

# BUSINESSES MUST INCLUDE LAWYERS ON BOARDS TO ENSURE COMPLIANCE

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## **Lawyers on a board have a responsibility to protect a company and its shareholders by promoting and enforcing good governance**

Company boards should include lawyers in order to ensure that compliance policies are implemented, as well as offer protection to shareholders, the board itself and the company, attendees at an event organised by The Latin American Lawyer in Bogota, Colombia heard. While it was acknowledged that there is a distinction between multinationals and local companies (often family-owned), the consensus among event participants was that lawyers on a board have responsibilities to assist in promoting and enforcing good governance principles. Speakers at the event – which was held in partnership with Diligent – also said that board members' roles should be professionalised, which should involve training, in order for them to understand the concept of duty of care, as well as their position in relation to conflicts of interest and their social and

personal responsibilities.

### **Shareholder activism**

There should also be a clear distinction drawn between the role of the lawyer acting as a board member and the role of lawyers acting as external advisors to the board, attendees at the event – hosted by Philippi Prietocarrizosa Ferrero DU & Uría – were told. That said, participants noted that it is not common for boards in Colombia to instruct external counsel.

Meanwhile, it was also highlighted that shareholder activism is also growing in Colombia and that it can be a catalyst for change when it comes to implementing good governance principles and adopting technology to manage risk. Procedures for protecting privacy and data when communicating at board level should be engrained in the company culture, participants said.