

# LAMP HOUSE STRATEGY

How are your law firms performing on ESG; how does this help or hinder your organisation and you as a buyer?

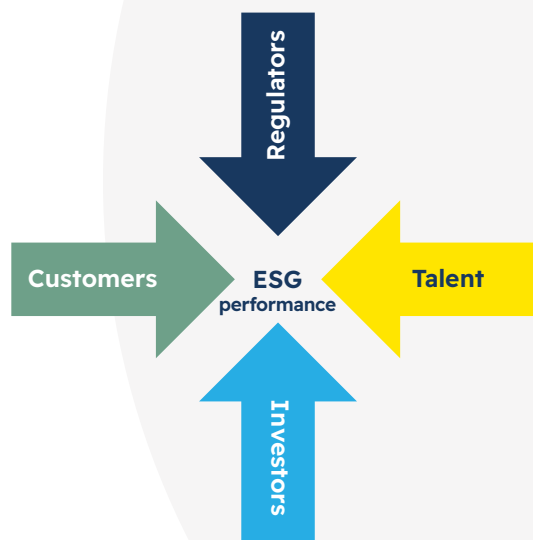
## Introduction

Whether ESG aligns with your personal values or not, it is becoming increasingly difficult to ignore the risks and opportunities aligned to ESG performance and the concept of acting as a responsible business.

Customer pressure is rising, staff are demanding more action and regulation is increasing. As a result, investors are looking to benefit from sustainability success and protect themselves against sustainability risk.

But, how can law firms assist? What risks do you expose yourself to if your law firms are not up-to-date, or acting responsibly themselves?

**This brief report seeks to answer these questions. It also introduces a free dashboard service that enables you to check in on your own firms.**



## What is ESG in a law firm context?

**ESG – sometimes referred to as responsible business in a law firm context – means genuine focus on creating value for a broader range of stakeholders, not just prioritising Equity Partners above all else.**

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. It gives back to society through pro bono, volunteering and donations.

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 uses its expertise to guide clients on ESG risks and opportunities.

A responsible law firm also seeks to make profit, to create reward for its stakeholders and to sustain itself for the long term.

## How law firms can help your success

# ESG literate lawyers provide their advice through a different lens.

They understand where to look for ESG risks and opportunities. They highlight where companies have choices versus what is now accepted practice. They know where and how to put their clients on the strongest footing.

Almost all types of legal work can be affected. From fairer employment contracts to supply chain management, looking for ESG risk and reward in acquisitions to sustainable finance. ESG trained lawyers will help guide you through your specific circumstances.

Law firms can provide education and resources, open up their internal training, share knowledge updates and proactively inform clients when new regulations that impact them are looming.

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**Legal  
advice  
through an  
ESG lens**

**Education  
and  
resources**

**Proactive  
support and  
partnering**

## How law firms can hinder your success

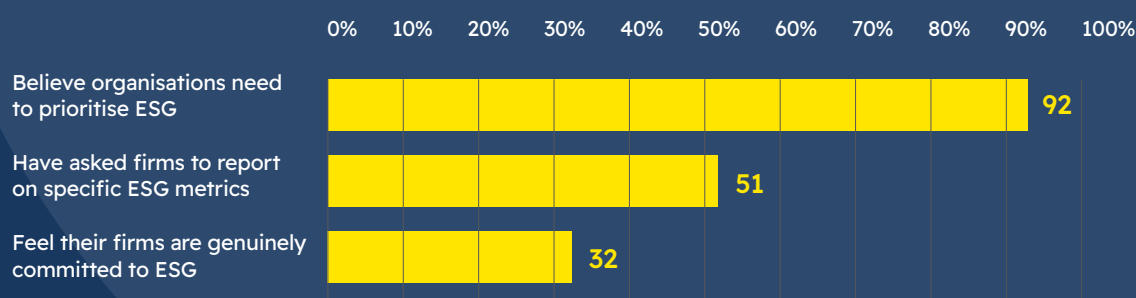
As part of your supply chain, law firms count towards your scope 3 exposure in the same way other suppliers do.

If law firms fail to improve their own environmental impact, this will negatively impact your organisation's ESG performance.

There are also direct service benefits to your law firms acting more responsibly. Their lawyers should be thriving and less burned out. They should present more diverse, collaborative teams. These teams are likely to outperform their less diverse, more burned-out peers.

There are also opportunities to share ESG learning and take collective action in partnership with your law firms, whether that is working together on pro bono, providing secondments for diverse candidates or through collaborative industry groups.

### In-house legal view on ESG and law firm performance



## Measuring your law firms on ESG

It can be very difficult to assess the full range of ESG activity at any individual law firm on a like-for-like basis.

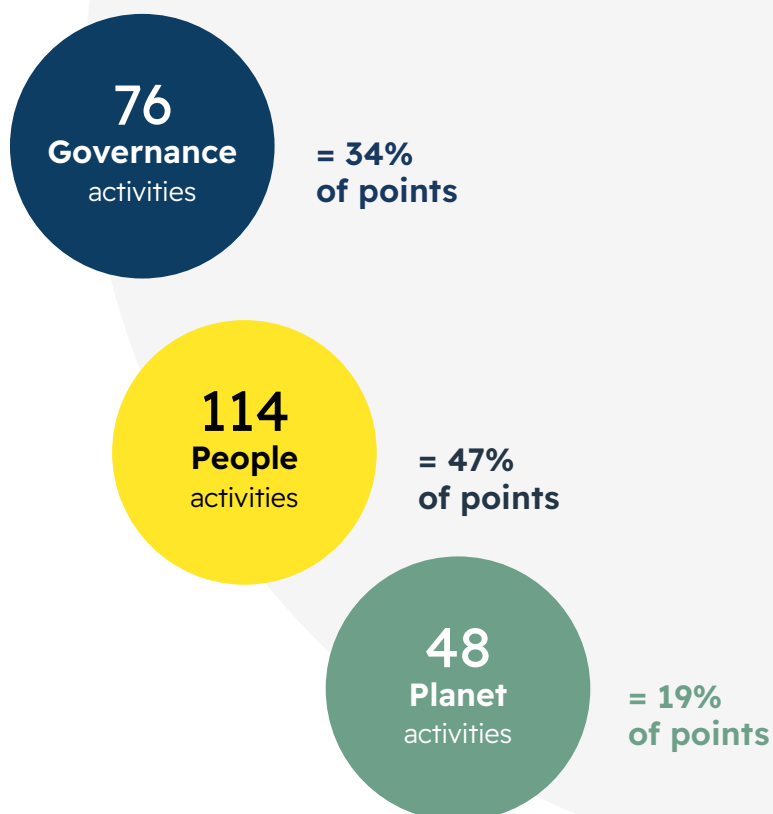
You are reliant on the firm's external communications or the individual client teams you deal with having a deep understanding of the firm's efforts.

Lamp House is addressing that gap; Lamp House Analytics is a free dashboard service for legal departments to review up to 125 different law firms on ESG performance against a common scoring framework. This service launched 22 January 2024.

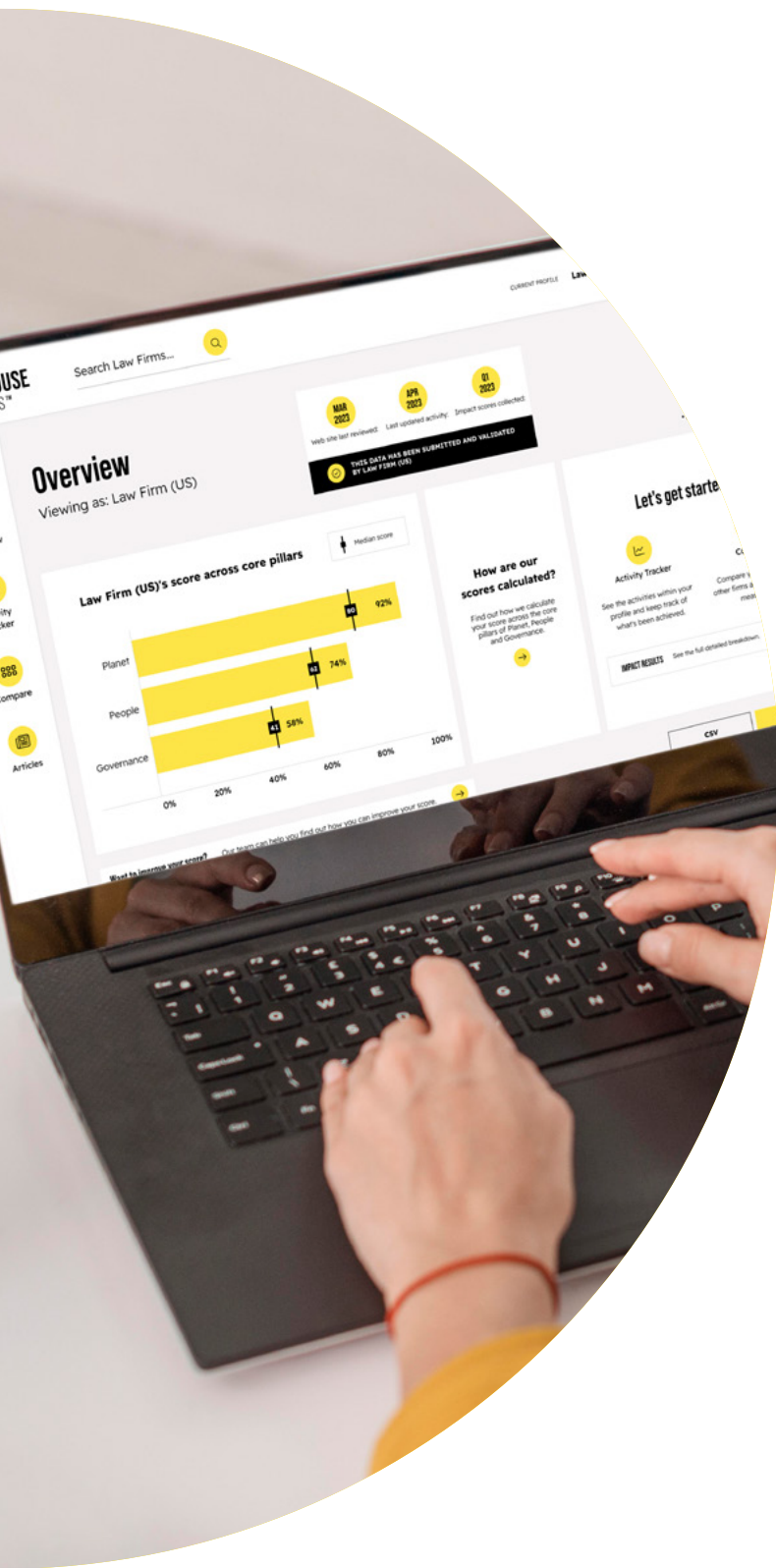
Lamp House Analytics tracks almost 250 metrics that are specific to the legal industry, and which align to broader frameworks such as the UN Sustainable Development Goals and new regulations.

The data is built from an independent review of law firms' own responsible business reports and websites. Our commercial model for law firms allows them to add to their profile with activities they can evidence but have not presented on their website, as well as helping them to benchmark their performance and identify any gaps. The dashboards will clearly note when a law firm has provided additional information to our review. If the evaluation is taken purely from our independent review, this will also be noted.

Over time, our wish is to work closely with the in-house and law firm communities to refine and evolve the metrics we track and help both groups have a stronger collaboration around responsible business. We hope that you will get involved and support our mission to modernise the legal industry and help firms more positively impact their people, planet and profits.



# Dashboards



## Review and compare law firm scoring

### Dashboard 1 - Where does the firm sit?

Overall scoring of each law firm versus the market average across three broad categories: planet, people and governance. Understand how firms are performing and where you can apply more pressure to firms to make change and be more transparent.

- Planet
- People
- Governance



# Dashboards



## Dashboard 2 - Comparing a group of firms

Compare a law firm’s performance against the leading firms, the market average or a selected set of peer firms.

These scores can be compared at an overall level, within each broad categories and within subcategories such as gender or ethnicity. This can feed into panel reviews and RFPs.



# Dashboards



## Deep dive into individual firm activity and impact

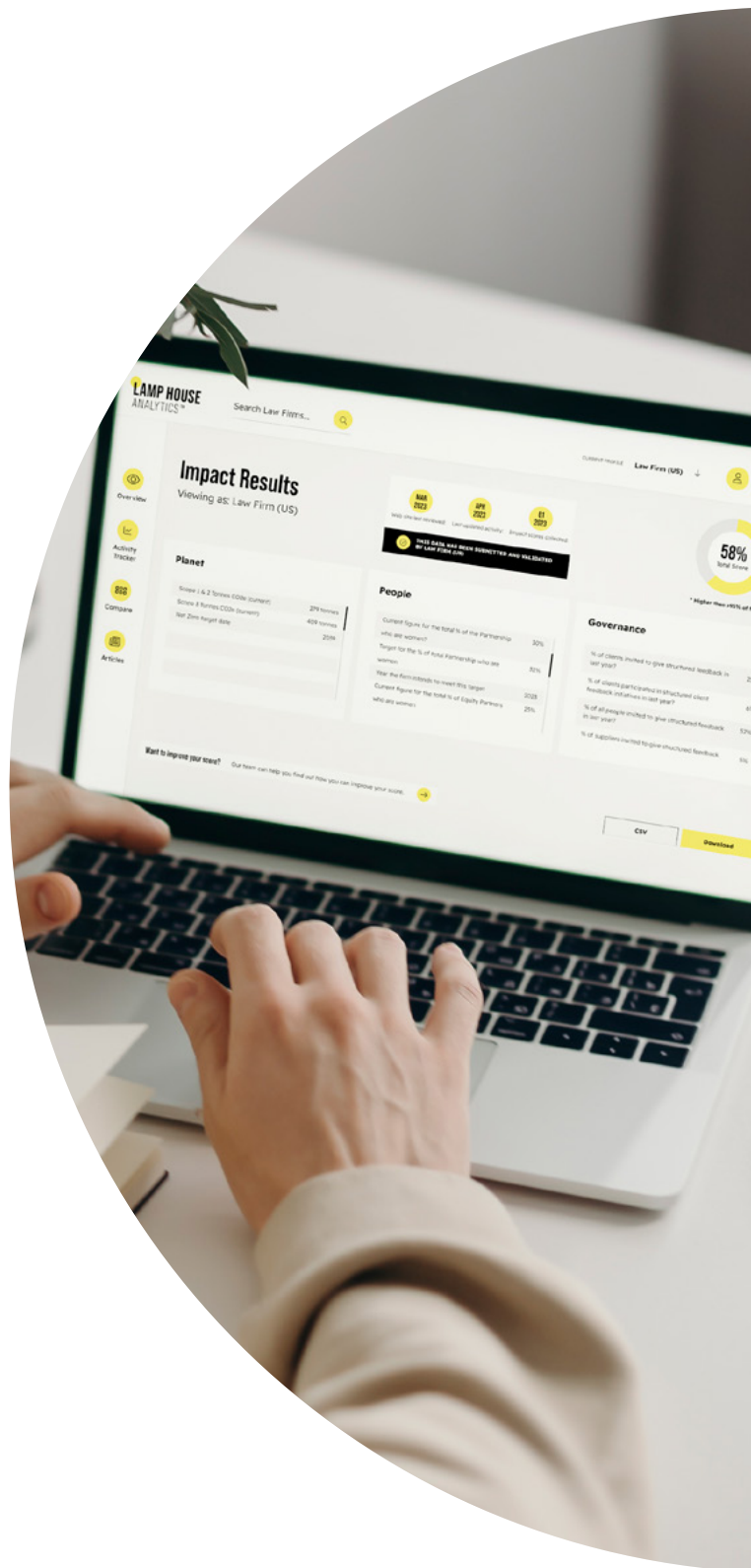
### Dashboard 3 – Activity tracker at each firm

Take a deep-dive into the adoption of specific activities at an individual firm. Use this to question partners at a pitch or to see what firms are doing in areas that are particularly important to you or your organisation.

# Dashboards

## Dashboard 4 - Impact assessment

View the real impact data of an individual law firm, including emissions, net zero commitments, diversity measures and targets. Feed this data into your own supply chain assessment.



## Use cases

# How Lamp House Analytics can help in-house teams get more value from their law firm relationships:

**1**

### Feed into RFPs and panel reviews

Compare law firm ESG performance by reviewing overall scoring within each area.

**2**

### Question partners on their involvement in firm activity

Review the activity tracker to see whether individual partners are taking part in initiatives within the firm and if team members view the firm's claims as authentic.

**3**

### Feed into your scope 3 assessment

Find impact data and ESG actions.

**4**

### Generate ideas for your running your own teams responsibly

Use activity tracker to generate ideas for activities and ask for learning tips from law firms who have implemented actions.

**5**

### Inform meetings with visiting firm leaders

Review firm performance to apply pressure to law firm leaders to do more or praise them for their efforts.

### Matthew Layton, Consultant and ex-Global Managing Partner of Clifford Chance



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.

## Law firms – key facts

Many firms aren't showing some of the basic foundations of ESG on their web sites.

**96%**

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

**68%**

of firms are not clearly applying ESG alignment criteria to their supply chain

**62%**

of firms are not publishing any kind of responsible business report

**58%**

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

**39%**

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



# Law firms – wide range of sophistication

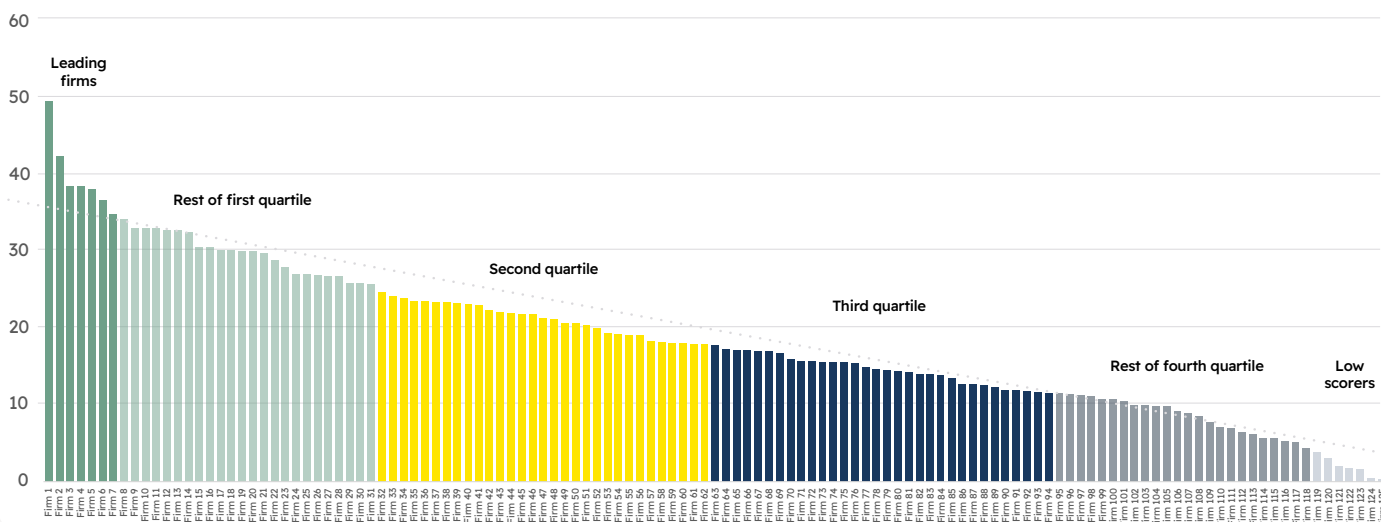
There is a huge range of sophistication in terms of ESG strategies for law firms.

Our mission at Lamp House strategy is to empower legal leaders to make greater impact on people, planet and profit. Our hope is that the levels across this chart will rise across the industry, as we encourage and support more firms to do more and to be more transparent.

By showing firms a pathway forward and recognising their progress, the whole industry can make greater impact, enhancing its reputation.

This chart shows us the highest to the lowest score.

Variation in responsible business scores across the 125 law firms





# Lamp House Analytics

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.”

**In-house  
departments can  
pre-register for  
free access to Lamp  
House Analytics.**

Visit [www.lamphouse.com/in-house-legal](https://www.lamphouse.com/in-house-legal) to pre-register for your free Lamp House Analytics account.

If you would like to learn more about this service or our law firm data, please contact Jo Summers at [jo@lamphousestrategy.com](mailto:jo@lamphousestrategy.com)

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

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