

Corporate Social Responsibility

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Executive Summary

Law firms have traditionally had a culture of contributing to society through *pro bono*, community investment and philanthropy. In addition to supporting their local communities, they are now devoting greater attention than ever before to environmental and workplace issues. It is only recently, however, that corporate social responsibility (CSR) has become a differentiating factor in the highly competitive legal services marketplace as existing and potential clients and stakeholders place greater emphasis on the way law firms conduct their business and fulfil their social responsibilities. This, among other factors, has led many firms to follow the example of their corporate counterparts and adopt a strategic approach to managing and promoting CSR by drawing together their various activities, initiatives and campaigns into organised, firm-wide programmes. This report offers an overview of recent developments, best practices and tools and tactics that help forward-thinking firms devise and manage successful strategies to maximise the effectiveness of their CSR activities and guide their future direction.

Developing and implementing a coordinated, firm-wide CSR strategy is a substantial undertaking. An initial challenge is that there is no clear definition of CSR. In fact, there is not even consensus about the terminology. Should a firm's contribution to the greater good be termed 'corporate responsibility' or 'corporate social responsibility'? Lawyers, who are naturally interested in semantics, choose different phrases in an attempt to define their

approach more precisely. According to Steven Butts of Eversheds (Case Study 6) 'corporate responsibility' may reflect a firm's effort to move away from the focus on community that might be implied by the term 'social' and emphasise the shift to a holistic CSR agenda. Conversely, all corporate responsibility that reaches beyond the firm and the profession to benefit wider society necessarily has a social dimension. Therefore, this report refers to corporate social responsibility as covering all the elements that concern organisations, including risk management, environmental impact, equality and diversity, work-life balance, education and professional development. It explores the key challenges and opportunities that law firms face in devising and managing a CSR agenda that:

- reflects the nature and direction of the business and supports its strategic priorities;
- responds to changes in the business environment and the community;
- meets the shifting expectations of clients and stakeholders; and
- harnesses the interests, attitudes and altruistic aspirations of their people.

Part I covers the rationale behind adopting a strategic approach and explores best practices in designing, planning and implementing a successful programme that benefits the firm and all its stakeholders, which of course includes the community in which it operates.

The first challenge is to define what CSR means for the firm and its people and what

elements its overall strategy should cover. For example, should it include *pro bono*? Some firms treat *pro bono* as part of the overall CSR strategy, while others run separate CSR and *pro bono* programmes in parallel. Clearly this depends on the objectives of the proposed strategy. Chapter 1 sets the context for these decisions by examining the key business drivers for investing time, energy and resources in building a holistic CSR framework in terms of:

- the partnership;
- the marketplace;
- the workplace; and
- the community.

We go on to consider the business case in terms of external and internal drivers. External drivers relate to a firm's reputation and competitive advantage, including:

- business development;
- enhanced client relationships;
- licence to operate through supporting local communities; and
- risk management through compliance with regulations and minimising environmental impact.

Internal drivers revolve around processes and people, covering:

- recruitment;
- retention;
- professional development; and
- employee satisfaction.

Chapter 2 outlines the core activities that are commonly covered by the CSR umbrella:

- *pro bono*;
- community and education;
- charities and sponsorship;
- environmental management;
- diversity and workplace culture;
- learning and development;
- policies and codes of behaviour.

Chapter 3 looks at management issues around planning and implementing an overall strategy. These include choosing themes and activities that reflect the firm's profile and priorities and the interests of its people; allocating roles and responsibilities; developing a strategy; consulting externally, developing partnerships and implementing and managing projects.

The first three chapters identify engagement as a critical success factor, so Chapter 4 explores this in more detail, focusing on internal and external communication and highlighting effective tools and tactics for maximising participation and involvement. It looks at embedding CSR into 'business as usual' as well as informing and engaging external stakeholders through CSR reporting.

Chapter 5 covers measurement. A strategic approach implies working towards particular goals and objectives. What should law firms be measuring in terms of CSR and how should they go about it? Although the impact of some elements of CSR is notoriously difficult to measure, these activities and initiatives often underpin the long-term success of the overall strategy. How should you evaluate the impact of your CSR programme in a way that covers all its disparate elements? What are the key performance indicators? How do you choose between the numerous benchmarking and auditing organisations? Here we review popular standards and measurement methodologies, concluding

that the best solution for any firm is aligned with the nature and profile of its business and the focus of its CSR activities. The chapter concludes by outlining the key benefits of CSR reporting, which has become much more prevalent among law firms in the past couple of years.

Chapter 6 highlights the key benefits of adopting an overall CSR strategy, underlining how this approach is affecting the traditional lawyer's role as adviser in a business environment that is focused evermore sharply on how the organisations they represent run their operations and handle their responsibility to society and the environment. As the changes in the Legal Services Bill come into effect and enable law firms to incorporate, CSR seems likely to influence investors' decisions and consequently the future shape of the legal services market.

Part II comprises a selection of best-practice examples of CSR strategy in action with practical, informative case studies that have all been written specifically for this report.

Learn about the winning approaches of leading firms that have developed comprehensive CSR programmes combining a variety of interests and activities and achieving outstanding benefits for the business and all its stakeholders. Participating firms include Allen & Overy, Berwin Leighton Paisner, Bond Pearce, Clifford Chance, Dechert, Eversheds, Herbert Smith, Linklaters and Reed Smith Richards Butler. The final pieces cover two specific aspects of CSR. In Expert Opinion 1, Chris Marshall, co-founder and trustee of Advocates for International Development (A4ID), describes the establishment and work of an organisation which brings together lawyers from all parts of the profession to fight poverty in the third world,

while in Expert Opinion 2, branding and communications consultancy Salterbaxter offers law firms different approaches to communicating and reporting on their activities, initiatives and campaigns.

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