

Executive summary

Sustainable Value Creation is a collaborative project initiated in 2009 by fourteen of Sweden's largest institutional investors. We want to highlight the importance of a structured approach to sustainability issues, as we consider this a prerequisite for long-term value creation in companies and long-term financial returns for us as investors and shareholders.

The core of the project, a survey among the 100 largest companies listed on NASDAQ OMX, is a valuable tool for us in terms of investment decisions and dialogue with the companies. The responses to the survey show how far the companies consider themselves to have come in the area of sustainability and also how they prioritise these complex issues. Equally valuable are the dialogues between investors and the companies that are arranged through the project. They give us a better understanding of the companies' work on sustainability issues, and our aim is to keep these dialogues going and encourage the companies to further improve their sustainability work.

SUBSTANTIAL GAPS IN AMBITION AND RESULTS

The survey shows that many companies place great emphasis on sustainability issues, but also that they are at very different stages when it comes to implementation and communication. The companies can be divided into three distinct groups, with the group that has come the furthest in integrating its sustainability work at all levels in the organisations consisting of some ten companies. This group had already adopted a structured approach to integration as early as 2009, and it has also made the most progress since then.

The second group, consisting of some 40 companies, has also come a long way, but at a somewhat lower level. These companies work systematically on sustainability issues and have made progress in most areas, particularly in communication and reporting.

In the third group, which consists of a third of the companies, no significant improvements have been made. It is worrying to see this group's low development rate, widening the gap to companies that work more systematically on sustainability issues. There is a bright spot on the horizon, however, in that the companies that scored the lowest in 2009

are now showing tendencies towards taking small steps in the right direction. An important conclusion from the 2011 survey is the need for greater dialogue within the industry so that the companies can learn from each other.

IMPROVED GOVERNANCE AND CONTROL

The UN Global Compact principles for sustainable businesses are gaining ground as a framework and over 80 per cent of the companies now take these principles into account. Transparency has increased substantially, and almost 60 per cent of the companies now choose to publish their adopted guidelines. Environmental issues are still the top priority. Implementation of and compliance with guidelines continues to be a challenge, but the use of control systems is increasing significantly. The companies are also monitoring the compliance of suppliers and customers to a greater extent than before.

RESPONSIBILITIES OF THE BOARDS

The Boards still have great confidence in their own sustainability competence. At the same time, many Boards are investing in specific training in this area. Other trends are more frequent follow-up of guidelines and more comprehensive risk analyses.

MORE COMPANIES REPORT EXTERNALLY

The extent to which the companies communicate their sustainability work has increased. Internally, the focus is on providing regular information and training new employees, while externally, a great deal of priority is given to reporting goals, key performance indicators and results.

PROJECT UNDER CONSTANT DEVELOPMENT

It is gratifying to see many of the companies mention that the collaborative Sustainable Value Creation project has helped improve their sustainability work and reporting. Many

companies appreciate a collective approach from a large group of investors, and that the project highlights the importance of sustainability at board and management level. The companies also emphasise the value of individual feedback and that the survey has contributed to positive discussions and initiatives at different levels within the companies.

Finally, we would like to thank the companies for their commitment and active participation, both in the survey and in the project's round-table discussions. It is clear that the companies' sustainability work is progressing, but we can also conclude that much remains to be done in many

of the companies. We as investors and shareholders wish to contribute further to improving the dialogue together with the companies, thus contributing to even stronger and more sustainable value creation.

Stockholm, January 2012

The investors behind Sustainable Value Creation

Andra AP-fonden, DNB, Fjärde AP-fonden, Folksam, Första AP-fonden, Nordea, meta asset management, SEB, Skandia Liv, SPP, Handelsbanken Asset Management, Swedbank Robur, Svenska kyrkan och Tredje AP-fonden.

THE REPORT IS BASED ON RESPONSES FROM THE COMPANIES LISTED BELOW

FINANCIALS	HEALTH CARE	INDUSTRIALS	MATERIALS
NORDEA BANK *	ACTIVE BIOTECH *	ABB *	ALLIANCE OIL *
NORDNET *	ASTRAZENECA *	ADDTTECH	BILLERUD
SEB *	DIAMYD MEDICAL	ALFA LAVAL *	BOLIDEN *
SWEDBANK *	ELEKTA *	ASSA ABLOY *	HOLMEN *
HANDELSBANKEN *	GETINGE *	ATLAS COPCO *	LUNDIN PETROLEUM *
	MEDA	AUTOLIV *	PA RESOURCES *
	MEDIVIR	AXIS *	SCA *
		ELECTROLUX *	SSAB *
HOLDING COMPANIES	CONSUMER	ERICSSON *	STORA ENSO *
BURE *	AARHUSKARLSHAMN *	HEXAGON *	
HAKON INVEST *	AXFOOD *	HUSQVARNA *	SERVICES
INVESTOR *	BILIA	INDUTRADE *	BETSSON
INDUSTRIVÄRDEN **	CLAS OHLSON *	JM *	ENIRO *
KINNEVIK *	H&M *	LINDAB *	INTRUM JUSTITIA *
LATOIR *	MEKONOMEN *	NIBE INDUSTRIER *	MTG *
LUNDBERGFÖRETAGEN *	ORIFLAME *	PEAB *	REZIDOR HOTEL GROUP *
RATOS *	SWEDISH MATCH *	SAAB	SAS
REAL ESTATE		SANDVIK *	SECURITAS *
ATRIUM LJUNGBERG *		SCANIA *	SKISTAR *
BALDER		SECO TOOLS	SWECO *
CASTELLUM *		SKANSKA *	TELE2 *
FABEGE *		SKF *	TELIASONERA *
HUFVUDSTADEN *		TRELLEBORG *	UNIBET *
KLÖVERN		VOLVO *	ÅF *
KUNGSLEDEN *			
WALLENSTAM *			
WIHLBORGS *			

* Companies that participated in both the 2009 and the 2011 survey.

** Industrivärden has participated in the survey, but the responses are not included in the compilation and analysis presented in this report.