

FOR DECISION-MAKERS IN SUPPLY CHAIN

# Supply Chain Effect

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## RESILIENCE AND SUSTAINABILITY

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# Increased demands on sustainable corporate behavior

BY MATS NILSSON

Making sustainable transport choices and meeting legal requirements in today's fast-moving world is more important than ever. With higher demands on companies and new EU directives, access to relevant information and tools is more crucial than ever for making sustainable decisions – not least in connection with transport selection and planning.

Sustainability issues are really starting to set the tone in business, and that is both impressive and inspiring. In the transport sector, we also see an increased awareness, where companies strive to minimize their environmental footprint in order to market themselves as environmentally sustainable actors. But it can be a challenge for many companies to get access to relevant information before the transports are carried out, and they are therefore forced to act reactively. Together with Roxtec International AB, we in PipeChain have taken a step towards making it easier for companies to make more proactive and sustainable transport choices. Roxtec International is already engaged in various environmental initiatives, including the use of sustainable fuels and offsetting transport footprints through tree planting. By including environmental data as a new dimension in transport selection, we hope to enable a more environmentally sustainable transport selection based on parameters such as weight, distance and vehicle type.

## **Increased requirements with the new CSDR directive**

Companies, especially those that carry out activities that require permits for environmentally hazardous activities, must meet the requirements for sustainability reporting and increased trans-

parency, especially with the recently adopted EU directive CSRD. In addition, companies must also submit an environmental report by March 31 for the previous year. The CSRD directive, also known as the Corporate Sustainability Reporting Directive, is a recently introduced EU directive that aims to increase transparency and comparability in companies' sustainability reporting. It was created to provide the right conditions for the EU to reach its Net Zero goal by 2050 and replaces the previous NFRD directive (Non Financial Reporting Directive), which places significantly greater demands on the companies covered by it. And it's not just paperwork, it's about taking responsibility for the company's actions and leading the way towards a more sustainable future.

From the financial year 2024, the CSRD directive applies to all large EU companies and the first reports must be submitted in 2025 (companies already covered by the NFRD). This means that companies that meet at least two of the following three criteria must report according to the CSRD: more than 250 employees, turnover of more than EUR 40 million and/or balance sheet totals of more than EUR 20 million. Listed SMEs are subject to simplified requirements until 2026 with reporting in 2027.



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### **Challenges in the transport sector**

The sustainability reporting must include management of climate-related risks and opportunities, impact on the environment, respect for human and social issues, as well as corporate governance. Some of the challenges that may arise are the complex and time-consuming process of data collection and analysis of sustainability performance, where companies often need to collect data from different sources and systems, and where it can be difficult to find reliable information on, for example, emissions from suppliers.

### **Positive aspects**

Fulfilling the directive requires both resources and competence within the companies. In addition, the costs of complying with the directive's requirements can be significant, including investments in IT systems and training of staff, as well as requiring a change in both company culture and work processes. Finally, the CSRD Directive may create an uneven competitive situation between companies, where larger companies often have more resources compared to smaller players. However, there are also positive aspects with the increased requirements and potential for great benefits. By improving their sustainability initiatives, companies in the transport sector can, in addition to contributing to a more sustainable development and reduced climate footprint, communicate their report openly with the market and other stakeholders.

### **An opportunity for proactivity**

Our focus during the development of the add-on feature has been to provide relevant information in a consolidated and comparable manner. This, in turn, we hope gives companies an increased opportunity to be proactive in their transport planning and makes it easier to meet the new EU requirements. Having access to the right information is crucial to being able to analyze, optimize and make sustainable decisions. With the right conditions, companies can make their efforts visible and measurable, which in turn leads to more sustainable corporate behavior. By including environmental data in their annual accounts, publishing summaries on shipping documents and internal portals, and offering transparent and credible sustainability reports, companies can demonstrate their commitment to the environment and strengthen their brand at the same time. It's no longer just about selling products or services, it's about creating a sustainable future for all of us.

The increased demands come with challenges, but also a positive development for more sustainable action. The companies need to familiarize themselves with what the CSRD directives mean for the individual company and what measures need to be taken to live up to them. Navigating these new paths requires both courage and perseverance, but it is the path to a brighter future for all.

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