Nordic ESG Lab

CBS COPENHAGEN BUSINESS SCHOOL HANDELSHØJSKOLEN

EXECUTIVE REMUNERATION IN THE C25

Financial Incentives, ESG Integration, and Performance Trends

ASSESSING CEO COMPENSATION STRUCTURES AND THE ROLE OF ESG IN EXECUTIVE PAY

Executive Summary

- Financial KPIs dominate executive remuneration and are either exceeded or failed to be met

- ESG targets, when present, are often loosely defined and may be structured for easy achievement

This report examines CEO remuneration across Danish C25 companies, with a focus on the structure of incentive schemes and the role of financial versus ESG-related KPIs. While some companies, such as Novo Nordisk and DSV, assign meaningful weight to ESG performance in executive pay, others, including Bavarian Nordic and Demant, continue to rely exclusively on financial metrics. The result is a fragmented landscape where ESG-linked remuneration remains inconsistently applied and secondary in importance.

The analysis reveals a clear imbalance in how financial and ESG targets are designed and rewarded. Financial KPIs are structured to produce performance extremes, with 40% of firms exceeding their targets and 24% reaching the maximum payout level in both 2023 and 2024. ESG targets, in contrast, are both less widespread and less ambitious. While 52% of companies include short-term ESG incentives, only 17% integrate them into long-term pay. Among those that do, ESG goals tend to be loosely defined and easily met. In 2024, 75% of companies exceeded their long-term ESG targets, while none underperformed.

These trends suggest that financial targets are calibrated to differentiate performance and justify significant payouts, whereas ESG targets are often formulated to guarantee achievement. This raises important questions about the credibility and purpose of ESG-linked remuneration. Without clearer, more ambitious ESG metrics that are directly tied to corporate strategy, sustainability incentives risk functioning as symbolic gestures rather than genuine drivers of accountability and long-term value creation.

Section I: Components of CEO Remuneration

This section provides an in-depth analysis of CEO remuneration structures across Danish C25 companies, with a focus on the composition of fixed base salaries and variable compensation, and their respective roles in shaping executive pay. CEO compensation typically consists of two primary components: a fixed base salary, which ensures financial stability and predictability, and variable additional compensation, which is performance-based and contingent on company-specific outcomes. The variable component often includes short-term incentive plans (STIPs), stock options, and long-term incentive plans (LTIPs), all of which are designed to align executive performance with strategic company goals and shareholder value creation.

This section also assesses year-over-year changes in CEO remuneration, comparing developments between 2023 and 2024. Fluctuations in total compensation reflect broader trends in corporate performance, evolving executive retention strategies, and shifts in governance practices across industries.

The data indicates that some firms have increased their reliance on variable pay structures, possibly to sharpen performance incentives and tie compensation more closely to short-term financial outcomes. In contrast, other companies have moved toward greater stability in their remuneration frameworks, placing stronger emphasis on fixed compensation to reduce exposure to market volatility and promote long-term retention.

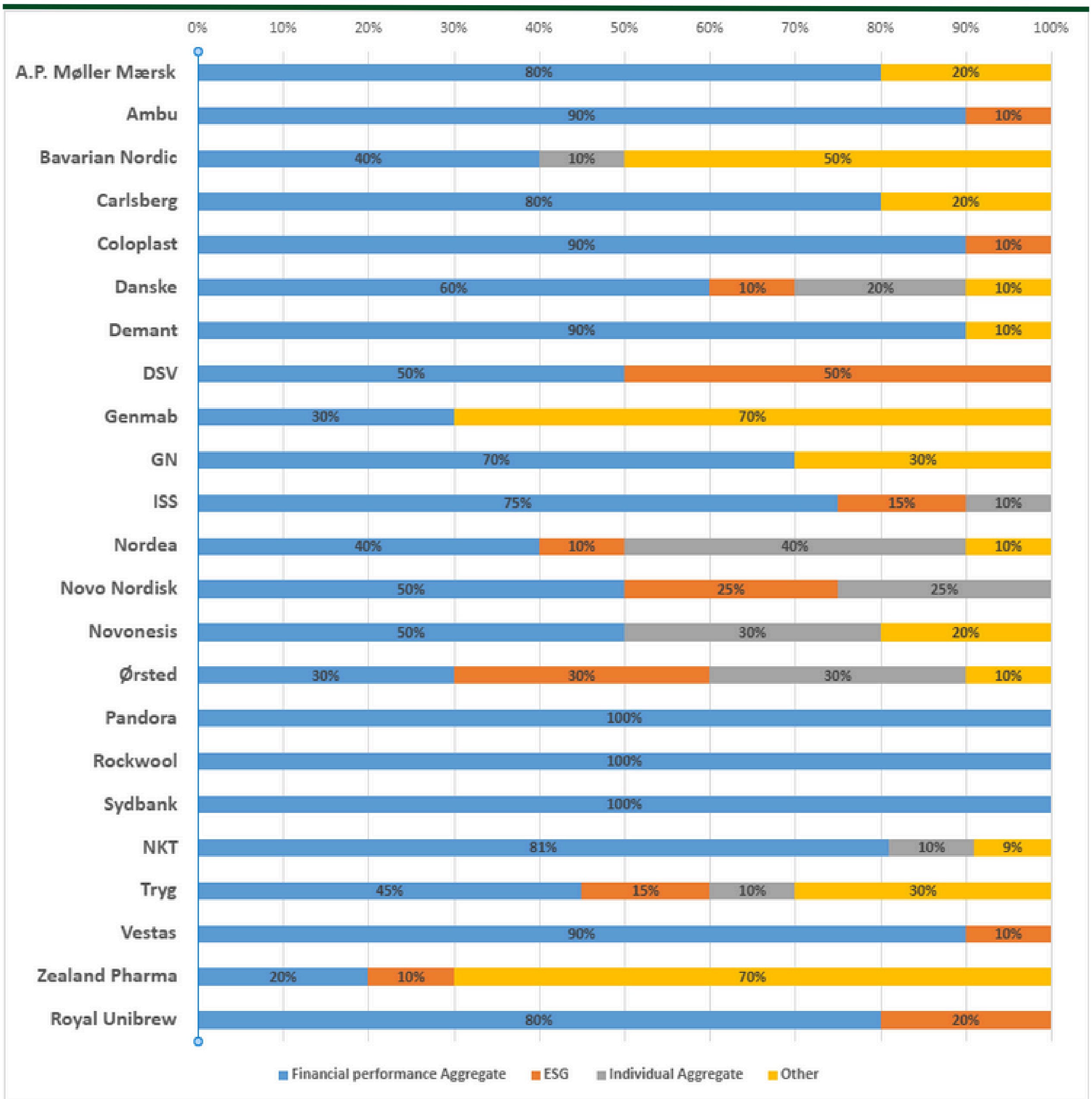
Greater stability in CEO remuneration can manifest in several ways: a higher proportion of fixed salary relative to performance-based pay, limited year-over-year fluctuations in total compensation, and more conservative use of variable pay mechanisms. For example, a company may maintain a consistent CEO pay level despite changes in annual earnings, reflecting a preference for continuity and predictability. Similarly, limiting the weight of short-term bonuses or equity-based rewards reduces sensitivity to short-term performance shifts. These practices, which have been observed in companies such as Novozymes and Coloplast, suggest a strategic focus on retention, internal stability, and a longer-term approach to executive performance management.

Section I: Components of CEO Remuneration

The accompanying chart illustrates how C25 companies structured their additional short-term compensation schemes for 2023, breaking it down into financial performance-based incentives (blue), ESG-linked incentives (orange), individual performance targets (gray), and other components (yellow). The data reveals that financial performance remains the dominant factor in CEO pay, with many firms allocating the majority of their incentives toward financial outcomes.

By analyzing these factors, this section provides insight into how C25 companies structure CEO remuneration to balance incentives, risk management, and strategic objectives. The findings contribute to the broader discussion on executive compensation effectiveness, questioning whether current remuneration structures adequately align executive pay with corporate performance, shareholder interests, and long-term value creation.

Figure 1: Total CEO Remuneration 2024



CEO Compensation Trends in C25 Companies

Disparity Between Base Salary and Additional Compensation

A fundamental observation from the data is the significant disparity between base salary and total remuneration, with additional compensation forming the majority of total earnings for most CEOs. The graphs show that while base salaries remain relatively stable across companies, the variability in total remuneration is largely driven by additional compensation components. Companies such as DSV and Novo Nordisk exhibit exceptionally high additional compensation, likely reflecting substantial performance-based incentives and stock-based rewards. In contrast, firms such as ISS and Rockwool demonstrate a more balanced pay structure, with lower additional compensation relative to their base salaries.

Year-over-Year Trends in CEO Compensation

The comparison of 2023 and 2024 data reveals notable changes in CEO remuneration patterns. In 2024, certain companies, including DSV, Novo Nordisk, and Zealand Pharma, show an increase in total remuneration, driven by a rise in additional pay. This could be attributed to improved company performance, higher stock valuations, or new executive compensation policies that emphasize variable incentives. Some companies maintain similar compensation structures across both years, while others exhibit adjustments that may reflect strategic shifts in executive retention and motivation. Firms with relatively lower additional compensation indicate a preference for a stable salary structure rather than a heavy reliance on performance-based rewards.

Variability Across Companies

The remuneration data further highlights substantial variability among different C25 companies. Organizations such as Genmab and Novo Nordisk demonstrate high peaks in additional compensation, reinforcing the prominence of performance-driven rewards in their compensation structures. Meanwhile, firms with relatively lower additional pay may prioritize stability and long-term retention over aggressive incentive-based structures. Notably, Zealand Pharma stands out with a significant increase in additional compensation in 2024, suggesting changes in its executive pay strategy, possibly linked to stock vesting schedules or an enhanced incentive program.

Figure 2: CEO Remuneration in Base Salary and Additional Compensation

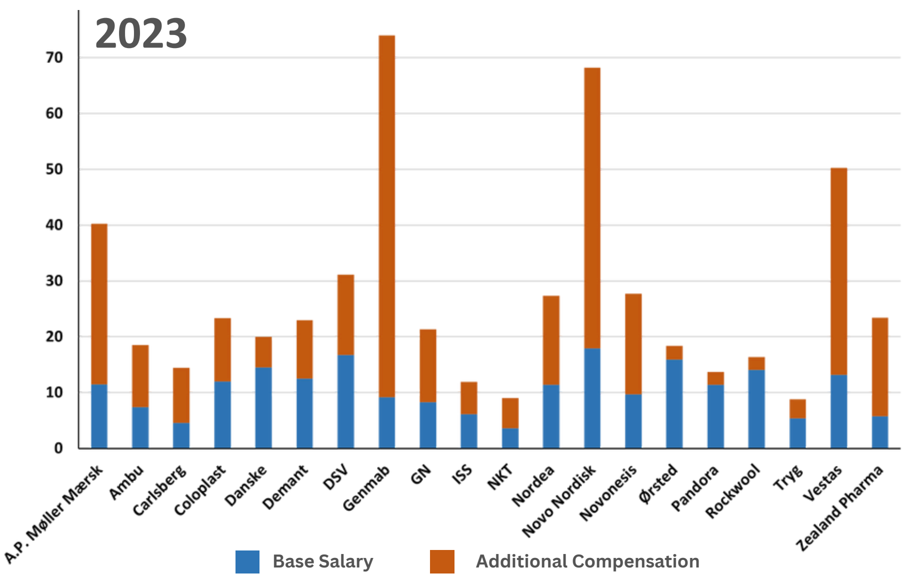
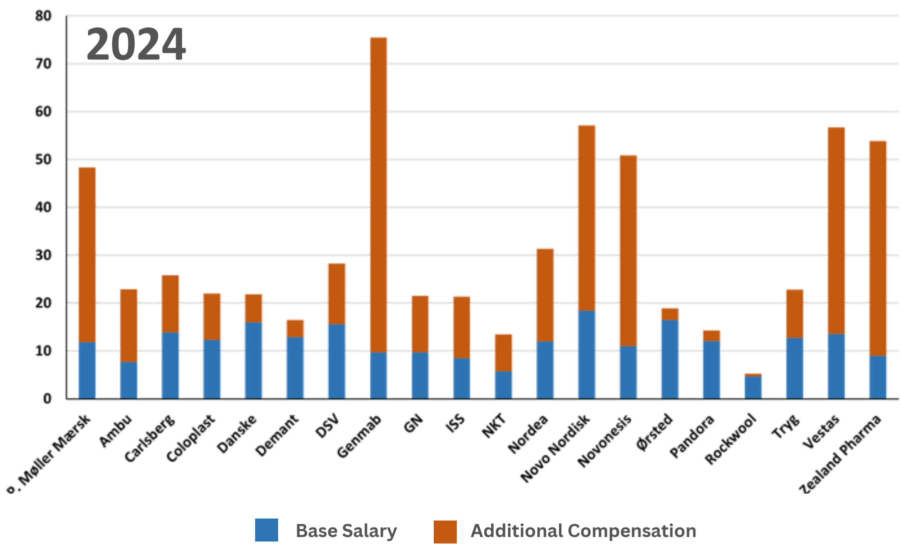


Figure 3: CEO Remuneration in Base Salary and Additional Compensation



Section II: Remuneration Targets

In the examination of CEO remuneration practices across the C25 companies, we conducted a comprehensive analysis of executive compensation structures based on publicly available remuneration reports for 2023 and 2024. Our study aimed to investigate both the financial components of executive pay - comprising base salary and additional compensation - and the extent to which ESG performance targets are integrated into remuneration frameworks. Compensation packages are widely regarded as a key mechanism for aligning executive incentives with corporate objectives. While traditional compensation models have long relied on financial KPIs such as revenue growth, profitability, and shareholder returns, there is an increasing incorporation of ESG factors into remuneration structures. By linking remuneration to measurable ESG outcomes, companies attempt to signal a commitment to both short- and long-term value creation and responsible business practices, reinforcing the idea that financial success and sustainability should not be mutually exclusive.

To analyze this relationship, we systematically scrutinized official remuneration disclosures, identifying base salary levels and their relative stability over time, additional compensation in the form of performance-based bonuses and stock options, and any explicit ESG-related targets tied to executive pay. Where ESG-related incentives were present, we assessed their specificity, measurability, and alignment with corporate sustainability goals. However, the mere inclusion of ESG-related pay components does not inherently guarantee their effectiveness in driving sustainability performance. Therefore, our analysis also focused on assessing the extent to which executives successfully met these targets.

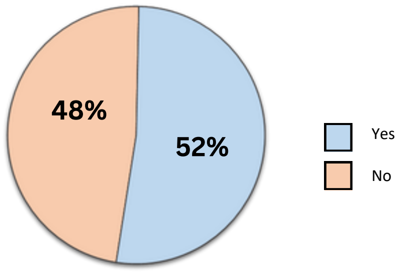
To provide a structured and comparative analysis, we developed a five-tier scoring system to quantify the achievement of both the financial and ESG-related targets.

0 = **No data** available regarding the specific target in the executive remuneration.
1 = **Below target**, where performance fell short of stated objectives.
2 = **At target**, indicating that the company met its remuneration goal.
3 = **Above target**, reflecting performance exceeding initial expectations.
4 = **At max**, where the target achievement significantly surpassed the set targets.

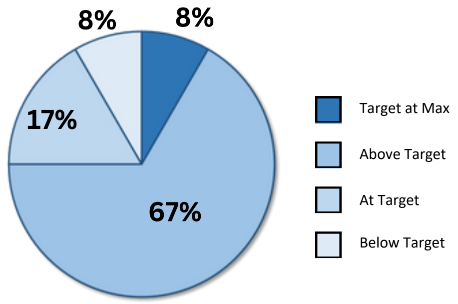
This approach allowed us to standardize and compare financial and ESG remuneration structures across the C25 companies, revealing significant variation in both the adoption and effectiveness of these incentives. By aggregating these scores, we calculated the overall distribution of ESG target achievement and identified patterns in how companies integrate sustainability considerations into executive pay structures. The following pages of Section II will present a detailed breakdown of which C25 companies have ESG-linked remuneration structures as well as how ESG-related remuneration targets compare to conventional financial ones, highlighting the leaders and laggards in adopting sustainability-focused executive incentives.

2023

ESG Target in Company Remuneration

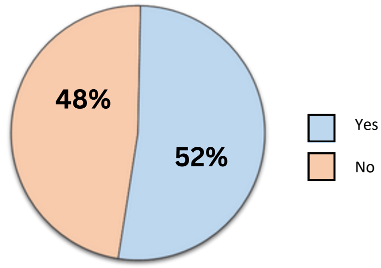


Achievement of ESG Remuneration Targets

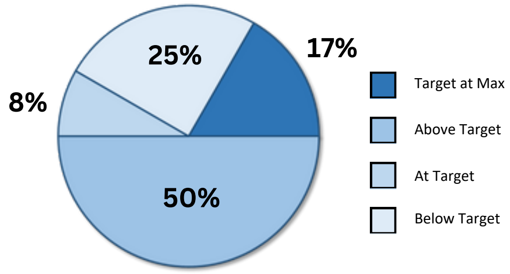


2024

ESG Target in Company Remuneration



Achievement of ESG Remuneration Targets



The short-term ESG remuneration analysis for the C25 companies in 2023 and 2024 highlights the extent to which sustainability-related performance indicators were integrated into executive compensation structures and how well these targets were met. The first set of pie charts illustrates the proportion of companies that included ESG-related targets in short-term remuneration, while the second set provides insights into the distribution of target achievement levels.

In 2023, 52% of companies incorporated ESG-related targets into their short-term remuneration structures, while 48% did not, demonstrating a relatively even split between firms integrating sustainability considerations and those relying solely on financial performance indicators. This ratio remained unchanged in 2024, indicating no increase in the adoption of short-term ESG incentives despite the broader trend of integrating sustainability factors into corporate strategy.

Among the companies that did include ESG targets in 2023, 8% reached the maximum performance level, 67% exceeded their targets, 17% met them exactly, and 8% fell below target. The distribution suggests that ESG-linked short-term incentives were generally set at achievable levels, with most firms performing at or above their predefined sustainability benchmarks.

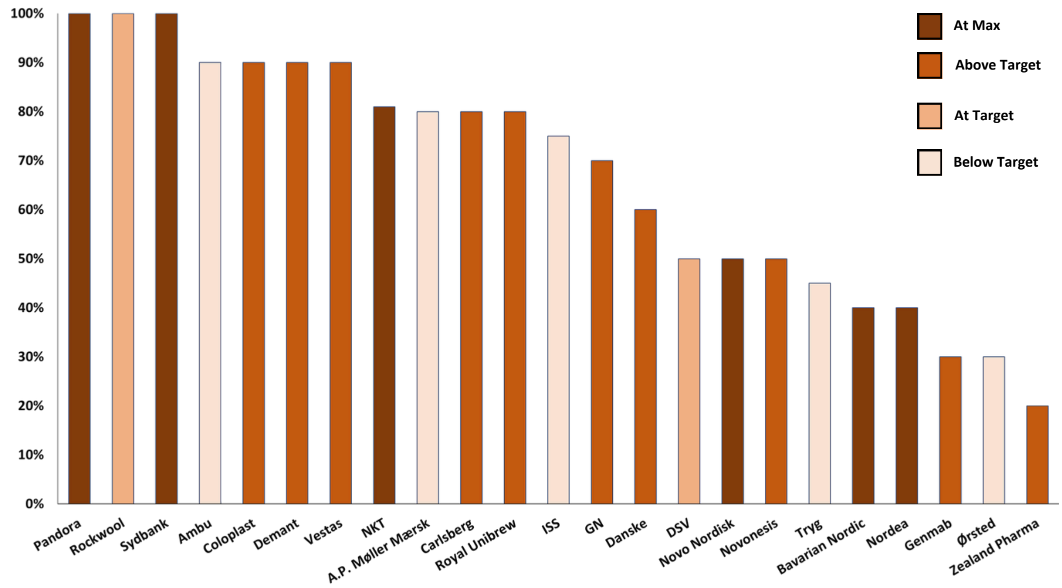
However, in 2024, there was a significant shift in the distribution of ESG target achievement. The proportion of companies reaching the maximum level more than doubled to 17%, while those falling below target increased from 8% to 25%. The percentage of firms meeting their targets exactly declined to 8%, and the proportion of companies exceeding their targets dropped from 67% to 50%. This suggests that while some firms improved their ESG performance, others struggled to meet their short-term sustainability goals, possibly due to evolving target-setting methodologies or increasing expectations for ESG performance.

Overall, the findings indicate that short-term ESG remuneration remains a contested space within executive pay structures, with significant year-over-year variability in performance outcomes. While the adoption rate of ESG-linked incentives remained constant, the increased number of firms failing to meet their ESG targets in 2024 suggests that these objectives may be becoming more ambitious or difficult to achieve within a short-term performance cycle.

The distribution of financial KPI achievement across C25 companies demonstrates a strong tendency toward target overperformance. While 40% of the companies achieved ‘above’ their financial targets, an additional 24% achieved performance at the maximum level. This suggests that financial performance remains the primary determinant of executive remuneration, with a significant proportion of firms structuring incentives in a way that facilitates and rewards financial outperformance. Conversely, only 8% of companies reported achieving precisely at target, while 20% fell below target, making underperformance in financial KPIs a relatively rare occurrence.

The distribution suggests a polarisation in financial target outcomes among C25 companies, with firms either significantly or moderately exceeding their targets, or falling short of them. This pattern may indicate that financial targets are either set with a high level of ambition or lack sufficient challenge, raising questions about the consistency and strategic intent behind target-setting practices.

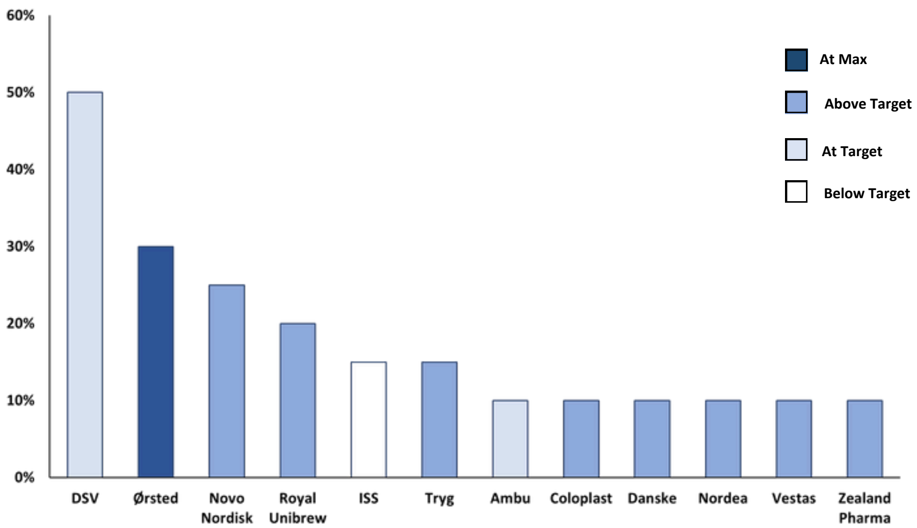
Figure 4. Short-Term Financial KPIs 2023



The distribution of ESG KPI achievement among C25 companies shows that 32% of firms exceeded their ESG targets, with 12% reaching the maximum level of performance. Additionally, 32% of companies met their ESG targets exactly, indicating that when sustainability-linked remuneration is implemented, it is generally structured in a way that allows executives to fulfill their objectives.

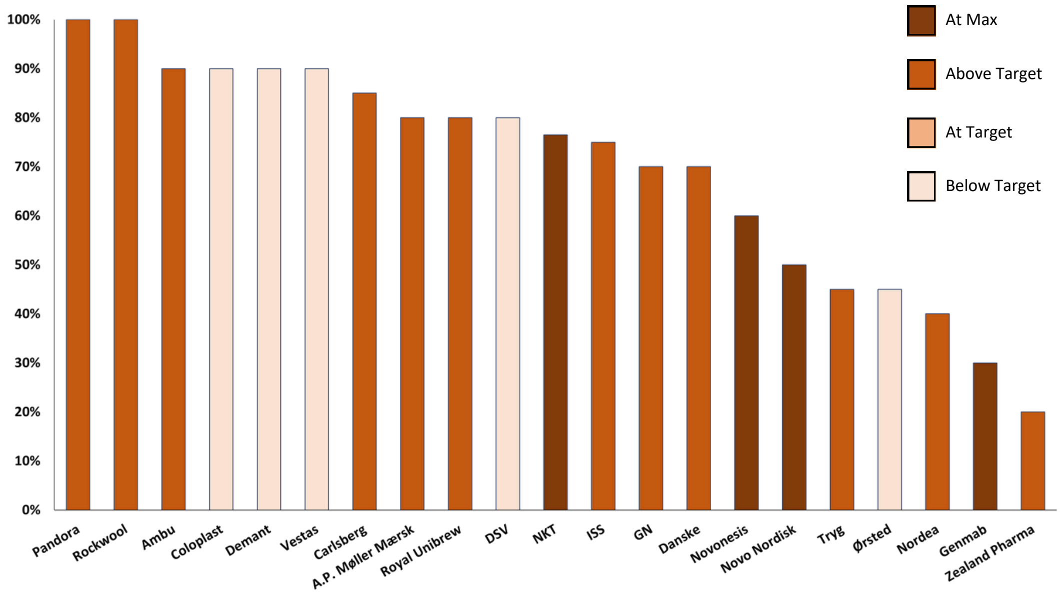
Only 4% of companies fell below target, making underperformance in ESG KPIs a rare occurrence. Meanwhile, 32% of firms did not include ESG targets in their executive remuneration structures, suggesting that while ESG-linked incentives are becoming more common, they have yet to be universally adopted across the C25 index. The data indicates that companies incorporating ESG targets into executive pay tend to design them as achievable benchmarks, reinforcing the trend that sustainability objectives, when tied to remuneration, are met rather than acting as strict performance constraints.

Figure 5. Short-Term ESG KPIs 2023



The distribution of financial KPI achievement for 2024 shows that 40% of companies exceeded their financial targets, with 24% reaching the maximum performance level. This pattern closely reflects the previous year, underscoring the continued prioritization of financial performance as a key determinant of executive remuneration. In contrast, only 8% of companies met their targets exactly, while 20% fell short. This suggests that financial KPIs are structured with a level of difficulty that maintains their perceived integrity and reinforces their function as a credible basis for performance-linked pay. Consequently, financial metrics continue to play a legitimizing role in executive compensation practices.

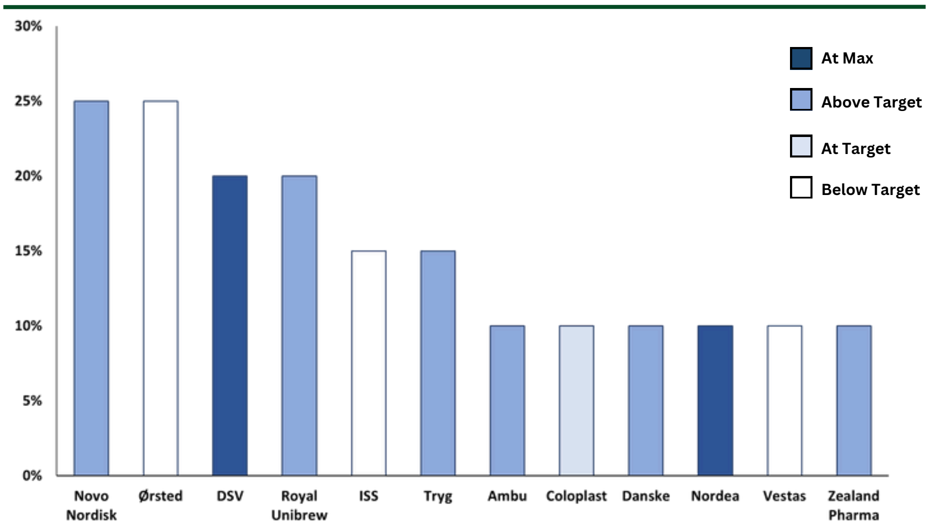
Figure 6. Short-Term Financial KPIs 2024



The ESG KPI distribution for 2024 demonstrates a similar trend to the previous year, with 32% of companies achieving above their ESG targets, including 12% reaching the maximum level of achievement. An additional 32% met their ESG targets exactly, highlighting that sustainability-linked remuneration continues to be set at achievable levels.

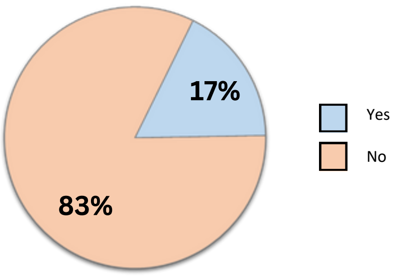
Underperformance in ESG targets remains rare, with only 4% of companies falling below target, making it a statistical outlier. Meanwhile, 32% of companies still do not incorporate ESG targets into their executive remuneration structures, indicating that while ESG-linked incentives are gaining traction, they have yet to become a universal feature of executive compensation in the C25 index. The data suggests that when ESG metrics are included in remuneration frameworks, they are generally met or surpassed, reflecting a growing but controlled integration of sustainability considerations into executive pay.

Figure 7. Short-Term ESG KPIs 2024

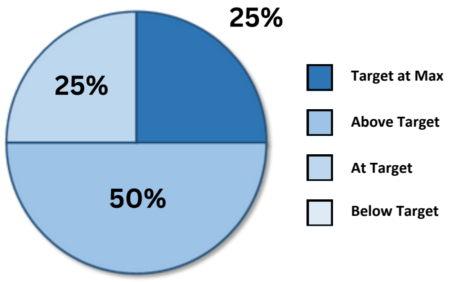


2023

ESG Target in Company Remuneration

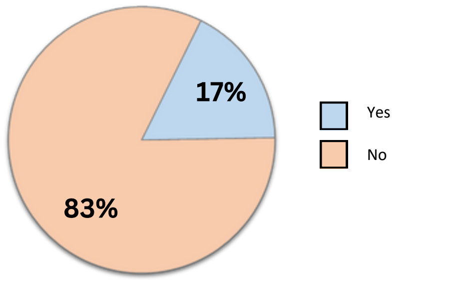


Achievement of ESG Remuneration Targets

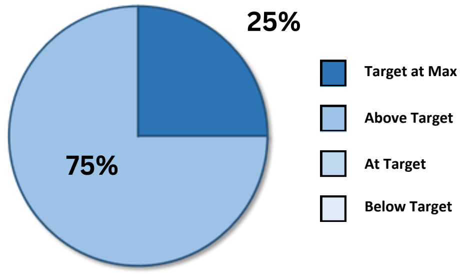


2024

ESG Target in Company Remuneration



Achievement of ESG Remuneration Targets



The long-term ESG remuneration analysis provides a broader perspective on how companies structure sustainability incentives over extended time horizons. Compared to short-term incentives, the inclusion of ESG targets in long-term executive remuneration remains significantly lower. In both 2023 and 2024, only 17% of companies incorporated ESG-linked targets into their long-term remuneration, while 83% did not, reinforcing the notion that sustainability considerations continue to play a secondary role to financial KPIs in extended compensation structures.

Despite the low adoption rate, the achievement distribution among companies that did integrate long-term ESG incentives shows a strong tendency toward surpassing predefined targets. In 2023, 50% of firms exceeded their ESG objectives, 25% met them exactly, and 25% reached the maximum level, while no companies fell below target. This suggests that when long-term ESG incentives were incorporated, they were generally structured in a way that allowed executives to meet or exceed expectations, reinforcing the view that long-term sustainability objectives may be more achievable than short-term ones due to the extended timeframe for implementation and impact realization.

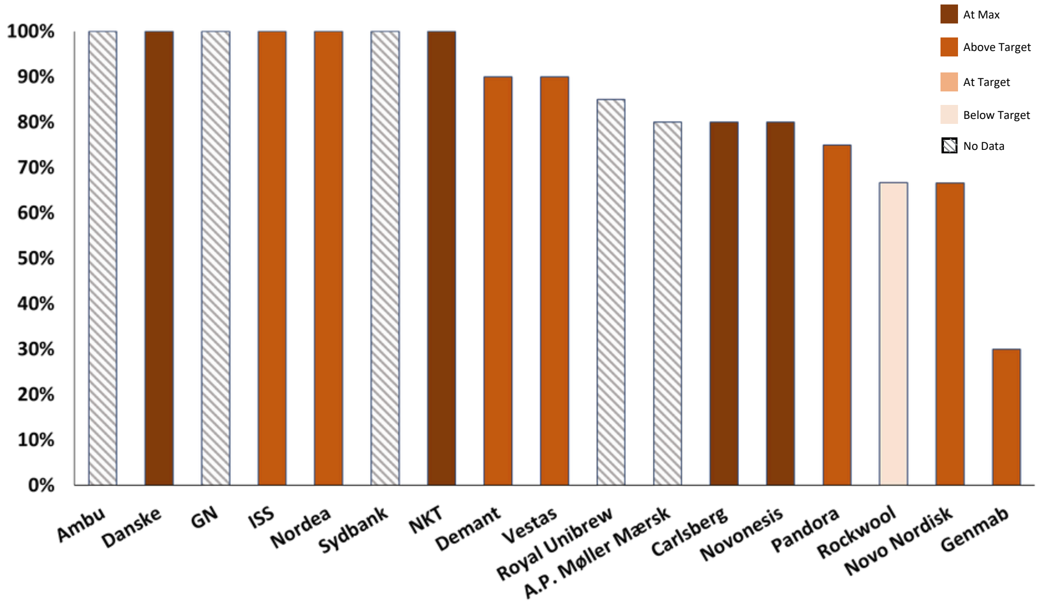
In 2024, the trend toward overperformance in long-term ESG targets became even more pronounced. 75% of companies exceeded their targets, while 25% reached the maximum performance level, and no companies failed to meet their objectives. Notably, the proportion of firms meeting their ESG targets exactly dropped to 0%, indicating that companies with long-term ESG remuneration incentives overwhelmingly structured them in a way that led to performance above target levels.

The findings suggest that long-term ESG remuneration structures may be more effective in driving executive engagement with sustainability objectives, as they provide a broader timeframe for achieving impact, reducing the variability seen in short-term ESG performance. However, the fact that only 17% of companies integrate ESG targets into long-term remuneration, despite consistent overperformance, indicates that sustainability-linked incentives remain a lower priority in long-term executive compensation strategies compared to financial metrics.

The distribution of long-term financial KPI achievement in executive remuneration for 2024 shows that 36% of companies exceeded their financial targets, with 20% reaching the maximum level of performance. This indicates a continued emphasis on financial performance in long-term incentive structures, where a substantial portion of firms ensure that executives surpass predefined financial benchmarks.

Meanwhile, 12% of companies met their financial targets exactly, while 16% fell below target, demonstrating that underperformance in long-term financial KPIs remains relatively infrequent. Notably, 16% of companies did not disclose long-term financial KPIs, suggesting that while most firms maintain strong financial incentives over the long term, some may rely on alternative measures or discretionary compensation models. The data highlights the sustained prioritization of financial performance in long-term executive remuneration structures, with the majority of firms ensuring high achievement levels.

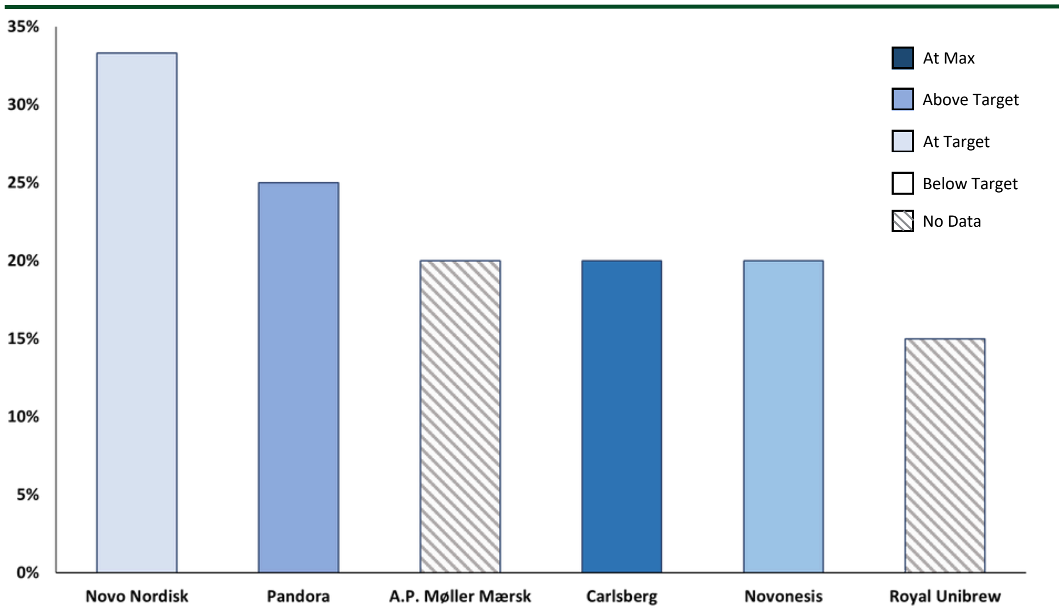
Figure 8. Long-Term Financial KPIs 2023



The distribution of long-term ESG KPI achievement shows that 28% of companies exceeded their ESG targets, with 12% reaching the maximum level of performance. Additionally, 28% of firms met their ESG targets exactly, reinforcing the trend that when sustainability-linked incentives are embedded in long-term remuneration, they tend to be structured as attainable objectives.

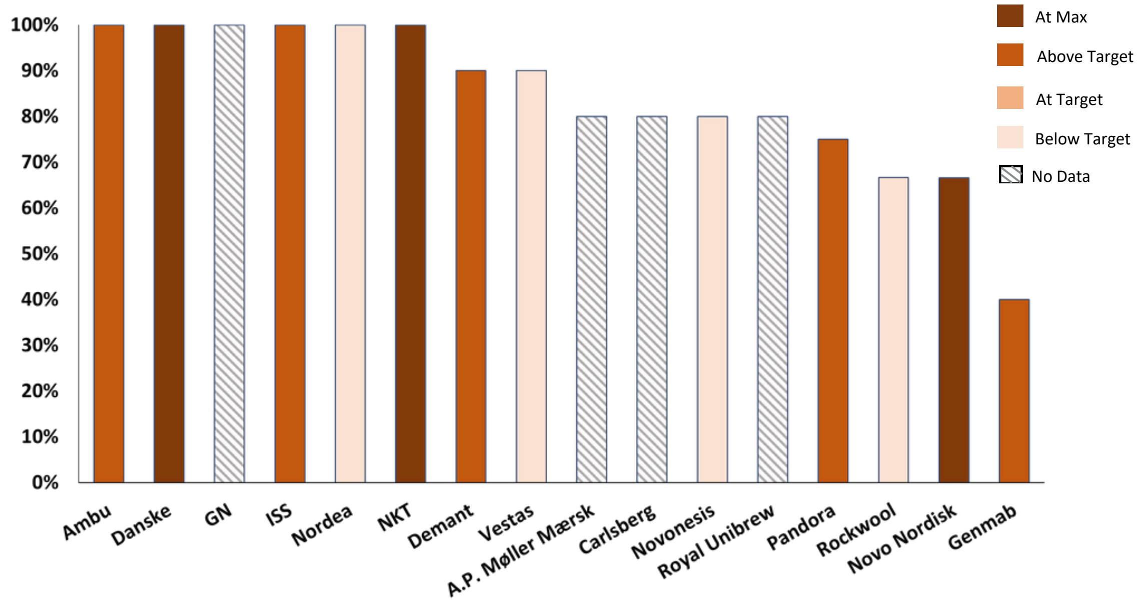
Only 4% of companies fell below target, making ESG underperformance a rare occurrence. However, 28% of companies did not include long-term ESG targets in their remuneration structures, indicating that while ESG-linked incentives are becoming more prevalent, their integration into long-term compensation frameworks remains uneven. The findings suggest that while ESG targets are increasingly incorporated into executive pay structures, their role in long-term remuneration still lags behind that of financial KPIs.

Figure 9. Long-Term ESG KPIs 2023



The long-term financial KPI distribution for 2023 follows a similar pattern to 2024, with 36% of companies exceeding their targets, including 20% at the maximum level. 12% met their financial targets exactly, while 16% fell below target, demonstrating a relatively low rate of underperformance. Meanwhile, 16% of firms did not disclose long-term financial KPIs, reinforcing that while financial incentives are dominant in long-term pay structures, a subset of companies either lacks transparency or does not explicitly link long-term remuneration to financial performance.

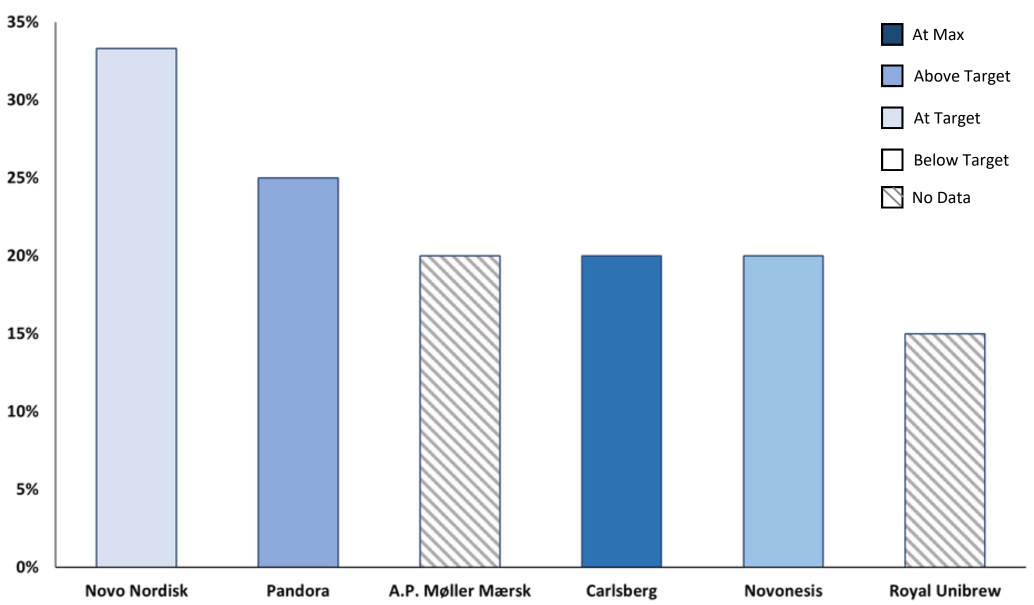
Figure 10. Long-Term Financial KPIs 2024



The 2023 ESG KPI distribution shows that 28% of companies exceeded their ESG targets, with 12% reaching the maximum level. 28% of companies met their ESG targets exactly, indicating that most sustainability-linked incentives are structured to be realistically attainable.

Only 4% of firms fell below target, while 28% did not include ESG metrics in their long-term remuneration frameworks, mirroring the findings from 2024. The results indicate that while ESG-linked remuneration has gained traction, long-term financial performance remains the primary focus of executive pay structures, with ESG incentives still applied less consistently over extended time horizons.

Figure 11. Long-Term ESG KPIs 2024

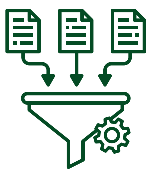


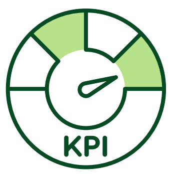
Financial Targets



Our findings suggest that financial targets are consistently set at levels ensuring high achievement. In both 2023 and 2024, 40% of companies exceeded financial targets, while 24% reached the maximum level, with only 20% falling below and 8% meeting their target exactly. This distribution suggests that financial KPIs are often set at conservative levels, reducing the risk of underperformance and guaranteeing that incentives are triggered. The trend remained unchanged in 2024, with the same percentage of companies exceeding or maxing out their financial targets and the same proportion failing to meet them. The consistency in these figures supports the argument that financial performance remains the dominant determinant of CEO pay and that target-setting practices are structured to secure financial incentives rather than impose substantial performance challenges.

ESG Targets

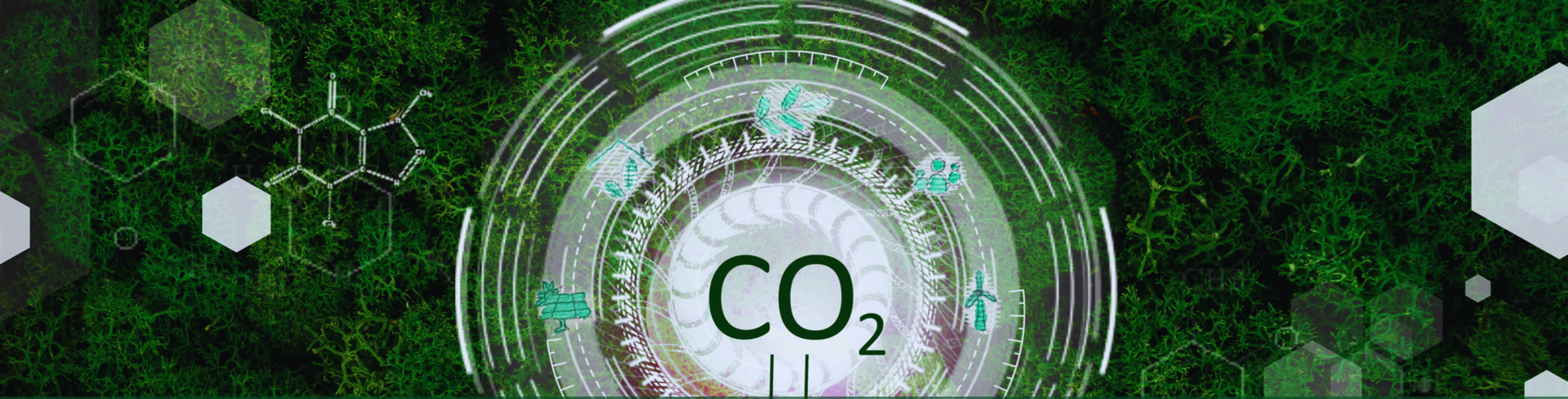




In contrast, ESG targets in CEO remuneration exhibit a different trend, with sustainability-related incentives playing a secondary role. The proportion of Danish C25 companies including ESG in short-term incentives remained stagnant at 52% from 2023 to 2024, with 48% excluding ESG performance metrics from their executive pay structures. The lack of growth in ESG adoption suggests that sustainability-linked remuneration is not expanding at the same rate as broader corporate ESG commitments. Examining ESG target achievement, 67% of companies exceeded their sustainability targets in 2023, while only 8% reached the maximum level. In the same year, 17% met their ESG targets exactly, and only 8% fell below. By 2024, the number of companies exceeding ESG targets had declined to 50%, while those falling below target increased sharply to 25%.

This suggests that either ESG targets became more ambitious, making them harder to reach, or firms faced increased challenges in executing their sustainability objectives. Long-term ESG targets remain far less common than short-term ones, with only 17% of companies incorporating sustainability-linked pay into their long-term incentive structures in both 2023 and 2024. The overwhelming majority, 83%, excluded ESG from long-term CEO remuneration, reinforcing the idea that sustainability considerations continue to play a secondary role in executive pay. However, when ESG incentives are present in long-term structures, they tend to be designed for easy achievement. In 2023, 50% of firms exceeded their long-term ESG targets, 25% met them, and another 25% reached maximum performance, with no companies falling below target. By 2024, 75% of companies exceeded their long-term ESG targets, while 25% reached the maximum level, again with no firms underperforming. The significant increase in overperformance for long-term ESG targets suggests that companies structure these incentives to be highly attainable, ensuring that sustainability-linked pay remains a guaranteed part of executive compensation rather than a difficult benchmark to meet.

The comparison between financial and ESG targets highlights the dominance of financial KPIs within CEO pay structures, with consistent overachievement reinforcing their role as credible and essential drivers of remuneration. This prioritization is, to some extent, justified, as financial performance is critical to ensuring profitability and long-term business viability. However, ESG-related targets are becoming increasingly relevant, particularly as a majority of Danish C25 companies have committed to initiatives such as the Science Based Targets initiative (SBTi), which require measurable progress on climate-related goals. In these contexts, ESG metrics, especially those related to emissions reductions, begin to carry real strategic and operational weight. Nevertheless, across the broader sample, ESG incentives remain less widespread and are often secondary to financial metrics, with many long-term sustainability goals structured in ways that ensure high levels of achievement.



Section III: "Good" ESG Remuneration Targets

This section evaluates what constitutes effective ESG targets in executive remuneration by analyzing the structure, measurability, and alignment of sustainability objectives within C25 companies. A well-designed ESG target should be specific, quantifiable, time-bound, and strategically relevant, ensuring a clear link between executive incentives and corporate sustainability goals.

The best ESG targets in remuneration frameworks demonstrate clear and ambitious commitments to measurable sustainability outcomes. For example, firms that link CEO compensation to absolute carbon reductions, waste reduction per unit of production, or concrete gender diversity goals provide strong incentives for long-term corporate responsibility. Companies like A.P. Møller-Mærsk, Vestas, and Ørsted incorporate explicit emissions reduction targets, aligning executive pay with climate action goals. Similarly, firms that integrate gender diversity metrics – such as increasing the percentage of women in senior leadership positions – create a direct accountability mechanism for improving social performance.

Conversely, poorly structured ESG targets often lack clarity, enforceability, or meaningful impact. Targets that focus on relative improvements without baseline data, vague sustainability commitments, or low-ambition goals fail to provide strong incentives for change. For example, a company that ties remuneration to a general commitment to "reduce emissions" without specifying scope, timeframe, or measurement criteria weakens accountability. Additionally, ESG targets that are met with little effort or are disconnected from core business operations may serve more as symbolic commitments rather than drivers of meaningful corporate sustainability.

The analysis suggests that while some C25 firms have strong, performance-driven ESG targets, others still rely on ambiguous or low-impact criteria. The key to effective ESG-linked remuneration is ensuring that targets are ambitious yet achievable, directly tied to corporate strategy, and supported by transparent measurement frameworks. This section underscores the need for more rigorous ESG integration in executive pay to ensure sustainability targets drive real corporate impact rather than functioning as a compliance exercise.

When it comes to environmental ESG targets, the key distinction between what constitutes a “good” versus “poor” target can be drawn based on clarity, measurable impact, and alignment with sustainability goals. Below, we compare what makes a “good” vs “poor” target in two crucial areas: **carbon and climate**, and **waste.**

The contrast emphasizes the importance of setting ESG targets that are **specific, measurable**, and **actionable.**

Table 1. Illustration of “good” versus “poor” target for Environmental ESG KPIs

+	-
Carbon & climate	**Carbon & climate**
novo nordisk **"Reduce scope 1, 2, and partial 3 (business flight and product distribution) with 30% compared to 2019"**	Vestas **"10% CO2 emissions avoided"**
Waste	**Waste**
Ambu **"Waste per product (tonne/tonne finished goods) reduced by 15%, compared to fiscal year 2021/22."**	Tryg **"CO2 reduction from Tryg’s own operations (heat consumption, electricity consumption, company cars, flights, and waste)."**

Carbon & climate targets

“Poor” target: Vestas
- Lacks clarity regarding baseline emissions, timeframe, and specific scope.
- No reference point, so progress cannot be effectively measured.

“Good” target: Novo Nordisk
- Defines specific emission scopes.
- Uses a concrete baseline year for comparison.
- Includes a measurable reduction percentage.

Waste targets

“Poor” target: Tryg
- Covers multiple areas but does not specify reduction percentages.
- Lacks a clear timeframe.

“Good” target: Ambu
- Quantifies waste reduction per product.
- Uses a specific comparison timeframe.
- Provides a measurable goal.

Room for improvement for “good” targets

novo nordisk — Clearly defining the actions to be taken and setting smaller, actionable sub-goals

Ambu — Setting a longer-term goal or continuous reduction targets (e.g., 5% reduction every year until 2030) and specifying which waste types are targeted (plastic, packaging, etc.) and breaking it down by regions or production facilities.

Section III: What Constitutes "Good" Environmental ESG Targets?

In the previous slide, we looked at specific Carbon & Climate targets and highlighted the difference between strong and weak commitments. Now, we expand this analysis across the companies which have ESG targets (17 out of 25) to distinguish:

- **Green tick: companies which set general targets**
- **Black tick: companies which set specific targets**

The evolution of ESG *environmental* targets among C25 companies from 2023 to 2024 reveals a mixed pattern. While some companies enhanced their commitments with more concrete and ambitious goals, others either maintained the status quo or diluted their targets. Though we observed a slight trend towards specificity in a few companies (for example Carlsberg and Ambu), the majority still employ broader statements on ESG rather than specific KPIs.

Additionally, some even had fewer Environmental-related KPIs in 2024 compared to 2023 (eg. Mærsk or Danske Bank). External factors – such as new regulations, economic conditions, and challenges specific to each industry – could be influencing how bold or ambitious companies feel they can be in their sustainability efforts. Instead of seeing major overhauls in ESG goals, companies are making small, step-by-step adjustments based on these external pressures.

As we can see a relatively small number of companies set highly specific and measurable ESG goals. Many of the C25 companies still use broad language such as "advance ESG initiatives" or "progress on sustainability implementation," making it harder to assess their impact. Furthermore, there is a stronger focus on Climate and Carbon reduction over waste, renewable energy or other ESG aspects.

Table 2. Environmental ESG targets (general vs. specific) for 2023-2024

	2023		2024	
	Carbon & Climate	Waste	Carbon & Climate	Waste
A.P. Møller Mærsk	✓		✓	
Ambu	✓ (green)	✓ (green)	✓ (green)	
Carlsberg	✓ (green)	✓ (green)	✓ (green)	✓ (green)
Coloplast	✓ (green)		✓ (green)	
Danske	✓		✓	
DSV	✓		✓ (green)	
Genmab			✓ (green)	✓ (green)
ISS	✓	✓		
Nordea	✓			✓
Novo Nordisk	✓ (green)		✓ (green)	
Novonesis	✓	✓	✓	
Ørsted	✓ (green)		✓	
Pandora	✓		✓	
Royal Unibrew			✓ (green)	
Tryg	✓ (green)		✓ (green)	
Vestas	✓ (green)		✓ (green)	
Zealand Pharma	✓		✓	

Section III: What Constitutes “Good” Social ESG Targets?

This illustration compares strong and weak ESG targets set by Danish companies, focusing on gender diversity and workplace safety. It highlights the importance of specificity in goal-setting.

Table 3. Illustration of "good" versus "poor" target for Social ESG KPI

+	-
Gender	Gender
"34% women in senior management positions."	**"Diversity in management teams, where the proportion of management teams that are at least diverse in terms of gender, generation and industry/experience should be increased."**
Safety	Safety
"Safety = TRIR decreased to 2.8, which sets KPI to 63% achievement score."	**"10% lost time incidents"**

Gender targets

"Poor" target: Tryg

- Lacks clear metrics, making it difficult to measure progress.
- Mentions multiple aspects (gender, generation, and experience) without specifying priorities.
- No baseline or target percentage for tracking

"Good" target: Carlsberg

- Clearly quantifiable, making progress easy to track.
- Provides a specific percentage goal for diversity.

Safety

“Poor” target: Royal Unibrew

- Lacks clarity – unclear if 10% refers to a reduction goal, an existing rate, or a benchmark.
- No reference point or baseline for comparison.
- Missing a timeframe for achieving the target.

“Good” target: Ørsted

- Clearly defined metric (Total Recordable Incident Rate – TRIR).
- Includes a measurable reduction and a specific benchmark.

Room for improvement for “good” targets

Setting a **clear deadline** and defining **who** is responsible would improve accountability.

Adding a **specific timeframe and accountability measures** would make the target more effective.

Section III: What Constitutes "Good" Social ESG Targets?

In line with the analysis of carbon and climate targets, the strength of corporate commitments to social targets was evaluated, focusing specifically on gender diversity and workplace safety. Based on this assessment, companies were categorized as follows:

- **Green tick: companies which set general targets**
- **Black tick: companies which set specific targets.**

When examining the evolution of ESG *social* targets among 17 companies from 2023 to 2024, it was observed that the majority of the C25 firms had set broad targets, with Tryg standing as the only exception having specific targets for both gender and safety.In fact, 7 out of the 17 companies analyzed had no specific targets related to gender or safety, suggesting that corporate ESG efforts remain more heavily focused on *environmental* objectives than on the *social* dimension.

Furthermore, across both 2023 and 2024, companies had placed greater emphasis on gender-related targets than on workplace safety. When comparing the two years, there appears to be minimal progress, with only A.P. Møller Mærsk and Danske introducing new, albeit broad, gender-related targets in 2024. However, notable progress was made by Ørsted and Royal Unibrew, both of which set specific targets in 2024 – Ørsted focusing on gender and Royal Brew on safety.

Overall, the analysis reveals that while there is some annual progress in setting *social* targets, companies are still predominantly prioritizing *environmental* factors over *social* issues. Most companies have set broad, general targets, with a few notable exceptions. Despite some progress, the shift towards clearer, performance-driven goals in the *social* aspect of ESG remains slow.

Table 4. Social ESG targets (general vs. specific) for 2023-2024

	2023		2024	
	Gender	Safety	Gender	Safety
A.P. Møller Mærsk		✓	✓	✓
Ambu				
Carlsberg	✅		✅	
Coloplast				
Danske	✅		✓	
DSV				
Genmab			✓	
ISS	✓		✓	✓
Nordea	✓		✓	
Novo Nordisk				
Novonesis	✓	✓	✓	✓
Ørsted		✅	✅	✅
Pandora				
Royal Unibrew				✅
Tryg	✅	✅	✅	✅
Vestas				
Zealand Pharma				

Preliminary Findings

The analysis of CEO remuneration across Danish C25 companies highlights the continued dominance of financial performance metrics, limited expansion of ESG-linked incentives, and inconsistencies in how ESG targets are defined and rewarded. Despite growing regulatory and stakeholder pressure, financial KPIs remain the central driver of executive pay. These are structurally embedded to ensure strong alignment with business outcomes, while ESG incentives remain secondary and unevenly integrated.

Notably, financial targets appear to be designed to produce polarized results. In both 2023 and 2024, 40% of companies exceeded financial targets, while 24% reached the maximum level, suggesting that financial KPIs are either significantly outperformed or missed altogether. In contrast, ESG-linked pay has not materially expanded, with only 52% of companies incorporating short-term ESG incentives and just 17% linking them to long-term remuneration. Even where ESG incentives are present, their quality varies greatly. Some firms implement robust, measurable sustainability goals, while others rely on vague or procedural metrics lacking transparency and accountability.

Finding 1

Financial KPIs Dominate Executive Pay

- CEO remuneration remains heavily centered on financial performance.
- Consistent pattern of either overachievement or underperformance.

Finding 2

ESG Incentives Remain Static

- The adoption of ESG-targets unchanged between 2023 and 2024.
- The lack of increase in ESG adoption is interesting given the upcoming CSRD.
- ESG targets are generally structured for easy achievement.

Finding 3

ESG Targets Vary Greatly in Quality

- Substantial disparity in how ESG targets are formulated across companies.
- Formulation of targets ranges from poorly defined to well-structured.

Finding 4

ESG Remuneration is not yet a Core Driver of Executive Compensation

- While financial KPIs are set to be consistently met or exceeded, ESG targets are experiencing greater variability in achievement.

This disparity is clearly reflected in achievement rates. ESG targets, especially long-term ones, are often designed to be easily attained. In 2024, 75% of long-term ESG targets were exceeded, and none were missed. Meanwhile, the proportion of companies failing to meet short-term ESG targets rose from 8% in 2023 to 25% in 2024. These trends suggest a strategic calibration in incentive design: financial targets are set with greater variability, allowing for high performance differentiation, whereas ESG targets are often calibrated for assured success.

To make ESG-linked pay meaningful, companies must commit to formulating sustainability targets that are ambitious, well-defined, and integrated into corporate strategy. Without such reform, ESG incentives risk functioning as symbolic components of remuneration policies rather than drivers of accountability, innovation, and long-term value creation.

Contributor Spotlight

Dr. Kristjan Jespersen

Dr. Kristjan Jespersen stands at the forefront of Sustainable Innovation and Entrepreneurship as an Associate Professor at Copenhagen Business School (CBS) in Denmark. His illustrious career bridges academic rigor with practical applications in the realm of Environmental, Social, and Governance (ESG) and sustainability. Leading the Nordic ESG Lab, Kristjan orchestrates a cutting-edge research collective aimed at refining our understanding of ESG metrics and enhancing the dependability of data that informs responsible investment and corporate sustainability strategies.

As the architect of the ESG Minor program, he educates future finance, economics, and accounting professionals, equipping them with the nuanced understanding of ESG investing necessary to navigate the evolving demands of the business landscape. Kristjan's influence extends beyond academia, contributing to the creation of a global framework designed to combat EU-driven deforestation, reflecting his deep commitment to environmental stewardship.

His expertise also benefits the students of premier U.S. MBA programs and participants in CBS Executive Education and Danish Technical University (DTU) courses, making him a pivotal figure in shaping the next generation of business leaders. Transitioning seamlessly between academia and industry, Kristjan serves as an ESG Advisor for Loh-Gronager Partners, where he spearheads the integration of ESG principles into corporate strategy and operations. His consultancy work further extends to multinational corporations, offering strategic guidance on ESG and sustainability initiatives.

Holding a PhD from Copenhagen Business School with a focus on Payments for Ecosystem Services (PES) and Conservation Finance (CF), Kristjan's academic and professional journey underscores his role as a vanguard in the sustainability domain. His contributions not only advance academic understanding but also drive practical change, positioning him as a key influencer in fostering corporate responsibility and sustainable business practices.

Walter Bachmann

Walter Bachmann is an ESG Research Assistant at Nordic ESG Lab and a master's student in Finance and Investments at Copenhagen Business School. He holds a bachelor's degree in International Business Administration from Tallinn University of Technology, graduating with First Class Honors.

Before joining Nordic ESG Lab, Walter worked as an M&A Analyst at LNP Corporate Finance, where he actively participated in deals from start to finish. He is proficient in developing complex financial and valuation models, as well as creating investor and client presentation materials.
This year, Walter is graduating from his Master's programme and will be continuing to London, where he will pursue a second master's degree in Climate Change, Management and Finance at Imperial College Business School.

Ditte Barnow

Ditte Barnow is currently an ESG Research Assistant at the Nordic ESG Lab at Copenhagen Business School. She is pursuing a Master's degree in Business Economics and Philosophy (cand.merc.phil) and holds a Bachelor's degree in the same discipline (HA.fil).

Prior to her role at the Nordic ESG Lab, Ditte worked at Nomeco A/S as a Sustainability Assistant and later served as Interim Sustainability Manager. During her time at Nomeco, she contributed to several ESG reporting processes and was actively involved in a range of corporate sustainability initiatives.

Ditte is expected to graduate from her Master's programme in 2025 and will continue her work with the Nordic ESG Lab thereafter.

Valeria Petrovici

Valeria Petrovici is currently an ESG Research Assistant at the Nordic ESG Lab at Copenhagen Business School. She is pursuing a Master's degree in Applied Economics and Finance and holds a Bachelor's degree in Finance and Banking.

Before joining the Nordic ESG Lab, Valeria worked on public policy and advocacy projects in Moldova. She also gained experience in the government sector.

Valeria is expected to graduate from her Master's programme in 2026 and plans to continue working in ESG analysis.

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