

The Organizational Debate: Should Compliance Reside Under Legal?

- **Those in favor:**

- Extends attorney-client privilege to compliance investigations and findings
- Enables coordination and integration b/w related disciplines

- **Those opposed:**

- Separation is increasingly incorporated into corporate integrity agreements and deferred prosecution agreements
- The GC and CCO have different and sometimes conflicting mandates
 - GC - limit litigation liability
 - CCO - promote a culture of ethics and *transparency*

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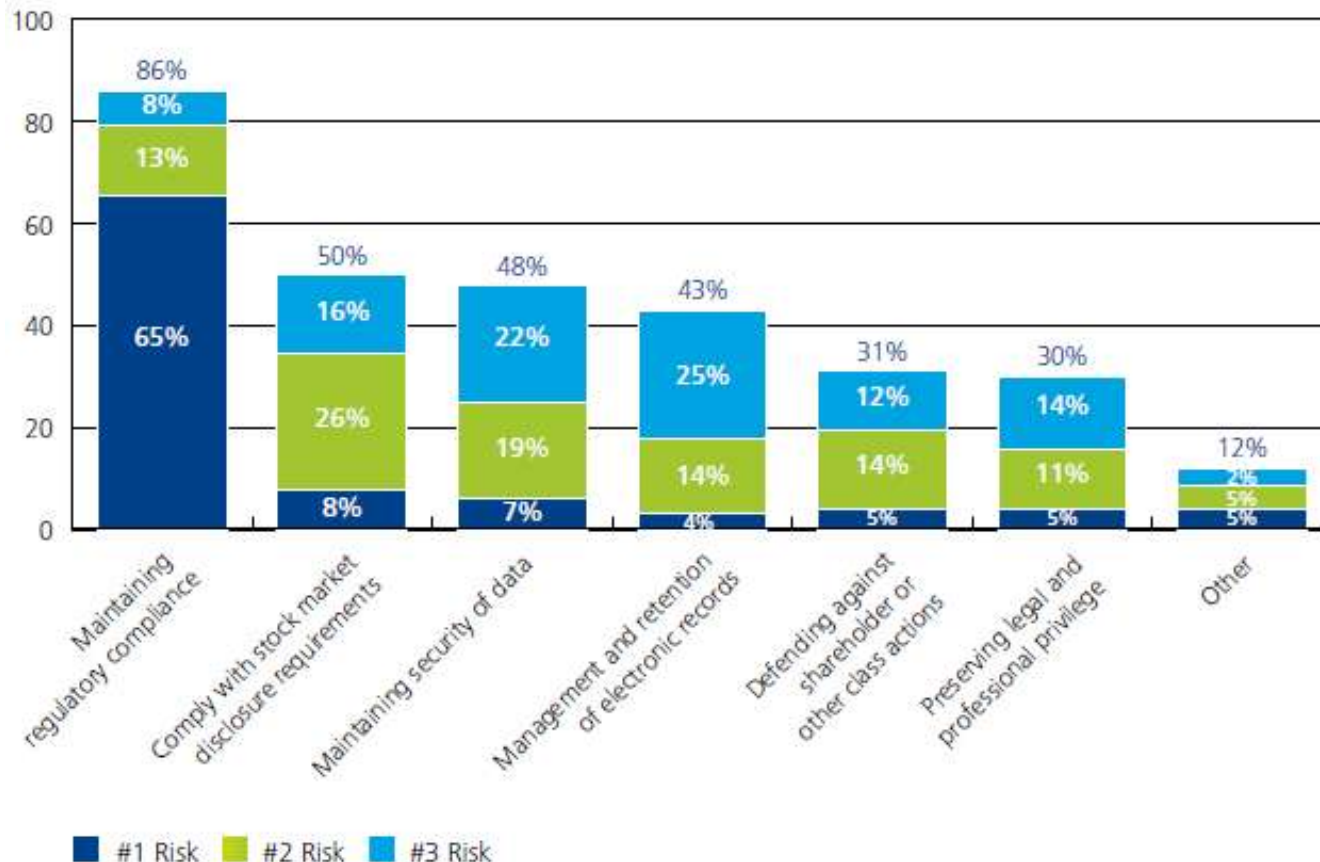
“...the better question to ask may be about how CCOs and general counsel can **collaborate** and **coordinate** in support of the company’s legal and compliance goals.

“We need to overcome the barriers that exist to the company’s ability to effectively **coordinate** its legal and compliance functions. Let’s not hide behind formal reporting relationships, and instead focus on the development of **specific communication protocols** that support board **oversight** of legal and compliance matters while respecting government concerns about **transparency** and conflict of interest.”

- ‘The CCO as an Independent Voice: Another View’ Corporate Counsel 2013

Increasing GRC Responsibility for the Legal Department

Greatest legal risks to organisation: now

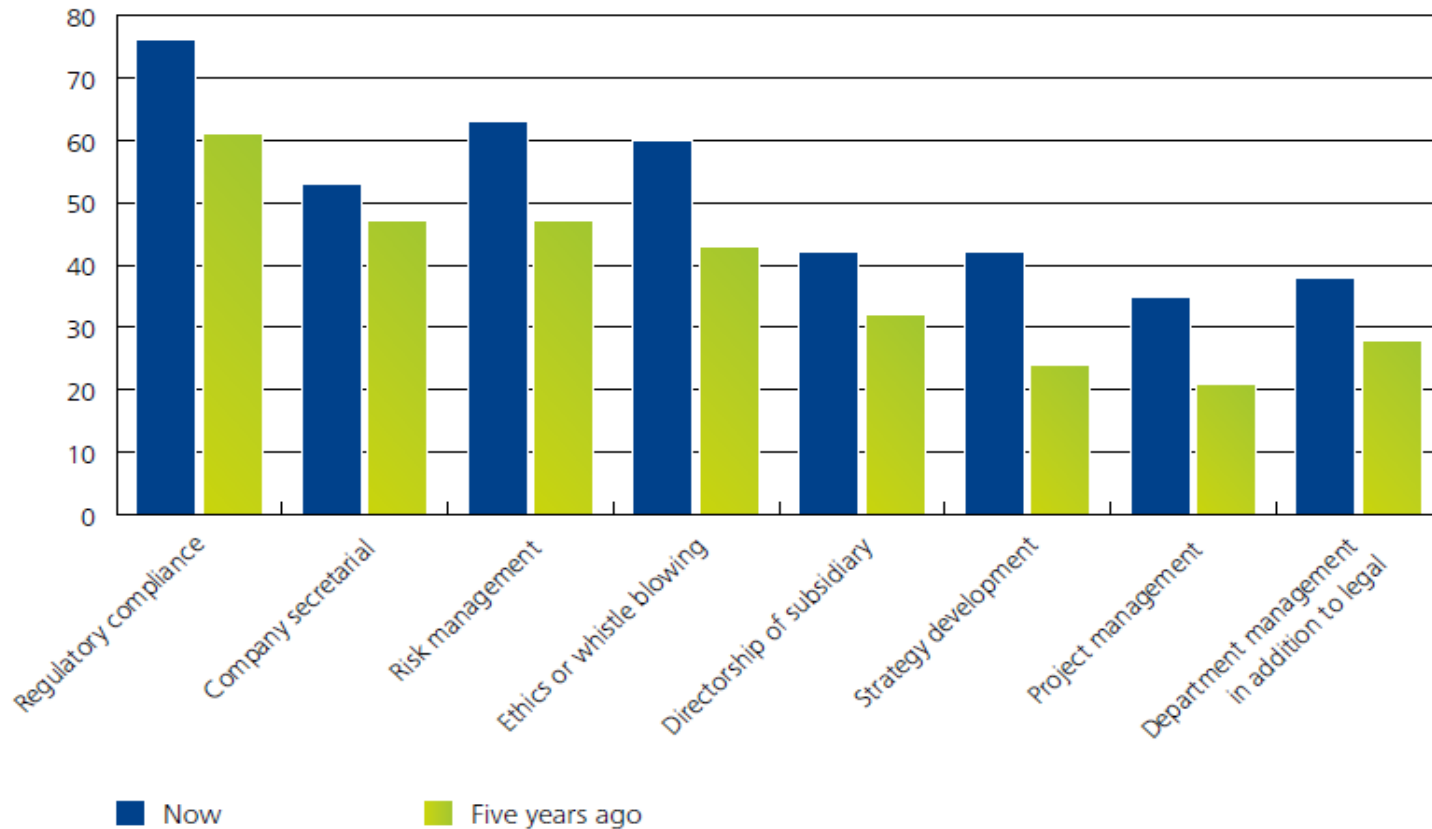


■ #1 Risk ■ #2 Risk ■ #3 Risk

Source: Deloitte Touche Tohmatsu

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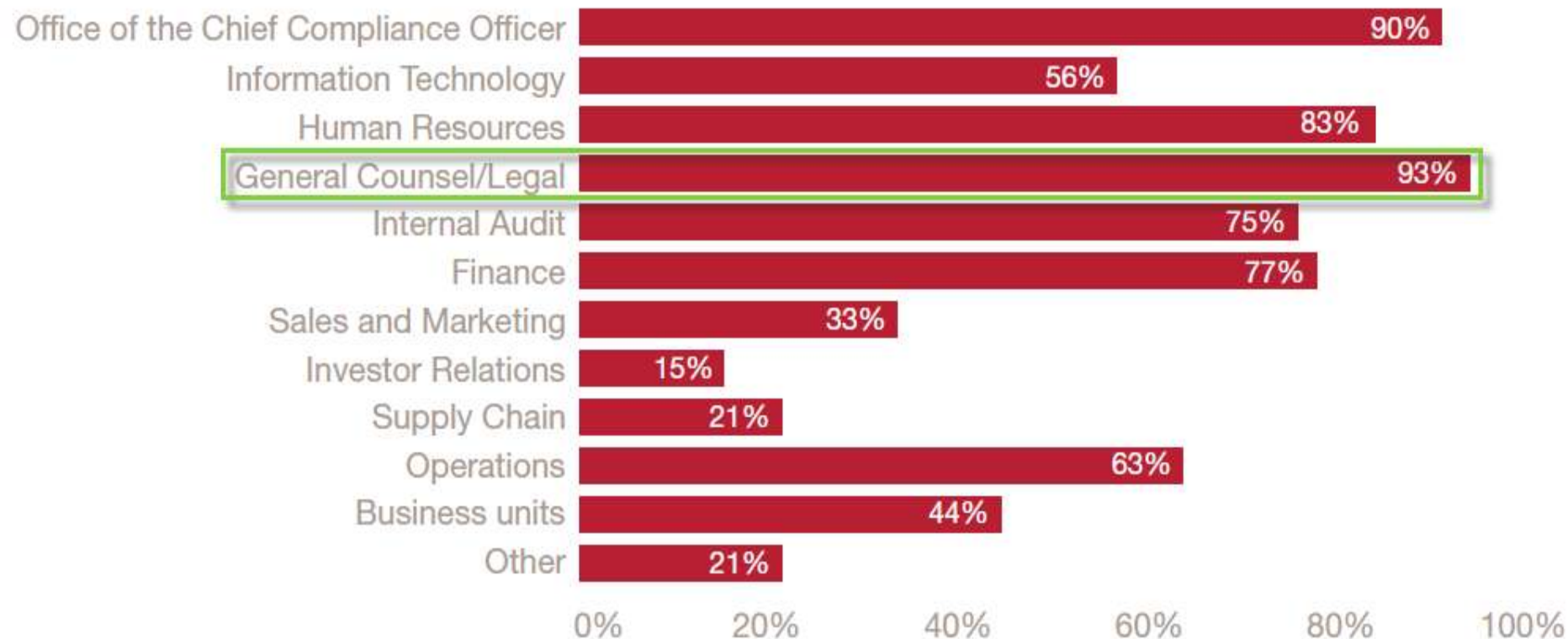
Responsibilities of Corporate Counsel



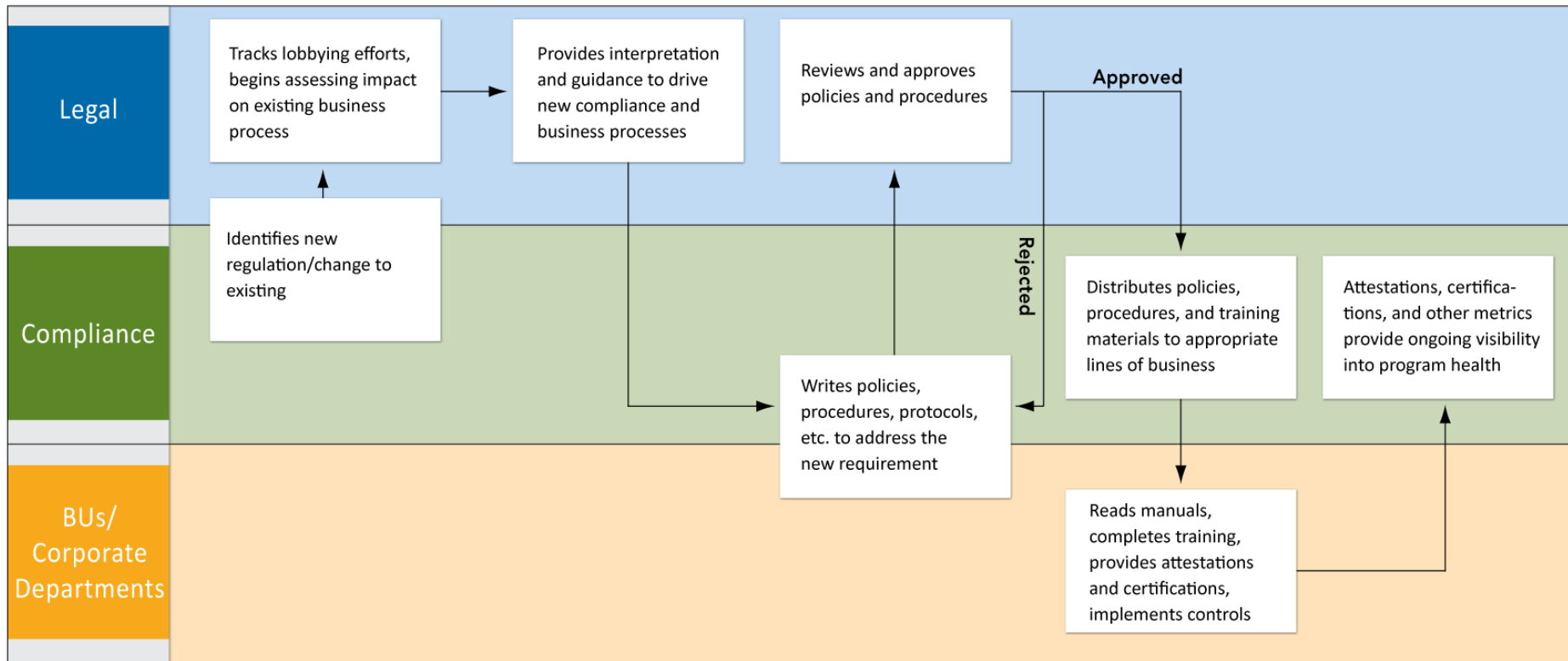
Source: Deloitte Touche Tohmatsu

Increasing GRC Responsibility for the Legal Department

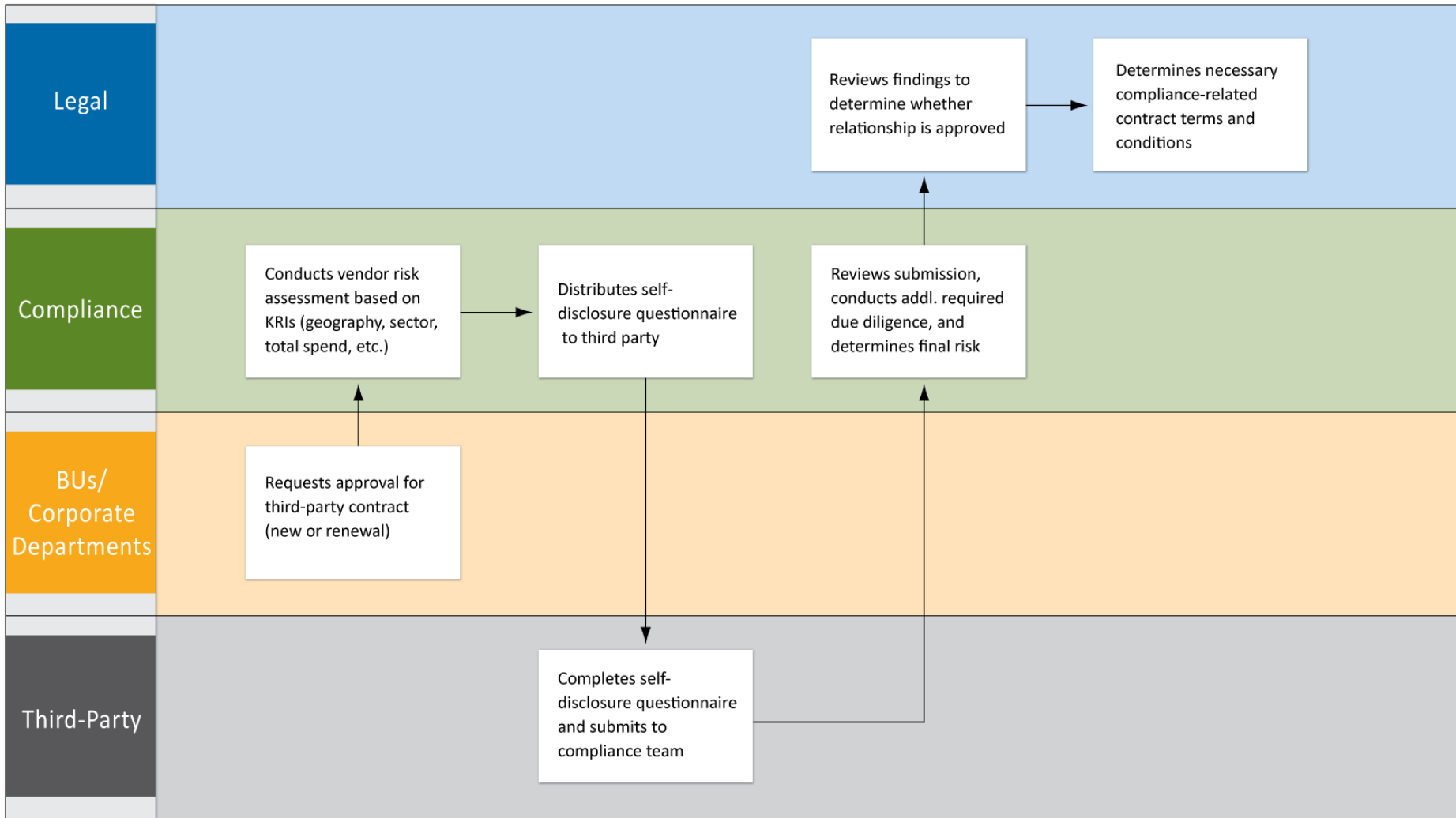
Chart 3: Departments or functions that serve on the compliance committee:



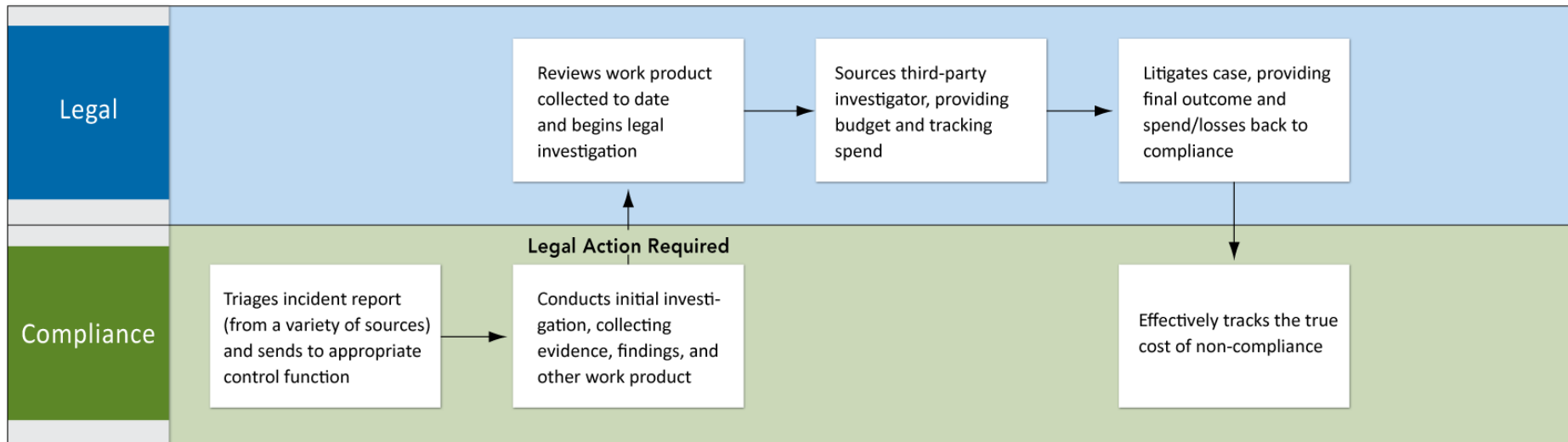
Regulatory Intelligence and Policy Management



3rd-Party Due Diligence and Contract Management



Incidents and Investigation Management



Benefits of a Common Technology Platform for Legal and Compliance



- Clearly defines roles and responsibilities
- Improves visibility into legal and compliance risk exposure
- Reduces risk by involving legal in *proactive* compliance processes and allowing legal to *respond* more quickly to compliance breaches
- Optimizes efficiency and reduces legal and GRC-related costs
- Helps determine the real cost of non-compliance
- Closes the loop between GRC and legal functions
- Improves business performance and competitiveness