Årets Bedste Årsrapporter

Henrik Steffensen

Partner, Head of Accounting Advisory Services
PwC

I år er fokus særligt på ESG
- ESG og finansfunktionens rolle

ESG rapportering er blevet *license to operate*

EU's regnskabsdirektiv(CSRD)

EUROPEAN COMMISSION

Brussels, 21.4.2021
COM(2021) 189 final

2021/0104 (COD)

Proposal for a

DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting

EU Taksonomien

Udfordringerne i at rapportere på ESG

Licence to operate	Krav om ESG-rapportering	Manglende kompetencer	Utilstrækkelige systemer og processer
Kunderne stiller krav, og vi risikerer at miste 'licence to operate', hvis ikke vi kan give gode og troværdige svar.	Det nye regnskabsdirektivs krav rammer os inden længe, og vi har endnu ikke taget stilling til, hvordan vi skal gribe det an.	Vi har i dag ikke interne kompetencer til at overskue lovgivningen og identificere og håndtere ESG-data	Vi har ikke systemer eller processer til at understøtte rapportering i tilstrækkelig kvalitet.

Formålet med Årets Bedste Årsrapporter

Regnskabspriserne har til formål at fremme udviklingen i **kvaliteten** og **brugsværdien** af årsrapporterne for de største danske virksomheder, både børsnoterede og ikke-børsnoterede. Der fokuseres på:

- Kvaliteten af rapporteringen om virksomhedens økonomiske og finansielle udvikling - “den traditionelle del af årsrapporten”
- Kvaliteten af rapporteringen om ESG i årsrapporten som et særligt fokusområde, fordi:
  - Masser af ny regulering fra EU er på vej ind over virksomhederne.
  - Klimaforandringer er en global udfordring, som kræver handling. Virksomheder forventes at sætte mål for reduktion af deres CO2 emissioner.
  - ESG rapportering bliver en helt central del af de kommende års årsrapporter - og mange virksomheder er godt igang.

Hvad gør de største danske virksomheder godt, og kan det være en inspiration for andre virksomheders arbejde med deres rapportering i årsrapporten?

Det overordnede formål er at fremme en bedre regnskabsaflæggelse i Danmark

Dommerkomitéen uddeler tre priser

Priserne hylder de bedste årsrapporter

C25 Regnskabsprisen

Uddeles til den C25-virksomhed, hvis årsrapport udmærker sig særligt inden for årets fokusområder, og som kan være en inspiration for andre virksomheder.

Regnskabsprisen+

Uddeles blandt large cap selskaber uden for C25 og de 10 største ikke-noterede virksomheder, der aflægger årsrapport efter IFRS, og som udmærker sig særligt indenfor årets fokusområder.

Dommerkomitéens særpris

Tildeles som anerkendelse til en virksomhed, der har udmærket sig særligt ved udvikling af årsrapporten som kommunikationsværktøj indenfor et emne, som dommerkomiteen vælger.

Regnskabsprisernes tre temaer

1. ESG-rapportering

Rapportering om bæredygtighed og sammenhængen til det finansielle regnskab

2. Det finansielle regnskab (“Det bagudrettede”)

Rapportering om virksomhedens resultater for året, opfølgning på udmeldte forventninger og det finansielle regnskab

3. Det fremadrettede

Rapportering om virksomhedens strategi, målsætninger, forretningsmodel, risici (drift og finansielle) og ressourcer

Hvordan er vinderne udvalgt?

1 **ESG som hovedkriterie (tema 1)**
”Adgangsbillet”– 100% baseret på ESG elementer i årsrapporten

2 **Finansielle og fremadrettede elementer (tema 2 og 3)**
Udvælgelse af endelige kandidater baseret på den samlede årsrapport

3 **Vindere**
Dommerkomitéens valg af vindere

En kompetent og uafhængig dommerkomité

Caroline Aggestam Pontoppidan
Lektor
CBS

Kristian Gaarde
Senior Portfolio Manager,
Danish Equities, ATP

Tina Moltke-Leth
Group CFO,
Semler Gruppen A/S

Frank Thinggaard
Professor
Aarhus Universitet

Nikolaj Kosakewitsch
Adm. direktør
NASDAQ OMX Copenhagen

Kristian Wærness
Vice President
Copenhagen Infrastructure Partners

Mikael Geday
Group CFO
Grundfos

Peter Bang
Professionelt
bestyrelsesmedlem

Ole Steen Andersen
Professionelt
bestyrelsesmedlem

Ole Søeberg
Professionel
investor

Susanne Stormer

Partner, ESG & Sustainability Services Leader
PwC

Dommerkomitéens fokus inden for tema 1 - ESG-rapportering

Dommerkomitéen har lagt særlig vægt på følgende (dog altid helhedsvurdering):

1. **Ledelsen har overvejet og gjort rede for dobbelt væsentlighed** – det vil sige, hvordan virksomheden påvirkes af omverdenen, og hvordan **virksomheden påvirker omverdenen.**
2. **ESG er i et naturligt flow indarbejdet i alle relevante afsnit**, fx i risikobeskrivelser, året der gik mv. – og hertil som **påkrævet i ÅRL et særskilt, uddybende afsnit om samfundsansvar**.
3. **ESG-data er medtaget i femårsoversigten eller i tilsvarende oversigter** – gerne kombineret med økonomiske oplysninger.
4. **Forventningerne indeholder ESG-mål** – på kort, mellemlang og lang sigt.
5. **ESG-regnskabspraksis er beskrevet** - herunder med angivelse af tilgængelige bæredygtighedsstandarder.
6. **Væsentlige skøn og usikkerheder vedrørende de præsenterede ESG-data er beskrevet** – herunder med angivelse af særlige forudsætninger, der er lagt til grund.
7. **ESG er præsenteret klart og pædagogisk**, fx ved kombination af tabeller, grafik og tekst med fokus på de mest væsentlige forhold.
8. **EU taxonomirapporteringen er kommenteret.**
9. **ESG-data er forsynet med erklæring fra revisor.**

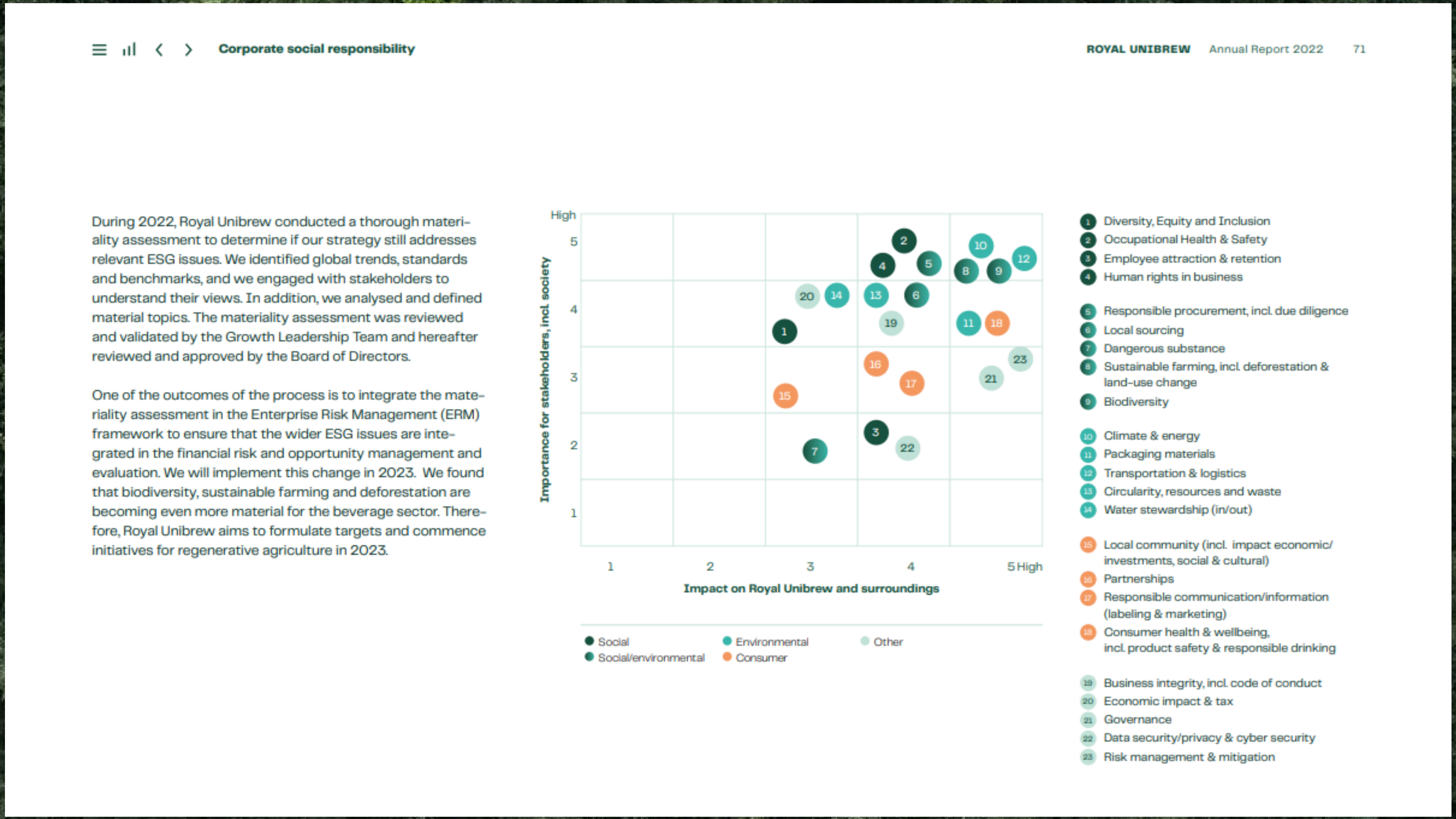
Udvalgte fokuspunkter i årsrapporterne for 2022

1. Ledelsen har overvejet og gjort rede for dobbelt væsentlighed

Royal Unibrew

Anbefaling:
Dobbelt væsentlighed skal være overvejet.

Eksempel:
Royal Unibrew har beskrevet dobbelt væsentlighed på en illustrativ og overskuelig måde.



During 2022, Royal Unibrew conducted a thorough materiality assessment to determine if our strategy still addresses relevant ESG issues. We identified global trends, standards and benchmarks, and we engaged with stakeholders to understand their views. In addition, we analysed and defined material topics. The materiality assessment was reviewed and validated by the Growth Leadership Team and hereafter reviewed and approved by the Board of Directors.

One of the outcomes of the process is to integrate the materiality assessment in the Enterprise Risk Management (ERM) framework to ensure that the wider ESG issues are integrated in the financial risk and opportunity management and evaluation. We will implement this change in 2023. We found that biodiversity, sustainable farming and deforestation are becoming even more material for the beverage sector. Therefore, Royal Unibrew aims to formulate targets and commence initiatives for regenerative agriculture in 2023.

1 Diversity, Equity and Inclusion
2 Occupational Health & Safety
3 Employee attraction & retention
4 Human rights in business

5 Responsible procurement, incl. due diligence
6 Local sourcing
7 Dangerous substance
8 Sustainable farming, incl. deforestation & land-use change
9 Biodiversity

10 Climate & energy
11 Packaging materials
12 Transportation & logistics
13 Circularity, resources and waste
14 Water stewardship (in/out)

15 Local community (incl. impact economic/ investments, social & cultural)
16 Partnerships
17 Responsible communication/information (labeling & marketing)
18 Consumer health & wellbeing, incl. product safety & responsible drinking

19 Business integrity, incl. code of conduct
20 Economic impact & tax
21 Governance
22 Data security/privacy & cyber security
23 Risk management & mitigation

Udvalgte fokuspunkter i årsrapporterne for 2022

2. ESG er i et naturligt flow indarbejdet i alle relevante afsnit

Novo Nordisk

Anbefaling:
ESG skal i et naturligt flow indarbejdes i alle relevante afsnit.

Eksempel:
Novo Nordisk præsenterer en klar sammenhæng mellem selskabets strategi, forretningsmodel og bæredygtighedsindsats.

PERFORMANCE HIGHLIGHTS

Our strategic progress

2022 Highlights

Purpose and sustainability (ESG)

Progress towards zero environmental impact:
- Carbon emissions from operations and transportation decreased by 29% compared to 2019

Adding value to society:
- Progress on Defeat Diabetes strategy
  - Medical treatment provided to 36.3 million people living with diabetes
  - Reaching more than 41,000 children in Changing Diabetes® in Children programme
- Diabetes and haemophilia medications donated to the Ukrainian Ministry of Healthy
- Positive scientific opinion from EMA on human insulin with more flexible storage without refrigeration

Being recognised as a sustainable employer
- Share of women in senior leadership positions has increased to 39% from 36% in 2021

Innovation and therapeutic focus

Further raise innovation bar for diabetes treatment:
- Approval of Ozempic® 2.0 mg in the US
- Successful completion of phase 3a trials with once-weekly insulin icodec
- Successful completion of phase 2 trial with CagriSema in people with type 2 diabetes
- Phase 1 trials with Ideal Pump insulin successfully completed
- Phase 1 trial initiated with a once-daily oral GLP-1/GIP agonist and once-weekly oral semaglutide

Develop superior treatment solutions for obesity:
- STEP TEENs phase 3 trial successfully completed
- Phase 3a initiation with CagriSema in people with obesity
- Phase 1 initiation of oral amycretin

Strengthen and progress Rare Disease pipeline:
- Concizumab phase 3 trials completed in people with haemophilia A and B with inhibitors and in people without inhibitors
- Dosing initiated in phase 3a trial with Mim8
- Phase 2 trial initiated with NDec in sickle cell disease
- Acquisition of Forma Therapeutics to expand pipeline in sickle cell disease

Establish presence in other serious chronic diseases:
- Phase 2 trial initiated with NNC6019 in cardiomyopathy
- Phase 1 trials initiated in NASH utilising the siRNA platform

Commercial execution

Strengthen diabetes leadership to more than one-third:
- Diabetes value market share increased by 1.8 percentage points to 31.9% (MAT)

More than DKK 25 billion in Obesity sales by 2025:
- Obesity care sales increased by 84% (CER) to DKK 16.9 billion

Secure a sustained growth outlook for Rare Disease:
- Rare Disease sales increased by 1% (CER) to DKK 20.5 billion

Financials

Deliver solid sales and operating profit growth:
- Sales growth at 16% (CER)
  - International Operations sales growth of 13% (CER)
  - US sales growth of 19% (CER) with 73% of sales coming from products launched since 2015
- Operating profit growth of 15% (CER)

Drive operational efficiencies:
- Continued productivity gains in Product Supply

Enable attractive capital allocation to shareholders:
- Free cash flow of DKK 57.4 billion
- DKK 49.4 billion returned to shareholders in 2022

Strategic Aspirations 2025[1]

Purpose and sustainability (ESG)
1. Progress towards zero environmental impact
2. Being respected for adding value to society
3. Being recognised as a sustainable employer

Innovation and therapeutic focus
1. Further raise the innovation bar for diabetes treatment
2. Develop a leading portfolio of superior treatment solutions for obesity
3. Strengthen and progress the Rare Disease pipeline
4. Establish presence in other serious chronic diseases focusing on cardiovascular disease (CVD), non-alcoholic steatohepatitis (NASH) and chronic kidney disease (CKD)

Commercial execution
1. Strengthen diabetes leadership – aim at global value market share of more than 1/3
2. More than DKK 25 billion in Obesity sales by 2025
3. Secure a sustained growth outlook for Rare Disease

Financials
1. Deliver solid sales and operating profit growth:
   - Deliver 6–10% sales growth in International Operations
   - Transform 70% of sales in the US (from 2015 to 2022)
2. Drive operational efficiencies across the value chain to enable investments in future growth assets
3. Deliver free cash flow to enable attractive capital allocation to shareholders

1. The strategic aspirations are objectives that Novo Nordisk intends to work towards and are not a projection of Novo Nordisk's financial outlook or expected growth. Novo Nordisk intends to describe how its activities develop in relation to each of the four dimensions on an ongoing basis.

Udvalgte fokuspunkter i årsrapporterne for 2022

3. ESG-data er medtaget i femårsoversigten eller i tilsvarende oversigter

DFDS og DSV

Anbefaling:
ESG-data skal medtages i femårsoversigten eller i tilsvarende oversigter.

Eksempel:
DFDS præsenterer en overskuelig 5 års oversigt over ESG data som en del af den almindelige 5 års oversigt.

DSV viser (som en del af 5 års oversigten) ESG-tal i forhold til udvikling i aktiviteten.

DFDS

	Unit	2022	2021	2020	2019	2018
Key operating and return ratios						
Average number of employees	FTE	11,510	8,874	8,213	8,367	7,791
Revenue growth	%	47.0	27.9	-15.8	5.6	9.7
EBITDA margin	%	18.4	19.1	19.6	21.9	19.0
Operating margin	%	9.1	7.3	6.1	10.6	12.1
Return on invested capital (ROIC)	%	8.7	5.3	3.0	7.6	13.1
ROIC before special items	%	8.6	5.2	3.5	8.1	13.5
Return on equity	%	16.4	8.7	4.2	13.5	20.7
Key capital and per share ratios						
Financial leverage	times	2.8	3.7	4.2	3.3	2.8
Equity ratio	%	38.5	37.6	39.3	38.6	41.8
Earnings per share (EPS)	DKK	35.09	16.70	7.60	22.90	29.00
Dividend paid per share	DKK	8.00	0	0	4.00	4.00
Number of shares, end of period	'000	58,632	58,632	58,632	58,632	58,632
Share price	DKK	256	349	275	325	262
ESG key figures						
Scope 1 emissions (CO_2e)	1,000 tonnes	2,697	2,544	2,014	2,253	1,871
Scope 2 emissions - location based (CO_2e)	1,000 tonnes	8	7	6	7	9
Direct CO_2e emissions (Scope 1+2)	1,000 tonnes	2,705	2,551	2,020	2,260	1,880
CO_2e intensity	kgCO_2e/DKK	0.1024	0.1480	0.1446	0.1362	0.1196
Emissions per GT mile - Own fleet (CO_2)	gCO_2	12.5	12.8	13.4	13.9	-
Lost-time injury frequency (LTIF) - Sea	Incidents/mio. hrs.	4.5	4.3	4.1	4.5	5.5
Lost-time injury frequency (LTIF) - Land	Incidents/mio. hrs.	7.9	7.4	5.9	6.7	3.8
Female ratio - Total workforce	%	24	24	23	25	23
Female ratio - Board of Directors	%	33	33	33	33	33

DSV

	2022	2021	2020	2019	2018
CO_2e (g/tonne-km) - Air transport	694.4	**707.4	704.0	718.2	728.0
CO_2e (g/tonne-km) - Sea transport	6.6	**6.5	6.2	6.4	7.0
CO_2e (g/tonne-km) - Road transport	97.5	**98.7	92.8	93.2	96.5
Lost Time Injury Frequency Rate	2.8	4.5	6.7	5.0	4.6
Lost workdays due to lost time injury	52.0	61.0	78.8	97.5	98.0
Gender diversity (%) (female/male)	39/61	38/62	38/62	39/61	38/62
Employee turnover ratio (adjusted for synergies)	22.1	21.9	20.5	21.1	20.1
Employees (FTE)	76,283	77,958	56,621	61,216	47,394

Udvalgte fokuspunkter i årsrapporterne for 2022

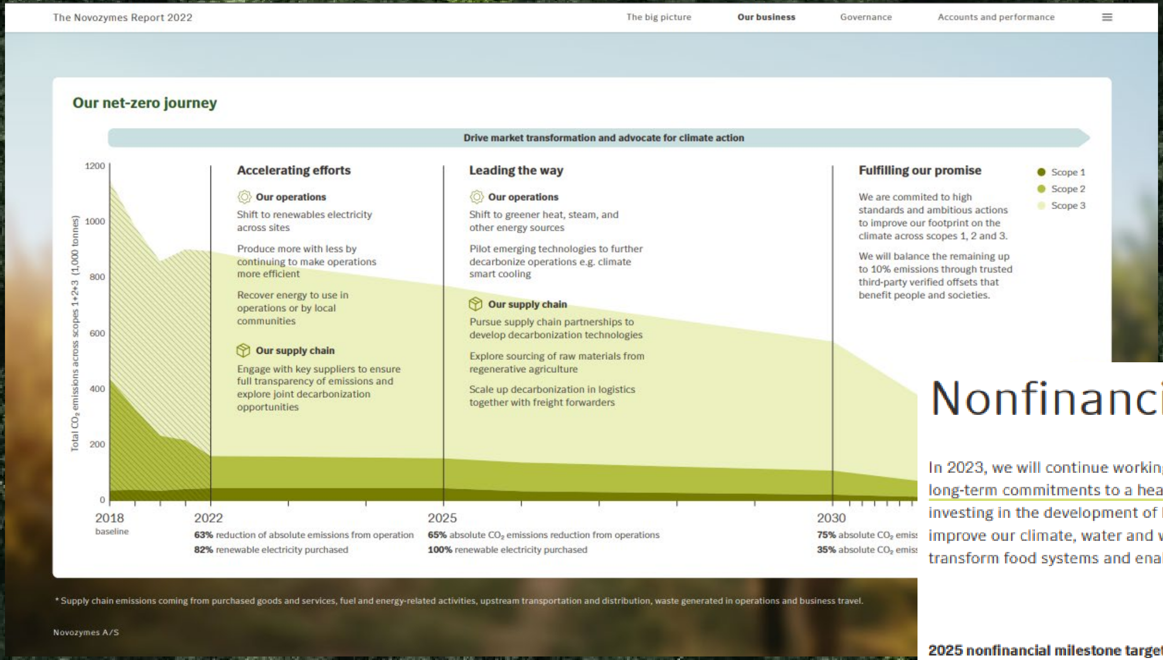
4. Forventningerne indeholder ESG-mål

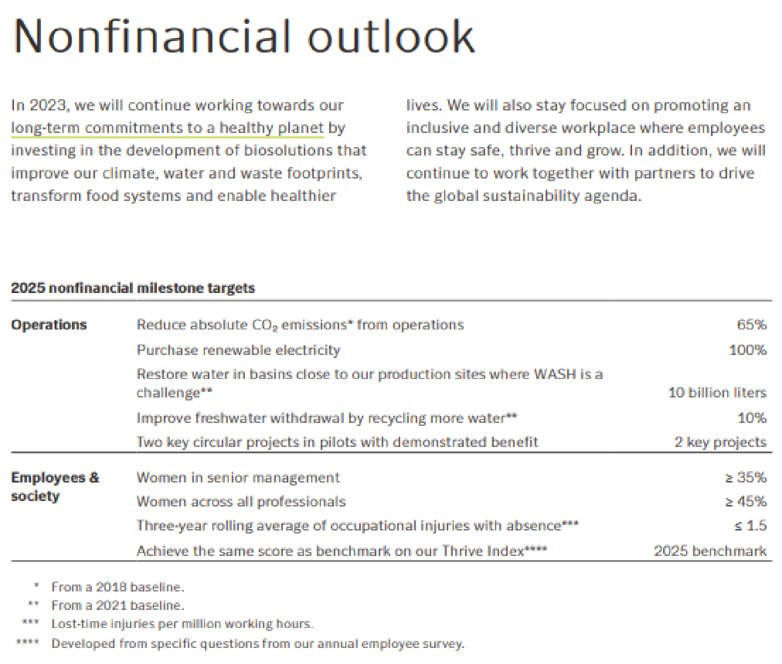
Novozymes

Anbefaling:
Forventningerne skal indeholde ESG-mål.

Eksempel:
Novozymes giver et godt overblik over rejsen med deres overordnede ESG-målsætning, og hvornår de forventer at være net-zero.

Endvidere nonfinancial outlook på samme fremtrædende plads som financial outlook.





Nonfinancial outlook

In 2023, we will continue working towards our long-term commitments to a healthy planet by investing in the development of biosolutions that improve our climate, water and waste footprints, transform food systems and enable healthier lives. We will also stay focused on promoting an inclusive and diverse workplace where employees can stay safe, thrive and grow. In addition, we will continue to work together with partners to drive the global sustainability agenda.

2025 nonfinancial milestone targets

Operations	Reduce absolute CO_2 emissions* from operations	65%
	Purchase renewable electricity	100%
	Restore water in basins close to our production sites where WASH is a challenge**	10 billion liters
	Improve freshwater withdrawal by recycling more water**	10%
	Two key circular projects in pilots with demonstrated benefit	2 key projects
Employees & society	Women in senior management	≥ 35%
	Women across all professionals	≥ 45%
	Three-year rolling average of occupational injuries with absence***	≤ 1.5
	Achieve the same score as benchmark on our Thrive Index****	2025 benchmark

* From a 2018 baseline.
** From a 2021 baseline.
*** Lost-time injuries per million working hours.
**** Developed from specific questions from our annual employee survey.

Udvalgte fokuspunkter i årsrapporterne for 2022

5. ESG-regnskabspraksis er beskrevet

Novo Nordisk

Anbefaling:
ESG-regnskabspraksis skal være beskrevet.

Eksempel:
Novo Nordisk giver en god beskrivelse af anvendt regnskabspraksis vedrørende de oplysninger, der indgår i ESG-rapporteringen.

General reporting standards and principles
Novo Nordisk's annual reporting complies with the Danish Financial Statements Act. Sections 99a, 99b, 99d and 107d specify the requirements to report on the management of risks related to the environment, climate, human rights, labour and social conditions, anti-corruption, gender distribution and data ethics. These requirements are addressed in the Management review.

Materiality
When assessing whether a disclosure is material to include in the consolidated ESG statement, Management considers whether the matter is of such relevance and importance that it could substantively influence the assessment by providers of financial capital of Novo Nordisk's ability to create value over the short-, medium- and long-term. This assessment builds on ongoing stakeholder engagement and trend-spotting supplemented by data-driven analysis. The identified key issues are addressed by programmes or action plans with clear and measurable targets. The issues presented in the Annual Report are thus deemed to have a significant impact on the Group's Environmental, Social and Governance performance and thereby the future business performance and may support stakeholders in their decision-making.

Principles of consolidation
The disclosures of energy consumption and CO_2 emissions cover production sites, laboratories and offices. The disclosures of water consumption, environmental breaches and waste cover production sites.

The social and governance-related disclosures cover the Novo Nordisk Group, comprising Novo Nordisk A/S and entities controlled by Novo Nordisk A/S. Novo Nordisk Engineering A/S is not in the scope of reporting for Sustainable Employer Score, failed inspections, facilitations of Novo Nordisk Way, employees trained in business ethics and gender in management and senior management. Novo Nordisk Pharmatech A/S is not in scope for facilitations of the Novo Nordisk Way and employees trained in business ethics.

Accounting policies and changes hereto
The accounting policies set out in the notes have been applied consistently in the preparation of the consolidated ESG statement for all the years presented unless stated otherwise below.

Accounting policies
Energy consumption for operations is measured as consumption of power, steam, heat and fuel. The fuel is mainly from natural gas, wood, diesel oil, gas oil and light fuel oil. Energy consumption is based on meter readings and invoices. Energy consumption in office buildings outside of Denmark is limited to the consumption of power.

The share of renewable power used at production sites is reported according to the Greenhouse Gas (GHG) Protocol Scope 2 Guideline. It is calculated as the sum of power in each country that comes from 100% renewable sources, either sourced or self-produced. Renewable solutions include both bundled (PPA) and unbundled solutions (REC) from sources such as wind, hydroelectric, solar and biomass.

Accounting policies
The frequency of occupational accidents is measured as the internally reported number of accidents with absence per million nominal working hours, or Lost Time Injury Frequency (LTIF). Contractors, visitors, employees on unpaid leave, interns, and bachelor and master thesis students are not included. An occupational accident with absence is any work-related accident causing at least one day of absence in addition to the day of the accident.

Udvalgte fokuspunkter i årsrapporterne for 2022

6. Væsentlige skøn og usikkerheder vedrørende de præsenterede ESG-data er beskrevet

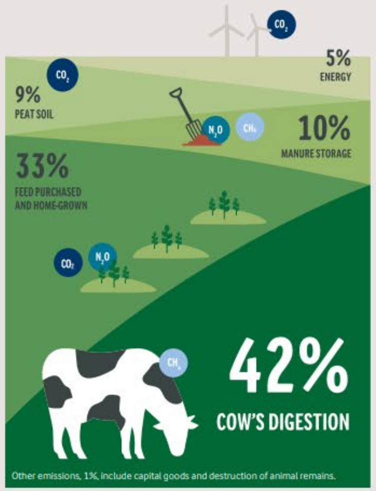
Arla

Anbefaling:
Beskrivelse af væsentlige usikkerheder vedrørende de præsenterede ESG-data.

Eksempel:
Arlas ESG-rapportering indeholder en god beskrivelse af usikkerhed forbundet med virksomhedens rapporterede data.

ENVIRONMENTAL DATA
1.1 GREENHOUSE GAS EMISSIONS (CO_2e)

WHERE DO OUR FARM EMISSIONS COME FROM



Other emissions, 1%, include capital goods and destruction of animal remains.

Scope 3 – Emissions on farm
Scope 3 emissions from raw milk are calculated in accordance with the International Dairy Federation's guideline for the carbon footprint of dairy products (IDF 2015). The tool used for calculating the carbon footprint from milk is based on an attributional life-cycle assessment (LCA) that has been developed during the last decade in collaboration with 2.-0 LCA Consultants, a Danish consultancy firm formed by academics. For detailed descriptions of methodology, please refer to Schmidt and Dalgaard (2021). Farm-level emission factors are also obtained from 2.-0 LCA Consultants. Non-owner milk emissions are calculated by multiplying milk volume with emission factors based on national inventory data and not Arla specific data. The calculations are based on an earlier version of the farm tool following IDF 2010 (Dalgaard R, Schmidt J, Cenian K, 2016).

Emissions related to raw milk include emissions both on and off farm. The emissions relate to the cow's digestion, feed production and purchase, manure storage, energy usage, capital goods and peat soils. Emissions related to feed include fertiliser for home-grown feed and purchased feed, and transport of purchased feed. Manure storage can result in methane and nitrous oxide emissions. The amount of emissions varies depending on how manure is covered and whether it is used for biogas production. Peat soils are wetland with a high CO_2e content. When soils are drained and used in crop production CO_2 and N_2O are released. The emission figure related to raw milk presented in this report is a weighted average emission per kg of milk, calculated based on validated climate data from farms where the data has been validated by external climate experts, multiplied by the fat and protein-adjusted milk intake. Farm data validated by external climate experts are statistically representative of all Arla farms.

Uncertainties and estimates
In 2022, 95 per cent of Arla's active farmer owners, covering 99 per cent of Arla's owner milk volume, submitted a detailed Climate Check questionnaire (farmers receive an incentive of 1.0 EUR-cent/kg of milk to complete the survey). Their answers were validated by external climate experts. This report includes only externally validated data which in 2022 covered all farms who submitted a climate check.

Farmer owners complete the Climate Check once a year based on data from their most recent financial year. This could vary from farm to farm, as some have financial years running from January to December, while others run from July to June. Therefore, the figures presented are not necessarily based on farm data covering the same period. The majority of data, 61 per cent, relates to the period 1 January 2021 to 31 December 2021 while 11 per cent relates to earlier periods.

An uncertainty analysis has been carried out to understand the biggest areas of uncertainty related to self-reported farm emission data. The analysis was centred around four key levers: herd, feed, crops and manure handling, and addressed the parameters with the highest impact on the emissions on farm. The analysis concluded that data could be misstated, in worst case up to 10-12 per cent, but only if the farmer had a starting point of high emissions and claimed to change from no biogas treatment to full biogas treatment of slurry.

Smaller farmers and farmers using extensive grazing systems are not always measuring the amount of feed that the cows eat or the dry matter content of the grass on the fields. To enable these farmers to report, the system contains a model which calculates feed consumption based on herd size and milk yield.

Reporting on peat soils is a developing field and still subject to higher uncertainty than other areas. Due to its relatively high climate impact uncertainties related to peat soils could have significant impact on the total reported greenhouse gas figure. The risk of errors is minimised by external climate advisors validating the data supported by automated statistical outlier controls. All outliers are flagged and need to be checked by the advisor before the result of the Climate Check is available. Numbers are only released for reporting after thorough investigation.

The methodology used to calculate emissions on farm is developing over time. Currently, factors that potentially could lower total net emissions, such as carbon sequestration on farm and direct land use change, are not included. IDF 2015 suggests that direct land use change should be included in the calculations.

The baseline year for our scope 3 Science Based Target is 2015. To calculate the baseline as well as follow up on the reduction target, the same method and tool were used, but the type of data used differed. For the 2015 baseline, national statistical data for 2012 was used, which was the best available data at the time. From 2016, national statistics were gradually replaced by data from climate measurements at Arla farms. The change happened for Denmark, the UK and Sweden in 2016, Germany in 2019 and the rest of the owner countries in 2020. The reporting year 2020 was the first time when most Arla farms were included. The farm-specific data is always one to two years behind, which is why the 2022 reporting was based on farm data primarily from 2021.

Other uncertainty relates to data collection regarding packaging and transport from suppliers. Each quarter, Arla sends its suppliers detailed requests to provide the necessary data, accompanied by a manual on how to complete the related documentation. Manual data entries from different sources are clear risks to data quality. To minimise the risk of reporting errors, a rigorous two-step internal validation process is in place.

Henrik Steffensen

Partner, Head of Accounting Advisory Services
PwC

Dommerkomitéens fokus inden for tema 2 og 3 - det finansielle regnskab og det fremadrettede

Dommerkomitéen har lagt særlig vægt på følgende (dog altid helhedsvurdering):

1. **Strategi, risici m.v. -** der skal gives en sammenhængende beskrivelse af virksomhedens mål, forretningsmodel og strategi. Identificerede risici beskrives og kvantificeres, og der er anført en klar kobling til mål, forretningsmodel og strategi.
2. **Rapportering på årets udvikling -** udviklingen i året perspektiveres i forhold til udmeldte forventninger i foregående år. Beskrivelsen redegør for væsentlige begivenheder og effekten heraf, og beskrivelsen gives pr. segment. Yderligere er der anført en oversigt over relevante finansielle og ESG-nøgletal.
3. **Guidance** - outlook gives på **kort, mellemlang og lang sigt**, og skal omfatte både finansielle forhold og ESG-forhold.
4. **Noter** - den finansielle del af årsrapporten (noterne) skal opbygges emneopdelt, inkludere praksis og skøn som en del af noterne og gerne indeholde kommentarer og grafik.
5. **Øvrige beretninger der ligger udenfor årsrapporten** - i ledelsesberetningen skal der være omtale af væsentlige forhold fra forskellige lovpligtige rapporter i årsrapporten, f.eks. god selskabsledelse, vederlagsrapporten mv.

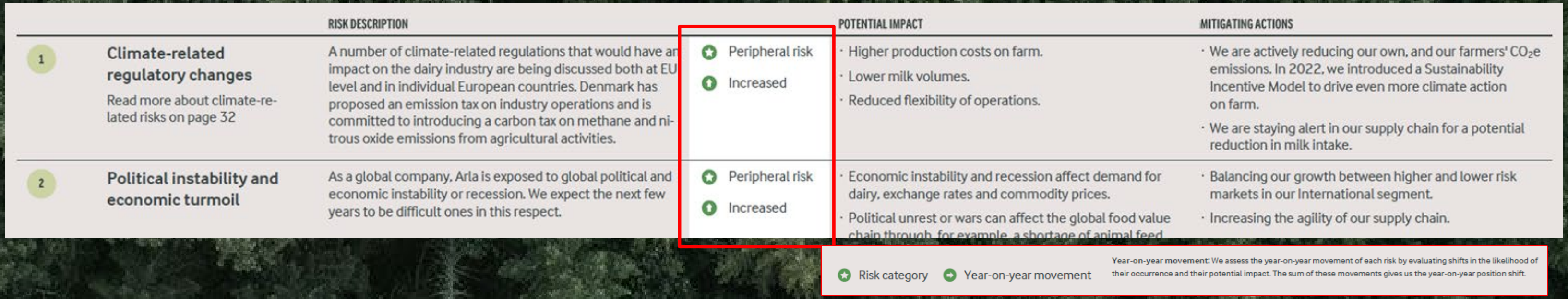
Udvalgte fokuspunkter i årsrapporterne for 2022

1. Strategi risici mv. - den finansielle del

Arla

Anbefaling:
Der skal gives et overblik over selskabets væsentlige risici.

Eksempel:
Arla beskriver udviklingen i sine finansielle og ESG-risici hver for sig. Dette gøres via et heat-map og en supplerende beskrivelse, hvori der redegøres for typen af risici og udviklingen i den enkelte risiko i forhold til sidste år.



		RISK DESCRIPTION		POTENTIAL IMPACT	MITIGATING ACTIONS
1	Climate-related regulatory changes Read more about climate-related risks on page 32	A number of climate-related regulations that would have an impact on the dairy industry are being discussed both at EU level and in individual European countries. Denmark has proposed an emission tax on industry operations and is committed to introducing a carbon tax on methane and nitrous oxide emissions from agricultural activities.	Peripheral risk Increased	· Higher production costs on farm. · Lower milk volumes. · Reduced flexibility of operations.	· We are actively reducing our own, and our farmers' CO_2e emissions. In 2022, we introduced a Sustainability Incentive Model to drive even more climate action on farm. · We are staying alert in our supply chain for a potential reduction in milk intake.
2	Political instability and economic turmoil	As a global company, Arla is exposed to global political and economic instability or recession. We expect the next few years to be difficult ones in this respect.	Peripheral risk Increased	· Economic instability and recession affect demand for dairy, exchange rates and commodity prices. · Political unrest or wars can affect the global food value	· Balancing our growth between higher and lower risk markets in our International segment. · Increasing the agility of our supply chain.

Risk category · Year-on-year movement

Year-on-year movement: We assess the year-on-year movement of each risk by evaluating shifts in the likelihood of their occurrence and their potential impact. The sum of these movements gives us the year-on-year position shift.

Udvalgte fokuspunkter i årsrapporterne for 2022

2. Rapportering på årets udvikling - den finansielle del

Arla

Anbefaling:
Der skal gives et overblik over den finansielle udvikling i selskabet.

Eksempel:
Arla giver et overskueligt illustration af, hvordan udviklingen har været på en række områder, der er vigtige for regnskabsbrugerne (både finansiel og ESG).

Udviklingen indeholder en angivelse af, om udviklingen er på niveau med guidance eller ej.

Udvalgte fokuspunkter i årsrapporterne for 2022

3. Guidance og forudsætninger herfor - den finansielle del

DSV

Anbefaling:
Guidance skal gives for kort, mellemlang og lang sigt.

Eksempel:
DSV giver en overskuelig præsentation af guidance for 2023 med angivelse af væsentlige forudsætninger. Yderligere suppleres guidance med mål på lang sigt (2026), og det ene mål (Conversion ratio) gives pr. segment.

2026 targets (%)	2022 actual	**2026 targets**
DSV Group		
Conversion ratio	48.3	>45.0
ROIC (before tax)	25.1	>20.0
Divisional targets for conversion ratio		
Air & Sea	59.7	>50.0
Road	25.8	>30.0
Solutions	29.0	>30.0

Assumptions for 2023 financial outlook
After an extraordinary 2022, we expect a decline in our earnings and margins for 2023 as freight markets find a new normal level after the pandemic.

The World Bank projects global GDP growth in the level of 2-3% in 2023 – with lowest growth rates in the advanced economies. Normally, we expect transport volumes to grow in line with the economy, but in the second half of 2022, we saw volumes declining more than GDP due to reduction of inventory levels and normalisation of consumer behaviour after COVID-19. We expect this negative development in freight volumes to continue in the first part of 2023, but we expect a recovery in the second half of the year.
We have based our guidance on the assumption of declines in air and sea freight volumes of 2-5% for the full year 2023. As transport markets continue to normalise, we expect that our gross profit yields in Air & Sea will decline compared to the average level in 2022.

For Road and Solutions, we expect that markets will be flat or decline by low single digits in 2023. Across all divisions our aim of taking market share remains intact.

We will monitor activity closely across our organisation and adjust our capacity and cost base accordingly.

The outlook for 2023 assumes that the currency exchange rates, especially the US dollar against DKK, will remain at the current level.

The geopolitical and macroeconomic environment remains uncertain, and unforeseen changes may therefore impact our financial results.

2026 financial targets
While we expect decline in conversion ratio and ROIC in 2023 compared to the extraordinary levels in 2022 – mainly for Air & Sea – our 2026 targets are unchanged.

The targets are based on the assumption of stable global economic development during the period 2024-26, with average annual global GDP growth of at least 3% and transport market growth in line with GDP.

All the way towards 2026 we will continue our focus on achieving organic growth ahead of the market, and we see opportunities to improve productivity across the Group. Our IT systems, infrastructure and back-office functions are scalable, providing opportunities to leverage operations in all three divisions.

The targets are based on organic growth and do not include the potential impact from large acquisitions in the period. The strategic objectives of the Group are translated into the following targets:

Udvalgte fokuspunkter i årsrapporterne for 2022

4. Noteapparatet - den finansielle del

FLSmidth og Royal Unibrew

Anbefaling:
Noteapparatet skal udarbejdes, så det er let tilgængeligt og har en logisk struktur.

Eksempel:
FLSmidth giver en meget tilgængelig oversigt over væsentlige regnskabsmæssige skøn og vurderinger samt deres estimerede effekt.

Royal Unibrew medtager kommentarer til noterne - og disse separeres fra vurderinger og øvrige oplysninger.

Key accounting estimates and judgements

Note	Key accounting estimates and judgements	Nature of accounting impact	Impact of estimates a
1.4 Revenue	Determine performance obligations	Judgement	■□□
	Determine recognition method	Judgement	■■■
2.7 Provisions	Estimate warranty provision	Estimate	■■■
2.10 Business acquisitions	Purchase price allocation	Judgement and estimate	■■■
3.2 Inventories	Estimate valuation of inventories	Estimate	■■□
3.3 Trade receivables	Estimate level of expected losses	Estimate	■■□
3.4 Work in progress	Estimate total cost to complete	Estimate	■■■
4.3 Deferred tax	Estimate the value of deferred tax assets	Estimate	■□□

Impact significance

Key accounting estimates and judgements	Low	■□□
	Medium	■■□
	High	■■■

FLSMIDTH

Key accounting judgements

Judgement regarding performance obligations
Judgement is performed when determining if a contract for sale of projects, products or services, or a combination hereof, involves one or more performance obligations.

The complexity arises when selling bundled goods and services, and the consequence of the key accounting judgement is related to the timing of revenue recognition, especially for point in time sales.

Judgement regarding recognition method
Judgements are made when determining if revenue on a project, product or service is recognised over time or at a point in time. The judgements relate to if we have an alternative use of the assets being produced and if we have an enforceable right to payment throughout the contractual term.

When assessing if an asset being produced has no alternative use to FLSmidth, we estimate the alternative use cost amount. We have limited historical data as we rarely redirect our assets. The estimate is based on the specifics of each contract.

When assessing if we are entitled to payment throughout the contract term, a judgement is made based on the contract wording, legal entitlement and profit estimates.

Comment

Royal Unibrew has established a share based Long-Term Incentive Plan (LTIP) for the Executive Management, SVPs, VPs and selected key employees. The program is designed to align the interests of Royal Unibrew's Executive Management, employees and shareholders and to retain and reward the employees for dedicated and focused achievements of the company's strategy and long-term objectives aligned with shareholders' interests.

The LTIP implies the grant of a number of Performance Share Units (PSUs). The PSUs granted in 2021 and 2022 to each participant will vest within 0-100% of the granted PSUs depending on achievement of the defined KPIs during the period. In order to exercise the PSUs the employee must still be employed at the excise date.

The KPIs in the LTIP programs for Executive Management granted in 2021 and 2022 have four targets: Organic EBIT growth in 2022 (45%), accumulated free cash flow (15%), ESG performance to peers (15%) and share price development (25%). Royal Unibrew A/S launched a new share based Long-Term Incentive Plan (LTIP) for selected key employees (SVPs, VPs and selected key employees) with the following targets: organic EBIT growth (50%), accumulated free cash flow (25%) and CSR rating relative to peers (25%).

Share-based payments

The Group only has schemes classified as equity-settled schemes. Conditional shares are measured at fair value at the time of granting, and they are recognized in staff expenses in the income statement over the vesting period. The counter item is recognized directly in equity.

At the initial recognition of the conditional shares, the number of shares expected to vest is estima
quently, the estimate of the number of restricted shares is revised so that the total recognition is b
estimated number of shares allotted.

Share-based payments

In determining fair value, conditions and terms related to the conditional shares are taken into acc
The market value of the program applying to 2021 covering the performance period 2021-2023 f
Management was approximately DKK 7 million. The market value of the program applying to 2022
performance period 2022-2024 for Executive Management was approximately DKK 8 million. The
established in 2022 for SVPs, VPs and selected key employees covering the performance period 2
had a market value at grant of approximately DKK 12 million. The market value has been charged t
statement on an estimated straight-line basis over the vesting period, corresponding to the rate a
conditions for the allotment of the shares was expected to be met.

ROYAL UNIBREW

Udvalgte fokuspunkter i årsrapporterne for 2022

5. Øvrige beretninger der ligger udenfor årsrapporten - den finansielle del

Novozymes

Anbefaling:
Der skal gives et kort resumé i årsrapporten af de forskellige beretninger, der placeres på selskabets hjemmeside.

Eksempel:
Novozymes giver korte resuméer i årsrapporten af de forskellige beretninger, som placeres på hjemmesiden. Herunder gives resumé af vederlagsrapporten, og der henvises til den detaljerede vederlagsrapport.

Summary of the Remuneration Report

In 2022, Novozymes delivered a strong organic sales growth of 9% and a solid EBIT margin of 26.0% despite a volatile market environment. Furthermore, we concluded our nonfinancial milestone targets for 2022 with an improvement in the environmental impact of our operations, increased employee engagement, and we enabled our customers to reduce their CO_2 emissions. At the end of the year we announced the proposed combination of Novozymes and Chr. Hansen as another step on our strategic journey and to create a leading global biosolutions partner.

General remuneration policy

Novozymes' remuneration policy for managers and other employees is designed to both encourage strong individual performance and support Novozymes' overall value creation. Remuneration consists of a base salary, pension contributions, a cash bonus and stock-based incentive programs. These components are linked to employees' individual performance and to the level of achievement of Novozymes' financial, social and environmental targets. The remuneration policy aims to provide managers and other employees with a competitive financial package, which we review regularly against external benchmarks.

Remuneration of the Board of Directors

The remuneration of the Board of Directors comprises a fixed fee and is not incentive-based. This ensures that the Board of Directors safeguards the company's long-term interests without taking into consideration what these may mean in terms of the value of incentive-based remuneration. The Board of Directors' fee is set at a market-conformant level that reflects the competencies and efforts required of the role, given the complexity of the Novozymes Group, the scope of the work, and the number of Board meetings held.

Remuneration of the Executive Management

As per 31 December 2022, the Executive Management of Novozymes A/S consisted of:

- Ester Baiget, President & Chief Executive Officer (CEO)
- Lars Green, Executive Vice President & Chief Financial Officer (CFO)

The total remuneration to members of the Executive Management comprises:

- A base salary plus pension, company car and certain other benefits
- A short-term incentive program (cash bonus) - STIP

De danske regler indeholder en del beretninger - herunder:

- God selskabsledelse, jf. CG-reglerne (og ÅRL)
- Skattepolitik, jf. CG-reglerne
- Risikostyring
- Underrepræsenterede køn
- Dataetik
- Vederlagsrapporten, jf. selskabsloven