How should Nederman adjust their sustainability reporting as a consequence of the new EU-directive?
Abstract

By incorporating sustainability on all levels in an organization, it signals to customers, stakeholders and others that are affected by the company’s actions that they are taking actions towards a more sustainable business on all levels. There are several benefits from doing so, the organization can identify areas that need improvement, and highlight areas that are ahead in their sustainability work.

In 2017 all companies within the European Union that have 500 employees or more have to report on sustainability according to the new EU directive (2014/95/EU). Today Nederman has a report covering their sustainability work, however, it does not meet the requirements of the new EU directive. This report is a part of the preparatory work that has to be completed before being able to form a sustainability report according to the new directive.

A benchmarking of six companies, of which three are competitors was done as well as a GAP analysis, weighing Nederman’s current key objectives with the new indicators.

The result shows that Nederman’s existing Key Performance Indicators are relevant but are not enough to meet criterias of the new EU-directive. Several new indicators are suggested regarding energy use, CO₂ emissions, water use, recycling and Transport. The GAP analysis showed a clear increase in quality in the reports reporting according to GRI and following UN Global Compact. By adapting to the suggested indicators as well as doing Integrated reporting, a higher level of sustainability reporting can be reached. There are strengths and weaknesses with all ways of measuring data and the potential of measuring errors or using not very useful unit is always present. What is most interesting is the development over time since that can be measured in percent and trends can be seen.
Table of contents

1. Introduction .........................................................................................................................4
  1.1 Purpose and goal ..............................................................................................................4
  1.2 Objectives .......................................................................................................................4
  1.3 Limitations ......................................................................................................................4
  1.4 Method ............................................................................................................................5
    1.4.1 Benchmarking ............................................................................................................5
    1.4.2 GAP Analysis ..........................................................................................................6

2. Background ..........................................................................................................................6
  2.1 Nederman .........................................................................................................................6
    2.1.1 Sustainability reporting today at Nederman ..............................................................6
    2.1.2 Benchmarked companies ..........................................................................................7
  2.2 EU directive 2014/95/EU ...............................................................................................8
  2.3 Sustainability reporting ....................................................................................................8
    2.3.1 What is Sustainability? ...............................................................................................9
    2.3.2 Content of sustainability reporting ............................................................................9
    2.3.3 Global Reporting Initiative - GRI .............................................................................10
    2.3.4 UN Global Compact ................................................................................................11
    2.3.5 ISO 26000 - Guidance on social responsibility ......................................................12
    2.3.6 Integrated reporting <IR> .......................................................................................12
    2.3.7 International sustainability goals .............................................................................13

3. Result ..................................................................................................................................14
  3.1 Sustainability report, ISO certification, GRI and UN Global Compact .........................14
  3.2 How is energy use and CO₂ emissions presented and measured? ..............................15
  3.3 How is recycling presented and measured? ....................................................................16
  3.4 How is water use presented and measured? ....................................................................17
  3.5 How is transport presented and measured? ....................................................................17
  3.6 Suggested indicators ......................................................................................................17

4. Discussion ............................................................................................................................18
  4.1 Sustainability reports, GRI and UN Global Compact ....................................................18
  4.2 ISO certifications ...........................................................................................................19
  4.3 Why are the suggested indicators suitable to Nederman? ...........................................19
    4.3.1 Energy use, CO₂-emissions and recycling ...............................................................19
    4.3.2 Water usage .............................................................................................................21
    4.3.3 Transport ................................................................................................................21
  4.4 GAP Analysis .................................................................................................................21
  4.5 Interesting ways of presenting information inspired by benchmarked companies ......22
  4.6 Source criticism .............................................................................................................23

5. Suggestions ........................................................................................................................23

6. Conclusion ..........................................................................................................................24

7. References ..........................................................................................................................25
1. Introduction
Incorporating sustainability on all levels in an organization is something modern companies do. There are several benefits from doing so, the organization can identify areas that need improvement, and highlight areas that are ahead in their sustainability work. The sustainability work also signals to customers, stakeholders and others that are affected by the company’s actions that they are taking actions towards a more sustainable business.¹

In 2017, all companies within the European Union that have 500 employees or more have to report on sustainability according to the new EU directive (2014/95/EU). This directive calls on disclosure in the areas of policies, risks and outcomes as regards environmental matters, social and employee aspects, human rights, anti-corruption and bribery issues and diversity in board of directors.

Today Nederman has a report covering their sustainability work, however, it does not meet the requirements of the new EU directive. This report is a part of the preparatory work before being able to form a sustainability report according to the new directive.

1.1 Purpose and goal
The purpose of this report is to suggest relevant indicators for Nederman to use when reporting on sustainability in a way that corresponds with the new EU directive. The goal is to identify relevant indicators that Nederman can make use of.

1.2 Objectives
- How should Nederman adjust its reporting as a consequence of the new EU directive that enters into force in 2017?
- What indicators can be useful with the new directive and GRI (Global Reporting Initiative) in mind?

1.3 Limitations
The new EU directive covers all areas of sustainability, however, this report will only focus on environmental sustainability. The rest - social, corruption, anti bribery etc will not be covered.

Information in this report regarding companies’ sustainability work only covers information from each company’s sustainability report from 2014, and therefore other interesting or valuable information can have been left out. For example information available on their web page is excluded.

1.4 Method
A positivistic approach have been used. A benchmarking of six companies, of which three are competitors was done. Information about the benchmarked companies were retrieved by studying their sustainability reports from 2014. When this was completed, collection of data from Nederman was done and indicators were suggested. A GAP analysis was done, weighing their current key objectives with the suggested indicators. Lena Åberg (Global Quality Director) provided the company specific information needed.

1.4.1 Benchmarking
The aim with benchmarking is to understand where you want to be and how to get there. Benchmarking will answer the questions ‘where are we today’, ‘where do we want to be’ and ‘how shall we get there’. It is a useful tool when looking for possible improvements within your company. You compare your company or department with another company or department to see what they do better than you and to learn from their success. Common areas to compare are cost, price and market shares. It is possible to benchmark almost anything that is measurable within a company.²

When benchmarking, the first step is to decide what should be benchmarked. The next step is to define the test method, and what should be measured and compared. The third step is to define what companies or departments should be benchmarked. When this is defined, collection of data and valuable information should be done. The final step is to analyze the data. From the identified improvements, action plans should be formed within the own organization. In this step, a detailed description on how the implementation of the improvements should be done - in other words - who is responsible and when it should be completed. This step is about making sure that the action plan is followed and completed according to plan. The last step is to conduct a benchmarking of the changes.³

² Canea, http://www.canea.se/konsultjaenster/organisation-effektivisering/benchmarking
³ Canea, http://www.canea.se/konsultjaenster/organisation-effektivisering/benchmarking
1.4.2 GAP Analysis
A GAP analysis is a tool that will provide a company or organization with information in a way that it is possible to compare today’s process, Key Performance Indicators (KPI) or other interesting information that is measurable. This comparison will identify “gaps” between today’s practice and the best possible practice, as seen in figure 1.4.2. When this is identified, actions to implement the new better practice will be taken in form of an action plan.⁴

2. Background

2.1 Nederman
Nederman was founded 1944 in Helsingborg, Sweden, by Philip Nederman. Nederman works with filtration of air in industrial environments. They work with both the indoor work environment and the outside environment to minimize emissions. In 2010 they became world leaders in this area as when they acquired Dantherm. Nederman has sales companies and distribution in 30 countries covering five continents. They are branded as an environmental technology company.⁵ Nederman’s vision is "To be the global leader of competence in solutions for eco-efficient production"⁶ they have defined the word Eco-efficiency as the combination of care for the environment and health, together with efficiency and economic efficiency in their products.⁷

2.1.1 Sustainability reporting today at Nederman
Nederman has three KPI’s (Key Performance Indicators) in their key objectives covering environment. They are; Energy efficient operations, CO₂ efficient transportation and Optimal waste recycling. By 2020, a reduction of 20% in relation to net sales should be achieved compared to 2013 figures in both Energy efficient operation and CO₂ efficient transportation. The third environmental goal, optimized recycling, is targeted to 95% recycled waste by 2020.

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⁵ Nederman, http://www.nederman.se/about
⁶ Nederman, http://www.nederman.se/~media/ExtranetDocuments/PublishedBrochure/Short_facts_2013_EN.ashx
⁷ Nederman, http://www.nederman.se/about
The sustainability report contains an interview with the Global Quality director and the Senior Vice President HR. The interview covers questions regarding their sustainability work and what should be the next step, amongst other questions. The report also describes that the main focus is on energy use, recycling and emissions from transport. It mentions that the information regarding energy use and recycling is reliable but a lot of improvements regarding the information from emissions from transport is needed, this since small trucking companies have a hard time providing correct information. On a separate page diagrams on energy use from production, total energy use, recycling, emissions from transport and what shipping method is used can be found.

2.1.1 Benchmarked companies
Nederman provided the companies that have been benchmarked. Table 2.1.1 shows that three of the companies are competitors. Lindab is a supplier to Nederman, Alfa Laval and Sandvik are big industrial companies. The companies range from 1803 employees to 47348, and the turnover range from almost 2827 M Sek to 52 108 M Sek.

<table>
<thead>
<tr>
<th></th>
<th>Employees</th>
<th>Turnover</th>
<th>What do they do?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nederman(^8)</td>
<td>1803 (2014)</td>
<td>2826.9 M Sek (2014)</td>
<td>Filtration of industrial air</td>
</tr>
<tr>
<td>Camfil Farr(^9)</td>
<td>2809</td>
<td>3 894 M Sek</td>
<td>Competitor</td>
</tr>
<tr>
<td>Donaldson(^10)</td>
<td>&gt;12 500 (2014)</td>
<td>2473.5 MUSD (=21 370 M Sek(^{11})) (2014)</td>
<td>Competitor</td>
</tr>
<tr>
<td>Plymovent</td>
<td>-</td>
<td>-</td>
<td>Competitor</td>
</tr>
<tr>
<td>Alfa Laval(^12)</td>
<td>16 308 (2013)</td>
<td>29 934 M Sek (2013)</td>
<td>Heat transfer, separation and fluid handling technologies</td>
</tr>
</tbody>
</table>

\(^10\) Donaldson, [http://ir.donaldson.com](http://ir.donaldson.com)
\(^11\) Based on April 16\(^{th}\) currency 1 USD=8,62 SEK)
2.2 EU directive 2014/95/EU
The new directive from the European Union, 2014/95/EU, on disclosure of non-financial and diversity information by certain large undertakings and groups amends the Accounting directive 2013/34/EU. The new directive requires companies with an average of 500 employees or more during a calendar year to disclose their management report information on policies, risks and outcomes regarding environmental matters, social and employee aspects, respect for human rights, anti-corruption and bribery issues and diversity in their board of directors. By disclosing this information to investors and other stakeholders, it will give them a more comprehensive picture of the company's performance. The disclosure of non-financial information is important when changing towards a sustainable global economy since combining long-term profitability with social justice and environmental protection helps the monitoring, measuring and managing of a company's impact on the environment and society.

A sustainability report should include a description of the policies, outcomes and risks related to those matters. For the environmental matters, details of the current and foreseeable impacts of the company's operations on the environment, the use of renewable and/or non-renewable sources, greenhouse gas emissions, water use and air pollution should be included. The new directive says that companies that are subject to this directive should provide enough information in areas where it seems most likely that risks might cause serious consequences and also to include risks that already have lead to consequences.

There is not a set template on how to disclose this information, instead the directive says that companies should present the information in a way that they consider most useful. Companies are free to choose to use international, European or national guidelines (eg. UN Global Compact, ISO 26 000 and GRI).15

2.3 Sustainability reporting
Methods described in this section cover sustainability in all dimensions - social, environmental, economic, anti-corruption, bribery and human rights but only the environmental aspects of the method will be covered.

2.3.1 What is Sustainability?
A definition of sustainability is "Environmental Science. The quality of not being harmful to the environment or depleting natural resources, and thereby supporting long-term ecological balance."\(^{16}\) Another definition, but regarding sustainable development, comes from the report 'Our common future' written 1987 by Brundtland et al. "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs."\(^{17}\)

2.3.2 Content of sustainability reporting
The document Rio+20 outcome document, *The future we want*, published by the United Nations emphasizes in paragraph 47 the importance "[…] of corporate sustainability reporting and encourage companies, where appropriate, especially publicly listed and large companies, to consider integrating sustainability information into their reporting cycle."\(^{18}\)

A sustainability report contains information about the economic, environmental and social impacts a company has on the society. Sustainability reporting has several internal and external benefits. It gives a greater understanding of risks and opportunities, benchmarking internally and between organizations and sectors, and improving brand loyalty and reputation.\(^{19}\) In a sustainability report, information on the organization’s values and governance model should be included. It should also show connections between the company’s strategy and its commitment to a sustainable global economy. The report should be formed in a way that it can be used as a base for decision making and this should create value to investors, customers, employees and others who have a stake, or in other ways are affected by the company’s actions.\(^{20}\) Sustainability reporting is more than just compilation of information, it rather helps organizations to set goals, measure performance and manage change.\(^{21}\)

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\(^{17}\) International Institute for Sustainabile Development, [https://www.iisd.org/sd/](https://www.iisd.org/sd/)

\(^{18}\) *The future we want*, [http://www.unccd2012.org/content/documents/727The%20Future%20We%20Want%20June%20201230pm.pdf](http://www.unccd2012.org/content/documents/727The%20Future%20We%20Want%20June%20201230pm.pdf)

\(^{19}\) GRI, [https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx](https://www.globalreporting.org/information/sustainability-reporting/Pages/default.aspx)


2.3.3 Global Reporting Initiative - GRI

GRI is a method for comprehensive sustainability reporting used widely around the world. It is designed to suit all types and sizes of companies, regardless where they are located. This way of reporting on sustainability gives companies and organizations tools to create reports that are reliable, relevant and includes standardized information. The GRI’s mission is to make it as a standard practice on how to report on sustainability.

Information that is included in a sustainability report will help with assessing opportunities and risks. The information should reflect both positive and negative aspects of the performance. A sustainability report based on GRI should cover aspects that reflect the organization’s social, economical and environmental impacts. In the area of environment, categories and aspects such as; materials, energy, water, biodiversity, emissions, effluents and waste, products and services, compliance, transport, supplier environmental assessment and environmental grievance mechanisms are covered. The reporting process is continuous and the flow can be seen in figure 2.3.3. By reporting on this, companies and stakeholders can be more informed when making decisions and strategic choices.22

In the Guidelines for GRI, two options on how to disclose the information are available, the Core option and the Comprehensive option. Both options are equally good and are neither an indicator of the quality of the report, nor the performance of the organization. Both options focus on the process of identifying material aspects. Material aspects are those that reflect an organization's significant environmental, social and economic impacts. In the Core option, the essential elements of a sustainability report is covered. It covers the background on how an organization discloses its performance in environmental, social and economical impacts. The Comprehensive option is an extension of the Core option. Apart from containing everything the

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Core option contains, it should also cover standard disclosures of the organization’s governance, strategy and analysis, and ethics and integrity. The comprehensive option also calls for a more extensive reporting by requiring disclosure on all Indicators related to the identified material aspects.

2.3.4 UN Global Compact
The UN Global Compact consists of ten principles on human rights, labour, environment and anti-corruption. These principles have been derived from several different organizations, for example; The Universal Declaration of Human Rights and The Rio Declaration on Environment and Development. The principles concerning the environment are principles 7,8 and 9.

**Principle 7:** *Businesses should support a precautionary approach to environmental challenges,*

**Principle 8:** *Undertake initiatives to promote greater environmental responsibility*

**Principle 9:** *encourage the development and diffusion of environmentally friendly technologies.*

When using the UN Global Compact as the way of reporting on sustainability, the ten principles are adopted and made part of the business strategy as well as a part of the day-to-day operations. Apart from this, companies who have committed to this way of reporting also commit to issue an annual Communication on Progress (COP) which is a public disclosure to stakeholders regarding the progress made in implementing the ten principles of the UN Global Compact. Each COP must contain three elements: a statement by the chief executive expressing continued support for the Global Compact, a description of practical actions and a measurement of outcomes. There are several purposes of the COP. It advances transparency and accountability, drives continuous performance improvement, safeguards the integrity of the UN Global Compact and the United Nations and helps build a growing repository of corporate practices to promote dialogue and learning.

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2.3.5 ISO 26000 - Guidance on social responsibility
This standard can be seen as an aid for companies and organizations in their work towards sustainable development and social responsibility. ISO 26000 covers social, legal, environmental, cultural, political and organizational diversity. The standard also acknowledges differences in economic conditions and is meant to promote companies and organizations to go beyond legal compliance.

ISO 26000 is a standard to which you cannot be certified towards as there are no minimum requirements since all companies and organizations have different conditions to what and how they can change in their daily work towards social responsibility. ISO 26000 helps companies and organizations with ways to integrate socially responsible behaviour into the company or organization as seen in figure 2.3.5. Results and improvements in performance in the area of sustainability is important in this standard. The standard is meant to improve common understanding in social responsibility. It is not meant to be seen as a guideline or international standard.

2.3.6 Integrated reporting <IR>
Integrated Reporting,<IR>, is a way to report on both sustainability and the financials in one report and to show how an organization’s strategy, governance, performance and prospects are linked and connected to value in short, medium and long term. How it is all connected is shown in figure 2.3.6. It is a process based on integrated thinking which results in an integrated report and covers value creation over time and related communications regarding aspects of value creation.²⁶

The integrated report should include eight elements; Organizational overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook and basis of presentation. The aim of <IR> is to improve quality of the information available to stakeholders and financiers, promote a more efficient approach to corporate reporting, enhance accountability and stewardship for the broad base of capitals and to promote understanding of their interdependencies and support integrated thinking, decision-making and actions.\(^7\) <IR> does also aim to help to structure the reporting into one report and to reduce duplication of information. By having all information in one report, it makes the information easier accessible to stakeholders, customers and other valuable actors on the market.\(^8\) According to the International Integrated Reporting Council, <IR> will be the norm for corporate reporting as it allows companies to avoid producing several disconnected reports on different subjects.\(^9\)

### 2.3.7 International sustainability goals

The Europe 2020 strategy is about delivering growth that is smart, sustainable and inclusive. This has been summarized in five goals for Europe, one of them covers environmental sustainability. For Europe to be able to reach these goals, each country have been assigned different national goals that are adapted to that specific country’s possibilities.\(^{10}\) The third goal;

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\(^7\) Integrated reporting, [http://www.theiirc.org/the-iirc/about/](http://www.theiirc.org/the-iirc/about/)


3. Climate change and energy sustainability
   - 20% lower greenhouse gas emissions compared to 1990s levels
   - 20% of energy from renewables
   - 20% increase in energy efficiency

Europe 2020 sustainability goals specific for Sweden
- 17% Emissions reduction targets (compared to 2005 levels)
- 49% Renewable energy (in % of gross final energy consumption)
- 43.4 Mtoe Energy efficiency

3. Result

3.1 Sustainability report, ISO certification, GRI and UN Global Compact
Table 3.1 shows that all companies except Plymovent have a sustainability report available on their web page. All companies are certified towards ISO 14001 (Environmental management system). Camfil Farr, Plymovent and Sandvik are certified towards ISO 50001 (Energy Management) and Lindab and Sandvik are following ISO 26000 (Social Responsibility). Nederman has started their work to adapt GRI. It is only Donaldson and Plymovent that do not report according to GRI or follows UN Global Compact.

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31 ibid.
Table 3.1. Information on if the benchmarked companies do sustainability reporting, are ISO certified and follows GRI and/or UN Global Compact

<table>
<thead>
<tr>
<th></th>
<th>Nederman</th>
<th>Camfil Farr</th>
<th>Donaldson</th>
<th>Plymovent</th>
<th>Alfa Laval</th>
<th>Lindab</th>
<th>Sandvik</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainability report on webpage</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>ISO certifications related to environmental sustainability</strong></td>
<td>14001</td>
<td>14001, 50001</td>
<td>14001</td>
<td>14001, 50001</td>
<td>14001</td>
<td>14001, 26000</td>
<td>14001, 26000, 50001</td>
</tr>
<tr>
<td><strong>Follows GRI</strong></td>
<td>Has started to adapt GRI(^{33})</td>
<td>Yes(^{34})</td>
<td>No</td>
<td>No</td>
<td>Yes(^{35})</td>
<td>Yes(^{36})</td>
<td>Yes(^{37})</td>
</tr>
<tr>
<td><strong>Follows UN Global Compact</strong></td>
<td>Code of conduct is based on the ten principles(^{38})</td>
<td>Yes(^{39})</td>
<td>No</td>
<td>No</td>
<td>Yes(^{40})</td>
<td>Yes(^{41})</td>
<td>Yes(^{42})</td>
</tr>
</tbody>
</table>

3.2 How is energy use and CO\(_2\) emissions presented and measured?

**Nederman:** Total energy use, energy use from operations in kWh and as kWh/kSek. No information available regarding CO\(_2\) emissions from energy use.

**Camfil Farr:** Energy consumption in total GWh and as COGS (Cost of sold goods)/energy use. No information regarding CO\(_2\) emissions.

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\(^{34}\) Camfil Sustainability, [http://www.camfil.com/About-Camfil/Sustainability/](http://www.camfil.com/About-Camfil/Sustainability/)


\(^{38}\) Årsredovisning 2014, [http://www.nederman.se/investerare/finansiella-rapporter/~media/ExtranetDocuments/PublishedAnnualReport/Nederman_Arsredovisning_2014.ashx](http://www.nederman.se/investerare/finansiella-rapporter/~media/ExtranetDocuments/PublishedAnnualReport/Nederman_Arsredovisning_2014.ashx), 32

\(^{39}\) UN Global Compact, [https://www.unglobalcompact.org/participant/1694-Camfil](https://www.unglobalcompact.org/participant/1694-Camfil)

\(^{40}\) UN Global Compact, [https://www.unglobalcompact.org/COPs/active/22423](https://www.unglobalcompact.org/COPs/active/22423)

\(^{41}\) UN Global Compact, [https://www.unglobalcompact.org/participant/6135-Lindab-International-AB](https://www.unglobalcompact.org/participant/6135-Lindab-International-AB)

\(^{42}\) UN Global Compact, [https://www.unglobalcompact.org/participant/19685-Sandvik-AB](https://www.unglobalcompact.org/participant/19685-Sandvik-AB)
Donaldson: Energy as utility costs in percentage of sales. No information regarding CO₂ emissions.

Plymovent: No information available

Alfa Laval: Direct energy consumption as purchased fossil energy in MWh, purchased renewable energy in MWh, energy produced in MWh. Indirect energy as purchased electricity in MWh, district heating in MWh. Energy consumption is also presented as MWh/MEuro. Emissions as direct and indirect emissions (CO₂, CH₄ and N₂O), total weight of emissions and greenhouse gas emissions/MEuro. Emissions from ozone-depleting substances are presented by weight.

Lindab: Energy use as total MWh and direct and indirect energy in MWh. Energy consumption in MWh/Sales MSEk. CO₂ emissions as total in tonnes, direct and indirect emissions in tonnes and as other sources in tonnes.

Sandvik: CO₂ emissions and energy use are specified from what energy source (gas, diesel, central heating etc). Calculations from CO₂ emissions exclude emissions from transport of raw materials, finished products and travels.

3.3 How is recycling presented and measured?

Nederman: % recycled of total waste from production.

Camfil Farr: Waste is specified if it is recycled, incinerated or put on landfill, presented in percent. Total waste as kSek/tonne.

Donaldson: Waste is recycled as plastic, aluminium, paper and cardboard. No data on how much of total waste is recycled.

Plymovent: No information available.

Alfa Laval: Waste as total waste in tonnes. From total waste, it is specified how much is considered hazardous waste according to US or country legislation and how much of that is recycled or used for energy recovery. The total amount of non-hazardous waste and how much of that is recycled, used for energy recovery and composted is specified in tonnes. Waste that is neither hazardous, nor recovered (e.g. landfill) is presented in tonnes.¹⁴³

Lindab: Waste as steel scrap in tonnes, hazardous waste in tonnes, total other waste in tonnes. % of recovered waste.¹⁴⁴

Sandvik: Presented as total amount waste reduction in percent. Differentiates waste from hazardous waste and presents improvements in percent compared to previous year.

3.4 How is water use presented and measured?

**Nederman:** No information available.

**Camfil Farr:** Total water use in cubic meters and as kSek/m$^3$.

**Donaldson:** No information available.

**Plymovent:** No information available.

**Alfa Laval:** Water use as m$^3$ and m$^3$ per MEuro.

**Lindab:** No information available.

**Sandvik:** Water use reduction/work hours. Water usage is specified if it is storm water, collected rainwater etc.

3.5 How is transport presented and measured?

**Nederman:** CO$_2$ emissions from transport is specified in percent what shipping method is used (air, land or vessel) This data needs verification from transport companies.$^{45}$

**Camfil Farr:** No information available.

**Donaldson:** No information available.

**Plymovent:** No information available.

**Alfa Laval:** CO$_2$ emissions from goods transport as tonnes CO$_2$ and as g/tonne km.

**Lindab:** No information available.

**Sandvik:** Mentions emissions of CO$_2$, SO$_2$ and NO$_x$ from transport but no indicators or total emissions presented.

3.6 Suggested indicators

Table 3.6 shows a GAP analysis of the existing KPIs and the suggested indicators. The main difference is that the suggested indicators are broken down and viewed from different angles and will show different perspectives and ways of measuring environmental sustainability.

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Table 3.6. GAP analysis of today's KPIs and the Suggested indicators, indicators marked blue are indicators that corresponds with GRI.

<table>
<thead>
<tr>
<th></th>
<th>Today's KPI's</th>
<th>Suggested indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy use</td>
<td>- Total energy use in kWh</td>
<td>- Total electricity use in GWh</td>
</tr>
<tr>
<td></td>
<td>- Total energy use in kWh from production</td>
<td>- Total electricity use in GWh/M Sek</td>
</tr>
<tr>
<td></td>
<td>- kWh/kSek</td>
<td>- Total energy use in joules</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- X % of energy from renewable sources</td>
</tr>
<tr>
<td>CO₂ emissions (transport excluded)</td>
<td>- No information</td>
<td>- total in tonnes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- tonnes/M Sek sales</td>
</tr>
<tr>
<td>Water</td>
<td>- No information</td>
<td>- total m³ specified from what source</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- m³ per employee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- reduction from previous year in total m³</td>
</tr>
<tr>
<td>Recycling</td>
<td>- % of total waste that is recycled from production</td>
<td>- Total tonnes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Tonne/M Sek sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Specify in % how much is recycled, incinerated and put on landfill</td>
</tr>
<tr>
<td>Transport (operations and business trips)</td>
<td>- CO₂ emissions in % from what shipping method (land, air or vessel)</td>
<td>- Total emissions in CO₂ equivalents from cradle to gate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Emission efficiency g/tonne km</td>
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<tr>
<td></td>
<td></td>
<td>- In % what type of transport (vessel, air, rail, truck)</td>
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<tr>
<td></td>
<td></td>
<td>- Total km/M Sek sales</td>
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4. Discussion

4.1 Sustainability reports, GRI and UN Global Compact

Except Plymovent, all companies have a sustainability report available on their web page. An email was sent to Plymovent via a general contact form on their webpage on April 18th but as of May 10th 2015, no answer has been received and therefore, in this report, it is considered as they do not have a sustainability report available. However on Plymovents web page, general information regarding their environmental policy and brief information about their sustainability work is available but that information has not been used.

Nedermans sustainability report contains an interview with the Global Quality Director and the Senior vice President HR as well as general information and examples of improvements. Almost at the end are diagrams regarding energy use, emissions and recycling located. Camfil Farr has presented their information in both text and diagrams, it gives a clear overview and it is easy to read and find the figures, progress and information regarding environmental sustainability. In
Donaldson's sustainability report, information is not as easy to find compared to Camfil Farr’s, as the information is only presented as a written text with very general headlines. Alfa Laval’s sustainability report does not contain any specific measurements or numbers on environmental sustainability, instead it describes environmental sustainability at Alfa Laval in general terms. On the first page of the environmental section, it references to the GRI index available on Alfa Laval’s webpage for more specific numbers and measurements on all indicators. Sandvik has presented their main environmental objectives and targets on the first page in the environmental section. This gives the reader a quick understanding for the company’s main focus the coming year(s) in this area. In Sandvik’s report, information is presented in both text and in diagrams.

When being familiar with GRI and UN Global Compact, one can notice a higher standard on companies’ sustainability reports, when reporting in accordance with GRI and/or UN Global Compact compared to the companies who do not.

4.2 ISO certifications
All companies are certified towards ISO 14001. Camfil Farr, Sandvik and Plymovent are certified towards ISO 50001 (Energy Management system). Lindab and Sandvik follows ISO 26000 (Social Responsibility). Having one ISO certification or having many does not necessarily reflect a company's sustainability work. When being certified, it signals to customers and competitors a certain minimum level of work but not how much is done beyond. An example of a company that has an extensive sustainability work and is working hard on improving their sustainability is H&M. They are not certified towards any ISO certification with the motivation ‘Our ways of working do not correspond with the type of bureaucracy that comes with ISO certification.’ The fashion industry is different than the industrial industry, but it is a relevant reflection to make, that with the certifications come as a lot of work and report writing. To reflect if time and resources could be used differently on for example developing new more efficient products can be good when investigating if more certifications are to be achieved.

4.3 Why are the suggested indicators suitable to Nederman?
4.3.1 Energy use, CO₂-emissions and recycling
The suggestion to measure energy use, CO₂-emissions and recycling in relation to sales (MSEk) was done since putting them in relation to e.g. work hour or employee might be misleading. If

operations become more efficient and as a result, less work hours or employees are needed to produce the same amount of products, then it seems like energy use and emissions are increasing, and recycling is decreasing when the opposite is desired.

The advantage of using MSek as unit is that an increase in sales does reflect a business performance on the market. An increase in sales does most likely mean that more products are sold. When more products are sold, hopefully the energy use, recycling and CO₂-emissions do not increase proportionally to the increase in sales. Putting things in relation to M Sek sales do have disadvantages too. Nederman produces and sells products all over the world and many different currencies are used when doing business. The conversion between currencies can be a problem as they change on a daily basis. To choose to use a reference currency (for example an average over a year) is not ideal. The financial department faces the same problem and uses the day by day trends in exchange rate in their financial reports. Therefore it is best to use the same figures as the financial department is using.

Waste (by weight) is also suggested to be put in relation to sales. Recycling will first increase as less and less volume is put on landfill. After some time, it can be assumed that the recycled waste will decrease since less waste will be produced during production as production becomes more efficient. When waste is put in relation to sales the suggested indicator will reflect that. Another way that could have been relevant to measure when it comes to recycling is tonnes waste per sold product. This way of measuring has a lot of disadvantages, for example; what is a product? Is it one single replacement screw, products that cost more than 1000Sek? Is every single component of a whole product to be considered as a product? Or is it an assembled product? There are advantages to this way of measuring too; sold product is just as MSek - a number, and it increases when business is doing well and therefore the suggested indicator will reflect that waste is decreasing per M Sek or product.

Since there are strengths and weaknesses with all ways of measuring, the development over time is most interesting and should be what is focused on. Data and development over time is possible to be compared with each other and trends can be seen regardless of what unit is used. Another interesting aspect to reflect on is if it is beneficial to use the same units as competitors or to use other units. If you are not best, it can be favourable to use a different unit than the rest. By doing so, it is hard to compare companies with each other.
4.3.2 Water usage
Water is suggested as a new indicator for Nederman even though they do not use any water in production. The EU-directive calls for disclosure on water use which is an important reason to report the usage. Even more important is that globally, freshwater is a scarce natural resource. Subterranean aquifers are slowly being depleted and water is being contaminated and deemed not drinkable in many places around the world. There is always room for improvement in all areas regarding the use of natural resources.

4.3.3 Transport
Emissions from transport is suggested to be measured from cradle to gate as it is most common for Nederman that the customer stands for the transport from gate to customer, and therefore it is out of their hands to impact the use of shipping method. To use g CO\(_2\)/tonne km is suggested as it is data available from transport companies and from engine/truck producers. Grams/tonne km is a relevant indicator as it indicates both how efficient the engine is as well as the degree of filling. Both are related to each other and they both have to be optimal for best result.

The suggested indicators are applicable to Nederman globally and can be used to compare competitors or other companies on the market. One should be careful when using the indicators to compare different sales and production units within the company as a sales company with no production will seem to have very low emissions, whereas a production unit with no sales will seem to have very high emissions per MSeK. As mentioned earlier, the development over time is what is most interesting to look at and therefore there are still ways to compare different production and sales units within the company to each other.

4.4 GAP Analysis
The GAP analysis (table 3.6) shows that today’s existing KPI’s are relevant, however more indicators in each area can be valuable and useful in future sustainability reporting. The existing KPI’s do not cover all interesting aspects of sustainability. Most suggested indicators are connected to GRI, but some are not, for example total km/MSeK sales or m\(^3\) water/ employee. The existing KPI’s do not cover water usage and CO\(_2\) emissions from energy use, these two areas are important when working with sustainability and should not be left out. By adapting to the suggested indicators, extensive work to collect data and to apply general practices to report from each site will have to be done before the indicators can be useful in a sustainability report.
4.5 Interesting ways of presenting information inspired by benchmarked companies

In Sandvik’s sustainability report, an attractive and figurative picture was included. A model can be seen in figure 4.5. A world map and each continent’s energy, CO₂ and Water usage was presented in percent. It would be even more interesting if the continent's sales and production were presented in percent as well. This would give a better understanding as to why some areas use a large amount of energy or emits a lot of CO₂ compared to other areas where production is low.⁴⁷

Camfil Farr has made some figurative and interesting calculations. They have found that for every percent they improve the energy performance as a total of all their products, their customers save more than 100 million kWh of electricity per year. This is attractive as a sales point and can be angled as that Camfil Farr actually lowers their(customers) energy usage and therefore Camfil Farr can apply it to their sustainable improvements.⁴⁸

Camfil Farr has developed an attractive way of presenting a product’s energy performance. They have adjusted the well known label (Figure 4.5.1) that is used for household appliances showing the product’s energy performance from A-G so that is can be used on their products. Using something that the common man is familiar with in another area can be wise since when you know what it about

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which makes it easier for people to relate and understand.

An internal environmental course, similar to code of conduct at Nederman, which can be used as an indicator that shows the employees knowledge in the company’s environmental work. This can be useful both internally as the knowledge increases in recycling and energy use as well as for external use towards customers and competitors.

In an ideal world no emissions, no water use, and no transport of goods etc would be needed but being realistic, there have to be some emissions and some water use and goods have to be transported from one location to another. Today it is not realistic to have no impact on the environment. To be able to have zero impact from transport and energy use, climate compensation is a possible option. Planting trees in Africa that (theoretically) can absorb the CO₂ emitted is a way to show customers and competitors that they take responsibility for the negative impacts the business has on the planet. Other ways are to purchase land in eg the Amazonas which is threatened by deforestation. This land area should in size correspond with the (theoretical) absorption of CO₂.

4.6 Source criticism
The references that have been used are reliable sources and is first hand information. Information collected from companies own reports have a potential of being angled in a way that it reflects good on the company and might leave out negative results or put it where it is harder to find. All information on reporting methods come from the original sources (eg. UN's own webpage) and is therefore considered as reliable.

5. Suggestions
By using the suggested indicators, Nederman's sustainability reporting will improve. The majority of the suggested indicators correspond with GRI, the ones that do not are still interesting and will reflect Nederman’s sustainability work. When setting goals, Nederman should continue to be inspired by Europe 2020, or even go beyond their goals. To make goals reasonable for all of Nederman, individual goals for each country Nederman is located in can be formed by seeing to that country's conditions. In some countries eg. Sweden and Denmark a lot of energy and electricity can be derived from renewable sources.
Main focus should be to find a way to make data on transport reliable and work out a reporting system for impact from transport. To map all transport all over the world and to see it further improvements can be achieved by for example shipping more products together, even better planning to minimize the use of air freight and to whenever possible ship by vessel or rail. Another focus should be on finding appropriate ways to report on water usage as the EU-directive calls on disclosure of that information.

Adopt Integrated Reporting <IR> as there are benefits on many levels by doing so. Fewer reports have to be written, customers, stakeholders and other important actors will understand that all areas of sustainability is equally important to Nederman as the financial part.

Make use of Camfill Farrs way of measuring; per 1% improved efficiency in Nederman's products their customers save X kWh per year. An appealing and figurative sales point.

6. Conclusion
Today's KPI's are relevant but are not enough to meet the criteria of the new EU directive and GRI. The EU-directive calls for information on water use which is not reported on today. From the benchmarked companies, the ones that report in accordance with GRI has a higher overall quality on their report compared to the companies that do not report in accordance with GRI. By adapting to the suggested indicators as well as doing Integrated reporting, a higher level of sustainability reporting can be reached. There are strengths and weaknesses with all ways of measuring data and the potential of measuring errors or using not very useful unit is always present. What is most interesting is the development over time since that can be measured in percent and trends can be seen.
7. References


https://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html (retrieved 2015-04-08)