



Greener than thou

Climate change and emerging sustainability liabilities will rapidly shift from policy issues to high-impact risks.

There are widespread expectations among GCs that climate change and a broadening array of sustainability issues will drive corporate agendas in the years to come. For in-house legal teams, this is an emerging field of liability to be managed, shaping new regulatory dynamics to be charted and high-risk litigation to be avoided. This is true across a range of progressive policy areas, but will be most striking in the case of climate change and sustainability, where evolving reporting requirements for companies on non-financial issues are seen as ushering in real change. Sean Edwards, Head of Legal, EMEA at SMBC, for example, notes mounting pressure on lenders to support clean energy projects: “Through stick and carrot, banks are being persuaded to fall in line with these policies. You’re told you have to do more green finance and if you don’t achieve it, there is a regulatory risk.”

Dr Russell Richardson, general counsel and company secretary of the UK Oil & Gas Authority, highlights the stark shift in the sustainability debate in recent years: “This is one of the most fundamental change periods companies will be facing, because this has been so sudden. There has been much talk over the years about climate change, but in the last few years it’s really crystallised and the UK Government’s move to set the net-zero target has really focused people’s minds.”

Increased corporate transparency, reputational sensitivity and the mounting role of activist investors will only further fuel such trends. Throw in a Biden presidency – one of the first acts of the new administration was to unveil a series of measures to tackle climate change, including taking the US back into the Paris Agreement – and a UK Government in 2019 unveiling net zero greenhouse gas emission targets for 2050, and it is clear that sustainability issues will be prominent on GCs’ desks for years to come.

This is an excerpt from an HFW report on the future of dispute resolution. To read the rest of the report, which includes a series of 30 interviews with senior in-house counsel and other leading figures from across the global disputes industry, as well as insights from our expert litigators, visit: www.hfw.com/litigation

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