



## UN Global Compact

### Communication on Progress



“In this, our second Communication on Progress, I am pleased to reiterate the commitment of Linklaters LLP to the ten principles of the Global Compact. We remain committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our firm, and I am pleased to commit anew to collaborating with others to address the Sustainable Development Goals that complement so closely the principles outlined below.”

A handwritten signature in black ink that reads 'Robert J. Elliott'.

**Robert Elliott**, Senior Partner and Chairman

In the 12 months since we submitted our first Communication on Progress (COP), we have considered how we can use the Compact as a means by which we progress the issues contained therein. We began this process in the spring of 2015 by commissioning a comprehensive, independent review of our first submission, wanting to understand our relative strengths and weaknesses and to provide a focus for our activities for the next 18 to 24 months. From the resulting list of recommendations, we are now progressing a number of workstreams that will drive our performance. The review highlighted our leadership in matters relating to the environment, governance and diversity and inclusion. It also identified a lack of targets and the non-disclosure of a number of policies and procedures that we should consider making public. We are reflecting on how best to address these observations and also how best to respond to the many modest recommendations proposed in the report.

A second significant development has been the firm's formal adoption of the UN Sustainable Development Goals (SDGs) as the framework that will inform how we present our responsible business activity. Analysing the SDGs, we quickly identified that a majority are addressed through the advice we provide to clients, both fee-paying and pro bono. The direct running of our business and our community investment activities provide further relevance. As such, it is natural for us to align our work as a firm with a framework which will inspire us all over the coming 15 years. We realise that this will bring a new level of transparency to our performance, and will bring much more of our business into the reporting sphere. However, we believe that to be a truly responsible organisation, we must challenge our entire business. We believe that the SDGs present a timely and recognisable way in which to capture that ambition. We look forward to reporting good progress in our next COP and are pleased to share our progress to date in the following pages.

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#### Key contacts:

**Kathryn Ludlow** Partner, Chair of Corporate Responsibility Committee  
[kathryn.ludlow@linklaters.com](mailto:kathryn.ludlow@linklaters.com)

**Matt Sparkes** Global Head of Corporate Responsibility  
[matthew.sparkes@linklaters.com](mailto:matthew.sparkes@linklaters.com)

## 1. Linklaters supports and respects the protection of internationally proclaimed human rights.

Our statement of intent on human rights makes explicit our commitment and clarifies our ambition. The statement endorses the United Nations Guiding Principles on Business and Human Rights and supports the principles contained within the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The statement is approved at the highest level, is publicly available and is communicated internally and externally. It remains under regular review, as does the extensive supporting material provided for additional internal guidance.

Our cross-practice Operational Intelligence Group continues to advise clients on developing human rights policies, due diligence, impact assessments and supply chain risk management. In particular, we advise many large multi-national corporations on the implementation of the Guiding Principles and on the non-financial disclosure requirements around human rights policies and considerations. We have provided legal training seminars to our lawyers in London and, with the expertise of the Bingham Centre for the Rule of Law, have developed and run a further series of seminars on international human rights law for clients and community partners.

We provide pro bono advice on dozens of matters related to human rights every year. These include:

- > assisting the Office of the United Nations High Commissioner of Human Rights by providing pro bono advice to its "Business and Human Rights: Enhancing Accountability and Access to Remedy" initiative. We are providing cross-jurisdictional legal research in relation to the test for corporate liability, victims' potential costs of litigation, sanctions and remedies available to victims of gross human rights abuses by corporates
- > working with Penal Reform International to assist them in ensuring international adoption of the Bangkok Rules adopted by the UN in 2010. In particular, we provided a comparative report analysing legal approaches in 10 jurisdictions in relation to Rule 57, which requires that sentencing alternatives be developed for women which take account of any history of victimisation or abuse of offenders
- > research for India-based NGO, Vidya Sagar, reviewing legislation implementing the UN Convention on the Rights of Persons with Disabilities, which requires equal recognition before the law and legal capacity for persons with disabilities. This research will help them to lobby for better rights and protection for their clients

**Commitment:** We will review our internal guidance to ensure it remains relevant and, in particular, the processes we have in place to monitor the firm's performance in addressing human rights risks.

## 2. Linklaters makes sure that it is not complicit in human rights abuses.

In line with the UN Guiding Principles, we strive to avoid causing or contributing to adverse human rights impacts on our people and, through the running of our offices, those who work for us through our supply chain. We also commit to addressing such impacts immediately should they occur.

We encourage our people to consider potential or actual adverse human rights impacts in their work. Our internal guidance on human rights at the firm provides for a proportionate discussion of actual and potential human rights impacts as part of existing consideration of wider business risk and reputational issues, particularly for higher risk areas. Our Operational Intelligence Group has developed extensive expertise in articulating how multi-national corporations should address human rights in their operations, and we are asked increasingly to share this knowledge more widely through participation at conferences and through dedicated seminars.

For several years, we have asked potential suppliers to provide information and assurance across the topics of environment,

health and safety, labour, anti-bribery and corruption and IT security. This year our procurement team has been reviewing the breadth and depth of those requests, not least in relation to modern slavery. In the UK, we are now employing a more rigorous set of questions and applying these to existing suppliers as well as through the tender process. We will maintain momentum in this over the coming year, where appropriate, looking to expand our monitoring and create a sense of shared learning amongst our supplier community.

**Commitment:** Learning from our work with clients, we will continue to strengthen our monitoring of human rights within our own supply chain, raising awareness of this work across all buyers internally and amongst larger existing providers.

## 3. Linklaters upholds the freedom of association and the effective recognition of the right to collective bargaining.

We have a firm-wide policy in place that we maintain employment arrangements and agreements that do not prohibit or discourage freedom of association or collective bargaining.

**Commitment:** We will continue to implement this policy across all of our operations.

## 4. Linklaters upholds the elimination of all forms of compulsory or forced labour.

## 5. Linklaters upholds the effective abolition of child labour.

We have a firm-wide policy in place that we will not use, be complicit in, or knowingly benefit from forced, compulsory or child labour. We will engage our people on the basis of recognised partnership, employment, collaboration and consultancy arrangements established through national law and practice.

In 2015, we have been advising clients on the implications of the UK Modern Slavery Act which will be coming into force in 2016. As well as client advice, we have also been reviewing our own operations to ensure that we are already complying with the new legislation, not only in setting out a policy, but also in monitoring our suppliers and by being prepared to take action where we have concerns. We endeavour to ensure that we work solely with suppliers who have due regard for social issues such as employment conditions and welfare, and who adopt practices that are consistent with our own approach to operations, people and supply chain. Our Sustainable Procurement Policy is currently under review to ensure it remains a robust and rigorous check on our suppliers and that it also encourages dialogue in addressing issues of shared concern. In London, for example, we have hosted supplier roundtables looking at a range of responsibility issues including modern slavery and social mobility. We see these as a successful way to agree common understanding and share best practice.

Again, pro bono activities support this principle and include, in 2015, a report on modern slavery in the Philippines' fishing industry. Looking at how fishing industry legislation, guidelines and practice can be brought into line with international legal and best practice frameworks, the report's recommendations will be used by human rights organisation Visayan Forum Foundation to advocate for change to domestic law and policy.

**Commitment:** We will continue to implement this policy across all of our operations. We will include stronger and clearer responsible purchasing principles in the firm's Global Sourcing Policy. We will continue to explore ways by which we can effectively monitor suppliers' performance and will work with them in reinforcing good practice.

## 6. Linklaters upholds the elimination of discrimination in respect of employment and occupation.

Diversity and Inclusion (D&I) is an ongoing strategic priority for the firm. Linklaters opposes all forms of unlawful discrimination. We are committed to providing equal opportunity to everyone in all aspects of work including: recruitment, selection, training, promotion, redeployment, performance improvement measures, disciplinary and grievance procedures, redundancy situations and

terms and conditions of employment. We believe that individuals should be treated on their merits and that employment-related decisions should be based on objective job-related criteria such as aptitude and skills. Additionally, Linklaters is committed to ensuring that all professional dealings with third parties will be free from any discriminatory behaviours.

Our Global Diversity and Inclusion Strategy and Action Plan help us to give people an enhanced understanding of D&I through training and communications. Our strategy is developed by our Global Diversity Manager and Global Diversity Partners. It is designed to allow for greater visibility of local initiatives and, in so doing, encourages and supports offices in developing their own locally-appropriate responses.

We are committed to championing diversity. In 2015, we joined "Open For Business", a newly-formed coalition of nearly 20 international businesses partnering together to address the workplace discrimination experienced by people in the LGB&T community. We are proud to be one of the founding members of this new initiative.

Within the firm, the "Women's Leadership Programme" Leading Lights has been developed in conjunction with Cranfield School of Management for our leading female senior lawyers (managing associates). The programme aims to increase the proportion of female partners who can act as role models in the firm. We are also pleased that unconscious bias training is now available to all of our people, with bespoke sessions developed for specific jurisdictions and specific recruitment groups such as our Graduate Recruitment Panel and Partner Election Committee.

Naturally, the firm has an internal global whistle-blowing policy which is regularly reviewed to ensure that it provides the most effective means for employees to raise concerns in the public interest, while protecting them against suffering any detriment as a result of making a relevant disclosure.

In articulating our employee proposition, "Our Deal" highlights how individuals in the firm can give mutual support to one another and we provide a number of tangible ways of getting involved. In London, a range of groups foster an inclusive culture: the Allies Network, Black, Asian and Minority Ethnic (BAME) Network, Women@Linklaters, LGB&T Network, Christian Fellowship, Hindu Forum, Islamic Society, Jewish Forum and Family and Carers Network. We want to grow such networks elsewhere.

Raising awareness on the subject of disability and the workplace is important to us. In London, we are founding members of the Interlaw Forum on Disabilities, a group of law firms across the city working together to break down the stigma of disability. We also are founding members of the City Mental Health Alliance working with mental health NGOs MIND and SCOPE to bring visibility to this often invisible strand of diversity.

External benchmarking is a good indicator of progress, particularly in our larger offices. We were the first organisation to achieve the UK National Equality Standard and in the UK have also been recognised by the Times and Opportunity Now as one of the Top 50 Places for Women to Work. We want to retain such leadership and will use it to inspire similar success elsewhere.

**Commitment:** We want to reflect our recent D&I success in London with similar progress and recognition across our office network.

## 7. Linklaters supports a precautionary approach to environmental challenges.

Our practice areas specialising in sustainable finance, climate change, product stewardship and environmental regulation and sustainable real estate support companies as they seek ever more innovative and practical advice from their lawyers. Our lawyers have acted on many of the world's most complex, multi-jurisdictional and cutting edge transactions, addressing concerns related to security of energy supply, carbon reduction,

the rush for resources and renewable energy. The impacts of version three of the Equator Principles ("EP3") were reviewed, looking at the key changes which have been brought about by them and how they are being applied in practice.

Our firm-wide Global Environmental Policy commits us to minimising the potentially harmful effects our operations have on the environment and ensures we focus on a programme of continual improvement in our environmental performance. Our certified and globally implemented Environmental Management System provides us with the framework to assess our environmental risk and manage those aspects which are of greatest significance. Within this system, we identify those legislative requirements (e.g. energy audits) which are applicable to our operations. By using the skill and expertise of our in-house environment and energy team, these issues are then addressed by setting objectives and targets against our most significant environmental impacts: climate change through energy use and business travel, our use of resources, specifically paper and water, and our generation and disposal of waste. By measuring and monitoring these impacts, we are able to report our progress publicly into the Carbon Disclosure Project (CDP), and our greenhouse gas emissions are externally assured against the CDP-recognised VeriSustain method.

**Commitment:** We will undergo recertification of our Global Environmental Management System and continue our programme of transition to meet the requirements of the revised ISO14001:2015 standard.

## 8. Linklaters undertakes initiatives to promote greater environmental responsibility.

We are one of only two global law firms to have achieved ISO14001 certification of our Environment Management System (EMS) comprehensively across our global operations. We aim to be early adopters and have pushed ahead with a number of energy efficiency initiatives (e.g. energy focussed maintenance rather than planned preventative maintenance) and implemented re-use programmes. We work with our people and our suppliers to ensure the evolving green and circular economies prosper. Every year, we raise awareness by celebrating the UN Environment Programme, World Environment Day (WED), with the support of our global network of over 125 environmental champions. In 2015, we recognised the 800th anniversary of the granting of the Magna Carta by holding a "Magna Carta for the Earth" campaign, whereby we asked our people to devise an environmental protection clause which would support positive change. Entries arrived from 15 of our Linklaters locations around the world and were shared throughout the firm to challenge and inspire.

We share best practice, learn and exchange knowledge in being members of a number of industry groups. As executive members of the Legal Sustainability Alliance, we collaborate within the legal sector to reduce environmental impacts and promote a sustainable future.

Responding to our clients is critical to us and, through these relationships, we report both our environmental management and greenhouse gas performance. We achieved a 99B in the CDP supply chain module in 2015, are silver rated in the Ecovadis sustainability benchmarking platform (within the top 30% of 21,000 suppliers in 101 countries) and scored 100% for Environment within the CIPS Sustainability Index.

We share this progress with our clients and use it to drive forward environmental responsibility within our own supply chain.

**Commitment:** We will continue to use World Environment Day to engage with our staff on environmental issues and promote local action. We will engage with our suppliers on the circular economy and be responsive to our clients' environment-related requests.

## 9. Linklaters encourages the development and diffusion of environmentally friendly technologies.

Our thought leadership report, “Renewable Energy in Africa”, presents analysis which shows that economic development and the deployment of renewable energy technology are becoming increasingly synergistic, driven by the falling costs of renewable energy. The report also discusses de-risking policies that might be employed in African markets to encourage investment in this space, and provides case studies of the experience of Morocco and South Africa.

Linklaters’ expertise in energy covers the full spectrum of renewables projects, including onshore and offshore wind, solar, biomass, biofuels, wave/tidal, geothermal, hydropower, waste and waste to energy. We support clients to achieve increasingly ambitious projects in the renewable energy sector, advising on the project financing of three biomass developments in the UK and on another seven biomass mandates in Europe. We also produced a guide to support our clients navigate the cross-border demands of the EU Energy Efficiency Directive 2012 energy audit requirements, where potential sanctions for non-compliance differ significantly across the EU Member States.

We are committed to reducing our greenhouse gas emissions through improvements in the energy efficiency of our premises, including incorporating low carbon technologies. One Silk Street, in the City of London, has undergone a number of retrofits over the years. Since 2005, the firm has invested almost £3.5m in a variety of energy efficiency upgrades, including: five new chillers; works to the boilers; new lighting and the associated controls; new air handling units; linking the building management system to both the lighting and comfort cooling systems (IQ controllers); and IT upgrades. These improvements have been recognised, and shared, in a case study for the Mayor of London’s Business Energy Challenge.

In our efforts to reduce business travel, we have implemented telepresence facilities in our Frankfurt, London, Hong Kong and New York offices, and are currently undergoing an upgrade to enhance our global video-conferencing facilities.

**Commitment:** We will implement environmentally efficient technologies in our operations at every opportunity and externally promote the efficiency benefits of such schemes.

## 10. Linklaters works against corruption in all its forms, including extortion and bribery.

Linklaters’ work in risk, regulation and governance addresses many of the most critical challenges faced by our clients. Our Operational Intelligence Group and our International Governance and Development Practices bring together a broad range of expertise, specialist knowledge and innovative thinking to enable us to offer holistic advice to any given situation. Of particular note is the team’s work advising on the application of anti-bribery frameworks in emerging and new markets. Recent matters have included designing a governance model and training regime for a multi-national extractive sector company and providing an integrated regulatory assessment for a multi-national operating in transport infrastructure in respect of antitrust and bribery.

Our pro bono work has included leading a global initiative with the UN to create a Guide for General Counsel on Corporate Sustainability. This provides practical advice to in-house counsel on how to advance corporate sustainability issues within their organisations, while also reinforcing each of the UN Global Compact’s ten Principles. Published in 2015, we are continuing to champion the Guide to support lawyers worldwide effect sustainable change from within.

Linklaters is a particular leader in governance and its challenges in emerging markets, having unique experience in navigating the relationships between public and private actors, and serving as fluent interpreters in complex environments. In addition to its extensive fee-earning work, which includes clients in the multi-national corporate and financial sectors, the United Nations, multilateral financial institutions, INGOs, and government agencies, our Risk, Regulation and Governance team has developed additional experience through work undertaken pro bono. A significant aspect of this is our annual “Advancing Good Governance in International Development” seminar, which brings together senior government officials, members of the not-for-profit community, academics, foundations, social entrepreneurs and the private sector to discuss, and take steps toward solving, some of the most entrenched challenges facing international development. In 2015, Linklaters, in collaboration with its seminar partners and delegates, worked to support – and strongly urged that the international community include – governance and the rule of law in the post-2015 sustainable development agenda. Given the prominence of those themes in the “Agenda 2030 – Sustainable Development Goals” that were ultimately agreed by UN Member States, the 2016 seminar, the theme for which is “Peace, Security and Governance in Goal 16: How Do We Tackle This?”, will seek to unpack the challenges, complexities, sensitivities and ambiguities contained in this highly ambitious goal.

In providing advice to clients on these themes, we must, of course, take steps to encourage our people to show leadership in every jurisdiction in which we operate. We have robust policies and procedures on anti-bribery and corruption and these are under regular review. Our people are encouraged to raise concerns quickly and confidentially, and our Risk function provides 24/7 support to our lawyers wherever they may be. Suppliers’ contractual commitments prohibit corruption and, as part of our wider review of procurement, we are reflecting on the questions we ask on this theme and anticipate strengthening our approach further in coming months.

During the last 12 months, we have celebrated the 800th anniversary of the Magna Carta. Linklaters was delighted to sponsor the British Library’s celebratory exhibition of this original statement of rule of law. We were also privileged to enable the once-in-a-lifetime reunification of the four surviving originals. We believe that the rule of law is essential to human progress and, towards the end of 2015, we published a paper reflecting a growing sense of its erosion in jurisdictions across the globe. We will continue to highlight where we feel the rule of law is being undermined.

**Commitment:** We will continue to ensure that our advice to clients is reflected in our own response to bribery and corruption risk, and will continue to seek out ways to advance progress with SDG 16 through our business.

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