

Navigating Biodiversity: A review of 100 Nordic Companies

WHITE PAPER

Executive summary

This white paper, "Navigating Biodiversity: A review of 100 Nordic companies" assesses the quality of companies' management of their impacts and dependencies on biodiversity of 100 of the largest companies in the Nordics, with an aggregate market cap of 1,4 trillion euro¹. The companies included have all been identified to potentially have either a high or very high impact and/or dependency on nature².

In this white paper, we discuss findings related to the overall performance of the 100 companies across the Nordics, and based on our proprietary biodiversity assessment methodology, which may be used as a foundation for a variety of things such as a biodiversity due diligence framework, active ownership framework when engaging with companies on biodiversity related issues or as a set of guidelines for businesses. At Danske Bank Asset Management, we will use the biodiversity framework as a foundation for all of the above when appropriate.

These are the key findings:

Finding 1:

Most of the Nordic companies recognize biodiversity as a relevant risk and/or opportunity for the business.

Finding 2:

73% of the Nordic companies are having issues with the complexities of addressing biodiversity risks and establishing governance and credible targets, while a few companies are leading the way.

Finding 3:

Most Nordic companies are committed to minimizing their impact on nature through their activities, however most of them do not have credible targets or plan to minimize their impact.

Finding 4:

Danish companies are falling behind their Nordic peers. On average Danish companies receive a lower Biodiversity Management Quality rating compared to Nordic peers.

Finding 5:

Companies are far from fulfilling the recommendation and guidance that the Taskforce on Nature-Related Financial Disclosures (TNFD) have set out in 2023.

¹ ISS market cap data

² We have used ENCORE to map impacts and dependencies.



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Introduction

In the wake of a changing world, it has become increasingly apparent that the delicate balance of nature is under threat. Over a year has passed since the momentous agreement on the Kunming-Montreal Global Biodiversity Framework, a global call to action for the preservation of our planet's rich and diverse ecosystems, setting out a pathway to reach the global vision of a world living in harmony with nature by 2030 via 23 targets.

A year ago, we concluded in another white paper that nature is a blind spot for Nordic companies. A year has passed since we published our first white paper on biodiversity and a lot has happened.

The year 2023 is shaping up to be a watershed moment in biodiversity conservation. Early in the year, the Science-based Targets initiative (SBTi) released guidelines on deforestation and water targets, followed by the Taskforce on Nature-related Financial Disclosures (TNFD) presenting their guidance and recommendations. Additionally, Business for Nature has crafted new sector-specific directives, underpinning the universal actions companies should adopt to actively contribute to a nature-positive economy. All of them mark a significant step forward in enabling businesses to both assess and actively improve their biodiversity footprints.

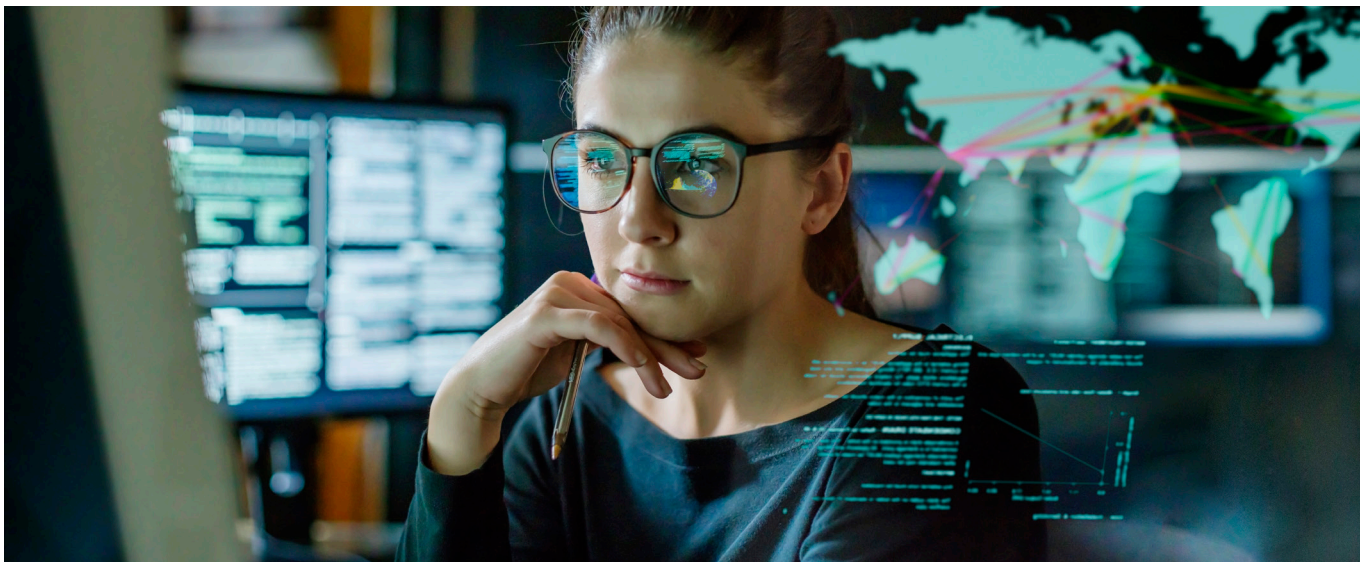
In this context, a critical question arises: How well are Nordic companies addressing their impact on biodiversity and integrating this imperative into their core operations?

Investor interest in nature is also intensifying. The launch of Nature Action 100, a global investor initiative focusing on

corporate commitments to reverse nature and biodiversity loss, exemplifies this shift. This initiative, with over 200 institutional investors managing assets worth more than \$27 trillion, signifies a growing recognition of the importance of nature. These much-anticipated guidelines and recommendations set the stage for a collaborative effort among investors, companies, regulators, scientists, and NGOs to incorporate biodiversity principles into business models seamlessly.

In response to these developments and to align with client interests, Danske Bank Asset Management has formed a dedicated Climate & Nature team. We are accelerating efforts to further integrate the focus on Biodiversity within existing strategies. We are also targeting new investment strategies and cooperations to address nature relating topics.

This white paper delves into the progress of the 100 largest Nordic companies in recognizing and managing their impact on biodiversity, including associated risks and opportunities. Utilizing our novel proprietary biodiversity assessment framework, we evaluate 'The Biodiversity Management Quality' of these companies. This assessment focuses on how well these companies govern and manage their biodiversity impacts and dependencies, alongside risks and opportunities tied to transitioning towards a nature-positive economy. Furthermore, this paper aims to inspire and provide asset managers, owners, and businesses with a practical biodiversity assessment framework that can be integrated into investment processes or sustainability initiatives.



How do we assess companies' approach to biodiversity

The Danske Bank Asset Management biodiversity assessment framework is created to provide a better understanding of how companies are progressing towards a nature positive economy and how companies are adapting their strategies to align with international nature expectations and specifically the Kunming-Montreal Global Biodiversity Framework. We believe that this biodiversity assessment framework can be utilized throughout many investment processes. For example, the management quality indicators may be included in the investment decision or when engaging with companies on biodiversity risks and opportunities. At the same time, it can serve as a guidance for companies to what we as investors expect of our portfolio companies. We also hope that our assessment framework can serve as an inspiration for other investors and start a fruitful discussion on biodiversity that can lead to a nature positive economy in the future.

Methodology

The Danske Bank Asset Management biodiversity assessment framework is built on the foundation of Transition Pathway Initiative (TPI), which aims to evaluate and follow companies' progress in the transition to a low-carbon economy for companies with a high impact on climate. The Danske Bank Asset Management biodiversity framework follows the same design principles, however it focuses on biodiversity and the companies that are likely to have a high impact on nature. The design principles means that:

1. Company assessments are based solely on publicly available information.
2. Indicators should be objectively assessable.
3. Indicators of Management Quality should be relevant to all companies in all sectors.

4. Our framework should enable engagements.
5. Indicators are linked to TNFD, Business for Nature, FAIRR and Science-based targets for nature (SBTN).
6. Indicators gives a high-level assessment.

The framework does not include climate assessments as we have other processes and frameworks for that, it focus solely on biodiversity and how companies are progressing towards a nature positive economy.

Management quality

The Biodiversity Management Quality evaluates and tracks the quality of companies' governance/management of their impacts and dependencies on biodiversity as well as risks and opportunities related to the transition towards a nature positive economy. We believe that good biodiversity management may lead to lower negative impact on nature in the future, because companies with good biodiversity management are more likely to set and deliver on their biodiversity targets. We evaluate and track the biodiversity management quality as it focuses on company processes, and it may enable us as an investor to develop a greater understanding of the company's progress and willingness to transition and it may foster a dialogue around the challenges and opportunities that companies are facing towards a nature positive economy.

Even though the management quality indicators focus on the processes and policies, they do not address the level of ambitions, commitments, and actions. As biodiversity frameworks and data mature, we expect that this framework will develop over time. The level of a company's ambitions, commitments and actions will be identified either via our due



diligence or when engaging with companies. In this process we currently utilize research and guidance from ENCORE, TNFD, FAIRR, Business for Nature and SBTN and map company activities in a manner consistent with the guidance and recommendations from the before mentioned organizations.

Management quality – a staircase with five levels

Companies are getting more structured around their material ESG topics and tend to implement their management systems and processes in a relatively staged and structured manner. Even though biodiversity as a topic has been lacking reporting and target setting frameworks, companies are starting to implement frameworks from Business for Nature, TNFD and SBTN. As with climate, they often start by publicly acknowledging the relevance of biodiversity to their business by either stating a position on their website or in a high-level policy. Subsequently, they tend to set some relatively short-term process-oriented targets, before progressively extending the duration and stringency of their targets, and defining these in a more precise, quantitative way. A similar phenomenon is often seen in reporting: Companies tend to start by reporting on operation impacts and dependencies, and then extend the reporting to apply their value chain. The Biodiversity Management Quality framework tracks the progress of companies through the following five levels:

- Level 0** Unaware of biodiversity being a business issue.
- Level 1** The company is acknowledging biodiversity as a business issue.
- Level 2** Building the foundation.
- Level 3** The company is integrating biodiversity into the business.
- Level 4** The company has a strategic and holistic approach.

Up to 19 specific Management Quality indicators are used to map companies to these five levels. The data underpinning the indicators are found by looking into company’s sustainability reports, corporate governance reports, policies and others. See the 19 indicators in the appendix.

With the exception of level 0, companies need to be pass on all of the questions pertaining to a level, before they can advance to the next level. Companies can move in both directions on the Management Quality staircase and movement can come about either because companies’ management practices change, or because the set of indicators used to identify companies at different levels evolves.

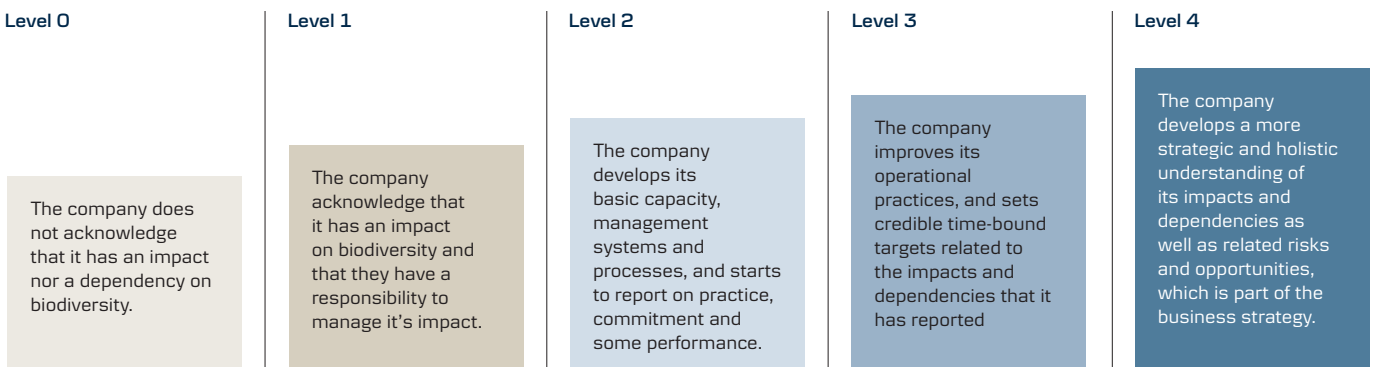
The 19 indicators have been mapped to The Taskforce on Nature-related Financial Disclosures (TNFD), which have developed a set of disclosure recommendations and guidance for organisations to report and act on evolving nature-related dependencies, impacts, risks and opportunities. The disclosure recommendations are structured around four pillars, consistent with the TCFD and the International Sustainability Standards Board (ISSB). They accommodate the different approaches to materiality in use currently and are aligned with the goals and targets of the Kunming-Montreal Global Biodiversity Framework:³

1. Governance
2. Strategy
3. Risk management
4. Metrics and targets

The 19 indicators has been mapped to the TNFD framework (see appendix), which enable companies to be transparent about:

1. The application of materiality
2. The scope of disclosures
3. The location of nature-related issues
4. Integration with other sustainability-related disclosures
5. The time horizon considered
6. The engagement of indigenous peoples, local communities and affected stakeholders in the identification and assessment of the organisation’s nature-related issues

³ <https://tnfd.global/recommendations-of-the-tnfd/#governance>



Combining the Biodiversity Management Quality with the recommendations and guidance from TNFD, gives a holistic understanding of the company's approach to biodiversity as well as the needed actions to move towards a nature positive economy and it gives us a solid foundation for engaging with investee companies and enables us to support the transition.

The company assessment process

In this white paper, we selected the 25 largest corporations from both Denmark, Norway, Sweden, and Finland, as determined by market capitalization. In total 100 Nordic companies were assessed representing the Nordic market. Our analysis specifically excluded any companies that did not exhibit a significant (high or very high) impact or dependence on biodiversity, based on ENCORE⁴. This means that every organization included in our assessment demonstrates either a high or very high impact on at least one impact driver or a dependency on at least one ecosystem..

Notably, financial institutions such as banks and insurance companies were incorporated into our analysis. Although ENCORE does not currently assign these institutions a high or very high potential impact—since it primarily measures direct operations—we recognize the crucial role that financial institutions play in advancing towards a nature-positive economy.

³ <https://encorenature.org/en>

The data for this study was collected exclusively from public sources, including company websites, annual reports, sustainability reports, policy documents, position statements, and relevant news articles. Danske Bank Asset Management has collected the data and the data collection occurred in October 2023. We also utilized supplementary data regarding market capitalization from ISS, and nature-related impact and dependency information from ENCORE. The assessment of the companies were performed through our proprietary biodiversity assessment framework as described above.



A review of 100 Nordic companies.

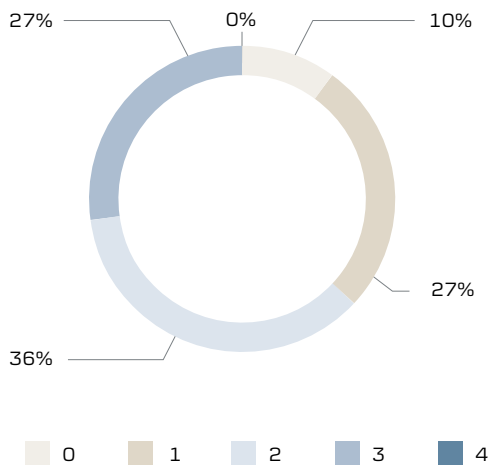
Finding 1:

Most of the Nordic companies recognize biodiversity as a relevant risk and/or opportunity for the business but are not aware of their impacts and dependencies on nature.

In our analysis, all companies included have either a high or very high impact on drivers leading to biodiversity loss, or a significant dependence on ecosystems. Despite this, 16% of the companies showed little to no recognition of biodiversity-related risks and opportunities. In contrast, 84% acknowledged the relevance of biodiversity to their business, either viewing it as a risk or an opportunity. Among these, some have incorporated biodiversity considerations into their materiality assessments, while others have established policies or position statements committing to mitigate their biodiversity impact.

However, there's a notable gap in action. While the majority of Nordic companies acknowledge the importance of biodiversity, less than 15% have concretely identified their specific impacts and dependencies. This gap suggests a lack of full awareness about the extent of their business impact on biodiversity and their reliance on ecosystem services. Consequently, these companies may be underestimating the risks associated with harming nature and local communities, as well as the potential challenges arising if these vital ecosystem services become unavailable.

Figure 1: Breakdown of companies by Biodiversity Management Quality level

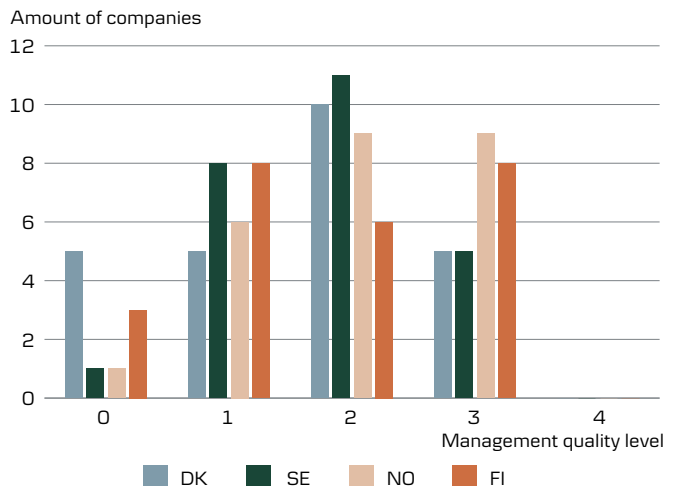


Finding 2:

73% of the Nordic companies are having issues with the complexities of addressing biodiversity risks and establishing governance and credible targets, while a few companies are leading the way.

The integration of biodiversity into business models remains a challenge for many companies. As seen in Figure 1, our assessment reveals that 73% of Nordic companies are operating at level 2 or below in terms of biodiversity integration. This indicates a widespread struggle in effectively incorporating biodiversity considerations into their core operations. On a more positive note, 27 companies have advanced to level 3. These companies are setting a commendable example by either actively disclosing their impacts and dependencies on biodiversity within their direct operations or by setting time-bound, context-specific targets and engaging collaboratively with indigenous communities. However, as seen in figure 2, it's noteworthy that none of the companies have reached level 4 yet, highlighting an area where even the frontrunners have room for improvement. This underscores the fact that there is still a considerable journey ahead for all Nordic companies in fully embedding biodiversity into their business practices.

Figure 2: Management Quality – Nordics



Finding 3:

Most Nordic companies are committed to minimizing their impact on nature through their activities, however most of them do not have credible targets or plan to minimize their impact.

Although a promising 75% of Nordic companies have pledged to reduce their impact on nature, our findings reveal a crucial gap. As highlighted in Finding 1, many of these companies have not conducted thorough assessments of their specific impacts and dependencies on biodiversity. Consequently, their commitments, while well-intentioned, tend to be broadly stated, lacking in specificity and clear action plans for effective impact mitigation.

Nonetheless, there are leaders in this space. Nearly a third of Nordic companies are setting meaningful, time-bound, and context-specific biodiversity targets. It's understandable at this stage that their targets cover certain aspects of biodiversity but not all areas of impact. Given the complexity of biodiversity issues and the historically limited research, data, and guidance available, this is a significant step forward. We anticipate that the recent guidance and recommendations from organizations like the TNFD and SBTi will encourage more companies to establish and adopt comprehensive targets addressing their material biodiversity risks in the near future.

The challenge of translating commitments and targets into action is evident. Only 11% of these companies have a detailed action plan for achieving their targets. Often, the targets are accompanied by general statements rather than specific strategies or steps to reach them, underscoring a need for greater clarity and actionable plans in biodiversity management.

Finding 4:

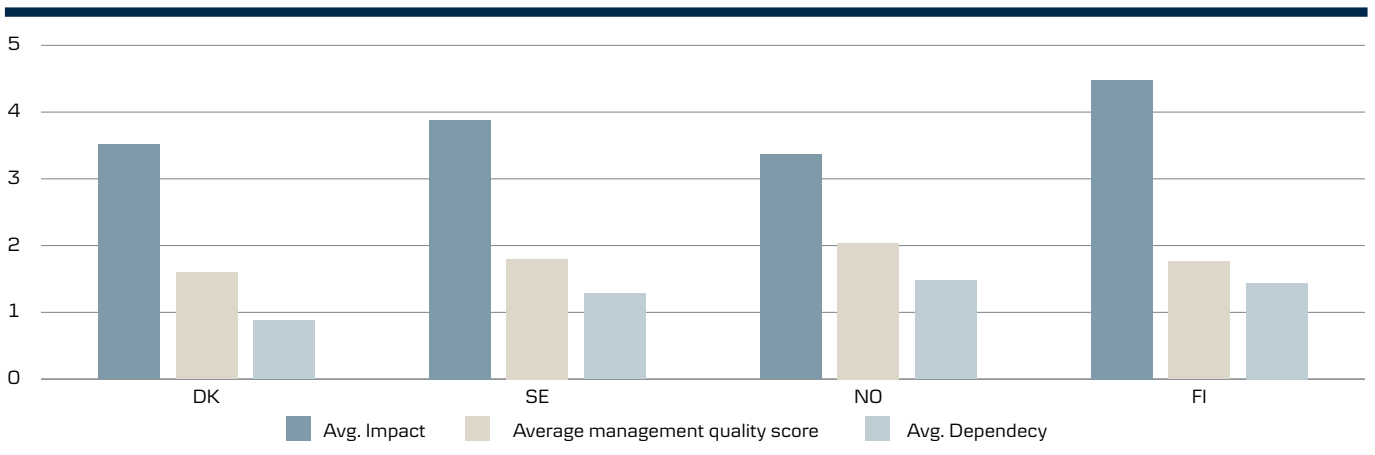
Danish companies are falling behind their Nordic peers. On average Danish companies are at a lower Biodiversity Management Quality level compared to Nordic peers.

Danish companies are considered by many to be thought leaders within sustainability. For example, a recent report from UN Global Compact concluded that Denmark has the highest share of SBTi committed companies⁵ outpacing Nordic and European peers. However, this white paper concludes that, on average, Danish companies lag behind their Nordic counterparts in addressing biodiversity risks and opportunities. As seen in figure 3, Danish companies typically have a high or very high impact on more than three drivers of biodiversity loss. Interestingly, Danish companies exhibit less dependence on ecosystems compared to their Nordic peers. In terms of Biodiversity Management Quality, Denmark ranks lowest, with over one-third of its companies at level 0 or 1.

Contrastingly, Norway emerges as the leader in Biodiversity Management Quality. Nearly three-quarters of Norwegian companies assessed achieved level 2 or 3. Although these companies also have a high or very high impact on over three drivers potentially leading to biodiversity loss, their impact is marginally lower than the Nordic average. Moreover, Norwegian companies show a significant dependency on one or more ecosystems, ranking second highest for ecosystem dependency in the Nordic region.

⁵ <https://info.globalcompact.dk/SBTi-in-denmark-2023>

Figure 3: Average impact, dependencies and management quality level per country



Average potential impact: The amount of potential impacts that companies have on impact drivers that may lead to biodiversity loss.
 Average dependency: The amount of ecosystems that companies may be dependent on through their production processes.
 Average management quality score: The average level of the biodiversity management quality score.

Finding 5:

Companies are far from fulfilling the recommendation and guidance that the Taskforce on Nature-Related Financial Disclosures (TNFD) have set out earlier this year.

Evaluating Nordic companies through the perspective of the Taskforce on Nature-Related Financial Disclosures (TNFD), it's clear that there's significant room for improvement in meeting the recommendations and guidance set forth by TNFD in September 2023. This is not surprising, considering the recency of TNFD's guidelines. These guidelines aim to enable organizations to comprehensively report and take action on their nature-related dependencies, impacts, risks, and opportunities. The TNFD framework is designed to help businesses and financial institutions incorporate nature into decision-making, promoting a shift in financial flows towards nature-positive outcomes.

The TNFD's disclosure framework is built on four key pillars – Governance, Strategy, Risk Management, and Metrics and Targets. These pillars are in line with the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), accommodating various approaches to materiality and aligning with the Kunming-Montreal Global Biodiversity Framework's goals and targets.⁶

As indicated in figure 4, Nordic companies still have considerable progress to make in aligning their operations and reporting with TNFD's guidelines. Their strongest performance is in the area of Governance, likely due to its overlap with existing sustainability and climate agendas, such as board oversight on sustainability issues. The detailed composition and focus of each TNFD pillar are further illustrated in figure 5.

⁶ <https://tnfd.global/>

Figure 4: Management quality mapped to TNFD

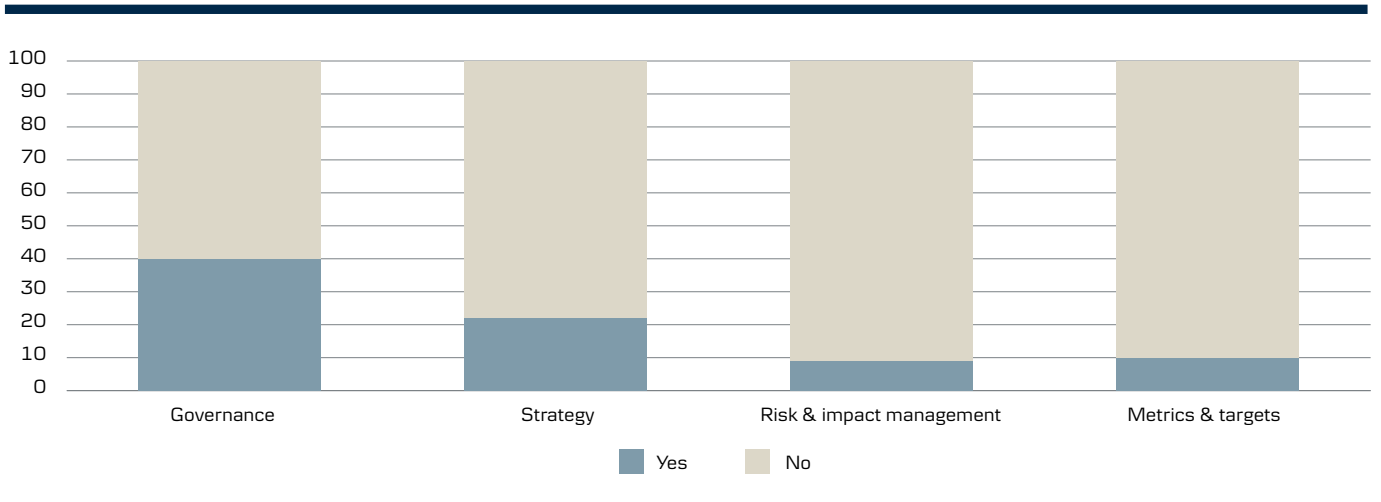


Figure 5: TNFD’s recommended disclosures

Governance	Strategy	Risk & impact management	Metrics & targets
<p>Disclose the organisation’s governance of nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation’s business model, strategy and financial planning where such information is material.</p>	<p>Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.</p>	<p>Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.</p>
<p>Recommended disclosures</p> <p>A. Describe the board’s oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management’s role in assessing and managing nature-related dependencies, impacts, risks and opportunities .</p> <p>C. Describe the organisation’s human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation’s assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	<p>Recommended disclosures</p> <p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term .</p> <p>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation’s business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p> <p>C. Describe the resilience of the organisation’s strategy to nature-related risks and opportunities, taking into consideration different scenarios .</p> <p>D. Disclose the locations of assets and/or activities in the organisation’s direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p>	<p>Recommended disclosures</p> <p>A(i) Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations. A(ii) Describe the organisation’s processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s) .</p> <p>B. Describe the organisation’s processes for managing nature-related dependencies, impacts, risks and opportunities .</p> <p>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation’s overall risk management processes.</p>	<p>Recommended disclosures</p> <p>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process .</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature .</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

<https://tnfd.global/>

Conclusion

Biodiversity is essential to a healthy planet, and economic prosperity. We depend on it for food, medicine, energy, clean air and water, security from natural disasters as well as recreation and cultural inspiration, and it supports all systems of life on Earth.⁷ The Kunming-Montreal Global Biodiversity Framework, established in 2022, marked a significant step in addressing the challenges facing nature. This framework outlines 23 action-focused global targets for the next decade, many of which will impact the companies we invest in across various areas, including land and sea use, pollution, agriculture, and consumption patterns. As regulatory, consumer, and investor expectations around biodiversity grow, companies' roles in achieving societal nature goals become increasingly crucial.

Despite its importance, integrating biodiversity into business models remains a challenge for most Nordic companies. Our proprietary biodiversity assessment framework reveals that 73% of these companies score at level 2 or lower, highlighting a struggle to incorporate biodiversity considerations effectively. The struggle stems partly from the absence of clear guidance and frameworks for adopting biodiversity targets in the past.

However, 2023 has been a turning point for nature conservation. With the launch of guidelines by the Science Based Target Initiative, the Taskforce on Nature-related Financial Disclosures, and sector-specific advice from Business for Nature, companies now have the tools to set targets and align disclosures effectively.

As asset managers, we play a pivotal role in supporting the transition towards a nature-positive economy. We recognize the dual materiality of our investments: their impact on both financial performance and the broader environment and society. This understanding is integral to our fiduciary

duty, fostering value for our clients and offering investment products that contribute to a sustainable society. We address these considerations through inclusion, exclusion, and active ownership strategies, tailored to specific asset classes and investment strategies. We also recognize the complexity of the topic and aim at providing better solutions to how to make the transition more "investable". In our view this requires an open and risk-based mindset, engagement and commitment for the benefit of all stakeholders.

Our biodiversity assessment framework is a tool that we in Danske Bank Asset Management will use to assess companies and we hope it can inspire others to develop robust nature stewardship and engagement strategies. It will allow us to evaluate companies' current biodiversity strategies, set clear expectations for their transition paths, and monitor progress over time. Necessary actions, such as engagement, voting, or divestment, can be taken based on this monitoring. Danske Bank Asset Management has committed to engaging with 30 global companies, impacting nature and biodiversity, by the end of 2025. Our goal is to deepen our understanding of their nature impacts and dependencies, managing related risks effectively. This engagement will raise awareness about managing impacts and risks, safeguarding the value of our clients' investments. We recognize that these initial steps are just the beginning of a much larger journey to protect and restore ecosystems. As frameworks, data, and knowledge evolve, we will continue to enhance our understanding and fulfil our commitments to share. The journey towards a nature-positive economy is complex and challenging, yet essential. It requires a collective effort, and we are committed to playing our part in this critical endeavour.

⁷ <https://www.cbd.int/gbf/introduction/>



Appendix

Management Quality indicators

1. The company acknowledges biodiversity as an issue for the business.

Companies are assessed as 'Yes' if they:

- Recognize having an impact on biodiversity/nature/environment
- Have a policy/position on biodiversity/nature/environment
- Have a commitment to mitigate impact on biodiversity/nature/environment

2. The company recognises biodiversity as a relevant risk and/or opportunity for the business.

Companies are assessed as 'Yes' if they:

- Biodiversity or related material issues are part of the materiality assessment
- Have a policy/position on biodiversity/nature/environment
- Have a commitment to mitigate impact on biodiversity/nature/environment

3. The company has a policy (or equivalent) commitment to action on biodiversity.

Companies are assessed as 'Yes' if they:

- Have published a policy/position/commitment statement on biodiversity or related material issues that commits them to addressing the issue, or to reducing/mitigating/avoiding impact on biodiversity.

4. The company has publicly committed to minimize impact on nature.

Companies are assessed as 'Yes' if they:

- Have publicly committed to minimize impact on nature through a policy, position statement, targets on specific biodiversity related issues.

5. The company has publicly committed to restore nature

Companies are assessed as 'Yes' if they:

- Have publicly committed to restore nature through their economic activities.
- Made targets such as nature positive, net positive or similar.
- Will enable others to restore nature through their products and services.

6. The company has published information on its impact and dependencies in their direct operations.

Companies are assessed as 'Yes' if they:

- Have publicly reported on their impacts and dependencies in their direct operations.

7. The company has set some time-bound and context-specific targets

Companies are assessed as 'Yes' if they:

- Have set quantified and time-bound material biodiversity targets.

8. The company has a process to ensure its trade associations lobby in accordance with the Global Biodiversity Framework

Companies are assessed as 'Yes' if

- Have a specific public commitment/position statement to conduct all of its lobbying in line with the goals of the Global Biodiversity Framework

9. The company has committed to implement the recommendations of the TNFD.

Companies are assessed as 'Yes' if they either:

- Have publicly committed to implement the recommendations of the Task Force on Nature related Financial Disclosures (TNFD)
- The company explicitly commits to align its disclosures with the TNFD recommendations or is listed as a supporter on the TNFD website.

10. The company has developed a company-wide plan on how to achieve targets.

Companies are assessed as 'Yes' if they:

- Have a strategy that explains how it intends to meet their targets

11. The plan is made in collaboration with indigenous people and local communities when they are affected

Companies are assessed as 'Yes' if they:

- Have engaged with local communities such as regulators and others
- Have engaged with indigenous people in local communities affected by company biodiversity impacts.

12. The company has included biodiversity in their supplier code of conduct

Companies are assessed as 'Yes' if they either:

- Have included biodiversity in the supplier code of conduct.
- Assess suppliers management of biodiversity.
- Expect suppliers to mitigate, reduce impact on or restore nature.
- Expect suppliers to report on impacts and dependencies.

13. The company has set science-based targets

Companies are assessed as 'Yes' if they:

- Have joined Science based target for Nature working groups and are collaborating with SBTN to set targets on either deforestation or water.

14. The company has published information on its impact and dependencies throughout their value chain

Companies are assessed as 'Yes' if they:

- Have published a report on their impacts and dependencies throughout their value chain i.e. upstream, direct operations and downstream.

15. The company's board has clear oversight of biodiversity.

Companies are assessed as 'Yes' if they either:

- Have provided evidence of clear board or board committee oversight of sustainability related issues, including biodiversity
- Have named an individual/position responsible for biodiversity at a board level.

16. The company has a Global Biodiversity Framework-aligned biodiversity lobbying position and all of its direct lobbying activities are aligned with this

Companies are assessed as 'Yes' if they:

- Commit to advocate for GBF-aligned lobbying within the trade associations of which it is a member.

17. The company is reporting in accordance with the TNFD framework.

Companies are assessed as 'Yes' if they:

- Report in accordance with the TNFD framework and the sector recommendations

18. The company has initiated relevant nature restoration projects.

Companies are assessed as 'Yes' if they:

- Have initiated relevant nature restoration projects in local communities where they have an impact either through their direct operations or through their value chain.

19. The company's impact and dependency assessment has been verified by a third-party

Companies are assessed as 'Yes' if they:

- Have had their biodiversity metrics independently verified by a third party.
- State the international assurance standard they have used and the level of assurance.

Management Quality indicators	TNFD Themes
1. The company acknowledges biodiversity as an issue for the business.	Governance
2. The company recognises biodiversity as a relevant risk and/or opportunity for the business.	Governance
3. The company has a policy (or equivalent) commitment to action on biodiversity.	Governance
4. The company has publicly committed to minimize impact on nature.	Metrics & targets
5. The company has publicly committed to restore nature	Metrics & targets
6. The company has published information on its impact and dependencies in their direct operations.	Strategy
7. The company has set some time-bound and context-specific targets	Metrics & targets
8. The company has a process to ensure its trade associations lobby in accordance with the Global Biodiversity Framework	Governance
9. The company has committed to implement the recommendations of the TNFD.	Risk & Impact management
10. The company has developed a company-wide plan on how to achieve targets.	Strategy
11. The plan is made in collaboration with indigenous people and local communities when they are affected	Governance
12. The company has included biodiversity in their supplier code of conduct	Strategy
13. The company has set science-based targets	Metrics & targets
14. The company has published information on its impact and dependencies throughout their value chain	Strategy
15. The company's board has clear oversight of biodiversity.	Governance
16. The company has a Global Biodiversity Framework-aligned biodiversity lobbying position and all of its direct lobbying activities are aligned with this	Governance
17. The company is reporting in accordance with the TNFD framework.	Risk & Impact management
18. The company has initiated relevant nature restoration projects.	Metrics & targets
19. The company's impact and dependency assessment has been verified by a third-party	Risk & Impact management

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