

ESG CRITERIA INCREASE DEMAND FOR LEGAL DEPARTMENTS AND LAW FIRMS

Posted on 22/11/2022



Category: [Background](#)

Tag: [slider](#)



Legal professionals face the challenge of unprecedented growth in legal concerns around ESG (environment, society and governance) criteria, according to the findings of Wolters Kluwer's Lawyer of the Future 2022 survey. The survey, conducted among 751 legal professionals in Europe and the United States, analysed these demands and the level of preparedness legal professionals believe they have to meet them.

Given the new and fast-growing legal areas, 77% of respondents say that addressing emerging compliance areas such as ESG and data privacy is a significant trend. Despite this, only 35% overall say they are very prepared to manage these new demands and opportunities.

In the words of José Luis Rivas Dapena, director of Wolters Kluwer Legal Software Spain: "The growing importance of ESG criteria in organisations is closely linked to the role of the corporate legal department. But there is no doubt that this assumption of new roles is creating a demand from legal professionals for technological tools to help them strengthen their capabilities. Legal software is proving to be one of the main levers to improve their efficiency and performance".

ESG in corporate legal departments

ESG has emerged as a specific and significant demand on already overburdened corporate legal departments, and will continue to grow. These departments already report that one of their main challenges is managing the increasing demands of the corporate legal department, and that the growing need for ESG guidance is further exacerbating these demands.

According to the survey The Lawyer of the Future 2022:

- 56% of legal departments say that the demands they receive for ESG guidance have increased over the past year.
- 64% expect the demand for ESG guidance from the company to continue to increase over the next three years.
- Only 39% of corporate lawyers believe their department is very well prepared to meet their company's ESG responsibilities.

ESG in law firms

Law firms are also responding to the growing demand for ESG knowledge and expertise, but many recognise that they are struggling to keep up.

Nearly 80% of law firms say they have ESG expertise. Specifically:

- 27% of law firms claim to have had an ESG practice for more than 3 years.
- 50% report having built an ESG practice in the last 3 years.
- 18% plan to build an ESG practice in the next 3 years.

However, demand is outpacing law firms' ability to keep up. Forty-five percent of law firms say that demand for ESG guidance from corporate clients has increased over the past year, and 59% expect it to continue to increase over the next three years. Only 20% of law firms believe they are very well prepared to meet clients' demands for ESG services.

Legal professionals turn to legal technology to increase productivity and efficiency

As growth areas such as ESG add to legal professionals' already heavy workloads, they are turning more than ever to technology to increase their productivity and efficiency.

The largest majority of corporate legal departments (85%) believe that one of the big changes we will see in the next three years is the increased use of technology to improve productivity. In this regard, 64% of corporate lawyers expect their legal department to increase its investment in software to support legal work in the coming year.

As most corporate legal departments become increasingly reliant on technology, they are pushing their law firms to do the same: 82% say it is important for their law firm to leverage technology to improve productivity and efficiency. If law firms do not meet expectations, corporate clients say they are willing to find a law firm that does: 32% say they are very likely to change law firms in the next year and one of the main reasons for changing law firms is that they are not taking full advantage of technology.

Furthermore, the survey shows that law firms are also increasingly turning to technology, and will do so more in the future: 82% report that one of the biggest changes we will see in the next three years is a greater use of technology to improve productivity, and 63% say their firm plans to further increase its investment in software to support legal work in the coming year.