12-Month ESG Roadmap for In-house Counsel

By Christine Uri

Business has changed. The bar is getting higher. Regulators, investors, and clients are all demanding that corporations provide transparent environmental, social, and governance (ESG) disclosures and take action to improve their ESG performance.

ESG missteps can result in loss of business, loss of investment dollars, greenwashing allegations, and brand damage. And the stakes are getting bigger as new regulations come into effect.

In-house legal teams are increasingly finding themselves in the crosshairs. Most start-ups and midsized companies do not have a sustainability headcount, and the task of implementing ESG often falls to the legal team. Or maybe the company has a sustainability team – but the legal team now needs to become involved with ESG in new ways due to the increased regulation and scrutiny in this area. In both scenarios, in-house legal teams need to implement, or contribute to, ESG initiatives, but most don't have the experience or resources to do so confidently.

The goal of this roadmap is to provide you with the tools and knowledge you need to be confident in taking action on ESG today.

If you are responsible for ESG, use this roadmap to launch an ESG program. If you are playing a contributing role, perhaps as part of an ESG working group, use this roadmap to provide more value and efficiency to the team effort.

Please feel free to reach out with questions. You can send an email to christine@christineuri.com or book an appointment on my website. I help in-house legal teams apply this framework within their corporations and accomplish their ESG objectives. I am happy to share additional insights based on this experience.

Christine Uri

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The roadmap is built on a 5-phase framework. Click the links below to drop directly into a topic.

These phases overlap in time. A cycle can be completed in 12 months and should be repeated annually.

Phase 1: Assess your ESG gaps.

The first step in creating an ESG program is to conduct a gap assessment. This assessment will be the cornerstone of your business case and your action plan.

Here is how you conduct an ESG gap assessment:

Create a master list of potential ESG actions.

Start your master list with these sources:

- Requests for ESG data that you have received from clients
- Requests for ESG data that you have received from investors
- Requests for third-party ESG assessments (like Ecovadis)
- This article on 8 Elements Every ESG Program Must Have

Add requirements from any new or upcoming ESG regulations that may apply to your business. To identify these regulations, examine the jurisdictions in which you have operations and those in which you are selling goods or services. Below are a few key regulations to consider:

- California SB 253, SB 261 and AB-1305
- SEC Climate Disclosure Rules
- EU Corporate Sustainability Reporting Directive (CSRD)

Inventory your current practices using the master list.

Once you have your master list, reach out to the relevant departments across your organization to collect information related to each item. For example, you may need to ask your human resources department to complete information related to labor and employment and check legal and compliance records to determine if your governance policies are complete.

Identify the gaps between your current state and the master list.

You may be pleasantly surprised by what you find in this inventory process. ESG projects are often done in silos without much visibility. Use this as an opportunity to centralize information on your ESG performance for future client and investor questions.

Start actions needed to meet baseline expectations (e.g. policy gaps).

Some aspects of ESG are an expectation of all companies – primarily policies and practices related to ethics and labor & employment. Start work closing these gaps early in the process.

Also, if you are certain that you will need to measure your carbon footprint, now is a good time to start looking for a service provider. It will take you 1-2 months to find a provider and 3-6 months to complete your footprint. Send me an email (christine@christineuri.com) if you would like a service provider recommendation.

Phase 2: Build ESG support.

If you are operating in a silo, your ESG initiative will not succeed. ESG requires the full support of the executive team and resources from departments across the organization. You will need to intentionally build this support with an outreach campaign to leadership.

The goal of the outreach campaign is to align the executive team around ESG and obtain the financial and human resources you will need to begin implementing action. Here is a guide to building that support:

Meet one-to-one with top leaders.

Meet with each of the top leaders in your company. Ask open-ended questions about ESG and listen to what they have to say. Discover whether ESG gaps are making it more difficult to accomplish their goals. For example, is your sales process being weighed down by the inability to respond positively to ESG questionnaires? Is your HR team losing talented prospects? Share the findings from your gap assessment.

Use these one-to-one meetings to gather ideas on how to present ESG to the broader executive team in a way that will win support. Incorporate ideas from different executives. Secure their support before a larger presentation. Develop counterarguments for detractors in advance.

Educate your executives on ESG.

Members of your executive team likely have different levels of awareness when it comes to ESG. Set yourself up for success by creating a common understanding. Important subjects include:

- What is ESG
- Market drivers of ESG today
- Regulatory environment and governance
- Climate and climate targets
- Requirements for successful ESG programs

The best way to create this common understanding is through collective training where the executive team is encouraged to ask questions and dialogue on the subject.

Build an ESG business case.

Once you have executive support for ESG, the next step is to secure budget. Ideally, you would address the budget in two stages. Obtain a small launch budget to start on immediate items (like carbon footprinting) and a larger annual budget once the executive team has determined the strategic priorities for your ESG program.

Your budget request should not just be a tally of all the costs. You will need a business case that balances the costs with the benefits to your organization. Use this guide to ESG Budget Hacks for General Counsel to help you identify benefits.

Phase 3: Create an ESG strategy.

Your gap assessment will inevitably reveal dozens of areas for potential improvement. Some of these you will be required to complete as part of complying with regulations or maintaining basic business expectations. Many more of them will be voluntary.

If you attempt to meet every ESG ask and expectation, you will fail. And many of these expectations will not fit your business.

Identify one to three focus areas for your ESG program.

Strategy is the art of deciding what not to do. Beyond ESG basics, corporations must be ruthless when deciding where to focus their ESG program. ESG programs should be built around one to three focus areas that strongly align with the organization's purpose and business objectives.

Ultimately, your executive team will need to determine your ESG strategy and be prepared to communicate it. A corporation's ESG strategy should integrate with and support its business objectives.

Some stakeholders will be disappointed by the actions you choose not to take. The best way to manage this disappointment is by having a clear articulation of your ESG goals and why these goals were selected.

Establish ESG governance.

Governance over ESG is needed both to ensure that ESG objectives are met and to demonstrate that your company is appropriately managing risks and opportunities. There are three cornerstones of ESG governance:

- Board Level – Document how ESG oversight is allocated on your board. In some companies ESG issues are managed by the full board and in others the area is delegated to one or more committees. (Find more on fiduciary duties related to ESG here.)
- Executive Level – Assign responsibility for ESG objectives to a single executive. You need an executive to drive action, and you will be expected to identify a top leader with this responsibility. (Find more on selecting an executive to lead ESG here.)
- Company Level – Establish a cross-functional ESG working group to support the responsible executive in executing your ESG strategy. Operationalization of ESG requires a companywide effort. (Find more on building an ESG working group here.)

Select an ESG reporting framework and format.

A more thorough explanation of ESG reporting frameworks is set forth under Phase 5. Reporting should occur after you have launched implementation work. However, it is helpful to identify which reporting frameworks and formats you intend to use earlier in the process. Reporting choices will likely impact the actions you take in the implementation phase.

Phase 4: Take action on your ESG goals.

You have your gap assessment. You have identified the basic ESG items that your company must put in place. You have executive support and a strategy.

You have set up a cross-functional ESG working group. What's next? The important part! It's time to start taking action.

Build an ESG project plan.

A mature ESG program is integrated into ongoing processes throughout the business. Mature programs only require project plans for new activities. However, every ESG program starts as a new project. In the beginning, you will need a comprehensive project plan to launch. The content of your project plan will be highly dependent on your ESG strategy, goals, and objectives.

For example, if climate has been identified as a focus area, milestones in your project plan may look like this:

- Scope of your emissions measurement (Scopes 1, 2, and 3)
- Select a carbon accounting service provider
- Collect carbon data
- Decide whether to set a carbon target
- Develop a climate communications plan
- Integrate carbon footprint and climate goals into reporting

If DEI has been selected as your primary focus area, your milestones will look very different. For example, milestones for a DEI program could include:

- Research DEI best practices
- Select a DEI consultant to provide expertise
- Collect DEI data
- Build objectives and measurements for DEI program
- Implement diverse hiring practices
- Launch employee resource groups
- Deploy training on creating an inclusive environment
- Integrate into reporting

The critical thing at this stage is to be selective in the activities you choose to take on. Set realistic targets that are tightly aligned with the strategy set by the executive team.

Create accountability in your ESG working group.

Your biggest challenge in this phase is likely to be driving consistent action from your cross-functional working group. This is an ongoing challenge in almost every ESG program. Unfortunately, supporting an ESG program is viewed by many as an activity to be worked on if they have extra time.

That said, there are a few things you can do to help ensure your working group meets its goals:

- Collaborate with leadership to build ESG into the job expectations of working group members
- Develop specific and measurable goals for the ESG program
- Break the goals into tasks and assign them to individual working group members with deadlines
- Establish a system for sharing status reports with company leadership

And remember to inspire and celebrate success. Your ESG goals and progress should be a regular part of your internal company reports. Make it something that employees are proud of and be sure your working group's efforts are recognized.

Allow time for actions to have an impact.

Many companies rush directly from strategy to reporting. Stakeholders are impatient for information. This is an understandable reflex – but it doesn't work. Your stakeholders want to see that you are taking action and that your actions are having an impact. And this takes time.

Phase 5: Report on the progress of your ESG program.

Make a plan for reporting that is scaled to your company.

There are four types ESG reporting. Below is a list in descending order of complexity.

1. Mandatory regulatory reporting under frameworks like the EU's Corporate Sustainability Disclosure Act (CSRD) and the SEC climate disclosure regulations
2. Reporting under voluntary third-party reporting frameworks such as ISSB standards, the Global Reporting Initiative (GRI), the Carbon Disclosure Project (CDP), and the UN Global Compact
3. Voluntary public reporting such as the publication of a sustainability report on the company's website
4. Voluntary internal reporting on progress

Over the last few years, ESG reporting has started shifting up this scale towards mandatory reports with ever-increasing amounts of complexity. Many companies now produce ESG data in all four reporting categories.

Yes, your company needs to be transparent about its ESG performance. This is important for establishing trust with stakeholders and for holding itself accountable to its goals. However, every layer of reporting comes at a cost. Time spent reporting is time not spent on improving performance. Be thoughtful in assessing the costs and benefits of adding reporting frameworks.

Establish realistic timeframes and resources for reporting.

Regulatory: The EU's CSRD is the broadest mandatory reporting scheme. It covers 12 corporate sustainability topics and is comprised of 1000+ questions. The first CSRD reports are due in 2025. Experts are struggling with numerous unanswered questions about how reports should be assembled and what information they should contain. If your company is subject to the CSRD, it's time to start work on the reporting, and you will need to engage outside advisors.

Third-Party Reporting Frameworks: If you plan to report under a framework such as GRI or CDP, identify a resource who is familiar with the framework and build at least 12 months into your project plan for preparation. Note that most third-party reporting frameworks have annual deadlines that must be respected.

Public Sustainability Reports: For large corporations, preparing a voluntary sustainability report can be a significant undertaking. Often these reports are 50+ pages. Ideally, sustainability reports are aligned with the financial reporting calendar. To produce a report like this, you will need to start work about 5 months before release, and you should consider engaging a communications professional who specializes in sustainability reporting.

If you are a mid-size or smaller private company, you can choose to share smaller reports and information on your website. These materials could be produced with internal resources. It typically takes three months to produce smaller reports of 10-20 pages – allowing time for internal circulation and comment.

Internal Reporting: The executive responsible for ESG should report on the progress of the ESG working group to the executive team and the board quarterly or minimum biannually. This is critical for good governance and the performance of fiduciary duties. Sharing progress on ESG goals with employees through town halls and team meetings is a great way to build sustainability into the culture of an organization.

Although sustainability reporting is often led by teams outside of the legal department, a legal team member needs to be involved throughout the process to help ensure transparency and accuracy. Care must be taken when using sustainability terminology to avoid greenwashing.

Recap

Building an ESG program is an endeavor that requires time and company-wide support. You can accelerate your approach by organizing your efforts into these four phases:

Phase 1: Assess your ESG gap

- Create a master list of potential ESG actions
- Inventory your current practices using the master list
- Identify the gaps between your current state and the master list
- Start actions needed to meet baseline expectations (e.g. policy gaps)

Phase 2: Build support for ESG

- Meet one-to-one with top leaders
- Educate your executives on ESG
- Build an ESG business case

Phase 3: Create an ESG strategy

- Identify one to three focus areas for your ESG program
- Establish ESG governance
- Select an ESG reporting framework and format.

Phase 4: Take action

- Build an ESG project plan
- Create accountability for your ESG working group
- Allow time for ESG actions to have impact

Phase 5: Report progress

- Make a plan that is scaled to your company
- Establish realistic timeframes and resources for reporting

Biography

Hello! I am Christine Uri. It's nice to meet you.

I am an experienced Chief Legal Officer and Chief Sustainability Officer. I have led global legal and sustainability teams at a Fortune 500 energy company. I have firsthand experience implementing ESG programs addressing climate change, human rights, ethics, and other emerging areas. Today I use this experience to help companies build success through ESG.

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