

UN Global Compact

Communication on Progress – February 2019



“Over the past 12 months, the role of business in society has never been more relevant nor more passionately debated. Many renowned voices have argued that a healthy society is not at odds with a prosperous private sector and that, on the contrary, the two are intrinsically linked. This emerging consensus has increased interest in how firms like ours are responding. Articulating how we behave as a responsible business is now fundamental; to clients, potential recruits and neighbours. Our new statement of purpose and a refreshed set of values have strengthened our own language, broadening our people’s understanding of where we are now and raising their expectations of what we do next. I welcome this challenge and am proud to reiterate our commitment to the Global Compact; alongside many others, together we can prove unequivocally that business is a force for good.”

(Charlie Jacobs)

Charlie Jacobs, Senior Partner and Chairman

Collaboration has been a recurring theme in the past year, through established networks and also in direct engagement with clients, communities and hundreds of not-for-profit organisations. Our longstanding belief in the UK’s Living Wage now extends to advocacy for equivalent movements elsewhere in the world, while a new global programme on social enterprise is bringing new opportunities and new ideas to five cities around the globe. These partnerships bring us new and exciting connections, offering a rich seam of challenge and inspiration. This leads to innovation, illustrating once again how diversity in thought – whether in our people or our partnerships – only adds to the capabilities of our business.

Through these connections and our ongoing commitment to the Sustainable Development Goals (SDGs), our focus this year is on stronger measurement and more effective communication. We have done well in many areas but, if we are to progress, we need more detailed knowledge of where we are getting it right and why we are getting it wrong. Similarly, although we have become better at sharing our stories with a wider audience, there is much more we can do to engage those around us in our work. Partnership – and not least the UNGC network – will be at the heart of our learning and we look forward to playing our part in bringing SDG 17 – “Partnerships for the Goals” – to life in the coming 12 months.

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1. Human Rights – 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 international Business and Human Rights 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. Recent work includes assisting a number of companies in the energy, infrastructure and shipping sectors on human rights due diligence for the purposes of M&A transactions; advising a major ICT company on the design and implementation of a global human rights compliance programme; advising a client on the identification and management of human rights impacts in the context of a high-risk, high-value contract in a challenging market; advising lenders and sponsors on the management of human rights risk in project finance documentation and assisting several companies in their engagement with supranational human rights bodies and non-government organisations.

We continue to provide pro bono advice to further human rights. During 2018 we were delighted to receive recognition for our work informing Acid Survivors Trust International's campaign for crucial changes to the law in England and Wales to tackle acid violence (commended by the Financial Times European Innovative Lawyers Awards). We were also recognised for our role as an early adopter of "eyeWitness to Atrocities", an innovative programme ensuring photo and video evidence uploaded to a "virtual evidence locker" app is admissible in proceedings (Group Member Award, International Bar Association). eyeWitness reached a major milestone in 2018 when audiovisual evidence captured through the app was submitted to a military tribunal prosecuting two militia leaders for atrocities in the Democratic Republic of Congo.

Other noteworthy projects have included:

- > securing success for LGBTI individuals claiming asylum in the UK or U.S. where they have faced persecution in their country of origin
- > collaborating with EY and the Office of the United Nations High Commissioner for Human Rights ("OHCHR") to examine the international framework for the rights of older persons, along with legal and policy frameworks across a number of countries
- > presenting a multi-jurisdictional review of extractives sector regulations, in order to enhance UNICEF's understanding of how companies are required by law specifically to respect, protect or otherwise consider, children's rights when undertaking extractives projects

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. We are committed to sharing our commercial expertise pro bono and will continue to grow this aspect of our programme.

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 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 Business and Human Rights Group has extensive expertise in how multi-national corporations should address human rights risks and opportunities in their operations and is often asked to give training to clients. Internal training again took place this year through a series of sessions across our global network to raise awareness of business and human rights concepts among our broader legal and business teams while we contributed to a number of external conferences and seminars.

We continue to raise the importance of human rights as an issue within our supply chain. Our Sustainable Procurement Policy and Statement is available online and sets out our commitment to respond to human rights concerns, not only in the selection of suppliers but also in their ongoing management. Focus continues to be primarily placed on suppliers to our UK offices, where to date no concerns have been identified. We will continue to track this through our supplier governance. A review exercise of key suppliers across our international offices also highlighted no areas of concern.

Commitment: We will maintain the momentum of recent work by establishing sustainable procurement as a norm across our office network and, with the help of internal experts, ensuring that our approach remains appropriate and effective.

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 our operations.

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

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.

For several years, we have been advising clients on the implications of the UK Modern Slavery Act. We continue to review 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 act where we have concerns. Our Modern Slavery Statement (expanded, in fact, to cover broader human rights) and interactive guide to the legislation remain freely available on our website. Our priority in the first 24 months was our most high-risk supply chains in London, notably in catering (sourcing of food), merchandise and IT. We have now begun to extend this scope to include our international offices.

Again, pro bono activities support this principle:

- > through Lawyers Without Borders, our lawyers have created a suite of training materials to equip lawyers, judges and prosecutors in Liberia and Tanzania in appropriately identifying and dealing with human trafficking cases
- > we provided support to a coalition of local NGOs in Nepal, providing input on improvements in child labour law. The resulting amendments are in the process of parliamentary ratification
- > we maintain our support for Thomson Reuters' annual Anti-Slavery Summit in Hong Kong, where last year we were part of a panel on C-suite and director duties regarding slavery risk

Commitment: We will continue to extend the reach of our modern slavery and human rights policy through our supply chain. We will build on our expertise in this principle and use that to inform our own practice as well as that of pro bono clients.

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

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.

We are committed to ensuring a safe working environment, free from bullying or harassment. Our bullying and harassment policy (applicable to employees and contractors) sets out the responsibilities of individuals and managers in reducing workplace bullying/harassment, as well as explaining what support is available. The policy is published on our intranet and is regularly referred to in core skills training for managers and in internal communications.

We know that we must also ensure that our culture enables people to raise issues promptly, confident in the knowledge that they will feel supported and that issues will be dealt with swiftly, sensitively and in accordance with our values and local law/regulation.

Naturally, the firm has an internal global whistle-blowing policy for employees to raise concerns in the public interest, while protecting them against suffering any detriment. In 2018, we launched two new mechanisms to support this: 1) SpeakUp, an alternative, external whistleblowing hotline which supplements the systems we already have in place. It is currently available to everyone working in the UK, Americas and Asia, and will be rolled out further; and 2) new guidance on managing relationships at work.

Our Global Diversity and Inclusion (D&I) Strategy and Action Plan help us to give people an enhanced understanding of D&I through specific initiatives, training, engagement and communications.

Our strategy is governed by our most senior leadership bodies – Executive Committee, Partnership Board and our People Committee. Key activities include:

- > Setting targets – in addition to our gender targets, establishing targets for other diversity strands
- > Developing global metrics – measuring progress with a diversity scorecard for each business unit and developing an inclusion index for the firm
- > Collecting global data – measuring how effectively we attract, retain and progress diverse talent against each of our priority diversity strands. We must navigate any legal restrictions to collecting data and build our people's trust and confidence in declaring their personal diversity data and build their understanding of why we need this information
- > Starting early – educating our people about the importance of D&I at the firm, from when they start with the firm and at every stage of their careers, including pre-joining; and offering career development support to men and women at every stage
- > Continuing to deliver unconscious bias and inclusive leadership training – supporting each office to develop a locally relevant D&I plan. Embedding diversity and inclusion in all our learning and development programmes
- > Engaging D&I partners and D&I champions – leveraging the global network of D&I partners and appointing senior leaders to support the priority diversity strands (eg including executive committees and our director group). Creating D&I champions at all levels of the firm – we can learn from work in London, where associates are leading diversity strands in conjunction with local network groups
- > Increasing scrutiny of the diversity mix of lateral hires and leveraging this as an opportunity to increase the number of female partners in the firm. The same principle applies to other strands of diversity

To truly have an impact and act as a responsible business, we use our size, resources and capabilities to effect positive change in the world around us. In the UK our lawyers assist with queries received by Working Families helpline, advising on topics such as maternity and paternity leave, rights to time off in an emergency and shared parental leave. In Asia, we participated in an intervention in the QT case in Hong Kong, which ultimately led to equal immigration rights for same-sex couples and we also contributed to a legal analysis of same-sex marriage under the Japanese Constitution. We are also the pro bono legal supporter of the Gay Games Hong Kong 2022 organising committee.

Our community investment activity seeks to promote equal access to opportunities to create a fairer and more inclusive world. In New York, we run mock trials with local NGO Legal Outreach. In Stockholm, our people mentor immigrants who seek a career in law while in London, our Careers Conversations programmes supports those who speak English as an additional language. We help to increase their awareness of the UK job application and interview process and their confidence in speaking English in a work setting.

Commitment: We commit to gathering data, training and educating our people, and maintaining sponsorship of our D&I Action Plan at the most senior level.

7. Linklaters supports a precautionary approach to environmental challenges.

The Environment and Climate Change Group advises clients on climate change, policy, emissions abatement, product stewardship and decommissioning legacy management. The group is well known for its stand-alone expertise across law, regulation and soft law application to environment issues, and functions seamlessly with market-leading corporate, projects, financial regulatory and derivatives teams.

Our own firm-wide Environmental Policy commits us to minimising the harmful effects of our services and operations on the environment and ensures we focus on a programme of continual improvement. A consistent approach to managing this has been achieved through a global Environmental Management System (EMS), with the governance of this system overseen by a sub-committee of the Partnership Board. The in-house environmental sustainability and energy team manage and drive the integration of the EMS to support our Responsible Business commitment. Five environmental focus areas concentrate on our greatest impacts and where we have the biggest opportunities for achieving change: resource conservation, climate change, waste management, supporting biodiversity and pollution prevention.

We report our progress publicly via the Carbon Disclosure Project (CDP) supply chain module, with our greenhouse gas emissions externally assured to the ISO 14064 standard, ensuring accuracy and transparency. For the second year, we have retained a CDP score of A-, placing the firm in a leading position for the legal sector globally.

After 10 years of efficiency projects and energy management focus, it is now harder to achieve further reductions. To complement our efforts, the firm became Carbon Neutral in 2017, offsetting the unavoidable carbon emissions resulting from energy use, business travel and waste. In 2018, we committed to a new three-year carbon neutral project, working with a range of partners on the Gola Rainforest Conservation Project in Sierra Leone. This “Reducing Emissions from Deforestation and Degradation (REDD+)” programme delivers both environmental and social benefits through developing sustainable livelihoods – particularly in cocoa production – and through expert and informed conservation.

Commitment: We will continue to advise our clients on environmental issues, will focus on our five priorities and commit to being a carbon neutral business by supporting the Gola Rainforest Conservation Project.

8. Linklaters undertakes initiatives to promote greater environmental responsibility.

We are one of only two global law firms to have achieved ISO 14001 certification of our EMS comprehensively across our global operations. In May 2018, we completed the global transition to the latest ISO 14001:2015 standard and the firm was awarded a new Certificate of Registration, valid until May 2021. The firm's operational teams continue to implement efficiency initiatives, for example by investing a further £124,000 in energy efficiency upgrades, including LED upgrades during 2017/18, saving circa 121,000 kWh per annum.

In support of the firm's Sustainable Procurement Policy, we are now implementing a new secure printing solution that builds awareness around good and bad printing habits, implementing best practice "follow me" printing globally. This solution reduces paper use, energy consumption and transport-associated impacts. In addition, since September 2018, no single use paper or plastic cups are provided in our UK offices, with reusable cups sold and used instead.

We continue to work with our clients, staff and suppliers to ensure the evolving green and circular economies prosper. In 2018, our World Environment Day (WED) was supported by our global network of over 150 environmental representatives and champions and 24 teams around the world. Every office joined forces to promote this theme of "Beat Plastic Pollution" with some locations adopting additional initiatives; for example, the yearly "bike to work" competition in Germany; the "build a beehive workshop" in Poland and "Green Week" across our Asian offices.

As executive members of the Legal Sustainability Alliance, we continue to communicate and report our environmental performance publicly. We also engage with a number of sustainability reporting portals. In addition to CDP, we use the Ecovadis sustainability benchmarking platform to share our performance with clients and were delighted in 2018, to score 80 out of 100 in the Environment category.

Commitment: We will build upon the renewed firm-wide ISO 14001:2015 EMS to maintain our progress. We will use World Environment Day to engage with our clients and our people and we will continue to report on our activity to clients, regulators and other stakeholders.

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

Linklaters' expertise in environmentally friendly technology covers a full spectrum of relevant projects, including onshore and offshore wind, solar, biomass, biofuels, wave/tidal, geothermal, hydropower, waste and waste to energy. By way of example, we advised Anglian Water on its £250m debut issuance of Green Bonds, the first such issuance by a UK utility.

As well as external alignment, we have reviewed our own environmental sustainability programme against the Sustainable Development Goals, notably: affordable and clean energy (Goal 7), responsible consumption and production (Goal 12), and climate action (Goal 13). Since 2010, Linklaters GHG emissions have reduced by 27%, supported by a 25% reduction in emissions from water use, a 34% reduction in electricity, a 2% reduction in business travel and procuring at least 60% of electricity from renewable sources. Our offices in the UK, France, Germany and Sweden procured 100% renewable energy in the financial year 2017/18.

Telepresence facilities in our Frankfurt, London, Hong Kong and New York offices, combined with global video-conferencing facilities continue to provide an alternative to business travel. Over a period of three years, use of these facilities has increased by 60%, with further technology upgrades planned. Moreover, electric car charging points were installed in the firm's UK office car parks during 2018.

Commitment: We will continue to consider environmentally efficient technologies in our operations, and willingly share our experience and learn from others to encourage adoption of similar schemes by us and others.

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, bringing together a broad range of expertise, specialist knowledge and innovative thinking to enable us to offer holistic advice in any given situation. Of particular note is the team's work advising on the application of anti-bribery frameworks in new and developing markets. Recent matters have included:

- > performing a governance review of a multi-national company operating in the FMCG sector, which included an assessment of its policies and procedures for the management of anti-bribery and corruption risk
- > advising an oil and gas services company in connection with the second ever civil recovery settlement obtained by the SFO

We continue to champion good governance in international development and are shortly expecting the publication of a report on CAMA, a pan-African movement that is redefining international development through young women's leadership. We provided financial and pro bono support for this report.

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. In 2018, we revised and for the first time shared publicly online – "Our Ethical Code" – which includes significant guidance on anti-bribery and corruption matters including whistle-blowing.

Commitment: We will use the recent uplift in internal awareness of "Our Ethical Code" to ensure that there is consistency between our advice to clients on anti-bribery and corruption and the approach we take to this issue within our own operations.