

Corporate Social Responsibility

– from voluntary to regulated responsibility





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Statement by the Managing Partner

Over the past year, Bech-Bruun has experienced growth and we have fortified our competences among other things through new strategic alliances, a renewed partnership with Save the Children and a high employee satisfaction. We have strengthened our focus on legal advice within Corporate Social Responsibility (CSR) and on knowledge sharing within CSR-related legislation. The objective is to integrate CSR and law wherever relevant, and to assume responsibility in respect to our clients, employees, the surrounding community and the environment. This CSR report, our fourth running, is also a strong testament to our commitment to the UN Global Compact.

2012 set-off with our large-scale merger with Philip Law Firm. We also welcomed a number of lawyers from Lind Cadovius Law Firm. This has strengthened our market position, in particular within agriculture, energy, construction and dispute resolution. Twelve months later, the merger has undoubtedly proven to be a success, however also challenging at times. We tribute the success our pronounced focus on integration and team-building activities, including social and professional events.

Our workplace assessment results attest the success of our integration efforts. 95 per cent of our employees and partners state that they are satisfied or very satisfied with working at Bech-Bruun. We are very proud of this result and committed to maintaining it. The assessment also exposes a number of areas with room for improvement. Our internal communication is one of our future priority areas.

We also expanded our activities in China with the appointment of three new employees at our representative office in Shanghai.

In the spring of 2012, the Danish government introduced its action plan on corporate social responsibility "Responsible growth". Various pieces of CSR-related legislation have followed, and we have paid close attention to this development.

2012 has been a good year at Bech-Bruun. It has, above all, very clearly shown that CSR and law go hand in hand, and that the voluntary aspect of CSR is increasingly becoming sustained by regulated responsibility.

I hope that you will enjoy reading our CSR report.



Randi Bach Poulsen
Managing Partner

A stylized, handwritten signature in black ink, reading "Randi Bach Poulsen".

To ensure continued growth and progress, we kicked off 2013 by welcoming four new partners, who will strengthen our competences within public private cooperation/partnerships (PPC/PPP), public procurement, public law, state aid, competition law and real estate.

From soft law to hard law

In 2011, the European Commission changed its definition of CSR, breaking away from the perception of CSR as a voluntary activity. CSR is now defined as the responsibility of enterprises for their impacts on society. In practice, CSR is increasingly incorporated into the value chain of enterprises through integration into management systems, compliance programmes, product development and sale and marketing. In a Danish context, the first CSR institutionalisation was the CSR reporting requirement in section 99a of the 2009 Financial Statements Act.

In April 2012, the Danish government presented a new action plan for corporate social responsibility. The action plan "Responsible growth" was based on the international principles for social responsibility under the UN, the EU and the OECD. The action plan aims to enhance respect for international guidelines, to increase sustainable growth through partnerships, to increase transparency, and to promote a good framework for sustainable growth through public sector initiatives.

The action plan reflects a clear tendency: Soft law in the field of CSR is gradually developing into hard law. Enterprises and public institutions must continuously pay attention to new initiatives, and they may benefit from preparing themselves for the transformation of voluntary initiatives into statutory requirements in future. Several initiatives were introduced in 2012 such as the establishment of a mediation and grievance mechanism for responsible business conduct, the introduction of reporting requirements regarding human rights and the climate, as well as target figures for women in management.

Mediation and grievance mechanism for responsible business conduct

On 1 November 2012, a new mediation and grievance body for responsible business conduct was introduced. The new body is to handle cases involving potential breaches by Danish businesses of OECD's principles for multinational enterprises.

The guidelines include requirements for a company's due diligence process, a stricter policy on facilitation payments and a higher degree of responsibility for the company's supplier chain. The mediation and grievance body cannot make legal, binding decisions. Instead, the body is to handle the cases by way of mediation.

Reporting on human rights and impact on the climate

For the future, the 1,100 largest Danish enterprises and state-owned limited liability companies must report on their policies and work to respect human rights and reduce their impact on the climate. This reporting must be made in connection with the CSR statements in the companies' annual reports. If a business does not have a CSR policy, this must as a minimum be stated.

With the new act, businesses must pay particular attention to addressing the risk of violating human rights in the entire value chain. The act moreover encourages businesses to link green growth and business development to a much higher degree. The act comes into force on 1 January 2013.

Target figures for more women in management

As a consequence of the low representation of women in management, the Danish Parliament in December 2012 adopted new legislation according to the comply-or-explain principle to promote a higher degree of gender equality in board rooms and at senior management level. Effective as of 1 April 2013, the 1,100 largest businesses and state-owned public limited companies must determine target figures and policies as well as account for their attaining of such targets.

Towards 2015, the Danish government is expected to adopt new legislation on, among other things, public sector transparency. Moreover, the European Commission is expected to propose amendments to the current legislation on financial statements to increase corporate transparency on social and environmental issues.



Knowledge is the foundation for growth

Proactivity derives from knowledge. In the world of law, it is essential to be in the vanguard of new developments. New legislation, amendments to existing regulation or proposals for new legislative requirements can drastically change the framework under which businesses operate. But new knowledge and changes in the legal framework can be an effective lever to growth and competitive strength when a proactive approach that anticipates changes is applied.

As a knowledge-based business, training is an important element for us internally as well as externally. The scope and quality of our knowledge is based on a profound legal insight, constant focus on corporate developments and our ability to adjust to the ever changing circumstances. This is why we have established our own Bech-Bruun Academy.

Bech-Bruun Academy provides our employees with the opportunity to develop their personal skills and professional competences embodied in their job profiles. Building strong competences and resources is how we fulfil our strategic objectives and visions.

In 2012, Bech-Bruun Academy hosted several special events for our

clients, business partners and other stakeholders. One example is our annual Professional Development Day targeted corporate lawyers. The Professional Development Day offers a catalogue of 21 lessons within various disciplines of law, and the participants tailor their programmes according to their interests and professional areas. The 2012 programme encompassed anti-corruption and bribery, changes to the Code of Conduct for the Danish Bar and Law Society, and updates on personal data legislation.

The Professional Development Day, that took place in the autumn of 2012, focused on public law issues and was a big success. The topics of the day included whistleblowing schemes, public procurement and invitations to tenders as well as updates on the area of state aid.

As a new initiative, we hosted a very successful and well-attended Company Day in the autumn of 2012 focusing on company law, CSR, board room work and cooperation with China.

And for the second year running we arranged our Summer Academy within employment law. The five-day seminar was fully booked with highly committed participants, all eager to learn more about employment law.

In 2013, we are planning a two-day seminar for law students offering legal lessons and inspiration for personal development taught by in-house and external lecturers.

	2010	2011	2012
Number of clients attending Bech-Bruun Academy	502	951	1,054
Bech-Bruun Academy client rating (on a scale of 1–5)	4.6	4.5	4.6

Since 2007, 150 of our associates have participated in our talent development programme.

Diversity is the key to better results

Women in corporate management in Denmark are in the minority. As a result a new act introducing targets for a more equal gender distribution in the management has been ratified applying to the 1,100 largest businesses in Denmark.

The figures speak for themselves: The number of female private sector senior executives has only increased from four to six per cent over the past ten years. This trend recurs in the board rooms of Danish businesses. Today women make up less than 12 per cent of the board members of listed public limited companies. When employee elected board members are excluded, the figure is as low as six per cent.

At Bech-Bruun we value employee diversity in the daily management of our business and among our partners. We believe that diversity contributes to creating the best possible results for our clients and for our business. As a result, we continuously pursue initiatives to facilitate a higher degree of gender, age and professional diversity.

A tenacious trend among Danish and international large law firms is that while women are well-represented in the organisation as a whole, they

make up a decreasing share the closer one gets to the top management level. This is also a trend we see at Bech-Bruun. A little more than half of all employees are women and slightly more than half of the junior associates are women. But the number of women drops, the closer we get to partner level.

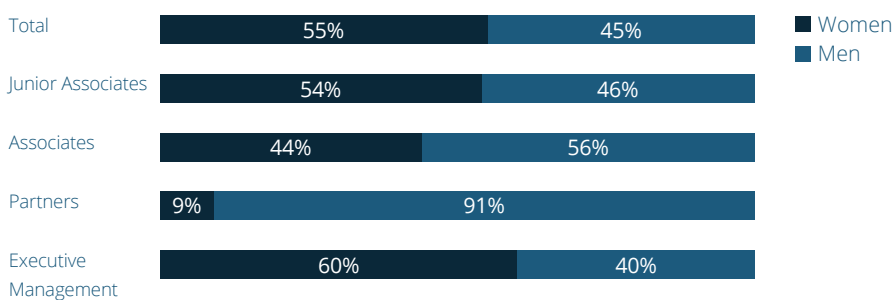
For years, we have recruited qualified men and women in equal numbers and our management has a 60 per cent majority of women. Our challenge remains to retain our female associates and to support them in choosing the path to partnership and senior management.

We have already launched several initiatives to meet this challenge. We have a special career development programme for women including a high level of job flexibility, and we address career wishes at appraisal interviews and offer individual coaching. In addition, we have joined an ambassador corps network aimed at boosting the number of women in management positions and participated in the Confederation of Danish Industry's Diversity Think Tank.

We are convinced that diversity in management is the best starting point for long-term and short-term success.

In 2013, we will host a diversity conference to generate ideas on how we and other businesses can break the glass ceiling and improve gender diversity.

Diversity in Bech-Bruun





"To provide a realistic and fair view of the CSR challenges and possibilities that lie with a seller, a CSR due diligence must combine information from the traditional due diligence investigations, such as the legal, commercial, financial and cultural aspects."

Morten Hove Henriksen

CSR Advisor, Bech-Bruun

CSR due diligence in transactions

New CSR-related legislation and new international guidelines for ethical business conduct mean that, in the future, it could be advisable for businesses to conduct a CSR due diligence in connection with acquisitions, mergers, and in the conclusion of joint ventures and strategic partnerships.

At Bech-Bruun, we have specialised in conducting CSR due diligences. Today, very few businesses conduct an actual CSR due diligence in connection with M&A transactions. Some companies incorporate the most important CSR components into the existing due diligence investigations, while other companies that to a greater extent employ CSR as an integrated part of their business find it to prove profitable to conduct a more extensive and separate CSR due diligence.

A number of CSR areas have become integrated parts of traditional due diligence investigations, for example environmental reporting and anti-corruption. It is, however, still rather

unusual to investigate compliance with human rights, investments in green technologies, CSR screenings of business partners as well as a number of business and industry specific CSR aspects.

If a business decides not to conduct a CSR due diligence prior to a transaction, this may – in a worst-case scenario – result in liability for damages, harm the corporate reputation and brand, or lead to unforeseen surprises when integrating the new company.

A CSR issue is rarely a "deal breaker". However, the findings of a CSR due diligence may be valuable at the negotiation table and in the transfer agreement and may forestall bad press.

CSR due diligence is one of the many CSR services we offer to our clients. We also provide advice on green marketing, corporate governance, duty of care, social clauses and whistleblowing.

In 2010, the American anti-corruption authorities fined American RAI Systems USD 2.9 million for having entered into joint venture agreements with two Chinese businesses. The company was found guilty on two counts: an insufficient anti-corruption due diligence investigation and the failure to act on the basis of the results of the due diligence investigations.



Expanding in China

With our merger with Philip Law Firm and the employment of a number of lawyers from Lind Cadovious in 2012 we increased headcount by 78 employees. However, we did not only expand in Denmark, but also in China where our presence was bolstered with a new general manager and two new employees at our representative office in Shanghai.

There is an enormous untapped potential for Chinese investments in Denmark, and our Chinese Desk focuses intently on closing this gap.

Following the increase in our activities in China and other countries abroad, we have defined a clear strategy for what we expect of our employees. Our code of conduct entails a zero-tolerance policy in respect of bribery and corruption and originates from our express desire that our clients and stakeholders should feel confident that we always act in a fair and ethical manner.

Our Chinese Desk employees have received anti-corruption training taking them through a number of corruption, bribery and facilitation payments dilemmas. This initiative aims to ensure compliance with our ethical guidelines and Danish and Chinese legislation among our employees – and to provide them with the tools to do so.

To support our efforts we have moreover become a member of the Danish Ministry of Foreign Affairs' anti-corruption network in China. We expect this network will provide a fruitful forum for learning and knowledge sharing with other Danish businesses with activities in China.

As the very first appointment in Europe, the arbitration commission for the Chinese city Xiamen has appointed Bech-Bruun partners Henrik Valdorf-Hansen and Carsten Pedersen as registered arbitrators. In addition, partner Jes Anker Mikkelsen was appointed to the panel of arbitrators at the Southeast China International Maritime Arbitration Court. With their appointments, our Bech-Bruun partners have been vested with the authority to act as arbitrators in dispute matters in China.

"For many Danish businesses the joining of forces with a Chinese investor presents a range of new opportunities and can for example help revitalise a business in distress and grant access to new growth markets."

Henrik Brandt

General Manager, Bech-Bruun's representation office in Shanghai

Following China's substantial growth various new pieces of legislation have been designed to ease the administrative burdens and risks facing Danish-Chinese cooperation. These include a new double-taxation treaty between Denmark and China and the signing of a new agreement enabling a fast track procedure for the examination of Danish patent applications in China.



"We are convinced that our work in Kenya has profoundly helped the local entrepreneurs towards becoming sustainable businesses. One of the start-ups we followed closely has already managed to obtain additional funds from external investors, which is a clear indicator of its viability."

Thomas Gjøel-Trønning

Partner, Bech-Bruun

"Kenya's mobile telephone infrastructure is surprisingly developed and the use of mobile phones in daily activities was simply impressive and much more advanced than in Denmark."

Simon Milthers

Partner, Bech-Bruun

Entrepreneurship in Kenya

For many years, Bech-Bruun has focused on business-driven CSR using our competences to help businesses and organisations that would otherwise not have had the possibility of obtaining qualified advice. In 2012, we provided pro bono advice to organisations such as Foreningen Grønland-ske Børn (NGO for the protection of children in Greenland), Save the Children Denmark and Doctors Without Borders.

Traditional emergency aid versus self-help schemes is a long-standing debate. Kresten Buch, the originator of 88 mph, believes that the best way to create sustainable development is to empower people through competence building. At his and the consultancy company Quartz+Co's initiative, we and a number of other specialists and executives from Danish companies, including BDO, Novo Nordisk, Grundfos, COOP and Lego, went to Nairobi to do what we do best: Advising businesses on how best to handle the challenges they are facing.

Kenya, as many other countries in the region, is experiencing a boom in businesses run by young, local entrepreneurs, who feel very optimistic about the future and its possibilities, in particular within the mobile technology industry.

We met with eight Kenyan start-up companies, all with good and visionary business ideas within mobile telephone technology. Every one of them needed start-up capital to develop their ideas as well as assistance in categorising and prioritising the challenges they were facing. They were in urgent need of finding solutions enabling them to survive in Kenya's highly competitive market place.

From day one (following intensive preparations before our departure), our mentor delegation turned every stone to become familiar with the eight start-ups. Through close dialogue with the young entrepreneurs, mentoring

and individual coaching, we managed to fine-tune their business concepts, prepare persuasive investor presentations and pinpoint short-term priorities.

The project was valuable not only to the start-up businesses, but also to us. We have extended our knowledge of the cultural and business-related differences between Kenya and Denmark and improved our understanding of operating a business in Africa.

88 mph is a social platform serving as a contact point between Kenyan entrepreneurs and mentors from all over the world.

"Our partnership with Bech-Bruun is a very good example of how a business can make a profound, long-lasting difference for a group of children that would otherwise have had only poor access to education. We are very pleased that the partnership has been renewed."

Mimi Jakobsen

Secretary General, Save the Children Denmark

Renewed cooperation with Save the Children

Every year, we and our employees participate in a number of campaigns and charitable activities. In 2012, we bicycled for the Danish Cancer Society, distributed the World's Best News (a Danish campaign formed by the UN, Danida and more than 80 Danish aid organisations to report on success stories and progress in the developing countries), turned off the lights with WWF and collected clothes for the Danish Red Cross. 2012 also saw a renewal of our partnership with Save the Children Denmark.

In recent years, we have contributed to the construction of two schools in Angola and Ethiopia through our partnership with Save the Children. We have now renewed this partnership for an additional five-year period. During the next five years, we will help support and improve education in Ethiopia at 11 schools, encompassing 5,500 pupils, and provide further education to 500 teachers. Ethiopia is one of the poorest countries in the world with around 39 per cent of the

population living below the UN poverty line and an illiteracy ratio of around 57 per cent.

We are very pleased to continue our successful cooperation with Save the Children on support for schooling and education. With the construction of the two schools we have created a strong basis for development. Our priority is now to improve the quality of the education as well as the physical learning environment in order to give the children the chance of a brighter future.

Our partnership with Save the Children will result in:

- Supplementary training of 500 teachers to improve the quality of their teaching
- 2,700 child-to-child support groups to reduce dropout rates
- 1,125 tables, sports equipment, teaching material and equipment for the science rooms at the 11 schools

- Renovation of a number of schools, including the installation of five toilets and five water pumps.

All of the 11 schools are located in the Ensaro district, north of Addis Ababa in Ethiopia, and include the Mite School that we have previously sponsored. The partnership also targets 250 parent-teacher associations (PTAs), the parents of the 5,500 pupils, and the local environment.

Sustainable development

Over the past decade, we have made significant efforts to reduce our consumption of resources. As a result, our electricity, water and heat consumption per employee has never been lower. We have also managed to reduce the amount of waste per employee to a record low.

For a long time, we have been one of the leading advisors in Denmark within the areas of energy, reuse and sustainable use of resources. To support this strategic focus, we entered into a number of strategic partnerships in 2012 with the objective to put our expert competences to use in a manner that will impact most effectively on the environment.

Copenhagen Cleantech Cluster

As the first and only law firm we have joined Copenhagen Cleantech Cluster and together we will work to create an even better breeding ground for new Danish cleantech technology. As a stakeholder in Copenhagen Cleantech Cluster we will join major cleantech investors such as Dong Energy, Siemens Danmark, Rambøll and the City of Copenhagen.

By combining our expert skills we can improve the framework and the opportunities for the players in the cleantech industry, such as start-ups and established companies, investors, education and research institutions, and public authorities.

Copenhagen Cleantech Cluster has established a unique platform for knowledge sharing and the promotion of the strongholds of Denmark's cleantech industry, nationally and abroad. The result is increasing interest among investors and better export opportunities for Danish cleantech products and services.

Copenhagen Cleantech Cluster moreover provides us with a unique possibility of becoming part of a network of other strong cleantech companies and research institutions. We can thereby follow international cleantech trends at first hand and identify market opportunities, which will strengthen our advice to our clients.

China Renewable Energy Industries Association

Ever since the introduction of our Chinese Desk in 2011, we have worked on improving the framework for cooperation between Chinese and European businesses. As part of this strategy, we entered into a cooperation agreement in 2012 with the Chinese trade association of renewable energy, China Renewable Energy Industries Association (CREIA).

Through this partnership we will contribute to enhancing the business climate for Chinese and European renewable energy companies. Another area of priority is the promotion of wind energy investment opportunities in Northern Europe among Chinese investors.

In 2012, we joined forces with CREIA to publish the book "Chinese Wind Power – How to Enter Europe Successfully".

In 2013, we will together with Copenhagen Cleantech Cluster host a large cleantech conference focusing on investments in new markets and green building.

In 2013, we will continue to release publications and offer seminars to improve the opportunities and framework for cooperation between Chinese and European businesses.

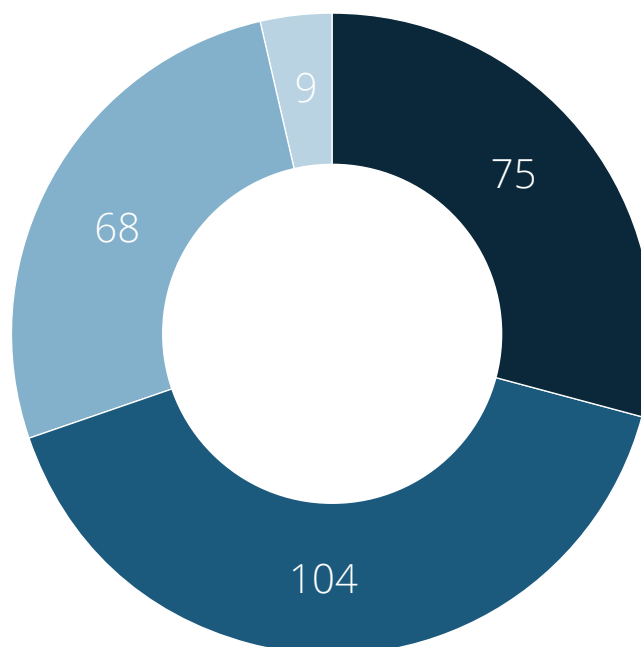
Bech-Bruun facts

Employees

As of 31 December 2012

Total number of employees	512
Number of fee-earners	256
Average age	37.1
Average seniority	8.6

- Partners
- Associates
- Junior Associates
- Other fee-earners



Green facts	2010	2011	2012
Electricity consumption (kWh)	992,720	945,094	1,023,777
Heat consumption (mWh)	1,050	1,012	903
Water consumption (m3)	521	494	510
Combustible waste (t)	80.80	80.01	86.54
Recyclable material (t)	14.23	35.68*	24.05*

* Following our merger with Philip Law Firm, a large effort to align and reduce our files resulted in a larger amount of paper recycling than in previous years – but also in a lower amount of combustible waste per employee.

8.2%

lower per employee
electricity consumption

10.8%

lower heat consumption

78

additional employees

Copenhagen
Langelinie Allé 35
2100 Copenhagen
Denmark

Aarhus
Frue Kirkeplads 4
8000 Aarhus
Denmark

Shanghai, rep.office
83 Loushanguan Road
Suite 2635, 26/F
Shanghai, China

COP Summary

	Activities, Objectives and Results
Human Rights	
1. Businesses should support and respect the protection of internationally proclaimed human rights; and	<p>Bech-Bruun supports and respects the protection of internationally proclaimed human rights and participated, among others, in the UN Global Compact Leaders Summit in 2010 to show our support. Furthermore, we participate each year in the World's Best News campaign aiming to spread the message that the efforts against poverty make a difference.</p> <p>Our Code of Conduct explicitly expresses our support for the United Nations Universal Declaration of Human Rights.</p>
2. make sure that they are not complicit in human rights abuses	<p>Bech-Bruun actively helps to prevent the abuse of human rights. In cooperation with Save the Children, we have engaged in a number of activities and, for example, built two schools in Angola and Ethiopia for the purpose of ensuring the right to education.</p> <p>In 2012, we renewed our partnership with Save the Children. Over the next five years, we will help support and improve education at 11 schools in Ethiopia, educating 5,500 pupils, and provide further training to 500 teachers.</p> <p>Through our extensive pro bono activities, we support organisations which would not otherwise be able to seek advice. In 2012, we rendered pro bono advice to for example WWF, Doctors Without Borders and Foreningen Grønlandske Børn (NGO for the protection of children in Greenland).</p>
Labour Standards	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Bech-Bruun supports and upholds the freedom of association and the right to collective bargaining of all its employees.
4. the elimination of all forms of forced and compulsory labour;	Bech-Bruun supports the elimination of all forms of forced and compulsory labour.

5. the effective abolition of child labour; and	<p>Bech-Bruun supports the abolition of child labour. With our school in Ethiopia, we have created a gathering point for the local community and now witness an acceptance of school attendance, also among the adult population which now wants to go to school.</p>
6. the elimination of discrimination in respect of employment and occupation.	<p>Bech-Bruun supports diversity and the elimination of discrimination. For many years now, we have taken on an equal number of female and male lawyers, and Bech-Bruun has, as its special focus area, the aim of increasing the number of women in management and, especially, at partner level.</p> <p>We have launched several initiatives to reach this goal. We have a special career development programme for women including a high level of job flexibility, and we address career wishes at appraisal interviews and offer individual coaching. In addition, we have joined an ambassador corps network aimed at boosting the number of women in management positions and participated in the Confederation of Danish Industry's Diversity Think Tank.</p> <p>In 2013, we will host a diversity conference to generate ideas on how we and other businesses can break the glass ceiling and improve gender diversity.</p>
The Environment	
7. Businesses should support a precautionary approach to environmental challenges;	<p>Bech-Bruun supports and advocates a reduction of our own impact and of the impact of our surroundings on the environment. We encourage all our employees to care for the environment and to help increase our daily focus on recycling, energy consumption, etc.</p> <p>Through our pro bono work, we also support environmental organisations, such as Hold Danmark Rent (Keep Denmark Clean).</p>
8. undertake initiatives to promote greater environmental responsibility; and	<p>Over the past decade, we have made significant efforts to reduce our consumption of resources. As a result, our electricity, water and heat consumption per employee has never been lower. We have also managed to reduce the amount of waste per employee to a record low.</p> <p>Through our supplier policy, we strive to promote environmentally sustainable procurement practices.</p>

	Our new office in Aarhus, ready in the spring of 2014, is the first building in Denmark to comply with the energy rating 1 requirements.
9. encourage the development and diffusion of environmentally friendly technologies.	For a long time, we have been one of the leading advisers in Denmark within the areas of energy, reuse and sustainable use of resources. To support this strategic focus, we entered into a number of strategic partnerships in 2012 with the objective to put our expert competences to use in a manner that will impact most effectively on the environment. Such partnerships include agreements with Copenhagen Cleantech Cluster and China Renewable Energy Industries Association.
Anti-Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery.	<p>Bech-Bruun supports and complies with the official code of conduct for lawyers. Furthermore, we have developed our own code of conduct which explicitly states that we take a zero-tolerance approach to bribery and corruption.</p> <p>In 2012, our Chinese Desk employees received anti-corruption training taking them through a number of corruption, bribery and facilitation payments dilemmas. This initiative aims to ensure compliance with our ethical guidelines and Danish and Chinese legislation by our employees – and to provide them with the tools to do so.</p> <p>To support our efforts, we have also become a member of the Danish Ministry of Foreign Affairs' anti-corruption network in China. We expect this network to provide a fruitful forum for learning and knowledge sharing with other Danish businesses engaging in activities in China.</p>