



AN INTELLIGENCE SERVICE FROM FOREVER SUSTAINABLE | ISSUE #22

# SUSTAIN ABILITY *BRIEFING*

DECEMBER 2023



## Harder for women to attract capital

**»»» LOAN APPLICATIONS FROM** female entrepreneurs are rejected more often compared to applications from men. Also, female entrepreneurs pay higher interest rates on the loans they eventually get. Strangely enough, it is even more so in liberal settings with higher levels of female empowerment. This aggregate study covering 31 studies over 20 years is confirming the paradoxical phenomena from earlier studies. “Women’s empowerment can increase bias against women entrepreneurs in bank finance”, authors write, a group of international researchers, including Malin Malmström at Luleå University of Technology. ■



**SOURCE:** A Meta-Analysis of the Impact of Entrepreneurs’ Gender on their Access to Bank Finance | Journal of Business Ethics (springer.com)  
<https://link.springer.com/article/10.1007/s10551-023-05542-6>

## Mid management making a difference in sustainability

**»»» IT IS THANKS** to a larger number of middle managers and team leaders that sustainability implementations is successful. These hidden actors are to be regarded as the unsung heroes, authors including Unilever’s earlier CEO Paul Polman writes in Harvard Business Review. A successful sustainability program implementation starts with them and rests on the building of internal capabilities and buy in from line managers. Only then can one increase ambitions and start scaling initiatives and partnerships.

To empower mid-management a 4-step model is suggested. The first step is to handle the lagging and skeptical managers by pointing to, e.g., regulation and easy wins. Secondly, it is about building a

base of managers who believe in sustainability and “at this level companies are clarifying their purpose and how they will serve the customers and the world at the same time”. Thirdly, it is about accelerating and companies at this stage are engaging with external stakeholders and setting goals based on the needs of society. Finally, the most advanced companies have managers that lead and think big of how their company proactively can contribute to meet humanity’s major needs. ■



**SOURCE:** Middle Management Is the Key to Sustainability (hbr.org)  
<https://hbr.org/2023/11/middle-management-is-the-key-to-sustainability>



MATTHEU STERN



# AI improves *sustainability reporting*

»»» **A RECENT STUDY** in Sustainability Accounting Management and Policy Journal discuss how AI can change sustainability reporting covering management information, reporting, assurance, and use. Authors conclude that AI can lead to increased efficiency and accuracy by streamlining the process of producing reports reducing the risk of errors. AI can also enhance data analysis by processing vast

amounts of data and perform a more complex analysis. This improves transparency and accountability by supporting the collection of data, making it easier to communicate impact to stakeholders. AI can also bring new insights and perspectives: By analyzing these vast amounts of data patterns and trends otherwise not visible could be identified. Authors used Chat GPT to come up with these conclusions. ■



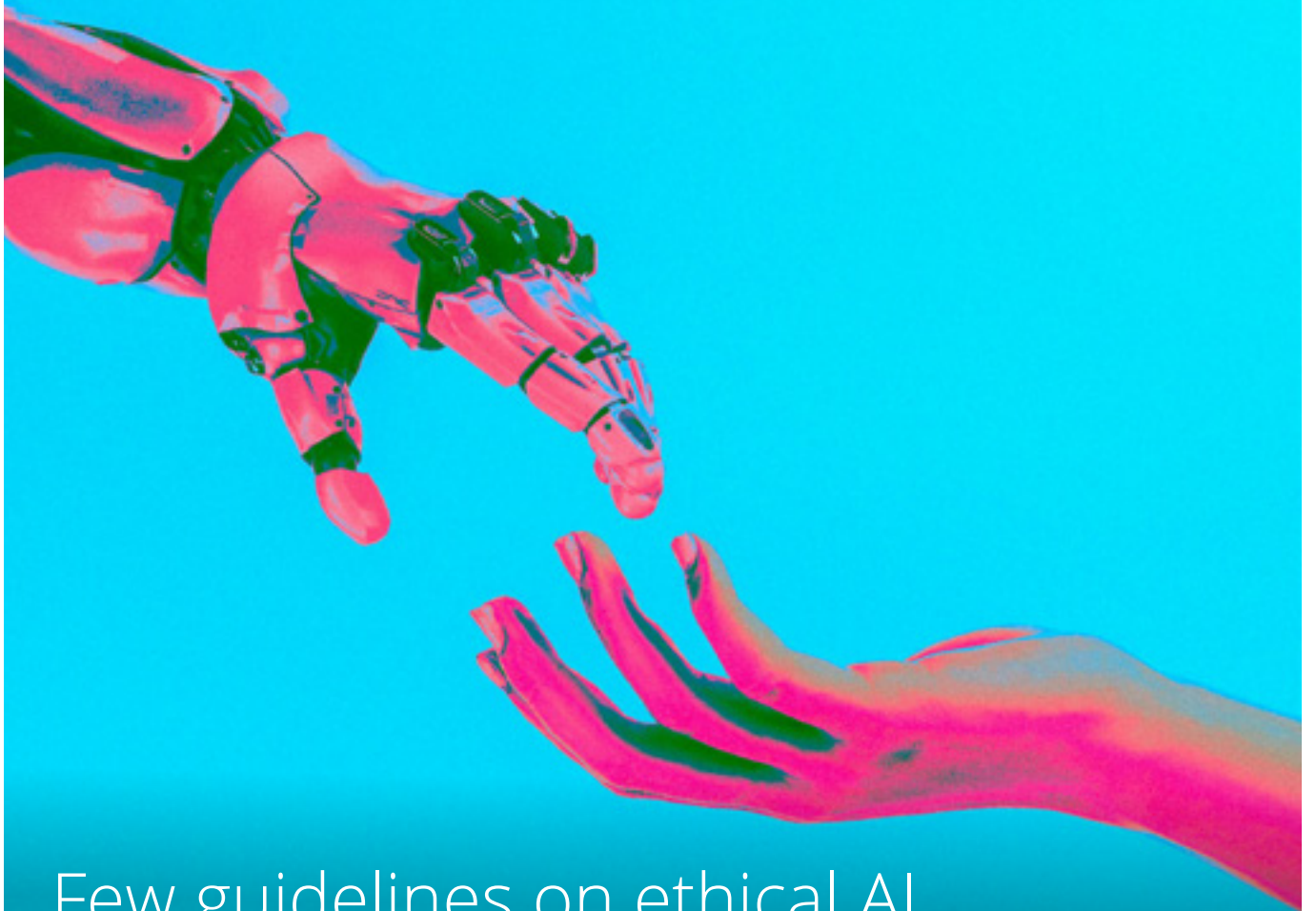
**SOURCE:** How will AI text generation and processing impact sustainability reporting? Critical analysis, a conceptual framework and avenues for future research | Emerald Insight  
<https://www.emerald.com/insight/content/doi/10.1108/SAMPJ-02-2023-0097/full/html>

## Digitalization improve sustainability performance at SMEs

»»» **CSR DIGITALIZATION HAS** a positive influence on the sustainability performance of SMEs, a survey of over 311 managers of SME operating in service, trading and manufacturing sector in Pakistan shows. Using new IT-tools and developing a digital organizational culture within the organization, can lead to increased social and environmental benefits in a growth market setting. This will positively impact both business and society, authors conclude in this article in the Sustainability Accounting, Management and Policy Journal. ■



**SOURCE:** Does CSR digitalization improve the sustainable competitive performance of SMEs? Evidence from an emerging economy | Emerald Insight  
<https://www.emerald.com/insight/content/doi/10.1108/SAMPJ-03-2023-0169/full/html>



## Few guidelines on ethical AI

»» **ONLY 6 PERCENT** of senior leaders in the US say that their companies have developed ethical AI guidelines, although 73 percent says that such guidelines are important to have and that most surveys show that artificial intelligence is important to companies' future. This according to a study of AI Ethics that also builds on the ways of working at Unilever, presented in Sloan Management Review.

The authors describe five stages in developing AI Ethics.

**Evangelism**, when representatives of the company speak about the importance of AI ethics; **Development of policies**, where the company deliberates on and then approves corporate policies around ethical approach; **Review**, where the company performs a systematic analysis of each case to determine whether the case meets

the company's criteria for AI ethics; and **Action**, where the company either accepts the use case as it is, sends it back to the proposing owner for revision, or rejects it. ■



**SOURCE:** AI Ethics at Unilever: From Policy to Process (mit.edu)  
<https://sloanreview.mit.edu/article/ai-ethics-at-unilever-from-policy-to-process/>



## AI used for sustainable business in Finnish companies

**>>> MAJOR FINNISH COMPANIES** are substantially using AI in sustainability. In a study of the twenty-five largest enterprises, AI had a role to play in twenty of them and in sixteen of them AI was specifically used for sustainable business practices. The study was covering the years 2017–2021 and is published in *Journal of Cleaner Production*. Authors conclude that AI adoption for sustainability development is on the rise and can be used to enhance ecologic performance, occupational health, and social impact. AI-powered technology can improve socioeconomic conditions and support the work with the Sustainable Development Goals (SDGs). However, auditing and data quality standards are needed for responsible AI adoption. ■



**SOURCE:** <https://doi.org/10.1016/j.jclepro.2023.139197>  
<https://www.sciencedirect.com/science/article/pii/S0959652623033553?via%3Dihub>



## AI can contribute to the SDGs

**>>> AI HAS THE POTENTIAL** to contribute to 134 of 169 targets in the SDGs and has shown a tremendous potential in driving sustainability across sectors. Examples include optimizing energy management, fault detection, and power grid stability in the renewable energy sector. This is argued in an article in the journal *Sustainability*. However, the rapid development also demands comprehensive regulatory oversight to ensure transparency, safety, and ethical standards. Also, the climate

footprint of AI itself needs to be handled by improving the energy efficiency of AI and Deep Learning. This is crucial to ensure the sustainable use of these technologies, authors argue. ■



**SOURCE:** *Sustainability* | Free Full-Text | Deep Learning and Artificial Intelligence in Sustainability: A Review of SDGs, Renewable Energy, and Environmental Health (mdpi.com)  
<https://www.mdpi.com/2071-1050/15/18/13493>



## Board engagement in ESG increases

»» **AS CSRD IS** being implemented, the pressure on the board of directors is increasing. The new regulation will put the responsibility on the board to make sure that the company is compliant. Something that the mandatory audit-report will follow up on when it eventually is presented to the board. A new report from The Sustainability Board lays out five trends in a survey of ESG governance:

1. Sustainability governance is increasing 'on paper'
2. ESG Engagement of directors stagnates
3. Women remain at the forefront of sustainability governance
4. Sustainable management experience remains the main driver for ESG engagement
5. Most boards, and notably US boards, are embracing ESG in their board policy. ■



**SOURCE:** 2023 Annual ESG Preparedness Report | The Sustainability Board (boardreport.org) <https://www.boardreport.org/2023report>

## Increased reporting drives sustainability performance

»» **EXPANDING SUSTAINABILITY** reporting also has a positive effect on the actual work with environmental and social issues. Companies that issue sustainability reports and reporting in line with GRI Standards are positively associated with environmental performance. This is the result of a study covering 210 Nordic listed firms from 2002 to 2020 across Denmark, Finland, Norway, and Sweden. It is presented in the Journal of Cleaner Production by two Norwegian researchers. It rejects the criticism that sustainability reporting is a compliance exercise only and that money should be spent on the actual sustainability work instead of the reporting of it. The same connection to external assurance was insignificant in the study but will be mandatory regardless going forward. Authors also conclude that:

*"Firms with inadequate environmental commitment or reputation might be under immense pressure to achieve corporate legitimacy and may thus use sustainability reporting practices". ■*



**SOURCE:** Sustainability reporting practices and environmental performance amongst nordic listed firms - ScienceDirect <https://www.sciencedirect.com/science/article/pii/S0959652623023302>

## ABOUT US

### FOREVER SUSTAINABLE

We are a Scandinavian hybrid consultancy and think tank focusing on sustainable business and Shared Value.

### SUSTAINABLE BUSINESS QUARTERLY REPORT

An intelligence service for executives engaged in sustainability, CSR and the future of business.

### IN COOPERATION WITH:

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