# Dentons UK, Ireland and Middle East (UKIME) Voluntary Reporting

## Taskforce on Climate-related Financial Disclosures

Grow | Protect | Operate | Finance

September 20, 2024

Dentons UKIME has a commitment to minimising the negative impacts it has on the planet and enhancing its positive impact wherever possible. We are members of the Legal Sustainability Alliance which brings together law firms to work collaboratively to take action on climate change, reducing carbon footprints and adopting environmentally sustainable practices.

To hold ourselves accountable, the UKIME region have voluntarily chosen to report under the Task Force on Climate-related Financial Disclosures (TCFD) framework, outlining information about what the firm is doing to mitigate the risks of climate change and harness opportunities including the way in which these are governed. This is the first year of reporting and we expect to improve our disclosures year on year as data quality, availability and technology continues to evolve.

| | **Dentons Disclosure** |
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| **Governance** | |
| Describe the board's oversight of climate-related risks and opportunities | The Dentons UKIME Board act as the highest governance level for overseeing the region's Responsible Business commitment and approach to climate-related risks and opportunities.<br><br>The Board sets the overarching strategy and risk appetite.  The General Counsel has delegated authority from the Board to oversee the Firm's approach to risk, including climate risk. The General Counsel maintains a risk register which includes climate risks and opportunities which are considered material.<br><br>The Chair of the Board meets regularly with both the Chief Executive Officer (CEO) and Chief Operating Officer (COO) who are accountable for a clear approach to environmental sustainability, and the mitigation of climate risk and opportunities, including initiatives and actions specifically addressing climate.<br><br>The Board has delegated authority to our Environment, Social and Governance (ESG) Committee for oversight and scrutiny of the regional Responsible Business commitment, including governance, risk management and the work towards our net zero targets. The Committee meets quarterly and includes the Head of Responsible Business, General Counsel, and four Partners from across our firm, including partners with particular experience in ESG and climate related matters. The Committee provides oversight and scrutiny of the impact of the LLP's operations on the environment and how the LLP adapts its business considering climate change.<br><br>The Board and relevant committees, including the Audit and Risk, Governance and Business Continuity Committees consider climate-related issues when reviewing and guiding major plans of action, risk management policies and also major investment programmes such as decisions on new office space. |

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| Describe management's role in assessing and managing climate-related risks and opportunities | The Head of Responsible Business is responsible for delivery of the Responsible Business strategy, supported by the Environmental Sustainability Manager. This includes the climate risk and mitigation strategy. The Head of Responsible Business reports to the CEO and COO, with climate risk and opportunities and emissions management a regular agenda item at monthly meetings. The Responsible Business team also obtain support from operational teams such as procurement and operations.<br><br>The Environmental Sustainability Manager is responsible for collating data to assess our emissions reductions, including for measurement against KPIs set out in the ISO Management Systems.<br><br>The General Counsel sits on the ESG Committee who meet quarterly. The General Counsel is responsible for the assessment of all Firm risks, including ESG related risks and climate risk. The General Counsel will update the relevant risk register when required following discussions at the Committee. The General Counsel (or a senior member of the OGC team) meets with the Head of Responsible Business on a quarterly basis to review the Responsible Business risk register which includes climate-risks and opportunities. Risks from this register that are deemed material then feature on the main enterprise risk register which is shared with the Audit and Risk Committee and the Board. |
| **Strategy** | |
| Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term, including impact on the organisation's businesses and | Dentons considers the following definitions when considering climate risk:<br><br>Short term – up to 2030<br>Medium term – 2040-2050<br>Long term – 2050-2100.<br><br>These timeframes are not aligned with the time horizons used to assess other enterprise risk, as climate risks and opportunities will materialise over longer timeframes than our traditional enterprise risk.<br><br>To assess the impacts of climate change on the Firm, we adopted the TCFD recommended approach of climate scenario analysis as a way of testing the Firm under different climate scenarios. We considered two scenarios: |

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| financial planning where such information is material | • Scenario 1: SSPP 1.9: which limits warming to 1.5°C by 2050. This scenario is likely to give rise to more transition risks such as policy, regulation and technological advances. We have limited the assessment of transition risks within this scenario to 2030 because past this the visibility is lower and uncertainty of risks is higher.<br><br>• Scenario 2: SSP4.5: which limits warming to 1.6°C by 2030 and 2.4°C by 2050. This scenario has been selected as there is likely to be more physical risks. For physical risk assessments, we have considered out to 2050.<br><br>Scenarios were built using publicly available data sources, including assessments and reports by the Intergovernmental Panel for Climate Change. We considered the scenarios in relation to the physical and transition risks set out in the TCFD framework and have selected those which will give us insight into both physical and transition risks.<br><br>**Physical risks (medium & long term):** Our analysis highlighted extreme heat, sea level rise and drought as relevant risks to our business in the RCP2.4 scenario. As a Firm operating in the Middle East, some countries are at high risk of extreme weather events, with the resultant effect being water stress and scarcity. We recognise there is an acute risk of disruption related to climate change, however, we envisage these risks are small. Employees would be able to work from home and we would provide the appropriate support or interventions to people in response to the events experienced. The firm has not identified any material chronic physical risks over the time horizon to 2030.<br><br>**Transition risks and opportunities:** These risks were most material in the RCP 1.6 and RCP 2.6 scenarios. Several transition risks have been identified but are also seen as opportunities if managed correctly. One such risk being the reputational impact of working with clients who are not involved in transitioning to a low-carbon economy. The corresponding opportunity for this risk would be to work with clients who are looking for support in that transition. The most material transition risks we have identified are summarised below, although it should be noted that these have not been deemed material at this stage.<br><br>**Reputational (short, medium and long term) (risk and opportunity):** An increasing number of our clients are focusing on climate mitigation and want to understand the part we are playing in wider economic decarbonisation. Our response to climate mitigation and climate resilience will either enhance or could be detrimental to our reputation. Reputation will consider many aspects, not just our response to climate, so the financial impact from climate alone cannot be calculated but this has potential to be a significant risk. |

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| | **Attracting and retaining talent (short, medium and long term) (risk and opportunity):** Noting our response to managing our emissions and reputation will either improve or be damaging to our reputation, this in turn will impact our ability to attract and retain talent.<br><br>**Clients and Markets with highest levels of transition risk (medium term) (risk and opportunity):** This risk is closely linked to reputational risk. We envisage that carbon intensive sectors are likely to come under pressure from regulators, investors, and wider stakeholders to have a climate transition plan. Depending on the pace of change, there is the possibility this may put pressure on those sectors and the organisations within it. This will require us to carefully manage the associated risk and exposure of working in such sectors. The expectation for transition presents an opportunity for our Firm to assist them in this. Additionally, there are opportunities for us to work in sectors and with businesses that are focussed on alternatives to carbon intensive operations.<br><br>**Regulatory (medium term) (risk and opportunity):** We anticipate the regulatory landscape to evolve at pace with greater mandatory disclosures required. This could affect our risk profile, how we take on new client mandates, etc.<br><br>Although these risks have been identified, we do not envisage these to have immediate impacts on our business model and are sufficiently mitigated through us having a target aligned to climate science and plan of how to achieve this ambitious target. So, as it stands the residual risk is not considered material. Climate risk is based on an assessment of risk against our framework which looks at likelihood and impact, both measured on a 1-5 scale. Risks that are deemed significant in impact e.g. damage to 20% of assets and almost certain in terms of likelihood to occur are deemed material.<br><br>Key mitigation measures in place are outlined in our emissions reduction plan outlined in a later section.<br><br>These risks will continue to be reviewed as our business strategy evolves, and as part of our overall risk management approach. The Firm strategy is due to be reviewed again in 2028, however, given the nature of our services, strategy is reviewed on an ongoing basis by the Board and relevant divisions. We will endeavour to update our assessment every 3 years minimum, in line with best practice expectations. |
| Describe the resilience of the | The scenario analysis illustrated that without any action, climate change is anticipated to affect our Firm and our overall strategy, mainly in terms of transition factors. |

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| organisation's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario | Scienced-based climate scenario analysis (CSA) will be undertaken every three years to build resilience into our overall Firm strategy, whilst specifically enabling us to manage our climate related risks. We will continue to undertake qualitative CSA to identify potential risks. Where risks are considered material in our qualitative assessment, we would look to quantify these so that suitable response and mitigation mechanisms can be put in place.<br><br>We consider our current business strategy to be resilient to most of the identified climate risks at present. Having a near-term net zero target of 50% emissions reductions across scopes 1, 2, and 3 by 2030 is key to ensuring we mitigate against our impact on climate change and therefore the risks we have identified as relevant to us. We are in the process of having both our near-term and long-term net zero targets independently verified by the Science-based Targets initiative. In 2023, we developed a net zero roadmap detailing how we will achieve emissions reductions in the coming few years. Critical to our reduction plan is our supply chain, as such, 2024 saw us commence a supplier engagement programme.<br><br>Dentons has a large client base that spans may sectors. A transition risk that was identified was our changing client base and the reputational risk associated with working with certain types of clients in certain industries. We believe our current strategy is resilient to this because we could support all our clients regardless of the stage that they are at in their transition journey. The move of some of our clients to a low-carbon economy has the potential to impact the decarbonisation of the economy significantly. |
| **Risk Management** | |
| Describe the organisation's processes for identifying and assessing climate-related risks | Our central risk management approach is key to helping us manage climate related risks. The central framework assesses risks across each of the business functions to identify the most prominent risks that may affect delivery of the firm's objectives. All risks are assessed based on impact and likelihood which in turn informs which risks are deemed the most material to our firm. Impact is assessed with respect to business operations, reputation, financial, and property and physical assets.<br><br>The framework enables the firm to consider the likelihood, impact and consequences of risks materialising. The framework also details the controls in place to mitigate and manage risk.<br>Climate and other environmental risks identified are managed in line with all other risks. |

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| | Additionally at a more granular level, location-based risk assessments are completed as part of business continuity processes. These risk assessments are a fundamental way of ensuring that vulnerabilities, threats, hazards, and risks have been identified, measured, and assessed respectively.<br><br>The location-based risk assessments look at risks identified on the Business Continuity Risk Register and assess specific location-based risks. The climate related risks that are assessed are:<br>• Severe Weather e.g. flooding, heavy snow, severe storms, excessive wind.<br>• Extreme Temperatures i.e. extreme low temperatures, heatwave, which both could impact power supply.<br><br>The above are risk assessed by considering the potential impact and likelihood and is followed by a solutions assessment which requires an evaluation to decide if the risk should be eliminated, mitigated, transferred, or accepted.<br><br>Horizon scanning by the regions Business Continuity Manager ensures that any new or emerging risks, or climate related incidents can be quickly assessed and added as necessary. |
| Describe the organisation's processes for managing climate-related risks | Our climate risks are managed as part of our wider risk management process. This sees a review, on a quarterly basis of the responsible business risk register which houses the climate related risks. This is undertaken by the Head of Responsible Business initially then in consultation with the General Counsel who oversees the firm's risk management process. The risks identified are assessed for likelihood and impact and given a score. Mitigation measures are put in place, with the mitigations owned by the Head of Responsible Business.<br><br>**Physical risks (medium term):** To mitigate the risks of extreme weather, particularly noting our Middle East operations, we have the opportunity for remote working in place to reduce the effects of an acute short-term disruption. We note that in some cases employees' homes may also be affected making remote working difficult. However, the local impact of acute events could be disruptive to individuals and businesses alike in a specific geography.<br><br>A Business Impact Analysis (BIA), risk assessments, and a Business Continuity Plan (BCP) are completed concurrently; these documents form the backbone of business continuity planning and ISO22301 certification. Climate change considerations are factored into all planning. |

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| | **Reputational (short and medium term) (risk and opportunity):** We have a near-term target of reducing 50% of emissions across scopes 1, 2, and 3 by 2030 with an associated emissions reduction plan to drive our activity. The emissions reduction plan is a key mitigation for us against this reputational risk. The plan ensures we make continual progress towards our net zero targets. With many of our competitors and clients having similar targets they expect us to be aligned with their commitments.<br><br>The emissions reduction plan details the near-term and mid-term actions we'll take to reduce our emissions, keeping on track to meet our net-zero targets.  One of the main actions relates to our supply chain, this equates for nearly 70% of our emissions. In Summer 2024, we embarked on a supplier engagement project to identify where emissions reductions can be made, and to check alignment of net zero aspirations of our suppliers.<br><br>**Attracting and retaining talent (short and medium term) (risk and opportunity):** Actively reducing our emissions and looking at how else we can have a positive impact on the planet is key to talent attraction and retention within our sector. Having entered three-year partnerships with three leading environmental charities we'll implement a programme of employee volunteering commencing in summer 2024, running regularly for the duration of the partnerships. The partnerships will see our people actively contributing to projects that help to regenerate or to restore nature which are fundamental in addressing climate change.<br><br>**Clients and Markets with highest levels of transition risk (medium term) (risk and opportunity):** With a wide range of clients this offers both risks and opportunities. We'll continue to assess sector and clients most likely to be affected. We'll look to support clients in their transitions and provide legal advice in line with our commitment to working towards a just transition, in turn helping the economy to decarbonise.<br><br>**Regulatory (medium term) (risk and opportunity):**  We'll continue to undertake regular horizon scanning to identify the emerging legislation benefitting from our own in-house legal expertise for this, but also seeking external guidance on a regular basis. As with TCFD which is undertaken by us on a voluntary basis, we will consider what we can do to ensure appropriate preparedness for mandatory reporting. We recognise that reporting holds us accountable for our approach to environmental sustainability and managing climate risk. |
| Describe how processes for identifying, assessing and | We have a central approach to risk management. This process identifies the most significant risks, including climate related risks across the business functions. All potential risks identified are considered based on likelihood and impact, and the consequences of the risks materialising. |

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| managing climate-related risks are integrated into the organisation's overall risk management | Our General Counsel oversee the approach, working with business functions to put controls in place to help to mitigate and manage the risks. |
| **Metrics & targets** | |
| Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process | In response to the risk posed by climate change we have a comprehensive plan to decarbonise our operations and supply chain, underpinned by near-term science-based aligned target.<br><br>We aim to reduce absolute Scope 1, 2 and 3 GHG emissions by 50% by 2030 from a FY2022 baseline year. We are in the process of having our net zero targets independently assessed and validated by the SBTi, completion estimated Autumn 2024. We continue to implement initiatives to help us to reduce our emissions.<br><br>It is important for us to continue to reduce our emissions, we have committed to doing this as part of our ISO 14001 and 50001 certifications. We monitor our emissions regularly as part of our ISO management system, tracking progress against KPIs we've set ourselves. KPIs for the last financial year included:<br>• Reduce energy consumption by 5% in reporting year 2023/2024 against baseline 2021/2022, through facilities management and building efficiency investments.<br>• Reduce consumption of material resources and the generation of waste by 5% by May 2024, against baseline 2021/2022, through improving the efficient use of goods and services.<br><br>NB: Our annual [Carbon Disclosure Project (CDP)] response provides further disclosures on our approach to climate change. |
| Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse | The methodology used for calculating our emissions aligns with The GHG Protocol for Corporate Emission Reporting and The National TOMs Framework for Social Value Reporting.<br><br>Our total emissions in our baseline year were 9383.4 tCO2e. With the breakdown across the scopes as follows:<br>• Scope 1: 555.2 $tCO_2e$, |

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| gas (GHG) emissions, and the related risks | • Scope 2: 560.8 $tCO_2e$ and<br>• Scope 3: 8,267.5 $tCO_2e$.<br><br>Details of our most recent emissions can be found within our statutory accounts which are publicly available through Companies House in the UK.<br><br>Progress against our KPIs is reviewed quarterly, and at year end as part of the management review process. The ESG Committee and Board receive an annual update on progress.<br><br>Within our Scope 3 emissions, 68% stems from the purchase of goods and services. In May 2024, we initiated a supplier engagement programme aimed at pinpointing emission reductions throughout our supply chain. We will collaborate closely with our suppliers to identify areas where emissions can be reduced, and we will monitor their progress continuously. We will look to develop a KPI to help to monitor our progress with our supply chain in subsequent disclosures. |
| Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | We aim to reduce absolute Scope 1, 2 and 3 GHG emissions by 50% by 2030 from a FY2022 baseline year.<br><br>We are in the process of having our near and long-term net zero targets independently assessed by the SBTi for validation. Scheduled for completion in Autumn 2024.<br><br>We are in the process of developing a transition plan that will be disclosed in future years.<br><br>We track our UK energy usage as outlined in our Streamline Energy and Carbon reporting.<br><br>We have KPIs related to energy and waste as set out in our ISO management systems.<br><br>We report our UK, Ireland, and Middle East Scope 1, 2 and 3 emissions through our annual CDP submission.<br><br>We report our UK, Ireland, and Middle East Scope 1, 2 and 3 emissions through our annual EcoVadis submission. |

## ABOUT DENTONS

Across over 80 countries, Dentons helps you grow, protect, operate and finance your organization by providing uniquely global and deeply local legal solutions. Polycentric, purpose-driven and committed to inclusion, diversity, equity and sustainability, we focus on what matters most to you.

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