

Responsibility reporting

Best practice 2022

Analysis of C25 companies

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The main findings

EVALUATION OF BEST PRACTICE

The level of reporting on responsibility (CSR/ESG/Sustainability) among the largest Danish companies is really high. As seen on the scoretable, only two companies do not deliver scores on an average of 2,0 or more. And half of all companies actually scores 2,5 or more in average. That is impressive.

Best practice from many companies

Carlsberg is scoring highest in the analysis (29), followed by FL Smidth, Vestas and Ørsted (all 27). The difference in reporting between these companies are minimal when it comes to substance, relevance, and transparency on the listed evaluation criteria.

However, best practice examples are also seen from the following six companies in the top of the table. All these companies' reporting on responsibility is systematic and well-structured. It demonstrates a high level of compliance as well as a high level of communicating in a direct, assessible and readable way with the users of the reports.

Focus on strategy, targets and performance

Most companies in C25 have defined and are communicating framework, policies and strategy on responsibility, and a number of precise targets are defined on several areas of responsibility. Also, most companies are communicating performance data on a number of areas, many using the ESG framework as a basis.

Room for improvement

There is also some room for improvement for many companies. Expectations for future efforts and results are often communicated quite vaguely. It's not always clear which responsibility factors are important and critical to the specific companies, and relevant and critical stakeholders are not systematically described.

To use SDGs or not

All companies are referring to a number of UN's 17 Sustainable Development Goals. Some are using it to structure the report,

some just to state how they affect the fulfillment of the goals or how they are affected by the goals.

Design and infographics

The use of design; fonts, colours, photos, infographics, illustrations and icons are an important part of the process of creating a responsibility report that stakeholders want to read. Most companies are doing a really great job on this criteria.

The C25 reports got plenty of good examples on how to use design to make quite complicated matters easy-to-understand. That might be in the design of a business model or flow for value creation, in the way materiality, risk or governance is illustrated, or in the way a CSR/ESG framework, a strategy or results is communicated with infographics and icons that are easy to decode.

**How we
did it**

METHOD

The best practice analysis of responsibility reporting (CSR/ESG/Sustainability) is focusing on listed companies in the C25 index. We believe that these reports presents best practice in Denmark and to some extent also internationally.

Our analysis is not an in-depth analysis of the substance of reporting on specific targets and indicators in relation to specific reporting frameworks. Instead, we have chosen 10 criteria that define typical elements of a responsibility report, independent of industry and framework.

Some of these criteria are related to compliance, some are wished for by stakeholders, and some are included because we assessed these to be important to the overall dissemination of companies' responsibility efforts.

We have given a score from 1-3 on each of the criteria. This score is not cut in stone, but given from our assessment on the substance, relevance, transparency and communication. From these scores we have chosen also to calculate a total score, though we know that all criteria does not weigh the same. As such, the scores must be seen as a guideline for learning and inspiration.

THE EVALUATION CRITERIA

1. **Policies and targets** are defined for environmental, social and governmental issues.
2. **Strategy** for ESG, SDG, CSR and/or sustainability is described.
3. **Value creation**, supply chain and/or business model are illustrated.
4. **Stakeholders** and stakeholder engagement are described.
5. **Materiality** (issues/priorities) is illustrated and described.
6. **Performance data** are transparent and detailed.
7. **Expectations for future** measures and results is communicated.
8. **Cases** are describing relevant measures.
9. **SDGs** are used effectively in relation to reporting.
10. **Use of design** and infographics are enhancing the reader experience.

**All the
details**

THE EVALUATION IN NUMBERS

CRITERIA	AP MØLLER-MÆRSK	AMBU	BAVARIAN NORDIC	CARLSBERG	CHR HANSEN	COLOPLAST	DANSKE BANK	DEMANT	DSV	FL SMIDTH	GENMAB	GN STORE NORD	ISS	JYSKE BANK	LUNDBECK	NETCOMPANY	NOVO NORDISK	NOVOZYMES	PANDORA	ROCKWOOL	ROYAL UNIBREW	TRYG	VESTAS	ØRSTED
#1 Policies and targets	3	2	2	3	2	2	3	3	3	3	2	3	3	3	3	3	2	3	3	1	3	2	3	3
#2 Strategy	3	1	2	3	3	2	3	3	3	3	1	3	2	3	2	2	3	3	3	2	2	3	3	3
#3 Value creation	3	1	2	3	3	2	3	3	2	3	2	3	3	2	3	3	3	3	3	3	2	2	3	3
#4 Stakeholders	2	1	1	3	3	1	2	2	1	3	1	3	2	1	1	2	1	1	3	1	2	1	2	1
#5 Materiality	3	1	2	3	1	3	2	1	3	3	1	3	2	1	3	1	1	1	3	1	1	3	3	3
#6 Performance data	3	3	3	3	2	3	3	3	3	3	2	2	3	3	3	3	3	3	3	3	3	3	3	3
#7 Expectations for the future	2	1	2	2	1	1	2	2	2	2	1	2	2	3	2	3	2	2	2	2	2	1	3	3
#8 Cases	1	2	2	3	2	2	3	3	3	2	2	2	3	2	3	3	1	1	1	2	1	2	3	2
#9 Use of SDGs	3	3	1	3	1	3	3	3	3	2	2	2	2	3	3	3	1	3	2	3	3	3	1	3
#10 Use of design	3	2	3	3	3	2	2	2	3	3	2	2	2	2	3	3	2	3	3	2	2	2	3	3
Total score	26	17	20	29	21	21	26	25	26	27	16	25	24	23	26	26	19	23	26	20	21	22	27	27

ALL THE DETAILS



A.P. MØLLER-MÆRSK

Maersk's sustainability report must be considered best practice.

It is very well structured, transparent in the way it describes ambitions, challenges, efforts and results, and uses illustrations and infographics in a way that enhance the readability of the report.



AMBU

The sustainability report of Ambu is full of performance data in graphs and figures on all areas of ESG and the highlighted SDGs. But the description on strategy, value creation, stakeholder and materiality is quite brief. Though Ambu presents a number of targets, expectations for the future could be more transparent.



BAVARIAN NORDIC

The sustainability report of Bavarian Nordic is quite solid and transparent on most of our criteria. There is some room for improvement when you compare to best practice, but the design and use of infographics contribute to the understanding of complex matters.



CARLSBERG

Carlsberg's ESG report is absolutely best of best practice. The brewery is scoring high on all criteria. The report is very well structured, very transparent and detailed on all matters, and the use of design and infographics make the report very accessible. The many cases throughout the report illustrate the value of the many efforts really well.



CHR HANSEN

Chr Hansen is on a journey of creating an integrated report including data and evaluation on people, profit and planet. This makes a lot of sense considering the business of Chr Hansen, and generally it works well. However, it also means that the efforts and results in relation to sustainability/ESG is not taking quite the same substantial position that could be the case in a separate report.

ALL THE DETAILS



COLOPLAST

Coloplast's sustainability report has a lot of data on results on all relevant matters and uses the SDGs quite well through the report. Though sustainability is related to innovation, the report lacks some details and transparency on value creation, strategy, stakeholders and expectations for the future.



DANSKE BANK

Danske Bank's sustainability report is very transparent and detailed in explaining the responsibility issues in relation to banking and finance. Strategy, targets, efforts and results are well described. The report is heavily packed with data, and more focus on design and infographics could contribute to a more accessible report to a larger audience.



DEMANT

Demant uses 224 pages to unfold their reporting on sustainability. The report does hold a lot of data and is very transparent on all possible matters within the subject. However, it is not totally clear which issues/matters are material, and which stakeholders are critical to Demant in regard to sustainability. More focus on structuring and design could contribute to a more "eatable" report.



DSV

DSV's sustainability report is first of all very well structured and designed. The use of SDGs contributes to the understanding of impact, and the strategy and targets are clear. Also, the report holds plenty of data and many brief case stories to illustrate specific measures. Critical stakeholders might be mapped or illustrated in coming reports.



FL SMIDTH

FL Smidth's sustainability report is well structured, transparent and relevant. The report is clear in reporting on strategy, targets, challenges, results, plus efforts done and efforts planned. Design and infographics are used in an effective way to illustrate value creation and results.

ALL THE DETAILS



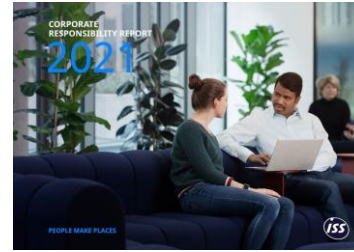
GENMAB

There is some room for improvement in Genmab's corporate responsibility report on all criteria. Especially, we miss more performance data, a more clear strategy with targets for the coming years, and a better understanding of materiality and critical stakeholders.



GN

GN's sustainability - ESG report is focused, well structured and unfolds the strategy, targets, value creation, materiality and stakeholders in a prioritised and relevant way. GN has taken a big step forward in their assessment of ESG data, and the way to best practice is not far.



ISS

ISS's corporate responsibility report is well structured and quite transparent and detailed in describing all important areas of responsibility. Also, the report includes a number of interesting case stories. Improvements can be made in unfolding the strategy, describing critical stakeholders and using infographics in a larger scale.



JYSKE BANK

Jyske Bank's sustainability report is solid and transparent with a lot of data on responsibility in relation to finance. The sustainability strategy of Jyske Bank is well described as well as the use and impact of the SDGs. Materiality and stakeholders deserves more focus.



LUNDBECK

Lundbeck's sustainability report is well structured, and transparent and detailed in describing all important areas of responsibility. It is clear how Lundbeck delivers value to patients, but a mapping of (other) critical stakeholders would be useful. The report includes a number of interesting case stories and the design and use of illustrations and infographics is really enhancing the reader's experience of the report.

ALL THE DETAILS



NETCOMPANY

Netcompany's ESG report is really impressive. As relatively newly listed, the IT company delivers a substantial, transparent and very detailed report on all matters of ESG. Especially, the use of a great deal of case stories to document efforts and results are working well. Also, its use of design and photos makes it a pleasant read.



NOVO NORDISK

Novo Nordisk's annual report is an integrated report covering people, planet and profit. However, the ESG/sustainability issues and results are not treated with the same kind of transparency and substance as we see in most separate reports. It is a matter of priority (and reporting paradigm), but we miss more information on stakeholders, materiality, impact on SDGs and some case stories to illustrate specific measures.



NOVOZYMES

Sustainability is woven into the DNA of Novozymes and has as its sister company always done integrated reporting building on the triple bottom line. However, most numbers and figures on sustainability results can be found in the notes section, and we do miss some more details in the management's review, some cases and a description of critical stakeholders and materiality. The report is well designed with effective use of infographics.



PANDORA

Pandora's sustainability report is very informative and transparent. Policies and targets, strategy, value creation, stakeholders and materiality are unfolded effectively in the report with a complimentary use of infographics. Also, you will find lots of performance data. We miss some case stories and a more comprehensive way of using SDGs.



ROCKWOOL

Rockwool's sustainability report is very informative and transparent when it comes to performance data. However, it does lack some information on future targets, critical stakeholders and materiality. Use of SDGs and design are well executed.

ALL THE DETAILS



ROYAL UNIBREW

Royal Unibrew has integrated CSR into their annual report, and does this well in many ways. Policies and targets are quite clear, there is plenty of performance data, and the impact on SDGs is well illustrated. However, we do miss some information on materiality, and some cases to demonstrate the measures.



TRYG

The corporate responsibility report of Tryg is not the most detailed of the reports in C25. However, it is quite concise in its description of policies and targets, strategy, materiality and the SDGs works as a useful framework. There is some room for improvement in describing critical stakeholders and expected efforts in the coming years.



VESTAS

Vestas' Sustainability Report is really impressive. First of all, it is very transparent with lots of informative data on all matters of sustainability and responsibility. It is well designed with plenty use of infographics. Also, the report is very well structured and a pleasant read.



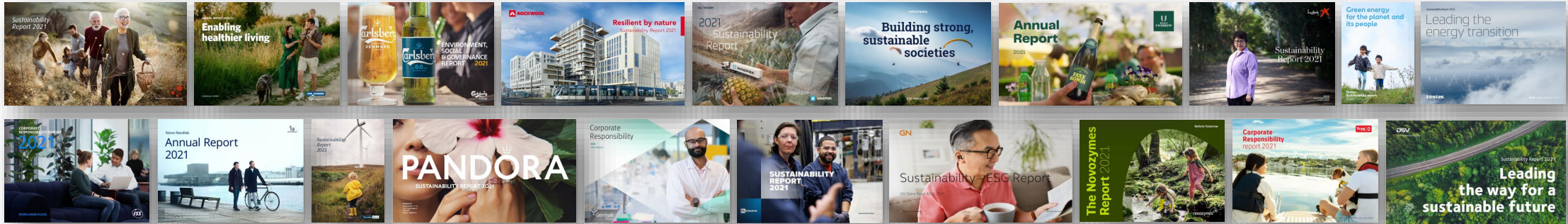
ØRSTED

Ørsted's sustainability report is heavily packed with substantial information on sustainability matters. You will find lots of data on performance and a clear strategy with transparent targets to follow up on it. Also, the use of SDGs supports the framework of Ørsted's reporting really well.

Trends in corporate reporting

NINE TRENDS IN CORPORATE REPORTING

Corporate reporting meets new standards for stakeholder communication



The game of corporate reporting has changed over the last 10 years. Companies are no longer just communicating for compliance purposes to a narrow group of investors and financial stakeholders. Instead, reporting is serving several management and communication purposes, and the target audience is getting still larger. This is evident looking at the annual reports of the companies in the C25 index at Nasdaq Copenhagen.

Annual reports are no longer just a document focusing on financial results of the year. Reporting tasks are much wider if you want to stay compliant. And management have also realized that creating the story on how the company creates value, strategize, manage risks and acts in a responsible way is a complex matter with several integrated elements playing a significant role. The annual reports of 2021 demonstrate a willingness among companies to tell and illustrate this is an open and transparent way.

In the following is stated nine trends in corporate reporting which are present in the annual reports of the large Danish listed companies. Not all are evidently present in each of the reports but may serve as aspiration to management and IR professionals seeking ideas and inspiration for improvement of corporate reporting.

NINE TRENDS IN CORPORATE REPORTING

1. Corporate reporting as corporate branding

Corporate reporting is a tool for corporate branding and for building reputation. Though reporting is also very much an act of compliance most companies seem to be quite aware of the potential communication and branding effect of reporting. Most reports are targeted the financial markets but are clearly also communicating to a broader group of corporate stakeholders, employees, partners, and customers. This is seen in the use of design, infographics, and photos as well as in the priority of communicating short and sweet through an AT A GLANCE or IN BRIEF section which works as an introduction to the company.

2. Integrated reporting

A much-discussed trend has in the later years been the question on whether to do integrated reporting or not. Companies are increasingly integrating CSR/ESG/Sustainability in their businesses, and this is seen in the way they communicate their business model, strategy, value creation and results. E.g., a number of companies in the C25 index is presenting ESG data as part of the *Five-Year Results* overview. This is the case for A.P. Møller-Maersk, Demant, DSV, FLSmidth, Novozymes, Pandora and Ørsted.

But the scope of compliance rules and standards are also increasing, and most of the larger Danish companies have therefore chosen to communicate responsibility matters in a separate report and just recap this in the annual report. However, developing a separate report does not mean that companies do not balance and integrate more bottom lines in their total reporting and communication with

stakeholders. It is just important for companies to be aware that different target audiences are also attracted to different kind of reports – and do not always see the full picture.

3. Equity story – why invest in our company?

Many Danish savers have their money invested in Danish listed companies, and an increasing amount take an active interest in shares and companies. A concise and interesting equity story can be an important tool for communicating why potential investors should invest in the company. Questions to be answered include "what is our purpose?", "what makes our company unique?", "how do we create innovative products and services?", "how do we manage our company?", "which role does people and culture play?", "how do we integrate responsibility and sustainability in our business and products?"

Specific equity stories of this kind are not that easy to find in Danish annual reports. However, ISS, Jyske Bank, Netcompany, and Royal Unibrew are demonstrating similar ways of carrying out this communication.

4. Focus on value creation and strategy

Annual reports have much focus on explaining and illustrating companies' business model, their value creation and strategy. This is not only due to compliance. Companies do also see the value in unfolding these core elements in an open and transparent way. Some years back management were often hesitant to disclose much in terms of targets, KPIs, plans and new measures. But in recent years this has changed. The strategy section is often a very comprehensive

and detailed part of the reports. The reason is evident; the more stakeholders know about how the company is managed and is planning to do, the better the evaluation of the company as a share, a company to partner with, to trust and to work for.

There are many great examples of this strong focus on business model, value creation and strategy. The annual reports of A.P.-Møller-Maersk, Chr. Hansen, Pandora, Lundbeck and Ørsted deliver inspirational content.

5. ESG highlights included in the annual report

The current trend of reporting among the larger Danish companies seems to be to create an annual report and a separate report to cover ESG/CSR. Also, some of the companies are complementing this with reports on remuneration, risk management and/or governance. Midsize and smaller companies are generally trying to comprise all reporting in an (integrated) annual report.

Despite this separation of reports most companies still highlight essential parts of the ESG/CSR complex in their annual report. Some in a very brief form that primarily refers to the web or a separate report for substantial information, and some as a form of "extended highlights" of policies, targets, measures and results in responsibility matters.

Good examples of this last approach can be found in the annual reports of Danske Bank, DSV, Tryg, Demant, Jyske Bank, ISS and Lundbeck.

NINE TRENDS IN CORPORATE REPORTING

6. People and culture highlighted

Many companies are battling for highly skilled employees, and in recent years corporate reporting has taken an important position as a communication tool for employer branding. As such many annual reports are communicating how companies develop employee relations and build company culture. In relation to COVID-19 this trend was especially explicit as this affected organizational structures, ways of working and cooperating, and the role of management.

This area also includes communicating targets, measures, and results from a number of standardized analyses and evaluation on management-employer relations and employee satisfaction. There is room for improvement from most companies in this section, but inspirational examples can be found at Chr. Hansen, ISS, Pandora, Royal Unibrew and Vestas.

7. Trends in society, industry, and markets

No company is an island, and businesses and brands are very much affected by the outside world. They are affected by political and economic changes caused by events such as COVID-19 and the war in Ukraine, and they are affected or even managed by meta and macro trends in the world, regions, society, markets, industry or in customer and consumer groups. The purpose, strategy and operation of companies cannot be explained alone by describing internal processes, decisions, and results.

This considered, it is thought-provoking to see that only few companies make the effort of describing the larger trends that affect their company – or that they affect by their operations. A few examples are given by Pandora which describes its response to trends like data-driven personalization, e-commerce and sustainability, and by Netcompany which states platforms, Govtech, Composable Enterprise and Data Ethics to be significant trends affecting the company.

8. Extended use of infographics

The visual appearance of the annual report contributes greatly to the reader experience and to the corporate branding of the company. But the use of photos, infographics, illustrations, symbols, and icons is also an integrated part of the content and the communication of strategy, value creation and results.

Some years back the "cutting clutter" regime resulted in a setback for the design of annual reports. But looking at reporting from Danish companies today those days seems long gone. All large companies are using a lot of efforts to create an annual report that is both appealing, serves as a branding tool, and contributes to the storytelling of the company. Great examples of companies that use a large pallet of design elements is found in the reports of A.P. Møller-Maersk, Carlsberg, Chr. Hansen, DSV, Novozymes, Lundbeck and Vestas.

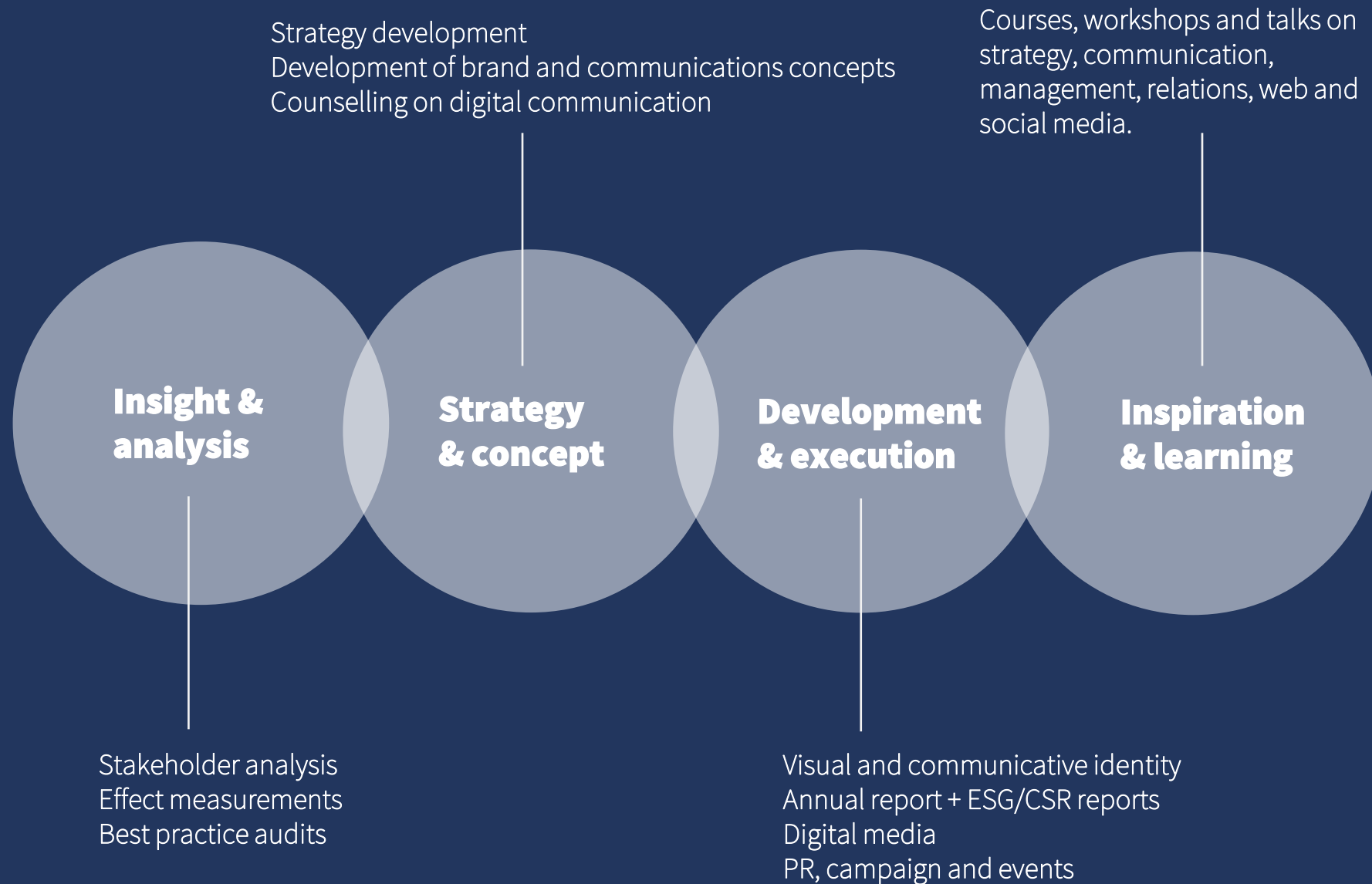
9. Format 16:9 – but very few web reports

Many companies have chosen not to print the annual report to distribute it as a physical document to their stakeholders, and they have also realized that most stakeholders read their reports online anyways. With this in mind, the trend in recent years has been to design and publish the annual report in a horizontal format that match the horizontal format on most desktops. Many have even gone all the way to design in 16:9 format which is the common format of screen reading.

It is quite surprising to learn that only a few companies have taken the full step in developing and publishing an online report using the possibilities of the internet. Novozymes has prioritized the online report at the expense of the printed report for many years, but it is also inspirational to see how Netcompany is using video to communicate strategy and results in their online annual report.

About Corporate Relations

What we are offering





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**CORPORATE
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