



# YOU GET WHAT YOU MEASURE – YOU ARE NO BETTER THAN WHAT YOU MEASURE!

Environmental reporting does not have to be complicated. Danish companies can actually get started right away. There is no reason to wait until you have a better overview. Or until you have collected enough data. There is already enough data in the companies. And Solitwork has a platform that helps power companies' data.

By Søren Vejby

**S**if Lyng Andersen, Senior Manager, Business Development, Solitwork, says, 'Many companies want to make a better impression on the world. For example, they want to write about what they are doing to minimize CO<sub>2</sub> emissions in their annual report, but you are just not better than the data you can present - you are no better than what you measure.'

Sif Lyng Andersen is a bit of a numbers nerd herself and has a background as an accountant with EY. She continues, 'Nor is it possible for you to follow up on your objectives if you do not have proper data. So, it's about getting measurements in this area, which will now also be a legal requirement.' She

#### Figures from accounts can be used for non-financial reporting

New EU legislation on non-financial reporting in the ESG area will come into force for many Danish companies from 1 January 2024. There are some commonalities between financial accounting and ESG, which means that the figures that are already in the company's accounting can be used for the non-financial accounting as well, especially with a focus on the 'E' of ESG.

'There are definitely some synergies that can be exploited,' says Sif Lyng Andersen, referring to the Solitworks AFC SaaS Platform, which can be used both individually or as a total solution for the company's CFO, where numbers and data from different areas are used.

#### Spend-based accounting as benchmark

Sif Lyng Andersen explains that there are basically two ways

of calculating, namely the activity-based method and the spend-based method, and that the key to getting started with your CO<sub>2</sub> accounts right away may be to work with the so-called spend-based carbon accounting.

'Spend-based is about money, so if DKK 1,000 is spent on plane tickets, there is an emission factor that can convert this DKK 1,000 into an estimated CO<sub>2</sub> emission,' says Sif Lyng Andersen. If, on the other hand, you use the number of kilometres you have flown, there is a corresponding emission factor, and then you get the CO<sub>2</sub> footprint, which is activity-based.

'You can choose to make this very complex by first having to collect a lot of data. Or you can choose to start where you are, and calculate spend-based with figures from the accounts, and then you also have a benchmark for the activity-based calculations,' says Sif Lyng Andersen.

#### Pragmatics over precision

'It is clear that activity-based is more accurate, because a plane ticket does not cost the same today as it will in a week, and the same can be said for a litre of petrol. On the other hand, you can do your accounts immediately if you work spend-based,' says Sif Lyng Andersen.

She continues, 'It may very well sound pragmatic to work spend-based, but the data are complete, accurate and already undergo external audit, which is why their credibility is increased. In addition, they are by their very nature recognizable to the people who work with CO<sub>2</sub> accounts, whereas the completeness of litres, kilowatts and CO<sub>2</sub> is still difficult to grasp. Then you can always get even better at collecting activity data and increase your CO<sub>2</sub> accuracy.'

## FACT

The EU directive on sustainability reporting (CSRD) obliges a number of companies to collect and report on the so-called ESG data (environmental, social, and governance) in order to achieve more transparency, e.g., about sustainability in all its forms.

There will be three phases in the application of the directive:

- 1 January 2024 for companies already affected by the Non-Financial Reporting Directive
- 1 January 2025 for large companies not currently affected by the Non-Financial Reporting Directive
- 1 January 2026 for listed small- and medium-sized companies as well as for small and non-complex credit institutions and captive insurance companies.

Source: [plesner.com/europa.eu](https://plesner.com/europa.eu)

## FACT

Solitwork was founded with an ambition to solve the complex needs of the finance function by providing state-of-the-art digital finance solutions to the CFO.

With 100+ customers, Solitwork has a diverse base of customers from various industries in the Nordic countries and the DACH region. Solitwork's platform is completely independent of vertical industries, the size of assets, or the number of legal entities.

#### Solitwork's AFC SaaS Platform

For over 20 years, Solitwork has been building on an AFC\* platform, which has four cornerstones:

1. Finance
2. Maritime analytics
3. Data & analytics
4. ESG

\*Analytics Forecast & Consolidation

Source: Solitwork