



Corporate Culture, Regulatory Compliance Dominate GC Challenges in 2019

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Corporate culture and regulatory compliance will continue to dominate counsel concerns as the year gets underway. From GDPR to California Senate Bill 826, these wide-ranging measures will remain critical for general counsel and corporate boards to navigate, experts say.

“Board composition, which has been on the boardroom agenda for some time, will continue to be a complex challenge,” said Deborah DeHaas, vice chairman and national managing partner of Deloitte’s Center for Board Effectiveness. This consideration will continue even if California’s new mandate faces backlash.

“But regardless of the pure legality of the law, or if it is ever challenged in the courts, its passage has increased the dialogue in other states, as well as inside corporations, on moving more quickly in their diversity efforts at the top of corporations,” said Michael Callahan, executive director of the Rock Center for Corporate Governance and law professor at Stanford Law School, as well as former general counsel at LinkedIn and Yahoo.

Corporate reassessments in the wake of #MeToo will also continue, Callahan added.

“Beyond the basics of making sure their corporations have the required policies, employee training, investigations procedures, and reporting tools in place, boards and general counsels should focus on understanding their corporate culture and driving change that would prevent this kind of behavior from being overlooked or tolerated in the first instance,” he said.

Regulatory priorities also loom on myriad fronts. This includes the coming change in auditor reports, resulting from rules adopted by the Public Company Accounting Oversight Board, now requiring a new section to address “critical audit matters,” DeHaas said. “These new regulatory requirements will apply to auditor reports for large, accelerated filers, as determined under rules of the Securities and Exchange Commission.”

Navigating privacy and data regulation will also remain paramount, in the midst of GDPR, new data regulations in China, and varying federal and state regulations as well, Callahan added.

“Boards and general counsels should drive process to understand their corporate data strategy in this regulatory environment and enhance their understanding of soft spots in the infrastructure that could lead to incidents that erode consumer or public trust in their businesses,” he said.