

The Lawyer Business Leadership Summit

Enabling Client Success as Purpose-Driven Sustainable Businesses

29 September 2020

Julia Hayhoe
Managing Director

The Boardroom Perspective

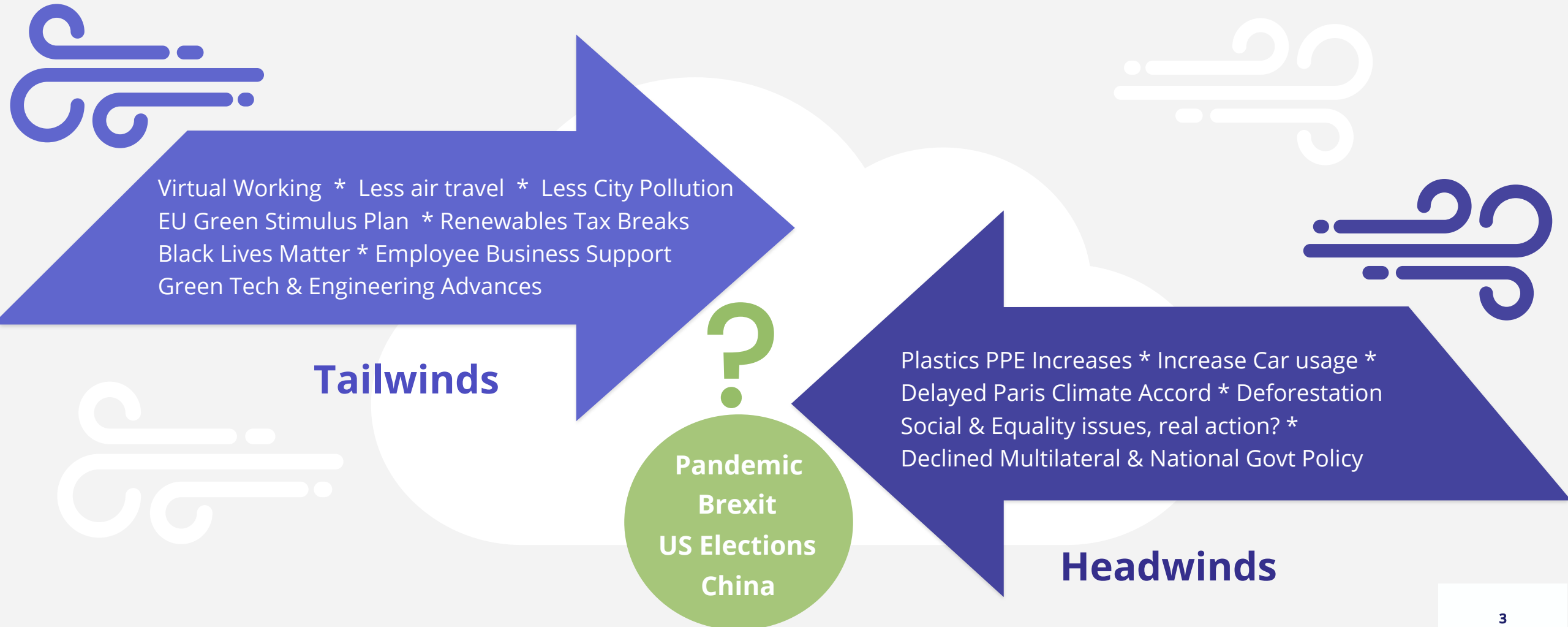
*What are the key Macro-trends driving
Sustainability & the Purpose Driven
Business agenda?*





The Key Macro Trends

Tailwinds & Headwinds driving the Sustainability Agenda



The debate on Purpose of Business Today

Shift from Shareholder Primacy towards Stakeholder Capitalism

1970 'Friedman Doctrine'

"Social Responsibility of Business is to increase profits" NY Times

1970
-80s

Shareholder Primacy

- Short Termism
- Maximizing shareholder returns (profit?)

2008 Global Financial Crisis

Exposes long term Economic & Social harms of Shareholder Primacy

2008...

2020 COVID 19 Pandemic

Exposes long term Economic, Social & Health inequalities

2020

Stakeholder Capitalism

- Long term value creation
- All Material Stakeholders
- Consistent with Fiduciary Duties
- Lawful & Ethical Conduct

Larry Fink's letter to CEOs | BlackRock

FORTUNE America's CEOs Seek a New Purpose for the Corporation

America's CEOs Seek a New Purpose for the Corporation

Greed and leverage boys sign statement

For more than two decades, the influential Business Roundtable has explicitly put shareholders first. In an atmosphere of widening economic inequality and deepening distrust of business, the powerful group has redefined its mission.

THE CARLYLE GROUP



Kewsong Lee
CO-CHIEF EXECUTIVE OFFICER
THE CARLYLE GROUP

SILVERLAKE



Egon Durban
MANAGING PARTNER AND MANAGING DIRECTOR
SILVER LAKE

VISTA
EQUITY PARTNERS

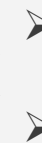


Robert F. Smith
FOUNDER, CHAIRMAN & CEO
VISTA EQUITY PARTNERS

 **DECADE OF >>> ACTION**



**WORLD
ECONOMIC
FORUM**



Davos 2020 Manifesto
The Great Reset
Stakeholder Governance

Questions directors need to ask in the age of stakeholder capitalism



A company's stakeholders include employees, suppliers, customers and communities.

Image: REUTERS/José Luis González

08 Jan 2020

Milton Cheng

Global Chair, Baker McKenzie

Beatriz Pessoa de Araujo

Partner; Head, Corporate Governance, Baker McKenzie

Julia Hayhoe

Chief Strategy Officer; Member of the Global Executive Committee, Baker McKenzie



First Poll: Your Perspective

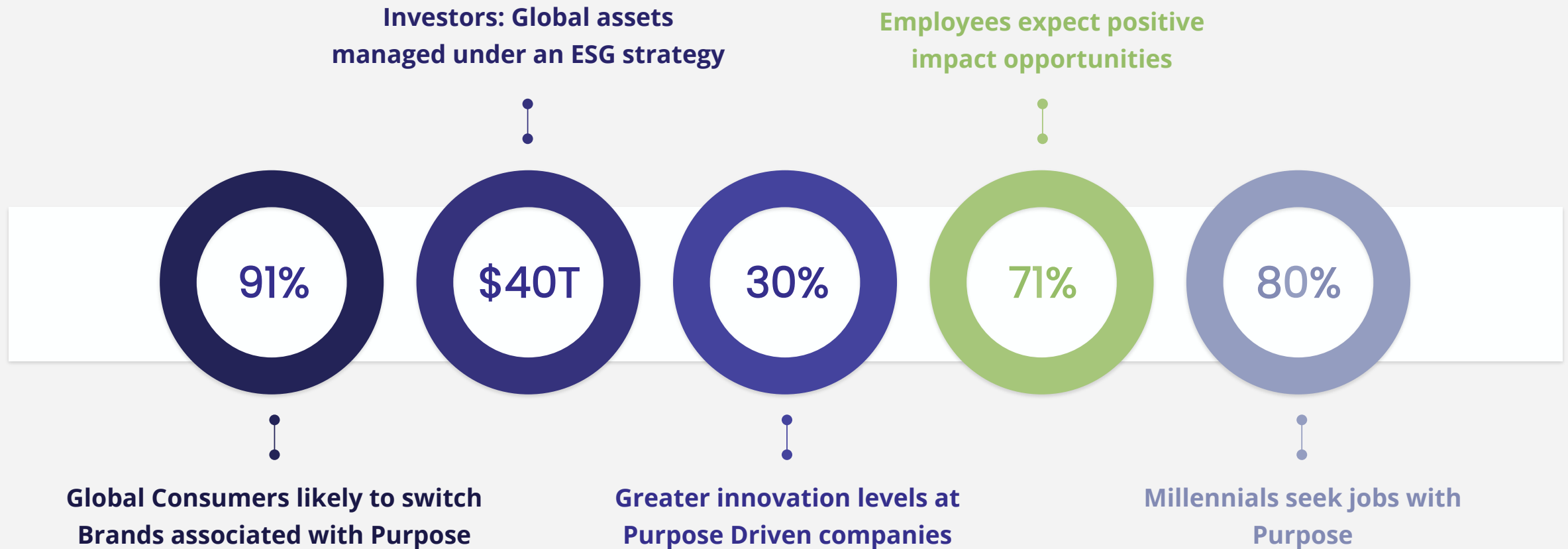
To what extent do you believe we are in a material shift from Shareholder Primacy to Stakeholder Capitalism?





What's new?

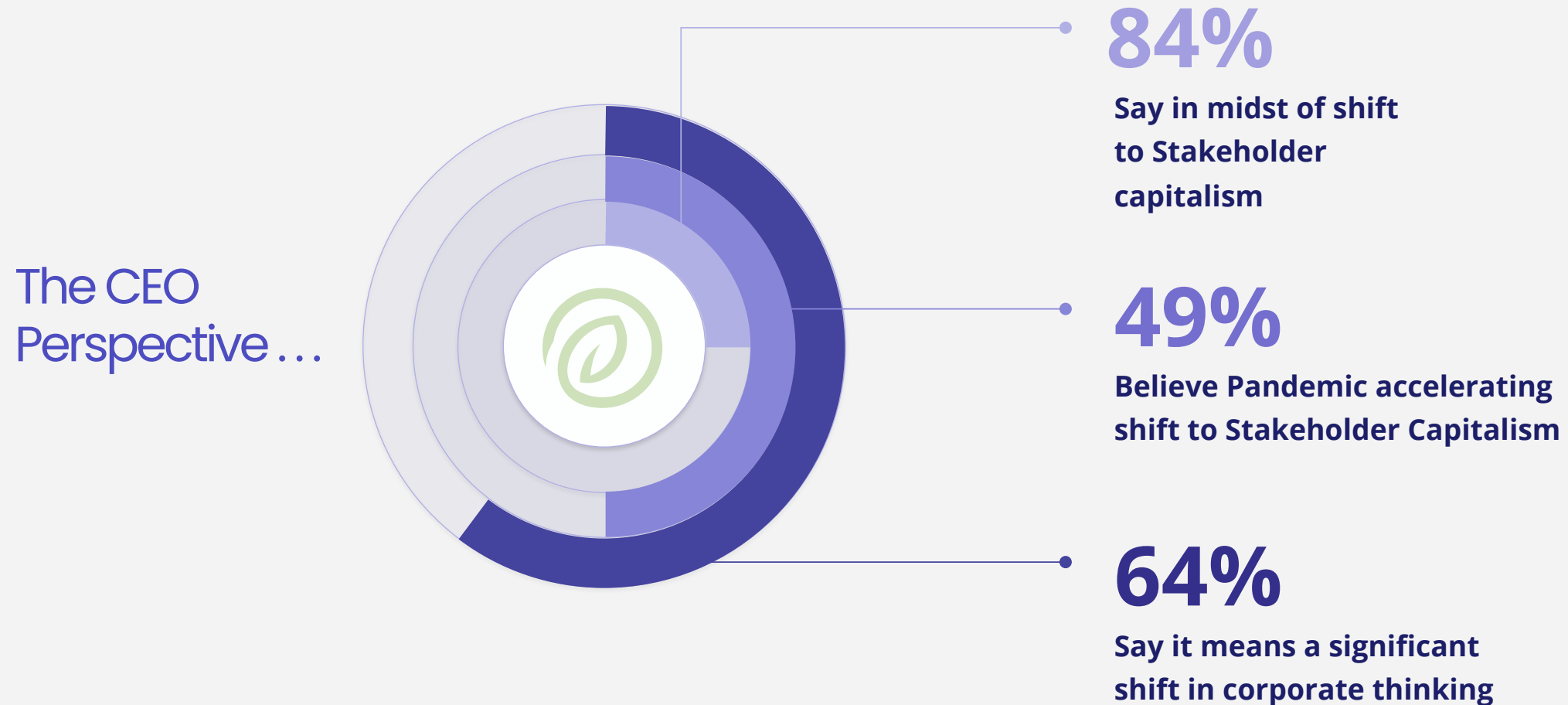
Breadth of Stakeholder Demands





What's new?

Extent of Corporate Board Commitment: Words to Action



What's new?

Convergence towards Common Metrics & Reporting



How is Sustainability translating
from the Boardroom, to General
Counsel and Legal Providers?





Environmental, Social, Governance (ESG)

Growth Opportunities, Risk Mitigation, Business Model Change





Today's Modern GC at the heart of enabling the ESG agenda

The CEO Perspective:

Areas outside of law PUBLIC company GCs oversee

Compliance & ethics **84%**

Government relations **49%**

Risk management **44%**

Privacy **31%**

Sustainability **22%**

Cybersecurity **21%**

Investor relations **15%**

Top 3 areas of improvement for GCs

1

BUSINESS STRATEGY

2

NEW MARKET EXPANSION

3

INDUSTRY KNOWLEDGE



The General Counsel View

How can Legal Providers assist you in your Sustainable Business Transition?

*“ESG advice need to be a holistically integrated proposition. By this I mean that law firms have a key role to play in every step of their work: They need to **understand the corporate culture and governance.**”*

*“ESG due diligence can seal or break deals. It’s become core to the deal process, while ESG experts can tackle more discrete issues, **law firms must work side-by-side with all experts** to identify and disclose issues which are often guided by amorphous best practices and sector-specific standards.”*

*“My reflections on Sustainability . . . how culturally driven it is, how all of the norms of a business build up to **make sure that sustainability flows through the business.** And our “wows” with our partner organisations reflect that.”*

*What’s wowed me? “A moment in an interview when a **junior team member spoke with passion** about the triple bottom line, through to a chat with a **member of reception who reflected proudly** on the carbon intensity credentials of their refurbished building.”*

Great Opportunities For Legal Providers with a strong ESG value proposition

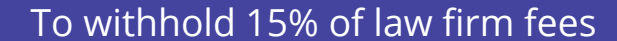


With Great Expectations
to translate a Firm's own ESG values from
Words to Action...
with significant focus on Social &
Governance issues





Actions



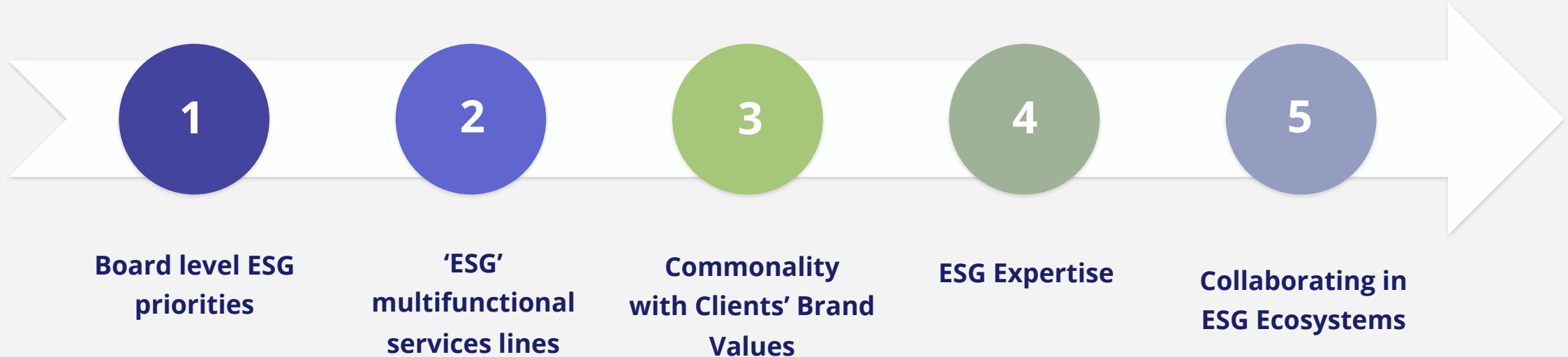
"We've seen quantifiable progress as a result of our incentive-based approach"

"GCs set out diversity commitment for law firms: Improve or lose work"



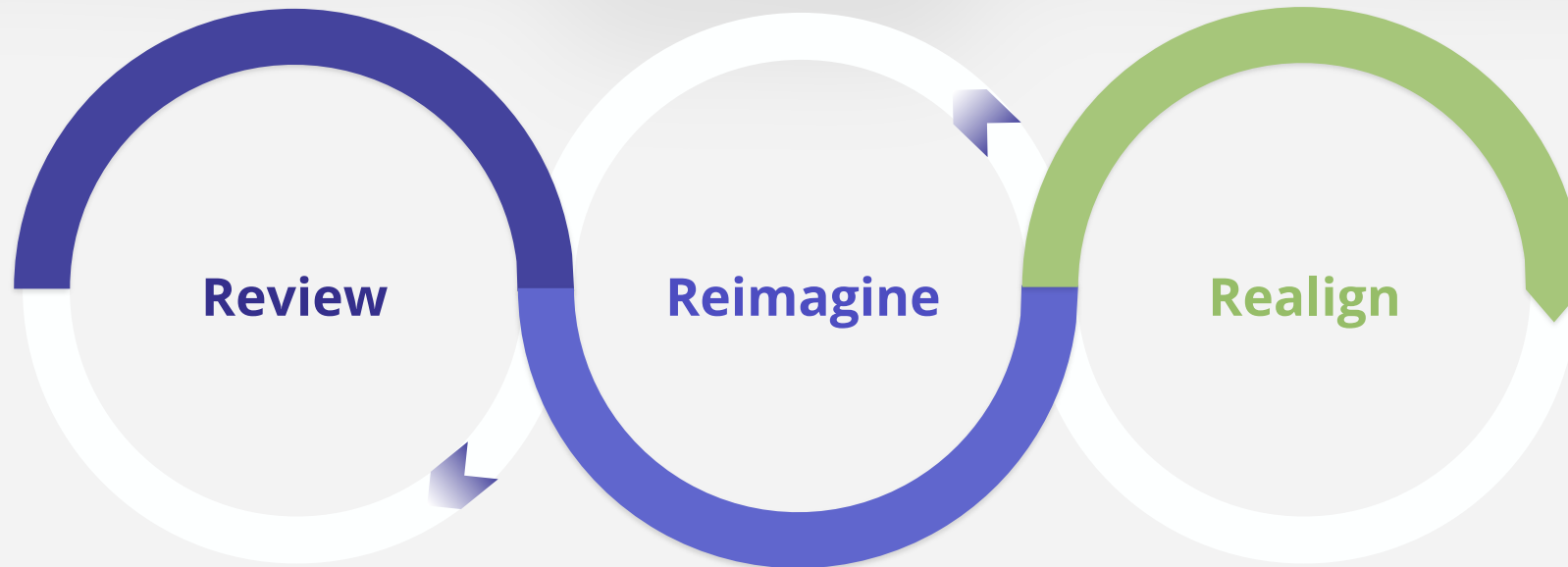
Second Poll:

Pick the top 3 areas in which you are most materially prepared to assist clients in their ESG transitions?



A Client Success Pathway

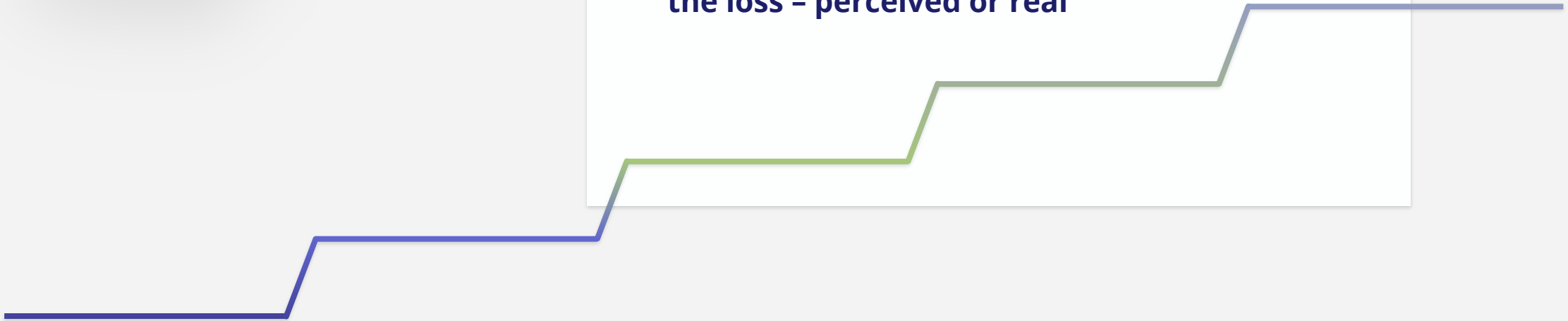
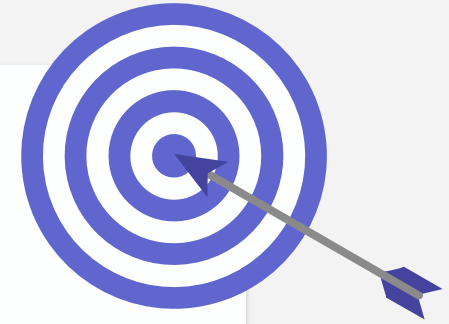
How to enable your clients' transition to more sustainable businesses?

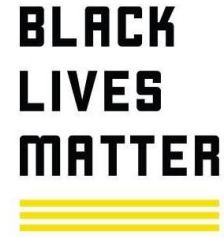


- ESG Trends: Most material to clients?
 - Client Base: Which new segments?
 - Client Stakeholders: Who & how changing?
 - Client Needs: New expectations & demand opportunities?
- ESG Service-lines
 - Industry Sector Lens
 - Multifunctional Teams
 - Digital Enabler/Investments
 - Partnerships & Alliances
- Which new client success metrics?
 - Which behaviors and ways of working?
 - How to align incentives & reward?
 - Which functions & systems to realign?
 - Wider business model changes?

Recognizing Sustainability is a Transition Process

- @ Takes longer than you anticipate
- @ Messy non-linear process
- @ 'Partner Type' & System favours status quo
- @ Resistance comes not from the change, but the loss – perceived or real





The Impact of Ecosystems

"If you think you're too small to have an impact, try going to bed with a mosquito in the room"

Anita Roddick



Questions & Comments

For a Resource Center go to
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Julia Hayhoe

Julia's consulting and coaching expertise spans strategy, leadership and business transformation. Enabling businesses, teams and leaders to achieve sustainable, strategic growth. She brings 20 years of experience across legal (Law firm, In-house, New Law) and professional services.

Julia helps re-envision strategy , leadership and client relationships to capitalise on new market dynamics and ensure robust implementation. She excels in guiding complex, talent-driven businesses through periods of growth and transformation.

She works with law firms and GCs to align to the Corporate Board-level ESG agenda, currently co-leading the WEF's "Future of the Corporation Project" defining corporate governance and stakeholder relationships that advance sustainable businesses.

Clients value her progressive market insight, constructive challenge and relationship orientation. She holds a range of NED and Pro-bono Forum roles.

Julia's career combines: Management Consulting (partner in a global legal sector consultancy in London, NY & DC); Law Firms (Chief Strategy Officer & Global Exec Board, Baker McKenzie and Business Development, Clifford Chance); Lawyer (Shoosmiths); Seconded (Alliance Boots Legal Department).

She has an MBA, Post-Grad studies in Sustainability and Organisational Behaviour, a Law Degree and Finals.