

First Annual Report

LAMP HOUSE
STRATEGY

A global review of law firms'
responsible business activity

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Introduction

Lamp House Strategy is an insights specialist for the legal sector.

We provide invaluable research and data that helps law firms to shape their responsible business strategy.

Our purpose is to modernise the legal industry and help firms more positively impact their people, planet and profits.

Our legacy business changed the dialogue on a number of important topics within leadership teams.

We now take the same data-driven approach to deliver insights which help law firms to reframe responsible business as a symbol of sustainable success.

Our research solutions help firms to understand their current position, engage stakeholders and secure their future.

Introduction

Definition: What is responsible business in the law firm context?

Responsible business, in a law firm context, means genuine focus on creating a sustainable positive impact for all stakeholders. This means going beyond prioritising equity partner profit and other interests.

A responsible law firm cares about how it impacts its clients, its people, their families, the communities it works in and the industry sectors it serves. It has diverse talent that feel included and have access to equal opportunity and reward. It respects and nurtures the mental and physical health of its people, in the same way it does their expertise. A responsible law firm works to try and exert positive influence on its clients, supporting and guiding them to be ethical and responsible in the way they go about their business. It gives back to society through pro bono, volunteering and donations. A responsible law firm also seeks to make profit, to create reward for its stakeholders and to sustain itself for the long term.

Responsible business should not be politicised. It is about behaving ethically and with purpose, being decent and taking into account the interests of all stakeholders, including the wider community.

Our work with Chambers in surveying both Partners and Associates across the US and the UK has shown the significant positive impact that responsible business success has on engagement, pride and retention. It also shows how these factors have become increasingly important over time.

Partners and Associates who perceive their firms to make authentic claims around responsible business are:

25%

happier

24%

more motivated to perform at their best

31%

more likely to recommend their firm as a place to work

Source : Chambers & Lamp House Leading Teams, base size - 3021

The client imperative

Responsible business is not only about doing the right thing.

Most clients are now under significant pressure – from shareholders, customers and regulatory bodies – to act as responsible businesses. Law firms, being part of a client’s supply chain, are therefore under more scrutiny. Many clients are already asking questions of law firms, with some mandating ESG-related requirements to qualify as a supplier. In some cases, law firms are losing pitches where they cannot evidence their responsible business credentials.

In Lamp House’s own research earlier this year, half of the clients surveyed told us they have asked firms to report on specific ESG metrics. The majority of those that hadn’t done so already planned to ask in the year ahead.

51% of clients have asked their law firms to report on specific ESG metrics

There are also many clients who just genuinely care about this and look to use their buying power to encourage firms to take more action. To win work from these clients, firms will have to comply and show real progress.

However, there is some way to go for firms to start making an impression in this space: Lamp House’s research has shown that clients don’t believe their firms are doing enough when it comes to responsible business.

Only **32%** of clients feel their firms are genuinely committed to ESG

Partners rarely talk proactively about their firm’s responsible business efforts. When questioned, they may not have the answers, or they provide an incohesive response (which can sometimes do a disservice to the true breadth of a firm’s responsible business strategy).

In this sense, firms need to step up. Responsible business needs to be embedded across the firm, and partners need to be armed with the knowledge to articulate their firm’s responsible business credentials to clients in the same way they do their expertise.

Responsible business brings both risk and reward, both of which will only grow. But, like most opportunities, firms will benefit from early adoption rather than being in catch-up mode.



Foreword by Matthew Layton, ex-Global Managing Partner of Clifford Chance

In an increasingly complex, challenging and fast-changing world, law firms have a pivotal and critical role to play in promoting the rule of law, effective regulation, the principles of justice and equity at the very heart of the business and the wider community. Indeed, it is these shared objectives that first attract many to the profession and to work in the legal sector.

However, when it comes to articulating and evidencing these and other principles of responsible business in practice, the legal sector has tracked behind the progress that has been made by many of their clients in the wider business community as they have developed distinctive, purpose-led strategies and risen to the demands for greater reporting, transparency and accountability.

Over the last few years, progress has been made in the legal sector. But there is still a huge opportunity for law firms to step up to meet the increasing expectations of their clients, their current and future talent – the lifeblood of any successful and sustainable firm – and other stakeholders.

Executive summary

It is now a clear business imperative for any firm to articulate its purpose and its approach to the principles of responsible business. For these to shape every aspect of the firm's strategy and to be reflected in the actions and words of its leaders. These commitments need to be supported with increased accountability and transparency, alongside greater reporting in terms of targets and evidence-based impact.

The extensive research undertaken by Lamp House and featured in this inaugural Annual Report provides a deep analysis of the current activity levels as reported by 125 of the leading firms headquartered in the US, UK and Canada through their respective websites and annual responsibility reports across three key areas – People, Planet and Governance. Lamp House's work with Chambers, in their Partner and Associate talent surveys, underscores the importance of an authentic and transparent responsible business strategy in the 'war for talent'.

Whilst the findings show some excellent examples of best practice, which is to be commended, the huge variance in transparency and engagement across the firms surveyed is stark. As are the significant regional variations in focus and emphasis. Somewhat alarmingly, the client feedback emphasises the impression that many firms and, importantly, their partners, fail to convey an authentic understanding of and commitment to these fundamental issues.

With the benefit of this data-led analysis and insight, firms will be better equipped to make informed decisions as they develop their responsible business strategies in line with their own purpose, principles and priorities. For every firm, progress will be increasingly critical in maintaining its 'licence to operate' in the eyes of all of its stakeholders and in securing a sustainable and successful future. For the sector, these insights and Lamp House's continuing research and work in this area provides a unique platform to enable firms and clients to work together to develop and share best practice and to build the trust and confidence in the commitments of the profession as a whole to responsible business.

Key findings – based on analysis of 125 firms across the UK, US and Canada

Overall sophistication of law firms

Like all industries, there is a vast array of commitment and sophistication when it comes to responsible business activities.

The leading firms typically **demonstrate** breadth, balance and a joined-up approach in their activity, as well as transparency, specificity and clarity in **how** they report.

Lower scoring firms typically demonstrate a **narrower** focus on a smaller number of responsible business areas, as well as more **generalised and opaque** reporting which may lack detail and evidence.

However, even the leading firms¹, according to our analysis, have some way to go on their roadmaps. This is a dynamic field, where there will always be more to do.

Of the 238 total activities tracked²...



average number of activities for leading firms



average number of activities overall

1 In this report, 'leading firms' refers to those firms which have achieved scores in the top 5%.

2 238 is the current number of metrics which contribute to the scoring within our model. These metrics receive different weighting, and naturally there is overlap across metrics. We do not envisage any firm would score on all 238 metrics. Our methodology is explained in more detail in later sections of the report.

Key findings

Regional variance in approach

There is a clear difference of approach on each side of the Atlantic.

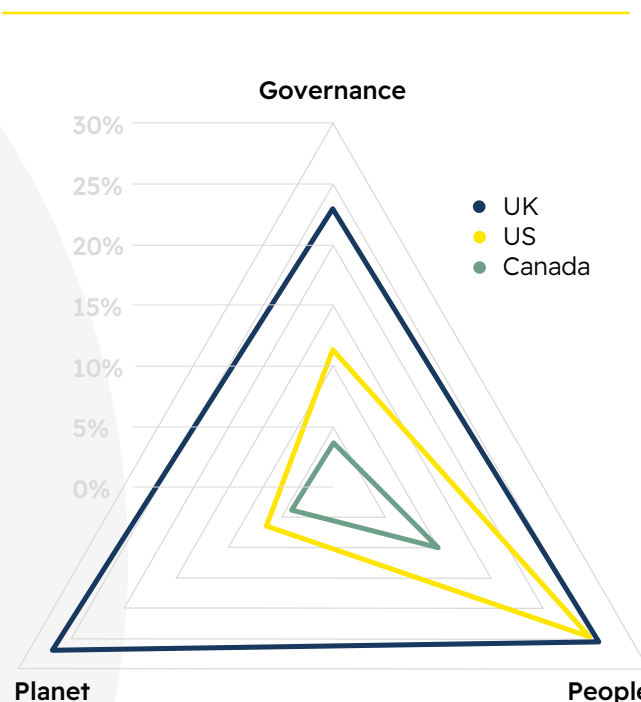
UK-led firms are showing significantly more activity and commitments on 'Planet'.

There is more parity between the UK and US on 'People', but the strategies adopted and areas of focus differ considerably. The US focuses more heavily on a smaller number of diversity characteristics, the UK takes a broader people approach.

UK firms are far more transparent about how responsible business features in their approaches to 'Governance' (in part due to more reporting requirements).

On average, Canadian firms trail in all three areas. Our assessment of these firms indicates a less mature approach to responsible business as a concept, compared to the UK especially, with our findings suggesting that Canadian firms are not yet talking as much about their responsible business journey than firms in other regions.

Sharing knowledge and experiences across borders will only help to lift the bar for the industry as a whole.



Key findings

Where are the gaps?

The average law firm website is simply not showing enough responsible business activity.

Naturally, there will be a gap between what is happening in reality at the firm and what is communicated externally; how big these gaps are remains to be seen until we receive more 'behind the scenes' information directly from law firms.

Firms aren't showing any progress towards some of the basic foundational steps their clients will have been adopting for some time.

For example, only just over one fifth of firms are releasing a holistic responsible business report. Just under a third of firms are being transparent about asking suppliers to meet minimum ESG standards. And only 4% of firms are telling the market that they have a process for reviewing the work they take on from a responsible business perspective.

There are considerable gaps in some of the most important areas of diversity, where the large firms have seriously low representation – particular at senior levels. For example, social mobility or disability, particularly in North America. UK firms have some way to go in terms of their transparency of, and efforts into, pro bono work – this is an area where they trail their US peers.

As more and more focus is placed on the impact of projects that firms facilitate in serving their clients (perhaps the most material area of all), firms will need to have principles and processes in place so their position in this area is clear. One firm is even trialling measuring the impact of its client work – this really is the white space.

Examples of gaps

22%

Only 22% of firms are releasing a holistic responsible business report

32%

Only 32% of firms are clearly applying ESG alignment criteria to their supply chain

39%

of firms are not showing any efforts towards supporting people with a disability and/or neurodiversity

58%

of firms are not transparent with their total pro bono hours; this is higher in the UK, at 68%

96%

of firms don't talk about how they formally review client and matter take-on from an ESG perspective

Key findings



It takes budget and commitment to succeed

With size normally comes bigger budgets. It takes considerable investment to develop and implement responsible business strategies – and more budget still for marketing teams to then translate all of this great work into transparent, compelling messages on websites and within reports. Larger firms can also afford experienced sustainability leaders to help guide them on this journey.

However, our leading firm overall was towards the bottom of our group of 125 firms by size. Budgets won't be effective without a genuine top-down commitment.

Larger firms are often disadvantaged by complex geographical footprints and stakeholder groups, legacy cultures from M&A activity and a greater range of voices to contend with. International firms also need to navigate local cultures and regulations. In these firms, a strong governance framework is required to ensure that top-down commitment converts to real action.

Message from the CEO



Most law firms need to seriously up their game in this area.

When talking through our findings with firm leaders, many aren't too surprised that they aren't scoring well. Leaders acknowledge they have a transparency problem, which some are reluctant to address.

Leaders fear making overt claims for two main reasons: firstly, backlash from the anti-ESG contingent (both Partners and clients). Secondly, concerns that they won't come across as authentic. The reality is that they are working in a partnership and, as much as they try to inculcate positive, responsible values as the bedrock of their culture, there are behaviours which lead to a very different experience in parts of their firm. They also live in fear of being exposed for working for 'dirty clients' and failing on the fundamentals, like taking a position on the type of work they are prepared to take on or measuring their own emissions.

Responsible business is an area where it is almost impossible to have a 100% performance, but that's no excuse for not trying. Stakeholders want transparency; they want to see real effort, progress and firms being honest about the decisions they have made.

Concluding thoughts

Much like clients, firms have a choice to make: stand true to the values laid out in their manifesto or strategic plan, or accommodate push back from the noisy minority (who may be responsible for considerable fees).

It is our view, and the view of virtually all business scholars, that the shift towards becoming more sustainable, responsible organisations, is a trend that will only intensify. This will be driven by societal and business pressure and government regulations, in the short, medium and long term. Law firms are in a perfect position to lead on this issue, and to engender impactful change within their own firms and through their clients' organisations.

Through a more sophisticated approach to responsible business AND being more transparent about progress, your stakeholders will see you as a relevant and modern firm. As the fees grow in helping clients to meet ESG expectations and regulations, they are more likely to mandate their law firms to follow suit. And as more and more promises are made to existing and incoming talent, firms will need to deliver.

I would like to both congratulate and applaud the firms who feature as exemplary in this field. In our first Lamp House report, I am pleased to announce that it is the UK-based firm Burges Salmon who is our overall leader this time. We have also highlighted some of the other leading firms and those who stand out in certain areas within this report.

Of course, many firms will see themselves as leaders in this field and question why we are not recognising them as one of the best. However, I implore you to look at your website and how clearly you articulate the range of strategies you adopt as a firm. Are you transparent? Are statements backed up with evidence? Do you give examples of specific action being taken?

Our review of 125 law firm websites has shown us that there is much scope for firms to differentiate their responsible business brand. Many firms are too reliant on generic platitudes when talking about responsible business, rather than highlighting the real work going on in their firm that is actually making a positive difference for its stakeholders. Please do contact us if you would like to understand more.

Lisa Hart Shepherd
CEO, Lamp House Strategy Ltd

What is this report and how did we create the content?

This report is an analysis of the responsible business activity carried out by 125 law firms as reported on their websites, including specific responsible business reports, during July and August 2023.

A firm's website should be a central portal of information for potential hires, clients or other external stakeholders to learn more about a firm. It is a platform for firms to say something different and stand-out against peers. By presenting an authentic and detailed commitment to responsible business, stakeholders will be more convinced that the firm is serious and not just making empty statements.

Our analytical model has been built over the last 12 months. Lamp House analysts started by tracking a list of 40 different responsible business activities, but after our initial assessment of the market, the number of activities being tracked has grown to a total of 238.

These activities include practical actions and initiatives within firms, measures and targets in place, reporting, collaboration across the wider industry and recognition. The activities stretch across environment, social (both people and community) and governance.



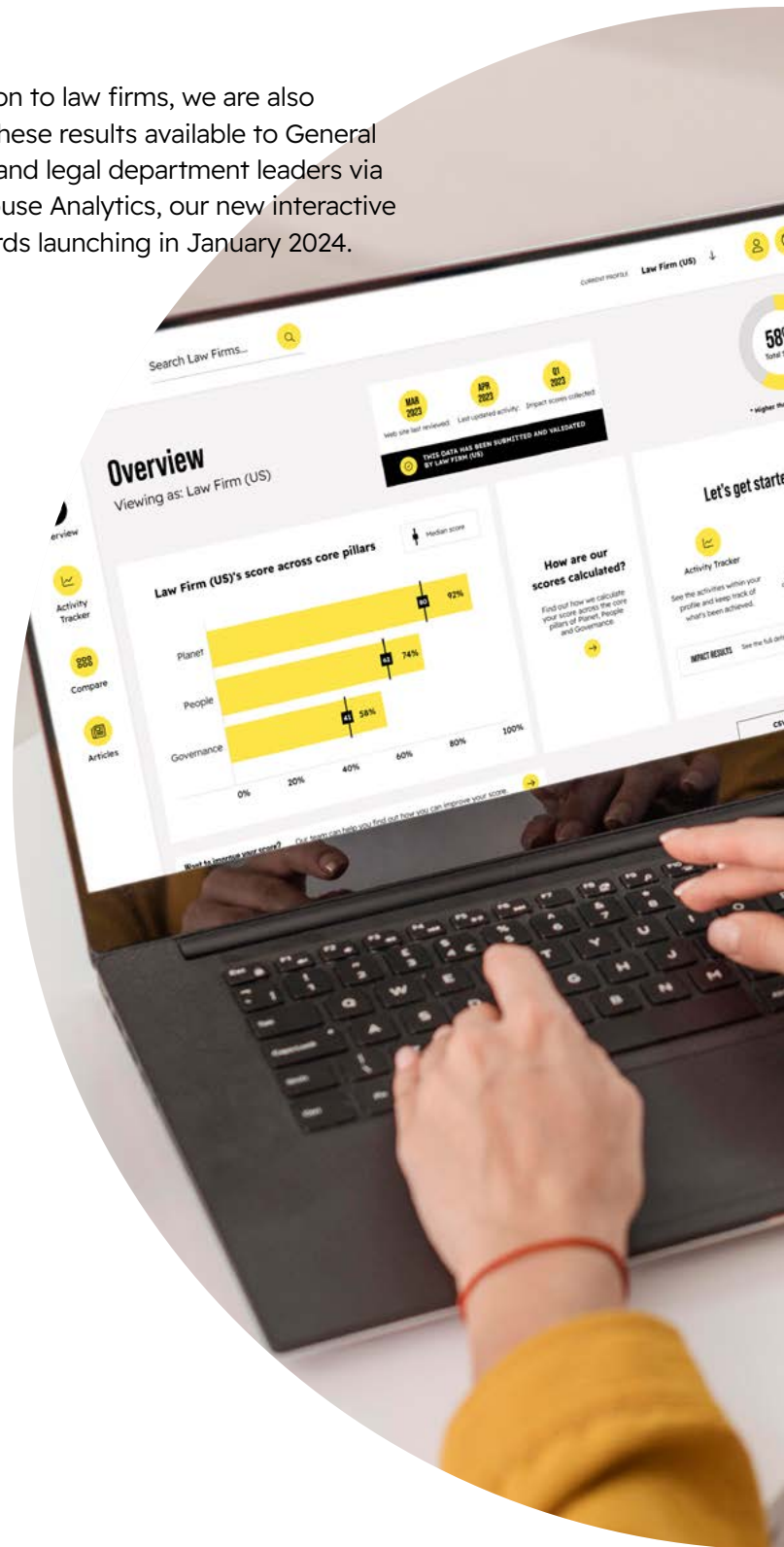
As well as assessing activity across these broad categories, our scoring model also takes into account factors like:

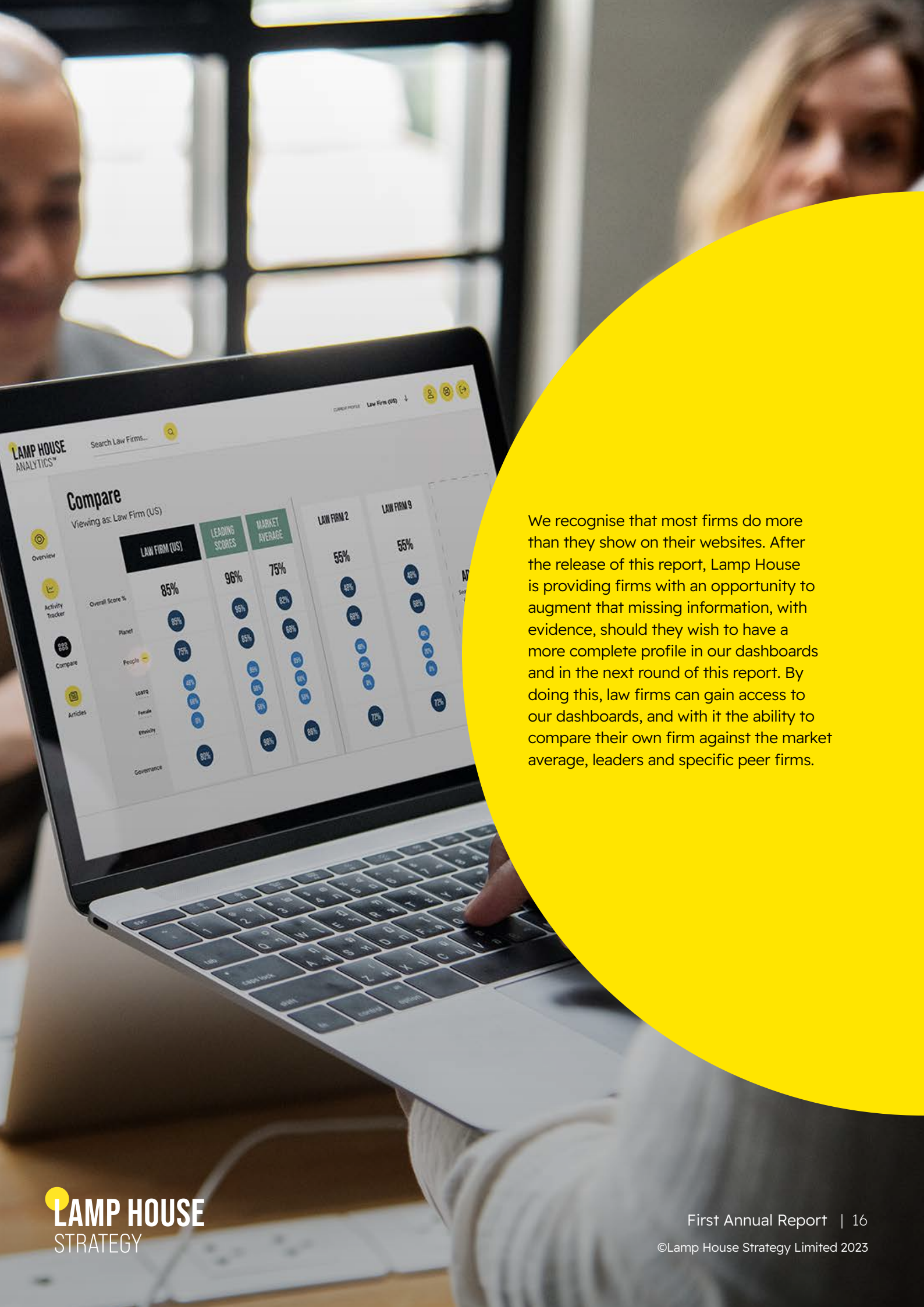
- The impact of particular initiatives and the required commitment and effort to implement them
- How balanced a firm's strategy is – meaning whether a firm is undertaking a wide range of activity to address particular focus areas
- The detail and evidence provided to support activities
- The breadth of the firm's activities, and whether these are implemented at firm-wide level or in one or two offices.

We do recognise this last point can be difficult to achieve (especially for international firms) and we factor this into our scoring approach for specific metrics. For example, firms are not penalised in our scoring for not being able to report on certain diversity statistics at a firm-wide level.

Some law firms are doing outstanding work in this area. The commitments by leadership, the individuals and committees leading responsible business strategy development and the efforts by cross-functional teams to implement are truly admirable. There is considerable resource being invested and firms are seeing results already. In this report, we share the names of some of the leading firms who have managed to execute market-leading responsible business strategies and evidence these with transparent reporting of activities.

In addition to law firms, we are also making these results available to General Counsel and legal department leaders via Lamp House Analytics, our new interactive dashboards launching in January 2024.





We recognise that most firms do more than they show on their websites. After the release of this report, Lamp House is providing firms with an opportunity to augment that missing information, with evidence, should they wish to have a more complete profile in our dashboards and in the next round of this report. By doing this, law firms can gain access to our dashboards, and with it the ability to compare their own firm against the market average, leaders and specific peer firms.

What will Lamp House be doing next?

Lamp House is committed to working across the industry to help leaders make good strategic decisions, and have a positive impact on people, planet and profit.

We recognise that what we have built to date is only the first foundational step.

Below, we set out the upcoming stages we are working through to gain a fuller assessment of responsible business across the industry:

- Inviting firms to supplement our analysis, telling us about the activities they are undertaking which are missing from their websites and responsible business reports
- Launching our analytics platform with interactive dashboards on the first 125 firms we have reviewed
- Evolving the metrics we track and our scoring model, as what it means to be a leading responsible business also evolves over time
- Bringing in more of the hard impact results, like emissions per head, diversity statistics and declared targets
- Adding new firms to the analysis
- Further research with talent, clients and other stakeholders
- Correlating the results of all of our workstreams with impact data to identify the activities or features that move the needle the most.

The view from industry experts

Kevin Hogarth, Consultant at PSFI and former UK Chief People Officer at KPMG



“Law firms are entirely dependent on clients, reputation and people. Responsible business practices impact directly on all.

Clients – clients want to be able to justify their choice of advisers to their stakeholders. Consequently, they have an interest in how law firms evidence that they have a strong culture focusing on business ethics, values and behaviour which aligns with their own.

Reputation – not only must law firms do the right thing, they must be seen to do the right thing. They must recognise that they need to actively manage the way they are perceived by multiple stakeholders: employees, former employees, the family members of former employees, regulators, journalists, politicians and others can, and often do, freely express their views of the firm. Tempting though it may be to retreat from scrutiny and engagement with these stakeholders, saying nothing is usually even more damaging than engaging in the debate as other voices fill the vacuum.

People – without the right people, firms cannot serve their clients. When they have the wrong people, and the people they have behave badly, the risk to reputation and the loss of clients is enormous. To attract and retain the right people, firms

must demonstrate that they have a clear purpose and values that are experienced by those that come into contact with the firm. Employees and potential employees have become very skilled at testing the commitment to the espoused purpose and values. If firms can't persuade enough of the right people to join, they expose themselves to huge risks with regards to clients and reputation.

Sadly, this report from Lamp House does not make particularly happy reading. There are of course some examples of leading practice and many firms are demonstrating their commitment to responsible business through the allocation of resources. However, some firms are doing very little. The clients, and the Partners and Associates that work in those firms, know that to be the case.

The business case for responsible business practices is overwhelming. Even when the business environment is more challenging, there is no excuse for not pressing forward with this agenda. Stakeholders want it and they expect it. Any firms that do not heed the findings of this report are creating significant risk for themselves – client risk, reputation risk and people risk.”

The view from industry experts

**Pamela Cone,
Sustainability and ESG
Sage, Amity Advisory**



“While the entirety of society is working to understand the necessary transition to a more sustainable and just economy, lawyers are best positioned to lead the way - not just through their advice to clients, but also by ‘walking the talk’ through their firm’s own ESG journey. Those firms which fail to make progress on their own ESG journey are destined to be laggards rather than leaders in this space. The time to act is NOW to be authentic and valuable in advising clients.”



**Charlie Chipchase,
Managing Director
and Head of Europe
at Petra Funds Group**

“This is a much-needed initiative for the legal sector which will give law firms a framework within which to disclose the extent to which they are becoming more sustainable, responsible organisations and which, in turn, will give GCs, employees and other stakeholders a valuable set of metrics that will undoubtedly be a part of their decision-making processes.”

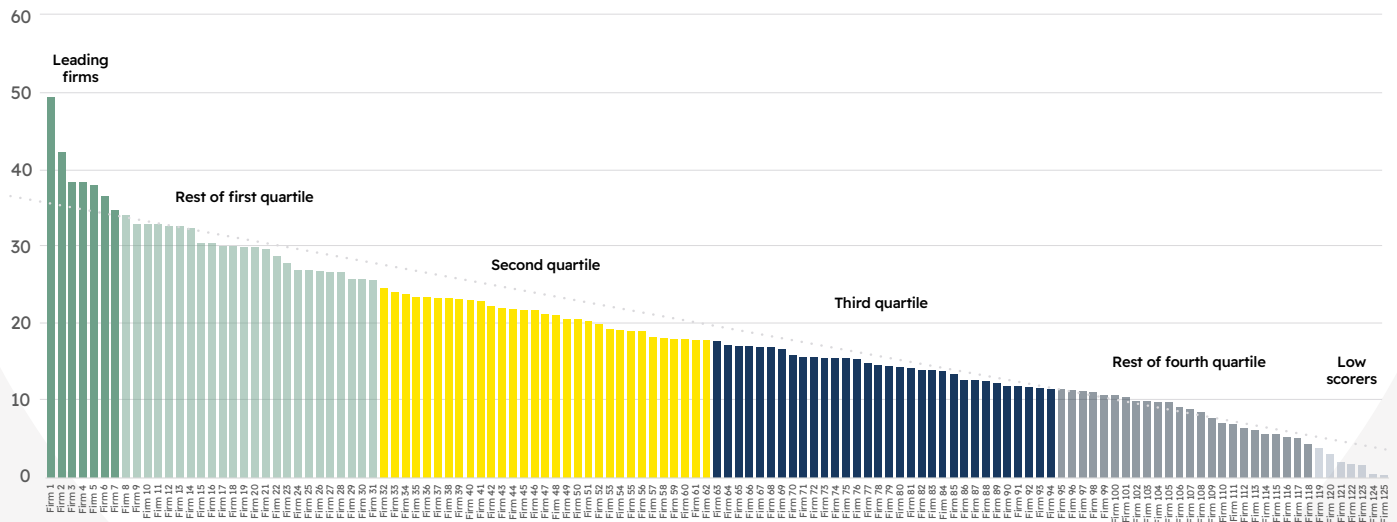
Overall scores and leaderboards

There is a wide range of sophistication in the responsible business strategies displayed on the websites and reports of the 125 law firms we reviewed.

The chart below shows how the scoring varied, with the firm at the top achieving just under 50% of available scores, almost one hundred times higher than the bottom firm. We are only reporting the names of the top 25% of firms.

We want this report to act as a call to action, to encourage firms to raise their game and be much more transparent about the efforts they make.

Variation in responsible business scores across the 125 law firms



We have grouped the firms into quartiles, but clearly separating out the top 5% as leading firms and the bottom 5% as lowest scorers. As you can see from the chart, the leading firms were outperforming the

remainder by some margin, particularly our overall leader, Burges Salmon. The drop-off for the lowest scorers was also quite steep, relative to the gradual decline shown across the rest of the pack.

Overall scores and leaderboards

As well as identifying the overall leader, we would like to highlight the leading firms and the rest of the first quartile for their efforts in being transparent around a broad range of their responsible business activities.

Overall leader 2023

Burges Salmon

Leading firms (rest of top 5%)³ in alphabetical order

Addleshaw
Goddard
Baker McKenzie
DWF
Freshfields
Linklaters
Slaughter
& May

Rest of first quartile in alphabetical order

Allen & Overy
Ashurst
BCLP
Charles Russell
Speechlys
Clifford Chance
CMS
Debevoise &
Plimpton
Dentons
DLA Piper
(International)
Eversheds
Sutherland
(International)
Gowling WLG
Herbert Smith
Freehills

Hogan Lovells
Irwin Mitchell
Mills & Reeve
Norton Rose
Fulbright
Osborne Clarke
Pinsent Masons
Reed Smith
RPC
Shoosmiths
Sidley Austin
Taylor Wessing UK
Womble Bond
Dickinson UK

³ The top 5% in this instance is made up of firms which sit on or above the 95% percentile of scores.

Overall scores and leaderboards



Undoubtedly our performance as a responsible business is an important driver for why people want to stay at our firm and for the talent we recruit.

We asked **Chris Seaton, Senior Partner of Burges Salmon**, to tell us why he thought the firm had managed to both implement a highly sophisticated approach and translate this into the firm's external comms:

“Our Responsible Business strategy has underpinned our values and culture for over a decade and is core to our purpose as a firm.

Authenticity in this area is key for our people and it is hugely important that Responsible Business is not seen as a tick box exercise. This requires the strategy to be led and lived by those at the very top of the firm.

Undoubtedly our performance as a responsible business is an important driver for why people want to stay at our firm and for the talent we recruit.

It is great to get external recognition for our efforts in this area which is down to the significant contribution of people right the way throughout the firm. We are delighted to have been identified as a global leader for Responsible Business in the Lamp House report but also appreciate that there is still much more to do moving forwards.”

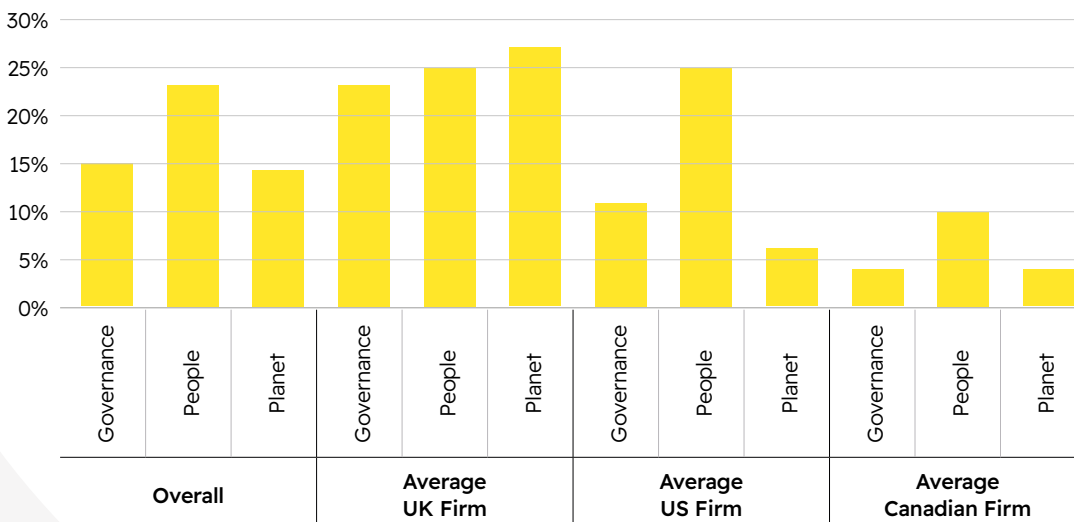
Overall scores and leaderboards

International variation in approach

The biggest general trend we identified was the difference between regions, with the UK-led firms well ahead of their North American counterparts. The difference was most apparent in their environmental strategies. Governance was also an area with less visible activity for the US and Canada, though this can partly be attributed to the fact there are more obligations on UK firms to disclose diversity statistics.

On average, the Canadian firms were behind on all three areas. Our assessment of this market suggests that responsible business is only just beginning to take on significance as a concept, and there is likely to be greater focus on this in the future as firms issue more reporting and progress updates.

Average percent of available points by region



Overall scores and leaderboards

Performance by stream

Very few firms had a leading performance in multiple areas – the evidence showed their strategies were more ‘focused’, excelling at one area or another.

Burges Salmon was the only firm to make the top 5% in all three areas. Addleshaw Goddard and Baker McKenzie made two of the three leaderboards.

- DLA Piper (International) was the overall leader on planet. Its responsible business report is outstanding in how it displays its progress towards carbon reduction targets and in creating accountability for the next steps it is taking to stay aligned with these targets.
- Reed Smith was top for people and is particularly impressive in the breadth of strategies adopted to support women and ethnic minorities at the firm. The firm also exemplified some unique approaches that were not evident at other firms; for example, having a Global Head of Diversity Recruiting.
- DWF was the leader for governance, generating an exceptional score for its transparency across the board in the governance category. Until recently, DWF was listed on the London Stock Exchange and consequently had to comply with a considerable number of ESG regulations. This isn't the only reason for the firm's excellent performance; significant work has happened behind the scenes to develop a culture and readiness to share an unrivalled level of detail and insight into the reality of life at the firm.

Tamara Box, Partner, Head of Structured Finance and the immediate past Managing Partner for Europe and Middle East, Reed Smith



“We are delighted that Reed Smith has been recognised for its initiatives to support inclusivity and wellbeing across the firm. It is a source of pride that our firm's efforts to increase opportunities for women and underrepresented groups, in particular, have stood out in Lamp House's analysis of the market – this includes our work in widening access to the profession through targeted recruitment initiatives, as well as through firm-wide sponsorship and career development programmes to help talent thrive within the firm.”

Overall scores and leaderboards

Below you will find a table showing the leaders by each of the three main categories. Again, huge congratulations to all the firms involved.

	Planet	People	Governance
Leading firm	DLA Piper (International)	Reed Smith	DWF
Other top 5% firms <small>(alphabetical order)</small>	Addleshaw Goddard Burgess Salmon Herbert Smith Freehills Hogan Lovells Slaughter & May Womble Bond Dickinson UK	Arnold & Porter Baker Botts Baker McKenzie Burgess Salmon Debevoise & Plimpton Linklaters	Addleshaw Goddard Baker McKenzie Burgess Salmon Clifford Chance Dentons Freshfields

In the following three sections of the report, we delve into the most commonly adopted strategies, how they differ by market and where there are significant gaps in activity.

What types of activity fall into Governance?

There are fundamental steps that firms need to take as they start on their journey towards being a responsible business. The list below shows some of the most important, but by no means is it meant to be exhaustive:

- Setting a purpose (that goes beyond PPP)
- Creating a responsible business structure including personnel, ownership and reporting lines
- Conducting materiality assessments
- Undertaking research to capture the voice of key stakeholders
- Making declarations, setting targets
- Measuring and reporting against progress
- Bringing targets into performance KPIs and incentive systems
- Setting minimum standards for suppliers
- Creating principles, a process and accountability when considering the impact of matters the firm takes on
- Issuing a responsible business report

Very few firms report doing some, if any, of these activities on their websites.

For example, only 13% of the 125 firms have declared a clear purpose beyond profit on their websites – although this rises to 28% among UK firms. Without this north star, it will always be difficult for a firm to anchor a responsible business strategy.

Some firms choose to follow frameworks that help them align their strategies to something more macro in scale. For example, the UN Sustainable Development Goals, which are referred to as guiding principles for 29% of law firms. Others are getting into more granular and rigorous assessments, like EcoVadis, often at the behest of clients. To date, 35% of the top UK law firms report having undergone an EcoVadis assessment, but this has yet to take hold in North American firms.

Reporting tends to focus on narrow areas such as gender balance at partnership level (in some cases with less visibility about equity versus salaried partners) and pro bono efforts. Disappointingly, only 2% of the firms are reporting their client feedback scores.

Publishing a responsible business report

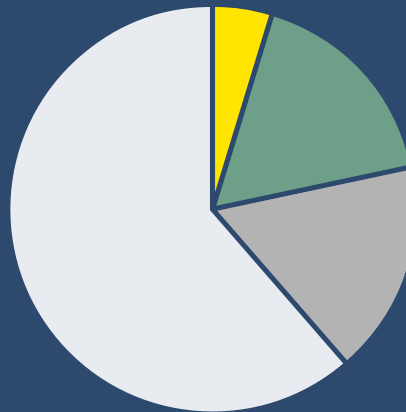
62%

of firms are not publishing any kind of responsible business report

Some firms choose to publish a single comprehensive report, others choose to publish independent reports covering individual streams, such as pay gap reporting or pro bono. Some firms do both. A holistic responsible business report enables firms to comprehensively collate all of its different strategies, to demonstrate the broad range of investments the firm is making and to draw attention in the market by doing so – but only 22% of firms do this.

Our data indicates these reports are a key indicator of a sound responsible business strategy, with the firms who publish these reports scoring significantly higher than those who do not – especially on Governance and Planet metrics.

Type of report(s)



5% Integrated RB Report

17% Independent reports

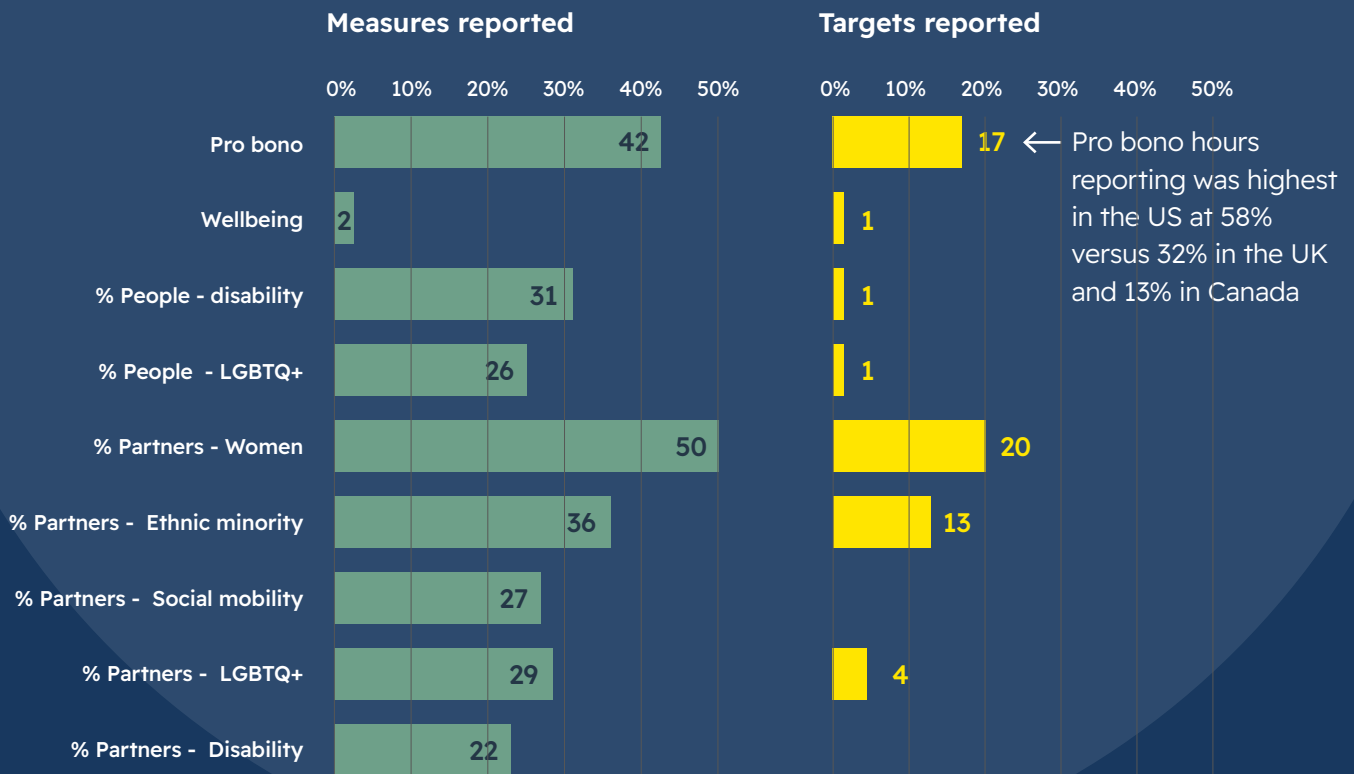
17% Mixed

62% No report

Governance

Transparency in reporting

The charts below show the proportion of firms reporting some of these mainstream measures and related targets when it comes to their people and social strategy. We recognise that in most cases firms are limited in some markets as to what they can measure and publish, and so not all measures and targets are firm-wide.



Governance

What are the most commonly adopted Governance strategies, beyond measures and reporting?

The most common strategies reported by law firms vary according to the market. The table below shows the top three adopted strategies, excluding which measures and targets they are reporting:

Most adopted	UK	US	Canada
1	Minimum supplier standards 50%	Executive ownership of responsible business strands e.g. D&I 45%	Materiality review 20%
2	Executive ownership of responsible business strands e.g. D&I 37%	Minimum supplier standards 22%	Executive ownership of responsible business strands e.g. D&I 13%
3	EcoVadis 35%	RB training for employees 5%	RB training for employees 13%

People

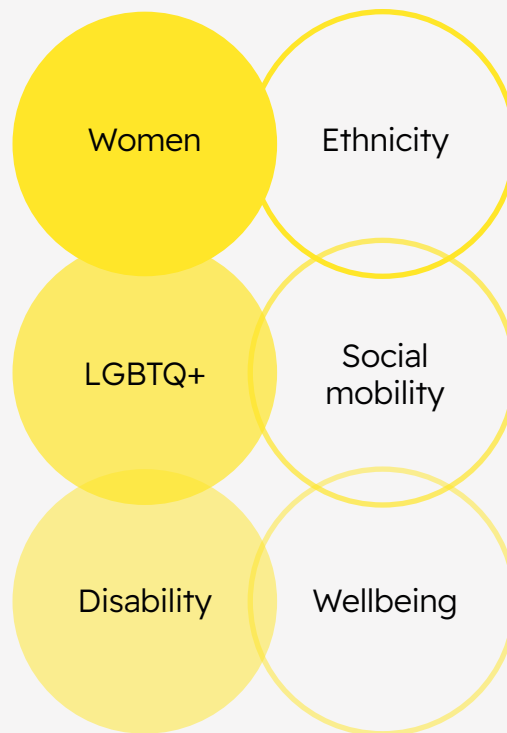
What types of activity are measured in the people section and why?

The Lamp House analysis incorporates the measures, targets and reporting relating to people in the Governance section. Therefore, the people section focuses on the practical actions that firms are taking, the industry collaborations they are part of and the recognition they are receiving for their efforts.

The purpose of these initiatives is two-fold:

- Firstly, to expand the diversity of people working in the legal profession at all levels. For firms to be a place where people of all backgrounds and abilities feel included, respected and that they have access to the same opportunities as their peers.
- Secondly, to make the legal profession a more all-round rewarding choice for a career. Most firms offer strong financial reward, but often at the cost of life outside of work. Unfortunately, the relentless hours, presenteeism and toxic cultures at some firms have caused many fractured relationships, substance abuse and poor mental health across the profession. Firms are actively working on initiatives to reduce these negative impacts.

We broke the people section into six different sub-themes:



People

What are the most commonly adopted practical actions?

Firms are adopting a wide range of people strategies across the six sub-themes. There are consistent strategies, like affinity groups, that are applied to all the diversity sub-themes for example. Our analysis also noted specific strategies that were more particular to individual sub-themes like enhanced parental leave (women), anti-racism training (ethnicity) or scholarships/ bursaries (social mobility). We will look first at the generic strategies and then drill into each sub-theme.

The most common generic diversity strategies were undoubtedly affinity groups and mentoring.

US firms were more likely to draw on initiatives like targeted recruitment and generally make more focused efforts in gender, ethnicity and LGBTQ+.

UK firms were placing much more effort on social mobility, disability and wellbeing. In general, they tended to adopt a much broader range of strategies for each sub-theme of People.

The level of collaborative initiatives with clients was generally underwhelming – this should be a huge opportunity to build strong relationships with General Counsel on sub-themes that are close to their hearts, building profile for both organisations in the process.

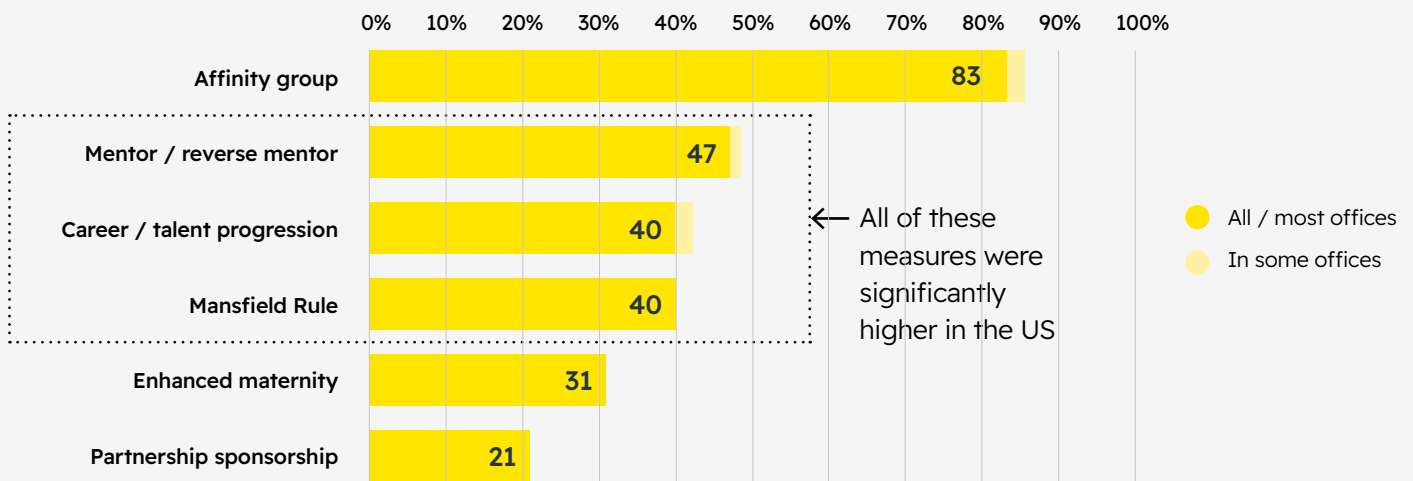
The most common generic diversity strategies were undoubtedly affinity groups and mentoring.

People

Sub-theme 1 – Women

We assessed 20 common practical actions across the 125 firms in relation to women and a wide array of formal collaborations.

The chart below shows those being adopted by at least 20% of firms:



Having a firm-specific women’s affinity group topped the list as the most adopted strategy. Next came mentoring, career progression initiatives and the Mansfield Rule – all three of which were significantly more adopted in the US than elsewhere. Enhanced maternity leave was reported as being offered at 31% of firms, with partnership sponsorship only featuring at 21%.

varied, bringing in policies on topics such as menopause, gender-neutral language or domestic violence. Canada was generally showing less focus on initiatives to further women’s opportunities in law.

Many firms were actively involved in national groups like Women in Law Empowerment, 30% Club and National Association of Women Lawyers.

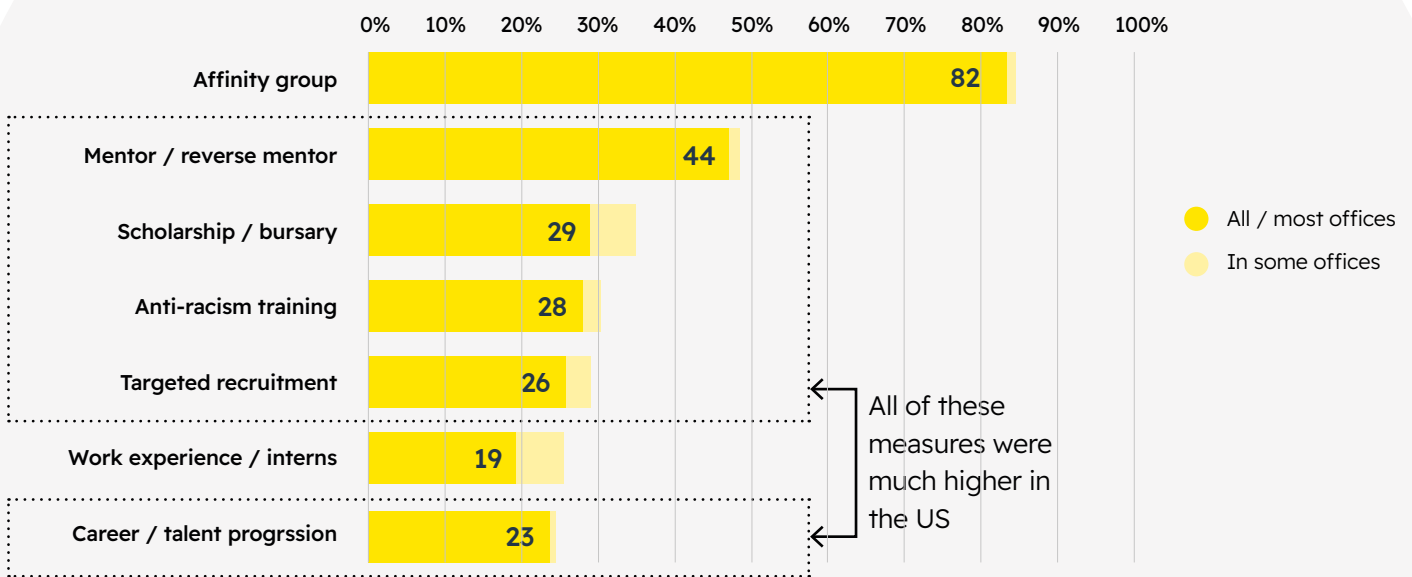
US firms were also more likely to talk about researching women’s attitudes and experiences within the firm, and targeted recruitment. In the UK, the focus was more

People

Sub-theme 2 – Ethnicity

We assessed 16 common practical actions across the 125 firms in relation to ethnicity and a wide array of formal collaborations.

The chart below shows those being adopted by at least 20% of firms.



Once again, having an affinity group topped the list as the most commonly reported strategy, followed by mentoring. In third place was scholarships and bursaries, with the intention of enabling more access to a career in law. Anti-racism training was in place at 30% of firms (28% across all offices). Targeted recruitment rounded out the top five. Four of the top five were significantly more adopted in the US, and this trend continued through this sub-theme.

Whilst US firms were more active in detailing interventions to support ethnic minorities overall, the UK were talking

about some more novel strategies such as allyship programmes, building the profile of role models in the firm and implementing specific policies, such as one for black hairstyles.

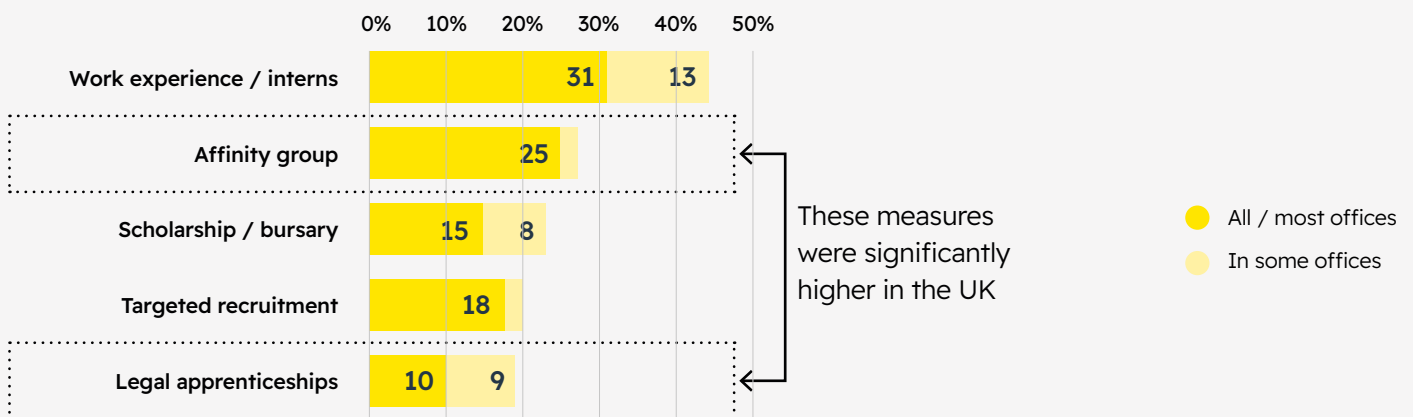
More than 19 different collaborative groups were cited in relation to ethnicity, the most popular in the US being the Leadership Council on Diversity. Canadians talked about the BlackNorth Initiative and Black Future Lawyers, whereas in the UK the highest number of firms were signatories to the Race Fairness Commitment.

People

Sub-theme 3 – Social Mobility

We assessed 15 common practical actions reported across the 125 firms aimed at increasing social mobility. Social mobility is an area that is currently not gaining sufficient attention, particularly in the US and Canada. The chart below shows those being adopted by at least 18% of firms.

It is interesting to note that this sub-theme is the first time we've seen more localised approaches, where work experience, scholarships and apprenticeships are only offered in some locations.



Work experience/internships were the most popular strategy, used consistently across all three markets. Affinity groups were only in place in just over a quarter of firms, up to 37% in UK firms, followed by scholarships and bursaries which were used across all three markets. Targeted recruitment, more commonly used in the US, came next.

Legal apprenticeships, a new pathway to becoming a qualified lawyer in the UK with the ambition of widening access, rounded out the top five.

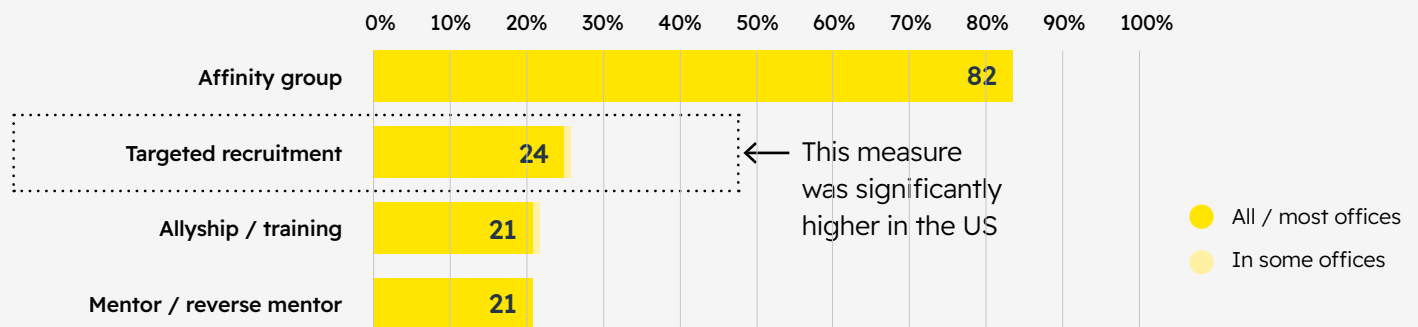
There were 14 collaboration initiatives tested, the most popular being formal partnerships with schools or universities.

People

Sub-theme 4 - LGBTQ+

We assessed 15 practical actions across the 125 firms aimed at the LGBTQ+ community. Again, there is much more limited activity in this area when compared to gender and ethnicity.

The US is markedly ahead of the UK and Canada in showing activity in this area. The chart below shows those initiatives being adopted by at least 17% of firms.



Having an affinity group is by far the most common LGBTQ+ strategy in place. Next comes targeted recruitment (higher in the US), allyship and then mentoring - all evident in between 21% and 24% of firms.

There were ten different collaborations that were frequently mentioned by firms, with Stonewall leading the field in the UK, The Human Rights Campaign and Lambda Legal in the US and Pride at Work in Canada.

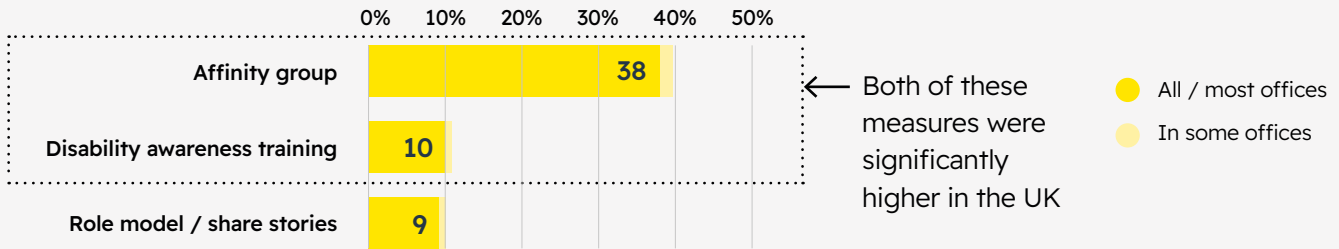
The UK firms are ahead in adopting different elements in their LGBTQ+ strategies. Once again, they're investing in profiling role models, they are also more likely to have in place a transitioning policy, LGBTQ+ training and resources.

People

Sub-theme 5 – Disability

We assessed 15 different practical actions across the 125 firms aimed at supporting people with a disability and/or diverse abilities. This was by far the area where

firms report the least activity of any sub-theme. The chart below shows those initiatives being adopted by at least 10% of firms.



Nearly two thirds of UK firms had an affinity group for people with a disability, which dropped to a quarter of US firms and just 6% of Canadian firms. With the exception of mentoring at 7%, other activities were adopted by 5% or fewer firms in the US.

firm, Burges Salmon, was exemplary in this area – our [recent case study](#) on the firm shares in more detail the different actions it is taking to support people with disabilities at the firm and to attract more diverse talent.

Some UK firms were doing extensive activity – from disability training to role models to auditing recruitment processes, accessibility programmes (both physical and digital) and allyship. Our overall leading responsible law

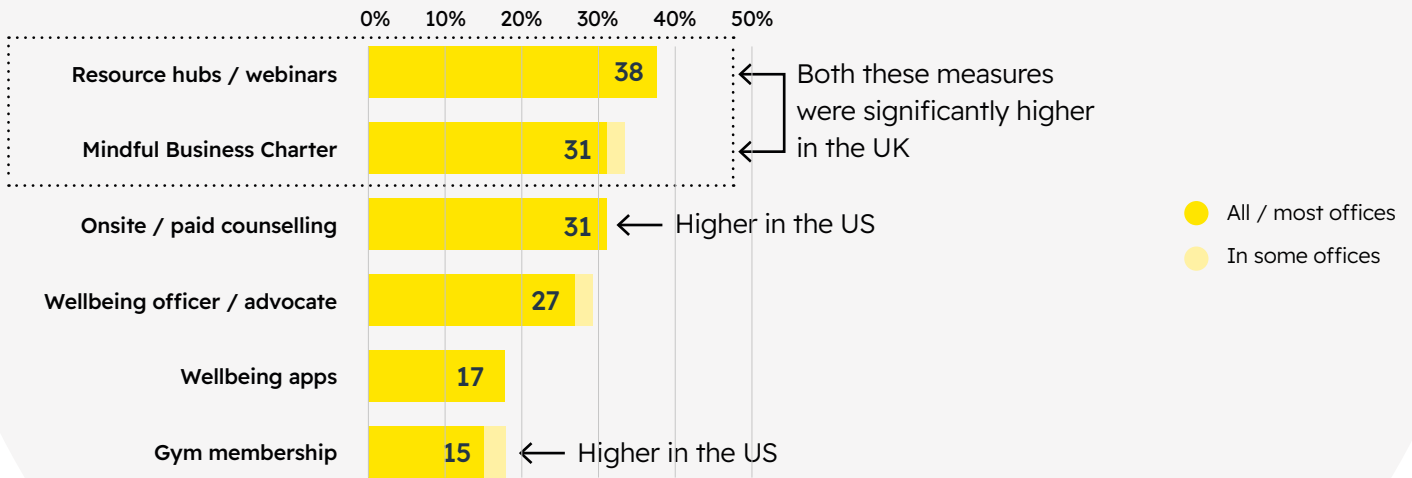
People

Sub-theme 6 – Wellbeing

We assessed 15 common practical actions across the 125 firms aimed at looking after the wellbeing of their people. This is an area where more work needs to be done. This is not just the right thing to do; a healthier profession will help to attract and retain new talent. Many promising students discount this career or leave fairly quickly because of the excessive time demands and stress levels. Improving wellbeing will

have a knock-on impact to all other areas of diversity too. Our scoring in this area held additional weighting, looking at whether activities were in the exclusive gift of the firm to enable, as well as the balance of preventative versus reactionary measures – treating the cause as well as the symptoms.

The chart below shows those strategies being adopted by at least 15% of firms.



Resource hubs / webinars are said to be in place at nearly four in ten firms. Three in ten are supporting the Mindful Business Charter. Both initiatives are significantly more likely to be in place at UK firms. Onsite / paid counselling is the most commonly reported initiative in the US.

29% of firms now claim to have a wellbeing officer or advocates in the firm, and 17% offer wellbeing apps to employees – again, both initiatives being more prevalent in UK firms.

People



There were some serious gaps – especially areas exclusively within the gift of the firm to provide.

- Only 11% of firms talked about flexible or agile working policies in detail. We know, in reality, most firms are now having to adopt these policies, but it is interesting that the specifics of these policies are often not made public.
- Formal work allocation policies and systems were rarely mentioned, and only 2% of firms talked about monitoring metrics such as working hours in order to make positive interventions
- Only 6% of firms said they conduct wellbeing surveys to check the state of mental health across their people

The reality is that these statistics are not likely to be nearly as bad as this behind the scenes. But, unless firms talk about them, then potential hires and new talent considering the firm won't know that they exist and, more importantly, that they are taken seriously by these firms.

Planet

What types of activity come under planet?

It is a relatively new concept for professional services firms to consider their impact on the planet. Firms aren't necessarily considered heavy polluters themselves. In fact, most of a firm's emissions will come from their supply chain, otherwise known as their scope 3 emissions, but these emissions still count as part of the firm's footprint. In the future, firms might also be measured on Scope 4 or Scope X emissions – those that are created as an impact of their work with clients.

But it isn't just carbon that firms need to consider. Firms need to look at how they can reduce their waste, their use of water and their impact on the broader natural environment around them. They can also look to use their influence in educating and incentivising their people, their suppliers and, of course, their clients.

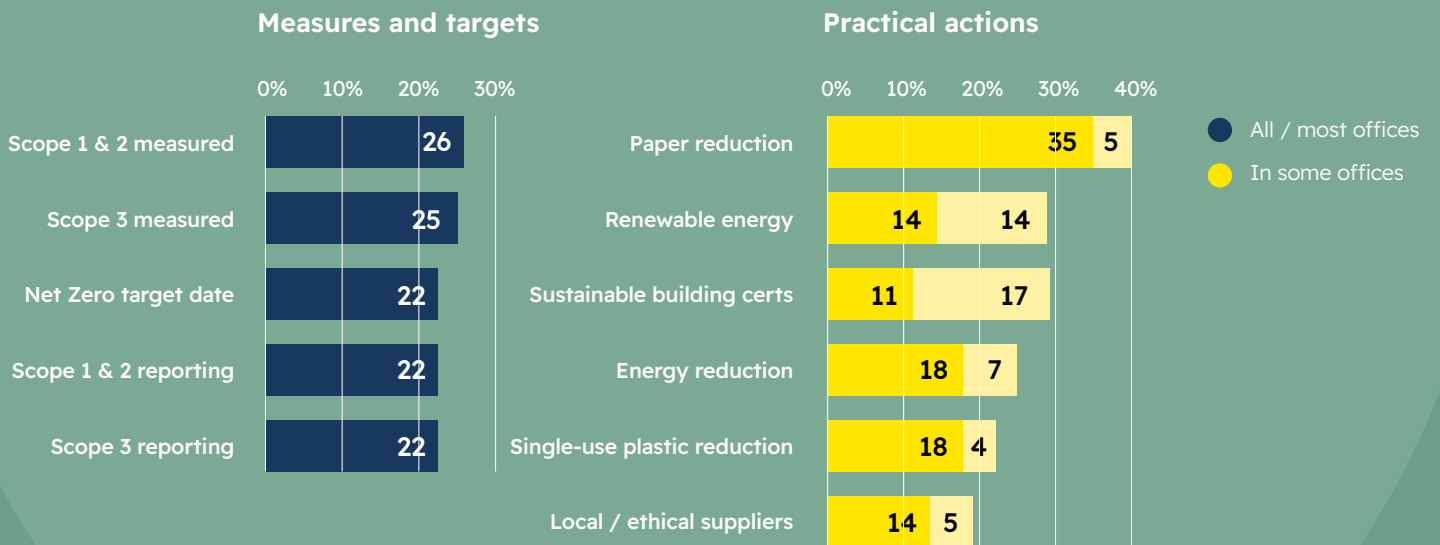


Planet

Levels of activity

We assessed 20 different practical actions across the 125 firms relating to planet, 13 measures and targets and 12 collaborations/recognitions – 45 activities in total in place. There were an extra two activities we attempted to track that, so far, no firms were adopting.

The chart below shows those initiatives being adopted by at least 19% of firms.



Nicola Sinker, Cost, Procurement & Carbon Specialist at Auditel and former London Chief of Staff at Baker McKenzie



“With the UK Government’s commitment to a low carbon world, the drive to carbon neutrality is dominating organisations’ future decision making. With only a quarter of firms included in this thought-provoking report indicating that they have measured their carbon footprint, it is clear that there is still a long way to go before the industry is meeting client demands and contributing to the broader global target of net zero by 2050. For firms, measurement of their carbon footprint and then the development of carbon reduction plans has to be on the priority list for the year ahead, not least to protect the firm’s ability to win work.”

Around a quarter of firms are claiming to measure their scope 1/2/3 emissions, but far fewer have set targets. This hasn’t, however, stopped 22% from setting Net Zero targets.

In general, UK law firms are far ahead of their North American peers on transparently reporting actions relating to the environment. For example, the average UK firm reports four environment practical actions on its website, whereas the average US firm is just mentioning one. Paper reduction is the most commonly cited initiative, followed by sustainable building certificates. Single-use plastic reduction comes next, followed by moving towards ethical or local suppliers. Just 18% talk about implementing energy reduction initiatives firmwide. Take-up of the other 15 practical actions falls below these levels.

The reality is that many firms, particularly in North America, aren’t showing any action at all. Firms would be wise to get ahead on this. When clients start to mandate reporting in this area, it will be difficult to justify months of delay in getting any reliable figures.

There are fantastic industry groups to get involved with, including the 1.5 Charter in the UK and the Law Firm Sustainability Network in the US. Joining industry forums like the Legal ESG conference, held in London and New York, can help you access the innovators in the industry and share in the experiences of those who have gone first.

Developing a roadmap

The diagram below shows a basic roadmap, utilising the UK data findings as a guide, of what firms can think about following if they are just embarking on this journey. However, we recommend employing the help of expert environmental advisers to ensure your approaches are robust.

Step 1	Step 2	Step 3
✓ Measure scope 1 & 2	✓ Scope 1,2,3 target	✓ Carbon literacy training
✓ Measure scope 3	✓ Scope 1,2,3 reporting	✓ Sustainable pension plans
✓ Renewable energy	✓ Net Zero target date	✓ Encourage electric vehicles
✓ Reduce paper use	✓ Sustainable building certificates	✓ Recycle/reuse tech
✓ Reduce single-use plastic	✓ Sustainable business travel	✓ Identify supplier hotspots
✓ Reduce food waste	✓ Local/ethical suppliers	✓ Trial Scope X measurement
✓ Reduce energy used		

What next

This first Lamp House Annual Report marks only the beginning of our journey in helping law firms to more positively impact the planet, their clients, their people and profit.

Our hope is that the law firm specific framework we have created for measuring responsible business activity will help firms to further develop their own strategies. It is a tool to help firms understand where their gaps are currently and where they need to focus to make greater impact – overall as a firm and also in relation to their peer firms.

We want to collaborate across the industry to continually evolve this framework over time, as what it means to be a responsible business also evolves. We will grow our dataset, including more firms in our analysis and by sourcing information directly from firms to get a truer sense of the reality inside law firms.

If you want to know where your firm placed in our analysis, or to understand how to update your profile, please get in touch: Jo Summers, Chief Client Officer at Lamp House jo@lamphousestrategy.com

We regularly share our latest data, research insights and best practice case studies online – follow us on LinkedIn or visit our website to stay in the loop.

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www.lamphouse.com

To learn more about how we can help
your firm, get in touch with:

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