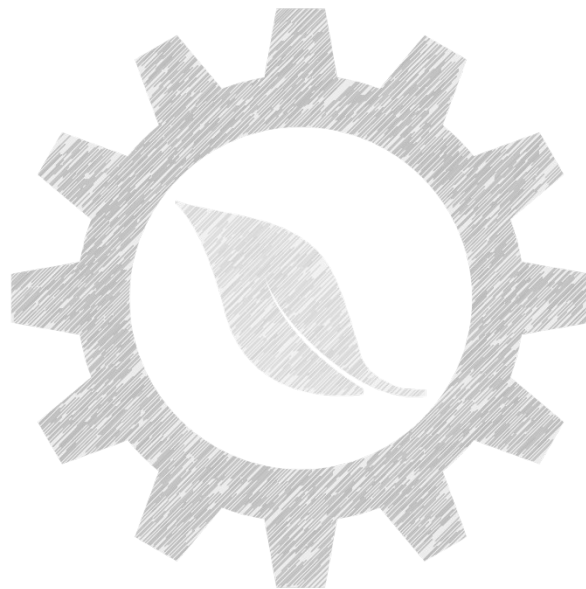




**SUSTAINABILITY THROUGH  
INTRAPRENEURSHIP – NATIONAL STUDY AND  
GOOD PRACTICES' IDENTIFICATION IN ESTONIA  
NATIONAL REPORT**



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## **PREFACE**

The initial stage of the SINTRA project implementation is about making an in-depth investigation of the national and sectoral settings for the development of environmental, social and economic sustainability, as well as the existing good practices in particular sectors with sustainability potential in the respective partner country, related to the positive effects that intrapreneurship can have on sustainability in one or more of its dimensions. This investigation, together with the gap analysis surveys and interviews, to be conducted as a next step within the framework of IO1 'Good Practices and Gap Analysis', will serve the purpose of filling a gap in the systematic mapping of sustainability-focused intrapreneurship-related training needs of employees and employers in the partner countries.

This National Report presents an overview of how the concept of sustainable development is reflected in the various strategic and programming documents at national level. An important emphasis of the Report are the three dimensions of sustainability, i.e. environmental, social and economic sustainability, as well as its sectoral focus. The existing initiatives, aimed at supporting sustainable development in one or more of its dimensions are also presented together with the effects of their implementation. Finally, the report identifies a number of existing good practices in the field of INTRApreneurship-supported sustainability, to be later elaborated on and incorporated in the SINTRA training material and interactive tools, to be developed in the framework of IO2, 3 and 4.

The National Report follows the generic structure, proposed by the IO1 Leader – Tora Consult (P6), in order to allow for comparability of reported information and outcomes across SINTRA partner countries, and includes the following chapters:

- Chapter 1. Environmental, social and economic sustainability – national and sectoral settings in Estonia
- Chapter 2. Sustainability through INTRApreneurship – good practices in Estonia.

In preparing this material, a variety of sources have been used, incl. statistical data, reports and reviews, together with the own insights of the authors.

Youth in Science and Business Foundation, YSBF

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## **EXECUTIVE SUMMARY**

Sustainable development is defined as a path of development that satisfies the needs and aspirations of the present generation without compromising the similar interests of future generations. Sustainable Development Goals (SDGs) are a set of global universal goals and indicators that call for an end to poverty, the fight against climate change and inequality, and a good quality of life for all.

The Sustainable Development Goals were adopted on 25 September 2015 at the UN Summit on Sustainable Development in New York, which was attended by 193 UN member states. Until 2030, all Member States are expected to base their policies on sustainable development goals. (Wikipedia, 2020)

The strategy "Estonia 2035" is implemented primarily through development plans and programmes in the field. It can also be used as a basis for strategic planning by local governments and public, non-governmental and private sector organizations.

In order to check the fulfillment of the objectives, a compliance analysis was performed, which showed that as of 2016, the Estonian state is already implementing the necessary measures in all 17 areas of sustainable development. The implementation of the UN Sustainable Development Goals is monitored through a report on sustainable development indicators prepared by Statistics Estonia in co-operation with the State Chancellery and ministries. (Wikipedia, 2020)

Based on the 2016 government policy compliance analysis, Estonia must continue its efforts in several areas in order to achieve both the global goals of sustainable development and Estonia's sustainable development. The main challenges are to increase productivity growth, improve the energy and resource efficiency of the economy, reduce greenhouse gas emissions, improve the livelihoods of the low paid and reduce the gender pay gap. Public awareness of the SDGs needs to be raised. In general, the development of innovative technological solutions that will help achieve the goals of sustainable development must be continued. (Wikipedia, 2020)

## EXECUTIVE SUMMARY IN ESTONIAN

Säästvat arengut (ehk jätkusuutlik arengut või ka tasakaalustatud arengut) määratletakse kui arenguteed, mis rahuldab praeguse põlvkonna vajadusi ja püüdlusi, seadmata seejuures ohtu tulevaste põlvkondade samalaadseid huve. Kestliku arengu eesmärgid, lühend KAE (ingl k *Sustainable Development Goals*, lühend SDGs) moodustavad ülemaailmse universaalsete eesmärkide ja näitajate kogumi, mis kutsus üles lõpetama vaesust, võitlema kliimamuutuste ja ebavõrdsuse vastu ning kindlustama kõigile inimestele hea elukvaliteet.

Kestliku arengu eesmärgid võeti vastu 25. septembril 2015. aastal New Yorgis ÜRO peakorteris toimunud Säästva arengu tippkohtumisel, milles osales 193 ÜRO liikmesriiki. Kõikidelt liikmesriikidelt oodatakse kuni 2030. aastani oma poliitika kujundamisel lähtumist kestliku arengu eesmärkidest. (Wikipedia, 2020)

Strateegia „Eesti 2035“ viiakse ellu eelkõige valdkonna arengukavade ja programmide kaudu. Seda saavad strateegilise planeerimise lähtealusena kasutada ka kohaliku omavalitsuse üksused ning avaliku, vaba- ja erasektori organisatsioonid.

Et kontrollida eesmärkide täitmist tehti vastavusanalüüs, mis näitas, et 2016. aasta seisuga rakendab Eesti riik juba vajalikke meetmeid kõigis 17 kestliku arengu valdkonnas. ÜRO kestliku arengu eesmärkide elluviimise seire toimub säästva arengu näitajate aruande abil, mida koostab Statistikaamet koostöös Riigikantselei ja ministeeriumidega. (Wikipedia, 2020)

2016. aasta valitsuse poliitika vastavusanalüüsi põhjal peab Eesti jätkama pingutusi mitmes valdkonnas, et saavutada nii ülemaailmseid kestliku arengu kui ka Eesti säästva arengu eesmäärke. Peamisteks ülesanneteks on tootlikkuse kasvu suurendamine, majanduse energia ja ressursitõhususe parandamine, kasvuhoone heitgaaside vähendamine, madalalpalgaliste toimetuleku parandamine ning soolise palgalõhe vähendamine. Tuleb suurendada üldsuse teadlikkust kestliku arengu eesmärkidest. Üleüldiselt tuleb jätkata innovaatiliste tehnoloogiliste lahenduste arendamist, mis aitaksid kestliku arengu eesmäärke ellu viia. (Wikipedia, 2020)

# **1. ENVIRONMENTAL, SOCIAL AND ECONOMIC SUSTAINABILITY – NATIONAL AND SECTORAL SETTINGS IN ESTONIA**

## **1.1. The concept and strategies of sustainable development**

Sustainable development means targeted development that improves people's quality of life in line with the resilience of natural resources and the environment. The goal of sustainable development is to strike a balance between the social, economic and environmental spheres and to ensure a full social life for present and future generations. Sustainable development covers almost all areas of life. (State Chancellery: Sustainable Development, 2020)

The principles of Estonia's sustainable development have been established by the national strategy for sustainable development "Sustainable Estonia 21". The bases of the strategy derive from the Sustainable Development Act, which was passed by the Riigikogu (the Estonian Parliament) in 1995. The national strategy "Sustainable Estonia 21" was completed in 2005 under the coordination of the Ministry of the Environment. This is a strategy for the development of the Estonian state and society until 2030. (Ibid.)

At the heart of sustainable development (including sustainable or sustainable development) is the harmonious development of the social, environmental and economic spheres. Ministry of the Environment (2020) Sustainable development means targeted development that improves people's quality of life in accordance with the resilience of natural resources and the environment. The goal of sustainable development is to strike a balance between the social, economic and environmental spheres and to ensure a full social life for present and future generations. Sustainable development covers almost all areas of life. State Chancellery (2020) In other words, the state is sustainable if people's living standards improve, we have a safe and clean living environment, and natural resources are used wisely to increase the competitiveness of the economy. (Ministry of the Environment, 2020)

### **Estonia's sustainable development goals:**

- Viability of the Estonian cultural space
- Increase in human well-being
- A socially cohesive society
- Ecological balance (State Chancellery: Sustainable Development, 2020)

"Estonia 2035" is a long-term strategy of the country, the aim of which is to increase and support the well-being of our people so that Estonia would be the best place to live and work in twenty years. The strategy provides a coherent direction for policy-makers and decision-makers in different areas and for the use of euro money. The preparation of the strategy is led by the State Chancellery and the Ministry of Finance with the participation of all interested parties. (State Chancellery: Strategy ..., 2020)

The goals of the strategy approved by the government ensure that even after fifteen years, Estonians will be smart, active and healthy, Estonian society will be caring, co-operative and open, and the economy will be strong, innovative and responsible. The focus is also on ensuring a safe and high-quality living environment that takes everyone into account and an innovative, reliable and people-centered country. (Government of the Republic, 2020)

## 1.2. Strategic goals for cross-sectoral (e.g. national) sustainability

In terms of companies and organizations, one of the concepts of sustainability is the triple bottom line of results, through which companies focus not only on economic value, but also on the environmental and social value that companies either create or destroy. Closely related to the triple dimension of results is corporate social responsibility. (Gross, 2017, 5) "Estonia 2035" is a long-term national strategy, the aim of which is to increase and support the well-being of our people so that Estonia will be the best place to live and work in twenty years. The strategy provides a coherent direction for policy-makers and decision-makers in different areas and for the use of euro. The preparation of the strategy is led by the State Chancellery and the Ministry of Finance with the participation of all interested parties. (State Chancellery, 2020)

The country's development in the economic and climate field so far has not been as expected. There are large economic inequalities, both by region and by different socio-economic groups. Productivity growth has not lived up to expectations. There has been little research and development and innovation. The investment rate of companies is modest compared to the past. Local resources are not valued enough. Greenhouse gas emissions are high. The challenge is to shape the business environment based on future needs. (State Chancellery, 2019)

Developing Sustainability through Internal Entrepreneurship 5 There are many topics in the social field that require effort. People's health status varies considerably between socio-economic groups and regions. Human behaviour continues to be harmful to health. Access to treatment is limited and service provision is fragmented. Coping with people with special needs is difficult. The proportion of people covered by the care burden is high. There is gender and age

discrimination in society. To improve the situation, the aim is to carry out a number of reforms. (State Chancellery, 2019)

In summary, Estonia's strategy for the next 15 years in the economy is: strong, innovative and responsible. The strategy sees the Estonian economy as internationally competitive, flexible and ready for structural change. There is a growing link between researchers and entrepreneurs, where innovation and research are intertwined. The use of natural resources takes into account the conservation of biodiversity as well as the socio-economic impacts. Long-term strategies are a safe and high-quality living environment that takes everyone's needs into account. We encourage the introduction of sustainable production and consumption models, the principles of the circular economy.

The aim is to switch to climate-neutral energy production and increase the share of renewable energy. We will support the mitigation of the socio-economic impacts of the reduction of electricity production from oil shale during the transition period, and we will develop and implement a package of services for Ida-Virumaa that will help the region's residents, companies and local governments to benefit from the changes. Societal goals are to be open, caring and cooperative.

We want to be a country where everyone has the opportunity for self-fulfillment throughout their lives, where society is based on a sense of belonging and the desire of citizens to actively contribute to the organization of society. People are culturally aware, cooperative and support change that creates common values.

### **1.3. Sectoral sustainability**

#### **Economic development objectives:**

- Develop new products and services through research and development.
- Introduce new technologies and business models, flexible forms of work.
- Participating in global value chains and rising to higher levels.
- People need to adapt to the need to learn more throughout their lives and be prepared for professional exchanges.
- Both the legal and tax environment must allow for the flexible implementation of new business models and forms of work. Over-regulation must be avoided.
- To shape the Estonian business and business environment in such a way that we can retain and attract capable entrepreneurs, investments and talents.
- Change society's attitudes (tolerance, openness, readiness for change).
- Add more value to local resources (timber, agricultural products, mineral resources) by



finding new technologies and innovative solutions.

- Introduce the principles of a circular economy to provide environmentally friendly products, increase resource efficiency, keep materials in circulation for as long as possible and reduce waste (State Chancellery: CREATING PRECONDITIONS FOR SMART BUSINESS GROWTH, 2019)

### **Planned economic reforms:**

- Create new solutions to foster business R&D and innovation (R & D & I), which in turn contributes to productivity and international competitiveness;
- Development of the R&D capacity of enterprises in areas with high growth potential of the Estonian economy;
- Create an economic environment conducive to flexible, innovative and responsible entrepreneurship and fair competition;
- Develop new innovation services and grants. For example, market monitoring of new technologies is offered, advice is provided on intellectual property, new business models and the inclusion of creativity. Support for applied research will be reorganized. Investment in research and development by state-owned companies will also be increased;
- Considering that the integration of digital technologies in the business sector is poor in Estonia compared to other European countries, the digitization and automation of companies is supported. The focus of business diplomacy is on knowledge-intensive companies. (State Chancellery, 2019)

### **Environmental protection development strategies**

- Eradicate hunger, achieve food security and better nutrition, and support sustainable agriculture
- Ensure universal access to drinking water and sanitation and sustainable water resources management
- Ensure affordable, reliable, sustainable and up-to-date energy for all
- To support sustainable, inclusive and sustainable economic development and to ensure decent work for all
- Ensure sustainable consumption and production
- Take swift action to mitigate and adapt to climate change
- Protect and sustainably use the oceans, seas and marine living resources to achieve sustainable development
- Protect and restore terrestrial ecosystems and promote their sustainable use; manage forests sustainably, combat desertification and halt and reverse soil degradation and biodiversity loss

- Strengthen methods for implementing the Action Plan and revitalize the Global Partnership for Sustainable Development (State Chancellery: RELATIONS BETWEEN ESTONIA'S DEVELOPMENT NEEDS AND SUSTAINABLE DEVELOPMENT GOALS, 2019)

### **Planned reforms in the field of environmental protection:**

- Reducing greenhouse gas emissions;
- Promoting the circular economy;
- Transition to climate-neutral energy production. Opportunities will be found for this, taking into account security, environmental protection and the interests of the population, which will help increase the share of renewable energy. In order to give up electricity from oil shale, a package of services will be developed and implemented for the Ida-Virumaa region, which will help the residents of the region to cope with the changes.

### **Social development goals (goals and strategies of community involvement)**

- To support peaceful and inclusive societies in order to achieve sustainable development; ensure law enforcement for all and establish effective, accountable and inclusive institutions at all levels
- Viability of the Estonian cultural space and smart cultural policy
- Make cities and towns inclusive, safe, resilient and sustainable
- Empower the older population by engaging in social and cultural activities and, if desired, support the continuation of lifelong learning and employment
- Implement an effective welfare policy that supports the reduction of the care burden
- Implement child, youth and family policies that provide a stable and supportive environment
- Implement effective, health-friendly labour market policies that take into account regional specificities
- To shape people's values that support all groups in society and value diversity
- Make the living, learning and working environment more conducive to healthy choices, supportive well-being, increase physical activity and be more accessible to all members of society
- Involve more civil society and introduce a community support system
- Develop and implement new technological solutions that balance the effects of population change (State Chancellery: SUCCESSFUL ADAPTATION TO CHANGE IN POPULATION, 2019)

### **Planned reforms in the social field:**

- The aim is to reduce societal gaps;
- To increase the economic subsistence of various socio-economic groups; Sustainability development through internal business

- To increase the openness, tolerance of society and to develop attitudes that support diversity and gender equality;
- When designing and implementing policy decisions, take into account people with special needs at different decision-making levels (state, local governments, companies);
- To implement E-services and other digital solutions more effectively to ensure equal opportunities;
- To better understand the causes and consequences of social gaps and to implement knowledge-based solutions to reduce gaps;
- Implement an effective integration policy;
- Implement a balancing regional policy that reduces regional disparities. (State Chancellery, 2019)

## **2. SUSTAINABILITY THROUGH INTRAPRENEURSHIP - GOOD PRACTICES OF ESTONIAN ORGANIZATIONS**

### **2.1. The Green Tiger's success story for promoting environmental protection**

The Green Tiger is a cooperation platform that aims to raise environmental awareness and lay the foundations for a balanced economy. To this end, environmentally friendly practices are collected and tested in each sector. The idea of a restorative and balanced economy is to reorganize the economy in such a way as to reduce the use of non-renewable resources, redirect more resources to reuse and try to restore natural resources as much as possible. At the same time, the aim is not to halt economic growth, but to bring economic activity into line and balance with the natural environment. In the mid-1990s, Tiger Leap launched the development of the technology sector and it is known as the success story of Estonia as a digital country. The Green Tiger is trying to do the same thing in terms of sustainability and environmental awareness. The goal of the Green Tiger is to make Estonia the most environmentally conscious country in the world. Under the Green Tiger, there is an economic team, a pilot program for companies and organizations, a knowledge team, an individual orientation and a climate-people's initiative group. The Green Tiger team consists of experts in their field, who involve volunteers and other professionals in the activities.

The Green Tiger has grown out of the "let's do it" campaign when the Green Tiger leaders recognized that cleaning together, although a very laudable activity, is dealing with the consequences and should be prevented. The initiators wanted to implement the sustainability project achieved at the level of the individual company Estanc more widely and thus achieve a greater positive impact on the environment. The goal is to introduce the Green Tiger as an

export article not only in Estonia but all over the world. An additional motivator for the creation of the Green Tiger was the parties 'collective concern about climate issues, which today may not have serious consequences, but could be catastrophic in 10 years' time. The green tiger continues to evolve and grow. It started as a start-up company, like any other, except that the Green Tiger has a social guideline. During the first year, grants and investments worth almost 700,000 euros have been injected into the Green Tiger.

The inclusion of such amounts at such an early stage is rather unusual for start-ups, which recognizes that the work of the organization is valuable and speaks to many. The first step has been to build a strong foundation for the platform to build on. As the Green Tiger grew out of the "let's do it" campaign, the Green Tiger is currently operating under the Let's Do It Foundation. With the establishment of a representative organization, it is also planned to establish a separate foundation, through which various services will be offered, such as green counselling. According to Mihkel Tammo, many business opportunities arise through ongoing projects. The Green Tiger is a unique combination in the world that unites theorists and practitioners, collaborating at both the national and individual levels.

Elsewhere in the world, one or the other part of a similar platform is represented, but not the whole community. (In Finland, Sitra is an association that has been gathering ideas on green issues for 15 years, but has not been able to really influence society. In Slovenia, the national economy program has been approved by the Parliament.) There have been various events to set up permanent green organizations, such as the Sustainable Development Roundtable, but these have stalled due to financial problems or a lack of initiative on the part of leaders. The founding members of the Green Tiger find that the timing of the creation of the Green Tiger was a big trump card. It may have been good ideas in the past, but they came at the wrong time. Society was unwilling or unwilling to deal with green issues to such an extent. 5 The Green Tiger is supported through funds and membership fees of private sector organizations. This ensures the independence and self-sufficiency of the Green Tiger. It is in the interest of the affiliated companies that their green message be disseminated by an apolitical platform to ensure impartiality and that the interests of all parties are represented.

### **Actions and measures taken**

The Green Tiger is a cross-sectoral cooperation platform for various initiatives and undertakings that help Estonia move faster towards a balanced economy.

The Green Tiger represents companies making a tiger leap towards sustainability, gathers knowledge from researchers and NGOs, and shapes public policy together. Individuals are helped to orient themselves in environmental issues and become a responsible Green Tiger.

Whereas initially the pilot program had to recruit companies in good faith because there was nothing to show, now it is easier to find subscribers. At the level of the individual and the organization, it is difficult to seek social change. Therefore, the Green Tiger works in 4 different directions: public sector, private sector, non-governmental sector and individual.

The Green Tiger collects the order of the social green turn, takes it to the country, and together the social turn and the change of the system are achieved. Today, the Green Tiger is running a pilot program with 15 organizations participating. Large companies such as Tere, Alexela, Coop, Elisa Eesti AS, the Police and Border Guard Board, Ülemiste City, Bolt and Eesti Rahvusringhääling are some examples of companies in whose organizations the Green Tiger helps to make a green turn.

The pilot organizations will go through the ten-month Green Tiger Academy to understand the possibility of operating in a more environmentally friendly way, to deepen their understanding of change management and to find the main environmental impacts of their activities. Each organization defines the most important environmental goals and selects one environmental act to reduce its environmental impact and starts to implement it. The pilot program, which will run until January 2022, has resulted in pioneering developments and lessons learned, which the Green Tiger will disseminate to further the pioneers. It also brings together the various legal restrictions that prevent pioneers from operating in an environmentally friendly way and communicates them to the relevant public authorities. Although the main activity of the Green Tiger is to gather and mediate information as a platform, they also contribute to the implementation of changes. The changes are practically approached.

### **Future Thinkers' Think Tank**

Within the framework of the Green Tiger, the Economic Council and the researchers' panel "Future Orienters' Think Tank" will meet together. The goal of the Green Tiger Future Think Tank is to create a nature-friendly, future-based and realistically feasible economic vision for Estonia by 2035. Every two years, more than 20 influential business leaders gather once a quarter to formulate a vision of a balanced and regenerative economy for Estonia. The work of the think tank is supported by an economic committee consisting of 35 company representatives. The primary focus of the think tank's activities is a restorative and balanced economy - the goal is to find solutions and strategies suitable for as many people as possible, which, by implementing them together, will accelerate Estonia's transformation into an environmentally restoring country. A regenerative and balanced economy is based on a circular economy, energy neutrality, the avoidance of the use of non-renewable resources and the freedom of waste. The Green Tiger seeks to help make the current way of thinking about

economic policy more flexible and environmentally friendly in a practical and realistic, yet ambitious way.

### **Green Tiger environmental impact indicator**

The Green Tiger is also working on a project of indicators, which will hopefully lead companies to have an annual climate report in addition to their annual income statement, in which companies will report on their environmental performance. In the spring of 2020, the idea of the Green Tiger environmental impact measure participated in the Accelerate Estonia national development program, which sought solutions to complex societal challenges. Within three months, the principles and calculation logic of the new environmental impact measure were developed together with scientists and experts.

The broader aim of creating an environmental measure is to make the economic environment of the European Union and Estonia more responsible, so that products and services with a high environmental impact are also more expensive. In the future, environmental friendliness would automatically mean wallet-friendliness. The incubation proved that collecting comprehensive information on environmental impact is attractive for both companies and financial institutions. By increasing the capacity of environmentally friendly procurement, a concrete lever was found on how the state and local governments can contribute to the green turn with their large shopping cart. At the same time, the ability of Estonia to collect the necessary information from state databases was mapped. In a short time, a very representative partner network from the private and public sectors was brought together: the Ministry of the Environment, the Ministry of Rural Affairs, the State Information Systems Board, Statistics Estonia, the City of Tartu, Saaremaa Parish, the Responsible Business Forum and LHV Bank. Although the idea did not find any national support in the Accelerate Estonia program, we will resolutely continue to develop a complex environmental impact indicator. Rohetiiger believes that thanks to the digital revolution, Estonia has great advantages to become the world leader in the green revolution.

### **Green Tiger Academy**

In addition, a large cooperation project is underway with the Tallinn City Government, where an attempt is being made to make the capital greener. Through the Green Tiger Academy, training on green topics is prepared, in which the mayor and district leaders participate. The Green Tiger Academy is a training program for knowledge and skills in environmental impact and change management for companies and organizations that want to improve their environmental friendliness. Academy training days take place once a month. The participants are inspired by environmental and change management experts. In addition, participants will present homework done in their organizations at academy meetings. During the training days,

participants acquire skills and ways of working that they can apply independently in their institution. Both environmental and change management mentors help each organization initiate or leverage green change. Participants will, of course, also receive support from other participating organizations and their classmates.

### **Self-definition for the individual**

The Green Tiger is announcing a private sector representative organization with the ambition to recruit 250 companies interested in the green turn. As large companies have the greatest societal impact and power, the largest green projects are targeted at the private sector. A value offer is prepared for companies, which is the basis for joining the Green Tiger. It is also planned to involve more individuals in the near future by giving them a voice and to work with NGOs and the state to contribute to the maximum green turn. The Green Tiger recognizes that people want to have a say in environmental issues, but so far they have not had the opportunity. One of the training directions in Rohetiiger is to compile self-definition for individuals. It includes 170 questions and situation descriptions against which an individual can assess his or her ecological footprint.

### **The Process completed**

Becoming a Green Tiger, people and organizations are united by a community and a common goal. The Green Tiger also encourages companies with a high negative environmental impact to join in order to support the introduction of green guidelines and thus reduce the share of negative processes. Today, there are about 50 organizations associated with the Green Tiger. The only criteria for joining are the absence of illegal business and a substantial desire to change something and have a say.

The Green Tiger Platform wants to be the basis through which organizations can realize their green goals. The green tiger attaches great importance to communication. It has a systematic communication plan from the outset and activities to support message delivery. The sound space grows with the companies that join the platform. Mihkel Tammo says that consistency is important. The Green Tiger has a newsletter that is published every month, and the functionality of the website is what one serious organization should have. Separately, the organization employs a social media person who handles posts on various social media platforms. When pilot meetings take place, someone comes in, takes a picture, writes and publishes. In other words, they are constantly working to popularize the Green Tiger

## 2.2. Ensuring sustainability on the example of SEB Bank: priorities for economic, environmental and social development

Banks have an important role to play in channelling cash flows from depositors to borrowers in a way that fosters growth, for example by supporting business development. The bank is the conscience and circulation of the economy – it helps to create jobs, buys goods and services from strategic business partners and suppliers. It creates tangible economic benefits for its stakeholders and the communities in which it operates through dividends, taxes and community-based investment projects.

SEB is committed to giving its customers the opportunity to grow by developing sustainable and innovative solutions and offerings.

### **Economic development goals and business priorities**

- develop and implement cross-group policies to support responsibility;
- harmonize and increase investment in support of community and societal development;
- reduce emissions and fully offset residual emissions;
- to explore dialogue with all groups in society that are involved in our daily activities.

Basics of SEB bank's business. The Bank's Responsible Business focuses on eight business priorities based on Standard Chartered Bank's Responsible Business Model. By focusing on these priorities, the best way to contribute to society is to promote more transparent governance in banking.

These priorities are also supported by the SEB Code of Business Ethics. First of all, SEB aims to:

- Everything we do in terms of products must be responsible and sustainable. If we finance, those sectors and projects that comply with the policies of the sector (weapons, etc., what we finance and what we do not) and are sustainable. A large number of policies that provide guidance on what is reasonable to fund and what is not.
- business ethics
- customer communication – honest, transparent
- international cooperation



## **Problems and challenges**

While the importance of sustainability is already recognized among large businesses, there is a long way to go at the private level. By this I mean educating consumers about quality and green thinking. Money also plays an important role in making choices, as imported goods can be cheaper than domestic ones and green electricity more expensive than a regular package. Cryptography versus money laundering – one of the biggest challenges at the moment is to mention cryptocurrency and establish cooperation with companies that deal with it. Obviously, the trend is towards electronic currency – but there is a big problem here that is unresolved at the moment – transparency and control of cash flows, i.e. suspicion and control of money laundering. There are some solutions that are currently under development – but here the bank that is the first to find a solution and implement it will win.

## **Supporting social development**

SEB cooperates and supports sustainable programs:

- Junior Achievement in Estonia, from whose programs entrepreneurial and ambitious Estonian youth grow.
- Participates in the research school project of the University of Tartu and cooperates with students in the SEB Growth Program as well as in other projects.
- SEB supports, among other things, programs and projects that provide consulting to companies. That's why we support projects such as Brain Hunt, which allows start-ups to develop and turn their ideas into reality. Together with supporters and EstBAN, Brain Hunt will hand out a record 150,000 euros to implement business ideas this season. Brainstorming is promoted by the Enterprise Estonia. Brainstorming (2020) SEB Business Innovation Manager Mart Maasik comment: Why support Brainstorming at all? "Implementing a good idea requires good partners. SEB's experience in supporting new ventures is long-term. Many of today's top companies have sprung up with us. We give good advice to a start-up on how to reach the top. Entrepreneurship is not just about business - entrepreneurial people create jobs and a better future. We help the economy grow together, » (Brain Hunt/Ajujaht, 2020)
- Money wisdom classes in schools This course, which SEB offers to Estonian schoolchildren, includes more than just the rules of private financial behaviour. SEB's goal is to give young people guidance on making financial decisions, planning, investing and planning their career or business. SEB understands the wisdom of money as a modern art of success and shares its foundations with students. It takes place every autumn, all over Estonia, and absolutely all

employees participate – starting with Allan Parik (chairman of the board) and ending with tellers.

- Innovation centres in Tallinn and Tartu. The goal of SEB Innovation Centre is to increase the ambitions and skills of Estonian people and companies in order to make them more competitive. At the Innovation Centre, SEB organizes inspiring programs and seminars that employees and customers can participate in. The Innovation Centre has developed a Growth Program for entrepreneurs who want to take a step forward with their company and find new and innovative opportunities for growth. More about the program: In cooperation with the European Innovation Academy, SEB has created a growth program that helps ambitious companies to find new growth models and develop significantly faster than the general rhythm of the market. Whether the challenge is the digitalisation of products and services, the expansion into new markets or another direction that brings growth to the company. SEB is looking for companies that have been operating in the market for more than 2 years and whose turnover exceeds EUR 500,000. Up to 15 companies will be selected for the growth program at a time, and with the help of trainer Alar Kolk, they will be helped to create a personal action plan, with which the company will take a step forward in its business in three to six months. Participants must take into account that they will meet on six working days from 10 am to 5 pm. spring growth program trainings in Tartu!

## **Environmental protection**

SEB supports initiatives that promote sustainable entrepreneurship and reduce climate change, namely:

- Green leasing, which favours the use of electric cars;
- Green loan is sustainable financing for environmentally friendly or environmentally friendly projects;
- Responsible and sustainable lending, ie does not finance sectors that deal with arms, drug trafficking, intimate services or are suspected of money laundering;
- MAISIC, i.e. to reduce the use of plastic, some types of bank cards now contain corn;
- Green pension funds, all SEB funds invest in responsible companies. Environmental impact SEB works to reduce both the direct and indirect impact of its business on the environment:
- Video conferencing There is a new solution that reduces people-to-people contacts and allows professional advice to be obtained through a remote channel - especially in the current crisis situation related to the COVID-19 virus;

- Paperless service This service is aimed at protecting the environment. The study found that SEB tellers currently print around 400,000 pages a month, making a total of 24 tonnes of paper a year. It takes about 650 trees to produce, plus energy and water. Therefore, it is first and foremost an environmentally sustainable initiative and a broadening of the world of thought, but we also see at least equal benefits in making the service process much more convenient and, of course, in reducing the cost of archiving documents; 9 Developing sustainability through in-house entrepreneurship

- Green energy, energy that is not produced from non-renewable earth resources such as oil shale;

- Garbage sorting The offices strictly follow the garbage sorting – different containers for garbage with large pictures and instructions are placed in each department;
- Means of transport, SEB Bank uses the environmentally friendly Škoda Superb.

Large Scandinavian companies and asset management clients choose a bank when sustainability is one of the most important criteria. If you want to be competitive, you have to go along with sustainable development – this is one of the bank's main goals. If the bank makes very little contribution to environmental protection and sustainability, this will have a direct impact on the bank's shares – they will fall as banks compete in the market in this area as well. As stated above, banks do not have the opportunity to receive support for projects, but the banks themselves have to manage and contribute. Directly, this means that the bank must, first of all, increase its own income, and at the same time invest itself in non-income-related projects.

### 2.3. Sustainable farming management: the example of Villagu farm

The focus of the agricultural sector is on the preference for Estonian production and the competitiveness of agriculture. Sustainable management of natural resources and balanced territorial development of rural areas. Ministry of the Environment (2020) The Agriculture and Fisheries Development Plan until 2030 stipulates that smart and sustainable agriculture, food production and rural life, as well as safe food and a preserved environment, are related to public goods for the benefit of society as a whole. It also includes the promotion of the agricultural environment and innovation and, more broadly, competitiveness and exports, which are prerequisites for sustainable food production and rural development.

According to the survey “Situation, Development Trends of Rural Entrepreneurs, Need for Support” conducted by the Estonian University of Life Sciences (2020), rural enterprises considered investments in machinery and equipment to be the most important in 2012–2018 (92.5% of respondents); followed by investments in buildings and structures (80.3%),

development of existing products (77.1%), training and education of employees (73.9%), improvement of working conditions of employees (71.8%) and creation of new products or services (71.7%). (Ministry of Rural Affairs, 2014)

The main problems in the sector are the declining agricultural population and urbanization. Extreme weather events, such as rain and drought, rising energy prices and limited water resources, have become new challenges. Also environmentally sustainable and environmentally friendly business. Tiidemann (2010). According to the EEC Rural Entrepreneurship Survey, the main obstacles for rural entrepreneurs are insufficient equity investment. (Ministry of Rural Affairs, 2014)

### **How can the sustainability of a company be developed using different project-based funding sources? An example of a micro-enterprise**

Micro-enterprises with a small number of employees generally do not need in-house entrepreneurship, but they do need project-based sources of finance for sustainability, growth and development, which require in-house skills. (Elenurm, 2020)

Programs, grants, projects In 2020, the following grants will be granted as state aid on the basis of the Rural Development and Agricultural Market Organization Act:

- bee colony support;
- support for the implementation of control measures for dangerous pesticides;
- internship support in the field of agriculture, rural economy and veterinary medicine;
- support for breeding farm animals;
- farmer replacement aid;
- support for the promotion of food export opportunities;
- market development support. (Ministry of Rural Affairs, 2020)

### **Emergency temporary assistance due to the COVID-19 outbreak**

The applicant is an undertaking within the meaning of the Commercial Code whose economic activities have been significantly adversely affected by an outbreak of coronavirus causing COVID-19. The amount of support depends on the turnover for the financial year and micro, small or medium-sized enterprises can apply Agricultural Registers and Information Board (2020) 2.1.2. LAG support and LEADER project support . Project support may be applied for for

the implementation of the activities specified in the LAG's strategy measures, including the co-operation project. The maximum amount of project support per application is 200,000 euros. (Agricultural Registers and Information Board, 2020. Development of sustainability through in-house entrepreneurship)

### **Participation in programmes**

In 2015, Villagu Farm participated in the ARIB support program for the development of small agricultural enterprises. The aim of the project was to build a production building within 1 year. The project involved the construction of a small production building, which will allow the production and development of sea buckthorn products based on complete handicrafts, which in turn will lead to an increase in turnover. Depending on the type of company (FIE), the own contribution was financed from private funds. The cost of the project was € 25,000, of which the co-payment was € 10,000.00. The economic objective was to improve production conditions. The condition for project funding was to increase turnover every other year. Villagu set a goal to increase turnover by 4% every other year. The increase in turnover given as a condition of the project arose in the first year by increasing the turnover of existing products, and in the following years the increase in turnover increased due to the expansion of the assortment.

This project made it possible to use all the raw materials, i.e. to use all the components in the production and to convert the product that remains in the production of one product into a new product. As a result, no raw material waste is generated. As it is a small-scale production, the project made it possible to separate production from the home. This allows you to help the community when needed and, as a conscious choice, to prioritize the local workforce when needed. Most of the planned goals were achieved. A new production building was completed, turnover growth and free production of food waste was achieved. Currently, only sugar and product packaging packaging is generated from the waste, which goes to the packaging collection container. So far, there has been no need to involve the local workforce, so there has been no need to implement social capacity within the project.

The biggest risk of the project was considered to be the slump experienced in Estonia in 2014, which resulted in a slowdown in the increase in production. To mitigate this risk, previous agreements were made for the purchase of berries with sea buckthorn growers all over Estonia and opportunities were sought to expand their plantation. One of the risks that was not mapped within the project is health risk. As all stages of production are carried out manually, deterioration in health may affect production and the planned increase in turnover will not occur. As a solution, the social aspect of the project and, if necessary, the local workforce can be used not only in berry picking but also in production.

**The skills of entrepreneurship** largely overlap with the skills needed by an entrepreneur, whether it is a large or a micro-enterprise. Must have the ability to be creative, willing to take risks, be ambitious and be able to deal with difficult and unexpected situations. Defining national sustainable development will allow a number of different actors, including the state, sectoral institutions and companies, to work towards common goals for a better tomorrow's insurance premium. Villagu Farm would recommend to consider support for the promotion of food export opportunities and market development support to ensure sustainability. LAG support and LEADER project support could also be considered to ensure the sustainable development of their rural areas.

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