Hogan Lovells

Living Mobility Spotlight

Q&A series

Contents

Living Mobility

What is Living Mobility? It is easier to say what it is not. The automotive industry is no longer focused on the traditional vehicle. Not only are the vehicles changing but we are now focused on mobility: different modes of travel for people and goods all connected in new and evolving ways. As this sector changes it will also change how we live because it will change how we move, are connected and even what we do. Living Mobility is an attempt to capture this vibrant evolution of not just our vehicles, and of our mobility networks, but of how we live.

Changes of this magnitude take time. But the rate of change is rapid. Companies development of technology and with it new business models will combine with changes in consumer demand and government regulation to create the future. Change of this magnitude generates a host of novel business, legal and policy issues. We envision Living Mobility broadly with four key characteristics: **Living Mobility is Objective, Inclusive, Unifying, and Sustainable.**

These four elements comprise various opportunities and challenges that are highlighted in the following Living Mobility Spotlight Q&A Series.

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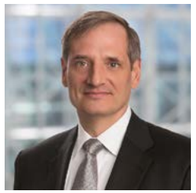

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Living Mobility is **Objective**

Living Mobility is Objective

Spotlight on AI and consumer trust

In conversation with Mark Brennan, Lead Innovation Partner, Sector Group Leader Technology and Telecoms

Objective Living Mobility broadly encompasses fairness and transparency in the use of new mobility-improving technologies. As artificial intelligence (AI) paves the way for increasingly integrated transport systems, manufacturers are joining forces with service providers and software developers to deliver innovative mobility solutions. But the promise of AI-enabled transport is not without its challenges. Connecting all hurdles is the crucial need to build consumer trust. Mark Brennan discusses a few of these challenges and the overarching importance of prioritizing consumer trust.

Featured speaker

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What should the mobility and transportation industry keep in mind about consumer trust and AI?

Brennan: It is going to be increasingly critical that our mobility clients be transparent with consumers. The details matter. We are seeing a lot of rapid legal, regulatory, and policy developments for autonomous vehicles (AVs) and unmanned aerial vehicles (UAVs), ridesharing, and micromobility like e-scooters. But long-term success in the market will almost certainly depend on maintaining consumer trust. Data protection, service terms and conditions, and fee structures all can significantly impact consumer trust.

Our clients are innovating to change the world, and we are their strategic advisors. It's really important that we bring an innovative mindset and continually look for opportunities to enhance our services and help them find creative new solutions to their challenges.

We also need to be mindful that assessing risk involves more than the immediate legal issues – long-term impact and reputational harms also play an important role.

What AI developers consider when approaching commercial agreements with manufacturers and service providers?

Brennan: For AI, one question for developers is at what points you need to ensure that somebody is maintaining a level of control. It's not enough to say "We trained the AI and then it decided everything after that."

As advisors, we must make sure that our clients build processes and protections that go beyond core compliance in their commercial agreements.

Is it possible to harmonize service offerings and regulatory compliance?

Brennan: You want your suppliers to be partners, and you want all stakeholders to be aligned and incentivized to identify and address AI concerns throughout the life of the agreement.

How can industry work with government to balance consumer protections with technological investments?

Brennan: We need a thoughtful, comprehensive, and balanced approach. We are seeing a race among some regulators to see who can "regulate more," especially on consumer protection issues.

There seems to be a presumption by some that more regulation is automatically better, without any critical assessment.

There needs to be a holistic approach taken with the first step being a fulsome analysis of whether and to what extent any new requirements are needed, or if there are sufficient developments in the marketplace to protect consumers.

There is also an opportunity for industry leadership, and it's incumbent on stakeholders to make sure regulators are fully informed on the latest marketplace developments and innovative services.

Living Mobility is Objective

Spotlight on data use and transparency

In conversation with Mark Parsons, partner, Technology & Telecoms sector group

Living Mobility is objective and fosters consumer trust based on transparent data usage. Data is the key to mobility solutions in smart cities. But in order for consumers to accept these advanced solutions as part of the way that they live, they must be in a position to trust that their data will be collected and processed fairly and responsibly. Mark Parsons discusses the role of transparency in building consumer trust and optimizing data-enabled initiatives.

Featured speaker

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What should the mobility and transportation industry keep in mind about data-driven mobility solutions in smart cities?

Parsons: As data-driven mobility solutions develop, we must consider best practices for public usage of private information, particularly within the public-private partnerships that are often essential to making smart cities possible. Data protection regulations are now in place in most jurisdictions in the world. But compliance requirements are only part of the discussion. Technology develops much more quickly than legislative frameworks, and in the data protection realm, laws tend to be "principles-based" rather than fixing specific standards. We therefore see industry standards as being key to the mission of achieving public trust. To take a few examples, Internet of Things (IoT) solutions, such as sensors in the home that track temperatures and sensors in smart traffic lights can enable solutions that improve quality of life, but consumer responses to these solutions vary. Acceptance requires trust that general legislative requirements may struggle to achieve on their own. Standards can help build trust in these contexts.

What are some examples of different consumer responses to public use of private data?

Parsons: There are many. Facial recognition certainly divides opinion, as do other AI-enabled identification technologies. In the wake of the COVID-19 pandemic, we have seen a new flashpoint in contact tracing technologies, which have generated very different responses in different countries. This highlights the extent to which demand for transparency varies across jurisdictions, including those in Asia.

How are data-driven mobility solutions developing in Asia?

Parsons: Many Asian jurisdictions benefit from advanced wireless networks and high consumer uptake of smartphones and other forms of mobile connectivity. It follows that we have seen success in creating open data platforms that allow access to real-time transit schedules and live traffic conditions to develop mobility solutions. Development depends on numerous factors like incentives and environment.

Singapore, for example, has identified technological innovation as a clear strategic goal. Law and regulatory policy is often closely aligned with this objective, and so we see Singapore incentivizing innovative developments and even introducing certain relaxations of its data protection laws to create more space for innovation.

What is the relationship between data usage transparency and data privacy laws?

Parsons: Data privacy laws fix minimum mandatory standards for transparency. However, compliance with legal requirements does not mean that consumer trust will necessarily follow. Part of the challenge in Asia is that data privacy laws differ from jurisdiction to jurisdiction. We are seeing a recasting of data privacy laws across the region in the wake of General Data Protection Regulation (GDPR), and this holds promise that in some areas at least, there can be convergence towards common global fundamentals. No system will be perfect, but a considered approach to transparency in data-driven mobility solutions prioritizes the trust of citizens from the beginning.

If there's one thing that will impede consumer acceptance of data-driven mobility solutions and smart cities, it's a lack of trust. As privacy laws in the region align around concepts such as data breach notification and accountability models, we see privacy laws as a potential enabler of trust. But in my view, the law can only go so far in this regard and in certain areas at least, industry standards hold promise as both an effective way to manage risk and serve as a communication tool for the public.

How can public-private partnerships address public trust deficits to work towards consumer acceptance of data-driven mobility solutions?

Parsons: It is clear that there is a deficit of public trust in mobility solutions in certain jurisdictions, both in Asia and elsewhere. Lawmakers need to move to address this. There is general enthusiasm for these solutions and how they can improve our lives. Lawmakers should recognize the benefits they can bring, but at the same time develop approaches that take on board the need for transparency. Public-private partnerships can move transparency forward, combining the technical knowledge found in industry with appropriate public sector oversight.

Living Mobility is **Inclusive**

Living Mobility is Inclusive

Spotlight on 5G enabled accessibility

In conversation with Ari Fitzgerald, partner

Inclusive Living Mobility encompasses equity and transparency in the use of mobility-improving technologies. Service providers, disability advocates, and automakers are working together to address some of the mobility challenges experienced by people with disabilities. Potential solutions include automated and standardized transit functions that otherwise require the assistance of other people. But automating and standardizing functions require a reliable signal and the lower latency made possible by 5G. Ari Fitzgerald discusses a few of the challenges specific to 5G and accessible transport options.

Featured speaker

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What are some of the policy considerations relating to 5G that the mobility and transportation industry should keep in mind?

Fitzgerald: As a policy matter, the mobility and transportation industry should be thinking in advance about the accessibility of its designs. At the highest level of automation, an autonomous system will make it safe for people who are physically incapable of ever operating a standard automobile to be transported in the vehicle without any other person being present. We should strive to make sure that those with physical disabilities that prevent them from taking over control of a vehicle in which they are being transported have essentially the same ability to benefit. This is similar to a concept long embraced by the communications industry called universal design.

What is universal design?

Fitzgerald: Universal design establishes as a primary goal for any developer of products or services that they be universally accessible. The communications industry has embraced universal design for many years. While it may seem intuitive now, it was not so when cell phones were first introduced. Initial cellphone designs made it difficult for many people with physical disabilities to use them. Individuals with hearing loss, for example, were unable to use early generation cellphones without attaching clunky TTY devices, which essentially eliminated the benefits of mobility. The first generation of digital mobile phones could not be used by people who wore hearing aids. They also could not be operated simply via voice commands and brail was not included on their keypads, making use by the blind virtually impossible.

This led Congress to pass Section 255 of the Communications Act in 1996. That law required that telecommunications services and equipment be made accessible to people with disabilities if "readily achievable."

In 2010, the Twenty-First Century Communications and Video Accessibility Act (CVAA) expanded upon these congressional efforts and updated the law for modern communications.

How would universal design apply to the mobility and transportation industry?

Fitzgerald: As the mobility and transportation industry moves towards autonomous vehicles, revenue generation will depend largely on selling the experience. Automakers should think of ways to import universal design concepts into their vehicle interiors in particular.

How would universal design apply to the mobility and transportation industry?

Fitzgerald: As the mobility and transportation industry moves towards autonomous vehicles, revenue generation will depend largely on selling the experience. Automakers should think of ways to import universal design concepts into their vehicle interiors in particular. Broadly speaking, the mobility and transportation industry should be thinking in terms of universal design (i.e., ensuring at the conceptual stage that the total experience is designed in a way that makes it accessible to the greatest number of people possible at the outset of the offering, as opposed to later through accommodations and adjustments) and incorporating this concept into whatever tech-based mobility offerings they are developing.

What is the role of government subsidies in expanding 5G to rural areas?

Fitzgerald: Many expect 5G to soon enable faster and more reliable communications within cities. Theoretically, the same benefits could be realized in rural areas – but deploying advanced communications networks in sparsely populated areas is very expensive. From the very beginning, the U.S. Congress and regulators recognized that bringing new infrastructure (roads, electricity and, yes, communications) to rural areas would be more expensive than bringing that same infrastructure and services to cities. Yet, they decided that as a public policy matter it would not be appropriate to leave rural infrastructure deployment exclusively to the whims of the marketplace. That is why government subsidies were provided to ensure that a basic level of infrastructure and service would be affordable to people in rural as well as urban areas. So should it be with 5G because 5G will not reach rural areas based on market forces alone.

What regulatory hurdles might impede the development of 5G-enabled accessible mobility?

Fitzgerald: For many years, the FCC has focused on getting licenses to operate over large chunks of the radio spectrum required to support 5G in the hands of commercial mobile providers in the hope that they would deploy advanced networks broadly. More recently it has focused on breaking down other barriers to 5G deployment, including local governmental regulatory barriers that make densification of communications infrastructure (and the capacity gains created thereby) more cumbersome, and the sheer cost of deployment in sparsely populated areas.

The FCC's role is to do everything in its power to get 5G networks deployed to as many places as possible. We have a recent smart example. In May, the FCC proposed to redefine the amount of subsidy it provides to support rural mobile broadband through the use of reverse auctions, which essentially award the subsidies to those companies that are willing to submit the lowest bid in the auction to cover and serve a particular rural area. In this way, the FCC is adding an important competitive element to its rural subsidy program, which should help ensure that limited government subsidy funds are stretched as far as possible. If the lowest-cost provider doesn't end up serving the communities it indicated it would serve in the reverse auction, it can be sanctioned and forced to repay the government subsidy.

It is important to remember that the FCC focuses most of its efforts on directly regulating communications services and the infrastructure used to provide those services. For the most part, the FCC will not be involved in directly regulating the mobility and transportation industry. With that said, the mobility and transportation industry will increasingly be affected by the FCC's decisions, especially in the areas of spectrum, 5G, and accessibility, as it continues to roll out autonomous vehicle technology.

Living Mobility is Inclusive

Spotlight on drone delivery services

In conversation with Lisa Ellman, partner

Living Mobility is inclusive. Commercial drone delivery and Urban Air Mobility will increase mobility options, expand service accessibility and ultimately improve communities. In times of crisis, drone-enabled accessibility is not only a matter of convenience but also a life-saving tool critical to medical care. Lisa Ellman discusses the societal benefits of drone and Urban Air Mobility operations and some of the relevant policy issues.

Featured speaker

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Why are Unmanned Aircraft Systems (UAS) and Urban Air Mobility (UAM) so valuable to the mobility and transportation industry?

Ellman: First, it is important to understand that Unmanned Aircraft Systems (UAS) refers to the aircraft, communication links and ground control equipment. UAS is often used interchangeably with small drones. To be precise, the aircraft itself is called an unmanned aerial vehicle (UAV). Urban Air Mobility (UAM) refers to passenger or cargo-carrying aerial vehicles that are usually operated without an onboard human pilot.

Collectively, UAS and UAM represent an opportunity to reduce congestion and advance sustainable aviation technologies. In this way, the mobility and transportation industry can capitalize on industry disruption by embracing innovation.

What are current and future use cases for UAS?

Ellman: With UAS, industry and other stakeholders can increase mobility options, expand service accessibility and ultimately improve communities. Commercial drones or UAS have been used for safe and efficient delivery of medicines, groceries and other essential goods. For example, a drone was used to deliver a donor kidney to surgeons. Drones have also been critical to search-and-rescue missions, law enforcement operations and in response to natural disasters.

Now, during the COVID-19 pandemic crisis, drones are being used for contactless delivery of medical supplies. Manufacturers of personal protective equipment are partnering with drone companies to distribute supplies to help medical workers.

But the societal benefits of drone deliveries extend beyond health care and will impact daily life. Drones are being used for contactless deliveries from coffee shops, cafes, libraries as well as pharmacies – making social distancing a little easier. Commercial drone delivery creates new accessibility options for homebound individuals or residents of rural areas. Future use cases will likely continue to extend the physical reach and scope of services.

What legal and regulatory considerations should the mobility and transportation industry keep in mind for future UAM and UAS cases?

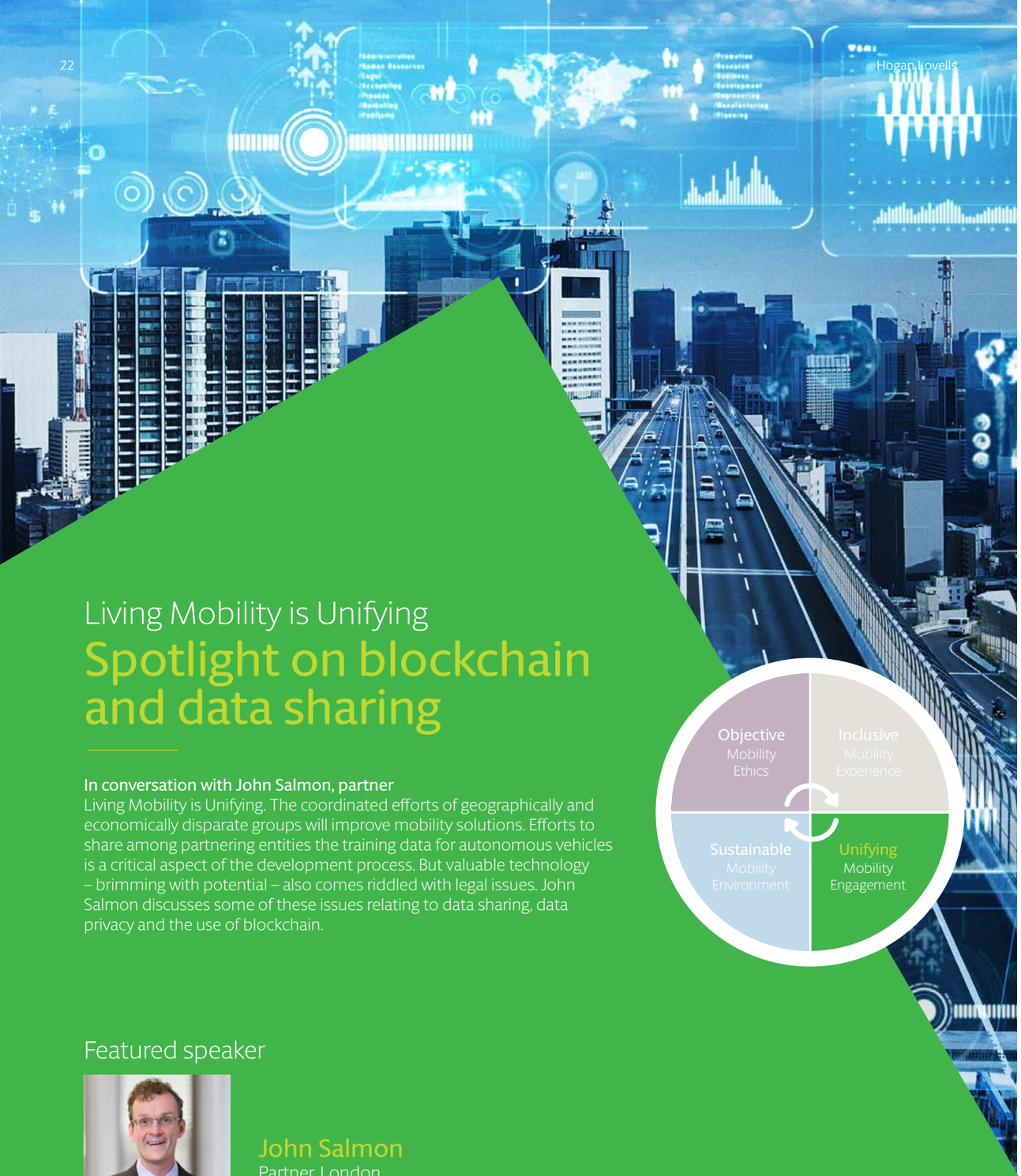
Ellman: We must acknowledge that policy lags behind innovation. Historically, this lag has often resulted in regulations that impede technological development. Understanding this general trend in policy development is important for industry to keep in mind because it focuses the industry on the importance of helping government to understand the technology it seeks to regulate. Another important concept to consider is the dynamic and varied nature of drone policy. In the United States, federal rules govern the safety of drone operations in all states and provide baseline operational requirements. More stringent regulations and certification requirements apply to drones conducting air carrier (i.e., package delivery) operations. States and localities typically regulate privacy and property rights.

In the European Union (EU), the EU Implementing Regulation 2019/947 provides new rules for drone operations including aerial categories. These rules will partially replace domestic laws for EU member states when the measure enters into force in December 2020. This effort is an important step towards harmonizing different legal frameworks for drone operations that currently exist among EU member states.

The speed at which technology advances and the dynamic nature of regulatory policy highlight the need for industry to work with all levels of government towards policies benefitting both industry and the public. For example, the Commercial Drone Alliance is an independent non-profit organization that works with the government to develop such policies and educate the public.

Public understanding of the benefits of these novel technologies is critical to their advancement and enables the evolution of the mobility and transportation industry. Prioritizing public education bridges knowledge gaps and engenders consumer trust. In this way, education supports both industry growth and public benefit.

Living Mobility is Unifying



Living Mobility is Unifying

Spotlight on blockchain and data sharing

In conversation with John Salmon, partner
Living Mobility is Unifying. The coordinated efforts of geographically and economically disparate groups will improve mobility solutions. Efforts to share among partnering entities the training data for autonomous vehicles is a critical aspect of the development process. But valuable technology – brimming with potential – also comes riddled with legal issues. John Salmon discusses some of these issues relating to data sharing, data privacy and the use of blockchain.

Featured speaker

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Why is data so valuable to the mobility and transportation industry?

Salmon: Modern artificial intelligence (AI) thrives on data – the more data you give the AI, the more accurate the models AI. Machine Learning is the process through which the systems in the autonomous vehicles (AVs) learn the parameters of the operational design domain within which the systems complete certain dynamic driving tasks.

Broadly speaking, society has become increasingly reliant on data in daily life and the resulting challenge concerning data value generally revolves around control and ability to use.

If the value of data continues to climb, what should the mobility and transportation industry keep in mind about managing data resources?

Salmon: Beyond the increasing value of data, the fuel of AI training, industry should consider the sheer volume of data to be managed. Together, the increasing value and the vast volume of data set the stage for a battle brewing about who owns data. Specifically, the battle is about access to and control of the data. It's not just a battle of AV developers but manufacturers, insurers, and suppliers – along the entire supply chain. And blockchain is one way to address the complexity of managing vast amounts of data.

What is blockchain?

Salmon: Blockchain is a form of distributed ledger technology (DLT) that makes it possible to store data on numerous nodes on a network with identical entities stored across the DLT network. In this way, DLT makes it difficult for any users to gain control of the network unless it is possible for them to gain control of over 50% of the network nodes. The appeal is that blockchain technology increases transparency through traceability of data entries on the network and improves efficiency by removing intermediaries and transaction costs. Financial institutions and the insurance industry already use blockchain to manage data.

How might distributed ledger technology be used in the mobility and transportation industry?

Salmon: There are many blockchain use cases for the mobility and transportation industry. From warehousing to payment for shared services, to delivery tracking, distributed ledger technology offers the same possibilities for transactional efficiency as it does in financial institutions.

Businesses along the supply chain could also use blockchain to move data internally and with outside partners without compromising privacy. For example, AV data sharing amongst agreeing manufacturers turns on privacy research that you can bring an algorithm to data and train AI models collectively. The value proposition is that it is possible to come to an agreement with other organizations without giving up privacy of the underlying data.

For the mobility and transportation industry, there are a myriad of possibilities around sharing data and working together across trust boundaries to get things done.

Living Mobility is Unifying

Spotlight on trade and supply chains

In conversation with Juan Francisco Torres-Landa, partner, Leader Latin America

Living Mobility is Unifying. The automotive sector is an example of interconnectedness as supply chains are global and players along those supply chains depend on each other. But manufacturing globally means playing by the rules of the jurisdictions your consumers call home. Trade agreements can facilitate global supply chains, but they involve a myriad of legal issues. Technology and business models also "travel" internationally. Juan Francisco Torres-Landa discusses some of the issues relating to the impact of trade on the future of mobility in Latin America.

Featured speaker

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Why is trade so critical to the mobility and transportation industry in Latin America?

Torres-Landa: Mexico plays a significant part in the global mobility and transportation industry, specifically the automotive industry. This industry is particularly interconnected because the product manufactured – the automobile – culminates from so many companies along the supply chain.

This is one reason a free-trade agreement (FTA) can positively impact the mobility and transportation industry. The interconnected supply chain requires nimble companies with the ability to pivot in order to accommodate market needs and varying trade rules to operate on a global scale. An FTA is one way industry can achieve this adaptability.

What is a free-trade agreement?

Torres-Landa: A free-trade agreement (FTA) lays out rules for economic activity among participating countries. To boost trade, partnering countries agree to reduce barriers to trade among participating countries by lowering tariffs and eliminating non-tariff barriers, for example. To foster investments, the FTA includes preferential rules of origin to incentivize use of local suppliers – that is, suppliers located in countries within the FTA.

How might free-trade agreements generate industry resiliency?

Torres-Landa: Trade flexibility can positively impact economic development and the mobility and transportation industry by helping industry pivot where necessary to meet changing market conditions. What enables adaptability – or resiliency – is a level of certainty that the public sector provides and the private sectors requires to adopt good business decisions and benefit the community. The Mexico-United States-Canada Treaty (USMCA) represents an opportunity for industry to evolve and adapt during a time of industry disruption.

Within Latin America, how might public and private sectors work together to advance electrification and shared services?

Torres-Landa: For shared services, compliance is critical. One example of this is the performance of micromobility companies in Latin America. For example, micromobility used to be very visible in Mexico City. But certain micromobility ventures were not successful in part because some companies entered the process without getting fully licensed and thus experienced compliance issues. There were four to five visible micromobility players; now there are only two.

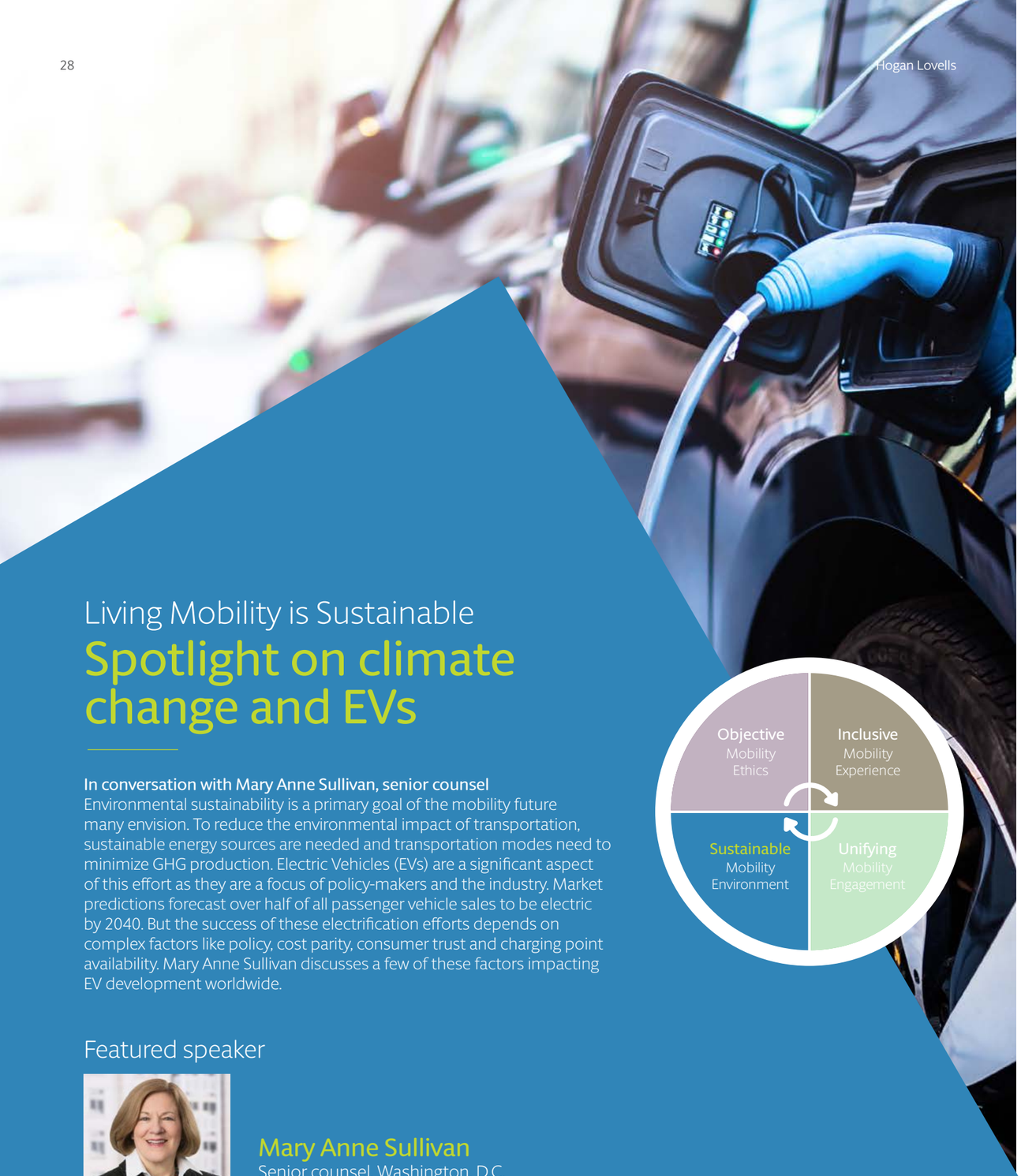
In contrast, transition to electric vehicles (EVs) is well under way in Latin America. In Mexico, we are already seeing some practical ways public and private sectors are working together to advance electrification. New vehicle and ownership taxes have been eliminated for EVs and street charging stations in Mexico are free of charge. Internal combustion engine (ICE) vehicles may not be driven one day a week in certain areas, a restriction that does not apply to EVs. And published import duties on EVs have been reduced from 15% to zero.

But hurdles remain. Two significant challenges to electrification are price point and a limited number of charging stations, particularly outside of main urban areas. A strategic growth plan is needed. While servicing EVs is simple compared with ICE vehicles, service shops where repairs can be made are limited and that increases operational costs and resulting inconveniences.

Urban congestion is an overarching issue that needs collaboration between the public and private sectors. In cities like Mexico City we still see overreliance on individual vehicles causing congestion, while the extensive subway system is insufficient because it requires more connections to other transit systems to match actual consumer needs. This combination triggers an urban planning nightmare.

There is a huge opportunity to do things better, but it will require significant investments. Just as economies are increasingly integrated around the world through the irreversible process that is globalization, unifying efforts between public and private sectors at the national level will become increasingly important in the future of mobility. The trend is permanent, but a pragmatic and technically savvy planning process is required to maximize benefits.

Living Mobility is Sustainable



Living Mobility is Sustainable

Spotlight on climate change and EVs

In conversation with Mary Anne Sullivan, senior counsel
Environmental sustainability is a primary goal of the mobility future many envision. To reduce the environmental impact of transportation, sustainable energy sources are needed and transportation modes need to minimize GHG production. Electric Vehicles (EVs) are a significant aspect of this effort as they are a focus of policy-makers and the industry. Market predictions forecast over half of all passenger vehicle sales to be electric by 2040. But the success of these electrification efforts depends on complex factors like policy, cost parity, consumer trust and charging point availability. Mary Anne Sullivan discusses a few of these factors impacting EV development worldwide.

Featured speaker

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How is electrification impacting the mobility and transportation industry?

Sullivan: Some rail has long been electric. Other sectors are behind the automotive industry when it comes to electrification. The aviation and maritime industries are facing pressure to reduce their carbon emissions. So I expect changes will be coming, but they are not commercially viable yet.

How will the pandemic impact EV development?

Sullivan: Electric vehicle (EV) development is experiencing the same COVID-19 pandemic-related market slowdowns as the rest of the transportation industry. But there is no reason to think that the impact will persist in the long term. Lots of new vehicle models are ready to be rolled out.

Will energy efficiency regulations accelerate or impede EV adoption?

Sullivan: In the U.S., fuel efficiency standards have historically been the primary driver of EV adoption. In Europe, concern about climate change has been behind the growth of EVs. In China, fuel efficiency, air quality, and climate change all support EV deployment. Going forward, I expect to see more emphasis on climate change rather than fuel efficiency standards driving EV adoption in the U.S.

What is range anxiety?

Sullivan: In the context of EVs, range is the distance an EV can travel before recharging. Range anxiety refers to concern that an EV has insufficient battery power to reach its destination – or the next charging point. Range anxiety is a significant deterrent for many consumers to take the plunge on an EV.

To overcome range anxiety, how can industry work with government to build out EV infrastructure?

Sullivan: State-by-state in the U.S. and at the national level around the world, both governments and individual companies are increasingly focused on reducing carbon emissions. That creates a shared interest in developing charging infrastructure. For example, New York recently approved a more than US$700 million request by utilities in the state for funding to build out charging infrastructure.

What can be gleaned from jurisdictions around the world about facilitating EV adoption?

Sullivan: The main message is that policy matters. The technology is ready; the infrastructure appears when the demand is there. But the places where EVs are most common are where government policy – either mandates or incentives – has been supportive. California and Norway see the highest EV penetration. Both were early adopters of strong climate policies. A recent study by the International Energy Agency showed that aggressive policies supporting EVs could almost double the level of EV sales by 2030, compared to more modest policies.

How can industry promote ethical sourcing in EV battery supply chains?

Sullivan: Cobalt is an essential mineral used in lithium-ion batteries. More than half of the world's cobalt comes from mines in the Democratic Republic of Congo. Because independent miners sell cobalt to bigger mining companies before it gets to OEMs, it can be hard to know if the cobalt is ethically sourced. One potential solution could be for manufacturers and suppliers to agree to track sourcing across global supply chains. It is important that OEMs work closely with suppliers to monitor materials going into the lithium-ion batteries.

Living Mobility is Sustainable

Spotlight on transformative transactions

In conversation with Sarah Shaw, partner, Industry Sector Co-Head Energy and Natural Resources

Living Mobility is sustainable. In the mobility and transportation industry, sustainable practices will need to extend throughout the entire supply chain if sustainability goals are to be met. As the low carbon economy gains momentum, expectations of stakeholders are shifting and environmental, social and governance (ESG) principles are becoming embedded in business strategy. With new priorities come both new opportunities and challenges. Sarah Shaw discusses how these opportunities and challenges are having an impact on deal-making in the industry.

Featured speaker

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How is commercial sustainability impacting deal-making in the mobility and transportation industry?

Shaw: The mobility and transportation industry is facing unprecedented disruption across the whole supply chain. It is a critical time for global players of all sizes who are working to adopt environmentally sustainable practices. The result is that sustainability issues are playing an increasingly important role in transactions. In some cases sustainability is even driving M&A activity or providing an impetus for the creation of joint ventures, partnerships and other strategic alliances.

In evaluating potential transactions, it can be difficult to quantify ESG opportunities and risks along the supply chain.

An increasing number of global organizations are turning to the United Nations Sustainable Development Goals to measure progress with regard to sustainability. Achieving these goals requires profound, systemic change.

What are the Sustainable Development Goals?

Shaw: The Sustainable Development Goals (SDGs) are a set of 17 objectives set out by the United Nations. The SDGs or Global Goals address challenges ranging from poverty and inequality to climate change. Particularly relevant in this context – and in fact underpinning all SDGs – is SDG 16. SDG 16 calls for peace, justice and strong institutions, which are essential for sustainable supply chains.

Many public and private sector organizations are collaborating across jurisdictions to seize this opportunity around the SDGs. For example, many cities in the United Kingdom have made commitments to net zero carbon by 2030. For some organizations, shifting from one-off, localised contractual arrangements to long-term, strategic, multi-jurisdictional partnerships can be transformative in meeting ESG goals.

What makes a partnership or other transaction transformative?

Shaw: A joint venture, partnership or strategic alliance is transformative if it disrupts the status quo and makes a radical difference in an organization's progress against a given objective. Deals are becoming increasingly ambitious. They are also being increasingly driven by a desire to innovate, for example, by transforming supply chains and allowing businesses to compete more effectively in today's rapidly changing world. Innovation is key when it comes to sustainability. Organizations can either work towards achieving sustainable goals in a piecemeal fashion on their own or consider how to partner with another organization in order to accelerate the rate of progress.

Mobility and Transportation

Our global sector group reflects the realities of converging transportation modalities in a hyperconnected mobility future. You don't operate in silos – neither do we. Grounded by experience in the following industry sectors: Aerospace and Defense, Automotive, and Transport and Logistics. We go beyond monitoring and anticipating emerging trends. We analyze their legal impact to help you confidently adapt to changes that are already here and changes yet to come. Are you ready for the future?

Top trends to watch:

- Combining all modes of transport.
- Consumers accepting robots.
- Consumers requesting content.
- Current vs future business investments.
- Enhanced Connectivity, Telematics and Infotainment (5G).
- Health, Privacy and Cybersecurity concerns.
- Impact of trade control on production and technology.
- Interior design transformation.
- Mass transit transformation.
- Micromobility.
- More virtual testing.
- Return of ownership.
- Shared platform technologies.
- Smart cities.
- Sustainable Transportation and Living Mobility.

Innovative mobility revolves not only around the path to a fully automated future, but also connectivity, electrification, and trends towards shared services across all modes of transport. Whatever the pace, we understand industry disruption presents challenges and possibilities. We embrace the opportunities disruption creates. Your goal is to transform industry vision into consumer reality – moving goods or people, by land, air, or waterways. Our goal is to facilitate your innovative process and help you achieve a competitive advantage while minimizing risk. With an eye towards global resilience, we are equipped to help you navigate industry hurdles and capitalize on disruptive opportunities today, tomorrow, and in the years ahead.

Awards and rankings

- Tier 1 in Transport: Rail and Road – Litigation and Regulation, *Legal 500*, United States, 2020
- Band 1 in Transportation: Road (Automotive), *Chambers USA*, 2019-2020
- Transportation Practice group of the Year, *Law360*, 2019
- Tier 1 in Transport: Rail and Road – Regulation, *Legal 500*, United States, 2018-2019
- Band 2 in Transport: Rail and Road – Litigation, *Legal 500*, United States, 2018-2019
- Band 1 for Transportation: Aviation: Regulatory Nationwide, *Chambers USA*, 2016-2019
- Tier 1 or Top - Tier Firm for Transport: Aviation and Air Travel: Regulation, *Legal 500*, United States, 2018-2019
- Band 1 in Transportation: Road (Carriage/ Commercial), *Chambers USA*, 2008-2018

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