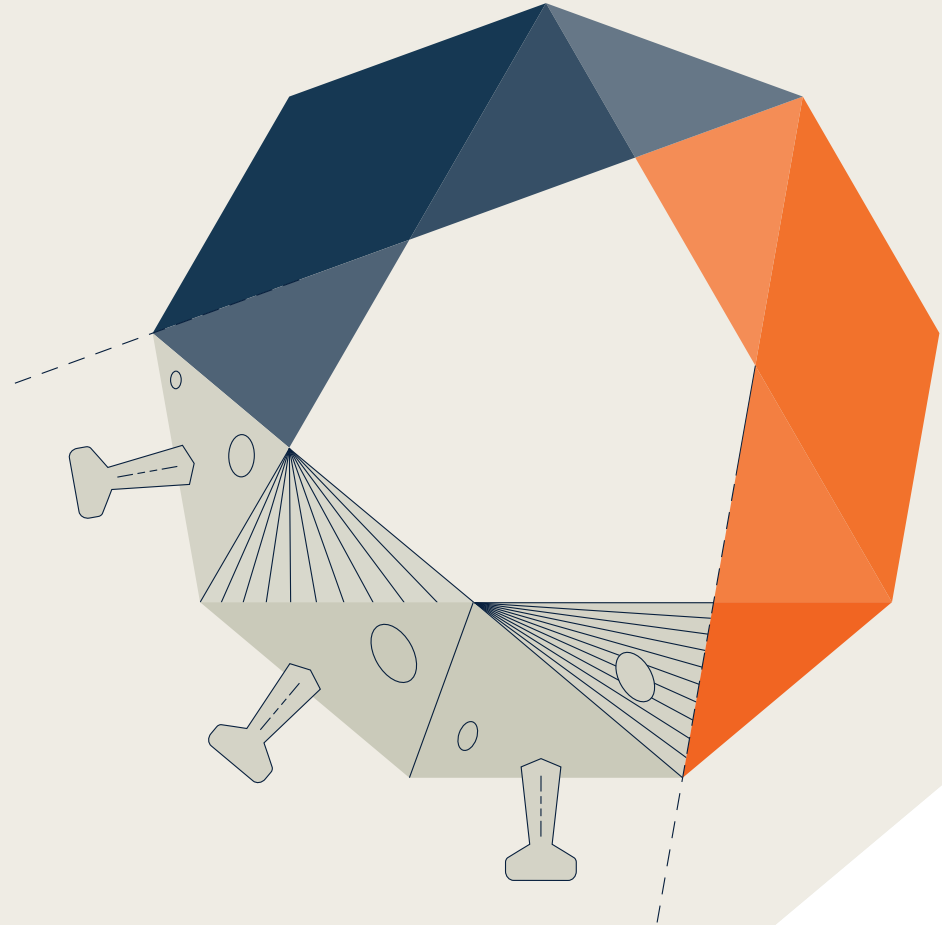


Noerr GC Top of Mind 2021

World in Pandemic & Beyond Chances, Trends and Transformation



Noerr

Preface

Since March 2020, the Covid-19 pandemic has fundamentally affected all aspects of economic and social life globally. Governments closed borders, universities, schools, shops, restaurants and enforced social distancing, generating a new normal for businesses and every individual. Measures and actions taken to protect public health presented a threat to the global economy, triggering in turn the requirement of economic stimulus by governments around the globe. Without warning, businesses were faced with a stress test on customer and supplier relations and some of them more generally on the bases of their business model.

Our objective was to better understand the dynamics, challenges and opportunities for businesses and their legal departments based on the valuable in-depth exchange. In numerous discussions, questions on how to deal with the short-term effects of the pandemic were combined with debates on the long-term effects and the new normal post pandemic. In many respects, the pandemic serves as a catalyst and boosts developments, such as digitalisation and new work arrangements, which had already been the agenda of more or less every corporation for quite some time. We discussed topics ranging from the future of business travel, new work and office design, the change of markets and business model transformation, impacts on investor and stakeholder management, potential effects on M&A transaction strategies, to bipolar world order, the importance of purpose and ESG, and the challenges of the role and responsibilities of legal departments. Our exchange with more than 100 clients resulted in an in-depth structured interview session with 30 selected corporates representing a diverse range of industries and sectors.

Responses to the various topics revealed fascinating insights on the status of internal considerations and discussions, including a more or less unanimous view on the long-term establishment of new hybrid work models, the end of business travel for two-hour meetings, the lack of the pandemic's impact on M&A strategies, the importance of the Chinese market (also short-term

with quicker recovery), while at the same time the impact on business model bases varied significantly between industries and sectors. Digitalisation, already at the top of the agenda for virtually all businesses, proved to be key. Further, it was interesting to see how the most recent trends and developments on purpose and ESG have accelerated. What resonates with us is the incredible pace of transition that businesses and their employees have shown in coping with the situation and the relevance of leadership in addressing those challenges combined with a strong sentiment that environmental issues will deeply effect the business world in the decades to come.

We are grateful for all the effort spent and support provided by our Noerr colleagues, which was key for the successful completion of this project. Further, we owe a great debt of gratitude to all clients involved in the discussions – off the beaten tracks – sharing very interesting insights and spending time on the project with us – one of the most valuable resources in these times. We are keen to continue the discussion as we emerge into a new normal in many respects.



Dr Natalie K. Daghles
Partner Corporate/M&A

natalie.daghles@noerr.com
T +49 211 49986157



Dr Harald Selzner
Partner Corporate/M&A

harald.selzner@noerr.com
T +49 211 49986155


THE NEW NORMAL

Continued remote work and less travel

Q (Questions):

- 1) When will 90% of your workforce return to their workplace?
- 2) When will business travel return to pre-pandemic level?

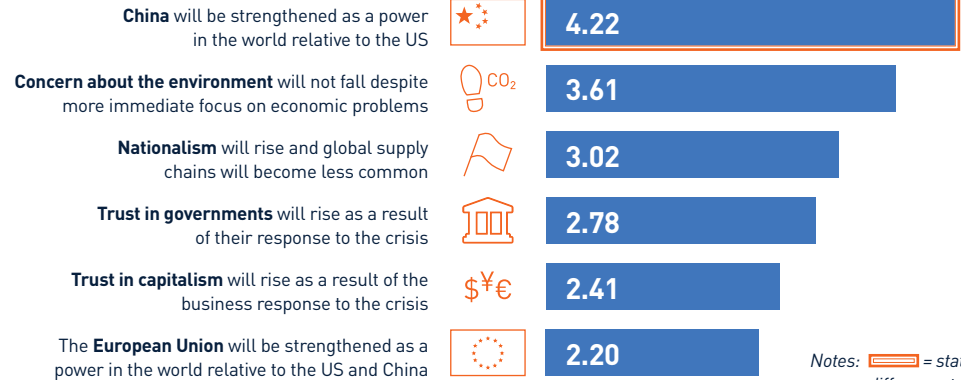
 **81%** say that **90% of their workforce will never return** full-time to their workplace


 **85%** say that business travel will **never return** to pre-pandemic level



China's increasing world power and continued concerns about the environment

Q: After the pandemic passes, how will the world have changed? (1 = strongly disagree; 5 = strongly agree)



Notes:  = statistically significant difference to other answer options

The Covid-19 crisis has essentially altered perspectives

Q: The single most important thing the crisis taught me? (open-ended question)



Top 4 categories




- 1 Awareness of unpredictable changes
- 2 New perspectives on work design
- 3 Leadership, adaptability & resilience
- 4 Value of interpersonal relationships

Notes: Categories were coded according to similarities in content; categories are ordered by amount of indications

Ensuring health, securing operations and liquidity were the most critical response actions to the Covid-19 crisis

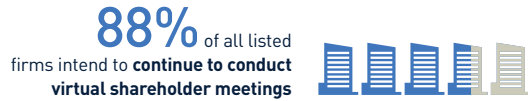
Q: Top 3 most critical actions in response to the Covid-19 crisis

Top 3 among all surveyed firms

-  1 Ensuring (mental and physical) health of employees and customers
-  2 Maintaining production and supply chain operations
-  3 Securing liquidity and financial stability

Covid-19 is THE accelerator for virtual shareholder meetings

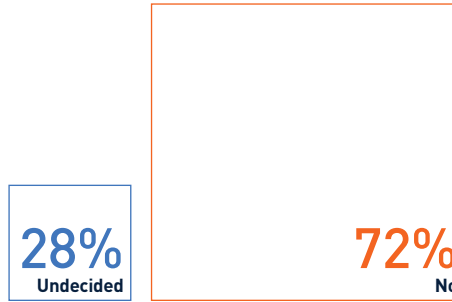
Q: 1) Have you had a virtual shareholder meeting this year?
2) Are you planning to continue to conduct virtual shareholder meetings?



Notes: n = 17; 2 companies indicated "maybe" for the second question

Most firms do not perceive shareholder activism as a threat

Q: Do you see shareholder activism as a threat to your organisation?



Notes: n = 14

Increased investor engagement and communication as well as a more formal contact are other important Covid-19 impacts on shareholder relations

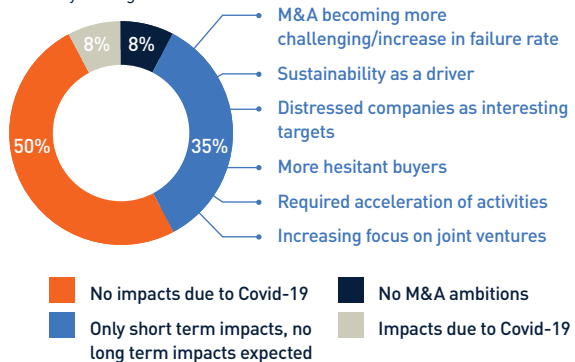
Q: Other Covid-19 impact on investor relations and communication? (besides virtual shareholder meetings)

- Top 3**
- 1** More investor engagement due to virtual meetings
 - 2** Higher frequency in communication with shareholders
 - 3** Contact is more formal due to missing face-to-face interactions

Notes: n = 14

The pandemic had no or only short-term impacts on M&A ambitions for more than 85% of firms

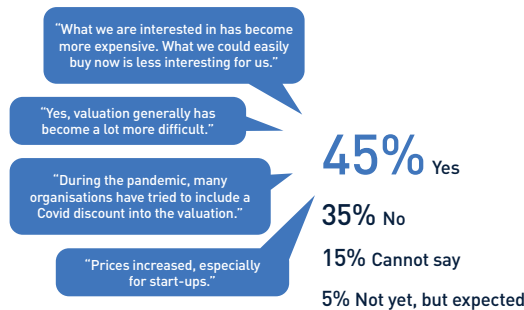
Q: How did the Covid-19 pandemic impact the M&A ambitions of your organisation?



Notes: percentages have been rounded up to whole numbers

Almost half of the firms see challenges in the valuation of firms triggered by the pandemic

Q: Do you see challenges in valuation triggered by the pandemic?



Notes: n = 20

Most of the companies continue to follow the M&A strategy they had before the Covid-19 crisis

Q: Did you adjust your M&A strategy (including financing resources)?



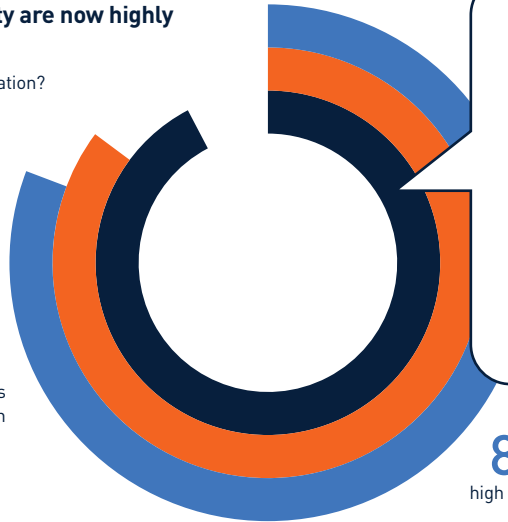
Notes: n = 20

Paradigm shift: Climate change, purpose, and diversity are now highly important factors for most firms

Q: 1) How important is climate change/environmental to your organisation?
 2) How important is purpose for your organisation?
 3) How important is diversity for your organisation?

92% say that **climate change/environmental** is of high importance for their organisation

85% say that **purpose** is of high importance for their organisation



“ This crisis reveals our vulnerability and shows us that more pandemics will come due to increased deforestation and globalisation. **If we solve the Covid-19 crisis, the climate crisis is the much bigger crisis that awaits us.** ”

Listed company

81% say that **diversity** is of high importance for their organisation

Notes: n (climate change/environment; diversity) = 26; n (purpose) = 27

Regulatory issues are top legal concerns

Q: What is your most relevant legal concern at the moment?

Top 5 legal concerns

- » Regulatory issues
- » Data privacy & cyber security
- » Sanctions
- » Environmental, social & corporate governance
- » Litigation

General counsels see themselves more as facilitator than gatekeeper

Q: How would you split the percentage of the nature of your role as general counsel between gatekeeper and facilitator?



Facilitator Focus on supporting the business teams to find ways to implement their visions

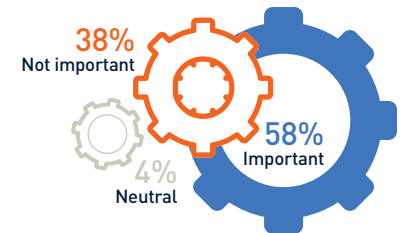
Gatekeeper Focus on safeguarding compliance with legal restraints while the business teams implement their visions

Notes: n = 24; 25% see GC as a gatekeeper and facilitator at 50/50

Digitalisation and technology are the most vital strategic initiative in legal departments with legal tech offerings taking on an important role

Q: What is the most vital strategic initiative underway in your legal department?

Q: How important are legal tech offerings for your legal department today?



Notes: The rest (34%) indicated "Other"

About Noerr

Noerr stands for excellence and an entrepreneurial approach. With highly experienced teams of strong characters, Noerr devises and implements solutions for the most complex and sophisticated legal challenges. United by a set of shared values, the firm's 500+ professionals are driven by one goal: our client's success.

Listed groups and multinational companies, large and medium-sized family businesses as well as financial institutions and international investors all call on the firm.

As one of the leading European law firms, Noerr is also internationally renowned with offices in eleven countries and a global network of top-ranked "best friends" law firms. In addition, Noerr is the exclusive member firm in Germany for Lex Mundi, the world's leading network of independent law firms with in-depth experience in 100+ countries worldwide.

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