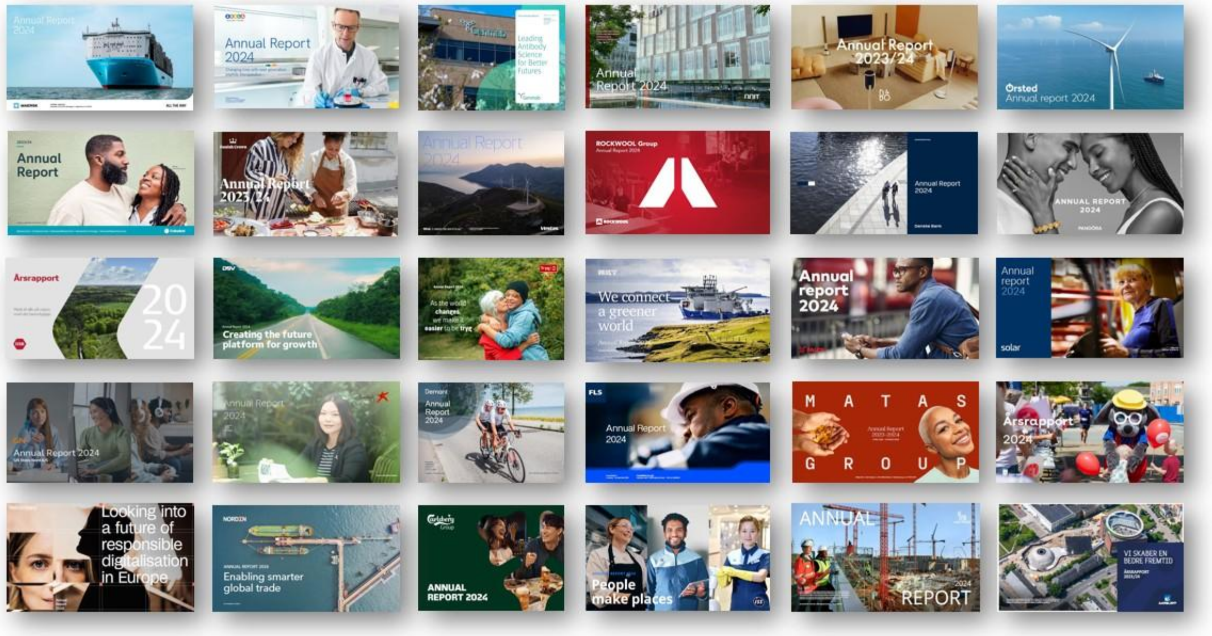
Corporate reporting in light of CSRD:

Meaningful communications are challenged by compliance-driven annual reports



By CEO and communications advisor Lars Sandstrøm, Corporate Relations

The largest Danish companies have submitted their first annual report fully complying with the Corporate Sustainability Reporting Directive (CSRD). These reports are quite comprehensive, data-driven and technical when it comes to the integrated sustainability statement. But two questions must be asked: Do the current annual reports communicate in a meaningful way, and do they drive action?

My assessment of around 50 Danish large (primarily listed) companies' annual report is clear: They are playing by the book and have launched reports that are very true to the prescription defined by the European Sustainability Reporting Standards (ESRS). Danish companies are best-in-class – at least when it comes to compliance.

Beyond compliance

However, when it comes to sustainability there is potentially a big difference between reporting for compliance and communicating in a meaningful way - and even between being compliant and conducting real, impactful and business-oriented action.

One could fear that time and resources have been spent on administrative burdens and less on pursuing business opportunities related to the implementation of innovative and sustainable solutions. This is of course also the evaluation coming from EU, and the reason for the Omnibus Regulation packages presented the 26 February 2025. The purpose of this is obviously to reduce bureaucracy and administrative burdens.

A potential for meaningful communication

As a communications advisor, I am primarily concerned that annual reports are getting too complex and too technical for the average reader to comprehend. That is not the spirit of the new regulations. By contrast, with the integration of sustainability in the annual report, you are (potentially) broadening the audience of the report from a group of primarily financial institutions, analysts, investors and regulators to a group also including organizations, partners, employees and even customers and consumers.

It remains to be seen whether companies are able to communicate in a relevant and meaningful way to this broader target audience, or whether the potential for good and effective communication are drowning in the sea of bureaucracy, rules and regulations – or whether the new Omnibus package will be a push in another direction.

Guidelines for inspiration

In this article, I am providing 10 guidelines to improving the communication of value creation in the integrated annual report. These guidelines are not changing the concept, form and structure of a typical annual report. On the contrary, I am presenting best practice examples of elements that are already present in some annual reports from Danish companies. As such, it is my hope that these guidelines and examples will provide ideas and inspiration to other companies in their efforts to improve corporate reporting going forward.

Guideline #1

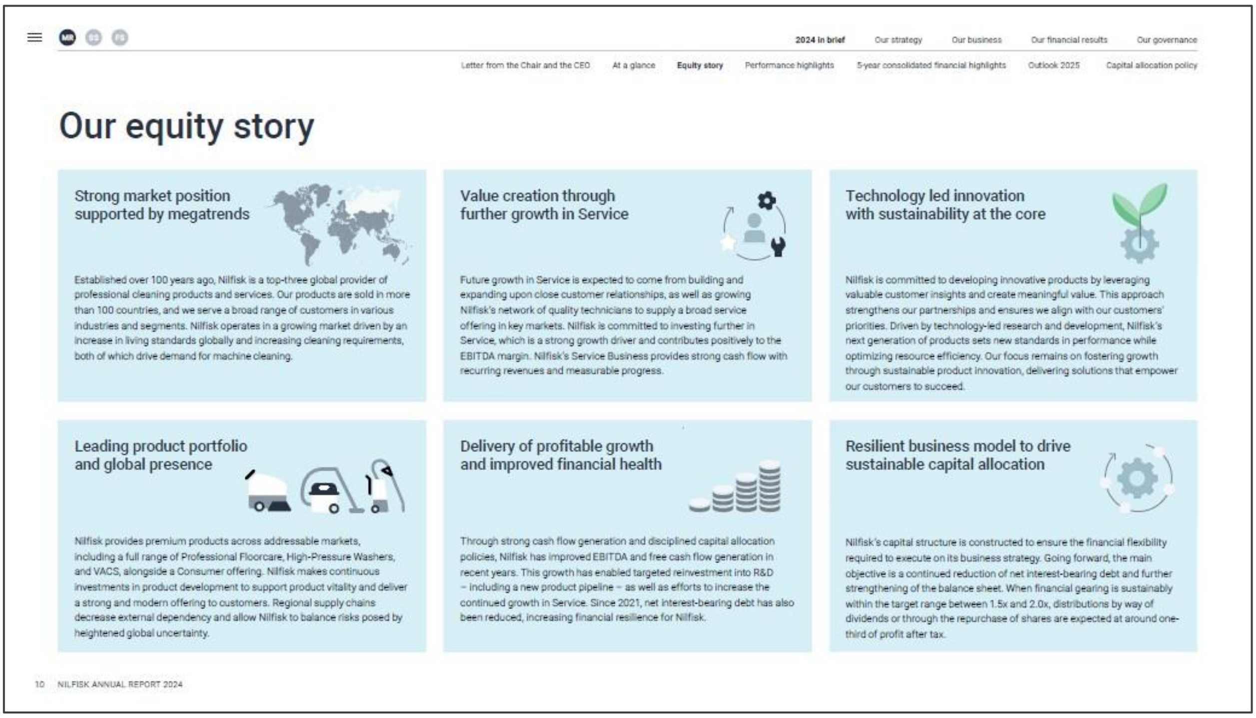
Create a concise equity story
– the reason to invest and do business with your company

You could say that all a company communicate is part of the common equity story. You could even say that the equity story – like a brand image – is co-created by all internal and external stakeholders. However, many companies are also directing readers’ attention to an official equity story in the annual report.

This equity story can be directed towards potential investors with a headline like: Why invest in our company? But some are presenting a broader equity story communicating why different stakeholders should choose to have relations with the company. In this way the equity story is taking form of a corporate story.

There are differences in the building blocks of the equity story. Some have a financial focus with technical arguments for an investment, while others have a more holistic focus including elements like culture, working conditions, products and services, sustainability measures, management, ethics, and image. Elements that are typically directed towards customers, partners, political decision makers and employees.

The tone-of-voice, format and topics covered are very much dependent on the purpose of the story and the stakeholders you want to approach.


2024 in brief | Our strategy | Our business | Our financial results | Our governance

Letter from the Chair and the CEO | At a glance | Equity story | Performance highlights | 5-year consolidated financial highlights | Outlook 2025 | Capital allocation policy

Our equity story

Strong market position supported by megatrends

Established over 100 years ago, Nilfisk is a top-three global provider of professional cleaning products and services. Our products are sold in more than 100 countries, and we serve a broad range of customers in various industries and segments. Nilfisk operates in a growing market driven by an increase in living standards globally and increasing cleaning requirements, both of which drive demand for machine cleaning.

Value creation through further growth in Service

Future growth in Service is expected to come from building and expanding upon close customer relationships, as well as growing Nilfisk's network of quality technicians to supply a broad service offering in key markets. Nilfisk is committed to investing further in Service, which is a strong growth driver and contributes positively to the EBITDA margin. Nilfisk's Service Business provides strong cash flow with recurring revenues and measurable progress.

Technology led innovation with sustainability at the core

Nilfisk is committed to developing innovative products by leveraging valuable customer insights and create meaningful value. This approach strengthens our partnerships and ensures we align with our customers' priorities. Driven by technology-led research and development, Nilfisk's next generation of products sets new standards in performance while optimizing resource efficiency. Our focus remains on fostering growth through sustainable product innovation, delivering solutions that empower our customers to succeed.

Leading product portfolio and global presence

Nilfisk provides premium products across addressable markets, including a full range of Professional Floorcare, High-Pressure Washers, and VACS, alongside a Consumer offering. Nilfisk makes continuous investments in product development to support product vitality and deliver a strong and modern offering to customers. Regional supply chains decrease external dependency and allow Nilfisk to balance risks posed by heightened global uncertainty.

Delivery of profitable growth and improved financial health

Through strong cash flow generation and disciplined capital allocation policies, Nilfisk has improved EBITDA and free cash flow generation in recent years. This growth has enabled targeted reinvestment into R&D – including a new product pipeline – as well as efforts to increase the continued growth in Service. Since 2021, net interest-bearing debt has also been reduced, increasing financial resilience for Nilfisk.

Resilient business model to drive sustainable capital allocation

Nilfisk's capital structure is constructed to ensure the financial flexibility required to execute on its business strategy. Going forward, the main objective is a continued reduction of net interest-bearing debt and further strengthening of the balance sheet. When financial gearing is sustainably within the target range between 1.5x and 2.0x, distributions by way of dividends or through the repurchase of shares are expected at around one-third of profit after tax.

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Nilfisk presents the equity story in a brief and appealing way with a focus on relevant reasons to invest in the company.

Guideline #2

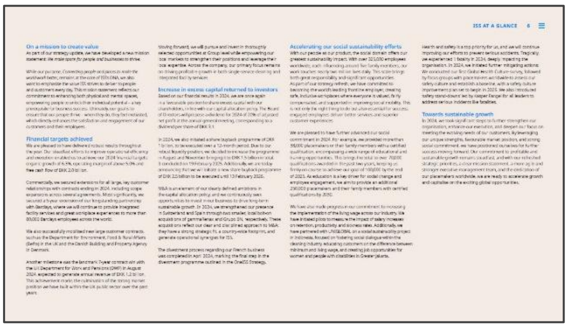
Make an appealing executive letter to describe performance, progress and plans

With the integrated annual report increasing in number of pages and complexity, the executive letter should take a more prominent and important position in the report. Many readers may only read the letter and skim the rest of the report. This makes it a case with a need for special attention.

In many annual reports the letter is co-written by the chairman of the Board and the CEO. This is a way to demonstrate that top management is following and agreeing on a common and coordinated strategic course for the company. Two letters are not recommendable, as the messages tend to overlap or signal that the Board and executive management have two different takes on the company results and progress. One common letter signals alignment.

The letter should be neutral but personal. The current figures should be presented and explained, and the expectations for the future should be communicated in light of historic experiences, market trends and business risks. However, the letter should leave room for analytic assessment and evaluation.

The letter should not be emotional. But it should demonstrate a human touch in recognizing the efforts of employees and partners, in describing the role of purpose, values and culture, and by communicating how the company is handling its impact on environment, people and society.



The CEO and Chair of ISS are describing the results and value creation achieved in 2024 but also use the letter to explain the transformation of the company and business.

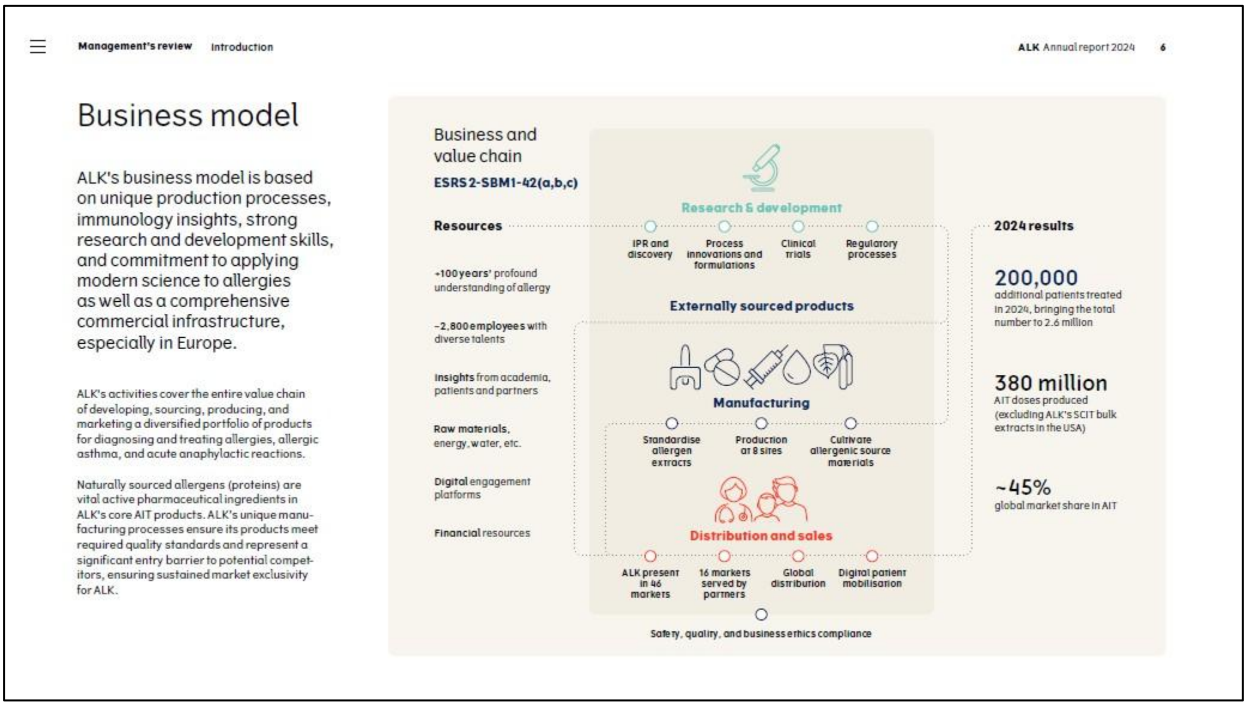
Guideline #3

Illustrate the business model to clarify the foundation for value creation - now and in the future

The communication about business model has taken a more and more prominent role in corporate reporting in recent years. This is not only related to the need for compliance, but to the readers it also serves as a shortcut to understanding how the company creates value and how it is positioning itself in the value chain.

The business model typically describes the resources/input that companies are relying on, the operations (the core business) that defines the unique offering, and the value creation/output or impact that is the result of the business operations. Often some kind of value or supply chain is included in the model as well as the purpose.

It is a clear trend that the business model visualization as well as description has been improved for many companies in recent years. But the content of the business model has also changed for companies who see a need to include a stronger focus on impacts, risks and opportunities related to a focus on ESG topics. In this way, the business model is moving from a shareholder to a stakeholder perspective and presents a balanced and holistic perspective on the value creation of the business.



ALK's business model is illustrated in a simple and easy-to-understand way showing both the internal processes, the resources used, and the results created in 2024.

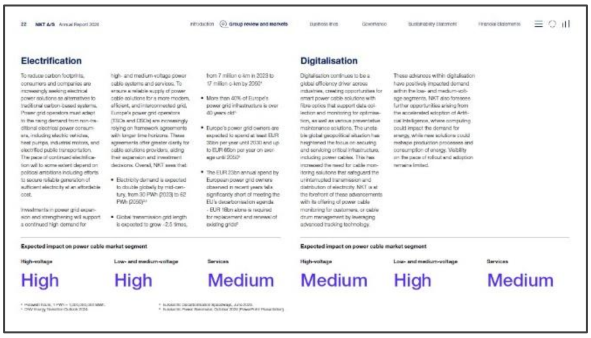
Guideline #4

Explain the company's position and role in relation to current trends in industry, market and society

It's relevant for companies to describe how they are responding to trends in society, market, and industry to be able to meet customers' and consumers' demands - and to be able to develop a unique position and brand image.

There are many ways to describe trends. Some describe business opportunities in the light of general megatrends, some describe external and internal trends affecting their business in both positive and negative ways, and some describe specific industry and market trends, their impact on business strategy and operations and how the company responds to these trends and impacts.

Reflecting on trends is a way to demonstrate that the business model. strategy and position of the company are aligned with the current development in technology, markets and regulations, and that the company's products and services is relevant now as well as in years to come. Companies analyzing and understanding the implications of trends are also the ones that are able to respond and to be innovative in order to maintain or further develop a unique market position.



NKT is describing markets and megatrends, and how these trends are expected to impact on the power cable market in the short-, medium- and long-term perspective.

Guideline #5

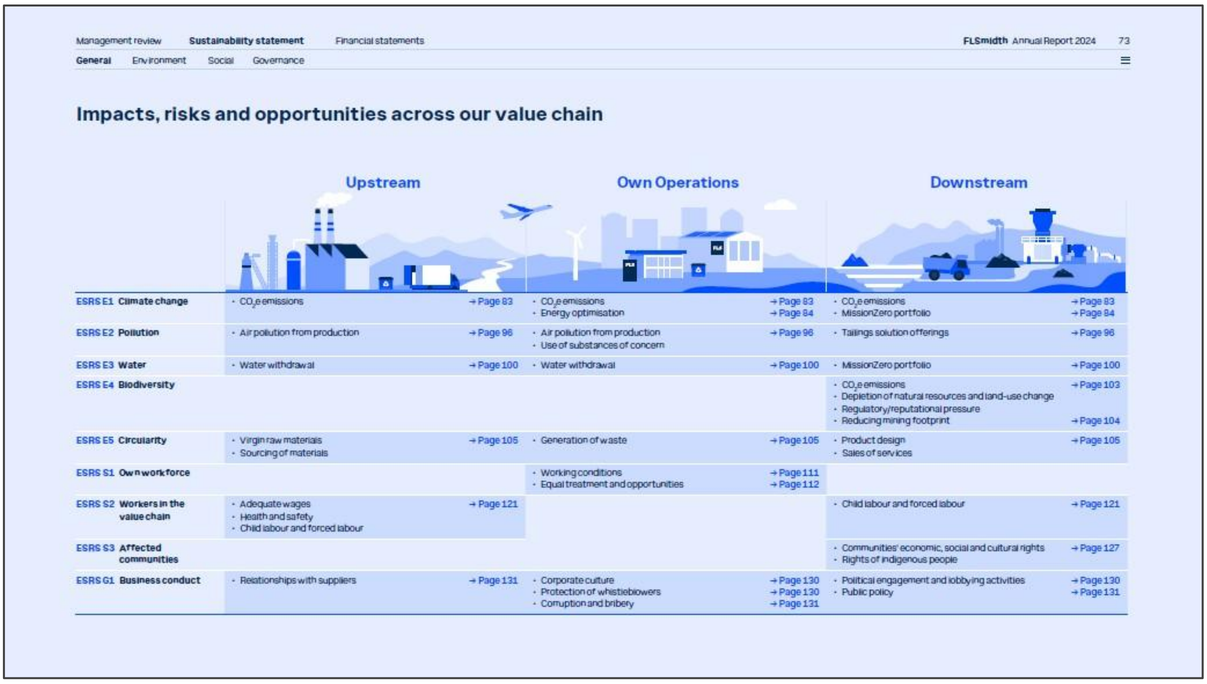
Illustrate and explain the position and significance of material topics as part of the value chain

An illustration of the value chain can serve several purposes. It should illustrate the services, products or solutions that the company is providing as a part of a larger B2B value chain – or in a direct relation with customers or consumers. The value chain should include the resources provided upstream, the company's operations and the positive and negative impacts related to its downstream activities.

The value chain could be a linear process, but it could also illustrate as a circular process including regenerative processes with a focus on recycling.

Some value chains are very specific in their design and explanation on the specific processes carried out in different parts of the value chain. This is insightful. However, it is also recommended to illustrate if these processes – and the included stakeholder relations – are connected to specific material topics (defined by a double materiality assessment (DMA)).

Illustrating and mapping your value chain is an integrated part of the DMA process that not only forces you to discuss how relations and processes should be presented externally. It also serves as an internal tool for discussing how the company operates, if impacts and risks could be reduced, and if changes could be made to reap more benefits from the company's role and position in the value chain.



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Impacts, risks and opportunities across our value chain

	Upstream		Own Operations		Downstream	
ESRS E1 **Climate change**	· CO_2e emissions	→ Page 83	· CO_2e emissions · Energy optimisation	→ Page 83 → Page 84	· CO_2e emissions · MissionZero portfolio	→ Page 83 → Page 84
ESRS E2 **Pollution**	· Air pollution from production	→ Page 96	· Air pollution from production · Use of substances of concern	→ Page 96	· Tailings solution offerings	→ Page 96
ESRS E3 **Water**	· Water withdrawal	→ Page 100	· Water withdrawal	→ Page 100	· MissionZero portfolio	→ Page 100
ESRS E4 **Biodiversity**					· CO_2e emissions · Depletion of natural resources and land-use change · Regulatory/reputational pressure · Reducing mining footprint	→ Page 103 → Page 104
ESRS E5 **Circularity**	· Virgin raw materials · Sourcing of materials	→ Page 105	· Generation of waste	→ Page 105	· Product design · Sales of services	→ Page 105
ESRS S1 **Own workforce**			· Working conditions · Equal treatment and opportunities	→ Page 111 → Page 112		
ESRS S2 **Workers in the value chain**	· Adequate wages · Health and safety · Child labour and forced labour	→ Page 121			· Child labour and forced labour	→ Page 121
ESRS S3 **Affected communities**					· Communities' economic, social and cultural rights · Rights of indigenous people	→ Page 127
ESRS G1 **Business conduct**	· Relationships with suppliers	→ Page 131	· Corporate culture · Protection of whistleblowers · Corruption and bribery	→ Page 130 → Page 130 → Page 131	· Political engagement and lobbying activities · Public policy	→ Page 130 → Page 131

FLSmidth determines the location of the impacts, risks and opportunities in the value chain. This makes the focus on all parts of the value chain very illustrative.

Guideline #6

Communicate progress in meeting ESG-targets in an easy-to-overview way

Target-setting and –communication is an essential discipline within corporate reporting. It is a part of being compliant with the CSRD/ESRS, and it is a way for companies to demonstrate that they are ambitious and serious in their efforts to meet important ESG goals.

Most large companies have defined and are reporting clear targets for the ESG strategy and are reporting on results and improvements on a year-to-year basis. Often these results are not only internal but are also concerning material parts of the supply chain. And when it comes to greenhouse (GHG) emissions, targets are increasingly science-based to ensure transparency and comparability, and to ensure companies are heading in the direction towards living up to the 2015 Paris Agreement.

However, it is not always clear how far companies have come on their way to meet these targets, when these targets were defined (baseline), and whether companies have reset targets in the process (often known as target-washing). Illustrations/ info-graphics including targets and progress will enhance readers' understanding and evaluation of companies' ESG measures.

Rockwool illustrates its goals and progress on eight ESG performance indicators/highlights in very simple and decodable way.

Guideline #7

Disclose the salience and engagement of stakeholders

Stakeholder analysis, engagement and mapping is a strengthened discipline in many companies. This is not the least due to the CSRD, which includes a number of provisions that are designed to improve stakeholder engagement.

For example, companies are required to disclose information about how they have consulted stakeholders in regard to the double materiality assessment and in relation to the due diligence processes that must be described in the sustainability statement. This will help to ensure that companies are taking into account the needs and concerns of their stakeholders when they make decisions about sustainability measures.

There are several ways to illustrate and describe the salience and engagement of stakeholders. However, it is essential that this overview brings an adequate image of the salience of the stakeholders and the nature of the relations and dialogue between the company representatives and defines stakeholders. Also, the outcomes of engagement and dialogue should be part of the overview of stakeholder relations.

ESRS 2, ESRS S1, S2, S3, E2, E3, E4, E5, G1

Stakeholder engagement

Engagement with key stakeholders provides valuable insights into their perspectives, both from those who might be directly impacted by our activities and those who are users of the information that A.P. Moller - Maersk (Maersk) publishes.

Stakeholder engagement supports us in identifying existing or emerging impacts or risks as part of the double materiality assessment (DMA). Their insights provide valuable input to our ESG programmes, helping us to shape our strategy, targets and decisions towards delivering on ESG commitments and KPIs.

The table on the right shows seven prioritised stakeholder groups. Colleagues and teams across Maersk regularly engage with stakeholder groups through various channels, gathering valuable insights on topics that are important to them. Stakeholder engagement with key external stakeholders such as own workforce and value chain workers is anchored with the relevant business functions across Maersk, depending on the stakeholder group or topic: labour-rights focused engagement is anchored with the Employee Relations and Labour Rights team headed by the Chief People Officer, whereas engagement related to safety is anchored with the Safety and Resilience team headed by the Chief Operating Officer. Management receives regular updates on topics raised by stakeholders and their perspectives. As an example, perspectives raised by e.g. investors and customers are presented to the Executive Leadership Team.

We proactively seek stakeholder opinions through, for example, annual employee and supplier surveys, and with customers through a voice-of-customer process and our annual Strategic Customer Council, as well as dialogues with civil society organisations and unions to gain insights on key industry risks and impacts to workers and communities.

Key external stakeholders and how we engage with them

	Stakeholder expectations of Maersk	Key engagement channels	How stakeholder input is used
Employees, contingent workers and value chain workers	Meaningful work, fair treatment and wages, safe working conditions, a sense of belonging for all, and good development opportunities.	- Daily manager/colleague interactions - Engagement and inclusion surveys - Grievance mechanisms - Engagement with unions and interest groups - Supplier audits	Provide valuable input to ESG programmes and shape actions and improvement plans to address any issues.
Customers	Solutions that can ensure responsible business practices and lower supply chain emissions.	- Regular business interactions and ongoing supplier assessment - Strategic Customer Council and customer satisfaction surveys - Partnerships and collective action alliances	Informs product development and shapes solutions. Customer feedback on providing greater value is directly linked to our integrator strategy.
Authorities, regulators and standard setters	Compliance with regulation and industry leadership on the transformation to net-zero.	- Engagement with local, national and international agencies and authorities - Standard-setter collaboration on topic-specific research, pilots and implementations - Industry associations, collective action alliances and strategic partnerships	Ensure we adhere to regulations. Help us identify opportunities for collaboration and initiatives across the ESG agenda and to push for regulations towards industry-wide decarbonisation.
Suppliers and business partners	Fair and transparent business opportunities and partnerships on strategic issues.	- Contract management - Supplier relationship management framework - Supplier surveys, workshops and capability-building programmes - Industry forums and associations	Build understanding of the effectiveness of supplier practices and engagement. Enhance value chain visibility, including fair working conditions and supplier ethical business conduct.
Investors and analysts	Strategies, plans and actions to mitigate short and long-term risk to the business model.	- Regular engagement through e.g. earnings calls, conferences, events, roadshows and meetings, including the Annual General Meeting - Investor surveys and ESG ratings - Collective action alliances	Helps us understand how the company is perceived in comparison to other investment opportunities. ESG ratings additionally help identify gaps in ESG management and emerging trends.
Local communities and nature	Responsibility and accountability towards material issues in areas of highest impact.	- Environmental and Social Impact Assessments, Corporate Social Responsibility initiatives - Engagement with community representatives and employees - Collective action alliances and partnerships - Scientific studies	Local communities help us better understand the needs and constraints of nature where we operate, informing decisions to invest and procure resources and to mitigate negative impacts in operations and the value chain.
Civil society organisations	Responsibility and accountability towards material issues and positive contributions in areas of highest impact and leverage.	- Bilateral engagement with local, national and international agencies - Collective action alliances	Access to valuable insights, expertise and best practices which help us identify potential risks or opportunities and shape ambitions and actions.

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A.P. Møller-Maersk describes the key stakeholders in a brief and relevant way. It is stated how the company engages with them and how this input is used to strengthen business relations and operations.

Guideline #8

Explain the due diligence processes related to ESG – and the outcome

If you are to comply with CSRD, it is mandatory to describe the due diligence processes related to ESG – and with the Corporate Sustainability Due Diligence Directive (CSDDD) you must expect a more intensified focus on due diligence processes and topics from regulators, authorities, investors and customers.

Companies are increasingly aware of their position and responsibility in the supply chain. To manage your supply chain is not just about delivery safety, quality and costs, it is also about ensuring that your suppliers comply with national and international rules and standards for human rights, privacy, use of data, trade, anti-corruption, diversity and inclusion, labor rights and payment, etc.

More and more companies are therefore taking a systematic approach to describing how they manage suppliers, conduct due diligence processes, and make sure they do business with companies that live up to high standards, both operationally and in regard to ethics and responsibility.

However, companies need to go further by not only focusing on upstream and their own operations, but also on their downstream operations. Due diligence must cover the full value chain, and corporate reporting should also focus on how companies' products and services are marketed, sold, used, thrown away or recycled.


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Sustainability due diligence

Our due diligence approach
For over a decade, we have been following the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights to integrate due diligence into our procurement, operations, and local communities. This work has set a strong foundation for our future ambitions, as we prepare to meet the anticipated requirements of the EU Corporate Sustainability Due Diligence Directive (CSDDD).

Guided by these frameworks, we have implemented a risk-based due diligence approach centered around accountability, transparency, collaboration, and proactive engagement with stakeholders across our value chain.

At the core of our approach is the Sustainability Due Diligence & Compliance team, established to ensure that all business partners and suppliers adhere to Ørsted's ethical, social, and environmental standards, as defined in our 'Code of conduct for business partners'. This code sets out specific requirements and expectations related to human rights, labour conditions, anti-corruption, and environmental protection.

Our processes
We perform risk screenings and code of conduct assessments to ensure that our business partners meet the requirements in our code of conduct.

We are also developing corrective actions and tailored improvement plans together with our suppliers, where necessary. This is an ongoing effort that includes audits, supplier training, and regular follow-ups to address any gaps identified.

Partnerships and cross-industry collaboration are also fundamental if we want to succeed with our due diligence approach. We are therefore collaborating with key industry organisations, such as the International Responsible Business Conduct (IRBC) Agreement for the Renewable Energy Sector, the Initiative for Responsible Mining Assurance (IRMA), Ethical Trade Denmark, and WindEurope. These collaborations provide access to best practices, shared knowledge, and support the continuous improvement of our due diligence processes in the renewable energy value chain.

Governance
We are in the process of establishing a Human Rights Task Force specifically focused on strengthening our due diligence systems and governance. For more information about this task force, see pages 63-64.

Next steps
As we look forward, we are continuously refining our due diligence practices. This includes enhancing pre-contractual screenings to identify potential risks early, especially for complex and large-scale projects, such as offshore wind farms.

Additionally, we are investing in tools to improve traceability throughout our supply chain. For example, we have conducted a blockchain pilot project to trace origin for key metals in one of our projects, and we are evaluating the application of blockchain opportunities with other suppliers and on other metals as well as exploring steel origin reporting for wind turbines.

Through these efforts, we are dedicated to continuously enhancing our due diligence approach in line with the CSDDD and OECD Guidelines' principles of ongoing monitoring, learning, and improvement.

On the right is a mapping detailing where in our sustainability statements we provide further information about our due diligence process, including how we apply the main aspects and steps of our due diligence process.

// ESRS 2, GOV-4
Core elements of due diligence

a) Embedding due diligence in governance, strategy, and business model
Our Human Rights Task Force oversees the integration of due diligence across procurement, operations, and communities. Read more:
General · pages 63-66

b) Engaging with affected stakeholders in all key steps of due diligence
We maintain continuous dialogue and collaboration with employees, value chain workers, local communities, and at-risk groups. Read more:
General · pages 75-76
Social · pages 129-131, 140-141, 149-150

c) Identifying and assessing adverse impacts
Our double materiality assessment (DMA) identifies material adverse impacts in our business and value chain. We also conduct systematic impact assessments, risk screenings, and code of conduct assessments in our value chain. Read more:
General · pages 68-72
Social · pages 125-126, 138-139, 141, 144, 146-148

d) Taking actions to address adverse impacts
We take specific action to address material impacts identified in our DMA. We also collaborate with business partners to identify performance gaps, develop and implement corrective action plans, work on strengthening pre-contractual screenings, and engage in partnerships to enhance adherence to our code of conduct. Read more:
Social · pages 128-129, 142-143, 150-151

e) Tracking the effectiveness of these efforts and communicating
We annually report on key metrics and work to enhance supply chain traceability. Read more:
Social · pages 131-136, 142, 144

Ørsted describes the due diligence processes related to sustainability. Also, there is reference to due diligence elements included in different parts of the report.

Guideline #9

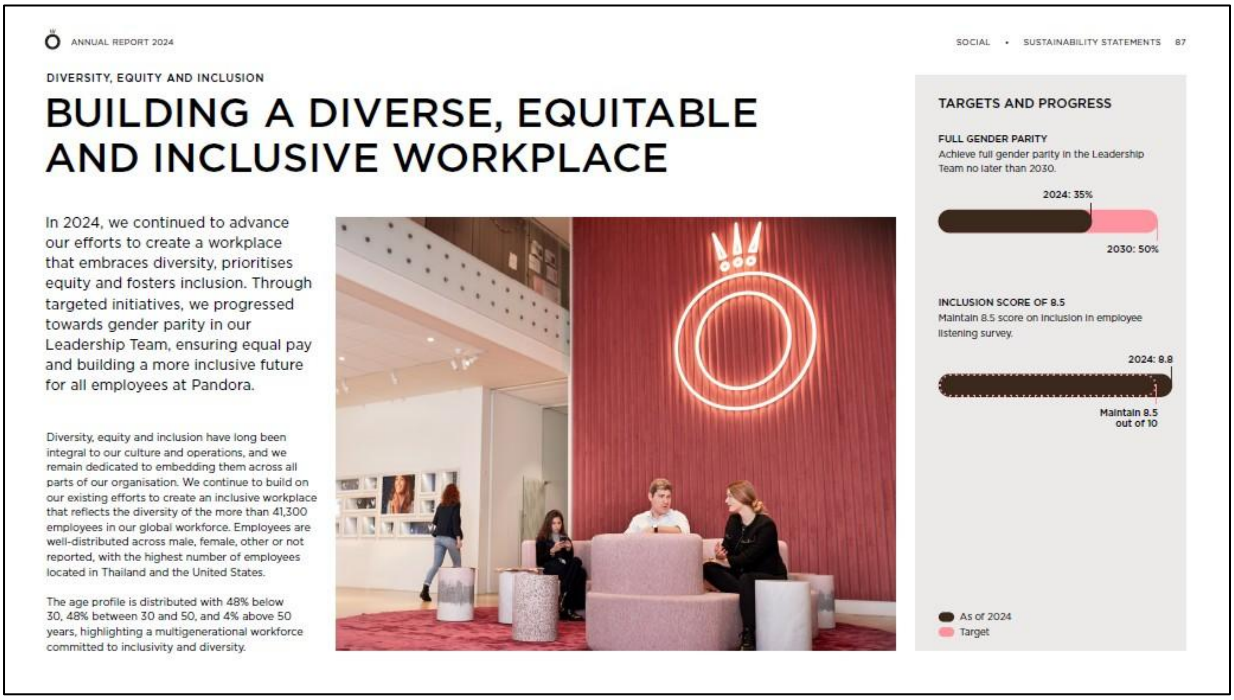
Communicate the value of developing the working culture, employee engagement and DEI-programs

Describing initiatives and results in relation to working culture and employee engagement is an essential part of corporate reporting. Especially, the terms diversity, equity, and inclusion (DEI) have been hot topics in corporate reporting in recent years.

The description of results and measures on these terms includes a lot of variety from one company to the next. It is regulatory to describe gender diversity, but diversity includes much more and should also be reported in regard to e.g. nationality, educational background, job functions and possibilities for personal growth and development. Also, when it comes to inclusion companies could describe how they help people with disabilities or how they work with NGOs or local communities create meaningful jobs.

The role of culture, engagement and DEI should also be reported in relation to the strategies and actions focusing on recruitment, retention and other employer branding activities.

These topics should not be subject to pure storytelling. Companies should use relevant measurements to document their results – this could include surveys on engagement, loyalty, and leadership, measurements of participation in training and education, and calculations on employee growth, new hires, and retention rate. Just to mention a few ways to develop data-driven reporting on people and culture.



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DIVERSITY, EQUITY AND INCLUSION

BUILDING A DIVERSE, EQUITABLE AND INCLUSIVE WORKPLACE

In 2024, we continued to advance our efforts to create a workplace that embraces diversity, prioritises equity and fosters inclusion. Through targeted initiatives, we progressed towards gender parity in our Leadership Team, ensuring equal pay and building a more inclusive future for all employees at Pandora.

Diversity, equity and inclusion have long been integral to our culture and operations, and we remain dedicated to embedding them across all parts of our organisation. We continue to build on our existing efforts to create an inclusive workplace that reflects the diversity of the more than 41,300 employees in our global workforce. Employees are well-distributed across male, female, other or not reported, with the highest number of employees located in Thailand and the United States.

The age profile is distributed with 48% below 30, 48% between 30 and 50, and 4% above 50 years, highlighting a multigenerational workforce committed to inclusivity and diversity.

TARGETS AND PROGRESS

FULL GENDER PARITY

Achieve full gender parity in the Leadership Team no later than 2030.

2024: 35%

2030: 50%

INCLUSION SCORE OF 8.5

Maintain 8.5 score on inclusion in employee listening survey.

2024: 8.8

Maintain 8.5 out of 10

As of 2024

Target

Pandora is communicating its targets, results and initiatives for diversity, equity and inclusion in a way that demonstrates commitment and progress.

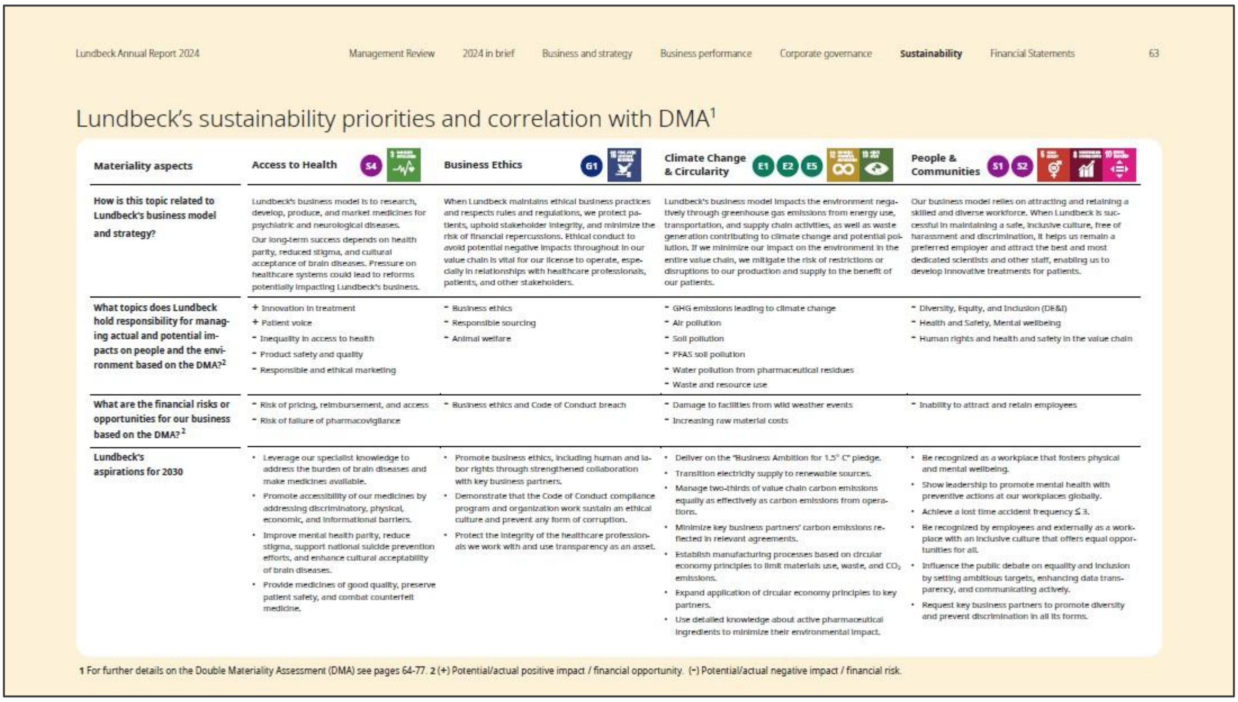
Guideline #10

Connect UN's Sustainable Development Goals to the targets and initiatives within ESG

With a comprehensive framework of laws, directives and standards to guide corporate reporting, this discipline is to an increasing extent becoming somewhat complex and technical. E.g. understanding the implications of the sustainability statement is not an easy task to non-advanced readers.

Many companies have adopted UN's Sustainability Development Goals (SDGs) as a way to understand and direct actions to support specific goals and the Paris Agreement (2015). SDGs are important guidelines to nations, companies and people around the world and serve as a common language for sustainability. In this way, the SDGs are also relevant as a complementary framework to communicate the value of a company's sustainability strategy and its specific priorities in light of the SDG's.

The position and role of the SDGs in the annual report can take many forms. However, it is important that the use of the SDG's and the illustrative icons is not just graphic decoration of the report, but that the connection of SDGs to the strategy and operations is explained and documented. If you include SDGs in reporting, they must be expected to be a focus for discussion and prioritizations in top management.



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Lundbeck's sustainability priorities and correlation with DMA[1]

Materiality aspects	Access to Health (S4)	Business Ethics (G1)	Climate Change & Circularity (E1, E2, E5)	People & Communities (S1, S2)
How is this topic related to Lundbeck's business model and strategy?	Lundbeck's business model is to research, develop, produce, and market medicines for psychiatric and neurological diseases. Our long-term success depends on health parity, reduced stigma, and cultural acceptance of brain diseases. Pressure on healthcare systems could lead to reforms potentially impacting Lundbeck's business.	When Lundbeck maintains ethical business practices and respects rules and regulations, we protect patients, uphold stakeholder integrity, and minimize the risk of financial repercussions. Ethical conduct to avoid potential negative impacts throughout in our value chain is vital for our license to operate, especially in relationships with healthcare professionals, patients, and other stakeholders.	Lundbeck's business model impacts the environment negatively through greenhouse gas emissions from energy use, transportation, and supply chain activities, as well as waste generation contributing to climate change and potential pollution. If we minimize our impact on the environment in the entire value chain, we mitigate the risk of restrictions or disruptions to our production and supply to the benefit of our patients.	Our business model relies on attracting and retaining a skilled and diverse workforce. When Lundbeck is successful in maintaining a safe, inclusive culture, free of harassment and discrimination, it helps us remain a preferred employer and attract the best and most dedicated scientists and other staff, enabling us to develop innovative treatments for patients.
What topics does Lundbeck hold responsibility for managing actual and potential impacts on people and the environment based on the DMA?[2]	+ Innovation in treatment + Patient voice - Inequality in access to health - Product safety and quality - Responsible and ethical marketing	- Business ethics - Responsible sourcing - Animal welfare	- GHG emissions leading to climate change - Air pollution - Soil pollution - PFAS soil pollution - Water pollution from pharmaceutical residues - Waste and resource use	- Diversity, Equity, and Inclusion (DE&I) - Health and Safety, Mental wellbeing - Human rights and health and safety in the value chain
What are the financial risks or opportunities for our business based on the DMA?[2]	- Risk of pricing, reimbursement, and access - Risk of failure of pharmacovigilance	- Business ethics and Code of Conduct breach	- Damage to facilities from wild weather events - Increasing raw material costs	- Inability to attract and retain employees
Lundbeck's aspirations for 2030	• Leverage our specialist knowledge to address the burden of brain diseases and make medicines available. • Promote accessibility of our medicines by addressing discriminatory, physical, economic, and informational barriers. • Improve mental health parity, reduce stigma, support national suicide prevention efforts, and enhance cultural acceptability of brain diseases. • Provide medicines of good quality, preserve patient safety, and combat counterfeit medicine.	• Promote business ethics, including human and labor rights through strengthened collaboration with key business partners. • Demonstrate that the Code of Conduct compliance program and organization work sustain an ethical culture and prevent any form of corruption. • Protect the integrity of the healthcare professionals we work with and use transparency as an asset.	• Deliver on the "Business Ambition for 1.5° C" pledge. • Transition electricity supply to renewable sources. • Manage two-thirds of value chain carbon emissions equally as effectively as carbon emissions from operations. • Minimize key business partners' carbon emissions reflected in relevant agreements. • Establish manufacturing processes based on circular economy principles to limit materials use, waste, and CO_2 emissions. • Expand application of circular economy principles to key partners. • Use detailed knowledge about active pharmaceutical ingredients to minimize their environmental impact.	• Be recognized as a workplace that fosters physical and mental wellbeing. • Show leadership to promote mental health with preventive actions at our workplaces globally. • Achieve a lost time accident frequency ≤ 3. • Be recognized by employees and externally as a workplace with an inclusive culture that offers equal opportunities for all. • Influence the public debate on equality and inclusion by setting ambitious targets, enhancing data transparency, and communicating actively. • Request key business partners to promote diversity and prevent discrimination in all its forms.

1 For further details on the Double Materiality Assessment (DMA) see pages 64-77. 2 (+) Potential/actual positive impact / financial opportunity. (-) Potential/actual negative impact / financial risk.

Lundbeck is integrating the UN SDGs into the annual report illustrating how this correlates with the company's priorities and the DMA.

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More info

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