

EXECUTIVE SUMMARY - THE BUSINESS CASE FOR CHANGE

Our view is clear. General Counsel are more well placed, better equipped and increasingly able to drive change and deliver value to their companies through an increased focus on “corporate sustainability”.

The Corporate Landscape has Changed

Changes to the commercial, legal and societal landscape have meant that companies are faced with increasingly complex and interconnected challenges, risks and opportunities. Many of those changes, in turn, have resulted in governments, shareholders, consumers, employees and other stakeholders placing a greater emphasis on concepts like governance, oversight, accountability, transparency, compliance and earning a “social license to operate”.

The Role of GC is Evolving

As a result of this changing landscape, the role of the GC is rapidly evolving too. It is clear to us that many of the key issues impacting strategic decision-making are those that are within the realm of the GC. Even where key issues have not been traditionally “owned” by the GC, an increased focus on risk identification, management and mitigation has put the GC squarely “at the table” for many strategic decisions.

Boards and the “C-Suite” are looking for independence, balance and commercial judgement to help them navigate these waters. For an increasing number of companies, the commitment to sustainability principles from the most senior ranks has enabled the GC to move beyond a traditional role and to contribute to the business more broadly.

Simply put, the role of the in-house lawyer used to be advising on whether something was legal. Today’s GC is expected to advise on whether something is right, and that requires engagement and a broadened perspective.

Convergence is Driving Engagement in Corporate Sustainability

We believe that there is convergence happening between the evolving role

of the GC and corporate sustainability, and therefore GC have a tremendous opportunity to drive change and rearticulate their value proposition within corporations through greater engagement in corporate sustainability.

The UN Global Compact defines corporate sustainability as a company’s delivery of “long-term value in financial, social, environmental and ethical terms”. Essentially, corporate sustainability means building a business that is capable of delivering value to a range of stakeholders over the long-term in the right way.

As the principles underpinning corporate sustainability are increasingly apparent on the face of corporate strategy, GC are taking steps to ensure they and their lawyers are aligned to those strategic priorities.

GC are using Corporate Sustainability to Articulate Value Proposition of the In-House Lawyer

Our interviews reveal that more GC are using the language of corporate sustainability to capture the value they are adding across a broader range of business issues and drivers, and to motivate their teams to think and act more broadly, thereby becoming more engaged partners to the business.

A Focus on Corporate Sustainability Enables GC to be Proactive about Making Change

We have seen GC thinking about how to leverage their teams in the most efficient and effective ways possible. We have found that those efforts have been to greatest effect where the GC have been:

- Proactive & connected
- Aligned with the corporate vision, purpose & strategy
- Well-versed in all aspects of business strategy
- Embedded, but independent

- Willing to go beyond compliance
- Diplomatic and vocal advocates for positive change

Using those traits, they have:

- Built team “sustainability” capabilities
- Encouraged the right behaviours through defined KPIs
- Communicated openly with internal constituencies about sustainability
- Collaborated with sustainability teams, NGOs & external stakeholders
- Encouraged peers to drive corporate sustainability through the legal function
- Taken concrete steps to engage in human rights issues
- Reinforced the UN Global Compact Ten Principles

Corporate sustainability principles are resonating with GC globally.

The UN Global Compact is committed to building on that momentum and to help GC take concrete steps to engage proactively in their company’s corporate sustainability strategy.

The UN Global Compact encourages there to be discussion and debate amongst GC and other constituencies about the best, most practical and effective ways for GC to continue to be partners with, and guardians of, their respective businesses; and to see that corporate sustainability is the right framework to capture and enhance the value they and their teams bring to the table.

This ‘Guide for GC on Corporate Sustainability’ Reinforces the Fact that GC can Drive Change and Deliver Value through Corporate Sustainability.