

ANNUAL REPORT

2018



MANNHEIMER
SWARTLING



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Mannheimer Swartling reports on sustainability in accordance with the Annual Accounts Act and the Global Reporting Initiative. The Sustainability Report in accordance with the Annual Accounts Act consists of this report and the document Information on Mannheimer Swartling's Sustainability Reporting, which is made available at www.mannheimerswartling.se/en/sustainability.

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GRAPHIC DESIGN Nordic Morning

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"The need for qualified leadership has grown increasingly evident."

The strongest culture

As Managing Partner Jan Dernestam recounts the past year, he underscores a culture of team spirit and the strength of an organisation where all 550 colleagues pull in the same direction.

Twenty eighteen was expected to be the year when the international boom period would peak and growth forecasts would be slashed. As the year kicked off, this pessimistic outlook initially looked to be accurate. The Stockholm Stock Exchange began with a marked decline. Alarm bells sounded over an imminent trade war between the US and China. Many of us believed that the geopolitical turbulence would be what ultimately brought the downturn. But that was not how things panned out. The US economy is robust, with unemployment at its lowest in almost 50 years, while in Sweden, the wheels continue turning – despite political deadlock and brewing economic turmoil.

It is precisely when economic conditions are at their extreme that we lawyers are at our busiest. Whether in economic boom times or the depths of a financial crisis, all our 550 employees are fully engaged.

For Mannheimer Swartling, 2018 marked yet another strong year, with a turnover of SEK 1.2 billion. All offices and practice groups can testify to the high demand for our services. Some of our highlights from the year include advising on Spotify's listing on the New York Stock Exchange, Northvolt's venture in Västerås and Nordax's acquisition of Svensk Hypotekspension.

The economy still seems to be thriving, although there are now signs that a slowdown is imminent.

TOP PICK FOR LAW STUDENTS

Mannheimer Swartling has remained the number one choice of law firm employer among Swedish university graduates for 16 years running in Universum's Företags-Barometern (The Company Barometer). New for 2018 is that we are also the most attractive employer across the entire legal sector, not just law firms. We are incredibly proud of this award. More than a third of all law graduates in Sweden apply to Mannheimer Swartling. Competition is fierce but, of those who pass our tests and interviews, around 95 percent accept our job offer.

Many factors contribute to us being able to attract Sweden's very best lawyers. One of these is our ambition to always be at the forefront of identifying trends and changes. Another is that we are able to convey our strong corporate culture – in which initiative, collaboration and knowledge sharing are encouraged and where we join forces to form an effective collective where the team is more important than the individual.

Nonetheless, it is frustrating that the gender parity in our graduate recruitment does not remain reflected some years later when it is time to become a partner. We are moving in the right direction though. Since 2010, 35 percent of our new partners have been women. We must now do everything we can to accelerate the pace of change, in order to continue to be able to deliver the very best legal service in the market.

It is no secret that we have high expectations of our employees. This is mutual. Our new recruits also quite rightly have high expectations of Mannheimer Swartling. In recent years, we have seen a clear shift in what our employees demand from their workplace. The need for qualified leadership has grown increasingly evident. Our more junior employees want to see senior colleagues exercising personal and coaching leadership in which guidance, empathy, presence, enthusiasm and feedback are key elements.

COMMUNITY INVOLVEMENT BUILDS A STRONGER FIRM

Another clear trend we see among senior and junior employees alike is a collective desire to actively contribute to positive social development. Mannheimer Swartling has a longstanding programme of broad, long-term pro bono activities. Our pro bono clients – SOS Children's Villages, Centre for Justice, Norrsken Foundation, Race for the Baltic, RAOUL, Smarta samtal, the UN Global Compact Sweden and Open House – are treated like any other clients but with the key difference that we do not charge for our services. We are convinced that our efforts not only do good but also strengthen us as a firm. It is also very personally satisfying to draw on the firm's strength for this type of community engagement.

By integrating sustainability in all areas of our practice, we become better advisers and help our clients to manage risks and identify opportunities in sustainable business. Although the four main areas of the UN Global Compact act as our starting point, we also take into account the UN's Global Goals. We continued to develop our sustainability advice throughout the year. Several initiatives were taken to further integrate sustainability and we held a number of seminars and round-

table discussions to meet this objective. A sustainability perspective is now included in all of our practice groups.

Issues of long-term priority remained in focus throughout the year, including diversity, gender equality and data security. We have a firm goal to increase the proportion of female partners, and we took a step in the right direction with the 40 percent proportion of women among newly appointed partners in 2018. We also invested considerable resources in analysing our IT security and handling of information and personal data, partly in response to GDPR. Updated internal policies and procedures are now in place – but we see this as a continuous process to develop.

STRONGEST TOGETHER

We are the leading adviser in the premium segment for business law. Every client is seen as the whole firm's client. Employees collaborate as a single team – everyone lends a helping hand and no one is left unassisted. This team spirit forms the foundation for how we organise our work. Over the years, this has proven to be an extremely successful way of running a business law firm. But above all, it means we have a workplace we enjoy going to every day.

It is truly a privilege to be part of Mannheimer Swartling and, together with all 80 other partners, to lead the firm into the future. We would like to express our sincere gratitude for the trust shown in us by all our colleagues and clients.

JAN DERNESTAM

Managing Partner





International victory for Swedish lawyers

Mannheimer Swartling helped the Kingdom of Jordan emerge victorious from a major dispute in a pipeline project in the Jordanian desert. Teamwork was the key to success when the firm found itself at the heart of geopolitics.

Mannheimer Swartling delivers legal services to clients all around the world – and this extends to Jordan. The firm represented the Kingdom of Jordan in an extensive dispute over a pipeline project in the Jordanian desert with Diwaco, a construction consortium owned by major US and Turkish companies. The project's Swedish connection further stemmed from the fact that Swedish consultancy firm Sweco had participated in the design of the project's water facility.

Mannheimer Swartling lawyers Sara Johnsson, Anders Ingvarson, Johan Granehult and Kristoffer Löf were members of a large team working intensively on the dispute with Diwaco for almost three years. As part of the project, Diwaco was responsible for boring a large number of deep water wells in the desert and constructing a pump and pipeline system. Fresh water is in short supply in the hard-pressed Kingdom, which borders Israel, Syria, Iraq and Saudi Arabia. Although Jordan

has relatively stable politics and, in many respects, a well-functioning legal system, it lacks significant natural resources. The country has also been heavily affected by the war in Iraq and Syria – with almost one in ten inhabitants a refugee. By pumping water from a giant underground source (an aquifer) in the south of Jordan and sending it across the desert, through 325 kilometres of pipeline, to the capital Amman in the northwest of Jordan, the water supply to this populous region could be secured.

WATER SUPPLY CRITICAL

The project commenced in 2009 and was conducted as a public private partnership (PPP) with the Jordanian Ministry of Water and Irrigation as the customer and Diwaco as contractor. Four years after construction began, the Disi-Mudawarra Water Conveyance System was inaugurated by King Abdullah II, and water began

to flow. In the meantime, however, the legal dispute arose. The construction consortium Diwaco claimed that Jordan had caused the costs of the projects to increase and demanded payment of USD 460 million. Conversely, the Jordanian state claimed that Diwaco had caused delays and counterclaimed for late completion fees of USD 10 million.

Throughout the Middle East, and in Jordan in particular, water is a natural resource that lands at the heart of geopolitics when combined with political instability and dramatic population growth. Water had become a critical issue for the Kingdom. Jordan's economy was under considerable pressure and the country had just signed emergency loan agreements with international banks.

"The project was given the highest political priority and we were asked to hold several briefings for the Jordanian government," says Kristoffer Löf, partner at Mannheimer Swartling.

ON BOARD FROM THE OUTSET

Mannheimer Swartling was engaged in the project from an early stage and had assisted Jordan in negotiating and setting up the various agreements. Jordan and Diwaco had agreed that any disputes would be settled by arbitration in Geneva under the arbitration rules of the UN body UNCITRAL. When Diwaco's claim reached the Jordanian Ministry of Water and Irrigation, Mannheimer Swartling was asked to represent the Kingdom in the legal course to follow.

"Sweden boasts a long tradition of good relations with Jordan and we were already very familiar with the project. Moreover, the firm has extensive experience of disputes involving states," says Kristoffer Löf.

Kristoffer Löf is a member of the firm's international dispute resolution practice and is well accustomed to managing all-encompassing disputes of a long-standing nature. The extent of the Disi Mudawarra case, however, exceeded all expectations. The case materials alone comprised more than 50,000 documents.

"There was an enormous number of facts to process and get our heads around. The challenge was to look into every single detail, while never losing sight of the bigger, overall picture. One day we would be sitting with engineers, discussing drilling techniques. The next, we would be meeting ministers and senior civil servants to determine our legal strategy," says Sara Johnsson, senior associate at Mannheimer Swartling.

A MULTI-FACETED TEAM

Mannheimer Swartling worked together with a local Jordanian law firm in Amman. The case was led and coordinated by lawyers from the firm's Dispute Resolution and Construction practice groups throughout the various offices.

"An assignment as large and complicated as this requires specialist expertise and significant resources from several different practice groups – this is where the firm's breadth really came into its own," says Johan Granehult, partner at Mannheimer Swartling.

Beyond the legal team at Mannheimer Swartling, a number of international expert witnesses were called to the hearings, held in Paris. While the dispute itself was of a business nature, it was influenced by a number of external factors, including geopolitics, international sanctions and the effects of the Arab Spring – which affected Jordan and neighbouring countries to varying degrees throughout the duration of the project. At Mannheimer Swartling, lawyers were each allocated certain areas of responsibility. Sara Johnsson, for instance, who joined the firm in 2013, presented the facts of the case and questioned witnesses before the arbitration tribunal.

"We were a group of seven Swedish lawyers working on this, virtually full-time, for three years. We all took on considerable responsibility from the very start, regardless of seniority – which was extremely inspiring," says Sara Johnsson. At the hearings in Paris, even those of us in more junior positions were assigned prominent roles in our respective areas of responsibility.

Mannheimer Swartling's approach to teamwork and division of responsibility stood in stark contrast to the



Corporate culture is key

Our inclusive corporate culture at Mannheimer Swartling is fundamental – and it embraces not only our existing employees, but our alumni and job applicants too.

Mannheimer Swartling is a service business – we sell knowledge. Although law is our domain, our mission to clients extends well beyond legal texts, contractual clauses and international trade agreements. Today, our advanced range of business law advisory services encompasses business strategy, business intelligence and sustainability.

“Our strength lies in the combination of knowledge of all of our practice areas and industry groups. We rely on the expertise of all employees put together – partners and senior lawyers, as well as support staff and new recruits,” says Azadeh Razani, partner at Mannheimer Swartling.

Clients and lawyers-to-be see Mannheimer Swartling as today’s leading supplier in the premium business law segment. Maintaining this position of course requires us both to recruit the right employees and to develop those already with us.

“Skills development and knowledge sharing form the backbone of our corporate culture. These are more than just words – they reflect what we practise every day. This makes us competitive for clients and attractive to prospective lawyers,” says Azadeh Razani.

FROM STUDENT TO ALUMNI

Each year, some 1,400 law students graduate from Sweden’s universities and colleges. A third of them apply to Mannheimer Swartling. The firm therefore has the advantage of choosing, rather than searching for, the right candidates. This is a privilege which requires us to behave in an exemplary manner towards the many candidates we are unable to hire.

“We normally recruit 60–70 lawyers per year, meaning that a large number of applicants will unfortunately not secure a position with us. That means there are many lawyers out there whose application we have declined at some point in time. Naturally, it is important that these applicants too feel that we have a professional and fair

employment process,” says Jan Dernestam, Managing Partner. Maintaining good relations with applicants, regardless of how far they progress in the recruitment process, is equally important for all other roles at the firm. Out of a large number of applicants in 2018, the firm hired 56 non-lawyers.

Most major law firms around the world have realised the importance of “happy leavers”. Employees leaving the firm should feel included – despite leaving. Mannheimer Swartling shares this attitude and maintains contact with all former employees. One of the lawyers in the firm’s alumni network is Pontus Malmunger, who worked as an associate at the firm between 2007–2015 and is currently Group Legal Counsel at AAK. Pontus Malmunger says that his years at Mannheimer Swartling armed him with invaluable experience for his continuing legal career, as well as an extensive professional network. He also took with him substantial confidence in the firm as an adviser.

Jan Dernestam emphasises that everyone coming into contact with the firm – clients and job applicants alike – should be treated with respect and informed about the firm’s values and corporate culture.

“Recruitment interviews are an ideal opportunity for us to communicate what we represent. Regardless of whether an applicant subsequently joins us or not, we must paint a clear picture of how we work and how we develop our employees,” says Jan Dernestam.

A SENSE OF BELONGING

Throughout the years, Mannheimer Swartling’s organisation and corporate culture have been shaped into a model as clear as it is successful. The foundation for this is what we call Pure Lockstep – a profit-sharing system where all partners share equally in our profits, regardless of workload. Similarly, compensation for the firm’s other lawyers is based solely on experience and is completely independent of individual performance. But it does not stop there. All of the firm’s employees are also expected to share their knowledge, experience and ideas. Former employees also testify to Mannheimer Swartling’s most distinctive feature being a pronounced sense of belonging. All clients are clients of the firm as a whole.

“What struck me when I started at the firm was the welcoming atmosphere. All doors were open – partners and all other colleagues were incredibly helpful,” says Victoria Hedell, who was a junior assistant at the firm in 2015–2016.

Victoria Hedell studies law at Uppsala University. The nearer graduation approaches, the more she and her classmates are bombarded with information from

various law firms. Marketing mail, invitations to recruitment days, student seminars, open lectures and more. Competition for future lawyers is fierce, but candidates have high expectations of their future employers as well.

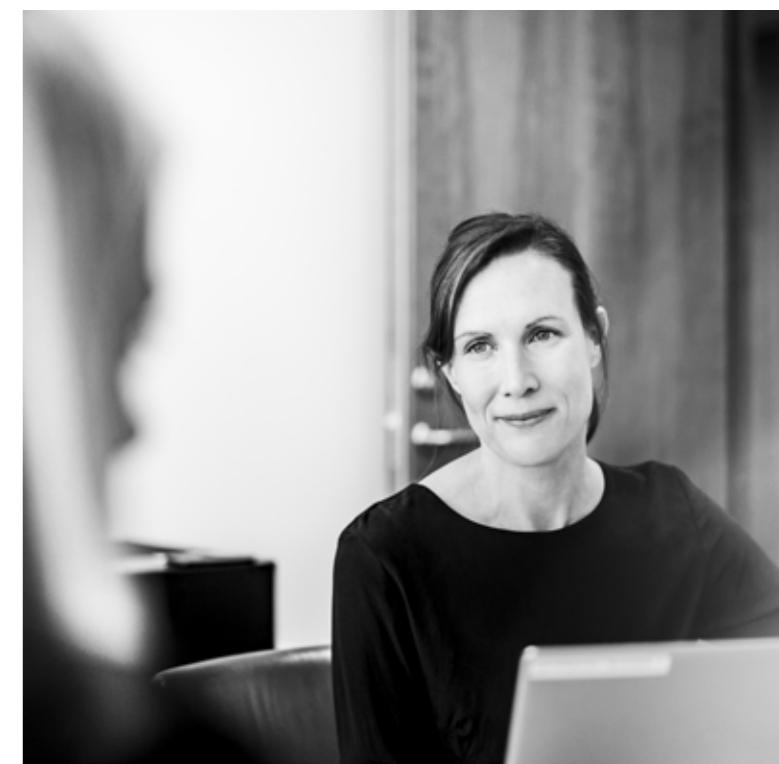
– My perception of the corporate culture at Mannheimer Swartling is that it is typically Swedish. There are high levels of transparency and collaboration: everyone is informed of what is happening at the firm, and everyone is expected, and endeavours, to share their experience, says Hayden Cooke, a corporate associate at English law firm Slaughter and May.

Hayden Cooke was one of the secondees at Mannheimer Swartling last year. He explains that the flat structure and egalitarian culture was different to London and quite refreshing, and, despite being quite junior at the time of the secondment, he enjoyed being made to feel an important member of the team with ideas to contribute.

– I think that the entire legal industry is facing an enormous challenge. Firms with employees that do not reflect society, whether by virtue of gender, race, socio-economic background or otherwise, will struggle to recruit if they cannot sustainably and meaningfully address this shortcoming, says Hayden Cooke.

Jan Dernestam agrees, emphasising that the collective corporate culture is crucial to the firm’s success.

“Involving all employees in the development of the firm is what makes the difference,” says Jan Dernestam. The firm’s appraisals of partners address leadership and culture far more than financial goals. ■



→ strategy of the opposing side. Although they naturally had a full team of lawyers, it was a sole British lawyer who shouldered all the responsibility for their arguments before the arbitration tribunal. In many ways, it was a clash of styles and cultures – Swedish teamwork versus Anglo-American hierarchy. Ultimately, the former proved more successful.

LONG-AWAITED RULING

On the afternoon of Thursday, 22 February 2018, members of the legal team were on site with ministers at the Jordanian Ministry of Water and Irrigation in Amman. They were finally about to hear the long-awaited ruling of the arbitration tribunal. You could practically cut the tension with a knife. But the mood quickly turned to relief and euphoria when the arbitration ruling was delivered. The tribunal unanimously ruled that responsibility for the failed schedule and budget rested entirely with Diwaco. Rather than having to pay USD 460 million, the Kingdom of Jordan was awarded a total of USD 22 million in compensation for the delays and costs. Those who had gathered at the Ministry to hear the outcome toasted the ruling with sweet mint tea. Some even wept tears of pure relief – and it is not hard to understand why. Diwaco’s damages claim alone would have wiped out the sum of the emergency loans Jordan had just secured from international banks.

“This was a great victory for our client, but also for us. The agreements we drew up had withstood vigorous legal examination and our team had successfully gleaned the facts from the enormous quantity of documentation in the case,” says Anders Ingvarson. ■

KLAS EKLUND, SENIOR ECONOMIST

Where is the world headed?

Although 2018 began on a high note economically, the tone was lower by the end of the year. And, having begun shakily, the rest of 2019 risks being even worse. A number of storm clouds – economic and political – are gathering on the horizon, both in Sweden and abroad.

- While the US and China have been the economic locomotives in recent years, both are now slowing down.
- In the US, the effects of Trump's tax cuts are diminishing, while the Federal Reserve has raised interest rates to a level hailing tighter lending.
- China's investments are noticeably declining, while high indebtedness represents a latent danger for both the financial sector and parts of the property sector.
- Europe is also slowing down, from a lower level. The outcome of Brexit remains unclear. In France, Macron's modernisation policies are under



faces a harsher climate than it did in 2018. The same applies to the stock markets, which are being adversely affected by subdued profits and wea-

- The weakening economic cycle will continue low inflation. The Riksbank (Swedish Central Bank) will not be able to raise its repo rate as previously announced. The cycle of interest rate hikes will be the weakest to date. This will act as a damper on the property market.
- Key economic policy reforms have been announced for the forthcoming term of office. However, the parliamentary situation and unfamiliar party constellations nonetheless raise the risk for political uncertainty and additional elections during the term of office.

"Meeting clients' needs with strategic advice and value-generating legal service remains of paramount importance in an increasingly troubled world."

attack. Italy and Poland are headed towards confrontation with Brussels. The result is economic policy ambiguity, just as recession is looming.

- The rivalry between China and the US, with the risk of new trade barriers, is disturbing world trade. The skirmish is not really about short-term trade figures but rather control of and access to advanced technologies. This means that the conflict – with all of its repercussions – will be with us for some time.
- All of these uncertainties mean that the global transaction market now

ker economic conditions.

- The Swedish economy is also slowing down. Export markets are cooling as a consequence of the trade war and the downturn in Europe. At home, households have become more pessimistic, due to both the stock market trend and a weak property market, and this will likely restrain consumption.
- A temporary oversupply of housing will suppress property prices and construction for some time yet. Lower construction volumes will put the brakes on GDP and employment.

Streaming is big business

Mannheimer Swartling was one of Spotify's advisers when the company was listed on the New York Stock Exchange in an extraordinary transaction.

The Opening Bell of the New York Stock Exchange rings on Wall Street on Tuesday, 3 April. Following years of rumours and speculation, the time has finally come for music service Spotify's shares to commence trading on the exchange. Spotify's stock market listing is special in many respects. First and foremost because it is so large, at least by Swedish standards. The last time a Swedish company of such magnitude was launched on the stock exchange was 18 years ago when semi-state-owned Telia was listed. If Telia's stock market launch was of national interest, then Spotify's is most certainly of international interest. At the time of listing, Spotify has over 3,000 employees in more than 20 countries. The pace of the company's development curve is also extraordinary. Founded in 2006 and launched to consumers in 2008, ten years later Spotify has annual sales

exceeding SEK 50 billion, and on 30 September 2018, it has 191 million active users, of whom 87 million are paying subscribers.

AN EXTRAORDINARY LISTING

Daniel Ek and Martin Lorentzon's creation has also made a name for itself for going its own way, regardless of the opinions of its industry peers, competitors and critics. The April 2018 listing is no exception. Spotify's legal team spearheaded by Peter Grandelius, contact Adam Green and Emil Boström at Mannheimer Swartling and explain that the company intends to implement a direct listing.

"Normally, a listing follows a formalized process that looks quite similar for all companies, regardless of their size and operations. But this was something new," says Emil Boström, lawyer and partner at Mannheimer Swartling.

Unlike most companies seeking to become listed on an exchange, Spotify chooses not to issue new shares that are then sold to the market by one or more investment banks. Nor do the existing shareholders offer to sell any shares through the transaction. This direct listing process is uncommon. The media speculates on the various reasons for this process being chosen. Peter Grandelius, Associate General Counsel and Head of Corporate Legal at Spotify, highlights some of the reasons behind the decision.





"We had no reason to dilute existing shareholders to raise money we didn't need, so the purpose of the listing was not to raise new capital through a new share issue. Instead, we wanted to offer liquidity to Spotify's shareholders and to kick off trading with equal access to all buyers and sellers. What's more, a decision was taken early on in the process that institutional investors should not receive a discount on Spotify shares, simply for acquiring large volumes. The same was to apply to everyone," says Peter Grandelius.

In theory, listing a company without an investment bank selling any shares is easy, but in practice it is far more complicated. Without an investment bank managing book building to balance supply and demand, it is difficult to accurately price a share. On Wall Street, there is considerable interest in the shares, but how many of Spotify's more than 1,000 existing shareholders will want to sell any of their shares in the listing?

ON CLOSING

Spotify's first day of trading approaches. Meanwhile, Emil Boström, Adam Green and the rest of the team at Mannheimer Swartling work intensively on the company's shareholder agreement, ownership structure and company descriptions, to name but a few of the items required for the listing.

When the New York Stock Exchange closes for the day on 3 April 2018, Spotify has clearly succeeded with everything it set out to accomplish. No dramatic changes of ownership have taken place, but the share is liquid and the value of the company has risen 13 percent to USD 26.5 billion. ■

A new owner in fintech

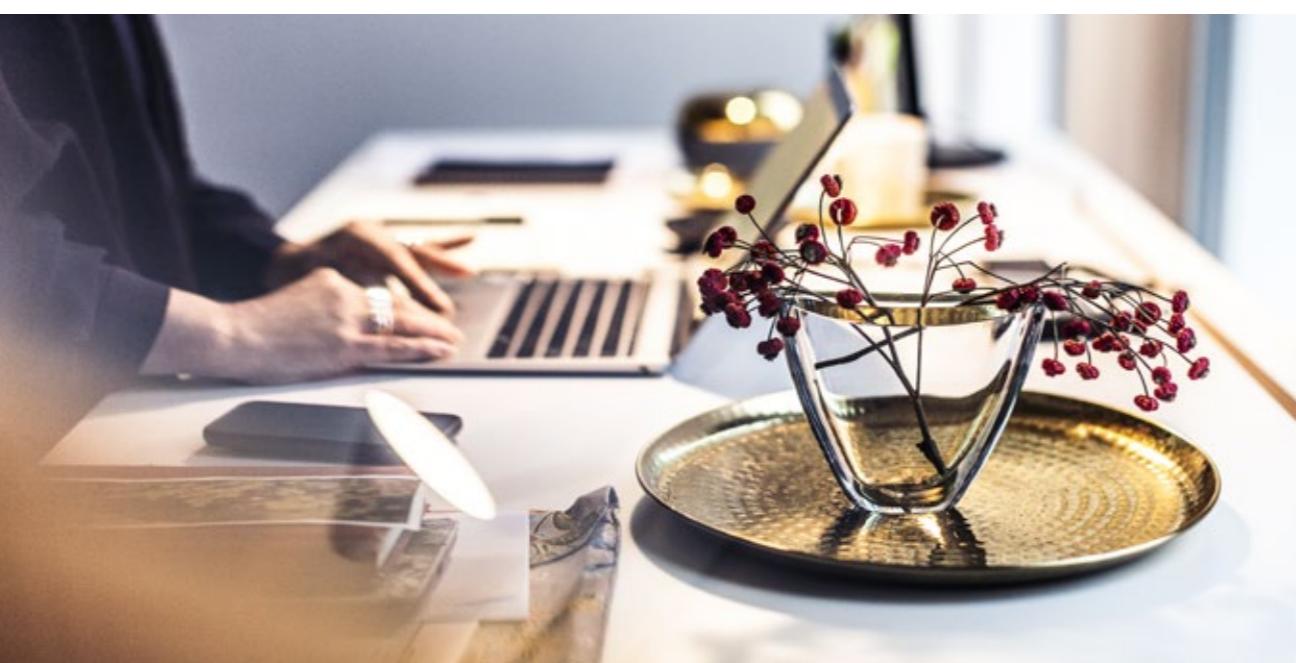
The firm acted as adviser when Internet payment company Trustly gained a new owner. The close collaboration of management and the legal team was a key ingredient in the transaction.

The concept of fintech was trending heavily in Swedish media at the end of 2018 – a steady stream of new loan and payment start-ups, finance sites lauding the latest hot Swedish fintech company, and big fintech deals announcing one after another. This was especially noticeable in the Swedish market, given Sweden has rapidly become a centre for start-ups operating in the interface between financial services and digital technology.

One of the big fintech deals of 2018 was Bridgepoint's sale of Trustly to Nordic Capital, with Mannheimer Swartling acting for the seller. Trustly was founded as a Stockholm start-up in 2008. Fast forward ten years and the company now operates in 29 markets and has more than 250 employees across six countries.

ONLINE SHOPPING TECHNOLOGY

Trustly's payment system is based on a model where money is drawn directly from a consumer's bank account, without passing through any intermediary.



In practice, this renders credit cards, payment cards, e-wallets and invoices redundant when buying goods and services online. Fast, smooth and secure.

Ten years ago, some were sceptical of this direct link to a consumer's bank account – not least certain banks and online sellers. Today is a different story. Trustly is growing at astonishing speed and has shown profits from day one. Sara Berg, Chief Legal Counsel and COO at Trustly, has witnessed the company's rapid growth since joining in 2012. Sara was there when Bridgepoint invested in Trustly in 2014 and so knew what awaited when the sale process commenced.

"Working at a company in the middle of a buy-out is a unique situation and not always straightforward. It is more important than ever to have a good adviser to steer the management team through the process," says Sara Berg.

Sara Berg and Charlotta Wikberg, Corporate lawyer at Trustly, worked intensively on the sale in the spring of 2018 – gathering data for the buyer's due diligence process and participating in Q&A sessions where the buyer posed questions of varying detail about Trustly's operations. For the employees of a target company, it is almost like taking on an extra job, in addition to the day job. The seller's legal team also works closely with the company being sold – in this case, Trustly. For this reason, Maria Holme, senior associate at Mannheimer

Swartling, worked closely with Sara Berg and Charlotta Wikberg throughout the process.

"Besides representing the seller in the negotiations with Nordic Capital, our task was to coach Trustly's management team in data collection and preparation for the Q&A sessions. What risks will the buyer's lawyers identify and what questions will they raise about those risks? It is important to maintain close cooperation with the target company in order to understand the legal issues the company has," says Maria Holme.

STRATEGY IN FOCUS

For a private equity-owned company, it is natural to be involved in a sale process from time to time, since private equity companies own their portfolio companies for a limited period before selling them on. During that period, a private equity investor seeks to contribute to the development of the company's operations with sector knowledge and by supporting that company's management team.

"Both our previous owner, Bridgepoint, and our new owner, Nordic Capital, have contributed greatly to Trustly. Bridgepoint helped us to build up the company and its operations, and now, as the company transitions into the next phase, we receive substantial input from our new owner, Nordic Capital, on strategic questions for the payments industry," says Charlotta Wikberg. ■

Stricter conditions for foreign investment

More industries and companies will be caught by the European Commission's new regime for foreign investment review. And there are strong indications that Sweden's traditional openness to foreign investment must now give way to a more restrictive approach.

Sweden has a long history of economic and political openness towards the outside world. As a small nation, where the technical manufacturing industry acts as an economic engine, we are entirely dependent on maintaining trade with the rest of Europe and the major economies of Asia and North America. The Swedish economy has also coped relatively well with the global transition to large cross-border flows of goods, services and capital. Swedish companies have expanded abroad and international players have set up in Sweden. It has been easy for foreign companies both to establish subsidiaries and acquire companies in the Swedish market.

DIRECT IMPACT FOR MANY COMPANIES

Much now suggests, however, that Swedish openness to foreign investment may well be reined in. The reasons being a harsher international trading climate – largely between the US and China but affecting the rest of the world – and also technological development, where the attraction of an acquisition may be the access it provides to digital data on private individuals, companies and public institutions. While there is substantial value in “big data” in the digitisation of operations, there is a risk that some information collected by companies is sensitive and can be abused. Both the US and EU are seeking to prevent this, which will have direct consequences for a large number of Swedish companies not previously subject to trade restrictions like export controls or investment reviews. In addition to Swedish ports, airports, power plants and the defence industry, important public services – such as energy, transport and healthcare – may be affected by new regulations for safety and public order. Such regulations will now be implemented partly at the EU level and partly at the Swedish national level.

“In certain sectors, cross-border mergers and acquisitions will be more difficult. It will take more time and stricter conditions will be applied by both national and foreign authorities,” says Carolina Dackö, partner at Mannheimer Swartling and international trade law expert.

During 2018, the US investment review mechanism, CFIUS, was strengthened with new categories and more resources, while the EU expended final efforts to adopt a new framework for foreign investment review. The Swedish system will need to be adapted accordingly in order to make the required information disclosures to other EU countries and the EU Commission. Sweden may also adopt its own controls. Countries such as Germany, Italy and France have been at the forefront in establishing clear investment controls to protect operations of national security concern.

TECHNOLOGY WORTH PROTECTING

The new regulations will lead to tighter controls as to which Swedish companies may be acquired by foreign

stakeholders and which foreign investors may buy into Swedish companies. A key issue is determining which technology warrants national protection.

“In Sweden, we have previously only had restrictions for companies active in the defence industry and certain infrastructure sectors, but the international trend is moving towards a substantially broader ambit. The boundaries for what is to be considered as nationally protected technology are subject to interpretation,” says Erica Wikin Häger, partner at Mannheimer Swartling and expert on questions of privacy and data protection.

Erica identifies a number of industries that may be subject to stricter data control. Companies with operations in fintech, healthcare and social media are among those that can expect stricter regulatory requirements.

In the US, CFIUS, which is considered a precursor in this area, now covers broad categories of critical infrastructure, critical technology and sensitive personal data. The common denominator here is technical systems



or digital data that could pose a threat to the personal integrity of the individual or the basic democratic principles of society. Technological developments, with digital footprints, the Internet of Things and web-based services, create almost endless opportunities to map individuals. Erica Wikin Häger and Carolina Dackö both take the view that the firm's clients have much to gain from being proactive rather than reactive.

Personal data and “big data” are often a central part of our clients' business operations, and can even be crucial to their development – but it is necessary to take a critical stance and review how sensitive information is handled. Operations of this kind may be considered worthy of particular protection. In the event that a potential foreign buyer of the operations has connections to a foreign state, the acquisition may be considered especially risky from a national security perspective.

A MATTER OF RIGHTS

Emma Ihre, Head of Sustainability at Mannheimer Swartling, takes the view that issues of critical infrastructure, privacy and personal data are, by extension, a matter of human rights. Companies must assume greater responsibility – for suppliers and customers, as well as for the information they collect and share with third parties. But issues concerning critical infrastructure, personal integrity and foreign interests often prove challenging to handle for a company's management.

How, then, will companies be affected by the stricter regime for national security and foreign investment review? First and foremost, companies will have to consider whether their operations fall into those categories classed as sensitive under the Swedish and EU regulations. Such questions are likely to arise during contract negotiations with customers or suppliers, or from enquiries received from public authorities. The due diligence process in corporate acquisitions will be expanded with an additional stage. A company subject to a takeover bid from a foreign company will have to account for how it handles cyber security, privacy protection and critical infrastructure.

“Investment review, or rather – a company's own assessment followed by any required approval or imposition of conditions by public authorities – will become a critical stage in certain acquisitions. Several new regulations are being established in this area. In Sweden, legislation has been proposed that would introduce a form of approval for transfers of security-sensitive operations. It is essential to monitor developments and get prepared for the new regulations – both in Sweden and the EU – without delay”, insists Carolina Dackö. ■

Wind power – one of the fastest-growing energy sources

Mannheimer Swartling has played an important role in the development of the Swedish wind power industry – an investment market currently demonstrating a significant level of activity.

Governments, authorities and intergovernmental institutions are in intensive discussions as to how to speed up the global transition to renewable energy production and how to work together to reduce greenhouse gas emissions. Meanwhile, the business sector is in an intensive phase of expansion to utilise green energy sources. China leads the list of investors in renewable energy by a wide margin, accounting for almost half of the world's total capacity increase in 2018.

HIGH INVESTMENT DEMAND

Alongside countries such as Germany and Australia, the Nordic countries have doubled their investment in renewable energy. In Sweden, this is particularly evident in wind power.

"There is substantial demand right now for investment in wind parks. Interest from international investors has increased significantly over the past three years, resulting in a high level of business activity, and we

are seeing rapid development in this niche transaction market," says Johan Ljungberg, partner at Mannheimer Swartling.

The Swedish Wind Energy Association reports that recent investment is beating all previous records. In 2017 and 2018 alone, investment totalled some SEK 34 billion in new wind turbines, power lines and other wind park-related infrastructure. Wind power truly is a high-growth industry in Sweden.

In November 2018, one of the industry's largest transactions was completed when German energy giant E.ON sold 80 percent of the Nysäter wind power project to Credit Suisse Energy Infrastructure Partners (CSEIP). The transaction involves an investment of SEK 5.1 billion, comprising 144 turbines with a combined capacity of 475 megawatts. Nysäter, which is located 30 kilometres north-west of Sundsvall in northern Sweden, is scheduled for completion in 2021 and will be one of Europe's largest wind parks. In the negotiations with CSEIP, E.ON was represented by Per Åsbrink from Mannheimer Swartling's Mergers and Acquisitions practice group, who headed the firm's team, alongside Therese Strömsholm from the Environment group and Andreas Zettergren from the Banking and Finance group.

"Transactions of this kind have become increasingly complex"

"Transactions of this kind have become increasingly complex. This is largely because the projects on the market nowadays are substantially bigger and often structured as joint ventures with several owners. Moreover, experienced international players are ever more active in the Swedish wind power market," says Per Åsbrink, partner at Mannheimer Swartling.

"It is impressive to now deliver this unique project from the development phase into construction. The great collaboration with the different external stakeholders, between others Mannheimer Swartling as E.ON's legal advisor, and our team was a key success factor and enabled us to succeed with this complex transaction" says Katja Bartsch-Wünschel, Director Onshore Wind Europe of E.ON Climate & Renewables.

In recent years, Per Åsbrink and his colleagues have noticed a new category of players entering the Swedish energy market. Major pension institutions, insurance companies and investment funds have either bought

into ongoing wind power projects or have taken over wind parks already in operation. Other energy-related investments include the acquisition of energy companies, city grids and similar infrastructure, biogas plants, etcetera. Their investment horizon is long-term, based on the relatively low risk of this asset class, together with stable cash flows and the fairly predictable ability to generate a return on invested capital. In a world of record low interest rates, where it is difficult to gain a return on capital, a wind park in northern Sweden is clearly regarded as a stable investment which delivers a relatively good return.

"Wind power is an industry of the future, characterised by substantial optimism."

"These investors are risk-averse and operate in an international arena. They only invest when they can be sure of a long-term deal and are not really concerned with whether the asset is located in Sweden, Norway or Finland. This means that we are now handling transactions for investors acquiring a portfolio of assets located in several different jurisdictions," says Johan Ljungberg.

AN INDUSTRY OF THE FUTURE

The growth of listed wind power companies is further evidence of how hot the industry is. While the Stockholm Stock Exchange as a whole declined by 7.5 percent in 2018, wind power companies Arise and Eolus Wind rose by almost 35 percent and 54 percent, respectively.

Mannheimer Swartling has come to play an important role in this expansive and investment-driven industry. This is partly because the firm offers cutting-edge legal advice and is highly experienced in energy and natural resources, and partly because the firm's full-service concept – with more than 25 different practice groups and industry sectors – is ideally suited to these kinds of complex multi-faceted investment projects. Legal matters arising in a new wind park involve more than just mergers and acquisitions, and typically also include environmental, real estate, construction, tax and financing laws.

"Our experience in major energy projects, combined with our competence in various practice groups, means that we are regarded as a 'one-stop shop' by the international players," says Andreas Zettergren, partner at Mannheimer Swartling.



Almost 30 lawyers across Mannheimer Swartling's various offices are involved in representing clients who either develop, sell or buy wind power parks. Assignments of such scope transcend our various offices and practice groups: our lawyers each have different skill sets but work together as a united team, tailored to the individual client.

"The fact that projects are often at the planning stage when we get involved adds to the complexity. The goal-posts are always moving but, this way, we have greater opportunity to influence the end result," says Andreas Zettergren.

Although wind power is an industry of the future, characterised by substantial optimism, the market is not entirely unregulated. In 2003, the Swedish Parliament resolved to stimulate the production of renewable electricity through market-based support system "electricity certificates". The system awards certificates to producers who use renewable electricity sources – biomass, biogas, wind, solar and certain types of hydro-power – based on the plant's output. Such producers can then sell these certificates to companies subject to quotas, such as electricity suppliers, electricity-intensive companies and companies that have themselves imported, produced or bought electricity on the Nordic Electricity Exchange. Electricity consumers pay in proportion to their consumption, while, in addition to selling electricity, producers of renewable electricity gain additional income from selling electricity certificates.

When little electricity is produced from renewable energy sources, the number of electricity certificates issued falls and their price increases. It is then more profitable to produce electricity from renewable energy



sources which, in turn, stimulates more producers to increase their production of renewable electricity.

MORE TRANSACTIONS EXPECTED

More wind parks in place mean more electricity certificates will be issued. Concerns have been raised that future excess supply could cause prices for electricity certificates to plummet.

"Electricity certificates and the income they generate were necessary for renewable energy producers to make their projects profitable. However, the negative trend in the value of electricity certificates over time has made the expected value of the certificates less and less important for new investment decisions," explains Therese Strömshed, partner at Mannheimer Swartling.

In December 2018, the Swedish Energy Agency presented "Control Station 2019". The Agency proposed that no new facilities be admitted to the electricity certificate system after 31 December 2030 – a "stop mechanism" similar to the one already in place in Norway. The mechanism proposed by the Agency has not yet been enacted into law.

Notwithstanding any new regulations that might affect the industry, we can already see that 2019 will be another year for several major wind power transactions, both in terms of new projects and wind parks that are already operational. ■

Wind power projects in 2018 – some highlights

Mannheimer Swartling participated in most major wind power transactions in Sweden in 2018, including:

- E.ON's sale of 80 percent of the 475 MW wind power project in Nysäter to a fund managed by Credit Suisse.
- Vattenfall's sale of 70 percent of the 353 MW wind power project in Blakaliden/Fäboberget to Vestas and PKA.
- Eolus Vind's sale of the Kräktorpet and Nylandsbergen wind parks, with a total output of 232 MW to Aquila Capital.
- The acquisition by Renewables Infrastructure Group Limited (TRIG) of 75 percent of the 229 MW Erstråsk wind power project from Enercon.
- Financing of the Storflötten and Länsterhöjden wind power projects with a total output of 235 MW.

Some highlights from 2018

Last year, Mannheimer Swartling acted as adviser in several of the largest transactions and business law procedures in Sweden.

- Mannheimer Swartling represented Stora Enso in its negotiations with the other shareholders of Bergvik Skog. The transaction involved a complex restructuring whereby Stora Enso gained direct ownership of forest assets – safeguarding its supply of raw materials for the long term.
- Mannheimer Swartling represented Söderberg & Partners, opposite the Swedish Competition Authority, at the Swedish Supreme Court. The ruling obliged the Swedish Competition Authority to review its procedures for executing dawn raids.
- In addition to the extensive arbitration for the Kingdom of Jordan, Mannheimer Swartling also advised in international contract disputes with Serbian, Russian and Belarussian parties, among others, in 2018.
- Mannheimer Swartling advised the Board of Directors of the Capio healthcare group when Ramsay Générale de Santé submitted a takeover bid.
- The firm represented Nordic Capital when Mars Petcare acquired all of the shares in the veterinary healthcare group AniCura.
- The firm successfully represented Nasdaq at the Swedish Patent and Market Court in a dispute against the Swedish Competition Authority involving Sweden's most extensive investigation of alleged abuse of a dominant position to date (under appeal).
- Mannheimer Swartling advised when Fortum, Jämtkraft, Mälarenergi, Skellefteå Kraft, Statkraft, Tekniska verken i Linköping, Uniper and Vattenfall established the jointly-owned company Vattenkraftens Miljöfond. The joint venture will invest SEK 10 billion to improve environmental quality in the Swedish hydropower industry.
- During 2018, the firm was involved in several major contracting and infrastructure disputes. These included a major dispute with a contracting company in the Gothenburg District Court, in which the firm represented Region Västra Götaland.
- The firm acted as adviser in five of Sweden's ten largest property transactions in 2018. Among others, the firm represented Starwood Capital and Scius Partners, which divested an extensive property portfolio to Hemfosa.
- The firm represented Northvolt in its establishment of the state-of-the-art research and production facility Northvolt Labs in Västerås, as well as in connection with equity investments and loan financing.
- Mannheimer Swartling represented the Swedish central government in the "Sweden negotiation", in which the central government entered into agreements with a number of municipalities and regions as part of preparations for a high-speed rail network between Stockholm, Gothenburg and Malmö.
- The firm represented the City of Stockholm in the public procurement of the city's shared IT infrastructure, which is to be provided by Tieto Sweden.
- Stockholm County Council plans extensive expansion and upgrades to its metro network. The Land and Environment Court, part of Nacka District Court, has issued a ruling on the first of the three planned routes – the county council was represented by Mannheimer Swartling for the permit assessment.
- Mannheimer Swartling assisted Göteborg Energi in the company's procurement of new, service-based system support. The contract was awarded to Tieto Sweden.
- Mannheimer Swartling represented Axel Johnson International and GISAB Gällivare Industriservice in the reopening of the Tapuliuoma mine.
- Ahlsell's Board of Directors engaged the firm as adviser in connection with CVC Capital's public bid (via Quimper) for Ahlsell.
- The firm was the Russian law adviser when Summa Equity acquired Finnish medtech company HyTest. HyTest is based in Turku, Finland but also has operations in Moscow.
- Mannheimer Swartling was adviser when AAK established a Swedish MTN program for SEK 4 billion and issued a bond loan of SEK 1.1 billion.
- Preem sold its gas division, with two environmentally adapted oil refineries, to Kosan Gas. Mannheimer Swartling represented Preem in the transaction.
- The firm acted as adviser to Alfa Laval when the company sold its district heating and cooling operations with employees in Sweden, France, Russia, the Czech Republic, Finland, the UK and Slovakia to NIBE.
- The firm represented Oskarshamns Kraftgrupp and Barsebäcks Kraft in connection with permit approvals for the dismantling and demolition of nuclear reactors at the Oskarshamn and Barsebäck nuclear power plants.



- Pharmaceutical company Sobi acquired the rights to the Synagis and MEDI8897 preparations from competitor AstraZeneca for SEK 13.4 billion. Sobi was represented by Mannheimer Swartling.
- Mannheimer Swartling was adviser to SKF when the company sold its linear motion and actuation operations to private equity firm Triton for SEK 2.75 billion.
- KPMG sold its wage administration and accounting operations, with approximately 300 employees, to Aspia. In the transaction, KPMG was represented by Mannheimer Swartling.
- The Board of Directors of Nordax Bank engaged Mannheimer Swartling as legal adviser in the public bid launched by Nordic Capital and Sampo, through jointly-owned NDX Intressenter, for the equivalent of SEK 6.6 billion for all the shares in Nordax Bank.
- The firm successfully represented Boliden in a prominent case at Skellefteå District Court, when a large group of foreign plaintiffs presented claims (under appeal).
- Mannheimer Swartling was adviser to Saab in its approx. SEK 6 billion rights issue. ■

Our view on sustainability

Agenda 2030 and the UN's Global Goals have placed sustainability high on the agenda on a widespread scale. Identifying and managing strategic business opportunities and risks in this area are of increasing importance to the business sector and to society as a whole.

We recognised, at an early stage, the value of incorporating strategic sustainability advice into our core practice of high-quality business law advice. We are convinced that we can contribute to positive development in society through a business model where sustainability is an integral element. This is partly achieved through our legal advice, but also partly by promoting sustainability both internally within the firm and more widely in society.

The firm's sustainability work focuses on three areas that – in the long term – benefit not only our clients and society, but also our own business. We seek to create value for our clients, live by the principles we advocate by employing internal sustainability efforts, and continue to provide focussed and value-building pro bono work.

The firm's three core values – team spirit, quality and business focus – permeate everything we do. What particularly distinguishes our strong corporate culture is our Pure Lockstep model, whereby clients benefit from the combined expertise of the whole firm.

MANNHEIMER SWARTLING AND THE UN'S GLOBAL GOALS

Ever since its introduction, the UN Agenda 2030 – and its 17 Global Goals – have been high on the agendas of governments and companies worldwide. This is true for our clients and the firm too.

We take into account the UN's Global Goals in the various parts of our strategic sustainability work. Providing advice on those Global Goals which affect our clients' business naturally accounts for a large portion of this work. Internally, we work actively to increase diversity and reduce our environmental impact. In the community, we contribute through our pro bono projects. Taking our own business and the legal industry as a starting point, we have identified four goals where we have a particular ability to make a difference.

- Goal 5 Gender Equality, where we focus on equality and diversity – a strategically important issue that we have been promoting for several years within the structure of our own business, but also through our various pro bono partnerships.
- Goal 13 Climate Action, where we focus on reducing the firm's negative environmental impact by, for example, climate-smart business travel and supplier deliveries, sustainable purchasing of goods and services, and waste reduction.
- Goal 16 Peace, Justice and Strong Institutions, where we focus on promoting the rule of law. In 2018, the firm was engaged in issues such as fair taxation and cronyism, as well as the liberties and rights of the individual.
- Goal 17 Partnership for the Goals, where we focus on cooperation and partnership with others to exchange knowledge and expertise. We continued to be proactive throughout the year and facilitated several important discussions between relevant stakeholders.

THE SUSTAINABILITY ISSUES WE FACE

Integrating sustainability matters into our advice creates more than long-term value for only our clients. When we advise on risk management and business opportunities concerning the environment and anti-corruption, for example, we are also contributing to positive social development. At the same time, being a reputable adviser also requires awareness of the risks and oppor-

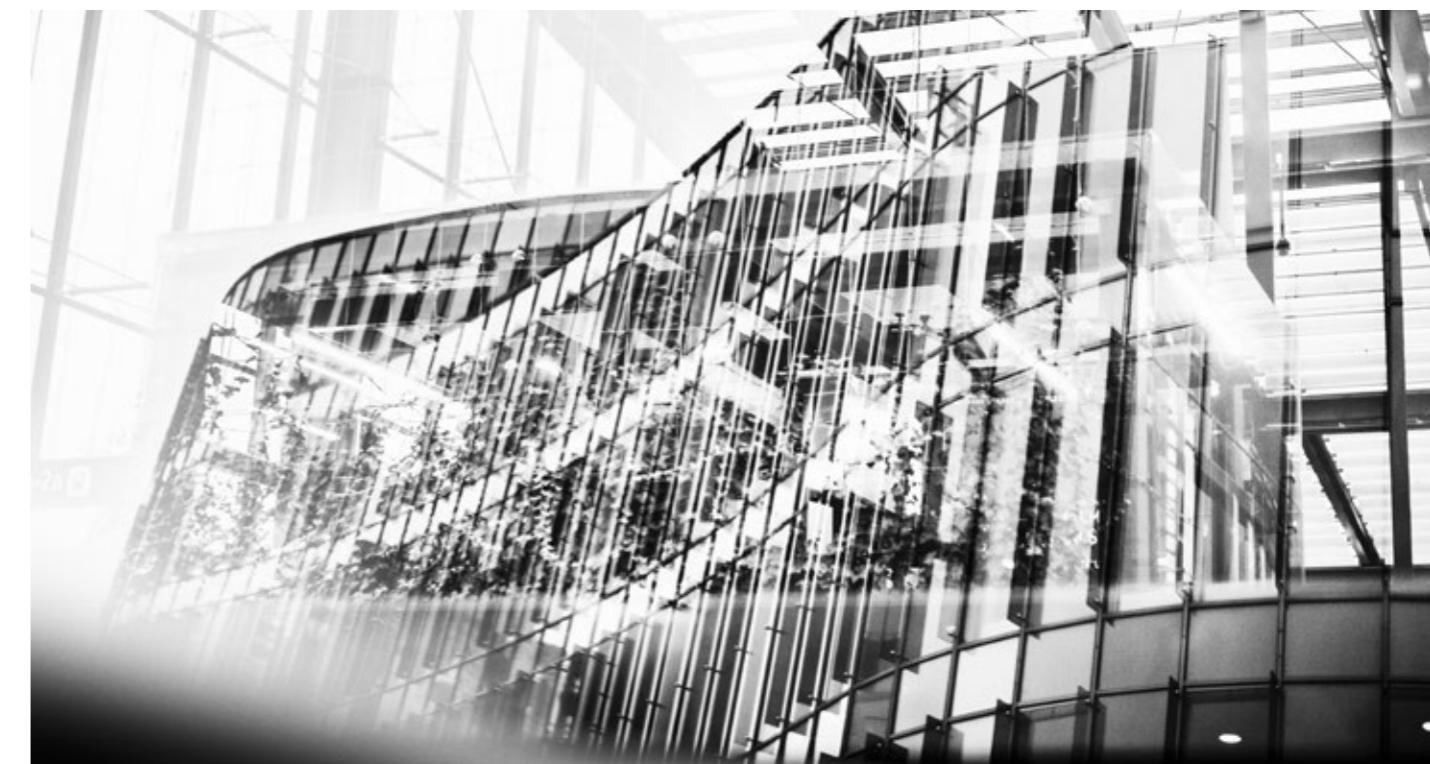
"We take into account the UN's Global Goals in the various parts of our strategic sustainability work."

tunities to be identified within our own organisation and we therefore actively pursue questions on diversity, the workplace environment, regulatory compliance and business ethics.

Against this background, we maintain ongoing dialogue with key stakeholders as a natural part of our business. In 2018, discussions continued to feature issues of gender equality and diversity, business ethics, regulatory compliance and anti-money laundering.

The sustainability issues most significant for us, and which also correspond to a number of our key sustainability risks, are of a long-term nature and comprise:

- Further developing our sustainability advice.
- Promoting increased diversity, a more even workload and better work-life balance among staff.
- Further reducing the firm's negative environmental impact.
- Further developing procedures on anti-money laundering, GDPR and data security.
- Strategic development of our pro bono efforts. ■



Business strategy

Rapid societal changes in the form of globalisation, digitisation and geopolitical uncertainty demand proactivity from commercial advisers. Clients are increasingly turning to their legal advisers on matters of business strategy – with sustainability being one of the themes.

Guidance on sustainability has formed a natural part of Mannheimer Swartling's advice for a number of years now. By systematically integrating sustainability into our legal and business strategy services, we help our clients both to become aware of risks and to adequately manage them, while identifying and fostering business opportunities. It is through our value-creating service to clients that we are most able to contribute to positive social development.

CREATING LONG-TERM VALUE

Providing clients with advice and support on business law-related sustainability issues forms a cornerstone of our strategic sustainability efforts. We help clients to comply with applicable regulations and manage risks and business opportunities based on the four main areas of the UN Global Compact: human rights, labour, the environment and anti-corruption.

Our service combines regulatory compliance with overarching strategic advice on sustainability, including compliance with international guidelines and frameworks, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN's Guiding Principles on Business and Human Rights, the 17 Sustainable Development Goals and industry-specific guidelines. This integrated approach enables

"Providing clients with advice and support on business law-related sustainability issues forms a cornerstone of our strategic sustainability efforts."

our clients to ensure compliance, manage risks, meet stakeholder expectations, generate value in the long term and to act in line with their own values. Moreover, the firm's international presence allows us to advise clients on how they should operate across important, and often complex, markets.

A MEETING PLACE FOR KNOWLEDGE SHARING

In 2018, we continued to develop our Corporate Sustainability and Risk Management group, while also integrating sustainability advice into all practice groups. We arranged a number of seminars and roundtable discussions for clients and other stakeholders on areas such as the rule of law and taxation, and led a seminar on the profit-making objectives of companies, in light of the international shareholder value debate. ■



EMMA IHRE, HEAD OF SUSTAINABILITY

Understanding the world around us

"Understanding how international events impact a company's value chain, and the risks and opportunities they present, is becoming increasingly important. This applies in particular to matters of human rights, working conditions, the environment, business ethics and corruption. It also applies to our clients, and to the firm," says Emma Ihre, Head of Sustainability at Mannheimer Swartling.

Historically, Swedish companies have a long tradition of conducting business abroad, and we are seeing an increasing internationalisation of the Swedish business sector. Wherever Swedish companies operate, Mannheimer Swartling is there to assist. An element of the firm's service is to monitor events abroad of importance to our clients and which affect their business.

Emma continues:

"We are present in markets of strategic importance to our clients, both through our own offices and through partnerships with other leading law



sustainability issues in their legal advice and within their own organisations."

Emma explains:

"We had the pleasure of meeting Zia Mody – of Indian law firm AZB and one of India's most renowned lawyers

"We maintain an international presence in various ways, interacting with different stakeholders."

firms. We maintain an international presence in various ways, interacting with different stakeholders. In this way, we continuously develop our services to generate the greatest possible value for our clients.

One country in which Swedish companies are expanding and increasing their rate of investment is India. Mannheimer Swartling has represented clients in this market for many years. In 2018, the firm collaborated with the two largest law firms in India to better understand how they work with

– when she visited Sweden in 2018. Zia shared her views on the law profession and spoke of her experiences as a woman in a male-dominated environment.

We later visited AZB to discuss the efforts of the Indian and Swedish business sectors on sustainability and how we as law firms can help companies become part of the solution rather than the problem. AZB also described its own efforts to increase diversity and contribute to society.

Mannheimer Swartling also participated in a study trip to India at the

invitation of the Swedish Embassy in New Delhi. We spoke with a number of major Swedish companies with operations in India, and also with local businesses. During a visit to Jaipur, we met a number of suppliers to Reva Home – a Swedish company which cooperates closely with local craftsmen in manufacturing organic bedding using 100-percent certified cotton. The purpose of the visit was to improve our understanding of the challenges our clients face in their efforts to implement their supply chain codes of conduct, and how we can best support them.

Practising what we preach

Keeping sustainability issues high on the agenda in our own organisation is a prerequisite to maintaining our credibility as advisers in this area. Our internal sustainability practices must reflect the firm's values and safeguard our ability to attract and retain the best employees.

It is essential for us to live by the principles we advocate – to “practise what we preach”. Our internal sustainability efforts form another pillar of our sustainability strategy. Over the year, we systematised and integrated our internal efforts into the framework of the three focus areas: organisation and employees, ethics and regulatory compliance, and the environment.

Organisation and employees

The commitment, expertise and experience of our employees are crucial factors behind the success of our legal service and our continuous development. We prioritise attracting the best employees and fostering the right conditions for them to flourish.

As a knowledge-based company, we rely on the expertise of our employees. Understanding the shifting challenges and changes faced by our clients demands us to continuously develop our skillset. We achieve this by sustaining an organisation where knowledge sharing and collaboration are central. We offer opportunities for our employees to work abroad as well as client secondments. Our lawyers receive training on current affairs, with a clear focus on business law and related advisory services.

Fostering employee health and well-being through a more evenly distributed workload and a better work-life balance is another priority. In 2018, illness-related absence was 1.63 percent among women and 0.80 percent among men (compared with 2017, when the correspon-



ding figures were 1.66 and 0.43 percent respectively). Within the framework of our Professional Development Programme, several courses on the topic of the workplace environment were arranged over the year. These courses target all categories of personnel at the firm and aim to engender conditions for long-term success through increased efficiency and reduced stress.

A LEARNING ORGANISATION

In September, we held a firm-wide conference on the theme of sustainability and our role in society. The motivation here was to cultivate learning accessible to the whole firm and a collaborative view of how we can guide our clients and the firm towards a better future. To name a few highlights, external speakers – including Ola Rosling from Gapminder and representatives of the Norrsken Foundation and Klarity – examined the challenges and opportunities presented by AI, block-chain and machine learning.

Maintaining an inclusive culture where initiative, cooperation and knowledge sharing are encouraged is the responsibility of each partner and practice manager. This means that the daily dialogue between partners, managers and other staff throughout the firm is im-

portant. More structured meetings are conducted on a regular basis and include development appraisals and semi-annual discussions.

DIVERSITY AND EQUALITY

We strive to attract people from all different backgrounds to pursue their careers at Mannheimer Swartling. This is important to our clients, for society and for the firm's long-term development. Increasing the proportion of female partners is an issue of particularly high priority. Should we fail to increase the number of women in senior positions, we risk losing some of our attractiveness as a workplace and as an adviser in the long term. Diversity and gender equality are highlighted at several levels within the firm, including at Board meetings, partner meetings, development appraisals and in the firm's associate committee. Today, 17 percent of the firm's partners are women. Of the total number of employees appointed as partners between 2010 and 2019, 35 percent were women.

In recent years, additional measures have been taken to achieve more gender parity among partners, and these efforts continued in 2018. Above all, there has been considerable focus on individual leadership coaching.

We apply zero tolerance to all forms of discrimination – as is unequivocal in our Code of Conduct, our Equality Plan and our Work Environment Policy. In the wake of the #metoo and #medvilkenrätt movements among lawyers in Sweden, we conducted a full audit of equality at the firm, in order to instantiate the importance of appropriate behaviour, and a friendly, fair climate, for an inclusive workplace environment. The firm will continue working with this issue and a decision has been made to conduct a follow-up audit in 2019.

FUTURE STAR LAWYERS

As in all other years, recruiting skilled people was a priority in 2018. In early November, law students from all Swedish universities were invited to the Mannheimer Swartling Day, which had a clear sustainability theme. Topics for discussion included “impact entrepreneurship” – that is, entrepreneurship focussed on resolving global challenges and thereby contributing to sustainable social development. Business skills for the future were another theme, as well as how lawyers can contribute to a sustainable future. All of the firm's practice groups contributed and students also had the opportunity to meet representatives from the Norrsken Foundation and Eneo Solutions.

In 2018, we recruited more than 100 new employees in total, of whom just over 70 were lawyers.

The fact that Mannheimer Swartling is the most attractive law firm amongst Swedish law students was demonstrated yet again in 2018 with the firm also being voted as the most popular employer in the entire legal profession in Universum's FöretagsBarometern (The Company Barometer).

Ethics and regulatory compliance

Upholding good business ethics, and always acting in line with the firm's values and applicable laws and regulations, is a prerequisite to being able to retain our strong position as a business law adviser.

Business ethics and good legal practice are guiding principles in everything we do and form part of our social responsibility. This is reflected in the demands we set for ourselves, our clients and partnerships. Ethics and regulatory compliance call for monitoring and systematically



managing risks in the areas on which the firm advises, such as anti-money laundering and terrorist financing, legal ethics, sanctions, insider issues and anti-corruption. As in previous years, the firm held seminars tackling various topics, as well as online courses on anti-money laundering, anti-corruption and risk management. All employees are requested to participate in relevant courses every second year from the time they join the firm.

As a law firm, some of the greatest risks we face are in the areas of IT and data security. One reason for this is that our communications are subject to legal privilege, meaning that the information we handle on behalf of our clients must be treated as confidential.

SECURE HANDLING OF INFORMATION AND PERSONAL DATA

In 2018, we conducted a comprehensive review of our IT and data security and our information handling. To ensure a high level of security, we have implemented both organisational and technical improvements. Further efforts include expanding our continuity plans and improving our risk management processes and impact assessment. Employees have also completed interactive training to increase their awareness of cyber security.

Ensuring that personal data is properly managed and in accordance with GDPR is a high priority for the firm. Since the regulatory framework safeguards an individual's right to privacy, the processing of personal data

is more than just a matter of regulatory compliance – it is also a matter of human rights, and therefore an issue relevant to our sustainability work.

An extensive process was carried out to map and document the firm's handling of personal data. New internal policies, procedures and guidelines were developed to ensure our correct handling of personal data. Such efforts form a natural part of the firm's ongoing work on regulatory compliance.

An important element of this work has involved making all employees aware of the GDPR requirements and how the data protection principles should be applied in practice. This has been achieved through training and internal communications. All employees must understand how personal data should be handled in the day-to-day running of the firm, including when and how such data should be deleted and where to turn in the event of a personal data incident.

STRICT DEMANDS ON ETHICAL BEHAVIOUR

Our Code of Conduct outlines what we expect of our employees vis-à-vis others. The Code encompasses social issues, with an emphasis on human rights, working conditions, business ethics and the environment. Employees are to report violations to their immediate manager, while serious violations can be reported either to an immediate manager or by way of our whistleblowing system. No incidents were reported to the whistleblowing system in 2018.

We place the same high demands on our suppliers as we do on ourselves. During the year, we continued to build long-term, stable supplier relationships in a number of ways, including by ensuring that our suppliers are familiar with each of the GDPR requirements, our data security requirements and our Code of Conduct for Suppliers.

For this reason, we held a joint meeting with several of our most important suppliers, where we discussed the firm's strategic work with sustainability and our expectations as to their compliance with our Code of Conduct for Suppliers. In the interest of continued collaboration, we also took the opportunity to listen to our suppliers and understand their own experiences on this subject – something which we continue to revisit on an ongoing basis.

not only reducing our own environmental impact, but by demanding that our stakeholders also assume responsibility for the environment – and helping them to do so.

Mannheimer Swartling has employed environmental management systems continuously for the past ten years. The firm has been certified in accordance with international environmental management standard ISO 14001, since 2013, and ISO 14001:2015, since 2018. Such certification resulted from our clear management and division of responsibility in the related areas, plus living up to sustainable business requirements and applying a lifecycle perspective throughout our business.

We also updated our environmental policy during the year, after an analysis of the firm's energy consumption revealed that, thanks to the firm's efforts, this had reduced to such an extent as to no longer cause a negative environmental impact. We are now working hard to develop even stricter environmental targets and aim to communicate and report upon these by spring 2019.

MATERIALITY ANALYSIS – THE STARTING POINT

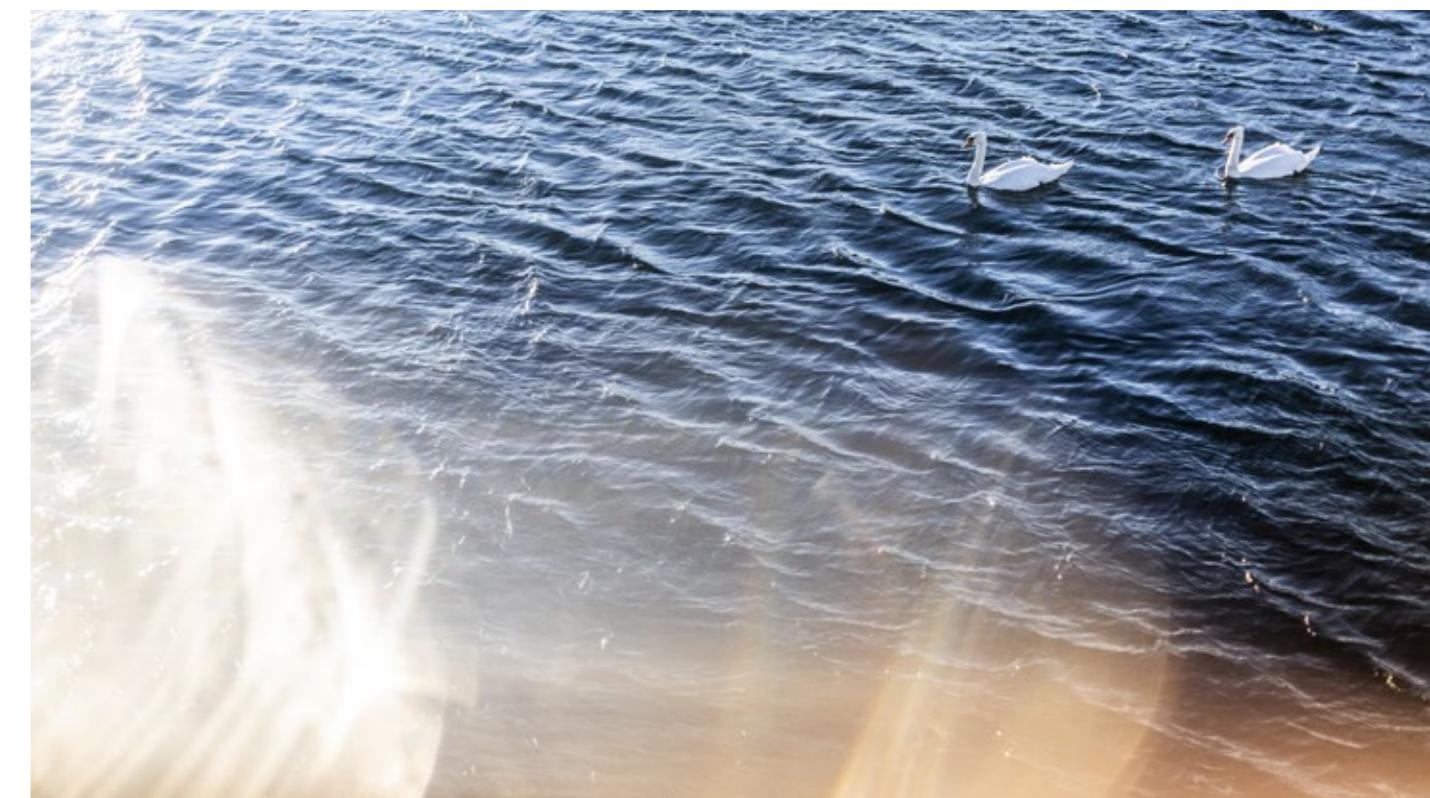
Environmental efforts are based on a materiality analysis and governance documents setting out targets and plans of action. Our purchasing procedures and Code of Conduct for Suppliers require us to place environmental conditions in our contracts with counterparties. This work is headed by the firm's environmental management



Environment

Continuing our efforts to reduce the firm's environmental impact is vital. Taking responsibility for the things we are able to influence remains a high priority – in order to contribute to lasting, sustainable social development.

For us, having a sustainable business model means setting an example and doing everything in our power to contribute to a better environment. This is achieved by



team, whose central task is to identify where the firm's negative environmental impact is greatest. We have identified this as transport and travel, purchasing of goods and services, and waste production.

The firm's 2017 environmental targets remained in focus during 2018. We work continuously to increase environmental awareness among our employees – particularly with regard to business travel and other transport. Supervision of the firm's purchasing is also important – and this should, as far as possible, be quality-assured for sustainability. The trend in favouring public transport for business travel looks encouraging for the long-term and, where possible, all the more employees are choosing to take the train over flying. As to the daily commute, we offer free bike servicing as a way of encouraging employees to bike to work.

ENVIRONMENTAL ENGAGEMENT

The environment is of utmost concern to us. Every day, we observe a strong and genuine environmental commitment amongst employees and the graduates we look to recruit. The firm has devised a number of key conditions for meeting our environmental objectives. Our restaurant and conference departments work continually to reduce the carbon footprint of the meals served. We also maintain ongoing dialogue with suppliers concerning food deliveries and work actively to reduce food waste.

It is imperative for us to reduce our carbon footprint as much as possible – and this is underscored to all employees and suppliers. ■

Mannheimer Swartling's environmental goals

Our overarching ambition is to reduce the firm's negative environmental impact. Our focus areas for 2017–2020 are:

- Climate-smart business travel and supplier transport
- Sustainable purchasing of goods and services
- Reduced waste
- Increased employee awareness of environmental matters

The document "Information on Mannheimer Swartling's sustainability reporting" presents more detailed data in these areas.

Mannheimer Swartling in the community

As a business law adviser, Mannheimer Swartling has both the responsibility and opportunity to influence and advance issues of importance not only to us and our clients but also to society. The firm's community commitments fall under the collective term **Mannheimer Swartling in the Community**, which represents the third pillar of our sustainability strategy.

Law firms play a specific role in society in safeguarding the rule of law. Mannheimer Swartling's greatest contribution to sustainable social development is through our advice to clients – but we do more than that. We cooperate at both local and global levels to have a constructive influence on the world around us. We join forces with industry colleagues and other community participants, including the Ministry of Foreign Affairs, the UN and NGOs, in order to be a positive force in the drive for sustainable development.

Our societal efforts take various forms. We initiate and facilitate debate on relevant topics, and we sit on boards of directors, on a pro bono basis, to share our legal knowledge and our commitment to human rights, working conditions, the environment and efforts to combat corruption.

A key component of Mannheimer Swartling in the Community is the firm's pro bono work, which is the

basis for several of our partner collaborations. In 2018, we continued to refine and strengthen these efforts.

In April, we invited representatives from our eight strategic pro bono partnerships to share knowledge and experiences on issues related to Codes of Conduct and whistleblowing. We explained the firm's Code of Conduct, which applies to all partnerships, and how it should be applied, and we updated this group on the latest whistleblowing and privacy legislation. We intend to organise similar meetings on an annual basis.

Strategic pro bono partnerships alert us to important social issues while engendering active social commitment within the firm. In 2018, voluntary efforts by employees enabled us to participate in the following projects:

- Centrum för rättvisa (Centre for Justice), a foundation that supports individuals in legal proceedings and participates in the debate on rights issues. The underlying tool is legal protection of the rights and freedoms stated in rules, statutes, the European Convention and EU law.
- The Norrsken Foundation, a non-profit foundation that supports and invests in organisations, both commercial and non-profit, that seek to resolve societal challenges through innovation and scalable technology.
- Race for the Baltic, a project aimed at restoring the environment in the Baltic Sea. By collaborating with coastal municipalities, organisations and the business community, the project seeks to stimulate collective action and political impetus.
- RAOUL, a charity foundation based in St. Petersburg which, through social support and job matching, helps young people from disadvantaged backgrounds to lead full independent adult lives.
- Smarta samtal, a foundation providing an arena for boundary-crossing discussion of social issues. The objective is to contribute to critical, independent thought, thereby fostering an open and democratic society.
- SOS Children's Villages, one of the world's largest charities, which provides healthcare and welfare services for children without parental care and families at risk.
- Öppet Hus (Open House), a non-profit association which promotes diversity by mentoring young adults to find employment or continue their studies. It also arranges workplace visits, CV preparation training and student guidance.
- UN Global Compact Sweden, the national network within the UN Global Compact – the world's largest business initiative for sustainability. ■





The firm in 2018

Mannheimer Swartling's objective is crystal clear – to provide the best business law advice in the market. We are convinced that cooperating with one another is the way to achieve this – the combined knowledge of the firm is to be available to each and every client.

In 2018, Mannheimer Swartling had a turnover of SEK 1.2 billion. However, we have never set any financial targets – nor will we ever do so. The crucial measure of success is not that we are the biggest, but that we provide the best service. Lawyers must always focus on the business needs and strategic challenges of their clients.

We are the only firm in Sweden to apply a Pure Lockstep model. This is a profit-sharing method where the firm's profits are shared equally between all partners, and compensation for all other lawyers is based solely on years of experience, completely independent of individual performance.

And we not only share our profits in this way – but our knowledge, experience, new ideas and approaches too. This model is therefore visible not only among partners, but rather permeates the atmosphere of the entire firm. We are proud of our corporate culture and cherish our core values – team spirit, quality and business focus.

A DYNAMIC ADVISER

Our corporate culture is a key factor behind our success both nationally and internationally.

In 2018, we were ranked number one in Sweden in the international rankings by Chambers, Who's Who and the International Financial Law Review, as well as in the national survey TNS Sifo Prospera.

The firm's services are led from eight offices in Sweden, Russia, China, the US and Belgium – five markets of strategic importance to our clients. We seek to be the obvious choice of partner when our clients step out into the wider world, while also continuing to assist them within the Nordic region.

One of Mannheimer Swartling's most distinguishing characteristics on the Swedish market is the truly high-end, full-service practice – with more than 25 industry sectors and practice groups – we cover virtually the entire spectrum of business law. The combined expertise of our staff means we handle everything from day-to-day commercial legal issues, to complex arbitration, cross-border acquisitions, or prolonged dealings with public authorities.

Although our expertise is organised into industry sectors and practice groups, it is not static. The teams of lawyers and support staff that we put together for each project are tailored to meet every individual client's demands and wishes – this is always our starting point.

RESPONDING WITH INNOVATION

We strive to continuously challenge our work processes and we invest heavily in innovation and new solutions.

Business law is going through a major digital transformation. The drive to be an efficient knowledge-based organisation is embedded in our DNA. Today, the process of streamlining and developing our service is headed by a dedicated team, with the involvement of the entire business and all employees. Digitisation forms a natural part of this process and is an opportunity to generate additional value for our clients. We have implemented a number of different systems and currently utilise both machine learning and AI in our day-to-day operations.

"We are proud of our corporate culture and cherish our core values – team spirit, quality and business focus."

→ An increasing share of routine legal work, such as drafting more straightforward contracts, can be done automatically. New technologies have streamlined our procedures – we can now deliver what was previously impossible. The digitisation of the legal profession has only just begun and we are working actively to remain at the absolute forefront.

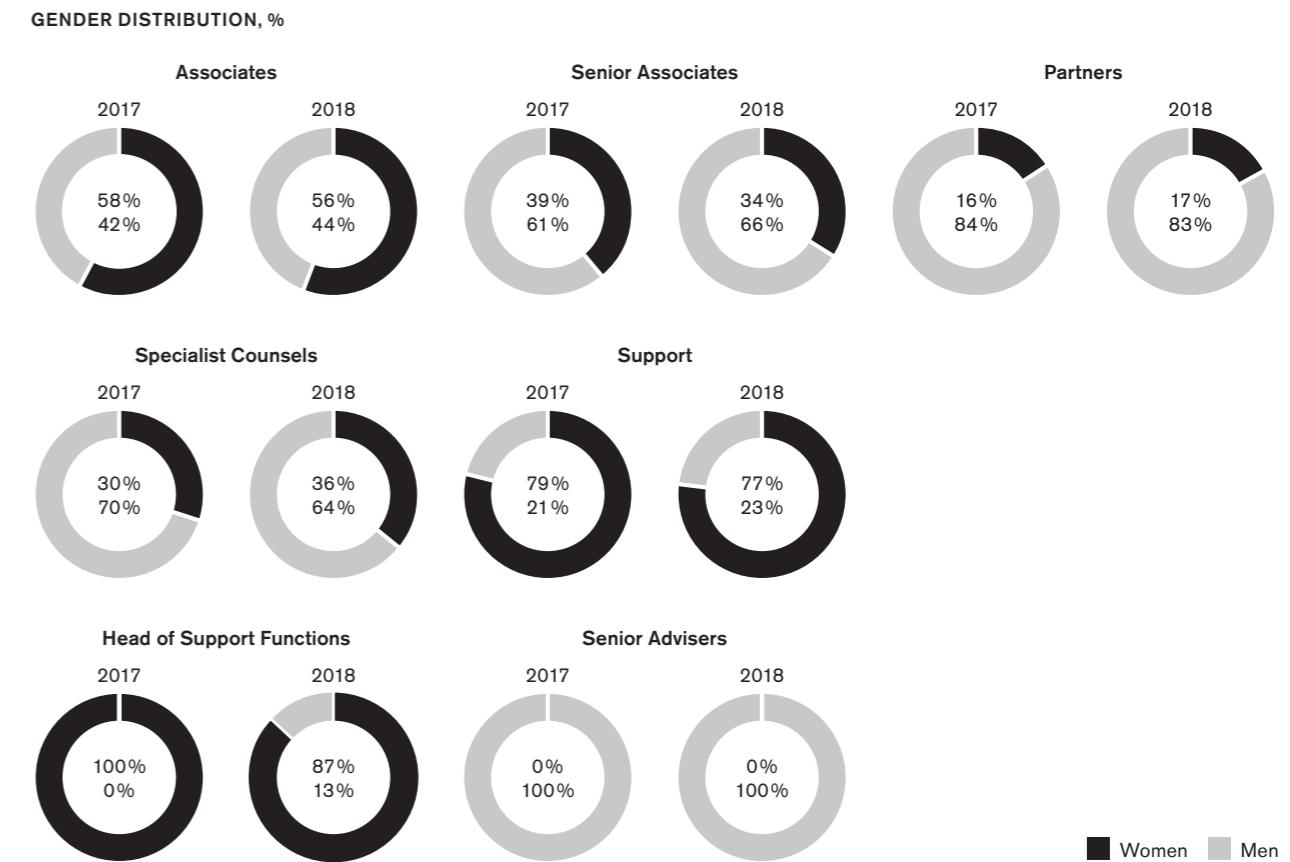
BEST IN THE INDUSTRY FOR 16 CONSECUTIVE YEARS

For 16 consecutive years, Mannheimer Swartling has been voted “best in the industry” among law firms in Universum’s “FöretagsBarometern” (The Company Barometer). Our position was further cemented in the 2018 barometer, where Sweden’s law students voted us as the most attractive employer across the whole legal sector, not just across law firms, when asked who would be their future dream employer.

We work hard to recruit and retain the most talented individuals, among both our lawyers and various support functions. But of course it is only natural that many talented employees come and go over the years. Our goal is that both those who stay, as well as those who move on in their careers, should consider their time with us to be stimulating, educational and defined by job satisfaction and camaraderie.

DIVERSITY IN FOCUS

One issue that is very high on our agenda is achieving a better balance between our male and female partners. Although we appointed two female and three male partners in 2018, only 14 of the firm’s 81 partners, as of 1 January 2019, were women. At the same time, however, 53 percent of all employees are women. We are working actively to achieve more parity at the partner level, and we consider this a fundamental matter for the firm’s long-term survival.



As a knowledge-based business, we are, without question, entirely dependent on the expertise of our staff. We must be able to attract, recruit and retain talented people to continue to deliver the highest quality of legal advice.

All of our employees, regardless of gender or ethnicity, should feel welcome and enjoy equal opportunities to develop in their profession and as individuals. This, taken together, is perhaps the most crucial matter for the firm. ■

A selection of awards

SWEDISH LAW FIRM OF THE YEAR
Chambers Europe Awards for Excellence, 2009, 2011, 2012, 2015, 2016 and 2018.

MOST POPULAR LAW FIRM AMONG SWEDISH LAW STUDENTS
Universum (FöretagsBarometern), 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018.

SWEDISH LAW FIRM OF THE YEAR
IFLR; International Financial Law Review, 2005, 2006, 2007, 2008, 2010, 2012, 2015, 2016 and 2018.

LAW FIRM OF THE YEAR, SWEDEN
Who's Who Legal Awards, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2017 and 2018.

TOP-RANKED IN "OVERALL PERFORMANCE" IN SWEDEN
TNS Sifo Prospera Tier 1 Law Firm Review Sweden, 2013, 2014, 2015, 2016, 2017 and 2018.

MOST POPULAR LEGAL EMPLOYER AMONG SWEDISH LAW STUDENTS
Universum (FöretagsBarometern), 2018.

The business

PRACTICE GROUPS AND INDUSTRY SECTORS

Employment and Pensions
 Banking and Finance
 Corporate Commercial
 Corporate Sustainability and Risk Management
 Energy and Natural Resources
 EU and Competition
 Real Estate
 Financial Institutions
 Funds and Investments
 Automotive
 Corporate Taxation
 Mergers and Acquisitions
 Insurance
 Health Care and Life Sciences
 Intellectual Property, Marketing and Media
 Infrastructure and Construction
 Technology
 Asset Management and Financial Regulation
 Media and Entertainment
 Environment
 Public Procurement
 Private Equity
 Public M&A and Equity Capital Markets
 Restructuring and Insolvency
 Shipping and Transportation
 Dispute Resolution

OFFICES

Brussels	Moscow
Gothenburg	New York
Hong Kong	Shanghai
Malmö	Stockholm

OPERATIONS IN FIGURES, 2018

	Number
Employees	550
of whom, lawyers	400
of whom, partners	78
Turnover, SEK billion	1.2



Board of Directors

JESPER PRYTZ
Born 1970. Partner, Member of the Board since 2016.

PETER LINDEROTH
Born 1962. Partner, Member of the Board since 2015.

EVA HÄGG
Born 1959. Partner, Member of the Board 2003–2007 and since 2016.

JAN DERNESTAM
Born 1969. Partner, Member of the Board since 2009, Managing Partner since 2011.

KLAS WENNSTRÖM
Born 1965. Partner, Member of the Board 2005–2009 and 2015, Chairman of the Board since 2016.





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**MANNHEIMER
SWARTLING**

