

**Task Force on Climate-related Financial Disclosures (TCFD)**

This is the first year that the Group has disclosed climate-related disclosures under the TCFD framework and, in doing so, we are complying with the requirements of the new Listing Rules on climate-related disclosures. Whilst significant progress has been made during the year to embed climate-related risks within our operations, we recognise that there is more work to do, including in our disclosures under the TCFD framework.

The risk to the business brought about by climate change is considered an emerging risk, with more detail available in the principal risks section of the Strategic report.

The disclosures below summarise our disclosures against each of the TCFD disclosure recommendations.

Governance	
Describe the board’s oversight of climate-related risks and opportunities.	<p>The Board oversees and has overall responsibility for ESG, including the impact of climate-related risks and opportunities on the business. The Board is supported by the Global Head of ESG and the wider ESG Leadership Group, who together are responsible for ensuring that climate risks are embedded into the Group’s overall risk management framework to identify, assess and manage climate-related risks and opportunities over the short, medium and long term.</p> <p>On a quarterly basis, the Global Head of ESG presents on ESG matters to the Board. At least annually, this presentation will include an update on climate-related risks and how the business is working to mitigate the impact of such risks, as well as maximising any opportunities.</p> <p>The Executive Board and PLC Board also receive annual training on sustainability issues, including climate change. This helps to inform the Group’s strategy in responding to the risks that are borne out of climate change.</p>
Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>Our Global Head of ESG ensures that management assess and manage climate-related risks and opportunities across all business areas including; Health, Safety &amp; Environment, IT, Procurement, Risk, Finance, HR and Clients. Each area contributes to the scenarios that will likely impact their respective areas over the short, medium and long term. From the scenarios provided, the Global Head of ESG, along with the ESG Leadership Group, will determine those that will have the highest impact on the business, both positively and negatively. These are presented to the Board as outlined above.</p> <p>During monthly ESG Leadership Group meetings, the latest environmental and climate-related matters are discussed, and the Leadership Group actively monitors the latest information and appraises updates on agreed actions to ensure we are dealing with climate-related risks efficiently and effectively.</p> <p>Newly identified risks are submitted into the Group’s existing risk management framework, as described in more detail below. For any emerging opportunities, actions are logged and followed up with the appropriate individual within the Group to ensure opportunities are being maximised.</p> <p>Our management teams that are heavily involved in assessing and managing our climate-related risks and opportunities also receive training via the Carbon Literacy Project and our Global Head of ESG has successfully completed the Oxford Sustainability Leadership Course in the year. This ensures the Leadership Group is aware of material emerging risks and opportunities. Our ESG Leadership Group is also informed by our Global Co-head of Energy, being a legal expert in the field of emerging power, transition and supporting clients on regulations, reporting, decarbonisation and policy.</p>

## Risk management

**Describe the organisation's processes for identifying and assessing climate-related risks.**

As we outlined previously, our ESG Leadership Team report on the climate-related risks that they believe have the highest impact across the business. Climate-related risks that are identified are fed into the Group's risk register. This forms part of the first line of defence as part of the Group's existing Enterprise Risk Management ('ERM') framework, which is outlined further on page 50.

Also considered within the scope of the ERM, the business determines potential emergency situations, including those that can have an environmental impact. These risks and opportunities are reviewed at least annually.

**Describe the organisation's processes for managing climate-related risks.**

The Board, supported by the ESG Leadership Group, will integrate new, and refresh existing, processes into the Group's ERM to identify, assess and manage climate-related risks and opportunities over the short, medium and long term. This happens at least bi-annually.

By assessing climate-related risks in the manner described above, this allows us to put plans in place to either eliminate or reduce the impacts of those risks and ensure that we continue to invest in the right areas to help mitigate the Group's climate-related risks.

We determine the key risk risks associated with our business by categorising these into each of three areas of colleagues, clients and communities, aligning with our purpose. Additionally, we review the risks associated with infrastructure which includes our IT systems

Our ISO 14001:2015 certified Environmental Management System is also firmly embedded. It identifies and controls the environmental impact of our business and supports our working practices, thus allowing us to further eliminate or reduce the impacts of those risks.

**Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.**

In the prior year, Sustainability was included within the Group's strategic risks and classified as an emerging risk. Climate-related risks form a key part of this emerging risk. More detail on how the Group manages its emerging risks are provided in the principal risks section on pages 52 to 54.

## Strategy

**Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.**

In the table on the following pages, we explain the key risks and opportunities that the business faces due to the increasing impact of global climate change. Risks and opportunities have been categorised into Infrastructure, Colleagues, Clients and Communities, although it is noted that there is often overlap between these categories.

Time horizons have also been attributed to our risks and opportunities, being short term (considered as one to five years), medium term (five to ten years) and long term (more than ten years).

**Describe the impact of climate-related risk and opportunities on the organisation's businesses, strategy and financial planning.**

The impact of climate-related risks and opportunities on the Group has also been included in the table that follows and primarily focuses on the qualitative impact on the business. Whilst some limited quantitative impacts have been given, we expect to evolve our assessment over time and intend to provide further detail in future reports.

**Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario.**

In identifying the climate-related risks and opportunities to the business, we have considered two climate-related scenarios:

**Scenario 1:** Global warming is limited to less than 1.5 degrees above pre-industrial levels. This naturally leads to risks and opportunities which relate to a rapid global transition to a low-carbon economy. These have been included within the 'transition risks' section in the table that follows.

**Scenario 2:** No mitigation of climate change, resulting in global warming of 4 degrees in the long term. This scenario presents the greatest risks to the Group and its key stakeholders and hence the business response is focused on limiting the impact of climate change on our people, clients and operations.

Risk/Opportunity	Category	Time horizon	Business impact	Business response
<b>Physical risks based on 4 degree warming</b>				
<b>IT infrastructure</b>	Infrastructure	Medium and long term	Our IT infrastructure is critical to our ability to operate. This infrastructure is exposed to the consequences of extreme weather events, which could result in business disruption via power failure, flood or loss of cooling.	Our core 'internal' systems infrastructure is operated from duplicated internal (DC1) and external (DC2) data centres. The external data centre is on a different power grid and is operated by a world-class operator, Equinix, which has a strong climate event mitigation strategy.  Our cloud-based services, which include email, intranet and other core services, are hosted within Microsoft's Azure cloud infrastructure, for which Microsoft has industry leading mitigation plans.
<b>Impact of extreme weather and climate-related events on our colleagues</b>	Colleagues	Short, medium and long term	Our offices are also exposed to ever increasing extreme weather and climate events, especially those in higher-risk geographies. This could result in disruption to our colleagues, operations and, as a result, on our ability to service our clients.  It is difficult to quantify the likely impact of such a risk on the business as it depends which geographies are impacted, the severity of the impact and the success of our mitigating actions.	The impact of COVID-19 has meant that the business has adapted successfully to a hybrid working model such that short-term disruption to our offices can be mitigated by the ability of our colleagues to work from home.  Our premises strategy also considers the resilience of new and current office space to extreme weather events proportionate to the level of risk in the relevant geography. Localised weather events could disrupt our colleagues even when they are working remotely due to it impacting their homes and local infrastructure, and in the longer term the infrastructure in certain higher-risk geographies will come under increasing strain, increasing the level of disruption. These risks continue to be mitigated through the Group's business continuity planning.
<b>Impact of extreme weather and climate events on our clients</b>	Clients	Medium and long term	The Group's clients are also exposed to risks of extreme weather and climate events. Some clients will be significantly exposed due to either their location in higher-risk geographies, or where they have supply chains that are at high risk of disruption. In addition, our insurance clients may be exposed to the consequences of extreme weather or climate events.  Our clients are therefore facing increasing risks and such events could result in significant impact on their operations and, in turn, a decrease in the level of services they require from DWF.	The Group continues to operate in diverse sectors and geographies, and this diversification mitigates the impact of disruption of any individual client or sector.  In addition, we are well placed to provide support to our clients as they face the physical risks caused by extreme weather and climate events, for example construction advice, planning and development, casualty, local authority, community development and investment, and international energy and renewables-related disputes.  These risks continue to be mitigated through the Group's business continuity planning.

Risk/Opportunity	Category	Time horizon	Business impact	Business response
<b>Transition risks based on 1.5 degree warming</b>				
<b>Talent</b>	Colleagues	Short, medium and long term	Our colleagues are key to the future success of the Group. We need to take meaningful action and be a leading player within the legal sector in our response to the global climate emergency so as to attract and retain talent within the business. Failure to do so could result in higher attrition. This is both a risk and an opportunity for the Group.	<p>Our Code of Business Conduct applies to every employee globally and everyone is expected to contribute to our global efforts to reduce, reuse and recycle wherever possible. Therefore, it is imperative to us as a business that everyone understands the role they play.</p> <p>Furthermore, we are educating our senior leaders and other internal stakeholders around environmental topics such as the road to Net Zero. We believe that embedding these behaviours and values, and providing education to our colleagues will demonstrate our response to the climate emergency and therefore attract and retain talent.</p>
<b>Reputation/ Brand</b>	Clients, Colleagues	Medium and long term	The DWF brand and reputation are impacted by the action taken by the Group in response to the climate emergency. In addition, our association with clients who may be perceived as not positively contributing to the global climate emergency, or damaging it, could undermine the commitments we have made on climate and lead to accusations of greenwashing and damage reputation. This is likely to lead to lost revenue from clients who decide they will not work with us going forward.	<p>As part of our Client ESG Policy, we have identified the sectors and industries that we consider to be the highest risk in creating a negative impact on the global climate emergency. These sectors and industries are continually reviewed by our Risk and ESG Leadership teams, and the policy is updated accordingly. The purpose of this policy is to improve on the quality and consistency of our risk assessment and decision making to lead to more informed client acceptance, on the basis of our ESG material factors, with decisions taken at a level appropriate to the sensitivity of the issue concerned.</p> <p>We regularly engage with our clients and industry experts about our approach to combating the global climate emergency, including the disclosure of our commitment to the SBTi and our intended roadmap.</p>
<b>Adapting our products and services</b>	Clients	Medium and long term	<p>There is a significant opportunity for the Group to service existing and new clients as they transition to a low-carbon economy.</p> <p>Risks are also prevalent if we are unable to adapt our services to adequately service our clients' needs.</p>	<p>We realise the importance and challenges our clients face, and look to support them wherever we can. We have reviewed how we currently work with our clients and structured this in a way to provide legal advice across 'Environment, Climate Change and Energy Transition' issues.</p> <p>Additionally, we are looking to support clients through training and education on environmental topics and considering the development of a consultancy service to further support our clients' needs.</p> <p>We consider the impact on the environment in the decision-making process for new products and services. These are referred to the ESG Operations Board and ESG Leadership Group where appropriate.</p>

Risk/Opportunity	Category	Time horizon	Business impact	Business response
Supply chain	Communities	Short, medium and long term	<p>As a people-led business, whilst we are not as reliant on our supply chain as other sectors, it still contributes significantly to the Group's carbon emissions.</p> <p>The Group's pathway to Net Zero by 2030 is reliant on our ability to procure products and services which minimise the impact on climate and the environment. Utility providers may be unable to provide sustained (and renewable) power to our workplaces, for example.</p> <p>The supply chain may experience disruption based on environmental and geopolitical factors inhibiting supplies/ services to DWF. This could lead to increased costs or risks to the ability of the Group to achieve its Net Zero pathway.</p>	Increasing emphasis on supply chain resilience will continue to be built into the sourcing strategy, working with key suppliers to ascertain their approach to business continuity planning ('BCP') and their corresponding ability to rapidly and effectively deploy appropriate contingency measures. In addition, should potentially disruptive scenarios arise, a supply chain impact assessment will be undertaken with providers of high priority goods and services to determine any adverse impact upon their capability and capacity to support DWF and, where any shortfall may be identified, apply a collaborative approach to determining mitigation measures.

## Metrics and targets

**Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**

We are committed to our role in supporting the global transition to a sustainable low-carbon economy and our ambition is to achieve Net Zero greenhouse gas ('GHG') emissions ahead of the UK Government's target of 2050, to achieve the goals of the Paris Agreement. This in turn enables us to mitigate the climate-related risks noted above through contributing to global action to lessen the impact of climate change on society.

Our key metrics are therefore the Group's GHG emissions and, in setting targets, we have committed to the 1.5°C pathway with the SBTi.

**Disclose Scope 1, 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks.**

The Group measures Scope 1, 2 and 3 emissions which are summarised in our Environmental Report on page 43.

**Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**

The targets that have been set in accordance with the SBTi 1.5°C pathway are a reduction of 50% of Scope 1, 2 and 3 greenhouse gas emissions by 2030 against a 2019 baseline. These targets have been validated by the SBTi in June 2022. More detail on the action being taken by the Group in achieving these targets can be found below and on page 44.

## Environmental reporting

### Our approach

In supporting the Group's ambitious target to reduce GHG emissions, we are certified to the ISO 14001: 2015 Standard and have an Environmental Management System in place to identify and control the environmental impact of our business and support the enhancement of our working practices.

By understanding our impacts together with our climate-related risks and opportunities, this allows us to adapt and evolve our strategy together with the targets set, which in turn will allow us to build the requisite resilience needed to appropriately manage climate-related risks.

### Our targets

We are required to report on our greenhouse gas emissions under the Streamlined Energy and Carbon Reporting ('SECR') framework for the UK. We report our emissions under SECR consistent with the Group's financial year. We also have greenhouse gas emission targets that have been set in accordance with the SBTi. These are set by calendar year.

Greenhouse gas emissions are classified under three different scopes:

**Scope 1:** All direct emissions from the activities of the organisation or an organisation under its control, including fuel combustion on site, such as gas boilers, fleet vehicles and air-conditioning leaks.

**Scope 2:** Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy eventually used by the organisation.

**Scope 3:** All other indirect emissions from activities of the organisation, occurring from sources that it does not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

The targets that have been set in accordance with the SBTi 1.5°C pathway are a reduction of 50% of Scope 1, 2 and 3 greenhouse gas emissions by 2030 against a 2019 baseline. These targets have been validated by the SBTi in June 2022.