Overview of Corporate Sustainability Reporting - Danish OMXC25 Companies

November 2021

Background

Section 99a of the Financial Statements Act provides CSR reporting requirements for large Danish companies. For listed Danish companies, Section 107b of the Financial Statements Act provides corporate governance requirements and the Recommendations on Corporate Governance provide corporate governance guidance, including on CSR reporting. There is no uniform method to apply these requirements and guidance. In addition, many companies report more widely on sustainability for various reasons. This presentation provides a reference for CSR reporting and wider sustainability reporting by offering examples and statistics from Danish OMXC25[1] companies (the "Companies").

The presentation is based on publicly available information found in the Companies' sustainability reports for the financial year 2020.[2] The information provided by the Companies has not been independently verified and direct comparison among the Companies is, at times, not possible owing to different terminology, focus and structure.

This presentation uses the term "sustainability" to cover a broad range of legal and commercial considerations that include other terms such as "CSR" (Corporate Social Responsibility) and "ESG" (Environmental, Social and Governance).

This presentation is not exhaustive and is for illustrative purposes only. It is not intended to provide legal advice.

For further information, please feel free to contact a member of the team listed.

In this presentation, **BoD** *= Board of Directors,* **ExBo** *= Executive Board and percentages are to one decimal place.*

1) OMXC25 currently comprises 24 Companies as A.P. Møller - Mærsk is counted twice owing to share class sizes.
2) 2019/2020 for companies with a non-calendar financial year.

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- ***Sustainability bodies***: *14 of the Companies have established a sustainability body, such as one that reports directly to the executive board or board of directors. Nine of the Companies do not provide information regarding sustainability governance in their respective reports.*

- ***SDGs***: *the Companies focus most on SDG 8 (decent work and economic growth) and SDG 12 (responsible consumption and production). Three and eight are the most popular numbers of SDGs focused on by each of the Companies.*

- ***UNGC***: *22 of the 24 Companies are either signatories or participants of the United Nations Global Compact.*

- ***UN Guiding Principles on Business and Human Rights***: *10 of the Companies highlight these principles in their reporting.*

- ***OECD Guidelines for Multinational Enterprises***: *Five of the Companies highlight these guidelines in their reporting.*

Legislation and recommendations

Financial Statements Act: Statutory reporting

Sections 99a(1) and (2) of the Financial Statements Act [1] state that large companies[2] must supplement the management commentary with a non-financial CSR report.

The report must include information on environmental matters, social and staff matters, and matters relating to human rights, anti-corruption and bribery.

The report must disclose the following information regarding the above mentioned matters:

- the contents of the company's CSR policies, including any standards, guidelines or principles applied by the company.
- how the company implements its CSR policies, including any methods or procedures.
- due diligence processes if such are applied by the company.
- the company's assessment of outcomes following its CSR work.

If a company does not have CSR policies, the management commentary should state why.

1) Regulation based on Non-Financial Reporting Directive, which is expected to be replaced by the new Corporate Sustainability Reporting Directive.

2) As defined in the Financial Statements Act section 7 (2)(iii).

Recommendations on Corporate Governance

The Recommendations on Corporate Governance (the "Recommendations")[3] are prepared by the Danish Committee on Corporate Governance. In accordance with section 107b of the Financial Statements Act, listed companies must include a statement on corporate governance in which they are required to consider the Recommendations and either comply with them or provide explanations of alternative practices.

The updated Recommendations, applicable as of 1 January 2021, state that:

1.4.1. The Committee recommends that the board of directors approves a policy for the company's CSR, including social responsibility and sustainability, and that the policy is accessible in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.

The accompanying commentary for this section provides that:

- The board of directors may consider whether the company should adopt recognised national and international voluntary guidelines, standards or similar initiatives. Information on any such adoption may be provided in the report in accordance with section 99a of the Financial Statements Act.
- The board of directors should continuously ensure that the company complies with the CSR policy, and the company should consider to report CSR development and any new measures on its website on an annual basis.

3) In Danish: "Anbefalinger for god Selskabsledelse".

Reporting format

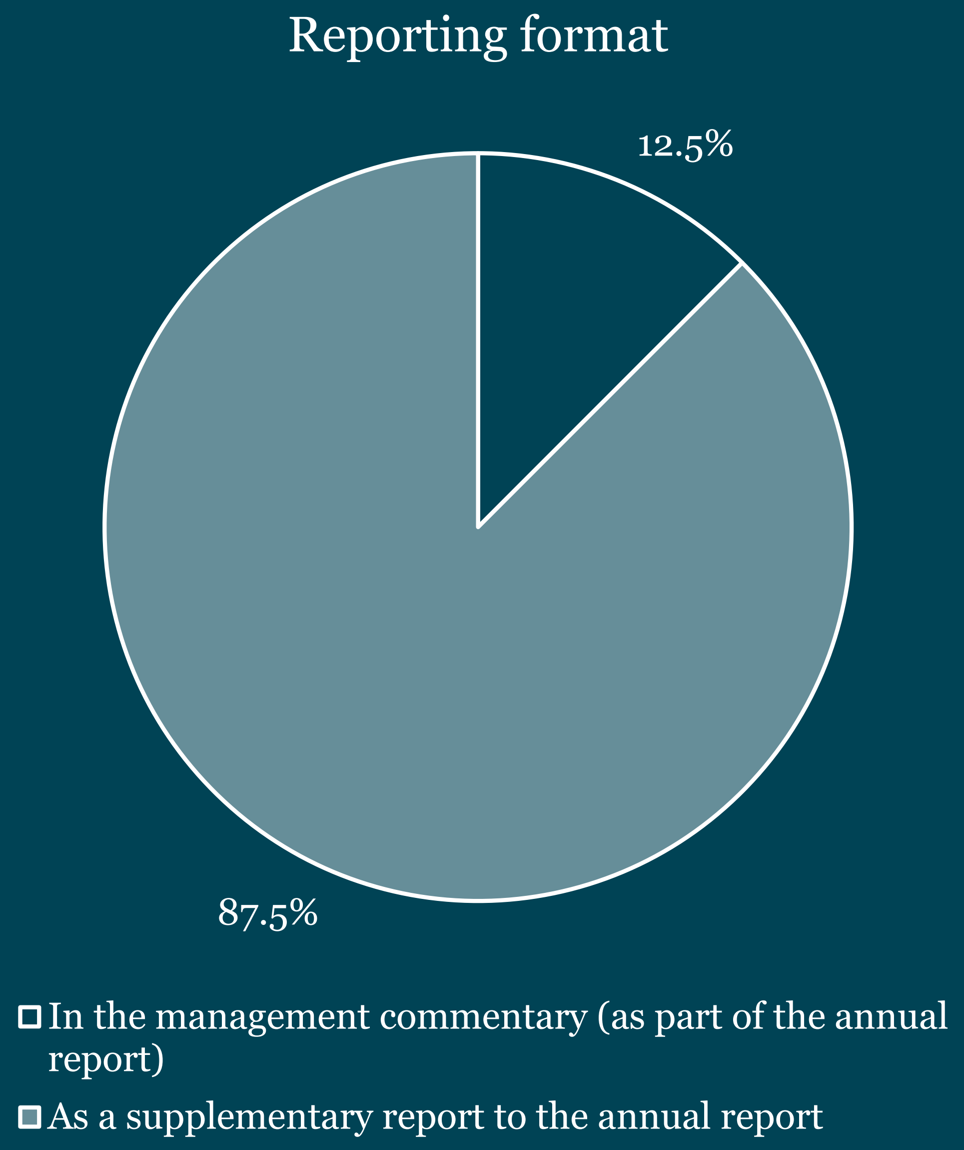
The Financial Statements Act section 99a(5) states that the CSR report must be included:

- in the management commentary (as part of the annual report)
- as a supplementary report to the annual report with a reference to the management commentary, or
- on the company's website with a reference to the management commentary.

The Recommendations on Corporate Governance reflect, at 1.4.1, the legislation to recommend that the CSR policy is available in the management commentary and/or on the company's website.

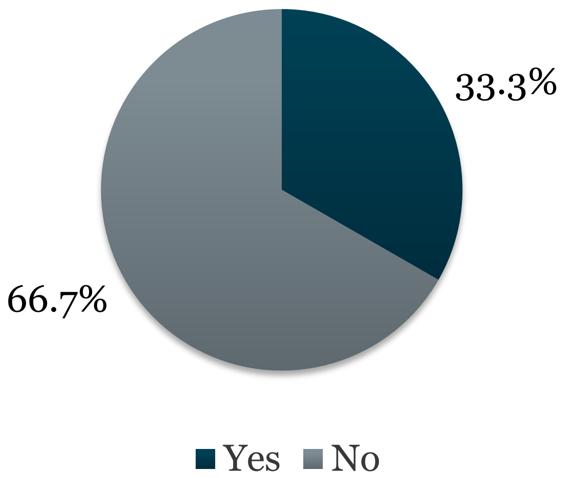
Three of the 24 Companies (12.5%) report on CSR in the management commentary as part the annual report. 21 of the Companies (87.5%) report on CSR as a supplementary report to the annual report. None of Companies include the CSR report only on the company website with a reference to the management commentary.

Names for the CSR report differ, particularly if it is a supplementary report, i.e. separate from the annual report. Where there is a supplementary report, 16 of the 24 Companies have a *Sustainability Report*; four of the Companies have a *CSR Report*; and one of the Companies has an *ESG Report*.

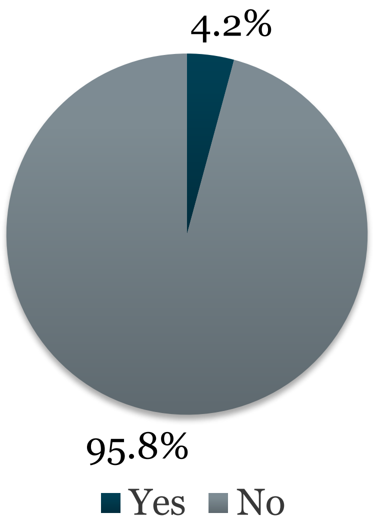


Reporting guidelines

GRI Standards



ISO 26000



Eight of the 24 Companies (33.3%) report either in full compliance with the GRI Standards or they use the GRI Standards as guidance for their sustainability reporting.

One of the 24 Companies (4.2%) uses the ISO 26000 standard.

The GRI Standards is a set of standards for sustainability reporting provided by the independent and international organisation, the Global Reporting Initiative.

ISO 26000 is a recognised standard of the International Organization for Standardization that provides guidance for organisations when assessing their commitment to sustainability and overall performance.

Sustainability bodies

Further to their sustainability reports, none of the Companies have established a separate and official sustainability board committee as part of the board of directors, see the table on the following page.

However, 14 of the Companies (58.3%) have established a sustainability body, e.g. through a board or committee that reports directly to the ExBo or BoD.

One of the Companies (4.2%) has explicitly decided not to have separate sustainability governance, and for nine of the Companies (37.5%) information regarding sustainability governance has not been provided in their respective sustainability reports.

Information provided by the Companies in their sustainability reports is not directly comparable. In the table overleaf, the respective sustainability body for each company has been presented with the same name and description as the company has used in its sustainability report.

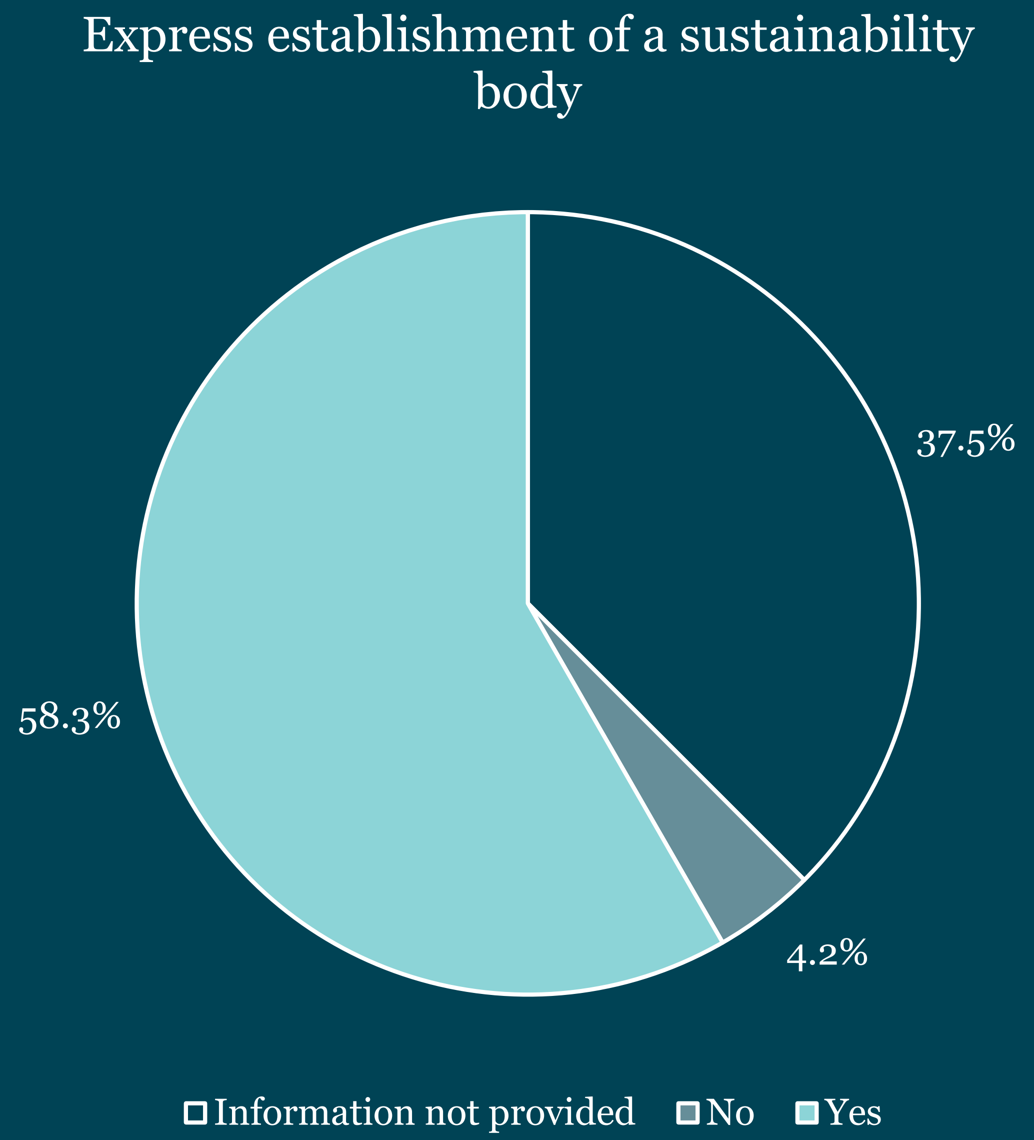


Table of sustainability bodies – based on sustainability reports

Company	Separate official sustainability board committee as part of the board of directors	Other sustainability bodies and reporting structure
AMBU	No	Yes, a sustainability steering committee reporting to the ExBo.
A.P. Møller - Mærsk	No	Information not provided in the report.
Bavarian Nordic	No	Information not provided in the report.
Carlsberg	No	Information not provided in the report.
Chr. Hansen Holding	No	Yes, a sustainability board. Reporting structure unknown.
Coloplast	No	Yes, a sustainability body reporting to the ExBo.
Danske Bank	No	Yes, a business integrity committee reporting to the BoD.
Demant	No	Yes, a sustainability board reporting to the BoD.
DSV Panalpina	No	Yes, a sustainability board reporting to the ExBo.
FLSmidth & Co.	No	Yes, a sustainability board reporting to the BoD.
Genmab	No	Yes, a CSR committee. Reporting structure unknown.
GN Store Nord	No	The company has intentionally decided not to adopt separate sustainability governance, but states that sustainability is subject to discussion between the BoD, ExBo and senior management level.
ISS	No	Information not provided in the report.
Lundbeck	No	Information not provided in the report.
Netcompany	No	Information not provided in the report.
Novo Nordisk	No	Information not provided in the report.
Novozymes	No	Yes, a corporate sustainability committee reporting to the ExBo.
Pandora	No	Yes, a sustainability board. Reporting structure unknown.
Rockwool	No	Yes, a sustainability committee reporting to the ExBo.
Royal Unibrew	No	Information not provided in the report.
Simcorp	No	Information not provided in the report.
Tryg	No	Yes, a corporate responsibility board reporting to the ExBo.
Vestas Wind Systems	No	Yes, a sustainability committee reporting to the ExBo.
Ørsted	No	Yes, a sustainability committee reporting to the Exbo.

The United Nations Sustainable Development Goals

The 17 UN Sustainable Development Goals (SDGs) were adopted by UN Member States in 2015 as part of the 2030 Agenda for Sustainable Development.

The SDGs are built on work among the UN Member States, the UN and the UN Department of Economic and Social Affairs.

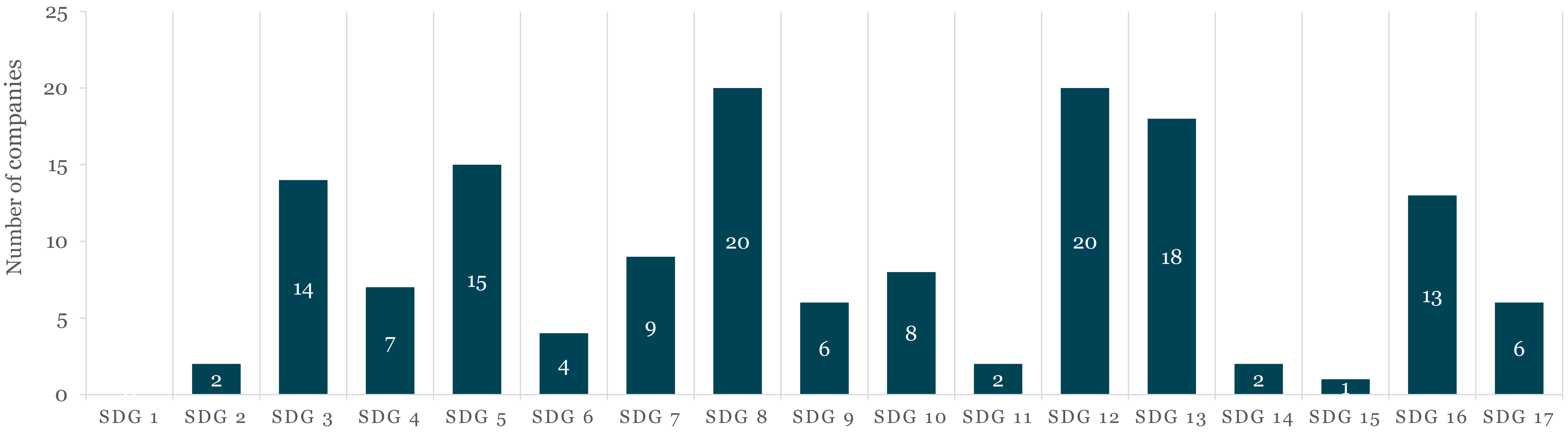
All of the Companies work actively with the SDGs.

Number of Companies focusing on each SDG

This chart provides an overview of the SDGs that the Companies actively focus on.

SDG 8 (decent work and economic growth) and **SDG 12** (responsible consumption and production) are the two goals with the most focus. 20 of the 24 Companies (83.3%) focus on these two goals. These are closely followed by **SDG 13** (climate action), on which 18 of the Companies (75%) focus.

SDG 1 (no poverty) is the one goal that none of the Companies focus on, and **SDG 15** (life on land) is only mentioned by one of the Companies (4.2%). **SDG 2** (zero hunger), **SDG 11** (sustainable cities and communities) and **SDG 14** (life below water) are each mentioned by only two Companies (8.3%).

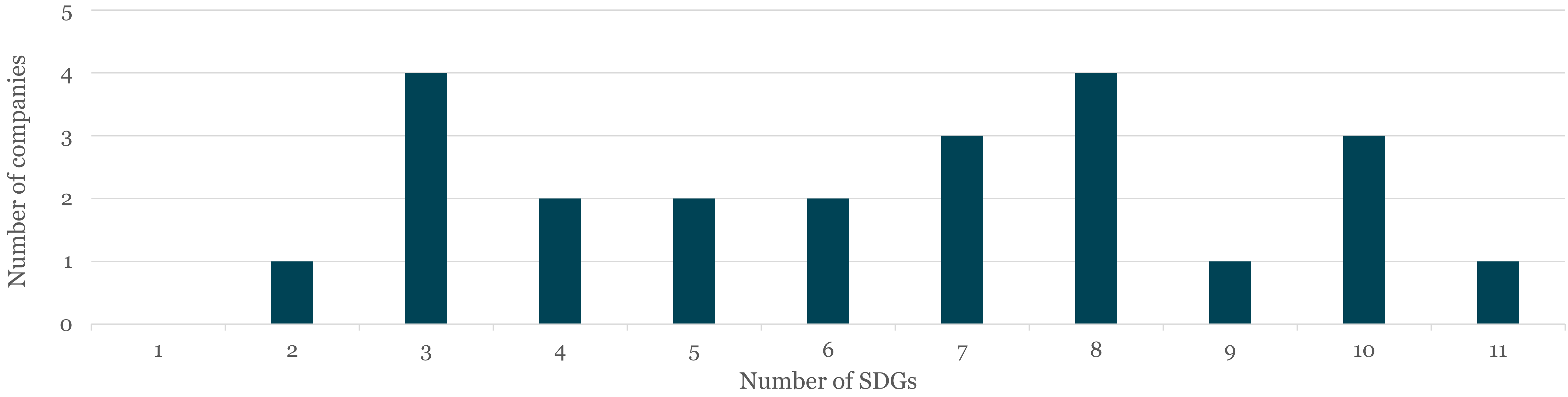


Number of SDGs focused on by each of the Companies

This chart illustrates the number of SDGs each of the Companies actively focuses on.

Three and eight SDGs are the most popular numbers of SDGs for the 24 Companies to focus on. Four of the Companies focus on three SDGs and four other Companies focus on eight SDGs.

The highest number of SDGs focused on is 11, as reported by one of the Companies. The lowest number of SDGs specifically focused on is two. One of the Companies does not focus on any specific SDGs but mentions the SDGs as targets in general.



Number of Companies focusing on the UN Global Compact

22 of the 24 Companies (91.7%) are either signatories or participants of the United Nations Global Compact ("UNGC").

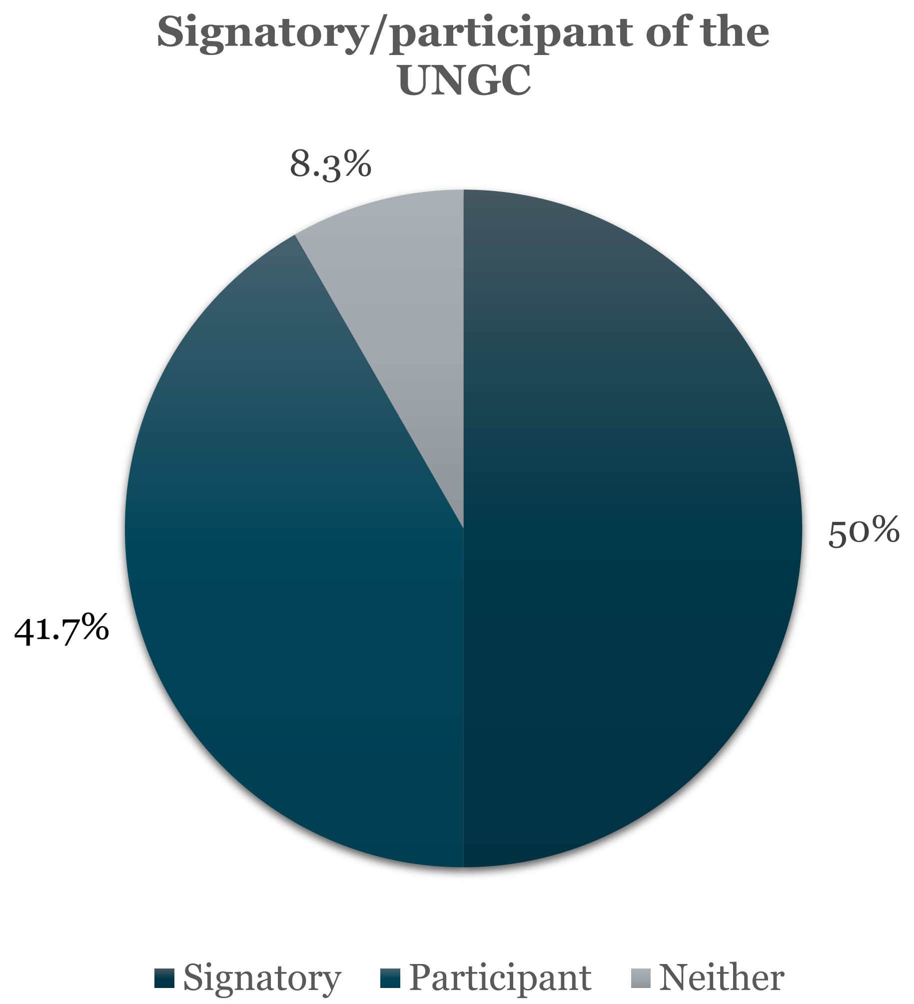
Half of the Companies are signatories of the UNGC, meaning that they must actively engage with the UNGC at their national or regional level and make an annual financial contribution based on their annual gross sales or revenue, if their revenue is over USD 50 million.

10 of the Companies (41.7%) are participants of the UNGC, meaning that they must actively engage with the UNGC at the global level and at their national or regional level. All businesses must make a yearly financial contribution based on their annual gross sales or revenue.

The UNGC is the UN's corporate sustainability initiative.

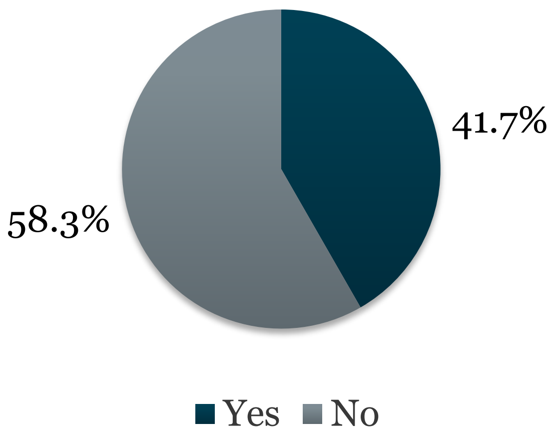
The UNGC highlights that it supports companies to:

- do business responsibly by aligning their strategies and operations with the 10 UNGC principles on human rights, labour, environment and anti-corruption.
- take strategic actions to advance broader societal goals, such as the SDGs, with an emphasis on collaboration and innovation.

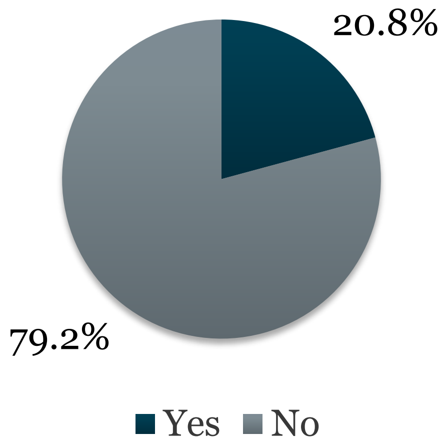


Number of Companies highlighting the UN Guiding Principles or OECD Guidelines

UN Guiding Principles on Business and Human Rights



OECD Guidelines for Multinational Enterprises



10 of the Companies (41.7%) highlight the UN Guiding Principles on Business and Human Rights in their sustainability reporting.

Five of the Companies (20.8%) highlight the OECD Guidelines for Multinational Enterprises in their sustainability reporting.

The UN Guiding Principles on Business and Human Rights are a set of guidelines for states and companies to prevent, address and remedy human rights abuses committed in business operations.

The OECD Guidelines for Multinational Enterprises are a set of recommendations on responsible business conduct addressed by governments to multinational enterprises operating in or from adhering countries.

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