



K&L GATES

GLOBAL BOARDROOM RISK SOLUTIONS

# UNDERSTAND GLOBAL RISK

**Risk is a defining feature of commercial activity and the defining challenge for corporate boards in the 21<sup>st</sup> century.** Understanding risk is necessary but not sufficient. Knowing when to embrace risk, when to hedge risk, and when to avoid risk are just as essential. A board well-advised on the law is empowered to act as a bulwark against risk. A poorly advised board may imperil the corporate interest—and its own.

Risk takes many forms. Risk can be strategic or operational, domestic or international, legal or financial. In an instant, risk can tarnish a hard-earned reputation and destroy long-standing relationships. Or, risk can permeate, eventually overwhelming the defenses of the company, fund, or bank. To meet the challenge, those responsible for managing risk—general counsel, risk and compliance officers, and ultimately the board—have seen their roles grow in importance, with a corresponding rise in duties.

**All of this requires a new approach from legal advisors.**



The **percentage** of companies that say they now have an explicit focus on managing strategic risks.<sup>1</sup>

The **percentage** of business executives that do not believe their risk management program supports their ability to develop and execute business strategy.<sup>2</sup>



## Challenges for the Boardroom

Directors face heightened and multifaceted legal, regulatory, and public scrutiny from an array of domestic and international private and public parties, frequently against the background of intense media attention. The days when a crisis could be safely compartmentalized into the resolution of one issue in one jurisdiction have long passed. Well-established boundaries between corporate and individual liability are blurred. Alleged corporate misdeeds—restated earnings, “bribes,” anticompetitive behavior, and so on—are attributed, often unfairly, to directors. Investigations, inquiries, demands, civil actions, and criminal proceedings proliferate. Even when these attacks are repelled, the costs borne by directors may be substantial. The need to address corporate risks early, efficiently, and effectively has never been greater.

Directors reported that the following **risk areas** had/have/will have the most impact on their **BUSINESS STRATEGY**<sup>3</sup>

2010

BRAND

41%

2014

REPUTATION

40%

2016

ECONOMIC TRENDS

29%

<sup>1,2,3</sup> Source: “Exploring Strategic Risk,” Deloitte, 2013

# OUR ROLE IN RISK MITIGATION

Building on decades of experience in the service of companies and their boards as trusted legal advisors, **K&L Gates has developed a new, unique, international, multidisciplinary approach to risk mitigation. Working collaboratively with directors and management, K&L Gates assists in identifying, evaluating, mitigating, and responding to legal risk in its various forms.** We help our clients to understand the nature and extent of legal risk; to avoid, reduce, and mitigate risk; and to take fast, aggressive, and effective action when risk materializes.

Risk is a global phenomenon, more complex and more threatening than ever. K&L Gates offers our clients our considerable resources through a global platform comprising more than 2,000 legal professionals practicing across five continents. Our multidisciplinary approach gives our clients access to sophisticated lawyers familiar with the full spectrum of legal, regulatory, and compliance issues. These range from workplace safety to environmental practices, from anticompetitive conduct to anticorruption regimes, from corporate transactions to cyber liability. When risks mutate into investigations, incidents, or claims, we are a global leader in responding to these issues, and where appropriate, making insurers pay what they owe on time.



## Working in Partnership to Help Mitigate Your Risks

K&L Gates works with clients to implement robust procedures that suitably mitigate risk. We know cost matters—and so does cost avoidance. Prudent investment in legally sound risk management reduces overall expense to the enterprise. No business, especially today, can eliminate all potential liabilities. Risk must be understood, evaluated, and managed to benefit the corporate interest. By providing an **integrated service** tailored to particular client circumstances, very often **with the benefit of legal professional privilege**, K&L Gates helps companies and directors to anticipate and deal with risk effectively and efficiently.

### Risk Mitigation Advice

- Identifying legal, regulatory, and compliance exposure and providing practical solutions for risk hotspots. We provide pragmatic legal advice on the right systems and controls, such as anticorruption policies, workplace safety guidelines, and corporate governance procedures.
- Reviewing director indemnification agreements and insurance arrangements (including D&O liability insurance). Armed with an internationally renowned insurance coverage practice group, we represent policyholders only, and are unencumbered by commercial or actual conflicts of interest faced by other firms that represent insurance markets.
- Providing legal training on how best to respond to emergency situations. For existing clients, we provide access to a helpdesk facility on a 24/7 basis for consultation on ongoing issues or for emergency support.
- Offering international legal advice and updates on regulatory and other developments through our offices on five continents.
- Training legal teams, directors, senior management, and others on legal, regulatory, and compliance risk.

### Risk Response Advice

- Responding to emergency situations, including dawn raids, environmental incidents, criminal investigations, regulatory pressure, workplace accidents, data security breaches, or insolvency issues (among others).
- Advising on how to deal with government authorities and regulators.
- Advising on how to protect international investments or international operations from the consequences of political or economic turmoil.
- Helping to maximize recoveries from insurers in the event of disputed claims.

**K&L Gates provides risk mitigation and response advice based on an integrated service tailored to particular client circumstance.**

“Every company has to take significant risks. But while it has long been understood that overall responsibility for risk management lies with boards, they often overlook existential risks. These are harder to grasp...yet harm companies to a far greater extent than more readily identifiable business risks.”

*“Building a forward-looking board,”  
McKinsey & Company, 2014*

To learn more about our Global Boardroom Risk Solutions capabilities, please contact your K&L Gates relationship manager or any of the contacts listed below:

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