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Implementing Corporate Social Responsibility (CSR)

Assessing Current CSR Status at Haldex

Eduardo N. Rechden

Supervisor

Torbjörn Brorson

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Tel: +46 – 46 222 02 00, Fax: +46 – 46 222 02 10, e-mail: iiiiee@iiiiee.lu.se.

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Abstract

The rise and dominance of the corporate form of business organization and its impacts on society and the environment, has lead the concept and practice of Social Responsibility (SR) or Corporate Social Responsibility (CSR) to grow, flourish and spread. This thesis focuses on the assessment of the current CSR status of Swedish commercial vehicle component manufacturer Haldex. The company is going through business re-structuring and CSR is in the agenda, as there is understanding from the management that social and environmental initiatives can result into financial benefits. The research was conducted on global level by investigating documented policies and standards, and site specific, through the application of a questionnaire in 12 Haldex units in 10 different countries. Prior to establishing a CSR programme, Haldex aims to identify existing CSR related elements and have a diagnosis of its current CSR status. The International Standard for Social Responsibility ISO 26000 served as the main structuring framework of the thesis and related GRI G4 aspects were used as complimentary elements adding materiality and tangibility. The assessment shows that Haldex counts with global policies that well support CSR subjects. Despite differences in the level of the implementation of CSR related elements from unit to unit, Haldex has a good base for the continued implementation of CSR on Global level.

Keywords: CSR, ISO 26000, Haldex, SR, GRI

Executive Summary

The recognition that corporations have strong relations to the societies and environment impacted for their activities, has progressively made them seen responsible for such aspects. Traditionally subjects of governmental concern, society and environment became perceived by corporations as elements of risk and opportunity. From this perception rises and flourishes the current concept of Corporate Social Responsibility (CSR).

While going through an important re-structuring program, Swedish commercial vehicle component manufacturer Haldex, foresees the importance of CSR and aims to assess its current CSR status. This thesis was deployed as response to a movement towards a structured global CSR programme, started by the management team in the beginning of the year. The outcome is a diagnosis of Haldex's present CSR status made by investigating the company as a whole and also by looking individually into 12 Haldex units in 10 different countries.

As structuring element for this thesis, the ISO 26000 standard was chosen. ISO 26000 is the International Organization for Standardization set of guidelines for Social Responsibility (SR) and provides guidance for organisations¹ of all sorts to define, identify, and develop initiatives according to standardised principles of CSR. The standard sets seven core subjects, which are primal aspects of social responsibility: Organizational Governance, Human Rights, Labour Practices, Environment, Fair Operating Practices, Consumer Issues and Community Involvement and Development.

In this thesis Haldex was assessed for all core subjects but Organizational Governance. Besides being considered a core subject by ISO 26000, Organizational Governance is the way for improving social responsibility in all other core subjects. The results of the investigation performed on other core subjects should give grounds for the deployment of a CSR oriented Organizational Governance for the Haldex Group.

Global Reporting Initiative (GRI) G4, the 4th edition of CSR reporting guideline from the Global Reporting Initiative was used as complement to ISO 26000. GRI G4 was released in May, 2013 and it is the latest version of a widely acknowledged reporting standard. GRI G4 was incorporated into the work as a way to add materiality and tangibility to broad issues of ISO 26000. Besides serving as guidance for setting CSR indicators, the usage of GRI in this work allowed Haldex to gain familiarity with the standard.

The work began with an overarching research of Haldex. A study of the company's history, characteristics, business profile and the present re-structuring plan was performed. The re-structuring plan is the backbone of the strategy the company is currently implementing. Within the plan, initiatives that have correspondence with CSR were identified. These initiatives were highlighted as they can be means of fostering CSR through the on-going re-structuring plan.

Justification to why Haldex should pursue CSR was understood to be an important element of this work. For that stakeholders were identified, and the way every group could represent a driving force was described. CSR related expectations from each stakeholder group were brought up as well.

¹ "Organization" will appear written with a "z" whenever it refers to the core subject of ISO 26000, otherwise the British spelling "organisation" will be used.

With a framework inspired in ISO 26000, GRI G4 and CSR knowledge complemented by additional literature, Haldex was first assessed regarding its global policies. An investigation in the public website and the employee exclusive intranet, as well as non-structured interviews with managers with global functions were the initiatives taken. Policies, standards or initiatives that could be related to CSR at a global level were assessed.

Among the various policies and standards established/followed, the assessment showed that quality (which includes environmental aspects), human resources and sourcing are well developed issues at Haldex and are addressed in a way that can be related to social responsibility.

This part of the research also included a historical review of Haldex's annual reports since year 2000. Since then, social and environmental issues have taken a small space of the report and the historical perspective shows inconsistency in the company's approach towards social responsibility. The term CSR was first mentioned in an annual report in 2006; however, no improvements on CSR reporting were observed since then.

Following the global research, the units were assessed individually. A questionnaire inspired by ISO 26000 and GRI G4 was set up and used as the main tool of a gap analysis. 13 participating units were requested to respond the questionnaire by bringing forth elements that supported the issues of the six ISO 26000 core subjects under analysis. Additionally each unit had to answer on the availability of GRI G4 indicators related to the issues.

To give the participants better understanding of CSR, to instruct the responding and to enhance the importance of participation, three webinars were conducted. The webinars were directed to the site managers, who were in charge of responding the questionnaire. The same content was presented in three sessions performed in different times for the attending to be feasible in different time zones. Additional clarification was given through phone conversations and e-mail.

The level of response to the questionnaires was satisfactory. 12 out of 13 participating units responded the questionnaire. The questionnaire was designed for obtaining standardised answers. The example given in the instructions as well as the tutorial delivered in the webinars emphasised the expected answering pattern.

Despite efforts for standardisation, the answers came in an uneven pattern. The following task was to interpret the answers. To harmonise the results a descriptive summary of the response was made in the Findings chapter of this thesis. Comments and interpretation to the findings are in the Analysis chapter. For substantiating the discursive analysis, spreadsheet tables were made, for assessing the meeting level of ISO 26000 issues and related GRI G4 indicators in each unit.

The qualitative research deployed to investigate global CSR related elements was very straight forward. The policies, certifications and standards made available to public and employees clearly brought up the company's approach to the assessed aspects. The questionnaire however allowed perceiving the various interpretations of the core subjects of ISO 26000 and their relation to existing policies, standards, etc.

The conclusion of this thesis is that Haldex has already established a substantial amount of policies, standards, initiatives and other supportive elements that meet basic CSR requirements and expectations. However, there are still gaps to be filled for the setting of a group SR programme that meets ISO 26000 guidelines and even larger gaps for the company to be able to report it in accordance to GRI G4. Although there is need of further development, Haldex

can use the existing policies, standards, etc. and build a consistent group CSR programme over them.

Besides an investigation for assessing the current CSR status of Haldex, this work also allowed the participants involved in responding the questionnaire to gain knowledge on ISO 26000, GRI G4 and general CSR concepts, thus being able to correlate daily issues to CSR. For its success and perenitty in Haldex, CSR has to be incorporated in the core values of the company and become an important element of the decisions taken.

As means of reaching high level of importance, CSR in Haldex should be implemented in a manner that can be perceived as added value to the company. In order for CSR to be substantial, improved social and environmental performance has to result in financial, or other measurable benefits. When this equation is reached, Haldex CSR status will be continuously improved.

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Abbreviations

ABA – Automatic Brake Adjuster
ABD – Air Disk Brake
ABNT – Associação Brasileira de Normas Técnicas
APQP - Advanced Product Quality Planning
BP – British Petroleum
CDP – Carbon Disclosure Project
CEO – Chief Executive Officer
CFO – Chief Financial Officer
CSR – Corporate Social Responsibility
EMS – Environmental Management System
EPA – Environmental Protection Agency
FMEA - Failure Mode and Effect Analysis
GDP – Gross Domestic Product
GE – General Electric
GRI – Global Reporting Initiative
IATF – International Automotive Task Force
IIIEE - International Institute for Industrial Environmental Economics
ILO – International Labour Organization
ISO – International Standardization Organization
LCC – Low Cost Countries
MNE – Multi National Enterprise
MSA – Measurement System Analysis
NGO – Non-governmental Organisation
OECD – Organization for Economic Co-operation and Development
OEM – Original Equipment Manufacturer
OHSAS - Occupational Health and Safety Assessment Standard
PPAP – Production Part Approval Process
QMS – Quality Management System
REACH - Registration, Evaluation, Authorisation and Restriction of Chemicals
R&D – Research and Development
SEK – Swedish Crown (currency)
SIS – Swedish Standards Institute
SME – Small and Medium Enterprise
SR – Social Responsibility
UN – United Nations
USA – United States of America
WHO – World Health Organization

1 Introduction

Throughout history, organisations of all sorts have made profit careless of negative impacts on individuals and environment. While many organisations practiced slave trade, predatory colonialism and promoted war, there is also historical records of a minority of companies taking a more “socially responsible” approach, considering the needs of workers or assisting the poor. (Corporate Watch, 2013). Despite centuries of traceable evidences of the business community's concern for society and environment, the consideration of the late 1800s, or the Industrial Revolution, is a reasonable beginning point for CSR. (Carroll, 2009).

In the 20th century formal writings on social responsibility began to be produced, and CSR practices became more evident throughout the world, mostly in the developed countries. (Carroll, 2009). However it was only in the last decade that concerns about corporate social responsibility have grown significantly and became mainstream topic in the business press and among business and political leaders. (Campbell, 2007). This results from corporations' acknowledgement that addressing the triple bottomline of social, environmental and economic aspects can result in benefits. (Reinhardt, 1999).

1.1 Background to the Research

The rise and dominance of the corporate form of business organisation has lead the concept and practice of SR or CSR to grow, flourish and spread. In the last three decades the concept has changed and expanded in terms of its meaning and practices. (Carrol, 2007). This enhancement of CSR can be understood as a response to the impacts of globalisation and to the fact that some corporations became larger than nations.

In modern society corporations represent a large share of the economy worldwide. Currently 51 of the top 100 economies in the world are corporate organisations. (Pinney, 2009). The rankings change from year to year, but the economic power of corporations is unquestionable as we can read in specialised publications such as Progressive Economy²:

“World's top 50 economies: 38 countries, 5 firms, 3 government agencies, 3 state-owned enterprises, and 1 non-profit.” (Progressive Economy, 2013)

According to this publication, Royal Dutch Shell is a larger economy than Iran, Greece or Venezuela.

In 2011 Business Insider published an article comparing the revenues of the top 25 US corporations to the GDP of many countries. The article ranks retailer Walmart as the 25th economy surpassing 157 national economies, including wealthy Norway, and presents other interesting comparisons like: Chevron's economy is larger than Czech Republic and GE than New Zealand. (Business Insider, 2011).

The impact of globalisation supported by improvements on information, communication and transport technologies, has led to a force shift allowing the corporate sector to exert growing power and leverage. (Pinney, 2009). The representativeness of influence and impacts related to global corporations on how people live and work is very significant. Nations, regions and local communities depend on their economy and demand for labour, and not uncommonly they

² Progressive Economy is an organisation to foster policies that promote ideas and practical public policy solutions for trade and globalisation.

exceed the economic power of the hosting countries. As MNEs (Multi National Enterprises) increased their economic importance they have also been progressively held responsible for issues traditionally considered of governmental responsibility, such as social welfare and environmental quality. (Gjølberg, 2009).

The environment, social well-being and economy are increasingly related to the performance and responsible governance of the corporate sector. Resource use, depletion and environmental degradation caused by business activities can represent important impacts to the economy of organisations and their hosting localities. Society's reactions towards these issues can lead to substantial corporate losses but correctly addressing them, can represent business opportunities and raising profits.

It is not hard to find news about corporations that occur into all sorts of socially irresponsible corporate behavior. In many cases, contemptuous conduct leads to consequences such as reputation damage and in some cases even a crash. Examples known to general public are not few, and corporate irresponsibility can occur in many forms such as:

- swindling investors, for example Enron, once USA's seventh-biggest company, declared bankruptcy on December 2001 after accounting scandal. (The Economist, 2002).

- exploiting and even brutalising employees, using slave like labour and human exposure to unhealthy and unsafe environments in the supply chain as The Gap and Zara has been accused. (The Guardian, 2010).

- poisoning the environment, due to avoidable accidents or wrong proceedings such as the BP oil spill in the Gulf of Mexico. (Time US, 2010).

Other corporations go through efforts to do just the opposite, by performing philanthropy, supporting and enhancing community activities, giving fair treatment to their workers and customers, abiding by the law, and safeguarding standards of honesty and integrity. (Campbell, 2007).

In their article for Harvard Business Review, Porter and Kramer illustrates the correlation between businesses and demands from societies:

“Societal needs, not just conventional economic needs, define markets, and social harms can create internal costs for firms”. (Porter, Kramer, 2011).

Besides easily measured costs such as fines and remediation procedures, impacts from the corporate sector perceived negative by society could represent non accounted costs. The acknowledgement of such conditions by scholars, managers and business stakeholders has contributed to the progressive understanding of responsibility from private business for the necessity of actions towards social responsibility. (ISO 26000, 2010). As the recognition that nations, societies and businesses are interdependent, the defiance is in tackling it in a constructive way.

In the process of undertaking social responsibilities, many companies have found ways to add value to business through setting the setting of initiatives that enhanced their liability towards external factors. The change in approach towards externalities allowed organisations to gain benefits from issues previously understood as burden, thus reducing risks. (Reinhardt, 1999).

Examples of benefits that can be gained from enhancing social responsibility are:

- Competitive advantage, enhancement of brand reputation and improve the view of investors, owners, donors, sponsors and the financial community.
- Ability to attract and retain workers, customers, clients or users.
- Maintenance of employee's morale, commitment and productivity.
- Improve relationship with companies, governments, the media, suppliers, peers, customers and the community in which it operates. (ISO 26000, 2010).

Social responsibility is a way organisations can respond to expectations of society and promote sustainable development³. The concept is fundamental on the triple bottom line: environmental integrity, societal equity and economic growth. (ISO 26000, 2010). According to ISO 26000, corporate social responsibility, commonly referred to by the acronym CSR, encompasses all initiatives from the corporate sector that can relate to: human rights, labour practices, environment, fair operating practices, consumer issues and community involvement and development and embraced by a CSR oriented organizational governance. (ISO 26000, 2010).

Currently many corporations worldwide are developing and reporting their sustainability initiatives. Whether the reasons are for differentiation or responding to market demands, there is consensus in the acknowledgement of added benefit. According to the GRI Annual Report 2011- 2012:

"95 percent of the 250 biggest companies in the world report their sustainability performance", (GRI Annual Report, 2012).

It is also important to highlight that it is not only a trend in developed economies:

"The number of reports from organizations in developing countries increased by 17.6 percent in 2011 compared to 2010" (GRI Annual Report, 2012).

1.2 Justification and Problem Definition

The commercial vehicle sector has been facing pressures towards improved performance and higher sustainability concerns. In the USA, the EPA (Environment Protection Agency) and the National Highway Traffic Safety Administration are making efforts to enable production of a new generation of cleaner vehicles. (US EPA, 2013).

In Europe, the importance of the sector as a driver of the economy and job provider is acknowledged, however the requirements towards safety and sustainability aspects are progressively becoming more stringent. (EU, 2013).

³ SR and Sustainability are concepts supported by the triple bottomline (Environment, Economy and Society).CSR is a way for organisations to promote sustainability, therefore they will be used as synonym through this work. CSR is sustainability with the focus on the organisation. According to ISO 26000: *"Social responsibility has the organization as its focus and concerns an organization's responsibilities to society and the environment. Social responsibility is closely linked to sustainable development. Because sustainable development is about the economic, social and environmental goals common to all people, it can be used as a way of summing up the broader expectations of society that need to be taken into account by organizations seeking to act responsibly. Therefore, an overarching objective of an organization's social responsibility should be to contribute to sustainable development."* (ISO 26000, 2010). Also important to highlight that this work lies on premises set by ISO 26000.

These coercions were absorbed by large commercial vehicle manufacturers, which in response adopted rigorous criteria towards the production of safer and more sustainable vehicles. Examples can be seen in form of social responsibility policies and are publically expressed in sustainability reports (Daimler, 2013) and environmental policies. (Volvo, 2013).

Concerns for safety and sustainability from commercial vehicle manufacturers go much beyond their gates percolating to the whole supply chain. As a result, stringent requirements are set on the component suppliers, which have to strictly follow the policies set by their costumers in order to keep the sales. (Scania, 2013).

This thesis was developed with focus on Swedish commercial vehicle component manufacturer Haldex. An important part of the research was dedicated to assess the company for obtaining a structured diagnosis of its current CSR status.

While costumers represent an important driver to social responsibility, other stakeholders push vehicle component manufacturers towards a more social responsible behavior as well. Haldex have perceived these signals and persues to better understand CSR and how CSR is or can be incorporated into the company.

Haldex top management team took office in the period from 2010 to 2012. The current team includes new people in several key positions. The top management team at Haldex considers the importance of CSR and believes that the company can gain benefits by adopting high criteria towards society, environment and finance. (J. Valett, 2013).

CSR was included as an important element of the re-structuring plan presented in May, 2012. The company is aware that it does not have a structured CSR programme; however there were clear indications that existing policies, as well as initiatives undertaken in the various Haldex units in different parts of the world could endorse CSR aspects. (J. Valett, 2013).

The focus of this research was to analyse the current status of the implementation of CSR at Haldex based on the ISO 26000 standard, and to assess the possibility to report performance according to GRI (Global Reporting Initiative) G4 guidelines.

This work was developed for Haldex as a base for structuring its CSR programme. Although the content was customized to the specific case of Haldex, it can serve as inspiration and case study for scholars, managers or just anyone interested in the application of CSR concepts in a real operating company.

The start up took place in Landskrona by the indication of Johan Valett for responsibilities to CSR issues and the deployment of this work in cooperation with the IIIIEE (International Institute for Industrial Environmental Economics) through this master thesis. In the work a gap analysis was deployed for the measuring of how Haldex is in terms of CSR. The thesis allowed the company to identify elements to base the Global CSR programme to be established, encouraging ongoing and fostering new initiatives. This work should be an important element for guidance to decision making in terms of establishment of CSR strategy at Haldex.

1.3 Research Question

The expected outcome of this thesis is a diagnosis of the current CSR status of Haldex world wide. As guidance to the research the following question should be answered:

To what extent can existing Haldex Group and site specific policies, standards, initiatives and compliant aspects be used as a base for an updated and coherent Haldex Group CSR programme?

Sub question: How can Haldex use existing international standards and guidelines to identify, structure and integrate corporate initiatives thus implement social responsibility into the organisation?

1.4 Limitations and Scope

The Scope of this work was to define and identify CSR practices occurring in Haldex units' world wide currently. The desired outcome was a concise diagnosis of the company's current CSR status. For this study all 10 production units/friction centers and three distribution centers in 10 different countries were assessed.

Perceived limitations and barriers for the development of this work:

- Level of engagement, cooperation and dedication to the project from the various units.
- Differences in culture and legislation requirements in the various countries where Haldex operates.
- Data availability, as well as willingness of people to find the data or knowledge of the existing policies or standards.
- Differences in the data format: the ISO 26000 part of the questionnaire allows descriptive answers, so that may have lead to discrepancies. The different interpretations that some of the questions may have could also reflected in to uneven response.

1.5 Audience

The author expects that the information contained in this thesis may be of interest and use to several groups of readers.

Haldex employees and management are the primal audience. The work was tailored to Haldex and shall be used by the company as means of structuring its future CSR programme.

The work should also be interesting for readers who are interested in knowing more on the actual and potential interactions between private business and their surroundings, on how to identify and start social responsibility initiatives and how to empower and develop existing ones.

This thesis can serve as example of application of precepts from ISO 26000 and GRI guidelines and how an automotive component manufacturer can utilize such guidelines for the setting or improving of policies, standards and procedures. It also can serve as inspiration for companies willing to use existing CSR standards as improvement tools.

Moreover, this thesis could provide useful insights to the whole value chain of the automotive sector, and allow the perception that the following of CSR guidelines can contribute to the

gaining of tangible and intangible benefits for the businesses thus give a clear and perceptible response to the expectations of society.

As academic contribution, three main aspects from this work can be highlighted:

- Descriptive analysis of ISO 26000 and GRI G4; strengths, criticism and applicability.
- Cross reference between ISO 26000's core subjects' issues and GRI G4 indicators.
- The questionnaire designed for this thesis can be used for the investigation of ISO 26000 guidelines and GRI G4 in other organisations.

1.6 Framework and expected outcome

The framework for the thesis is the ISO 26000 Standard for Social Responsibility complemented by the GRI G4 Guidelines for Sustainability Reporting. Haldex is ISO 14001, ISO 9001, TS 16949 and OHSAS 18000 certified in many of its sites. The familiarity and knowledge of ISO standards can be a benefit for approaching CSR through the ISO 26000 Standard. In this context the choice of ISO 26000 as the framework for introducing CSR can be seen as a logical choice. In addition to Haldex's acquaintance to ISO standards, ISO is also familiar and credited by the automotive and commercial vehicle systems industry.

The main expected outcome of this thesis is a document that can subsidise the establishment of a Global CSR programme for the company. The work should display existing assets and gaps for the setting of CSR as guided by ISO 26000.

An additional expected outcome of this research for Haldex is an analysis of its possibilities to report CSR in accordance to GRI G4. So while following ISO 26000 guidelines for assessing CSR related initiatives, a cross reference with GRI was made and the availability of indicators was questioned. A good understanding and assessment of GRI indicators in early stages of CSR implementation can facilitate setting up of the report when the program is well established and ready to report.

1.7 Literature Analysis and Data Collection

There is a wide variety of available literature regarding CSR. In order to fulfill the aim of this research the following was used as source of reference:

- Books and academic articles were reviewed for improved understanding and enhancing knowledge of CSR programs in different businesses. This research allowed the perception of the benefits and drawbacks of various CSR initiatives, thus enabled to learn from previous experiences. Main sources for the books and articles reviewed in this thesis were the online search service provided by the Lund University Libraries, and its connections to databases such as BSCOhost and SciVerse.

- ISO 26000 was used as the main structural element of this work and for defining and scoping CSR. The standard based the research design, subsidised the research tools such as questionnaires and presentations, as well as to structure the findings. GRI G4 Sustainability Report Guidelines was also used for the conceptual base of the research, adding materiality and pertinence to the ISO 26000 issues.

- An important share of reference came from internal documents from Haldex. Quality, Human Resources, Financial and Sourcing policies, procedures and other existing documents

that could respond the ISO 26000 issues or give subsidies to the indicators and data required for GRI G4.

- The primary data collection was done through the application of a questionnaire specifically developed for this thesis.
- Sustainability Reports and policies from companies in the commercial vehicle sector were assessed with the purpose of improved understanding of the sectors approach towards CSR.
- Other information sources used in this work were business periodicals for updated information and press perspective of social responsibility related issues, as well as former master theses, which were reviewed to provide ideas and inspiration for this work.

1.8 Disposition

Chapter 1. INTRODUCTION Presents CSR from a historic perspective, justifies the reasons for the topic choice and specifies the aim of the research. Following that, limitations and scope of the thesis are brought up, the audience defined, as well as the chosen framework and information sources.

Chapter 2. CASE STUDY: HALDEX Presents relevant information about the company under assessment in this thesis. The chapter contains general information as well as data that relates to CSR.

Chapter 3. ISO 26000 AND GRI In this chapter, the Standard that was used as the structuring element to this thesis and the reporting guidelines used as complimentary element are introduced to the reader. In the chapter reasons for using ISO 26000 and GRI are presented as well as criticism to the standards.

Chapter 4. METHOD Brings forth how the work was undertaken. In this chapter the way the research was conducted and how the findings were interpreted is explained. In addition the steps taken for the development of the work are presented.

Chapter 5. FINDINGS Displays the findings from the qualitative and quantitative research.

Chapter 6. ANALYSIS Presents the interpretation of the findings from the Group's perspective and from the assessed units' perspective. The six core subjects of ISO 26000 and corresponding GRI indicators are analysed. The chapter ends with an overarching analysis of the findings.

Chapter 7. DISCUSSION Brings reflections on the methods used, framework chosen and sensitivity of the data collected.

Chapter 8. CONCLUSION Presents the answer to the research question and suggestions for further CSR initiatives at Haldex.

2 Case Study: Haldex

Haldex is a Swedish company established originally in 1887. Throughout its history, Haldex has produced a wide variety of products and changed name a few times due to mergings and splittings. Initially producing clocks, typewriters and taximeters in the end of the 19th century under the name Halda, to cars and airplanes in the early 1900's as Thulinverken, Haldex has currently narrowed down to Commercial Vehicle Systems. (Haldex (a), 2013).

The product line includes all of the main components and sub-systems included in a complete brake and suspension system, which are developed, manufactured and distributed by Haldex. (Haldex (b), 2013). The main customers are manufacturers of heavy trucks, buses and trailers and axle manufacturers for such vehicles. Among them large truck and trailer manufacturer such as: Daimler, Volvo Trucks, (trucks and busses) Schmitz Cargo Bull (trailers) and Fleet Pride (aftermarket). Other applications as military vehicles and agriculture vehicles are also served, but represent a smaller share of the business. (Haldex (c), 2013).

Today's Haldex defines its products as "Innovative Vehicle Solutions" and has two main product lines: Air Controls, which includes air management systems, air suspension systems and electronic braking systems, and Foundation Brakes, consisting of actuators, automatic brake adjusters, electronic lining wear sensors and disc brakes. (Haldex (d), 2013).

Haldex has global presence in terms of sales, research and development, technical service and production. Manufacturing takes place in the 10 production units located in Sweden, Germany, Hungary, China, India, Brazil, Mexico and the USA. The company counts with approximately 2 200 employees and in 2012 the turnover amounted to approximately 3.9 billion Swedish Crowns (SEK). (Haldex (e), 2013).

2.1 Recent History

Haldex is currently going through important changes in its business model. The process initiated in 2009 when the spring wire division Garphyttan was divested to Suzuki Metal. Following that, in 2011 the all wheel drive Traction Systems division was sold to Borg Warner Inc. and the Hydraulic Systems division became publically traded as Concentric AB. After the splittings Haldex concentrated its business in the Commercial Vehicle Systems division and down sized the head count from around 6 000 employees in 2008 to current 2 200. (Haldex (f), 2013).

In May 2013 the restructuring programme has been announced to the press. The programme aims annual savings of SEK 100M with full impact from 2015. It focus on consolidation of key processes and functions, optimization of sales, cutting general and administrative costs, transformation of the European footprint and product rationalizations.

According to Haldex's, President and CEO, Bo Annvik:

"The new functional organization has enabled us to further streamline our business and administrative processes through reducing complexity and optimizing the processes through the entire value chain. We will continue to adapt our business and improve efficiency and work with our product rationalization program."

Part of this path towards system improvement is the Haldex Way, a programme designed to establish a corporate culture of improvements, by amending daily activities with the objective to increase effectiveness and precision, and to upgrade and unify the company's sites in the

“Haldex Way Tier Model” as means and measure of improved working methods and sustained operational results. (Haldex (g), 2013).

CSR is seen as a way for overall improvement of the company. In its presentation to investors and shareholders that took place in Stockholm on the 22nd of May, 2013, Haldex recognizes that despite having progresses in terms of social responsibility, there is a large potential for improvement. Among benefits of CSR, the presentation highlighted the importance of its employees, material resources, energy, emissions, safety and ethics. (Haldex (h), 2013).

2.2 Haldex Restructuring Programme and its Correspondance with CSR

The restructuring programme foresees improvements in management and approach in work practices. Many of these proposed amendments have straight relation or can be strongly supported by enhancing the current CSR status at Haldex. Within the restructuring strategy the following goals can be highlighted:

- Manage Original Equipment Manufacturer with Competitiveness and Gain Volume:

CSR policies from customers are essential drivers for fostering CSR policies at Haldex. Important customers such as Daimler, impose strict requirements for their suppliers and promotes supplier training program according to their own CSR principles. (Daimler, 2012). Setting CSR practices that meets customers demands can lead Haldex to preferred supplier⁴ situation and allow the company to enhance its will to gain volume as original equipment manufacturer. Other key customers such as Scania (Scania, 2013) and Volvo (Volvo, 2013) also have stringent requirements regarding their suppliers’ policies towards sustainability.

- Increase Aftermarket:

Haldex intends to build a larger base for service and replacement of products. Servicing and replacement of used parts are means to sustainable consumption as well as financial sustainability in a high margin market. Products that can be easily repaired reduce impacts on the environment. It is also an important way to fulfill consumer needs and to provide improved consumer service, support, and complaint and dispute resolution after products and services are bought or provided.

- Global Business Model Aligned with Local Conditions:

This implicates into more communication and dialogue with local communities. CSR practices can be meaningful in the search of new markets and establishing new production units. The approach can also be beneficial for attracting qualified labor and building positive corporate branding in various locations.

- Supply Chain Improvements:

Value chain is a fundamental CSR aspect. Haldex expects to apply important improvements in the management of its supply chain. Currently it is fragmented, with increasing transport costs, labour costs in LCC (Low Cost Countries) countries, and high fluctuations in raw mate-

⁴ Preferred Supplier is a part of Haldex explicit Vision and Mission

rials. The glimpsed solution includes the unification of sourcing, allowing global leverage as well as upstream quality work. The company is aware that bad quality material results in negative environmental and financial impacts. The foreseen solution also comprises the reduction of number of suppliers and an increase in the LCC sourcing. The success for the plans demands thorough attention of CSR work with suppliers with issues such as human rights, labor practices and environmental requirements. (Haldex (i), 2013).

- Losing Weight – The Impacts of Lowering Weight of Brake Systems

Haldex is doing its share in responding to the commercial vehicle industry's pressure towards reducing fuel consumption and greenhouse gas emissions. From 2011 Haldex started to deliver the disc brake ModulT, a new generation of disc brakes, 10 % lighter than their predecessors. It enables higher payload per vehicle, reduces fuel consumption thus fuel cost per tonne of transported goods.

The brakes systems consists of iron and other metals, a single unit often weigh around 35-40 kg. On a truck with a trailer, there may be 16 brakes, which means that these components have a significant effect on vehicle weight. (Brorson, 2013).

The weight reduction was based on design and achieved by the usage of specific software. The brakes had to keep the same high standards of safety, and strength as before. Other material, such as aluminum were considered but discarded as they would represent higher costs and risk of fatigue. Given that Haldex produces millions of components for brakes per year, a few kilos less iron in each unit is something that is positive for the company's finances while generates environmental benefits in the entire chain from raw material to finished product. (P.E. Kronqvist)

2.3 Stakeholders

Stakeholders represent powerful drivers of CSR initiatives. Achieving high social performance is directly related to the organisation's skills to grasp the needs and demands of its stakeholders. In that sense, awareness and correct perception of stakeholder expectation is very important. As response, good communication from the organisation to stakeholder is significant for stakeholder satisfaction (Hockerts, Casanova, Gradillas, Sloan, & Jensen). Hockerts *et al* also points out two different categories of stakeholders: The antagonist, which can be perceived as a threat to the organisation and the non - antagonic. In the first case, stakeholder interaction naturally tends towards damage control. The second case can represent ways to collect opportunities and strategically using stakeholders as early warning system. (Hockerts *et al*). The majority of Haldex's identified stakeholders are non - antagonic, and they can be seen as incentive to foster CSR initiatives.

There are several stakeholders that can influence Haldex's business. The power and importance of each stakeholder group can change according to country, location and moment. The most obvious stakeholder groups are the shareholders and employees, as they have direct influence on the decision making and strategies adopted. There are also important external key drivers that can have meaningful influence over the business. The company has identified the following groups:

- Truck and Trailer Manufacturers:

The building rates of trucks and trailers play a fundamental role for the Haldex business. An increasing number of vehicles being produced can suggest the company to put efforts in rais-

ing OEM (Original Equipment Manufacturing) and assure that the products leave the factory equipped with Haldex products. Large manufacturers such as Volvo, Scania and Daimler have strict CSR requirements towards their suppliers.

- Transporters and Fleet Age:

Transporter policies and fleet age is determinant for establishing the aftermarket, a segment that represented 44% of Haldex's sales in 2012. The aftermarket is made up by replacement systems and parts and recovery services.

- Legislation:

Legal requirements and fleet specifications are drivers of the component content as well as maintenance periodicity. A shift in legislation towards safer braking and suspension systems can result in changes in the product mix and shorter or longer periods for system / component replacement.

- Infrastructure:

The conditions of infrastructure can determine market growth potential, product requirement and product longevity. Also the rate of global infrastructure expansion influences the need for cargo movement.

- Trade and Consumption:

The intensity of trade and consumption is straight related to cargo movement; therefore it can closely connect to the level of usage and demand of brake and suspension systems. (Haldex (j), 2013).

- Finance Institutions:

There are growing demands from long terms investors on CSR. Such demands affect purchasing decisions and can lead investors to avoid situations that can compromise CSR practices. Financial institutions also have progressively intensified support, expectations and requirements for CSR. (J. Valett)

It is important for a company to be aware that stakeholder identification and interaction is an ongoing activity. Organisations should not rely only in voluntary messages from known or considered stakeholders. (Pinney, 2009). In that sense, stakeholder recognition efforts should be considered as an important and continuous activity.

3 ISO 26000 and GRI

ISO 26000 is a guideline regarding Social Responsibility issued by the International Organization for Standardization. The ISO 26000 is the main reference for this work. GRI is a non-profit organisation for fostering economic sustainability. The organisation sets a widely accepted guideline for sustainability reporting based on disclosure of key indicators.

3.1 ISO 26 000

As social responsibility programmes gained importance and popularity in many organisations, it became evident that the understanding of what “social responsibility” meant could differ considerably. Recognition that trustworthy programmes must be supported by credible and transparent business practices, led ISO’s perception of the need to develop a harmonised international agreement. ISO 26000 offers an overarching concept of social responsibility and relies on the widely acceptance of ISO standards to set a guidelines for organisations of any type, size or nationality to operate in a socially responsible way. (ISO 26000, 2010).

The workgroup set for the development of the ISO 26000 standard had the largest and broadest representation than any other team formed to develop an ISO standard. The leadership was taken by Brazilian ABNT⁵ and Swedish SIS⁶ of a group that counted with the participation of the following stakeholder segments: industry, government, labour, consumers, non-governmental organisations, service, support, research and others, as well as a geographical and gender-based balance of participants. At the final stages the ISO 26000 workgroup had the participation of 450 experts, 210 observers from 99 ISO member countries and 42 liaison organisations as for example, OECD⁷, WHO⁸ and UN Global Compact. (ISO 26000 Project Overview, 2010).

ISO 26000 provides guidance for organisations of all sorts to define, identify, and develop initiatives according to standardised principles of social responsibility. Different than widely acknowledged standards such as ISO 9001 and ISO 14000, it is not certifiable but rather a path for incorporating social responsibility. In this sense ISO 26000 presents a well structured framework and delivers guidance for the implementation of social responsibility programs in organisations of any kind, not being restricted to corporations. (ISO 26000, 2010).

3.1.1 The Seven Clauses of ISO 26000

ISO 26000 is divided into seven clauses which are the steps for implementing social responsibility in an organisation. The clauses approach fundamental questions for understanding and practicing social responsibility according to the standard. (ISO 26000, 2010). Within the clauses, the 4th and 6th were highlighted in this thesis, as they contains the the principles of social responsibility and the core subjects which gave structure to the questionnaire used to assess the Haldex Global units.

⁵ ABNT is the Brazilian Association for Technical Norms (Associação Brasileira de Normas Técnicas).

⁶ SIS is the Swedish Standards Institute.

⁷ OECD is the Organisation for Economic Co-operation and Development

⁸ WHO is the World Health Organization

Clause title	Clause number	Description of clause contents
Scope	Clause 1	Defines the scope of ISO 26000 and identifies certain limitations and exclusions.
Terms and definitions	Clause 2	Identifies and provides the definition of key terms that are of fundamental importance for understanding social responsibility and for using ISO 26000.
Understanding social responsibility	Clause 3	Describes the important factors and conditions that have influenced the development of social responsibility and that continue to affect its nature and practice. It also describes the concept of social responsibility itself – what it means and how it applies to organizations. The clause includes guidance for small and medium-sized organizations on the use of ISO 26000.
Principles of social responsibility	Clause 4	Introduces and explains the principles of social responsibility.
Recognizing social responsibility and engaging stakeholders	Clause 5	Addresses two practices of social responsibility: an organization's recognition of its social responsibility, and its identification of and engagement with its stakeholders. It provides guidance on the relationship between an organization, its stakeholders and society, on recognizing the core subjects and issues of social responsibility and on an organization's sphere of influence.
Guidance on social responsibility core subjects	Clause 6	Explains the core subjects and associated issues relating to social responsibility. For each core subject, information has been provided on its scope, its relationship to social responsibility, related principles and considerations, and related actions and expectations.
Guidance on integrating social responsibility throughout an organization	Clause 7	Provides guidance on putting social responsibility into practice in an organization. This includes guidance related to: understanding the social responsibility of an organization, integrating social responsibility throughout an organization, communication related to social responsibility, improving the credibility of an organization regarding social responsibility, reviewing progress and improving performance and evaluating voluntary initiatives for social responsibility.
Examples of voluntary initiatives and tools for social responsibility	Annex A	Presents a non-exhaustive list of voluntary initiatives and tools related to social responsibility that address aspects of one or more core subjects or the integration of social responsibility throughout an organization.
Abbreviated terms	Annex B	Contains abbreviated terms used in ISO 26000.
Bibliography		Includes references to authoritative international instruments and ISO standards that are referenced in ISO 26000 as source material.

Table 3 - 1 The ISO 26000 Outline: Seven Clauses. (ISO 26000, 2010).

3.1.2 The Principles of Social Responsibility According to ISO 26000

According to ISO 26000, the overarching goal of practicing social responsibility, is to maximize the organisations contribution to sustainable development. For fulfilling this objective, the standard outlines seven principles that should be respected.

- Accountability: The organisations persuing to follow the ISO 26000 standard should be able to make accountable its impacts on society, the economy and the environment. It also involves the acceptance to scrutiny and responsibility to response.

The norm states that:

“An organization should account for: the impacts of its decisions and activities on society, the environment and the economy, especially significant negative consequences; and the actions taken to prevent repetition of unintended and unforeseen negative impacts.” (ISO 26000, 2010).

- Transparency: Refers to transparency relating decisions and activities which can impact on society and the environment. The organisations are required to disclose the policies, decisions and activities for which it is responsible, and to consider known and potential future impacts on society and the environment.

- Ethical behaviour: The organisations are required to have a behavior that lies on values of honesty, equity and integrity. This includes concern for people, animals and the envi-

ronment and compromise to respond to impacts of its activities and decisions on stakeholders' interests.

- Respect for stakeholder interests – Despite the organisation's goals may be marked by the interests of owners or shareholders, others rights, claims or interests should be taken into consideration.

- Respect for the rule of law – To respect the rule of law is mandatory. To acknowledge that no individual or enterprise stands alone above the law and that government is subject to the law as well.

- Respect for international norms of behavior: In cases where the law or its implementation does not provide adequate environmental or social standards, organisations should adopt international norms of behavior. In situations where the law is in conflicts with international norms of behavior, the organisation should make efforts to respect the norms to the greatest possible extent.

- Respect for human rights – The organisations are required to respect human rights and acknowledge their importance and universality. They are also expected to promote the International Bill of Rights⁹ in all countries, cultures and situations. (ISO 26000, 2010).

3.1.3 The Seven Core Subjects of ISO 26000

The core subjects are primal aspects of social responsibility, and they are subdivided into issues. It is important to emphasize that all core subjects are relevant to every organisation. The organisation willing to use ISO 26000 as guidance for structuring CSR, should identify which issues are significant for itself and to its stakeholders.

Core subjects and issues	Addressed in sub-clause
Core subject : Organizational governance	6.2
Core subject : Human rights	6.3
Issue 1 : Due diligence	6.3.3
Issue 2 : Human rights risk situations	6.3.4
Issue 3 : Avoidance of complicity	6.3.5
Issue 4 : Resolving grievances	6.3.6
Issue 5 : Discrimination and vulnerable groups	6.3.7
Issue 6 : Civil and political rights	6.3.8
Issue 7 : Economic, social and cultural rights	6.3.9
Issue 8 : Fundamental principles and rights at work	6.3.10
Core subject : Labour practices	6.4
Issue 1 : Employment and employment relationships	6.4.3
Issue 2 : Conditions of work and social protection	6.4.4
Issue 3 : Social dialogue	6.4.5
Issue 4 : Health and safety at work	6.4.6
Issue 5 : Human development and training in the workplace	6.4.7
Core subject : The environment	6.5
Issue 1 : Prevention of pollution	6.5.3
Issue 2 : Sustainable resource use	6.5.4
Issue 3 : Climate change mitigation and adaptation	6.5.5
Issue 4 : Protection of the environment, biodiversity and restoration of natural habitats	6.5.6
Core subject : Fair operating practices	6.6
Issue 1 : Anti-corruption	6.6.3
Issue 2 : Responsible political involvement	6.6.4
Issue 3 : Fair competition	6.6.5
Issue 4 : Promoting social responsibility in the value chain	6.6.6
Issue 5 : Respect for property rights	6.6.7

⁹ The International Bill of Rights consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights with its two Optional Protocols and the International Covenant on Economic, Social and Cultural Rights.

Core subjects and issues	Addressed in sub-clause
Core subject : Consumer issues	6.7
Issue 1 : Fair marketing, factual and unbiased information and fair contractual practices	6.7.3
Issue 2 : Protecting consumers' health and safety	6.7.4
Issue 3 : Sustainable consumption	6.7.5
Issue 4 : Consumer service, support, and complaint and dispute resolution	6.7.6
Issue 5 : Consumer data protection and privacy	6.7.7
Issue 6 : Access to essential services	6.7.8
Issue 7 : Education and awareness	6.7.9
Core subject : Community involvement and development	6.8
Issue 1 : Community involvement	6.8.3
Issue 2 : Education and culture	6.8.4
Issue 3 : Employment creation and skills development	6.8.5
Issue 4 : Technology development and access	6.8.6
Issue 5 : Wealth and income creation	6.8.7
Issue 6 : Health	6.8.8
Issue 7 : Social investment	6.8.9

Table 3 - 2 ISO 26000 Seven Core Subjects. (ISO 26000, 2010).

3.1.4 Why Implement ISO 26000?

The implementation of the ISO 26000 international standard rely on three fundamental reasons according to Hemphill:

“- The image of ISO as a globally reputable and credible organization for establishing international technical standards;

-The development of an international consensus among stakeholders regarding the definition and objectives of social responsibility as it pertains to the economic, environmental, and social impacts of business enterprises (in the course of their operations) on society; and

- A holistic reference for management interested in integrating social responsibility principles into the operations of an enterprise.” (Hemphill, 2013).

Other authors such as Puneet and Ashish, agree with these points, and state that ISO 26000 can add value to existing social responsibility initiatives. They emphasize that the guidelines are means to globally relevant and harmonised guidance. Just as with other ISO standards, there are high expectations that ISO 26000 becomes a widely acknowledged tool for social responsibility as it was built over international consensus among expert representatives of the main stakeholder groups. The authors also state that social responsibility as addressed by ISO 26000 can lead to improvements in business practices, and could result in creation of new projects or products to meet newly-discovered needs. (Puneet, Ashish, 2012).

3.1.5 Criticism to ISO 26000

Despite its efforts to standardise CSR, ISO 26000 is also object of criticism. An example is the article: *“The ISO 26000 guidance on social responsibility international standard: what are the business governance implications?* Where Thomas Hemphill¹⁰ brings forth issues regarding the achievements that can be obtained from using the standard as well as its drawbacks.

¹⁰ Thomas Hemphill is an associate professor of strategy, innovation and public policy in the School of Management, University of Michigan-Flint.

In the author's perspective, the ISO 26000 is too broad in scope and unable to grasp the specific environment context of different industries and sectors. Hemphill indicates some issues regarding the applicability of ISO 26000 in large and small businesses.

- Most MNE are already following other initiatives such as the Global Reporting Initiative or the UN's Global Compact. These large organisations tend to use the ISO 26000 as a holistic reference for social responsibility and sustainability and guidance for addressing minor issues.

- For SMEs (Small and Medium Enterprises), it lacks detailed guidance for the implementation of measures for a specific industry or sector context. The standard can also be related to a relatively high learning curve cost regarding its implementation of policies and practices as it considered by the author lengthy and complex.

Perhaps the strongest argument for criticism to the standard is that it is not certifiable, most likely requiring the organisation invest on other certifiable social responsibility standard in order to gain credibility from stakeholders.

A question that is raised regarding the "non certifiability" is how the social responsibilities can be measured. Since the standard is limited to guidelines which are not enforceable it is hard for stakeholders and other companies (e.g. supply chain assessment) to evaluate the level and extent of social responsibility of organisations using the ISO 26000 as guide for corporate social responsibility. (Hemphill, 2013).

3.2 GRI

The Global Reporting Initiative provides guidelines for effective sustainability reporting. G4 is the fourth version (issued in May 2013) of the disclosure guidelines and it aims to be a user friendly, widely accepted way to guide reporters for the assembly of sustainability reports with consistent data about the organisation's main sustainability related issues. G4 is the GRI version chosen to subsidize this work. GRI provides standardised disclosures and key indicators that allow information in sustainability reports to be easily approachable and comparable, giving stakeholders steady ground for decisions making. (GRI, 2013).

GRI communicates both positive and negative impacts from an organisation on the environment, society and the economy. The GRI sustainability report aims to eliminate abstract issues structuring the content in a clear and tangible way, allowing the follow up on the effects of sustainability developments. GRI sustainability reporting sets base for targets, performance assessment, and evidentiates the needed changes and adaptations. (GRI, 2013).

As means of producing tangible reports and minimizing subjectiveness, GRI puts emphasis on the concept of materiality:

"At the core of preparing a sustainability report is a focus on the process of identifying material Aspects – based, among other factors, on the Materiality Principle. Material Aspects are those that reflect the organization's significant economic, environmental and social impacts; or substantively influence the assessments and decisions of stakeholders." (GRI, 2013).

The G4 provides two options for the setting up of a sustainability report: the Core option containing the essential elements and the Comprehensive, which demands further data of the strategy and analysis, governance, and ethics and integrity. (GRI, 2013).

Both Core and Comprehensive GRI reports must contain two different categories of Standard Disclosures: General and Specific. General standards are related to overarching organisation's policies, and are divided into seven parts: Strategy and Analysis, Organizational Profile, Identified Material Aspects and Boundaries, Stakeholder Engagement, Report Profile, Governance, and Ethics and Integrity. (GRI, 2013).

Specific Standard Disclosures are related to management approach indicators, and they are divided into 3 Categories: Economic, Environmental and Social. The Social Category subdivided into Labor Practices and Decent Work, Human Rights, Society and Product Responsibility. Depending on the option for Core or Comprehensive the organisation has to identify which General and Specific Standard Disclosures will be reported. (GRI, 2013).

3.2.1 Why Report in Accordance to GRI?

Institutional pressures, sectorial mimetics and transparency culture are important drivers of sustainability report and consequently adoption of GRI can be related to its wide acceptance. (Bicho, 2010).

The wide acceptance of GRI, can be attributed to the diversity of the GRI work group. Group diversity is considered one of GRI's greatest strengths, both in process and product. GRI's stakeholder engagement model brought together various sectors, representing all global locations and at different levels of reporting expertise. The diversity of the work group allowed participants to exchange knowledge, thus learn from each other. GRI provides means to understand differing positions and gain new insights to the expectations of a wide diversity of sectors. (Richards, Dickson 2007).

GRI's success can be assigned to its capability of being adapted to companies and organisations, regardless of size and type. In addition, GRI is constantly updating its guidelines, indicators as well as its format in order to enhance applicability and user friendliness. One of GRI's main assets is the ability to be the global standard for sustainability reporting, as it relies on stakeholders for continuous improvement of the guidelines. (Fogliasso, Deeds, 2012).

3.2.2 Criticism to GRI

Despite being an objective, widely accepted and somehow water tight standard, the GRI is also subject to some criticism. In the article *The worldwide diffusion of the global reporting initiative: what is the point?* Marimon, Alonso-Almeida, Rodriguez, and Alejandro¹¹, raise issues that could be considered drawbacks to GRI.

The authors mention that the disclosure of non-financial results can be costly and complex; therefore SMEs would have less visibility and fewer incentives than large companies to adopt the GRI. In that sense characteristics of the standard would "naturally" exclude most SMEs or when required by market demands represent excessive burden.

¹¹ Frederic Marimon, Faculty of Economics and Socials Business Organization Department, Universitat Internacional de Catalunya, Barcelona, Spain

María del Mar Alonso-Almeida, Faculty of Economics and Business Administration Business Organization Department, Universidad Autónoma de Madrid, Madrid, Spain

Martha del Pilar Rodríguez and Klender Aimer Cortez Alejandro, Faculty of Public Accounting and Administration, Post-graduate Studies Department, Universidad Autónoma de Nuevo León, Nuevo León, Mexico

GRI adoption follows the same diffusion pattern in different geographical areas. In places where there is greater emphasis on customers and employees as relevant stakeholders, there is a wider usage of GRI. This could lead to larger social responsibility gaps according to geography.

GRI was also earlier adopted by business segments known for environment and social risks and with higher capital market visibility, which could indicate that organisations with lower environmental and social evidence would delay the usage of the standard or even disconsider. (Marimon, *et al*, 2012).

More fierce criticism is brought by Levy, Brown and de Jong¹² in their article “*The Contested Politics of Corporate Governance: The Case of the Global Reporting Initiative*” where the authors go deeper in the essence of CSR standards rather than on specific details.

The authors mention that the tensions and contradictions that allowed the success of GRI later popped up as significant constraints. They state that GRI was framed in slightly different terms according to each audience. Through a win-win approach, GRI promised a greater role in corporate governance to NGOs (Non-governmental organizations), higher profits to the involved organisations and new business opportunities to consultants. Although this discourse provided coherence to these competing sectors at some extent, it did not succeed to eliminate the tensions. Additional tensions exacerbated as the economic benefits failed to materialise, as the standard failed to provide the level information needed by some stakeholders and the quantifiable measures sought by others.

Perhaps the most important element of the critic imposed by the authors is the idea that GRI would be co-opted and assimilated within the existing corporative structure rather than transforming them. In their opinion this is what appears to be happening. Non financial reports are seen by corporations as a way to demonstrate their social concern, yet a system that gives clear measures and rankings of social and environmental performance are subject to restrictions. As a result, non financial reports do not seem to be having an affect in core product or market strategies. (Levy *et al*, 2010).

Although directed to GRI, the arguments of Levy *et al* can be extended to other social and environmental standards, due to their inefficiency in making substantial changes in the core of corporations.

¹² David L. Levy, University of Massachusetts, Boston, USA

Halina Szejnwald Brown, Clark University, Worcester, MA, USA

Martin de Jong, Technical University of Delft, The Netherlands

4 Method

4.1 Defining the Research

My initial understanding of CSR was of an overall improvement of organisations by taking into consideration what is beyond the gates. If in one hand the definition came out so simple, I was aware that the applicability of the Triple Bottom Line concept in real life would not be an easy task. The original idea was to use existing CSR knowledge and apply it as means to improve and give feasibility to offshore oil exploration and production in mangrove regions.

The research had a change in direction after contacting Haldex through Johan Valett. Johan is the vice president of Haldex Way¹³ and the person that took responsibility for CSR at Haldex in mid 2013. Johan mentioned that the company was going through a re-structuring plan, had intentions of deploying its CSR, and most important, that CSR was in the agenda of the top management that recently had taken office. Johan thought that a good way to tackle his CSR responsibilities was through cooperation with a university. After an introduction meeting, Johan made an invitation to make my research at Haldex and assist him with the CSR task.

4.2 Data Collection

The proper work began with the usage of qualitative methods, starting with long sessions of CSR discussion with Johan Valett. In parallel to the conversations with Johan, a review of literature on CSR, and a thorough study of ISO 26000 and GRI was done. The result of this first phase was the definition of the research, which is clearly expressed in the sub-title “Assessing Current CSR Status at Haldex”.

The qualitative research journey went until the completion of this work. Besides being used for identifying a good share of the findings in this work, the qualitative research was fundamental to give subsidies to the preparing of the tools needed for the quantitative share of the assessment, as well as for the analysis of collected data.

For the quantitative research, a set of tools was developed for the data collection of CSR related issues in all Haldex units world wide. Within this set there was an outline presentation for a brief explanation of what CSR is and why it is important, a communication from the CEO in the intranet through an Organizational Announcement asking for engagement from all employees, a work schedule and the most important piece, a questionnaire.

4.3 Gap Analysis through the Questionnaire

The main quantitative tool used for this research was a structured questionnaire. The aim of the questionnaire was to collect data and substantiate the analysis of the current status of CSR in all of Haldex units. The questionnaire allowed the research to go beyond existing information at corporate level, giving room for more personalised communications and enabling the perception of what lies “underneath” the official communication. The questionnaire followed six of the seven core subjects of ISO 26000, and all the issues with the exception of

¹³ “Haldex Way is based on the lean production philosophy, and the objective is to create a continuous link in flows between customers, subcontractors, production and product development. Haldex Way is an overall management philosophy for the entire value chain, including products, information and future requirements”. (Haldex (k), 2013)

“access to essential services” were addressed.¹⁴ The intention was to find out to what extent the core subjects were being attended in each unit surveyed (for each core subject how many of the issues are supported by policies, standards, initiatives, etc.) and how the issues were being addressed in the different units. The questionnaire was designed so it could reveal which CSR issues were more commonly met and which were given less attention.

The only core subject left out was Organizational Governance. Organizational Governance is the way ISO 26000 addresses core issues of an organisation. The standard gives it a special status of being a core subject in itself as well as being a way for improving social responsibility in all other core subjects. The reason is that despite efforts from Haldex towards quality, environment and safety, the company still lacks a corporate program towards the more holistic concept of sustainability envisaged by CSR, something Haldex expects this work to substantiate. The strategy adopted was to first identify and collect what the company does that could be classified CSR, in order to motivate the top management to develop Organizational Governance, supported by the evidence of robust on going practices.

The expectation was to assess the current CSR situation at Haldex and to prove that despite many initiatives being taken as response to other issues and /or opportunities, they could be interconnected and form a consistent base for CSR. The knowledge that the path to a well structured CSR programme was covered to a good extension could trigger larger support from the management and employees.

Besides the core subjects of ISO 26000 being used as the main structuring element to the questionnaire, availability of Specific Standard Disclosure¹⁵ aspects indicators used in GRI reporting were included as well. The GRI G4 indicators served both as a guideline for the questions but also as a way measure of how far Haldex was from being able to report CSR according to GRI G4. General Standard Disclosures were not included in the questionnaire as they are correlated to Organizational Governance.

The usage of GRI G4 fundamentals was also an important element of the questionnaire as it brought examples of indicators that could be related to the core subjects of ISO 26000. The selection of GRI G4¹⁶ indicators approached by the questionnaire was made according to their relevance for the company. The choice of topics that are material¹⁷ to Haldex, intended to drive the answerer not to bring in issues that are not consistent with corporate policies or merely good intentions, common sense or even personal opinion. (GRI G4, Sustainability Reporting Guidelines, 2013).

As added benefit the process for responding the questionnaire was also a way to disseminate CSR concept, its aspects and to make those involved in the responding more familiar with the topic and the structuring frameworks of ISO 26000 and GRI G4.

¹⁴ The 6th issue of consumer issues was not included as it was understood not to be applicable to Haldex but to organisations that provide essential service e.g. electric utilities, sewer and water, etc.

¹⁵ See chapter 4.2 for Specific Standard Disclosure and General Standard Disclosure.

¹⁶ The Specific Standard Disclosure Indicators were chosen and cross referenced with ISO 26000 by the author and J. Vallet.

¹⁷ “Material Aspects are those that reflect the organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders. To determine if an Aspect is material, qualitative analysis, quantitative assessment and discussion are needed.” (GRI G4, Sustainability Reporting Guidelines)

4.4 Data Analysis

The data collected through the questionnaire was analysed with the help of a data analysis sheet developed specifically for this thesis in spreadsheet software. The data analysis sheet was divided in six different tabs, according to each core subject assessed in this thesis. The information from the responses was transferred to the analysis sheet, so that the responses of all units were compiled together.

Once the information was laid on the analysis sheets, the level of meeting each issue was measured through the sum of all units that mentioned support to a specific issue. In the example underneath, 10 units out of 12 were able to mention supportive elements to an issue of ISO 26000.

ISO26000	Unit A	Unit B	Unit C	Unit D	Unit E	Unit F	Unit G	Unit H	Unit I	Unit J	Unit K	Unit L
Issue Xx	Standard	Standard	Law	Standard		Initiative	Standard	Procedure	Standard	Law	Policy	
	S	S	C	S		I	S	P	S	C	P	

Table 4 - 1 Endorsing elements to one of the ISO 26000 issues, according to response from units.

The sum of the responses was later divided by the number of respondents in order to give a percentage of the overall meeting level to each issue of all core subjects. The results can be seen in the table underneath. In this example: 10/12 = 0,8333 or 83%.

Haldex Policies P	International Standards S	Compliance Legislations or C	Local Initiative I	Total
17%	42%	17%	8%	83%

Table 4 - 2 Sum of the positive responses classified in the four categories.

In order to harmonise the findings and even out differences in response style, the answers were classified in four categories:

- "Haldex Policies¹⁸" which include: global policies, local policies, procedures and hand-books. These were color coded green.
- "International Standards" which include: ISO 14001, ISO 9001, TS 16949, OHSAS 18000, UN Global Compact. These color coded yellow.
- "Compliance Legislation or Union" which includes: Legislation, Union agreements, dispute resolutions. These were color coded grey.

¹⁸ An initiative was classified Haldex policy when no explicit relation to an International Standard was made.

- "Local Initiatives" when they did not match any of the previous. These were color coded orange.

Besides the color code, a hierarchy was set. The hierarchy goes from green to orange. The reason for hierarchy is that when an issue is mentioned to be endorsed by more than one of the categories above, one answer would prevail. Despite the prevalence of one category over the other, the objective of the classification was to see the role each of the categories had in the meeting of the ISO 26000 issues, rather than a ranking system.

For analysing availability of GRI indicators the same logic was used. GRI however was simpler as the responses were "yes" or "no".

Haldex Policies, indicated beyond compliance and incorporation in the company so they would prevail over other categories of endorsement elements, Compliance to International Standard came second as it indicated differentiated but not exclusive behavior. Compliance to applicable legislation or union agreements indicated no outstanding social responsibility approach so it was classified as third. Albeit commendable, Local Initiatives is the weaker form of supporting an issue as it is not backed up by stronger elements such as a policy, a certifiable standard or legislation. Local Initiatives are more sensible to fluctuations as well.

4.5 Work Deployment

The work was deployed in accordance to the schedule on the table underneath and detailed as follows:

ID	Activity	Responsible	Start	Finish	Duration	jul 2013					aug 2013				sep 2013				
						30-6	7-7	14-7	21-7	28-7	4-8	11-8	18-8	25-8	1-9	8-9	15-9	22-9	
1	Announcement	CEO	2013-06-24	2013-06-28	1v	■													
2	Webinar introduction to CSR and questionnaire	IIIIEE	2013-07-01	2013-07-05	1v	■													
3	Completion of questionnaire	Site/Function Mgr	2013-07-01	2013-07-26	4v	■■■■■													
4	Follow-up interaction for support and completion of questionnaire	IIIIEE	2013-07-01	2013-07-26	4v	■■■■■													
5	Analysis and Report	IIIIEE	2013-07-29	2013-09-13	7v	■■■■■■■													
6	Presentation of Results and Report	HW	2013-09-17	2013-09-30	2v	■■■■													

Table 4 - 3 Work Schedule.

4.5.1 Preparation of Data Collection Material:

The first step of this stage was the definition of the scope and aim of the research. The strategy for collection of information was set and available Haldex information sources were presented. During this phase the questionnaire was designed, set up and gone through two levels of improvement.

Another important task performed during this stage was a literature revision and the study of the ISO 26000 standard and GRI G4 guidelines. An added challenge was to cross reference ISO 26000 and GRI G4¹⁹. The main tasks at this stage were:

¹⁹ For cross reference between ISO 26000 and GRI 3.1 exists a document issued by the GRI, the equivalent for G4 was not available and should be issued by the end of 2013, according to Laura Espinach, Reporting framework coordinator from the GRI. For further details on the cross reference see footnote 16.

- Set up a presentation introducing CSR.
- Prepare subsidies for the CEO's communication: explanation of the importance of CSR, a brief description of the intended work, schedule, benefits that could be gained and the importance of employee participation.
- Develop a clear and objective questionnaire.

4.5.2 Pilot Unit for Data Collection (Landskrona):

The second stage allowed the testing of the questionnaire in personal interviews and constructive feedback was received. The main outcome of this stage was the third version of the questionnaire, with the incorporation of pertinent suggestions and design changes aiming at user friendliness.

During this stage the following people were interviewed: Kent Jörgenssen, the Landskrona plant manager responsible for all operation and well working of the physical structure; Kent Axelsson the sourcing director; Per Erik Kronqvist, senior vice president for research and development and Pete Lazar, senior vice president for human resources. All the interviews were conducted through personal meetings, except with Pete Lazar done by phone due to his base in the Kansas City unit. The main tasks at this stage were:

- Present data collection material to relevant staff at Landskrona.
- Conduct personal meetings.
- Collect impressions and suggestions for improvements.
- Re-adjust data collection material according to feedback from pilot unit.

4.5.3 Worldwide data collection:

The third stage included the sending of the pedagogical presentation, the communication from the CEO on the company's global website, stating the importance and commitment with CSR, and the questionnaire with thorough instructions. Three webinar sessions were performed for clarifications and enhancing the importance of CSR. For the sessions all site managers were invited as well as managers with global functions. All three sessions went smooth and not many questions were asked, indicating clear understanding from the attendees. Through the sessions it was emphasised that the managers were encouraged to involve other sectors or specific site staff for cooperation in the responding. It was also made clear that doubts or questions regarding the questionnaire could be addressed at any time during the response period. The main tasks at this stage were:

- Identify relevant staff.
- Schedule web meetings.
- Publish CEO's communication and work schedule.
- Present the CSR PowerPoint presentation.
- Send questionnaire.

- Follow up.
- Gather questionnaires.

4.5.4 Data Compilation:

The fourth stage of the work included the collection of questionnaires and interpretation. Some follow up was required, with deadline extension given to some units. Despite the summer season and vacation period for a great share of the staff, the feedback level was satisfactory, with 12 out of 13 Haldex units given their response. The briefing of the findings and analysis was a little tricky as there were noticeable differences in the interpretation and dedication to the answering from unit to unit. For the conclusion of the analysis of the questionnaire two tables were set with a compilation of the data found from all responding units. The main tasks performed in the fourth stage were:

- Assess gathered data.
- Request response from late comers.
- Brief findings and analyse.
- Compile into a standard format.

4.5.5 Setting Grounds for a CSR Programme at Haldex:

The results of the research are intended to be used by Haldex’s management to improve current CSR practices. To facilitate this process the following steps were established:

- Assembly of the final report.
- Presentation of the report to staff.
- Delivery to employees.
- Set guidelines for next steps (top management).

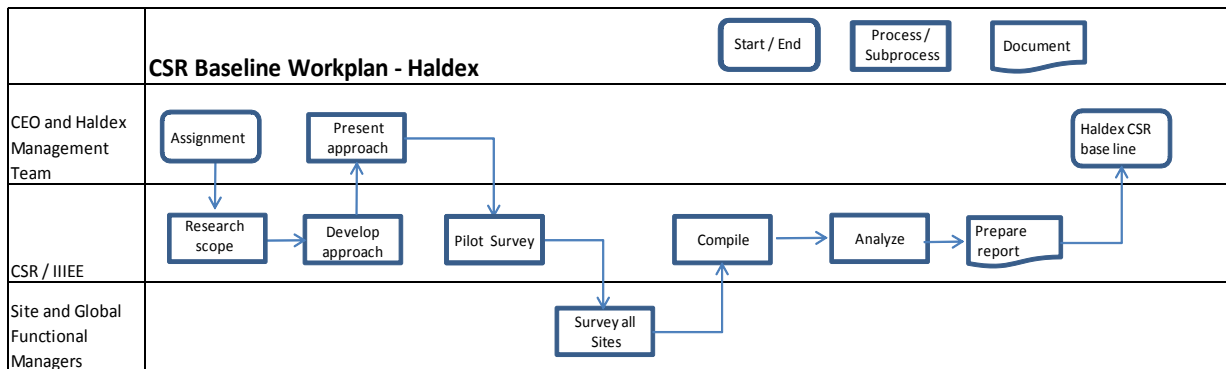


Table 4 - 4 Swim Lane Flow Chart shows the main steps of the work deployment and responsibilities.

5 Findings

The collection of findings is resultant of the application of the qualitative and quantitative research methods. The findings from qualitative research originated in the investigation in the company's public webpage, the employee exclusive intranet, as well as conversations and non-structured interviews with employees. The findings attributed to the quantitative research were attained through the application of the questionnaire. The questionnaire's final outcome was synthesized in a matrix relating: location, core subject and aspects and level of achievement.

5.1 Existing management systems and CSR

In the Quality section of the Haldex intranet, policies related to quality, environment and supply chain are available. Most of Haldex units are ISO 14001, ISO 9001 and TS 16949 certified, which indicates a good level of criteria and standards for work performance and proper house keeping. Most units have over a decade of certification, a sign that management systems are well incorporated within the culture of the company.

The Quality Policy Manual issued on the 31st of May, 2012 specifies the requirements for the standards:

“Quality Management System (QMS)

All Haldex production locations shall be third-party certified by an LATF-accredited registrar to the latest version of ISO/TS 16949 Technical Specification for Quality Management Systems. A production location is a site that conducts value-added manufacturing operations, and primarily serves original equipment manufacturer (OEM) customers. Non-production locations, such as a distribution facility or warehouse, and Friction Service Centers shall be third-party certified by an accredited registrar to the latest version of ISO 9001 Quality Management Systems.

Environmental Management System (EMS)

All Haldex production locations shall be third-party certified by an accredited registrar to the latest version of ISO 14001 Environmental Management Systems. A production location is a site that conducts value-added manufacturing operations, and primarily serves original equipment manufacturer (OEM) customers. Non-production locations, such as a distribution facility or warehouse, and Friction Service Centers are not required to obtain ISO 14001 certification, but are encouraged to pursue compliance to the requirements of the standard.

Occupational Health and Safety Assessment Series (OHSAS)

Haldex locations are encouraged to obtain 18001 Occupational Health and Safety Assessment Series certification where such certification is required by customers, by governmental regulations, or where there is an associated favorable marketing effect.” (Haldex (I), 2013).

Haldex puts emphasis on quality, approaching some CSR issues under the umbrella of quality. On the company's intranet a section is dedicated exclusively to quality. Quality manuals, procedures, forms, monthly reports and certificates are available in this section. The Quality Policy Manual, Supplier Quality Manual and Supply Chain Improvement Programme can be highlighted for bringing content with straight relation with CSR content.

The Quality Policy Manual briefs the main parameters to be followed by Haldex in its procedures. The manual brings references from:

- ISO/TS 16949 (Developed by the International Automotive Task Force (IATF²⁰) and the "Technical Committee" of ISO for continuous improvement with emphasis in defect prevention, reduction of variation and waste in the supply chain).
- ISO 9001 (quality procedures).
- ISO 14001 (environmental management system).
- APQP Advanced product quality planning (framework of procedures and techniques used to develop industrial products, specially the automotive industry).
- PPAP, Production part approval process (used in the automotive supply chain for confidence in component suppliers and their production processes).
- FMEA, Failure mode and effect analysis, systematic techniques for failure analysis.
- MSA, Measurement system analysis, designed experiment that seeks to identify the components of variation in the measurement. (Haldex (m), 2013).

The Quality Policy Manual focuses mainly on quality issues that are common to the automotive industry. Haldex's main customers are large manufacturers of commercial vehicles that exert substantial power over their suppliers requiring the usage of standards that guarantee that components manufactured by different suppliers follow the same quality demands.

The Quality Policy Manual also approaches CSR related aspects such as: Environmental Management Systems, Performance Measurement, Customer Returns and Notification, Product Safety Management and Supplier issues.

Some procedures found in the quality section also bring to light CSR aspects. One example is the procedure for cost of poor quality reporting which makes reference to environmental aspects such as material and energy loss in relation to unnecessary transport to accounted costs.

5.2 Human Resources and CSR

In the Human Resources section of the intranet, policies related to human rights and labour practices are available. From a CSR perspective, the Social and Ethics Manual which is applicable to all Haldex units and employees can be highlighted. The manual opens up with the following statement:

"Haldex's Social and Ethics policy is based on the United Nation's (UN) Universal Declaration of Human Rights, the UN Global Compact Initiative, the International Labor Organization's (ILO) basic principles on labor law and the Organization for Economic Cooperation and Development (OECD) guidelines for multinational companies" (Haldex (n), 2013).

The manual approaches fundamental CSR aspects such as:

- Society – Stating the company's commitment to improve economic, environmental and social conditions.

²⁰ The International Automotive Task Force (IATF) is an "ad hoc" group of automotive manufacturers and their respective trade associations, formed to provide improved quality products to automotive customers worldwide.

- Human Rights - By enhancing internationally decreed human rights.
- Child Labour – Refraining from hiring children or supporting child labour unless in a government approved training program.
- Freedom of Contract – Ensuring that all employees have free will to accept positions in the company. Under this aspect, Haldex also commits to give wages and benefits that meet or exceed the legally required minimum. The company states its zero tolerance for inhumane treatment of employees.
- Health and Safety – Offering safe workplaces, and taking measures to prevent accidents and occupational injuries.
- Environment & Sustainability – Committing to meet or exceed laws and standards, and to continuous improvement of the management systems.
- Equal Opportunity – Offering equal opportunity, and refraining from discriminating.
- Suppliers– Assessing and choosing suppliers for the meeting requirements of Haldex’s social policy and other social principles.
- Business Ethics – Application of high standards in terms of business ethics and integrity thus support national and international organisations in this regard. (Haldex (o), 2013).

Besides the Social and Ethics, the Human Resources section of the internet contains other policies that can be related to CSR:

- Confidentiality and disclosure policy; guidelines for protection of information that is within Haldex.
- Assignment and transfer policy; for international assignments from 1 to 3 years within the group.
- Social media guidelines; establishing rules for the usage of social medias by Haldex’s employees.
- Whistle blower policy, providing grounds for employees to raise concerns such as incorrect and unlawful activities, breaches to regulations, dangerous practices and abuse of authority. (Haldex (p), 2013).

Another note worth initiative undertaken by the global human resources team is the Haldex Employee Engagement Survey. The survey covers areas considered important for the company, which many of them have relations to CSR such as: organisational development and value focus, management and leadership practices, communication and information flow, and job satisfaction. The Survey has been applied in the Landskrona and Weyersheim (France) used as pilots. Haldex plans to launch the global survey autumn 2013.

5.3 Sourcing and CSR

Haldex has consistent criterias for sourcing. On the public website there is a specific section for suppliers which contain a list of mandatory documents for supplying to Haldex:

- Forbidden chemical substances within Haldex, "Haldex Svarta Lista" Haldex Black List.
- Chemical substances with usage limitations within Haldex. "Haldex Grey List".
- Supply Chain Improvement Program and associated requirements.
- Supplier Quality Manual which defines supplier quality requirements.
- Supplier Profile Template for providing information from supplier to Haldex.
- Haldex Requirements for a "World Class Supplier" identifies general Haldex requirements for suppliers.
- General Purchase Conditions define Haldex general purchase terms and conditions.
- Confidentiality Agreement for protection of confidential information.

Other documents are recommended or optional when doing business with Haldex. Compliance with these may be required, depending upon which Haldex business unit is involved:

- Country of Origin Markings, defining country of origin required for supply to the United States.
- Production Test Run, defines the requirements associated with Haldex Production Test Run.
- Supplier Change Request, for a supplier to request a product or process change. (Haldex (q), 2013).

The suppliers section of the website also contains the Supplier Quality Manual and the Supply Chain Improvement Program, which are also found in the Quality section of the Intranet. The Supplier Quality Manual describes fundamental quality and environmental requirements for all suppliers to Haldex regardless of their global location. The manual has specific chapter for environmental requirements, emphasizing the demand for ISO 14000 or equivalent and compliance to REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) for chemicals used in manufacturing processes in Europe. Another chapter specifies social responsibility requirements stating that Haldex will make use of "*appropriate methods*" to assess suppliers for meeting Haldex's policies for social responsibility. (Haldex (r), 2013).

The Supply Chain Improvement Program was established to monitor and improve the quality of the supply base. The goal is to deploy a sourcing culture that results in continuous improvements in quality, delivery, value, and support. The program has specific aims for zero defects, identify, quantify and eliminate waste, improve supply chain processes and optimise procurement costs. (Haldex (s), 2013).

5.4 Status of CSR at the Assessed Units

Based on the responses to the CSR Questionnaire that was sent out to participating units, the following observations were made:

- Landskrona, Sweden:

Landskrona is the global head quarter of Haldex, it counts with 281 employees, and consists of a production unit, R&D (research and development) facility and office building. Sourcing and logistics activities also take place in the Landskrona plant. (P. Lazar). The unit manufactures ABA (automatic brake adjusters) and ABD (air disk brakes). This work was developed at the Landskrona unit, which allowed personal interviews and greater interaction with the staff.

For the Human Rights and Labour Practices, the response was much supported by Haldex policies or Swedish legislation. The unit also mentions that the company's policies are aligned with the country's legislation. Environmental issues are supported by ISO 14001 standard and Swedish legislation. Fair Operating Practices and Consumer Issues were left blank. No mention of ISO 9001, TS 16949 or OHSAS 18001 was made.

- Szentlörinckata, Hungary:

The Hungarian unit in Szentlörinckata is a manufacturing plant, with a head count of 166 employees. The unit produces actuators, air controls and ADB. (P. Lazar). As part of the Haldex re-structuring plan, the production activities currently performed in the German unit of Heidelberg, will be shifted to the Hungarian unit. The Hungarian unit responded the questionnaire by raising regulation and policy compliance as well as local initiatives and procedures. For the Human Rights the response was supported by EU and local regulations, Labour Practices endorsed by procedures, contract and policies without specifying the origin and extent. Environmental issues supported by local legislation and control and specified Haldex Hungary procedure. Fair Operating Practices backed up by the Haldex Code of Conduct. Consumer Issues are supported by a series of mechanisms such as reviews, contracts, manuals, surveys, and policy. Community Involvement and Development is supported by a mix of Haldex Hungary policies and random initiatives. No mention of ISO 9001, 14001, TS 16949 or OHSAS 18001 was made.

- Weyersheim, France:

The French unit in Weyersheim counts with 69 employees and its main activities are distribution and sales. (P. Lazar). The French unit gave emphasis to the French legislation and procedures for support to the ISO 26000 core subjects. No mention of ISO 9001, 14001, TS 16949 or OHSAS 18001 was made, and the only Haldex policy mentioned was the IT policy.

- São José dos Campos, Brazil:

The Brazilian unit is located in São José dos Campos and counts with 135 employees. The unit manufactures ABA (Automatic Brake Adjusters) and air controls, also performs activities of sales, sourcing and logistics. (P. Lazar). The Brazilian unit gives detailed information of ISO 26000 supportive policies based on ISO 9001, ISO 14001, TS 16949, Haldex Standards and Brazilian legislation for all subjects except Community Involvement and Development. The unit did not mention any initiative performed without specifying the endorsing policy.

- Monterrey, Mexico:

The Mexican unit in Monterrey is the largest Haldex unit in terms of staff number with 426 employees. It is a manufacturing unit that produces air controls and actuators (P. Lazar). For the Human Rights and Labour practices, the response was much supported by Haldex policies

or Mexican legislation. Fair Operating Practices was responded with detailed information from Haldex's Policies. For most other subjects, the Mexican unit simply mentioned implemented procedure or standards, not specifying their origin or extent. No mention of ISO 9001, ISO 14001, TS 16949 or OHSAS 18001 was made.

- Cambridge, Canada:

The Canadian unit is located in Cambridge. It is a sales and distribution unit with 21 employees. (P. Lazar). Haldex Canada policies gave support to many ISO 26000 issues. Local acts and legislation were also often mentioned. Some issues in Community Involvement and Development are supported by initiatives without mentioning the existence of backing up policies. The unit mentions the non applicability of some issues due to their condition as distributor. No mention of ISO 9001, TS 16949 or OHSAS 18001 was made.

- Suzhou, China:

The Chinese unit is located in Suzhou and counts with 181 employees. The unit deploys activities of manufacturing, R&D, sales, sourcing and logistics. The unit produces ABA, actuators, air controls and ADB. (P. Lazar). The Chinese unit supports many ISO 26000 issues by mentioning initiatives performed by the unit, many of them without making explicit regards to endorsing policies. ISO 14001 backs up Environmental issues. Chinese Legislation, other ISO standards and Haldex policies backs up Fair Operating Practices. The unit also mentions manuals, brochures, specifications as means to support Consumer Issues.

- Ambad, India:

The Indian unit is located in Ambad and counts with 112 employees. The unit manufactures ABA and also deploys sourcing, logistics and R&D. (P. Lazar). The Indian unit endorses many of the ISO 26000 issues by mentioning Anand Codes. ISO 14001 is supportive to Labour Practices, Environment and Fair Operating Practices. OHSAS 18001 is also mentioned as a back up for issues under Labour Practices and Fair Operating Practices. An NGO as a way to address Community Involvement and Development can be highlighted from the Indian response.

- Marion, North Carolina, USA:

The North Carolina unit in Marion is a re-manufacturing unit counting with 92 employees. (P. Lazar). The North Carolina unit left all issues on all subjects of ISO 26000 blank. No mention of ISO 9001, ISO 14001, TS 16949, OHSAS 18001 or any Haldex Policy was made.

- Blue Springs, Missouri, USA:

Blue Springs is a manufacturing unit producing ABA. The unit counts with 156 employees. (P. Lazar). Blue Springs mentions Haldex policies as support to most subjects of ISO 26000 and ISO 14001 for all the environment issues. Blue Springs stands out for its initiatives and engagement with local institutions supporting Community Involvement and Development. No mention of ISO 9001, TS 16949 or OHSAS 18001 was made.

- Kansas City, Missouri, USA:

Kansas City is Haldex's headquarter in North America. The unit counts with 175 employees and deploys sales, research and development, sourcing and logistics. (P. Lazar). The Kansas

City unit mentions policies, indicators, federal acts, OHSAS 18001, procedures, initiatives and Haldex Way as endorsement elements to the ISO 26000 core subjects. The unit fulfills Community Involvement and Development issues through cooperation with local education institutions, taking part in competition and charity policy and initiatives. No mention of ISO 9001, ISO 14001 or TS 16949 was made.

- Redditch, UK:

The British unit in Redditch counts with 62 employees and deploys R&D and sales. The British unit endorses ISO 26000 subjects with handbooks, reports, procedures, product literature and ISO 14001. The unit addresses Community Involvement and Development issues cooperating with local schools and taking part in community. No mention of ISO 9001, OHSAS 18001 or TS 16949 was made.

5.5 The Global Picture of CSR in Haldex

The results from the responses were compiled in two tables aiming to give a global picture of the Haldex Group level of meeting ISO 26000 guidelines and fulfillment of GRI indicators in 12 of its world sites. The units were evaluated good, fair and deficient according to the level of attendance to ISO 26000 issues or related GRI indicators. It was considered good when all issues are mentioned to be supported, fair when at least one issue is endorsed and deficient when a subject is not supported in any of its issues²¹. These tables are based on the responses received from each unit. There was no further checking if the mentioned supportive elements provide relevant endorsement to the issues and to what extent. There was no further investigation on the existence of supportive elements where there was no mention made by the respondents neither investigation for additional or complimentary elements.

ISO 26000 Core Subject	Human Rights	Labour Practices	Environment	Fair Operating Practices	Consumer Issues	Community Involvement and Development
Number of issues	8	5	4	5	6	7
Landskrona	8	5	4	0	0	2
Hungary	1	3	2	1	4	5
France	5	3	0	1	3	0
Brazil	8	4	4	5	3	0
Mexico	6	5	2	5	6	4
Canada	8	5	4	3	4	6
China	8	5	3	4	6	7
India	8	5	3	4	5	7
N. Carolina	0	0	0	0	0	0
B. Springs	2	3	4	2	0	6
Kansas City	8	5	3	3	6	6
UK	4	2	4	1	4	2
TOTAL	66	45	33	29	41	45
AVERAGE	5,50	3,75	2,75	2,42	3,42	3,75
GOOD - All issues supported						
FAIR - At least 1 issue supported						
DEFICIENT - No supporting policy						

Table 5 - 1 Level of endorsement to the issues of ISO 26000 by Core Subject from the participating units.

²¹ The criteria used was only established for improving the readability of the tables, and has no purpose of ranking the level of Social Responsibility of the units.

ISO 26000 Core Subject	Human Rights	Labour Practices	Environment	Fair Operating Practices	Consumer Issues	Community Involvement and Development
Number of GRI questions	8	6	17	12	6	6
Landskrona	3	6	12	5	0	0
Hungary	0	6	11	0	2	0
France	3	2	6	0	1	0
Brazil	1	6	11	4	3	0
Mexico	2	4	11	7	0	0
Canada	2	3	4	0	1	6
China	2	3	12	5	1	2
India	4	6	12	9	5	6
N. Carolina	3	5	7	2	1	2
B. Springs	3	3	13	7	4	1
Kansas City	4	6	11	8	4	1
UK	4	2	9	2	1	0
TOTAL	31	52	119	49	23	18
AVERAGE	2,58	4,33	9,92	4,08	1,92	1,50
GOOD - Indicators for all GRI questions						
FAIR - At least 1 indicator						
DEFICIENT - No indicators available						

Table 5 - 2 Availability of the GRI indicators under assessment in participating units.

In accordance with what can be perceived in the ISO 26000 compilation table (table 5 - 1), the compiled table of available GRI indicators (table 5 - 2) shows that Labour Practices is a strength of the Haldex Group worldwide. Five units keep record of all indicators and none of the units score zero for this core subject.

Environment related indicators shows consistency, with all units keeping record of at least a few indicators. The lower scores for France, Canada and North Carolina can be explained by the fact that these are not production unit, therefore environmental impact is lower and less relevant in these units.

6 Analysis

6.1 Background to the Analysis

The data was sorted, collected and analysed under the light of the social responsibility definition presented by ISO 26000:

“ Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that

- contributes to sustainable development, including health and the welfare of society;*
- takes into account the expectations of stakeholders;*
- is in compliance with applicable law and consistent with international norms of behaviour; and*
- is integrated throughout the organization and practised in its relationships”. (ISO 26000, 2010).*

To facilitate the identification of CSR initiatives the seven core subjects of ISO 26000 were used as beacons thus taken in consideration the holistic approach and interdependence aspects:

- Organizational governance.*
- Human rights.*
- Labour practices.*
- The environment.*
- Fair operating practices.*
- Consumer issues.*
- Community involvement and development (ISO 26000, 2010).*

The concept of materiality as described by the GRI was also taken in consideration. According to GRI G4, Material Aspects are those that:

“Reflect the organization’s significant economic, environmental and social impacts; or that substantively influence the assessments and decisions of stakeholders.” (GRI G4, 2013).

6.2 Status of CSR from the Group’s Perspective

The research began by looking at what Haldex makes public and relating it to CSR. The Business Model section of the website presents the company’s vision, mission and values and gives the company’s own interpretation of each. They can also be seen as indicatives of CSR intentions.

Mission:

“Haldex develops and provides reliable and innovative solutions that improve safety, vehicle dynamics and environmental sustainability in the global commercial vehicle industry.”

In relation to this it is explained that:

“We are a trusted source that earns partnerships with our customers by providing superior brake and air suspension products and excellent service. Our highly skilled employees are dedicated to support our customers’ businesses and are committed to their business practices.”

The mission can be related to Fair Operating Practices, Consumer Issues and Community Development and Involvement. The innovativeness and high skills by being a preferred employer in the communities and to be able to attract, recruit and develop the reliable and innovative people.

It also makes regards on safety, which can be associated to increasing awareness through dedicated support to customers, following superior requirements for products that provide improved safety and sustainability by the usage of innovative solutions.

Vision:

“Haldex will be the global commercial vehicle industry’s preferred choice as an innovative solution provider with a focus on brake and air suspension products.”

Explained as:

“We will contribute to our customers’ success and achieve profitable growth by providing technology that improves vehicle performance and facilitates ease of operation. This creates value for both our customers and our shareholders.”

While expressing the will of becoming the global preferred choice and value creation, Haldex enhances their operating practices and long term relations with consumers and customers. By highlighting the intention of providing innovation solutions, the company commits itself to continuous improvement on the characteristics desired in break and suspension systems, which involves mainly safety, serviceability, reduced weight, and recycling.

The company’s values can also be interpreted under the lens of CSR:

“Customer First” - responsibility towards down stream / trust in upstream; consumer issues, trust in the value chain and fair operating practices.

“Respect for the Individual” - importance of people; human rights and labour practices.

“Passion for Excellence” - commitment to continuous improvements: serving customers, empowering employees and rewarding investors. (Haldex (t), 2013).

Haldex has published annual reports in the website since year 2000. The company’s reports on efforts related to environment, human resources (and society) and CSR keep a low profile, and there hadn’t been evolution or continuity to some initiatives. The focus object in all the reports is the financial report and a business overview that substantiates it. The annual reports are found in the “investors” sector of the website.

From 2002 to 2009 there is an average of two pages on environmental issues which focus on the ISO 14000 certification wide spread through the production units and emissions accounting. In 2006 the term CSR first appear on an annual report and defines Haldex CSR based on

UN declaration of Human Rights, UN Global Compact, International Labour Organization (ILO).

Basically the same text appears from 2002 until 2009, which can be understood as if sustainability issues hadn't really evolved throughout these years. In 2010 there is absolutely nothing regarding CSR or environment. That can be attributed to the first major splitting with the divesting of Garphyttan.

In the following year environmental responsibility comes back to the report, but focus rather in water and energy consumption and makes no regards to emissions. CSR also comes in brief, basically repeating the text presented in the previous years. The last annual report corresponding to year 2012 follows similar pattern with short description of CSR with no emphasis to any initiatives followed by a very shallow environmental report.

Despite the apparent small considerations towards environment and society issues, the reports bring some important information and indications that there are or were relevant initiatives in this regard.

From 2004 to 2009 the company kept track of its emissions. Emission control seemed to be an important issue for Haldex, specially in years 2007 and 2008 when the company took part in the Carbon Disclosure Project (CDP)²² and was ranked by Folksam's²³ Climate Index as best in its industry segment and third best in Sweden. (Haldex (u), 2013).

The lack of pattern, structure and small content of information contributes for the outside reader's misperception of Haldex efforts towards environmental and societal issues. The absence of continuity makes it evident that there isn't a clear strategy, set goals or targets to be met within a specified time frame.

6.3 Status of CSR from the Units' Perspective

The questionnaire was developed for assessing the current status of social responsibility for the Haldex group worldwide through individually investigating the units. For achieving this objective, the responses from all sites assessed were compiled in a spreadsheet table in a way that the level of meeting ISO 26000 core subjects and the GRI indicators could be measured. The results allowed an objective analysis of Haldex's addressment to each ISO 26000 core subject investigated in this thesis.

The relevance of the assessed sample is quite high. The sum of employees in the units assessed is 1 876 of a total of 2 200 people. The units that participated in this survey represent 85.27 % of Haldex's workforce.

The threshold of 75% was established²⁴ as a good level of meeting ISO 26000 core issues and for the availability of GRI indicators²⁵. All the results tables substantiating the analysis are found underneath the discursive interpretation.

²² CDP is an international, not-for-profit organization providing a global system for companies and cities to measure, disclose, manage and share vital environmental information.

²³ Folksam is one of the largest insurance companies in Sweden, closely connected to the cooperative and trade union organizations.

²⁴ The threshold was defined by the author and J. Valett.

“A” column is the issue column. The cell is colored when an issue has reached the threshold of 75% and has at least one of the GRI indicators related to it that reached the threshold as well. In that case the issue cell will have the color of the predominant endorsement element.

“B” columns are the 4 categories of endorsing elements. The colored cells indicate the endorsement element with the largest share for the issue.

“C” column is the the sum of the “B” columns. It is colored when it reaches or passes the threshold, according to the main supportive element.

“D” column is the GRI indicators.

“E” column is the total availability of GRI indicators. It is colored according to the main supportive element of the corresponding ISO 26000 issue when it reaches or passes the threshold.

The color code follows the explanation in chapter 4.4.

6.3.1 Human Rights

Human Rights are a strong social responsibility aspect in Haldex. The average level of meeting ISO 26000 issues under this core subject is 69% and four of the 8 issues met the threshold of 75%. Haldex policies are mentioned as the supportive element to 35% of the total, which stands for more than half of the average meeting level. Another important conclusion taken from the table is that none of the issues are met to less than 58%.

The only GRI indicator related to this core subject that reaches the threshold is “Employees per category according to gender, age group, minority group membership, and other indicators of diversity”, which backs up the ISO 26000’s issue “Discrimination and vulnerable groups”. The overall level of availability of GRI indicators related to Human Rights is 35%. This evidentiates a disparity between the level of initiatives endorsing this core subject and the availability of indicators related to it.

A	B				C	D	E
ISO26000 - 6.3 Human rights	Haldex Policies P	International Standards S	Compliance Legislations or Union C	Local Initiatives I	Totals	Global Reporting Initiative 4	Total
6.3.3 Due diligence	42%	0%	33%	0%	75%	HR-1 Number of agreements and/or contracts that include human rights clauses or that underwent human rights screening	17%
6.3.4 Human rights risk situations	50%	0%	0%	8%	58%	no specific GRI correspondence	42%
6.3.5 Avoidance of complicity	33%	0%	8%	17%	58%	no specific GRI correspondence	33%
6.3.6 Resolving grievances	33%	0%	17%	17%	67%	HR-12 Number of grievances about human rights addressed through formal mechanisms	58%
6.3.7 Discrimination and vulnerable groups	42%	0%	25%	8%	75%	HR-3 Number of incidents of discrimination and corrective actions taken	33%
6.3.8 Civil and political rights	33%	0%	25%	8%	67%	LA- 12 Employees per category according to gender, age group, minority group membership, and other indicators of diversity	75%
6.3.9 Economic, social and cultural rights	17%	0%	50%	8%	75%	LA- 13 Ratio of basic salary and remuneration of women to men by employee category	58%
6.3.10 Fundamental principles and rights at work	33%	0%	33%	8%	75%	no specific GRI correspondence	33%
Average	35%	0%	24%	9%	69%	no specific GRI correspondence	58%
						HR-4 Reports on freedom of association and collective bargaining violated or at significant risk	0%
						HR-5 Operations and suppliers having risk for child labor	8%
						HR-6 Operations and suppliers having risk for forced or compulsory labor	8%
							35%

Table 6 - 1 Human Rights.

²⁵ Indicators without specific GRI correspondence were included in the account, as it can mean availability of valuable CSR indicators.

6.3.2 Labour Practices

According to the responses, Labour Practices is the strongest social responsibility aspect in Haldex. The average level of meeting ISO 26000 issues under this core subject is 75%, which is the highest average of all core subjects. It is also the only core subject that reaches the threshold.

Three out of the five issues meet or are above the threshold of 75%. The two core subjects that do not meet the threshold score high at 58% and 67%. Haldex policies are mentioned as the supportive element to 27% of the total, being the main supportive element. Compliance to Legislation and Union and Local Initiatives are also meaningful for meeting Labour Practices issues, highlighting that Local Initiatives are the main supportive element to “Human development and training in the workplace”, the issue that has the highest score within this core subject. Just as with Human Rights, the table shows that none of the issues are met to less than 58%.

The GRI indicators related to Labour Practices are also available at good level, reaching an average of 69%, the highest of all core subjects. There are three out of six GRI indicators related to this group that reaches the threshold of 75%. The highlight is “Type and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities” with indicators available at 100% of the assessed Haldex units. The results found for Labour Practices show coherence between the level of initiatives endorsing this core subject (75%) and the availability of indicators (69%) related to it.

Only one Haldex unit surveyed is OHSAS 18001 certified (India), however all units have strict requirements for labour practices, operations and occupational health and safety or follow OHSAS 18001 regardless of certification.

A	B				C	D	E
ISO26000- 6.4 Labour Practices	Haldex Policies	International Standards	Compliance Legislations or Union	Local Initiative	Total	Global Reporting Initiative 4	Total
	P	S	C	I			
6.4.3 Employment and employment relationships	17%	0%	33%	8%	58%	LA- 1 Number employee hires and turnover by age group, gender and region	50%
6.4.4 Conditions of work and social protection	42%	0	42%	0	83%	LA- 2 Benefits to full-time employees not provided to temporary personal	75%
6.4.5 Social dialogue	8%	8%	33%	17%	67%	LA- 4 Minimum notice periods regarding operational changes	42%
6.4.6 Health and safety at work	33%	17%	0%	25%	75%	LA- 16 Number of grievances about labor practices addressed through formal mechanisms	58%
6.4.7 Human development and training in the workplace	33%	8%	8%	42%	92%	LA- 6 Type and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	100%
Average	27%	7%	23%	18%	75%	LA- 11 Number of employees receiving performance and career development reviews, by gender and category	92%
							69%

Table 6 - 2 Labour Practices.

6.3.3 The Environment

The compilation table shows strengths and weaknesses towards the Environment core subject. “Prevention of pollution” is the only issue out of the four that reaches the threshold. “Climate change mitigation and adaptation” is the weakest issue, with endorsement level of 42%. International Standards are the main supportive element responding to 35% of the total and to more than half of the average meeting level of 63% to the ISO 26000 issues under this core subject. Haldex is ISO 14001 certified in 10 of the 12 assessed sites and the standard was mentioned as the supportive element to issues under the Environment core subject by seven units.

The environment is the core subject with the larger number of GRI indicators related to it. Of the 17 indicators, six reached the threshold, three related to “Prevention of pollution” and the other three to “Sustainable resource use”. “Weight of waste by type and disposal method” and “Energy consumption within the unit” are indicators available at 100% of the assessed Haldex units. The results found for Environment show coherence between the level of endorsement to this core subject (63%) and the availability of indicators (58%) related to it.

A	B				C	D	E
ISO26000 - 6.5 The Environment	Haldex Policies P	International Standards S	Compliance Legislations or Union C	Local Initiative I	Total	Global Reporting Initiative 4	Total
6.5.3 Prevention of pollution	17%	58%	0%	8%	83%	EN- 21 NOX, SOX, and other significant air emissions	42%
						EN- 22 Water discharge by quality and destination	75%
						EN- 23 Weight of waste by type and disposal method	100%
						EN- 34 Number of grievances about environmental impacts addressed through formal mechanisms	83%
6.5.4 Sustainable resource use	17%	42%	0%	8%	67%	EN- 1 Weight or volume of materials that are used to produce and package	75%
						EN- 2 Percentage of input materials from recycled sources	25%
						EN- 3 Energy consumption within the unit	100%
						EN- 5 Energy intensity (energy required per unit of activity or product)	58%
						EN- 8 Water consumption within the unit	92%
						EN- 28 Reclaimed products and their packaging by category	25%
						EN- 30 Environmental impacts of transporting products	50%
						EN- 30 Environmental impacts of transporting materials	58%
						EN- 30 Environmental impacts of transporting workforce	50%
6.5.5 Climate change mitigation and adaptation	8%	25%	0%	8%	42%	EN- 15 Direct Green House Gas emissions within the unit	33%
6.5.6 Protection of the environment, biodiversity and restoration of natural habitats	25%	17%	0%	17%	58%	EN- 27 Policy for mitigation of environmental impacts of products and services	42%
						EN- 29 Value of fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations	17%
						EN- 31 Environmental protection expenditures and investments	67%
Average	17%	35%	0%	10%	63%		58%

Table 6 - 3 The Environment.

6.3.4 Fair Operating Practices

According to the assessment, Fair Operating Practices is the ISO 26000 core subject with the lowest average meeting level at 50%. None of the issues reaches the threshold. Haldex policies are by far the main supportive element responding for 38% of the 50% average level. Of the 5 issues under this core subject, emphasis can be given to “Promoting social responsibility in the value chain” met at a level of 58% totally by Haldex policies.

The average availability of GRI indicators related to Fair Operating Practices is 33%. Only one of the 12 indicators questioned (“Percentage of suppliers screened by environmental criteria”) reaches the threshold level.

A	B				C	D	E
ISO26000 - 6.6 Fair Operating Practices	Haldex Policies	International Standards	Compliance Legislations or Union	Local Initiative	Total	Global Reporting Initiative 4	Totals
	P	S	C	I			
6.6.3 Anti-corruption	42%	0%	8%	0%	50%	SO-4 Communication and training on anti-corruption policies and procedures SO-5 Confirmed incidents of corruption and actions taken	17% 0%
6.6.4 Responsible political involvement	25%	8%	0%	0%	33%	SO-8 Value of fines and number of non-monetary sanctions for non-compliance with laws and regulations (accounting fraud, workplace discrimination, or corruption) SO-6 Total value of political contributions by recipient/beneficiary	8% 17%
6.6.5 Fair competition	25%	0%	8%	17%	50%	SO-7 Number of actions for anti-competitive behavior, anti-trust, and monopoly	25%
6.6.6 Promoting social responsibility in the value chain	58%	0%	0%	0%	58%	EC-9 Proportion of spending on local suppliers EN-32 Percentage of suppliers screened by environmental criteria (e.g. requirement for ISO 14000, environmental permit, green seals, etc) EN-33 Actual and potential negative environmental impacts in the supply chain (e.g. impact assessment of key suppliers) LA-14 Percentage of new suppliers screened by labor practices criteria (e.g. requirements for employment policies) HR-10 Percentage of new suppliers screened by human rights criteria (e.g. assessment for human rights infringements, in site audits, etc)	58% 75% 58% 50% 33%
6.6.7 Respect for property rights	42%	0%	8%	8%	58%	SO-9 Percentage of suppliers screened by criteria for impacts on society (e.g. suppliers subjected to due diligence for societal impact) SO-10 Actual and potential negative impacts on society in the supply chain (e.g. assessment of the supply chain for potential negative impacts on society)	25% 33%
Average	38%	2%	5%	5%	50%	no GRI correspondance	33%

Table 6 - 4 Fair Operating Practices.

6.3.5 Consumer Issues

Just like Fair Operating Practices, Consumer Issues is not strongly endorsed. The compilation table shows an average meeting level of 57% to the issues under this core subject. None of the issues reaches the threshold. Haldex policies are by far the main supportive element responding for 39% of the 57% average level. “Sustainable consumption” and “Consumer service, support, and complaint and dispute resolution” are the issues with the highest meeting levels, reaching 67% each.

The overall average of GRI indicators related to Consumer Issues is below the overall average to the ISO 26000 issues, reaching only 41%. Emphasis can be given to “Results of surveys measuring customer satisfaction” where indicators were available to 92% of the surveyed units. Other than that no other indicator reaches the threshold.

A	B				C	D	E
ISO26000 - 6.7 Consumer Issues	Haldex Policies	International Standards	Compliance Legislations or Union	Local Initiative	Totals	Global Reporting Initiative 4	Total
	P	S	C	I			
6.7.3 Fair marketing, factual and unbiased information and fair contractual practices	58%	0%	0%	0%	58%	PR- 7 Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	25%
6.7.4 Protecting consumers' health and safety	17%	0%	25%	0%	42%	PR- 9 Value of fines for non-compliance with laws and regulations concerning the provision and use of products and services	33%
6.7.5 Sustainable consumption	58%	0%	8%	0%	67%	PR- 1 Percentage of product and service for which health and safety impacts are assessed	33%
6.7.6 Consumer service, support, and complaint and dispute resolution	42%	0%	0%	25%	67%	PR- 2 Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	25%
6.7.7 Consumer data protection and privacy	25%	0%	17%	8%	50%	PR- 5 Results of surveys measuring customer satisfaction	92%
6.7.9 Education and awareness initiatives	33%	0%	0%	25%	58%	PR- 8 Number of complaints regarding breaches of customer privacy and losses of customer data	25%
Average	39%	0%	8%	10%	57%	no specific GRI correspondance	33%
						no specific GRI correspondance	58%
							41%

Table 6 - 5 Consumer Issues.

6.3.6 Community Involvement and Development

Community Involvement and Development has the second lowest overall average level reaching 54%. Different to the previous two core subjects, Community Involvement and Development counts with one issue “Education and culture” reaching the threshold. Note worthy, the “Wealth and income creation” has the lowest level of all the issues assessed in this work, reaching only 25% and consequently bringing down the overall average for the core subject. Community Involvement and Development is heavily endorsed by Local Initiatives, which respond for 32% of the 54% overall average level.

The average availability of GRI indicators related to Community Involvement and Development is the lowest of all core subjects reaching only 27%. Perhaps this can be explained due to the evidences that the core subject is mostly addressed to by local initiatives, there is less requirement and formalities for keeping records of indicators.

A	B				C	D	E
ISO26000 - 6.8 Community Involvement and Development	Haldex Policies P	International Standards S	Compliance Legislations or Union C	Local Initiative I	Totals	Global Reporting Initiative 4	Totals
6.8.3 Community involvement	8%	0%	0%	42%	50%	SO- 1 Number of operations with implemented local community engagement (e.g. impact assessments and development programs debated in public audiences)	17%
						SO- 2 Number of operations with significant actual and potential negative impacts on local communities (e.g. location and level of impacts)	8%
						SO- 11 Number of grievances about impacts on society addressed through formal mechanisms	8%
6.8.4 Education and culture	25%	0%	8%	42%	75%	no GRI correspondance	50%
6.8.5 Employment creation and skills development	33%	0%	0%	25%	58%	no GRI correspondance	50%
6.8.6 Technology development and access	25%	0%	0%	33%	58%	no GRI correspondance	25%
6.8.7 Wealth and income creation	8%	0%	0%	17%	25%	EC- 1 Direct economic value generated and distributed (e.g. share of the revenues that remain in the locality such as salaries, local suppliers, local investments, etc)	25%
						EC- 5 Ratios of standard entry level wage by gender compared to local minimum wage (e.g. official minimum wage for category set by government or union)	33%
						EC- 8 Significant indirect economic impacts (e.g. activities that are highly dependent on the organization such as restaurants, hotels, etc)	8%
6.8.8 Health	17%	0%	8%	33%	58%	no GRI correspondance	33%
6.8.9 Social investment	17%	0%	0%	33%	50%	no GRI correspondance	42%
Average	19%	0%	2%	32%	54%		27%

Table 6 - 6 Community Involvement and Development.

6.4 A Summary of CSR from Global and Local Perspectives

The tables show that Haldex meets ISO 26000 issues at a good extent for Human Rights and Labour Practices. Half the responding units were able to mention supportive elements to all the issues within these core subjects. For Labour Practices units that did not complete all issues brought forth endorsement to over 50% of the issues (exception N. Carolina and UK). Both these issues are well supported by Haldex Policies, which suggests that aspects related to these core subjects are established in Haldex at a good level and evidentiates the company's concerns for its human resources and human aspects in general.

At a level slightly lower than Human Rights and Labour Practices, the Environment is also well addressed by the company, especially in "Prevention of pollution" and "Sustainable resource use". These issues are quite tangible and easy to measure. Good management of such issues can easily be translated into economic savings. ISO 14001 indeed plays a significant role as the supportive element to this core subject, endorsed at a greater extent by International Standards.

Fair Operating Practices and Consumer Issues are core subjects that can be further developed in Haldex. The responses are very uneven. While some units meet all issues, others totally lack supportive elements. Note worthy that despite the lower level of meeting ISO 26000 issues, both Fair Operating Practices and Consumer Issues are predominantly supported by Haldex Policies. An interesting case in Fair Operating Practices is that two units met all issues, (Brazil and Mexico) mentioning Haldex policies. It leaves room for wondering why other units did not mention such policies at a larger extent or even in the case of Landskrona, did not mention supportive elements at all. It could be an indicative that certain units were not able to relate company's policies as supporting elements to the issues.

Community Involvement and Development is also a core subject that can be further developed. Many units mentioned local initiatives performed by the units, indicating a lack of group policy in this regard. However it must be observed that while some units bring forth initiatives that are not backed up by policies others are more conservative and only responded issues by stating existing related policies, standards or legislation. In this case Community Involvement and Development could have been addressed to at a higher level.

Another interesting point is that simply by looking at the results, it is not possible to distinguish units in developed and developing countries. For example, in Community Involvement and Development, the China, India, Canada and Kansas City have high scores. Units in the same country can have wide apart response to certain subjects. While Kansas City scores high on Consumer Issues, Blue Springs could not identify supportive elements to the subject.

Haldex Policies are the main supportive element to the ISO 26000 core subjects. They endorse 29% of a total average of 61%. They are the most representative element for all core subjects except the Environment and Community Involvement and Development. This can be indicative that CSR is already incorporated in the core of the business to a good extent.

Local Initiatives comes second with 14% of the total average. It is the main element for Community Involvement and Development, and also relevant for Labour Practices. These findings could serve as suggestion for Haldex to further investigate what units are doing at local level and eventually take local practices to global level.

International Standards backs up Environmental issues mainly, having low percentages of endorsement to all other core subjects. On the average it has the lowest share of support to

the ISO 26000 core subjects. However it can be the case that many of Haldex policies were developed as response to International Standards, in that sense International Standards can be more meaningful to social responsibility than it appears in this assessment.

Legislation also plays important role. Although it does not appear as the main supportive element to any of the core subjects, it gives subsidies to policies and was mentioned by many units as endorsement to ISO 26000 core subjects. Human Rights and Labour Practices are core subjects heavily supported by legislation.

The table underneath shows the percentage that each category represents on the endorsement of ISO 26000 core subjects.

ISO 26000 Core Subjects	Haldex Policies P	International Standards S	Compliance Legislations or Union C	Local Initiatives I	Totals
Human Rights	35%	0%	24%	9%	69%
Labour Practices	27%	7%	23%	18%	75%
The Environment	17%	35%	0%	10%	63%
Fair Operating Practices	38%	2%	5%	5%	50%
Consumer Issues	39%	0%	8%	10%	57%
Community Involvement	19%	0%	2%	32%	54%
AVERAGE	29%	7%	10%	14%	61%

Table 6 - 7 Totals by endorsement element. Colored cells indicate the predominant category for every core subject. Color codes follow explanation in chapter 4.4.

7 Discussion

7.1 Reflections on the Research Methods

The information collection for this thesis is characterized by two different methods:

- The qualitative research involved studying CSR and taking a close look at what Haldex made available to the general public and to its employees that could have a relation to CSR. This part of the research was very straight forward and consisted mostly of matching information from the website, interviews and the intranet with ISO 26000 guidelines, GRI elements and other literature on the topic. The qualitative research enabled a comprehensive uptake of Haldex business philosophy and to grasp the CSR aspects that already exists in the company, despite them not being characterized or classified as CSR.

- The quantitative research aimed to obtain information further than what is available on corporate level and without “filters” typical to official corporate communication. The information gathered was subjected to individualities from the various respondents. Although the subjectiveness in the answering could cause difficulties in the analysis and lead to less conclusive results it was not totally undesirable, as it highlighted that the company’s global policies, certified standards and even local legislation is differently perceived and interpreted from person to person. Subjectiveness could also point different levels of awareness, deployment and intuitive relation towards the subject. Such issues should be further looked upon for improvement of forthcoming communications on the topic.

Despite the interesting aspects of subjectiveness in the answering, efforts were made for the attainment of some pattern in the responses. The questionnaire used for the quantitative research opened with thorough instructions and webinars were conducted aiming a common understanding for all respondents.

Another note worthy aspect is that the importance given to the answering of the questionnaire varied from unit to unit. The difference in the quality of the answers, the promptness and different level of interest on the topic of CSR could be indicators of higher or lower involvement. Albeit the importance of the CSR work was emphasized by the CEO on the intranet, one unit did not respond. The site manager stated that the unit was going through significant changes and that other priorities had to be met.

The combination of the two methods proved to provide base for a good diagnosis for the Haldex group current CSR state. The knowledge gained from the qualitative research allowed familiarity with the company’s policies and overall business model, thus enabled improved evaluation of the data collected in the quantitative research. The deployment of the quantitative method through the application of the questionnaire helped the dissemination of CSR concepts and allowed all respondents to gain familiarity with the ISO 26000 standard.

7.2 The Selected Framework

ISO 26000 and GRI G4 provided scope and boundaries to the work developed in this thesis. The standard was source to terms, definitions and its core subjects gave grounds to the quantitative research as well as being the main structural element for the questionnaire developed for the quantitative research. ISO 26000 however was not followed interrelly, and some fundamental parts were not approached by this thesis.

ISO 26000 suggests organisations to first identify their impacts, range of influence then select and prioritize core subjects and issues according to relevance. In the case of Haldex, all core subjects (except Organisational Governance) were approached regardless of their importance to the company or the impacts it generates. While ISO 26000 supplies “*Guidance on integrating social responsibility throughout an organization*”, (ISO 26000, 2010) Haldex preferred to have a diagnosis of how currently it was in terms of CSR prior than go about the development of an integral CSR programme. This should be taken at another moment with the advantage of having the knowledge of its strengths and weaknesses.

While ISO 26000 was used as a “structuring” element or framework, GRI G4 served as a “filling” adding materiality to the ISO 26000 issues making them more tangible by translating broad descriptions into questions on the existence of indicators. GRI G4 can be complementary to ISO 26000 as it has a “certifiable”²⁶ character lacking in the ISO, providing more efficient means for measuring the level and extent of CSR.

7.3 Sensitivity of the Data Collected.

As previously mentioned the qualitative research deployed was very straight forward. Albeit eventual corporate “polishings” and strong statements there is not much questioning that can be done regarding the policies, certifications and standards made available to public and employees. Their lack of substance could result in very important losses to the company and serious damage to its reputation.

The questionnaire however allowed perceiving that existing standards and policies can have various interpretations regarding their relation to the core subjects of ISO 26000. There are obvious differences in the responses of the questionnaire from site to site. For instance: all ISO 26000 issues in the Fair Operating Practices core subject are supported by Haldex policies in Mexico, however none were mentioned for the Landskrona unit. On the opposite, the Landskrona site mention the ISO 14001 standard as the supportive standard to all ISO 26000 issues on the Environment subject whereas in the Mexican case, only 2 of 4 issues in the subject were responded to have supporting policies, despite the unit is ISO 14001 certified.

Another interesting aspect from the responses is that some issues can be backed up by 2 or more elements. For example, Labour Practices is a common subject to legislation as well as Haldex Policies. Within this example, the Swedish unit mentions both legislation and Haldex Policy, the French unit mentions only legislation and the Canadian unit mentions only the Haldex Policy. The instructions to the questionnaire did not specify whether one or all endorsement elements should be answered.²⁷

It is also important to consider the different activities performed in the units in this assessment. For example “Promoting social responsibility in the value chain” is closely related to sourcing. It could be guessed that units that do not deploy this activity were not able to relate to Haldex’s policies in this regard, therefore not mentioned any supportive element to this issue.

²⁶ The correct term is “in accordance”.

²⁷ See chapter 8.3 Analysis of the Questionnaires.

7.4 Building CSR on Environment and Quality Management

Initially business concerns were most related to growing demands from customers. This scenario can serve as explanation for the flourishing of quality standards such as the ISO 9001. Currently a wider range of stakeholders exert demands to corporate organisations. This evolution requires quality management to tackle other challenges, such as the ones approached by CSR, corporate governance and business ethics (Castka, Balzarova, 2008a).

Although there can be disagreements, and the situation changes according to each organisation, it can be pointed that companies certified with ISO 9001 and ISO 14001 can have benefits for implementing CSR due to have already incorporated assets such as “improved performance”, “acquiring of best practices” or “improved communication” in the supply chain (Castka, Balzarova, 2008a).

ISO 9001 focuses primarily at quality management of operations being used mainly to address quality improvements, customer satisfaction and improvement in corporate image through the standardised quality features of products and procedures. While ISO 9001 allows corporations to translate customer’s expectations into organisational settings, ISO 26000 gives guidance to corporate response towards stakeholder requests, which can be as broad and varied as: social, environmental and legal diversity, climate change, organisational governance and sustainable development, just to mention a few. (Castka, Balzarova, 2008b).

Despite ISO 9001 not commonly being utilized to approach important CSR areas such as relations with communities, authorities and environmental improvements, it can be used to provide a structural and infrastructural platform for organisations to develop and adopt CSR. Also, ISO 9001 can be used as an established platform that can be used for to the dissemination and learning of social responsibility standard as well. (Castka, Balzarova, 2008b).

In the case of Haldex, the corporate culture and structure built in by many years of ISO 9001 certification in most units can be used as means to evolution into a management system that is built around management responsibility. With the inspiration of ISO 26000, Haldex can go beyond customer focus to stakeholder focus with the benefits of having already well structured procedures, standards and key indicators.

While assessing the drivers for ISO 14001 certification, Kirsch and Corbett in their article published in 2001 “*International diffusion of ISO 14000 certification.*” Consider that an important implication of their work is that ISO 14001 has relevance beyond purely environmental considerations, just as the overall effects of ISO 9001 are not only related to quality. The authors mention that extrapolation to other standards such as occupational health and safety may also follow a similar pattern, regardless of the specific domain of applicability. (Kirsch, Corbett, 2001).

Although the article was published 9 years before the release of ISO 26000, and there are significant differences between the standards, the authors suggestions that the environment and quality standards go beyond their specific scopes is true in the case of Haldex. Through quality and environmental management the company addresses typical CSR issues, for instance: sourcing, human resources and environment.

The response of the questionnaires also made clear that ISO 14001 can give support to the Environment core subject of ISO 26000. The Landskrona, Brazilian, Canadian, Chinese, Indian, British and Blue Springs units cited the ISO 14001 standard as the supportive element to the Environment core subject. Some units mentioned OHSAS 18001, TS 16949 and ISO 9001

as endorsement to Labour Practices and Fair Operating Practices. It is also relevant to say that International Standards set ground for the development of the company's policies which substantiated core subjects of ISO 26000.

8 Conclusions

This research evidentiates that Haldex has gaps to be filled for the setting of a group CSR programme based on ISO 26000 and being able to report it in accordance to GRI G4. Although there are aspects to be developed or improved, Haldex has “low hanging fruits” on established elements. A substantial amount of policies, standards, initiatives and other supportive elements already meet ISO 26000’s CSR subjects to a good extent.

8.1 Responding the Research Question:

- To what extent can existing Haldex Group and site specific policies, standards, initiatives and compliable aspects be used as a base for an updated and coherent Haldex Group CSR programme?

From the findings and analysis in this thesis the research question can be answered as follows:

In the author’s perspective, Haldex counts with elements that endorse CSR issues to a good extent. The opinion is supported by the results from the analysis of the questionnaire that show an overall level of 61% for meeting ISO 26000 core subjects. This level could be increased by improved communication and dispersion of CSR concepts, allowing employees to better correlate CSR with existing elements. Policies, standards, practices and initiatives that can be related to CSR should be further developed and incorporated into the core of the business giving grounds to a CSR oriented Organizational Governance.

This thesis contains information that was not previously available at Haldex. The main aspects of this work will be presented to the management at the Landskrona unit, and a final version of the document will be handed in to the company. For Haldex, the document represents a meaningful and tangible effort towards CSR and shall be used to base and guide Haldex in its journey in the direction of a well structured CSR programme.

The following sub-chapters bring suggestions for further investigations and final considerations:

8.2 CSR Aspects are Already in Place at Haldex

To get a picture of its current status by identifying what could be related to the topic was the company’s choice as a first step for approaching CSR. The chosen strategy proves to be aligned with ISO 26000, where it is stated that:

“In most cases, organizations can build on existing systems, policies, structures and networks of the organization to put social responsibility into practice, although some activities are likely to be conducted in new ways, or with consideration for a broader range of factors.” (ISO 26000, 2010).

Haldex has global policies that can be used as response to CSR subjects. Quality, Human Resources and Sourcing are subjects that are well developed in the company. Environment issues are also well managed by the company, kept under the larger umbrella of Quality.

Such strengths were evidenced in the responses from the units. Haldex current approach to quality and human resources served as response to ISO 26000’s core subjects of Human Rights, Labour Practices and Environment. To a lesser extent, sourcing backed up Fair Operating Practices. A new way of conducting existing systems or the inclusion of a wider range of

factors, as suggested by ISO 26000, can allow Haldex to take advantage of its assets and to leap frog in the structuring of a group CSR programme.

CSR is a concept that needs to be further enhanced in Haldex. There was overall interest and good will on the responding of the questionnaire, participation in the webinars and interviews. However, in the author's perception, the correlation made with the subjects approached by the questionnaire and their pertinence to the company, and its activities seemed far at times.

An improved familiarity with CSR concepts can raise its importance for the Haldex group and allow employees to make a clearer connection between CSR, the ordinary activities and existing policies. For example: sourcing policies have a close relation to Fair Operating Practices. Sourcing policies can support this ISO 26000 core subject at a higher level if they are reviewed and improved under the light of the ISO 26000 guidelines and GRI indicators.

The answers to the questionnaires show different degree of response towards some issues. Cooperation could even up the groups approach and lead to the meeting of CSR aspects at similar level in the various units. As an example, the Chinese unit could serve as benchmark for Consumer Issues, aiding a unit such as Blue Springs to improve the ability to relate to it thus achieve higher level of addressment to this core subject.

Besides cooperation and benchmarking, the dissemination of CSR concepts is also a key issue for the consolidation of a well structured CSR programme at Haldex. In that sense, as mentioned in sub-chapter 7.4, Haldex can make use of its well established quality system, and benefit from it to set up a platform that can be used for to the dissemination and learning of CSR as well. The intranet and the corporate communications department are well set and can represent important tools for making CSR permeate through the company.

8.3 Strategy and Efforts on Relevant Aspects

While some authors foresee the future of corporate sustainability in the finding of non-competitive markets, for Haldex, due to its condition of supplier to larger industries, the possibility for extreme strategic shifts is more limited than CSR and sustainability enthusiasts could wish for. (Orsato, 2013).

Haldex should select a CSR engagement strategy that is well aligned with its expectations and business model. Different CSR strategies may lead to different results, despite the overarching context being the same. (Tang, Hull, Rothenberg, 2012).

In their article *"How Corporate Social Responsibility Engagement Strategy Moderates the CSR-Financial Performance Relationship"*, Tang *et al* suggest the change from a static view of CSR to a dynamic one:

"CSR is a process of accumulating knowledge and experience, during which a firm can strategically choose and manipulate the manner in which it accumulates this knowledge and experience".

The authors state that when a company deploys CSR slowly and consistently, setting off with CSR aspects of CSR that are internal to the business financial benefits are more likely to be enhanced. (Tang, *et al*, 2012).

Haldex has already identified and put efforts on aspects that are relevant to its business. To improve the connection of available knowledge and experience to CSR can lead to a shorter term financial benefit for the company.

CSR addresses a wide range of topics, which can be more or less relevant according to characteristics and expectations of the organisation. The ISO 26000 standard clearly states in its introduction chapter:

While not all parts of this International Standard will be of equal use to all types of organizations, all core subjects are relevant to every organization. All core subjects comprise a number of issues, and it is an individual organization's responsibility to identify which issues are relevant and significant for the organization to address, through its own considerations and through dialogue with stakeholders. (ISO 26000, 2010).

Therefore it is important for Haldex to work on its strengths and improve what is already developed, but also to identify issues that can lead to fulfillment of expectations the company has from enhancing its CSR. In that sense Haldex should constantly review the list of identified stakeholders and to continuously refine its communication with them. Haldex benefits from not having antagonist stakeholders. The company should enhance its ability for using stakeholders as indicators of other “low hanging fruits”. (Hockerts *et al*, 2008).

It is also significant to trace a realistic time line for the setting of perspectives and goals. The same goes for the tangibility and measurability. While the results from certain initiatives can come fast and clear, others may take much longer and result harder to measure. To correctly adjust time and expectation can avoid frustration and misperceptions.

The consideration of local issues is also an important aspect to take in consideration while assessing or developing CSR in an organisation. As seen in the responses, local legislation plays an important role as supportive elements for ISO 26000 core subjects in several issues. Human Rights, Labour Practices and Environment are subjects usually addressed by local legislation, which should be carefully looked at while attempting to develop a global policy. A company with global presence such as Haldex is expected to be beyond legal requirements. In certain cases this condition can mean opportunities and unexplored market niches.

Like wise legislation, local culture and expectations must be taken into account. For instance, the Indian unit responded that it addresses community issues through an NGO. Perhaps a similar approach would not be as efficient for the Chinese unit. While some solutions may require adjustments, others can be totally inapplicable. A good assessment and analysis of local particularities can be an important aspect of the development of CSR.

Other local aspects can result in CSR enhancement as well as benefits for Haldex. For example, improved relations with a university in the proximity can result in working and learning opportunity for the students and a good source of qualified labour for the company.

8.4 Deployment of Organizational Governance

Organizational Governance was not assessed in this thesis. Haldex chose to first assess other aspects that could be related CSR, in order to motivate the deployment Organizational Governance, supported by the evidence of robust on going practices.

ISO 26000 addresses the core of an organisation through Organizational Governance. The Social Responsibility Guideline assign to Organizational Governance a special status of being a core subject in itself as well as being the way for improving social responsibility in all other core subjects.

“Organizational governance is the most crucial factor in enabling an organization to take responsibility for the impacts of its decisions and activities and to integrate social responsibility throughout the organization and its relationships.” (ISO 26000, 2010).

According to ISO 26000, the fundamental application of social responsibility in an organisation is the acknowledgement and inclusion of social and environmental issues in its decision process. (ISO 26000, 2010). The observance to this principle necessarily requires top management commitment for the incorporation of CSR in the decision making process. Engagement from employees is also fundamental as they are charge of developing the activities and abide resolutions from management.

As well as Organizational Governance, GRI G4's General Standard Disclosures were not assessed in this work. The General Standards Disclosure are “must haves”²⁸ for “in accordance” sustainability report and its indicators can be correlated to what ISO 26000 defines as Organizational Governance.

The General Standards Disclosure are divided into seven parts: Strategy and Analysis, Organizational Profile, Identified Material Aspects and Boundaries, Stakeholder Engagement, Report Profile, Governance, and Ethics and Integrity. (GRI G4, 2013). These topics should be taken into consideration for the establishment of the Organizational Governance, given the company's will to report “in accordance” to GRI G4.

As mentioned in sub-chapter 2.1, Haldex is currently going through transitions in its business model. CSR is one of the aspects that are in the company's agenda; however it is currently being approached in parallel with other re-structuring initiatives. The understanding of CSR as a meaningful and overarching improving element of the business is a key for its successful evolution in Haldex.

ISO 26000 states:

“Social responsibility should be an integral part of core organizational strategy, with assigned responsibilities and accountability at all appropriate levels of the organization. It should be reflected in decision making and considered in implementing activities.” (ISO 26000, 2010).

Such affirmation can serve as a suggestion that if Haldex chooses to persue CSR, it should be integrated as early as possible with other re-structuring initiatives. This could lead to time efficiency, as change efforts would not have to be later adjusted for the inclusion of CSR issues.

This thesis evidentiated that Haldex has a good base for building an ISO 26000 based CSR programme. However, the company still lacks a consistent CSR driven Organisational Governance. The principles of accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour and

²⁸ The amount of General Standard Disclosures required will depend on the organisation's choice of report. For “core” disclosures related to all topics are required, but not all aspects specified in the standard. The “comprehensive” requires the organisation to disclosure indicators to all aspects.

human rights, (ISO 26000, 2010) set by ISO 26000 as fundamentals of Organizational Governance are indeed found in many of Haldex policies. Topics specified in the General Standard Disclosure were found in policies as well. They need to be further interconnected in order to establish grounds for CSR oriented Organizational Governance.

8.5 Final Considerations

This work was the first global CSR assessment of Haldex. The results from this thesis are indicative of the company's current CSR status²⁹; however improved communication with respondents and further investigation could lead to more robust results. Also relevant to mention that important aspects of the frameworks that substantiated this work were not assessed in this work.

According to the findings in this thesis, Haldex is a well structured company that has much to commend regarding policies, initiatives or other elements that can support CSR related topics. These however were set to address specific issues other than CSR.

CSR is not yet part of the Haldex corporate culture. Considering that the company pursues to enhance its CSR status it needs to put efforts on the deployment of a Haldex social responsibility culture through communication and dispersion of CSR concepts. This should improve the employees' ability to connect existing policies to the broader concept of CSR.

Finally, CSR has to be incorporated in the core of the company with full commitment from management as well as the establishment of a work group for multiplying the concepts and connect existing assets thus give them a more holistic character. As means of gaining perennity and being continuously improved, CSR should be deployed in a way that it adds value and brings benefits to the organisation thus improve its social, environmental and financial performance.

²⁹ Based in ISO 26000 and complemented by GRI G4.

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Interviews

Johan Valett, vice president for Haldex Way.

Kent Axelsson, sourcing director.

Kent Jørgensen, Landskrona Plant Manager.

Per Erik Kronqvist, senior vice president for R&D.

Pete Lazar, senior vice president for human resources.

Instructions				
<p>The questionnaire is based on the ISO 26000 Standard for Corporate Social Responsibility (CSR) and the Global Reporting Initiative (GRI). ISO 26000 presents guidelines for development of CSR in organizations and GRI a standard for disclosure and reporting for CSR. Both standards are designed for organisations of all types, nationalities and sizes</p> <p>The questionnaire was divided into tabs approaching 6 Core Subjects described in ISO 26000, and corresponding GRI data related.</p> <p>The objective with the questionnaire is to establish knowledge of current state CSR at Haldex; including reporting availability, management systems support and integration as well as ongoing activities and work. Underneath are the explanations and a sample of how the questionnaire can be responded. Please note that the answers shall be given in the grey shaded fields.</p>				
<p>The "A" column provides a brief description of the ISO Core Subjects and different issues within.</p> <p>These are topics expected to be taken in consideration by organizations.</p> <p>In bold is the issue as presented in ISO, followed by a brief description in normal text.</p>	<p>In the "B" column any available Policies, Procedure or Standards supporting the topics described on column "A" are to be stated. The answer should be brief as shown in the example underneath:</p>	<p>"C" column presents specific issues required for GRI. The information asked for is required for GRI reporting.</p>	<p>In the "D-E" column the availability of data is to be stated, either yes or no.</p> <p>The goal is to find out if the data is available, not the actual result or unit used.</p>	
*Example:				
<p>6.5.3 Prevention of pollution Mechanisms for prevention, record keeping, targets regarding: emissions to air, discharges to water, waste management, use and disposal of toxic and hazardous chemicals and other forms of pollution</p>	<p>a) Pollution standards meet local legal requirements stated in the Operating License b) ISO 14000 specifies waste disposal, water discharge and air emissions c) chemicals are in accordance to REACH* <i>It is always preferable if the issue can be related to a tangible and accesible policy / standard / documented procedure (e.g. ISO 14001, ISO 9001, TS 16949, Operating Permit, Specific Haldex Policy, etc.)</i></p>	<p>EN- 21 NOX, SOX, and other significant air emissions</p>		x
		<p>EN- 22 Water discharge by quality and destination</p>	x	
		<p>EN- 23 Weight of waste by type and disposal method</p>	x	
		<p>EN- 34 Number of grievances about environmental impacts addressed through formal mechanisms</p>		x

Figure 2 Instructions to the questionnaire.

ISO26000 - 6.3 Human rights Policies and mechanisms to guarantee basic rights to which all human beings are entitled: civil, political, economic, social and cultural rights (No discrimination / Freedom / Fairness)	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 The Human Rights sub-Category covers the extent to which processes have been implemented, incidents of human rights violations, and changes in stakeholders' ability to enjoy and exercise their human rights.	Data available - as an indicator or measured in any other form	
			Yes	No
6.3.3 Due diligence Mechanisms to identify, prevent and address actual or potential human rights impacts		HR-1 Number of agreements and/or contracts that include human rights clauses or that underwent human rights screening		
6.3.4 Human rights risk situations Preparedness for tackling human rights risk situations (e.g. Drought, flood, war, corruption, etc.)		no specific GRI correspondance		
6.3.5 Avoidance of complicity Policies and /or mechanisms for avoiding /preventing aiding or abetting an illegal act or omission		no specific GRI correspondance		
6.3.6 Resolving grievances Mechanisms to resolve human rights grievances (justified cause for complain)		HR-12 Number of grievances about human rights addressed through formal mechanisms		
6.3.7 Discrimination and vulnerable groups Policies to avoid / prevent discrimination (e.g. race, gender, religion, etc.)		HR-3 Number of incidents of discrimination and corrective actions taken		
		LA- 12 Employees per category according to gender, age group, minority group membership, and other indicators of diversity		
		LA- 13 Ratio of basic salary and remuneration of women to men by employee category		
6.3.8 Civil and political rights Policies to guarantee freedom of opinion, expression and association (e.g. political engagement, union, etc.)		no specific GRI correspondance		
6.3.9 Economic, social and cultural rights Policies to guarantee the rights necessary for dignity and personal development (e.g. education, work conditions, social protection)		no specific GRI correspondance		
6.3.10 Fundamental principles and rights at work Policies regulating collective bargaining, elimination of forced labour, child labour and other fundamental rights		HR-4 Reports on freedom of association and collective bargaining violated or at significant risk		
		HR-5 Operations and suppliers having risk for child labor		
		HR-6 Operations and suppliers having risk for forced or compulsory labor		

Figure 3 Questionnaire tab for Human Rights.

ISO26000 - 6.4 Labour Practices Encompass all policies and practices relating to work performed within, by or on behalf of the organization, including subcontracted work.	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 Concerns the organization has on the Labour Practices and promotion of decent work conditions.	Data available - as an indicator or measured in any other form	
			Yes	No
6.4.3 Employment and employment relationships Policies establishing criteria for type of employment according to work load and type of labour (e.g. fulfilling the role as employer and not disguising work relations for avoidance of obligations)		LA-1 Number employee hires and turnover by age group, gender and region		
6.4.4 Conditions of work and social protection Policies for wages and other forms of compensation (e.g. well fare, maternity leave, health insurance, etc.)		LA- 2 Benefits to full-time employees not provided to temporary personal		
6.4.5 Social dialogue Regulations for the exchange of information between governments, associations, employers and workers		LA- 4 Minimum notice periods regarding operational changes		
		LA-16 Number of grievances about labor practices addressed through formal mechanisms		
6.4.6 Health and safety at work Policies for promotion and maintenance of physical, mental and social well-being of workers and prevention of harm to health (e.g. occupational health, safety policies, records of injuries, IPE, work limitations, etc.)		LA- 6 Type and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		
6.4.7 Human development and training in the workplace Policies for expanding human capabilities (e.g. training, apprenticeships, and opportunities for career advancement)		LA- 11 Number of employees receiving performance and career development reviews, by gender and category		

Figure 4 Questionnaire tab for Labour Practices.

ISO26000 - 6.5 The Environment Impacts associated with the organization's use of resources, location of the activities of the organization, the generation of pollution and wastes, and the impacts of the organization's activities on natural habitats.	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 Covers impacts related to inputs (such as energy and water) and outputs (such as emissions, effluents and waste). In addition, it covers biodiversity, transport, and product and service-related impacts, as well as environmental compliance and expenditures.	Data available - as an indicator or measured in any other form	
			Yes	No
6.5.3 Prevention of pollution Mechanisms for prevention, record keeping, targets regarding: emissions to air, discharges to water, waste management, use and disposal of toxic and hazardous chemicals and other forms of pollution		EN- 21 NOX, SOX, and other significant air emissions		
		EN- 22 Water discharge by quality and destination		
		EN-23 Weight of waste by type and disposal method		
		EN- 34 Number of grievances about environmental impacts addressed through formal mechanisms		
6.5.4 Sustainable resource use Policies for promoting, record keeping, targets regarding: Energy efficiency, water conservation, lower material intensity, optimized life cycle		EN- 1 Weight or volume of materials that are used to produce and package		
		EN- 2 Percentage of input materials from recycled sources		
		EN- 3 Energy consumption within the unit		
		EN- 5 Energy intensity (energy required per unit of activity or product)		
		EN- 8 Water consumption within the unit		
		EN- 28 Reclaimed products and their packaging by category		
		EN- 30 Environmental impacts of transporting products		
		EN- 30 Environmental impacts of transporting materials		
		EN- 30 Environmental impacts of transporting workforce		
6.5.5 Climate change mitigation and adaptation Policies for promoting reduction, record keeping and targets regarding Green House Gases emissions and response plans to climate changes		EN-15 Direct Green House Gas emissions within the unit		
6.5.6 Protection of the environment, biodiversity and restoration of natural habitats Initiatives to protect the environment and /or restore natural habitats and the various functions and services that ecosystems provide (e.g. planting trees, sponsoring a park, recovering a lake or river, etc.)		EN- 27 Policy for mitigation of environmental impacts of products and services		
		EN- 29 Value of fines and number of non-monetary sanctions for non-compliance with environmental laws and regulations		
		EN- 31 Environmental protection expenditures and investments		

Figure 5 Questionnaire tab for The Environment.

ISO26000 - 6.6 Fair Operating Practices Ethical conduct in dealings with other organizations. Includes relationships with government other organizations, their partners, suppliers, contractors, customers, competitors, and associations.	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 GRI does not have a specific chapter on Fair Operating Practices. The indicators approached here have a strong relation with the ISO 26000 issues but come from other aspects in the GRI disclosure requirements	Data available - as an indicator or measured in any other form	
			Yes	No
6.6.3 Anti-corruption Mechanisms to identify and avoid abuse of entrusted power for private gain (e.g. predatory lobbying, bribing, etc)		SO-4 Communication and training on anti-corruption policies and procedures		
		SO-5 Confirmed incidents of corruption and actions taken		
		SO-8 Value of fines and number of non-monetary sanctions for non-compliance with laws and regulations (accounting fraud, workplace discrimination, or corruption)		
6.6.4 Responsible political involvement Policies for supporting political processes and public policy that benefits society at large (e.g. promotion of safety, demand for improved equipment based on performance, safety, or social / environmental benefits, etc)		SO-6 Total value of political contributions by recipient/beneficiary		
6.6.5 Fair competition Policies for equal opportunities and encourage to development (e.g. fair pricing, anti-oligopoly mechanisms, etc)		SO-7 Number of actions for anti-competitive behavior, anti-trust, and monopoly		
6.6.6 Promoting social responsibility in the value chain Requirements to influence through procurement and purchasing decisions (e.g. Demands for operating permits, legal requirements, certificates, etc.)		EC-9 Proportion of spending on local suppliers		
		EN-32 Percentage of suppliers screened by environmental criteria (e.g. requirement for ISO 14000, environmental permit, green seals, etc)		
		EN-33 Actual and potential negative environmental impacts in the supply chain (e.g. impact assessment of key suppliers)		
		LA-14 Percentage of new suppliers screened by labor practices criteria (e.g. requirements for employment policies)		
		HR-10 Percentage of new suppliers screened by human rights criteria (e.g. assessment for human rights infringements, in site audits, etc)		
		SO-9 Percentage of suppliers screened by criteria for impacts on society (e.g. suppliers subjected to due diligence for societal impact)		
		SO-10 Actual and potential negative impacts on society in the supply chain (e.g. assessment of the supply chain for potential negative impacts on society)		
6.6.7 Respect for property rights Policies for protection of physical property and intellectual property (e.g. patents, copyrights, land property, etc.)		no GRI correspondance		

Figure 6 Questionnaire tab for Fair Operating Practices.

ISO26000 - 6.7 Consumer Issues Responsibilities such as accurate information, fair, transparent and helpful marketing information and contractual processes	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 Products and services that directly affect stakeholders, and customers in particular.	Data available - as an indicator or measured in any other form	
			Yes	No
6.7.3 Fair marketing, factual and unbiased information and fair contractual practices Provision and availability of information about products and services in a manner that can be understood by consumers (e.g. brochures, manuals, website, contracts, etc)		PR- 7 Number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications		
		PR- 9 Value of fines for non-compliance with laws and regulations concerning the provision and use of products and services		
6.7.4 Protecting consumers' health and safety Policies for provision of products and services that are safe and that do not carry unacceptable risk of harm when used or consumed		PR- 1 Percentage of product and service for which health and safety impacts are assessed		
		PR- 2 Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services		
6.7.5 Sustainable consumption Products and packaging so that they can be easily used, reused, repaired or recycled. Policy for products designed to reduce adverse impacts on society and the environment		no specific GRI correspondance		
6.7.6 Consumer service, support, and complaint and dispute resolution Structures for fulfilling needs of consumers after products and services are bought or provided		PR- 5 Results of surveys measuring customer satisfaction		
6.7.7 Consumer data protection and privacy Policies for safeguarding customers and consumers' privacy and information and using safe data bases		PR- 8 Number of complaints regarding breaches of customer privacy and losses of customer data		
6.7.9 Education and awareness initiatives Provides means to enable consumers to be well informed, conscious of their rights and responsibilities (e.g. Technical specifications, operating risks, etc)		no specific GRI correspondance		

Figure 7 Questionnaire tab for Consumer Issues.

ISO26000 - 6.8 Community Involvement and Development Community involvement, individually or through associations, seeking to enhance the public good and strengthen civil society. Engagement in a respectful manner with the community and its institutions to reflect and reinforce democratic and civic values	Specify Policies, Procedure or Standards on the topic - available, deployed or implemented	Global Reporting Initiative 4 organization has on society and local communities	Data available - as an indicator or measured in any other form	
			Yes	No
6.8.3 Community involvement Organization's proactive outreach to the community (e.g. social investment and community development activities, consultation prior to development, participate in local associations, etc)		SO- 1 Number of operations with implemented local community engagement (e.g. impact assessments and development programs debated in public audiences)		
		SO- 2 Number of operations with significant actual and potential negative impacts on local communities (e.g. location and level of impacts)		
		SO- 11 Number of grievances about impacts on society addressed through formal mechanisms		
6.8.4 Education and culture Policies for promoting and support education and local culture.		no GRI correspondance		
6.8.5 Employment creation and skills development Policies for promoting economic and social development. Mechanisms for improving skills and assisting people to secure decent and productive jobs (e.g. impact of investment decisions on employment creation, outsourcing X employment creation, participating in skills development programmes, etc)		no GRI correspondance		
6.8.6 Technology development and access Policies for applying specialized knowledge, skills and technology to promote human resource development and technology diffusion (e.g. technology transfer, engagement with local universities and research institutions, development of technology for solving local problems, etc)		no GRI correspondance		
6.8.7 Wealth and income creation Entrepreneurship programmes, policies for development of local suppliers, and employment of community members, efforts to strengthen local economic resources		EC- 1 Direct economic value generated and distributed (e.g. share of the revenues that remain in the locality such as salaries, local suppliers, local investments, etc)		
		EC- 5 Ratios of standard entry level wage by gender compared to local minimum wage (e.g. official minimum wage for category set by government or union)		
		EC- 8 Significant indirect economic impacts (e.g. activities that are highly dependent on the organization such as restaurants, hotels, etc)		
6.8.8 Health Policies for contributing to the promotion of health, to the prevention of health threats and diseases and to the mitigation of health damage in the community (e.g. eliminate health impacts related to the organization's activities, promote awareness campaigns, engage into public health campaigns, etc)		no GRI correspondance		
6.8.9 Social investment Policies for investment in initiatives and aimed at improving social aspects of community life (aid programs, sinergy with NGOs and other beneficency institutions, etc)		no GRI correspondance		

Figure 8 Questionnaire tab for Community Involvement and Development.

Organizational Announcement



Corporate Social Responsibility - CSR

In line with Haldex business strategy and to meet the expectations from our customers, employees, investors and society in general, an increased awareness towards social responsibility is necessary.

Good initiatives are already undertaken and ongoing in the various Haldex units and functions, and these are encouraged to be continued.

To further strengthen and develop Haldex Corporate Social Responsibility (CSR), Johan Valett is appointed as Vice President Haldex CSR in addition to his current role as Vice President Haldex Way.

Johan will functionally continue to be part of the Global Operations organization and report to Ulf Ahlén.

I wish Johan success in his assignments and look forward to continued contribution and engagement from all employees in CSR and Haldex Way.

Bo Annvik
President and CEO

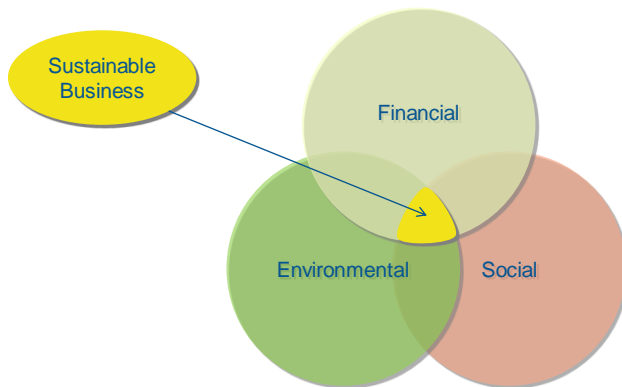
July 8, 2013

Figure 9 Organisational Announcement.



Corporate Social Responsibility

Corporate Social Responsibility



- Corporate social responsibility is to maximize sustainable development, addressed to the *Triple Bottom Line*.

Corporate Social Responsibility



- **CSR definition according to ISO 26000:**

“Responsibility of an organization for the impacts of its decisions and activities on society and the environment that, through transparent and ethical behaviour:

- Contributes to sustainable development
- Takes into account the expectations of stakeholders
- Is in compliance with law and consistent with international norms of behaviour
- Is integrated throughout the organization and practiced in its relationships
- Includes “health and the welfare of society”

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Corporate Social Responsibility



- **Conditions for successful CSR**

- Integrated into the core of the business and is a fundamental part of the strategy
- Clear rationale, purpose and communication
- Commitment from shareholders, management and engagement from employees
- Adds value to business

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CSR at Haldex



- June to September 2013 - Investigating current state CSR at Haldex with ISO26000 and Global Reporting Initiative (GRI) as framework and reference

ISO26000		GRI
Investigate ongoing activities with CSR Objectives		Investigate availability of Reports/Indicators
Organisational governance	Improve the relationship with stakeholders, expose to new perspectives	E.g. Strategy definition, communication and deployment
Human rights	Improve safety and health of workers, customers, consumers and society	E.g. Total number of incidents of discrimination and actions taken
Labour practices	Enhancing employee loyalty, involvement, participation and morale	E.g. Ratio of basic salary of men to women by employee category
Environment	Achieve savings with increased productivity and resource efficiency	E.g. Energy saved due to conservation and efficiency improvements
Fair operating practices	Reliable and responsible involvement in the society and market	E.g. Significant fines and number of monetary/sanctions for noncompliance
Consumer issues	Enhance reputation and foster greater trust and preferred partner status	E.g. Practices related to customer satisfaction, including of surveys
Community involvement & development	Decision making on understanding of society needs and expectations	E.g. Ratios of standard entry level wage compared to local minimum wage

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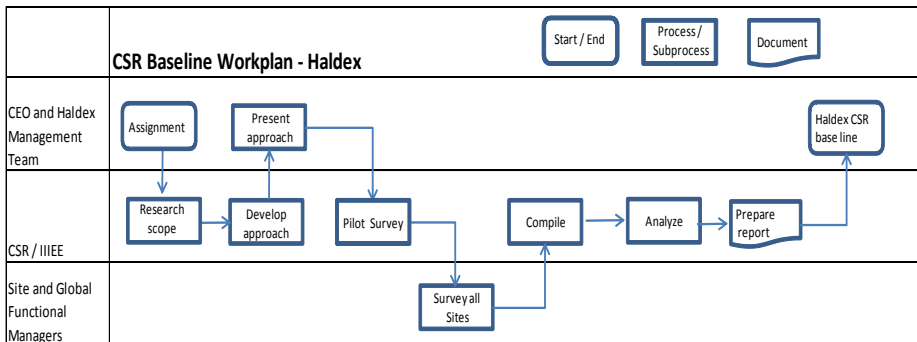
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CSR at Haldex



- Workflow



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CSR at Haldex



- Time schedule

ID	Activity	Responsible	Start	Finish	Duration	jul 2013				aug 2013				sep 2013			
						30-6	7-7	14-7	21-7	28-7	4-8	11-8	18-8	25-8	1-9	8-9	15-9
1	Announcement	CEO	2013-06-24	2013-06-28	1v	■											
2	Webinar introduction to CSR and questionnaire	IIIEE	2013-07-01	2013-07-05	1v	■											
3	Completion of questionnaire	Site/Function Mgr	2013-07-01	2013-07-26	4v	■											
4	Follow-up interaction for support and completion of questionnaire	IIIEE	2013-07-01	2013-07-26	4v	■											
5	Analysis and Report	IIIEE	2013-07-29	2013-09-13	7v	■											
6	Presentation of Results and Report	HW	2013-09-17	2013-09-30	2v	■											

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CSR at Haldex



Core subject	Sector likely to have the answer
Human rights	HR / Site Management
Labor practices	HR
The environment	Quality / Site Management
Fair operating practices	Sales / Marketing / Sourcing
Consumer issues	Sales / Marketing / R&D
Community involvement	Public Relations / Communication

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Figure 10 Presentation to questionnaire respondents (pgs. 68 to 71).