

UPDATE

"E.S.G. - Find out what it means to me"

Update prepared by Gilly Kennedy-Smith and Christa Feltham (Guernsey)

If Aretha Franklin were here, she would be calling on us all to make the leap in placing ESG at the heart of who we are, how we think and what we do.

ESG factors have fast risen to the top of the board room agenda with companies increasingly aware that inaction poses a serious risk to their business. We are working hard to make ESG core to our business, in recognition that it's an imperative area of focus for both our firm and our clients.

Gilly Kennedy-Smith and Christa Feltham explore the importance of ESG and steps the firm is taking in bettering our ESG credentials.

ESG: What is it all about?

ESG goes beyond discussions focused on 'CSR', spanning from environmental and social to governance matters – it is core to the existence of a modern business, providing the tools for a board and key decision makers to have visibility over and be accountable for risks and opportunities it faces.

- **Environment:** Environmental concerns have taken centre stage in media in recent years with an increased emphasis being laid on the preservation of the worlds' natural capital. As shown in *Royal Dutch Shell*, companies are increasingly being held accountable for climate related damage and their failure to address emissions and climate targets. This can lead to significant penalties, shareholder exit, devaluation of investments, stranded assets and stakeholder criticism; ESG is therefore not just a concern for businesses, but also investors, directors, trustees and beneficiaries. Topics such as green financing, payment for ecosystem services schemes, carbon off-setting and net zero strategies spring to mind as only a few of the wide ranging spectrum. Many environmental breaches are criminal in nature – it is worth reminding ourselves that you cannot insure against criminal penalty, so the consequences of penalty can cause the demise of a company.
- **Social:** How a business manages relationships both internally and externally, including a businesses' attitude towards diversity, inclusivity, human rights and equality are not only topics that should form part of a businesses' values from a societal and moral perspective, but can undermine ESG credentials if overlooked. One example may be the risk of whistleblowing by an aggrieved employee, disclosing possible inconsistencies between a businesses' stated values and treatment of supply chains. Such reputational damage will often lead to a lack of consumer confidence, which in turn may result in a devaluation of shares.
- **Governance:** To navigate the many challenges arising out of the current fast moving and changing landscape, businesses need to have a defined purpose, set of values and road map for implementing and achieving these in the short term and as part of a long term strategy. This includes for example, visibility over governance and compliance risks and how to anticipate, mitigate or overcome these.

Globally, we are seeing ESG taken seriously with the action of a variety of businesses, policy makers, charities and NGOs pulling together to launch new ESG initiatives. Locally in Guernsey, the most recent example hitting the media is the creation of the first Insurance ESG Framework in the island which was published last

month. For perhaps obvious reasons, the insurance market is ahead of the legal market, being the party picking up the bill for insured risks, however, here at Mourant, we are making strides towards making ESG core to our business.

What are we doing about it?

As a global business, we know that ESG is an imperative for our firm, as it is for many of our clients. We are committed to bettering our own environmental credentials and **fostering a culture of inclusivity** in our work environment. In fact, two of our firm's strategic goals specifically focus on ESG: to achieve an accredited international ESG benchmark and to be a leader in equity, diversity and inclusion in our markets by 2025.

In addition to our internal policies which set out our vision, strategy and values, we empower and support our people to make change happen through employee-led networks which include Environment & Sustainability, LGBT+ & Friends, Gender Balance, Wellbeing and Family, Friends & Carers networks. These teams work hard on informing and taking action to improve our business.

To realise our ambition to achieve an accredited international ESG benchmark, we've enrolled each of our global offices on the **ESI Monitor's Environmental Business Operations Award and Standard**. The ESI Monitor is as an environmental management system to measure, manage, minimise and improve our operational environmental impact demonstrating a commitment to reducing our carbon footprint. We understand this is of particular concern to our clients who will be subject to or have committed to carbon reduction targets. When we signed up **our Guernsey office in September 2020**, we were the first law firm globally registered, and proud to have since made a global commitment.

Equity, diversity and inclusion is also a key business priority for us. We believe that nurturing a culture of inclusivity and mutual respect is vital, where people of all backgrounds and experiences, regardless of age, gender, social mobility, sexuality, race & ethnicity, faith/religion and disability, are equally empowered to reach their full potential. We actively encourage and support our people to share their diverse perspectives and ideas to deliver the best service and create innovative solutions that benefit both our clients and the way we work.

Over the last year, we've continued with our education and awareness programme, launched a Family & Carers Network to complement our other employee-led groups, updated our flexible working policy to enable our people to manage their time around other commitments, delivered enhanced parental leave policies to support working parents, conducted a follow-up inclusion employee survey to track our progress and put in place a new, more inclusive, fee earner bonus scheme.

Other examples of our initiatives range from sponsoring Channel Islands Pride in 2020 and 2021, partaking in or leading volunteer and pro-bono projects and encouraging employees to support the communities where we live and work. Operationally, we are taking active steps in reducing our environment impact, such as conducting surveys, implementing action plans to promote 'green commutes' and introducing centralised recycling stations in lieu of individual desk bins.

These are a few examples of measures we have introduced, and while some are simple, they are effective – and more importantly, we recognise that we are on a journey. These measures are part of a much wider effort needed to bring about positive change, but what it demonstrates is how Mourant is committed to being the embodiment of our own ESG pledge. While working with clients who wish to invest in environmentally and socially sustainable projects, we also want to align ourselves with those projects and like-minded firms to work together, cohesively to bring about positive initiatives which meet the increasing interest in ESG. We always remain open to suggestions and discussion on this topic.

ESG is not a side activity for Mourant. We understand the role we play in our client's carbon supply chain and the overall societal responsibility on us as a global and responsible business.

How we can help

Mourant's One Firm approach brings expertise across sectors together to help address your needs as a private client or business. Our team is made up of lawyers in our International Trust and Private Client,

Corporate and Litigation teams advising on Sustainable Investing and Impact Funds (find out more [here](#)) tax and trust structures as well as a range of cross-border contentious or regulatory matters.

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