

## 1 FUNCTION DESCRIPTION

The General Counsel & Legal (GC&L) function identifies and manages legal issues for the company, providing legal advice on for example compliance and dispute resolution at all levels of the organization, and supporting management in balancing business opportunities and risks.

## 2 VALUE PROPOSITION

As businesses increasingly adopt sustainable practices and strategies, the risk of legal non-compliance incurred across various jurisdictions diminishes. As such, a responsible company culture through widespread adoption of sustainability is supporting the core duty of the legal function. This gives the legal function a tremendous opportunity to move beyond compliance and become an agent for change on a broader range of strategic issues and to contribute to the company's overall commercial success in new and different ways.

The emergence of material sustainability issues opens new opportunities for in-house legal professionals to leverage their position as a "trusted advisor" to address a wider range of risks related to sustainability by providing advice on not only what is legally permissible, but also on what is socially responsible and what is expected according to non-legally binding social and environmental standards. This is a complex but logical evolution of the role of the in-house legal function as corporate sustainability is premised on building a business capable of delivering long-term value to a diverse group of stakeholders in a responsible way.

## 3 STRATEGIC INTEGRATION

Integrating sustainability into the GC&L function is most fundamentally about taking a commercial and risk-based approach to corporate sustainability and leveraging the reputation of the legal function to drive change from the top. Simply put, legal professionals can make it a priority to provide and frame their advice in ways that contributes to both the legal and sustainability needs of the company.

This involves defining among the priorities and goals of the legal function also the protection of business interests and mitigation of risks with respect to adherence to non-regulatory social and environmental standards. It is about the legal function evolving to become the guardian of the company's practices being 'right' - not just legal - i.e. whether they are aligned with international standards, with stakeholder expectations and with the company's own purpose, principles and values.

Legal professionals are also encouraged to incorporate the company's overall sustainability strategy into their own functional strategic planning processes, and to make it a priority for all legal advice to fully align with the company's sustainability commitments and priorities.

## 4 OPERATIONAL INTEGRATION

Legal professional should start by can make it a priority to actively identify corporate sustainability-related issues where they can provide value, looking at internal gaps and external trends in terms of for example the development of policies and processes and the preparation of sustainability and financial disclosures and reports. Similarly, private law firms are increasingly being called upon to provide complementary skills, expertise and support in satisfying the demands of the legal function's changing role.

The GC&L function can play an important role in engaging with external stakeholders with respect to corporate sustainability issues, particularly with government and civil society organizations. Ideally, legal is working closely with the sustainability function to gauge stakeholder interests and concerns, and to conduct materiality assessments.

Establishing KPIs focused on corporate sustainability outcomes reinforces the importance of this topic and enables better alignment with overall corporate strategy. KPIs and related measurement can help direct efforts beyond traditional compliance and demonstrate the effectiveness and value of "legal service delivery" in supporting corporate sustainability efforts across the business. Also, promoting or overseeing voluntary sustainability reporting and integrated reporting may have a positive effect on both transparency and corporate efficiency.

## 5 CULTURAL INTEGRATION

While the broadening of the scope of the legal function may initially be greeted with resistance, corporate sustainability can be used as a compelling narrative in how the GC&L function may be leveraged in proactive way to identify opportunities and mitigate risks – turning the legal function from the “department of no” to the “department of go”.

In order to ensure the GC&L function is included in issues that might not typically be within their remit, legal professionals need to have a firm understanding of the company’s operating environment and be well-versed in various commercial, environmental, social and governance considerations. This requires frequent communication and a close working relationship with other teams, the sustainability function in particular. Corporate sustainability can be leveraged within the legal function itself to articulate the value-add it provides across a broad range of business issues and drivers. Through this lens, legal professionals within companies are able to motivate their teams to upskill themselves to provide a broader set of services for their internal clients.

## 6 EMERGING TRENDS AND INNOVATIONS

### **Using a different narrative**

In-house legal professionals are using the sustainability approach to frame the work they do on topics such as governance, risk, compliance and dispute settlement. This does not only advance sustainability objectives, but also increasingly positions legal as an important strategic partner to other internal functions and senior management.

### **Capacity building of legal teams**

Some legal teams are redefining the boundaries of desirable core skills to include corporate sustainability and aligning professional development in order to build capacity. This can be done by providing training in the field of corporate sustainability, human rights and other relevant fields and facilitating learning and peer-to-peer engagement with internal and external peers can help identify best practices.