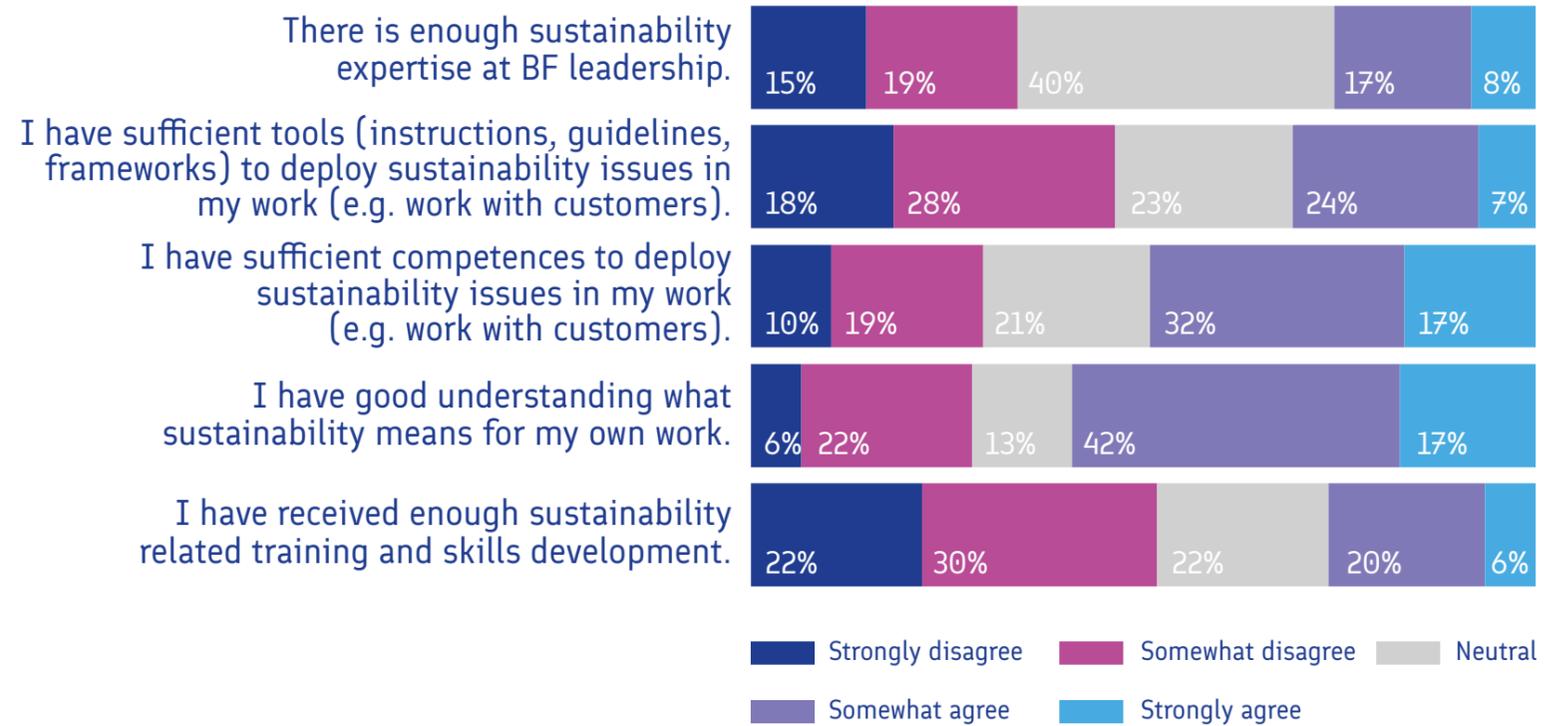


FIGURE 21. “TO WHAT EXTENT DO AGREE WITH FOLLOWING STATEMENTS ON SUSTAINABILITY-RELATED CAPACITY BUILDING AND COMPETENCES AT BUSINESS FINLAND?”.
 Source: Evaluation survey to Business Finland staff. (N=110).

Even though close to half of the survey respondents stated having sufficient capabilities to deploy sustainability issues in own work, the document analysis and interviews indicated that there is a need to strengthen the sustainability competences at various organizational levels.

The analysis revealed that sustainability expertise is found in pockets. There is expertise on solutions and technologies, this expertise has been built for instance through long experience on environmental programs and promoting of Finnish cleantech innovations and solutions. Despite this, it was pointed out in interviews that Business Finland still needs more expertise to identify and analyze business opportunities brought about sustainability demands, and to assess how Finland can respond to global customers sustainability demands.

Overall, there seems to be less know-how and expertise on responsible business, namely, how solutions are created, risks and ways to mitigate those. There is especially a need to build up capabilities related to social responsibility and human rights.

The sustainability field is developing at fast pace. Some individuals are rather well aware of recent developments including the upcoming regulations, but overall, there is still rather little know-how on responsible business and

related frameworks. This was also reflected while reviewing documentation, which indicated some inconsistent use of terminology.

Alongside challenges related to organization and resourcing of CASB, issues concerning know-how and expertise came up as well as hindrance on delivering sustainability projects like CASB pilots. There are no dedicated in-house experts whom to consult. In several instances CASB project manager has been referred as sustainability specialist, but in reality, there have been limited opportunities to develop subject matter expertise amidst operative and administrative duties.

4.8. Tools to support sustainability integration

The document analysis, interviews, and survey indicated that the sustainability integration is not yet advanced to the level of introducing of concrete tools to help staff to address ESG issues in their daily work.

Only couple of tools related to individual services were identified, such as

- DevPlat screening
- STF process and label
- RRF guidelines

Interviewees pointed out that lack of guidelines and instructions is one the key challenges in considering ESG issues in daily work. Moreover, nearly half of the respondents feel that they would require better tools (e.g., instructions, guidelines or frameworks) to deploy sustainability in their own work.

5 LESSONS FROM INTERNATIONAL BENCHMARKS

The chapter 5 is focused on international benchmarks. Summary and lessons for Business Finland are presented below. More detailed descriptions are available in Appendix 2.



The aim of the benchmarking was to identify good practices and assess their applicability for Business Finland and its operational context. The four organizations selected for benchmarking together with the steering group were Business Sweden, Visit Sweden, Innovation Fund Denmark, and BPI France.

The methodology included desk top research on publicly available information and interviews. Document analysis covered publicly available documentation such as organizations' strategies, operating plans, annual and sustainability reports, guidelines, and service offerings. More information was obtained from interviews with Business Sweden, Visit Sweden and BPI France. Interviewees represented experts working with sustainability.

Benchmarking followed the sustainability integration framework used for assessing the current state with Business Finland. The analysis focused on four key questions:

- 1** How is sustainability reflected in the organization's strategy?
- 2** How does the organization's leadership, organization and resources stand in relation to sustainability?
- 3** How sustainability is integrated in the organization's services?
- 4** What type of capacities and capacity building efforts does the organization have?

Due to limited scope in methodology, this benchmark exercise is not exhaustive. When reading findings, it should be kept in mind that all information might not be available within the public domain. Nevertheless, benchmarks provide some evidence on state of sustainability integration and several relevant good practices and inspiration for Business Finland when considering what steps to take with its sustainability work.



5.1. Summary of key findings

The Table 11 summarizes the key findings from the benchmarks.

	BUSINESS SWEDEN	VISIT SWEDEN	INNOVATION FUND DENMARK	BPI FRANCE
Main findings	<ul style="list-style-type: none"> Worked systematically with sustainability for several years and emphasize a strategic approach towards sustainability. Innovation, digitalization, and sustainability are seen as key strategic driving forces. Strong sustainability mandate and expectations from the Swedish government. Has set targets for sustainability and works actively to promote and operationalize sustainability internally by, for example, developing multiple concrete guidelines and tools for personnel. Sees sustainability broadly (both environmental and social sustainability) and both through creating impact and promoting responsible businesses. Strong commitment from management and focus on sustainability in vision and mission. Sustainability strategy has been operationalized and focus areas have been defined. It includes both thematic focus areas (human rights, anti-corruption, etc.), as well as business areas (accelerate export of Swedish sustainable solutions, etc.) The strategy also includes prevention and management of sustainability-related risks. Clearly defined responsibilities with regards to sustainability. 	<ul style="list-style-type: none"> Ambition to apply a strategic approach towards sustainability. Has had challenges in delivering sustainability due to lack of resources and capabilities. Head of Sustainability appointed and started in 2022 – accelerated efforts to drive sustainability. Has started to invest in internal capacity building with renewed focus on aspects where they have most impact. Have recently merged their sustainability- and business strategy. Focus on sustainability in vision; to market Sweden as the world’s best destination for sustainable travels. Strong sustainability vision and clear sustainability requirements from the government. Management expressed strong commitment to sustainability. 	<ul style="list-style-type: none"> Sustainability is integrated with business strategy. Strong focus on research methodology, transparency and developing methods for impact investment and follow-up. Well-developed support and guidance on application processes and criteria. Some sustainability in the organizations vision; to realize the potential of the overall Danish innovation system. Sustainability built into the entire granting process, from application criteria, to objectives, and transparent selection- and evaluation processes. Strong mandate and requirements from the government. 	<ul style="list-style-type: none"> Sustainability is important strategic focus area, covering all ESG aspects. Strong mandate and focus from the government. Focus on sustainability in both strategy, services and programs. ESG aspects integrated in investment processes Offer support in developing sustainability practices, CSR strategy and implementation to SME’s. Transition support for companies to become more sustainable. Positioned as the French Climate Bank. Together with the government, they offer preferential export guarantee conditions for sustainable projects within climate. Separate climate strategy since 2020 that targets green transition projects.
Leadership, organization, resources	Head of sustainability Global sustainability team of 12 Global sustainability network of 80 Total of 550 employees	Head of sustainability since 2022 Total of 60 employees	Total of 70-80 employees	Head of sustainability Team of 4 sustainability experts, and all together team of 10

TABLE 11. SUMMARY OF KEY FINDINGS FROM BENCHMARKS.

Business Sweden

Benchmarking revealed that Business Sweden has worked systematically with sustainability for several years, and they emphasize a strategic approach towards sustainability. There is also a strong sustainability mandate and expectations from the Swedish government. The management also shows strong commitment towards sustainability and there is a focus on sustainability in organization's vision and mission.

Business Sweden is already progressed in the integration of sustainability in its operations.

Innovation, digitalization, and sustainability are seen as key strategic driving forces. The organization has set targets for sustainability and works actively to promote and operationalize sustainability internally by, for example, developing multiple concrete guidelines and tools for personnel. Business Sweden sees sustainability broadly (both environmental and social sustainability) and both through creating impact and promoting responsible businesses.

Sustainability strategy has been operationalized and focus areas have been defined. The strategy includes both thematic focus areas (human rights, anti-corruption, etc.), as well as business areas (accelerate export of Swedish sustainable solutions, etc.) The strategy also includes prevention and management of sustainability-related risks.

Business Sweden has clearly defined responsibilities with regards to sustainability, from board of directors to operational level.

Visit Sweden

Visit Sweden has an ambition to apply a strategic approach towards sustainability. The organization has had challenges in delivering sustainability due to lack of resources and capabilities. Head of Sustainability appointed and started in 2022, which is accelerating efforts to drive sustainability. The organization has started to invest in internal capacity building with renewed focus on aspects where they have most impact.

Visit Sweden has set strategic ambitions and is about to kick off accelerated efforts to drive sustainability.

Visit Sweden has recently merged its sustainability and business strategy. There is a focus on sustainability in vision, to market Sweden as the world's best destination for sustainable travels. There is strong sustainability vision and clear sustainability requirements from the government. Also the management expressed strong commitment towards sustainability.

Innovation Fund Denmark

Sustainability is integrated with Innovation Fund Denmark's business strategy. Organization vision is somewhat linked to sustainability, to realize the potential of the overall Danish innovation system.

Sustainability is strong and well-built into the processes of IFD.

There is a strong focus on research methodology, transparency and developing methods for impact investment and follow-up. The organization also provides well-developed support and guidance on application processes and criteria.

Sustainability is built into the entire granting process, from application criteria, to objectives, and transparent selection, and evaluation processes. There is a strong mandate and requirements from the government.

BPI France

Sustainability is an important strategic focus area for BPI France, covering all ESG aspects. There is a strong mandate and focus from the government. Sustainability is included in both the strategy and services.

BPI France offers support to green transition. Positioned as the French Climate Bank.

BPI France offers support to small and medium sized companies in the implementation of CSR approaches and action plans, for instance 'CSR Impact' or defining a CSR strategy.

BPI France also offers transition support for companies to become more sustainable. ESG aspects are integrated in investment processes.

The organization is positioned as the French Climate Bank. Together with the government, it offers preferential export guarantee conditions for climate sustainable projects. There is a separate climate strategy since 2020 that targets green transition projects.

5.2. Lessons and take-aways for Business Finland

Based on this benchmark it is evident that sustainability is seen as a key driving force and a strategic opportunity across the reviewed organizations. It is not unique to see the tremendous shift in the markets towards more sustainable solutions and operations, and the ambitious goals for sustainability were shared across organizations. Sustainability is increasingly seen from both perspectives, the need for managing sustainability related risks is evident but sustainability is simultaneously and even more importantly offering significant business opportunities. Ambition levels for sustainable business and services are increasing.

The legislative landscape is developing faster than ever, and it became obvious in this review that there is an increasing need to allocate resources to sustainability work in order to stay compliant. It is also evident that governmental steering with clear vision and expectations towards more sustainable business practices helps organizations to drive sustainability and make bold decisions.

The benchmarked organizations provided some useful good practices and inspiration for Business Finland.

Out of the benchmarked organizations, Business Sweden appears to be furthest in its journey and provides for multiple good practices that could be applied in practice. This is reflected in well thought out strategy and clear focus areas for sustainability (both external and internal). Sustainability is seen broadly and covering thematically both social and environmental aspects. The sustainability team's role appears to be one of a change agent, and there has recently been a new organization set-up with significant full-time resources with global reach dedicated to support Business Sweden in their transformation.

Amongst these benchmarks, Business Sweden is the most progressed and offers multiple good practices, including a well-elaborated strategy.

Visit Sweden is on the path of integrating sustainability ambitiously in its activities but is clearly behind the level of activities taken by Visit Finland. BPI France's example gave some inspiration on the possibilities to build ESG criteria for SMEs, however detailed criteria are not publicly available for more concrete suggestion, but could likely be acquired from BPI France if requested by Business Finland.

All benchmarked organizations aspire for integrating sustainability in (all) of their activities and services. Based on benchmarks, integration is manifested in many ways:

- ESG aspects can provide the essence of the services itself (helping clients further tap into market opportunities within sustainability)
- ESG aspects can be integrated in core business processes (like when integrating ESG in investment/funding criteria)

- ESG aspects seen as risk management for clients and integrated in services (for example, advising clients or providing tools to clients on how to conduct business responsibly or respect human rights in complex markets)
- ESG aspects considered and integrated in organization's own risk management (for example, human rights due diligence according to UNGPs)
- ESG aspects integrated in organizations own activities (walk the talk – own carbon footprint, diversity & inclusion work)

A majority of benchmarked organizations had chosen to organize sustainability expertise in one core team and had also appointed leadership for sustainability, some of them also part of the management team. In the benchmarked organizations, sustainability teams have over the recent years been allocated more, and in some cases with significant, human resources. Full time experts dedicated to sustainability varied from just a few individuals to a global team of 12 employees.

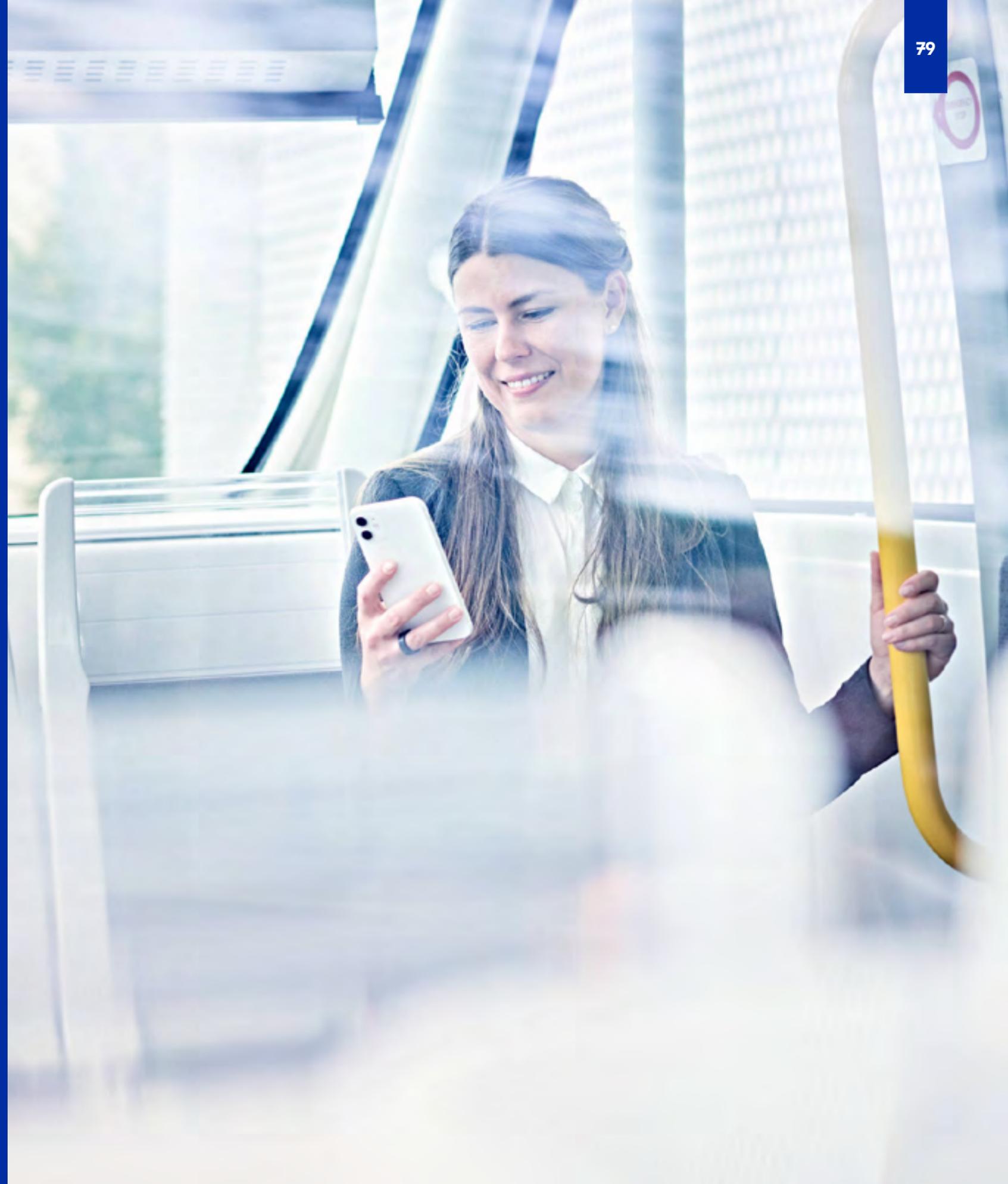
Most of these organizations have set up dedicated sustainability teams as internal knowledge hubs, change agents and consultants.

The sustainability team's role in addressing the transition and capacity building needs within the organizations included for example the following:

- Knowledge hub with expertise – tasked to coach colleagues internally and provide concrete tools and guidance
- Internal change agents providing support for integrating sustainability in all core functions and processes
- Trend spotters and consultants – tasked to engage with clients for both business opportunities, and also helping to identify risks
- Follow up on increasing legislation and ensure organization stays abreast and ahead of the curve in sustainability.

6 BUSINESS FINLAND'S ROLES IN SUSTAINABLE DEVELOPMENT

This chapter discusses the possible future roles of Business Finland in advancement of sustainable development within the public innovation ecosystem.



The draft roles were created based on the analysis of the previous phases of this project, short Finnish innovation policy landscape review and ten semi-structured stakeholder interviews covering a variety of societal actors including academia, business associations, municipalities, and civil society.

The roles were discussed and elaborated with Business Finland experts in a workshop arranged in June 2022.

6.1. Stakeholder expectations

The expectations for Business Finland's role in driving sustainability varied depending on the interviewee and the organization he/she represented. Some of the expectations were however shared among several stakeholders.

First, it was felt that attainment of the superpower goal requires development of a forerunner position. For Finland to become the forerunner, Business Finland should take true and visible leadership on matters related to sustainability both in-house and in relation to their stakeholders. In practice this leadership could mean for example, acting as a thought leader, having stronger

public media presence especially by the top leadership, and ensuring that there are strategic sustainability goals and that those goals are also operationalized and executed in practice. In general, the interviewees' view was that Business Finland doesn't currently have this kind of a forerunner position in sustainability neither in-house nor towards external stakeholders.

Being a superpower implies true and visible leadership position – a forerunner and thought leader in sustainability.

Second, the interviewees also called for true understanding of the sustainability field, i.e. knowledge of what kind of businesses and activities truly have a positive impact on sustainability. Third, it was pointed out that monetary investments are not enough: if a suitable way of operating, culture and systemic understanding are not there, Business Finland won't make it as a forerunner. Fourth, it was seen that Business Finland needs to have courage to choose what it concentrates on and also what not to focus on in the area of sustainability. Capacity and knowhow on foresight was seen as essential requirement for getting closer to the forerunner position.

Furthermore, risk taking was discussed in several interviews with the conclusion that Business Finland should be able to take more risks than currently if it is to be a forerunner in the field of sustainability. This is needed to enable new innovations that improve sustainability via Business Finland's funding instruments.

Business Finland has also collected the needs and expectations of its client companies via a survey. It targets to take these expectations into account in future work related to sustainability. The client companies wish that Team Finland/Business Finland would cover sustainability especially in innovation and EU funding, and consider it in networking, advice and sparring services, also related to market opportunities.

6.2. Alternative roles

Based on the interviews and other background work three alternative roles were created for Business Finland in the field of sustainability. Business Finland has four core functions, Innovation funding, export promotion, Invest-in Finland, and Visit Finland. These different core functions and tasks require different roles. The ultimate role for the whole Business Finland is likely to

be a combination of the proposed three roles or their key elements.

It is important to note that none of these roles will be the final role proposed to Business Finland, but all of them include elements that could be taken into use in the role chosen by Business Finland. In what follows, the baseline for all the three roles is described after which each role is described in more detail.

6.2.1. Baseline for all roles

All three roles of Business Finland support Finnish businesses and Finland to become a sustainability superpower. Since the goal has been set to be ambitious (Finland to become A Superpower in sustainability) it was not meaningful to create a low-ambition role as one alternative role. The ambition level of each role that was created can however vary to some extent. In all the roles, instead of reacting to upcoming opportunities Business Finland proactively develops its own internal sustainability and leads the external sustainability development of the Finnish innovation ecosystem to a more sustainable future for Finland.

NOTE: These all can be really ambitious and transformative roles – or not.

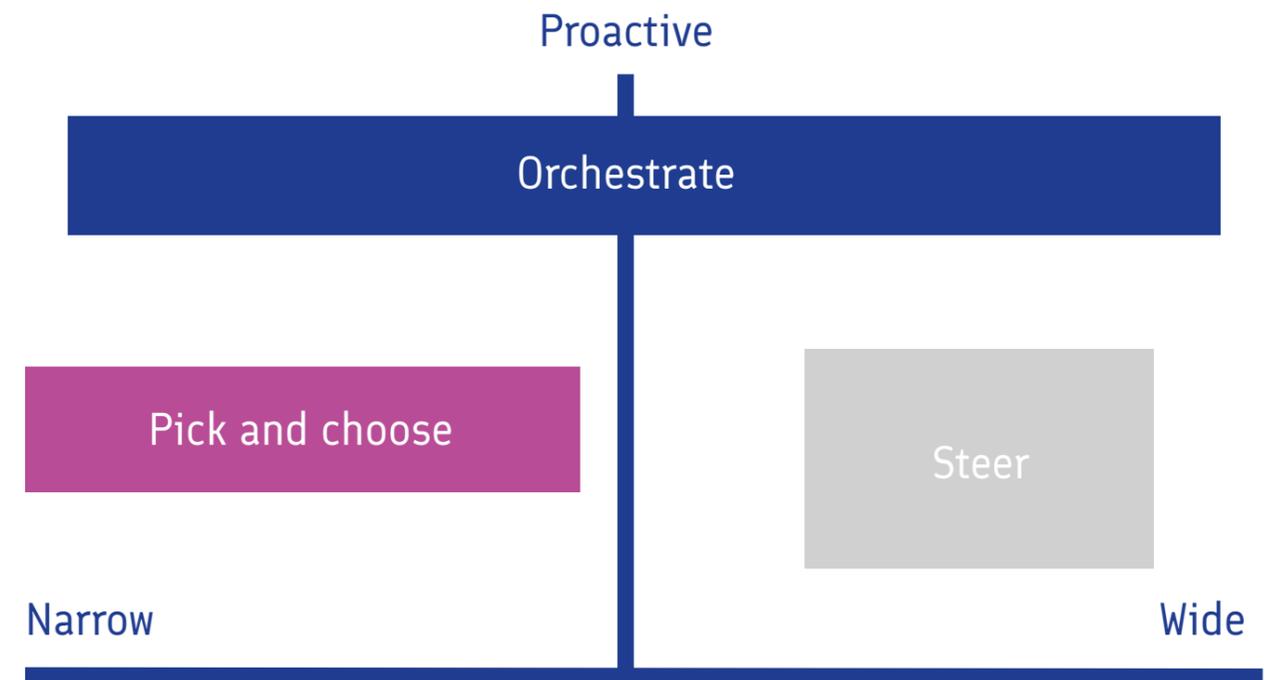


FIGURE 22. ILLUSTRATION OF ALTERNATIVE ROLES FOR BUSINESS FINLAND IN ADVANCING SUSTAINABLE DEVELOPMENT.

The roles differ on the horizontal axis (narrow - wide). Narrow refers to a focus on selected areas of businesses or selected sustainability topics whereas wide refers to wide areas of businesses and wide range of sustainability topics supported by Business Finland. The basic ESG criteria and frameworks as well as ensuring of regulatory compliance is required in all operations in each of the roles.

6.2.2. Orchestrate

This role's focus is on aligning multiple stakeholders' goals with Finland's sustainability goals. This focus requires skills in the areas of diplomacy, interaction, collective synthesis making and building trust. It is also crucial to be able to use foresight and systemic understanding as a basis of this work. Central partners in this role for Business Finland are companies/industries, the academia, ministries and citizens and Business Finland is expected to interact with this broad network of actors in this role.

The scope of content in this role ranges from narrow to wide. In other words, Business Finland can choose if it wants to concentrate on just selected themes on sustainability or cover them all. This role requires high proactiveness from Business Finland and ultimately the output of this role is national unity on sustainability innovations.

Even though in some areas Business Finland is already working as orchestrator, the role still requires rather broad change to Business Finland's current role. The impact of this role is achieved through consensus. In practice this means that as an orchestrator Business Finland builds capabilities and skills to conduct broadly-based dialogue with other stakeholders to select the themes to concentrate on. Once the themes are selected the stakeholders together start promoting them. Senior management should be actively involved in public communications in this role. Innovation funding criteria is adaptable through dialogue in this role and other services and programs of Business Finland bring actors together to solve social/environmental challenges and to build new multi-stakeholder partnerships.

6.2.3. Pick and choose

The key task of Business Finland in this role is to collect and analyze insights on the development of sustainability and businesses internationally and turn that insight into carefully selected focus areas to create positive sustainability impact. This requires skills in insight collection and analysis, networking with external partners domestically and internationally and subject matter expertise in sustainability and related innovations and business.

Central partners in this role for Business Finland are its own 40 country offices abroad, other countries' innovation agencies and companies offering insight services globally.

The scope of content in this role is rather narrow than wide and focuses on areas of positive sustainability impact. This role requires moderate proactiveness from Business Finland and the output of this role is successful sustainability developments in the chosen areas.

The change needed to reach this role for Business Finland is moderate and impact is gained through focus. Advocacy of strong connections to international networks is needed and funding is based on clearly defined missions created using collected insights. Other Business Finland services and programs focus service offering, collect and analyze insights and spar customers on the opportunities in this role.

6.2.4. Steer

The key task of Business Finland in this role is to use existing and upcoming widely known and acknowledged sustainability definitions and criteria to steer Finnish businesses towards a more sustainable future. This requires skills in and knowledge of sustainability goals

and metrics, domestic and international regulation and business mentoring, coaching and development. Central partners in this role for Business Finland are Finnish companies, the EU (for regulation), ministries and industry lobby groups.

Funding is based on applying ESG criteria based on sustainability frameworks and standards taking into consideration regulatory developments. Other Business Finland services and programs can mitigate of ESG risks, increase customers' awareness on responsible business practices and steer customers' ESG performance.

The scope of content in this role is rather wide, all kinds of sustainability related topics and activities can be supported. This role requires moderate proactiveness and change from Business Finland and the impact of this role is based on the sustainability criteria. The output of this role is improvement of Finnish businesses and their sustainability in selected focus areas

6.2.5. Roles in relation to Business Finland core functions

The strengths and weaknesses of each role in each core

function of Business Finland were discussed in the workshop with Business Finland experts. The details are available in Appendix 3. To summarize the discussion, each core function can have elements of each role, and each role has both weaknesses and strengths in each function.

For example, the Pick and choose role is important for several Business Finland core functions. It is already to some extent successfully adopted (e.g., targeting investment opportunities within Invest in Finland, choosing market opportunities at Export promotion). Visit Finland is already working as an orchestrator, but overall, the orchestrate role, is further away from the current operations of Business Finland. The role would, however, bring about several benefits including possibility to create new innovations that wouldn't otherwise be created and possibility to have national level impact if it was taken into use more broadly than today.

6.3. Feedback and further considerations

In the following table the best role(s) for each Business Finland core function have been listed based on the workshop discussions. In addition, actions required by the role, i.e. things that need to happen in order for Business Finland to implement that role in practice, are described in more detail.

As an example, in the core function of innovation funding needs to act in a steering role to ensure that the funding is directed to responsible businesses, and in the pick and choose role so that the most suitable themes are funded. Orchestration is a direct consequence of choosing these two roles.

BEST ROLE(S) FOR THE CORE FUNCTION	ACTIONS REQUIRED BY THE ROLE
Innovation funding: Pick and Choose and Steer (this combination automatically leads to Orchestrate)	<ul style="list-style-type: none"> Putting steering in place by implementing ambitious/tight sustainability criteria
Export promotion: Pick and choose	<ul style="list-style-type: none"> Analysis of market opportunities from the angle of sustainability that requires identifying the Finnish offering and its sustainability, identifying potential risks and impact of this offering and the sustainability development needs of the international clients Identifying the SDG emphasis of target countries as this impacts for example what kind of funding is available Prioritizing and choosing and criteria for these decisions (related to opportunities, markets and clients) Developing criteria and metrics Increasing know-how
Invest in Finland: Pick and choose	<ul style="list-style-type: none"> Definition of more robust, clear, and concrete sustainability framework that includes definition for sustainable investments Definition of sustainability metrics/KPI for the framework Coordinating actions with other actors in Finland (such as Finnwatch, or SITRA)
Visit Finland: Steer and orchestrate	<ul style="list-style-type: none"> Confirming permanent funding and resourcing (including IT resources) Leap in the whole Business Finland’s sustainability work and organization wide review on bottlenecks in resourcing Increasing the amount of STF-market operations Knowledge and resourcing of sustainable sourcing

TABLE 12. BEST ROLES FOR THE BUSINESS FINLAND CORE FUNCTIONS IN TERMS OF ADVANCING SUSTAINABLE DEVELOPMENT.

Source: Workshop with Business Finland’s experts on 15.6.2022.

As can be seen from the tables in the Appendix 3, all of the possible future roles of Business Finland and its core functions in advancing sustainable development amongst its customers and internally, have strengths and weaknesses. However, it is clear that there is an optimal role or combination of roles for each core function. This/ these roles help Business Finland to better implement its sustainability strategy in practice.

Going forward, it is essential to develop the role of Business Finland in sustainability taking in to account the differing states and needs of its core functions, and giving enough room for them to develop their own operations in a manner that serves the core function but is also aligned with the overall role of Business Finland as a whole.

In the next chapter key improvement points for Business Finland are presented taking into consideration both the baseline and the combination of different roles and their requirements.

7 IMPACT MECHANISMS FOR SUSTAINABILITY

This chapter provides the key findings from the analyses conducted in the evaluation as well as consultative suggestions for further developing the impact of Business Finland operations with regard to its objective of Finland as a superpower in sustainable development.



The chapter starts by explaining the interpretation of the overall impact model for sustainable development and the identification of key impact mechanisms. The rest of the chapter focus on various aspects of the sustainability impact and how it could be increased, largely based on the feedback and follow-up discussions with Service Area directors of Business Finland.

7.1. Impact model for sustainability

Business Finland’s strategy already defines the customer level objectives for sustainability impact, which focus on the **developers of new sustainable solutions and operations**. This is measured against three sub-objectives:

- Increased environmental and social responsibility awareness;
- New solutions that increase carbon handprint;
- Smart business models and solutions based on lifecycle thinking.

These direct customer goals contribute to the societal goal of **Finland becoming a superpower in sustainable**

development. This goal again entails three more specific aspects or sub-objectives:

- High sustainability impact globally;
- Decrease in carbon emissions;
- Decoupling growth from resource use.

The linkage (contributions) among above goals has been envisaged to take place through the following paths (The Figure 23, adapted from the work done in the Business Finland CASB project).

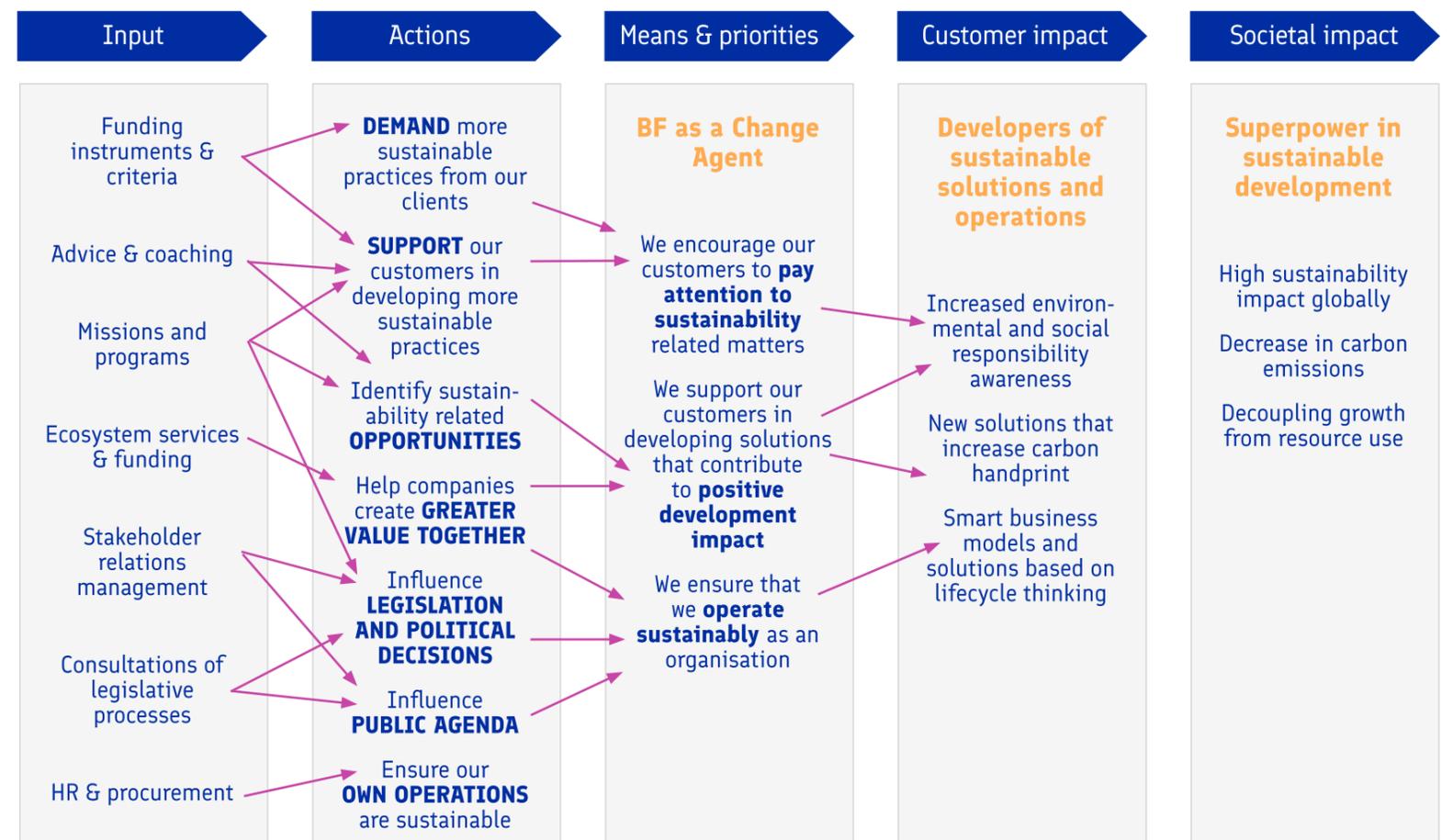


FIGURE 23. ANTICIPATED IMPACT PATHS FOR SUSTAINABLE DEVELOPMENT.

Source: Adapted from CASB.

Without trying to repeat, replace or contradict the earlier work, the following impact model (Figure 24) is suggested based on the evaluation findings. The model indicates how the role and impact of Business Finland in sustainability could be re-structured, based on a generic Theory-of-Change approach and highlighting the issues raised in the evaluation.

The above model wishes to emphasize particularly the following aspects:

First, it highlights **the important role of market and society needs**, as well as related government policies and targets for sustainable development. To those ends, Business Finland plays an important role in increasing the capabilities and competitiveness and renewal of the Finnish business sector for sustainability. This of course requires a thorough understanding and interpretation of business needs and related opportunities for sustainable development.

It is fully recognized that Business Finland’s sustainability impact is largely generated through its customers and that Business Finland is not the sole operator in this field. However, for the sake of simplicity and clarity, the

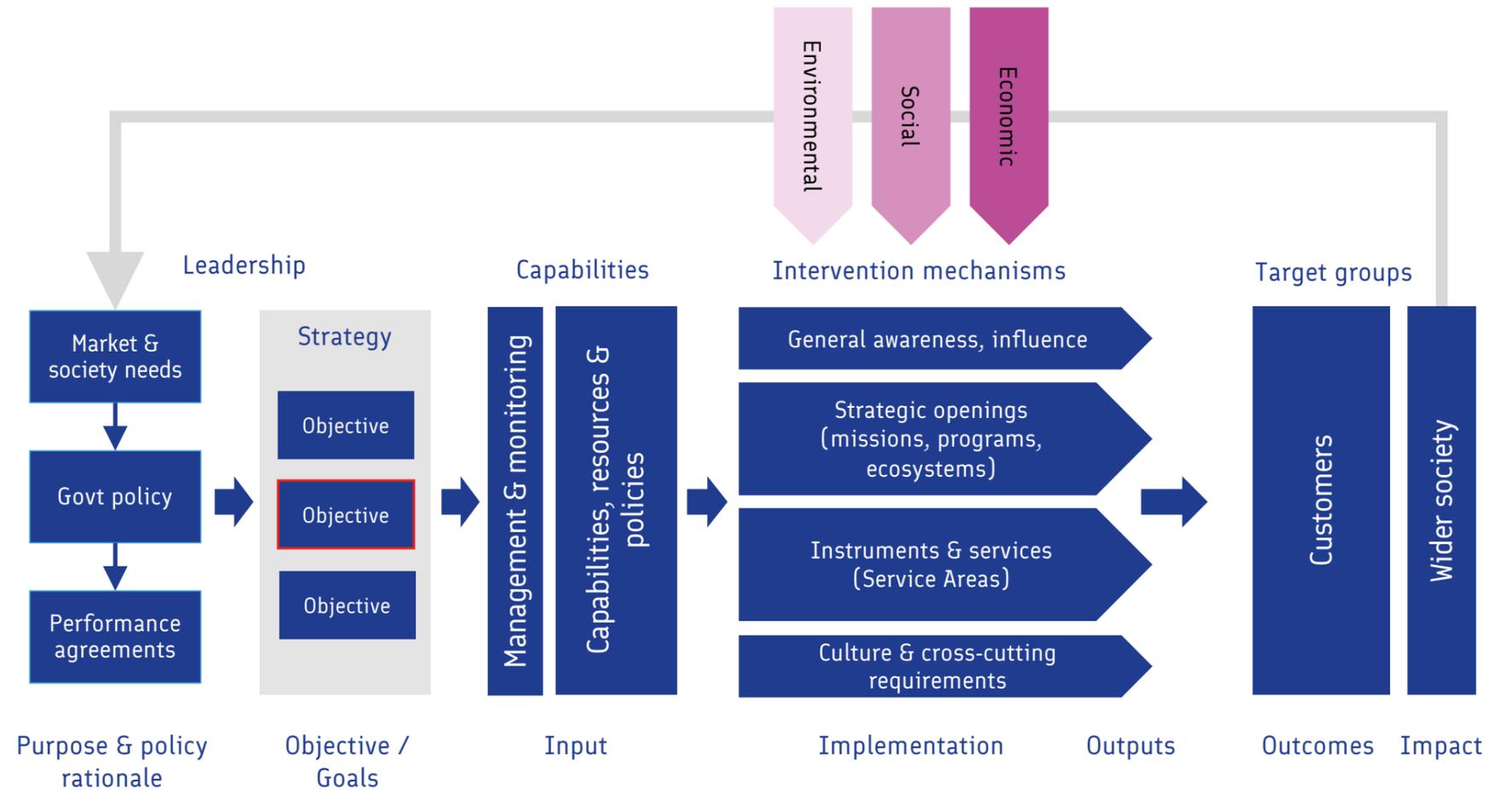


FIGURE 24. IMPACT MODEL FOR SUSTAINABLE DEVELOPMENT OBJECTIVES AT BUSINESS FINLAND.
Source: Authors.

customer engagement is not a separately highlighted function in this model, but rather a **built-in element** for all parts of the process. In a similar manner, Business Finland's **collaborative and complementary role** with other public (e.g. EU, TESI, Climate Fund) and private (e.g. Business Angels, VCs) operators is intended to be considered at each part of the process.

Second, the importance of **organizational capabilities** (including management, resources and monitoring) for implementing the change as a separate function, should be highlighted. During the evaluation it has been noticed that Business Finland has many functions and internal development projects, which often compete for the limited time, attention and available resources for implementation.

Third, Business Finland's key **intervention mechanisms** were re-grouped into four categories (due to their different nature):

1 The **raising of general awareness** of sustainability, not only as a challenge, but particularly as a strategic business opportunity, as well as its activities as an expert organization for delivering advice and input in

related public policies and strategies. To this end, it is important that Business Finland's key target groups are looked through the sustainability aspects to ensure their engagement, mobilization, and investments into this theme.

2 The **strategic openings** for those thematic areas in which the Finnish business sector has important opportunities and in which Business Finland can make a significant competitive leap and deliver systemic changes over a long-term. These are mainly implemented through Business Finland's missions, programs, and campaigns. To this end, it was analyzed in the evaluation how current program portfolio highlights sustainability aspects.

3 The **instruments and services** serve directly the customers on a demand-base, but they also provide the service content of the Business Finland's strategic openings. To this end, sustainability can be built in through cross-cutting requirements, specific incentive mechanisms, and in specifically targeted instruments and services for sustainability.

4 **Culture and cross-cutting requirements** refer here mainly to the internal culture, the competence-

base and general customer practices of Business Finland, which eventually will influence its customer relations and behavior.

Fourth, in all the above, a **balanced approach to all ESG-aspects** was emphasized. The evaluation found an earlier overemphasis on environmental sustainability. A balanced approach is a cross-cutting thematic issue to be implemented, for example, through selection and monitoring criteria.

When looking at the various mechanisms of Business Finland to generate sustainability impact through its customer behavior, the four above impact mechanisms have **significantly different time spans**.

Most immediate impact can be achieved by raising the cross-cutting requirements for sustainability...

...while the largest impact is likely to be generated with the strategic openings over the long-term.

Most immediate impact can be achieved by raising the cross-cutting requirements (4), as this will directly influence who will be able to deliver outsourced services or

receive funding and other support from Business Finland. It also offers a way to quickly achieve concrete results.

The second most immediate impact is likely to be achieved by raising the general awareness and activation (1) of customers to better exploit the opportunities offered by sustainable development. This may attract, for example, more sustainable investments to Finland.

The launching specific services to support sustainable business models and by fine-tuning the existing funding services (3) to better encourage sustainability investments, is likely to give its greatest impact on the medium-term, as typical R&D projects will last for 2-3 years.

The largest sustainability impact can perhaps be achieved by Business Finland's strategic openings (2) – by missions, programs, and campaigns - as they will aim for radically new approaches, significant market openings and for systemic changes. Such transformations are complex and are likely to take longer to occur.

7.2. Increasing the performance and impact

The following views are based on the follow-up discussions with Business Finland service area leaders in view to develop the service functions and their steering from the sustainability perspective.

Understanding market needs and opportunities

From the societal perspective, it has been widely recognized that the overall sustainability targets cannot be achieved without a full mobilization of the private sector, and in fact, there are pressing needs for radical and systemic innovations that can facilitate the necessary transitions.³⁶ It can thus be well argued that the generic sustainability objectives of our societies require business sector innovation equally as much, as the sustainability offers growth opportunities for the business sector itself.

Traditionally thinking, the basis for providing Business Finland support or incentives should be grounded in the business sector needs, whether expressed or latent. In more theoretical terms, the justification of Business Finland's public interventions should be based on some

clearly understood and defined need, or as a response to a malfunction – be that market failure, system failure or something else, such as government failure. To this end, the justification of efforts to support business sector sustainable development differ from Business Finland's other objectives but can be justified in economic terms as investment in “goods that last”, in a similar manner as investments in social capital.³⁷

“The demand for increased sustainability in business operations is not only coming from Business Finland... these standards, requirements and definitions are not set by Business Finland”

The demand for increased sustainability in business operations is not only coming from Business Finland, it is coming from all directions – clients, partners, legislations, banks, etc. and these standards, requirements and definitions are not set by Business Finland, but are more generic. It is the task of Business Finland to be aware of the latest developments, requirements and their appropriate interpretation and application into its own funding and services.

³⁶ UNEP. Why private sector engagement matters. <https://www.unep.org/about-un-environment/private-sector-engagement/why-private-sector-engagement-matters>

³⁷ OECD. Policies to enhance sustainability, 2001.

Certain level of sustainability is a basic requirement for every business and the level of this requirement is increasing and broadening. However, from the perspective of business renewal, competitiveness and growth, sustainability should be considered a market opportunity to be smartly utilized. Business Finland should ensure both these aspects, and apparently the main focus has earlier been in the opportunity aspects, while somewhat overlooking the requirement side.

It has been reminded that, at the end, the main impact of Business Finland will realize through improvements at its clients. It is therefore that the work on sustainability should first and foremost focus on better understanding and engagement of customers. The leading customers of Business Finland are already well-advanced and strategically employing sustainability in their businesses. The more apt question for Business Finland is how to optimize its client / service portfolio for sustainability effects, e.g. how much efforts could be allocated to radical new openings vs improving customers' generic competences, etc.

“Business Finland should have a more precise picture of its client needs with regard to sustainability”

Interviews have emphasized that Business Finland should

have a more precise picture of its client needs regarding sustainability, in order to focus its efforts, to design services that address these needs or to apply incentives that work particularly well on these issues.

In relation to the above, the work on assessing sustainability related customer needs has already begun. The issue was first mapped in the fall of 2021 with a customer survey, which generally focused on the state of companies' sustainable development and the challenges faced by companies. The survey was deepened with interviews. In September 2022, customer interviews were continued in the “Sustainability offering” service development project.

Based on the interviews, it appears that companies that are advanced in sustainable development mostly hope for financing for their projects and emphasize the importance of financing criteria and ESG criteria for customer selection, as well as taking into account the state of sustainable development of the target market and informing companies about it.

In addition to funding, companies that have recently awakened to sustainable development are looking for

networking opportunities with players of different sizes.

Those companies that have not yet woken up to the topic of sustainable development or are just starting out in the field, will need support, especially in advice services and in the form of sharing information and using various self-assessment tools.

The work to further validate customer needs and to develop apt support services continues within Business Finland and with its customers. Based on these, a road map with recommendations for the development of services from a sustainable development perspective will be put together.

Setting sustainability policy, guidelines, and criteria

There seems to be a general view that sustainability is mainly a cross-cutting objective of Business Finland, and it should therefore be defined and monitored mainly at the general level. The Service Areas are seen more as support and implementation units to the overall strategy, hence without separately defined strategic targets or impact. Customers are served as one, not separately.

In line with the above, there were several requests in the

interviews for a clearer overall policy for sustainability at Business Finland, which would allow the Service Areas and their units to design their services accordingly. At the same time, some Service Areas appear to have a clear view what needs to be done and have started defining their own actions plans. The general strategy is adopted and it defines priorities, which are then to be interpreted and implemented by Service Areas.

There is anyway a need for defining more clearly the common policy for sustainability and turning it into a practical manual or guidelines. This would support the development of a coherent set of performance indicators and implementation targets. It would also provide a basis for communicating more precisely to the customers on how Business Finland sees and assesses sustainability issues.

The work to this end is already progressing at Business Finland. In line with the CASB roadmap, the "Organizing sustainability and partnerships" project has been started at the beginning of 2022, with the purpose to compile the operating principles of sustainable development at Business Finland both internally and in the customer interface. In addition, the work also defines how each

Service Area promotes sustainable development in its daily work. At the end, the project will produce an internal "Sustainability handbook" and an external "Sustainability policy". The project is scheduled to be completed by the end of 2022.

Business Finland's own activity is communicating to customers. In addition, the personnel's own training / skill level and capabilities will be emphasized. "It trickles down to the customers, how we do business with them."

Business Finland already applies the DNSH principles as minimum criteria when considering the RRF funding decisions. This blocks out any projects or solutions that are clearly harmful. The DNSH approach allows also impact neutral solutions but by itself, it does not include any incentives for positive impacts on sustainability. Apparently, customers have not yet complained about the implementation of DNSH principles, as such requirements are commonly considered as normal business practice.

“Business Finland should apply minimum sustainability criteria to all its funding decisions”

In the interviews, it was widely seen that Business Finland

should apply minimum sustainability criteria to all its funding (and service) decisions. The criteria should be applied in a similar format as DNSH, but the bar should be set higher. A certain level of positive sustainability impact can be expected from every project or customer supported by Business Finland. The funding services has already decided to run a pilot where for each new client an external sustainability statement will be purchased.

Furthermore, it has already been decided that sustainability aspect will be included more closely into the current tier model of Business Finland customers. Thus, the focus customers of Business Finland should also be sustainable.

Incentive mechanisms for sustainability

The funding services differ from other Business Finland services in that they offer an opportunity to concretely negotiate on customer commitments and a possibility to leverage further investments. It is therefore important that the financial instruments and related service offerings, including criteria and conditions, are well-suited to support sustainable innovation and can maximize the leverage effect of Business Finland’s funding.

“Increased attention on sustainability means in practice increasing the risk profile of funding”

Business Finland has a particular role to support competitiveness and innovations in sustainable development. The sustainability markets are large and developing quickly, and there is a need for new technologies and radical innovation. Increased attention on sustainability may thus mean in practice increasing the risk profile of Business Finland’s funding portfolio. It may also mean engaging in projects that are closer to research. Hence, increasing focus on sustainability is not only an implementation question, but also a question of strategic focus.

Business Finland’s funding instruments and their terms are very flexible and generic. Thus alone, the funding criteria are not selective, which emphasizes the importance of identifying the right projects for funding.

“There may be a need for designing funding instruments or service products that are specifically tuned to sustainable development”

There may also be need for designing specific funding

instruments or service products that are specifically tuned to sustainable development projects. They may require, for example, longer development times, proof of impact, end-user testing or up-scaling.

Fine-tuning Service Area KPIs for sustainability

In the earlier parts of this evaluation, several difficulties were stated related to the sustainability KPIs of Service Areas (See section 4.3.4). The management of sustainable development goals is similar to Business Finland's other goal areas.

The difficulties of fine-tuning of Business Finland’s performance indicators are similar to those of many other organizations. By definition, the indicators are only indicative, and it is difficult to find a set of few indicators that would at the same time be representative and specific enough for various aspects of operations. To be clear and measurable, the indicators tend to reflect more current operations than actual performance towards customers, not to mention about impact.

The impact of Business Finland's operation is largely generated through indirect mechanisms. That's why the management philosophy focuses on value-based

management and shared willpower. It means leaving room for interpretation close to the customer, in order to find the best solution for each case. For this reason, the main way to measure success is through external evaluations, using versatile methods. Against that, the annual monitoring based on KPIs has a complementary role. At the same time, monitoring of performance is important for ongoing management decisions.

The substance goals of Business Finland are set in the strategy and KPIs are then defined accordingly in the annual planning. Each Service Area is then considering their own role in delivering the strategy. In some cases, the overall goals can be directly rolled out to the Service Areas, but sometimes these are merely in-line with each other.

The Service Area KPIs are only selections. Also, if you want to optimize the whole, it will not happen by optimizing the KPIs of individual Service Areas.

“We work holistically with customers. It is confusing if different service areas have their own sustainability KPIs”

On the other hand, it is important to clearly express the will of Business Finland to its customers and to make it understandable. This raises expectations that results are measured and reported similarly. If it is required from customers, you must also comply yourself and be able to show it.

It was much agreed that the KPIs should mainly focus on the customer results, instead of measuring Service Areas own activity.

“Measurement should be sharpened quite widely, also at Business Finland level..Many of the current targets reflect more our contribution than the results”

There is a general trust that sustainability related KPIs are needed in order to deliver change and to measure progress: ‘what you measure is what you get’. However, often it is not until the measurement is done that it is discovered whether a meter is working. If you don't get results, it doesn't encourage you either. The goal is to monitor something that can be measured often enough during the year.

Measurement should be sharpened quite widely, also at the Business Finland level. Many of the current targets reflect more of the contribution than the results, for example, in how many customer meetings sustainability has been mentioned. There must also be performance goals that support accountability aspect. Clear instructions are needed.

An overall performance target for sustainability

The current strategy defines the priority areas for sustainability, which include increasing the awareness, the carbon handprint, as well as the models and solutions for circular economy. However, it has been raised that there are no robust metrics at Business Finland level, on how the progress on sustainability target is assessed, as there are for the other strategic targets.

The following list of indicators represents a compilation from various sources of similar (semi-quantitative) sustainability criteria or target indicators. This list has been used for reflection in the Service Area interviews and could be used as a basis for further elaboration of a “scoreboard” for sustainability at the Business Finland level.



TOPIC AREA	TARGET INDICATORS	WEIGHT (%)
1. Visibility, awareness, activation and influence (own)	<ul style="list-style-type: none"> • Visibility of BF and sustainable innovation opportunities • Activation of customer groups and partners for sustainability work • Contribution to policies that support sustainability 	10
2. Capabilities, expertise and resources (own)	<ul style="list-style-type: none"> • Number of partnerships and their utilization • Expertise development plan • Sustainability monitoring and feedback mechanisms 	
3. Climate, circular economy & environmental diversity (own)	<ul style="list-style-type: none"> • Carbon footprint of own operations / carbon neutrality goal • Share of renewable energy sources in own operations • Share of climate goals in customer-directed measures 	10
4. Responsible business (customer commitment)	<ul style="list-style-type: none"> • Share of customers with a written sustainability policy • Share of customers who are committed to BF's sustainability requirements. • Monitoring / ensuring the responsibility of suppliers, customers and business partners • Transparency and traceability of supply chains • Disclosure of information related to own operations and business practices in the value chain 	20
5. Sustainable investments, development and innovation (customer impact)	<ul style="list-style-type: none"> • New innovative solutions to the challenges of sustainable development (quantity) • The carbon dioxide savings achieved/to be achieved with the solutions being developed compared to traditional solutions (Carbon handprint) • Share of clean investments in all investments • New solutions that promote social sustainability • Jobs created for young people (in investments) 	30
6. Human rights, fair and diverse work community (own)	<ul style="list-style-type: none"> • Inclusive and fair treatment • Employee engagement survey well-being index. • Share of multinational teams in own organization. • The share of both genders among supervisors and leading experts • Gender equality in the workplace: women's average salary compared to men's 	10

TABLE 13. ILLUSTRATIVE EXAMPLE OF A “SCOREBOARD” FOR SUSTAINABILITY AT BUSINESS FINLAND LEVEL.

Source: Compilation from various sources by the authors.

8 CONCLUSIONS

This chapter provides the conclusions on the assessment on of the current state of sustainability integration at Business Finland in reflection against the goals and ambitions laid out in its strategy.



The chapter builds on the findings presented in previous chapters covering the past and current situation, and subsequently presenting the key areas for improvement. Alternative scenarios for Business Finland's role in advancement of sustainable development have also been discussed and considered, in order also to reflect what their implementation would require from Business Finland.

Overall progress

Sustainability is a broad field which provides challenges, risks, and opportunities for the Finnish businesses. Over the years, in many fields, themes and technologies, Business Finland has been a recognized forerunner and driver of sustainability for its customers, and for the Finnish business sector at large. The new sustainability objective set out in Business Finland's latest strategy has intentionally been set at a very ambitious level.

The main focus of Business Finland's sustainability actions has been in its clients and in their technological

opportunities. In this role, Business Finland needs to be able to advice, promote, assess and fund strategically smart sustainability solutions for its clients. Business Finland should also stand as an example and implement sustainability standards in its own processes.

At the same time, the general understanding of what sustainability in practice means, requires, and offers to organizations, has extended from mere environmental and climate actions, to cover many social and governance issues. Capturing the full scope of sustainability aspects challenges the operations, services, competences and even the operating culture of Business Finland. It is a transformative change or transition to a new mode of operation, in which there is a need to learn and adapt.

The sustainability objective is very ambitious and transformative. Achieving it will require strong insight, planning, coordination, parallel actions, resources, and patience.

“ BUSINESS FINLAND'S NEW SUSTAINABILITY OBJECTIVE IS FOCUSED STRONGLY ON CLIENTS AND THEIR OPPORTUNITIES.

At Business Finland, the overall planning of required sustainability actions, their steps and timing has been well elaborated in the CASB project. This work provides a good overall roadmap for the way forward.

The following table synthesizes the assessment of the progress of Business Finland with regard to achieving its strategic ambition of being a superpower in sustainable development within the set analytical framework.

ASPECT	PROGRESS STATUS	EXPLANATORY NOTE
Elaboration of the strategic goal	●	Lack of shared or consistent understanding of sustainability at BF context, focuses and sub-objectives not sufficiently elaborated
1. LEADERSHIP AND ORGANIZATION		
Vision and goal setting	●	Ambition level set high, strategic goals boldly communicated
Accountability	●	Sustainability not led, accountability for overall sustainability at BF level not assigned to anybody in the leadership team
Management and organization	●	Difficult to lead a transition with current project structure, considering the ambition, scale and speed permanent structures required
KPIs and incentives	●	Success in introducing first-generation sustainability KPIs, update required to better steer toward desired goals
Leadership commitment	●	Gap between strategy formulation and implementation undermines perceived leadership commitment
2. POLICIES		
Policy toolkit	●	Due to lack of clear sustainability focus areas, related policies and internal guidelines appear to be fragmented
Policy coverage	●	Gaps identified, human rights policy and due diligence in line with UNGP missing, no environmental policy, sustainability risks not addressed
3. RESOURCES		
People resources	●	Considering ambition level, human resources allocated for transition areas inadequate
Sustainability expert resources	●	No dedicated sustainability experts to lead and coordinate the sustainability transition and support the SAs
Financial resources	●	Considering ambition level and integration needs financial resources allocated for transition areas inadequate
Partners and networks	●	Partnerships in the centre of mission work, new partners identified and first new partnerships established
4. PROGRAMS, SERVICES AND UNDERLYING PROCESSES		
Programs	●	Some dedicated programs, sustainability elements added, comprehensive strategy-alignment still lacking
Funding	●	Remarkable share of funding already towards environment, development needs identified, challenges in delivery
Advisory, information and networking	●	Some 'flagship' services, but service approach still fragmented, development needs identified
5. CAPACITY & CULTURE		
Staff motivation and commitment	●	Commitment to strategic sustainability goal is high and widely shared
Know-how on opportunities and solutions	●	Rather strong expertise on solutions and technologies (especially environmental)
Know-how and expertise on broader ESG	●	Know-how in pockets, requisite knowledge base yet to be established, social responsibility and human rights understanding weak
6. TOOLS		
Guidelines, frameworks, checklists	●	Lack of concrete tools to support staff in addressing ESG issues in daily work with customers

TABLE 14. SUMMARY OF PROGRESS IN THE IMPLEMENTATION OF BUSINESS FINLAND'S STRATEGIC SUSTAINABILITY OBJECTIVES.
The progress status has been represented with colors. Green color = good progress, yellow = some progress and red color = little or no progress.

When considering the above table of progress, it should be noted that the current strategy of Business Finland has only been in place for around two years (out of five), and this third strategic priority area of sustainability is a completely new one to the organization. Prior to this, sustainability had been pursued only reactively in Business Finland and its predecessors.

Within this current strategy period, Business Finland has systematically mapped and structured the development needs regarding sustainability in the CASB roadmap and started to implement the strategic sustainability goal in practice. At the same time other development projects require attention and resources, and often override the sustainability work.

Commitment to strategic sustainability goal is strong and widely shared, and expectations are high. Still, the overall view is that the sustainability work is limited against these ambitious goals, with little concrete actions and results till date. Some frustration can already be observed among the Business Finland staff. The customer expectations are also high.

With the current level of overall progress, it is unlikely this goal will be properly achieved by 2025. Stepping up is needed.

However, in light of the above, it is unlikely the superpower goal will be fulfilled with the current level of progress, considering the timeline and the transition required. Business Finland has implemented some important initiatives, but as the markets are developing fast and expectations increasing, Business Finland should aim at stronger position to deliver on the ambition level. Also, the current understanding of sustainability requires broader approach. Thus, there are several improvement points that are described in more detail below.

Leadership and organization

Ambition is high, but the content of sustainability within Business Finland has not yet been sufficiently elaborated. The evaluation indicated that there is still a lack of shared or consistent understanding of sustainability at Business Finland context. This complicates the concrete implementation at many levels.

Leadership has advocated for sustainability, but gap between strategy formulation and implementation undermines the perceived leadership commitment. Sustainability has not been systematically on the Board agenda and until recently there have been little expectations from the Ministry of Economic Affairs and Employment Economy regarding Business Finland's role in advancement of sustainable development and efforts to that regard.

On the positive side, leadership has succeeded in introducing first generation sustainability KPIs for Service Areas and tying sustainability in annual leadership planning cycles. Update of KPIs and related instructions is required to ensure efficient steering and right incentives.

The first generation of sustainability KPIs are in place. Further elaboration, commitment and progress monitoring / steering is needed to speed up the transition.

The current organization does not fully support the implementation of the required transition. There is a

need to develop the accountability for sustainability or sustainability topics and ensure the mandate to lead the Business Finland's sustainability work. Sustainability transition areas and integration are needs well identified and consistently structured in the CASB roadmap, but the organization of the CASB project is not aligned with the transition needs. There is a need for stronger top-down leadership and more strategic actions.

Stakeholders have a key role in development and prioritization of sustainability focuses and efforts. Business Finland has recently undertaken some efforts to gather customer views. There is still a need to engage stakeholder more systematically to stay relevant and to achieve and maintain forerunner position in sustainability.

Resourcing

At Business Finland, there are always many organization developments ongoing in parallel, and it is difficult to allocate sufficiently resources from normal duties of staff. Yet, if the objective of sustainability is taken seriously, the organizational transition will need to be properly resourced. At the moment, dedicated sustainability resources are very low in relation to the ambition level and considering the Business Finland's starting point in this matter.

If the objective of sustainability is taken seriously, the organizational transition will need to be properly resourced.

Resource constraints apply to human resources, budgetary allocations, and external service providers. Apart from thematic programs, Visit Finland's Sustainable Travel Finland, and CASB operative project manager, there are no dedicated sustainability experts at Business Finland. Additionally, heavy workload and other internal development processes override and often hinder the opportunities of Business Finland experts to dedicate their time in developing sustainability and building expertise. Inconsistency between CASB objectives and allocated resources was also observed in the evaluation.

Policies

There are several policies guiding sustainability topics at Business Finland. Due to lack of clear sustainability focus areas, sustainability related policies appear to be fragmented, and there is no certainty that all relevant aspects of sustainability are being covered. For example, human rights policy (or integration of human rights aspects to other policies) and subsequent due-diligence process is missing, and environmental aspects

appear to be mainly guided through updates in travel policy. There is no overarching sustainability policy, and environmental and social aspects appear not to be part of risk management policy.

Sustainability aspects are fragmented in different policies, without one overarching or cross-cutting sustainability policy.

Programs, services, and processes

There is a long history of thematic programs (energy and environment) through which intelligent solutions towards environmental challenges have been developed and promoted in international markets. With new strategy sustainability goals and elements have been added in all programs, and through new thematic focuses and missions, programs continue targeting especially environmental solutions. There is still some way to go to address sustainability cross-cuttingly in program design and execution.

Sustainability has been mainly addressed thematically in programs. The cross-cutting implementation needs enhancement in services and processes.

Innovation funding was considered the most important area which should reflect Business Finland's strategic sustainability ambition level. Business Finland is already an important funder of especially environmental solutions. Despite well-defined development needs, action plans, and few exceptions, ESG aspects are not considered in funding. RRF, however, is an example of Business Finland being able to apply sustainability criteria in funding decisions.

Regarding other Service Areas and services, transition, and integration needs are well identified, there are attempts to integrate sustainability, and many good initiatives have been introduced. Visit Finland is furthest in sustainability integration and appears as a forerunner while considering the service integration.

Capacity, culture, and tools

Commitment to strategic sustainability goal is strong and widely shared. There are challenges in delivering sustainability due to lack of resources and capabilities. For example, there are not enough dedicated in-house sustainability experts to support Service Areas and units in their development endeavors.

Commitment to strategic sustainability is strong and widely shared, but concrete delivery is more challenging.

Know-how on sustainability and specific topics exists in pockets across Business Finland but common knowledge base is yet to be established across the organization. Insight and up-to-date understanding of the sustainable business opportunities is essential, and this capacity varies across experts; the same applies to identification and mitigation of risks. There is experience and know-how on technologies and solutions (especially



INNOVATION FUNDING IS THE MOST IMPORTANT AREA IN SUSTAINABILITY TARGETS.

environmental), but less on responsible business practices, especially on social responsibility issues, including human rights. Sustainability integration has not advanced to introduction of concrete tools. These are required as well as continuation of the capacity building efforts.

9 RECOMMENDATIONS

This chapter presents key recommendations for Business Finland on how to enhance and step up the integration of sustainability aspects in its operations, with a view to meet its overall sustainability goals at societal level. These recommendations are based on evaluation of sustainability implementation at Business Finland, as well as on the feedback received through a series of interviews and workshops. At the same time, progress is already made at Business Finland in addressing some of these aspects.



Defining Business Finland sustainability policy

Sustainability is a broad and extending subject area. In order to achieve the strategic goals and to steer the actions towards them, Business Finland should clarify the content of sustainability in its own context. This includes definition of the key focus areas and approaches, considering customer work as well as internal priorities. Both the opportunity and risk aspects should be addressed.

To stay relevant, Business Finland should facilitate continuous dialogue with its customers and other stakeholders, to understand their current standing, expressed and latent needs and expectations with regard to sustainability. This intelligence is key in fine-tuning Business Finland's priorities and efforts. It is also important to communicate the priorities and approaches both internally and externally.

Recommendation 1: Business Finland should define its sustainability policy, thus more clearly stating its ambitions, priorities and requirements towards customers and partners.

Ensuring the accountability

Transition requires strong leadership. Considering the set ambition level and the speed of the developments in the sustainability domain, Business Finland should ensure that there is also clear mandate and accountability in the organization to follow through this process. At the moment, this is not the case.

Recommendation 2: Business Finland should designate a responsible director and respective operative unit (e.g. Service Area) to ensure accountability and a coherent implementation of sustainability aspects throughout its operations.

Furthermore, to ensure the systematic and coherent implementation, Business Finland should define such management structures for sustainability that can facilitate, coordinate, and support the work across different Service Areas.

Dedication of competent resources to manage the transition

The role of the sustainability expert(s) / team should be considered in relation to the transition endeavored.

The team can act as hub for change agents, as knowledge center, toolkit provider, trainer and screener of upcoming regulation, trend spotter as well as sparring partner changes as well as strategic sparring partner to Service Areas.

Required transition is yet to take off due to constraints in resources and capabilities. Extensive increase in resourcing is needed for the transition and maintaining the forerunner position in a rapidly changing field. Business Finland should better define the roles and responsibilities regarding sustainability. There is a need to increase staff resources, considering two aspects. First, sustainability experts, internal enablers of change, are needed to facilitate and coordinate the transition, build the internal capabilities and to support the colleagues in sustainability efforts. Second, development efforts should be adequately resourced allowing experts to implement the set projects. There is a need to systematically identify and develop new partnerships, both in Finland and in global network.

Recommendation 3: Transition into the sustainability paradigm requires effort, and Business Finland should dedicate more resources to make progress. Further efforts are needed in adapting the processes, practices, and services accordingly.

Building capabilities and assuming thought leadership

Business Finland is primarily an expert organization. In order to claim its position as a superpower in the business world and as a change agent and partner for reforms, Business Finland must be able to constantly demonstrate its leadership and insight in the sustainability domain. This aspect must be systematically strengthened, with Business Finland top leadership sending clear messages both internally and externally.

Recommendation 4: Business Finland should systematically build its expertise in this area, to assume thought leadership in sustainable business and innovation.

Actions have already been taken to this end, for example with the introduction of dedicated staff training days. These efforts should be stepped up and better practices built on the basis of both internal and external expertise and lessons from benchmarked sister organizations.

Leveraging RDI funding for greater societal impact

In the long-term, the greatest societal impact of Business

Finland is most likely generated by the strategic openings and structural, systemic changes. The key tools for this are missions, programs, and campaigns. Business Finland should continue building new programs around sustainability themes and opportunities in line with selected thematic focuses. In addition, sustainability should be considered cross-cuttingly in the program design and execution.

It's important for Business Finland to integrate sustainability in funding services in order to develop and scale solutions tackling social and environmental challenges, and to encourage customer's responsible business practices. To avoid doing harm on environment or people and considering ESG risks associated with projects and applicants is also important for Business Finland's internal risk management perspective.

Business Finland should ensure that funding is targeted at strategic sustainability focus areas and steer customer's responsible business practices by applying ESG criteria. This calls for updating the project classifications to better track the project focus, and implementing ESG criteria, including screening of sustainability risks associated with applicants and projects and carrying out due diligence on high-risks projects.

In this area Business Finland can also proceed stepwise, and as first tasks direct the customers' attention towards sustainability by highlighting the importance of sustainability and Business Finland's strategic ambition in instrument descriptions; screen ESG risks associated with applicants and projects and carry out due diligence on high-risks projects, and include questions on customers' sustainability goals and practices in funding applications.

Recommendation 5: Sustainability aspects should be more clearly integrated particularly into funding services.

5.a. As a first step, assessment of applicant sustainability should be introduced, together with cross-cutting principles and minimum requirements.

5.b. Incentives to specifically address and encourage sustainability impact should be developed.

5.c. Dedicated funding services to support sustainable businesses (e.g. scaling of sustainable innovation) should be considered.

Integration sustainability in Service Areas

Business Finland should step up the integration of sustainability in its services, Service Areas, and Service Area processes.

Recommendation 6: The integration of sustainability aspects in Service Areas should be stepped up and systematized.

6.a. Practical guidelines should be developed to support systematic interpretation of sustainability policy at Service Areas, as well as to assess related customer risks and opportunities in a coherent manner.

6.b. Immediate action should be taken, e.g. to establish sustainability due diligence processes.

Business Finland needs to further develop its policy toolkit for sustainability focus areas. To some extent

the above has been waiting for clearer policy at Business Finland level. However, those services that are more advanced in implementing sustainability issues (e.g. STF and DevPlat), can serve as internal examples.

All relevant sustainability aspects (both environmental and social aspects) should be covered by internal guidelines. To that regard, Business Finland needs to continuously follow-up legislative and regulatory developments and subsequently ensure its compliance through necessary updates in internal policies and guidelines.

At the same time, it is recommended to review Business Finland risk management principles and consider including social and environmental risks into the principles.

Within this process, Business Finland should take immediate action to establish appropriate (for human

“ BUSINESS FINLAND'S SERVICE AREAS ARE IN CENTRAL ROLE WHEN FOCUSING ON SUSTAINABILITY TOOLKITS.

rights and sustainability at large) due diligence process including identification of human rights risks and means to mitigate them in line with the stated commitment with UN Guiding Principles for Business and Human Rights (UNGP), as well as with the proposed European CSDD Directive.³⁸

Table 15 outlines some identified opportunities in different Service Areas.

³⁸ EC 2019/1937, Corporate Sustainability Due Diligence Directive, 23.2.2022.

BF SERVICE AREA	AREAS FOR IMPROVEMENT AND STEPS REQUIRED
Customer Management & Fast Growth	<ul style="list-style-type: none"> • Elaboration of sustainability questions used in customer tier scoring to better guide answering • Establishing and communicating a timeline for fully implementing the scoring
Global Growth	<ul style="list-style-type: none"> • Strengthening the role of ‘Pick & Choose’ by further focusing on sustainability-related global opportunities and developing a robust and clear framework for that regard • Minimizing negative societal and business impact by including identification, management, and prevention of sustainability risks systematically in market opportunities and customer advice
Network Services	<ul style="list-style-type: none"> • With new thematic priorities and missions, new programs are likely to be established increasingly around sustainability themes and opportunities • Considering sustainability cross-cuttingly in the program design and ensuring program alignment with strategic sustainability goals
Finland Promotion	<ul style="list-style-type: none"> • Continuing the systematic sustainability work with Visit Finland and Sustainable Travel Finland service by steering tourism destinations’ sustainability performance and orchestrating collaborations; evaluating opportunities for scaling the learnings and practices from STF to other services and Service Areas • Strengthening the role of ‘Pick & Choose’ at IIF by further focusing on sustainability-related investment opportunities and developing a robust and clear framework for that regard • Tapping the synergies between Talent Boost and sustainability, especially considering the aspects of diversity and inclusion
Funding	<ul style="list-style-type: none"> • Targeting funding by picking and choosing at strategic sustainability focus areas • Steering customer’s responsible business practices by applying ESG criteria. To avoid doing harm on environment or people and considering ESG risks associated with projects and applicants is also important for BF’s internal risk management perspective. • BF can also proceed stepwise, and as first tasks 1) Direct the customers’ attention towards sustainability by highlighting the importance of sustainability and BF’s strategic ambition in instrument descriptions, 2) Screen ESG risks associated with applicants and projects and carry out due diligence on high-risks projects, and 3) Include questions on customers’ sustainability goals and practices in funding applications (reflecting the fact that ESG performance is increasingly linked with growth and competitiveness)
Experience & MarCom	<ul style="list-style-type: none"> • Continue making BF’s sustainability agenda visible in communications, including the ambition level and actions to that regard • Making Business Finland’s thought leadership visible through boosting Business Finland leadership voices and experts’ sustainability expertise • Leveraging internal communications to support sustainability integration
Renewal	<ul style="list-style-type: none"> • Introducing sustainability KPI for Renewal • Starting more comprehensive and systematic efforts to work around the development of diversity and inclusion • Creating stronger connection and tapping the synergies between HR and sustainability considering HR’s significant role and potential in implementing sustainability: important role both in terms of embedding sustainability (e.g. skills development) and bearing responsibility for social responsibility themes
Strategy	<ul style="list-style-type: none"> • Updating the KPIs to better steer the operations towards strategic sustainability goals, taking into consideration the transition needs and internal developments • Updating the risk management principles to include sustainability risks
Support	<ul style="list-style-type: none"> • Carrying out comprehensive review of policies from sustainability perspective, considering also the regulatory developments and the requirements of UN Guiding Principles for Business and Human Rights • Developing BF’s sustainability reporting to ensure compliance with new Corporate Sustainability Reporting Directive (CSRD)

TABLE 15. SERVICE AREA SPECIFIC AREAS FOR IMPROVEMENT AND STEPS REQUIRED.



Performance and impact management

Business Finland has succeeded in introducing first generation KPIs for sustainable development. The evaluation has brought about that there are still concerns about the effectiveness of these indicators. To accelerate the required transition, updates in KPIs are required, looking both at their relevance, functioning and the kind of incentives they provide. The KPIs should also better reflect the transition and track the success of the development efforts. At the same time, there are several cross-cutting aspects of sustainability and the customer services are approached holistically, there is also an increasing need to monitor and communicate the sustainability progress at the Business Finland level.

Recommendation 7: Performance monitoring of sustainability aspects should be stepped up both at Service Area level, but equally at the overall organization level.

With regard to the above, the elaboration of second generation sustainability performance targets for Service Areas is already included in the annual planning process, while broader and more systematic performance targets are equally needed at the Business Finland level.



IMPACT MANAGEMENT IS AT THE HEART OF THE MATTER WHEN SUSTAINABILITY NEEDS TO BE MONITORED.

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APPENDICES

Appendix 1. Business Finland programs

List of ongoing Business Finland programs at the time of evaluation, 5/2022. Program information according to Business Finland's website. European programs such as Horizon Europe, Cost, ESA, Eureka, Eurostars, etc. are not included. Services aimed at sustainable business, such as Sustainable Travel Finland, are also not included.

PROGRAM	FUNDING 20-21 (M€)	DESCRIPTION AND OBJECTIVES	SUSTAINABILITY ASPECTS	FOCUS OF ACTIONS	BF'S SDG CATEGORY
Bio and Circular Finland	33,3	Global demand for bio-based and circular economy solutions is growing strongly. Our client companies are looking for solutions to reduce their carbon footprint, material consumption, increase material circulation and reduce the use of plastic. Sustainable business models bring a competitive advantage in the international market, strengthen the company's brand and open up new opportunities for success.	The Bio & Circular Finland program organizes services for Finnish companies that offer internationally competitive innovative bio and circular economy solutions.	The program's activities are focused on exports, activities in target markets and building innovative ecosystems.	Circular Economy
Creative Business Finland	n/a	The Creative Business Finland program promotes export growth by integrating creative skills into all business activities. Creative activity generates innovations, including new ways of working, service concepts, customer understanding, user experience and comprehensive brand understanding. It is cross-cutting competence that creates value in the long term.	No specific mention.	Internationalization services, financial services, AV production incentive.	
Developing Markets Platform	n/a	Developing markets, especially in Africa and Asia, are growing significantly faster than traditional markets. Development banks and the United Nations (UN) invest large sums of money in emerging markets. Finland has technology, know-how and a good reputation: we can participate in developing sustainable and scalable solutions for the needs of developing markets. Developing Markets Platform offers services together with the Ministry for Foreign Affairs, Finnpartnership and other partners.	DMP helps Finnish companies and their partners to enter developing markets and incorporate the UN's sustainable development goals into their business operations.	The program offers information, advice, contacts and innovation funding related to developing markets to Finnish companies and research organizations. Indirectly targets developing markets, especially sub-Saharan Africa, India, Vietnam, Indonesia and Jordan, as well as acquisitions by international development donors.	Sustainable Community

PROGRAM	FUNDING '20-'21 (M€)	DESCRIPTION AND OBJECTIVES	SUSTAINABILITY ASPECTS	FOCUS OF ACTIONS	BF'S SDG CATEGORY
Digital Trust Finland	10,0	Digital trust is a critical part of global economic growth, and business based on it is worth hundreds of billions of euros. At the same time, digital trust acts as a unifying factor and the basis of trust at the level of individuals, companies and society.	The goal of the Digital Trust Finland program is to use Finland's trust capital to accelerate the birth of new innovations and business growth: security and trust in solutions and services from the perspective of both solution suppliers and users.	The program supports the investigation of the opportunities and threats of new technologies, such as quantum computing. In addition, the Digital Trust Finland program promotes the internationalization of Finnish companies and the strategic development of ecosystems.	Digital Transformation
Entertainment Finland	n/a	The goal of the program is to help the Finnish entertainment industry grow into an international success story. The aim, e.g. the doubling of entertainment industry exports by 2025, the creation of internationally known successful brands, the increase in the number of foreign investments, the transition from individual productions towards scalable, international business, the strengthening and renewal of the value network of the Finnish entertainment industry, and the renewal of production and distribution ecosystems by developing technology and business.	No specific mention	Sparring and peer learning, networks and funding. The program is aimed at growth-oriented and capable Finnish companies in the entertainment industry, which aim for significant international turnover, develop innovative content and services for the global market and build their competitive advantage on digital technologies.	
Experience Commerce Finland	3,3	The Experience Commerce Finland program boosts the international growth of direct to consumer (D2C) companies. The goal is to increase companies' ability to meet the expectations of customers in the digital age for an individual and seamless customer experience.	No specific mention	The program does not have its own financial instruments and the program does not make financial decisions. The program's target groups are companies that sell their products and services directly to consumers, brand owners, technology companies that offer products and services to the industry (data, artificial intelligence, machine learning, AR/VR, etc.), companies that offer logistics, payment and network security solutions, and research institutes.	

PROGRAM	FUNDING '20-'21 (M€)	DESCRIPTION AND OBJECTIVES	SUSTAINABILITY ASPECTS	FOCUS OF ACTIONS	BF'S SDG CATEGORY
Food from Finland	24	<p>Team Finland export program in the food industry. The program is implemented in cooperation between Team Finland operators, the Food Industry Association and Finnish food industry companies.</p> <p>The program focuses on developing, growing the Finnish food industry and promoting exports with branded and high value-added products and services.</p> <p>The goal is to double Finnish food exports to 3 billion euros by 2020 and create new jobs in the sector in Finland.</p>	The program's target group is Finnish food and beverage manufacturers, where priority is given to healthy, safe and innovative products.	The program's activities include supporting consumer-oriented food industry ecosystems and food innovations, increasing branding and international business skills, encouraging broad-based cooperation, and concrete and effective export promotion in selected target markets.	Circular Economy
Fighter project HX industrial cooperation	n/a	<p>Finland's procurement of multipurpose fighter jets includes an obligation of industrial cooperation: the winning fighter bidder and its partners cooperate with Finnish operators for 30 percent of the purchase price. The total value of the cooperation is around 2-3 billion euros.</p>	Participation strengthens the know-how and capabilities of the selected project partners and Finland in technologies critical to national security.	Cooperation projects must be related to technologies critical to national security or strategic industrial know-how.	Smart Industry
Growth agreement for creative industries	n/a	<p>The growth agreement is a new type of dialogue and cooperation model between the public sector and business life, which comprehensively takes into account the different dimensions of the sector.</p> <p>The growth agreement is a concrete action plan in which the public sector and representatives of various industries jointly define the industry's future growth and development goals and future business opportunities. The goal of the growth agreement is to support the development, growth and internationalization of companies in the field with practical measures.</p> <p>The domestic audiovisual sector is growing and developing as the business environment changes rapidly. The industry's value chains are undergoing a big change. Due to the growth potential related to the sector, the Ministry of Education and Culture and the Ministry of Economic Affairs and Employment want to consolidate their collaboration and support the growth by making this agreement.</p>	No specific mention	<p>The growth agreement promotes continuous goal-oriented dialogue between the public sector and the business world. The AV industry agreement serves as a framework and signpost for growth agreements in other sectors as well.</p> <p>In the AV industry growth agreement, the public sector and audiovisual industry players jointly define the industry's future growth and development goals and future business opportunities. In addition, the practical actions that the public sector can take to support the growth and development of the sector are agreed upon.</p>	

PROGRAM	FUNDING 2021 (M€)	DESCRIPTION AND OBJECTIVES	SUSTAINABILITY ASPECTS	FOCUS OF ACTIONS	BF'S SDG CATEGORY
New Space Economy		<p>The program renews and accelerates the Finnish space industry into a significant player in the ongoing transformation of space activities.</p> <p>The goal of the New Space Economy program is to obtain measurable results affecting economic growth and employment with networks and new business models.</p> <p>The goal is supported by the European Space Agency's ESA accelerator in Otaniemi, which in the coming years will offer fifty innovative companies looking for growth a good starting point for the international market.</p>	No specific mention	<p>The New Space Economy program is intended for Finns, startup companies that are renewing the growing space industry, companies in the manufacturing industry seeking growth, and companies that utilize data.</p> <p>The program also finances Finnish space research.</p>	Digital Transformation
Personalised Health Finland	12,7	<p>The focus of the program is the utilization of data in the promotion of health and well-being. By combining information from different sources such as genomic information, health care information, biobank information or lifestyle information collected by the individual himself, health maintenance, disease prediction and individualized treatment can be promoted.</p>	<p>The guiding idea is that both individuals and society as a whole benefit from the versatile utilization of health information. The goal is for Finland to become a global pioneer in personalized health by 2025.</p>	<p>The goal of the program is to create new international business and innovations for personalized health platforms and to attract foreign investments to Finland.</p>	Health and Wellbeing
Smart Life Finland	13,4	<p>The aim of the Smart Life Finland program is to promote individual, real-time and intelligent health and well-being services that are available anywhere and anytime.</p>	<p>The background of the program is the changes taking place in the area of health and well-being. The individual's own responsibility and interest in their own health and well-being has grown. Individual and intelligent health and well-being services are needed.</p> <p>The change in the demographic structure also causes an increased need for care globally, as the proportion of working people decreases. It is necessary to develop cost-cutting solutions.</p>	<p>A living environment that promotes health and well-being: Health and well-being technology solutions and services related to, for example, smart homes and living environments, nutrition, efficient use of data, robotics, artificial intelligence or virtual reality</p> <p>Reforming health care: Health and wellness technology solutions and services that make it possible to provide different types of services along the entire care pathway.</p>	Health and Wellbeing

PROGRAM	FUNDING '20-'21 (M€)	DESCRIPTION AND OBJECTIVES	SUSTAINABILITY ASPECTS	FOCUS OF ACTIONS	BF'S SDG CATEGORY
Smart Mobility and Batteries from Finland	20,5	The goal of the Smart Mobility and Batteries from Finland program is to help Finnish companies take advantage of the business opportunities of transport, logistics and mobility services and to create a significant battery industry in Finland that is connected to the European battery value chain.	Climate change and the pursuit of low-emission solutions have created a global demand for smart mobility, logistics, and sustainable battery technology solutions and services.	In the Smart Mobility and Batteries from Finland program, networks are formed to join the European and through it the global network. At the same time, foreign investments in the field are attracted to Finland. The goal is to increase the knowledge base and international competitiveness in the entire value chain.	Clean Energy
Sustainable Manufacturing Finland	16,6	Manufacturing industry accounts for about half of Finland's exports and almost 30 percent of the gross domestic product. The Sustainable Manufacturing Finland program focuses on renewing the business models of this important sector for our economy and increasing productivity while actively trying to find solutions to the challenges of climate change.	<ol style="list-style-type: none"> 1. Promotion of innovations nationally and internationally 2. Survey of new markets 3. Attracting foreign experts 4. Business opportunities 5. Material review 	<p>The program is targeted at manufacturing industry ecosystems.</p> <p>The program helps companies overcome obstacles to growth and face the challenges of the industry in cooperation. These new solutions will be developed into important export products for Finland.</p>	Smart Industry
Talent Boost -services	n/a	<p>Talent Boost is a service package aimed at companies operating in Finland. The employees companies need can be found in Finland, for example, international students who have graduated here, or experts can also be recruited from abroad.</p> <p>More than 3,000 foreign students graduate from Finnish universities every year. They have valuable international insight, experience and networks for companies operating in Finland.</p>	The program helps companies find international talent and offers services to develop the company's international culture and diversity.	The program organizes networking events, recruitment campaigns and funding for the recruitment of international experts. Recruitment campaigns and events are also implemented in cooperation with cities and the EURES network.	Smart and Sustainable Communities
Wood from Finland	n/a	Wood from Finland helps Finnish companies in the wood industry to build new networks and cooperation models in the global wood market.	No specific mention	Wood from Finland is intended for Finnish companies in the wood industry that are looking for new markets and innovations. The campaign helps Finnish companies respond to the growing demand for future wood-based solutions. The main target markets are China and India.	

APPENDIX 2. Description of international benchmarks

BUSINESS SWEDEN

Business Sweden is the Swedish trade and invest council with the mission to accelerate sustainable business across the globe. Business Sweden is a hybrid organization, jointly owned by the Swedish government and the business sector. Thus, it is both a governmental agency organizing official, government funded trade and investment promotion activities, as well as a profit-driven consultancy offering services to paying clients. Every year, the government provides guidelines on Business Sweden's operation's that fall under the governmental assignment. These have a strong focus on sustainability, including guidance on international principles and standards to follow.

Business Sweden's mission is to help Swedish companies to increase global sales, and support international companies to invest and expand in Sweden. They have local presence in over 40 markets, and the majority of their 500+ employees are located outside of Sweden. They support everything from start-ups to large, well-established companies. "We do business responsibly" and

"We impact the future of people and planet" are two of their three values.

Main Findings

- Has worked systematically with sustainability for several years, and they emphasize a strategic approach towards sustainability.
- Strong sustainability mandate and expectations from the Swedish government.
- Innovation, digitalization, and sustainability are seen as key strategic driving forces.
- Has set targets for sustainability and works actively to promote and operationalize sustainability internally by, for example, developing multiple concrete guidelines and tools for personnel.
- Sees sustainability broadly (both environmental and social sustainability) and both through creating impact and promoting responsible businesses.
- Strong commitment from management towards sustainability and there is a focus on sustainability in company vision and mission.

- Sustainability strategy has been operationalized and focus areas have been defined. It includes both thematic focus areas (human rights, anti-corruption, etc.), as well as business areas (accelerate export of Swedish sustainable solutions, etc.) The strategy also includes prevention and management of sustainability-related risks.
- Clearly defined responsibilities with regards to sustainability, from board of directors to operational level.

Strategy

Business Sweden has a well-structured and comprehensive sustainability strategy. It is separate from the business strategy, however, the CEO states that 'sustainability is no longer something that must be considered in a business strategy. Sustainability is the strategy itself.'³⁹

³⁹ Business Sweden. Sustainability report 2021.

The sustainability strategy consists of four key pillars:

Accelerate export of Swedish sustainable solutions:

Business Sweden shall help Swedish companies with sustainable solutions and disruptive technologies to increase their global sales in order to generate growth in Sweden, and contribute to other countries' green transitions.

Increase the share of sustainable investments in Sweden:

Business Sweden shall work systematically to increase the proportion of sustainable investments and attract the skills Sweden needs to accelerate the country's green transition, create more jobs and promote sustainable growth.

Promote sustainable business:

Business Sweden shall actively assist companies to minimize negative impacts by identifying, preventing and managing sustainability-related risks linked to, among other things, corruption, human rights, working conditions, and the environment/climate in connection with company establishment and/or expansion in export markets.

Position Sweden and Swedish enterprise: Business Sweden shall, together with Team Sweden, strategically position Sweden and Swedish business as key actors for a green transition, sustainable development and responsible business practices in order to increase awareness, create collaboration and drive incentives and demand for sustainable solutions.

In addition, Business Sweden shall actively work to ensure the following focus areas for sustainability are in place in its internal sustainability work:

Safe and secure working conditions. Ensure a healthy, safe, and secure workplace with fair working conditions.

Gender equality and diversity. Inclusion, gender equality and diversity in our own organization.

Climate and environment. Reduce Business Sweden's direct and indirect carbon dioxide emissions in accordance with the GHG protocol and Global Carbon Law.

Collaboration. Enable collaboration among actors across industries and national borders to promote innovation, green transition, and sustainable development.

Sustainability-related services. Develop Business Sweden's service offering with integrated sustainability aspects and to better support companies to conduct sustainable business.

Responsible and ethical conduct. Ensure that all employees act in accordance with Business Sweden's Code of Conduct, business ethics standards, guidelines, and legislation.

Clear and transparent leadership. Inform, involve, and promote participation in the development of the operations throughout the organization.

Skills support. Further develop employees to meet customers' challenges and needs in order to generate both business value and sustainability benefits.

Business Sweden views themselves as a catalyst for sustainable growth, the green transition and responsible business in Sweden and globally. Their sustainability strategy is clearly defined and elaborated on, and it includes both thematic focus areas as well as business areas. The long-term aim of Business Sweden's sustainability work is to contribute to the global sustainability goals in the 2030 Agenda, the implementation of the Paris Agreement and to Sweden's green transition to net-zero emissions by 2045.

In accordance with government's guidelines for Business Sweden for 2022, the organization must be based on accepted international norms and principles, such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the UN Global Compact, the 2030 Agenda for Sustainable Development, and feminist trade policy. Business Sweden only collaborates with actors adhering to these principles.

One important focus area is to promote responsible business amongst Business Sweden's clients, including assisting them in minimizing negative business and societal impacts by identifying, preventing and managing sustainability-related risks (such as within human rights, environment).

Business Sweden also works internally with, and has set targets to, the following topics:

- Impacts on own staff: Health, safe and secure working conditions
- Inclusion and diversity
- Own climate and environmental impact (target: halving own Co2 footprint by 2030, net zero by 2045)
- Human rights
- Ethics (zero tolerance for corruption and bribery)
- Promotion of socially sustainable businesses.

Leadership, organization and resources

Business Sweden has recently established a new way of working and added dedicated resources around the world to further global sustainability ambitions.

The organization has appointed a Head of sustainability (not included in the management team) and a global sustainability team of 12 employees working with developing new tools, processes and working methods to strengthen the organization's knowledge and capacity in sustainability. They also support their own staff and companies in identifying, preventing, and managing sustainability-related risks in consulting projects, for example, in market analyses, partner searches and

company establishments in the export markets. The role and mandate of the Head of Sustainability has changed over the years, especially in terms of the balance between the focus on a) the internal sustainability of Business Sweden, b) sustainability in promotional activities, and c) the more external sustainability in Business Sweden's services to paying clients. There is also a global sustainability network consisting of 80 employees. The total number of employees is 550.

Service integration

Business Sweden integrates sustainability across their organization and services in various ways. Below are a few examples of recent initiatives and activities through which Business Sweden has aimed to contribute to its strategic sustainability goals.

- Developed a tool for SME's "Steps to Export", in which sustainable business was integrated, especially stakeholder mapping and identification and management of sustainability related risks and opportunities.
- Developed an online guide on sustainable business.
- Developed a toolkit for Swedish missions abroad to promote Sweden through a legacy of spearheading sustainable business.

- Started the initiative Innovation Connector in collaboration with Vinnova and executed several strategic initiatives, including Healthcare Innovation Centre and Sweden US Green Transition Initiative.
- Assembled a steering group of experts and representatives from leading Swedish companies within the framework of Business Sweden's climate initiative Pioneer the Fossil Free to strengthen Sweden's position and long-term competitiveness.
- Launched an anti-corruption network for Swedish companies within international value chains to exchange knowledge and experiences about corruption risks.

Capacities and capacity building

Business Sweden allocates resources on building knowledge and capacity across the organization and across a large span of sustainability topics. They work in partnerships with relevant agencies, external experts, and other organizations to ensure competence, capacity and impact. One example of Business Sweden capacity building efforts is the Sustainability Academy, a tailored sustainability education module with the aim of strengthening employees' knowledge. They also have a mandatory and interactive e-learning on the Code of conduct for all employees.

Business Sweden has invested in efforts to support Swedish companies in identifying and managing human rights risks. Below are a few examples of activities:

- Implemented an interactive training series together with the Ministry for Foreign Affairs, the Raoul Wallenberg Institute and the Swedish International Development Cooperation Agency to increase capacity within Team Sweden and foreign authorities, especially in complex high-risk markets. The training was led by human rights experts and included locally adapted dilemma training and exercises concerning due diligence in supply chains as well as knowledge of the EU's forthcoming legal requirements for human rights due diligence.
- Developed risk description, measures to minimize risk and targets to support the prevention of human rights violations.
- Actively work to strengthen awareness and knowledge of responsible business practices among Swedish companies and partners by identifying and managing risks within the framework of consulting projects.
- Setting requirements on cooperating companies to comply with the UN's Guiding Principles on Business and Human Rights as well as the OECD's Guidelines for Multinational Enterprises.

- Implemented several skills- and capacity-enhancing initiatives to support employees in identifying and preventing human rights risks.
- Annual training of the Code of Conduct with special focus on human rights.

Tools

Business Sweden actively works with developing internal guidelines, templates, frameworks, and definitions on sustainability topics. Some examples include:

- An open Guide to sustainable business. The objective is to provide inspiration and guidance on sustainable business for both small and medium-sized companies that intend to export goods or services and which have international value chains.
- Internal guidelines and templates for guidance on sustainability aspects within the external service offering, including market analyses and partner searches.
- To facilitate the work of identifying green business opportunities, Business Sweden has developed internal frameworks and definitions inspired by the EU Taxonomy for sustainable activities and mapped climate targets, action plans and Nationally Determined Contributions (NDCs) in line with the Paris Agreement.

VISIT SWEDEN

Visit Sweden is a marketing company with the official national assignment from the Swedish government to market Sweden as a tourist country and contribute to the vision that “Sweden by 2030 is the world's most sustainable and attractive travel destination based on innovation”. Visit Sweden is a state-owned limited company with about 60 employees both in Sweden and abroad. The company has a clear and refined role to promote the country of Sweden as a tourist destination, to create long-term economic growth for Sweden and for the Swedish hospitality industry. They promote Sweden both directly to consumers, as well as via the Swedish hospitality industry.

Main findings

- Ambition to apply a strategic approach towards sustainability.
- Has had challenges in delivering sustainability due to lack of resources and capabilities.
- Head of Sustainability appointed and started in 2022 – accelerated efforts to drive sustainability. Has started to invest in internal capacity building with renewed focus on aspects where they have most impact.

- Have recently merged their sustainability and business strategy.
- Focus on sustainability in vision; to market Sweden as the world’s best destination for sustainable travels.
- Strong sustainability vision and clear sustainability requirements from the government.
- Management expressed strong commitment towards sustainability.

Strategy

Visit Sweden has up until now had a sustainability strategy separate from their business strategy. This year, they are working on merging the two strategies into one. The ambition is to focus on the aspects of sustainability where Visit Sweden has the most impact. They are also currently working on setting more concrete targets for their sustainability areas. Visit Sweden has a long tradition of sustainability reporting, but they are shifting focus from reporting to integrating sustainability in their services to a greater extent. Visit Sweden has a strong sustainability mandate and requirements from the Swedish Government, including a new governmental strategy from 2021, where sustainability is one of four areas of focus.

The sustainability strategy rest on three pillars (Inspired by UNWTO:s rapport Making Tourism More Sustainable & Agenda 2030):

- Being a sustainable business
- Sustainable marketing services
- Sustainable relations

In addition, Visit Sweden has identified and chosen five **SDG targets to focus on:**

- **8.9** By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products.
- **11.4** Strengthen efforts to protect and safeguard the world’s cultural and natural heritage.
- **12.b** Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.
- **13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and global warming.

- **17.7** Promote the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favorable terms, including on concessional and preferential terms, as mutually agreed.

Leadership, organization and resources

Visit Sweden has about 60 employees and has recently appointed a Head of Sustainability, who is also part of the management team, with the ambition ramping up their sustainability efforts. Visit Sweden has had some challenges in ensuring resources and capacity for sustainability but during 2021, they undertook some structural changes to streamline the organization and improve the internal risk management processes. Head of Sustainability was appointed and started in 2022 which has accelerated efforts to drive sustainability. Visit Sweden has started to invest in internal capacity building with renewed focus on aspects where they have most impact.

The organization has a strong sustainability mandate from the government and their CEO is very committed to sustainability, stating in the sustainability report of 2021 that “Travelling is about creating lasting value. For individuals, society, and the planet”.

Service integration

Visit Sweden runs marketing campaigns to ensure that the destination of Sweden is visible and presented to target groups considering Sweden as a destination for sustainable travel. Visit Sweden provides knowledge on target groups, markets and marketing for the Swedish hospitality industry to use in improving their businesses and marketing to consumers. This includes training, webinars, seminars, e-learning, statistics, reports, data etc. Visit Sweden also offers marketing activities, both for business to business and business to consumers, for example, travel fairs, match making, road shows and visibility in various online areas where there is otherwise limited access. For many of these services’ sustainability has been integrated in already.

Visit Sweden has also created a platform for CEO’s within the hospitality industry to discuss and share experiences including sustainability topics.

Capacities and capacity building

Much of Visit Sweden’s core business is about producing and disseminating information and knowledge to and about the hospitality industry, as described above. Visit Sweden have an open access digital platform, or ‘knowledge bank’, with a strong focus on sustainability.

Visit Sweden has a long tradition and focus on sustainability and sustainability reporting. In 2021, Visit Sweden held a digital training for all employees on sustainability with a focus on the SDGs.

Since the Head of Sustainability was appointed and started in 2022, there has been accelerated efforts to drive sustainability. Visit Sweden has started to invest in internal capacity building with renewed focus on aspects where they have most impact.

Tools

Visit Sweden collects their policies in a digital handbook available to all employees. It includes code of conduct, policies related to work environment, gender equality, discrimination, performance management, health benefits, as well as information about employment, leave, insurance, working times and sickness.

The work environment policy also includes guidelines, which is a joint effort of management, staff, union and work environment representatives. Ambitions connected to diversity and equal treatment is specified in the policy for equality and diversity, action plan against harassment

and abusive discrimination, and plan for equal rights and opportunities. Visit Sweden has a Code of Conduct, including checklist for how to manage incidents. There is also a whistleblowing service available.

INNOVATION FUND DENMARK

Innovation Fund Denmark (IFD) is the Danish state's investment fund with the aim of accelerating research and innovation to solutions that strengthen the competitiveness and sustainability of the Danish society. IFD provides entrepreneurs, researchers, and businesses with risk capital to develop innovative and viable solutions to society's challenges. The IFD invests in projects with high risk – and high potential. According to the Danish Innovation Fund Act, the fund must invest in strategic and challenge-driven research, development of technology and innovation in order to contribute to the share of innovative companies, including small and medium-sized companies.

Main findings

- Sustainability integrated with business strategy.
- Strong focus on research methodology, transparency and developing methods for impact investment and follow-up.

- Well-developed support and guidance on application processes and criteria.
- Some sustainability in organization vision; to realize the potential of the overall Danish innovation system.
- Sustainability built into the entire granting process, from application criteria's, to objectives, and transparent selection- and evaluation processes.
- Strong mandate and requirements from the government.

Strategy

Based on desktop research IFD does not appear to have a separate sustainability strategy, but their strategy is heavily focused at accelerating research and innovation to solutions that strengthen the competitiveness and sustainability of the Danish society. To guide the strategy, the IFD has outlined strategic principles, action areas, and objectives.

Strategic principles:

- Customer Orientation
- Professionalism
- Partnerships

Action areas:

- Create a meaningful organization
- Promote internationalization
- Gather the innovation system
- Develop the talent base

Objectives

Innovation Fund Denmark's investments stimulate:

- Growth and employment
- Solutions to key societal challenges

The objectives are achieved by means of:

- Innovation and technological advances
- Interdisciplinary alliances
- Thriving entrepreneurship
- Research excellence
- A dynamic international outlook.

Leadership, organization, and resources

The Innovation Fund is established as an independent body within the state administration and is regulated by the 'Act on the IFD'. The foundation's board of directors makes all decisions about the foundation's activities,

including decisions about the fund's investments. IFD have 70-80 employees spread out in offices in Copenhagen, Aarhus, Odense and Aalborg. The management includes the heads of the three largest investment programs. No specific roles related to sustainability can be found from the desk research.

Service integration

Sustainability is built into the entire granting process, from application criteria's, to objectives, and transparent selection and evaluation processes.

IFD has investment programs directly aimed at solving sustainability challenges. One example is the program Innomissions that aims to contribute to the green transition by capturing and storing of use of CO₂, green fuels for transport and industry, climate- and environment-friendly agriculture and food production, as well as circular economy with a focus on plastics and textiles. Another program is Grand Solutions that invest in concrete solutions to politically prioritized societal challenges. Each program has clearly defined sustainability goals and clear expectations on what should be delivered in order to be selected for investment, specific for each program.

There are also overall decision criteria that apply to all IFD's programs, so that the Fund's purpose, value creation and investment basis are transparent to applicants and everyone else. The overall decision criteria are specified in the individual programs depending on the specific purpose of the programs, so that each program lives up to its purpose and contributes specifically to the Fund's overall value creation (e.g. increased entrepreneurship, commercialization of research, mission-driven partnerships).

Impact is one of three evaluation criteria (along with quality of the idea and quality of execution). There is thorough guidance on how impact is assessed, some of them being:

- a) That it is clear which unmet need/societal problem the project addresses in a national and international perspective.
- b) That it is plausible that the project generates societal and/or economic impact for Denmark through economic growth and/or by solving societal challenges.

c) That the project's progress towards implementation, after the IFD investment period has ended, has been adequately explained.

All projects that IFD invest in have requirements of societal engagement, transparency, education, and ethics. IFD's results do not necessarily need to be seen in share prices or end of year financial results, but are also evaluated on social welfare improvements, increased societal wealth, jobs, reduction of CO₂ emissions, cleaner environment, etc.

Requirements for responsible research and innovation

IFD has designed its investment types and evaluation criteria to encourage projects to focus on 'societal commitment' and 'research training'. To that end, all projects are specifically encouraged to:

- Involve all relevant stakeholders and institutions in the research and innovation process
- Cultivate a keen focus on future users
- Engage in formal and informal cross-institutional research training

By involving all relevant stakeholders in the research and innovation process, projects may potentially create more sustainable and long-term results. And by making formal and informal research training an integral part of the projects, they will not only generate research and innovation results, but also train the next generation of researchers.

Capacities and capacity building

IFD has a strong research approach and large focus on trying to measure the impact of their investments. In 2018, a comprehensive evaluation was done to see whether IFD lived up to their goals and to what extent their investments contributed to their aim in solving societal challenges. There has also been evaluations of certain programs and an impact survey to build knowledge and guide the way forward.

Tools

IFD provides various tools and resources to support applicants throughout the application process, including program specific guidelines, FAQs, general conditions, and well documented evaluation criteria.

IFD have a whistle blower scheme in place. It provides

employees and others with connection with IFD the possibility to report suspicion of illegal, unethical, or irresponsible behavior that conflicts with the Funds regulations or values. All reports are fully anonymous and are directed to IFD's legal representation.

IFD also adopted Rules for Conflict of Interest in 2021, to ensure objective administration, and use The Danish Code of Conduct for Research Integrity.

BPI FRANCE

BPI France, or Banque publique d'investissement, is the French Public Investment Bank. They mainly support micro-businesses, SMEs and mid-caps but also accompany large caps considered to be important to France in terms of national economy, the territories or employment. BPI France offers a continuum of solutions adapted to key steps in a business' growth such as: business creation, loans, direct investment, guarantees, equity investment, and export credit. Their mission is to favor the growth of the French economy by helping entrepreneurs thrive, and their vision is to serve the future, by being entrepreneur-centric and heavily decentralized. BPI France has about 50 offices around France and its territories.

Main findings

- Sustainability is an important strategic focus area, covering all ESG aspects. Strong mandate and focus from the government.
- Focus on sustainability in both strategy, services, and programs.
- ESG aspects integrated in investment processes.
- Offer support to small and medium sized companies in the implementation of CSR approaches and action plans, for instance 'CSR Impact' or defining a CSR strategy.
- Offer transition support for companies to become more sustainable.
- Positioned as the French Climate Bank. Together with the government, they offer preferential export guarantee conditions for climate sustainable projects.
- Separate climate strategy since 2020 that targets green transition projects.

Strategy

BPI France's mission is to favor the growth of the French economy by helping entrepreneurs thrive. Their strategy is guided by good environmental, social and governance (ESG) practices.

They have set up **three goals:**

- Accompany businesses in their growth
- Prepare tomorrow's competitiveness
- Develop an ecosystem that favors entrepreneurship

BPI France's business strategy until 2024

- The new stage of transformation of French industry
- The climate transition and the transformation of businesses
- The change in scale of innovation financing
- Recovery of international market shares
- Inclusion of all actors in the economy
- Strengthening partnerships with the Regions, Europe and long-term investors
- Support for strategic sectors, such as tourism, health, culture, cybersecurity and defence.

BPI France's climate strategy 2020–2024

BPI France explicitly states on their website that they are mainly involved in the environmental dimension of sustainability. In addition to their business plan, BPI France has had a separate climate strategy in place since 2020. The strategy, or "Climate Plan", targets green

transition projects of companies and public actors, and includes almost 40 MEUR.

It is based on three pillars:

- Accelerate the ecological and energy transition of companies and territories with support and financing solutions.
- Double funding dedicated to renewable energy and the growth of international champions.
- Financing innovation in "greentechs" and sustainable and resilient networks to find technological solutions.

Leadership, organization, and resources

BPI France has a sustainability team of four people, headed by a Director for Sustainable Development and CSR (not part of the management team), and who is very committed towards sustainability. The team acts as a hub and supports the internal capacity building and sustainability integration, as well as the companies that BPI France is working with.

The CEO of the organization says that "For BPI France, it's our existence at stake. We must go door to door, so

to speak, to move people to act and deploy action plans, for all our customers, that is the mission of the Climate Plan. We will devote our energy, year after year, to this great transformation. BPI France will be the bank acting for climate like no other."

Service integration

ESG aspects are integrated in BPI France's investment processes. They offer support in developing sustainability practices, CSR strategy and implementation to SME's.

BPI France has positioned themselves as the French Climate Bank. Together with the French government, they offer preferential export guarantee conditions for climate sustainable projects as part of their Climate Plan. They offer a green bond, entirely dedicated to financing or refinancing wind and solar projects in France. BPI France provides support to companies in their green transition, while also helping regional governmental bodies involved in GreenTech and renewable energy sectors.

When it comes to BPI France Assurance Export, environmental and social aspects are part of the

guarantee criteria for all credit-insurance projects over 10 MEUR or located in a sensitive area, or investment insurance projects. BPI France Assurance Export realizes its environmental and social responsibilities in accordance with OECD Recommendation on Common Approaches, to officially support export credits and perform environmental and social due diligence. It aims to ensure that projects comply with the local regulations and the relevant international standards, mainly those developed by the World Bank and the International Finance Corporation.

Since January 1st, 2021, a climate bonus is available for all credit insurance applications (in appraisal or in guarantee promises) respecting the eligibility criteria.

Capacities and capacity building

BPI France offers companies support in their implementation of CSR approaches and action plans. They do this in semi-collective format operated by external consultancy companies, and 30% of the cost can be

covered by BPI France. Themes include 'CSR Impact' or defining a CSR strategy.

In 2021, France together with nine other countries (Belgium, Denmark, Finland, Germany, Italy, Netherlands, Spain, Sweden, UK) launched the international coalition "Export Finance For Future" which aims to align export finance with climate change objectives.

Tools

To support companies in their CSR work, BPI France has developed five guides on:

- Strategic issues
- Operational issues
- Employee issues
- Customer issues
- Supplier and competitor issues

BPI also has an Ethical Charter to combat bribery that is applicable to BPI Assurance Export.

⁴⁰ BPI France website.

APPENDIX 3. Workshop discussion on Business Finland's Roles

Strengths and weaknesses of suggested roles in Business Finland core tasks. Summary of workshop discussions 15.6.2022.

Innovation funding

STRENGTHS	WEAKNESSES
<p>Orchestrate</p> <ul style="list-style-type: none"> • Possibility to create national level impact through alignment with e.g. SYKE, VTT etc. • Possibility to create new innovations that wouldn't otherwise happen • Better ability to scale internationally • Well aligned already on the whole program level 	<p>Orchestrate</p> <ul style="list-style-type: none"> • Funding in this role would be quite hard (due to several stakeholders' involvement) • Taking this role would require big change from Business Finland due to current stakeholder expectations and steering from TEM • This role is easily complex and slow whereas internationalization takes place fast • This role requires resources the most
<p>Pick and choose</p> <ul style="list-style-type: none"> • This role integrates well with missions and other approaches in funding • Includes elements from the "orchestrate" role since there would still be dialogue with other stakeholders while Business Finland would choose the funding targets • This role is aligned with current program/missions and effective in directing funding • This role most likely has the best accuracy • This would fit Finland quite well (as we most likely need to pick and choose anyway as a small country) 	<p>Pick and choose</p> <ul style="list-style-type: none"> • At the same time there is lot of funding with no focus • Business Finland's public sector role makes this role somewhat troublesome or challenging • Alignment with clients priorities might be hard • Good innovations/impactful areas may be left without funding
<p>Steer</p> <ul style="list-style-type: none"> • This role works well for innovation funding and should be its baseline • All clients are served in this role • Sustainability would be implemented quite easily throughout the organisation in this role 	<p>Steer</p> <ul style="list-style-type: none"> • Lack of expertise to actually challenge companies • This role is more about keeping everyone (also the weakest) on board but not about pushing the envelope • This role increases the stiffness of operations

Export promotion

STRENGTHS	WEAKNESSES
<p>Orchestrate</p> <ul style="list-style-type: none"> • contacts and channels exist around the world • funding would be used to develop the network • wide presence around the world • central role in TF- network 	<p>Orchestrate</p> <ul style="list-style-type: none"> • lack/gap in skills and need for training • resource intensity • in this task the orchestrator can be found from the field, there's no know-how to develop the offering • the link of this role to Business Finland's basic task is more challenging in Export promotion
<p>Pick and choose</p> <ul style="list-style-type: none"> • the role itself and support of the global network • this role fits well into export promotion and enables different emphasis in different markets • this role fits well with the missions and would bring clarity in to them 	<p>Pick and choose</p> <ul style="list-style-type: none"> • know-how and need for training • wrong choices (themes and markets) • communication about the choices in the domestic market (also the political debate)
<p>Steer</p> <ul style="list-style-type: none"> • strong mandate exists for this role (also related to regulation) • criteria for decisions exist • it is possible to implement this role in the funding criteria 	<p>Steer</p> <ul style="list-style-type: none"> • know-how and need for training (also lack of it regarding the criteria and regulation)

Invest in Finland

STRENGTHS	WEAKNESSES
<p>Orchestrate</p> <ul style="list-style-type: none"> • supports the mission based operational model • this role supports multiplayer partnerships • this role could support country branding 	<p>Orchestrate</p> <ul style="list-style-type: none"> • in this role the steering comes from the companies - a model Business Finland is not used to • there's already an orchestrator (SITRA) in Finland • this role would require a lot of investments
<p>Pick and choose</p> <ul style="list-style-type: none"> • Invest in Finland has been good in this already quite a long time • 5 focus areas for investments exist • selection of customers - opportunity scoring: a model in which investment programs are evaluated based on scoring that includes sustainability • customers are already picked and chose, and this could be done based on sustainability potential • with low resources focus is always good • this role supports long term brand building • this role enables screening of investments coming to Finland (e.g. for security reasons) 	<p>Pick and choose</p> <ul style="list-style-type: none"> • a possibility that wrong focus areas are chosen • need to make sure focus areas are re-evaluated regularly
<p>Steer</p> <ul style="list-style-type: none"> • after care customers benefit from this role 	<p>Steer</p> <ul style="list-style-type: none"> • this role may limit demand too early

Visit Finland

STRENGTHS	WEAKNESSES
<p>Orchestrate</p> <ul style="list-style-type: none"> in this role it is possible to direct the development towards the right direction 	<p>Orchestrate</p> <ul style="list-style-type: none"> Visit Finland has a lead in this role, other parts of Business Finland follow => this may cause VF's policies and principles to not be aligned with the whole Business Finland later
<p>Pick and choose</p> <ul style="list-style-type: none"> this role develops certain areas (e.g. RRF, low carbon, and carbon footprint calculations) market choices and seasonal thinking are enabled in this role 	<p>Pick and choose</p> <ul style="list-style-type: none"> no restrictions made on market choices Business Finland is 100% owned by the state so the political steering has an impact - it is challenging to shut something out
<p>Steer</p> <ul style="list-style-type: none"> There needs to be clear criteria in travelling - Sustainable Travel Finland offers those Development work now done with RRF-funding until end of 2024 DNSH-criteria exists 	<p>Steer</p> <ul style="list-style-type: none"> Lack of permanent funding and resourcing has an impact on sustainability work at Business Finland

BUSINESS FINLAND

Business Finland is an accelerator of global growth. We create new growth by helping businesses go global and by supporting and funding innovations. Our top experts and the latest research data enable companies to seize market opportunities and turn them into success stories.

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