



THE DANISH
INSTITUTE FOR
HUMAN RIGHTS

In collaboration with

EIRIS
FOUNDATION

DOCUMENTING RESPECT FOR HUMAN RIGHTS

A 2024 BENCHMARK OF LARGE DANISH COMPANIES

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Authors: Danish Institute for Human Rights and EIRIS Foundation. Special thanks to main researchers Anne Line Sigsgaard Berg (DIHR) and Jana Hoess (EIRIS). We would like to thank the Corporate Human Rights Benchmark at the World Benchmark Alliance, for sharing insights and comments during the development of previous benchmarks and for making their methodology publicly available and the companies assessed for their willingness to engage with the process.

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1 EXECUTIVE SUMMARY

This report provides a benchmark of the human rights policies and self-reported human rights due diligence (HRDD) practices of 30 of the largest Danish companies for the 2023 reporting period. The companies represent ten different sectors, are headquartered in Denmark and all have global operations and value chains. The benchmark repeats similar studies by the Danish Institute for Human Rights (DIHR) published in 2020¹ and 2022² and the first one on financial institutions from 2023³.

As is the case for all other businesses, the covered companies have a responsibility to respect human rights. This entails maintaining an awareness of their negative impacts on human rights and publicly demonstrating what they are doing to avoid and address them. The UN Guiding Principles on Business and Human Rights (UNGPs), the global authoritative standard on business and human rights, define this as the concept of a “corporate responsibility to respect human rights” which includes undertaking HRDD.

This benchmark takes a closer look at the degree to which some of the largest Danish companies are able to demonstrate that they meet this standard. To enable comparison with similar benchmarks at the global level and those done in other countries the benchmark relies on the Corporate Human Rights Benchmark’s (CHRB) Core UNGP Indicator methodology⁴. The study aims to contribute to an ongoing debate on how businesses can improve their respect human rights and publicly document their efforts.

In recent years the European Union (EU) has introduced a range of regulatory initiatives which, in different ways, seek to address the impacts that businesses have on the enjoyment of human rights. Two of the main developments in this area relevant to the benchmark are the Corporate Sustainability Due Diligence Directive (CSDDD), which includes a mandatory due diligence obligation with respect to human rights and environmental impacts;⁵ and the Corporate Sustainability Reporting Directive (CSRD), which concerns disclosures on a range of sustainability matters and their management including human rights and due diligence⁶. Although these regulations are yet to be legally binding on the companies covered in this analysis, their adoption is already impacting the companies’ behaviour. CSRD applies to the first set of companies in 2025 and CSDDD in 2027⁷. Nonetheless, over half of the companies covered in the study refer to the CSRD in their 2024 annual report and note how the incoming regulation has influenced their sustainability reporting. This report facilitates an early consideration of the future impacts of these and related regulatory developments on benchmarks such as these. In a separate section, the report includes a short analysis of early effects of the CSRD and the European Sustainability Reporting Standards (ESRS) on the companies’ reporting as it relates to social sustainability including human rights (page 44).

The CHRB Core UNGP Indicator methodology does not mirror the CSDDD articles and thereby incoming legal requirements on HRDD 1:1, but as both draw heavily on the UNGPs as the underlying normative reference point, the companies’ results in this study offer some insight into the companies’ CSDDD preparedness and highlight key areas for improvement.

By applying the CHRB Core UNGP Indicator methodology, the benchmark measures the degree to which the largest Danish companies currently document alignment with the UNGPs, rather than whether their performance or impact management processes are in fact aligned with the UNGPs. The methodology, which was updated in 2021, includes 12 indicators covering three thematic areas: three indicators relating to Governance and Policy Commitments (Governance Indicators), six indicators relating to Embedding Respect and Human Rights Due Diligence (HRDD Indicators), and three indicators on Remedies and Grievance Mechanisms (Remedy Indicators). For a list of the indicators see page 17.

The CHRB Core UNGP Indicator methodology relies on information publicly disclosed by companies themselves – including formal policy documents, information from annual reports, as well as information on corporate websites. Looking at information provided by companies themselves – and not information made available in the media, by civil society organisations, affected stakeholders or their representatives, or through independent data collection and field work – has a number of limitations which should be kept in mind when assessing the results (for more on methodology and limitations see Annex 1).

FIGURE 1: TOTAL TURNOVER AND NR. OF EMPLOYEES OF COMPANIES ASSESSED



30

COMPANIES



2.02

TOTAL TURNOVER IN TRN DKK



1.107.532⁸

TOTAL NR. OF EMPLOYEES

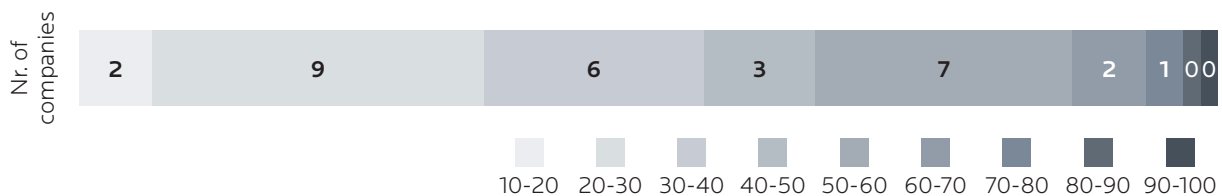
After the first benchmark of Danish companies in 2020, the World Benchmarking Alliance (WBA) did a revision of the CHRB methodology based on lessons learnt and stakeholder feedback. The 2021 methodology update has made it possible to shed light on some of the most central areas of concern by requiring additional disclosure on human rights impacts and how they are addressed, including through stakeholder engagement. Since then, the methodology has remained unchanged. This means that any comparisons between the Danish 2020 results and those of 2022 and 2024 must be made with caution. One of the reasons for repeating the benchmark every other year has indeed been to track whether the exercise can drive companies to develop stronger commitments and report more transparently on their procedures, and in addition, determine if laggards are catching up with their peers. As the CHRB methodology has not changed again since the last benchmark, this provides the opportunity to compare this years' findings more closely to findings from 2022. While some improvements can be noticed in several important areas, such as remedy, the issues that have emerged from this year's analysis, however, underline that the most significant areas of gaps remain the same.

KEY FINDING 1:

The companies still generally fail to demonstrate alignment with the UNGPs

The average overall alignment score for the 2024 benchmark is 40%, with two thirds of the companies scoring below 50%, and just over one third of the companies below 30%. A score of 100% would indicate full alignment with the CHRB Core UNGP methodology. Notwithstanding a few frontrunners scoring above 60% and one company scoring just over 70% in overall alignment, none of the companies reach the highest two score bands (80-90% or 90-100%); (see number of companies by percentage band in figure 2). An overall alignment score of 40% however represents a small improvement from 36% in 2022. It remains concerning that over ten years after the endorsement of the UNGPs, despite previous benchmark results and incoming regulation of relevance, the benchmark still finds that Denmark's largest companies are yet to demonstrate respect for human rights as required by the UNGPs.

FIGURE 2: COMPANY RESULTS PER PERCENTAGE BAND



KEY FINDING 2:

The companies fail to describe how they undertake human rights due diligence

In the UNGPs, human rights due diligence is a term used to describe an ongoing process through which businesses identify, prevent, mitigate, track and communicate publicly about their actual and potential adverse human rights impacts and related efforts. Due diligence in this sense is a process by which businesses operationalise the "corporate responsibility to respect human rights" and is also the process standard that has inspired the EU's CSDDD. Encouragingly, 24 of the 30 companies now express a formal commitment to the UNGPs. This is a clear improvement from 2022 where almost half of the companies failed to make such a commitment. Concerningly however, almost one third of the companies evaluated score no points at all across five of the HRDD Indicators. This is a repeat finding from 2022. Further, 16 companies score 0 on three or more of the HRDD Indicators. This highlights the relevance of incoming regulatory requirements on HRDD but also the need for guidance to ensure effective implementation of commitments made.

KEY FINDING 3:

There is a clear lack of understanding about the scope of due diligence across own operations and the value chain

A majority of the companies again failed to demonstrate that they consider human rights risks throughout the value chain to which they are connected via supply, contract,

ownership or investment relationships, or the use of company products, premises or services. Only six companies described human rights risk identification processes, covering both their own operations and business relationships. This is a slight drop from nine companies in 2022. In addition, seven companies limit the scope of such processes to supply chains, and fail to describe processes related to own operations (up from five in 2022).

KEY FINDING 4:

None of the companies demonstrate meaningful consultation with affected stakeholders throughout due diligence processes

Companies were not able to meet requirements on demonstrating formalised stakeholder engagement processes in their due diligence, despite such processes being a key tool to help them identify/assess, prevent, mitigate, track and remediate adverse impacts. Only three companies describe such dialogue in their processes for identifying and assessing risks (down from seven in 2022). This is concerning, since engagement with affected stakeholders is central in order to understand impacts on the ground and allow for rights-holder views to be taken into account as a part of the HRDD process. It is also an interesting finding in light of the inclusion of requirements on engaging with affected stakeholders in both the CSRD and CSDDD.

KEY FINDING 5:

Despite some progress being made, remedy remains one of the weakest areas of performance.

A slight improvement can be noticed in the companies' transparency regarding their approach to provide timely remedy for victims of human rights abuses. While in 2022 none of the companies were found to provide this type of information, this year's assessment encouragingly found seven companies that were meeting this requirement. Despite this positive development, remedy remains one of the weakest areas of performance overall, alongside communication with stakeholders and tracking of effectiveness of mitigation measures. While the majority of companies have operational-level grievance mechanisms in place, seven of the companies now describe the approach taken to enable remedy for victims of adverse human rights impacts that the company had caused or contributed to. Only 16% of the companies, however, provided information on precautionary measures taken following a concrete case to prevent recurrence, a slight drop from 20% in 2022.

ESRS EARLY FINDINGS

Whilst over half of the companies referenced CSRD/ESRS and disclosed on how these standards are impacting their reporting approaches, most companies were yet to align more comprehensively with ESRS requirements. This includes the elements

of ESRS that draw on key UNGP provisions or reinforce due diligence requirements. Whilst it may be too soon to judge whether ESRS will be transformative in supporting companies to better demonstrate alignment with human rights expectations, the ESRS section of this study highlights some opportunities for companies to draw on human rights due diligence and the UNGPs in their approach to ESRS based reporting in particular in relation to the double materiality assessment. For more information on CSRD and ESRS see page 13.

1.1 RECOMMENDATIONS

In light of the results of this benchmark and the overall affirmation of results from previous years, the following recommendations can be made to various stakeholders – companies, investors and the Danish Government.

Companies

We reiterate our call on Danish companies to improve both their HRDD practices and their disclosures on how they are conducting due diligence. In particular, on aspects of due diligence where this benchmark has illustrated areas for improvement. This includes;

- Disclosure of due diligence practices (each step thereof);
- Demonstrating HRDD across the full scope of the value chain from supply chain, own operations, to the use of company products or services downstream;
- Engagement with affected stakeholders; and
- Ensuring access to remedy when harm occurs.

When approaching the task of reporting in compliance with ESRS, we encourage companies to make use of their HRDD processes as key input to double materiality assessments and related sustainability reporting. Where companies are yet to have in place HRDD processes, we encourage them to use the materiality assessment and ESRS led reporting exercise to improve HRDD related practices such as related to engaging with affected stakeholders.

The analysis in this report can serve as inspiration for the companies involved, but also other Danish companies, identifying where further improvement is needed to meet the CSRD and CSDDD requirements underway and capitalise on synergies across the two regulations.

Investors

For investors this analysis serves as a point of departure for further dialogue and engagement with the companies involved but can also serve to highlight cross-cutting challenges for the Danish business community with regard to demonstrating respect for human rights. We urge investors to consider the results of this analysis by:

- Using it to inform human rights related portfolio screenings;
- Engaging in dialogue with the companies involved where the results call for this – both individually and collectively;
- Taking inspiration from the results of this report to inform their own HRDD and documentation thereof;
- Consider how best to use and engage with ESRS related company reporting to further companies' human rights related disclosures.

The government

This analysis illustrates the need for Denmark to proactively take steps to meet its duty to protect human rights in the context of business activities in line with the expectations of the UNGPs' pillar one.

This includes:

- Pursuing national implementation of CSDDD and CSRD that reinforces and aligns with the UNGPs and draws on synergies across. Ensuring cross-measure coordination and prioritisation of relevant accompanying measures for example by leveraging the existing Forum on Responsible Business Conduct and Sustainability Regulation; improving interministerial coordination on sustainability due diligence or initiating an update of the Danish National Action Plan on business and human rights;
- Ensuring that transposition of relevant EU Directives in Danish law and supportive measures are informed by Danish companies' human rights related performance and areas of improvement, such as demonstrated in this report and previous benchmarks. This includes the current transposition of the CSDDD. This benchmark as well as previous ones suggest that ambitious approaches to transposition are well-founded;
- Using the results to inform initial work of supervisory authorities tasked with implementing and overseeing the CSRD as well as dialogue and capacity building efforts aimed at auditors and advisers; and
- Facilitating dialogue and learning for large and small business on HRDD and support the development of capacity in order to bridge the substantive gaps between company performance and the expectations of the UNGPs, CSRD and CSDDD (including on remedy, value chain scope and stakeholder engagement).

2 INTRODUCTION

Much progress has been achieved, with governments, investors and companies increasingly considering the UN Guiding Principles on Business and Human Rights (UNGPs) as the key reference point to support their efforts on responsible business conduct or corporate sustainability. In the European Union (EU) context recent years have brought about significant innovation in regulation directly inspired by the UNGPs, most relevantly the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) both of which are seen as key to driving increased and improved performance by companies in the area of human rights. With this third benchmark of Danish companies applying the Corporate Human Rights Benchmark (CHRB) Core UNGP methodology we aim to take stock of current company performance as it relates to documenting respect for human rights and provide a baseline ahead of incoming regulations relevant to the companies in scope.

2.1 REGULATORY DEVELOPMENTS

Since the last iteration of this benchmark in 2022, the EU has introduced a range of regulatory initiatives which, in different ways, seek to address the impacts that businesses have on the enjoyment of human rights, including, in particular, their operations outside the EU and related impacts occurring throughout global value chains, most notably the CSDDD and the CSRD. Other relevant regulatory initiatives include those related to sustainable finance, as well as trade rules and import/ export restrictions.⁹

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE

The EU adopted the CSDDD on 13 June 2024. The CSDDD entered into force on 25 July 2024, starting a two-year transposition period whereby Member States will have to transpose the Directive's obligations into their national laws by 26 July 2026 at the latest meaning the first set of companies will be required to comply with the regulation in 2027.

The CSDDD creates an obligation for large companies to undertake risk-based due diligence to identify, assess, address and remedy potential and actual adverse impacts on human rights and the environment in connection with a company's activities and broader business operations. The Directive is expected to apply to approximately 5000 companies including the largest Danish companies. The due diligence obligation of the CSDDD overlaps with the indicators utilized for this benchmark, which therefore provides a contribution to having a baseline on some of the companies to be covered in Denmark, as it relates to their current documented alignment or not with incoming legislative requirements.

While the adopted directive is broadly aligned with the UNGPs the final text contains a number of shortcomings. These include a reduced personal scope, carveouts for the financial sector, a reduced scope of due diligence obligations on the downstream part

of the value chain, and the absence of corporate governance elements. The Danish Institute for Human Rights (DIHR) has produced a detailed analysis of this which is linked below.

Read the adopted text of the directive here:

<https://eur-lex.europa.eu/eli/dir/2024/1760/oj>

Read the detailed analysis by the DIHR here:

- The EU Corporate Sustainability Due Diligence Directive: Maximising impact through transposition and implementation
<https://www.humanrights.dk/publications/eu-corporate-sustainability-due-diligence-directive-maximising-impact-through>
- Transposition of the Corporate Sustainability Due Diligence Directive: A practical guide for national human rights institutions
<https://www.humanrights.dk/publications/transposition-corporate-sustainability-due-diligence-directive-practical-guide-0>

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

The CSRD was adopted in December 2022 to replace the Non-Financial Reporting Directive that had been in effect since 2017.

The CSRD reframes the reporting requirements from a collection of non-financial topics for reporting to a requirement to report on impacts, risks and opportunities related to a defined set of sustainability matters. The Directive requires covered companies to include in their annual management reports “information necessary to understand the undertaking’s impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking’s development, performance and position” (CSRD, Article 19a). This has been popularly coined as ‘double materiality’. It also specifies granular reporting requirements as they relate to environmental, social and governance issue areas by way of European Sustainability Reporting Standards (ESRS)).

Although the CSRD requires disclosures of the due diligence processes a company is using with respect to sustainability matters where it exists, it does not itself require the exercise of due diligence. It therefore constitutes a softer element in the mix of measures alongside a harder element provided by the due diligence obligation in the CSDDD.

A more detailed description of the CSRD and ESRS and how they relate to other legislative efforts can be found here:

- How do the pieces fit in the puzzle? Making sense of EU regulatory initiatives related to business and human rights
<https://www.humanrights.dk/publications/how-do-pieces-fit-puzzle-making-sense-eu-regulatory-initiatives-related-business-human>

While the regulatory landscape is resulting in a move of the soft law expectations of the UNGPs into hard law requirements, an increasing number of actors are also seizing the momentum, pushing for example for stronger alignment between the ‘S’ in

Environmental, Social, and Governance (ESG) with the UNGPs. Human rights reporting frameworks and benchmarks supports work to assess companies on human rights, and investors are increasingly activating their leverage to engage portfolio companies on the uptake of the UNGPs. For example, an investor coalition representing USD 7 trillion in assets under management have called on companies to improve their results on the Corporate Human Rights Benchmark (CHRB) and some of the world's largest asset managers have cast votes in favour of HRDD.¹⁰ Other investors allied to the World Benchmarking Alliance (WBA) have applied pressure on companies to engage with the benchmarking process and raise their scores.¹¹

The evolving sustainability agenda, driven by regulatory developments and investor pressure, is driving changes in corporate behaviour. A growing number of companies have publicly committed to the UNGPs, a trend that is reaffirmed in this year's Danish benchmark (refer to theme A), and many are developing internal capacity on the different aspects of corporate respect for human rights to better avoid and address negative impacts in their operations and across their value chains.¹² The incoming legal requirements will expectedly add further tailwind to this tendency but also introduce new dynamics associated with legal compliance as well as navigating regulatory specificities, inconsistencies and alignment or the lack thereof with the UNGPs.

2.2 COMPLEMENTARY PERSPECTIVES FROM RECENT CASES AND CONTROVERSIES

Despite overall solidification of the sustainability agenda and regulatory progress, major global challenges such as geopolitical shifts, the aftermath of the COVID-19 pandemic, the urgency of climate crisis, new challenges associated with technology and AI, as well as armed-conflicts, provide an increasingly complex context for companies as it relates to ensuring respect for human rights.

There have been a number of recent allegations and cases concerning the involvement of Danish companies, including ones covered by this benchmark, in severe adverse human rights impacts. The cases span breaching of workers' rights in Cameroon¹³; commercial ties to the Russian military¹⁴; shipping of conflict timber in Cabo Delgado, Mozambique¹⁵; involvement in projects that forcibly evict indigenous populations in Saudi Arabia¹⁶; and products tied to the suppression of the Uyghur population in China¹⁷. Further consideration of these cases and controversies falls outside the scope of this benchmark, they do however provide interesting complementary perspectives to the benchmark findings as it relates to concrete human rights related incidents and companies' responses thereto and are necessary aspects to complete a stocktake on how Danish companies are performing on human rights overall.

2.3 THE BENCHMARK APPROACH

This third iteration of the benchmark seeks to increase corporate transparency by exposing the remaining gaps in human rights reporting and incentivise Danish companies to improve policies, processes and practices to ensure respect for human rights.

The third benchmark provides information on large Danish companies' disclosures in

alignment with the UNGPs. It applies the current methodology developed by the CHRB and WBA which covers a set of 12 Core Indicators¹⁸. The report examines how 30 of the largest Danish companies communicate to the public about their commitments and approaches to avoiding and addressing negative impacts on human rights.

The CHRB Core UNGP Indicators are taken from the full CHRB methodology, which has been applied to benchmark transnational corporations in high-risk sectors since 2016. The Core UNGP indicator list is designed to allow parties to take a quick snapshot of a company's approach to human rights management and assess whether it can document implementation of the requirements of the UNGPs. For a list of the indicators see page 17.

2.4 THE IMPACT OF NATIONAL HUMAN RIGHTS BENCHMARKS

While evaluating companies' human rights performance through benchmarking comes with several limitations (for a full methodology description see annex 1), different decision-makers, including politicians and investors, are paying attention to human rights benchmark rankings. Benchmarks have thus not only become a tool for generating transparent data on corporate human rights performance, but also enabled more targeted decision-making by regulators and investors.

Following the first country benchmark in Finland in 2019, the Finnish government commissioned a second assessment in 2020 to support the implementation of elements of the government's corporate social responsibility programme.¹⁹ In Ireland, the findings from a second benchmark were shared with the Irish government's National Action Plan Implementation Group, who used them to develop a guidance document to help businesses begin the process of implementing the UNGPs.²⁰ In Denmark, pension funds and other asset managers, have used the previous benchmark reports in the screening of and engagement with portfolio companies and welcomed regular benchmarks in order to identify gaps and put pressure on companies to improve the human rights related elements of their ESG reporting.

In that sense, repeating the country-based benchmarks have proved useful for assessing the local context and bringing issues of corporate accountability to the national level.

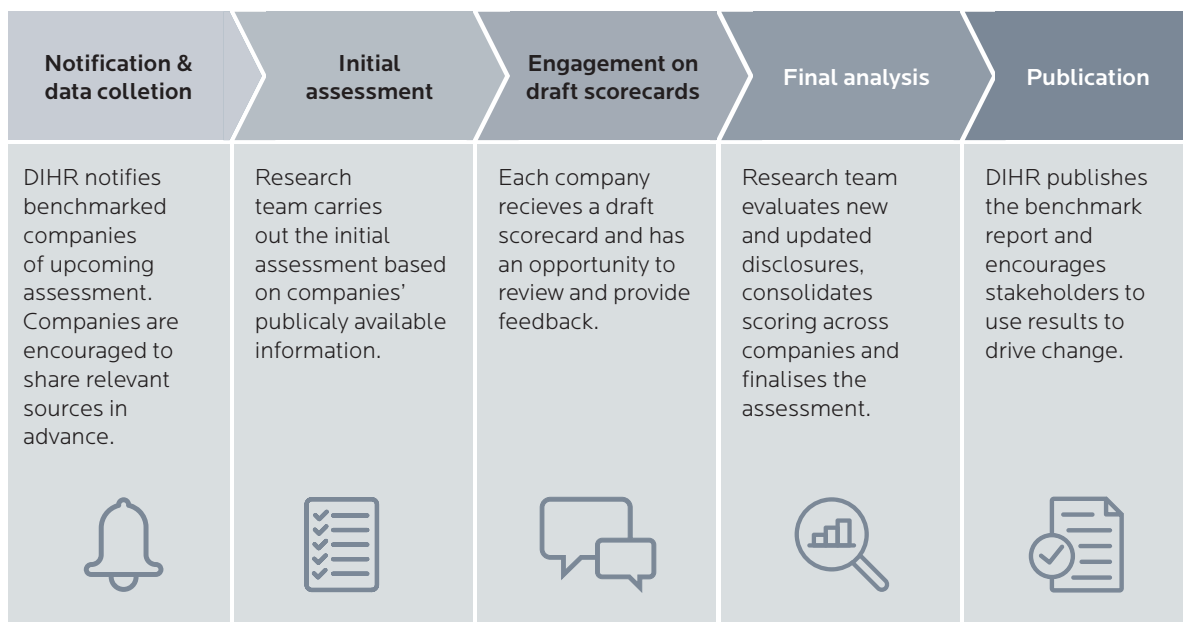
3 METHODOLOGY & PROCESS

Thirty of the biggest companies in Denmark were assessed against the CHRB Core UNGP Indicators to evaluate the status of disclosure of the policies and processes they have in place to implement respect for human rights. All of them were assessed in 2022 and twenty of these companies were also assessed in 2020. In 2022 the companies were selected on the basis of corporate turnover, global value chain activity (including in low- and medium-income countries) and headquarter location. The selection criteria deliberately placed emphasis on operations and activities in low- and medium-income countries in recognition of some of the severe human rights abuses that occur throughout global value chains. For a list of the covered companies see page 59.

The benchmark covers companies from 10 sectors: transport (two companies); medical and pharmaceutical (four companies); biotech and materials (one company); agriculture, food and beverage (five companies); industrials (three companies); energy (one company); service (two company); retail (three companies); design (four companies); and construction (five companies).

Companies included in the benchmark were informed via e-mail once selected. Companies were also given the option to comment on their draft benchmark results prior to consolidation. However, this was not a requirement, and companies did not receive additional points in the scoring for engagement. The aim of this engagement was to enable the companies to inform the research team of any public documents or information that had been overlooked during the assessment process or to allow them to challenge preliminary benchmark results at the indicator level. This year, 25 out of the 30 companies provided feedback in the engagement period. An overview of the process is visible in figure 3 and more in-depth explanation of the company selection and engagement processes can be found in Annex I.

FIGURE 3: BENCHMARK PROCESS



This year's benchmark research was carried out in a collaboration between DIHR and the EIRIS Foundation²¹. This has enabled increased quality control and alignment with global corporate human rights benchmark exercises as the EIRIS Foundation supports the WBA's global assessments. Concretely this has also meant the introduction of a new scorecard template with a more granular breakdown of indicator components allowing for more precision in the scoring.

The 12 CHRB core UNGP Indicators (see table 1) are extracted from the full CHRB methodology and provide a tool for taking a quick snapshot of a company's approach to human rights management and whether they are documenting their implementation of the relevant requirements of the UNGPs, regardless of company size and industry sector.

The CHRB Core UNGP Indicators are divided into three key areas: 'Governance and Policy Commitments', 'Embedding Respect and Human Rights Due Diligence' and 'Remedies and Grievance Mechanisms'. While the update of the methodology in 2021 created challenges for comparative analysis with the first iteration of this study (2020) the findings of the current assessment follow the same methodology as the last assessment done in 2022. This allows a more direct comparison of company scores between the 2022 study and the current one. Where comparisons are drawn to the 2020 iteration, they are kept at aggregate level to account for the changes to the indicators and the new criteria included under each theme – e.g. focusing on requirements for companies to describe the practices and policies they have adopted to respect human rights in their supply chains as well as integrating stakeholder engagement as a requirement throughout the methodology. In light of the revisions, we encourage readers to exercise discretion when comparing the results of the 2020 benchmark with the 2022 and 2024 benchmark findings.

TABLE 1: CORPORATE HUMAN RIGHTS BENCHMARK CORE UNGP INDICATORS

Theme A: Governance and Policy Commitments	
A.1.1	Commitment to respect human rights
A.1.2.A	Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work
A.1.4	Commitment to remedy
Theme B: Embedding Respect and Human Rights Due Diligence	
B.1.1	Responsibility and resources for day-to-day human rights functions
B.2.1	Identifying human rights risks and impacts
B.2.2	Assessing human rights risks and impacts
B.2.3	Integrating and acting on human rights risks and impact assessments
B.2.4	Tracking the effectiveness of actions to respond to human rights risks and impacts
B.2.5	Communicating on human rights impacts
Theme C: Remedies and Grievance Mechanisms	
C.1	Grievance mechanism(s) for workers
C.2	Grievance mechanism(s) for external individuals and communities
C.7	Remedying adverse impacts

Annex Table 1 in Annex I gives a further detailed overview of the CHRB indicators and scoring system.

ESRS RELATED ANALYSIS

In addition to the analysis of public disclosures of the selected companies under the CHRB Core UNGP Indicators, this study also applies eight newly developed indicators that assess the companies' current alignment with key elements of the ESRS of relevance to human rights. These indicators have been applied to identify early stage trends and effects of the CSRD which becomes mandatory for the first set of Danish companies from 2025. These indicators were not applied to facilitate a ranking of the companies, but rather to assess overall performance ahead of the introduction of the mandatory requirements and provide a baseline in that respect. Results are available on page 44.

The CHRB methodology is based solely on publicly available information from policy documents, annual reports and other relevant human rights materials found on company websites. For annual, sustainability, human rights, and similar reports the research is limited to the newest version. Therefore, benchmark results are merely a proxy for corporate human rights performance and not an absolute measure of a company's actual behaviour nor its impacts on the enjoyment of human rights. Concurrently, the benchmark provides a desktop assessment at a certain point in time. It therefore yields results that will always include a margin of interpretation. Users of this report are therefore encouraged to take a holistic view of the scores, rather than focus on marginal differences between the scores on particular indicators.

The current study was carried out during July-September 2024 based on publicly available data from companies and should not be generalised to represent all Danish businesses. Small- and medium-sized enterprises (SMEs) are not represented in the present study and results from assessing the largest Danish companies should not be inferred to cover Danish companies overall. The report should be viewed as a snapshot of the largest Danish companies' disclosures on their level of engagement with human rights.

The scoring follows a set structure, awarding either 0, 0.5, 1, 1.5 or 2 depending on whether and how indicator requirements are assessed to have been met. Scoring is mostly cumulative and follows a gated scoring system, that is, if the fundamental requirements of an indicator are not met, a company cannot score points on the more advanced requirements relevant to particular sub-indicator components. However, in some cases, where a company has not met all the criteria for Score 1, but has met at least one or more of the requirements for Score 2, 0.5 may be awarded. This is to give credit to and distinguish companies that meet 'some' requirements as opposed to those that meet 'none'.

See full Methodology & Process in Annex I.

4 OVERALL RESULTS

The average overall alignment score of this year's benchmark is 40%. While this suggests that large Danish companies still have a long way to go when it comes to demonstrating a comprehensive approach to human rights management, it does indicate some progress compared to the score of 36% in 2022. Whilst in 2022 a total of 7 companies had alignment scores of 50 % or more, this year it was 10. Conversely, two thirds of the companies however score below 50%, and just over one third of the companies below 30%.

Despite the overall positive incremental evolution of the overall alignment score, the individual company scores do however reveal that while 22 companies have improved their scores (Vestas, Carlsberg, Pandora, Grundfos, Danfoss, FLSmidth, Stark, Lego, Bestseller, Danish Crown, ISS, Rambøll, BioMar, Rockwool, Coloplast, DLG, DSV, Lundbeck, Demant, Dagrofa, Per Aarsleff), 8 receive less points this year than in 2022 (Mærsk, Novo Nordisk, Arla, Coop, Velux, Novozymes, Jysk, Salling Group). This exemplifies that not all companies have a linear evolution in terms of demonstrating increased alignment with human rights year on year and is an indication of how a given year's annual reporting content can affect scores in both directions.

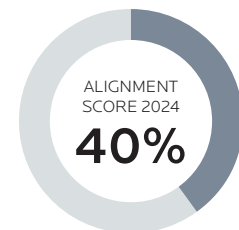
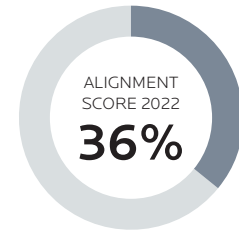
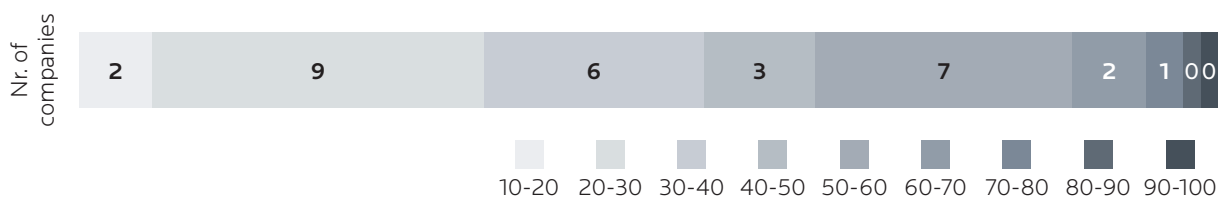


Figure 2 shows the overall results of the benchmark by percentage band whilst table 2 includes the overall company ranking.

FIGURE 2: COMPANY RESULTS PER PERCENTAGE BAND



This year's top scoring company – Vestas – is the only one to reach the 70-80 percentage alignment band (receiving 17 points out of 24). The two next companies – Pandora and Carlsberg – both reach the 60-70 percentage band (both receiving 15.5 points out of 24). In other words, no companies demonstrate full alignment or close thereto which would bring them to the highest score bands (80-90 or 90-100).

The analysis also shows that four companies made significant progress on documentation making them advance 5 or more points when compared with 2022 results. DLG was the lowest scoring company in the last assessment and is now placed in the 20-30 percentage alignment band along with 8 other companies, Stark moved from the 20-30 band to the 40-50 band, Grundfos from the 30-40 band to the 50-60 band and Carlsberg from the 30-40 band to being one of just two companies placed in the 60-70 band this year. The lowest scoring companies this year are Dagrofa and Per Aarsleff which are both in the 10-20 percentage alignment band. Positively, this year has no companies below 10% alignment.

TABLE 2: COMPANY RANKING BY PERCENTAGE BAND AND TOTAL SCORE

Company	Percentage band	Total score out of 24	Theme A out of 6	Theme B out of 12	Theme C out of 6
Vestas	70-80	17	4.5	8	4.5
Carlsberg	60-70	15.5	4	7	4.5
Pandora	60-70	15.5	5.5	4.5	5.5
Grundfos	50-60	14	4.5	6	3.5
Ørsted	50-60	13.5	4.5	5.5	3.5
Danfoss	50-60	13	4.5	4.5	4
FLSmidth	50-60	13	6	3	4
Mærsk	50-60	13	6	4	3
Novo Nordisk	50-60	13	4.5	5	3.5
Arla	50-60	12.5	4	5.5	3
Stark	40-50	11.5	5.5	3	3
Coop	40-50	10.5	5	4	1.5
Lego	40-50	10	4	3	3
Bestseller	30-40	9.5	2.5	4.5	2.5
Danish Crown	30-40	9.5	4.5	2	3
ISS	30-40	9.5	3	1.5	5
Rambøll	30-40	9.5	4.5	2.5	2.5
Biomar	30-40	8	4.5	0.5	3
Rockwool	30-40	8	3	2.5	2.5
Coloplast	20-30	7	3	1	3
DLG	20-30	7	3	1	3
DSV	20-30	7	2.5	1.5	3
Velux	20-30	7	4	0	3
Novozymes	20-30	6.5	2.5	0.5	3.5
Jysk	20-30	5.5	2.5	0	3
Lundbeck	20-30	5.5	2	0.5	3
Demant	20-30	5	1.5	0.5	3
Salling Group	20-30	5	1	2	2
Dagrofa	10-20	4	1	0	3
Per Aarsleff	10-20	4	2.5	0	1.5
AVERAGE SCORE	40	9.7	3.7	2.8	3.2

Overall, at least a slight improvement of average scores could be seen across 10 of the 12 indicators. Only B.2.4 (tracking effectiveness) and A.1.2.a (ILO commitment) saw a slight drop in average performance. The most notable improvements could be seen for A.1.1 (Commitment to respect human rights) and C.7 (remedying adverse impacts).

Only four out of the complete set of 12 indicators however have an average company score of above 1 point (out of 2). These are the indicators focusing on formal policy commitments (on human rights and labour rights), as well as grievance mechanisms for workers and external stakeholders.

The overall results are interesting to consider in light of the incoming CSDDD obligations relevant to most if not all companies covered in the study. The CHRB Core UNGP Indicator methodology does not mirror the CSDDD articles and thereby incoming legal requirements 1:1, but as both draw heavily on the UNGPs as the underlying normative reference point, the companies' results in this study offer some insight into the companies' CSDDD preparedness and highlight key areas for improvement. With that in mind the companies' overall poor performance on theme B (due diligence) is noticeable given the centrality of the due diligence steps to the CSDDD (articles 7,8,9,10,11,12,13,15 and 16). The companies' average alignment score across the due diligence indicators is 2.8 out of 12 (23%). Almost one third of the companies score no points at all across five of the HRDD Indicators. Further, 16 companies score 0 on three or more of the HRDD Indicators.

5 RESULTS BY INDICATOR THEME

Looking over the average scores across individual indicators (Figure 4), it is noticeable that companies have the best performance on the same indicators as in the previous benchmarks in 2020 and 2022 (A.1.1, A.1.2, C.1 and C.2). This means that companies still score the lowest on the human rights due diligence indicators as well as the indicators focusing on a company's commitment and approach to providing remedy (Theme B indicators, A.1.4 and C.7).

FIGURE 4: AVERAGE SCORE BY INDICATOR

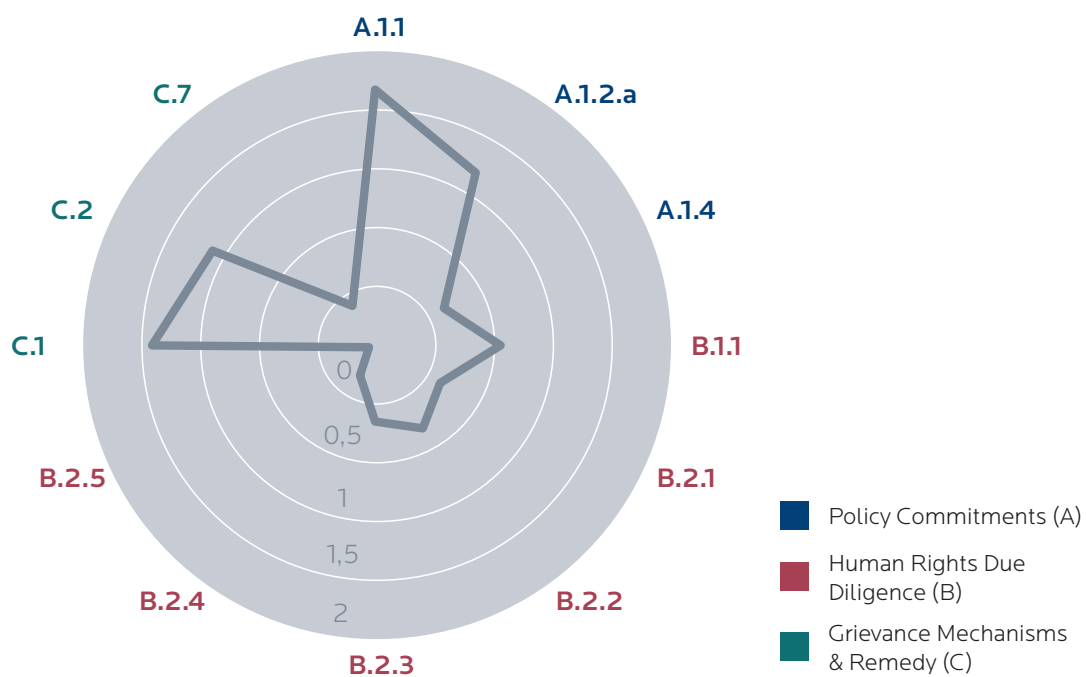


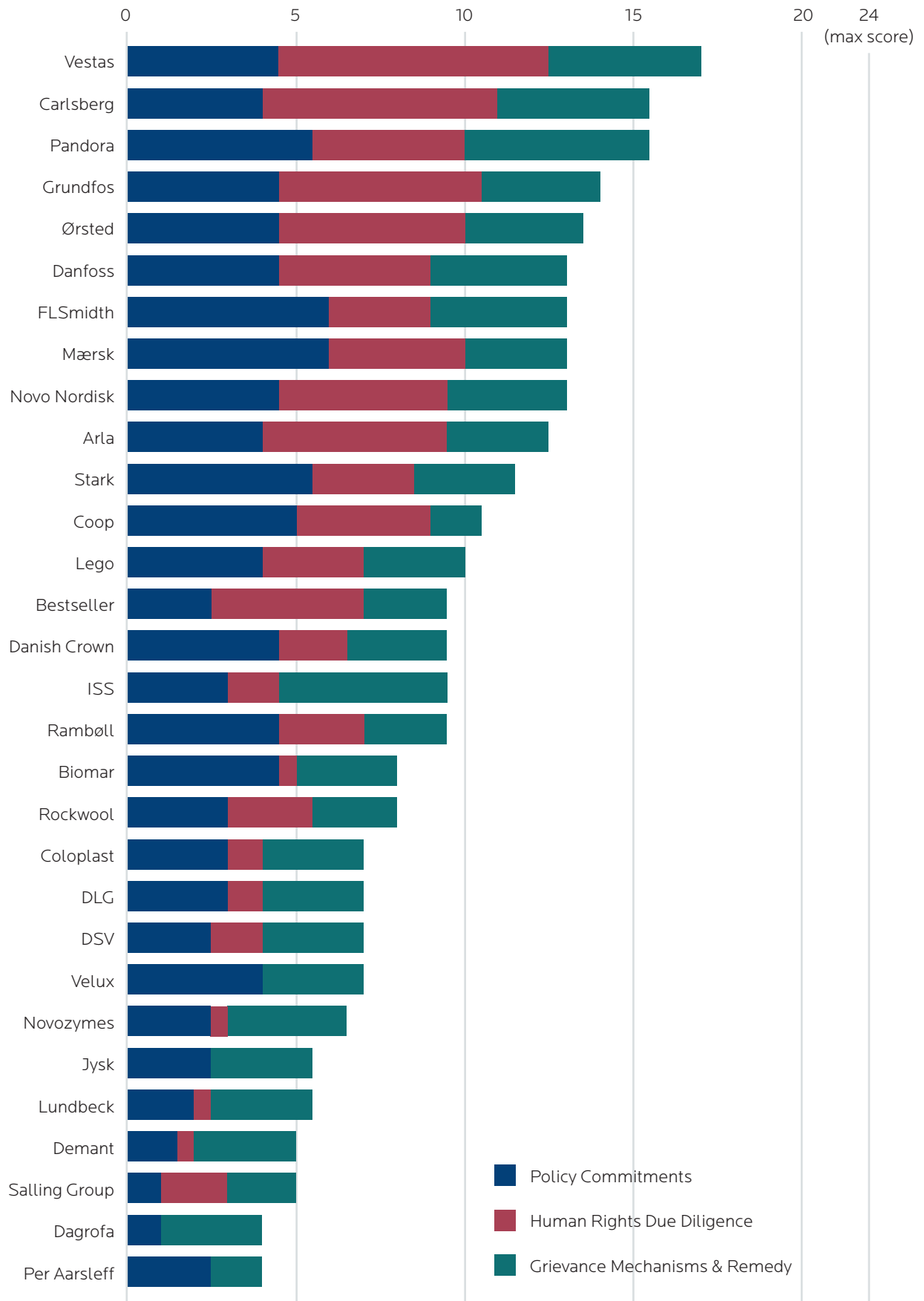
Table 3 shows the evolution of average scores by indicator since 2022 demonstrating improvements for most indicators. However, improvements are generally small and two indicators (A.1.2.a (ILO commitment) and B.2.4 (tracking effectiveness)) have a lower average score in 2024 than in 2022, which shows that the risk of backsliding is not to be disregarded.

TABLE 3: AVERAGE SCORE BY INDICATOR FOR 2022 AND 2024

	Average 2022	Average 2024
Policy Commitments (max score 6)	3.3	3.67
A.1.1 Commitment to respect human rights	1.43	1.77
A.1.2.A Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work	1.38	1.37
A.1.4 Commitment to remedy	0.45	0.53
Human Rights due Dilligence (max score 12)	2.5	2.78
B.1.1 Responsibility and resources for day-to-day human rights functions	0.7	0.85
B.2.1 Identifying human rights risks and impacts	0.65	0.5
B.2.2 Assessing human rights risks and impacts	0.60	0.65
B.2.3 Integrating and acting on human rights risks and impact assessments	0.4	0.5
B.2.4 Tracking the effectiveness of actions to respond to human rights risks and impacts	0.13	0.23
B.2.5 Communicating on human rights impacts	0.03	0.05
Grievance Mechanisms & Remedy (max score 6)	2.8	3.2
C.1 Grievance mechanism(s) for workers	1.5	1.57
C.2 Grievance mechanism(s) for external individuals and communities	1.2	1.3
C.7 Remedying adverse impacts	0.10	0.33

This is also demonstrated by Figure 5 below which shows scores by company broken down by each theme, particularly noticeable is that the two lowest scoring companies both score 0 points across the five HRDD step indicators.

FIGURE 5: SCORES BY COMPANY, BREAKDOWN BY THEME



Regarding Theme A, **Governance and Policy Commitments**, we found that 29 out of the 30 of companies had a basic commitment to respect human rights, and that 24 out of the 30 (80%) went further to committing explicitly to standards of the UNGPs or the OECD Guidelines for Multinational Enterprises (OECD GL) (indicator A.1.1). As mentioned, the explicit commitment to UNGPs or OECD GL is a noticeable improvement from the 53% result in 2022.

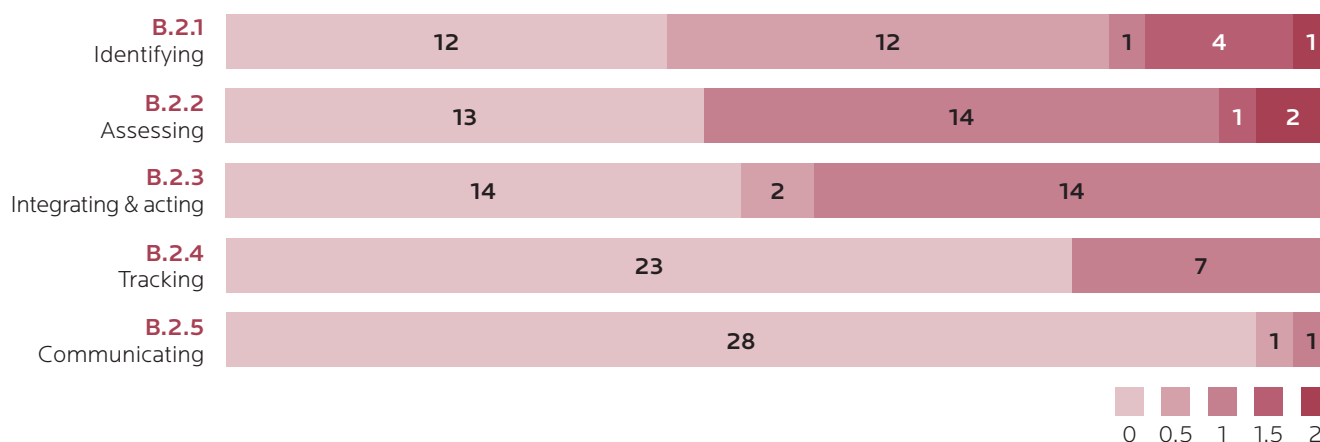
Companies were slightly less explicit on their commitments to respecting the rights of workers. However, 28 of the 30 companies committed to the ILO core labour standards (freedom from forced labour, freedom from child labour, freedom from discrimination, and freedom to associate and collectively bargain) and 17 of them expected their suppliers to explicitly commit to respecting each of those rights (indicator A.1.2).

Almost half of the companies (14/30) had commitments to remedy adverse impacts on individuals and workers and communities that the company caused or contributed to and expected their suppliers to make the same commitment. This is a noticeable improvement from 2022 where only seven companies had such commitments. This year seven companies included commitments to working with suppliers to remedy adverse impacts and only five further committed to collaborating with judicial or non-judicial mechanisms to provide access to remedy. While numbers for committing to remedy remain low in contrast to the other theme A indicators, a clear upwards trend can be observed as compared to the 2022 assessment (indicator A.1.4). For a full presentation on Theme A findings see page 28.

On Theme B, **Embedding respect and human rights due diligence**, and the accountability for human rights, just over half (16/30) of the companies indicated senior management who were responsible for relevant human rights issues (the ILO core labour standards as a minimum) within the company. However, only three companies – Vestas, Carlsberg, and Pandora – described how day-to-day management of human rights and resources was allocated across the business and with respect to the supply chain in manner sufficient to match indicator requirements (indicator B.1.1).

HRDD is a fundamental expectation of the UNGPs and the CSDDD. In 2020, companies scored lowest on average across the B.2 (HRDD) indicators. In 2022, we noticed that many companies were still failing to disclose information about the due diligence practice. One third of the companies scored 0 across all HRDD indicators. Disappointingly, this finding recurred in the 2024 assessment. Figure 6 demonstrates the distribution of companies by scores across B.2 HRDD indicators.

FIGURE 6: OVERVIEW OF THE RESULTS ON HUMAN RIGHTS DUE DILIGENCE



Only three companies described the global systems in place to regularly identify human rights risks and impacts across their activities, while seven companies explained when these systems are triggered (indicator B.2.1).

When assessing which human rights risks are salient to the business, 50% of companies either described the assessment process (including how relevant factors are accounted for) or disclosed the results of these assessments. Only two companies – Grundfos and Vestas – did both, while describing how affected stakeholders are involved in such assessment processes (indicator B.2.2).

Almost half of the companies (14/30) described a global system for acting on salient human rights issues or provided a specific example of specific actions taken or to be taken on at least one of its salient human rights issues as a result of assessment processes. Four companies did both. However, as in 2022 none of the companies disclosed how affected stakeholders are involved in decisions about the actions taken in response to salient human rights issues (indicator B.2.3).

After taking action on their salient human rights risks, seven companies (23%) described a system for tracking the effectiveness of their actions or provided an example of lessons learned as a result of the process. As in 2022 none of the companies did both (indicator B.2.4).

When communicating externally how the company addresses its human rights impacts in a manner which is accessible to its intended external audience, only one of the companies – Ørsted – provided examples demonstrating how it communicates with affected stakeholders regarding specific human rights impacts raised by them or on their behalf. In addition, one company – Vestas – described the challenges to effective communication identified and how they are working to address them (indicator B.2.5). For a full presentation of Theme B findings see page 32.

As to Theme C, **Remedies and Grievance Mechanisms**, all of the companies (100%) demonstrated the existence of a grievance mechanism, or participation in a shared mechanism, allowing workers to raise complaints regarding human rights issues related to the company. Just over half of the companies (16/30) disclosed further information about the training or communication conducted for workers on

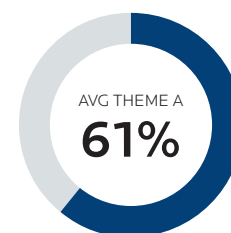
the mechanism and whether it was available in all appropriate languages. This is a significant improvement in this specific area from just four companies in 2022. Five of these companies also described how workers in supply chains have access to either the company's mechanism or the company's suppliers' mechanism and expected suppliers to convey the same expectation on access to grievance mechanisms to their own suppliers (indicator C.1).

For external individuals or communities who may be impacted by business operations, fewer but still a significant number of companies (86%) provided a means for these groups to raise complaints regarding human rights issues related to the company. Further, only six companies communicated an expectation towards their suppliers to expect grievance channels among their own suppliers, and four of the companies demonstrated how they raise awareness about their grievance mechanisms among external communities (indicator C.2). For a full presentation of Theme C findings see page 40.

Access to effective remedy is a core component of the UNGPs, yet only three of the companies – Carlsberg, Pandora, and ISS – described the approach taken to enable timely remedy for victims of adverse human rights impacts that the company had caused or contributed to in a specific case (up from 0 in 2022). Four other companies disclosed how they would approach providing remedy if such a case should occur. Only 16% of the companies provided information on precautionary measures taken following a concrete case in order to prevent recurrence. Just one company disclosed how it would approach such measures if such a case should occur (indicator C.7).

THEME A

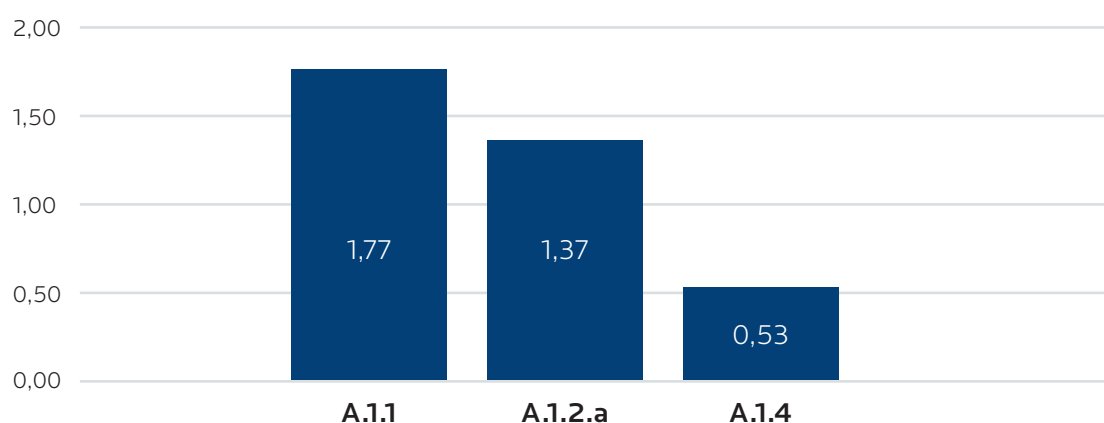
GOVERNANCE AND POLICY COMMITMENTS



INDICATORS

- A.1.1** Commitment to respect human rights
- A.1.2.A** Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work
- A.1.4** Commitment to remedy

FIGURE 7: AVERAGE SCORES BY INDICATOR (THEME A)



Theme A indicators aim to assess the extent to which a company acknowledges its responsibility to respect human rights, and how it formally incorporates this into publicly available statements of policy. A policy commitment is a statement approved at the highest levels of the business that shows that the company is committed to respecting human rights and communicates this internally and externally. It sets the “tone at the top” of the company that is needed to drive respect for human rights into the core values and culture of the business. It indicates that top management considers respect for human rights to be a minimum standard for conducting business with legitimacy. It sets out expectations of how staff and those with whom the company has a business relationship should act, as well as what others can expect of the company. It should trigger a range of other internal actions that are necessary to meet the commitment in practice. Both the CSDDD and the ESRS have regulatory requirements related to policy commitments.

For Theme A indicators, explicit commitments are required, and points are only awarded in response to wording that provide a clear expression of commitment. Expressions such as “in line with” or “strive to ensure” are considered vague in relation to a firm commitment. Commitments found embedded in sustainability or annual reports are not considered as these do not constitute policy documents.

KEY FINDINGS – THEME A: GOVERNANCE

- Almost all the companies (29/30) have a publicly available statement committing the company to respect human rights.
- 80% of the companies (24/30) specifically commit to implementing the UN Guiding Principles on Business and Human Rights or OECD Guidelines for Multinational Enterprises (up from 16 companies in 2022).
- Over half of the companies (16/30) commit to ILO Core Labour Standards and respecting the fundamental labour rights of workers in their own operations and in their supply chains.
- Only seven companies commit to remedy adverse impacts caused or contributed to and expect their suppliers to make the same commitment.

A.1.1 COMMITMENT TO RESPECT HUMAN RIGHTS

The average score for this indicator is 1.77 out of 2, making it the highest scoring indicator overall.

For Score 1, a company is required to make a publicly available statement committing it to respect human rights or state a commitment to the Universal Declaration of Human Rights, or to the International Bill of Human Rights. Commitments to the UN Global Compact Principles are no longer sufficient. **Only one company assessed did not meet this indicator (three in 2022).**

Score 2 is met by 24 out of 30 companies who also expressed their commitment to the UNGPs and/or the OECD GL. In 2022 only 16 companies were found to make this commitment. This means that **eight companies have made progress in terms of committing to authoritative standards such as the UNGPs.**

FIGURE 8 NUMBER OF COMPANIES PER SCORE A.1.1.



A.1.2.A COMMITMENT TO RESPECT THE HUMAN RIGHTS OF WORKERS

The companies scored slightly lower on average (1.37 out of 2) as compared to indicator A.1.1 for the worker specific commitment requirement. Just two companies did not have a publicly available statement of policy committing them to respecting the human rights of workers and expecting the same from their business partners.

FIGURE 9: NUMBER OF COMPANIES PER SCORE A.1.2.A



Score 1 for this indicator is awarded if a company makes a publicly available statement of policy committing it to respecting the human rights of workers as set out in the International Labour Organisation's (ILO) Core Labour Standards. In addition, the company must also explicitly list the fundamental rights in that commitment.²²

Twenty-one out of the 30 companies met the requirements. Four companies were close to meeting the requirements but failed to list all the fundamental rights explicitly.

To achieve Score 2, a company must have a publicly available policy statement expecting its suppliers to commit to respecting the ILO Core Labour Standards, and explicitly list the fundamental rights. **Twenty companies fully met this requirement.**

Four companies only made commitments to respecting ILO Core Labour Standards in their own operations, while three companies did so exclusively for workers in their supply chains.

SUPPLY-CHAIN VS VALUE CHAIN

While the [definitions](#) of supply chain and value chain differ the terms are often used interchangeably in business and human rights discourse. The [UN OHCHR FAQ About the Guiding Principles on Business and Human Rights](#) notes that:

"A business enterprise's value chain encompasses the activities that convert input into output by adding value. It includes entities with which it has a direct or indirect business relationship and which either (a) supply products or services that contribute to the enterprise's own products or services, or (b) receive products or services from the enterprise." For more information visit: <https://globalnaps.org/issue/supply-chains/>

HRDD covers the entire value chain, not only the supply chain. Adverse impacts can occur both upstream (production of goods and services) and downstream (impacts that occur once a product or service leaves the company), in addition to direct operations. The reporting requirements of ESRS also take a full value chain approach, whilst the CSDDD introduces some carve-outs in relation to the downstream value chain.

A.1.4 COMMITMENT TO REMEDY

The average score for this indicator is 0.53 out of 2, making it by far the lowest scoring indicator in Theme A.

Where companies identify that they have caused or contributed to adverse impacts, they should provide for or cooperate in their remediation through legitimate processes. To achieve Score 1, a company is expected to have a publicly available statement of policy committing it to remedy the adverse impacts on individuals, workers and communities that it has caused or contributed to. In addition, the company must also expect its suppliers to make this same commitment. **Only seven companies have made these commitments.**

Seven companies also focus on the adverse impacts of the company without communicating expectations for suppliers to provide remedy and three companies only have a requirement for suppliers but no commitment for their own operations.

FIGURE 10: NUMBER OF COMPANIES PER SCORE A.1.4

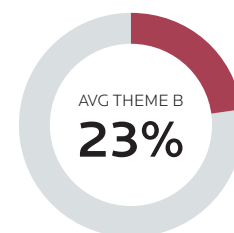


To achieve Score 2, the company's policy statement must also include a commitment to working with its suppliers to remedy adverse impacts which are directly linked to its operations, products or services. In addition, the company's policy commitment must also commit it to collaborating with judicial or non-judicial mechanisms to provide access to remedy.

Of the 30 companies assessed, seven companies demonstrated concrete commitments to working with its suppliers to remedy adverse impacts, which are directly linked to its operations, products or services by a business relationship. Only five were found to commit to participating in judicial or non-judicial mechanisms to provide access to remedy (up from 1 in 2022). Three companies only commit to **work with their suppliers** to remedy adverse impacts but do not **expect suppliers to communicate their own commitment** to provide remedy for victims. Just two companies had commitments to both elements in Score 1 and both elements in Score 2, thereby fully meeting the indicator A.1.4 requirements.

THEME B

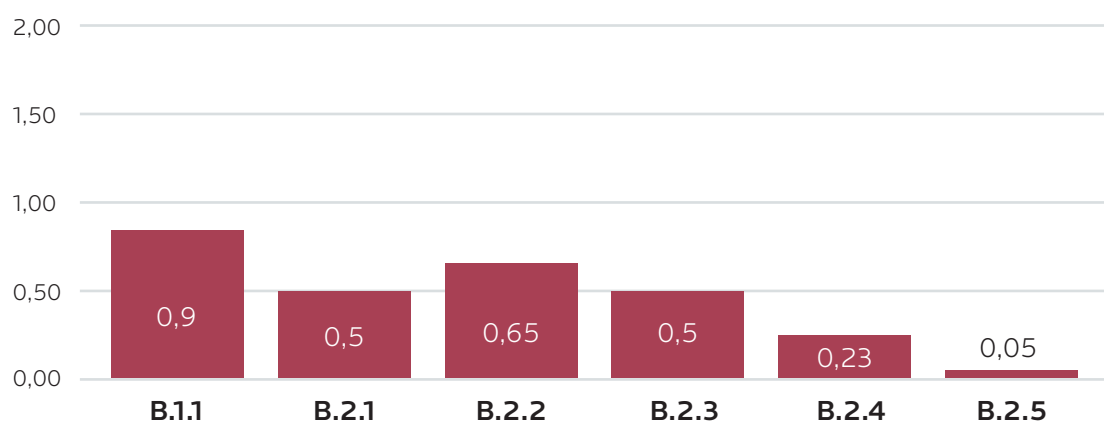
EMBEDDING RESPECT AND HUMAN RIGHTS DUE DILIGENCE



INDICATORS

- B.1.1** Responsibility and resources for day-to-day human rights functions
- B.2.1** Identifying human rights risks and impacts
- B.2.2** Assessing human rights risks and impacts
- B.2.3** Integrating and acting on human rights risks and impact assessments
- B.2.4** Tracking the effectiveness of actions to respond to human rights risks and impacts
- B.2.5** Communicating on human rights impacts

FIGURE 11: AVERAGE SCORES THEME B



HRDD is a fundamental expectation of the UNGPs and critical to implementing the commitments covered under theme A. Due diligence is also captured by both the CSDDD and CSRD regulations. In the context of the CHRB methodology it is converted into six indicators B.1.1. and B.2.1-B.2.5.

The steps of embedding policy commitments into company culture and broader management systems and reinforcing them with specific due diligence processes, ensures that a company takes a systematic and proactive, rather than ad hoc or reactive approach to respecting human rights. Indicator B.1.1 therefore looks at the responsibility and resources for day-to-day human rights functions, indicating how the due diligence process is resourced whereas the remaining indicators cover the HRDD cycle (HRDD step indicators).

KEY FINDINGS – THEME B: HUMAN RIGHTS DUE DILIGENCE

- **Almost one third of the companies evaluated score 0 across five out of six HRDD Indicators.** This is a repeat finding from 2022. Further, 16 companies score 0 across three or more of the HRDD Step Indicators. **Every company scores below 1 point on at least one or more of the HRDD Step Indicators** (identify, assess, act upon, track and communicate human rights impacts) a repeat finding from 2022. Companies scored 1.93 out of 10 points on average on HRDD Step Indicators. The average scores for the HRDD Step Indicators are (again) all below one respectively (B.2.1-B.2.5).
- **Just over half of the companies explicitly indicate senior responsibility for human rights**, which includes responsibility for the ILO Core Labour Standards at a minimum.
- **Nearly two thirds of the companies (18/30) demonstrate how they identify human rights impacts. A majority of the companies fail to demonstrate that they consider risks throughout the value chain.** Only six companies described identification processes covering both their own operations and business relationships. Seven (of the 18) limit the scope of their risk identification processes to supply chains.
- **More than half (16/30) of the companies do not describe how they integrate the findings of assessments of human rights risks** to take appropriate actions to mitigate salient human rights issues.
- **Only six companies demonstrate that they track the effectiveness of responses to actual and potential human rights impacts** to evaluate whether the action taken have the desired effect.
- **Only few companies (3/30) document that they engage with affected stakeholders or human rights experts** in identifying and assessing their human rights risks (down from 7 in 2022). No company demonstrates engagement with affected stakeholders across the due diligence steps.
- **One company describes how it communicates with affected stakeholders** regarding specific human rights impacts raised by them or on their behalf. One other company shares information on how it seeks to address the challenges to effective communication with affected stakeholders.

B.1.1 RESPONSIBILITY & RESOURCES FOR DAY-TO-DAY HUMAN RIGHTS FUNCTIONS

FIGURE 12: NUMBER OF COMPANIES PER SCORE B.1.1



For this indicator, the average score across all companies is 0,9 out of 2. Despite the low score, it is the highest scoring indicator in Theme B.

To achieve Score 1, it is expected that a company indicates the senior manager role(s) or senior bodies responsible for relevant human rights issues within the company.

The score is capped by a requirement to have a policy commitment to labour rights (see Indicator A.1.2.a Score 1 above). **Sixteen companies out of the 30 that scored at least 1 point on indicator A.1.2.a clearly communicated senior management responsibilities, meaning almost half of the companies failed to specify senior responsibility and accountability for human rights impacts.**

Score 2 requires for the company to describe how day-to-day responsibility is allocated across the range of relevant functions of the company. In addition, the company must describe how it allocates resources and expertise for the day-to-day management of relevant human rights issues within its own operations and in supply chains. **Thirteen companies provided information on day-to-day responsibilities for human rights across relevant functions, which is more than double as compared to the 2022 assessment.** Three companies limit their description of day-to-day management and resource allocation for human rights issues to the company's own operations, while two companies only focus on explaining their governance framework for managing risks in supply chains. Six companies were found to cover both.

As in previous assessments, we notice from the analysis that most of the companies operate with 'sustainability', 'ESG', or 'corporate responsibility' governance systems of broader scope to capture both social and environmental issues, where human rights responsibility may be included implicitly. It should be emphasized that this type of governance system is not recognised by the indicator unless the company expressly states that human rights is a central part of the system.

B.2.1 IDENTIFYING HUMAN RIGHTS RISKS AND IMPACTS

FIGURE 13: NUMBER OF COMPANIES PER SCORE B.2.1



Companies should identify and assess any negative impacts on human rights with which they may be involved. This includes actual impacts (past or current) and potential impacts (those possible in the future – also referred to as human rights risks). These may come from the company's own activities and from its business relationships, direct relationships and those one or more steps removed. The focus in HRDD must be on risks to people, as distinct from risks to the business itself, although the two can be overlapping. With the introduction of ESRS this has also come to be known as assessment of impact materiality. **The average score for this indicator is 0.5. Only six companies demonstrated appropriate risk identification measures, scoring above 1 point** (down slightly from 8 in 2022).

To meet requirements of Score 1, a company must describe how it identifies potential human rights risks and impacts in specific locations or activities, covering its own operations, and through relevant business relationships including supply chains. **Only 20% of the companies (6/30) described human rights identification processes, covering both their own operations and business relationships.** At the same time,

seven companies provided information on how human rights risks are taken into consideration in their supply chain activities only, while including no information on similar processes in own operations. Three companies only described identification processes for their own activities.

Score 2 has multiple requirements. Here, a company is expected to describe the global systems it has in place to identify its human rights risks and impacts on a regular basis across its activities, in consultation with affected or potentially affected stakeholders and internal or independent external human rights experts. This includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations. In addition, the indicator seeks to find evidence of heightened due diligence in any conflict-affected areas. **Only one company – Carlsberg – met all the above-mentioned requirements.** This is a noticeable drop from the 2022 assessment where five companies met the requirements. Seven companies provided information on how the risk identification system is triggered by new circumstances but only three of them disclosed risks identified.

POLICY DEVELOPMENTS AS A DRIVER

While it can be difficult to attribute specific disclosures to policy and regulatory measures at country or regional level, it was noted that reporting under e.g. the Modern Slavery Act and even Conflict Mineral Legislation provided relevant documentation on both human rights governance and human rights risk identification.

Only three companies provided information on their global system for identifying its human rights risks and impacts on a regular basis across its activities including a **description of consultations with affected stakeholders** or independent external human rights experts. In 2022 eight companies provided information on global systems for identifying risks.

B.2.2 ASSESSING HUMAN RIGHTS RISKS AND IMPACTS

FIGURE 14: NUMBER OF COMPANIES PER SCORE B.2.2



Nearly half of the companies scored 0 points for this indicator. The average score for this indicator is 0.65 out of 2.

To meet the requirements of Score 1, a company must describe its process(es) for assessing its human rights risks and impacts, which includes how relevant factors are taken into account, such as geographical, economic, social and other factors. This description should also include the processes applicable to supply chains.

Alternatively, the company must publicly disclose the results of the assessments, which may be aggregated across its operations and locations. Most of the companies describe their material and/or sustainability risk assessment approaches in sustainability reporting, however, to satisfy the requirements of this indicator, the assessment must include the (potential) impacts on affected stakeholders and description of the most salient human rights issues.

DOUBLE MATERIALITY

According to the CSRD and ESRS companies should report not only on sustainability issues that materially impact their business, but also those where the company materially impacts on people and planet. This also means that the main audience for disclosure is a broad set of stakeholders, not only shareholders and business partners, but also (potentially) affected stakeholders such as consumers, employees, and local communities.

This approach is closely aligned with the expectations on business to respect human rights, which requires HRDD – i.e. identifying, assessing and addressing adverse human rights impacts that the company may cause, contribute to or be linked to through their business relationships.

Despite the similarities between the double materiality approach and HRDD, the two processes cannot be considered the same. In this years' assessment several companies pointed to their double materiality assessment, which they were taking up in preparation for compliance with the ESRS. However, this cannot be considered a replacement for conducting HRDD. On the opposite, HRDD can and should inform the double materiality assessment – as we are measuring under indicator ESRS 3 (see page 48).

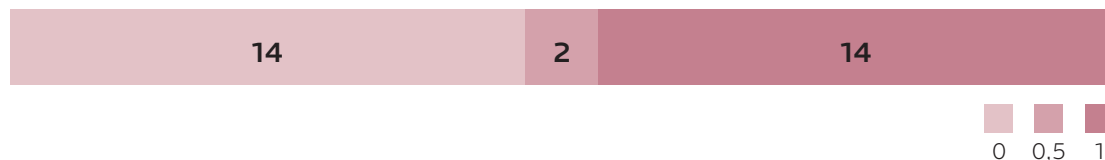
Many companies are still new to the concept of double materiality but some are applying it already in order to familiarise themselves with the concept before reporting on it becomes mandatory for the first Danish companies for the 2024 reporting period. While this will not replace the need for HRDD, it will contribute to sensitising companies to their impact material issues. This will ultimately benefit their HRDD processes and may overall improve some of the continuous poor performance in Theme B.

Only five companies described how they assess human rights risks in order to prioritise salient human rights issues in their own operations and their business relationships. Thirteen companies score 1 point on the indicator for disclosing results of assessment only, listing their most salient human rights issues at the global enterprise-level without presenting the assessment processes.

Score 2 entails disclosure of both the processes and the results of such salient risks and impacts assessment. In addition, the company must explain how it involves affected stakeholders in the processes. **Only two companies met all the requirements for Score 2 (Vestas and Grundfos).** While nearly a third of the companies (9/30) provided details on their human rights risk assessment processes (some only disclosing the processes for supply chain risks), and many mention that such processes include stakeholder engagement, **very few companies (3/30) describe exactly how they engage with affected stakeholders in such processes.**

B.2.3 INTEGRATING AND ACTING ON HUMAN RIGHTS RISKS AND IMPACT ASSESSMENTS

FIGURE 15: NUMBER OF COMPANIES PER SCORE B.2.3



To address negative human rights impacts, businesses should integrate the findings from their risk assessments across relevant internal functions and processes, act to prevent and mitigate the impacts identified, and have the internal decision-making, budget allocation and oversight processes in place to enable effective responses.

Close to half of the companies (14/30) described either their global system for integrating assessment findings or provided an example of actions taken on salient human rights issues. Based on this approach, **the average score for this indicator is 0.5 out of 2.**

To achieve Score 1, a company is expected to describe its global system to take action to prevent, mitigate or remediate its salient human rights issues, including how its system applies to its supply chain. Another way to meet Score 1 is to provide an example of the specific conclusions reached and actions taken (or to be taken) on at least one of its salient human rights issues as a result of assessment processes in at least one of its activities/operations. **All of the companies scoring 1 point on the indicator (14 companies) disclose examples of action taken on key human rights issues. But half of them fail to explain their global system to integrate the findings of human rights assessments. Only five of them describe how their systems apply to the supply chain.**

Score 2 is met if both a systematic approach and examples are described. In addition, the company must explain how it involves affected stakeholders in decisions about the actions to take in response to its salient human rights issues. **None of the companies met all of the Score 2 requirements. Four of the 30 companies formulated a global integrated systematic approach and provided concrete examples of steps taken to mitigate their salient human rights issues but fail to disclose how they ensure affected stakeholders are involved in the decision-making processes (up from 2 in 2022).**

STAKEHOLDER ENGAGEMENT IN HUMAN RIGHTS DUE DILIGENCE

Due diligence requires a proactive approach to ensure companies know and show that they respect human rights. Both internal and external stakeholders should be involved in this process. Meaningfully engaging affected individuals and groups is essential for implementing effective due diligence and for ensuring robust impact materiality assessment processes. The management and engagement processes suggested in the UNGPs can help companies to better understand, prevent, mitigate, track and remediate their impacts on people and the environment in their operations and business relationships along the value chain.²³

With regard to the remaining companies that did not meet any of the requirements, in most cases the company described audit systems that focus on monitoring supplier adherence to business standards, codes of conduct and policies with follow-up on policy implementation rather than steps in the HRDD process to address salient human rights impacts. According to the UNGPs, HRDD is an ongoing risk management process that includes four key steps (assessing actual and potential human rights impacts; integrating and acting on the findings; tracking responses; and communicating about how impacts are addressed) while social audits aim to assess compliance within a limited timeframe. Social audits can therefore be a component of due diligence but do not provide a global system to manage salient human rights issues. This is to be kept in mind when preparing alignment with CSDDD requirements related to third party verification (see also CSDDD articles 10 and 11).

B.2.4 TRACKING THE EFFECTIVENESS OF ACTIONS TO RESPOND TO HUMAN RIGHTS RISKS AND IMPACTS

FIGURE 16: NUMBER OF COMPANIES PER SCORE B.2.4



Companies need to track their responses to actual and potential human rights impacts to evaluate how effectively they are being addressed. Tracking should be based on appropriate qualitative and quantitative indicators and draw on internal and external feedback, including from affected stakeholders.

Only seven out of 30 companies assessed were able to meet this requirement, however as in the 2022 assessment none achieve a score of above 1. The average score for this indicator is 0.23 out of 2, making it one of the lowest scoring indicators again this year (together with B.2.5 on communication with affected stakeholders and C.7 on processes to ensure effective remedy).

To meet requirements of Score 1, it is required that a company describes the system(s) for tracking the actions taken in response to human rights risks and impacts assessed and for evaluating whether the actions have been effective, or have missed key issues or not produced the desired results. A company may also be awarded 1 point if it provides an example of the lessons learned while tracking the effectiveness of its actions on at least one of its salient human rights issues as a result of the due diligence process. **Only six companies provided details on monitoring and evaluation processes**, while two provided examples of lessons learned in tracking the effectiveness of their actions for addressing their salient human rights issues. Of these two, only one provided examples, while the other one also described its overall process. In 2022 however only two companies provided details on monitoring and evaluation.

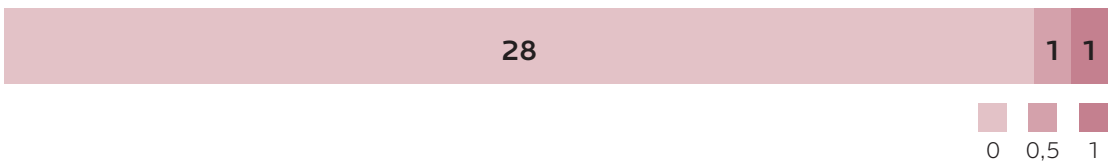
Score 2 requires that companies both demonstrate lessons learned and describe the monitoring system(s) to track their action plans. In addition, the company must describe how it involves affected stakeholders in evaluation of whether the actions

taken have been effective. **None of the 30 companies were able to meet this requirement. A repeat finding from 2022.**

While fourteen of the companies provided information on actions taken to address salient issues or provided an example of at least one action taken, only seven companies demonstrated tracking these actions, which is crucial to ensure that adverse impacts are being addressed effectively in practice. Further, **none of the seven companies described how affected stakeholder are involved in the evaluation process(es).**

B.2.5 COMMUNICATING ON HUMAN RIGHTS IMPACTS

FIGURE 17: NUMBER OF COMPANIES PER SCORE B.2.5



Companies need to be prepared to communicate externally in order to account for how they address their impacts, particularly when concerns are raised by, or on behalf of, affected stakeholders. **As in 2022 this was the lowest scoring indicator of the benchmark assessment, with an average score of 0.05 out of 2.**

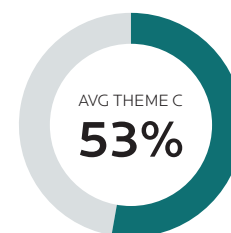
To meet Score 1, a company must provide **at least two examples** demonstrating how it communicates with affected stakeholders regarding specific human rights impacts raised by them or on their behalf. **Just one of the companies met the requirements of the indicator.**

Several companies describe how they engage with workers on human rights issues through surveys. However, this indicator is about communication with stakeholders on addressing specific human rights impacts raised by them or on their behalf.

Score 2 requires that the company provides examples of communication with affected stakeholders as well as a description of any challenges to effective communication the company has identified and how it is working to address them. **Just one of the companies described the challenges met in its communication with affected stakeholders** but this company did not provide any examples demonstrating their actual communication efforts. **None of the companies met all requirements for this indicator.**

THEME C

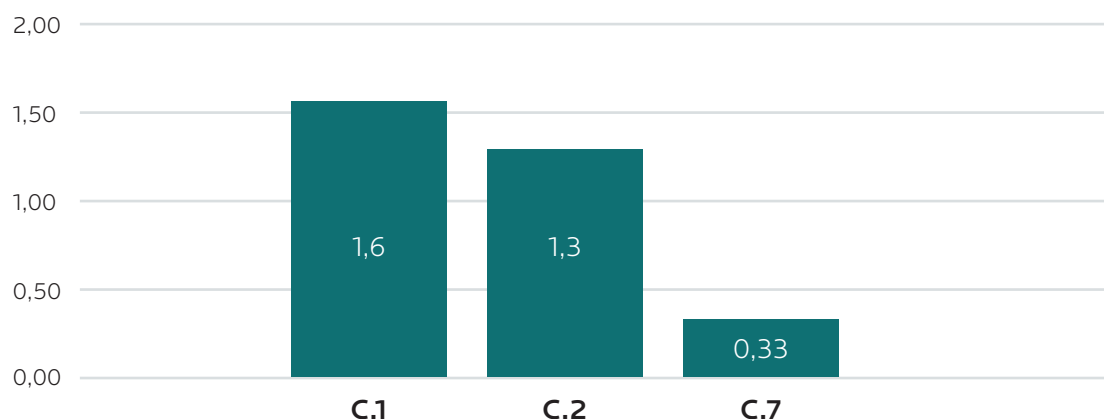
REMEDIES AND GRIEVANCE MECHANISMS



INDICATORS

- C.1** Grievance mechanism(s) for workers
- C.2** Grievance mechanisms for external individuals and communities
- C.7** Remedying adverse impacts

FIGURE 18: AVERAGE SCORES THEME C



Theme C indicators focus on the extent to which a company is able to/and provide(s) remedy in addressing actual adverse impacts on human rights. It covers a company's approach to providing or cooperating in remediation when human rights harms – actual human rights impacts – have occurred. The indicators aim to assess the extent to which a company has appropriate processes in place so that grievances may be addressed early and remediated directly where appropriate.

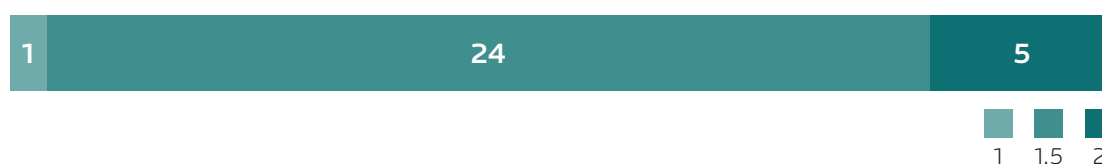
KEY FINDINGS THEME C: REMEDIES AND GRIEVANCE MECHANISMS

- **All companies (30/30) have established one or more complaints mechanisms open to workers.**
- Most companies 26/30 also have mechanisms accessible to other external individuals and communities who may be adversely impacted as it relates to human rights. **Only one company met requirements about workers in the supply chains' access to raise complaints related to the supply chain** and that the company expects its suppliers to convey the same expectation on access to grievance mechanism(s) to their suppliers.
- **Only few companies (4/30) are clearly demonstrating how they ensure that all affected external stakeholders at the company's own operations are aware of the complaints mechanism** (e.g. by providing specific communication(s) or training).

- **Few companies (7/30) describe how they enable access to remedy**, indicating that there might still be a gap between formal mechanisms in place and remediation occurring in practice. Nonetheless, this represents a significant improvement from 2022 when no company was found to disclose this type of information.

C.1 GRIEVANCE MECHANISM(S) FOR WORKERS

FIGURE 19: NUMBER OF COMPANIES PER SCORE C.1



Companies should establish or participate in effective operational-level grievance mechanisms for workers who may be negatively impacted by their activities. **All companies indicated that they have complaints mechanisms accessible to workers. The average score is 1.6 out of 2, making it the second highest scoring indicator in the benchmark overall.**

To achieve Score 1, a company must demonstrate that it has one or more mechanisms, or participates in a shared mechanism, accessible to all employees to raise complaints or concerns related to the company. An explicit reference to human rights is not required, but a mechanism that is specifically designed to cover other topics (e.g. a corruption hotline) needs to make clear to stakeholders that it can be used for human rights concerns as well.

All companies have established complaints mechanism as part of their policy compliance setup. While these are often described as 'ethics' or 'compliance' hotlines, they also allow employees to raise concerns related to human rights.

Score 2 requires that a company also describes awareness-raising efforts (e.g. specific communication(s) or trainings on its grievance mechanism(s)) and that the mechanism(s) are available in appropriate languages. In addition, it is required to demonstrate how workers in supply chains have access to either the supplier or company mechanism. Further, the company should communicate its expectation for suppliers to convey the same expectation on access to grievance mechanism(s) to their own suppliers.

Five companies met this indicator criteria completely, while 25 out of 30 met the requirements partially, enabling a score of 1.5. Fifteen of these companies met the criteria on raising awareness about its grievance mechanism to workers. However, less than a third of the companies fulfilled the criterion requiring their suppliers to convey the same expectation on access to grievance mechanism(s) to their own suppliers, which can be critical to ensuring access to remedy for at-risk workers in companies' supply chains.

C.2 GRIEVANCE MECHANISM(S) FOR EXTERNAL INDIVIDUALS AND COMMUNITIES

FIGURE 20: NUMBER OF COMPANIES PER SCORE C.2



Appropriate operational-level grievance mechanisms should also be accessible for non-worker potentially affected individuals and communities to raise concerns on human rights. **The average score for this indicator is 1.3 out of 2 across all 30 companies.**

For Score 1, a company is expected to have one or more mechanism(s), or participate in a shared mechanism, accessible to all external individuals and communities who may be adversely impacted by business activities. **Four of the companies assessed did not meet this requirement.** Reflecting on the lower scores compared with C.1, some companies are less transparent about how they provide access to grievance mechanisms for external individuals or communities than for workers.

For Score 2 under this indicator, it should be clear that the mechanism is available in local languages and that all affected external stakeholders at the company's own operations are aware of it (e.g. specific communication(s) or training). In addition, it must be explicitly described how external individuals and communities have access to mechanism(s) to raise complaints related to the supply chain and that the company expects its suppliers to convey the same expectation on access to grievance mechanism(s) to their suppliers. **Only one of the companies met the requirements for this indicator completely.** Six companies communicated an expectation towards their suppliers to demand grievance channels among their own suppliers. **Only four of the examined companies demonstrated how they raise awareness about grievance mechanisms among external communities.** In the 2022 assessment none of the companies were found to provide this information.

C.7 REMEDYING ADVERSE IMPACTS

FIGURE 21: NUMBER OF COMPANIES PER SCORE C.7



Companies should provide for or cooperate in remediation to victims where it has identified that it has caused or contributed to adverse human rights impacts (or others have brought such information to the company's attention, such as through its grievance mechanism). They should also incorporate changes to systems, processes (e.g. HRDD processes) and practices to prevent similar adverse impacts in the future.

This was the third lowest scoring indicator of the benchmark assessment overall, with an average score of 0.33 out of 2. While the average score of this indicator improved significantly from only 0,1 out of 2 in 2022 there remains a concerning contrast with C1 and C2, which are amongst the highest scoring indicators. This suggests that there might still be a gap between formal mechanisms in place and the facilitation of actual remediation in cases of abuse.

To meet Score 1, a company is expected to describe its approach to enable access to remedy for victims in a specific case, or (if no adverse impacts have been identified) how it would treat any claim for remedy. **Seven of 30 companies assessed communicated this type of information.** In the previous assessment in 2022 none of the companies met this requirement. This indicates significant progress on this indicator and a hopeful sign that greater transparency on companies' approaches to remedy is achievable.

For Score 2, a company is required to demonstrate how it incorporates lessons learned by describing changes to systems and procedures to prevent similar adverse impacts in the future, as well as its approach to monitoring implementation of the agreed remedy. If no adverse impacts have been identified, a company must describe the approach it would take to review and change systems and procedures to prevent adverse impacts in the future.

One of the assessed companies fulfilled all the requirements of the indicator concerning incorporating lessons learnt (Pandora). Five companies provided information on precautionary measures taken following a concrete case of damage in order to prevent recurrence but only two of them also disclosed information on the approach taken to provide remedy following such a concrete case of human rights abuse under Score 1.

ACCESS TO REMEDY V ACCESS TO OPERATIONAL GRIEVANCE MECHANISMS

Remediation and remedy refer to both the processes of providing remedy for an adverse human rights impact and the substantive outcomes that can counteract, or make good, the adverse impact. These outcomes may take a range of forms, such as apologies, restitution, rehabilitation, financial or non-financial compensation, and punitive sanctions (whether criminal or administrative, such as fines), as well as the prevention of harm through, for example, injunctions or guarantees of non-repetition. One of the most systematic ways for an enterprise to provide for the remediation of an adverse human rights impact is through an operational-level grievance mechanism.

An effective grievance mechanism aims to actively facilitate the identification of grievances and address them as early as possible. It does so by ensuring it is known to, and trusted by, those stakeholders for whom it is intended. The key processes provided by the mechanism, including general timelines it provides for handling grievances and the ways in which individuals can register their concerns, should be public. There is an expectation that a company will communicate transparently with complainants in order to facilitate accountability and the provision of a fair process.²⁴

6 NEW EU RULES ON SUSTAINABILITY REPORTING – A HUMAN RIGHTS RELATED ANALYSIS OF EARLY EFFECTS ON REPORTING

In addition to the above benchmark this year's data collection and analysis also included a separate consideration of the companies' early-stage usage of and alignment with the ESRS in their latest sustainability or annual reporting. Contrary to the benchmark above, the ESRS specific analysis does not include comparative rating of the covered companies, but rather aims to bring out cross-cutting trends, examples of emerging practices and attention points specifically as it relates to the social, human rights or HRDD related reporting prompted by ESRS implementation.

ABOUT THE ESRS

The ESRS were adopted in July 2023 and whilst not binding yet on any of the covered companies at the time of issuing the most recent annual reports, they were available for early stages alignment efforts, with the first companies being obliged to report in accordance with the standards in 2025 (covering the financial year 2024). The ESRS specify the information that undertakings are required to report according to the CSRD.

The first set of ESRS introduces sector-agnostic disclosure standards. In line with the CSRD, the sector agnostic ESRS require double materiality-based disclosures, meaning that companies are required to report not only on how sustainability matters impact the company (e.g. in terms of financial or legal risks), but also what impacts the company has on people and planet. The overall architecture of the ESRS is arranged around a set of cross-cutting disclosure requirements, requiring companies to set out their general strategy, governance, and materiality assessment, and a set of topical disclosure requirements on Environmental, Social, and Governance matters. The covered sustainability matters are broken down by topics, sub-topics and sub-sub topics. Concretely the social component is divided by four social topics that compare to key affected stakeholder groups: own workforce (S1), workers in the value chain (S2), Affected communities (S3) and Consumers and end-users (S4) (see also ESRS figure 1).

Human rights-related disclosures are part of the general disclosures (ESRS 2), the social topical standards (ESRS S1-S4) as well the entity specific reporting requirement where relevant (ESRS 1 paragraph 11). The sector agnostic ESRS include predefined social metrics only for one stakeholder group: own workforce.

6.1 OVERALL FINDINGS

Whilst over half of the companies referenced CSRD/ESRS and disclosed on how these standards are impacting their reporting approaches, most companies were yet to align more comprehensively with ESRS requirements including the elements of

them that draw on key UNGP provisions or reinforce due diligence requirements. 7 of 30 disclose on the use of severity criteria in assessing impact materiality, 3 of 30 disclose on engagement with affected stakeholders as part of impact assessment, 3 of 30 disclose on how their HRDD informs their materiality assessment and 12 of 30 companies explicitly disclose ESRS social topics as material, whilst most are yet to report according to social topic disclosure requirements in that respect. Whilst it may therefore be too soon to judge whether ESRS will be transformative in supporting companies to better demonstrate alignment with human rights expectations, the ESRS section below highlights some opportunities for companies to draw on HRDD and the UNGPs in their approach to ESRS reporting including in relation to the double materiality assessment.

6.2 METHODOLOGY

The ESRS analysis relies on 8 ESRS indicators developed for the purpose of this study (see ESRS table 1 below). The indicators aim to bring out the main human rights or HRDD related aspects of ERSR based reporting thereby offering a focused analysis of these aspects rather than a general assessment of the companies ESRS readiness.²⁵ For the purposes of this report the researchers considered the companies' latest sustainability reports and not those of previous years. This means that analysis predominantly relies on reporting published in 2024 covering the financial year 2023. Cross-cutting observations related to each indicator are presented in the section below. In addition, these sections, where relevant, include examples from the companies' reports.

The analysis did not consider aspects related to whether any of the companies intend to meet ESRS requirements by way of consolidated sustainability reporting at group level and how this might impact reporting of different subsidiaries nor did it consider which year the different companies included are faced with the reporting obligations. However, given the analysis covers some of Denmark's largest corporate entities most of them are expected to be covered as part of the first batch (i.e. reporting under ESRS in 2025).

ESRS TABLE 1: ESRS INDICATORS

Indicator number	Indicator
1	The company references CSRD/ESRS in its latest annual report AND explains how the approach to sustainability reporting has been influenced by the CSRD/ESRS.
2	The company reports according to ESRS on a voluntary basis.
3	The company explains how it has used a double materiality approach to identify material issues for reporting purposes i.e. in addition to reporting what is financially material the report also includes impact material issues. Additional sub-indicator 3.a: the company discloses it has used severity criteria when assessing negative impacts (as required by ESRS). Additional sub-indicator 3.b: the company discloses that it has consulted with affected stakeholders/ their representatives in relation to assessing impact materiality (as required by ESRS).
4	The company discloses that its human rights due diligence process has informed its assessment of impact materiality as part of its double materiality assessment (for example exemplifies how existing human rights risk assessment processes has informed the materiality assessment) (ESRS 1 paragraph 45).
5	The company has assessed one or more social topics as material (ESRS S1-S4). Related reporting is about social impacts as opposed to financial risks and opportunities. Additional sub-indicator 5.a: the company follows up with reporting in accordance with ESRS topical disclosure requirements on the identified material social topics.
6	The company discloses one or more social subtopics / subsub topics as material (ESRS 1 AR 16). Additional sub-indicator 6.a: the company follows up with reporting in accordance with ESRS topical disclosure requirements on the identified material social subtopics/subsub topics.
7	The company reports on one or more social metrics and targets related to own workforce (ESRS S1-6 to S1-17). S1-6 - Characteristics of the undertaking's employees S1-7 - Characteristics of non-employee workers in the undertaking's own workforce S1-8 - Collective bargaining coverage and social dialogue S1-9 - Diversity metrics S1-10 - Adequate wages S1-11 - Social Protection S1-12 - Persons with disabilities S1-13 - Training and skills development metrics S1-14 - Health and safety metrics S1-15 - Work-life balance metrics S1-16 - Compensation metrics S1-17 - Incidents, complaints and severe human rights impacts.
8	The company includes entity specific disclosures that relate to human rights / social sustainability.

6.3 INDICATOR SPECIFIC FINDINGS

CSRD/ESRS influenced reporting claim (ESRS indicator 1)

16 out of the 30 companies covered in the analysis (53%) explicitly reference the CSRD/ESRS in their latest annual sustainability report and explain how the approach to reporting has been influenced by the CSRD and/or ESRS. The degree to which these 16 companies have been adjusting reports to ESRS requirements varies significantly. However, the general tendency of being in the process of alignment with ESRS exemplifies how regulation can impact behaviour before its effective date and is an indication of the significant attention that CSRD and ESRS has been driving within the sustainability agenda.

CSRD/ESRS aligned reporting (ESRS indicator 2)

Only two out of the 30 companies (7%) opted to voluntarily report in alignment with the ESRS in 2024 (Ørsted and Arla).²⁶ For brief explanations of how the companies have gone about ESRS alignment including the incorporation of the required sustainability statement in the management report /annual report, see the box below. The two companies' reports differ in their approaches to ESRS alignment and whilst none of them are fully compliant with the standards both have taken significant steps to align.

COMPANY DESCRIPTIONS OF HOW THEY HAVE ALIGNED WITH THE ESRS

"In 2023, we decided to develop the 'Sustainability statements', a new section in our annual report for 2023. The sustainability statements have been prepared with reference to the ESRS. In 2023, our aim was to adapt as much as possible of the fundamental structure of the standards and to integrate it with the other parts of the annual report in the best way possible. We have done this by using the 'Incorporation by reference' option. As a result of the new section, we will no longer publish separate ESG performance or sustainability reports. Furthermore, our statutory corporate governance report has been incorporated into the governance section of the annual report." Ørsted, Annual Report 2023, p. 4

"According to the ESRS, companies are required to disclose their Environmental, Social and Governance (ESG) information in a dedicated section called 'Sustainability Statements', placed within the management review section. To meet this requirement, the ESG data section, which was placed after the financial statements in last year's report, is now integrated into the Environmental, Social and Governance sections on pages 28-86. In the first chapter of the sustainability statements, we give a detailed account of our double materiality assessment and provide an overview of the ESRS topics that we determined as material. In the following sections, we report on our impacts, ambitions, policies, strategies, actions, resources and progress towards targets for each of these material topics. [...] For a detailed overview of all the ESRS disclosure requirements addressed in this report, please refer to page 154." Arla, Annual Report 2023, p. 2.

Double materiality analysis (ESRS indicator 3)

17 out of the 30 companies (57%) explain how they have used a double materiality approach to identify material sustainability matters for reporting purposes. Thereby, this practice of undertaking double materiality assessments to inform the company's reporting constitutes the biggest documentable impact of the ESRS as it relates to the focus of this analysis and with regards to the covered companies. The companies, however, vary significantly in their level of alignment with the European Financial Reporting Advisory Group (EFRAG) implementation guidance on Materiality Assessment²⁷ and the extent to which they describe their approach. This enables analysis of **the degree to which** their double materiality assessments meet expectations.

The ESRS requirements around materiality assessment draw on the UNGPs in several aspects, including by relying on the concept of severity to enable materiality assessment of sustainability impacts, and by requiring engagement with affected stakeholders to inform materiality assessment. The companies claiming to have done double materiality assessment are overall not yet demonstrating that these aspects are reflected in their approaches. Of the 17 companies claiming to have implemented a double materiality assessment, 7 of them (41%), however, also disclose the use of severity criteria when assessing the materiality of impacts. The use of severity criteria is a part of the ESRS requirements around materiality assessment (See ESRS 1, paragraph 45), but in addition, the concept of severity with its three underlying criteria originates from the UNGPs and is a central part of the CSDDD requirements for prioritisation (CSDDD article 9). Accordingly, this is one of the ways in which companies' approaches to impact management and impact disclosure can synergise and align through active use of business and human rights standards.

At the same time, only 3 of the 17 (18%) disclose that they have consulted with affected stakeholders/their representatives in relation to assessing impact materiality. Engagement with affected stakeholders is part of the ESRS expectation related to materiality assessments (ESRS 1 paragraph 24), however it is also a key component of robust HRDD practices and of the UNGPs, as well as a key component of the CSDDD (CSDDD art. 13). Hence, engagement with affected stakeholders is another element of synergy across approaches to impact management and impact reporting that companies can pursue through alignment with UNGPs.

Anchoring of double materiality in human rights due diligence (ESRS indicator 4)

Only 3 out of the 30 companies (10%) disclose that their HRDD process has informed their assessment of impact materiality as part of their double materiality assessment, for example by exemplifying how existing human rights risk assessment processes has informed the materiality assessment.

EMERGING PRACTICES ON INTERRELATION BETWEEN DUE DILLIGENCE AND DOUBLE MATERIALITY ASSESSMENT

Rambøll: "In 2023, we conducted a high-level human rights risk and impact assessment exercise across our headquarters and other offices in Denmark. This global assessment

identified local and global impacts and helped develop a more focused operational level impact assessment, which we use as the basis of our double materiality assessment.”

“Due diligence at the core of our double materiality assessment

Our double materiality assessment is now based on sustainability due diligence according to the UN Guiding Principles for Business and Human Rights and the OECD guidelines for multinational enterprises.

Compared to our 2022 double materiality assessment, we have identified material topics through detailed social, environmental, and economic impact assessments. The identification of material social topics is based on a detailed human rights impact assessment that includes all human rights.” – Rambøll Annual Report 2023, p. 74, 83.

Pandora: The company indicates the following as sources for its double materiality analysis: “Desktop research, Human Rights impact assessment and TCFD analysis, internal and external stakeholders” – Pandora, Sustainability Report 2023, p. 9

Grundfos: The company indicates the following as inputs for its double materiality analysis: “EU CSRD standards and topics; Internal subject matter experts’ insights; Human Rights Impact Assessments; ESG trends” – Grundfos, Sustainability Report 2023, p. 16

This is an interesting finding because it positively indicates that some companies have identified the interrelation between impact materiality assessment and risk identification and assessment as captured by HRDD. The ESRS themselves recognize this synergy by stating that: “The materiality assessment of a negative impact is informed by the due diligence process defined in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.” (ESRS 1 paragraph 45)

The European Securities and Markets Authority (ESMA) has recently highlighted in its 2024 statement on common enforcement priorities related to sustainability reporting the importance of this connection between due diligence and materiality assessment: “According to Section 4 of ESRS 1 General Requirements, the impact materiality process is informed by the outcome of any sustainability due diligence processes implemented by the issuer. Disclosures pursuant to DR IRO-1 [Disclosure Requirement Impact, Risks and Opportunities - 1] should clearly reflect this connection.”²⁸ ESMA, who coordinates national enforcers i.e. enforcers’ supervision of sustainability reporting, thereby urges issuers, auditors and supervisory bodies to consider this when preparing, auditing and supervising the 2024 reports.

Disclosure of material social topics (ESRS indicator 5)

12 of 30 companies disclose one or more social topics to be material (i.e. S1 own workers, S2 workers in the value chain, S3 affected communities and/or S4 consumers and end-users). This is another example of how companies have started to align with the structure and terminology of the ESRS. See ESRS table 2 for an overview of which social topics are deemed material by the companies that have started disclosing material topics in a manner inspired by the ESRS. Note that companies not listed in this table might still be indicating social or human rights issues or topics as material, however not in a manner explicitly aligned with ESRS social topics (S1-S4).

ESRS TABLE 2: DISCLOSED SOCIAL MATERIAL TOPICS

Company	S1 Own workforce	S2 Workers in the value chain	S3 Affected communities	S4 Consumers and end-users
Ørsted	x	x	x	
Arla	x	x		x
Pandora	(x)	x		
Velux	(x)	x	x	
Novo Nordisk	x	x	x	x
ISS	x	x		x
Rambøll	x			x
Coop	x	x	x	x
Rockwool	x	x	x	x
Carlsberg	x	x	x	x
BioMar	x	x		
Per Aarsleff	x	x	x	x

Note. (X) indicates that the company does not use explicitly aligned S1-S4 numbering or terminology as it relates to this particular topic but has indicated one or more sub-topic(s) related to the stakeholder group as material.

Of the 12 companies all of them list Own workers (S1) as material. All but one also lists Workers in the value chain (S2) as material. 7 of 12 companies list Affected communities (S3) as material and 8 of 12 End-users and communities (S4) as material. 4 of 12 companies indicate all four stakeholder groups to be material to them. In short, the preliminary indications are that the companies generally recognise material impacts, risks and opportunities across the four ESRS stakeholder groups.

So far, only one of these companies follow ESRS topical reporting requirements related to the social topic indicated to be material, when then reporting about this topic (Ørsted). However, should this early trend of listing many social topics as material continue, we can expect such social topical disclosures to become widespread in the years to come.

Not all companies specify whether a given topic is considered material on the basis of financial materiality, impact materiality or both. Many of the companies also lack impact specificity, instead reporting their material topics without substantiating these disclosures with information about connected material impacts. Relatedly, there are differences in the impact related reporting of the companies as it relates to framing disclosures as related to positive or negative impacts. This is an area of attention as the ESRS aim to reduce opportunities for sustainability washing, but do not provide full clarity for companies on how to assess or disclose positive vs negative impacts. Hence there is a need to ensure that companies do not 'positive-wash' their impact reporting by assuming that when they have preventative measures in place (e.g. a health and safety training) the subtopic of health and safety can be disclosed as a positive impact area rather than as a potential or actual negative sustainability impact.

Reporting on social subtopics/ subsubtopics (ESRS indicator 6)

In addition to introducing four stakeholder groups (topics in ESRS) the ESRS also introduce related subtopics and subsubtopics to provide reporting entities with an overview and structure around sustainability matters and support the materiality assessment process. These are captured by ESRS 1 application requirement 16 (see ESRS figure 1 for a visualization of the social topics, subtopics and subsubtopics)

ESRS FIGURE 1: ESRS 1 APPLICATION REQUIREMENT 16 SOCIAL TOPICS, SUBTOPICS AND SUBSUBTOPICS

S1 Own workforce	S2 Workers in the value chain	S3 Affected communities	S4 Consumers and end-users
Working conditions	Working conditions	Economic Social and Cultural Rights	Information related impacts
Secure employment	Secure employment	Adequate housing	Privacy
Working time	Working time	Adequate food	Freedom of expression
Adequate wages	Adequate wages	Water and sanitation	Access to (quality) information
Social dialogue	Social dialogue	Land-related impacts	Personal safety of consumers and/or end-users
Freedom of Association [...]	Freedom of Association [...]	Security-related impacts	Health and safety
Collective bargaining [...]	Collective bargaining [...]	Civil and political rights	Security of a person
Work life balance	Work life balance	Freedom of expression	Protection of children
Health and Safety	Health and Safety	Freedom of assembly	Social inclusion of consumers and end-users
Equal treatment and opportunities for all	Equal treatment and opportunities for all	Human Rights Defenders	Non-discrimination
Gender equality and equal pay for work of equal value	Gender equality and equal pay for work of equal value	Indigenous peoples' rights	Access to products and services
Training and skills development	Training and skills development	Free, prior and informed consent	Responsible marketing practices
Employment and inclusion of persons w disabilities	Employment and inclusion of persons w disabilities	Self-determination	
Measures against violence and harassment in the workplace	Measures against violence and harassment in the workplace	Cultural rights	
Diversity	Diversity		
Other work-related rights	Other work-related rights		
Child labour	Child labour		
Forced labour	Forced labour		
Adequate housing	Adequate housing		
Privacy	Privacy		
	Water and sanitation		

9 of the 30 companies disclose one or more ESRS social subtopic or sub-subtopic to be material. Only one of these, however, follow ESRS social topical reporting requirements when reporting on this/these topic(s) (Ørsted).

Social metrics (ESRS indicator 7)

The ESRS only includes predefined metrics related to S1 (own workers) and otherwise calls on companies to report entity specific metrics where relevant as it relates to the other stakeholder groups. Future ESRS sector standards are further expected to include metrics related to these stakeholder groups, where relevant.

Three of the thirty companies (10%) report in alignment with ESRS social metrics related to own workers (S1). Ørsted, Arla and Novo Nordisk all report on one or more ESRS S1 metrics. Notably, diversity metrics related to gender are among the more widespread social metrics disclosed. A number of the other companies also report on social metrics e.g. related to skills and training or health and safety but are yet to do so in a manner that aligns fully with ESRS S1 metric requirements, which aim to support comparability of these datapoints across companies.

Entity specific reporting related to human rights (ESRS indicator 8)

The ESRS specify that “when an undertaking concludes that an impact, risk or opportunity is not covered or not covered with sufficient granularity by an ESRS but is material due to its specific facts and circumstances, it shall provide additional entity-specific disclosures to enable users to understand the undertaking’s sustainability-related impacts, risks or opportunities.” (ESRS 1, 11). Only one company (3%) included an entity specific reporting of relevance to human rights (Arla).

In the case of Arla, they have listed Food safety as ‘Arla-specific’, and report on related policies, actions and targets and progress thereon including in relation to issues of access to affordable nutrition, accurate labelling and product recalls, vulnerable consumer group considerations and specific approaches in emerging economies.

In light of the above results, which demonstrate that it is still early days in terms of aligning with ESRS requirements, it is only natural that entity specific reporting is not widespread. However, it is an important design feature of the reporting standard, especially as it relates to impacts on workers in the value chain, communities and consumers and end-users, which are the stakeholder groups for which the ESRS include no pre-defined metric-based disclosure requirements.

7 CONCLUSION & NEXT STEPS

The overall alignment score of 40% obtained by companies in the benchmark illustrates that a majority of the 30 largest companies in Denmark is still in the early stages of demonstrating that they respect human rights. This indicates that all of the companies have to take further steps ahead of the incoming CSDDD regulation. The key findings from the study include the following:

- Notwithstanding a few frontrunners scoring above 60% and one company scoring just over 70% in overall alignment, none of the companies reach the highest two score bands (80-90% or 90-100%).
- A great majority of companies benchmarked make strong **commitments** to respect human rights in their business operations, and strong progress has been made over the last two years regarding the number companies that have expressed a formal commitment to respect the UNGPs.
- As in 2020 and 2022, translating commitments into practice through iterative **HRDD** (identifying, assessing, acting upon, tracking and communicating on human rights impacts) remains at a very early stage among companies assessed in terms of documentation. Companies scored 1.93 out of 10 points on average on HRDD Step Indicators, with every company scoring below 1 point on at least one or more indicator. This shows an overall stagnant picture compared to 1.78 out of 10 points on average in 2022.
- No companies were able to **demonstrate effective stakeholder engagement** throughout HRDD processes. Three companies document that they engage with affected stakeholders in their processes for identifying and assessing their most salient human rights risks.
- As a matter of great concern, companies still show low levels of commitment to provide **access to remedy** in case of adverse impacts. Less than half of the companies commit to provide remedy for affected victims where adverse impacts occur. While most companies have mechanisms in place to receive complaints and grievances, only seven of the companies disclose processes or practices which could provide remediation. These numbers, however, demonstrate some improvement to the 2022 assessment, where only seven companies committed to provide remedy and none of the companies disclosed their approach to providing remedy. Nonetheless, performance and commitment in this area remain among the lowest of all themes assessed.

The benchmark provides insights into how large Danish companies are currently communicating about and documenting their human rights efforts. It is possible that some companies do more than they communicate about externally, while others may present an unrealistic or exaggerated account of their activities in their public disclosures. Despite these limitations, the benchmark provides useful insight into the overall levels of disclosure and underlying efforts to address human rights among the largest companies in Denmark.

Nonetheless, the recurring benchmark reveal that regular benchmarking engages companies to improve their policies and documentation of processes and practices on

human rights. For example, a few companies have progressed slightly in their reporting on HRDD. The analysis also shows that four companies made significant progress overall making them advance 5 or more points when compared with 2022 results. DLG was the lowest scoring company in the last assessment and is now placed in the 20-30 percentage alignment band along with 8 other companies, Stark moved from the 20-30 band to the 40-50 band, Grundfos from the 30-40 band to the 50-60 band and Carlsberg from the 30-40 band to being one of just two companies placed in the 60-70 band this year.

Overall, at least a slight improvement of average scores could be seen across 10 of the 12 indicators. Only B.2.4 (tracking effectiveness) and A.1.2.a (ILO commitment) saw a slight drop in average performance. The most notable improvements could be seen for A.1.1 (Commitment to respect human rights) and C.7 (remediating adverse impacts). We hope that continued benchmarking exercises along with related regulatory requirements will enable Danish companies to make further progress and drive greater transparency in accordance with the expectations of the UNGPs.

The study also provided early indications of how the ESRS will impact companies' reporting including as it relates to human rights impacts and management thereof. Whilst over half of the companies referenced CSRD/ESRS and disclosed on how these standards are impacting their reporting approaches, most companies were yet to align more comprehensively with ESRS requirements including the elements of them that draw on key UNGP provisions or reinforce due diligence requirements. Whilst it may therefore be too soon to judge whether ESRS will be transformative in supporting companies to better demonstrate alignment with human rights expectations, the ESRS section of this study highlights some opportunities for companies to draw on HRDD and the UNGPs in their approach to ESRS reporting including in relation to the double materiality assessment.

7.1 RECOMMENDATIONS

In light of the results of this benchmark and the overall affirmation of results from previous years, the following recommendations can be made to various stakeholders – companies, investors and the Danish Government.

Companies

We reiterate our call on Danish companies to improve both their HRDD practices and their disclosures on how they are conducting due diligence. In particular, on aspects of due diligence where this benchmark has illustrated areas for improvement. This includes;

- Disclosure of due diligence practices (each step thereof);
- Demonstrating HRDD across the full scope of the value chain from supply chain, own operations, to the use of company products or services downstream;
- Engagement with affected stakeholders; and
- Ensuring access to remedy when harm occurs.

When approaching the task of reporting in compliance with ESRS, we encourage companies to make use of their HRDD processes as key input to double materiality assessments and related sustainability reporting. Where companies are yet to have

in place HRDD processes, we encourage them to use the materiality assessment and ESRS led reporting exercise to improve HRDD related practices such as related to engaging with affected stakeholders.

The analysis in this report can serve as inspiration for the companies involved, but also other Danish companies, identifying where further improvement is needed to meet the CSRD and CSDDD requirements underway and capitalise on synergies across the two regulations.

Investors

For investors this analysis serves as a point of departure for further dialogue and engagement with the companies involved but can also serve to highlight cross-cutting challenges for the Danish business community with regard to demonstrating respect for human rights. We urge investors to consider the results of this analysis by:

- Using it to inform human rights related portfolio screenings;
- Engaging in dialogue with the companies involved where the results call for this – both individually and collectively;
- Taking inspiration from the results of this report to inform their own HRDD and documentation thereof;
- Consider how best to use and engage with ESRS related company reporting to further companies' human rights related disclosures.

The government

This analysis illustrates the need for Denmark to proactively take steps to meet its duty to protect human rights in the context of business activities in line with the expectations of the UNGPs' pillar one.

This includes:

- Pursuing national implementation of CSDDD and CSRD that reinforces and aligns with the UNGPs and draws on synergies across. Ensuring cross-measure coordination and prioritisation of relevant accompanying measures for example by leveraging the existing Forum on Responsible Business Conduct and Sustainability Regulation; improving interministerial coordination on sustainability due diligence or initiating an update of the Danish National Action Plan on business and human rights;
- Ensuring that transposition of relevant EU Directives in Danish law and supportive measures are informed by Danish companies' human rights related performance and areas of improvement, such as demonstrated in this report and previous benchmarks. This includes the current transposition of the CSDDD. This benchmark as well as previous ones suggest that ambitious approaches to transposition are well-founded;
- Using the results to inform initial work of supervisory authorities tasked with implementing and overseeing the CSRD as well as dialogue and capacity building efforts aimed at auditors and advisers; and
- Facilitating dialogue and learning for large and small business on HRDD and support the development of capacity in order to bridge the substantive gaps between company performance and the expectations of the UNGPs, CSRD and CSDDD (including on remedy, value chain scope and stakeholder engagement).

ANNEX 1: METHODOLOGY & PROCESS

ABOUT THE CHRB METHODOLOGY

The study applies the Core UNGP Indicators developed by the Corporate Human Rights Benchmark (CHRB) and most recently updated in 2021.²⁹ These 12 Indicators³⁰ are extracted from the full CHRB methodology³¹ and provide a tool for taking a quick snapshot of a company's approach to human rights management and whether they are implementing the relevant requirements of the UNGPs, regardless of company size and industry sector.

The CHRB Core UNGP Indicators are divided into three key areas, namely 'Governance and Policy Commitments', 'Embedding Respect and Human Rights Due Diligence' and 'Remedies and Grievance Mechanisms'. Annex Table 1 gives an overview of the indicators and scores available.

ANNEX TABLE 1: CHRB CORE UNGP INDICATORS INCL. SCORING

		Available points					Max score in theme	Weighting
Theme A: Governance and Policy Commitments								
A.1.1	Commitment to respect human rights	0	0.5	1		2	6	25%
A.1.2.A	Commitment to respect the human rights of workers: ILO Declaration on Fundamental Principles and Rights at Work	0	0.5	1	1.5	2		
A.1.4	Commitment to remedy	0	0.5	1	1.5	2		
Theme B: Embedding Respect and Human Rights Due Diligence								
B.1.1	Responsibility and resources for day-to-day human rights functions	0	0.5	1	1.5	2	12	50%
B.2.1	Identifying human rights risks and impacts	0	0.5	1	1.5	2		
B.2.2	Assessing human rights risks and impacts	0	0.5	1	1.5	2		
B.2.3	Integrating and acting on human rights risks and impact assessments	0	0.5	1	1.5	2		
B.2.4	Tracking the effectiveness of actions to respond to human rights risks and impacts	0	0.5	1	1.5	2		
B.2.5	Communicating on human rights impacts	0	0.5	1	1.5	2		
Theme C: Remedies and Grievance Mechanisms								
C.1	Grievance mechanism(s) for workers	0	0.5	1	1.5	2	6	25%
C.2	Grievance mechanism(s) for external individuals and communities	0	0.5	1	1.5	2		
C.7	Remedying adverse impacts	0	0.5	1	1.5	2		

The scoring follows a set structure, awarding either 0, 0.5, 1, 1.5 or 2 points depending on whether the indicator requirements are assessed to have been met. In some cases, the company can receive 0.5 points on an indicator when it meets some or all of the requirements of score 2 but only some/none of the requirements for score 1. This is to give credit to and distinguish companies that meet 'some' requirements as opposed to those that meet 'none'.

APPROACH TO DOCUMENTATION & DATA COLLECTION

The benchmark is based solely on publicly available information from policy documents, annual reports and other relevant human rights materials found on company websites. Therefore, benchmark results are merely a proxy for corporate human rights performance and not an absolute measure of a company's actual behaviour nor its impacts on the enjoyment of human rights. Concurrently, the benchmark provides a subjective assessment at a certain point in time, thereby yielding results that will always include an interpretive margin. Consequently, a greater analytical focus on general trends in scores rather than upon marginal differences in scoring between companies is encouraged.

The current study was carried out during July-September 2024 based on publicly available data from companies listed in Annex Table 2 and should therefore not be generalised to the entire population of Danish businesses. In fact, small-and medium-sized enterprises (SMEs) are a key part of the Danish economy,³² yet these are not represented in the present study. Instead, the study should be seen as a snapshot of some of the largest Danish companies' disclosure on their level of engagement with human rights.

CHRB BENCHMARKS IN OTHER COUNTRIES

Since its conception in 2017, several governments, academic institutions and civil society organisations from various countries have used the CHRB methodology to capture the local trends in corporate respect for human rights. While the majority of country benchmarks have utilised the CHRB Core UNGP Indicators,³³ other countries have applied full sector methodologies³⁴. Although studies have, in general, had different objectives and taken different approaches in their assessment processes, the growing uptake of the country-based benchmarks has created valuable opportunities for researchers to share lessons learned and enabled wider cross-country comparison. In particular in the years since 2022, a renewed uptake in interest in CHRB country benchmarks can be observed in countries in the global south, with Chile (2023 and 2024), Colombia (2024) and Kenya (2024). Further countries that conducted country analyses are Luxembourg and South Korea³⁵.

ABOUT THE DANISH BENCHMARK

Selecting companies

Companies in the present study were carried over from 2022 so as to allow comparison. In 2022, the companies were selected on the basis of corporate turnover for the financial year 2020, based on the Guld1000 list of Berlingske (published in September 2021).³⁶ To ensure that the study captured companies involved in global value chains including in low and medium income countries, traders and companies who engage with the transfer of goods and services without extensive own international production activities, were excluded from the sample. Further, because the Guld1000 list includes foreign companies with subsidiaries in Denmark, companies with headquarters located outside of Denmark were excluded. This process led to the exclusion of 12 companies from the

Guld1000 list.³⁷ The final list of the 30 companies assessed is included in the table below. Revenue and employee data has been updated on the basis of 2023 data extracted from the companies' own disclosure in latest annual reports. To ensure comparability and track progress of companies scrutinised under the CHRB methodology, the list of companies has been kept consistent for this analysis.

ANNEX TABLE 2: SAMPLE OF COMPANIES

Company	Sector	Revenue in mil. kr (financial year 2023)	Number of employees
A.P. Møller Mærsk	Transport	349,307	105,909
Novo Nordisk	Medical & Pharmaceutical	232,261	64,319
DSV	Transport	150,785	73,577
Vestas	Industrials	114,703	30,586
Arla Foods	Agri, food and beverage	103,008	22,929
ISS	Service	78,681	334,962
Salling Group	Retail	70,260	58,903
Danish Crown	Agri, food and beverage	67,602	25,796
Carlsberg	Agri, food and beverage	73,585	34,982
Ørsted	Energy	79,255	8,905
DLG	Agri, food and beverage	62,443	6,981
Lego	Design	68,914	28,528
Danfoss	Industrials	79,489	42,054
Coop Danmark	Retail	39,018	9447
Stark Group	Construction	52,630	20,000
Grundfos	Industrials	34,407	19,937
Bestseller	Design	35,651	20,704
Lars Larsen Group (incl. Jysk)	Design	45,359	39,000
VKR Holding (incl. Velux)	Construction	29,543	18,181
Schouw & Co (incl. Biomar)	Agri, food and beverage	37,210	15,488
Rockwool	Construction	26972	11993
Pandora	Design	21,951	27,480
Coloplast	Medical & Pharmaceutical	24,500	14,903
Lundbeck	Medical & Pharmaceutical	19,912	5,566
Dagrofa	Retail	19525	3271
FLSmidth & Co	Construction	24,106	9,377
Demant	Medical & Pharmaceutical	22,443	21,168
Novozymes	Biotech	17,899	6,756
Rambøll	Service	17,014	17,066
Per Aarsleff	Construction	20,244	8,764

The benchmark covers companies from 10 sectors: transport (two companies); medical and pharmaceutical (four companies); biotech and materials (one company); agriculture, food and beverage (five companies); industrials (three companies); energy (one company); service (two company); retail (three companies); design (four companies); and construction (five companies). It should be noted that the sample selection is not directly proportional to the largest industries of Denmark's economy, with some of the most important being the service industries, shipping and trade.³⁸

Company engagement

Companies included in the benchmark were informed via e-mail once selected. Companies were also given the option to comment on their draft benchmark prior to consolidation.

However, this was no requirement, and companies did not receive additional points for engagement. The aim of this was for the companies to inform the research team of any public documents or information that had been overlooked during the assessment process.

In general, we observed a high level of engagement (with 83.33% providing feedback) and interest in learning about the methodology and assessment criteria from companies assessed. This engagement rate is slightly higher than the one experienced by the CHRB in global assessments (ca. 70%)³⁹ and also an increase from 2022 (75%). This suggests that the companies surveyed are interested in understanding how to improve practices on human rights and communication thereon.

RISKS & LIMITATIONS

CHRB methodology

The CHRB research relies on public information disclosed by companies with the aim of driving further transparency on human rights due diligence systems and their alignment with the UNGPs. The limitations that come with using public information on policies and processes to assess a company's human rights performance must thus be emphasised. Danish companies that performed well in the 2022 benchmark⁴⁰ have also been associated with cases of reported business-related human rights abuse.⁴¹ The CHRB cautions that benchmark results remain a proxy for corporate human rights performance and a subjective assessment at a certain point in time – not an absolute measure of actual performance.⁴²

Despite the quantitative approach of the benchmark assessment, we also found that several indicators left an important interpretive margin, which may affect the consistency of assessments and yield results that make comparison difficult. Therefore, the analytical focus should be on the aggregated results and improvement over time rather than upon individual company scoring or marginal differences in scoring.

While the indicators overall are well defined, certain indicators and associated interpretation of criteria were observed to have methodological weaknesses. These include:

- Requirement of explicit human rights language, specific type of wording and detailed communication: we experienced that the methodology was not always able to capture the efforts of companies that fail to communicate using human rights and business language and frame communications to fit the CHRB indicators. As such, there is a risk that the benchmark findings may reveal more about company's ability to communicate its human rights approach and to disclose information on policies and processes rather than its actual human rights performance. Further, the human rights due diligence indicators in general require a high level of detail in order for companies to meet the scoring criteria, yet this is not particularly clear from the brief description of the indicator topic and the score requirements.
- Scoring system: several indicators, such as B.2.1 "Identifying human rights risks and impacts", cover multiple requirements, meaning two companies with very different performances may yield the same final result. For instance, in indicator B.2.1, a company that meets all three criteria under Score 2, but does not meet all Score 1 criteria, will only be awarded a half-point. A company that is disclosing just enough information to meet one of the five requirements would essentially receive the same score.
- B.1.1 "Responsibility and resources for day-to-day human rights functions": we experienced that the indicator excluded relevant information on companies' sustainability governance structures that most often cover human rights or social issues but are not explicit about human rights accountability. We applied the CHRB criteria rigidly but see a need to add broader indicators on evidence of human rights responsibilities.
- C.1 "Grievance mechanism(s) for workers" and C.2 "Grievance mechanism(s) for external individuals and communities": we observed that most companies that operate with compliance/whistle-blower systems were able to meet the criteria. However, such company mechanisms are often designed from the perspective of the company and tend to focus more on preventing violations of the business's policies and standards rather than remedying a situation for victims.⁴³ A human rights-compatible and dialogue-based mechanism integrates human rights norms and standards into its processes and offer a channel for those individuals or groups impacted by a company's activities to raise concerns on an informed basis.⁴⁴ For the purpose of this assessment, we followed the CHRB criteria but were more stringent in the review of descriptions on who could use the mechanism and what issues could be raised.
- The Core UNGP Indicators are extracted from the full CHRB Methodology to create a methodology applicable across sectors. The narrowed selection of indicators thus also excludes relevant indicators such as those relating to policy compliance processes, human rights training as well as serious human rights allegations. Furthermore, the full methodology also takes as its basis in certain industry-specific global standards to assess industry-specific challenges and approaches to managing human rights risks and impacts. The Core UNGP Indicators are thus to a certain extent less aligned with business and operational realities and may overlook some processes and practices that are relevant to e.g. industry practices.

To ensure that the methodology continues to be up-to-date and aligned with existing standards and frameworks, the CHRB launched a review of its methodology in 2020 consisting of desk-based research and extensive multi-stakeholder consultation. An important change in the methodology has been the strengthened attention to

company impact and performance on the ground, beyond policies and processes, as well as amplifying the voices of affected stakeholders.⁴⁵ While the former has not been captured by the Core UNGP Indicators, which excludes performance indicators D and E ('Company Human Rights Practices' and 'Responses to Serious Allegations'), requirements for companies to report on their stakeholder approach throughout the different stages of the human rights due diligence cycle were added to the Theme B indicators which were used both this year and in 2022.

Conducting regular benchmarks provides an opportunity to track company progress over time, while creating strong incentives for companies to improve their scores. The opportunity to apply the same methodology as in 2022 again this year is enabling this direct comparison. However, a granular comparison of the results of the 2022 and 2024 analysis to the first iteration in 2020 is not recommended and should only be conducted at aggregate level.

Some of the key differences between the 2020 and 2021 methodology include:

- Changes to the types of evidence accepted – this applies in particular to section A indicators where only statements made in formal policy documents are considered valid documentation.
- Removal of the commitment to stakeholder engagement.
- Additional requirements for a commitment to remedy.
- Addition of an indicator requirements for companies to disclose how they engage with both suppliers and affected stakeholders at each stage of the due diligence cycle.
- Changes to indicator B.2.5, with completely new requirements, asking companies to give examples of their approach to communication with affected stakeholders on issues they have raised and describe any challenges they have identified to effective communication.
- Additional indicator requirements for grievance mechanism in section C. In particular, to communicate an expectation for suppliers to convey an equivalent expectation on access to grievance mechanisms to their own suppliers and the description of awareness raising efforts.

In light of the revisions, we encourage readers to apply discretion when comparing the results of the 2020 benchmark with the 2022 and 2024 benchmark findings.

QUALITY ASSESSMENT

While the approach to the collection, handling and reporting of data is described in detail above, the personal biases of researchers may still cause subjective interpretation of empirical data.

This year, the analysis was conducted in collaboration with the EIRIS Foundation, who has been an analysis partner for the CHRB/WBA for many years regarding the global benchmarks. Through this collaboration, it was possible to introduce external quality control on each scorecard and work to ensure that the approach in the Danish analyses is as close to the global benchmarks as possible. Consequently, this year the research team introduced a more detailed scorecard template that breaks down the individual indicators into sub-elements where relevant, thereby ensuring greater precision in scoring. This enabled a structured and systematic collection of data on a company-by-

company basis. Throughout the preliminary research phase, i.e. applying the indicators and developing company draft scorecards, DIHR and EIRIS foundation collaborated and did double assessments where needed. Finally, once company feedback was collected, the research team conducted a final consistency check of the assessments across all company scorecards to ensure repeatability of the methodology approach across examined companies.

RELATIONSHIPS BETWEEN DIHR AND COMPANIES INCLUDED IN THE BENCHMARK

DIHR, through its previous corporate engagement activities, have had collaborations or relationships with a number of the companies included in the benchmark in the past. DIHR does have any bilateral collaboration with any of the companies at the time of the assessment. However, several of the companies assessed in the benchmark are members of the Nordic Business Network for Human Rights, which is facilitated by DIHR (Arla, BioMar, Danfoss, Lego, Pandora, Novo Nordisk, Grundfos, Ørsted, Coop Denmark, Bestseller and Vestas).⁴⁶ Nevertheless, due to the methodological reliance on publicly available information only for the purpose of company assessments, DIHR has not utilised any additional knowledge from engagements with the network in connection with this benchmark and has not identified any conflicts of interest.

ENDNOTES

- 1 <https://www.humanrights.dk/publications/danish-companies-documentation-their-human-rights-work>
- 2 <https://www.humanrights.dk/publications/documenting-respect-human-rights>
- 3 <https://www.humanrights.dk/publications/documenting-respect-human-rights-financial-sector>
- 4 <https://www.worldbenchmarkingalliance.org/research/corporate-human-rights-benchmark-core-ungp-indicators/>
- 5 The Directive entered into force in July 2024. Member states have until July 2026 to transpose it into national law. [Corporate sustainability due diligence - European Commission \(europa.eu\)](https://europeancommission.europa.eu)
- 6 The CSRD entered into force in January 2023. The first companies will have to apply the new rules for the first time in the 2024 reporting year, meaning for reports published in 2025. [Corporate sustainability reporting - European Commission \(europa.eu\)](https://europeancommission.europa.eu).
- 7 <https://www.humanrights.dk/publications/how-do-pieces-fit-puzzle-making-sense-eu-regulatory-initiatives-related-business-human>
- 8 Turnover and employee data based on data disclosed in the companies' latest annual report.
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- 18 See endnote 4
- 19 <https://julkaisut.valtioneuvosto.fi/handle/10024/162936>
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- 21 <https://eirisfoundation.org/>
- 22 i.e. freedom of association and the right to collective bargaining and the rights not to be subject to forced labour, child labour or discrimination in respect of employment occupation.
- 23 https://www.globalcompact.de/migrated_files/wAssets/docs/Menschenrechte/stakeholder_engagement_in_humanrights_due_diligence.pdf
- 24 http://www.ohchr.org/Documents/Publications/HR.PUB.12.2_En.pdf
- 25 Please see Frank Bold (November 2024) 'Preparation for implementation of the EU Sustainability Reporting Standards' for an analysis of 100 companies' reporting in light of ESRS expectations. Available at: https://cdn.prod.website-files.com/661fcba58239ab26c7f9227b/6737226b3589a10a8100f31b_CSRD%20research%202024_Assessment%20of%20100%20companies_Frank%20Bold%20%282%29%20%281%29.pdf
- 26 Neither of the companies, nor this assessment claims that these reports are fully aligned with all aspects of the ESRS, however both companies have taken significant steps to align with the ESRS structure and requirements and provide readers with an overview of their reporting following ESRS disclosure requirements and datapoints.
- 27 <https://www.efrag.org/en/projects/esrs-implementation-guidance-documents>
- 28 <https://www.esma.europa.eu/press-news/esma-news/esma-announces-2024-european-common-enforcement-priorities-corporate-reporting>
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- 31 <https://www.worldbenchmarkingalliance.org/research/the-methodology-for-the-2022-corporate-human-rights-benchmark/>
- 32 <https://ec.europa.eu/docsroom/documents/50683>
- 33 [Belgium](#), [Germany](#), [Ireland](#), [Scotland](#), [Spain](#), [Chile](#), [Colombia](#), [Kenya](#), [South Korea](#) and [Luxembourg](#).
- 34 [Finland](#)
- 35 Chile (2023 and 2024): https://sostenibilidadcorporativa.uc.cl/images/investigacion/Primer_Diagnostico_Empresas_y_DDHH_Chile_2022.pdf and https://sostenibilidadcorporativa.uc.cl/images/investigacion/2_Diagnostico_Empresas_y_DDHH_Chile_2023_UC_OIT.pdf; Colombia (2024): <https://www.defensoria.gov.co/documents/20123/2741931/Colombia++Benchmarking+de+empresas+.pdf/1ab6e9b8-3362-3358-c15c-2f153e0390a9?t=1710343549589>; Kenya (2024): <https://www.knchr.org/Publications/Thematic-Reports/Ecosoc-Rights/>

- [Business-Human-Rights](https://www.droitshumains-entreprises.org/); Luxembourg: <https://www.droitshumains-entreprises.org/> ; and South Korea: http://humanasia.org/en/bbs/board.php?bo_table=en_abhrdata&wr_id=4&ckattempt=2 <https://www.linkedin.com/showcase/human-rights-and-international-activities/posts/?feedView=all>
- 36 <https://www.berlingske.dk/virksomheder/se-listen-her-er-danmarks-1000-stoerste-virksomheder-i-2021>
- 37 Namely United Shipping & Trading; Centrica Energy Trading; Energi Danmark; Danish Agro; Siemens Gamesa; Rema 1000 Danmark; TDC (due to recent separation of the company into two legally and operationally individual subsidiaries); Dampskibsselskabet Norden; In Commodities; Semler Gruppen; DFDS; and GN Store Nord.
- 38 <https://statistikbanken.dk/nabp10>
- 39 <https://assets.worldbenchmarkingalliance.org/app/uploads/2021/09/Ensuring-corporate-respect-for-human-rights-FINAL.pdf>, p.18
- 40 See endnote 2
- 41 <https://danwatch.dk/undersogelse/maersk-strafter-ansatte-i-liberia-som-kraever-bedre-vilkaar/>; <https://danwatch.dk/en/eyewitness-china-uses-carlsbergs-beer-to-repress-uyghurs/>
- 42 See endnote 37
- 43 https://www.businessrespecthumanrights.org/image/2016/10/24/3_8.pdf, p.110
- 44 <https://media.business-humanrights.org/media/documents/files/reports-and-materials/Grievance-mechanisms-principles-Jan-2008.pdf>
- 45 See endnote 37, p.15
- 46 <https://www.humanrights.dk/projects/nordic-business-network-human-rights>

