Legal solutions for a changing world

Our environmental, social and governance (ESG) expertise
Executive foreword

Many companies are experiencing growing pressure – from customers, investors and regulators – to improve their ESG performance. Indeed, strong ESG performance is a key factor influencing sustainability and long-term viability, as organisations face calls to partner with more ethical suppliers and vendors.

As an international law firm driven by innovation, we appreciate the growing demand for environmental, social and governance (ESG) expertise, and we have developed a bespoke offering to assist clients in this broad discipline. Our services are rooted in compliance with global regulations and local protocols, creating a malleable offering that can be adapted to different markets.

For instance, we have a thorough understanding of The Paris Agreement – a legally binding international treaty on climate change – while also appreciating how it interacts with domestic legislation. This allows us to support clients in a tailored manner, streamlining their sustainability efforts.

We are cognisant of corporate social responsibility and the need to report progress in a transparent manner. As such, we embody these values in our own work, prizes social equity as a key driver of success and growth.

This document outlines our capabilities to assist clients, while also exploring our own ESG credentials. We take pride in providing legal solutions for a changing world, and we look forward to discussing this further with you when the opportunity arises.

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Executive introduction

This document outlines the actions we are taking to support practices that promote a cleaner, more sustainable future for our colleagues, clients and communities.

While Hill Dickinson was an early leader in supporting environmentally friendly practices, dating to 2006 when we first explored nature-based offset solutions, we are raising the stakes and challenging ourselves to interrogate and improve our ESG practices.

We believe we can be a better partner and provide stronger expertise on ESG if we are also aspiring to expand our sustainability credentials. In addition to addressing the need for urgent environmental action, we are focused on supporting social equity.

We are taking purposeful action to become a more responsible business, and some of our current activities include:

- Measuring our own carbon emissions across our activities and supply chain for Scope 1, Scope 2 and Scope 3.
- Committing ourselves to achieve near-term and net-zero carbon emission reduction targets through the Science-Based Target Initiative (SBTi).
- Aligning our actions with the UN Sustainable Development Goals, especially Goals 10, 11, 12, 13 and 16.
- Promoting climate literacy throughout the firm to empower our colleagues to better understand the science, impact, and mitigation and adaptation responsibilities.
- Establishing sustainability key performance indicators (KPIs) to ensure that we continue to support social equity through our activities within our communities.

We welcome the challenges that our own journey towards a sustainable future will present and look forward to working with you to navigate our evolving ESG terrain.

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What is ESG?

ESG is an acronym comprised of three important strands:

- **Environmental**
  - Climate change
  - Greenhouse gas emissions
  - Resource depletion
  - Waste
  - Pollution
  - Deforestation
  - Carbon offset
  - Carbon footprint

- **Social**
  - Working conditions
  - Slavery
  - Child labour
  - Local communities
  - Corporate social responsibility
  - Conflict
  - Health and safety
  - Employee relations
  - Equality, diversity and inclusion

- **Governance**
  - Executive pay
  - Bribery
  - Corruption
  - Lobbying
  - Donations
  - Board diversity
  - Organisational structures
  - Tax strategy
  - Leadership structures

In turn, each overarching strand has a broad range of related topics and considerations:

The overarching concept of ESG captures a shift in emphasis from short-term profit maximisation as the primary objective of corporations, towards a more sustainable business model where significant weight is given to a range of ESG factors – such as the environment, employees, the supply chain and the wider communities in which businesses operate.
**Why is ESG important?**

ESG is a rapidly evolving area and, in recent years, it has moved up the corporate agenda as companies have come under increasing pressure to improve their ESG performance. Therefore, importance of ESG is underpinned by:

- **An increased focus from governments and regulators on mandatory ESG reporting standards which build upon the non-mandatory frameworks that have been published by industry groups, NGOs and other international organisations.**

- **As stewards of the world, we all have a moral responsibility to act on environmental, social and governance matters, contributing to a better legacy and a safer planet now and for future generations.**

- **The increasing need for public sector suppliers to be able to demonstrate social value and carbon reduction plans in order to secure contracts. Government intends to use public procurement as a means of leverage to help it meet its net zero commitments, and suppliers must be able to respond to this. For example, this is becoming an essential requirement for suppliers to the NHS.**

- **From a recruitment and human resource perspective, potential candidates and employees are placing higher priorities on sustainability standards when looking for places to work. By getting serious on ESG, organisations can create distinct advantages.**

Strong ESG performance is therefore a material factor influencing asset valuations and investment decisions. Those companies that do not take steps to implement good ESG performance face several risks, including reduced access to capital; reduced longer term operational and financial performance; reduced shareholder returns; reputational damage; and dissatisfaction among employees and stakeholders.
Given the importance of ESG, companies cannot afford to treat this as a box ticking or window dressing exercise. Instead, companies must develop their ESG policies and procedures, while also factoring ESG criteria into their decision-making processes across all levels of the business.

Nevertheless, companies face a number of challenges when implementing good ESG practice. The ESG landscape is constantly changing and there are a multitude of voluntary ESG frameworks and increasing numbers of mandatory reporting requirements that are being implemented across different jurisdictions. This lack of standardisation means that companies face a daunting task to navigate through the different standards and effectively prioritise issues that are material and relevant to the business.

Investors increasingly want to see companies measure ESG data, which can then be compiled into annual reports from where, in turn, ESG data providers can extrapolate the data and generate ESG ratings. However, given the current lack of standardised reporting and data collection standards, there are challenges around the quality, consistency and reliability of the ESG data that companies collect.

Similarly, government buyers of goods and services increasingly require suppliers to measure and report on ESG data social value and carbon reduction.

Smaller companies face additional challenges, as they will not have the same level of financial and operational resources and sophisticated data collection systems that larger companies have. Smaller companies may therefore initially need to rely on support from external ESG consultants and data collection tools.

We assist clients in myriad ways regarding ESG. The following explores the obligations facing companies in each ESG strand, and delivers further information on our expertise in each area.
Your challenges
All organisations face increased responsibilities to address climate change and the reduction of greenhouse gas emissions. At the confluence of international legislation, domestic regulation and proprietary objectives, it can be difficult to decipher exactly what is required from an environmental perspective. However, there are several pieces of cornerstone legislation with which companies must comply, including national laws and objectives set out under the Paris Agreement and by the International Maritime Organisation.

Our solutions
We help organisations ensure adherence to the correct procedures, in order to drive real change. We also help assess the impact that any changes will have on firm operations and support clients in navigating the often complex, overlapping and at times potentially contradictory regulatory frameworks to which they must adhere.

Our team handles the full spectrum of environmental legal support, including advice on:
- The regulatory framework for the decarbonisation of shipping.
- Non-regulatory initiatives that are driving emissions reduction targets within shipping markets.
- Planning applications, including environmental impact assessments, and appeals.
- The linkages between planning, highways, environmental and compulsory purchase issues, in order to deliver sustainable planning permissions drive economic viability.
- Auditing existing ESG policies and procedures.
- Green loans and sustainability linked loans.
- Developing and implementing new policies and procedures.
- Due diligence on ESG risks and disclosure, particularly in support of transactions.
- Ensuring contractual, statutory and regulatory obligations are properly documented in contracts and passed on to suppliers throughout supply chains where appropriate.
- Advising businesses expanding into alternative proteins, an important space that provides solutions to the environmental impact of traditional global food systems.
- Health and safety matters, including dust contamination; odour and noise; contaminated land; fly tipping; asbestos; packaging regulations; and pesticide control.
- We specialise in supporting clients throughout the lifecycle of their pivot to renewable energy, advising on:
  - The formation of joint ventures and other corporates.
  - Project and corporate due diligence and finance.
  - Planning and construction advice and project support.
- Transportation of renewable energy equipment.
- Operation and maintenance agreements (O&M).
- Power purchase agreements (PPAs).
- Natural gas marketing, trading, transportation and regasification.
- Liquefied natural gas and condensate project support.
- Power trading.
- Regulatory advice.
- Dispute resolution.
- Complying with government procurement policy relating to carbon reduction requirements.
- Regulatory issues including for example relating to remanufacturing.
We are in the process of measuring our entire carbon footprint, including **Scope 1, 2 and 3 emissions**. This will inform our planned carbon reduction efforts.

We have committed to set **science-based carbon reduction targets** through SBTi.

We have a **Senior ESG Analyst** overseeing our commitment to reducing carbon emissions in line with the Paris Agreement.

We send **0%** of our UK waste to landfill.

We have saved **8,882 trees** since 2015 thanks to our ‘PaperLite’ initiative.

We have saved **32,366,891 litres of water** since 2015 due to our conservation efforts.

We have significantly reduced our **CO2 footprint** due to reduced travel.

Increased teleconferencing and hybrid working arrangements.

Our PaperLite initiative has dramatically reduced paper consumption, down from **18 million pages** in 2014 to **2.6 million** in 2020, with further ambitious targets currently being determined.

We have saved **208,517 CO2 (kg)** since 2015 owing to a range of environmentally friendly travel initiatives.
Our commitment to the UN Sustainable Development Goals

Our policies and practices are aligned with the United Nations’ Sustainable Development Goals (SDGs), a global initiative to end poverty, protect the planet and improve lives and prospects of everyone, everywhere. UN member states adopted 17 SDGs in 2015, in accordance with the 2030 Agenda for Sustainable Development. We are especially focused on the following SDGs:

- **SDG 10: Reduced inequalities**
  - Empower and promote social, economic and political inclusion irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
  - Adopt policies, especially fiscal, wage, and social protection policies and progressively achieve greater equality.

- **SDG 11: Sustainable cities and communities**
  - Ensure access to adequate, safe and affordable housing.

- **SDG 12: Responsible consumption and production**
  - Substantially reduce waste generation through prevention, reduction, recycling and reuse.

- **SDG 13: Climate action**
  - Integrate climate change measures into our planning and strategies.
  - Improve education and awareness-raising about climate change mitigation and impact reduction.

- **SDG 16: Peace, justice and strong institutions**
  - End abuse, exploitation, trafficking and all forms of violence against and torture of children.
  - Promote the rule of law at the national and international levels and ensure equal access to justice for all.
**Social**

**Your challenges**
The corporate and commercial space is increasingly focused on social value, ensuring ethical standards are promoted throughout supply chains. While many organisations and their key stakeholders embody ethical values, they often require guidance in translating those beliefs into tangible initiatives with a measurable impact. It can be difficult to sift philosophies and values from legal obligations, and many firms seek support coalescing these concepts.

**Our solutions**
We help clients understand their corporate social responsibilities and how best to embed those obligations within the context of their wider ethos and objectives.

Our legal services in the social space include advising on:
- Human rights legislation.
- Employment law, including disciplinary and grievance matters.
- Organisational change and restructuring.
- Equality and diversity obligations.
- Collective consultation responsibilities.
- Immigration issues.
- Gender pay gap reporting.
- Demographic data collection and reporting.
- Complying with government procurement policy relating to social value.
- Modern Slavery requirements and statements.
- Reviewing existing social policies, processes and documentation.

The Hill Dickinson Foundation provides financial support to small grassroots charities and community projects in each of the UK locations.

Our people nominate and vote on suitable charities for consideration and support each year.

We recently donated 150 laptops to schools in need around the Manchester and Liverpool area, ensuring that students have access to the technology they need to continue their education, whether in the classroom or from home.

Our schools outreach program helps more people work in the legal sector, regardless of socio-economic backgrounds.

Our people can donate to charities direct from their salary under the “Give As You Earn” scheme. We match any funds our people raise for charity up to £250.

All our people are entitled to two extra days leave per year to volunteer for a charity or good cause of their choice.

We have a zero-tolerance approach to Modern Slavery in our organisation and supply chain.

We have various networking groups that steer company policy in certain areas. A prominent example is our LGBTQ+ group.

We are committed to delivering on actions outlined by the Race Fairness Commitment, an organisation campaigning for fairness at work for people of all ethnic backgrounds.

We offer placements as part of the 10,000 Black Interns Programme.

We are signed up to the Mindful Business Charter, a practical framework that encourages us to be more thoughtful in work.

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Your challenges
For many businesses, governance policies are a ‘tick box exercise’ devoid of genuine risk consideration. However, regulatory defence is reliant upon risk assessments being undertaken, which are specifically relevant to the business and to ensuring not only that policies and procedures exist but that they are understood and applied by staff members in their day-to-day roles.

When businesses undertake an exercise in due diligence, it is not enough to ask whether such policies exist, but indeed whether they are fit for purpose and have been regularly updated and reviewed and such updates are cascaded down to the relevant employees.

Our solutions
We help clients separate fact from fiction regarding corporate governance, cutting through the traditional scaremongering to provide concise advice. By conducting risk assessments, identifying potential weaknesses and implementing corrective action, we look after the corporate commercial interests of clients at every turn.

Our governance-focused legal services include advising on:
• Executive pay thresholds and implications.
• Political lobbying and donations.
• Risk management and regulatory compliance, both for organisations and their respective supply chains.
• Review and amendment of existing policies and risk assessments, and creating new policies specific to your business needs.
• Advising on unexplained wealth orders.

We have money laundering reporting officers and deputies in all our offices, providing accessible pathways for any concerns.

We have a zero-tolerance policy towards bribery and corruption.
Beth specialises in commercial dispute resolution with particular expertise in the shipping, shipbuilding/offshore, commodities and marine insurance sectors. She regularly advises first class shipowners, shipbuilders and P&I clubs. She also advises blue chip Asian and multinational companies and trading houses in relation to their commercial agreements and disputes. Beth was one of the lawyers at the forefront of the roll out of the IMO 2020 Regulations on the sulphur content of fuels, and brings her considerable expertise to anticipating the consequences of the new wave of environmental regulations concerning greenhouse gas emissions.

Jaspal is a partner in the corporate team, specialising in corporate finance, transactional and advisory work for UK and international clients. Jaspal has experience of capital markets work including IPOs and secondary fundraisings (on the Main Market and AIM), as well as public and private mergers and acquisitions, joint ventures and corporate reorganisations. He also has extensive experience of advising on equity fundraisings and investments (particularly for growth companies). Jaspal has varied experience across a number of sectors, including natural resources, real estate, technology and financial services.

Jamie is a commercial lawyer specialising in the health and life sciences sectors. Clients include life sciences businesses, NHS organisations, private hospitals and clinics, academic and research institutions, charities and social enterprises, and start-ups. Jamie advises clients on contracting arrangements, joint ventures and collaborations, transactions, public procurement and intellectual property matters.

Rachel is a senior associate in the marine team. Rachel deals predominantly with commercial shipping disputes and non-contentious shipping matters. Rachel has been involved in shipping’s pathway towards decarbonisation since 2019, working on projects with the International Maritime Organisation and UK Department for Transport, and using her insight in this sector to guide clients on emissions reduction possibilities.
About Hill Dickinson

Hill Dickinson LLP is a leading and award-winning international commercial law firm with more than 950 people including over 200 partners and legal directors.

The firm delivers advice and strategic guidance spanning the full legal spectrum, from non-contentious advisory and transactional work, to all forms of commercial litigation. The firm acts as a trusted adviser to businesses, organisations and individuals within a wide range of specialist market sectors.