COLLABORATION IN PRACTICE

Legal and Sustainability

Supported by CLYDE&CO

Global Compact Network UK

Sustainability Essentials for Core Functions

WHY THIS LANDS ON YOUR DESK

As the legal function, you're measured on keeping the business compliant, managing legal risk, protecting it in contracts and disputes, and giving the board sound advice. Sustainability now bears on all four: ESG law and regulation coming from several jurisdictions at once, rising climate and human rights litigation, regulators fining for misleading green claims, and disclosures that must stand up to assurance. Because sustainability commitments become binding through the contracts, policies, disclosures and board papers you draft, these pressures reach legal first.

The good news: you don't need to become a sustainability expert. Your sustainability team can track the standards, explain what a commitment means in practice, and supply the evidence behind a claim or disclosure – you keep the legal judgement and the drafting. However, it benefits both legal and sustainability to collaborate.

95%
of CEOs call regulatory compliance a leading priority (UNGC, Accenture)

249
climate cases filed worldwide in 2025

65%
of decided climate cases went the claimants' way

up to 10%
CMA fine for misleading green claims, of global turnover

THE BENEFITS TO YOU

Lower liability exposure
Disclosures, claims, and contracts built with sustainability evidence from the start are far more likely to withstand scrutiny from regulators, investors, and the courts.

Fewer last-minute sign-offs
An agreed bank of substantiated ESG-related messages replaces urgent one-off review requests with a trusted reference point.

Earlier sight of what's coming
Working with sustainability to flag new requirements early lets you advise the business to stage its response, rather than managing a scramble.

Evidence to hand
Sustainability can supply the evidence behind each disclosure, so you're not left to verify it alone.

Better board advice
A risk register that covers comprehensive ESG risk gives directors the full picture, and helps them evidence their section 172 duties.

Draft once, not every time
Standard sustainability clauses mean you stop renegotiating the same terms contract by contract.

Credibility at the top
95% of CEOs say regulatory compliance is a leading priority, yet only 50% strongly agree they are comfortable communicating sustainability progress (UN Global Compact and Accenture CEO Study 2025). Legal advice backed by sustainability evidence helps close that gap.

WHERE SUSTAINABILITY SHOWS UP IN YOUR WORK

Sustainability isn’t a separate practice area. It runs through work you already do.

REGULATORY HORIZON SCANNING

ESG regulation is evolving: the new Carbon Border Adjustment Mechanism (CBAM) and Energy Savings Opportunity Scheme (ESOS) Phase 4 in the UK, plus EU Deforestation Regulation (EUDR), EU Empowering Consumers Directive, upcoming EU Forced Labour Regulation, and reformed EU CSRD & EU CSDDD out of Europe.
In practice: Add ESG regulation to your existing horizon scan alongside modern slavery statements, the Bribery Act, and the failure to prevent fraud offence, which can apply to misleading sustainability statements.

Your area of work	Why it matters to you	What it looks like in practice
Reporting and disclosure	Listed companies move to the UK Sustainability Reporting Standards (UK SRS) on a comply-or-explain basis from 1 January 2027. Current requirements also sit under SECR and CFD Regulations 2022.	Disclosures carry liability when the narrative and numbers don’t match – check that the two agree, and that both reflect what the business is actually doing.
Assurance and data	Under ISSA 5000, for periods from 15 December 2026, sustainability figures are tested like financial statements, so the exposure now sits in the data.	Decide what evidence sits behind each figure, and who owns it. Support from legal helps engage procurement, finance, and other data owners.
Risk and litigation	At least 249 climate cases were filed worldwide in 2025, and over 65% of decided cases went the claimants’ way. English courts now hear claims against UK parents over overseas harm.	Write sustainability-related risks into the risk register the business already runs, rather than building a new structure. Prioritise mitigation where the business has high financial or impact materiality.
Contracts	Contract clauses make sustainability commitments enforceable, and standard terms save renegotiating them deal by deal.	Build free climate clauses from The Chancery Lane Project into standard terms, and train procurement on them before they use them with suppliers.
Green claims	The CMA can fine up to 10% of global turnover for misleading environmental claims (Green Claims Code), and the EU bans generic and offset-based claims from 27 September 2026. Rushed sign-offs are where the risk slips through.	Agree a bank of substantiated messages in advance, so communications colleagues aren’t asking for sign-off at short notice.
Governance and the board	Directors must show they have had regard to employees, suppliers, communities and the environment under section 172, and legal helps them evidence it.	Build sustainability into board papers, remuneration, and anti-corruption procedures. The Law Society’s climate guidance sets out the duties for in-house counsel.
Human rights and transactions	Inherited environmental and human rights liabilities can affect deal value, and the UN Guiding Principles on Business and Human Rights set the due diligence standard.	Design grievance mechanisms, run sustainability due diligence on deals, and keep inclusion commitments consistent with equality law.

GETTING THE MOST FROM YOUR SUSTAINABILITY TEAM

Regulation is often what first brings legal and sustainability together. The value comes from having conversations early while you can still shape decisions, rather than when you’re asked to review them.

1. **Get early warning**
   Ask sustainability to flag the commitments, claims, and disclosures coming up in the next 12 months, so nothing lands on your desk at short notice.
2. **Use them as your evidence source**
   Establish an ongoing system for receiving the data and evidence trail behind each figure and claim before it reaches your desk for sign-off.
3. **Map risks into your register**
   Ask sustainability to help put climate, human rights, nature, and governance risks into the register you already manage, reviewed on the same cycle as every other risk.
4. **Agree messages and clauses once**
   Build the claims bank and standard clause set together, so you’re not reviewing the same claims repeatedly.
5. **Ask for it in your language**
   Expect sustainability to translate targets and standards into legal risks and obligations. Networks such as Legal Charter 1.5, Legal Sustainability Alliance, and GAIL help lawyers stay current, and the UN Global Compact Academy offers free training for both teams.