

Corporate Social Responsibility

Contents

EXECUTIVE SUMMARY	ix
Part I: Identifying strategy and best practice	
CHAPTER 1	
CSR in law firms – the key drivers	1
Defining CSR for law firms	1
Does CSR include <i>pro bono</i> ?	2
The business case	3
Key business drivers	4
External drivers	4
Internal drivers	5
Top down or bottom up?	6
References	6
CHAPTER 2	
<i>Pro bono</i> and beyond – CSR activities in law firms	7
<i>Pro bono</i> work	7
Community and education	8
Charities and the arts	9
The environment	9
Diversity	9
Learning and development	10
Policies and codes of behaviour	10
CSR reporting	10
References	10
CHAPTER 3	
Developing and managing a CSR strategy	11
Roles and responsibilities	12
Developing a strategy	13
References	16
CHAPTER 4	
Engaging people in the CSR agenda	17
Communication drives engagement	17
A balanced and sustainable agenda	18
Reaching external and internal audiences	18
External communication	19
Internal communication underpins a coordinated strategy	20
Inspiring and motivating	21
Engaging generation Y	22

Creating a culture of commitment	22
References	22
CHAPTER 5	
Measuring and evaluating the impact of CSR	25
Why measure?	25
CSR as an indicator of success	26
How to measure	26
CSR reporting	28
Intangible benefits	29
CSR awards	30
References	30
CHAPTER 6	
Conclusion – Reaping the benefits and facing the challenges	31
Brand identity and recognition	31
A culture of commitment	31
Coordinating global and local strategy	32
Communication and community	33
CSR as a strategic enabler	33
Learning from CSR	34
Future directions: building on CSR partnership	34
The challenges ahead	35
Reference	35
Part II: Case Studies and Expert Opinions	
CHAPTER 7	
Case Study 1 – Allen & Overy: Strengthening links with clients and communities	39
Benefits to the firm	39
Benefits to individuals	41
Defining an overall strategy	42
CHAPTER 8	
Case Study 2 – Berwin Leighton Paisner: Designing and implementing a CSR programme	47
Firm-wide consultation	48
Putting ideas into practice	49
A partnership approach to education	49
An environmental task force	49
Community Links	50
Charity of the year	51
Next steps: formulating policy guidelines	51
A CSR survey to uncover the key issues	51

CHAPTER 9	
Case Study 3 – Bond Pearce: A comprehensive agenda for corporate social responsibility	53
Introduction	53
CSR and the marketplace	53
CSR in the workplace	53
CSR and the community	54
CSR and the environment	55
Bond Pearce’s environment management system	55
CHAPTER 10	
Case Study 4 – Clifford Chance: Coordinating global efforts	59
Financial inclusion: a unifying theme	60
Encouraging participation	60
An inclusive culture	60
Three key business drivers	61
A long-term commitment to Law For All	61
A global platform for CSR activities	62
Learning to say no	62
Reorienting community involvement	62
Future challenges	62
CHAPTER 11	
Case Study 5 – Dechert: A US perspective on <i>pro bono</i>	65
<i>Pro bono</i> at the heart of the firm’s culture	65
Recognition and reward	65
Cross-office initiatives build an international community	66
A key challenge	66
Benefitting the business	67
League tables and awards	67
Making <i>pro bono</i> mandatory	67
The limitations of quantitative measurement	68
CHAPTER 12	
Case Study 6 – Eversheds: Corporate responsibility in law firms ... a practical guide	69
Let’s be clear ...	69
Corporate responsibility	69
In law firms ...	70
Some of the component parts	70
The case for the prosecution ...?	70
A confluence of ideals ... <i>pro bono</i> and its part in corporate responsibility	71
If you want your people to take individual responsibility, be a responsible business	72

CHAPTER 13	
Case Study 7 – Herbert Smith: Corporate responsibility and diversity	75
Community investment	76
Diversity and inclusion	77
Reducing our impact on the environment	79
Conclusion	80
CHAPTER 14	
Case Study 8 – Linklaters: Setting a global strategic framework for community investment	83
Corporate responsibility (CR)	83
<i>Pro bono</i> and philanthropy	83
Developing a CR strategy	83
Linklaters’ global strategic framework	84
Communication strategy	85
Measuring impact	86
Going global	86
What are our challenges?	87
CHAPTER 15	
Case Study 9 – Reed Smith Richards Butler: Mergers and CSR	89
Roots	89
Search for common traditions	89
Leadership	90
Views on CSR	90
Strategy and aims	91
Strengthening resources	91
Has CSR worked?	92
CHAPTER 16	
Expert Opinion 1 – Advocates for International Development (A4ID)	93
How does A4ID help?	94
Lawyers and projects	95
CHAPTER 17	
Expert Opinion 2 – Salterbaxter: Corporate responsibility and communications for law firms	97
A strategic approach	97
The implications for communications	98
What to do next – a guide	99
Communications and strategy work together	99
Salterbaxter CR breakdown tables	101
Index	103

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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