SUSTAINABILITY ESSENTIALS FOR CORE FUNCTIONS: LEGAL

THE WHY AND HOW OF EMBEDDING ESG INTO LEGAL



Global Compact Network UK

CLYDE&CO

INTRODUCTION

Corporate legal teams play a crucial role in the integration of sustainability throughout the business.

As major stakeholders in all matters related to regulation, reporting, and risk management, it is vital that legal professionals understand the implications of ESG legislation and disclosure requirements in a way that embeds sustainability-related risks and opportunities throughout the business.

ESG-led legal teams therefore play a pivotal role in driving sustainability initiatives and in converting compliance into value.

Recognising the critical intersection of legal and sustainability, the UN Global Compact Network UK hosted an event in June 2025 to explore how the two functions impact each other, what legal teams should know to support the integration of sustainability throughout the business, and what sustainability and legal functions can do to work together towards sustainability goals, while managing risk and generating value.

The event, supported by Clyde & Co, featured the following speakers:



Paddy Linighan
Chief Sustainability Officer, Clyde & Co



Alexis Steadman
Global Head of Community, RELX



Catie Sheret
General Counsel,
Cambridge University Press & Assessment



Mark Lumsdon-Taylor
Partner and Head of Sustainability & ESG UK, MHA

Why sustainability and legal?

Achieving a company's sustainability targets cannot be accomplished by one person or even one team. Sustainability is complex and requires consideration of a multitude of factors across the business, supply chain, and whole economy.

Yet in many companies, sustainability still operates in a silo, without active engagement from the functions whose decisions shape the outcome. Legal often presents a clear example of this.

Legal teams draft the contracts, statements, policies, and board papers through which sustainability commitments become enforceable. Through supplier terms, disclosures, due diligence, and governance procedures, they help to determine if targets are viable, whether a claim can be substantiated, and how clearly the board understands the risks it faces.

The intersection of the two functions is substantial, and it maps closely onto the UN Global Compact's Ten Principles on human rights, labour, environment, and anti-corruption.

The question is not whether legal has a role in sustainability, but whether the company brings legal in to sign off decisions at the end or to shape them from the start.



"Sustainability is not just one person's job; it's everybody's."

Paddy Linighan, Clyde & Co

Where the two functions meet

Sustainability and legal now sit closer together than most organisational charts suggest. Key areas where sustainability and legal intersect include:

ESG regulation

ESG regulation now comes from several jurisdictions at once, and the legal team is expected to keep track of it all. The EU Deforestation Regulation applies to large and medium operators from 30 December 2026 and requires traceability using sustainability data. The EU Forced Labour Regulation bans products made with forced labour from the EU market from 14 December 2027.

In the UK, modern slavery statements and the Bribery Act 2010 remain the human rights and anti-corruption baseline for most large companies. Since September 2025, large organisations can also be liable under the failure to prevent fraud offence, which is relevant where misleading sustainability statements are made for the organisation's benefit.

Sustainability reporting & disclosure

Sustainability reporting and disclosure: Legal and sustainability have shared this responsibility since the first reports under the Task Force on Climate-related Financial Disclosures (TCFD), and through voluntary frameworks such as the Global Reporting Initiative (GRI) and CDP. The UK Sustainability Reporting Standards, based on the International Sustainability Standards Board's (ISSB) IFRS S1 and S2, and the EU's reformed Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), require even more rigorous disclosure. Importantly, the narrative and the numbers have to agree: "the front page has to equal the back page and, most of all, reflect the actions being undertaken." Paddy Linighan, Clyde & Co.

Risk management & liability

Climate and ESG risk now sit in enterprise risk registers, insurance conversations, and litigation strategy. The LSE Grantham Institute counts at least 249 climate-related cases filed worldwide by the end of 2025, with more than 65% of decided cases resolved in the claimants' favour, and more than 50 strategic cases filed against companies in 2025 alone.

Human rights and labour claims follow the same trend. The UK Supreme Court's decisions in Vedanta (2019) and Okpabi (2021) allowed claims against UK parent companies over harm linked to overseas operations to proceed in the English courts, and in 2024 the Court of Appeal allowed forced labour claims brought by migrant workers against Dyson to be heard in England.

Consumer protection & green claims

Since April 2025, the Competition and Markets Authority can fine businesses directly for misleading environmental claims, with penalties of up to 10% of global turnover, and the Advertising Standards Authority applies its own environmental claims guidance.

In the EU, the Empowering Consumers for the Green Transition Directive bans generic claims such as "eco-friendly", offset-based neutrality claims, and uncertified sustainability labels from 27 September 2026.

Sustainable contracts

Supplier codes of conduct, tender commitments, and net zero, human rights, and labour clauses are only binding when legal writes them in. The Chancery Lane Project publishes free, lawyer-drafted climate clauses that a legal team can build into standard terms rather than negotiate contract by contract.

Governance & strategy

Board advisory, executive remuneration, and anti-corruption procedures are where commitments are built into accountability. Under section 172 of the Companies Act 2006, directors must have regard to the interests of employees, suppliers, customers, the community, and the environment, and legal teams help the board show how this was done. The Law Society's climate change guidance sets out the professional duties on competence, client warnings, and disclosure that in-house counsel now carry.

Human rights, communities, & inclusion

The UN Guiding Principles on Business and Human Rights set the expectation that companies carry out human rights due diligence, where legal teams are heavily involved, and they also help to design grievance mechanisms, respond to allegations, and ensure that diversity, equity, and inclusion commitments are consistent with employment and equality law.

Assurance & data control

As disclosure requirements tighten, regulators and investors expect sustainability figures to be verified in the same way as financial statements. CSRD already requires limited assurance over sustainability statements, and the IAASB's ISSA 5000 becomes effective for periods beginning on or after 15 December 2026 and gives assurance providers a global baseline.

Technology & innovation

Sustainable innovation raises its own legal questions, from protecting the intellectual property in new low-carbon products and processes to the data privacy implications of tracking emissions, supplier performance, and workforce data for sustainability reporting.

WHAT COLLABORATION IS WORTH

Collaboration between legal and sustainability produces clear benefits: contract terms that give procurement leverage, disclosures and claims that withstand scrutiny, and comprehensive risk registers that give the board a complete picture. The direction of travel is clear in the 2025 UN Global Compact and Accenture CEO Study: 95% of CEOs report that regulatory compliance is a leading priority, yet only 50% strongly agree that they are comfortable communicating their sustainability progress.

To the people in the roles



Meaningful collaboration is complementary. Sustainability owns the targets and the technical detail, and legal owns the drafting authority. A general counsel who also sponsors sustainability at the board level, as at Cambridge University Press & Assessment, makes collaboration simple.

Where sustainability was developed in partnership with legal, the relationship becomes routine: "the legal teams have always been a key partner in all the work that [the sustainability team has] done." Alexis Steadman, RELX. At RELX, the key documents produced from collaboration, such as RELX's Code of Ethics and Business Conduct, the supplier code, and the modern slavery statement, are drafted by legal and informed by sustainability.

Legal teams benefit too. Ideas that start in legal, rather than arriving as requests from sustainability, change how the team sees its job:

> "Finding a way in the legal team to think a bit more creatively and come with suggestions of ways to embed sustainability-related issues into the business... is quite refreshing."
> Catie Sheret, Cambridge University Press & Assessment

To the organisation's sustainability goals



Most of what a sustainability strategy promises depends on documents and policies that legal controls. A science-based net zero target reaches suppliers through contract clauses, a human rights commitment reaches the supply chain through due diligence procedures, and disclosures reach investors through a statement the general counsel signs off.

Regulation is often the moment that forces the partnership between ESG and legal, and used well, it becomes the moment that builds meaningful collaboration. Getting ready for the EU Deforestation Regulation at Cambridge University Press & Assessment became "a massive piece of work, and just what's needed: not just collaboration between sustainability and legal, but across the entire organisation." Catie Sheret, Cambridge University Press & Assessment.

To the business



> "Businesses are driven by regulation. The money that they are spending on this is driven by regulation, and also whether their customers demand it."
> Mark Lumsdon-Taylor, MHA

Legal adds most value when it helps the business plan ahead of requirements, staging investment so that compliance, supply chain expectations, and operational change move together.

Credibility is the other commercial return. Disclosing voluntarily under TCFD when not in scope, as MHA did, was a decision about reputation with clients and trainees as much as compliance: what a firm expects of its clients, it must expect of itself.

INTEGRATING THE TWO FUNCTIONS

Who is involved and how it is governed

It is crucial to engage a variety of internal stakeholders at the intersection of sustainability and legal:

General counsel or a named deputy
for drafting and sign-off

Sustainability lead
for targets, data, and technical detail

Finance representative
for reporting and assurance

Procurement
for supplier terms

Communications or marketing lead
for claims

Board sponsor

Reporting lines are shifting in the same direction. Among listed companies, the legal counsel is increasingly leading the sustainability reporting programme with the CFO, a change Mark Lumsdon-Taylor describes as seismic over the last twelve months, driven by the move from narrative to auditable data. Where reporting lines cannot change, a standing governance forum does the work.

That could be an environmental governance forum with legal and compliance at the table, as at Cambridge University Press & Assessment. At RELX, it takes the form of a biannual corporate responsibility forum, with legal as a stakeholder.

RELX: LEGAL AS A STANDING STAKEHOLDER, FROM REPORTING TO INNOVATION

The group sustainability function has worked with legal since it was formed more than 20 years ago. Legal drafts key organisational governance documents, with sustainability providing the subject matter expertise. For the first CSRD-aligned sustainability statement, legal sat on the internal stakeholder group for the double materiality assessment and helped draft both the statement and the corporate responsibility section of the annual report: **“the legal teams [were] absolutely critical.”** Alexis Steadman, RELX.

Legal also sits on the biannual corporate responsibility forum, and the chief legal counsel takes the year’s sustainability objectives to the board. Beyond compliance, the legal business innovates in its own right, through the eyeWitness to Atrocities app built with the International Bar Association and a five-year project to codify the Cook Islands’ laws online.

What changes in the process?

Embed sustainability into the existing risk framework

Incorporate sustainability into the existing risk framework before building a new one. Every aspect of sustainability can be written into the risk register the business already manages, down to office and site level, and reviewed through the same cycle as every other risk.

Write the commitment into the contract

Sustainability priorities in the supply chain can be translated into a short list of standard clauses that can be used repeatedly, rather than rewritten in each negotiation. Procurement colleagues also need to understand the clauses before they use them, which makes their involvement from the outset important.

Agree the messaging

Agree the sustainability messaging before communications colleagues need it. Legal teams have good reason to be cautious about greenwashing, and friction usually comes from being asked for sign-off at short notice. A bank of agreed, substantiated messages, approved through the governance forum, gives colleagues a trusted reference point and reduces last-minute requests.

Tackle disclosure decisions together

As disclosure moves from words to numbers, exposure moves with it: **"data control and compliance is becoming the biggest single critical risk… not necessarily the words, but the data underneath that."** Mark Lumsdon-Taylor, MHA. The result is shorter, more pragmatic reports, although narrative should be reduced rather than removed. Community programmes, volunteering, and disaster response rarely appear in regulation, yet they are the stories that connect with readers. The balance between disclosure and narrative is a decision the two functions should make together.

Build knowledge on both sides

External networks give both teams a place to learn: **"the UN Global Compact has been fantastic for our organisation."** Catie Sheret, Cambridge University Press & Assessment. Colleagues who have completed UN Global Compact accelerator programmes bring learning and ambition back with them, and the UN Global Compact Academy offers free training on topics from human rights to anti-corruption. Legal Charter 1.5, the Legal Sustainability Alliance, the Global Alliance of Impact Lawyers (GAIL), and the Law Society's climate change working groups do the same for lawyers, and the UN Principles for Responsible Investment and Accountancy Europe publish accessible guidance on the evolving reporting landscape.

From ambition to action

The period of ambition and target setting has moved into a period of action, monitoring, and measurement. Legal teams that were once asked to check the promise are now asked to help prove it.

CAMBRIDGE UNIVERSITY PRESS & ASSESSMENT: CLAUSES DRAFTED BY LEGAL, SHARED WITH PROCUREMENT

Colleagues in the legal team, working with The Chancery Lane Project, identified the contractual clauses that mattered most for the organisation's supply chain and ran workshops with the procurement team to introduce them, collaborating with the sustainability team throughout.

The initiative originated in legal rather than sustainability, which is part of why engagement was so strong. The organisation has since adopted a sustainability framework, developed in step with its UN Global Compact reporting, that shows how every function, including legal and compliance, fits and which goals it owns.

GUIDING QUESTIONS FOR DISCUSSION

To uncover areas for further work, discuss the following questions with a colleague from the other function. Record actions, owners, and timelines for next steps in our accompanying Discussion Template.

- Which regulations, disclosures, and contract renewals fall in the next twelve months, and which of them need both functions in the room from the start?
- Where does sustainability sit in our risk register today, and who owns the review of environmental, human rights, and governance risks?
- Which supplier and client contracts carry sustainability clauses, and who checks that the commitments are met?
- How do we identify and respond to human rights and labour risks in our operations and supply chain, and what role does legal play in that process?
- Do we have an agreed bank of substantiated sustainability messages, or does every claim need fresh legal sign-off?
- Does the general counsel have a seat in our sustainability governance, and does the sustainability lead have one in legal's risk process?
- Which legal networks, accelerators, or courses would build knowledge in both teams this year?

Additional resources

Legal networks

- General Counsel Sustainability Forum
- Global Alliance of Impact Lawyers (GAIL)
- Legal Charter 1.5
- Legal Sustainability Alliance

Sustainability training

- Guide for General Counsel on Corporate Sustainability
- Law Society Impact of Climate Change on Solicitors
- Legal Charter 1.5 Climate Change Knowledge Hub
- Project Drawdown Legal Climate Change Action Guide
- Transformational Governance Corporate Toolkit
- Transition Plan Taskforce Resources
- UN Global Compact Academy
- UN Global Compact Network UK Corporate Governance Webinar Series
- UN Global Compact Ten Principles

Contracting and due diligence

- The Chancery Lane Project
- Directive (EU) 2026/470 (Omnibus I), Amending the CSRD and CSDDD
- EU Deforestation Regulation
- EU Forced Labour Regulation
- UK Modern Slavery Statement Guidance
- UN Guiding Principles on Business and Human Rights

Reporting, assurance, and disclosure

- Accountancy Europe Sustainability Resources
- IAASB, ISSA 5000 Sustainability Assurance
- IFRS S2 Climate-related Disclosures
- UK Sustainability Reporting Standards
- UN Principles for Responsible Investment

Claims, litigation, and regulation

- ASA and CAP Environmental Claims Guidance
- CMA Green Claims Code
- Companies Act 2006, Section 172 Directors' Duties
- Directive (EU) 2024/825, Empowering Consumers for the Green Transition
- Economic Crime and Corporate Transparency Act 2023, Failure to Prevent Fraud
- LSE Grantham Institute Global Trends in Climate Change Litigation: 2026 Snapshot

ABOUT THE UNITED NATIONS GLOBAL COMPACT

As a special initiative of the United Nations Secretary-General, the UN Global Compact is a call to companies worldwide to align their operations and strategies with Ten Principles in the areas of human rights, labour, environment, and anti-corruption.

Its ambition is to accelerate and scale the global collective impact of business by upholding the Ten Principles and delivering the Sustainable Development Goals (SDGs) through ambitious, accountable companies and environments that enable change. With more than 21,000 companies and 3,300 non-business signatories based in over 167 countries, and 64 Local Networks, the UN Global Compact is the world's largest corporate sustainability initiative — one Global Compact uniting business for a better world.

For more information, visit www.unglobalcompact.org

ABOUT THE UN GLOBAL COMPACT NETWORK UK

The UN Global Compact Network UK is part of the world's largest responsible business initiative, the United Nations Global Compact, connecting UK companies and other organisations in a global movement dedicated to driving sustainable growth. Through an extensive programme of activity, it promotes sustainability leadership to create a world we want to live and do business in, by inspiring ambition, enabling action, and collaborating to shape the business environment.

The Ten Principles of the UN Global Compact, rooted in UN treaties, provide a robust foundation for corporate sustainability and business action on the SDGs.

For more information, follow us on LinkedIn ((UN Global Compact Network UK) or visit unglobalcompact.org.uk

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