

CDP Climate Change Report 2015

Nordic natural capital edition

Written on behalf 822 of investors with €86 trillion in assets





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

Ban Ki-Moon,
UN Secretary-General



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Cover image: City of Stockholm

Stockholm is one of the world's leading cities on sustainability. With a 100% renewable electricity target and a plan to become completely fossil fuel-free by 2040, they are aiming high. The city developed its roadmap to achieve fossil fuel-free status by 2050, following a broad public consultation, and has since brought forward the target to 2040. More information on other Nordic cities at <https://www.cdp.net/en-US/Pages/events/2015/cities/infographic-narrative.aspx>

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Due to the increased investor usage of climate related data in numerous different investment strategies the need for higher quality and more complete data is bigger than ever. Therefore we encourage companies to report to CDP as it is the main hub globally to collect this data for all the investors in the world.

John Howchin,
Ethical Council of the
Swedish National Pension funds



Decarbonizing the global economy is an ambitious undertaking, even over many decades... corporate leaders understand the size of the challenge, and the importance of meeting it. We are on the threshold of an economic revolution that will transform how we think about productive activity and growth.

CDP was set up, almost 15 years ago, to serve investors. A small group of 35 institutions, managing US\$4 trillion in assets, wanted to see companies reporting reliable, comprehensive information about climate change risks and opportunities.

Since that time, our signatory base has grown enormously, to 822 investors with €86 trillion in assets. And the corporate world has responded to their requests for this information. More than 5,500 companies now disclose to CDP, generating the world's largest database of corporate environmental information, covering climate, water and forest-risk commodities.

Our investor signatories are not interested in this information out of mere curiosity. They believe, as we do, that this vital data offers insights into how reporting companies are confronting the central sustainability challenges of the 21st century. And the data, and this report, shows that companies have made considerable progress in recent years – whether by adopting an internal carbon price, investing in low-carbon energy, or by setting long-term emissions reduction targets in line with climate science.

For our signatory investors, insight leads to action. They use CDP data to help guide investment decisions – to protect themselves against the risks associated with climate change and resource scarcity, and profit from those companies that are well positioned to succeed in a low-carbon economy.

This year, in particular, momentum among investors has grown strongly. Shareholders have come together in overwhelming support for climate resolutions at leading energy companies BP, Shell and Statoil. There is ever increasing direct engagement by shareholders to stop the boards of companies from using shareholders' funds to lobby against government action to tax and regulate greenhouse gasses. This activity is vital to protect the public.

Many investors are critically assessing the climate risk in their portfolios, leading to select divestment from more carbon-intensive energy stocks – or, in some cases, from the entire fossil fuel complex. Leading institutions have joined with us in the Portfolio Decarbonization Coalition, committing to cut the carbon intensity of their investments.

This momentum comes at a crucial time, as we look forward to COP21, the pivotal UN climate talks, in Paris in December. A successful Paris agreement would set the world on course for a goal of net zero emissions by the end of this century, providing business and investors with a clear, long-term trajectory against which to plan strategy and investment.

Without doubt, decarbonizing the global economy is an ambitious undertaking, even over many decades.

But the actions that companies are already taking, and reporting to CDP, show that corporate leaders understand the size of the challenge, and the importance of meeting it.

We are on the threshold of an economic revolution that will transform how we think about productive activity and growth. We are beginning to decouple energy use and greenhouse gas emissions from GDP, through a process of 'dematerialization' – where consumption migrates from physical goods to electronic products and services. This will create new assets, multi-billion dollar companies with a fraction of the physical footprint of their predecessors.

Similarly, there is a growing realization that 'work' is no longer a place, but increasingly an activity that can take place anywhere. And it no longer relies on the physical, carbon-intensive infrastructure we once built to support it.

In the 19th century we built railway lines across the globe to transport people and goods. Now we need to create a new form of transportation, in the form of broadband. Investment in fixed and mobile broadband will create advanced networks upon which the communications-driven economy of the 21st century can be built – an economy where opportunity is not limited by time or geography, and where there are no limits to growth.

An economic revolution of this scale will create losers as well as winners. Schumpeter's 'creative destruction', applied to the climate challenge, is set to transform the global economy. It is only through the provision of timely, accurate information, such as that collected by CDP, that investors will be able to properly understand the processes underway. Our work has just begun.



All companies should be reporting to CDP. Here you have an example of how public policy and international dialogue begins to drive markets, and how markets need information.

Achim Steiner, Executive Director, UN Environment Programme (UNEP)



Update: The EU Non-Financial Reporting Directive



Consistency in the approaches to the NFR Directive implementation across the EU Member States is crucial.

Are we on track?

On September 29th 2014, the EU Council approved the Directive on disclosure of non-financial and diversity information by certain large corporations of “public interest” with at least 500 employees. The directive has to be enforced by 2017 under the EU Accounting Directive and is currently undergoing the implementation process in the EU countries. The Member States do have some flexibility on certain aspects, e.g. how to specify the Directive’s text, where the information needs to be reported, how the data should be verified and which companies should be required to report. Member States are currently implementing the environmental reporting component of the Directive quite differently, which could lead to a patchwork of fragmented and incompatible national reporting requirements. At the same time institutional investors’ demands for globally comparable, verified corporate environmental data throughout companies whole supply chain have become even clearer and more urgent over recent months.

CDP’s key principles regarding NFR

Consistency in the approaches to the NFR Directive implementation across the EU Member States is crucial. Disclosures made by companies will only be useful to shareholders if they can be compared to disclosures made by peer companies, even if they happen to be listed in another EU country.

New regulatory requirements should be in line with existing best practice in corporate disclosure. To avoid reporting only for the sake of reporting, it is important to promote the consistency of reported information for investors and to reduce the reporting burden for companies.

The primary purpose of annual reports by listed companies is to inform shareholders and influence their behavior. Therefore reported information should answer its customer’s needs and should allow investors to compare different companies, and should be an accurate representation of the risks and opportunities facing companies.

Information reported to shareholders should be presented alongside assured financial information and should be possible for a third party to assure. Non-financial information should be reported with the same degree of care and rigor as financial information and should be presented alongside it in the same report to increase visibility and usage of such information for decision making processes.

CDP’s position

CDP’s long-term endorsement by more than 800 institutional investors with over €86 trillion of assets under management has de-facto introduced a standard for reporting corporate environmental information. Some 5,500 companies worldwide (of which around 1,800 alone are in Europe) already apply this reporting standard, cumulatively representing over half of the world’s market capitalization.

Institutional investors use non-financial CDP data in their daily decision making via various information channels such as Bloomberg terminals, CSR reports, annual financial statements, ESG ratings, as well as directly through CDP. CDP data is also used to drive change through corporate supply chains, and to inform environmental policy that relates to business activity.

How CDP can help

Via the CDP reporting platform, companies already report information to investors that fulfils their requirements as regards environmental reporting. In addition to this, CDP has promoted the development of standards for mainstream non-financial reporting through its support of the Climate Disclosure Standards Board (CDSB), in coalition with seven other key environmental NGOs (CERES, The Climate Group, The Climate Registry, IETA, WBCSD, WEF, WRI).

CDSB’s reporting framework is a unique tool, which would enable companies to use data from their CDP response to comply with the new EU accounting directive as regards environmental reporting. The CDSB reporting framework also provides the basis on which the social and governance reporting requirements could be built.

How your company can get involved

In order to make the new legislation meaningful, as well as simple to implement by companies, we encourage you to advocate your national governments directly and through your trade associations. A pragmatic EU wide approach to non-financial reporting is the optimal solution for business and investors. It should build on available and established reporting frameworks, such as CDSB. CDP and CDSB are here to support you in that effort. Our staff are available to answer any questions and provide further information.

Steven Tebbe
Managing Director
CDP Europe



I think there are great benefits to investment managers who are able to integrate environmental data into their models. They are the leaders in finding a value-driver within an industry and modeling it when the rest of the market can't. That gives you a competitive advantage.

George Serafeim
Harvard Business School



Capital markets are waking up to climate-conscious investing. Mainstream European investors are finding ways to lower the carbon content of their portfolios, without sacrificing returns. The largest asset managers on Wall Street now offer financial products to address carbon opportunities and risks. And more activist funds from Sweden to Australia are engaging with the heaviest emitters, urging them to lower their greenhouse gas emissions.

CDP led this shift, harnessing the power of investors now representing one-third of the world's investment. In 2000, when CDP first asked investors to sign its disclosure request to companies, most fund directors were indifferent to climate change issues. Since then, CDP has won the support of financial giants including AIG, Bank of America Merrill Lynch, Barclays', BlackRock, Credit Suisse, Deutsche Bank, HSBC, ING, Itau, J.P. Morgan Chase, Macquarie, Nomura, Santander, and Wells Fargo.

"The field would not be where it is today without CDP," said Curtis Ravenel, director of sustainability for Bloomberg, whose terminals display CDP data, scoring and rankings that form the basis for new index-based funds. "They mobilized the investment community to recognize climate change and to drive disclosure from companies."

While the US has long lagged Europe in investor action on climate change, many Wall Street stalwarts are now focusing on it. "Over the last two years, ESG has become more central to our clients," said Hugh Lawson, Goldman Sachs' head of ESG investing. "Climate change is clearly on people's minds."

The investment community is building products and tools to reduce carbon intensity in portfolios, and shifting investment to new low carbon technologies and opportunities. Developing new strategies and products requires solid information, and CDP gathers and analyzes the environmental impact of more than 5,500 companies representing 55%* of the world's market capitalization.

Qualitative answers to CDP's climate change questionnaire offer integrated information for active investors engaging companies. Investment manager Rockefeller & Co. sees in CDP disclosures how com-

panies are dealing with water and emissions challenges, and the transparency of their supply chain.

"We like to put the (financial) metrics in context," said Farha-Joyce Haboucha, Rockefeller's director of Sustainability & Impact Investing. "All those nitty-gritty details help us talk to management. We can show one company's details to another, and say: 'You can do better on this.'"

Companies will now have to prove they meet strict ESG standards to be included in the portfolio of ABP, one of the world's biggest pension funds, with €350bn in assets and 2.8 million participants. The Dutch pension fund expects to shift €30bn of its €90bn in equities to cut the carbon emissions of companies within its portfolio by 25% over the next five years. "The new strategy must not have an impact on the return on investment," the fund's chairwoman Corien Wortmann said.

Whether active or passive, investors' actions are backed by research that shows that good disclosure is a proxy for good management globally and that best-in-class climate performers may outperform their peers. "It is more feasible to incorporate climate change into investment decisions because the data availability and quality has increased in the last 10 years due to groups like CDP," said George Serafeim at Harvard Business School.

Globally, \$21.4 trillion was invested in funds with ESG mandates in 2014, up 61% in two years, according to the Global Sustainable Investment Alliance. In Europe, it is more than half of institutionally managed assets.

Investors taking a long-term view are crucial to avoiding the "tragedy of the horizon," according to Mark Carney, Chairman of the Financial Stability Board and Governor of the Bank of England. In a recent speech to Lloyd's of London, Carney called for better disclosure worldwide, citing CDP as a model, to make the global economy more resilient. He said clear prices on carbon, another focus of CDP, and stress-testing would buttress this.

As mainstream investors take a longer view, they are asking companies to future-proof their business to take better account of environmental risks and opportunities to stabilize, maximize and grow shareholder return.

*sourced from Bloomberg

"Divest, invest, engage and report"

KLP's carbon strategy is threefold. First, we divest from companies that obtain 50% or more of their revenues from coal-based activities, including coal power generation and coal mining. The list of excluded companies is publicly available on our website, along with the rationale for exclusion.

Secondly, we engage with the most CO₂-intensive companies to encourage emissions reductions. KLP has been the Norwegian partner for CDP since 2007. We now work closely with CDP also on specific multi-investor engagements centered on the CDP quarterly investor-focused sector research.

Thirdly, KLP has committed one billion Norwegian kroner to targeted impact investing to produce new renewable energy capacity in developing countries, where coal is often the alternative fuel source.

These investments are KLP's most direct contribution to ensuring we reach the two-degree scenario. On top of this we measure and report our carbon footprint, creating awareness on how KLP and investee companies' efforts of emissions reduction contribute.

About KLP

Kommunal Landspensjonskasse (KLP) is Norway's largest pension fund managing public employees' pensions as well as delivering safe and competitive financial and insurance services to the public sector. The group has total assets of NOK 513 billion invested globally in equities, bonds, infrastructure and property. KLP has been a Norway partner to CDP since 2007.

Nordic investors in the forefront of encouraging corporate action on emissions

Collaborative investor action for greater transparency on the Nordic market

"To assess our investment portfolios we are dependent on reliable, comparable data from the companies in which we invest. We encourage all companies in our investment portfolios to provide the requested information to CDP."

In April 2015, fourteen major Nordic investors took more direct action to encourage environmental transparency from the companies in their holdings. These investors asked companies to begin work on climate reporting to provide greater insight into their management of risks and opportunities from climate change.

The investors directly contacted 73 companies in the Nordic region. Most of these companies had consistently declined to provide information to investors through the CDP platform in previous years. A few were receiving the request for information for the first time.

The results of this collaborative engagement were very positive, as 19% of the targeted companies eventually provided information to investors through CDP in 2015. For a further 24% of the companies, a positive dialogue was established with strong evidence that these companies were beginning the data collection process for future reporting.

"A partial response is always preferable to no response"

One of the benefits of reporting through CDP is that by responding to a single questionnaire a company can satisfy hundreds of investors. Therefore the same set

of questions is presented to all organizations. Companies are at different stages of reporting maturity and partial responses are preferred to no response.

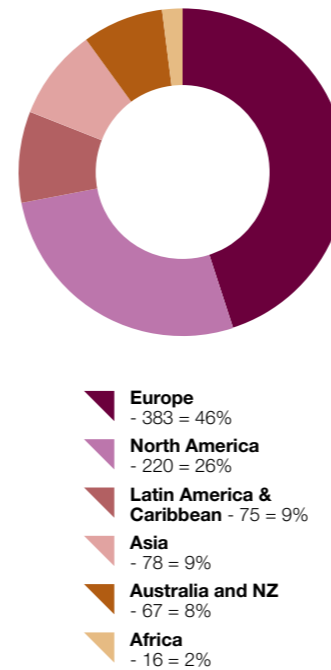
The letter was signed by the First, Second, Third, Fourth and Seventh Swedish National Pension Funds, KLP, Folketrygdfondet, Ilmarinen, Storebrand, Nordea Asset Management, Länsförsäkringar, PKA, KPA Pension and the Church of Sweden.



CDP Nordic investor signatories

| | |
|---|---|
| CDP Nordic investor signatories | Nordea Investment Management |
| AMF Pension | Norges Bank Investment Management |
| ATP Group | Nykredit |
| Cultura Bank | Öhman |
| Danske Bank Group | OP Fund Management Company Ltd |
| DIP | Opplysningsvesenets fond (The Norwegian Church Endowment) |
| DNB ASA | Pension Denmark |
| East Capital AB | Pension Fund for Danish Lawyers and Economists |
| Eika Kapitalforvaltning AS | PFA Pension |
| Ekobanken medlemsbank (cooperative bank) | PKA |
| Elo Mutual Pension Insurance Company | Pohjola Asset Management Ltd |
| eQ Asset Management Ltd | Sampension KP Livsforsikring A/S |
| Erik Penser Fondkommission | SEB AB |
| Evli Bank Plc | Second Swedish National Pension Fund (AP2) |
| FIM Asset Management Ltd | Seligson & Co Fund Management Plc |
| First Swedish National Pension Fund (AP1) | Seventh Swedish National Pension Fund (AP7) |
| Folketrygdfondet | Sixth Swedish National Pension Fund (AP6) |
| Folksam | Skandia |
| Fourth Swedish National Pension Fund, (AP4) | Storebrand ASA |
| Gjensidige Forsikring ASA | Svenska kyrkan |
| Handelsbanken | Svenska kyrkans pensionskassa |
| Ilmarinen Mutual Pension Insurance Company | Swedbank AB |
| Keva | Swedish Pensions Agency |
| KLP | The Central Church Fund of Finland |
| KPA Pension | Third Swedish National Pension Fund (AP3) |
| Landsorganisationen i Sverige | Unionen |
| Länsförsäkringar | Unipension Fondsmæglerelskab A/S |
| LD Lønmodtagernes Dyrtidsfond | Veritas Pension Insurance |
| LocalTapiola Asset Management Ltd | |
| Mistra, The Swedish Foundation for Strategic Environmental Research | |

1. Investor signatories by location



2. Investor signatories by type



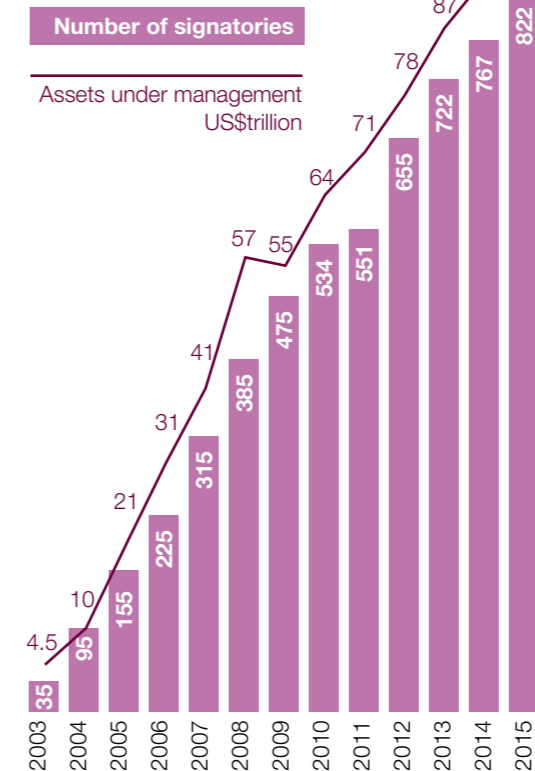
CDP Investor signatories and members

CDP investor initiatives – backed in 2015 by 822 institutional investors representing in excess of €86 trillion in assets – give investors access to a global source of year-on-year information that supports long-term objective analysis.

This includes evidence and insight into companies' greenhouse gas emissions, water usage and strategies for managing climate change, water and deforestation risks. Investor members have additional access to data tools and analysis.

to become a member visit:
<https://www.cdp.net/en-US/Programmes/Pages/what-is-membership.aspx>
To view the full list of investor signatories please visit:
<https://www.cdp.net/en-US/Programmes/Pages/Sig-Investor-List.aspx>

3. Investor signatories over time



Investor members

| |
|---|
| ABRAPP - Associação Brasileira das Entidades Fechadas de Previdência Complementar |
| AEGON N.V. |
| Allianz Global Investors |
| ATP Group |
| Aviva Investors |
| AXA Group |
| Bank of America Merrill Lynch |
| Bendigo & Adelaide Bank Limited |
| BlackRock |
| Boston Common Asset Management, LLC |
| BP Investment Management Limited |
| California Public Employees' Retirement System |
| California State Teachers' Retirement System |
| Calvert Investment Management, Inc. |
| Capricorn Investment Group, LLC |
| Catholic Super |
| CCLA Investment Management Ltd |
| ClearBridge Investments |
| DEXUS Property Group |
| Environment Agency Pension fund |
| Etica SGR |
| Eurizon Capital SGR |
| Fachest |
| FAPES |
| Fundação Itaú Unibanco |
| Generation Investment Management |
| Goldman Sachs Asset Management |
| Henderson Global Investors |
| HSBC Holdings plc |
| Infraprev |
| KeyCorp |
| KLP |
| Legg Mason Global Asset Management |
| London Pensions Fund Authority |
| Maine Public Employees Retirement System |
| Morgan Stanley |
| National Australia Bank Limited |
| NEI Investments |
| Neuberger Berman |
| New York State Common Retirement Fund |
| Nordea Investment Management |
| Norges Bank Investment Management |
| Overlook Investments Limited |
| PFA Pension |
| Previ |
| Real Grandeza |
| Robeco |
| RobecoSAM AG |
| Rockefeller Asset Management, Sustainability & Impact Investing Group |
| Royal Bank of Canada |
| Sampension KP Livsforsikring A/S |
| Schroders |
| SEB AB |
| Sompo Japan Nipponkoa Holdings, Inc |
| Sustainable Insight Capital Management |
| TD Asset Management |
| Terra Alpha Investments LLC |
| The Wellcome Trust |
| University of California |
| UBS |

The case for corporate action on climate change has never been stronger and better understood. With the scientific evidence of manmade climate change becoming ever more incontrovertible, leading companies and their investors increasingly recognize the strategic opportunity presented by the transition to a low-carbon global economy.

| Global | 2010 | 2015 |
|---|---------------------------|---------------------------|
| Analyzed responses | 1,799 | 1,997 |
| Market cap of analyzed companies US\$m* | 25,179,776 | 35,697,470 |
| Scope 1 | 5,459 MtCO ₂ e | 5,382 MtCO ₂ e |
| Scope 2 | 1,027 MtCO ₂ e | 1,301 MtCO ₂ e |
| Scope 1 like for like: 1306 companies | 4,135 MtCO ₂ e | 4,425 MtCO ₂ e |
| Scope 2 like for like: 1306 companies | 794 MtCO ₂ e | 887 MtCO ₂ e |

* Market capitalization figures from Bloomberg at 1 January 2010 and 1 January 2015.

And they are acting to seize this opportunity. The latest data from companies that this year took part in CDP's climate change program – as requested by 822 institutional investors, representing US\$95 trillion in assets – provide evidence that reporting companies are taking action and making investments to position themselves for this transition.

Growing momentum from the corporate world is coinciding with growing political momentum. Later this year, the world's governments will meet in Paris to forge a new international climate agreement. Whatever the contours of that agreement, business will be central to implementing the necessary transition to a low-carbon global economy.

Business is already stepping up. The United Nations Environment Programme estimates that existing collaborative emissions reduction initiatives involving companies, cities and regions are on course to deliver the equivalent of 3 gigatons of carbon dioxide reductions by 2020. That's more than a third of the 'emissions gap' between existing government targets for that year and greenhouse gas emissions levels consistent with avoiding dangerous climate change.

Those investors who understand the need to decarbonize the global economy are watching particularly closely for evidence that the companies in which they invest are positioned to transition away from fossil fuel dependency.

By requesting that companies disclose through CDP, these investors have helped create the world's most comprehensive corporate environmental dataset. This data helps guide businesses, investors and governments to make better-informed decisions to address climate challenges.

This report offers a global analysis of the current state of the corporate response to climate change. For

We are targeting the full operational emissions for the organisation, including electricity, natural gas, diesel and refrigerant gases used in operational buildings and fleets.

J Sainsbury Plc

CDP has changed the way investors are able to understand the impact of climate change in their portfolio... promoting awareness of what risks or benefits are embedded into investments.

**Anna Kearney
BNY Mellon**

the first time, CDP compares the existing landscape to when the world was last on the verge of a major climate agreement. By comparing data disclosed in 2015 with the information provided in 2010, this report tracks what companies were doing in 2009, ahead of the ill-fated Copenhagen climate talks at the end of that year.

The findings show considerable progress: with corporate and investor engagement with the climate issue; in leading companies' management of climate risk; and evidence that corporate action is proving effective. However, the data also shows that much more needs to be done if we are to avoid dangerous climate change.

Growing corporate engagement on climate change...

For the purposes of this 2015 report and analysis, we focused on responses from 1,997 companies, primarily selected by market capitalization through regional stock indexes and listings, to compare with the equivalent 1,799 companies that submitted data in 2010. These companies, from 51 countries around the world, represent 55% of the market capitalization of listed companies globally.

The data shows significant improvements in corporate management of climate change. What was leading behavior in 2010 is now standard practice. For example, governance is improving, with a higher percentage of companies allocating responsibility for climate issues to the board or to senior management (from 80% to 94% of respondents). And more companies are incentivizing employees through financial and non-financial means to manage climate issues (47% to 75%).

Importantly, the percentage of companies setting targets to reduce emissions has also grown strongly. Forty four per cent now set goals to reduce their total greenhouse gas emissions, up from just 27%

in 2010. Even more – 50% - have goals to reduce emissions per unit of output, up from 20% in 2010.

Companies are responding to the ever-more compelling evidence that manmade greenhouse gas emissions are warming the atmosphere. This helps build the business case for monitoring, measuring and disclosing around climate change issues. But greater corporate engagement with climate change is at least partly down to influence from increasingly concerned investors.

... Amid growing investor concern

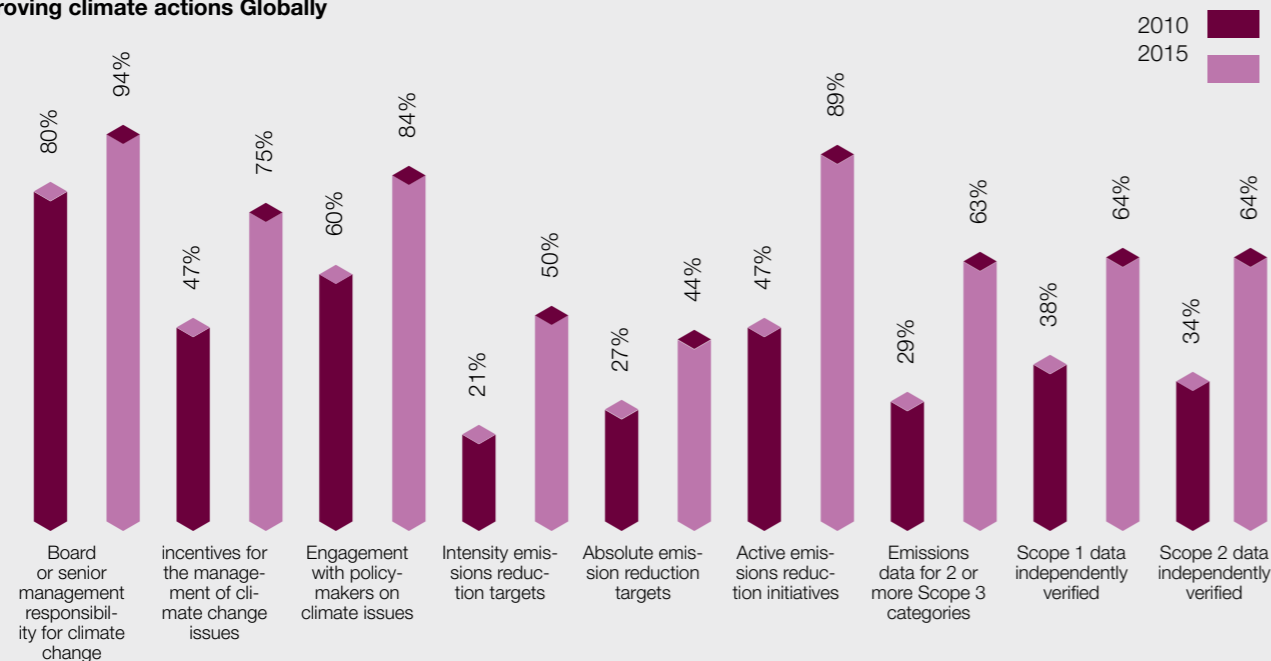
Since 2010, there has been a 54% rise in the number of institutional investors, from 534 to 822, requesting disclosure of climate change, energy and emissions data through CDP.

Investors are also broadening the means by which they are encouraging corporate action on emissions. In recent years, they have launched several other initiatives.

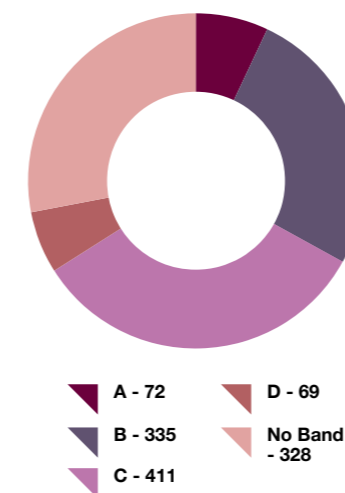
For example, a number of institutional investors have come together in the 'Aiming for A' coalition to call on specific major emitters to demonstrate good strategic carbon management by attaining (and maintaining) inclusion in CDP's Climate A List. The A List recognizes companies that are leading in their actions to reduce emissions and mitigate climate change in the past CDP reporting year. In 2015, following a period of engagement with the companies, the coalition was successful in passing shareholder resolutions calling for improved climate disclosure at the annual meetings of BP, Shell and Statoil, with nearly 100% of the votes in each case.

Investors are also applying principles of transparency and exposure to themselves. More than 60 institutional investors have signed the Montréal Carbon Pledge, under which they commit to measure and publicly disclose the carbon footprint of

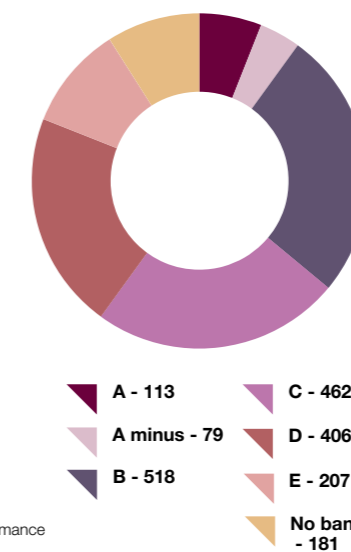
1. Improving climate actions Globally



2. 2010 performance bands globally*

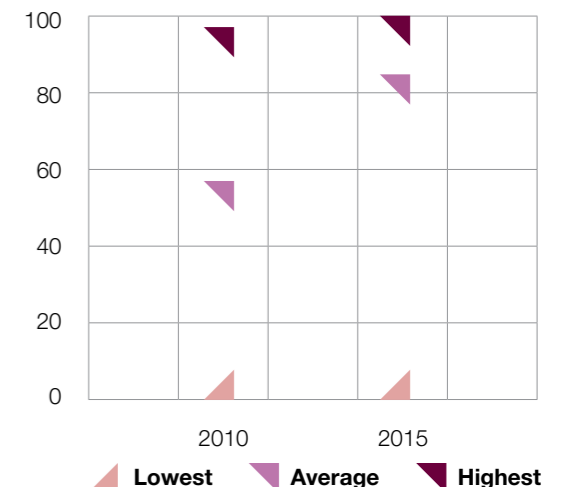


3. 2015 performance bands globally



* in 2010 and 2015 not all companies were scored for performance

4. Disclosure scores over time Globally



▶▶
We have a public commitment to meet 100% of electricity requirements through renewables by fiscal 2018 and we will be investing in about 200 MW of solar PV plants.

Infosys

▶▶
Google uses carbon prices as part of our risk assessment model. For example, the risk assessment at individual data centers also includes using a shadow price for carbon to estimate expected future energy costs.

Google

their investment portfolios on an annual basis. It aims to attract commitment from portfolios totaling US\$3 trillion in time for the Paris climate talks.

Investors are seeking to better understand the link between lower carbon emissions and financial performance, including through the use of innovative investor products such as CDP's sector research, launched this year, which directly links environmental impacts to the bottom line. Some investors are taking the next logical step, and are working to shrink their carbon footprints via the Portfolio Decarbonization Coalition (PDC). As of August, the PDC – of which CDP is one the founding members – was overseeing the decarbonization of US\$50 billion of assets under management by its 14 members.

Leading to effective corporate action

Companies are responding to these signals. In total, companies disclosed 8,335 projects or initiatives to reduce emissions in 2015, up from 7,285 in 2011 (the year for which the data allows for the most accurate comparison). The three most frequently undertaken types of project are: improving energy efficiency in buildings and processes; installing or building low carbon energy generators; and changing behavior, such as introducing cycle to work schemes, recycling programs and shared transport.

More than a third (36%) of reporting companies have switched to renewable energy to reduce their emissions. On average, the companies that purchased renewable energy in 2015 have doubled the number of activities they have in place to reduce their emissions, showing their growing understanding or capacity to realize the benefits of lower carbon business. Further, 71% (1,425) of respondents are employing energy efficiency measures to cut their emissions, compared with 62% (1,185) in 2011, demonstrating that companies are committed to reducing wasted energy wherever possible.

Companies are also quietly preparing for a world with constraints – and a price – on carbon emissions. In the past year particularly, we have seen a significant jump in the number of companies attributing a cost to each ton of carbon dioxide they emit, to help guide their investment decisions. This year 435² companies disclosed using an internal price on carbon, a near tripling of the 150 companies in 2014. Meanwhile, an additional 582 companies say they expect to be using an internal price on carbon in the next two years.

However, these efforts have not proved sufficient to adequately constrain emissions growth. On a like-for-like basis, direct ('Scope 1') emissions from the companies analyzed for this report grew 7% between 2010 and 2015. Scope 2 emissions, associated with purchased electricity, grew 11%. There are many factors that might explain this, not least economic growth but this rise in emissions is also considerably lower than would have been the case without the investments made by responding companies in emissions reduction activities.

Good progress – but it needs to accelerate

Companies disclosing through CDP's climate change program have made substantial progress in understanding, managing and beginning to reduce their climate change impacts. However, if dangerous climate change is to be avoided, emissions need to fall significantly.

Governments have committed to hold global warming to less than 2°C above pre-industrial levels. The Intergovernmental Panel on Climate Change calculates that to do this, global emissions need to fall between 41% and 72% by 2050. Although more companies are setting emissions targets, few of them are in line with this goal. In most cases, targets are neither deep enough nor sufficiently long term.

More than half (51%) of absolute emissions targets adopted by the reporting sample extend only to 2014 or 2015. Two fifths (42%) run to 2020 but only 6% extend beyond that date. The figures for intensity targets are almost identical. This caution in target setting is likely the result of the uncertain policy environment: many companies will be awaiting the outcome of the Paris climate talks before committing to longer-term targets.

However, a number of big emitters – such as utilities Iberdrola, Enel and NRG – have established long-term, ambitious emissions targets that are in line with climate science. These companies recognize that there is a business case for taking on such targets and setting a clear strategic direction, including encouraging innovation, identifying new markets and building long-term resilience. Many other companies have pledged to do so through the We Mean Business 'Commit to Action' initiative.

CDP aims to work along a number of fronts to help other companies, especially in high-emitting sectors, join them. With its partners, CDP has developed a sector-based approach to help companies set climate science-based emissions reduction targets. The Science Based Targets initiative uses the 2°C scenario developed by the International Energy Agency.

Looking forward, CDP will encourage more ambitious target setting through our performance scoring, by giving particular recognition to science-based targets. We are planning gradual changes to our scoring methodology that will reward companies that are transitioning towards renewable energy sources at pace and scale.

In addition, CDP is working with high-emitting industries to develop sector-specific climate change questionnaires and scoring methodologies, to ensure that disclosure to CDP, and the actions required to show leading performance, are appropriate for each sector. In 2015, we piloted a sector-specific climate change questionnaire and scoring methodology privately with selected oil and gas companies, ahead of their intended implementation in 2016.

▶▶
The climate negotiations in Paris at the end of the year present a unique opportunity for countries around the world to commit to a prosperous, low carbon future. The more ambitious the effort, the higher the rewards will be. But Paris is a milestone on the road to a better climate, not the grand finale.

Unilever

And business needs a seat at the table in Paris

The Paris climate agreement will, we hope, provide vital encouragement to what is a multi-decade effort to bring greenhouse gas emissions under control. It will hopefully give private sector emitters the confidence to set longer-term emissions targets aligned with climate change. Companies and their investors therefore will be, alongside national governments, arguably the most important participants in ensuring the success of the global effort to rein in emissions.

Companies that have an opinion on a global climate deal are overwhelmingly in support: when asked if their board of directors would support a global climate change agreement to limit warming to below 2°C, 805 companies said yes, while 111 said no. However, a large number of respondents (1,075) stated they have no opinion, and 331 did not answer the question. This suggests either a lack of clarity around the official board position on the issue, or that many companies are not treating the imminent climate talks with the necessary strategic priority.

Conclusion

The direction of travel is clear: the world will need to rapidly reduce emissions to prevent the worst effects of climate change. And the political will is building to undertake those reductions. The majority of those reductions will need to be delivered by the corporate world – creating both risk and opportunity.

CDP and the investors we work with have played a formative role in building awareness of these risks and opportunities. Our data has helped build the business case for emissions reduction and inform investment decisions. The corporate world is responding with thousands of emissions reduction initiatives and projects. But the data also shows that efforts will need to be redoubled, by both companies and their investors, if we are to successfully confront the challenge of climate change in the years to come.

A deeper dive into corporate environmental risk

Central to CDP's mission is communicating the progress companies have made in addressing climate change, and highlighting where risk may be unmanaged. To better do so, CDP has introduced sector-specific research for investors.

This forward-looking research links environmental impacts directly to the bottom line and directs investors as to how they can engage with companies to improve environmental performance.

The research flags topical environmental and regulatory issues within particular sectors, relevant to specific companies' financial performance and valuation, and designed for incorporation into investment decisions. Sectors covered to date include automotive, electric utilities and chemicals. The research is intended to support engagement with companies, providing actionable company-level conclusions.

To better equip investors in understanding carbon and climate risk, CDP is also developing further investor tools such as a carbon footprinting methodology, and is working continuously to improve the quality of our data.

Working towards water stewardship

CDP has this year introduced the first evaluation and ranking of corporate water management, using scoring carried out by our lead water-scoring partner, South Pole Group.

The questions in the water disclosure process guide companies to comprehensively assess the direct and indirect impacts that their business has on water resources, and their vulnerability to water availability and quality.

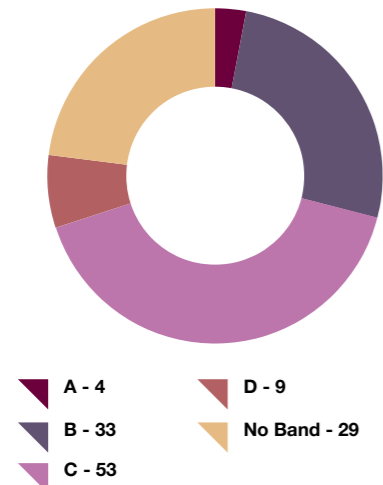
Introducing credible scoring will catalyze further action. It will illuminate where companies can improve the quality of the information they report, and their water management performance. Participants will benefit from peer benchmarking and the sharing of best practice.

Water scoring will follow a banded approach, with scores made public for those companies reaching the top 'leadership' band. Scoring will raise the visibility of water as a strategic issue within companies and increase transparency on the efforts they are making to manage water more effectively.

Furthermore, scoring will be used to inform business strategies, build supply chain resilience and secure competitive advantage. We hope that keeping score on companies and water will reduce the detrimental impacts that the commercial world has on water resources, ensuring a better future for all.

The numbers for companies using or planning to implement internal carbon pricing are based on the sample analyzed for Putting a price on risk: Carbon pricing in the corporate world. Of the 1,997 companies analyzed in this report 315 have disclosed that they set an internal carbon price, with 263 planning to do so. For more detail, see <https://www.cdp.net/CDPResults/carbon-pricing-in-the-corporate-world.pdf>

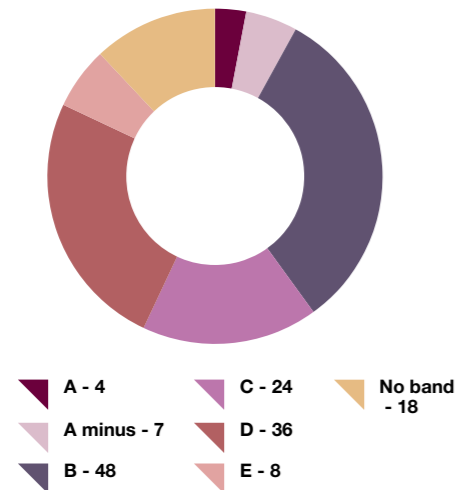
1. 2010 performance bands in Nordic region



This section offers an overview of the developments and current state of climate change disclosure and mitigation actions in the Nordic countries between 2010 and 2015, mirroring the global analysis. The analysis in this section is primarily focused on the responses from 145 companies in 2015 selected by their market capitalization to be compared with 130 companies that submitted data in 2010. These results cover a subset of the data available through CDP.

In total 205 Nordic corporations representing 84% of the market capitalization of the Nordic stock exchanges disclosed climate change information to their stakeholders through CDP in 2015, which represents an 8% increase from 2014. These companies are listed on page 26. In addition to the increase of companies reporting environmental information to their investors through CDP, the number of companies disclosing information to their customers through the supply chain program and the number of companies choosing to disclose to CDP on their own initiative (i.e. not on the request of investors or customers) also increased. These companies use CDP disclosure as a tool to document the corporate situation and to benchmark themselves against listed peers.

2. 2015 performance bands in Nordic region

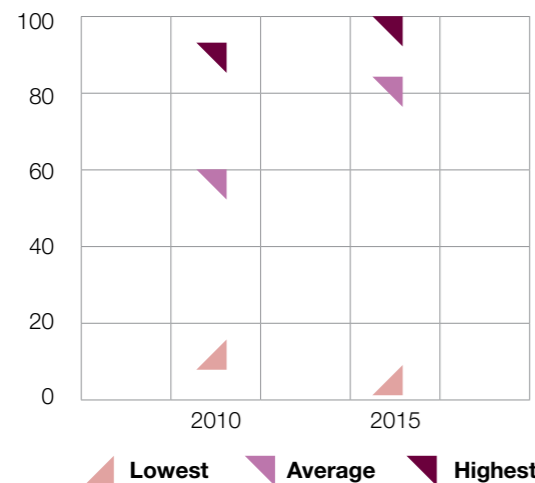


Improved transparency amongst Nordic responders

Companies reporting to investors through CDP are offering more complete submissions every year, but there is evidence showing that the gap between corporates taking proactive measures to manage and reduce their carbon footprints and those that don't has grown slightly since 2010.

The average of the performance bands describing the level of action has remained the same, "C" in both 2010 and in 2015 among Nordic companies. However, a closer look at the data indicates that in 2015 the disparity between leading and lagging climate performance between companies has increased, with significantly more companies achieving performance band B or higher in 2015 when at the same time the number of companies only achieving a performance band E or D has also increased. On the other hand, the proportion of companies left completely without a performance band (with disclosure score lower than 50) has decreased significantly from 2010, suggesting improvement in the overall maturity of proactive climate efforts among responding companies.

3. Disclosure scores over time in Nordic region



The average of Nordic disclosure scores, which measures completeness of the information supplied, was a record high 84 in 2015 when in 2010 it was as low as 60. Disclosure score averages also vary slightly across the region with Norwegian corporations achieving the best average results on transparency in the region this year. Typically the transparency and completeness of the reporting improves with time, so it is noteworthy that in 2015 especially in Sweden there were a number of new companies reporting to investors through CDP for the first time.

Positive developments with emissions performance

Since 2010, Nordic companies using CDP to manage their climate impacts have reduced their Scope 1 emissions by an average of 17% – almost treble the global average of 6%. Scope 2 emissions, associated with purchased electricity grew moderately with 2,9%, while globally the growth was 11,4%.

However, companies in the region are initiating fewer emission reduction activities in absolute terms, with 469 activities started this year, compared with 517 in 2011. Moreover, while 44% of companies report consuming renewable energy to reduce emissions – ahead of the global average of 36%

| | Average disclosure score | Average performance band |
|---------|--------------------------|--------------------------|
| Nordic | 84 | C |
| Denmark | 79 | C |
| Finland | 82 | C |
| Norway | 90 | C |
| Sweden | 84 | C |

| Nordic* | 2010 | 2015 |
|--|---------------------------|---------------------------|
| Analyzed responses† | 130 (1) | 147 (2) |
| Market cap of analyzed companies US\$m** | 868,927 | 1,246,693 |
| Scope 1 | 150.4 MtCO ₂ e | 116.7 MtCO ₂ e |
| Scope 2 | 22.5 MtCO ₂ e | 22.8 MtCO ₂ e |
| Scope 1 like for like: 94 companies | 133.1 MtCO ₂ e | 109.5 MtCO ₂ e |
| Scope 2 like for like: 94 companies | 18.5 MtCO ₂ e | 19 MtCO ₂ e |

The data suggests, then, that the sample's strong performance in terms of emissions reductions is a function of the maturity of climate change management among companies in the region, and of more sophisticated assessment of those reduction activities that yield the greatest CO₂ and cost reductions. Activities started in earlier years are likely to be bearing fruit, especially those that sought to encourage behavioral change among staff, as these were the most popular type in recent years (73 behavioral change related projects reported in 2010, only 31 in 2015).

More Nordic companies (59%) were also able to provide third party assurance of their Scope 1 and 2 emissions data this year than in any previous year. Independent verification of the data ultimately improves the accuracy and usefulness of the data to feed into internal development and cost saving programs, and data quality is also paramount for data users such as investors, business customers and governments.

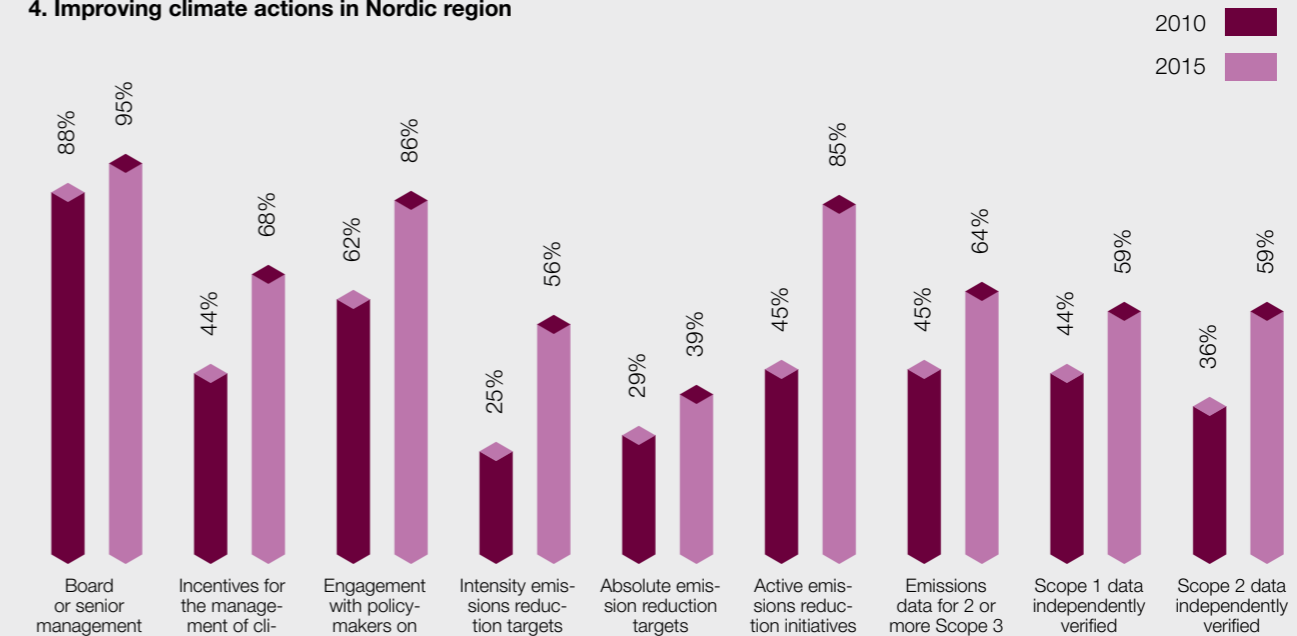
Emission contribution between sectors vary significantly. Utilities sector, representing only 1% of the responding companies contribute to 15% of the emissions. Also Energy (7%) and Materials (12%) sectors are responsible for almost double of the emissions compared to the number of responding companies from these sectors with 16% and 24% of emissions respectively.

† the number in brackets refers to companies that responded after the deadline, or referred to a parent company. They are not included in analysis.

* only companies included to the official Nordic 260 sample based on their market capitalization and which responded by 15.07.2015 were analyzed for this section. The number in brackets refers to companies that responded after the deadline, or referred to a parent company. They are not included in analysis. In total, 205 Nordic companies representing 84% of the market capitalization of the Nordic stock exchanges disclosed information to investors via CDP in 2015.

** market cap figures taken from Bloomberg at 1 January 2010 and 1 January 2015

4. Improving climate actions in Nordic region



The key trends % figures are based on the proportion of responding companies that chose a particular answer. The data is not verified or cross referenced against scoring criteria.

Climate change is one of the megatrends driving our business and recognized in KONE strategy to be the forerunner in providing energy efficient elevator and escalator solutions for net zero energy buildings.

KONE Oyj

To limit Telenor's risk exposure with regards to climate change regulations, improving energy efficiency and meeting emission reduction targets have become a strategic priority with high management focus.

Telenor

...but more ambitious efforts are needed

Nonetheless, Nordic companies would do well to redouble efforts, including in some areas where companies in the region are lagging. Only 68% of companies link management incentives to climate change, compared with a global average of 75%. The percentage of Nordic companies setting absolute targets, at 39%, is also below the global average of 44%.

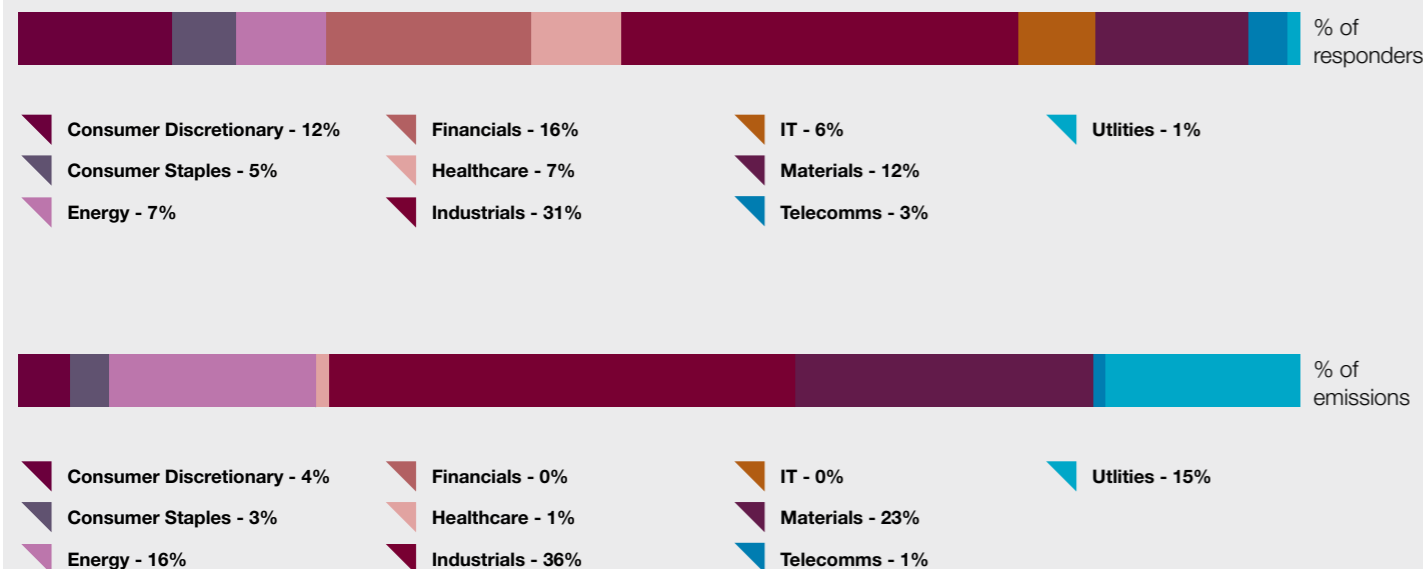
While the Nordic companies might be lagging their global peers in setting absolute targets, the development within the region is still positive. The number of Nordic companies setting both absolute targets and intensity targets has increased significantly from 2010, and also slightly from 2014 when 34% of responding companies were setting absolute targets. The number of companies ahead on progress to achieve these targets has also increased to 51% this year compared to 40% in 2014.

Many Nordic companies seem to be in the process of setting new targets beyond 2015 as almost 55% of the absolute targets adopted by the Nordic sample extend only to 2014 or 2015 and only 22% run to 2020. The intensity targets are generally set for a slightly longer term, but the caution in setting long-term targets could reflect the uncertain policy environment ahead of Paris negotiations.

There is also a relatively small proportion of companies using carbon pricing to guide internal investment decisions in the Nordics, with just 13 of the 147 (9%) responding companies doing so, compared to global 16% of the analyzed companies. An additional 263 (13%) companies globally also say they expect to be using an internal price on carbon in the next two years whereas only 13 (9%) of the analyzed companies in the Nordic region anticipate to adopt an internal carbon price to support strategic decision making to offset the costs and risks of greenhouse gas production.

One of the Nordic companies already applying internal carbon price is biotech company Novozymes: "We believe that a carbon price will support climate change mitigation efforts globally and drive CO₂ reductions," the company states.

5. Proportion of 2015 companies and Scope 1 & 2 emissions by sector



Each year companies that participate in CDP's climate change program are scored against two parallel assessment schemes: performance and disclosure.

The performance score assesses the level of action, as reported by the company, on climate change mitigation, adaptation and transparency. Its intent is to highlight positive climate action as demonstrated by a company's CDP response. A high performance score signals that a company is measuring, verifying and managing its carbon footprint, for example by setting and meeting carbon reduction targets and implementing programs to reduce emissions in both its direct operations and supply chain.

The disclosure score assesses the completeness and quality of a company's response. Its purpose is to provide a summary of the extent to which companies have answered CDP's questions in a structured format. A high disclosure score signals that a company provided comprehensive information about the measurement and management of its

carbon footprint, its climate change strategy and risk management processes and outcomes.

The highest scoring companies for performance and/or disclosure enter the A List (Performance band A) and / or the Climate Disclosure Leadership Index (CDLI). Public scores are available in CDP reports, website, through Bloomberg terminals, Google Finance and Deutsche Boerse's website.

In 2015 the climate change scoring methodology was revised to put more emphasis on action and as a result achieving A is now better aligned with what the current climate change scenario requires.

CDP operates a strict conflict of interest policy with regards to scoring and this can be viewed at <https://www.cdp.net/Documents/Guidance/2015/CDP-conflict-of-interest-policy.pdf>

What are the A List and CDLI criteria? To enter the A List, a company must:

- Make its response public and submit via CDP's Online Response System
- Attain a performance score greater than 85
- Score maximum performance points on question 12.1a (absolute emissions performance) for GHG reductions due to emission reduction actions over the past year 4% or above in 2015)
- Disclose gross global Scope 1 and Scope 2 figures
- Score maximum performance points for verification of Scope 1 and Scope 2 emissions (having 70% or more of their emissions verified)
- Furthermore, CDP reserves the right to exclude any company from the A List if there is anything in its response or other publicly available information that calls into question its suitability for inclusion. CDP is working with RepRisk in 2015 to strengthen this background research.

Note: Companies that achieve a performance score high enough to warrant inclusion in the A List, but do not meet all of the other A List requirements are classed as Performance Band A- but are not included in the A List.

To enter the CDLI, a company must:

- Make its response public and submit via CDP's Online Response System
- Achieve a disclosure score within the top 10% of the total regional sample population*

*Note: while it is usually 10%, in some regions the CDLI cut-off may be based on another criteria, please see local reports for confirmation.

Communicating progress

Central to CDP's mission is communicating the progress companies have made in addressing climate change, and highlighting where risk may be unmanaged. To better do so, CDP is changing how our climate performance scoring is presented, and we have introduced sector-specific research for investors.

Banding performance scores

Starting with water and forests in 2015 and including climate change and supply chain in 2016, CDP is moving to present scores using an approach that illustrates companies' progress towards environmental stewardship. Each reporting company will be placed in one of the following bands:

- Disclosure** measures the completeness of the company's response;
- Awareness** measures the extent to which the company has assessed environmental issues, risks and impacts in relation to its business;
- Management** measures the extent to which the company has implemented actions, policies and strategies to address environmental issues;
- Leadership** looks for particular steps a company has taken which represent best practice in the field of environmental management.

We believe that this approach will be clearer and easier to understand for companies, investors and other stakeholders. Water and forest scores will use this new presentation of banded scores in 2015, while the updated scoring methodology for climate change will be available in February 2016 with results in late 2016.



| Company | Country | Disclosure score | Band | Consecutive years in the A list |
|------------------------------------|---------|------------------|------|---------------------------------|
| Consumer Staples | | | | |
| Kesko Corporation | Finland | 100 | A | 1 |
| Industrials | | | | |
| Kone | Finland | 100 | A | 1 |
| Materials | | | | |
| BillerudKorsnäs | Sweden | 99 | A | 1 |
| Telecommunications Services | | | | |
| Telenor Group | Norway | 99 | A | 2 |

A high performance score signals that a company is measuring, verifying and managing its carbon footprint, for example by setting and meeting carbon reduction targets and implementing programs to reduce emissions in both its direct operations and supply chain.

Four Nordic companies were able to meet the requirements for a performance band A to warrant inclusion in the global A List in 2015.

The number of Nordic companies in the A List decreased significantly from 2014. This development is aligned with the global trend where the number of companies reaching the A List decreased by almost 40% to 113 companies. This development reflects the new performance scoring criteria and A List requirements introduced in 2015 aimed to increase the credibility and comparability of the data (see page 19 for details). Consequently, there are also further 6 Nordic companies classified as A-. This means that for these companies achieved performance score high enough to warrant inclusion in the A List, but they did not meet all of the other A List requirements.

In the Nordics, the A-list companies represent four sectors, including two new A-listers from the typically high emitting sectors: BillerudKorsnäs (Industrials) and Kone (Materials).

Record number of Nordic disclosure leaders

To secure a position on CDP's Nordic Climate Disclosure Leadership Index (CDLI), listed on page 21, companies must achieve a disclosure score in the top 10% of the Nordic 260 sample and grant public access to their response. The threshold for entering the CDLI has risen to a record high score of 99 in 2015 (up from 95 in 2014 and significantly from 84 in 2010). 35 companies ultimately qualified for the CDLI as the last candidates achieved identical disclosure scores. The quality of disclosure within the CDLI has also reached a new level of maturity, with the average disclosure score among CDLI companies now raising to 99 (98 in 2014) and record number of 17 companies achieving the highest score of 100.

Two companies, Kone and Kesko were also able to reach the best possible score of 100A in terms of both disclosure and performance.

| Company name | Country | Disclosure score | Band | Consecutive years in the A list |
|-----------------------------------|---------|------------------|------|---------------------------------|
| Consumer Discretionary | | | | |
| Electrolux | Sweden | 99 | B | 5 |
| Consumer Staples | | | | |
| Kesko Corporation | Finland | 100 | A | 5 |
| Marine Harvest Group | Norway | 99 | C | 3 |
| Oriflame Cosmetics | Sweden | 99 | B | 2 |
| SCA | Sweden | 100 | A - | 6 |
| Energy | | | | |
| DOF | Norway | 99 | B | 1 |
| Solstad Offshore | Norway | 99 | B | 2 |
| Statoil | Norway | 100 | B | 1 |
| Financials | | | | |
| KLP | Norway | 100 | B | 1 |
| Nordea Bank | Sweden | 100 | B | 5 |
| Sponda Plc | Finland | 99 | A - | 1 |
| Storebrand | Norway | 100 | B | 1 |
| Health Care | | | | |
| Elekta | Sweden | 100 | B | 1 |
| Meda | Sweden | 99 | B | 2 |
| Novo Nordisk | Denmark | 100 | B | 8 |
| Novozymes | Denmark | 100 | A - | 5 |
| Industrials | | | | |
| D/S Norden | Denmark | 99 | B | 6 |
| Finnair | Finland | 99 | B | 2 |
| Kone | Finland | 100 | A | 5 |
| Lassila & Tikanoja | Finland | 99 | B | 2 |
| Metso | Finland | 100 | B | 4 |
| Peab | Sweden | 99 | C | 2 |
| SAAB | Sweden | 100 | B | 1 |
| Information Technology | | | | |
| Ericsson | Sweden | 99 | B | 1 |
| Nokia Group | Finland | 100 | B | 7 |
| Vaisala | Finland | 99 | A - | 2 |
| Materials | | | | |
| BillerudKorsnäs | Sweden | 99 | A | 1 |
| Kemira | Finland | 99 | B | 3 |
| Metsä Board | Finland | 100 | B | 2 |
| Outokumpu | Finland | 100 | B | 6 |
| Stora Enso | Finland | 99 | B | 6 |
| UPM-Kymmene | Finland | 99 | A - | 7 |
| Telecommunication Services | | | | |
| Elisa Oyj | Finland | 100 | B | 1 |
| Telenor Group | Norway | 99 | A | 3 |
| Utilities | | | | |
| Fortum | Finland | 100 | A - | 8 |

*Four of these companies are not part of the official Nordic 260 sample based on their market capitalization but meet the CDLI criteria

Natural Capital Disclosure

Accounting for and mitigating natural capital risk through CDP's forests and water programs offers significant opportunities to companies and investors.

Awareness is rising within the investment community that natural capital degradation can materially impact the bottom line.

Companies participating in CDP's forests and water programs recognize material risks associated with deforestation, forest degradation and worsening water security. The majority of these risks are expected to impact now or in the next three years.

Consequently, more than 600 investors now engage over 1,000 companies via CDP regarding deforestation risks and water security. These investors are looking to identify companies that are prepared to face the challenges ahead.

CDP's forests and water programs provide the only global standardized platform for action. Companies using CDP benefit from benchmarking, support and advice that leads to enhanced business resilience. Companies that take steps to manage these physical, regulatory and reputational risks find themselves in a position to realize significant competitive advantage. Meanwhile, investors benefit from deeper understanding, data access and opportunities for value creation.

Through CDP's supply chain program, companies can manage these risks across supply chains. Procurement teams can now work with CDP to enhance supply chain resilience by engaging their suppliers on water risks.

Forests

Addressing deforestation and forest degradation, which account for 15-20% of global greenhouse gas emissions, is critical for tackling dangerous climate change. Global demand for agricultural commodities is the primary driver of deforestation, as land is cleared to produce soy, palm oil and cattle products. Alongside timber and pulp, these commodities are the building blocks of millions of products traded globally. These in turn are wealth generators which feature in the supply chains of countless companies across sectors.

15 Nordic companies reported to investors through CDP in 2015 on how they manage and mitigate deforestation risk in their commodity supply chains.

Water

In 2015 the water crisis rose to the top of the World Economic Forum's 'Top Ten Global Risks in Terms of Impact'. It is predicted that by 2030 demand for water will outstrip supply by 40%; there is simply no substitute for water.

Water stress can limit a company's growth trajectory and impact financials. There are, however, significant opportunities to be had for companies and investors relating to corporate water stewardship. In 2015, 17 Nordic companies reported to investors through CDP on how they manage and mitigate water risks. This year MetsäBoard, as the only European company, was among one of eight global businesses achieving an A rating for their efforts to improve water security.

Find out more:
cdp.net/forests
cdp.net/water
cdp.net/supplychain

The continued development of CDP's water program is an important milestone in helping investors secure valuable information for their investment process

NBIM (\$857 billion in management)

Nearly **90%** of companies reporting to CDP's forests program recognize opportunities associated with the sustainable sourcing of forest risk commodities, such as increased brand value and securing the best suppliers.

73% of companies disclosing to CDP's water program report that there are opportunities to be had in pursuing water stewardship

Case study: Business resilience from Natural Capital disclosure



Paperboard story from Metsä Board Äänekoski mill

The story of our paperboard begins with the careful selection of sustainably grown and 100% traceable wood logs, originating in a northern forest that does not draw on recycled, brackish or processed water in the growing phase. One of Metsä Board's goals for its wood procurement is to decrease the impact of forestry operations on water. We have defined actions to meet this target and have developed a set of indicators to follow its implementation.

Wood logs are locally transported to the Äänekoski pulp mill operated by Metsä Group. The pulp is used at Metsä Board's paperboard mill, avoiding excess transportation, energy consumption and CO₂ emissions. By taking advantage of Äänekoski's biomass powerplant to produce electricity and heat, the paperboard mill replaces fossil fuels with 100% bio-based energy. The biopower plant utilises wood-based raw material - mostly bark - together with other waste products from Metsä Group's operations. CO₂ emissions are reduced from both the mill and neighbouring districts, to which it provides heating. Between 2009 and 2014, Metsä Board's CO₂ emissions decreased by 37%, the original target being a 10% reduction from 2009 levels. In 2014, 83% of total purchased energy was CO₂ neutral.

Reducing water use

Water is essential in the pulp and paperboard making process, and Metsä Board predominantly uses fresh surface water from rivers and lakes. The Äänekoski mill sources fresh water from Äänejärvi Lake next to the mill. Together with the lake's other users, it is essential that we take care of this resource for long our own long term business prosperity and resilience. Water treatment processes meet a tight environmental permit and purified water is released back to its source.

The mill continuously seeks new ways to reduce the use of fresh water. In 2013, Metsä Board launched an extensive development project to improve water usage and material efficiency by reducing water intake and fibre loss. It will also improve the efficiency of sludge and wastewater management. The target is to reduce specific process water use by 10% from 2010 levels by 2020, with performance followed on a quarterly basis. Consumption of process water has already decreased by 15% since 2010.

The final product, 100% recyclable packaging, is made of traceable lightweight paperboard that minimises fibre, energy and water usage in production, as well as reducing waste throughout the supply chain and fossil fuels in transportation.

Investing in bioeconomy

Exciting developments lie ahead at Äänekoski. Metsä Group's pulp business has started building a bio-product mill, ready in 2017, which will be 24.9% owned by Metsä Board. €1.2 billion will be invested into the mill, which will have a pulp capacity of 1.3M tonnes annually and expected energy self-sufficiency of 240%. Äänekoski is positioned to become the world's first next generation bio-product mill that can convert wood into a diverse range of products. By using resources efficiently, the mill will not only produce high-quality pulp but also bio-energy and bio-materials, building a unique bio-economy around pulp production.

Metsä Board takes part in all CDP reporting programmes: Climate Change, Water, Forests, and the Supply Chain programme at the invitation of some of our environmentally aware customers. And how did we perform? We hope our story shows that via strategic analysis, careful planning and continuous improvement, it is possible to be a leader in several CDP reporting areas.

222+

Companies representing more than \$5+ trillion USD revenue have committed to one or more climate initiative*


Unlocking corporate climate ambition through seven climate leadership initiatives

CDP and the We Mean Business Coalition are offering companies a platform to act and be recognized for leadership on climate change. Top climate performers already report stronger financial performance and a better ability to manage the shifting dynamics of natural resources supply, customer demand and regulatory controls. This year, CDP is inviting companies to look beyond their disclosure and speak out on behalf of the business community in support of a universal climate agreement ahead of the UN Climate Change Conference in Paris in December.

www.cdp.net/commit, commit@cdp.net

12 Nordic companies have already committed to one of more initiatives:

- DANFOSS
- Fortum Oyj
- H&M Hennes & Mauritz AB
- IKEA
- NEAS Energy
- Novo Nordisk A/S
- Novozymes A/S
- Statkraft
- Statoil ASA
- Vaisala Oyj
- Vestas Wind Systems A/S
- Volvo



65

Commit to adopt science based emissions reduction targets

Companies globally are recognizing that ambitious emissions reduction goals spur innovation and drive increased efficiencies. Leading companies are raising their ambitions around target-setting by aligning their targets directly with climate science. Science-based targets allow companies to set goals that account for their fair share of global emissions, helping ensure their long-term resilience.

In partnership with Science-Based Targets, UNGC, WWF, World Resource Institute.




61

Commit to responsible corporate engagement in climate policy

Consistent, positive business engagement with policymakers on climate issues will be a crucial factor in achieving a global agreement in response to climate change. To help achieve this, CDP and its partners have developed a program of action for companies to follow to ensure they are demonstrating best practice in climate policy engagement.

In partnership with the Caring for Climate Initiative (UNGC, UNEP, UNFCCC).




42

Committing to procure 100% of electricity from renewable sources

to the transition to a low-carbon economy. Businesses can drive the creation of a thriving global market for renewable power, a game-changer in reducing emissions, by committing to procure 100% of their electricity from renewable sources within the shortest practical timescale.

In partnership with The Climate Group, RE100.




190

Commit to report climate change information in mainstream reports as a fiduciary duty

There is growing acceptance that climate change is a mainstream investment issue that has implications for economic activity and corporate performance. However, mainstream corporate reports lack comprehensive and comparable climate change information. Companies can help close this information gap and ensure capital is allocated to its most productive uses by including climate change information in corporate reports and becoming signatories to the CDSB's Statement on Fiduciary Duty and Climate Change Disclosure.

In partnership with the Climate Disclosure Standards Board.



14

Commit to reduce short-lived climate pollutant emissions

Remaining within the internationally agreed threshold of less than 2°C global temperature rise requires mitigating CO2 emissions as well as emissions of other climate pollutants. Reducing so-called "short-lived climate pollutants" (SLCPs) - including methane, black carbon, tropospheric ozone or hydrofluorocarbons (HFCs) – can significantly contribute to climate change mitigation by 2050. A number of pragmatic and cost-effective measures are available to target SLCP emissions in key sectors, which can bring rapid benefits for near-term climate protection, air quality and economic growth.

In partnership with BSR and the Climate & Clean Air Coalition (CCAC).



56

Commit to put a price on carbon

As the international community moves toward a global agreement, there is increasing recognition that putting a price on carbon is an essential part of any strategy to combat climate change. Carbon pricing systems encourage innovation and help ensure sustained economic competitiveness. Leading businesses can drive the agenda on this by building a price on carbon into their own operations and supporting carbon pricing policies.

In partnership with the Caring for Climate Initiative (UNGC, UNEP, UNFCCC).



30

Commit to removing commodity-driven deforestation from all supply chains by 2020.

Addressing deforestation, which accounts for approximately 10–15% of the world's greenhouse gas emissions, is a critical component of climate change mitigation. Businesses' production and procurement decisions have the power to alter global demand for the agri-cultural commodities that are the primary drivers of deforestation and forest degradation. The business community can lead the agenda on how these commodities can be sustainably produced by committing to remove commodity-driven deforestation from their supply chains.

*The number of commitments has risen since the page was finalized on 19 October 2015

Nordic companies disclosing climate data in 2015

| Company | Country | 2015 Score | 2014 Score | Public |
|-------------------------------|---------|------------|------------|------------|
| Consumer Discretionary | | | | |
| Alma Media | Fi | 96 B | 78 B | Public |
| Amer Sports | Fi | 82 D | 82 C | Public |
| Backer | Se | (SC) | (SC) | Public |
| Beirholms | Dk | (SC) | (SC) | Public |
| Bilia | Se | 84 E | 72 D | Not Public |
| Calix Automotive | Se | (SC) | (SC) | Public |
| Clas Ohlson | Se | 88 C | 34 | Public |
| Dometic | Se | (SC) | (SC) | Public |
| Ekornes | No | 97 C | 69 E | Public |
| Electrolux | Se | 99 B | 97 A- | Public |
| Fenix Outdoor | Se | 73 E | 46 | Not Public |
| Fiskars | Fi | 48 | 43 | Not Public |
| H&M Hennes & Mauritz | Se | 93 B | 86 A | Public |
| Husqvarna | Se | 92 C | 88 B | Not Public |
| JM | Se | 94 B | 83 C | Public |
| Kongsberg Automotive Holding | No | AQ (L) | AQ (L) | Not Public |
| Lego Group | Dk | (SC) | (SC) | Public |
| Modern Times Group MTG | Se | 95 C | 90 B | Public |
| Nobia | Se | 89 D | 75 D | Public |
| Nokian Tyres | Fi | 83 D | 52 E | Public |
| Purtech | Se | (SC) | | Public |
| Royal Caribbean Cruises | US | 92 C | 80 C | Public |
| Sanoma | Fi | 33 | 39 | Not Public |
| Schibsted | No | 97 D | 75 D | Public |
| Stockmann | Fi | 94 B | 93 B | Public |
| Unibet Group | Ma | 94 D | 90 D | Not Public |
| Consumer Staples | | | | |
| Axfood | Se | AQ (L) | 64 D | Public |
| Carlsberg Breweries | Dk | 74 D | 72 C | Public |
| Cermaq | No | 97 C | 84 B | Public |
| Kesko | Fi | 100 A | 99 A- | Public |
| KMC | Dk | (SC) | (SC) | Public |
| Lantmannen | Se | (SC) | (SC) | Public |
| Lerøy Seafood Group | No | 72 D | 65 C | Public |
| Marine Harvest Group | No | 99 C | 95 C | Public |
| Oriflame Cosmetics | Se | 99 B | 98 A | Public |
| Orkla | No | 98 B | 90 B | Public |
| REMA1000 | No | 95C | 82 C | Public |
| SCA | Se | 100 A- | 100 B | Public |
| Swedish Match | Se | 91 E | 72 D | Public |
| Energy | | | | |
| Det Norske Oljeselskap | No | 70 D | | Public |
| DNO International | No | 98 E | 89 D | Public |
| DOF | No | 99 B | 89 C | Public |
| Fred. Olsen Energy | No | 96 D | 89 C | Public |
| Lundin Petroleum | Se | 95 D | 90 B | Public |
| Neste Corporation | Fi | 97 C | 87 B | Public |
| Petroleum Geo-Services | No | 90 D | 83 C | Public |
| Polarcus | No | 90 D | 61 D | Public |
| Prosafe | Cy | 84 D | 74 C | Public |
| Seadrill Management | No | 85 D | 77 D | Not Public |
| Solstad Offshore | No | 99 B | 92 A | Public |
| Statoil | No | 100 B | 82C | Public |
| TGS-NOPEC Geophysical | No | 39 | 35 | Not Public |
| Financials | | | | |
| Aktia Bank | Fi | 6 | | Not public |
| Atrium Ljungberg | Se | 74 C | AQ (L) | Not Public |
| Castellum | Se | 93 B | 40 | Public |
| Citycon | Fi | 83 B | | Public |

| Company | Country | 2015 Score | 2014 Score | Public |
|--------------------------|---------|------------|------------|------------|
| Danske Bank | Dk | 98 B | 92 B | Public |
| DNB | No | 97 B | 88 B | Public |
| Entra | No | 97 B | | Public |
| Fabege | Se | 72 D | | Public |
| Gjensidige Forsikring | No | 84 C | 77 D | Public |
| Hufvudstaden | Se | 100 B | 88 B | Not Public |
| Industrivärden | Se | 93 D | 84 D | Public |
| Investment AB Öresund | Se | 14 | | Not Public |
| Klöver | Se | 94 D | 89 C | Public |
| KLP Insurance | No | 100 B | 87 B | Public |
| Nordea Bank | Se | 100 B | 96 B | Public |
| Norwegian Property | No | 97 C | 91 B | Public |
| OP Financial Group | Fi | 91 C | 85 C | Public |
| Ratos | Se | AQ (L) | | Not Public |
| SEB | Se | 98 B | 92 B | Public |
| Sponda | Fi | 99 A- | 92 B | Public |
| Storebrand | No | 100 B | 93 B | Public |
| Svenska Handelsbanken | Se | 95 C | 85 B | Public |
| Swedbank | Se | 97 B | 77 C | Public |
| Topdanmark | Dk | 90 C | 82 C | Public |
| Wallenstam | Se | 59 D | | Public |
| Health Care | | | | |
| AstraZeneca | UK | 97 B | 93 A | Public |
| BioGaia | Se | 92 C | 92 C | Public |
| Coloplast | Dk | 92 C | 92 B | Public |
| Elekta | Se | 100 B | 93 A | Public |
| Ferrosan Medical Devices | Dk | (SC) | (SC) | Public |
| Genmab | Dk | 11 | 11 | Not public |
| Getinge | Se | 79 D | 70 C | Public |
| Lundbeck | Dk | 98 B | 98 A | Public |
| Meda | Se | 99 B | 95 B | Public |
| North Denmark Region | Dk | 90 D | 78 C | Public |
| Novo Nordisk | Dk | 100 B | 97 B | Public |
| Novozymes | Dk | 100 A- | 100 A | Public |
| Orexo | Se | 32 | | Public |
| William Demant Holding | Dk | 76 E | 75 E | Public |
| Össur | Is | 24 | | Public |
| Industrials | | | | |
| A.P. Moller - Maersk | Dk | 66 D | 63 C | Public |
| ABB | Ch | 77 D | AQ (L) | Not Public |
| Addtech | Se | 28 | | Not Public |
| Assa Abloy | Se | 93 C | 81 C | Public |
| Atlas Copco | Se | 98 B | 94 B | Public |
| Beijer Alma | Se | 90 D | 71 D | Public |
| Bolon | Se | (SC) | (SC) | Public |
| Cargotec | Fi | 75 E | 68 D | Not Public |
| Caverion | Fi | 89 D | | Public |
| Cramo | Fi | 48 | 41 | Not Public |
| D/S Norden | Dk | 99 B | 97 A | Public |
| Danfoss | Dk | (SC) | (SC) | Public |
| DSV | Dk | 72 D | 60 E | Public |
| Eltel | No | 93 D | AQ (L) | Public |
| Finnair | Fi | 99 B | 96 A | Public |
| FLSmidth & Co. | Dk | 56 E | 52 D | Public |
| Frontline | No | 96 D | | Not Public |
| G4S | UK | 94 B | 89B | Public |
| Intrum Justitia | Se | 27 | | Public |
| Inwido | Se | 32 | | Public |
| ISS | Dk | 95 B | (SC) | Public |
| Kone | Fi | 100 A | 100 A- | Public |

| Company | Country | 2015 Score | 2014 Score | Public |
|---------------------------------------|---------|------------|------------|------------|
| Konecranes | Fi | 98 C | 76 D | Public |
| Kongsberg Gruppen | No | 69 E | 67 D | Public |
| Lassila & Tikanoja | Fi | 99 B | 95 B | Public |
| Metso | Fi | 100 B | 98 B | Public |
| NCC | Se | 98 B | 94 C | Public |
| Nibe Industrier | Se | 88 C | | Not Public |
| Nolato | Se | 89 D | | Public |
| Odfjell SE | No | 91 D | 72 C | Public |
| Peab | Se | 99 C | 96 B | Public |
| PKC Group | Fi | 1 | 1 | Not Public |
| Ramirent | Fi | 30 | 17 | Public |
| Rockwool International | Dk | 97 B | 95 B | Public |
| SAAB | Se | 100 B | 84 B | Public |
| Sandvik | Se | 95 D | 80 B | Public |
| SAS | Se | 97 B | 94 B | Public |
| Scania | Se | SA | 89 C | Public |
| Securitas | Se | 92 D | 84 C | Public |
| Skandlog | Dk | (SC) | (SC) | Public |
| Skanska | Se | 94 B | 98 B | Public |
| SKF | Se | 95 C | 74 B | Not Public |
| Solar AS | Dk | 58 E | 52 E | Public |
| Systemair | Se | 41 | | Public |
| Swep | Se | (SC) | | Public |
| Tomra Systems | No | 84 E | 83 D | Public |
| Trelleborg | Se | 73 D | 71 C | Public |
| Uponor | Fi | 92 C | 85 C | Not Public |
| Vacon | Fi | 75 D | 85 C | Public |
| Valmet | Fi | 97 B | 98 B | Public |
| Veidekke | No | 98 B | 87 C | Public |
| Vestas Wind Systems | Dk | 94 C | 86 C | Public |
| Volvo | Se | 100 A- | 100 B | Not Public |
| Wärtsilä | Fi | 96 C | 80 B | Public |
| Yit | Fi | 87 D | 79 D | Public |
| ÅF | Se | 82 D | 90 D | Public |
| Information Technology | | | | |
| Atea | No | 96 B | 88 B | Public |
| Bang & Olufsen | Dk | 46 | 51 E | Public |
| Basware | Fi | 31 | | Not Public |
| Ericsson | Se | 99 B | 89 A | Public |
| EVRY | No | 97 B | 91 A | Public |
| Industrial and Financial Systems, IFS | Se | 26 | 21 | Not Public |
| Napatech | Dk | (SC) | | Public |
| Nokia Group | Fi | 100 B | 98 A | Public |
| Nordic Semiconductor | No | 94 C | 91 C | Not Public |
| Tieto | Fi | 98 B | 98 B | Public |
| Scandec Systemer | No | (SC) | | Public |
| Vaisala | Fi | 99 A- | 99 A | Public |
| Materials | | | | |
| Ahlstrom | Fi | 90 D | 77 B | Public |
| Alteams | Fi | (SC) | | Public |
| BillerudKorsnäs | Se | 99 A | 88 B | Public |
| Boliden Group | Se | 97 B | 95 B | Public |
| Borregaard | No | 91 D | | Public |
| Chr. Hansen Holding | Dk | 85 D | 88 C | Not Public |
| Fiskeby | Se | (SC) | (SC) | Public |
| Flexiket | Dk | (SC) | | Public |
| Hexpol | Se | 92 D | 78 D | Public |
| Holmen | Se | 88 B | 79 A | Public |

| Company | Country | 2015 Score | 2014 Score | Public |
|-----------------------------------|---------|------------|------------|------------|
| Huhtamäki | Fi | 92 C | 65 E | Public |
| Kemira | Fi | 99 B | 97 B | Public |
| Lundin Mining | Ca | 89 D | 75 D | Public |
| Metsä Board | Fi | 100 B | 98 B | Public |
| Munksjo | Se | 49 | | Not Public |
| Norsk Hydro | No | 85 C | 72 C | Public |
| Outokumpu | Fi | 100 B | 95 B | Public |
| Skandem | No | (SC) | (SC) | Public |
| SSAB | Se | AQ (L) | | Not Public |
| Stora Enso | Fi | 99 B | 100 B | Public |
| Talvivaara Mining Company | Fi | 74 E | 66 E | Public |
| Tetra Pak | Se | (SC) | (SC) | Public |
| UPM-Kymmene | Fi | 99 A- | 100 A | Public |
| Yara International | No | AQ (L) | AQ (L) | Not Public |
| Telecommunication Services | | | | |
| Elisa | Fi | 100 B | 92 A | Public |
| Millicom International Cellular | Se | 92 C | 91 B | Public |
| TDC | Dk | 63 D | 54 E | Public |
| Telenor Group | No | 99 A | 98 A | Public |
| TeliaSonera | Se | 95 B | 98 A | Public |
| Utilities | | | | |
| Fortum | Fi | 100 A- | 99 B | Public |
| Vattenfall Group | Se | 89 D | 32 | Not Public |

To read the public company responses in full and access the leadership indices, please visit the CDP website at www.cdp.net

KEY for company responses

AQ(L): Answered questionnaire late, and therefore is not scored.
(SC): Answered questionnaire as part of the CDP Supply Chain program, with a public response. Scores not available for publication.
SA: See other company response.
Not public: the company responded privately to CDP investor signatories only.
Public: the company response can be read in full at the CDP website

Cy Cyprus
Dk Denmark
Fi Finland
Is Iceland
Ky Cayman Islands
Ma Malta
My Malaysia
Ni Netherlands
No Norway
Se Sweden
UK United Kingdom
US United States of America

KEY for scores

Disclosure
Range: 0-100
Measures the completeness of information provided to CDP (e.g. opportunities, risks, governance, strategy, emissions)

Performance
Range: A-E (A is best)
Measures evidence of action to address the potential opportunities and risks presented by climate change.
Where no performance score is presented, the information provided is insufficient to assess performance (> 50 disclosure score)

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