CLYDE&CO

Successful risk navigation

Regulation, reputation and the cost of getting it wrong

Insights from the 2026 Corporate Risk Radar

Regulatory and compliance risk has surged up the corporate agenda. With requirements multiplying and disclosure windows narrowing, your ability to respond quickly and effectively can determine whether an incident is contained or develops into a wider crisis.

In our latest Corporate Risk Radar Report, we surveyed 700 senior decision-makers across ten sectors and eight regions worldwide to understand how they are navigating a permanently elevated risk landscape.

> REGULATORY AND COMPLIANCE RISK TENDS TO SIT LOWER ON THE EXECUTIVE AGENDA, LEADERS CAN OFTEN FEEL THAT IT IS MORE FOR TECHNICAL PEOPLE TO MANAGE.

Here's what they told us about regulatory and reputational risk.

82%

say rising obligations are materially shaping their ability to grow.

14%

of the C-suite name it as the risk needing most senior attention.

+31

point rise in a single year, taking it to the top of the agenda.

85%

of leaders now rate regulatory & compliance burden a high-impact risk, up from 54%.

THE SHIFT

Regulatory and compliance burden now ranks as a high-impact risk for 85% of leaders, up from 54% a year ago. It sits just one percentage point behind technological and operational risk at the top of the agenda. Compliance is no longer a fixed target but a moving one: requirements across AI, data privacy, ESG reporting and sector-specific regulation are arriving quickly, and inconsistently, across jurisdictions.

THE BOARDROOM BLIND SPOT

Despite ranking near the top for impact, only 14% of C-suite executives name regulatory burden as the area that needed the most senior attention over the past year, behind operational challenges (19%), technological risk (18%) and economic risk (17%).

As Roshanak Bassiri Gharb, Partner, Clyde & Co, puts it: "regulatory and compliance risk tends to sit lower on the executive agenda, leaders can often feel that it is more for technical people to manage."

That delegation carries a risk of its own: in many organisations, the function governing regulatory risk operates with limited boardroom visibility.

WHEN RISK BECOMES REPORTABLE

Regulatory risk rarely surfaces as a routine compliance failure. The most serious incidents appear at the moment of a breach, and the window to respond is narrower than it looks.



> MOST SERIOUS REGULATORY BREACHES ARISE FROM FAILURES TO DISCLOSE. COMPANIES FACE VERY SHORT TIMEFRAMES TO DISCLOSE AND ACT IN THE COMPANY'S BEST INTERESTS. THE REPUTATIONAL RISK IS EQUALLY SIGNIFICANT, AS CONSEQUENCES CAN BE IMMEDIATE AND PLAYED OUT PUBLICLY.
>
> **REBECCA KELLY**, PARTNER, CLYDE & CO

REGULATION AND REPUTATION NOW MOVE TOGETHER

Reputational risk has followed the same path, rated high impact by **78% of leaders** (up from 47%). The cost of missing a regulatory obligation reaches well beyond the financial penalty. The biggest reputational risk factors are service and quality failures that damage trust (69%), investor pressure (60%), and governance and conduct failures, including ethics (57%).

CONFIDENCE VS. READINESS

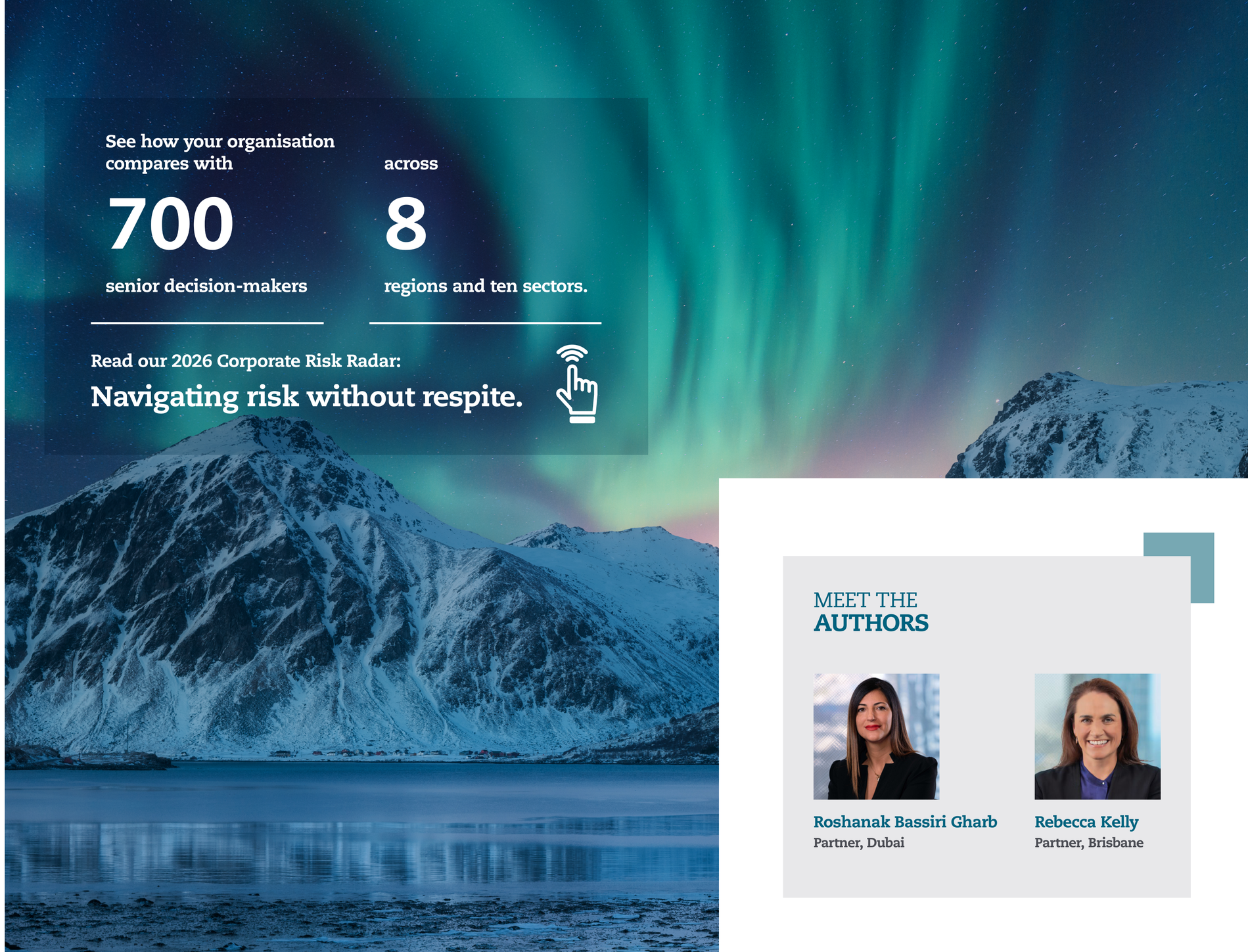
87% of leaders feel prepared to manage regulatory risk, and **85%** to manage reputational risk. But preparedness for routine compliance is not the same as readiness for a live breach. When regulatory management sits too far from the boardroom, accountability turns reactive rather than proactive. The organisations that contain damage most effectively are those with well-established escalation routes, clear decision-making authority, and teams that can act inside the disclosure windows regulators require.

THE CROSS-BORDER MULTIPLIER

Cross-border regulatory complexity is already a significant risk factor **for 51% of organisations,** and ESG, data and privacy compliance burden for **64%. 82% of leaders** say rising regulatory and compliance obligations are materially shaping their ability to invest in and grow the business.

THE BOTTOM LINE

Regulatory readiness rests on judgement and governance, not just knowledge of the rules. Boards and senior leaders should be asking whether the right escalation pathways are in place, and whether regulatory risk is surfacing often enough, and in enough depth, to enable meaningful oversight. Testing those structures before you need them is part of what effective regulatory governance looks like in practice.



See how your organisation compares with

700

senior decision-makers

across

8

regions and ten sectors.

Read our 2026 Corporate Risk Radar:

Navigating risk without respite.

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