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**IMPACT OF SUSTAINABLE DEVELOPMENT GOALS
IMPLEMENTATION ON NON-FINANCIAL PERFORMANCE**

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I hereby declare that I have compiled the thesis independently and all works, important standpoints and data by other authors have been properly referenced and the same paper has not been previously presented for grading.

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ABSTRACT

Addressing sustainable and responsible business has increased significantly during the last decades. These efforts are delivered to stakeholders in the form of non-financial reports. The United Nations provided the Sustainable Development Goals (SDG) to address the increased demand for reporting aspects. Nevertheless, there remains a debate on whether the SDGs have had an impact in companies' non-financial performance. Diverse views are stating the actual impact and additional efforts to aim more sustainable business, but also whether non-financial reports have the same information than before but better presented. The purpose of the research is to explore the impact of the SDG implementation on Finnair's non-financial performance. The research aims to reveal the development of non-financial reports and the difference between reported information before and after the SDG implementation. A comprehensive data over a thirteen-year period is used. The data includes one company and covers ten non-financial reports from the years 2006-2019. The impact is analyzed with qualitative research methods. The results demonstrate that the SDG implementation has a positive association with inclusive, comparable, and valuable information about the company's sustainable and responsible acts.

Keywords: sustainability, responsibility, non-financial reporting, Sustainable Development Goals, SDG

INTRODUCTION

Sustainability and responsible acts towards better business practices have raised the interest exponentially during the last decades. Addressing issues within the field, and reporting about it have raised questions. United Nations answered these queries by introducing non-financial reporting guidelines to follow. Non-financial reporting is considerably flexible, and companies shall include the information they recognize the most useful. Since there were neither clear guidelines nor goals, the United Nations provided a universal set of goals that address urgent economic, environmental, and political issues worldwide. The Sustainable Development Goals (SDG) is a framework for realizing and solving the issues.

The attitudes towards non-financial reporting have shifted significantly especially after introducing the SDGs and involving the United Nations to the challenges. The impact of SDGs has been studied from a specific point of view but is lacking research on how companies' sustainable practices have changed compared before implementation and after it. Now, when a couple of years has passed after the first implementations, results can be seen. The research aims to reveal the development of non-financial reports and the difference between reported information before and after the SDG implementation. The impact of the SDGs is explored by comparing non-financial reports from the time before the SDG implementation to the time after it. The impact is analyzed based on structure, presenting the SDGs in non-financial reports, and the information scope.

A method for data analysis is qualitative. The data is gathered from Finnair Oyj's non-financial reports during the years 2006-2019. The time frame for the research is 13 years. Past reports and current aspects are covered within the time frame, but also future targets are included. In addition to non-financial reports, articles and statements from other sources are used. Airlines are especially controversial when it comes to sustainability. An extra effort is needed to obtain the image of a sustainable company, and non-financial reporting is an efficient way to make this happen.

The body of the research has three chapters in total. The first chapter, key concepts, introduces the main terms used throughout the research. The focus is to make the terminology understandable and clear for further readings. The second chapter familiarizes the used methodology. The chapter also describes facts based on the source data. The final and third chapter analyzes the findings based on data and previous chapters.

1. KEY CONCEPTS OF SUSTAINABILITY

1.1. Corporate sustainability and responsibility

Terminology addressing sustainability and responsibility varies from company to company – not only in academic journals but also in researches terminology. KPMG executed research about reporting practices and found out the following term usage; “sustainability” (43 percent), “corporate social responsibility” (25 percent) and “corporate responsibility” (14 percent). (KPMG International, 2013) This stated sustainability and responsibility can be used in various ways according to a context.

Sustainable development is closely associated with corporate responsibility. Various definitions have declared during the years to change and specify the concept. Nevertheless, the original ideology has stayed in place. The earliest definition was stated by the World Commission on Environment and Development as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. However, this was in 1987, and understanding the aspects affecting sustainability has evolved significantly after that. (Barbier & Burgess, 2019)

Nowadays corporate sustainability and responsibility are considered to be multidimensional and complex business aspect. It is recognized to contain three main characters. Involvement of scale magnitudes (time, space and function), multiple dynamics (social and economic players) and correlations, assure all critical aspects to be considered. (Kemp & Martens, 2007) Interrelations of the three characters have argued, and therefore environmental, social and economic analyses are often separated. The combination of several wide factors of a business significantly complicates addressing issues, setting targets and monitoring the progress. (Diaz-Sarachaga, Jato-Espino, & Castro-Fresno, 2018)

The reputation of corporate responsibility has improved rapidly during the last decades. In early 2000, The Economist published articles that criticize severely managers making efforts towards responsible acts. The common ideology was that managers aiming for responsibility did not pay attention to governance and ignored shareholders’ interests. However, a couple of years later the approach is completely different. Most of the companies’ managers feel the corporate responsibility and sustainability is one of the highest priority to aim for. Managers now see it as an asset, and worth the money invested. (Blowfield & Murray, 2014) Increased interest in sustainability may be a crucial part of making a difference in environmental and social difficulties.

According to the Organisation for Economic Co-operation and Development, economic power has moved increasingly to the private sector and corporations. The environment in which a company operates affects its business. As a result, the role of improving and solving sustainability and responsibility challenges are more often in companies' hands. (Tsoutsoura, 2004)

Organizations are also interested in the private sector's sustainability efforts, and willing to make the most out of these practices. Corporate sustainability and responsibility in Europe are researched and communicated by CSR Europe. It is the leading business network on the field, with more than 10 000 enterprises included. (CSR Europe, 2020) Finland's leading promoter of sustainable business, FIBS, was established in 2000. Most of the companies practicing or aiming for more sustainable practices in Finland are a member of FIBS. They act as a channel to exchange and communicate sustainability information for its members. (FIBS, 2018)

The motivation towards implementing corporate responsibility practices has gained interest during the last decades. In Europe, CRS Europe inspires and communicates to take part in sustainable and responsible acts. Similarly in Finland, there is FIBS, which involves most of the responsible-orientated businesses. Nowadays corporate sustainability and responsibility are recognized as multidimensional and complex business aspects, with not only one solution. While companies have bigger economic power than ever, sustainable and responsible efforts play a significant part in handling environmental and social issues.

1.2. Non-financial reporting

Challenges such as corporate responsibility, environmental and social matters are hardly ever addressed in financial reporting but are weighted heavily when evaluating a company's overall performance and impact. Therefore, financial statements are not enough anymore for business evaluating purposes. The key components of a company's value chain are not solely based on financial competencies, but are more likely to be addressed as non-financial aspects. Regulation for disclosing non-financial elements of business came topical in the 21st century. Multidimensional and complex nature of corporate sustainability and responsibility has its tricks when it comes to reporting and legislation. (Vukić, Vuković, & Calace, 2017)

Stakeholders needed a sufficiently comparable, easy to access, and transparent information about companies' efforts that are not directly seen on a bottom line. To add stakeholders' understanding with long term aspects of business, a legislative outline for non-financial information disclosure

was initialized. The Commission of the European Parliament introduced the Directive 2014/95/EU, “the EU non-financial reporting directive”, in 2014. The main focus of the directive is to help to evaluate large companies’ non-financial performance. Correct evaluation is critical for stakeholders, such as investors and policymakers. Required non-financial reports encourage companies to establish and evolve their business responsibility practices. (European Commission, 2020)

Non-financial reporting is not required from all companies. The additional cost of delivering the report could outweigh the gained benefits for smaller businesses’. Under the Directive 2014/95/EU, non-financial reports are required from large public-interest companies that have more than 500 employees on average throughout the financial year. Companies fulfilling the criteria must provide the non-financial statement with an annual report starting from 2018. Nevertheless, many companies not required to report their non-financial practices are delivering the report still. In the modern economy, non-financial reporting is almost a necessity in order to satisfy the needs of stakeholders. Sustainable and responsible practices have gained interest during the years, and many companies like to link sustainability in its strategy.

The content of the non-financial statement is defined as “information to the extent necessary for an understanding of the undertaking’s development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters“. (European Union, 2014) The directive allows substantial flexibility addressing the company’s compatible information that they consider practical for stakeholders. (European Commission, 2020) However, the statement should consider reliable data from both favorable and unfavorable aspects of the business. Conclusion of data and other available inputs shall be demonstrated in an honest style, with no aim to mislead the user of the information. A combination of qualitative and quantitative information, with narrative reporting and visual display allows the non-financial report to be understood effectively, and the information to be transparent. (European Commission, 2017)

While the main benefits from non-financial reports are targeted to stakeholders, companies can benefit from delivering the information. Properly made sustainability reporting has various internal and external advantages for the company itself. Internal benefits can be for example linking financial and non-financial performance, recognizing risks and opportunities, and enhancing business strategy and plan. A better understanding of processes and costs may unveil potential expense reductions. On the other hand, increased reputation and a transparent business environment can be considered as external benefits. (GRI, 2020)

Nowadays financial statements alone are not sufficient enough for business evaluating purposes. In order to answer the needs of stakeholders, the Directive 2014/95/EU was introduced by the Commission of the European Parliament. This states that non-financial reports are required from large public-interest companies. The statement is considered to include reliable data from non-financial aspects of a business. An important factor with regulating non-financial reports is to ensure comparable, easy to access, and transparent information about companies' efforts towards sustainable and responsible business.

1.3. Sustainable Development Goals

Companies have had efforts for better working atmosphere and ground rules on their own as long as businesses have been practiced. A global effort towards solving issues of poverty, education, and health started in 2000 when the United Nations presented Millenium Development Goals (MDGs). The MDGs include a set of eight goals. Most of the world leaders accepted the global partnership to be completed by 2015. (Diaz-Sarachaga, Jato-Espino, & Castro-Fresno, 2018) In 2015, another two powerful agreements towards more sustainable business practices were put together. Declining climate change through the legal system was set in place with the Paris agreement. The Sendai Framework for Disaster Risk Reduction 2015-2030 deals with natural disaster management. (United Nations Development Programme, 2020)

At the time of the MDGs deadline, there was still work to do and the targets were not accomplished. To continue the promising path towards sustainable and responsible business, a new set of goals was introduced. The Sustainable Development Goals (SDGs) replaced MDGs in 2015, when The 2030 Agenda for Sustainable Development was approved globally at the UN Sustainable Development Summit. The SDGs, the Paris agreement and the Sendai Framework for Disaster Risk Reduction 2015-2030 provide together a set of obtainable goals and guidelines to meet the urgent economic, environmental and political threats. These three frameworks contribute widely to companies' sustainability and responsibility practices. (United Nations Development Programme, 2020)

In order to be specific with the goals and to cover an extensive range of challenges facing the business, the number of goals more than doubled. The SDGs are a set of 17 goals that are supposed to be completed by the end of 2030. The goals are listed in Appendix 1. For bigger audience understanding, the goals have been converted to briefer and a visually more attractive form. This is presented in Figure 1. The goal themes wide from people to prosperity, and from planet to peace.

Priority stays in place aligned with the previous MDGs, ending hunger and poverty while improving social wellbeing and concerns with environmental issues. Under the goals, there are 169 measurable targets in total. (Diaz-Sarachaga, Jato-Espino, & Castro-Fresno, 2018)



Figure 1. The Sustainable Development Goals presented visually
Source: (United Nations Development Programme, 2020)

The goals can be divided into three categories, social, economic and environmental goals. Social goals address the fundamental needs of humans. The social goals are SDG 1 to 8. Ending poverty and hunger, but also ensuring decent work, water and energy for all are included in the goals. Being employed or having an income does not necessarily guarantee a decent living, and many are struggling with different dimensions of poverty. Access to energy is essential to food production, security and income-related aspects. Growing inequality has an adverse impact on economic growth, but also increases social and political tensions. An essential part of wellbeing is food and water. Millions are living with daily hunger and insufficient water quality. A number of diseases are associated with poor nutrition, sanitation and access to drinking water. In addition to previous, the social dimension of the SDG includes also education and gender equality. Education is one of the fundamentals for improving life quality, and for being able to contribute sustainable development. Even if gender equality have obtained in primary education, it is lacking substantially in other aspects of life and societies. Gender equality is a base for creating a more sustainable, peaceful and thriving world. (United Nations, 2020)

Economic goals are addressed on the SDG 9 to 12, and the SDG 16 to 17. The goals ensure that economic factors are taken into account while implementing sustainable and responsible practices in business. Investments in infrastructure and innovation are essential parts of sustainable development efforts. Private and public sectors are encouraged to make an effort with technological improvements, but also focus on upgrading the infrastructure and aiming for a more sustainable industry on their behalf. The goals for building infrastructure and making human settlements sustainable, and providing inclusive justice institutions are mostly targeted for public sector improvements, but companies can be involved in the practices as far as it is considered to be relevant for the business. However, companies can be highly involved with ensuring sustainable consumption, production, and industrialization. An essential factor for economic development is partnerships and global collaboration. To reduce inequality and setting objectives for sustainable consumption and production can be done powerfully with co-operation. Economic goals highlight the need for global partnerships to be able to solve sustainability challenges. (United Nations, 2020)

Environmental topics are covered in the SDG 13 to 15. Reducing the effect on climate through including these goals are important for the sustainability perspective. Climate change is affecting every continent, country and business in its way by affecting lives and costing considerably to people and communities. The change speed is more rapid than ever before, and companies, communities and countries need to take instant action. To respond to the challenges, global involvement is ensured with agreements and seminars. Overall climate change is addressed, but also specifically marine resources, forests and biodiversity are included. To maintain the Earth habitable, the ocean plays an important role. Also, the ocean has been an important transit route for centuries. Forests are the foundation in keeping climate change in control and protecting biodiversity. (United Nations, 2020)

A huge amount of effort and thought has been put into making the SDGs, but there can be considered a controversial effect while implementing the goals. Since the goals cover almost all aspects of business practices, the SDGs have a significant level of integration and interlinkage towards one another. This addresses the fact that targeting one goal supports also other goals' completion. However, the interlinkage has been criticized as in many companies the progress within all goals is far from reality. The odds are in favor for a company to make a progress with one goal at the expense of another goal. Investigation of attaining the goals with a minimum sacrifice of other goals has an important role in implementing the goals. (Barbier & Burgess, 2019)

A global effort towards solving poverty, education and health challenges started with MDGs in 2000. The SDGs replaced the MDGs in 2015. It provides a set of obtainable goals and guidelines to meet the urgent economic, environmental and political threats with two other global frameworks. The SDGs include 17 goals with 169 measurable targets including social, economic and environmental aspects. The goals are aimed to be completed by the end of 2030.

The above-discussed cover the most important concepts used in the research. Corporate responsibility and sustainability practice implementation have gained interest during the last decades. Financial statements alone are not anymore satisfactory for stakeholders in evaluating a business, and the Directive 2014/95/EU was introduced by the Commission of the European Parliament. With regulated non-financial reports, it is ensured that stakeholders can easily access, compare, and find transparent information about companies' efforts towards sustainable and responsible business. The SDGs were introduced to support these actions. It provides a set of obtainable goals and guidelines to meet the urgent economic, environmental and social threats.

2. METHODOLOGY

The chapter of methodology focuses on used methods and data collection. In addition, the chapter introduces the company used for the research. The aim is to explore how the implementation of the SDGs have impacted the non-financial performance of the selected company within the time frame. The research compares non-financial reports from the time before the SDG implementation to the time after it.

2.1. The research company

The aviation industry is a significant field in Finland, but also globally, with increased interest in traveling and exploring new areas of the world, airlines play a big role in that. However, aviation industry is a highly controversial at the moment because of its emissions and other negative impacts on the environment. Therefore, companies practicing business on the industry have an additional incentive to report their sustainable practices to their stakeholders. Stakeholders are more aware about sustainability practices than ever, and non-financial reporting is most probably emphasized even more in the future. In addition to stakeholders' interest, regulations and control is getting stricter within the industry.

Finnair, a Finnish airline was selected to present a case for the research. Finnair is a network airline and is also listed on the Nasdaq Helsinki Large Cap list. In 2019 the company had 6788 employees and generated 3.16 billion euros on direct economic value. The company fills the criteria for the Directive 2014/95/EU, which enforces the company to present non-financial reports from 2017 onwards. The company specializes in passenger and cargo traffic between North America, Europe and Asia. Finnair operates from a hub, Helsinki Vantaa Airport in Finland, and emphasized on short connections via Helsinki. The company has over 100 unique flight destinations in Europe and a total of 130 destinations around the globe. Finnair openly tells their targets towards sustainability, and have set some ambitious goals. Sustainable, but profitable growth is stated as a key factor in Finnair's strategy. (Finnair Oyj, 2019)

2.2. Data collection

To be able to understand Finnair's sustainable practices, data was collected from various years. In this study, the impact of implementing SDGs are analyzed over thirteen years (2006-2019). In

addition to analyzing the past, the future aspect is included as far as possible. The time frame is rather long in order to gain a more reliable picture of SDG's impact on Finnair's non-financial performance.

The research was conducted as a qualitative research to understand properly non-financial statements. With the qualitative research method, the data was examined as detailed as possible. The qualitative research method was chosen as a method, since this allows a comparison between years in more detail. Qualitative research method makes it possible to make a development comparison between non-financial reports, but also between themes. Most commonly the data is collected from observing different publications and statements, but can also include questionnaires or interviews. Different data sources can be combined and used to support each other. (Heikkilä, 2014)

The used data sources cover past events, current situation, and future prospects. The material and data sources for the research were secondary data, gathered mainly from Finnair's non-financial reports. While the information from non-financial reports focuses mainly on past events, journals and other sources were used to form a picture for the future. Altogether, ten non-financial reports were used in the research with additional publications, statements, and information from the company's web sites. The used data is listed in Table 1, excluding potential company web sites used and other minor data sources. All the used data is available for public form Finnair's web site.

Table 1. Main data sources

| SOURCE NAME | PAGES |
|--------------------------------------|-------|
| Environmental Report 2006 | 8 |
| Environmental Report 2007 | 14 |
| Corporate Responsibility Report 2008 | 62 |
| Corporate Responsibility Report 2009 | 62 |
| Corporate Responsibility Report 2010 | 58 |
| Corporate Responsibility Report 2011 | 84 |
| Sustainability Report 2012 | 88 |
| GRI Data Annex 2015 | 39 |
| Sustainability Report 2018 | 52 |
| Sustainability Report 2019 | 48 |

Source: (Finnair Oyj, 2019)

Collecting the data was straight-forward, and non-financial reports were easily available from Finnair's web site. The reports were gathered together with financial statements, but non-financial reports were separate, not integrated with other statements. This enabled efficient and easy access to gather the desired statements and information for the research. Finnair has provided non-financial statements almost every year since 2006. In 2013-2014, and 2016-2017 Finnair did not provide non-financial statements. All the reports were analyzed in the English language. Even if the company's official reporting language is Finnish, some materials were published only in English. Translation errors, as well as inconsistencies between reports were limited by analyzing in English.

The objective of the research is to explore how implementing the SDGs has impacted to Finnair's non-financial performance. Non-financial performance analysis is based on the targeted SDGs. Since Finnair is not actively aiming for all of the 17 goals, the research focuses on the active goals. Finnair targets six of the most relevant SDGs for the business. The impact of the SDGs is explored by comparing non-financial reports from the time before the SDG implementation to the time after it. The impact is analyzed based on structure, presenting the SDGs in non-financial reports, and

the information scope. Aspects of the future are taken into account with as well as the information allows and is available.

The data was first briefly analyzed to form an overview of the covered topics and non-financial performance during the years. The primary examination of the data ensured the topics were satisfactorily covered in the reporting during the whole research time frame. Even if there were several interesting factors on non-financial reports, it was important to keep the research within strict boundaries in order to keep the analysis clear.

3. RESULTS AND CONCLUSION

The results of the research are presented in this chapter. The research objective, exploring the impact of the SDG implementation to Finnair's non-financial performance, is examined through a development of two main themes. The themes are report structure and outlook and presenting the information concerning the targeted SDGs on non-financial reports. The structure and outlook are explored firstly. After analyzing external matters of non-financial reports, an analysis of the impact of SDGs in reporting is presented. Each of the targeted SDGs is presented and analyzed separately to make the comparison as clear as possible. The future aspects are taken into account with as well as the information allows and is available.

3.1. Structure and outlook

The structure and outlook can be considered the most outward factor of reporting. It gives a proper overview of how the habit of delivering the report has developed during the time frame and gives a great point to begin the analysis. By examine the structure of the report, a possible lack or emphasis on certain information can be pointed out.

The page amount of reporting is comparable with the amount and depth of information presented. The amount changes from 9 pages in 2006 to 48 pages in 2019. During the years 2011-2012, the page amount was over 80, and therefore checks off as largest reports. As a trend, the page amount has increased during the years and this implies also more detailed and wide information. The reporting needs to meet the needs of stakeholders, and explaining different aspects of business is done in a more detailed way. The natural continuum of broader reports indicates also the extended amount of written text. The amount of text has increased significantly during the years.

The visual outlook of reports has gone back and forth. The template for non-financial reports was introduced in 2018, and this allows reports 2018-2019 to be structured and delivered with the same manner. The amount of pictures has fluctuated throughout the years. The amount of pictures used correlates with the number of pages. However, the informative value of reports has not decreased but rather increased during the time. The pictures on newer reports are not strictly related to a Finnair's actual business being aircraft, but more of environment and natural-looking people. Rather than increasing the number of pictures compared to the page amount, Finnair has focused on increasing the quality and accuracy of pictures. The pictures in new reports have better quality and corresponds to the written text and aimed use of report – informing about sustainable acts.

Increasing the quality indicates the fact that non-financial reports has developed content-wise, and does not need to present huge pictures as a main part of reports. Pictures are a great addition to reports to bring the information alive, and workers nearer to stakeholders. However, the two most recent reports are lacking many graphs that were presented before. Information presented in tables could be better expressed in graphs.

A table of contents gives immediately an idea for the reader what the report deals with and in which chapter the desired information can be found. A table of contents is presented in all reports excluding the years 2006 and 2007. This can be seen relating to the page amount. The two oldest reports were both under twenty pages and after that, the amount has been from 39 to 88. With longer reports, it is important to know the structure beforehand. The table of contents is structured similarly throughout the years, with main topics being economic, environmental and social responsibility. However, in 2012 the structure was different. Chapters were organized according to different interest groups: customers, personnel and society. Mainly, non-financial reports throughout the years have been well structured. The structure has been stabilized towards recent reports, and therefore the information and report comparison is more convenient for newer reports.

Starting in 2011, the reports' introduction includes a table and explanation of Finnair's sustainability achievements and goals. This gives an excellent overview of the main focus area, and approaches for aiming the goals. Overall, all of the reports address the main sectors of sustainability. Comparing newer reports to the Environmental Report 2006, the presented information is recognized to been evolved more relevant for a range of stakeholders. Non-financial reports are necessities for stakeholders in many ways, and therefore Finnair is addressing the needs with a better manner.

The structure of the report gives a proper overview of how non-financial reports have developed during the research time frame, and signals a possible lack or emphasis on certain information. Non-financial reports need to meet the needs of stakeholders. The SDG implementation have affected to the external factors of non-financial reports positively. Introducing a template for reports, increasing the quality of pictures, and including the table of contents support the beneficial impact of the SDG implementation on non-financial reporting.

3.2. Impact of the Sustainable Development Goals

Finnair presents the targeted SDGs well on their website. The company has decided that they are not actively targeting all of the goals, but six of the most relevant for the business. The targeted goals are following; “achieve gender equality and empower all women and girls” (5), “build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation” (9), “ensure sustainable consumption and production patterns” (12), “take urgent action to combat climate change and its impacts” (13), “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels” (16), and “strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development” (17). The analysis is based on available data addressing these goals. The development with reporting each of the goals is demonstrated separately on the following sub-chapters.

3.2.1. Gender equality

“Achieve gender equality and empower all women and girls”, is targeted on the SDG 5. The goal covers mainly personnel, but also customers briefly. However, the goal can be also extended to additional projects and programs. Even if the goal specifies women and girls, Finnair reports most of the statistical aspects for both genders, and only a fraction of the information can be specified under this goal. Finnair has implemented equality and non-discrimination policies from early stages. In 2011 Finnair became the first Finnish company to sign the United Nations Women’s Empowerment Principles. The two earliest reports, in 2006-2007, does not contain information based on neither gender nor equality in any form.

Important aspect regarding the equality is a paycheck. Finnair has stated that gender does not influence to neither employment decision nor pay check nowadays. Nevertheless, the only report addressing the issue is dated in 2015, and explains the base salary of female employees were approximately five percent lower than equivalent salary for males. The information regarding to salary payments could be considered even declining after implementing the SDGs.

Breaking down the employee gender allocation can be found from almost all of the reports. The reports since 2008 have the information included. A percentage of women working for Finnair has been quite high throughout the years. The percentage has increased steadily from 50 percent to 57 percent. On some years, the report included also the turnover of the employees based on gender. However, the turnover information is not included in the reports after implementing the SDGs.

The added value the information of turnover is not too relevant since there are a range of possible factors impacting this.

In addition to information about employee genders, maybe even more relevant information regarding to the whole company's business is the amount of women on the Board of Directors. During the years, almost every year there has been three women on the positions. This is important, since the Board of Directors define the sustainability and responsibility goals and strategy for the company. With women on board, gender equality and empowering women can be further targeted. This is also aligned with one of the goal's target - ensuring equal opportunities for women's leadership and effective attendance in decision making.

Finnair has introduced various internal programs targeted especially for women. These are sports programs, trainings and education. Finnair reports in 2019 that the company signed on an aviation initiative 25by2015, targeting that by 2025 they will have 25% of women in all working group, or 25% enhancement in the gender equality. Even if the programs are varied, inclusive, and seems like everyone could pick the most suitable for themselves, the actual results or proceedings are not communicated at all. There are absolutely no information on how the increased amount of women in working groups are actually delivered as promised.

Finnair has broadened women empowerment to additional projects. During the years 2011-2012, the company has reported three additional projects around the world. Projects were for helping single mothers, women who are victims of domestic violence, and training women to earn additional income for themselves. There is no information available whether the projects are still ongoing or not. The reports after the SDG implementation do not contain information about additional projects.

Gender equality and empowering women has not increased too much after implementing the SDGs. It seems like the facts are likely to be on the same level with previous years before implementing, but the facts are presented in a more clear and structured way. Aspect of the gender equity is included in Finnair's non-financial reports mainly starting from 2011. Many goals are stated, but the specific and objective data of proceeds are lacking completely.

3.2.2. Sustainable industrialization

The SDG 9, "build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation", is included in Finnair's sustainability strategy. Investments in infrastructure and innovation are essential parts in sustainable development efforts. Within the targets of the

goal, Finnair focuses on upgrading the infrastructure and aiming for more sustainable industry on their behalf. The goal is directed on many parts helping developing countries and public goods. Finnair states in 2012 that no infrastructure investments were made for the public benefit. The matter was not extended further. The first non-financial report form 2006 does not contain information regarding to the SDG 9.

On the reports after implementing the SDGs, Finnair emphasizes their four-element strategy. It includes development with technology, operations, infrastructure and economic measures. Technology and infrastructure improvements are conveniently addressed under the SDG 9. Finnair has contributed especially the target aiming to “upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.” In order to maintain company’s competitive advantage, their airplanes and processes needs to be up to date. Stakeholders are concerned sustainability factors, but nowadays inventions and new technology use make a company fresh and reduce the risk of being outdated. This gives the company an additional incentive to report efforts concerning new technology.

In 2015 there were the first mention on how investments regarding fuel-efficient next generation aircraft are placed. The reports 2018-2019 demonstrate Finnair’s current state of fleet, and the main improvements. Fuel efficiency goes together with the weight of the airplane. Lighter the weight, less fuel is used. Finnair reveals the weigh is considered as a key factor when placing a new aircraft equipment purchases. Technology is recognized as a key to sustainable success, and therefore mentioned throughout non-financial reports. Tables considering fuel usage are included in most of the non-financial reports, but the origin of the numbers is explained understandably only after the SDG implementation. Table of fuel efficiency is extended even on the years when non-financial reports were not provided. However, the fuel efficiency table is not included on each year’s report. The importance is considered also on reports before the SDGs but the information regarding the goal is mainly common knowledge without a relevant data.

Even if technology is weighted as one of the biggest factors affecting sustainability and interest, Finnair suggests on newer reports that developed infrastructure and additional research might have a great impact on overall performance. In addition to competitive advantage, efficient and inclusive flight routes allow Finnair to compete on the global stage, and possibly even extend the business. Development of business can also be done with research, and Finnair announced joining a research on exploring the practicability of an innovative carbon-neutral fuel. Mentions of the two topics above have been briefly introduced only on newest reports.

On previous years, the information about infrastructure development and industry sustainability has been rather extensive. Nevertheless, the information mainly contained very basic information of the topics. The data and explanations regarding to these matters have narrowed down since the implementation of the SDGs. Even if the amount of information might have decreased, it is more relevant and better presented on the newer reports. There is no more jargon, and the needed information can be easily found. Also, the most recent interesting research and developments are introduced on non-financial reports after the SDG implementation, which helps forming an outlook for the future.

3.2.3. Sustainable consumption and production

The SDG 12, “ensure sustainable consumption and production patterns”, addresses issues with use of natural resources, chemical and waste management, and fossil-fuel consumption. At the time, challenges with material consumption of natural resources is increasing. Sustainable consumption and production aims to do more and better with less. The overall goal is to reduce resource use, but increase the quality and efficiency. During the years Finnair has reported the interest in reducing their impact on consumption and production, and aims to make the best out of their resources. Finnair focuses on reducing fuel usage, but addresses the issues with waste handlings.

A huge part from Finnair’s operations are connected with fossil-fuel consumption. Finnair has set an ambitious target for reducing the consumption of fossil-fuels, but also fuels in all kinds. The company reports the first actual goals on this matter in 2018. Finnair aims to achieve carbon neutral growth 2020 onwards, and to achieving carbon neutrality by the end of 2045. The company is committed to the aviation industry’s common goal of cutting fuel emissions starting in 2018. Finnair’s first milestone is to lower emission levels by half from the 2019 level by the end of 2025. The company includes clear goals, and reports fossil-fuel and biofuel usage on non-financial reports after the SDG implementation. Finnair reports the first biofuel flight taken place in 2011. However, the first accurate data comparing Finnair’s renewable and non-renewable fuel consumption is presented only after the SDG implementation, in 2018. Even if renewable biofuels were used before, the measures were not reported. For future matters and reducing the fuel consumption even more, Finnair informs the stop for the merchandise selling in 2020. This is estimated to reduce the fuel usage up to 70 tons per year. The reporting concerning fuel consumption and comparability has had a significant increase after the SDG implementation.

Finnair has not set specific goals for reducing and recycling waste, but the company implements circular economy practices in its business. Finnair is aiming to be as effective as possible with raw

material usage, and aims to a high level of proper waste recycling, especially decreasing the waste ending up to landfill. The amount of waste is reported on each non-financial report without exception. The reported waste amount consists of different components, and different accuracy before 2018. Finnair presents reduction in the waste amount almost each year, but not in 2018. The main reason for increased waste amount for the year was an increase in flights. However, additional efforts were reported in 2019, and the waste amount was decreased even if the flight and passenger amount grew further. Comparing the waste amount between years and types is more consistent on recent years. Since 2018, waste can be compared not only between years, but also between hazardous and non-hazardous waste. The tables also include information on what amount of each type of waste was recycled compared to the total amount. This information is mostly missing on reports from early years. However, information of waste amounts can be found from each year's non-financial reports, but recycling aspect is included only since 2009.

Reporting for waste, recycling and fuel usage has improved substantially after implementing the SDGs on non-financial reporting. Recycling is addressed in more detailed manner, and waste categories are made constant. Clear targets for fuel reduction and renewable biofuel usage are introduced. The data for these matters are presented on tables, and are consistent and comparable between the two most recent years.

3.2.4. The climate change

The SDG 13, “take urgent action to combat climate change and its impacts”, is dedicated to a battle towards climate change. Climate change is affecting every continent, country and business on its own way by affecting lives and costing considerably to people and communities. The speed of the change is quicker than ever, and Finnair addresses the challenge keeping that in mind. Finnair has not set any overall goal and measures for climate change battles. The company mentions having a climate change reporting system in 2011, but does not explain performance indicators further. Further exploring reveals the company has used the system since 2007. Finnair explains on the reports the environmental impact of flying is the most complex and comprehensive out of all challenges.

Finnair addresses the climate change challenges with other measures such as fossil-fuel reduction, and upgrading fleet and technology. The company recognizes the SDG 13 to be connected with global and industry agreements and guidelines. Finnair mentions many important conferenced and agreements tackling with climate change, but does not express the details or outcomes. In order to

reduce overall effect of climate change, Finnair declares in 2018 to contribute on climate change research with 60 million euros by 2025.

Climate change is explained only as a cost and negative impact on non-financial reports until the SDG implementation. After the implementation, also positive aspects of the critical issue of climate change are mentioned. Finnair acknowledges that due to climate change and strict regulations the company needed to find various ways to develop their practices. Data regarding climate change is not presented on any non-financial reports.

Settling the climate change challenge might be the most difficult for Finnair. The complex and extensive nature of the problem is handled in more detailed way by covering other SDGs. The information about this goal is still remains mainly repeating the basics of climate change risks for Finnair's business. However, SDG implementation has impacted positively the overall actions towards climate change, since other goals addressing the same issue has reported in more detail.

3.2.5. Peaceful societies and institutions

“Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”, is targeted on the SDG 16. Most of the Finnair's efforts for this goal is directed towards dealing with corruption and bribery. The main guidelines regarding anti-corruption and bribery is included in Finnair's Code of Conduct, which is not explored on the research. Under the SDG 16, nearly all targets and indicators are addressed to public institutions, and therefore are difficult to implement into Finnair's sustainability and responsibility strategy.

Finnair reports to have a zero-tolerance for corruption. Even if the goal has not been clearly stated most years, the company addressed the topic on each report. Until 2018 the company reports the risk of corruption and bribery not being significant, and therefore risk analysis is not necessary. After the SDG implementation Finnair reports to have renewed their ethics helpline and incident reporting. The system is opened for internal and external stakeholders, and therefore aims to improve transparency and effectiveness of incident reporting. During the research time frame, no corruption or bribery cases were reported. In addition to renewed systems, Finnair acknowledges on newer reports that certain positions are associated to have a higher than common risk of corruption. For these positions, the company offers an opportunity to take a part in additional training from 2018 onwards. Training data is presented separately, but hours related to anti-corruption and bribery are not explained.

Finnair takes an action for the SDG 16 by eliminating all possible cases of corruption and bribery within the company. Anti-corruption is briefly mentioned on each non-financial report. Before the SDG implementation the topic was only mentioned in a way that no further actions were needed to handle the topic. However, after the implementation there are a mutual understanding that some positions are more likely to be influenced by corruption and bribery. Finnair offers additional training for these positions starting from 2018.

3.2.6. The Global Partnership for Sustainable Development

The last SDG Finnair actively aims is the SDG 17, “strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development”. The goal addresses the need for efficient and functioning partnerships between public and private sector, but also civil society. A shared vision is the base for a successful framework and obtainable goals. The goal is mostly targeted for public sector, but Finnair has included the goal to its sustainability strategy. After all, most of the company’s operations include various countries and partners to succeed. Finnair reports to build its responsibility efforts in collaboration with various interest groups.

Finnair has been involved in international co-operation since the early days, and reports about the matter quite extensively. The company reports to have various partnerships with private companies, government, and non-profit organizations. Finnair reports that they require responsible environmental practices from its essential business partners. However, the company does not announce any specific goals regarding to co-operation and partnerships, or practices how to ensure their business partners act environmentally friendly.

The information about co-operation is spread all over the non-financial reports. Therefore, the relevant information can be hard to find at times. The issue is especially present on reports before the SDG implementation. Reports after the implementation have a chapter about responsibility, which contain the most important partnership information. The chapter gathers together all relevant information about key partners, and how responsibility can be included in supply chains. In 2018 reporting about this was still at the same scope as before the SDG implementation, but in 2019 the report was a quite more informative. Finnair reports to organize an event especially for strategic and key suppliers. The theme of the event was to highlight sustainability and ethics in supply chains, and the responsibility of Finnair’s suppliers own supply chains and sub-contractors. By ensuring suppliers are aware of Finnair’s sustainability and responsibility goals for supply chain, the aims are more likely to be accomplished.

Finnair participates in the SDG 17 by addressing the need of partnerships in order to achieve sustainability and responsibility. A considerable part of the goal is addressed for public sector, but Finnair has included it on its strategy. Finnair states that it requires responsible acts from its strategic and key partners, and reports to organize events for its suppliers to highlight the importance of responsibility. Nevertheless, the company does not have specific targets or measures to aim this goal. Non-financial reporting, and therefore performance for the SDG 17 has improved after the SDG implementation since added information about partner responsibility is added and the information can be found easily, and under one chapter.

3.3. CONCLUSION

The research aim was to explore how implementing the SDGs has impacted on Finnair's non-financial performance. The impact was evaluated by examining external outlook and structure of non-financial reports, and analyzing the content of the reports on each targeted SDG. The research was conducted with qualitative method to observe, examine and compare the data as detailed as possible. The material and data source for the research consisted mainly from Finnair's non-financial reports.

Finnair has introduced a template for non-financial reports after implementing the SDGs. Since reports are structured and styled the same way, comparison between the years can be done even more effortless. Introducing a template for reports, increasing the quality of pictures, and including the table of contents support the beneficial impact of including the SDGs on non-financial reporting. The SDG implementation have affected to the external factors of non-financial reports positively.

Comparing information from reports before the SDG implementation and after it has some specific challenges. To start with, the information is presented on different accuracy and scope each year before the SDG implementation. Also, all relevant data cannot be found at all, or is found under various different topics. These factors make it difficult to compile the data and format representative picture of company's non-financial position. However, both of these factors have improved essentially after implementing the SDG, and most of the information is easily found and structured. The SDGs itself include numerous measurable targets, which makes it easier for a company to recognize what to report. Most importantly, the amount of jargon has decreased after the SDG implementation, and therefore the relevant information is more convenient to find from reports.

Reporting for all of the targeted SDGs did not improve during the research time frame. The main factor playing a role in this was that two of the targeted goals were mainly addressed for the public sector. For Finnair's business, the goals were mostly out of scope. However, even if reporting on these goals did not quite improve, the information concerning those did not decrease either. For both of the goals, Finnair has found a way to address the targets one way or another. The information has developed to be more precise, even though the whole goal is not addressed. Therefore, the quality of non-financial reports did not experience damage.

The main idea of SDGs fills up when the company itself wants to do more than necessary. Of course, being ahead of competitors is good for business, but it also influences stakeholders. Finnair addresses that all the topics covered on non-financial reports can be improved even further. Stakeholders' needs, but also new legislation ensure that progress is made. Transparent, inclusive and consistent non-financial reports give out a responsible and creditable picture about a company. A good reputation cannot be created in a night, so the trust shall be obtained during a long period of time. Non-financial reports and SDGs help to include relevant and accurate information on non-financial reports.

The results indicate that the SDG implementation have had a positive impact with inclusive, comparable and valuable information about company's sustainable and responsible acts on non-financial reports. The analysis implies that non-financial reports have developed nicely during, and especially after the SDG implementation. Irrelevant information has decreased essentially, and therefore the compatible data is easier to find. Reporting on the SDGs have improved comparing to earlier reports. However, reporting on some goals was executed better than others and comparing to earlier non-financial reports.

There are several interesting future research topics related to SDGs. On the research the interlinkage of the topics have been explored briefly, but there are no exclusive research about the topic. One interesting research path would be to study small public-interest companies, and would there be a benefit rather than a cost in implementing the SDG on their non-financial reporting.

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APPENDICES

Appendix 1. The Sustainable Development Goals

| GOAL NUMBER | GOAL NAME |
|-------------|--|
| 1 | End poverty in all its forms everywhere |
| 2 | End hunger, achieve food security and improved nutrition and promote sustainable agriculture |
| 3 | Ensure healthy lives and promote well-being for all at all ages |
| 4 | Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all |
| 5 | Achieve gender equality and empower all women and girls |
| 6 | Ensure availability and sustainable management of water and sanitation for all |
| 7 | Ensure access to affordable, reliable, sustainable and modern energy for all |
| 8 | Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |
| 9 | Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation |
| 10 | Reduce inequality within and among countries |
| 11 | Make cities and human settlements inclusive, safe, resilient and sustainable |
| 12 | Ensure sustainable consumption and production patterns |
| 13 | Take urgent action to combat climate change and its impacts |
| 14 | Conserve and sustainably use the oceans, seas and marine resources for sustainable development |

Appendix 1. Continued

| | |
|----|--|
| 15 | Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss |
| 16 | Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels |
| 17 | Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development |

Source: (United Nations, 2015)

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