

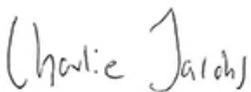
UN Global Compact

Communication on Progress – February 2020



Linklaters has always sought to be a responsible business and this year's COP provides good evidence of that. Yet it is increasingly obvious that business as usual is not enough to counter the threats to our planet and to the lives of billions who are wholly dependent upon it. The past 12 months has seen such a shift in public opinion that positive environmental stewardship has become almost non-negotiable. This is driving greater expectations elsewhere, whether in human rights, social inclusion or, more philosophically, in priorities for business itself. As a firm that plays a key role in global growth, clarity and commitment to our purpose is more important than ever.

Just as we advise our clients in navigating this changing world, so we are reflecting on our own role. We are delighted that a new firmwide "Responsible Business Reference Group" is now in place to steer our leadership in decision-making and that we are looking at a new sustainability strategy that will set out commitments influencing our progress over the next 5-10 years. This neatly dovetails with our commitment to the UN's "Decade of Action", and we will, as ever, remain an active and enthusiastic part of the UNGC family in stepping up to the challenges – and undoubted opportunities – that await.



Charlie Jacobs, Senior Partner and Chairman

Our new reference group will help us to tackle environmental and societal shifts in a planned and effective way. Bringing in experts from across our business, its role is to ensure that our organisation is sustainable in the very broadest sense of the word. We are clear that our professional success depends wholly on a licence to operate that extends further than ever before. This document provides some illustration of what we are doing but we recognise that it is by no means enough.

So the coming year will see us establish a bold new strategy that will ensure we are using our professional expertise and resources to maximum effect, not just for our commercial clients but for a wide range of stakeholders, each of which represents a key relationship

for the firm. We are committed to playing an active role in conversations that shape the future of business, as illustrated by our recently-announced membership of the "Action Platform" for Goal 16 of the Sustainable Development Goals (SDGs). Here, we will do much to promote the rule of law but, with ten years to go, we know we have a wider role to play and so will do all we can to address all goals relevant to our business.

Key contacts:

Owen Clay, Partner, Chair of Corporate Responsibility Committee
owen.clay@linklaters.com

Matt Sparkes, Global Head of Corporate Responsibility
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 international Business and Human Rights practice 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 UN Guiding Principles on Business and Human Rights and on disclosure requirements relating to human rights risks and impacts. Recent work includes undertaking human rights impact assessments in relation to contracts for the provision of high-risk goods and services in fragile states, engagement with military organisations and the provision of services into conflict-affected areas.

We have also worked extensively with the UN Global Compact to prepare a Guide for General Counsel on Corporate Sustainability with the aim of assisting clients in relation to the governance of environmental and social issues (which includes human rights); advising lenders and sponsors on the management of human rights risks and impacts in project development and finance documentation; and assisting multiple companies with their obligations under the UK Modern Slavery Act and in their engagement with Governmental and non-governmental organisations in relation to compliance.

Alongside this, we provide significant pro bono advice to further human rights. During 2019 we carried out a study for Penal Reform International on the sentencing of women convicted of low-level drug-related offences across 18 countries. Women are disproportionately affected by convictions for drug offences in criminal justice systems and our research will support crucial advocacy to address this. In the US, we filed amicus briefs relating to the "Travel Ban" for a partner organisation defending undocumented immigrants. We also filed amicus briefs challenging whether the federal government could require states to provide federal immigration authorities with access to, and information on, undocumented immigrants in state custody in order to receive critical law enforcement funding.

Commitment: We will undertake a significant review of internal guidance to ensure it is fit for greater scrutiny. We are committed to sharing our commercial expertise pro bono and will this year grow the depth and reach 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 practice has extensive expertise in how multi-national corporations should address human rights risks and opportunities in their operations and is asked to give training to clients. We have also been invited to speak at a number of human-rights related sessions at conferences and high-level meetings this year.

In relation to our supply chain, our Sustainable Procurement Policy and Statement is available online and sets out our commitment to responding to human rights concerns, not only in the selection of suppliers but also in their ongoing management. No concerns have been identified but we continue to track this through supplier review across our global network.

Commitment: In parallel with our internal review, we will assess the efficacy of our current supply chain assessment to ensure that our processes remain robust 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 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 act where we have concerns. Our Modern Slavery Statement (expanded, in fact, to cover broader human rights) is refreshed annually and an interactive guide to the legislation is freely available on our website.

Again, pro bono activities support this principle.

- > We advised on an Alternative Dispute Resolution mechanism with NGO Liberty Shared where we hope to aid companies and employees across Asia in more effectively discussing and resolving grievances that may indicate human trafficking.
- > We work with Sanctuary for Families in New York representing victims of sex trafficking and related forms of human trafficking on immigration matters.
- > In 2019, we celebrated the 10-year anniversary of our partnership with Lawyers Without Borders. Globally our lawyers have helped to build capabilities for successfully prosecuting human trafficking offences in Tanzania and Liberia.
- > We provided support on a landmark human trafficking case through the UK's Supreme Court to expand the rights of persons who are victims of trafficking in the UK.

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 and 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 or regulation. Naturally, the firm has an internal global whistle-blowing policy for employees to raise concerns as well as an external hotline for those outside.

Our Global Diversity and Inclusion (D&I) Strategy and Action Plan also helps to give our 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 goals** – measuring progress against our gender targets for new female partner elections and for our two leadership boards.
- > **Collecting global data** – gathering the data to measure how effectively we attract, retain and progress diverse talent, noting legal restrictions to collecting data and a need to explain to our people why we need this information. We also use regular global engagement and pulse surveys to measure whether we are living up to our ambition to be a diverse and inclusive firm.
- > **Ongoing education** – educating our people about the importance of D&I at the firm at every stage of their careers, including pre-joining and in regular firmwide communications and messages.
- > **Continuing to deliver unconscious bias and inclusive culture training** – embedding diversity and inclusion in all our learning and development programmes.
- > **Ensuring local relevance** – using the principles set out in our global D&I strategy, supporting each office in developing their local D&I plans to ensure that cultural nuance and context is captured.
- > **Engaging D&I partners and D&I champions** – leveraging this network (and senior champions from our top leadership committees) to drive awareness and behaviour change across our priority diversity strands. Using local D&I champions across all levels of the firm to identify actions and initiatives to accelerate progress.
- > **Shifting attitudes** – establishing the policies, systems and programmes to support changes in our culture, including enhanced benefits for new parents and embedding agile working.

Our commitment to D&I is not limited to within our four walls:

- > We have taken on three case reviews for women in the UK who were convicted of criminal offences where gender bias was alleged as part of their conviction or sentencing.
- > We are assisting the International Center for Advocates Against Discrimination on an ambitious project combining tech and data to eliminate discriminatory language and practices in sexual and gender-based violence cases in Pacific Island countries.
- > Globally, we work with people seeking asylum who are fleeing persecution because of their sexual orientation or gender identity. We have now represented over 20 LGBT clients in the US with their asylum applications while our pro bono partnership with UK Lesbian and Gay Immigration Group reached an important milestone with asylum granted for our tenth client, maintaining our success rate of 100%.

Our community investment work applies professional skills from across our business to effect positive social impact. Our focus is on supporting individuals who are from lower income backgrounds or those from under-represented groups in the workforce. Through education and employability programmes, we aim to increase individual potential, promote equal access to opportunities and

ultimately diversify representation in business and society. In New York, we host high school summer interns through the Inner City Scholarship fund, Job Opportunities programme and we run a week-long programme to introduce students to the legal profession through Legal Outreach. In London, in collaboration with UBS and Société Générale, we help individuals in Hackney through workshops and CV support. In Hong Kong, we provide employability skills training to refugees, and, in Singapore, our people support CV writing and mock interview workshops for students from less privileged socio-economic backgrounds.

Commitment: Our success on this to date inspires us to do more and we commit to ensure that our D&I work will remain “best in class” wherever we operate. However we can, we will apply our learning to not-for-profit organisations working in communities around us.

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 standalone expertise across law, regulation and soft law application to environment issues, and functions seamlessly with market-leading corporate, projects, financial regulatory and derivatives teams.

In support of the cutting-edge expertise Linklaters lawyers provide, the firm-wide Environmental Policy commits the firm 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 the firm-wide Environmental Management System (EMS), with the governance of this system overseen by a sub-committee of the Partnership Board, the Corporate Responsibility Committee. The in-house environmental sustainability team manage and drive the integration of the EMS to support our Responsible Business commitment. Our 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.
- > Pollution prevention.

We report our progress publicly via this update, progress on our website, complete the CDP (formerly Carbon Disclosure Project) Climate Change survey and have our greenhouse gas emissions externally assured against ISO14064:Part 3 to ensure accuracy and transparency. For the third year, we have retained a CDP Climate Change score of A-, placing the firm in a leadership position for the legal sector globally.

After eleven years of efficiency projects and energy management focus, it is now harder to achieve further reductions, however we take opportunities when they arise. For example, in our Hong Kong refurbishment project, environmental strategies include Energy Star rated equipment, installation of efficient LED lights, access to and use of daylight to reduce the need for lighting, occupancy sensors, low emission paints and flooring, products with recycled content, renewable materials and FSC timber.

To complement our resource efficiency 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 three-year carbon neutral project: The Gola Rainforest Conservation Project in Sierra Leone. It is a partnership between the Government of Sierra Leone, The Conservation Society of Sierra Leone, the RSPB and local communities.

Commitment: We will continue to advise our clients on environmental issues and will explore future targets for emissions reduction recognising the new challenges faced by us all.

8. Linklaters undertakes initiatives to promote greater environmental responsibility.

We are one of only two global law firms, that we are aware of, to have achieved ISO 14001 certification of our Environmental Management System (EMS) comprehensively across our global operations. At Linklaters, all locations with 30 people or more join the EMS. In May 2018, we completed the global transition to the latest ISO14001:2015 standard and the firm was awarded the Certificate of Registration, valid until May 2021.

In 2019, we completed our secure print rollout solution that builds awareness around good and bad printing habits, implementing best practice “follow me” printing globally. This solution improves security, reduces paper use, energy consumption and transport-associated impacts. We have reduced paper reams purchased by 20% between 2010 and 2018, and on average by 3% per person between 2017 and 2018.

We continued engaging our people in 2019 through internal communication updates on our three year carbon neutrality commitment to conserve the Gola Rainforest, celebrating WWF Earth Hour in 28 offices and celebrating #BeatAirPollution, the UN World Environment Day theme for 2019. Our global network of over 150 environmental representatives and champions held many events, seminars, workshops, surveys and launches of new initiatives to encourage sustainable behaviours and choices. The New York and Washington DC offices focussed on the removal of single-use paper, plastic and disposables from the café and pantries. In Frankfurt, use of the office bike was promoted as well as taking train rather than plane and using e-taxis or hybrids. The Singapore office offered plants to improve indoor air quality while, in Madrid, our champions highlighted the city’s levels of air pollution.

As executive members of the UK’s Legal Sustainability Alliance, we continue to engage with other firms across the sector and our Head of CR is now Co-Chair. In addition to CDP, we use the Ecovadis sustainability benchmarking platform to share our performance with clients and were delighted in 2019 to retain a score of 80 out of 100 in the Environment category despite ever higher standards.

Our pro bono practice frequently advances this principle. In the past 12 months, we assisted an organisation aiming to clean up the waterways in Hong Kong enter into a significant investment agreement with a global financial sponsor, while our lawyers in the UAE provide ongoing contract review expertise to social enterprise Goumbook, the main reference network on the best green and sustainability practices for environmentally conscious businesses across the UAE and the Gulf region.

Commitment: We will build upon the renewed firm-wide ISO 14001:2015 environmental management system to continually improve. We will use the UNEP World Environment Day to engage with our clients and staff on environmental issues, and we will continue to report and communicate with our interested parties eg 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, in 2019 Linklaters advised on the issue by ENEL Finance International N.V. of three series of bonds which are each linked to the achievement of the SDGs for a total of €2.5bn across the three series. In particular, two of the series, totaling €2bn, are linked to ENEL’s ability to achieve its goal relating to affordable and clean energy, whilst the third series, totaling €500m, is linked to ENEL’s ability to achieve its goal relating to climate action.

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As well as external alignment, we have reviewed our own environmental sustainability programme against the SDGs. We have identified the goals with greatest alignment to this part of our business: 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 25% reduction in emissions from water use, 34% reduction in electricity, 2% from 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.

In addition to implementing the “follow me” printing initiative globally, 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 with 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 work has included:

- > Advising a multi-national corporation on corruption concerns.
- > 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
- > Authoring the USA – Law and Practice chapter for Chambers & Partners 2019 Global Practice Guide to Anti-Corruption
- > Producing an informative, client-facing video series on the UK’s new corporate offence of failing to prevent bribery.

We also began to offer pro bono assistance to the American Bar Association’s initiative supporting governments to implement anti-corruption best practices.

We have robust policies and procedures on client and matter onboarding, anti-money laundering and bribery and corruption which we review regularly. Our people are encouraged to raise concerns quickly and confidentially and our Legal and Risk team provides support to our people wherever they may be. “Our Ethical Code” applies globally to everyone in Linklaters and contains guidance on our zero tolerance approach to bribery and corruption.

Commitment: We will continue to raise awareness among our people of the bribery and corruption risks that are inherent in our business and 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.