



FTI Consulting and NYSE Governance Services Study Identifies Key Risks and Legal Trends for Publicly Traded Companies in 2016

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Annual Survey Finds Increased Confidence for Cyber Risk Preparedness, Shareholder Activism and Regulatory Compliance

Disruptive Innovations, Third-Party Risk and Enterprise Risk Management Emerge as Key Issues

WASHINGTON, June 02, 2016 (GLOBE NEWSWIRE) -- FTI Consulting, Inc. (NYSE:FCN), the global business advisory firm dedicated to helping organizations protect and enhance their enterprise value, and NYSE Governance Services (NYSE:ICE), a leading provider of corporate governance, risk, ethics and compliance services for public and privately held companies, today released findings from the [11th Annual Law in the Boardroom Study](#). The collective results point to increased confidence in several areas of key issues in corporate America today, including cybersecurity ("cyber") risk preparedness, shareholder activism and regulatory compliance. Three emerging issues found in the survey include disruptive innovations, third-party risk and enterprise risk management.

This year's study revealed that while cyber risk topped the list of issues keeping directors and general counsel up at night for the second consecutive year, a growing emphasis on cyber risk preparedness may have helped ease their levels of concern, which dropped 34 and 29 percentage points, respectively, over the past 12 months, from 90 percent and 86 percent in 2015. Furthermore, 78 percent of those surveyed believe they now have a good understanding of the cyber risks within their company. Their new confidence is evidenced by the fact that 77 percent of directors said the reports they receive from management allow them to provide effective counsel, 74 percent have been trained on cyber awareness, and 53 percent believe their company is well prepared in the event a cyber breach were to occur.

"It is encouraging to see that corporate leaders have taken the risk posed by cybersecurity breaches to heart," said [Mitch Silber](#), Senior Managing Director in the Forensic & Litigation Consulting segment at FTI Consulting. "Compared with last year's results, the increase in confidence expressed by directors and general counsel, as well as the increase in training reported, shows that companies are getting both smarter and serious about the risks posed by cybersecurity threats to their business."

While innovation can be a tremendous opportunity for growth, it can also be an immense threat to organizations in an era where emerging technologies can make or break a market share advantage practically overnight. This year, the evasive threat of disruptive innovation has emerged as a key concern. Although 62 percent of all respondents stated that they hold regular, productive discussions on enterprise risk management and three-quarters believe they spend enough time discussing risk oversight matters related to the overall strategy of the company, nearly half (47 percent) of respondents reported being concerned or highly concerned with disruptive innovations that can gradually threaten their industry and market share.

Shareholder engagement, although a top concern, was another area in which directors showed increased confidence compared to previous years, with only 28 percent saying they are concerned or very concerned about activism or litigation risk, a decrease of eight percent from the previous year. Their increased confidence may be related to a finding that shows the vast majority (84 percent) believe they have assessed the vulnerabilities that might make their company a target for activists, up from 69 percent last year. This year, 63 percent of directors stated that their boards have taken steps to improve their ability to communicate with shareholders by undergoing specific training. Shareholder engagement concerns have remained steady for general counsel (43 percent were concerned in 2015 compared to 41 percent in 2016), however, the number of respondents who said they have assessed the vulnerabilities that might make their company a target for activists increased from 76 percent to 89 percent year-over-year.

"The higher levels of confidence among those surveyed speak volumes about the importance of building and measuring a strong culture of compliance," said Adam Sodowick, President of NYSE Governance Services. "By regularly assessing potential vulnerabilities or identifying new cybersecurity issues that were previously unknown, today's companies can help protect their brands and their employees by seeking comprehensive compliance solutions."

Increased confidence was also seen in the area of anticorruption and ethics compliance programs, with overwhelming majorities of directors and general counsel (95 and 90 percent, respectively) stating they were either confident or very confident in their internal compliance programs in this area. This year, general counsels appear to be more concerned with third-party risk than directors (32 percent compared with 17 percent). While general counsel showed the same level of concern last year, double (34 percent) the number of directors reported being "somewhat" or "not at all" confident in their handling of third-party risk in 2015. Enterprise risk management is also still top-of-mind this year, and a particular concern for directors, due to the multiple liabilities that can emerge from third-party relationships in today's global environment.

[Neal Hochberg](#), Global Leader of the Forensic & Litigation Consulting segment at FTI Consulting, said, "Ethics and compliance are not just internal issues, and while companies are showing tremendous confidence in their internal compliance programs, there is growing concern about their ability to manage the kind of third-party compliance issues that potentially represent as great of a risk as those that arise internally. Companies should be careful to consider all potential compliance risks, not just those that come from within."

About the Law in the Boardroom Study

The annual Law in the Boardroom Study, designed by FTI Consulting and NYSE Governance Services, was conducted between February and March of 2016. The survey reflects the responses to weigh in on and identify the latest and most pressing governance trends and legal matters in today's boardroom from 354 directors and general counsel of publicly-traded US companies.

The full report can be accessed [here](#).

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. With more than 4,600 employees located in 28 countries, FTI Consulting professionals work

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About NYSE Governance Services

NYSE Governance Services is the leading governance, compliance, and education solutions provider for companies and their boards of directors. Through a complete set of technology-enabled and data-driven solutions designed to address compliance, accountability, and risk management, NYSE Governance Services helps companies comprehensively build a culture of integrity from employee to board level. NYSE Governance Services is a subsidiary of the New York Stock Exchange Group, an Intercontinental Exchange company (NYSE:ICE). For more information, connect with us at nyse.com/governance, [@nysegov](https://twitter.com/nysegov) or [LinkedIn](https://www.linkedin.com/company/nysegov).

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