



CEE

YEAR 9, ISSUE 8
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LEGAL MATTERS

IN-DEPTH ANALYSIS OF THE NEWS AND NEWSMAKERS THAT SHAPE
EUROPE'S EMERGING LEGAL MARKETS

2022 Corporate Counsel Handbook

Guest Editorial by Stathis Mihos of Pfizer ■ Across the Wire: Deals and Cases ■ On the Move: New Homes and Friends ■ The Buzz

Managing the In-House Team: Team Sizes | Team Size Evolution | Keeping the Team Engaged

Managing the Budget: It's Simply the Norm | If We Must

Risks and Compliance: At the Top of the Agenda | ESG: A New Road To Cover | Tackling Compliance Risks Head On | Nurturing a Culture of Compliance

External Counsel: Do You Outsource More? | When Do You Outsource? | How Do You Pick Your Advisor? | Do You Pick the Firm or the Lawyer?

Reflecting On The Deal 5 Interviews: Out Shopping: GCs on Picking a New Law Firm | Old Faithful: GCs on Returning To the Same Legal Advisor |

3D Chess: GCs on the Challenge of Multitasking



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EDITORIAL: THE COLLEGE ALL-NIGHTER

By Radu Cotarcea

My dissertation paper was submitted 28 days in advance of my deadline. I was a star, diligent student, and I heroed.

I'm lying. I *did* submit it incredibly early, by college days standards, but the only reason I did so was that, straight from the student's office, I went to Heathrow airport and got on a transatlantic flight to corn-all-over Iowa, to spend time with my future-wife-to-be at her campus in Grinnell. Back in the antiquity that was my graduation, submitting one's dissertation paper online was not an option. So, I had to do it with my months-lasting suitcase by my side, minutes before I had to catch a cab to take me to the airport... And, by the way, opting to pay for a cab in London to take you to the airport, on a student's budget, is a sure sign that you're pushing your deadlines. And no, I obviously did not sleep the night before that submission.

We all have similar stories. Some of us, yours truly included, thrive under the pressure of these moments. But it is mind-numbing to me that we still live by this paradigm. When David, our former editor, would shoot out *Expert Reviews* invites three months ahead of the deadline, I used to be flabbergasted. Now that he's not taking the lead on these things, I get it – I many times feel the need to do the same. That said, even back then, with months of notice, Partners asking for an extension – a day before the deadline – was a *very* common occurrence. If they wrote at all.

I get it, you are told a deadline of date X, so you set a calendar notification for the day that says “deadline for Y.” From that point on, it's out of sight and out of mind. Until date X comes and, in the morning, you get that nagging little pop up reminding you of the deadline. And, because life or business or both, you already have plenty on your plate to do that day and are not able to simply drop it all “on such short notice” and address item “deadline for Y.” Especially when you realize you were kidding yourself and it is not something that you can address in a couple of hours. As a result, you write, on the day, saying something came up and you are unable to deliver on the “deadline for Y” and need an extension. I get it because I am guilty of doing it myself all too often.

And, by design, we've had projects with inevitably tight deadlines. The Deals of the Year submissions traditionally had to

take place after the year closes. Otherwise, how would you know how to pick the three (our submission cap per firm) most important deals between all the ones you worked on within that year? What if a blockbuster closes on December 31 (it's been known to happen) and you've used up your three deals submission allowance? But then we need to announce all the submissions in the February issue, carry out two voting rounds, and put an event together celebrating the awards in April. Between these, we'd have a window of about two weeks for the submission process. And that is two weeks when you're still groggy after your winter break. And that ignores there are always other submissions or projects that require your attention in parallel.



We're to help! We set up a rolling submission system. You can already submit any deal you've worked on that closed throughout the year and you can continue to submit deals, on a rolling basis, that close as the year progresses. “But what if I hit my cap of three,” you might worry. Well, fear not! If you submit a fourth, we'll simply remind you of the other three you'll have put forward already, and ask you to pick which three stay in the running.

We've set this up and announced the open call three weeks ago. In the time since, we've received an overwhelming number of submissions – a grand total of four. This makes me wonder if the CEE markets have taken such a hit this year – that there have been only four deals worthy of consideration for the DOTYs – or if “Submit Deal Z” is yet another “deadline for Y,” set for the very day we've announced as the cut-off. As we've said in previous years, our flexibility on that deadline will simply be inexistent. So, I'm reminding our readers of it now, at the beginning of October, along with the simplicity and benefit of the rolling system.

I do hope that, for a change, I won't have to respond to dozens upon dozens of e-mails, on the day, asking for an extension because no one like hearing “No – we can't.” And I do hope you'll choose now, over three months ahead of the deadline, not to put yourself through another college all-nighter – fun as reliving our college years may be. ■

GUEST EDITORIAL: PRINCIPLE-BASED ADVICE FOR THE IN-HOUSE LEGAL TEAM

By Stathis Mihos, Senior Legal Director,
Platform Support – Greece, Cyprus, Malta, and Israel Sub-Cluster Lead Pfizer



I suppose it comes as no surprise to anyone working in an in-house legal team that we are often asked to do “more with less.” Although this may be feasible on some occasions, it is clearly not an ideal or sustainable way of doing (legal) business. In fact, what often happens is that we end up just doing “less with less” – which may not be a bad thing, after all, provided it is done in the proper way.

Besides, our time is our most valuable and limited resource. For us to be productive, while also protecting our health and wellness (which is important not only to us but to our organization, as well), we need to be selective in where we can make our greatest contribution.

What we have come up with, to cope in the most efficient way, is to provide what we call “Principle-Based Advice” or PBA for short. This means that we employ strategies to help

our internal clients help themselves. To help them think ahead and solve broadly; to help them become fishermen, instead of handing out the fish; to help them experiment and grow, without abandoning them; to trust their judgment, focus on what matters, and own the risks together.

It all starts small but with the eyes always on the big picture. It is important to work on the change of mindset: both for the clients, who must learn to apply the principles of a sound legal solution without being specifically told how, and for the in-house legal teams, who must let go of things and still be graceful and supportive while doing so. We are using several channels to spread the word, train everyone, and share best practices so that PBA becomes the default method of legal support.

Using PBA has the added benefit of promoting a culture of compliance and multiplying the beneficial influence of the legal team throughout the organization: instead of leaving legal risks to the legal team, all employees become owners and managers of the legal risk, with legal being the helping hand when needed.

I’m pretty sure a lot of legal teams are already practicing PBA – I guess we just gave it a nice name and, maybe, took it to the next level. ■



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If you like what you read in these pages (or even if you don’t) we really do want to hear from you. Please send any comments, criticisms, questions, or ideas to us at: press@ceelm.com

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ACROSS THE WIRE:

DEALS AND CASES

Date Covered	Firms Involved	Deal/Litigation	Value	Country
16-Aug	Baker McKenzie; Loloci & Associates; Pinsent Masons; Schoenherr; Wenger Vieli	Schoenherr, working with Pinsent Masons and Wenger Vieli, advised Kontron on selling parts of Kontron Group's IT services business to Vinci Energies during a competitive auction process, for approximately EUR 400 million. Reportedly, Baker McKenzie's German office advised Vinci Energies. Loloci & Associates advised Kontron on Albanian matters.	EUR 400 million	Albania; Austria; Czech Republic; Croatia; Moldova; Montenegro; North Macedonia; Poland; Serbia; Slovakia
16-Aug	E+H	E+H advised IFM Global Infrastructure Fund's indirect subsidiary Airports Group Europe on a partial voluntary public offer to increase its stake in Flughafen Wien Aktiengesellschaft to over 40%.	N/A	Austria
24-Aug	BPV Huegel	BPV Huegel advised investment manager Weilburg Family Office on its launch of a private equity module.	N/A	Austria
29-Aug	Brandl Talos; Herbst Kinsky; Schoenherr; WSS Redpoint; YPOG	Schoenherr, working with WSS Redpoint, advised Ancla Logistik on its merger with Logsta and the simultaneous conversion of existing revenue-based venture debt provided by Round2 Capital to Logsta. Brandl Talos, working with YPOG, advised Logsta. Herbst Kinsky advised Round2 Capital.	N/A	Austria
7-Sep	Ebner Stolz; Heuking Kuhn Luer Wojtek; Noerr; Schoenherr	Schoenherr, working with Noerr, advised Nord Holding on the acquisition of a majority stake in the Heizkurier Group from Odewald KMU. Heuking and Ebner Stolz reportedly advised the sellers on the deal.	N/A	Austria
8-Sep	BPV Huegel; Waitz Rechtsanwaelte	BPV Huegel advised Cloudflight Austria on its acquisition of Upper Austrian Mobile Agreements. Waitz Rechtsanwaelte advised Harald Weinberger on the sale.	N/A	Austria
14-Sep	Wolf Theiss	Wolf Theiss advised the Aramis Group on its acquisition of Onlinecars.	N/A	Austria
30-Aug	Clifford Chance; Freshfields; Wolf Theiss	Wolf Theiss, working with Freshfields Bruckhaus Deringer, advised Raiffeisen Bank S.A. on its RON 500.85 million issuance of senior non-preferred eligible sustainability notes. Clifford Chance advised the joint lead managers.	RON 500 million	Austria; Romania
13-Sep	Moravcevic Vojnovic i Partneri; Schoenherr; Stanivukovic	Schoenherr, in cooperation with Moravcevic Vojnovic and Partners, advised Greiner Packaging International on its acquisition of Serbian PET flake producer Alwag from Aling-Conel and Reiwag Facility Services. The Stanivukovic law office advised majority shareholder Aling-Conel on the sale.	N/A	Austria; Serbia
29-Aug	Djingov, Gouginski, Kyutchukov & Velichkov; Gugushev & Partners; Spasov & Bratanov	Gugushev & Partners advised Helios Energy Invest on its EUR 65 million acquisition of Helios Projects from H1 Venture Swiss Holding. Djingov Gouginski Kyutchukov & Velichkov advised the seller. Spasov & Bratanov advised the China Development Bank as project finance lender.	EUR 65 million	Bulgaria

Date Covered	Firms Involved	Deal/Litigation	Value	Country
30-Aug	PPG Lawyers	PPG Lawyers successfully represented Copa Isi Sistemleri in unfair competition proceedings before the Bulgarian Competition Protection Commission and the Supreme Administrative Court of Bulgaria.	N/A	Bulgaria
14-Sep	Djingov, Gouginski, Kyutchukov & Velichkov; Popov, Arnaudov & Partners	Djingov Gouginski Kyutchukov & Velichkov advised a consortium of investors led by Integral Venture Partners on the acquisition of a 76% stake in Sirma AI, trading as Ontotext. Popov Arnaudov and Partners reportedly advised Sirma Group Holding, Sirma Solutions, and Ontotext on the sale.	EUR 30 million	Bulgaria
7-Sep	Andric Law Office; Boyanov & Co; Clifford Chance; Dentons; Polenak Law Firm; TM & Partners	Dentons, Polenak, and Boyanov & Co advised a syndicate of banks led by Ceska Sporitelna, and including Ceskoslovenska Obchodni Banka and Komerční Banka, on the financing of KKCG Group and Aricoma Group's acquisition of Musala Soft. Clifford Chance advised Aricoma. Andric and TM & Partners reportedly advised the banks as well.	N/A	Bulgaria; Czech Republic; North Macedonia; Poland; Serbia; Slovakia
7-Sep	Bernitsas	Bernitsas advised Delta Foods SMSA on the sale of its wholly owned Bulgarian subsidiary United Milk Company EAD to Tyrbul EAD.	N/A	Bulgaria; Greece
22-Aug	CMS; Schoenherr	Schoenherr advised the KKCG Group and its portfolio company Aricoma Group International on the acquisition of Bulgarian software company Musala Soft and its subsidiaries. CMS reportedly advised the sellers.	N/A	Bulgaria; North Macedonia
30-Aug	Mannheimer Swartling; Schoenherr	Schoenherr, working with Mannheimer Swartling, advised Alfa Laval Corporate on its acquisition of Scanjet Systems.	N/A	Bulgaria; Poland
30-Aug	Boyanov & Co; Wolf Theiss	Boyanov & Co advised Yara International on the sale of Bulgarian and Romanian businesses Yara Bulgaria and Yara Digital Romania to the Nik Group. Wolf Theiss advised the buyer.	N/A	Bulgaria; Romania
18-Aug	Clifford Chance; Dentons; Divjak Topic Bahtijarevic & Krka; Lovric Novokmet Partneri	Divjak Topic Bahtijarevic & Krka advised Entain on its acquisition of the SuperSport Group from Emma Capital. Lovric Novokmet Partneri and Dentons advised Emma Capital. Clifford Chance reportedly also advised Entain.	EUR 690 million	Croatia
13-Sep	Kinstellar (Zuric i Partneri)	Kinstellar's Croatian affiliate Zuric i Partneri advised on the incorporation of two employer associations in Croatia: the Association of Trade and Logistics and the Association of the Processing Industry and Technology.	N/A	Croatia
18-Aug	Havel & Partners; Kocian Solc Balastik	Havel & Partners advised European Housing Services on its investment in M&M Reality. Kocian Solc Balastik advised PM Family Estates as the sellers.	CZK 1 billion	Czech Republic
25-Aug	Kinstellar	Kinstellar advised Helaba on the financing provided to Czech developer Crestyl for the revitalization of the NR7 building in Prague.	N/A	Czech Republic
26-Aug	Allen & Overy	Allen & Overy, in partnership with Clearstream and Euroclear, advised on the drafting and implementation of bondholder tax certification procedures in the Czech Republic.	N/A	Czech Republic
31-Aug	Forlex; PwC Legal	PwC Legal Czech Republic advised the Forez shareholders on their sale of the company to the BR Group. Forlex advised the buyer.	N/A	Czech Republic
1-Sep	Kocian Solc Balastik	Kocian Solc Balastik advised the Heureka Group on its acquisition of Balikobot. Solo practitioner Martin Buchta reportedly advised the seller.	N/A	Czech Republic
9-Sep	Dentons; Linklaters	Dentons advised the CPI Property Group on a EUR 1.852 billion forward start facility to refinance the two-year bridge loans for the acquisitions of Immofinanz and S IMMO, extending their maturity until 2025. Reportedly, Linklaters advised the lenders.	EUR 1.85 billion	Czech Republic

Date Covered	Firms Involved	Deal/Litigation	Value	Country
17-Aug	Filip & Company; Havel & Partners; Hillbridges; Kinstellar; Lakatos, Koves & Partners; Linklaters; ODI Law; Savoric & Partners	Havel & Partners, Savoric & Partners, ODI Law, and Hillbridges advised a syndicate of banks on the approximately EUR 196 million syndicated cross-border refinancing loan to the CCC Group. Kinstellar advised the CCC Group in Romania, Slovakia, Hungary, the Czech Republic, and Croatia. Linklaters, Lakatos Koves & Partners, and Filip & Company reportedly also advised the lenders.	EUR 196 million	Czech Republic; Croatia; Hungary; Poland; Romania; Slovakia; Slovenia
30-Aug	Deloitte Legal (Reff & Associates); Tuca Zbarcea & Asociatii	Deloitte Legal affiliated firm Reff & Associates advised Bank of Cyprus on the sale of a portfolio of non-performing loans and repossessed properties in Romania with a face value of EUR 147 million to an entity part of the APS group. Tuca Zbarcea & Asociatii advised the buyer.	EUR 147 million	Czech Republic; Romania
12-Sep	Firon Bar-Nir; Nestor Nestor Diclescu Kingston Petersen; Wachtell, Lipton, Rosen & Katz	Nestor Nestor Diclescu Kingston Petersen, working with Wachtell Lipton Rosen & Katz, advised International Game Technology on the acquisition of iSoftBet. Firon Bar-Nir advised the sellers.	EUR 160 million	Czech Republic; Romania
23-Aug	BDO Legal; JSK; Majernik & Mihalikova	JSK and Majernik & Mihalikova advised Credit Value Investments on its investment in the Saunia Group through bond financing. BDO Legal advised Saunia.	N/A	Czech Republic; Slovakia
24-Aug	Kocian Solc Balastik	Kocian Solc Balastik advised arranger J&T IB Capital Markets on the issuance of unsecured unsubordinated book-entry bonds by J&T Energy Financing CZK, with a total value of EUR 750 million and an option to increase to EUR 2.25 billion.	EUR 750 million	Czech Republic; Slovakia
31-Aug	Dentons; Havel & Partners	Havel & Partners advised ZFP Investments on its acquisition of the Blumental Offices project from Corwin. Dentons advised the seller.	N/A	Czech Republic; Slovakia
15-Sep	Glatzova & Co; NK Law Group	Glatzova & Co advised Pale Fire Capital on its acquisition of an investment stake in Czech heat pump manufacturer Acond. The NK Law Group advised the previous investor on the sale.	N/A	Czech Republic; Slovakia
23-Aug	Cobalt; Trinit	Cobalt advised venture capital fund Change Ventures on its seed investment in Estonian recruitment platform RecruitLab. Trinit advised RecruitLab.	EUR 1.9 million	Estonia
30-Aug	Ellex (Raidla)	Ellex advised the sellers on their sale of GuestJoy to SiteMinder.	N/A	Estonia
30-Aug	Sorainen	Sorainen advised Salto X on raising EUR 5.2 million in a seed funding round.	EUR 5.2 million	Estonia
30-Aug	Ellex (Raidla)	Ellex advised Forum Invest and Forum Valduse on the sale of Foorum Centre to US Real Estate.	N/A	Estonia
1-Sep	Trinit	Trinit advised the OECD on a study of sustainable water services in Estonia.	N/A	Estonia
8-Sep	Cobalt	Cobalt advised Nordea on the sale of its last remaining 11.6% stake in Luminor to a consortium led by private equity funds managed by Blackstone.	N/A	Estonia
12-Sep	Cobalt	Cobalt advised PRFoods on the sale of its Swedish business to Vattudalens Fisk.	N/A	Estonia
13-Sep	Ellex (Raidla)	Ellex advised Tradehouse on its acquisition of Scandinavian Brands.	N/A	Estonia
15-Sep	Jansson Munger McKinley & Kirby; Pohla & Hallmagi	Pohla & Hallmagi advised Deck Marine Systems on an agreement with Fairbanks Morse Defense with the aim to expand the capabilities of FMD to serve unmanned marine vehicles. Jansson Munger McKinley & Kirby reportedly advised FMD.	N/A	Estonia
19-Aug	Wallace	Wallace advised sales and distribution holding JNG Investments on its acquisition of wholesaler Balt-Hellin.	N/A	Estonia; Latvia

Date Covered	Firms Involved	Deal/Litigation	Value	Country
6-Sep	Cobalt	Cobalt advised FN-Serviss on a cross-border merger of its group of companies in which the company's Estonian subsidiary was acquired by its Latvian parent company.	N/A	Estonia; Latvia
18-Aug	Koutalidis	Koutalidis advised MGE Hellenic Investments on its sale of McArthurGlen Hellas to Lamda Olympia Village.	N/A	Greece
1-Sep	Kyriakides Georgopoulos; Papapolitis & Papapolitis	Kyriakides Georgopoulos advised the German Mercedes-Benz Group on the sale of Greek subsidiary Mercedes-Benz Hellas to the Swiss Emil Frey Group. Papapolitis & Papapolitis reportedly advised the buyer.	N/A	Greece
5-Sep	Bernitsas; Norton Rose Fulbright	Norton Rose Fulbright advised the National Bank of Greece on the EUR 450 million financing of a floating storage and regasification terminal off the coast of Alexandroupolis. Bernitsas Law advised Gastrade.	EUR 450 million	Greece
6-Sep	Kyriakides Georgopoulos; Sarantitis	Kyriakides Georgopoulos advised CC Beverages Holdings II on its EUR 45 million acquisition of Three Cents from SICC Holding Limited. Sarantitis advised Ideal Holdings, of which SICC Holding Limited is a wholly-owned subsidiary.	EUR 45 million	Greece
7-Sep	Koutalidis	Koutalidis advised a syndicate of Greek banks on the refinancing of the existing indebtedness of Athens International Airport.	N/A	Greece
9-Sep	Koutalidis	Koutalidis advised Eurobank, the National Bank of Greece, and Piraeus Bank on the financing for the Hellenic Electricity Distribution Network Operator through the issuance of a bond loan up to an overall amount of EUR 660 million.	EUR 660 million	Greece
14-Sep	Karatzas & Partners; Lambadarios Law Firm	Lambadarios advised the Hellenic Republic Asset Development Fund and Hellenic Petroleum on the sale of Depa Infrastructure to Italgas for EUR 733 million.	EUR 733 million	Greece
18-Aug	Moore Legal Kovacs	Moore Legal Hungary advised Alpac Capital on its EUR 2 million investment in TC2.	EUR 2 million	Hungary
5-Sep	PeliPartners	PeliPartners advised Global Trade Center on the sale of Bucharest's Cascade Office Building to Hungarian Crown Holding Kft.	N/A	Hungary; Romania
17-Aug	Sorainen	Sorainen provided pro bono legal assistance to the Papardes Zieds association on launching its new website.	N/A	Latvia
31-Aug	Sorainen	Sorainen advised PrivatBank on transferring its client portfolio and part of its assets and liabilities to Industra Bank.	N/A	Latvia
9-Sep	Lupp + Partner; Sorainen	Sorainen advised Pet Baltija on its acquisition of Tesil Fibres. Reportedly, German firm Lupp + Partner advised Tesil Fibres on the sale.	N/A	Latvia
12-Sep	Sorainen; TGS Baltic	TGS Baltic advised the shareholders of wind and solar energy project development company CVE on the sale of 100% of its shares to Ignitis Renewables. Sorainen advised Ignitis.	N/A	Latvia
26-Aug	Walless	Walless advised LitCapital on its investment in the peer-to-peer sharing platform Sena.lt (Horizontal Media).	N/A	Lithuania
2-Sep	Motieka & Audzevicius	Motieka & Audzevicius advised the Linas Agro Group on its sale of assets in Russia and Belarus to undisclosed buyers and exit from the Russian market.	EUR 7.5 million	Lithuania
6-Sep	Cobalt	Cobalt advised Trophy Games Development on its acquisition of Piu-Piu.	N/A	Lithuania
14-Sep	Sorainen	Sorainen advised the Vilnius Coding School on the acquisition of Baltijos Kompiuteriu Akademija from its founders.	N/A	Lithuania
22-Aug	TGS Baltic	TGS Baltic successfully represented Vilnius CHP in front of the Stockholm Chamber of Commerce arbitral tribunal on a contract termination dispute with Polish boiler maker Rafako.	N/A	Lithuania; Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
18-Aug	Motieka & Audzevicius; RTPR; TGS Baltic	Radu Taracila Padurari Retevoescu and TGS Baltic advised GreenGroup on its acquisition of Lithuanian recycling company Ecso. Motieka & Audzevicius advised Ecso's founder and minority shareholder.	N/A	Lithuania; Romania
13-Sep	PLK Advokati; Schoenherr	PLK Advokati advised Montenegrin media companies Daily Press and Televizija Vijesti on the sale of a 51% stake to United Media. Schoenherr reportedly advised United Media.	N/A	Montenegro
25-Aug	ODI Law	ODI Law advised Makedonski Telekom on the collective bargaining negotiations with two representative trade unions.	N/A	North Macedonia
17-Aug	DLA Piper	DLA Piper advised Galileo on its acquisition of a minority stake in Pagra and the related partnership agreement.	N/A	Poland
17-Aug	Gessel	Gessel advised the Lode Group on its investment in PW Partner through Lode's subsidiary PCO Serwis.	N/A	Poland
26-Aug	SSK&W; WKB Wiercinski Kwiecinski Baehr	Wiercinski Kwiecinski Baehr advised the Avia Capital Fund I on its acquisition of a majority stake in Hadatap. SSK&W Stoklosa Syp & Partners advised Hadatap and its shareholders.	N/A	Poland
29-Aug	Brockhuis Jurczak Prusak Sroka Nilsson	Brockhuis Jurczak Prusak Sroka Nilsson advised the founders of No Fluff Jobs on the sale of the majority stake in the company to Ringier Axel Springer Polska.	N/A	Poland
30-Aug	Clifford Chance; CMS	Clifford Chance advised Hillwood Polska on the EUR 26.3 million financing for the construction of a logistics park in Zgierz provided by Bank Millennium. CMS advised the bank.	EUR 26.3 million	Poland
2-Sep	Gessel	Gessel advised DataWalk on a public offering of series P shares.	PLN 38 million	Poland
5-Sep	Gessel; SSW Pragmatic Solutions	Gessel advised Bioceltix on its non-prospective public offering, preparation for a debut on the Warsaw Stock Exchange regulated market, and transfer of stock quotes from the alternative trading system NewConnect to the regulated market. SSW Pragmatic Solutions reportedly also advised Bioceltix.	N/A	Poland
9-Sep	Gide Loyrette Nouel; Wardynski & Partners	Gide Loyrette Nouel advised Frey on its acquisition of Park Handlowy Matarnia in Gdansk from Ingka Centres for EUR 105 million. Wardynski & Partners advised Ingka Centres on the deal.	EUR 105 million	Poland
9-Sep	Balicki Czekanski Gryglewski Lewczuk	Balicki Czekanski Gryglewski Lewczuk advised Bank Pekao on a PLN 60 million financing granted for the acquisition of the Altus Palace Hotel in Warsaw.	PLN 60 million	Poland
13-Sep	MFW Fialek; Sobczynscy i Partnerzy	MFW Fialek advised Tar Heel Capital on its acquisition of a majority stake in SmakMak. Sobczynscy i Partnerzy advised SmakMak on the deal.	N/A	Poland
14-Sep	Taylor Wessing; Wolf Theiss	Taylor Wessing advised PKO Bank Polski on the financing of a warehouse project being developed in Pabianice by Panattoni. Wolf Theiss advised Panattoni.	EUR 48 million; PLN 40 million;	Poland
14-Sep	Balicki Czekanski Gryglewski Lewczuk; MFW Fialek; Modzelewska & Pasnik	MFW Fialek advised Tutore Poland on its merger with ProfiLingua. Balicki Czekanski Gryglewski Lewczuk advised Wydawnictwa Szkolne i Pedagogiczne on the demerger of ProfiLingua, with Modzelewska & Pasnik advising WSiP on competition proceedings.	N/A	Poland
15-Sep	Gessel	Gessel advised Caspar Asset Management on the preparation for its debut on the Warsaw Stock Exchange regulated market and the transfer of stock quotes from the NewConnect alternative trading system to the regulated market.	N/A	Poland
15-Sep	Kallan; Schulte & Trapp; WKB Wiercinski Kwiecinski Baehr	Wiercinski Kwiecinski Baehr advised Ringfeder Power Transmission on the acquisition of the industrial brake business of Tieschen & Zimmermann, including its Polish subsidiary. Kallan reportedly advised Ringfeder as well. Schulte & Trapp reportedly advised the sellers.	N/A	Poland

Date Covered	Firms Involved	Deal/Litigation	Value	Country
17-Aug	Musat & Asociatii; Tuca Zbarcea & Asociatii	Tuca Zbarcea & Asociatii advised Speedwell on the EUR 60 million sale of a 75% stake in the Miro office building to Hili Properties. Musat & Asociatii advised the buyer.	EUR 60 million	Romania
17-Aug	Filip & Company	Filip & Company advised Alesonor Real Estate Development on obtaining a EUR 21 million financing from Banca Transilvania for the development of the Amber Forest project.	EUR 21 million	Romania
22-Aug	DLA Piper; RTPR	Radu Taracila Padurari Retevoescu advised Catalyst Romania Fund II on the acquisition of a minority stake in Evolution Prest Systems, which owns the Evomag e-commerce website. DLA Piper advised the seller.	EUR 2 million	Romania
24-Aug	BNT Attorneys; DLA Piper; Tiefenbacher Rechtsanwalte	DLA Piper advised 2Ride on its acquisition of Casco. BNT Gilescu Valeanu & Partners advised Casco's owner. Tiefenbacher reportedly also advised the seller.	N/A	Romania
31-Aug	Nestor Nestor Diculescu Kingston Petersen	Nestor Nestor Diculescu Kingston Petersen advised the Beverage Producers Alliance in setting up a deposit return system for single-use primary packaging – RetuRO – and on its accreditation as the sole administrator of the Romanian system.	N/A	Romania
2-Sep	EY Legal (Bancila, Diaconu si Asociatii); Stoica & Associates	EY-associated firm Bancila Diaconu si Asociatii advised the founders on the sale of the Get's Bet Group to Emma Capital. Stoica & Asociatii advised the buyer.	N/A	Romania
9-Sep	PeliPartners	PeliPartners advised WDP on the acquisition of the Arad Business Park logistics center.	N/A	Romania
9-Sep	Aird & Berliss; Schoenherr; Wolf Theiss	Wolf Theiss, working with Aird & Berliss, advised Jade Power Trust on the sale of its portfolio of six renewable energy projects to Enery Power Holding. Schoenherr advised the buyer.	EUR 71 million	Romania
14-Sep	Wolf Theiss	Wolf Theiss advised a syndicate of Erste Group Bank, Banca Comerciala Romana, OTP Bank Nyrt, OTP Bank Romania, and Raiffeisenlandesbank Niederoesterreich-Wien on a EUR 410 million credit facility granted to the Iulius Group.	EUR 410 million	Romania
18-Aug	Karanovic & Partners	Karanovic & Partners advised the Green for Growth Fund on extending a EUR 10 million loan facility to UniCredit Bank Serbia.	EUR 10 million	Serbia
23-Aug	BDK Advokati; Kirkland & Ellis	BDK Advokati, working with Kirkland & Ellis, advised Francisco Partners on its acquisition of SAP Litmos from SAP.	N/A	Serbia
2-Sep	NKO Partners; Stanivuk & Manasijevski	NKO advised CTP on the acquisition of Levante Logistics from the Kenzai Group. Stanivuk & Manasijevski advised the seller.	N/A	Serbia
8-Sep	Bojovic Draskovic Popovic & Partners	Bojovic Draskovic Popovic & Partners advised Pactera EDGE on starting its operations in Serbia.	N/A	Serbia
29-Aug	Nedelka Kubac Advokati	Nedelka Kubac Advokati advised Slovenska sporitelna, VUB, Tatra Banka, CSOB, and 365.bank on receiving European Commission approval for a joint venture between the five banks.	N/A	Slovakia
1-Sep	Havel & Partners	Havel & Partners advised Slovenska Posta on a four-year investigation and administrative proceedings concluded with imposing commitments and no fine.	N/A	Slovakia
13-Sep	Dentons	Dentons provided pro bono legal representation to whistleblower Maria Koranova, an employee of a state-funded organization founded by Slovakia's Ministry of Health.	N/A	Slovakia
16-Aug	Erdem & Erdem	Erdem & Erdem advised the Acibadem Healthcare Group on its acquisition of the Private Orthopedia Hospital in Adana.	N/A	Turkey
18-Aug	Kinstellar (Gen Temizer Ozer); Turunc	Turunc advised Bogazici Ventures on participating in a USD 700,000 investment round into Enhencer. Kinstellar Turkish affiliate Gen Temizer Ozer advised Diffusion Capital Partners on leading the round.	USD 700,000	Turkey

Date Covered	Firms Involved	Deal/Litigation	Value	Country
18-Aug	Norton Rose Fulbright; Norton Rose Fulbright (Pekin Bayar Mizrahi); White & Case (GKC Partners)	Norton Rose Fulbright and its Turkish affiliate Pekin Bayar Mizrahi advised the International Holding Company on its AED 1.8 billion acquisition of a 50% stake in Kalyon Enerji, via IHC subsidiary International Energy Holding. White & Case's Turkish affiliate GKC Partners advised Kalyon.	AED 1.8 billion	Turkey
23-Aug	Abcoo; Pelister Atayilmaz Enkur; Schindhelm (GEMS Legal)	The Pelister Atayilmaz Enkur law office and Abcoo advised the Egeli Egesan Group and its shareholders on the sale of a 75% stake in the group to Tyrolit. GEMS Legal Schindhelm advised the buyer.	N/A	Turkey
29-Aug	Cakmak	Cakmak Attorney Partnership advised Re-Pie Asset Management Company on its subscription of shares in Procenne.	N/A	Turkey
1-Sep	Clifford Chance; Clifford Chance (Ciftci Attorney Partnership); Ergun Law Firm; White & Case; White & Case (GKC Partners)	Clifford Chance advised the lenders on the EUR 155 million financing of the Kutahya Integrated Health Campus project design, construction, operation, and maintenance under the public-private partnership model. Ergun Law Firm and White & Case's Turkish affiliate GKC Partners advised sponsor Guris Construction and Engineering.	EUR 155 million	Turkey
15-Sep	Norton Rose Fulbright (Pekin Bayar Mizrahi)	Norton Rose Fulbright Turkish affiliate Pekin Bayar Mizrahi advised Res Participations and Res Anatolia Holding on the sale of Galatya Enerji Uretim to Berges Elektrik Uretim.	N/A	Turkey
22-Aug	Kinstellar; Sayenko Kharenko	Kinstellar advised telecommunications operator Kyivstar on its acquisition of a controlling stake in digital healthcare company Helsi. Sayenko Kharenko advised Helsi's shareholders and management.	N/A	Ukraine
22-Aug	Avellum; Latham & Watkins; Sayenko Kharenko; Weil, Gotshal & Manges; White & Case	Avellum, working with White & Case, advised the Ministry of Finance of Ukraine on the restructuring of Ukraine's sovereign debt. Sayenko Kharenko, working with Latham & Watkins, advised JP Morgan in its role as solicitation agent. Weil Gotshal & Manges advised some of the GDP-warrant and bondholders.	USD 22.5 billion	Ukraine
1-Sep	Asters	Asters successfully represented Power Construction Corporation of China and Powerchina Huadong Engineering Corporation in challenging security measures granted by the Kyiv Court of Appeal in assistance to arbitration proceedings pending before the Dubai International Arbitration Center against the Fursy Energy Group and FAS Energy.	N/A	Ukraine
1-Sep	Avellum; Sayenko Kharenko	Avellum advised the Ministry of Finance of Ukraine on extending a EUR 200 million 15-year loan from the Italian Republic and a CAD 450 million 10-year loan from Canada. Sayenko Kharenko advised the Government of Canada.	EUR 200 million; CAD 450 million	Ukraine
5-Sep	Avellum; White & Case	Avellum, working with White & Case, advised the Ministry of Finance of Ukraine, National Power Company Ukrenergo, and the State Road Agency of Ukraine Ukravtodor on consent solicitations for extending external debts.	N/A	Ukraine
9-Sep	Avellum	Avellum advised the Managing Partners of the American University Kyiv on its launch in Ukraine.	N/A	Ukraine



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ATTORNEYS AT LAW

ON THE MOVE: NEW HOMES AND FRIENDS

Poland: Tomasz Uljasz and Team Join Resist Rezanko Sitek

By Radu Cotarcea (August 30, 2022)

Resist Rezanko Sitek has announced that the Tomasz Uljasz-led Kancelaria Adwokacka Tomasz Uljasz team has joined the firm with Uljasz to act as an Of Counsel and head of the Private Lawyer practice.

Uljasz specializes in family law, inheritance law, and housing community law. He has been leading his eponymous firm since January 2009. According to Resist, he has been advising on issues related to “the process of divorce, alimony and child support, child’s residence, parental responsibility, distribution of property, as well as succession proceedings.”

Uljasz is joined by Advocate Milena Maciejewska and Advocate Trainee Klaudia Wojcicka. ■

Moldova: Stratulat Albulescu Brings on Sabina Cerbu as Partner and Opens Chisinau Office

By Radu Cotarcea (September 7, 2022)

Romanian firm Stratulat Albulescu has opened a new office in Chisinau, Republic of Moldova, with Sabina Cerbu joining as a Partner.

Specializing in corporate/M&A and intellectual property, Cerbu joins after working since 2020 in her eponymous firm Law Office Cerbu Sabina. Before that, she worked at Efrim Rosca & Asociatii between 2015 and 2019, where she became the Head of Litiga-

tion in 2016. Earlier still, she worked for the Ministry of Justice, first as the Head of the Minister’s Office between 2011 and 2013 and then as a Deputy Minister between 2013 and 2015. Her experience also includes working as a Junior Lawyer with Burac Law Office between 2010 and 2011 and with JV Moldcell between 2008 and 2009.

According to the firm, the office will be led by the firm’s Managing Partner Silviu Stratulat. Alongside, Cerbu, the firm currently features two Senior Associates in the office on its website and announced it expects “to grow significantly over the next 12 months.”

“We saw the potential of the Moldovan market when we noticed the increased interest from Moldova in investment from Romania and indeed elsewhere in Europe and are very excited to have now brought our law firm to Chisinau,” Stratulat commented. “We strongly believe in the growth prospects of Moldova and with our presence on the ground, we want to contribute to the future development of the country.” ■

Romania: Mihailescu Legal Launches in Bucharest

By Radu Cotarcea (September 7, 2022)

Former Noerr Associate Partner in Romania Anca Mihailescu has left the firm and founded Mihailescu Legal.

Mihailescu joined Noerr as an Associated Partner and Head of the firm’s Energy practice in Bucharest earlier this year (as reported by CEE Legal Matters on March 3, 2022). Prior to Noerr, Mihailescu was a





Partner at Ijdelea Mihailescu (now Ijdelea & Associates) between 2017 and 2022. Before that, she worked for NNDKP, first as an Associate between 2011 and 2014 and then as a Senior Associate, between 2014 and 2016. Her experience also includes working as a Junior Associate for DLA Piper and Linklaters.

“It’s a concept that I have been thinking about for some time, but things have come beautifully together just now,” commented Mihailescu. “It’s about energy in the current global context, having a front row seat in energy transition, one-stop-shop, collaborating with others, doing excellent and innovating work, being a partner rather than a consultant, bringing much more to the table.” ■

Poland: Tau Nowacki Opens Doors in Warsaw

By Radu Cotarcea (September 9, 2022)

Former Compliance Partners Partner Jaroslaw Nowacki has founded Tau Nowacki focused on “operational compliance and AML in fintech and crypto.”

Nowacki had been with Compliance Partners since 2016. During that time, he also served as the Chief Compliance Officer at Raiffeisen in Poland in a secondment position between 2018 and 2019. Between 2015 and 2016 he worked for Bank Pekao as a Team Manager - Compliance Controls / Compliance Department. Between 2013 and 2015 he was a Legal Advisor in the Compliance Department at X-Trade Brokers DM. His experience also includes working as an Associate with the JP Weber Group between 2011 and 2013 and as a Senior Officer with the Polish Financial Supervision Authority between 2009 and 2011.

“I’m really excited and happy to shape

the direction of this firm, with particular focus on my main areas of expertise: operational compliance and AML in fintech and crypto,” Nowacki explained. “Tau’s services include secondments and direct involvement as compliance officers and AMLROs in Polish and EU-based fintech and crypto companies, so we are not your typical external lawyers, but rather members of our clients’ teams.” ■

Hungary: Akos Eros Leaves Wolf Theiss to Establish Eros Law Firm

By Radu Cotarcea (September 13, 2022)

Former Wolf Theiss Partner Akos Eros has established a new firm in Budapest: Eros Law Firm.

Specializing in corporate/M&A, Eros has been with Wolf Theiss since 2018 (as reported by CEE Legal Matters on September 11, 2018). He moved there from Squire Patter Boggs, where he last served as the firm’s Managing Partner in Hungary, before the firm closed its Budapest office in 2019 (as reported by CEE Legal Matters on February 19, 2019).

Prior to his 18 years with Squire, Eros was a National Partner with Arent Fox, between 1995 and 2000, and an Attorney at Law with Coopers & Lybrand (now PwC), between 1994 and 1995. His experience includes working as a Lawyer Trainee with Freshfields legacy firm Heller Loeber Bahn & Partners, between 1992 and 1994.

“I am excited to rejoin some of my colleagues from Squire Patton Boggs and serve clients at the highest quality level in Hungary,” commented Eros. “Our experiences and credentials are second to none in the Central European legal market.” ■

PARTNER APPOINTMENTS

Date	Name	Practice(s)	Firm	Country
31-Aug	Christoph Lejsek	Corporate/M&A; Real Estate	E+H	Austria
31-Aug	Florian Sagmeister	TMT/IP, Competition	E+H	Austria
12-Sep	Nikolaus Loudon	Litigation/Disputes; White Collar Crime	Wolf Theiss	Austria
12-Sep	Venus Valentina Wong	Litigation/Disputes	Wolf Theiss	Austria
7-Sep	Lenka Zachardova	Tax	BNT Attorneys	Czech Republic
6-Sep	Patrycja Bolimowska	Corporate/M&A; Litigation/Disputes	Deloitte Legal	Poland
6-Sep	Jacek Korzeniewski	Corporate/M&A	Deloitte Legal	Poland
8-Sep	Stanislaw Zemojtel	Corporate/M&A; Litigation/Disputes	PwC Legal	Poland
12-Sep	Konrad Kosicki	Energy/Natural Resources	Wolf Theiss	Poland
6-Sep	Stefan Antonic	Corporate/M&A	Deloitte Legal	Serbia
12-Sep	Teja Balazic Jerovsek	Labor; Corporate/M&A; Litigation/Disputes	Wolf Theiss	Slovenia

OTHER APPOINTMENTS

Date	Name	Firm	Appointed To	Country
5-Sep	Borivoj Libal	Eversheds Sutherland	Co-Managing Partner	Czech Republic
7-Sep	Peter Maysenhoelder	BNT Attorneys	Equity Partner	Czech Republic
7-Sep	Tomas Behounek	BNT Attorneys	Managing Partner	Czech Republic
8-Sep	Andris Lazdins	Ellex	Equity Partner	Latvia
8-Sep	Sarmis Spilbergs	Ellex	Equity Partner	Latvia
8-Sep	Martins Gailis	Ellex	Equity Partner	Latvia
24-Aug	Dag Nilsson	BSJP	Co-Managing Partner	Poland
24-Aug	Jaroslav Sroka	BSJP	Co-Managing Partner	Poland
24-Aug	Joern Brockhuis	BSJP	Senior Partner	Poland
30-Aug	Tomasz Uljasz	Resist Rezanko Sitek	Of Counsel, Head of the Private Lawyer practice	Poland
7-Sep	Michal Jagielski	JDP Drapala & Partners	Co-Head of Tax	Poland
7-Sep	Wiktor Rainka	JDP Drapala & Partners	Head of IP/IT/Advertising and Media Law	Poland
9-Sep	Piotr Galuszynski	Czabanski & Galuszynski	Attorney for the bondholders of Europejskie Centrum Odszkodowan	Poland

PARTNER MOVES

Date	Name	Practice(s)	Moving From	Moving To	Country
5-Sep	Borivoj Libal	Corporate/M&A	Noerr	Eversheds Sutherland	Czech Republic
13-Sep	Akos Eros	Corporate/M&A	Wolf Theiss	Eros Law Firm	Hungary
8-Sep	Ramunas Kontrauskas	Litigation/Disputes	Marger Law Firm	TGS Baltic	Lithuania
7-Sep	Sabina Cerbu	Corporate/M&A	Law Office Cerbu Sabina	Stratulat Albulescu	Moldova
6-Sep	Marcin Aslanowicz	Litigation/Disputes	Schoenherr	SSW Pragmatic Solutions	Poland
9-Sep	Jaroslav Nowacki	Compliance	Compliance Partners	Tau Nowacki	Poland
13-Sep	Michal Markowski	Banking & Finance	Eversheds Sutherland	Osborne Clarke	Poland
6-Sep	Roxana Dudau	Real Estate	EY Law (Bancila, Diaconu si Asociatii)	Wolf Theiss	Romania
7-Sep	Anca Mihailescu	Energy/Natural Resources	Noerr	Mihailescu Legal	Romania

IN-HOUSE MOVES AND APPOINTMENTS

Date	Name	Moving From	Company/Firm	Country
30-Aug	Judit Zalan-Lipak	EY	Vanguards	Hungary
6-Sep	Attila Bocsak	Wizz Air	Gulf Bridge International	Hungary
14-Sep	Gabija Kuncyte	Lietuvos Pastas	Compensa Life Vienna Insurance Group SE	Lithuania
12-Sep	Tomasz Siembida	UniApek SA	Wolf Theiss	Poland
23-Aug	Costin Teodorovici	Ionescu & Sava	MassMutual Romania	Romania
12-Sep	Georgeta Szabo	Veolia Energie Romania	CWP Global	Romania
7-Sep	Fatma Ozen Karaca	Master Destek	Tirsan Treyler	Turkey
14-Sep	Ayca Aydin	TEB Cetelem	Fiba Yenilenebilir Enerji Holding	Turkey



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THE BUZZ

In “The Buzz” we check in on experts on the legal industry across the 24 jurisdictions of Central and Eastern Europe for updates about professional, political, and legislative developments of significance. Because the interviews are carried out and published on the CEE Legal Matters website on a rolling basis, we’ve marked the dates on which the interviews were originally published.

Latvia Leaning into Capital Markets, Fintech, and ESG: A Buzz Interview with Inese Hazenfusa of TGS Baltic

By Andrija Djonovic (September 22, 2022)



High levels of market activity despite regional tensions and rising uncertainty relating to the war in Ukraine, an ever-more inclusive financial regulatory framework, and a blossoming energy sector are the hot topics in Latvia, according to TGS Baltic Partner Inese Hazenfusa.

“The relationship our country has with Russia and Belarus, or lack thereof, affects business activities on a daily basis,” Hazenfusa begins. “Clients require guidance from us at all times – the sanctions have created a situation where all must be ever vigilant and on the lookout for potentially crossing a red line.” Hazenfusa stresses that all businesses must be on alert for all transactions, “if any of the counterparties, or parties related to them, are already sanctioned or in a position to be sanctioned – this would lead to the deal not only falling through, but also being subject to criminal offenses.”

Still, such an approach is not foreign for businesses operating in the Baltic country. “Latvia has, in the past, had a very stringent framework for AML requirements – these have been loosened somewhat as of late and are more risk-based than they were before,” Hazenfusa continues. “We are familiar with KYC and, thus, compliance with sanctions is not a novelty for us.”

Moreover, Hazenfusa reports that “the capital market is still quite active when it comes to transactions in Latvia. The start of the war has halted this somewhat, but – with businesses getting accustomed to the new reality – things are getting back on track, and there is a relatively high number of bond issuances and IPOs on the market or in the pipeline,” she reports. According to her, Latvia historically has had a rather “quiet capital markets situation in comparison to its neighbors.”

From a regulatory point of view, Hazenfusa stresses that the Financial and Capital Markets Commission of Latvia has had “a good showing. This body used to be quite conservative and not as fond of innovative financial services, like fintech, for example. However, it has slowly been opening itself up more and reaching out to new players in the Latvian market,” she explains. “It is a big change in regulatory approach, and I hope that this trend will continue.”

Hazenfusa further reports that there is increased investor interest in the Latvian market as a consequence of “both our regulatory framework as well as the preparedness of the market to develop innovative services and products.” However, there are still instances where more needs to be done. “The country still has no concrete cryptocurrency framework introduced, on account of still waiting for the EU-wide regulation to be adopted. Businesses are waiting for this to happen, and there is a lot of investor interest, but crypto also comes with an entire set of AML concerns, and a clear and consistent regulatory framework is an absolute must,” she explains.

Finally, Hazenfusa reports that the energy sector is going strong. “More and more solar and wind projects are coming to fruition, and investor interest exists across the board and in various jurisdictions,” she reports. “This level of activity relates directly to the ESG framework, which has been increasingly taking shape lately. Now, more than ever before, businesses are getting a clearer picture of ESG procedures and related compliance and know both how to behave and what to expect,” Hazenfusa stresses. “It is still a process, but the status quo represents a very solid start,” she concludes. ■

Positive Prognosis for Slovenia: A Buzz Interview with Branko Ilic of ODI Law

By Teona Gelashvili (September 22, 2022)



The upcoming tax reform, legislation on FDI control measures, and skyrocketing investments in business premises are the key updates for Slovenia, alongside major mergers in the banking sector, according to ODI Law Partner Branko Ilic.

“There are two major discussion points in Slovenia at the moment, one being the war in Ukraine, and the other one – a newly elected government,” Ilic says. “The latter has been in power for three months by now and will slowly have to start showing some results. After the elections, the previous center-right government has been replaced by a center-left one, and the relevant changes in policies are expected to follow,” he notes.

Ilic says that the new government aims to amend a significant amount of legislation adopted in the past two years, including tax reform. “The income tax is expected to increase and that, together with new FDI control measures, will likely lead to a decrease in FDIs in Slovenia,” he points out.

According to him, “Slovenia was highly resilient during the pandemic crisis and, last year, our GDP growth was over 8%. However, this year the number has decreased to 4-6%, while next year we expect to see only a 2-3% increase. Despite that, the economy is doing quite well, which is mainly due to our real estate market.” Ilic adds that, because of the increase in interest rates, real estate prices might stagnate or decrease slightly next year.

“Another noticeable trend in Slovenia are the skyrocketing business premises project investments,” Ilic notes. “In the last ten years, there was a lack of such investments but, in 2022, this trend has changed – there are a number of obtained building permits, which will have an impact on business premises markets.” Ilic says that, for instance, recently, the Kolosej

building was acquired by the company Boscarol in Ljubljana to be transformed from a movie center into a business center. “The projects related to building offices and logistics spaces are expected to grow,” he notes.

Additionally, Ilic says that “the crisis in Ukraine is affecting gas and electricity distribution, with a very high inflation rate of 11% in August. The government has banned increasing electricity prices for a year and, hopefully, that will stabilize the market.” One good thing the new government did, according to him, “was canceling fines imposed during the pandemic, as the Constitutional Court decided that a large number of the emergency measures were unconstitutional. So, the fines were also struck down: they no longer need to be paid.”

“**Slovenia was highly resilient during the pandemic crisis and, last year, our GDP growth was over 8%. However, this year the number has decreased to 4-6%, while next year we expect to see only a 2-3% increase. Despite that, the economy is doing quite well, which is mainly due to our real estate market.**

According to Ilic, the market remains busy with M&A transactions, however, most of these transactions are done by small and medium-sized companies. “Yet, there are still big mergers, including the merger of two of Slovenia’s biggest banks – SKB and NKB. They signed the merger agreement at the beginning of 2021 and are still waiting for approval from the Slovenian competition authority. Considering the size of the Slovenian market, the competition authority is very cautious in granting approval.” Other than that, Ilic says “another noteworthy transaction is the former Sberbank’s merger with NLB, which was started, imposed, and finalized by the Single Resolution Board and Banka Slovenije and will have interesting judicial repercussions in front of the European Court of Justice.” ■

Politics Getting in the Way in Slovakia: A Buzz Interview with Stepan Starha of Havel & Partners

By Andrija Djonovic (September 23, 2022)



Political upheaval has been shaking Slovakia, halting legislative efforts and endangering the country's readiness to face the energy and other crises, according to Havel & Partners Partner Stepan Starha.

"The political crisis in Slovakia fraught everything," Starha begins.

This September, one of the coalition parties that formed the government quit, resulting in "the remaining three parties in power losing their parliamentary majority and halting all legislative efforts. It is not yet clear if the government will be able to hold out for the remainder of its term, until 2024, or if we're going to go for extraordinary elections."

The real estate sector has seen three new important acts, starting with a new Construction Act and a new Spatial Planning Act.

Focusing on the legislative agenda, now halted, Starha reports a few items in the pipeline. "Even though legislative activity is endangered, there are still hopes that some of the proposed legislative updates might still occur – starting with amendments to the commercial code," he says. "The government wanted to make it easier for LLCs to incorporate and envisaged a fully digital process which would lower legal costs for entrepreneurs and introduce a smoother experience – however, instead of the beginning of 2023, we now don't know if and when this will be effective," Starha explains. Additionally, he reports that the "implementation of the whistleblowing directive has been halted too, with the proposal being stuck."

Regardless, Starha reports some legislative updates did pass this year before the political crisis escalated. "The real estate sector has seen three new important acts, starting with a new

Construction Act and a new Spatial Planning Act." According to Starha, these were "really important" because they sought to shorten the period of time required to obtain a building license. "Currently, this period is 300 days on average, meaning that any reductions would do wonders." Additionally, Starha says that a new act on "state support for rental housing has passed, which will make the construction of rent-controlled apartments easier. Still, these acts are yet to enter into force in 2024 – if the extraordinary elections take place, and a different government is elected, we could still see delays and potentially even retractions," Starha cautions.

Moreover, the crisis might also be shaking up the efforts of the government to combat corruption. "A number of former high-ranking police commissioners, a number of judges, and even the former general prosecutor are under investigation on corruption charges. Hopefully, these procedures won't be affected in any way in the wake of the crisis," Starha reports. Still, even with all of this in mind, Starha reports that the legal market in Slovakia has been doing better. "Following a big slowdown in 2020 and 2021, 2022 finally brought an uptick in terms of M&A transactions at the beginning of the year. However, the war in the neighboring country brought uncertainty to the market once again," he says.

As examples of recent transactions, Starha points to the recent sale of a number of MOL petrol stations as part of a wider PKN Orlen – Lotos Group merger that took place in Poland, as well as the acquisition of the Blumental Offices. "Also, the government was able to introduce another car manufacturer to an already bustling car market – Volvo announced it will open a production plant near Kosice. On the one hand, this will lead to more jobs but, on the other hand, it will also increase an over-dependence of the economy on this specific industry," Starha explains.

Finally, commenting on the upcoming winter in the face of a looming energy crisis in Europe, Starha reports that the Slovak "gas storages should be almost full, and there seems to be enough for the winter. However, the government has not yet (as of the penultimate week of September) introduced any price caps, though there are rumors of some being in the pipeline for households, small businesses, and public bodies," he concludes. ■

The Czech Republic Preparing for the Worst: A Buzz Interview with Jiri Tomola of Dentons

By Teona Gelashvili (September 23, 2022)

With instability and uncertainty both in the political and economic spheres, the Czech Republic is preparing for a new wave of restructuring and insolvency procedures, according to Dentons Partner Jiri Tomola.

“The war near the Eastern border of Europe has created a huge amount of turmoil and has a great impact on energy markets, supplies, and prices,” Tomola says. “Unlike the COVID-19 period, when the government initiated a lot of support plans and subsidies for businesses, now we are dealing with the scarcity of these funds. The government will have to prioritize its spending, for instance, by increasing support for energy subsidies, military, and social policies. Not all market players will be happy about it.”

“At the moment, our team has been working to clear the backlog until the new wave starts,” he points out, noting that, “recently, the Czech supreme court announced its decision on a more than half-a-decade-long restructuring case for Oleo Chemical, which will likely shape future reorganization processes, setting out rules for good faith and honest intent of a debtor seeking reorganization, as well as guidance and limits for a challenge of the reorganization by creditors.”

“We have also seen an increase in financing work for energy companies in an effort to obtain liquidity to trade on energy markets. Such transactions tend to be in the hundreds of millions or even billions of euros,” he notes.

“The war is yet another event coming very shortly after the pandemic when the inflation rate was already quite high and as a result, and some market players are unable to cope with it anymore,” Tomola adds, noting that there are strong signals of new waves of insolvency and restructuring coming. “As for the legislation, the Czech Republic is among the few member states that have not yet implemented the EU directive on preventive restructuring. The lack of a legal framework has made restructurings in the Czech market more complex to execute,” he notes. “There is an urgent need to get the legal framework in place and ready to use before the next wave of insolvencies hits.”

Tomola adds that there is still an abundance of funds when it comes to the banking sector. “However, financial institutions are more careful about placing them – the funds are not available for everyone, and the interest rates have been increasing,” he explains. “Nowadays, an interest rate of 7-8% is normal, imposing an increased financial cost for loans and credits, which in return puts extra pressure on the companies to cover their financial liabilities.”

“We have been very busy in the banking sector. The difference is that some transactions have been reshaped, as the bond markets are virtually closed, forcing companies to return to more traditional credit or find new ways of financing,” Tomola highlights. ■



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Unlike the COVID-19 period, when the government initiated a lot of support plans and subsidies for businesses, now we are dealing with the scarcity of these funds. The government will have to prioritize its spending, for instance, by increasing support for energy subsidies, military, and social policies. Not all market players will be happy about it.

Lithuania Boosting Businesses: A Buzz Interview with Evaldas Dudonis of Sorainen

By Teona Gelashvili (September 26, 2022)



UBO register changes and an overall companies' law overhaul to protect shareholder rights are on the agenda in Lithuania, according to Sorainen Partner Evaldas Dudonis.

"This January saw the introduction of the UBO register, with a rather rudimentary initial version only applying to entities owned by one single natural person," Dudonis begins. "Subsequently, in May, new aspects were added to it that made it a bit too inquisitive – requiring information on every ownership chain member entity and CEOs, including addresses, passport copies, and tax residence info."

Dudonis reports that, during the summer, there has been a "vibrant public debate about whether or not the UBO register is too harsh." According to him, the debate was so intense that it, in effect, "pushed back on the date of the implementation of sanctions for failure to file information to the UBO register by the end of September. The companies were not very eager to be handing over all on this date, and they are still expectant of a change to the regulations which would ease the requirements," Dudonis explains.

Furthermore, Dudonis shares that the overall company law framework is set to have a quite important overhaul which might have gone under the radar for many. "The Ministry of Economy and Innovations drafted a number of changes to the Law on Companies, all of which are important and innovative," he says. For example, the amendments will allow for shareholder meetings and general assemblies to take place via video conferencing tools. "The change will allow for those shareholders that (jointly) own at least 10% of the company to demand to be allowed to participate remotely, which is a great win for minority shareholder rights."

Additionally, Dudonis reports that squeeze-out and buyout rights are to be put in place for private companies. "In essence, these too are shareholder protection mechanisms and will lead to more market liquidity." Moreover, he reports that issuing of privileged classes of shares will have a more liberal regime. "The law introduced changes that allow for different classes of shares with the only limitation being that the privileged shares must not represent more than 50% of all shares issued," he adds. "Also, the upcoming lowering of the initial incorporation capital requirement threshold – coming down to EUR 1000 from EUR 2500 – should only help this further."

Dudonis feels that these changes will not only increase overall shareholder protection but will also attract new investors. "In general, these changes will increase market flexibility – especially privileged share classes – which should foster an even greater growth of the start-up sector." Dudonis reports that all of these changes have "passed various clearance stages," and hopes they "will get enacted by the end of the year, if any part of them, e.g., the minority shareholder parts, do not get blocked." ■

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The change will allow for those shareholders that (jointly) own at least 10% of the company to demand to be allowed to participate remotely, which is a great win for minority shareholder rights.

North Macedonia's Massive Tax Overhaul: A Buzz Interview with Vedran Lalacic of Lalacic & Boskoski

By Teona Gelashvili (September 28, 2022)



North Macedonia is preparing for far-reaching tax reforms, with updated rules on the profit tax, VAT, personal income tax, and social contributions, while dealing with the economic slowdown and increased prices, according to Lalacic & Boskoski Partner Vedran Lalacic.

“A general slowdown in the economy, increased prices, and a great deal of distress due to the energy crisis and war in Ukraine are all affecting North Macedonia,” Lalacic notes. “In light of that, the biggest internal development potentially having an effect on a big part of our society and the business sector is the upcoming tax reform.”

“In summer, the government adopted an updated strategy for the reform of the tax system,” Lalacic notes. “This will change tax regulations in a number of areas, leading to an increased tax burden for businesses and citizens. While these upcoming changes have only recently been announced, the media and some government officials have reported that they should come into effect in January 2023.”

According to Lalacic, among the introduced changes, the most important one is related to the profit tax. “The existing regulation allowing a tax exemption on reinvested profit has been abolished, which spells a negative trend for businesses,” he notes. “I would also highlight additional conditions that will be stipulated for tax exemptions on dividends, for both domestic and foreign companies. Any investments in shares and profits arising thereof will be taxed, according to the new taxation strategy.” Still, Lalacic says that “one positive sign related to the profit tax will be the gradual introduction of tax exemptions for part of the costs of investments in the green transition and digital transformation. It can kickstart investors and companies moving toward environmental initiatives and projects, to implement ESG criteria in North Macedonia as well.”

“There will be some changes on VAT as well, Lalacic says, adding that “at this stage, the government is considering narrowing the list of goods and services for which a preferential 5% VAT tax is applied. For example, the accommodation industry might fall outside the 5% rule in the future and pay the newly proposed preferential rate of 10%. We don’t have further information about specific industries just yet.” Furthermore, he says that “the expansion of the list of goods and services for which VAT cannot be refunded is planned. Those industries where the VAT exemption does not apply and will fall under the regular VAT rules.”

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This will change tax regulations in a number of areas, leading to an increased tax burden for businesses and citizens. While these upcoming changes have only recently been announced, the media and some government officials have reported that they should come into effect in January 2023.

According to Lalacic, another change will apply to the personal income tax and social contributions. “The amendments will make it compulsory for businesses to pay mandatory social contributions arising from deed contracts,” he says. “Those might lead to increased costs for companies. Additionally, the maximum legal limit for payment of social contributions is abolished – from now on they will be paid on the total amount of gross income and there will be no cap.”

“Unfortunately, this will affect the business sector in multiple ways,” Lalacic says. “The government is very strict about the announced changes. So far, only provisional meetings were organized with business associations, and it looks like the government will adopt the changes despite public opinion. Considering what the country is going through, the timing might not be great for implementing such wide-reaching reforms,” he concludes. ■

Dealing with Energy and Sanctions in Croatia: A Buzz Interview with Mia Lazic of Savoric & Partners

By Andrija Djonovic (September 28, 2022)



In the wake of the war in Ukraine and Russia shutting down the gas supply to Europe, Croatia has been forced to take the upcoming potential energy crisis seriously, with several government measures and packages being implemented, according to Savoric & Partners Partner Mia Lazic.

“The main topic in Croatia, much like in most EU countries right now, is energy,” Lazic begins. “The government has approved a package, which will take effect in October, that caps the prices of electricity for households, businesses, and institutions,” Lazic reports. “The cap-off for businesses will vary depending on their consumption, but the average cap price will be EUR 230 for megawatt per hour, which is significantly lower than the current EUR 450 European median,” she adds. The temporary energy price-fix package will remain in place until the spring of 2023.

Fortenova is a very important piece of our domestic economy – having this in mind, it has been a problem how near it came to being covered by EU sanctions, given its ownership structure.

Furthermore, Lazic reports that the “VAT levels for natural gas have been lowered and certain subsidies for households and small businesses have been put in place.” These measures, too, are to remain in place until the spring of 2023. “Additionally, it is worth noting that the Croatian national gas company, INA, has been mandated to increase gas production by 10%, which will, in turn, be distributed by the Croatian national electrical company to households and other selected categories,” Lazic reports that this measure, also in place until next spring, is part of the Croatian government’s overall efforts to

exert more control over energy distribution.

Moreover, Lazic reports that the Croatian Prime Minister has announced a “proposal for a special tax targeting those companies that profited the most during the crisis.” Still, Lazic reports that the overall interest-raising trend that is present in the Eurozone has not been as steep in Croatia. “Our interest rate levels have been quite high as they were, so there hasn’t really been a major hike in that regard. Of course, some leveling-off is expected when Croatia joins the Eurozone in 2023,” she reports, but adds that it is still not expected that interest rates would pose a massive issue. “Most consumer loans in Croatia, some 60% of them, are already fixed-interest ones, so volatility is not expected in that regard.”

Finally, Lazic provides an insight into the ongoing sale of Sberbank’s 42.51% stake in Fortenova, a major Croatian food producer and retailer. “Fortenova is a very important piece of our domestic economy – having this in mind, it has been a problem how near it came to being covered by EU sanctions, given its ownership structure,” she explains. “There were talks that Indotek would buy out Sberbank’s shares, but this did not come to pass. The latest rumors are that Fortenova will attempt to buy out the shares itself and that even some Croatian pension funds could be interested; however, there are still problems.”

Lazic explains that, in order for the sale to take place, a decision should be made at the shareholders’ meeting with 66% of all shareholders, meaning that Sberbank would have to vote in favor of it – which the sanctions have so far prevented. “Due to sanctions, Sberbank was prevented from sending its representatives and voting at the two shareholders’ meetings in the Netherlands that tackled this matter. There is a third assembly, likely to take place in the following few months, with the same agenda – the key difference this time will be that the voting requirements, according to Fortenova’s corporate documents, will shift so that 75% of all present votes will be required in order for sale to take place, making the Enerгия Naturalis group the key decision maker in such a scenario.” Lazic concludes by explaining this means it is likely that Sberbank’s stake will get sold off, thus removing Fortenova from any immediate danger of being sanctioned. ■

Transactions Thriving in Greece: A Buzz Interview with Theodore Loukopoulos of KLC

By Teona Gelashvili (September 28, 2022)

The Greek market is experiencing an intense period in terms of transactional workload, mainly due to investments coming in through privatizations and concessions, as well as the powerful development of the renewable energy market, according to KLC Law Firm Deputy Managing Partner Theodore Loukopoulos.

“In terms of market, there have been a lot of M&A mandates for developing energy projects, including wind and solar farms,” Loukopoulos notes. “Additionally, we have a lot of real estate transactions. In particular, there is a heavy demand for small apartments for individuals who hold golden visas and other schemes implemented by the government to attract foreign investors.” According to Loukopoulos, there has also been an increase in demand for hospitality real estate. “Larger developments are taking place on the Greek islands, the Athens riviera, and other mainland touristic spots, increasing demand for hotels and other hospitality venues,” he notes.

Another hot topic in Greece, according to Loukopoulos, are the preparations for the upcoming winter. “We are all discussing the extremely unpredictable winter we have ahead, expecting a crisis with regards to the energy prices. Greece is not as dependent on gas as other EU countries and, consequently, it does not look like we will have any serious problems,” he notes. “Yet, gas prices are very high – having increased around 6 to 8 times – and consumers struggle to cover the expenses. Even though the government will likely provide subsidies, we don’t know if it will be sufficient to deal with the situation.”

Loukopoulos adds that Greece is also preparing for elections next year: “we are in an important period leading up to the elections. Normally, this is the period when everything stops – investors are waiting for the election outcomes and the government refrains from proceeding with new projects. We hope that, in the fourth quarter of 2023, the general situation in the country will eventually change.”

On a positive note, Loukopoulos says that, at the moment, life sciences is another interesting subject in Greece. “In the pharmaceutical market we have seen a few M&As in the previous years, but the number is declining,” he points out. “However, the major players are now showing interest in huge investments in large pharmaceutical plants and research centers. We have three new research centers by Pfizer, Demo, and Elpen already developed or being developed at the moment.” According to Loukopoulos, “Greek-based multinational pharmaceutical companies have exceeded expectations in terms of remaining, investing, and growing in Greece – with governmental subsidies having helped with that process. Apart from all that, we’re also noticing that patent litigations have been increasing among pharmaceutical companies in Greece.” ■



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We are all discussing the extremely unpredictable winter we have ahead, expecting a crisis with regards to the energy prices. Greece is not as dependent on gas as other EU countries and, consequently, it does not look like we will have any serious problems.

Grim Backdrop and Cautious Optimism in Bulgaria: A Buzz Interview with Elitsa Ivanova of CMS

By Andrija Djonovic (September 28, 2022)



Even with elections coming up soon for Bulgaria, there are still plenty of interesting topics to report on, including a vibrant deal market and an active energy sector, according to CMS Partner Elitsa Ivanova.

“Earlier this year, the Central Bank of Bulgaria revised its forecasts of GDP growth downwards,” Ivanova begins. “This aligns with all the other European countries, following rising inflation levels, disrupted supply chains, rising commodities prices, and a looming energy crisis,” she says. Additionally, Ivanova reports “political uncertainties which weigh heavily on the economic outlook.”

With elections set for October and no parliament currently in place, Bulgarian legislative efforts are standing still. “The implementation of the Preventive Restructurings Framework Directive is one of the items on the top of the agenda. We all believe that legislation seeking to harmonize Bulgarian law with the EU in this regard will be prioritized by the new parliament and government alike,” Ivanova reports.

Against this “rather grim backdrop,” as Ivanova puts it, there is yet room for “(cautious) optimism. The deal market has held up impressively well, with the most active sectors being those that stand to develop even further in the future – IT, technology, energy, and renewables,” she reports. Specifically, for the energy sector, Ivanova reports “high levels of interest and activity that only stand to be furthered by the green deal and net-zero-waste targets that companies set for themselves. There is a lot of promise and opportunity in the sector, especially with ESG becoming a more familiar topic for businesses on all levels,” she explains. “Clients of all sizes are starting to consider investing in obtaining the necessary knowledge and expertise when it comes to ESG. On the flip side, however, there has been more talk of greenwashing as well, so caution is advised,” Ivanova adds.

On the whole, Ivanova reports that “the hesitancy that was present, when it came to making budget predictions at the start of the year, has not dissuaded but, as we enter the final quarter, the pipeline remains strong.” She adds that she feels things will continue to improve as Bulgaria marches onwards on the path toward the Eurozone. “Of course, the current political climate is stalling this progress somewhat, but I believe we are still on track to join the Euro in 2024.”

Finally, Ivanova shares her belief that 2023 will “show a fairly resilient deal market. There will be slowing down, in terms of activity, but the levels will likely remain fairly strong.” She adds that “for financing, the reality is that interest rates will be rising, and the cost of financing will increase, but companies with strong balance sheets will be able to soak this and keep on operating in the same way as before.” In conclusion, Ivanova adds that she believes “the trends for the new future will remain ESG, renewables, and the overarching digital transformation – so I expect good things to come.” ■

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Clients of all sizes are starting to consider investing in obtaining the necessary knowledge and expertise when it comes to ESG. On the flip side, however, there has been more talk of greenwashing as well, so caution is advised.

Contentious Updates in Hungary: A Buzz Interview with Istvan Varga of Provaris

By Teona Gelashvili (September 28, 2022)



There are substantial recent developments in dispute resolution and litigation in Hungary, with some uncertainty about the application of the CJEU's jurisprudence to domestic litigation, as well as new arbitration rules coming into force, according to Provaris Managing Partner Istvan Varga.

“One of the cutting-edge problems in Hungary is dealing with the jurisprudence of the CJEU and its effective implementation in Hungarian civil procedural law and jurisprudence,” Varga says. “A few preliminary rulings have recently been referred back to the Hungarian courts by the CJEU, and these days the Hungarian Supreme Court and also lower courts will have to apply and effectively accommodate those CJEU rulings in pending high profile litigations.”

“The problem with that is we have cases where Hungarian courts are split on the issue – with some courts taking the position that a substantial implementation of those CJEU decisions has taken place and other instances considering that they rather seem to have been misapplied and misinterpreted,” he continues. “Occasionally, CJEU decisions are implemented in a way that does not entirely mirror the spirit and the nuances of those decisions. In such cases, there should be a retrial, similarly to those cases when the constitutional court annuls a law – this is analogous to what we are facing now.”

On top of that, Varga says, “in 2021, the Hungarian legislator introduced a new remedy against the Hungarian Supreme Court's decisions, referred to as the ‘legal uniformity procedure.’ By means of this remedy, even the Hungarian Supreme Court's decision can be repealed on the ground that the decision is allegedly deviating from the Hungarian Supreme Court's previously established case-law.” He pointed out the question “whether even CJEU decisions can be ignored, based on the legal uniformity principle, and what the prerequisites are.”

“Additionally, there are substantial new developments in the Hungarian truck cartel class litigation, involving a recently announced preliminary ruling in the CJEU's Volvo case, now to be implemented by the Hungarian Supreme Court,” Varga points out, noting that “the Supreme Court's handling of that new CJEU ruling on issues of a statute of limitations will most probably be another milestone in the fate of pending EU-law related damages actions.”

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One of the cutting-edge problems in Hungary is dealing with the jurisprudence of the CJEU and its effective implementation in Hungarian civil procedural law and jurisprudence.

“As for the Hungarian arbitration practice, some modifications of the Rules of Arbitration of the Permanent Arbitration Court attached to the Hungarian Chamber of Commerce and Industry are planned to enter into force in late 2022, digesting experiences piled up over the past five years,” he notes. “Among others, the revised rules will include a new provision on standstill. There will also be new rules on dissenting opinions, specifying the procedural framework of their handing down and accessibility.” Finally, Varga highlights that a new case management system is envisaged to further strengthen and accelerate the process in the early stage of the arbitral proceedings.

“Ultimately, in litigation, cases are decreasing in number,” Varga says. “Though the lasting crisis was expected to increase the caseload, with the enactment of the new Civil Procedure Code some years ago, with which the proceedings have become more formalistic, parties seem to be waiting for more legal certainty, or have been disillusioned by a series of highly formalistic dismissals of actions, which have resulted in a decrease in case numbers.” As for arbitration, Varga notes that there is a slight increase in numbers, especially when it comes to institutional arbitration. “We are very close to Vienna and other arbitration hubs in Europe, making it hard to strengthen the standing of Hungary as a preferred place of arbitration but, at the same time, motivating us to maintain a healthy competition,” he concludes. ■

Turkey in Demand: A Buzz Interview with Senem Kathrin Gucluer of GEMS Legal Schindhelm

By Teona Gelashvili (September 28, 2022)



The Turkish market finds itself in demand, with European companies relocating their production facilities there, and the country gradually switching to green energy, according to GEMS Legal Schindhelm Partner Senem Kathrin Gucluer.

“Turkey has a very high inflation rate – much higher compared to other European countries,” Gucluer says. “Similarly to Europe, we also have high prices, affecting businesses and the populace.” As for the transactions, Gucluer highlights a few active sectors. “Recently, a quite large deal was announced – the Swarovski group made a big investment in Turkey,” she says. “Additionally, the Turkish automotive sector remains quite strong, as we are manufacturing and supplying European markets with automobile parts.”

Gucluer notes that tourism has always been a big part of the Turkish economy, and this remains true nowadays, as tourists bring in foreign currency. “Since the war, many Ukrainian and Russian citizens have arrived, and areas around the Mediterranean Sea remain particularly attractive to them,” she points out. According to Gucluer, “the newcomers are buying significant amounts of real estate, in particular because Turkey is not a part of the EU community and did not join in the sanctions against Russia. However, the Turkish banks are still very careful,” so that needs to be taken into account, she says.

Gucluer also highlights some positive developments. “Since the COVID-19 pandemic and then the Russian invasion of Ukraine, the demand for the Turkish market has increased,” she notes. “European companies, some of them specialized in chemical and special system production, are now establishing production facilities in Turkey. This was also partly influenced by inflation in Turkey, as investors who hold foreign currencies find doing business here financially profitable also in terms of the low-cost labor force.”

Gucluer adds that the government is supporting such investments. “To attract foreign investors and currency, the government also adopted special incentives,” she says. “These incentives are primarily related to taxes – if companies bring foreign currency to Turkey under certain conditions, corporate tax can be decreased by 75%.”

“Yet another important trend in Turkey is switching to green energy,” Gucluer notes. “There is an increase in wind and solar energy projects, and Turkey is an interesting country for hydro energy, as it has a significant surface water potential.” On a not completely unrelated note, she says “another hotly discussed topic is the export of cement and concrete, since their production requires a lot of energy and produces a considerable amount of carbon dioxide.” ■

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European companies, some of them specialized in chemical and special system production, are now establishing production facilities in Turkey. This was also partly influenced by inflation in Turkey, as investors who hold foreign currencies find doing business here financially profitable also in terms of the low-cost labor force.



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INTRODUCING THE CORPORATE COUNSEL HANDBOOK





We are delighted to introduce the sixth edition of the CEE Legal Matters Corporate Counsel Handbook. CEELM has a long and proud tradition of creating platforms for general counsel across CEE to exchange best practices, war stories, or simply interesting tidbits from their daily routines. In 2015 we published the first edition of our Corporate Counsel Handbook special report. That same year we kicked off our annual GC Summit, which brought hundreds of general counsel together over the years. After a two-year hiatus due to the pandemic, we are excited to restart working on preparing the next summit, but, until we get a chance to bring our senior in-house readers under the same roof again, we're excited to put forward this report.

As opposed to previous editions of the Corporate Counsel Handbook, for which we carried out a multiple-choice survey, for this edition, we reached out to GCs from across CEE with a brief survey asking for qualitative input.

Responses were collected between September 1 and September 23, 2022. In total, 542 from 22 jurisdictions were reached out to directly by email, of which 306 responded to our invitation within the set deadline.

The GCs were not required to answer all questions in the survey, rather what they felt comfortable disclosing, even on an anonymous basis. Answers were aggregated into themes, which allowed for statistical reporting to complement the quotable answers provided.

To round out the submitted responses, this report also aggregated the input received over the last two years as part of our ongoing Deal 5 series of interviews, in which we follow up on concluded deals with the general counsel and other senior management members of the companies involved, to learn more about their transactions.

MANAGING THE IN-HOUSE TEAM





MANAGING THE IN-HOUSE TEAM: TEAM SIZES

The Small but Mighty

Of the GCs who shared information on their in-house team size, **66%** report a team of under five people, themselves included. Of these, **43%** report being the sole legal counsel either within the company in the case of national ones, or within their country in the case of international ones, with **9%** stating that they are only joined in the department by a junior.

Most GCs with a relatively small team point to a straightforward hierarchical structure, with them overseeing all legal aspects with the support of one or two direct reporting lines. In about a third of cases involving smaller teams, the GCs report having joined the company relatively recently, in some cases as the company’s first GC. Gunel Rzayeva of VavaCars, for example, says she joined the company “in January 2021 as the first in-house legal counsel of the group. After six months, we hired a junior legal counsel, then a paralegal, and lastly a contracts manager.”

Smaller teams seem to lean towards a more generalist approach. Sylvia Nanovska of Telelink, for example, says they “are a team of three people responsible for all legal matters in the group, including subsidiaries abroad.”

As Eleni Stathaki of Upstream Systems explains, “due to the team’s size, we cannot afford a high level of task specialization, so we all do a bit of everything, as needed,” but even for her “small but mighty team” there is a tendency to have a focus area for each. Stathaki tends “to advise on strategic matters, provide guidance to the legal team on various matters, including its interaction with other departments and stakeholders, and handle major commercial and corporate projects,” while also managing “the team’s budget, which is no small task consid-

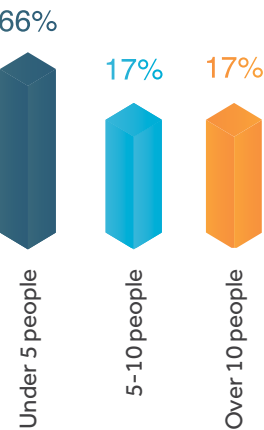
ering we work with over 25 outside counsel worldwide.” Of the other two colleagues, one focuses on “commercial issues and compliance issues as well, such as our anti-bribery and corruption program and, of course, handles the data privacy issues,” while the other “handles all corporate governance and works closely with procurement for all supplier contracts.”

Similarly, Tiina Pukk of Kou Mobility says that, in her team of three, there are: herself, “responsible for the whole group legal affairs, legal operations, and compliance in general,” a legal assistant, and a commercial lawyer “responsible for B2B relationships (customers, suppliers, partnerships, etc.) and product markets.” In Clementina Canel’s team at Fepra, the legal department is split between “two people dedicated to the business core and one person (half time) dedicated to the corporate area.”

In a few cases, the smaller teams are split into divisions, such as in the case of Radu Culic’s team at Roche, which has two other in-house lawyers in the team, one for each division of the company. “Both report to me, and I am responsible for both divisions.”

The one area most often reported to be covered by a focused team member was data protection. Wioletta Kaloska of Symfonia explains her team consists of “three people: a general counsel, a legal counsel, and a GDPR expert.” Adam Brzezinski of MoneyGram reports his team “consists of three individuals responsible respectively for employment around the globe and privacy in Europe. They are all based in Warsaw, Poland, where MoneyGram International has its shared service center. One senior legal counsel is responsible for employment matters in the Asia-Pacific and Africa regions, and for France and Belgium in Europe. Two others, both privacy analysts, are doing privacy work for Europe but also, occasionally, for the entire globe. This is because, as an international corporation in over 200 countries and territories, complying with the various local laws and regulations worldwide that govern the collection and processing of personal data can be a challenge without a comprehensive and coordinated approach. That is why we have implemented a global privacy strategy that applies the higher standard of the European Union’s GDPR’s privacy standards throughout the

Team Sizes



MoneyGram brand.”

External counsel were highlighted by all GCs who are running one-man teams. “In case of capacity shortages, we are working with external legal firms,” explains Viktor Fonth of HB Reavis, who is currently the only lawyer in the Hungarian operation. Zita Toth of Primaenergia also says she turns to external lawyers in case of need or in specific legal issues. And the GC of a private equity firm explains that “while in the past the legal team, thanks to its size, was able to take lead on transactions (including also their commercial aspects), we have now shifted to a structure where legal support on transactions and financing projects, as well as on local operational topics, is outsourced to external law firms. The legal team is responsible for supervising these external law firms and providing the required guidance to ensure our standards and specifics are complied with. In these circumstances, the legal team is more focused on internal operations and, primarily, the regulatory and compliance aspects of those.

Coming into Focus

17% of the GCs that disclosed the size of their legal teams report a team of between five and ten people.

Here, specializations start occurring more often. In a third of the cases, this happens along function lines. Zuzanna Kopaczynska-Grabiec of Wonga.pl, for example, reports that her “legal team at Wonga consists of eight persons and covers, *inter alia*, the area of regulatory, commercial, data protection, AML, corporate governance, compliance, and quality assurance (internal audit).”

More often though, the focus tends to be based on geography, or a matrix between functions and geography. Zeynep Derman Kucukonder of Coca-Cola, for example, explains she has “a great, competent team of eight covering 25 countries in Coca-Cola’s Eurasia and Middle East operating unit. We have one counsel responsible for one franchise/operations and two legal assistants supporting the counsel to focus on more impactful matters. All the counsel have functional responsibilities in addition to their respective geographies. This structure allows the team members to have a well-rounded growth beyond their geography.”

I should recognize that we have a broader team supporting each other outside the organization, across the globe within the unitary function we have in the company. We benefit from the subject matter experts and learn from colleagues residing in other operating units. Regardless of the respective geographies that we are responsible for, we are one team, which makes us stronger and more resourceful.

– Zeynep Derman Kucukonder of Coca-Cola

My team consists of nine FTE in Vienna, Frankfurt, and Berlin and is responsible for operational legal issues (excluding compliance, capital markets, labor law, and data protection law) in our group. In Austria and Germany, we provide legal services mainly in-house, whereas in CEE the Vienna team provides legal services or manages external counsel for issues beyond the ordinary business of our CEE affiliates. The ordinary business in CEE is the responsibility of the local management. I am the Head of Legal of our company and I am supported by a Head of Legal Germany, who is directly reporting to me and managing our German legal team.

– Ingo Steinwender of CA Immobilien



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In my interpretation, there are several ways an in-house legal team can be structured. At my previous employer (Tesco), I structured the legal team by practice areas (i.e., commercial law, real estate law, labor law, litigation, etc.), whereas at my current employer (Market Epito), the legal team is structured on the basis of construction projects. I believe that, partly, the operation of the company concerned, and partly the daily work of the in-house legal team determines the way in which the legal team is structured.

– Andras Levai of Market Epito

Whatever the Split, Flat's in Fashion

The other 17% of GCs report a team larger than ten people, usually in the heavily regulated sectors of energy, TMT, and banking. The latter, in fact, has the largest teams on average, by a clear margin, with Stefan Oro-si of Prima Bank Slovensko describing his in-house legal team counting six lawyers as “small.”

While, for these larger teams, specialization is consistently reported, almost all still highlighted a flat structure, with all team members reporting directly to the GC. As an example of the exceptions, Mark Erdelyi of Yettel Hungary points to his lawyers “working in two offices (teams), under the direct control of two Heads Of – as [his] deputies.” One of these offices “is the Commercial Legal Office, and mainly deals with customer-related issues, including marketing communication, competition law, telco law, consumer protection law, etc., while the other is the Corporate Governance Legal Office, dealing with corporate, finance, procurement, wholesale, data protection, internal governance, and similar activities.” But another TMT company General Counsel explains their team of 20 lawyers is flat, and all report directly to them. “The team is experienced, so the lawyers were independent but, due to the dynamics of projects and challenges on the market, I need to keep an eye on all of it.” This, they explain, also has to do with the nature of the company as a “market challenger,” while in the past, working for a “mature TMT company,” the legal department consisted of 12 people, where only four reported to them. “This was due to the fact that most of the processes were already well understood and did not pose such major challenges and, therefore, could be handled by people with less experience and managed in project groups.”

In terms of how the team is split, Andrzej Klimek of Idea Getin Leasing explains his team of 12 is divided into four main functions: corporate, courts proceedings, legal support for businesses, and compliance and personal data – such a functional approach is reported by 62% of the GCs with teams larger than ten people. Others, such as Iwona Gajek of BNP Paribas, report a split based on services and products, with her team of more than 55 people being “divided into smaller offices of ten to 15 people, with the split depending on specialization (corporate banking, retail banking, IT projects, etc.). Just over 10% report a matrix split combining functions and areas of expertise, with ING’s Ioana Regenbogen explaining her team of 24 lawyers “is structured based on the type of client segments addressed (retail banking, mid-corporate, and wholesale banking clients – both corporate, but split based on size of turnover). The team is then split based on the type of legal activities that we are providing: transactional, non-transactional (includes litigation, procurement, labor law, competition, sales network development), and the DPO (data privacy officer).” Similarly, Alex Florescu’s Nepi RockCas-tle team of 25 legal professionals is split based on department and area of legal expertise. ■

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MANAGING THE IN-HOUSE TEAM: TEAM SIZE EVOLUTION

Bigger Business, Greater Complexity, Rising Risks

Half of GCs report their in-house legal teams have remained the same size over the past two years. Only 4% report their teams have shrunk over the same period, with 46% saying theirs have increased. All of those whose teams shrunk point to departures from the team that were simply not replaced, and none mention actively cutting down their numbers.

In terms of team expansions, two-thirds explain their growth was directly linked to that of their business. Sylvia Nanovska of Telelink explains simply that “the workload is growing, as is the group I am working for.” Eirini Florou of Holcim says her “team increased due to the group’s expansion,” with Nadia Matusikova of RWS Moravia explaining the growth occurred “after the acquisition of a former competitor. The workload multiplied and we had to reinforce the team.”

According to Dora Szebeni of the Vanguard Fashion Group, her team grew from two members to four. “The business was growing, and we had diverse and complex legal tasks within the group.” This also hints at the second most common reason behind team expansions – that of increased complexity, highlighted by 22% of those who saw growth in their in-house legal functions. “This increase is mainly attributable to the needs of the business, in light of various challenges or the regulatory and business environment,” says Alex Florescu of Nepi RockCastle. Mark Erdelyi of Yettel Hungary adds: “The world is getting more complex and the legislation governing our life is getting more voluminous. Also, some substantial projects require dedicated lawyers. Overall, this led to a slight increase in the team, including its internal and external resources.”

Similar to Erdelyi, Gunel Rzayeva of VavaCars

explains they “tried to hire a Data Governance Manager in the legal team but couldn’t find a perfect fit for the role – and then we suspended that role. We have an open role in our team: Internal Control and Compliance Manager.” And dedicated compliance, especially in terms of data protection, is a recurring theme. Adam Brzezinski of MoneyGram explains his “team has increased in terms of numbers, mainly because of the rapid development of privacy laws around the globe. Digital innovation is reshaping the way most industries and businesses are functioning today. It is said that data is the new gold. Operating with integrity and unwavering ethical standards is essential to the success of our business, and these high standards apply equally when considering the privacy of our data. Being a data-driven company, MoneyGram needs every transaction data to be collected and processed at multiple points. Hence, when ordering, transmitting, and storing data, we

Our in-house legal teams have increased over the last two years, primarily due to two reasons:

- (1) our company has grown significantly;
- (2) we internalized asset management in some of our countries, including related services, such as legal.

– Martin Matula of CPI Property Group

MANAGING THE IN-HOUSE TEAM

must ensure the highest data protection and security level to protect our employees, consumers, and business partners. We care about privacy, and increasing the number of in-house privacy professionals embodies our commitment to handling personal data in compliance with all applicable laws, rules, and regulations in the countries where we do business.”

And with rising complexity come rising risks, the latter being the third most common (8%) explanation for growth. “My team in the last two years has been increased by about 10 people, due to the need to manage a significant risk – lawsuits on CHF-denominated loans. The key part (except the CHF issue) remains unchanged,” says Iwona Gajek of BNP Paribas.

Switching away from external counsel was also highlighted by 4% of those whose teams grew. Clementina Canel of Fepra explains that “the strategic decision was to close some subscriptions and to have in-house contracts, due to the fact that with similar costs the company will have dedicated, specialized lawyers.”

Steady as She Goes

“There have been no changes to the number of my staff for the last nine years. Even the pandemic did not cause any difference in the volume of our staff. This is because of unchanged workload and, in situations where there was some decrease in workload on certain agendas, an organization of the work within the team was carried out,” says Stefan Orosi of Prima Bank Slovensko. Half of GCs report the same stability for the size of their team, despite flagging several reasons for potential fluctuations, from the COVID-19 pandemic to the war in Ukraine.

Some reorganization of internal resources, like in Orosi’s case, is flagged by 34% of GCs whose teams remained constant, in order to cope with fluctuations in work. Another 48% point to increasing external counsel resources. The General Counsel of a global fashion retailer says they have “engaged additional expert external advisors (for example for IP matters).” Eleni Stathaki of Upstream Systems adds: “The size of the team has remained the same for the past three years, even as workload may fluctuate – right now it tends to be heavier than usual. There is a reason why there are few team members: because of the company’s wide geographical footprint, we tend to rely very much on local counsel. So, the answer to addressing the workload is not necessarily having more people in the team – although every extra set of hands counts!” ■



MANAGING THE IN-HOUSE TEAM: KEEPING THE TEAM ENGAGED

Basics Aren't Much

In terms of the tools used to keep their in-house teams motivated and engaged, only **8%** of General Counsel highlight the importance of what Frederick Herzberg would identify as *hygiene factors*. Among others, Viktor Fonth of HB Reavis points to “high-level working conditions” and cafeteria allowances, with Andras Levai of Market Epito saying: “Based on my experiences, the following tools really matter to engage/motivate colleagues: good working conditions (including remuneration, nice working environment – e.g., office building, IT equipment, etc.).”

Never a Dull Day

The most commonly mentioned focus is on the nature of work they expose their team members to, with **25%** of General Counsel stressing, like Dora Szebeni of Vanguard Fashion Group, that they “dedicate interesting and diversified work to each team member.” Diversity is critical in Telelink’s Sylvia Nanovska’s view as well: “What really keeps colleagues in the company is the opportunity to work on different and legally challenging projects. As the team is not divided by competencies, each one of them gets the opportunity to work on various tasks and projects. Diversity in the work tasks is crucial.” Erdelyi Mark of Yettel Hungary too highlights this as his main priority, stressing that “interesting mindful challenges” make his team “feel they can contribute.” And this helps team members grow, according to Zeynep Derman Kucukonder of Coca-Cola: “Anyone, either based on availability, or capability, or interest, has the ability to take on additional responsibilities either in the business or within the legal function by being a part of a project which then helps them grow to be ready for the future.”

Eleni Stathaki of Upstream Systems notes that, in part, this comes naturally with the job: “Upstream is a very dynamic, ever-evolving company, and we joke between ourselves that there is never a dull day in the office. There is always an unexpected request or a new issue where reg-

ulations are ambiguous or just very new to sink our teeth in.” However, she acknowledges that might not always be the case as “day-to-day tasks can often be repetitive and not very exciting, legally speaking.” That is why she emphasizes to her team “the motto of ‘no task is too small.’ I encourage the team to take pride in a job well done, even if it is not ground-breaking. I believe that the value of such contributions in the everyday life of the company is immense.”

Tell Me More

The second most-often highlighted tool at their disposal is that of feedback – pointed to by **23%** of General Counsel. Clementina Canel of Fepra talks about the importance of “creating an environment where people feel validated and appreciated,” and, towards that, Mary Chaidou of AIG stresses the importance of an “internal annual assessment,” though she also emphasizes it is not enough on its own: “In my view, better results could be achieved if the personal results of the annual assessment are linked to a bonus.”

Zuzanna Kopaczynska-Grabiec of Wonga.pl says that “regular one-on-one meetings are a good opportunity to give feedback, keep each other in the loop, resolve issues, and help the team grow in their roles.” Nadia Matusikova of RWS Moravia says she uses such meetings to “also inform them on how their contributions help in overall company achievements.”

And these one-on-one sessions are useful both ways, with Kopaczynska-Grabiec saying they can not only “help a manager guide team members’ development” but also listen to and “resolve issues early on, and improve employee retention.” Matusikova too reports she is “listening to their ideas and feedback” and does her “best to turn them into improvements.”

Keep in Touch

“COVID-19 has significantly impacted Poland and

disrupted our work and personal life,” explains Marta Ziolkowska-Nasinska of Fererro. “In order to assure engagement and high morale, it was important to take care of the team’s well-being. While working remotely, we had to handle regular tasks, long-term projects, and extraordinary – yet unfamiliar – issues brought by the pandemic. However, it was equally important to stay empathetic to our peers adjusting to the new ways of working and understand that everyone has different challenges in the new reality. We scheduled regular video calls with the team to allow people to see and connect with each other. It was also a good opportunity to publicly recognize one’s effort and success to boost morale, motivation, and sense of belonging.”

The importance of keeping the team connected is highlighted by **13%** of General Counsel with Andrzej Klimek of Idea Getin Leasing saying they “have a whole team meeting on Teams twice a week. There are two internal chats on Teams as well: one is just for professional issues, the other for other issues private as well to common chatting. We work in the 2/3-day mode, so it is expected that employees appear in the office twice a week but by their own decision.” Keeping connected helps people see their contributions, according to Kucukonder: “Being more connected increases opportunities to support their growth and navigate their careers and gives opportunities that give them the feeling of pride by being integrated into business as a strategic business contributor and being a member of one global team.” Ultimately, according to Kopaczynska-Grabiec, it is simply a matter of nurturing bonds within the team “as close cooperation between team members gives the opportunity to maintain the commitment of the whole team.”

Keep Learning

Alex Florescu of Nepi RockCastle points to corporate events and training as the main tool in his arsenal. Learning and development in some form is highlighted by **13%** of General Counsel as a motivational retention tool.

Stathaki says they have the dual benefit of not just keeping team members motivated but also gaining “fresh insights and keep up with the trends in the legal field,” and Wioletta Kaloska of Symfonia explains that

it is particularly useful because it “assures colleagues that the company wants them to grow.”

“We strengthened training opportunities for our employees by launching a new internal certifications program, a specially-prepared training program for employees,” illustrates Adam Brzezinski of MoneyGram. “From Warsaw, we are hosting a Global Lunch & Learn Initiative – an informal meeting opportunity to collaborate and learn, and drive personal, team, and business development for all MoneyGram International employees. We also help our employees grow by attending our Supervisor Academy.”

Breathing Down Their Neck?

“I noticed that over the years, the attitude towards tasks and individual participation in an employer’s business, in general, has changed in favor of the greater personal freedom,” argues Stefan Orosi of Prima Bank Slovensko. That might explain why the importance of offering independence is highlighted by **13%** of General Counsel. “I am offering team members more active roles in some internal projects but let them be responsible for their parts,” Matusikova says, with Ingo Steinwender of CA Immobilien adding: “I give them flexibility and self-responsibility to the greatest extent possible. We avoid written reporting unless absolutely necessary for group purposes, but try to talk to each other a lot.”

The Soft Touch

“Motivation always starts with recognition of the human side of my colleagues so if I know them well, I am able to influence their focus on targets and tasks to do,” explains Zita Toth of Primaenergia. “Sometimes it is enough to listen to their problems during work and somehow softly direct them not to lose focus. In other cases, when this soft power does not work, a direct statement is needed from my side: please do not miss the deadline as it is crucial. But when you work with people, you need to find the proper way to address each of them in order to make sure that your tasks would be completed with their help. I am working mainly with peers so I cannot simply instruct them, therefore I usually use my soft power to influence them to move forward.” ■

MANAGING THE BUDGET





MANAGING THE BUDGET: IT'S SIMPLY THE NORM

While **44%** of General Counsel report there is pressure on their team to decrease legal costs, the percentage of those who say they feel no pressure to look at their budgets is significantly lower, at only **9%**.

Judit Miskolci of Teva agrees that “yes, there is strong pressure to decrease legal costs,” echoed by Mary Chaidou of AIG, who says that this is “regularly” the case. Deniz Sanli of American Gaming Systems reports this is “always the case” because, “as legal does not generate income, companies see legal costs as ‘extra.’” And this seems to especially be the case with teams covering multiple jurisdictions, with Eleni Stathaki of Upstream Systems explaining that, “because the company is active mostly in markets outside Greece, we tend to rely very much on local [external] counsel. So, the legal costs can run up pretty high, relative to other departments of the same size.”

But for some, like Zuzanna Kopaczynska-Grabiec of Wonga.pl, it is not necessarily a matter of having to cut costs, but simply doing more with the same resources. “The budget for legal services has not changed, while the challenges faced by the company (both regulatory and economic) require the team to rationally manage that budget.”

For **47%** of General Counsel, budget consciousness has been the norm for long enough that it is part of their team’s and organization’s culture. “I do not sense pressure, but we are quite careful with our costs and there is no culture to overspend,” says Tiina Pukk of Kou Mobility. Similarly, Mark Erdelyi of Yettel Hungary reports that he has “been living with cost consciousness and with this pressure continuously, since becoming a GC in 2009 – I do not see a really significant change in that.” He is echoed by Zita Toth of Primaenergia, adding: “not for the moment, however, optimizing legal costs is a basic

requirement.” For Stefan Orosi of Prima Bank Slovensko, this is simply a matter of a standing order: “There has always been, and it also continues to be, the standing order to spend only for those legal costs that are necessary using common sense. Following that order causes legal costs to be at their minimum level, therefore no additional pressure is necessary.” Ultimately, “no, there is no pressure,” argues Adam Brzezinski of MoneyGram, because “this is simply the right thing to do, and I consider this as a part of my job as an in-house lawyer.”

And, where budget consciousness has been the norm, the most common denominator of who got the axe was external counsel. Zeynep Derman Kucukonder of Coca-Cola says that, “although there is no pressure to decrease, we are expected to be very sensitive and responsible when spending on outside counsel and travel budgets, to invest our resources in the right priorities.” Sylvia Nanovska of Telelink says she feels no pressure, “but [they] have always strived to minimize the use of outside counsel,” similarly to Nadia Matusikova of RWS Moravia: “Not much pressure. Our costs are very low, and we have always been very economic with the external expenses.” And this is not difficult to achieve, according to Brzezinski: “I do not want this to sound the wrong way, but I have around eight years of professional experience as a lawyer working for big international law firms such as Allen & Overy and Dentons. I do know how they operate. This gives me a unique perspective of being a lawyer and being a lawyer’s client. We have made a significant effort to decrease the cost of the outside counsel involved, and even issued a guide for the organization on managing the cost related to the cooperation with external counsel.”

The business case or potential risks involved is often a qualifier – both for those saying they feel the pressure to cut costs as well as for those reporting less of it. Ingo Steinwender of CA Immobilien says he



“

As a typical lawyer, I can respond to this saying: it depends. When it comes to legal costs, there is always a question about the significance of the matter (which is assessed not only by the size of the deal but also by strategic importance for the firm), the added value that a given lawyer contributes, and their replaceability. I would prefer not to refer to a decrease in legal costs, but rather to making wise decisions on the level of costs acceptable for a given matter. There are projects where in-house legal counsel can get easily replaced with external support, working under the supervision of the commercial teams – this very often allows the external counsel to take on a greater scope than just legal advice on a matter, and also cover legal project management. While this may lead to higher fees payable to external counsel, it also creates room for the in-house team to redirect their resources on topics that cannot be so easily outsourced.

– Joanna Przybyl of
Revetas Capital

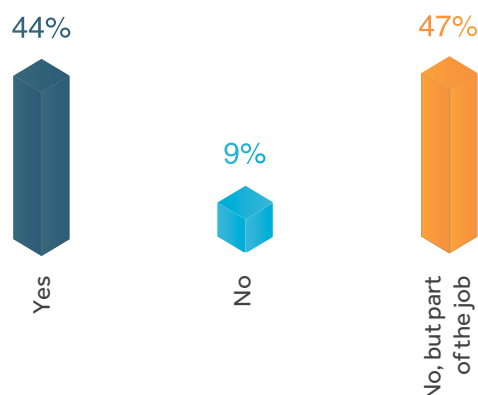
feels no pressure because, in his view, CA Immobilien “first has low external legal costs in relation to the business volume and cases and, second, successes in litigation, with no material cases lost unexpectedly in the last couple of years.”

In fact, disputes were the most often cited variable impacting this pressure, with Radu Culic of Roche saying “yes, there is some pressure to decrease the costs, however, there is an understanding that litigation should be conducted by external lawyers.

As a consequence, the great majority of the consultancy work is done in-house.” At the same time, Iwona Gajek of BNP Paribas explains that while “proper cost management has always been and is our priority, the problem of lawsuits relating to CHF-denominated loans (currently over 2,000 lawsuits) has, however, resulted in a significant increase in these costs recently. From my perspective, costs cannot be the only factor in the choice – it should always be the result of an assessment of cost but, above all, quality.”

And, with many of the teams increasing in line with their businesses growing, Ioana Regenbogen of ING says that “at a global/function level, all GCs looked for opportunities for further cost efficiency. Of course, local circumstances are always taken into consideration. There is no specific pressure at the local level, especially as we, in ING Romania, have further growth ambitions.” ■

Is there pressure on your team to decrease legal costs?



MANAGING THE BUDGET: IF WE MUST

Keep In-House

When cost-cutting was needed, “the first solution was to internalize a large part of activities,” according to Clementina Canel of Fepra. Indeed, **46%** of General Counsel point to this as their primary solution. Dora Szebeni of the Vanguard Fashion Group, too, says they “solve as many legal tasks in-house as possible,” and Radu Culic of Roche notes that “the great majority of the consultancy part is done in-house, while only litigation is externalized.”

That, of course, is not without its own costs. Mary Chaidou of AIG says “a solution is the recruitment of more in-house lawyers (instead of outsourcing work to external law firms),” but Andrzej Klimek of Idea Getin Leasing says they “are not allowed to increase the number of lawyers,” while, at the same time, “there are limits for external services.”

Eleni Stathaki of Upstream Systems touches on this tension by saying that, for them, “one way of keeping costs down is bringing on more work in-house, but where we can afford to do so.” Since that is not always the case, what she finds “most efficient in managing costs is building long-standing, trusting relationships with outside counsel who appreciate my budget concerns and are flexible. When there is a long-term partnership with outside counsel, my previous experience with them makes it easier for me to predict costs. Similarly, outside counsel know the company much better and can thus give more accurate quotes.” And this leads to the second approach – tweaking how GCs work with external counsel.

Tweak Fees

Asked how he reduces costs, Deniz Sanli of American Gaming Systems says he “reduces the fee of external counsel” – an approach mentioned by **36%** of respondents.

“From outside counsel, I generally expect that they leverage the legal costs effectively,” explains Zsuzsanna Lippai of Mercedes-Benz. “For me, it is always important to be cost and time efficient but, simultaneously, provide consistently high-quality work. It requires continuous balancing between increasing efficiency in the rapidly developing business environment, controlling legal spending, and the tight deadlines.”

Using capped fees is almost universally pointed to as the main approach. Viktor Fonth of HB Reavis says that, for transactions, they “always use caps.” Toth explains this has other screening benefits too: “My general approach with external lawyers is that I agree with them on a fee cap in advance. In case this cap

“We track external costs and think very carefully when and for what we spend. For example, if a license to dedicated software has not proven worthy, we cancel. We are not afraid to change processes. If there is room to optimize, we do that.”

– Tiina Pukk of Kou Mobility

would be reached, then we should renegotiate the tasks and a new cap, if needed. Another solution is to ask for a fee proposal regarding the complete legal work well in advance with the external lawyers. This is also a good way to check and test their expertise, as to how they would be able to solve the issue within a certain type of timeframe.” And Erdelyi prefers asking “external lawyers to estimate their work for an activity and for a cap,” during the selection of external counsel, to “limit the maximum exposure” for each.

Tweak Sourcing

“For our major transactions that are subject to outsourcing, the acting legal firm is always selected by tender, from our law firm panel of three to four, updated regularly,” explains Fonth. Miskolci, too, has “optimized the number of external advisors, by working with law firms that can provide business-as-usual support in many areas and, at the same time, can provide subject matter expertise at affordable fees. On top of that, there are selected law firms with whom we work at group and local levels, on specific areas of expertise.”

For Adam Brzezinski of MoneyGram, it is critical to “work with business-oriented lawyers based on fixed fees” – but it is also a question of accepting that “not all matters need consulting because, as an in-house lawyer, you should learn to accept the risk associated with the business profile of your organization. Do not accept memos, but rather quick yes or no answers from your trusted advisors that know the business you are in. This saves time, and time is money in this business.”

Look In

“We track external costs and think very carefully when and for what we spend,” says Tiina Pukk of Kou Mobility, who emphasizes a need to constantly be looking at the operations of her team. “For example, if a license to dedicated software has not proven worthy, we cancel. We are not afraid to change processes. If there is room to optimize, we do that.”

For some, like Zeynep Derman Kucukonder of Coca-Cola, that means building a knowledge bank: “We

Wherever possible, we created alternative clauses in contracts (e.g., in standard loan documentation or procurement) that can be negotiated by our sales and procurement colleagues as a backfall scenario, without coming back to legal – less work on us, easier/faster for them, and a better experience for the ING client/partner. We have also started calculating risk levels for all types of procurement contracts and are in progress with the creation of a contracts matrix that will lead to the establishment of clear priority rules for legal involvement and the full or limited extent of legal support.

– Ioana Regenbogen of ING

collaborate more and share knowledge as well as best practices. We implemented new routines, aligned on team values and principles, and identified common goals that we all aim to achieve together – we all win or lose. We started to work on shared folders, created a repository in order to back each other up, and benefit from being one team.”

For others, like Ioana Regenbogen of ING, it was a matter of streamlining their team’s work: “We didn’t simply let people go – we started by focusing first on decluttering, with a view of increasing the efficiency of existing staff, to be able to absorb the increasing volume of business demands and the increasing legal complexities, which traditionally would also have had an impact on the supply of legal services. Some of the efficiency ideas and the implementation measures also brought the benefit of releasing pressure in other functions. But the most valuable gain was that we further improved the quality of our services, improved our internal and external customers’ experience, and, in the end, came to the result that we now focus on truly risky / high-business-impact topics. ■

RISKS AND COMPLIANCE





RISKS AND COMPLIANCE: AT THE TOP OF THE AGENDA

All Those Weird Things

“In recent years, the speed of adopting new legislation and other regulations has accelerated enormously,” says Stefan Orosi of Prima Bank Slovensko. “The compliance agenda is not an agenda that has any coherent boundaries. It can be anything. In practice, this often means that a matter becomes a compliance matter the moment it is determined that it is not a business matter or a matter in any other traditional area, such as HR or marketing. Sometimes I humorously tell my colleagues that the compliance agenda includes ‘all those weird things that nobody understands or wants to deal with.’”

Regulations and Regulators

“A practical problem occurs when a regulation exceeds a reasonable measure,” says Orosi, echoing the feeling of the **75%** of General Counsel who point to regulations as one of their biggest compliance concerns. “I do not dare to claim – because it would be irresponsible on my part – that some regulations are unnecessary,” he adds, but “it often happens, and we know the old saying that ‘the road to hell is paved with good intentions.’ In an effort to achieve the right thing, and due to the shortness of the assessment process, regulations also affect subjects and areas that objectively do not need it or need it to a lesser extent. Then there is a situation where you want to comply with the regulation, not because it is right and makes sense, but simply to avoid a sanction.” Specifically, when it comes to compliance concerns, Mary Chaidou of AIG points to “the unforeseen audits and questions raised by the local regulator,” and, of all responding GCs, **28%** highlighted data protection and cybersecurity, **17%** mentioned AML and sanctions, another **17%** whistleblowing, and **13%** antitrust regulations.

The GDPR and Trickledowns

“If we refer to *concerns* as matters of very high importance for us and not as worries or anxiety (as we trust we are in control of managing these areas of risk in order for both the bank and our clients to be safe and secure), for sure, due to the increased level of digitalization, cybersecurity is an area where we are constantly investing our resources and capabilities, as well as data security and privacy which are closely connected,” explains Ioana Regenbogen of ING, with one general counsel of a global fashion retailer explaining that data privacy becomes particularly critical when putting new types of products on the market these days.

“Being responsible for privacy, it is impossible not to mention the GDPR compliance,” says Adam Brzezinski of MoneyGram. “We are committed to strengthening our privacy program and ensuring compliance with all quickly developing privacy laws around the world.” And indeed, it is not just the GDPR that GCs in CEE have to stay on top of, with Eleni Stathaki of Upstream Systems explaining: “We are based in the EU, so we must be GDPR-compliant. In addition, we have a presence and/or operations in third countries, where similar legislation has been enacted since the GDPR came into force – for example, the LGPD in Brazil and the NGPD in Nigeria. I call this the *trickledown effect* of the GDPR. The similarity with EU regulations helps us to a certain degree as the GDPR still represents the *gold standard* in my view, but there are still small differences between all pieces of legislation.” At the end of the day, Brzezinski is urging all to take it one step at a time: “Let’s face this – though it is something that many are still too afraid to admit – 100% compliance rarely exists. We are focusing on the most critical areas first and work our way through them.”



The AML Balancing Act

“The prevention of money laundering, of course, is a constant responsibility, and the adequate application of current financial and economic international sanctions on Russia is also a key duty for us to hold,” says Regenbogen.

And often, like in other areas of compliance, a balance needs to be struck. “When it comes to implementation, our biggest challenge and concern is to properly balance compliance requirements and business objectives,” Joanna Przybyl of Revetas Capital explains. “The best example to be mentioned here are the AML/KYC checks which we are obligated to perform on our counterparties. When applying AML procedures very strictly, in theory, we should get to clean KYC results – which turns out to be impossible. Certain analyses performed recently have shown that the number of money laundering cases increases year by year despite the introduction of more and more complex legal regulations on the topic. Therefore, the challenge here is to find the proper balance between remaining diligent on KYC checks and identification and the allocation of the risk and allowing for a continuation of the business.”

On Whistleblowing Eve

Like many CEE countries, Poland is on the eve of the implementation of the *Whistleblower Protection Directive*, according to Marta Ziolkowska-Nasinska of Fererro. Though she notes it has yet to be applied into local law, Wioletta Kaloska of Symfonia too points to it as at the top of their compliance agenda – a recurring theme in EU jurisdictions. Stathaki says they are “in the process of rolling out our new whistleblowing policy. We already have such procedures in place, but they are somewhat fragmented, so we will now be consolidating them.”

(Enhanced Scope of) Competition Authorities

One of the main challenges, Zita Toth of Primaenergia highlights, is “meeting antitrust requirements to not share sensitive information or any relevant data with third parties or competitors.” She explains that in Hungary, “the energy industry is quite a strong market in terms of competitors, especially in the field of propane and butane gas distribution, where there are only three players in the field.”

We have a centrally-steered, certified, risk-based compliance management system (CMS), with a locally-dedicated compliance function in place. Our compliance activities focus on a wide variety of fields from anti-corruption, competition law, human rights, data protection, sanction regulations, and anti-money laundering, to technical compliance and digitalization challenges.

The automotive sector’s recent challenges are the evolving legal landscape, handling of vendor and third-party risks, and the digitalization of the industry, which entails the processing of our customer’s data and providing IT services on its basis. Currently, autonomous driving is also considered a legal and compliance topic, which will be in focus in upcoming years as the CMS is adapted to global developments, changed risks, and new legal requirements.

With various communication, consultations, and training measures, we support integrity and compliant behavior. In my experience, the most efficient tool is training – starting from orientation training for newcomers to specialized e-learnings.

– Zsuzsanna Lippai of Mercedes-Benz

In fact, the competition authority was most often pointed to in Hungary of all CEE jurisdictions, especially because besides its primary competence, the Hungarian Competition Authority also acts in the field of consumer protection. Mark Erdelyi of Yettel Hungary notes that “the Hungarian Competition Authority is very active, also in terms of the *Unfair Commercial Practices Directive* and misleading advertising. Despite our continuous efforts towards compliance, we face investigations more often than we would be happy to. We just finally closed a case involving a HUF 1.8 billion fine imposed on us with a settlement – and we could turn into crediting customers extra balance for telecommunication services a substantial amount of the fine.”

Doing the Right Thing

“Assuming the COVID-19 pandemic is behind us, ESG was and continues to be a top priority for the company,” says Alex Florescu of Nepi Rock-Castle. ESG is flagged by 18% of General Counsel as something that has started and will continue to impact compliance functions.

Petr Prouza of PPF Telecom notes that they “are developing in a stable path, ESG is, of course, new and a very important topic (and we have finalized our first ESG reports, this is developing quickly!).” But it is not just about reporting, according to Ernest Jedrzejewski of Amgen: “I am very proud and feel privileged to work for a company like Amgen. Here, ‘doing the right thing’ is part of our culture and is supported by our robust compliance program as well as the collaboration among relevant teams including the legal function. We are a mature, well-recognized organization that always aims for setting higher standards for ourselves. For example, Amgen has always been an organization where ESG has played an important role for us and we wanted to go beyond ‘complying with local laws and best practices.’”

Going Beyond Policy

“The biggest problem with compliance – across its many segments – is bringing the policies that you have developed off the page,” says Christian Blatchford of Energo Pro. “Creating a policy in the first place can be challenging because you need to marshal a lot of information, including underlying national and international laws, conventions, guidance, best practice, and so on. Ultimately, though, this is just a matter of study and, if in doubt, you can look to precedents and get outside help. Once the policy is in place, the temptation is to consider the job done. Merely signing a declaration or participating in periodical training is, however, not enough.” Implementation of or adherence to compliance policies was highlighted by 7% of General Counsel.

“I think the biggest compliance concern is having to convince people that compliance is crucial,” adds Asli Sahinkaya of Setur. “Compliance is still misunderstood by many as the duty of the legal team only. They expect you to lead projects on your own, with no one else contributing and every action taken by the legal team only. I think it still is a challenge for most of us,” she adds, with Blatchford also stressing that “management needs to take steps to imbed the substance of the policy in people’s minds so that it affects their behavior on a day-to-day basis.” ■



ESG: A NEW ROAD TO COVER

By Gligorije Brajkovic of the Unicredit Group

The last time I wrote for CEELM, we had been discussing how COVID-19 changed a General Counsel's scope of activity. How everything shifted in a short time frame and how we were waiting to see the world return to a regular pace – different, but still comfortable enough – without the pandemic threat paralyzing us all. This did not happen and, instead, we are at the onset of a new era. Geopolitical turbulences are so strong and sudden that life, in every aspect, is starting to look pre-apocalyptic. We understand now just how right all the Miss World candidates were in saying “*world peace* is important.” Now, one question, ignored and just used in political campaigns, is actually making its way to the top of to-do lists – pollution.

This was not because of its effects on the environment, care for future generations and social impacts, or to be politically correct – because all these were the last considerations. Decrees on fossil fuel spending due to the geopolitical situation directly influenced the promotion of the green agenda. For the first time, we saw some real action that will change the world and our legal work globally. New regulations were enacted, and one new branch of the legal tree is appearing. A new star was born and is rising. As was the case some time ago with compliance, competition, and the GDPR, ESG is now aggressively carving its place on our agendas. As the problem is global, the solution has a cross-border reach too, so we cannot seat idle, wherever we are. With *green* covered under “E,” we also have “S,” which covers a broad plethora of topics under the general term of “Social Responsibility” that have yet to be defined – and that task alone is not an easy one, as it depends on the particularities of each culture and their different degrees of tolerance on some social phenomena. The “G” part is related to Governance and seeks to strengthen the responsibility of management in the mentioned areas. But let's now focus only on the “E,” if at all possible. The green agenda has been developing from soft law to hard law. The initial resolutions of international organizations such as the UN were making a slow impact but paved the way for stronger regulations with serious penalties. The EU adopted the *Deforestation Regulation*, the so-called *Battery Regulation*, and, most importantly, the *Corporate Sustainability Due Diligence Directive*. Still, we are a long way from having implementation at a state level, but the legal work may start already. Companies should reconsider their environmental behavior, since ESG ratings in the future will be considered in

parallel, and with the same importance, as the famous financial ratings. Attitudes to climate change, carbon footprints, natural resource management such as biodiversity and land use, the sourcing of raw materials – all of this will be assessed by third parties. But the most demanding part will be the sustainability due diligence, which resembles, by name, standard DD reports but now puts companies in uncharted waters. What will this look like and how will our work be impacted? What is the technical knowledge that GCs and their team are currently lacking to do just that?



Regulators are also recognizing the trend, and we can see their actions aimed at investigation due to the suspicion of investment fraud related to “greenwashing.” We can already see companies suspected of having systematically exaggerated their commitment to sustainability and green investments and, in doing so, misleading investors. Moreover, advertising green initiatives alone, without taking into account one's carbon footprint, is also penalized.

Finally, environment-related litigations are on the rise. Namely, consumers and investors are increasingly filing fraud claims alleging that companies failed to disclose information about climate risks, or have disclosed information in a misleading way, and directly influenced the level of damage. Moreover, the direct (or potential) consequences of a company's behavior on the environment are scrutinized more and more. It is a trend to seek to assign responsibility to private actors for their contributions to climate change. Consequently, courts will be increasingly called on to address the law and science of climate attribution to companies for the damage done.

We can see that General counsel will have new areas to cover. You can see and feel that a new journey has begun. CGs should plan for it, pack their suitcases, and choose their companions. Again, an educational path must be taken. External help should be called upon and, again, GCs need to recognize who is a reliable partner for this trip. Be courageous, hit the road. Like Van Gogh said: “The fishermen know that the sea is dangerous and the storm terrible, but they have never found these dangers sufficient reason for remaining ashore.” ■

RISKS AND COMPLIANCE:

TACKLING COMPLIANCE RISKS HEAD ON

Educate, Educate, Educate

When it comes to managing compliance risks, “the first thing to do is to train and educate employees. Afterwards, control whether they had the sufficient understanding and apply this in their daily business,” argues Deniz Sanli of American Gaming Systems. And **60%** of General Counsel agree and point to regular training and counseling with their business colleagues as key. Joanna Przybyl of Revetas Capital focuses on “creating awareness within the business/commercial teams about the legal requirements and their proposed implementation – in particular via training,” and Mark Erdelyi of Yettel Hungary too talks about “running awareness activities and quarterly workshops to the markcom team.”

“I have introduced annual antitrust training and compliance training as well, first within the frame of classroom training with risk assessment workshops,” says Zita Toth of Primaenergia, adding: “during the past two years, I held them online.”

Fostering a constant two-way dialogue is a recurringly mentioned tool towards this goal. “I choose to work closely with the business and IT teams, discussing the need for compliance on real cases,” says Asli Sahinkaya of Setur. “I try to understand their business needs and create a common ground. When this happens, I think they see that you both are on the same side, and begin to cooperate,” she adds. And Joanna Przybyl of Revetas Capital agrees, pointing out that “creating a forum for communication between business and compli-

ance teams is key – a standalone compliance function that does not understand the business will only cause frustration and will jeopardize the business which, in turn, may result in limited respect for the compliance policies in general.”

It is also important to roll up your sleeves and chip in early, according to Eleni Stathaki of Upstream Systems: “With respect to the development of company offerings, we like to get involved very early on in product development and make sure that the privacy-by-design principle is followed.”

Turn to Others for Help

In response to compliance challenges, **20%** of General Counsel report looking at external counsel for support. Mark Erdelyi of Yettel Hungary says they also involve external lawyers in areas of risk much more than in other legal fields: “All outgoing markcom materials are reviewed by us, and the large marketing communication campaigns are reviewed by not just our legal team, but an external legal committee, which consist of three lawyers from different firms.” Adam Brzezinski of MoneyGram says they “engaged an external DPO provided by a reputable law firm to help with strengthening the privacy program and to ensure it is regularly tested and revisited.” Speaking of the arrangement, he adds: “I am super happy as this ensures lack of conflict of interest between the DPO’s role and privacy operational work that is being done by the in-house team. We are being regularly audited, which helps identify risk and address them accordingly.”

In order to tackle compliance risks, I:



Look Inward

Instead of looking outward, **16%** of General Counsel choose to either strengthen or focus their in-house teams to adjust to perceived risks.

“A step we will need to consider is the designation of a dedicated compliance officer,” says Marta Ziolkowska-Nasinska of Fererro. “The responsibility of such a person would be to implement or verify existing compliance regulations, conduct internal investigations and audits of the implemented compliance procedures, and provide internal training. Currently, the compliance function in companies is occupied either by a lawyer and exists within the legal department or there is a separate risk and compliance department including professionals from various professions, as is the case of bigger and more regulated sectors (i.e. banking). After implementation of the [amendment to the *Act on the Liability of Collective Entities for Criminal Offences*], we will surely observe the evolution of this function in Poland as we did in the case of data protection officers a few years ago.”

Looking out and looking in are, at the same time, not mutually exclusive. Erdelyi, who spoke about externalizing high-risk areas, also mentions his company’s “*Competition Law Competence Center*, which was established in the legal team whereby only its members, 2-3 lawyers having relevant expertise may provide competition law advice. And, always, at least 2 lawyers shall confirm legal standpoint on less obvious cases.”

Turn to Tech

4% of GCs report having turned to technology solutions. Toth, who stressed the importance of training, had to deliver them online during the pandemic, and she did this “within a frame of the Moodle training platform that we created and set up with IT colleagues.”

Similarly, Christian Blatchford of Energo Pro says that “specifically in relation to our group ABC/AML policy, we are working on the implementation of a new software solution that will address training,” but also “the delivery of reports and requests for gifts and hospitality as well as a whistle-blowing function.” ■



RISKS AND COMPLIANCE:

NURTURING A CULTURE OF COMPLIANCE

Educate, Educate, Educate Some More

“Training and communication are the most effective tools to spread a culture of compliance and ensure that the company employees understand and apply the company rules and ethical values into their daily work,” says Deniz Sanli of American Gaming Systems. **63%** of General Counsel mention internal training as a critical component of nurturing a culture of compliance.

Marta Ziolkowska-Nasinska of Fererro says they “invest a significant amount of time in communicating legal matters (i.e., alerts, newsletters) and providing internal training to raise awareness among employees to decrease legal risk and ensure compliance. We adopt yearly training programs where we refresh key topics (e.g., corporate governance, contract management, antitrust, anti-bribery, dawn raids), but also introduce new ones, subject to current business needs (i.e., the liability of board members and managers, whistleblowing).”

According to Eleni Stathaki of Upstream Systems, this helps establish the imperative of compliance: “In my view, it is imperative for all people in the organization firstly to understand why there is a need for a certain policy and subsequently to familiarize themselves with and to trust the process. I feel that the key to achieving this is to offer to employees the proper training.”

It is also important to set up a system to check if the content of the training has been digested, according to Zita Toth of Primaenergia: “First it needs to be read by the participants and I also set up test questions that they need to answer. So it is not a simple presentation but a study and then a test that is compulsory for everyone for several years now.”

However, as Christian Blatchford of Energo Pro explains: “Culture is a human phenomenon and my experience is that the colleagues most switched on to compliance issues are those who have taken part in personal training sessions at a senior level (fixing the beady eye on them!) or have actually

Tips On How To Nurture a Culture of Compliance

We are proud to have a great compliance mindset within the entire organization. This was a big help for me, especially when I joined from outside the pharma industry – my colleagues already knew how to identify dilemma situations and it was easier for me to develop. As for the means to nurture a compliance and ethics culture, I would highlight:

1. **Tone from the Top** – the general management's continuous support in raising the importance of compliance by asking if each project was endorsed by compliance. Compliance is also a member of the leadership team and shapes new initiatives from the creation stage.
2. Classic **compliance training** and monthly meetings to refresh information.
3. Celebrating **Business Ethics Week** on a yearly basis with a focus on anti-bribery, anti-corruption, data protection, and human rights.
4. Sending a **Christmas present** in the form of a “Business Ethics” ceramic house as a reminder to always choose the compliant way.
5. Launching a **Business Ethics House Teams channel**, where all employees can easily interact on different compliance topics.
6. Establishing a team of **Business Ethics Angels** from all company departments, where we develop newsletters and guidelines to enrich our compliance knowledge.
7. **Gamification** of the annual training requirement by adapting a Romanian playground game called “Leapsa” (basically a game of tag) to engage the organization in completing the ethics tests before the deadline.

– General Counsel of a Pharmaceutical Company

RISKS AND COMPLIANCE

addressed a potential irregularity as part of their work activities. There is nothing like talking about what we are doing, and why, to make abstract issues real and give people that little flash of realization that situation ABC is, in fact, something more than it seems and should be looked at carefully from the perspective of policy XYZ.”

Make Compliance Handy

13% of General Counsel stressed the importance of ensuring that being compliant is not a strain – and it is part of their role to make tools as easily available to the whole organization as possible.

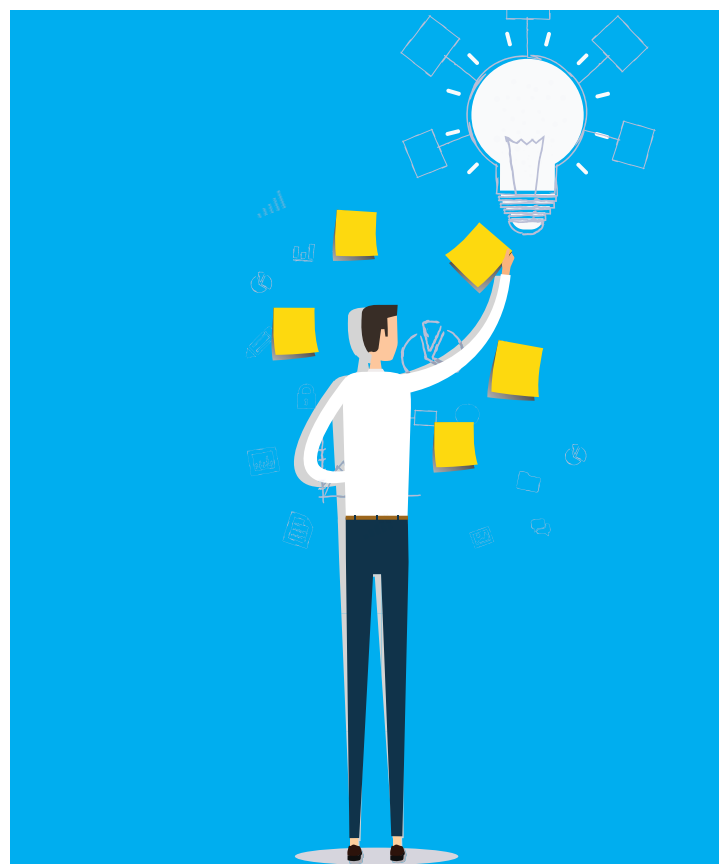
For example, Mark Erdelyi of Yettel Hungary says they made sure they “have the documents – i.e., the templates we have created and which are to be used when concluding contracts, etc. – available.” To make things quick and easy, Marta Ziolkowska-Nasinska of Fererro highlights they are “on the eve of a legal lawbot launch that will provide quick responses to basic and most repeated legal topics without the need to involve lawyers.”

Compliance Does Not Exist in a Void

8% of General Counsel point to some form of a feedback loop. Ernest Jedrzejewski of Amgen, who prides himself on the fact that at Amgen, “‘doing the right thing’ is deeply embedded in the culture – a part of its DNA since over 40 years when we were established as a small biotech in Thousand Oaks,” argues that “having an open dialogue about new challenges, getting feedback, and listening to our employees is what makes the difference for us.”

Set the Tone

Top-down communication is critical according to 6% of General Counsel. Jedrzejewski highlights that their “robust compliance program” includes “creating awareness and understanding and setting expectations – from the very top – that ‘doing the right thing’ is the Amgen way.” And the General Counsel of a different pharmaceutical company also emphasizes the importance of the “tone from the top” through “the general management’s continuous support in raising the importance of compliance by asking if each project was endorsed by compliance” and through the fact that “compliance is also a member of the leadership team and shapes new initiatives from the creation stage.” ■



“ I am a bit skeptical about answering this question. I personally think that it is impossible to impose on adults the need or necessity to obey the law. That principle must be present in them from childhood. In order to be able to properly perform your work in the area of compliance, you must find the right management, or a company with proper management in which this principle is eminent. Only then can you be useful and develop a compliance agenda. My role is to help management achieve compliance, not to force or educate them. – Stefan Orosi of Prima Bank Slovensko ”

WORKING WITH EXTERNAL COUNSEL



WORKING WITH EXTERNAL COUNSEL: DO YOU OUTSOURCE MORE?

Business as Usual

The volume of work sent to external counsel by Andrzej Klimek of Idea Getin Leasing has “stayed on a comparable level” over the last couple of years – and the same is true for 24% of General Counsel.

For Ingo Steinwender of CA Immobilien, this is a result of “a constant internal team size and quite a stable workload with no unforeseen issues.” For Milan Lomic of L’Oreal, this has been the case as they dodged a bullet and “haven’t seen any impact of COVID-19.” And, since many general counsel report they tend to outsource litigation, the level of externalized work remained constant with the number of disputes, as Ioana Regenbogen of ING explains: “Mostly we are externalizing litigation. We have not registered an increase in our litigation and/or insolvency portfolio, so far so the workload remained stable – a reflection of our solid and prudent credit-risk approach.”

But, while the volume of work might have stayed the same, that does not mean there are no changes in terms of outsourced work. “The involvement of external law firms remained at the same level, however, the scope of the enquiries has changed,” explains Zuzanna Kopaczynska-Grabiec of Wonga.pl. “The COVID-19 pandemic has shown that companies are now under even greater pressure to deal with growing legal risks while, at the same time, increasing their efficiency. The constantly increasing cost pressure within companies

requires effective cost management when contracting external law firms. This means that legal departments must deliver higher performance with reduced budgets.”

Scaling Back

“The volume of work has decreased because the decision was to internalize part of the legal activity,” says Clementina Canel of Fepra. 31% of General Counsel report outsourcing less, with most pointing to bringing work in-house and enhancing their legal teams’ capabilities.

Radu Culic of Roche reports that outsourced work “has decreased as the great majority of the consultancy work has been done internally.” Mary Chaidou of AIG points to “the recruitment of additional in-house lawyers” as the reason to scale back on externalized work, echoed by Dora Szebeni of Vanguard Fashion Group: “It decreased a lot since we have a bigger in-house team.” And the push towards it seems to be ongoing, with Sylvia Nanovska of Telelink explaining: “We have the capacity to deal with most of the legal matters internally and are increasing our competencies constantly.”

“Another factor is that we are facing more and more disappointment with the quality of outside advice,” says Nanovska. “As an example, we were closing a deal that took us months to draft, and just days before signing, the law firm advising all parties comes to the conclusion that we need to seek governmental approval for the deal.”

Over the last couple of years, the volume of legal work I externalize has:





In the last two years, demand for legal work steadily increased. I'm hearing similar stories from my network of legal professionals and I'm sure I will hear even more in your GC Handbook.

My view is that whenever there are structural changes or significant events growing uncertainty and risks, lawyers are placed naturally and spontaneously on the front line. They are asked to bring their legal (and quite often not only legal) skills to the table, sort of all hands-on-deck, as a recognition of the important part we play in the corporate environment and generally in society.

Certainly, there was no shortage of recent events squeezing the best of our advisory role – first the pandemic turmoil, followed this year by unprecedented commodity markets volatility, EU and US sanctions against Russia, employees fleeing the war, major adjustments to the existing supply chain streams, a severe drought, commotion in the real estate market, to name just a few. All these had an impact on business and, consequently, upon the legal advice and assistance that I'm privileged and honored to offer but not without taking a toll on me and my colleagues.

– Ramona Ene of ADM

The drive to keep work in-house is “due to cost constraints,” according to Judit Miskolci of Teva. Bora Kaya of Gama Power Systems explains: “The volume of the work that we sent to external counsel has reduced considerably, mainly because of economic concerns – there is ambiguity in market conditions and the political situation in almost all of the countries in which our company does business.”

But it's not just about costs, according to Adam Brzezinski of MoneyGram, who stresses the need to assimilate input from external counsel once received and replicate it in case of future needs. “We try to do as much as possible in-house to limit the cost connected with outside counsel but also to learn and address most frequent topics in-house. In my opinion, this is just a part of our job. In-house lawyers should not become professionals that are simply forwarding emails to outside counsel.”

Business Asks for More

45% of General Counsel report outsourcing more over the last couple of years. For many, this is a simple result of increased workload with their businesses growing. Eirini Florou of Holcim says it is simply the result of a “pure workload increase.” This is echoed by Gunel Rzayeva of VavaCars: “The volume of work that I send to external counsel increased because of the workload. Since VavaCars is a fast-growing start-up, the workload of the teams, including the legal team, is increased in line with the company.” And growth can lead to increased workload outside of the company's operations. As Wioletta Kaloska of Symfonia says, the amount she externalized has grown “due to out-of-business-as-usual activities of the company related to M&A.”

Alex Florescu of Nepi RockCastle reports the volume of work externalized has “increased because of business-specific issues.” Zita Toth of Primaenergia exemplifies this by explaining they “need to get back gas tanks placed with different customers and sometimes it is difficult to claim back our gas tanks if the owner of the property changed in between.” Iwona Gajek of BNP Paribas notes that “in the core business, the scope of cooperation with external lawyers is at a similar level, but in addition, a large new part of such cooperation is driven by CHF lawsuits.”

And, as a general counsel of a global fashion retailer explains, “certain compliance-related legal areas virtually did not exist five years ago,” which leads to Eleni Stathaki of Upstream Systems saying her externalized workload has increased “mostly because of the need for expert advice on various local regulations.” ■

WORKING WITH EXTERNAL COUNSEL: WHEN DO YOU OUTSOURCE?

Deciding between what matters to externalize and what to keep in-house is “subject to the issue and its weight to the company,” according to Andrzej Klimek of Idea Getin Leasing. Ramona Ene of ADM explains: “For me, there is always an intentional effort to keep a relatively delicate balance between available resources, existing capabilities, risk, timeline, and desired outcome. If I were to choose the main rule, I suppose it would be having the right hands for the right work.”

For Bora Kaya of Gama Power Systems, it is a matter of asking if the issue “requires strategic involvement due to confidential business information surrounding that issue more than straightforward legal practice. If so, we keep it in-house. We tend to externalize anything that we can handle with pure legal knowledge and profound legal practice if it is beyond our team’s capability in terms of the then-current workload.”

Knowing the Right Things...

“Legal as a function is an enabler and a guardian of the business of a company,” Gamze Bedirkurum of Ericsson says. “At the same time and as part of its role as a trusted advisor, legal is one of the key players within the company and is, therefore, well connected with the business and challenges. Having this broad overview of the business enables me to weigh in on the specific matter at hand and determine the legal problem in essence. Finally, I evaluate whether the specific legal problem definitely requires an expert approach from a legal point of view and decide on whether or not to externalize the specific matter.” And this question of whether the required expertise is available within the team is the first consideration raised by **61%** of General Counsel.

For Iwona Gajek of BNP Paribas, it is “firstly a question of knowledge and a need for detailed expertise on particularly complicated issues,” when she decides whether to outsource work. Milan Lomic of L’Oreal also stresses that they “externalize matters that require certain specific expertise that we sometimes do not possess in-house or have little experience

with,” and Andras Levai of Market Epito says it “can be that we need support from a well-experienced legal professional in a certain legal area (e.g., competition law, public procurement law, etc.) or the legal matter itself (e.g., a litigation) is so complex that it makes sense to outsource it to an external law firm because it can manage the case more effectively.”

“Recurring matters and matters that we have an experience with will be handled mainly in-house,” says Adam Brzezinski of MoneyGram, while “Big picture projects involving laws that we are not familiar with will be typically handled by outside counsel.”

In terms of specific fields, litigation is the main one that is passed over to external counsel. “Litigation is always externalized, while the consultancy work is kept in-house,” says Radu Culic of Roche. Gunel Rzayeva of VavaCars echoes this and says they are “externalizing litigation matters and the matters related to IP law and protection of the personal data,” while Aybars Yagiz of Gama Energy points to “litigation (and mainly enforcement cases) as usually outsourced as these topics require a large legal team and we are not a litigious company.”

...In the Right Place

Sylvia Nanovska of Telelink says they also tend to “externalize corporate matters for the subsidiaries abroad.” And **10%** of General Counsel mention the need to look to external support in other jurisdictions.

Dora Szebeni of Vanguards Fashion Group says they “only externalize those tasks which require such special knowledge which we do not have within the team (e.g., it involves a foreign jurisdiction),” with Lomic explaining that “given the fact that we operate on a regional level, we usually externalize matters/projects requiring legal support for all the markets/jurisdictions at once, within a short time span.”

I externalize legal work if:**Sometimes It's Just Too Much**

“We use outside counsel for financing and corporate transactions, both because of the expertise in these areas and because of the need for greater capacity,” says Eleni Stathaki of Upstream Systems. “Those kinds of transactions tend to be more complex and each one requires a whole group of lawyers. Even then, we do keep the coordination and project management in-house.” The expected workload of a project is highlighted by **10%** of General Counsel as a reason to look for external counsel.

Viktor Fonth of HB Reavis says he looks at “the size of the transaction and the resulting expected workload,” as well as their “workload related to other ongoing projects,” with Asli Sahinkaya of Setur also saying they “choose to externalize matters that are bigger in volume (like litigation).”

Cover Me!

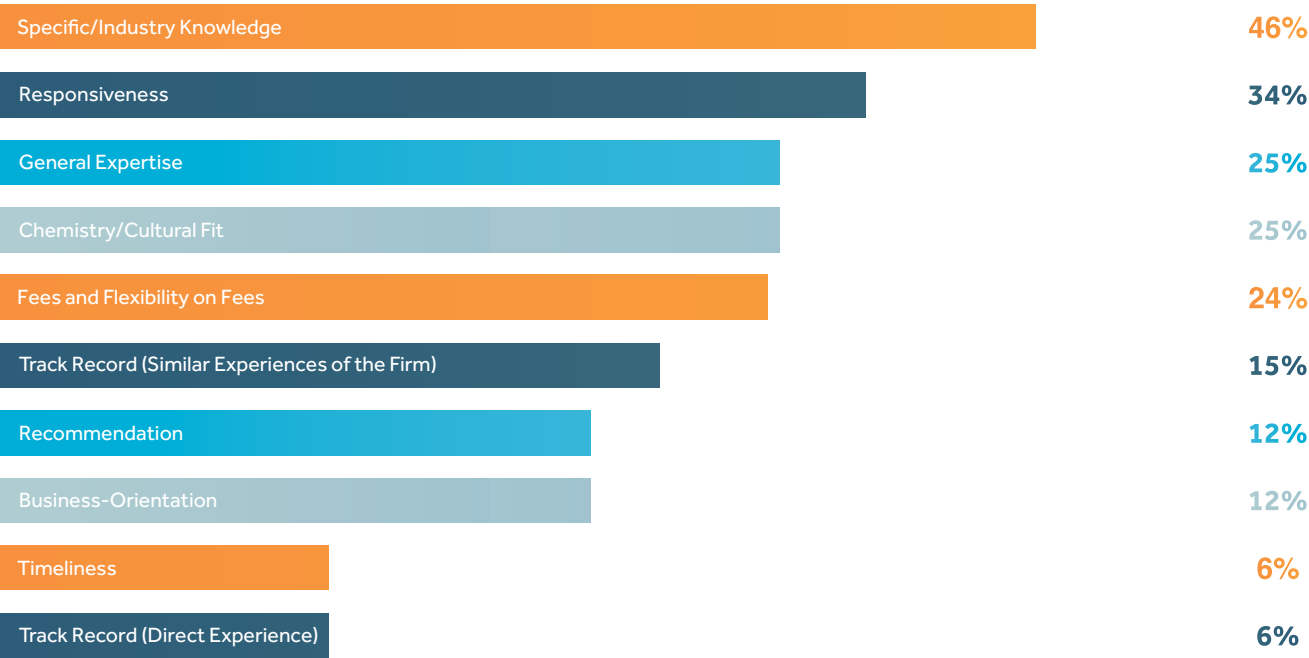
“Sometimes we think it would be better to share the responsibility for the potential negative outcome of that matter,” says Kaya. While usually mentioned only in passing, **19%** of General Counsel spoke of turning to external counsel as a means of outsourcing risk.

For Clementina Canel of Fepra, one of the three metrics is whether they “want to have the responsibility in-house or external,” and for Ingo Steinwender of CA Immobilien, one of the three considerations is whether there is a “need for a third-party liability or opinion.”

And this choice has potential other ramifications as well, as Stefan Orosi of Prima Bank Slovensko explains: “I always consider the presence of internal expertise in a given area, the cost of outsourcing compared to the cost of in-house resources, and also reputational issues. All of us who have been working in the legal field for a long time know that the outputs of external legal advisors are often, regardless of their professional quality, more respected in the external and internal environment. ‘Extra impact’ will often play a role in the decision to outsource. To be specific, if you win a lawsuit represented by an external attorney, the opposing party will reimburse you, based on the court’s decision, a significant part of the costs you paid to the attorney. If you do not have an external attorney, you will not receive any compensation from the opposing party for the in-house lawyer who dealt with the matter for many hours of their working time.” ■

WORKING WITH EXTERNAL COUNSEL: HOW DO YOU PICK YOUR ADVISOR?

The criteria based on which I pick my external advisors includes:



In the survey for the 2018 *Corporate Counsel Handbook*, we asked general counsel to rank the following 6 criteria in order of importance when picking external counsel. Results were reported as average ranks received by each (1 - most important; 6 - least important).

When included in the options, rankings were pointed to as least important. This year, when the survey had open ended questions, no general counsel mentioned rankings.



We have two types of partnerships. The first ones are the critical litigations (considered as such based on the reputational risk and/or amount of the claim or based on the risk that the claim might trigger additional claims – though, those are only a few instances). In those cases, I'd look for very niche specialization. Then we have the other type where we externalize packages of litigations with lower complexity levels to be able to focus our resources on more strategic projects of the bank.

For both, we're looking for long-term partners – they know us, our needs, and, importantly, beyond the obvious professional competence, availability, and ethics, they need to be very pragmatic and creative (the latter because ING is a very tech-oriented, innovative bank, working in an agile manner and we need partners who reflect that culture and approach).

Banking is not just complex, but also very dynamic. The rhythm is fast. It's like we're in a race all the time. It is then important, when working with a lawyer, to get easy and quick answers – and have your communication as simple as possible. We work the same way internally with our CEO and management. We can rarely afford to spend hours reading and digging into long epistles or a great many documents. If a lawyer is quick, inventive, and straightforward, we are a perfect match.

– Ioana Regenbogen of ING

My main criteria for picking a specific external counsel is, first and foremost, having a professional, respectful, ethical, and integral approach that is compliant with the company values, policies, and procedures in general. Thereafter, of course, the relevant external counsel must (i) hold the necessary expertise to handle the matter and (ii) be well aware of the challenges in the business industry in which the company mainly operates.

– Gamze Bedirkurum of Ericsson

We have been very satisfied with our recent counsel choices. We tend to ask for recommendations before we approach a new counsel. We are looking for a business-oriented and pragmatic approach, with a good understanding of our business. We prefer to develop long-lasting counsel-client relationships based on loyalty and trust.

– Martin Matula of CPI Property Group

Cost is one aspect. However, the most important thing is their capability and approach to being a strategic business partner rather than providing legal theoretical memorandums. Another point is their agility and response time. We expect them to go along with us shoulder to shoulder, not seeing us as clients. Those are the external counsel which give us a heads up at early stages and prepare us proactively in terms of developing regulations to allow us to be proactive in designing and/or adapting our business models.

– Zeynep Derman Kucukonder of Coca-Cola

Legal skills, industry knowledge, and sympathy – the latter because legal services are still shaped by humans and not a machine and the better you get along personally with your external counsel, the better and more fruitful the cooperation will be.

– Ingo Steinwender of CA Immobilien

I can definitely say it is not only about the fees. It actually happened to me that I decided not to choose a law firm that provided a relatively low-fee quote (compared to other law firms who were invited to submit their offers) as it raised certain concerns as to whether the law firm understood the matter and its complexity and whether the law firm's hidden intention was just to get the deal and allocate as much as possible to out-of-scope items so that the fixed fee quote becomes less relevant in the total settlement. We always assess the fee quotes received from a fairness perspective, and we also assess the overall presentation of the team and their experience in similar matters – which needs to be proven not only by the list of credentials included in the offer but also shown in the pitch calls.

– Joanna Przybyl of Revetas Capital

When we choose a specific counsel, we scrutinize their professional track record. We read almost all of their publications and evaluate their experience. Finally, we do not decide before meeting them in person to see if we can communicate hassle-free.

– Bora Kaya of Gama Power Systems

WORKING WITH EXTERNAL COUNSEL: DO YOU PICK THE FIRM OR THE LAWYER?

A Firm Choice

Do you tend to select your external counsel based on the firm or a specific lawyer? While the answer is many times a mix of the two, **40%** of General Counsel lean towards looking at the firm.

“I tend to pick based on the law firm,” says Asli Sahinkaya of Setur. “I think the culture of the law firm is very important, and the best law firms are those who keep the culture, even if the lawyers change.”

A formal or informal panel of firms that GCs are familiar with is pointed to most often as an explanation. Judit Miskolci of Teva says that for them, “there are selected law firms with whom we work at group and local levels on specific areas of expertise.”

For others, like Andrzej Klimek of Idea Getin Leasing, it comes down to knowing there is manpower behind a matter: “We rather prefer a law firm because of potential replacement and number of lawyers who may be involved.” As Joanna Przybyl of Revetas Capital explains, “it is important to have a trusted relationship with a specific lawyer, but equally important to know that there are other teams behind this person that can either support (if from the same practice area) or supplement the services with support provided from other areas that may become relevant in a given matter.”

Lastly, for some, “a brand name law firm offers a level of credibility and comfort,” as Alex Florescu of Nepi RockCastle puts it. Bora Kaya of Gama Power Systems explains that “the brand becomes more important if the impact of the potential negative result on the business will require an explanation to the shareholders or the board.”

But even for those that lean towards picking based on the firm, having the right point person is critical. “We have contracted law firms, however, we work always with the same

lawyers therefrom, if possible,” says Viktor Fonth of HB Reavis. “This simplifies the cooperation (we have already gone through our mutual learning process, they know our standards, we know the quality of work and the attitude we can expect).” This is echoed by Przybyl: “On bigger projects, we do appreciate having one contact person that coordinates all relevant workstreams and understands the overall project – this simply brings additional efficiencies if we do not need to collect and combine various elements relevant for a given matter.”

Letterheads Are Not All

“I prefer choosing a specific lawyer over a law firm,” says Stefan Orosi of Prima Bank Slovensko. “I am always looking for a lawyer with professional experience and good references. The expected result takes precedence over a lot of supplied letterhead paper with nicely aligned edges, if you know what I mean.” And the majority agrees with him, with **60%** of General Counsel leaning towards choosing based on the individual lawyer.

Learned Better

“Even though all lawyers within a big law firm should be of high level, it is not always the case,” says Eirini Florou of Holcim. And a perceived failed promise of quality is a recurring theme, with Ingo Steinwender of CA Immobilien saying they “pick individuals as the law firm and their rankings only indicates the quality of the partners, but - more often than I expected – is not a seal of quality.”

“I have learned that brands are irrelevant,” adds Adam Brzezinski of MoneyGram. “I know this sounds provocative but that is the truth. It always comes down to the human being talking to you and his/her perspective and thoughts that can either tackle the topic at hand straight on or be generic enough that is not even remotely linked to the issue discussed.” Going for a specific lawyer seems like a safer bet in the minds of most general counsel, like Sylvia Nanovska of

WORKING WITH EXTERNAL COUNSEL

Telelink: “We used to pick based on the law firm, but now we prefer to work with a prominent professional for a matter we need advice on. We are then more confident that we will get professional and expert advice.”

Keeping Positive Vibes

Radu Culic of Roche says he tends to “pick based on a specific lawyer, considering the previous experience with that person.” Mark Erdelyi of Yettel Hungary also says he looks at “lawyers, usually,” because he “trusts the individuals who have proven themselves.”

Clementina Canel of Fepra too highlights the importance of having “previously worked together and having good results,” with Zita Toth of Primaenergia stressing she looks at individual lawyers with whom she “had good/positive experiences before.”

Loyalty First

“I personally pick the external counsel based on the specific lawyer, so whenever he/she moves to another law firm, I prefer to go with him/her too,” says Gunel Rzayeva of Vava-Cars. “We always go with the individual names as we value the relationship,” explains Aybars Yagiz of Gama Energy. “Almost all mid- to large-sized law firms can provide indemnity insurance, and amongst them, we seek to pick favorable names.”

And that happens even when the initial choice was based on the firm, according to Eleni Stathaki of Upstream Systems: “Unless someone refers to me a specific lawyer, I tend to pick based on the law firm. However, when a lawyer that we work closely with changes firms, I typically follow the lawyer. Familiarity with the organization can save lots of time and make for better results.” ■

For a summary based on all Deal 5 interviews we carried out in the last three years, as to why GCs reported re-using their external counsels on deals or how they picked firms for new partnerships, see *Old Faithful: GCs on Returning to the Same Legal Advisor*, on page 72, and *Out Shopping: GCs on Picking a New Law Firm*, on page 70.



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REFLECTING ON THE DEAL 5 INTERVIEWS





OUT SHOPPING: GCS ON PICKING A NEW LAW FIRM

By Teona Gelashvili

Based on 130 CEE In-House Matters Deal 5 interviews, we analyzed the fundamental factors that play a role in GCs' decision-making process in terms of choosing a new law firm to work with. The most frequently brought up factors are described below.



Branding and Reputation

A common pattern among GC responses regarding the reasoning behind picking a specific law firm was to highlight the branding and reputation of those law firms. For example, “ODI is one of the best-known transactional advisors in the legal field in Slovenia and they had great references,” Hranilnica Lon’s Imre Balogh noted. “We inquired with a few law firms but decided to go with Sorainen, due to their excellent reputation in M&A matters,” Montonio Finance’s Rasmus Oisma said. Similarly, Raunistal’s former owner Regiina Pihlak said the sell-side had “involved Lextal in the company’s sale process, as they are one of the leading firms in Estonia and their experts are at the top of their field.”

For others, the excellent positioning of the firm in the legal market was a good starting point for further inquiries. “We invited Clifford Chance to pitch as they are well-known in the market,” Commerz Real’s Dirk Schilo commented, adding that later, during meetings, the lawyers “gave the impression of being very competent whilst having a commercial insight into the market.” Similarly, AI Startup Incubator’s Angelo Burgarello said that “KSB is definitely one of the best law

firms on the Prague scene” and that, with their primary point of contact lawyers, “we are able to quickly identify the must and nice-to-have features of the investment.”

A Friend Indeed

A number of GCs, on the other hand, emphasize that their choice of legal advisor was influenced by the fact that a specific law firm had been recommended by someone they trusted.

Frequently, law firms can be the ones advising companies on which colleagues of theirs to work with. Evli Growth Partners’ Riku Asikainen said that the company chose Wallces as an advisor since the firm “got a nice and warm intro from trusted Helsinki law firm Avance Attorneys.” Likewise, Infosys’ Inderpreet Sawhney said that “since the deal involved other jurisdictions where Osborne Clarke is not present, they needed to switch to someone on the ground for bits of the deal. They told us they have a few best friends that they trust – Kinstellar and DLK Legal – and we went with their recommendation.”

“While this was our first deal in Lithuania, we had done deals in other former Eastern bloc countries before and built a good network of advisors,” ConHostinger’s Thomas Strohe said, adding that “we used this network to get introductions and suggestions for local law firms in Lithuania and screened the market.”

A personal factor also seems to play a certain role, according to GCs. For example, “KWKR was recommended to me by a friend of mine who’s been in startups for years,” Knacks’ Dawid Szymanski said. “LegalProof was recommended to me by one of my mentors, so that was a first step in building the trust needed with a potential partner,” Zipper Studios’ Radu Benga reported.

Finally, GCs note that sometimes such referrals come from an organization they work with. “We were looking for a company that looks at startups as future partners, not temporary clients,” Brette Haus’ Gennadii Bakunin said, adding that “the Latvian Startup Association advised us to contact Sorainen because of its good reputation in supporting local entrepreneurs.” Turing College’s Benas Sidlauskas also said that “YCombinator had top leading law firms as their partners, which they offered us to choose from.”

A Niche in the Market

For some GCs, an important feature when selecting a legal advisor is their expertise in a specific practice or industry. For example, Hackrate’s Balazs Pozner said that, “during the selection process, field experience in IT security and legal issues of cybersecurity services was an essential factor for us.” Albaraka Asset Management’s Emin Ozer also noted that the criterion for choosing a legal advisor was the fact that “Aksan is a well-known Turkish law firm focused on startup investments.”

Alternatively, GCs frequently highlight the matching expertise of law firms as a decisive factor. For example, Sun Investment Group’s Maciej Kalinowski noted that the company decided to rely on Clifford Chance since the firm “is known in Poland for its premium quality of legal services in the fields of energy and mergers & acquisitions,” and they were looking for a legal team “who merges expertise in both fields.”

And sometimes you have to tick all the boxes. “The one-stop-shop solution works well for us,” Van der Vorm Vastgoed’s Rene Voortmeijer explained, noting that their legal advisor had “a broad experience in legal services: corporate law, real estate, construction, and tax.” ElevenEs’ Nemanja Mikac

agreed, saying that “for us, it was very important to have a world-class partner, who has expertise in different areas. So, when we need high-level negotiating (e.g., term sheets), tax, employment, or intellectual property support, in Karanovic we have found a great and safe partner.”

Stakelagic’s Stephan van den Oetelaar and Ciklum’s Anna Ryzhova noted that the firm’s international experience was essential. “In 2019, Ukraine was a ‘foreign country’ for Stakelagic,” Oetelaar said, adding that “therefore [we] looked for legal advice from an international law firm that could help to build business operations in Ukraine.” Ryzhova also said that “international legal support to any global business and trade is at the core of the in-house legal function”, and that Dentons was an easy choice since the firm had an experienced M&A team “in the countries where the target had a presence.” Fr. Lurssen Werft’s Dirk Malgowski echoed that sentiment, saying that “our goal was to find a Bulgarian law firm with international experience.”

Finally, GCs are also taking into account specific factors, such as the law firm’s understanding of the region or relationship with public bodies. Lurssen’s Malgowski said that Gugushev & Partners was an “ideal choice” since the firm had “experience in working with the Ministry of Defence and strong local knowledge.” FinBee’s Darius Noreika highlighted that Motieka & Audzevicius “is experienced in the field and is in good relations with the regulator,” and that “good relations with the regulator help to achieve informal and efficient communication when necessary.” Finally, Studen & Co Holding’s Natasa Pucar noted that one of the benefits of working with Ibrahimovic & Co was that the firm knew the “legal traditions in West Balkan countries, with 20 years of experience.”

Taking a Leap of Faith

And last but certainly not least, GCs sometimes look at elements such as shared values and a common vision about the project’s future, when selecting a legal advisor. “We wanted to find the ones who will believe in our future goals,” the Cher-risk legal team noted, adding that “Dentons was the one who came up with a vision regarding the ecosystem and products.” Or, as Solaride’s Kristel Leif put it: “I think it’s a positive mark that Hedman Partners sees a lot of potential in this project and wants to contribute with its legal know-how.” ■

The analyzed Deal 5 interviews were published between June 2020 and September 2022. Companies and positions were current at the time of their respective publishing.

OLD FAITHFUL: GCS ON RETURNING TO THE SAME LEGAL ADVISOR

By Teona Gelashvili

Looking at the CEE In-House Matters Deal 5 interviews over the past three years, approximately two-thirds of GCs said that the reason behind choosing a specific legal counsel was their successful cooperation in the past. We identified and structured those key elements and criteria they used in making their decision, with the most salient arguments presented below.



The Reliable Advisor

First and foremost, GCs looked at the end result that a long-term partnership might lead to, which is trust and an understanding of companies' needs. "The long-term cooperation, and therefore the great trust," as Trei Real Estate's Matthias Schultz put it. "It is always about the people," Sunly City's Marek Sakk commented, adding that using the same legal experts means they "already know how we think and where we want to go."

According to INVL Baltic Sea Growth Fund's Nerijus Drobačius, collaboration with the previous advisor "was relatively easy, as they know what the deal-breakers for us are and, therefore, they can properly address red flags to the transaction documentation."

"They understand our needs," Solitea's Martin Cigler also pointed out. "Often, we let them negotiate some legal issues with the other party directly, because they know our position and standards. This simplifies our work and speeds up the transaction process."

Or, as Orion's Benas Poderis put it, "we know what to expect from them, they know that we are very pragmatic and straightforward with our processes, and they already know our appetite for risk and investment strategy – all making it easy to work together."

Proven Expertise

GCs also highlighted specific professional traits that have become significant factors in opting to work with their old legal

advisor. For Kofola's Martin Pisklak, working with Onisko & Holesova was a good choice, as "their scope of work is wide – reviewing sales/purchase contracts, corporate law agenda, due diligence work, SPA negotiation, litigations, and much more," and "they are able to cover the Czech Republic and Slovakia."

Likewise, broad expertise was an important rationale in returning to the previous advisor for Vimetco Group's Dragos Vancu: "our collaboration goes beyond legal assistance services in financing projects, as Zamfirescu Racoti Vasile & Partners is our trusted legal advisor on all types of mandates, including corporate governance matters, mergers and acquisitions, energy and natural gas, capital markets, competition, and arbitration and litigation."

"I find it very valuable to be able to rely on a single firm with respect to matters spanning from planning, construction, leasing, banking, and transaction support – the full life cycle of property development and investment projects," Apollo-Rida's Rafal Nowicki commented.

And expertise is also valuable when it's specific. The EBRD's Konstantin Olefirenko and Restart Energy's Armand Domuta highlighted that factors such as having "a good working relationship with the borrower" and "a vast experience in trans-border transactions" could also swing a GCs judgment call when it comes to doing repeat business with a law firm.

Work Habits and Synergies

Beyond expertise, GCs pointed to several professional traits that were important in – and also work synergies that developed through – working together. For example, Penta Real Estate's Damian Grzywacz explained his choice by pointing to the "great team spirit between companies."

Zlota 44's Katarzyna Goryszewska highlighted that the advisor's "team is fully involved in projects in which they advise," and partners "are always available and do not try to be in several transactions at the same time."

Evernord's Arnas Vedeckis noted that "TGS always goes the extra mile to meet our high standards." Similarly, Tarentum's Bora Tokyay said that "we could see how they always put themselves in our shoes and 'owned' our issues and concerns as if they were theirs." For Grubb's Caroline Roboh it all boiled down to the law firm "making us always feel like priority clients."

We have built a trusted relationship with the team and they helped us navigate through the complexities of closing a deal in a post-COVID world. They understand our structure, focus, and requirements, which makes the firm a strong partner for Madison.

– Matthias Cordier of Madison International Realty

CA Immo's Ingo Steinwender highlighted that, with their legal advisor, "common transactions are implemented in an 'autopilot' mode. This means in particular that Greenberg Traurig and we are a well-coordinated team, that we trust [and understand each other] humanly, and that Greenberg Traurig is fully aware of our requirements and standards."

And finally, AEW's Xavier Aubrun, Monimoto's Andrius Bruno Rimkunas, and Studenac's Michal Senczuk respectively pointed to qualities such as "abilities, trust, and availability," "professional, open, humble, and straightforward," and "responsiveness, fast-thinking analysis, and problem-solving, as well as the ability to think outside the box" as the pivotal elements they took into account when considering new work with their previous advisor.

The Rule of Fun

Ultimately, Orqa Holding Limited's Srdjan Kovacevic brought up an unwritten rule in 'the GC handbook' – "I had various degrees of pleasure and displeasure working with other legal counsels [and] realized that if you find a lawyer that you actually enjoy working with, you better make sure you stick with them." ■

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3D CHESS: GCS ON THE CHALLENGE OF MULTITASKING

By Andrija Djonovic

Completing complex transactions, investment procedures, and deals is never easy. With the amount of work and pressure exerted over businesses, in-house legal teams must be versatile, nimble, and ready for everything. Taking a closer look at all the Deal 5 interviews that CEE In-House Matters has conducted over the years, we sought to map out the biggest challenges that got in the way of smooth sailing. And, perhaps unsurprisingly, the most frequent challenge that in-house teams and General Counsels working on some of the most important deals across CEE have mentioned was multitasking, or working in multiples.



Covering multiple jurisdictions, integrating multiple legal workstreams, and balancing multiple stakeholder interests brought the most headaches and forced both in-house and external legal teams to go above and beyond.

Balancing Multiple Jurisdictions

Integrating multiple legal frameworks, on a tight schedule, while making sure that all requirements and prerequisites are fulfilled is no easy task. Simultaneously following two or three regulatory framework compliance efforts in parallel is no mean feat. “The transaction covered four jurisdictions: Denmark, Poland, China, and Lithuania – it was quite difficult to organize the due diligence process, as we needed to understand how the company was run and get the transaction documentation ready,” INVL Baltic Sea Growth Fund’s Neri-

jus Drobavicius said, commenting about the fund’s acquisition of a stake in MBL.

The same was true of Infosys’ acquisition of GuideVision, according to Infosys’ Inderpreet Sawhney. “One of the most complex aspects of this acquisition was the presence of Guidevision in the Czech Republic, Hungary, Poland, as well as its having capabilities in Germany and Finland, which presented many compliance-related and jurisdictional challenges,” she said.

Kofola’s Martin Pisklak agreed, adding that the “coordination between four jurisdictions: the Czech Republic, Slovakia, Slovenia, and Croatia,” was the toughest part of Kofola’s refinancing. “The legal requirements and procedures differ from country to country – especially pledges and other security procedures.”

Of course, issues arose even in those cases that featured fewer jurisdictions. “As the deal in the Czech Republic was linked to another portfolio from the same vendor in Serbia, we had to consider more parameters for this deal in order to align both acquisitions in terms of timing and commercial aspects,” pitched in Immofinanz’s Stefan Frommel on the company’s acquisition of Mitiska Reim’s retail parks. The same was true for Trei Real Estate’s financing for its Polish subsidiaries from Deutsche Pfandbriefbank. “The coordination between German and Polish law and legal understanding was the biggest challenge,” commented Trei Real Estate’s Matthias Schultz.

Mapping the Approach

Assembling the puzzle that is cross-jurisdictional work is never easy, but luckily businesses and in-house teams were able to rely on experienced external legal experts to pitch-in and help. “The greatest threat we saw to the deal was our lack of familiarity with Croatian legislation,” said MSIN Group’s Tina Basic, commenting on the company’s acquisition of Neograf. “That was minimized through the help of the ODI Law team and their experience,” she said, explaining that the firm’s experience and expertise in the Croatian market was able to help the MSIN Group seal the deal.

Infosys’ Sawhney agreed with the approach and reported that the company went a step further and engaged not one but three different law firms to help out on their deal. “We had a pleasure working with different firms and teams and a lot of learning opportunities presented themselves,” she said, commenting on the company’s cooperation with Osborne Clarke, Kinstellar, and DLK Legal.

Ultimately, solid and sound cooperation from the get-go seems to be another key to successful deal completion. Trei Real Estate’s Schultz said that “due to the good cooperation with the bank, the bank’s law firm, and our law firm, we kept the coordination process as simple as possible, so that there were no major problems.”

Running Multiple Legal Tracks

Further, it would appear that simply being forced to run multiple legal workstreams in parallel can prove to be a serious (potential) spoilsport for successful dealmaking. Running a tight deadline and juggling the inputs from many sides, both internal and external, put a strain on things and really challenged the full capacity of all teams involved.

“Perhaps the most complex aspect was that ours was an asset deal, which, even though more flexible, is also way more complex than a share deal,” said Telecentras’ Aida Raziulyte, commenting on the Mezon sale. “A carve-out is a rather tough exercise, since the business does not stop for a single day. It is about selling a ‘moving target,’ with data changing over time, with the need to update it all again and again,” she stressed.

A similar situation occurred in the Hranilica Lon share issuance, according to Imre Balogh. “The issuance was combined with the pre-emptive right of the existing shareholders in the first round, with external investors having the opportunity to subscribe in the second round,” he said. “Running the process partially parallel meant we needed to develop a methodology for the pricing of the second round based on the success of the first round. Those involved in the legal framework had to deal with the dual-level of the procedure, meaning they had to be very precise to treat all investors fairly and equally while achieving a pricing that reflects market conditions,” Balogh explained.

Echoing Balogh’s input was Sun Investment Group’s Maciej Kalinowski, commenting on the Solar Park portfolio sale. “I would say that the most important aspect that we had to focus on was making sure that the requirements of the Polish regulatory framework were properly transposed into

One of the most complex aspects of this acquisition was the presence of Guidevision in the Czech Republic, Hungary, Poland, as well as its having capabilities in Germany and Finland, which presented many compliance-related and jurisdictional challenges. Also, while our legal team had proficiency in English, a lot of documentation was in local European languages, meaning we had to work with local jurisdictional experts to overcome this language barrier.

– Inderpreet Sawhney of Infosys

the typical corporate elements of the transaction,” he shared. “It is one thing to draft the share purchase agreement, and an entirely different challenge to make sure that the agreement complies with the regulations applicable to the PV plants and foresees challenges resulting from these regulations for the successful commercial closure of the transaction,” Kalinowski elucidated.

Indeed, complying with regulatory requirements in parallel to transaction work is a challenge throughout CEE. 4i Capital Partners’ Konstantin Vasiuk testified as much, in his commentary on the sale of Portmone. “Overall, such deals are rather complex processes with a lot of moving parts – the deal was a bit stretched in time as it required clearance of two regulators in Ukraine – the Antimonopoly Committee and the National Bank of Ukraine,” Vasiuk reported.

Such operational hurdles are further exacerbated when happening without a market precedent. This was the case in GTC Group’s sale of its Belgrade office portfolio, according to Klara Bujdosó. “The deal involved a complex interplay of real estate, corporate, and financing aspects,” Budoso said. As a particular challenge, she stressed the coordination of the negotiations and the sale of “project companies in two jurisdictions, all while juggling pre-completion activities and putting together very substantial cross-border bank financing.”

Satisfying Multiple Stakeholders

Finally, just as it is challenging to cover multiple jurisdictions in complex transactions and balance all their different aspects, it is as challenging, if not more, to properly balance, integrate, and appease multiple, diverse, and sometimes diverging stakeholder interests.

“The structure of the transaction was not very easy because there were many parties involved – VSS, two financing banks, existing shareholders who remain as minority shareholders of VSS, and the new investor,” said VSS’ Ilze Saviele of the company’s sale of share capital. “The biggest headache was to make everyone happy – our current investors and future ones,” chimed in Turing College’s Benas Sidlauskas, commenting on the college’s participation in the Y combinator.

Resonating Saviele and Sidlauskas’ words was Agacad’s Donatas Aksomitas, commenting on the sale of the company to Arkance. The biggest issue here “was to properly represent the interests of the selling founders, while at the same time

allowing the strategic investor, to a certain extent, to maintain the practices used in its M&A activities in a number of other countries.” A similar situation occurred in the Product Lead financing round, according to Founders Bridge’s Liviu Munteanu. “Because three venture capital funds were involved in the round, the most intricate part was probably the new shareholder agreement, that needed to accurately represent the interests of all parties,” he reported. Indeed, incorporating the individual requirements and goals of each and every stakeholder into the structure of the deal is not easy. Sometimes, this is exactly what breeds difficulties in a deal. “The complexity [of the transaction] resulted from a wide range of operational factors,” confirmed Pekao TFI’s Dominik Mielczarek speaking of the bond issuance of MPO Warszawa.

And sometimes, operating in a multiple stakeholder environment could also spell additional compliance challenges. “Being a multi-stakeholder project, challenges have been mostly related to compliance,” said Innovation Fund’s Mladjan Stojanovic about the fund’s launch of the Katapult program in Serbia.

Betting on Expertise and Flexibility

Successfully completing a complex deal while making everybody happy requires a high level of expertise and flexibility – which is exactly what GCs underline most frequently as being the key for thriving transactions. Founders Bridge’s Munteanu stressed that the “expertise of ACT Legal [advising on the financing] came in very handy,” and helped the process complete smoothly.

And Innovation Fund’s Stojanovic agreed, in the case of Katapult. “Karanovic & Partners were a great asset to rely on,” he said. “The specific set of regulations on granting state-aid, for which the EU has a special interest, made us change internal acts and the design ought to take into account the specific provisions of this regulation. Complying with this segment of regulations required specific expertise,” he explained.

And finally, Agacad’s Aksomitas reported the company’s sale to Arkance “went very smoothly due to the reasonable and flexible approach taken by both Arkance and Agacad and the counsel of both parties throughout the process.” ■

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