SIDE BY SIDE:

Sustainability and Legal

A Look Inside Two Corporate Functions Navigating Complexity & Uncertainty Together

July 2026

G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™

ROPES & GRAY

Letter From Our Leadership

The work of corporate sustainability has changed dramatically in just the past few years. What once lived primarily in voluntary reporting and stakeholder communications now intersects with mandatory disclosure regimes in California, the EU, the UK, Australia and beyond; with supply chain due diligence laws; with extended producer responsibility (EPR) requirements; with carbon border adjustment mechanisms (CBAM); with modern slavery reporting, and more. In light of these new and increasing areas of regulation, sustainability cannot remain as separate from compliance and legal concerns, as it sometimes has in the past. Rather, sustainability and compliance are increasingly working hand in hand, with sustainability functions also weaving together with strategy, brand, and value creation.

At the Governance & Accountability Institute (G&A) and Ropes & Gray, we see these intersections every day. We advise sustainability leaders building corporate programs and the in-house counsel translating those programs into disclosures, policies, risk frameworks, and contracts. Our two firms came together on this research because, between us, we kept seeing the same question worth answering: as the worlds of sustainability and legal converge, how are the teams inside companies actually working together? More pointedly, what's helping them, what's hindering them, and where could both areas of practice work better?

To find out, we engaged sustainability and legal professionals across 35 companies through a structured survey, supplemented by in-depth interviews. We deliberately ran parallel questions across the two functions so we could compare how each side sees the same issues. The findings — some confirming our expectations and others bringing surprising insights — are presented side-by-side throughout this report, much the way the conversations played out.

The story that emerges is one of teams adapting quickly under pressure. Regulation is a major driver of these adaptive changes: California's climate laws, the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), and a widening set of additional disclosure and due diligence requirements are pulling sustainability work deeper into the legal function and reshaping reporting lines, team structures, and day-to-day workflows. Our respondents also are managing risks related to greenwashing and litigation, and evolving stakeholder expectations on social issues. The research also surfaces meaningful gaps, ranging from practical tools that both functions can use, to differences in professional culture, to prioritization when resources are scarce. Based on these experiences, the findings point in a constructive direction: toward concrete actions that can make collaboration between sustainability and legal teams more effective.

We hope this report resonates with your experiences, or perhaps sheds new light. We also hope that it starts conversations — between sustainability and legal teams inside the companies reading it, between those companies and their peers, and between our firms and the practitioners we serve.

Both G&A and Ropes & Gray remain deeply engaged in this space through our day-to-day client work and our research and thought leadership. We welcome your reactions to what you find in these pages, and we look forward to continuing the conversation.

Louis Coppola

Chief Executive Officer & Co-Founder

Governance & Accountability Institute

Michael R. Littenberg

Partner, Global Head of ESG, CSR & Business and Human Rights Compliance Practice

Ropes & Gray

About the Research

Through this research, G&A and Ropes & Gray aimed to learn more about how sustainability and legal professionals interact within companies, in a world of increasing sustainability-related regulation and oversight. To do this, we engaged an array of companies across industries via a written survey and interviews. Our interaction with participants took place between September 2025 and February 2026.

Surveys

We developed a pair of short, aligned surveys, one tailored to senior corporate sustainability professionals, the other catered toward senior corporate legal professionals. The survey questions aimed to garner a high-level picture of the state of collaboration between sustainability and legal teams.

We received a total of 35 survey responses. Participants reflect a variety of industries (see graphic 1). The majority come from companies with over 1,000 employees (see graphic 2). Most, regardless of industry, region, and company size, are global companies operating across a variety of jurisdictions.

Analysis

Using the surveys and interviews, G&A conducted analysis of the sustainability professionals' inputs, while Ropes & Gray did the same for the legal professionals' inputs. We aggregated survey results to show the distribution of responses and indicate high-level takeaways. Our two teams assessed interview results to identify useful examples, insightful commentary, and any notable similarities and/or differences. We pooled our insights to assess patterns and themes, ensuring the commentary reflected the perspectives of both sustainability and legal respondents in a balanced way.

All survey responses and interviews were anonymized prior to integration into this report.

Interviews

For survey respondents who indicated they were willing, we conducted supplementary interviews. G&A conducted five interviews with sustainability professionals, and Ropes & Gray conducted five interviews with legal professionals, for a total of 10 interviews.

The interview questions mirrored the survey questions, seeking a more nuanced understanding of the interviewees' responses and more detail regarding their experiences, as well as specific examples.

Together the surveys and interviews provided us with both quantitative and qualitative information for analysis.

Limitations

The results of this research are not meant to be representative of the state of affairs within a majority of companies, although from the extensive work of G&A and Ropes & Gray in this area, we believe the results are representative of many larger companies. Limitations of our research relate to the pool of companies from which we sourced insights and experiences, specifically:

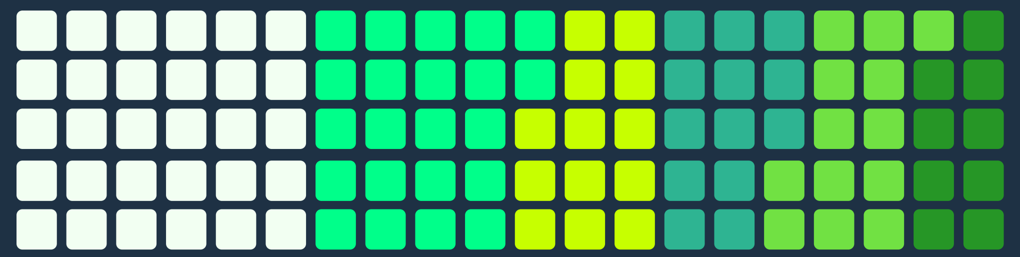
+ **Sample size:** Our research is based on a limited number of survey responses and interviews.
+ **Self-selecting for sustainability awareness:** The individuals invited to participate are active in our respective networks, indicating that they and their companies are already engaged, to some extent, in sustainability-related work.
+ **Geography:** While the majority of participants work at global companies, most survey respondents and all interviewees are based in North America. The companies they represent are headquartered in North America (over 90%) or the Europe/Middle East/Africa region (EMEA).

In addition, the surveys were designed and conducted before we started to see widespread integration of artificial intelligence (AI) at most companies. We therefore did not examine the early and potential future impacts of AI adoption on internal practices and collaboration.

Survey Participants

Sustainability

1 Industry*



30% Other **

22% Consumer goods

13% Construction & engineering

13% Financials

13% Technology & communications

9% Food & beverage

2 Number of Employees

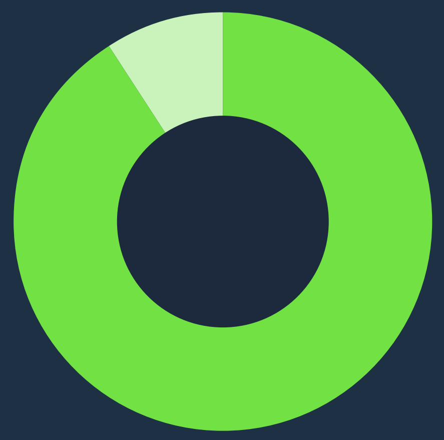
61% Over 5,000

30% Between 1,000 and 5,000

4% Between 500 and 1,000

4% Less than 500

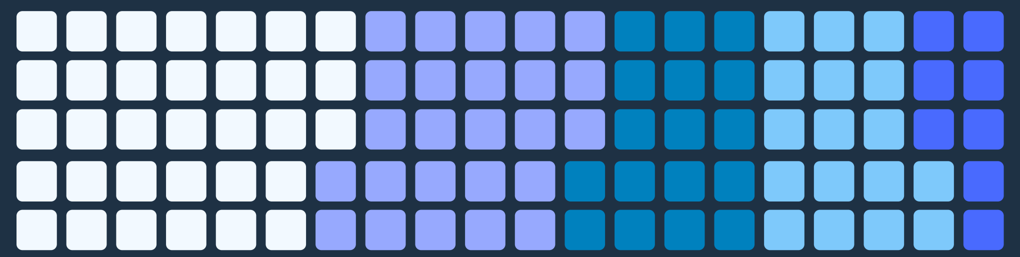
3 Location of Headquarters



91% North America

9% EMEA

Legal



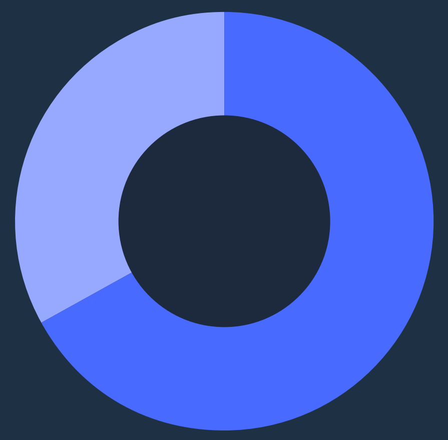
33% Healthcare & pharmaceuticals

25% Consumer goods

17% Technology & communications

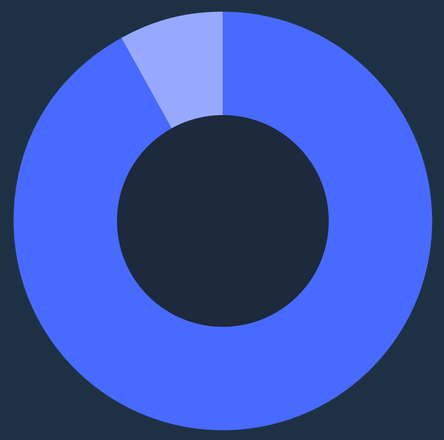
17% Financials

8% Food & beverage



67% Over 5,000

33% Between 1,000 and 5,000



92% North America

8% EMEA

*Industries reflect the Sustainability Accounting Standards Board's Sustainable Industry Classification System.

**Includes energy, healthcare & pharmaceuticals, real estate, resource transformation, and transportation.

ROPES & GRAY

Findings

This section presents the findings of our engagement with sustainability and legal teams. For each topic, we provide a summary of participants' responses and highlight common themes as well as areas of divergence between sustainability teams and legal teams.

Index of Topics

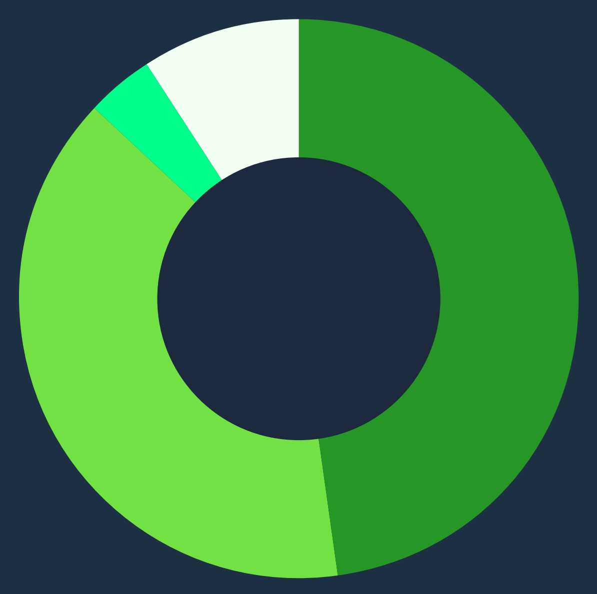
How big are sustainability-focused teams? Where do they fit?

Sustainability

Legal

4 Please specify the size of your company's sustainability/legal function *(by total number of employees)*.

Sustainability



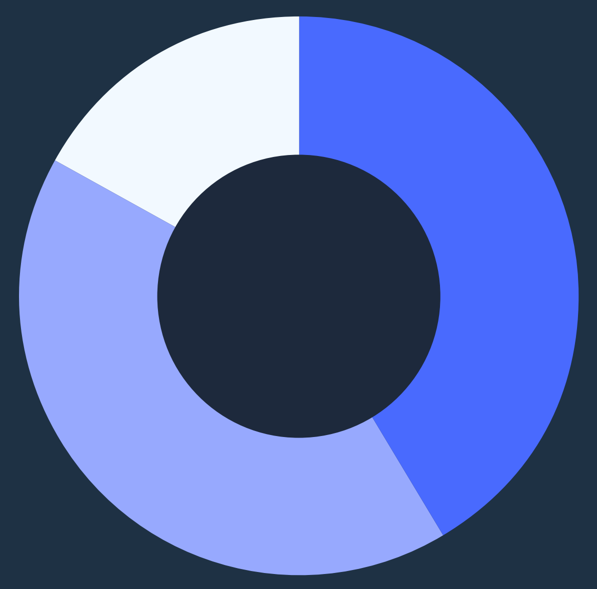
48% Less than 5

39% Between 5 and 10

9% Over 15

4% Between 10 and 15

Legal

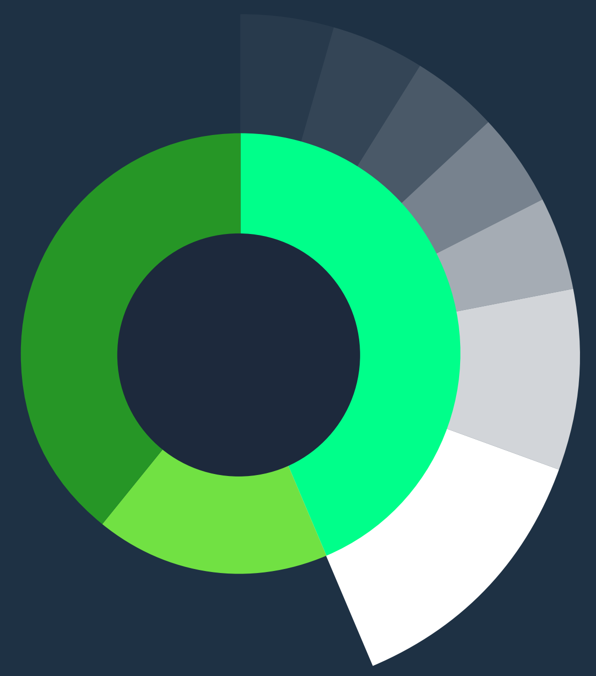


42% Over 100

42% Between 50 and 100

17% Between 10 and 50

5 Does the sustainability function report to the legal function in your company's organizational structure?



39% Legal

43% Other

17% CEO

13% Operations

9% Finance

4% HR

4% Supply Chain

4% Risk Management

4% Corporate Responsibility

4% Strategic Planning and Transformation

Question posed to sustainability professionals only

How big are sustainability-focused teams? Where do they fit?

CROSS-CUTTING THEMES

Both sustainability and legal teams report structural changes at their companies, with our research indicating that sustainability professionals are reporting to legal departments more often than in the past. In addition, legal teams include more specialized roles to help manage sustainability matters. Overall, as the regulatory environment evolves, sustainability work is growing more integrated with legal functions and oversight.

Sustainability

Despite the predominance of larger companies among survey participants, the sustainability teams are lean. Only three respondents, two from large organizations and one from a mid-size organization, indicated having sustainability teams with more than 10 people. The remaining respondents all indicated teams of less than 10, with a majority of organizations denoting a team of less than five. This reflects a common thread among organizations: sustainability teams often remain lean, regardless of company size, especially in comparison to legal teams.

As these small teams are responsible for activating major initiatives throughout their companies, many survey and interview participants noted they use cross-functional sustainability councils to help foster alignment throughout the company and advance work. Participants said these councils typically include representatives from the legal team, sometimes at the Chief Legal Counsel level.

Organizational structure also influences sustainability teams' ties throughout the company. 39% of survey participants indicated that their sustainability teams report into the legal function. This number may be on the rise, as several interviewees shared that their teams were recently moved under their company's legal department specifically in response to mounting regulatory and sociopolitical pressures.

In the experience of one company's sustainability lead, "Our sustainability function is a function of one, which is myself, but all sustainability efforts are supported by a large committee with representation from every function and geographic region in our footprint. With sustainability reporting to the head of legal, the network of people that support this work creates alignment throughout the company."

What has emerged: first, sustainability and legal teams are often intertwined, either functionally or structurally, with legal teams among the functions playing an active role in sustainability work. Second, the trending shift of sustainability teams into legal departments reflects companies' growing focus on ensuring their sustainability work effectively accounts for emerging regulations and newer sociopolitical pressures.

Key Insights

+ Small teams are responsible for activating major initiatives throughout their companies
+ Cross-functional sustainability councils help foster alignment throughout the company and delegate
+ Some teams were recently moved under their company's legal department specifically in response to mounting regulatory and sociopolitical pressures

How big are sustainability-focused teams? Where do they fit? *(continued)*

Legal

The size of participating companies' legal functions is quite varied.

For midsized companies, respondents reported having between 10-100 employees in their legal function, while larger companies more often reported having over 100 employees.

However, regardless of size, interviews with multiple survey participants emphasized that often only a small number of legal personnel work on sustainability-related matters.

One said, "We're about 400 individuals between attorneys, legal professionals and assistants globally. But my corporate social responsibility (CSR) legal team is three people. We pull in more people if needed for certain expertise, by specialty or region."

Others reported having three people handling sustainability and CSR issues for a legal team of over 200, three people who work on CSR among a team of 50 legal professionals, and "two of us and a handful of others" who work on CSR for a 150-person legal function.

In our research, three structures were highlighted: (1) one or more dedicated sustainability roles within a legal department; (2) a team within the legal function designated for sustainability-related matters among other roles and responsibilities; and (3) as needed, assignment of each sustainability-related responsibility to an appropriately qualified person within the legal or compliance functions.

Our results indicate a correlation between larger companies with 100 or more employees in the legal function and having dedicated sustainability legal roles.

When dedicated roles are not present, the attorneys working on sustainability-related matters can feel they are wearing "many hats," juggling a myriad of roles and issues at the company. Specifically in the case of public companies without dedicated sustainability legal roles, in-house lawyers with specialties in securities or governance are often asked to manage sustainability-related matters.

An interviewee described their company's approach: "I am the public company lawyer. Because we do integrated reporting, our impact reports are in my purview from a disclosure perspective, which effectively means I get asked about all sorts of disclosures we make about impact. We have other lawyers who advise on other aspects. For example, someone—not on my team—has expertise on modern slavery acts. Then we are being advised by another lawyer on California's Voluntary Carbon Market Disclosure Act disclosures, and by one of our litigators who had dealt with some greenwashing litigation that's related to the carbon offsets. We parcel things out to the people who are best positioned to deal with them."

Some interviewees noted that their sustainability-related responsibilities are relatively new, and suggested that their new responsibilities are meant to respond to the uptick in sustainability-related compliance work. As one interviewee put it: "The whole reason my dedicated role exists is the increasing regulation. I don't think leadership had seen a need for a full-time dedicated ESG counsel, as opposed to having it be the part-time hat like some of the other attorneys, until the regulatory work increased and because of the compliance nature of it. It just necessitates it. So preparing for the California climate laws, EU Corporate Sustainability Reporting Directive (CSRD), and the EU Corporate Sustainability Due Diligence Directive (CSDDD), those three hand-in-hand created the need."

Key Insights

+ While the overall size of company legal functions varies, often only a small number of legal personnel work on sustainability-related matters
+ Dedicated sustainability roles are more common in companies with 100 or more employees in the legal function
+ Some companies have created dedicated legal roles in response to increased sustainability-related regulation and associated compliance work

How extensively do sustainability and legal teams collaborate?

Sustainability

Legal

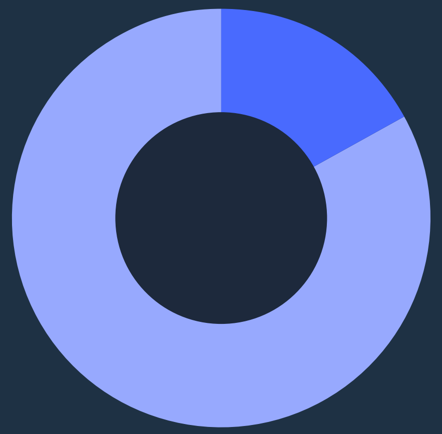
6 How frequently do your sustainability and legal teams collaborate?

Sustainability

52%
Occasionally
(monthly or quarterly)

48%
Frequently
(weekly or bi-weekly)

Legal

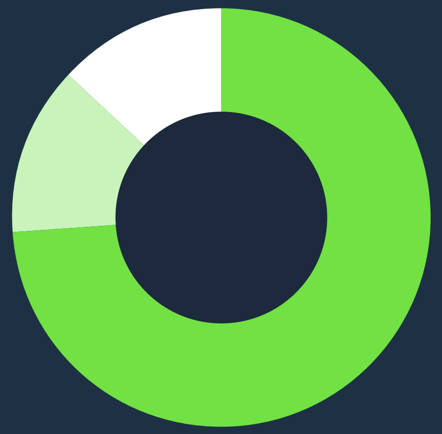


17%
Occasionally
(monthly or quarterly)

83%
Frequently
(weekly or bi-weekly)

7 From your perspective, is the current manner and frequency of collaboration sufficient?

Sustainability



74%
Yes, just right

13%
Neutral or unsure

13%
No, it's too little

Legal

50%
Yes, just right

33%
Neutral or unsure

17%
No, it's too little

8 How proactive is your legal team in addressing sustainability-related compliance and risk management?

Sustainability

Question posed to legal professionals only

Legal

58%
Very proactive
(leading efforts)

25%
Moderately proactive
(regularly involved)

17%
Somewhat reactive
(occasionally involved)

How extensively do sustainability and legal teams collaborate?

CROSS-CUTTING THEMES

Both sustainability and legal respondents expressed a desire for regular interaction. Legal respondents indicated an interest in more frequent and close collaboration, while a greater number of sustainability teams seemed to find their collaborative work to be adequate currently.

> Legal teams said collaboration is "just right" when they frequently collaborate with sustainability colleagues.

Sustainability

Survey results show regular collaboration between sustainability teams and their company's legal teams.

Many interviewees described a combination of frequent ad hoc engagement with key points of contact on their company's legal teams to discuss issues of the day, supplemented by more formal monthly or quarterly meetings to review topics such as evolving regulations and progress against the company's sustainability roadmap, targets, and goals.

Most respondents indicated that they are satisfied with their current level of collaboration, but some added that shifting business priorities can create a need for more interaction. One emphasized the importance of the legal team being "in lock step with sustainability efforts, from the creation of KPIs, throughout execution, and driving internal and external amplification." Such comments reflect the value, for sustainability teams, of sustaining active and consistent engagement with the legal team.

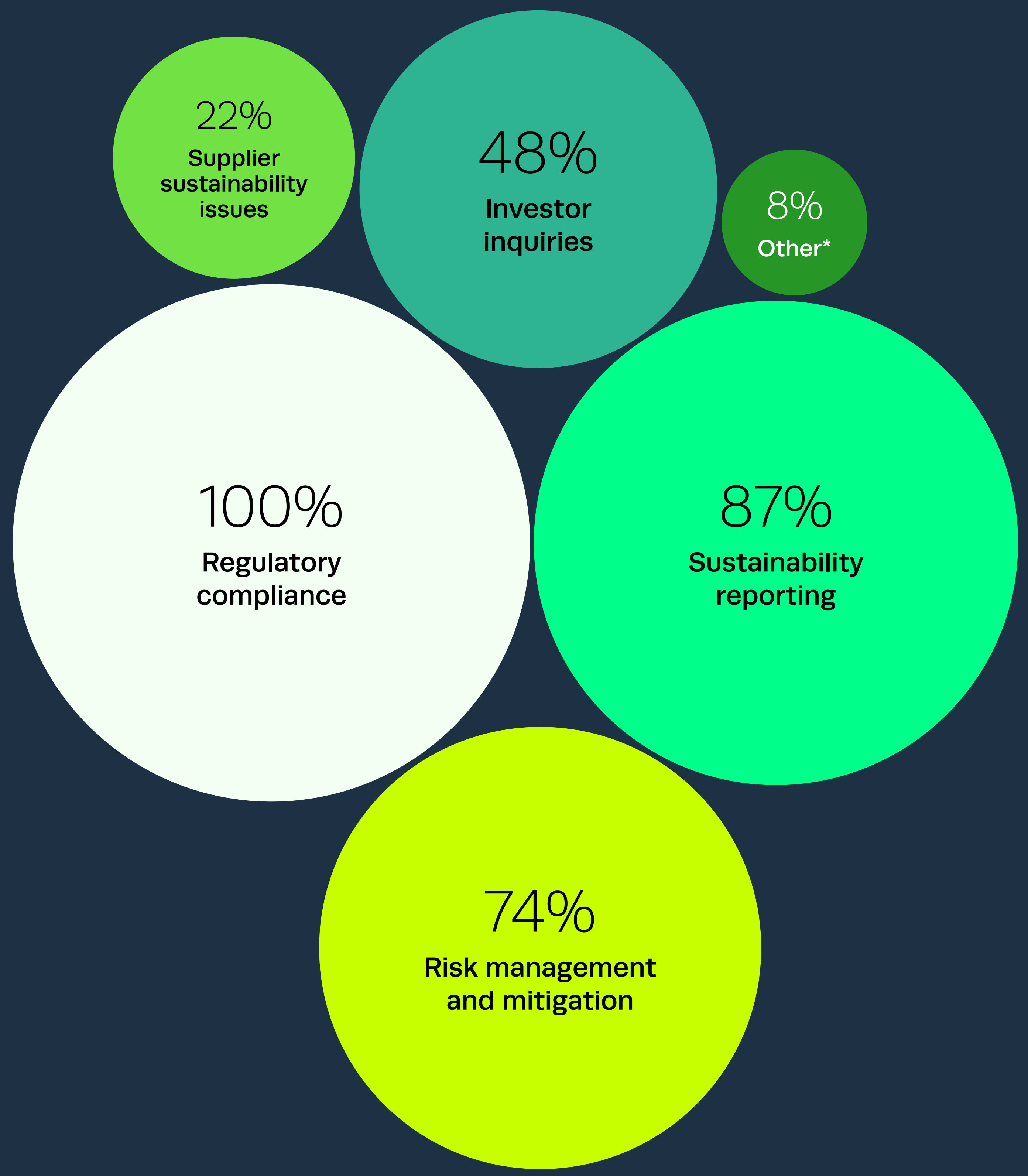
Legal

The vast majority of legal survey participants stated that they frequently collaborate with their company's sustainability team.

All respondents who selected that their current manner and frequency of collaboration with their sustainability team is "just right" also selected that they frequently collaborate with the sustainability team. Legal respondents did not uniformly express that the manner and frequency of collaboration is sufficient. A participant who selected occasional engagement and that it is too little noted that their company is in the process of setting up more cross-functional working groups between sustainability and legal teams. Overall, the survey suggests that frequent collaboration between sustainability and legal teams is becoming increasingly common and desirable.

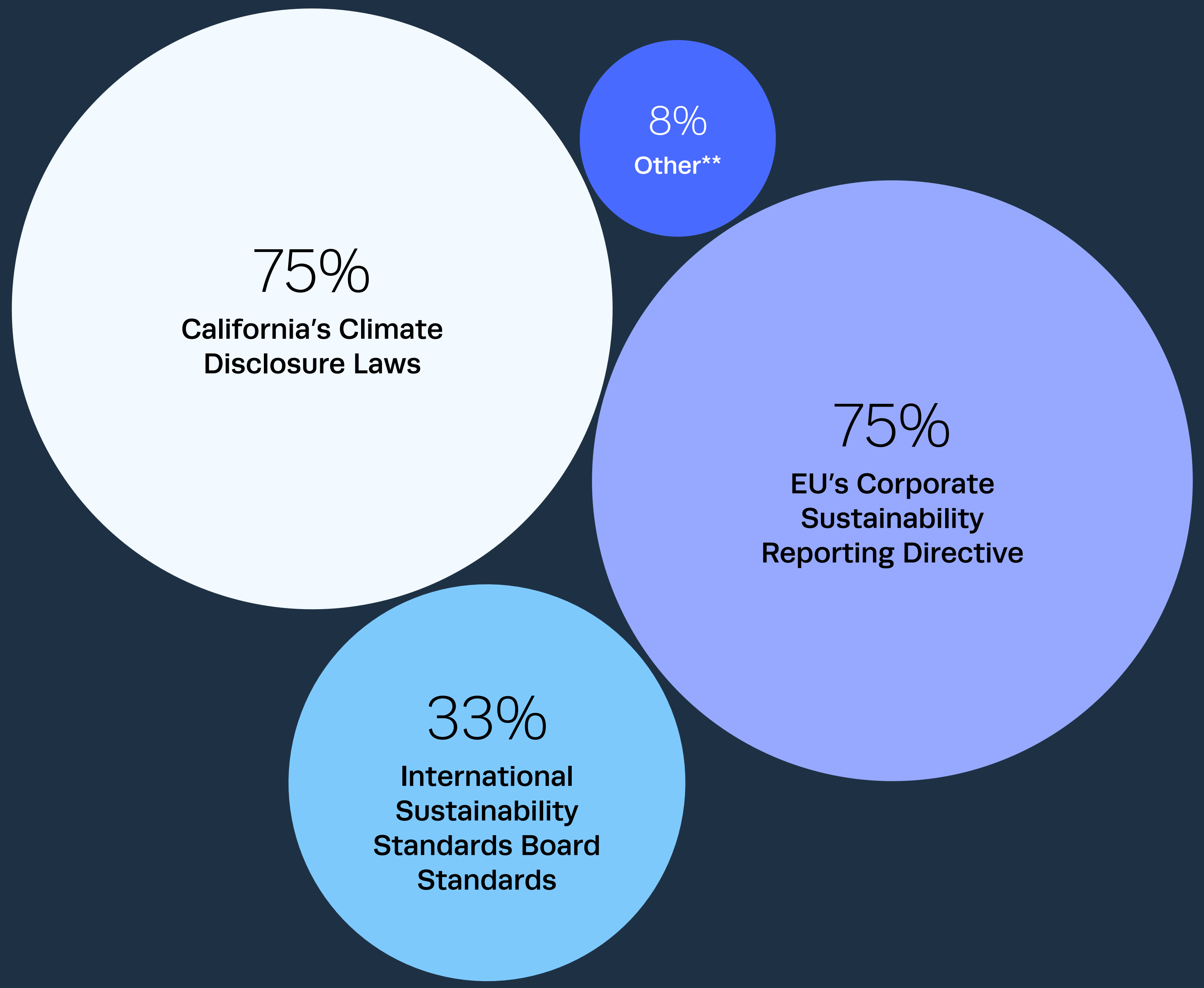
Which topics most drive collaboration?

9 What sustainability-related issues typically require engagement with your company's legal team?



*Includes marketing campaign approvals, client contracts, supplier contracts, ethics, and sustainability memberships.

10 Which sustainability-related regulatory developments currently require the most attention from your legal team?



**Includes sustainable finance disclosure regulation, modern slavery statements, scoping tests and mapping of obligations globally, and EU product-related initiatives.

Which topics most drive collaboration? *(continued)*

11 Have sustainability-related regulatory developments increased or decreased interactions between your company's sustainability and legal teams in the past year?

Sustainability

57%
Yes, somewhat increased

30%
Yes, significantly increased

13%
No noticeable change

Legal

42%
Yes, somewhat increased

42%
Yes, significantly increased

17%
No noticeable change

12 Have sociopolitical changes (i.e. investor or public sentiment about sustainability / ESG topics) noticeably increased or decreased interactions between your company's sustainability and legal teams in the past year?

Sustainability

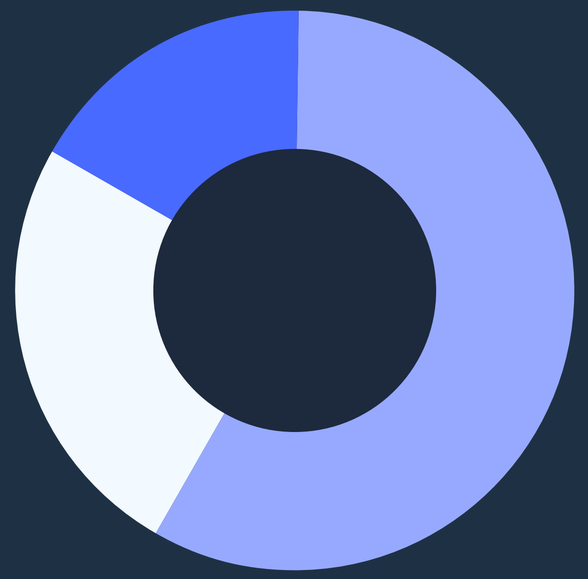
57%
Yes, somewhat increased

30%
No noticeable change

9%
Yes, significantly increased

4%
Yes, somewhat decreased

Legal



58%
Yes, somewhat increased

25%
No noticeable change

17%
Yes, significantly increased

Which topics most drive collaboration?

CROSS-CUTTING THEMES

Evolving regulatory requirements have driven collaboration over the past year. Interaction has also increased due to sociopolitical changes, although to a lesser extent, especially in the area of diversity, equity, and inclusion (DEI).

Sustainability

Many interviewees mentioned that keeping abreast of evolving regulations and determining whether their company might be in scope are major drivers of collaboration. In one respondent's words, "The sustainability team identifies emerging regulations and then, if we believe we're in scope, we will bring it to the legal team to confirm. We have monthly check-ins with senior leaders from legal to understand regulations or determine when to bring in outside counsel. It is a mutual learning experience between our teams."

Once companies identify the requirements that apply, they need to then prepare for compliance. A meaningful majority of survey respondents indicated that fulfilling sustainability-related regulatory requirements has increased their interactions with their company's legal team over the past year.

The EU's Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), California's climate disclosure laws (SB 253, SB 261 and the Voluntary Carbon Market Disclosure Act), and greenwashing legislation were frequently noted as spurring engagement.

One interviewee noted how quickly evolving expectations from around the world are shifting sustainability activities and reporting from "nice-to-haves" to "need-to-haves," even for companies not yet subject to any domestic regulation.

Another relayed that, "Though we aren't subject to CSRD or other European reporting standards, due to growing global investor interest in them, we are paying attention and may move in that direction with our reporting. Better to be overprepared than underprepared."

Other interviewees discussed the importance of reviewing language with their company's legal teams, to ensure alignment between sustainability reporting, financial reporting, and investor communications, and to mitigate greenwashing risks.

Sociopolitical changes were also indicated to have increased interactions, although to a lesser extent. All interviewees mentioned diversity, equity, and inclusion (DEI) in particular as an area of increased sensitivity and therefore collaboration. One described working more closely with a colleague on the legal team focused on employee relations, when preparing a disclosure on DEI initiatives. "As we worked on writing our sustainability report, we focused on word choice to ensure we effectively balanced mitigating risks and celebrating our people."

While social issues were the most frequently noted drivers of increased interaction due to sociopolitical changes, this interviewee also observed increasing caution regarding reporting on climate change and related initiatives.

Key Insights

+ Evolving regulations are major drivers of collaboration with legal teams
+ Monthly check-ins with senior leaders from legal support understanding of regulations
+ DEI is an area of increased sensitivity and therefore collaboration

Which topics most drive collaboration? *(continued)*

Legal

The majority of survey participants indicated that sustainability-related regulatory changes have increased internal collaboration with their sustainability team over the past year. One interviewee cited three specific regulatory developments that spurred the decision to create a full-time ESG counsel, as noted above: California's climate disclosure laws and the EU's CSRD and CSDDD.

One interviewee who reported no noticeable change explained that this is due to their company voluntarily reporting according to the Task Force on Climate-related Financial Disclosures (TCFD) for several years and preemptively preparing for CSRD reporting. So adjusting for regulatory compliance coming into effect this year is not a notable change given their historical work.

In addition to the uptick in work to comply with new regulatory requirements, multiple interviewees commented on the broader effects on their companies' workflows as sustainability-related regulation expands.

One legal representative shared that "traditional" sustainability reporting for their company consisted of conflict minerals and modern slavery reporting. The legal team, they stated, typically handled these reports by collaborating with stakeholders and colleagues in supply chain, operations, or human resources (HR). Collaboration with the sustainability team had been limited to work on the voluntary corporate sustainability report. However, that limited scope for sustainability team collaboration has expanded dramatically with regulations like the EU's CSRD and California's climate disclosure laws. They explained: "Over the last few years, partly because we had to work with other groups doing the double materiality assessment for CSRD and the scoping work and preparing for the California reporting—all these meetings to get that done—everyone is working together on all those projects on a weekly basis and there's a lot more collaboration across the departments and the functions, and that's bled through into the voluntary reporting. Now legal, finance, sustainability and HR are all involved from early stages in terms of planning what the voluntary report will look like, what the themes are going to be, reviewing multiple early drafts, all the way through the end. The impetus was these additional regulatory requirements."

As for sociopolitical change, multiple interviewees noted that anticipating what's around the corner can be like "trying to read the tea leaves." Many interviewees noted that middle-of-the-road and evidence-backed disclosure strategies have prevented their companies from having to pivot or backtrack on initiatives or stances.

> One interviewee cited three specific regulatory developments that spurred the decision to create a full-time ESG counsel: the California climate laws and the EU's CSRD and CSDDD.

Which topics most drive collaboration? *(continued)*

Legal

According to one interviewee: "We've really put in the effort internally to make sure there's alignment between our sustainability strategy and our business strategy, so they're not decoupled or separate. We also try to be in the middle of the road and make sure we're not left behind. I think that has served us well as the pendulum has been swinging." Another interviewee explained: "As it relates to agreed upon disclosures, the goal has always been to avoid litigation. Legal always has perspective and had a seat at the table within the sustainability team."

These approaches require collaboration among functions to combine possibly divergent perspectives into one disclosure strategy.

Another area where legal teams have felt greater need for collaboration with the sustainability team relates to DEI disclosures.

Specifically, respondents indicated that public-facing messaging and the related measurement practices are changing. Interviewees specified: "We no longer have diversity goals. We are considering whether [to have] ESG goals in our metrics for 2026." However, interviewees emphasized that their companies' values and programs had not changed. For example, one said, "We are careful about how we talk about diversity in the current environment, but we still think it's important and it is in our 10-K." Another emphasized that in practice, "We are continuing to do all the good things that we think are right as a responsible company."

Another legal respondent explained that their company had scaled back external communication around DEI, now limited to qualitative goals focused on "ensuring opportunity for all."

As for the collaboration required to navigate these adjustments, a respondent said, "We've reached consensus on the right approach with discussions and talking to different advisors." In this new approach, "the sustainability team takes the lead in drafting those disclosures, but legal is very involved in reviewing and commenting. The sustainability team is receptive to taking those changes."

Key Insights

- Sustainability-related regulatory changes have increased internal collaboration
- Expanding sustainability regulations have broader effects on company's workflows, requiring input from colleagues across multiple departments
- Amid sociopolitical pressures, public-facing communication is changing, but values and programs have not

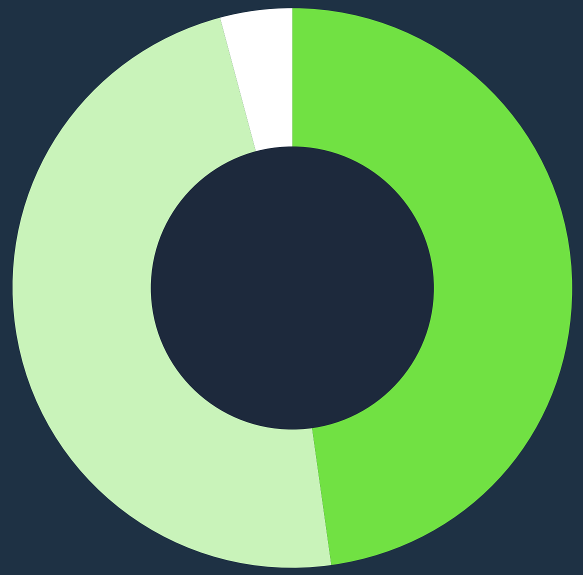
How comfortable are legal teams with sustainability topics and priorities?

Sustainability

Legal

13 Do you feel your company's legal team understands general sustainability topics and their importance?

Sustainability



48%
Yes, fully understands

48%
Somewhat understands

4%
Not very well

Legal

33%
Yes, fully understands

50%
Somewhat understands

17%
Not very well

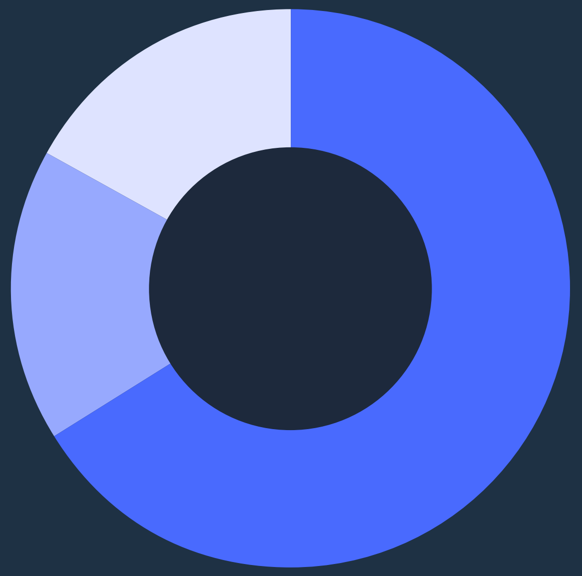
14 Do you feel your company's legal team understands the company's sustainability priorities and objectives?

Sustainability

48%
Yes, fully understands

52%
Somewhat understands

Legal



67%
Yes, fully understands

17%
Somewhat understands

17%
Not very well

How comfortable are legal teams with sustainability topics and priorities?

CROSS-CUTTING THEMES

Both groups of respondents expressed that collaboration supports a shared understanding of the issues. Environmental and climate issues were noted as having the greatest gap in comfort level between teams.

Sustainability

Respondents from sustainability teams expressed a general consensus that their company's legal teams have a good understanding of sustainability topics and related company priorities

One interviewee described noticing a higher comfort level in the individual lawyers they engage with most often, indicating that the collaboration has had a capacity-building effect, and this brings benefits back to the company's sustainability work. As one said, "The fact that our Chief Legal Officer (CLO) is so familiar with ESG is extremely helpful. It can be difficult to find the balance of who needs to know what. Having an ESG-informed CLO helps us streamline the process of working with other lawyers on the team."

Interviewees noted that gaps in sustainability knowledge tend to present themselves most frequently around environmental and climate issues, whereas legal teams have greater experience with social and governance matters – and are often the subject matter experts in these areas – given their ongoing work on human rights and ethical issues, among others.

One respondent said legal teams' sustainability capacity is growing: "They might not know all the details of reporting frameworks like the TCFD, but they are building their knowledge base. They review the sustainability report based on their expertise and their interest, so this is another learning opportunity. For example, with biodiversity, they can use the sustainability report review process as an opportunity to learn about biodiversity issues."

Legal

Most survey respondents reported that they feel their legal team fully or somewhat understands their company's sustainability priorities and objectives, at least in part as a result of regular, cross-functional internal meetings and working groups.

Interviewees emphasized that some smaller teams of attorneys working on sustainability-related matters are incredibly knowledgeable on general sustainability topics, but the wider legal team may not be aware of every topic and applicable regulation.

What are the benefits of collaboration between sustainability and legal teams?

15 Has strong collaboration between your company's sustainability and legal teams ever positively impacted sustainability outcomes, legal outcomes, and/or reporting?

Sustainability

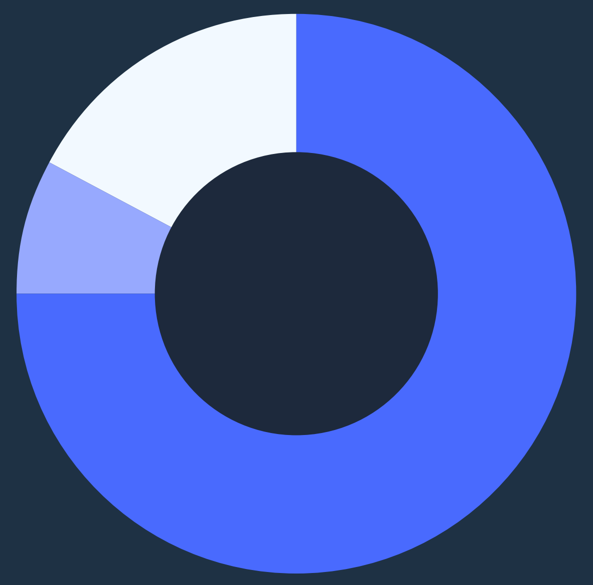
39% Yes, significantly

43% Yes, somewhat

17% No noticeable impact

> Being able to bounce ideas off the legal team is a huge help…we lean on them as a sounding board in part to keep the company out of trouble, but also to be proactive about prioritizing for potential future issues as the company changes and grows.

Legal



75% Yes, significantly

8% Yes, somewhat

17% No noticeable impact

> I am often reaching out to get a primer on some aspect that I don't understand…someone in sustainability functionally understands it, [and can help me] understand enough to write a disclosure about it.

What are the benefits of collaboration between sustainability and legal teams?

CROSS-CUTTING THEMES

Sustainability teams reported benefitting from legal colleagues' support with public disclosures, compliance with regulations, and managing business risk. Legal professionals pointed to the benefits of their sustainability colleagues' expertise on technical topics. Legal respondents were more emphatic about the positive impacts of collaboration between sustainability and legal teams.

Sustainability

An overwhelming majority of survey respondents in sustainability teams reported that strong collaboration with their legal teams has positively impacted sustainability outcomes or reporting. They cited several benefits. First, better-aligned public disclosures: respondents said close collaboration gives them greater confidence that their disclosures related to emerging regulations are compliant.

Second, stronger risk mitigation: several interviewees noted that having the legal team refine wording in public disclosure has been extremely helpful in risk mitigation. One mentioned that having the legal team's buy-in not only reduces risk but lends credibility to sustainability efforts and helps initiatives move forward more efficiently. Further, the legal team's inherent focus on process and documentation provides an organizational discipline that protects the company. Ultimately, the collaboration provides greater confidence in the company's regulatory responses.

Company-wide coordination is also enhanced through legal colleagues' involvement, participants said. Given the legal function's unique position with responsibilities across the entire organization, it is able to provide insight into implications of sustainability-related decisions for other functions and their regulatory or reporting obligations that the sustainability team may be less familiar with.

As one interviewee put it: "Being able to bounce ideas off the legal team is a huge help. They also help us with a lot of policies, such as those related to indigenous people or human rights. We lean on them as a sounding board in part to keep the company out of trouble, but also to be proactive about prioritizing for potential future issues as the company changes and grows."

Key Insights

+ Collaboration yields more confidence in public disclosures
+ Buy-in from legal serves to reduce risk and lends added credibility to sustainability efforts
+ Legal involvement enhances company-wide coordination

What are the benefits of collaboration between sustainability and legal teams? *(continued)*

Legal

Many interviewees expressed difficulty in managing the increasing number and breadth of sustainability-related legislation. To manage the influx of developments and information requests, many interviewees reported depending on the expertise of the sustainability team and other departments around the company. One legal professional shared that they are "often reaching out to get a primer on some aspect that I don't understand. Carbon accounting, for example. Someone in sustainability functionally understands it, [and can help me] understand enough to write a disclosure about it."

Key Insights

+ Expertise from sustainability teams enables lawyers to more efficiently manage increasing demands from sustainability-related requirements

What gets in the way?

16 Which barriers prevent effective collaboration between your company's sustainability and legal teams?

Sustainability

#1 Competing priorities and goals
#2 Limited ESG understanding in legal teams
#3 Lack of clear roles/responsibilities
#4 Different interpretation of regulatory requirements
#5 Communication barriers or terminology differences
#6 Other*
#7 Slow response or delayed involvement

Legal

#1 Resource Constraints (time, budget)
#2 Unclear roles/responsibilities
#3 Competing priorities and goals
#4 Lack of clear communication channels
#5 Other**
#6 Different interpretation of regulatory requirements
#7 Lack of sustainability-related knowledge within the legal team

*Includes needing more legal resources, disclosure fatigue, legal's desire to be cautious and measured versus a quickly evolving landscape, and limited understanding of areas for proactive collaboration.

**Includes lack of financial-related risk disclosure knowledge within the sustainability team.

What gets in the way?

CROSS-CUTTING THEMES

Both sustainability and legal participants acknowledged "cultural differences" between their disciplines as sometimes presenting a barrier to collaboration. These differences can translate to additional time and education needed between the teams to reach consensus. Both types of participants expressed recognition for each other's motivations and acknowledged the value of their perspectives.

Sustainability

Sustainability professionals indicated three main barriers that hinder their work with their legal teams.

The first and highest ranked barrier is competing priorities and goals – ranked in the top two choices for 70% of survey participants.

In the view of several interviewees this can relate to a legal team's focus on "issue-spotting" and risk mitigation. The uncertainty and change inherent in the sustainability field can inspire legal teams to take a more cautious approach, while sustainability teams may prioritize keeping up with evolving standards, and the potential for improved investor response as a result. One interviewee shared: "Lawyers tend to be very cautious. They don't want to say too much. My main challenge is to try to convince them why they should make new disclosures, so there is a bit of negotiation that happens."

Insufficient capacity within legal teams also can contribute to deprioritizing sustainability matters.

Another barrier to collaboration among sustainability and legal teams, according to respondents, is limited sustainability/ESG understanding among legal teams.

Despite the general consensus from sustainability professionals that their company's legal teams are familiar with sustainability topics and related company priorities, the rapidly changing nature of the sustainability space contributes to topical knowledge being ranked highly as a barrier. One interviewee noted that the pace of changing regulatory requirements from various regions around the world makes it very difficult for the legal team to stay fully informed. A few interviewees mentioned the need for the support of external counsel to assist with navigating this complexity.

Finally, a lack of clear roles and responsibilities can be a barrier to inter-team collaboration. This is especially pronounced when working on projects related to new laws and standards. In those cases, it can be hard to determine who is responsible and equipped to lead and execute the needed tasks when requirements evolve.

By contrast, when sustainability respondents work with their legal colleagues on established sustainability initiatives like a corporate sustainability report, the process can feel like "a well-oiled machine," in the words of one interviewee. In other words, long-standing sustainability tasks like issuing a sustainability report or statements on specific social issues present less of a challenge; teams are in the habit of coordinating on these processes.

Key Insights

+ Competing priorities result from different levels of emphasis on risk mitigation
+ Insufficient capacity within legal teams, highly specialized topics, and unclear division of labor create challenges for working across departments
+ Barriers are higher when working on new laws and standards than with established reporting processes

What gets in the way? *(continued)*

Legal

Among the barriers to effective collaboration between companies' sustainability and legal teams, legal participants ranked resource constraints most highly and consistently. Each interviewee stressed the desire for more people, time, and resources; this message came through especially from legal team members that perform sustainability work as one of many areas of responsibility. For many public companies in which securities lawyers also oversee sustainability matters, an added challenge can be posed by an inherent calendar conflict.

One interviewee explained: "For the first four months of the year, it's 10-K, proxy, and annual meeting. There's no time to do extra stuff. And this is when the sustainability team is pushing for the voluntary annual report. That has hindered some of the collaboration."

Resource constraints are closely tied with the second most-selected barrier, competing priorities and goals. As one interviewee explained, a "lean team" leads to difficult prioritization decisions; for example, "You may have to prioritize a sanctions issue over a voluntary ESG disclosure. The penalties on most sustainability regulations tend to be on the limited and low impact to the business side. When things have to get prioritized, sustainability matters wind up not at the top of the pile."

While all interviewees spoke positively about the collaboration between sustainability and legal teams, a few interviewees highlighted "cultural differences" and a difference in philosophy between the two groups.

One interviewee captured this tension from a business perspective: "The legal team is more risk averse, and those of us working on the team are all disclosure lawyers. We're involved in all the board materials and strategic direction of the company overall. We have that lens that we always put onto things. I think the sustainability team is certainly tied into our strategic direction as an enterprise, but they have certain views as to what the company should do and there's a push toward being more progressive from a sustainability perspective. On the legal side, we're typically trying to bring that back to make sure we're not getting out ahead of the business."

Another highly ranked barrier was unclear roles and responsibilities. Many interviewees reported experiencing an ongoing game of "hot potato" as new sustainability regulations come to their company's attention (e.g., EPR laws). One said, "We end up having a lot of discussion on whose job is this and why, who should pay for it, and who needs to be the project manager?"

One aspect of this is the proliferation of individual laws for specific jurisdictions: "Historically, we would have said, local jurisdictions manage their respective modern slavery law disclosures, but now that there are so many of them, it feels like maybe we should manage at a global level? There's been a lot of discussion of when should it be global versus local jurisdiction, and when should it be compliance or legal lead."

Another element of the uncertainty around roles and responsibilities is when completing a disclosure task for the first time, and not having full insight into the type of expertise that will be required. For example, "someone's going to have to submit our report to the California portal. That sounds so simple, but whose job is it? That is a question we have to have every time, because we've never done it before."

Regardless, the additional constraint of limited resources also informs teams' decisions: "it really comes down to who gets headcount and budget."

Key Insights

- Legal professionals reported the same leading barriers to collaboration as sustainability professionals, including resource constraints and competing priorities
- With the proliferation of individual laws for specific jurisdictions, uncertainty around roles is heightened
- It is challenging to assign responsibilities without knowing the expertise required, as with a first-time disclosure task

What would help?

17 What resources would most help improve collaborative work with your company's sustainability and legal teams?

Sustainability

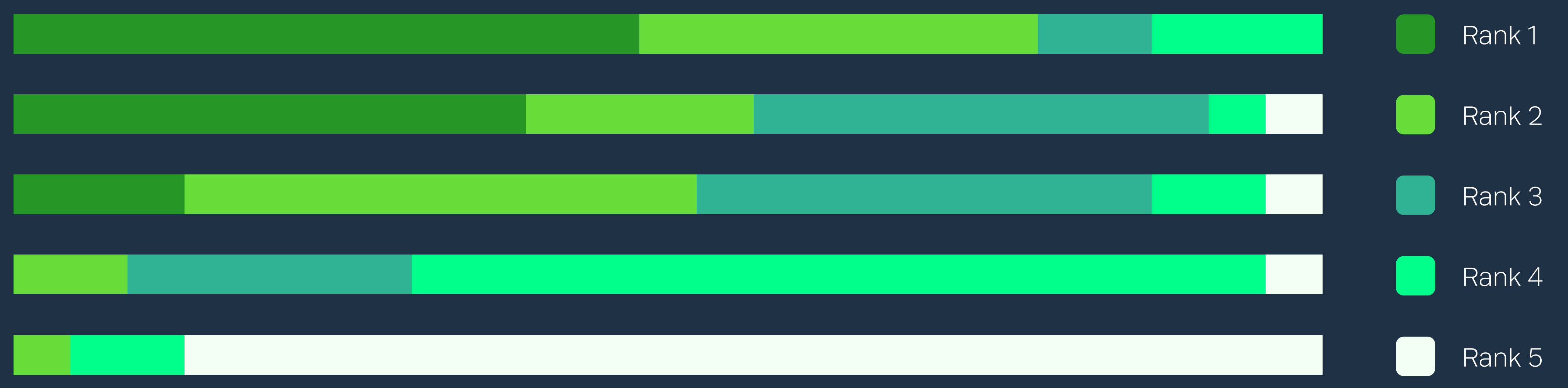
#1 Practical legal and compliance checklists

#2 Regular internal sustainability–legal forums

#3 Joint training/workshops

#4 Case studies of effective collaboration

#5 Other*



Legal

#1 Practical sustainability-related checklists and templates

#2 Sustainability-related regulatory briefings

#3 Regular internal legal–sustainability forums

#4 Joint training/workshops

#5 Case studies of effective collaboration

#6 Other**

*Includes a legal / sustainability 101 newsletter and a risk / legal register with ESG / sustainability issues.

**Includes practical, pragmatic, plain English resources that would help a sustainability expert consider legal and regulatory risk related to mandatory reporting.

What would help?

CROSS-CUTTING THEMES

Respondents mirrored each other in describing a need for written tools, alongside gatherings like briefings, trainings, or conversation forums.

Sustainability

The practices shared by survey participants and interviewees that enable effective collaboration have a common thread: proactive, structured engagement. This takes the shape of talking early and often to ensure alignment, clearly defining roles for managing sustainability disclosures, and embedding a legal team member directly into (or assigned to work with) the company's sustainability working group. Teams benefit from a steady exchange of information, such as articles or webinars, on new developments at the intersection of sustainability, law, and regulation, as well as engaging third parties to assess regulatory requirements and how they might apply to the company.

Survey participants were asked to rank resources based on how useful they would be in improving collaboration. The following were ranked in the top two choices for more than 50% of respondents:

Interviewees suggested it could be helpful to develop written tools, like a checklist of legal and compliance actions for sustainability teams and another with sustainability-related information and guidance for legal teams, to proactively fill gaps in knowledge about a process, as well as to set expectations and allow teams to plan ahead. One interviewee noted that, "Not all of the legal team might have exposure to certain topics, so a checklist would help them to jump ahead."

In addition, participants suggested that the sustainability team could "prepare a list of questions that the legal team might ask, complete with answers" to facilitate more efficient collaboration.

Some interviewees indicated that it would be beneficial to bring sustainability and legal professionals together through sustainability and legal-focused forums, both internal and external, and focused on different regions. "An industry association or membership organization that could facilitate conversations between teams would be helpful," in addition to the sustainability teams' existing involvement in ESG-focused initiatives.

Suggesting joint training or workshops, an interviewee mentioned that, "The legal team does regular education on specific topics. For ESG, it would be helpful to have pre-packaged education sessions on specific [ESG] topics, tailored for lawyers."

Key Insights

+ Companies would benefit from checklists of legal and compliance actions -- one for sustainability teams, and another for legal teams
+ Facilitated conversations between teams could be helpful, as well as education sessions on ESG topics, tailored for lawyers

What would help? *(continued)*

Legal

The highest and most consistently ranked resource that survey participants reported would help improve work with sustainability teams (ranked in the top two choices for 92% of participants) is practical sustainability-related checklists and templates. Many interviewees saw effective checklists and templates as possible solutions to the time constraints they faced.

Respondents elaborated: "Templates and checklists to work from might enable [sustainability colleagues] to take on some more work and feel confident in what they're doing and delivering. It also would improve the quality of initial work product by setting expectations and needs in advance, as well as helping us utilize wherever we have capacity."

At another company, an interviewee indicated that such resources are "something that we are trying to do more of. We are working on a modern slavery template that multiple markets can use. We're trying to make things more efficient and show up externally with one voice across topics and jurisdictions."

The second-highest and most consistently ranked resource is sustainability-related regulatory briefings. An interviewee said that among other reasons, such briefings are helpful because "it's a forcing mechanism to focus on and prioritize" topics that need attention.

Respondents also welcomed other ways to help with monitoring developments with regulations. Given the volume of sustainability-related regulations, the speed of change, and the impact of working across multiple jurisdictions, many interviewees described monitoring regulation as a struggle that could warrant a full-time job. An interviewee said their outside counsel provides an "extremely helpful" tracker.

Another said, "We have a legal drivers tracker, which includes our regulatory change, and we have different people responsible for tracking, either high, low, proactive, the various aspect of the law. Sustainability-related laws are included."

While not ranked number one by any survey participants, joint trainings and workshops was ranked second or third by 66% of survey participants.

Key Insights

+ Top ranked resources to help with collaboration included practical, sustainability-related checklists and templates, as well as regulatory briefings
+ 66% of participants indicated strong interest in joint trainings and workshops

What do you anticipate in the next 1–2 years?

18 Over the next 12–24 months, how do you anticipate the role of your company's legal team will change regarding sustainability strategy and compliance?

Sustainability

9%
Increase significantly

61%
Increase slightly

30%
Remain the same

"Although we've had some relaxation of expected regulations in the United States, and even though Europe has issued some changes to the CSRD, I think the message remains clear: that sustainability, long term, isn't necessarily going anywhere.

Legal

33%
Increase significantly

42%
Increase slightly

17%
Remain the same

8%
Unsure

"It's the headlines versus the reality. Everything's changing every day. It's not going away though.

What do you anticipate in the next 1–2 years?

CROSS-CUTTING THEMES

Survey results indicated consensus among respondents: the scope of legal responsibilities related to sustainability is anticipated to either increase or stay the same. No participants expected a decrease.

Sustainability

Sustainability teams said long-term expectations and needs supersede recent changes in the U.S. and Europe. As one professional explained, "Although we've had some relaxation of expected regulations in the United States, and even though Europe has issued some changes to the CSRD, I think the message remains clear: that sustainability, long term, isn't necessarily going anywhere. The approaches we take and what we require companies to disclose might change, but the work is meaningful and important."

Legal

For legal teams, the day-to-day work of sustainability has not abated, regardless of shifts in broader trends. One respondent shared that in their experience, "It's the headlines versus the reality. Everything's changing every day. It's not going away though. Messages in my inbox are constantly asking, 'what's the next crazy thing that's going to happen?'"

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Summary

The responses received through our surveys and interviews with sustainability and legal professionals at companies across industries, regions, and size reflect an increasingly challenging environment that continues to evolve. Around the world, sustainability-related regulations are proliferating, but rules and requirements differ depending on the jurisdiction. At the same time, investor and public sentiments reflect a more fractious moment in society at large. It follows that corporate sustainability and legal professionals are having to navigate changing responsibilities, uncertainty, and risk.

These conditions are spurring greater engagement between sustainability and legal professionals, turning sustainability activities into "need-to-have" capacities for legal departments. Participants in our research said that growing investor interest makes it preferable to be "overprepared than underprepared."

While the stakes and demands are rising, corporate sustainability teams and sustainability-focused legal teams continue to be quite small, requiring professionals to wear many hats and make the most of limited resources. All of this makes cross-functional collaboration more important, and the results of our engagement clearly indicate that this is already happening and is likely to continue increasing.

Both sustainability and legal professionals indicate that strong cross-functional collaboration has had a positive impact on their work, citing benefits from sharing knowledge across teams, developing new processes to support collaboration and adapt to capacity constraints, and ultimately mitigating risk associated with sustainability topics and regulations.

Respondents also told us about an impact of recent changes in regulations: as professionals from both groups work together more frequently to keep up with required reporting, their new practices bring benefits to established, voluntary reporting as well. One legal respondent said, "Now legal, finance, sustainability, and HR are all involved from early stages in terms of planning what the voluntary report will look like, what the themes are going to be, reviewing multiple early drafts, all the way through the end." We also heard that building cross-functional capacity this way is affecting the respective company as a whole in positive ways.

Collaboration is not without its challenges, however, and participants in our surveys and interviews identified recurring difficulties, like different perspectives on the purpose and impact of sustainability reporting. Competing priorities and goals and a lack of clear roles and responsibilities also were highlighted by both corporate sustainability and legal professionals as frequent barriers. In addition, sustainability professionals pointed to limited comfort with sustainability-related concepts in legal teams as an obstacle, while legal professionals emphasized resource constraints as a primary hurdle.

To combat some of these challenges, our research showed that proactively establishing regular and frequent touch points can be effective, as these enable collaborators to systematically share information, mitigate surprises, foster alignment, define responsibilities, and identify and secure necessary resources. Further to this, participants in our surveys and interviews indicated additional resource types that they believe would serve to foster more effective cross-functional collaboration. Some of the most highly ranked include:

+ **Sustainability- and legal-related checklists and templates:** to efficiently bring collaborators up to speed on one another's expectations and requirements, build confidence, and both distribute and streamline work.
+ **Sustainability-related regulatory briefings:** to keep corporate sustainability and legal professionals informed about the growing number and variety of sustainability-related regulations.
+ **Joint training/workshops:** to more regularly bring corporate sustainability and legal professionals together and provide a forum for sharing expertise and priorities.

Together, these resources could enable corporate sustainability and legal professionals to work together more efficiently and effectively, an important goal as both endeavor to navigate today's complicated sustainability landscape.

Rising demands, rapid changes in expectations, lean teams: the current environment for corporate sustainability work is one of pressure and uncertainty. Cross-functional collaboration is proving to be an essential response, and we hope that this report has illuminated the prospect of new tools and methods to support teams at the forefront of the regulatory movement underway today.

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About Us

G&A GOVERNANCE & ACCOUNTABILITY INSTITUTE, INC.™

Founded in 2006, Governance & Accountability Institute (G&A) is a New York–based sustainability consulting and research firm advising corporate leaders and investors at the intersection of strategy, governance, and regulation. For two decades, we have partnered with executive teams and boards to translate sustainability strategy into durable enterprise value — helping organizations navigate shifting market expectations, evolving policy landscapes, and increasing capital markets scrutiny. G&A integrates sustainability into governance structures, risk oversight, enterprise performance management, and public disclosure — ensuring initiatives are not only compliant, but strategically aligned, operationally embedded, and resilient across economic cycles.

ROPES & GRAY

Ropes & Gray has a leading ESG, CSR and business and human rights compliance practice. We offer clients a comprehensive approach in these subject areas through a global team with members in the United States, Europe and Asia. Senior members of the practice have advised on these matters for more than 30 years, enabling us to provide a long-term perspective and depth and breadth of experience that few firms can match.

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