

# Law Firms Expanding in Asia Adopt Strategic CSR

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*This paper explores how international law firms are expanding the reach of their CSR programs beyond their headquarters to new growing markets in Asia. Specifically, it examines CSR in the legal industry of Singapore, as Singapore pursues its ambition to become an international legal hub.*

## **Law Firms Expanding In Asia Adopt Strategic CSR**

International law firms are facing pressure to expand corporate social responsibility (CSR) programs to Southeast Asia as clients, regulators and recruits demand genuine attention to their social impact globally.

While CSR is standard policy in the UK, the US and Australia, the regional Asian offices of international law firms headquartered in these countries are playing catch up.

In Singapore, lawyers say they are observing an attitudinal shift in terms of institutional support for their CSR programmes; and pro-bono opportunities and industry expectations are increasing. A robust CSR strategy plays an increasingly important role in reputation building, recruitment and retention, and client relationships.

The growth of CSR in Asia is part of an international trend. With the rise of globalisation, businesses are under pressure to increase transparency and accountability around their responsible business practices across borders. To meet these requirements, they are looking deeper into the behavior of all parts of their supply chains and requiring that their partners, suppliers and professional advisers also adhere to these new norms.

## Philanthropy VS. CSR: The Double Bottom Line

There are debates about what areas should be included under the CSR umbrella and definitions vary from business to business.

CSR among the law firms in Singapore originally involved simply writing cheques to support local charities. While charity can build local community goodwill often addressing a specific need and tapping into people's feelings of empathy and desire to help, charitable donations alone are often uncoordinated and lack a long-term sustainable strategy for change. They do not incorporate rigorous reporting or methodology to measure impact. They miss an important opportunity to maximize both social impact and business value -- the so-called *double bottom line*.

Originally identified with corporate philanthropy, in many industries the definition of CSR has expanded to encompass the longer-term risks and opportunities related to the environment; community and employee engagement; and responsible procurement. The terms used vary from company to company, from CSR to Sustainability to Corporate Responsibility (the latter usually embracing Diversity & Inclusion and too). In the legal industry, CSR primarily focuses on skills-based community service, in the form of pro bono legal work.

A full commitment to corporate responsibility also encompasses having a focused business model, with rigorous new client approval processes and thorough new project assessments, to ensure that any matter undertaken does not indirectly support a human rights or environmental misstep.

No matter what it's called, a robust CSR strategy is often seen among the corporates as a 'license to operate' in new markets, and this also influences the law firms seeking to support their clients in these markets. The foreign law firms' abilities to contribute and help drive CSR engagement across the industry were specifically welcomed by the President of the Law Society of Singapore, Mr Thio Shen Yi, SC, in his Speech at the Opening of the Legal Year 2015, culminating in a call to 'tap their reservoirs of expertise, experience and manpower'.

### THE BUSINESS IMPERATIVE

The key business drivers for a strategic commitment to CSR among law firms are:

- Increasing pressure from clients who want to procure services from law firms with similar standards and cultures - globally.
- The desire to build a good reputation in markets where the firm is securing its soft 'license to operate'.
- Attracting and retaining sought-after Millennial staff who care about a broader 'purpose' of their work in addition to standard compensation and promotion.
- The double bottom line.

### CSR Enhances Business Development

Greater media scrutiny and faster information flows have prompted some consumers to be more discerning about the ethical nature of their purchases of goods and services. As such, clients in the financial services industry, garment, FMCG and technology industries are increasing their focus on responsible procurement, realizing that their reputation in the CSR arena is only as good as the reputation of their partners and suppliers.

This is starting to affect the legal industry more noticeably as firms pitch for inclusion on legal panels, and participate in 'beauty parades' for the higher value client relationships. Some of the global financial institutions for example, are now requiring disclosure of CSR practices in their global and regional panel applications and US multi-national corporations routinely ask law firms to submit questionnaires outlining their CSR commitment.

Apart from legal adviser selection, some companies – particularly the international banks - are reaching out

to the law firms for collaboration on CSR projects. For example Bank of America (among a number of others), has a long-standing Leadership Partner relationship with Points of Light, a global organisation dedicated to volunteer service, which has been expanding its volunteer offerings globally, in particular in the Asia Pacific Region.

### **CSR Supports Employee Recruitment and Retention**

Singapore universities are recognizing the importance of pro bono work in lawyer development. Student pro bono at National University of Singapore has moved from a self-initiated, ad hoc activity to a more organised activity with institutional support, says Helena Whalen-Bridge, Associate Professor in the Faculty of Law at National University of Singapore. The two law faculties in the island-state, at National University of Singapore and Singapore Management University, both now require pro bono hours of community service as part of their degree.

In 2012, the Singapore Institute of Legal Education initiated a mandatory pro bono programme for students at both law schools (<http://www.sile.edu.sg/pro-bono-programme>) The programme requires that students who began their degree in 2013 complete 20 hours of pro bono work prior to completing their degree, in activities that can begin any time after their first year.

The institutional support and mandatory inclusion in the law degree has instilled a stronger culture of community service and young lawyers are increasingly seeking employers that also offer these opportunities. “The Millennials are amazing,” said Stefanie Yuen-Thio, Co-Managing Director, TSMP Law Corporation. “They bring heart and soul and put our generation to shame.”

Pro-bono work brings junior lawyers opportunities to hone their skills in case management and advocacy. Pro-bono activities as part of a well-thought out CSR programme in which all staff can participate, also helps create a common culture and drives employee

engagement, helping everyone to feel invested, lawyers and non-lawyers together.

### **Senior Management Commitment Enables CSR**

The most mature law firm management strategies treat pro-bono clients on par with other clients and pro bono cases are tracked with the same weight as regular billable hours. US firm, Latham & Watkins LLP, is an example. Their enlightened approach does not cap the number of pro bono hours per lawyer to which full billing credit may be applied, and even provides partial billing credit for time spent on the administrative aspects of running a pro bono programme, matching volunteers to opportunities.

An effective and sustainable CSR strategy also requires a strong personal senior partner commitment. Relatively young Singapore firm TSMP Law Corporation has built a thriving community commitment, lead passionately from the very top by the Joint Managing Directors, husband and wife team, Thio Shen Yi SC and Stefanie Yuen Thio. Their annual CSR programme dedicated to children, the elderly and migrant workers, includes charitable donations focused strategically on the most under-resourced of the non-profit organisations working in these areas; two full office days a year dedicated by the entire staff of the firm to community engagement; as well as a strong commitment to providing pro bono legal advice with every lawyer in the firm required to commit to a minimum of 25 hours.

Similarly, local Pro Bono programs in the foreign firms are only successful and sustainable when the regional management actively pushes compliance with firm community commitments. To be sure, while the managing partners often spearhead initiatives, a more junior associate or back-office business manager typically runs the extensive administrative tasks.

Public recognition of pro bono champions within the firm helps extend a culture of social responsibility through to the regional offices, which for young lawyers can feel somewhat removed from visibility by

the head office. In addition to Latham & Watkins LLP's global internal pro bono recognition system, the Singapore office enthusiastically decorates the office doors of its lawyers that regularly meet or exceeded pro bono targets, creating indirect peer pressure for others to get involved and share in the fun.

### **Singapore's Growth Drivers for CSR**

While international law firms are increasingly sophisticated in their CSR programmes, they generally are mostly focused at their main headquarters. Regulatory changes and customer trends are driving some international firms in Singapore to revamp their approach and 'walk the talk' locally.

The Singapore Exchange (SGX) has indicated that it will move over the next couple of years from voluntary to mandatory sustainability reporting by its listed companies, which form the client base for many of the law firms operating in Singapore.

The Chief Justice Sandaresh Menon declared in his speech for the Opening of the Legal Year 2014 that there would be no Senior Counsel appointments in 2014 as none of the applicants had yet sufficiently met criteria including a proven track record of public service through pro bono engagements or other work that is done for the good of the profession and the community.

As the government continues with its initiatives to make Singapore a regional hub for the international legal market, the foreign law firms seeking to renew or receive their Qualifying Foreign Law Practice (QFLP) last year scrambled to demonstrate their commitment to the community.

The amended Legal Profession Act will come into force this year, and will require all Singapore qualified lawyers to disclose annually the number of hours they have spent each preceding year on pro bono work. In response to feedback during the consultation rounds the Committee to Study

Community Legal Services Initiatives pulled back from an original proposal to require all holders of a Singapore Practising Certificate to complete a minimum number of pro bono hours. Tanguy Lim, the Director of Pro Bono Services at the Law Society of Singapore believes that the new mandatory reporting requirement will raise awareness of pro bono opportunities and encourage participation.

The Law Society's inaugural 'Just Walk' fundraiser in January this year, in support of the 'Justice for All' project, which seeks to increase the collaboration and engagement between lawyers and the wider community, voluntary welfare and non-governmental organisations, was hugely popular. The walkathon event attracted full participation across all sectors of the legal industry in Singapore, with senior Ministry of Law and other legal figures taking part. The government matched donations dollar for dollar, and the event raised more than SGD 2 million.

Law firm rankings are also starting to incorporate CSR activities. The coveted American Lawyer rankings and awards now honour global citizenship, looking at each firm's overseas pro bono activities not just their CSR programmes in their American offices. This could have a dramatic impact on the perceived 'world order' among the global elite firms, as there is still a lot of catching up to do in Asia. "In the US, it is a matter of shame not to complete 60 hours, but in the regional offices, it is a matter of honour to complete 60 hours," said one US law firm associate we spoke to.

### **Challenges for Translating International CSR Programmes in Singapore**

The most sustainable programs are generally found in mature organisations, which incorporate CSR as a pillar of their business strategy. The international law firms have a long history of harnessing their specific professional skills to make a greater impact in communities and engage employees and clients in their home jurisdictions. The challenge these firms are facing is how to extend that culture to the regional offices where they operate with much smaller teams,

face greater pressures on profitability, regular business travel and of course varying degrees of constraint on their licence to advise on matters of local law.

Recent changes are raising the profile of pro bono work in Singapore and driving participation and innovation from foreign and domestic lawyers alike.

## **OPPORTUNITIES FOR INVOLVEMENT IN SINGAPORE**

### **Research:**

International lawyers often get involved in research projects to support cross-jurisdictional issues – for example researching human trafficking issues or legal gaps in foreign worker-related issues. The growth of social enterprises, businesses that have a social purpose, has tapped into the strengths of commercial lawyers.

### **Prison Interviews:**

Lawyers can interview defendants to determine their eligibility for free legal support. International lawyers are eligible to participate and do not require the presence of a Singapore qualified lawyer.

### **Community legal handbooks:**

Assisting with the pamphlets written by locally qualified practitioners, to help provide clear messaging.

### **Joint International Pro Bono Committee:**

Providing international expertise to charities operating or expanding in the region.

### **Non-profit leadership**

Experienced lawyers offering their business experience, governance and management expertise by joining the boards or advisory committees of Singapore charities.

**Singapore Local Qualifications:** Many pro bono programs, such as legal clinics, require the presence of a Singapore qualified lawyer. This is often frustrating for an experienced foreign lawyer or in-house lawyer, who may have more developed core skills of interviewing, listening and negotiating.

The Pro Bono Services Office of the Law Society of Singapore (itself a registered charity) has developed opportunities for international lawyers that do not require Singapore qualification, such as: prison interviews, legal research, contributions to community legal handbooks and the Joint International Pro Bono Committee which is a clearing house for international firms to be matched with cross-border pro bono opportunities in the region. This year, the Pro Bono Services Office is looking to expand the programme further to include non-legally qualified staff, for example, providing volunteer secretarial support to assist pro bono lawyers with document preparation and court bundles.

**Time:** While encouraging employee involvement in pro bono projects, even the most engaged of senior partners in Singapore rarely themselves meet the same targets required of their teams, due to other business commitments. Even at the associate level, the work flow in Singapore is erratic and lawyers at all levels travel overseas frequently. Flexible pro bono projects that can be managed during lull periods are the best fit, such as the Pro Bono Services Office's research programmes.

**Subject Matter Expertise:** A lack of expertise or confidence is a major obstacle to some lawyers getting involved in local pro bono work, irrespective of qualification. The Singapore offices of international firms are mainly staffed with corporate lawyers without experience in the traditional areas of pro bono advice.

“Lawyers box ourselves”, says Sophie Mathur, a partner at Linklaters, admitted in Singapore as well as England and Wales, and a champion for the firm's diversity and CSR initiatives. “Our core competence is legal advice”, she continues, “but lawyers can

contribute more widely: we are professional transaction managers, we are business savvy.”

One way of commercial lawyers getting involved recently was the Law Society’s manual for social enterprises affected by cross border issues. Another, for more senior lawyers, is volunteering on non-profit boards in Singapore.

**Size:** Overseas offices tend to be lean and less profitable. Capacity issues and opportunity costs are intensified when a lawyer takes time out on pro bono matters. Pro bono hours represent a double hit to billings: the firm receives no fee for the time spent and it takes up capacity for chargeable work. Smaller offices often don’t have the means to engage in regular pro bono work. Instead, they often take time to volunteer in regular charity activities as a first step into CSR before taking on higher-value, skills-based volunteering.

Olswang LLP is a UK based firm, focused on technology and media clients. They opened an office in Singapore only 3 years ago – it was their first outside of Europe and remains their only office in Asia. In line with its global themes of environmental

sustainability and helping the needy, the Singapore office has collaborated with Urban Farm, and the Willing Hearts soup kitchen – staff and lawyers help grow vegetables in urban areas, and spend mornings chopping vegetables to donate meals to the needy in Singapore.

### **Strategic Approach for Social and Business Benefits**

No matter where they are on the spectrum of CSR at home, international firms in Singapore have room to improve their impact in this region. The regulatory environment in Singapore is nurturing new opportunities for international lawyers to get involved using their professional skills to make a difference.

With the right leadership and planning, international firms can embed a strategic approach that takes into account not only social good, but also the untapped business benefits.

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