

P R Y D S

Statsautoriseret revisionsfirma

Business for Social Responsibility Nordic ApS

CVR 34 88 27 62

Vester Voldgade 6-8, 2th
1552 København V

Annual Report 2017

Erhvervsstyrelsen

The Annual Report has been approved at the annual
shareholders meeting
Copenhagen, May 31st 2018

Dirigent: Advokat Lars Lokdam

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Statement by the Board of Executive

Today the Board of Directors and the Board of Executives discussed and approved the Annual Report of Business for Social Responsibility Nordic ApS for the financial year January 1st – December 31st 2017.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the Company's financial position at December 31st 2017 and of the result of the Company's operations for the financial year year January 1st – December 31st 2017.

The Managements Review contains, in our opinion, a fair statement about the conditions the review contains.

We recommend approval of the annual report at the annual general meeting.

Copenhagen, May 31st 2018

Board of Executives:

Peder Michael Anker Pruzan-Jørgensen

Board of Directors:

Michel Chaouki Zeitouny

Eric Ross Olson

Aron Cramer

Independent auditors' report

To the shareholders of Business for Social Responsibility Nordic ApS

Opinion

We have audited the Financial Statement of Business for Social Responsibility ApS for the financial year January 1st - December 31st 2017, which comprise income statement, balance sheet, statement of changes in equity and notes. The Financial Statement are prepared under the Danish Financial Statements Act.

In our opinion, the Financial Statement give a true and fair view of the financial position and of the results at December 31st 2017 in accordance with the Danish Financial Statements Act

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the company in accordance with the international Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Financial Statement

Management is responsible for the preparation of the Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of the Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the company’s ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from

fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As a part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting in preparing the Financial Statement and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statement, including the disclosures, and whether the Financial Statement represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within Company to express an opinion on the Financial Statement. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's Review

Management is responsible for Management's Review

Our opinion on the Financial Statement does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statement, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statement or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the Financial Statement and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of Management's Review.

Kongens Lyngby, May 31st 2018

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DK-2800 Kongens Lyngby

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Kristian Pryds

State Authorized Public Accountant

Mne 24819

Management's review

Principal activities

BSR is a global nonprofit organization that works with its network of more than 250 member companies and other partners to build a just and sustainable world. From our offices in Asia, Europe, and North America, we develop sustainable business strategies and solutions through membership, consulting, research, and cross-sector collaboration.

BSR's role is to catalyze change within business by integrating sustainability into strategy and operations, and to promote collaboration among companies and their stakeholders for systemic progress toward a just and sustainable world. We work with companies from the farm to the factory to the boardroom, and we work with large multinational companies, government agencies and private foundations as well as global and local stakeholders including from civil society.

Our work is focused on six topic areas including climate change, inclusive business, women's empowerment, human rights, supply chain and sustainability management.

Development and transformation

In 2017, BSR continued along a path of growth in the Nordic region experiencing growing interest from a variety of industry sectors. This also resulted in modest headcount growth.

Financial information

About DKK 2,5 mio. of the Intercompany debt owed by BSR Denmark to BSR USA is expected to be converted to share capital during spring 2018.

This decision is in recognition of BSR US's confidence in BSR Denmark's future performance and is in line with the group strategy.

Future expectations

We expect to continue to grow BSR's presence in the Nordic region including by increasing the number of staff operating out of the office in Copenhagen.

Events after the Reporting Period

No significant events, has occurred, since the end of fiscal year which could affect the financial situation of the company.

Financial statements January 1st - December 31st

Accounting policies

The annual report has been prepared in accordance with the provisions applying to reporting class B-enterprises under the Danish Financial Statements Act. The accounting policies used are consistent with those of last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

Foreign currency translation

Transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit

Revenue, cost of sales and external charges are aggregated into one item called gross profit which is in accordance with section 32 of the Danish Financial Statements Act.

The aggregation is made as the management is of the opinion that information on revenue and thereby gross margin will be detrimental to the company. Revenue from the sale of services is recognised in the income statement provided that transfer of risk to the buyer has taken place before year end. Revenue is measured ex. VAT, and taxes and less discounts granted in connection with the sale.

Cost of sales comprises costs incurred to generate revenue for the year. Other external charges comprise distribution costs, sale, advertisements, administration, premises, bad debt losses, etc.

Staff costs

Staff costs comprise wages and salaries, pensions, etc. for the company's employees, including Executive Board remuneration. Staff costs also comprise expenses attributable to the company's own development activities and are therefore recognised in the income statement as incurred.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies.

Tax on profit/loss for the year

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet**Fixed Assets**

Tangible assets, as other fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and adjustment due to impairment. Depreciation is provided over the estimated useful life which are estimated at 3-5 yrs. Scrap value is estimated at DKK 0.

Shares in Subsidiaries is measured at the lowest price of net cost and expected value if realized.

Other Financial assets, as deposits, are measured at cost less adjustment due to impairment.

Financial Assets

Investments in subsidiaries is accounted for in accordance with the Equity method.

Receivables

Receivables includes trade receivables and other receivables are measured at amortised cost. Write-down is made for bad debt losses.

Equity - dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules, e.g. regarding shares, can be applied to determine the tax base, deferred tax is measured based on the Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the income statement.

Liabilities other than provisions

Liabilities including debt to suppliers, affiliates and other payables are measured at amortized cost which usually corresponds to nominal value.

Profit and Loss statement

	Note	2017	2016
Gross profit/loss		6.427.688	4.820.041
Staff expenditure	1	-5.945.104	-4.981.794
Depreciation		-62.045	-48.949
Operating profit/loss		420.539	-210.702
Evaluation of subsidiaries		1.926	0
Financial income		0	6.123
Financial expenses		-69.606	-64.784
Profit/loss from ordinary activities before tax		352.859	-269.363
Tax on profit/loss from ordinary activities		-38.017	14.996
Profit/loss for the year		314.842	-254.367
Proposed distribution for the year			
Proposed Dividend		0	0
Retained Earnings		314.842	-254.367
		314.842	-254.367

Balance sheet as per December 31st

	Note	2017	2016
ASSETS			
Equipment and furniture		119.594	171.139
Tangible Assets		119.594	171.139
Shares in Subsidiaries		2.116.926	2.115.000
Deposits		154.434	154.434
Financial Assets		2.271.360	2.269.434
Fixed Assets		2.390.954	2.440.573
Trade receivables		337.996	300.782
Other receivables		3.628	36.906
Prepayments		220.492	71.276
Receivables		562.116	408.964
Cash at bank and in hand		3.528.286	4.880.121
Current Assets		4.084.279	5.289.085
TOTAL ASSETS		6.475.233	7.729.658
EQUITY AND LIABILITIES			
Share Capital		80.000	80.000
Retained Earnings		576.905	262.063
Proposed Dividend		0	0
Equity		656.905	342.063
Deferred tax		13.869	0
Provisions		13.869	0
Debt affiliates		4.388.918	6.405.289
Other liabilities		1.415.541	982.306
Short Termed Liabilities		5.804.459	7.387.595
TOTAL EQUITY AND LIABILITIES		6.475.233	7.729.658

Contingencies and Contractual obligations

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Notes

1 Staff expenses

	2017	2016
Wages and salaries	5.201.686	4.348.413
Pension	608.973	543.277
Other staff costs	134.445	90.104
	<u>5.945.104</u>	<u>4.981.794</u>
Number of Employees	<u>7</u>	<u>5</u>

2 Contingencies and Contractual obligations

The company has, except from house rent, no contingencies etc.