

Position Green[•]



Aligning with the future:

ESG reporting in the ESRS era



Established in Scandinavia in 2015, **Position Green** is a leading provider of ESG Software and Advisory services across Europe and the US.

10 offices across Norway, Sweden, Denmark, the UK, and the US.

700+ ESG software clients worldwide.

100+ sustainability advisors with deep sector knowledge.

250+ companies supported with double materiality assessments and/or ESRS aligned reporting.

Comprehensive Sustainability Solutions

Our ESG software, developed in collaboration with auditors and sustainability experts, along with our specialised advisory services, helps organisations move from box ticking compliance to more sustainable operations.

We deliver end-to-end solutions for ESRS compliance, including double materiality assessments (DMA), gap analyses, and data collection and reporting processes. Our ESG data management solutions ensure the accuracy and traceability of data needed to make more informed decisions. Driving sustainability performance through accurate and actionable ESG data is crucial for effective sustainability strategies.

Our solutions help organisations:

- Stay compliant with evolving regulations and standards.
- Use ESG data insights to enhance sustainability practices.
- Integrate sustainability into business strategies to manage risks and add stakeholder value.

Commitment to Excellence

Position Green is a proud signatory to the UN Global Compact and has a history of collaborating with leading sustainability organisations, including GRESB and the SASB Consulting Programme. In the past, we have actively contributed to the development of the SASB Marine Transportation standard and served as a certified GRI Training Partner and a CDP Accredited solutions provider.



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01. Introduction



The most ESRS compliant sustainability statements often exceed 100 pages of dense text and complex tables.

ESG reporting should enable executives, employees, authorities and the financial market to make more informed decisions concerning the company's sustainability performance. This is the aim of the European Union's Corporate Sustainability Reporting Directive (CSRD), which mandates detailed ESG disclosure and assurance (European Sustainability Reporting Standards – ESRS). The CSRD marks an end to the era of voluntary sustainability reporting in Europe. In our ESG100 review, we assess ESRS readiness, but also uncover some unintended consequences, leading us to question whether the new reporting regime will serve its purpose. The CSRD is being implemented in phases, with the majority of large and listed companies required to report for the first time in 2025 (covering their financial year 2024). Our review assesses companies' ESRS readiness by applying 32 core ESRS criteria, in other words, we have analysed about 13 000 data points. Based on our review, we provide a snapshot of how the 2023 reporting practices align with incoming requirements.

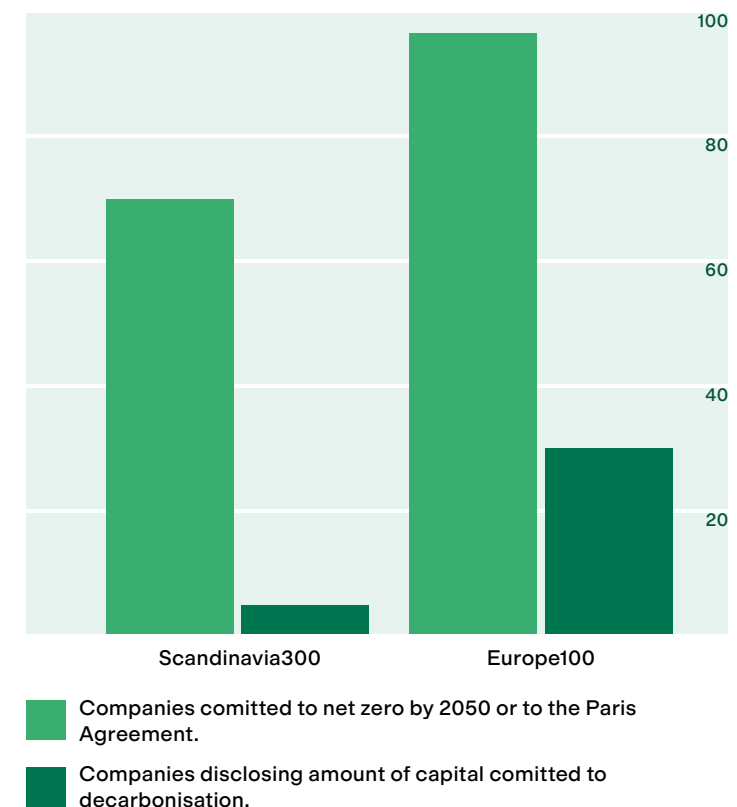
Review of ESG transparency, not performance

The 2024 ESG100 assesses disclosure practices of companies, and not the quality or effectiveness of their underlying sustainability efforts. This distinction between reporting and performance is crucial in light of greenwashing concerns that companies may be exaggerating their environmental or social achievements.

Largest companies in Scandinavian markets and Europe

Our review includes the 100 largest companies (by market capitalisation) listed on the Oslo Stock Exchange, Nasdaq Stockholm, Nasdaq Copenhagen, and the STOXX All Europe 100 Index. In sum, the scope of our review is 400 companies. These companies are not only leaders by market capitalisation but also by their potential to drive meaningful change through their ESG reporting and practices.

Visions versus reality (Fig.1)



The state of ESRS implementation is mixed

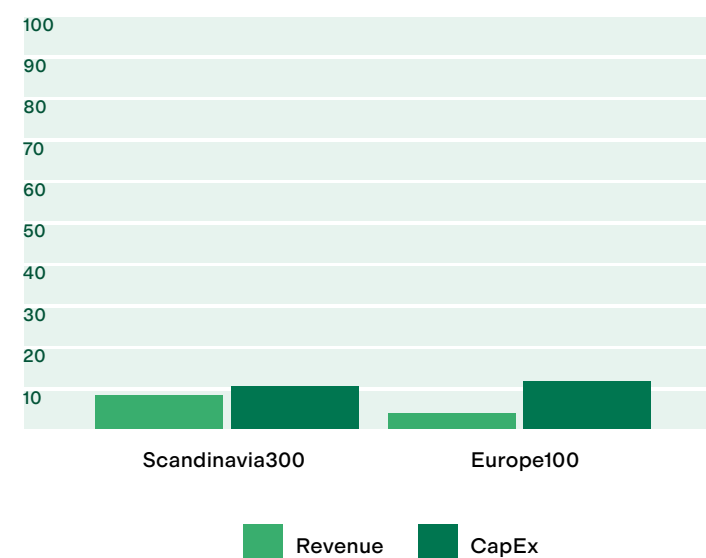
This year's ESG100 present a mixed picture of the state of sustainability reporting in Europe. While numerous companies have made progress in the scope and transparency of their reporting, challenges remain: Many companies will have to put in significant efforts to comply with the incoming disclosure requirements.

However, the more fundamental challenge is to making business models truly sustainable. Ideally, the roll-out of the ESRS should expose actual sustainability performance in a consistent and comparable manner.

These ESRS disclosures reveal key challenges companies face to become sustainable in real terms:

- Almost all companies (96%) publicly commit to Net Zero and the Paris Agreement. Last year, only 7% in Scandinavia, and 32% percent of the Europe100 companies disclose how much capital they have allocated for reaching their climate targets. (Fig. 1)
- Disclosures on the green transition paint a disheartening picture of the state of sustainability: Looking at the 100 largest companies in Europe, only 5% of their revenue is classified as “green”, whereas the figure is 8% for Scandinavia. Companies’ investment priorities do not signal significant changes in the near future: 87% of the investment budgets in Europe, and 89% in Scandinavia, go towards investments that are not classified as green (taxonomy aligned CapEx). (Fig. 2)

Green revenues and investments at low levels (Fig. 2)



At this early stage, the decision-usefulness of the information disclosed by many companies is still questionable, with many disclosures being superficial, failing to offer stakeholders insight into their sustainable business performance.

Transparency bordering on incomprehensible

The ESRS reporting requirements are detailed and extensive. It becomes a tall order to present the required disclosures in a way that can be easily comprehended, extracted and compared. To some extent, digital tagging of disclosures (ESEF/XBRL) may simplify the task of pulling out and comparing data over time and between companies. The sheer volume of information required to be disclosed by the ESRS poses a transparency challenge in itself. Since 2018 our ESG100 review has assessed ESG reports that are fairly informative with a ‘C’ grade. When applying the ESRS criteria to the ESG100 review, we had to adjust this approach. Reports we consider to be clear and concise achieved in some cases grades as low as a ‘D’, while the most ESRS compliant sustainability statements often exceed 100 pages of dense text and complex tables. In practice, many ESRS aligned reports turn out to be almost impenetrable – making information hard to find and the report virtually unreadable. To avoid labelling companies that have clear and concise ESG reports in line with former ESG standards as “ESRS laggards”, we only publish the companies awarded an ‘A’ or higher grades to illustrate what ESRS aligned reporting will look like. ESG100 is not a contest.

The ESRS has significant potential

Sustainability disclosures are complex and often hard to present in a concise manner. Regulators should assess whether the ESRS in its current form will fulfil the purpose of decision-useful information: Will the ESRS help the market identify the companies that are truly sustainable and ready for the green transition? It is too early to conclude before we have completed a few reporting cycles, but implementing the ESRS on autopilot is not an option.

Core regulations

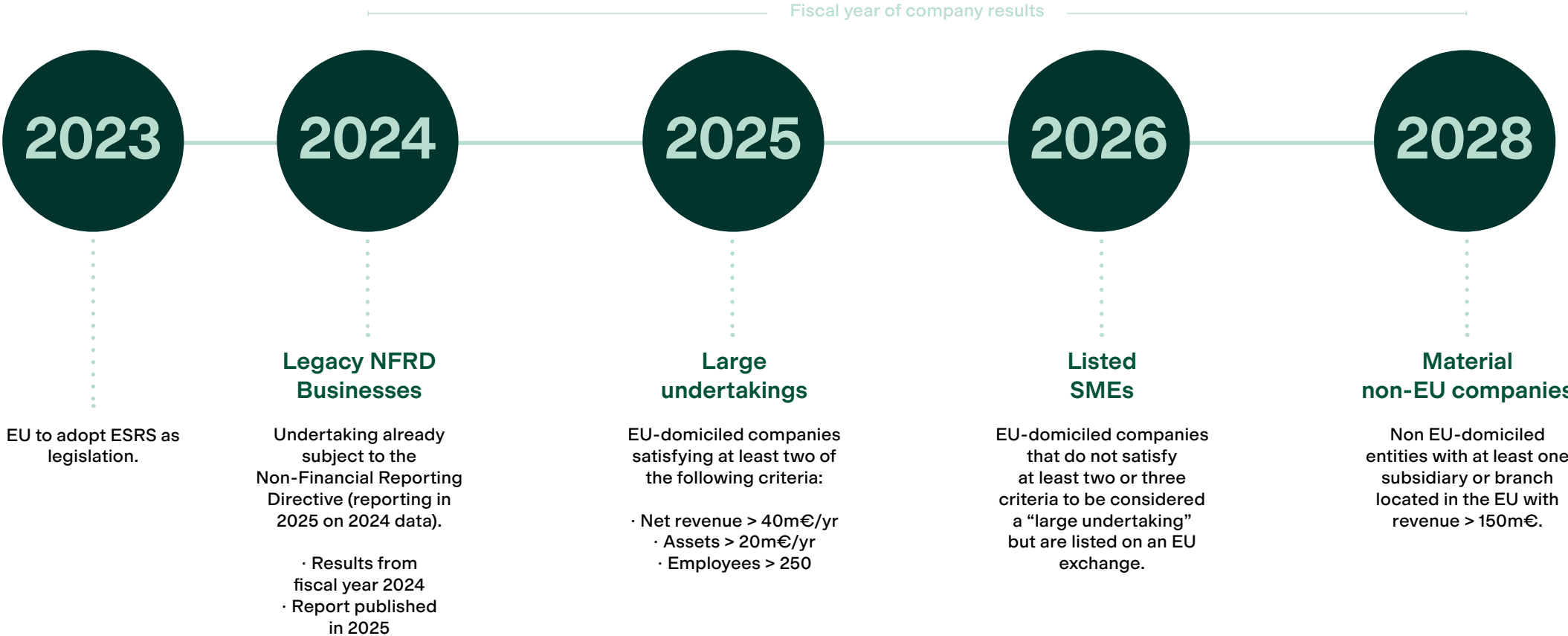
CSRD

The CSRD significantly expands the scope and depth of sustainability reporting requirements for companies within the European Union. It mandates the disclosure of detailed ESG data and introduces stringent assurance requirements. The CSRD aims to enhance the transparency and comparability of sustainability information, supporting the transition to a sustainable economy.

ESRS

The ESRS provide the detailed reporting framework required to comply with the CSRD. These standards are grounded in the principle of double materiality, which requires companies to consider both the financial and impact perspectives of their sustainability matters. Developed by the European Financial Reporting Advisory Group (EFRAG), the ESRS are designed to ensure that companies provide comprehensive and comparable information on their environmental, social, and governance (ESG) impacts, risks, and opportunities. The ESRS cover a wide range of topics, including climate change, biodiversity, human rights, and governance practices, and are aligned at various degrees of interoperability with international frameworks such as the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB). Companies must ensure their reporting practices align with these standards to meet the regulatory requirements of the CSRD.

CSRD implementation timeline



Note that reporting year indicates the year from which the results and data are realised. Publication of the report will typically occur in the calendar year after the reporting year.

Know Your Standards



NFRD
Adopted in 2014, the Non-Financial Reporting Directive (NFRD) required approximately 11,700 “public-interest entities”, such as listed companies, banks, or insurance companies, with more than 500 employees to provide sustainability information related to environment, human rights, anti-corruption and bribery, and diversity on company boards.



EU Taxonomy
The EU Taxonomy is a classification system that defines which economic activities are considered environmentally sustainable. It provides companies and investors with clear guidelines to promote green investments. Requirements have been phased in since January 2022.



SFDR
The Sustainable Finance Disclosure Regulation (SFDR) provides a framework for market participants to disclose sustainability information. It also designed to help investors make informed choices and to ensure transparency in the investment decision process. Adopted on 10 March 2021.



ISSB
In June 2022, the International Sustainability Standards Board (ISSB) was established by the IFRS Foundation to provide global standards for sustainability-related risks and opportunities and climate-related disclosures. The ISSB has developed two key standards: IFRS S1, which addresses general sustainability-related financial disclosures, and IFRS S2, which focuses specifically on climate-related disclosures. These standards aim to ensure consistent, comparable, and reliable information for investors and other stakeholders globally.



TCFD
In 2017, the Taskforce on Climate-related Financial Disclosures (TCFD) released 11 recommendations for improving voluntary market-driven climate-related financial disclosures. These recommendations have been integrated into the ESRS and ISSB standards.



CSDDD
The Corporate Sustainability Due Diligence Directive (CSDDD) was formally adopted by the European Council on 24 May 2024. It mandates large companies to address the adverse impacts of their activities on human rights and environmental protection. Companies with over 1,000 employees and a turnover exceeding €450 million must ensure compliance with human rights and environmental standards, adopt climate transition plans aligned with the Paris Agreement, and may be held liable for damages.



TNFD
The Taskforce on Nature-related Financial Disclosures (TNFD) has developed disclosure recommendations that enable business and finance to assess, report, and act on their nature-related dependencies, impacts, risks, and opportunities. Structured around governance, strategy, risk and impact management, and metrics and targets, the TNFD framework aligns with TCFD and ISSB standards. As of 2024, over 400 organisations have adopted TNFD's recommendations.



UK SRS
The UK Sustainability Reporting Standards (UK SRS) are developed by the UK government to enhance transparency and accountability in sustainability reporting. Aligning with the global standards set by the ISSB, UK SRS emphasises financial materiality and is tailored to the UK context. The Financial Conduct Authority (FCA) will implement these standards for UK-listed companies, with reporting starting for accounting periods from 1 January 2026.

Methodology

Overview

This year’s methodology is designed to align with the ESRS and provides a high-level test of companies’ readiness for these standards. Recognizing the phased implementation of the CSRD, we acknowledge that not all companies assessed are required to comply with the ESRS yet. Many companies in the Nordic region, for instance, are not yet under these obligations. Nonetheless, our assessment offers insights into their current reporting practices and their potential alignment with the ESRS.

ESRS alignment

The ESRS marks the transition towards a single, mandatory framework for ESG reporting in Europe, which we expect to gradually replace the patchwork of voluntary sustainability reporting standards. Therefore, while previous ESG100 assessments included criteria from the GRI, TCFD, CDP, SDGs and other voluntary standards, this year’s rating is solely based on the ESRS.

Our methodology incorporates elements from the following ESRSs:

- ESRS 2: General Disclosures
- ESRS E1: Climate Change
- ESRS E4: Biodiversity and Ecosystems
- ESRS E5: Resource Use and Circular Economy
- ESRS S1: Own Workforce
- ESRS G1: Business Conduct

These standards encompass over 495 datapoints, ensuring a consistent and comparable assessment of companies’ sustainability reporting practices. For the ESG100 review, we selected 32 disclosure requirements that we believe are the

best proxies for solid sustainability reporting. These data-points represent key aspects of governance, environmental impact, social factors, and business conduct that are the most indicative of a company’s commitment to transparency, accountability, and sustainability, serving as reliable indicators for stakeholders to assess ESG performance.

Expanded Geographic Scope

This year, we assessed the ESG reporting of companies listed on the Oslo Stock Exchange, Nasdaq Stockholm, and Nasdaq Copenhagen – covering the 100 largest companies on each stock exchange, referred to as Norway100, Sweden100, and Denmark100 respectively. Additionally, we included the 100 largest companies listed in Europe on the STOXX All Europe100 Index¹⁾, referred to as Europe100. This broader scope provides wider assessment of the status of leading European businesses’ ESG reporting practices.

Objective and Transparent Evaluation

Similar to previous ESG100 reviews, the companies are evaluated based on the public disclosure of key ESG datapoints. These objective datapoints include information on greenhouse gas emissions, climate change transition plans, biodiversity commitments, and human rights due diligence processes, collectively ensuring a comprehensive assessment. The assessment does not judge the quality of the disclosures but rather focuses on whether the required information is disclosed.

Our ambition is only to assess if companies provide relevant and comparable information – a precondition for market actors and the public to make informed assessments of the companies. In practice, this means that companies with poor ESG performance, unethical practices, and unsustainable business models might rank highly if they nevertheless provide comprehensive and comparable disclosures on these issues.

¹⁾ The assessed companies are those included in the STOXX All Europe 100 Index as of May 2024.

Sources

The ESRS sets strict requirements as to where the disclosures are to be reported. Data is therefore collected from the following publicly available sources: sustainability reports, annual reports, remuneration reports, and corporate governance reports, with a cutoff date of July 1 2024. Information provided on company web pages or in separate reports such as Human Rights reports, are therefore not included in our assessment.

Market Cap Considerations

A significant consideration in this year’s report is the disparity in market cap among the companies assessed. Companies in the All Europe 100 index tend to have larger market caps compared to those listed on the Oslo Stock Exchange (OSE), Nasdaq Stockholm (NSS), and Nasdaq Copenhagen (NSC). This disparity can skew the results, as larger companies generally have more resources to allocate towards comprehensive sustainability reporting and compliance with ESRS standards.

Impact on Scoring:

- Larger market cap companies in the All Europe 100 dataset may achieve higher scores due to their greater resources and more extensive reporting capabilities.
- Smaller market cap companies listed on the OSE, NSS, and NSC might appear less prepared or proactive, not due to lack of commitment, but due to more limited resources.

We have chosen to maintain the raw percentages for each data series while providing an explanation of the market cap disparity. This approach ensures consistency with previous reports and allows stakeholders to understand the context behind the scores.

By explaining the impact of market cap disparity, we aim to provide a nuanced view of the results, acknowledging the resource differences without adjusting the scoring system itself. This transparency helps stakeholders make informed comparisons and appreciate the efforts of smaller market cap companies within their resource constraints.



This year’s methodology is designed to align with the ESRS and provides a high-level test of companies’ readiness for these standards.

Assessment Criteria

The 32 research questions used in the 2024 ESG100 assessment are organised into four main categories. Each category addresses specific aspects of sustainability reporting, aligned with the ESRS standards.

- 1. **General Information:** Evaluates governance of sustainability, board expertise, executive compensation linked to sustainability targets, due diligence processes, and double materiality assessments.
- 2. **Environmental Information:** Focuses on emissions (GHG targets, Scope 1, 2, and 3 emissions), climate change commitments (net zero targets, climate transition plans, capital allocation for decarbonisation), climate risk assessments (scenario analysis, risk disclosure), EU Taxonomy alignment, biodiversity, and circular economy practices.
- 3. **Social Information:** Assesses diversity and inclusion (board and management gender diversity) reporting, human rights due diligence practices, and disclosures of identified human rights issues.
- 4. **Governance Information:** Reviews business conduct, including supplier engagement, corruption risk, and political lobbying activities.

Independence and Objectivity

Position Green maintains strict independence in conducting the ESG100 assessment. Our commitment to objectivity is reflected in the following practices:

- 1. **Conflict of Interest:** Position Green provides ESG services to a large number of the companies in this review. The rating methodology is developed based on PG's expertise, in consultation with academic and investor institutions. To ensure independence, an externally contracted assessment team has conducted the ratings under our supervision.
- 2. **Transparency:** We disclose our methodology and assessment criteria publicly, allowing stakeholders to understand and verify our evaluation process.

We encourage feedback from assessed companies and other stakeholders to continuously improve our methodology and address any concerns regarding our independence and objectivity. The full list of items assessed is presented in the Appendix.

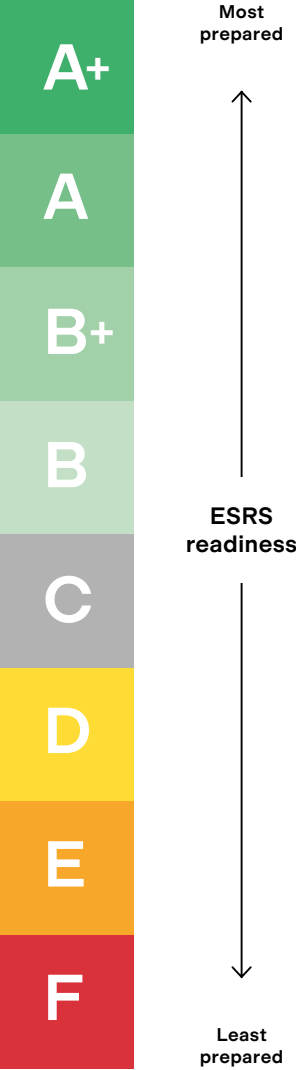
Scoring System

Companies' ESG reporting has been assessed on 32 criteria, where each criteria is weighted equally to arrive at the total score for a company. The total score is then converted into a category on an 8-point scale (A+, A, B+, B, C, D, E and F).

For the Scandinavian region, the average score was a 'C', which was consistent when including the broader European scores. Only 5% of Scandinavian companies achieved an 'A' or 'A+', while this figure rose to 11% when European companies were included. Conversely, 14% of Scandinavian companies received an 'F'. However, this percentage dropped to 10% when considering European companies, as none of the companies in the Europe 100 received an 'F'.

In the 2024 edition of ESG100, we choose to only publish the scores of companies receiving an 'A' or better. We do this as we want to highlight best practices in aligning with the ESRS requirements, which will not be mandatory for anyone until the reporting on FY2024 in 2025. This way, we avoid naming and shaming.

We underline that no companies were obliged to report according to the ESRS framework for FY 2023, and many smaller listed companies will only be required to report according to the ESRS for FY 2026.



02. General Disclosures

Strengthening the Foundation of ESG Reporting

Introduction

This section evaluates how prepared ESG100 companies are for the incoming ESRS framework, focusing on their governance structures and transparency practices. This helps identify areas where companies excel and where further improvements are needed, providing a roadmap for achieving full compliance and enhanced sustainability reporting.

At A Glance

ESG Governance

Sustainability Governance: Most companies provide a description of their sustainability governance (76% Scandinavia300; 98% Europe100) yet translating these descriptions into effective practices remains a challenge.

Board Expertise: Transparency on board sustainability expertise is limited, with 39% of Scandinavia300 and 73% of Europe100 disclosing relevant skills, highlighting a critical area for development to ensure informed decision-making.

KPI-linked Compensation

GHG Targets: Linking executive pay to GHG targets is still emerging (24% Scandinavia300; 84% Europe100), highlighting a gap in integrating environmental performance incentives in Scandinavia.

Broader Targets: ESG-linked pay beyond emissions (e.g., diversity, governance) is underutilised, with adoption at 36% in Scandinavia300 and 74% in Europe100, presenting an opportunity for broader alignment of incentives with sustainability goals.

Due Diligence and Materiality Assessments

Due Diligence: Reported by 34% of Scandinavia300 and 53% of Europe100, due diligence practices are on the rise, but greater transparency and process enhancement are needed.

Double Materiality: 63% of Scandinavia300 and 47% of Europe100 have disclosed conducting double materiality assessments, reflecting differing levels of readiness for regulatory compliance.

ESG Governance

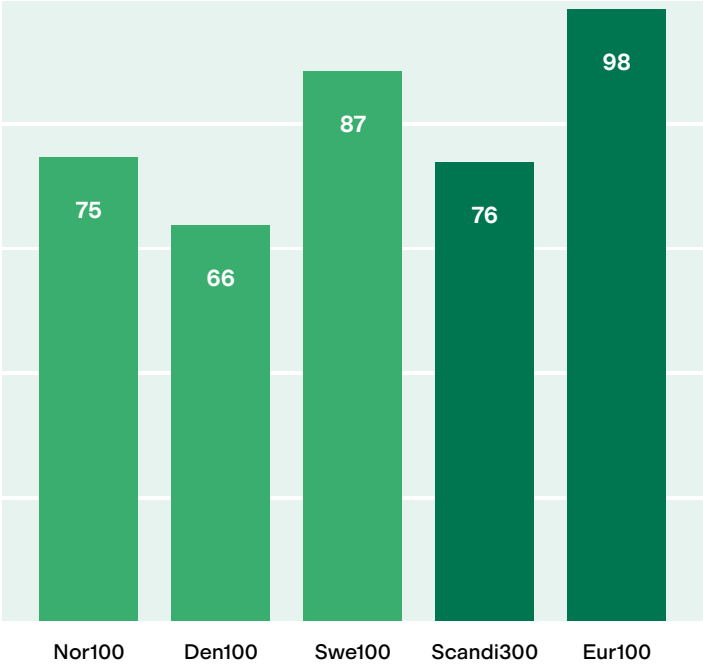
ESG governance refers to how a company oversees its environmental, social, and governance responsibilities, ensuring these factors are integrated into its strategy and operations.

Corporate Commitment to ESG Governance (ESRS 2 GOV-1)

Corporate commitment to ESG governance is growing but still requires significant improvement. Our findings indicate that while many companies are beginning to disclose their ESG governance structures, the depth and quality of these disclosures vary widely. Only 66% of the Denmark100 provided detailed governance disclosures, compared to 75% in the Norway100 and 87% in the Sweden100 datasets. The Europe100 companies lead in this area, with 98% providing comprehensive ESG governance disclosures. This suggests that while there is an increasing recognition of the importance of transparency, more work is needed to ensure that all companies provide meaningful and detailed disclosures in line with the ESRS.

High-quality disclosures should include information about the roles and responsibilities of the board and senior management in overseeing ESG issues, the processes for identifying and managing ESG risks and opportunities, and the integration of ESG considerations into corporate strategy and decision-making.

Does the company provide a description of how it governs sustainability?



In the Norway100, the Sweden100 and the Denmark100 companies, a large number of major corporates do not provide disclosures of how they govern sustainability, which is surprising given their size and influence in the market.

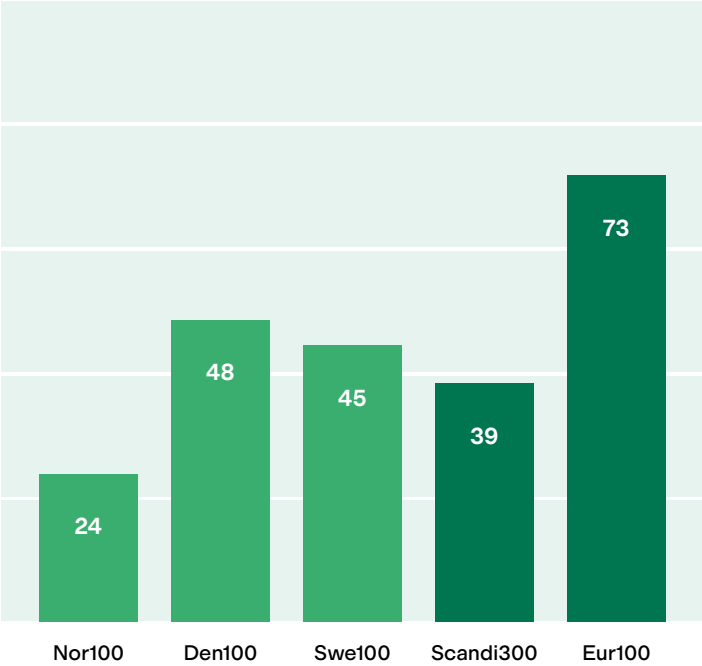
Among the Europe100, almost all companies provide detailed disclosures, with notable exceptions such as RWE (Germany), highlighting areas for improvement even among leading firms.

Board Expertise in Sustainability (ESRS 2 GOV-1)

Board expertise in sustainability is crucial for effective ESG governance. Our findings indicate that only 24% of Norway100 companies disclose the expertise and skills of their Board on sustainability matters or access to such expertise. This compares to 45% in Sweden100, 48% in Denmark100, and 73% in Europe100. High-quality disclosures should include detailed information about the skills and competencies of board members in handling ESG issues, which can significantly impact a company's ability to navigate complex sustainability challenges. However, some companies which did report on board expertise often still lack sufficient details on the types of sustainability and ESG expertise and therefore, it difficult to ascertain whether all sustainability matters are sufficiently covered.

In the Norway100, large companies like DNB, Aker BP, Telenor do not provide detailed board ESG expertise disclosures. In the Sweden100, despite being major players, Ericsson, H&M, and Telia Company do not provide detailed information on board expertise in sustainability. In the Denmark100, Bang & Olufsen, A.P. Møller – Mærsk, and Danske Bank are among those that provide disclosures, while others like Tivoli, Noble, and Novo Nordisk still have room for improvement. In the Europe100 companies, Wolters Kluwer (Netherlands), British American Tobacco (UK), and Bayer (Germany) are notable laggards.

Does the company disclose the expertise and skills of its Board on sustainability?



Sustainability-Linked Compensation

Driving Accountability and Performance

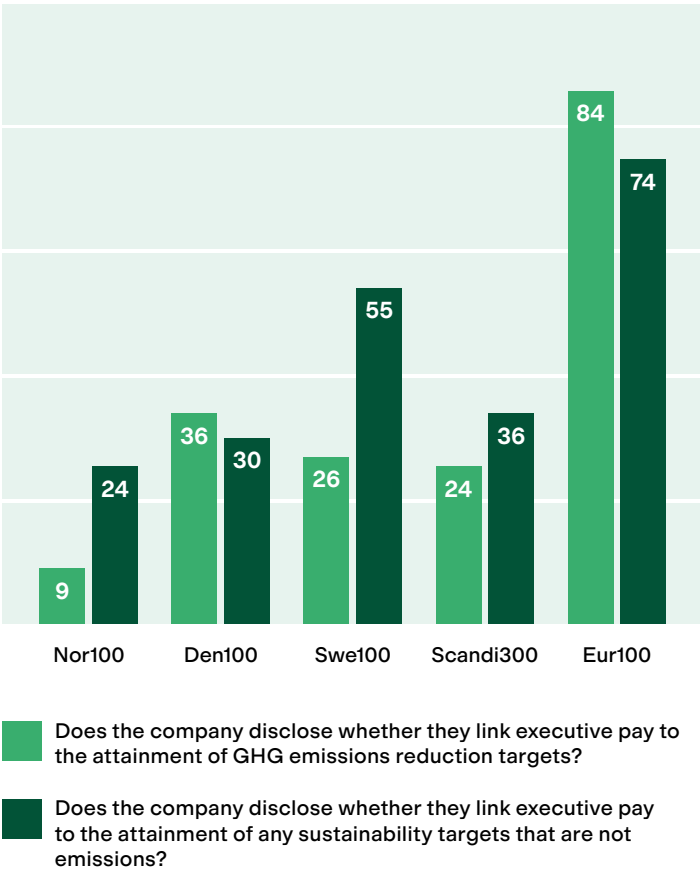
Incorporating ESG metrics into executive compensation plans is a powerful tool for driving accountability and aligning corporate performance with sustainability goals. This section examines the extent to which companies link executive compensation to ESG targets, specifically focusing on GHG emissions reduction and other sustainability targets. By incentivising executives to prioritise sustainability, companies can ensure that ESG considerations are integrated into decision-making and operational performance, fostering a culture of sustainability at the highest levels.

Linking Executive Compensation to GHG Emissions Reduction Targets (ESRS 2 GOV-3)

Linking executive compensation to GHG emissions reduction targets is a concrete mechanism for driving accountability and incentivising more sustainable business practices. Among the top 100 companies in Norway, only 9% disclose linking executive pay to GHG emissions reduction targets. Denmark performs better with 36%, while Sweden has only 26% of its top 100 firms reporting this practice. This data is consistent with 2023, where Denmark was leading, followed by Sweden, then Norway. With an average of 24%, Scandinavia struggles to keep pace with broader European trends, where 84% incorporate GHG reduction targets into executive compensation.

Linking Executive Compensation to Other Sustainability Targets (ESRS 2 GOV-3)

Beyond GHG emissions, many companies link executive pay to broader sustainability targets. Among the top 100 companies in Norway, 24% report linking executive pay to other ESG KPIs. Denmark100 shows a slightly higher rate at 30%, and Sweden100 leads among the three at 55%. Europe100 companies again show a substantial lead, with 74% disclosing this practice.



Only a small number of companies provide detailed descriptions of the KPIs used to determine executive pay.

Norway

The Norway100 leading companies feature the likes of **Aker BP**, **Equinor** and **DNB** specifically outlining how it links executive pay to GHG reduction, outlining emission targets and its achievements, as well as broader sustainability targets.

Denmark

In Denmark, i.e. **Coloplast** links executive pay to GHG reduction targets, while broader sustainability KPIs see robust adoption in the consumer goods sector, with **Carlsberg** and **Pandora** both linking executive compensation to diverse sustainability metrics as well as emissions.

Sweden

Among the Sweden100, large automotive companies like **Volvo Group** disclosed linking executive pay to GHG targets. The pharmaceutical industry also stands out, with **AstraZeneca** integrating comprehensive sustainability targets for both GHG and other metrics into executive compensation. This indicates a higher standard at larger, more globally integrated companies. This is not universal, as the majority of companies do not link executive pay to either GHG reductions or other ESG metrics.

Europe

In the Europe100, **AB InBev** (Belgium) and **Roche** (Switzerland) are notable laggards among Europe's largest companies in linking executive pay to GHG reduction targets. Companies like **Flutter Entertainment** (UK) and **EssilorLuxottica** (France) report linking executive pay to broader sustainability KPIs, while **BNP Paribas** (France) and **Stellantis** (Italy) are notable for their absence of such practices. **BAE Systems** (UK) and **Airbus** (France) are notable heavyweights that link executive pay to both GHG targets and other sustainability metrics.

While the adoption of broader sustainability-linked compensation is encouraging, transparency remains limited. Only a small number of companies provide detailed descriptions of the KPIs used.

Companies need to enhance their disclosures, providing clear and detailed information about the ESG KPIs integrated into executive compensation packages. This includes explaining how these KPIs align with the company's overall ESG strategy and long-term sustainability goals, as well as the specific performance targets and the weighting of ESG metrics in determining executive pay.

Due Diligence

Ensuring Responsible Business Practices

Robust due diligence processes are essential for identifying, assessing, and mitigating risks related to human rights, environmental impacts, and governance issues. This section analyses the reporting of due diligence practices, focusing on how companies manage ESG risks across their operations and value chains. Effective due diligence frameworks not only enhance compliance with regulatory requirements but also build trust with stakeholders by demonstrating a commitment to responsible business practices and continuous improvement.

Human Rights and Environmental Due Diligence Processes (ESRS 2 GOV-4)

Due diligence is a cornerstone of responsible business conduct, ensuring that companies identify, assess, and mitigate ESG impacts. Our analysis highlights significant disparities in due diligence practices across the regions.

Norway

In the Norway100, companies like **Storebrand** and **Kongsberg Gruppen** provide due diligence statements, reflecting a proactive approach in the financial and industrial sectors, respectively. Conversely, several companies in the seafood segment seem to lack due diligence statements (even if many have good transparency act statements), despite their significant environmental footprints, highlighting a critical gap in fisheries.

Sweden

In the Sweden100, the health care sector stood out as 50% of the companies provided due diligence statements, including **Camurus** and **Vitrolife**. In general, there seems to be a higher standard at larger, more globally integrated companies, contrasting with smaller, less internationally focused firms.

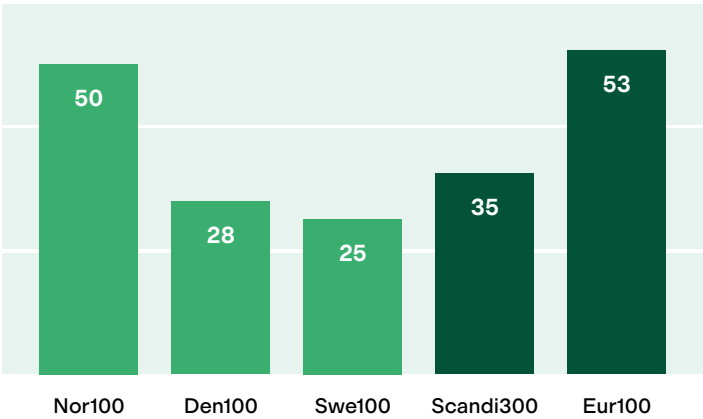
Denmark

The Denmark100 sees varied adoption, with companies in the construction sector like **FLSmidth & Co.** providing due diligence statements, while smaller firms in the technology sector lag. This underscores the influence of direct environmental impacts in driving due diligence efforts.

Europe

Europe100 showcases companies like **Siemens**, **Schneider Electric**, and **Telefónica** providing due diligence statements, while **Ferrari** and **Safran** are not as transparent in this area. This suggests that even within the largest European companies, regulatory and investor pressures vary, influencing the extent of due diligence adoption.

Does the company provide a statement on Due Diligence?



Challenges and Recommendations

Despite the progress made, several challenges remain in the due diligence reporting process. Companies often struggle with the complexity of mapping their supply chains and the lack of reliable data on potential ESG risks. Additionally, smaller companies may lack the resources and expertise to conduct comprehensive due diligence. To address these gaps and align with the **ESRS GOV-4** requirements, companies should:

- 1. Embed Due Diligence in Governance:**
Companies need to integrate due diligence into governance structures and business models, ensuring it is central to strategic decision-making. This enhances accountability and demonstrates commitment to responsible practices.
- 2. Enhance Stakeholder Engagement:**
Actively involving stakeholders in the due diligence process is essential. Companies should detail engagement methods and disclose how stakeholder input influences decisions. This builds trust and ensures affected voices are heard.
- 3. Improve Impact Assessments:**
Comprehensive identification and assessment of adverse impacts are critical. Companies should disclose detailed methodologies for assessing risks to people and the environment, using reliable tools to evaluate direct and indirect impacts.
- 4. Track and Communicate Effectiveness:**
Establish robust systems to monitor and evaluate due diligence outcomes. Set clear metrics and regularly report on them in the sustainability statement. Transparent communication demonstrates commitment to continuous improvement.



Materiality Assessments (ESRS 2 IRO-1)

Becoming Standard Practice

Materiality assessments help companies identify and focus on the most significant ESG issues and are quickly becoming standard practice for organisations aiming to align their operations with sustainability goals. This section explores the concept of double materiality in the ESRS and evaluates the adoption of double materiality assessments (DMAs) among ESG100 companies.

Understanding Double Materiality

Double materiality involves assessing both the impact of a company’s activities on environmental, social, and economic factors and how these sustainability issues affect the company’s financial performance. The ESRS mandates that companies conduct DMAs to evaluate both aspects. This ensures that sustainability reports provide a comprehensive view of material issues, helping stakeholders understand the company’s prioritisation of ESG issues and the actions being taken to address them.

Impact Materiality

Impact materiality involves assessing the actual and potential positive and negative impacts of a company’s operations on people and the environment. Companies must consider their entire value chain, from upstream suppliers to downstream customers, and evaluate the severity, scope, and irremediability of these impacts.

Understanding “Risk” from Two Perspectives

The ESRS uses the term “risk” to cover financial threats to a company and how ESG issues can affect financial performance. This includes reputational, operational, and strategic risks linked to ESG matters. In ESRS terminology, risk is inherently negative and only impacts the enterprise.

In contrast, enterprise risk management (ERM) frameworks like ISO 31000:2018 define risk as the “effect of uncertainty on objectives,” which can be either positive or negative (upside or downside risk). This means that risk in ERM can include both ESRS risks and opportunities, and potentially positive and negative impacts as well.

For sustainability professionals, understanding ERM helps in grasping how risk management integrates with ESG issues and overall organisational objectives beyond just ESRS risks downside. For risk management professionals, familiarity with these nuances will aid in recognising ESRS impacts, risks, and opportunities as part of their broader ERM cycles.

For example, if a company’s manufacturing process causes substantial environmental pollution, this would be a significant impact that must be reported. Companies should engage with affected stakeholders to understand these impacts better and incorporate their feedback into their assessments.

Financial Materiality

Financial materiality assesses how sustainability issues can influence a company’s financial health. This includes evaluating risks and opportunities that could affect the company’s development, financial position, performance, cash flows, access to finance, and cost of capital. These risks and opportunities may arise from regulatory changes, market dynamics, or dependencies on natural and human resources. For instance, a company dependent on water-intensive processes may face financial risks if water becomes scarce or more expensive. Conversely, adopting water-saving technologies could present financial opportunities through cost reductions and improved market competitiveness.

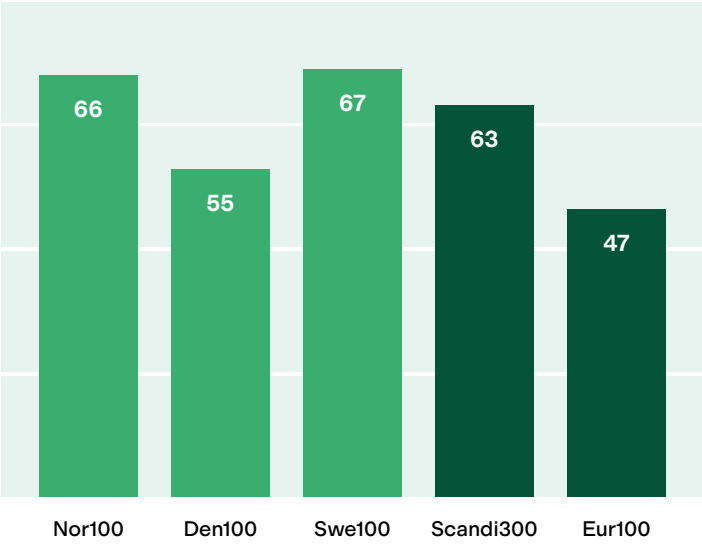
Differences in DMA Utilisation

In 2024, 60% of ESG100 companies reported conducting a double materiality assessment. Implementation varies across jurisdictions, with the Sweden100 showing the highest at 67%, followed by the Norway100 at 66% and Denmark100 at 55%. Companies in the Europe100 have a lower adoption rate of 47%.

The relatively low adoption rate of DMAs in the Europe100 dataset, despite high performance on other criteria (80-90%) suggests that many companies may be diligently reporting on the wrong topics. This discrepancy highlights the importance of comprehensive DMAs in ensuring that reporting accurately reflects the most material issues. Without such assessments, there is a risk that companies might overlook significant sustainability impacts and financial risks and opportunities, thereby compromising the effectiveness of their ESG strategies.

In Norway, companies like **Yara International** and **Salmar** have adopted DMAs, reflecting their efforts to address both environmental and financial impacts.

Does the company disclose having undertaken a Double Materiality Assessment?



In Sweden, **Epiroc** and **Sandvik** in the industrial sector report DMAs, whereas several companies in healthcare do not. Denmark shows similar patterns with firms like **Rockwool**, **NKT** as well as **Ørsted** adopting DMAs, while many healthcare companies lag behind.

Europe100 showcases a mixed landscape, with companies like **ENI** (Italy), **Dassault** (France), **AB InBev** (Belgium) reporting DMAs, while others such as **Adidas** (Germany) and **Mercedes-Benz** (Germany) do not. Many industrial heavyweights with a broad range of potentially material issues, such as **BAE Systems** (UK), **Airbus** (France), **Holcim** (Switzerland), and **Nestle** (Switzerland), do not clearly disclose having undertaken a double material assessment. This may indicate a gap in impact mitigation and risk management at these organisations, or that the process descriptions are kept internal until such information becomes mandatory.

Challenges and Recommendations

Despite the progress made, several challenges remain in double materiality assessment utilisation. Companies often struggle with the complexity of mapping their supply chains and the lack of reliable data on potential ESG risks. Additionally, smaller companies may lack the resources and expertise to conduct comprehensive DMAs. To comply with **ESRS 2 IRO-1**, companies must provide detailed disclosures, including:

- **Methodologies and Assumptions:** Description of the methodologies and assumptions applied in the process to identify impacts, risks, and opportunities.
- **Identification Process:** Detailed description of the process to identify, assess, prioritise, and monitor potential and actual impacts on people and the environment.
- **Focus on High-Risk Areas:** Explanation of how the process focuses on specific activities, business relationships, geographies, or other factors that pose heightened risks of adverse impacts.
- **Stakeholder Consultation:** How the process includes consultation with affected stakeholders and external experts to understand the impacts.
- **Prioritisation of Impacts:** How the process prioritises negative impacts based on severity and likelihood, and positive impacts based on scale, scope, and likelihood.
- **Integration into Risk Management:** Description of how the impact assessment is integrated into the company's overall risk management and decision-making processes.



Less than 50% of the Europe100 have conducted a DMA, but score 80-90% on all other metrics. These companies may be diligently reporting on irrelevant topics.

03. Environment

Climate, ecosystems and circularity

Introduction

This section delves into the readiness of ESG100 companies for the environmental reporting requirements of the ESRS, focusing on emissions reporting, climate change mitigation, climate change adaptation, biodiversity, circular economy, and EU Taxonomy alignment. Through this analysis, we aim to highlight best practices and identify areas for improvement, ultimately guiding companies towards more sustainable and transparent business operations.

At A Glance

Emissions Reporting

Scope 1 Emissions: High disclosure rates are evident in both Scandinavia300 (86%) and Europe100 (92%), demonstrating a strong commitment to transparency in direct emissions reporting.

Scope 2 Emissions: Disclosure of market-based Scope 2 emissions is relatively solid, with 73% of Scandinavia300 companies and 87% of Europe100 companies reporting. However, location-based Scope 2 emissions are reported by only 67% of Scandinavia300 companies, slightly higher than Europe100 at 59%, indicating room for improvement.

Scope 3 Emissions: A significant portion of companies disclose their Scope 3 GHG emissions (74% in Scandinavia300 and 82% in Europe100), reflecting improved data collection efforts across the value chain. However, companies typically report only on a few Scope 3 categories, thereby making the data incomplete and incomparable across companies.

Climate Change Adaptation

Scenario Analysis: 55% of Scandinavia300 companies and 88% of Europe100 companies have used scenario analysis for climate-related risk assessment, demonstrating increasing recognition of future climate risks. However, broader adoption is needed to ensure comprehensive resilience.

Risk and Opportunity Disclosure: 62% of Scandinavia300 companies and 87% of Europe100 companies disclose climate-related risks or opportunities, indicating growing awareness of the importance of managing these concerns effectively.

Financial Impact Disclosure: Despite broad recognition of climate-related risks and opportunities, only 9% of Scandinavia300 companies and 33% of Europe100 companies report on their potential financial effects, highlighting a concerning gap in understanding and communicating the financial implications of climate change.

Circular Economy

Policies and Actions: 59% of Scandinavia300 companies and 75% of Europe100 companies describe their policies related to resource use and circular economy, indicating growing recognition of sustainable resource management, though deeper integration and more impactful actions are required.

Climate Change Mitigation

GHG Targets: A majority of companies disclose specific GHG targets (78% Scandinavia300; 92% Europe100), underscoring a strong commitment to emissions reduction, although broader adoption of clear targets is necessary.

Net Zero Commitment: With 72% of Scandinavia300 companies and 96% of Europe100 companies committed to net zero by 2050 or the Paris Agreement, there is substantial alignment with global climate goals, yet some companies lag behind.

Transition Plans: Only 36% of Scandinavia300 and 83% of Europe100 companies have climate change transition plans, highlighting a critical gap in strategic planning and the need for more comprehensive action plans.

Science-Based Targets: Commitment to science-based targets is evident in 51% of Scandinavia300 companies and 67% of Europe100 companies, reflecting a growing trend towards scientifically grounded climate action.

Biodiversity

Policy and Commitment: Nearly half of Scandinavia300 companies (48%) and 72% of Europe100 companies report policies or commitments to biodiversity, signalling progress but also a significant need for more comprehensive and actionable commitments.

Science-Based Targets for Nature: The adoption of science-based targets for nature is critically low, with only 3% of Scandinavia300 and 16% of Europe100 companies aligning their efforts with scientific standards, highlighting a pressing need for more companies to integrate rigorous biodiversity management practices.

TNFD and LEAP Assessments: Early adoption of structured biodiversity frameworks is evident, with 17% of Scandinavia300 and 42% of Europe100 companies using or planning to use TNFD or LEAP assessments, reflecting a proactive approach to managing nature-related impacts.

EU Taxonomy Reporting

Taxonomy-Aligned Revenue: In 2024, 62% of Scandinavia300 and 64% of Europe100 reported their taxonomy-aligned revenue, showing moderate alignment with EU Taxonomy requirements and indicating room for further improvement.

Taxonomy-Aligned CapEx: Similarly, 59% of Scandinavia300 and 64% of Europe100 companies reported their taxonomy-aligned capital expenditures, reflecting greater transparency in aligning capital investments with sustainable activities, but still needing broader adoption.

Disclosures on the green transition paint a disheartening picture of the state of sustainability: Looking at the 100 largest companies in Europe, only 5% of their revenue is classified as “green”, whereas the figure is 8% for Scandinavia. Companies’ investment priorities do not signal significant changes in the near future: 87% of the investment budgets in Europe, and 89% in Scandinavia, go towards investments that are not classified as green (taxonomy aligned CapEx).

Emissions Reporting

A Mixed Picture

Accurate and comprehensive emissions reporting is critical for managing climate-related risks and achieving sustainability goals. This section evaluates the disclosure of Scope 1, 2, and 3 emissions among ESG100 companies. While many organisations are making progress in emissions reporting, significant gaps remain, particularly in the disclosure of Scope 3 data. Without accurate emissions reporting, companies lack a solid foundation for setting targets and tracking their progress.

Scope 1 GHG Emissions Disclosure (ESRS E1-6)

Scope 1 emissions, which include direct greenhouse gas (GHG) emissions from owned or controlled sources, are a critical component of a company’s carbon footprint. Our 2024 analysis reveals that 87% of Norway100, 93% of Sweden100, 78% of Denmark100, and 92% of Europe100 companies disclose their Scope 1 emissions. These figures indicate strong compliance with [ESRS E1-6](#), which requires comprehensive reporting of Scope 1 emissions. However, there remains a significant minority of companies that do not disclose this information, which is a prerequisite for any meaningful climate effort.

Scope 2 GHG Emissions Disclosure (ESRS E1-6)

Scope 2 emissions, representing indirect GHG emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company, are another

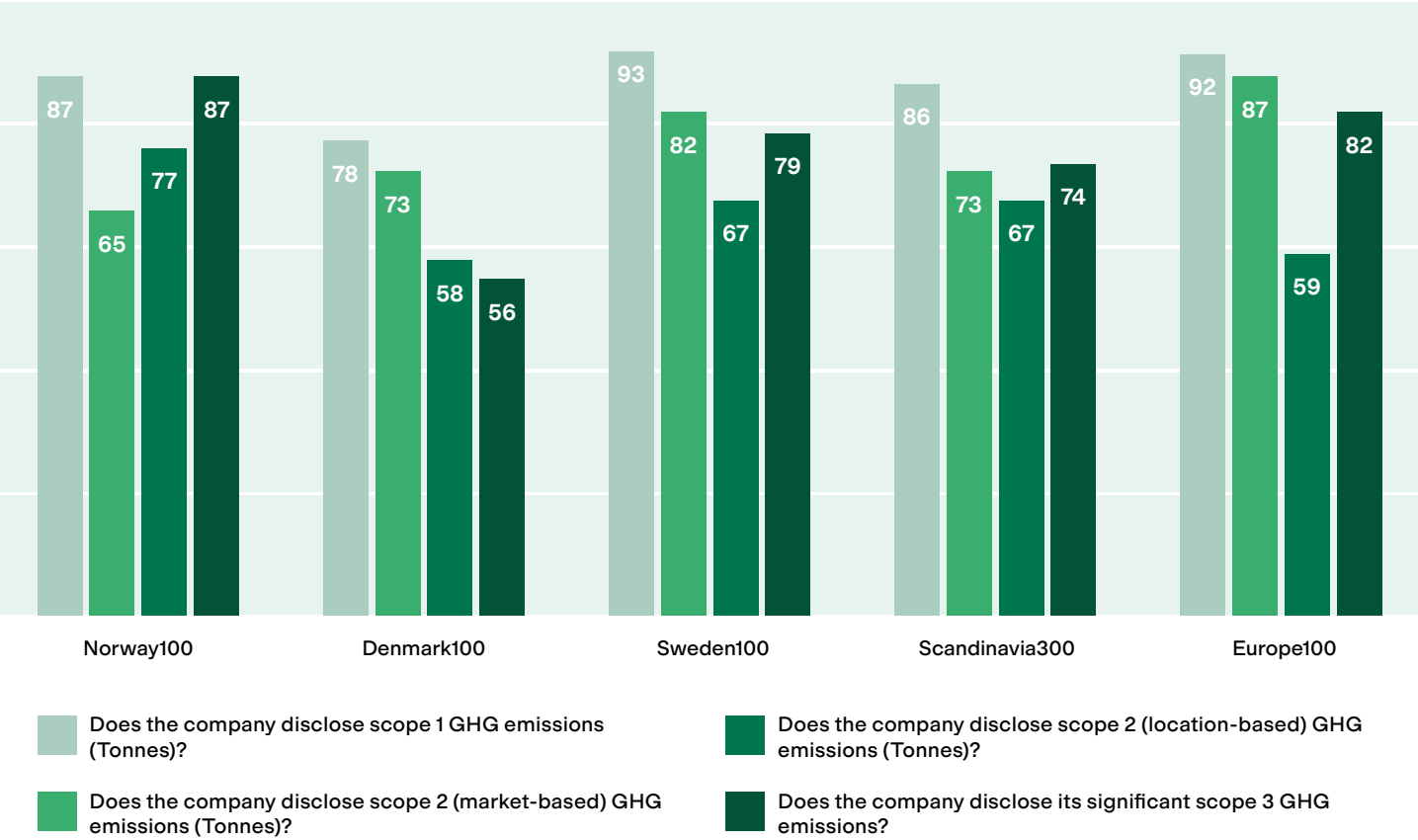
vital part of an organisation’s carbon footprint. Our findings show that 65% of Norway100, 82% of Sweden100, 73% of Denmark100, and 87% of Europe100 companies disclose their market-based Scope 2 emissions. However, for location-based Scope 2 emissions, disclosure rates are lower across all regions except Norway, the only dataset where companies were more likely to disclose locationbased versus market-based Scope 2.

Scope 3 GHG Emissions Disclosure (ESRS E1-6)

Scope 3 emissions, which encompass all other indirect emissions that occur in a company’s value chain, present a significant challenge for comprehensive reporting. Our findings show that 87% of Norway100, 79% of Sweden100, 56% of Denmark100, and 82% of Europe100 companies disclose Scope 3 emissions.

Note that the review has not evaluated the completeness of Scope 3 emissions reporting. **We observe that many companies fail to present Scope 3 figures for major categories such as purchased goods and services, use of sold products or emissions from investments.**

In Sweden, the consumer goods and telecommunications sectors are noteworthy where 100% of companies reporting on Scope 3 emissions. However, especially the healthcare sector has notable gaps falling behind with only 62.5% of companies reporting on Scope 3 emission. Denmark’s consumer goods sector demonstrates thorough emissions reporting across all scopes at many companies, setting a benchmark for other industries. Conversely, the technology and financial sectors still has many companies that fail to disclose any emissions. Europe100 shows a mixed picture, with leaders in the automotive sector providing complete disclosures, while large companies in the financial sector do no report Scope 1-3 emissions.

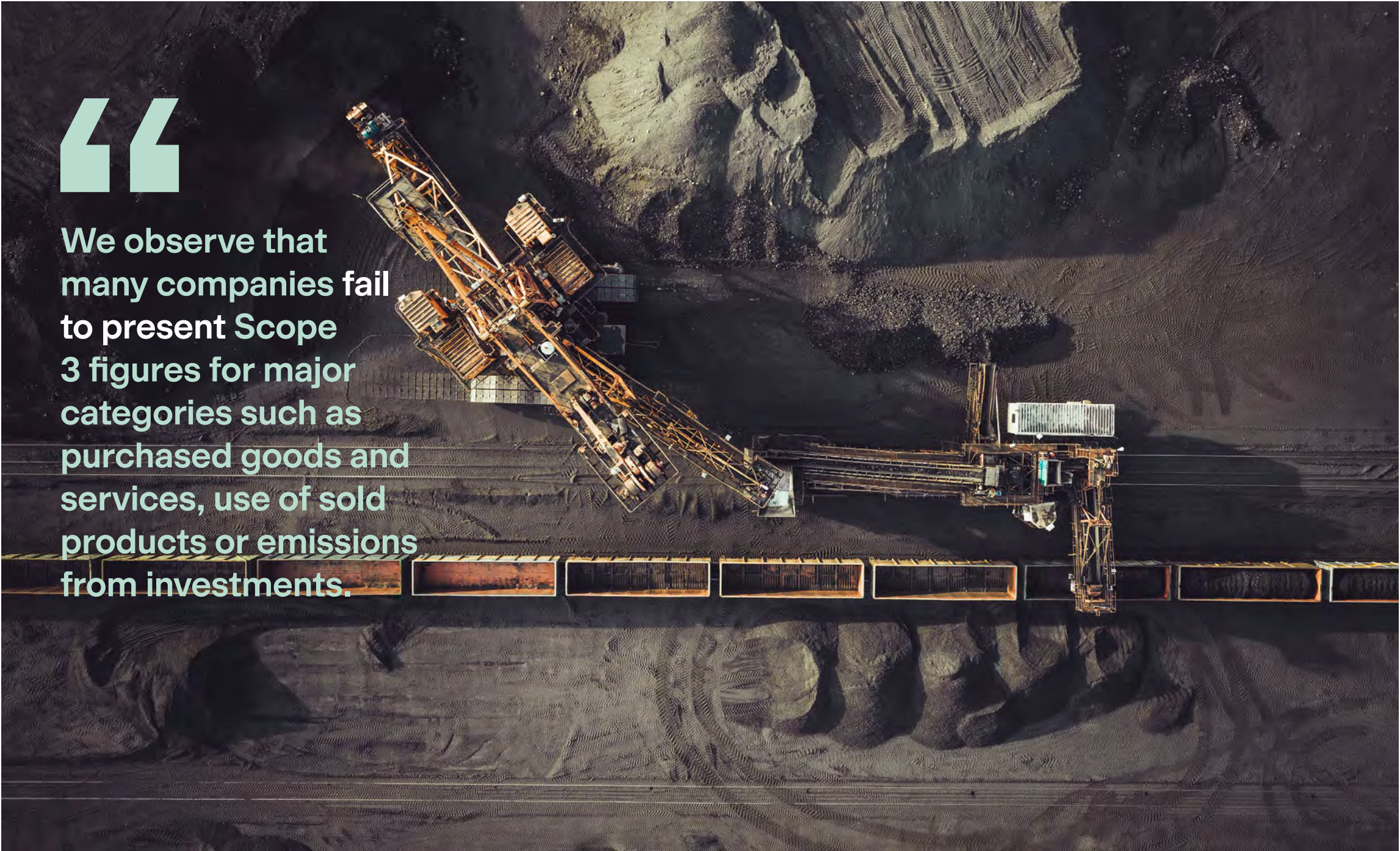


The emissions reporting results underscore a clear trend: sectors with high public and regulatory scrutiny, such as transportation and energy, tend to report more comprehensively on emissions. Conversely, industries with less direct consumer interaction, like industrial goods, often lag. Notably, financial services exhibit varied reporting practices. This underscores the influence of sector-specific pressures and regulatory environments on emissions reporting practices.

Challenges and Recommendations

Despite progress, significant challenges remain in achieving comprehensive emissions reporting. The complexity of tracking Scope 3 emissions, which encompass the entire value chain, presents a substantial hurdle. Additionally, discrepancies in reporting methodologies and a lack of standardisation hinders comparability and transparency. Smaller companies and those in less regulated industries often struggle with the resources and expertise required for detailed emissions reporting.

- 1. **Detailed Scope Reporting:**
Enhance the reporting of gross Scopes 1, 2, and 3 emissions, ensuring full disclosure of financial and operational control boundaries.
- 2. **Country and Segment Disaggregation:**
Disaggregate GHG emissions by country, operating segments, economic activity, and source type to provide clearer insights into emissions drivers.
- 3. **Scope 3 Inventory Inclusion:**
Include a comprehensive list of Scope 3 GHG emissions categories, ensuring transparency in indirect emissions reporting.
- 4. **Standardised Methodologies:**
Apply consistent methodologies, significant assumptions, and emissions factors for calculating GHG emissions, enhancing comparability and credibility.
- 5. **Stakeholder Engagement:**
Engage with stakeholders across the value chain to collect primary data for Scope 3 emissions, addressing gaps and improving accuracy.



“
We observe that many companies fail to present Scope 3 figures for major categories such as purchased goods and services, use of sold products or emissions from investments.”

Climate Change Mitigation

Decarbonisation Efforts Vary Widely

Climate change mitigation is crucial for companies to contribute to efforts to combat climate change. This section evaluates how ESG100 companies disclose their commitments and actions towards decarbonisation. The most striking finding is the distance between visions and concrete action: Almost all companies publicly commit to Net Zero and the Paris Agreement. In contrast only 7% in Scandinavia, and 32 % of the Europe100 companies disclose how much capital they have allocated for reaching their climate targets.

Commitment to Net Zero and Paris Agreement (ESRS E1-1)

Commitment to net zero by 2050 or aligning with the Paris Agreement is a significant step for companies. Our 2024 analysis reveals that 81% of Norway100, 58% of Denmark100, 77% of Sweden100, and 96% of Europe100 companies have made such commitments. These commitments are foundational, but real progress demands detailed strategies and action plans to back them up.

Transition Plans for Climate Change (ESRS E1-1)

The presence of a climate change transition plan for the implementation of climate goals. However, our analysis reveals significant gaps in this area. Among the ESG100 companies, 43% of Norway100, 36% of Sweden100, 30% of Denmark100, and 83% of Europe100 disclose having such plans. The significant gap between commitment and planning indicates a need for more robust frameworks and governance structures.

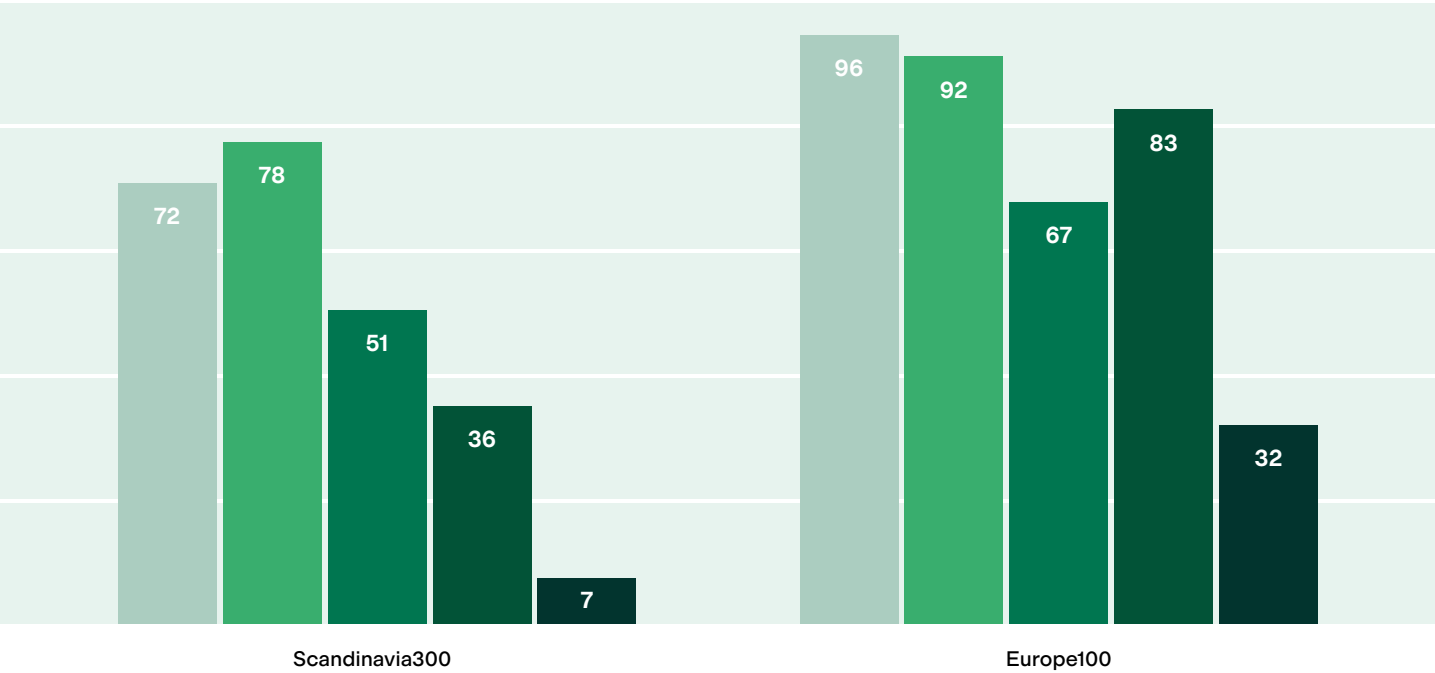
Capital Allocation for Decarbonisation (ESRS E1-3)

A critical component of implementing a climate change transition plan is the allocation of capital towards decarbonisation projects. Our findings reveal that disclosure on this aspect remains disappointingly low across the companies analysed. Specifically, only 10% of Norway100, 4% of Denmark100, 6% of Sweden100, and 32% of Europe100 companies explicitly disclose the amount of capital they have allocated towards decarbonisation. However, considering the broader context of EU Taxonomy-aligned investments provides additional insight. The EU Taxonomy requires companies to report their alignment of both revenue and capital expenditures (CapEx) with sustainable activities. Given this overlap in reporting requirements, we included taxonomy-aligned CapEx as capital allocation towards decarbonisation. When including companies that have disclosed taxonomyaligned CapEx, the disclosure rates improve significantly.

Setting Specific GHG Targets (ESRS E1-4)

The disclosure of specific GHG reduction targets is fundamental for tracking progress and accountability. Our analysis shows that 77% of Norway100, 69% of Denmark100, 89% of Sweden100, and 92% of Europe100 companies disclose specific GHG targets. The overall average is 82%, with a combined average for Norway, Denmark, and Sweden at 78%. Setting specific targets is crucial for driving action and measuring performance. These targets should be science-based, aligned with global climate goals, and regularly reviewed to ensure they remain ambitious and achievable.

Decarbonisation - disclosed visions vs reality



- Has the company committed to net zero by 2050 or to the Paris Agreement?
- Does the company disclose specific GHG targets?
- Has the company committed to a science-based target via the Science Based Target initiative (SBTi)?
- Does the company have a climate change transition plan?
- Does the company disclose how much capital it has committed to reducing emissions or decarbonisation projects to support the implementation of the transition plan?

Commitment to Science Based Targets (ESRS E1-4)

The Science Based Target initiative (SBTi) provides a framework for companies to set emissions reduction targets in line with climate science. Our findings indicate that 43% of companies of Norway100, 70% of Sweden100, 40% of Denmark100, and 67% of Europe100 companies have committed to SBTi. These figures reflect a significant step towards aligning corporate climate strategies with global climate goals. The SBTi has recently delisted many companies for not having updated their targets in line with the organisation's stricter, new requirements, making it unclear to what extent the preceding percentages include companies that do not satisfy the current, more rigorous SBTi requirements.

In Norway, **Scatec** in the energy sector exemplifies robust climate action. The company discloses SBTi-linked GHG targets, a commitment to the Paris Agreement, and a transition plan. However, like many firms, **Scatec** could improve transparency around its financial allocations towards decarbonisation efforts to support its transition plan. **Tomra Systems**, known for its recycling solutions, has demonstrated leadership by setting SBTi-linked GHG targets and making commitments to emission reduction, but has not released a detailed transition plan towards decarbonisation nor a clear investment plan.

In Sweden, **ABB** in technology and **SKF** in industrials have made commitments, set a transition plan, and established SBTi-linked GHG targets, but needs to improve its capital allocation transparency for these goals.

In Denmark, we find similar examples, where i.e. **Carlsberg** in consumer goods and **ISS** in the industrials segment have disclosed SBTi-linked GHG targets, but lack sufficient transparency on the capital allocation and corresponding plans to achieve low-carbon operations.

In the broader European context, **Enel** from Italy stands out within the utilities sector. **Enel** is one of the few companies that disclose across all five key areas: specific GHG targets, a commitment to the Paris Agreement, a transition plan, capital allocation towards decarbonisation, and adherence to the SBTi.



Challenges and Recommendations

Our analysis highlights several challenges in climate change mitigation efforts, particularly in the areas of transition planning and capital allocation. To address these gaps, companies should:

- 1. Enhance Capital Allocation Transparency (ESRS E1-4)**
Companies should clearly disclose how capital expenditures (CapEx) and operational expenditures (OpEx) are allocated to their decarbonisation initiatives. This includes detailed explanations of the financial resources dedicated to achieving GHG emission reductions, ensuring stakeholders can track and validate these investments against climate goals.
- 2. Commit to Science-Based Targets (ESRS E1-1)**
Organisations must commit to setting science-based targets that are compatible with limiting global warming to 1.5 degrees Celsius. This requires rigorous assessment and validation to ensure targets are aligned with the latest climate science, thereby enhancing credibility and accountability in climate action plans.
- 3. Detailed Reporting on Emissions Reductions (ESRS E1-3)**
Companies should provide comprehensive reports on GHG emission reductions, including absolute values, percentage reductions from the baseline year, and intensity values across Scopes 1, 2, and 3 – with distinct a disclosure on each scope. This ensures comparability and facilitates tracking of emission reductions over time.

- 4. Link Financial Statements to Climate Actions (ESRS E1-4)**
Ensure that significant CapEx and OpEx related to climate actions are directly linked to key performance indicators (KPIs) in financial statements. This alignment provides a clear view of how financial resources are supporting climate goals and enhances the ability of investors and stakeholders to evaluate the financial impacts and sustainability of these actions.
- 5. Utilise Diverse Climate Scenarios (ESRS E1-1)**
Incorporate a diverse range of climate scenarios to anticipate and adapt to environmental, societal, technological, market, and policy-related developments. This strategic approach helps in identifying and implementing effective decarbonisation levers, ensuring that climate action plans are robust and resilient to various future conditions.

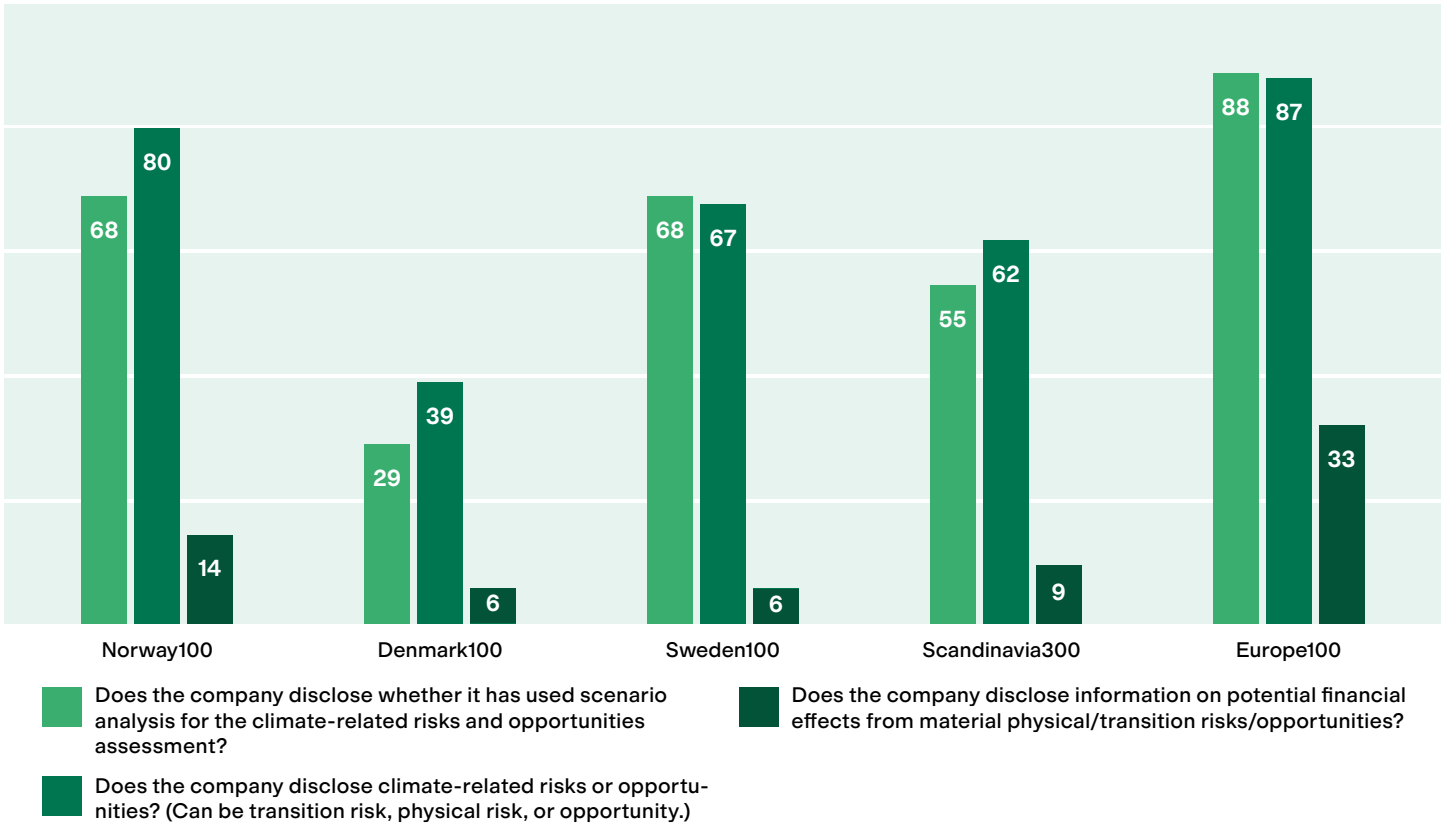
Climate Change Adaptation

Greater Preparation for Future Uncertainty

Climate change adaptation is essential for companies to ensure resilience against the physical and transitional risks posed by climate change. This section evaluates how well ESG100 companies are preparing for these risks by examining their scenario analysis usage, disclosure of climate-related risks and opportunities, and the financial implications of these risks.

Scenario Analysis for Climate Risks and Opportunities (ESRS E1-IRO-1)

Scenario analysis is a critical tool for assessing climate-related risks and opportunities. It helps companies understand potential future climate conditions and their impacts on business operations. Our 2024 ESG100 analysis shows that 68% of Norway100 companies, 29% of Denmark100 companies, and 68% of Sweden100 companies report using scenario analysis. These figures indicate a significant increase from the previous year. Europe100 companies lead the 2024 results with an 88% adoption rate.



Disclosure of Climate-Related Risks and Opportunities (ESRS E1-SBM-3)

Disclosing climate-related risks and opportunities is essential for stakeholders to understand a company's exposure to and management of these risks. Our findings reveal that 80% of Norway100 companies, 39% of Denmark100 companies, and 67% of Sweden100 companies disclose climate-related risks or opportunities. Europe 100 companies again lead with an 87% disclosure rate. These disclosures typically include transition risks, such as regulatory changes and market shifts, and physical risks, like extreme weather events.

Financial Impact of Climate Risks (ESRS E1-SBM-3)

Disclosing the potential financial effects of material physical and transition risks is crucial for investors to assess the financial resilience of a company. However, this remains an area with significant gaps. Only 14% of Norway100 companies, 6% of Denmark100 companies, and 6% of Sweden100 companies provide quantitative data on monetary values at risk or a qualitative indication of the size of financial impacts related to climate risks. Europe 100 companies are ahead with a 33% disclosure rate. These low rates highlight the challenges companies face in quantifying and reporting the financial implications of climate risks.

Norway

The Norway100 dataset highlights a broad trend among Norwegian companies of varying sizes and sectors in addressing climate-related risks and opportunities, though the extent and depth of disclosure vary significantly. Across the board, many companies are proactive in conducting scenario analyses to assess climate risks, as evidenced by firms such as **Aker Carbon Capture** and **SpareBank 1 Østlandet**, which demonstrate a clear commitment to understanding potential future impacts. However, there remains a notable gap in translating

these assessments into detailed financial disclosures, particularly among smaller and mid-sized companies.

This variation is particularly pronounced in sectors such as technology and consumer goods, where several smaller companies exhibit strong efforts in identifying climate-related risks but fall short in quantifying the financial implications. Meanwhile, in sectors like financial services and basic materials, there is a mixed approach, with some companies like **REC Silicon** and **Pareto Bank** offering robust disclosures, while others focus less on the financial impact, highlighting an inconsistency that spans across different market segments.

Denmark

The Denmark100 reveals significant disparities in how Danish companies approach and disclose climate-related risks and opportunities. Companies such as **Novo Nordisk**, **Ørsted**, and **Vestas Wind Systems** have shown strong leadership by conducting scenario analysis to assess climate-related risks. These companies are proactive in recognising and planning for future climate impacts, however, their disclosures fall short when it comes to providing quantitative information on the financial effects of these risks, reflecting a broader trend across the dataset where companies acknowledge risks but often fail to quantify their potential financial implications.

On the other hand, several companies, particularly within the financial sector like **Nordea Bank** and **Danske Bank**, demonstrate a more fragmented approach. While some, like Nordea, disclose the existence of climate-related risks and opportunities, they do not consistently provide scenario analysis or detailed financial disclosures about these risks. This is not universal in the Danish financial sector, however. **Tryg** is one of the very few Denmark100 companies which has comprehensively disclosed its use of scenario analysis, identified physical and transitional climate risks, and provided some information on the potential financial effects of these risks.

This inconsistency suggests that while there is awareness of climate issues among Danish companies, the integration of these risks into financial planning and transparent reporting is still lacking in many cases. The reluctance or inability to disclose potential financial impacts hampers stakeholders' ability to fully assess the material risks these companies might face in the context of a transitioning economy.

Sweden

The Sweden100 dataset reveals a similarly concerning trend among the largest Swedish companies regarding their climate risk disclosures, particularly a lack of comprehensive financial impact assessments. Many companies, such as AstraZeneca and Volvo Group, disclose the use of scenario analysis and identify climate-related risks and opportunities, yet they do not provide easily accessible quantification of the potential financial effects of these risks. This suggests that while companies acknowledge the importance of climate risks, there is hesitancy or difficulty in translating these risks into concrete financial terms, which could be due to the complexities involved in such assessments or a reluctance to disclose potentially negative financial impacts.

Out of the companies analysed, AAK, Avanza Bank, Wihlborgs Fastigheter, and Electrolux are among the few that disclosed all three elements: the use of scenario analysis, the identification of climate-related risks and opportunities, and, crucially, the potential financial effects of these risks. This sets them apart, showcasing a robust integration of climate risk into their financial planning.

Europe

The Europe100 dataset provides insight into how major European companies across various sectors address climate risk in their financial reporting. Notably, companies like Hermes (France), Allianz SE (Germany), and Sanofi (France) consistently disclose information across all three areas: scenario analysis, climate-related risks or opportunities, and the potential financial effects of these risks.

However, the dataset also highlights several companies, particularly in industries facing significant climate-related risks, that do not disclose the financial impacts of these risks. For example, companies in the automotive sector, such as Volkswagen (Germany) and Ferrari (Italy), disclose scenario analysis and climate-related risks but do not provide detailed information on the financial effects. A similar approach is taken in the energy sector by companies like TotalEnergies (France) and Equinor (Norway). Shell (UK) is a notable exception and discloses all three indicators. This suggests that while many multinationals acknowledge the importance of climate risk, they may be less transparent or less prepared to quantify its financial implications in their reporting.

Challenges and Best Practices

Our analysis reveals several challenges, particularly in the areas of scenario analysis and financial impact disclosures. To address these gaps and align with the ESRS, companies should:

- 1. **Conduct Comprehensive Climate Risk Assessments:** Companies should thoroughly describe their processes to identify and assess climate-related impacts, risks, and opportunities, as required by ESRS E1-IRO-1. This includes detailing the methodologies, assumptions, and tools used in these assessments, and ensuring they encompass both physical and transition risks. Proper disclosure of these processes ensures transparency and provides a clear understanding of the company's climate resilience.
- 2. **Develop and Implement Robust Climate Adaptation Policies:** In accordance with ESRS E1-2, companies need to develop and disclose comprehensive policies for managing material climate-related impacts, risks, and opportunities. These policies should include actions for enhancing resilience to climate-related risks, such as extreme weather events and long-term climate shifts. Additionally, companies should allocate appropriate resources for the implementation of these adaptation measures, ensuring that policies are actionable and effective.

- 3. **Set and Report on Climate Adaptation Targets:** To meet the requirements of ESRS E1-4, companies should set clear, measurable targets for climate change adaptation. These targets should address both short-term and long-term climate risks and opportunities and be informed by scenario analysis. Transparent reporting on these targets, including the anticipated financial effects of material physical and transition risks (ESRS E1-9), helps stakeholders understand the company's commitments and progress. This ensures that adaptation measures are not only compliant but also impactful.



The reluctance to disclose potential financial impacts hampers stakeholders' ability to assess the material risks companies might face in the context of a transitioning economy.

Biodiversity

Increasing Focus but Substantial Gaps Remain

Biodiversity and nature-related impacts have become critical components of ESG reporting as companies recognise their role in preserving ecosystems and addressing environmental challenges. This section evaluates how well ESG100 companies report their biodiversity commitments, the use of science-based targets for nature, and their engagement with frameworks like the Taskforce on Nature-related Financial Disclosures (TNFD). Our analysis aims to highlight the progress made and identify areas for improvement, helping companies align with **ESRS E4** requirements and contribute to global biodiversity goals.

Corporate Commitments to Biodiversity (ESRS E4-2)

A strong commitment to biodiversity starts with a clear policy or statement of intent. Our analysis indicates that 70% of Norway100 companies, 31% of Denmark100, 42% of Sweden100, and 72% of Europe100 companies report on their policies or commitments regarding nature-related impacts or biodiversity. These figures show a modest improvement from last year's numbers for Norway, Sweden, and Denmark collectively, reflecting a growing recognition of the importance of biodiversity in corporate sustainability strategies. Despite these improvements in Scandinavia, the data reveals a substantial disparity among them, with Danish companies lagging significantly behind their Norwegian and Swedish peers.

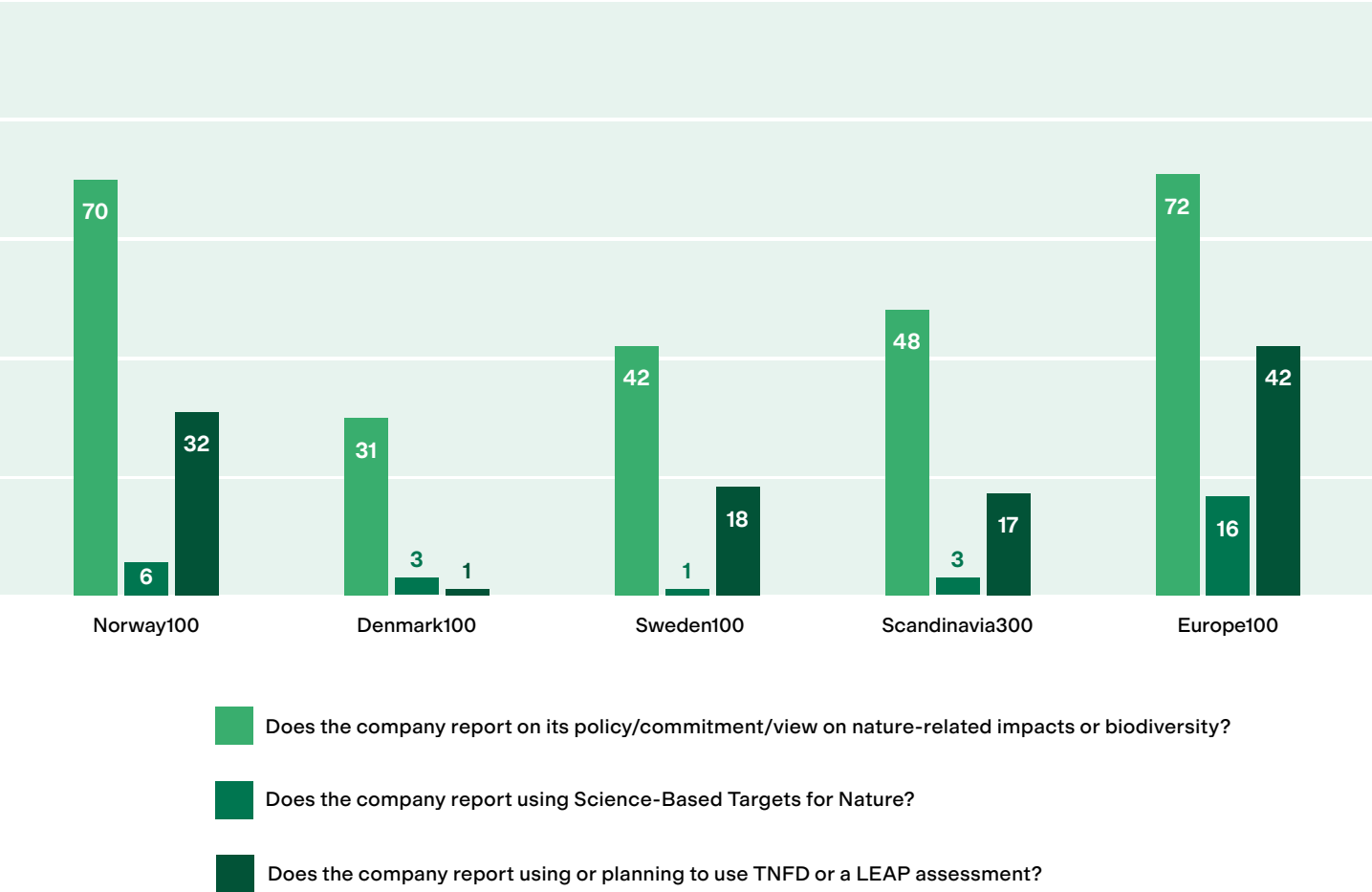
Adoption of Science-Based Targets for Nature (ESRS E4-4)

Setting science-based targets for nature is a critical step towards effective biodiversity management. However, our findings reveal that only 6% of Norway100 companies, 3% of Denmark100, 1% of Sweden100, and 16% of Europe100 companies report using science-based targets for nature. These low adoption rates highlight a significant gap in the integration of rigorous, science-based approaches to biodiversity management.

It is important to note that while these adoption rates are currently low, the SBTN framework has only recently been established. This could explain the slow uptake as companies may need more time to integrate these targets into their sustainability strategies.

Utilisation of TNFD or LEAP Assessments (ESRS E4-IRO-1)

ESRS provides few hard metrics related to biodiversity and ecosystem impacts. Frameworks like the TNFD and LEAP assessments provide structured approaches for companies to assess and manage their impacts on nature, which we selected as proxies for these topics. According to our 2024 analysis, 32% of the Norway100, 1% of Denmark100, 18% of Sweden100, and 42% of Europe100 companies report using or planning to use TNFD or LEAP assessments. These figures indicate a growing, albeit uneven, adoption of these frameworks.



Norway

In Norway, the financial sector exhibits strong nature-related reporting practices, with companies like **Storebrand** and **Aker** consistently disclosing their policies and commitments. The consumer goods sector also demonstrates high transparency, with firms such as **Orkla** and **Bakkafrost** meeting all disclosure requirements. However, many Norwegian companies still lack disclosures across all criteria.

The energy sector presents a mixed picture. **Equinor** and **Aker BP** show varied reporting, with positive disclosures on certain criteria but gaps in others. In contrast, most of the smaller energy companies do not disclose any information on their nature-related policies or commitments.

The industrial sector follows a similar trend, with companies like **Kongsberg** and **Veidekke** leading in comprehensive reporting, while smaller industrial firms show no disclosures.

Denmark

The Danish market displays a mixed approach to nature-related impacts and biodiversity reporting, especially within the Healthcare and Financial sectors. For instance, some of the major healthcare companies do not report on their policy, regarding nature-related impacts or biodiversity.

Moreover, firms like **Vestas Wind Systems** in the energy sector highlight partial compliance, with reports on their policy for nature-related impacts but does not provide information on more structured approaches like SBTN and LEAP assessments. The data points to an overall hesitancy in Danish companies across various sectors to fully integrate and commit to comprehensive nature-related financial disclosures and biodiversity targets, despite some positive policy acknowledgments.

Sweden

In Sweden, the adoption of frameworks like TNFD and LEAP assessments remains varied, with a notable portion of Sweden100 companies yet to fully engage in structured approaches to manage nature-related impacts. **Catena** shows a more positive stance, reporting both their policy and plans to use TNFD/LEAP assessments.

The industrial sector also presents mixed results. **Volvo Group** reports on its nature-related policies and TNFD/LEAP assessments but does not state adherence to SBTN. Companies like **Alleima** and **Autoliv** report on their naturerelated policies and plan to use TNFD/LEAP, showing a commitment to improving their environmental reporting frameworks.

In the financial sector, companies like **Swedbank** and **SEB** consistently disclose their nature-related policies and show compliance with TNFD/LEAP assessments. **Nordea Bank**, while reporting on its policies, does not clearly incorporate SBTN or TNFD/LEAP assessments, highlighting a potential gap in its comprehensive environmental strategies. This pattern of partial compliance suggests a growing but uneven engagement with nature-related financial disclosures across the Swedish market.

Europe

The Europe100 companies reveal a varied landscape of commitment to biodiversity and nature-related impacts across different industries and countries. Companies such as **Hermès** in France, **Iberdrola** in Spain, and **ING Groep** in the Netherlands exemplify leadership by reporting on biodiversity policies and adopting frameworks like SBTN and TNFD. Their proactive stance sets a high standard, showcasing how integrating environmental responsibility can be aligned with corporate strategies and stakeholder expectations.

However, significant gaps remain, especially among industrial heavyweights and certain sectors. Companies like **Safran** and **EssilorLuxottica** in France, and **Mercedes-Benz** in Germany, often acknowledge biodiversity impacts but fall short in adopting comprehensive frameworks such as SBTN and TNFD. This highlights a critical need for these sectors to enhance their environmental strategies and transparency, particularly as regulatory pressures and stakeholder demands for sustainability increase.

In sum, while there are commendable efforts among some Europe100 companies, the overall picture is one of inconsistency. The disparity in reporting and adherence to environmental frameworks underscores both the challenges and opportunities in advancing corporate environmental responsibility across Europe. For the continent's leading companies, the next steps involve bridging these gaps, fostering cross-sectoral learning, and promoting a unified approach to biodiversity and nature-related impacts to ensure long-term sustainability and resilience.

Challenges and Recommendations

While there is evident progress in the disclosure of biodiversity policies and the use of assessment frameworks, significant challenges remain. The low adoption of science-based targets for nature and the uneven implementation of TNFD or LEAP assessments suggest that many companies are still in the early stages of integrating biodiversity into their sustainability strategies.

To address these challenges, companies should:

- 1. **Conduct Comprehensive Biodiversity Assessments:** Companies should screen their assets and activities to identify actual and potential impacts, risks, and opportunities related to biodiversity and ecosystems, as required by **ESRS E4-IRO-1**. This includes assessing impacts and dependencies on biodiversity and

ecosystems, as well as nature-related risks to the company. Properly disclosing the methodologies, assumptions, and tools used in these assessments ensures transparency and provides a clear understanding of the company's biodiversity footprint.

- 2. **Develop and Implement Robust Biodiversity Policies:** In accordance with **ESRS E4-2**, companies need to develop and disclose comprehensive biodiversity policies. These policies should address the sustainable sourcing of raw materials, the application of the mitigation hierarchy to minimise negative impacts, and the enhancement of ecosystem services. Companies should also ensure that their policies support the traceability of products and raw materials, involve affected communities in consultations, and incorporate recognised standards and third-party certifications.
- 3. **Set and Report on Biodiversity Targets:** To meet therequirements of **ESRS E4-4**, companies should set clear, measurable targets related to biodiversity and ecosystems. These targets should be informed by relevant aspects of the EU Biodiversity Strategy for 2030 and aligned with identified ecological thresholds. Transparent reporting on these targets, including the geographical scope and the application of biodiversity offsets, helps stakeholders understand the company's commitments and progress, ensuring that policies are not only compliant but also impactful.

Circular Economy

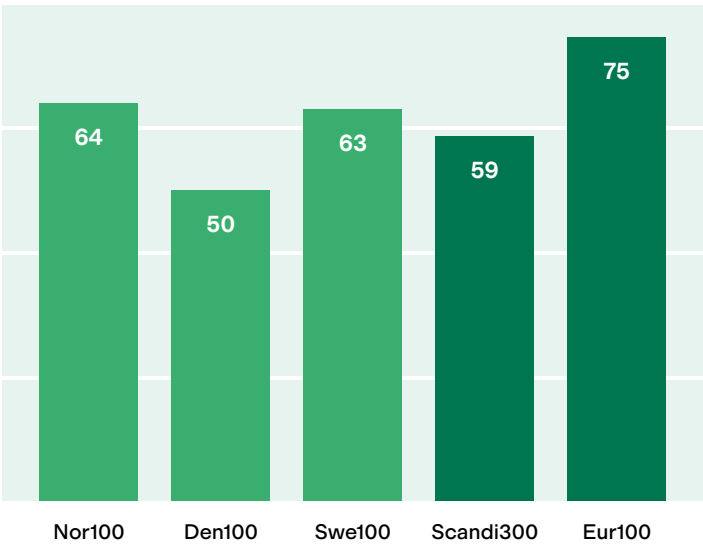
Growing Awareness and Commitment

The circular economy is an essential component of sustainable business practices, focusing on reducing waste, maximizing resource efficiency, and promoting the reuse and recycling of materials. This section reviews how ESG100 companies are adopting circular economy principles within their operations. By evaluating the disclosure of policies and actions related to resource use and circular economy, we identify both advancements and areas needing significant improvement. Despite the increasing visibility of these practices, the ESRS framework currently lacks rigorous quantitative data requirements, often leading to reports that, while compliant, may not fully address the substantial impacts needed for true sustainability.

Disclosure of Circular Economy Policies (ESRS E5-1)

Our analysis reveals that 64% of companies in the Norway100 and 63% in the Sweden100 disclose policies related to resource use and circular economy. In the Denmark100, the rate is slightly lower at 50%, while Europe100 leads with a 75% disclosure rate. These figures indicate a growing recognition of the importance of circular economy practices, although there is still considerable room for improvement. Many companies highlight initiatives such as recycling office materials, which, while positive, often represent low-impact actions rather than the comprehensive strategies needed to drive meaningful environmental change.

Does the company describe policies related to resource use?



Norway

Norway100 companies showcase a diverse range of commitments to circular economy practices, with notable players such as **Equinor** in the energy sector, **DNB Bank** in financials, and **Telenor** in telecommunications establishing policies and/or actions focused on resource use and sustainability. Conversely, significant gaps exist, particularly among some industrial heavyweights and other sectors. This inconsistency underscores the need for these sectors to enhance their circular economy strategies as regulatory pressures and stakeholder demands for sustainable practices continue to grow.

Denmark

In Denmark, companies exhibit varied approaches to circular economy practices, reflecting differences in industry focus and company size. Leaders such as **Novo Nordisk** in health-care and **DSV** in logistics have disclosed policies on resource use and circular economy or reported related actions. Despite these positive examples, several sectors show significant gaps in their adoption of circular economy practices. Some of the larger financial sector players have yet to fully embrace or disclose comprehensive circular economy strategies.

Similarly, some technology firms and smaller companies lag in implementing circular business models. This disparity highlights the need for broader industry engagement and more stringent regulatory frameworks to drive consistent adoption of sustainable practices.

Sweden

Among the Sweden100 companies, a considerable number have made disclosures related to circular economy practices. Sectors such as Industrials and Consumer Goods lead the way, with companies like **Atlas Copco** and **Hennes & Mauritz (H&M)** proactively disclosing their policies or actions. High market cap companies in resource-intensive sectors, such as **Volvo Group** and **AstraZeneca**, also notably show strong disclosure practices. However, notable gaps also remain, especially within the financials and real estate sectors.

Europe

The Europe100 dataset reveals a growing commitment among major European companies towards resource use and circular economy. High-profile firms across various industries have disclosed their policies or actions on these topics. Leading examples include **Hermes** (France) and **LVMH** (France) in the consumer goods sector, and **ENI** (Italy) and **TotalEnergies** (France) in energy. Despite operating in resource-intensive industries, these companies have signalled a commitment to integrating circular economy principles. However, gaps persist, particularly within financial Services and insurance. Companies such as **Deutsche Boerse** (Germany) and **Zurich Insurance Group** (Switzerland), as well as major banks like **HSBC** (UK), seem to lag in their disclosure practices. This highlights the need for these sectors to enhance their circular economy reporting to align with broader trends.

Challenges & Recommendations

While the increasing disclosure of circular economy policies is encouraging, the effectiveness of these policies in driving tangible outcomes varies. Companies that excel in this area provide detailed action plans and measurable targets, setting

benchmarks for others to follow. Conversely, many companies still lack comprehensive strategies, highlighting the need for more robust policy implementation and transparency. Furthermore, the ESRS framework does not currently mandate extensive quantitative data for circular economy practices, which may result in compliant but superficial reporting that fails to capture the full impact of these initiatives (or lack thereof). Key recommendations include:

- 1. Conduct Comprehensive Screening and Consultations:**
To align with **ESRS E5-1**, companies should screen their assets and activities to identify actual and potential impacts, risks, and opportunities in their operations and value chains. This includes conducting consultations with stakeholders on resource use and circular economy practices. Proper methodologies, assumptions, and tools should be disclosed to ensure transparency and effectiveness.
- 2. Transition to Sustainable Resource Use:**
Companies need to develop policies that address the transition away from virgin resources towards sustainable sourcing and the use of secondary (recycled) resources, as mandated by **ESRS E5-1**. This includes prioritising strategies that prevent waste generation and optimise waste management. By doing so, companies can enhance resource efficiency and contribute to a more sustainable circular economy.
- 3. Set and Report on Clear Targets:**
In accordance with **ESRS E5-3**, companies should set clear, measurable targets related to resource use, circular design, and waste management. These targets should be linked to specific layers of the waste hierarchy and ecological thresholds. Transparent reporting on these targets helps stakeholders understand the company's commitments and progress, ensuring that policies are not only compliant but also impactful.

EU Taxonomy

Compliance and Reporting

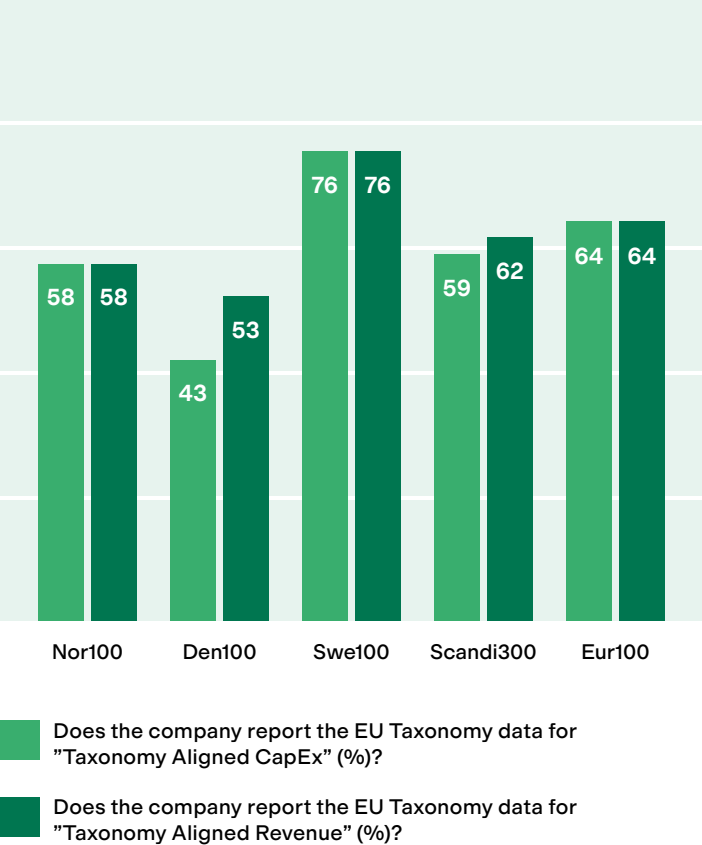
The EU Taxonomy is a classification system designed to provide clarity on which economic activities can be considered environmentally sustainable. It aims to guide companies and investors towards green investments, promoting transparency and accountability. This section evaluates how well companies are complying with the EU Taxonomy requirements, specifically in reporting Taxonomy-aligned revenue and capital expenditures (CapEx). These disclosures were incorporated into the ESRS under E1-3.

Disclosure of Taxonomy-Aligned Revenue and CapEx (ESRS E1-3)

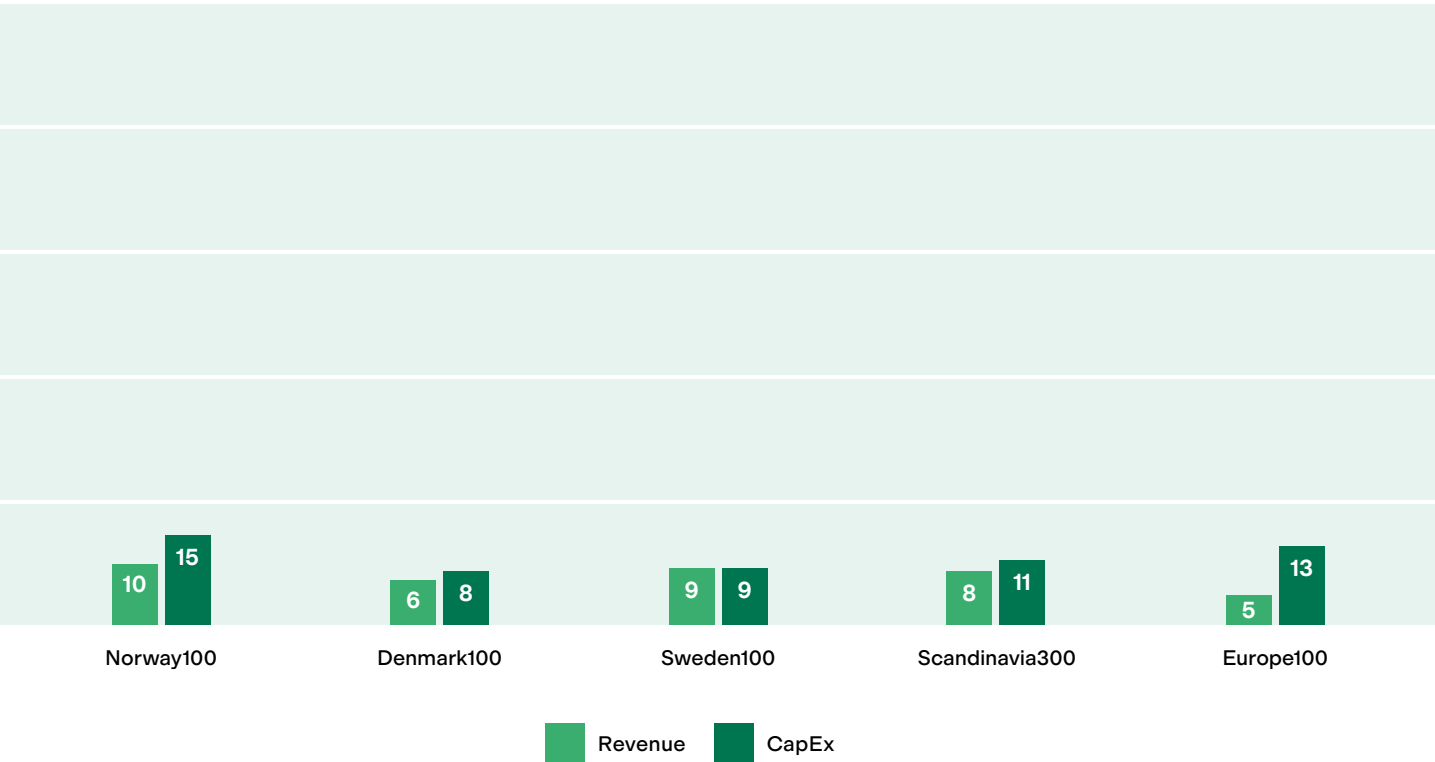
Our findings indicate that reporting on taxonomy-aligned revenue and CapEx varies between countries, for Norway the figure is 58% for both, for Sweden 76% for both, whereas 53% of the Danish companies report on revenue and 43% on CapEx. For Europe100, the figure is 64% for both CapEx and revenue. These figures show a moderate improvement from last year's report.

In general, about 40% of companies in the dataset are not disclosing this alignment, as it is not mandatory until next year. These companies face significant work in 2024 to collect these data.

Reporting on alignment



Taxonomy alignment - green transition





Great disclosures, limited green traction

The CSRD forces companies to disclose how much of their revenue and investments can be classified as “green” according to the taxonomy. As shown above, a large majority of companies disclose this information, but what do the actual numbers tell us about the green ratio of the largest companies across Europe?

The figures paint a disheartening picture of the state of sustainability: Looking at the 100 largest companies in Europe, only 5% of their revenue is classified as green, and 8% in Scandinavia. Their investment priorities do not signal significant changes in the near future: 87% of investment budgets in Europe, and 89% in Scandinavia, go towards investments that are not classified as green (taxonomy aligned CapEx).

The picture within Scandinavia is slightly more nuanced. Norwegian companies, usually associated with emission-intensive industries like oil, gas and shipping, have almost twice as high green ratios compared to their Danish counterparts for both green revenue and CapEx.

However, deep dives into the data reveal varying use of accounting principles and lack of completeness, and we have therefore selected not to mention individual companies in this section. The mandatory assurance of these data through CSRD will hopefully improve the reliability of reported numbers.

The overall picture is nevertheless the same: A large-scale green transition in the near future seems unlikely.



The figures paint a
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04. Social

Social Responsibility in Corporate Practices

Introduction

The Social chapter focuses on evaluating the diversity and human rights practices of ESG100 companies. This section assesses the readiness of these companies for the ESRS requirements, highlighting progress, best practices, and areas needing improvement in social sustainability.

At A Glance

Diversity

Board Diversity:

89% of Scandinavia300 companies report the share of female directors on their boards, slightly below the 94% reported by Europe100. Improvement is particularly needed in the Norway100, which lags at 84%.

Management Diversity:

87% of Scandinavia300 companies report the share of women in managerial positions, compared to 97% in Europe100.

Human Rights

Due Diligence:

48% of Scandinavia300 companies disclose information on human rights due diligence, reflecting incremental improvement in transparency, with the Norway100 leading at 82%. However, a significant number of companies still need to enhance their due diligence practices, especially when compared to the 69% disclosure rate in the Europe100.

Salient Issues:

Only 27% of Scandinavia300 companies describe identified human rights issues in their operations and value chains, compared to 54% in Europe100. This highlights a continued need for more comprehensive and detailed disclosures in Scandinavia.

Diversity Reporting

Improving Across Regions

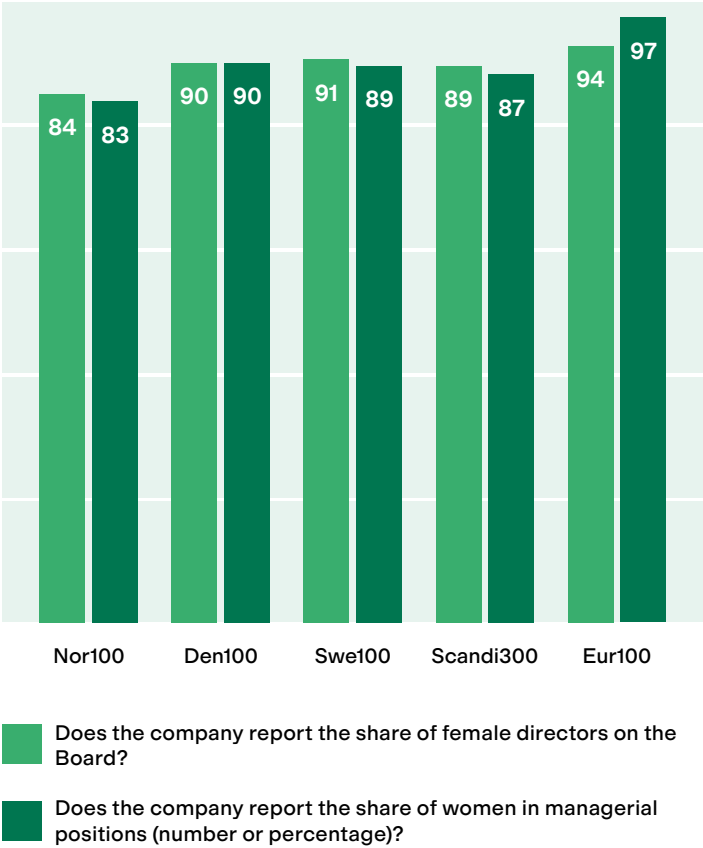
Diversity within corporate boards and management teams can foster innovation, enhance decision-making, and reflect the diverse nature of the global market. This section examines the extent to which companies disclose the share of female directors on their boards and the share of women in managerial positions, as required by [ESRS GOV-1](#) and [ESRS S1-9](#), respectively.

Board Diversity (ESRS GOV-1)

Board diversity is a key indicator of a company's commitment to inclusivity and valuation of varied perspectives in decisionmaking processes. Our 2024 analysis reveals that 84% of Norway100 companies, 90% of Denmark100, 91% of Sweden100, and 94% of Europe100 companies report the share of female directors on their boards.

Management Diversity (ESRS S1-9)

Management diversity is equally important as it reflects the inclusiveness of leadership teams and their ability to drive diverse perspectives within organisations. Our analysis shows that 83% of Norway100, 90% of Denmark100, 89% of Sweden100, and 97% of Europe100 companies report the share of women in managerial positions. These numbers indicate slight progress compared to last year for the Scandinavia300.



Norway

The Norway100 results highlight a strong commitment to reporting on the representation of women within Norwegian companies, particularly among larger and more established firms across various industries. Companies like **Equinor**, **DNB Bank**, and **Telenor** have set a high standard by consistently disclosing the share of female directors on their boards and the proportion of women in managerial positions. However, there are notable gaps, especially in consumer goods and industrials, where some companies fall short in their transparency on female board directors, despite reporting on women in managerial roles. This disparity indicates that while progress has been made, there is still work to be done to ensure comprehensive reporting on the representation of women across all levels of corporate leadership.

Denmark

In comparison, the Denmark100 results reveal a similarly strong commitment to reporting on the representation of women, with major companies like **Novo Nordisk**, **Nordea Bank**, and **DSV** demonstrating thorough disclosure practices. These companies not only report the share of female directors but also provide transparency about the representation of women in senior management positions. The Danish market shows a consistent pattern of transparency across industries. However, there are still some companies, particularly in smaller market cap segments or niche industries, that lag in their reporting, similar to the patterns observed in Norway. This suggests a need for continuous efforts to push for uniformity in reporting across all market segments.



This uneven progress underscores the need for more stringent regulatory frameworks and cultural shifts to ensure that ‘gender equality’ is not just a corporate buzzword but is actively practiced through transparent reporting on the presence of women in leadership roles.

Sweden

The Sweden100 dataset reflects a robust commitment to reporting on the representation of women across Swedish companies. A significant majority of these organisations report on the share of female directors on their boards as well as the percentage of women in managerial positions. This trend is consistent across various industries, from industrial giants like **Volvo Group** and **Atlas Copco** to financial institutions like **SEB** and **Swedbank**. The consistency in reporting suggests a mature approach to corporate governance, where transparency in the representation of women is not just encouraged but has become a standard practice. Additionally, the presence of high-ranking companies such as **AstraZeneca** and **H&M** highlights Sweden’s leadership in gender disclosures.

Europe

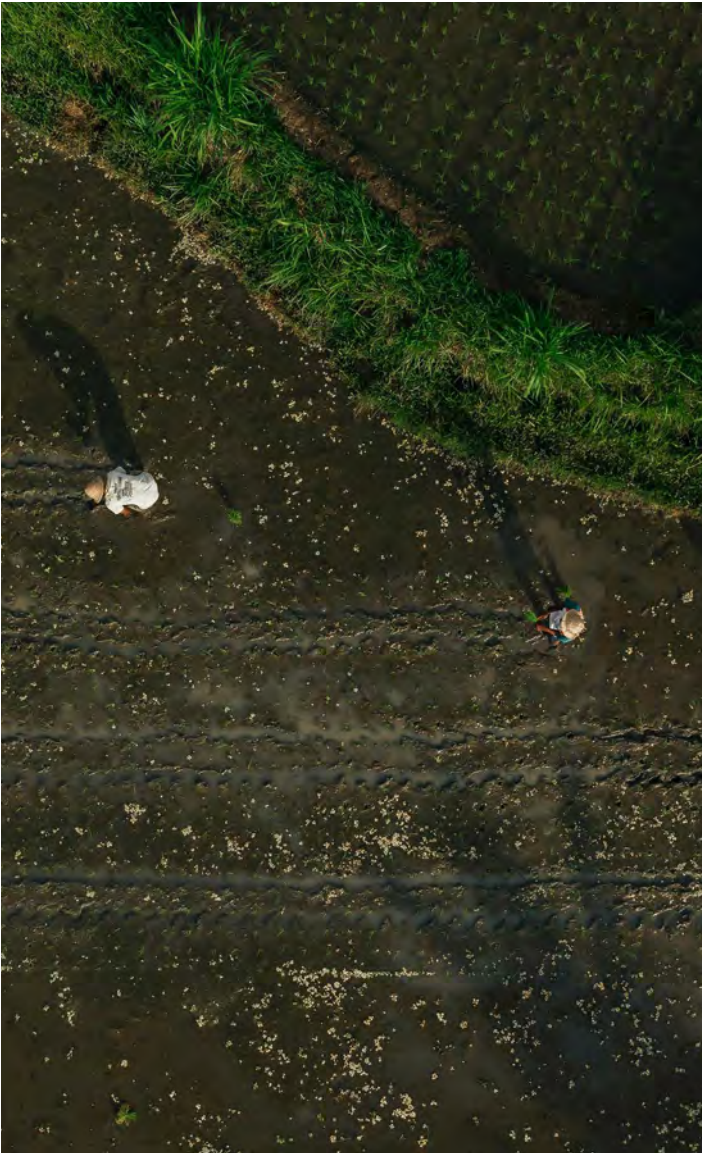
The Europe100 dataset highlights a generally strong commitment to reporting on the representation of women across leading European companies, with many reporting the share of female directors on their boards and women in managerial positions. However, there are notable outliers that lag in these metrics. For instance, luxury goods giant **LVMH** (France) does not state the share of female directors on its board, despite its substantial market influence. Similarly, the technology sector, exemplified by companies like **SAP** (Germany) and **STMicroelectronics** (Switzerland), also shows gaps, falling short in board diversity and management diversity reporting, respectively. Another concerning outlier is the German automotive industry, with companies like **BMW** and **Volkswagen** failing to report transparently on female board representation, which is surprising given their global prominence.

These omissions reflect ongoing challenges in industries traditionally dominated by men, indicating that while Europe has made significant strides, there remains much work to be done to achieve true equality in the representation of women across all sectors. This uneven progress underscores the need for more stringent regulatory frameworks and cultural shifts within these lagging industries to ensure that ‘gender equality’ is not just a corporate buzzword but is actively practiced and demonstrated through transparent reporting on the presence of women in leadership roles.

Challenges & Recommendations

While there has been considerable progress in diversity reporting, several challenges persist. Companies should focus on aligning their practices with ESRS compliance. Key recommendations include:

- 1. Alignment with ESRS Metrics:**
Companies should ensure their data collection practices are in line with the ESRS requirements, which include reporting on the distribution of board members and top management by female and male employees, age distribution, and geographical location.
- 2. Enhanced Transparency:**
Provide comprehensive disclosures on all ESRS-mandated metrics to enhance compliance and provide stakeholders with a detailed understanding of the company’s workforce composition.
- 3. Expand Definition of Diversity:**
The ESRS does not mandate reporting on other commonly protected characteristics such as race, disability, sexual orientation, or transsexuality. When available, companies may consider voluntarily disclosing additional metrics to demonstrate a broader commitment to diversity.



Human Rights

A Mixed Performance

Human rights are a fundamental aspect of corporate social responsibility, encompassing the protection of rights within the workforce, supply chains, and the broader community. This section focuses on the disclosure of human rights due diligence processes and the identification of salient human rights issues, providing insights into current practices and areas for improvement.

Disclosure of Human Rights Due Diligence (ESRS GOV-4)

Human rights due diligence is essential for identifying, preventing, and mitigating adverse human rights impacts. According to our 2024 analysis, 82% of Norway100 companies disclose information on their human rights due diligence or risk assessment processes. This high rate is likely influenced by Norway’s Transparency Act, which mandates that companies carry out human rights due diligence and report their findings. In contrast, only 27% of the Denmark100 disclose such information. Denmark does not currently have comprehensive legislation similar to Norway’s Transparency Act, which contributes to lower disclosure rates. The Swedish landscape is similar, with only 36% of Sweden100 companies providing disclosures, as Sweden also lacks extensive mandatory human rights due diligence legislation. However, there is increasing public and regulatory pressure in both countries for enhanced transparency. In the Europe100, 69% of companies disclose their human rights due diligence processes, influenced by various EU directives and the UK’s Modern Slavery Act encouraging such disclosures.

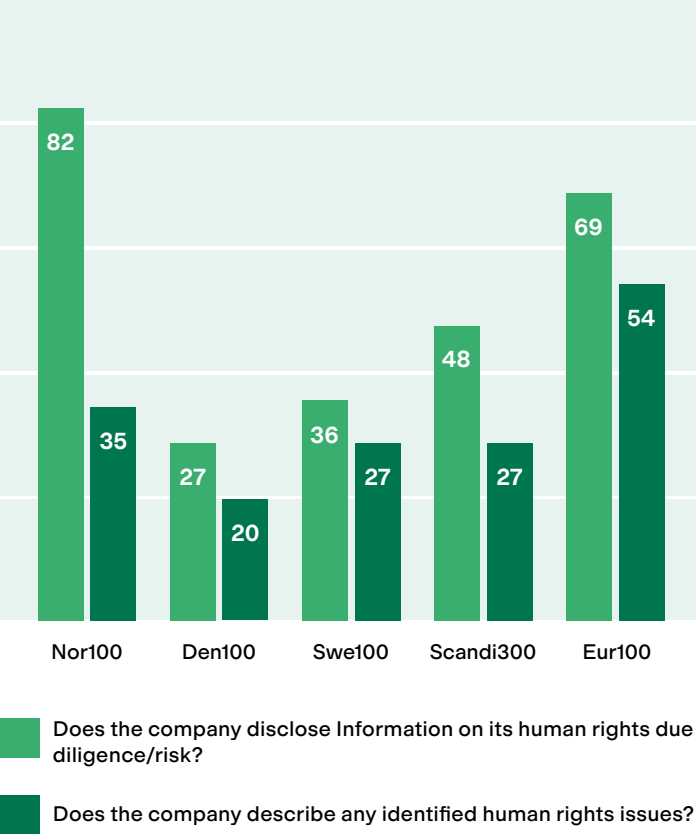
Disclosure of Identified Human Rights Issues (ESRS S1-5)

Identifying and reporting specific human rights issues is critical for transparency and accountability. Our findings reveal that only 35% of Norway100 companies describe identified human rights issues, with commonly reported concerns including forced labour in supply chains and workplace discrimination. Sweden100 follows closely with 27% of companies reporting identified issues, and in the Denmark100, a mere 20% of companies provide such disclosures. In contrast, 54% of Europe100 companies disclose specific human rights issues. Examples of human rights issues that should be reported include forced labour, child labour, discrimination, and unsafe working conditions. The relatively higher rates in the Europe 100 dataset suggests a stronger focus on human rights saliency at higher marketcap companies. However, there remains significant room for improvement across most organisations.

Norway

The Norway100 dataset reveals a generally positive trend in human rights disclosures among Norwegian companies, with the majority providing information on their due diligence and risk assessment processes. This indicates a broad acknowledgment across industries of the importance of human rights in corporate governance. However, there is a noticeable drop in the number of companies that go beyond this basic disclosure to describe specific human rights issues they have identified. This suggests that while companies are aware of the need for due diligence, many may be less transparent or less prepared to disclose detailed operational challenges, which could be critical for stakeholders assessing their overall ESG performance.

Industry-specific trends show that the energy and financial sectors are leading in disclosure practices. Large-cap companies such as **Equinor** and **DNB Bank** consistently report both on their human rights due diligence and identified issues,



setting a high standard for others. In contrast, the industrials and technology sectors present a more mixed picture. Companies like **Kongsberg Gruppen** and **Aker Solutions** provide comprehensive disclosures, while others, such as **Golden Ocean Group** and **Nordic Semiconductor**, have not disclosed specific human rights issues despite acknowledging due diligence processes.

Despite their significant market presence, several smaller energy companies have not disclosed any human rights information, raising concerns about their commitment to transparency. Human rights risks are often more pronounced in the energy sector, making these gaps particularly troubling.

On the other hand, companies like **Equinor** and **DNB Bank**, which are also market leaders, demonstrate a higher level of transparency and commitment to ESG principles. The divergence between these companies highlights the critical role of market cap and sector in shaping disclosure practices, with larger companies generally better positioned to meet these expectations.

Denmark

The Denmark100 dataset presents a complex picture of human rights disclosures among Danish companies. While there are notable examples of transparency, such as in the financial and energy sectors, a significant number of companies, particularly in the healthcare and industrial sectors, do not disclose adequate information regarding their human rights due diligence processes or identified issues. This variation in disclosure practices suggests that while some industries are more aligned with human rights expectations, others are lagging behind, potentially exposing themselves to increased scrutiny from investors and stakeholders.

One of the most striking observations is the performance of some of the healthcare giants. Despite their substantial market capitalisation and global presence, the companies have not disclosed information on their human rights due diligence processes. This lack of transparency is concerning given the sector’s exposure to human rights risks, particularly in supply chains and labour practices.

In contrast, the financial and energy sectors demonstrate stronger disclosure practices. Major companies such as **Nordea Bank** and **Vestas Wind Systems** are leading by example, providing comprehensive information on both due diligence processes and specific human rights issues. This consistency within the financial sector is aligned with global trends where financial institutions are increasingly expected to manage and report on human rights risks. The energy sector, represented by **Ørsted** and **Vestas**, also shows a

high level of transparency, which is critical given the sector’s impact on communities and the environment.

However, many companies across various sectors, including industrials and consumer goods, still show significant gaps in their human rights disclosures. These gaps highlight a broader issue where smaller or mid-sized companies may lack the resources or incentives to fully engage in transparent ESG reporting.

Sweden

The Sweden100 dataset reveals a varied landscape regarding human rights disclosures among some of Sweden’s largest companies. While certain companies demonstrate a strong commitment to transparency, particularly in disclosing human rights due diligence and issues, others lag significantly behind, with minimal or no disclosures on these critical social aspects. This divergence in disclosure practices across industries underscores a broader challenge in aligning with ESG standards, particularly in the social domain.

Sectors such as industrials and telecommunications show a stronger inclination toward transparency in human rights issues. Notable companies like Volvo Group, Atlas Copco, and Ericsson have disclosed both their human rights due diligence processes and identified human rights issues. This commitment to transparency is crucial in industries where supply chain complexities and global operations increase exposure to human rights risks. Such disclosures are likely reflective of a broader trend within these industries to adhere to international standards and mitigate reputational risks associated with human rights violations.

In contrast, several players in the real estate and financial sectors exhibit a concerning lack of disclosure, despite their significant market capitalisation. This absence of transparency could be indicative of either a lack of comprehensive human rights policies or a strategic choice to withhold such

information, potentially due to the absence of immediate regulatory pressures. However, this lack of disclosure might become increasingly untenable as stakeholder expectations and regulatory requirements evolve.

Healthcare companies present a mixed picture. While some of the industry giants fall short in disclosing their human rights practices, others like Vitrolife have been more transparent. Given the ethical considerations inherent in healthcare, particularly concerning patient rights and labour conditions in pharmaceutical supply chains, these disparities in transparency could pose significant risks. The inconsistency across the sector suggests a need for more robust frameworks and perhaps stronger regulatory guidance to ensure uniformity in how companies address and report on human rights issues.



While some disclose their due diligence processes, they often stop short of discussing specific human rights issues.

Europe

The Europe100 dataset provides a revealing glimpse into the commitment of major European corporations to human rights due diligence and transparency. Across various industries, there is a noticeable divergence in how companies approach the disclosure of their human rights practices. Notably, industries like consumer products and services and industrial goods and services exhibit a mix of both leaders and laggards in transparency. Companies such as Hermès (France), Kering (France), and Siemens (Germany) stand out for their comprehensive reporting on human rights due diligence and the identification of specific human rights issues, demonstrating a proactive stance in addressing potential risks within their supply chains and operations. In contrast, other major players like LVMH (France) and L’Oréal (France) in the same sector disclose minimal information, underscoring a lack of consistency even among industry giants.

This variation in disclosure practices suggests that while some companies recognise the importance of transparency in human rights due diligence, others are still grappling with the implementation or communication of these practices. The inconsistency is particularly concerning in industries where supply chain complexities and labour conditions are critical issues, such as in consumer goods and industrial manufacturing. For instance, companies like Airbus (France) not only disclose their due diligence processes but also detail specific human rights challenges, indicating a more mature approach to social responsibility.

While some disclose their due diligence processes, they often stop short of discussing specific human rights issues, which might indicate a gap between policy and practice, or challenges of communicating on these complex issues.

Challenges & Recommendations

Our analysis highlights several challenges in human rights due diligence and issue identification. To address these gaps, companies should:

- 1. Enhance Due Diligence Processes:**
Develop robust due diligence frameworks that cover all human rights risks, including those in supply chains. Regular assessments, stakeholder engagement, and transparent reporting are critical. This aligns with ESRS GOV-4 and helps mitigate legal and reputational risks.
- 2. Increase Transparency:**
Improving the transparency of human rights reporting is crucial. Companies should provide clear information on identified issues, such as cases of forced labour or discrimination, and the actions taken to mitigate them. This aligns with ESRS S1-5 requirements and builds stakeholder trust.
- 3. Adopt Best Practices:**
Companies should learn from industry leaders who have implemented comprehensive risk assessments, stakeholder consultations, and third-party audits to ensure the effectiveness of their human rights policies. Adopting these best practices can enhance compliance with ESRS standards and improve overall human rights performance.

04. Governance

Ensuring Ethical Conduct and Accountability

Introduction

The Governance section of this review looks into the reporting on key ESG issues related to supply chain management, corruption risk, and political engagement and assesses the readiness of ESG100 companies for the ESRS requirements related to these topics. Our analysis highlights progress, best practices, and areas needing improvement in corporate practices to promote transparency, accountability, and sustainable business operations.

At A Glance

Supplier Engagement

Sustainability Criteria:

70% of Scandinavia300 companies apply sustainability criteria when selecting suppliers or business partners, compared to 94% of Europe100. This reflects a strong emphasis on sustainable sourcing in Scandinavia, though broader adoption is needed to achieve wider impact.

Supplier Audits:

49% of Scandinavia300 companies conduct audits of their suppliers in terms of sustainability, significantly lagging behind Europe100 at 97%. This indicates a need for increased scrutiny of supply chains, particularly outside the Europe100.

Corruption Risk

Risk Exposure:

43% of Scandinavia300 companies provide details on where in their operations or value chain they are exposed to corruption risk, compared to 69% of Europe100. While there is growing awareness of corruption risks, many companies still need to develop comprehensive risk management frameworks.

Political Engagement

Lobbying Activities:

Only 39% of Scandinavia300 companies report on their political lobbying activities, compared to 54% in Europe100. This demonstrates a substantial need for improved transparency and accountability in political engagement across most companies.

Supplier Engagement

Growing Commitment to Sustainable Sourcing

Effective supplier engagement is essential for ensuring sustainability throughout the supply chain. Companies must apply sustainability criteria when selecting suppliers and conduct regular audits to ensure compliance with their standards. This section examines how companies disclose their practices related to supplier engagement, including the application of sustainability criteria and the auditing of suppliers.

Applying Sustainability Criteria in Supplier Selection

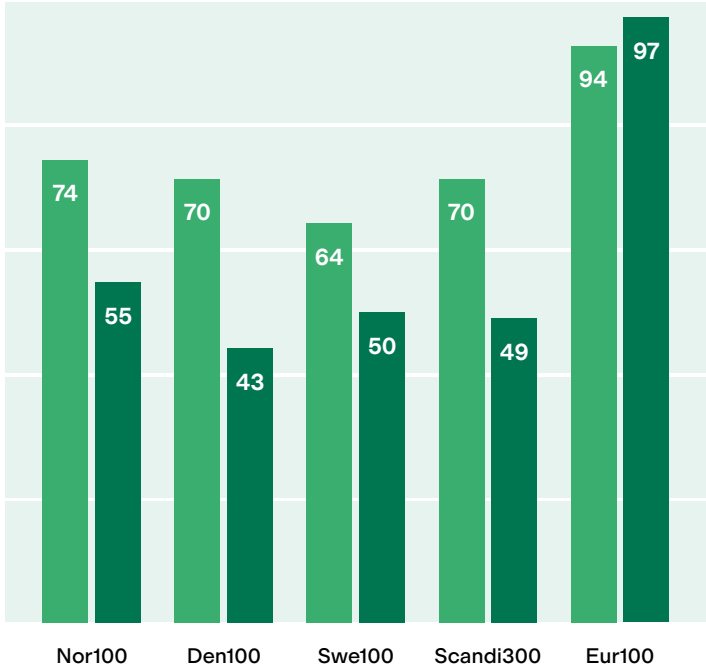
(ESRS G1-2)

According to our 2024 analysis, 74% of Norway100 companies disclose whether they apply sustainability criteria when selecting suppliers or business partners. This figure is slightly higher than the 70% reported by Denmark100 companies and the 64% reported by Sweden100 companies. Europe100 companies lead in this area, with 94% disclosing the application of sustainability criteria.

Conducting Supplier Audits

(ESRS G1-2)

Auditing suppliers for sustainability compliance is a critical practice for managing ESG risks within the supply chain. Our findings reveal that 55% of Norway100 companies, 43% of Denmark100 companies, and 50% of Sweden100 companies disclose whether they conduct audits of their suppliers. Europe100 companies again lead with a 97% disclosure rate.



Does the company disclose whether it applies sustainability criteria when selecting suppliers/business partners?

Does the company disclose whether it conducts audits of its suppliers in terms of sustainability?

Norway

The Norway100 dataset reveals a consistent trend of sustainable sourcing among larger market cap entities, particularly within the energy, industrials, and financials sectors. Notable companies like **Aker BP** and **DNB Bank**, representing significant market capitalisation, have fully disclosed their practices in both applying sustainability criteria to suppliers and conducting supplier audits. This suggests that larger firms with more substantial resources and higher visibility are more likely to align with ESG expectations in supplier management, reflecting both industry standards and shareholder expectations. However, the dataset also highlights some significant outliers, particularly among companies with lower market capitalisation and in certain

sectors. Some firms, despite being in the heavily scrutinised energy sector, have not disclosed whether they apply sustainability criteria when selecting suppliers. This discrepancy points to potential gaps in ESG practices among smaller firms or those that may not face as intense stakeholder pressure.

Additionally, the lack of comprehensive disclosure among some firms in the technology and healthcare sectors, suggests that these industries may either face less regulatory or market pressure to disclose or have not yet fully integrated these practices into their supplier management processes.

Denmark

In the Denmark100, several patterns emerge across different industries and market capitalisations related to supplier engagement disclosures. Notably, **Nordea Bank**, a significant financial presence, demonstrates a comprehensive approach by disclosing both criteria application and auditing practices. Other larger companies with higher market capitalisations show a mixed performance, such as disclosing auditing practices but not applying sustainability criteria in supplier selection, highlighting a potential gap in its overall ESG strategy.

Industry-wise, the shipping sector shows a strong commitment to transparency in supplier engagement, with companies like **DSV** and **A.P. Møller - Mærsk** disclosing both sustainability criteria and audit practices.

Sweden

The Sweden100 dataset reveals significant trends and discrepancies across different industries and market capitalisations on supplier engagement disclosures. Among the companies analysed, those in the industrials and financial sectors demonstrate the highest levels of disclosure, with most firms, such as **Volvo Group** and **Atlas Copco**, consistently reporting both the application of sustainability criteria in supplier selection and the auditing of suppliers for sustainability. This trend suggests

that larger companies in sectors with complex supply chains and higher regulatory scrutiny are more likely to prioritise and disclose these governance practices.

However, the dataset also highlights notable gaps, particularly in the real estate and technology sectors. Despite their significant market capitalisations, some of the leading companies in these sectors show a lack of disclosure on whether they apply sustainability criteria in supplier selection, with some also failing to report on supplier audits. This indicates a potential lag in ESG integration within these sectors, possibly due to lower external pressures or a perceived lower impact of their supply chains.

Europe

The Europe100 dataset reveals several key trends and insights regarding the disclosure practices of major European companies concerning supplier engagement on sustainability criteria. Across industries, the data shows a strong tendency among large-cap firms to disclose the application of sustainability criteria when selecting suppliers and business partners. This trend is particularly robust in sectors such as consumer products and services, technology, and financial Services, where companies like **LVMH** (France), **SAP** (Germany), and **BNP Paribas** (France) consistently report such practices. These disclosures suggest that these industries are prioritising ESG integration into their supply chains, likely in response to increasing regulatory pressures and consumer demand for sustainable business practices.

Notably, there are outliers in both directions. On the positive side, industries like healthcare and utilities, often perceived as challenging due to their complex and global supply chains, exhibit high levels of disclosure compliance. Companies such as **Sanofi** (France) and **Iberdrola** (Spain), despite the operational difficulties inherent in these sectors, maintain a consistent record of disclosure on both sustainability criteria application and supplier audits. This indicates a strong commitment to

ESG transparency even in tougher industries. Conversely, some major players in traditionally ESG-focused sectors, like **Shell** (UK) in the energy sector and **Safran** (France) in industrial goods and services, demonstrate less transparent disclosures, particularly regarding supplier audits. These discrepancies highlight potential areas of ESG risk and suggest that not all companies within high-performing sectors are aligned in their disclosure practices.

Challenges & Recommendations

Effective supplier engagement is critical for managing ESG impacts across the value chain. Key recommendations include:

1. Establish Comprehensive Supplier Policies:

Companies should develop and disclose their policies for managing material impacts on value chain workers and environmental risks as per **ESRS S2-1, E1-2, E4-2, and E5-1**. These policies should cover health and safety, fair wages, labour rights, working conditions, and environmental stewardship, including climate-related considerations, pollution control, water and marine resources management, and biodiversity conservation. Additionally, companies should integrate sustainability criteria into their supplier selection and management processes to ensure that suppliers adhere to the company's ESG standards. This ensures that suppliers contribute to mitigating risks, promoting positive social and environmental impacts across the supply chain.

2. Enhance Supplier Auditing and Monitoring:

To align with **ESRS G1-2, E1-5, E2-4, E3-4, and E4-5, and E5-4**, companies need to provide detailed information about the management of their relationships with suppliers and the impacts on their supply chain. This includes conducting regular audits to assess compliance with sustainability criteria and environmental standards, focusing on areas such as greenhouse gas emissions, pollution levels,

water use, and biodiversity impacts. Continuous monitoring should ensure adherence to ESG policies and include disclosure of the frequency and scope of these audits, as well as actions taken in response to identified issues. Transparent reporting on supplier audits builds trust and accountability while fostering a more sustainable supply chain.

3. Engage and Remediate:

Companies should disclose their processes for engaging with value chain workers and suppliers about actual and potential impacts, as outlined in **ESRS S2-2, E1-1, E4-1, and E5-2**. This includes establishing feedback mechanisms, collaboration initiatives, and environmental impact assessments to address concerns and foster a more sustainable supply chain. Additionally, companies must describe their processes for providing or cooperating in the remediation of negative impacts on value chain workers and the environment. Effective remediation processes ensure that workers' grievances and environmental damages are addressed promptly and fairly, thereby minimising long-term social and ecological risks.

4. Set and Report on Supplier Engagement Targets:

In accordance with **ESRS S2-5, E1-4, E2-3, E3-3, E4-4, and E5-3**, companies should set clear, time-bound, and outcome-oriented targets related to reducing negative impacts on value chain workers and advancing positive impacts on the environment. These targets should address managing material risks and opportunities related to climate change, pollution prevention, water conservation, biodiversity protection, and resource use efficiency and circular economy practices within the supply chain. Transparent reporting on progress towards these targets helps stakeholders understand the company's commitments and achievements, ensuring policies are not only compliant but also impactful in driving sustainable practices throughout the value chain.



Corruption Risk

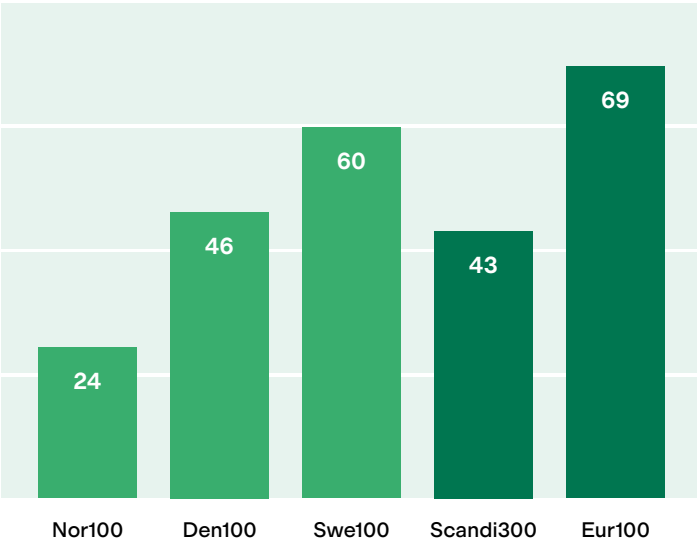
Growing Awareness but Insufficient Action

Corruption risk management is a critical aspect of business conduct, ensuring that companies operate with integrity and transparency. This section evaluates how companies disclose their exposure to corruption risks within their operations and value chains.

Disclosure of Corruption Risk (ESRS 2 SBM-3)

According to our analysis, 24% of Norway100 companies, 46% of Denmark100, 60% of Sweden100, and 69% of Europe100 companies provide details on where they are exposed to corruption risks within their operations or value chains. These figures represent a mixed picture of transparency and readiness to tackle corruption across regions.

Does the company provide details on corruption risk exposure?



Norway

The Norway100 dataset reflects a significant variance in the disclosure practices of Norwegian companies regarding their exposure to corruption risks within their operations and value chains. The relatively low percentage of companies in Norway disclosing corruption risks can be attributed to factors such as the focus of Norwegian legislation on anti-money laundering and supply chain transparency rather than detailed corruption risk disclosures. Additionally, a perception of lower corruption risk in Norway may contribute to less emphasis on comprehensive reporting.

Among the larger companies by market capitalisation, there is a stronger trend towards transparency, with major firms such as **Equinor**, **DNB Bank**, and **Telenor** making such disclosures. This pattern is particularly evident in industries traditionally under stringent scrutiny, such as energy and financials, where companies are more likely to face investor and regulatory pressures to be transparent about their corruption risk exposure.

However, the dataset also reveals notable gaps in disclosure among mid-sized and smaller firms, especially within the consumer goods, technology, and industrial sectors. Despite their substantial market presence, several companies have not provided details on their corruption risk exposure, which raises concerns given the global supply chains and complex operational footprints associated with these industries. These gaps could be indicative of either a lower perceived risk of corruption within these sectors or a lag in adopting comprehensive ESG disclosure practices.

Interestingly, the data suggests that market cap alone is not a definitive predictor of disclosure practices. Some smaller cap companies, such as **Aker Solutions**, have demonstrated a higher level of transparency compared to their larger peers in similar or related industries. This suggests that factors beyond size, such as corporate governance culture,

industry-specific risks, and stakeholder expectations, play critical roles in shaping disclosure practices in Norway. The overall trend underscores the need for enhanced regulatory guidance and investor engagement to ensure consistent and comprehensive corruption risk disclosures across all market segments.

Denmark

The Denmark100 shows a mixed level of transparency. Danish companies, while performing better than Norwegian ones, are influenced by the Danish Financial Statements Act and the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism, which similar to Norwegian legislation, do not mandate detailed corruption risk reporting.

The healthcare sector, represented by companies such as **Novo Nordisk**, **Coloplast**, and **Genmab**, shows a significant level of disclosure, with most large-cap companies acknowledging the areas in their operations or value chains exposed to corruption risk. However, other companies within healthcare do not disclose such information, highlighting potential gaps in the governance practices of smaller entities within the sector.

The financial services industry presents another area of concern, with some prominent institutions failing to provide corruption risk disclosures. This is particularly significant given the high regulatory expectations in Denmark, which is known for its stringent governance standards.

On the other end of the spectrum, industries traditionally exposed to higher corruption risks, such as shipping and energy, have shown commendable transparency. Companies like **DSV** and **Ørsted** lead the way in providing detailed corruption risk disclosures, likely driven by the global nature of their operations and the associated compliance demands. However, the non-disclosure by some significant players suggests that there remains a need for broader industry-wide

adoption of best practices in corruption risk transparency. This patchwork of disclosure practices across industries and company sizes reflects a broader trend in Denmark's corporate governance landscape, where market leaders set benchmarks, but there is still room for improvement among smaller and mid-sized companies, particularly in industries where the stakes are high and the expectations from stakeholders are increasing.

Sweden

The Sweden100 similarly shows a notable variance in transparency across industries and market capitalisations. Notably, the real estate sector stands out as a leader in transparency, with companies like **Wihlborgs Fastigheter**, **Wallenstam** and **Atrium Ljungberg** consistently disclosing their corruption risk exposures. This could reflect the sector's heightened sensitivity to regulatory scrutiny and the necessity for transparency due to the direct public impact of real estate projects. On the other hand, the industrials and healthcare sectors, despite their significant market capitalisation, show a mixed performance. For example, some major companies have not disclosed where they are exposed to corruption risks, which stands in contrast to peers such as **Epiroc** and **Alfa Laval** which do provide the necessary disclosures. This inconsistency may highlight varying levels of regulatory pressure or stakeholder expectations within sub-sectors, or possibly differing internal corporate governance standards across these industries.

Interestingly, financial companies display a higher level of disclosure, with institutions like **Swedbank** and **Handelsbanken** disclosing such risks. However, some outliers have not made similar disclosures, which is surprising given the sector's vulnerability to corruption risk. This divergence may be attributed to differences in internal compliance frameworks or varying interpretations of regulatory requirements, suggesting that despite overall progress, there is still room for greater uniformity in disclosure practices across the Swedish financial sector.



“

Several companies have not provided details on their corruption risk exposure.

Europe

The Europe100 reveals a mixed landscape across various industries and countries. Notably, companies in traditionally high-risk sectors such as energy, financial services, and consumer products and services exhibit varied approaches to disclosing corruption risks in their operations and value chains. Among the top performers, major firms like L'Oréal (France), Iberdrola (Spain), and TotalEnergies (France) have made clear disclosures, highlighting their recognition of corruption as a material risk. This is particularly commendable given the intense scrutiny and regulatory expectations in the European Union, which has been progressively tightening its stance on corporate transparency and anti-corruption measures, driven by directives like the CSRD.

On the other hand, significant gaps remain, especially among companies with substantial market capitalisations in sectors like Technology and Automobiles. Firms such as Volkswagen (Germany) and LVMH (France) are notable for their limited disclosures on this governance issue, which could be seen as a risk factor by investors and regulators. Interestingly, within the Financial Services sector, which is highly regulated, there is a clear split, with companies like Banco Santander (Spain) and Barclays (UK) making full disclosures, while others like HSBC (UK) and UBS (Switzerland) fall short.

The data underscores the importance of industry-specific challenges in corruption risk disclosure. For example, while industrial goods and services companies like Airbus (France) are proactive in their disclosures, others in the same sector, such as Safran (France), have not provided similar transparency. This inconsistency could reflect the varying pressures from stakeholders, including investors, regulators, and consumers, across different markets. The trend underscores the need for harmonised disclosure standards across Europe, ensuring that all significant companies, regardless of industry, adhere to best practices in ESG reporting.

Challenges & Recommendations

While there has been progress in disclosing corruption risks, significant challenges remain. These include inconsistent reporting across regions, lack of comprehensive risk assessments, and insufficient transparency and accountability in addressing corruption risks. Key recommendations for ESRS alignment include:

1. Enhance Risk Assessment Processes:

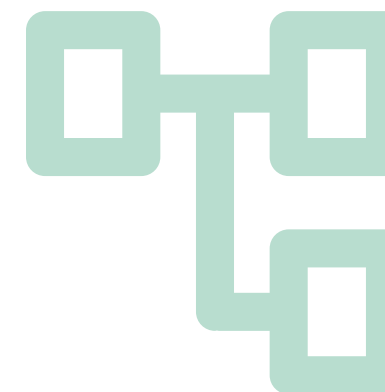
Companies must develop comprehensive risk assessment frameworks that identify potential corruption risks throughout their operations and value chains, in line with **ESRS G1-2**. This includes regular reviews and updates to reflect changing circumstances and emerging risks. Effective risk assessments ensure that companies can proactively manage and mitigate corruption risks.

2. Increase Transparency and Disclosure:

Companies should provide detailed disclosures on identified corruption risks and the measures taken to mitigate them, as outlined in **ESRS 2 SBM-3**. This includes information about the management of relationships with suppliers and impacts on the supply chain. Transparent reporting helps build stakeholder trust and demonstrates a company's commitment to ethical practices.

3. Strengthen Anti-Corruption Systems:

In accordance with **ESRS G1-4**, companies should establish robust systems to prevent, detect, investigate, and respond to allegations or incidents of corruption and bribery. This includes regular training for employees and management, clear reporting channels for whistle-blowers, and comprehensive audits of anti-corruption measures. By doing so, companies can ensure accountability and continuous improvement in their anti-corruption efforts.

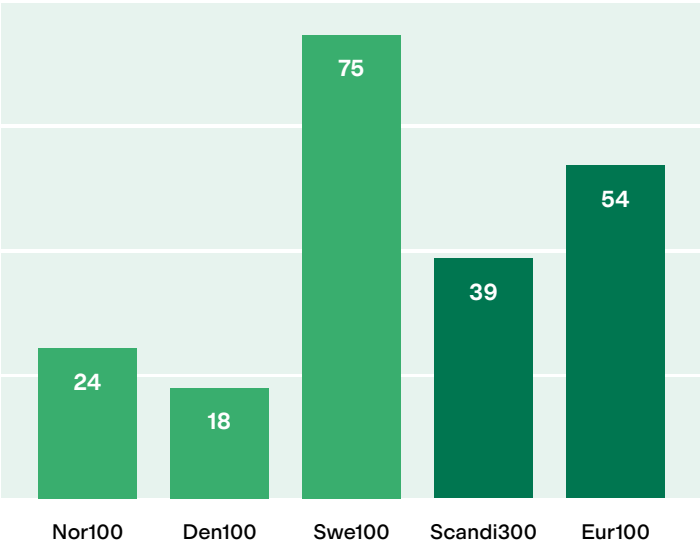


Political Engagement

Wide Variations in Transparency

Political engagement, including lobbying activities, is a critical aspect of corporate governance that requires transparency and accountability. It is essential for companies to disclose their political lobbying activities to ensure that their influence on policy and regulation is aligned with ethical standards and stakeholder expectations. This section evaluates how ESG100 companies report on their commitment and activities related to political lobbying, in alignment with the ESRS. The varying levels of disclosure among these companies may reflect differences in the size, market influence, and regulatory environments they operate in.

Does the company report on its commitment and activities related to political lobbying?



Reporting on Political Lobbying Activities (ESRS G1-5)

According to our 2024 analysis, 24% of Norway100 companies, 18% of Denmark100, 75% of Sweden100, and 54% of Europe100 companies report on their political lobbying activities. These figures represent a varied landscape of transparency in political engagement, with Swedish companies demonstrating the highest level of disclosure.

The high disclosure rate in Sweden, where companies like AstraZeneca, Volvo Group, and H&M report on their political lobbying activities, may be attributed to several factors. Firstly, Sweden has a strong cultural emphasis on transparency and accountability, which is embedded in both corporate and public governance. Secondly, Swedish legislation, such as the Public Access to Information and Secrecy Act, mandates extensive transparency in public administration, which in turn influences corporate practices. Additionally, Sweden's robust civil society and active media landscape scrutinise corporate activities closely, further encouraging transparency.

In contrast, the lower rates in Norway and Denmark suggest a need for greater transparency and accountability in these regions. Despite this, notable Norwegian companies such as Equinor and DNB have disclosed their political lobbying activities. In Denmark, companies like Novo Nordisk and Vestas have reported their lobbying efforts, though overall disclosure rates in both remain lower compared to Sweden.

Larger companies with significant market influence tend to have more established processes for disclosing political lobbying activities. For example, multinational corporations in the Europe100, such as Siemens and Unilever, are more likely to have detailed disclosures compared to smaller, regional firms.

Challenges & Recommendations

While there has been some progress in the disclosure of political lobbying activities, significant challenges remain. The low disclosure rates and inconsistent reporting practices suggest that most organisations are still in the early stages of integrating political engagement transparency into their governance strategies, a sensitive area which many have been historically reluctant to discuss with external audiences. Key recommendations for ESRS alignment on political engagement include:

- 1. Disclose Detailed Information on Political Influence:**
Companies should provide comprehensive information on their activities and commitments related to exerting political influence, including lobbying activities, as mandated by ESRS G1-5. This includes disclosing the objectives, strategies, and outcomes of their political engagement efforts. Transparency in these activities helps stakeholders understand how a company's political influence aligns with its sustainability goals and material impacts.
- 2. Align Political Engagement with ESG Objectives:**
Companies need to ensure that their political engagement and lobbying activities are aligned with their ESG objectives and commitments. This involves disclosing how these activities relate to the company's material impacts, risks, and opportunities. By doing so, companies can demonstrate that their political influence supports their broader sustainability agenda and mitigates potential conflicts of interest.
- 3. Implement Robust Governance and Oversight:**
To meet the requirements of ESRS G1-5, companies should establish and disclose governance structures and oversight mechanisms for their political engagement activities. This includes detailing the roles and responsibilities of management and the board in overseeing political

influence activities, as well as any policies or procedures in place to ensure ethical and transparent lobbying practices. Robust governance ensures that political engagement is conducted responsibly and in alignment with the company's values and stakeholder expectations.



ESG100 Company scoring

The methodology for the 2024 ESG100 changes significantly from 2023. Please see Methodology page 14 for details.

Norway

GJENSIDIGE FORSIKRING	A+	DNO	PARETO BANK
YARA INTERNATIONAL	A+	DOF GROUP ASA	PGS
AKER CARBON CAPTURE ASA	A	ELKEM	PROTECTOR FORSIKRING
AKER SOLUTIONS	A	ELOPAK ASA	REC SILICON
DNB BANK ASA	A	ENTRA	SALMAR
EQUINOR	A	EUROPRIIS	SCATEC ASA
KONGSBERG GRUPPEN	A	FLEX LNG	SCHIBSTED
NORSK HYDRO	A	FRONTLINE PLC	SEA1 OFFSHORE INC.
ORKLA	A	GAMING INNOVATION GROUP	SEADRILL LIMITED
TELENOR	A	GOLDEN OCEAN GROUP	SHELF DRILLING
AF GRUPPEN		GRAM CAR CARRIERS ASA	SPAREBANK 1 NORD-NORGE
AKER ASA		GRIEG SEAFOOD	SPAREBANK 1 ØSTFOLD AKERSHUS
AKER BIOMARINE ASA		HAFNIA LIMITED	SPAREBANK 1 ØSTLANDET
AKER BP		HEXAGON COMPOSITES	SPAREBANK 1 RINGERIKE HADELAND
ARENDALS FOSSEKOMPANI		HOEGH AUTOLINERS ASA	SPAREBANK 1 SMN
ATEA		ICELANDIC SALMON	SPAREBANK 1 SØRØST-NORGE
AUSTEVOLL SEAFOOD		KID	SPAREBANK 1 SR-BANK
AUTOSTORE HOLDINGS LTD.		KITRON	SPAREBANKEN MØRE
AVANCE GAS HOLDING		KLAVENESS COMBINATION CARRIERS	SPAREBANKEN SØR
BAKKAFROST		LERØY SEAFOOD GROUP	SPAREBANKEN VEST
BELSHIPS		LINK MOBILITY GROUP HOLDING	STOLT-NIELSEN
BENCHMARK HOLDINGS PLC		MEDISTIM	STOREBRAND
BEWI		MOWI	SUBSEA 7
BLUENORD ASA		MPC CONTAINER SHIPS	TGS ASA
BONHEUR		NEL	TIETOEVRY
BORR DRILLING		NORCONSULT ASA	TOMRA SYSTEMS
BORREGAARD		NORDIC SEMICONDUCTOR	TREASURE
BOUVET		NORSKE SKOG	ULTIMOVACS
BW ENERGY LIMITED		NORWEGIAN AIR SHUTTLE	VÅR ENERGI ASA
BW LPG		NYKODE THERAPEUTICS ASA	VEIDEKKE
BW OFFSHORE LIMITED		ODFIJELL DRILLING	WALLENIUS WILHELMSEN
CADELER A/S		ODFIJELL SER. A	WILH. WILHELMSEN HOLDING
COOL COMPANY LTD.		OKEANIS ECO TANKERS	
CRAYON GROUP HOLDING		OLAV THON EIENDOMSSKAP	

Denmark

CARLSBERG A	A
ØRSTED	A
A.P. MØLLER - MÆRSK	
AGF B	
ALK-ABELLÖ	
ALM. BRAND	
AMBU	
AQUAPORIN	
ASETEK	
BANG & OLUFSEN	
BANKNORDIK	
BAVARIAN NORDIC	
BETTER COLLECTIVE	
BIOPORTO	
BOOZT	
BRDR. A & O JOHANSEN	
BRØNDBY IF	
CBRAIN	
CHEMOMETEC	
COLOPLAST B	
COLUMBUS	
COPENHAGEN CAPITAL STAM	
D/S NORDEN	
DANSKE ANDELSKASSERS BANK	
DANSKE BANK	
DEMANT	
DFDS	
DJURSLANDS BANK	
DSV	
EMBLA MEDICAL	
ENNOGIE SOLAR GROUP	
FAST EJENDOM DANMARK	
FIRSTFARMS	
FLSMIDTH & CO.	
FLÜGGER GROUP B	
FYNSKE BANK	
GABRIEL HOLDING	
GENMAB	
GERMAN HIGH STREET PROPERTIES	
GN STORE NORD	
GREEN HYDROGEN SYSTEMS	
GRØNLANDSBANKEN	
GUBRA	
GYLDENDAL	
H. LUNDBECK	
H+H INTERNATIONAL	
HARBOES BRYGGERI	
HUSCOMPAGNIET	
ISS	
JEUDAN	
JYSKE BANK	
KØBENHAVNS LUFTHAVNE	
KREDITBANKEN	
LÅN OG SPAR BANK	
LOLLANDS BANK	
LUXOR	
MATAS	
MØNS BANK	
MT HØJGAARD HOLDING	
NETCOMPANY GROUP	
NILFISK HOLDING	
NKT	
NNIT	
NOBLE CORPORATION	
NORDEA BANK ABP	
NORDFYNS BANK	
NORTH MEDIA	
NOVO NORDISK	

NOVONESIS (NOVOZYMES)
NTG NORDIC TRANSPORT GROUP
PANDORA
PARKEN SPORT & ENTERTAINMENT
PER AARSLEFF HOLDING
PHARMA EQUITY GROUP
PRIME OFFICE
RINGKJØBING LANDBOBANK
ROCKWOOL
ROYAL UNIBREW
RTX
SCANDINAVIAN TOBACCO GROUP
SCHOUW & CO.
SHAPE ROBOTICS
SKAKO
SKJERN BANK
SOLAR
SP GROUP
SPAR NORD BANK
SPAREKASSEN SJÆLLAND-FYN
STRATEGIC INVESTMENTS
SYDBANK
TCM GROUP
TIVOLI A/S
TOPDANMARK
TORM
TRIFORK GROUP
TRYG
UIE PLC
VESTAS WIND SYSTEMS
VESTJYSK BANK
ZEALAND PHARMA

Sweden

ABB LTD	A
SANDVIK	A
SKANSKA	A
TELIA COMPANY	A
AAK	
ADDTECH	
AFRY	
ALFA LAVAL	
ALLEIMA	
ASSA ABLOY	
ASTRAZENECA	
ATLAS COPCO	
ATRIUM LJUNGBERG	
AUTOLIV SDB	
AVANZA BANK HOLDING	
AXFOOD	
BEIJER REF	
BETTER COLLECTIVE	
BILLERUD	
BIOARCTIC	
BOLIDEN	
BRAVIDA HOLDING	
BUFAB	
BURE EQUITY	
CAMURUS	
CASTELLUM	
CATENA	
DOMETIC GROUP	
ELECTROLUX	
ELECTROLUX PROFESSIONAL	
ELEKTA B	
EMBRACER GROUP	
EPIROC	
EQT	

ERICSSON
ESSITY
EVOLUTION
FABEGE
FAST. BALDER
FORTNOX
GETINGE
HEMNET GROUP
HENNES & MAURITZ
HEXAGON
HEXPOL B
HMS NETWORKS
HOLMEN
HUFVUDSTADEN
HUSQVARNA
INDUSTRIVÄRDEN
INDUTRADE
INTERNATIONAL PETROLEUM CORP.
INVESTOR
KINDRED GROUP
KINNEVIK
LAGERCRANTZ GROUP
LATOUR
LIFCO
LINDAB INTERNATIONAL
LOOMIS
LUNDBERGFÖRETAGEN
LUNDIN GOLD
LUNDIN MINING CORPORATION
MILLICOM INT. CELLULAR SDB
MUNTERS GROUP
MYCRONIC
NIBE INDUSTRIER
NORDEA BANK ABP

NORDNET
NYFOSA
OX2*
PANDOX
PEAB
SAAB
SAGAX
SCA
SEB
SECTRA
SECURITAS
SINCH
SKF
SSAB
SV. HANDELSBANKEN
SWECO
SWEDBANK
SWEDISH ORPHAN BIOVITRUM
SYSTEMAIR
TELE2
THULE GROUP
TIETOEVRY OYJ
TRATON
TRELLEBORG
TROAX GROUP
VITEC SOFTWARE GROUP
VITROLIFE
VOLVO
VOLVO CAR
WALLENSTAM
WIBLBORGS FASTIGHETER

Europe

CRH	A+	ANGLO AMERICAN	LONZA
ENEL	A+	ASHTead GRP	LVMH
ENGIE	A+	ASM INTERNATIONAL N.V.	MUENCH.RUECKVERS.VNA O.N.
HERMES INTERNATIONAL	A+	ASTRAZENECA	NATIONAL GRID
INDUSTRIA DE DISEÑO TEXTIL S.A. INDITEX	A+	ATLAS COPCO	NESTLE
KERING	A+	AXA	NORDEA BANK ABP
SIEMENS AG NA O.N.	A+	BAE SYSTEMS	NOVARTIS
TELEFONICA,S.A.	A+	BASF SE NA O.N.	NOVO NORDISK
ABB	A	BAY.MOTOREN WERKE AG ST	PARTNERS GRP HLDG
ACCIONES IBERDROLA	A	BAYER AG NA O.N.	PERNOD RICARD
AIRBUS SE	A	BNP PARIBAS ACT.A	PROSUS
ALLIANZ SE NA O.N.	A	BP	PRUDENTIAL
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.	A	BRITISH AMERICAN TOBACCO	RECKITT BENCKISER GRP
BANCO SANTANDER S.A.	A	CIE FINANCIERE RICHEMONT	RELX PLC
BARCLAYS	A	COMPASS GRP	RIO TINTO
CAPGEMINI	A	DASSAULT AVIATION	ROCHE HLDG P
DANONE	A	DEUTSCHE BOERSE NA O.N.	RWE AG INH O.N.
DEUTSCHE TELEKOM	A	DEUTSCHE POST AG NA O.N.	SAFRAN
EQUINOR	A	DIAGEO	SANOFI
GSK	A	DSV	SAP SE O.N.
HOLCIM	A	ENI	SIKA
INTESA SANPAOLO	A	ESSILORLUXOTTICA	STELLANTIS
KONINKLIJKE AHOLD DELHAIZE N.V.	A	EXPERIAN	STMICROELECTRONICS
L'OREAL	A	FERRARI	TOTALENERGIES
MERCEDES-BENZ GRP NA O.N.	A	FLUTTER ENTERTAINMENT	UBS GROUP
SAINT GOBAIN	A	GENMAB	UNICREDIT
SCHNEIDER ELECTRIC SE	A	GIVAUDAN	UNILEVER PLC
SHELL PLC	A	GLENCORE PLC	VINCI
AB INBEV		HSBC	VOLKSWAGEN AG VZO O.N.
ADIDAS AG NA O.N.		INFINEON TECH.AG NA O.N.	VOLVO
ADYEN		ING GROEP N.V.	WOLTERS KLUWER
AIR LIQUIDE		INVESTOR	ZURICH INSURANCE GROUP
ALCON		LLOYDS BANKING GRP	
AMADEUS IT GROUP, S.A.		LONDON STOCK EXCHANGE	

Key Takeaways

Companies

Companies still struggle with providing sufficient information on human rights due diligence, science-based targets, emissions reporting, nature and biodiversity disclosures, and taxonomy.

Boards

Boards still have significant progress to make in terms of ESG governance. A key gap lies in the expertise of boards on ESG matters and tying executive remuneration to ESG targets.

Financial market participants

Pension funds, asset managers, banks and other financial market participants play a crucial role in utilising ESG data. These actors should require regulators and companies to provide comparable metrics on what matters the most.

Policymakers and regulators

ESRS-compliant reporting seems to generate overly complex reports, where business-critical information is sometimes hidden within long, technical texts and tables. This undermines the decision-usefulness of ESG reporting. Policymakers should address this unintended consequence in upcoming revisions of the ESRS.

Appendix

Question		ESRS		Does the company disclose its significant scope 3 GHG emissions?		E1-6		Does the company report using Science-Based Targets for Nature?		E4-4		Does the company report the share of female directors on the Board?		GOV-1	
ESRS 2 General Information															
Does the company provide a description of how it governs sustainability, such as an explanation or diagram showing the board's and management's responsibilities for overseeing sustainability?		GOV-1		Has the company committed to net zero by 2050 or to the Paris Agreement?		E1-1		Does the company report using or planning to use TNFD or a LEAP assessment?		E4-IRO-1		Does the company report the share of women in managerial positions (number or percentage)?		S1-9	
				Does the company have a climate change transition plan?		E1-1		Does the company describe policies related to resource use and/or circular economy? and/or actions/targets related to resource use and/or circular economy?		E5-1		Does the company disclose Information on its human rights due diligence/risk assessment?		GOV-4	
Does the company disclose the expertise and skills of its Board on sustainability matters or access to such expertise and skills?		GOV-1		Does the company disclose how much capital it has committed to reducing emissions or decarbonisation projects to support the implementation of the transition plan?		E1-3		Does the company disclose specific GHG targets?		E1-4		Does the company describe any identified human rights issues?		S1-5	
Does the company disclose whether they link executive pay to the attainment of GHG emissions reduction targets?		GOV-3		Has the company committed to a science-based target via the Science Based Target initiative (SBTi)?		E1-4		Does the company disclose scope 1 GHG emissions (Tonnes)?		E1-6		Does the company report the share of female directors on the Board?		GOV-1	
Does the company disclose whether they link executive pay to the attainment of any sustainability targets that are not emissions, such as targets for the environment, social (diversity, health & safety) or governance matters (such as corruption)?		GOV-3		Does the company disclose whether it has used scenario analysis for the climate-related risks and opportunities assessment?		E1-IRO-1		Does the company disclose scope 2 (market-based) GHG emissions (Tonnes)?		E1-6		Does the company report the share of women in managerial positions (number or percentage)?		S1-9	
				Does the company disclose climate-related risks or opportunities (can be transition risk, physical risk or opportunity)		E1-SBM-3		Does the company disclose scope 2 (location-based) GHG emissions (Tonnes)?		E1-6		Does the company disclose Information on its human rights due diligence/risk assessment?		GOV-4	
Does the company provide a statement on Due Diligence?		GOV-4		Does the company disclose information on potential financial effects from material physical/transition risks/opportunities? <i>(Reporting needs to include quantitative data on monetary values at risk, or an indication of the size of the value at risk, e.g. some information on categories/thresholds)</i>		E1-SBM-3		Does the company disclose its significant scope 3 GHG emissions?		E1-6					
Does the company disclose having undertaken a Double Materiality Assessment?		IRO-1						Has the company committed to net zero by 2050 or to the Paris Agreement?		E1-1		Business Conduct			
								Social				Does the company disclose whether it applies sustainability criteria when selecting suppliers/business partners?		G1-3	
								Does the company report the share of female directors on the Board?		GOV-1		Does the company disclose whether it conducts audits of its suppliers in terms of sustainability?		G1-2	
Environmental								Does the company report the share of women in managerial positions (number or percentage)?		S1-9		Does the company provide details on where in its own operations or value chain (suppliers, customers) it is exposed to corruption risk?		G1-SBM-3	
Does the company disclose specific GHG targets?		E1-4		Does the company report the EU Taxonomy data for "Taxonomy Aligned Revenue" (%)?		E1-3		Does the company disclose Information on its human rights due diligence/risk assessment?		GOV-4		Does the company report on its commitment and activities related to political lobbying?		G1-5	
Does the company disclose scope 1 GHG emissions (Tonnes)?		E1-6		Does the company report the EU Taxonomy data for "Taxonomy Aligned CapEx" (%)?		E1-3		Does the company describe any identified human rights issues?		S1-5					
Does the company disclose scope 2 (market-based) GHG emissions (Tonnes)?		E1-6		Does the company report on its policy/commitment/view on nature-related impacts or biodiversity?		E4-2									

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