

C L I F F O R D
C H A N C E

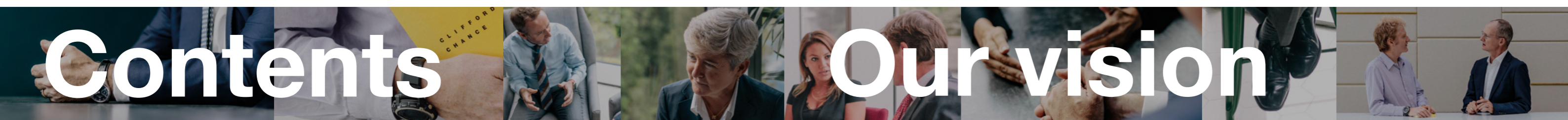




As a leader in our field we are rightly held to high standards in all we do. We believe that our licence to operate, the sustainability of our business and the achievement of our vision are dependent on our ability to inspire trust and earn the confidence of all our stakeholders. To do this we must act responsibly, creating long-term value and supporting their future success.

We believe that active dialogue with our people, our clients, our peers, with regulators, NGOs, local communities and beyond enriches our understanding of our responsibilities. And we believe that continually questioning what we are doing and how we are doing it enables us to advance our practice. This report tries to capture some small part of that dialogue and self-interrogation. We welcome your feedback.

We use our commitment to the UN Global Compact, and associated global frameworks, to help shape our approach. Our activity is aligned with and supports the UN Sustainable Development Goals, focusing on those areas where we can make the greatest contribution.



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Our vision

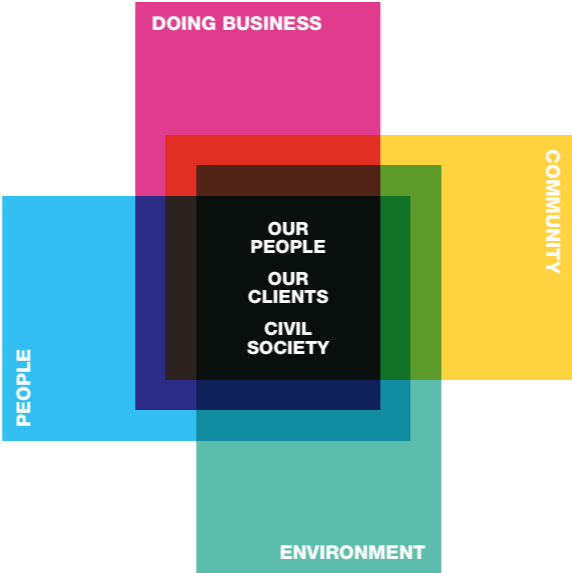
is to be the global law firm of choice for the world's leading businesses of today and tomorrow.

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OUR RESPONSIBLE BUSINESS STRATEGY

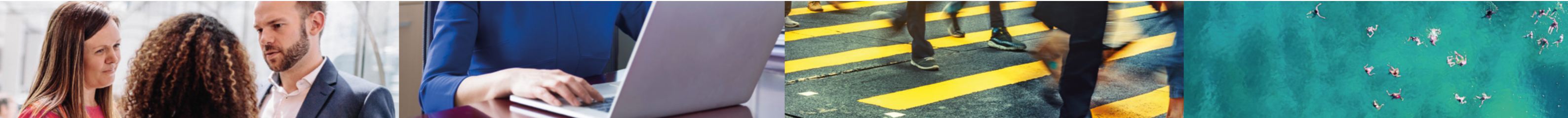
Our Responsible Business strategy concentrates on our most material issues: those that are most important to our stakeholders and those with the greatest potential to affect the sustainability and success of our firm. Our approach is informed by regular dialogue, most importantly with our people, our clients and our communities. The strategy aims to take a holistic view that integrates different perspectives and near-, mid- and longer-term horizons, and that is progressed through clear objectives and KPIs, careful scrutiny at senior leadership level and high levels of engagement throughout our firm – across offices, roles, and seniority.



MAPPING OUR OBJECTIVES TO THE SDGs

We believe that as a firm we have a strong record in making a contribution to progress towards a number of the Sustainable Development Goals (SDGs), in particular goals 1, 2, 4, 5, 8, 10, 11, 15, 16 and 17, and we intend to continue to do so through to 2030.

The contributions that we seek to make in the communities around the world where we do business are particularly aligned with SDGs 4, 8, 16 and 17 and we will be reporting in detail on our contributions towards these goals.



DOING BUSINESS

Strategic focus:
We establish and promote market-shaping practices in relation to ethics, professional standards and risk management.

Benefits to society:
Promotes ethical business practices which build sustainable economies and uphold the rule of law.

Benefits to clients:
Service informed and defined by the highest standards of professionalism, ethics and risk management.

Benefits to the firm:
Builds trust and confidence in all stakeholders.



PEOPLE

Strategic focus:
We realise the potential of our people by creating a safe, healthy and inclusive workplace, and by broadening our skills and experience.

Benefits to society:
Our people are equipped to make a positive contribution across their networks and wider communities.

Benefits to clients:
Better understanding and better advice.

Benefits to the firm:
Attracts, retains and develops high-quality people.



COMMUNITY

Strategic focus:
We partner to support our community by widening access to justice, finance, and education.

Benefits to society:
Supporting a wide range of organisations from small community charities to international NGOs to achieve their mission.

Benefits to clients:
Project collaboration strengthens relationships.

Benefits to the firm:
Broadens experience and develops skills.



ENVIRONMENT

Strategic focus:
We manage our footprint and contribute to developing a more sustainable world.

Benefits to society:
Minimises our own impact. Contributes to wider adoption of environmentally sustainable business activities.

Benefits to clients:
Meets expectations of environmental sustainability.

Benefits to the firm:
Demonstrates commitment to environmental issues. Aligns with our people's expectations and reduces cost.



QUESTION CHALLENGE ACT

the firm about that. These are powerful questions. Each of us has to frame that question – and the answer – in a way that feels relevant to our own lives. But if we don't ask these questions at all, then I believe we are short-changing ourselves and everyone around us – whether that's on a professional, personal or societal level."

Malcolm Sweeting:

"As a global firm, we're right at the centre of the leading discussions and debates that are happening in the world, and we're in a unique and privileged position to address major challenges in areas like sustainability, inclusivity and access to justice. By bringing together businesses, policy advisors, NGOs and clients, we widen our understanding of these important issues, how they impact all of us, and how – by working together – we can bring about real change.

Our strategic alignment with the UN Sustainable Business Goals is a big part of our efforts to facilitate change, and our work has supported the SDGs for a long time. But it's only more recently that we have begun to think about what that means for the core of our business, and how we can organise ourselves to really support the achievement of the SDGs. We have an important role to play, but our impact will be far greater if we have honest conversations within the firm, and with others about where we can and should be doing more. That means measurement, monitoring and reporting. And being prepared to share that information, as we do in this report.

The issues we're addressing are not straightforward. We do not always have the answers, but we will only work towards finding those answers through open discussion with all of our stakeholders and a shared appetite for progress.

I find it enormously encouraging to see these conversations develop across our network. We are cultivating a 'speak-up' culture among our people, and we are engaging in active dialogue among some of the most influential decision makers on a global scale. This report highlights some fantastic examples of the power of constructive discussion, and we actively encourage those conversations to continue to help all of us feel confident in our ability to make a difference."



Global Managing Partner, Matthew Layton and Senior Partner, Malcolm Sweeting reflect on why open discussion and the interplay of ideas and perspectives drives our progress as a responsible business.

Matthew Layton:

"We live in a complex world. When we consider what it means to 'do the right thing', it is not always immediately easy to identify the right path to take. A starting point is to put ourselves in the shoes of all our stakeholders. How will our decisions and actions impact them? How will they feel and respond? We have to ask ourselves these questions again and again. Whether it is working with our clients to understand and promote the longer term, strategic objectives of decisions they may be considering; or whether it is ensuring that we are aware of the impact of our daily interactions on colleagues.

I have always felt that the greatest and best version of Clifford Chance is when we all stand together. When we do that, we are

a phenomenal force for change – that is incredibly exciting. We know that's why a lot of our clients choose to work with us. But we can also have that same effect in our communities and wider society. Over the past few years, we have helped to establish fantastic new microfinance organisations that transform people's lives, to create education platforms that give children completely new opportunities, to support the rule of law through fighting corruption and human rights abuses. This work is an essential part of what makes us who we are as a firm and I'm hugely ambitious for what more we can do.

A crucial part of being a responsible business is holding ourselves accountable, individually and as a firm. I try to ask myself every day, 'Did I add value?', 'Did I do what I could to make a positive difference and uphold our values and culture?'. And I talk to people in

"A crucial part of being a responsible business is holding ourselves accountable, individually and as a firm."



Doing business

responsibly through market-shaping practices in relation to ethics, professional standards and risk management is a top priority.



A QUESTION OF ETHICS

A FOCUS ON... MODERN SLAVERY

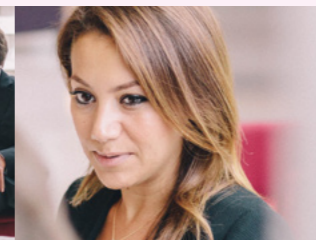
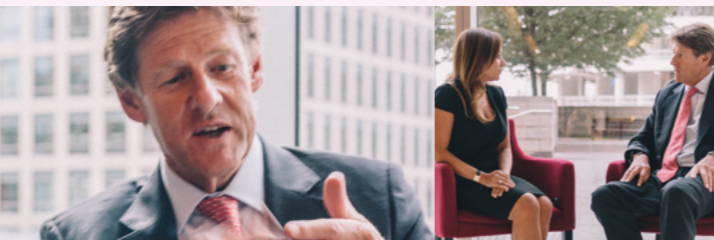
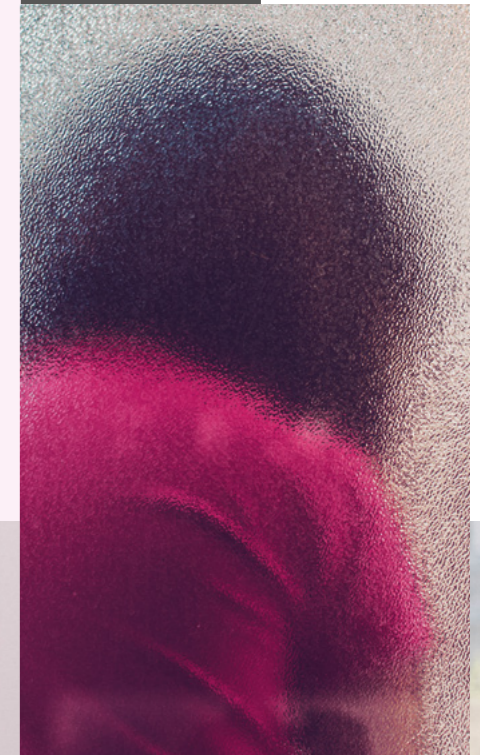
Integral to our ethical business principles is our commitment to uphold human rights, wherever we are in the world.

Our latest Transparency Statement, issued in October 2017, reaffirms publicly that Clifford Chance “opposes all forms of slavery and human trafficking, and we are committed to taking steps to ensure that these do not occur in our business or in our supply chains.” This is aligned with the UK Modern Slavery Act, part of a worldwide focus to eliminate modern slavery, one of the UN’s SDGs to be achieved by 2030.

As a firm strictly regulated by professional regulatory bodies in each jurisdiction we operate in, with global ethical policies and practices, we have assessed that we are at low risk of slavery or human trafficking existing within our own business.

We are, however, highly alert to hidden risks. In addition to our internal policies, our Supplier Code sets out the standard of conduct we expect from all our suppliers and contractors. We have also implemented mandatory training globally, to help ensure that everyone in the firm can be alert to labour abuses wherever they might arise, and so that we can all play our part in highlighting such abuses, and ultimately eradicating them.

8 DECENT WORK AND ECONOMIC GROWTH



Debate and understanding of legal ethical issues is an increasingly important and challenging subject, especially when the pressure to say ‘yes’ is high and consequences of poor judgement calls are severe. Executive Partner and General Counsel, Chris Perrin and Chief Risk and Compliance Officer, Bahare Heywood discuss.

Why is our focus on ethics so important?

Chris: As a leading law firm, we are very conscious of our responsibilities, both as guardians of the rule of law, and in terms of our ability to make a difference in society more broadly. We are, quite rightly, expected to act with integrity and are held to the highest standards in everything we do, so the ability of every person in the firm to uphold robust ethical standards is a crucial part of doing business responsibly. And, of course, it matters to our clients. It’s something they too are focusing on more and more, and they expect their closest advisers to do the same.

Bahare: We also need to understand that ethics – in the legal context – are not always black and white. This is an area that will always be relative to cultural and geographical

norms and can be highly influenced by contrasts of opinion as well as geopolitical events. The challenge for us is to create a global standard which transcends all of this. We are a product of what our people think is right, and we need to have a thorough understanding of what we face, beyond the letter of the law, in all countries in which we operate.

What is driving our activity around ethics?

Chris: Our ambitions to ‘do the right thing’ and build a sustainable business which looks beyond quick wins. Safeguarding our reputation is another key driver for us. Any global organisation should consider its reputational risk very carefully, and help its people understand the damage that can occur if it finds itself under fire, despite acting lawfully.

Bahare: Another driver is being sensitive to what our own people, especially the younger generation, feel is right and acceptable. Questioning why we do or don't take on a certain type of work is an important part of ensuring that we continue in the right direction, and we want to create an environment of openness and encourage our people to challenge the status quo. Working for a firm that has high ethical standards is also a key factor in recruiting and retaining the best talent, and this goes to the heart of who we are.

How are we doing more to motivate and engage our internal audience in these conversations?

Bahare: One of our priorities this year has been equipping our people to make challenging and complex judgement calls often under immense pressure. We developed a new style of training, which shines a light

on some of the ethical dilemmas our people face and, through group discussions and workshops, enables them to feel confident about making ethical judgement calls where it is appropriate to do so.

Chris: This is on the agenda at every level and of interest across the partnership too. At our annual partners' meeting, we run a session for office managing partners where, collectively, we explore some of their challenges across the many jurisdictions in which we operate. For example, is it acceptable to attend events which are open only to one gender? When you dig down, this becomes a complex topic and cultural norms and customs must be taken into account. It shows that a one-size-fits-all attitude cannot always work, but having open and frank discussions is the important thing.

To what extent do these considerations govern the work we take on?

Bahare: We have recently consolidated the process around the legal and moral criteria we apply in determining whether we should reject new work that potentially impacts on human rights and humanitarian law. We also consider very carefully whether there would be disapproval publicly or within the firm as a result. And of course, public opinion changes over time, so we must always be cognisant of how our actions can be construed over time.

Chris: One of the main difficulties we see when deciding whether to accept a new client is how to interpret allegations that have not led to any conviction, or a historic conviction where it might be expected that the prospective client has since reformed. In either of these cases, we may decide only to agree to accept the client if it has signed a Clifford Chance Responsible

Business Statement, which covers the client's commitment to zero tolerance for corruption and any form of human rights abuse.

What has been the effect of this sharpened focus?

Chris: I think, as a firm, we have become more reflective and sensitised to ethical issues. Increasingly, I see people are putting up their hands to ask, "Is this a problem?", "Is this okay?". The energy of some of our younger lawyers sparks a lot of discussion among our partners, and we can see how much these conversations matter to our people.

Bahare: I believe the genuine support from the top is what's driving this shift in attitude. Ethical issues are often not easy to resolve but as we encourage more activity and conversation, what we're seeing is a stronger ethical backbone running right through the different levels of the firm. We can only make

the right decisions if we're asking the right questions, so the more we give our people a voice and help everyone to consider the consequences of their decisions and actions, the stronger we'll be.

“We want to create an environment of openness and encourage our people to challenge the status quo...”



11 SUSTAINABLE CITIES AND COMMUNITIES



MY VIEW ON... A NEW STYLE OF ETHICS TRAINING

*Amsterdam Managing Partner
Jeroen Ouwehand*

“The firm’s new workshop, created in partnership with *Financial Times* | *IE Business School Corporate Learning Alliance*, was very effective in helping us consider the role that ethics and values should play in the work we choose to take on. It really brought home this message by using mock newspaper headlines showing the potential public impact of the choices made by the participants. The difficulty there is that there can be significant differences in personal values. For example, if I’m very worried about climate change, to what extent does that affect my willingness to assist a polluting business that has little concern for the environment?

For me, the key was that the course wasn’t telling us what to do. Rather, it let us explore the consequences of our actions or decision through an ethical lens.

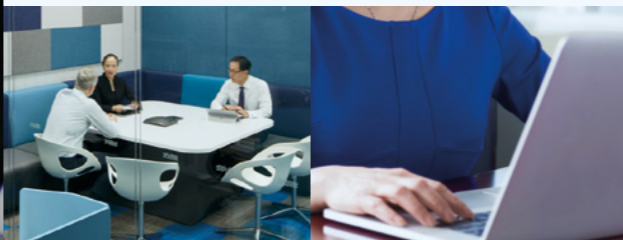
The question of whether we, as a firm, decide not to act on a certain matter is complex and not easy to answer, but I believe we should continually have this dialogue within our practice areas. We should allow all of our lawyers the space to question the work they do, if it conflicts with strongly held personal values or convictions, without it being held against them.”





People

are central to everything we do. We realise our potential by creating a safe, healthy and inclusive workplace, and by broadening our skills and experience.



DATA DRIVES CHANGE



MY VIEW ON... ADDRESSING UNCONSCIOUS BIAS

*Regional Managing Partner
Charles Adams*

"The unconscious bias training we offer greatly increased my understanding of the mental and structural barriers that may stand in the way of us being as diverse as we want to be. But for me, this is only the start.

It made me realise that, beyond waking a consciousness and setting targets, we have to look closer at the intermediate steps required – one of which needs to be holding ourselves more accountable. Data plays a huge part in this by telling us the status quo is unacceptable. It helps us to stay diligent about tracking progress and to identify sections of our community that may have a bias against it.

What it can't tell us is how to eliminate that bias, so I think another important step is to amplify the role our individual actions play here. Am I alive enough to these issues? Do I call out unfair treatment if I see it? We all need to keep our eyes and minds open.

Just as we embed other parts of our commercial strategy to drive business, so must we embed a heightened awareness of these issues to drive progress, every day."



The UK's Gender Pay Gap legislation came into force this year, which aims to show the distribution of men and women across different roles within an organisation, highlighting where there may be concentrations of a particular gender at lower or higher pay levels with a view to driving greater equality in the workplace. Partner and Global Head of HR and Talent, Laura King and UK Managing Partner, Michael Bates discuss.

What did you find valuable about the Gender Pay Gap reporting?

Laura: I think, for all of us, it was an opportunity to open up new conversations. We created a group that brought together many different perspectives – gender, working group, function – which helped our decision-making enormously. With the help of that group, we've been able to discuss the best approach to the reporting and, perhaps more importantly, to discuss what changes the firm could make to improve our culture and our inclusion. We intend to make these efforts global and to engage in a similar level of analysis around gender pay gap in all of our offices.

Michael: It also made us realise that progress isn't happening as quickly as we'd like and made us eager for progress – not just for

gender parity, but across all areas of diversity. In the wake of the #MeToo campaign, I think the social environment is more open to change now. We want to capture that zeitgeist and use this experience as a vehicle for change as much as we can.

Clifford Chance reported its Gender Pay Gap data differently to many other firms. Why is that?

Michael: The statutory requirement is for organisations to publish figures for their employees but not partners, as they are considered owners of the business rather than employees. However, as we explored our figures, we took the decision that a broader analysis was needed – one that included our most highly compensated individuals too.

Laura: We agreed that the most useful way to present our data was in the simplest way possible: to compare full-time equivalent pay for employees and partners over the course of a year and to conduct the pay gap analysis on that basis. This did, however, mean that our hourly pay gap of 20.3% worsened to an overall pay gap of 66.3%.

What else drove this decision to report differently?

Michael: We took a step back and asked ourselves, what is this report trying to tell us? It's trying to highlight an issue and drive change, so let's do that. It seemed obvious that the only way we could do that was to measure and report in a way that took the whole organisation into account. For us, that meant identifying a fully transparent, total compensation figure across everyone.



"Transparency of data is a very good catalyst for change. It encourages candid discussion internally, and also externally with clients and legislators."

Laura: We also considered our clients, the majority of whom do not operate partnership structures and would have to report data which represented the whole of their UK organisations. By comparison, it would seem unusual that we would not do the same. The point of the exercise was to encourage transparency and to help us talk openly and constructively about what the data signifies.

What did we learn from this process?

Michael: It highlighted how valuable this data reporting is. Without it, it's hard to know if we're expending our energy in the right places. Gender was a good example, as we discovered promotions were an issue rather than population or attrition. The data forced us to re-examine why we still have fewer women in the position of being a partner, despite the focus we have had on this issue for years. Are we promoting enough

dynamism and giving women the same encouragement as we give men on the route to partnership? If not, why not? Perhaps the opportunities are more readily available to men, and we need to change the way we operate to fix that. The data also reinforced that the majority of people in our lower compensation quartile are women, which is something else we need to address.

Laura: Transparency of data is a very good catalyst for change. It encourages candid discussion internally, and also externally with clients and legislators. It helps to sharpen the focus for interventions: depending upon both the gap and the working group, very different actions may be required. For example, there may be issues which stem from recruitment, or we may need to look at why certain activities attract greater bonus consideration. We may need to look harder at culture and make sure that we call out inappropriate behaviours, providing the right avenues to

do so. Without data, it is difficult to see what is making a credible difference over time. For this reason, we encourage people to self-report: the firm recognises that this can be sensitive, but it is so helpful to inclusion.

How is the data reporting process driving action now?

Laura: We have made some strides toward balance and inclusion and we should be proud of that. However, initiatives like Gender Pay Gap reporting remind us that we must increase and maintain momentum. There is no doubt that organisations which are best able to cater for a global and diverse client base and workforce will be those that survive and thrive. Discussion is helpful, but it is not enough. We must follow through on the targeted, recommended actions of the Gender Pay Gap working group, and test the results through our data as well as through listening to our colleagues and clients.

Michael: We also have to mitigate concerns about positive discrimination, and focus our attention on skills and abilities to ensure everyone has the best platform to develop. The questions we're asking of ourselves are not easy ones, and won't be answered or solved overnight, but I believe approaching these issues with transparency and openness says a lot about the sort of firm we are. I'm enormously proud of Clifford Chance, and have a huge loyalty to it, and I want all of our people to feel the same.

“We’ve been able to discuss the best approach to the reporting and what changes the firm could make to improve our culture and our inclusion.”



10 REDUCED INEQUALITIES

A FOCUS ON... THE MANSFIELD RULE

Clifford Chance US achieved Mansfield Certification this year after agreeing to be a pioneering US firm for the Mansfield Rule. To be certified, a law firm must consider a minimum of 30% women, LBGTQ+ and minority lawyers for significant leadership roles.

The Rule is named after Arabella Mansfield, who in 1869 became the first American woman to pass the bar exam and challenge a statute excluding her from practising law. The Mansfield Rule was one of the winning ideas from the 2016 Women in Law Hackathon hosted by Diversity Lab in collaboration with Bloomberg Law and Stanford Law School. There are now 65 law firms participating in the 2.0 version that runs from July 2018 to July 2019.

Today, one-third of our US practice areas are led by a minority or woman partner. Nearly 40% of our US associates are ethnic minorities and 46% are women. Additionally, 60% of our US Business Services departments are led by women. We are pleased to have achieved Mansfield Certification this year and will look to use insights from this model to inspire more progress both in the US and across our network.

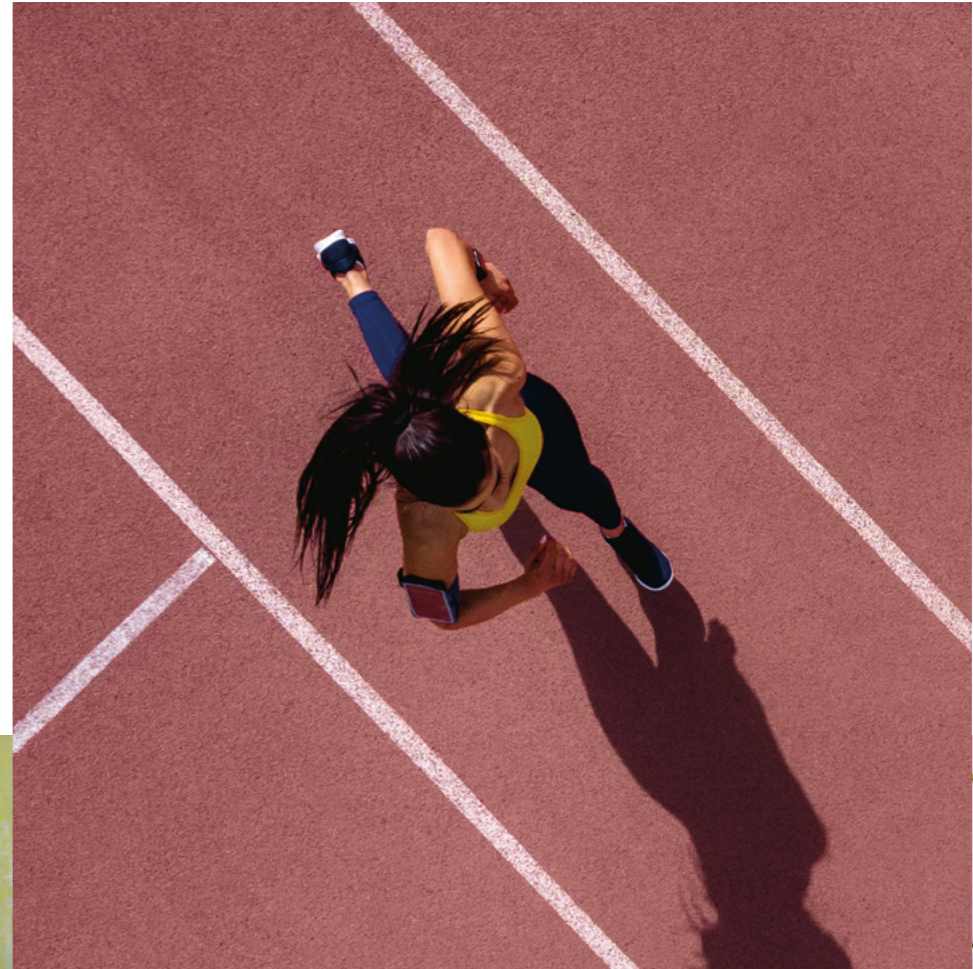


Community

sits at the heart of our firm. We partner to support our community by widening access to justice, finance and education.



MAKE AN IMPACT



Last year, we made a commitment to align our pro bono and community work with the UN Sustainable Development Goals, in recognition of their potential to lift people out of poverty. Global Pro Bono Partner and Chair of the firm's Responsible Business Committee, Roger Leese discusses progress with Pro Bono Director, Tom Dunn.

How has our commitment to the SDGs shaped our activity over the past year?

Tom: It prompted us to fully think through the efficacy of the support we offer our NGO clients to enhance their capacity to contribute to the SDGs, and to test the assumptions we make in this area. It was helpful to partner with Role UK on this, and to borrow from the thinking that has been done in the development sector on monitoring and evaluation. As a result, we've developed a 'theory of change' to guide us in how we can best deploy our resources to contribute to the achievement of the SDGs.

Roger: This work has already sharpened the effectiveness of what we do, and will, over time, make us increasingly efficient. In particular, we have been more detailed in our monitoring, and, in pursuit of SDG 17, better

at identifying opportunities to partner with other organisations.

Why is partnership important?

Tom: It's partly the obvious point that other organisations often have expertise that we don't possess. If we can harness that, together we have more impact. Also, in advocacy, the impact achieved when different stakeholders work together is often greater than the sum of the individual parts. A good example this year came when we joined forces with our client Deutsche Bank and our NGO client Hope & Homes for Children to work with the UK government to secure its support for Hope & Homes' global strategy to bring an end to the practice of caring for orphaned children in large institutions.

A FOCUS ON... INTERNATIONAL SPORT & HUMAN RIGHTS

Some of our recent pro bono work has been instrumental in forging a new global standard for the protection of human rights and labour rights in the world of international sport.

Working closely with the Institute for Human Rights and Business, one of our global strategic pro bono and community outreach clients, we helped to establish the Centre for Sport and Human Rights, which brings together an alliance of governments, sports bodies, sponsors, broadcasters, trade unions and human rights institutions to encourage transparency and integrity during the construction and management of large sporting events.

We advised on the Centre's corporate and strategic structure, as well as developed its governance to bring it to fruition. Many high-profile organisations are now standing behind the initiative to raise awareness of human rights violations through sport.

This work demonstrates our expertise and growing profile in the field of Business and Human Rights. We are now advising on the next phase of the Centre's development, as it seeks to achieve its aim of becoming an independent organisation that will increase accountability, share knowledge and build capacity in human rights through collective action.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Roger: Through partnership, we also build the capacity of the local and global NGOs we work with. We have increased the number of our global strategic pro bono partnerships to 19, and we're continuing to broaden resources available to those NGOs by creating more opportunities to collaborate on their behalf with our fee-earning clients. This also tightens business relationships, and as a result we're starting to see some interesting interaction between our fee-paying and pro bono work.

How are we seeing our pro bono and fee-earning work blend together?

Roger: NGOs are often highly entrepreneurial and innovative, for example, in developing microfinance to help grow the economies of communities in poverty. Over the years, our finance practice has worked closely with NGOs in this area, helping to achieve significant social impacts while

also developing the practice's technical skills. Similarly, this year we worked with a start-up social enterprise using blockchain technology to make the distribution of development aid cheaper and more transparent, at a time when blockchain started to feature heavily in our fee-paying work. This inter-connectedness of fee-paying and pro bono work is emerging as a cornerstone of the long-term sustainability of our pro bono commitment.

Tom: We've also seen this in the field of business and human rights. We supported the development of the UN's Guiding Principles on Business and Human Rights on a pro bono basis over 10 years ago and were one of the first global law firms to commit to uphold them. This was the incubator of our expertise in this area, which has now grown to the point where we have a thriving business and human rights practice.

19 pro bono and community outreach clients

17 PARTNERSHIPS FOR THE GOALS




MY VIEW ON... BUILDING A GROUNDBREAKING PARTNERSHIP

Lawyer and Office Manager in Barcelona
Susana Añoveros

"This year, under the guidance of partner Pablo Serrano and Eduardo García, I was part of bringing together what was, for me, a beautiful project – the establishment of Spain's first ever pro bono brokerage – the Fundación Pro Bono España.

While normally competitors, we and 27 other firms created an amazing partnership to substantially widen access to justice across Spain. We all bring expertise in various aspects of law, so together we're much stronger in our offering to the NGOs we work with. Being part of a broader network also gives us an opportunity to focus our legal capabilities more strategically, where our support can have the most impact.

To see the Fundación break new ground in this way made me immensely proud. I am hopeful that, by making it easier for a generation of lawyers to access pro bono opportunities, far more people in Spain will be able to get the legal support they need. But we still have work to do. Looking ahead, I want to continue building and taking care of this initiative, to make sure it has an impactful and long-lasting life, and so that all our people feel that pride too."



Roger: This virtuous circle took another turn this year, when we participated in a pro bono project in partnership with our Africa Group, working with clients and the Law Society of Kenya to help raise awareness of business and human rights amongst local lawyers and other key stakeholders, including the government. This helped us learn more about local business and their concerns and challenges as we continue to build our profile in different geographies.

How does this fit into our overall firm strategy?

Tom: Pro bono, our wider community outreach work and our grant-making are central to our efforts to do good wherever we do business in the world. As a firm, we see this as a moral duty, and this is central to how we operate.

Roger: We've already talked about how our pro bono work strengthens our fee-paying capability. It also contributes in other ways to the sustainability of the business – the way that a strong pro bono practice helps recruit and develop the best lawyers is a further example. So is the growing interest many of our major clients are showing in looking through the SDG lens to frame how their businesses contribute to society. I am sure they have ideas in this area that we could learn from, and I'd hope we could offer them something on this too.

How does this play out at the level of the individual in the firm?

Roger: People are, of course, most strongly motivated to support causes they're interested in. Our work needs to align with our strategy, but we also want to enable people with particular interests to pursue

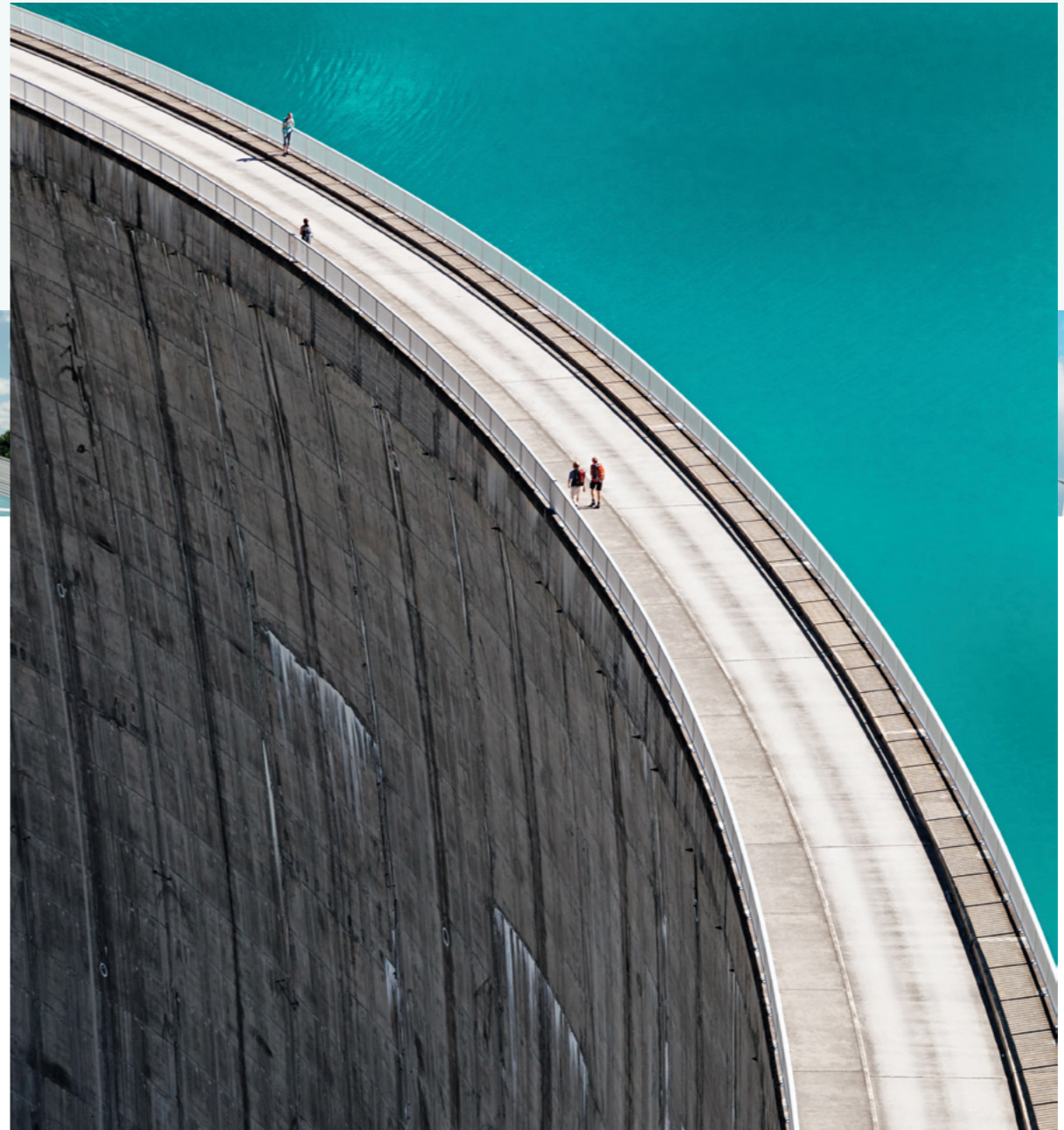
them. One of the things that most impresses me is the number of trainees who arrive at the firm with strong commitments to particular NGOs, sometimes to the point of having already founded one. In these cases, we try to enable them to develop these interests. This not only significantly adds to the strength of our pro bono practice, it's one of the most direct ways that our own people – arguably our most important stakeholders – are able to shape what we do.

Tom: Day in, day out, our people give their time and expertise to make a difference to people's lives – often a significant difference. We've exceeded our target of helping 100,000 people around the world every year since it was set in 2012, which is quite something. I think we can do more. I hope that all our achievements this year make people feel both challenged and inspired to get involved and explore the many ways they can make a difference.



Environment

and contributing to a more sustainable world is important to how we advise our clients and manage our business.



RETHINK AND RENEW



“We want to encourage all of our offices to find opportunities to innovate and in turn inspire others...”

During the year, there has been a lot of thinking around the firm’s environmental strategy and commitments ahead of a new policy launch, encouraging the whole firm to take a more active approach to reducing our environmental impact. Chief Operating Officer, Caroline Firstbrook and Facilities Manager, Sam Clark discuss.

What was the motivation behind this new global environmental policy?

Caroline: Being conscious of our environmental impact has long been a priority for us, and we’ve made some great progress over the last five years. We’ve reduced our Scope 1 and 2 carbon emissions by over a third, and we’ve decreased our paper consumption by almost 20%. However, following a recent review, we sensed a shift in attitude in many of the conversations we were having with our clients, as well as internally. Climate change and environmental pollution are higher on the agenda than ever before, and we felt a collective responsibility to respond to that.

Sam: We want to help all our people feel engaged and excited to be part of a culture where we’re not afraid to challenge ourselves. Younger generations are more conscious than

ever of these matters, and we know that how we operate as a firm will influence our ability to attract and retain the best talent. What we’re prioritising now is creating a platform through which we can hold ourselves more accountable. We want to see clearly the progress we are making, and how we can best move forward.

What is the new policy hoping to change?

Sam: We’re delivering a new environmental performance standard for all offices to monitor achievements as a way of ensuring continuous improvement. We’re encouraging everyone to set, measure and monitor local targets and initiatives. These will vary from helping to raise awareness by getting involved in global and local initiatives, to more specific minimum requirements, such as reducing Scope 1 and 2 emissions by a further 5%, and managing their carbon footprint.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



A FOCUS ON... SINGLE-USE PLASTICS

This year our Hong Kong office launched an ongoing campaign called ‘Refuse, Reduce, Reuse, Rethink’ to encourage the reduction of plastic pollution in the city.

Partnering with local volunteer group EcoDrive, we hosted events, both internally and externally for clients, to raise awareness of the issue. More than 100 clients attended, many of whom praised the top-level support at Clifford Chance for setting an example for others in the industry.

In addition to a lively panel discussion involving key public and private sector figures in the city’s environmental community, the client event featured a world premiere of a short film by filmmakers Matthew Williams-Ellis and John Alexander, *Start Small, Start*

Now: Hong Kong’s Plastic Story, which documents Hong Kong’s battle with single-use plastic. This film was also shown in the office’s collaboration zones throughout the month.

The office has since taken steps to further reduce single-use plastics, from replacing bottled water with water filters across our office, eliminating 34,000 water bottles per year, to removing plastic straws and utensils in pantries, and providing reusable coffee cups and tumblers.

As a law firm, we still consume a significant amount of paper, so reducing paper procurement by 10% per employee is another key target.

Caroline: We're hoping to inspire more commitment from all of our employees, and help them evaluate our progress. Part of this is to encourage everyone to conserve our natural resources through responsible and efficient use. We want to ensure that all environmental risks and opportunities are properly identified, prioritised and managed in a way that is sensitive to local cultures and circumstances.

How are we encouraging more individual responsibility?

Sam: We're doing this in a few different ways. We want to help people become more aware of individual habits that need to change, for example by improving waste management in

all of our offices and implementing a means of assessing water consumption. We also want to do more to promote our environmental activities to our employees, as well as those involving clients and other external groups and organisations.

Caroline: Yes, we really want to emphasise our communication around this. We want to proactively and openly talk about our environmental activity, practices and commitments, and ensure that more of our offices regularly report on performance to encourage more participation in different local initiatives as time goes on.

To what extent do we consider our clients in this environmental approach?

Caroline: As a leading firm, clients look to us for advice and guidance on how to conduct business responsibly and we actively encourage and value this dialogue.

Addressing the impact of their business on the environment is part of this, not only in terms of compliance with environmental legislation in their own operations, but beyond to the relationships they have with their customers, suppliers, investors and other stakeholders.

Sam: We also recognise that our clients and other stakeholders have a genuine interest in the impact that our offices and ways of working might have on the environment. Our policy gives a straightforward way of responding to that interest by providing a framework for setting and reviewing our objectives and targets.

How can our commitment to the environment strengthen our influence in wider society?

Sam: For the first time, our new policy enables the Clifford Chance Foundation

MY VIEW ON... TAKING ACTION

*Tokyo Co-Managing Partner
Reiko Sakimura*

"We recently moved to an open plan office, which presented a fantastic opportunity to think and act differently. I'm particularly impressed with the bold changes we made to influence our environmental awareness, and how I've seen my own behaviour change as a result.

As a law firm, paper consumption has long been an issue, so we reduced the number of printers by 93%, which helps me question if I really need to print something, and with the introduction of follow-me printing, we never have forgotten documents lying around. We also introduced hybrid laptop/tablets, meaning I can mark-up documents directly on the tablet screen and email them, saving time, energy and resources. I'm delighted that our overall printing is now down by around 20%.

With our office area reduced by almost a third, our energy consumption is also lower. We've reduced the amount of individual storage available by 71%, so I'm now firmly in the habit of clearing my desk and archiving more regularly.

We can always do more, but we're moving in the right direction. A survey told us that job satisfaction increased by 13% following this move, so it's very clear that these conscious changes matter, not just to me, but to many of our people, too."



to make financial grants to environmental organisations. This is a huge step forward in our dedication to protecting the environment as it broadens our scope for creating a positive impact. On a separate point, we're committed to establishing strategic relationships with a core group of environmental pro bono clients, and developing key performance indicators against our contribution, both in terms of our pro bono and fee-earning work.

Caroline: Part of this will involve tracking the progress that our pro bono and fee-earning work makes towards SDGs 12 and 13, and the development of our own skills as we build these new client relationships. More than ever before, the firm is advising on matters relating to renewables and other environmental industry sectors, such as green finance, and this will continue to be a priority.

How will we drive these actions forward?

Caroline: Our Executive Leadership Group has offered its full support for the policy, and will oversee the firm's compliance and progress regarding achievement of its objectives. However, we're very keen that the main accountability for this new strategy lies with our people. We want to empower everyone to speak up about what more we can do. How can we challenge our processes? How can we help our people make the changes in behaviour that matter? We want to encourage all of our offices to find opportunities to innovate and in turn inspire others.

Sam: Yes, I really believe that we have a good platform for internal engagement; this is what really underpins our strategy. We're all starting to feel more conscious of our individual

behaviour, and that's a good thing. With this new global policy, we're building more transparency around our actions, and that's an important step, but there's a lot more we can, and will, do too.

LEADERSHIP & GOVERNANCE

To support our goal of being a successful, sustainable and responsible business, we have clear governance and risk management structures in place.

Ownership

Ownership for the development and implementation of all aspects of the firm's strategy – including our Responsible Business strategy – lies with our **Executive Leadership Group**, chaired by our Managing Partner.

The Executive Leadership Group and its work is monitored by the firm's **Partnership Council**, an elected body, which is led by our Senior Partner and which includes an external member to provide an independent perspective.

Strategic alignment

A committee of the Executive Leadership Group, which also includes the Senior Partner, is delegated to ensure full alignment of the firm's Responsible Business strategy with our vision, strategy and culture.

Decision-making

Policy setting and decision-making in relation to the firm's Responsible Business strategy sits with the firm's **Responsible Business Committee**, a global group of partners, lawyers and business services colleagues from across the firm.

Insight

Their decisions are informed by a wide range of groups that bring specialist insight and understanding to the decision-making process, including our Risk, HR, Community, Environment and Communications teams, and colleagues working closely advising our fee-paying and pro bono clients.

Ethics, risk management & compliance

Leadership in this area lies with the General Counsel, whose remit includes conflict management, client acceptance, risk management, compliance, insurance, regulatory and legal issues facing the firm. The General Counsel's team coordinates closely with the managing partners of our offices globally, and others with compliance responsibility around the firm.

The professional codes of conduct which govern us as a law firm and as lawyers require us to act with integrity, and we are also bound to comply with laws regulating our business around the world. Where those laws vary, our approach is to apply the highest possible standards to every part of our business, to every office and every member of the firm, whether or not required locally.

We seek to manage risk proactively: a full annual review of the key risks facing the firm

seeks to ensure that appropriate mitigation is in place. Our risk approach is reviewed annually by our Audit and Risk Committee, which is led by the firm's Chief Risk and Compliance Officer and includes partners and external members.

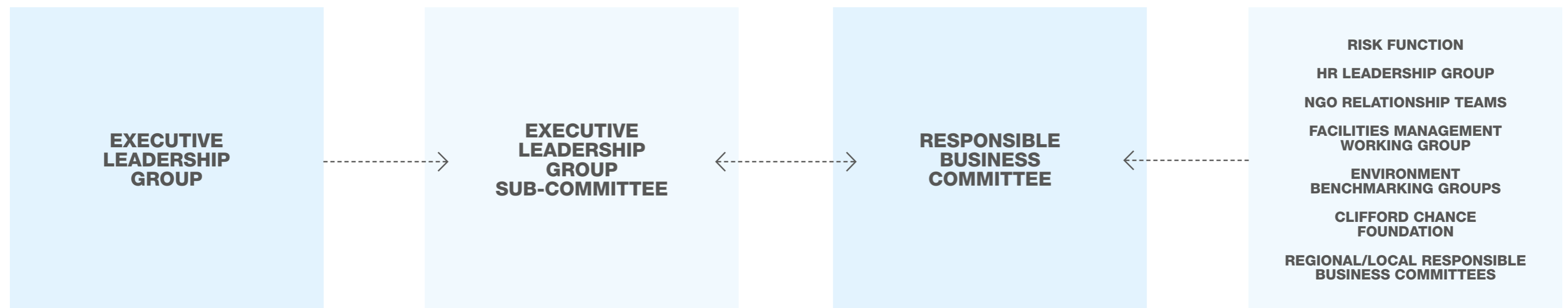
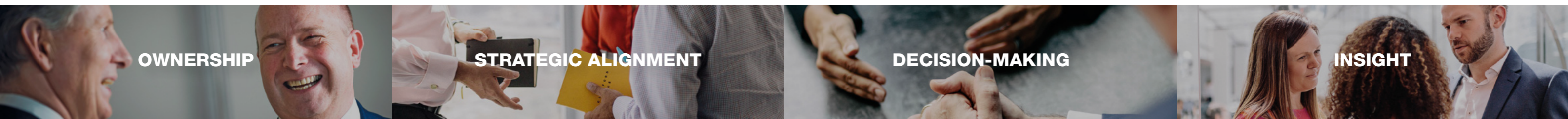
Financial management & partner remuneration

Clifford Chance is a UK Limited Liability Partnership, with a single, global profit pool.

We publish summary financial information based on the audited statutory consolidated financial statements of Clifford Chance LLP, prepared in accordance with International Financial Reporting Standards. Partners receive monthly updates on the firm's finances, complemented by regular meetings where budgets and financial performance are discussed in detail.

Partner remuneration is transparent to the partnership. Equity partners are paid a proportion of the firm's global profits. As our equity partners are the owners of the firm as well as executives, their compensation reflects their shareholder dividend as well as pay. Equity partners do not receive options or incentives of any sort and no equity partner has any guaranteed earnings. Partner performance is managed through an annual appraisal process, where each partner has an opportunity to review their contribution in the context of the strategy of their practice and their team, and their wider roles within the firm. Their contribution is assessed against a range of criteria relevant to the firm's mid-to long-term ambitions and the culture and expectations that underpin our current and future success.

More information on our Leadership & Governance is available on our website.



MONITORING OUR PROGRESS

DOING BUSINESS

<p>Embed a consistent, firm-wide culture of individual responsibility for Risk Management.</p> <p>Create a process for managing risk firm-wide, including a refresh of our Risk Management Framework.</p> <p>Hold conference for Compliance colleagues from around the network providing guidance and training.</p>	<p>●</p> <p>●</p>
<p>Equip our people with the training and support to do the right thing, in the right way.</p> <p>Roll out innovative and market-leading approach to ethical training.</p>	<p>●</p>
<p>Protecting our clients' confidentiality.</p> <p>Continue to mature our cyber controls, including evaluating new technologies and solutions.</p> <p>Run annual cyber awareness campaign for all staff globally.</p> <p>Review all aspects of firm's data management, specifically our processes for handling personal data to ensure we comply with the General Data Protection Regulation and other applicable privacy laws.</p>	<p>●</p> <p>●</p> <p>●</p> <p>●</p>
<p>Support external initiatives that promote responsible and ethical business practices.</p> <p>Join and actively engage with the Institute of Business Ethics.</p> <p>Increase our understanding of business and human rights by working with A4ID and other civil society organisations on programmes in East Africa and India, with a focus on the extractives industry.</p>	<p>●</p> <p>●</p>

PEOPLE

<p>Improve gender balance in our partnership so women make up at least 30% of our partnership.</p> <p>Continue to advance towards the 30% gender balance target and publicly report progress.</p> <p>Increase number of gender parity networks within the firm and improve communication between local office networks.</p>	<p>●</p> <p>●</p>
<p>Improve the ethnic diversity of our firm.</p> <p>Implement a reporting framework for the impact of partner promotions on ethnic diversity in the partnership.</p>	<p>●</p>
<p>Improve the alignment of our learning and development programmes with our vision and strategy.</p> <p>Revise the business and technical skills framework and re-align the appraisal system against this.</p> <p>Refresh the Career Development Partner mentoring scheme.</p>	<p>●</p> <p>●</p>
<p>Support our people in increasing their resilience.</p> <p>Report on the use of the Employee Assistance Programme globally.</p> <p>Continue to embed a global approach to wellness and resilience awareness-raising programmes.</p>	<p>●</p> <p>●</p>

COMMUNITY

<p>Ensure we have active and well-supported pro bono and community outreach programmes across the firm with a focus on the US and Africa.</p> <p>Increase the number of new pro bono mandates in the US and Africa.</p> <p>Increase the number of clients with whom we collaborate in the US and Africa.</p>	<p>●</p> <p>●</p>
<p>Increase focus on work that enhances the capabilities of our people to deliver high-value mandates and strengthens the impact made by pro bono and community outreach clients.</p> <p>Increase the number of our people who serve on the boards of not-for-profit organisations.</p> <p>Increase the number of people helped by the NGOs we work with as a result of our support.</p> <p>Increase the number of pro bono and community outreach mandates, and Clifford Chance Foundation Grants, that contribute to the achievement of the SDGs.</p>	<p>●</p> <p>●</p> <p>●</p>
<p>Increase the proportion of our pro bono and community outreach work undertaken in the context of client collaboration.</p> <p>Increase the number of clients with whom we collaborate.</p>	<p>●</p>
<p>Improve our understanding of the contribution our pro bono and community outreach work can make towards developing our people.</p> <p>Increase mandates where skills enhancement is recognised as a return and the number of people involved in those mandates.</p>	<p>●</p>
<p>Assess the return on the investment we make in our communities and identify how we can further scale its impact.</p> <p>Grow in-kind and direct financial investment in our pro bono and community outreach work.</p>	<p>●</p>

ENVIRONMENT

<p>Reduce our CO₂ emissions.</p> <p>Decrease our Scope 1 & 2 (electricity & fuel) CO₂ emissions per FTE by at least 5% from the 2012/13 baseline by the end of 2017/18.</p>	<p>●</p>
<p>Reduce the impact of our paper consumption.</p> <p>Reduce paper consumption by 10% per FTE from the 2012/13 baseline by end 2017/18.</p> <p>Every office to ensure at least 15% of paper has at least 30% post-consumer recycled content or comes from Forest Stewardship Council (FSC) or other internationally recognised sources with a low carbon footprint by end 2017/18.</p>	<p>●</p> <p>●</p>
<p>Increase levels of recycling within the firm.</p> <p>Every office, where possible, to recycle at least 30% of general waste by 2017/18.</p> <p>Every office, where possible, to recycle at least 50% of office paper waste by end 2017/18.</p>	<p>●</p> <p>●</p>

Key

- Good progress / Complete
- In progress
- Not progressed / Held over

Please visit our website for our 2018/2019 KPIs.

HIGHLIGHTS

IN THE PAST THREE YEARS

39%

Profit has increased by 39%, and revenue by 20%.

100k

We have consistently exceeded our annual target of helping 100,000 people, helping 138,576 in 2017/18.

27%

Of newly promoted partners were women*.

*Our firm-wide target is for women to comprise 30% of the partnership by 2020.

1/3

Our Scope 1 and 2 carbon emissions across all locations have been cut by approximately a third.

CLIENT HIGHLIGHTS

- Advised Mondelez International in connection with the merger of Keurig Green Mountain and Dr Pepper Snapple Group, Inc; Mondelez International will hold an approximately 13-14% stake in the combined USD 11 billion revenue company.
- Acted for the sponsors and underwriters on China Literature's USD 1.1 billion IPO, one of the most oversubscribed deals ever in Hong Kong.
- Acted for Goldman Sachs and a group of Colombian lenders on the approximately USD 708 million multisource financing for the construction of the 4G Antioquia-Bolívar highway in Colombia, also known as Ruta al Mar.
- Advised Unilever on its USD 2.7 billion acquisition of Seoul-based cosmetics maker Carver Korea.
- Prevailing on all main arguments, the German IP team settled a multi-million USD claim for Pfizer.

HOW WE PERFORMED

FINANCIAL INFORMATION

The summary financial information below is based upon the audited statutory consolidated financial statements of Clifford Chance LLP, which are prepared in accordance with International Financial Reporting Standards (IFRS). Further information regarding the financial performance of the firm can be found in the related press release.

REVENUE BY REGION

	2018	2017
	£m	£m
Americas	215	202
Asia Pacific	281	276
Continental Europe	538	506
Middle East	54	49
United Kingdom	535	507
	1,623	1,540

CONSOLIDATED INCOME STATEMENT

	2018	2017
	£m	£m
Year ended 30 April		
Revenue	1,623	1,540
Other operating income	23	22
Operating costs		
Staff and related costs	(707)	(693)
Other operating costs	(313)	(327)
	(1,020)	(1,020)
Operating profit	626	542
Financing costs	(11)	(10)
Profit before tax before members' remuneration and profit shares	615	532
Members' remuneration charged as an expense	(16)	(38)
Profit before tax available for profit share among members	599	494
Taxation	(17)	(17)
Profit for the financial year available for profit share among members	582	477

CONSOLIDATED BALANCE SHEET

	2018	2017
	£m	£m
As at 30 April		
Assets		
Property plant and equipment	85	84
Deferred tax asset	48	9
Total non-current assets	133	93
Accrued income	300	281
Receivables	550	515
Amounts due from members	23	8
Cash at bank and in hand	214	249
Total current assets	1,087	1,053
Total assets	1,220	1,146
Liabilities excluding members' interests classified as liabilities		
Trade and other payables	399	353
Provisions	28	41
Current liabilities	427	394
Long term payables	46	50
Deferred tax liability	1	1
Long term provisions	500	581
Non-current liabilities	547	632
Total liabilities excluding members' interests classified as liabilities	974	1,026
Net assets attributable to members	246	120
Represented by:		
Provisions for annuities due to current members	101	115
Members' capital	159	162
Members' interests classified as liabilities	260	277
Reserves	(14)	(157)
	246	120

CONSOLIDATED CASH FLOW STATEMENT

	2018	2017
	£m	£m
Year ended 30 April		
Net cash generated from operating activities	534	496
Cash flows from investing activities		
Purchase of tangible fixed assets	(20)	(23)
Proceeds from sale of plant and equipment	–	5
Net cash used in investing activities	(20)	(18)
Cash flows from financing activities		
Drawings, distributions and remuneration of members	(544)	(423)
Capital net repayments (to)/from members	(3)	2
Net cash used in financing activities	(547)	(421)
Net increase in cash and cash equivalents	(33)	57
Cash and cash equivalents at beginning of year	249	183
Effects of foreign exchange rate changes	(2)	9
Cash and cash equivalents at end of year	214	249

PROFIT ATTRIBUTABLE TO EQUITY PARTNERS

	2018	2017
	£m	£m
Year ended 30 April		
Profit before tax for the financial year before members' remuneration and profit shares on the basis of IFRS	615	532
Adjustments for partnership structure and accounting policies	13	21
Amounts payable to equity partners and annuitants before tax	626	553

The profit on the basis of IFRS is attributable to those partners of the firm who are members of Clifford Chance LLP. However, certain members of Clifford Chance LLP are not equity partners in the firm and certain equity partners of Clifford Chance LLP are not members of it.

In addition, the profit on the basis of IFRS is determined in accordance with accounting policies which differ from those applicable under the partnership agreement. The principal differences relate to the accounting treatment of annuities, pension schemes and property leases.

Accordingly, in order to arrive at the amounts payable to equity partners and annuitants before tax, adjustments are made to the IFRS profit to reflect the equity partnership structure instead of the membership structure and to reflect the differences between the accounting policies applicable under the partnership agreement and IFRS.

The average number of equity partners during the year was 393 (2017: 403). The average profit per equity partner based on the profit before tax for the financial year attributable to equity partners excluding annuities amounts to £1.60 million (2017: £1.375 million).

STATUTORY ACCOUNTS

The financial information included in this statement does not constitute the statutory accounts of Clifford Chance LLP within the meaning of the Companies Act 2006. Statutory accounts for the financial year ended 30 April 2017 have been delivered to the Registrar of Companies. Statutory accounts for the financial year ended 30 April 2018 have not yet been delivered to the Registrar of Companies. The auditors have reported on the accounts for both such financial years; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports and did not contain statements under Section 498 (2) or (3) Companies Act 2006, as applicable to limited liability partnerships.



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We use the word 'partner' to refer to a member of Clifford Chance LLP or members, partners, directors, employees or consultants of Clifford Chance entities who are of equivalent standing and qualifications.

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