

2021

ACC CHIEF LEGAL OFFICERS SURVEY

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 Association of
Corporate Counsel



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INTRODUCTION

It is our pleasure to share the results of the Association of Corporate Counsel's (ACC) *Chief Legal Officers 2021 Survey* in partnership with Exterro, the exclusive ACC Alliance Partner for E-Discovery, Data Privacy and Cybersecurity Compliance. For more than 20 years, our flagship study of insights from chief legal officers (CLOs) and general counsel (GC) has contributed to ACC's core purpose of advancing the interests of the in-house legal profession by providing crucial, high-quality data on the state of the corporate legal department and the evolving role of the CLO.

This in-depth study builds on responses from 947 CLOs at organizations spanning 21 industries and 44 countries, making it one of the largest and most comprehensive surveys of its kind.

The survey offers a number of insights into the effect of legal on business. The data gives new perspectives on organizational structure and the responsibilities of the legal department; the depth of the CLO's interactions with, and influence on, business executives and the board of directors; the most pressing business concerns for in-house counsel; and the trends that will affect the profession in the near future, including the impact of the COVID-19 pandemic.

And while this report includes insights on the legal department from the perspective of CLOs, all in-house counsel will benefit from the data. It will also be of interest to company executives, board members, and other key business stakeholders. These stakeholders will appreciate the views, concerns, and priorities of the legal professionals who oversee critical business functions, such as compliance, risk management, and cybersecurity.

The report contains four main sections. First, we present data on the role and reach of CLOs, including reporting structure and responsibilities. Second, we take a deeper look at the legal department's value to the business by mapping the influence of the CLO on business strategy and decision-making. Third, we offer insights on CLOs' experience with political and regulatory changes. Finally, we consider the future of the legal department, specifically in what areas CLOs expect to invest more resources and anticipated changes in the broader in-house legal profession.

Finally, we would like to extend our sincere gratitude to all the CLOs and GC who dedicated their valuable time to participate in this survey. Without the continuous support of legal department leaders throughout the numerous editions of the *Chief Legal Officers Survey*, this report, and the lessons that we can learn from it, would not be possible. Your expertise and insight benefit the global in-house counsel community and exemplify the motto of our organization: "*By in-house counsel, for in-house counsel.*"

Sincerely,

Veta T. Richardson
President & CEO
Association of Corporate Counsel

Blake E. Garcia, Ph.D.
Director of Research
Association of Corporate Counsel

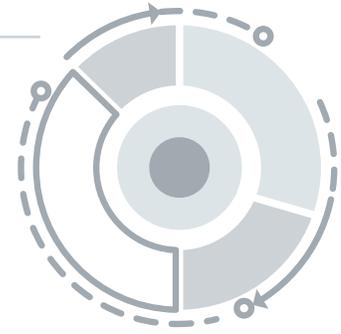
SECTION 1

THE CHIEF LEGAL OFFICER'S ROLE AND REACH

Section one presents an overview of the role and reach of the CLO within the broader organization and examines the basic organizational structure of the legal department in relation to the business. In particular, the survey results reveal the percentage of CLOs who have a direct reporting line to the chief executive officer (CEO) and the board of directors, what corporate functions are overseen by legal, and how the responsibility for managing legal risk is shared. Further, we also provide a general outlook into department's current state of affairs, with CLOs expectations on forthcoming staff changes as well as changes in sourcing work.

KEY FINDINGS

THE CHIEF LEGAL OFFICER'S ROLE AND REACH



NEARLY FOUR IN FIVE CLOS REPORT DIRECTLY TO THE CEO

Seventy-eight percent of CLOs report directly to the CEO. The result is consistent with last year's result (80 percent) and within the margin of error, and therefore the overall trend since 2018 is positive. Among those who do not report to the CEO, 44 percent report to the CFO and the remaining report to a mix of other C-suite positions.



PRIVACY REPORTS TO THE CLO IN NEARLY HALF OF ORGANIZATIONS

Out of a list of 19 corporate functions, privacy ranks as the second most common function that reports up to the CLO (46 percent) after compliance (74 percent). Privacy ranks above ethics, risk, and government affairs functions. This result aligns with evidence suggesting legal's growing oversight or increasing responsibility over data privacy.



LEGAL OPS ROLE CONTINUES TO GROW

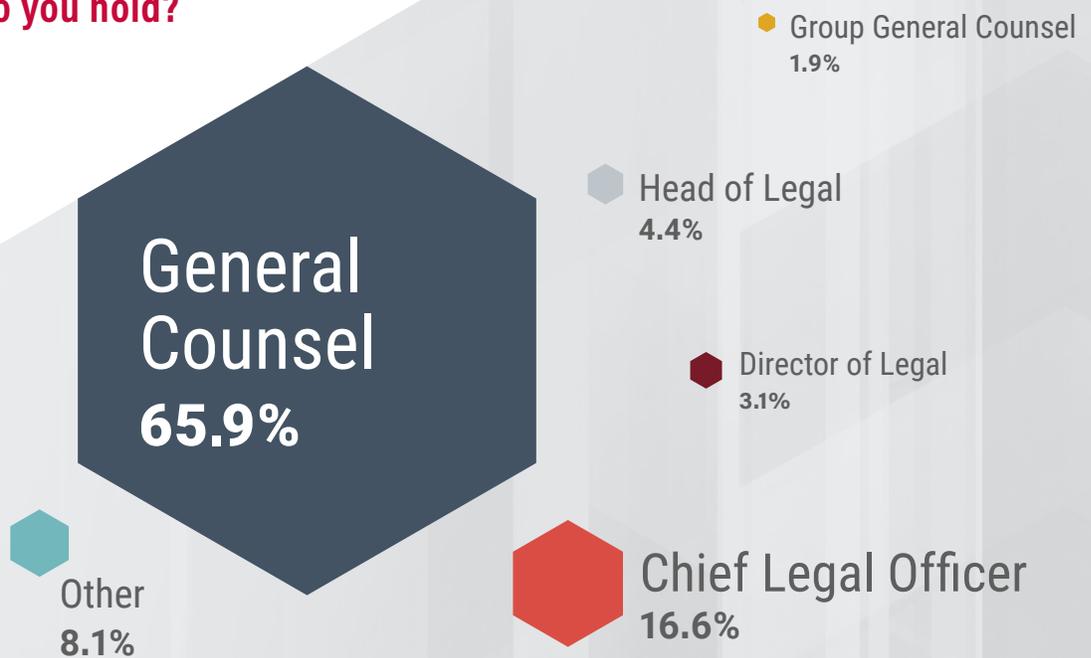
Sixty one percent of legal departments now employ at least one legal operations professional. This is a 6.7 percentage point increase over last year and 39.4 point increase since 2015. Twenty-one percent of departments now employ at least four legal ops professionals signaling clear and consistent growth in the role.



ONE THIRD OF DEPARTMENTS EXPECT TO ADD MORE LAWYERS IN 2021

Thirty-two percent of legal departments expect to hire more lawyers in 2021, a surprising amount given the COVID-19 pandemic. Even more surprising is that among departments planning on sending more work to law firms, 49 percent expect to add more lawyers in-house.

**As the highest-ranking lawyer
in your organization, what
title do you hold?**

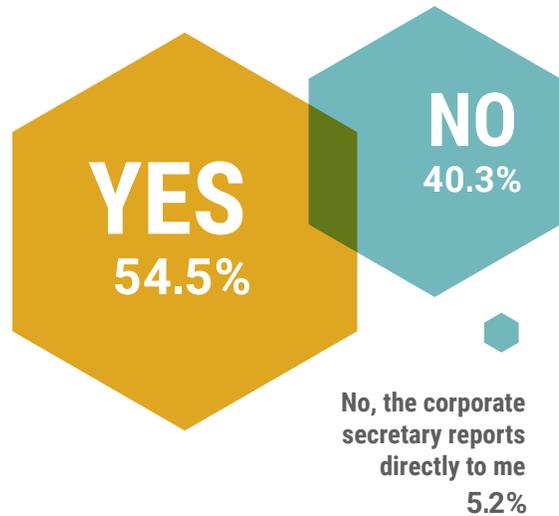


Although all survey participants are the highest-ranked lawyer in their respective legal departments, not all have the title “chief legal officer.” Position titling within legal departments is notoriously variable across companies and geographically. Around two-thirds of participants hold the title of general counsel, while 17 percent reported their position to be that of chief legal officer. Other titles such as head of legal, director of legal, and group general counsel, are far less common with only four, three, and two percent of respondents, respectively. The distribution of positions between the participants is practically identical to that of the 2020 edition of the survey.

Eight percent of respondents indicated that they hold another title beyond those listed. In many cases, the position encompasses several titles, such as holding concurrently the titles of general counsel and chief legal officer, or additional C-suite titles, such as chief administrative officer, chief compliance officer, or chief risk officer. Many respondents also hold executive-level positions in their company at the vice president and senior vice president levels, with a reference to legal and/or regulatory affairs being the most common. Beyond titles that include multiple positions or functions, general manager of legal is a title reported by some respondents and (senior) legal counsel represents another alternative that a few participants hold.

Do you also hold the title of or assume the role of corporate/ company secretary?

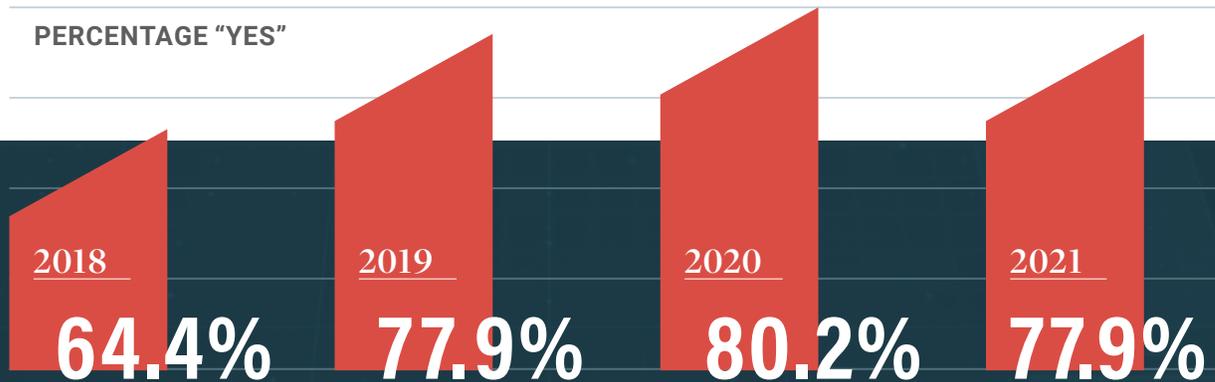
A slim majority of CLOs also hold the title or assume the role of company secretary, while an additional five percent indicate that the company secretary reports to them. The function of corporate secretary therefore is carried out by or reports to six in ten respondents, while 40.3 percent indicate that the role is held by someone else entirely.



KEY TREND

Do you report directly to the Chief Executive Officer (CEO) or highest-ranking executive officer?

PERCENTAGE "YES"



A solid majority of participants report directly to their organization's CEO. Seventy-eight percent do so in this year's survey, the exact same number that was recorded in 2019 and only two points lower than in 2020. The trend remains positive nevertheless, and the recent results now show a certain degree of stabilization on this important metric.

To whom do you directly report in your organization? Select all that apply.

Only asked to those who do not report directly to the CEO (n = 210).

Among the 210 participants that do not report directly to the CEO, 44 percent report to the chief financial officer. Fifteen percent report to the chief operating officer, 14 percent to the chief administrative officer, and six percent each to the CLO of the holding or parent company and directly to the board of directors. Twenty-one percent of respondents indicate that they report to another position entirely. Examples include the chief compliance officer, the chief risk officer, and the chief strategy officer.

CHIEF FINANCIAL OFFICER

43.8%

CHIEF OPERATING OFFICER

14.8%

CHIEF ADMINISTRATIVE OFFICER

14.3%

CHIEF LEGAL OFFICER OF THE HOLDING OR PARENT COMPANY

6.2%

BOARD OF DIRECTORS

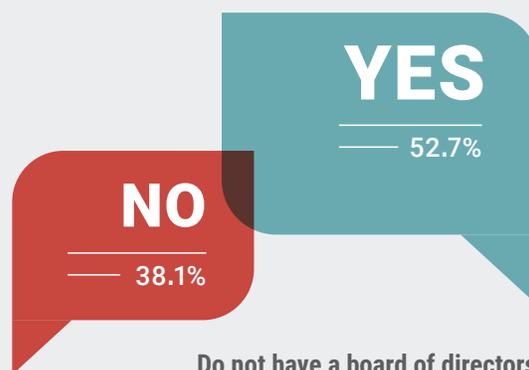
5.7%

OTHER

20.5%

Do you have a reporting line to the board of directors?

A small majority of participants indicate that they have a reporting line to their organization's board of directors. This number is in line with last year's result (53.2 percent). Those who responded that they do not have a reporting line to the board of directors represent 38 percent of participants, and nine percent noted that there is no board of directors in their organization.



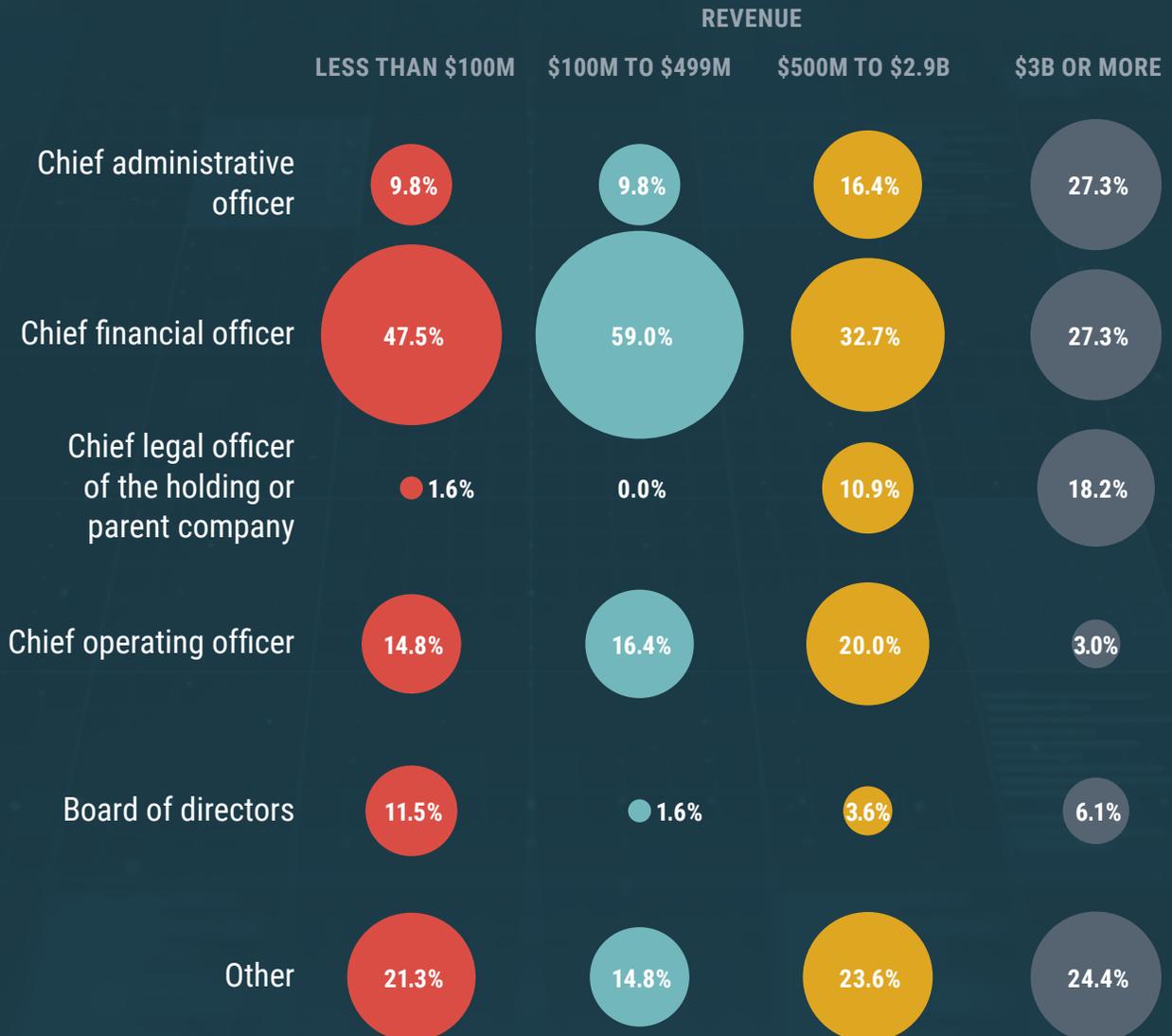
Do not have a board of directors
9.2%



KEY COMPARISON

CLOs directly reporting to someone other than the CEO by company revenue

Reporting structures vary greatly by the size of the organization and the kinds of business the company is engaged in. The following key comparison presents the results broken down by company revenue. In smaller companies with under US \$500 million in revenue, CLOs that do not report to the CEO tend to report to the CFO – 47.5 percent of CLOs in companies with less than \$100 million in revenue and 59 percent of those employed in companies with a revenue ranging from \$100 million and \$499 million.



In larger companies, however, the percentage of CLOs that report to the CFO is lower — 32.7 percent in companies ranging from \$500 million to \$2.9 billion in revenue, and just 27.3 percent in companies with more than three billion. In the largest category, the same percentage of respondents that do not report to the CEO (27.3 percent) report to the chief administrative officer, compared to 16.4 percent in mid-size companies with \$500 million to \$2.9 billion in revenue, and under 10 percent of those in smaller companies. A small share of respondents in larger organizations report to another chief legal officer in a holding or parent company; a situation that is practically non-existent in smaller organizations. In companies with more than \$3 billion in revenue, just 3 percent of the CLOs that do not report to the CEO report to the COO.



Which of the following corporate functions report to you? Select all that apply.

Respondents were presented with a comprehensive list of 19 corporate functions and were asked to indicate which function reports to them. Almost three in four CLOs oversee the compliance function in their organization.

The privacy and ethics functions report to 45.6 percent and 42.5 percent of CLOs, respectively, complementing the top three, but trailing compliance at a considerable distance. Forty percent of CLOs oversee risk, 26 percent government affairs, and one in five is in charge of human resources. The remaining 13 functions only report to a small group of CLOs, and there are not any significant variations across the list of functions when comparing the results to last year's survey. A significant number of respondents (19 percent) reported overseeing additional, non-listed functions, including contract administration and management, corporate development, employee relations, insurance, and intellectual property, among others.



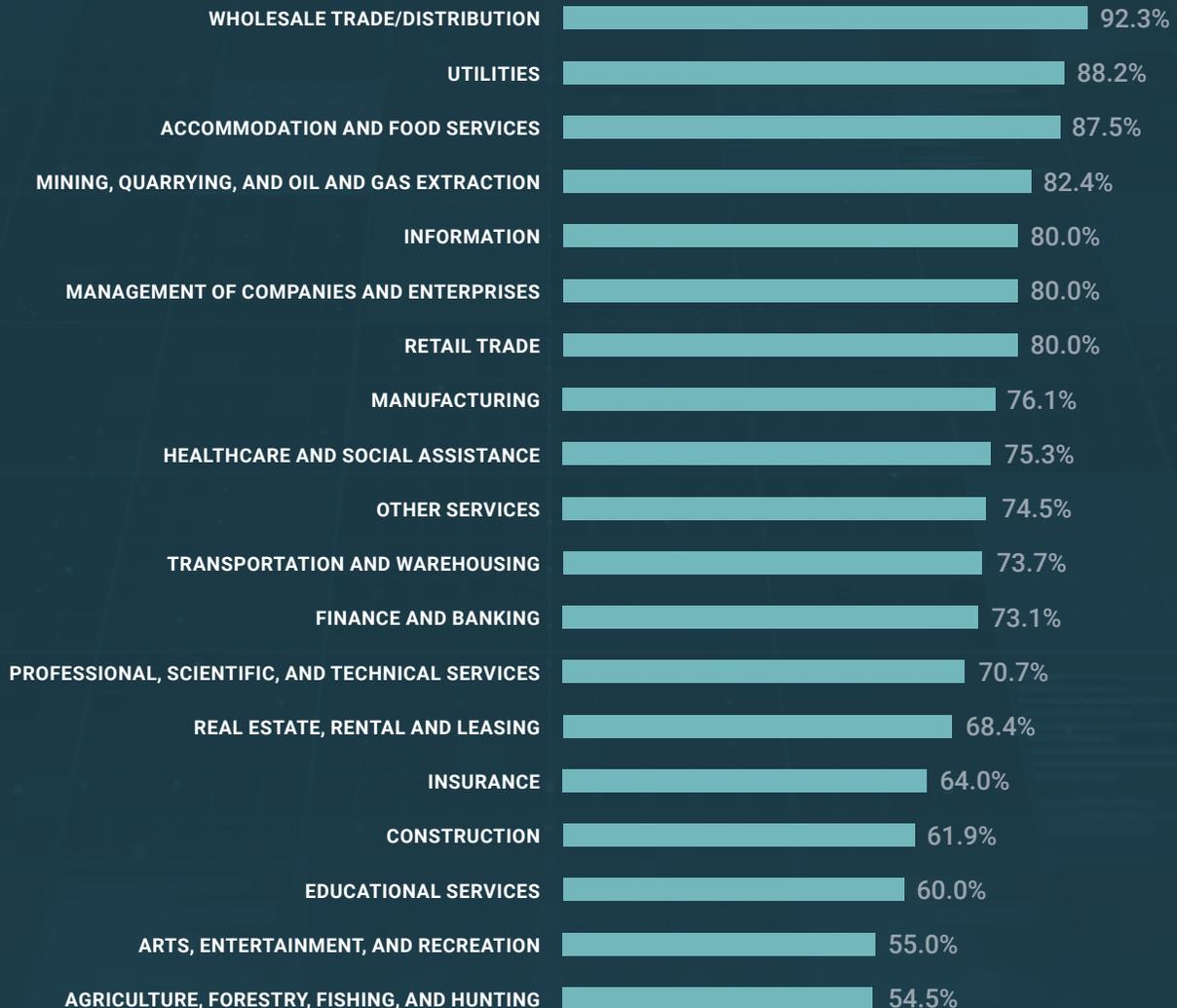


KEY COMPARISON

Percentage of CLOs that oversee compliance by industry

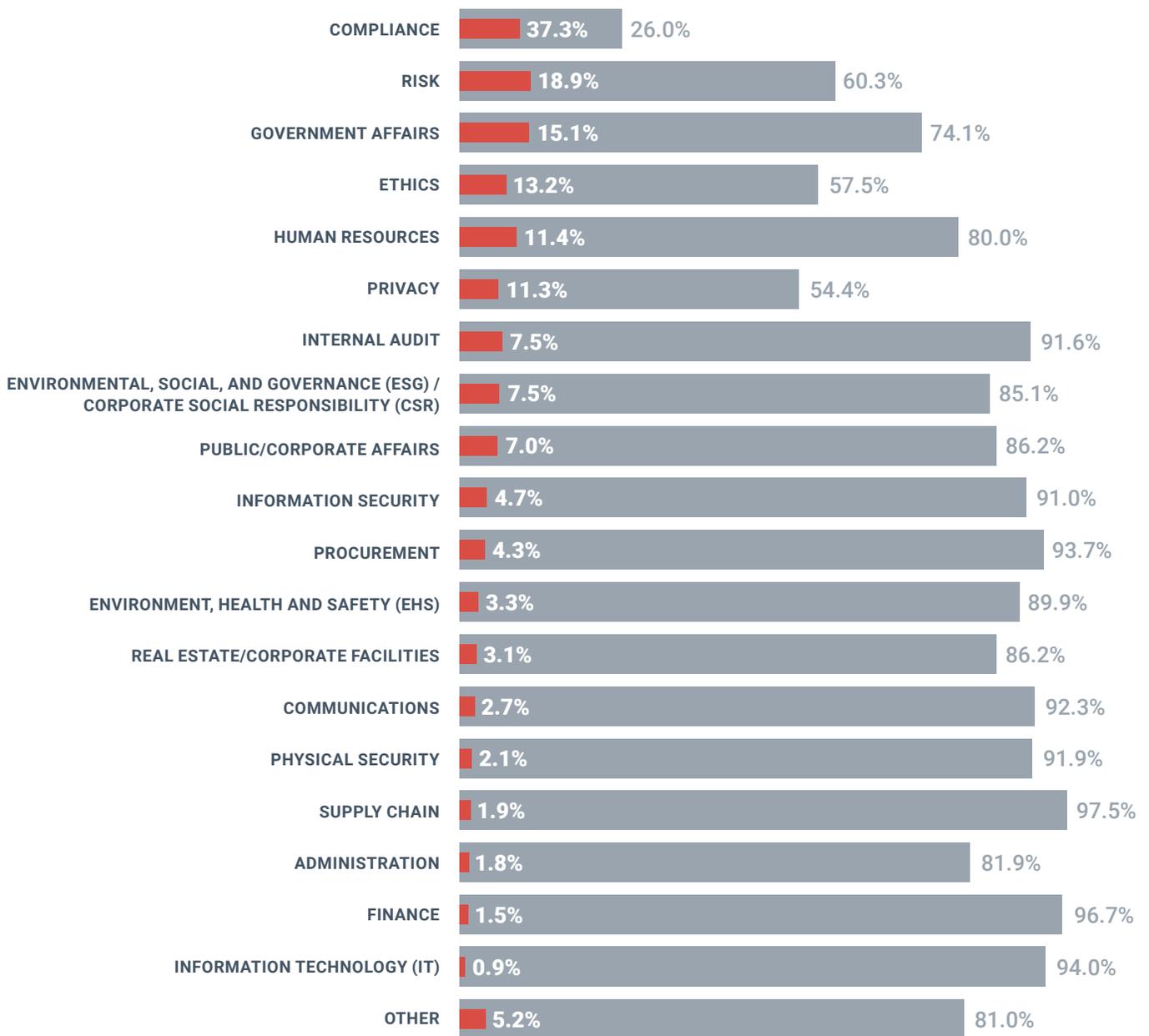
Only industries represented by five or more respondents are included.

Since compliance is by far the function most often overseen by the CLO, the following key comparison explores whether there are any differences when breaking down the results by industry. The percentage of CLOs that oversee compliance ranges from 92.3 percent in the wholesale trade and distribution industry to 54.5 percent in the agriculture, forestry, fishing, and hunting sectors.



Are there any functions that don't report to you that you believe should?

In addition to inquiring about the corporate functions that CLOs oversee, we also asked whether there were any functions currently not reporting to them that they believe should. The outer bars represent the percentage of CLOs who do not have the specific function reporting to them. For example, in 26 percent of cases compliance does not report to the CLO. The inner bars represent the percentage of CLOs who believe the function *should* report to them. For example, 37.3 percent of CLOs believe compliance should report to them (only among the 26 percent where it currently does not). Interestingly, even among functions that most commonly report to the CLO (compliance, ethics, privacy), in no case do a majority believe the function should report to them if it does not currently.



■ FUNCTION DOES NOT REPORT TO ME (AMONG ALL RESPONDENTS)
 ■ FUNCTION SHOULD REPORT TO ME (AMONG THOSE WHO DO NOT OVERSEE EACH FUNCTION)

In your organization, which function(s) is/are responsible for managing legal risk? Please select all that apply.

The legal department is responsible for managing legal risk in 95 percent of participating organizations. While this high result is expected, it is worth noting that it is three points lower than in the 2020 survey. Forty percent of respondents indicate that the compliance function also has responsibility in managing legal risk, and 39 percent responded that business units are responsible – a significant jump from just 18 percent in 2020. A specific risk management function is responsible for handling legal risks in about one third of participating organizations (six points more than in 2020), and 28 percent of CLOs noted that the finance or treasury department is also responsible (five points more compared with 2020).

We also inquired about whether the data privacy and data security functions are responsible for managing legal risks. About one quarter of respondents say that these two functions are, but as shown in the chart they are located at the bottom of the list.



LEGAL

94.9%



COMPLIANCE

39.6%



BUSINESS UNITS

38.4%



RISK MANAGEMENT

32.5%



FINANCE/TREASURY

28.0%



DATA SECURITY

24.3%



DATA PRIVACY

23.8%

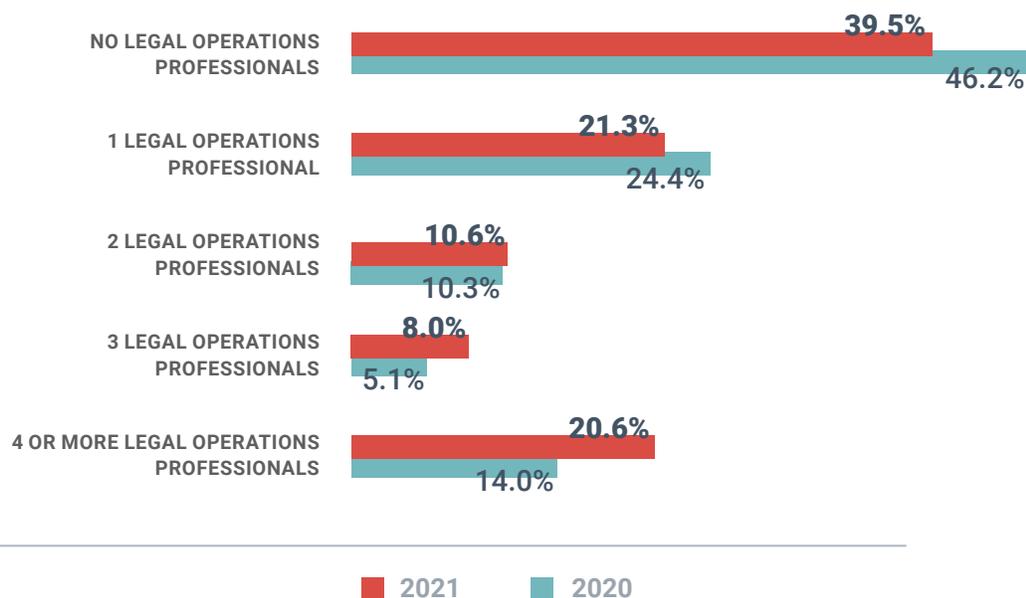


OTHER

2.5%

Please indicate the number of legal operations staff that are employed in your legal department in all locations.

(Staff that are solely dedicated to operations - i.e. not doing any legal work)



CLOs were asked about the number of legal operations staff employed in the legal department. Twenty-one percent of participants employ one legal operations professional, 10.6 percent indicated that they have two, eight percent, three, and another 21 percent employs four or more. The percentage of legal departments that do not count any employees specifically dedicated to legal operations is thus 39.5 percent, almost seven points lower than last year.

“Build and foster positive working relationships with your operations group. You can learn a lot from them that will help you better serve your company.”

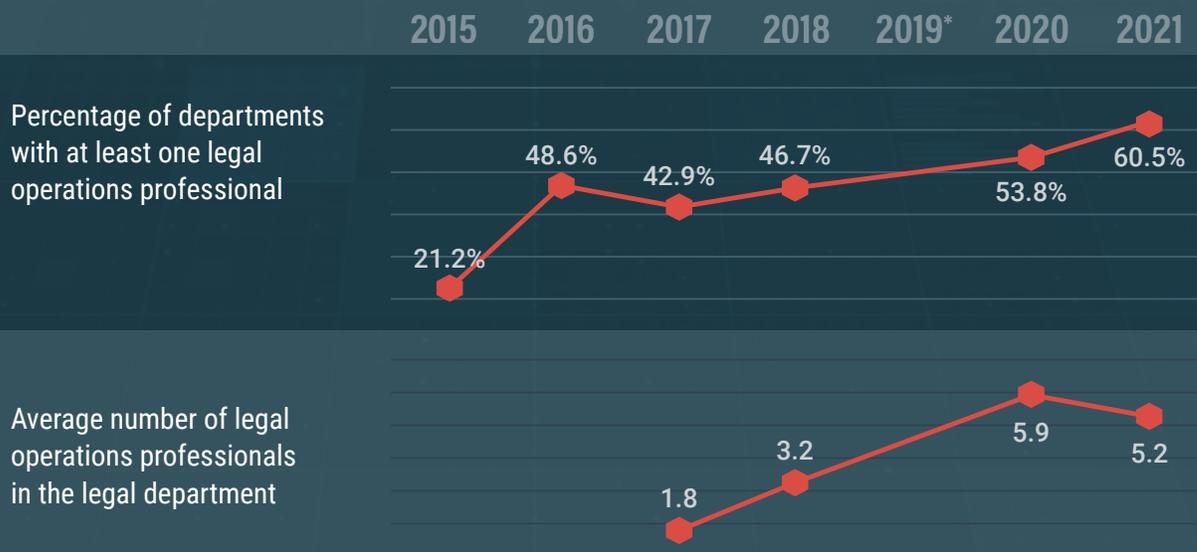


KEY TREND

The evolution of the percentage of legal departments that employ at least one legal operations professional

The key trend presented here reflects the evolution of the percentage of legal departments that employ at least one legal operations professional. The trendline of the last six years clearly shows a positive progression for this metric, from 21 percent in 2015 to 60.5 percent this year – the percentage of legal departments with at least one legal operations staff has practically tripled.

Larger organizations employ at least one legal operations professional in higher numbers. Eighty percent of participating organizations with \$3 billion or more in annual revenue count at least one legal operations dedicated specifically to legal operations, while 50.6 percent of smaller organizations with less than \$100 million in revenue do so.



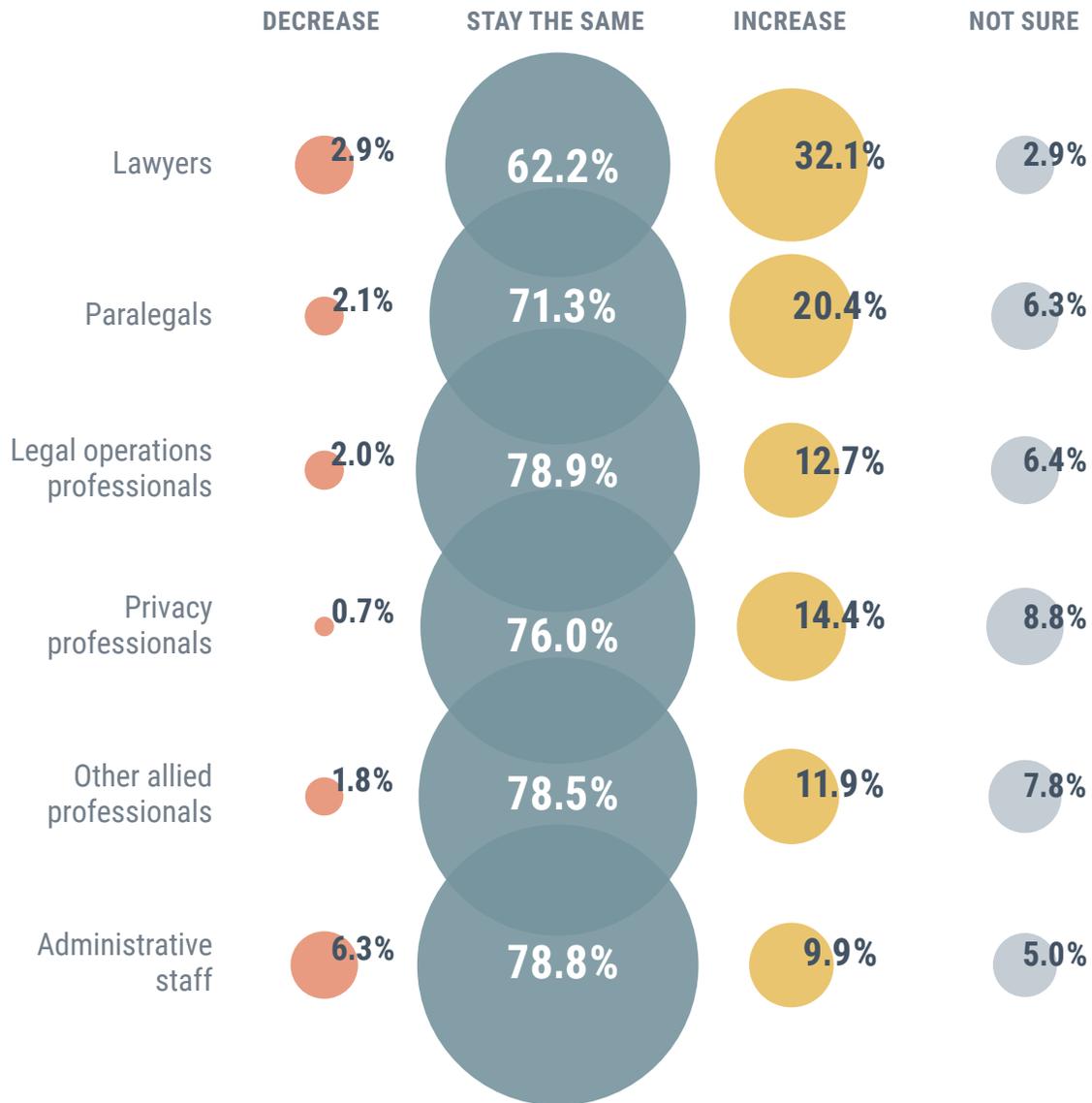
The positive trend in the number of dedicated legal operations staff is further confirmed when looking at the average number of such professionals employed in participating legal departments. Although the data available only spans four years, the average number has significantly increased from 1.8 legal operations staff in 2017 to 5.2 this year – slightly down from 5.9 in 2020, which is still within the sample's margin of error. The following table with the full statistical distribution of this particular metric since 2017 confirms the positive trend, with the median value becoming one in 2020 and the 75th percentile also incrementing progressively year after year.

YEAR	25TH PERCENTILE	MEAN	MEDIAN	75TH PERCENTILE
2021	0.0	5.2	1.0	3.0
2020	0.0	5.9	1.0	2.0
2018	0.0	3.2	0.0	2.0
2017	0.0	1.8	0.0	1.0

*questions were not asked in 2019

Do you anticipate your department's staffing levels will decrease, stay the same, or increase in the next 12 months?

Beyond the consolidation of legal operations professionals in the legal department, we inquired participants about what their expectations were regarding staffing in the forthcoming year for several types of positions. In spite of the financial impact created by the COVID-19 pandemic in 2020, a majority of CLOs anticipate staff levels to stay the same in 2021, and only a small minority anticipate the number of staff to decrease across six position categories.



Almost one third of respondents (32.1 percent) expect to hire more lawyers in 2021 – a slight increase from 30 percent last year. This points out to the ongoing determination of CLOs to manage more of the legal process in-house, which reduces the risk of sending additional work, including crucial data, outside and improves security. Twenty percent expect to recruit more paralegals, 14 percent will expand the staff dedicated to privacy, and 13 percent believe they will employ more legal operations professionals. A small share of participants are uncertain about staffing levels in 2021, with these numbers not increasing compared to last year's results and before the start of the global pandemic.



KEY COMPARISON

Do you anticipate the amount of work you send to law firms and other legal service providers will decrease, stay the same, or increase in next 12 months?

Finally, CLOs were asked about whether they expected to outsource more work to law firms and alternative legal service providers in 2021. The results remain very similar compared to last year's expectations. Fifty-four percent of CLOs expect to maintain outsourcing levels to law firms and 73 percent also anticipate that the work they send to other legal service providers will remain similar to last year. Thirty-four percent of respondents do expect to send more work to law firms, and 18 percent expect to outsource more to other legal service providers. The stable majority expecting no change in the amount of work that they send to alternative legal service providers may relate to legal departments wanting to be in control over the legal processes and reflect concerns over transparency issues.

The key comparison provides a breakdown of the outsourcing expectations results. We look at the responses of CLOs who expect to add more lawyers, and we see that almost half of them (49 percent) also expect to outsource more work to law firms in 2021. Therefore, half of those who expect to hire more in-house counsel in the next year also anticipate sending more work to law firms, which suggests that taking more work inside by expanding the legal staff does not necessarily imply reducing the amount of work that is sent to law firms. It is likely that the amount of legal work overall is simply increasing and CLOs are deciding to handle that increased work volume by a mix of sourcing strategies.

We also look in more detail into the 60 percent of participating legal departments that employ at least one legal operations professional to see whether they send more work to other legal providers. The results show no differences at all; in fact, they have been practically identical both this year and in 2020.

LAW FIRMS

2020



Among those who expected to add lawyers in 2020



2021



Among those who expect to add lawyers in 2021



OTHER LEGAL SERVICE PROVIDERS

2020



Among those who employed at least one legal operations professional



2021



Among those who employ at least one legal operations professional



■ DECREASE ■ STAY THE SAME ■ INCREASE

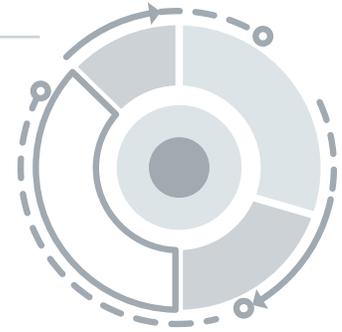
SECTION 2

THE LEGAL DEPARTMENT'S VALUE TO THE BUSINESS

Section two explores the value that the CLO and legal department bring to the overall business. We asked about the extent to which CLOs are involved in broader organizational strategic decision-making and how they allocate their time. We also asked which issue areas would be most important to the business and what strategic initiatives would be most important within the legal department this year.

KEY FINDINGS

THE LEGAL DEPARTMENT'S VALUE TO THE BUSINESS



CYBERSECURITY, COMPLIANCE, AND DATA PRIVACY ARE THE MOST IMPORTANT ISSUE AREAS FOR BUSINESSES

For the third consecutive year, cybersecurity, compliance, and data privacy top the list as the most important issue area for businesses rated by CLOs. However, this year for the first time, cybersecurity has overtaken compliance for the number one spot.



CLOS SPEND MORE TIME ON BUSINESS STRATEGY

Although CLOs still spend about one-third of their time providing legal advice, they also spend a significant amount of time on board matters and governance issues, contributing to strategy development, and advising other executives on non-legal issues. Even more time is spent in these areas when the CLO reports directly to the CEO. Furthermore, seven in ten CLOs report that the executive team almost always seeks their input on business decisions.



SIX IN TEN DEPARTMENTS HAVE A COMPREHENSIVE DATA MANAGEMENT STRATEGY

Most departments across all revenue categories have a data management strategy in place to ensure compliance, defensibility, and security. The larger the company, the more likely it is that such a strategy is implemented, from 58 percent of organizations under US \$100 million to 65 percent of companies with US \$3 billion or more.

“Be ‘T-shaped’—There are no legal issues, only business issues. Build relationships with key decision makers in the business and build your team to be trusted business advisors, not simply legal advisors.”

We asked CLOs how often they provided input or exercised influence in the organization’s decision-making processes in five situations. Respondents could rate the extent to which each situation occurred based on four values: “almost always”, “sometimes”, “seldom”, or “never”.

The following key trend shows the evolution of the percentage of CLOs who selected “almost always” for each one of the five situations. Seventy-eight percent of CLOs almost always attend board meetings, the highest percentage recorded in the last five years and the most common of the five events that we inquired about.

Seven in ten CLOs reported meeting regularly with business leaders to discuss operational issues and risk areas. This number is slightly down from 75.7 percent in 2020. Another seven in ten respondents noted that the executive team almost always seeks the CLO’s input on business decisions. This result remains high and, although three points lower than that recorded in last year’s survey, it falls within the sample’s margin of error.

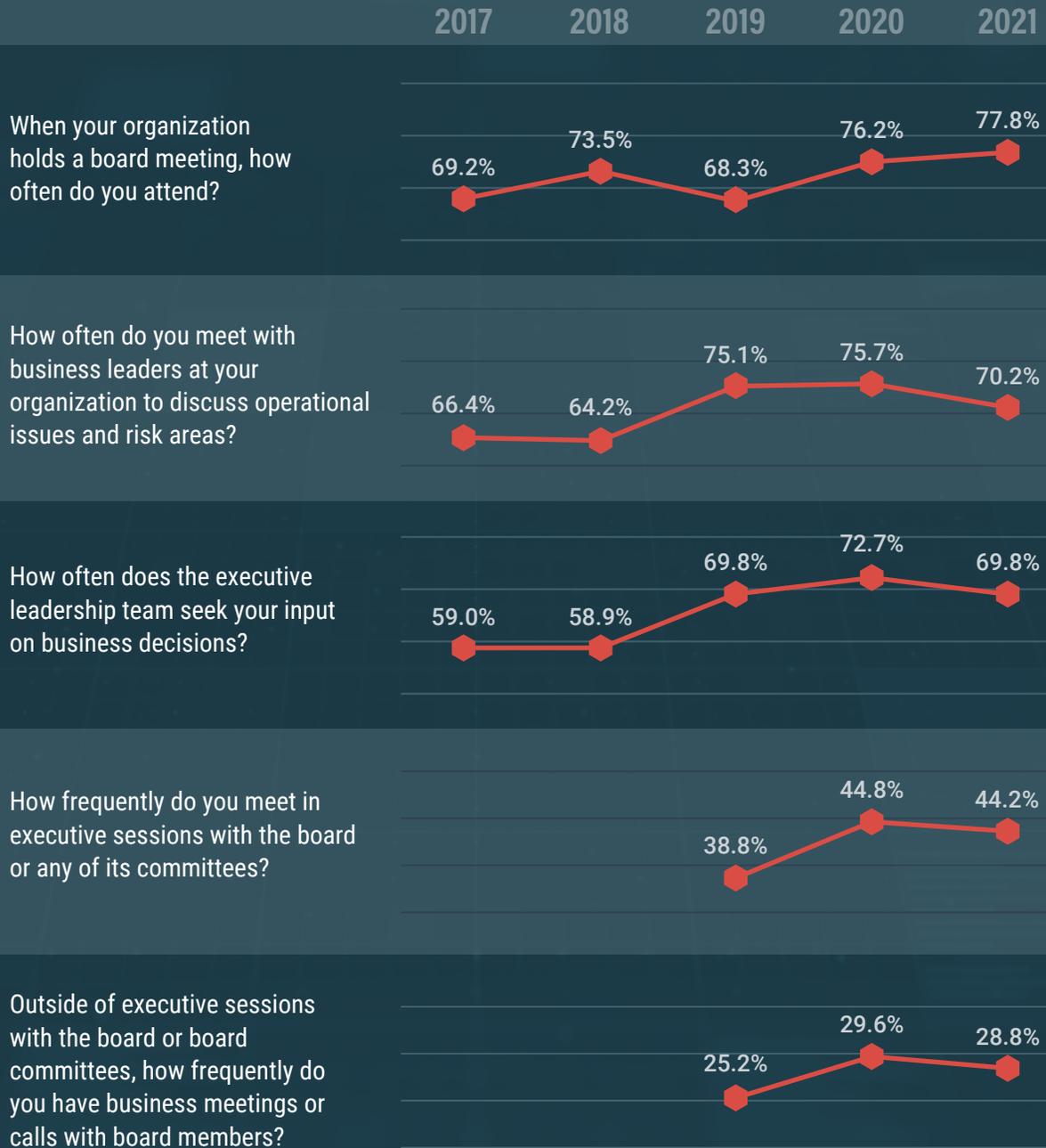
Forty-four percent of CLOs almost always attend executive sessions of the company’s board or its committees, and 29 percent of participants meet regularly with board members outside of executive sessions. These percentages remain stable compared to 2020 and are slightly higher than those recorded in 2019.



KEY TREND

How often are you involved in the following situations?

Results indicate the percentage of respondents who "almost always" are involved in the following situations:



A combination of these five situations may provide some guidance on the overall influence that the CLO has on the executive team and the board, and accordingly to impact corporate strategy. By assigning a numerical value to the extent to which the CLO is involved in each of the five situations and adding them together, we can create the Chief Legal Officer Influence Score.

The calculation is straightforward. When the CLO “almost always” is involved in one of the five situations described, we assigned it a value of “3”. Subsequently, “sometimes” receives a value of “2”, “seldom” is “1”, and “never” receives a value of zero. By adding the values for each of the five situations, we have an index that ranges from zero to 15 that represents the CLO’s influence in the company.

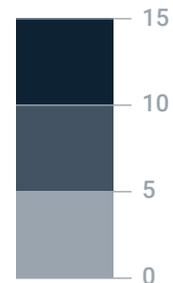
A score of zero means that the CLO is never involved in any of the five situations that we present and, therefore, has no influence in the company’s leadership and strategy (as defined). Conversely, a CLO that is almost always involved in the aforementioned situations will score the maximum value of 15 points, which corresponds to a high degree of involvement with the company’s executives, the board, and thus providing strategic input at the top.

To sum up, a Chief Legal Officer Influence Score between zero and five indicates that the CLO has a limited level of influence, a score between five and 10 signals a moderate level of influence, and a score between 10 and 15 shows that the CLO has a high level of influence in the company’s leadership and direction.

Calculate your Chief Legal Officer Influence Score!

	ALMOST ALWAYS	SOMETIMES	SELDOM	NEVER
When your organization holds a board meeting, how often do you attend?				
How often do you meet with business leaders at your organization to discuss operational issues and risk areas?				
How often does the executive leadership team seek your input on business decisions?				
How frequently do you meet in executive sessions with the board or any of its committees?				
Outside of executive sessions with the board or board committees, how frequently do you have business meetings or calls with board members?				
Multiplier	x 3	x 2	x 1	x 0

CHIEF LEGAL OFFICER INFLUENCE SCORE



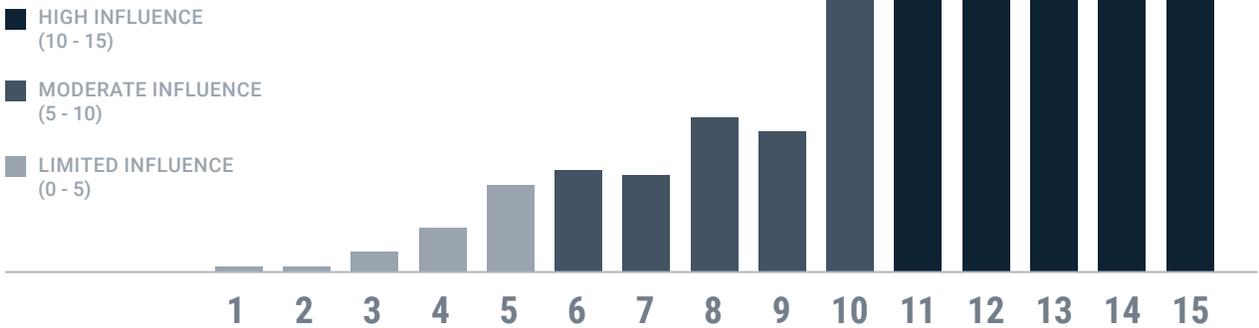
- HIGH INFLUENCE (10 - 15)
- MODERATE INFLUENCE (5 - 10)
- LIMITED INFLUENCE (0 - 5)

CLOs can calculate their own influence score by filling out this table. For each situation, simply check whether your involvement occurs “almost always”, “sometimes”, “seldom”, or “never”. Then calculate your score by multiplying the number of “almost always” responses by three, “sometimes” by two, and “seldom” by one and summing it all up as detailed in the following calculation. The result is your Chief Legal Officer Influence Score.

INFLUENCE SCORE _____ = (Almost Always _____ x 3) + (Sometimes _____ x 2) + (Seldom _____ x 1)

Chief Legal Officer Influence Score — Participant Distribution

CLO Survey participants have a high influence in their organization overall, according to their responses to the five situations presented that allow them to provide valuable input and exercise influence on the company's strategic discussions. On a zero to 15 range, the average influence score of this year's participants is 11.8, while the median is 12.



11.0
25th
percentile

11.8
Mean

12.0
Median

14.0
75th
percentile

“Be unrelenting in seeking to intimately understand the business and the industry it operates in. Position yourself as a facilitator of strategic objectives.”

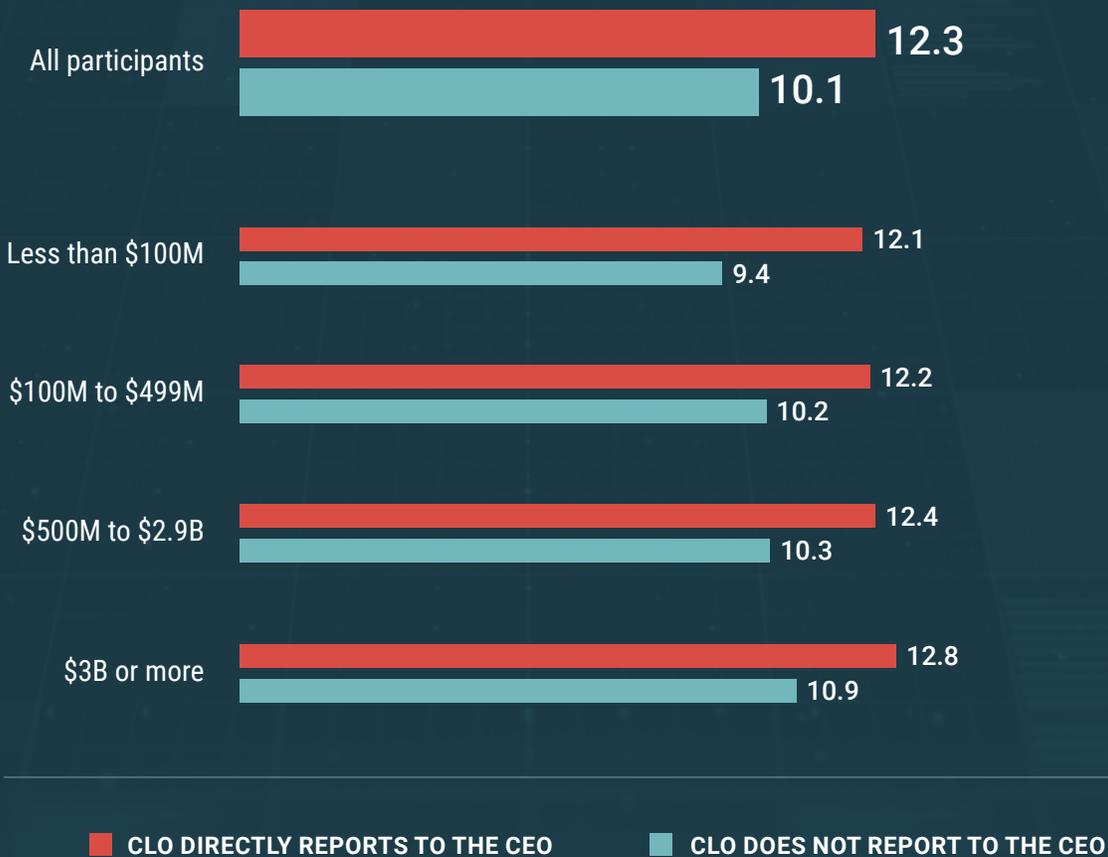


KEY COMPARISON

Chief Legal Officer Influence Score by directly reporting to the CEO and company revenue

This key comparison shows the CLO Influence Score based on whether the CLO reports directly to the CEO. The values reflect the average CLO Influence Score and the chart clearly shows that CLOs that report directly to the CEO score higher than those who do not – 12.3 compared to 10.1.

The chart also breaks down the result by company size, and we see that the results are consistent across revenue categories – CLOs that directly report to the CEO exert more influence than those who do not. Furthermore, the breakdown by company revenue also suggests that CLOs in larger companies tend to score slightly higher than CLOs in smaller organizations.



Which category of risk receives the most management resources in your organization?

Business risk continues to receive the largest share of management resources in the organization, according to 64 percent of CLOs. Twenty-two percent indicate that financial risks receive the most resources, and 15 percent say that legal risk is prioritized when assigning management resources. The results are practically identical to those registered in 2020.



Rate the following types of issues in terms of their importance to your overall business “1” being “very low importance” and “10” being “very high importance.”

CLOs were asked to rank 14 different issues in terms of how important they are to the business overall. Respondents assigned a value to each issue ranging from zero – very low importance – to ten – very high importance. This chart shows the average importance value recorded for each issue, sorted from most important to least important. Cybersecurity is the most important issue that the business faces, according to our participant CLOs, with an average importance of 7.77 out of 10. Regulation/compliance follows closely with 7.69, and data privacy ranks third with 7.52. These same three issues topped the rankings last year, but in a different order: Regulation/compliance ranked first (8.12); data privacy, second (8.00); and cybersecurity was third (7.99). Apart from the change in the order, the average importance values have decreased, a pattern common to all the issues we inquired about.

Intellectual property, ongoing and anticipated litigation, and tax issues follow the top three at a distance, with importance averages around six points out of ten, while the average importance of enforcement/investigations and corporate social responsibility are just above the middle point. On the lower end of importance to the business we find sanctions and export controls (3.73) and money laundering (3.55), which keep their position at the bottom of the list from our 2020 survey.

CYBERSECURITY

7.77

REGULATION/COMPLIANCE

7.69

DATA PRIVACY

7.52

INTELLECTUAL PROPERTY

6.30

ONGOING/ANTICIPATED LITIGATION

6.11

TAX

6.04

ENFORCEMENT/INVESTIGATIONS

5.35

CORPORATE SOCIAL RESPONSIBILITY/ SUPPLY CHAIN MANAGEMENT

5.27

CORPORATE GOVERNANCE/ SHAREHOLDER ACTIVISM

4.75

CORRUPTION/BRIBERY

4.56

WHISTLEBLOWER ISSUES

4.49

COMPETITION/ANTITRUST

4.27

SANCTIONS/EXPORT CONTROLS

3.73

MONEY LAUNDERING

3.55



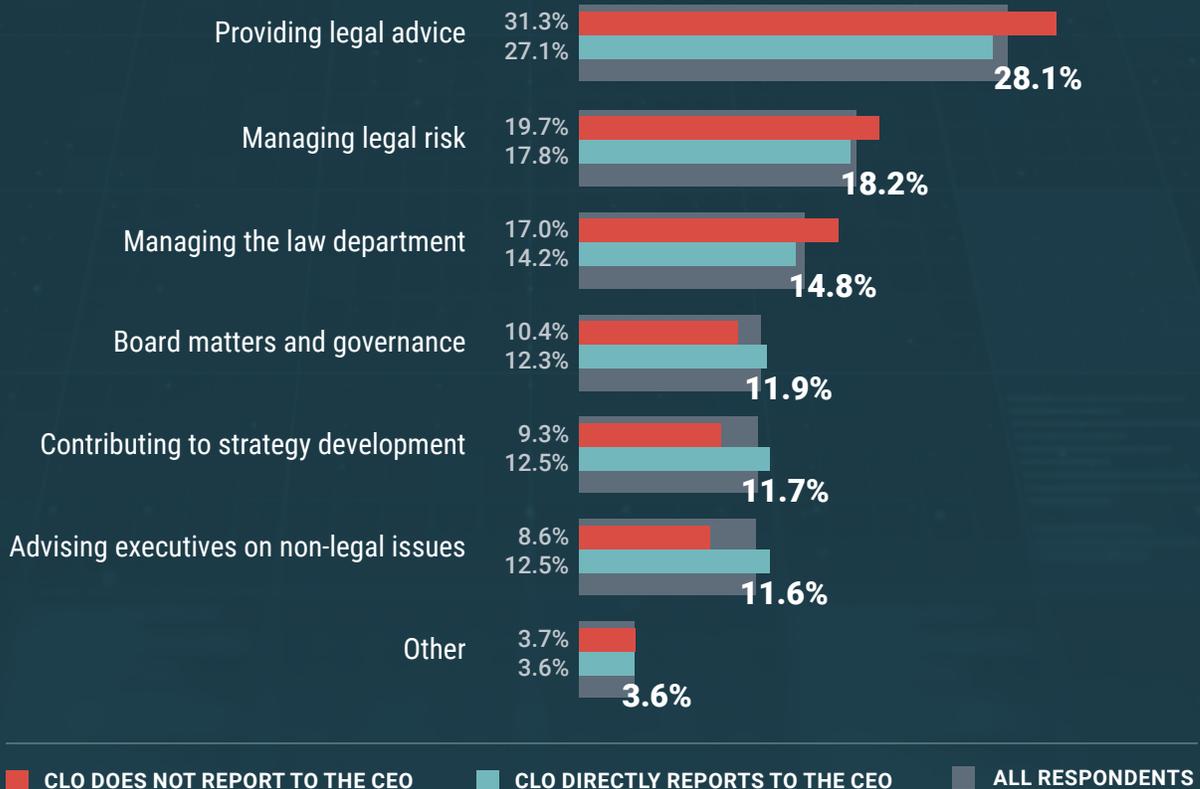
KEY COMPARISON

This chart offers a key comparison of how CLOs allocated their time in reference to six specific tasks. We present the overall results and a breakdown based on whether or not the CLO reports directly to the CEO. There are some interesting differences.

Overall, CLOs spend on average 28 percent of their time providing legal advice. Then comes managing legal risk – to which CLOs dedicate 18 percent of their time on average; followed by managing the law department (15 percent), attending to board- and governance-related matters (12 percent), contributing to strategy development (12 percent), and advising executives on non-legal issues (12 percent).

When looking at the results broken down by whether the CLO reports directly to the CEO, we see that the allocation of time dedicated to each type of task remains largely in the same order – both groups of CLOs spend more time providing legal advice, then managing legal risks, etc. However, the chart also highlights that CLOs who do not report to the CEO spend more time on the first three areas of work – i.e., providing legal advice, managing legal risk, and managing the law department. Conversely, CLOs that report to the CEO spend a larger share of their time, on average, dedicating it to board and governance matters, contributing to strategy development, and advising executives on non-legal issues.

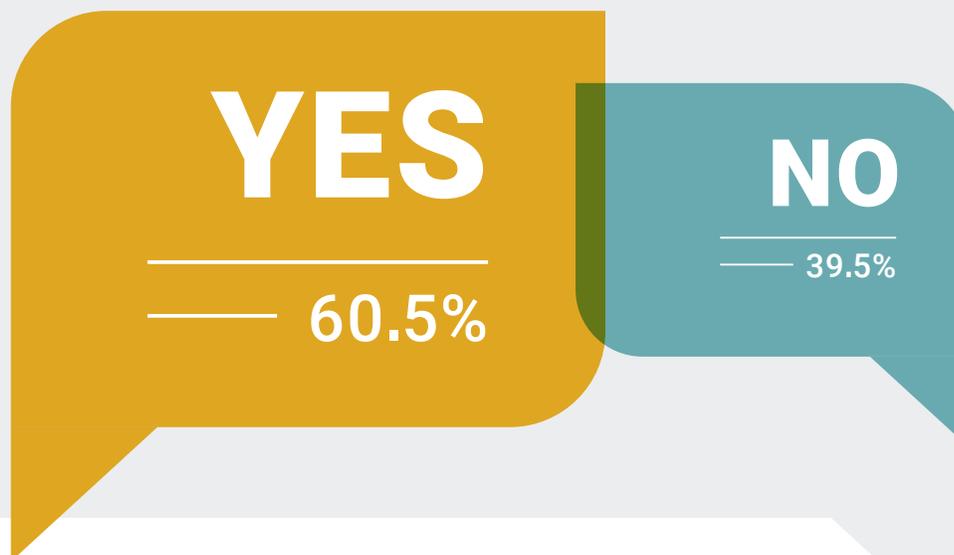
Please estimate the percentage of time you allocated over the past 12 months for each of the following:



Does your organization have a comprehensive data management strategy to ensure compliance, defensibility, and security?

Sixty percent of CLOs report that their organization has a comprehensive data management strategy aimed at ensuring compliance, defensibility, and security. Forty percent indicate that their organization does not have such a strategy.

The larger the company, the more likely it is that a data management strategy will be in place, but that does not imply that small companies do not have this type of strategy in place. Fifty-eight percent of CLOs in companies under US \$100 million reported that their organization has a data management strategy, while the percentage is slightly larger (65 percent) in companies with US \$3 billion or more in revenue.



“CLOs must have a strong focus on data privacy and current legislation.”

“To provide the most value to your organization, you must be able to think strategically, and not solely through the lens of risk management.”

In what area does your legal department's most important strategic initiative fall?



In terms of the legal department's current most strategic initiative, a plurality of respondents selected that it was related to legal operations (38 percent). Fifteen percent of respondents selected the insourcing of legal resources, while ten percent indicated litigation defensibility. Additional focus is on cost minimization (nine percent of respondents), data security and data management (eight percent, both). Twelve percent of CLOs indicated another, non-listed initiative as their department's current priority. Examples include accelerating growth, contracting, digitization, streamlining processes, and supporting the business.

In light of the increased focus on racial issues, what measurable new actions (if any) are you taking, either internally or externally, to support a culture of racial diversity, equity and inclusion?



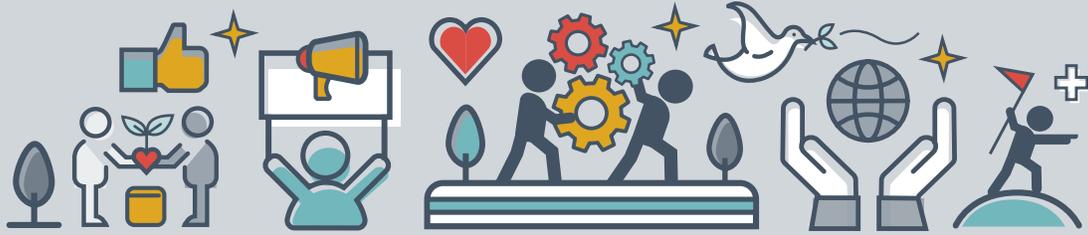
We asked CLOs about any actions taken by the legal department or the organization overall aimed at supporting a culture of racial diversity, equity, and inclusion. This was an open-ended question and many respondents elaborated on different measures and initiatives taken, both internally and externally, to support these important efforts.

The following visual provides a summary of the responses, classifying the actions taken in four categories – whether the actions were internal or external to the organization, and whether they involved staffing or policy changes.

In terms of staffing changes and actions taken, many respondents insisted on taking steps to ensure a diverse culture in the workplace based on renewed hiring, promotion, and retention practices, and the appointment of executive-level or other positions dedicated to diversity and inclusion efforts.

Several respondents also explained how they have brought in external consultants to independently evaluate the company’s corporate culture, point at deficiencies, and take steps toward improvement where needed. Another area of focus for CLOs and legal departments is ensuring that outside vendors in general, and outside law firms and external counsel in particular, are diverse and representative of the communities in which the company operates.

In terms of organizational and policy changes, CLOs reported changes in their company’s diversity and inclusion statement – or adopting one if they had not done so yet – and the creation of committees, councils, and task forces dedicated to promoting a diverse and inclusive corporate culture. Providing training for employees was also mentioned as an initiative that legal departments and organizations are working on. Externally, some respondents described actions taken toward fostering community engagement, including donations to diversity and inclusion nonprofits.



INTERNAL ACTIONS

FOCUS AREA

EXTERNAL ACTIONS



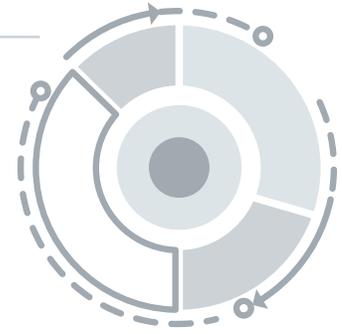
SECTION 3

THE POLITICAL AND REGULATORY LANDSCAPE

Section three presents impact of the political and regulatory landscape on legal departments. We reveal the major changes that organizations have made due to COVID-19, the biggest legal challenges anticipated in 2021, and how organizations are preparing for increased data privacy regulations and emerging risks. We also show the extent to which public companies are facing investor pressure due to the pandemic and the changing socio-economic landscape as well as how ESG issues are impacting corporate strategy.

KEY FINDINGS

THE POLITICAL AND REGULATORY LANDSCAPE



SIGNIFICANT ORGANIZATIONAL CHANGES MADE DUE TO COVID-19 PANDEMIC

As a result of the pandemic, 95 percent of CLOs say they made changes to their employee safety policies and 94 percent made changes to their travel policies. These percentages have tripled since the last survey iteration pre-pandemic when we asked about changes made due to other geopolitical events.



COMPANIES ARE PRESSED BY INVESTORS ON SOCIO-ECONOMIC ISSUES

Fifteen percent of CLOs say their organization has been pressured by investors to either take (or refrain from taking) a public stand (or both) on a particular political or cultural issue over the past year.



INDUSTRY-SPECIFIC REGULATIONS EXPECTED TO POSE BIGGEST LEGAL CHALLENGES

Sixty-one percent of CLOs say they expect industry-specific regulations to pose the biggest legal challenges for their organization followed by data protection privacy rules (53.6 percent). The percentage of CLOs ranking political changes as the biggest issue rose significantly from 30.9 percent last year to 38.2 percent this year and came in third place overtaking M&A.



INCREASED ATTENTION TO ESG ISSUES IS IMPACTING CORPORATE STRATEGY

As attention to ESG issues continues to increase among businesses, corporate strategy is being impacted in more than one way. CLOs mention greater focus on diversity and inclusion initiatives, the impact of product development on the environment, third party relationships and re-evaluation of supply chain standards, and investor and stakeholder expectations.

Has your organization made any changes to the following as a result of the COVID-19 pandemic?

The impact of the COVID-19 pandemic not only on businesses, but in society as a whole has been dramatic. The first question in this section thus inquired about which type of changes organizations made as a result of the global pandemic. Almost all CLOs surveyed reported that their organization had made changes in employee safety polices (95 percent), and travel policies (94 percent). Seven in ten CLOs also reported changes in overhead budget due to the economic and financial uncertainties generated by the virus and resulting lockdowns, safety regulations, and overall impact on the global economy.

Thirty-seven percent of participants reported an impact on the organization's plans to enter new markets, and the same number reported changes in the company's supply lines. Thirty-two percent of CLOs also indicate changes in their organization's product distribution lines, 26 percent noted changes related to insurance, and 16 percent indicated changes in the company's social media policy.

EMPLOYEE SAFETY POLICIES

94.7%

TRAVEL POLICIES

94.1%

OVERHEAD BUDGET

69.7%

PLANS TO ENTER NEW MARKETS

37.3%

PRODUCT SUPPLY LINES

37.2%

PRODUCT DISTRIBUTION LINES

31.9%

INSURANCE

26.2%

SOCIAL MEDIA POLICIES

15.8%

Have investors requested or pressured your organization to take or refrain from taking a public stand on a particular political or cultural issue in the past 12 months?

Only asked to those in publicly-owned organizations (n = 215).



YES
15.3%

Yes, we have been pressured by investors to take a public stand on a particular political or cultural issue
7.4%

Yes, we have been pressured to both take a public stand and refrain from taking a public stand
6.5%

Yes, we have been pressured by investors to refrain from taking a public stand on a particular political or cultural issue
1.4%

Almost one in six participants report having been pressured by investors regarding cultural and political issues.

Also, among U.S. respondents the percentage is higher: 19.1% ~ 1 in 5.

On top of the pandemic, the year 2020 also brought heightened tension in the social and political domains, particularly in the United States. With many social and political events dominating the agenda and the news cycle, we asked CLOs in publicly-owned organizations whether investors had pressured their company in order to take a stand – or refrain from taking a stand – on ongoing socio-political issues throughout the year.

Among the 215 CLOs and general counsel in public companies, 85 percent indicated that they had not received any such pressures. Conversely, 15 percent indicated that investors had pressured the company in some way to address cultural, political, and social events. The distribution of these responses were as follows: 7.4 percent indicated that the company had been pressured by investors to take a stand on ongoing issues; 6.5 percent reported receiving pressures both to take a stand and to refrain from taking a stand; and, finally, just 1.5 percent of CLOs in publicly-owned organizations reported having been pressured by investors to refrain from taking a stand on social and political events.

Which of the following issues are most likely to cause the biggest legal challenges for your organization? Please select all that apply.

Six in ten participants identified industry-specific regulations as their organization's biggest challenge in the months ahead, practically the same percentage observed in 2020. Data protection privacy rules remains the second most significant legal challenge, although the 54 percent of CLOs who believe so represent a five-point decrease compared to one year ago. Political changes ranked third again — albeit with an eight-point jump, from 30 percent to 38 percent; and mergers and acquisitions is believed to be one of the top legal challenges for organizations by around one third of participating CLOs.

Under one quarter of respondents selected taxation as one of the biggest challenges ahead, and 18 percent listed tariffs and other trade-related issues. Both issues experienced a moderate decrease compared to 2020, whereas views that see climate and environmental issues as a legal challenge for companies went up three points, from 12 percent to 15 percent of CLOs selecting it.

There is, however, considerable variation in the perception of how critical these legal challenges will be in the near future based on the global region of participants, as shown in this key comparison. Industry-specific regulations is the top concern across most regions with the notable exception of Asia, where data protection privacy rules are perceived as the biggest challenge, although barely half (49 percent) of CLOs based in Asia indicated so. A majority of CLOs across regions listed data privacy rules as one of the biggest challenges for companies.

Some interesting differences involve political changes in Europe, which only concern about half of the number of CLOs compared to other regions; and tariffs, with one in four CLOs in both Asia and Europe considering one of the top challenges compared to just five percent of CLOs in Australia and New Zealand. Climate also highlights regional differences, with only 11 percent of CLOs in the United States identifying it as posing a big challenge compared to 22 percent in Canada and three times more in Europe (33 percent).

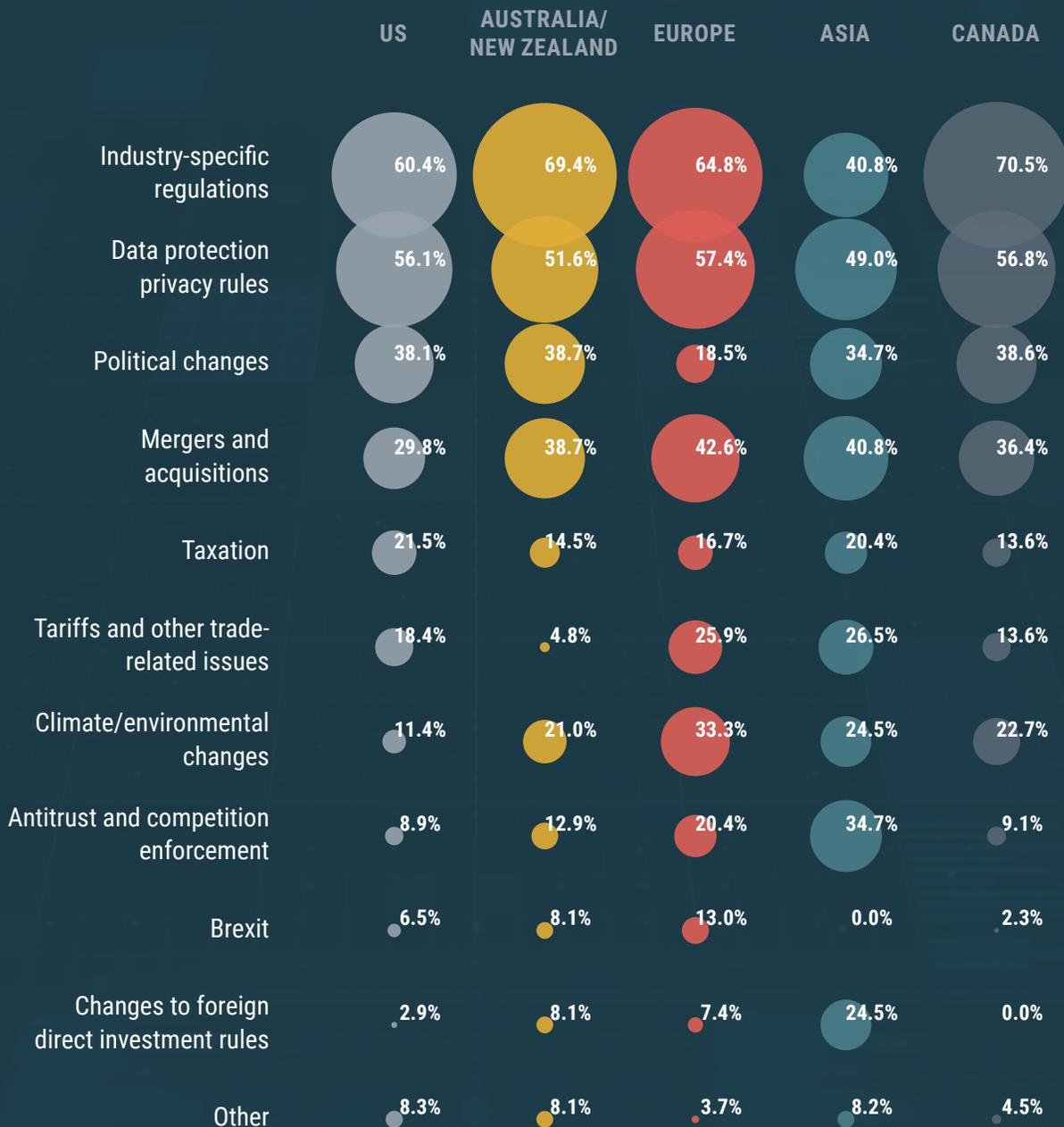




KEY COMPARISON

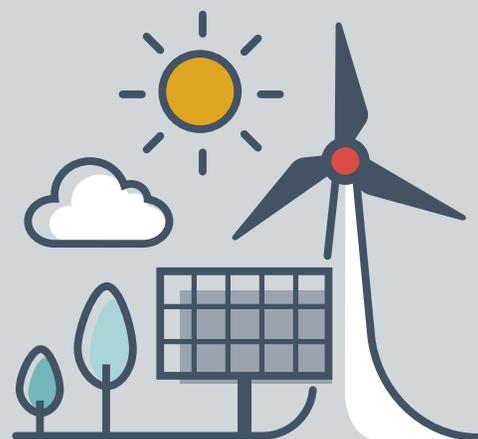
Issue most likely to cost the biggest legal challenges by global region

Only the top five regions with most participants are included.



In what ways have issues related to ESG affected corporate strategy in the past 12 months?

CLOs provided many critical insights on how environmental, social, and governance (ESG) issues have affected discussions within the company and influenced corporate strategy in the last year. In this visual, we show some of the quotes provided by CLOs illustrating the relevance of ESG issues when determining company strategy and areas of focus. We have grouped the impact of ESG in four main themes: an increased attention on diversity and inclusion, more relevance of environmental considerations, the ethics affecting relations with vendors and providers, and the increased interest that investors and other stakeholders have in ESG matters that in turn impacts investor relations.



Increased attention to diversity and inclusion

“It has forced us to revisit inclusion policies and our commitments to meet the United Nations’ Objectives for Sustainable Development guidelines.”

“Our next strategic plan is focused on diversity and inclusion.”

“We have increased our focus on ESG as a whole, but more specifically on board/ executive diversity and worker rights.”

Environmental considerations

“Much greater focus on what needs to be done to tackle climate change and decarbonize society.”

“On Environment in particular, my team developed the company’s first ever sustainability plan.”

“We are accelerating our plans to meet these environmental challenges by changing product lines and advancing new products with less criticized materials.”

Ethics affect relations with third parties

“Stronger focus on supply chain and third parties control due to customers’ ESG awareness.”

“Supply chain issues. Sourcing certain products has been increasingly difficult due to allegations of slave labor in certain countries.”

“We are taking strides to ‘walk the talk’ ourselves and begin to allocate our money towards partners and vendors that are making demonstrable efforts to address ESG issues.”

Customer and investor concerns also have an impact

“Growing stakeholder expectations have caused us to accelerate our sustainability initiatives to ensure that we continue to be an ESG leader.”

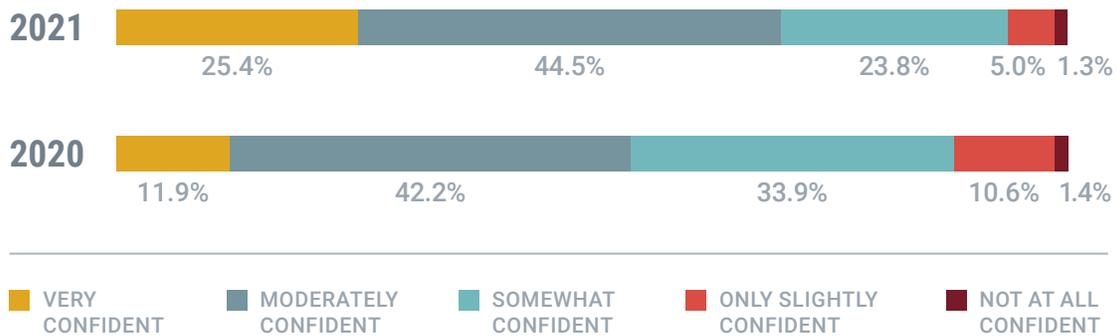
“Our more sophisticated customers are increasingly focused on ESG and this has driven us to begin including these considerations when we formulate strategy.”

“We published our inaugural ESG report, partly in response to investor and customer requests.”

How confident are you in your organization’s ability to mitigate against emerging risks?

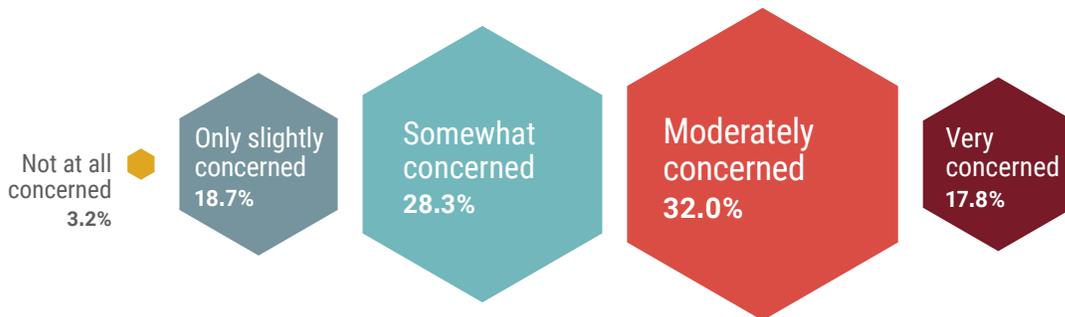
In 2020, there was certainly not a more critical emerging risk than the global COVID-19 pandemic. The pandemic response by organizations across the globe may have created a confidence boost among CLOs who are now considerably more confident about their organization’s ability to face new risks moving forward.

Only 12 percent of surveyed CLOs in 2020 were very confident about their organization’s ability to effectively respond to these type of risks, which has more than doubled (25 percent) in this year’s survey. Seventy percent are at least moderately confident that their organization is prepared compared to 54 percent one year ago. Consequently, those who feel only slightly confident or not confident at all about their organization’s capability have decreased by half, from 12 percent in 2020 to just six percent in this year’s survey.



How concerned are you about changing data privacy laws in all the jurisdictions in which you do business?

Confidence is not as strong regarding the impact that data privacy laws may have for the business. Half of the respondents are either moderately concerned (32 percent) or very concerned (18 percent) about changing data privacy laws that may affect the organization.



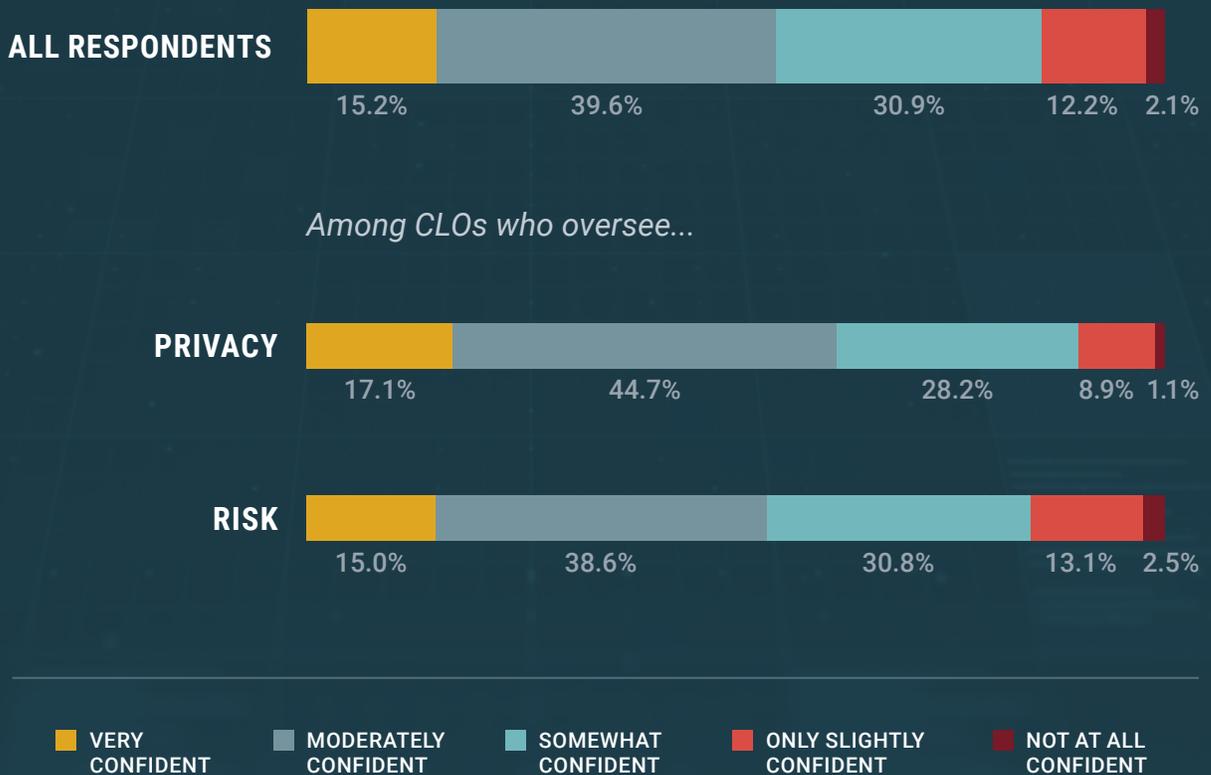


KEY COMPARISON

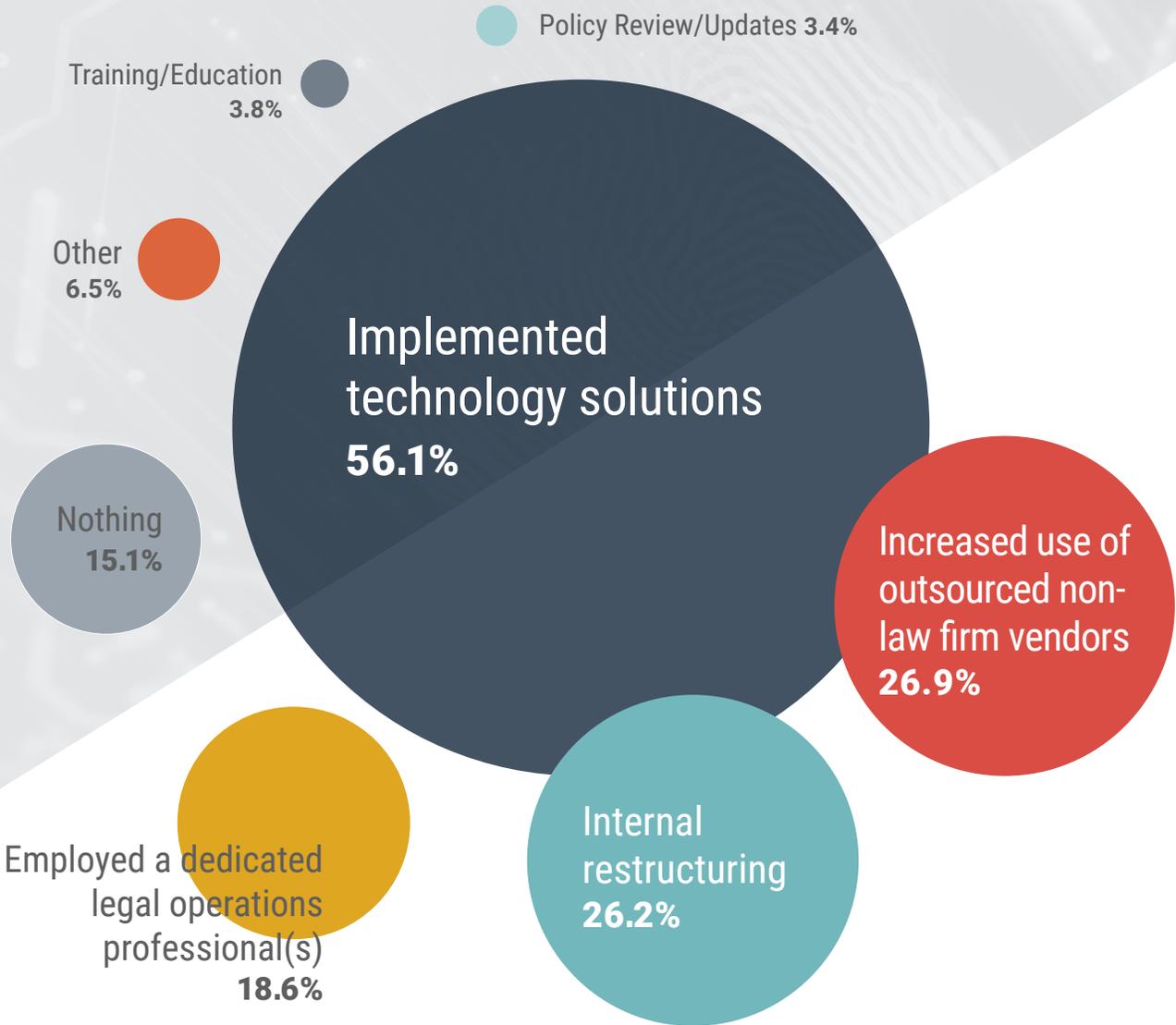
How confident are you in your organization's ability to consistently and defensibly respond to cybersecurity incidents and breaches?

While there is significant concern about changing privacy laws, a solid majority of CLOs is at least moderately confident that their organizations have the ability to effectively respond to cybersecurity incidents and data breaches. Fifteen percent of CLOs are very confident, a further 40 percent is moderately confident, and another 31 percent is somewhat confident in their organization's ability to defend against cybersecurity threats.

In the key comparison that follows, we look at whether these perceptions change depending on the CLO's involvement in privacy and risk. CLOs that oversee the privacy function are slightly more confident in their organization's capabilities in cybersecurity – 62 percent of CLOs who oversee privacy are at least moderately confident, compared to 55 percent of all CLOs. There is hardly any difference, however, between all respondents and those who are responsible for the risk function in the organization.



How have you prepared your organization for complying with data privacy regulations in the past 12 months? (Select all that apply.)



Apart from assessing CLO’s confidence and concerns regarding changing data privacy regulations and their organization’s capability to defend against cybersecurity risks, we also inquired about which measures, if any, had been put in place to ensure compliance with the latest data privacy rules. Fifty-six percent of CLOs reported having implemented technology solutions, and around one in four reported increasing the use of non-law firm vendors (27 percent) and restructuring the legal department or the organization internally (26 percent). Nineteen percent employed a legal operations professional. Fifteen percent of respondents did not take any measures in this regard.

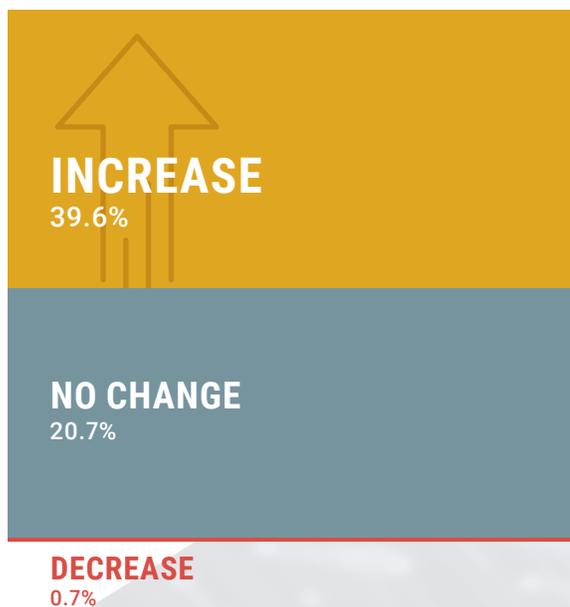
VOLUME OF REGULATIONS



How do you anticipate the regulatory environment in your industry changing in the next 12 months? Please select all that apply.

Almost two thirds of participants expect the volume of regulations affecting the business to increase during the next year, and four in ten expect an increased regulatory enforcement environment. Twenty percent expect no change in both the volume of regulations and regulatory enforcement, while only a handful of respondents expect regulatory pressure to decrease.

VOLUME OF REGULATORY ENFORCEMENT



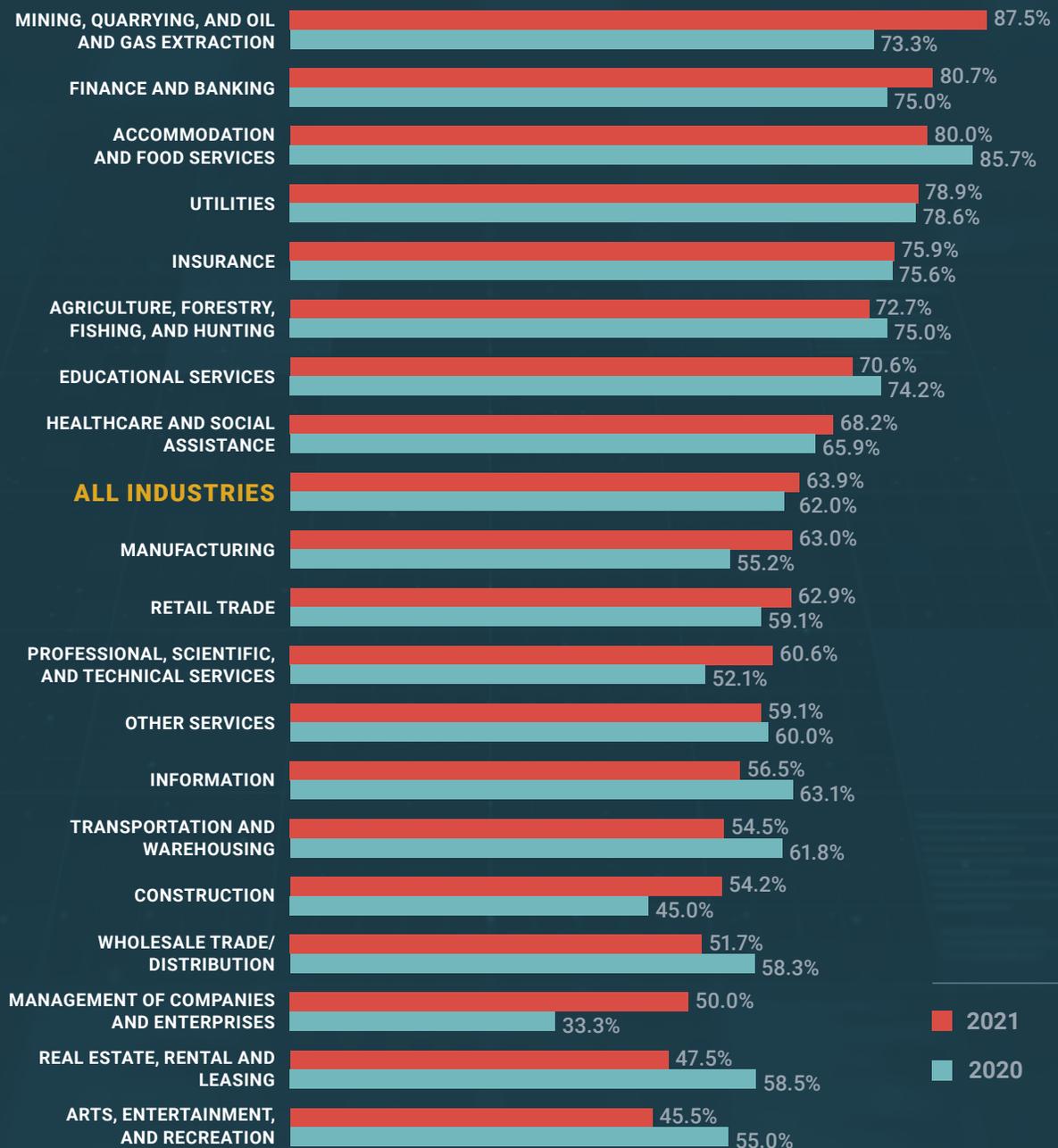
“Constantly keep yourself informed of changes in your industry, from regulations, to business trends.”



KEY COMPARISON

Percentage of respondents who expect an increased volume of regulations by industry

Only industries represented by five or more respondents are included.

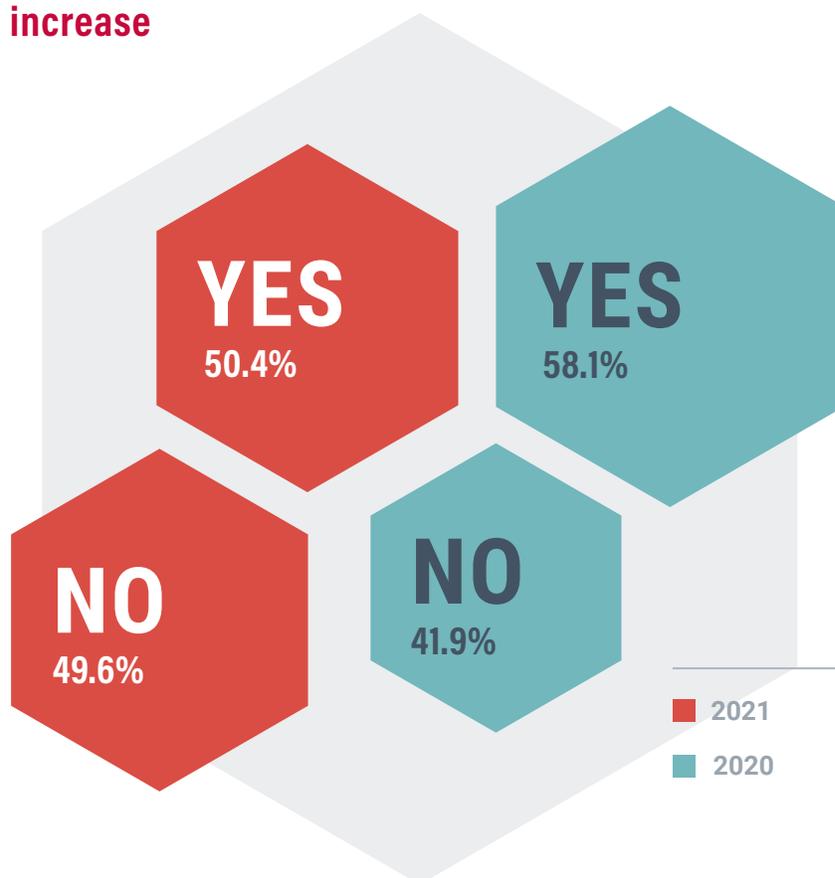


In this key comparison, we show the percentage of CLOs who expect the volume of regulations to increase based on the industry sector in which the respondent's organization operates. Eighty-eight percent of respondents in the mining, quarrying, oil and gas extraction industries expect more regulations in this sector, and the expectation is shared by four in five CLOs in the finance and banking, and accommodation and food services industry.

Respondents in utilities (79 percent); insurance (76 percent); agriculture, forestry, fishing, and hunting (73 percent); educational services (71 percent); and healthcare and social assistance (68 percent) expect an increased volume of regulations in greater numbers than the overall average. At the other end of the list, only up to 50 percent of CLOs in management of companies and enterprise; real estate, rental and leasing; and arts, entertainment, and recreation expect the volume of regulations in these three industry sectors to increase in the next 12 months.

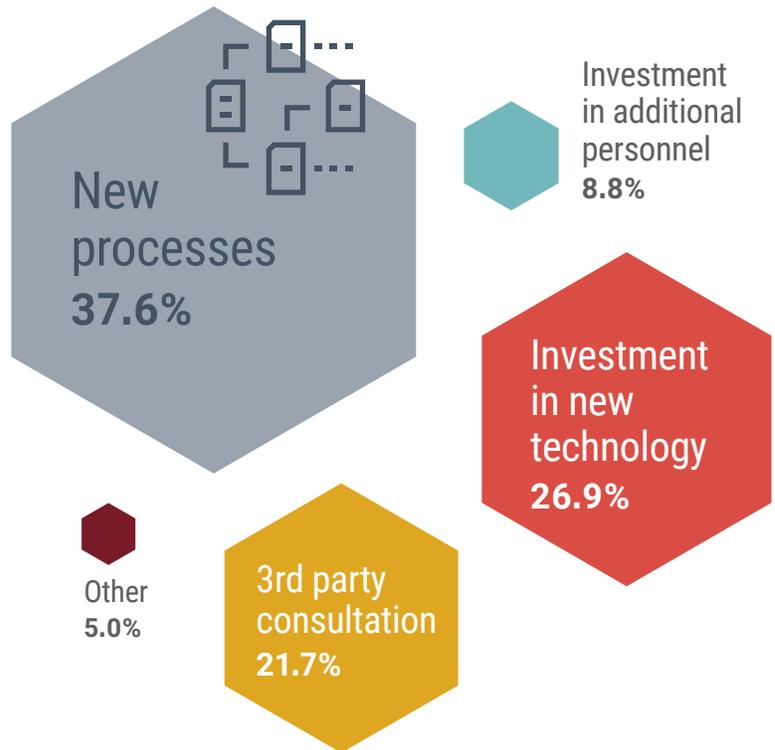
Over the past 12 months, did your department's expenditures increase for regulatory compliance?

Respondents are practically divided in half on whether their legal department's expenditures for regulatory compliance increased in the last year. Increased compliance-related expenditure is down eight points compared to last year's results.



How are you planning to increase defensibility against litigation and compliance threats (cyber attacks, data breaches, regulatory fines, civil litigation sanctions)?

Finally, we asked participants what their plans were to increase defensibility against litigation and compliance threats. Thirty-seven percent selected new processes, 27 percent advocate to invest in new technology, 22 percent intend to engage in third-party consultations, and nine percent plan on investing in additional personnel to successfully face these threats. The distribution of respondents between these strategies remains stable when breaking down the results by company revenue size.



“Think 10 steps ahead and plan for all scenarios. Never undervalue the importance of stakeholder management.”

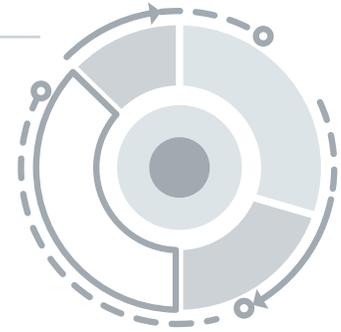
SECTION 4

THE OUTLOOK FOR THE LEGAL DEPARTMENT

Section four presents CLOs' general outlook and expectations for the legal department. The survey results reveal the areas in which CLOs expect to invest the most resources in the coming year and whether they plan on adopting any new technology solutions. CLOs also provided insights into the ways in which the COVID-19 pandemic affected their legal work and which trends they believe will continue to accelerate in the industry.

KEY FINDINGS

THE OUTLOOK FOR THE LEGAL DEPARTMENT



CONTRACT MANAGEMENT IS THE TOP LEGAL TECH AREA IN WHICH CLOS PLAN TO INVEST

Forty-two percent of CLOs say they plan on adopting new legal tech solutions to improve department efficiency over the next year while 10 percent say they have already recently done so. Among those planning on doing so this coming year, sixty-seven percent are looking to invest in contract management technology, followed by document management and eSignature tools.



DATA PRIVACY CONCERNS EXPECTED TO ACCELERATE

Ninety percent of CLOs believe data privacy issues will continue to accelerate in the near future followed by a focus on diversity and inclusion (72.7 percent) and ESG issues (65.8 percent). The use AI in legal tech applications is still expected to accelerate by a majority of CLOs but has fallen to fourth place on our list of top trends.



DELIVERING VALUE TO CUSTOMERS CONTINUES TO BE A TOP PRIORITY FOR CLOS

For the second year in a row, when CLOs were asked what their organization plans to prioritize over the next five years, delivering value to customers topped the list with 51.6 percent ranking it number one, ahead of maximizing profits (ranked as the top priority by 30.2 percent of CLOs). Fourteen percent of CLOs said investing in employees was their top priority over just 10.4 percent last year.

Please select one area that you think will require the most additional resources in the next 12 months.

When asked from a list of broad issues which area would require the most additional resources, twenty-one percent of CLOs said significant transactions. This area moved from second place to first on the list from last year overtaking data privacy. Certainly mergers, acquisitions, spin-offs, divestitures, and other business combinations have become more frequent as a result of the pandemic. Data privacy experienced a near eight-point drop (from 21.7 percent to 14.2 percent) from last year’s results and moved from first to fourth place as the area requiring most resources. A greater percentage of CLOs this year also believe that IP and enterprise digital transformation would require more resources.

“The job of Chief Legal Officers will become more important than it already is due to all new regulations, digital, cybersecurity and privacy threats.”

SIGNIFICANT TRANSACTIONS (M&A, SPIN-OFFS, ETC.)



COMPLIANCE ISSUES



REGULATORY ISSUES



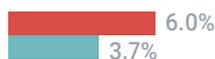
DATA PRIVACY/PROTECTION



LITIGATION/eDISCOVERY MATTERS



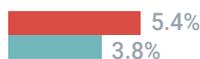
ENTERPRISE DIGITAL TRANSFORMATION



CROSS-BORDER WORK/INTERNATIONAL LAW



INTELLECTUAL PROPERTY



COMPETITION LAW



ANTITRUST ISSUES

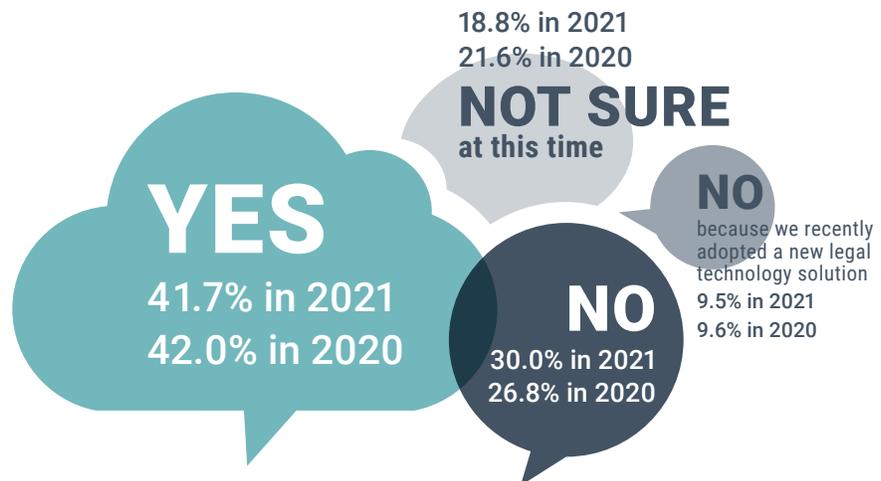


OTHER



■ 2021 ■ 2020

Are you planning on adopting any new legal technology solutions in your department to improve efficiency in the next 12 months?



The COVID-19 pandemic has only appeared to exacerbate the classic “do more with less” pressure that most legal departments face. Technology solutions are typically the first area in which CLOs seek to streamline process and operate more efficiently. It is therefore not surprising to continue to see a large percentage of CLOs planning to adopt new tech solutions over the next year (41.7 percent). This is nearly identical to last year’s percentage. Around ten percent are not doing so because they have already recently adopted new technology. There appears to be a slightly higher percentage compared to last year of those saying they will not adopt new tech at all (30 percent compared to 26.8 percent) as well as a slight reduction in uncertainty about that decision (from 21.6 percent to 18.8 percent).

CONTRACT MANAGEMENT 67.0%

DOCUMENT MANAGEMENT 41.4%

eSIGNATURE 33.5%

WORKFLOW TOOLS 32.0%

COLLABORATION/KNOWLEDGE MANAGEMENT 25.8%

DATA PRIVACY 23.3%

MATTER MANAGEMENT 21.5%

ANALYTICS 21.0%

RECORDS MANAGEMENT 19.9%

DATA SECURITY 15.9%

INFORMATION GOVERNANCE (DATA MAPPING, ETC.) 14.1%

IP MANAGEMENT 12.5%

eBILLING 8.2%

eDISCOVERY (LEGAL HOLD, COLLECTION, PROCESSING, REVIEW) 7.4%

INTEGRATION TOOLS 3.6%

OTHER 3.6%



Specifically, what legal technology are you looking to invest more in the next 24 months?

Only asked to those who plan to adopt new technology in the legal department (n = 391).

Among CLOs who plan on adopting new legal technology over the next year, the vast majority claim they will specifically invest in contract management solutions (67 percent) followed at a distance by document management (41.4 percent) and eSignature technology (33.5 percent). Somewhat surprising is the interest in workflow tools and collaboration management tools and the small percentage looking to adopt eBilling tools. We suspect that eBilling tools are now much more commonly in place and now legal departments are hoping to acquire other tools that will help to facilitate new working conditions as a result of the pandemic.

The pandemic affected many aspects of corporate legal work, from adoption of technology to the logistics of court proceedings. What changes do you predict will persist post-pandemic?



Nearly all CLOs predict that remote work will continue post-pandemic, as will expanded use of technology not only for internal collaboration, but also for court proceedings. Below we present the five takeaways from the large pool of open-ended insights that we received:

1

ENHANCED USE OF TECHNOLOGY. WIDE USE OF VIDEOCONFERENCING, ELECTRONIC SIGNATURES, AND DOCUMENT MANAGEMENT.

“Greater adoption of technology that makes remote interactions simpler. All of us have benefited personally from virtual adaptations of formerly manual processes – and our clients are no different.”

2

NEW HR POLICY CHALLENGES. SOME ANTICIPATE HEIGHTENED FOCUS ON HR POLICIES AND EMPLOYMENT DISPUTES, AS WELL AS CYBERSECURITY, STEMMING FROM THE DRAMATIC INCREASE IN REMOTE WORK ARRANGEMENTS.

“Employment law issues related to working from home.”

3

LESS WORK-RELATED TRAVEL. MANY PARTICIPANTS BELIEVE THAT TRAVEL WILL BE VOLUNTARILY REDUCED BECAUSE PHYSICAL PRESENCE IS NOT NEEDED, OR WILL BE RESTRICTED TO CONTAIN COSTS.

“Working remotely. E-signature. Attending meetings and hearings via video. Nationwide hiring. Reduced travel and in-person conference attendance. Value of digital businesses and business processes.”

4

MORE VIRTUAL COURT PROCEEDINGS. MANY SAY BURGEONING USE OF VIRTUAL PROCEEDINGS AND ELECTRONIC DOCUMENTATION WILL CONTINUE TO FACILITATE LITIGATION, ARBITRATION AND MEDIATION LOGISTICS. GIVEN THE CHALLENGES IN ADJUSTING TO VIRTUAL PROCEDURES, BACKLOGS AND DELAYS ARE EXPECTED TO CONTINUE WELL BEYOND THE PANDEMIC.

“I think that courts may use technologies much more than before, making it better to organize, with less expenses.”

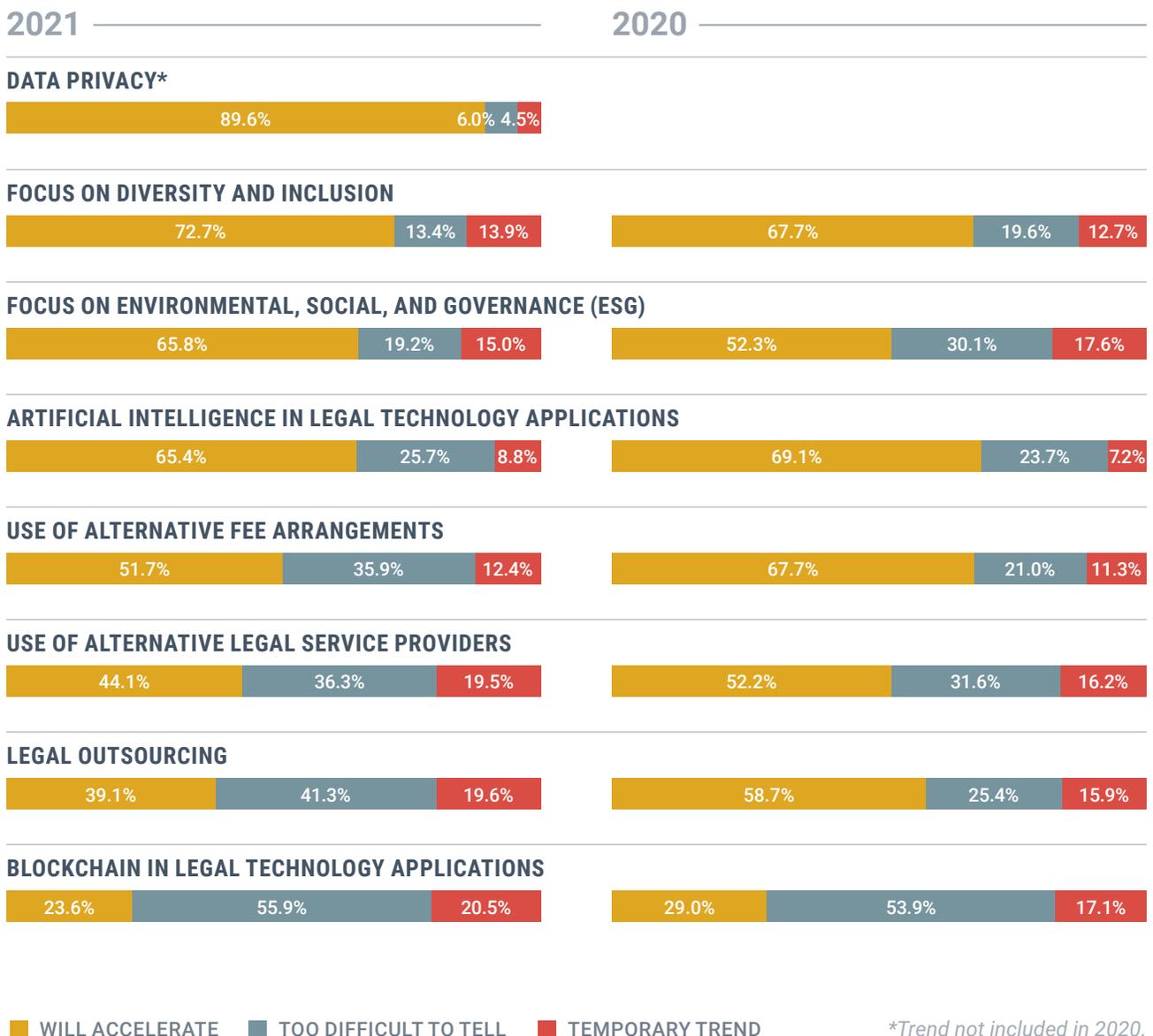
5

SOCIAL DISTANCING CHALLENGES. A FEW LAMENT THE LOSS OF IN-PERSON INTERACTION IN THE CONTEXT OF LITIGATION, THEREFORE MISSING INFORMAL OPPORTUNITIES TO CONNECT WITH PEOPLE AND BUILD RELATIONSHIPS.

“We hope to see a return to in-person litigation because we have seen an increase in difficulty reaching settlements due to the loss of “in the hall” face-to-face interactions before and after hearings that often lead to better relationships between counsel and more practical conversations about resolutions.”

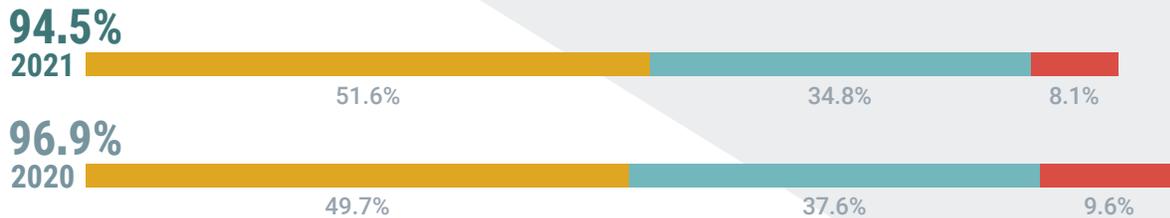
What do you think the trajectory will be for the current trends listed below?

We asked CLOs to give us a sense of which trends they believed would continue to accelerate and which might be more temporary in nature. Although several of the trends listed exist outside of the legal profession, several are acutely relevant to the in-house legal profession and their primacy in current discussions has fluctuated greatly over the past decade. In the top spot, nearly 90 percent of CLOs said that data privacy issues would accelerate followed by the focus on diversity and inclusion (72.7 percent) and ESG issues (65.8 percent). D&I issues experienced a moderate increase and ESG issues experienced a significant increase from last year's responses, likely due to the current social climate and the effects of the pandemic. Artificial intelligence in legal tech applications moved down from the first spot to the fourth spot among those believing it use will accelerate (from 69.1 percent last year to 65.4 percent this year).

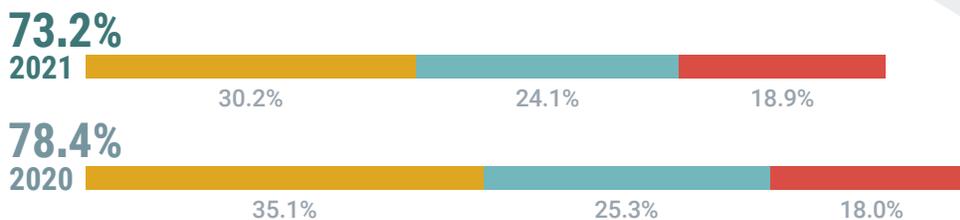


Please rank the following items you foresee your organization prioritizing over the next five years from “1” to “5,” with “1” being the top priority, to “5” being the lowest priority.

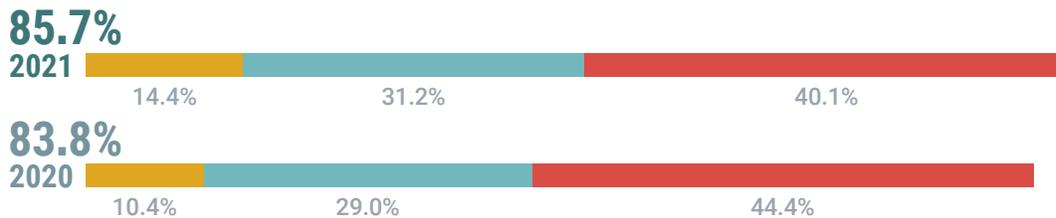
DELIVERING VALUE TO CUSTOMERS



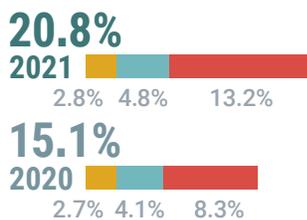
MAXIMIZING PROFITS



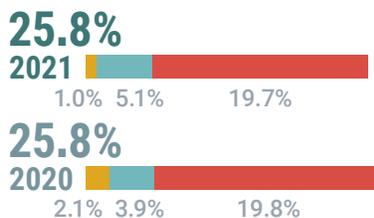
INVESTING IN EMPLOYEES



SUPPORTING OUTSIDE COMMUNITIES



DEALING ETHICALLY WITH SUPPLIERS



Respondents were asked to rank the top three items from a list of five that they believed would be their organization’s priorities in the next five years. Over half (51.6 percent) ranked “delivering value to customers” as their top priority, which is an increase over last year’s 49.7 percent. This again was ranked over “maximizing profits”, which was ranked the top priority by 30.2 percent of CLOs, a reduction from 35.1 percent last year. In addition, a larger percentage ranked “investing in employees” (14.4 percent) would be their top priority compared to 10.4 percent last year.

■ RANKED #1
 ■ RANKED #2
 ■ RANKED #3

TOTAL RANKED IN TOP 3

What advice do you have for aspiring chief legal officers?

We finally asked CLOs to kindly provide a few words of advice that may benefit recent chief legal officers or those who may soon be in this position. We grouped all insights in the checklist below.



Learn to Manage Risk

Develop an appetite for risk and learn how to calibrate risk to business goals.



Do the Right Thing

Participants provided helpful reminders to maintain ethics, stick with your principles, and the importance of understanding, explaining, and protecting attorney-client privilege.



Know the Business

CLOs emphasize the interconnection between the knowledge of business strategy and fundamentals – what your company sells or buys. It is crucial to learn and adopt the modes of communication among executives, and build trust by developing solid relationships. CLOs also insist on a solutions-oriented approach to their role.



Develop Management Skills

Recommendations abounded to cultivate management skills as well as personal professional skills, such as financial acumen and utilization of technology. Strong leadership skills are also a must, including building and empowering a strong team, including – as a few CLOs pointed out – paying attention to staff well-being.



Embrace Change

Be flexible, adaptive, proactive, agile. Be curious, and keep learning.

CONCLUSIONS



THE CLO IS A KEY BUSINESS PARTNER

The survey results indicate that the CLO continues to play a significant role in overall business strategy and decision-making. CLOs regularly participate in board meetings, are often asked to provide input on business decisions by leadership teams and are sought out by other business leaders to discuss operational and risk areas. Although around one quarter of their time is still spent on strict legal work, CLOs continue to spend significant amounts of time contributing to strategy development, governance issues, and advising executives on non-legal issues, solidifying their role as an essential partner to the business. This influence is even more pronounced when the CLO reports directly to the CEO and is particularly so in larger organizations.



MANY DEPARTMENTS EXPECT TO ADD LAWYERS IN 2021 DESPITE PANDEMIC

Despite the COVID-19 pandemic nearly one third of departments plan on adding lawyers to their in-house teams in 2021, which is a slight increase from the previous year (32.1 percent this year compared to 30.4 percent last year). Twenty percent of departments plan on adding paralegals and 12.7 percent expect to hire additional legal ops professionals. Hiring expectations remain largely the same across positions compared to last year with the exception of administrative staff with 6.3 percent of departments expecting reductions compared to just 3.7 percent last year.



LEGAL OPERATIONS IS NOW A STRATEGIC IMPERATIVE

Sixty-one percent of legal departments now have at least one legal operations professional on staff, by far the highest percentage we have observed since tracking this metric. This is a 6.7 percentage point increase over last year and a near 40-point increase since 2015. Twenty-one percent of departments employ at least four legal ops professionals and nearly 13 percent of CLOs say they plan on hiring legal ops staff in 2021. In addition, almost 38 percent of CLOs say their department's most important strategic initiative involves legal operations, by far the most common response among a list of critical areas such as insourcing, litigation defensibility, and data security.



DATA PRIVACY CONCERNS CONTINUE TO IMPACT ORGANIZATIONS

Data privacy and cybersecurity were selected as two of the three most important issue areas to the business and at the same time over half (53.6 percent) of CLOs believe that data privacy protection rules will pose one of the biggest legal challenges to their organization. In addition, nearly 80 percent say they are at least somewhat concerned about changing data privacy laws in the jurisdictions where they do business and 18 percent are very concerned. Perhaps this is why nearly 15 percent of CLOs say they plan on adding privacy professionals to their staff in 2021. We certainly expect data privacy will continue to have a significant impact on business, as do CLOs, with 90 percent believing it will only accelerate.

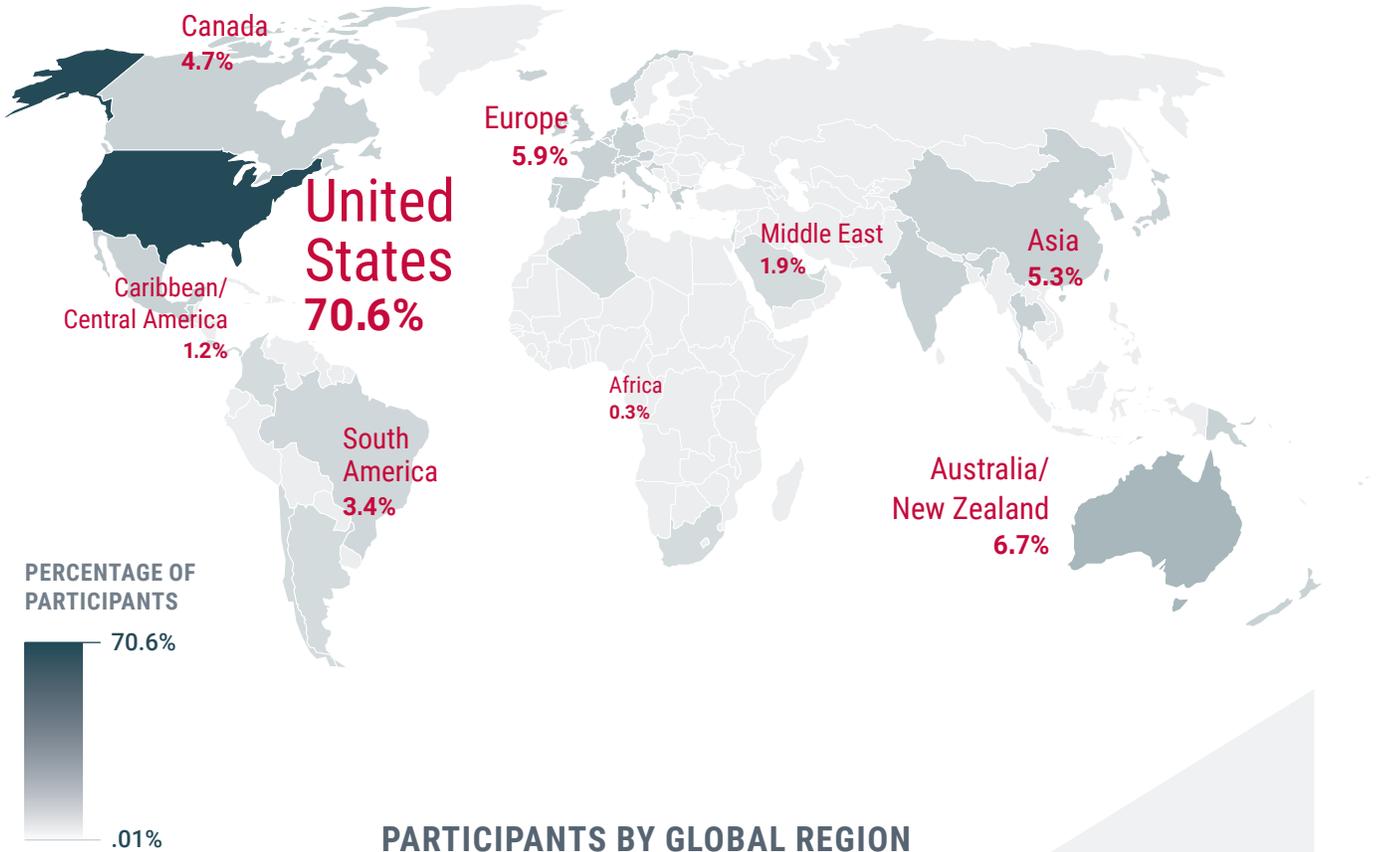


ESG AND D&I ISSUES TAKE CENTER STAGE

As attention to ESG issues continues to increase, CLOs say many aspects of their corporate strategy are being impacted including that of product development on the environment, third-party relationships and supply chain standards, and investor and stakeholder expectations. Fifteen percent of CLOs say their organization has been pressured by investors to take (or refrain from taking a stand (or both) on political or cultural issues over the past year. This is also resulting in a clear focus on D&I issues, with many CLOs saying they will be taking new measurable actions internally and externally in relation to equity and inclusion practices for staffing and operations. It is clear that the areas of ESG and D&I are continuing to gain momentum, with the majority of CLOs believing attention to these issues will accelerate in the future.

PARTICIPANT PROFILE

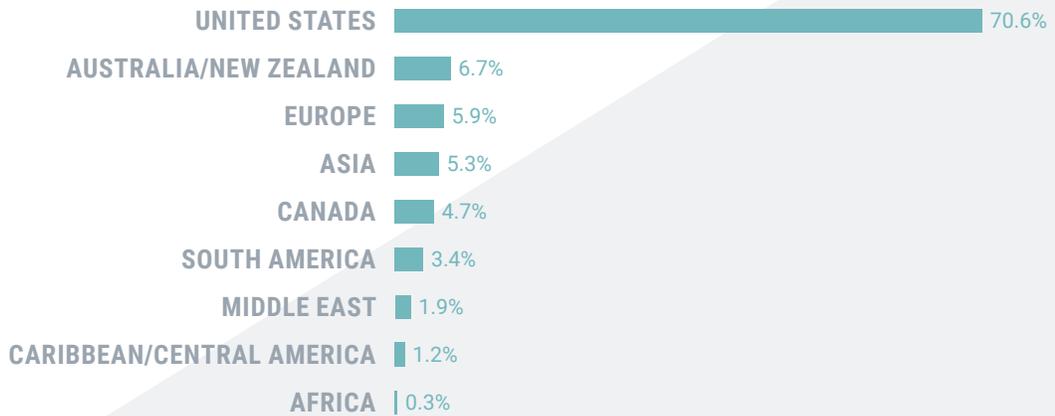
Geographic location of participants



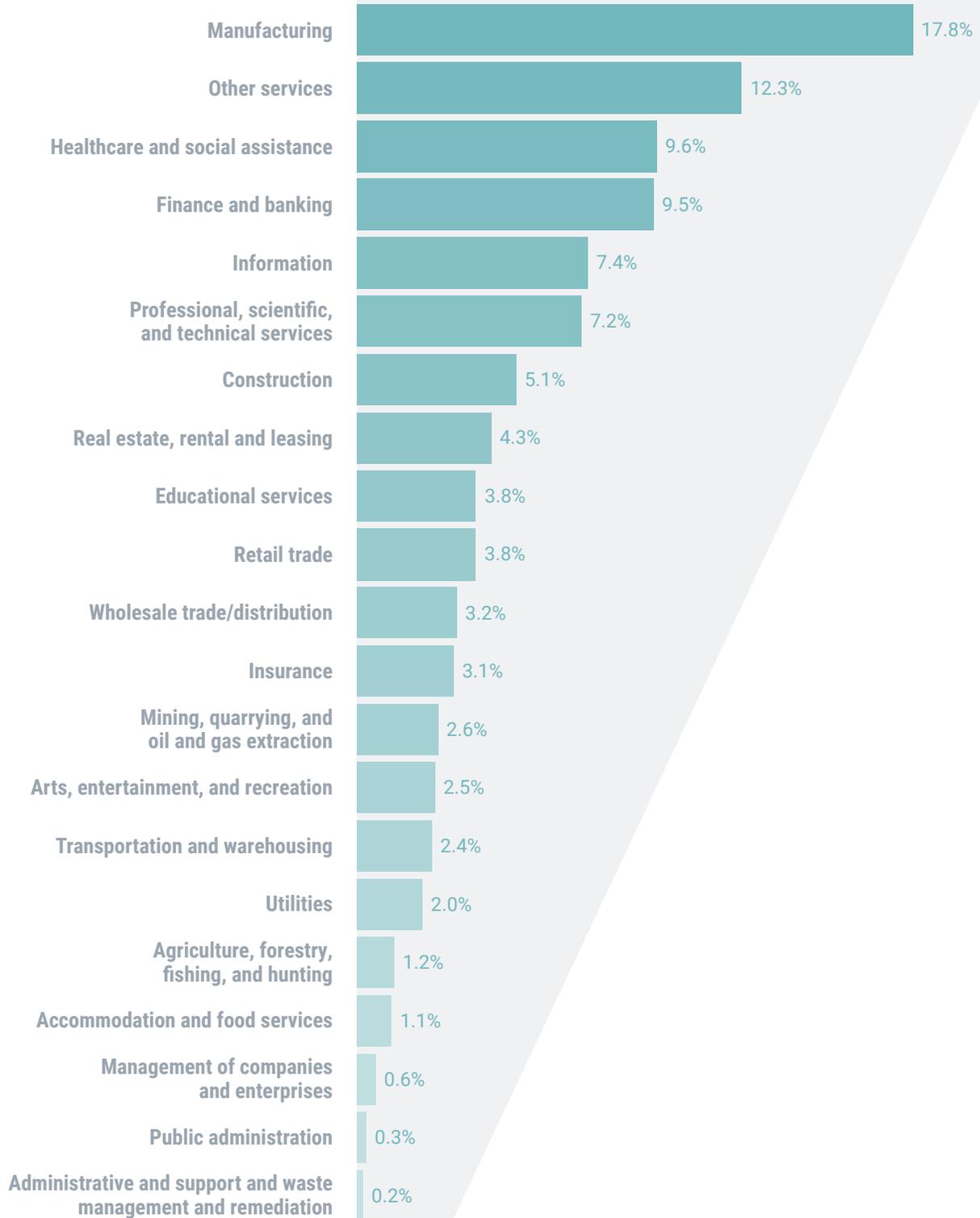
PERCENTAGE OF PARTICIPANTS



PARTICIPANTS BY GLOBAL REGION



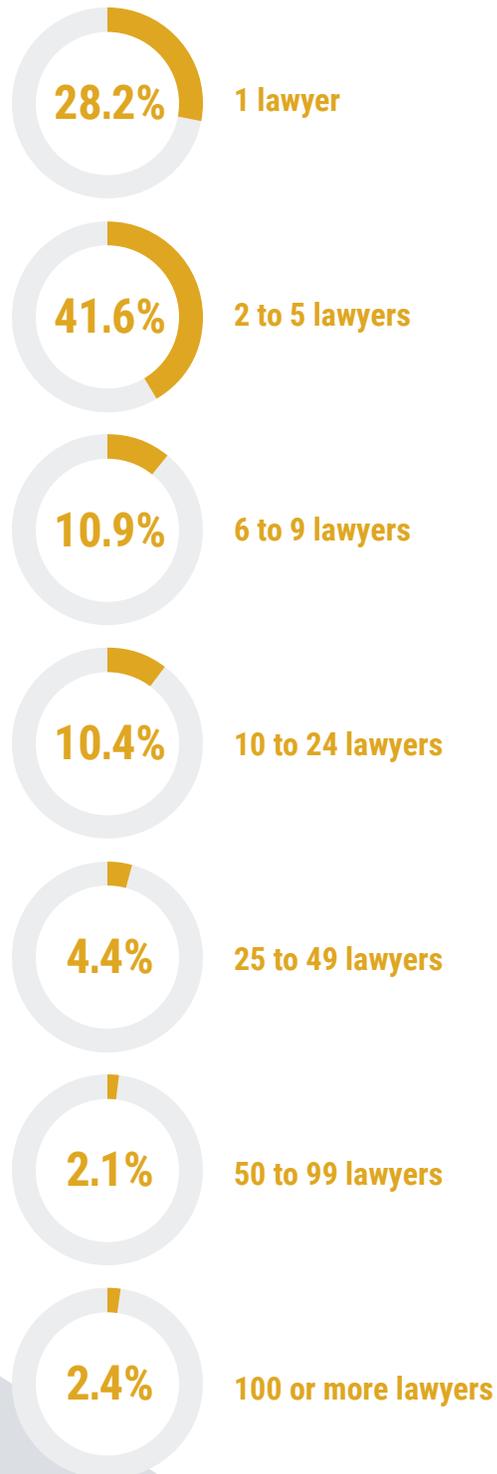
What is your organization's industry affiliation?



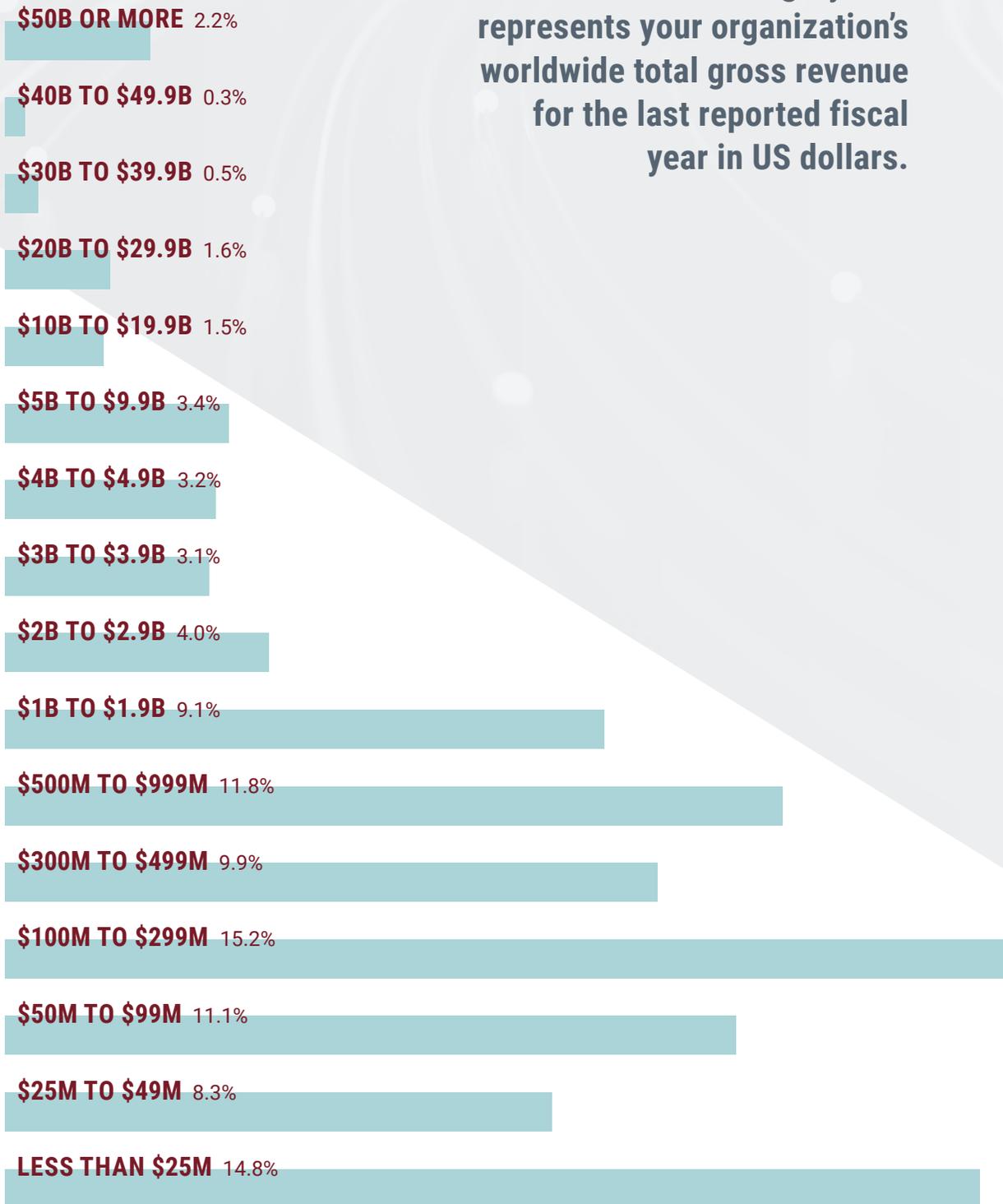
**Which of the following describes your organization?
Please select all that apply.**



Including yourself, what is the total number of lawyers in your law department, including all locations?



Please select the category that represents your organization's worldwide total gross revenue for the last reported fiscal year in US dollars.



RESEARCH METHODOLOGY

SURVEY INSTRUMENT

The survey questionnaire was offered through an online survey platform. Personalized survey links were sent by email to the target population, which allowed participants to save their responses and fill out the questionnaire in more than one sitting, if needed.

FIELDING PERIOD

The survey opened on October 1, 2020 and closed on November 29, 2020. Reminder emails were sent weekly.

TARGET POPULATION

We targeted ACC members worldwide who are the highest-ranked legal officers in their respective legal departments. A screener question was asked to help determine the most relevant population. To further expand our reach, we also sent participation invites through other ACC partner organizations, namely the Association of Corporate Legal Departments Japan, the Latin American Corporate Counsel Association, and the UK Law Society of England & Wales.

PARTICIPATION

A total of 947 CLOs participated. Apart from targeted email messages, opportunities to participate were also sent through LinkedIn campaigns.

ANONYMITY

Survey responses were completely anonymous. No information is linked in any way to an individual respondent. The results are provided only at the aggregate level, and respondents' quotes from open-ended responses were carefully reviewed and edited, if appropriate, to remove any identifiable information related to respondents or their organizations.

DATA ACCURACY

Not all respondents answered all questions. The percentages provided are based on the number of valid responses received for each individual question. Many survey questions offered the opportunity to select multiple response options. In those cases, percentages may not total to 100 percent.

OPEN-ENDED RESPONSES

Several survey questions required open-ended responses. Many of the quotes and citations from participants that we present throughout the report were shortened or edited due to space or style needs.

STATISTICAL TERMINOLOGY

Mean: The values of each observation are summed together and divided by the total number of observations.

Median: This is the middle value of all observations ordered from low to high (also called the 50th percentile).

Percentile: This is a value that divides a population according to a distribution of observations. It allows us to know the percentage of observations that fall above or below a particular value. For example, if we find that the 25th percentile of the number of lawyers in a department is three, we then know that 25 percent of departments have up to three lawyers, while the other 75 percent of departments have three or more.

n: This indicates the number of observations for a given metric or reported value.

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ACC's global leadership efforts and initiatives continue to demonstrate a passion for educational opportunities that facilitate and enhance our capacity and skill to do our jobs. Most importantly, I am grateful that the ACC cares about what is relevant to me locally, and nurtures ideas and events to support fellow in-house counsel in my region on topics of value to us.

- LORNE O'REILLEY, SENIOR COUNSEL,
DOW CHEMICAL CANADA



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By in-house counsel, for in-house counsel.®

ABOUT EXTERRO

Exterro was founded with the simple vision that applying the concepts of process optimization and data science to how companies manage digital information and respond to litigation would drive more successful outcomes at a lower cost. We remain committed to this vision today. We deliver a fully integrated Legal GRC platform that enables our clients to address their privacy, regulatory, compliance, digital forensics, and litigation risks more effectively and at lower costs. We provide software solutions that help some of the world's largest organizations, law enforcement and government agencies work smarter, more efficiently, and support the Rule of Law.

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