



## **Beyond Compliance: How Lawyers Can Turn ESG Into Business Value**

**Commercial and Contracts**

**Compliance and Ethics**

**Environmental**

**Corporate, Securities, and Governance**

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## Cheat Sheet

- **ESG rules are getting simpler, but not easier.** Even with harmonization, companies still need time, structure, and resources to manage compliance and verification.
- **Lawyers are essential to make ESG work.** In-house and external counsel can turn general sustainability goals into practical actions through contracts, policies, and reporting tools.
- **Controlling cost starts with clear rules.** Simple procedures, coordination between functions, and good documentation reduce duplication and help turn ESG costs into real value.
- **Legal work builds trust.** Well-designed legal frameworks make ESG disclosures reliable, enforceable, and consistent with the company's long-term strategy.

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Environmental, Social, and Governance (**ESG**) standards have shifted over the past few years from voluntary pledges to statutory duties, mandatory disclosures, and enforceable rights across multiple jurisdictions.

In the EU alone, the Corporate Sustainability Reporting Directive (**CSRD**) introduced mandatory reporting under European Sustainability Reporting Standards (**ESRS**). At the same time, the Corporate Sustainability Due Diligence Directive (**CSDDD**) imposed risk based human rights and environmental due diligence across global chains of activities for large companies operating in the EU.

Globally, the International Sustainability Standards Board (**ISSB**) has developed sustainability-related

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financial reporting standards to meet investors' needs for sustainability reporting (IFRS S1/S2), which are increasingly referenced by regulators all around the world.

Although many ESG frameworks are now being simplified, their implementation still entails significant costs that companies cannot ignore. Even with clearer standards, meeting reporting, due diligence, and data verification obligations often requires new systems, specialized staff, and external support. These costs are not only financial but also organizational, as companies must gather consistent data and adjust internal processes to meet regulatory and stakeholder expectations. Legal professionals can help manage these efforts by defining practical procedures, coordinating work across departments, and reducing overlap between Legal, Compliance and Operational functions. When approached strategically, the cost of ESG becomes an investment in transparency and long-term business stability rather than a constraint.

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In this context, legal professionals, both in-house and external, play a decisive role in turning ESG from policy into practice. They translate complex obligations into concrete actions, using contracts, governance tools, and internal policies that make ESG measurable and enforceable across the company.

The aim of this article is to provide a brief overview of the legal challenges and opportunities under each of the three areas impacted by ESG standards (i.e., Environmental, Social, and Governance), as well as to provide practical suggestions that in-house counsel, along with external counsel, may follow carrying out their role.

## **E – Environmental**

### **Waste management and circularity**

Waste reduction is one of the key objectives of new environmental standards, along with a more general alignment with the principles of the circular economy. Specific country regulations apply in this area worldwide and are a relevant part of the environmental efforts of private operators, especially manufacturers.

In the EU, the Waste Framework Directive codifies the waste hierarchy (prevention ? reuse ? recycling ? recovery ? disposal) and embeds into statutory provisions the “polluter pays” principle and an extended manufacturer responsibility. Such Directive directly impacts product design, vendor takeback, and reporting. Packaging restrictions and reuse/recycled content targets may also be anticipated under the newly adopted Packaging and Packaging Waste Regulation (**PPWR**), which is scheduled to enter into force in 2026.

Waste management is also a critical area for legal counsel. It is key to prepare and implement well drafted procurement and customer contracts that allocate costs, responsibilities (including end-of-life responsibilities) and recyclability criteria.

Legal professionals should make sure that these contracts contain clear reporting duties, audit rights, and performance indicators. Clauses on waste reduction and recycling must be specific and

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traceable across the supply chain. This makes circularity an enforceable business requirement, not a marketing statement.

## **Sustainable operations and partner/site selection**

The CSRD requires disclosure on resource use, circular economy, energy use, and emissions. For such purpose, it is key to implement and keep track of partner-selection and site-selection criteria that quantify expected energy intensity, water stress, material flows, and waste treatment performance.

Lawyers, and in-house counsel especially, may embed the above criteria into policies and standard operating procedures, or create checklist for the selection of partners and sites.

In addition to the above, specific KPIs and disclosure controls may be adopted in relation to areas such as the following:

- **Energy:** carbon intensity; renewables use;
- **Waste:** recycling; local recovery infrastructure; hazardous waste compliance;
- **Transport:** proximity to multimodal hubs to reduce logistics emissions; rail access; and
- **Water:** withdrawal/consumptive use permits.

To make these rules work, lawyers should insert measurable ESG conditions into supplier contracts and partner evaluations. Reference to recognized standards, such as the GHG Protocol or ISO 14083:2023, avoids disputes and helps companies verify what has been promised. Contractual rights to verify data protect the company from false claims or inaccurate disclosures.

## **Logistics footprint**

Another area that is deeply impacted by environmental regulations and standards is transport and distribution. Emissions should be quantified and, in such respect, the international greenhouse gases protocol (GHG Protocol) and the ISO 14083:2023 assist with such quantification, in particular with reference to transport chain operations.

Lawyers may embed these international standards into tenders and logistic contracts, along with an obligation of carriers to disclose emissions factors and activity data. Audit rights should also be incorporated into contractual documents in order to support CSRD/ISSB climate disclosures. Indeed, when lawyers include ESG indicators in logistics agreements, they help their companies collect reliable data and build a consistent record for reporting. This avoids future disputes with carriers and supports transparent sustainability reporting.

## **S – Social**

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## Antidiscrimination regulations

Anti-discrimination regulations are not a new appearance in the legal system of most countries. However, such regulations are now part of a broader framework for the protection of individuals and employees in the workplace.

By way of example, in the EU the Employment Equality Directive (2000/78/EC) and the Racial Equality Directive (2000/43/EC) set minimum rules against workplace discrimination (religion/belief, age, disability, sexual orientation, racial, or ethnic origin). The UK Equality Act 2010 consolidates protections across nine protected characteristics and imposes the public sector equality duty in the US, Title VII of the Civil Rights Act of 1964, prohibits employment discrimination and retaliation.

Even if the above regulations are not new, in-house counsel, especially when operating within global corporate organizations, should pay attention to harmonizing anti-discrimination and equal opportunity policies throughout their organization and adopt the most protective standards where feasible. In addition, training of managers and other employees on jurisdiction-specific nuances is key to the successful deployment of these policies.

In-house counsel, especially when operating within global corporate organizations, should pay attention to harmonizing anti-discrimination and equal opportunity policies throughout their organization and adopt the most protective standards where feasible.

Legal professionals should ensure that equality policies are not only words on paper. They must contain measurable actions such as regular staff training, internal monitoring of complaints, and visible reporting on progress. This creates a defensible record and shows regulators and employees that commitments are real.

[ICYMI: Integrating ESG Into Business Relationships: Practical Guidance for In-house Counsel](#)

## Pay transparency and equal pay

Regulations in this area are certainly newer and not as widespread as anti-discrimination regulations.

For instance, the EU Pay Transparency Directive was implemented in 2023 and requires salary range disclosure in recruitment, prohibits pay secrecy, and introduces gender pay gap reporting.

In this area, legal counsel may adopt a more proactive approach and encourage the implementation of pay analytics and gap analyses. Furthermore, they may take positive action by embedding pay transparency provisions into employment contracts, hiring letters, job offers, and consultations with unions and works of councils.

To make these requirements effective, legal departments should work closely with HR, Payroll, and Finance to design a clear process for collecting and reviewing pay data. Consistent templates, traceable criteria, and documented audit trails help companies meet legal obligations, by ensuring

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fairness and transparency. This cooperation between different teams not only reduces the risk of equal pay claims, but also builds credibility with employees, regulators, and investors.

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## **G – Governance**

### **Antibribery and corruption**

A solid anti-bribery program is probably considered a given in most global corporate organizations. However, the interaction between such global program is often neglected by multinational corporations.

For instance, an effective and truly global anti-bribery program must take into account the various country-specific regulations that may have an impact on the effectiveness and deployment of the program itself. For instance, a global compliance program should reconcile the US FCPA (books/records/internal controls), the UK Bribery Act (including “failure to prevent” with adequate procedures defense), France’s Sapin II (mandatory compliance programs overseen by a dedicated agency), and the Italian 231 legislation (ad hoc organizational model and supervisory body). The standards set forth in the OECD Anti-Bribery Convention also complements these regulations and should be taken into due consideration.

The role of in-house counsel and external counsel in this area is paramount, as anti-bribery programs are driven by legal concerns and considerations. The implementation of such programs is also particularly intensive on the legal staff, as it involves: (i) a risk assessment process of all potential risk areas (e.g., customers, procurement, interactions with government officials); (ii) the identification and implementation of effective preventive measures; (iii) the documentation of the entire process; (iv) the enforcement of the program, with audits, due diligence on third parties, training, contractual clauses, etc.

In practice, legal professionals should regularly test how anti-bribery rules operate within the company and verify that policies remain consistent across jurisdictions. By using real business scenarios to review procedures and aligning documentation globally, lawyers can detect weak points early and strengthen compliance systems before they are challenged by regulators. This practical and preventive approach makes anti-bribery programs more reliable, transparent, and easier to defend during audits or investigations.

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### **Data protection**

Data management and protection matters have gained more and more relevance since the entry into force of the GDPR in 2018. While GDPR is a EU specific legal instrument, it is widely seen as a local regulation with tremendous ramifications in other countries and jurisdictions throughout the globe.

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The GDPR has forced multinational companies to adopt truly global privacy compliance programs taking into account the restrictive provisions applicable within the EU. Most principles set forth in the GDPR, such as lawful processing, data minimization, minimized data retention, and restricted transfers should now be a part of every company's internal policies and procedures.

In-house counsel may act as liaison between the IT/technical functions within the corporate organization, the business and — where available — privacy functions, thus ensuring that the GDPR is effectively implemented and complied with.

Beyond compliance, legal professionals can strengthen their contribution by checking that data systems are designed and used responsibly. They can review how long personal data is kept, how algorithms are trained, and if specific technology choices increase risks or costs. By integrating these reviews into regular governance processes, counsel ensure that data protection also supports sustainability goals and ethical use of digital tools. This approach links privacy, transparency, and long-term business integrity.

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## **Sector-specific regulations**

In addition to general application regulations, each corporate organization must then consider specific legislation applicable to its sector, having an impact on its governance.

By way of example, companies active in the life sciences area, such as pharmaceutical companies and medical devices companies, are subject to stringent requirements concerning interactions with healthcare organizations and healthcare professionals that require specific governance structures and functions.

In-house counsel can play a pivotal role in addressing the adequate governance structure of such companies. Particularly, with knowledge of sector-specific rules, they can identify early where compliance or reporting duties overlap and prepare procedures that meet both regulatory and ESG expectations, avoiding duplication and helping the business stay ahead of new rules.

## **Conclusion**

ESG obligations are no longer limited to Finance and Compliance teams. They define how legal professionals support their companies and clients. ESG standards are a reality that all multinational corporations must deal with. Statutory obligations as well as voluntary pledges nowadays require the implementation of specific governance structures and measures, as well as the performance of due diligence, disclosures, and audits. In-house counsel and external counsel can be the link assisting corporations in translating ESG standards into actionable items, such as governance charters, procurement clauses, site selection policies, and speak up systems. They are also in charge of verifying that these measures work in practice, limiting risk while creating measurable value for investors, employees, and society.

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