

Les Echos

CLO's responsibilities are expanding

The Association of Corporate Counsel's 2022 survey, one of the most comprehensive surveys of CLOs worldwide, provides key insights into the impact of the changing business environment on CLOs responsibilities.

Conducted in partnership with Exterro, the Association of Corporate Counsel's (ACC) exclusive partner for e-discovery, data privacy and cybersecurity compliance, ACC's 2022 survey reflects the growing scope of responsibilities for CLOs.

For the study, 861 CLOs from 20 industries were surveyed in 38 different countries. These professionals believe that they need to devote more legal resources to large transactions such as mergers and acquisitions or spin-offs.

ESG and cybersecurity

They also report overseeing more functional areas in 2022 than they did in 2020, including corporate public affairs (+5%), compliance (+4%), risk (+4%) and communications (+3%). This does not include ESG (environmental, social and governance) issues (+9%). Moreover, four out of ten CLOs indicate that these issues require companies to improve their compliance efforts to adapt to new environmental regulations and to satisfy the growing number of investors and clients who are focusing on ESG and corporate social responsibility (CSR).

Cybersecurity, compliance, and data privacy remain the most critical areas for companies. 70% of CLOs anticipate industry regulations to be the biggest legal challenges this year, and 55% cite data privacy rules as a cause for legal concern.

Use of law firms

As a result, 45% of respondents plan to hire attorneys and 29% plan to hire more legal assistants, an increase of 13 and 9 points, respectively, from 2021. Even with hiring more staff, 41% - the highest percentage seen since 2019 and 7 points higher than last year - expect to use law firms more in 2022. Of note: 55% of CLOs intend to adopt new technology solutions this year (in contract management for 70%).

"We've seen the role of the CLO continue to expand in senior management, which is why we've dubbed this the 'era of the CLO,'" said Veta T. Richardson, CCA's president and CEO. "The unique skills and capabilities of CLOs make them invaluable business partners, both strategically and in day-to-day operational matters."

As evidence, 80% of those surveyed report to the CEO, and a strong majority of CLOs attend board meetings, meet with other business leaders to discuss operational issues, and are consulted by other executives on key business decisions. Of note: Six out of 10 law departments have at least one dedicated professional, three times more than in 2015.

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