

CSR REPORT 2018

It is all about delivery. Digital Bureaucracy



Democracy is based on bureaucracy

Democracy is build on trust and
trust comes with delivery.

Bureaucracy makes it happen



Letter from CEO

We help government organisations build trust and sustainable societies through digital transformation. From paper based to digital bureaucracy.

Not only does government digitization enable higher efficiency, higher quality and better service delivery, it is also the foundation for creating accountable and transparent institutions. Trust is the very foundation of a healthy democracy. Citizens trust and measure governments based on how efficient, transparent and fair the service delivery that they encounter is. Governmental digitization is, therefore, essential for our future society.

The past year for cBrain has been characterised by exploring new markets, optimising operational activities and continuous product development. All these activities have contributed to our goal of helping more governmental institutions harvest the benefits of digitizing their processes. 2018 was the year where we committed ourselves to the UN Global Compact. This commitment has helped us formalise what we perceive as responsible business practice and how our business contributes positively towards a sustainable development.

Our commitment to conduct responsible business means that we act ethically, transparently and with integrity, in line with the Ten Principles of The UN Global Compact, and contribute towards the UN Sustainable Development Goals (SDG's). In all our activities, we aim to reduce the negative and increase the positive impacts we have on people, societies and the environment. As we are not able to take responsibility for all the problems that our societies are facing, we have chosen to be highly focused in our efforts to make a positive impact. We have chosen a focus in line with our key competencies and strategic goals to make sure that we are able to execute.

This report represents our way of taking responsibility and is an expression of how we work to make a difference.

I am delighted to present our 2018 CSR report that serves as our Communication of Progress report for The UN Global Compact as well as the formal reporting following The Danish Financial Statements Act §99a.

Per Tejs Knudsen, CEO

Our business model

Digitization offers great potential for growth, prosperity, peace and justice, for societies that engage in a transformation towards becoming digitized.

In cBrain, we look upon government as a shared service, owned by all of us. We want governments to optimize their usage of their given resources, operating with increasing efficiency, transparency, and fairness to

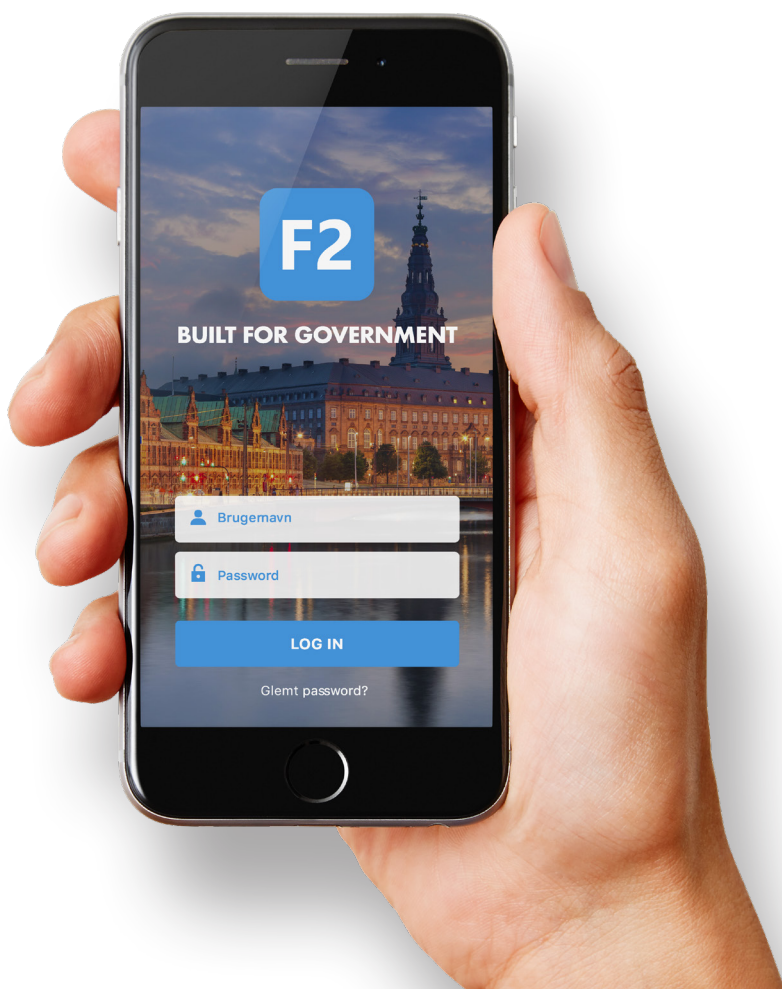
We believe government work is still based on the fundamental principles of the bureaucracy.

deliver citizen services. To enable this, we support civil servants with modern tools for them to enjoy the best possible working environment. We believe government work is still based on the fundamental principles of the bureaucracy. However, governments are now transforming themselves from being paper based to digital bureaucracies. This has a dramatic impact on all aspects of work from service definition to delivery, work routines and organization. National standards and public-private partnership have been fundamental for the Danish public sector success with digital solutions. The first national digitization initiative, released in 1996, pointed towards standards for case processing and data control to increase governmental work quality and efficiency.

In close collaboration with Danish government organisations, we have developed a formalised model for digital bureaucracy as well as a fully standardised digital platform for governmental work.

The platform represents a new type of standard software for digital government, called F2, which supports paperless internal work processes and fully digitized citizen services end-to-end as well as collaboration between governmental entities. Today F2 is deployed by more than 50 public organizations, all running on the exact same software platform. More than half of all departments, including Prime Minister's Office, Ministry of Foreign Affairs and Ministry of Finance, run F2 in a highly effective, accountable and transparent production environment, where ministers and senior executives can work paperless and fully mobile.

Implementation based on standard software, combined with a strong and coherent model for digital bureaucracy, offers fast and low risk deployments. Within a few months, organizations can transform into fully digital working environments, supporting all work including case pro-



cessing, formal and informal communication, knowledge sharing, compliance, and records management.

The first public sector organisations in UK and Germany are now running standard F2, demonstrating government re-use of standards across borders and we are establishing ourselves internationally, including, for example, in the United Arab Emirates.

With our F2 model and software as well as supporting implementation methods, we offer government organisations a fast track and best practice based approach to transform into digital bureaucracy.

We started our journey towards digital bureaucracy in 2005 and have through public-private partnerships helped the Danish government to digitize.

In 2018, UN ranked Denmark the #1 country in the global E-government survey.

We now seek to offer our products and best practice knowledge, based on our long term and well-proven Danish experiences, for governments across the world as they are all facing the exact same challenge:

Transforming themselves quickly and efficiently from paper based to digital bureaucracies for the benefit of our future societies, peace and justice.

The lesson learned with Danish government is that standards dramatically accelerate governmental digitization, while delivering measurable effects:

50 governmental organisations, running standard software, minimises software investments as government organisations now share maintenance and development.

It is unusual for employees to admit happiness and only few months after going live, 62% of users in the Ministry of Transport were satisfied with the ability to find documents and files (up from 12%), 81% were satisfied with knowledge sharing (up from 7%), while 37% state higher job satisfaction.

By re-using the F2 standard, the Danish State Administration reduced total costs of operations by 30%, increased employee satisfaction from 62% to 91%, and received the digitization award for best citizen services in 2017.

Our SDG commitment



SDG 16

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

Our mission

Our mission is to help governments transform from being paper-based bureaucracies to digitised working environments, and thereby contribute to creating efficient, accountable and transparent public institutions. This allows institutions to deliver quality citizen-centric services as work processes are defined with incorporated control mechanisms, all activities performed are accounted for, and responsibilities are clearly delegated. The transformation towards a digitized democracy is, thus, a core part of working towards the United Nations Sustainable Development Goals (SDGs), as it will help institutions take action towards meeting the goals effectively.

After having assessed our mission and main activities in relation to the SDGs, it is clear to us that SDG 16 is at the core of our corporate strategy. SDG 16 focuses on developing “effective, accountable and transparent institutions at all levels” and it is, therefore, directly in line with our mission of digitising institutions to increase efficiency, accountability and transparency for the benefit of creating peaceful and inclusive societies.

Where do we come from and where do we go next?

In 2018, Denmark ranked as #1 on the UN E-Government survey. The basis of this success is the creation of national standards of digital solutions and public-private partnerships for the development of software and implementation. The first Danish national digitisation initiative, released in 1996, pointed

towards standards for case processing and data control to increase government work quality and efficiency. Based on this work, we have continuously developed a formalised model and new type standard software for digital government, called F2, which supports paperless internal work, fully end-to-end digitized citizen services as well as collaboration between government entities.

Today, F2 is deployed by more than 50 public organisations in Denmark, all running on the same software. More than half of all departments, including Prime Minister's Office, Ministry of Foreign Affairs and Ministry of Finance, run F2 in a highly effective, accountable and transparent production environment, where ministers and senior executives can work paperless and fully mobile. The first government organisations in UK and Germany are now running standard F2, demonstrating government re-use of standards across borders.

The power of a standardised software built for government gives public institutions the opportunity to transform quickly, with a lower risk of failure than if the software were to be developed from scratch. A standardised software allows public institutions to transform themselves to digital working environments that have the potential of creating higher levels of efficiency, accountability and transparency. This has a positive effect on the population's satisfaction with the public sector, consequently fostering trust to governmental institutions. SDG 16 expresses the need for this change, and we will be working to help as many governmental institutions as possible to transform.

Using digitisation to help families through a through time

NATIONAL DIGITISATION AWARD FOR BEST CITIZEN SERVICE



When a family is split up because of a divorce, it is important for the whole family that the process goes as quickly and smoothly as possible. The Danish State Administration deals with these cases and is determined to deliver the best possible solution.

However, as their resources are constrained, they must be highly efficient to deliver high quality services at low costs. To optimise the process of a divorce and increase the quality of the service delivery we engaged with the State Administration to re-design the process and develop a new digital service. This new digital service now offers citizens a more efficient end-to-end solution, resulting in increased satisfaction rates, while reducing the internal costs associated with the process of divorces by approx. 50%. The digital solution received, in 2017, the digitisation award for best citizen services in Denmark.

Responsible business

At cBrain we do our utmost to be trustworthy, responsible and ambitious in all business activities that we undertake.

Integrity is essential if we want to make a positive impact on the world. This part of the report, therefore, assesses how we conduct responsible business.

For us, the very basis of conducting responsible business is to comply with all applicable national and international laws. Further, it is important for us to contribute positively to both our internal and external environments beyond what is required from us by law. Our policies, which are based on the UN Ten Principles and cBrain's core values, reflect this responsibility. To make sure that we continue to be ambitious we have established a SDG committee with dedicated resources led by the CEO and monitored by the CFO. The board of cBrain will oversee the activities of this committee to ensure that cBrain continues to act responsibly and pursue a business strategy, which is in line with the goal of SDG 16.

Our policies to ensure responsible business

The Ten Principles of the UN Global Compact offers guidelines for how companies can conduct responsible business. The principles are split into four sub-areas, which are human rights, labour rights, environment, and anti-corruption.

We have incorporated these sub-areas into our way of doing business and this is reflected on the next page.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

HUMAN RIGHTS

Risks

We strongly believe that diversity contributes to ensuring quality and innovation in all of our activities. The company has almost doubled its size measured in headcount in 2 years, and we acknowledge that this demands a strong leadership and management focus to strengthen and promote diversity in relation to gender, ethnicity and cultural differences. We will, therefore, work to incorporate high levels of diversity in our operations.

As our products are dealing with citizens' data it is important that we focus on protecting these individuals from having their data misused or leaked to third parties. This risk is central for our operations, as public institutions need to be able to trust our products and services. To ensure quality we allocate substantial resources to product development.

Policy

cBrain fully supports and respects all parts of The Universal Declaration of Human Rights. This means that all internal, external, direct and indirect activities performed by cBrain must be in alignment with the declaration.

cBrain acts in line with The Universal Declaration of Human Rights and, therefore, treats all stakeholders fairly and does not engage in any discriminatory behaviour.

cBrain will only engage with suppliers who comply with The Universal Declaration of Human Rights.

ANTI-CORRUPTION

Risks

We are working to help governmental institutions deliver value to their citizens. It is, therefore, important that we have high standards for how to act with integrity. Since 2012, Denmark has ranked as either number one or two on the Corruption Perceptions Index performed by Transparency International. This means that we operate within a context where the threat of corruption is at its lowest. However, it does not mean that we should underestimate the importance of ensuring that we are not complicit in any forms of corruption.

As we expand our activities to new markets, we are operating within new contexts and cultures, where we can't automatically expect the same level of high standard, and thus, we need to be aware and continuously take measures to ensure our integrity.

Policy

We distance ourselves in all of our activities from any form of corruption. We will not be complicit in either direct or indirect corruption.

We will not be involved in bribery or any other form of activities that will unfairly benefit us or any other actors.

We do not perform activities that undermine market competition.

We do not perform aggressive tax calculations or use transfer pricing to avoid paying taxes in any country.

LABOUR RIGHTS

Risks

Our point of departure is Denmark, where legal requirements for employee rights are high and the cultural context both values and demands fair treatment. This means that all of our activities and internal processes are designed to fulfil these requirements and expectations. The cultural context has enabled us to adopt a value-based leadership style, which empowers our employees to act independently. Furthermore, we mainly hire highly educated personnel and this means that we need to offer competitive pay, benefits and working conditions to be able to attract the talent that we need to deliver high quality services and products.

The main risk concerning labour rights is that we fail to uphold our high standards when we hire personnel or engage with external stakeholders outside of Denmark's borders. The level of this risk will increase as we continue to explore new geographical markets in line with our business strategy. Up until now, we have had very few employees and partners operating abroad, but we expect that this number will increase significantly in the coming years.

Policy

cBrain will neither directly or indirectly be complicit in treatment of labour which is not in line with principle 3, 4, 5 and 6 of The Ten Principles of the UN Global Compact.

We commit ourselves to give our employees the best possible working conditions by continuously evaluating work processes and following industry trends for employee benefits.

We are actively working towards promoting a culture in cBrain that embraces a healthy balance between work and private life. We believe that we are only able to develop and deliver innovative products of high quality if all our employees are motivated.

To create a culture of creativity and innovation, all employees must feel confident in raising their ideas and concerns. We have, therefore, adopted a flat company structure where it is the quality of the argument rather than the title of the position that counts.

ENVIRONMENT

Risks

Our risk of effecting the environment negatively is relatively low due to the nature of our products and services. Digitisation limits paper usage in work processes and our products, therefore, contribute to a positive development in reducing resource consumption.

Policy

We commit ourselves to having the minimum possible impact on the environment. In all of our business activities the environmental impact of our actions should be recognised and minimised.

In cBrain we support a precautionary approach to environmental challenges. We do not conduct cost-saving initiatives which compromise environmental responsibility.

We are raising awareness about environmental challenges through committing our suppliers to act in line with principles 7, 8 and 9 of The Ten Principles of the UN Global Compact.

We are committed to delivering a product of high quality that creates transparent and accountable organisations. This is the very basis of ensuring an environmental development, since without transparency or accountability no actors can be held responsible for their actions.



Sustainable society building

In cBrain we believe that by supplementing the focus of the UN Ten Principles with the concept of Sustainable Society Building we contribute with a more holistic perspective of being socially responsible. With the term “Sustainable Society Building” we refer to actions which indirectly contribute to sustainable development through bringing environmental, social and/or economic value for society as a whole.

We incorporate Society Building in our way of taking corporate social responsibility through an educational focus. Education benefits society as it increases the intellectual level of the population and, thereby, has the potential of raising living standards, creating environmental awareness and decreasing discrimination. Our educational activities are linked to sharing knowledge, providing professional advice and educating individuals within our field of expertise.

Through pro bono knowledge sharing, professional advice and by active contribution to industrial, professional and non-profit organisations, we are influencing the direction of governmental institutions and the norms and standards of our industry. By acting responsibly, we contribute to a path of sustainable development.

We incorporate Society Building in our way of taking corporate social responsibility through an educational focus.

Through the education of individuals, we are increasing the level of competences within digitalisation of the workforce. We, thereby, create better circumstances for society to take on the challenge of digitalisation.

Initiatives and goals

2018

2019

ACTING RESPONSIBLE

Human rights
Labour rights
Environment
Anti-corruption

We have developed a Code of Conduct to ensure that all employees have clear guidelines detailing how to act responsibly.

To ensure that we as a company act responsibly in relation to all our stakeholders we developed a number of policies:

- Suppliers Code of Conduct
- Alcohol Policy
- Bribery and Anti-Corruption Code
- Environmental Policy
- Non-Discrimination Policy
- Global Health Policy
- Fair Labour Practices
- Human Rights Policy

Implementation of the Code of Conduct

Implementation of the different policies and codes

ENVIRONMENTAL CARE

Environment

To stay competitive we need to update our electronic equipment continuously. To avoid the consequences that disposal has on the environment we have donated all functioning equipment to Fair Denmark. This organisation distributes the equipment to groups of people who would otherwise not have had access to such resources, making sure that the equipment continues to create value.

To reduce the negative effect that our transportation has on the environment we will give our employees the opportunity to use electrical bikes free of charge when there are traveling within working hours.

EMPLOYMENT CONDITIONS

Labour rights
Human rights

To make sure our employees are offered benefits that match the industry standards we reviewed and increased the benefits we offer employees going on paternity leave.

We conducted an Engagement Survey to investigate the well-being of our employees. The survey showed that about 70% of our employees are very satisfied with their job and have a strong preference for continuing their commitment to cBrain.

Once again, we participated in the 5 km run "DHL Stafetten" in September 2018.

We will use considerable resources on the development of our introduction programme for new employees. This is to ensure that all employees are aware of what is expected of them and have a good understanding for how to act appropriately.

We will develop an employee handbook, which should provide employees with all the necessary information they need to act in line with our values and regulations.

To ensure the wellbeing of our employees we will from 2019 start offering free vaccination against influenza.

SDG AWARENESS INITIATIVES

SDG's

As 2018 has the year where we positioned ourselves in relation to the SDG's we need to make sure that our whole organisation understands how we as a company contributes to a sustainable development and which responsibilities we take upon us to act responsibly. We will do so by creating internal educational and informative initiatives.

PROTECTION OF CUSTOMER RIGHTS

Human rights

To make sure we are trustworthy and are treating all stakeholders according to the Universal Declaration of Human Rights we have implemented ISO 2701. This secures all the data that we manage and our stakeholders can therefore trust us to handle their sensitive data.

KNOWLEDGE SHARING

Sustainable Society
Building

By offering student jobs and internships, we are contributing towards educating the future workforce.

We continuously contribute to our surrounding society with events, talks, lectures, articles and book publishing to share our knowledge and learnings of digitalisation. One example is that our CEO arranged and executed the side event Supporting e-Government Partnerships for Delivering on the SDGs in connection with the UN General Assembly 73 in September 2018.

Active participation in advisory boards to ensure that educational institutions educate students within relevant fields of expertise. We participate in advisory boards at University of Copenhagen, Copenhagen Business School, IT University of Copenhagen and Technical University of Copenhagen.

Development of norms and standards within digitalisation through political work and knowledge sharing.

We will continue to take active participation in advisory boards.

Internal assessment based on the ESG Standards

ESG STANDARD

RESULT

REFERENCES

ENVIRONMENT (E)

E1	Direct & Indirect GhG Emission	-	
E2	Carbon Intensity	-	
E3	Direct & Indirect Energy Consumption	-	
E4	Energy Intensity	-	
E5	Primary Energy Source	-	
E6	Renewable Energy Intensity	-	
E7	Water Management	-	
E8	Waste Management	-	
E9	Environmental Policy	Yes	www.cbrain.com/about/csr/policies
E10	Environmental Impacts	No	

SOCIAL (S)

S1	CEO Pay Ratio	5,02	
S2	Gender Pay Ratio	1,48	
S3	Employee Turnover Ratio	19%	
S4	Gender Diversity	34%	
S5	Temporary Worker Ratio	22%	
S6	Non-Discrimination Policy	Yes	www.cbrain.com/about/csr/policies
S7	Injury Rate	0%	
S8	Global Health Policy	Yes	www.cbrain.com/about/csr/policies
S9	Child & Forced Labour Policy	Yes	www.cbrain.com/about/csr/policies (see Fair Labour Practices Policy)
S10	Human Rights Policy	Yes	www.cbrain.com/about/csr/policies
S11	Human Rights Violations	Filed: 0 Addressed: 0 Resolved: 0	
S12	Board – Diversity	Independent: 60% Women: 0%	

CORPORATE GOVERNANCE (G)

G1	Board – Separation of Power	CEO: Yes Chairman: Yes Lead Committee: Yes Audit Committee: No	www.cbrain.dk/investor/vedtaegter www.cbrain.dk/investor/revisionsudvalg
G2	Board – Transparent Practices	Yes	www.cbrain.dk/investor/corporate-governance/2018
G3	Incentivized Pay	No	
G4	Fair Labour Practices	Yes	www.cbrain.com/about/csr/policies
G5	Suppliers Code of Conduct	No	
G6	Ethics Code of Conduct	Yes	www.cbrain.com/about/csr
G7	Bribery/Anti-Corruption Code	Yes	www.cbrain.com/about/csr/policies
G8	Tax Transparency	Yes	www.cbrain.com/about/csr/policies (see Anti-corruption and Bribery Policy)
G9	Sustainability Report	Yes	This report is our sustainability report of 2018
G10	Other Framework Disclosures	Yes	The UNGC framework is reflected in this report
G11	External Validation Assurance	No	www.cbrain.com/about/csr



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Customers

Prime Minister's Office
Ministry for Children and Social Affairs
Ministry for Ecclesiastical Affairs
Ministry for Economic Affairs and the Interior
Ministry of Employment
Ministry of Energy, Utilities and Climate
Ministry of Environment and Food
Ministry of Finance
Ministry of Foreign Affairs of Denmark
Ministry of Higher Education and Science
Ministry of Immigration and Integration
Ministry of Taxation
Ministry of Transport, Building and Housing
Accident Investigation Board Denmark
Agency for Digitisation
Agency for Governmental IT Services
Agency for Labour Market and Recruitment
Agency for Modernisation

Danish Agency for International Recruitment and Integration
Danish Business Authority
Danish Energy Agency
Danish Customs and Tax Authority
Danish Maritime Authority
Danish Meteorological Institute
Danish State Administration
IT University of Copenhagen
Rail Denmark
Roskilde University
The Danish Agency of Government IT Services
The Ombudsman for Greenland
The Ombudsman for the Faroe Islands
State of Greenland
Vestforsyning Water and Heating
University of Bristol