

Reflections and Questions: Ethics and Composure Under Pressure

Context and Key Issues

When a company faces a crisis or intense pressure (unattainable financial targets, public scandal, existential threat), senior leaders may be tempted to panic or take unethical shortcuts. The UK **Post Office Horizon scandal** is a striking illustration: a faulty IT system (Horizon) led to the **largest miscarriage of justice in English legal history**, with hundreds of sub-postmasters wrongly prosecuted and convicted.

Beyond the technology failure, the scandal was aggravated by **ethical shortcomings of executives and their legal advisers**, who protected the institution instead of seeking the truth. The case raises urgent questions about the proper role of in-house lawyers in upholding legal and ethical obligations.

In such situations, in-house counsel finds themselves on the frontline. They must *keep their head* and uphold the law and ethical standards even when their bosses are under pressure and may push for “solutions at any cost.” The challenge is to be both an **effective business partner and the ethical conscience** of the company. This panel will explore how in-house lawyers can maintain composure, integrity, and effective leadership in such moments—and how external advisers can provide critical support in strengthening strategic resilience.

Consequences of Leadership and Ethical Failure

A first discussion point is what happens when leaders **face pressure that challenges their ability to uphold ethical standards**. Recent experiences across industries highlight the importance of maintaining integrity in such situation

- **Post Office Horizon scandal (UK)** – Leaders and in-house lawyers refused to question Horizon despite repeated warnings, choosing instead to “defend the company at all costs.” This lack of transparency destroyed lives, led to national outrage, and is now exposing over 20 law firms to disciplinary investigation.
- **Volkswagen “Dieselgate”** – The company was found to have used software affecting emissions test results, leading to substantial financial, legal, and reputational consequences. The financial costs were estimated at around €31 billion.
- **Boeing 737 MAX crisis** – Issues related to the aircraft’s design and communication contributed to two fatal crashes, resulting in 346 deaths. The company faced legal, financial, and reputational consequences, including a \$2.5 billion settlement.
- **Construction sector scandals:**
 - **Odebrecht** (Latin America) – The company was found to have engaged in widespread bribery across several countries to secure contracts, leading to multiple investigations, prosecutions, leadership changes, and financial penalties.

Facts: The Brazilian construction company admitted to operating a dedicated unit for making illicit payments to secure public contracts in multiple countries. In 2016, it reached a leniency agreement as part of the 'Car Wash' investigation, paying multi-billion-dollar penalties. The case involved over a dozen countries and led to legal, financial, and political consequences across the region.

- **Lafarge** – financed terrorist groups in Syria to keep a plant running, resulting in U.S. criminal charges and a \$778 million fine.

Facts: From 2013–2014, Lafarge S.A. and its subsidiary Lafarge Cement Syria (LCS) made payments to ISIS and the al-Nusra Front to keep their Jalabiya cement plant in northern Syria operating amid the civil war. In October 2022, Lafarge and LCS pleaded guilty in U.S. federal court to conspiring to provide material support to designated foreign terrorist organizations and agreed to pay \$778 million in fines and forfeiture—the Justice Department’s first corporate prosecution for material support of terrorism. The admitted conduct included a revenue-sharing arrangement with ISIS and other payments intended to secure safe passage and suppress competitors. Separate proceedings have continued in France: in October 2024, French judges ordered Lafarge and several former executives to stand trial on charges including financing terrorism and violating an embargo.

- These cases highlight the complex challenges in-house lawyers face **when balancing short-term operational pressures with long-term legal and ethical risks**.
- **France Télécom (Orange) suicides** – During a major restructuring under market pressure, the company faced a wave of employee suicides. French courts later convicted the company and several executives for institutional moral harassment, marking a first in France.

Angle: Invite panelists to reflect: *Would you consider these cases as instances of management failure, and specifically as failures on the part of the in-house counsel?*

What was missing in leadership or legal oversight in these cases? What could in-house counsel have done differently?

Which ethical rules apply to you personally, rather than the company? Are you covered by legal privilege?

Have you ever had to formally warn your board? How do you personally stay calm when pressure peaks?

Transparency, Accountability, Courage

Three values to explore:

- **Transparency** – Openness, even if painful short term, preserves trust long term?
Question: Does transparency/honesty really pay? How do you persuade a panicked CEO to disclose bad news?
 - **Accountability** – The Post Office scandal showed the dangers of denial.
Question: Can boards demand accountability on ethics, not just performance?
 - **Courage** – Saying “no” to a CEO or admitting mistakes publicly, requires moral courage.
Question: Is ethical courage innate, or can it be cultivated? When do you decide to bring in external counsel? Can you share an example where external advisers helped (or hindered) you in times of crisis?
-

Sample Questions

1. **Lessons from Horizon** – *What should in-house lawyers learn from the UK Post Office scandal? What would you have done differently as GC at the time?*
2. **Pressure vs. Ethics** – *When top management pressure is overwhelming, what practical steps can counsel take if they spot ethical red flags?*

3. **Cross-sector examples** – *Beyond Horizon, which recent cases show how lawyers could have made a difference? (Automotive, aviation, construction...)*
 4. **Saying “No”** – *Have you ever had to say no to a CEO for ethical/legal reasons? How did you manage it?*
 5. **Training & future-proofing** – *Are lawyers today well enough prepared for these dilemmas? What should change in training, governance, or external collaboration to avoid the next Horizon scandal?*
-

Closing the Debate

We can wrap up by highlighting:

- The **immense risks of ethical failure** (human, financial, reputational, legal).
- The **strategic value of ethics, transparency, and courage**.
- The need for lawyers/counsels to be both **trusted advisers and ethical guardians**.

Example of closing question to the panel/public:
*If you had to give one piece of advice to a young in-house lawyer facing their first ethical crisis, what would it be?
What advice would you give to a junior lawyer/counsel who sees misconduct but fears career damage?*