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EUROPE'S EMERGING LEGAL MARKETS



2024 Corporate Counsel Handbook

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Letters to the Editors:

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ESG, CSDDD, AND THE EXPANDING ROLE OF IN-HOUSE COUNSEL: MORE THAN JUST LEGAL GATEKEEPERS

By Pawel Borowski, Head of General Legal, Zentiva

Environmental, Social, and Governance are no longer mere buzzwords. ESG has become integral to corporate strategy and operations. Companies are now under increasing pressure from regulators, investors, and the public to adhere to ESG standards. The role of in-house counsel in ESG and the implementation of the *Corporate Sustainability Due Diligence Directive* (CSDDD) requires a balance of legal expertise, strategic thinking, and proactive risk management.

As ESG and CSDDD continue to grow in importance, in-house counsel will play an increasingly critical role in ensuring that companies comply with these regulations. By staying informed, collaborating across functions, and engaging with stakeholders, in-house counsel can help companies navigate the complexities of ESG and CSDDD, emerging as leaders in this rapidly evolving field.

What are the key responsibilities of in-house counsel under ESG and CSDDD?

Advise on Implementation

In-house counsel must be deeply involved in both the company's ESG strategy and the specific implementation of CSDDD requirements. This involves advising on the legal and business risks associated with ESG and CSDDD, ensuring the company's goals align with the directive's requirements, and helping integrate these considerations into business operations. In-house counsel must work closely with the departments involved in implementation, such as compliance, human resources, and sustainability to ensure that both ESG and CSDDD initiatives are legally sound and effectively implemented.



Navigate the Regulatory Landscape

The regulatory environment surrounding ESG, particularly with the introduction of CSDDD, is rapidly evolving. In-house counsel must stay abreast of these developments, ensur-



In-house counsel must be deeply involved in both the company's ESG strategy and the specific implementation of CSDDD requirements.

ing that the company is compliant with all relevant regulations. This includes understanding the specific requirements of CSDDD, such as the need for comprehensive due diligence across the entire value chain, and advising on potential legal risks associated with non-compliance, including litigation and reputational damage.

Review the Contracts

Collaborate closely with various functions to incorporate precise ESG and CSDDD-related clauses into contracts, ensuring that the company not only meets but exceeds regulatory requirements. It is the in-house counsel who can reinforce the company's commitment to sustainability and human rights, drive accountability across the supply chain, and mitigate potential legal risks associated with non-compliance.

Ensure Accurate Reporting

Transparency is crucial for ESG. In-house counsel plays a critical role in ensuring that the company's ESG reporting and disclosures, including those required by CSDDD, are accurate, transparent, and compliant with regulatory requirements. This involves reviewing ESG reports and CSDDD-related disclosures, ensuring all statements are substantiated by evidence. In-house counsel must be aware of the risks of greenwashing (where companies make misleading claims about their ESG performance) and take steps to mitigate these risks by ensuring all ESG and CSDDD communications are honest and accurate.

Managing ESG and CSDDD-Related Risks and Litigation

As ESG and CSDDD issues gain prominence, the risk of related litigation increases. This includes lawsuits related to environmental damage, human rights violations, and corporate governance failures. In-house counsel must proactively identify potential ESG and CSDDD risks and develop strategies to mitigate them. This may involve conducting regular audits, implementing robust compliance programs, and advising on best practices for managing these risks. This also goes hand in hand with contractual safeguards and their effectiveness.

In-house counsel are currently navigating a steep learning curve to manage the expanding scope of ESG-related responsibilities. So, what practical tips can help them effectively handle these new challenges?



As ESG and CSDDD issues gain prominence, the risk of related litigation increases. This includes lawsuits related to environmental damage, human rights violations, and corporate governance failures. In-house counsel must proactively identify potential ESG and CSDDD risks and develop strategies to mitigate them.

1. Invest in understanding the principles of ESG and the specific requirements of CSDDD. This may involve attending ESG and CSDDD-focused training programs, participating in industry forums, and staying updated with the latest developments in ESG and CSDDD law.
2. Make sure you hire a consultant you can rely on. ESG and CSDDD involve a complex set of rules. Do not miss the full picture and onboard an expert who would be able to help you navigate and find the right track.
3. Collaborate across functions. ESG and CSDDD are multidisciplinary issues requiring collaboration across different functions. In-house counsel should work closely with other departments to ensure a coordinated approach and leverage the expertise.
4. Engage with stakeholders, including investors, regulators, and customers. This is essential for ensuring that the company's ESG and CSDDD strategies meet their needs. In-house counsel might be also a good fit to facilitate stakeholder engagement and ensure the company's initiatives align with stakeholder expectations.
5. Monitor and adapt. Regularly review the company's ESG and CSDDD strategies and make necessary adjustments to ensure continued compliance and alignment with business objectives.

Summing up, ESG is about corporate strategy, risk management, and reputation. Companies are expected to go beyond compliance to proactively manage their environmental and social impacts while ensuring strong governance practices. This shift has placed in-house counsel at the forefront of ESG strategies, requiring not only legal expertise but also a deep understanding of the broader business implications of ESG. ●

BUILDING (AND FINANCING AN ESG DRIVE): AN INTERVIEW WITH PAWEŁ SZCZEPANIAK OF MBANK

By Radu Cotarcea

mBank Deputy General Counsel **Paweł Szczepaniak** talks about how the rise of ESG has shaped in-house legal role but also how his organization literally puts its money where its mouth is when it comes to ESG.

CEELM: How has the rise of ESG impacted your organization as a whole to date?

Szczepaniak: In recent years, Environmental, Social, and Governance (ESG) factors have gained significant importance in corporate strategy and operations. Companies worldwide are recognizing the importance of sustainable and ethical practices not only to meet regulatory requirements but also to align with stakeholder expectations.

Throughout the last several years, the Polish banking sector proved to be particularly important in the context of financing the transformation of the whole economy into a more sustainable one. In 2023 alone, mBank's offer related to the financing of renewable energy sources and investments in large RES plants made it possible to generate 641 megawatts of energy from renewable energy sources. At the end of December 2023, mBank's RES portfolio reached almost PLN 4 billion. Furthermore, based on data from the end of 2023, we invested over PLN 5.3 billion of our own capital in sustainable finance initiatives. This includes sustainability-linked loans and green loans. We also acted as arranger/dealer of corporate bonds, facilitating the placement of our customers' green bonds.

As one of the first Polish financial institutions, we also publish information on the carbon footprint of our portfolio (especially scope 3 – portfolio emissions). For that purpose, we use well-established, standardized international methodologies and, as part of our membership with the *Science Based Targets* initiative, we are developing an effective plan for decarbonizing our activities. Moreover, we were the first bank in Poland to join the Partnership for Carbon Accounting Financials.

However, ESG considerations are not only environmental challenges. There are also a number of examples of our social and employee-related activities. I will only mention the aspects

that are important to us, such as improving the effectiveness of human rights verification in the group value chain and maintaining the pay gap below 5%. We are also consistently implementing social involvement programs, such as the Great Orchestra of Christmas Charity.

And, as part of our drive to promote ESG considerations in the financing world, we also introduced a new service line whereby we act as a so-called sustainability agent – an agent in syndicated SLL financing that verifies that the reporting of KPIs of our clients are in line with regulatory and documentary framework. It might seem like a small role but it is a significant one as it helps to set a market standard in the country.

Ultimately, a green transformation is reflected in mBank's ESG strategy. It includes a decarbonization strategy based on SBTi objectives, which is our current priority in the area of sustainable development. mBank is a good example of the companies that successfully integrate ESG principles into their operations, which often allows them to enjoy a competitive advantage, attracting investment, talent, and customer loyalty.

CEELM: What about your in-house legal function – how has it been shaped by this focus on ESG?

Szczepaniak: The in-house legal function has been particularly affected by the rise of ESG. Traditionally focused on legal risk management and regulatory compliance, legal teams are now tasked with a broader mandate that includes advising on ESG-related issues. This shift has required legal departments to expand their focus beyond traditional legal risks to encompass environmental, social, and governance factors.

One significant impact on the legal function is the need to stay abreast of evolving regulations related to ESG. It is worth mentioning that currently there are over 600 ESG-related reg-



ulations in the regulatory database, and one-third of them are regulations from Europe. Legal teams must monitor changes in environmental laws, human rights regulations, labor practices, and corporate governance standards, all of which are increasingly being codified into law. This requires a deeper understanding of the ESG landscape and a proactive approach to compliance.

Additionally, the legal function is often called upon to advise on the development and implementation of ESG policies, strategies, and documentation standards. This involves working closely with other departments, such as sustainability, human resources, and corporate governance, as well as with other market participants and public sector representatives to ensure that the organization's ESG initiatives are legally sound and align with best practices.

Furthermore, regulatory bodies are increasingly mandating ESG disclosures and compliance. This heightened regulatory scrutiny means that organizations must be proactive in their ESG strategies, ensuring that they not only meet legal requirements but also exceed them to safeguard against future risks.

CEELM: Is ESG compliance something you are looking to incorporate into your legal function? If so, how?

Szczepaniak: Incorporating ESG compliance into the in-house legal function is essential for organizations seeking to navigate the complexities of sustainable business practices. Legal teams play a pivotal role in ensuring that ESG principles

are embedded into the organization's operations and that compliance with ESG-related regulations is maintained.

To incorporate ESG compliance effectively, legal teams must first assess their current capabilities and identify any gaps in expertise or resources. This may involve conducting a thorough review of existing policies, procedures, and training programs to determine how well they align with ESG requirements.

Once gaps are identified, legal teams can take several steps to integrate ESG compliance into their functions. These steps may include:

1. **Developing ESG Policies and Procedures:** Legal teams can lead the development of comprehensive ESG policies that outline the organization's commitment to sustainability, social responsibility, and ethical governance. These policies should be aligned with regulatory requirements and best practices and should be communicated clearly to all stakeholders.
2. **Training and Education:** Educating employees about ESG compliance is critical for fostering a culture of accountability. Legal teams can conduct training sessions to raise awareness about ESG regulations and ensure that employees understand their roles in achieving compliance.
3. **Cross-Functional Collaboration:** ESG compliance requires collaboration between legal, compliance, sustainability, and operational teams. Legal departments should work closely with other functions to integrate ESG considerations into business processes and decision-making.

CEELM: What new expertise does your team have to develop to incorporate all of this? Will you be looking to rely on internal resources or external expertise?

Szczepaniak: The rise of ESG necessitates the development of new expertise within the in-house legal function. Legal teams must be equipped to address both existing legal frameworks and emerging challenges related to ESG. At mBank we have ESG experts in every major legal support section, who lead workstreams within their respective product lines. There is one in the investment banking team, one in capital markets and M&A, one in the corporate clients' department focusing on loan financing, one in retail, and another one in the brokerage house.

The required set of competencies entails, in particular:

Environmental Law Expertise: As environmental regulations become more stringent, legal teams need to deepen their

knowledge of environmental law. This includes understanding regulations related to carbon emissions, waste management, and resource conservation, as well as staying informed about global environmental agreements and treaties.

Social Responsibility and Human Rights: Legal teams must also develop expertise in social responsibility and human rights issues. This includes understanding labor laws, diversity and inclusion requirements, and ethical labor practices. Legal professionals should be prepared to advise on policies that promote social equity and protect human rights.

Governance and Compliance: Governance is a critical aspect of ESG, and legal teams must be well-versed in corporate governance principles, compliance requirements, and risk management strategies. This includes understanding disclosure requirements, anti-bribery and corruption laws, and stakeholder engagement practices.

Organizations can choose to build this expertise internally by training existing legal staff or hiring new professionals with specialized ESG knowledge. Alternatively, they may choose to rely on external expertise, such as law firms or consultants with deep experience in ESG matters.

At mBank we chose a hybrid approach, combining internal development with external support, which in my opinion may offer the most flexibility and breadth of expertise. While we are very much focused on building up the necessary competencies internally, it is not sufficient given the depth of it all. We already have a panel of law firms in place focused on ESG as we're bound to continue cooperating with external lawyers. We are also big on constant learning from the market – may it be in exchanging best practices with the Polish banking association and running or attending educational events with our clients. I see the latter as a mutual learning opportunity since we also get to learn from our clients in terms of what their expectations and the market standards are.

CEELM: What are currently the main unknown variables for your in-house legal function when it comes to ESG?

Szczepaniak: Several unknown variables present challenges for in-house legal teams when it comes to ESG.

Regulatory Uncertainty: The regulatory landscape for ESG is rapidly evolving, with new laws and regulations being introduced regularly. As I mentioned earlier, there are hundreds of regulations in the ESG area currently in place and many others are to come. Legal teams must stay vigilant in monitoring these changes and be prepared to adapt their strategies as new

requirements emerge.

Variability in ESG Standards: There is currently a lack of uniformity in ESG standards and reporting frameworks. This variability can make it challenging for legal teams to ensure compliance across different jurisdictions and industries. Common standards are critical because, in lieu of them, banks need to rely on their own which ultimately means you might need to justify or defend them in front of a regulator down the line. That said, I do see a positive trend of aligning these standards. I see the unification exercise as an ongoing one and think most of the market is generally positive about its outlook.

Stakeholder Expectations: Stakeholders, including investors, customers, and employees, have varying expectations regarding ESG performance. Legal teams must navigate these expectations and advise on strategies that balance compliance with stakeholder demands.

To explore answers to these challenges, in-house legal teams can take several approaches. In my opinion, the most efficient solutions include continuous monitoring of regulatory developments, collaborating with external experts, engaging with stakeholders, and investing in training and education.

CEELM: How do you believe ESG will evolve going forward?

Szczepaniak: It is already noticeable that ESG will have a profound impact on the future of the in-house legal role. Legal teams will increasingly be viewed as strategic partners in shaping corporate ESG strategies and ensuring that organizations meet their sustainability goals. There will be a growing demand for legal professionals with expertise in ESG, and the skill set required for in-house legal roles will expand to include a deeper understanding of environmental science, social responsibility, and governance practices.

Key developments to watch include the ongoing evolution of ESG regulations, the rise of investor activism on ESG issues, advancements in technology for ESG compliance, and changing stakeholder expectations. By staying informed about these trends and proactively addressing ESG challenges, in-house legal teams can play a crucial role in driving sustainable business practices and safeguarding their organizations against legal and reputational risks.

I am convinced that effective sustainability management, such as shown in mBank's example, is an expression of concern for the interests of the shareholders, customers, and the whole financial ecosystem. We will follow this path in line with our ESG strategy in the coming years. ●

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RECENT WORK IN THE CEE REGION

- 1 **Vodafone** on the sale of Vodafone Hungary
- 2 **Aviva plc** on the sale of its entire shareholding in Aviva Poland to Allianz for cash consideration of €2.5bn
- 3 **Cineworld** in connection with its financial restructuring, including the successful emergence of entities making up its US and UK and Irish businesses from their Chapter 11 cases and the pre-packed administration of Cineworld Group plc, as well as the refinancing of Cineworld Bulgaria, Poland, Czech Republic, Hungary
- 4 **Three Seas** in relation to the acquisition of a 30% interest in R.Power for €150m and the subsequent syndication of a €75m stake to the European Bank for Reconstruction and Development.
- 5 **Vitol** on the sale by its subsidiary, Arawak Energy Ukraine BV, of its 50% interest in the Geo-Alliance Group, one of the largest producers of gas and gas condensate in Ukraine, to its joint venture partner EastOne

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EOS' ESG STORY

By Mirza Kahvedzic, Executive Director for Legal Affairs, EOS Matrix Bosnia and Herzegovina

ESG has long been considered a niche concept, especially in Bosnia and Herzegovina. However, over time the picture has completely changed and the market has not only mastered the meaning of ESG, but a large number of companies have adapted their business to all or rather most of environmental, social, and governance principles.

Both under the influence of globalization and due to the influx of investments, the concept of ESG is becoming an increasingly important topic for every legal entity on the market, and those businesses that fall behind will risk staying behind.

If we take into account that EOS Bosnia and Herzegovina is a member of the EOS Group, which is a leading technology-driven investor in receivables portfolios and an expert in the processing of outstanding receivables, operating on the global market for 50 years, the question of whether to implement ESG principles in practice is a no-brainer. It is easy to conclude that the mastery of this concept and its implementation for our local company was certainly under the great influence of our owner – the Hamburg-based EOS Group. To substantiate the level of seriousness of this topic, I will mention that, in 2023, EOS Group received an ESG rating from the renowned rating agency Morningstar Sustainalytics and was given a risk of 10.2, which puts EOS Group among the top 2% in the consumer finance sector.

Belonging to a large family that operates on the global market certainly exposed the local team to solid know-how and sharing of experiences and best practices. Research has shown that more than 80% of investors take into account the company's ESG standard when considering potential investments, so I can certainly conclude (looking at the emerging interest banks

and local companies on the Bosnian market show for this topic) that nowadays companies that do not adapt their operations and business to environmental and social standards cannot expect to be successful in any serious market. ESG has left the sphere of “nice to have” and has become a “must have.”

Our company has recognized the importance of ESG for a long time, and in this direction, we established a compliance department a few years ago that independently, and under the influence of our group's good practices, implemented many concepts in the company's management that support ESG principles.

Despite our company not being a financial institution or an entity that must implement certain systems prescribed by the *Law on Prevention of Money Laundering and Financing Terrorist Activities*, we decided to – although we have no strict legal obligation – implement appropriate systems and procedures that support this legislation. We have an internal system of records of all business entities and third parties that are subject to checks before business cooperation can be established. At the same time, we have a system of flagging certain transactions that, given the nature or identity of the participants, require additional checks that may result in a ban on entering into a business relationship.

Our group is a member of the UN Global Compact (UNGC) – a framework in which companies engage in order to safeguard and enact universal principles in the areas of human rights, labor, environment, and anti-corruption. As such, we especially take care to apply without exception principles of the UNGC, and this includes, among other things, our self-imposed aspiration to only work with partners and clients who

pass our KYC checks and for which we have no indication of any human rights violations.

We also undertook certain activities in order to support the “E” (environmental) aspect to the greatest extent possible. We fully implemented the qualified electronic signature within the company last year. The e-signature implementation, in addition to simplifying day-to-day work, significantly reduces the use of paper. Unfortunately, the legislative system in BiH does not currently support solutions for electronic communication with courts and the use of paper in that regard is still present, however, the plans of our compliance department for this year include an initiative to engage a paper recycling company that would deal with the recycling of paper. At the same time, the previously mentioned KYC/BPS checks are fully automated and paperless.

Our compliance department plans to implement a system by which existing technical equipment (e.g., computers) whose depreciation period has expired but that are still in working condition would be donated to charitable organizations or those who may need computers (e.g., schools). Going “green” was also marked this year with the donation of a solar bench to the town and citizens of the city of Ljubuski, which is environmentally friendly and at the same time shows our company’s efforts to demonstrate the application of good standards required by ESG with practical examples.

Lastly, I cannot help but point to the Finlit foundation as the first non-profit organization of the EOS Group. The Finlit *ManoMoneta* educational initiative has already reached more than 100,000 children aged 9 to 13 with the aim to make children more aware of the right way to handle money and, in doing so, help counter excessive personal debt.

To finish as I have started: ESG implementation is no longer simply “nice to have,” but rather a “must have,” and I am personally grateful for the great work our local compliance team is doing in this segment. ●



WHISTLEBLOWING: NURTURING A CULTURE OF INTEGRITY AND ACCOUNTABILITY

By Aslihan Evcimen, Country Legal Director, Saint-Gobain



Whistleblowing transcends being a mere procedural checkbox – it is a lifeline for organizational integrity and accountability. It serves as a crucial mechanism for employees, business partners, and third parties to report unethical practices, illegal activities, or violations of company policies within their organizations.

As the first line of defense against internal misconduct, whistleblowing plays a pivotal role in maintaining organizational integrity. When implemented effectively, it ensures that potential issues are addressed early, preventing them from escalating into full-blown crises. However, as an experienced legal and compliance professional, I must emphasize that the success of a whistleblowing system demands more than just policies and legal frameworks – it also requires a well-structured, top-to-bottom approach in which leadership actively champions transparency and ethical behavior.

At the heart of whistleblowing lies the principle of accountability and transparency. Employees, business partners, and third parties involved with an organization are often the first to notice when something is amiss – be it financial fraud, regulatory violations, or workplace harassment. By establishing a safe environment where these stakeholders can report their concerns without fear of retaliation, organizations can mitigate risks early on. This proactive approach not only protects the organization from legal liabilities, financial losses, and reputational damage but also fosters a culture of trust and engagement. Employees and partners who believe their concerns will be taken seriously are more likely to contribute positively, enhancing overall morale and productivity.

The effectiveness of any whistleblowing system hinges on leadership commitment. A top-to-bottom approach is crucial, where ethical behavior is not merely encouraged but mandated from the highest levels of the organization. This commitment starts with senior executives and the board of directors, who must visibly support whistleblowing initiatives and embody the organization's commitment to transparency. Leadership must go beyond simply having a whistleblowing policy – they need to actively promote it as a core value. When leaders set the tone from the top, that commitment filters down through the organization, reinforcing the expectation that ethical behavior is non-negotiable at every level.

For a whistleblowing system to truly be effective, it must be supported by clear and comprehensive policies. These should specify what can be reported, the process for reporting, and the protections available to whistleblowers. Policies must be easily accessible and regularly updated to reflect changes in laws and company procedures. Crucially, organizations should offer multiple channels for reporting concerns, including anonymous hotlines, online platforms, and in-person meetings with designated legal and compliance professionals. Providing various options increases the likelihood that employees and partners will come forward, especially if they can do so confidentially.

Confidentiality and protection from retaliation are fundamental to any effective whistleblowing system. The fear of retaliation – whether in the form of dismissal, demotion, harassment, or ostracism – often deters individuals from reporting misconduct. Organizations have a legal and ethical obligation to protect whistleblowers from these consequences. Many countries have established robust legal frameworks to safeguard whistleblowers and require legal protections and establish secure reporting channels.

However, legal protections alone are not enough. Organizations must also cultivate a culture where whistleblowing is not just tolerated but encouraged and valued. This cultural shift starts with leadership. Executives and senior managers need to actively communicate that whistleblowing is a positive and necessary contribution to maintaining ethical standards. Regular communication about the importance of ethics and transparency helps to reduce the stigma associated with whistleblowing, making it clear that reporting concerns is both safe and encouraged.

Middle management plays a critical role in this cultural transformation. Managers must be trained to handle whistleblower reports with professionalism and sensitivity, ensuring confidentiality and support throughout the process. A poorly handled report can erode trust in the system, so managers need the right tools and training to manage these situations effectively.

A strong whistleblowing system must also commit to thorough, impartial investigations. Once a report is received, the organization must take it seriously, assigning independent investigators to assess the claims and gather evidence. The investigation process should be transparent, with whistleblowers



Whistleblowing transcends being a mere procedural checkbox – it is a lifeline for organizational integrity and accountability.

kept informed of the progress where appropriate. Acting on the findings – whether through disciplinary measures, policy changes, or other corrective actions – demonstrates the organization's commitment to upholding ethical standards.

Continuous evaluation and improvement are necessary for the long-term success of whistleblowing systems. Leadership should regularly review the system's effectiveness by analyzing metrics such as the number of reports received, investigation outcomes, and employee trust levels. Feedback from employees and partners can provide valuable insights for refining the system, ensuring it remains effective and responsive to organizational needs.

In conclusion, whistleblowing is integral to creating a culture where ethics and transparency are not just buzzwords but are embedded in the organization's fabric. By adopting a top-to-bottom approach, supported by robust legal protections and well-implemented systems, organizations can empower employees, business partners, and third parties to speak up without fear. This proactive stance not only protects the organization from potential harm but also reinforces its reputation as a trusted, ethical entity. Whistleblowing, therefore, is not just a compliance requirement but a critical component of an organization's long-term success, fostering a culture of integrity that benefits everyone involved. ●



For a whistleblowing system to truly be effective, it must be supported by clear and comprehensive policies. These should specify what can be reported, the process for reporting, and the protections available to whistleblowers.

WHISTLEBLOWING: A GUIDE TO BASICS

By Miray Gunes, Head of Legal, Energo-Pro Turkiye



An act of “whistleblowing” is usually defined in different vocabulary within the frameworks of management sciences and law perspective. A whistleblowing act happens when a person within or outside an organization, holding sensitive information regarding illegal, unethical, or abusive activities, or any action creating a risk to harm the organization, decides to speak out, to internal or external authorities. Whistleblowers are essentially the messengers who convey the information they have somehow acquired.

Two controversial approaches emerge when it comes to positioning whistleblowers in the psychology of an organizational environment: the first considers whistleblowing as an activity that benefits the organization and community; the second considers it as an inappropriate behavior of spying that is not ethically correct, has negative consequences and may put the organization or the individuals working in the organization in a difficult situation.

According to the *Occupational Fraud 2024: A Report to the Nations* prepared and published by the Association of Certified Fraud Examiners, the most effective method of detecting internal

fraud and corruption was whistleblowing, with a rate of 43%. In institutions where training is organized on how to prevent and detect corruption and abuse, the rate of abuse detected through whistleblowing mechanisms increases to 56%. Judging by the data, it is no secret that whistleblowers play an active role in revealing non-conformities and that it is required or, at least, it would be beneficial to include whistleblowing in the scope of corporate governance in one way or another.

So, how can we use this system in the most effective manner and not shoot the messenger?

In the act of whistleblowing, there are three actors who have their personal agendas: the whistleblower raising the report, the authority receiving the report, and the person(s) related to the subject of the report.

A whistleblower is expected to be acting in ethical concerns or pursuit of justice; however, they as well might be driven by humanistic motives such as jealousy or competition. The authorities receiving a report may tend to stay silent on it for various reasons. Finally, the person(s) who is/are related to the subject



matter of the report may come back with a hostile reaction. In order to make whistleblowing – a human behavior-centered mechanism – well-functional and useful, it becomes an important issue to create solid and easy-to-understand rules balancing the roles among the actors, though it is evident that human motives cannot be completely eliminated or managed.

In Türkiye, specific legal regulations on whistleblowing may not exist at all, or exist only within the required scope in terms

of positioning the whistleblower within corporate governance, evaluating data confidentiality, whistleblower protection conditions, and similar perspectives. The first step would, therefore, be to select and implement a legal regime by evaluating all the unique characteristics of the organization. It is important to clearly set out standards, simple and easy-to-understand content of the subject matter actions, identify the assigned authority and a step-by-step explanation of procedures on how to reach them, procure the security or protection of the whistleblower by providing the option to raise a concern in complete confidentiality, reflect a clear view “against retaliation,” ensure whistleblowers understand that any reports that do not reflect the truth or are made in a hostile grievance are not welcome, and, finally, implement rewards. All these would help in enabling and promoting individuals to take part in the mechanism.

Could “having created the perfectly formulated policy and a mechanism” be sufficient to embed whistleblowing implementations into the organizational environment? As the Bartleby column describes in *How to Read Corporate Culture* in *The Economist*, “culture eats strategy for breakfast, runs the aphorism. It also projectile vomits employees who don’t fit in.” Without integrating the whistleblowing mechanism into the company culture – which is no different than the other implementations – its success, unsurprisingly, will likely be a long shot. Commitment to whistleblowing by the high-level organizational members, training enabling the participants to understand how and when to use the whistleblowing mechanism, proper, consistent, and sincere follow-up of the applications, and providing feedback to the whistleblowers in a consistent manner.

Thanks to whistleblowing, organizations have the opportunity to avoid potentially harmful acts and transactions before incurring any damage to their reputation and financial situation. At the same time, whistleblowers gain a place in corporate governance. Thus, whistleblowing works bidirectionally toward creating a healthy corporate culture that benefits all. ●



In institutions where training is organized on how to prevent and detect corruption and abuse, the rate of abuse detected through whistleblowing mechanisms increases to 56%. Judging by the data, it is no secret that whistleblowers play an active role in revealing non-conformities.

WHISTLEBLOWING: GLOBAL SOLUTIONS WITH LOCAL FLAVORS

By Minerva Ionita, Head of Legal & Compliance, Beko Romania

With the Whistleblowing Directive implemented into local legislation, whistleblowing has become an essential topic in companies. As national interpretations of the directive on whistleblowing have made it mandatory for organizations to introduce reporting channels and protective measures, businesses must navigate a more stringent and complex legal landscape.

Implementing a whistleblowing system in a company is a crucial step toward fostering transparency, accountability, and ethical behavior. Even more, this will improve the company's image and gain the trust of business partners, clients, and investors.

It is known that the *EU Whistleblower Protection Directive* mandates that organizations with 50 or more employees must establish secure reporting channels.

However, each EU member state may implement the directive with additional or more stringent requirements.

Operating a business across multiple countries can indeed present challenges when it comes to implementing and managing a whistleblowing system, particularly given the varying legal requirements and cultural differences in each jurisdiction.

Designing and implementing a whistleblowing system is a highly sensitive process that requires careful consideration of the unique legal, cultural, and behavioral nuances of each country.



In some cultures, whistleblowing may be seen as a betrayal or as dishonorable, which can deter individuals from coming forward. Conversely, in other cultures, it may be viewed as a civic duty or an act of integrity. The system must be sensitive to these perceptions and designed in a way that encourages participation in a culturally respectful manner.

The success of such a system hinges on its ability to resonate with local employees and stakeholders while maintaining the integrity and consistency of the organization's ethical standards.

Each country has its own legal framework governing whistleblowing, which can range from very robust protections to limited or no specific regulations. Understanding these nuances is critical to ensuring that the system is compliant and offers the necessary protections to whistleblowers.

The system must be designed to comply with not only the most stringent legal requirements globally but also the specific legal obligations in each country. This means adapting policies, reporting mechanisms, and investigation procedures to align with local laws.

In some cultures, whistleblowing may be seen as a betrayal or as dishonorable, which can deter individuals from coming forward. Conversely, in other cultures, it may be viewed as a civic duty or an act of integrity. The system must be sensitive to these perceptions and designed in a way that encourages participation in a culturally respectful manner.

Trust is a cornerstone of an effective whistleblowing system. Employees must believe that their reports will be handled confidentially and that they will be protected from retaliation. Building this trust requires a deep understanding of local attitudes toward authority, privacy, and fairness.

Understanding what motivates employees in different countries to speak up – or to remain silent – is key. This might include considerations of loyalty, fear of retaliation, concern for the company's reputation, or personal ethics. The system should be designed to address these motivations in a way that encourages honest and open reporting.

While maintaining a consistent global framework, it is important to allow flexibility in how the system is implemented and operated in different countries. This might mean offering multiple re-

porting channels, adapting the investigation process, or customizing training programs to fit local needs.

Fostering an organizational culture that deeply values transparency, accountability, and ethical behavior is essential for creating an environment where a whistleblowing system is not just a compliance tool, but a reflection of the company's core values. When these principles are ingrained in the company's DNA, employees are more likely to trust and use the whistleblowing system, viewing it as an integral part of their commitment to maintaining the organization's integrity.

However, despite all differences and local adaptations, the core ethical standards of the organization should remain consistent across all jurisdictions. This ensures that the organization's commitment to integrity and transparency is clear, regardless of location.

Designing and implementing a whistleblowing system that respects the unique characteristics of each country is indeed a delicate and intimate process. By approaching it with cultural sensitivity, legal awareness, and a deep understanding of local behaviors, businesses can create a system that not only complies with the law but also resonates with employees and encourages them to speak up without fear. This thoughtful approach helps build a stronger, more ethical organization that is capable of navigating the complexities of a global business environment.

When transparency, accountability, and ethical behavior are deeply embedded in a company's culture, the whistleblowing system naturally aligns with the organization's broader commitment to integrity. It becomes more than just a compliance mechanism – it is a vital part of the company's ethical framework that employees trust and value. By fostering this culture, companies not only protect themselves from risks but also build a strong foundation for long-term success and a positive reputation. ●

IMPLEMENTING WHISTLEBLOWING IN AN INTERNATIONAL SPORTS FEDERATION: AN INTERVIEW WITH MARIANNA ERDEI OF TEQBALL

By Radu Cotarcea

“Plan twice to implement once” is Teqball Group Legal Director Marianna Erdei’s approach to implementing new whistleblowing regulations in a manner that is not compliant only with Hungarian law but takes into account the local needs of other jurisdictions.

CEELM: What are the biggest challenges in your view in implementing the new whistleblowing regulations?

Erdei: What is very important to note is that the EU regulation on it is something that needs to be implemented in a way that the country’s own law will be respected. In my case, several of the group companies and the sports federation itself are located in Hungary, meaning that we need to keep the Hungarian law in mind. There are differences between EU and Hungarian legislation and you need to overcome those obstacles.

For example, look at anonymity. Under Hungarian legislation, it is not a necessity – which adds an interesting spin to EU legislation. That said, working for an international group of companies, you have many local subsidiaries that have other local flavors. However, using the same system is pretty much a requirement for any international body, giving rise to questions on how to set up a system that takes these differences into.

And that is just one example of the challenges of finding a system that will be both good for the company and the whole set of companies in the international group. Keep in mind that, the goal is to have independence locally to be able to investigate any reports on a local level while also sharing any findings in compliance with local rules. If it is against the rules to share them abroad, you need to find a chain of investigators who can be involved but are independent enough to be able to have an independent result.

Another consideration when looking at an international group is language. It is a requirement for reporting opportunities to exist in a language that the whistleblower understands – i.e., local language. As such, you need to both localize reporting



lines while also ensuring you have processing capabilities in the local language.

CEELM: How do you recommend tackling these challenges?

Erdei: Use internal resources if you are a big enough organization or look for off-the-shelf solutions that can be localized. The latter have their limitations, of course. If you have something that is already available, you can then use local resources to adjust to your local needs.

There is of course always a question as to who is independent enough but also possesses the internal knowledge and expertise to cover the investigation. Most of the companies that operate in sensitive areas already have some systems in place but now have a specific set of requirements that they need to adjust to. If your organization is rather small, you’ll need to start spending money to either externalize or train internal resources. Of course, not only one responsible person is needed because if they are tainted by any info received, you need to be able to deal with those conflicts. Having an efficient com-

pliance department is important in light of the new legislation but not all can afford a whole compliance team.

CEELM: What are the options if there are no internal resources then?

Erdei: My approach would be to see what would be most efficient in all instances – both in terms of time and money. There is no one good path, but an evaluation of the company's situation is needed – to see if the cost of external services, or the cost of training of an available and appropriate team member(s) is more suitable for the company. In a lucky scenario, the company can rely on the already existing compliance teams (and even IT internal resources).

I believe that in most cases a combination of the available solutions would work. My advice would be to find the simplest setup as well. Ultimately, I asked myself what was the most important message from the legislator that should be considered when implementing the whistleblowing system. My answer would be to have appropriate ways that people can submit a complaint efficiently. I propose to identify the channel that complies and do our best to make it available to all concerned persons (i.e., ensure access).

CEELM: Which function is best positioned in your view to receive and process complaints?

Erdei: May this be a little bit extraordinary view, but I think almost either – IT, compliance, legal, HR – you need to look more at the personal set of skills needed to carry out the relevant investigation. Compliance is likeliest to have those skills the most by virtue of what they do but, for smaller companies, my choice would probably be to look at individuals rather than functions per se. Probably look at HR or legal but I wouldn't rule out any department (or its member) that might have the necessary skill set and training. Ensuring independence for the investigator might mean you need to consider outsourcing, should the internal circumstances not allow unquestionable independence for the internal resource.

CEELM: If the skill set is more important then, what are the skills you'd look out for?

Erdei: First and foremost: analytical thinking – to be able to gather and analyze the facts for any complaint. Second, probably some legal knowledge or background would be useful, and to be familiar with the code of ethics (or equivalent) you wish to enforce. Third, strong communication skills are definitely needed – whoever is in charge of this needs to be able to tactfully and efficiently communicate with the reporter and

witnesses. Last but not least, good problem-solving skills are needed to propose appropriate measures at the end of the investigation.

CEELM: What are the most effective channels for reporting issues?

Erdei: In the era of the internet, probably online is the easiest to set up channels (through your intranet or website or the like). Also, to gather info and evidence, it makes more sense to have it written down as well. I wouldn't rule out email either as a very common communication channel.

CEELM: Once the new system is set up, how do you communicate it best internally?

Erdei: Like any other compliance matter – it is all about raising awareness and training, showing how team members can use it or what options are available, but they should also be made aware of the potential consequences (good faith vs bad faith reporting) because it is not something that should be taken too lightly. It's a great tool to have and important for any organization to know if there is something wrong internally, but you need to make sure it is used wisely and ethically.

CEELM: Do you have any tips for the actual setup?

Erdei: It is important to collect information on what works best for your organization. Starting a system not well suited for you will probably mean losing time and money, so you need to plan it out well before you go for any option. Also, if you have a procedural framework and templates in place, you will not be surprised by the first few submissions. You should practice it out – what everyone does under varying scenarios. Working out templates will ensure you have a methodology in place both in terms of how you react to and how you engage the whistleblower. That way you can focus on engaging with the substance of a received report, not the form of how to connect. Bottom line: Plan it out well and build up templates while testing.

If you think about it, it is ultimately a compliance exercise. We've had the GDPR and the like before, so we are used to incorporating a new system. And, if you are lucky, you already have a similar system in place. It is important to look at it from a positive perspective and internalize it as an opportunity for the organization to be in control over its operations. Having used it wisely, under certain circumstances, this system can ensure competitiveness for the company, not to mention, that in other cases it can spare the organization a lot of headaches by preventing a problem from getting bigger. ●

WHISTLEBLOWING IN POLAND: AN INTERVIEW WITH ZUZANNA KOPACZYNSKA GRABIEC OF WONGA

By Teona Gelashvili

Wonga Director of the Legal, Compliance, and HR Department **Zuzanna Kopaczynska Grabiec** discusses what systems needed to be set up to align with new Polish legislation on whistleblowing and how her team did so.

CEELM: What new whistleblowing systems did you need to introduce in your organization as a result of new regulations?

Kopaczynska Grabiec: Poland has recently implemented legislation in alignment with *Directive (EU) 2019/1937*, which the European Parliament and Council adopted on October 23, 2019. This directive mandates that EU member states, and consequently, employers within these states, establish legal frameworks to protect whistleblowers. It also sets out clear procedures for reporting breaches of union law and outlines how employers and public authorities should respond. To comply with these new regulations, companies need to take several critical actions to ensure both compliance and the effectiveness of their whistleblowing systems.

The first step involves policy and procedure development. Companies like Wonga must ensure that their existing whistleblowing policies are updated to reflect the new regulations. This includes clearly defining the reporting process, identifying the types of issues that should be reported, and detailing the protections available to whistleblowers. Comprehensive procedures must be established for managing whistleblowing reports, from initial intake through to investigation, follow-up actions, and resolution. Additionally, offering multiple secure and anonymous reporting channels – such as a hotline, an online platform, and a confidential email address – is essential.

Next, we should focus on employee awareness campaigns. It is crucial to educate employees about the new whistleblowing systems, their rights under these systems, and the importance of reporting any misconduct. Training sessions for both employees and management are vital to ensure that everyone understands how to identify, report, and appropriately handle whistleblowing cases.

Protecting whistleblowers from retaliation is a key concern,

which brings us to the non-retaliation policy. Companies need to reinforce their commitment to protecting whistleblowers from any form of retaliation. Employees must feel confident that they can report their concerns without fear of negative consequences. Support systems, such as access to counseling or legal advice, should also be established for whistleblowers if needed.

On the investigative side, we have established a dedicated investigation team responsible for thoroughly and impartially investigating any whistleblowing reports. Having a specialized team ensures that reports are handled with the necessary expertise and care.

These measures are crucial for fostering a transparent and ethical workplace. The goal is to create a culture where employees feel safe and empowered to speak up when something isn't right, ensuring not only compliance with the law but also strengthening the integrity of the organization.

CEELM: Are you relying on a global solution within your organization or local ones? Why?

Kopaczynska Grabiec: Our company has chosen a local solution, which in our opinion is more attuned to the cultural and legal nuances of the region. Since we are providing services only in Polish, whistleblowing channels in the local language ensure better understanding and accessibility for employees, reducing barriers to reporting. Local solutions are tailored to comply with specific national and regional regulations, ensuring that the organization meets all legal requirements. In my opinion, local tools also facilitate smoother communication and coordination with local regulatory bodies, which can be crucial in handling and resolving cases. Implementing a local solution can be also more cost-effective than deploying a global system, particularly for organizations with a significant presence in one region.



CEELM: Did you opt to use in-house resources or externalize whistleblowing? Why?

Kopaczynska Grabiec: We decided to use an integrated whistleblowing system. Using both in-house and external resources for whistleblowing processes offers a balanced approach that leverages the strengths of each to create a comprehensive, effective, and credible system. By using a combination of in-house and external resources, the organization can create a more robust, effective, and trusted whistleblowing system that not only meets regulatory requirements but also fosters a culture of transparency and accountability. External resources bring an impartial perspective, which is crucial for maintaining the integrity of the investigation process and ensuring that all reports are handled fairly and without bias. The in-house resources are well-versed in the organizational culture, values, and internal processes, making them better equipped to handle sensitive issues with an understanding of the internal context.

CEELM: For the external component, are you using an off-the-shelf solution or a tailor-made one?

Kopaczynska Grabiec: We have decided to use an off-the-shelf solution. Developing a custom solution can be costly and time-consuming. With off-the-shelf solutions, the costs are more predictable and often include support and maintenance as part of the package. Off-the-shelf solutions generally require a lower initial investment and can be more affordable in the short and long term. Off-the-shelf solutions can be implemented much faster than custom-developed systems. This is crucial for meeting regulatory deadlines and quickly establishing a functional whistleblowing system. These solutions are often built around industry best practices and standards, ensuring that the organization benefits from up-to-date and ef-

fective whistleblowing processes. What is very important from my perspective, providers of off-the-shelf solutions often update their products to remain compliant with new regulations, which helps organizations stay current with minimal effort.

CEELM: To what extent is the legal function in your organization involved once a report is received?

Kopaczynska Grabiec: In our company, the legal team is the owner of the whistleblowing process. By involving the legal function at every stage of the whistleblowing process, the organization ensures that it handles reports in a manner that is legally sound, protects the rights of all parties involved, and maintains compliance with relevant laws and regulations. My team coordinates with internal or external investigators to ensure the investigation is conducted thoroughly, impartially, and in compliance with legal standards. The team provides legal advice to ensure that the investigation and subsequent actions comply with relevant laws, regulations, and organizational policies, ensures that the rights of all parties involved, including the whistleblower and the accused, are protected throughout the process, and maintains comprehensive and confidential records of the investigation process, findings, and any legal advice provided.

CEELM: How have you been promoting the whistleblowing channels throughout your organization?

Kopaczynska Grabiec: The concept of a whistleblower, particularly in Polish culture, can have a pejorative connotation as it is associated with informants. Therefore, it is extremely important to create an environment where employees feel empowered to speak up, knowing that their concerns will be taken seriously and handled appropriately. Promoting whistleblowing channels within an organization requires a thoughtful and strategic approach to ensure employees are aware, feel safe using them, and understand their importance. First of all, leadership should visibly endorse the whistleblowing channels, emphasizing their importance in fostering a transparent and ethical work environment. Regular communications from senior leadership (such as emails, town hall meetings, or video messages) should underscore the value of whistleblowing, reassure employees of their protection, and encourage its use.

We have also created a dedicated section on the company intranet that provides detailed information about the whistleblowing process, including FAQs, case studies, and contact details. With the implementation of the new Polish regulation, we are planning to distribute brochures or flyers that outline the whistleblowing procedure, ensuring that all employees, including those without regular internet access, are informed. ●

CENTERED AROUND CYBERSECURITY: AN INTERVIEW WITH GABIJA KUNCYTE OF COMPENSA LIFE VIENNA INSURANCE

By Teona Gelashvili

Compensa Life Vienna Insurance Group SE Head of Legal Baltics **Gabija Kuncyte** discusses the evolving landscape of cybersecurity and its increasing significance within the legal and financial sectors.



CEELM: How has the increasing focus on cybersecurity regulations impacted your company so far?

Kuncyte: Currently, many group projects at the Vienna Insurance Group level are centered around cybersecurity. One notable project involves establishing cyber defense centers across Europe, with Poland designated for our region, while other countries will have other centers hosted in other EU countries.

The growing pressure on companies comes from multiple sources. Regulators are becoming more aware of cybersecurity needs, and regulators from progressive countries like Austria are responding by hiring IT and IT security specialists. While GDPR was once the primary focus, the attention has now shifted toward scrutinizing IT systems and vendor management. Personal data protection is no longer the sole concern.

With more companies investing heavily in IT, it's essential to ensure that systems are secure. Even a single weak vendor among many can create a backdoor for hackers and potentially threaten business continuity. This is why large groups like ours are prioritizing the establishment of centralized cybersecurity centers. Centralizing IT management simplifies oversight, especially when companies have diverse IT support structures.

The second major source for increased focus on cybersecurity is the DORA regulation that will come into force in January 2025, placing significant pressure on financial sector organizations. This will require extensive testing and the establishment of numerous internal processes.

CEELM: Can you walk us through the preparations that you are putting in place for implementing various regulations?

Kuncyte: The DORA will be the primary regulation implemented. The DORA itself is highly detailed when it comes

to IT security. Many aspects will need to be implemented at the local level, impacting every process within the organization. Unlike the GDPR, which was more general, the DORA is much more specific and goes even further – it outlines in detail who is responsible for what and when providing clarity but also imposes specific rules on companies.

These detailed requirements mean that companies will either need to reform their current systems or adapt to the new regulations, which can disrupt existing processes or create a need to reinvent them. Given how precise and constructed the DORA's requirements are, it's clear that what has been done before won't easily fit into this new framework. And this would be costly.

CEELM: What are the main hurdles you encounter during the process?

Kuncyte: Local regulations are supposed to be consistent, but the real issue is that we only have approximately six months left until the deadline, and there's still no clear plan for implementation at a local level. We do not know where and how to start – that's why we have not yet started preparing. Latvia has drafted some requirements, but Lithuania and Estonia have not yet done that and any relevant events would start only in autumn. The first one in our region is set for mid-September, focusing on how to report to the local regulator. Personally, it's frustrating because we already need to start preparing for reporting and designing all our systems as well as internal processes but, since we don't know what precisely will be required, we have to play a guessing game.

I sometimes wonder if rushing these regulations is the right move. From a business lawyer's perspective, it feels like the real goal gets lost in the paperwork and reporting requirements. While the DORA might improve IT security, the heavy bureaucracy could overshadow the actual benefits. Normally, a project like this would need two years of planning, but now we're expected to manage it all in just six months.

CEELM: Are you looking to develop some skills within the in-house function to address cybersecurity?

Kuncyte: We aim to but what's missing in the market is the necessary information and training specifically for financial institutions, particularly when it comes to equipping lawyers with a solid cybersecurity background. The only training I've seen so far is from the Academy of European Law, but there's nothing else available. This gap in the market suggests that at some point we'll likely see IT security training courses designed for lawyers.

Since the DORA is also focused on risk management, lawyers will also need to develop a basic understanding of risk management to interpret the regulations and reports effectively. For example, when dealing with third-party vendors, both lawyers and cybersecurity professionals must gather and analyze crucial information about them. Lawyers, therefore, need to grasp risk management concepts to be effective in their roles. This situation reminds me of the sustainability regulations, where teams had to include a dedicated specialist who kept up with all the trends and regulations. I believe that the same will be true for the DORA.

CEELM: How do you find a balance between cybersecurity priorities and a company's business goals?

Kuncyte: When comparing the DORA with the GDPR and sustainability-related regulations, one key difference with the former is the significant responsibilities placed on the management board. If the boards fail to adhere to certain decisions, there could even be criminal consequences. This is very different from previous EU regulations and creates an enormous top-to-down pressure. In my personal opinion, it is done on purpose. For the DORA, management boards will be driving the urgency to get it right due to the strong element of personal responsibility involved.

Another concern is that the DORA will likely lead to rising costs. Just as companies factored in the GDPR and other requirements into their pricing, cybersecurity compliance is expensive. If you present a vendor with a lengthy list of requirements, those who understand the risks are likely to agree but at a much higher price. This will create a really difficult situation for smaller regional companies, who do not have the support of international groups and, thus, may lead to even more concentration in the financial services market as a result.

CEELM: What significant trends or changes are you anticipating in the next five years in terms of regulatory framework?

Kuncyte: I'm generally optimistic about life and work, but I'm a bit wary of regulations, which often tend to be bureaucratic and often have significant gaps. I believe that within the next five years, we will see the introduction of the first AI regulations in the EU along with many new likely regulations. However, putting these regulations into practical use will still be challenging. As more regulations come into play, both vendors and clients will face a lot of complexity, when acting within the financial services market. Additionally, even though regulations will evolve quickly over the next five years, they probably won't keep up with the rapid pace of technology. The gap between regulation and technology will probably get even bigger. And we'll have to find a way to deal with that. ●

CROSS-BORDER MINEFIELD(S) – STAYING COMPLIANT: A GC SUMMIT SUMMARY

By Andrija Djonovic

In a world where business operations frequently cross borders, the role of legal strategy becomes critical in navigating complex regulatory and political landscapes. Drawing on their professional experience, Envista Holdings Corporation Senior Legal Counsel **Karel Budka** and Head of General Legal at Zentiva **Pawel Borowski** held talks at the CEE Legal Matters GC Summit that took place in Warsaw on April 25-26, 2024. Budka explored the depths of managing foreign direct investment subsidy applications and Borowski looked at the implications of adapting to evolving sanctions.

Legal Preparation and Strategy

As part of his presentation on FDI subsidy applications, Budka focused on his company's initiative to expand manufacturing operations to a remote area in the Czech Republic. Highlighting the use of government subsidies as a facilitator for growth, Budka explored the multi-hurdled path they had to navigate as well as which strategic approaches helped him along the way.

In the beginning, Budka emphasized the critical importance of integrating legal advice from the very beginning of the project planning process. By involving legal experts early, the project's objectives could be aligned with legal requirements, thus smoothing the path forward. "I would always recommend to onboard [legal advisors] as soon as possible," Budka advised. "Such practices were crucial for identifying potential legal obstacles and ensuring they aligned with the company's strategic aims."

Moreover, Budka stressed the importance of comprehending both the legislation and its practical applications. He noted: "the crucial part, which is always there, is what's the difference between the law on paper everyone can read and the real-life application of it." Furthermore, he focused on strategic considerations necessary for structuring effective subsidy applications. This process involved choosing between various subsidy types and planning financial investments to meet government criteria favorably. "Here, the process of application came in handy with the discussion with the business," he stressed, adding that "strategic financial planning was crucial for this stage."

Challenges and Political Dynamics

After discussing strategic planning, Budka delved into the unpredictability of political factors, showing how these can

complicate the subsidy application process. He outlined the challenges one could face when dealing with bureaucratic processes and political influences, which often introduced a level of unpredictability into the subsidy application process. He zeroed in on the complexities of aligning business practices with government expectations and the unpredictable nature of governmental decision-making. "Since in our example we were focusing on a manufacturing facility for intragroup production, there were also transfer pricing policies and all these things that added further layers of complexity," he said, reflecting on the specific challenges he faced. "The nuanced interactions with government officials who may have had their agendas or specific political motivations took this minefield to another level, so threading carefully was paramount."

Finally, Budka stressed the importance of managing expectations within the company and preparing for the political realities that may influence the subsidy award. His experience underscored the "necessity of understanding the full scope of government interactions, including informal negotiations and the potential for discretionary decisions. I would have advised remaining vigilant and proactive at all times, given the political and bureaucratic hurdles that can significantly affect the outcome of subsidy applications," he said in conclusion.

Complexities of International Sanctions

In his presentation titled *Strategic Solutions - Adapting to Evolving Sanctions*, Borowski began by setting the stage for the challenges faced by global enterprises. "The complexity arises not just from the number of countries the companies may operate in, but the intricate interplay of different sanction regimes, each with its nuances and legal expectations," he said.

"The backbone of strategic compliance lies in understanding and leveraging the specific exclusions and licenses available un-

der various sanctions frameworks, such as those issued by the US Office of Foreign Assets Control and the European Union,” he went on to say. Despite these mechanisms, Borowski emphasized that, “the landscape is getting more and more complex. The companies may benefit from certain exclusions and licenses, yet, the situation remains fraught with legal pitfalls.”

Illustrating the severe consequences of non-compliance, Borowski shared recent legal cases. “In the Netherlands, there was a case where a violation led to 18 months in prison and a significant fine,” he highlighted, saying that such cases should serve as stark reminders of the importance of robust compliance programs.

Proactivity and Adaptation Are Key

Moving beyond the initial compliance challenges, Borowski outlined the proactive measures companies must adopt to stay ahead of international sanctions.

For businesses, the key to managing these risks is not just reactive compliance but proactive engagement with legal norms and changes. “It’s crucial we keep up with multiple discussions with external counsels to ensure our practices meet the best standards,” Borowski advised. This involves regular updates and audits of compliance programs to align with the dynamic sanctions landscape.

Specifically, Borowski explained that effective compliance extends beyond mere adherence to legal mandates. “It requires a concerted effort within all levels of a company to ensure that every employee, from top management down, understands and implements the necessary policies. Training programs, regular updates, and strategic communication are essential components of a successful compliance framework,” he shared. Moreover, the integration of advanced technological tools plays a critical role. Dynamic screening and monitoring systems that offer real-time updates and alerts about changes in sanctions lists and regulations can significantly enhance a company’s ability to respond promptly and effectively to potential risks.

Looking ahead, Borowski underscored the necessity for continuous adaptation. “As sanctions evolve, so must our strategies. The key is not just to comply but to stay ahead of the curve in understanding and implementing changes,” he said. “For legal professionals, this means staying informed about global political developments, understanding detailed regulatory updates, and fostering a proactive culture of compliance within their organizations,” Borowski concluded. ●



Karel Budka,
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CONDUCTING A LAWCHESTRA: A GC'S GUIDE TO MANAGING INTERNATIONAL TEAMS

By Szymon Galkowski, Head of Legal Operations in Poland/Global Contracts Legal, State Street Bank International

In a globalized, post-pandemic world, managing international teams of lawyers seems like orchestrating a grand symphony. The players come from diverse national and educational backgrounds, each bringing unique instruments and experiences. As a General Counsel, you are the maestro, conducting this diverse orchestra of lawyers to perform a grand legal symphony composed by various national and international legislators and regulators.

During the COVID-19 pandemic, Polish conductor Adam Sztaba united many musicians, closed in at home across different locations, to perform the song *Co mi Panie dasz* online. This inspiring remote performance demonstrated the power of collaboration despite physical distances. Today, this same power is essential for managing international legal teams effectively.

The Power of Diversity and Inclusion

Diversity and inclusion are more than just catchy phrases. They are the keys to unlocking your team's full potential. According to the McKinsey report *Diversity matters even more*: The case for holistic impact, companies in the top quartile for both gender and ethnic diversity in executive teams are, on average, 9% more likely to outperform their peers. Conversely, those in the bottom quartile are 66% less likely to achieve similar success.

Diversity goes beyond gender, race, ethnicity, religion, or sexual orientation. It includes age, educational background, disabilities, and more. Diverse teams bring a wealth of perspectives, encouraging innovation and creativity. But diversity alone is not enough. The real challenge lies in actually implementing and executing diversity and inclusion (D&I) policies within your organization. This involves setting expectations and establishing D&I standards in various processes like recruitment or performance assessment. It means also offering various



training programs, support groups, and initiatives focused on diversity, inclusion, cultural differences, and unconscious bias.

Culture is the heart of D&I, and it starts with the leadership. If you do not foster a D&I culture and lead by example, no policies or procedures will suffice. Your personal inclusive culture can transform a group of individually talented lawyers into one successful team with a problem-solving and can-do attitude. To truly unleash the power of D&I, you must not

only assemble a diverse team but also create an environment with effective communication where every voice and idea is valued.

The Power of Communication

In today's world, technology enables us to communicate from different locations through video calls, online collaboration platforms, and more. But these bits of technology are just tools. The most critical aspect of communication is adopting a true "speak up-listen up" culture. Everyone should feel empowered to speak up, and leaders must genuinely listen and value all feedback. Regular one-on-one meetings and an open-door policy highlight a leader's transparency and approachability. Ensuring that team members can express thoughts and concerns confidentially and without fear of retribution is essential for psychological safety that stimulates creativity and collaboration. This trust-building approach enables effective communication and allows you to address individual challenges, resolve conflicts, and enhance overall team engagement and performance.

However, despite your best efforts, there are some external factors that may impact your communication effectiveness, like cultural differences or personality types. Erin Meyer's book *The Culture Map* highlights various aspects that influence how people from different countries communicate. For example, so-called "low-context cultures" (e.g., Germany, USA) rely on explicit, direct communication, where meaning is conveyed primarily through words. In contrast, so-called "high-context cultures" (e.g., China, Japan) use indirect communication, where meaning is derived mostly from context

and non-verbal signals. Even among culturally similar Central and Eastern European (CEE) countries, differences exist. Poland and the Czech Republic lean toward "low-context cultures," while Hungary, Bulgaria, Romania, and Ukraine are closer to "high-context cultures," according to Erin Meyer's Country Mapping Tool. Research on the connection between the 16 Myers-Briggs Type Indicator (MBTI) personality types and communication styles can provide additional valuable insights into how different personality types interact and communicate effectively. Being aware of all these differences and adapting communication styles accordingly can help prevent misunderstandings and improve collaboration within your team.

The Symphony of Success

Managing international teams of lawyers requires a delicate balance of understanding diversity and cultural differences while championing an inclusive culture. The role of a General Counsel extends beyond traditional legal boundaries. It represents the essence of a visionary leader who transforms a group of diverse and individually talented lawyers into a world-class lawchestra. By supporting diversity, advancing an inclusive culture, and mastering the art of effective communication, you can unlock endless creativity and innovation within your legal team to transform challenges into opportunities and become a team truly capable of achieving great things.

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FACING AND OVERCOMING CHALLENGES TOGETHER WITH THE BUSINESS

By Andras Levai, Group Legal Director, Market Epito



Shortly after the early years of my career, I moved from the attorneys' world (more precisely, clerks') into the world of corporate lawyers. The difference between the two became apparent early on. At least for me, the big difference was that, while working as an attorney, I was in contact with the client only in bursts. As an in-house

legal counsel, there is essentially a continuous relationship between lawyers and business colleagues. This continuous relationship results in a kind of interdependence – working together both in good and bad times, celebrating joint successes but also facing challenges together.

When I got to my current workplace, Market Epito Zrt, the main expectation of me and my team was that we would provide continuous cooperation and support to colleagues. Based on the feedback received, this goal was well met. How? In this article, I will give some practical advice and ideas – primarily based on personal experiences.

First, it is in the common interest that all relevant colleagues know the legal provisions necessary for their work. That way, they do what is legally appropriate and correct even without close legal control. One way of ensuring this is legal education, during which relevant colleagues receive legal training at regular intervals. Another is when, in connection with specific projects, we teach the most important legal information (primarily contractual provisions) of a given project to colleagues working on that project. The latter is particularly useful, as it helps relevant colleagues understand what and how they should manage their projects.

Second, engage in legislation monitoring, in the course of which new and changing legislation is presented to colleagues in a comprehensive and understandable manner. This enables colleagues to always perform their work in accordance with current regulations.

Third, prepare sample documentation and policies. In order for our colleagues to be able to carry out their daily work without the support of the Legal Department, we prepare sample documentation and continuously expand its list, as needed. If a colleague uses the sample documentation without changes, the given contract does not need to be subject to legal approv-

al. The internal policies also support colleagues in knowing what they should and can do. We hold classroom and online trainings for colleagues on the most important policies.

Fourth, one of my most important requests to the lawyers working in my team is that they constantly and proactively manage and supervise the tasks assigned to them. In my understanding, all of this means that our lawyers do not only provide legal support but also provide all manners of other support for the entire company to operate efficiently. In doing so, they monitor the most important project milestones, notify colleagues when such a milestone is approaching and inform them of what they need to do, participate in closings of projects, provide continuous consultation opportunities, etc. I believe that it is more effective even for us, as lawyers, to provide this support even if it is not always legal in nature as this way we can avoid facing a more serious legal issue later on.

Fifth, have an open-door policy. All members of the Legal Department are available in all circumstances, we address our colleagues with maximum openness, and we try to help them in everything. In my experience, this significantly strengthens trust in lawyers.

Sixth, keep in mind that all the above are worthless if the legal service itself is not of a high standard. In other words, one of the most important keys to our success is ensuring that the legal support we provide is always at the highest possible standard. This really is a basic expectation of all members of the Legal Department.

Seventh, as the cherry on the cake, our Legal Department takes an active role in the life of our company. We regularly hold team-building events and have created the tradition of holding the *Love your lawyer day!* event at the beginning of November every year for years now. That is the day when all lawyers make cakes and scones and we invite all the company's employees to our office for a chat and to get to know each other. I am happy to say that this initiative is a great success. More and more colleagues visit us every year and we feel how much they love and appreciate us within the company.

With the help of all of these, we managed to ensure that, within Market, lawyers are not seen as an obstacle to an efficient operation but, on the contrary, we are respected and highly valued members of the entire organization. Of course, this requires legal colleagues with excellent professional skills and with a good attitude, without them it would certainly not be possible to implement any of the above. The key to success lies primarily in a good team and in good people! ●

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BREAKING BARRIERS: THE POWER OF CROSS-FUNCTIONAL TRAINING IN ALIGNING LEGAL AND SCIENTIFIC TEAMS

By Barbara Kis-Tamas, Senior Counsel Global Communications, Philip Morris International



In today's rapidly evolving business and legal landscape, the importance of collaboration and knowledge exchange between departments has never been more apparent. While traditionally separated by distinct roles and expertise, the integration of legal and scientific teams through cross-functional training has shown to be a transformative approach that drives innovation, fosters collaboration, and ultimately supports overarching business goals.

Historically, legal and scientific teams have operated within their own silos, focusing on specialized tasks and objectives. However, the complex interplay between legal regulations, intellectual property rights, and technological advancements necessitates a more integrated approach. By breaking down these silos, organizations can bridge the gap between legal and scientific perspectives, leading to a holistic understanding of challenges and opportunities.

Reversed Legal Clinic

While trainings can take various forms, for us, interactive workshops proved to be the most effective at enhancing collaboration and purposefully breaking down silos.

For lawyers, working with scientists may be challenging at first. Our brain is somewhat wired differently: we (lawyers) always prepare for the worst and hence assess situations accordingly, while – based on our experience – scientists genuinely believe that, in the end, things will work out fine so for them and putting things into a wider context does not always occur automatically.

That's probably why in many organizations in-house counsels are regarded as “gatekeepers” – everything has to go through legal review. Being the last step in the process also means that we are often left out of the ideation or creative phase and get only involved at the end. From a process point of view, this might work well if the “end-product” needs little legal vetting with few tweaks to make, but when more fundamental legal concerns arise, the project might need to be stopped which can create frustration on both sides. Even more importantly, we are missing out on the opportunity for legal experts to gain a deeper understanding of scientific processes and the underlying science, while for scientists to grasp the potential legal



For lawyers, working with scientists may be challenging at first. Our brain is somewhat wired differently: we (lawyers) always prepare for the worst and hence assess situations accordingly, while – based on our experience – scientists genuinely believe that, in the end, things will work out fine so for them and putting things into a wider context does not always occur automatically.

implications of their work on the business. This exchange of knowledge would not only broaden individual skill sets but can cultivate a culture of mutual respect and collaboration.

To encourage more collaboration, increase effectiveness, and help gain a deeper understating of various fields of expertise, we tried a novel form of training we named “the reversed legal clinic.”

The basic idea was to invite scientists to a real-life practical legal assessment experience: allow them to put on a legal hat and assess science-related matters from a legal perspective.

We started the session with an expedited journey around the legal mind: explaining the foundations of legal thinking based on facts and the law. We discussed via simple and practical examples why context matters and how context interplays with facts and the law. Finally, we took a fun exercise on legal drafting, which created a delightful atmosphere in the audience, but even more importantly managed to bring across a very critical point: the importance of accurate records creation.

Then participants were divided into groups and had the opportunity to take a seat in our chair. Each team received an unfiltered real-life work product previously submitted for review to the legal department and their task was to prepare the legal assessment on them. The outcome was impressive. Many of the

previously missed points and legal concerns were raised by the teams, they willingly applied their learnings from the preparatory session and made the right adjustments.

It also resulted in a shift in sentiment toward the importance of legal assessment. Many expressed gratitude for the efforts of the legal team and invited us since then to be part of their project planning from the very start. It surely helped our integration, and to break down some of the silos which hindered efficiency and collaboration between the teams.

Driving Innovation: The Intersection of Legal and Scientific Expertise

Innovation thrives at the intersection of diverse disciplines. By leveraging our combined expertise, professionals from both domains can explore new approaches, develop novel solutions, and push the boundaries of industry norms. Whether navigating complex regulatory landscapes, mitigating legal risks, or driving scientific research, the synergy between legal and scientific minds can lead to game-changing innovations.

In-house counsels are part of the business decision-making process in most companies, we see the outcome of our advice every day. We normally work within a larger legal team and our colleagues in various functions are our clients. But the reality is that resources are scarce and often we face tight deadlines, conflicting business priorities, and performing repetitive work. To increase effectiveness, we must enhance better collaboration with our colleagues in other functions and get rid of silos.

Ultimately, the success of any organization hinges on its ability to align disparate functions toward common business objectives. Fostering collaboration and setting a collective vision will enable professionals from both disciplines to leverage their complementary skills to drive sustainable growth, mitigate risks, and seize new opportunities. ●

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MUST-HAVE SKILLS TO MANAGE AN IN-HOUSE LEGAL TEAM

By Kamila Dutkowska-Wawrzak, Legal Director, Atlas Ward Poland



In order for us to talk about the best practices in managing a legal team in a company, we must, first of all, realize that such a team is not only composed of good lawyers but represents a well-functioning hybrid. Why a hybrid? Because this team must provide both substantive assistance and act as an entity that perfectly understands and

senses business needs.

Over the years, while managing a legal team, I have seen several necessary skills and features that every head of the legal department should have:

Skill Identification

In my opinion, a good assessment of an employee's skills in a team is the key to the success of a well-working team. Not every team member will have soft skills or communication skills. Assigning a person to work within the scope of their skills while giving them the opportunity to develop in other fields is point number one for me.

The Ability to Listen to Business

Teaching your team members to listen to the expectations of the company, business, and market is the second key skill for me. A sense of the expectations of colleagues in the company is a very important feature among members of legal department teams because it improves processes in the company. The ability to identify risk and deal with it rather than simply escalating it as part of document checking and ongoing consulting is the key to success.

It also allows team members to become independent and take responsibility for the decisions made. As a result, the team member builds their skills in coping with stress and communication, and it also allows them to build relationships externally.

Clarification of Expectations

Explaining expectations to team members helps avoid conflicts and wrong decisions among team members, which will consequently build their self-confidence in the company and their independence. It often happens that team members guess the expectations of their superior or the company's management, which causes an avalanche of failures and negative consequences. Setting your own and the company's expectations clearly results in a healthy, transparent relationship.

Team Cooperation

Develop clear boundaries and rules for the functioning of the team. In case of position differences between team members, also clearly communicate contact paths, responsibilities, and dependencies. These clear rules will result in healthy relationships and a lack of boundaries between team members in communication. Developing a culture of supporting team members and sharing information and knowledge will come naturally to them.

Communication with the Team

I believe in the principle that people do not live by work alone. A very important skill is building a relationship with the employee and empathy for all their problems. A team leader who does not enter into the employee's emotional sphere, even to a small extent, will not build a good relationship with them and will not gain their trust. Frequent communication, both on business and more private topics, is very important. An employee who feels understood and cared for is a loyal, hard-working team member. I am a big opponent of the position that the boss should be isolated from their team – on the contrary, let's talk!

Enforcement

The consequence of all the above skills is the ability to execute tasks. This involves a clear team action plan, communication, and empathy for the employee, but also setting boundaries and setting goals. Executing work will teach the employee independence and allow them to develop and climb the career ladder. Enforcement also allows you to observe the employee in stressful conditions and teach them how to work under time pressure. ●

IS SECTORAL KNOWLEDGE A MUST?

AN INTERVIEW WITH MARTON HIDVEGI OF METCE HUNGARY

By Teona Gelashvili

Focusing on hiring the right skills and looking to build sectoral knowledge in-house, METCE Hungary General Counsel Marton Hidvegi talks about how his organization addresses the training and development of the in-house legal team.

CEELM: What do you think are the most important skills for an in-house lawyer in your organization?

Hidvegi: I am part of a Switzerland-based multinational energy company operating across various jurisdictions in Europe, from Spain to Turkiye, and beyond. Our company is focused on multi-commodity wholesale, trading and sales, as well as energy infrastructure and industrial assets like developing and transitioning to solar and wind energy and other capacities, striving to cover the entire spectrum of the energy industry and aiming to play an essential role in the European energy transition.

Energy law is a highly specialized field, not something easily learned at a university or even within a law firm. When seeking young talent, while knowledge of energy law is beneficial, it's not a requirement. Instead, we prioritize skills such as contract drafting, legal writing, and analysis, along with qualities like proactivity, curiosity, a business-oriented mindset, and the drive to learn and grow.

CEELM: How does your in-house legal team assess training needs, and how often?

Hidvegi: As for our training methodology, we conduct performance evaluations twice a year. During these evaluations, we review and, if necessary, adjust KPIs and assess individual training and educational needs. If colleagues have specific needs, we determine the best tools or methods, whether that involves attending courses, training, coaching, conferences, or direct knowledge transfer from others. Being a multinational

company also works to our advantage – if one of our subsidiaries faces an issue, another subsidiary can provide assistance or share best practices.

We also make an effort to cover multiple disciplines since we're not a large legal department. Each colleague has 2-3 focus areas, such as energy retail or wholesale, energy efficiency services, or corporate, data protection and compliance. This approach is crucial because if someone were to focus on just one area, they might lose motivation over time. I make it a point to ensure that doesn't happen by maintaining variety in their work. *Varietas delectat!*

CEELM: Do you prefer internal or external training tools, and why?

Hidvegi: I'd say energy law is a particularly specialized area, and one can't simply absorb that knowledge at an academic level. It's beneficial to have an internal knowledge pool and a deep understanding of the field. To support this, we hold regular weekly internal meetings where we discuss legal issues – not just those involving clients, but also internal challenges that need addressing.

Sharing knowledge and experience in these sessions is crucial, especially since this is such a highly regulated field. We must constantly stay updated on regulatory developments. Additionally, we organize internal courses on a regular basis to join our forces in improving our professional and industry knowledge.

CEELM: How does your company's presence in various juris-



dictions help the training process?

Hidvegi: Each year, we have gatherings with other lawyers from the group that include sessions focused on discussing specific issues. This year, for instance, the focus was on project management. Additionally, there's a group-level knowledge-sharing program not limited to legal colleagues, i.e., anyone can apply for these courses. As an example, there are sessions on negotiation techniques or communication skills, which are available to all colleagues working at different functional or business departments of the group. We also organize internal courses and try to bring in experts from entirely different fields, which tends to be very engaging and results in a higher attendance rate.

CEELM: What learning tools have been the most effective for your team, and do you use any particular tools as a knowledge bank?

Hidvegi: We mostly rely on traditional tools such as Microsoft Teams and Microsoft PowerPoint. We've begun using AI for document translation, but given the relative complexity of the Hungarian language, the results are still not always perfect.

In terms of knowledge banks, we use Microsoft OneDrive and maintain a shared legal knowledge bank. We aim to include not just templates but also insightful legal analyses that can be

shared across the group. For example, during the energy crisis a few years ago, the topic of force majeure became highly relevant. Having a comprehensive knowledge platform enabled us to address such complex issues effectively and share insights across the company.

CEELM: What's the typical career path for a young lawyer joining your in-house team?

Hidvegi: As mentioned, when hiring, what is crucial for us is the attitude and basic skills in commercial law such as contract drafting. In Hungary, there are five years of legal university education followed by three years of legal practice to be eligible for the bar. We typically seek young talents with 1-2 years of experience who possess basic skills in contract drafting and analysis. Once they join us, we start their education in energy law and the industry, which takes about an additional three years.

After this period, our colleague should have gained sufficient knowledge of our company's industry to make impactful recommendations and transition into a proactive role. At this stage, they can truly make a difference as an expert. From here, there are basically two career paths: one can become a senior expert with the same responsibility as a manager, functioning as a project manager and legal business partner in close cooperation with our business divisions, or follow a traditional management path, leading their own team or sub-department. This choice depends on the person's attitude and preference for managing people. We are working to ensure that those who do not wish to pursue a management career still have valuable opportunities within the company.

CEELM: What is one key lesson learned about managing the development of an in-house team?

Hidvegi: I believe it's very important to communicate effectively. I personally hold one-on-one sessions with every colleague on a monthly basis to discuss various matters. As a leader and manager, my top priority is to ensure that our department is managed effectively and tailored to meet our company's needs. I'm proud that our colleagues' turnover is minimal, with key team members having been with us for over six years. I hope most of our colleagues find our corporate culture to be fairly open. We also conduct management training to further strengthen open communication. ●

THE RIGHT SKILLS FOR THE JOB: AN INTERVIEW WITH CLEMENTINA CANEL OF FEPRA EPR

By Andrija Djonovic

FEPRA EPR Head of Legal and Compliance in Romania Clementina Canel talks about the skills she focuses on developing within her in-house legal team and the strategies she uses toward that.

CEELM: What are, in your view, the most important skills for an in-house lawyer in your organization?

Canel: Throughout my career, I've managed both small and large teams, including international teams in Romania, Germany, and Austria. Aligning people from different cultures and providing legal advice that meets the needs of internal clients can be challenging. The most important skills for an in-house lawyer include understanding the specific needs of the client and being able to combine internal and external legal advice effectively. It's impossible to have all the expertise internally, so creating a mix of legal advice is crucial.

Understanding the company's business strategy, the structure of the department, and the area you are part of is key. Team members must match the organization well, which is crucial for delivering good results. It's also vital that the legal team fits the company's culture, as the right profile can be more important than extensive work experience. Sometimes, work experience can be learned, but if a person doesn't have the right profile, it's very difficult to adapt to the work.

When choosing people for the legal team, I pay close attention, besides the level of experience needed, to personal skills and how well they can adapt to the company. For instance, working in a very regulated industry like oil and gas requires strict compliance with legislation, whereas an IT company demands more creativity and out-of-the-box thinking. It's challenging to adapt to clients with diverse business needs, especially when they combine both regulated and innovative sectors. The ability to adapt to these varying requirements is essential.

Communication skills, an interest in understanding the business, problem-solving abilities, and a strong mindset are all critical. There's a huge difference between internal and external counsel. As an in-house lawyer, you are part of the deci-

sion-making process, and you need to understand and assume risks with the company's management. This can be very demanding, as it involves being directly involved in decisions and assessing risks alongside other stakeholders.

CEELM: What is your in-house legal function's training needs assessment methodology?

Canel: Companies need to have a clear methodology for training needs assessments. In my career, I've encountered excellent methodologies when working with HR teams that have clear KPIs and a system for evaluation. However, I've also worked in large companies with thousands of employees that surprisingly didn't have these systems in place. In such cases, you need to create your own methodology based on what's important to the company.

When assessing training needs, it's important to consider the business plan, the management's expectations of the legal team, and the industry's trends, including competition. The assessment should take into account not only the technical skills but also how well employees are adapting to changes in legislation and specific legal provisions relevant to the projects.

Skill gaps should be assessed twice a year, but it's also important to evaluate team members constantly within each project. After managing a process, it's crucial to discuss how well team members used their skills and identify areas where they could improve. Feedback, both formal and informal, plays a significant role in this. It's also important to provide feedback in a way that makes team members feel appreciated while also guiding them on areas for improvement. The observation period is key to giving constructive feedback.

Surveys and client feedback are useful tools for identifying gaps. Clients can provide direct input on what they need and



expect more of in future projects. Additionally, the perception of team members about each other's attitudes and contributions can be valuable. We also evaluate how team members understand the entire process and the specific needs of the internal client.

CEELM: How often do you assess skill gaps within the team?

Canel: We generally assess skill gaps twice a year, in alignment with the KPIs and project evaluations. However, continuous assessment occurs as part of the ongoing project management process. This allows us to identify areas for improvement in real-time and address them as they arise.

CEELM: And what do you use to identify gaps within the team?

Canel: To identify gaps, we use a combination of methods. Observations during project work, feedback from clients, and regular evaluations help in pinpointing areas where team members can improve. We also utilize surveys and discussions with HR, who can provide additional insights into skill gaps from their perspective. Additionally, we look at how well team members understand and respond to changes in legislation and the specific legal requirements of our projects. This compre-

hensive approach ensures that we identify both technical and non-technical gaps within the team.

CEELM: Do you prefer using internal or external tools for training? And why?

Canel: For legal training, I find external tools to be more effective, especially when it comes to conferences and training sessions organized by law firms. External training partners can offer a fresh perspective and tailor programs to our needs. For example, we once worked with an external partner who conducted interviews with both team members and management to develop a custom training program. However, for personal development and soft skills, internal tools can also be beneficial. The choice between internal and external tools often depends on the company's budget and willingness to adopt new ideas. We typically use tools that align with company policy and fit within the approved budget.

CEELM: What have traditionally been the most effective learning tools you've deployed for your team?

Canel: One of the most effective tools we've used is creating an internal archive where we store best practices and insights from our weekly discussions. This archive serves as a reference point and helps the team continuously improve by reflecting on past experiences and applying those lessons to new challenges.

We established an archive at the beginning of our initiative, which acts as our knowledge bank. It includes best practices, insights from weekly discussions, and other relevant materials. This archive is a living document that we update regularly, ensuring that it remains a valuable resource for the team.

CEELM: What is the typical career path for a young lawyer joining your in-house team?

Canel: For young lawyers joining the team, it's important to build their confidence and trust while allowing them the space to develop the necessary skills to become independent professionals. We provide access to courses, legal resources, and other materials they need to meet our expectations. The career path involves nurturing their growth within the organization, helping them adapt to the company's culture, and guiding them to become integral parts of the team. We also emphasize the importance of learning from experienced colleagues, understanding the company's procedures, and developing a mindset that balances ambition with adaptability. For young lawyers, it's about gaining the experience they need to stand on their own feet and eventually lead within the team. ●

THE IMPORTANCE OF CROSS-DISCIPLINARY SKILLS IN MODERN LEGAL PRACTICES: A GC SUMMIT SUMMARY

By Andrija Djonovic

More and more legal departments are actively integrating methodologies from disciplines outside the traditional legal sphere, such as project management and even engineering. This evolution is reshaping how legal teams deliver value, emphasizing both strategic impact and operational efficiency. Precision Medicine Group Deputy General Counsel **Krzysztof Mazurek**, Alpekr Managing Director **Petr Zatopek**, and Audax Head of Legal **Andras Nemeth** took a look at the vital role of cross-disciplinary skills in modern legal at the CEE Legal Matters GC Summit, held in Warsaw on April 25-26, 2024.

Integrating Project Management into Legal Operations

Zatopek's presentation on *Legal Project Management for GCs* underscored the critical need for project management skills within legal practices. He emphasized the necessity of anticipatory strategizing to enhance operational efficiency, stating that "proactive planning is essential for project success. By investing time upfront, we can achieve greater operational efficiency compared to a reactive approach." He illustrated this point by emphasizing that front-end planning is superior to damage control once problems arise. "Engaging key stakeholders throughout the process promotes transparency and minimizes disruptions. This ensures everyone is informed and avoids last-minute inquiries."

Additionally, Zatopek discussed the strategic use of modern aids and technologies to streamline legal operations, highlighting the role of digital tools like Asana and Monday. He noted their utility in creating accessibility and minimizing disruptions, saying that "utilizing accessible digital tools like Asana or Monday empowers the business to track progress and reduces unnecessary interruptions, allowing legal teams to focus on core competencies." By adopting these tools, legal teams can focus on substantive legal tasks rather than being bogged down by administrative burdens, Zatopek highlighted.

Crucially, tackling the mechanics of project management, Zatopek stressed that "a clearly defined project in the legal sphere requires a defined start, scope, and budget. This structured approach streamlines operations and facilitates expectation management."

Cultivating a "Get It Done" Culture

Mazurek's insights from *The GC and a 'Get it Done' Culture* presentation highlight the importance of an effective management culture in legal settings. He discussed the challenge of manag-

ing an extensive volume of legal work across different jurisdictions, reflecting on the express production of laws and the resultant pressures. "The rapid pace of legal change creates a challenge, as new laws are often enacted faster than law firms can disseminate updates." His response is a strategic focus on prioritization, essential for managing swift-paced legal environments that appear to be the norm across jurisdictions.

Mazurek also spoke about the resource challenges within organizations. He argued for a practical approach to legal practice, advocating for acceptance of imperfection and practicality over perfection. "A pragmatic mindset is essential," he suggested. "Instead of aiming for academic excellence, prioritized practicality and transparent communication are key in managing expectations. We strive to deliver solutions that are effective and meet business needs."

Moreover, Mazurek emphasized the need for legal teams to look beyond legal and embrace non-legal competencies. Integrating data analysis, project management, and information technology competencies into legal teams makes them better integrated within broader business processes. Moreover, he added that, "in a fast-paced digitally-driven world, lawyers need to look beyond what they were taught at universities and, similar to their business colleagues, build a broad competency portfolio to be business partners."

Learning from Engineering: Efficiency in Legal Practice

Nemeth's presentation, *Benchmarking Engineers for the In-House Legal Function*, offered insights into how engineering principles can optimize legal operations. He discussed the integration of systematic problem-solving and efficiency principles, such as the *Pareto Principle*, or the 80/20 rule, which can significantly enhance productivity by focusing on the tasks that provide the most substantial impact. Nemeth further explained the practical application of these principles. "The work breakdown

MANAGING IN-HOUSE TEAMS

structure, or WBS, involves creating a detailed list of tasks, which is instrumental for efficient project management,” he said, going on to describe how breaking down projects into smaller, manageable parts is crucial for efficiency. “Utilizing a WBS for complex legal matters simplifies the process, enhances manageability, and fosters better understanding and compliance among business stakeholders,” he explained.

As another example, Nemeth highlighted the concept of the *Eisenhower Matrix* as a strategic tool for prioritizing legal tasks. He emphasized its utility in distinguishing between tasks that are urgent and those that are important – a crucial differentiation. “Utilizing the *Eisenhower Matrix* allows our team to delegate and prioritize tasks more effectively, ensuring that we focus on what truly drives our legal projects forward,” he explained. “By categorizing tasks into ‘urgent and important,’ ‘important but not urgent,’ ‘urgent but not important,’ and ‘neither urgent nor important,’ we can streamline our workflow and allocate our resources more efficiently.” This approach allows the team to prioritize more effectively, thus ensuring an optimal allocation of resources and making sure that the tasks with the nearest deadline are pursued with more urgency.

Nemeth advocated for simplicity and effective communication in legal processes, adopting the KISS (Keep It Simple, Stupid) principle commonly used in engineering. “Clear and measurable benchmarks are essential for effective project management. This facilitates tracking progress and ensuring successful outcomes,” he explained, adding that there is much truth in the old adage: if it cannot be measured, it cannot be managed. This approach underlines the importance of clarity and straightforwardness in legal documentation and client communications, which are crucial for preventing misunderstandings and errors, as Nemeth explained.

Embracing a Multi-Disciplinary Approach

The presentations held by Zatopek, Mazurek, and Nemeth collectively underscored the need for integrating skills from various disciplines into legal practices. Whether it’s project management, strategic prioritization, or engineering efficiency, these cross-disciplinary skills are crucial for modern legal practitioners facing an increasingly complex world.

The legal profession is no longer solely about understanding and interpreting the law; it also involves managing projects, optimizing processes, and enhancing efficiency through technology. To effectively meet the challenges of modern legal environments, legal professionals must acquire a broad set of cross-disciplinary skills. Embracing these skills can make legal practices more adaptable, efficient, and capable of driving business success in dynamic and complex industries, sectors, and markets. ●



Andras Nemeth,
Director for Legal and Corporate Services,
Audax



Krzysztof Mazurek,
Deputy General Counsel,
Precision Medicine Group



Petr Zatopek,
Managing Director,
Alpekr

BUILDING AN IN-HOUSE COUNSEL CAREER: AN INTERVIEW WITH SELIN PATTNI OF HENKEL

By Teona Gelashvili

Selin (Evrem) Pattni is the Global Head of Legal responsible for the global supply chain and purchasing operations of Henkel Group, and she is also on the Executive Committee of Henkel Global Supply Chain B.V. located in Amsterdam, the Netherlands. Selin reflects on her own career path and on strategies for training and developing her in-house team.

CEELM: What are, in your view, the most important skills for an in-house lawyer in your organization?

Pattni: My journey has taken me through various roles and countries, which has greatly influenced my perspective on the skills needed for an in-house lawyer. I am a qualified lawyer in Turkiye, having done my bachelor's there and a master's in Germany with a double major degree in International Business Law and Economics. I've worked in organizations like Ernst & Young, Carrefour Group, and since 2013 in Henkel, where I'm currently in a global role.

One key takeaway from my experience is the importance of adaptability and openness. It's no longer about getting an education in one country and staying there. My generation broke that mold successfully and opened up the door for our young colleagues to have cross-country/regional experiences. As an in-house lawyer, you need to be adaptable, open to communication, ready to take feedback and have a practical way of thinking as a constant problem solver. It definitely requires an analytic approach. Education should never end for a professional – it's a continuous development/learning process. I promised myself after my studies in Germany that I wouldn't pursue a PhD to have an academic career, but as my roles evolved regionally and globally, I found that continuous learning is essential and doesn't need to be necessarily academic in nature. An in-house counsel needs to learn frequently to understand different jurisdictions, new regulations, country-specific requirements, and new business models. You need to embrace a mindset that is always open to development, learning non-stop, and never thinking "I'm enough."

Another crucial skill is understanding and respecting diversity. My culturally diverse background – being Armenian, born in Turkiye, and educated in a German school – has taught me the

importance of tolerance and observation at a very young age. Every culture is unique, and you need time to adjust and adapt. This understanding is not just critical for business, but it's also a life skill that helps in both personal and professional settings, especially when it comes to stakeholder management.

CEELM: Do you see any change in in-house counsel's role in the multinational companies considering the last 10-15 years?

Pattni: Big time! Multinational companies are very much aware of the importance of risk prevention in recent years. This awareness changed the traditional in-house counsel role in the last 10-15 years. If you take my career as an example, I have been a part of regional and global executive committees as an important team player in the operational decision-making mechanism. I'm also leading our DE&I activities as a spokesperson, which is a very dear role for me. Briefly, we all have new roles on top of dealing with pure legal matters, as company directors, DE&I representatives, public affairs managers, board members, commercial advisors, compliance heads, data protection officers, auditors, and human rights officers (required by *German Supply Chain Act*). This change happened because of our strategic thinking, forward planning, proactive involvement, great communication skills, and excellent job at the risk assessment. Actually, for more information on this trend, you can take a look at my article available in the *International In-house Counsel Journal* in 2017 (*Managing the In-House Counsel Function*, Vol. 10 No. 39).

CEELM: What is your in-house legal function's TNA (training needs assessment) methodology?

Pattni: Assessing the skills within the team isn't just a periodic task (i.e., year-end or mid-year assessment process) – it's something that needs to be observed every day. As the Global

Head of Legal, one of my core responsibilities is to develop my team members to the point where they could replace me if necessary. This mindset creates a non-competitive, safe environment where everyone can grow. Especially from that perspective, Henkel is a great company that invests in its people tremendously. As an example, they sent me to the London School of Economics for a tailor-made executive program and recently to a high-level leadership training session in Germany. We have a very successful cooperation training with Bucerius Law School in Hamburg, which one of my team members recently visited for a two-year executive training on top of his work. This shows that the company is serious about developing its employees, rather than just pushing them to work without growth and get what they want only.

In addition to the yearly assessments, I conduct monthly feedback sessions with my team and other stakeholders from the business, which go both ways. In Henkel, we also have a 360-degree feedback process for higher management to ensure that we're meeting standards and addressing new skill leadership requirements. With the constant changes in the market, it's crucial to ensure that our team has the necessary skills to keep up which include digitalization, data security, analytics, sanctions, and tax rules. That's why as Henkel we are committed to providing frequent training opportunities, whether it's through conferences and/or specialized programs. In-house counsels shouldn't focus solely on internal training but should also understand business models to support contract negotiations and day-to-day business. This requires a lot of business training, which some in-house counsels might avoid, but it's essential to keep an eye on the market developments.

CEELM: How often do you assess skill gaps within the team?

Pattni: While there is a formal yearly assessment, as said I also hold frequent feedback sessions with my team. These sessions allow us to address skill gaps as they arise and ensure that the team is continuously developing. With the rapid pace of change in today's business environment, it's essential to frequently evaluate and improve the team's skills. I highly appreciate it when my team members come up with a new learning opportunity. It is a teamwork and each chain of the team needs to be strong not just the Head of Legal.

CEELM: And what do you use to identify gaps within the team?

Pattni: To identify gaps, I use a combination of tools and methods. The 360-degree feedback system is particularly effective as it provides insights from various perspectives within the organization (vertical and horizontal way). I'm personally also very open to communication, so team members can easily





With the rapid pace of change in today's business environment, it's essential to frequently evaluate and improve the team's skills. I highly appreciate it when my team members come up with a new learning opportunity.

approach me and express their needs. It is essential to create a safe space to hear the needs of your team and focus on what you can achieve more with a highly motivated team. Additionally, I focus on how well the team is adapting to new challenges brought by constant changes in the business market and legal world. This helps us pinpoint specific areas where further training or development might be needed.

CEELM: Do you prefer using internal or external tools for training? Why?

Pattni: We use both internal and external tools for training. For example, we work with law firms on both a retainer and project basis, and I highly value the general training sessions they offer on important topics. These sessions help us maintain a two-way relationship with the firms. Internally, Henkel offers various training programs that we utilize, but I also encourage my team to participate in external programs as I mentioned earlier. A mix of internal and external tools ensures that our team remains well-rounded and up-to-date with the latest developments.

CEELM: What have traditionally been the most effective learning tools you've deployed for your team?

Pattni: One of the most effective tools we've used is a closed database system where all contracts are archived. This system allows us to collect and manage data effectively, providing easy access to necessary information whenever needed. We're very fortunate to have such systems in place for many years and have great data available. We also have a global contract management system and online training tools, including antitrust training. These tools are integral to our operations and ensure that our team is aligned globally, with access to consistent and up-to-date information.

CEELM: What, if any, tools do you use as a knowledge bank?

Pattni: Our knowledge bank primarily consists of the database system where all contracts are archived. This system is integrated with Henkel's intranet, allowing us to manage and access data securely. We continuously update these systems to

meet our needs, particularly in areas like data security and contract management. This global database system is a crucial part of our operations, enabling us to maintain consistency and accuracy across all our activities. We work with external service providers to update those systems based on our needs.

CEELM: What is the typical career path for a young lawyer joining your in-house team?

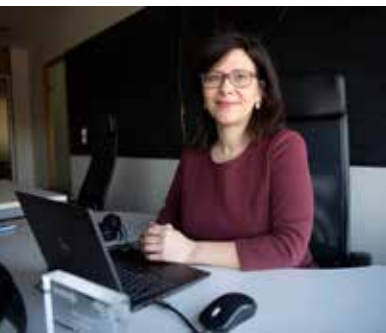
Pattni: My career has been quite atypical, involving both local, regional, and global roles across IMEA, Europe, and APAC regions. I had the chance to work in several countries and live there for 2-3 years to expand my experience. My journey with Henkel helped my personal growth on top of my career and I strongly believe that "outside of your comfort zone is where the magic happens." Thus, I encourage young lawyers not to think of their careers in a typical, linear way. Please be brave, accept all possible challenges, and not be confined by borders or traditional career paths in the legal world. At Henkel, we offer incredible opportunities for growth, and I believe that multinational companies are increasingly recognizing that we can do more and develop ourselves to serve a world without boundaries. It is true that the sky is the limit, and adaptability is key to survival and success. This flexibility and openness to new experiences are what I hope to instill in young lawyers joining our team. You need to only compete with yourself to grow not with anyone else. This has been always my mindset while building my career.

Understanding the importance of a flexible working environment is also crucial for now and the next generations getting ready to enter the business. At Henkel, we've embraced flexibility, even before COVID-19, with a 60-40% home-office work ratio. Flexibility is important not just for productivity, but for our own and team's mental health as well. We're seeing more burnout cases around us, and as directors, it's our responsibility to address this proactively and observe our colleagues frequently to ensure they are healthy psychically and mentally. If you feel exhausted, take a break – whether it's going for a run in a park next to your house or having a coffee outside. It's about creating an environment where people feel supported and can thrive together. It is a marathon, not a short run, and an easy target to achieve.

Change is essential for the growth of any person/organization, cultural transformation is a never-ending progress. One of my favorite quotes is from Einstein: "In order to understand ourselves, others, and the world around us, we need to be able to change and adapt our perspectives." We need to change ourselves to grow and survive, especially in a world that is rapidly evolving. ●

REFLECTING ON REMOTE WORK FROM A GREEK ISLAND

By Eleni Stathaki, Head of Legal, Upstream



For much of the pandemic, remote working became part of everyday life for most of us. For some of us, it still is. Upstream – the company I work for – chose to keep a hybrid model. Even in a hybrid system, the idea is to offer flexibility, so I find myself now writing this piece in a village atop a Greek island. Is it that all I

need to do my work are my laptop and a good internet connection? These are obviously the basics but there are other steps to make remote working really work.

As I mentioned above, my team works under a hybrid model. This means that, as a rule, we show up at the office at least three times a week, while we can work remotely on the other two days. I find this to be the ideal option between full office attendance – which does not allow for much flexibility – and full remote work, which can, at times, feel isolating.

To facilitate office attendance, we keep an Excel tracker and since there are three of us, we try to have one day where all of us are in, so we can catch up in a more direct way and take care of tasks that need physical presence (this mostly means obtaining wet ink signatures on contracts and filing and couriering documents).

While we do track office presence so that we get things done more efficiently, there is no system in place to track remote team members' work. We issue reports and trackers on the legal team's work, but not tailored specifically to remote working. In terms of completing tasks correctly and on time it does not and should not make a difference whether work is done in the office or remotely.

It helps tremendously that there are tools available to allow us to work from home, which are now considered standard tools for all businesses: e-signature platforms, video call tools, corporate messaging apps, and specialized training platforms offering videos and quizzes. In several countries, administrative tasks, that legal departments routinely handle, such as filings and obtaining certificates, have also been digitized.

It is obvious that I appreciate the option of working remotely, as it can afford me flexibility in balancing home and work life. Further, working from home is useful at times when my tasks require a deeper level of concentration which can be hard to find in a bustling office environment.

Still, remote work has its challenges. I have found the biggest one to be onboarding new members and making them part of the common corporate culture. We did struggle with this during the pandemic and I have not been able to identify a definitive solution to this issue. Instead, after four years of practicing remote work, I find that there are small things that could help with making a new member feel part of the team and understand its values and priorities.

One of these is frequent check-ins – it is easy to forget you are part of a team and not pay attention to your teammates, especially during busy times. However, it is important to remember that they are there, even if they cannot be seen.

Precisely because my team felt that we were losing the team spirit, we instituted weekly catch-up calls, that were not structured around a definite agenda. Instead, they were meant to be relaxed meetings where we could make small talk and say what was on our mind without necessarily focusing on specific tasks – we would raise these in other meetings. An important detail that makes all the difference in this kind of meeting is that the video camera should be switched on – the whole point is for team members to have some face time. Last but not least, team meetings and corporate events outside work, like company Christmas parties or environmental initiatives help in that direction as well.

Conversely, the other challenge many people face when remote working is figuring out how to unplug. There are no physical boundaries when you work from home so very frequently you could end up getting overconsumed with work. This was especially evident during the pandemic because of isolation rules in various countries. What helps in this case is having a dedicated workspace/station at home, if at all possible, that can be left behind at the end of the work day. In practical terms, a proper desk chair and a big screen, as well as managing all these cables, can be very helpful and make working from home safe and much more enjoyable. ●

WORK-FROM-HOME AND ITS PITFALLS

By Peter Ban, Director of Legal and Compliance, E.ON Hungaria



Before COVID-19, the home office was not mainstream. It was used more as a benefit to avoid the need to get a day off when you had to stay home to wait for “the guy to get the annual meter reading.” Then came the pandemic

which forced us to think outside of the box. Suddenly, everyone discovered that remote work could be a viable alternative. Organizations had to come up with technical solutions to make sure that every possible task could be done remotely. The legal profession by its nature was able to adapt quickly to remote work.

During the pandemic, remote work became the new norm. When life returned to normal, organizations tried to create new ways of working to bring together the best of both worlds. This created many models and a lot of discussion as to what works. In my team, we implemented a hybrid model of 50% remote and 50% office work. Now we see that the market is moving more in the direction of more office time. While home office does have benefits, it also has disadvantages. I am a firm believer that reality moved past the all-office requirement. A good remote work policy is a great retention tool, and it is difficult to hire quality candidates without the possibility of remote work. Let's face reality – in-house lawyers need to put in a lot of hours and remote work offers a level of flexibility that can help with work-life balance.

The problem is not the concept, but rather how we implement it. It is crucial to establish effective home office practices to ensure both productivity and overall well-being. Remote work should be employed to ensure that it does not harm relationships and teamwork.

The primary challenge is maintaining effective communication and collaboration among team members and with the business. Having virtual meetings is great, but without maintaining face-to-face interactions, it is difficult to exchange ideas and stay connected. To overcome this, every team needs to have a day when on-site attendance is required. In addition, certain important business meetings must take place through personal attendance. Employees are encouraged to organize their week to have meetings, if possible, on the days when they are having

office days.

This practice also helps with the main management fear of remote work, which is efficiency. If one can divide their time so that remote workdays are dedicated to drafting and office days are dedicated to meetings, this can be quite effective. This does require clear routines and discipline, but it is doable.

You need a good digital platform for video conferencing, instant messaging, and project management. Teams working remotely need to have a clear policy on where to save their work and how to communicate and set and follow up on tasks. Save everything on SharePoint or a similar file share system, work in a single document, and have a clear protocol on how to document tasks.

My experience is that during COVID-19 was that people compensated the lack of personal connection with having more meetings. This means less time for other tasks. This phenomenon seems to have survived the pandemic. Try to organize as few meetings as possible and avoid large crowds where people just listen. Encourage people to turn their cameras on when they are talking and turn them off if not. This will help limit connection issues and ensure that you can still see who you are talking to. This can also limit the impact of the camera fatigue. Reliable technology and a stable internet connection are essential for remote work. Technology is useless without a robust connection. Technical issues during virtual meetings can be frustrating and people lose focus. Working from home can expose employees to various distractions – a noise-canceling earphone is a blessing, invest in one.

When at home, you can save the commute, but the boundaries between work and personal life will blur. It is important to set limits between work and personal life by establishing a dedicated workspace and adhering to a regular schedule. If you are in the office, avoid the need to put in additional hours at home. In the same fashion, plan breaks and the time when you stop working if you are working remotely. This will allow you to mentally switch gears.

The last point I wanted to address is the people aspect. Having little or no interaction should be the biggest red flag for a manager. The legal business is a people business. Ensure that you talk with your team, and schedule regular check-ins, and team meetings both in person and virtual. Coffee does wonders, but you need to be in the same room to enjoy it together. Avoid the urge to micromanage just because you do not see each other every day. When you meet, devote time to talk with your team, showing them that you care. ●

KEEP IN TOUCH: AN INTERVIEW WITH LUCIE KUBENOVA OF PFIZER

By Teona Gelashvili

Pfizer Eastern Europe Cluster Legal Lead and Legal Director Lucie Kubenova talks about the importance of staying connected with colleagues when managing a legal team spread across 22 countries CEE.



CEELM: How is your current team structured across jurisdictions?

Kubenova: At the moment, Pfizer's legal team spans 22 countries in Central and Eastern Europe, including Greece and Israel. We have several legal directors overseeing these countries, each with distinct responsibilities based on the market needs.

CEELM: How often do you meet (a) in person and (b) virtually with members in other jurisdictions?

Kubenova: We hold virtual team calls every Monday, which we refer to as "Monday Coffee." These sessions blend a casual catch-up with our work agenda. We use this time to discuss updates and opportunities in each country, as well as to focus on business matters, legal work, and sharing best practices. Each call lasts between 30 minutes to an hour.

In terms of preferred channels, given that we're all based in different countries and face-to-face communication is limited, I find our virtual meetings to be the closest thing to in-person interactions. We can see, hear, and share effectively. However, for written communication, we're still relying on traditional emails, which can feel a bit outdated.

CEELM: How are cross-border matters assigned and supervised?

Kubenova: It depends on the nature of the cross-border is-

sue. While we might agree to have one lawyer oversee multiple countries, the 22 countries we work with include both EU members and non-members, each with different operational models. This diversity influences who takes the lead on each product.

CEELM: How do you ensure a uniform standard across all jurisdictions?

Kubenova: This is something that can sometimes be challenging to achieve. We deal with independent jurisdictions both in the market and within the cluster, and we are fully aligned with the legal network of each country. For EU countries, the process is often easier due to more uniform requirements, although we always ensure to respect the specific frameworks of countries with more extensive regulations.

CEELM: What are, in your view, the biggest challenges in managing an international team?

Kubenova: One of the challenges is not being able to meet in person as often as I'd like. It's always better to have an in-person coffee with the team. While electronic communication is a good substitute, dealing with different jurisdictions, each with its own legal issues, can be challenging from a cluster perspective.

Other challenges may include the need to consider the current environment in each country. For example, in countries like Ukraine and Israel, the political situation can make legal affairs particularly difficult.

CEELM: What are the best practices you've developed over time to overcome this?

Kubenova: In my view, regularly connecting with team members through tools like Teams, along with fostering openness and transparency, helps us get to know each other better. The informal aspects of team meetings also contribute to this, allowing us to bond and understand one another more effectively, even if it's only through the digital platform. ●

MANAGING MULTINATIONAL LEGAL TEAMS: A GC SUMMIT SUMMARY

By Andrija Djonovic



Navigating the complexities of managing multinational legal teams requires a blend of strategic foresight, robust communication skills, and a profound understanding of diverse legal frameworks. Drawing on over two decades of experience, former Paysafe Associate General Counsel **Christopher Fischer** shared during the 2024 CEE General Counsel Summit his strategies for aligning diverse teams toward a unified goal, emphasizing the necessity of effective leadership in the globalized legal environment of the time.

Herding Cats: Leadership in Diverse Legal Teams

Fischer's tenure across various continents – from the bustling markets of India to the complex legal landscapes of Latin America – endowed him with a keen insight into the challenges of leading diverse teams. Describing the management of such teams to be “like herding cats,” Fischer highlighted the inherent difficulties in aligning individuals who possessed not only strong personalities but also specialized legal expertise.

“In managing lawyers, you quickly realize that you are dealing with some of the brightest people around, top of the food chain, so to speak, which makes team cohesion a significant challenge,” Fischer explained. He emphasized that legal professionals, due to their training and expertise, often exhibit “alpha traits” that could complicate traditional management techniques. To address these challenges, Fischer advocated for a management style that was adaptable yet firm, ensuring that

each team member's strengths were recognized and harnessed towards collective objectives.

Fischer's approach is characterized by his proactive stance on communication and involvement. “I prefer to over-communicate rather than under-communicate,” he asserted. This philosophy was crucial in legal settings where discretion and judgment were paramount. By sharing critical information and involving the team in decision-making processes, Fischer attempts to foster a transparent environment that cultivates trust and mutual respect.

Building Cohesion Through Communication and Transparency

Central to Fischer's management philosophy is his commitment to transparency and open communication. During his presentation, he challenged the outdated notion that hoard-



ing information equates to power, suggesting instead that true power lay in empowered teams. “As a manager, sharing information became less about retaining power and more about empowering your team to act effectively,” Fischer noted. This approach not only “demystifies the management process but also integrates various team members’ perspectives, leading to more informed and cohesive strategies.”

Furthermore, Fischer emphasized the importance of trust and inclusivity within the team, believing that these elements are foundational to any high-performing group. “Trust was earned and shared within the team through open channels of communication,” he stated, highlighting how this trust translated into a cohesive unit that could navigate elaborate legal challenges more effectively.

Fostering Growth and Defining Purpose

Underpinning Fischer’s management success is his relentless focus on individual and collective growth. He viewed each team member’s development as integral to the overall success

of the organization. “Managing my team also involved mentoring them, coaching them, and maintaining an open-door policy,” he described, illustrating his hands-on approach to leadership that prioritizes personal development and career progression.

Fischer also underscored the significance of defining a clear purpose and vision for the team. This process, according to him, was essential for maintaining alignment and motivation. “What I wanted to do was bring the team together to define for ourselves why we are here,” Fischer recounted, describing how he facilitates sessions to collaboratively establish a mission and vision that resonate with all team members. This exercise not only clarifies the team’s objectives but also reinforces their commitment to the organization’s broader goals.

By focusing on these developmental aspects, Fischer ensures that his team is not only prepared to meet current legal challenges but is also equipped to handle future uncertainties. Such a forward-thinking approach is particularly crucial in a rapidly changing global legal environment, where adaptability and continuous learning are often the keys to staying one step ahead.

The Art of Legal Team Management

Ultimately, Christopher Fischer’s insights into managing multinational legal teams shed light on the complex interplay between leadership, communication, and development in a global context. His strategies, characterized by adaptability, transparency, and a focus on growth, provide a kind of blueprint for legal managers worldwide. As legal teams continue to grow in size and scope, Fischer’s experiences underscored the critical importance of effective leadership in fostering a cohesive, dynamic, and responsive legal team capable of advancing organizational objectives across borders.

To draw once more on Fischer’s analogy, the art of managing legal teams, much like herding cats, requires patience, understanding, and a skillful application of leadership techniques that resonate across diverse cultural and professional landscapes. ●



In managing lawyers, you quickly realize that you are dealing with some of the brightest people around, top of the food chain, so to speak, which makes team cohesion a significant challenge.

LESSONS FROM MY LEGAL EXPAT ADVENTURE

By Alicja Kwiatkowski, Senior Counsel, Group Data Protection Officer, Mirantis



I have always been passionate about learning languages, traveling, and getting to know people from different cultures. While studying in law school in my hometown Warsaw, Poland, I applied for the *Erasmus Student Exchange* scholarship. I went to Stockholm, Sweden, to study law for one year.

This year turned into more than a decade, during which I earned an LL.M. in IP law and worked as in-house legal counsel and as Head of Legal for Swedish IT/SaaS companies with global operations. Now I am back in Warsaw, but I am still working internationally.

During my time in Sweden, I had the pleasure of working in and managing very international teams of legal professionals. At TrustWeaver and then Sovos I worked in their Stockholm office with an international team of up to 10 lawyers, coming from Europe, the US, South America, and China. There was no one individual coming from the same country and we all worked on-site in the same office – quite an uncommon situation. At Iptor the legal team that I managed consisted of lawyers and paralegals from Belgium, Poland, and Sweden – all based in different offices.

Using the Right Tools and Keeping Up the Team Spirit

The Head of Legal role at Iptor was my first *real* managerial role. Earlier, I was a Team Leader for less experienced lawyers, but without actual HR responsibilities. We were fortunate to have an empathetic female leader as a CEO at Iptor. She had a great interest in HR-related matters and put a lot of effort into developing her managers and giving us the right tools to run a team effectively. My teammates were based in three different countries across Europe, but we were able to have efficient communication and a great team spirit. We were using a performance development platform for managers and their teams, called Saberr Coachbot and KanBan-based task planning in MS Teams. The first tool allowed and prompted us to set our team purpose and goals aligned with the company goals, take notes from one-to-one meetings, run performance reviews, and more. The second tool allowed us to track everyday work tasks. Later, we implemented a contract

lifecycle management tool which allowed us to cooperate on contract work more efficiently. We also used to have weekly team meetings, where we spent at least 15 minutes socializing – that is talking about things not related to work. I felt that the team had the clarity about what was expected of them, and we simply all liked each other.

Cultural Literacy

While working internationally, you should be asking yourself these questions:

- Are you viewing the world from your own cultural perspective?
- Is it a personality trait or maybe a cultural difference?
- How can you adapt to other cultures without sacrificing your integrity?

Why?

Because studies show that cultures differ in communication, humor, perception of good manners, sense of time, concepts of status and trust, hierarchy and authority, approach to truth, decision-making, leadership styles, negotiations, body language, and more. Some linguists and ethnologists even claim that the language we speak determines the way we think and that being bi- or multi-lingual gives us added dimensions of reality. One thing is for sure, being aware of and sensitive to cultural differences truly helps to bridge communication gaps.

Your American boss is writing you very short emails – is she being disrespectful or just busy? ... No, concise communication is seen as a virtue in the US. Your Chinese colleague is quiet in meetings – is he clueless or just shy? ... Speaking without being given the floor is seen as bad manners in China.

If you want to raise your cultural literacy, you need to be open-minded and not judge others for being different than yourself. Be sensitive to cultural differences. Every employee is equal and should have the right to keep their heritage and be their true selves. On the other hand, stay professional and seek common work values. Keep an eye out for communication style differences and do not take up topics such as politics or religion. Even though it is quite old, I can recommend *Kiss, Bow or Shake Hands* by Terri Morrison and Wayne A. Conaway – a very useful guide on international business etiquette and cultural practices in 60 countries. ●

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WORKING AS ONE GROUP: AN INTERVIEW WITH ANDRAS NEMETH OF AUDAX RENEWABLES

By Teona Gelashvili

Audax Renewables Head of Legal in Hungary Andras Nemeth talks about managing and working as a part of an international team.

CEELM: To start with, what is the structure of your current team across different jurisdictions?

Nemeth: For a bit of a background, Audax Renewables is a Spain-based company operating in seven European countries: Spain, Italy, Portugal, Germany, Poland, the Netherlands, and Hungary for energy supply activities, and also for generation operations in some – for example, France, Poland, Italy and Spain. Our goal is to produce electricity from renewable energy sources. I am the Head of Legal in Hungary and also manage the Group Regulatory Function.

It's important to note that Audax Renewables' subsidiaries – and the respective legal and regulatory teams – vary in size and operations. We are present in so-called mature markets like Spain, the Netherlands, and Hungary, where our operations are more established. In some countries, we don't have local lawyers and only have 10-20 employees, while in others we may have up to six legal counsels, and in some, just one or two. The global regulatory function, which I am also heading in addition to my local role, comprises a member from all seven countries, in some cases local lawyers and in some other cases non-lawyers, too.

CEELM: How often do you meet in person and virtually with members in other jurisdictions?

Nemeth: The group regulatory function that started last December, operates virtually with monthly meetings. This function addresses EU regulatory developments impacting all jurisdictions, facilitating necessary cooperation. We also deal with ESG-related legislation originating from the EU. This centralized approach promotes information sharing, so if one team develops a solution, let's say in the Netherlands, in other coun-

tries we don't need to duplicate the effort. I have managed to meet with some members at various events and conferences but, unfortunately, we haven't had a complete physical group meeting yet. That's still on the agenda.

CEELM: What added value do you see in in-person meetings, that you plan to incorporate in the future?

Nemeth: I'm a firm believer in the value of personal relationships. I have a strong sense that many groups face a common issue: at the local level, there are two competing desires. On one hand, there's the instinct to maintain autonomy and protect local interests, which may sometimes lead to a critical approach vis-a-vis central initiatives. On the other hand, there's the obvious necessity to secure additional resources and support from headquarters.

This "leave us alone" and "we know better" mentality can be quite strong. However, I've learned that it's important to show local teams that not everything from headquarters is necessarily negative. Instead, headquarters can be seen as a supportive partner, providing valuable assistance and even resources. Often, local teams view headquarters as an adversary and, in that case, there is a need to shift this perception.

Even though we operate in seven jurisdictions, we are still one group working toward the same success. Meeting in person helps break down barriers, as we talk about not just work, but also personal topics like kids, pets, and hobbies, which makes future interactions smoother. I'd also highlight my 3-year experience with an international law firm that taught me the importance of information sharing and knowledge management. Having experienced that, I am on a personal mission to foster a sense of belonging within our international team. Similar to

international law firms, when being employed in a multinational group it should feel natural to pick up the phone and consult a colleague in another country who might have specialist expertise, let it be related to energy wholesale agreements or corporate finance issues. This “make” approach can be more efficient and cost-effective than “buying” this service from an external supplier. This can make a significant difference.

CEELM: What knowledge bank systems do you use and how do you localize relevant data?

Nemeth: We’re not currently using any specialized systems, and unfortunately, at the moment I classify it as a “nice to have” category. Nevertheless, we rely on certain tools like a shared drive and shared inbox, which means that if someone is on vacation, others can still access necessary information. This system is quite useful across subsidiaries, as it eliminates the reliance on individual emails and helps preserve precedents. For instance, if you need to find something from 3-4 years ago and the colleague is no longer with the company, it’s incredibly beneficial.

For our Hungarian operations, we use standard forms and templates for our core business documents, that is customer agreements and certain other instruments like NDAs, settlements, or other corporate (especially HR) documents. These are all accessible to business colleagues through the shared drive for easy knowledge management.

CEELM: What would highlight among the best practices you’ve developed over time in terms of working with an international team?

Nemeth: Whenever I meet team members, I bring them a small gift from Hungary, which they always appreciate. These gestures – however small, can help break down barriers, whether real or perceived, and improve communication.

As a company operating in seven different countries, our legal systems are diverse. We can learn a lot from each other by being open and sharing knowledge. It’s important to remember that you might be the one sharing information one day and requesting it the next, which requires an open mind and resources.

I believe in the importance of regular meetings, whether annually or more frequently, despite our busy schedules. Finding time for these meetings is crucial. Coming together is a major first step that we often overlook. Instead of relying solely on calls, we should embrace an international mindset that considers both time and place. ●



FLEXIBILITY IN RUNNING A GLOBAL TEAM: AN INTERVIEW WITH YOTA KREMMIDA OF HEWLETT PACKARD ENTERPRISE

By Teona Gelashvili

Hewlett Packard Enterprise Director & Associate General Counsel **Yota Kremmida** shares her strategies for effectively managing a diverse, geographically dispersed team through remote work.

CEELM: What is your team's current approach to working remotely?

Kremmida: Three years ago, I started working in a global role that spans from India to the UK, the US, and Latin America. As the Director of Legal for Worldwide Channel Business at Hewlett Packard Enterprise, my role involves overseeing a diverse and geographically dispersed legal team that supports clients globally. Drawing on my extensive experience managing legal teams in diverse regions, including South Africa, Turkiye, Kenya, Nigeria, and Tunisia, while residing in Greece, I have developed and implemented effective strategies for leading remote teams.

It's incredible how effectively we collaborate across these regions. One key factor contributing to our success is the dispersed nature of our internal clients. Since our customers are everywhere, it makes perfect sense for our team to be spread out as well. Additionally, we excel in areas of the technology industry, from data centers to the cloud, and we deal with different legal aspects, including software, hardware, and services. As a result, we leverage the robust tools and technologies that our company had already established well before the COVID-19 pandemic.

Hewlett Packard Enterprise was always offering "work from home" options to its people. The tools we use to work facilitate seamless collaboration and communication across different time zones and regions. Remote work has enabled us to harness talent from various locations, allowing individuals based all over the world to undertake positions that would otherwise be limited to those residing where the teams are.

CEELM: What is your team's approach to remote work?

Kremmida: I believe the team is happy about the flexibility in



their working arrangements. As I said, they are not confined to teleworking, as they have office space available if they choose to use it, but they also have the flexibility to work from anywhere. Given that our clients are globally dispersed and our support is needed beyond the traditional "9 to 5 hours," team members can manage their time without being tied to the office. Some team members go to the office for a few hours each week to socialize and meet with colleagues, rather than to work for a full eight hours. We notice this trend increasingly, especially when hiring, as the younger generation consistently asks about flexibility.

CEELM: How, if at all, do you track remote team members'

work?

Kremmida: Actually, we don't track remote team members' work anymore. We used to use tracking tools, but we stopped in the first month of the pandemic when everyone transitioned to working from home. Initially, the purpose of these tracking tools wasn't to monitor, but to understand how people were spending their time to improve efficiency. When we noticed employees engaging in low-value activities, we considered ways to automate those tasks to free up their time for higher-value work.

We developed tools like automated NDAs and standardized templates to address these inefficiencies. We hired skilled counsels to establish specialized task forces, that focus on repetitive, high-volume tasks such as reviewing tender documents or approving business amenities requests. The tracking tools helped us identify these high-volume activities and create efficiencies by engaging with specialized task forces. This allowed our main team to focus on higher-value work and actual support.

After 5-6 years of using these tracking tools, we realized they were no longer providing any new insights or value. Therefore, we decided to discontinue their use.

CEELM: How do you instill a common corporate culture in team members working remotely?

Kremmida: People often find it challenging to synchronize work across cultures and time zones. Our team operates globally, with legal teams in various locations rather than centralized. We frequently have called for organizational updates, training, new legislation, or celebrating achievements. We use a variety of communication channels to coordinate with our team members, including Microsoft Teams and Slack for instant messaging and video conferencing. I also ensure weekly alignment calls with my team and maintain constant communication via video calls. We also have monthly "coffee chats" to discuss both work and personal matters.

Many view remote work skeptically, but I prioritize trust and flexibility. For example, one of our team members in India joined an important call at midnight his time because he wanted to support the team. Our surveys show that our colleagues appreciate the company's trust and flexibility as much as the compensation and benefits. This mutual trust means that employees have an incentive to give back.

CEELM: How have your training approaches evolved to incorporate team members' remote work?

Kremmida: Everything is offered globally without regard to location. We view this as a diversity factor, allowing us to find the best talent regardless of where it is based. Most training is conducted online, with three morning sessions dedicated to training. In the legal department, we have a comprehensive team across various legal functions, and I develop training programs for areas like reselling, competition law, and standard templates. I personally record our live training sessions, which are then uploaded to our website for anyone, including new hires, to access. We also hold live Q&A sessions for interactive discussions, but anyone can also email their questions if needed.

CEELM: How do you recognize when one of your team members is burnout from work?

Kremmida: I'm very concerned about my team working too hard, so I actively encourage them to take holidays and breaks during the day. I understand they might start early, and I get the same encouragement to rest. It's okay for them to message, "I'm under the weather today," if they're not feeling well. We manage work to avoid exhaustion, train everyone to prioritize tasks, distinguish between urgent and non-urgent matters, and be proactive in organizing their schedules.

Our business is accommodating of some delays as long as they know the delivery timeline. We've never really encountered any problems in terms of results delivery. It could be a result of our hiring process and preferences, as I want to hire good people – not necessarily top experts, because we can educate them. Finding good people is the challenge. This company can teach the culture, provide training, and impart legal knowledge – skills that can be learned. We value the willingness to learn above all.

CEELM: Finally, what would be one piece of advice you'd give on remote work?

Kremmida: Some see remote work as problematic, questioning how to ensure productivity during work hours. I remember paying someone to pick up my kids from school when I was younger. Now, I want my team to have the flexibility to manage such tasks without worry. It is alright if they don't work strictly during work hours, as long as they deliver results.

Ultimately, I'd suggest managers focus on managing through teamwork, understanding, support, and trust rather than relying on authority or hierarchy. For all managers, creating successors is a key responsibility. I view this as a valuable opportunity – to help people grow by coaching, inspiring, and pushing them to achieve more. ●

MASTERING THE GAME: BEST PRACTICES FOR WORKING WITH EXTERNAL COUNSEL

By Adam Brzezinski, General Counsel Employment & Privacy, MoneyGram International

Bringing in external counsel can flip legal headaches into big wins, protecting your interests and pushing your goals forward. But how do you make sure your partnership with legal experts goes beyond just getting the job done? The magic happens when you master working with external counsel – mixing careful planning with lively communication to reach new heights of legal success.

Select the Right Counsel

Choosing the right external counsel is a game-changer. Companies must seek firms or attorneys with expertise tailored to their specific legal needs. Beyond qualifications, the cultural fit and communication style of the external counsel are crucial for a harmonious working relationship. Notably, smaller law firms can often deliver more personalized and cost-effective services compared to their larger counterparts. They typically offer higher levels of attention and flexibility, making them an attractive option for businesses desiring customized legal solutions without the hefty fees associated with big-name firms.

Manage Expectations

Managing expectations is the linchpin of a successful partnership with external counsel. Companies crave practical, straightforward answers that inform decision-making processes. External counsel should dispense clear, concise, and actionable advice, often in a yes-or-no format, to facilitate timely and informed decisions. This approach eradicates ambiguity, aligning legal strategies with business objectives and enabling swift, decisive action. Companies don't need long-winded memos and excessive waivers that bog down the decision-making process – they need direct, effective communication that supports agile business operations.

Pick Up the Phone

Emails and reports are essential, but sometimes, nothing beats a good old-fashioned phone call. External counsel should regularly call their clients to discuss not just ongoing legal matters but also the broader business context. These conversations can uncover new opportunities, preempt potential issues, and strengthen the relationship by demonstrating a genuine interest in the client's business. Regular phone calls foster a more personal connection, often leading to more insightful and effective legal advice.

Invest in Relationship Building

Building a robust relationship with external counsel goes beyond transactional interactions. Regular meetings, networking events, and informal engagements can deepen the bond and foster a thorough understanding of the company's business and legal needs. A strong relationship with external counsel can lead to better outcomes and more proactive legal support, transforming the counsel into a true strategic partner.

Be Ruthlessly Responsive

In the relentless world of business, speed is everything. External counsel must make responsiveness their top priority, answering client inquiries and concerns the same day they arise – no exceptions. Quick yes-or-no answers are often sufficient, and if a more detailed response is required, external counsel must provide a clear timeline for when the client can expect a complete answer. This immediate action shows an unwavering commitment to the client's needs and builds trust and reliability. Rapid responses can stop minor issues from exploding into major crises and ensure the client feels constantly supported and valued. An external counsel's ability to respond with

lightning speed is crucial, significantly boosting the efficiency and effectiveness of the legal partnership and driving superior business outcomes.

Emphasize Quality and Proper Formatting

The quality of legal services provided by external counsel must be impeccable. Companies should prioritize law firms that demonstrate a commitment to excellence and efficiency, with a strong emphasis on proper formatting and clear, professional presentation of all legal documents. Well-formatted documents enhance readability and reduce the risk of misunderstandings. Performance metrics, regular reviews, and feedback mechanisms are essential to maintaining high standards and driving continuous improvement. Proper formatting isn't just about aesthetics – it's a reflection of the firm's attention to detail and professionalism, crucial for effective legal communication and successful outcomes.

Understand the Business

For external counsel to be truly effective, they must have a deep understanding of the client's business. This includes the industry landscape, competitive pressures, and the company's specific strategic goals and challenges. When external counsel are well-versed in the business context, they can provide more relevant and impactful legal advice. This business acumen allows them to anticipate legal issues before they arise, tailor their strategies to the company's unique needs, and ultimately drive better results. By immersing themselves in the business, external counsel can become invaluable partners in the company's success.

Build Trust Through Success

Success breeds trust, a fundamental principle in the relationship with external counsel. External counsel should relentlessly focus on achieving the best possible outcomes for their clients. Consistently delivering successful results not only proves their competence but also builds a foundation of trust and reliability. This trust ensures a stronger, more resilient partnership, where clients can confidently rely on their counsel's ability to handle complex legal challenges and drive favorable outcomes.

Conclusion

Mastering the game of working with external counsel is not just about hiring legal experts – it's about forging a strategic partnership that drives business success. By selecting the right counsel, managing expectations, maintaining open communication, building strong relationships, prioritizing responsiveness, emphasizing quality, and understanding the business deeply, companies can ensure their collaboration with external counsel is not just effective but exceptional. ●



THE RIGHT PICK: AN INTERVIEW WITH ELENA BOSNIDOU OF INSS

By Radu Cotarcea

INSS Legal Director **Elena Bosnidou** shares her tips and tricks on selecting and instructing external counsel.



CEELM: What types of legal work do you tend to outsource?

Bosnidou: Typically, we outsource large-scale projects and important litigation. We also consider outsourcing projects where we feel the internal legal department does not have specific expertise. Ultimately, we want to ensure that we have the best possible representation in all matters. Disputes especially, risk having a critical impact on a business if the outcome is not favorable and, many times, they involve a number of specific areas of law.

CEELM: What are some of the recurring types of work that you'd qualify as large-scale projects?

Bosnidou: M&A projects are the main ones – there's a lot of work involved in each and many different types of legislation come into play. There's a lot of paperwork and a lot of work that needs to be done by both experienced attorneys and juniors. There are other types of work-intensive projects of course. For example, a company deciding to go public entails a lot of paperwork as well.

CEELM: When you do decide to outsource, what are the most important criteria you look at when picking which firm/lawyer you'll be working with on a project?

Bosnidou: I'd first stress that the selection of outside counsel is the most important part of outsourcing work. Everything from communicating work guidelines and covering the project management side of a mandate are all subsequent to the selection process and are all directly impacted by the firm pick.

In my view, the selection process should be as transparent as possible and based on objective (to the extent possible) criteria. Especially in small markets such as Greece where we all know each other and personal connections and contacts weigh more, this consideration is particularly important.

Specifically, I'd first look at the reputation of a law firm. I'd consider its reputation in terms of dealing with clients and following professional ethics principles of being a lawyer.

Second, I'd consider their expertise on the subject matter – may it be an M&A project or litigation, etc. Of course, for that, I'd look at their track record in previous similar cases – how successful they've been for past clients in similar matters. I might decide to run a reference check with those previous clients to get a feel of the impression the firm left them. I find this important because sometimes, despite the best possible representation, the outcome of a matter might not end up being great but it is important to check if the actual representation was.

Third, it's important to understand how flexible the firm is in terms of the billing system used and to what extent they are open to alternative billing systems – may it be a capped, colared, or success-based fee system.

Fourth, it's crucial to focus not only on the firm's reputation but also on the specific legal team assigned to the project. It's important to ensure that the team is not composed solely of juniors with minimal supervision, as this could compromise the quality of work. The ideal setup involves a balanced collaboration, where seasoned professionals oversee the work while leveraging the support of junior staff. In cases requiring extensive research, it may be more cost-effective to insource tasks to lower-cost legal staff rather than incurring high firm rates. This approach can help maintain quality and ensure a more productive and constructive partnership, ultimately leading to the best possible outcomes.

Last but not least, the personalities within the team are significant, especially for large-scale projects. It's important to have a cohesive team where all members are approachable and capable of facilitating effective communication. Having key contacts at the firm who are responsive, easy to reach, accurate, and experienced in similar matters is crucial. Ensuring a good fit in terms of both expertise and interpersonal dynamics is vital for a successful collaboration.

Of course, another key consideration is avoiding any conflicts of interest that could affect the integrity and effectiveness of the legal representation but that's sort of a given.

CEELM: Quite a bit of thought goes into it...

Bosnidou: Naturally! Ultimately, the selection of outside counsel is a critical decision for in-house counsel, as it directly reflects on their judgment and expertise. This choice is scrutinized not only based on the quality of the work delivered but also on the selection process itself internally – may it be local management or your global General Counsel. When evaluating the outcome of the collaboration with external counsel, feedback will inevitably be provided, even if unsolicited.

At the same time, a positive outcome in terms of both work quality and collaboration with a firm can lead to the establishment of a reliable list of outside counsels that the company can engage in the future. This pre-approved list simplifies future engagements by eliminating the need to restart the selection process or initiate new bids. Building this trusted network of external legal partners not only streamlines operations but also reinforces the internal team's reputation for making sound and effective decisions.

CEELM: On the flip side, what are the main things you don't really care about when you receive a proposal from a firm?

Bosnidou: Size is not a critical factor for me. When firms highlight the number of lawyers or offices they have, it doesn't necessarily indicate the quality of their services. In my experience, a large firm's extensive resources do not always translate into better service, especially for projects requiring specific expertise. Sometimes, a smaller or boutique law firm can provide the specialized knowledge needed for a project more effectively and at a lower cost, often with more flexible billing options.

Another aspect that doesn't particularly impress me is a firm's roster of big clients, especially if they are not in the same business sector as the project at hand. While having prominent clients might serve as an indicator of a firm's capabilities, it doesn't necessarily correlate with the specific needs of my project. I focus more on substantive elements that are directly relevant to our specific requirements rather than being swayed by the firm's client list or overall size.

CEELM: What best practices have you developed over time in instructing a law firm for a new mandate?

Bosnidou: One of the first and most important practices is to clearly define the project scope, duration, and parameters, along with obtaining a cost estimate upfront. This is crucial for establishing a solid basis for billing and setting clear guidelines for the outside counsel. Knowing the anticipated costs helps in securing budget approval, which may require management's green light depending on the project's scale. Without such approval, we risk facing negative repercussions if unexpected issues arise.

It's also essential to clarify the billing structure from the outset, whether it's capped, collared, or success-based fees. We need to be vigilant about expenses and ensure that all potential costs are anticipated. For larger projects, unforeseen expenses can

be particularly problematic, so I insist on being informed and having a say on any changes that could impact the budget.

Confidentiality is another critical aspect, especially with innovative projects. It's vital to establish clear confidentiality agreements and, in the case of large firms with multiple sections, to implement "Chinese walls" to prevent information leakage. Additionally, setting clear parameters for handling media relations is often necessary and should be explicitly included in the agreement.

Lastly, coordination is key. I prefer to communicate with one or, at most, two to three contacts, especially if the work is divided into different streams. This streamlined communication ensures that information is not lost or misunderstood and prevents the inefficiencies of having to explain the same issues multiple times to different people.

CEELM: What best practices did you develop in terms of coordinating with your external counsel on a mandate?

Bosnidou: Implementing a legal project management solution is one of the best practices we follow, as it significantly saves time and ensures clarity in the project's execution. This involves setting very clear guidelines, defining the goals, and segmenting the legal work into distinct parts. By identifying which aspects of the work need to be handled by senior lawyers and which can be assigned to junior lawyers, we can manage the project's budget more effectively. Under this framework, we define the team, allocate tasks accordingly, and agree on the budget. Additionally, leveraging technology is crucial. We use secured shared sites or project management tools to facilitate document sharing, communication, and storage. This setup not only streamlines the flow of communication but also helps in tracking the progress against project timelines, ensuring that no deadlines are missed.

CEELM: Do you internalize input from external counsel in some form of a knowledge bank? If so, how?

Bosnidou: Yes, internalizing input from external counsel is very important, and this is done with the assistance of IT. We use tools to store and save previous work, which is critical for reference and helps avoid duplicating efforts over time. This knowledge bank serves multiple purposes: it acts as a repository for reference, provides templates for future projects, and aids in evaluating the efficiency and effectiveness of the selected legal counsel. It also allows us to generate reports for management, track metrics like time spent, and analyze various elements that impact both the legal department and management decisions. While our current system is developed by our internal IT team and has been very useful, we are actively exploring more advanced external solutions. The goal is to find a tool that enhances efficiency and effectiveness, making it easier to work and justify its adoption to management. ●

PICKING AND WORKING WITH THE RIGHT FIREFIGHTER: AN INTERVIEW WITH TAMARA MOHORIC SELAK OF ZITO

By Radu Cotarcea

From relying on chemistry to counting on reputation being representative, Zito Director of Legal Affairs and General Services Tamara Mohoric Selak talks about how she picks her external “firefighters” and how she nurtures long-term collaborations with them.

CEELM: What types of legal work does your team tend to externalize?

Selak: I often make a joke about my work: I enjoy answering the question of “What is actually your job?” by saying “I am a firefighter.” Legal departments are usually the contact when something goes wrong and a fire has already started. As an in-house lawyer, your work is extended to almost all issues of the company and you are the key contact person in almost every project.

Most of the time you have to act quickly, so I usually externalize legal questions on which our team does not have enough expertise and we need a solid and quick fix to our fire.

CEELM: Is appealing to external counsel quicker than addressing it internally?

Selak: Yes, when we don’t have the expertise or knowledge in-house – definitely. When an internal advisor gets an issue that they are not acquainted with, it takes a lot of time to go through all the research to get the needed answer. As we’re firefighters, many things do come up and we can’t be a one-man solution to absolutely everything – that’s simply not possible for a generalist in-house counsel. In theory, external lawyers have the opportunity to specialize and should be equipped to address specific issues that come up.

CEELM: What are the most important criteria you look at when picking which firm/lawyer you’ll be working with on a project?

Selak: First and most important to me is the chemistry in our communication. If there is good chemistry, I know my team will be able to work with that external lawyer successfully.

At the same time, I prefer working with firms that have larger

teams because of the similar assumption that no one person can be an expert in everything. If they are a full-service firm, they should be able to cater to the full range of issues we might need to handle.

CEELM: On the flip side, what are the main things you don’t really care about when you receive a proposal from a firm?

Selak: In a recent search for a new external law firm to work with I was often asked if I prefer to receive legal advice prepared directly by a senior lawyer, their Partner, or from a junior lawyer. This is the one thing I do not really care about. When I order legal work, I expect it to be reliable and professional regardless of its source. As I result, I do not actually care who prepares it.

CEELM: We’d assume they ask because that influences the end bill though...

Selak: Of course, but Slovenia is a small country where reputation really matters. When I get any advice, I need to know I can commit to it and rely on it. I don’t care if it’s a lawyer who has decades of experience or a junior who does the drafting – the same standard applies. And firms know that and how much reputation matters so they will make sure it is serviceable advice anyway. Ultimately, by taking this position, you do get solid advice but it is also a way to get a lower cost at the end of the day.

CEELM: What best practices have you developed over time in instructing a law firm for a new mandate?

Selak: My instructions to external law firms are actually really simple. When we have a new case, I expect to receive suggestions and explanations for various options, eventually getting the ultimate advice on which option is best. My own man-



agement expects to receive various options as well, which we then discuss and make a decision on how to work on a case. If a law firm delivers this, they are on a good path to getting subsequent mandates from me.

CEELM: And what steps do you take to ensure the firm has a strong grasp of the case you are dealing with? Or do you expect them to do their own research?

Selak: I usually provide all the information I think they might need to know in an email and I stress that I need several options. It might be stemming from the luxury of working with strong firms only in the past but lawyers tend to be more than able to take it from there and do the legwork necessary to cover our needs. Ultimately, lawyers tend to want recurring business and know that if they fail to deliver, we'll simply stop working with them in the future. I think that as long as you make sure

to convey clearly what your needs are off the bat and you have the right incentives of a promised long-term collaboration in place you are in good hands from there.

CEELM: What is your preferred billing structure when it comes to external counsel? And what steps do you take throughout the mandate to limit budgets going over?

Selak: While working with external lawyers and law firms for more than 10 years, I find that the most suitable billing option is working under a blended hourly rate model. The best way to limit budget is to make it clear from the start and before giving a mandate what you expect to see (or not) in the billing process. For example, in a long-term cooperation, I do not expect every short e-mail and short call to be billed. I always make this clear and confirm this kind of cooperation is something our external counsels understand and are comfortable with. I'm not unreasonable of course – my assumption is always that I will be billed for one additional hour here and there but I simply don't want to see a bill landing on my desk for every single email. I've had that happen with some firms in the past but those are the firms I no longer work with.

CEELM: Why do you believe a blended hourly rate is the best approach?

Selak: First, it allows me to comfortably explain what I mentioned earlier – I don't care about the seniority of who is involved in the advice as long as it is solid. And firms can assign matters internally as they deem fit and it makes sense for them as long as that metric is achieved.

Second, in the process of dealing with a new firm, I get to tell them that we'll use an hourly rate but I want a good rate. As an in-house counsel, I know roughly how many hours I'll need and a blended hourly rate then feels like a clean way to negotiate. If a firm wants to work with you in the long term, you usually receive a discount.

CEELM: Do you internalize input from external counsel in some form of a knowledge bank? If so, how?

Selak: Yes of course. Sometimes, I personally need reassurance if my understanding of a legal matter is correct and therefore ask an external counsel for further advice. Subsequently, the external advice received is used as part of our internal knowledge bank. For example, in our weekly legal team Jour Fixes meetings, we discuss external legal advice received so that everybody in the team gets familiar with it and maybe gets a new perspective in handling those sorts of legal issues going forward. ●

OLD FAITHFUL: AN INTERVIEW WITH DAWID RADZISZEWSKI OF SELVITA

By Radu Cotarcea

From staying loyal to specific lawyers irrespective of the brand they work under to focusing on fixed fees, Selvita General Counsel and Executive Management Board Member **Dawid Radziszewski** shares his best practices in terms of working with external counsel.

CEELM: What types of legal work does your team tend to externalize?

Radziszewski: For context, Selvita is a contract research organization – we provide assistance in the research projects of pharmaceutical and biotech companies when they are developing their drugs. As a result, we operate in both a highly regulated and innovative space meaning that, most of the time, when we externalize work, it's usually due to a lack of niche expertise. It's most often a result of us aiming to expand our offerings and often requires external knowledge to fill in internal knowledge gaps.

We also externalize M&A work, particularly when it involves cross-border matters. Additionally, we tend to outsource complex litigation. We believe it makes more sense to outsource rather than handle it internally, not just because of our team's bandwidth but also because we prefer to focus on value-generating activities rather than litigation. In our demanding environment, where we support the work of scientists toward value-added offerings, it's more productive for us to focus on those elements rather than allow ourselves to be distracted by litigations.

Lastly, being a listed company, we also externalize certain regulatory requirements that come with that status.

CEELM: What are the most important criteria you look at when selecting a firm or lawyer for a project?

Radziszewski: The most critical are expertise and experience. We prioritize firms that can demonstrate their capabilities in the specific areas we need, especially since, as mentioned, we're typically looking for niche expertise. Industry knowledge is also crucial, as is the firm's reputation. We often ask colleagues for recommendations and consult industry rankings to gauge the level of expertise.





We've followed several lawyers through their career moves, and for us, it's clear: we value the relationship we've built with the individual, regardless of the firm they are with. This loyalty can lead to more engagement and dedication from the lawyer on our projects in return as well.

Cost is another consideration, although it is secondary to expertise. The most important factor is having the specific knowledge and experience we require, but we do consider the cost implications.

One last note on this, having read the past *Corporate Counsel Handbook*, I was surprised to see there's a split in opinion about whether GCs prefer picking firms or individual lawyers. We've followed several lawyers through their career moves, and for us, it's clear: we value the relationship we've built with the individual, regardless of the firm they are with. This loyalty can lead to more engagement and dedication from the lawyer on our projects in return as well.

CEELM: Since it's at the top of your list, how do you assess expertise?

Radziszewski: We start by creating an information package detailing our project's objectives and requirements. We then assess the firm's past track record in similar matters against that package. We use industry rankings and word-of-mouth recommendations to further inform our decision.

CEELM: And, when needed, who do you turn to for word-of-mouth recommendations?

Radziszewski: I typically consult with a network of about 4-5 experienced colleagues, especially when it comes to law firms in other jurisdictions, to get reliable recommendations. I know they are very well-connected and active in various networks and I can reliably rely on great suggestions from them.

CEELM: Do you have a preferred fee structure?

Radziszewski: Our preference is to work on a fixed fee basis. When we clearly communicate our expectations from the outset, we expect the experienced party to provide a precise cost estimate. While projects can take different directions, we prefer to have an estimated cost upfront. In some cases, an hourly rate is necessary, but we try to cap it to manage the budget effectively and understand the costs in advance.

CEELM: What aspects do you not prioritize when receiving a proposal from a firm?

Radziszewski: When we receive proposals, law firms often include a lot of brochures and marketing materials. I rarely flip through these beyond the sections describing the firm's expertise that is directly relevant to the mandate at hand.

I am interested in the expertise and background of the specific team members who will be assisting Selvita on the project and care less about the firm's senior team's remote experience. We always ask for the specific team members who will be advising us, as I want to avoid situations where senior partners present during the pitch but never dial in in subsequent conference calls. Knowing the team upfront is crucial.

We also don't particularly care about the size of the firm – what matters is its specific expertise. We are perfectly fine working with smaller firms if they have the required experience and knowledge.

CEELM: What best practices have you developed over time in instructing a law firm for a new mandate?

Radziszewski: Typically, we begin with a brief presentation about Selvita to ensure the law firm fully understands our mandate. This is important, especially given the complex environment in which we operate. Setting clear, written objectives helps the law firm prepare its offer initially and aligns expectations in the long run.

Beyond that, communication is key. We maintain regular, open communication, not only for updates and monitoring progress but also to involve our internal lawyers. We take a hands-on approach in all our projects, with at least one internal lawyer constantly involved. We ask our law firms to treat these internal lawyers as part of their team, ensuring more regular communication and helping us build our in-house knowledge base.

CEELM: And since you touched on this, do you internalize input from external counsel in some form of a knowledge bank? If so, how?

Radziszewski: Yes, we do. Through direct collaboration, we assimilate relevant information on a daily basis. We look for best practices identified during, for example, a due diligence that we can implement in our daily operations. Additionally, we use external lawyers for training and development sessions for our team, which has been very beneficial. ●

SMART OUTSOURCING: AN INTERVIEW WITH JOANNA PRZYBYL OF REVETAS CAPITAL

By Radu Cotarcea

Revetas Capital General Counsel **Joanna Przybyl** reveals her strategies for mastering relationships with external counsel, from choosing the right firms to keeping budgets on track.



CEELM: What types of legal work does your team tend to externalize?

Przybyl: I can say that our legal team heavily relies on outsourcing legal work and intends to outsource even more in the future. Our in-house team is rather small but very hands-on. There is a significant number of topics that we typically delegate to external counsels and that includes acquisition, disposals, and financing transactions which are core activities for our business. This work is highly demanding and covers everything from early-stage due diligence to closing deals.

There are areas which, as a team with primary real estate and transactional background, we have never managed, such as IP, IT, and data protection, or that require very specific expertise and therefore, we prefer to rely on experts. Litigation matters are also always outsourced to external counsels.

In the past, we were involved in transaction management which was very time-consuming, and with the shrinking in-house team, we soon realized that continuing this approach leaves us extremely busy and with limited capacity for the tasks and matters that cannot be so simply outsourced. Now, in addition to hiring legal counsel on M&A or financing transactions where local law expertise is a must, we also require such counsel to be more involved in the transaction management field – this comes at a higher cost but allows the team to address a wider range of topics effectively. It also doesn't mean that we have left that field completely – it is rather taking the backseat, staying engaged in supervision, and providing directions for the external teams.

We are now focusing on building long-term relationships with firms that offer the best value for money, rather than just the cheapest option. These firms learn to understand our teams, requirements, and standards, making the process more efficient. We believe that with each and every project they will just become more like an extension of our in-house team, being capable of directly responding to the business needs of our organization.

CEELM: What are the most important criteria you look at when picking which firm/lawyer you'll be working with on a project?

Przybyl: First, if I'm not familiar with the jurisdiction and the contacts, I evaluate their offer to see if they understand the transaction we are trying to execute. Even at this stage, they need to be hands-on, not just follow the description of the transaction provided in the pitch invitation but also consider and present any other items that may be relevant.

Secondly, pricing is a key factor. It's often difficult to evaluate because everyone uses different calculation methods. We examine how complete the overall proposal is and how reasonable the pricing appears. We understand that often there will be additional costs that deviate from the plan. We also like to see deal discounts for transactions that do not close.

Next, we typically speak with the team as part of the selection process. It's important to be direct and find a counterparty you can work with transparently. We value personal connections and collaborative team efforts. We also seek experts who can translate legal

language into business terms.

CEELM: On the flip side, what are the main things you don't care about when you receive a proposal from a firm?

Przybyl: Typically, firms provide lengthy credential lists, sometimes up to 10 pages of past projects, but I rarely look at these. If I'm familiar with the firm, I don't need to see their credentials. If I'm not, then I prefer they select the three most relevant examples, something that they really believe will make them stand out from the competitors. By doing so, they demonstrate an understanding of the mandate.

CEELM: You mentioned fee changes. How do you manage fee budget adjustments after the project has already begun?

Przybyl: On the practical side, communication about fees is crucial. We prefer to work with capped fees and understand that assumptions might be breached, but we need to be informed about these changes as they occur. We operate within a strict budget that I personally monitor, and delays in communication can lead to situations where fee increases can no longer be accepted or negotiated. Interestingly, we ask that firms notify us in advance if assumptions are breached, but this rarely happens. Firms often proceed with the work, even if it is clearly out of scope, and only inform us after the fact. I need to be alerted as soon as such additional work is undertaken, not after the transaction closes, as I might not have the ability or authority to adjust the budget at that point. We are becoming more and more strict on that point but I also make sure that it is properly communicated to the law firm in advance.

Last year, while working on a transaction, I was in regular contact with the lead lawyer from the firm and was informed early on that we would exceed the budget and the reasons were also clearly explained. We ended up paying significantly more than the originally approved budget, but we were able to manage the situation because we discussed it continuously.

CEELM: What best practices have you developed over time in instructing a law firm for a new mandate?

Przybyl: We've already introduced several standardized documents over the years. For example, we have a document outlining our preferred transaction procedures, negotiation coverage, and internal requirements. This approach significantly reduces the amount of work needed as the law firm is able to provide the first draft that already matches our expectations or requirements, instead of producing just a template adjusted to a transaction that will need to be redrafted heavily. We also advise firms to check our requirements before drafting any documents – there's no need to produce lengthy documents

that we don't require.

In practice, I do review transactional documents as the transaction progresses, but by setting clear expectations from the start, the firm knows whether such review is necessary and they also know what points to highlight. Spending a bit more time upfront to establish these expectations can help minimize the amount of work later on.

CEELM: Do you provide feedback to external counsels after each transaction?

Przybyl: I usually don't provide formal feedback after transactions as it's more often on-the-go and immediate. However, I agree that formal feedback would be beneficial and I'm always open to any client listening sessions that law firms organize. I wish we conducted formal feedback more regularly but for the in-house teams the real work begins when the transaction closes, so unfortunately it's challenging to find this time.

CEELM: What is your preferred billing structure when it comes to external counsel? And what steps do you take throughout the mandate to limit budgets going over?

Przybyl: The fee structure depends on the type of work, but we generally prefer capped or fixed fees. While this is something that is quite common in the CEE region, it seems to be less feasible in Western Europe. There, fee communication is more intensive, and we need to request regular updates on the budget status. Blended rates are also becoming more common. What we have recently started seeing is instead of one blended rate for all lawyers, irrespective of their seniority, there is a separate blended rate for partners, senior associates, and junior lawyers. We recognize the need to differentiate between transactional and non-transactional work. Transactional work tends to be more complex, so we opt for a more flexible fee structure. For day-to-day advisory work, we generally push for a single blended rate. There are also projects where law firms deliver rather standardized products and that's where fixed fees are the best fit.

CEELM: What would be one lesson learned from working with external counsel?

Przybyl: What sets some firms apart is their hands-on approach. When lawyers take on a transaction, they often feel fully responsible for it, which isn't always the case with other service providers. Although this can be challenging because it may come at a higher cost, it's incredibly valuable. I wish more service providers operated at this level of commitment – it would make things much easier. I believe lawyers are often underestimated and the effort they put into transactions is not always fully recognized. ●

A CHECKLIST FOR WORKING WITH EXTERNAL COUNSEL

By Mate Lapis, Head of Legal, Cherrisk



Working with external counsel can be a crucial aspect of managing legal issues, especially for companies that need specialized expertise or extra support for their in-house legal team. To make the most of these collaborations, it's important to follow some best practices that ensure efficiency, alignment with business goals, and cost-effectiveness. Here's my straightforward guide to help work effectively with external legal experts.

1. Choose the Right Counsel for the Job

The first and perhaps most important step is selecting the right external counsel. Think of this process as matching the right tool to the job. It's essential to find a specialist whose expertise aligns perfectly with the task at hand. This targeted approach ensures that the counsel you hire will be able to handle the matter with the highest level of effectiveness.

2. Onboard Your External Counsel Thoroughly

Once you've selected the right external counsel, proper onboarding is key. Don't just hand over a task and expect results. Take the time to integrate the external expert into your company's operations. Help them understand how your business



Once you've selected the right external counsel, proper onboarding is key. Don't just hand over a task and expect results. Take the time to integrate the external expert into your company's operations.

works, what your strategic goals are, and why certain decisions are made. Provide them with insights into your internal processes, corporate jargon, and specific terminologies. This way, they won't just see the small piece of the puzzle they're working on – they'll understand the big picture. When external counsel grasps the full context, they can deliver more strategic and aligned advice.

3. Provide a Clear and Strict Briefing

When assigning tasks to your external counsel, clarity is crucial. Clearly define what you need, why you need it, when you need it by, and how much you're willing to spend. This briefing should be detailed and leave no room for ambiguity. By setting clear expectations, you not only ensure that the work aligns with your objectives but also prevent misunderstandings that could lead to unnecessary revisions or delays.



4. Pre-Approve Any Changes

One of the risks of working with external counsel is the potential for scope creep – where the scope of work expands beyond the original agreement, leading to unnecessary work and increased costs. To avoid this, make it a rule that any changes to the original plan must be pre-approved by you or your in-house legal team. This ensures that all work remains relevant to your needs and prevents the delivery of work products that aren't essential.

5. Monitor Hourly Rates and Expenses

Cost management is a significant concern when working with external counsel. It's vital to ensure that the hourly rates and expenses are reasonable and remain so throughout the project. Request detailed legal bills that specifically describe the services performed. This practice not only keeps costs in check but

also gives you insight into what the external counsel is doing. By maintaining detailed records, you can challenge any questionable hours and ensure that the billing remains fair.

6. Conduct Quarterly Relationship Management Calls

Regular communication is essential for maintaining a strong working relationship with external counsel. Schedule quarterly relationship management calls to review past performance, discuss upcoming needs, and provide feedback. These calls serve as an opportunity to align on future projects, address any concerns, and ensure that both parties are on the same page. This ongoing dialogue helps to build a more productive and transparent partnership.

7. Track Results and Learn Lessons

Once a project is completed, take the time to track the results and identify any lessons learned. This could include analyzing the duration of the project, total fees and expenses, the outcomes achieved, and how accurately the external counsel predicted the results. By comparing these metrics across different projects or law firms, you can identify patterns and make more informed decisions in the future. Sharing these insights with your business clients can also help reduce future legal exposure and spending.

8. Treat External Counsel as Part of the Team

Finally, remember that external legal experts are an extension of your team. They should be viewed not as outsiders but as integral members of your broader legal department. If they make a mistake, it's as if your own team made it; if they achieve success, it's a success for everyone. Foster a collaborative spirit and ensure that external counsel feels invested in your company's goals. By working together closely, you can achieve better outcomes and build a stronger, more cohesive legal team.

By following these best practices, you can ensure that your collaboration with external counsel is efficient, cost-effective, and aligned with your company's strategic goals. This not only helps in achieving better legal outcomes but also contributes to the overall success of your business. ●



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COMMUNICATION + TRUST = RECIPE FOR SUCCESS: AN INTERVIEW WITH KAMELIYA NAYDENOVA OF MONDELEZ INTERNATIONAL

By Teona Gelashvili

Mondelez International Senior Counsel Competition Law Compliance **Kameliya Naydenova** emphasizes the importance of communication, trust, and practical expertise when working with external legal counsel.

CEELM: What types of legal work does your team tend to externalize?

Naydenova: I would not say that the “one size fits all” approach works in every situation. We externalize legal work to our external legal partners depending on various factors – timing, focus on other priorities that we have at the current moment, need for multi-disciplinary or specific narrow expertise where our preference would be to have an external team working on the topic.

Naturally, every company needs to keep an eye on its budget. We have our internal processes in place helping us to decide whether to handle certain topics in-house or outsource them, and whether to go with billable hours or fixed-price projects.

CEELM: What are the most important criteria you look at when picking which firm/lawyer you’ll be working with on a project?

Naydenova: For us, it is crucial to work with lawyers who are not only knowledgeable legal experts but also have practical knowledge of how legislation is implemented in real-life business scenarios. It’s not just about having theoretical knowledge, but rather, it’s about providing advice based on strong expertise that is practical and can be implemented from our business perspective. The requested legal advice often involves

input from different markets and an understanding of legislation across multiple jurisdictions.

Our preferred approach is to have a *one-stop-shop* option where possible. This is highly beneficial if we have advisors present in as many jurisdictions as needed. The *one-stop-shop* solution saves us time and avoids having different conversations with different people and law firms while allowing them to provide all the required local law perspectives.

In terms of the selection process itself, we seek reputable law firms, whether through recommendations or by looking at the rankings. We have a selection and approval process in place where we give equal and objective opportunities to all candidates. In smaller markets with local law firms, we review publicly available information and rankings, particularly in specific areas of law that are most important to us.

CEELM: What best practices have you developed over time in instructing a law firm for a new mandate?

Naydenova: We think mutual trust and good and clear communication are key to getting the full picture and building a strong working collaboration. After selecting a law firm, it’s important that they speak our language. Legal language can get pretty theoretical, and we need lawyers who can communicate



in a business-friendly way. We try to support our external partners by sharing relevant business details and insights, while we rely on them not only on pure legal advice but also on consulting regarding trends and policies in the respective jurisdictions.

It's crucial to have good communication and an understanding of business in today's complex world. In certain cases, there are many legal areas involved and robust multi-layered advice is needed where on top we need to consider different legal environments in multiple jurisdictions. That's why having lawyers with a multidisciplinary approach is important, though there are times when we need specific narrow expertise. We rely on teams that have both broad and specialized knowledge, so we don't lose sight of the bigger picture.

We make sure there are no conflicts of interest, checking this in advance to protect our business secrets and confidential information, and to maintain respect as business partners. This process ensures transparency and trust on both sides.

CEELM: What is your preferred billing structure when it comes to external counsel? And what steps do you take throughout the mandate to limit budgets going over?

Naydenova: For newly enrolled firms, we have a procurement process in place, not just for fee assessment, but also for the level of expertise and type of services, so we can compare *apples to apples*. When we have standard agreements and an initial enrollment process, we ensure we work with reputable law firms. We go through a fair and transparent selection process.

CEELM: Do you internalize input from external counsel in some form of a knowledge bank? If so, how?

Naydenova: Our internal legal colleagues are based in various markets and for us staying connected and having good knowledge sharing is crucial. Luckily, in nowadays digital reality this is not hard to achieve. We have regular knowledge-sharing connects, group discussions, and brainstorming sessions. It's important for us to not just give advice and share legal information but also to build team spirit to share broader knowledge and exchange ideas by promoting the team culture and rewarding successful solutions. ●

BEST PRACTICES FOR WORKING WITH EXTERNAL COUNSEL ON M&A PROJECTS

By Gizem Zeynep Bolukbasi Komuryakan, Vice President of Legal and Compliance, Turkiye Wealth Fund



M&A transactions involve numerous legal, financial, and operational challenges. As in-house counsel, we are responsible for businesses' right risk allocation and risk mitigation, while we bear significant responsibility in ensuring the deal progresses smoothly and can be closed successfully. Given this high responsibility, effective collaboration with external counsel is crucial to navigating these high-stakes deals and ensuring a smooth and successful transaction. Drawing from my experience, I will share best practices for selecting, collaborating with, and managing external counsel during M&A projects to achieve optimal outcomes and make your life easier in the post-closing and integration stages.

Selecting the Right External Counsel

A strong track record is essential. Look for attorneys with extensive experience in your industry who have successfully handled deals of similar complexity and scale in the related jurisdiction. Research the reputation of potential external counsel. Seek references from other in-house counsels or industry peers. Evaluate the resources and team composition of the external counsel. Ensure they have a robust team with diverse expertise to address all aspects of the transaction.

Establishing Clear Objectives and Scope

Clearly articulate the goals and objectives of the M&A transaction to the external counsel. This includes strategic rationale, desired outcomes, and key milestones. Aligning these goals ensures that everyone is working toward the same objectives. Define the scope of work in detail. Outline the specific tasks, responsibilities, and deliverables expected from the external counsel. This clarity helps prevent misunderstandings and ensures accountability. Discuss the budget and fee structure upfront. Agree on billing rates, payment terms, and any potential additional costs. Consider fixed fees or capped arrangements to maintain cost predictability.

Effective Communication and Collaboration

Establish a routine for regular updates and meetings. Schedule weekly calls to discuss progress, address concerns, and review upcoming tasks. This consistent communication keeps everyone aligned and informed. Encourage open and transparent



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communication between your in-house team and external counsel. Share relevant information, documents, and updates promptly. Transparency fosters trust and enables external counsel to provide more informed advice. Leverage technology to facilitate communication and collaboration. Utilize secure platforms for document sharing, project management tools to track progress, and video conferencing for virtual meetings. Technology streamlines workflows and enhances efficiency.

Ensuring a Deep Understanding of the Business

Ensure that the external counsel has a deep understanding of your business, industry, and competitive landscape. Provide them with comprehensive background information, including your company's strategic goals, operational challenges, and market position. Make them understand what you are fighting for and trying to achieve with this M&A transaction.

Managing Expectations and Timelines

Set realistic timelines for each phase of the M&A project. Break down the transaction into manageable stages, such as due diligence, negotiation, drafting, and closing. Agree on deadlines and milestones for each stage to ensure a structured approach. Agree on expected response times for communications and deliverables. Timely responses are crucial, especially in fast-paced M&A deals. Do not give your external counsel artificial deadlines and claim urgency when it is not. This jeopardizes your credibility and harms the trust relationship between colleagues who need to work closely together.

Documentation and Record-Keeping

Maintain detailed records of all communications, agreements, and documents related to the M&A project. This includes emails, meeting minutes, draft agreements, and final contracts. Proper documentation is essential for legal compliance and future reference.

Conflict Resolution and Feedback

Establish a clear process for escalating and resolving issues that may arise during the transaction. Identify key contacts and decision-makers. Implement a feedback mechanism to gather insights from your in-house team and external counsel throughout the project. Regular feedback helps identify areas for improvement and ensures continuous enhancement of collaboration practices.

Cost Management

Develop a detailed budget for the M&A project and closely monitor costs against it. Discuss ways to optimize cost efficiency without compromising the quality of legal services.

As an in-house counsel, I see myself as the owner of my corporation's M&A transactions, and I recommend you adopt the same approach to manage a successful transaction. This means you should thoroughly study your work, perhaps even more than your external counsel. Your external counsel will be your business partner and trusted advisor, but please always keep in mind that to manage a successful project, you need to know the project better than anyone else to direct them in the right way. By following these best practices, we can maximize the value of our in-house legal team by collaborating with external counsel and achieving successful M&A transactions that drive business growth and success. ●



Ensure that the external counsel has a deep understanding of your business, industry, and competitive landscape. Provide them with comprehensive background information, including your company's strategic goals, operational challenges, and market position. Make them understand what you are fighting for and trying to achieve with this M&A transaction.

MANAGING BUDGETS BEST PRACTICES

By Cilem Baykaler, Legal Director, OzTreyler



In recent years, in-house legal teams have faced growing pressure to manage budgets more effectively while maintaining high standards of service. In this article, I will share best practices for managing legal budgets, and address trends, challenges, and strategies that have shaped the budgeting landscape for in-house legal teams.

Trends in In-House Legal Budgets

Over the past few years, there has been a notable trend of decreasing or stagnating budgets for in-house legal teams. Organizations are increasingly scrutinizing all departments, including legal, to ensure cost efficiency. This has led to a greater emphasis on finding ways to deliver legal services more

cost-effectively, without compromising on quality or increasing risk exposure.

Despite these budgetary constraints, the demands on us (legal teams) have not diminished. If anything, they have grown more complex, with legal teams facing new challenges such as heightened regulatory scrutiny, data privacy concerns, and the need to manage global compliance issues. As a result, we as legal directors are tasked with finding ways to stretch our budgets while still meeting these increasing demands.

The Impact of “Do More with Less”

The mandate to “do more with less” is not just a catchphrase – it is a reality for many in-house legal teams. This pressure is indeed reflected in the operational and budgetary decisions within organizations. Legal departments are expected to manage an expanding scope of work with limited resources, leading to a need for greater efficiency and more strategic budget management.

Rising Costs for In-House Legal Teams

Several cost areas have seen significant increases in recent years, adding to the budgetary pressures on in-house legal teams:

Regulatory Compliance and Data Privacy: With the introduction of stringent regulations such as the GDPR in Europe or KVKK and CCPA in California, the costs associated with ensuring compliance have risen sharply. Legal teams must invest in new technologies, training, and external expertise to navigate these complex regulatory environments.

Technology and Cybersecurity: As legal teams increasingly rely on technology for everything from document management to e-discovery, the costs associated with maintaining and upgrading these systems have grown. Additionally, the rise in cybersecurity threats has led to increased spending on protecting sensitive legal data.

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While technology costs have increased, strategic investments in legal technology can lead to long-term cost savings. Automation tools, artificial intelligence, and legal analytics platforms can streamline processes, reduce the need for additional headcount, and provide more accurate budgeting and forecasting capabilities.

Litigation and Dispute Resolution: The cost of litigation continues to rise, driven by the complexity of cases and the need for specialized expertise. This includes not only legal fees but also the costs of managing and storing large volumes of electronic data.

Talent Acquisition and Retention: Attracting and retaining top legal talent has become more expensive, particularly as the demand for specialized legal skills, such as data privacy and intellectual property, has increased. Competitive salaries and benefits are necessary to retain skilled legal professionals in a tight labor market.

Best Practices for Managing and Expanding Legal Budgets

Given the rising costs and the pressure to do more with less, we as legal directors must adopt best practices for budget management. These practices not only help manage existing budgets but also provide a framework for arguing for new or expanded budget lines.

Developing a Strong Business Case for Budget Increases: When advocating for increased or new budget lines, legal directors must build a compelling business case that aligns with the organization's broader strategic goals. This includes clearly articulating the risks of underfunding the legal department, such as potential regulatory fines, litigation losses, or cybersecurity breaches, and demonstrating how additional resources will mitigate these risks.

Leveraging Data and Analytics: Data-driven decision-making is key to managing legal budgets effectively. We as Legal directors should track and analyze key metrics, such as legal

spend as a percentage of revenue, cost per matter, and return on investment for legal technology. This data can be used to identify areas where the department is delivering value and where additional investment could lead to further efficiencies or cost savings.

Implementing Cost-Control Measures: We should explore cost-control measures, such as renegotiating contracts with outside counsel, exploring alternative fee arrangements, and leveraging alternative legal service providers for routine legal tasks. These measures can help manage costs without sacrificing the quality of legal services.

Investing in Legal Technology: While technology costs have increased, strategic investments in legal technology can lead to long-term cost savings. Automation tools, artificial intelligence, and legal analytics platforms can streamline processes, reduce the need for additional headcount, and provide more accurate budgeting and forecasting capabilities.

Continuous Improvement and Adaptation: Legal directors should regularly review and adjust their budget management strategies based on evolving organizational needs and external factors. This includes staying informed about industry trends, regulatory changes, and best practices in legal operations. By continuously improving and adapting their approach, legal directors can ensure that their teams remain agile and capable of responding to new challenges.

As a result of managing legal budgets in today's environment requires a strategic and proactive approach. The trend of budget reductions, coupled with the rising costs of regulatory compliance, technology, litigation, and talent, has created significant challenges for in-house legal teams. However, by adopting best practices such as building strong business cases, leveraging data, implementing cost-control measures, and investing in technology, we as legal directors can effectively manage our budgets while advocating for the resources we need to protect and advance our organizations' interests. ●

REFLECTING ON BUDGETS

By Mihaela Scarlatescu, Head of Legal and Compliance Director, Farmexim

Managing budgets in big companies could be seen at the same time as art and as a challenge. And art should never be under pressure.

Managing legal budgets in big companies is even more challenging, relating to the fact that, as is well known, the legal department is still perceived by the management of companies as a “cost department.”

The bigger a company is, the stricter the forecasted and approved budgets are. On the other side, the bigger the company is, the more unforeseen events appear with a positive influence on legal budgets.

Last years’ events (the COVID-19 pandemic, the war in Ukraine) affected budget trends and the pressure over costs, including costs for legal departments is higher and higher. The number of assigned projects increased, and the legal challenges and legal environment are even less predictable.

How does an in-house lawyer deal with the assigned budget for a specific year? How does one correctly forecast a proper budget answering all KPIs requested by the company? How does one deal with so many uncertainties, offer the best quality legal services, and successfully manage the budget constraints? Can this be done without some pixie dust?

The costs that legal departments have are pretty much the same anywhere: personnel expenses, law firm fees, administrative costs, and costs registered within the legal budget in accordance with their destination but having other departments as consumers of this line of budget (notary costs, taxes to trade registry, stamp duty, etc.).

Here are some takeaways for success:

1) Accurate forecast of the budget before its approval for the next year: preliminary discussions with all departments regis-





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tered as consumers of the legal budget and obtain a precise forecast for the costs that will incur next year. For example, a discussion with the marketing department to verify its intention to prolong the trademarks expiring in that year will help with a precise forecast toward budgeting IP costs.

2) Engage the legal team in forecasting the budget: with their involvement, legal officers will feel responsible and liable for the budget, working as a united team for this common project that they all agreed upon from the very beginning.

3) Ensuring, with support from the HR department, the retention of the legal team: retention is essential not for the budget itself only but will also support the budgetary constraints in two ways – legal professionals trained in law and business will be encouraged to strategically think, and to cooperate, ensuring good quality of their legal opinions toward their internal clients, stabilizing the costs with external law firms. To this end, the professional development of the legal team should be ensured by trainings, courses, or other educational forms of study and this should be a part of the company's HR strategy.

4) Solid and adjusted cooperation with external law firms: effective work with external consultants is a key element for a healthy legal budget. A solid and long-term cooperation with the respective external lawyers as well as the ability of the in-house lawyer to communicate properly the scope of work are crucial for an honest and win-win cooperation within the budget parameters.

5) Strong argumentation for the legal budget in front of a board of directors: it is already known that in the last years, the role of a GC in a company increased in the sense that they received empowerment to ensure internally more difficult and complex projects, being confronted to deliver “more with less.” Therefore, a coherent and strong argumentation of the

budget when, inevitably, the proposal is for the budget to increase will ensure the sustainability of the legal budget.

How does one deal with the unexpected? For all unforeseen projects with a high dimension that require significant unforeseen legal budget deviations, it is important to correctly designate the internal division or department of that company. The legal department plays the key support role in such a case, not only ensuring that the project is executed internally as much as possible (with all the diligence required to the highest standards) but also minimizing the costs with those projects without compromising the quality of the services.

Managing the legal budget is a task in itself, which for GCs could be a real burden considering that their role is primarily focused on defend the interests of the company in a legitimate climate and the “figures” pressure is not a learned skill in law school.

At the same time, the GC's role is much more than ensuring the legitimate environment for the company's business development. The GC, being part of the management of the company, has to be a good administrator of the money received to ensure the mission of the legal department. And with this aim, I consider it important to focus on the increasing costs requiring external professional support (e.g., GDPR involves a huge volume of work and external costs) and to try and compensate with great internal legal services. Ultimately, people make the difference in any kind of project, including in managing the budget. ●



Ensuring, with support from the HR department, the retention of the legal team: retention is essential not for the budget itself only but will also support the budgetary constraints in two ways – legal professionals trained in law and business will be encouraged to strategically think, and to cooperate, ensuring good quality of their legal opinions toward their internal clients, stabilizing the costs with external law firms.

A STREAMLINED BUDGET FOR A FAST-PACED SECTOR: AN INTERVIEW WITH GERGELY SZEKELY OF HEUREKA GROUP

By Teona Gelashvili

Heureka Group CEE Head of Legal **Gergely Szekely** provides insights on his in-house legal team's budget trends and management, considering the challenges inherent in the dynamic e-commerce sector.



CEELM: Overall, has your in-house legal team's budget tended to increase, decrease, or remain relatively stable over the past few years?

Szekely: First of all, I serve as the Head of Legal at Heureka Group CEE, overseeing legal matters for Compari, Arukereso, and Pazaruvaj – our businesses in Romania, Hungary, and Bulgaria, respectively. Heureka Group is a regional market-leader e-commerce business service provider, with our main operations based in the Czech Republic and Slovakia and having business operations in Slovenia and other countries in the Adriatic region – Croatia, Bosnia and Herzegovina, and Serbia – as well as in the CEE region – Hungary, Romania, and Bulgaria.

The budget has been stable – we manage it very conservatively and avoid increasing costs. However, the e-commerce sector presents many challenges, which means timely budget considerations are essential. As a member of the unified legal team, in charge of Heureka Group business activity in Romania, Bulgaria, and Hungary, I work closely with the Group's General Counsel to select and discuss projects within our overall budget. It's quite challenging to justify the budget and plan for upcoming legal projects throughout the year.

Many projects are controlled in the Czech Republic by the group, while locally we rather handle ongoing operational legal issues and coordinate with external partners. Our annual budget is generally fixed, with only occasional increases, and

there hasn't been much change in recent years.

CEELM: If budget cuts become necessary, what are typically the first areas of expense you consider reducing?

Szekely: Actually, we aim to maintain our budget rather than trim it. We strive to handle everything in-house to control fixed legal costs effectively. External services are only used for very specialized or local needs. When we do use external help, we negotiate hourly rates and often ask for fixed fees or caps. Setting these caps can be tricky and sometimes involves tough negotiations.

We also sometimes shift certain operational legal costs to HR, especially for labor law matters or issues generated by HR. Our corporate structure supports internal budget adjustments throughout the year, and HR costs are generally more flexible in our organization.

CEELM: What have been your team's most successful cost-cutting initiatives in past years?

Szekely: Not only have we been successful in managing our legal operations, but we also achieve this consistently every year. Currently, we have a well-established legal pool, which includes several attorneys based in Romania. We are also aiming to establish a similar legal pool in Bulgaria. This strategic distribution of projects allows us to manage and reduce legal costs efficiently.

Within this pool, we foster a competitive environment by including two or three law firms and consistently requesting project fees and competitive quotations from all members. This approach isn't about merely cutting legal expenses. Rather, our primary goal is to maintain control over expenses while ensuring high-quality legal services. By encouraging competition within our pool, I believe we can achieve better cost management and optimized legal solutions.

CEELM: What have been the costs that increased the most for your legal team in recent years?

Szekely: Certainly, one of our main expenses is people, and unfortunately, due to cost-cutting measures, we're unable to expand our team. We need to justify the necessity of new hires strictly, so instead, we focus on managing and controlling external resources while handling as much internally as possible. The primary budget cuts have affected our ability to hire additional staff, which we need.

In reality, in the e-commerce sector, where legal challenges and considerations are constantly evolving, it's difficult to reduce legal costs. External consultants are necessary, and there are also administrative and notary fees that we can't cut. Certain expenses are unavoidable because they are essential to our operations.

CEELM: You touched upon budget considerations while working with the external counsel. How do you avoid the loss of trust scenarios when the initial budget is exceeded?

Szekely: Working with external consultants can be quite interesting. Initially, there can be a misalignment over budget expectations, especially when negotiating capped fees, which they sometimes resist. However, the key point is that in e-commerce, success often relies on passion and enthusiasm. When you and your external partners share this passion, it helps in managing the budget more effectively. Even though external lawyers may not always share the same level of enthusiasm, finding common ground in your passion for the work can make budget management smoother.

There are times when we realize that a capped fee with an external consultant hasn't fully covered the scope of work. In such cases, our corporate approach often points to external factors as the cause. We strive to build trust and acknowledge when a consultant has exceeded expectations. In a particular case, our external legal consultant reached their cap and delivered excellent service, so we offered an additional budget or a small bonus as a token of appreciation. Although it was a modest amount, it reflected our commitment to treating our external partners well. ●

BUDGETING PLAN B: AN INTERVIEW WITH FLORINA MARIANA HOMEIGHIU OF PHOTON ENERGY GROUP

By Teona Gelashvili

Photon Energy Group's Deputy Group Legal Counsel **Florina Mariana Homeighiu** discusses her approach to managing legal budgets, including trends in costs and effective cost-cutting strategies.



CEELM: Overall, has your in-house legal team's budget generally increased, decreased, or remained relatively stable over the past few years?

Homeighiu: From my experience, the budget trends for in-house legal teams vary and depend on several factors, including business cycles, company projects, etc. While businesses often aim to minimize costs, there are situations where external legal expertise is essential, such as when you need a tax legal opinion or due diligence for specific authorizations, or when the company plans new initiatives or acquisitions. However, for internal matters, we typically handle them in-house. The budget allocation for legal services is closely tied to the company's activities, and it's crucial to consider the legal implications before making cuts.

Additionally, when business activity significantly increases or when the company is expanding into new business lines, it becomes clear that the existing in-house team can't handle the workload alone. In these situations, internal resources may not be sufficient and it is necessary to work with external lawyers or you might need to create a new position to manage the increased workload, as the rising number of office hours and the growing volume of requests indicate that the current team can't meet the demands within a reasonable timeframe.

CEELM: If you need to cut budgets, what are the first costs you typically look to trim, and on the opposite side, which costs

would you never consider cutting?

Homeghiu: In terms of what costs to cut, we first look at smaller tasks like reviewing different types of contracts (construction, services, EPCs) to see if we can handle those internally. We also do legal translations internally (we created bilingual versions of different documents), corporate documents, powers of attorney, etc., avoiding the need to pay external providers.

On the flip side, there are certain areas where I would never consider cutting the budget. As I mentioned earlier, for big projects and significant legal opinions, external expertise is crucial. For example, when Photon acquired different companies or several renewable projects in Romania, the legal-related activities were too complex to handle entirely in-house. In cases like these, where specific expertise is required, external lawyers are indispensable.

CEELM: What have been your team's most effective cost-cutting initiatives in recent years?

Homeghiu: In the past, I reviewed the entire cost structure from the previous year and compared it with this year's spending on items like training, conferences, translations, and so on. Based on this review, we identified areas for improvement. For instance, when evaluating conference participation, we assessed whether it added significant value or if it was just attendance. Additionally, for activities that can be standardized, such as contracts, powers of attorney, etc., using templates can reduce the need for external lawyers and can be applied across different projects or collaborators.

CEELM: Which costs have seen the most significant increase for your legal team in recent years?

Homeghiu: For specific projects, we negotiate capped fees, while for others, we use hourly rates. We noticed that hourly rates have increased across all law firms. We prefer to avoid hourly rates because costs can rise uncontrollably. This increase in hourly rates has been observed both before and after the pandemic.

CEELM: What best practices have you developed for instances where planned budgets are exceeded?

Homeghiu: At the beginning of the year, the companies start with a fixed budget, but by mid-year or later, you might find that you're close to exhausting it. In such cases, I approach the CFO, CEO or group management to request additional funds. The lesson here is that while you might negotiate a capped fee, there are times when lawyers, due to the nature of the project, might not agree to work within that cap. This requires negotiating an extension of the budget, especially if the project evolves beyond what was initially planned.

Sometimes, unexpected activities, such as attending conferences or training, arise. For example, a General Counsel might discover an important conference in June that someone from the team wants to attend. As a legal manager, it is important to be flexible, discuss any additional expenses transparently and review timesheets and legal invoices.

When requesting an extra budget, from my point of view, best practices include anticipating potential additional costs that weren't considered ten months ago and having arguments for the extension. It's important to inform upper management early on about specific projects that might incur extra costs. Keep them updated in advance to ensure they are aware of the potential for additional expenses and to facilitate the issuance of invoices. Transparency and communication are key.

CEELM: What is your plan for handling a budget crisis or financial downturn?

Homeghiu: You usually can't predict when a crisis will hit (it may appear different types of crisis), so I've never had a specific *Plan B* for each potential situation – I adjusted the budget accordingly along the way. I typically create a budget based on the spending patterns of the past 1-2 years, estimating future expenses as accurately as possible. If an unexpected event, like a pandemic, occurs, the first adjustments are usually to cut travel costs and expenses for training abroad, since travel is often halted for everyone, including executives and other departments.

Additionally, when projects are put on hold/suspended or delayed it affects the budget. Therefore, you can adjust the budget accordingly by reallocating or cutting funds that were initially set aside for that project. If the project is canceled or indefinitely postponed, you can remove those allocated funds from your budget. ●

KEEPING THINGS IN-HOUSE: AN INTERVIEW WITH RADU CULIC OF NET-CONNECT GROUP

By Teona Gelashvili

With a focus on keeping as much of the legal work in-house, Net-Connect Group Head of Regulatory Affairs Radu Culic discusses best practices for managing in-house legal budgets.

CEELM: Overall, has your in-house legal team's budget increased, decreased, or has it remained relatively stable?

Culic: Over the past couple of years, the budgets have been pretty stable by doing as much work in-house as possible. By cutting back on how much we rely on external lawyers, we've managed to stay on budget. A key part of the general counsels' role is negotiating that budget internally and knowing where the limits are. One area we can't compromise on is litigation – whether it's a small customer complaint or a major dispute involving millions of euros, it's crucial to handle these cases properly because GCs don't have the time to be tied up in court.

When working with external lawyers, it's important to be mindful of their tendency to prefer hourly fees, which can be unpredictable. I push for flat fees instead, as I believe lawyers are experienced enough to assess a project once I provide them with all the necessary details. This approach ensures better financial predictability for my internal finance team. This helps our finance team manage budgets better. I've even applied this to litigation, which is trickier because you never know how many court hearings might be needed.

Another challenge is dealing with big fines from different authorities. Court hearings can drag on, and every year the finance team asks: "Do we still need this provision?" My usual answer is: "I don't know because the case is still ongoing." It's just a number in the Excel sheet until the proceedings wrap up and we know if we have to pay it or not.

CEELM: "Do more with less" is a commonly reported pressure on in-house counsel. Do you feel that is reflected in your organization?





For us, the key is to focus on what you can handle internally. Since I already prioritize keeping most work in-house, I'm largely spared from having to make tough budget cuts. When 99% of your budget is tied up in litigation – with legislative software and subscriptions being relatively minor expenses – there's not much left for consultancy.

Culic: I don't feel that pressure, even though I've heard my peers talk about it. We really need to take a balanced approach here – it largely depends on the complexity of the situation. For instance, when dealing with litigation involving different authorities, I'm okay with proceeding, but who is ultimately making that decision? It's up to the general counsels to negotiate with the internal stakeholders.

CEELM: If and when there are budget cuts – what are traditionally the first costs you look to trim?

Culic: For us, the key is to focus on what you can handle internally. Since I already prioritize keeping most work in-house, I'm largely spared from having to make tough budget cuts. When 99% of your budget is tied up in litigation – with legislative software and subscriptions being relatively minor expenses – there's not much left for consultancy. With such a small buffer for external advice, there isn't much room to cut costs, and any savings for the finance team would be minimal. On the other hand, I normally ensure there's always some budget for professional development – maybe attending a conference now and then. I'll try to limit it, but I'd rather not cut it out entirely.

Other than that, it's normally tough to predict in September or October (when the budget is being drafted) what might happen by July of the subsequent year. The most practical approach is to try to maintain a buffer and reassess at the mid-year point to see if it needs to be adjusted.

If one needs to cut external spending, building in-house capacity is an option. This is especially the case since, for us, salaries fall under a different budget under HR, which makes

it easier to focus on the budget itself and address any financial issues.

CEELM: What strategies have you developed over time to argue for new or expanded budget lines internally?

Culic: First, I start with a friendly approach. If that doesn't work, I present the risks clearly: "If we don't do this, we could lose X amount." For example, if competition law fines are 10% of revenue, you can easily calculate the potential loss, and that gets attention quickly. Show the necessity of the investment by emphasizing how it supports business growth. At the end of the day, we're a support function, and if we want the business to grow, we need the right resources.

Internally, when giving advice, the decision isn't always up to the General Counsel. For instance, if a Marketing Director wants to pursue a risky idea, I'll assess the potential risk (fine) and then ask how much they expect to earn from the initiative. If the potential profit outweighs the fine, and it contributes to business growth, then it might be worth taking the risk, however, if the risk is 10% of turnover, the conversation changes.

I believe that a good General Counsel isn't someone who says "no, because," but rather "yes, if." That's a well-known mantra among GCs.

CEELM: Finally, as you touched upon it, beyond capped fees, what are the best practices when it comes to working with external counsel?

Culic: Be clear about what we need from them. Consultants often try to upsell, but it's important to just say no and to set clear parameters from the start.

I also don't find lengthy memos that dive into every detail of the issue useful – I'm already aware of the background, which is why I brought it to the external counsel in the first place. I prefer concise bullet points that get straight to the point, rather than a memo that takes two hours to read. This approach also helps prevent them from billing large amounts for a simple half-page email. This way, they can't justify billing thousands of euros for a half-page email. But you have to be clear about your expectations from the very beginning. ●

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