

## LSA VIP Breakfast hosted by Norton Rose Fulbright: “How To Develop Sustainable Business”

On Thursday 20 September 2018 the Legal Sustainability Alliance (a collaborative network of over 140 leading law firms) was joined by a number of VIP guests representing the legal, financial, industrial and public sectors at a breakfast roundtable hosted by Norton Rose Fulbright. Proceedings were co-chaired by Farmida Bi, Chair of Norton Rose Fulbright LLP (EMEA) and Caroline May, Partner and Head of Environment, Health and Safety at the firm. Food for thought was provided via expert inputs from **Tim Yeo** (Chairman of the New Nuclear Watch Institute), **Anne Maria Cronin** (Quarter Penny Consulting (formerly of the European Bank for Reconstruction and Development)) and **Alex Gilbert** (Senior Strategy Manager at Transport for London). Guests then considered the drivers, challenges and incentives for developing sustainable businesses (and, in particular, the relevance of the UN Sustainable Development Goals - a.k.a. the *Global Goals*) plus the role of government, NGOs and business itself in supporting sustainable business.

### Summary of Discussions

#### *Drivers*

- Addressing UN SDGs (henceforth *Global Goals*) in an appropriate way can help improve brand reputation as well as cut costs in some areas – both key drivers for fee earners (as is avoiding criminal liability!). The moral imperative to respond to the Global Goals has to be married to financial and business imperatives – hitting the bottom line remains key.
- Meeting Global Goals is about achieving transformational change and being innovative – help the firm to think “big picture” and global change as well as looking at specific local actions.
- Increasing consumer awareness and expectations around sustainability (e.g. attitudes to plastic – the “Blue Planet II effect”) acts as a driver for B2C businesses. However, this may not be such a strong driver for B2B organisations. More clients are requiring evidence of a positive approach to sustainability via tenders – some businesses are reporting that they are winning tenders because of rather than in spite of their approach to the Global Goals.
- Employee pressure on businesses is also increasing in line with consumer pressure – likely to increase as the Millennials generation gain more influence within firms and *Generation Z* (post-Millennials) enter employment.
- Evidence of success is the strongest persuader.
- Political leadership at UN level may provide a driver for embracing the Global Goals

## Challenges

- Sustainability is often “feminised” and associated initiatives are often regarded by male colleagues as not having direct importance to or impact on the business (particularly the bottom line). The lack of gender balance at Board and partner level (for law firms) compounds this issue. A 50:50 balance male:female would make for better decision making on all issues associated with the business.
- The financial community (e.g. IFAs) is woefully unaware or ignorant of ethical investment opportunities and the returns to be had from these. Consequently, investors are not being well advised and – potentially - ethical funds or organisations with strong sustainability performance are not receiving the investment they need to grow further.
- The Global Goals cover a very wide spectrum of issues – there is a seemingly bewildering number of targets and possible actions. Although at one level the Global Goals are relatively easy to understand but – unpicked and unpacked – it is often difficult to understand the fit between our organisation (who we are, what we do, the markets we serve, etc) and any particular Global Goal.
- The language understood best by business is money – a key metric and driver for commercial enterprises. A major challenge is to relate the contribution our business makes towards achieving one or more Global Goals to the financial benefit this has for our business.
- Not driving hard or focusing sharply enough on getting our heads around the practical manifestation of what “success” might look like once any/all of the Global Goals are met – consequently it is a challenge to see what actions are needed to achieve this – our understanding of the Global Goals is still perhaps too high level and conceptual. We all want to end hunger, achieve food security etc. (SDG2) but what can our business practically do to make this happen and what are the stepping stones to help get there.
- Although the Global Goals are an integrated set or framework for achieving a sustainable future and there are many interactions and dependencies between them (e.g. changing climate leading to worsening crop yield and water scarcity, etc), by their nature we tend to focus on one or two specific Goals within our businesses. However, at a practical “local action” level, this may be the best approach we can take. It is important to emphasise that these are “goals” we are collectively aspiring to meet – we each make a contribution and it may take a long time to reach the end point.
- Engaging staff across the business is a challenge but is key to driving culture change. Inertia of business and reluctance to embrace change and be innovative is often reflected in and reinforced by the attitudes of staff. A big challenge is to find a way to make Global Goals and our efforts to help meet them resonate with those in our organisations who enable and empower change.
- Although consumers are becoming more sensitive to sustainability issues, this is not universal and many are unaware of the Global Goals, their implication and how business could/should respond – the consumer drive for businesses to do more is therefore not as strong as it could be.
- Lack of government engagement with the Global Goals and associated incentive for business to do more is a particular challenge.

### ***Incentives***

- Opportunities to leverage funding through increased Green Finance initiatives, desire of institutional investors to invest in sustainable initiatives and businesses, etc. (BUT there is a lack of awareness amongst some IFAs – see below)
- Being better equipped to respond to increasing pressure from investors to demonstrate sustainability credentials and action.
- Visible national commitments from Government to meeting the Global Goals with associated financial and linked incentives for business to take action.

### ***Roles of Government, NGOs & Business***

- Government needs to raise the profile of the Global Goals to get buy-in from the public and other stakeholders
- Likewise, Government, NGOs and business combined can do more to raise awareness of the Global Goals amongst consumers in order to drive consumer behaviour – for example, around the issues of plastics and energy efficiency.
- Need for clear, focused and unambiguous regulation and incentivisation by Government – the business voice calling for this needs to be louder! Governments need to choose national priorities and create both carrot and stick to meet these.
- Government needs to develop more concrete targets with associated practical actions by business which will promote a bottom-up approach to achieving specific Global Goals rather than an entirely top-down approach.
- Similarly, more can be done to mobilise young people on this issue – look at voting patterns to see what is important to Generation Z.
- Potential certification scheme developed jointly by business, NGOs and government to help recognise organisations which are proactively contributing to achieving the Global Goals.
- There is a real need for and value in developing meaningful partnerships which are more about who has the knowledge, reach and opportunity to influence and effect change rather than being about where power and resource resides.
- Sector leadership is needed to drive business and consumer action to meet the Global Goals. Examples of sector approach and organisations which can help include:
  - The British Retail Consortium's "[Better Retail Better World](#)" campaign;
  - The recently launched [World Benchmarking Alliance](#) - set up to help businesses measure progress towards achieving the Global Goals;
  - [Share Action](#), a charity driving responsible investment, also encourages transparency and greater focus on sustainability by institutional investors;
  - [World Trade Organisation](#) and its stance on the role of trade in achieving the Global Goals