

Nordic Accountant Federation 2021 (c)

Nordic Sustainability Reporting Standard (NSRS) 'NSRS Reporting Requirements, 1st Edition' (2021)

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IMPORTANT MESSAGE TO THE PREPARER

This is an Implementation Manual for NSRS at Level 1. This implementation manual is applicable for this advancement level only.

It consists of 64 reporting requirements all together:

- 46 reporting requirements (descriptive reporting requirements such as name of the organisation).
- 18 metrics (numeric reporting requirements such as amount of energy consumed during the reporting cycle).

The 64 reporting requirements are divided into **11 steps** which makes up the entire process for generating a sustainability report. Each step is divided into smaller tasks which aims at holding the preparers hand through each reporting requirement.

The 11 steps in the reporting process is the same as the 11 chapters in this Implementation Manual.

And, the 11 steps are the same steps as in the Implementation Tool.

The NSRS highly recommend the preparer to use the Implementation Tool for filling in all the reporting requirements. The Implementation Tool is also open source and can be downloaded from www.nsrs.eu.

The outcome of the 11 steps and 64 reporting requirements is a sustainability report prepared in line with the recognised international frameworks such as GRI, SDG and TCFD and EU legislation on non-financial reporting.

The aim is to help Nordic SMEs to get started with collecting, structuring and reporting on non-financial matters, so that they can meet the increasing demand for this kind of information from their external stakeholders such as financiers and large companies in their value chains which are obliged to report on these matters annually.

However, the NSRS Level 1 can be utilized by all organisations with no previous experiences with sustainability and/or sustainability reporting.

This is the first version of NSRS Level 1. It has been peer reviewed by CICERO Green (2021).

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I. Welcome and Introduction

Welcome to the NSR Implementation Manual for Level 1. Since you are reading this, you are most likely new to sustainability reporting, and some of you are even doing this for the very first time. To you especially, welcome on board!

The purpose of the Implementation Manual is to guide the preparer towards successfully implementing and operationalising the NSRS reporting requirements, step-by-step. Please note that this manual applies to the NSRS Level 1 only. For Level 2 and Level 3, see their respective manuals.

In developing the Manual, the accountant has been the imagined report preparer. However, anyone is welcome to use it as they please. The NSRS project is open source and transparent by nature. You can find all material, including the Standard documents, on www.nsrs.eu.

When a report is prepared according to the NSRS Standard, the SME qualifies for a certification label reflecting their respective Advancement Level. The certification label can be used on the SME's communication platforms as it may please, for example on their website, email signatures or annual report.

The report preparer also qualifies for a certification label. Note, however, that these are different from the SME labels. Preparers are also welcome to use the label on their communication platforms

freely.

The NSRS prides itself on not re-inventing the wheel, but rather makes use of the vast knowledge pool already out there. The NSRS are doing so by seeking to be in harmony with other major frameworks to the greatest extent possible. The NSRS believes that if sustainability disclosures, KPIs and formats are more or less aligned across different frameworks, cooperation is facilitated and information comparability within and across sectors enabled.

Although the NSRS framework is adapted to a multitude of frameworks to serve this purpose, the NSRS disclosure process in particular is adapted from GRI and further simplified for NSRS Level 1. Consequently, we recommend the preparer of a NSRS report to refer to GRI for guidance in addition to this Implementation Manual, in particular if in doubt during the process. Each reference to GRI can be found in the column 'source' in the NSRS Disclosure Requirement spreadsheet. In particular the GRI documents 101, 102 and 103 are relevant in this context. The GRI standard documents are free to download and can be retrieved







Figure 1: Certification labels for NSRS Advancement levels.

II. The NSRS Report Index



The NSRS Report Index is an overview of all content to be included in a NSRS report. The Report Index is presented in Table 1. Bear in mind that disclosures are organized after how they should be presented in the report, not after the NSRS Process steps.

Note: The NSRS highly recommends preparers to utilise the NSRS Implementation Tool.

The NSRS Implementation Tool is an Excel tool containing all NSRS Disclosure Requirements. It allows for ticking boxes and filling in, rather than building a template from scratch. Note that the Implementation Tool and the Implementation Manual are complementary – they are both structured after the same steps and build on the NSRS disclosure requirements.

So, what the NSRS is saying:

Make it easy for yourself: Use the NSRS Implementation Tool

 Use the Implementation Manual as a supportive document when using the Implementation Tool.

The NSRS Implementation Tool is free to use, and can be downloaded from www.nsrs.eu.

Note: You are off course welcome to build the sustainability report template from scratch should you prefer to do so. The Implementation Manual is written to provide useful guidance for preparers who make use of the NSRS Implementation Tool, but also for those who choose not to.

NSRS Implementation tool PROFILE, NSRS CLIMATE COMMITMENT & FINALIZING NSRS Index: Name of organisation Max. 30 Characters 1-2-1 City, Country 1-2-3 cation of headquarters 2-9-1 Name of CEO Title of "CEO" Descriptive text (Max. 320 characters imnoluding space Year (example 2033) Year (example 2023) 2-9-7 Mention that the report has been compiled following the order of the NSRS Report Index This has been prefabrica No need to fill it out. This sustainability report has been prepared in accordance with the Nordic Sustainability Reporting Standard – NSRS Beginner level. All rights reserved. Read more at www.nsrs.eu. 2-9-12 Page number in finished report Who We Are NSRS Index: 1-2-2 ctivities classified after NACE macro-ector codes. Descriptive text (max 90 characters including spacing) 1-2-2-a Descriptive text (max 210 characters including spacing) 1-2-2-b Organisational Number Organisational Form (AB, OY, 1-2-5 wnership and legal form List with bullet points (max 235 characters including spacing) 1-2-9 Cey suppliers 1-3-1 A list of key stakeholders

NSRS Report Index gives an overview of the order the Disclosure Requirements should be in when compiled in a sustainability report.

Ш. How to use the Implementation Manual

The Implementation Manual is written with the intention to hold the hand of the preparer throughout a full reporting cycle – from start to finish.

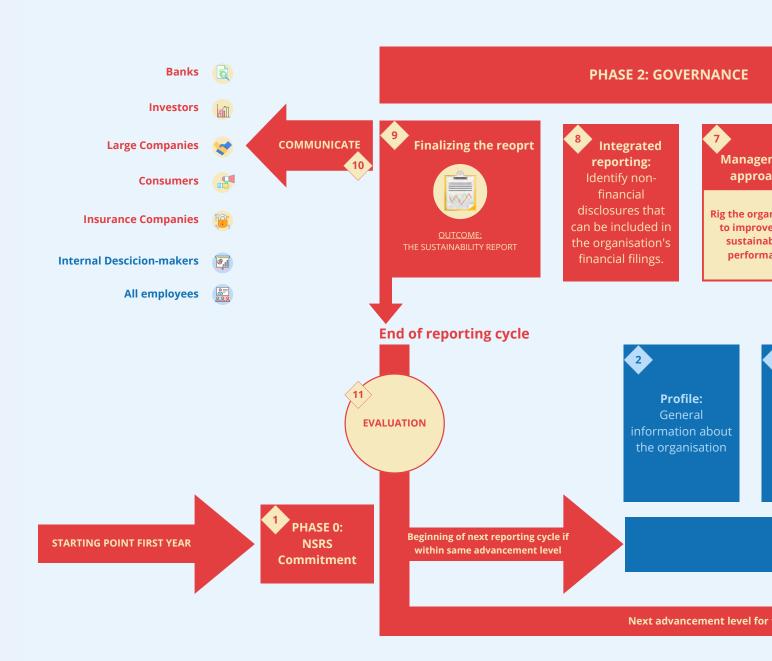
The Manual might seem lengthy when you glance at the page number. There is no need, however, to read it as a book from page to page. Use the Manual as an encyclopedia, where you look up and seek guidance for specific process steps.

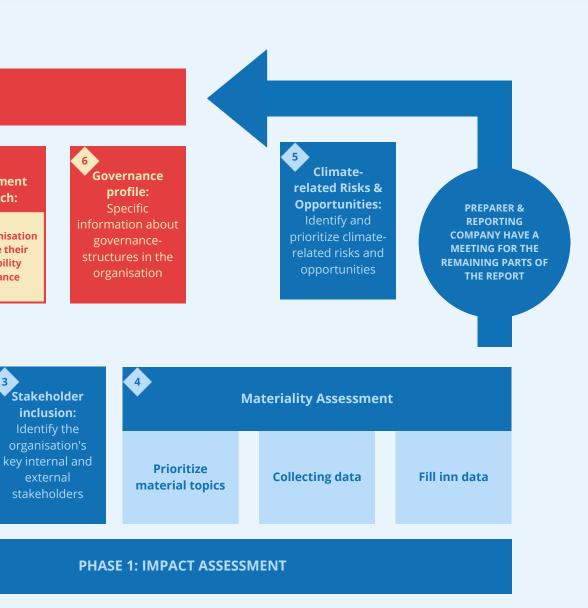
The 11 Steps

As shown in Figure 2, the Implementation Manual is structured after the 11 steps that make up one reporting cycle. The 11 steps are organised in 3 phases; Phase 0) NSRS Climate Commitment: Setting the organisation's overall long-term target relating to climate change, Phase 1) Impact Assessment: Assessing the organisation's current impacts, and Phase 2) Governance: Rigging the organisation for governing sustainability.

- Reporting/Disclosure Requirements are presented in accordance with each step, which again is reflected in the NSRS Index. Each Disclosure Requirement has a separate index.
- Under each step you'll find a number of tasks, a concrete to-do list. Finalizing these tasks will ensure that you complete each NSRS Disclosure in line with the Reporting Requirements.

Figure 2: NSRS Process consist of 11 steps. The 11 steps makes out the chapters in this Implementation Manual. Each chapter is again divided into tasks.





following reporting cycle if evaluation requirements are met

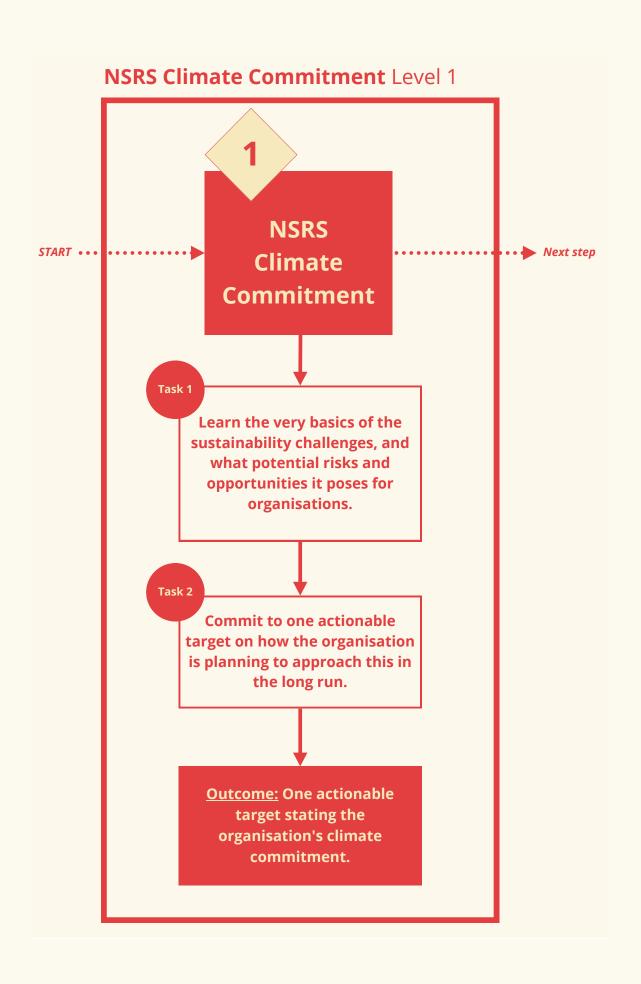
Step 1:

NSRS Climate Commitment

Aim 1: Learn the basics of the sustainability challenges our society is facing today, and what potential risks and opportunities it poses for Nordic SMEs.

Aim 2: Make a climate commitment related to how the organisation plans to address this challenge in the long term.

Outcome: The organisation's climate commitment.



GLOSSARY;

Words and concepts relevant to this step.

- · 2030 Agenda for **Sustainable Development**
- · Climate Change
- Climate target
- Decoupling
- Greenhouse gases (GHG)
- The Paris Agreement
- · Scenario
- Stranded assets
- Sustainable development (SD)
- Sustainable Development Goals (SDGs)
- Trade-off

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

0-1-1: Familiarise yourself - and suggest the SME to join you - when reading the curriculum in the Theoretical Annex.

0-1-2: Commit to one actionable target related to how the organisation plans to address this challenge in the long term.

Introduction to the topic:

Climate change is now affecting every country on every continent. It disrupts national economies and affects lives and livelihoods, posing a critical economic, social and environmental risk for individuals, communities and entire states in the short and long-term.

Whether your motivation for engaging with sustainability and climate action is altruistic, adapting to changing markets, or gaining a competitive advantage by seizing business opportunities, this step aims to guide the reporting organisation towards a) increased awareness about climate issues, and b) setting a long-term commitment in line with internal motivation on the one hand, and the greater context in which the organisation operates on the other.

Step 1: NSRS Climate Commitment

Guide



Read and Learn

WHY: In the sustainability realm, and especially so with climate change, information tends to be either a) inaccessible as a result of being highly complex and presented by scientists, b) doomsday-oriented, as expressed in tabloid journalism, or c) morally oriented, as communicated by climate activists.

NSRS believes in the power of awareness-raising, and how an understanding of the world's environmental state relates - either directly or indirectly - to the daily operations of an organisation. This step therefore aims to present the sustainability challenges from a Nordic SME-perspective in the simplest way possible.

WHAT: The preparer of the report and the organisation representative should read through and familiarise themselves with the mandatory text, to be found in the NSRS Theoretical Annex.

HOW: Read.

OUTCOME: Increased awareness and new insights about the sustainability challenges, and what potential risks and opportunities it poses for Nordic SMEs.

Reading List in the Theoretical Annex

What: The whole chapter

What: Just familiarize yourself with the figure

What: Executive summary + main findings

What: Executive summary + main findings

What: Executive summary + main findings



Make a climate commitment

WHY: Developing a climate commitment gives the organisation a concrete direction for the following years. It might be helpful internally – from a strategic and decision-making perspective – and externally, in communication with stakeholders who seek concrete and actionable "one-sentence" targets. Finally, it serves as a context for the sustainability report.

WHAT: Set a target and write a related statement that explains the organisation's climate commitment.

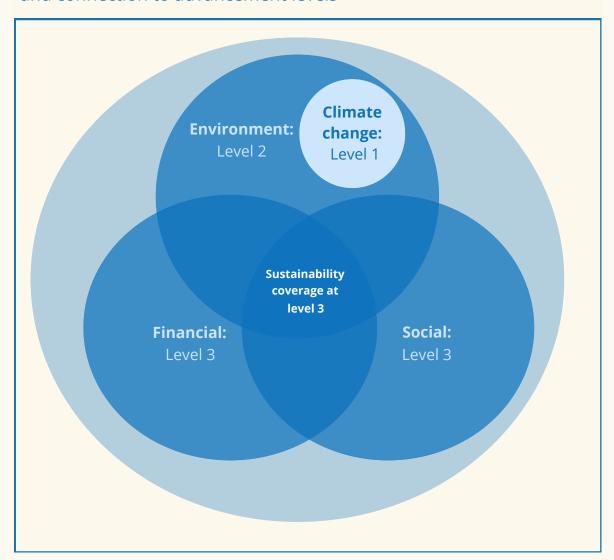
HOW: There are many ways to identify a suitable climate commitment. Commonly, they are more general and visionary. Some organisations will find it easier than others. The most important thing to keep in mind when committing to something, is that it should reflect one's capacity and ambition to achieve it, in other words, rigging the organisation for success.

- A commitment should consist of a) Target year in the medium to long term perspective (example: 2030) and b) An achievement to be accomplished by that year.
- A commitment is optimally ambitious, easily understandable from a communication perspective, visionary and relevant for the organisation's core activities.
- A commitment can be numeric/quantitative, but it is not required.
- A commitment on NSRS Level Ishould be climate-related (and not focused on the social aspects or of a broader environmental aspect, see figure 3. The other dimensions of sustainability are to be covered in the higher Advancement Levels of NSRS and are hence not addressed at this point. and are hence not addressed at this point.

OUTCOME: (At least) one commitment in the form of a long-term target for the reporting organisation.

NSRS definition of sustainability

and connection to advancement levels



Examples of Climate Commitments	Might be suitable for	Notes
Declare climate emergency: A statement that stresses the need for the government and administration to devise measures that try and stop human-caused global warming.	Might be suitable for all organisations.	
50% GHG reduction by 2030	Might be suitable for industries with high levels of GHG emissions, such as transport based on fossil fuels.	In line with the Paris Agreement and the 1,5 degree target. This commitment is also in line with the Science Based Targets Initiative, and the organisation might even consider joining over thousand companies setting ambitious corporate climate action. Link: https://sciencebasedtaraets.org/
30% GHG reduction by 2030	Might be suitable for industries with high levels of GHG emissions, such as transport based on fossil fuels.	In line with the Paris Agreement and the 2 degree target. This commitment is also in line with the Science Based Targets Initiative, and the organisation might even consider joining over thousand companies setting ambitious corporate climate action. Link: https://sciencebasedtargets.org/
Will dedicate X amount of resources (time and/or finances) over the next 2 years to investigate what climate targets might be suitable for the organisation.	Might be suitable for actors with low levels of GHG emissions, for example solar companies.	

 Table 2: Climate Commitment examples.

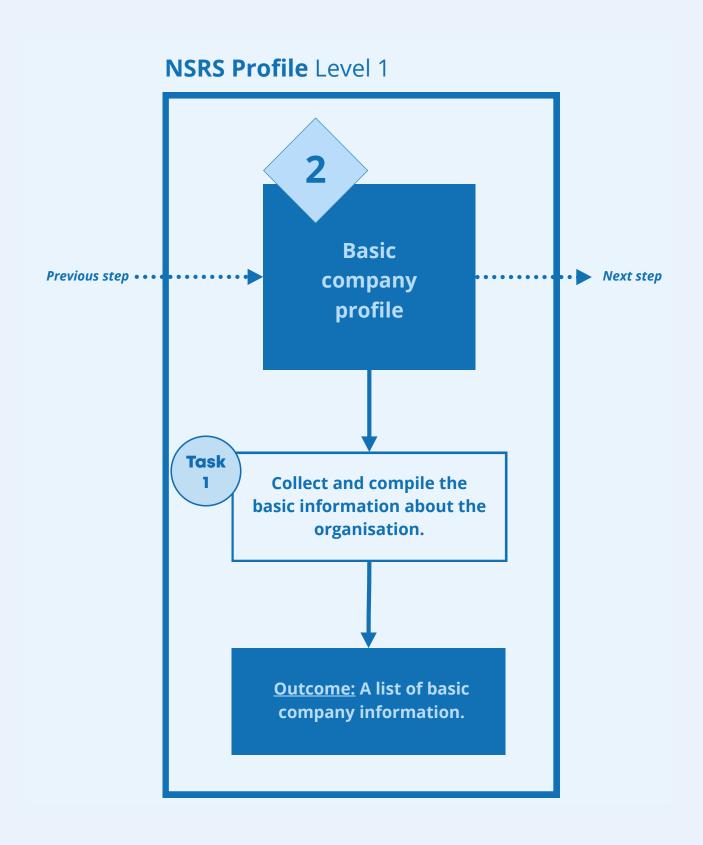
The NSRS recommends the preparer to start looking at the example list in Table 2, followed by a discussion with the organisation representative. If any of the examples are applicable; commit to it. Note, that if the organisation finds none of the examples applicable – simply develop your own commitment.

If, however, the preparer and/or organisation is not ready to make a commitment as a first step of the reporting cycle, one might want to go through the rest of the Disclosure Requirements and revisit this step after Step 8: Integrated Reporting.

Step 2: **Profile**

Aim: Get an overview of the reporting organisation's basic information.

Outcome: A descriptive overview of the organisation's basic information, such as name of organisation and where it is located.



GLOSSARY;

Words and concepts relevant to this step.

- NSRS
- NAF
- Sustainability Reporting
- The NSRS Foundation **Document**
- The NSRS Advancement Levels
- The NSRS Reporting **Requirements Document**
- The NSRS Guiding **Principles**
- The NSRS Disclosure Requirements
- Sustainability

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

- Name of the organization. 1-2-1:
- **1-2-2-a:** Description of the organisation's activities.
- **1-2-2-b:** Primary brands, products, and services, including an explanation of potential products or services that are banned in certain markets.
- **1-2-3:** Location of the organisation's headquarters.
- **1-2-5:** Nature of ownership and legal form.
- **1-2-7:** Scale of the organisation, including:
 - i. total number of employees;
 - ii. total number of operations;
 - iii. net sales (for private sector organisations) or net revenues (for public sector organisations);
 - iv. total capitalisation (for private sector organisations) broken down in terms of debt and equity:
 - v. quantity of products or services provided.
- **1-2-9:** Supply chain Add list of key suppliers

Introduction to the topic:

This step is probably the easiest one in the reporting cycle. It is all about collecting and compiling basic information such as the organisation name, location of the headquarters, and other related information.

Step 2: Profile

Guide



Collect and compile

WHY: A sustainability report should obtain basic information about the reporting organisation.

WHAT: Collect and compile basic information according to the Disclosure Requirements.

HOW: The information relevant for these disclosures can be obtained from multiple places, such as invoices and the annual report to mention a few.



Disclosure Requirements Level 1

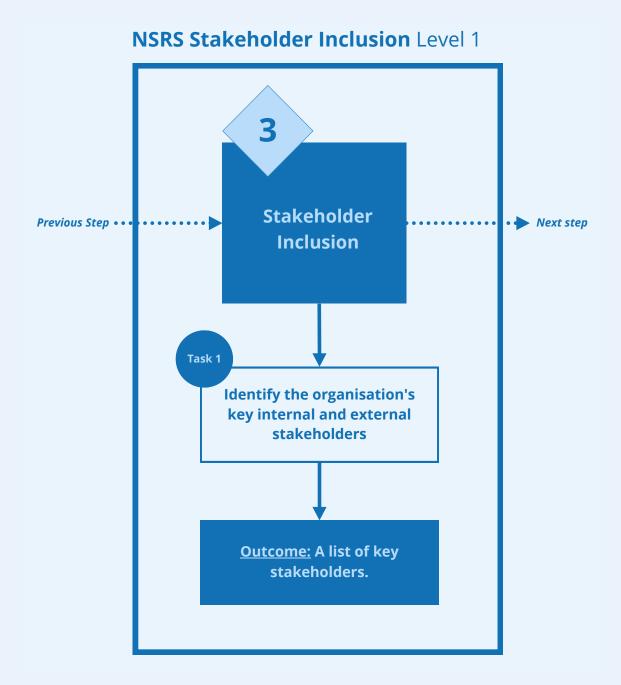


Step 3:

Stakeholder Inclusion

Aim: Obtain an overview of the organisation's key stakeholders.

Outcome: A list of key stakeholders to be included in the report.



GLOSSARY;

Words and concepts relevant to this step.

- Stakeholder
- Supply chain

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-3-1: Identify and list key stakeholders.

Introduction to the topic:

Every organisation exists in a multiple stakeholder ecosystem. To address and include their perspectives and interests is crucial for an organisation to survive and thrive in the long term.

Step 3: Stakeholder Inclusion

Guide



WHY: Identifying *who* an organisation's key stakeholders are is a crucial first step in understanding their respective needs and how the organisation can tailor its operations to suit these.

WHAT: Identify the organisation's key stakeholders.

HOW: The NSRS recommends the preparer to categorise key stakeholders into internal and external stakeholders, please see a list of examples in Table 3.

OUTCOME: : A list of key stakeholders to be included in the report.

Examples of internal stakeholders	Examples of external stakeholders
Employees	Banks
Internal decision-makers	Investors
Managers	Society
Owners	Insurance companies
	Customers
	Government

Table 3: Examples of internal and external stakeholders.

Disclosure Requirements Level 1



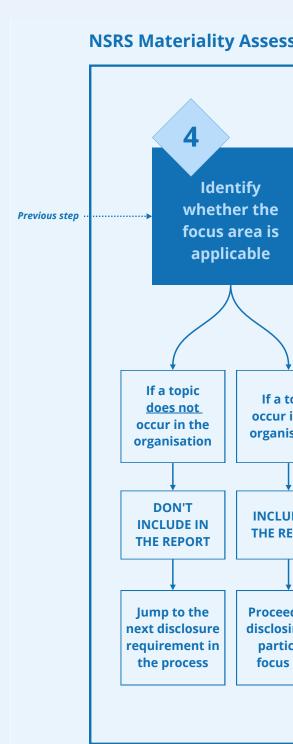
Step 4:

Materiality Assessment

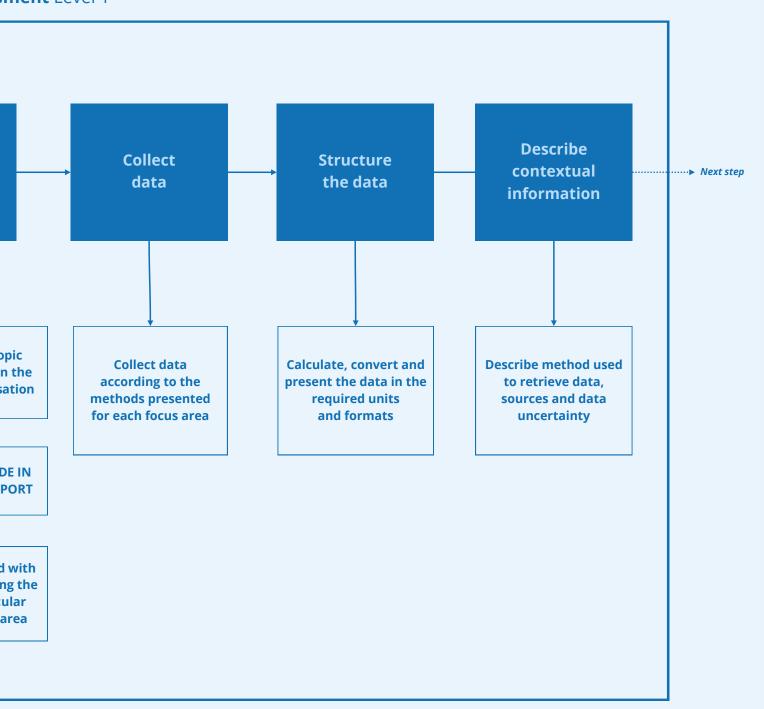
Aim: Identify focus areas which are material to the organisation, and report on them.

Outcome:

- 1. Prioritised focus areas that should be included in the report.
- 2. The applicable metrics disclosed according to the requirements.



ment Level 1



GLOSSARY;

Words and concepts relevant to this step.

- NSRS Materiality Context
- **Materiality Definition**
- **Double Materiality**
- **Impact**
- Material Topics
- List of Material Topics
- Topic Boundary
- Economic Sustainability
- · Social Sustainability

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-4-2: A list of material topics identified in the process of defining report content.

Additional requirements for each metric can be found in the respective sub-chapters.

Introduction to the topic:

The NSRS abides by a three-dimensional translation of materiality, taking into account the economic, social and/or environmental impact of an organisation when determining the relevance of disclosures. The NSRS is thus firmly situated in the materiality context of sustainability where topics can be considered material from both a financial and non-financial perspective. Besides adopting a double materiality approach in line with the European Commission, the NSRS refers to the GRI for their technical definition of materiality:

"Topics that reflect the reporting companies significant economic, environmental and social impacts, or substantively influence the decisions of stakeholders." (See GRI 102, page 44).

Figure 7 illustrates the concept of double materiality. It also shows how the NSRS prioritises material topics.

You are not asked to perform a materiality assessment of your own. You are asked to prioritise material topics (focus areas) from a prefabricated list presented to you.

Materiality assessments tend to be highly complex processes that require a lot of previous knowledge about sustainability and non-financial reporting. On NSRS Level 1, this process is substantially simplified, with the aim to get first-timers and first time reporters on board in order to start their sustainability reporting journeys.

<u>Instead of requiring each organisation to perform a materiality assessment from</u> scratch, they are asked to identify which topics are material for the organisation based on a prefabricated list and criterias.

NSRS Materiality Model

Definition of materiality:

"Topics that reflect the reporting and social impacts, or substantiv

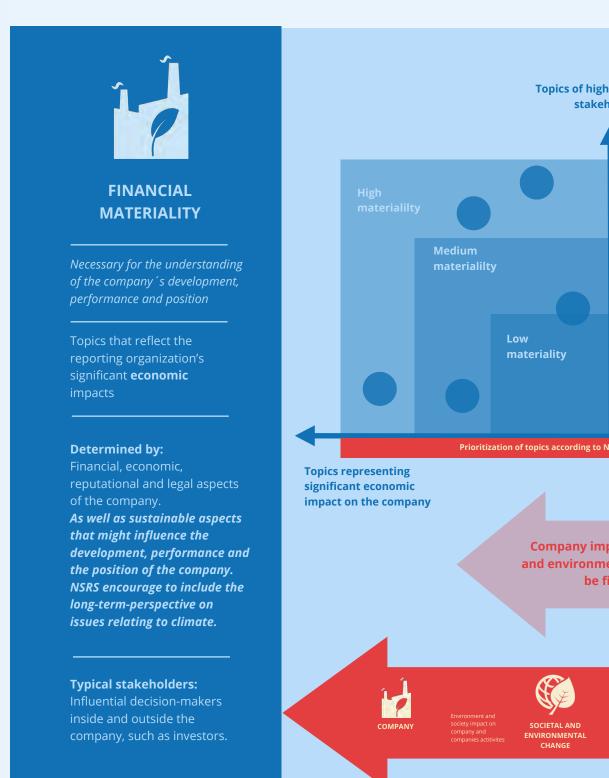
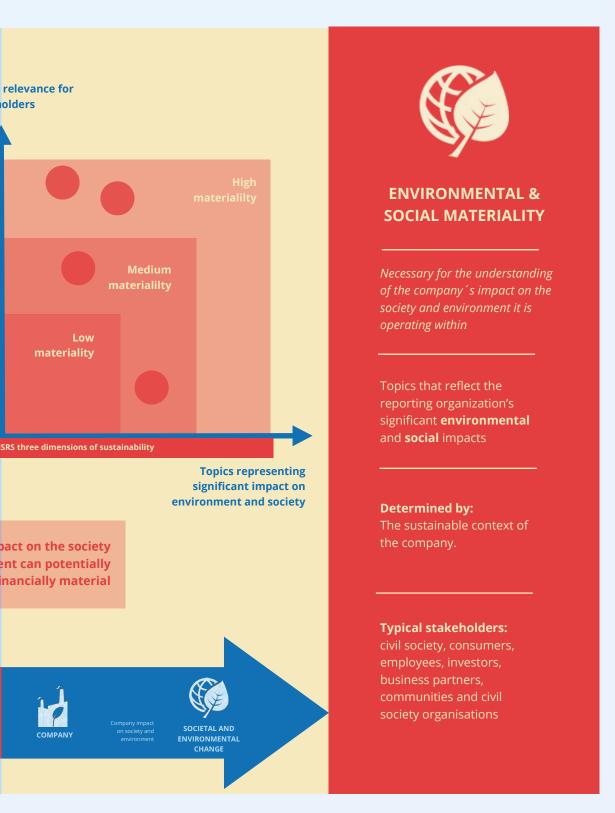


Figure 7: NSRS N

companies significant economic, environmental vely influence the decisions of stakeholders."





There are five focus areas to classify as material or not for the organisation:

NSRS has prefabricated five material topics, which we call focus areas. They are chosen because they represent areas that need attention asap from a climate change-perspective and because the relevant data in most cases are accessible for Nordic SMEs. Furthermore, the metrics chosen are assumed to be feasible to perform for a preparer with no previous experience with sustainability. The five focus areas for NSRS Level 1 as as follows:

- 1. Material Input (see step 4.1)
- 2. *Waste* (see step 4.2)
- 3. Energy (see step 4.3)
- 4. GHG Emissions (see step 4.4)
- 5. EUs Taxonomy (see step 4.5)
- 6. Social and Economics (see step 4.6)

The process is the same for all the focus areas

The overall process of prioritising whether the focus area is applicable to the organisation or not, and if so; how to disclose it, is the same for each of the five focus areas. The overview of this process can be found on the first page of this chapter.

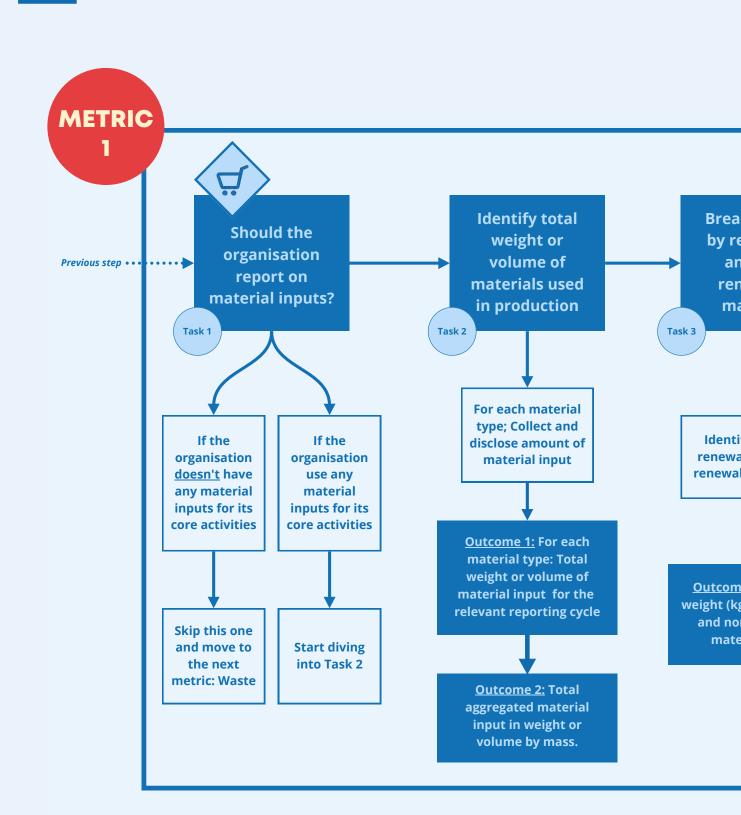
Each focus area is supplemented with what we call a decision-tree which is a detailed chart aiming at guiding the preparer step by step on how to collect data, which method to choose and how to do the calculations. The NSRS recommend using the decision-tree for detailed guiding on each focus area. The decision-tree can be found in the beginning of each sub-chapter.

If you can't find the relevant data

The NSRS recommends you to let the principle of proportionality be the leading guide at this stage. Keep a primary focus on gathering information which is already accessible. The NSRS does not recommend starting processes that demand consultants and/or requires more than two day's work. Remember that NSRS is designed as a learning process where one starts small and advances with time. The aim with the first reporting cycle is to get started and create a simple report. High-quality data and perfection comes with time and experience.

Step 4.1:

Material Input

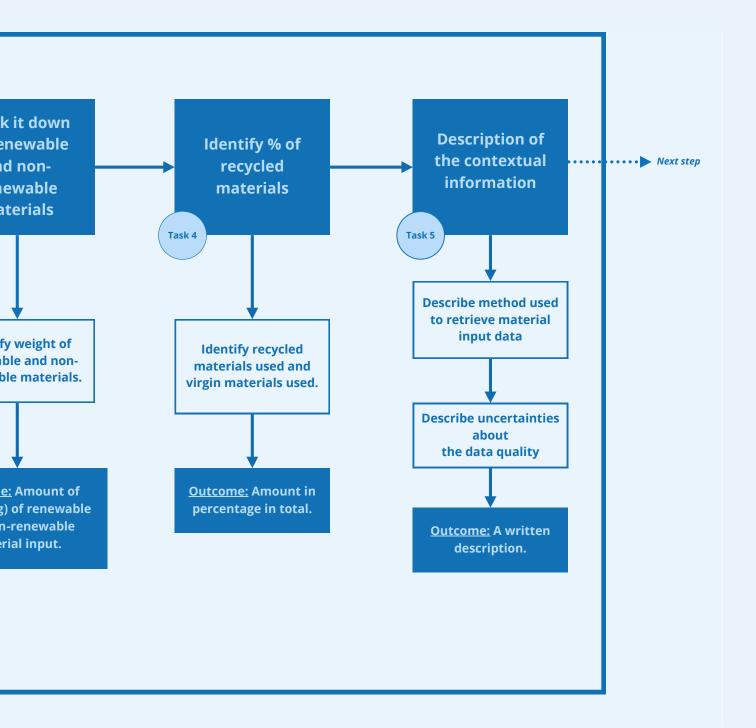


Aim:

Assess the total material input used to produce the organisation's primary products/ services in one reporting cycle. The metric will also calculate the percentage of renewable, non-renewable and recycled materials used.

Outcome:

- 1. Total weight or volume of materials that are used to produce and package the organisation's primary products and/or services in the reporting period, sorted after nonrenewable and renewable materials.
- 2. The percentage of recycled input materials.



Words and concepts relevant to this step.

For a full description of words and concepts, please see NSRS Appendix Glossary.

Further guidance

Most metrics within the category of material input are retrieved from GRI-301 Materials. For additional guidance, NSRS recommends you to download this standard, which is free to use. If retrieving additional guidance from GRI, make sure to differentiate between the NSRS and GRI reporting requirements. Due to the Principle of proportionality, the reporting requirements of NSRS are not as extensive as GRI.

This step is covering the following disclosure requirements:

1-4.1-1: Materials used:

- a) Total weight or volume of materials that are used to produce and package the organisation's primary products and services during the reporting period, by:
 - i) non-renewable materials used:
 - ii) renewable materials used.
- b) Contextual information necessary to understand the data and how the data has been compiled.

1-4.1-2: Recycled materials:

a) Percentage of recycled input materials used to manufacture the organization's primary products and services.

Introduction to the topic:

Materials are the substances or resources – i.e. plastic, metal, glass, wood or fabric - which a product is made up of. Resource extraction for material use is responsible for half of the world's carbon emissions. Optimising the use of materials is therefore of significant importance to the greater sustainability transition.

Understanding and optimising how materials flow in and out of an organisation is not only interesting for an external audience. Insights about material movements in an organisation may unveil pain points as well as business opportunities. Estimating the impact of used materials can further help to lower GHG emissions and reduce costs if abundant material use is reduced in the manufacturing process. Finally, a material flow overview may help identify valuable recycling opportunities.

The NSRS knows that the process of unlocking hidden potential in material flows is both complex and time consuming. The NSRS journey should hence be considered the starting point of a longer improvement journey. Let's get started!

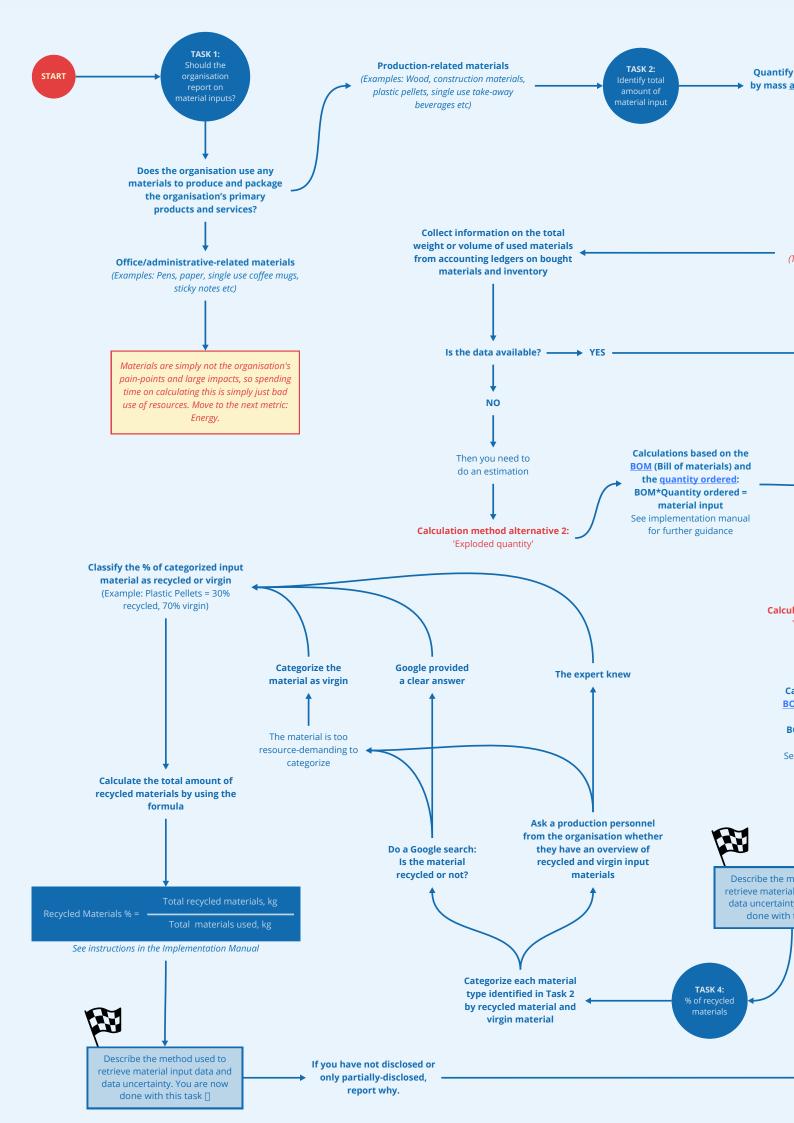
The decision tree

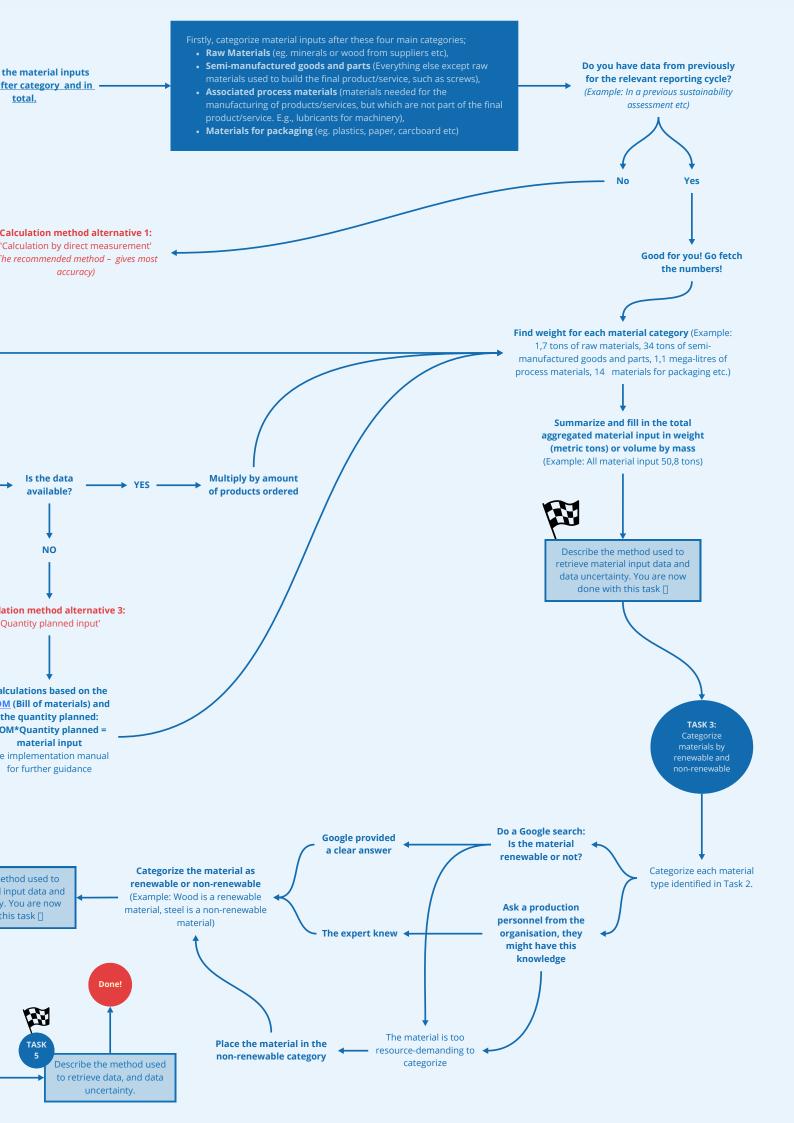
There are multiple methods to measure the material input that goes into an organisation's production.

The NSRS recommends the preparer to use the decision tree to decide which method is most suitable for the organisation, also taking into account the accessibility of data. If lost in the process, go back to the decision tree for guidance on how to proceed.

We know that this process is highly complex, and kindly remind you to consider the Guiding Principle of Proportionality in every step. Best of luck!

	Nordic Sustainability Rep	porting Standard	49
The decision tree can be fou	nd on the next page		





Step 4.1 Material Input

Guide



Determine whether the organisation should report on material input, or not.

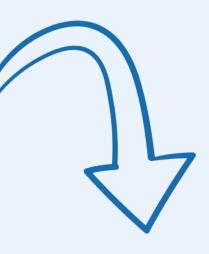
If the organisation does not use materials to produce and package the organisation's primary products and/or services, the NSRS asks you not to disclose the organisation's material input.

Material input for service-oriented organisations commonly makes up a very small proportion of an organisation's sustainability impact. Spending time calculating it therefore makes little sense and is inefficient use of resources if compared to the potential increased sustainability performance one may obtain from carrying out other sustainability initiatives.

Keeping the Principle of Materiality in mind, the very first task is therefore to determine whether material input is to be included in the report.

If the organisation's primary material input is administration-related, this metric does not apply to the organisation. Please move forward to the next metric: Waste.

(To be honest: If you have no material input of relevance you will most probably not have waste of significant proportion either. You can expect to move to the next metric after waste; energy. Do however, have a quick look at the waste-metric to make sure that it is not relevant to the organisation.)



The organisation's primary source of material input	Examples	Is a material input disclosure necessary?
Office/administration-related material input	Pen, paper, sticky notes, note books etc.	No
Production-related material input	Raw materials used for conversion to products or services such as wood, metal etc. Semi-manufactured goods or parts used as a part of the final	Yes
	product such as screws, packaging etc.	

Table 6: Shall the organisartion report on material input or not?



Identify total weight or volume of materials used in production

Prior to collecting data, the NSRS recommends the preparer to spend some time identifying the sources of material input. The four categories that should be covered when identifying material inputs are: raw materials, semi-manufactured goods and parts, associated process materials and materials for packaging. See figure 9 for further details of the material categories, which are aligned with GRI 301 Materials.

If material type is not explicitly specified on bills and invoices, the preparer will most likely need assistance from the organisation, most probably, production personnel that can identify material input.

- Raw Materials (eg. minerals or wood from suppliers etc),
- Semi-manufactured goods and parts (Everything else except raw materials used to build the final product/service, such as screws),
- Associated process materials (materials needed for the manufacturing of products/services, but which are not part of the final product/service. E.g., lubricants for machinery),
- Materials for packaging (eg. plastics, paper, cardboard etc)

There are different approaches and methods to use when collecting data of the amount of an organisation's material input. The accuracy of the data will vary based on the chosen method. The NSRS introduces three different methods to measure the material input within a reporting cycle. The methods are presented in order, where the first method generates the most accurate data, the second less accurate data, and the third even less accurate data. The NSRS recommends organisations to utilise the first method to their best ability, taking into account the Principle of Proportionality.

Method 1: Calculation by direct measurement

This method is likely to provide the most accurate data. However, it demands a detailed overview of the accounting ledgers of the different materials bought.

Firstly, collect information on the total weight or volume of used materials from accounting ledgers on bought materials and corrected for inventory of the relevant reporting cycle.

Then, quantify the total material input by mass (metric tons and/or mega-liters).

If the method is too resource demanding, please proceed to method 2.

Method 2: Calculation by estimation

There are several ways of which one can calculate material input based on estimation. The NSRS recommend two methods, still presented in "best" order.

Option 1: Exploded quantity

The exploded quantity is based on the net quantity in the Bill of Materials.

Option 2: Quantity planned input

The estimated material quantity is based on the quantity planned input of the operation to which the material is linked

These methods are explained in detail on this *website*.

Note: The website also presents a third option; estimated quantity. The NSRS recommend trying the options presented in this Implementation Manual before trying the latter one.





For the sake of simplicity at the NSRS Level 1, for semi-manufactured goods or parts to be counted in the mass sum of renewable material inputs, they must be 100% composed of renewable materials. If semi-manufactured goods and parts contain a mix of non-renewable and renewable materials, they are to be considered non-renewable.

Classify the material types identified in task 1 after non-renewable and renewable materials.

are materials which can be manufactured or generated quickly through ecological cycles or agricultural processes, so that the resources from which these materials are derived from remain available for the next generation.

are materials which cannot be manufactured or generated quickly and the resources from which these materials are sourced from, do not renew in a short period of time.

- 1. Make simple searches about the material on Google.
- 2. Ask production personnel from the organisation who might have this knowledge.
- 3. If the material is not possible to categorise, place the material in the nonrenewable material-category.



Identify percentage of recycled materials

Recycled input materials are materials which are reused in the manufacturing of the reporting organisation's primary products/services.

The organisation should report:

- 1. The mass (metric tons) or volume of material inputs that are sourced from recycled sources.
- 2. Calculate the percentage of recycled material inputs used in the relevant reporting cycle.

Data required to fulfill the requirement:

- 1. Weight or volume of recycled input materials, disclosed in metric kilograms or litres.
- 2. Weight or volume of total used input materials, disclosed in metric kilograms or litres.

Outcome:

- 1. Total weight or volume of recycled materials, disclosed as a percentage.
- 2. The percentage ratio of recycled input materials to total material inputs.

Continue next page...

Break down the total material inputs by: recyclable material and virgin material input.

To collect information on the total weight or volume of recycled materials, use the findings from task 2 and 3. Take the identified materials and classify them into two categories; 1) recyclable materials and 2) virgin materials.

In order to classify the materials after renewable and non-renewable, the NSRS recommend the following:

- 1. Data from material purchase invoices.
- 2. Make simple searches about the material on Google.
- 3. Ask production personnel from the organisation who might have this knowledge.
- 4. If the material is not possible to categorise, place the material in the nonrenewable material-category.

If the material type is not possible to classify, or is simply too resource demanding to classify, please classify the material type as virgin material.

Calculate the percentage of recycled input materials

When the data has been retrieved, the percentage of recycled material input can be found be using the following formula;



Provide a description of the contextual information

The methods for retrieving data might vary significantly on this metric. In order to maintain a transparent and consistent regime when disclosing non-financial information, the organisation is asked to provide contextual information to their disclosures. This is necessary to not only to understand the data itself, but also to understand how the data has been compiled and should be included in the report.

Follow these steps to complete this disclosure requirement:

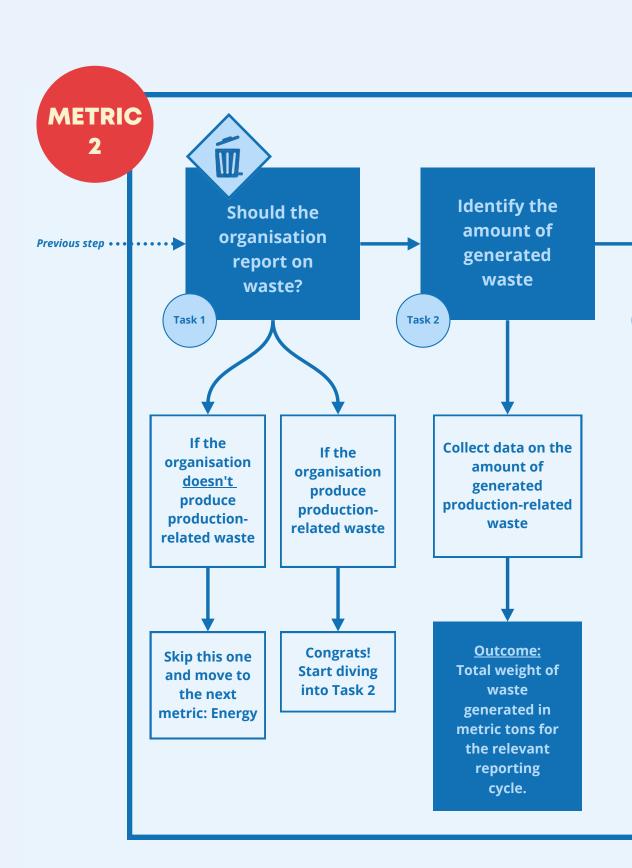
- 1. Describe the method used to retrieve data: Where and how did you find the data?
- 2. Uncertainties about the data quality should also be expressed in the sustainability report: Are there any particular data you know are of low quality, or any data you are particularity uncertain of?

Support

If you have not disclosed or only partially-disclosed or if the topic was not material, please report why.

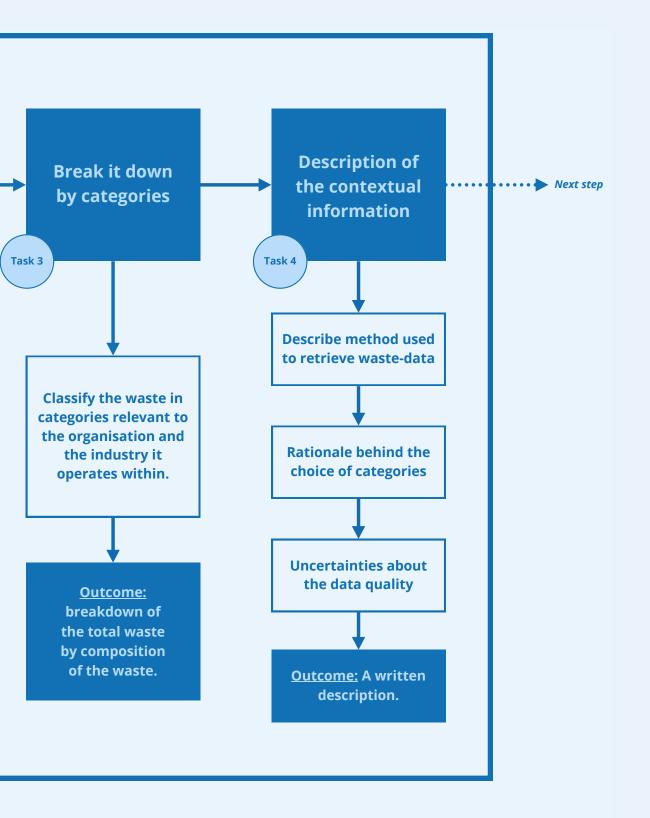
Step 4.2:

Waste



Gain an overview of the production-related waste produced in the organisation during the relevant reporting cycle – in total and by category.

- 1. A quantitative overview of how much waste the organisation has produced within the reporting cycle, presented in metric tons.
- 2. A breakdown of the waste by composition.



GLOSSARY;

Words and concepts relevant to this step.

- Waste
- **Offsite Waste**
- Onsite Waste
- Production-related waste
- · Office/administrativerelated waste
- Waste Categories

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-4.2-6: Waste generated

The reporting organization shall report the following information:

- a) Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.
- b) Contextual information necessary to understand the data and how the data has been compiled.

Introduction to the topic:

In the context of NSRS Level 1 waste is considered as unwanted or unusable materials, typically discarded after production of core products or services of an organisation. Examples include food waste, hazardous waste, and wastewater. Food waste alone is responsible for 6% of total global greenhouse gases.

An understanding of the organisational materials and waste metabolism and a breakdown of the waste-type is valuable when an organisation is in a process of gaining new insights on the material flows in the organisation. A potential outcome of the increased awareness and knowledge is an overview which in turn can support the organization in identifying opportunities for waste prevention and for adopting circularity procedures.

But, what is the organisation's waste – and what is someone else's waste?

When disclosing waste, a question that commonly occurs is; what waste to include in the report?

On NSRS Level 1 the organisation shall only report on waste created by the organisation's core activities on-site and which is being handled by a third-party.

Core activities are defined as all activities the organisation controls and is responsible for.

Everything that happens to the product or service of the organisation prior to the activities the organisation is controlling, should not be included in the report. Additionally, all activities happening relating to the product or service after it the organisation is "done" with it (such as when the product/service is released to the market or hits the landfill by end-of-life), should not be included in the report at this point.

Furthermore, on NSRS Level 1 the organisation is neither required to report on waste that is being handled on-site (ex. If the organisation has its own incineration plant).

This system boundary is predetermined by NSRS for Level 1, and is explained further in figure 11.

For further guidance:

Most of the metrics within the category of waste are retrieved from GRI 306 – 3 waste. In order to get additional guidance, NSRS recommend you to download this standard which is open to the public. If you use additional guidance from this standard, make sure to keep the differences between the reporting requirements of GRI 306 and NSRS Level 1 in mind. The reporting requirements of NSRS are not as extensive as GRI due to the principle of proportionality.

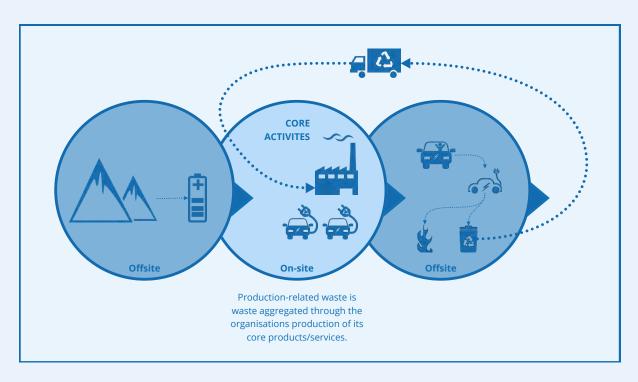


Figure 11: For the NSRS Level 1 the metric is exclusively covering the organisation's own activities on-site.

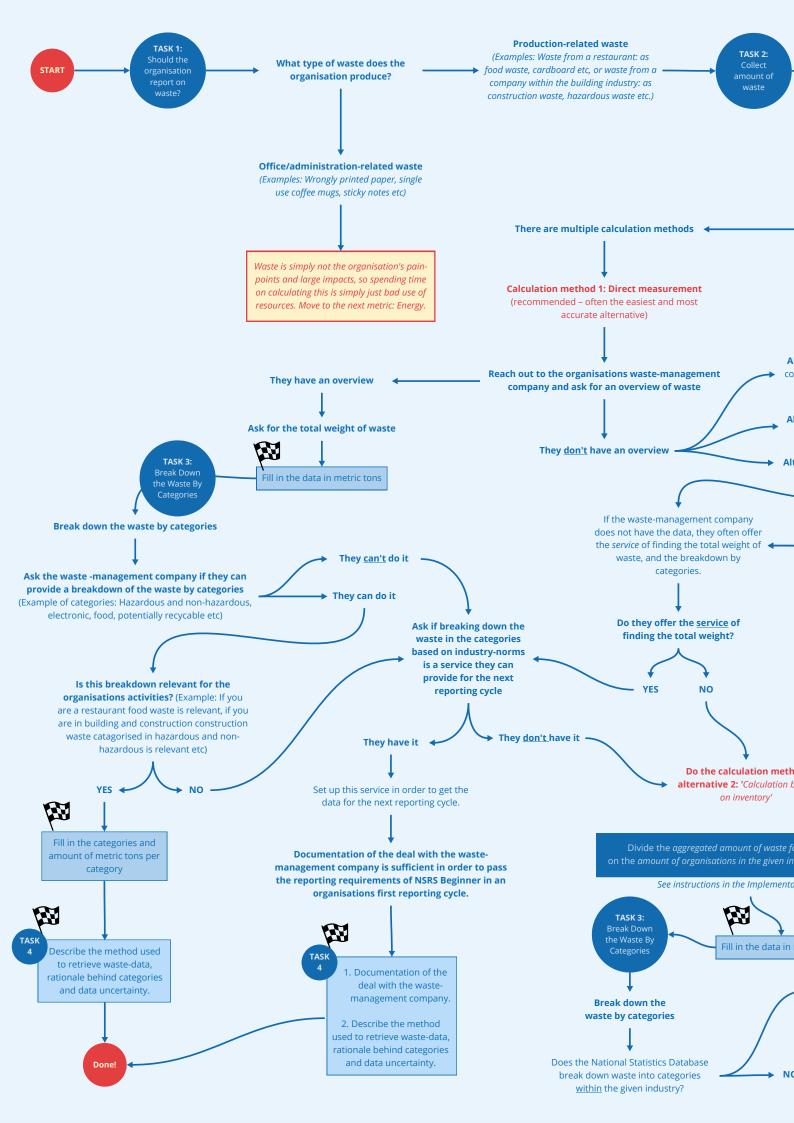
There are multiple methods to calculate waste from core activities. The choice of method in Task 2 will impact the method in Task 3.

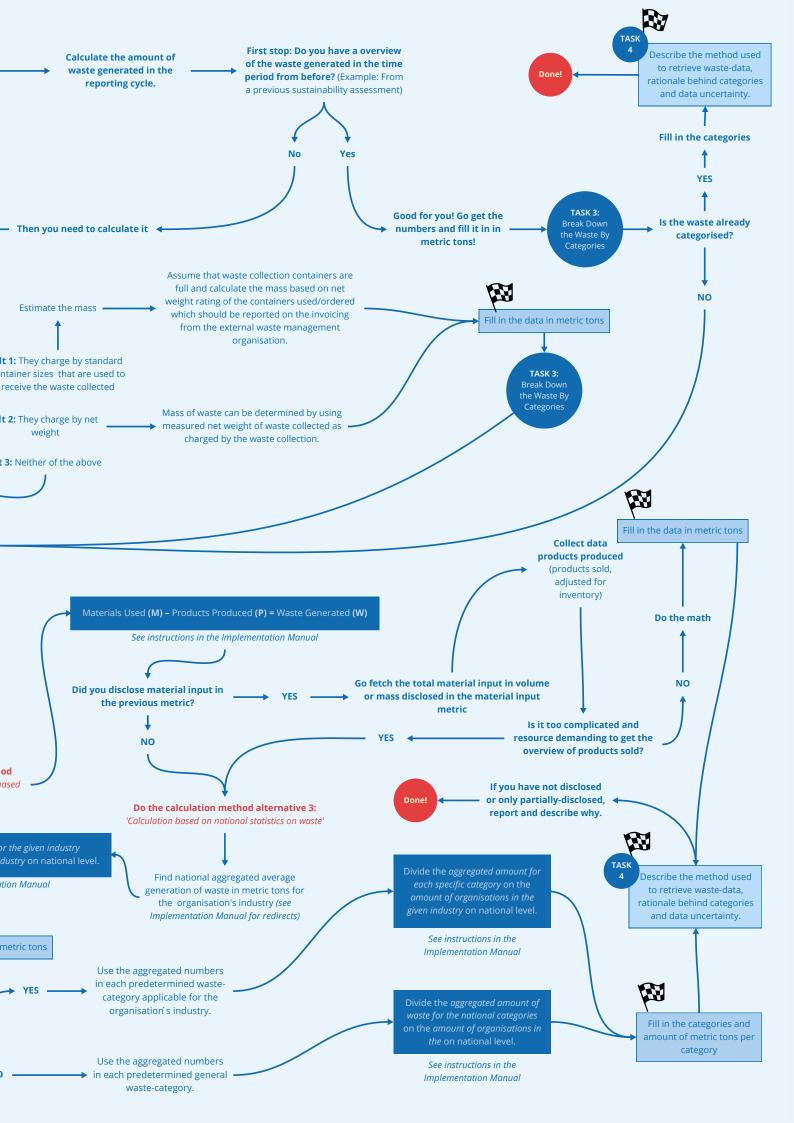
NSRS recommends the preparer to use the decision-tree to decide upon which method suits the organisation based on accessible data.

When lost in the process, please refer to the decision-tree for a detailed guidance on how to proceed. We know the complexity is high – we kindly remind you to use the Guiding Principle of Proportionality. Best of luck!

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The decision tree can be found on the next page...





Step 4.2 Waste

Guide



Determine whether the organisation should report on waste, or not.

If the organisation is not generating any production-related waste, the NSRS requests the organisation to <u>not disclose waste</u>.

Waste produced in service-oriented organisations ('administrative waste') commonly makes up a very small proportion of an organisation's sustainability impact, so spending time calculating this is simply just inefficient use of resources compared to the potential increased sustainability performance the organisation can obtain from executing other sustainability initiatives.

Having the principle of materiality in mind, the very first task is therefore to determine whether waste should be included in the report, or not.

If the organisation primarily is generating administrative-waste the wastemetrics does not apply to the organisation. Please move forward to the next metric; Energy.



The organisations source of waste	Examples	Should disclose on waste according to NSRS Level 1
Office/administrative-related waste	Wrongly printed paper, single use coffee mugs, sticky notes etc	No
Production-related waste	Waste from a restaurant: as food waste, cardboard etc, or waste from a company within the building industry: as construction waste, hazardous waste etc.	Yes

Table 8: Shall the organisartion report on waste or not?



Identify the amount of generated waste during the relevant reporting cycle.

Unit of measure:

Quantifying waste should be disclosed using mass in metric tons.

Three methods for collecting data:

High quality waste-data is complex and resource demanding to retrieve. There are different approaches and methods available for collecting the data of the organisation's production-related waste. The accuracy of the data will vary based on the methodology chosen to collect waste-data. NSRS introduces three different methods to measure the production-related waste generated by the organisation. The methods are presented in order, where the first method mostly generates the most accurate data. Consequently, the last option represents the method which most often generates the poorest and least accurate data. An overview can be seen in figure 14.



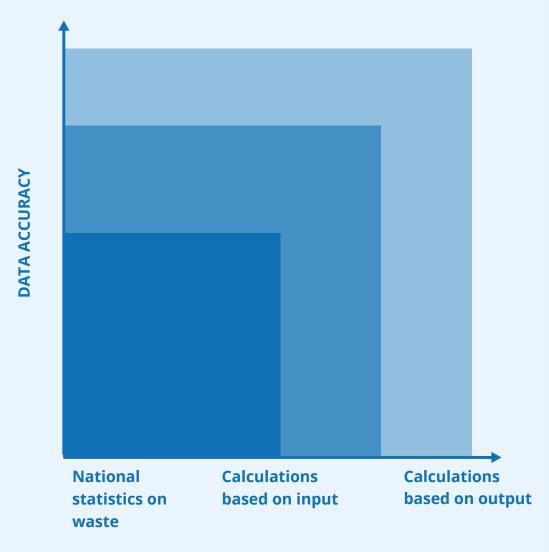


Figure 14: An overview of the three different methods to retrieve data in order to quantify the amount of aggregated waste during the relevant reporting cycle.

Method 1: Calculation based on actual output

In this method the data is retrieved by asking the organisations wastemanagement company. Simply reach out by phone or email and ask for an overview of total waste aggregated and the breakdown by categories.

The Nordics are known for having cutting-edge waste-management systems which in turn means that they in most cases will have the overview needed in order to calculate total waste aggregated during the relevant reporting cycle. If this data is accessible, retrieve it.

However, if the waste-management company does not have the data at this point, they often offer the service of finding the total weight of waste and the breakdown by categories. If this is the case, the NSRS recommend to set up a deal for the next reporting cycle.

Documentation of an agreement with the waste-management company to provide data for the next reporting cycle, is sufficient in order to pass the reporting requirements of NSRS Level 1 in an organisations first reporting cycle.

Calculation based on estimation:

If the organisation's waste-management company does not have an overview of the waste-data and further does not provide this as a service in the future, an alternative is to estimate mass of waste based data on the invoice(s).

Mass of waste can be determined either by using the measured net weight of waste collected or as charged by the organisation's waste-management company.

Option 1: If the waste-management company charge by container size: Calculate mass

If they charge by standard container sizes that are used to receive the waste collected, then one can estimate the mass.

Assume that waste collection containers are full and calculate the mass based on net weight rating of the containers used/ordered which should be reported on the invoicing from the external waste management organisation.

Option 2: If the waste-management company charge by net-weight: Mass of waste can be determined by using measured net weight of waste collected as charged by the organisation's waste-management company which should be reported on the invoicing from the external waste management organisation.

Method 2: Calculation based on inventory

This method is recommended if the waste-management company can not provide any data – now or in the future.

It can be calculated by subtracting materials used by products produced for the relevant reporting cycle. Please refer to the formula below;

Materials Used (M) - Products Produced (P) = Waste Generated (W)

M (Materials Used) = material input – material inventory by end of reporting cycle + materials used from previous reporting year

P (Products Produced) = products sold + inventory difference

W (Waste) = waste generated during the reporting cycle

Materials Used (M)

- *X* amount of material input into production during relevant reporting cycle
- Go fetch the numbers from the previous metric: material input
- If data is retrieved based on the amount of materials bought, the number should be corrected with inventory.

Products Produced (P)

- X amount of products produced
- If data is retrieved based on the amount of products sold, the number should be corrected with inventory.

Method 3:

Calculation based on national statistics on waste

This method is recommended if none of the methods outlined above is applicable.

The Nordics have highly developed national databases and statistics on waste. These databases can be used to generate data on the organisation's waste. All the databases are publicly available.

However, it should be noted that these calculations will be very general, and consequently lack accuracy from the organisations point of view. On the other hand, as a starting-point general data is considered significantly better than no data.

Country	Link to national statistics on waste	
Denmark	https://www.statbank.dk/statbank5a/default.asp?w=1280	
Finland	http://stat.fi/til/jate/tau_en.html	
Norway	https://www.ssb.no/natur-og-miljo/statistikker/avfregno	
Sweden	https://scb.se/hitta-statistik/statistik-efter-amne/miljo/avfall/avfall-uppkom met-och-behandlat/	



Break down the waste by categories.

Waste is not 'just waste'. Waste can be categorised in multiple categories such as food-waste, el-waste, construction waste, hazardous waste, non-hazardous waste etc. Categories typically (but not always) follow industry-norms.

When decomposing the waste into different categories, the organisation has to choose applicable categories. The NSRS can not predetermine the categories as the categories vary broadly depending on the industry the organisation is operating within.

The organisation can use categories that generally apply to their sector or business practice, or that are imposed by local regulation. However, the rule of thumb is that the categories should be comparable and give an understanding of the waste composition.

How to categorise waste:

Again, there are many ways to categorise waste. For the NSRS Level 1 one of the two options below is recommended.

Option 1: Ask the waste-management company

For NSRS Level 1, the recommended method is to ask the organisation's wastemanagement company if they have an overview. If they have an overview already, use it. However, apply common sense and see if these categories apply to the organisation's core activities. If the categories really does not make any sense (for example if the categories are electrical waste, hazardous and non-hazardous waste and the reporting organisation is a restaurant), make your own categories using option 2.

If the waste-management company does not have an overview of categories, ask if this is a service they provide. <u>Documentation of the deal with the waste-</u> management company is sufficient in order to pass the reporting requirements of NSRS Level 1 in an organisations first reporting cycle.

Option 2: Use industry-norms set by national guidelines

This option is recommended if option 1 is not feasible. This option consists of applying the categories that are determined by national guidelines and industrynorms. For a country-specific overview in the Nordics, please see links to the databases which are presented in the table. All data and statistics are publicly available.

Country	Link to national statistics on waste	
Denmark	https://www.statbank.dk/statbank5a/default.asp?w=1280	
Finland	http://stat.fi/til/jate/tau_en.html	
Norway	https://www.ssb.no/natur-og-miljo/statistikker/avfregno	
Sweden	https://scb.se/hitta-statistik/statistik-efter-amne/miljo/avfall/avfall-uppkom met-och-behandlat/	



Provide a description of the contextual information.

The methods for retrieving data might vary significantly on this metric. In order to maintain a transparent and consistent regime when disclosing non-financial information, providing contextual information necessary to understand the data and how the data has been compiled shall be included in the sustainability report.

To complete this reporting requirement the organisation should;

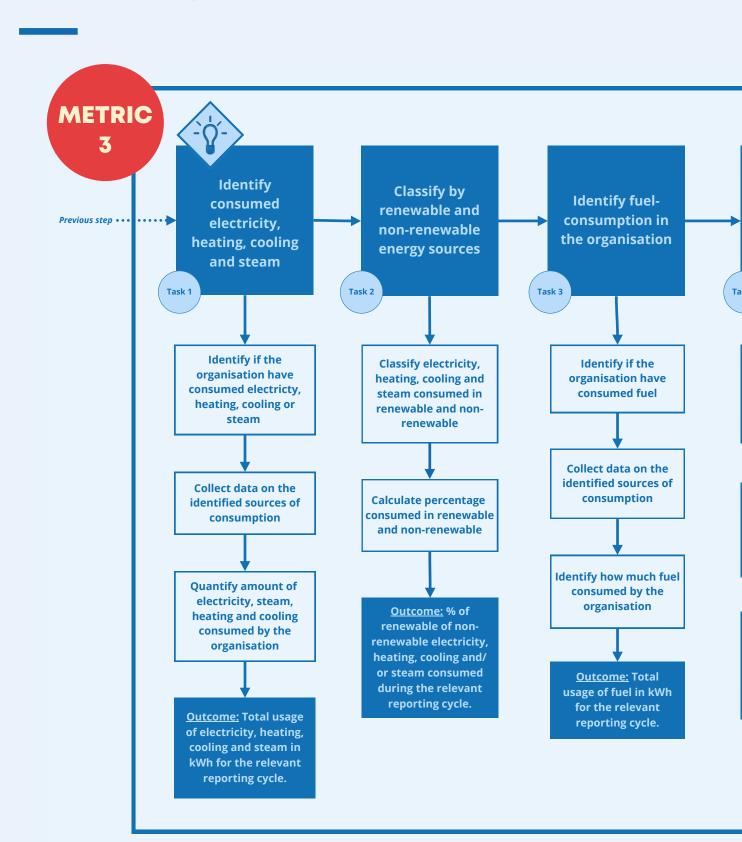
- 1. Describe the method used to retrieve waste-data: Where and how did you find the data?
- 2. Describe the rationale behind the choice of categories of which the waste has been decomposed into: *How did you categorise the waste?*
- 3. Uncertainties about the data quality should also be expressed in the sustainability report: Are there any particular data you know are of low quality, or any data you are particularity uncertain of?

Support

If you have not disclosed or only partially-disclosed or if the topic was not material, report why.

Step 4.3:

Energy

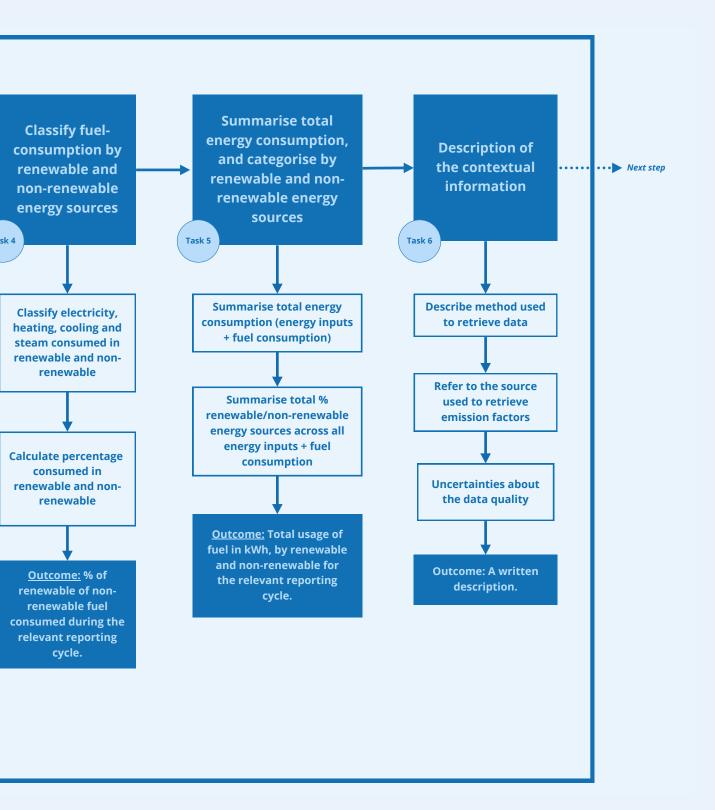


Aim:

Assess total energy consumption of the relevant reporting cycle and break it down by percentage of renewable and non-renewable energy sources.

Outcome:

- 1. Total energy consumption disclosed in X amount kWh, except fuel consumed as
- 2. Total energy consumption by percentage of renewable and non-renewable energy sources.



GLOSSARY;

Words and concepts relevant to this step.

- **Energy sources**
- Renewable energy
- Non-renewable energy
- **Stationary Combustion**
- **Mobile Combustion**
- Fuel
- Renewable fuels
- Non-renewable fuels

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-4.3-11: Total energy consumption

- a) Total energy consumption from renewable and non-renewable sources
- b) Contextual information necessary to understand the data and how the data has been compiled.

Introduction to the topic:

Energy production of all types accounts for 72 percent of total global emissions. This large share results from the fact that the majority of energy consumed today stem from non-renewable energy and high-emitting sources such as fossil fuels. Increasing awareness about one's own energy consumption is a crucial first step towards gaining insight in how current practices can be improved.

The NSRS Level 1 energy metric focuses exclusively on energy consumption related to the operationalisation of the organisation's core activities. Fuels consumed as feedstock are not combusted for energy purposes and should not be included in calculations for this indicator.

Energy consumption refers to all energy used to perform an action, manufacture something or simply inhabit a building. Examples include electricity, transport fuels and other fuels used for non-feedstock purposes.

Energy inputs refers to all energy (except process feedstock for industrial processes) used to operationalise the organisation's core activities. Note: This is not just electricity inputs.

The reporting organisation should disclose its energy consumption as in 1) total energy consumption, and 2) the percentage of energy consumed that derives from renewable vs. non-renewable energy sources.

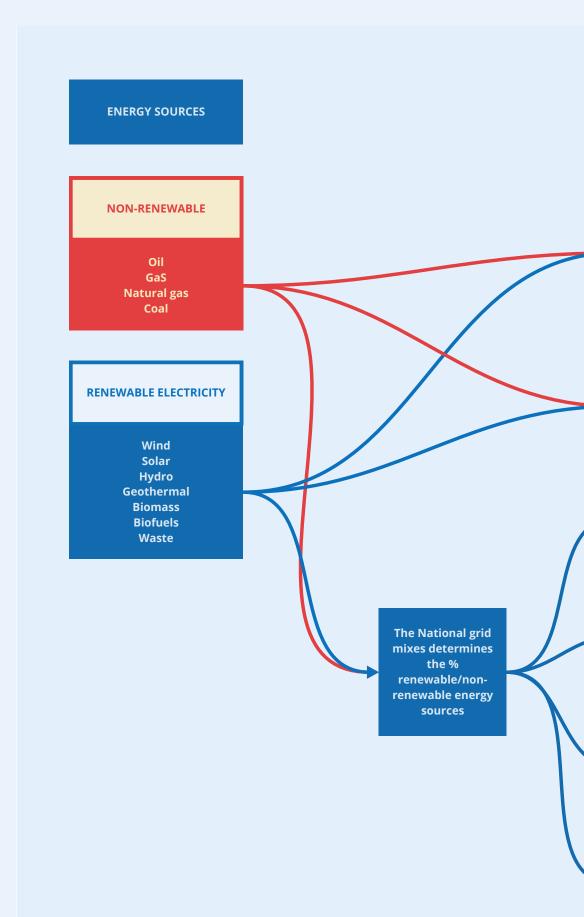
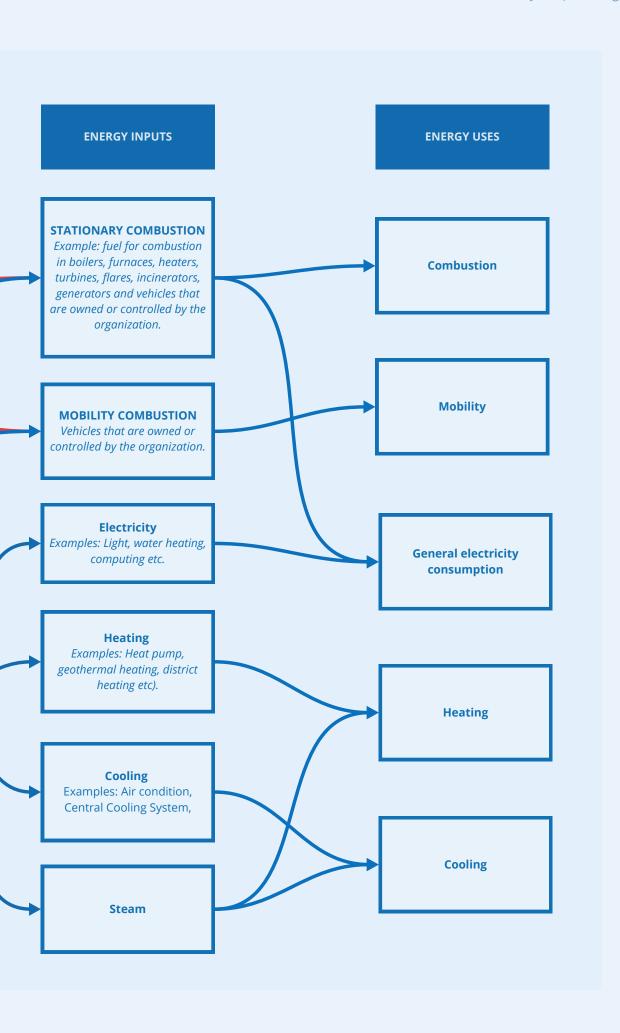


Figure 19: *Potential energy uses, inputs, sources and their flows in an organisation.*



The decision tree

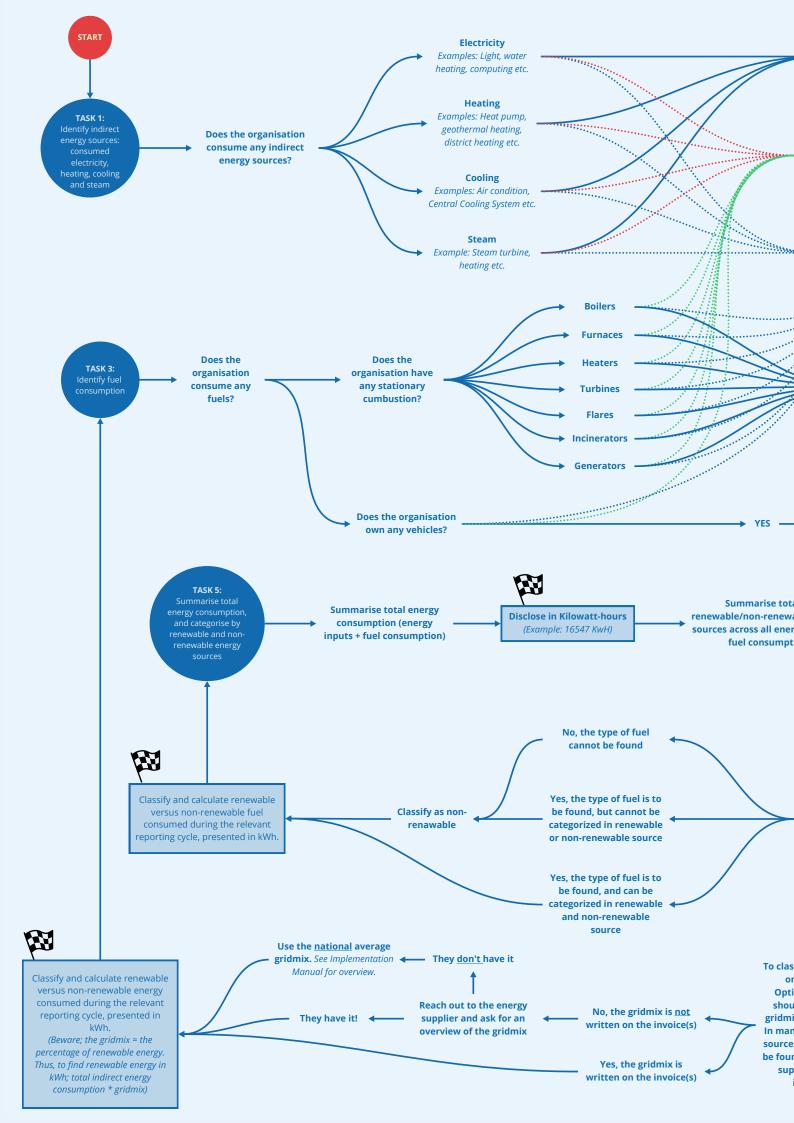
There are multiple methods to measure energy consumption in an organisation. The NSRS recommends the report preparer to use the decision tree when deciding the most suitable method for the organisation, which also takes into account the accessibility of data.

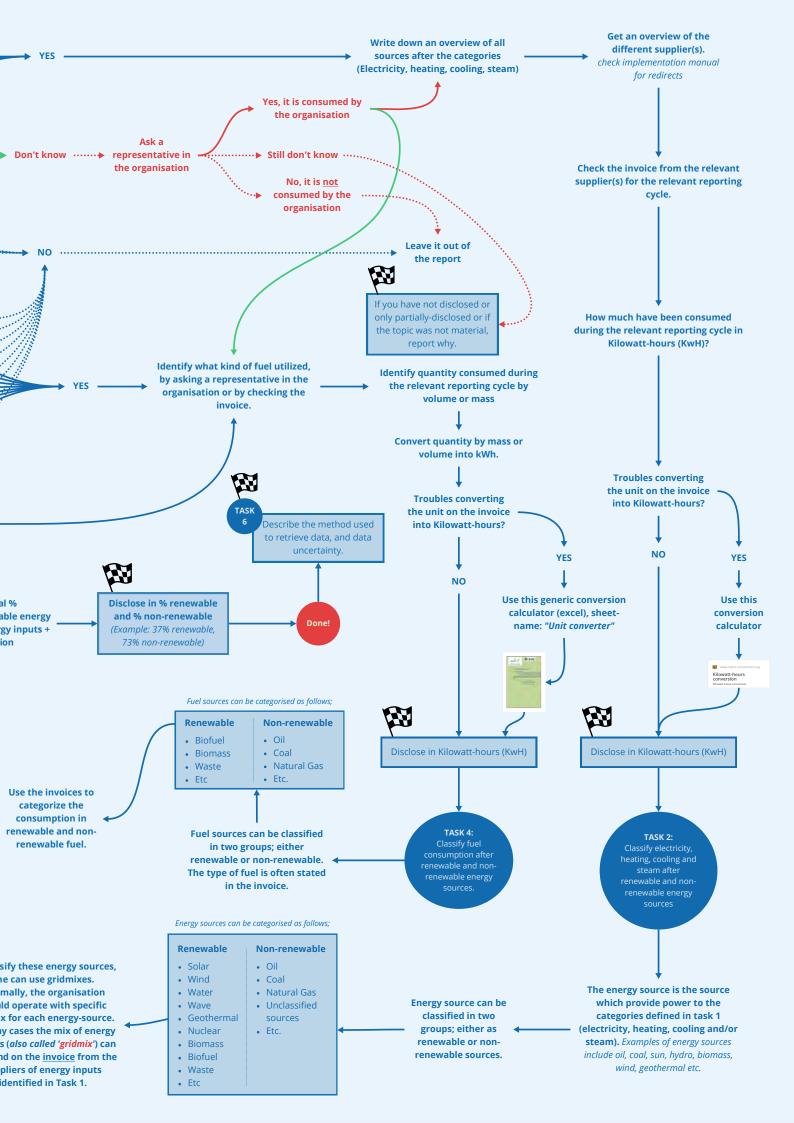
If lost in the process, go back to the decision tree for guidance on how to proceed.

We know that this process is highly complex, and kindly remind you to consider the Guiding Principle of Proportionality in every step. Best of luck!

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The decision tree can be found on the next page...





Step 4.3 Energy

Guide



Identify consumed electricity, heating, cooling and steam

The first step is to identify all indirect energy inputs to the organisations' core activities in the relevant reporting cycle.

Indirect energy inputs cover four categories: electricity, heating, cooling and steam. Remember that these categories are designed to suit as many markets as possible. If the categories do not make sense to your organisational context, please feel free to leave it out.

When energy inputs for the categories are identified, proceed to map out the suppliers for the different categories. For some organisations, one supplier provides all indirect energy inputs, for others it might be a patchwork of suppliers, as shown in the example below.

When supplier(s) are identified, simply search the accounting ledger for invoices from the respective supplier(s).

Invoices from energy suppliers in the Nordics have specified the amount of energy consumed in the invoices.

How much energy has been consumed from the different sources?

Report in total amount of kWh per category.

Troubles converting the unit into kWh? The NSRS recommend this converter.

Energy Input	Examples	How to identify whether this source is applicable to the organisation, or not?
Electricity	Light, water heating, computing etc.	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.
Heating	Heat pump, geothermal heating, district heating etc.	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.
Cooling	Air condition, Central Cooling System etc.	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.
Steam	Steam turbine, heating etc.	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.

Table 8: Where to find data regarding the emission sources/drivers.

Example	Amount of supplier(s)	Description
Organisation A	1	The organisation is in the service-industry, has one office location and heating from district heating is included in the electricity bill.
Organisation B	6	The organisation has two office-locations and one production facility. Electricity is provided by one supplier, but the heating/cooling is provided by a district heating system from another supplier. The production facility is connected to a geothermal well for heating, but is supplied with electricity from the national grid.

Table 9: Examples of how many, or how few, suppliers one organisation might have.



Classify by renewable and nonrenewable energy sources

Classify and calculate the total energy use that comes from renewable and non-renewable energy sources in the relevant reporting cycle, presented in kWh.

Identify the mix of energy sources according to the classification in table 10.

In many cases the mix of energy sources (also called 'gridmix') can be found in the energy supplier **invoice**.

If the gridmix can be found in the invoice(s): Classify and calculate the renewable and non-renewable energy that was consumed in the reporting cycle.

If the gridmix can **not** be found in the invoice(s): Reach out to the energy supplier and ask for an overview of the gridmix consumed in the reporting cycle.

If the energy supplier does not have an overview of the energy mix: Utilise the national average as outlined in table 11 and 12.

Keep in mind when calculating the energy mix:

The above data is retrieved from the International Environmental Agency (IEA). They are general grid mixes from 2019, and do not include certificates of origin. To the best of their ability, NSRS recommends reporting organisations to use specific grid mixes that include certificates of origin. The data can often be retrieved from an invoice or through an organisation's power supplier. If not possible to retrieve however, please utilise the general grid mizes presented here.

Renewable energy sources	Non-renewable energy sources	
 Solar Wind Water Wave Geothermal Nuclear Biomass Biofuel Waste 	 Oil Coal Natural Gas Uncategorised sources 	

Table 10: Classification of renewable and non-renewable energy sources.

Electricity: by percentage	Finland	Norway	Sweden	Denmark
Renewable	82	98	98	82
Non-renewable	18	2	2	18
Total %	100	100	100	100

Table 11: The mix of renewable and non-renewable energy in the electricity grid, represented by percentage for each country.

Heating, cooling, steam: by percentage	Finland	Norway	Sweden	Denmark
Renewable	47	62	87	73
Non-renewable	53	38	13	27
Total %	100	100	100	100

Table 12: The mix of renewable and non-renewable energy in the heating, cooling and steam grid, represented by percentage for each country.



Identify the organisation's fuel consumption

Identify total fuel consumption deriving from the organisation's core activities in the relevant reporting cycle.

If the organisation does not consume fuel of any type, skip this task.

The task is likely inapplicable if the organisation does not own or control vehicles and/or operates a stationary combustion.

Identify the kind of fuel utilised by asking a representative in the organisation or by checking the invoice.

Identify the quantity consumed in the reporting cycle by volume or mass.

Convert quantity by mass or volume into kWh.

Having troubles converting the unit on the invoice into Kilowatt-hours? Please refer to UCCCfS Unit Converter: A Excel Calculator

Energy Input	Examples	How to identify whether this source is applicable to the organisation, or not?
Stationary Combustion	Boilers, furnaces, heaters, turbines, flares, incinerators, generators etc. owned or controlled by the organisation	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.
Mobile combustion	Vehicles of all type owned or controlled by the organisation	Option 1: Search in the account ledgers for keywords from the example list. Option 2: Ask a representative in the organisation.

Table 13: Examples of stationary and mobile combustions, and where/how to identify if the reporting organisation are utilising any combustion in their core activities.



Classify fuel consumption after renewable and non-renewable energy sources

Classify and calculate the total energy consumption that derives from renewable and non-renewable energy sources in the reporting cycle, presented in kWh.

Identify the mix of energy sources according to the classification in table 14.

The kind of fuel is most likely presented in the invoice. Classify the fuel type as renewable or a non-renewable energy source.

If you have not identified the fuel type, please ask a representative from the organisation.

If you are not sure whether the energy source is renewable or not, please do a quick Google search.

If you are still not sure if the energy source is renewable or not, categorise it as non-renewable

Renewable energy sources	Non-renewable energy sources
BiomassBiofuelWaste	 Oil Coal Natural Gas Uncategorised sources

Table 14: Classification of renewable and non-renewable energy sources for fuel consumption.

Task

Summarise total energy consumption, and categorise after renewable and nonrenewable energy sources

Summarise total energy consumption (energy inputs + fuel consumption).

Report in Kilowatt-hours (Example: 16547 KwH).

Summarise total kWh of renewable/non-renewable energy sources across all energy inputs + fuel consumption.

Report total percentage of renewable and non-renewable sources (Example: 37% renewable, 73% non-renewable).



Contextualise the information provided

The methods for retrieving data might vary significantly on this metric. In order to maintain a transparent and consistent regime when disclosing non-financial information, the organisation is asked to provide contextual information to their disclosures. This is necessary to not only to understand the data itself, but also to understand how the data has been compiled and should be included in the report.

Follow these steps to complete this disclosure requirement:

- 1. Describe the method used to retrieve data: *Where and how did you find the data?*
- 2. Refer to the sources used to retrieve emission sources: Where did you find the emission sources?
- 3. Uncertainties about the data quality should also be expressed in the sustainability report: Are there any particular data you know are of low quality, or any data you are particularity uncertain of?

Support

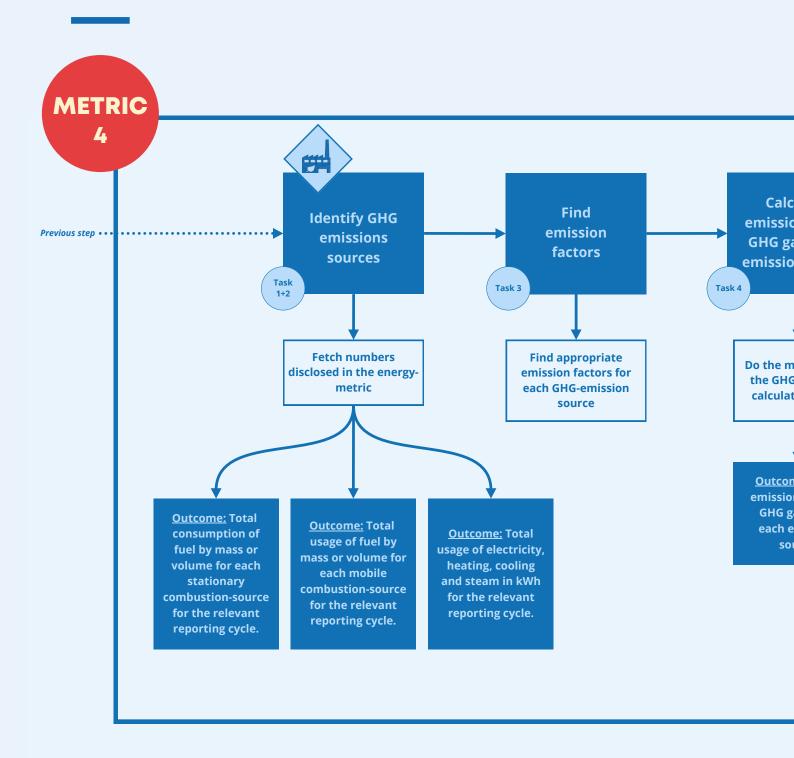
In case information or data is not available to the reporting organisation on renewable or non-renewable energy sources, the organisation should estimate the ratio together with its energy supplier.

If no information on energy consumption is available due to renting, leasing or other contracts where energy consumption is not measured and/or monitored by the reporting organisation itself, the organisation should estimate the energy consumption together with the measuring and/or monitoring organisation.

If you have not disclosed, only partially-disclosed, or deemed the topic as immaterial, please report why.

Step 4.4:

GHG Emissions

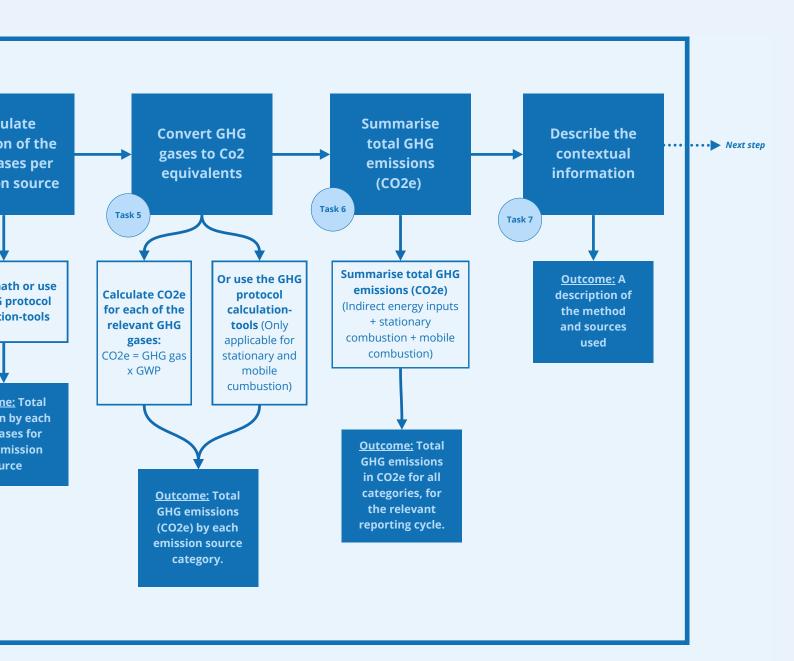


Aim:

The organisation shall calculate, estimate and disclose its total greenhouse gas (GHG) emissions from Scope 1 and Scope 2 emission sources.

Outcome:

Total GHG emissions from Scope 1 and Scope 2 sources presented in CO2-equivalents.



GLOSSARY;

Words and concepts relevant to this step.

- Greenhouse gas (GHG)
- · Carbon dioxide equivalent (Co2e)
- Scopes of GHG emissions
- Global Warming Potentials (GWP)

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-4.4-15: Scope 1 emissions

- a) Direct GHG emissions from stationary combustion sources owned or controlled by the company (Scope 1)
- b) Direct GHG emissions from mobility combustion sources owned or controlled by the company (Scope 1)
- c) Contextual information necessary to understand the data and how the data has been compiled.

1-4.4-16: Scope 2 emissions

- a) Indirect GHG emissions from the generation of acquired and consumed electricity, steam, heat, or cooling (collectively referred to as "electricity") (Scope 2)
- b) Contextual information necessary to understand the data and how the data has been compiled.

Greenhouse gases (GHGs) such as carbon dioxide and methane, are gases that trap heat or longwave radiation in the atmosphere. The accumulation of GHGs since the industrial revolution has accelerated the greenhouse effect, causing global warming and climate change.

Greenhouse gas emissions are categorised into three groups or 'Scopes' by the most widely-used international GHG Standard, the Greenhouse Gas (GHG) Protocol. Each scope represents a particular boundary for what to include in the report as shown in figure 11.

Scope 1 covers all direct emissions from the activities of an organisation or under their control. Examples: Fuel combustion, company vehicles, fugitive emissions.

Scope 2 covers indirect emissions from electricity purchased and used by the organisation. These physically occur at the facility where electricity is generated. Examples: Purchased electricity, heat and steam.

Scope 3 covers all other indirect emissions. Scope 3 emissions are a consequence of the activities of the organisation, but occur from sources not owned or controlled by the organisation. These are usually by far the greatest share of the carbon footprint (Source: Science-based targets). Examples: purchased goods and services, business travel, employee commuting, waste disposal, water use, use of sold products, transportation and distribution (upstream and downstream), investments, and leased assets and franchises.

This Implementation Manual for Level 1 introduces GHG emissions estimations from Scopes 1 and 2.

Users of this Manual are required to report on their Scopes 1 and 2 emissions only, but are welcome to report on their Scope 3 emissions on their own accord, following Scope 1 and 2 guidelines. However, there is no guidance on how to report on Scope 3 in this Implementation Manual.

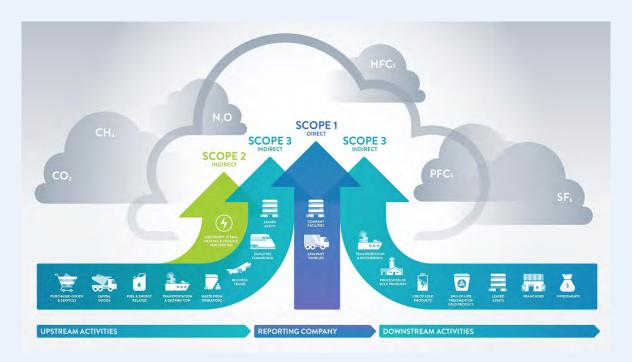


Figure 11: The three scopes of which to report on GHG emissions. (Source: GHG Protocol)

Introduction to the process: Good to know before you calculate GHG emissions

Calculating GHG emissions might seem like rocket science if you have not done it previously. The NSRS has tried simplifying the process, but it is worth mentioning that there currently are no GHG calculators for the Nordic context. As a result, the NSRS are proposing a patchwork of existing tools and conversion factors in order for the preparer to undergo an initial GHG calculation.

Before we get started with the process in detail, we would like to introduce some concepts that might be useful to understand before reporting on the GHG metric;

Emission drivers/sources are the direct causes, or activities, of emissions (Example: Electricity, heating, vehicles, machinery etc)

Emissions factors are conversion-units, which translate the impact of emissions drivers into CO2, CH4 and N20 emissions.

GHG gases = Three gases = CO2, CH4 and N20

GHG is short for Greenhouse Gases. A common misconception is that GHG is one gas, but in reality GHG gases consists of many gases. By reporting according to the NSRS Level 1, you are in line with the International Standard for GHG Calculation; The GHG Protocol. According to them CO2, CH4 and N20 emissions are the most potent GHG gases that should be included when calculating GHG emissions.

All the GHG gases (CO2, CH4 and N20) are converted into the unit 'CO2 equivalent'

A carbon dioxide equivalent or CO2 equivalent, abbreviated as CO2-eq is the shared umbrella for all GHG gases after they have been converted with Global Warming Potential values (GWP). Each GHG gas has separate conversion values. NSRS uses the GWPs determined by the Intergovernmental Panel on Climate Change (IPCC) which is the United Nations body for assessing the science related to climate change.

CO2 equivalents enables comparison of GHG emissions across all GHG gases Global Warming Potentials allow comparison between all GHG gases. This is important as the climate impact is different between gases, and to understand the full impact of different gases, Global Warming Potentials (GWP) translate the effects into a single-unit indicator. When converting the GHG gases into this one unit-indicator, you multiply the GHG gas value with the GWPs. This one-indicator unit is called CO2 -equivalents.

So, to sum it: In order to calculate your GHG emissions according to NSRS Level 1, you firstly need to identify the emission sources/drivers by mass or volume. Then you need to convert the numbers into GHG gases (CO2, CH4 and N20). Finally, you need to convert the GHG gases into GHG emissions which is expressed by CO2equivalents. This process can be seen in the figure 12 below.

Finding GHG emissions presented in one common indicator

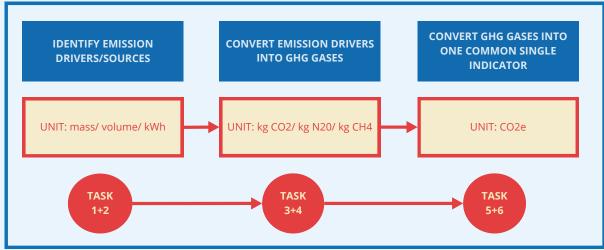


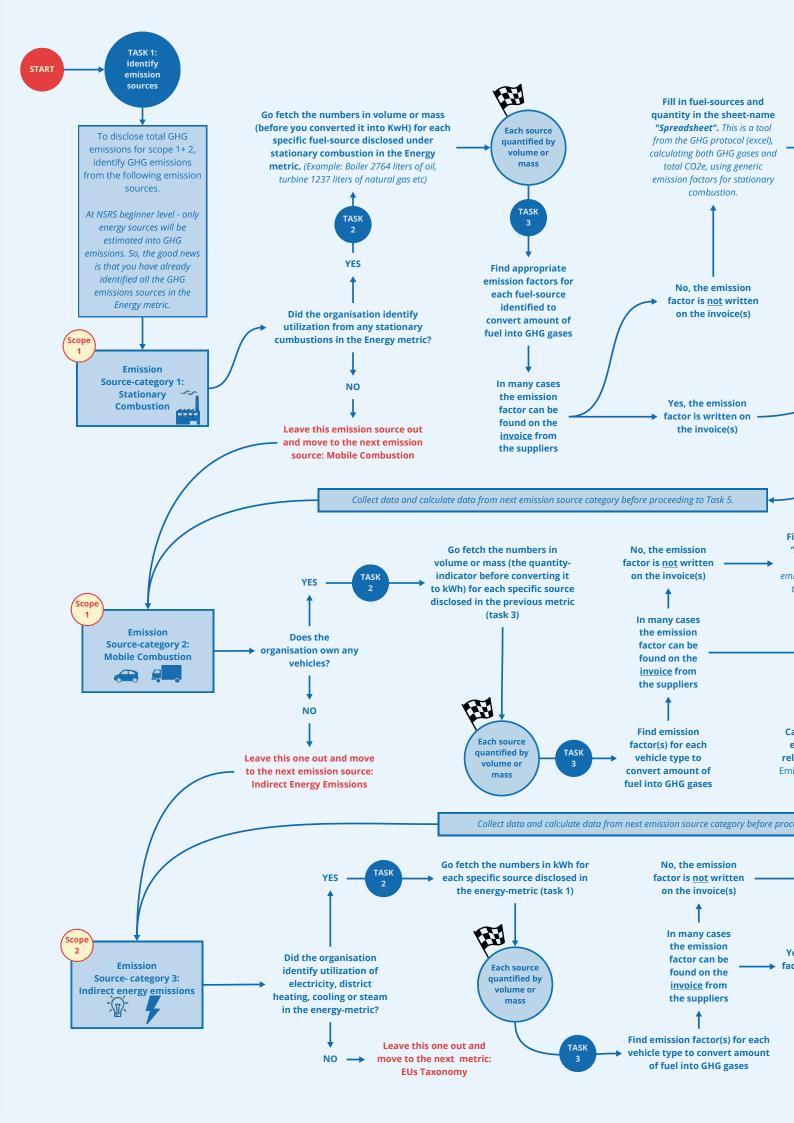
Figure 12: Overview of the process, and the outcomes of the different tasks.

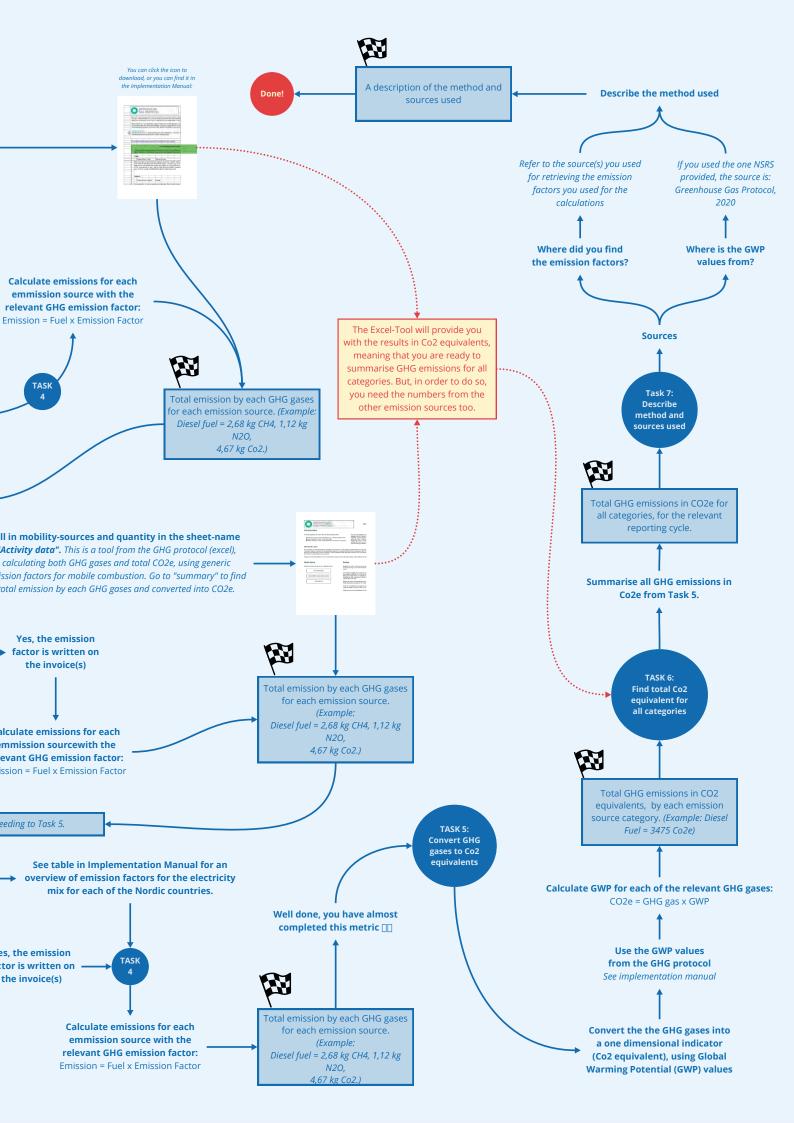
The decision tree

The NSRS recommends the preparer to use the decision-tree to decide upon which method suits the organisation based on accesssible data.

When lost in the process, please refer to the decision-tree for a detailed guidance on how to proceed. We know the complexity is high – we kindly remind you to use the Guiding Principle of Proportionality. Best of luck!

The decision tree can be found on the next page...





Step 4.4 GHG Emissions

Guide



Identify GHG emissions sources



If there are any categories that were not applicable to the organisation in the Energy-metric, this will still be the case.

Emission source category	Scope	Examples	Already identified in previous metrics?
Stationary combustion	1	Boilers, furnaces, heaters, turbines, flares, incinerators, generators etc	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.
Mobile combustion	1	Any vehicles owned or controlled by the organisation	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.
Indirect Energy consumption	2	Electricity, heating, cooling and steam	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.





Find emission factors

Calculate emissions for each emission source with the relevant GHG emission factor for each GHG gas.

In task 1 NSRS requires the preparer to identify the emission sources (what activities the emissions are coming from). In this task NSRS asks for the emission factors (the conversion factor for calculating how much each emission source is releasing into the atmosphere presented in the GHG gases for the given emission source.)

An emission factor is a coefficient which allows the conversion of activity data into GHG gases. It is the average emission rate of a given source, relative to units of activity or process/processes.

The release of GHG into the atmosphere depends mainly on the activity and the product. In order to estimate GHG gases per unit of available activity, one needs to use a factor called emission factor.

Please note:

NSRS presents general emission factors the organisation can utilize for their calculations. However, beware that these emission factors are generic and general. Thus, these emission factors might not produce accurate emission values. The NSRS recommends the preparer to use more specific emission factors, if the preparer can obtain it. This can for instance be obtained from invoices or by talking to the fuel/energy supplier. However, finding suitable emission factors can be both time-consuming and expensive. See the decision tree for directions for finding your own emission factors. If the preparer is not able to retrieve sufficient and specific emission factors, he/she may turn to the tables below.

Emission source category	Scope	Examples	Already identified in previous metrics?
Stationary combustion	1	Boilers, furnaces, heaters, turbines, flares, incinerators, generators etc	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.
Mobile combustion	1	Any vehicles owned or controlled by the organisation	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.
Indirect Energy consumption	2	Electricity, heating, cooling and steam	Yes, this was identified in the Energy-metric (Task 3) and the data is already collected. If the organisation did not have any stationary combustions from the Energy-metric, you can leave this one out in this metric as well.

Country	Combined electricity/heat emission factors (kgCO2/kWh)	
Denmark	0.307755	
Finland	0.187118	
Norway	0.005238	
Sweden	0.039939	

Source: International Environmental Agency (IEA), 2011.



Calculate emission of the GHG gases per emission source

Calculate emissions for each emission source with the relevant GHG emission factor.

If you have used a calculation tool/Excel (such as the one proposed for stationary and mobile combustion in Task 2), you can skip this step as the Excel Tool already has done the calculation for you.

In order to calculate the electricity/heating/cooling/steam, you need to do the calculation manually.

Example: how many kg of GHG are emitted by 1 kWh of electricity from the Swedish electricity grid?

Emission =

X kWh electricity/heating/cooling/steam * Country specific emission Factor



Convert GHG gases to CO2 equivalents

If you have used a calculation tool/Excel (such as the one proposed for stationary and mobile combustion in Task 2), you can skip this step as the Excel Tool already has done the calculation.

This task asks you to convert the GHG gas emissions disclosed in the previous taks into one common indicator. To do this calculation one needs Global Warming Potential-values (see Table 17, for the GWP-values NSRS recommends).

Global Warming Potentials allow comparison between all GHG gases. This is important as the climate impact is different between gases, and to understand the full impact of different gases, Global Warming Potentials (GWP) translate the effects into a single-unit indicator. When converting the GHG gases into this one unit-indicator, you multiply the GHG gas value with the GWPs. This oneindicator unit is called CO2 –equivalents.

You calculate the carbon dioxide equivalent of a quantity of X gas by multiplying the mass of the gas (in tons), by the gas' global warming potential (GWP).

Example calculation:

Mass (in tons) of CH4 multiplied by GWP of CH4 gas.

- =100*28
- = 2800 tonnes CO2e (CO2 equivalents).

Common name	Chemical Formula/ GHG gases	Global Warming Potential Value (GWP) for '100 year time horizon'
Carbon dioxide	CO ²	1
Methane	CH ₄	28
Nitrous oxide	N ₂ O	265

Table 17: These Global Warming Potential Values are adapted from the IPCC Fifth Assessment Report, 2014 (AR5).



Summarise total GHG emissions (CO2e)

After having converted all emission sources into CO2-eq for the relevant reporting cycle, summarise them.

Report the total amount of CO2-eq in;

- **Scope 1:** Stationary Combustion + Mobile Combustion
- **Scope 2:** Electricity, heating, cooling, steam
- Total: For both Scope 1+2



Provide a description of the contextual information

The methods for retrieving data might vary significantly on this metric. In order to maintain a transparent and consistent regime when disclosing non-financial information, providing contextual information necessary to understand the data and how the data has been compiled shall be included in the sustainability report.

To complete this disclosure requirement the organisation should;

- 1. Describe the method used to retrieve data: Where and how did you find the data?
- 2. Refer to the sources used to retrieve emission factors: Where did you find the emission factors?
- 3. Uncertainties about the data quality should also be expressed in the sustainability report: Are there any particular data you know are of low quality, or any data you are particularly uncertain of?

Support

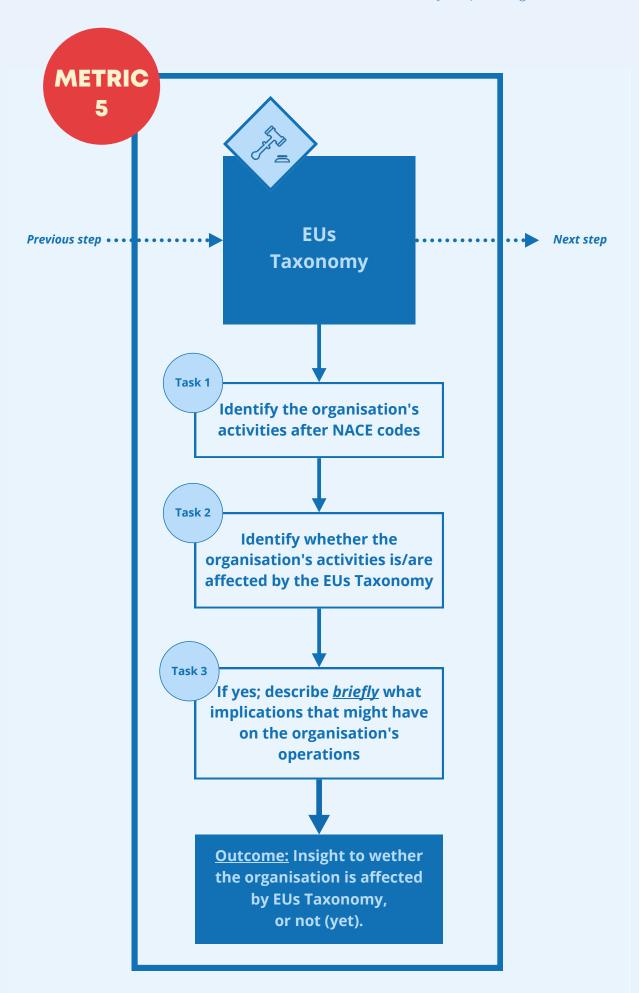
If you have not disclosed or only partially-disclosed or if the topic was not material, report whv.

Step 4.5:

EUs Taxonomy

Identify whether the organisation is affected by the EU Taxonomy or not (yet).

- 1. Information about whether the EU Taxonomy affects/will affect the organisation.
- 2. If yes; A brief description on how the Taxonomy affects the organisation's core activities and the organisation's reflections about potential regulatory implications.



GLOSSARY;

Words and concepts relevant to this step.

- EUs Taxonomy
- Regulatory risk
- European Commission
- Green Finance

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-4.5-20-a: EUs Taxonomy

a) Identify whether there are, or soon will be, Taxonomy technical screening criterias applicable for the NACE macro-sector that the organisation operates within.

Introduction to the topic:

EUs Taxonomy: One of the most pressing regulatory risks in the Nordic region, also for SMEs.

The EU Taxonomy is a new classification tool for sustainable private sector activities. By providing a set of industry-specific technical screening criteria, the Taxonomy dictates whether a specific private sector activity is sustainable or not. It is designed to counter greenwashing and to steer finance in a sustainable direction. While directly targeting large companies and financial actors, smaller organisations may be affected indirectly through its financial sponsors and upstream customers since these will need non-financial data from their SME customers in order to report on the Taxonomy.

This disclosure consists of three tasks and is rather straightforward. However, if lost in the process, please refer to the decision-tree for guidance on how to proceed.

We kindly remind you to use the Guiding Principle of Proportionality when needed. Best of luck!

Step 4.5 EUs Taxonomy

Guide



Identify the organisation's activities after NACE codes

The EU Taxonomy is classified after the NACE codes. As a starting-point therefore, the NSRS requires organisations to identify which NACE code(s) their core activities are categorised under.

There is no link between NACE codes and the Classification of Institutional Units in the System of National Accounts (SNA), nor in the European System of Accounts (ESA).

NACE consists of a hierarchical structure which is described in the NACE Regulation as follows:

- i. a first level consisting of headings identified by an alphabetical code (sections),
- ii. a second level consisting of headings identified by a two-digit numerical code (divisions),
- iii. a third level consisting of headings identified by a three-digit numerical code (groups),
- iv. a fourth level consisting of headings identified by a four-digit numerical code (classes).

Click here for an overview of NACE codes.

The organisations shall disclose their relevant NACE code(s) in the highest detail possible preferably down to level 4 if the sector is categorised to that extent.



Identify whether the organisation's activities are affected by the EUs Taxonomy

Find the newest version of the sector classifications on the European Commission's website for EUs Taxonomy. The newest requirements will at all times be accessible at the bottom of this webpage.

Sector classifications can be found in either the Technical Annex or in the Excel-Tool. The NSRS recommends to use the **Excel-Tool**.

Download the document to your computer.

Open the document.

Search for the relevant NACE code(s) in the sheet "Mitigation full data" and in "Adaptation full data". *Tip: Command search (Control + F) will give you quick access.*

If the search leads to 0 hits: The EU's Taxonomy does not currently pose a risk for the organisation. But, beware! The EU's Taxonomy is updating rapidly and might affect the organisation in the next reporting cycle. Keep this in mind, but as for now; move forward to the next reporting requirement: Climate Risk.

If the search leads to 1 (or more) hits: The sector in which the organisation operates in, is affected by the Taxonomy.

Copy the content from the columns "Activity" and "Description" and paste it in the NSRS report.

Please proceed to Task 3.



If affected; describe briefly what implications this might have for the organisation's operations

Start with making yourself familiar with the relevant sector classifications that affect the reporting organisation.

Reflect briefly on potential Taxonomy implications for the organisation in a short written text.

Note: The NSRS does not ask the preparer to understand the sector classifications fully. Consider this as a starting-point for reflection and for dialogue with external stakeholders.

Step 4.6:

Social and **Economics**



Report on defined social aspects

For this you need to get hold of number of FTE (calculated as described in the implementation tool) and sum salaries for women and men per category staff. This is available information in the HR/Payroll system. Any HR policies must be collected to understand the company's policy on recruitment, senior policies, inclusion etc. Information on these topics can be collected when talking to management. It is not expected that these issues are formally documented.

When it comes to understanding the value chain, it is not expected that the company does an in dept review on the value chain. However, the company must understand their suppliers and customers and perform an overall risk assessment. This risk assessment can be based on available information from organisations such as UN, Amnesty International, The Transparency Group, independent political and social analytic reports, etc. A google search on the company and the country may give indications on social issues and human rights.



Report on economic conditions – long term focus and a sustainable business model

Not all strategies and policies are written in formal documents in a SME company. Management thoughts on their decisions and how they prioritize may be verbal. However, it is recommended that management writes down their policies as a part of their steering documents.

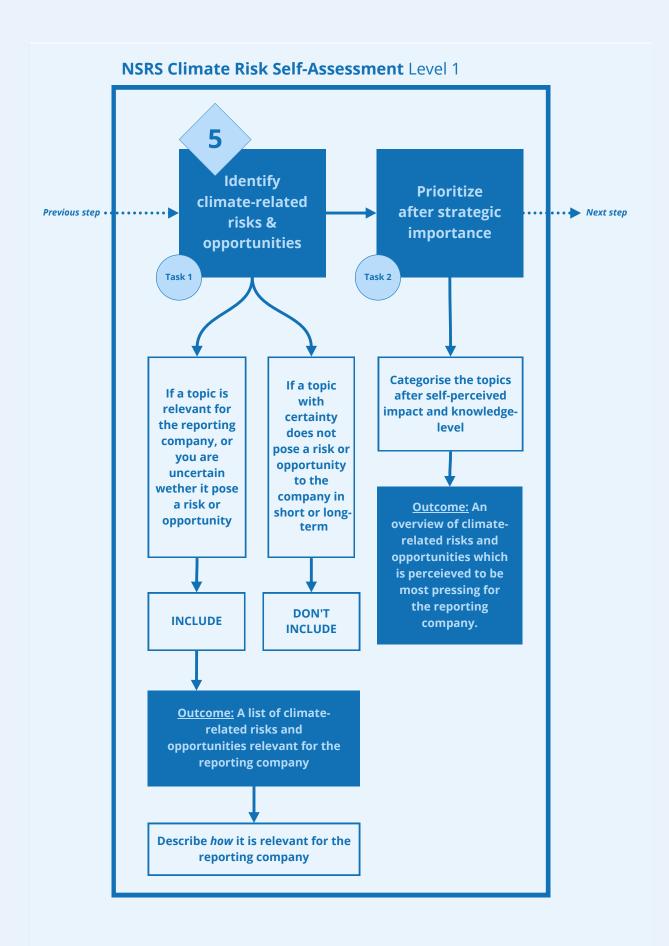
Moral and ethics may be different dependent on culture and your point of view. However, for this standard, we use the common Nordic perspective when analysing these topics.

Step 5:

Climate Risk Self-Assessment

Aim: Increase awareness and start reflecting on what potential climate-related risks and opportunities the organisation faces in a short and long term perspective.

Outcome: A list of potential climate-related risks and opportunities of strategic importance to the organisation. *Note*: This list is based on a self assessment process and should not be confused with a peer reviewed climate risk assessment performed by experts.



GLOSSARY;

Words and concepts relevant to this step.

- · Climate-related **Opportunities**
- · Climated-related Risks
- **Self-Assessment**
- Risk Management
- Internal Carbon Price
- Task Force on Climaterelated Financial **Disclosures (TCFD)**

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

1-5-1-b: A description of key self-perceived climate-related risks and opportunities.

1-5-1-c: Topics categorised after self-perceived impact (low to high) and the SMEs self-perceived knowledge-level on each of the topics (much to little).

1-5-2: A list of climate related risks and opportunities identified. Categorise risks and opportunities after short-, medium and long-term one one hand, and physical and transition risks on the other.

Introduction to the topic:

Assessing climate-related risk and opportunity as part of the sustainability Climate change affects us in different ways. While some are becoming more vulnerable to flooding, others will experience disruptions to their global value chains. The Nordic climate will become warmer, wetter and wilder. At the same time, climate change has resulted in climate policies – on the national and EU level – to reduce greenhouse gas emissions and adapt society to a change in the climate. These regulations also pose a risk. Climate change will also affect us, and we have to be prepared for this.

Assessing climate-related risk and opportunity as part of the sustainability reporting practice addresses the need to identify potential risks and opportunities to one's business activities – beyond the mere financial – and to successfully navigate those risks and opportunities, adding a long-term perspective and strategic element to the reporting.

In line with proportionality, climate risk disclosure requirements are tailored to match the NSRS Advancement Levels, hence reflecting the reporting organization's resources, experience, and motivation. First time reporters are asked to address climate-related risks and opportunities in their report through a self-assessment process. Climate-related risks and opportunities will be identified and prioritised after the SME's awareness level and self-perception, including the scope of potential impact.

Note: At this stage, SMEs are only required to address the potential financial impacts of climate risk on its business activities.

Step 5: Climate Risk Self-Assessment

Guide



Identify climate-related risks and opportunities

WHY: Increasing awareness about potential climate-related risks and opportunities is the very first step towards addressing and rigging the organisation for climate-related changes likely to occur in the near and/or long term perspective. As a starting-point we invite the preparer and a SME representative to sit together and identify what topics are relevant for the specific organisation.

WHAT: Go through the list of potential climate-related risks and opportunities. This list can be found in the Implementation Tool on Step 5.

HOW: We encourage you to sit together with a SME representative when performing the self assessment. Start with going through the list of potential climate-related risks and opportunities. Identify topics after whether they are likely to occur or not by means of the categories presented in Figure 10.

After categorising the topics:

Describe why the identified topic is believed to be relevant for, or applicable to, the SME.

OUTCOME: A list of self-assessed climate risks and opportunities relevant to the organisation in the short and long-term, and a description on why each of the topics are deemed relevant or applicable.



Example;

<u>Climate-related risk:</u> Changing customer behavior

Description: The organisation has over a period of 1-2 years experienced an increase in questions from customers regarding the level of sustainability of their product/service.



Prioritise topics after strategic importance

WHY: It is easy to get lost amongst all topics related to the realm of sustainability. To dissect and prioritise topics is therefore of crucial importance if one wishes to address it systematically. Awareness-raising on relevant topics and related actions is valuable in this regard. This stage aims to do so by prioritising risks and opportunities after their potential impact (positive or negative) and the SMEs' self-perceived understanding of these topics.

WHAT: Categorise topics according to the short and long term perspective. Thereafter, categorise each topic (both risk and opportunity) by two parameters; a) self-perceived potential impact (high or low) from 1–10 (10 = High Impact) and b) self-perceived knowledge-level within the organisation (1 – 10, 10= Much knowledge). Overview of the finalised prioritisation is visualised in Figure 10.

HOW:

The NSRS strongly recommend to use the Implementation Tool which is publicly available: Follow the instructions and keep ticking boxes and rate each topic according to the parameters. The Implementation Tool will then match and highlight the topics of highest strategic importance for the organisation.

OUTCOME: An overview of topics perceived to have high impact on the organisation seen in light of the organisation's self-perceived knowledge-level of different topics. The overview will give an idea about the topics that are most urgent, and hence should be included in the sustainability report.

Sub-title	CLIMATE OPPORTUNITY PRIORITY LEVELS BASED ON RELEVANCE AND IMPACT - KNOWLEDGE MEASURED BY AVERAGE					
MSRS Index:						
		Short-term perspective	Long-term perspective	Knowledge level (from 1 to 10, where 1 is to and 10 is highest)		
Resource efficiency	Increased pricing of GHG emissions	High	High	6,5		
	Use of more efficient modes of transport	Medium	High	4.5		
	Use of more efficient production and distribution processes	Medium	Medium	4,5		
	Use of recijaling	High	High	6,0		
	Move to more efficient buildings	Low	Medium	3,0		
	Reduced water usage and consumption	Low	Medium	3,5		

Ex: Outcome

Defining Impact:

<u>High Impact</u> = The topic has potential to disrupt the SMEs business model and current operations if it ought to occur. <u>Low Impact</u> = The topic has little to no potential to disrupt the SMEs business model and current operations if it ought to occur.

Defining Knowledge:

<u>Much knowledge</u> = The SME feel they have a lot of knowledge and understanding about the topic.

<u>Little knowledge</u> = The SME feel they have a little knowledge and understanding about the topic.

Disclosure Requirements Level 1

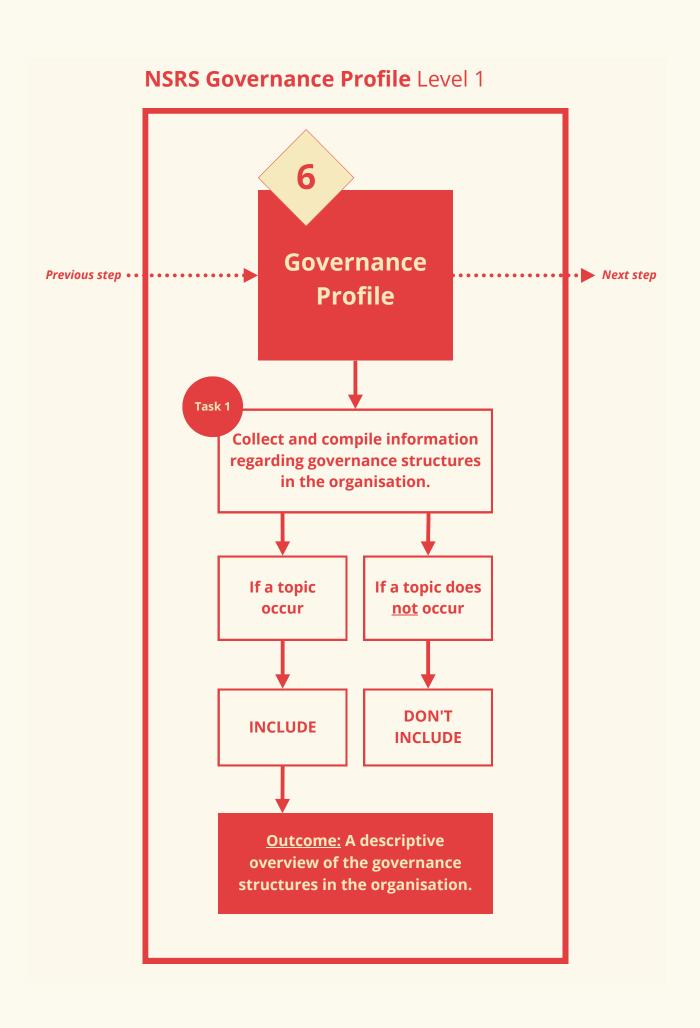


Step 6:

Governance **Profile**

Aim: Collect and compile basic information about the organisation's governance structure.

Outcome: A descriptive overview of the organisation's governance structure.



GLOSSARY;

Words and concepts relevant to this step.

• Governance

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

- Values, principles, standards, and norms of behavior. 2-6-1:
- **2-6-3-a:** Governance structure of the organisation, including committees of the highest governance body.
- **2-6-3-b:** Committees responsible for decision-making on economic, environmental, and social topics.
- **2-6-5-a:** Whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.
- **2-6-15:** The highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material topics are covered.
- **2-6-20:** If the organisation has a circular business model, describe how.

Step 6: Governance Profile

Guide



Collect and Compile

WHY: Insights about an organisation's management structures are key if one aims to develop an internal sustainability system over time, where sustainability has become an integrated component in the organisational structure as a whole.

WHAT: Collect and compile information about the organisation's governance structure.

HOW: If a NSRS Disclosure Requirement topic occurs in the organisation, you should include it. If it does not, leave it. This disclosure information can be obtained from multiple places. If you cannot find it within a reasonable amount of time, the NSRS recommends asking the SME representative.

Disclosure Requirements Level 1

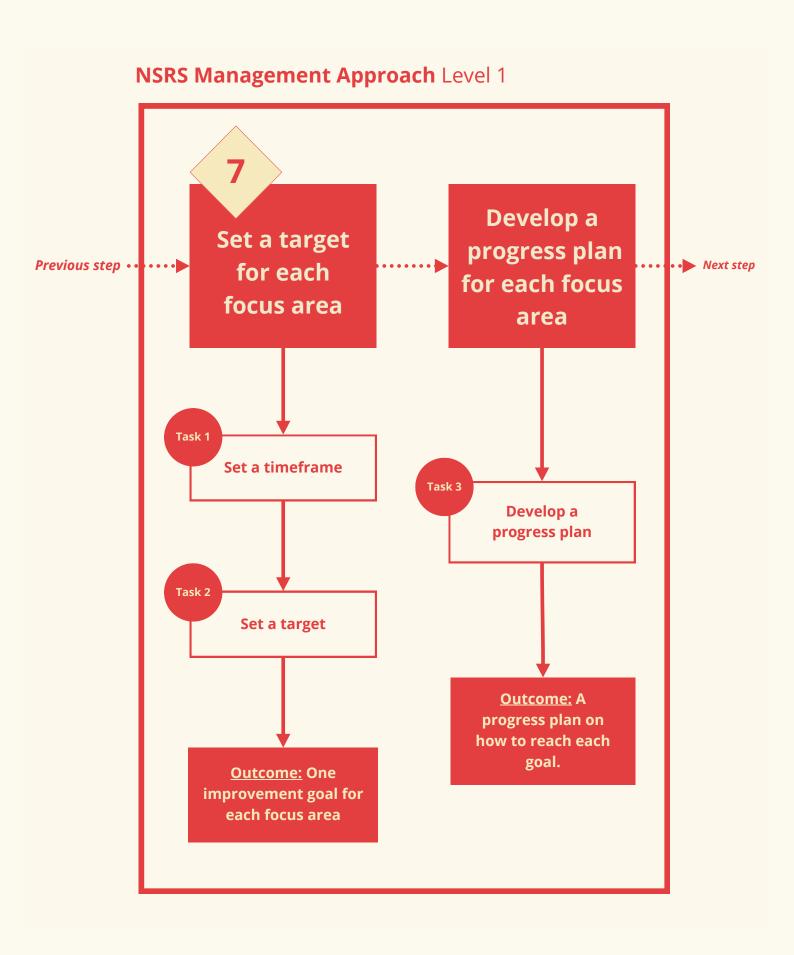


Step 7:

Management Approach

Aim: Start to develop a governance structure for the focus area(s) previously disclosed in Step 4 Materiality Assessment (material input, waste, energy, GHG emissions and/or EUs Taxonomy).

Outcome: An explanation of how the organisation strategically manages the relevant focus area(s), including target(s) and progress plan(s) for the topic(s) relevant for the organisation's core activities.



Words and concepts relevant to this step.

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

For each material topic disclosed in the relevant reporting cycle, the reporting organisation shall report the following information;

2-7-1-a: An explanation of how the organisation manages the topic.

2-7-1-c: A description of goals and targets, if the management approach includes such elements.

Introduction to the topic:

In the NSRS context, the management approach represents all internal organisational structures related to governing sustainability, and in particular <u>how</u> each focus area (also called material topic) is managed by means of targets, progress plans and evaluation.

The organisation would be expected to develop a management approach for each disclosed focus area under the materiality assessment. This includes either/or material input, waste, energy, GHG emissions and EUs Taxonomy.

If the focus area has been included in the report during the materiality assessment, a target should be developed accordingly.

If a focus area was not included in the report during the materiality assessment, a target should not be developed for it. Example: A service organisation with no material input, and also no waste, should not have disclosed material input or waste in Step 4: *Materiality Assessment – and a target should therefore not be developed for those particular* focus areas.

Step 7: Management Approach

Guide



Set a time frame

WHY: Setting a time frame is necessary in order to define the context in which you operate. The timeframe is the window of time in which the organisation operates within in order to improve a focus area.

WHAT: Setting a time frame defines the operating window for improving the impact(s) of the focus area(s).

HOW: Choose a timeframe for each focus area disclosed in Step 4: Materiality Assessment. You are free to choose and define a time frame of your liking.

OUTCOME: A defined time frame for all focus areas which was reported in Step 4: Materiality Assessment, presented in the following format: from *current year* to *end-year*.

Detailed guidance on how to set a time frame:

The NSRS would usually recommend choosing a long term perspective on your target. and then decompose your targets into sub-targets with shorter time perspectives, see table 18 for examples.

However, for Level 1 NSRS recommends only setting sub-targets. This is due to two

- 1) Sub-targets are less intervening for the organisation to set and follow, hence the guiding principle of proportionality.
- 2) When at NSRS Level 1, the focus areas are predetermined and the organisation is required to report on it only if it occurs. At later advancement levels the organisation is required to undergo a materiality assessment themselves, where no list of focus areas are prefabricated. This process is complex, but ultimately gives the organisation a tailored list of focus areas that are precise and accurate for the given organisation.

Thus, at NSRS Level 1 level the organisation might be disclosing focus areas that are not the most pressing and precise focus area for the given organisation. Hence, creating overarching targets at Level 1 might put the organisation in an inaccurate state – where the organisation is striving to reach targets on a long term perspective which is simply not "right" for them.

Sub-targets should therefore be prioritized at NSRS Level 1.

Keep in mind when setting a time frame:

- Use your common sense: Is the focus area easy or hard to improve, optimise and change?
- Is the focus area at the core of the organisation's activities? If yes; it might be a more intrusive process to improve compared to focus areas not at the core of the organisation.
- Is the focus area produced by the organisation itself or is it provided for by a supplier? If it is provided for by a supplier: Is it easy to change supplier? Example: Changing light bulbs to LED is in most cases an easy fix and quick win.

If the organisation has disclosed many or all focus areas: A joint time frame for all the focus areas has the potential to streamline communication around the different focus areas and would therefore be to prefer. However, keep in mind that the time frame should be proportional to the target set for the particular focus area. If different targets do not 'fit' in the same time frame, the NSRS recommends operating with multiple time frames.



Set a target

WHY: Targets, including sub-targets, are helpful in order to monitor and measure whether an organisation is improving its sustainability performance on a given focus area over time.

WHAT: Develop a feasible target for the given focus area within the given time frame.

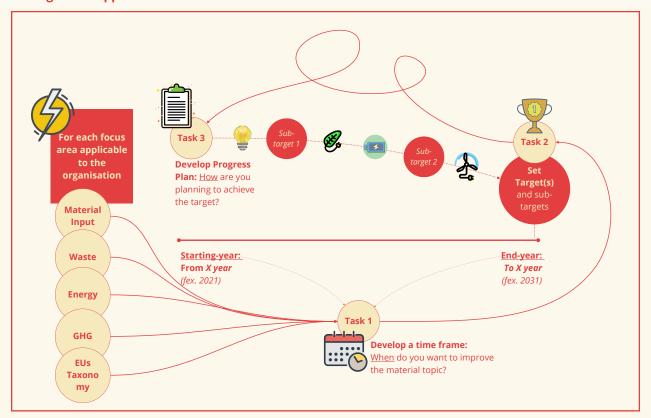
Tip: Set achievable targets by developing outcome-based targets. Outcome-based targets increases the probability of reaching the targets, and gives direction to employees that will work to reach them. Avoid activity-based targets. See example list in table 3 for further details.

HOW: There is no one-size fits all approach to developing a target for a focus area. To get the creativity started however, the NSRS has compiled a list of examples, presented in Table 4. When developing a target, keep feasibility in mind. Taking into consideration the available resources and time frame is a key success factor in this regard.

The NSRS further recommends identifying sub-targets, representing X amount of improvement on the focus area, to secure steady progress over time. This approach is illustrated in Figure 13. Bear in mind that a sub-target might be sufficient for target-setting on NSRS Level 1 hence the guiding principle of proportionality.

OUTCOME: When at Level 1, sub-targets are sufficient, and also recommended by NSRS to fulfill this reporting requirements.

Management Approach Process: Level 1



Sub-goals support the long-term goal and secures steady progress over time.

Examples of activity-based targets	Examples of outcome-based targets
Reengineer costs →	Lower (amount) costs
Develop plan to reduce errors →	Develop plan to have fewer (amount) errors
Research customer needs →	Fewer errors, successful new products, increased revenues

Table 3: Examples of outcome-based and activity-based targets.

Focus area	NSRS index	That the disclosure is covering	Examples of targets (with a 10 year time frame)	Examples of sub-targets (with a 1 year time frame)
Material input	1-4.1-2	Recycled materials	15% of materials in the production line should be recycled or recyclable by 2030.	1,5% of materials in the production line should be recycled or recyclable by the next reporting cycle.
Energy	1-4.3-11	Total energy consumption and/or production	5% total energy consumption reduction	0,5% GHG reduction by next reporting cycle
GHG emissions	1-4.4-15	Scope 1 emissions	30% GHG reduction by 2030	1% GHG reduction by next reporting cycle

Table 4: Examples of targets for some of the focus areas.



Develop a progress plan

WHY: A progress plan serves as an internal steering document for monitoring progress towards reaching the identified target(s) and/or sub-target(s) in Task 2.

WHAT: Develop a progress plan for each target set in Task 2.

HOW: A progress plan should consist of;

- a) The given focus area (material input, waste, energy GHG emissions and/or EUs Taxonomy),
- b) The target (and sub-targets if defined),
- c) A plan with actionable points on how to reach the target for each focus area.

Examples of actionable points that could serve in a progress plan is listed in Table 5.

OUTCOME: A descriptive overview of a) The given material topic, b) The goal (and sub-goals) set for the material topic and c) The plan with actionable points on how to reach the goal to be included in the report.

Focus areas	NSRS index	Examples of sub-targets (with a 1 year time frame)	Examples of actionable points for a progress plan
Waste	1-4.1-1, 18, 19, 20, 21 & 22	1) 2% reduction in total waste generated 2) 4% reduction in total waste to landfill or combustion. (Implicit; reduce, reuse and increase recycling rate)	 Reduce packaging materials if in manufacturing Sort your waste, ensuring that recyclable items are getting to the right places Encourage sharing documents via the cloud instead of printing Avoid single-use plastics Refuse junk-mail If possible, compost your food-waste If in manufacturing, adopt to a closed loop manufacturing system
Energy	1-4.1-1, 6, 7, 8 & 9	0,5% GHG reduction by next reporting cycle	 Switch to LED bulbs Implement the culture among employees to use the "off" switch Do an energy audit of the organisation's locations Install a system system to reduce the amount of energy input into the system without negatively affecting the output.
GHG emissions	1-4.1-1, 2, 4 & 5	1% GHG reduction by next reporting cycle	- All of the actionable points above are applicable to reduce you GHG emissions

Table 5: Examples of actionable points to include in a progress plan for some of the focus areas.

Disclosure Requirements Level 1

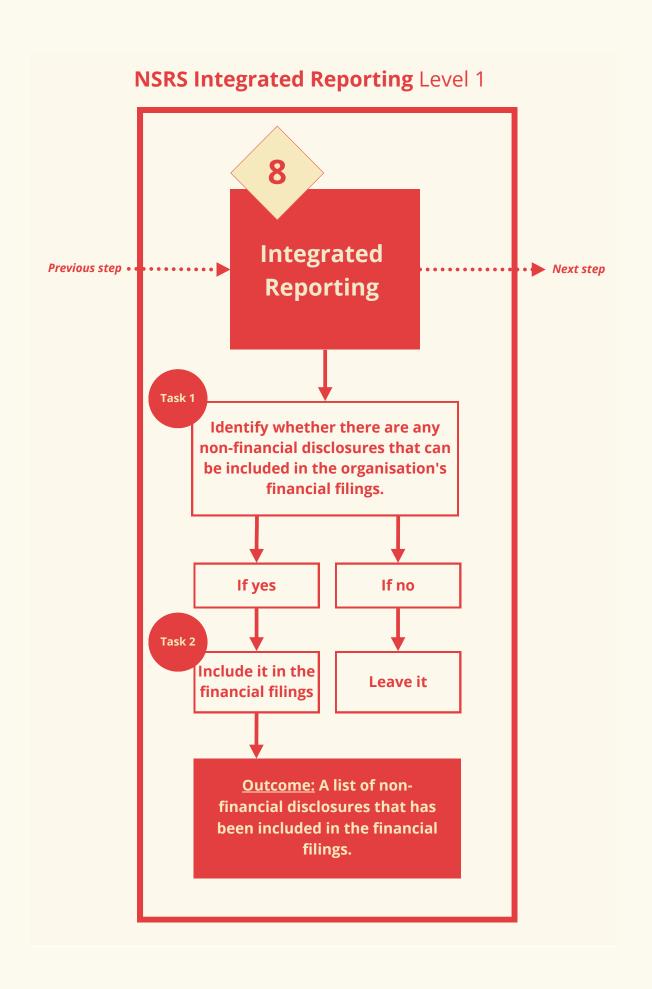


Step 8:

Integrated Reporting

Aim: Increase awareness and start rigging for integrated reporting.

Outcome: If any; A list of non-financial disclosures that has been included in the financial filings.



Words and concepts relevant to this step.

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

- **2-8-1-a:** Consider whether there are any non-financial disclosures that can be included in the organisation's financial filings.
- **2-8-b:** If a applies; add a list of non-financial disclosures that has been included in the financial filings.

Integrated reporting calls for a coupling of non-financial and financial information and promotes integrated thinking in accounting practices more generally. The objective is to provide a cohesive and precise overview of how the organisation creates value over time. Since a fully integrated report is quite resource demanding however, the NSRS Level 1 is focused on increasing awareness and rigging the organisation for the gradual implementation of integrated reporting.

Step 8: Integrated Reporting

Guide



Identify

WHY: Before integrating data, one needs an overview of non-financial disclosures that could be relevant to include in the financial filings.

WHAT: Identity potential non-financial disclosures that would be relevant to include in the organisation's financial filings.

HOW: Start to look through all disclosures undertaken for the NSRS report, and familiarise yourself with the organisation's financial filings. Are there any non-financial disclosures that would be relevant to include in the financial filings? See examples of potential non-financial disclosures in Table 6.

OUTCOME: A list of non-financial disclosures that are relevant to include in financial filings.

Example of non-financial disclosures relevant for financial filings	Unit of measure
Energy Equivalent Emissions	kWh
Aggregated waste	Kg
GHG Emissions	CO2 equivalent

Table 6: Example of non financial disclosures that could be relevant to integrate in the financial filings.



Integrate

WHY: Even though a non-financial disclosure may seem relevant to include in the financial filings, it should be filtered further.

WHAT: Go through the list from Task 1 (the list of non-financial disclosures that are relevant to include in the financial filings), and classify which should be included and not.

HOW: Go through the financial filings and classify whether each non-financial disclosure should be included or not. If a non-financial disclosure is quantifiable (numeric), it should most likely be included. After having taken your decisions, go ahead and include the relevant disclosures identified.

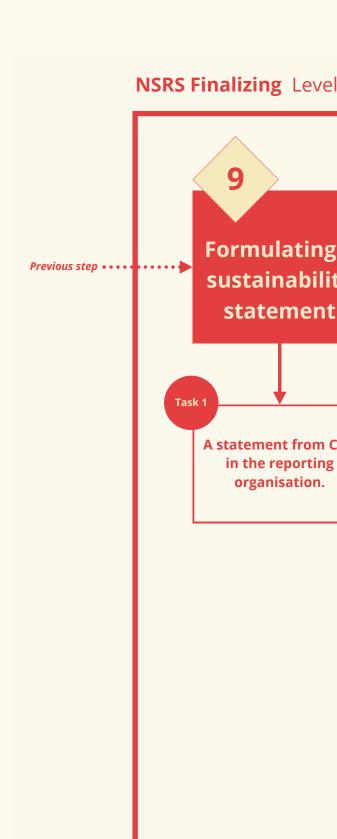
OUTCOME: A list of non-financial disclosures that <u>have been included</u> in the financial filings and that should be included in the sustainability report.

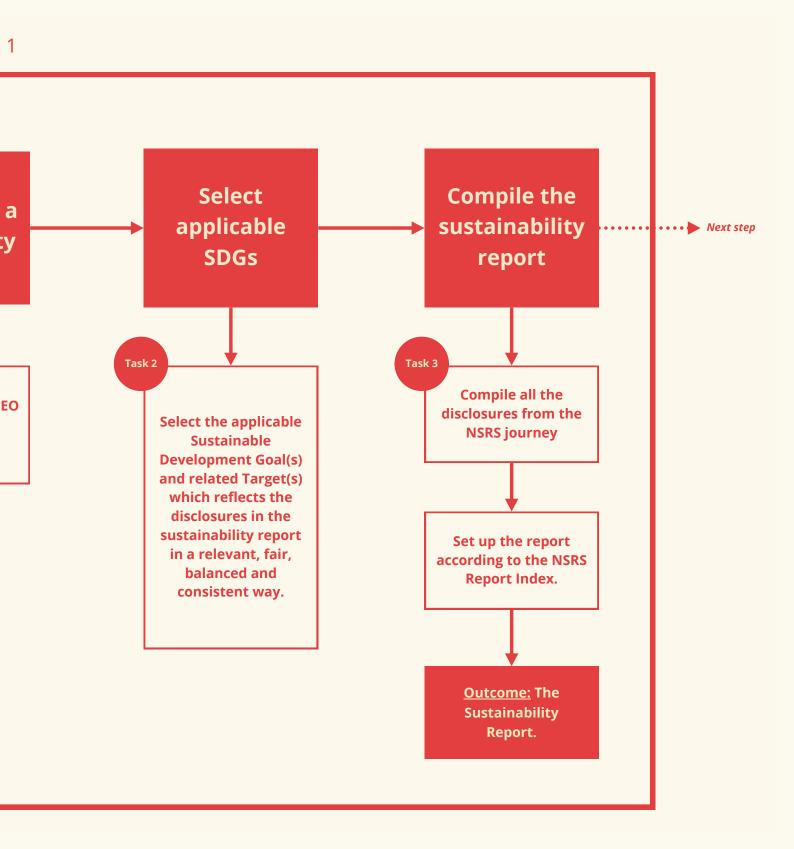
Step 9:

Finalizing

Finalize and compile all the disclosures into one report.

A completed NSRS sustainability report.





GLOSSARY;

Words and concepts relevant to this step.

- Integrated Reporting
- Integrated Thinking

For a full description of words and concepts, please see NSRS Appendix Glossary.

This step is covering the following disclosure requirements:

2-9-1: Statement from senior decision-maker

2-9-6: Reporting cycle

2-9-7: Contact point for questions regarding the report

2-9-11: Select the applicable Sustainable Development Goal(s) and related Target(s) which reflects the disclosures in the sustainability report in a relevant, fair, balanced and consistent way.

Note: If reporting according to NSRS Level 1 the Sustainable Development Goals and Targets are predetermined. They are as follows: 7.2, 8.4 (8.4.1 and 8.4.2), 12.2, 12.5, 12.6, 12.7, 13.1, 13.3.

2-9-12: Compiling the report

Step 9: Finalizing

Guide



Statement from CEO

WHY: Integrating sustainability in the top-level management of an organisation is key to leverage the integration of sustainability.

WHAT: A statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation, as well as its sustainability strategy.

HOW: Contact the most senior decision-maker in the organisation, such as CEO, chair, or equivalent and ask for a statement. It can contain a statement on the climate commitment from Step 1, and/or a few words about the strategy chosen to achieve the identified target. The NSRS recommends obtaining the statement in written form in order to ensure accuracy. If the senior-decision-maker has not been included in the process of making the report, The NSRS recommends the preparer of the sustainability report to present the findings for the respeicetive person(s), so the senior decision-maker is informed about the main content of the report. This is important to get the statement cohesive with the report, as well as anchoring the findings of the report on the highest level.

OUTCOME: A written statement from the most senior decision-maker to be included in the report.



Figure 15: The NSRS' adoption of different SDGs over time.



WHY: Contextualising disclosures to the larger policy-landscape allows for the audience to view the organisation as a piece in a larger puzzle.

WHAT: Select the applicable Sustainable Development Goal(s) and related Target(s) which reflects the disclosures in the sustainability report in a relevant, fair, balanced and consistent way.

HOW: If you have prepared the report according to to NSRS Level 1, the following SDGs will be applicable: 7.2, 8.4 (8.4.1 and 8.4.2), 12.2, 12.5, 12.6, 12.7, 13.1, 13.3. Read more about the SDGs in figure 16 or on the United Nations website. Moreover, you can see the NSRS' adoption of SDGs across the different Advancement Levels in figure 15.

OUTCOME: A numeric list of applicable SDGs and related targets.

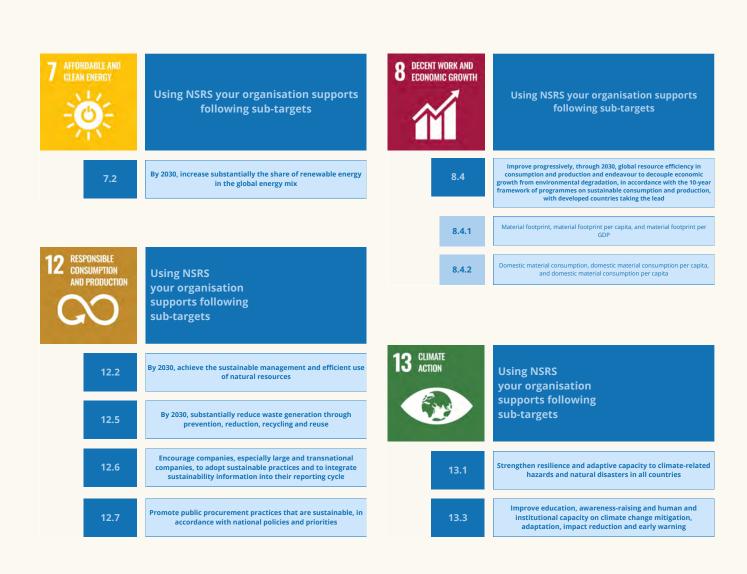


Figure 17: SDGs and Targets applicable to the NSRS Level 1.



Table 7: The NSRS Report Index – scan or click on the qr-code to download.





Compile the report

WHY: In order to ensure comparability and transparency, the NSRS requires preparers to compile the disclosures in accordance with the order presented in the NSRS Report Index.

WHAT: Gather and compile the disclosures and structure the report according to the NSRS Report Index.

HOW: The Report Index can be seen in Table 1. If you are using the Implementation Manual, the Report Index is integrated in the template.

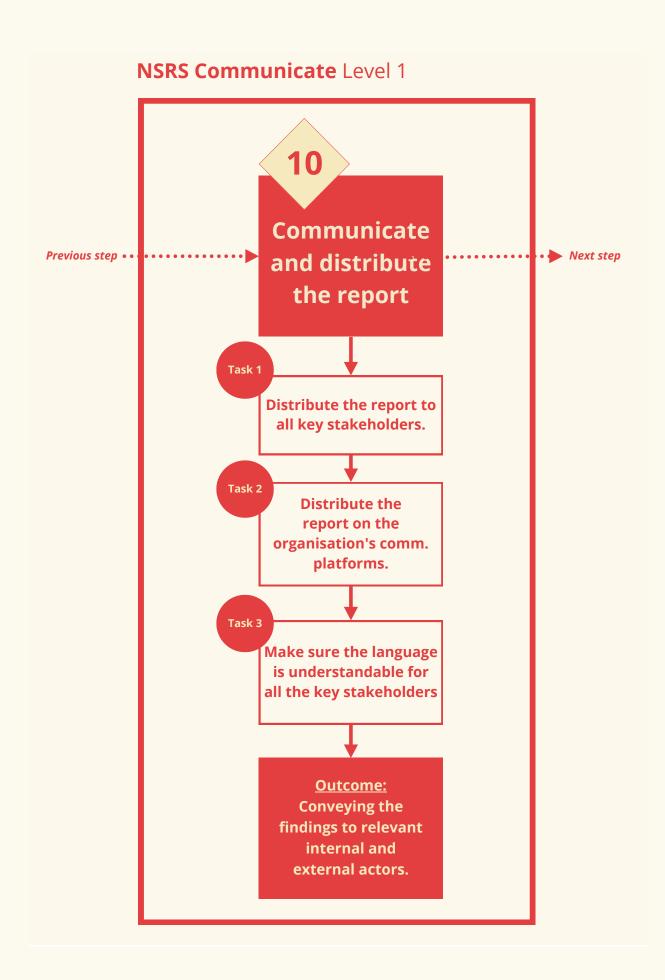
OUTCOME: The NSRS sustainability report.

Step 10:

Communicate

Aim: Building brand reputation, transparency and reliability by sharing the report with key stakeholders.

Outcome: Conveying the report to key stakeholders, including the public, in a language understandable for the identified target groups.



Words and concepts relevant to this step.

For a full description of words and concepts, please see NSRS Appendix Glossary.

- **2-10-1-a:** Distribute the sustainability report to the internal stakeholders identified in disclosure 1-3-1.
- **2-10-1-b:** Distribute the sustainability report to the external stakeholders identified in disclosure 1-3-1.
- **2-10-2:** Distribute the sustainability report on the organisation's established communication platforms (such as website, newsletter, social media etc).
- **2-10-3:** Make sure the sustainability report is accessible in a language understandable for all key stakeholders.

Introduction to the topic:

This step aims at ensuring transparency and reliability between the organisation and its key stakeholders. To build a good reputation in the sustainability domain, one needs to build up trust over time. The most effective way to do this is by means of steady and consistent communication.

Step 10: Communicate

Guide



WHY: Key stakeholders are typically those who engage and invest the most in an organisation, and are therefore likely to be interested in reading the sustainability report.

WHAT: Share the report with all internal and external stakeholders identified in disclosure 2-10-1-a+b.

HOW: Find contact information to the key stakeholders identified in disclosure 2-10-1-a+b. Share the report with them, either by distributing the report via email, or by presenting it digitally or physically. Stakeholders identified as a group, such as employees, should receive the report per person and not per group.

OUTCOME: Conveying the report to key stakeholders.

Share the report on the organisation's communication platforms



WHY: Sharing the report publically will allow a broader audience - beyond key stakeholders - to learn about the organisation's sustainability efforts.

WHAT: Share the report on the organisation's communication platforms.

HOW: The number of, and scope of communication platforms varies significantly between organisations. The most relevant platforms are in this context the ones where the organisation has the largest audience. This will typically be the organisation's website, social media channel(s), annual report, and/or customer magazine/newsletter. If an established practice, a press release can moreover be considered.

OUTCOME: Making the report publicly available.



Make sure the report is in a language understandable to all key stakeholders

WHY: No reasoning other than common sense.

WHAT: Make sure the report is available to all key stakeholders in their preferred language.

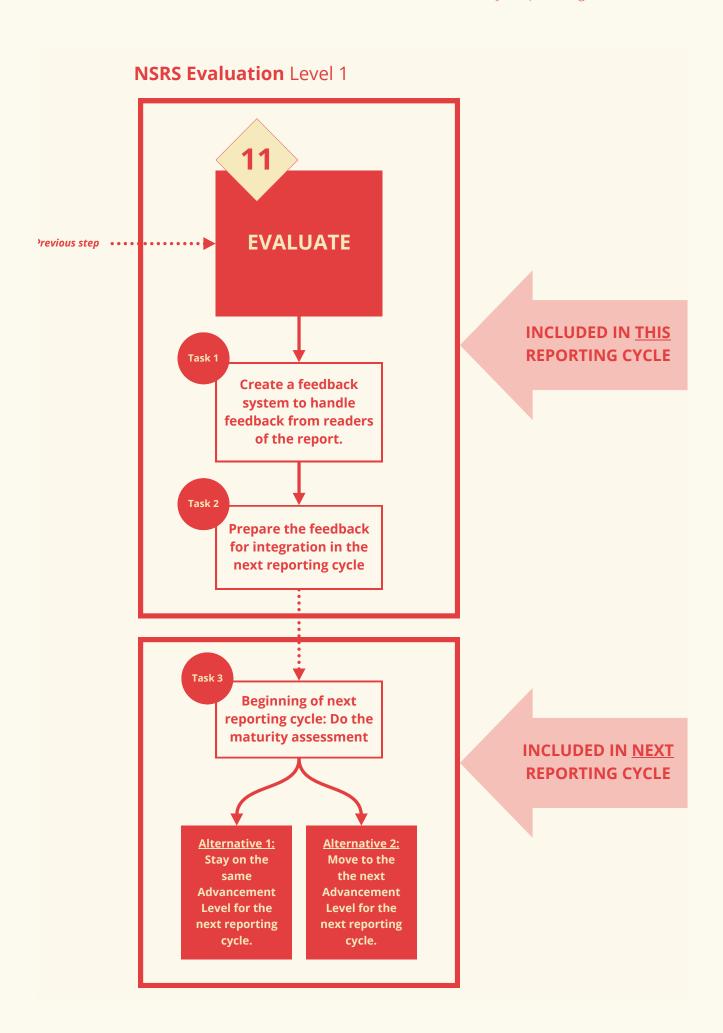
HOW: Investigate the preferred language of key stakeholders. If there are more than one relevant languages, make sure the report is translated accordingly.

OUTCOME: Translated version(s) of the report.

Step 11: **Evaluate**

Aim: Rig the company to receive and integrate internal and/or external feedback on the report.

Outcome: A feedback system where areas of improvement are included in the next sustainability report.



This step is covering the following disclosure requirements:

2-11-1-a: Write a statement at the end of the sustainability report (or copypaste the prefabricated example) where you invite all readers of the report to share their feedback.

2-11-1-b: The name and contact information of a person or team responsible for handling the feedback.

2-11-2: Make sure feedback is integrated and addressed in the next reporting cycle.

Introduction to the topic:

Evaluating each reporting cycle is key to identify areas of improvement. The NSRS Evaluation Step is divided in two: Part 1) Rigging the company to receive and integrate feedback from the report readers, and Part 2) A Maturity Assessment to determine whether the organisation is ready to advance to the next NSRS Advancement Level. While part 1 is covered within this reporting cycle, part 2 of the evaluation is the starting-point for the next reporting cycle.

Step 11: Evaluate

Guide



Create a feedback system

WHY: Inviting report readers to share their feedback is important if you wish to identify areas of improvement.

WHAT: Develop a system for handling report feedback.

HOW: Firstly, include a clear call to action in the sustainability report where you invite readers to share their feedback. You can write your own statement, or simply copy-paste our example (see Figure 14). Secondly, determine who is responsible for receiving and handling feedback within the organisation. Be sure to write the person's contact information in the report alongside the statement.

OUTCOME: A written call to action in the report alongside a contact person that is responsible for handling the feedback within the organisation.

We highly appreciate your feedback.

This is our very first sustainability report. It is also our starting-point for committing seriously to sustainability. Your inquiries, ideas or general feedback would be extremely helpful to us and our journey towards becoming a more sustainable organisation. Please contact *CONTACT PERSON + CONTACT INFO*.

Figure 14: Example call 2 action for feedback.

Integrate the received feedback in the next reporting cycle Task

WHY: Feedback is not valuable if not addressed and integrated in the next report.

WHAT: Collect and compile feedback so that you may easily integrate it in the next reporting cycle.

HOW: The person responsible for handling the feedback should collect and compile all the feedback systematically, preferably in a digital document, until the organisation begins upon the next reporting cycle. Until further ado; stay put with the document until any other direction is given.

OUTCOME: A document with a structured overview of the feedback, including dates, the person who gave the feedback and their contact info.

IV. Closing Remarks

We are happy that you have chosen to familiarise yourself with the NSRS Standard.

Bear in mind that the NSRS works iteratively, and that this is a prototype. As the project now enters its fourth Milestone, the Standard and related tools are tested by a group of Nordic accountants and their SME customers.

The process is expected to provide valuable insights on how the Framework serves our primary users. insights which are then to be included in the next, updated version of the Standard. Please regard it as a dynamic Framework therefore - to be edited and improved as we learn - the end goal being the best suitable sustainability reporting standard for Nordic SMEs possible.

We believe in mutual learning and cooperation as the best course towards a successful sustainability transition, and welcome everyone to join us in our process. We will gladly receive your contribution, be it in the form of feedback, ideas or any other matter you might be triggered to share with us after familiarising yourself with the NSRS Standard.

If further interested in our theory of change and design methodology, please refer to the NSRS Theoretical Annex.

For contact details and further readings, please visit our website www.nsrs.eu.