Barometer of Sustainable Business Transformation

Effie Russia and KPMG Joint Study under the Program of EFFIE to Promote the United Nations 17 Sustainable Development Goals in Russia

Partners of Effie Russia program to promote the 17 Sustainable Development Goals:

- **MTS**
  - Strategic partner

- **PEPSICO**
  - Partner

- **McDonald's**
  - Partner

2019

KPMG in Russia and the CIS

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About the Survey
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THE STORY BEHIND

While implementing Effie Worldwide Program to Promote the United Nations’ 17 Sustainable Development Goals, it became clear that tracking trends and sentiments to derive valuable insights on the sustainability agenda in Russian business community was impossible without continuous monitoring of attitudes, opinions and perceptions followed by a thorough analysis of the collected data.

The purpose of the Barometer of Sustainable Business Transformation study was to dig into the levels of SDGs understanding and their integration into activities of the companies and projects participating in Effie Awards Russia as well as to obtain expert opinion on how far the modern Russia has gone with the sustainability issues, for how many companies the time is ripe to discuss this topic and to integrate the sustainability aspects into their strategies, operations and communications, and finally — what is driving and/or hampering the sustainability efforts of Russian business.

In spring 2018, Effie Russia collaborating with KPMG carried out a joint study among the finalists of Effie Awards Russia. The purpose of this study was to get a deep understanding of the performance and current levels of the SDGs integration into activities of the companies and projects participating in Effie Awards Russia. The first wave has culminated in the decision to pursue this practice supporting regular and comprehensive studies.

GENERAL INFORMATION

In 2019, Effie Russia and KPMG carried out a second joint study, which involved a greater number of respondents. This time, the sample included not only the participants of Effie Awards Russia 2019, but also business leaders, top managers of the largest Russian companies and brands along with experts in marketing, communications and sustainable development. In addition to respondent sample, the list of survey questions was expanded as well.
ABOUT THE SURVEY

In the 2019 study, there were two groups of respondents:

GROUP 1
Representatives of the companies participating in Effie Awards
This group mainly includes representatives of the marketing and communications departments of FMCG companies. Alongside their applications for Effie Awards, the companies were asked to complete the survey questionnaire.

GROUP 2
Business leaders
This group comprises heads of departments of major companies leading in the sector and experts in the field of sustainable development, marketing and communications. The composition of Group 2 is more diverse. Apart from FMCG, it covers the real economy businesses (oil and gas, metallurgy, timber, mining, etc.)

Both groups had to complete their questionnaires via a special electronic platform. All the survey participants were asked to answer identical questions. Analysis of the questionnaire responses revealed the most interesting opinions of the companies’ representatives (Effie Awards participants) and experts (business leaders). The selected experts passed through the in-depth interviewing procedure for a more detailed discussion of sustainability issues.

It is worth noting that both groups include representatives of sector champions, in particular, those that are concerned about sustainable development, measure their performance, including for the Effie Award purposes, ensure high-quality non-financial disclosures, make presentations and speak at expert panels, etc. However, commitment to the SDG agenda is not as much as desired even among these companies. This means that an overall picture of the situation within the industry is even worse.

LIMITATIONS
This is our second study and, again, it pertains a unique methodology developed for Effie Russia, which is tailored to the specific nature of projects and applications participating in the Award. The study keeps up with a schedule established by Effie Awards Russia. The results of this study have no effect on the decisions underlying the granting of Effie Awards.

The study outlines the summary of questionnaire responses provided by two groups. Where any interesting differences of opinion were identified, we compiled a detailed breakdown for both groups.
According to the survey respondents, sustainable development for modern Russian business refers primarily to social responsibility issues and the companies’ efforts to manage their environmental impacts.

Today, Russia’s business leaders see sustainable development as an idea of taking care of the environment, responsible production and social responsibility. Sustainability issues are becoming a hot topic in Russian business community, which has been already demonstrating a great deal of interest. There might be some hope that such an interest will soon materialize into action — an action to drive and support sustainable development.

The perception of sustainable development is still quite superficial and largely focuses on the CSR and charity issues, with no long-term vision in mind. However, experts are quite optimistic about the future and express opinion on the positive impulse to this matter.

Sustainable development is neither an extra measure nor an additional activity just to make an impression. It is a new way of looking at your company’s mission.

We are coming to the point that there are various metrics and benchmarks to measure commercial, social and environmental performance of every department, business unit and each employee. Therefore, we can analyze the established practice and plan changes. It is often the case when we observe a socially responsible performance even though there has been no direct intention to ensure the CSR compliance.

Petr Greiding, Head of Employee Relations and Corporate Social Responsibility, Secretary of the CSR Committee at United Metallurgical Company (OMK)
Though today we observe a growing SDGs awareness in Russian business environment, it is still too early to draw any conclusions as to their full integration into business strategies and corporate sustainability programs. In most cases, SDGs are still incorporated in non-financial reports as a mere formality without deep awareness and proper integration in the company’s practice.

The perceptions of Russian business as to this issue differ depending on the maturity of the company’s sustainability practices: some companies are taking their first steps into corporate social responsibility focusing on charity activities only. However, there are responsible companies assessing their business activities against the influences of economic, environmental and social aspects. Such a practice is a master standard that business should integrate into its core operations.

There are barriers to the SDGs integration that impede their expeditious penetration into business practice. Central among those are low awareness the company management demonstrates as to the importance of sustainability agenda coupled with economic and financial challenges. Top managers do not completely understand that the SDGs implementation and business transformation towards more environmentally and socially responsible practices and operations will provide mid- and long-term benefits.

At the outset, business has to solve primary tasks as to orchestrating fundamental business processes and activities. However, companies are not able to achieve these objectives due to unstable economic situation, lack of state support and absence of the real need to be part of the SDGs campaign arising from inefficient external levers and policy instruments.
The real transformation of business requires incorporation of sustainable development aspects into all key business processes, which may seem quite expensive to senior executives with no significant benefits in the short run. By far, not everyone is ready to look at the long-term prospects and shape a strategic vision for the future.

“...The main issue is that middle managers are still cautious about sustainable development: the prevailing stereotype of exorbitant investment supposedly required to implement green initiatives is yet more powerful than those cases demonstrating the companies’ success to squeeze maximum results out of minimum investment. When we increase the resource efficiency — whether it is water, electricity, waste or people — we do not only save money. In many cases, streamlining the business processes in accordance with environmental and social goals adds value to goods and services."

At the same time, there are factors driving the implementation of SDGs and sustainability aspects, bringing this process to a qualitatively new level of development and awareness. First, these are reputation and communication drivers as well as the need to meet the requirements of ESG analysts and investors.

Depending on the company’s sector of activity, we observe different integration scenarios for the SDGs and sustainability agenda. The FCMG companies start with communications and marketing first, while production companies are embedding the sustainable development principles into operations and supply chains.

The level of SDG awareness also varies widely across the sectors. Thus, FMCG, oil & gas, telecom and IT are recognized as the leading promoters of sustainability.

As to the impact of SDGs and sustainable development on communication efficiency, here we observe a consistent positive effect evidencing the success and viability of such campaigns. This is supported by the consumers’ willingness to buy goods and services from socially responsible companies.
27% of respondents believe that Russian top managers have no understanding of the importance of SDGs and sustainable development issues.

Only 21% of respondents believe that lack of consumer pressure is a barrier to the SDGs implementation.

Production companies are integrating sustainability aspects into operations and supply chains.

FMCG companies center their efforts to support sustainable development and SDGs implementation around marketing and communication processes.

Communication opportunities and requirements of ESG analysts and investors are the key factors driving the implementation of SDGs and sustainability aspects.

SDG priorities of Russian business (according to the survey):

1. Sustainable Consumption and Production
2. Good Health and Well-Being
3. Decent Work and Economic Growth
Barometer of Sustainable Business Transformation: key findings and results

1. SDGs integration in business
2. Key barriers and drivers for SDGs integration
3. Sustainable development in different sectors
4. Communication Efficiency and Responsible Consumption
5. The Outlook for Sustainable Development in Russia
Four years have passed since the adoption of Sustainable Development Goals, and yet, there are some gaps in understanding of their mission and role in terms of transformation of Russian business. Nowadays, there are no signs of the widespread SDGs integration into business strategies and corporate programs for sustainable development. Almost half (48%) of all respondents believe that SDGs are not properly integrated into business strategies and operations of Russian companies.

Not a single respondent in this study reported that SDGs were fully integrated in the companies’ activities.

On the one hand, this case illustrates the immaturity in this matter and a lack of understanding of the benefits that SDG integration can provide, and on the other hand, it reveals a significant room for development.
At present time there are a few companies that understand the SDGs essence and willfully foster their integration. The majority mention SDGs mainly in their non-financial reports but do not incorporate them to the core of business practices. Companies are just beginning to analyze how their activities can contribute to the achievement of SDGs and what can be done to maximize this effect. In most cases, a conscious policy to promote the adoption and implementation of SDGs within the company’s activities is fueled by the requirements of external stakeholders and practices of leading Western firms.

Sustainable development is widely used as a ‘wrapper’ for public communications, or as part of individual projects (usually with a significant environmental or social component). At the company level, the CSR function is often transformed into sustainable development initiatives and, accordingly, remains in the background being separated from both the business and development strategies. In addition, the companies expanding overseas operations often clash with the requirements for sustainable development in the supply chain, environmental and social standards, thus beginning to transform their activities in response to market signals.

To integrate the SDGs and other aspects of sustainable development, the companies use different scenarios and often in a quite erratic manner. It depends on the industry, nature of the company’s business and requirements of the key stakeholders. The company maturity level and its sector predetermine the priority areas where the principles of sustainable development are implemented to a greater extent.

The real sector businesses generally implement sustainable development aspects in their operations and supply chains. In the FMCG sector, sustainable development is integrated mainly across marketing and communications departments that serve as ‘in-house drivers’ of the sustainability agenda. Progressive and responsible companies always bridge sustainability and human resources practices, as HR departments commonly foster the culture of corporate social responsibility.

Anonymous quote from the questionnaire

To date, which functions in your company/entire Russian business have already implemented the principles of sustainable development?
(Choose no more than three answers)

Integration of sustainability development aspects into the company’s activity

Top-3

<table>
<thead>
<tr>
<th>Function</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and Consumer Communications</td>
<td>25%</td>
</tr>
<tr>
<td>Production Activities</td>
<td>19%</td>
</tr>
<tr>
<td>Human Resources Management and Corporate Culture</td>
<td>17%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Functions</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply Chains</td>
<td>12%</td>
</tr>
<tr>
<td>Product Design and Packaging</td>
<td>10%</td>
</tr>
<tr>
<td>Investment Activities and Reporting</td>
<td>10%</td>
</tr>
<tr>
<td>Risk Management</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>
Progressive and responsible companies always bridge sustainability and human resources practices, as HR departments commonly foster the culture of corporate social responsibility.

When it comes to SDG priorities, Russian companies express different preferences. According to the survey respondents, the top priority SDGs for the Russian business community are as follows:

— SDG 12. Sustainable consumption and production
— SDG 3. Good health and well-being
— SDG 8. Decent work and economic growth

Environmental, gender and socially sensitive SDGs appeared to be less popular in Russia. On this point, the situation in the Russian business environment does not conform to the global agenda, as Western companies are gravely concerned about gender equality and climate change. In Russia, these SDGs fall at the bottom of the list. SDG 13. Climate action, which is highly topical for Western firms, was mentioned only by 3% of respondents.

Sustainable development is definitely not about PR. If the company promotes the principles of sustainable development, it should commit to honest and fruitful work.

Of course, the company’s sustainability agenda should be well articulated, publicly visible, accessible and communicated to clients and partners, as well as sense bearing, meaningful and tailored to the real needs of business community.

For this purpose, we have established the Expert Council for Sustainable Development — an internal deliberative and collegiate body where we discuss sustainability issues with representatives of Rosatom companies and divisions. Within the Expert Council framework, we have selected several pilot areas with real cases for sustainable development, the understanding and elaboration of which help us improve our business processes and achieve certain measurable effects. The pilots include product areas, analysis of sustainable financeability, and analysis of the supply chain sustainability — through these pilots we are shaping an effective streamlined model of Rosatom’s sustainable development focused on business and tailored to its needs.

Polina Lion,
Chief Sustainability Officer, Rosatom State Corporation

Quote from the expert interview
Which SDGs are the priority concern for Russian business?
(Choose no more than three goals)

**SDG priorities in Russia**

1. **No Poverty** - 5%
2. **Zero Hunger** - 2%
3. **Good Health and Well-Being** - 16%
4. **Quality Education** - 7%
5. **Gender Equality** - 1%
6. **Clean Water and Sanitation** - 3%
7. **Affordable and Clean Energy** - 2%
8. **Decent Work and Economic Growth** - 15%
9. **Industry, Innovation and Infrastructure** - 11%
10. **Reduced Inequalities** - 1%
11. **Sustainable Cities and Communities** - 8%
12. **Responsible Consumption and Production** - 16%
13. **Climate Action** - 3%
14. **Life Below Water** - 1%
15. **Life on Land** - 2%
16. **Peace, Justice and Strong Institutions** - 5%
17. **Partnerships for the Goals** - 2%

**Top-3**

1. **Sustainable Consumption and Production**
2. **Good Health and Well-Being**
3. **Decent Work and Economic Growth**
There are several serious barriers faced by Russian companies when implementing initiatives for sustainable development and SDGs integration. These primarily include economic and financial barriers, lack of stakeholder demand and low level of sustainability awareness among company management.

Key barriers towards implementation of sustainability principles and SDGs

In your opinion, what is the main barrier towards implementation of sustainability principles and SDGs in Russian companies? (Choose one answer)

- 31% Economic and financial challenges
- 27% Top managers do not fully recognize the importance of sustainability issues
- 21% Lack of consumer pressure/demand
- 13% Lack of state support
- 8% No transformation strategy

In a survey, 31% of respondents cited ‘economic and financial challenges’ as one of the key barriers. They also pointed out the lack of awareness and understanding among top and middle managers as to the benefits that implementation of sustainable development aspects would provide. As the survey revealed, almost one third of respondents (27%) believe that Russian managers do not see the importance of this subject, and this is a serious hindrance to the SDGs implementation.

An unfavorable investment climate coupled with temporary lag behind some Western countries in driving the CSR evolution, the immature institutions of civil society and lack of environmental awareness among consumers, state paternalism and monopolization of economic sectors — all this results to the situation when the stakeholder request is not significant enough to move it to a different sprint and does not reach the company management.
Three quarters of respondents (74%) believe that Russian leaders treat the sustainability agenda as a mere formality and do not fully recognize the importance of this issue (answers 1 to 3). Only 11% of respondents believe that management is fully aware and personally involved in the integration of sustainable practices in their companies.

What are the attitudes of Russian management towards sustainable development: whether it is a matter of importance or a pure formality? (Please rate your response on a scale from 1 to 5, where 1 – formal attitude, and 5 – understanding of the importance and personal involvement in the corporate adoption of sustainability practices)

**Attitudes of the company management towards SDG agenda**

- **8%** FORMAL ATTITUDE
- **31%** UNDERSTANDING OF THE IMPORTANCE
- **35%** AND PERSONAL INVOLVEMENT IN THE CORPORATE ADOPTION OF SUSTAINABILITY PRACTICES
- **15%** SUSTAINABILITY PRACTICES
- **11%**
Communications and reputation are the key drivers implying a positive impact on sustainable development. This is especially true for FCMG companies and consumer goods manufacturers that interact directly with end customers. The same view is shared by one third of respondents (31%).

Almost a quarter of respondents (23%) identify the requirements of ESG analysts and investors as the most important driver, which makes the business pay attention to sustainability issues and gradually integrate responsible practices into corporate activities – from the development of relevant documents, policies and regulations, and preparation of non-financial reporting to the implementation of best practices in operations. Therefore, when business moves forward starting from the compliance with formal requirements, it is empowering transformation from the inside out.

In your opinion, what is the key driver towards implementation of sustainability principles and SDGs in Russian companies? (Choose one answer)

- Communications and reputation opportunities: 31%
- Requirements of investors, ESG analysts and partners: 23%
- Possibility to enter new markets and fast growing market niches; potential for revenue increase through product/services differentiation: 17%
- Cost saving through more efficient resource and process management: 14%
- Efficient sustainability risk management: 11%
- Other: 4%
When it came to the key drivers towards implementation of sustainability principles and SDGs into the companies’ activities, it was interesting to identify some differences in opinions depending on whether they belonged to the companies participating in Effie Awards (Group 1) or to the experts (Group 2).

Group 1 respondents (representatives of companies participating in Effie Awards) believe that communications and reputation are the primary impetus for SDGs implementation (44%). The reason for this is that participants in Effie Awards mostly hail from communication and marketing sectors addressing SDGs and sustainable development mainly through the lens of communication and marketing potential.

Requirements of investors, ESG analysts and business partners is the key factor driving sustainable development principles for more than half of Group 2 respondents (experts representing big business, generally on management positions in leading Russian companies). This opinion is fully consistent with the current agenda in the business community and increasing talks about the impact of ESG factors on corporate performance and growth along with their important role in shaping the investment attractiveness.

Companies have different motivation and encouragement for sustainable development. In today’s business environment, it is PR and marketing forced with a desire to make a positive impression on clients and partners. Such companies resort to myriad external activities, but simply have no time to reduce the detrimental impact they are having on the society and environment.

For other businesses — especially small ones that are making their first steps on a path to sustainability — the case is that their top management or the owner address sustainability issues guided by personal beliefs. In such a situation, there is often an evident bias in favor of the problem reflecting the owner’s concern.

The most effective and sound motivation lies in the conscious sense of responsibility the company assumes before our planet. This is the case for big business and large corporations where understanding and responding to sustainability trends is endorsed at the highest level. The main idea is that my ‘house’ is my responsibility, and it is not only about my property or a country, it is about the whole world!

From this perspective, the company (top management) has a strong feeling that its efforts and actions affect the planet and people, therefore it is responsible for its decisions and activities.

Natalia Beneslavskaya,
Head of Sustainable Development and Environmental Protection, IKEA in Russia
The level of understanding of the sustainability agenda and degree of SDGs integration varies by industry. According to the survey, FMCG, oil & gas, telecom and IT are recognized as the leading promoters of sustainability.

The reason is that FMCG sector comprises a large variety of global brand corporations that adopt responsible practices from their headquarters and adhere to global corporate policies and procedures for sustainable development. Besides, the companies in this sector are working directly with end consumers and consider all their sentiments, including commitment to the principles of responsible consumption.

Oil & gas and other extractive industries apply severe requirements when it comes to environment, OHSE, supply chains, equipment reliability and other crucial issues. These companies export goods so they have to comply with any additional conditions imposed by overseas customers.

The high level of commitment to sustainable development across the telecommunications sector is linked to the fact that telecom companies drive innovation and implement best corporate practices, they are sensitive to the opinions of end customers, and their activities have a relatively small negative impact on the environment.

Which companies/sectors in Russia are MOST committed to the principles of sustainable development

<table>
<thead>
<tr>
<th>Sectors with the strongest commitment to sustainability principles</th>
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<tbody>
<tr>
<td><strong>FMCG</strong></td>
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<tr>
<td><strong>OIL &amp; GAS</strong></td>
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<tr>
<td><strong>TELECOM AND IT</strong></td>
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<tr>
<td><strong>ELECTRIC POWER</strong></td>
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<tr>
<td><strong>HEALTHCARE AND PHARMACEUTICALS</strong></td>
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<td><strong>MINING AND METALS</strong></td>
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<td><strong>CHEMISTRY AND PHARMACEUTICALS</strong></td>
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<td><strong>FINANCE AND INVESTMENT</strong></td>
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<td><strong>RETAIL</strong></td>
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<td><strong>AGRICULTURE</strong></td>
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<tr>
<td><strong>TRANSPORT AND LOGISTICS</strong></td>
</tr>
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<td><strong>FORESTRY AND WOOD PROCESSING</strong></td>
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<tr>
<td><strong>CONSTRUCTION</strong></td>
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Which companies/sectors in Russia are LESS committed to the principles of sustainable development

**Sectors with the lowest commitment to sustainability principles**

Construction, agriculture and retail trade demonstrate the lowest level of commitment to sustainable development, according to the survey respondents.

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Commitment Level</th>
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</thead>
<tbody>
<tr>
<td>Construction</td>
<td>13%</td>
</tr>
<tr>
<td>Retail</td>
<td>11%</td>
</tr>
<tr>
<td>Agriculture</td>
<td>11%</td>
</tr>
<tr>
<td>Transport and Logistics</td>
<td>10%</td>
</tr>
<tr>
<td>Forestry and Wood Processing</td>
<td>10%</td>
</tr>
<tr>
<td>Mining and Metals</td>
<td>9%</td>
</tr>
<tr>
<td>Chemistry and Pharmaceuticals</td>
<td>8%</td>
</tr>
<tr>
<td>Finance and Investment</td>
<td>8%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>6%</td>
</tr>
<tr>
<td>Healthcare and Pharmaceuticals</td>
<td>6%</td>
</tr>
<tr>
<td>Telecom and IT</td>
<td>4%</td>
</tr>
<tr>
<td>Electric Power</td>
<td>2%</td>
</tr>
<tr>
<td>FMCG</td>
<td>2%</td>
</tr>
</tbody>
</table>

Unfortunately, in Russia, natural resources sectors (forestry and agriculture), also show low levels of SDG integration and do not fully recognize the importance of sustainable development. This is an illustration of the overall picture, but in fact, each industry has its leaders – the front-runners that encourage self-development and strive to change things for the better in the entire sector.

Segezha Group considers sustainable development as not only the point of being in business, but as a business need. We deal with European and Asian clients and export our products to foreign markets imposing stringent requirements on the product quality. We attempt to provide the best fit to the customer request. If the business does not share the principles of sustainable development, then today it is grappling with some challenges and complexities in the global market. It is struggling for success. To cite one example from the pulp and paper industry and woodworking sector, if you do not have the appropriate certification, you are not a responsible forest user and do not convey your involvement and contributions to these matters, then your products may become unwanted despite a loyal pricing policy. This is a trigger for most of our customers.

In turn, we are promoting responsible production and consumption across the network of our Russian partners and suppliers, transforming the industry and creating a vector for sustainable development.

Maria Vasilkova,  
Member of the Board, Advisor to President, Segezha Group
Incorporation of SDGs and sustainability principles in communication campaigns and projects positively affects their effectiveness and success. Majority of the respondents that is 88% agree with this statement. Linking the communication campaign to sustainable development drives promotion of products and services.

In your opinion, does the incorporation of SDGs and sustainability principles in communication campaigns (projects) in Russia affect their effectiveness and success?

Sustainable development and communication efficiency

Yes, a positive impact 88%
Yes, a negative impact 1%
No, there is no impact 7%
Don’t know/No answer 4%

The brand is a message that communicates what your business is through its goals and values. Using various communication channels, we implement sustainable development aspects both in product brands and in the concept of Nestlé umbrella branding. We have experienced that successful sustainability-oriented marketing campaigns result in a higher level of trust to individual product brands and the entire Nestlé world.

Svetlana Smolina,
Consumer Relationship and Marketing Communications Manager, Nestlé Russia

Here we observe a trend that was revealed following the 2018 Study and its key findings. At that point, all respondents said that SDG integration in communication campaigns contributed to business development: 83% of them completely agreed with that statement and 17% were more inclined to agree, rather than disagree.

By far, the effectiveness and success of such communications are influenced by the consumer’s willingness to pay for socially/environmentally responsible products and its response to sustainability-oriented communications. Today we are witnessing a rise of consumer awareness, which is higher among literate residents of big cities and more socially and environmentally conscious young people of Generation Z, who are becoming economically active.
Two thirds of the survey respondents (66%) indicate that consumers are willing to buy a product or service from a socially and/or environmentally responsible company, but the reality is different – such cases are more an exception than rule. A quarter of respondents (26%) say that consumers have already been paying for such products and services – this can be seen from their personal or peer experience. There is a growing social demand for ‘responsible’ goods and services, but the gap between intention and action is still an issue.

Respondent opinions from both groups (Effie Award and experts) coincides with the findings from global consumer behavior studies. In particular, the 2018 Nielsen Report indicated that 62% of Russian consumers were ready to change their consumer behavior if that could contribute to the reduction of environmental footprints.

The research points to the overall consumer willingness to buy products and services from sustainable brands. However, the extent to which the words serve the deeds depends on the respondent sample. The respondents participating in Effie Awards (Group 1) are somewhat more optimistic in this respect: more than half of them (54%) believe that consumers, in general, are willing to pay, and more than one third observe this trend on their goods/partners (37%). This is the case, when intentions turns into action.

Experts (Group 2), in contrary, do not believe that consumer intentions and fine words are translated into certain actions. 90% of experts surveyed share the unanimous view that consumers’ willingness is often far away from reality. It is necessary to skillfully transform this willingness into action, but we are not at that point yet. According to Romir, only 5% of consumers (6% among young people) purchase ‘responsible goods and services’ on a regular basis.
Experts agree that the situation is unlikely to change dramatically over the next 3 years. This is a matter of a long-run deal – a positive shift is expected at least in 5 years. The lag behind global best practices is likely to persist, but we will see the widespread trend towards addressing that gap.

Looking forward to the next 5-10 years, Generation Z, as they are becoming more active and professionally involved, will push the demand for responsible products and services. Generational shift in business is underway thus having a positive effect as to the promotion of sustainable practices.

Economic and political advancements along with the implementation of development scenarios reflecting an integrated focus and continued globalization will have a beneficial impact on the SDGs integration in business activities and contribute to the overall sustainability agenda. Unfortunately, Russian business today is more or less unplugged from these processes, and this can pose some challenges to making the SDG efforts a success.

The outlook remains subdued. There is no doubt that the number of SDGs relevant to Russian companies will increase. However, there will be no significant changes, unless a breath of fresh air blows in the professional world replacing today’s C-Suites and top executives (often the so-called ‘red’ directors), and the new generation comes into play. Lack of a clear vision about the country’s future is another crucial factor restricting strategizing and long-term planning.
SDG-focused and sustainability-oriented communications will be more systemic with a view to becoming an essential element of marketing and communication campaigns in the next 3-5 years. Various digital channels will be in high demand as a way to reach a larger audience – this will create additional options for responsible communications.

Sustainability adds value to business! The principles of sustainable development are among the key drivers determining MTS’s business strategy — they are shaping goals and objectives to guide the process across each area of the company’s activity, including products and services, internal and external interactions, corporate culture and decision-making system. It took time to reach this point, which was a painstaking gradual work to change the way of thinking with a focus on responsible behavior. This is not just about the top management and our employees, but our customers, partners and suppliers as well. It is our responsibility to inculcate, or if you prefer, promote the right values via corporate communications and channels.

Today our mission is to give back to the society in order to prevent its degradation, which to some extent reflects the emergence of new gadgets and modes of communication. Each company has its own scope of activity, and, as a result, the area of responsibility that should be addressed. Being a technology company, we have deep expertise in the field of digital solutions that can eliminate inequalities and ensure safety for people, make quality education more accessible, develop telemedicine services, improve the environment and preserve cultural heritage.

This is our mission.

Elena Kokhanovskaya,
Public Relations Director, Mobile TeleSystems PJSC (MTS)
The Barometer of Sustainable Business Transformation is the first step towards the universal benchmarking tool that enforces consistency in tracking the progress on the implementation of the sustainability agenda and its aspects in Russia.

This tool will be developed and (should the need arise) modified in response to the expectations and needs of the expert and business community. We will upheld the principle of continuity to organize data for the YoY analysis and in order to monitor trends.

Variables relating to the barriers and drivers for sustainable development will be evaluated on an annual basis; in particular, these are communication opportunities, responsible consumption, SDGs integration in the companies’ activities, sector-specific insights and business demand for various SDGs. In appropriate cases and where required by the expert and business community, main variables can be supplemented by related sustainability issues.
In 2018, Effie Russia launched the Effie Worldwide Program to promote 17 Sustainable Development Goals adopted by the United Nations as a global plan to address economic, social and environmental issues.
At the global and countrywide levels, Effie places strong emphasis on the development of this program and promotion of related initiatives, as now this is becoming a hot issue and a vital factor for effective marketing and communication campaigns. The study conducted by Effie and Kantar Millward Brown in 2015 revealed that brands having a socially significant goal, under otherwise equal conditions, demonstrated better results in marketing and business.

Program goals in Russia

Collection of data to assess the situation with SDG communications for further analysis, processing and use in the global expertise of Effie Worldwide and the UN;

Measurement and enhancement of the advertising industry contribution in the mission of creating a better world;

Analysis of factors influencing the performance of socially responsible campaigns and how these factors evolve over time;

Training of marketing specialists via best communication cases related to the provision of public goods and sustainable development goals;

Encouragement of industry representatives for better involvement in SDGs promotion.
The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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