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THE GUIDE TO CORPORATE CRISIS MANAGEMENT

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CHAPTER 8

Crisis Mode: Have Your ESG Team on Speed Dial

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You are enjoying a long family trip abroad and, while sipping an ice-cold beer, you receive an unexpected call: your house is on fire! The marshal confirms that the fire is contained and will soon be extinguished, yet the cause remains unknown. The scariest part may be over, but you have a long list of people to contact, including the police department, the homeowners' association, your affected neighbours, insurance company, debris removal company, general contractor, etc. Wouldn't it be great if you could reach out to a resourceful expert who could engage with all those stakeholders on your behalf, anticipate what their needs or demands would be and provide support during the process of restoring your house? Wouldn't you love to have such a person on speed dial in your smartphone? Well, we have both good and bad news for you. Bad first: such a person does not exist. The good news: there may be an equivalent in the corporate world when you are facing a crisis, and that is your company's environmental, social and governance (ESG) team.

The covid-19 pandemic and the health, economic and social crises it has uncovered have evidenced the value of having a solid ESG approach to business management.[2] Recent data shows that companies with higher ESG scores experienced less impact and more resilience during the pandemic. Their stock prices were less volatile, and their businesses experienced faster recovery cycles.[3]

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2 For purposes of this chapter, we define 'ESG' as a process for managing material risks and identifying opportunities related to environmental, social and governance matters.

3 For example, Matthew Slovik, head of global sustainable finance at Morgan Stanley, said in April 2021: 'The performance trade-off has been if not the biggest, one of the biggest myths around sustainable finance,' 'I think that more and more research, whether it's from the

This result should not be surprising for a couple of reasons. First, high ESG scores correlate to quality of management. Second, if ESG is a process for managing material risks related to environmental, social and governance matters, it is reasonable to anticipate that a solid process will better position a company to face off a crisis. Crises typically arise from foreseeable risks, rather than from 'black swans'. For that reason, if you have properly identified, assessed, managed and monitored material risks with an ESG lens, you probably have a better understanding and capacity to manage those issues affecting your industry and company.[4]

If your ESG team has been taking care of business, they will not only have the material risks properly mapped, prioritised and evaluated, but also concrete initiatives to mitigate such risks, and to remediate potential impact when a crisis hits. Moreover, this team should have a thorough mapping and understanding of your company's stakeholders, including those affected by the crisis at hand. If that is the case, it is likely that you have not only an open channel of communication with your stakeholders, but also a certain level of trust and credibility built before the crisis, which will be tremendously valuable in this context.

Such a head start will allow your company to move quickly from crisis mode to business continuity mode and, eventually, to business as usual. This is yet another reason for you to 'kick the tires' and make sure your company is looking at ESG with the appropriate level of attention. If that is not the case, you probably want to open or revisit the conversation.[5]

Morgan Stanley Institute for Sustainable Investing, from S&P, from Oxford or Harvard or others are showing that sustainable investing can in fact, perform and deliver stronger risk-adjusted returns.', quoted in 'Here's More Evidence That ESG Funds Outperformed During the Pandemic', *Institutional Investor*, April 2021 (available online). Moreover, similar claims were made before the pandemic. See Jennifer Thompson, 'Companies with strong ESG scores outperform, study finds', *Financial Times*, August 2018 (available online).

4 As pointed out by Brunno Maradei, CFA, Global Head of Responsible Investment, Aegon Asset Management: 'ESG is often a very good proxy for quality of management, which is critically important in a crisis. As we've seen over the last few months, businesses with high-quality leadership tend to place a greater importance on their role in society and are more likely to prioritize workplace safety and employee well-being.' ('Why ESG Matters in a Crisis', *Institutional Investor*, June 2020 (available online)).

5 Explaining the value of an ESG approach to management exceeds the scope of this chapter. For a clear explanation, see Witold Henisz, Tim Koller and Robin Nuttall, 'Five ways that ESG creates value', McKinsey, November 2019 (available online). The five ways mentioned in such article are (1) top-line growth, by tapping into new markets and expanding into existing ones, (2) cost reductions by limiting the rise of operating expenses and increasing efficiency, (3) ease regulatory pressure, by reducing regulatory and legal interventions, (4)

Prioritisation of ESG initiatives is not only one of the hallmarks of forward-thinking management but is also increasingly important for effectively responding to crises. In light of its importance in establishing an organisation's resilience in mitigating the risks of crises, embarking on the journey of adopting ESG as a management tool is one of the most important steps your organisation can take to protect and create value in a volatile, complex and fast-paced business environment. This chapter provides a few ideas you may find useful in developing a solid ESG approach to management – especially if you are early in the journey.

Is ESG right for my company? Is this the right time for us?

Yes, it is right for your company and the time is now. Until recently, ESG was perceived as a niche tool reserved for 'enlightened' organisations (e.g., non-profits, public benefit corporations, social purpose corporations, B corporations, *entreprise à mission*) rather than 'normal' profit-making companies, especially in Latin America. That is no longer the case. Today, there is heightened and increasing interest from a broad range of stakeholders who expect companies to step up on their management of environmental, social and governance issues related to their business and their supply chain (e.g., climate change, diversity and inclusion, equity and social justice, human rights, corruption, money laundering, political contributions).[6] These stakeholders include employees and unions, institutional investors and asset managers, lenders, retail investors, business partners, consumers, regulators and government entities, NGOs and communities.

The United Nations 2030 Agenda emphasises that ESG criteria play a central role in the success of sustainable development as well as in expanding inclusive economic growth. Many leading companies and business organisations have incorporated the UN Sustainable Development Goals (SDGs) in their strategy and use such goals to assess their overall performance, along with

uplift employee productivity, by attracting, retaining and motivating high-quality individuals, and (5) enhance investment returns by allocating capital to more promising and sustainable opportunities.

6 Such expectation from stakeholders comes in two forms: (1) companies should take a more proactive approach and be part of the solution of the world's most pressing and complex issues, and (2) companies should explain those measures they are taking to prevent and mitigate the potential effects of such issues in their business model, operations, financial position and reputation. In other words, companies are now pressed to adopt a holistic approach that takes into account 'people, planet, and profit'.

traditional financial and operational metrics. Equally, over 3,000 investors representing over US$100 trillion[7] have signed the UN's Principles for Responsible Investment (PRI).[8]

It is useful to think of this 'ESG revolution' as 'turbocharged compliance' – despite the differences pointed out later in this chapter. If we look back 15 years, only a few multilatinas[9] were paying close attention to anti-corruption matters, even though corruption (public and private) is anything but new in the region. The US Foreign Corrupt Practices Act (FCPA), the UK Bribery Act and similar laws with potential reach beyond their borders were rarely referenced or discussed by corporate executives, let alone boards of directors. Having robust policies and procedures, dedicated full-time employees, governance, control, reporting and sanction mechanisms, as well as training programmes, was the exception rather than the rule. Nowadays, not only multilatinas but every company that has either raised or aspires to raise capital (whether equity or debt) in the international markets or with international financiers cannot afford to take these matters lightly – including many companies with operations limited to their home countries.

We are seeing a similar pattern with ESG, yet this time it is faster and deeper. While only approximately 15 per cent of the multilatinas explicitly mentioned ESG in their annual reports in 2015, today every single one of these companies (100 per cent) mention ESG, with different levels of detail. However, there are two critical differences between the compliance and ESG adoption 'waves':

- this one is happening at a much faster pace; and
- ESG is deeper, broader and more complex, given the multiple disciplines it touches upon.

Even when the speed and depth vary from country to country and from industry to industry, we are facing a global trend that continues to accelerate and is becoming even more relevant. For instance, assuming 15 per cent growth and half the pace of the past five years, ESG assets under management could reach

7 Assets under management.

8 The UN Principles for Responsible Investment define 'responsible investment' as 'a strategy and practice to incorporate environmental, social and governance (ESG) factors in investment decisions and active ownership.' For more information about the 6 Principles, see https://www.unpri.org/pri/what-are-the-principles-for-responsible-investment.

9 For purposes of this chapter, 'multilatinas' are those companies with Latin American roots that have expanded their operations to other countries, frequently beyond Latin America, and are trendsetters in the region within their respective industries. As part of our survey and benchmark exercise, we have analysed annual reports and other disclosure documents of ~20 'multilatinas'.

US$53 trillion by 2025 – more than a third of the projected US$140.5 trillion global total.[10] Moreover, 72 per cent of the US adults surveyed have expressed interest in sustainable investing,[11] and a significant portion of them are already investing with such focus. While the pace has been slower in Latin America, there are indicators of a quick catch-up driven by several factors, including:

- the spread of supply chains across multiple jurisdictions;
- the influence of market participants with global reach (e.g., BlackRock, Vanguard, State Street, Fidelity) and consistent policies across markets; and
- converging policies, regulations and disclosure standards.[12,13]

Multiple data points indicate that the adoption of an ESG approach to management is a global, unstoppable and irreversible trend, at least in the medium term.

So, where should my company start?

As mentioned above, ESG is a process for managing material risks (and for identifying opportunities) related to environmental, social and governance matters. Your starting point should be to ensure you have the right people, internal and

10 Veronika Henze and Samantha Boyd, 'ESG Assets Rising to $50 Trillion Will Reshape $140.5 Trillion of Global AUM by 2025, Finds *Bloomberg Intelligence*', Bloomberg Intelligence, June 2021 (available online). For purposes of this chapter, by 'ESG assets' we mean investment portfolios that are targeting ESG-related risks and opportunities.

11 'The True Faces of Sustainable Investing Busting Industry Myths Around ESG', *Morningstar*, April 2019 (available online).

12 For example, European legislation on human rights due diligence in a company's own operations and supply chain (e.g., France, Germany, the Netherlands and EU level) is inspiring bills of law in Latin America, including the General Law on Corporate Responsibility and Due Diligence presented by Mexican Senator Germán Martínez in September 2021, which is pending discussion and approval.

13 The multiplicity of ESG frameworks and standards (e.g., SASB, GRI, TCFD, IIRC, etc.) is a widely recognised issue that demands the attention of regulators and other market participants, to provide coherence, consistency and efficiency. While there are indications of progress towards collaboration and standardisation, there is a long way to go. Although this issue is a moving target, for a valuable description of the state of affairs, see Mark S Bergman et al, 'ESG Disclosures: Frameworks and Standards Developed by Intergovernmental and Non-Governmental Organizations', Harvard Law School Forum on Corporate Governance, September 2021 (available online) and Judith Rodin and Saadia Madsbjerg, 'Making Money Moral: How a New Wave of Visionaries is Linking Purpose and Profit', Wharton School Press, 2021, pp. 53–65.

external (advisers), to identify, assess, manage, monitor and communicate material risks, as well as to integrate this process into your company's enterprise risk management (ERM) system.[14]

However, not all risks are created equal and an ESG focus should be on material risks. To define those risks, your company must carry out a 'materiality assessment', which involves the following steps:

- identify those stakeholders who rely on your company and those on whom your company relies for its long-term success;
- list any ESG issues that may be relevant to your company or your stakeholders;
- evaluate the relevance of such risks to your business and to what extent they could affect your business, financial condition, operating results, prospects, stock price or reputation;
- evaluate the importance of the identified ESG issues to your key stakeholders;
- map each one of the identified issues in a matrix;
- engage internal and external stakeholders to review and refine such matrix; and
- establish material issues where you will focus your efforts.[15]

Materiality assessment is a dynamic process rather than static one: issues and their potential impact on your business, as well as stakeholders and their perspectives, change over time. Therefore, you should repeat this process regularly to preserve the value and effectiveness of its outcome.

Another important task is to make sure you have a record of your company's commitments regarding ESG matters, both past and future (e.g., achieving net zero emissions by certain date, increasing workplace diversity by certain percentages, investing a certain amount of money in minority-owned businesses) and have appropriate processes for keeping track of those pledges, from measuring performance and impact to data collection and reporting. In other words, you must set up a governance process for your company's ESG commitments, since there is a cost associated with not delivering on them that can go from reputational harm to legal liability.

14 For a detailed explanation of this process, see 'Enterprise Risk Management Applying Enterprise Risk Management to Environmental, Social and Governance-related Risks', OSCO / WBCSD, October 2018 (available online).

15 For a simple and practical description of a materiality assessment, see Uber's ESG Report 2020, pp. 9–10 (available online).

What is the role of the board of directors regarding ESG?

The board of directors is ultimately accountable for the ESG process.[16] Risk oversight is a statutory duty of the board of directors in many jurisdictions.[17] Therefore, if ESG is a process for managing material risks (and identifying opportunities) related to environmental, social and governance matters, and is purported to cover material risks, the board of directors should oversee the ESG process of a company.

Similarly, many jurisdictions allow the board of directors to fulfil its risk oversight duty through its audit or risk management committees.[18] However, given the breadth of matters (and related risks) covered under the ESG 'umbrella', it is common for boards to fulfil such duties by delegating the assessment of specific risks to other committees, for example, those in charge of governance, nomination and remuneration matters.

Both the board and its committees rely on information provided by multiple internal and external sources, including the chief executive officer and other members of the C-suite, advisory boards, internal and external auditors and, of course, subject matter experts covering topics such as environmental sustainability, human resources, finance, legal and compliance, corporate affairs (including regulatory and public policy, communications and investor relations, to name a few). The efforts and inputs of all these parties should be coordinated by an ESG lead, who should streamline the complexity.

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16 The discussion on whether the board of directors has the fiduciary duty to focus exclusively on generating profits for its shareholders (shareholder primacy theory), rather than considering all of its stakeholders (the stakeholder approach) under Delaware law (or Mexican law, for that purpose), is beyond the scope of this chapter.

17 For example, the Mexican Securities Market Law provides: 'Article 28.- The board of directors shall take care of the following matters: … V. Follow up on the main risks to which the company and its controlled entities are exposed, identified based on the information presented by the committees, the chief executive officer and the legal entity that provides the external auditing services, as well as the accounting, internal control and internal audit systems, registries, records or information of the latter and the former, which may be carried out through the committee that exercises its audit functions.' This provision applies to Mexican public companies, with shares listed on a stock exchange. Moreover, boards of companies operating in regulated industries (e.g., financial services) are subject to similar statutory duties. While there is no equivalent provision in the Mexican Commercial Companies Law, which applies to 'standard' private companies, many companies adopt similar provisions in their by-laws when listing the duties of their boards.

18 id.

Who should coordinate and lead the ESG efforts?

There is no one-size-fits-all approach for deciding which corporate function should coordinate and integrate the numerous and multidisciplinary ESG-related efforts within your company. That decision depends on several factors, including the sector and the industry of the company, its business model and philosophy, the region where it operates, the type of issues and risks to which it is exposed and the level of maturity of the corporate areas or functions involved in the process.

Today, the most common arrangement in multilatinas is for the sustainability function[19] to evolve and take over the responsibility for coordinating and integrating the multiple ESG efforts across the company. We have also seen instances where the communication or reputation management, corporate affairs or the legal and compliance functions take on this responsibility. According to our informal survey, more than half of multilatinas entrust the coordination of ESG efforts to their sustainability team. Approximately a quarter entrust it to the corporate affairs and public policy team, while the remaining quarter are divided between legal and compliance and the communication functions. However, as the governance element of ESG becomes more relevant in Latin American jurisdictions (due to increasing regulation, regulatory pressure, litigation, demands from investors and lenders, etc.), we should expect to see a larger presence of the legal function in coordinating the ESG process.

Nowadays, around half of multilatinas have one or more committees entrusted with ESG matters.[20] Pursuant to our survey, a majority of those committees are integrated by corporate executives (in some cases, supported by external advisers), while a minority of them are integrated by board members.

What is the role of the legal function in ESG?

Irrespective of which function leads and coordinates the ESG efforts within a company, the legal and compliance team plays a fundamental role.[21] An ESG programme without a compliance element (including ethics) would be grossly

19 Understood as environmental sustainability, in most cases, rather than in the broader sense of the term.

20 These committees received different names, such as corporate sustainability; sustainability; health, safety and environment; social and environmental responsibility.

21 While we recognise that, for purposes of preserving independence, certain companies separate the compliance function from the legal function, in this chapter, all references to the legal team will assume compliance is part of it, unless the context requires otherwise.

incomplete and ineffective. Moreover, ESG is a management tool and there is no good management without sound corporate governance – and the legal function is primarily responsible for the set-up and revision of governance systems.[22]

The importance of the legal function comes from its expertise and methodologies. Regarding the expertise, there is no question that the three pillars of ESG (environmental, social and governance) require legal advice, which goes from identifying which laws and regulations apply to your business, to monitoring and reporting adequate compliance of such rules, as well as activating available remedies in the case of a breach. Methodologies used by the legal function (and, more specifically, by the compliance team) involve risk assessment, policies and procedures, monitoring systems, whistle-blower procedures, investigations, reports, disclosure, etc. All such tasks are also part – although not all – of an ESG management process.

With respect to the work required from the legal function in connection with ESG, for simplicity purposes, there are four broad categories: advisory; transactional; investigations and engagement with authorities; and dispute resolution.

- Advisory work means supporting the board of directors, committees and corporate executives in fulfilling their duties in connection with legal risk management on ESG matters. For example, legal counsel should identify and prioritise those laws, rules and regulations that are critical to the company's operation and advise the board and top management regarding the observance of such provisions. It provides reports and follows up on legal issues related to ESG. Additionally, using an 'ESG lens', legal counsel may define *ex ante* policies and criteria for the selection of viable commercial partners (e.g., suppliers, distributors, vendors) and M&A targets, to prevent ESG mishaps resulting in legal liabilities and reputational harm.
- Transactional work requires adopting an ESG perspective in the process of structuring, analysing, negotiating and implementing a deal, whether it is an M&A transaction, a strategic alliance, a credit facility or the issuance of a bond, to name a few. In other words, legal counsel should identify and perform due diligence to assess the main ESG-related risks (and the key opportunities)

22 On a similar note, Michael Volkov, CEO of The Volkov Law Group, opines 'ESG is not a threat to compliance; it is an opportunity. CCOs cannot be shy when it comes to ESG. CCOs have to embrace the initiative, ensure a seat at the table, and wait for opportunities to advance the compliance function as a part of the Big 'G' portion of ESG, that is, Corporate Governance', *Corporate Compliance Insights*, June 2021 (available online).

in a transaction. For example, assessing whether a certain M&A target in the agribusiness has suitable policies and procedures to prevent, identify and sanction child labour, whether in its direct operations or its value chain.[23]

- Investigations and engagement with authorities requires a legal team that coordinates or manages (along with external counsel, in many cases) internal or regulatory investigations in connection with a potential breach of ESG matters and engages with regulators and government agencies on those matters. For example, the legal team should coordinate internal investigations regarding alleged corruption of public officials or sexual harassment accusations by one of its employees. If appropriate, legal counsel cooperates with the authorities and implements remedies.
- Dispute resolution involves representing the company's interests in litigation or arbitration procedures related to potential violation of ESG-related obligations or duties by the company, its officers, employees or third parties (e.g., suppliers, distributors, vendors, joint venture partners, predecessors), as well as the proper allocation of liability. For example, advising the buyer of a company in filing a lawsuit against a seller who disregarded its obligations to prevent health risks in its industrial units, resulting in ill employees and liability for the new employer.

In-house lawyers are risk managers by trade. They routinely unearth, assess, prevent and mitigate legal risks. They add value by contributing to business continuity, reduce uncertainty and volatility and support corporate risk prevention by providing legal road maps as input for business decision processes. Lawyers are experts in responding to crises and making rapid assessments to minimise negative impact. While their expertise is focused on legal risk management, their skills are valuable for managing other types of risk.

Should our compliance team take over the company's ESG process?

As explained above, the functional expertise, skills and methodologies used by the compliance department are valuable tools for a solid ESG process. The work of a compliance team is not only a critical input to the ESG process, but should also

23 For an interesting and updated perspective of the role of ESG in M&A transactions, see commentary from Sullivan & Cromwell LLP's partners Frank Aquila et al in 'An ESG Playbook for Post-Pandemic M&A', *Bloomberg Law*, September 2020 (available online).

provide methodological support to a nascent ESG task force. However, that does not mean that compliance departments should always be the natural choice for taking over the entire ESG process.

There are relevant similarities and also notable differences in the work performed by the compliance function and the work entrusted to an ESG leader and coordinator. Among the similarities are:

- both are risk management processes;
- both require a system of their own, supported by policies and procedures, training, controls, measurements, reporting and monitoring; and
- both assess the conformity between actual and expected behaviours.

Nevertheless, there are also significant differences that should not be overlooked, for example:

- while compliance is restricted to legal and regulatory risk, ESG assesses risks in a broader sense (e.g., operational, financial, reputational);[24]
- while compliance focuses on current duties and obligations, ESG analyses both actual and foreseeable risk (i.e., emerging issues that may represent a risk in the future, based on certain data points or parameters); and
- while compliance requires legal and regulatory experts, ESG requires experts from multiple disciplines.

Therefore, compliance functions are not always equipped and ready to take over the responsibility for coordinating the entire ESG process. There may be certain industries (especially those that are heavily regulated) where the overlap of the legal and compliance work and the work carried out by the ESG team may be significant and, therefore, considering such evolution may be logical.

On the same token, the ESG lead should not take over or replace the legal and regulatory element of the compliance function, as the process is to be led by lawyers. Therefore, a potential solution is to provide the legal and compliance team with the relevant resources and training to evolve into a larger and broader role. This approach would be consistent with the increasing relevance of the governance element in the 'ESG equation'. [25]

24 In addition to incorporating a legal and regulatory element, ESG also covers desirable standards or expected behaviours that are demanded and enforced through market and non-legal mechanisms (e.g., walkouts, standoffs, boycotts, 'buycotts', social media campaigns, etc.).

25 There is an open debate as to whether the compliance function should take the lead in the ESG process. For example, Michael Volkov states 'CCOs [Chief Compliance Officers] have

Regardless of the decision on who to entrust with leading and integrating the ESG process, companies should be mindful of two guiding principles:

- leverage on existing structures, processes and skills, such as those existing in the compliance function; and
- avoiding redundancy, duplicity of roles and, especially, isolated efforts or conflicting outputs. Given its complexity and multidisciplinary scope, breaking down 'silos' and achieving effective collaboration are essential for a strong ESG approach.

Conclusions

There is heightened and increasing interest from a broad range of stakeholders who expect companies to step up on their management of ESG issues related to their business and their supply chain.

The covid-19 pandemic and the health, economic and social crises it has uncovered have evidenced the value of having a solid ESG approach to business management. Companies with strong ESG scores have shown greater resilience and are better prepared to respond to crises.

Until recently, ESG was perceived as a niche, but it is quickly becoming mainstream around the world. The adoption of an ESG approach is a global, unstoppable and irreversible trend. Sooner rather than later, companies that ignore ESG will have difficulty raising capital, attracting talent and engaging consumers.

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enough responsibilities on their respective plates. The last thing they need is to assume responsibility for a whole new set of tasks, controls, reporting obligations and international ESG regulations mandating disclosure and substantive requirements . . . While there are striking similarities in design and function between compliance and ESG programs, CCOs have to refuse the temptation, avoid overwhelming responsibilities, and protect themselves from being dragged into such a significant challenge.' Corporate Compliance Insights, June 2021 (available online). Others argue in favour of compliance taking charge and leading ESG efforts within a company. For example, David Curran, Chief Sustainability and ESG Officer at Paul Weiss, stated in an interview: 'the natural place for ESG to reside is the compliance department. Compliance has systems-process software, GRC platforms and the like to deal with such obligations and commitments. The best place to track, measure, monitor, and report it is compliance, as it's the only function within organizations that has enterprise-wide visibility and processes in place.' Todd Ehret, 'INSIGHT: ESG is more than just a new burden for compliance', *Reuters*, June 2021 (available online). Also, for a perspective on the role of the legal function in the ESG process, listen to David Curran on 'Boardroom Governance with Evan Epstein' (circa 28:00), a podcast released in April 2021.

The starting point for an ESG approach is to recruit the right people, who will identify, assess, manage, monitor and communicate material risks, following a materiality assessment. Additionally, a governance process should be set up for a company's ESG pledges, since there is cost associated with not delivering on them that can go from reputational harm to legal liability.

The board of directors is ultimately accountable for the ESG process, as it has a duty to oversee risk. This duty is typically entrusted to one or several committees that rely on information provided by internal and external sources, whose efforts and inputs are coordinated by an ESG lead.

There is no one-size-fits-all approach for deciding which corporate function should coordinate the multidisciplinary ESG-related efforts and such decision depends on several factors. Irrespective of who leads the ESG efforts, the legal and compliance team plays a fundamental role. An ESG programme without a compliance element would be grossly incomplete and ineffective.

Compliance departments are not always equipped to take over the entire ESG process. Likewise, the ESG lead should not take over or replace the legal and regulatory element of the compliance function, as such process is to be led by lawyers. A potential solution is to provide the legal and compliance team with the relevant resources and training to evolve into a larger and broader role, especially in an environment where the governance element of ESG is becoming increasingly important.

In-house lawyers are risk managers by trade. They are experts in responding to a crisis and making rapid assessments to minimise the negative impact. While their expertise is focused on legal risk management, their skills are valuable for managing other types of risk.

ESG is a hallmark of forward-thinking management and embarking on this journey is one of the most important steps an organisation can take to protect and create value in a volatile, complex and fast-paced business environment.

As mentioned above, when confronting a crisis, a solid ESG process will allow a company to move quickly from crisis mode to business continuity mode and, eventually, to business as usual.

You should make sure your company is looking at ESG with the appropriate level of attention. If that is not the case, you should consider doing so. And finally . . . remember to add your ESG team to your phone's speed dial.