

Briefing: The Legal500—Green Guide or Greenwashing?

Contact: info@ls4ca.org Date: June 14, 2022

"My message for you is simple: don't work for climate wreckers." That is what UN secretary general António Guterres told thousands of graduates of Seton Hall University in May. As students across different levels of the academic world enter the workforce, more and more of them are concerned about the impacts of their career on the climate. Other participants in the economy, such as investors and corporations, are at least beginning to show interest in sustainability. But despite some examples of companies making real progress, greenwashing can make it challenging for prospective employees to gauge the true environmental impact that a hypothetical employer might have. These concerns exist in the legal industry as well, and law students who care about sustainability but want to work in the private sector face a shortage of trustworthy information about the climate impact of law firms.

Unfortunately, the <u>Legal500 Green Guide</u> serves to further obscure the true role of law firms in the climate crisis. Although the intent is admirable, The Green Guide has a number of major shortcomings: its lack of selectivity means that even firms that conduct huge amounts of work to enable climate pollution are included in the Green Guide, it focuses disproportionately on firms' operational emissions commitments rather than their work for clients, and it provides little context to qualify the opaque and self-reported data that firms provide. These shortcomings mean that the Green Guide misses the opportunity to enhance transparency in the legal industry and provides cover to law firms with little commitment to sustainability beyond an active PR department.

The legal industry's need for transparency

Law Students for Climate Accountability (LSCA) aims to hold the legal industry accountable for their work exacerbating climate change. One of our stated missions is to inform our fellow law students as they make employment choices. We have created tools such as our Climate Scorecard that make it easier for students to quickly gauge which law firms do the most work on fossil fuels. The legal industry is complicated, and our scorecard is meant to be a guide in an industry with a lot of nuance and decentralization within firms. The scorecard can also serve as a launching pad into additional research about the specific office or practice area students are going into.

With so many sources of information on the legal sector, it can be difficult for students to know which outlets are trustworthy. Law firms themselves often tout their

environmental progress <u>while working on highly polluting oil and gas projects</u>, so third party validation is essential.

The traditional providers of law firm ratings are making efforts to fill this void, but they should be careful to provide information that is accurate, data-driven and avoids greenwashing. As Legal500, Chambers & Partners, IFLR1000, Best Lawyers, Whos Who Legal and all other sector-specific law firm ratings focus on sustainability and ESG, they will need to utilize and include actual data on the nature of the work that law firms are doing to be credible. This would be a departure from their reporting of other areas of firm work, where they mostly rely on law firms self-reporting.

The Legal500 Green Guide Falls Short

The first of these traditional research publications to publish their research on firms' environmental record was Legal500, with their inaugural <u>Legal500 Green Guide</u>. Billed as a guide to 'put a spotlight on firms contributing to a green transition', the Legal500 Green Guide has inadvertently become a highly effective greenwashing tool for law firms.

Firstly, there is no criteria for inclusion. The 'detailed submission guidelines' on the website is less than half a page long. Crucially, there is no criteria for exclusion either. As a result, firms that conduct significant amounts of work to *counter* the green transition could still end up highlighted in a guide that ostensibly features climate-friendly firms.

Secondly, there is too much focus on scope 1 operational net-zero targets that will have negligible effect on the environment. Although law firms should try to limit the direct emissions their employees produce, law firms' direct emissions are not particularly large. By far the most significant way that law firms affect climate change is through their work for clients. Major law firms provide legal services to the world's largest companies, writing contracts for major energy infrastructure and litigating cases on the most important environmental regulations. Unlike law firms' scope 1 emissions—which take place on a scale that might roughly equate to those of a local school or hospital—their work for clients has economy-wide implications and deserves far more scrutiny.

Thirdly, there is no discussion of work done for major polluters or data backing up recommendations. As a result, law firms can submit work to the Green Guide that is not at all reflective of their broader portfolio of work. Readers of the Green Guide have little way to distinguish which of the listed firms have a genuine commitment to sustainability and which simply have an active PR team.

By looking at self-reported sustainability initiatives in isolation, the Legal500 Green Guide is in the hypocritical position of claiming that "Recommended Firms" have committed to "embedding ESG into all areas of the firm", while simultaneously lauding the oil and gas work of the very same firms. Of the 16 random international firms recommended in the Green Guide, 13 are also recommended for oil and gas work. A brief look at the Legal500 website provides detail of the work done by members of the Oil & Gas "Hall of Fame", "Leading Individuals" and "Top Tier Firms" that are also lauded for their commitment to sustainability. These include well known firms such as Allen & Overy, Ashurst, Dentons and Herbert Smith Freehils.

Unfortunately, the business models of traditional research organizations do not incentivize them to call out Big Law - their major clients. There are innovative, pioneering lawyers at places like Greenpeace and Friends of the Earth who would benefit from the exposure that mainstream legal publications could bring. Legal charity ClientEarth, for example, has 168 active cases around the world at the moment. During the Legal500 research period, the charity has fought *against* a number of firms recommended in the guide, but their work is not highlighted.

These may not be traditional law firms (they certainly do not have the marketing budgets of law firms), but any guide that is 'dedicated entirely to exploring the legal sectors' contribution to a green transition' can't choose to ignore the most important work being done.

What credible information should we look to instead?

While there are obvious errors with Legal500's guide, it is undeniably good that firms are forced to provide this information and mainstream publications are focusing on it. But if this information is so flawed, where should students go to ensure they end up in departments genuinely committed to the green transition?

Law Students for Climate Accountability uses data from sources including LJGlobal, Bloomberg, climatecasechart.com, and opensecrets.org to help students compare. LSCA provides the underlying data for our scorecard at Is4ca.org. And firms themselves are beginning to track the impact of their work, though they often do not make this information public.

Yet while LSCA already rates firms separately for transactional work, litigation and lobbying, we lack access to the data needed to provide even more granular detail. During the green transition within the legal profession, different offices, departments and individual partners will show varying commitment *within* law firms. Legal industry

observers would benefit from access to this information, and there will be more than reputational benefits for the publication that gets the detail right.

There are now opportunities for the major research organizations to provide that level of granularity to prospective students, without the greenwashing. With commitment, it is possible, as can be seen by IFLR's Net Zero Transition Award and Legal500's own ESG Programme of the Year Award. In just a few years, Chambers and Partners scaled their incredibly successful Diversity and Inclusion research to provide impressive data to prospective students about the offices, departments and even individual partners committed to driving an enormous change within the legal industry. They can do the same with the green transition, giving students (as well as associates, partners, and general counsel) a further tool to differentiate between firms.

As António Guterres said, "You hold the cards. Your talent is in demand from multinational companies and big financial institutions. You will have plenty of opportunities to choose from."

Students care. And it shouldn't be so hard for us to find out the truth.