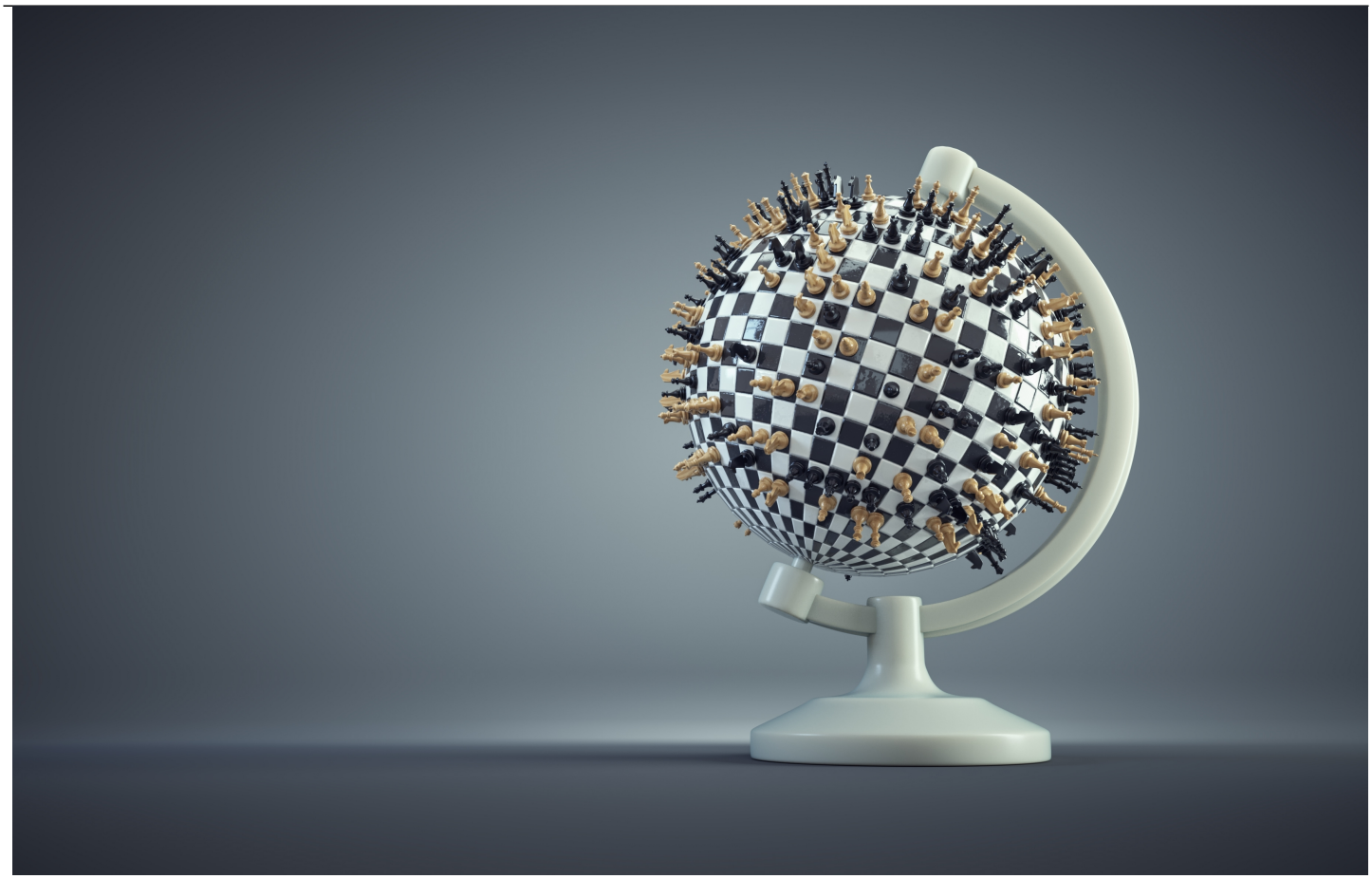
Wisdom of the Crowd: Geopolitical Risk

Government



ACC assembled a group of in-house counsel to discuss today's geopolitical landscape and how in-house counsel should monitor it to protect the business.

Looking ahead at the geopolitical landscape

- Geopolitics play a substantial role in the future evolutions of a company’s environment.
- Businesses must understand what’s going on domestically and internationally.
- Predictability – the ability to **anticipate what’s coming** – is what makes businesses successful.
- Legal departments tend to solve issues that have occurred in the past. They also need to look at the future.
- Staying in touch with a **network of experts** who are tracking developments in a particular region is useful - they can help Legal anticipate what is on the horizon.
- When in-house counsel start seeing an issue emerge, having such a network helps to understand the practical impact that the issue has or will have on the ground.
- Legal is often called to **evaluate sanctions**, and to **assess risks of criminal liability**.
- The relationship between US and China is the basis for many issues that in-house will be dealing with (such as technology transfers, IP issues).
- Sometimes, when there is a breaking news story, the **best course of action for a company may be not to say anything about it.**

Legal has a key role to play in addressing the implications of a fast-changing geopolitical context

- The geopolitical landscape is fast changing, and issues are becoming more divisive, domestically and internationally.
- The legal department is often the best group positioned to assess the implications for the company. Often, there will be a **collaboration between Legal and Communications** on how the company addresses the implications of geopolitical situations.
- People tend to work in silos. Sometimes Legal has a broader view of the geopolitical movements, and can play a key role in educating people about the rational implications for the business.
- The instability of a country's political regime can present a major challenge for the logistics and supply chains of a company. Outside advisors familiar with the local situation can be very helpful to understand the situation and the options.
- Before engaging a new vendor, some companies screen them by **using reputational due diligence services**. Various vendors offer this type of screening service.
- Companies need to be mindful of compliance with anti-bribery rules, especially in areas where there is geopolitical instability.
- It can be a fine line for a company, between explaining that investors from a given country are investing in a business (or for example, in a sports team), and getting dragged into controversies related to the geopolitical landscape.

Legal also has a role to play in addressing stakeholders' activism

0. Employee **viewpoints can cross the line into hate speech**, including when divisive geopolitical issues arise.
0. Legal has a leading role in framing the rules of expression in the workplace.
0. Legal is often called upon to reinforce civility and proper conduct in the workplace. This is a **leadership opportunity** for in-house counsel.
0. Allyship is key to create a safe environment to talk about diversity, equity, and inclusion.

[For more tips from the in-house community, join ACC!]

Disclaimer: The information in any resource in this website should not be construed as legal advice or as a legal opinion on specific facts, and should not be considered representing the views of its authors, its authors' employers, its sponsors, and/or ACC. These resources are not intended as a definitive statement on the subject addressed. Rather, they are intended to serve as a tool providing practical guidance and references for the busy in-house practitioner and other readers.

Association of Corporate Counsel

Staff

ACC