

Planning sustainability in organisations

QUICK GUIDE

SHOW YOUR
SUSTAINABILITY





A declaration is no longer enough.
Now we need evidence.



Introduction

Sustainability and accountability are now more important in companies than ever. This is ensured by owners and investors as well as other stakeholders of the company, of which the employees and customers are the most important.

In addition to stakeholders, several directives and laws (CSRD, NFRD, ESG and EU taxonomy) require companies and organisations to engage in more detailed and comprehensive sustainability efforts in the future.

Sustainability reporting in financial statements will soon be common. This is already required for large companies beginning in 2023.

The smaller players will follow the bigger players, because there must be evidence of sustainable operation from the entire supply chain. A chain is only as strong as its weakest link; this is also true for sustainability.

Contents

| | |
|---|----|
| Introduction | 3 |
| Sustainability | 5 |
| Corporate responsibility | 7 |
| Steps of the sustainability programme | 8 |
| Identifying the material issues of sustainability | 9 |
| Sustainability goals and metrics | 11 |
| Communicate and engage people in the sustainability programme | 15 |
| Sustainability reporting | 16 |
| Goals and continuous improvement | 17 |
| Contact information | 20 |

The creators and publishers of this guide cannot guarantee the completeness and applicability of the information contained therein for every situation and are not responsible for any direct or indirect damage caused by the use of the information in the guide. We ask that the reader contact an expert for individual problematic situations. Copyright © Ceriffi Oy



Sustainability

It is no longer enough to declare that your operations are sustainable. You also have to demonstrate, verify and report; otherwise a critical audience may perceive the work as nothing but greenwashing.

In addition to goals, concrete results and evidence are needed; these are metrics and other objectively implemented qualitative reports on sustainable operations.

An efficient and effective sustainability programme is created by combining goals, metrics and reports, and the results of these are easy to report and communicate. A comprehensive sustainability programme also provides the company's management with good management tools for implementing strategies - set goals from different perspectives and offer personnel the means by which the goals are achieved.

Corporate responsibility is generally divided into three areas:



These areas are also referred to with terms of sustainability; environmental, social and financial sustainability. In the financial sector, the abbreviation **ESG** (Environmental, Social, Governance) is commonly used for the aspects of sustainability.

Sustainability in companies and organisations is driven by **Directives and global guidelines**

CSRD Corporate Sustainability Reporting Directive

<https://eurlex.europa.eu/legalcontent/FI/TXT/PDF/?uri=CELEX:52021PC0189&from=FI>

DNSH Do no significant harm

<https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:32020R0852&from=EN> ESG

Environmental, Social, Governance

<https://www.unpri.org/private-debt/an-overview-of-responsible-investment/4058.article>

EU European Union

https://european-union.europa.eu/index_fi GRI Global Reporting Initiative

<https://www.globalreporting.org/standards/> NFRD Non-Financial Reporting Directive

<https://eurlex.europa.eu/legalcontent/FI/TXT/PDF/?uri=CELEX:32014L0095&from=EN>)

Whistleblower Directive

<https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:32019L1937&from=en> SFDR (Disclosure Regulation, “SFDR”)

<https://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:32019R2088&from=EN> EU taxonomy

<https://eur-lex.europa.eu/legal-content/FI/TXT/HTML/?uri=CELEX:32020R0852&from=EN>



Corporate responsibility

Corporate responsibility refers to the effects and possible risks of business operations on the environment, people and society. Corporate responsibility is part of a company's risk management. The starting point of corporate responsibility is to reduce or eliminate existing negative externalities of business operations and prevent them.

The goal of social responsibility is to eliminate and prevent all kinds of negative externalities (do no harm). Since business always inevitably causes some kind of negative environmental effects, the goal in the area of environmental responsibility is to minimise negative effects (do no significant harm).

Corporate responsibility also creates numerous business opportunities. For instance, a responsibly operating company attracts the best employees and retains them, brings new customers and creates customer loyalty, gets money from the market cheaper and attracts investors.

The ever-growing expectations of companies' stakeholders regarding corporate responsibility and increasing requirements of legislation mean that it is important for companies of all sizes to understand the importance of corporate responsibility for business operations. If you don't understand responsible operation and make no effort toward it, your company will lose business opportunities and gradually its place in the market.





Steps of a sustainability programme

The implementation of a sustainability programme and its reporting includes the following steps:

1. Identifying material issues from the perspective of sustainability
2. Setting sustainability goals
3. Planning and implementation of measuring or verifying goals
4. Communicate with and engage people in implementing and verifying the sustainability programme
5. Track goals and report results
6. Sustainability reporting in which you compile the goals and achieved results
7. Update and improve operations based on the results
8. Repeat steps 1-7.

What to consider when it comes to sustainability

Identifying the material issues

- The creation of a sustainability programme in companies and organisations begins by setting goals for the different areas of business operations and sustainability. Setting goals begins by identifying the essential issues and perspectives of sustainability related to the operation and their significance to the sustainability of the operation.
- Material issues must be recognised from two directions, which is why the term double materiality is used:
 - a. What kind of impacts and risks does the company's operations have on people, the environment and society in general (impact materiality)
 - b. How sustainability factors such as poverty, climate change, loss of nature etc. affect the company's business and especially its value (financial materiality)



What to consider

When determining the material or relevant issues, choosing the most important aspects of sustainability and setting goals for the sustainability programme, the following principles of sustainability should be considered:

- Division into three parts: social, economic/governance and environmental sustainability
- Management commitment
- Duty of care i.e., Due Diligence
- Risk-based
- Engagement of stakeholders
- Materiality
- Value chain, i.e. life cycle thinking, including the responsibility of suppliers and subcontractors
- Continuous improvement, taking corrective and preventive measures
- Transparency and communication

Goals and strategy

Sustainability goals should be included as part of the company's strategy work. The sustainability programme is also a tool for the company's top management for implementing the strategy.

In general, many of the company's strategic goals can be transferred as such to the sustainability programme. And on the other hand, if the strategy and the sustainability efforts do not support each other, there may be a situation in which the operation cannot be made sustainable even with good sustainability efforts.



What to consider

If a company has sufficient means and resources, the most important stakeholders should be identified and involved in the identification and prioritisation of sustainability aspects and measurement of results. This ensures the effectiveness of the sustainability efforts and the sustainability programme.

Goals and metrics

and other ways to verify sustainability

When all material aspects of sustainability have been identified in the company, select the ones that can be influenced by the company's own actions.

To manage perspectives and goals, you can use their division into environmental, social and governance (ESG) groups.

A good goal is concrete, one which people can influence with their own actions, and is easily verified either quantitatively with metrics (e.g., energy consumption / produced product) or qualitatively in ways that can be verified (e.g., measures taken to prevent environmental pollution).



Examples

of goals of a sustainability programme and the indicators showing their status

| Goal | Metric/Verification Method | ESG sub-area |
|---|---|----------------|
| Financially sustainable and risk-free operation | <ul style="list-style-type: none">• Credit rating• Sales• Financial result | Governance (G) |
| Data security in operations and data security risk management | <ul style="list-style-type: none">• Deviations and observations related to data security• Description of data security processes and documentation of measures | Governance (G) |
| The operation does not involve or cause corruption | <ul style="list-style-type: none">• Whistle Blower reports• Internal findings and deviations related to misconduct | Governance (G) |
| Sustainable suppliers and subcontractors | <ul style="list-style-type: none">• Suppliers' sustainability reports• Results of report / evaluation of supplier | Governance (G) |

Examples

of goals of a sustainability programme and the indicators showing their status

| Goal | Metric/Verification Method | ESG sub-area |
|---|--|-------------------------|
| Equal treatment of people | <ul style="list-style-type: none">• Commitment to the UN and OECD human rights code in the company's policies and communications• Whistle Blower observations | Social Perspectives (S) |
| Safe workplace | <ul style="list-style-type: none">• Whistle Blower observations• Situations where accidents were narrowly avoided• Accidents at work• Development proposals | Social Perspectives (S) |
| Active engaged personnel and other stakeholders | <ul style="list-style-type: none">• Number of development proposals• Whistle Blower observations• Customer feedback | Social Perspectives (S) |

Examples of the goals of the sustainability programme and the indicators showing their status

| Goal | Metric/Verification Method | ESG sub-area |
|---|---|-----------------|
| Mitigation of climate change | <ul style="list-style-type: none"> Greenhouse gas emissions / product Implemented measures related to improving energy efficiency Development proposals related to reducing emissions or improving energy efficiency | Environment (E) |
| Adapting to climate change | <ul style="list-style-type: none"> Identification of risks related to climate change and the measures taken to reduce their likelihood or impact | Environment (E) |
| Protecting water and marine resources (e.g. protecting the purity of water) | <ul style="list-style-type: none"> Suggestions and measures implemented to reduce water consumption Environmental deviations | Environment (E) |
| Promotion of the circular economy | <ul style="list-style-type: none"> Waste recycling rate Development proposals to extend the life cycle of products or to improve recyclability | Environment (E) |
| Prevention of environmental pollution | <ul style="list-style-type: none"> Environmental deviations Development proposals and implemented measures to reduce water use | Environment (E) |
| Protecting ecosystems and biodiversity | <ul style="list-style-type: none"> Amount of waste / product Amount of hazardous waste / product Environmental deviations | Environment (E) |

Communicate with and engage people

Now management's commitment to sustainable actions is gauged. A successful sustainability programme requires 100% management commitment. Commitment is demonstrated by allocating sufficient resources to the sustainability programme by actively communicating both the programme and the achieved results. The more widely you can get different stakeholders to participate in the implementation of the sustainability programme, for example through the implementation of indicators showing sustainability or other methods of verification, the more concrete the sustainability programme will become.

The more real-time the data about the status and results of various goals is, the more effective the sustainability programme. In this way, it also works as a management tool in companies and organisations.

! What to consider

A good sustainability programme and its effective implementation can easily be achieved with digital systems.

With the ShowYourSustainability application, you can create a comprehensive sustainability programme and produce sustainability reporting.

The Ceriffi Check mobile application is an easy and fast way to get personnel to participate in the implementation and monitoring of a sustainability programme on a day-to-day basis.

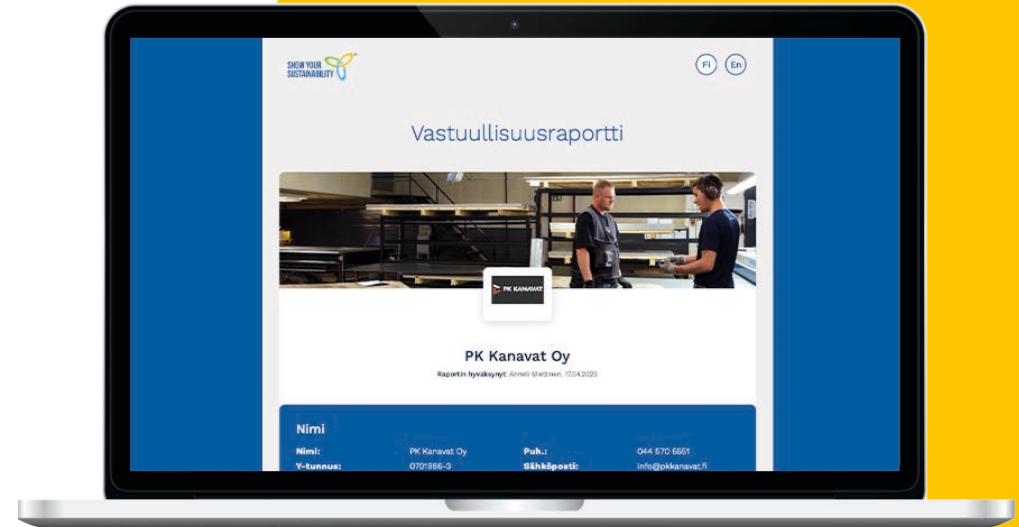


Sustainability reporting

One of the guiding principles in responsibility reporting is balance, i.e. transparency. Balanced reporting means that challenges and failures are reported alongside successes.

Good sustainability reporting covers the following areas:

- The mission, business idea and vision of the company or organisation
- The company's or organisation's operating environment and stakeholders' expectations
- The company's value chain
- Material aspects of sustainability
- Policies and other commitments that the company has set for itself (for example, personnel policy, supplier policy) or to which it has committed (for example, the UN and OECD human rights code)
- Sustainability goals and means to achieve the goals
- Sustainability metrics, other verifications and achieved results
- Management's analysis related to the sustainability of the goals, their achievement and results
- Sustainability communication, both internal and external



Improve operations and the sustainability programme

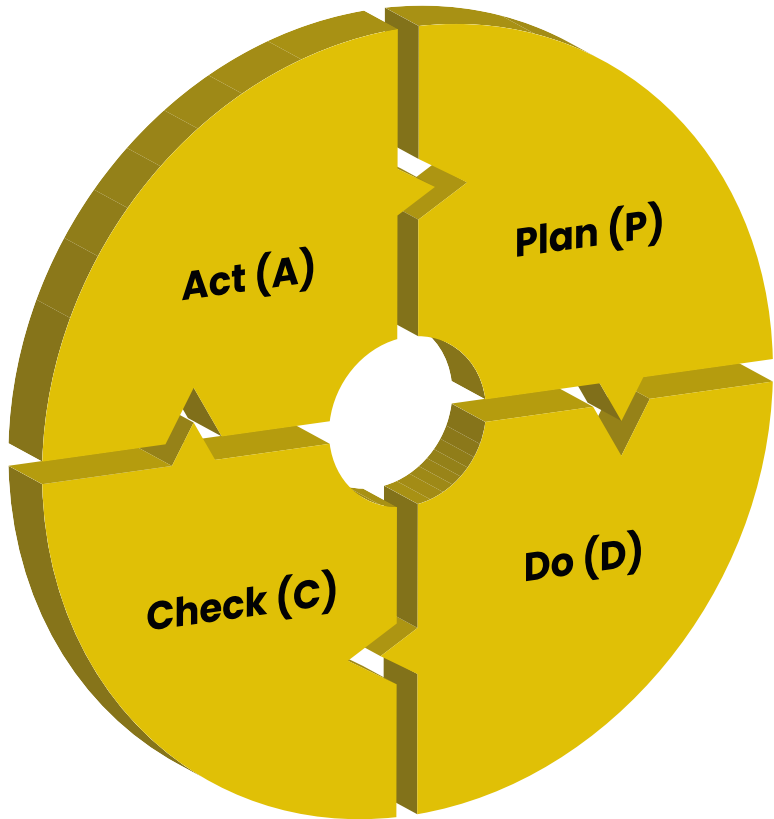
based on the results

Update the sustainability programme and goals if necessary.

Although the goals are often very permanent in terms of sustainability (e.g. climate change mitigation), the metrics and other means of verification and studies are living and evolve.

The advance of digitisation enables ever-wider, more real-time and more inclusive metrics and verification methods for sustainability efforts.

In implementing a responsibility program, a good guideline to follow over time is PDCA, i.e. **Plan (P) – Do (D) – Check (C) – Act (A)**.



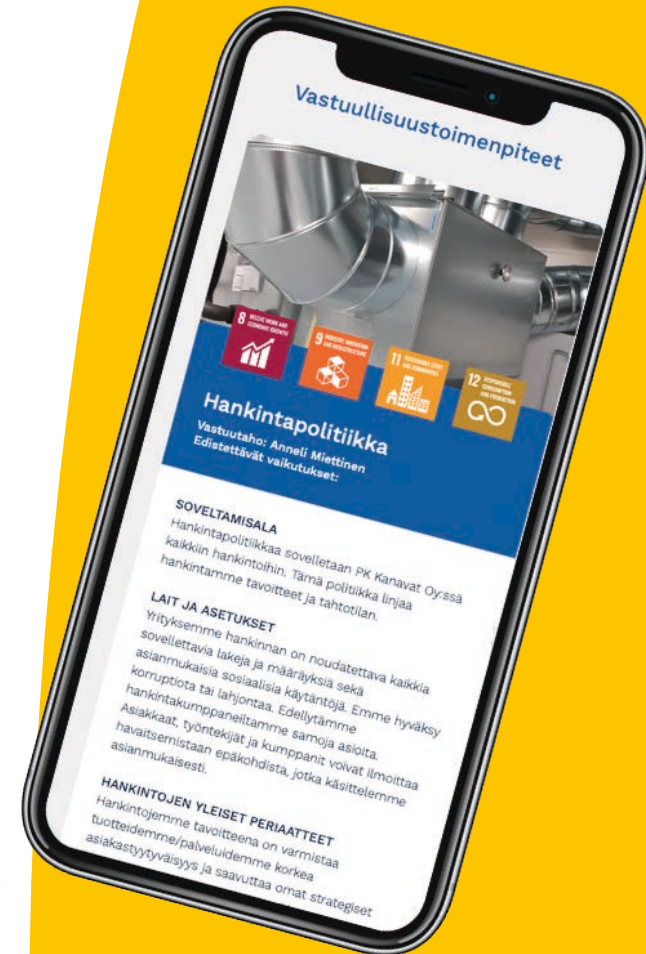
ShowYourSustainability

A mere declaration of sustainability is not enough. Concrete evidence is needed to verify sustainability. These include reliably conducted surveys, sustainable actions and the realisation of sustainability goals in practice. Sustainability must be shown, verified and reported transparently, otherwise the talk of responsibility can be interpreted as just greenwashing.

ShowYourSustainability - verification of sustainability now as a service

The ShowYourSustainability application offers the tools for creating a sustainability program, engaging personnel and other stakeholders, realising sustainability metrics and other verifications, communicating results and compiling reports.

Learn more: [ShowYourSustainability.com](https://www.showyoursustainability.com)



Our sustainability service

eriffi Oy, the software operating behind ShowYourSustainability, provides digital assistance to enhance processes and quality management. We help our customers in developing sustainable business.

SERVICES

- Creating a sustainability programme
 - Creating goals and targets
 - Measuring and monitoring goals
- Consulting on sustainability issues
- Training of key personnel
- Sustainability reporting
 - Showyoursustainability software Q4/2022
- Sustainability audits for stakeholders Planning sustainability communication

Our partner network has communication professionals who help with sustainability communication.

OTHER SERVICES

Project manager and consulting services

- Management systems
 - ISO 9001:2015 Quality management system
 - ISO 14001:2015 Environmental management system
 - ISO 45001:2018 Management systems of occupational health and safety (OHS)
 - ISO 50001: 2018 Energy efficiency system IPR issues and product protection
- Quality manager
- Development services of ELY Centres

Mobile application that supports management:

- Ceriffi Check® <https://cerifficheck.com/>

Contact information

Samuli Muhonen

samuli.muhonen@ceriffi.fi

Tel. +358 50 5923958



Martti Blomberg

martti.blomberg@ceriffi.fi

Tel. +358 45 1645799



Mikko Kettunen

mikko.kettunen@ceriffi.fi

Tel. +358 45 1645778



www.showyoursustainability.com