

# The 21<sup>st</sup> Annual Law Firm COO & CFO FORUM

## Breakout #3: Transformative Measures: Mastering Firmwide ESG Strategy

Moderator



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# The ESG landscape

ESG is an alphabet soup of definitions, and can mean different things to different companies and sectors...

ESG is discussed in many different ways...



...and has many different reporting mechanisms



# Methodology

impactvise's three pillars of ESG performance

## ESG METRICS



Governance



People



Planet



Prosperity

Measures the performance of a firm based on the World Economic Forum/ International Business Council metrics in 18 core metrics tailored to the legal market.

## TRANSPARENCY



Measures the firm's transparency, when it comes to reporting on ESG performance commitment, according to a recognized standard (e. g WEF, SDG & UN Global Compact).

## IMPACT



Pro Bono  
Cases



Product &  
Services



Skills



Leadership  
Publications



Leadership  
Events

Measures external impact made by the firm through their pro-bono, ESG skills, ESG product and services, thought leadership publications and events.










# ESG maturity model

## Current ESG positioning and future ambitions

|                        |                            | Stages of maturity   |  |  |   |
|------------------------|----------------------------|--|--|--|---|
|                        |                            | A Reactor with potential   | B Hidden shaper  | C Front runner   | D Pathbreaker   |
| Dimensions of maturity | 1 Strategy                 | Conducts ESG related work on an ad hoc basis.  | Has an explicit ESG strategy that sits next to the overall firm strategy.  | ESG strategy incorporated into the business model, alongside traditional services and practice areas.  | One strategy encompasses all stakeholders' interests. ESG consideration at the heart of activities.   |
|                        | 2 Clients                  | Does not screen companies; or screens companies but does not act on results. Mostly for informative purposes.    | Continue to serve companies that score poorly on screening but pause the growth ambition with them.                                  | Only service companies that may be screened as poor on good ESG projects (e.g. may serve Shell on renewables arm).                               | Have clear criteria established how and until when to serve companies that transitioning (e.g. no oil & gas or coal firms).   |
|                        | 3 Targets & Commitment     | Firm is taking certain ESG actions in an ad hoc way without an explicit target or policy (or very basic policy). | There are targets on ESG goals but they are not embedded in the organisation's strategy. Evidence of a culture shift to ESG.         | Targets are set and published externally, with clear governance in place to ensure accountability and drive culture change.                      | Ambitious interim and longer term targets, verified by a trusted target setting initiative e.g. science-based targets initiative. Forward looking measures and a culture of continual improvement.  |
|                        | 4 Thought leadership       | There is little to no investment in developing thought leadership on ESG. If yes, it is not shared externally.   | Time in spent on research for ad hoc, special cases and shared externally.   | Conducts research on broader set of ESG topics that relates to practice areas and shared externally, in the form of articles and whitepapers.    | Invests heavily in spending time doing research, speaking with industry experts, and building strong networks with industry bodies on wide range of ESG topics. Dedicated ESG media hub with podcast series, videocasts, shorter blogs, ESG newsletters, whitepapers. |
|                        | 5 Transparency & Reporting | There is no reporting on ESG actions. Focus mainly on compliance.  | Selective reporting: There is reporting on certain actions, but not all targets and progress reported externally.                    | ESG strategy, actions and progress are published in regular external reporting (e.g. ESG Report, Integrated Reports) but is not legally-binding. | ESG strategy is an integrated part of all stakeholder communication. The firm has committed to an established reporting standard (e.g. WEF, SDG, UNGC etc.) and reports accordingly.  |
|                        | 6 Talent agenda            | ESG expertise and/or interest is not a consideration at all in recruitment, development and promotions.          | ESG expertise and/or interest is considered but does not carry a strong weighting in recruitment decisions. Training remains ad hoc. | ESG expertise and/or interest is considered and important in recruitment decisions. Established development programmes to upskill staff on ESG.  | Achieved broad firm alignment on the key role of ESG. ESG expertise is key among new hires. Invests in training for existing employees on specialised ESG topic areas e.g. ESG reporting.   |

# Mid-year 2022 performance review – metrics score

How the best performers are scoring

| Exceeds expectations  | Meets expectations  | Room for improvement  |
|---|---|---|
|  <p>Health and safety</p>                        |  <p>Diversity and inclusion</p> |  <p>Purpose setting</p>  |
|  <p>Greenhouse gas reduction</p>                 |  <p>Land use</p>                |  <p>Remuneration</p>     |
|  <p>Protected ethics<br/>("whistleblowing")</p> |   |  <p>Firm governance</p> |

# Success factors in maintaining lawyer wellbeing

Ongoing research by Thomson Reuters has shown that three pillars are key in maintaining the wellbeing of lawyers at law firms. In this latest research, lawyers have identified the key success factors for each pillar.

## CLARITY

- ✓ Clear strategy
- ✓ Annual business planning
- ✓ Individual goals
- ✓ Reasonable and clear expectations
- ✓ Degree of autonomy to set own goals, especially for partners
- ✓ Regular reporting on performance
- ✓ Regular feedback
- ✓ Annual appraisal/review
- ✓ Use tools e.g. Objective Manager

## CONTROL

- ✓ Freedom to work flexibly and organise their own time
- ✓ Remote working allowed and supported through effective tech
- ✓ Focus on deliverables, rather than rigid rules
- ✓ Trusting culture
- ✓ Fair work allocation system which allows people to focus on work that interests them
- ✓ Partner access to leadership
- ✓ Regular discussions/committees/surveys

## SUPPORT

- ✓ Wellbeing training/programs
- ✓ Autonomy/flexibility for people to work in whatever way makes them most effective
- ✓ Genuine leadership priority of wellbeing (for partners as well as teams)
- ✓ Empathy from management
- ✓ Teamwork/culture of supporting each other

# Appendix

# 1 The global data set

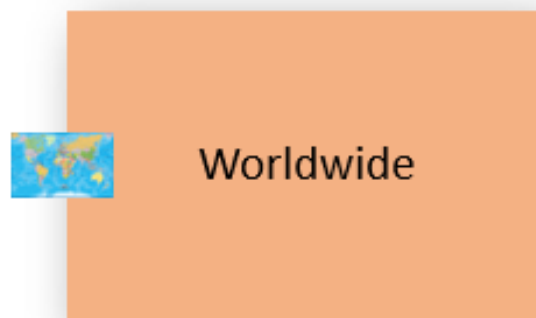


impactvise analysed more than 1'000 law firms across the globe

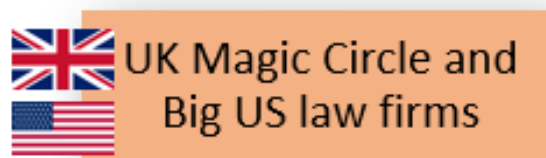
#law firms



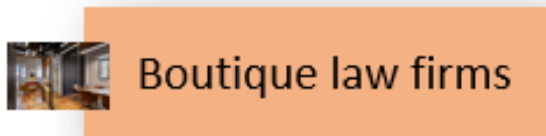
### 3 Mid-year 2022 performance review – global picture



- Worldwide, the average law firm's performance is rather poor and there is a long way to go to raise standards.
- Even the best performing firm still has room for improvement in many areas such as conflict of interests (client acceptance policy), setting purpose, governance etc.



- The front runners are mostly UK Magic Circle firms followed by some Big US law firms.












- Boutique law firms are more likely to apply client acceptance policies aligned to ESG criteria – for example, only accepting clients that are aligned with selected SDG Goals.

Top performers (alphabetically)

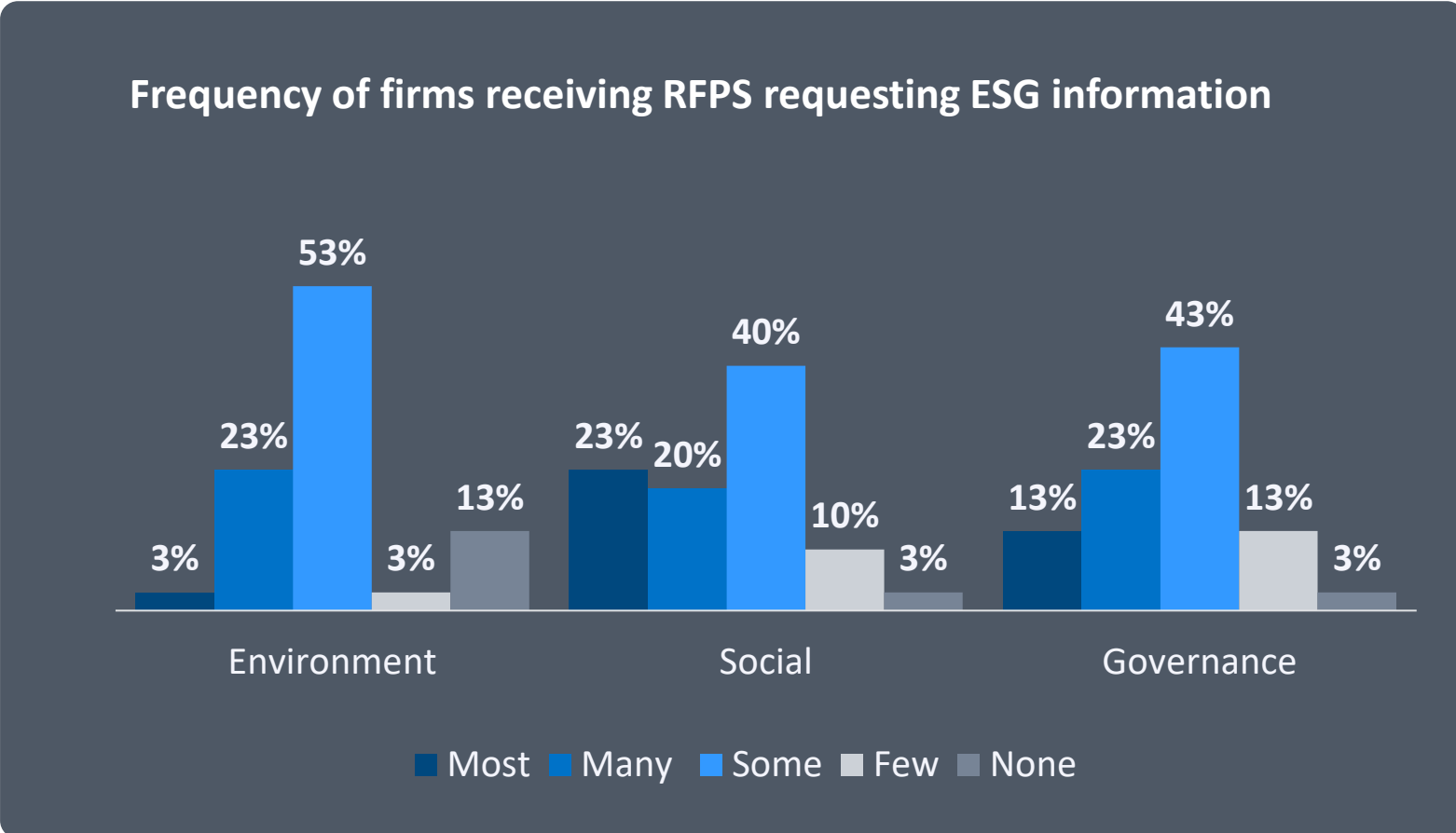
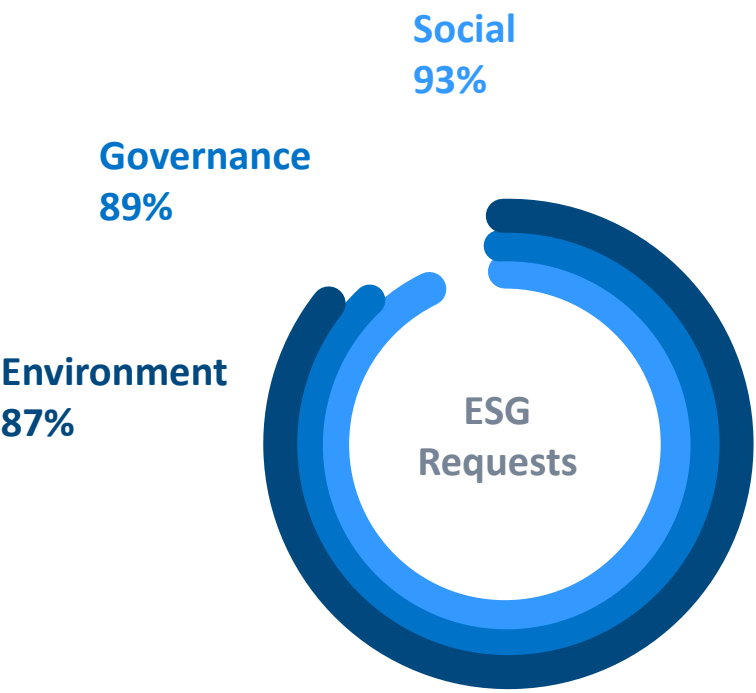


A collection of logos for top performing law firms, arranged alphabetically. The logos include Baker McKenzie, Burges Salmon, Clifford Chance, DLA Piper, dwf, Freshfields Bruckhaus Deringer, and Linklaters.

|                             | ESG Practice | Leadership (Public)   | <br><b>5.0</b> |    | <br><b>2022</b> | <br><b>Climate Scorecard</b> |  |
|-----------------------------|--------------|---|--|--|---|---|---|
| <b>Kirkland &amp; Ellis</b> | √            |   |  |  |   | <b>F</b>  | Expired   |
| <b>Latham &amp; Watkins</b> | √            | Global Co-Chair ESG Practice & Partner<br>Director of Sustainability          | Certified Plus   | <b>Committed</b>   |   | <b>F</b>  | In Progress   |
| <b>DLA Piper</b>            | √            | MD, Sustainability & Resilience<br>Sustainability & ESG Steering Committee    | Certified Plus   | <b>Near term: 1.5°C by 2030</b><br><b>Net zero: Committed</b><br> | <b>Climate Change</b>   | <b>D</b>  | Yes   |
| <b>Dentons</b>              | √            | Global Head of ESG  | Certified Plus   | <b>Near term: Committed</b><br><b>Net zero: Committed</b><br>     |   | <b>D</b>  | ALISS Reporter  |
| <b>Baker McKenzie</b>       | √            | Chief Sustainability Officer  | Certified Plus   | <b>Near term: Committed</b>  | <b>Climate Change</b>   | <b>D</b>  |   |
| <b>Clifford Chance</b>      | √            | Responsible Business Board<br>Environment Board                               | Certified Plus   | <b>Near term: 1.5°C by 2030</b><br><b>Net zero: Committed</b><br> | <b>Climate Change</b>   | <b>F</b>  |   |
| <b>Hogan Lovells</b>        | √            | Global Managing Partner for Diversity &<br>Inclusion and Responsible Business | Certified Plus   | <b>Near term: Committed</b><br><b>Net zero: Committed</b><br>   | <b>Climate Change</b>   | <b>F</b>  | ALISS Platinum  |
| <b>Gibson Dunn</b>          | √            |   |  |  |   | <b>F</b>  | In Progress   |
| <b>Linklaters</b>           | √            | Head of Operations and Head of<br>Corporate Responsibility                    |  | <b>Near term: 1.5°C by 2030</b>  | <b>Climate Change<br/>2019</b>  | <b>F</b>  |   |
| <b>Cooley</b>               | √            |   | Certified Plus   |  |   | <b>A</b>  | Bronze  |

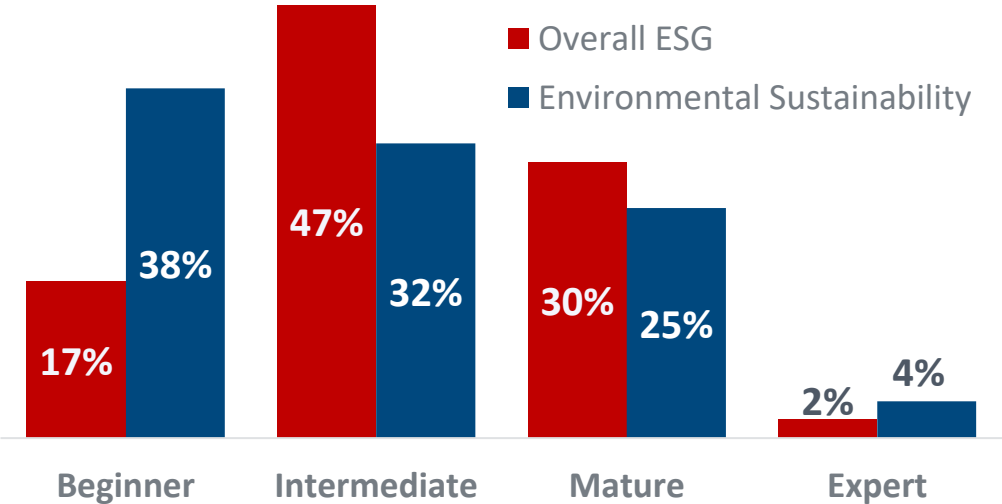
# ALISS Sustainability Landscape Survey Highlights 2021

Firms receiving RFPs asking for information about firm practices, initiatives and measurable results in ESG

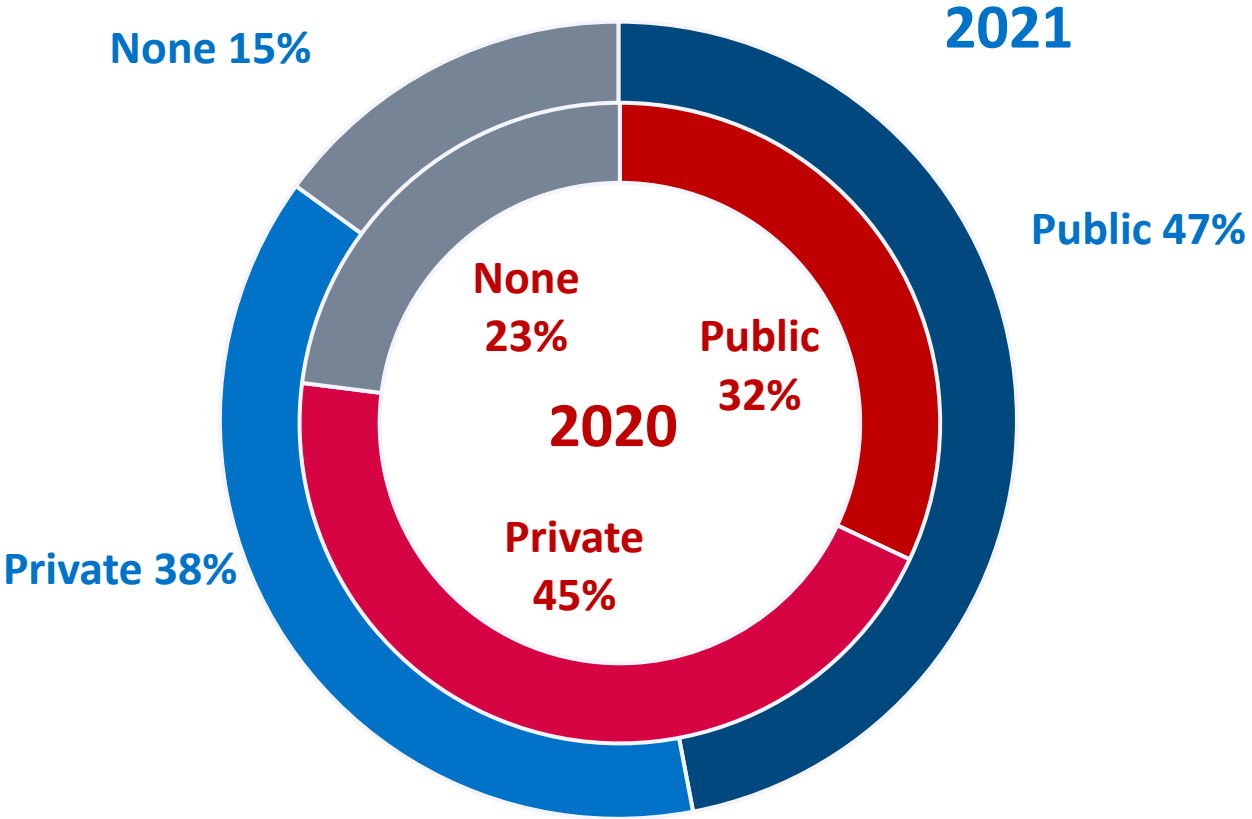


# ALISS Sustainability Landscape Survey Highlights 2021

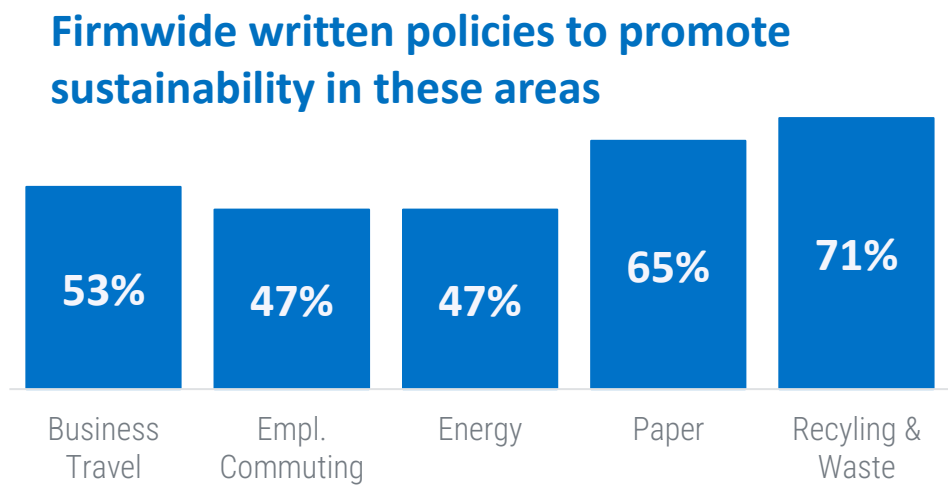
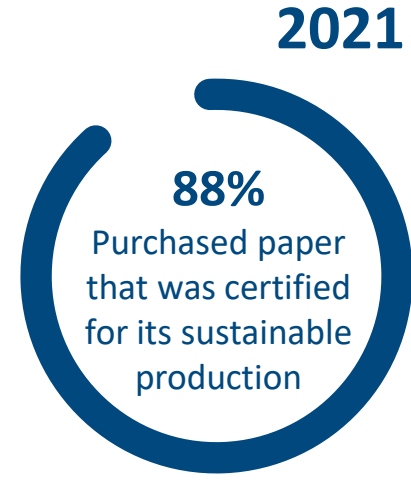
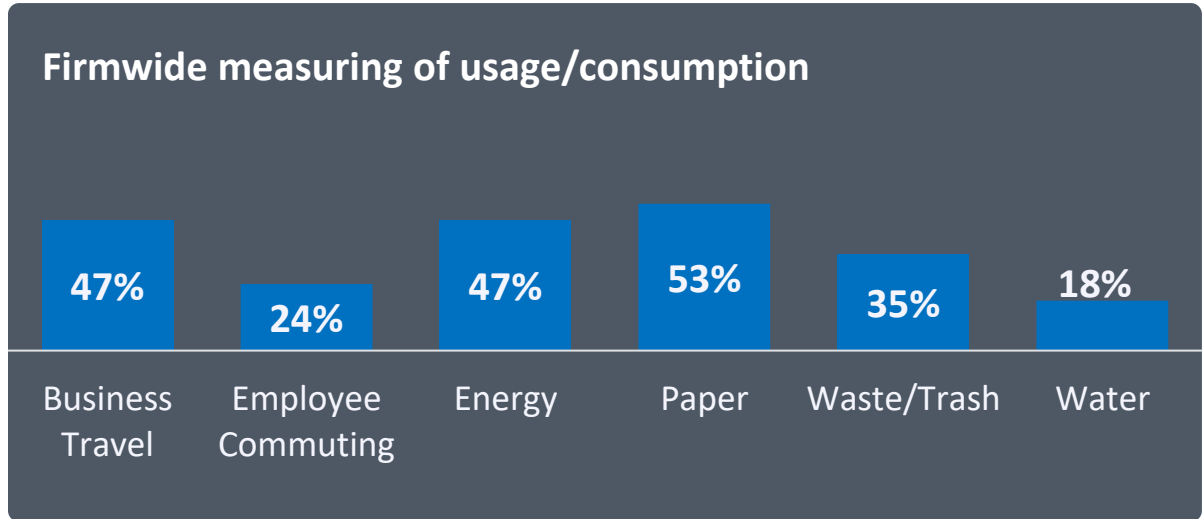
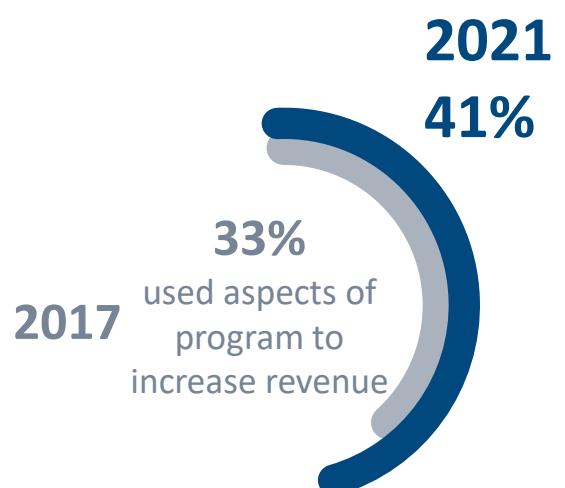
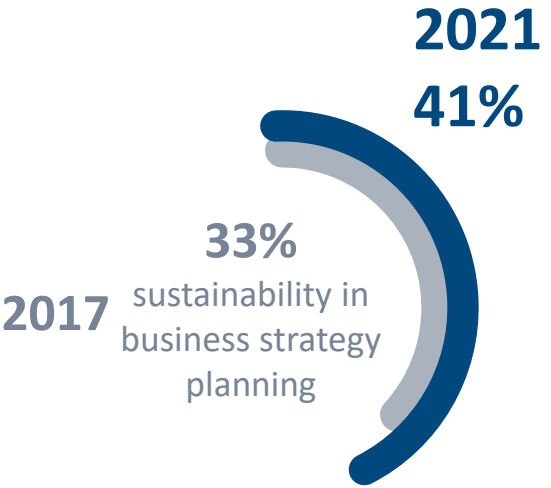
Maturity of ESG and Sustainability Programs



Climate commitments to reduce the impact of climate change



# ALISS Sustainability Landscape Survey Highlights 2021





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