CDP Climate Change Report 2016
Nordic edition

Written on behalf of over 800 institutional investors with assets of US$100 trillion
CDP works with a number of partners to deliver the scores for all our responding companies. These partners are listed below along with the geographical regions in which they provide the scoring. All scoring partners complete training to ensure the methodology and guidance are applied correctly, and the scoring results go through a comprehensive quality assurance process before being published. In some regions there is more than one scoring partner and the responsibilities are shared between multiple partners.

In 2016, CDP worked with RepRisk, a business intelligence provider specializing in ESG risks (www.reprisk.com), who provided additional risk research and data into the proposed A-List companies to assess whether they were severe reputational issues that could put their leadership status into question.

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The choice facing companies and investors has never been clearer: seize the opportunities of a carbon-constrained world and lead the way in shaping our transition to a sustainable economy; or continue business as usual and face serious risks – from regulation, shifts in technology, changing consumer expectations and climate change itself. CDP's data shows that hundreds of companies are already preparing for the momentous changes ahead, but many are yet to grapple with this new reality.

Investors are poised to capitalize on the opportunities that await. Some of the biggest index providers in the world, including S&P and STOXX, have created low-carbon indices to help investors direct their money towards the sustainable companies of the future. Meanwhile, New York State’s pension fund – the third largest in the United States – has built a US$2 billion low-carbon index in partnership with Goldman Sachs, using CDP data.

With trillions of dollars’ worth of assets set to be at risk from climate change, investors are more focused than ever on winners and losers in the low-carbon transition. Information is fundamental to their decisions. Through CDP, more than 800 institutional investors with assets of over US$103 trillion are asking companies to disclose how they are managing the risks posed by climate change. Their demands don’t stop there: international coalitions of investors with billions of dollars under management are requesting greater transparency on climate risk at the AGMs of the world’s biggest polluters.

The glass is already more than half full on environmental disclosure. Over fifteen years ago, when we started CDP, climate disclosure was nonexistent in capital markets. Since then our annual request has helped bring disclosure into the mainstream. Today some 5,800 companies, representing close to 60% of global market capitalization, disclose through CDP.

The Paris Agreement – unprecedented in speed of ratification – and the adoption of the Sustainable Development Goals (SDGs) marked the start of a new strategy for the world, with a clear message for businesses: the low-carbon revolution is upon us. By agreeing to limit global temperature rises to well below 2°C, governments have signaled an end to the fossil fuel era and committed to transforming the global economy.

Measurement and transparency are where meaningful climate action starts, and as governments work to implement the Paris Agreement, CDP will be shining a spotlight on progress and driving a race to net-zero emissions.

Now, we are poised to fill the glass. We welcome the FSB’s new Task Force on Climate-related Financial Disclosures, building on CDP’s work and preparing the way for mandatory climate-related disclosure across all G20 nations. We look forward to integrating the Task Force recommendations into our tried and tested disclosure system and working together to take disclosure to the next level.

The Paris Agreement and the SDGs are the new compass for business. Companies across all sectors now have the chance to create this new economy and secure their future in doing so. High-quality information will signpost the way to this future for companies, investors and governments – never has there been a greater need for it.

The work of CDP is crucial to the success of global green business in the 21st century. CDP is harnessing the power of information and investor activism to encourage a more effective corporate response to climate change.
Close the gap in non-financial reporting

Disclosure by investors on environmental matters, such as carbon footprinting, will help in the global 2 degrees goal and the transition to a low-carbon economy.

Peter de Proft, Director General, EFAMA (European Fund and Asset Management Association)

Investors despise being kept in the dark. They worry about the issues they don’t see or understand. Disclosure of Environmental, Social and Governance (ESG) information is an essential tool for investors to holistically evaluate risks and opportunities, while allowing companies to benchmark their performance against peers. Ultimately if companies want to woo investors and reduce their cost of capital, they need to be good at reporting.

In an attempt to correct the world’s largest market failure, European policymakers created the first, legally-binding directive requiring companies across Europe to report ESG data as of this year. The so-called Non-Financial Reporting Directive (NFRD) recognizes the value of non-financial reporting for catalysing our transition to a low-carbon economy.

This Directive - while far from perfect - is an important step in the right direction. The NFRD would have been the opportunity to create a fully harmonized, integrated and light-touch corporate reporting system across Europe, thus enabling investors (and any other stakeholder) to compare companies across Europe on a level-playing field.

In the short term however, the Directive runs the risk of leading to 28 different and possibly weak national regulations. Imagine playing the UEFA Euro Championship with every team largely making up their own rules.

Why would the Directive enable “weak” ESG reporting? The Directive offers ambiguous descriptions that give EU member states and companies much freedom to shape reported data compliance. In addition, information disclosure across the supply chain - key to addressing environmental and social issues - is not specified clearly and target-setting requirements are missing. Last but not least, the scope of the companies addressed by the legislation is too small in most countries. In Germany for example, it is likely that only 300 companies will be disclosing, while there should be scope for about 11,000 companies, considering their size and impact on our environment and society.

Fortunately, the NFRD Directive will be revised in 2018. Now is therefore the opportunity for the European Commission to design a strong, consistent, EU-wide policy that builds on the expertise of successful practitioners and market-based models. Under the stewardship of the Financial Stability Board (FSB), a Task-Force on Climate-related Financial Disclosure (TCFD) is currently drafting a blueprint for the G20 countries on consistent, climate-related financial risk disclosures. Those recommendations will be made public before the end of this year and build on CDP’s work and expertise. We salute the leadership of the Task-Force and the political impulse this will give to the low-carbon transition in the world’s major economies.

Less visible but just as important is another milestone currently underway in France. Since the United Nations COP21 Paris Agreement of 2015 requires “the alignment of financial flows with climate goals”, existing, voluntary, investor climate disclosure should become mandatory. Requiring investors to align environmental criteria, climate change-related risks and scientific decarbonisation targets with their investment strategies will massively redirect capital towards the low-carbon economy that is essential for remaining safely below a 2-degree Celsius warming.

Many CDP signatories are ahead of the curve. Some of our avant-garde investors support voluntary initiatives such as the Portfolio Decarbonization Coalition, co-founded by CDP, and the Montreal Pledge. BlackRock, the world’s largest asset manager, called on policy makers to make non-financial reporting a requirement for investment manager, called on policy makers to make non-financial reporting a requirement for investment analysis and stop conflicting fiduciary duties. While over 800 institutional investors with US$ 100 trillion assets under management keep calling for more thorough and comparable environmental corporate data through CDP, nearly 130 already walk-the-talk by applying climate disclosure to their own portfolios.

In anticipation of this development, policy makers in France have passed Article 173 into law, making climate reporting mandatory for institutional investors such as asset managers, insurance companies, pension and social security funds.

With a third of the world’s assets under management residing in Europe, the EU as a whole must follow France’s leadership in closing the reporting gap. Triggering massive capital reallocation towards the low-carbon economy will enable the safe and liveable future we all want.

Steven Tebbe, Managing Director Europe, CDP

Non-financial reporting has come a long way over the last decade, from a dog-and-pony-show to a mainstream requirement for financial markets to fully assess corporations.
The investment landscape is changing rapidly: the Paris Agreement set out a clear direction of travel on climate change for global policy makers, while developments such as France’s Article 173 and the forthcoming Task Force on Climate-related Disclosure are driving greater disclosure and accountability from investors. In the light of this, we ask CEOs from three leading financial institutions how their organisations are responding and where they see the key challenges over the next few years.

1. As an investor what are your top priorities in helping to realise the goals of the Paris agreement, and how do you plan to align with policy-makers’ 2 degree targets?

Odd Arild: We have the ambition to be a leading star when it comes to sustainable investments. In Storebrand, sustainability is not a niche, it is included in our main products and services. Which means that we literally have 570 billion NOK in carbon reduction programs. We are presently setting an overall group climate target which will assist us in reaching a 2 degree world, and a 2 degree regulatory ambition.

We have three priorities. The first is about measuring, reporting and lowering our carbon footprint through CDP, Portfolio Decarbonization Coalition (PDC), and Montreal Pledge. The second priority is to work with sustainability and carbon optimization in our main pension portfolios. We’re also active in financial innovation – creating one of the world’s first fossil-free, sustainability optimized index near funds. Our third priority is to be able to report externally in our group communication to the market on our progress towards a 2 degree world.

Philippe Desfosses: Since its inception, as part of fulfilling its fiduciary duty towards the Scheme’s contributors and beneficiaries, ERAFP has been working to determine the impact of its investments on the economy, society and the environment. In coming years it will rely not only on the development of appropriate tools to manage climate challenges but also on the experience it has already accumulated, particularly in the area de-carbonization, such as for the low-carbon equity mandate awarded to Amundi or the virtual platform, built with AM League and Cecrus AM, that managers can use to demonstrate their capacity to reduce the carbon intensity of a portfolio of international equities.

In keeping with its socially responsible investment approach, ERAFP will continue to make a major contribution, in collaboration with the various other stakeholders, to speeding up the financing of the energy transition and to exceeding the objectives laid down by the Paris treaty.

Peter Harrison: The physical impacts and social and political responses to climate change will define investment themes of the coming years and decades. We are focusing on building our understanding of the implications for economies, industries and companies; developing tools to support better investment decisions, and engaging companies to promote more transparent and forward-thinking responses.

2. As an investor what are your main drivers for incorporating climate change risks and opportunities in investment decision making? And what are the main barriers?

OD: The main drivers are the risks and opportunities facing the companies we invest in. We believe that a lift in investments from sustainability laggards to leaders will create greater returns in our portfolios. We also have a mission to influence and support our entire sector to professionalize climate risk, through our different products, services and external engagements like the PDC. The main barrier is data access in two areas; lower quality and availability of data and lack of regulations requiring transparency and reporting on climate risk.

OA: The main drivers are the risks and opportunities facing the companies we invest in. We believe that a lift in investments from sustainability laggards to leaders will create greater returns in our portfolios. We also have a mission to influence and support our entire sector to professionalize climate risk, through our different products, services and external engagements like the PDC. The main barrier is data access in two areas; lower quality and availability of data and lack of regulations requiring transparency and reporting on climate risk.

3. As an investor how do you balance the needs of the present against the longer term needs of delivering investment/business strategies that avoid dangerous levels of climate change and the associated impacts of these?

OD: As an investor, we work to help our customers who will stay with us for up to 50 years. Our mission is to create the best possible retirement for our customers, both in terms of financial return, but also to support the health of the people who work in our company. We are focusing on building our understanding of the implications for economies, industries and companies; developing tools to support better investment decisions, and engaging companies to promote more transparent and forward-thinking responses.

OA: As a pension company, we invest for customers who will stay with us for up to 50 years. Our mission is to create the best possible retirement for our customers, both in terms of financial return, but also to support the health of the people who work in our company. We are focusing on building our understanding of the implications for economies, industries and companies; developing tools to support better investment decisions, and engaging companies to promote more transparent and forward-thinking responses.

4. Environmental disclosure is a fast evolving field, how is better data, disclosure and research affecting investor decision-making?

OA: Better data is definitely improving our possibilities to make informed investments optimising return and climate risk. We supported a government bid in Sweden for the most comprehensive disclosure of carbon footprinting of mutual funds. We also support data development and availability in other areas, as water or political instability where we in fact have developed our own system to predict a coup d’etat in different countries.

PD: In 2015, with the help of a specialized organization services, ERAFP have extended its perimeter and reported on the carbon footprint of 97% of its total assets. Beyond its carbon footprint, ERAFP also a comparison of the energy mix attributable to ERAFP’s equity portfolio with an energy generation breakdown for the International Energy Agency’s “2°C” scenarios between 2030 and 2050. The fast evolving environmental disclosure tools allow ERAFP to expand and deepen its analyses in order to develop the most efficient de-carbonization strategies.

5. What would you like to see from companies with regards to improved transparency on climate change relevant issues?

OA: We would like to see an increase in regulation when it comes to climate reporting, and higher taxes based on pollutants pays principles. The real costs of operation have to be brought to the surface, so that we as investors better can adapt our investments to this.

PD: As a member of the Institutional Investors Group on Climate Change (IIGCC), ERAFP takes part in engagement initiatives towards regulatory authorities but also companies in the most exposed sectors in order to improve their climate reporting. ERAFP is also involved into the extractive industries transparency initiative (EITI), ERAFP would like companies, especially the most exposed to climate change risks,
Investor Q&A

PH: Ours is a forward looking industry and information that provides more insight into companies’ future planning will be vital, how companies make climate changes in their industries, the assumptions they make, the strategies they form and the products they develop. No one has all the answers and more frank discussion on how companies approach the challenge is more important than holding on for definitive answers.

6. What role can engagement play in driving corporate behavioural change in the climate change context and how do you measure its success?

OA: Engagement plays an important role as a complement to divestment and portfolio tilting. We focus engagement within the climate areas to group activities within PRI, often initiated by CDP. In this way we want to increase availability of data, which is our target of engagement. We can then use it to make decision on tilting and divestment.

PD: ERAFP is an extremely engaged asset owner, maintaining dialogue with many of the companies the Scheme invested in. Through its asset managers, in 2016, ERAFP supported more than 10 shareholder resolutions on climate change. ERAFP is also involved in engagement initiatives through Institutional Investors Group on Climate Change (IIGCC), ShareAction/RE100, Carbon Disclosure Project or alongside Mirova on oil and gas themes. Forming companies to discuss and think with a long term approach, ERAFP is convinced that asset owners union, followed by their asset managers, will allow the acceleration of companies’ change, among which the most advanced already oriented their development towards the energy transition.

PH: Engagement is a key part of our responsibilities as responsible, active investors. We regularly talk to management teams about why we think climate change is an important issue, as well as our expectations for disclosure and transparency. That work is intrinsically tied to our expectations for disclosure, as well as our expectations for what companies assess changes in their industries, how they approach investing and the benefits are evident in the decisions we make and the changes we see in companies.

7. If we were to have a similar conversation in 3 years’ time, what do you think would be some of the key successes for an investor in managing climate change risks and opportunities?

PH: The Sustainable Development Goals highlight the changes we are seeing in social and political awareness of the challenges facing many of the world’s poorest countries and people. This backdrop of growing awareness and commitment will have direct implications for how we manage money. We are working hard to build an understanding of the potential changes into our decision making.

Custom questions:

Storebrand is in the unique position of facing the risk of increased claims from climate change as well as the risks of decreased portfolio returns from it. How do your investment activities reduce the risk of increased claims from climate change?

OA: Companies with significant greenhouse gas emissions often make for poor financial investments. In order to make it easier to identify the companies we wish to invest in, we rate potential companies according to how sustainable they are. The environmental impact is a decisive factor when we make our assessment, which makes it easier to pinpoint which companies we do not wish to invest in.

PD: Because you can’t manage what you don’t measure, ERAFP thinks that a crucial key of success consists in good measures of its investment climate related risks. ERAFP is working on it using and questioning current carbon footprinting methodologies. Working with its asset managers on portfolio de-carbonization approaches, disclosing the results of its work on these areas and engaging with companies on carbon disclosure are other keys that ERAFP use to manage climate risks and opportunities.

PH: We have to build better tools to measure, quantify and analyse the risks and opportunities climate changes represents to companies and portfolios. Unless we can do that, we are going to struggle to know if we are on the right track. Progress has been made with things like carbon footprinting, but we are in the foothills of what needs to be done.

8. How are you engaging with the Sustainable Development Goals 2030 agenda?

OA: SDG sets a clear direction on what the focus should be to reach a more sustainable future. We now work to integrate the SDGs in our strategy and targets, so that we ensure that the company’s strategy is in line with the goals of the world. Already in 2016 we will as a group start to report on our contribution to the SDGs.

PD: In line with its socially responsible investor’s status since its beginning, ERAFP has developed a best in class strategy. This approach has had positive results since ERAFP’s portfolio is a globally more carbon efficient than its benchmark. By selecting the most sustainable players but also being a strongly engaged investor on ESG issues, ERAFP aims to contribute to the Sustainable Development Goals agenda 2030. Its recent signing of the Energy Efficiency Investor Statement at COP 21 and of the 2016 global investor letter to the G20 are examples of its ongoing efforts to limit climate change and promote a Sustainable Development.

PD: ERAFP discusses with its asset managers to understand their portfolio companies’ management and improves it. This year, ERAFP has entered into an agreement with Cedrus AM and amLeague to establish a framework that asset managers can use to demonstrate their know-how in the reduction of carbon intensity by applying their expertise in the management of a notional portfolio of international equities. In the coming months, with the benefit of the Cedrus AM return of experience, ERAFP will be working on ways to extend its “low carbon” management approach, either through investment in open funds or through a call for tenders to select an asset manager to create a dedicated fund.

Chief Economist recently published the findings of a survey of 18 Chief Economists. Its finding was pretty bleak in terms of the level of integration of climate change risk into their forecasting process. What impacts, in your opinion, do you think that this lack of macro-level analysis will have on the effective integration of climate change risks into the investment process?

PH: Although it was disappointing that more of the City’s economists don’t build climate trends into their forecasts, it was not altogether surprising. The problem lies with tools and models as much as awareness; most in our industry knows the scale of the challenge and the impacts it will have, but the potential dislocation does not fit easily with models that are designed around linear trends. Unless we can come up with better ways of analysing the financial implications of climate change, we are going to find it hard to avoid being surprised down the line.

In ERAFP’s “Combating Climate Change” approach it says that in order to meet the ambitions of the SRI charter in limiting greenhouse gas emissions investors should “provide tangible evidence of their approaches impact”. What is your view on the current state of Asset Manager’s ability to provide this?
CDP Investor signatories and members

CDP’s investor program – backed in 2016 by 827 institutional investor signatories representing in excess of US$100 trillion in assets – works with investors to understand their data and analysis requirements and offers tools and solutions to help them.

Our global data from companies and cities in response to climate change, water insecurity and deforestation and our award-winning investor research series is driving investor decision-making. Our analysis helps investors understand the risks they run in their portfolios. Our insights shape engagement and add value not only in financial returns but by building a more sustainable future.

For more information about the CDP investor program, including the benefits of becoming a signatory or member, please visit: https://www.cdpnets.com/Documents/Brochures/investor-initiatives-brochure-2016.pdf

To view the full list of investor signatories please visit: https://www.cdpnets.com/en-US/Programmes/Pages/Big-Investor-List.aspx

Investor members

ABERNPT - Associação Brasileira das Emresas Facilitadoras de Previdência Complementar
ACTIAM
ARGON N.V.
Asian Global Investors
ATP Group
Aviva Investors
AXA Group
Bank of America Merrill Lynch
Benjamin and Adele Bank
BlackRock
Blackstone Common Asset Management, LLC
BP Investment Management Limited
British Columbia Investment Management Corporation
Calgary Public Employees Retirement System
Calvert Investment Management, Inc
Capit溺investment Group
Cathay Pacific
COLA Investment Management Ltd
COLS
Sigma Group
Environet
FABB
Fiscal
FIDES
Fundações da Itaú Unibanco
Generali Investment Management
Goldman Sachs Asset Management
Henderson Global Investors
Herroes Fund Managers
HSBC Holdings plc
IHS Markit
JPMorgan
KeyCorp
KLP
Lahti Mason, Inc.
London Fire and Police Authority
Metro Public Employees Retirement System
Morgan Stanley
National Australia Bank
NID Investments
Neugardt Berman
New York State Common Retirement Fund
Nordex Capital Markets
Nordex Investment Management
Norges Bergens Bank Investment Management
Overstock Investments Limited
PRAXIS Private Funds
FOCCAL - Instituto de Seguridade Social dos Correios e Telégrafos
PREM
Pighthouse Generation Investments
Real Grancasa
Renesas
RobecoSAM AG
Rockbridge & Co.
Royal Bank of Canada
Sanpan Assistance LP
Luxembourg D & S
Schroders
SEI-48
Sompo Japan Nanoprocess Holdings, Inc
Sustainable Insight Capital Management
TIA
Temple Alpha Investments LLC
The Sustainability Group
The Welcome Trust
UBS
University of California
University of Toronto
Whitley Asset Management

KLP reflections on Nordic cooperation on high emitting sectors

In the spring of 2015, KLP began using the CDP sector research reports as a basis for company engagement. KLP, E meiner (Finland), and Folksam (Sweden) already engaged with a list of companies through the Nordic Engagement Cooperation (NEC). We approached CDP to determine whether we might receive assistance in using the first CDP sector research report on the automotive sector to write letters to companies. Fortunately, CDP proved more than willing to help, and assisted in drafting letters and assembling company contact information.

Through this first engagement with NEC and CDP, KLP reached out to both the companies featured in the automotive sector reports, as well as the largest non-responding companies in the sector. Due to the format of the sector research reports, we already had access to specific recommendations for each company, even those at the top of the leaderboard. The report also included examples of each company’s progress, which the letters highlighted as well. The Volkswagen emissions scandal erupted a few short months later, suggesting that the engagement was perhaps more timely than anticipated.

In our view, the primary strength of the CDP sector research reports is that they reflect a depth of analysis – both of the relevant industry and climate change science – that we as a broad-based global investor would be unable to match. The reports offer specific insights on companies’ carbon risk management that can help in actionable engagement points for investors. We look forward to continuing these sector-based engagements with CDP for the reports to come.

CDP’s sector research for investors provides the best and most tailored environmental data in the market. CDP’s team of analysts, voted as 1 in climate change research provider in 2015 by institutional investors, takes an in-depth look at high emitting industries one-by-one, starting with the automotive industry, electricity, utilities, diversified chemicals, metals & mining, cement and steel. Forthcoming is research on the oil & gas industry.

For the European electricity sector, NEC, in collaboration with CDP, broadened the engagement to include additional Nordic investors. CDP played an invaluable role in both drafting and coordinating letters among the various lead and supporting investors. We were also delighted to learn that a group of Dutch investors had begun a similar initiative using the CDP sector research reports.

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Jeannet Bergan, Head of Responsible Investments, KLP

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About KLP

Kommunal Landspensjonskasse (KLP) is Norway’s largest pension fund managing public employees’ pensions as well as delivering safe and competitive financial and insurance services to the public sector. The group has total assets of NOK 777 billion invested globally in equities, bonds, infrastructure and property. KLP has been CDP’s Norwegian partner since 2007.

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CDP’s sector research for investors provides the best and most tailored environmental data in the market. CDP’s team of analysts, voted as 1 in climate change research provider in 2015 by institutional investors, takes an in-depth look at high emitting industries one-by-one, starting with the automotive industry, electricity, utilities, diversified chemicals, metals & mining, cement and steel. Forthcoming is research on the oil & gas industry.

For the European electricity sector, NEC, in collaboration with CDP, broadened the engagement to include additional Nordic investors. CDP played an invaluable role in both drafting and coordinating letters among the various lead and supporting investors. We were also delighted to learn that a group of Dutch investors had begun a similar initiative using the CDP sector research reports.

In our view, the primary strength of the CDP sector research reports is that they reflect a depth of analysis – both of the relevant industry and climate change science – that we as a broad-based global investor would be unable to match. The reports offer specific insights on companies’ carbon risk management that can help in actionable engagement points for investors. We look forward to continuing these sector-based engagements with CDP for the reports to come.

Jeannet Bergan, Head of Responsible Investments, KLP

In our view, the primary strength of the CDP sector research reports is that they reflect a depth of analysis – both of the relevant industry and climate change science – that we as a broad-based global investor would be unable to match.
The challenge of climate change and how to address it is now firmly on the global agenda. The Paris Agreement has been ratified at unprecedented speed by the international community, including some of the world’s biggest carbon emitters, such as the US, China, India, the EU and Brazil, and will enter into force in November 2016. These companies are listed on page 1228 for full information to their stakeholders through CDP of the market capitalization of the Nordic countries is presented in parentheses.

Figure 1: Nordic sample by sector. The total number of companies requested to provide climate change information in each sector is presented in parentheses.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Share of total Nordic sample (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Discretionary</td>
<td>13%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>7%</td>
</tr>
<tr>
<td>Energy</td>
<td>6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>26%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1%</td>
</tr>
<tr>
<td>Financials</td>
<td>21%</td>
</tr>
<tr>
<td>Health Care</td>
<td>9%</td>
</tr>
<tr>
<td>Materials</td>
<td>8%</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>3%</td>
</tr>
</tbody>
</table>

This historic agreement, with defined goals to limit climate change and clear pathways for achieving its goals, marks a step-change in the transition to a low-carbon world.

In the Paris Agreement, emissions reductions are talked about at the country level, and national governments will lead with policy changes and regulations. But companies can move much faster than governments, and they have an opportunity to demonstrate their leadership, agility and creativity in curbing their own substantial emissions. Many companies had already realised the need for action before Paris, and they played an important role in making that sum a success. Others, however, are yet to come on board.

The first in an annual series, CDP’s Global Climate Change Report establishes the baseline for corporate action on climate. In future reports, CDP will track companies’ progress on reducing greenhouse gas emissions in line with the goals of the Paris Agreement against this benchmark. This chapter is adapted from the global results analysis with specific focus on the Nordic region. This year’s analysis draws particular attention to corporate climate action on emissions reductions, the adoption of targets based on the most up-to-date climate science (“science-based targets”), use of internal carbon prices, and the uptake of renewable energy.

The CDP scoring looks at the ways companies assess a wide range of climate change risks and impacts and then go on to put policy, strategy and governance in place to manage these risks and impacts. In these broad terms the Nordic companies are demonstrating that most are already well aware of the climate change implications to their business and are taking action to address environmental issues beyond initial screenings or assessments, with the average score of B- in the Nordics. One quarter of the companies reached the leadership level showcasing best practice, with an impressive 14 companies reaching the A list. However, of the 260 largest Nordic companies requested to provide environmental information to investors through CDP, almost 45% failed to provide any data for assessment.

Visibility on the road
Although companies and governments are starting to realise the benefits of the low-carbon transition, the need for a complete economic shift can make it hard for individual companies to start the process of change. A shift in thinking is also needed, to see the transition as an opportunity, rather than a restriction. In order to achieve this success, however, companies need to measure their emissions, then work out how to reduce them.

Although 80% per cent of Nordic companies reporting to CDP in 2016 were able to provide data on their own (Scope 1 & 2) emissions, compared to a significantly lower number of 62% globally, many Nordic businesses have yet to grasp the importance of reliable and complete data to decision makers. From the reporting companies only 58% (Scope 1) and 54% (Scope 2) of responders are independently verifying any portion of emissions data. Almost all companies with data verification process in place are independently verifying at least 70% of emissions data (56% of responding companies for Scope 1 and 51% for scope 2). Consequently, almost half of the companies report that there are still omissions within the reporting boundary which are not included in their disclosures, albeit a minority (28%) of the excluded Scope 1 or 2 emissions data is reported to be relevant but not yet calculated, or there are e.g. facilities, specific GHGs, activities or geographies that are not yet evaluated at all.

68% of Nordic responding companies are also already reporting emissions data for 2 or more named Scope 3 categories, and 52% of companies have external verification/assurance process in place for some portion of the Scope 3 emissions. From the reported Scope 3 categories, “Business travel” is by far the most reported with 127 companies reporting emissions data on travelling. However only 109 state this data to be relevant for the overall scope 3 emissions.

Figure 2: Nordic 2016 investor sample by region. The total number of companies requested to provide information from Nordic countries is presented in parentheses.

<table>
<thead>
<tr>
<th>Country</th>
<th>Share of total Nordic sample (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Denmark</td>
<td>42%</td>
</tr>
<tr>
<td>Finland</td>
<td>42%</td>
</tr>
<tr>
<td>Norway</td>
<td>42%</td>
</tr>
<tr>
<td>Sweden</td>
<td>119%</td>
</tr>
<tr>
<td>Other*</td>
<td>15%</td>
</tr>
</tbody>
</table>

* Including both responses: “Not evaluated” and blanks

Figure 3: Nordic companies responded and not-responded by sector. The total number of companies requested to provide information in each sector is presented in parentheses.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Reported</th>
<th>Not relevant, calculated</th>
<th>Relevant, not yet calculated</th>
<th>Not relevant, explanation provided</th>
<th>Relevant</th>
<th>Not evaluated*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Telecommunication Services</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Materials</td>
<td>24%</td>
<td>24%</td>
<td>24%</td>
<td>24%</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>Information Technology</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Industrials</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
<td>35%</td>
</tr>
<tr>
<td>Health Care</td>
<td>58%</td>
<td>58%</td>
<td>58%</td>
<td>58%</td>
<td>58%</td>
<td>58%</td>
</tr>
<tr>
<td>Financials</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
<td>61%</td>
</tr>
<tr>
<td>Energy</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
<td>44%</td>
</tr>
</tbody>
</table>
In absolute terms both Scope 1 and Scope 2 emissions reported by Nordic companies have increased significantly from 2015. This is largely due to improved reporting methodologies and revised boundaries from a handful of high emitting companies, while 75% of companies reported to have been able to reduce absolute global emissions through proactive emission reduction activities, with an average of 9.4% of average global absolute emissions reduced in the reporting year 2015. It’s also clear that the emission contribution between companies is uneven, with only 20% of the highest emitting companies contributing to over 85% of the aggregated Scope 1 and Scope 2 emissions.

Emission contribution between sectors also vary significantly, with typically high emitting Materials and Utilities sectors contributing to 45% of the total aggregated emissions while only representing 13% of the reporting companies.

Business gearing up to go low-carbon, but targets lack long-term vision
Eighty per cent of Nordic companies that provided data have already set targets (comprising absolute or intensity targets) to reduce their greenhouse gas emissions. Setting targets is not enough, however, without realistic plans for meeting them. Even meeting those targets might not be enough if the targets themselves are inadequate.

There has been significant improvement in recent years in the number of companies setting targets for emissions reductions, but these targets are in many cases unambitious in their time horizon. A significant proportion (46%) of the absolute targets adopted by the Nordic sample still extend only to 2015 and 2016, and while 37% of Nordic companies have set targets for 2020 and beyond, just 5% set goals for 2030 or beyond - a situation that must change to achieve a transition to well below 2°C.

The headline figures from global and Nordic analysis mask wide variance in performance both at company level and at sector level. In the Nordic region, the Utilities sector has a lower share of companies with emissions reduction targets, in particular for 2020 and beyond, while globally the Energy sector clearly stands out with fewer adopted emission reduction targets. This comes as no surprise as fossil fuel companies continue to undergo a major transition to mitigate climate change and are generally facing steeper barriers in the face of this transition. Interestingly, in the Nordic sample both Financials and Information Technology sectors, which are traditionally sectors with lower own emissions, have also lower shares of companies with emission reduction targets. Given that this data is mostly based on calendar year 2015, and so predates the Paris Agreement, we may reasonably hope to see a jump in longer term targets in the next report, which will be based on data generated after the Paris Agreement.

Companies striving to ensure they are taking meaningful action should set science-based targets; this report and its successors will monitor how many companies are setting targets in line with the latest climate science.

13 Nordic companies are amongst the 94 global organisations in total which have publicly committed to adopt science-based greenhouse gas reduction targets via the Science Based Targets Initiative.

What is a Science Based Target?
The world’s leading climate scientists and governments agree that it is essential to limit the increase in global average temperature to below 2°C to mitigate the dangerous effects of climate change. Businesses, which account for a substantial portion of global GHG emissions, can align with this goal by setting corporate GHG reductions targets based on global emissions budgets generated by climate models. Companies globally are raising their ambitions to set science-based targets and ensure their long-term sustainability and profitability.

By making this commitment, companies will be agreeing to set science-based emissions reductions targets in line with the Science-Based Targets Initiative’s Call to Action criteria within the next 2 years. Once targets have been developed, companies will submit the targets for a quality check. The Technical Working Group of the Science Based Targets Initiative will verify that the targets meet the criteria. Please visit www.sciencebasedtargets.org for criteria, guidance, methodologies and tools for setting GHG emission reduction targets in line with climate science. For further information, you can contact the We Mean Business – Commit to Action team at commit2action@cdp.net.

Company targets could achieve just one quarter of the emissions reductions required by science; Paris Agreement expected to help close that gap COP’s global analysis found that if the companies in the sample were to achieve their current targets, they could realise 10.1 GtCO2e (1,000 MTCO2e) of reductions by 2030. This is about one quarter of the 45GtCO2e (4,145 MTCO2e) of reductions that this group of companies would need to achieve in order to be in line with a 2°C-compatible pathway, leaving a gap of at least 35GtCO2e (3,145 MTCO2e) between where companies’ current targets take them, and where they should be. This gap is equal to nearly 50 per cent of these companies’ current total emissions.

The amount of emissions reductions pledged by companies has been increasing steadily from 2011 to 2015 and we hope to see it close at a faster rate in future years, as company targets become more ambitious in response to the regulatory certainty offered by the Paris Agreement. The emission reduction targets reported by Nordic companies also capture a positive signal with the reported absolute targets aiming to an average 4.8% emission reductions annually.

Transition planning: carbon pricing on the rise, yet companies lag in renewable energy production and consumption
Even those companies that have not set themselves targets have almost all established emissions reduction initiatives (97 per cent of all companies globally, 89 per cent of Nordic companies), although the success and scope of these initiatives have been varied. Companies in the Nordic region reported in
total 474 emission reduction initiatives spreading across all sectors, although significantly fewer companies in the Information Technology (63%) and in Utilities (50%) sector have reported to have launched even one emission reduction initiative. The types of initiatives launched and reported in 2016 vary, although initiatives aiming to increase process energy efficiency are most common.

Increasingly, companies are also utilising internal carbon pricing as an approach to help them manage climate risks and opportunities. Companies are using this tool in a range of different ways including risk assessment in their scenario planning, as a real hurdle to capital investment decisions and to reveal hidden risks and opportunities in their operations. Some companies embed a carbon price deep into their corporate strategy, using it to help to deliver on climate targets, whether it be an emissions or energy efficiency target or to help foster a new line of low-carbon products and services.

Currently only 14% (compared to global 25%) of responding Nordic companies use internal carbon pricing, while a further 8 per cent (19% globally) plan to do so in the near future. By 2017, about half of this sample should have introduced carbon pricing.

Figure 9: Share of companies setting an internal price of carbon

Companies setting internal price of carbon

Intention to do so in the next 2 years

No intention to do so in the next 2 years

Figure 10: Development of key trends in the Nordic region

Central to CDP’s mission is communicating the progress companies have made in addressing environmental issues, and highlighting where risks may be unmanaged. In order to do so in a more intuitive way, CDP has adopted a streamlined approach to presenting scores in 2016. This new way to present scores measures a company’s progress towards leadership using a 4 step approach: Disclosure which measures the completeness of the company’s responses; Awareness considers the extent to which the company has assessed environmental issues, risks and impacts in relation to its business; Management which is a measure of the extent to which the company has implemented actions, policies and strategies to address environmental issues; and Leadership which looks for particular steps a company has taken which represent best practice in the field of environmental management.

The scoring methodology clearly outlines how many points are allocated for each question and at the end of scoring, the number of points a company has been awarded per level is divided by the maximum number that could have been awarded. The fraction is then converted to a percentage by multiplying by 100 and rounded to the nearest whole number. A minimum score of 75%, and/or the presence of a minimum number of indicators on one level will be required in order to be assessed on the next level. If the minimum score threshold is not achieved, the company will not be scored on the next level.

The final letter grade is awarded based on the score obtained in the highest achieved level. For example, Company XYZ achieved 88% in Disclosure level, 75% in Awareness and 65% in Management will receive a B. If a company obtains less than 40% in its highest achieved level, its letter score will have a minus. For example, Company 123 achieved 76% in Disclosure level and 38% in Awareness level resulting in a C-.

Comparing scores from previous years.

It is important to note that the 2016 scoring approach is fundamentally different from 2015, and different information is requested, so 2015 and 2016 scores are not directly comparable. However we have developed a visual representation which provides some indication on how 2015 scores might translate into 2016 scores. To use this table a company can place its score in the table and see in which range it falls into in the current scoring levels. For more detailed instructions please refer to our webinar: https://vimeo.com/162087170.
The number of Nordic companies in the global climate A list increased significantly from 2015 (5 companies), with 14 companies achieving top scores and meeting the strict A list criteria in 2016.

The A list represents the highest scoring companies and is acknowledgment of a company’s positive and effective actions to mitigate and adapt to global climate change. For a company to be eligible for inclusion to the A list, a company must achieve over 75% of available points at all scoring levels, including the Leadership level; grant public access to their CDP response; not report any significant exclusions in emissions; and have at least 70% of its scope 1 and scope 2 emissions verified by a third party verifier using one of the accepted verification standards as outlined in the scoring methodology.

In 2016, the number of companies reaching the global A list represents roughly 10% of all companies scored as part of the investor initiative to request both globally and in the Nordic region. Both Nordic and global A list companies represent various sectors, including a number of traditionally heavy emitting sectors such as Industrials, Materials, Energy and Utilities, signaling of positive shift and ambition towards low carbon solutions from key industries.

There are additionally impressive 25 Nordic companies that reached the Leadership level and are classified with A- scores, which means that these companies are also demonstrating best practice in the field of environmental management, but did not meet the 75% points threshold or some of the other A list requirements listed in above.

The Nordic companies on the A list include:

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Climate Score</th>
<th>Consecutive years in the A-list</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electrolux</td>
<td>Sweden</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>SCA</td>
<td>Sweden</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Neste Corporation</td>
<td>Finland</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Novo Nordisk</td>
<td>Danmark</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Lundbeck</td>
<td>Danmark</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Kone</td>
<td>Finland</td>
<td>A</td>
<td>2</td>
</tr>
<tr>
<td>Skanska</td>
<td>Sweden</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Valmet</td>
<td>Finland</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>EVRY</td>
<td>Norway</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>BillerudKorsnäs</td>
<td>Sweden</td>
<td>A</td>
<td>2</td>
</tr>
<tr>
<td>Metsä Board</td>
<td>Finland</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Novozymes</td>
<td>Danmark</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>Skånska Ekobark</td>
<td>Finland</td>
<td>A</td>
<td>1</td>
</tr>
<tr>
<td>UPM-Kymmene Corporation</td>
<td>Finland</td>
<td>A</td>
<td>1</td>
</tr>
</tbody>
</table>

Our Climate A List comprises a strong set of companies who lead on climate change mitigation today and in the future. It is exciting to see the rising investor interest in the STOXX® Global Climate Change Leaders Index.

This year CDP collaborated with STOXX® and South Pole Group on the development of a new series of low-carbon indices, one of which now makes investing in CDP’s A List companies very easy: The STOXX® Global Climate Change Leaders Index.

STOXX® Climate Change Leaders Index is the first ever that tracks the CDP “A List” available to market participants offering a fully transparent and tailored solution to address long-term climate risks, while participating in the sustainable growth of a low-carbon economy.

The index has performed strongly against a global benchmark, outperforming by 6% over 4 years. Being based on the CDP “A List” database, this unique index concept includes carbon leaders who are publicly committed to reducing their carbon footprint.

Key benefits for investors:
- Constituents are forward-looking leaders with superior climate change mitigation strategies and commitments to reducing carbon emissions
- In addition to Scope 1 & Scope 2, also incorporates Scope 3 data
- Significantly (80%) lower carbon footprint while still containing high emitters
- Similar risk-return profiles compared to the benchmark
- Use reported carbon intensity data only
- CDP is looking forward to contributing to innovative solutions that can add real value for investors in the future.

STOXX® Low Carbon Indices provide easy new way to climate-friendly and attractive returns

Performance STOXX Global Climate Change Leaders vs. STOXX Global 1800

<table>
<thead>
<tr>
<th>Year</th>
<th>STOXX Global Climate Change Leaders EUR (Gross)</th>
<th>STOXX Global 1800 EUR (Gross)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 2012</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>May 2012</td>
<td>120%</td>
<td>100%</td>
</tr>
<tr>
<td>Sep. 2012</td>
<td>140%</td>
<td>120%</td>
</tr>
<tr>
<td>Jan. 2013</td>
<td>160%</td>
<td>140%</td>
</tr>
<tr>
<td>May 2013</td>
<td>180%</td>
<td>160%</td>
</tr>
<tr>
<td>Sep. 2013</td>
<td>200%</td>
<td>180%</td>
</tr>
<tr>
<td>Jan. 2014</td>
<td>220%</td>
<td>200%</td>
</tr>
<tr>
<td>May 2014</td>
<td>240%</td>
<td>220%</td>
</tr>
<tr>
<td>Sep. 2014</td>
<td>260%</td>
<td>240%</td>
</tr>
<tr>
<td>Jan. 2015</td>
<td>280%</td>
<td>260%</td>
</tr>
<tr>
<td>May 2015</td>
<td>300%</td>
<td>280%</td>
</tr>
<tr>
<td>Sep. 2015</td>
<td>320%</td>
<td>300%</td>
</tr>
<tr>
<td>Jan. 2016</td>
<td>340%</td>
<td>320%</td>
</tr>
<tr>
<td>May 2016</td>
<td>360%</td>
<td>340%</td>
</tr>
</tbody>
</table>

Data from Dec. 19, 2011 to Aug. 31, 2016

1) The index is price weighted with a weight factor based on the free-float market cap multiplied by the corresponding 2-score carbon intensity factor of each constituent. Components with lower carbon intensities are overweighted, while those with higher carbon emission are underweighted.
Novo Nordisk has committed to set a science-based emission reduction target in line with the Science Based Targets Initiative’s Call to Action criteria, and signed up for the RE100 pledge to work towards 100% of electricity consumption from renewable sources by 2020.

Dorethe Nielsen
Senior Director, Environmental Strategy
Novo Nordisk A/S
Forests

Deforestation and forest degradation account for approximately 10-15% of the world’s greenhouse gas emissions. Addressing deforestation is therefore critical for meeting international ambitions to prevent dangerous climate change.

In fact, the most immediate and effective mechanism for mitigating climate impacts could come through curbing deforestation, according to the Stern Review. Global demand for agricultural commodities is the primary driver of deforestation, as land is cleared to produce soy, palm oil and cattle products. Alongside timber and pulp, these commodities are the building blocks of millions of products traded globally. These in turn are wealth generators which feature in the supply chains of countless companies across sectors.

Read the 2016 Global Forests Report (released in early December) to see how companies are translating these into meaningful actions. www.cdp.net/forests

Nordic companies reporting on how they manage and mitigate deforestation risk in their commodity supply chains include*

- Ahlstrom Corporation Finland
- BillerudKorsnäs Sweden
- H&M Hennes & Mauritz Sweden
- Holmen Sweden
- Kesko Corporation Finland
- Metsä Board Finland
- Neste Corporation Finland
- Oriflame Cosmetics Sweden
- Orkla Norway
- SAS Sweden
- SCA Sweden
- Sandvik Sweden
- TETRA PAK Sweden
- UPM-Kymmene Corporation Finland
- Nobia Sweden

* representing total 44% response rate from all Nordic companies requested to respond to the 2016 CDP Forest questionnaire

Water

Water plays a critical role in achieving the climate neutral ambitions set by the Paris Agreement. A large-scale shift in energy generation is key to reducing emissions. However, several low carbon technologies require a stable supply of good quality water, such as hydroelectric power, nuclear power and power plants fitted with Carbon Capture and Storage (CCS) equipment. Changes in water availability are already negatively impacting companies operating in countries heavily dependent on hydroelectricity such as Brazil. For example, French utilities ENGIE reported that financial impacts, associated with ongoing droughts in Brazil, cost their organization approximately US$223 million, almost 3% of operating income in 2014.

Worsening water security can severely undermine businesses ability to transition to a low carbon future. Leading companies recognize that corporate water stewardship is necessary for both business resilience and decarbonisation efforts.

Sound and effective water governance is essential for driving dynamic, low carbon economic growth. Companies reporting to CDP are taking action, with 68% reporting board level oversight of water issues and 82% integrating water into their business strategy. Furthermore, companies are already reporting that improved water management can lead to emission reductions, such as L’Oréal and Mars. If given proper attention, water security can be transformed from a limiting to an enhancing factor for delivering on commitments to tackle climate change.

Read the 2016 global water report (released 15th Nov) to see how companies are improving water management to realize greater emissions reductions www.cdp.net/water

Nordic companies reporting on how they manage and mitigate water risks include**

- Assa Abloy Sweden
- BillerudKorsnäs Sweden
- H&M Hennes & Mauritz Sweden
- Holmen Sweden
- Metsä Board Finland
- Neste Corporation Finland
- Norian Tyres Finland
- Nordic Semiconductor Norway
- Nordic Hydro Norway
- Novozymes Denmark
- Orkla Norway
- Sandvik Sweden
- SCA Sweden
- UPM-Kymmene Corporation Finland
- Vestas Wind Systems Denmark
- William Demant Holding Denmark

** representing total 31% response rate from all Nordic companies requested to respond to the 2016 CDP Water questionnaire
The key of Metsä Board business strategy is to increase the share of bioenergy along with improving energy efficiency while offering sustainable packaging materials to its customers.

Metsä Board
We Mean Business: Commit to Action

Companies are taking direct and ambitious action on climate change. More than 465 companies globally, and 37 in the Nordic region have made commitments to climate action via the We Mean Business commitments platform “Commit to Action,” representing a tenfold increase in two years.

Progress in 2016 has remained strong, suggesting a positive response to the Paris Agreement and its universal commitment to a low-carbon economy.

Companies have been adopting more aggressive targets—around emissions reductions, renewable energy, deforestation, water, and energy productivity—and improving operational or governance measures for climate risk through use of a price on carbon, more responsible policy engagement mechanisms, and greater transparency on climate governance in mainstream reports. Corporate action has grown across all of these issues. The strongest growth has been in companies committing to science-based emissions reduction targets, from 50 companies in late 2015 to nearly 190 today.

Companies in 42 countries have taken action.

At the beginning of 2015 just 3 US companies had made commitments via this platform. By Paris, this number had grown to more than 50 companies. Climate action remains popular with European companies, with 237 taking action, predominantly in mainstream reporting on climate and science-based target setting. The fastest growing issue with Nordic companies has been also the science-based targets, with 13 companies making that commitment.

Setting science based targets is the right thing to do, but also makes perfect business sense. Setting a science-based target directly answered the needs of our customers, all of whom are thinking about their own carbon footprints. It is also critical for investors who need to know that we are thinking of potential risks, in the short-, medium- and long-term.

Laurel Peacock
Senior Sustainability Manager
NRG Energy

Translating Paris into business strategy

Thirteen companies headquartered in Brazil have taken action, including materials company Braskem (price on carbon) and the consumer brand Natura (science-based targets, deforestation, policy engagement, and mainstream reporting on climate). In India, 17 companies, including Tata & Sons and Mahindra, have made bold commitments to renewable energy and energy productivity. Important first movers in China, like industrials company Broad Group, have made a range of commitments, importantly including setting science-based targets.

Sector trends show that companies in every industry are acting. Strongest growth in 2016 has been in the industrials sector. Together, this sector accounts for over 20% of corporate action via the We Mean Business platform, as well as more than 100 million metric tonnes CO2e. Consumer discretionary and consumer staples companies also represent 20% of committed companies, led by major brands like Walmart, The Coca-Cola Company and Honda Motor Company. IT sector participation has accelerated post-Paris, with companies including Apple and Facebook making 100% renewable power commitments.

By acting early and decisively, these companies are better able to manage their climate risk, gain competitive edge over their peers, and reap the reputational benefits that early leadership provides.

To find out more please visit www.cdp.net/commit.
### Nordic companies disclosing climate data in 2015

<table>
<thead>
<tr>
<th>Company</th>
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### Information Technology

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### Telecommunication Services

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### Sources

- Nordic company data from the CDP. (CDP: Climate Disclosure Project) www.cdp.net
- **Awareness (C, C-):** Company has taken actions to address awareness of the risks and opportunities related to climate change.
- **Management (B, B-):** Company has implemented strategies to mitigate or capitalize on these risks and opportunities.
- **Leadership (A, A-):** Company represents best practice to advance environmental stewardship; thorough understanding of risks and opportunities related to climate change; formulated and implemented strategies to mitigate or capitalize on these risks and opportunities.

### Glossary

**Awareness (C, C-):** The company has taken steps to increase understanding of climate-related risks and opportunities.

**Management (B, B-):** The company has implemented strategies to mitigate or capitalize on climate-related risks and opportunities.

**Leadership (A, A-):** The company represents best practice to advance environmental stewardship and understanding of climate-related risks and opportunities.

- **CDP score:** Range: from A to D- (A is the best score).
- **Public:** The company response can be read in full at the CDP website www.cdp.net. Scores not available for publication.
ACDP Investor Signatures