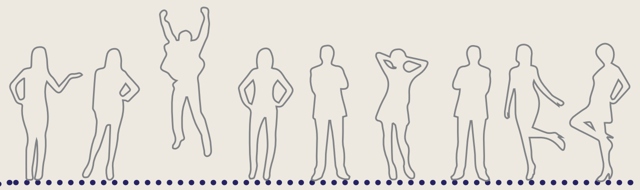
Nordam
BUSINESS PARTNERS

Business Progress Report 2022

Financial and ESG activities accompanied by guidance
for developing your company's integrated report.

Integrated Annual Report FY21/22
Published August 2022

Key figures



Number of employees at year end:	9
Change in size by headcount:	800%
Revenue:	DKK 4.5m
EBITDA:	DKK 1.3m
Dependency on top three clients:	93%
Average length of client engagement:	6 months
Employee engagement score:	88%
Women in leadership:	100%
Suppliers in scope that have certified our Code of Conduct:	25%
Number of data breaches:	0

About this report *Before you read on*

Business Progress Report FY21/22

This report includes an integrated annual report from Nordam Business Partners accompanied by an abbreviated white paper providing key information about the definition, purpose or practicalities of creating an integrated report.

This format was chosen in recognition of our responsibility to make ESG and integrated reporting accessible to all businesses. We share our integrated report to demonstrate that transparency serves companies of all sizes, regardless of regulatory obligations. We include a white paper to offer elementary guidance and encouragement to other companies considering how to best initiate ESG activities or get started with reporting.

The white sections of this report contain the white paper.

The integrated annual report covers activities for the financial year 2021/2022 ending 30 June 2022 as well as goals for the coming year. The report was not audited.

Please refer to the glossary at the end of the report for key terms and abbreviations.

Management statement

We are *excited* to discover new opportunities

What a year!

Going from a one-woman army to a nine-person business in a year is beyond my expectations. It has been challenging, rewarding and beyond everything, it has convinced me that we can positively impact the way we do transactions and work as M&A advisers.

Our company is set on building a work culture that fits into people's lives, and not the other way around. We believe that allowing people to be themselves will also enable them to be their best selves at work. This is rewarding for our clients and our team.

A year of firsts

Reflecting on the past year, I am especially proud of the following:

· 100% of our employees agree or strongly agree that work gives them the flexibility they want in their lives:

Our focus will continue to be on creating work conditions that fit our employees' lives. This means that we have a hybrid working place, freedom regarding work hours, and that we continuously question existing practices to see if they align with our desire for flexibility.

· A net profit of DKK 1 million:

Our clients are responding well to services targeted at easing them through their transactions. In addition, we are extremely proud that as a newly established company we are able to generate such positive financial results.

· Average client engagement of six months:

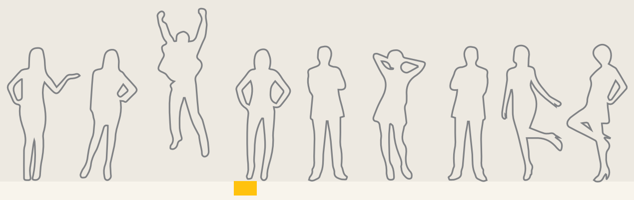
The vast majority of our client engagements have extended far beyond the original scope. Our clients trusts us, and we add value to them across the Exit Cycle.

· Adding ESG to our services:

Investors care about ESG, and it is clear to us that the focus should be integrated in any exit service. We find ourselves uniquely positioned in the market for ESG services due to our financial understanding and pragmatic approach.

· Endless cups of coffee:

I have had 100+ coffee meetings this past year. It has been both personally and professionally rewarding to receive such a warm welcome from players in the M&A market who have also expressed a clear demand for our services.



As we grow, our ambitions grow

We have a busy calendar ahead of us and are working on several strategic partnerships to further establish our position in the market for exit and ESG services. We are looking forward to hiring and working with more people and helping more companies build their businesses.

From an operational perspective, we are excited about our move into a larger office during September. We brought in our COO, Ilona Langgård, as a new equity owner in July 2022, and her engagement is part of our maturation as a company.

Together, we are exploring the possibility of introducing a board to provide new perspectives on our strategy and help raise our ambitions. We aim to hire six additional people, triple our revenue and continue redefining work flexibility this year.

We advise our clients to always be ready for their next exit and approach our own growth with the same perspective. We look for opportunities on the horizon and are excited to discover new openings.

I hope you enjoy reading our report!

Christine Nordam
Managing Partner

Highlights of our first year

- July 2021: **Founded by Christine Nordam**
- September 2021: **Welcomed our first full-time employee**
- October 2021: **First DKK 1m in revenue**
- November 2021: **Published our first ESG report**
- November 2021: **Shared our first public credential, Hove's IPO**
- February 2022: **Moved into our first office space in Carlsberg Byen**
- February 2022: **Introduced blind recruitment for certain roles**
- April 2022: **Welcomed new COO and Director, Ilona Langgård**

What is a *Management statement?*

What should be included in a management statement?
The management statement provides a summary of the company's development and current position within the industry. The statement includes a brief analysis of factors that are relevant to the company's evolution. It highlights and provides commentary on especially notable results in the report across financial and non-financial areas. The management statement should also comment on changes in ownership or the acquisition of shares, research and development activities, the anticipated future development of the company or any particularly important events after the end of the financial year.

The management statement is an opportunity for management to share opinions and build trust with its target audience. Auditors must confirm that the management report contains the required information and that it corresponds to the contents of financial statements, but they are not expected to confirm the opinions and analysis. This provides an opportunity for management to build trust by providing a thoughtful, fair, holistic, and realistic assessment of the business' status and future expectations.

Is a management statement required?
Listed, large and medium-sized firms are required to publish a management statement with their annual reports.

Small companies can choose to provide a management report or add the required information as notes to the financial figures. Although small companies are not obligated to provide a management statement, including one provides them with an opportunity to express their opinion and build trust with readers.

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What you should *look forward* to

We encourage you to save this report and reference it for guidance as you develop your own report.
Use the white paper part of our report to facilitate its use as a reference document.

The White Paper

Approach to this report

Integrated reporting is a natural demonstration of the *equal importance* that ESG and financial management hold to our business

Environmental, social and governance (ESG) management is equally important to us as our financial management, and we aim to reflect this perspective in our business operations. For both areas, we designated responsible executives, included monthly data management in employee duties and discussed our progress and hurdles with our team. Now, we choose to utilise integrated reporting as a natural demonstration of the equal importance that ESG and financial management hold to our business.

Our integrated report contains the financial information traditionally included in an annual report as well as the ESG information often provided in an ESG or sustainability report. As a micro business, we are subject to limited financial reporting requirements and are exempt from ESG reporting mandates. We choose to share our integrated report to create accountability for our actions and demonstrate that transparency serves companies of all sizes, regardless of regulatory obligations.

Although publishing an integrated report seems natural to our business, it does bring new obstacles to internal collaboration and external compliance. We recognise that our commitment to integrated reporting will be challenged as we grow and are obligated to meet additional reporting and auditing requirements. We set a standard now to drive accountability as we face new dilemmas in the future.

Our approach
Our approach to creating our first integrated report has focused on two core principles:
1. Linking ESG and finance together
2. Widespread involvement of employees

We structured our report development process to bring together our people, competencies and data from finance and ESG. We kickstarted a company-wide discussion of our overall corporate priorities by sharing data and experiences, before diving into our overall reporting process. The departments collaborated throughout the report development, including in the determination of our priorities, establishment of integrated targets and the production of our final integrated report.

In general, our work with integrating finance and ESG has shown that we find it more intuitive to add finance into our ESG processes, than the other way around. Going forward, we will consider how to best ensure joint engagement as we continue integrating the two areas.

Utilising integrated reporting to improve our business
Developing this report provided us with an opportunity to reflect on our non-financial goals and identify ways in which they can be more effectively integrated into our operations. By viewing our financial and ESG goals through a single lens, we can identify overlap and pinpoint new opportunities.

We used the integrated reporting process to better align our compensation policies with our financial and ESG goals. It provided an important opportunity to reflect on our budgeting and financial priorities to ensure that our financial decisions support sustainable growth that fully incorporates and reflects our non-financial priorities.

The integrated reporting process also spurred ongoing discussions about how we align and convey our culture, values and actions, while maintaining our profitability and growth trajectory. These healthy conversations allow us to engage our team and consider some of the dilemmas that come with operating a purpose-driven business.

What is *Integrated reporting?*

An integrated report combines the traditional annual (financial) report with your environmental, social and governance (ESG) report. An integrated report provides a fuller picture of how your company is meeting its environmental and social commitments while continuing to perform well financially.

ESG reports, which are included in integrated reports, are quickly replacing or supplementing CSR and sustainability reports. ESG reports contain data about the company's impact on three areas: environmental, social and governance.

A significant element of integrated reporting for many large companies is the requirement for board sign-off.
As the integrated report serves as the annual report, it is subject to a higher level of scrutiny and accountability than independent ESG reports might otherwise receive.
Most independent sustainability or ESG reports are not subject to assurance requirements, nor do they have the same board approval requirements.

Will you need to publish an integrated report?
Integrated reporting is not currently a hard requirement for any company though we believe it is the future of responsible business. The EU's Corporate Sustainability Reporting Directive (CSRD) requires that all large or listed companies publish regular reports on their environmental and social impact activities. The first set of companies have to publish reports covering the FY2024. The CSRD requires that sustainability information is subject to a limited level of audit assurance. As the required level of scrutiny and accountability for ESG reporting increases, more companies will integrate their reporting. We anticipate that ESG will become equivalent to finance in both importance and reporting structure, a change which will drive adoption of integrated reporting.

What about small companies?
The current regulations also cover listed SMEs who will first have to start reporting from FY2026.

Companies that are exempt from the CSRD are still likely to face changing expectations regarding their reporting practices as norms for large businesses move towards integrated reporting. The standards for reporting for commercial purposes, including to lenders, investors and other stakeholders, are expected to shift as integrated reporting becomes more common. Integrated reporting may soon be unavoidable in terms of communicating to non-regulatory stakeholders, regardless of company size.

We encourage companies of all sizes to consider integrated reporting and to anticipate its broad usage in the future.

What are the main practical opportunities and challenges of integrated reporting?
The primary challenge of integrated reporting is aligning internal stakeholders, including management, employees and boards. Some companies also face challenges with conflicting regulatory requirements or timelines, but these are limited to businesses with significant compliance demands from diverse regulatory bodies.

Importantly, integrated reporting is more than just reporting on finance and ESG in the same document. By integrating annual and ESG reporting, you encourage cooperation between the different teams in your company. This will lead to stronger business anchoring of the different targets and actions and may even encourage more holistic thinking regarding business strategy. Over time, integrated reporting will be a natural result of integrated operations. Integrated reports also serve external stakeholders by providing them with a single file that contains a clear, concise view of the company.

Our corporate identity

We are excited *to share who we are* as a company

Our purpose is to empower our clients and employees to succeed in reaching their goals.

Our purpose is a driving force for our company and reminds us why we do what we do. We are about the people, and we are here to provide a human-first perspective that inspires, engages and empowers our clients and our employees to reach their goals.

Guiding our choices with our vision, mission and values.
We utilise our vision, mission and values to inform our daily operations and long-term planning. By integrating our vision and mission into our everyday decision-making, we ensure that our actions keep us moving together as a team toward our collective goals.

Our vision is to make exit preparation an inherent part of running a business.

Our mission is to bring integrity back to client services through customised exit preparation and thriving employees.

Our values guide our actions toward each other and the world. They shape our culture and help us stay true to our priorities when we navigate tough decisions.

Empathy for our clients' unique needs and our employees' well-being
Curiosity to continuously engage with new knowledge and practices
Courage to remain true to ourselves and deliver integrity in our services
Accountability in relation to the promises we make









What is *Corporate identity?*

A company's identity includes information about how the company sees itself, where it is positioned, and what it is striving for.

Your company's identity might include:
- Purpose – the company's reason for being
- Vision – the company's big picture aspiration
- Mission – how the company will reach its aspirations
- Values – intangible qualities that drive the company's actions
- Overview of products, services and/or business model

A corporate identity can also encompass the company's brand identity, though this is often conveyed through logos, colours and other design choices rather than through explicit language.

Why include your company identity?
You company's identity provides report readers with the necessary context for interpreting the contents of the report.

Since most integrated reports are read by external parties like investors, lenders or potential talents, information about the company's identity provides an indication of what the company is striving for and how it views and positions itself.
A company's identity often drives the prioritisation of financial and non-financial goals and the actions taken to reach those goals. Without this background information, readers may not be able to assess the validity or importance of reported information, nor appropriately contextualise the company in the market.

General company information is required for firms that are obligated to publish an annual report, but it is especially important for small and mid-size companies that might be exempt from many reporting requirements. Less established or lesser-known companies can use this background information to clarify who they are and who they want to be for an audience who may otherwise have limited knowledge of the business. Investors and other stakeholders may not view your marketing collateral, but they will read your integrated report. Your integrated report should be a reflection of your company's identity.

Our services

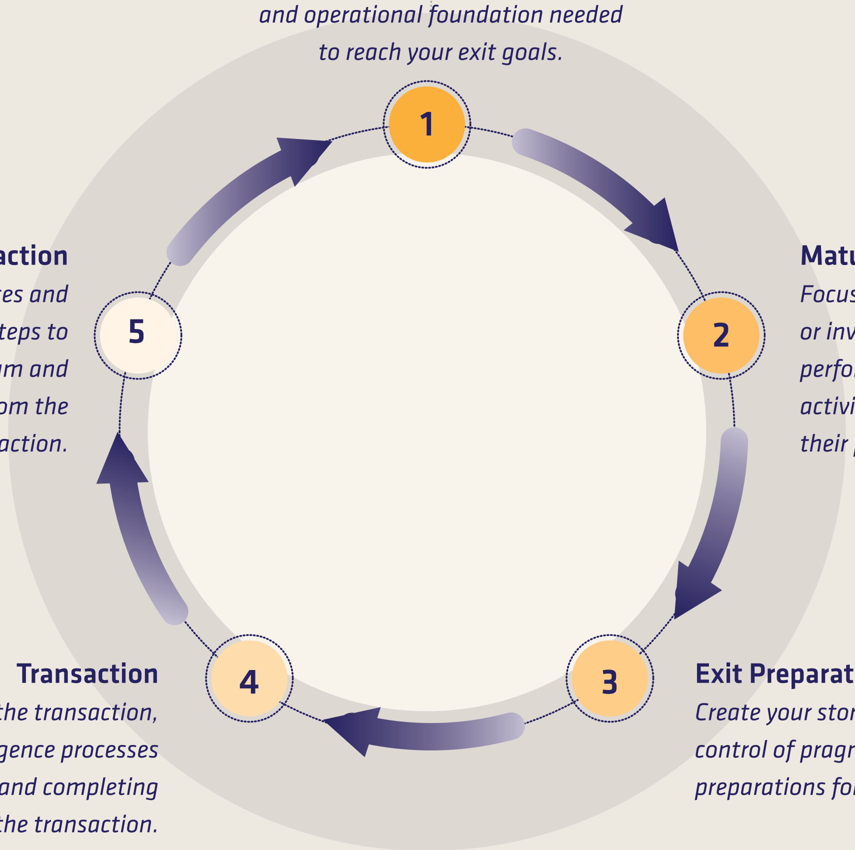
Introducing *the Exit Cycle*

We deliver customised, personal attention to ensure owners and managers are always prepared to maximise exit opportunities when they arise.

Recognising any change in ownership structure or equity allocation as an exit allows companies to prepare for the transaction and adjust to the new reality after its completion. We see exits as a normal part of any business lifecycle. Incorporating the Exit Cycle – our proprietary model for approaching an exit - into business operations ensures owners, managers and their companies are always ready for the next opportunity.

We meet our clients where they are in their business lifecyle by offering services at each stage of the Exit Cycle. We empower teams to understand and navigate the transaction, mitigate their stress, and maximise the business value. Our offerings focus on the financial, ESG and management readiness needs that companies face before, during and after a transaction.

Establishment
Consider your next exit and build the strategic and operational foundation needed to reach your exit goals.



Maturation
Focus in on your ideal buyer or investor and establish performance targets and activities that that match their priorities.

Exit Preparation
Create your story while taking control of pragmatic and actionable preparations for the transaction.

Transaction
Handle the details of the transaction, from managing due diligence processes to answering questions and completing the transaction.

Post Transaction
Align your practices and plan your next steps to maintain momentum and maximise value from the transaction.

Our services across *the Exit Cycle*

1 Establishment
- Advise on your exit-focused strategic planning
- Define your purpose
- Conduct your ESG materiality assessment
- Analyse your financials
- Establish management reporting and KPIs
- Create your external ESG report
- Educate your team and management

2 Maturation
- Perform a health check (light due diligence)
- Define your purpose
- Conduct your ESG double materiality analysis
- Analyse your financials
- Refine your management reporting and KPIs
- Create your external ESG report
- Educate your team and management
- Create sales traction

3 Exit Preparation
- Prepare your data pack
- Conduct vendor due diligence
- Guide your preparation of information memoranda (IM)
- Prepare your management presentation (MP)
- Practice your oral management presentation (MP)
- Build your virtual data room (VDR)
- Coach your owners and management through the exit process

4 Transaction
- Manage requests from buy-side
- Draft your answers for Q&A
- Prepare you for Q&A sessions
- Conduct buy-side ESG due diligence
- Coach your owners and management through the exit process

5 Post Transaction
- Develop your action plan
- Review your purpose
- Revisit your ESG double materiality and integrate changes
- Analyse your financials
- Identify needed changes to KPIs and reporting metrics
- Create your external ESG report
- Educate your team and management

Our SDGs

Anchoring our purpose to the SDGs - We are all responsible for developing a *better and more sustainable future*

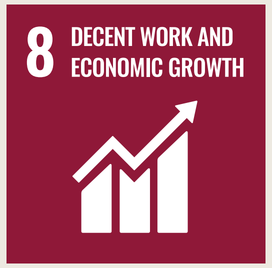
We selected two Sustainable Development Goals (SDGs) to help guide and focus our sustainability efforts. We chose our SDGs by employee election and considered goal alignment in relation to our purpose, business operations and employee needs.

We use the goals across our internal policies and activities to drive value creation for the world. In particular, we use the goals in the financial prioritisation of our commitments to community engagement. We also referenced the SDGs in our bonus policy and the implementation and application of a new, less-biased hiring process. Moving forward, we will continue to reference the SDGs for inspiration when setting targets and policies for the company.

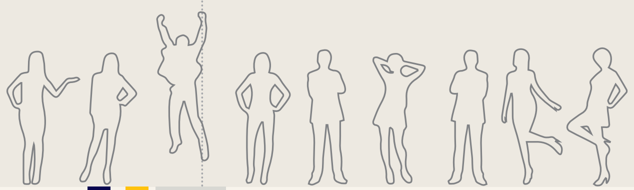
The two SDGs that we have chosen are 'SDG 5: Gender equality' and 'SDG 8: Decent work and economic growth'.

Both goals are closely rooted in empowerment, which aligns with our purpose. SDG 5 aligns with our potential to create impact as a women-forward business in a traditionally male-dominated industry. SDG 8 aligns with our mission of creating a healthy workplace for our employees to thrive in.

Achieve gender equality and empower all women and girls



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



What are the *Sustainable Development Goals (SDGs)?*

The Sustainable Development Goals (SDGs) are a call to action for a more sustainable future. Adopted by the United Nations in 2015, the SDGs identify global priorities and provide a framework from which to approach our most urgent collective sustainability needs through 2030.

There are 17 SDGs that collectively recognise the interrelated nature of the economic, socio-political and environmental dimensions of sustainability. Action in one area may affect outcomes in another, so development requires a multifaceted and balanced approach.

Each of the SDGs has targets and indicators to measure global progress.

Why should you incorporate SDGs in your work?
The SDGs were globally agreed upon as the most pressing goals for the world and provide a shared language for communicating about ESG and sustainability more broadly. As a result, the SDGs provide a useful frame of reference for your company's efforts and impact.

The SDGs can be an excellent starting point in understanding your company's impact and risks, as they cover the most important ESG-related issues for the world. As you focus in on priorities, selecting specific SDGs that are relevant to your company's identity, including your purpose and your operations, you ensure that your ESG efforts add value to society and the environment. We recommend that companies start by selecting one to three SDGs that are most directly related to their purpose and values, business operations and employees.

The SDGs are also helpful in communicating your efforts because they provide language that is used globally and across all industries to discuss shared global priorities.

Our *progress*

The following chapters report on our financial and ESG results for FY21/22 and our actions and targets for the coming year.

Basis of preparation

The *content* of our report is based on our *discussion* and *prioritisation* of the most material topics

We began our reporting process by identifying our key stakeholders for this report and determining the information that would be most relevant to their needs. We took separate but overlapping approaches to ascertain the most appropriate financial and ESG considerations and inclusions.

Financial preparations

We defined our key financial stakeholders as potential lenders, investors and strategic partners. Accordingly, we selected analyses and highlights based on the content we would expect these stakeholders to prefer or require when considering our business. As our experience is in M&A, our financial approach, including our annual reporting, is formed by our understanding of due diligence and our perspective on what we or others would look for when assessing a company.

We worked closely with a professional adviser to confirm the accuracy of our depreciation and tax calculations.

This report was not audited. We are exempt from auditing requirements due to our size. The report is submitted in accordance with the Danish Financial Statements Act.

It is Management's opinion that the annual accounts give a true and fair view of our assets, liabilities and financial position as well as our results.

Our future financial targets and predictions are based on our best available data and are informed by our purpose, services and ESG targets. We controlled our costs, yet our future is uncertain as we take into account our irregular cash flow. We are prepared to obtain external financing in FY22/23 to ensure that we can exploit opportunities as they arise.

ESG preparation and double materiality assessment

Our ESG preparations began with a double materiality assessment.

We perform an annual materiality assessment to determine the most material sustainability topics for our company. Completing our materiality assessment every year allows us to recognise the dynamic nature of ESG and what is material to us, which is especially fluid given our young age and fast growth. We utilise a double materiality assessment which values the impact on our financial value equally with the impact on society and the environment.

For FY21/22, the materiality assessment was led by Management. We invited all employees to be engaged in and contribute to the process, and most employees participated in some capacity. We utilised the following process in relation to this integrated report:

1

Topic identification and risk evaluation:

We held a firm-wide workshop to identify and discuss potentially material topics. During this time, we clarified the overall priorities of the firm and discussed the importance of our corporate identity and services in our materiality assessment. We also established four tasks forces, one for each area: Finance (F), Environmental (E), Social (S), and Governance (G). The task forces performed research about potential topics and served as the foundation for our continued financial, environmental, social and governance annual planning and reporting efforts.

2

Stakeholder analysis:

In establishing the topics included in our ESG strategy, we reviewed issues that our stakeholders expect us to address and that we view as relevant to us. The five main stakeholder groups that were considered when establishing our material ESG issues were: employees, clients, suppliers, authorities and society.

3

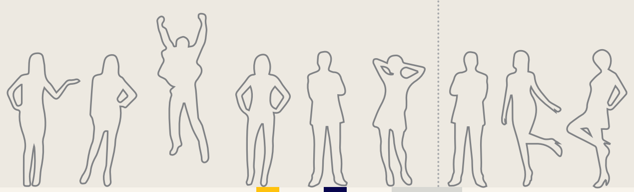
Prioritisation and mapping: After each task force had completed their research and assessment of our progress against previously established goals, we came back together for a second firm-wide workshop. During this time, we prioritised the identified topics based on our research of risks, relevant standards or compliance demands, our existing or past actions, and stakeholder dialogues. The prioritisation was based on a double materiality assessment. We then mapped our most material topics based on our discussion and prioritisation.

Following the completion of our double materiality assessment, we identified targets for our most material topics. Additionally, we determined actions that will drive our progress toward the established targets.

Our materiality assessment will continue to serve us beyond the completion of this report. It informed our targets and the actions we will take to achieve them in the coming year. It will also inform our future choices because we reflect on our priorities when making decisions about our company's strategy, operations, and risks.

Firm-wide priorities

Although each topic in the double materiality assessment was prioritised individually, there is an overall trend between the relative prioritisation of E, S and G topics. In general, E topics scored low in our materiality assessment, whereas S and G topics scored highly. This trend, discussed further in this report's section on environmental issues, makes sense due to our small size and knowledge-based services. The comparative prioritisation of S and G aligns with our company purpose which centres on empowering people.



How do you prepare to cover ESG in your *integrated report?*

Financial reporting, including the basis of preparation for financials, is well established. We recommend complying with existing requirements and standards when developing your integrated report.

In addition to meeting requirements as you would for any annual report, utilising an integrated report provides an opportunity to disclose financial information relevant to your ESG activities. This includes data that supports your continued investment in your ESG agenda, or financial challenges as a result of your ESG commitments.

How do you prepare for what ESG issues should be covered by your integrated report?
We recommend that you always start with a materiality assessment.

A materiality assessment is an essential step in identifying the environmental, social and governance (ESG) topics that are most relevant to your business.

A materiality assessment is a formal exercise in which a company determines how relevant and important specific ESG issues are to their activities, financial value and stakeholders. A double materiality assessment expands on this premise to additionally consider the impact of the company's activities on society and the environment. A materiality or double materiality assessment can help determine material issues for the first time or serve as a check for existing priorities and gut feelings.

Once completed, a materiality assessment is used to inform the creation of meaningful ESG targets and practices that are relevant to the company and support its strategic direction. Note, a materiality assessment is always unique for the company because it relies on the financial standing, market positioning, strategic plan and identity of the business.

Do I have to make a materiality assessment?
A materiality assessment is not required by regulators.
If your only goal with ESG reporting is to meet regulatory requirements, then you may be able to live up to the requirements criteria. In this case, you may get by focusing on regulations and adopting the necessary monitoring and reporting processes. However, even if your only objective is compliance, a materiality assessment can still be useful to ensure that your reporting is accurate and meeting your compliance goals.

The many different ESG standards and regulations are focusing on transparency: transparency about your performance, and the actual and potential impact that you make.
It will be challenging to report on these if you have not done a materiality assessment first. The process of doing a materiality assessment will provide a better understanding of your strengths and weaknesses in relation to the different ESG topics, which will help you understand how you can meet the different standards.

Our double materiality assessment

Our employees' *health, safety and well-being* are the most material topics to us

Our double materiality assessment identified that 12 of our 15 shortlisted topics have moderate to high materiality for either our business's financial value or society and the environment. Of those 12, we identified 5 which have high double materiality. We considered an additional three topics based on their perceived importance to society but found them to be immaterial due to our limited effect on society.

Double material:
Employee health, safety and well-being (S)
Supplier ethics (G)
GDPR (G)
Business ethics and whistleblowing (G)
Diversity, equity, inclusion and engagement (S)

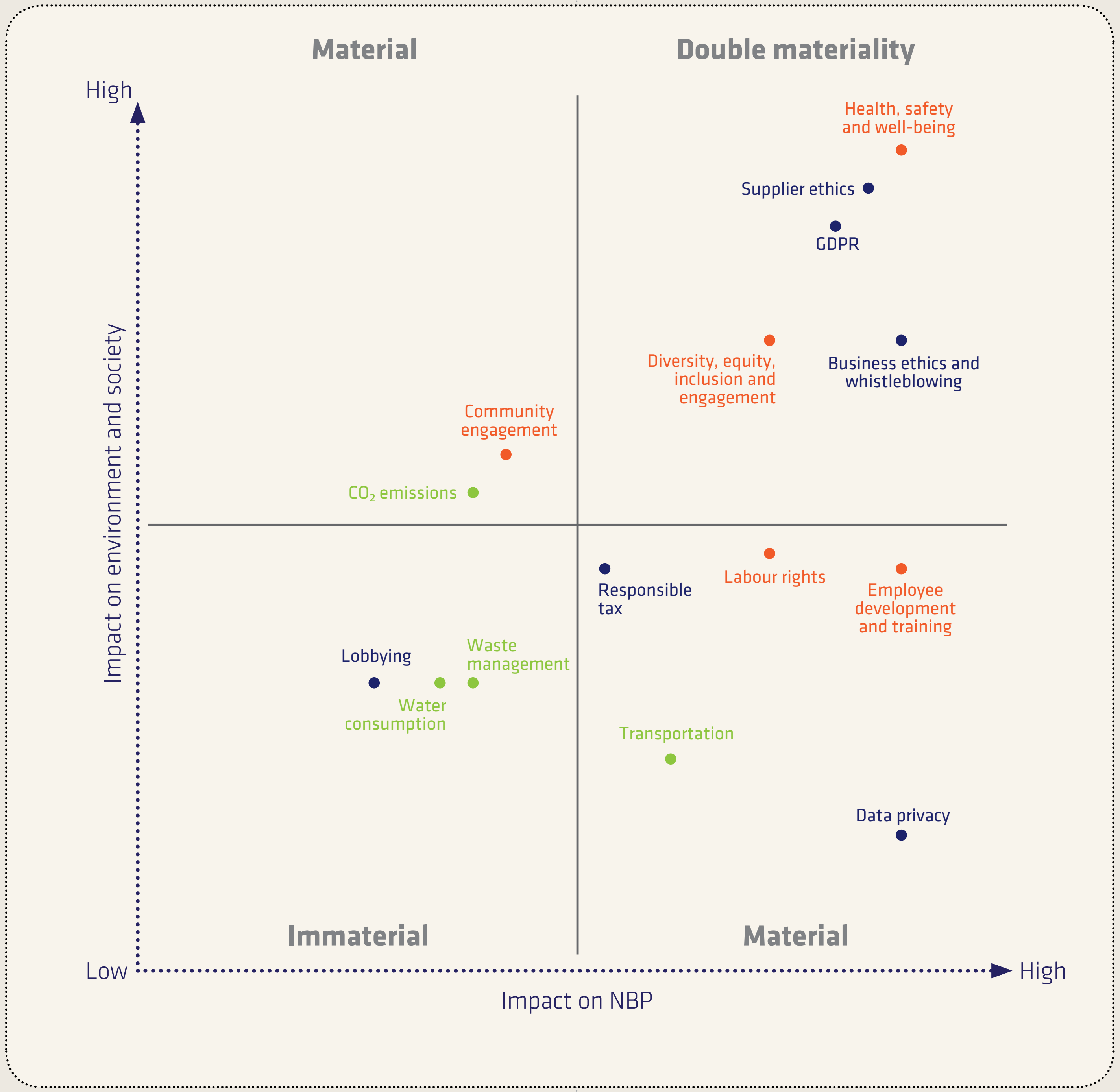
Material:
Employee development and training (S)
Labour rights (S)
Data privacy (G)
Responsible tax (G)
Community engagement (S)
Transportation (E)
CO^2 emissions (E)

Immaterial:
Waste management (E)
Water consumption(E)
Lobbying (G)

Many factors affect how material we view a topic. Our materiality assessment was especially guided by our values and our ability to influence the topics.

Although our goals and actions will focus on our top priorities (1-5), we will continue to monitor and report on aspects of the seven topics (6-12) that have moderate to high materiality for us or for society. Three areas (13-15) were determined to have low materiality: Water consumption, waste management and lobbying. We will not focus our efforts on these topics but will continue to assess whether they are relevant to our company in the future.

Our double materiality assessment excluded general human rights due to their limited relevance to our business.
Our current operations solely take place in Denmark, a country with strong human rights protection. As a result, human rights violations pose a low risk to our business, and we have limited opportunity to impact society through human rights protections. However, we do recognise the importance of human rights protections through our human rights policy and the inclusion of human rights in our supplier ethics policy. Specific human rights that are especially relevant to our business, including those related to labour and safety, have been included through other categories.



What is a *Double materiality assessment?*

What is double materiality and why is it relevant?
The concept of 'double materiality' was formally proposed by the European Commission in 2019. Double materiality considers materiality from two sides:

1. Financial materiality (impact on company value)
2. Environmental and societal materiality (impact on the world)

The natural extension of double materiality includes an assessment of the interconnectivity between the two elements.

Double materiality requires companies to look at not only what impacts them, but also at their outward impact. This framework increases corporate transparency, which is a fundamental element of ESG.

Although double materiality requires companies to look beyond the factors that impact them financially to consider their impact on the world, it does not have to be twice as challenging or create double the work. By conducting a materiality process that is context-driven, dynamic, data-based, and considers a wider scope of external data, companies can effectively and efficiently assess both sides of double materiality.

Specific guidelines on double materiality are expected to be released by EFRAG in late 2022.

Conducting a materiality assessment
Materiality assessments nearly always include the same general phases. While the nuances of the process may vary based on the company, the basic components of a materiality assessment are the same.

1. Topic identification and risk evaluation:
Create a short list of ESG topics that could be relevant to your company, usually by doing some desktop research and talking to your organisation about topics they find relevant.

2. Stakeholder analysis:
Create an overview of which stakeholders are relevant to your company and achieve an understanding of topics that are relevant to them. Examples of relevant stakeholders could be your employees, clients, suppliers, society, potential investors, community and network.

3. Prioritisation and mapping:
The third phase of a materiality assessment is the analysis and synthesis of the acquired data to generate a useful map of the priorities.

You can read more about how to make a materiality assessment here.

How do you define what is material?
A materiality assessment is individual, which means that your criteria for defining materiality can vary. The most important part of the exercise is critically prioritising the different topics so that you can differentiate between which topics are central for your company and why.

There are numerous possible criteria for determining materiality in connection with a double materiality assessment, but some of the most common ones are:

· hard and soft law
· applicable standards
· voluntary commitments
· your values, competencies, policies and strategies
· your ability to influence the topics
· the urgency of the topic
· your stakeholders' expectations
· industry trends
· the likelihood and severity of future financial impact
· the likelihood and severity of actual and potential impact (positive and/or negative) on society and the environment in relation to a company's operations and value chain

When defining what is material, it is important to remember that the scale is relative. When looking at impact on society and environment, focus on your impact and not the general importance of the topic to society.

What happens after the materiality assessment?
Once your materiality assessment is complete, you can incorporate ESG issues into your company's strategy and operations. Next steps might include:

· Establishing targets related to material issues
· Developing metrics to track progress
· Identifying actions to drive progress towards targets
· Implementing monitoring systems for lower-priority material issues
· Incorporating targets into strategic planning
· Communicating about material issues, ESG goals and progress through formal reporting and informal communication channels.

Our financial position

We are satisfied with our results, but *even more excited* about the journey ahead

Financial characteristics in different stages of growth
Our first financial year exceeded our expectations. It was an unpredictable learning experience full of financial decisions and opportunities.

We divide the past year into three growth phases with different financial characteristics:

July to December 2021:
We accepted all projects to build a financial foundation.
January to March 2022:
We transitioned from an external to an internal focus. We built our website, moved into our first office space, and began implementing internal processes to support our growth.
April to June 2022:
We invested heavily in accelerating our growth. We expanded our management team, defined our corporate identity and refined our core services.

We have managed to exceed our revenue expectations by 450% without raising any external finance. We are highly satisfied with the financial result, but even more excited about our journey ahead.

Expectations for 2022/23
We have built a strong foundation and are ready to hit the ground running. We are more prepared than ever to deliver our go-to-market strategy, strengthen our brand and increase its recognition, give raises to our amazing employees, knock on doors, challenge our competitors, and continue to increase our internal and external ambitions in the next financial year.

We expect to raise external finance and our COO and Director, Ilona Miettinen Langgård, has already invested in us to accelerate our growth. If the circumstances are right, we are open to inviting more investors onboard our journey within the next financial year.

REVENUE OF DKK 4.5m. We exceeded the expectations for our first year by 450%. We aim to triple our revenue next year as a result of momentum and the number of employees.

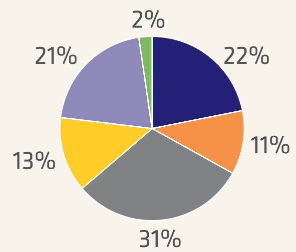
AVG. LENGTH OF ENGAGEMENTS. In FY21/22 our clients were engaged with us for six months on average. We are proud that our clients trust and retain us, however, we expect to have shorter engagements in FY22/23. We are expanding our focus from exit preparation to include ESG and financial services throughout the Exit Cycle, which allows us to engage in projects with smaller scopes.

CLIENT DEPENDENCY. Our top three clients made up 93% of total revenue in FY21/22. We have a clear expectation to decrease our dependency on individual clients going forward. We aim for our dependency on our top three clients to be less than 50%. The growth of our team and more defined service offerings will allow us to make progress toward this goal. Progress toward this goal will also reduce the risks associated with only having a few clients, such as corruption or other ethical dilemmas.

REVENUE BY THE EXIT CYCLE PHASE. We expect the Maturation phase to increase significantly as ESG services are often delivered within this. Otherwise, we will continue to adjust our services to our clients needs. Given our size, large projects will continue to impact allocation of services across the Exit Cycle.

In FY21/22 our EBITDA margin was 28.4%. As we will continue to invest in growth, we do not intend to improve our EBITDA margin.

Revenue by the Exit Cycle phase



What *financials* should be reported on?

Financial reporting requirements
Financial reporting requirements applicable to privately owned businesses vary based on their size. Micro, small and medium-sized enterprises, as determined by their average number of employees, balance sheet total and net profit, are subject to less extensive reporting requirements as compared to large or publicly traded firms. Listed companies are required to follow the International Financial Reporting Standards (IFRS) when producing and publishing their reports.

Future expectations requirements
Future expectations reporting requirements applicable to privately owned businesses vary based on their size. Micro and small enterprises do not need to report on future expectations. Medium-sized and listed companies are required to share their overall expectations for the future. These companies also need to comment in subsequent reports on whether their published expectations were met.

Should you report beyond the requirements?
For companies that have few legal reporting obligations, reporting past financials and future expectations can be an opportunity to create trust and demonstrate your legitimacy as a business.

Selecting metrics that are relevant to your stakeholders can build confidence in your company and its management. Companies considering venture capital may want to share figures that convey their commitment to growth and reinvestment of earnings into the business, while stable small businesses looking to build long-term trust may prioritise conveying their financial stability year over year.

Additionally, providing data about your average sale, client dependency, or other financial information specific to your business model or industry can demonstrate that you are able to accurately assess your own business practices to inform future practices, an important consideration for companies looking to build trust or planning to court external investment in the future.

Similarly, sharing future expectations allows stakeholders to look at whether and how previous expectations were met. Honestly communicating the uncertainty regarding your future expectations can demonstrate transparency and build trust, as the future always brings some degree of uncertainty.

Compensation and benefits

The bonus pool is *split equally* among full-time employees and tied to our ESG targets

Compensation practices reflect corporate priorities and incentivise behaviour across all levels, making them an important tool for concretely tying together ESG and financial practices. We established compensation practices and offer benefits that match our current size and financial abilities as well as our equal prioritisation of financial and ESG success.

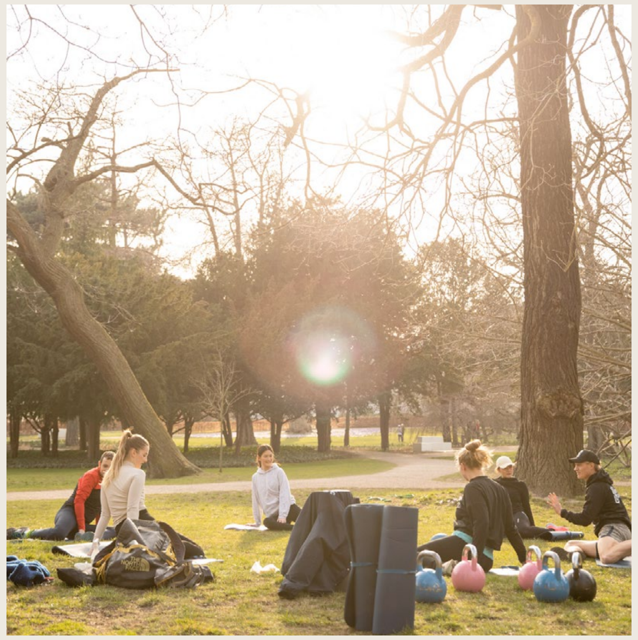
Compensation
Our base compensation policy ensures that all employees at each specific career level are paid equally for their work, regardless of their exact responsibilities. Our compensation is not tied to classic performance metrics such as utilisation, as we are trying to create a culture where all work is valued equally. We see this as a way of honouring our commitment to diversity, equity and inclusion, but also recognise that this is quite atypical in our industry. We will explore different compensation policies and may change it based on feedback and experience going forward.

Bonus policy
We implemented a new bonus policy that will recognise the contributions of our team as a whole and ensure that we incentivise behaviours that support our non-financial priorities. The bonus pool will be determined as a percentage of our earnings after tax and split equally among all full-time employees, including executives.
Half of the bonus will be guaranteed, while the remaining half will be tied to our progress towards our ESG targets.
This practice will ensure that we recognise the importance of our non-financial targets, and it will incentivise us to consider them in our daily choices.

Our new bonus policy has been implemented for most employees as of 1 July 2022. One executive has a pre-existing individual bonus agreement which we will continue to honour until 2024, when all employees will be included in the common bonus policy.

Our company's success is dependent upon our team as a whole, and we feel that a policy applied equally to all full-time employees, including executives, best supports our desired culture of teamwork and collective responsibility for our goals. We are aware that our compensation and bonus policies may exclude potential talent in the future as they include ESG targets and do not recognise, or exempt, individual performance.

CEO pay ratio
Our CEO pay ratio is 2.7, calculated using the median compensation of all employees. Compensation includes all salary, performance-related or variable pay, and all taxable benefits. We expect to keep the CEO pay ratio below 4 in FY22/23.



Our small size and novelty limit our ability to offer a comprehensive non-financial benefits package to our employees. However, we recognise the importance of these types of benefits and work with our employees to convey empathy and meet their needs in a fair and inclusive manner. In FY21/22, we provided psychological counselling, physical training and other services to support our employees in living healthy and happy lives. We also looked for opportunities to provide workplace benefits that align with our employees' values, including through social activities and supporting employee community projects.

In FY21/22, we spent DKK 44k[1] on social activities, including playing padel tennis, making ceramics and holding seasonal parties.

We recognise the importance of the community around us and strive to support our employees when their personal endeavours create a positive impact on our society.
To further encourage employee-driven community engagement, we financially contributed to non-governmental organisations in which our employees engage.

In FY21/22, we provided financial support to two organisations:
· Women in finance (Kvinder i Finans) received DKK 10k.
· Pamoja Girls received DKK 500.

Employee-governed social activities
As a small and growing business, we continue to ask how we can best motivate and incentivise our employees to reach our goals. We are always looking for cost-effective opportunities to support, motivate or celebrate our employees.

Note 1: Figure excludes salaries paid to arrange social activities.

We are proud to have open conversations with our employees about their expectations and our limitations, and we look forward to continuing to engage in this topic so that we can serve their needs while expanding our business.

In this process, we recognise that our employees are the ones best equipped to decide what supports and motivates them. We therefore chose to set up an employee-governed pool for 'socially rooted activities'. We will allocate 5% of our net profit from FY21/22 (DKK 48k) to socially rooted activities in FY22/23. The pool will be managed by elected employee representatives with the freedom to allocate funds to their chosen activities. These activities will include, but are not limited to, social events, physical training, holiday presents and community engagement.

Supporting community engagement
To ensure that wider society also benefits from the pool, a minimum of 20% of the pool (DKK 10k) must be allocated to community engagement. We will prioritise organisations that work towards our selected UN Sustainable Development Goals, SDG 5 and SDG 8.

Key compensation and benefits goals for FY22/23
· Implement new bonus policy to create collective responsibility and incentivise ESG actions
· Maintain CEO pay ratio below 4
· Allocate 5% of net profit to socially rooted activities

"I have so much fun planning and executing social activities at NBP. I am thrilled that the process now includes budgetary freedom to design and pick activities for the year."

Laust, Junior Associate

Why report on *Bonus and compensation policies?*

Do you have to report on compensation?
Most small and medium-sized private companies are not required to report on compensation practices.

Large and listed companies are required to publish annual remuneration reports which include limited data about board and executive compensation. They are also required to provide some comparative data regarding compensation.

Why report on bonus and compensation policies?
Bonus and compensation policies are one of the clearest ways to indicate company priorities to internal and external stakeholders. Compensation policies provide insight into how the company allocates its resources throughout the hierarchy and indicate the types of goals that employees are incentivised to reach.

Publishing data about compensation structures, incentives and payments allows investors and other external stakeholders to understand whether and how the company's actions align with and incentivise progress toward its stated priorities. This is especially relevant for companies reporting on ESG, as companies that fail to include non-financial targets in compensation, especially for executives and board members, may be seen as failing to take real action toward their professed priorities.

Reporting on compensation practices can also provide insight into how compensation practices compare to competitors or peers, particularly for boards and executives.

As ESG is prioritised by regulators and investors, we expect to see more companies providing general information about their compensation practices. The regulation of large firms and changing norms around transparency will demand more compensation-related insights from all businesses

What does the CEO pay ratio mean?
CEO pay ratios provide a perspective about how the CEO is remunerated as compared to the median of all employees. Many countries, including Denmark, now require most publicly traded companies to include comparative data with other mandated remuneration data. Companies without regulatory obligations increasingly report a CEO pay ratio as part of a broad cultural move toward greater corporate transparency.

The CEO pay ratio is the median employee's total pay divided by the CEO's total pay. Although the math seems basic, in practice CEO pay ratios are often challenging to report and understand. Pay to both CEOs and other employees includes fixed elements like base salary and pension, as well as variable elements including bonuses, share-based remuneration, and other taxable incentives. This can create an administrative burden on businesses that must determine median remuneration across employees earning through different pay management systems, remuneration schemes, working hours, and in different countries and with distinct local standards.

Employers must also determine which employees are included and how they are counted. Although regulatory bodies provide guidance, companies with salaried, hourly-paid, temporary, contract-based or other types of employees must navigate the distinction between employees and non-employees in the context of compensation reporting.

These somewhat blurry boundaries make it challenging to compare CEO pay ratios across companies, as the included or excluded elements and employees are not always the same or even apparent. Reporting standards across countries also vary.

Comparative reporting can be helpful for seeing how a company progresses from year to year, but it is important to understand how the figures are calculated. In some cases, reported progress is determined as much by methodology as by actual change in business practices.

Income statement

Income statement (DKK)		FY21/22
Revenue		4,494,166
External expenses	-	756,719
Gross profit		**3,737,447**
Salaries	-	2,329,518
Pension	-	19,220
Other staff costs	-	111,756
Depreciation, amortisation and write-downs of property, plant and equipment and intangible assets	-	35,446
Operating profit		**1,241,507**
Other financial expenses	-	2,703
Pre-tax profit		**1,238,804**
Corporate tax	-	279,642
Post-tax profit		**959,162**

Profit allocation	
Retained earnings	844,762
Proposed dividend	114,400
Total	**959,162**

Balance sheet

Assets (DKK)	30 June 2022
Operating equipment and inventory	208,741
Property, plant and equipment	**208,741**
Financial assets	-
Total non-current assets	**208,741**
Account receivables	938,678
Other receivables	17,793
Total receivables	**956,471**
Total securities and capital shares	-
Cash	764,052
Total current assets	**1,720,523**
Total assets	**1,929,264**

Equity and liabilities (DKK)	30 June 2022
Share capital	50,000
Retained earnings	844,762
Proposed dividend	114,400
Equity	**1,009,162**
Deferred tax	12,100
Provisions	112,515
Non-current liabilities	**124,615**
Prepayments from customers	89,968
Accounts payable	1,496
Tax payable	267,542
VAT payable	241,838
Other liabilities	194,643
Current liabilities	**795,487**
Total liabilities	**920,102**
Total equity and liabilities	**1,929,264**

Environmental

Although our direct environmental impact is small, *we strive to act responsibly towards the Earth*

As a small professional services firm offering knowledge-based services, we have limited environmental impact. Although our direct impact is small, we strive to remain aware of our environmental footprint and act responsibly towards the Earth. In considering, assessing and reporting on our environmental impact, we want to further our own understanding of our impact and drive broader environmental consciousness. Every step counts.

Identifying material issues

To understand our environmental impact and inform our materiality assessment, we first looked at how Nordam Business Partners operates. We found four main areas which inform our consideration of our environmental impact:

1. Nordam at the office

At our 30-square metre office, our primary environmental impact is our water, energy and electricity usage. Additionally, we provide a laptop and other technological equipment to each employee. We do not have a canteen.

2. Nordam at home

We operate a hybrid workplace, and our employees often work from home, coffee shops or travel destinations. The nature of remote work, and the use of personal resources during remote work, makes it challenging, and potentially misleading, to identify the environmental impact of this work.

3. Nordam together

We hold regular social events that take place at and outside our office. We also have a number of company trips to support team building, strategic planning or other internal purposes. The main environmental impact of these activities usually consists of the transportation required to get to the event locations and the consumption of food or beverages at the events.

4. Nordam at clients

Much of our work is performed at our clients' offices, where we work at available desks or in meeting rooms. Visiting clients is our most frequent form of company transportation and as such has the potential to be a notable source of emissions for our small business.

CO_2 emissions and transportation as our most material environmental issues

We utilised these four areas to identify our primary environmental impacts across our operations. This approach allowed us to identify CO_2 emissions and transportation, which we have separated based on our ability to act and measure our targets, as our most material environmental issues. They are the most material environmental issues for us because our efforts can, relative to our size, make an impact on society, and they create financial costs for us.

Although CO_2 emissions and transportation are more material for us than other environmental considerations, our double materiality assessment found that they were only moderately material when compared to other social and governance issues. This is due to our business model and small size, which limit the overall impact of our environmental choices on us and on society. We found that water consumption and waste management had low double materiality.

What is *Environmental reporting?*

Environmental reporting considers how a company performs as a steward to the physical environment. It includes a company's utilisation of natural resources and the impact of its operations on the environment, both in terms of its direct operations and across its supply chain.

Environmental metrics typically relate to managing the risks the company faces as a result of climate change or resource use. These include managing the carbon footprint over the entire product lifecycle, making efficient use of water and land, and managing emissions and waste.

Why should you report on environmental?

Environmental reporting is increasingly a regulatory compliance concern. The CSRD will require all large or listed companies in the EU to provide environmental data. First companies in scope will have to publish results covering FY2024. It will also require these firms to measure and report more detailed environmental information than in the past, including direct and indirect emissions measurements. Even small and medium-sized firms that are exempt from these regulations can anticipate changing norms concerning environmental reporting as a result of the CSRD, including increased expectations of them providing insight into their environmental impact.

Beyond regulatory compliance, environmental reporting is now demanded by many stakeholders. Companies that fail to report may be viewed as higher risk to investors because they are unaware of their risks, or because they are ignorant of investor and consumer trends. Consumers increasingly look for companies that are working to reduce their environmental impact, and growing discussion about all types of sustainable investments indicates that investors feel the same. As reporting on indirect emissions (Scope 3) becomes more common, companies should expect that their corporate clients will require environmental reporting.

Environmental reporting offers direct gains to companies who use it well. The processes required for environmental reporting identify urgent and long-term risks that may materially impact the business. Companies that commit to action based on their reporting better manage anticipated environmental risks that will affect their operations or costs in the future. Additionally, companies that invest in innovation based on their environmental risks are better positioned to compete as businesses across their industry are faced with similar risks.

Getting started with environmental reporting

1. Consider your business model and value chain: Your environmental impact is directly related to your business model. Consider the type of work you do, where you do it, and what byproducts are produced. Also consider your value chain, as you are still responsible for the environmental impact of outsourced aspects of your production as well as the post-consumer waste.

2. Understand regulations: Regulations applicable to environmental reporting change frequently. Understanding whether your company is likely to fall under current or anticipated regulations in the coming months or years can help to guide your priorities and decision-making. This applies for instance to the supplier code of conducts that you may be subject to.

3. Collect data and create policies: Collecting data about your activities and environmental impact will help your company understand your operations' current footprints. Creating policies will align your actions and define your thoughts and approach to the reporting.

4. Be realistic, and prioritise: Identify areas in which you can realistically make changes that will have an impact for you and for the environment, relative to your size. Focus your resources on making a few important changes and collecting high-quality data, rather than on trying to fix everything at once. Making a few smaller but impactful changes can create better results over time than many ineffective and low-impact changes.

Emissions and transportation

We have decided not to measure our overall CO_2 emissions - but are implementing new practices *to limit our impact*

CO^2 emissions and transportation were the most important environmental topics from our double materiality assessment. As a result, we have discussed our past practices and implemented new policies to drive accountability and a culture of environmental responsibility in our firm.

We initially divided emissions and transportation into two categories based on our ability to measure and take action in these areas. That proved to be a pragmatic choice for our business, as our efforts to account for CO_2 emissions uncovered operational challenges and methodological questions that are beyond what our small business can realistically manage. However, we identified concrete strategies to measure transportation practices and set targets accordingly.

Emissions
Our small size, hybrid work practices, and office set-up made measuring our CO_2 emissions an ordeal for our company.

We were unable to acquire quality data about emissions from electricity and heating in our physical office space, our primary source of emissions other than transportation, which we will measure separately.

As a result, we decided not to measure our overall CO_2 emissions because our resources can create greater impact for us and for society when used elsewhere. We will continue to monitor the feasibility of measuring our scope 1 and scope 2 CO_2 emissions and approach potential solutions with curiosity. Due to our business model, we do not have other significant emissions (e.g. methane).

Transportation
Our transportation practices generally fall into two categories: transportation for external activities, including clients and conferences, and transportation for internal activities like social events, team building and corporate retreats. Our new practices are aligned with the purpose of transportation to ensure that we meet our business needs and commitments while also reducing our transportation-related emissions.

Travel for client-related and other external activities
In FY21/22, we provided mileage allowance to our employees for all car travel. In total, we have provided allowance for 4,476 km.

Starting in FY22/23, we will no longer provide allowance for car trips shorter than 12km to discourage employees from driving short distances that are reasonable to cover by bicycle or public transportation.

Instead, to incentivise travel by bicycle, we will now provide the maximum tax-free bicycling reimbursement, currently DKK 0.57 per kilometre, for bicycle rides of all distances.

We understand that bicycling is not always a practical choice for visiting clients due to timing, distance or weather. We hope that employees will choose to use public transportation in these circumstances. Going forward, we will reimburse our employees for any public transport costs incurred while travelling to clients or other external work activities.

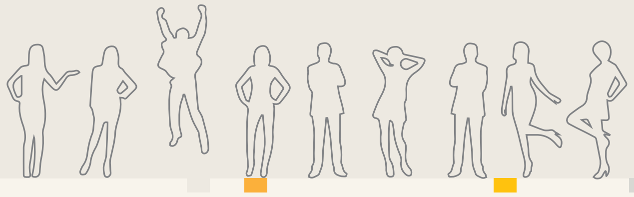
In FY21/22, we took one flight for external activities, from Copenhagen to Bornholm.

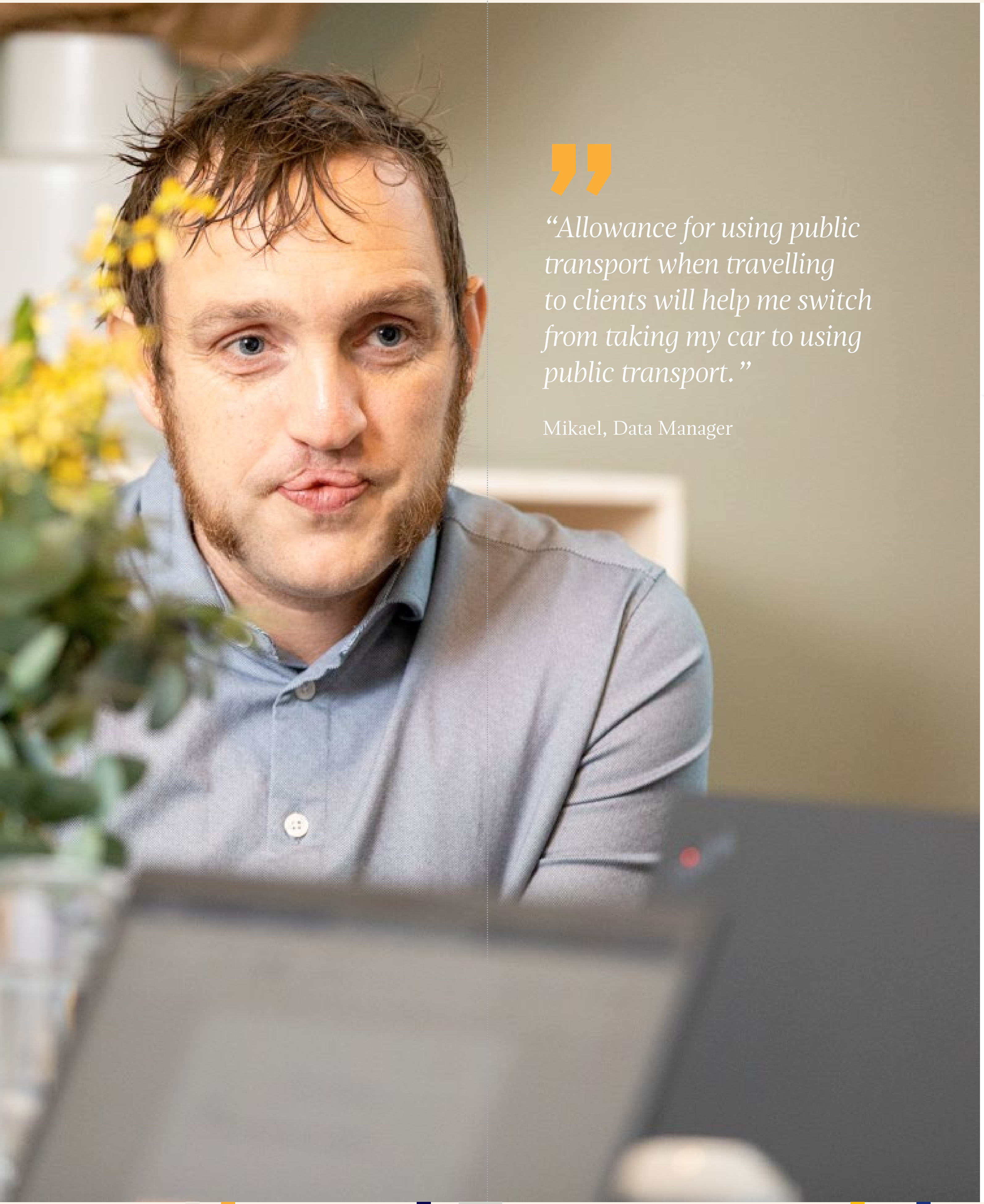
Travel for internal activities
Our internal activities in FY21/22 all occurred within the Copenhagen metro area, however, we expect to make at least one corporate trip outside Copenhagen in FY22/23.

Although we will continue to use air travel for external activities, including client work and conferences, beginning in FY22/23 we will implement a policy explicitly prohibiting air travel for corporate retreats, team building activities, social events or other internal activities. These events must be accessible by train, bus, ferry, or car from Copenhagen, so that we are not reliant upon high-emission flights when they are not necessary to serve our clients or other external responsibilities.

Key emissions and transportation goals for FY 22/23

- **Provide allowance for bicycle travel of all lengths**
- **Provide allowance for public transportation**
- **Eliminate allowance for car trips under 12km**
- **Implement tracking of air travel for external purposes**
- **Formalise prohibition of air travel for internal activities**





"Allowance for using public transport when travelling to clients will help me switch from taking my car to using public transport."

Mikael, Data Manager

What are *Emissions and how are they reported?*

Greenhouse gas (GHG) emissions include CO^2, methane, nitrous oxide and fluorinated gases produced and released as a result of company operations. Emissions are divided into three scopes for reporting:

- **Scope 1** – direct emissions from company-owned and controlled activities (e.g. production of byproducts)
- **Scope 2** – indirect emissions from the production of purchased energy (e.g. electricity)
- **Scope 3** – indirect emissions not included in scope 2, including both upstream and downstream value chain emissions

The EU's Non-Financial Reporting Directive (NFRD) currently requires companies subject to ESG reporting obligations to report on their GHG emissions and provide voluntary guidance for meeting their requirements by accounting for each scope. The CSRD is expected to explicitly require companies to report on each scope, including scope 3 emissions, and to follow the Greenhouse Gas Protocol reporting standards in their reporting.

Although expectations are changing, companies should note that the methods for calculating scope 3 are still being developed, and in many cases calculations are based on assumptions rather than data. This uncertainty can make tracking and reporting on Scope 3 challenging for companies of all sizes.

Should you report on emissions?

For companies that are not obligated to report, the value of measuring and reporting on emissions varies based on the business model and industry.

Companies that rely on natural resource acquisition, manufacturing or logistics are likely to find that emissions are material to their business. Firms in other industries with operational models that rely on high-emissions activities like frequent travel or large physical office spaces may also find that emissions are material.

These companies are likely to see benefits from measuring their emissions, as collecting data may allow them to reduce their reliance on high-cost or limited resources, innovate, or better comply with regulation. Alternatively, companies in low-risk industries that partake in few high-emissions activities may find that emissions are immaterial, and that changing their practices will have limited impact on the business or on society. In these cases, measurement may not be a worthwhile use of resources.

What metrics should you focus on?

The exact metrics or types of emissions will also vary based on company operations. Manufacturing firms that use heavy machinery, chemical or mineral processing, and refrigeration are likely to find that these operations account for much of their emissions. On the other hand, a relatively small-sized consultancy may be more inclined to report on transportation metrics as that is their main source of emission.

What impact does transportation have?

Transportation can be a significant contributor to emissions, but its impact is contingent on the context. Identifying what industry you are operating in, the size of your organisation, the frequency of transportation, the distance travelled to suppliers or clients, and the most utilised types of transportation can help determine whether transportation is a significant contributor to your overall environmental impact.

Financial impact of emissions

With increasing policies aimed at taxing emissions (especially CO2), you may have to consider tracking your emissions, or at least starting the process of developing a monitoring and reporting system, sooner than you may have anticipated.

Environmental targets for FY22/23

We have developed *practice and policy-related goals,* rather than explicit quantitative targets

Developing our approach to environmental issues proved to be challenging as we worked to align our personal and cultural expectations with the realities of our business operations. Although our company cares about environmentally-friendly business practices and has hired employees who share this interest, our size and business model create notable limitations in how we approach environmental issues.

Environmental data and calculations
We found it difficult to collect high-quality data about our environmental impact. We failed to acquire data about water utilization, in addition to electricity and heat usage, due to our building's utility setup.
We extensively discussed whether and how to collect data about employee activities when working remotely and determined that we would be unable to draw a clear line between personal and professional environmental impact.

Although we considered acquiring technology to track remote activities, we determined that its use would not align with our values. We encourage our employees to maintain a work-life balance, which would be undermined if we started reporting on employee behaviour in their homes. We have, however, discussed inviting external speakers to educate us about sustainable practices, making it easier for our employees to make informed decisions and practices.

Our inability to clearly delineate personal and professional impact and limitations in our data collection pushed us to exclude them, although we also determined that these factors have a moderate to low materiality for us.

We have excluded the following metrics from our environmental reporting:

· GhG emissions (per output scaling factor)
· Emissions intensity
· Energy usage (consumed directly/indirectly)
· Energy intensity
· Energy mix
· Water usage

We will continue to assess the relevance of these issues to our business and the practicalities of acquiring data about them. We anticipate that GHG emissions may become more material to us as our company and footprint grow.

Reconciling values and realities
In FY21/22, we set ambitious environmental goals. We failed to reach some of our environmental goals, including to measure and offset our environmental impacts, and we now recognise that these were unrealistic goals for a company of our size and maturity.

This was a learning experience that required us to reconcile our personal values with our corporate priorities and informed our process for the coming year. Although we still struggle with our placement of environmental issues as low to moderately material during our most recent double materiality assessment, we also know that making and sticking to priorities are an essential part of succeeding with our ESG strategy.

As a result, we have developed primarily practice and policy-related environmental goals for FY22/23, rather than explicit quantitative targets.

How to report on *Non-material environmental topics*

Do you need to report on non-material topics?
ESG reporting should focus on issues that are material to your business, which inherently means some issues are immaterial. The decision to discuss or omit immaterial issues in your report will depend on what they are.

Companies that are required to report may find that they are obligated to report on specific areas, whether or not they are determined to be highly material (although a reporting obligation may make them more material). Many large companies address this by focusing their storytelling and qualitative content on material issues, while still providing quantitative data and notes to address less material but required areas.

Companies without reporting obligations should consider the standards for companies of their size or in their industry. Choosing to completely ignore a topic that is common or expected, even one that is immaterial, may lead readers to assume that you are ignorant, naive or intentionally misleading them about your ESG risks. Instead, briefly noting that you have excluded a factor, and indicating why, will clarify to readers that the choice was intentional. This is especially important as regards topics that readers expect to see, like GHG emissions.

Clarifying that your exclusions are intentional will provide transparency and build trust in your reports.

Social

Social considerations created the spark for our founding and remain a core piece of our corporate identity

Our purpose, to empower our clients and employees to succeed in reaching their goals, requires us to intentionally focus on the needs of the people who make Nordam Business Partners a unique and successful business, as well as the needs of the clients we serve.

In the past year, we discussed and revisited many of our social targets. As a young and quickly-growing organisation, our needs and approach may change, and this perspective is reflected in the social areas that we identified as our highest priorities. As we continue to claim our place in an industry known for its well-established social norms, and as we question those norms, we will inevitably face challenges to our priorities. Transparently communicating our priorities, setting concrete targets, and implementing purposeful actions will help us remain true to our values and create accountability while we grow.

Determining our priorities
We assessed and determined our social priorities by engaging across three main areas: our employees, our industry and the larger community. This process allowed us to identify social factors that have an impact on us and society.

We gathered information from our employees through formal and informal channels. Open office conversations, regular one-on-ones, scheduled all-staff workshops and monthly townhalls allowed us to collect qualitative data from our employees. We also completed our first employee engagement survey, which provided an opportunity for employees to share information with a higher degree of anonymity, and for us to obtain quantitative data to measure future progress.

Common frameworks and standards, including SASB and GRI, provided initial insights into global business and industry-wide concerns. We reviewed peer and competitor practices to identify commonly occurring issues or those with notable relevance to our business. We also spoke informally with some clients to obtain insights into factors that are important to our current and prospective clients.

Finally, we utilised the UN Sustainable Development Goals to identify society-wide concerns that are relevant to our business. Our employees were consulted about our interactions with society at large, and our employees' personal priorities in our society.

Important to us, and to society
This process enabled us to identify two priorities that are most impactful for us and for society:
- **Employee health, safety and well-being**
- **Employee diversity, equity, inclusion and engagement**

In addition to these areas, our double materiality assessment identified that labour rights, employee development and training, and community engagement have a significant impact on us or on society, but not both. We will continue to monitor these areas and report on standard metrics, but will prioritise issues with double materiality in our reporting, planning and actions.

What is *Social reporting?*

Social reporting is about the people who impact, or are impacted by, the business. It addresses relationships with employees, clients, local communities in which the business operates, society at large, and the political environment.

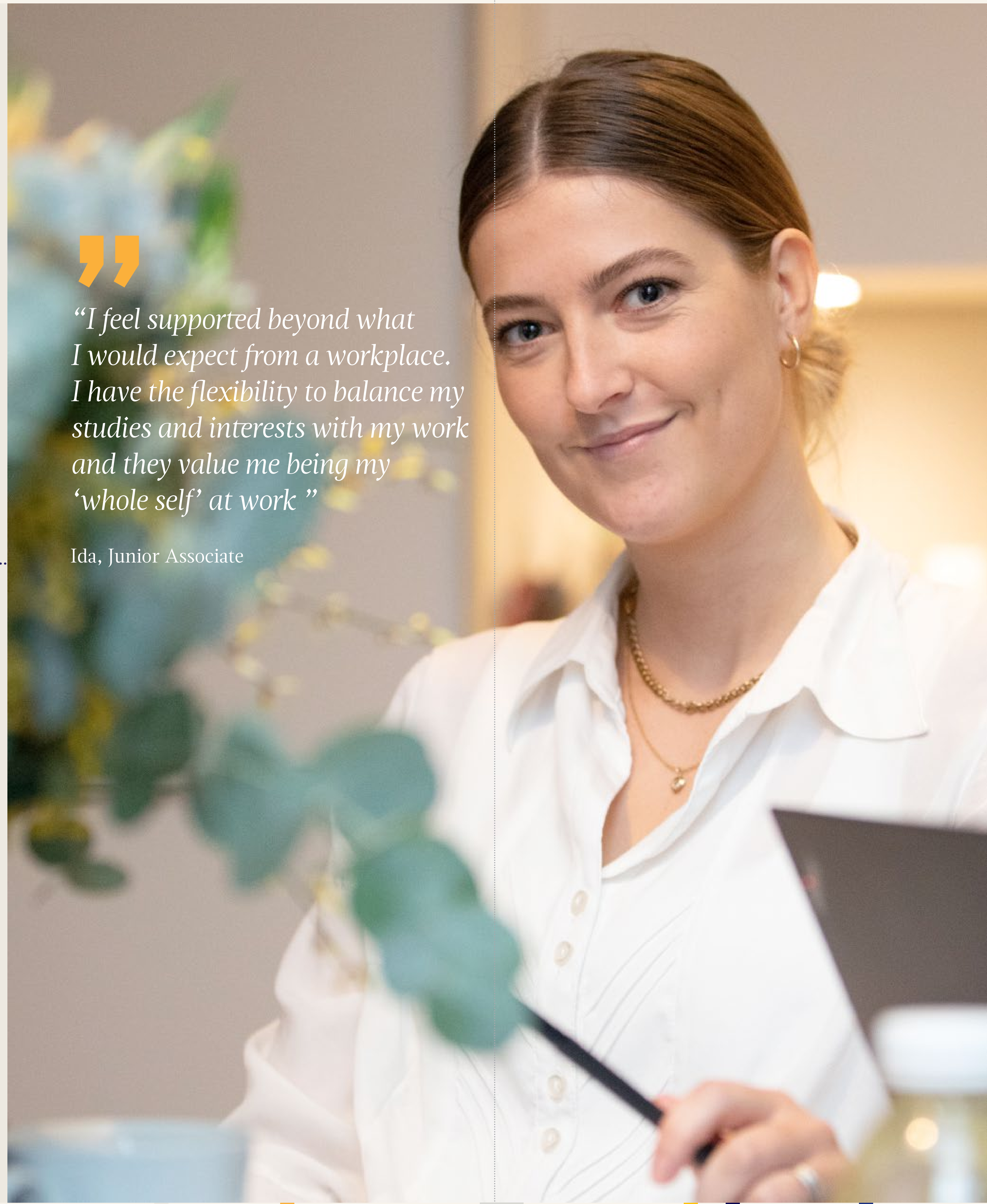
The exact boundaries between social and governance categories vary, but there are some commonly addressed social considerations. These include human rights; child and forced labour; labour management; local community relations; client data privacy; consumer relations; workplace health and safety; diversity, equity, and inclusion; and employee development and training.

Why should you report on social matters?
Social risks and opportunities encompass a wide range of people-related issues both inside and outside the business. Companies that fail to understand these risks face significant financial and reputational repercussions from regulatory non-compliance, consumer backlash, labour shortages, and conflict or other geopolitical events. Conversely, businesses that recognise the complex and changing social dynamics in society are better positioned to meet their future needs and can prepare for changing market conditions and talent demands.

Long seen as secondary to environmental issues, social factors are increasingly drawing attention as high profile and high-risk events impact global perspectives on corporate responsibility to individuals and communities. Continued attention on diversity, inequality, human rights and local community impact is expected to trigger new regulations across social issues, and efforts to quantify and standardise historically abstract or qualitative social risks are already underway. Understanding social risks is critical as cultural expectations for societal impact and responsibility continue to evolve.

Which social issues should you report on?
Conducting a double materiality assessment is the best way to identify and determine which social issues should be included in your reporting.

The relative importance of various social issues will vary significantly by industry and business model, but also by the geographic locations in which the business operates, the number and types of employees it has, and its engagement with non-employee labourers. As social issues are greatly impacted by local regulations and working norms, companies with a multinational presence need to devote extra attention to ensuring that their social reporting addresses issues that may be more relevant beyond their headquarters.



"I feel supported beyond what I would expect from a workplace. I have the flexibility to balance my studies and interests with my work and they value me being my 'whole self' at work "

Ida, Junior Associate

Employee health, safety and well-being

We recognise high psychological risks in our industry, and will continue to promote an *open and honest culture* driven by *empathy* for our employees

We have a responsibility to provide physical, social and psychological working conditions that contribute positively to our employees living healthy and full lives inside and outside of work. Our employees are the backbone of our business, and supporting their well-being is essential for our future. A prioritisation of health and safety aligns with our focus on UN Sustainable Development Goal 8, Decent work and economic growth, which includes the promotion of safe and secure working environments for all workers (8.8).

Physical health and safety

We implemented a health and safety policy with a focus on physical safety shortly after our foundation in 2021.
This led to the acquisition of ergonomically safe keyboards and mice for all employees. In FY21/22, we had zero workplace incidents and, due to our small size, we have set a goal of zero workplace incidents for FY22/23.

Our age and anticipated growth will necessitate new practices during the coming year. We will complete our first annual health and safety risk assessment in FY22/23 and publish our findings, as required by law. We will also implement a health and safety committee (AMO) when we have ten employees, which number we expect to reach in FY22/23.

Psychological health and safety

We recognise that although the physical risks in our industry are quite low, the psychological risks are very high.
This is particularly true at the intersection of consulting and the M&A industry, where we work. To counter this risk, we will continue to promote an open and honest culture driven by empathy for our employees. We maintain a high level of flexibility and respect for work-life balance, including through hybrid work and our compensation practices, and we hope that this culture will allow us to address challenges before they become concerns.

Striving for employee well-being

Our recent employee engagement survey clearly identified that our current office space and set-up does not meet our employees' needs. We are grateful for this feedback and will address it by relocating to a different and more traditional office environment. Our new space in central Copenhagen will provide access to additional desks, needed meeting space and will be important adjuncts for our employees' physical well-being and productivity. We will move in September 2022, and we will continue to survey our employees regarding our physical environment in the future.

In addition to addressing our employees' needs in our physical office space, we would like to understand their remote or hybrid needs better. As a fully hybrid workplace, it is our responsibility to confirm that our employees' health, safety and well-being needs are met, regardless of their working location. To identify areas for improvement, we will perform a hybrid work assessment in FY22/23. Assessing the functionality of our current processes and procedures for hybrid work will allow us to take steps to improve and ensure that employee physical and psychological needs are served by our practices, whether we are in the office or not.

People are entitled to a safe, healthy work environment that allows them to live whole and happy lives.

Psychological and physical well-being initiatives
We are proud of our existing efforts to offer health and wellness services to our employees when possible and recognise that although these efforts are beyond the scope of most companies of a comparable size, there is always room for growth. We will continue to provide external psychological support to employees. This also applies even if work is not contributing to the need for the psychological support.
We will further continue our investment in employee physical well-being through exercise classes, trainers, or other activities as determined by our employees. In FY22/23, we will have our first corporate retreat with a focus on psychological safety in the workplace.

We recognise our role in helping to reduce the high levels of stress in society, especially among young people.
We will continue our efforts to demonstrate that a traditionally intense and high-stress industry can offer employees a healthy workplace.

Key health, safety and well-being goals for FY22/23

- **Track and report on workplace incidents: target of zero incidents**
- **Implement annual health and safety risk assessment**
- **Change physical office space to address employee concerns about workplace environment**
- **Implement annual hybrid work assessment**
- **Identify metrics to track psychological safety in the workplace and initiate data collection to support reporting in FY22/23**

"I value working for a company that takes action in terms of employee health – including both mental and physical health. We are provided with flexibility and management encourages employees to speak their minds. Physically, we have had scheduled workouts and padel to encourage employee health.

Mathilde, Junior Associate

What is *Health and safety?*

Health and safety encompasses all risks and responsibilities connected to workplace-related accidents, illness or injury. It generally addresses employer and employee responsibilities, regulatory compliance as well as assessment and reporting mechanisms.

Although health and safety is, at least in part, a regulatory compliance issue for most workplaces, it can also include broader concerns beyond the scope of regulations. In addition to physical injury or illness, mental health and psychosocial well-being are increasingly included in the assessment and reporting of occupational health and safety.

Why should you report on health and safety?
Health and safety is well-regulated in much of the world and can therefore pose a financial risk to most companies.
In addition to fines, regulatory bodies can require a workplace to cease operations until the identified issues are addressed, potentially impacting production and compounding the costs of remediation. Employers that encounter health and safety issues also face sizeable lawsuits, ongoing costs for healthcare or work-related disability and negative brand associations.

The exact health and safety concerns relevant to a company vary based on business model and industry. Companies operating with heavy machinery, physical labour or chemical processes may be considered especially high risk for physical health and safety due to the likelihood of fatal or near-fatal workplace incidents. Businesses reliant on office-based knowledge workers tend to have lower risks of physical accidents. In most industries, health and safety is now being considered beyond physical health and safety, to include also mental and psychological health and safety. Companies that fail to recognise and address the health and safety risks inherent in their operations risk their viability as a business alongside their employees' well-being.

Advice for working with health and safety

1. Start with compliance: Health and safety is a significant regulatory compliance issue for most workplaces. Start with your regulatory obligations and ensure that you are meeting both the letter and the spirit of the law.

2. Speak to your employees: Health and safety is strongly tied to organisational culture and labour practices. From low compensation and long working hours to unrealistic goals and internal competition, your employees know which labour practices and cultural norms drive high-risk behaviours and discourage reporting. Speaking directly with employees and soliciting their honest feedback is the best way to understand the culture around health and safety and to identify the risks that they see in their daily tasks.

3. Review your incentive practices: Financial and non-financial incentives that tie to health and safety targets can accidentally discourage safe practices and utilisation of your reporting structure. Consider whether your targets are realistic and will drive the desired behaviour – increased consideration for and transparency about health and safety. Companies that incentivise zero accidents are just as likely to encourage non-reporting as they are to reduce the actual number of accidents.

4. Be patient: it might seem worse before it seems better: For companies that lack a culture of transparency, addressing cultural and organisational factors that prevent reporting can lead to greater reporting. This is an important and necessary step but may imply that reported numbers of accidents or financial expenses for health and safety will initially increase. However, with an accurate picture of the health and safety landscape, you will be better positioned to address other risk factors and reduce issues in the future.

DEI and engagement

We hope that *supporting fairness* and *equal access* will help change our industry

Employee diversity, equity, inclusion and engagement are essential for empowering all of our employees and helping them reach their goals. We prioritise diversity, equity and inclusion (DEI) because it aligns with our purpose and values, and we believe it is the right thing to do. We hope that supporting fairness and equal access will help change our industry in a broader sense.

We have included employee engagement with DEI because we know that engaged employees are more invested, more productive, and better keepers of our organisational culture and values. For us, this is deeply tied to DEI, as we want all employees to feel included and engaged, regardless of their background or identity.

Our efforts toward DEI and engagement align with the SDG 5, gender equality, including eliminating gender-based discrimination (5.1) and ensuring women's full and effective economic participation and equal opportunities at all levels (5.5).
Our DEI efforts also support SDG 8, decent work and economic growth, including achieving full and productive employment and decent work for all people, including equal pay for work of equal value (8.5).

Reflecting on our challenges with diversity
DEI is immensely important to us, but it has proven to be a challenge. Our small size and business needs have created dilemmas about how we approach DEI and prioritise it within the context of our business operations.

Gender diversity
As a company founded by and comprised of mostly women, we aspire to demonstrate that there is a place for women in M&A and consulting more broadly. While we are expanding our business and expect to bring in people of other genders, we struggle to strike a balance between our desire for a business where a traditionally excluded gender can succeed and a goal of greater gender diversity. Can we bring in more men or non-binary people and still retain our identity as a company that empowers women?

Biased recruitment
Much of our hiring has looked to our network for individuals who align with our values and provide needed expertise.
We realised that this process is inherently biased and introduced a blind-hiring tool to reduce our bias in February 2022. Although exciting, it has been more difficult than anticipated. We have had to unlearn some of our old recruitment practices and alter other steps in our process to fully support blind hiring. We believe we are on the way, but still, we have much to learn in terms of mitigating bias in recruitment.

Although we see the value in blind hiring, we expect to continue to hire through other channels as well. This allows us to attract experienced or connected professionals who can bring specific credentials and networks that meet our needs. Although this process is inherently biased, attracting specific people or profiles is important to us to serve our clients effectively and strengthen our overall business.
As we grow, we will gradually increase the percentage of new hires coming through a blind-hiring process.

In 2021, we set goals for gender, age and ethnic diversity which we did not meet. Our failure to meet these goals is reflective of the challenges we face as a small but growing company, in which every hire or departure has a dramatic impact on our overall composition.

Some of our targets were unrealistically ambitious, while others were deprioritised due to specific business needs.
These unmet targets provided a learning experience for us as we consider the purpose of our goals, which is to drive change and create accountability, and have informed how we set future targets.

Moving forward with DEI
Although we did not meet the diversity targets set in 2021, we have made progress. We reduced the dominance of our majority gender and increased our ethnic diversity.
For FY22/23, we have set realistic goals to continue our progress in these areas. While we did not move towards increased age diversity in the past year, we expect to hire more experienced talent in the coming year, which is likely to increase the average age of employees. Accordingly, we have set an attainable target to drive age diversity. We will also begin tracking self-reported nationality, and we expect to retain at least 25% non-Danish employees for the year, a target we already meet.

To meet our goals, we will be using our blind-hiring software to an even greater extent. This allows us to initially assess candidates without knowing their name, age, gender, ethnicity, disability status, educational institution or detailed work history. By focusing on skills and behavioural patterns during the screening phase, we can meet potential talent who serves our needs, without excluding individuals based on our own biases.

In FY22/23, we will begin posting most new jobs on public job boards to make our hiring process more equitable and ensure that our blind-hiring process is open to individuals outside of our primary or secondary networks. We aim to meet 50% of our new hires in FY22/23 through this less-biased and more equitable recruitment process.

Additionally, we will provide training on DEI for all employees. This is an important step to ensure that our team can thoughtfully reflect on our practices and work towards an inclusive work environment where everyone feels a sense of belonging.

Lastly, we will implement a reporting mechanism in our sexual harassment and non-discrimination policy that provides multiple reporting channels so that employees have options to report, regardless of who or what they are reporting.

Our employee engagement survey indicated that DEI is important to our current employees, and we will be looking for opportunities to increase or support diversity, equity and inclusion while also meeting our financial and operational needs.

Diversity[1] (% by headcount)	Goals FY21/22	Actuals FY21/22	Goals FY22/23
Gender - women/total	50%	78%	Max. 75%
Gender - leadership women/total	100%	100%	100%[2]
Ethnicity - non-white/white	13%	11%	Min. 15%
Age – under 30/total	62%	78%	Max. 65%
Nationality - non-Danish/Danish[3]	N/A	28%	Min. 25%

1. All demographics are self-reported.
2. Not a goal, but expectation based on no new hires in the leadership team.
3. Individuals who selected both categories are counted as 0.5 head in each category.

Key diversity, equity, inclusion goals for FY22/23

- **Implement reporting mechanism for sexual harassment and non-discrimination policy**
- **Provide training on DEI for all employees**
- **Minimum 50% of new hires found through blind-hiring process**
- **Reach diversity targets for gender, ethnicity, age and nationality**

Employee engagement

We completed our first employee engagement survey, meeting the goal we set in 2021 to implement an employee engagement survey. We are happy to share that we had a 100% response rate. Our first employee engagement index score of 88.3 out of 100 will provide a point of comparison for future results. We have set a comparable goal for next year, although we recognise that our employee engagement score may decrease as we grow and onboard more employees with diverse backgrounds and perspectives.

The survey offered some interesting insights into how our employees feel. The responses we received were overwhelmingly positive but did highlight some areas for growth and improvement. Most notably, our survey indicated that our office space does not meet our employee needs. As a result, we will be moving to a new office environment that we expect to serve our team better. The survey also indicated that our full-time and part-time employees feel differently about our organisation and their place in it.

Although both groups gave generally positive responses, average responses from part-time team members were notably higher than those from full-time employees.

This may, in part, be reflective of our team composition which includes a majority of part-time employees and has therefore elicited a focus on their needs. Moving forward, we will be discussing and implementing actions to better support and engage our full-time employees and ensure that we provide a welcoming environment for future employees. We have already implemented full-time-only social activities to provide our full-time employees with a greater level of social engagement and encourage a sense of belonging.

Improving recruitment to decrease turnover

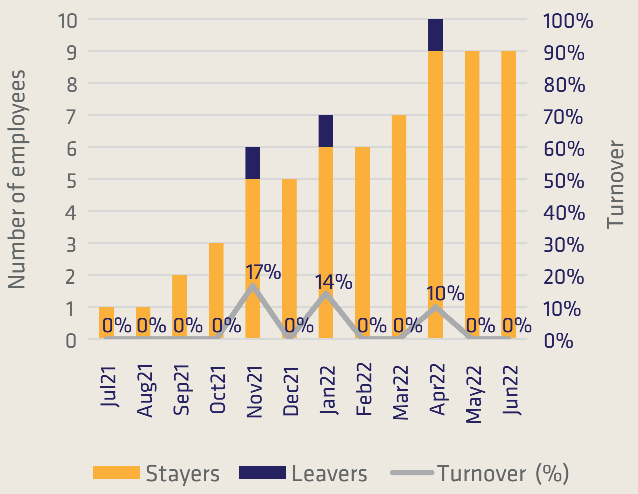
As a start-up, we expect some turnover in our first years of operations as we work to define our culture and business model. Over time, our goal is to have a turnover rate below 15%.

As a company we want people to stay with us for as long as it makes sense for them. We hope to give every employee the flexibility and composition of tasks that will keep them fulfilled as they grow. We also want to support our employees with their next chapters, even if those chapters are not with us.

We recognise that some turnover is natural, so our focus is on ensuring that our behaviour is not the driving force behind turnover. Our employees should not leave because we were unable to meet needs that should or could have been met by our organisation. We therefore consider employee engagement to be a higher priority KPI than voluntary turnover as it indicates whether our employees' needs are being met.

For our first year of operations, three employees left our organisation (see next figure). Although high compared to our size, we see the figure as a reflection of an imperfect hiring process more than a reflection of retention. The three employees who left us, all left during their trial period. We have had no turnover of employees who stayed beyond their trial period and no involuntary turnover.

Employee turnover



As a result, we will be reviewing our recruitment practices to identify ways in which we, throughout the recruitment process, can set up clear expectations and help potential talent better understand our business, our culture and the role's responsibilities. We anticipate that our adoption of more formalised recruitment practices, including our blind-hiring software, will help us to assess potential talent better and more fairly. It is our hope that these efforts will reduce our voluntary turnover rate and meet our target of 15% or less in FY22/23.

Employee Engagement	Actuals FY21/22	Goals FY22/23
Voluntary employee turnover[1]	N/A[2]	15%
Involuntary employee turnover[1]	0%	0%
Employee engagement index score[3]	88%	85%
Employee engagement survey response rate	100%	100%

1. Annual rate calculated as sum of monthly turnover rates by headcount

2. Methodology not suitable for start-up. Actuals reported instead in the previous figure.

3. The employee engagement index score is the mean of employee responses (by headcount) to four static Likert scale statements that measure employee pride, loyalty, discretionary effort and advocacy

Gender pay gap

We provide equal compensation to all employees at each level, regardless of their specific responsibilities.

This practice ensures that we do not have a gender-based pay gap at each responsibility level. Our overall gender pay ratio, using the mean wage of employees of each gender, favours women, and we expect to retain this imbalance in FY22/23 because our leadership team receives the highest compensation and is comprised completely of women.

"Since hiring my first employee in September 2021, I have struggled with overcoming recruitment bias. Even though I was aware of biases, I found myself inviting four times as many women as men to interviews and screening out most men in the recruitment process because I did not believe them to be qualified. I have also tested them more than my female candidates. Realising that I was at least as biased as everyone else in my industry made me decide to change our practice. That is when we started working with blind hiring."

Christine, Managing Partner

What is *Diversity, equity and inclusion?*

Diversity, equity and inclusion (DEI) addresses if and how the company ensures that all employees feel included and supported at work. It comprises three interrelated areas:

Diversity is the presence of differences. Demographic data, including gender, race, ethnicity, age, nationality, level of education and disability status, among others, is used to measure diversity.

Equity is the assurance that processes and programmes are impartial, fair and provide equal possible outcomes to every individual. Equity requires practices that recognise and respond to external and internal power structures. It can be measured both through the existence of specific processes and diversity metrics, particularly at higher levels of management.

Inclusion is the practice of ensuring that people feel a sense of belonging in the workplace. Inclusion can be measured through employee surveys and reports of harassment or discrimination.

Why should you report on diversity, equity and inclusion?
Companies that fail to commit to DEI stand to lose their competitive edge as talent looks towards diverse and inclusive employers. Regulations and lawsuits related to discrimination or remuneration and the increasing prominence of diversity-related discussion also leave companies open to financial repercussions and public relations nightmares over actual or perceived bad behaviour.

There is now a significant body of literature indicating the workplaces with strong DEI practices have greater productivity, problem-solving, innovation, employee engagement and appeal to potential talent. Companies that take DEI seriously expand their talent pool and better retain talent, essential actions in talent-driven knowledge-based fields and industries reliant on continuous innovation.

Beyond the business case, implementing DEI practices is fair and contributes to increased societal equality. This is not just altruism – businesses that implement DEI practices without justifying their practices or by focusing on fairness instead of the business case actually perform better in DEI areas, thus furthering the benefits of DEI to their business.

Businesses that fail to consider or report on DEI are increasingly perceived as outdated, out of touch or prejudiced, and may therefore be more likely to attract a scandal or be viewed as high risk by investors.

Advice for getting started with DEI

1. Identify your motivations and then commit: Effective and productive DEI requires a commitment. Done well, it will likely challenge you and your employees individually and may also create new challenges for your operations. Whether you are starting your DEI journey to better compete on talent, increase innovation and problem-solving, or because it is the right thing to do, knowing why can help to ensure you continue when hurdles arise. A lack of true commitment from the top is one the primary reasons that DEI efforts fail.

2. Communicate clearly and frequently with everyone: DEI requires company-wide changes in operations, culture, and interpersonal interactions. A strong communication plan that comes from the top down is important to convey that everyone is included in and responsible for DEI, and that no one is exempt. DEI requires patience and ongoing efforts. Your communication is essential in driving and sustaining cultural change.

3. Listen to your employees: Your DEI efforts will be for or about your employees. Ask your employees to share their perspectives on what is important to them, what will impact their experience of work or the work itself, and the challenges they faced during the recruiting and onboarding process. Use focus groups, listening sessions and other engagement strategies to determine where to focus your DEI efforts.

4. Track your results: Measuring the outcomes of your DEI efforts is one of the best ways to validate continued expenses and convince any remaining resistors. Over time, DEI initiatives can improve the bottom line, reduce talent acquisition and turnover costs as well as generate positive brand recognition. Tracking your results from the start is the best way to strengthen your business case for continued DEI investment.

What is employee engagement?
Employee engagement looks at the relationship between an employer and its employees. Employee engagement uses quantitative and qualitative metrics to assess how employees think and feel about their employer.

Employee engagement is generally measured through an annual or semi-annual survey which includes a number of static questions, often about employee loyalty, pride in the company, effort in the employee's work, and their willingness to recommend the employer. By using certain identical questions each year, the company can calculate an employee engagement index score, which is used for year-over-year comparisons. Other survey questions may vary and allow the company to collect information about the specific factors that impact its employee engagement score.

Employee turnover is also used to measure employee engagement. Both voluntary and involuntary turnover reflect how well employees are aligned with the business. Healthy turnover rates vary by industry and market conditions.

Why should you report on employee engagement?
Employee engagement is now a commonly expected and reported metric. As a minimum, most large companies include turnover rates in their reporting, and their absence from an integrated or sustainability report may be interpreted as a red flag about the company's culture or talent management.

Reporting on employee engagement provides investors with insight into the talent-related risks and challenges faced by a company. The reporting process requires the company to first quantify engagement, a process which can identify blind spots and risks that the business faces currently or anticipates in talent management and operations.

Understanding employee engagement can serve internal needs as a correlation between employee engagement and business success is now well-established. Although a causal relationship between employee engagement and the company's overall financial success has not been determined, companies with high engagement can expect lower costs related to voluntary and involuntary turnover. These companies can also rely on their employees to be brand ambassadors, a valuable benefit in an increasingly connected business environment in which most companies face competition for both talent and clients.

Advice for getting started with employee engagement

1. Start with turnover: Turnover is a great initial indication of your employee engagement because most companies already collect the needed data or could easily do so. Although turnover cannot provide specific insights into which factors are most important to your employees, voluntary and involuntary turnover can provide some indication of whether your hiring process is effective and how well you are meeting your employees' needs.

2. Implement an annual or semi-annual engagement survey: A regular anonymous survey can provide a big picture view of employee engagement and identify factors that impact engagement. The quality of the survey and its anonymity are essential in ensuring that the collected data has value, so it is important for you to assess whether your employees will trust and respond honestly to an internal survey. If you are unsure, utilise an external survey provider to ensure respondent anonymity and demonstrate its importance to your employees.

3. Commit to action: Collecting data about employee engagement is only useful if you implement actions based on the results. Commit to actions, communicate about those actions, and track how employee feedback changes in the future as a result of your actions.

4. Be patient: Employee engagement is an ongoing process. While some aspects may allow for quick changes that provide immediate results, most factors that impact employee engagement will require continuous efforts and long-term tracking. Be patient and remember that your work will pay off over time.

Other social issues

We have a *strong focus* on employee development and training

Our double materiality assessment also identified that labour rights, employee development and training, and community engagement are material to our company or to society, but not to both: Since they do not meet our double materiality standard, these issues are given a lower priority by our business. We will continue to monitor, discuss and report on relevant metrics for these issues, but will devote our resources and efforts to higher-priority issues.

Labour rights and relations
Our materiality assessment classified labour rights as having a high impact on our company's value and a moderate to low impact on society. This positioning makes sense since we operate in a country with high labour standards and employee protection, so our ability to impact social practices is limited. However, any labour rights controversies or challenges could create legal, financial or talent recruitment challenges for our business.

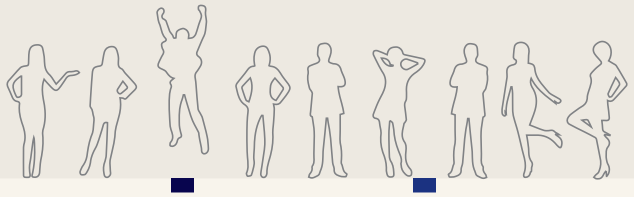
We require and have a signed contract for 100% of our employees. In our first year, we did not hire temporary workers, and though we expect to hire a temporary intern in FY22/23, we aim to limit our reliance on temporary workers.

Our employees do not have a formal collective bargaining agreement in place; however, our small size and informal culture provide opportunities for employees to engage collectively and individually with management regarding their working conditions. We have discussed the importance of opportunities for employees to engage with each other without management present and plan to implement a recurring employee-only meeting for those who are interested.

Employee development and training
Employee development and training are very important to us and our employees but have limited societal impact.
Due to its considerable importance to our business, we will continue to identify ways in which we can offer our employees the development and training they desire, and that our business demands.

During FY21/22, we established formal one-on-ones between employees and management to discuss employee development. Each employee was asked to complete a personal development plan that identifies professional goals and strategies for reaching them. Our management team works individually with every employee to discuss how our business can support their professional growth and empower them to reach their goals. We have set a target number of one-on-ones per employee per year to ensure that they continue even as we grow.

Last year, we also implemented formal monthly educational sessions for all employees covering topics relevant to our work as consultants. However, our growth has necessitated a more nuanced approach to training that can address the distinct needs of employees with different experience levels and job responsibilities, and we are currently considering additional and alternative strategies to offer formal training to our employees.



We have set a target number of training hours per employee per year and are currently working to define how to calculate these hours.

Employee development and training[1]	Actuals FY21/22	Goals FY22/23
Average hours of training per FTE per year[2]	40	56
Number of 1:1 development check-ins per employee per year[3]	N/A	10

1. *Employee development and training data excludes executive management*
2. *Calculated as average share of total hours registrered as training. The average is weighted based on length of employment during the FY.*
3. *Our check-in policy was implemented in April 2022, precluding reporting for FY21/22*

Community engagement

We included community engagement within our compensation and benefits. We support our employees and our community by directing our community engagement resources towards organisations with which our employees engage.

How to report on *Non-material social issues*

For companies with few reporting requirements, it can still be worthwhile to mention social considerations that hold high value for consumers or investors. Including information about ongoing monitoring of low materiality issues, or explaining exactly why an issue is not prioritised, can provide transparency and convey that your lack of reporting is based on reason rather than negligence.

Companies operating exclusively in stable, high-income countries and primarily utilising knowledge workers may feel that human rights and basic labour rights are a comparatively low priority due to high labour standards in their location and industry. However, reporting on basic practices pertaining to human rights, including policies prohibiting child labour and modern slavery, is expected if not required in most high-income countries.

Governance

Our governance is characterised by our novelty and small size. It allows for *efficient decision-making* processes, but leaves little oversight

In FY21/22, Nordam Business Partners ApS was fully owned by the founder and Managing Partner, Christine Nordam Andersen. We neither have an executive nor an advisory board.

Our relatively small size means that we are not bound by many legal requirements for businesses, such as statuary audit of the annual report or having to have a health and safety committee.

Ownership structure FY21/22

Nordam Holding ApS
CVR:43119818
Beneficial owner: Christine Nordam Andersen (DK)

Nordam Business Partners ApS
CVR: 42545856

Culturally, we have strived to create a flat corporate culture. However, we acknowledge that our structure means that formal, and in most cases informal, decision-making has been concentrated on one person. Although this allows for efficient decision-making processes, it leaves little oversight.

Looking ahead
As of 1 July 2022, our COO Ilona Langgård has joined as a co-owner through her holding company, MacMila Group ApS. The addition of a co-owner is expected to affect our governance as it will require that decision-making processes become more formal.

Further, we expect to continue to grow significantly in FY22/23, meaning that we will be required to comply with an increasing number of external reporting and oversight measures. As we are a fast-growing start-up, we cannot exclude that our governance structure may evolve further as we continue to grow.

"As a co-owner of the company, I'll be shifting the decision-making away from one person to a more holistic approach, solidifying our status as an advisory firm that is here to stay and grow."

Ilona, COO and Director

What is *Governance?*

Governance is about the frameworks for managing (both directing and controlling) organisations. This involves the structures and processes for decision making, which are directly impacted by factors such as the laws governing an organisation, who the decision makers are, and what power structures lie in the decision making.

Why should you care about governance in ESG?
Understanding governance risks and opportunities in decision-making is critical to running a sustainable company. Poor corporate governance practices have enabled some of the biggest corporate scandals and may lead to nefarious behaviour affecting our planet and people, just as they may have significant financial and reputational consequences. Likewise, good corporate governance can act as a lever for decision-making aimed at doing the best for people, the planet and a company's profit.

The "G" in ESG is central, as governance can directly shape social, political, and cultural attitudes of an organisation, and thereby influence the validity and commitments of an organisation's efforts with "E" and "S".

Ethics and data

We have a responsibility for creating the foundation for good governance

Despite good intentions at any level of a company, a business cannot create sustained change if those intentions are not anchored in governance. We took a critical look at our governance to determine key areas where we can help our business, our employees, clients, partners and society to push for increased transparency and a better alignment between people, planet and profit (the triple bottom line).

Our ambition is to embed integrity and 'doing-better for all' in our corporate processes and decision-making across the company.

Our governance is characterised by our novelty and our size. As noted previously, we are not bound to rules on reporting, and we have few decision makers to account for.
Formally speaking, this means that we do not have to focus on many governance-related issues. However, we have a responsibility for creating the foundation for good governance at NBP that will help the company stay focused on the triple bottom line as we continue to grow both in revenue and in number of decision-makers.

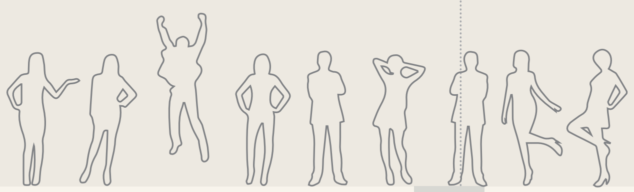
Due to our size, we also have the privilege of being able to test and implement good governance practices quickly. We use this agility to develop new ways of aligning financial and ESG interests.

We identified six governance topics in our double materiality assessment. Of these, we found that three are highly material to us and to society. Two topics have a high materiality level for us, but not for society, and one topic was found immaterial.

The governance topics are:
· Supplier ethics (double materiality)
· GDPR (double materiality)
· Business ethics and whistleblowing (double materiality)
· Data privacy (material)
· Responsible tax (material)
· Lobbying (immaterial)

We are focusing our efforts and targets on the highly material and material topics.

Lobbying was found to be immaterial, and we have not established targets or actions for it. Lobbying was included in the analysis because we are members of the Confederation of Danish Industry, and we expect to retain our membership going forward. Given our desire to change the M&A industry to be healthier, lobbying may become a more important topic for us in the future.



How to identify *Relevant governance topics*

As governance is about frameworks for managing organisations, nearly any topic could be relevant from a governance perspective. Some of the most common governance topics across the major ESG reporting standards include, but are not limited to:

· Board diversity and structure
· Corporate governance
· Executive pay
· Business ethics and management
· Political lobbying
· Bribery and corruption
· Anti-competitiveness
· Tax transparency
· Ownership and shareholder rights

Within E, S and G, governance may currently be the most regulated area. Regulators are also stakeholders in your materiality analysis and understanding the legal requirements that you are subject to should therefore be a part of your analysis. When assessing materiality of topics, it may be necessary to consult legal experts to ensure compliance.

How do I know if it is 'G' or 'S'?
As governance is such a wide encompassing area, you may come across topics that could easily fall into other categories. For example, topics such as data privacy, labour rights and management as well as supplier practices are sometimes included with either S or G, and occasionally even E.

Some reporting standards or regulations may require you to group topics in a designated manner. Otherwise, the most important consideration is the topic itself and whether it is material to your company. In these cases, the exact categorisation of a topic into E, S or G is not essential so long as the categorisation makes sense.

If you anticipate reporting obligations in the future, we recommend structuring your reports according to those requirements or standards. This establishes consistency and prevents significant reporting changes in the future. Companies that do not have current or anticipated reporting requirements can use their discretion to group topics, considering how they impact you or others, how they relate to your other material issues, and what types of actions you will take to remedy them.

Supplier ethics

We will impose a more stringent monitoring of total expenditure *to ensure compliance*

Our supplier ethics practices are important in ensuring that our money is spent in ways that align with our values and priorities. We recognise that the money that we spend on our suppliers will impact society as well as our own company. As a result, supplier ethics is an important area of focus for us.

Although we may not be the largest clients or most essential stakeholder to all our suppliers, we can convey the importance of ethical practices and demonstrate that ethical standards are demanded from all types of clients. Ethical supplier practices are not just expected by big companies leading the agenda, but by companies of all sizes.

In FY21/22, we informally vetted our suppliers when selecting them, and we deselected suppliers who were engaged in greenwashing. We do not, however, have a formalised approach for assessing potential suppliers.

We also created and reviewed our Supplier Code of Conduct (SCoC). The SCoC covers policies regarding anti-corruption, human rights, child labour, diversity, health and safety, the environment and data privacy. Like many, we drew inspiration from others when formulating our SCoC. We found that many of the requirements that companies, including us, have included in SCoCs are general and challenging to measure.

During the year, we implemented a policy stating that our suppliers over DKK 50k/year are required to sign our SCoC before we enter into an agreement. However, we were far from living up to our goal of 100%. This was especially driven by the fact that the SCoC was assessed when entering an agreement, but not revisited to account for additional spending over the year.

In FY22/23, our aim is to reduce ambiguity and increase compliance by committing to the following actions:

1. We will continue the practice of requiring our suppliers (over DKK 50k/year) to sign our SCoC. We will impose a more stringent monitoring of total expenditure, and not only original purchase sum, to ensure compliance.

2. We will rewrite our SCoC to have more actionable metrics. We will also add terms that allow us to demand remediation or terminate our contract if a supplier breaches the code. We will publish our SCoC once complete, so that potential suppliers understand their responsibilities, and others can draw inspiration from it.

3. We will create formal selection criteria to further align our chosen suppliers with our priorities.

4. Lastly, to demonstrate to our suppliers that we monitor the SCoC that they have signed, we will be conducting one or more random supplier audits to ensure they live up to our SCoC.

The principles regarding supplier ethics will also be extended to any collaborators, partners or strategic alliances.

Supplier ethics	Actuals FY21/22	Goals FY22/23
% of suppliers (over DKK 50k/year) that have formally certified our supplier code of conduct	25%	100%

What is *Supplier ethics?*

Supplier ethics is concerned with the policies and procedures that suppliers have in place regarding topics such as fraud, bribery, human rights and discrimination.

As a company, you are dependent on your suppliers, and they are increasingly becoming a part of your value chain. Your suppliers influence your financial, reputational and ESG risks and opportunities, and you should therefore work to ensure that you are aligned on topics most material to you.

What is a Supplier Code of Conduct?
A Supplier Code of Conduct (SCoC) is a set of minimum requirements your suppliers commit to meeting in their operations. Future suppliers are required to sign the SCoC as part of your contract with them, which shows that your relationship is conditional upon their conduct. Suppliers who sign an SCoC promise to behave accordingly, while your company is responsible for taking action if suppliers fail to meet your standards. An SCoC is also a statement to your stakeholders that you are committed to monitoring your supplier practices.

The SCoC should reflect the topics that are material to you. It often has minimum standards for one or more of the following (the list is not exhaustive):

· Bribery and anti-corruption policies
· Human rights, modern slavery and child labour policies
· Health and safety of employees
· Anti-discrimination and diversity
· Environmental practices and monitoring
· Data privacy

Advice for when you work with supplier ethics

1. Define scope. Ideally, all your procurement happens from suppliers who live up to your minimum requirements, but realistically you will not be vetting your suppliers every time you buy lunch. To make your efforts actionable and realistic, we suggest that you define which suppliers should sign your SCoC. Common strategies include setting a financial threshold for the procurement value or establishing an annual hourly engagement threshold to identify critical but lower cost suppliers.

2. Assign responsibility. Designate the responsibility for supplier ethics oversight to a person or department. No one will find time to audit suppliers or measure progress if it is not part of their formal tasks. Communicate to all employees engaged in supplier sourcing that new suppliers will be expected to comply with the established criteria.

3. Be ready to take action. Make sure the SCoC follows what is material to you so that you are ready to act if they break their promise. Clearly outline the possible repercussions of violations, such as a remediation plan or termination of the relationship, and under what conditions you will pursue each action.

4. Remember that it is a reoccurring task. Your suppliers, your priorities and your standards change. Reviewing your SCoC, sharing it with suppliers and confirming their compliance are ongoing tasks.

GDPR and data privacy

Our people and *our clients* are our most important stakeholders, and their data is important to them. *By extension, safeguarding their data is important to us*

Our work is centred around data. We work with our clients' data, and we are data owners of our employees' data. Our people and our clients are our most important stakeholders, and their data is important to them. By extension, safeguarding their data is important to us.

Two categories of data are central to our business:

- Personal data about our employees, our clients' employees and applicants. This is important to people and is also important from a regulatory perspective (GDPR).
- Our clients' business data. We engage in confidential deals, which means that safeguarding our clients' data is non-negotiable and the inability to protect their data could harm our reputation.

GDPR data and general data privacy are treated as two independent topics in our double materiality assessment. GDPR is a highly material issue which is important for society and has a severe impact on us.

GDPR and data privacy	Actuals FY21/22	Goals FY22/23
Number of data breaches	0	0
Number of data breaches containing GDPR data	0	0
Share of clients affected	0%	0%

Data privacy has an even greater impact on our business but is significantly less important for society and it has therefore been categorised as an issue that is moderately material, since it does not meet our double materiality standard. Although their prioritisation is different, we have grouped GDPR and data privacy in our reporting and operations because the actions needed to improve them are the same.

In FY21/22, we carefully selected a well-renowned IT supplier to ensure that we have access to world-class support regarding data security. We acknowledge that this is an area where we will not be ahead of the market, and our focus has therefore been on ensuring that we have a skilled partner to help us do our best. The IT supplier provided us with security software aimed at ensuring our data privacy needs and advised on our internal policies regarding data privacy and GDPR.

Actions for FY22/23

In the coming year, we will focus on staying up to date on relevant security threats and ensuring that our security measures are appropriate for the quickly changing landscape of cyber-threats. This will be done through two annual meetings with our IT supplier. We will review our policy once a year to ensure relevance.

All our employees will also be required to conduct GDRP and data privacy training.

What are *GDPR and data privacy?*

Data privacy is the control process on sharing and storing data.

The General Data Protection Regulation (GDPR) is privacy law in the European Union, detailing how personal data of EU citizens should be handled.

Why are they relevant to ESG?

Data has become increasingly personal and central to business, and breaches of personal or professional data can have a detrimental effect on the people and organisations in and related to your company. As a data owner, you have a responsibility to your stakeholders to safeguard data responsibly. Poor data privacy or significant GDPR violations may have significant financial and reputational consequences for your company's value, and for the people and companies whose data you collect.

Advice for when you work with GDPR and data privacy

1. Educate yourself. Breaking GDPR rules or sharing your clients' data (depending on your business) may have a major impact on you or society. Educate yourself on what GDPR is and what risks your organisation faces.

2. Stay up to date. Cybersecurity changes constantly, which means data management is an ongoing task. Use the materiality of the topic to guide you on how you should utilise your resources to stay up to date.

3. Less is more. Do not ask for unnecessary data, and make sure data is only available for those who need it.

4. Clean up. Do a data sweep. Take time to go through your data to ensure you do not have external data that you do not need to keep.

Business ethics

We want to set an example of *good conduct for our industry*

As trusted advisers for our clients and as a company dedicated to setting a good example of how a professional services firm is run, strong business ethics are vital to the value of our company. Any misdemeanour will affect our clients' trust in us, and it therefore also has poses high financial risk to our business.

Our industry is considered high risk for business ethics by SASB due to our high reliance on client trust and common organisational models, which can make the prevention and detection of undesirable behaviour more challenging. While our current small size reduces our risk, we recognise that implementing practices now will set the tone for our company moving forward. We must have the courage to challenge industry practices and approach our work with integrity.

Although our governance practices will change as we grow, we are fundamentally creating our business ethics culture right now. It is therefore important that we establish practices that can grow with us, reinforce the desired behaviour and set us up for success.

We are committing to the following actions in FY22/23 to create the fundamentals for strong business ethics in our company:

- Establishing multistep oversight for high-risk activities, including financial management and salary payments
- Attaching ESG management to our bonus structures to disincentivise unethical behaviour
- Establishing an annual review of our policies related to business ethics, including the repercussions for violating our policies
- Creating a whistleblowing system that is designed to be used and encourages reporting of illegal or unethical behaviours
- Reporting on monetary losses due to legal expenses associated with professional integrity or ethics
- Reporting on the per cent of workers who have certified compliance with our business ethics policy
- Requiring all employees to certify compliance with our business ethics policy every year, not just at their start date, to ensure that they are aware of any policy changes or updates and reiterate the importance of business ethics and professional integrity to our business

Business ethics	Actuals FY21/22	Goals FY22/23
Share of employees who have formally certified the anti-corruption and bribery policy (% of headcount)	100%	100%
Monetary losses due to legal expenses associated with professional integrity	DKK 0	DKK 0

What is *Business ethics?*

Business ethics is an umbrella term covering the standards that your company has for what is considered morally right and wrong in conducting your business. Some of these topics might also be governed by law.

Examples of topics that may fall under business ethics are:
- Corruption and bribery
- Insider trading
- Discrimination
- Exploitation
- Corporate responsibility
- Corporate fiduciary responsibilities
- Conflicts of interest

Why could business ethics be relevant for your company?
Business ethics encompasses a range of topics with different relevance across industries. While financial and professional services firms may have higher risks related to conflicts of interest or insider trading, international logistics companies may need to be aware of the high costs of bribery. Reviewing your regulatory obligations, utilising external sources like SASB, and considering peer and competitor practices can help you determine whether business ethics is relevant for you, and in what capacity.

Many business ethics topics are associated with high financial risks. Strong regulations for some ethics topics come with fines or other repercussions. Additionally, the direct long-term costs of unethical practices can be high and self-perpetuating, leading your business to spend increasing sums on providing bribes, hiding insider trading, or otherwise protecting itself from its own behaviours. Actual or perceived poor ethical practices may also negatively impact brand perception and reduce client or consumer trust.

How do you govern business ethics practically?
Governing business ethics requires a multipronged approach to address both explicit rules and implicit norms. Formal policies that clearly identify prohibited behaviours and outline repercussions are an important first step. Multistep oversight and whistleblower protections can also help to reduce unethical behaviours and facilitate reporting. Managing corporate culture is an equally important part of governing business ethics, as implicit cultures that support unethical practices will delegitimise your policies. Enforcing consistent repercussions for violations, eliminating compensation practices that incentivise unethical behaviour, and providing positive feedback for desired actions can help normalise a culture of accountability. Additionally, some companies may find it useful to offer employees training in managing challenging situations, for example those employees most likely to receive bribe demands from gatekeepers.

Whistleblowing system
A whistleblowing system must allow employees and stakeholders to safely and without consequence report unethical, illegal, sexual, or any other inappropriate actions. A whistleblowing system should ensure that any reported issues are processed at the right level and appropriate actions are taken. Having a strong culture of whistleblowing will benefit the company by helping it to identify potential threats, minimise risks and reduce costs in the long run.

Responsible tax

We are *transparent* about our *tax payments*

Companies must pay taxes to empower the societies in which they do business. And with a purpose rooted in empowerment, this is especially relevant for us. However, our materiality assessment found that responsible tax is only somewhat material to our value and even less material to society.
As a result, we have established policies to maintain transparency about our tax practices but have not implemented targets.

In FY21/22, we paid DKK 280k in corporate income taxes in Denmark. We have had no operations in other countries.
All our work with international clients has been commissioned through their Danish offices. In addition, we have paid VAT of DKK 972k.

Taxes are a complex issue. Even with our limited size, we have used external advisers to get our tax calculations validated.

Due to our size, the impact of our tax payment is limited.
As we expect to grow, we are committing to the following actions to increase transparency about our financial and tax affairs:

· ***We will*** always be transparent about our ownership structure and the ultimate beneficial owners by disclosing this information in our annual reports.

· ***We will*** get our annual report for FY22/23 audited even if we are not legally obliged to do so.

· ***We will*** be transparent in our tax reporting and voluntarily disclose country-specific information about our tax payments in our annual report.

Responsible tax	Actuals FY21/22	Goals FY22/23
Corporate income tax paid	DKK 279,642 in Denmark	No target – we will report actuals

Why care about *Responsible tax?*

Corporate taxes are a very direct way in which companies impact society. Tax payments make up the foundation of many national economies, as they help finance education, infrastructure and social services, which are essential for the sustainable development of a society. A company's tax payments are a very concrete way of supporting the local economies in which it does business, and, in turn, these taxes allow the company to benefit from the local economy and infrastructure by, for example, hiring its educated workforce or transporting products on its roads.

With global activities and different accounting practices, identical companies could be paying very different taxes in very different places. This may be perfectly legal, without any fraud being committed. However, this practice is still problematic as the companies may end up paying fewer taxes overall as well as paying taxes in places where the value was not generated.

How do you ensure responsible tax payment?
Taxation is a complex topic. There are many actions companies can take to either work towards or away from responsible taxation.

The simplest action that your company can take towards ensuring responsible taxation – besides avoiding any nefarious behaviour – is being transparent and having documentation. Transparency about your financials, ownership structure and operations can help to drive responsible tax practices, as your company will be less likely to make decisions that it does not want to publicise. Correct documentation will make it easier to understand the underlying numbers.

We recommend that you seek professional advice from dedicated tax professionals to ensure that your tax practices comply with regulations and meet your standards for responsibility.

Have you heard of transfer pricing?
Transfer pricing is an accounting practice dedicated to the rules and methods concerning how a company with the same ownership prices transactions between divisions or units. From an ESG perspective, transparency and documentation are central to these transactions. Transparency should include disclosures about which rules apply to your internal transactions and the documentation you create for such transactions.

Glossary

Central concepts and *abbreviations*

CSRD: Corporate Sustainability Reporting Directive (CSRD) is EU legislation requiring all large or listed companies to publish reports on their environmental and social impact activities.

DEI: Diversity, Equity, and Inclusion (DEI) is a term used to describe policies and programmes that promote the equal inclusion and engagement of all employees, regardless of their background or identity.

Double materiality: Double materiality considers materiality from two sides: financial materiality (impact on company value) and environmental and societal materiality (impact on the world).

ESG: Environmental, Social and Governance (ESG) is a framework used to discuss sustainability. It is included in reporting criteria that measure environmental and social impacts and the effectiveness of corporate governance.

The Exit Cycle: The Exit Cycle is a model developed by NBP to represent the steps any company should consider throughout its business lifecycle to effectively engage in exit opportunities.

Exit Preparation: Exit preparation is actions aimed at maximising the value of a company during a transfer of assets. The planning and preparation process addresses the financial and non-financial needs of the company, its current owners, and its buyers or investors.

FTE: Full-time equivalent (FTE) is a unit that indicates the workload of an employed person in a way that makes workloads equivalent across various contexts. In a Danish context, this usually corresponds to one worker employed 37 hours a week.

FY: A financial year (FY) is a one-year accounting period that is used for financial reporting and budgeting.

Integrated reporting: A single report that combines traditional financial reporting with ESG reporting to communicate how a company creates sustainable value.

Materiality assessment: A materiality assessment is a formal exercise in which a company determines how relevant and important specific ESG issues are to it and its stakeholders.

NBP: Nordam Business Partners (NBP). A contemporary consulting firm whose primary focus is on guiding companies safely through sales processes.

SASB: Sustainability Accounting Standards Board (SASB) is a non-profit organisation with the goal of improving sustainability accounting standards and standardising reporting of ESG data.

SCoC: Supplier Code of Conduct (SCoC) covers policies suppliers must comply with regarding topics such as anti-corruption, human rights, child labour, diversity, health and safety, the environment and data privacy.

SDGs: The Sustainable Development Goals (SDGs) are a collection of 17 interlinked global goals for people and the planet. The SDGs were set up at the United Nations General Assembly and are intended to be achieved by 2030.

Triple bottom line: Triple bottom line is a framework that includes three pillars of performance: social, environmental and financial. These pillars are often cited as "people, planet and profit."

White paper: A white paper is a guide that discusses issues on a certain subject, along with suggested solutions for handling them.

Epilogue

Behind the scenes of our first integrated report

There is a certain romanticism to presenting your business in all its glory through an integrated report. Since our company is not yet beholden to regulators, we even had the freedom to follow our hearts and take creative liberties. But of course, regulations or not, the reality of developing an integrated report is somewhat less poetic.

Even we, a small business providing ESG services to other companies, struggled along the way. It is inevitably an imperfect process. Yet we know that our efforts this year provoked operational and governance changes that will continue to serve our company. In seven or eight months, as we prepare for our next annual integrated report, we will know what worked and what to do differently. Changes in our practices will ease some aspects of reporting, and we will take a few more steps towards complete integration.

So how should you prepare for your report?
Consider some of these learnings from our experiences.

Start with education to build commitment
Wavering commitment is one of the biggest challenges that many companies face in utilising integrated reporting or initiating ESG activities. Even if you are blessed with executives who are interested in or excited about ESG, building and retaining a full commitment can prove difficult once the hurdles arise. Setting the tone and demonstrating true commitment at the top are especially important, as leadership establishes operational priorities and can create a cultural shift in perspective.
For us, continuous education has been the best way to ensure that our entire team is on board. The more your stakeholders know, the more they can commit with their eyes wide open. Every company faces dilemmas related to their ESG efforts, and fully informed leadership and employees are more likely to sustain their commitment through those dilemmas.

Understand why you are integrating
If executives, or team members, are not convinced that integrated reporting will serve the business, they are far less likely to commit. The voluntary nature of integrated reporting means that recognising and reiterating the reason you have chosen to pursue it is especially important. Otherwise, you risk a lack of interest or investment at the first sign of difficulties.

We decided to publish an integrated report for two main reasons. First, ESG is ingrained in our company's culture, values and services. We already saw it as equal to finance, and using integrated reporting ensures that we reflect that viewpoint in our operations and communications. For us, it is an accountability tool. Secondly, we feel strongly that reporting trends are heading towards integrated reporting, and that they will become increasingly common in the future. It makes sense based on our services and culture to be ahead of that trend.

Your company may have different reasons that reflect your corporate priorities. Defining and communicating the reasoning behind a shift to integrated reporting are the best way to bring everyone along for the ride, a necessity for true integration.

Leave time for conflict
Integrated reporting requires a higher level of collaboration. In many ways, this is a benefit of integrated reporting. Repeatedly forcing cooperation inevitably yields a higher level of ongoing interaction and ensures a shared understanding of company priorities. But in the meantime, as you get started and still have silos to tear down, collaboration can prove challenging. Although we are a small company, we still encountered difficulties relating to communication. Our emphasis on collective decision-making ensured our team bought in to the outcomes, though it also created disagreements and time pressure.

These were worthwhile conversations that added value to our work, but in some ways our small team was unprepared for so many contrasting view points. For you, these challenges might be magnified by existing internal dynamics or a larger number of contributors.

Next time, I will leave more time for discussions. And I absolutely recommend that you do the same. While every conversation about nomenclature or targets built engagement and expanded our perspective, it also slowed us down. Planning an abundance of time for these discussions, will allow you to resolve conflicts, consider new ideas, and keep everyone aligned while still meeting your goals.

Recognise that integrated reporting is more than reporting
The real challenge in integrated reporting is not the reporting. The real challenge is achieving a level of meaningful integration in operations and strategic management.
It demands a new approach entirely, in which the whole business, before and after the report, from the C-suite to the intern, fully understands the meaning of ESG and finance and includes them collectively in all decision-making.

This true integration, across departments and pay levels and time zones, requires a change in perspective and a change in behaviours. Although a commitment from the top can go a long way to support the necessary cultural change, pragmatic steps matter too. Firm actions must be intertwined with strong communication and change management practices.

As a growing company, it was intuitive for us to include financial perspectives in our ESG planning. We had to give more intentional consideration to including ESG in our financial practices. We discussed the costs that come with ESG, and the trade-offs we are willing to make. We implemented new ongoing ESG practices that correspond to our financial ones.

And we reiterated for ourselves that just as our financial well-being is essential to our viability as a business, our ethos and credibility with our services require us to prioritise ESG. Your integration may look different. Incentives are a common starting point, but supply chain management, financial investment practices, and even client screenings can be updated to reflect an equal prioritisation of financial gains and ESG impacts. This is an ongoing process, and we have yet to solve it ourselves. Continuously revisiting our practices and approaching every decision with an eye for both factors will ensure that our progress is ongoing, and over time, we will see higher and higher levels of integration until they are fully intertwined.

Moving forward with confidence
We are looking forward to seeing how our integrated reporting progresses in the future. Over the course of the year, we will pursue new actions and reach towards our targets.
There will inevitably be new dilemmas and challenges, but the foundation we have established will help us to approach them with confidence. With some success, we hope to set even more challenging targets next year.

Although our experience is unique to us, in many ways it is universal. Change is hard, and integrated reporting is all about change. We hope that by sharing our learnings you will lean in to your integrated reporting process.
Give us a call if you need help.

Deborah Levinson
Business Development Manager

We hope you enjoyed reading this
combined integrated reporting and white paper.

We welcome any questions or comments
that you might have to the report or white paper.

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