



2022

Eksempler på gode elementer i årsrapporter

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:
 - Virksomheders interne rapportering skal udbygges med ESG, herunder med relevant ledelsesrapportering - og i sidste ende skal dette danne grundlag for de krævede oplysninger i årsrapporten.
 - 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.
- Hvad gør de største danske virksomheder godt, og kan det være en inspiration for andre virksomheders arbejde med deres årsrapportering?

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+

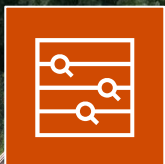
Uddeles blandt large cap selskaber uden for C25 og de 10 største ikke-noterede virksomheder, der aflægger årsrapport efter IFRS, og som udmærker sig særligt indenfor årets fokusområder.

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

Dommerkomitéens fokus indenfor tema 1 - ESG-rapportering

Dommerkomiteen 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 centrale forhold
8. **ESG Taxonomirapporteringen er kommenteret**
9. **ESG-data er forsynet med erklæring fra revisor**

Hvad indeholder eksemplerne?

De følgende sider indeholder gode eksempler fra årsrapporter, der kan tjene til inspiration for andre.

Eksemplerne er udvalgt og kommenteret af PwC med grundlag i arbejdet med PwC's regnskabspriser 2023 vedrørende årsrapporter 2022.

Eksemplerne tilsigter ikke at være udtømmende på alle områder, der er bedømt som led i regnskabspriserne. I år har fokus primært været på ESG, og derfor er der flest eksempler indenfor tema 1, ESG-rapportering.

De gengivne eksempler supplerer de andre gode eksempler, som er præsenteret under optakten til præsentationen af vinderne.

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ALL THE WAY

Annual Report 2022

A.P. Møller - Mærsk A/S
Esplanaden 50, DK-1263 Copenhagen K/Registration no. 22756214





Sustainability highlights

2022 was a year of ongoing disruption to the world's supply chains, with unprecedented shocks from increasingly frequent and severe climate-related weather events and geopolitical tensions – most notably Russia's invasion of the Ukraine. A global shift from commitment to action on decarbonisation is underway, as consensus is growing that the global community is in an urgent climate crisis that demands an equally urgent response. At this critical but fragile inflection point, A.P. Møller - Maersk continued to make progress on its ambitious sustainability agenda.

In 2022, A.P. Møller - Maersk defined the roadmaps to drive meaningful progress on the ESG commitments announced in February, with the aim of fully integrating those activities across businesses and into decision making. The company's ESG strategy is an integral part of, and prerequisite for, the success of A.P. Møller - Maersk's Global Integrator strategy. Aggressive decarbonisation targets have been set for 2030 to ensure this critical decade is one of action.

A.P. Møller - Maersk's ESG aspirations are closely linked to the company's Purpose and Core Values, and collaboration with customers, partners and stakeholders at every level aspires to deliver more responsible and more sustainable supply chains, so that global trade makes a positive contribution to the environment and society.

Tema 1: A.P. Møller Mærsk

Flot præsentation af A.P. Møller Mærsk's Sustainability highlights, hvor forpligtelser, strategiske mål og 2022 performance er præsenteret indenfor ESG.

A.P. Møller - Maersk ESG strategy

	 Environment	 Social	 Governance
Commitments	We will take leadership in the decarbonisation of logistics We will deliver on our customer commitment to decarbonise their supply chains in time and our societal commitment to act and have impact in this decade	We will ensure that our people thrive at work by providing a safe and inspiring workplace We create an engaging environment for all colleagues We facilitate diversity of thought We ensure everyone gets home safe by preventing fatal and life-altering incidents	We operate based on responsible business practices We live our Code of Conduct We procure sustainably We protect and treat data with respect
Strategic targets <i>all targets are for end of year</i>	2040: <ul style="list-style-type: none"> Net zero across the business 100% green solutions to customers 2030: <ul style="list-style-type: none"> Aligned with the Science Based Targets initiative 1.5°C pathway Industry-leading green customer offerings across the supply chain 	2025: Employee Engagement Survey score in the top quartile of global norm 2025: <ul style="list-style-type: none"> >40% women in management and leadership >30% diverse nationality (non-OECD) of executives 	2023: <ul style="list-style-type: none"> 100% Learning Teams completed following High Potential incidents Global Leadership (Top 1,200) upskilled in Maersk safety and security principles
2022 performance highlights	<ul style="list-style-type: none"> Share of ocean freight transported with green fuels: 2% Carbon intensity (Ocean) increased by 7% compared to 2020 baseline Reduction of emissions (scope 1 and 2) in Terminals 5.4% since 2021 	<ul style="list-style-type: none"> 67th percentile 33% women in management and leadership 16% diverse nationality (non-OECD) of executives 	<ul style="list-style-type: none"> 83% Learning Teams completed following High Potential Incidents Training in Maersk safety and security principles developed for roll-out in 2023
Overview of all ESG categories	Climate change Environment and ecosystems (incl. ship recycling)	Employee relations and labour rights - Safety & security - Human capital Sustainable and inclusive trade - Diversity, equity and inclusion - Human rights	Business ethics - Governance - Responsible tax Sustainable procurement - Data ethics - Citizenship

Financial guidance and ESG targets

Financial guidance for 2023

Guidance is based on the expectation that inventory correction will be complete by the end of H1 leading to a more balanced demand environment, that 2023 global GDP growth remains muted, and that the global ocean container market will grow in a range of -2.5% to +0.5%. Ocean expects to grow in line with market. Without impacting financial guidance, an impairment and restructuring charge of USD 450m regarding A.P. Moller - Maersk's brands is expected in Q1 2023.

USDbn			
EBITDA Underlying	8.0-11.0	EBIT Underlying	2.0-5.0
CAPEX guidance, maintained 2022-2023	9.0-10.0	Free cash flow (FCF) at least	2.0
		CAPEX guidance 2023-2024	10.0-11.0

Sensitivity guidance

Financial performance for A.P. Moller - Maersk for 2023 depends on several factors subject to uncertainty. The impact of macroeconomic conditions, bunker fuel prices and freight rates. The impact of these factors on 2023 for four key assumptions are listed below:

Change	Effect on EBIT (Full year 2023)
+/- 100 USD/FFE	+/- USD 1.2bn
+/- 100,000 FFE	+/- USD 0.1bn
+/- 100 USD/tonne (average)	+/- USD 0.4bn
Foreign exchange (net of hedges)	+/- 10% change in USD

Tema 1: A.P. Møller Mærsk

Flot og overskuelig præsentation af A.P. Møller Mærsk's ESG mål på kort, mellem og lang sigt.

ESG commitments

A.P. Moller - Maersk's ESG strategy highlights three core commitments:

- ENVIRONMENT:** take leadership in the decarbonisation of logistics
- SOCIAL:** ensure that people thrive at work by providing a safe and inspiring workplace
- GOVERNANCE:** operate based on responsible business practices

Each of the core ESG commitments are supported by a set of short, mid and long-term strategic targets, and A.P. Moller - Maersk has linked the executive remuneration to ESG performance as of 2023.

Climate change: The vision to deliver net zero by 2040

A climate emergency demands an emergency response, and A.P. Moller - Maersk has set bold and aggressive targets to decarbonise logistics. This matches what two thirds of the company's largest customers demand, as they themselves have set net zero or science-based targets including scope 3 emissions, which implies their supply chains must be decarbonised.

A.P. Moller - Maersk is committed to having its decarbonisation targets approved by the Science Based Targets initiative (SBTi). Since the long-awaited methodology for the maritime transport sector has now been launched in late 2022, the company will seek to submit targets for approval by the SBTi in 2023.

Forward-looking statements

The Annual Report contains forward-looking statements. Such statements are subject to risks and uncertainties as various factors, many of which are beyond A.P. Moller - Maersk's control, may cause the actual development and results to differ materially from expectations contained in the Annual Report.

ESG targets for 2023

SAFETY & SECURITY

100%

Learning Teams completed following a high potential incident

SAFETY & SECURITY

100%

Global Leadership (top 1,200) upskilled in safety and security principles

BUSINESS ETHICS

100%

Employees (in scope) trained in the Maersk Code of Conduct

DATA ETHICS

100%

Employees (in scope) trained on data ethics

SUSTAINABLE PROCUREMENT, 2024

100%

Suppliers (in scope) committed to the Supplier Code of Conduct

ESG targets towards 2025

Roadmap towards 2025

The mid-term financial targets were introduced at the Capital Markets Day in May 2021 and relate to the transformation towards becoming the integrator of container logistics.

Consolidated

The return on invested capital (ROIC) (last twelve months) was 60.4%, well above the target of above 7.5% every year under normalised conditions, and above 12% for the period 2021-2025, driven by the increase in profit.

ROIC (LTM)
Target: >7.5% **60.4%**

A.P. Møller - Maersk will prioritise the capital allocation to investments in the business, including acquisitions in Logistics & Services, repaying debt, paying dividends based on a pay-out ratio of 30-50% of underlying net profit and distributing excess cash to shareholders through share buy-backs and special dividends in that order.

The proposed dividend payment for 2022 represents a dividend yield of 27.5% and 37.5% of the net underlying profit.

A.P. Møller - Maersk's share buy-back programme, originally planned for USD 5.0bn over 2022-2023, has been progressively extended to USD 12.0bn over 2022-2025 or USD 12.0bn or 26% of the net underlying profit. In 2022, A.P. Møller - Maersk has bought back DKK 39.3bn (around USD 6bn) for 2022-2023, and in 2023, A.P. Møller - Maersk has bought back DKK 22.5bn (USD 3.2bn) as

Tema 1: A.P. Møller Mærsk

Flot og overskuelig præsentation af A.P. Møller Mærsk's ESG mål på kort, mellem og lang sigt.

Ocean

Ocean delivered an EBIT margin of 45.3% over the last twelve months, well above the target of 6% under normalised conditions. Total average operated fleet capacity is within the range of 4.1-4.3m TEU.

EBIT Margin
Target: >6% **45.3%** | Execute with the existing fleet size
Target: 4.1-4.3 TEUm **4.3 TEUm**

Logistics and Services

For Logistics & Services, organic growth of 21% over the last twelve months was above the target of 10%, and 77% of the organic growth related to top 200 customers was also above the target of 50%. Finally, the EBIT margin was 5.6% versus the target of above 6%, making Logistics & Services the strategic growth driver for the company. Adjusted for Russia and impairments, the EBIT margin would have been 6.1%. In addition to rapid organic growth, the expectation is to continue to make acquisitions, mainly of new capabilities and growth platforms, to expand the logistics business.

Organic growth
Target: >10% **21%** | Top 200 customers
Target: 50% **77%** | EBIT
Target: >6% **5.6%**

Terminals

The return on invested capital (ROIC) (LTM) was 7.6% for Terminals and lower than the expectation of above 9% towards 2025. Excluding the impact from Russia, ROIC (LTM) was 12.3%.

ROIC
Target: >9% **7.6%**

ESG targets towards 2025

DIVERSITY, EQUITY & INCLUSION

> 40%

Women in management
(Job Level 4+)

DIVERSITY, EQUITY & INCLUSION

> 30%

Diverse nationality of
executives (Job Level 8-9)

HUMAN CAPITAL

> 75%

Employee Engagement Survey (EES)
percentile rank on global norms

ESG targets towards 2030 and 2040

CLIMATE CHANGE, 2030

1.5°C aligned

SBTi-aligned business specific emissions targets
Industry-leading green customer offerings across the supply chain

CLIMATE CHANGE, 2040

Net Zero

Net zero greenhouse gas emissions
across all scopes and businesses

CLIMATE CHANGE, 2040

100%

Green solutions
to customers



FINANCIAL AND
SUSTAINABILITY

ANNUAL REPORT 2022





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Arla har inkluderet de rette elementer i årsrapporten, og ESG-rapporteringen er balanceret og tilstrækkelig for læser baseret på virksomhedens aktiviteter.

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ENVIRONMENTAL

AMBITION AND PROGRESS

Tema 1: Arla

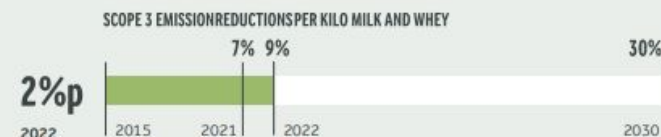
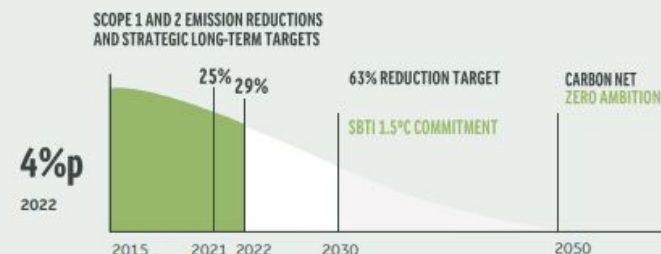
Arla har fastsat en målsætning/KPI'er for ESG - på kort, mellemlang og lang sigt.



EMISSION REDUCTIONS

CO₂e/KG MILK+WHEY

Arla set Science Based Targets for 2030, using 2015 as a baseline. Direct greenhouse gas emissions (scope 1) and emissions related to purchased energy (scope 2) should be reduced by 63 per cent in absolute terms. For scope 3 emissions, among other areas, we are focusing on reducing emissions from sourcing of raw milk. The target is to reduce the carbon footprint from scope 3 by 30 per cent per kg standardised milk and whey. Read more on page 130. For details about climate-related risks, go to page 32.



ONLY RENEWABLE ELECTRICITY

By 2025, we aim to use only renewable electricity at our production sites and offices in Europe. Read more on page 41.



FULL RECYCLABILITY

Our 2025 ambition is that 100 per cent of the packaging used for Arla's own brands is recyclable. Read more on page 43.



NO VIRGIN FOSSIL-BASED PLASTIC

2030 Ambitions Our ambition is to remove the use of virgin fossil-based plastic in packaging used for Arla's own brands by 2030. Read more on page 43.

HALVING FOOD WASTE

2030 Ambitions Our ambition is to cut food waste by 50 per cent by 2030 (vs. 2015).



SOCIAL

AMBITION AND PROGRESS

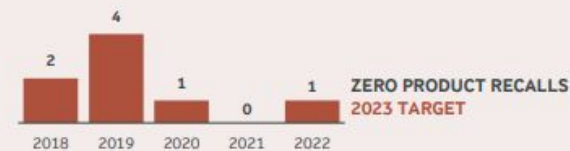
Tema 1: Arla

Arla har fastsat en målsætning/KPI'er for ESG - på kort, mellemlang og lang sigt.



FOOD SAFETY FIRST

A core responsibility for Arla is to ensure that our products are safe for consumers to eat and drink. The target for recalls is by default defined as zero. Read more on page 47.



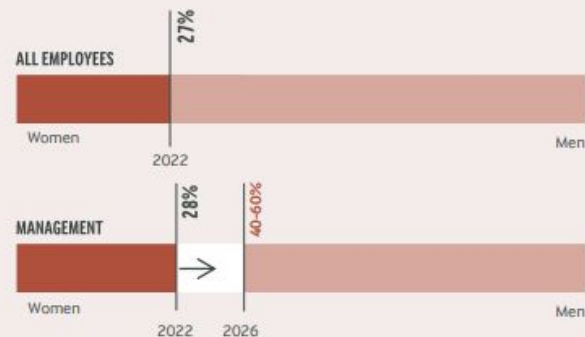
INCREASE ACCESS TO AFFORDABLE NUTRITION

2030 ambitions Access to adequate, affordable and healthy food is a basic human right, and we want to provide high-quality products that meet consumers' nutritional

needs around the world. Our ambition is to reach more and more non-European consumers with affordable food. Read more on page 48.

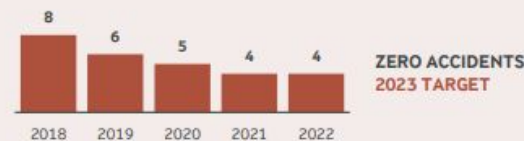
INCREASE GENDER DIVERSITY

Our long-term 2026 target to increase gender diversity is to ensure that there is no more than 60 per cent of the same gender in any team in Arla. We are also aiming to achieve this in our top management teams. Read more on page 51.



TOWARDS ZERO ACCIDENTS

Our safety vision for our colleagues aims at having zero lost-time accidents per million working hours. Read more on page 52.





GOVERNANCE DATA

3.3 GENERAL ACCOUNTING POLICIES

Basis for preparation

The environmental, social and governance (ESG) statement is based on ongoing monthly and annual reporting procedures. The consolidation principles are based on operational control unless described separately in the definition section of each ESG note. All reported data follows the same reporting period as the consolidated financial statements.

Materiality

When presenting the ESG report, management focuses on presenting information that is considered of material importance to Arla's stakeholders, or which is recommended to be reported by relevant professional groups or authorities.

Arla's materiality assessment was last updated in 2021 and is based on the concept of double materiality. This means that both impact materiality and financial materiality is being evaluated. The materiality assessment will be updated in the coming years to comply with Corporate Sustainability Reporting Directive (CSRD) in 2025.

Each topic in the materiality matrix (see graphic) represents a wider agenda and underlying issues, which are identified from relevant ESG/sustainability frameworks, and qualified through insights from Arla's strategy process. Based on input from different expert groups within the Arla value chain, a draft matrix was prepared and sent out to a wider group of selected external and internal stakeholders for further comments and dialogue. The external stakeholders include top 20 customers, elected farmer owners, NGOs and financial institutions in Denmark, Sweden, the UK and Central Europe.

The 2021 update showed that food safety is still the top priority for both external and internal stakeholders. Other areas, which are still highly prioritised are animal care and greenhouse gas emissions.

The topics highlighted as material according to the materiality assessments are widely addressed throughout the annual report. The figures disclosed in the consolidated ESG data section were chosen based on the materiality analysis, but also consider the maturity of data to ensure high data quality on each KPI. In some cases, it was concluded that current data tracking or collection capabilities do not provide sufficient data quality to satisfy disclosure to the highest standards, despite the fact that the figures could be of material importance to stakeholders. In these cases, e.g. recyclability in packaging, the necessary steps to improve data tracking and collection have been initiated. In the coming years, plans are to widen the scope of reporting to fully comply with best practice in ESG reporting.

Reporting scope

Environmental KPIs (Notes 1.1-1.4) included data from all production and logistical sites. This, together with milk, external waste handling, external transport and packaging cover all material activities in Arla's value chain. The environmental impact related to offices, business travel and other less material activities was not included in the total emission figure. This scope also applies to the accident KPI, Note 2.6, however accidents at head offices in Denmark, the UK, Sweden and Germany were also included.

Restatement principles

In line with ESG reporting guidelines, environmental data is presented in absolute figures to ensure comparability. Where relevant, a measure for progress towards Arla's previously communicated internal targets is included. Baselines and comparison figures are restated according to Arla's restatement policy. By default, Arla's baseline emissions are reviewed every five years from the target base year (2020, 2025, 2030), if no significant structural or methodological changes trigger a recalculation before. Every five years, Arla assesses if the

structural changes (e.g. acquisitions or divestments) in the past years reach the significance threshold when added together in a cumulative manner. Each year, Arla assesses if the structural changes that year reach the significance threshold (see below) by themselves or when added together.

A threshold is defined for each Science Based Target:

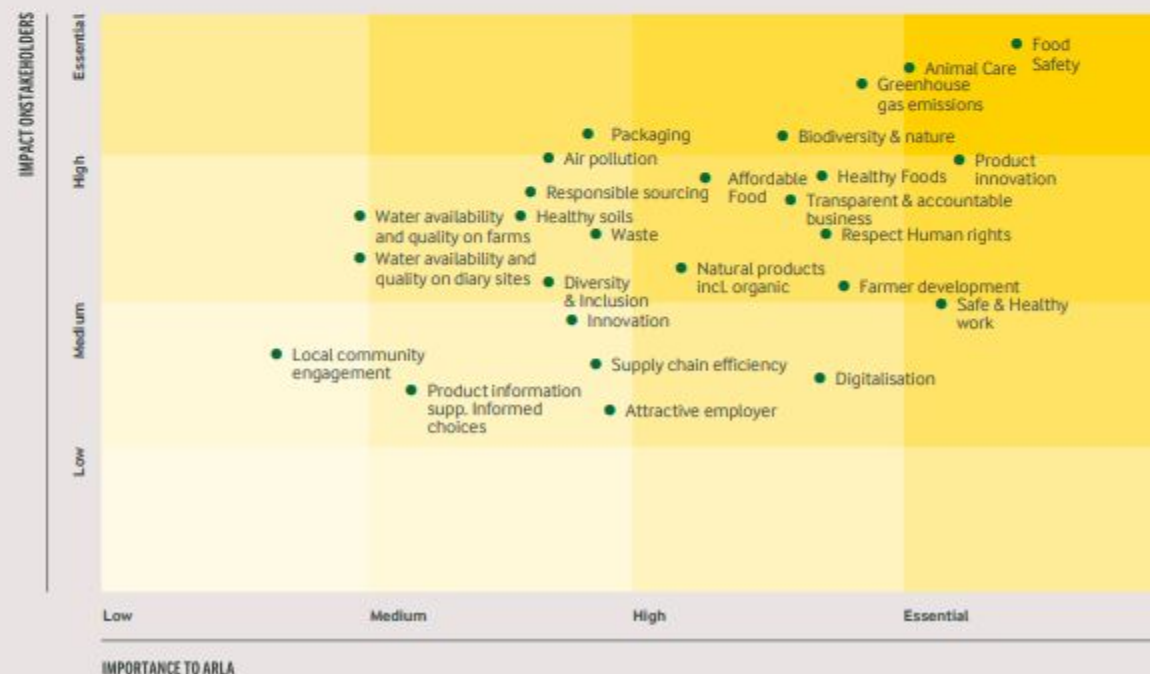
- Scope 1 and 2: 5 per cent change compared to the base year
- Scope 3 per kg of raw milk: 3 per cent change compared to the base year

When the baseline emissions are recalculated due to significant structural changes in the company (as defined above), historic figures are also recalculated and reported alongside the non-recalculated (actual) historic emission figures. This provides the reader with more clarity to understand Arla's actual emissions each year. Other externally reported ESG KPIs are only restated if material mistakes in the previous years' reporting are discovered. The materiality of mistakes is determined on a case-by-case basis.

Tema 1: Arla

Arla præsenterer en god beskrivelse af, hvordan virksomheden påvirker omverdenen, og hvordan ESG-faktorer påvirker eller har en mulighed for at påvirke virksomheden ("dobbelt væsentlighed").

MATERIALITY ANALYSIS





ENVIRONMENTAL DATA

1.1 GREENHOUSE GAS EMISSIONS (CO₂e)

Greenhouse gas emission development

To follow up on the progress towards emission reduction targets, greenhouse gas emissions (expressed as CO₂e equivalents, CO₂e) are reported annually. CO₂e is categorised into three scopes according to the methodology of the Greenhouse Gas Protocol Corporate Standard (GHG protocol). In line with Arla's Science Based Targets, the group does not reduce the CO₂e emissions with carbon credits.

In 2022, our scope 1+2 CO₂e emissions decreased 4 percentage points, leading to a total reduction of 29 per cent compared to 2015. The reduction was a result of energy optimisations at sites, slightly lower milk volumes, partly offset by

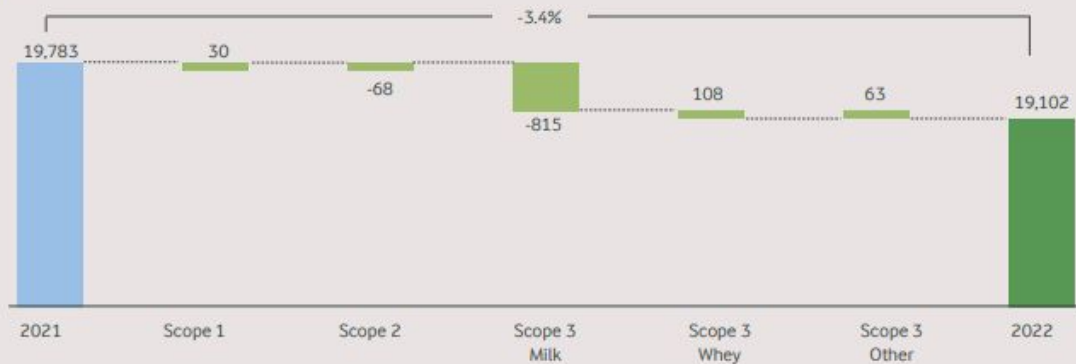
changes to our production mix to more energy intensive products such as milk powder. You can read more about energy optimisation activities in 2022 on page 36 and about our progress towards our renewable electricity target on page 41.

Scope 3 emissions per kg milk and whey were reduced 2 percentage points in 2022, leading to a total decrease towards our 2030 target of 9 per cent compared to the 2015 baseline. Scope 3 emissions per kg milk and whey amounted to 1.18 kg. Emissions specifically from Arla's owners amounted to 1.12 kg CO₂e per kg of owner milk. For more information on initiatives to reach the target, refer to page 36.

Emissions related to packaging and transport increased due to changes in emission factors, partly offset by lower packaging volumes due to a shift in sales from retail to trading.

In 2022, total CO₂e emissions decreased to 19,102 million kg compared to 19,783 million kg last year. The development is explained by emission reduction on farm, lower milk volumes and decreased scope 2 emissions, partly offset by increased purchase of external whey for the Arla Foods Ingredients business.

CO₂e emission development (MKG)



Tema 1: Arla

Arla præsenterer ESG-data i en overskuelig 5-års oversigt.

ESG Table 1.1.a Greenhouse gas emissions progress

(mkg)	2022	2021	2020	2019	2018
CO ₂ e scope 1+2 market-based	695	733	751	862	946
CO₂e reduction scope 1+2 (baseline: 2015)	-29%	-25%	-24%	-12%	-4%
CO ₂ e scope 3 from owner milk (kg)	1.12	1.15	1.15	1.15	1.14
CO ₂ e scope 3 per kg of milk and whey (kg)	1.18	1.20	1.21	1.21	1.20
CO₂e reduction scope 3 per kg milk and whey (baseline: 2015)¹	-9%	-7%	-7%	-7%	-7%

¹ The calculation of CO₂e emissions in 2015 was based on national statistical data, the best available source at that time. In 2016, we started to do climate measurements on Arla farms and gradually replaced the national statistical data with Arla-specific data in the CO₂e calculation model. Read more on page 131.

ESG Table 1.1.b Greenhouse gas emissions

(mkg)	2022 ²	2021	2020	2019	2018
Production	399	368	381	366	400
Transport	78	79	93	97	90
CO₂e scope 1	477	447	474	463	490
CO₂e scope 2 – market-based	218	286	277	399	456
Milk	15,571	16,386	16,645	16,524	16,548
Externally sourced whey	1,859	1,751	1,133	1,032	1,162
Packaging	444	417	396	384	383
Purchased goods and services (category 1)	17,874	18,554	18,174	17,940	18,093
Fuel and energy-related activities (category 3)	177	125	120	110	108
Upstream transport and distribution (category 4)	346	347	306	312	326
Waste generated in operations (category 5)	10	24	25	25	26
CO₂e scope 3³	18,407	19,050	18,625	18,387	18,553
Total CO₂e	19,102	19,783	19,376	19,249	19,499
CO ₂ e Scope 2 – location-based	165	243	237	274	263
Total CO ₂ e – location-based	19,049	19,740	19,336	19,124	19,306

²In 2022, the supplier of Arla's emission factors was changed from Sphera to Quantis due to a supplier-initiated termination of emission factor services. Historical figures 2015-2021 were not adjusted. The impacts on CO₂e for 2021 using 2022 emission factors were: Packaging (part of category 1): +43mkg, category 3: +16 mkg, category 4: +7mkg, category 5: -15mkg.

³Scope 3 emissions from categories 2, 6, 7, 8, 9, 12, 13 and 15 are immaterial to Arla's scope 3 emissions and are therefore not included in the emission figures in ESG Table 1.1. The categories mentioned individually account for less than 0.6 per cent of the Arla's scope 3 emissions. Categories 10, 11 and 14 are not applicable to Arla due to the nature of the products and the Arla business model.



ENVIRONMENTAL DATA

1.1 GREENHOUSE GAS EMISSIONS (CO₂e)



Accounting policies

Calculating CO₂ equivalents

Greenhouse gases are gases that contribute to the warming of the climate by absorbing infrared radiation. Besides the widely known carbon dioxide (CO₂), there are two other major greenhouse gases associated with dairy production: Methane (CH₄) and nitrous oxide (N₂O). In order to calculate Arla's total greenhouse gas emissions (the carbon footprint), different greenhouse gas emissions are converted into carbon dioxide equivalents (CO₂e). The conversion of different gases reflects their global warming potential.

The potency of the different gases is taken into consideration according to the following calculations (based on the IPCC¹ Fifth Assessment Report, Climate Change 2013):

1 kg of carbon dioxide (CO₂) = 1 kg of CO₂e
 1 kg of methane (CH₄) = 28 kg of CO₂e
 1 kg of nitrous oxide (N₂O) = 265 kg of CO₂e

The majority of Arla's emissions are methane from digestion and manure storage, nitrous oxide from fertiliser and manure usage. Greenhouse gas emissions are categorised into three scopes according to where they appear across the value chain, and what control the company has over them.



Scope 1 – All direct emissions

Scope 1 emissions relate to activities under the group's control. This includes transport using Arla's vehicles and direct emissions from Arla's production facilities. Scope 1 emissions are calculated in accordance with the methodology set out in the GHG protocol by applying emission factors to Arla-specific activity data.



Scope 2 – Indirect emissions

Scope 2 emissions relate to the indirect emissions caused by Arla's energy purchases, i.e. electricity or heat. Scope 2 emissions are calculated in accordance with the methodology set out in the GHG protocol by applying emission factors to Arla-specific activity data.

In 2020, Arla switched from location-based scope 2 reporting to market-based reporting and updated the 2015 baseline. The market-based allocation approach reflects emissions from the specific electricity and other contractual instruments that Arla purchases, which may differ from the average electricity and other energy sources generated in a specific country. This gives Arla the chance to purchase electricity and other contractual instruments that emit less greenhouse gases than the country average. In accordance with the GHG protocol, Arla discloses scope 2 emissions according to both the market and location-based method (also known as dual reporting).



Scope 3 – Other indirect emissions

Scope 3 emissions relate to emissions from sources that Arla does not directly own or control. They cover emissions from purchased goods and services (e.g. raw milk purchased from owners and contract farmers, whey, packaging and transport purchased from suppliers), but also waste processing from production sites. Scope 3 emissions are, in line with the GHG protocol, calculated by applying emission factors to Arla-specific activity data.

Emissions from whey relates to externally purchased whey for Arla Foods Ingredients. Included whey is standardised and re-calculated based on the milk solid content to consider the difference in quality and fractions purchased at Arla. The emission factor related to externally purchased whey was unchanged at 1.0, a conservative estimate (Flysjö, 2012).

Arla collects data from transport and packaging suppliers covering a minimum of 95 per cent of the spend, and based on the collected data, emissions are scaled up to cover 100 per cent. Biogenic emissions are not currently disclosed in the ESG section, but will be disclosed from 2023. For transport, production and packaging emission factors are provided by Quantis, an industry-leading consultancy firm. The emission factors are updated annually to the most recent. Farm-level emission factors are obtained from 2.-0 LCA Consultants. For non-owner milk, emission factors were unchanged at 2015 levels.

Tema 1: Arla

Arla har for alle anvendte ESG-data en beskrivelse af, hvordan de rapporterede tal er opgjort ("anvendt regnskabspraksis").

¹ The IPCC (Intergovernmental Panel on Climate Change) is the United Nations' body for assessing the science related to climate change.



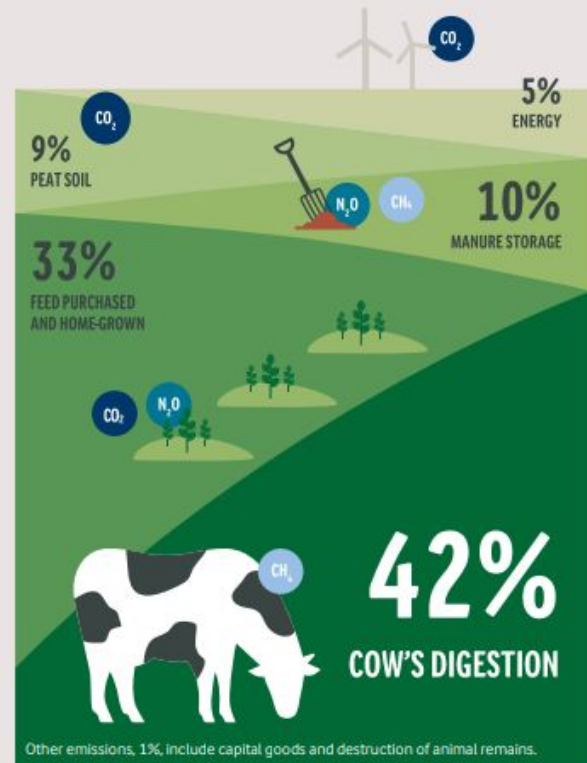
ENVIRONMENTAL DATA

1.1 GREENHOUSE GAS EMISSIONS (CO₂e)

Tema 1: Arla

Arlas ESG rapportering indeholder en beskrivelse af usikkerheder og skøn forbundet med virksomhedens rapporterede data.

WHERE DO OUR FARM EMISSIONS COME FROM



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, Cernian 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 CO₂e content. When soils are drained and used in crop production CO₂ and N₂O 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.

FUNDING

4.1 FINANCIAL RISKS

4.1.3 INTEREST RATE RISK



Interest rate risk

The average duration of the group's interest hedging of interest-bearing debt, including derivatives but excluding pension liabilities, has decreased by 0.5 to 3.1.

The duration decreased due to higher net interest-bearing debt, a reduction in time to maturity which was only partly offset by new interest rate hedges.

The value of hedged future interest cash flows amounted to EUR 132 million. See more in Note 4.4.



Risk mitigation

Risk

The group is exposed to interest rate risk on interest-bearing borrowings, pension liabilities, interest-bearing assets and on the value of non-current assets where an impairment test is performed. The risk is divided between profit exposure and exposure in other comprehensive income. Profit exposure relates to net potential impairment of non-current assets. Other comprehensive income exposure relates to revaluation of net pension liabilities and interest hedging of future cash flows.

Fair value sensitivity

A change in interest rates will impact the fair value of the group's interest-bearing assets, interest rate derivative instruments and debt instruments measured on a 1 per cent increase in interest rates. A decrease in the interest rate would have the opposite effect.

Cash flow sensitivity

A change in interest rates will impact interest rate payments on the group's unhedged floating rate debt. Table 4.1.3 shows the one-year cash flow sensitivity, depicting a 1 per cent increase in interest rates at 31 December 2022. A decrease in the interest rate would have the opposite effect.

Policy

Interest rate risk must be managed according to the treasury and funding policy. Interest rate risk is measured as the duration of the debt portfolio, including hedging instruments, but excluding pension liabilities.

How we act and operate

The purpose of interest rate hedging is to mitigate risk and secure relatively stable and predictable financing costs. The interest rate risk from net borrowing is managed by having an appropriate split between fixed and floating interest rates.

The group actively uses derivatives to reduce risks related to fluctuations in the interest rate, and to manage the interest profile of the interest-bearing debt. By having a portfolio approach and using derivatives, the group can independently manage and optimise interest rate risk, as the interest rate profile can be changed without having to change the funding itself. This allows the group to operate in a fast, flexible and cost-efficient manner without changing underlying loan agreements.

The mandate from the Board of Directors provides the group with the opportunity to use derivatives, such as interest rate swaps and options, in addition to interest conditions embedded in the loan agreements.

Table 4.1.3 Interest rate risk

(EURm)	Carrying amount	Sensitivity	Potential accounting impact	
			Income statement	Other comprehensive income
2022				
Financial assets	-542	1.0%	5	-1
Derivatives	-	1.0%	6	42
Financial liabilities	3,367	1.0%	-19	-
Net interest-bearing debt excluding pension liabilities	2,825		-8	41
2021				
Financial assets	-536	1.0%	5	-1
Derivatives	-	1.0%	6	56
Financial liabilities	2,757	1.0%	-12	-
Net interest-bearing debt excluding pension liabilities	2,221		-1	55

Table 4.1.4 Duration

	2022	2021	Policy	
			Minimum	Maximum
Duration	3.1	3.6	1	7

Tema 3: Arla

Arla giver let tilgængelige noter på finansielle risici. Her eksemplificeret med renterisikoen.

Rapporteringen på finansielle risici indeholder en beskrivelse af risikoen og hvordan Arla håndterer risici og den regnskabsmæssige påvirkning.

ANNUAL AND SUSTAINABILITY REPORT

**WE ARE
THE NORDIC
DEPARTMENT
STORE.**

22

Our goal areas

Tema 1: Boozt

Boozt viser, hvorledes ESG indgår som en del af Boozt' forretningsmodel og i virksomhedens overordnede målsætning.

REDUCING GREENHOUSE GAS EMISSIONS

By identifying, calculating and disclosing our Scope 1, 2 and 3 emissions, in line with the GHG Protocol and working towards reduction aligned with the Science Based Targets initiative (SBTi).

MINIMISING WASTE

By calculating, disclosing and reducing all waste streams, and looking for opportunities towards circularity.

DRIVING RESPONSIBLE PRODUCTION

By evaluating and sharing best practices with our brand partners to improve social and ecological impacts and applying our learnings to Nordic Brand Hub.

PROMOTING EQUALITY

By actively supporting each employee's equal rights and opportunities within the organisation through initiatives and policies reflecting our company values.

ENGAGING & HEALTHY WORK ENVIRONMENT

By systematically reviewing our work environment across our organisation to ensure healthy and safe business practices.

SHAPING EMPLOYEE DEVELOPMENT

By ensuring professional development opportunities for all employees and encouraging a feedback culture that supports employee performance and satisfaction.

EMPOWERING CUSTOMERS

By requesting and displaying more information about our products to help customers make informed decisions according to their values.

ENGAGING SUPPLIERS

By sharing industry best practices we support our suppliers in their transitions to new and more responsible practices.

INVOLVING COMMUNITIES.

By identifying opportunities to support our local communities in meaningful ways across the Nordic region and beyond.

ACCELERATING TRANSPARENCY

By disclosing ESG data according to legal requirements, and engaging with external ratings to ensure our stakeholders have regular access to information about our progress.

MITIGATING RISKS

By ensuring regulatory compliance and assessing the social, environmental and financial risks of our operations and supply chain.

INTEGRATING SUSTAINABILITY

By integrating sustainability into business decision-making and sharing knowledge that supports creating environmental and social value, we can ensure business resilience.

Care-For strategy and material topics

The company's Care-For strategy is the roadmap for how to become the leading responsible e-commerce company in the Nordics. As part of this, Boozt has updated its Care-For strategy and goals to ensure they align with the strategic direction of the business and take into account external trends and overall development in society.

To cement our efforts across the relevant areas in alignment with our commitment to the ongoing B Corp certification the goals and targets have been expanded and updated. Boozt's efforts are focused on four dimensions Environment, Employees, Community and Governance. Within each dimension Boozt, based on a materiality assessment, have set goal areas and relevant targets that support the work which are described below. Read more about the sustainability strategy and goals on pages 24-29.

Tema 1: Boozt

Boozt opstiller en lang række mål som en del af deres ESG-arbejde. Disse er præsenteret detaljeret og overskueligt.



● Environment goals
 ● Employee goals
 ● Community goals
 ● Governance goals

Boozt has set 15 new targets for its updated Care-For strategy. The targets are reviewed annually to ensure they remain aligned with the strategic direction of the business and take into account external trends and overall development in society.

GOAL AREA	TARGET
Reducing Greenhouse Gas Emissions	By 2024 set science-based targets and submit them to the Science-based targets initiative
	By 2026 Disclose 100% of relevant Scope 3 emissions categories
Minimising Waste	By 2026 Increase the share of recycled waste to 80%
Driving Responsible Production	By 2024 Develop a scorecard to assess ESG Performance in purchasing decisions for at least 60% of our partner brands
Promoting Equality	By 2024, identify opportunities to further support the governmental parental leave policy for all Boozt Fashion AB employees to continue to promote equality
Engaging & Healthy Work Environment	By 2024 Reach above 77% of the aggregated participation rate in our internal employee survey
	By 2024 Increase eNPS score to reach the TOP 10 placement in the consumer industry
Shaping Employee Development	By 2023 Implement a regular career development review process that includes all Boozt Fashion AB employees
Empowering Customers	By 2024 Extend ReBoozt's presence across our markets
Engaging Suppliers	By 2026 Provide semi-annual events for our brand partners
	By 2023 ensure 100% of our apparel brand partners are committed to supply chain transparency and to working with the Higg BRM tool
Involving Communities	By 2024 Increase collaboration with relevant universities and research institutions to share and learn best practices
Accelerating Transparency	By 2024 Increase engagement with third-party ESG rankings and ratings
Mitigating Risks	By 2026 Request at least 80% of our brand partners to identify, map and share with us their Tier 1 and 2 suppliers
Integrating Sustainability	By 2026 Increase participation to internal training on Sustainability

Tema 1: Boozt

Boozt har i noterne til deres ESG-beretning beskrevet, hvordan de enkelte ESG-data er opgjort ("anvendt regnskabspraksis").

INTRODUCTION

STRATEGY & MARKET

BUSINESS MODEL

DIRECTOR'S REPORT

CORPORATE GOVERNANCE REPORT

SUSTAINABILITY REPORT

FINANCIAL STATEMENTS

ADDITIONAL INFORMATION



NOTES TO THE ESG DATA SUMMARY

The following notes include accounting policies and further methodological explanations. Overall the reporting scope has widened in 2022 compared to 2021 as a consequence of a much larger part of data and its breakdown being tracked in 2022. Unavailable data in 2021 is shown with 'n/a' in the ESG Data Summary.

Environment

Reducing Greenhouse Gas Emissions

Boozt uses 2022 as a base year for the GHG emissions calculations and future target setting as it represents the highest degree of measurement across all scopes. Boozt's GHG emission reporting follows the GHG protocol. Concrete GHG emission values are stated in CO₂e (carbon dioxide equivalent), a term for describing different greenhouse gases in a common unit.

Scope 1

Scope 1 GHG emissions are direct emissions of greenhouse gases from sources owned by Boozt that are not connected to energy delivery. This includes company vehicles. Scope 1 GHG emissions increased in 2022 compared to 2021 due to the extended measurement, now covering all group entities. For the scope 1 GHG emissions calculations for the Lithuanian and Swedish entities, Boozt apply the fuel-based method with emission factors in kg per litre per fuel type (source: DEFRA). For comparison reasons, we recalculated 2021 scope 1 GHG emissions according to the fuel-based method. For one entity with company cars, GHG emissions were calculated based on expense data on diesel fuel (spend-based).

Scope 2

Scope 2 GHG emissions are indirect emissions of greenhouse gases as a result of the consumption of purchased electricity, heating and cooling in Boozt's locations. Following the new reporting requirements of 'dual reporting' by GHG protocol, Boozt discloses scope 2 GHG emissions according to two methods. Location-based emissions are determined by the average emission factor of the local grid. In 2022, location-based emission factors were aligned so they come from the same source which causes the year-to-year change (source: AIB). The market-based

method reflects the GHG emissions associated with the choices a consumer makes regarding its electricity supplier or product. Boozt requests documentation on renewable energy supply in the form of Guarantees of Origin or Cancellation Statements. The calculated scope 2 GHG emissions include the emissions from all energy activities (heating, cooling and electricity) and exclude one store where the electricity data cannot be obtained. The respective facility has 20 employees which represent 1.6% of total scope 2 GHG emissions. Scope 2 of 2022 is not comparable to previous periods due to extended scope of energy collection in 2022.

Scope 3

Scope 3 are other indirect GHG emissions generated in the value chain. According to the GHG protocol, scope 3 consists of 15 categories (see below). A first and important step is the assessment of relevance to determine which of the 15 categories are relevant to the organisation. Boozt describes briefly for each category whether it is relevant and, if so, how the emissions were calculated.

1. Scope 3: Purchased Goods and Services - Relevant

In this category Boozt calculated GHG emissions from purchased packaging material (average data method with activity data of material type and weight based, source: DEFRA), office goods such as furniture and IT equipment (spend-based, source: Quantis), and Data Centre and Cloud Usage (supplier-specific method, source: Google Carbon Calculator). Boozt has not calculated product-related emissions for this category yet. The majority of emissions are from the products Boozt buy from suppliers and will be calculated and added during the year. To be able to get a clear picture of these product emissions, a supplier survey was created where suppliers are asked to report their emissions.

2. Scope 3: Capital Goods - Relevant

Capital goods are final products that have an extended life and are used by Boozt to provide our services; sell, store, and deliver products. Capital goods are calculated with the spend-based method (source: Quantis). It refers mainly to the capital goods and investments made to the fulfilment centre such as a ventilation system, automated guided vehicles and conveyer, bins, and robots for the expansion of the AutoStore.

3. Scope 3: Fuel- and Energy-related Activities - Relevant

This category includes GHG emissions related to the production of fuels, and energy purchased and consumed that are not included in scope 1 or scope 2. The calculated emissions are based on the quantities and types of fuel as well as the quantities and energy sources of heating, cooling, and electricity consumption. GHG Emissions are calculated by multiplying fuel and energy consumption quantities by relevant emission factors (source: DEFRA). The calculated emissions exclude one store with 20 employees where the electricity data cannot be obtained, which represents 1.6% of these GHG emissions as well as missing scope 3 GHG emissions from fuel for the entity where the spend-based method was applied.

4. Scope 3: Upstream Transportation and Distribution - Relevant

This category includes transportation and distribution services purchased by the reporting company. Boozt works directly with the company's distributors that are reporting the kilometres, the number of packages and total CO₂e emissions per transportation means (road and air transportation) in the ESG data platform. Emissions are reported in Well-to-Wheel (WtW). Therefore all the emissions from fuel generation to the combustion in the vehicles are considered. The increase in emissions is due to the extended tracking of transport emissions in all shipping countries, covering 99.5% of all packages delivered in 2022 compared to 90.7% in 2021.

5. Scope 3: Waste Generated in Operations - Relevant

This category includes GHG emissions from the third-party treatment of waste generated in the reporting company's owned or controlled operations. The GHG emissions refer to waste generated in the operations mainly the fulfilment centre and the offices but do not include waste from the two stores which represent 2.5% of the GHG emissions in this category. The calculated GHG emissions are based on the weight of the waste type (in tonnes) and the specific waste treatment method. Emission factors from BEIS (UK Department for Business, Energy & Industrial Strategy) are multiplied by the waste streams.

6. Scope 3: Business Travel - Relevant

The GHG emissions are calculated based on the distances travelled for domestic, short-haul, and long-haul flights in each class of travel (ranging from economy to first-class). The GHG emissions include radiative forcing in air travel emissions to capture the maximum climate impact of their travel habits. Radiative forcing (RF) is a measure of the additional environmental impact of aviation. These include emissions of nitrous oxides and water vapour when emitted at high altitudes. Finally, the CO₂e with RF total is determined by multiplying the distance (km) travelled by the appropriate CO₂e with RF factor (source: DEFRA). Road travel is calculated using expenses for train rides (spend-based method) and driven kilometres with a private vehicle during business trips (distance-based method). 2022 emissions value increased to pre-covid levels (in 2019 GHG emissions were 171 tonnes CO₂e).

7. Scope 3: Employee Commuting - Relevant

To calculate the GHG emissions from employee commuting, a survey was conducted where employees filled out their transportation mode, the one-way commute distance to the work site as well as the average amount of home office days per week. Based on the answers received, Boozt used the percentage of each transportation mode being used, to apply this to the remaining amount of employees for extrapolation purposes. Emission factors (CO₂e per km per transportation mode) are then applied to the distance travelled (distance-based method).

8. Scope 3: Upstream Leased Assets - Not relevant

This category is not relevant for Boozt, as the emissions from our rented buildings are already included in scope 1 or scope 2 reporting.

9. Scope 3: Downstream Transportation and Distribution - Not relevant

This category includes transportation and distribution of products where the transportation is not paid for by the reporting company. This category is not relevant for Boozt, as distribution partners are paid to deliver the goods to the customers.



Year in review

Q1

ENVIRONMENTAL

- Committed to setting near- and long-term company-wide emission reductions in line with science-based net-zero with the Science Based Targets initiative (SBTi).

SOCIAL

- Increased communication of our Made With Care category as a response to growing consumer interest leading to a higher share of Made With Care orders.
- Development of Made With Care criteria for Footwear and Home
- Boozt together with About You, and Zalando, have joined efforts in the Higg BRM Collective Action to support their SAC and non-SAC brand partners in completing the Higg Brand and Retail Module (BRM).

GOVERNANCE

- First quarterly disclosure of ESG-related KPIs.

Q2

ENVIRONMENTAL

- Submission of the extended version of the Climate Change Questionnaire of CDP (Carbon Disclosure Project)
- Boozt contributed to the 7-Step Guide to Driving Climate Action in Value Chains published by LFCA (Leaders for Climate Action). The guide can be found [here](#).

SOCIAL

- Completed the Higg Brand and Retail Module 2021 (BRM). We have onboarded and received modules from our brand partners representing 43% of our business volume across our apparel and footwear segment.
- Launch of internal Sustainability training.

GOVERNANCE

- Internal procedures and policies have been updated as part of the annual review process.
- We continue our work with integrating sustainability across the organisation by gaining feedback through a conducted employee survey.

Q3

ENVIRONMENTAL

- Evaluating Circular Packaging opportunities and challenges in collaboration with a local packaging supplier.
- Gap Analysis of Climate Accounting to evaluate current methodology against standards and best practices.

SOCIAL

- As a result of the SAC Joint Effort we conducted a risk assessment based on the Higg Brand and Retail Module (BRM) results to help identify critical risks across the extended supply chain.
- Launch of Inspired with Boozt, an internal initiative aimed at strengthening employee engagement by promoting and enabling cross-department knowledge sharing and collaboration.

GOVERNANCE

- ESG Ratings: Upgraded MSCI rating from A to AA and submission of 2021 data to Nasdaq ESG Portal.
- Conducted a limited pre-assurance of our Sustainability Report, in preparation for the Corporate Sustainability Reporting Directive (CSRD).
- Conducted investors survey with a double materiality approach as part of our materiality assessment process.

Q4

ENVIRONMENTAL

- In Q4 2022, parcel emissions data covered 99% of the total order volume. The full-year CO₂e intensity for all markets is 0.49 Kg CO₂e per parcel while our local and optimised delivery patterns and fossil-free delivery options have allowed us to maintain a low 0.29 kg CO₂e per parcel in our Nordic delivery countries
- CDP Climate Change Score 2022: Boozt received a B score. According to CDP, companies that score a B have addressed the environmental impacts of their business and ensured good environmental management. Read more about the CDP score [here](#).

SOCIAL

- Launch of a dedicated Sustainability Partner Portal to support our suppliers with relevant sustainability information and requirements for campaigns in collaboration with Boozt Media Partnership.
- Update of the yearly Boozt Supplier Survey to include Environmental and Social sections.

GOVERNANCE

- Boozt scored 25 (out of 100) in the 2022 S&P Global Corporate Sustainability Assessment. While we aim to increase this score in the future, we have already improved from a score of 12 in 2019 and a score of 20 in 2021. The average score within the industry group of retailing is 18. The S&P Global Corporate Sustainability Assessment (CSA) is a leading sustainability assessment that reviews the ESG practices of more than 11,000 companies globally.

Tema 1 og 2: Boozt

Boozt beskriver ESG resultater pr. kvartal som en del af beskrivelsen af regnskabsårets udvikling i 2022.

ANNUAL REPORT 2021/22

Climate action for a sustainable future

Company reg. no. 28318677

CHR HANSEN

improving food & health

Managing climate risks



Sustainability and climate are integral parts of Chr. Hansen's strategy, purpose, culture and product offering. In recent years, ESG has become a vital parameter for commercial success, and hence expectations are increasing for board stewardship on reporting, climate, social and governance issues. To further strengthen the reporting on climate-related risks and opportunities in its business operations, Chr. Hansen is disclosing this information in accordance with the recommendations of the Task Force for Climate-Related Financial Disclosures (TCFD).

Governance

Disclosure of the board's oversight of climate-related risks and opportunities

The Board of Directors has oversight of climate activities, and regular updates are shared about progress on Chr. Hansen's 'Think Climate. Naturally.' program.

Climate-related activities are managed by the Sustainability Board, which is governed by key senior management members and chaired by President & CEO Mauricio Graber. The day-to-day management of the climate program is handled by a dedicated Climate SteerCo.

→ Explore our decarbonization roadmap on p. 44

→ More about how ESG is integrated into management compensation on p. 62

Strategy

Disclosure of the actual and potential impacts of climate-related risk and opportunities on the organization's businesses, strategy, and financial planning where such information is material

Chr. Hansen's climate program is an integral part of the 2025 Strategy. A dedicated research and innovation focus has led to new business opportunities within plant-based solutions, reduction of food waste and more efficient agricultural processes and food production. Through these dedicated efforts, Chr. Hansen enables its customers to achieve their decarbonization strategies and targets.

As for transitional and physical risks, these were an integrated part of the strategy process. For further details, please refer to Chr. Hansen Holding A/S' latest Climate Change response to CDP.

→ Explore our decarbonization roadmap on p. 48

→ Read about our 2025 Strategy on pp. 29-31

→ Learn about our business model on pp. 12-25

Risk Management

Disclosure how the organization identifies, assesses and manages climate-related risks

Assessing climate-related risks forms an integral part of the existing Enterprise Risk Management (ERM) Framework. As such, any climate-related risks will be addressed in accordance with the ERM governance structure to ensure adequate board and executive oversight, and a common approach to identifying, analyzing and managing risk. Workshops and deep dives have been conducted to understand the climate-related risks and opportunities facing the Company as a result of changes to regulation, technology, markets, products and consumer demands.

→ More information on our risk management on pp. 53-56

Metrics and Targets

Disclosure of the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Chr. Hansen has set Science Based Targets to reduce climate related emissions in line with the goals of the Paris Agreement. Some climate-related metrics include:

- 42% reduction in scopes 1 and 2 by 2030
- 20% reduction in scope 3 by 2030
- 100% renewable electricity by 2025

Enabling customers' decarbonization journey is a focus area for Chr. Hansen. To focus the efforts, Chr. Hansen has established 2025 targets to e.g.:

- Ensure that ≥80% of revenue has a positive impact on the UN Sustainable Development Goals
- 2 million tons reduction of yogurt waste
- Covering 25 million hectares with biological plant health products

→ Read more about our sustainability ambitions on p. 33 and our recent track record in the sustainability review section on pp. 41-51

Tema 1: Chr. Hansen

Chr. Hansen viser et godt eksempel på inkorporering af Task Force on Climate-Related Financial Disclosures (TCFD) i årsrapporten.

Sustainability accounting policies

Enhanced reporting on sustainability requires transparency. The following accounting policies describe the calculation methods used for Chr. Hansen's Product, Planet and People KPIs.

Tema 1: Chr. Hansen

Regnskabspraksis beskriver beregningsmetoder anvendt til Chr. Hansen's KPI'er for produkter, planter og mennesker.

1. Revenue contribution to the UN Sustainable Development Goals

Scope

The revenue contribution to the UN Sustainable Development Goals (SDG) reflects the results of an annual assessment of Chr. Hansen's entire product portfolio. All products are assessed in terms of their contribution to/impact on UN SDGs no. 2, 3 or 12. The impact is assessed according to eight defined impact categories:

- Increase productivity and yield (UN SDGs 2 or 12)
- Reduce waste (UN SDGs 2 or 12)
- Substitute artificial ingredients (UN SDGs 3 and 12)
- Increase food safety (UN SDGs 3 and 12)
- Enhance animal welfare (UN SDG 2)
- Promote health and well-being (UN SDG 3)
- Reduce salt, sugar, fat and lactose (UN SDG 3)
- Ensure access to affordable and available nutrition (UN SDGs 2 and 12)

Products and gross revenue related to mergers, acquisitions and divestments are included in the scope of the revenue contribution within 12 months, or no later than in the following

financial year reporting. In case of divestments, products and gross revenue are excluded from the revenue contribution from the day operational control is transferred.

The assessment builds on the assumption that the customers follow Chr. Hansen's instructions and guidelines on recommended dosage to achieve the documented positive effects.

Documentation requirements

The documentation reports include one of the following types of documentation for each of the product categories:

- Results from scientific trials or clinical trials
- Reviewed impact studies or articles
- Customer trials and feedback
- R&D internal tests (should, to the extent possible, be supported by additional documentation and interviews with relevant internal stakeholders)

For more information, please visit www.chr-hansen.com/globalgoals.

2. Better farming

The target is to expand the reach of our natural Plant Health solutions to an accumulated

25 million hectares of farmland by 2025 to support sustainable agriculture, food and crop cultivation. This accumulated target captures the overall impact of Chr. Hansen's products over the course of the years since the base year.

Included in the scope of the targets are our biological Plant Health solutions for natural crop protection and our silage inoculants for better preservation of forage. The target is based on sales numbers from SAP BI combined with the application rates for Plant Health products and silage inoculants respectively. For Plant Health solutions applied at the time of sowing for crops cultivated for more than one season, the area is multiplied by the average lifecycle of the respective crop due to the protective mechanism that is available in that period.

3. Good health

We have defined a target of reaching 200 million people with our probiotic strains, consisting of our probiotic solutions for dietary supplements, fermented dairy and other food types. The calculation is based on volumes and sales figures for probiotic blends, capsules, dairy cultures and solutions for other food types. The number of people consuming

probiotic blends, cultures or other food types was estimated using the CFU count (colony forming units, which indicate the number of viable cells). For capsules, it is assumed that people take one capsule a day.

4. Food waste

The target to reduce global yogurt waste builds on the waste reduction potential of FreshQ®, a food culture with better bioprotective effect in fermented milk applications and other similar products that may be launched in the future. One of the primary shelf life limiting factors for fermented milk products, such as yogurt, is natural spoilage due to yeast and mold. The protective cultures in FreshQ® inhibit the growth of yeast and mold contamination in dairy products and can thereby reduce spoilage and help extend shelf life. For this accounting principle, it is presumed that FreshQ® can extend shelf life by seven days. This is a conservative average estimate for a fermented milk product produced by an average European dairy and sold under average European cold-chain conditions. The average waste from yogurt is estimated to be 15% (FAO, 2011). FreshQ® spoilage inhibition and shelf life extension can reduce this percentage to 6.8%. The base year for the target is 2015/16.

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Investing to build a better future



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Tema 1: Danfoss

Danfoss har i 2022 integreret sin ESG-rapportering i årsrapporten og giver en sammenhængende beretning, med strategien som rød tråd.

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Frontpage:
Data centers are big energy consumers. Cooling servers prevent overheating and downtime. Danfoss energy-efficient technology can reduce the amount of energy needed to cool the data centers and capture excess heat from the cooling system to heat nearby buildings.

[→ Read more](#)



In 2022, our largest production facility in Nordborg, Denmark, became carbon neutral. It is one of the key milestones on the way to decarbonizing our global operations by 2030.

[→ Read more](#)

Our green growth strategy

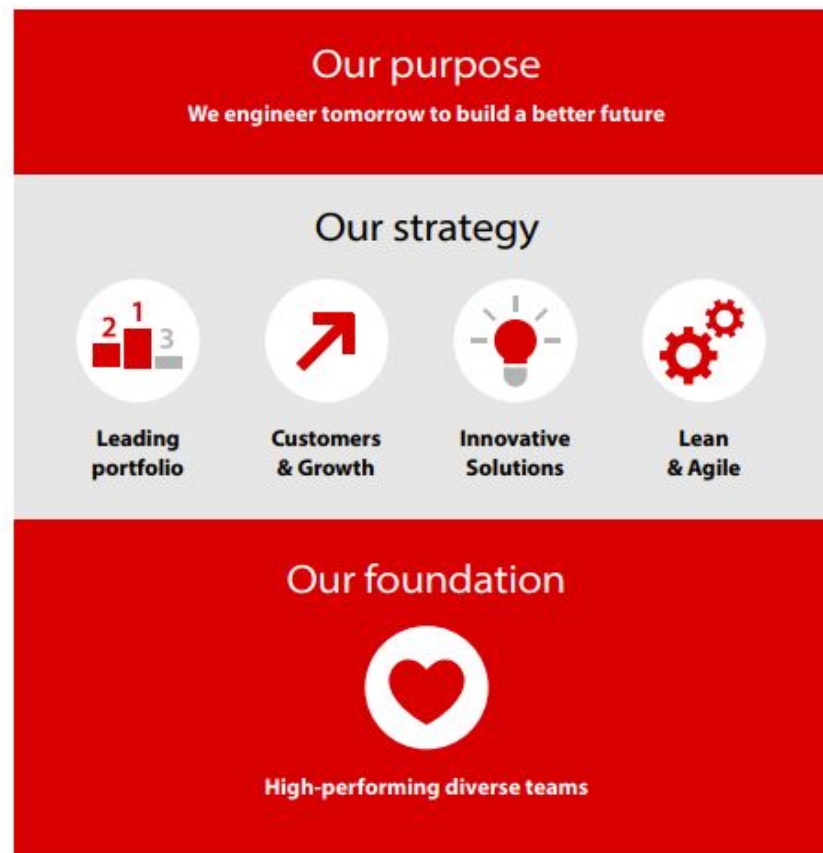
Tema 1: Danfoss

Danfoss har en god oversigt over sammenhængen mellem deres purpose, strategi og ESG ambitioner.

In 2022, we revised our strategy and launched Core & Clear 2025 to continue the transformation of Danfoss. To become the preferred partner in helping our customers decarbonize, we have set priorities within ESG. We continue our investments to strengthen our core businesses, building a global number 1 or 2 position in the industries in which they operate. We aim to be the partner of choice for our customers via our leading application know-how, sustainable innovation that differentiates by technology, adding low-carbon products and circularity, and through our leading positions.

→ [Go to Our customer promise](#)

Core & Clear



→ [Go to Core & Clear 2025](#)

Danfoss ESG step-change initiatives



→ [Go to Our ESG ambition](#)

ESG in our value chain

Tema 1: Danfoss

Danfoss har en overskuelig oversigt over ESG i værdikæden og har samtidig beskrevet, hvordan Danfoss arbejder med deres mål i forhold til værdikæden.

Upstream

Supplier engagement

In line with our ambitious targets, we will rethink our supplier relationship management by analyzing embodied carbon in our products and identifying decarbonization levers with our suppliers.

→ See more on page 40

Operations

Safety first

We have a strong safety track record and are committed to ensuring safe operations for our employees and business partners.

→ See more on page 48

Downstream

Product decarbonization

With over 98% of our emissions taking place in the use-phase, we have set ambitious emissions reduction targets validated by the Science Based Target initiative.

→ See more on page 39



Circularity

Using our Rethink-Reduce-Recirculate framework, we will work towards having 80% of our newly developed products covered with our circularity approach.

→ See more on page 41

Diversity

We are committed to recruiting a diverse workforce, creating an environment of belonging, retaining our talents, and increasing representation.

→ See more on page 46

Carbon-neutral operations

Installing our own energy-efficient solutions to reduce energy consumption, reuse excess heat from processes and data centers, and source green electricity.

→ See more on page 38

Avoided emissions

As an essential solution provider to the global energy transition, our products and services support our customers' decarbonization journey and generate lifetime greenhouse gas emissions savings.

→ See more on page 36

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Materiality assessment

The materiality assessment is validated by the Executive Management Team and the Board of Directors.

Tema 1: DFDS

DFDS giver et godt overblik over deres ESG væsentlighedsvurdering.



Our climate strategy

Tema 1: DFDS

DFDS giver et godt og overskueligt overblik over, hvorledes ESG er integreret i DFDS' overordnede strategi. Der ses en klar sammenhæng mellem virksomhedens strategi, forretningsmodel og bæredygtighedsindsats i årsrapporten.

2030



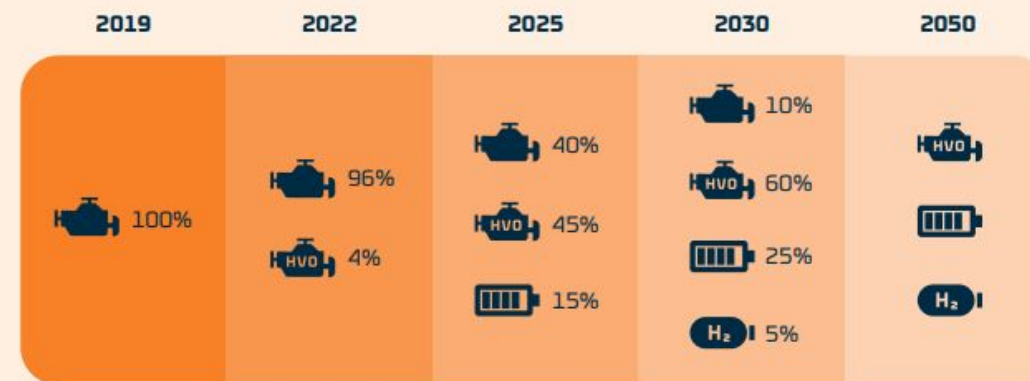
2050



* Preliminary target from a 2019 baseline - will be revised following establishment of a new 2022 baseline
 ** Relative target from 2008 baseline

Truck decarbonisation plan

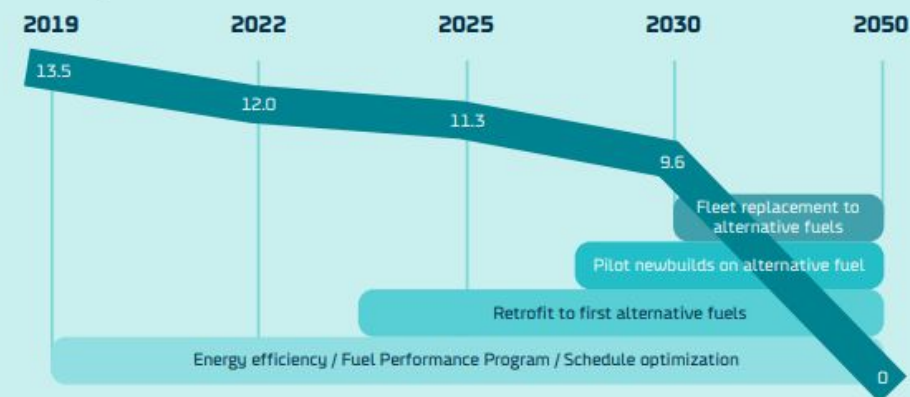
Illustrative composition of trucking fleet needed to achieve 2030 targets



Engine type: Diesel Biofuel, HVO Electricity Hydrogen
 Indicative breakdown: Actual percentages of diesel alternatives will vary depending on available technologies and fuels

Ferry decarbonisation plan

Relative TtW CO₂ emission from vessels
 gCO₂/Gross Tonnage/Nautical mile



Tema 1: DFDS

DFDS har benyttet henvisningen til Nasdaq's ESG-nøgletal, ligesom der er en 5-års oversigt over udviklingen.

Opgørelsen af data er defineret i anvendt regnskabspraksis.

ESG data and accounting policies

Basis of preparation

DFDS' ESG reporting has been prepared in accordance with the Danish Financial Statements Act, sections 99a, 99b, and 107d. Other ESG frameworks and best practices have been applied to the reporting:

- The ESG Statement has been mapped in accordance with NASDAQ ESG indicators.
- Recommendations of Taskforce on Climate-related Financial Disclosures (TCFD) have also been applied to incorporate a climate change scenario into the risk management process.
- ESG data are also presented in line with the SASB Marine Transportation Industry Standard.

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.

Environment

The consolidation of greenhouse gas emissions is based on operational control, and all CO₂ data are calculated and presented in accordance with the GHG protocol.

Some locations are leased with "all inclusive" on utilities, which means that activity-based data are not always available. However, data availability is expected to improve in future in line with increased focus on the matter.

Nasdaq ESG indicator	Environmental	Unit	2022*	2021**	2020	2019***	2018
CO₂e emissions							
E1.1	Scope 1 emissions (CO ₂ e)	1,000 tonnes	2,697	2,544	2,014	2,253	1,871
E1.2	Scope 2 emissions location based (CO ₂ e)	1,000 tonnes	8	7	6	7	9
E1.2	Scope 2 emissions market based (CO ₂ e)	1,000 tonnes	14.2	-	-	-	-
E1.3	Scope 3 emissions (CO ₂ e)	1,000 tonnes	1,203	909	-	-	-
	Total CO ₂ e emissions (scope 1, 2 - location based - and 3)	1,000 tonnes	3,908	3,460	2,020	2,260	1,879
Energy consumption							
E3.1	Marine fuel	Tonnes	818,911	771,738	619,867	699,115	654,795
E3.1	Diesel	1,000 litre	48,866	25,447	24,767	19,420	-
E3.1	Biofuels (HVO & B100)	1,000 litre	3,288	1,236	1,150	573	-
E3.1	Electricity	MWh	45,365	36,092	31,099	36,680	36,633
E3.1, ES	Electricity generated	MWh	1,562	-	-	-	-
E3.1	Total energy consumption	1,000 TJ	36.0	33.9	26.9	30.0	24.9
Energy efficiency							
E2.1	CO ₂ emissions per GT mile (Own fleet)	gCO ₂	12.5	12.8	13.4	13.9	-
E2.1	CO ₂ emissions per GT mile (Route network)	gCO ₂	13.0	13.5	13.5	14.1	14.4
E2.1	CO ₂ intensity	kg CO ₂ /DKK	0.102	0.148	0.145	0.136	0.120
E4	Electricity and heating consumption per land based FTE	MWh	6.3	7.0	6.3	7.4	7.9
Other environmental data							
	Spills (>1 barrel)	Number	0	0	1	0	0
E6.1	Water	m ³	248,998	-	-	-	-
E6.2	Water - recycled	m ³	27,046	-	-	-	-
	Waste	Tonnes	3,407	-	-	-	-
	Waste - recycled	Tonnes	2,523	-	-	-	-

* 2022 ESG data excludes the acquisitions Lucey Transport Logistics

** 2021 ESG data excludes the acquisition HSF Logistics Group

*** 2019 ESG data excludes the acquisition Un Ro-Ro

- Data not available

SASB Marine Transportation Industry Standard

- Sustainability Disclosures & Activity Metrics

The scope of the SASB reporting is limited to operations of vessels for which DFDS holds the Document of Compliance. This includes all our owned vessels as well as the following vessels that are in our fleet through bareboat charters: Cote D'Albatere, Cote D'Opale, Fadiq, Paqize, Regina Seaways, and Seven Sisters.

Please note that since these SASB standards are specific to the Marine Transportation industry, the disclosures differ from other ESG data in this report. The SASB disclosures do not consider DFDS business areas outside of Marine Transportation, including items such as trucking, warehousing, offices, etc.

Tema 1: DFDS

DFDS har en overskuelig rapportering af ESG-KPI'er baseret på SASB Marine Transportation Industry Standard.

* DFDS do not have systems in place that allow us to report on these metrics yet. DFDS are looking into the feasibility of reporting on such values in the future.

** As most of DFDS' vessels fall within the RoRo-category, it is not applicable to track our TEU capacity.

Topic	Accounting metric	2022	Unit of measure	Code
Greenhouse Gas Emissions	Gross global Scope 1 emissions (vessels only)	2,185,043	Metric tons CO ₂ e	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	AR 2022 p. 25-29		TR-MT-110a.2
	(1) Total energy consumed	28,932,354	Gigajoules (GJ)	TR-MT-110a.3
	(2) percentage heavy fuel oil	87%	Percentage (%)	TR-MT-110a.3
	(3) percentage renewable	0.3%	Percentage (%)	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new ships	14.8	gCO ₂ per ton-nm	TR-MT-110a.4
Air Quality	NOx	*	Metric tons (t)	TR-MT-120a.1
	SOx	*	Metric tons (t)	TR-MT-120a.1
	Particulate matter	*	Metric tons (t)	TR-MT-120a.1
Ecological Impacts	Shipping duration in marine protected areas or areas of protected conservation status	*	# of days travelled	TR-MT-160a.1
	Percentage of fleet implementing ballast water (1) exchange	21%	Percentage (%)	TR-MT-160a.2
	(2) treatment	79%	Percentage (%)	TR-MT-160a.2
	Number of spills and releases to the environment	0	# of spills	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment	0	Cubic meters (m ³)	TR-MT-160a.3
Employee Health & Safety	Lost time incident rate (LTIR)	4.5	Rate	TR-MT-320a.1
Business Ethics	Number of calls at ports in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	0	# of calls	TR-MT-510a.1
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	0	DKK	TR-MT-510a.2
Accident & Safety Management	Number of marine casualties	8	# of marine casualties	TR-MT-540a.1
	Percentage of which classified as very serious	0%	Percentage (%)	TR-MT-540a.1
	Number of Conditions of Class or Recommendations	59	# of Class or Recommendations	TR-MT-540a.2
	Number of port state controls			
	(1) deficiencies	121	# of deficiencies	TR-MT-540a.3
	(2) detentions	0	# of detentions	TR-MT-540a.3
Activity Metrics	Number of shipboard employees	3,810	# of employees	TR-MT-000.A
	Total distance travelled by vessels	5,077,920	Nautical miles (nm)	TR-MT-000.B
	Operating days	12,791	# of operating days	TR-MT-000.C
	Deadweight tonnage	603,993	Thousand deadweight tons	TR-MT-000.D
	Number of vessels	57	# of vessels	TR-MT-000.E
	Number of port calls	29,814	# of port calls	TR-MT-000.F
	Twenty-foot equivalent unit (TEU) capacity	**	TEU	TR-MT-000.G

Task Force on Climate-Related Financial Disclosures (TCFD)

The TCFD – index displays where information regarding our disclosure recommended by the Task Force on Climate-related Disclosure can be found.

Tema 1: DFDS

DFDS har en overskuelig rapportering af ESG-KPI'er baseret på Task Force on Climate-Related Financial Disclosures (TCFD).

Theme	Recommendations	Annual report 2022 pages
Governance Disclose the organisations governance around climate-related risks and opportunities.	Describe the board's oversight of climate-related risks and opportunities.	Risk and risk management, p. 70-75
	Describe management's role in assessing and managing climate-related risks and opportunities.	ESG approach, p. 25-29 Risk and risk management, p. 70-75
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organizations businesses. Strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Risk and risk management, p. 70-75
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	ESG approach, p. 25 - 29 Risk and risk management, p. 70-75
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Risk and risk management, p. 70-75
Risk Management Disclose how the organisation identifies, assesses and manages climate-related risks.	Describe the organization's processes for identifying and assessing climate-related risks.	Risk and risk management, p. 70-75
	Describe the organization's processes for managing climate-related risks.	ESG approach, p. 25-29 Risk and risk management, p. 70-75
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	ESG approach, p. 25 - 29 Risk and risk management, p. 70-75
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	ESG review, p. 61-65
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	ESG review, p. 61-65
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	ESG review, p. 61-65



Global Transport and Logistics

Annual Report 2022

Keeping supply chains flowing in a world of change

Sustainable logistics for a fast-changing world

DSV's approach to sustainability has evolved systematically over recent years. As the world's third-largest transport and logistics provider, we take an active role in the sustainability agenda in our industry, and today, this is fully integrated in our corporate strategy and business operations.

Sustainability strategy anchored at the top

Our sustainability strategy and efforts are driven from the highest management levels in our company. In close collaboration with the Executive Board, the Board of Directors sets the direction, reviews the performance and further develops our Sustainability targets and strategy.

We are guided by our commitment to promote and fulfil the United Nations' Sustainable Development Goals (SDGs). Our strategy and targets are based on our analysis of materiality, risks and opportunities and our dialogue with our major stakeholders.

Our sustainability strategy is centred around our sustainability priorities with-in environment, social and governance. These priorities and our associated material topics are highlighted in the adjacent figure.

Our sustainability priorities

Tema 1: DSV

DSV har inkorporeret Sustainable Development Goals (SDG'er). Denne er opdelt efter Environment, Social og Governance.



Our business model

We ship freight by land, sea and air – and provide contract logistics too. Our business model is flexible and asset light, which helps us to keep supply chains flowing efficiently, from shipper to consignee.

A light model for the right reasons

Our business model allows us to quickly scale activities to match changes in market demand or modes of transport. It also helps us choose the best partners for any service, based on reliability, available capacity, sustainability factors, transit time and price.

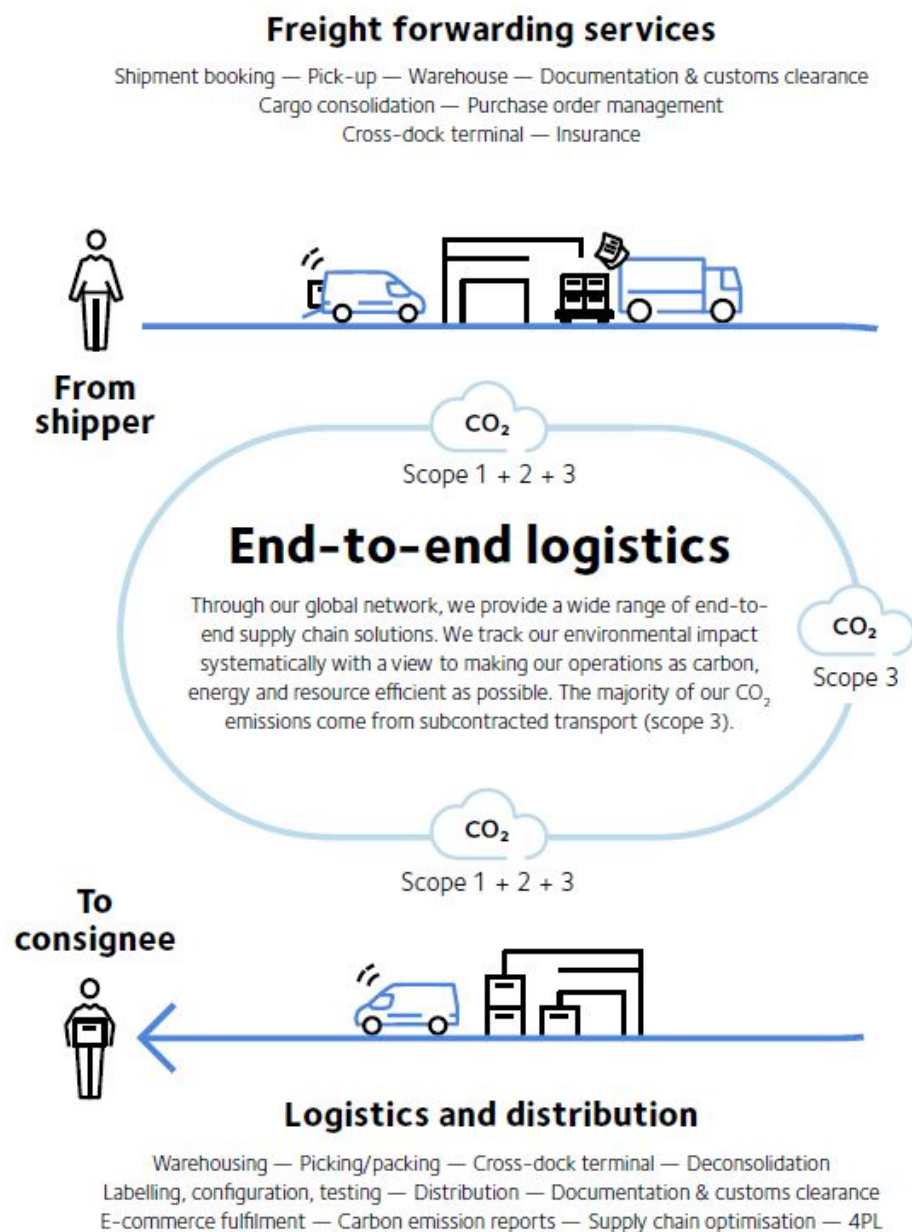
Although we are a global business, we are always close to local markets. Working with container carriers, airlines, road hauliers and railway operators, we move goods to wherever they are needed. And being one of the largest buyers globally means we – and our customers – benefit from keen pricing and strong, long-standing relationships with carriers.

We offer a unique combination of a highly skilled workforce with extensive industry know-how, advanced IT systems, modern warehouses and terminals, strong carrier relationships and a global network across more than 80 countries.

Adding value to complex supply chains

As well as transport, our customers buy a full range of freight forwarding, logistics and distribution services from us. And we constantly develop new services to keep ahead of what customers need.

Our workflows are highly digitalised, and our systems tightly integrated with customers and suppliers. To cut the environmental impact of our business, we work closely with customers and suppliers to track and minimise emissions across our entire supply chain – from shipper to final destination.



Tema 1: DSV

DSV har en flot visuel beskrivelse af den overordnede værdikæde, påvirkningsområder og hvordan disse bliver adresseret med ESG mål og ambitioner.



Tema 1: DSV

DSV viser en detaljeret ledelsesstruktur.



Corporate governance

The Board of Directors and the Executive Board form the governing body of DSV, the ultimate authority resting with the shareholders at the General Meeting. The allocation of tasks and responsibilities between the two boards is defined by the Rules of Procedure.

Management structure

The Board of Directors outlines and supervises the overall vision, strategy and objectives of the Group's business activities.

The Executive Board is responsible for the execution of these and for the day-to-day management of the Group. It also provides input and supports the work done by the Board of Directors.

Divisional Management is responsible for managing the operational activities of the divisions, supported by centralised Group functions.

The Board of Directors

Board composition

The Board of Directors must comprise five to nine members in accordance with the Articles of Association and currently numbers eight. Directors are elected for a term of one year, and new Directors are elected in accordance with the applicable rules of the Danish Companies Act.

At the ordinary General Meeting in March 2022, Annette Sadolin resigned from her position after serving more than 12 years on the Board. Benedikte Leroy joined in her place, bringing substantial management experience from the tech industry as well as extensive expertise in the fields of legal compliance, ESG and business ethics.

All members of the Board of Directors are considered independent in accordance with the Danish Recommendation on Corporate Governance with the exception of Birgit W. Nørgaard, who has served more than 12 years on the Board. Birgit is not up for re-election at the Annual General Meeting in 2023.

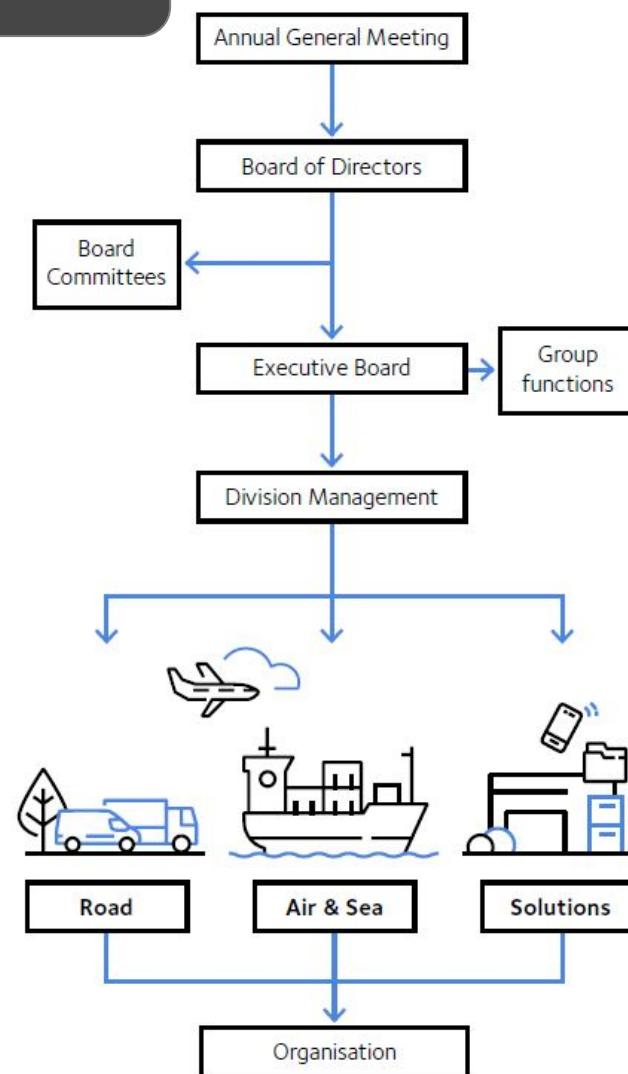
Board competencies

The Board is composed so as to ensure that the competencies of its members are diverse and business relevant, so it can perform its duties as intended. Overboarding is also taken into consideration when determining the Board's composition.

The current competencies required of Board members are: knowledge of the transport sector, international commercial experience as well as experience in strategy, M&A, risk management, IT, human resources and accounting. See [page 40](#) for a description of the individual members' competencies and experience.

Board self-evaluation

Once a year, the Board of Directors self-evaluates its composition, competencies and performance during the year. Diversity, overboarding, internal management cooperation, succession planning and strategic focus areas for the coming year are some of the topics evaluated.



1 January –
31 December 2022
Annual Report 2022

FLSmidth & Co. A/S
Vigerslev Allé 77
DK-2500 Valby
CVR No. 58180912

Annual Report 2022



Sustainability performance highlights 2022

Tema 1: FLSmidth

Detaljeret performance highlights hvor udviklingen i KPI'er kan ses i forhold til sidste år. En beskrivelse er tilknyttet hver KPI, som giver en forståelse for udviklingen.

Spend with suppliers with science-based targets

% of total supplier spend



7.7

▲ 2.8% points improvement



We increased our spend with suppliers who have set decarbonisation targets as we work towards our target to achieve 30% spend by 2025. We engage with suppliers to support them in setting emission reduction targets.

Scope 1 & 2 greenhouse gas emissions¹⁾

tCO₂e (market-based)



36,767

▼ 5.8% deterioration



Return to work after COVID-19 and less use of renewable energy drove up scope 2 emissions, while scope 1 emissions decreased. Despite this, combined emissions were below our 43,622 tCO₂e target. Increasing the use of renewable energy will be a key driver towards carbon neutrality by 2030.

Scope 3: Economic intensity (use of sold products)¹⁾

tCO₂e/DKKm order intake



5,310

▲ 49% improvement



Key factors in the improvement were lower sales of heavy-CO₂-emitting cement products and increased sale of MissionZero products. We measure this target over a multi-year period to accurately understand its long-term trend. Annualised average improvement against our 2019 baseline is 21%.

Water withdrawal

m³

178,064

▲ 12% improvement



Water withdrawal in 2022 reduced significantly, despite an increase in the number of sites globally. This is due to various water-saving initiatives and a high focus on better data quality and reporting procedures.

Safety (Total recordable injury rate)

Total recordable injury rate/million working hours

1.5

▲ 0.4 improvement



Our total recordable injury rate (TRIR) improved in 2022 from the previous year, but we did not achieve our target of 1.3. We will continue to promote safety at our manufacturing sites, service centres and customer sites and will intensify the focus on safety behaviour in the organisation.

Women managers

%

14.3

No improvement



We did not achieve our 15.7% target for women managers in 2022 and saw no improvement from 2021. Through active recruitment, career development and leadership training, we aim to achieve our diversity target of having 25% women managers by 2030.

Quality (DIFOT)

%

81.9

▼ 3.2% points deterioration



Global supply chain issues have been challenging throughout the year. The situation has eased somewhat during the year, and we have continuously been able to partly mitigate the supply chain pressure due to our flexibility to switch between suppliers and use regional sourcing.

Suppliers assessed for sustainability

No.

676

▲ 5.5% improvement



Supplier assessments help us to encourage environmental action across our supply chain. Continuing our progress with supplier engagement, we exceeded our target of 600 suppliers assessed in 2022.

¹⁾ Scope 1, 2 and 3 data related to our science-based targets does not include Mining Technologies' (ex-TK) operations. Mining Technologies (ex-TK) impact is disclosed in the Sustainability Report.

²⁾ Reported lifetime greenhouse gas emissions for 2021 have been recalculated by 631 tonnes CO₂e due to two orders moved from 2021 to 2022 to align with the effective Order Intake date.

Our approach to sustainability

Sustainability is a core component of our company strategies. As a technology leader in the mining and cement industries, we consider it our responsibility to be a key sustainability partner for our stakeholders, driving sustainable business practices across the industry value chains. Our approach focuses on the two main areas where we currently have the greatest impact: the sustainability performance of our customers and our own operations.

Helping our customers become more sustainable

The impact of mining and cement on global greenhouse gas (GHG) emissions provides significant business opportunities. Through our research and development-based sustainability programme, MissionZero, we help our customers accelerate towards more sustainable operations, reduce their environmental footprint and benefit from the green transition and global infrastructure development. MissionZero also encompasses digital solutions, a key enabler in improving operational efficiency, and the adoption of product stewardship principles. We support the long-term phasing-out of coal. We are not entering into new, greenfield coal-related projects, and we will end our involvement in coal mining by 2030.

Conducting business responsibly

Through our environment, social and governance (ESG) efforts, we address the impact of our own operations, and those of our suppliers, across the value chain. We set measurable targets and corresponding actions related to material issues. These include: Addressing our scope 1, 2 and 3 GHG emissions in accordance with the Science Based Targets initiative; creating a safe, diverse and

inclusive workplace for our people; establishing clear standards for our suppliers; and establishing clear standards within compliance and human rights – for our own business and our suppliers.

To embed sustainability in our business, we continue to work towards increased accountability and improved governance. Key performance indicators (KPIs) related to MissionZero and ESG are cascaded throughout the organisation. This is supported by increasing efforts to engage employees in all functions, business lines and regions in our sustainability activities.

Materiality and strategy

Through our materiality assessment, conducted most recently in 2021, and discussions with stakeholders, we align and prioritise the areas considered most material. We aim to update our materiality assessment in 2023 in line with EU's new Corporate Sustainability Reporting Directive (CSRD). This will include assessing the materiality of biodiversity and circularity, which are of increasing importance to society and our industries.

We will continue to adopt a more integrated, holistic, life cycle perspective on the products and technologies we deliver to our customers. This involves addressing all relevant impacts across the value chain, including our suppliers' ESG standards. We are starting this process in 2023 and expect to realise the full benefits over the coming years.



Through our MissionZero programme, we support the sustainability performance of our customers. Our ESG initiatives guide us in conducting responsible business.

Tema 1: FLSmidth

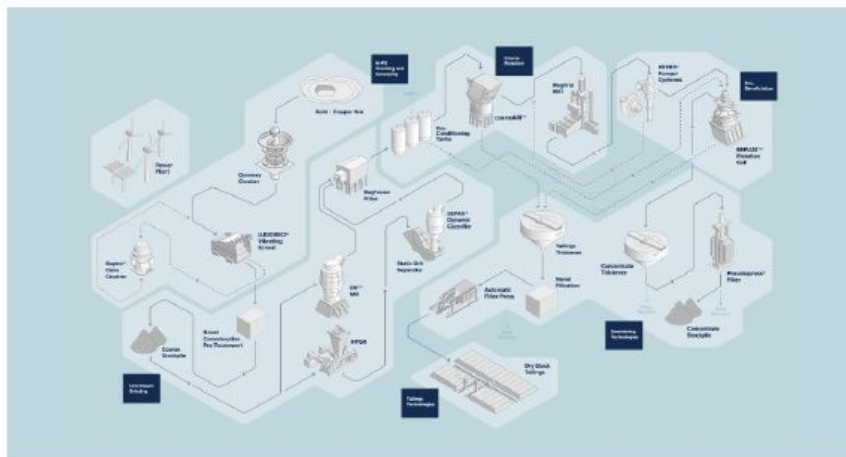
FLSmidth viser at ESG er integreret i virksomhedens strategi sammen med en illustrativ oversigt over ESG temaer.

Sustainable solutions for mining and cement

Technology is the cornerstone of our MissionZero ambition to enable zero emissions in Mining and Cement. Our MissionZero Mine and Green Cement Plant concepts articulate our technology vision for 2030.

Tema 1: FLSmidth

Oversigt over bæredygtige løsninger for FLSmidth's to væsentligste driftsområder (minedrift og cement). Ændringer og forbedringer i forretningsmodellen er illustreret.



MissionZero Mine

We want to help miners produce more with less resource use and to create a smaller footprint. Our vision of the mine of the future is captured in the MissionZero Mine, which illustrates how we can support miners with innovative technologies and digital solutions.

The MissionZero Mine brings our MissionZero ambition to life, exploring how we can already help customers to reduce their environmental impact and operating costs, as well as looking ahead to future technologies that can be industry game changers.



Find out more at
[MissionZero Mine](#)



Green Cement Plant

We want to help cement plant operators reduce their carbon footprint and increase productivity. Our Green Cement Plant concept enables this, bringing together the solutions needed to enable zero-emission cement production by 2030.

It guides our work in the coming decade – both in terms of where we will focus our innovation efforts and in terms of creating partnerships with our customers, technology specialists and others who can drive the change to more sustainable operations.



Find out more at
[Green Cement Plant](#)

The logo consists of the letters 'GN' in a bold, orange, sans-serif font. The background of the entire page is a photograph of yellow flowers in bloom, with a blurred building and trees in the background under a clear blue sky.

GN

Annual Report 2022

GN Store Nord A/S

2022 performance highlights

Tema 1 og 2: GN Store Nord

GN Store Nord har en overskuelig oversigt over årets resultater indenfor både den finansielle udvikling og ESG-udviklingen.

Financial highlights

Revenue (DKK) -3% organic revenue growth vs 2021	18.7 bn
--	----------------

Adj. EBITA (DKK) -19% vs 2021	2.2 bn
---	---------------

Free cash flow excl. M&A (DKK)	-1.3 bn
---	----------------

Adj. Earnings per share (DKK) -31% vs 2021	10.54
--	--------------

ESG highlights

Environmental	
Scope 1 and 2 emissions (tons CO ₂ e)	8,475
Scope 3 emissions (tons CO ₂ e)	530,190

Social	
Number of people with hearing loss helped (million)	9.8
Supplier ESG audits	31

Governance	
Women in senior management (%)	23%
AGM elected women on GN's Board (%)	66%

ESG ratings	
MSCI	AA
Sustainalytics	13.2 (low risk)
CDP	B

Materiality matrix

GN aims to act and report on the sustainability topics that matter the most to GN and our stakeholders

Tema 1: GN Store Nord

GN Store Nord har en god og overskuelig oversigt og beskrivelser af dobbelt væsentlighed.

We determine the relevance to stakeholders for these topics by aggregating sustainability-related requirements and inquiries from investors, customers, and employees. We also take into account the salience of the topic in (emerging) legislation and industry materiality guidance from ESG reporting frameworks and rating agencies.

To determine "Impact on GN's success", we assessed to what extent adequately addressing the topic contributes towards GN mitigating risks or seizing opportunities, and thereby serve as an enabler of the success of GN.

In 2023, we will execute a full value chain 'double materiality' assessment in accordance with the Corporate Sustainability Reporting Directive (CSRD) standards.

Materiality matrix for GN

Three approaches to material topics

Relevant to stakeholders	Impact on GN's success		
	Low		High
	High		
High		<ul style="list-style-type: none">Climate changeSustainable product design and packagingProduct circularity	<ul style="list-style-type: none">Hearing healthProduct safety
Medium	<ul style="list-style-type: none">BiodiversityPhilanthropy and volunteering	<ul style="list-style-type: none">Waste in productionHuman Rights and conflict mineralsOccupational health and safetyDiversity and inclusionData protectionBusiness ethics and compliance	<ul style="list-style-type: none">Employee and leadership development
Low	<ul style="list-style-type: none">Water use		
<div><div></div> Environment</div> <div><div></div> Social</div> <div><div></div> Governance</div>			

We consider topics material if they score at least 'medium' on at least one axis. How we approach a specific material topic depends on the nature of the required actions to adequately address it. We distinguish between three approaches.

1) Non-negotiable topics

Material topics that are rooted in compliance with legal standards or commitments GN has made, where meeting these standards and commitments always are non-negotiable.

- Product safety
- Human Rights and conflict minerals
- Occupational health and safety
- Data protection
- Business ethics and compliance

2) Focus area topics

Material topics for which we see a high demand of stakeholders to show continuous improvement. These topics are covered in our 3 focus areas, for which we have developed 2025 goals.

- Hearing health
- Climate change
- Sustainable product design and packaging
- Product circularity

3) People topics

Material topics that relate to our activities to create an engaged, diverse, and inclusive workforce in order to deliver on our strategic priorities, including our sustainability agenda.

- Employee and leadership development
- Diversity and inclusion
- Philanthropy and volunteering

ANNUAL REPORT

2022

PEOPLE MAKE PLACES



Outlook

Tema 3: ISS

ISS giver guidance for 2023 og for mellemlangt sigt (2024). Der er en kort redegørelse for forudsætningerne for den anførte guidance for 2023.

Yderligere findes der et overblik over, hvordan ISS har leveret i forhold til guidance for 2022, og hvordan guidance har ændret sig gennem året.

Outlook 2023

In 2022, ISS took significant steps in executing the OneISS strategy. The financial turnaround targets were delivered as planned, the issues in the four defined hotspots were addressed, and revenue was recovered to above pre-Covid-19 level. The operational and financial improvements achieved in 2022 provide a solid foundation for continued progress in 2023, and the financial targets are confirmed.

The outlook for 2023 assumes that macroeconomic and geopolitical uncertainties remain high. ISS has robust operating processes and is well positioned to operate in this environment. The execution of the OneISS strategy will continue and enhance the operating model, strengthen competitiveness, and increase focus on growth initiatives. The outlook is excluding any effects of hyperinflation (IAS 29).

Organic growth

Organic growth is expected to be 4 - 6% for 2023 (2022: 7.8%). Growth will be driven by price increases to offset cost inflation as the tight management of inflation will be maintained. In addition, underlying volume growth from annualisation of the return-to-office trend and continued customer investments in workplaces and services are expected, as well as positive contribution from contract wins and expansions. A negative impact is expected from a lower level of projects and above-base work.

Operating margin

Operating margin is expected to be 4.25 - 4.75% (2022: 3.8%). The main drivers of the year-on-year

increase are continued improvement in the previous hotspots; UK, France and on the Deutsche Telekom contract, positive impact from OneISS efficiencies and cost initiatives, as well as operating leverage from higher revenue.

Free cash flow

Free cash flow is expected to be around DKK 2.0 billion (2022: DKK 1.7 billion). The increase will be driven by the expected higher operating profit before other items and the absence of payments related to restructuring projects initiated in 2020. Changes in working capital are expected to be negative driven by revenue growth and customer prepayments made in 2022, while capital expenditures are expected in line with depreciation and amortisation.

Expected revenue impact from divestments, acquisitions and foreign exchange rates in 2023

Acquisitions and divestments completed by 15 February 2023 (including in 2022) are expected to have a positive impact on revenue growth in 2023 of around 0.5%-point.

Based on the current exchange rates, a negative impact on revenue growth of 2 - 3%-points¹⁾ is expected in 2023 from the development of foreign exchange rates, excluding any effects of hyperinflation (IAS 29).

¹⁾ The forecasted average exchange rates for the financial year 2023 are calculated using the realised average exchange rates for the first month of 2023 and the average forward exchange rates (as of 13 February 2023) for the remaining eleven months of 2023.

Outlook 2023²⁾

Organic growth	4 - 6%
Operating margin ¹⁾	4.25 - 4.75%
Free cash flow	Around DKK 2.0bn

¹⁾ Based on Operating profit before other items.

²⁾ Excluding any impact from acquisitions and divestments completed subsequent to 15 February 2023 as well as currency translation effects.

The outlook should be read in conjunction with Forward-looking statements, p. 118 and Our business risks, pp. 35-37. For Definitions, see note 8.5, p. 106.

Delivery on 2022 outlook

As a result of the financial progress in 2022, ISS updated the outlook three times and delivered in line with revised outlook as shown in the table below.

Delivery on 2022 outlook

	Annual report 2021	Interim report H1 2022	Trading update Q3 2022	Actual 2022
Organic growth	Above 2%	Above 5%	Around 6.5%	7.8%
Operating margin ¹⁾	Above 3.5%	Above 3.75%	Around 3.8%	3.8%
Free cash flow	Above DKK 1.3bn	Above DKK 1.5bn	Around DKK 1.5bn	DKK 1.7bn

¹⁾ Based on Operating profit before other items.

Financial targets 2024

Organic growth	4 - 6%
Operating margin ¹⁾	Above 5%
Cash conversion	Above 60%

Financial targets

At the Capital Markets Day in 2022, new financial targets from 2024 and beyond were announced. Please find a summary of our new financial targets in The ISS Investment case on p. 10.

Annual Report 2022

Erik Hageman (far right) is one of Denmark's longest-living people with type 1 diabetes, pictured here with his son Lars, who also has type 1 diabetes, and his grandchildren (from the left) Clara, Emilie and Holger

Novo Nordisk A/S – Novo Alle 1, 2880 Bagsværd, Denmark – CVR no. 24256790

Tema 1: Novo Nordisk

Novo Nordisk har en overskuelig oversigt over sin forretningsmodel, som viser, hvordan ESG indgår.

Our value creation

Sustainable business

We strive to be a sustainable business, creating value for society and for our future business. We do business in a financially, environmentally and socially responsible manner and we do this the Novo Nordisk Way. By succeeding, we will create long-term value for patients, employees, partners, shareholders and society.

Resources

-  Insights from patients, healthcare experts and partners
-  Financial resources
-  Diverse talent
-  Raw materials



How we create value



Social

36.3 million patients reached with our diabetes care products

5.5 million patients reached via access and affordability initiatives

6,700 additional employees compared to 2021

DKK 36 billion total corporate tax contribution



Environmental

29% reduction of CO₂ emissions from operations and transportation compared to 2019 pre-pandemic levels

Four countries have launched take-back initiatives to prevent pen devices from going into landfills



Governance

DKK 49.4 billion via dividends and share buy-backs were paid out to shareholders

Reputation score of 82.3 points out of 100 measured across key stakeholders

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 Health
- 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 amycrin

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 2025¹

1. Progress towards zero environmental impact
2. Being respected for adding value to society
3. Being recognised as a sustainable employer

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)

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

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.

Tema 1: Novo Nordisk

Novo Nordisk beskriver sammenhængen mellem virksomhedens strategi, forretningsmodel og bæredygtighedsindsats.

PURPOSE AND SUSTAINABILITY (ESG)

Double materiality assessment

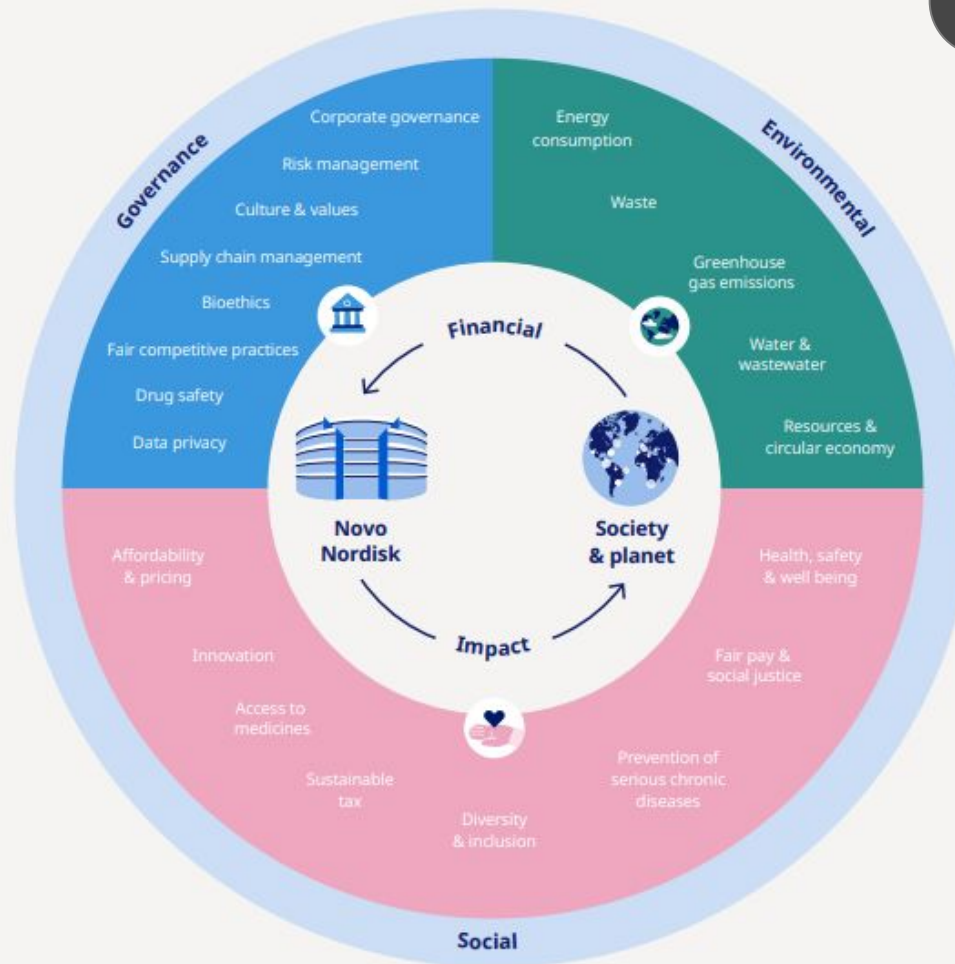
In 2022, we performed a double materiality assessment aimed at prioritising our key Environmental, Social and Governance (ESG) topics. Double materiality was identified by assessing (1) how our activities impact society and the planet and (2) how society and the planet affect our activities financially.

The overview of "Our key ESG topics" is based on the double materiality assessment. It is meant to inform our ESG reporting in the future and will be updated regularly. Overall, we aim to be respected for adding value to society, progressing towards zero environmental impact, being recognised as a sustainable employer and building trust across the E, S and G dimensions.

Sustainability Advisory Council

In April 2022, we launched our Sustainability Advisory Council, an external group of experts in social and environmental sustainability who provide us with outside-in perspectives on sustainability. The Council challenges us, providing constructive feedback on our current initiatives within sustainability and exploring opportunities for innovation going forward. The composition of the Council is available on our ESG Portal at novonordisk.com.

Our key ESG topics



Tema 1: Novo Nordisk

Novo Nordisk har en illustrativ oversigt over ESG temaer i forlængelse af deres vurdering af dobbelt væsentlighed.

Tema 1: Novo Nordisk

Novo Nordisk giver en overordnet redegørelse om sin tilgang til skattebetalinger. Skattebetalinger sammenholdes herudover med ejerskabet af de intellektuelle rettigheder, produktion og salgsløktion.

Der oplyses om skattebetalinger for selskabsskat og samlede skattebetalinger. Oplysningerne gives dog som gennemsnit over tre år og ikke pr. år.

Sustainable tax approach

Our overall guiding principle within taxation is to have a sustainable tax approach, emphasising our business-anchored approach to managing the impact of taxes while remaining true to the Novo Nordisk values of operating our business in a responsible and transparent manner. Our legal structures are based on business-anchored considerations and substance.

Consequently, we pay tax where value is generated and always respect international and domestic tax rules. As a global business, we conduct cross-border trading, which is subject to transfer pricing regulations. We apply a "Principal structure"

in line with OECD principles, meaning all legal entities, except for the principals, perform their functions under contract on behalf of the principals. As a result, entities contracted by the principals are being allocated an activity-based profit according to a benchmarked profit margin. The tax outcome of this operational model is reflected in the overview on the right, which shows our corporate income taxes by region.

To ensure alignment between tax authorities regarding the allocation of profit between our entities, we have Advance

Pricing Agreements and similar tax rulings in place for geographies representing around 65% of our revenue worldwide.

Our tax policy has been approved by the Board of Directors. Read more about this at [novonordisk.com](https://www.novonordisk.com).

In addition to corporate income taxes, we also pay other taxes. Please refer to note 8.7 on Total tax contribution for further information.

Corporate income taxes by region - three year average 2020-2022

- Share of category
● Significant activities ● Minor or no activities

Region	Intellectual property rights ⁷	Production ⁸	Sales ⁹	Corporate income taxes (DKK billion)	Total tax contribution (DKK billion)
International Operations	●	●	●	11.0	26.0
Denmark	●	●	●	9.6	16.4
EMEA (ex Denmark)	●	●	●	0.7	4.8
China	●	●	●	0.4	2.2
Rest of World	●	●	●	0.3	2.6
North America Operations	●	●	●	1.0	5.7
The US	●	●	●	0.8	5.6
Total three year average				12.0	31.7

7. Intellectual property rights based on sales from where intellectual property rights are located. 8. Production based on number of production employees in the region. 9. Sales based on location of the customer.

Pipeline overview

Diabetes care

Project	Indication	Description	Phase
Oral semaglutide HD ¹ NN9924	Type 2 diabetes	A long-acting oral GLP-1 analogue, 25 and 50 mg, intended for once-daily oral treatment.	<div><div></div><div></div><div></div><div></div></div>
Icodec NN1436	Type 1 and 2 diabetes	A long-acting basal insulin analogue intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
IcoSema NN1535	Type 2 diabetes	A combination of GLP-1 analogue semaglutide and basal insulin analogue icodec intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
FDC Sema – OW GIP NN9389	Type 2 diabetes	A combination of semaglutide and a long acting GIP analogue intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
CagriSema in T2D NN9388	Type 2 diabetes	A combination of amylin analogue cagrilintide and GLP-1 analogue semaglutide intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
Glucose-sensitive insulin NN1845	Type 1 and 2 diabetes	A glucose-sensitive insulin analogue intended for once-daily treatment.	<div><div></div><div></div><div></div><div></div></div>
Pumpsulin NN1471	Type 1 diabetes	A novel insulin analogue ideal for use in a closed loop pump device.	<div><div></div><div></div><div></div><div></div></div>
DNA Immunotherapy NN9041	Type 1 diabetes	A novel plasmid encoding pre- and pro-insulin intended for preservation of beta cell function.	<div><div></div><div></div><div></div><div></div></div>
Oral GLP-1 GIP NN9541	Type 2 diabetes	A combination of GLP-1/GIP co-agonist intended for once-daily oral treatment.	<div><div></div><div></div><div></div><div></div></div>
OW Oral Semaglutide NN9904	Type 2 diabetes	A pro-drug of semaglutide intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
SemaDapa FDC NN9917	Type 2 diabetes	A fixed dose combination of oral semaglutide and dapagliflozin, a SGLT2 inhibitor.	<div><div></div><div></div><div></div><div></div></div>
SOMA oral device DV3395	Type 1 and 2 diabetes	A device for the oral delivery of peptides and proteins.	<div><div></div><div></div><div></div><div></div></div>

Obesity care

Oral Sema Obesity NN9932	Obesity	A long acting GLP-1 analogue intended for once-daily treatment.	<div><div></div><div></div><div></div><div></div></div>
CagriSema NN9838	Obesity	A combination of amylin analogue cagrilintide and GLP-1 analogue semaglutide intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
PYY1875 NN9775	Obesity	A novel analogue of the appetite-regulating hormone, PYY, intended for once-weekly treatment.	<div><div></div><div></div><div></div><div></div></div>
Oral Amycretin NN9487	Obesity	A long-acting co-agonist of GLP-1 and amylin intended for once-daily oral treatment.	<div><div></div><div></div><div></div><div></div></div>

● 2021 ● 2022 ● ○ ○ ○ Phase 1 ● ● ○ ○ Phase 2 ● ● ● ○ Phase 3 ● ● ● ● Submission and/or approval

Rare Disease

Project	Indication	Description	Phase
Somapacitan NN8640	GHD ²	A long-acting HGH ³ derivative intended for once-weekly subcutaneous administration in children.	<div><div></div><div></div><div></div><div></div></div>
Concizumab NN7415	Haemophilia A or B w/wo inhibitors	A monoclonal antibody against tissue factor pathway inhibitor (TFPI) intended for subcutaneous prophylaxis.	<div><div></div><div></div><div></div><div></div></div>
Nedosiran NN7022	Primary Hyperoxaluria	An siRNA targeting lactate dehydrogenase A (LDHA) for once-monthly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
Mim8 NN7769	Haemophilia A w/wo inhibitors	A next generation FVIII-mimetic bispecific antibody for subcutaneous prophylaxis of haemophilia A regardless of inhibitor status.	<div><div></div><div></div><div></div><div></div></div>
Etavopivat NN7535	Sickle cell disease	Second generation selective, small molecule PKR-activator intended for once-daily oral administration.	<div><div></div><div></div><div></div><div></div></div>
NDec NN7533	Sickle cell disease	An oral combination of decitabine and tetrahydrauridine. Project is developed in collaboration with EpiDestiny.	<div><div></div><div></div><div></div><div></div></div>

Other serious chronic diseases

Semaglutide ⁷ NN9931	NASH ⁴	A long-acting GLP-1 analogue for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
Semaglutide Alzheimer NN6535	Alzheimer's	A long-acting GLP-1 analogue for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
Ziltivekimab NN6018	CVD ⁵	A once-monthly monoclonal antibody for inhibition of IL-6 activity.	<div><div></div><div></div><div></div><div></div></div>
Belcesiran NN6021	AATD ⁶	An siRNA targeting Alpha-1-Antitrypsin Deficiency related liver disease.	<div><div></div><div></div><div></div><div></div></div>
FGF21 NASH NN9500	NASH ⁴	A long-acting FGF21 analogue intended for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
ATTR-CM NN6019	CVD ⁵	An anti-amyloid immunotoxin.	<div><div></div><div></div><div></div><div></div></div>
DCR-AUD NN6020	Alcohol Use Disorder	An siRNA targeting ALDH2 for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
LXRa NN6582	NASH ⁴	An siRNA targeting LXR for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>
MARC1 NN6581	NASH ⁴	An siRNA targeting MBOAT1 for once-weekly subcutaneous treatment.	<div><div></div><div></div><div></div><div></div></div>

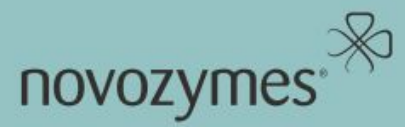
1. High dose. 2. GHD: Growth hormone deficiency. 3. HGH: Human growth hormone. 4. NASH: Non-alcoholic steatohepatitis. 5. CVD: Cardiovascular disease. 6. Alpha-1-Antitrypsin Deficiency related liver disease. 7. Project is developed in collaboration with Gilead.

	US	China	Japan	Europe ⁸
Diabetes care				
Human insulin and Modern insulins ⁹	Expired	Expired	Expired	Expired
Victoza ¹⁰	2023	Expired	Expired	2023
Tresiba ⁹	2029	2024	2027	2028
Ryzodeg ⁹	2029	2024	2024 ¹¹	2028
Xultophy ⁹	2029	2024	2024 ¹¹	2028
Fiasp ⁹	2030 ¹²	2030 ¹²	2030 ¹²	2030 ¹²
Ozempic ⁹	2032	2026 ¹³	2031	2031
Rybelsus ⁹	2032 ¹⁴	2026 ^{14,13}	2031 ¹⁴	2031 ¹⁴
Zegalogue ⁹	2035	2033	2033	2033
Obesity care				
Saxenda ⁹	2023	Expired	Expired	2023
Wegovy ⁹	2032	2026 ¹³	2031	2031
Rare Disease				
Norditropin* (SimpleXx*)	Expired	Expired	Expired	Expired
Sogroya ⁹	2034	2031	2036	2036
NovoSeven ⁹	Expired ¹⁵	Expired ¹⁵	Expired ¹⁵	Expired ¹⁵
NovoEight ⁹	No patent	No patent	No patent	No patent
NovoThirteen* (TRETEN*)	Expired	No patent	No patent	No patent
Refixia* (REBINYN*)	2028	2027	2032	2027
Esperoct ⁹	2032	2029	2034	2034
Vagifem* 10 mcg	Expired	No patent	Expired	Expired

8. Patent status varies from country to country. The figures in the table are based on Germany. 9. Modern insulins are NovoRapid* (NovoLog*), NovoMix* 30 (NovoLog* Mix 70/30), Levemir* and NovoNorm* (Prandin*). 10. We have granted and pending patents covering the Victoza* formulation. These patents generally expire in November 2024, except for the US where the formulation patent expires in February 2026. 11. Patent term extension until 2027 may apply. 12. Formulation patent: active ingredient patent has expired. 13. Patent was subject to invalidation actions and has been held invalid by the Patent Office. This decision has been appealed to the Beijing IP Court. 14. Tablet formulation and once-daily treatment regimen are protected by additional patents expiring in 2031-2034. 15. Room temperature-stable formulation patent until 2023 in China, Japan and Germany and, until 2025, in the US.

Tema 2: Novo Nordisk

Novo Nordisk giver detaljerede oplysninger om status på igangværende udviklingsprojekter. Yderligere oplyses udløbsdatoen for selskabets patentrettigheder. Det er oplysninger, som er afgørende for investors bedømmelse af virksomheden.



The Novozymes Report 2022

Novozymes A/S
CVR-nr.: 10007127
Krogshøjvej 36, 2880 Bagsvaerd, Denmark
Novozymes Annual Report 2022

Rethink Tomorrow



Contents

Tema 1: Novozymes

I Novozymes' integrerede årsrapport indgår ESG i alle afsnit, uden at det fremgår eksplicit i overskrifterne. Dermed understreges at bæredygtighed er integreret i forretningsmodel og strategi.

The big picture

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"Novozyymes stands on a solid foundation. We have delivered strong growth and earnings in a volatile market environment by leveraging the strength of our well-diversified portfolio, unique production capabilities and broad market presence."

[Click to read the Message from the Chair and the CEO](#)



Our strategy "Unlocking growth – powered by biotech" is more relevant than ever. It is rooted in our unique ability to use the power of bio-tech to address some of the world's biggest challenges while unlocking sustainable growth.

[Click to read highlights from our strategy](#)

Our reports

Explore the highlights of The Novozymes Report 2022 online – report2022.novozymes.com

Visit

Remuneration Report 2022

Read

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Performance highlights

Tema 1 og 2: Novozymes

Novozymes har en overskuelig oversigt over performance highlights med finansielle og ikke-finansielle data.

Nonfinancial

63%

Absolute CO₂ emissions reduction from operations

100%

Circular management of biomass

83

Employee engagement - Zymer Spirit Index

86

Gender and international representation - Nurture Diversity Index

Financial

9%

Organic sales growth

26.0%

EBIT margin

26.4%

Before special items*

1.1 DKKbn

Free cash flow before acquisitions

17.6%

ROIC**

17.9%

Before special items*

* Special items include costs related to the proposed combination with Chr. Hansen.

** Including goodwill.

	2022 Target	Realized
Reduce absolute CO ₂ emissions from operations (scope 1+2) from a 2018 baseline	40%	63%
Circular management of biomass	100%	100%
Nurture Diversity Index	86	86
Zymer Spirit Index	81	83

See details on all nonfinancial targets in [Targets & outlook](#)

		Initial 2022 outlook	Latest 2022 outlook	Realized
Organic sales growth	%	3 to 7	8 to 9	9
EBIT margin	%	25 to 26	26 to 27	26.0
ROIC**	%	16 to 17	17 to 18	17.6
Free cash flow before acquisitions	DKKbn	1.7 to 2.1	1.3 to 1.7	1.1

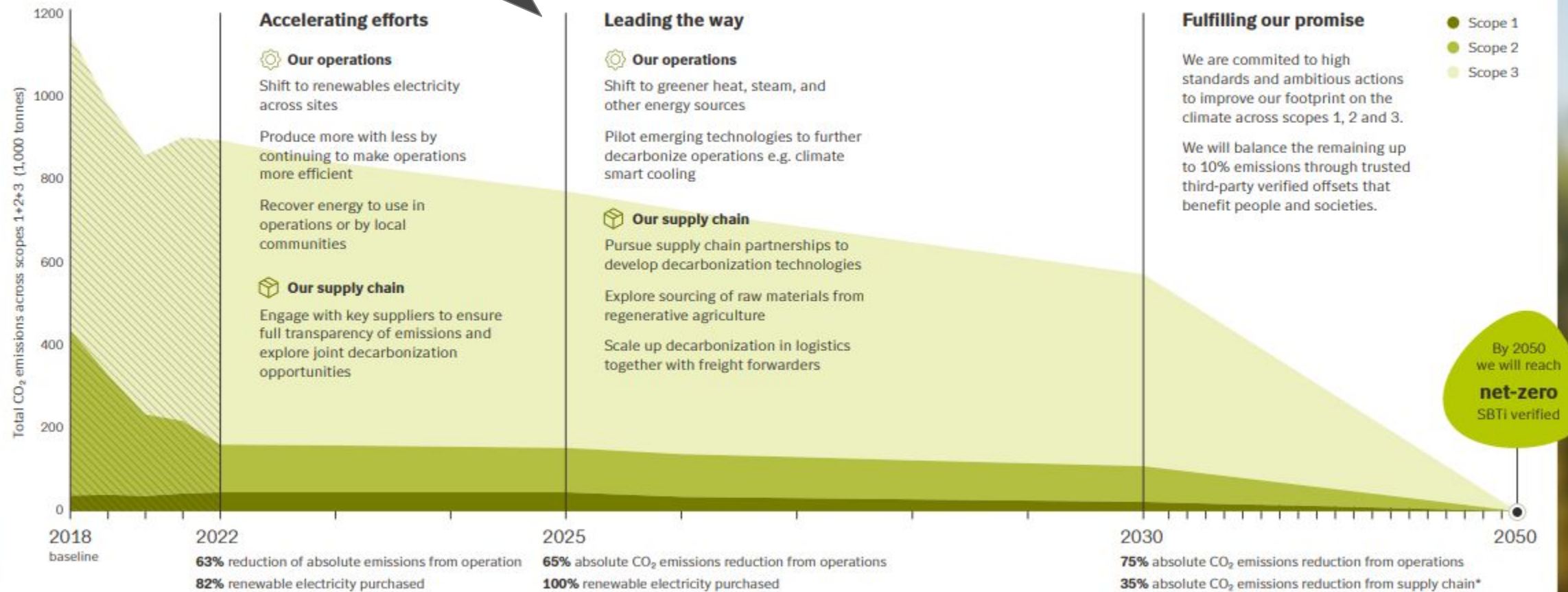
See more details in [Accounts and performance](#)

Tema 1: Novozymes

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

Our net-zero journey

Drive market transformation and advocate for climate action



* Supply chain emissions coming from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations and business travel.

Social and governance data

- 8.1 Labor practices & human rights
- 8.2 Inclusion & diversity
- 8.3 Employee safety & well-being
- 8.4 Business ethics
- 8.5 Customer engagement
- 8.6 Community engagement
- 8.7 Responsible sourcing

Mandatory statement on Corporate social responsibility, cf. section 99a in the Danish Financial Statements Act

The Notes on Environmental data and Social and Governance data forms the reporting required by section 99a in the Danish Financial Act.

Topic	Reference
Business model	Our business p 19-25
Content of commitments, management approach, targets, data, initiatives, and related progress on corporate social responsibility issues:	
Climate and environment	Notes on Environmental data
Social matters	Notes on Social and Governance data
Human rights	Note on Labor practices and Human rights
Anti-corruption and bribery	Note on Business Ethics

Tema 1: Novozymes

Novozymes giver et godt og overskueligt overblik over udviklingen i udvalgte ESG KPI'er.

Completion rate of business integrity training for employees

97%

Increase from 1.5 in 2021 in Lost-Time Injury frequency (per million working hours) to

1.7

Women in senior management down from 34% in 2021 to

33%

Environmental data

7.1 Climate change

7.2 Energy

7.3 Water

7.4 Waste

7.5 Environmental compliance

7.6 Bioethics & biodiversity

7.7 Product stewardship

Mandatory statement on Corporate social responsibility, cf. section 99a in the Danish Financial Statements Act

The Notes on Environmental data and Social and Governance data forms the reporting required by section 99a in the Danish Financial Act.

Topic	Reference
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Human rights	Note on <u>Labor practices and Human rights</u>
Anti-corruption and bribery	Note on <u>Business Ethics</u>

Tema 1: Novozymes

Novozymes giver et godt og overskueligt overblik over udviklingen i udvalgte ESG KPI'er.

m³ of water saved due to water efficiency projects

41,000

Renewable electricity share increased from 68% in 2021 to

82%

Increase in biomass recovered from 99% in 2021 to

100%

Tema 1: Novozymes

Novozyymes har erklæring med høj grad af sikkerhed for såvel ESG som finansielle oplysninger i årsregnskabet.

Statement on Management's Review

Management is responsible for Management's Review, pages 3-63 and 181-182.

Our opinion on the Financial Statements and on the Environmental, Social and Governance Data does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements, the Parent Company Financial Statements and the Environmental, Social and Governance Data and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements and the Environmental, Social and Governance Data

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Furthermore, Management is responsible for preparing the Environmental, Social and Governance Data in accordance with the accounting policies for the Environmental, Social and Governance Data, and for such internal control as Management determines is necessary to enable the preparation of Environmental, Social and Governance Data that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements and the Environmental, Social and Governance Data

Our objectives are to obtain reasonable assurance about whether the Financial Statements and the Environmental, Social and Governance Data as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements and the Environmental, Social and Governance Data.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements and

the Environmental, Social and Governance Data, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are

Ørsted

Annual report

2022



ESG performance indicators

Taxonomy-aligned KPIs		Unit	2022	2021
Taxonomy-aligned revenue (turnover)	%		73	66 ¹
Taxonomy-aligned CAPEX	%		99	99 ¹
Taxonomy-aligned OPEX	%		80	80 ¹
Taxonomy-aligned EBITDA (voluntary)	%		85	90 ¹
Business drivers		Target	2022	2021
Installed renewable capacity	MW	–50 GW (2030)	15,121	12,977
Offshore	MW	–30 GW (2030)	8,871	7,551
Onshore	MW	–17.5 GW (2030) ²	4,175	3,351
Other (incl. PtX)	MW	–2.5 GW (2030)	2,075	2,075
Decided (FID'ed) renewable capacity	MW		4,340	4,725
Offshore	MW		2,196	3,386
Onshore	MW		2,072	1,337
Other (incl. PtX)	MW		72	2
Awarded and contracted renewable capacity	MW		11,222	8,435
Offshore	MW		11,157	8,435
Onshore	MW		65	-
Sum of installed and FID'ed renewable capacity	MW		19,461	17,702
Offshore	MW		11,067	10,937
Onshore	MW		6,247	4,688
Other (incl. PtX)	MW		2,147	2,077
Firm renewable capacity (installed, FID'ed, and awarded/contracted capacity)	MW		30,683	26,137
Total heat and power generation	GWh		42,009	36,957
Power generation	GWh		35,641	29,050
– Offshore	GWh		16,483	13,808
– Onshore	GWh		13,146	8,352
– Bioenergy & Other	GWh		6,012	6,890
Heat generation, Bioenergy & Other	GWh		6,368	7,907

Tema 1: Ørsted

Ørsted viser ESG data som er brudt ned på hver enkelt indikator. Udviklingen i ESG data kan ses, da 2021 og 2022 er medtaget i præsentationen.

Taxonomy-aligned KPIs

Our share of revenue (turnover) associated with taxonomy-aligned activities in 2022 was 73 %. This proportion included revenue from our wind and solar farms (65 %) and from our sustainable biomass-based generation activities at our combined heat and power (CHP) plants (8 %).

Business drivers

The installed renewable capacity increased by 17 % in 2022 due to the commissioning of Hornsea 2 (offshore wind, 1,320 MW), Haystack (onshore wind, 298 MW), Helena Wind (onshore wind, 268 MW), Kennoxhead (onshore wind, 62 MW), Ford Ridge (onshore wind, 121 MW) and the acquisition of Ostwind (75 MW).

The total energy generation increased by 14 % in 2022, driven by increased offshore and onshore generation capacities and higher offshore wind speeds.

Offshore wind power generation increased by 19 % to 16.5 TWh in 2022. The increase was mainly due to generation from Hornsea 2 commissioned in 2022 and higher wind speeds.

Onshore power generation increased by 57 % to 13.1 TWh in 2022. The increase was due to additional generation from our new onshore wind farms installed in 2022 and full-year effects from wind farms installed in 2021. It was also due to the full-year effect from the two US solar farms commissioned in 2021 and a new solar farm coming online in 2022.

Heat and power generation in Bioenergy & Other decreased by 16 % in 2022. This was due to lower heat demand in 2022 as a result of warmer weather and a decrease in power generation from the CHP plants due to the lower heat demand, partly offset by increased condensing power generation due to higher power spot prices.

1 2021 numbers are taxonomy-eligible proportions.

2 The 17.5 GW (2030) target is for onshore wind power, solar PV, and battery storage combined.

Accounting policies

Taxonomy-aligned KPIs

Taxonomy-aligned revenue (turnover)

The share of our taxonomy-aligned revenue (turnover) is calculated as the revenue derived from products or services associated with taxonomy-aligned economic activities as a proportion of our total revenue (see p. 85).

Taxonomy-aligned CAPEX

The share of our taxonomy-aligned CAPEX is calculated as the CAPEX related to assets or processes associated with taxonomy-aligned economic activities as a proportion of our CAPEX that is accounted for based on IAS 16 (73: (e)(i) and (iii)), IAS 38 (118: (e)(ii)), and IFRS 16 (53: (h)) and thereby included in 'Additions' and 'Addition on acquisition of enterprises' (see p. 97).

Carbon emission allowances have been excluded from the total CAPEX (DKKm) as these are of an operational nature. Goodwill has also been excluded.

Taxonomy-aligned OPEX

The share of our taxonomy-aligned OPEX is calculated as the OPEX related to assets or processes associated with taxonomy-aligned economic activities as a proportion of our OPEX that is included in 'Other external expenses' (see p. 71).

We have chosen to use 'Other external expenses' as this is currently the best-available OPEX number in our Group financial accounts that is related to the OPEX KPI definition in the regulation.

Taxonomy-aligned EBITDA (voluntary)

This is a voluntary disclosure. The share of our taxonomy-aligned EBITDA is calculated as the EBITDA derived from products or services associated with taxonomy-aligned economic activities as a proportion of our total EBITDA (see p. 71).

We have included taxonomy-aligned EBITDA as a voluntary disclosure as EBITDA better reflects our business than revenue. This is because we have an uneven margin on our revenue, where our gas business and sale of power to end customers have a large revenue but a small earnings margin, whilst other areas have a higher margin.

Business drivers

Installed renewable capacity

The installed renewable capacity is calculated as renewable gross capacity installed by Ørsted accumulated over time. We include all capacities after commercial operation date (COD) has been reached, and where we had an ownership share and an EPC (engineering, procurement, and construction) role in the project. Capacities from acquisitions are added to the installed capacity. For installed renewable thermal capacity, we use the heat capacity as heat is the primary outcome of thermal energy generation, and as bioconversions of the combined heat and power plants are driven by heat contracts.

Decided (FID'ed) renewable capacity

Decided (FID'ed) capacity is renewable capacity where a final investment decision (FID) has been made.

Awarded and contracted renewable capacity

The awarded renewable capacity is based on the capacities which have been awarded to Ørsted in auctions and tenders. The contracted capacity is the capacity for which Ørsted has signed a contract or power purchase agreement (PPA) concerning a new renewable energy plant. We include the full capacity if more than 50% of PPAs or offtake are secured. Acquired projects with pre-FID capacity are also included in the awarded and contracted renewable capacity.

Heat and power generation

Power generation from wind and solar farms is determined as generation sold. The offshore wind farms Gunfleet Sands 1 & 2 and Walney 1 & 2 have been consolidated according to ownership interest. Other wind farms, solar farms, and CHP plants have been financially consolidated.

Thermal power generation is determined as net generation sold, based on settlements from the official Danish production database. Data for generation from foreign facilities is provided by the operators.

Heat (including steam) generation is measured as net output sold to heat customers.

Power generation capacity

Power generation capacity for an offshore wind farm is calculated and included from the time when the individual wind turbine has passed a 240-hour test.

The offshore wind farms Gunfleet Sands 1 & 2 and Walney 1 & 2 have been consolidated according to ownership interest. Other wind farms have been financially consolidated.

Wind speeds

Wind speeds for the areas where Ørsted's offshore and onshore wind farms are located are provided to Ørsted by an external supplier. Wind speeds are weighted on the basis of the capacity of the individual wind farms and consolidated to an Ørsted total for offshore and onshore, respectively. 'Normal wind speed' is a historical wind speed average (over a minimum 20-year period).

Availability

Availability is calculated as the ratio of actual production to the possible production, which is the sum of lost production and actual production in a given period. The production-based availability (PBA) is impacted by grid and wind turbine outages, which are technical production losses. PBA is not impacted by market-requested shutdowns and wind farm curtailments as these are due to external factors.

Load factor

The load factor is calculated as the ratio between actual generation over a period relative to potential generation, which is possible by continuously exploiting the maximum capacity over the same period. The load factor is commercially adjusted. This means that the offshore wind farm has been financially compensated by the transmission system operators when it is available for generation, but the output cannot be supplied to the grid due to maintenance or grid interruptions. New offshore wind turbines are included in the calculations of availability and load factor once they have passed a 240-hour test. Onshore wind turbines are included once they have passed commercial operation date (COD).

Degree days

The number of degree days expresses the difference between an average indoor temperature of 17 °C and the outside mean temperature for a given period. It helps compare the heat demand for a given year with a normal year.

Sales

Sales of gas and power are calculated as physical sales to retail customers, wholesale customers, and exchanges. Sales are based on readings from Ørsted's trading systems. Internal sales to our CHP plants are not included in the statement.

Environment

Green share of energy generation

The green (renewable energy) share of our heat and power generation is calculated on the basis of the energy sources used and the energy generated at the different assets.

For combined heat and power (CHP) plants, the share of the specific fuel (e.g. sustainable biomass) is calculated relative to the total fuel consumption for a given plant or unit within a given time period. The specific fuel share is then multiplied by the total heat and power generation for the specific plant or unit in the specific period. The result is the fuel-based generation for the individual unit, for example the sustainable biomass-based generation of heat and power from the CHP plant unit within a given time period.

The percentage shares of the individual energy sources are calculated by dividing the generation from the individual energy source by the total generation.

The following energy sources and fuels are considered to be renewable energy: wind, solar PV, sustainable biomass, biogas, and power sourced with renewable energy certificates. The following energy sources are considered to be fossil energy sources: coal, natural gas, and oil.

Green share of energy generation, Bioenergy & Other

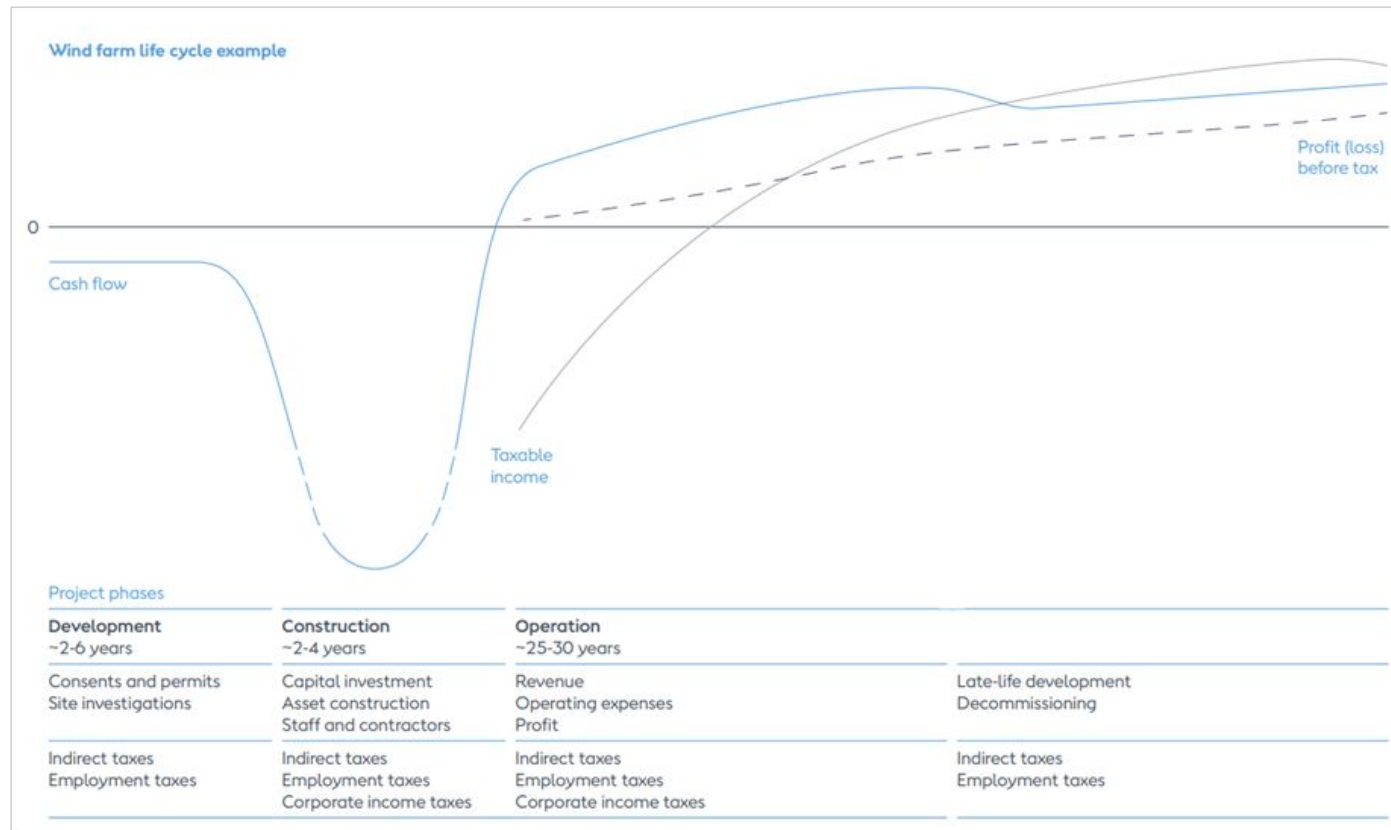
This is calculated as the green share of heat and power generation, but is only shown for the business unit Bioenergy & Other.

Tema 1: Ørsted

Ørsted har for anvendte ESG-data en beskrivelse af, hvordan de rapporterede tal er opgjort ("anvendt regnskabspraksis")

Tema 1: Ørsted

Ørsted giver udførlige oplysninger om skatter, herunder "Approach to taxes" og "Our tax footprint", der bl.a. indeholder betalte skatter pr. land fordelt på både årets skat og udskudt skat.



Country-by-country key figures, 2022	Number of employees	Total employee remuneration² DKKkM	Revenue from third-party sales DKKkM	Revenue from intra- group transactions with other tax jurisdictions, DKKkM	Property, plant, and equipment, and inventory DKKkM	Balance of intra- company debt DKKkM	Corporate income tax paid on a cash basis DKKkM
Denmark	4,219	3,723	111,020	9,713	18,400	36,740	6
The UK	1,254	1,015	11,264	27,418	55,005	61,775	720
The US	643	709	2,396	71	68,348	18,575	1
Germany	331	211	432	3,257	13,700	17,697	233
Ireland	102	54	937	-	4,797	517	-
The Netherlands	88	58	-	1,829	4,722	4,524	42
Taiwan	185	148	5,439	65	24,476	15,264	247
Malaysia	574	143	2	213	11	-	2
Poland	519	164	20	274	1,479	11	9
Norway	-	-	-	-	-	-	-
Sweden	6	6	721	1	146	38	2
France	51	-	27	-	667	-	-
Singapore	13	16	19	45	9	-	1
Korea	17	19	-	19	-	149	-
Japan	25	22	-	8	-	69	-
Other countries¹	-	9	-	-	8	-	-
Total	8,027	6,297	132,277	42,913	191,768	155,359	1,263

Tema 2: Ørsted

Ørsted giver en detaljeret analyse af, hvordan EBITDA har udviklet sig i forhold til sidste år ("EBITDA-bridge"). Yderligere sammenholdes udviklingen med de tidligere udmeldinger.

Follow-up on 2022 guidance

Full-year EBITDA

Operating profit (EBITDA) excluding new partnerships totalled DKK 21.1 billion compared to our expectations at the beginning of the year of DKK 19-21 billion.

The further increase in the level and volatility of energy prices throughout most of the year, together with a substantial increase in inflation, led to a significantly different composition of EBITDA than our initial expectations.

Earnings in Offshore ended up lower than expected, mainly due to volume-related overhedging (DKK 2.9 billion), ineffective hedges related to inflation indexation (DKK 0.7 billion), and other IFRS 9-related ineffective hedges (DKK 1.6 billion). We also saw higher balancing costs and BSUoS/ TNUoS tariffs than expected. Further delays in the installation process and with the commissioning of turbines at Greater Changhua 1 & 2a resulted in lower ramp-up generation and lower partnership earnings. This was partly offset by a lower-than-expected DEVEX and positive effects from reversal of provisions incl. CPS issues.

Earnings in Onshore ended up significantly higher due to higher achieved prices in both the US and Europe. Furthermore, the acquisitions of Ostwind and Ford Ridge contributed positively.

Earnings from our CHP plants increased due to the higher power prices. As we only hedge the power we cogenerate with heat, we benefitted from the high prices on our condensing power generation.

In 'Gas Markets & Infrastructure', we achieved higher earnings from our gas storage activities and release of a provision related to the close-down of our B2B business in the UK.

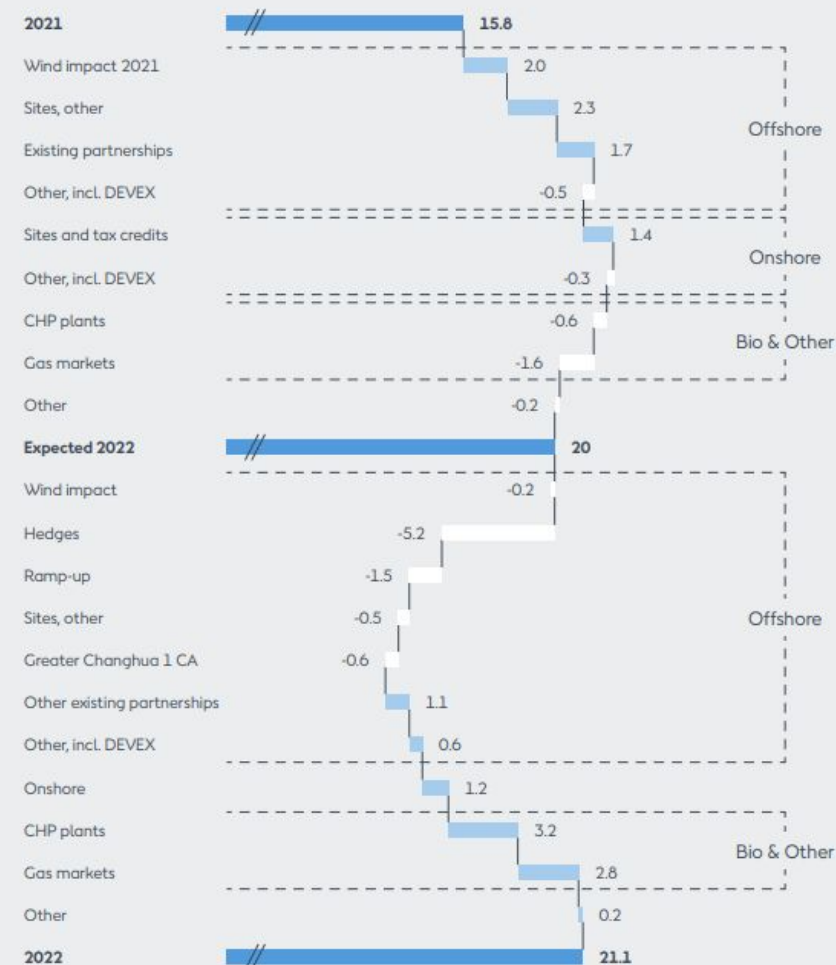
Q4 EBITDA

Neither the development in nor the composition of our earnings mix were as expected in our 9M report.

In Offshore, we had to recognise a negative effect from ineffectiveness related to inflation-indexed contracts with partners, a reduction in the value of intermittency hedges (part of volume-ineffective hedges), and we saw higher balancing costs. In addition, the delays at Greater Changhua 1 & 2a had a negative impact.

In Bioenergy & Other, we realised significantly higher-than-expected earnings from our gas storage activities and released a provision related to our B2B business. This was partly offset by lower earnings from our CHP plants due to lower-than-expected power prices.

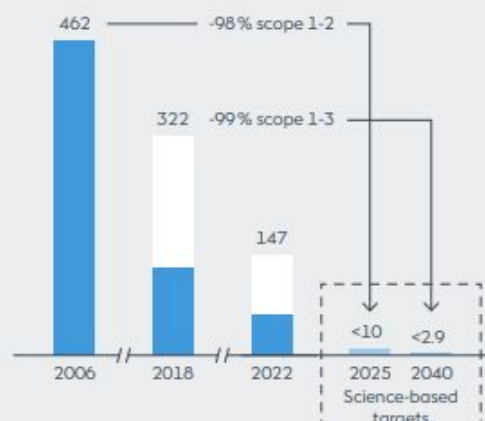
EBITDA excluding new partnerships DKKbn





2040 net-zero full value chain decarbonisation target

Our science-based net-zero target, which was approved by the Science Based Targets initiative (SBTi) in October 2021, consists of two overall GHG reduction targets (5 and 6) and a limit on the use of certified carbon-removal projects for neutralising residual emissions.

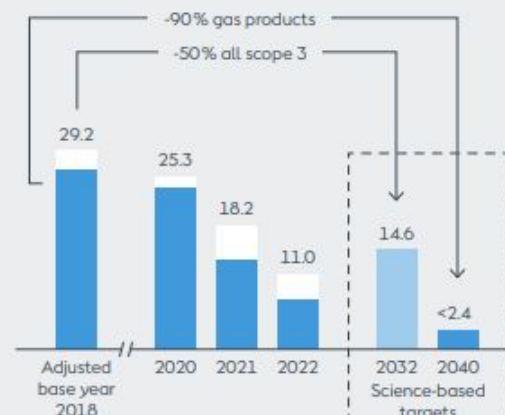


5. Greenhouse gas emissions intensity g CO₂e/kWh

- Scope 1-2
- Scope 3

Our target is to reduce our scope 1-3 GHG emissions intensity (excl. natural gas sales) by 99% compared to 2018, implying a reduction of the emissions intensity to 2.9 g CO₂e/kWh by 2040.

For scope 1-2, we have an additional target to reduce emissions to less than 10 g CO₂e/kWh by 2025, which will be 98% lower than in 2006, and to less than 1 g CO₂e/kWh by the end of 2040. We are committed to using certified carbon-removal projects as a means of neutralising the residual emissions.



6. Greenhouse gas emissions (scope 3) million tonnes CO₂e

- Natural gas sales
- Total scope 3
- Other scope 3 emissions

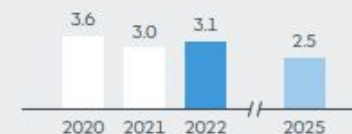
We want to reach a 50% reduction in scope 3 emissions from 2018 to 2032. In addition, we will reduce our scope 3 emissions from wholesale buying and selling of natural gas by 90% by 2040 (also compared to 2018). In 2022, we reduced scope 3 emissions beyond our 50% reduction target for 2032. This was due to generally lower demand for gas following Russia's invasion of Ukraine and ceased deliveries from our gas sourcing contract with Gazprom Export. We expect our scope 3 emissions to increase again in 2024 once the Tyra gas field is reopened, and DUC resumes delivery to us under our long-term gas sourcing contract.



7. Employee satisfaction index 0-100

- Ørsted
- Ennova benchmark top 10%
- Ennova benchmark

Our target on employee satisfaction is to be in the top 10% in external benchmarks. In 2022, the overall 'motivation and satisfaction' score among our employees dropped slightly to 76 out of 100.



8. Safety TRIR

Our target is to reduce the total recordable injury rate (TRIR) to 2.5 in 2025. In 2022, our TRIR was 3.1. We continue to strive to become a safer place to work.

Tema 3: Ørsted

Ørsted viser mål, hvor man kan følge den årlige udvikling i Ørsted's ESG rejse, med 3-års sammenligningstal.



Annual Report

2022

ESG highlights and ratios in numbers

Tema 1: Royal Unibrew

Royal Unibrew præsenterer oplysninger om relevante KPI'er på en overskuelig måde. 5-års nøgletal indgår i denne oversigt.

		2022	2021	2020	2019	2018
PRODUCTION FIGURES						
Production sites		19	14	9	9	9
Production volume, total	million hl	12.1	11.5	10.6	10.3	10.4
CO₂ emissions						
Scope 1 & 2 (location based)*	million kgCO ₂	40.5	35.8	35.7	40.0	39.8
Scope 1 & 2 (market based)**	million kgCO ₂	31.1	26.8	24.2	26.2	n/a
Scope 3***	million kgCO ₂	n/a	367.5	n/a	372.6	n/a
ENVIRONMENT & CLIMATE						
Purchased electricity	GWh	98.7	84.2	79.1	81.4	81.2
Natural gas	GWh	87.3	99.5	88.3	94.2	88.9
Purchased heat/steam/cooling	GWh	34.6	33.5	30.6	37.8	40.8
Other	GWh	27.0	3.1	2.8	1.9	2.9
Energy, total	GWh	247.6	220.3	200.8	215.3	213.8
Water consumption, total	million hl	37.5	34.8	33.3	33.3	33.3
Wastewater, total	million hl	23.7	22.8	22.3	22.3	22.7
Hazardous waste	million kg	0.1	0.0	0.1	0.1	0.1
Landfilled waste	million kg	0.6	0.7	0.9	0.4	0.5
Incinerated waste	million kg	0.7	0.6	0.7	1.5	1.1
Recycled waste	million kg	10.5	5.5	5.5	5.9	5.4
Solid waste, total	million kg	11.9	6.8	7.2	7.9	7.1
Recycled waste %	%	88.3	80.6	76.8	74.7	76.1
Spent grain & yeast	million kg	91.7	79.2	76.8	77.4	80.9
RELATIVE PRODUCTION FIGURES						
Energy	kWh/hl	20.5	19.2	18.9	20.9	20.6
CO ₂	kg CO ₂ /hl	3.3	3.1	3.4	3.9	3.8
Water	hl/hl	3.1	3.0	3.1	3.2	3.2
Waste	kg/hl	1.0	0.6	0.7	0.8	0.7

		2022	2021	2020	2019	2018
PACKAGING MATERIALS****						
Cans	%	43.8	43.4	41.7	40.2	n/a
Returnable glass bottles	%	2.3	2.4	2.9	3.4	n/a
Non returnable glass bottles	%	10.1	9.1	7.9	8.7	n/a
PET	%	33.4	36.0	36.8	37.0	n/a
Kegs	%	2.9	2.0	1.9	3.5	n/a
Bulk	%	1.0	0.3	0.2	2.9	n/a
Other	%	6.5	6.8	8.5	6.5	n/a
PEOPLE WELL-BEING & DEVELOPMENT						
Occupational health & safety						
Total number of lost-time incidents (LTIs)	Number	63	53	56	42	39
Lost time incident frequency	per million working hrs	11.1	11.3	13.7	10.8	10.2
Number of lost days	Hrs	1,153	944	2,070	1,594	687
Lost day rate	per million working day	203	202	506	412	180
Fatalities	Number	0	0	0	0	0
Employee engagement						
Employee turnover	%	17.1	15.0	13.9	17.5	20.6
Leave of absence due to illness (not work related)	%	3.6	3.8	3.7	3.9	3.5
Diversity						
Employees by gender, total						
Female	%	26	26	24	25	26
Male	%	74	74	76	75	74
Employees by gender, Int. Management teams						
Female	%	28	29	33	32	31
Male	%	72	71	67	68	69

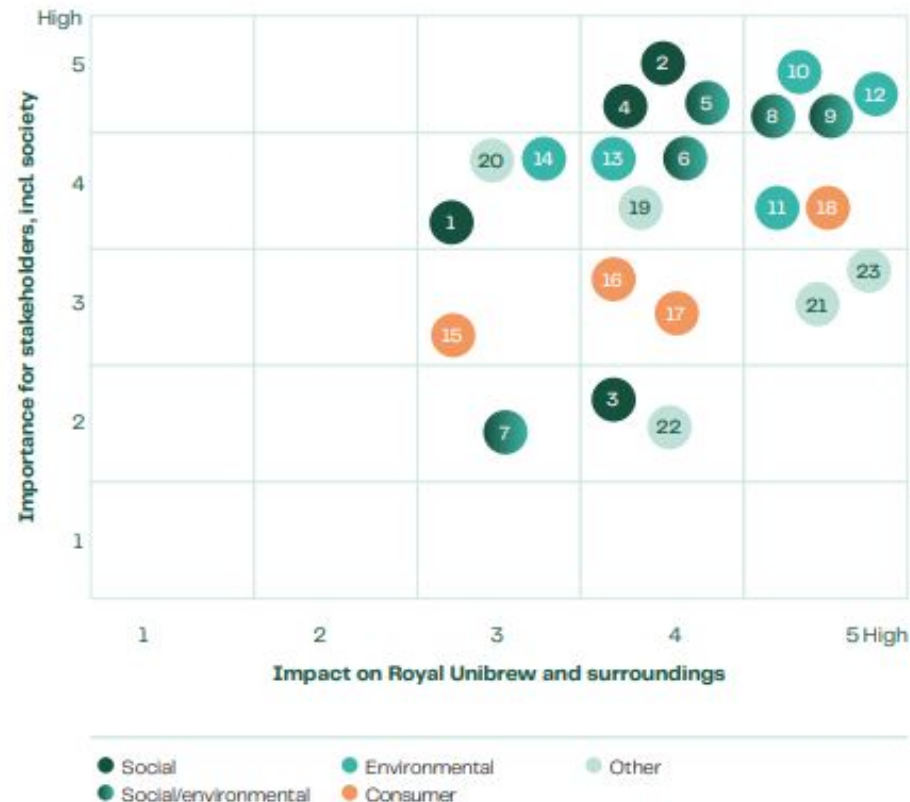
* Location based: Calculated CO₂ emission based on IEA country factors and DEFRA data ** Market based: Subtracting CO₂ emission covered by green certificates *** Calculated at least every third year **** Packaging material excluding Amsterdam Brewery Co. Ltd.

Tema 1: Royal Unibrew

Royal Unibrew har en overskuelig oversigt over dobbelt væsentlighed.

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

Tema 1: Royal Unibrew

Royal Unibrew har en god beskrivelse af de anvendte ESG-oplysninger ("anvendt regnskabspraksis"). Årsrapporten indeholder således en detaljeret beskrivelse af hver indikator. Opgørelsesmetode og angivelse af enhed er inkluderet i denne beskrivelse.

Data and indicators

Our data collection process serves to ensure adherence to the requirements of the Danish Financial Statements Act § 99a, b, and d, the UN Global Compact Communication on Progress, Nasdaq ESG Reporting Guide and the EU Taxonomy. We consider key ESG indicators and global frameworks such as the GRI, SASB, UN Guiding Principles and the SDGs.

Indicator	Description	Unit
PRODUCTION FIGURES		
Production sites	Total number of production sites within the Group.	Number
Production volume	Total volume of beverages produced within the Group.	million hl
CO₂ EMISSIONS		
Scope 1	Direct CO ₂ emissions occurring from all sources owned or controlled by the company. Emissions are calculated in alignment with the GHG Protocol and SBTi by use of local emission factors sourced from International Energy Agency (IEA) and DEFRA. When calculating our KPIs, logistics and biogenic emissions are excluded.	million kgCO ₂
Scope 2 (location- and market-based)	Indirect CO ₂ emissions from purchased energy sources. Emissions are calculated according to the location- and market-based method in alignment with the GHG Protocol and SBTi by use of local emission factors from IEA.	million kgCO ₂
Scope 3	Corporate value chain CO ₂ emissions have been calculated in alignment with the GHG Protocol and SBTi. More than 85% of the value chain emissions of scope 3 is included in the SBTi target. We will recalculate at least every third year. Current data covers 2021 and 2019, where the latter represents our base year. Primary drivers of the scope 3 emissions are purchased goods and services, downstream transportation and distribution and use of sold products.	million kgCO ₂
ENVIRONMENT & CLIMATE		
Energy consumption	Total energy consumption covers purchased electricity, purchased green tariff electricity, natural gas, oil and purchased heat/steam/cooling.	GWh
Water consumption	Total water consumption is the portion of water withdrawn and consumed by the Group not returned to the original water source after being withdrawn. Sources can be own wells/ground water, city water etc.	million hl
Wastewater discharged	Total amount of wastewater discharged is the portion of water returned to the water source after being withdrawn. Water is emitted for public wastewater treatment, onsite treatment followed by discharge to river or lake or onsite treatment followed by discharge to public sewer.	million hl

Tax

Tema 1: Royal Unibrew

Royal Unibrew giver en detaljeret oversigt over koncernens skattebetalinger i forskellige lande ("country-by-country"), og viser betalingerne fordelt på både direkte og indirekte skatter. Betalingerne sættes samtidig i forhold til omsætning og antal ansatte.

Creating jobs and delivering prosperity in the communities in which Royal Unibrew operates are our tangible contributions to society. Providing transparent disclosures also for tax is anchored in our business integrity.

Royal Unibrew operates in a number of predominately European countries and is therefore subject to both national and international tax rules. Royal Unibrew follows the OECD principles for transfer pricing disclosures and documentation and use external advisors to prepare the documentation. We always enter an open and constructive dialog with the tax authorities, and we are pleased to report that we were not involved in any instances of non-compliance with tax legislation in 2022.

In 2022, Royal Unibrew paid DKK 7.4 billion (2021: DKK 5.4 billion) in taxes, excise duties and VAT. Excise duties, VAT and some taxes are collected on behalf of the tax authorities in countries where we operate.

Total tax contribution (country-by-country)

Royal Unibrew seeks to comply with all tax legislation to its business operations, and we have prepared the country-by-country tax disclosure based on the GRI 207 tax guideline.

Country-by-country key figures – IFRS, 2022	Number of employees average	Total employee remuneration DKKm	Revenues from third party sales DKKm	from intragroup transactions with other tax jurisdictions, DKKm	Balance of intercompany debt DKKm	Profit/loss before tax DKKm	Tangible assets other than cash DKKm	Corporate income tax paid on a cash basis, DKKm	Calculated local tax on profit (loss) DKKm
Denmark	1,249	722	3,980	737	7	983	1,695	144	165
Finland	749	362	2,958	98	1	676	1,240	142	134
Norway	166	219	1,495	-	1,390	79	800	7	-10
Italy	185	109	1,042	428	462	29	315	3	12
France	133	80	343	104	671	20	171	-	-15
Latvia	372	68	389	145	0	25	154	0	7
Lithuania	342	64	480	126	54	-6	205	2	0
Estonia	33	8	76	0	59	-12	24	-	-
Others*	136	92	724	0	247	-9	289	6	1
	3,365	1,724	11,487	1,638	2,891	1,785	4,893	304	294

* Includes Canada, Sweden, UK and US

Country-by-country key figures – IFRS, 2022	Excise duties DKKm	VAT DKKm	Personal taxes & social security contributions DKKm	Corporate taxes DKKm	Total DKKm
Denmark	250	675	266	144	1,335
Finland	2,105	739	82	142	3,069
Norway	1,093	618	50	7	1,768
Italy	182	203	45	3	432
France	4	-	-	-	4
Latvia	107	73	26	0	207
Lithuania	158	65	-	2	225
Estonia	0	16	3	-	19
Others*	154	121	24	6	304
	4,053	2,510	496	304	7,363

* Includes Canada, Sweden, UK and US

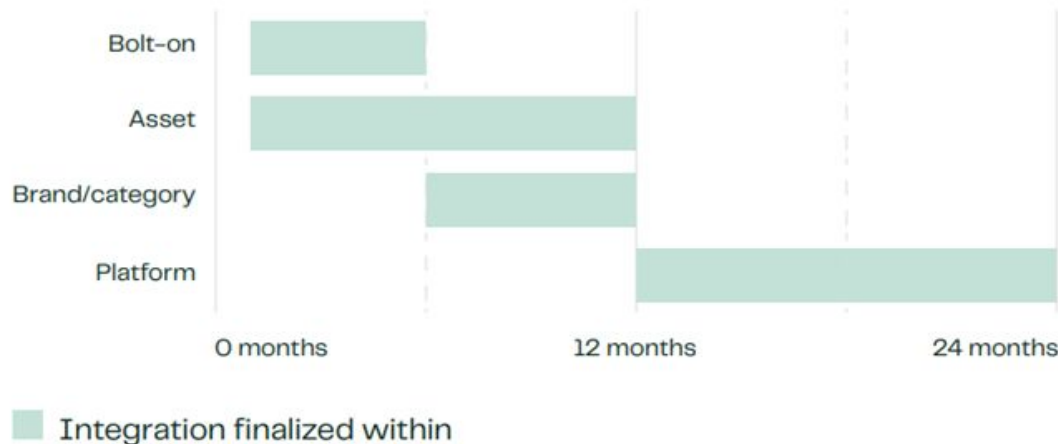
Collected by the company Borne by the Company

Tema 2 og 3: Royal Unibrew

Royal Unibrew forklarer detaljeret om virksomhedens strategi for opkøb, herunder om integration og synergier (og perioden for at opnå dette).

Her forklarer Royal Unibrew arbejdet med forskellige typer af opkøb.

Integration of acquisitions depends on type and complexity



Integration processes and synergies

The speed of integration is dependent on the size and complexity of the acquired company. Therefore, the realization of synergies, and thereby creation of value, is also different from case to case. Common to acquisitions is that they always have an initial phase of operational investments during the first period of the integration, which is usually finalized within the first six to 24 months depending on the size and complexity of the acquired business. It is not until after this initial phase where the acquisition is fully integrated that we can start to really benefit from synergies.

Synergies are split into two buckets: operational and commercial synergies. In most acquisitions there are initial operational synergies to extract, but we always acquire businesses to make them stronger and bigger. For that reason, the initial operational synergies are partly reinvested into the acquired business, as we start to streamline the business and adjust the organization to fit our model of strong local ownership and our performance management model. The integration is finalized by the implementation of Royal Unibrew's IT systems. Once the IT systems and operational model are implemented the commercial work gets full attention.

The commercial agenda is centered around quality of the revenue, i.e., making sure that it is the right parts of the product portfolio that is being prioritized so that the strongest possible market positions are built within the most profitable parts of the portfolio.

The eventual margin potential of an acquisition depends on the type of acquisition as well as the operating model it becomes part of. A bolt-on acquisition in a multi-beverage market setup will have a margin potential of at least our medium-to-long-term EBIT margin target, as we benefit from utilizing our infrastructure.

When it comes to platform acquisitions, it is dependent on the degree of multi-beverage offering and the level of own brands and products. As an example, the acquisition of Solera Beverage Group was an acquisition of a company that distributes third-party brands, which comes with a low margin. Introducing our own brands on that platform will bring a high incremental margin, but margins will not approach average group margins in the short-to-medium-term.



ANNUAL REPORT 2022



SUSTAINABILITY

Tema 1: Scandinavian Tobacco Group

Flot illustrativ beskrivelse af STG's ESG-vision.

For Scandinavian Tobacco Group, conducting business responsibly is integral to the way in which we operate. From our employees through to our suppliers, we strive to foster a safe and healthy environment that encourages the responsible use of resources, strong corporate ethics and a sustainable mindset for the growth of our business.

In May, we released a new, more ambitious and comprehensive sustainability agenda, **Rolling Responsibly**, and immediately integrated it into our corporate strategy **Rolling Towards 2025** to reflect its importance. Our vision is clear – we want to be the undisputed and sustainable global leader in cigars.

During 2022, our sustainability efforts focused on establishing a strong foundation, building our internal capabilities and kicking off several initiatives which are outlined in the following pages. Our Environment, Social and Governance (ESG) agenda is incorporated within our Strategy, Transformation & Sustainability department with material topics owned by an Executive Board member. To build our competencies, we have established a dedicated Sustainability Center of Excellence with full time employees, dedicated to working toward our greater ESG ambitions.

ROLLING RESPONSIBLY

ASPIRATION

WE CRAFT A BETTER TOMORROW - BY ELEVATING OUR COMMUNITIES
AND ANCHORING CLIMATE ACTION IN OUR CULTURE

SUSTAINABILITY PRIORITIES



ENVIRONMENT

NET-ZERO ALONG THE JOURNEY
OF THE LEAF

Climate
change

Water
management

Land use &
responsible
agriculture

Environmentally
friendly
materials &
packaging



SOCIAL

SUSTAINABLE
COMMUNITY PIONEERS

Diversity &
Inclusion

Employee
health &
safety

Anti-child
labour

Community
engagement

KEY ENABLERS



GOVERNANCE

Sustainability
Center of
Excellence

Strong
corporate ethics

Responsible
supply chain &
procurement

Proactive &
transparent
reporting

Responsibility
towards the
consumer

SUSTAINABILITY

LOOKING AHEAD AT 2023

Following the implementation of the revised sustainability agenda in 2022, we are excited to continue the journey and progress in 2023. Highlighted to the right are the main areas of focus for the next calendar year and what we endeavour to achieve.

Tema 1: Scandinavian Tobacco Group

ESG mål er præsenteret på en overskuelig måde.

ROLLING RESPONSIBLY

SUSTAINABILITY PROGRAM

- Ensure we have the necessary elements for all material topics to report in accordance with the Corporate Sustainability Reporting Directive (CSRD) in 2024
- Partner with relevant parties to progress our sustainability agenda
- Continue to educate our colleagues on the sustainability aspects that affect them in their work
- Continue to build ESG transparency with our investors
- Embed sustainability thinking in our ways of working across the Group

TARGETS



ENVIRONMENT

- Commence the remaining workstreams, namely Biodiversity and Responsible Supply Chain
- Develop our concrete targets for the Science Based Targets initiative (SBTi)
- Continue to reduce our scope 1 and 2 carbon emissions delivering our yearly target of 4.2% or better, compared to the 2020 baseline
- Perform a deep-dive analysis of scope 3 emissions and create a baseline and an action plan
- File the Carbon Disclosure Project



SOCIAL

- Gain insight into the specific community needs in each of our production communities
- Begin to identify critical business risks in communities and value chain as pre-Corporate Sustainability Due Diligence Directive (CSDDD)
- Roll out our community strategy
- Assess partnerships relevant to material topics
- Make a plan for most impactful community initiatives implementation



GOVERNANCE

- Work to build more robust and transparent ESG data and processes in preparation for CSRD
- Kick off our responsibility towards the consumer and procurement work
- Roll out our updated and newly created policies, i.e. Code of Conduct, Supplier Code of Conduct and Policy on Data Ethics
- Initiate awareness campaign for our whistleblower platform



Annual Report 2022

TORM PLC
OFFICE 105, 20 ST DUNSTAN'S HILL
LONDON, EC3R 8HL, UNITED KINGDOM
COMPANY: 09818726

Responsibility report

Responsible behavior and sustainability are embedded in the way we conduct business in TORM. We are committed to protecting our employees, our assets, our environment, and our society. We believe that a sustainable business also creates business value for TORM.

We constantly push ourselves to remain relevant and competitive in the eyes of our investors, customers, employees, financiers, and other key stakeholders. We do this by deeply integrating sustainable business practices in our commercial strategy to consider how we affect the world around us, and how the world around us has an impact on us.

TORM's sustainability approach and actions are guided by a range of both internal and external instruments. We harness these to build an overarching approach to create a more sustainable future, sustainability measures allowing us to take decisions based on knowledge, and to provide transparency to our stakeholders. This is done by constantly challenging ourselves and the way we work. Further, TORM does this by interacting and collaborating with different peers and industry stakeholders.

Transparency and accountability are key to TORM's way of doing business, and these values play a central role in our responsibility approach. The principles in the model to the right illustrate some of the important elements of the way we think sustainability. They are frequently reviewed and validated considering our safety culture, how our leaders shall operate, and not least our strategic choices.

This section (pages 22-49) of our report also constitutes the Danish statutory reporting on corporate social responsibility. Our business model, which is set out on page 12, forms an integral part of our statutory reporting.

Tema 1: TORM

TORM har illustreret nogle af de vigtige elementer i den måde virksomheden tænker bæredygtighed på.



Enhancements in 2022

Scope 3

Scope 3 refers to emissions which are a consequence of TORM's activities but occur from activities which are not owned or controlled/operated by TORM. Scope 3 reporting is an expansion in 2022 of the already reported Scope 1 and 2 emissions. This is to disclose the indirect emissions from TORM's activities.

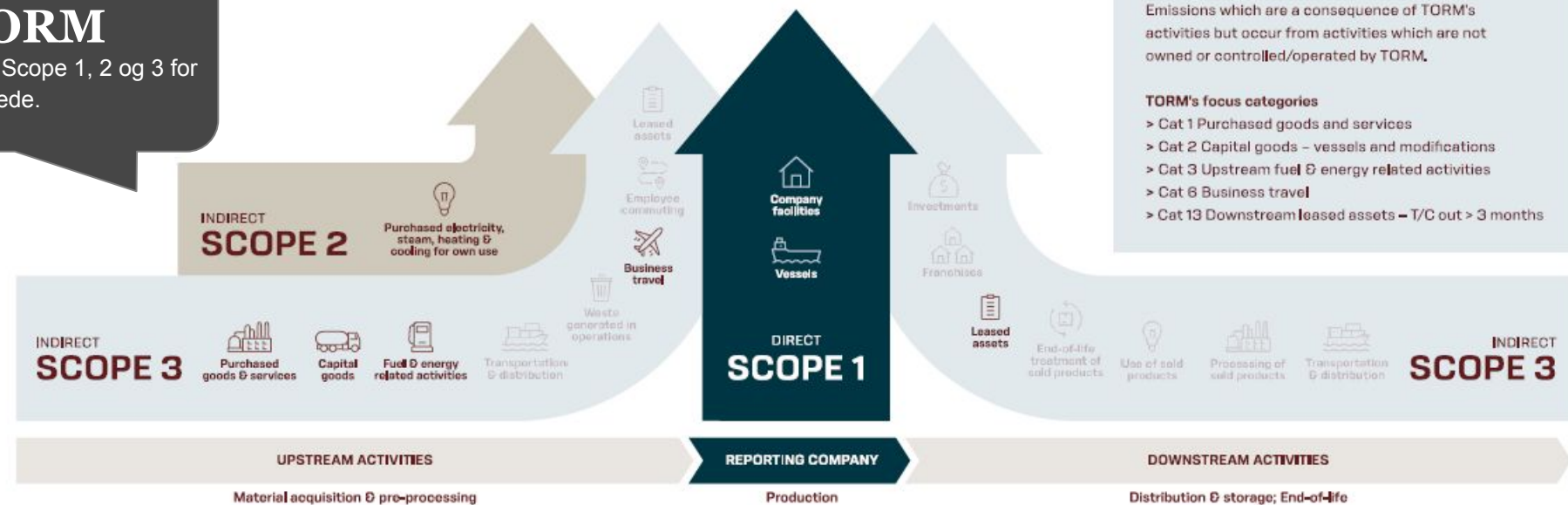
Scope 3 reporting is an additional voluntary effort creating awareness of our entire value chain enabling us to take ownership beyond our direct business based on data. By including entire value chains, we can understand the knock-on effect of actions to reduce emissions.

For example, efforts to reduce Scope 1 emissions on board our vessels, such as using less fuel to perform our routes, will also positively impact our Scope 3 emissions as less upstream fuel will be consumed. This increased transparency also ripples down to our partners and customers, empowering them with increased emissions transparency in their value chains.

Scope 3: What does it consist of?

Tema 1: TORM

TORM har præsenteret Scope 1, 2 og 3 for virksomhedens værdikæde.



TORM's ESG targets

These targets ensure our collective focus on the same goals and encourage transparency between management, employees, and stakeholders. TORM has committed to the below ESG-linked targets to be relevant to investors, lenders, customers, and other stakeholders. We will elaborate on these targets throughout this report.

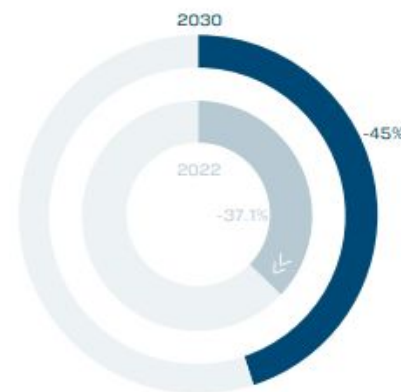
Tema 1: TORM

Flot og overskuelig præsentation af TORM's ESG mål, hvor fremtidige mål er sammenholdt med performance for 2022.

2030 Climate target

TORM continues to work on reducing our carbon intensity from -37.1% in 2022 to -45% by 2030 compared to 2008*.

* % reduction compared to the IMO's 2008 base year using the CII reference line using CO₂ g/dwt x nm.



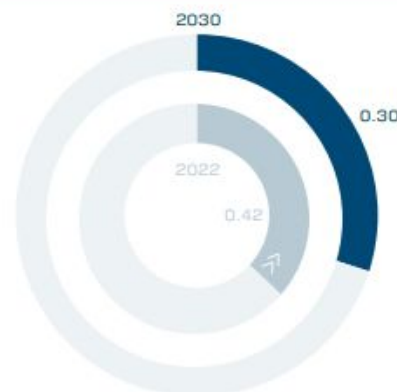
2050 Climate ambition

TORM is pursuing an ambitious climate agenda, whereby we will have zero CO₂ emissions from operating our fleet by 2050.



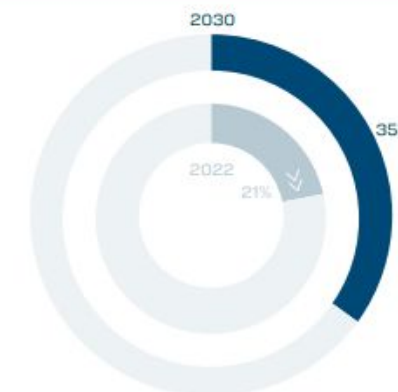
2030 Safety target

Safety is measured as a long-time accident frequency per million exposure hours. In 2022, TORM's safety performance was 0.42, and our target for 2030 is 0.30.



2030 Leadership diversity target

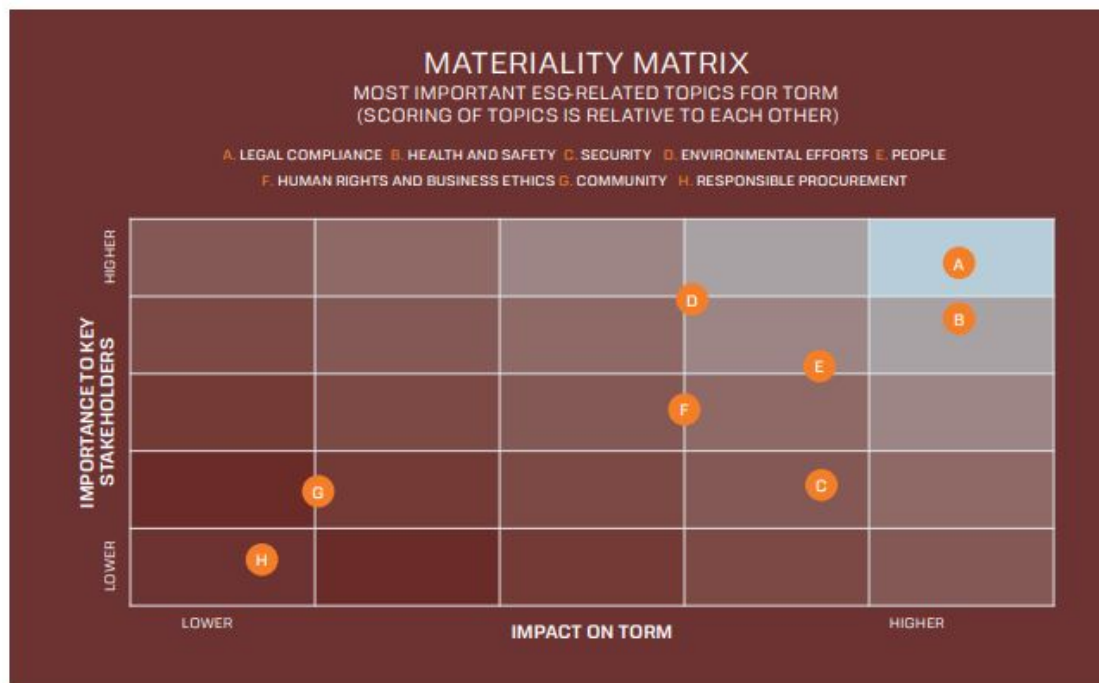
We believe that diverse teams led by diverse leaders deliver better business performance, and by 2030 at least 35% of our leaders will be female.



Stakeholder engagement and materiality

Tema 1: TORM

Materiality matrix er inkluderet i årsrapporten. De vigtigste ESG-relateret topics for TORM er fremhævet.



- Environmental efforts on pages 30-33
- Health and safety on page 34
- Security on page 35
- People on pages 36-37
- Community on page 38
- Legal compliance on page 39
- Human rights and business ethics on pages 40-41
- Responsible procurement on page 42

SASB marine transportation industry standard

Topic	Accounting metric	Unit	2022	2021	Code
Greenhouse Gas	Gross global Scope 1 emissions	Metric tons (t) CO ₂ e	1,363,076	1,081,027	TR-MT-110a.1
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets		See pages 15-17, 19, 22-27, 30-33	See pages 22-27, 34, 40 in AR 21	
	1) Total energy consumed	Gigajoules (GJ)	19,265	17,672	TR-MT-110a.2
	2) Percentage heavy fuel oil	Percentage (%)	53	50	TR-MT-110a.3
	3) Percentage renewable	Percentage (%)	0	0	TR-MT-110a.3
	Average Energy Efficiency Design Index (EEDI) for new vessels	Grams of CO ₂ per ton-nautical mile	3	3	TR-MT-110a.4
Air quality	Air emissions of the following pollutants:				
	1) NO _x (excluding N ₂ O)	Metric tons (t)	n/a ¹⁾	n/a ¹⁾	TR-MT-120a.1
	2) SO _x	Metric tons (t)	1,785	1,533	TR-MT-120a.1
	3) Particulate matter (PM10)	Metric tons (t)	n/a ¹⁾	n/a ¹⁾	TR-MT-120a.1
Ecological impacts	Shipping duration in marine protected areas or areas of protected conservation status	Number of travel days	n/a ¹⁾	n/a ¹⁾	TR-MT-160a.1
	Percentage of fleet implementing ballast water: 1) exchange	Percentage (%)	12	27	TR-MT-160a.2
	Percentage of fleet implementing ballast water: 2) treatment	Percentage (%)	88	73	TR-MT-160a.2
	Number of spills and releases to the environment 2)	Number	0	0	TR-MT-160a.3
	Aggregate volume of spills and releases to the environment 3)	Cubic meters (m ³)	0	0	TR-MT-160a.3

The emission figures in this report represent TORM's findings to the best of our knowledge given today's methodology used by TORM and aligned with current IMO methodology. TORM is continuously committed to improving the methodology and advancing transparency in reporting as well as to following best industry practices on emissions reporting. In 2021, we allocated the emissions related to T/C out to gross global Scope 1 emissions as we did not report on Scope 3. In 2022, we report on Scope 3 and have reallocated the part included in Scope 1 in 2021 to Scope 3 in 2021. SO_x emissions for 2021 have been adjusted slightly due to updates to the methodology.

¹⁾ Data unavailable. Assessment of feasibility of disclosure is ongoing.

²⁾ Our definition of spills is based on ITOFF.

³⁾ We report total volume of spills as the estimated aggregate volume of all spills as defined above. We do not do netting of the amount of such material that was subsequently recovered, evaporated, or otherwise lost as required by SASB standard TR-MT-160a.3 -2.1.

Tema 1: TORM

TORM har en overskuelig rapportering af ESG-KPI'er baseret på SASB Marine Transportation Industry Standard.

Environmental indicators

Indicator	Unit	2022	2021	2020
Greenhouse gas (GHG) emissions				
Direct GHG emissions (Scope 1)	Tons CO ₂ e	1,363,076	1,081,027	1,257,468
Indirect GHG emissions – owned (Scope 2)	Tons CO ₂ e	448	486	434
Indirect GHG emissions – not owned (Scope 3)	Tons CO ₂ e	607,961	1,238,479	Not calculated
Total GHG emissions ¹⁾	Tons CO ₂ e	1,971,485	2,319,991	1,257,902
Energy consumption				
Heavy fuel	Tons	252,012	216,610	170,907
Low-sulfur heavy fuel	Tons	136,329	126,371	174,836
Marine gas oil	Tons	84,086	88,978	80,865
Office consumption				
Electricity consumption	kWh	659,476	514,461	445,093
Water consumption	m3	4,062	3,875	3,268
Greenhouse gas (GHG) emissions - Fleet				
CO₂ emissions, AER – total fleet	g/dwtxnm	5.15	5.05	5.34
CO ₂ emissions, AER – LR2	g/dwtxnm	3.68	3.72	4.10
CO ₂ emissions, AER – LR1	g/dwtxnm	4.73	4.33	4.66
CO ₂ emissions, AER – MR	g/dwtxnm	6.09	5.83	6.02
CO ₂ emissions, AER – Handysize	g/dwtxnm	8.37	7.23	7.52
CO₂ emissions, EEOI – total fleet	g/cargoxnm	10.88	10.64	11.17
CO ₂ emissions, EEOI – LR2	g/cargoxnm	8.13	8.67	8.07
CO ₂ emissions, EEOI – LR1	g/cargoxnm	9.38	8.95	9.43
CO ₂ emissions, EEOI – MR	g/cargoxnm	12.69	11.80	13.06
CO ₂ emissions, EEOI – Handysize	g/cargoxnm	21.29	15.24	15.07

The emission figures in this report represent TORM's findings to the best of our knowledge given today's methodology used by TORM aligned with current IMO methodology. TORM is continuously committed to improving the methodology and advancing transparency in reporting as well as to following best industry practices on emissions reporting. In 2021, we allocated the emissions related to T/C out to direct GHG emissions (Scope 1) as we did not report on Scope 3. In 2022, we report on Scope 3 and have reallocated the part included in Scope 1 in 2021 to Scope 3 in 2021.

¹⁾ The total CO₂ emissions are significantly lower in 2020 compared to 2021 and 2022 because Scope 3 emissions have not been calculated for 2020.

Tema 1: TORM

ESG data er præsenteret på en flot og overskuelig måde med 3 års oversigt. Det gør det muligt at følge TORM's udvikling indenfor ESG. Data for Environmental, Social og Governance indicators er præsenteret i årsrapporten.

Definitions

Tema 1: TORM

TORM har defineret ESG data anvendt i årsrapporten.

OUR RESPONSIBILITY FRAMEWORK
OUR PRIORITIES AND RESULTS
SASB INDEX AND RESPONSIBILITY DATA

CO₂ emissions (equivalent ton)

The greenhouse gas emissions (GHG) reporting covers Scope 1 (direct emissions from own production), Scope 2 (indirect emissions from the generation of purchased energy) and Scope 3 (emissions indirectly affected but not owned or controlled by TORM) of the Greenhouse Gas Protocol.

TORM uses the operational control principle as our organizational boundary when calculating our Scope 1, Scope 2, and Scope 3 emissions. This has the following implications:

- Upstream emissions from fuel usage in Scope 1 and Scope 2 are accounted for in Scope 3
- Investments with operational control are accounted for in Scope 1. The Marine Exhaust segment is not included in 2022 but will be included from 2023
- In line with our organizational boundary, we consider vessels that are time-chartered out (T/C-out) for less than three months as well as vessels which are time-chartered in (T/C-in) for more than three months as part of Scope 1
- In line with our organizational boundary, we consider vessels that are time-chartered out for more than three months as well as vessels which are time-chartered in for less than three months as part of Scope 3

Scope 1

CO₂ emissions have been calculated based on the consumption of heavy fuel oil and marine gas oil according to IMO's conversion factor for emission per ton. Emissions

are calculated for each single vessel and then consolidated. Numbers under the Scope 1 data sheet have been collected on board the vessels or at the offices. The collection is based on actual usage. The vast majority of TORM's Scope 1 emissions are linked to vessel operations with our fleet. Due to the very limited share, emissions from company cars have not been included.

Scope 2

CO₂ emissions generated indirectly from operational activities at the TORM offices are calculated using Danish and World Resources Institute emission factors. Only offices where data is available are included.

Scope 3

CO₂ emissions generated from activities not owned or controlled by TORM, but that we indirectly affect in our value chain. Scope 3 emissions are calculated using a mixed approach where spent-based data as well as supplier-specific and/or activity data are used, and where the relevant emission factors are applied. We are using a variety of data sources for these emission factors where the key sources are DEFRA, WIOD, GLEC, and Ecoinvent.

AER/Carbon intensity (g/dwtxnm)

AER is a measure of efficiency using the total fuel consumption, distance travelled, and deadweight. The measure is defined as grams CO₂ emissions per deadweight-ton-nautical mile. AER is affected by vessel size, speed, duration of waiting time, and port stays.

EEOI (g/cargoxnm)

EEOI is a measure of efficiency using the total fuel consumption, distance travelled, and cargo intake. The measure is defined as grams CO₂ emissions per cargo-ton-nautical mile. EEOI is affected by vessel size, speed, cargo availability, duration of ballast voyages, waiting time, and port stays.

SO_x emissions (ton)

SO_x emissions are calculated based on average sulfur content for the different fuel types.

A comprehensive study for TORM by an independent specialist, which compared the emissions from vessels fitted with exhaust gas cleaning systems (scrubbers) to emissions from vessels using low-sulfur fuel, found that the sulfur emissions are reduced to an average of 0.025% when using the exhaust gas cleaning system.

Energy consumption (GJ)

All fuel burned on board the vessels has been converted into energy based on fuel oil analysis results.

Office electricity consumption (kWh)

Electricity consumed indirectly in operating activities at TORM offices excluding the London and the Houston offices.

Office water consumption (m³)

Water consumed indirectly in operating activities at the TORM offices excluding the offices in London, Houston, Mumbai, and New Delhi.

Annual Report 2022



Tema 3: Vestas

Vestas giver guidance på mellemlangt sigt – 2025 – og langt sigt – 2030.

Udviklingen forklares separat for Onshore, Offshore og Service. Guidance på bæredygtighed gives for både scope 2 og scope 3 CO₂ emissioner.

Long-term ambitions

Financial ambitions

Wind power has outcompeted fossil fuel alternatives in most parts of the world, and the prospects for the coming years are promising, with wind power's increasingly central role as critical infrastructure. Consequently forecasts indicate average annual growth in total wind power capacity of 9 percent towards 2030.¹

Onshore

The demand for onshore wind power globally is expected to decline in 2023. But from 2024, a new phase of growth is expected driven by new increased ambitions for renewable energy, increased electrification, and corporate ambitions and activities. Adding to that, Vestas expects to see increasing contributions from its Development activities. On this background, Vestas maintains its long-term ambitions to grow faster than the market and be market leader in revenue within Onshore wind.

Offshore

The projections for the offshore business continue to build, and the long-term potential for the market remains very attractive. Based on the order backlog, Vestas expects to see a decline in activity towards 2025, while necessitating to invest heavily both in the organisation, supply chain, and technology. By 2025, upon the steep increase in annual offshore installations and Vestas' new platform gaining traction in the market, Vestas aims to be a leading player in offshore wind power.

Based on these assumptions, Vestas has an ambition to achieve revenue in the Offshore business area of EUR +3bn by 2025, with an EBIT margin on par with the Onshore business.

Service

The wind power service market is expected to grow at a high single-digit rate, and Vestas maintains its ambitions for the long term for the Service revenue to grow faster than the market. In the longer term, the Service EBIT margin is expected at a level of around 25 percent, taking into account the integration of the Offshore business, which currently generates lower margins than Onshore.

General ambitions

Our industry needs structural change to increase profitability, especially within the wind turbine segment. The structural changes primarily entail strengthening the commercial discipline in customer dialogues, lowering the frequency of new technology introductions as well as maturing the assessment of risk.

In 2022, the gap between our financial results and our **long-term** financial ambitions increased, but the year underlined that Vestas is on the right strategic path to improve the industry structurally and build the commercial and operational maturity to achieve our financial ambitions. In that context, a 10 percent EBIT margin in 2025 remains realistic, although external headwinds from a challenging business environment continues to cloud near-term visibility and create uncertainty.

Long-term financial ambitions

Revenue	Grow faster than the market and be market leader in revenue
EBIT margin before special items	At least 10 percent
Free cash flow ²	Positive
ROCE	20 percent over the cycle

¹ Forecast excluding China. Source: Wood Mackenzie: Global wind power market outlook update, Q4 2022. November 2022.

² Excl. acquisitions of subsidiaries, joint ventures, and associates, and financial investments.

Sustainability ambitions

Vestas is committed to achieving carbon neutrality across our own operations by 2030 – without using carbon offsets, requiring that all of our offices, factories, vehicles, vessels, and other operations are fully decarbonised through our own actions. At the same time, we are working to decarbonise the entire wind energy supply chain by working with strategic suppliers to lower the carbon intensity energy produced by our turbines by 45 percent by 2030.

Within circularity, we are committed to creating zero-waste wind turbines by 2040. Through our industry-leading Circularity Roadmap, we have outlined our pathway and interim targets towards this goal, one of which is to increase our material efficiency rate to 0.2 percent by 2030.

We are committed to enhancing our commitment to safety by reducing our injury rate to 0.6 by 2030. To build a more inclusive energy sector, we have committed to increase the share of women in leadership positions to 30 percent by 2030.

→ Read more about the Sustainability strategy and all targets in our Sustainability Report, pages 8-10.

Long-term sustainability ambitions	2025	2030
Reduce scope 1 & 2 emissions*	↓25%	↓100%
Reduce scope 3 emissions*	–	↓45%
Increase material efficiency rate	to 1.2	to 0.2
Increase share of women in leadership positions	to 25%	to 30%
Reduce injury rate (TRIR)	to 1.5	to 0.6

* Baseline year 2019.