Clyde&Co

Successful risk navigation

Corporate risk radar

Part 1. The global landscape

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Contents

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Foreword by Clyde & Co

Each year, our Corporate risk radar (formerly the Looking Glass), in partnership with executive network Winmark, seeks the opinions of General Counsel, their in-house legal teams and their senior board and C-suite decision maker colleagues.

Through this report, we are seeking to explore the risk landscape that corporates face, understand how well equipped they feel they are to navigate it successfully, and what steps they are taking to manage risk and maximise opportunity.

This year's edition paints a picture of an unstable, volatile and fast evolving risk landscape. That has been the case for many years now, but it appears the pace of change is unabated.

What is new this year is the re-emergence of some 'old' risks that many haven't had to deal with for generations – war in Europe involving a nuclear power, soaring inflation and a cost-of-living crisis, higher interest rates as central banks respond, the looming threat of recession, trade wars and the emergence of deglobalised trading zones and alliances.

All of this means the risk landscape is not only complicated but bifurcated.

Bifurcated between more traditional, but what we hope might be more transient risks (inflation will abate, the Ukraine war will hopefully end); and those that are more existential and embedded such as climate change, cyber, and this year's hot topic, AI.

It is these that organisations appear aware of, but which they must navigate at the same time as dealing with the immediate risks posed elsewhere.

With risk, uncertainty and volatility comes opportunity. The GC's and board members we have interviewed are not just focused on navigating the risks, on the desire to continue to grow their organisations, and provide shareholder value and returns, so they can plot a successful path for the future.

I hope that you find this report interesting and insightful. If you have questions, or would like to discuss anything within this report, we would be delighted to discuss it with you. Clyde & Co remains committed to providing you with advice that you can act on to mitigate and successfully navigate risk, and fully realise your organisation's potential.

Eva-Maria Barbosa
Partner, Germany

Introduction

In the last edition of our risk landscape report, COVID-19 was the primary driving force behind the challenges faced by business leaders. The immediate people, operational and technological challenges created by the drastic upheaval of the pandemic are still very much with us, but the economic environment, the war in Ukraine and other geopolitical tensions have emerged to take centre stage.

Political instability, rising inflation, increasing interest rates and declining investment have all underlined how volatile and unpredictable the economic and geopolitical environment has become.

To understand how business leaders are addressing this daunting situation, we have consulted over 200 Board Directors and CEOs, General Counsel (GCs) and other senior C-Suite executives from multiple sectors and across all global regions. In addition to the overview of the risk landscape provided in this document, we will also be issuing two separate reports: the first taking a deep dive into some of the key topics highlighted here, and the second tracking the continuing evolution of the GC role.

We have achieved, by some margin, the largest sample size in the study's history and are extremely grateful to all the respondents who have engaged so enthusiastically with the research and shared their knowledge and experiences with us. They have provided us with invaluable insight into the priorities and plans of those who are on the front lines of analysing, managing, and minimising the impact of business risks.

John Madden
Research Director,
Winmark

> If the past few years have taught us anything, it is to expect the unexpected. Businesses need to "game-theory" different types of risks that could emerge and give more credence to scenarios that are "highly unlikely" to occur. They need to think way outside of the box - you may not always be able to apply history to the future, and you can't devote resources to investigate everything, so businesses need to weigh the cost versus benefits of how much to devote to future predictions and which areas to analyse.

Marc Voses, Clyde & Co Partner, USA

Executive summary

1 The global landscape

- This year sees the return of some **risks that many organisations will not have experienced before**, such as high inflation, trade wars and geopolitical tensions that pose a threat of nuclear conflict.
- **The unstable economic position** is a primary concern for respondents across all roles. New and emerging geopolitical and economic factors remain a largely unknown quantity, causing uncertainty.
- **The economy** has leapfrogged ahead of **people, regulation and technology** to be the business risk expected to have the biggest impact in the next two to three years.
    - Other risks related to the economic environment have also moved up the rankings, including **market competition** and **credit risk**.
    - The two most pressing economic concerns are **inflation** and the **prospect of recession**. The transition to net zero and the highly competitive labour market are also causing inflationary pressures.
- **Geopolitics** has also risen up the hierarchy of high impact risks, from seventh to fifth place. Assessing the risk landscape is a challenge in what is arguably, the most complex and unpredictable geopolitical environment since the Second World War.
    - Specific worries include deterioration of relations between **China and the EU/USA**; the prospect of **war between Taiwan and China** and the **escalation of the Ukraine conflict**.
- **People challenges are expected to have the second highest impact** on business. The ongoing effect of the 'great resignation', the increased cost of labour and the emergence of more demanding employee expectations of work culture and conditions have all contributed to continued difficulty in attracting and retaining staff.
- **The regulatory environment** is the third biggest risk area overall, and second biggest for GCs. Organisations are finding it difficult to stay abreast of often complex regulatory changes and the associated time, costs and resources needed to ensure compliance.
    - **Environmental** and **data protection** regulations are both complex and subject to frequent change.
    - Organisations are **improving their risk management systems** to track, monitor, and analyse market changes and assess their potential impact on the business.
    - Adherence to **employment, tax, data privacy and workplace safety regulations** have become more complex as employees more frequently work overseas, from home or in public areas such as cafes and co-working spaces.

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The global landscape

Overview

In this section, we identify the risks business leaders believe will have the biggest impact in the next two to three years and examine how well equipped they feel to combat the challenges they face.

While the pandemic is receding as a primary concern for organisations, the aftermath of COVID-19, along with disruptions caused by the war in Ukraine, has led to supply shortages and growing economic risks such as debt, interest rate increases and the spectre of a prolonged recession.

These circumstances have led to the return of risks that many current business leaders will not have experienced before, such as high inflation, trade wars and geopolitical tensions that pose a threat of nuclear conflict.

The new and emerging economic and geopolitical challenges have added to the scale and complexity of the risk landscape rather than shifting risk from one area to another.

The ongoing people, technology, regulation and climate change issues continue to pose demanding challenges for business leaders as they adapt to long-term structural shifts in workforce management, sustainability, cybersecurity - and having to cope with the accompanying increase in legislation and regulation. Rather than going away, these factors are only likely to gain further momentum throughout the decade.

Overview

Top risks

The three risk areas that business leaders expect to have the biggest impact in the next two to three years are:

1. Economic risk
2. People challenges
3. Regulation and compliance burden

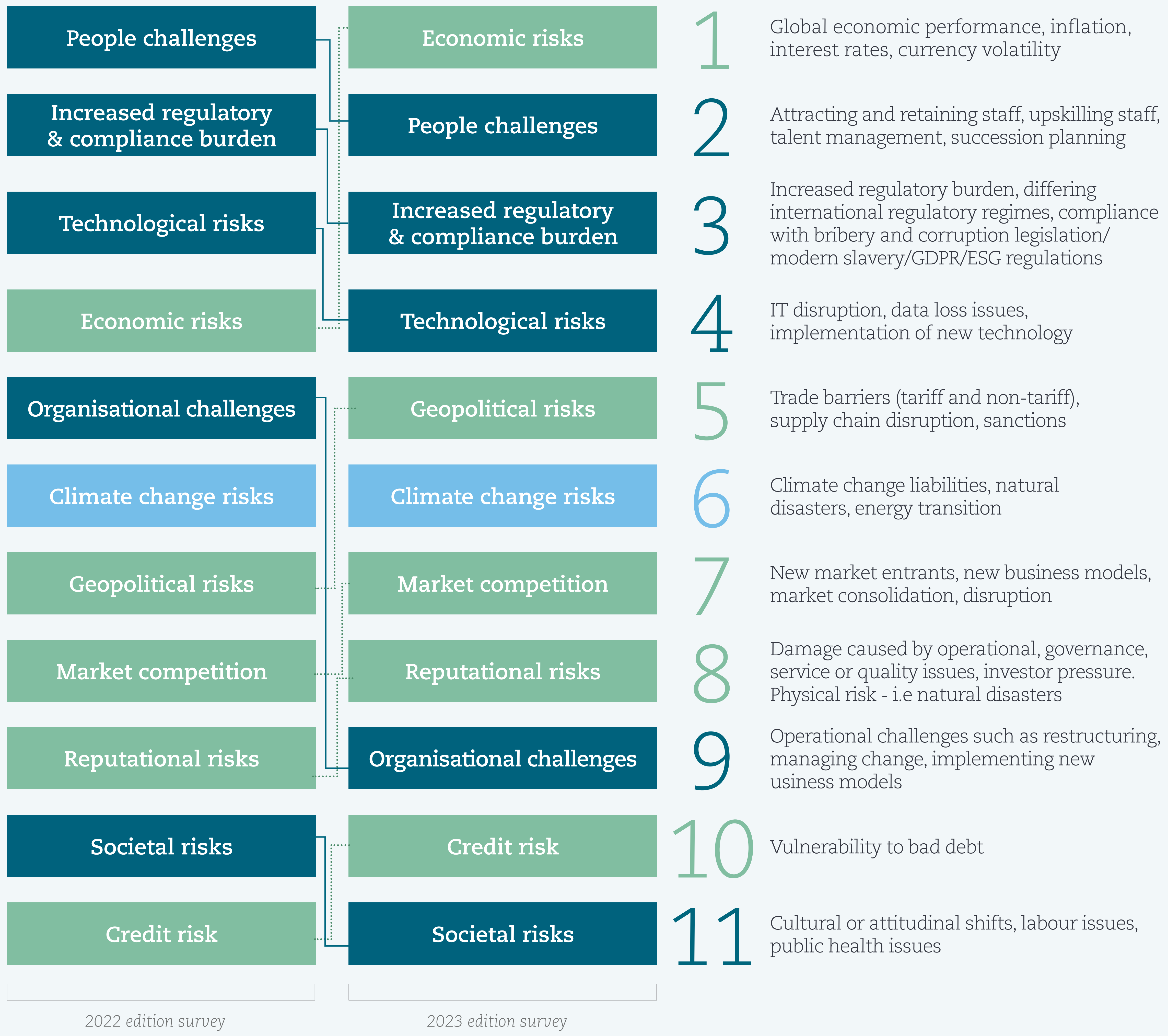
The following diagram shows the current ranking of 'high impact risks' and how the ranking has changed over time.

Economic risk – encompassing factors such as global economic performance, inflation, interest rates and currency volatility - has jumped to the top of the list.

Last year, just **51%** of respondents felt that Economic risk would have a high or very high impact on their organisations in the next two to three years. This has jumped up to **74%**, rising from fourth to first place.

Other risks related to the economic environment have also moved up the rankings, including market competition (e.g. new market entrants, new business models, market consolidation etc.) and credit risk.

Geopolitical risk (e.g. trade barriers, supply chain disruption and sanctions) has also risen up the hierarchy, from seventh to fifth place.



Overview

The following table shows detailed results for the top 'high impact risks' for each respondent type:

- **Board:** Board Directors and CEOs
- **General Counsel (GC):** GCs, CLOs, Heads of Legal and other senior in-house legal roles
- **C-Suite:** senior C-Suite executives including CFOs, CIOs, COOs and CROs

The top three risks for each group are highlighted in green, and show that respondents in Board, GC and C-Suite executive roles broadly agree on the risk priorities they will need to address in the next two to three years.

% respondents identifying each risk as expected to have a high or very high impact on their organisations

General risks	All	Board	GC	C-Suite
	Top three highlighted in green			
Economic risks e.g. Global economic performance, Inflation, Interest rates, Currency volatility.	74%	71%	76%	73%
People challenges e.g. Attracting and retaining staff, Upskilling staff, Talent management, Succession planning.	51%	51%	49%	52%
Increased regulatory & compliance burden e.g. Increased regulatory burden, Differing international regulatory regimes, Compliance with bribery and corruption legislation/modern slavery/GDPR/ESG regulations.	49%	54%	61%	33%
Technological risks e.g. IT disruption, Data loss issues, Implementation of new technology.	45%	57%	45%	36%
Geopolitical risks e.g. Trade barriers [tariff and non-tariff], Supply chain disruption, Sanctions.	43%	37%	46%	47%
Climate change risks e.g. Climate change liabilities, Natural disasters, Energy transition.	37%	35%	37%	39%
Market competition e.g. New market entrants, New business models, Market consolidation, Disruption.	33%	33%	31%	33%
Reputational risks e.g. Damage caused by operational, governance, service or quality issues, Investor pressure, Physical risk – i.e. natural disasters.	29%	29%	28%	31%
Organisational challenges e.g. Operational challenges such as Restructuring, Managing Change, Implementing new business models.	29%	27%	33%	27%
Credit risk e.g. Vulnerability to bad debt.	27%	37%	22%	24%
Societal risks e.g. Cultural or attitudinal shifts, Labour issues, Public health issues.	19%	16%	19%	21%

Change in perception of risk

As noted in the following table, the standout change this year is an increase in perceived impact of 'Economic risk' which is up by **23%** overall (**+19%** with GCs, **+32%** with Board respondents and **+19%** with C-Suite execs).

Macro-risks associated with geopolitical and economic circumstances are perceived as having greater impact in the future, whereas the priority of micro-risks of a more operational or internal nature – such as people risk and organisational risk – have reduced.

This shift can be explained, at least in part, by the fact that many business leaders will have had to address internal organisational issues as a matter of urgency in response to COVID and, although these challenges still very much exist, they will have gained knowledge and confidence in their ability to respond in an agile and effective manner. On the other hand, emerging geopolitical and economic factors remain a largely unknown quantity, and are of growing concern.

Similarly, although societal risks such as labour and public health issues have by no means gone away, the urgent pandemic response measures put in place have, to borrow the famous phrase of former US Secretary of Defence Donald Rumsfeld, made these risks 'known unknowns' rather than the 'unknown unknowns' that are presented by the current geopolitical economy.

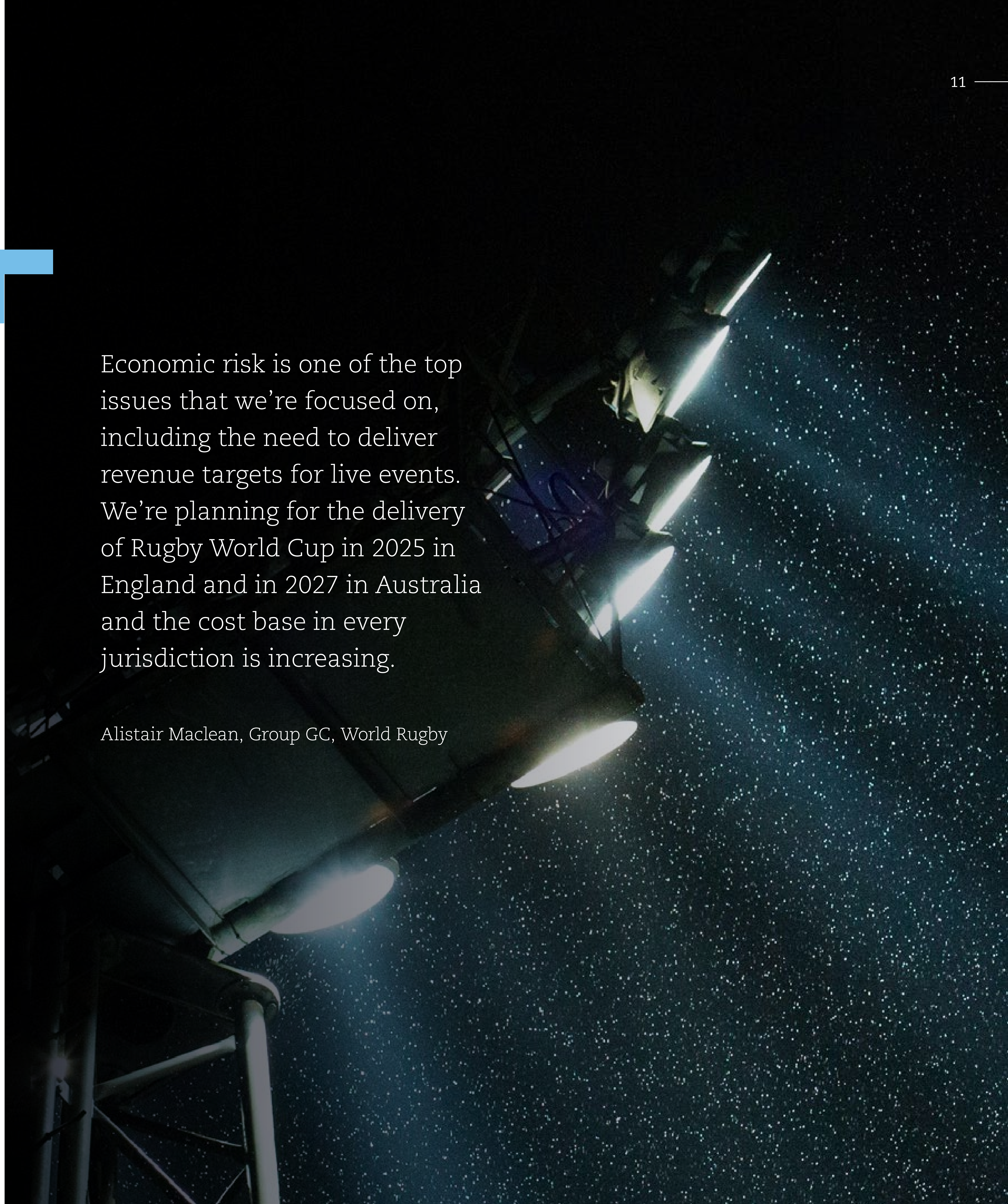
Change in % respondents identifying risk as having a high or very high impact on their organisations

	All	Board	GC	C-Suite
Economic risks	+23%	+32%	+19%	+19%
Credit risk	+7%	+17%	+1%	+5%
Geopolitical risks	-1%	+11%	+5%	-16%
Technological risks	-7%	-2%	-7%	-13%
Climate change risks	-9%	-2%	-13%	-8%
Market competition	-12%	-13%	-10%	-16%
Increased regulatory & compliance burden	-12%	+11%	-5%	-39%
Reputational risks	-13%	-7%	-23%	-7%
People challenges	-16%	-15%	-11%	-27%
Societal risks	-17%	-7%	-26%	-15%
Organisational challenges	-25%	-15%	-21%	-39%

Economic risk focus

Economic risk is identified as the highest impact risk (**74%** think it will have a high impact, and it is the top risk for Boards, GCs and C-Suite executives).

The two most pressing economic concerns are **inflation** and **the prospect of recession**. There is fear of a potential decline in demand and consumer spending, which is causing hesitation in making long-term investments or pursuing new projects. As a result, numerous investments are being delayed or reduced in scale, as companies prioritise cost reduction and operational efficiency enhancements to navigate the ambiguous economic environment.

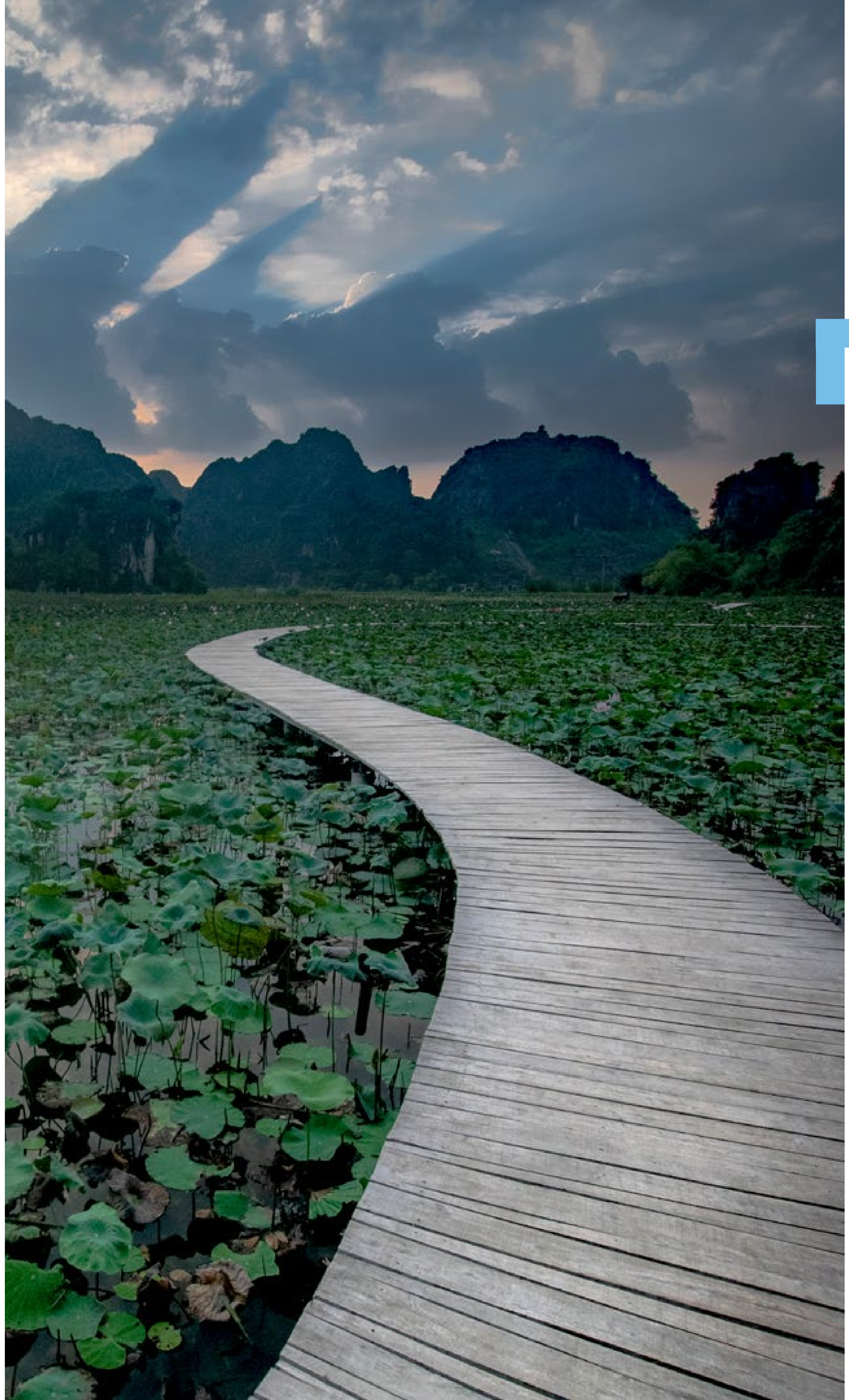


Economic risk is one of the top issues that we're focused on, including the need to deliver revenue targets for live events. We're planning for the delivery of Rugby World Cup in 2025 in England and in 2027 in Australia and the cost base in every jurisdiction is increasing.

Alistair Maclean, Group GC, World Rugby

There isn’t a clear strategy from the UK Government that will promote growth and competitiveness. This is important to provide direction and confidence for investment. Key issues such as labour availability and skills, friction in supply channels and infrastructure remain significant challenges as does high levels of inflation.

NED Chairman, Construction, UK



Economic risk focus

One of the main accelerating trends is the relocation of manufacturing capacity away from China. This is a big opportunity for countries in ASEAN like Vietnam, Malaysia, Thailand and Indonesia. This relocation will lead to shifting supply chains and, accordingly, to more demand for logistics services and volumes in ports in Southeast Asia.

Ton van den Bosch, Clyde & Co Partner, Singapore

The **inflation** spike after the onset of the pandemic has proven to be more than a one-time event. Almost all respondents expect inflation to impact their company's performance over the next twelve months. The transition to net zero and the highly competitive labour market also indicate medium to long-term inflationary pressures. This is a new experience for many business leaders, who are facing risks and uncertainties necessitating an urgent re-evaluation of value chains and operating models so they can identify the impact on their business margins across global markets and implement appropriate supply, pricing and investment strategies.

Many GCs are having to review contracts to allow for more frequent price increases or renegotiations, and Board and C-Suite executives are reviewing their governance and monitoring mechanisms and equipping their teams with agile pricing solutions, guidelines, and tools.

For the last couple of financial periods, we've reported higher levels of turnover, although on reducing volumes, as inflation has outstripped the drops in market volumes.

Andrew Watkins, Group General Counsel & Company Secretary, SIG PLC, UK

Inflation is clearly a problem in terms of external legal fees. Budgets and costs are going up, and with a scarcity of talent, wages are going up as well so salary inflation will be an issue for legal firms, and that cost will be passed on as increased legal fees.

Simon Baker, Head of Legal & Company Secretary, RSA Luxembourg SA (part of the RSA Insurance Group, UK)

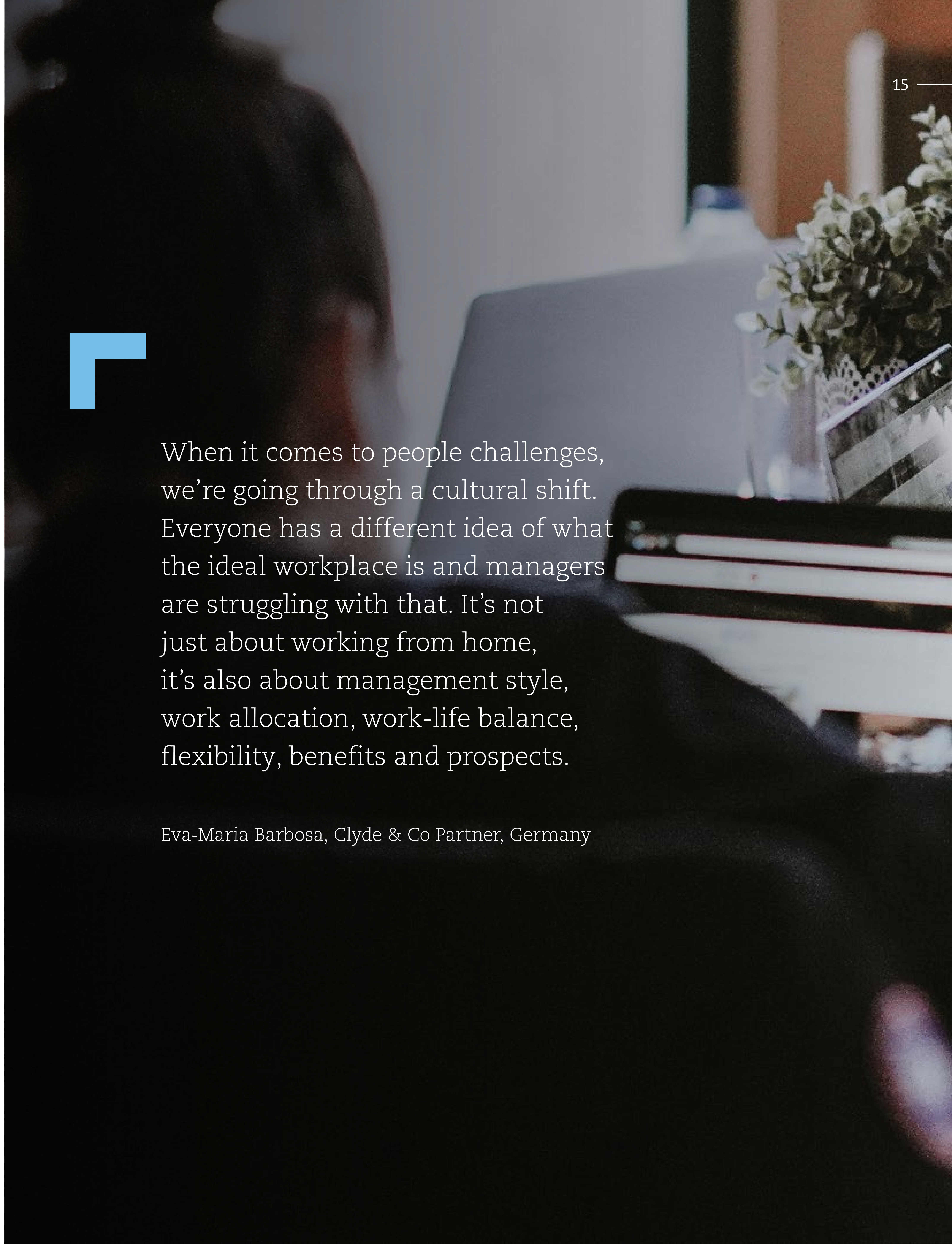
People risk focus

People issues are identified as the second highest impact risk overall (**51%** think it will have a high impact).

Inflation is causing salaries to rise, exacerbating the existing shortage of skilled workers and creating particular challenges for people-intensive industries. European workforce demographics point to a continued reduction in the talent pool, leading to leveraging of global labour and an increased focus on developing and retaining internal talent.

Organisations are also improving their value propositions for employees, not just through pay but also by addressing mental health and stress concerns and enhancing career development opportunities. More frequent salary reviews and creative reimbursement approaches such as bonuses and stock options are also being considered more frequently.

The ongoing impact of the 'great resignation' is being keenly felt across many sectors. In addition, employees are becoming more demanding in their expectations regarding work conditions, with flexible hybrid workplace policies becoming the norm.



When it comes to people challenges, we're going through a cultural shift. Everyone has a different idea of what the ideal workplace is and managers are struggling with that. It's not just about working from home, it's also about management style, work allocation, work-life balance, flexibility, benefits and prospects.

Eva-Maria Barbosa, Clyde & Co Partner, Germany

People risk focus

Some organisations have struggled to meet these demands whilst also maintaining productivity and establishing a strong team culture, but all respondents recognise the reality that flexibility, healthcare and childcare provisions, offering work-life balance and employee development are all crucial tools in the battle to attract talent and maintain competitive advantage.

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The battle for talent is a global phenomenon. It all goes back to culture: workers are looking for an inclusive workplace where they feel they belong, they want to feel that they have a moral purpose, they're focused on sustainability and inclusivity. So how do you satisfy all that? Those issues need to run through all your policies and operations right down to a granular level.

Heidi Watson, Clyde & Co Partner, UK

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We've seen a lot of human capital leave the industry. People have decided to take sabbaticals or change careers and that's leaving a massive void in terms of experience and knowledge that needs to be replaced. And you've got a limited amount of people that possess that desired level of experience, so it's driving up the cost of human capital.

Gary Ferguson, Chief Claims Officer, IUM, South Africa

People risk focus

There is a unique problem caused by the 'great resignation'. Very new and inexperienced teams are operating in hybrid environments, where their ability to absorb the culture of the organisation is negatively impacted, and their ability to learn by osmosis from the people around them and be adequately managed is also a challenge.

Martin Nolan, General Counsel & Company Secretary (Head of Legal, Public & Regulatory Affairs), Skyscanner Limited, UK

It's harder to get employees back into the workplace, that coupled with existing employment law restricts the extent to which employers can mandate employment in a particular place of work. So it's difficult to get people to come back, other than by attracting them with a positive working environment, good office space and facilities.

Head of Legal & Company Secretary, Financial Services, UK

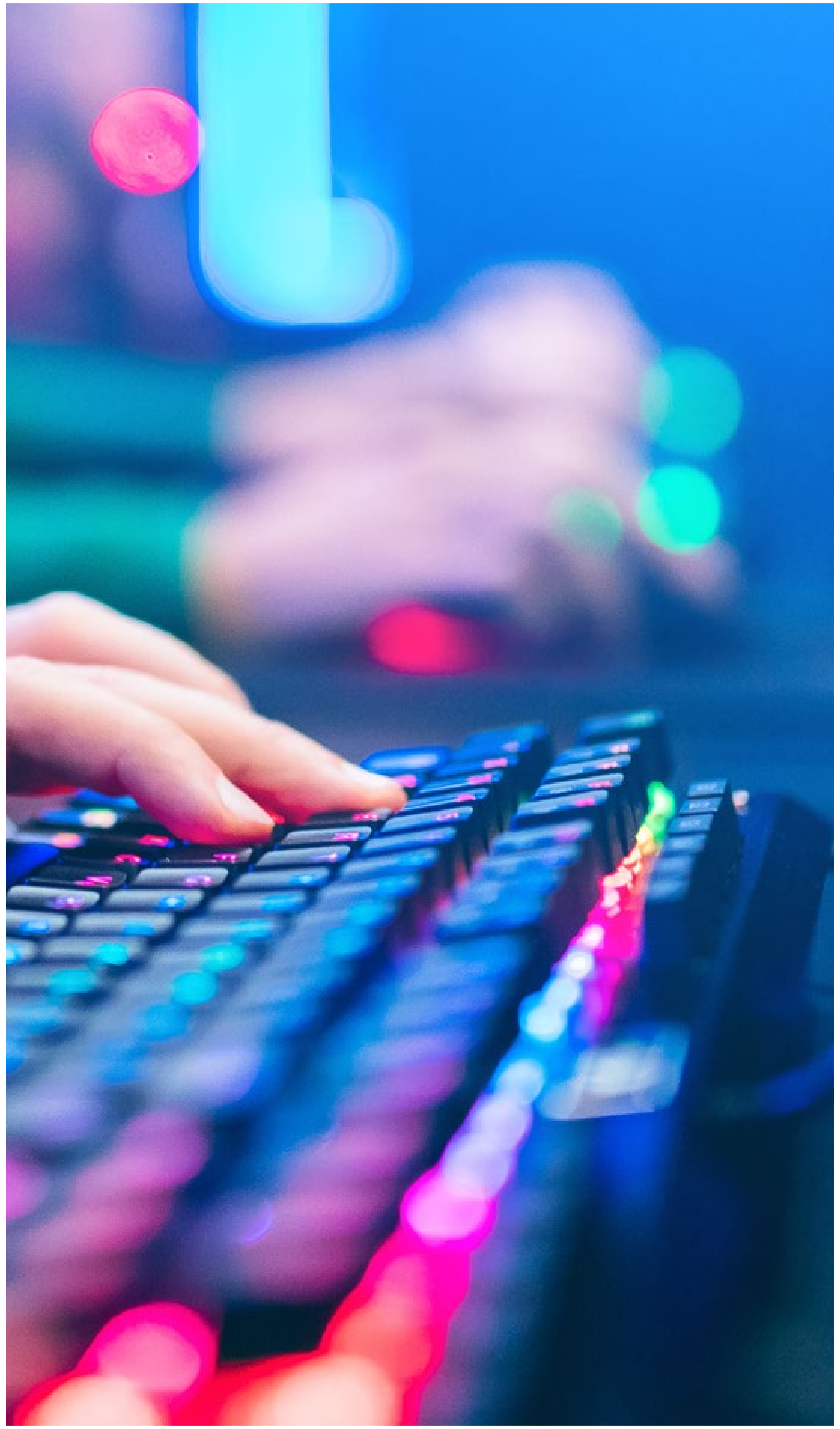
People risk focus

Amid wage inflation, companies are having to be more creative around what else they can do to attract and retain talent. People are expecting more from their employers. That's where softer issues like raising the bar on sustainability and generous parental policies become more important.

Rebecca Ford, Clyde & Co Partner, Dubai

People challenges play into digital risks. Businesses know that they need to prepare for technological changes and what those changes mean for their operations. However, highlighting people challenges indicates concerns over a lack of talent that is attuned to their particular business requirement to ensure they understand what's coming, and to decide where to spend their money and what approach to take.

Simon Vere Nicoll, Clyde & Co Partner, UK



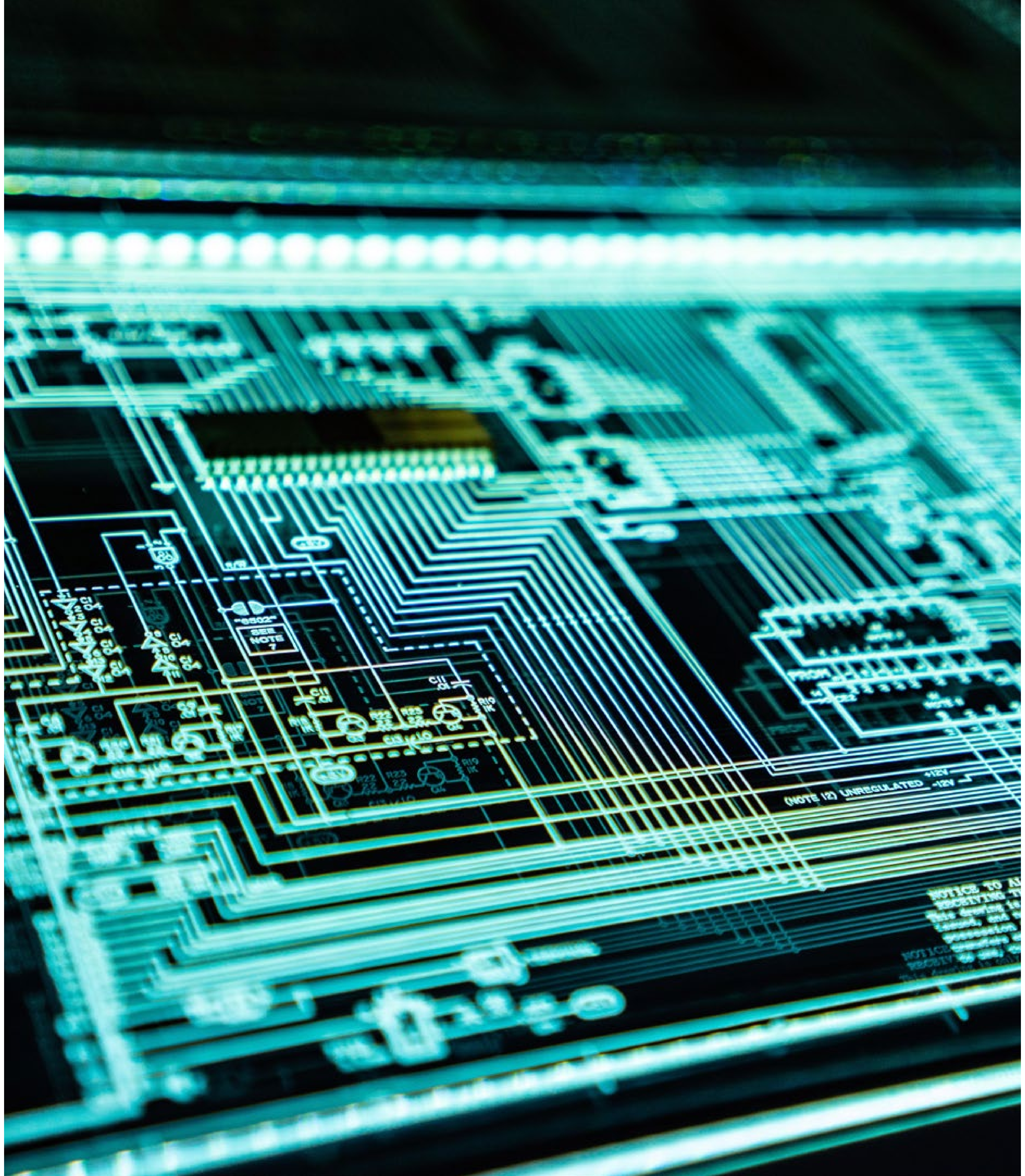
Regulatory risk focus

Regulatory risk is identified as the third placed risk overall, and is in second place in the risk hierarchy for GCs **(61%).**

Organisations (particularly those in highly regulated sectors such as finance) are finding it difficult to stay abreast of often complex regulatory changes and the associated drain on time, costs and resources needed to ensure compliance. The risks of non-compliance, such as legal penalties, reputational damage, and operational disruptions, are also perceived to be increasing.

One of the biggest challenges we face as a smaller listed company is just the sheer volume of reporting that we are faced with on an annual basis or more frequently.

Andrew Watkins, Group General Counsel & Company Secretary, SIG PLC, UK



Regulatory risk focus

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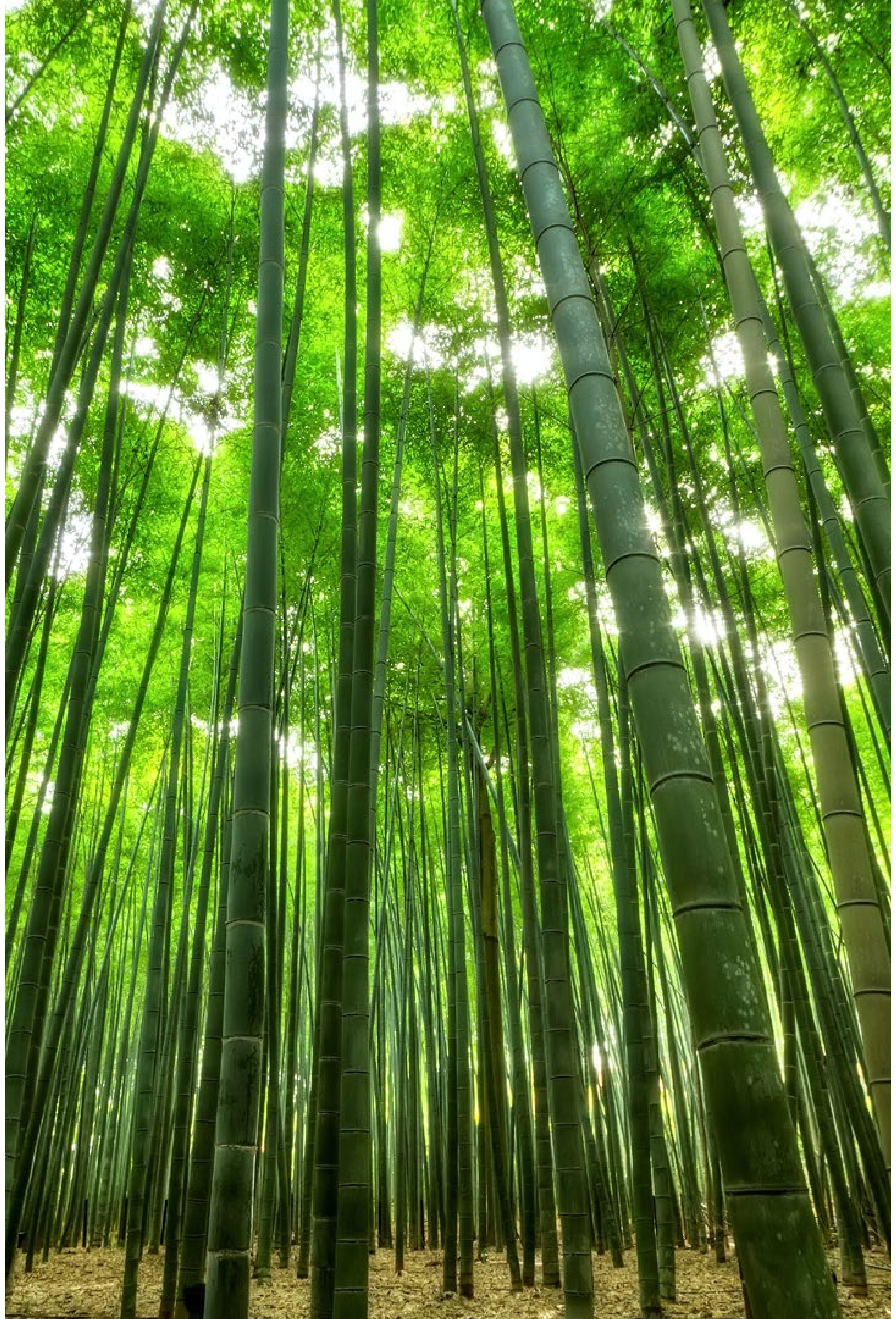
There is increasing regulatory attention in the tech industry, but also broader in terms of the travel space, the platform economy and increasing focus on competition law. You can also see a more active European Commission, a more active competition Markets Authority, evident through the issues surrounding Microsoft's proposed purchase of Activision Blizzard for example.

Martin Nolan, General Counsel & Company Secretary (Head of Legal, Public & Regulatory Affairs), Skyscanner Limited, UK



Regulatory risk focus

Environmental and **data protection** regulations are both complex and subject to frequent change, and so are of particular concern.
- Investor and consumer driven environmental regulations can involve significant additional costs, such as investing in pollution control technology or new supply networks. The rapidly growing implementation of global privacy and data protection regulations are of increasing relevance as more business operations become data dependent, and more leaders are having to navigate fluid data protection and privacy laws across multiple jurisdictions.

The screws are constantly being tightened on data protection regulation. Companies have tooled-up in tech terms using innovations like AI to meet economic risks and people challenges, but as they do so they need to be careful not to fall into a compliance trap.

Dino Wilkinson, Clyde & Co Partner, Abu Dhabi

Regulatory risk focus

Financial regulations designed to ensure transparency, stability, and consumer protection come with high financial and reputational risk if compliance is inadequate. Some respondents in the finance sector are critical of the drafting of regulations, claiming they sometimes don't reflect a full understanding of the markets they regulate.

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It is my opinion that, in the financial and regulatory sector there is a shortage of personnel with the skills to think outside the box and there appears to be a lack of real life experience crucial to fully understand and manage risk.

Chris Edwards, Independent Non-Executive Director, Chair of the Audit and Risk Committee, Kexim Bank

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I would say that the biggest risk we've faced as an FCA regulated business is not just the pace of regulatory change, but also our ability to correctly interpret that regulatory change because it is principle-led which can lead to grey areas. There is also the healthy tension between what the business wants to do commercially versus regulatory expectations.

General Counsel & Company Secretary, Retail, UK

In the EU, new ESG reporting requirements have been much more work than many expected because ESG is so broad. It's not just about climate change and sustainability, but concerns around human rights and the supply chain etc. Moreover, the details on technical standards are coming out very late. All this puts intense pressure on legal and compliance departments.

Regulators are now much more sophisticated than ever before and they've ramped up their teams enormously. After Wirecard and Greensill, they're increasing their scrutiny on firms and that's palpable. Audits are becoming much more frequent and investigations more demanding, with less time or notice given to provide information or solve any issues.

With so many pressures being brought to bear on companies in the current climate, there are real questions over whether they have a well-functioning compliance and risk management system. Being able to react to any risk that is thrown at you requires a big team and significant investment in robust systems that must be amended on a continuous basis to be fit and proper.

Eva-Maria Barbosa, Clyde & Co Partner, Germany

One of the risks is simply the weight of regulation that we are trying to work within. We struggle to move fast enough because we carry a huge weight of regulation. We also have legacy IT systems which don't help. The difficulty is drawing a balance between making sure that the traditional banking industry can innovate, and ensuring that the financial services sector is appropriately regulated.

Head of Group Legal Services, Banking, Europe outside UK

Regulatory risk focus

> Anyone can look up what the regulations are, but what businesses want and need – especially those with a global footprint – is an expert perspective that allows comparison across regulatory changes in different jurisdictions. For instance, how regulators are dealing with greenwashing issues, and what organisational and practical advice on what needs to happen across their organisation to manage regulatory risk.
>
> Avryl Lattin, Clyde & Co Partner, Australia

Hybrid working models have had a considerable impact on compliance with **labour and tax** regulations and laws. Geographically dispersed and home-based workforces mean that, more frequently, multiple jurisdictions need to be taken into account, and that adherence to regulations impacting employee benefits and workplace safety have become more complex as more of them work from multiple sites – often across several office locations, at home or in public areas such as cafes and co-working spaces.

To mitigate regulatory risk, organisations are increasingly implementing and developing formal regulatory risk management systems to track, monitor, and analyse market changes and assess their potential impact on the business, and to ensure they update business policies accordingly. GRC (governance, risk management, and compliance) technology continues to be an important tool to manage this complexity.

Regulatory risk focus

Currently the eCommerce segment is facing a constantly changing regulatory framework in Hungary and in the EU as well. eMAG Hungary, as a market leader and a platform operator, has the responsibility to educate its consumers and to show guidance to its competitors about the new rules in this regulatory framework.

Sükösd Péter, Legal, Compliance and Public Affairs Director, Extreme Digital - eMAG Kft, Budapest, Hungary

When it comes to regulation, it can be hard to be across everything at once, and businesses have to prioritise. It's not just about having a policy, it's about thinking about how issues will play out, having a plan and testing it. We work with our clients to help them build resilience and deal with regulatory change or investigations as swiftly as possible.

Avryl Lattin, Clyde & Co Partner, Australia

Don't let your response to regulatory risk gather dust. Keeping the compliance process alive is fundamental to good governance – and it's often the 'G' in ESG that gets overlooked. SMEs are less likely to manage regulatory change proactively. Many organisations will seek to comply with new regulations when they first come in, although some fail to do so completely if they are either unaware of the requirements or believe that they are of little relevance - the Bribery Act is a good example. Those that do engage may well let their compliance lapse over time, we see this with Modern Slavery for instance.

Rachel Cropper-Mawer, Clyde & Co Partner, UK

Geopolitical risk focus

Geopolitical risk, along with Economic risk, has risen up the 'high impact' hierarchy, and is now in fifth place, up from seventh – it is of particular concern for Board and C-Suite executive respondents.

Proactively assessing the risk landscape and carrying out horizon scanning is now seen as an increasingly vital aspect of all senior roles – GC, Board and the rest of the C-Suite – but is a real challenge given that the current geopolitical environment is arguably more complex and unpredictable than at any time since the Second World War.

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International trade limitations and sanctions risk is a threat to many businesses that is not going to grow easier to manage. I believe we will see a period of increased risk of new trade barriers and sanctions enforcement.

Vincent Pringiers, GC, Maxion Wheels, Austria

Geopolitical risk focus

Specific worries include further deterioration of relations between China and the EU/USA; the prospect of war between Taiwan and China and the escalation of the Ukraine invasion into a global – or even nuclear – conflict. The increased use and proliferation of state sponsored cyberattacks is also of deep concern.

The knock-on effect of these growing geopolitical insecurities are wide ranging, from inhibiting financial integration and reducing frictionless trade to cybersecurity and supply chain vulnerabilities.

Supply chain disruptions have already made many organisations review suppliers and supplier relationships. Some are fostering more collaborative partnerships, for example by sharing inventory and cost information. Organisations continue to seek resilient diversity in their supply chains, including localising supply and onshoring manufacturing where appropriate.

We are giving thought as to what would happen if there was an escalation regarding Taiwan and, say, the West decided to sanction China in the way that it has sanctioned Russia. China could inflict a huge amount more damage on the West than Russia has been able to through counter sanctions. It's not like there are necessarily easy alternatives to source many goods and products.

Andrew Watkins, Group General Counsel & Company Secretary, SIG PLC, UK

Political instability and commodity prices are major risk factors in Latin America. The value of commodities can make or break an industry in a matter of months, and there's huge competition between countries, for instance to take advantage of lithium production for electric vehicles.

Franco Acchiardo, Clyde & Co Partner, Chile

Risk preparedness

The top three risks that leaders feel **least prepared** for remain unchanged – however Geopolitical risk has moved from third place to top place, again underlining the fact that macro-level geopolitical risks are higher on the radar of leaders this year.

Risk preparedness

The following table shows the risks that each respondent type (Board, GC or C-Suite exec) feels least prepared for.

There is general consistency about the degree of perceived preparedness across roles, but GCs feel significantly less prepared to tackle People risk than their Board and C-Suite peers.

This is because the GC role operates at the intersection of a multitude of increasingly complex people-related risks. The hybrid revolution has complicated employment law and employee relation issues, such as grievances, disputes and disciplinary actions. It has also necessitated a review of many employee contracts, employee privacy and data protection procedures.

GCs are also involved in the legal aspects of employee terminations, layoffs, and restructuring. They may also be responsible for providing training and education to employees and managers on legal matters, as well as facing resourcing challenges of their own departments.

In this context, it is perhaps unsurprising that GCs feel somewhat less prepared than their colleagues to address the impact of People risk.

Is your organisation prepared for high impact risks? % respondents answering not prepared

	All	Board	GC	C-Suite
	Top three highlighted in red			
Geopolitical	29%	32%	27%	29%
Climate change	25%	19%	27%	29%
Societal	20%	17%	19%	23%
Technological	19%	21%	21%	17%
Market competition	19%	14%	21%	21%
People	18%	16%	25%	13%
Economic	14%	14%	14%	13%
Organisational	12%	10%	14%	13%
Regulatory & compliance	12%	13%	13%	11%
Reputational	11%	8%	17%	9%
Credit	9%	14%	11%	3%

Difference in perception of risk preparedness: Board and GC

GCs and Board respondents are reasonably aligned in their perception of risk preparedness.

GCs are less positive than Board Directors about their organisation's people and reputational risk readiness. As outlined above, GCs operate on the front lines of controlling the impact of people (and reputation) risk across the business. They place a higher emphasis on these challenges due to their position at the hub of regulatory and governance compliance for the organisation.

	Board Not prepared	**GC** Not prepared	**Difference** GCs more or less positive (%pts)
Geopolitical	32%	27%	5%
Climate change	19%	27%	-8%
Societal	17%	19%	-2%
Technological	21%	21%	0%
Market competition	14%	21%	-6%
People	16%	25%	-10%
Economic	14%	14%	0%
Organisational	10%	14%	-5%
Regulatory & compliance	13%	13%	0%
Reputational	8%	17%	-10%
Credit	14%	11%	3%

Risk management continue to become more complex

The volatile and unpredictable economic and geopolitical environment has caused respondents to perceive an increase in risk complexity. This year, 84% agree with the statement.

"The risk landscape is more complex than two to three years ago', **up from 79%.**"

GCs are significantly more likely than Board members to agree that 'The GC is increasingly involved in Board and C-Suite strategic discussions'. 68% of GCs agree with the statement compared to 42% of Board representatives. Although the results indicate some disconnect between GC and Board perceptions of their relationship, it should be noted that the statement asks about 'increasing' involvement, and, as previous waves of the research have shown, in many organisations GCs are already heavily involved in strategic discussions, and the trend for this to be the case has increased markedly over recent years.

A majority agree that 'Risk horizon scanning is a more important part of my role than it was two to three years ago' (63%) and that 'Increasing global regulations and enforcement are a growing threat to organisations' (52%). This is consistent with other research findings, where the increased regulatory burden and the need for more formal and rigorous risk management processes are highlighted as concerns.

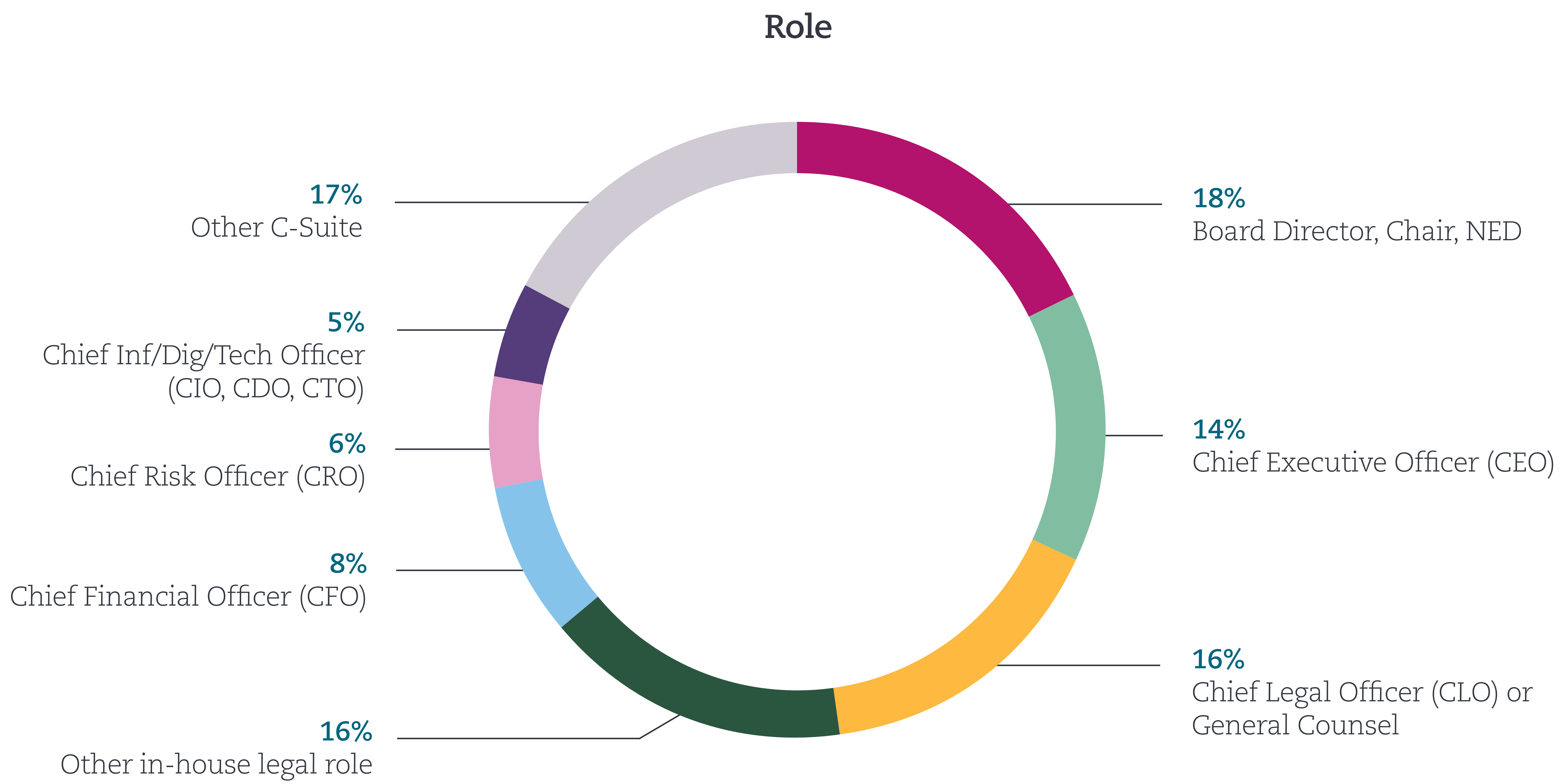
% respondents answering agree or agree strongly

	All	Board/ CEO	GC	C-Suite
	Top two highlighted in green			
The risk landscape is more complex than two to three years ago.	84%	79%	84%	87%
Risk horizon scanning is a more important part of my role than it was two to three years ago.	63%	59%	60%	69%
Increasing global regulations and enforcement are a growing threat to organisations.	52%	48%	59%	49%
Risk management roles and responsibilities are clearly delineated within our organisation.	46%	49%	38%	51%
Formal reporting to the Board on legal and compliance risks needs to be improved.	43%	38%	54%	37%
The GC / Head of Legal is increasingly involved in Board and C-Suite strategic discussions at my organisation.	42%	21%	68%	39%

Respondent profile

209 interviews (196 online and 13 qualitative) with senior business leaders (our largest sample to date).

- **67** Board Directors and CEOs
- **68** General Counsel (GCs) and Heads of Legal
- **74** senior C-Suite executives (including CFOs, CIOs, COOs and CROs).



Respondent profile

The organisations we have consulted have a truly global footprint, with half headquartered outside the UK (Europe 15%, Asia-Pacific 12%, North America 11%, Africa 11% and Middle East 4%) and with operations and individual professional responsibility at a global level (see following table).

Region	Respondent responsibility	Organisation operations	HQ Location
UK	66%	74%	49%
Europe outside UK	46%	59%	15%
Asia-Pacific	40%	51%	12%
Africa	36%	41%	11%
North America	29%	46%	8%
Middle East	29%	39%	4%
South America	15%	31%	1%

Sector	% respondents
Aviation	4%
Business and professional services	17%
Construction	10%
Financial services	19%
Government/public sector/charity/non-profit	14%
Healthcare	3%
Hospitality	3%
ICT/communications/telecoms	8%
Infrastructure	4%
Insurance & Reinsurance	16%
Manufacturing	9%
Marine	3%
Media	4%
Mining and Natural Resources	3%
Oil & Gas/Energy	6%
Pharmaceutical	4%
Real estate	10%
Retail & Consumer	11%
Trade & Commodities	3%
Transportation	6%
Travel & Tourism	4%

About winmark

Winmark operates networks for the entire Board and executive team, enabling the sharing of knowledge and ideas across the C-Suite. Membership benefits include:

- **Research:** Access to our dedicated programme of thought leadership and research, regular collated insights (via our C-Suites Insights e-mail, and behind the scenes access to innovative organisations). Winmark Research is an effective resource for identifying trends, generating ideas, gathering insights and achieving effective distribution amongst all C-suite functions.
- **Meetings and Conferences:** An unrivalled programme of meetings and events with peers and members across all networks. Check out upcoming events here.
- **Personal Support:** A dedicated account manager understands your needs and matches your objectives with tailored solutions, introductions, profile raising initiatives and help with career development and transition.
- **Team Development and Masterclasses:** Key members of your leadership team are included in your membership and can participate in events. They also receive unlimited access to our renowned programme of Masterclasses with the opportunity to earn up to 84 CPD points by completing our Deep Tech Leadership Certificate (DTLC, Business Leadership Certificate (BLC and People Leadership Certificate (PLC.
- **Best Practice Tools:** Essential frameworks, guides and templates for your role.
- **'Consult the Membership' Service:** Allows you to anonymously crowdsource ideas, templates and solutions with other members.
- **Digital Community:** An exclusive private members platform for you and your team to access on-demand meeting recordings and resources.

John Madden
Research Director, Winmark
+44 (0) 20 7605 8000,
+44 (0) 7808 614 116
john.madden@winmarkglobal.com

About Clyde & Co

Clyde & Co is a leading global law firm, specialising in the sectors that underpin global trade and commercial activity, namely: insurance, transport, infrastructure, energy, and trade and commodities. It is globally integrated, offering a comprehensive range of contentious and non-contentious legal services and commercially-minded legal advice to businesses operating across developed and developing markets.

Clyde & Co is committed to operating in a responsible way. This means progressing towards a diverse and inclusive workforce that reflects the diversity of its communities and clients, using its legal skills to support its communities through pro bono work, volunteering and charitable partnerships, and minimising the impact it has on the environment.

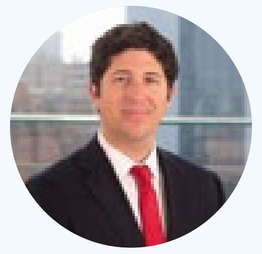
The firm has 480 partners, 2,400 lawyers, 3,200 legal professionals and 5,000 staff in over 60 offices (and associated offices) worldwide.

Contributors

Avryl Lattin
Partner, Australia
+61 2 9210 4425
avryl.lattin@clydeco.com

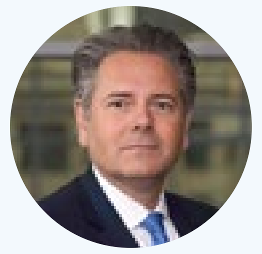
Dino Wilkinson
Partner, Abu Dhabi
+971 2 494 3595
dino.wilkinson@clydeco.com

Eva-Maria Barbosa
Partner, Germany
+49 89 244420 101
eva-maria.barbosa@clydeco.com



Franco Acchiardo
Partner, Chile
+56 2 2499 0400
franco.acchiardo@clydeco.cl

Heidi Watson
Partner, UK
+44 20 7876 4480
heidi.watson@clydeco.com



Marc Voses
Partner, USA
+1 212 710 3968
marc.voses@clydeco.us

Rachel Cropper-Mawer
Partner, UK
+44 20 7876 4505
rachel.cropper-mawer@clydeco.com

Rebecca Ford
Partner, Dubai
+971 4 384 4653
rebecca.ford@clydeco.com

Simon Vere Nicoll
Partner, UK
+44 20 7876 5000
simon.verenicoll@clydeco.com

Ton van den Bosch
Partner, Singapore
+65 9830 7768
ton.vandenbosch@clydeco.com

Special thanks to:

- Alistair Maclean, Group GC, World Rugby
- Andrew Watkins, Group General Counsel & Company Secretary, SIG PLC, UK
- Chris Edwards, Independent Non-Executive Director, Chair of the Audit and Risk Committee, Kexim Bank
- Gary Ferguson, Chief Claims Officer, IUM, South Africa
- General Counsel & Company Secretary, Retail, UK
- Head of Group Legal Services, Banking, Europe outside UK
- Head of Legal & Company Secretary, Financial Services, UK
- Martin Nolan, General Counsel & Company Secretary (Head of Legal, Public & Regulatory Affairs), Skyscanner Limited UK
- NED Chairman, Construction, UK
- Simon Baker, Head of Legal & Company Secretary, RSA Luxembourg SA (part of the RSA Insurance Group, UK)
- Sükösd Péter, Legal, Compliance and Public Affairs Director, Extreme Digital – eMAG Kft, Budapest, Hungary
- Vincent Pringiers, GC, Maxion Wheels, Austria

480

Partners

2,400

Lawyers

3,200

Legal professionals

5,000

Total staff

60+

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