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Reporting environmental information in annual reports

Analysis of legal requirements in the Nordic countries

Prepared by PricewaterhouseCoopers

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Content

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Copenhagen, 15 August 2007
PricewaterhouseCoopers
Statsautoriseret Revisionsaktieselskab

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1. Executive Summary

1.1 Introduction

This Report has been prepared by PricewaterhouseCoopers for the NMR-IPP Group under the Nordic Council of Ministers.

This Report focuses on Nordic companies' reporting of environmental information in their legal annual reports. Supplementary non-legally required reports such as environmental reports and sustainability reports are not included in this study.

The data for the report were collected from Ultimo 2006 through June 2007.

The purpose of the study is to:

Purpose		Where to find conclusions in this chapter
1.	Map legal requirements for reporting of environmental information in the sections of the annual reports legally subject to external assurance in the Nordic countries,	1.3, 1.4
2.	Conduct an analysis of companies' compliance with these requirements (including identifying factors that drive companies to provide environmental information and factors that hinder companies' provision of environmental information in annual reports), and	1.3, 1.5, 1.6
3.	Provide suggestions for improvements which could lead to better environmental reporting by Nordic companies.	1.2, 1.3, 1.7

The main findings and observations of the report are as follows:

1.2 Discussion – why report more?

This report aims at exploring legal requirements to include environmental information in annual reports as an important driver for companies' focus on environmental matters and to identify ways of improving companies' reporting of environmental information in their annual reports.

In this respect it is useful to keep in mind the three objectives which are normally associated with companies' annual reports. These include prognosis (ability to estimate the financial results for the company), distribution (distribution of wealth between shareholder and management), and control (owners' control of management). It can also be useful to keep in mind the time horizon of the annual report, which for many companies is limited to the next financial year. These criteria serve as guidelines for selecting which pieces of in-formation to include in the annual report.

The implicit assumption is that companies' environmental work is primarily driven by their financial stakeholders who read the annual reports and that more environmental information in the annual report is a good thing. This is not necessarily true.

While it is true that the financial stakeholders (owners, banks etc) constitute an important stakeholder group, there are other important stakeholders that drive companies' environ-mental activities. These include customers, workers, authorities and society at large who are often more interested in environmental matters than are the financial stakeholders. Companies communicate through other media than the annual report with these stake-holders - e.g. through websites, sustainability reports, etc.

The financial stakeholders that were interviewed during this survey were generally not in-retested in environmental information unless it was clearly demonstrated how this information affected the bottom line and the financial development of the companies. In respect of the environment, how environment issues would significantly add to or reduce the companies' value.

The companies interviewed during this project also pointed out that their environmental work is primarily driven by other factors than financial concerns such as environmental legislation, reputation concerns and personal conviction.

As this report looks at companies' reporting of environmental information in the annual report, which is primarily directed towards financial stakeholders, it is important to keep in mind that the report focuses on a relatively small subset of companies' environmental re-porting and communication.

In the light of the scope of this study, a main conclusion is that if environmental information is to gain more attention in the annual report it is necessary to demonstrate how environmental matters affect the bottom line and the financial development of a company. This can only be done if companies understand how environmental matters affect finances.

The study also finds that the documentation of the link between environmental and financial performance is very fragmented and anecdotal, and that there are very few general guidelines that give companies solid directions to understand the connection between their environmental efforts and financial performance.

Looking forward, it is important to gain a better understanding of the relationship and causality between environmental efforts and financial performance and to transfer this knowledge to companies. The Nordic governments can play an important and positive role in this regard by working with the leading companies to explore and create a better understanding of how environmental efforts affect business results. The companies interviewed during the workshops in the project expressed interest for working with authorities to explore the relationship between environmental efforts and financial results.

Furthermore, the Nordic government should not limit their focus to the annual (financial) reports. Governments should also look at voluntary environmental reporting as a measure of companies' attitude towards the environment.

1.3 General Conclusions

a) All Nordic countries, except Iceland, have legal requirements to disclose environmental information in the annual report. The legal requirements are, however, so vaguely defined that they give very little guidance to companies on what to report. Therefore, legal initiatives to increase environmental reporting in annual reports will have to clarify regulation.
b) Information in annual reports is traditionally subject to a criteria of financial materiality (in layman's terms: the effect on the bottom line/financial results). However, there are no generally accepted guidelines on how to determine financial materiality of environ mental information. Therefore, it is a central challenge in relation to environmental reporting to demonstrate financial materiality – or the effect on the bottom line. The EU's Modernisation Directive implicitly requires that companies can identify financial materiality of environmental matters - how environmental performance affects financial performance. How-ever, there are no methodologies available to do this and company representatives as well as investors/analysts and accountants say that they lack these necessary competences, tools and guidelines to assess financial materiality of environmental matters. Therefore, it can be said that none of the important stakeholders in relation to the corporate reporting supply chain are in a position to implement the Modernisation Directive in relation to the environmental reporting requirements in a meaningful way;
c) The underlying and fundamental problem seems not to be the lack of standards and/or guidelines but a limited understanding and little solid evidence of the connection between environmental and financial performance, which would have to serve as the basis for such guidelines;
d) The interviewed financial stakeholder groups expressed interest in developing knowledge and methodologies for identifying materiality of environmental issues. But they also ex-pressed the point of view that they had very little interest if companies could not demonstrate the financial materiality of environmental matters; and
e) The interviewed companies underline that the environment often has very high priority - even though it is difficult to demonstrate

the financial materiality. The interviewed companies pointed at other important drivers of their environmental work. These include regulation, reputation concerns, conscience and NGO pressure.

1.4 Conclusions regarding the legal requirements to include environmental information in annual reports

- There are legal requirements to include environmental information in the annual report in all Nordic Countries except Iceland;
- The EU's Recommendation[1] has been implemented in all countries (except Iceland) but has had limited visible effect on Nordic account-ting legislation and on companies reporting practices;
- The Modernisation Directive[2] has been implemented in all countries (except Iceland) but it is difficult to evaluate the impact in relation to environmental information;
- Paradoxically, in spite of the legal requirement to include environ-menttal information, companies have large degrees of freedom to choose whether or not to report on environmental matters;
- There are no authoritative guidelines on how to apply the Moderni-sation Directive (i.e.: to assess financial materiality of environmental information);
- Only Norway and Sweden require companies to disclose environment-tal information - regardless of the financial materiality (the impact on the bottom line).
- The criteria for the inclusion of environmental information can be divided into two categories: environmental materiality and financial materiality. All countries except Iceland use financial materiality as criterion. Iceland uses an environmental materiality criterion. Sweden and Norway uses both criteria; and
- While environmental materiality is relatively easy to determine, finan-cial materiality of environmental issues is in theory well defined but, in practical very difficult to determine; i.e. it is very difficult to de-monstrate how the environmental activities affect the bottom line of a company.
- The openness of the Modernisation Directive and the absence of guidance standards and checklists seen together illustrate that companies get very little guidance on how to report on environ mental issues in the annual report.

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[1] The EU Commission's recommendation on recognition, measurement and disclosure of environmental information (2001/453/EC)

[2] Directive 2003/51/EC

1.5 Conclusions regarding company compliance with legal requirements to include environmental information in annual reports

- Many companies report environmental matters, but only a minority – mostly large – companies report more than required by law;
- Environmental information is reliable but difficult to understand and has low level of (financial) relevance and comparability - this is a problem for investors whose job it is to compare information of different companies; and
- There is a perceived lack of financial relevance and interest in environmental matters among the financial stakeholders. In other words: The financial stakeholders (investors and analysts) fail to see how companies' environmental activities affect the bottom line.

1.6 Main conclusions from workshop with companies, investors, analysts and experts

1.6.1 Factors driving companies' environmental reporting in annual reports

- Companies' day-to-day environmental efforts are to a large degree driven by the environmental departments, who see the environmental work as an aim in itself and are not necessarily driven by financial concerns;
- Companies express that image and reputational concerns as well as regulation are important drivers in relation to disclosure of environmental information;
- Investors and companies fail to se the link (if any) between environmental information and financial performance; and
- Investors and shareholders are not driven only by financial concerns but also by NGO pressure on shareholders.

1.6.2 Barriers for companies' environmental reporting in annual reports

- Companies' environmental departments (who produces the environmental information) do not have sufficient competences to reflect on data from a business point of view;
- Companies and investors point to lack of available standards and guidelines and to legal requirements being very general;
- Financial stakeholders (who are considered the primary target group of the annual report) have low interest in environmental information, and other stakeholders (who are often considered to be the primary

target group of sustainability reports) are not concerned with the location of environmental information only the availability;
- The cost of audit limits companies' willingness to include environmental information in the annual report; and
- Both companies and investors express that environmental information has low (financial) relevance.

1.6.3 Measures to improve environmental reporting

- With few exemptions, companies, investors and experts agree to the finding that that environmental information scores low on relevance, comparability and understandability;
- There is no easy way to give general guidelines on how to demonstrate financial relevance of environmental information. However it is important to look at business risk analyses, product life cycle analyses and the role of the auditor as well as the understanding of environmental issues, and
- While financial materiality is important, it should also be kept in mind that reputational concerns and legal compliance are important drivers for companies.

1.6.4 Improving the relevance, understandability and comparability of environmental information in annual reports

- Companies' environmental and financial departments want and need a better understanding of the business implications of their environmental data and work;
- Investors, analysts and accountants need a better understanding of the business implications;
- Development of methodologies for a better understanding of financial materiality can begin with looking at business drivers such as business risks using methodologies such as product life cycle analyses; and
- Companies call for clearer legislation, guidelines, calculation methods and reporting standards.

1.6.5 Conclusions regarding the development of standards

- The word "standard" should be used with caution. To some, standard imply a mandatory reporting requirement. To others, standards imply a standardised voluntary methodology that companies can choose to use; and
- Workshop participants point to several stakeholders including leading companies, business associations, authorities and NGOs to take part in developing standards/guidelines.

1.7 Recommendations

The recommendations given below may be followed either by Nordic countries in collaboration or by each of the Nordic countries individually.

The recommendations are aimed at improving companies' disclosure of environmental information.

1.7.1 Develop standards and guidelines with leading companies

The powers of the environmental authorities to influence companies' behaviour should not be underestimated, and the power to legislate is possibly the strongest cards in the hands of the Nordic governments. Not surprisingly, this study finds that legal compliance is an important driver for companies' environmental reporting and for their efforts to operate and develop environmentally sound products.

If the Nordic governments find it important that companies report more on environmental matters in their annual reports, they have the possibility to change the regulation and force companies to include more detailed environmental information.

In practical terms, accounting legislation in all Nordic countries (except Iceland) includes text that reflects EU's modernisation directive which requires companies to disclose environmental information if it is necessary to understand the (financial) development of the company. The role of the government could be to develop guidelines or standards that ex-plain how to interpret this requirement for disclosure of environmental information.

This study finds that the Nordic governments would have more success if they interact directly with the leading companies to develop guidelines and push for stronger environmental standards.

1.7.2 Develop better understanding of the relationship between environmental and financial performance - the link between environment and the bottom line

One of the central findings of this study is that there is not only a lack of guidelines and standards that can direct companies towards better disclosure of environmental information in annual reports. The underlying and fundamental problem seems to be that there is only limited understanding and little solid evidence that there is a connection between environmental performance and financial performance, which would have to serve as the basis for such guidelines. Therefore, a necessary first step is to gain a better understanding of the link between environmental and financial performance.

It is the view of the authors of this report that this understanding could best be developed in collaboration with the leading companies that have the necessary documentation and reporting infrastructure in place to work with these issues in a systematic way.

A starting point for these efforts could be to develop a framework to study the relationship between the concrete measures that companies implement as part of their environmental effort (initiative to prevent, reduce and remedy negative environmental impact) and the financial value drivers (turnover, costs, investments, risk, etc).

1.7.3 Capacity development

In addition to initiating research on the link between environmental and financial performance, the Nordic Council of Ministers could initiate capacity building and knowledge sharing activities targeted at companies, investors/analysts, standard setters, auditors and NGOs.

Such activities could include courses in financial and business understanding for environmental experts and courses in environmental accounting for financial experts. Activities could further include workshops with the participation of all stakeholder groups.

Knowledge sharing could include establishment of an internet based Nordic environmental reporting platform that companies can use to share standards, reporting formats and best practice relating to environmental reporting.

1.7.4 Focus on international standard setters

It is important to note that the leading environmental reporters are typically large companies and that these companies are considered being important innovators and role models in relation to shaping the future corporate reporting. The larger companies' reporting is shaped by international standards such as the International Accounting Standards (IAS) set by the International Accounting Standards Board and GRI guidelines set by the Global Reporting Initiative.

Therefore, efforts to improve environmental reporting should also take in to account the development in these important international fora, and the Nordic Governments could make efforts to support and influence the development of standards and/or guidance documents directed at the international accounting community.

1.7.5 Influencing public opinion

Reputational concerns are an important driver in respect of companies' environmental reporting. Therefore campaigns directed at increasing the awareness of environmental issues among companies and their financial stakeholders should also be seen as possible way of influencing companies' environmental efforts positively.

2 Introduction and methodology

2.1 Introduction

This report focuses on Nordic companies' reporting of environmental information in their annual reports. Only reports legally subject to external audit are included in the study. Supplementary non-legally required reports such as environmental reports and sustainability reports are not included in this study.

The purpose of the study is to:

- Map legal requirements for reporting of environmental information in annual reports in the Nordic countries;
- Conduct an analysis of companies' compliance with these requirements (including identifying factors that drive companies to provide environmental information and factors that hinder companies' provision of environmental information in annual reports);
- Provide suggestions for improvements.

This Report has been prepared by PricewaterhouseCoopers in Denmark with expert assistance from PwC offices in Sweden, Norway, Finland and Iceland for the NMR-IPP Group under the Nordic Council of Ministers. The data for the Report were collected from January through June 2007.

This Report contains the results of the project.

2.2 Background

The terms of reference for this study were prepared by the IMR-IPP Group under The Nordic Council of Ministers.

The NMR-IPP Group sees improved environmental information in annual reports as an important element of securing the availability and competences to deliver environmental information regarding products (including manufacturing, use, transport and disposal of products) to decision-makers in companies and in the financial sector.

Requirements to disclose environmental information in the annual report is included in the EU's Modernisation Directive and in the Commissions' recommendation on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies[3].

[3] 2001/453/EC

The Modernisation Directive requires companies to report on environmental matters with the following text: “To the extent necessary for an understanding of the company’s development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters”.

The Commission’s Recommendation gives detailed recommendations on when and how to include environmental issues in a company’s books.

The NMR-IPP Group points out that decision-makers in companies and in the financial sector have a great need for complete and relevant information regarding costs, liabilities and risks relating to environmental problems.

2.3 Purpose and aim of project

The purpose of this project is to gain knowledge on how companies follow the legal requirements for reporting of environmental information in the annual report in the Nordic countries. Furthermore, this project aims to gain an understanding of drivers and barriers facing companies in relation to environmental reporting in the annual reports.

The long term purpose of the project is to make way for a better and more uniform reporting of environmental information in the Nordic countries.

2.4 Methodology

The project has been executed over four phases.

Phase 0: Project description and analysis
Phase 1: Identification and analysis of legal requirements for environmental information in annual reports
Phase 2: Analysis of compliance with requirements for environmental information in annual reports
Phase 3: Workshops and interviews with companies

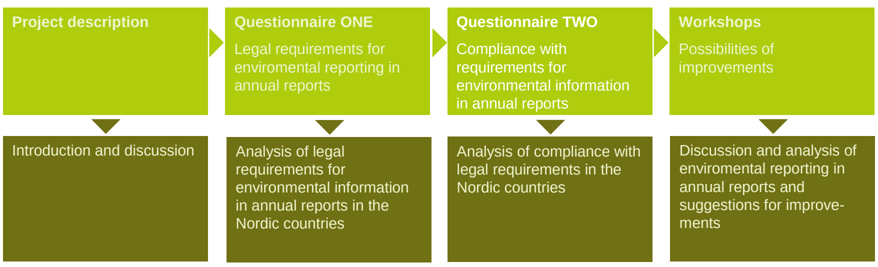

Figure 2.1: Project outline

2.5 Phase 0, project description and analysis

Phase 0 was carried out in December 2006 and included a formulation of a detailed project plan and a detailed description of the scope of the study.

2.5.1 Objectives of the study

The objectives of the project include the following points:

- Description of the legal requirements for environmental information in the annual report in the Nordic countries - including which companies are covered, coordination with other legal requirements to provide environmental information, product labelling requirements, etc, description of underlying EU legislation and a description of relevant standards and guidance documents.
- Analysis of companies' compliance with these requirements in the Nordic Countries.
- Analysis of companies' motives for reporting environmental information in the annual report, problems, organisational setup and decision-making within the companies, and possibilities for improving compliance and reporting of environmental information.

2.5.2 Scope

The scope of this Report is limited to companies' reporting of environmental information in their annual report. This means that a large degree of environmental information that companies publish is excluded from the study. This includes information given in "green accounts" to authorities, mandatory environmental reporting to authorities and companies' voluntary reporting in environmental reports, sustainability reports and on the Internet. The scope is illustrated below.

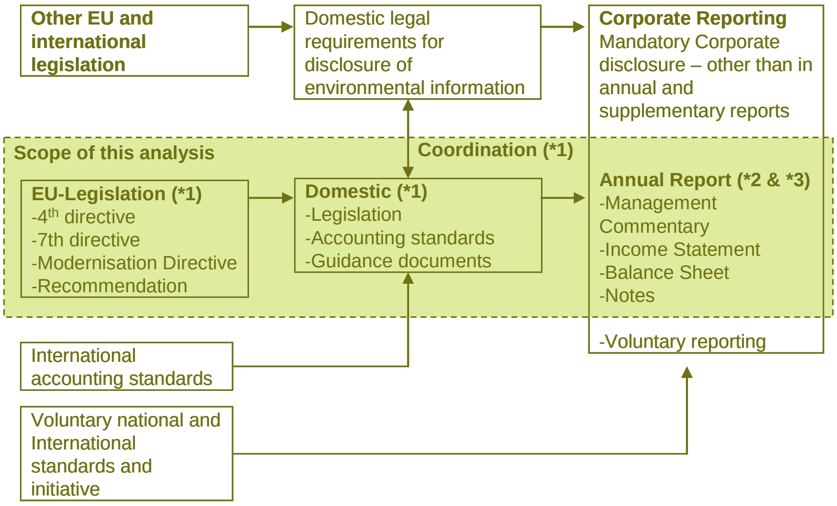

Figure 2.2: Project Scope

*Note: *1: Description of legal requirements; *2: Quantitative analysis of compliance; *3: Qualitative analysis of companies' motives for reporting etc.*

2.6 Phase 1 – Identification and analysis of legal requirements for environmental information in annual reports

During phase one a questionnaire was filled in by reporting experts in each of the Nordic countries.

Questionnaire ONE focused on the following issues:

1. References to legal requirements to disclose environmental information in annual reports
2. Legal requirements for disclosure of environmental information in annual reports
3. Underlying EU legislation
4. Guidance, standards, checklists and other supporting documents
5. Coverage
6. Where in the annual report?
7. What degree of freedom do companies have to disclose environmental information?
8. Coordination with other legal requirements to provide environmental information
9. Coordination of reporting formats, types of data and frequency of reporting
10. Assurance standards and guidance documents to auditors
11. Other relevant comments

Chapter three of this report includes an analysis of the legal requirements for environmental information in annual report and is based on the answers to Questionnaire ONE.

The results from phase one were used to make country specific questionnaires to be used in phase two.

2.7 Phase 2 - Analysis of compliance with requirements for environmental information in annual reports

During phase two, country specific versions of Questionnaire TWO were distributed to a total of 552 PwC auditors in the five Nordic countries. PwC has a market share of 20 per cent distributed across sectors and company size. Each auditor was asked to identify two randomly selected clients and base his/her answer on these companies. 241 answers were received - equivalent to 44 per cent. This procedure was chosen to ensure the best possible representative sample given the resources available to the project.

The auditors were asked to assess the following questions and issues:

0. Background information on the selected company
1. Legal compliance
2. What type of information is reported?
3. Qualitative characteristics of environmental information - Based on your judgement, please indicate your judgment of the environmental information provided in the annual report
4. Type of indicators provided
5. Factors limiting reporting of environmental information
6. Improvements to ensure better compliance with legislation

Table 2.1: Response statistics from Questionnaire TWO

Country	Population (Auditors)	No. of replies	Per cent
Denmark	106	39	37 %
Finland	85	27	32 %
Iceland	19	15	79 %
Norway	80	33	41 %
Sweden	262	127	48 %
Total	552	241	44 %

Note: Population refers to the number of auditors who have received a questionnaire.

2.8 Phase 3 – Workshops and interviews with companies

During phase three workshops were carried out in Denmark, Finland and Sweden and interviews with stakeholders were conducted in Iceland and Norway.

The focus of the workshops and interviews was “drivers and barriers for environmental information in annual reports” and “improving the qualitative characteristics of environmental information in annual reports”.

The workshop participants covered there stakeholder groups in relation to the financial report: the supply side (companies), demand side (investors and analysts) and reporting experts.

The workshops and interviews were based on the results from phase one and two.

Workshop agenda

1. Introduction and clarifying questions
2. Drivers and barriers for environmental information in annual reports
3. Improving the qualitative characteristics of environmental information in annual reports
    a. Relevance
    b. Understandability
    c. Comparability
4. Standards for environmental reporting.

Table 2.2: Phase 3 statistics

Country	No. of participants / interviewees	Supply side	Demand side	Experts
Denmark	9	5	3	2
Finland	5	2	1	2
Iceland	1	1	-	-
Norway	5	2	1	2
Sweden	10	4	2	4
Total	31	14	7	10

Please see appendix 4 for a list of participants.

2.9 International trends in environmental reporting in annual reports

There is no doubt that environmental reporting is on the rise internationally. Corporate registers publish statistics on the number of supplementary reports - including sustainability reports and environmental reports. The number of supplementary reports has risen from less than 100 in the early 1990s to more than 2300 in 2006. This shows that companies are vividly engaged in communicating environmental issues to their stakeholders - even though they do so in the supplementary reports and less so in the financial annual reports, which are the focus of this study.

However it is important to keep in mind that sustainability reporting is undergoing tremendous growth in these years, and the impression that one may get from only looking at the annual reports may underestimate the engagement of companies.

2.9.1 OFR

The most important international development in relation disclosure of environmental information in the annual report is the rise and fall of the so-called OFR in the UK. During the last decade British legislators and standards setters have worked on an ambitious proposal to implement mandatory reporting with the aim of supporting and developing shareholder culture and long-term investment culture. The proposal was actually passed, but then dumped in last minute again by the British government who pointed to excessive administrative burdens as an unintended consequence of the legislation.

The preparations for the OFR included the development of a reporting standard for the management commentary, which included recommendation for the inclusion of environmental information. This standard is still available under the title "Reporting Statement 1" and includes valuable inspiration in relation to reporting of environmental information in the annual report.

2.9.2 IFRS and EU

EU and the International Accounting Standards Board (IASB) produce important accounting legislation and accounting standards. According to the best of our knowledge these two institutions have no new legislation or standards in the pipeline regarding environmental information in the annual report.

2.10 Voluntary Corporate Reporting

2.10.1 GRI

The Global Reporting Initiative is probably the single most important initiative to set standards for environmental information in corporate reporting. The GRI secretariat has recently launched the third versions of its reporting standard. This version includes principles and guidance for defining report content, ensuring report quality and report boundaries. The GRI is a now considered to be a central reference in relation to corporate environmental/sustainability reporting.

3 Legal requirements for reporting of environmental information in annual reports in the Nordic countries

3.1 Requirement to include environmental information in the annual report

- There are legal requirements to include environmental information in the annual report in all Nordic Countries except Iceland;
- The EU's Recommendation[4] has been implemented in all countries (except Iceland) but has had limited visible effect on Nordic accountting legislation and on company reporting practices;
- The Modernisation Directive[5] has been implemented in all countries (except Iceland) but it is difficult to evaluate the impact in relation to environmental information;
- Paradoxically, in spite of the legal requirement to include environmental information, companies have large degrees of freedom to choose whether or not to report on environmental matters;
- There are no authoritative guidelines on how to apply the Modernisation Directive (i.e.: to assess financial materiality of environmental information);
- The criteria for the inclusion of environmental information can be divided into two categories: environmental materiality and financial materiality. All countries except Iceland use a financial materiality as criterion. Iceland uses an environmental materiality criterion. Norway and Sweden uses both criteria; and
- While environmental materiality is relatively easy to determine, financial materiality of environmental issues is in theory well defined but, in practical very difficult to determine.

3.1.1 Environmental Information is mandatory in all Nordic countries

There are legal requirements to report on environmental information in all Nordic Countries except Iceland. The nature of these requirements is discussed below.

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[4] The EU Commission's recommendation on recognition, measurement and disclosure of environmental information (2001/453/EC)

[5] Directive 2003/51/EC

In the case of Iceland, there are no requirements to report on environmental factors in the annual report. Companies, whose activities require an environmental permit, shall submit green accounts to the environmental authorities, and these reports are subject to mandatory third party assurance.

3.1.2 Environmental versus financial materiality

In broad terms, the criteria to include environmental information in the annual report can be divided into an *environmental impact criterion* (do the activities of the company affect the environment?) and a *financial impact criterion* (do environmental factors affect the financial position and development of the company?). These two criteria are normally referred to as environmental and financial materiality, respectively.

The Swedish and the Norwegian legislation include both criteria. Firstly, all Swedish companies engaged in activities subject to acquire licence from or duty to report to the Swedish Environmental Code must always disclose the impact on the external environment in their annual report. Furthermore, the Swedish accounting legislation also uses financial materiality as a reporting criterion. The annual reports of Swedish companies must contain the "non-financial disclosures necessary to form an understanding of a company's progress, standing or results … including environmental disclosures".

In Norway, environmental impact criterion applies all companies while the financial impact criterion applies only to large companies.

In other words: Only Norway and Sweden require companies to report on environmental matters regardless of the information having an impact on the bottom line. Contrary to what one should think, this study finds no evidence that Norwegian and Swedish companies more frequently report environmental information than do companies in the other Nordic countries.

Table 3.1: Criteria for inclusion of environmental information

	Iceland	Finland	Norway	Sweden	Denmark
Environmental criterion	n/a	No	Yes	Yes	No
Financial / Business criterion	n/a	Yes	Yes	Yes	Yes

3.1.3 Entry into force

The present regulation is relatively new dating from 1998 to 2005.

3.2 Underlying EU legislation

In all countries there is reference to the EU's Recommendation and EU's Modernisation Directive.

The key findings are:

- The Recommendation and the Modernisation Directive have been implemented in Denmark, Sweden and Finland. Similar legislation exists in Norway. Iceland has implemented neither.
- The Recommendation has had limited effect on Nordic accounting legislation and standards.
- Due to the vague nature of the formulation of the Modernisation Directive it is difficult to evaluate the impact.
- There are no authoritative guidelines on how to apply the Modernisation Directive (i.e.: to assess financial materiality of environmental information).

Table 3.2: Implementation of EU Accounting legislation in the Nordic countries

Country	Recommendation	Modernisation Directive
Iceland	Not implemented	Not implemented
Finland	Through guidelines	Accounting Act
Norway	To be implemented through standards	(Accounting Act)
Sweden	Accounting Act	Accounting Act
Denmark	Accounting Act	Accounting Act

3.2.1 The Recommendation

The EU Commission's recommendation on recognition, measurement and disclosure of environmental information (2001/453/EC), hereinafter 'the Recommendation' includes detailed instruction on the disclosure of environmental information in annual reports. The purpose of the Recommendation is to promote 'harmonised authoritative guidelines in relation to environmental issues and financial reporting'.

This survey concludes that most Nordic countries have formally signalled that the provisions of the Recommendation are implemented - either directly in the accounting legislation or in the supporting guidelines.

However, this survey also concludes that the implementation has had only limited effect on the national accounting legislation because the provisions of the Recommendation (definitions, provisions for recognition and measurement and provision for disclosure) are very difficult to distinguish from the existing definitions, provisions for recognition and measurement and disclosure. In other words, it is difficult to specify precisely what new (if anything) the Recommendation has brought to the scene.

3.2.2 Implementation of the Recommendation in the Nordic countries

The implementation of the Recommendation varies between the Nordic countries. In Finland and Norway the Recommendation is implemented through guidelines and standards, whereas in Sweden and Denmark the Recommendation is implemented directly by referring to the existing accounting legislation.

In the case of *Sweden* part 6, section 1(4) reads "In addition to the required information prescribed in parts one through three, management reports are to contain the non-financial disclosures needed to form an understanding of a company's progress, standings or results and are relevant to the enterprise in question, including disclosures on environmental and staff issues. Enterprises engaged in activities subject to acquire licence from or duty to report to the Swedish Environmental Code, are always to disclose the effects on the external environment caused by the business's activities".

In the case of *Denmark*, section 99(1) of the Danish Financial Statements Act states that the "management's review shall describe the enterprise's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment".

When implementing the Recommendation, the Danish authorities only changed section 99(1) (see above). The argument was that the existing provisions of the Danish Financial Statements Act were in conformity with the provisions of the 4th and 7th accounting directive[6], which have inspired the content of the Recommendation.

In other words, environmental expenditures, assets and liabilities are not seen as different from any other expenditures, assets and liabilities, and consequently Danish authorities have not seen reason to revise the Danish accounting legislation.

In *Finland* the full text of the recommendation has been implemented in a general guideline of the Finish Accountancy Board.

In *Norway*, according to preparatory legislative works the Recommendation should be implemented through standard setting. At present

[6] The part of the EC Recommendation concerning the disclosure in the annual and the consolidated annual report (annex 1, section 4, Nos 1-2 of the Recommendation) has been regarded as being in conformity with section 99(1) of the Danish Financial Statements Act. The other requirements of disclosure in the balance sheet and notes, which originate from the 4th and 7th directives, are already complied with in the general provisions of the Danish Financial Statements Act (See the Recommendation annex 1, section 4, Nos 3-5). However, the disclosure of environmental issues is not specifically mentioned in these provisions - because these provisions are general. The Recommendation's extended requirements for disclosure in the notes (annex 1, section 4, No 6) have not been specifically implemented, but if the matter is deemed material it will become subject to disclosure in accordance with the general provisions of the Danish Financial Statements Act.

the Norwegian Accounting Standard Board has issues a discussion paper on the subject.

In *Iceland* the Recommendation has not been implemented.

In conclusion, the Recommendation is implemented in all three EU member countries and will be in Norway. However, it is very difficult to verify whether the implementation has had any real-life effects.

3.2.3 EU's Modernisation Directive

The EU Modernisation Directive requires companies to include an analysis of environmental and social aspects necessary for an understanding of the company's development, performance or position. It is important to notice that provision to include an analysis of environmental aspects is subject to the financial materiality criterion. In other words, companies can choose not to disclose environmental matters if they assess that these are not necessary for an understanding of the company's financial development, performance or position.

The Modernisation Directive has been implemented in all countries except Iceland and Norway. In the case of Norway the relevant section (3-3a) of the Accounting Act is comparable to the EU Modernisation Directive.

While environmental materiality is relatively easy to determine, financial materiality is in theory well defined but, in practical very difficult to determine.

> "To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include both financial and, where appropriate, non-financial key performance indicators relevant to the particular business, including information relating to environmental and employee matters".
> (EU's Modernisation Directive, 2003/51/EC, 14(b))

3.2.4 Assessing legal compliance is highly subjective

Firstly the Directive includes the text: "to the extent necessary", which means that companies have to decide whether a given piece of environmental information is necessary to understand the development, performance or position of the company. Then the Directive includes "and where appropriate", which means that companies have to decide whether it is appropriate to include environmental information. Finally, the Directive includes the formulation "relevant to the particular business", which means that companies also have to make a decision on whether a specific piece of information is relevant to its particular business.

At the end of the day companies have a considerable degree of freedom to choose whether and how to report environmental information in the annual report. The practical consequence is that CFOs in the Nordic countries should consider whether environmental matters have a significant business impact before including the information in the annual report. Furthermore, assessing companies' legal compliance with the Modernisation Directive is a highly subjective exercise involving auditors' assessment of the financial materiality of the environmental matters relating to a particular company.

Consequently, an assessment of companies' legal compliance gives only limited information on what companies actually report, as there is no precise definition of what it means to be in compliance.

3.3 Guidance, standards, checklists and other supporting documents

Following the European tradition for accounting legislation, the legal framework is often formulated in general terms and the specific details are formulated in guidance documents and standards.

As a part of this survey, auditors in each of the Nordic countries were asked to provide relevant information regarding standards and guidelines used by companies. The answers do not necessarily reflect an exhaustive list of guidance documents, but rather the documents that companies actually use according to the Nordic accountants.

Based on the answers from auditors in the Nordic countries this report draws the following conclusions regarding standards and guidance documents:

- Coherent standards between the Nordic countries are practically non-existent.
- There is sparse guidance and knowledge of documents related to the issue of financial materiality, which is the main criterion for inclusion of environmental information in the annual report.
- The level of detail is inversely correlated with the level of authority. The actual accounting legislation has a high level of authority but practically no guidance to companies. The guidance documents (e.g. commercial manuals and GRI) are far more detailed but have a very low level of authority.
- The openness of the Modernisation Directive and the absence of guidance standards and checklists seen together illustrate that companies get very little guidance on how to report on environmental issues in the annual report.

Table 3.3: Guidance documents reported by auditors in the Nordic countries

Country	Guidance document
Iceland	None
Finland	Global Reporting Initiative (GRI)
Norway	In 1999, the Norwegian Accounting Standards Board issued a draft/preliminary accounting standard for the supervisory board's report (revised in September 2006). This preliminary standard also includes environmental information.
	In October 1996, the Norwegian Accounting Standards Board issued a discussion paper relating to the reporting of environmental expenditure and other environmental issues.
Sweden	Commercial Accounting Manual
	Swedish Accounting Standards Board: U 98:2 Environmental information in the management report.
	Government propositions: Contents of management reports.
Denmark	Commercial Accounting Manual

Note: The guidance documents listed in table 3.3 reflect the guidance documents mentioned by the accountants in the Nordic countries. Table 3.3. does not contain an exhaustive list of documents available.,.

The Norwegian Accounting Standards Board gives the most detailed information. The Board has issued an accounting standard for the management commentary which includes relatively detailed comments on the environmental information be disclosed (occupational health and safety, gender issues and the external environment (energy, pollution, waste, accidents, environmental impact of transportation and the environmental properties of the companies' products)[7]. Furthermore, in 1996 the Norwegian Accounting Board published a technical discussion paper on the subject of disclosure of environmental information.

The Swedish Accounting Standards Board has issued a document on environmental information in the *management commentary* which is somewhat less detailed than the Norwegian equivalent.

In Sweden and Denmark, the auditors often refer to commercial accounting manuals when advising companies. In Finland the auditors refer to the guidelines of the Global Reporting Initiative.

These documents give a varying degree of details as to which environmental information companies should disclose. The Norwegian 1996 discussion paper gives the most detailed information on how to include environmental cost, assets and liabilities in the annual report. According to the discussion paper most environmental information can be framed within the traditional accounting framework.

The openness of the Modernisation Directive and the absence of guidance standards and checklists seen together illustrates that companies get very little guidance on how to report on environmental issues in the annual report.

[7] In 1999, the Norwegian Accounting Standards Board issued a draft/preliminary accounting standard for the supervisory board's report (revised in September 2006). This preliminary standard also includes environmental information.

3.3.1 Authority and guidance do not go hand in hand

There is an inverse relationship between the authority and the level of detail of the guidance given to companies. National accounting legislation has a very high level of authority but a very low level of guidance to companies. The standards used in the Nordic countries have a medium level of authority and a low to medium level of detail. The consultancy handbooks and other standards used by companies (e.g. GRI) are very detailed in their guidance to companies but have a very low level of authority.

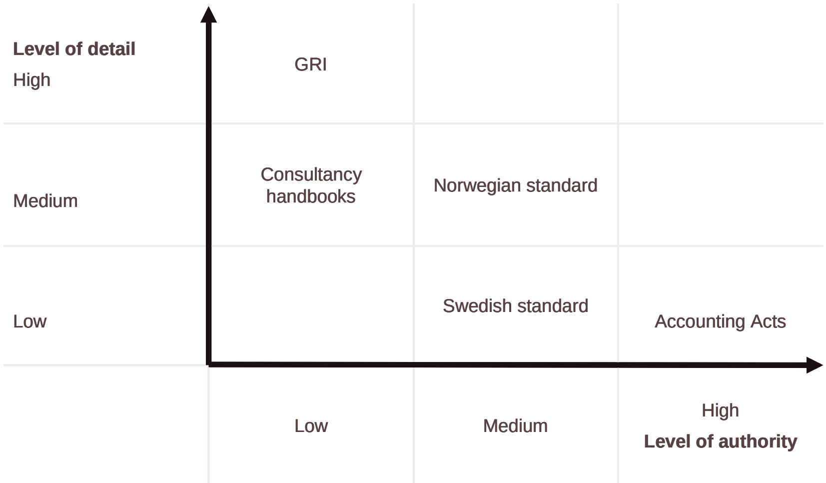

Figure: 3.1: Detail vs. authority

3.4 Coverage

The legislation regulating the environmental information to be disclosed by companies follows two general principles across the Nordic countries.

- *Company criterion* – The first principle relates to the financial reporting legislation under which large companies, publicly listed companies and state owned enterprise typically have to disclose more information than smaller companies. According to these principles the requirement to disclose environmental information is unrelated to whether the company actually have an adverse impact on the environment. Under this principle, it is the financial impact that counts.
- *Environmental impact* – The second principle, which is used in addition to the company criterion in Sweden and Norway. In Sweden, companies that have to submit green accounts as a consequence of the environmental legislation, also have to disclose environmental information in their annual report. Under this principle it is the environmental impact that counts.

In Norway all companies shall provide information on “factor inputs and products that may lead to a not insignificant effect on the external environment”.

- *Sectors* – None of the Nordic countries have sector specific reporting requirements.

Table 3.4: Coverage of legal requirement to include environmental information in the annual report in the Nordic countries

Country	Criteria
Iceland	n/a
Finland	*Company Criterion*
	1. Publicly listed companies;
	2. At least two of three limits:
	1) turnover or comparable figure EUR 7 300 000;
	2) total assets EUR 3 650 000;
	3) average number of employees 50.
Norway	*All companies - including small companies - shall report if they have a “not insignificant effect on the external environment”.*
	Large companies shall report if they have a “not insignificant effect on the external environment” and where suitable an necessary for an understanding of the enterprise’s development also environmental performance indicators
	Company Criterion (2 of 3 criterion shall apply)
	1) turnover: NOK 60 million
	2) total assets: NOK 30 million
	3) employees: 50 million
Sweden	*Company criterion*
	1) 200 employees;
	2) 40 million SEK 12 000 companies.
	Environmental impact criterion
	Companies subject to report according to the Swedish Environmental Code.
Denmark	*Company criterion (two of three requirements must be met)*
	1) Balance > DKK 119 million;
	2) Net turnover > DKK 238 million;
	3) Employees > 250 full time employees.
	State-owned corporations and publicly listed companies, irrespective of size.

3.5 Where in the annual report?

The specific legal requirement to include environmental information in the annual report points to the *management commentary* as the place to provide environmental information. However, environmental information can also be found elsewhere in the annual report if it satisfies the general criteria for recognition and measurement. This includes the income statement and the balance sheet and in particular also the company’s analysis of risks.

Table 3.5: Where in the annual report? (Specific requirements to include environmental information)

Country	Management Commentary	Income Statement	Balance Sheet	Note
Iceland	-	-	-	-
Finland	Yes	-	-	-
Norway	Yes	No	No	No
Sweden	Yes	No	No	No
Denmark	Yes	No	No	No

3.6 What degree of freedom do companies have to disclose environmental information?

As discussed above companies have a considerable degree of freedom to choose what information they want to disclose. Even though the Modernisation Directive requires companies to disclose environmental information - where appropriate - necessary to understand the development, performance or position of a company, companies have a significant degree of freedom in relation to choose what they wish to disclose in their annual report. In this section the report assesses what degree of freedom companies have in the Nordic countries.

In all Nordic countries, companies can choose not to disclose environmental information if is not material to their performance and development, and they do not have to provide an explanation for not choosing to disclose environmental information. In other words companies do not even have to explain that environmental matters are not material to their business. Companies covered by the Swedish environmental code do not have this option as they have to disclose environmental information under all circumstances.

It is worth noting that the disclosure of environmental information involves two decisions for which there is very little guidance from authorities. First, companies have to decide whether to disclose environmental information or not. In other words, companies have to decide which environmental matters are material to the company. Secondly companies have to decide what environmental information they whish to disclose and what indicators to use.

Table 3.6: Companies' degree of freedom in relation to including environmental information in the annual report

Degree of freedom	IS	FI	NO	SE	DK
Companies have to disclose environmental information in the annual report - regardless of it being necessary for the understanding of the company's performance and development	NO	NO	YES*	YES**	NO
Companies can choose not to disclose environmental information if it is not material to their performance and development, but they have to explain that they do not find environmental information to be material.	NO	NO	NO	NO	NO
Companies can choose not to disclose environmental information if it is not material to their performance and development and they do not have to explain if they choose not to disclose environmental information.	YES	YES	YES	YES***	YES

* small companies, ** companies subject to reporting requirements according to the Swedish Environmental Code, *** companies not subject to reporting requirement according to the Swedish Environmental Code.

3.7 Coordination with other legal requirements to provide environmental information - incl. coordination of reporting formats

In general there seems to be very little coordination between reporting requirements for environmental information in the annual report and other legal requirements for environmental information (e.g. the environmental codes). This should not necessarily be seen as a bad thing, but rather as a division of labour between environmental authorities requiring environmental information and financial stakeholders requiring financial and business information.

In Denmark companies can submit their environmental report to the Commerce and Companies Agency together with the annual report. In Sweden, environmental legislation is used to define which companies are obliged to disclose environmental information in their annual report. Furthermore, there is also correlation between traditional accounting and trade with and holding emission rights.

Table 3.7: Coordination with legal other requirements to provide environmental information

Country	*IS*	*FI*	*NO*	*SE*	*DK*
Answer	NO	NO	NO	YES	(YES)

Table 3.8: Coordination of reporting formats, types of data and frequency of reporting

Country	*IS*	*FI*	*NO*	*SE*	*DK*
Answer	NO	NO	NO	YES	(NO)

3.8 Assurance standards and guidance to auditors

There is no apparent consensus between auditors on assurance standards in relation to environmental information.

An assurance standard is a document containing a set of instructions to the auditor describing how the audit shall be performed. The most widely used assurance standard for non-financial information is the ISAE3000 standard which covers non-financial information in the annual report - i.e. not only environmental information but also other non-financial information such as market-shares, business strategy and other non-financial information the companies choose to disclose in the annual report. The Danish and Finnish auditors point at ISAE3000.

The Swedish accountants point at RevU 5, which is an assurance standard specifically relating to environmental information.

Table 3.9: Assurance standards and guidance documents to auditors

Country	*IS*	*FI*	*NO*	*SE*	*DK*
Answer	No	ISAE3000	No	RevU 5	ISAE3000

* ISAE3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, RevU 5: Revisors betragtande af miljöfrågor vid granskning av årsredovisningen, RS585: Revison af ledelsesberetningen.

4. Compliance with legal requirements for reporting of environmental information in annual reports in the Nordic countries

4.1 Introduction and main conclusions

The main conclusions from the survey are summarised in the bullets below.

- Many companies report environmental matters;
- Only a minority - mostly large - companies report more than required by law;
- Large companies report more information and in greater detail; two out of three large companies report on their environmental policy;
- The environment is more frequently reported as being a liability rather than an asset;
- Environmental information is reliable but difficult to understand and has a low level of relevance and comparability; and
- There is a perceived lack of financial relevance and interest in environmental matters among primary stakeholders.

Detailed tables can be found in appendix 3.

4.2 Legal compliance

As mentioned earlier in this report, assessing companies' legal compliance with the Modernisation Directive, which is the legal cornerstone for the requirement to provide environmental information, is a highly subjective exercise involving auditors' assessment of the financial materiality of the environmental matters relating to a particular company. As basis for this report PwC's auditors have given their assessment of compliance.

This survey concludes that large companies have a greater tendency to report on environmental issues than small companies. In all countries large companies with more than 250 employees have a higher frequency of “extended degree of compliance”.

It should be noted that compliance can cover everything from not reporting to giving relatively detailed information on environmental matters. As it has been discussed above, there is no generally accepted definition of what it means to be in compliance.

Figure 4.1: Legal compliance with mandatory reporting requirements, by country, per cent

Note: The figure shows legal compliance for the following sections of the national accounting legislation: Denmark: section 99(1) and section 99(2), Sweden: part 6, section 1(4), Finland: part 3 (1), Norway: section 3-3a (3). The figure shows all responses from all companies, except the category “not applicable”, which has been omitted for Norway.

Table 4.1: Share (percentage) of companies assessed to have an extended degree of compliance, by company size and country.

	Country			
No. of employees	**Denmark**	**Finland**	**Norway**	**Sweden**
<50	0	0	0	12
50-250	0	0	0	14
>250	33	12	0	30

Note: The figure shows legal compliance for the following sections of the national accounting legislation: Denmark: section 99(1) and section 99(2), Sweden: part 6, section 1(4), Finland: part 3 (1), Norway: section 3-3a (3). The category not applicable has been omitted for Norway. Otherwise the table includes answers from all companies in all countries.

3.2.1 Legal compliance by type of company

Publicly listed companies are assessed to report in excess of what is required by law more frequently than other types of companies. The data collected in this survey cannot support (or dismiss) any hypothesis about whether other types of companies (family-owned, fund-owned or owned by institutional investors) report more or less than companies in general.

Table 4.2: Share (percentage) of companies assessed to have an extended degree of compliance, per category and country, per cent.

	Country			
Category	**Denmark**	**Finland**	**Norway**	**Sweden**
Family-owned	10	0	0	4
Other	9	0	0	25
Fund (e.g. private equity)	0	-	0	17
Institutional investor	-	0	0	0
Publicly listed	29	13	13	37

Note: The figure shows legal compliance for the following sections of the national accounting legislation: Denmark: section 99(1) and section 99(2), Sweden: part 6, section 1(4), Finland: part 3 (1), Norway: section 3-3a (3). The category not applicable has been omitted for Norway.

4.2.2 Legal compliance by nationality of ownership

Based on the data from this survey, it is difficult to draw any solid conclusions in relation to the effect of the nationality of ownership. There seems to be a week tendency for companies with non-Nordic owners to report less than companies with national or Nordic owners. However, the size of the sample does not allow for statistically significant conclusions.

Table 4.3: Share (percentage) of companies assessed to have an extended degree of compliance, per nationality of ownership and country, per cent

	Country			
Category	**Denmark**	**Finland**	**Norway**	**Sweden**
Primary national	16	4	6	17
Primary non-Nordic	25	0	0	9
Primary Nordic (non-national)	0	100	0	38

4.2.3 Legal compliance by industry

Based on the data from this survey, it is difficult to draw any solutions in relation to the effect of the industry sector. In Denmark, the study only finds companies among consumer, industrial products and service sectors that are assessed to have an extended degree of compliance. In Norway it is only companies in the financial sector that are assessed to have an extended degree of compliance. In Finland and Sweden companies in two or more sectors have an extended degree of compliance.

Table 4.4: Share (percentage) of companies assessed to have an extended degree of compliance, per category and country, per cent

	Country			
Category	**Denmark**	**Finland**	**Norway**	**Sweden**
Consumer, industrial products and services	22	5	0	18
Financial services	0	0	100	25
Public sector	0	-	0	25
Technology, information, communication and entertainment	0	25	0	13

4.3 What type of information is reported?

In this section the report gives an overview of the type of information which companies include in their annual reports. Detailed tables are provided in appendix 3.

4.3.1 Large companies report more

Large companies provide more information than small companies and give more detailed information. Figures 4.2 and 4.3 clearly illustrate that large companies more often provide environmental information in the annual report and more often provide detailed information (e.g. quantitative indicators).

4.3.2 Many companies report on their environmental policies

The most popular item to report on is environmental policies. 40 per cent of all companies and 64 per cent of large companies report on environmental policies. However, only a minority of companies provide detailed information (9 per cent of large companies), (see figure 4.2).

4.3.3 Resource use

While 40 per cent of the companies in this survey report on their environmental policies, the share of companies giving more detailed information on resource use, emissions, etc is considerably lower. The share of companies providing information regarding resource use is 30 per cent for renewable energy and 11 per cent for water (see figure 4.4).

4.3.4 Emissions

Figure 4.5 illustrates that 29 per cent of companies report on their emissions to air. Of these 7 per cent give detailed information and 22 per cent mention the companies' emissions without giving quantitative indicators. The least reported emission (included in this survey) is noise, on which 13 per cent of companies report.

4.3.5 Measures in relation to environmental impact

Figure 4.5 illustrates that 27 per cent of companies report on measures to reduce negative environmental impacts, 24 per cent report on measures to prevent negative environmental impacts and 17 per cent report on measures to remedy negative environmental impacts. Only half of the companies that report on their measures report on the results of these measures (13 per cent).

4.3.6 Investments

Figure 4.7 illustrates that 20 per cent of companies provide qualitative information and 10 per cent gives quantitative information regarding environmental investments.

4.3.7 Environmental information in the income statement and balance sheet

Generally, the share of companies including environmental information in the income statement and in the balance sheet is very low. The companies that do, report on environmental liabilities rather than assets (see figure 4.7).

4.3.8 How does legislation affect reporting?

In Chapter three it was found that Norway and Sweden use environmental materiality criteria when requiring companies to disclose environmental information in the annual report. In other words, Norwegian and Swedish companies have to disclose environmental information in the annual report if the company has a significant environmental impact. This is not the case for Denmark and Finland. Therefore one should think that a higher frequency of Norwegian and Swedish companies report on environmental matters. This is, however, not the case. Looking a companies' reporting on environmental matters, there is no systematic evidence that Swedish and Norwegian companies report more than Finnish and Danish. See figure 4.9.

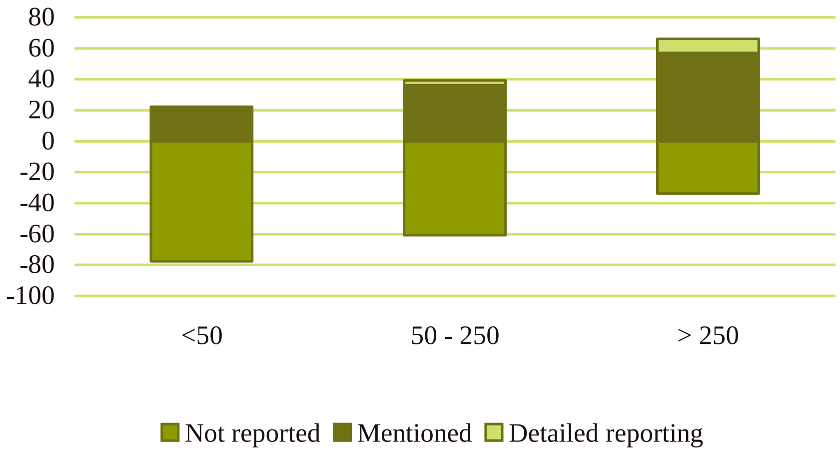

Figure 4.2: Share (percentage) of companies reporting on environmental policies, per cent

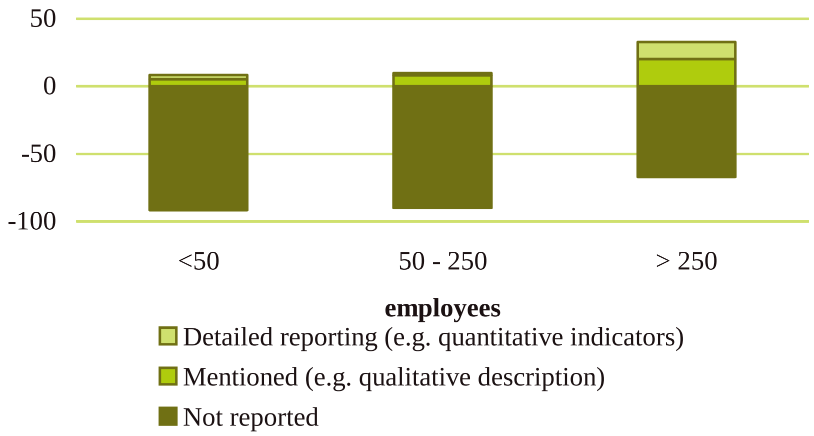

Figure 4.3: Share (percentage) of companies reporting on non-renewable energy resources, by size, per cent

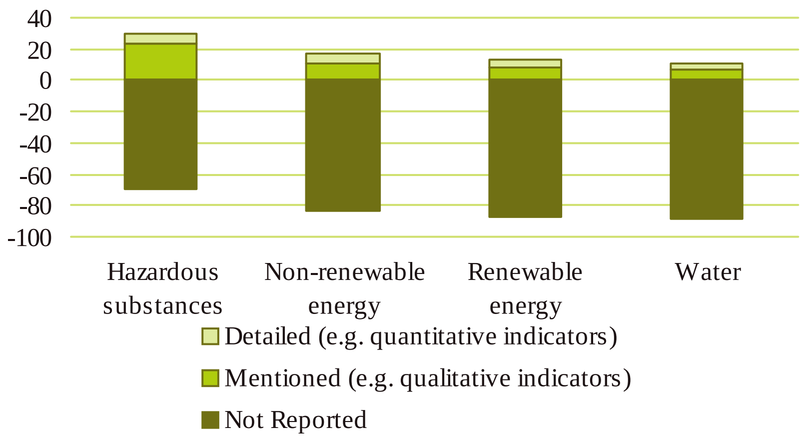

Figure 4.4: Share of companies reporting on different types of resource use, per cent

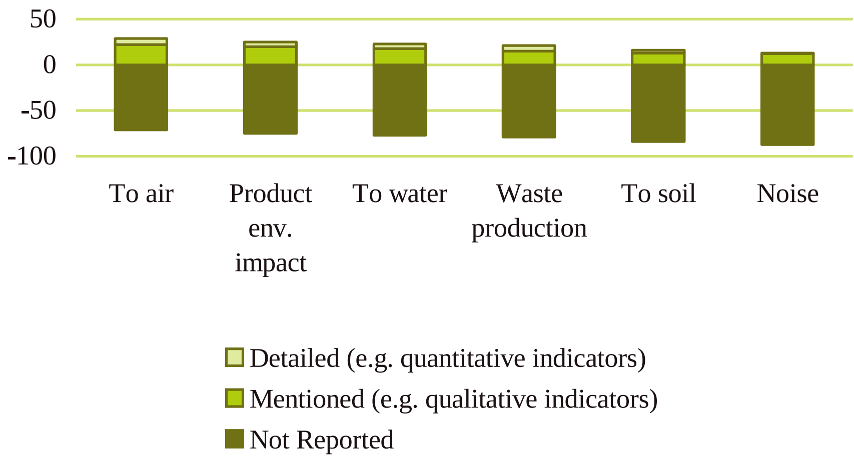

Figure 4.5: Share (percentage) of companies reporting on different types of emissions, per cent

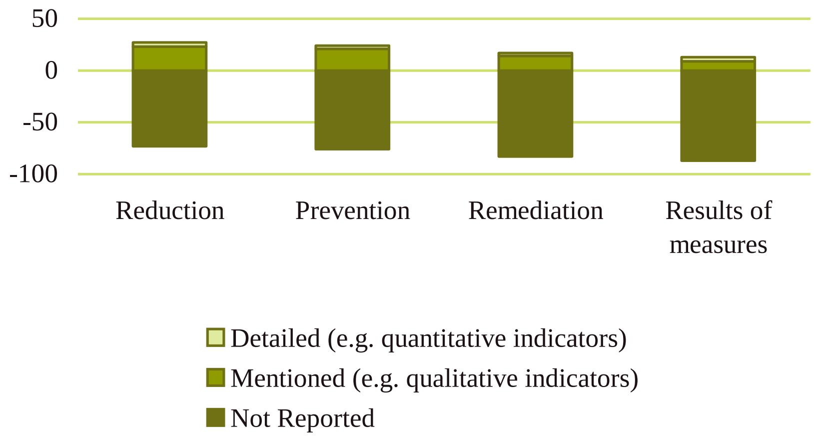

Figure 4.6: Share (percentage) of companies reporting on different types measures in relation to environmental impact, per cent

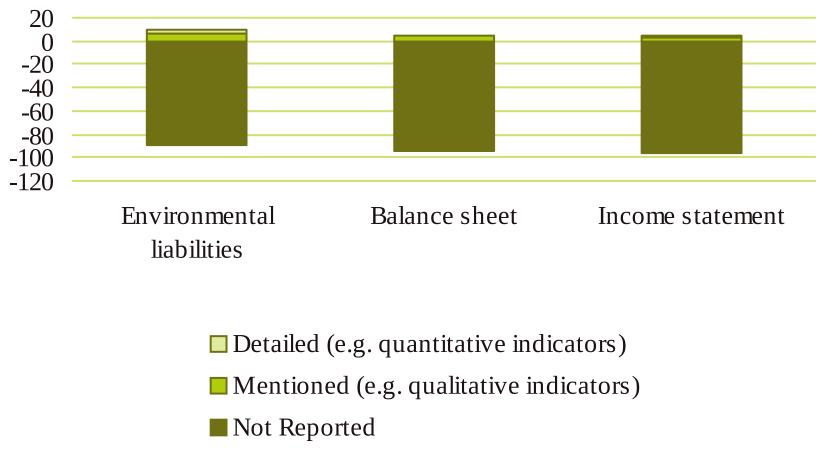

Figure 4.7: Share (percentage) of companies reporting environmental information in income statement and balance sheet, per cent

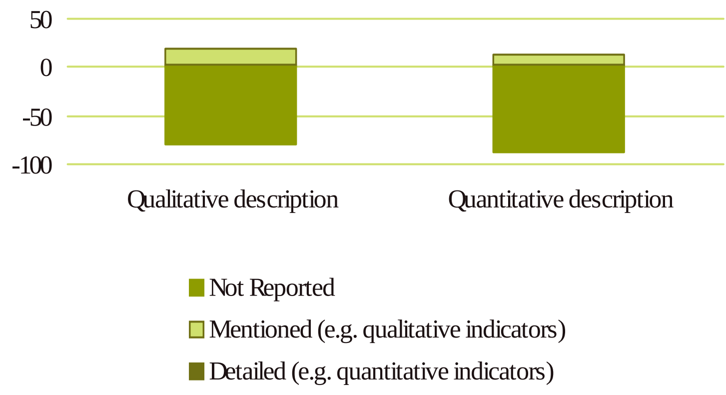

Figure 4.8: Share (percentage) of companies reporting on investments, per cent

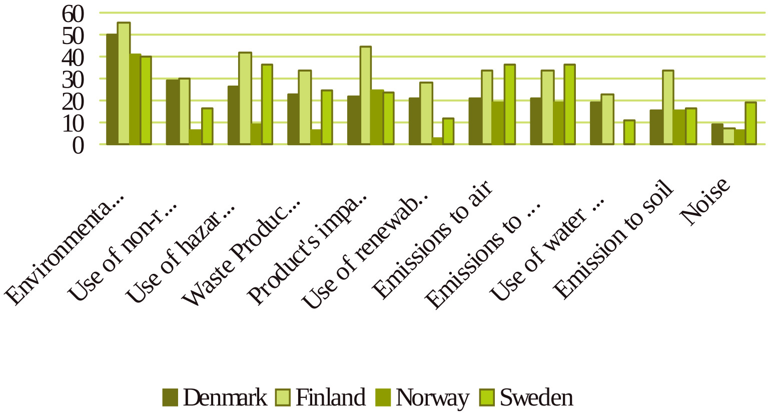

Figure 4.9: Share of companies reporting on environmental on various environmental issues by country, per cent.

Note: The figure illustrates the share of companies mentioning or giving detailed information on particular information regarding the mentioned environmental issues.

4.4 Qualitative characteristics of environmental information

4.4.1 Environmental information is not seen as highly relevant (for financial stakeholders)

The quality of information in annual reports is normally assessed using four basic qualitative characteristics: reliability, understandability, relevance and comparability.

The environmental information in annual reports scores relatively low on important central parameters - namely relevance and comparability. In only 13 per cent of the cases environmental information is assessed to have high relevance and comparability.

The issue of relevance is closely linked to the issue of financial materiality, which is discussed in the previous chapters. If the environmental information scores low on relevance the financial materiality is equally low.

4.4.2 Lack of standards and guidance limit reporting

The assessment of factors limiting companies reporting of environmental issues focuses on the lack of relevance to financial results, lack of interest among primary stakeholders and lack of standards as the primary factors limiting companies' environmental reporting in their annual reports.

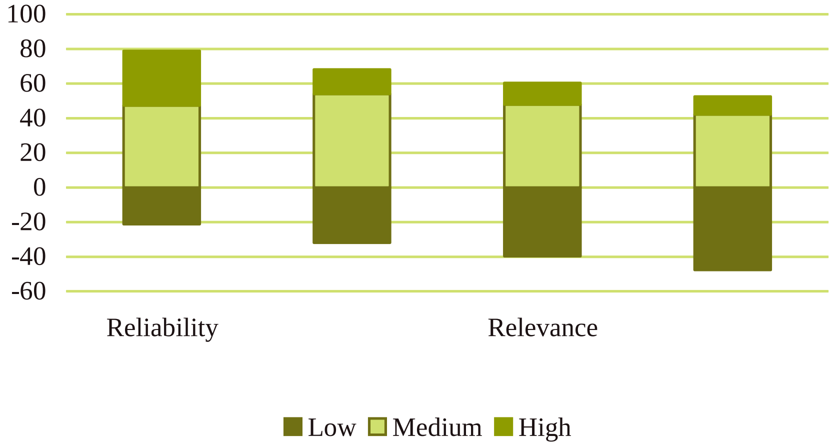

Figure 4.9: Assessment of the qualitative characteristics of environmental information in companies' annual reports, per cent

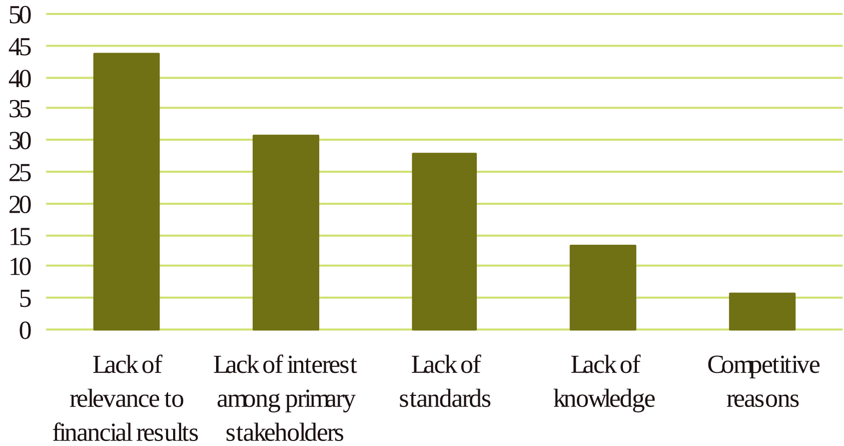

Figure 4.10: Assessment of factors limiting companies' environmental reporting, per cent

4.5 Type of indicators provided

The types of indicators that companies use to provide environmental information indicate the level of priority that companies give to environmental information. Quantitative indicators indicate more precision and higher priority than qualitative indicators. Furthermore, the quantitative indicators can be subdivided into actual indicators, historical indicators and benchmarks. Quantitative benchmarks indicate a relatively high level of commitment to environmental improvements and priority to environmental matters.

Figure 4.11 illustrates that companies providing environmental information in their annual report typically provide qualitative indicators. Among the companies that provide quantitative indicators the majority provides information about the actual situation, and a significant part also provides quantitative historical data. Only a smaller share of companies provide quantitative benchmarks.

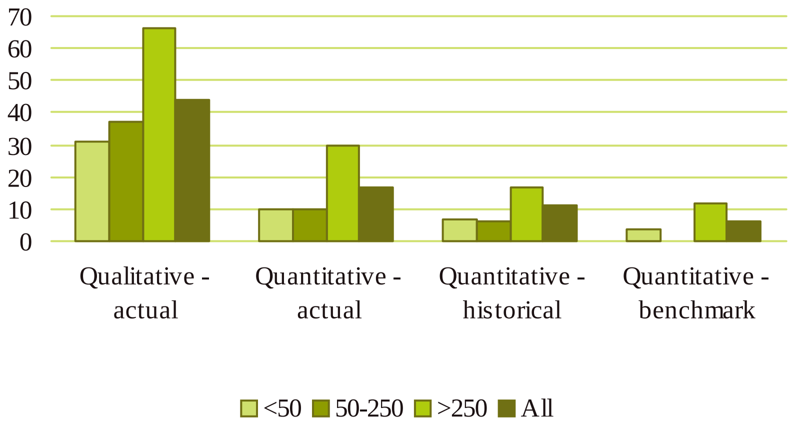

Figure 4.11: Share (percentage) of companies providing different types of indicators, by company size (No of employees)

4.6 Improvements to ensure better compliance with legislation

The auditors who were asked to assess the disclosure of environmental information in annual reports of Nordic companies were asked to provide suggestions for improved compliance with legislation. The auditors' suggestions focus on legislation and standards, increased capability within the companies, and finally some auditors question the relevance of asking companies for more environmental information.

5. Drivers and barriers for environmental information in annual reports and improving the qualitative characteristics of environmental information in annual reports

5.1 Introduction

Based on the results of the two first phases of the survey, workshops were held in Finland, Sweden and Denmark, and interviews were conducted with companies and investors in Iceland and Norway.

Based on the results from phases one and two the focus of the workshops and interviews was drivers and barriers for environmental reporting and discussions on how to improve the quality of environmental information in the annual report.

Each workshop had participants from three groups of stakeholders. The supply side (companies), the demand side (analysts, investors, etc) and finally experts (accountants).

This chapter contains the main conclusions from the workshops and interviews.

In this chapter "investors" include the investor side - incl. analysts, pension funds, etc.

5.2 Drivers

5.2.1 Main conclusions regarding drivers

Based on the deliberations at the workshops and the interviews with companies, the most important drivers are:

- Companies' environmental departments see the environmental work as an aim in itself;
- Companies express that image and reputational concerns as well as regulation play an important role in companies when reporting environmental information;
- Investors and shareholders are not only driven by financial concerns but also by NGO pressure on shareholders.

5.2.2 Various drivers

Companies point to a number of factors driving their provision of environmental information. The most important are: Legislation and the possibility of sanctions, the company's green profile/image, pressure from ethical funds and large investors and customers.

5.2.3 Corporate environmentalists

It is often the environmental department in the company that drives the process of producing the environmental information that is included in the annual report. One workshop participant said that the environmental people traditionally see the environmental work as an aim in itself, which needs not be justified financially.

5.2.4 Investor community is gradually gaining interest

Some investors expressed that the investor community is slowly becoming interested in environmental issues and the broader sustainability agenda. Furthermore, one investor said that NGO's are pressing shareholders and shareholders are then pressing companies.

Otherwise, investors and analysts have a very sharp focus on profit. In general, they wish to see information that has direct relevance to the (financial) performance of companies - including the margin (profits), pipeline of products and improved long-term sustainability. It is worth noting that investors look at non-financial indicators - such as product pipeline and long-term sustainability.

It was expressed that the demand of pension funds for ethical investments was an important driver. However, seen from an international perspective Nordic pension funds have very little focus on ethical investments - less than their pees in the UK for example.

5.2.5 Non-financial drivers

The observations by companies and investors indicate that direct economic impacts of environmental issues do not drive companies' reporting of environmental information alone. Issues such as green image and the public profile of the companies are also important factors.

5.3 Barriers

5.3.1 Main conclusions regarding barriers

Based on the deliberations at the workshops and interviews with companies, the most important barriers are:

- Companies' environmental departments (who produces the environmental information) do not have sufficient competences to reflect on data from a business point of view;
- Companies and investors point to lack of available standards and guidelines and to the fact that legal requirements are very general;
- Investors and companies fail to see the link (if any) between environmental information and financial performance; and
- Financial stakeholders (who are considered the primary target group of the annual report) have low interest in environmental information, and other stakeholders (who are often considered to be the primary target group of sustainability reports) are not concerned with the location of environmental information only the availability;
- The cost of audit limits companies' willingness to include environmental information in the annual report; and
- Both companies and investors express that environmental information has low (financial) relevance.

5.3.2 Lack of competences in all stakeholder groups

Companies underline that their environmental departments do not necessarily have the competences to reflect on the data in a financial perspective. Furthermore, several workshop participants mentioned that the communication between the financial department and the environmental department is not always optimal and that the environmental data are not ready when the annual report is published. One workshop participant pointed to the lack of interest of the supervisory board as an important issue.

One investor/analyst representative expressed that analysts rarely have the necessary training in relation to evaluating environmental information.

It was also observed that auditors do not pay much attention to environmental information.

5.3.3 Lack of standards

Companies also express that the lack of standards and clear guidance from legislation creates uncertainty among companies of what to report.

The investors pointed out that environmental data is difficult to analyse, because companies can report "whatever they like". One analyst said that companies invent their own relative indicators designed to put their environmental performance in a positive light. These custom made indicators are impossible to compare between companies.

In general, the job of the analysts is to compare the performance of different companies and give advice to shareholders and investors (e.g.

pension funds and others). Therefore, investors need to be able to compare parameters across companies, which is virtually impossible when there are no standards that companies can agree to use.

5.3.4 No guidance on the Modernisation Directive

Experts also pointed out there is no guidance on how to interpret the Modernisation Directive - i.e. to determine when environmental issues are necessary in order to understand the companies' financial development.

5.3.5 Lack of relevance

On central barrier mentioned by all stakeholders (the demand side, the supply side and the experts) is the perceived lack of financial relevance of environmental information. Companies are not equipped to see the link (if any) between environmental information and the financial performance of the company. And the financial stakeholders show little interest in environmental information as companies fail to connect their environmental and financial performance.

5.3.6 Is the annual report the right place?

It was also mentioned that companies avoid including environmental information in the annual report due to the cost of audit. This corresponds to another observation by a workshop participant, who pointed out that stakeholders are not concerned with the location of the information - only with the availability. Therefore companies can reach their stakeholders through other media. One workshop participant expressed that the annual report is a “thing of the past”.

5.4 Improving the quality of environmental information

5.4.1 Introduction

One of the central findings from phases one and two is that environmental information scores relatively low on three out of four qualitative characteristics - namely relevance, comparability and understandability, while environmental information scores better on the fourth qualitative characteristic - reliability.

Therefore, the workshops participants were asked whether they agreed to these conclusions, and the discussions focused on what could be done to improve relevance, comparability and understandability of environmental information in the annual report.

The main conclusions from the workshops are as follows:

- With few exemptions, companies, investors and experts agree to the finding that environmental information scores low on relevance, comparability and understandability;
- There is no easy way to give general guidelines on how to demonstrate financial relevance of environmental information. However it is important to look at risk analyses, product life cycle assessment, and the role of the auditor as well as understanding of environmental issues; and
- While financial materiality is important, it should also be kept in mind that reputational concerns and legal compliance are important drivers for companies.

Table 5.1: Do the participants agree to the proposition that environmental information scores low on relevance, comparability and understandability?

	Companies	Investors	Experts
Denmark	Yes	Yes (with qualifications)	Yes
Finland	Yes	Yes	Yes
Iceland	No	Yes	Yes
Norway	Yes	Yes	Yes
Sweden	Yes	Yes	Yes

5.4.2 Improving relevance

Introduction

One of the central assumptions behind this study is that the financial impact of environmental issues has to be (more) evident before environmental information can take up a more central position in the annual report. Companies, investors and experts all agree to this assumption. However, there is great uncertainty among all parties as to how to demonstrate the financial impact of environmental information.

Furthermore, as discussed above, companies are driven by factors other than financial materiality. Companies' reputational concerns, NGOs and regulation are also important drivers.

The workshop discussions on how to improve the relevance of environmental information demonstrate that there is no easy way to develop systematic guidelines on how to demonstrate the financial materiality of environmental information. Furthermore, the discussions illustrate that the materiality of environmental information needs to be seen in a wider perspective than the direct financial impact as environmental issues affect other important business drivers such as reputational concerns and legal compliance.

The main conclusions from the discussion on relevance are as follows:

- Companies' environmental departments want a better understanding of the business implications of their data;
- It is important to keep in mind that not only are financial implications important - companies put great emphasis on reputation and legal compliance;
- Development of methodologies for a better understanding of financial materiality can begin with looking at risk analyses and product life cycle analyses; and
- Investors, analysts and auditors need a better understanding of the business implications.

Companies

While companies express that their environmental experts need a better understanding of the financial materiality of environmental matters they also point to stakeholder dialogue as a means of understanding what is material to their companies. This illustrates that not only financial materiality matters.

However companies pointed to a number of areas where a better understanding could shed more light on the financial materiality of environmental matters:

- *Risk analyses:* Workshop participants pointed to a better understandding of the link between environmental factors and the companies' risk analyses.
- *Product lifecycle analyses:* Seeing products environmental impact in a life-cycle perspective can give companies a better understanding of the financial impact of the environmental characteristics of their products.
- *Role of the auditor:* Some companies also pointed out that the auditor should have better knowledge of the issue.

Investors

The investors pointed out that companies have to demonstrate the financial materiality of the information provided in the annual report, but they also provide other interesting comments.

One analysts specialised in analysing companies' environmental performance said that his organisation had their own environmental experts who had the necessary competences to analyse and interpret environmental information. Therefore, they were looking for more transparency and more disclosure of absolute (or "raw") data on the environmental impact of companies. If companies would supply this kind of information analysts would have the basis for forming their own assessment of the materiality. Therefore analysts need to increase their competences in relation to understand and evaluate environmental information.

The investors and analysts also pointed out that media play an important role in defining what is relevant.

Experts

The experts participating in the workshops pointed to GRI guidelines for a definition of what is relevant. Furthermore, it was pointed out that companies find it difficult to apply the Modernisation Directive, and it should be clarified.

5.4.3 Understandability

Introduction

The discussion on understandability focused on standards and guidelines – and it also showed the importance of distinguishing between these two words. Furthermore the discussion illustrated two different views of environmental reporting. One is that environmental reporting has to focus on business implications and the other was expressed by an analyst who said that he preferred the “raw” data on which he could base his own assessment of the business implications.

The main conclusions of the discussion on understandability are as follows:

- Companies want to have a better understanding of business implications (themselves); and
- Clear legislation, guidelines, calculation methods and reporting standards.

Companies

Companies expressed that clearer legislation and more specified standards would improve the environmental reporting. However some also expressed concerns that mandatory environmental reporting in the annual reports would lead to unnecessary and wasteful double reporting because companies are already reporting on environmental matters in green accounts and supplementary reports.

Investors/analysts

The group of investors and analysts pointed to GRI as one option for a common standard that companies can use. One analyst pointed out that an important first step could be to report “raw” data, which would enable analysts to make their own assessment of the business implications.

Experts

The experts pointed out that it is necessary to consult with industry experts if and when reporting guidelines are to be developed.

5.4.4 Comparability

Comparability is important, especially seen from investors' and analysts' point of view, as investors and analysts need to compare the performance of many companies within their portfolios.

The main conclusion is:

- Clear legislation, guidelines, calculation methods and reporting standards.

Companies

Companies express that comparability is important and point to the same measures that would increase understandability (i.e. guidelines, calculation methods, etc).

Furthermore companies suggest that it is important to develop specific industry tools that can ease comparison between companies within the same industry.

Investors/analysts

One analyst said that "information that is not comparable is ignored". The investors pointed to industry specific standards and benchmarks against which companies can be evaluated.

Experts

The experts pointed to GRI as an important point of reference.

5.5 Standards for environmental reporting

5.5.1 Introduction

Based on the results from phases one and two it was suggested to the workshop participants that the lack of standards is an important factor limiting companies' reporting of environmental information, and the discussion focused on which measures could be taken by whom to develop standards.

The key findings are as follows:

- The word "standard" should be used with cautions. To some, standards imply a mandatory reporting requirement. To others, standards imply a standardised voluntary methodology that companies can choose to use; and
- Workshop participants pointed to several stakeholders including leading companies, business associations, authorities and NGOs that could take part in developing standards.

Table 5.2: Workshop participants' response to standards. The survey concludes that standards are an important factor limiting companies' reporting of environmental information. Based on the professional experience of the workshop participants, please answer the following questions:

	Companies	Investors/analysts	Experts
Denmark	No	Yes	Yes
Finland	No	No	Yes
Iceland	Yes	-	-
Norway	Yes	Yes	Yes
Sweden	Yes	Yes	Yes

5.5.2 Are standards necessary?

There are different opinions about the need for new standards in relation to environmental reporting in annual reports.

Company representatives as well as investors/analysts pointed out that mandatory standards for environmental information in the annual report could lead to wasteful reporting of information that would not be read by the companies' financial stakeholders.

However participants could see the need for guidelines and calculation methods that companies can use on a voluntary basis.

Also among investors opinions vary. Some investors see a need for standards/guidelines and others express that they do not push for new standards and increased environmental information.

5.5.3 Which measures should be taken to make standards available to companies?

Workshop participants pointed to the development of (voluntary) industry specific standards, guidelines or calculations methods.

5.5.4 Who should lead the process?

Workshop participants pointed to different stakeholders that can lead the process of developing guidelines or standards.

Leading/large companies

Some workshop participants pointed to leading/large companies as those who should lead the way in creating new standards/guidelines. These companies already have substantial experience from reporting on environmental issues.

Business associations

Some workshop participants expressed the view that standards and guidelines will have to be industry specific, and therefore sector specific business associations could play an important role in developing standards/guidelines. However, some workshop participants also expressed concerns about business associations having a tendency to be defensive.

Legislators (incl. environmental authorities):

Some workshop participants pointed to legislators and environmental authorities as important stakeholders in a process towards guidance documents.

NGO's

Some workshop participants pointed to NGO's as important stakeholders.

IASB (International Accounting Standards Board)

Some workshop participants pointed to the IASB as a good candidate for developing standards/guidelines. The IASB develops the standards that listed companies use for their financial reporting. Standards issued by the IASB would have a high level of authority among companies.

5.5.5 Who should be the target group within the company?

The production of an annual report involves many departments within the company. The workshop participants pointed to the following functions as those that should be targeted in relation to further development of guidelines or standards: environmental department, accounting/finance, quality, communication and senior management.

Resume

1.1 Introduktion

Denne rapport er udarbejdet af PricewaterhouseCoopers for NMR-IPP-gruppen under Nordisk Ministerråd.

Rapporten fokuserer på nordiske virksomheders rapportering om miljø i årsrapporter. Miljørapporter og bæredygtighedsrapporter er ikke en del af undersøgelsen. Undersøgelsen bygger på information indsamlet fra ultimo 2006 til juni 2007.

Formålet med studiet	**Konklusioner i dette resumé**
1. Kortlægge lovgivningsmæssige krav til miljøinformation i årsrapporter i de nordiske lande	1.3, 1.4
2. Gennemføre en analyse af virksomhedernes overholdelse af lovgivningsmæssige krav til miljøinformationer i årsrapporter - og herunder identificere faktorer, som henholdsvis fremmer og hindrer virksomhedernes rapportering om miljø i årsrapporterne	1.3, 1.5, 1.6
3. Komme med forslag til forbedringer, der kan fremme virksomhedernes rapportering af miljø i årsrapporten	1.2, 1.3, 1.7

1.2 Diskussion

Denne rapport har til formål at undersøge samspillet mellem virksomhedernes rapportering om miljø i årsrapporten og mulighederne for at styrke denne rapportering. Rapporten tager udgangspunkt i en kortlægning af lovgivningen vedrørende rapportering af miljø i årsrapporter og virksomhedernes overholdelse af denne lovgivning.

I den forbindelse er det væsentligt at være opmærksom på, at det meget vel kan være tilfældet, at virksomheder har et stærkt miljøarbejde, uden at de skriver om det i deres årsrapport. Det skyldes, at miljø ofte ikke lever op til de væsentlighedskriterier, som almindeligvis anvendes for udvælgelse af, hvilke informationer der medtages i årsrapporten.

Kriterierne handler om, at oplysningerne i årsrapporten skal være anvendelige for de finansielle brugere af årsrapporten. Anvendelighed defineres som følger: Informationen skal kunne anvendes til *prognose* (af finansielle resultater), *fordeling* (af goder mellem interessenter) og *kontrol* (ejernes kontrol med ledelsen). Samtidig er det vigtigt at være opmærksom på, at årsrapportens tidshorisont i princippet kun er ét år. Oplysninger, som ikke lever op til disse kriterier, må gerne, men skal ikke, medtages i årsrapporten. Oplysninger om virksomhedernes miljøarbejde vil sjældent leve op til disse kriterier.

Bag opdraget ligger en underliggende antagelse om, at hvis virksomhederne skrev mere om deres miljøarbejde, således at de finansielle interessenter blev mere opmærksomme på værdien af miljøarbejdet, så ville miljøarbejdet også få højere prioritet hos virksomhederne. Antagelsen handler om, at virksomhedernes miljøarbejde i væsentligt omfang drives af deres finansielle interessenter, som læser årsrapporterne. Denne antagelse er ikke nødvendigvis rigtig.

Virksomheder drives af andet end penge

Selvom de finansielle interessenter er væsentlige, så konkluderer denne undersøgelse, at virksomhedernes miljøarbejde primært er drevet af krav og forventninger fra andre interessentgrupper. Disse omfatter f.eks. kunder, medarbejdere, myndigheder og bredere samfundsgrupper, som ofte er mere interesseret i miljø end finansielle resultater. Virksomheder kommunikerer typisk ikke til disse interessenter gennem årsrapporten, men gennem andre medier såsom miljørapporter, bæredygtighedsrapporter, massemedier, hjemmesider mv.

De finansielle interessenter, som er blevet interviewet i forbindelse med dette projekt, var generelt ikke interesserede i miljøinformation, medmindre det tydeligt fremgik, hvordan de beskrevne miljøforhold påvirker virksomhedens finansielle resultater.

De virksomheder, som er blevet interviewet i forbindelse med dette projekt, peger på, at deres miljøarbejde normalt ikke bliver drevet af finansielle hensyn, men derimod af lovgivning, omdømme og medarbejdernes personlige overbevisning.

Mere viden nødvendig

Hvis miljø således skal have større opmærksomhed - både i virksomhedernes årsrapporter og fra investorer og andre finansielle interessenter, er det nødvendigt, at sammenhængen mellem miljøindsats og finansielle resultater bliver tydeliggjort. Og dette forudsætter, at virksomhederne oplever, at der er en sådan sammenhæng, og at de er i stand til at kommunikere dette overbevisende til deres investorer.

En af denne undersøgelses konklusioner er imidlertid, at virksomhederne ikke oplever denne sammenhæng mellem miljøindsats og finansielle resultater, samt at dokumentationen for sammenhæng mellem miljøindsats og finansielle resultater er fragmenteret og anekdotepræget. Videre konkluderes det, at der kun findes få guidelines og retningslinjer, som virksomheder kan anvende til at belyse denne sammenhæng.

Fremadrettet er den væsentligste udfordring at skabe en bedre forståelse for årsagssammenhænge mellem miljøindsats og finansielle resultater samt at overføre denne viden til virksomheder.

Regeringerne kan spille en vigtig rolle

Ved at samarbejde med førende virksomheder, som i forvejen har et stærkt og veldokumenteret miljøarbejde, kan de nordiske regeringer spille en positiv rolle. Formålet med dette samarbejde ville skulle være at udforske og om muligt dokumentere sammenhængen mellem miljøindsats og finansielle resultater. Flere virksomheder ville gerne være med til denne type samarbejde med myndighederne.

1.3 Generelle konklusioner

- Alle nordiske lande, med undtagelse af Island, har lovgivningsmæssige krav om, at virksomheder skal offentliggøre miljøinformation i deres årsrapporter. Kravene er imidlertid formuleret så upræcist, at det kan være vanskeligt for den enkelte virksomhed at afgøre, hvad den skal rapportere om. Derfor vil lovgivningsmæssige initiativer, der har til hensigt at fremme miljørapportering i årsrapporterne, kunne fokusere på at gøre lovgivningen mere tydelig.
- Som følge af EU's moderniseringsdirektiv tilsiger lovgivningen i de nordiske lande (inkl. Norge og ekskl. Island), at miljøinformation, som medtages i årsrapporten, skal leve op til et væsentlighedskriterium. Der findes imidlertid ingen almindeligt accepteret definition af et væsentlighedskriterium for miljøoplysninger, som virksomheder, revisorer eller andre kan anvende i praksis. Derfor kan det siges, at de interessenter, som har med årsrapporterne at gøre, ikke er i stand til at implementere EU's moderniseringsdirektiv i relation til miljørapportering på en meningsfyldt måde.
- Det underliggende problem synes ikke at være mangel på standarder og guidelines, men derimod på manglende forståelse af sammenhængen mellem miljøindsats og finansielle resultater - samt bevis for, at denne sammenhæng i det hele taget eksisterer.
- De finansielle interessenter, som er blevet interviewet i forbindelse med denne undersøgelse, udtrykte interesse i at udvikle viden og metoder for at identificere væsentligheden af miljøtemaer. Og samtidig understregede de, at de generelt set var uinteresserede i miljøoplysninger, hvis ikke det kunne vises, at disse oplysninger havde betydning for virksomhedernes finansielle resultater.

De virksomhedsrepræsentanter, som har deltaget i denne undersøgelse, understregede, at miljø ofte har høj prioritet, selvom det er vanskeligt at identificere effekten på de finansielle resultater. Repræsentanterne pegede på andre faktorer, som de fandt væsentlige: Regulering, omdømmeovervejelser, samvittighed og pres fra miljøorganisationer.

1.4 Konklusioner vedrørende lovkrav om miljø i årsrapporter

- Der er lovkrav om, at virksomheder skal rapportere om miljø i årsrapporterne i alle lande undtagen Island.
- EU's anbefaling[8] er implementeret i alle lande (bortset fra Island), uden at dette har givet anledning til væsentlige ændringer i lovgivningen eller virksomhedernes rapportering af miljøoplysninger i landene.
- EU's Moderniseringsdirektiv[9] er ligeledes implementeret i alle lande (bortset fra Island), men det er vanskeligt at vurdere effekten i relation til miljøoplysninger.
- På trods af, at det er et krav, at virksomheder skal rapportere om miljø, så har virksomhederne stor frihed til selv at vælge, om de vil medtage miljøoplysninger eller ej.
- Der findes ikke nogen autoritative guidelines, der forklarer, hvordan moderniseringsdirektivets krav vedrørende miljøoplysninger skal anvendes i praksis (dvs. guidelines, der kan hjælpe virksomheder til at vurdere den finansielle væsentlighed af miljøoplysningerne).
- Kun i Norge og Sverige er der krav om, at virksomheder skal offentliggøre miljøoplysninger, som er uafhængige af den finansielle væsentlighed.
- Væsentlighedskriterierne for at inddrage miljøinformation i årsrapporten kan opdeles i miljømæssige væsentlighedskriterier og finansielle væsentlighedskriterier. Alle lande (bortset fra Island) benytter et finansielt væsentlighedskriterium. Norge og Sverige benytter begge kriterier.
- Mens miljømæssig væsentlighed er relativt nemt at definere, så er det finansielle væsentlighedskriterium for miljøoplysninger teoretisk set veldefineret, men i praksis meget vanskeligt at fastslå. Det vil sige, at det er meget vanskeligt at vise, hvordan miljøaktiviteter påvirker virksomhedens finansielle resultater.
- Moderniseringsdirektivets åbenhed og fraværet af vejledende standarder og tjeklister stiller samlet set virksomhederne med meget sparsom vejledning i, hvordan de skal rapportere om miljø i årsrapporten.

[8] The EU Commission's recommendation on recognition, measurement and disclosure of environmental information (2001/453/EC)

[9] Directive 2003/51/EC

1.5 Konklusioner vedrørende virksomhedernes overholdelse af lovkrav om rapportering af miljø i årsrapporten

- Mange virksomheder rapporterer om miljø. Men kun et fåtal rapporterer mere, end loven kræver.
- Miljøinformation anses generelt for at være troværdig, men vanskelig at forstå. Miljøinformationen anses for at have (finansiel) relevans og lav sammenligneligheded. Dette er et problem for investorer, hvis job det er at sammenligne information mellem forskellige virksomheder.
- Virksomhedernes finansielle interessenter ser ikke sammenhængen mellem miljøinformation og virksomhedernes finansielle resultater.

1.6 Konklusioner fra workshop med virksomheder, investorer og eksperter

1.6.1 Faktorer, som driver virksomhedernes rapportering af miljøinformation

- Virksomhedernes daglige miljøarbejde er i vid udstrækning drevet af miljøafdelingerne, som ser miljøarbejdet som et mål i sig selv, som ikke nødvendigvis har noget at gøre med virksomhedens forretningsmæssige mål.
- Virksomhederne giver udtryk for, at image, omdømme og regulering er vigtige faktorer bag virksomhedernes rapportering af miljøinformation.
- Investorerne ser ikke sammenhængen mellem miljøinformation og finansielle resultater.
- Investorerne er ikke alene drevet af finansielle hensyn, men også af omdømme og pres fra NGO'er.

1.6.2 Barrierer for virksomhedernes rapportering af miljø i årsrapporten

- Miljøafdelingerne har ikke tilstrækkelige kompetencer til at se miljøinformation i en forretningsmæssig sammenhæng.
- Virksomheder og investorer peger på, at der mangler standarder og guidelines, samt at lovkravene er meget generelle.
- Finansielle interessenter (som anses for at være årsrapportens primære målgruppe) viser kun meget lille interesse for miljøinformation, og de interessenter, som interesserer sig for miljøinformation, interesserer sig ikke så meget for, om informationen står i årsrapporten - men blot for, om informationen er til stede.

- Omkostningerne til revision begrænser virksomhedernes villighed til at medtage miljø i årsrapporten.
- Både virksomheder og investorer peger på, at miljø har lav finansiel relevans.

1.6.3 Muligheder for at forbedre miljørapportering i årsrapporten

- Med få undtagelser peger virksomheder og investorer på, at miljøinformation har lav relevans, sammenlignelighed og forståelighed.
- Der er ingen let måde at give generelle retningslinjer for, hvordan virksomheder kan vise den finansielle relevans af miljøinformation. Dog pegede deltagerne på temaer som forretningsmæssig risikoanalyse, livscyklusanalyser samt revisorernes evne til at forstå miljøoplysninger.
- Selvom finansiel væsentlighed er vigtig, er det vigtigt at være opmærksom på, at omdømme og overholdelse af lovgivningen har stor betydning for virksomhederne.

1.6.4 Forbedring af miljøinformations relevans, forståelighed og sammenlignelighed

- Investorerne samt virksomhedernes miljø- og økonomiafdelinger ønsker en bedre forståelse af den forretningsmæssige betydning af miljøarbejdet og af miljødata.
- Udvikling af metoder til at skabe en bedre forståelse for den finansielle væsentlighed kan starte med, at man ser på væsentlige business drivers som risikoanalyse.
- Det blev foreslået, at man skulle søge at skabe en bedre forståelse for, hvordan miljø påvirker forretningsmæssige risici ved at benytte livscyklusanalyser. Dette ville være et skridt i retning af at skabe en sammenhæng mellem miljø og forretningsmæssig væsentlighed.

1.6.5 Konklusioner vedrørende udvikling af standarder

- Ordet ”standard” skal bruges med stor forsigtighed. For nogle betyder ”standard” et tvunget rapporteringskrav, mens det for andre betyder en frivillig metode, som virksomheder kan vælge at benytte.
- Deltagerne i workshoppen pegede på, at førende virksomheder, myndigheder, erhvervsorganisationer og NGO’er kan deltage i udviklingen af standarder/guidelines.

1.7 Anbefalinger

De anbefalinger, som gives nedenfor, kan både implementeres af de nordiske lande i samarbejde og af landene hver især.

Anbefalingerne sigter imod at forbedre virksomhedernes offentliggørelse af miljøinformation.

1.7.1 Lovgivning og samarbejde med virksomheder

Myndigheder kan i høj grad påvirke virksomhedernes adfærd ved hjælp af lovgivning. Virksomhederne har stor fokus på at leve op til krav i lovgivningen i forbindelse med rapportering, drift og produktudvikling.

Hvis de nordiske virksomheder finder, at det er vigtigt, at virksomhederne rapporterer mere om miljøforhold, så har myndighederne mulighed for at kræve mere detaljeret information ved hjælp af en lovændring.

I praksis afspejler lovgivningen i alle de nordiske lande allerede moderniseringsdirektivets krav om at rapportere om miljø, hvis det er væsentligt for at forså virksomhedernes finansielle udvikling. Myndighederne har også mulighed for at hjælpe virksomhederne med at leve bedre op til disse krav. Myndighedernes rolle kunne være at udvikle standarder og guidelines for fortolkning af lovgivningen i samarbejde med førende virksomheder.

Denne undersøgelse konkluderer, at de nordiske regeringer ville have størst succes ved at samarbejde direkte med de ledende virksomheder om at arbejde i retning af stærkere miljøstandarder.

1.7.2 Bedre forståelse for de finansielle konsekvenser af miljøarbejdet

En af de centrale konklusioner i denne undersøgelse er, at der mangler en generel forståelse for, hvordan man illustrerer den finansielle væsentlighed af miljøarbejdet. Af denne grund er det også svært at sige noget generelt om, hvornår miljøarbejdet har væsentlig betydning for en virksomhed. Det følger heraf, at det er meget vanskeligt at udarbejde generelle guidelines, som forklarer, hvordan virksomheder kan identificere og kommunikere væsentligheden (set i et finansielt perspektiv) af deres miljøarbejde. Manglen på retningslinjer og guidelines skyldes således ikke dårlig vilje, men snarere en grundlæggende mangel på forståelse for den finansielle væsentlighed af miljøarbejdet.

Forfatterne til denne rapport anbefaler, at myndighederne sammen med ledende virksomheder, som har et systematisk og veldokumenteret miljøarbejde, tager initiativ til at skabe en bedre forståelse for den generelle sammenhæng mellem miljøarbejdet og virksomhedernes finansielle resultater.

Dette arbejde kan starte med, at der udvikles en analyseramme, som kan anvendes til at belyse sammenhængen. Denne analyseramme kan tage udgangspunkt i virksomhedernes arbejde for henholdsvis at forebygge, reducere og afhjælpe negative miljøpåvirkninger og se på sammenhængen til de finansielle værdiparametre (omsætning, omkostningsminimering, investeringer, risikominimering mv.).

1.7.3 Kapacitetsudvikling

Ud over at studere den generelle sammenhæng mellem miljøarbejde og finansielle resultater kan Nordisk Ministerråd tage initiativ til kapacitetsopbygning og videndeling blandt virksomheder, analytikere, revisorer og NGO'er.

Sådanne aktiviteter kan omfatte kurser i finansiel og forretningsmæssig forståelse for miljøeksperter og kurser i miljø for økonomi- og regnskabseksperter. Kurserne kan endvidere gennemføres som workshopper, hvor både miljø- og økonomifolk deltager.

Videndeling kan omfatte etablering af en internetbaseret nordisk rapporteringsplatform, som virksomheder kan benytte til at dele standarder, rapporteringsformater og metoder i relation til miljørapportering.

1.7.4 Fokus på internationale standardorganisationer

Det er vigtigt at være opmærksom på, at de førende virksomheder, som sætter tendensen for, hvordan fremtidens virksomheder kommer til at rapportere, er store børsnoterede virksomheder, som er underlagt de internationale regelsæt under IFRS (International Financial Reporting Standards), samt at disse virksomheder ofte benytter GRI (Global Reporting Initiative) som standard for deres miljørapportering.

Hvis de nordiske virksomheder ønsker at påvirke disse virksomheders rapportering, er det vigtigt at følge og eventuelt søge at påvirke den udvikling, som sker i de internationale regnskabsmæssige fora.

1.7.5 Påvirkning af den offentlige opinion

Virksomhederne angiver, at ønsket om et styrket omdømme er en væsentlig faktor bag miljøarbejdet. Derfor kan kampagner, som sætter fokus på virksomhedernes miljøarbejde i offentligheden og blandt de finansielle interessenter, være en mulig måde at påvirke virksomhedernes miljøarbejde positivt.

Appendices

Appendix 1 Legal requirements to report environmental information

Country	Legal reference
Iceland	There is no legal requirement to report environmental information in the annual report.
Finland	*Section 1, Contents of the annual account and the report of operations* *Entry into force:* 30 December 2004 “In its report of operations, the reporting entity must disclose an assessment, unbiased and complete when taking into consideration the extent and structure of its operations, of significant risks and uncertainties and other conditions affecting the development of its operations, as well as of its financial position and results of operations. The assessment must include the key ratios necessary to understand the operations and financial position as well as the results of operations of the reporting entity. For this purpose, <u>also ratios and other information on personnel and environmental factors and other possibly significant matters impacting on the operations of the reporting entity, need to be disclosed</u>. Where necessary, the assessment must include supplementary detail and further analyses of the figures disclosed in the financial statements.
Norway	*The contents of small enterprises directors' reports* *Entry into force:* “The directors' report shall provide information on factors relating to the company, including its factor inputs and products that may lead to a not insignificant effect on the external environment. It shall state the environmental effects that the company's individual factors have or may have, and the measures that have been implemented or are planned to prevent or reduce negative environmental effects.” *Section 3-3a: Contents of the directors' report for enterprises that are under a statutory duty to prepare annual accounts and are not small enterprises* “To the extent necessary for understanding the enterprise's developments, results or position, the analysis mentioned in subsection two shall contain both financial and, where suitable, non-financial key performance indicators that are relevant to the operations in question, including information on environmental and employee issues.” “Information shall be provided about matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impacts each aspect of the business has or may have, as well as the measures implemented or planned implemented to prevent or reduce negative, environmental impacts, shall be stated.”
Sweden	*Management Report* “In addition to the required information prescribed in part one through three, management reports are to contain the non-financial disclosures needed to form an understanding of a company's progress, standings or results and are relevant to the enterprise in question, including disclosures on environmental and staff issues. Enterprises engaged in activities subject to acquire licence from or duty to report to the Swedish Environmental Code, are always to disclose the effects on the external environment caused by the business's activities.” Swedish Accounting Standards Board, BFN U 98:2 Environmental information in the management report makes the following noteworthy interpretations: “The connection to the rules of the Swedish Environmental Code regarding licensing and duty to report carries the effect of disclosure requirements only affecting those enterprises with activities located in Sweden”. To address this, the board issued the following recommendation: “In addition to this (regarding the limitation of disclosure requirements only to those enterprises with direct environmental effects within Sweden), it is often advisable to present disclosures on for instance the direct and indirect environmental effects of foreign facilities (or sites)”. The board also considered the legislators to have been too lenient in its requested

Country	Legal reference
	information and therefore added five points.
	" It is the opinion of the board that companies with activities required by law to acquire licence or have duty to report in accordance to the environmental code, are to (1) report of this in their management report. The companies are also to disclose the grounds for why the acquirement of a licence or duty to report has occurred (2). Information on activities with a duty to report is to be supplemented with information on whether the environmental effects concern air, water or land, or occur through waist or noise (3). If licences need to be renewed or revised during the coming year, the reason for this needs to be disclosed (4)….. The company shall also state its dependency on the activity for which it needs to acquire licence or has a duty to report (5)."
Denmark	*Management's review*
	"In addition to the requirements set out in section 77, the management's review shall describe the enterprise's impact on the external environment and measures to prevent, reduce or remedy any damage to the environment."
	"To the extent necessary for an understanding of the company's development, performance and financial position, large companies shall include, where appropriate in the management's review, non-financial information relevant for the company's activities including information regarding environment and employees."

Appendix 2 Underlying EU legislation

Type of information	*Commission recommendation on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies (2001/453/EC).*	*EU modernisation directive (2003/51/EC)* "To the extent necessary for an understanding of the company's development, performance or position, the analysis shall include…where appropriate, non-financial key performance indicators…including information relating to environmental … matters."
Iceland	Not implemented	Not implemented
Finland	Implemented into the general guidelines of the Finnish Accountancy Board (20003 and 2006).	Implemented into the Accounting Act in 2004.
Norway	Not implemented. According to preparatory legislative work the recommendation will be implemented through standard setting (rather than through legislation).	
Sweden	Implemented in the Swedish Accounting Act, 2005.	Implemented in the Swedish Accounting Act, 2005.
Denmark	Implemented in the Danish Financial Statements Act, 2005.	Implemented in the Danish Financial Statements Act, 2005.

Appendix 3 Detailed results from the analysis of legal compliance end environmental reporting

Table A3.1 – Legal compliance, per cent, Denmark

		No of employees			
		<50	**50-250**	**>250**	**Total**
§99(1)(9)	Compliance	100	100	67	84
	Extended degree of compliance	0	0	33	16
	Total	**100**	**100**	**100**	**100**
§99(2)	Compliance	100	100	67	84
	Extended degree of compliance	0	0	33	16
	Total	**100**	**100**	**100**	**100**

Table A3.2 – Legal compliance, per cent, Sweden

		No of employees			
		<50	**50-250**	**>250**	**Total**
Chapter 6 § 1(4)	Compliance	88	86	70	83
	Extended degree of compliance	12	14	30	17
	Total	**100**	**100**	**100**	**100**

Table A3.3 – Legal compliance, per cent, Finland

		No of employees			
		<50	**50-250**	**>250**	**Total**
Chapter 3 (1)	Compliance	100	100	88	93
	Extended degree of compliance	0	0	12	7
	Total	**100**	**100**	**100**	**100**

Table A3.4 – Legal compliance, per cent, Norway

		No of employees			
		<50	**50-250**	**>250**	**Total**
§3-3 (7)	Compliance	90	0	43	72
	Extended degree of compliance	0	0	0	0
	Not applicable	10	100	57	28
	Total	**100**	**100**	**100**	**100**
§3-3a (3)	Compliance	42	89	67	68
	Extended degree of compliance	0	11	0	3
	Not applicable	58	0	33	29
	Total	**100**	**100**	**100**	**100**
§3-3a (11)	Compliance	55	50	86	62

Table A3.5 – Share of companies reporting on different types of resource use, per cent

		No of employees			
		<50	50-250	>250	Total
Non renewable energy	Detailed	3	2	13	6
	Mentioned	5	8	20	11
	Not Reported	92	90	67	83
	Total	**100**	**100**	**100**	**100**
Renewable energy resources	Detailed	2	2	9	4
	Mentioned	0	12	17	9
	Not Reported	98	86	74	87
	Total	**100**	**100**	**100**	**100**
Hazardous / dangerous / polluting substances	Detailed	3	5	13	7
	Mentioned	20	17	32	23
	Not Reported	77	78	55	70
	Total	**100**	**100**	**100**	**100**
Water resources	Detailed	1	3	8	4
	Mentioned	2	10	12	7
	Not Reported	97	87	80	89
	Total	**100**	**100**	**100**	**100**

Table A3.6 – Share of companies reporting on different types of emissions, per cent

		No of employees			
		<50	50-250	>250	Total
To Air	Detailed	1	3	16	7
	Mentioned	11	28	29	22
	Not Reported	88	69	55	71
	Total	**100**	**100**	**100**	**100**
To Water	Detailed	0	2	13	5
	Mentioned	7	20	29	18
	Not Reported	93	78	58	77
	Total	**100**	**100**	**100**	**100**
To Soil	Detailed	0	0	10	3
	Mentioned	6	18	18	13
	Not Reported	94	82	72	84
	Total	**100**	**100**	**100**	**100**
Waste production	Detailed	2	2	13	6
	Mentioned	6	17	25	15
	Not Reported	92	81	61	79
	Total	**100**	**100**	**100**	**100**
Product’s impact on the external environment	Detailed	0	3	12	5
	Mentioned	13	16	31	20
	Not Reported	87	81	57	75
	Total	**100**	**100**	**100**	**100**
Noise	Detailed	0	0	3	1
	Mentioned	4	17	18	12
	Not Reported	96	83	79	87
	Total	**100**	**100**	**100**	**100**

Table A3.7 - Share of companies reporting on environmental policies, per cent

		No of employees			
		<50	**50-250**	**>250**	**Total**
Environmental policies	Detailed	0	3	9	4
	Mentioned	22	36	57	37
	Not Reported	78	61	34	59
	Total	**100**	**100**	**100**	**100**

Table A3.8 - Share of companies reporting on measures, per cent

		No of employees			
		<50	**50-250**	**>250**	**Total**
To prevent negative environmental impact	Detailed	1	3	6	3
	Mentioned	6	19	41	21
	Not Reported	93	78	53	76
	Total	**100**	**100**	**100**	**100**
To reduce negative environmental impact	Detailed	1	3	8	4
	Mentioned	10	23	44	23
	Not Reported	89	79	48	73
	Total	**100**	**100**	**100**	**100**
To remedy negative environmental impact	Detailed	0	2	6	3
	Mentioned	5	13	24	14
	Not Reported	95	85	69	83
	Total	**100**	**100**	**100**	**100**
Results of measures	Detailed	1	5	6	4
	Mentioned	1	5	22	9
	Not Reported	98	90	72	87
	Total	**100**	**100**	**100**	**100**

Table A3.9 - Share of companies reporting on environmental issues in income statement and balance sheet, per cent

		No of employees			
		<50	**50-250**	**>250**	**Total**
Environmental cost in income statement	Detailed	0	0	3	1
	Mentioned	3	5	1	3
	Not Reported	97	95	96	96
	Total	**100**	**100**	**100**	**100**
Environmental resources in balance sheet	Detailed	0	0	4	1
	Mentioned	1	5	6	4
	Not Reported	99	95	90	95
	Total	**100**	**100**	**100**	**100**
Environmental liabilities	Detailed	0	0	13	4
	Mentioned	2	7	10	6
	Not Reported	98	93	77	90
	Total	**100**	**100**	**100**	**100**

Table A3.10 - Share of companies reporting on environmental investments, per cent

		No of employees			
		<50	50-250	>250	Total
Qualitative description of environmental investments	Detailed	0	0	5	2
	Mentioned	10	18	28	18
	Not Reported	90	82	67	80
	Total	**100**	**100**	**100**	**100**
Quantitative description of environmental investments	Detailed	0	0	6	2
	Mentioned	7	11	12	10
	Not Reported	93	89	82	88
	Total	**100**	**100**	**100**	**100**

Table A3.11 - Auditors' assessment of the qualitative characteristics of environmental information in annual reports, by company size

		No of employees			
		<50	50-250	>250	Total
Understandability	High	15	12	15	14
	Low	38	35	23	32
	Medium	47	53	62	54
	Total	**100**	**100**	**100**	**100**
Relevance	High	9	9	20	13
	Low	45	39	34	40
	Medium	46	52	46	47
	Total	**100**	**100**	**100**	**100**
Reliability	High	23	32	42	32
	Low	34	17	10	21
	Medium	43	52	48	47
	Total	**100**	**100**	**100**	**100**
Comparability	High	9	10	13	10
	Low	57	50	35	48
	Medium	34	40	52	42
	Total	**100**	**100**	**100**	**100**

Table A3.12 - Auditors' assessment of the qualitative characteristics of environmental information in annual reports, by country

		Country					
		DK	FI	ICE	NO	SE	Total
Understandability	High	15	7	8	30	12	14
	Low	38	30	67	12	32	32
	Medium	47	63	25	58	26	54
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Relevance	High	18	15	8	15	10	13
	Low	54	48	75	36	31	40
	Medium	28	37	17	49	59	47
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Reliability	High	34	30	8	33	33	32
	Low	26	11	67	18	18	21
	Medium	40	59	25	48	49	47
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Comparability	High	21	4	8	15	7	10
	Low	46	52	75	36	48	48
	Medium	33	44	17	49	45	42
	Total	**100**	**100**	**100**	**100**	**100**	**100**

Table A3.13 - Use of qualitative environmental indicators, by company size, per cent

		No of employees			
		<50	50-250	>250	Total
Description of current situation	No	69	63	34	56
	Yes	31	37	66	44
	Total	**100**	**100**	**100**	**100**
Description of policies and standards	No	85	83	48	72
	Yes	15	17	52	28
	Total	**100**	**100**	**100**	**100**

Table A3.14 - Use of quantitative environmental indicators, by company size, per cent

		No of employees			
		<50	50-250	>250	Total
Actual environmental indicators	No	90	90	70	83
	Yes	10	10	30	17
	Total	**100**	**100**	**100**	**100**
Environmental bench-marks	No	96	100	88	94
	Yes	4	0	12	6
	Total	**100**	**100**	**100**	**100**
Historical indicators	No	93	94	83	89
	Yes	7	6	17	11
	Total	**100**	**100**	**100**	**100**

Table A3.15 - Use of quantitative environmental indicators, by country, per cent

		Country					
		DK	FI	ICE	NO	SE	Total
Description of current situation	Yes	51	44	100	42	58	56
	No	49	56	0	58	42	44
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Description of policies and standards	Yes	69	48	100	76	74	72
	No	31	52	0	24	26	28
	Total	**100**	**100**	**100**	**100**	**100**	**100**

Table A3.16 - Use of qualitative environmental indicators, by country, per cent

		Country					
		DK	FI	ICE	NO	SE	Total
Actual environ-mental indicators	Yes	79	81	100	91	81	83
	No	21	18	0	9	19	17
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Environmental benchmarks	Yes	97	89	100	97	94	94
	No	3	11	0	3	6	6
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Historical indica-tors	Yes	82	81	100	100	90	89
	No	18	19	0	0	10	11
	Total	**100**	**100**	**100**	**100**	**100**	**100**

Table A3.17 - Factors limiting companies reporting of environmental information in annual reports, by company size, per cent

		No of employees			
		<50	50-250	>250	Total
Lack of standards	Yes	22	37	29	28
	No	35	21	41	33
	No opinion	43	42	30	39
	Total	**100**	**100**	**100**	**100**
Lack of knowledge	Yes	10	24	8	13
	No	38	41	59	46
	No opinion	52	35	33	41
	Total	**100**	**100**	**100**	**100**
Lack of relevance	Yes	43	48	43	44
	No	18	14	32	22
	No opinion	40	38	25	34
	Total	**100**	**100**	**100**	**100**
Lack of interest among primary stakeholders	Yes	26	39	29	31
	No	25	19	30	25
	No opinion	49	42	41	44
	Total	**100**	**100**	**100**	**100**
Competitive reasons	Yes	5	5	8	6
	No	52	62	65	59
	No opinion	43	33	27	35
	Total	**100**	**100**	**100**	**100**

Table A3.18 - Factors limiting companies' reporting of environmental information in annual reports, by country, per cent

		Country					
		DK	FI	ICE	NO	SE	Total
Lack of standards	Yes	38	26	27	30	25	28
	No	38	37	33	36	30	33
	No opinion	24	37	40	34	45	39
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Lack of knowledge	Yes	18	22	20	6	10	13
	No	51	41	40	45	46	46
	No opinion	31	37	40	48	44	42
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Lack of relevance	Yes	58	67	40	52	33	44
	No	21	11	27	24	23	22
	No opinion	21	22	33	24	44	34
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Lack of interest among primary stakeholders	Yes	49	30	47	18	26	31
	No	18	18	20	30	28	25
	No opinion	33	52	33	51	46	44
	Total	**100**	**100**	**100**	**100**	**100**	**100**
Competitive reasons	Yes	13	4	13	9	2	6
	No	69	59	54	61	56	59
	No opinion	18	37	33	30	42	35
	Total	**100**	**100**	**100**	**100**	**100**	**100**

Appendix 4 Workshop participants

Denmark

Name	Title	Company/Organisation
Torben Steen Nielsen	Senior Project Manager	Coloplast A/S
Claus Frier	Sustainability Manager	Novozymes
Niels Strange Andersen	Environmetal Manager	Dong Energy
Sofie Faaborg Andersen	QHSE Engineer	Dong Energy
Laura Huntington Willemoes	Environmental Manager	Dong Energy
Brunno Maradei	Assistant Director	Eiris
Christine Bjergsted Jørgensen	Senior Fund Manager	BankInvest
Hasse Nelson	Portfolio Manager	Carnegie Asset Management
Birgitte Mogensen	Partner	PricewaterhouseCoopers
Anders Holbech	Senior Consultant	PricewaterhouseCoopers

Finland

Name	Title	Company/Organisation
Marjut Lovio	Corporate Responsibility Advisor	Kesko Oyj
Susanna Monni	Director	Finnish Business and Society
Pauli Alajoki	Financial Manager	Kesko Oyj
Anne-Maria Flanagan	Senior Consultant / SBS	PwC
Vesa Laakso	Senior Consultant / SBS	PwC

Iceland

Name	Title	Company/Organisation
Lars Peter Jensen	Project Manager/Engineer	Colas

Norway

Name	Title	Company/Organisation
Espen Gundersen	*CFO*	*Tomra Systems*
Ottar Haugerud	*Investment Director*	*Orkla*
Erling Svela	*CFO*	*Kitron*
Trond Tømta	*Chief Accounting Officer*	*PwC Norway*
Håvard S. Abrahamsen	*Partner*	*PwC Norway*

Sweden

Name	Title	Company/Organisation
Berglund, Bo	*Manager Sustainability Affairs, Group Communications*	*Sandvik AB*
Burén, Carl-Gustaf	Secretary of the Swedish Enterprise Accounting Group	Confederation of Swedish Enterprise
Erlandsson-Segerström, Birgitta	Senior Manager Sustainable Business Solutions	Öhrlings PricewaterhouseCoopers AB
Flock-Åhlander, Maria	Manager Sustainable Business Solutions	Öhrlings PricewaterhouseCoopers AB
Hellström, Victoria	*Vice President Environment*	*Trelleborg AB*
Johansson, Olof	*Head of Environmental and Social Responsibility*	*Sveaskog Förvaltnings AB*
Rosén, Carl	*Head of Corporate Governance and Communications*	*Second Swedish National Pension Fund*
Stenqvist, Åsa	*Senior Vice President, Corporate Communications and Investor Relations*	*Husqvarna AB*
Larsson, Lars-Olle	*Principal Director, Sustainable Business Solutions*	*Öhrlings PricewaterhouseCoopers AB*
Cedergren, Johanna	*Assistant Sustainable Business Solutions*	*Öhrlings PricewaterhouseCoopers AB*