



**Risk from a global
perspective –
exploring the key
risk issues that are
influencing
organisations
decision making**

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(International)

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Agenda

1. Aon's Global Risk Management Survey – Key Trends and Findings

2. Key Risks:

- Cyber
- Intellectual Property
- Climate Change
- Supply Chain
- Pandemic
- Brand and Reputational Risk
- ESG
- Workforce Resilience

3. Actions worth consideration

What is the Aon Global Risk Management Survey?

Aon's 2021 Global Risk Management Survey provides data and insights to enable better decision making around risk in an increasingly volatile and complex business environment. The 2021 survey gathered input from 2,344 respondents, covering 60 countries/territories and 16 industries, at public and private companies of all sizes.

The findings from the survey, which was conducted in 11 languages, underscore that companies are grappling with new risks and highlights the differences of opinion on how to best prioritize and respond to them.

2,344

Respondents

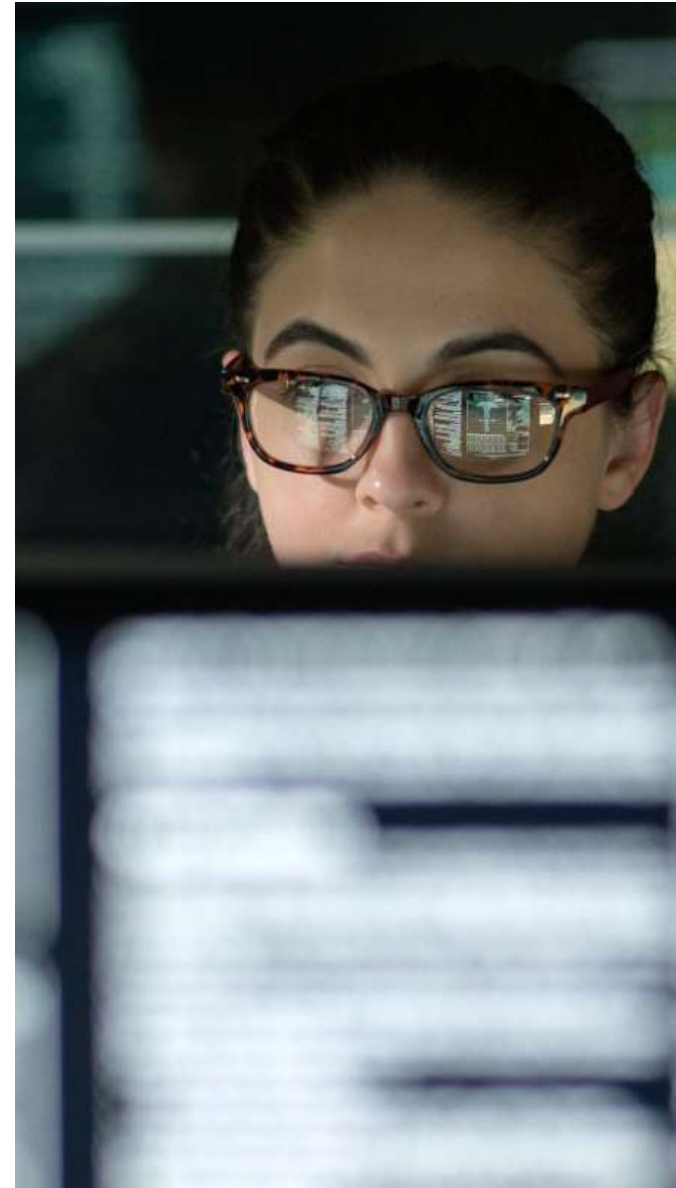
60

Countries/Territories

16

Industries

AON



2021 Global Risk Management Survey Full Risk Rankings

● Partially Insurable ● Insurable ● Uninsurable

| | | | | | | | | | |
|----------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|-----------------------------------|---------------------------------------------------|
| 1 Cyber Attacks/ Data Breach | 2 Business Interruption | 3 Economic Slowdown/ Slow Recovery | 4 Commodity Price Risk/ Scarcity of Materials | 5 Damage to Reputation/ Brand | 6 Regulatory/ Legislative Changes | 7 Pandemic Risk/ Health Crises | 8 Supply Chain or Distribution Failure | 9 Increasing Competition | 10 Failure to Innovate/ Meet Customer Needs |
| 11 Accelerated Rates of Change in Market Factors | 12 Cash Flow/ Liquidity Risk | 13 Failure to Attract or Retain Top Talent | 14 Workforce Shortage | 15 Exchange Rate Fluctuation | 16 Political Risk | 17 Tech Failure/ System Failure | 18 Environmental Risk | 19 Counterparty Credit Risk | 20 Property Damage |
| 21 Vendor Management/ Third Party Risk | 22 Weather/ Natural Disasters | 23 Climate Change | 24 Capital Availability | 25 Product Liability/ Recall | 26 Data Privacy (including GDPR) Requirements/ Non-Compliance | 27 Concentration Risk (Product, People, Geography, Etc.) | 28 Major Project Failure | 29 Work Injuries | 30 Disruptive Technologies |
| 31 Corporate Social Responsibility (CSR)/ Environ-mental Social Governance (ESG) | 32 Geopolitical Volatility | 33 Asset Price Volatility | 34 Conduct Risk/ Unethical Behavior | 35 Aging Workforce and Related Health Issues | 36 Third-Party Liability (e.g. E&O) | 37 Merger/Acquisition/ Restructuring | 38 Failure to Implement/ Communicate Strategy | 39 Absenteeism | 40 Outdated Tech Infrastructure |
| 41 Interest Rate Fluctuation | 42 Inadequate Succession Planning | 43 Intellectual Property Risks | 44 Globalization/ Emerging Markets | 45 Personal Liability (Directors & Officers) | 46 Rising Healthcare Costs | 47 Fraud or Embezzlement | 48 Outsourcing | 49 Theft | 50 Artificial Intelligence (AI) |
| 51 Terrorism | 52 Impact of Brexit | 53 Share Price Volatility | 54 Harassment/ Discrimination (Employment Related) | 55 Sovereign Debt | 56 Gender Pay Gap | 57 Pension Scheme Funding | 58 Extortion | 59 Kidnap and Ransom | 60 Impact of Blockchain Tech |

2021 Global Risk Management Survey Top 10 Current Risks

| | | | | |
|--------------------------------------------|--------------------------------------|----------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| 1 Cyber Attacks/ Data Breach | 2 Business Interruption | 3 Economic Slowdown/ Slow Recovery | 4 Commodity Price Risk/Scarcity of Materials | 5 Damage to Reputation/ Brand |
| 6 Regulatory/ Legislative Changes | 7 Pandemic Risk/ Health Crises | 8 Supply Chain or Distribution Failure | 9 Increasing Competition | 10 Failure to Innovate/Meet Customer Needs |

2021 Global Risk Management Survey Top 10 Current Risks

- **Cyber Attacks/Data Breach** rises to its highest ranking ever and is the new global number one current and predicted future risk. Cyber security is perceived as a Top 10 Risk by every surveyed sector and for all job roles, including CFOs, CEO and heads of human resources.
- **Business Interruption** comes in at close second most important risk intrinsically linked to all other of the top 10 risks inc. Supply Chain Failure, Regulatory Risk, Pandemic Risk.
- **Commodity Price Risk/Scarcity of Materials** is ranked highest since 2007 at rank four. This in turn is highly correlated with the Supply Chain concerns, Regulatory Risk etc. It is the number one risk for Food, Agribusiness & Beverage and Industrials & Manufacturing sector participants and predicted to rise to rank 3 globally and rank 2 in Europe
- **Supply Chain or Distribution Failure** re-enters the top ten at rank eight due in large part to its linkage to Pandemic, BI and its geopolitical impact. Supply chain failure and business interruption have been redefined by the pandemic, not just from event-based to impact-based but also from property focused to non-property and contingent focused exposure.
- **Pandemic/Health Crises** unsurprisingly moves from number 60 to 7. Reported loss of income from pandemic risk in the last 12 months has risen from two percent in 2019 to 79 percent in 2021.

2021 Global Risk Management Survey Top 10 Future Risks

| | | | | |
|---------------------------------------------|----------------------------------------------------------|-------------------------------------------------------------|--------------------------------------------|-----------------------------------------------------------------|
| 1 Cyber Attacks/ Data Breach Equal | 2 Economic Slowdown/ Slow Recovery +1 | 3 Commodity Price Risk/Scarcity of Materials +1 | 4 Business Interruption -2 | 5 Accelerated Rates of Change in Market Factors NEW |
| 6 Increasing Competition +3 | 7 Failure to Innovate/Meet Customer Needs +3 | 8 Regulatory/ Legislative Changes -2 | 9 Pandemic Risk/ Health Crises -2 | 10 Cash Flow/ Liquidity Risk NEW |

2021 Global Risk Management Survey Underrated Risks

23

Climate Change

31

Environmental, Social
and Governance
(ESG)

13

Failure to Attract or
Retain Top Talent

45

Personal Liability
(D&O Risk)

- Three years from now **Climate Change** is not predicted to be in the global top 10. According to “Aon’s Global Catastrophe Recap: First Half of 2021” report, which evaluates the impact of natural disaster events that occurred worldwide, insured losses from natural disasters hit a 10-year high of USD42 billion in the first half of 2021.
- We believe climate transition risk has the potential to impact corporate earnings if not an integrated part of corporate ERM programmes.
- Ranked 31 globally we predict the broader category of **ESG** will become an exposure that has increasing potential to generate volatility for companies across the globe and will enter the top fifteen in the next three years.
- **Failure to Attract and Retain Talent** not in global top 10 for second edition running.
- The pandemic exacerbated the talent mismatch when it accelerated digital transformation in many industries, heightening the need for new skills and competencies.
- Companies that do not have winning strategies in the competition for talent are at high risk of decline.
- **Personal Liability (D&O risk)** drops to lowest ever ranking at 45 despite recent pricing volatility and capacity contraction.

2021 Global Risk Management Survey Regional Insights

| Rank | Asia Pacific | Europe | Latin America | Middle East and Africa | North America |
|------|--------------------------------------------------|--------------------------------------------------|------------------------------------------------|--------------------------------------------------|------------------------------------------------|
| 1 | Business Interruption | Business Interruption | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Cyber Attacks/Data Breach |
| 2 | Cyber Attacks/Data Breach | Commodity Price Risk/ Scarcity of Materials | Business Interruption | Cyber Attacks/Data Breach | Business Interruption |
| 3 | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Commodity Price Risk/ Scarcity of Materials | Business Interruption | Damage to Reputation/Brand |
| 4 | Damage to Reputation/Brand | Cyber Attacks/Data Breach | Pandemic Risk/Health Crises | Commodity Price Risk/ Scarcity of Materials | Economic Slowdown/ Slow Recovery |
| 5 | Pandemic Risk/Health Crises | Supply Chain or Distribution Failure | Cash Flow/Liquidity Risk | Exchange Rate Fluctuation | Failure to Innovate/ Meet Customer Needs |
| 6 | Failure to Innovate/ Meet Customer Needs | Damage to Reputation/Brand | Regulatory/Legislative Changes | Counterparty Credit Risk | Supply Chain or Distribution Failure |
| 7 | Increasing Competition | Increasing Competition | Political Risk | Increasing Competition | Failure to Attract or Retain Top Talent |
| 8 | Accelerated Rates of Change in Market Factors | Regulatory/Legislative Changes | Exchange Rate Fluctuation | Cash Flow/Liquidity Risk | Regulatory/Legislative Changes |
| 9 | Failure to Attract or Retain Top Talent | Pandemic Risk/Health Crises | Cyber Attacks/Data Breach | Accelerated Rates of Change in Market Factors | Workforce Shortage |
| 10 | Regulatory/Legislative Changes | Accelerated Rates of Change in Market Factors | Increasing Competition | Pandemic Risk/Health Crises | Commodity Price Risk/ Scarcity of Materials |

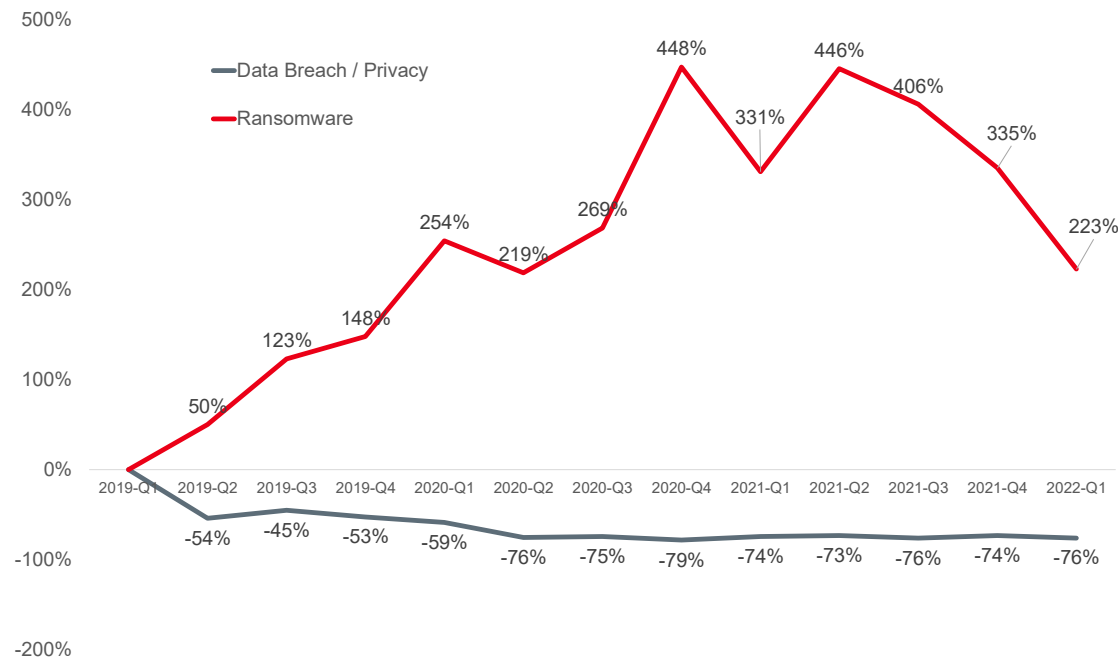
1. Cyber



2021 Global Risk Management Survey - The Risk of Cyber

| | 2021 | 2019 | 2017 | 2015 | 2013 | 2011 | 2009 | 2007 |
|----|---------------------------------------------|-----------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|-----------------------------------------|-----------------------------------------|
| 1 | Cyber Attacks/ Data Breach | Economic Slowdown/ Slow Recovery | Damage to Reputation/ Brand | Damage to Reputation/ Brand | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Damage to Reputation/ Brand |
| 2 | Business Interruption | Damage to Reputation/ Brand | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Regulatory/ Legislative Changes | Regulatory/ Legislative Changes | Regulatory/ Legislative Changes | Business Interruption |
| 3 | Economic Slowdown/ Slow Recovery | Accelerated Rates of Change in Market Factors | Increasing Competition | Regulatory/ Legislative Changes | Increasing Competition | Increasing Competition | Business Interruption | Third-Party Liability |
| 4 | Commodity Price Risk/Scarcity of Materials | Business Interruption | Regulatory/ Legislative Changes | Increasing Competition | Damage to Reputation/ Brand | Damage to Reputation/ Brand | Increasing Competition | Supply Chain or Distribution Failure |
| 5 | Damage to Reputation/ Brand | Increasing Competition | Cyber Attacks/ Data Breach | Failure to Attract or Retain Top Talent | Failure to Attract or Retain Top Talent | Business Interruption | Commodity Price Risk | Market Environment |
| 6 | Regulatory/ Legislative Changes | Cyber Attacks/ Data breach | Failure to Innovate/ Meet Customer Needs | Failure to Innovate/ Meet Customer Needs | Failure to Innovate/ Meet Customer Needs | Failure to Innovate/ Meet Customer Needs | Damage to Reputation/ Brand | Regulatory/ Legislative Changes |
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| 8 | Supply Chain or Distribution Failure | Cash flow/ Liquidity Risk | Business Interruption | Third Party Liability | Commodity Price Risk | Commodity Price Risk | Supply Chain or Distribution Failure | Market Risk (Financial) |
| 9 | Increasing Competition | Failure to Innovate/ Meet Customer Needs | Political Risk/ Uncertainties | Cyber Attacks/ Data Breach | Cash Flow/ Liquidity Risk | Technology Failure/ System Failure | Third Party Liability | Physical Damage |
| 10 | Failure to Innovate/ Meet Customer Needs | Regulatory/ Legislative Changes | Third Party Liability (Inc. E&O) | Property Damage | Political Risk/ Uncertainties | Cash Flow/ Liquidity Risk | Failure to Attract or Retain Top Talent | Merger/Acquisition/ Restructuring |

Cyber Claims Environment



Source: Risk Based Security, analysis by Aon. Data as of 5/9/2022; Ransomware data exfiltration per Coveware Quarterly Ransomware Report as of May 3, 2022

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Key Observations:

- Ransomware activity has continued to **outpace Data Breach/Privacy Event** activity.
- **Ransomware up 223%** from Q1 2019 to Q1 2022
- Compared to Q4 2021:
 - **Ransomware down 27%**
 - **Data Breach/Privacy down 10%**
- Commonly impacted industries by Ransomware in Q1 2022:
 - Public Sector
 - Manufacturing
 - Healthcare
 - Business & Professional Services

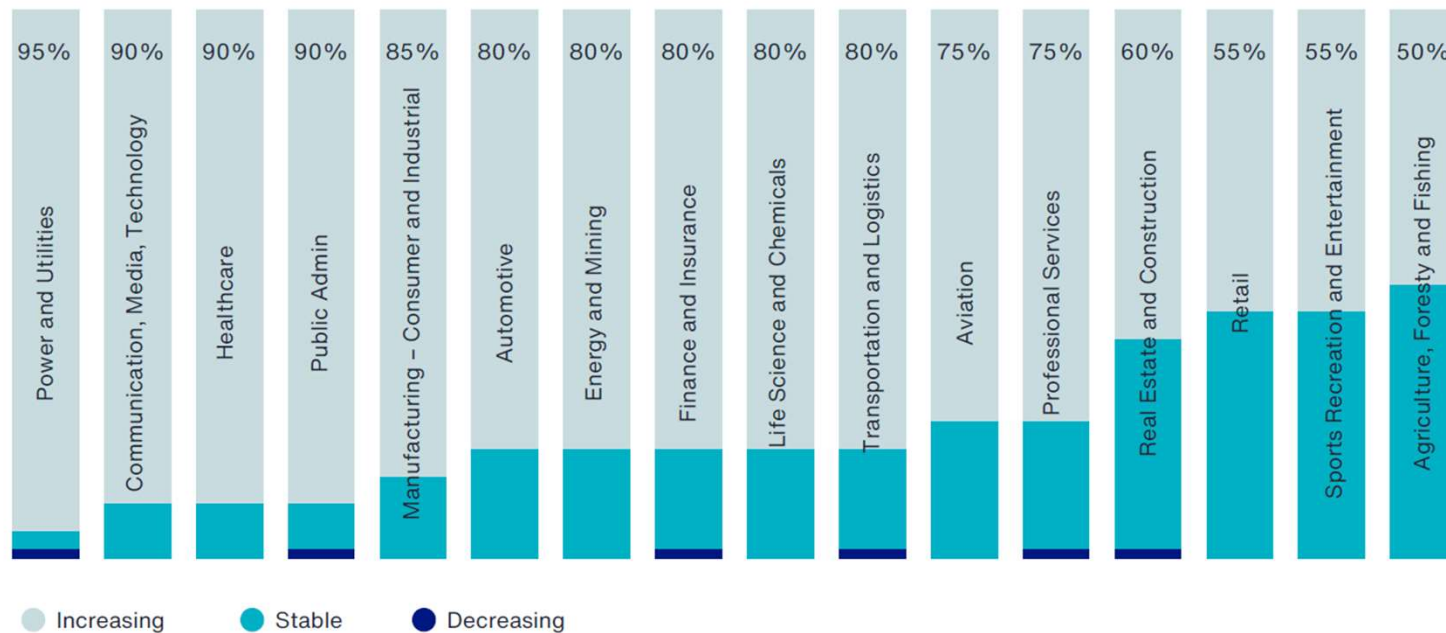
Key Cyber Underwriting Concerns

- Ransomware addendums started January 2021 in addition to an underwriting meeting or standard application.
- Insurers view the ransomware addendums to be critical, and must be prioritised for completion with as much attention to detail as possible, and proactively providing additional information where a response may be deemed unfavorable.
- Insureds need to have positive responses for ALL key areas of focus
- Many insurers have been conducting non-invasive vulnerability scans on insured's to proactively flag any vulnerabilities that are found.

| | | |
|-------------------------------------------|--------------------------------------------------|----------------------------------------------|
| Multi-factor Authentication (MFA) | Endpoint Protection & Response (EDR) | Phishing Exercise/ Cyber Awareness Training |
| Patch Management / Zero Day Vulnerability | Secure RDP/VPN | Incident Response Plan / Ransomware Exercise |
| Access Control/Service Accounts | Disaster Recovery/Backups | Email Filtering |
| Supply Chain Risk Management | Network Segmentation/ Network Monitoring (IT/OT) | M&A Due Diligence & Integration |

Cyber Industry Impacts

Risk Perception by Industry



Source: Aon proprietary data

Key Insights

This chart illustrates the relative perception of risk across different industry verticals by the insurance market.

Insurance carriers have indicated whether companies in each industry will be facing a heightened, stable, or lessening risk environment.

The industry specific rate guidance is overlaid onto the risk perception gauge.

Power & Utility, Healthcare, Comm Media Tech, Public Services and Manufacturing perceived to be most 'at risk' industry in Q3 2021.

Ransomware (71%) continues to be the main cyber threat attributed to losses up from 51% in Q2.

As rates increases, available capacity has **decreased by as much as 55%**.

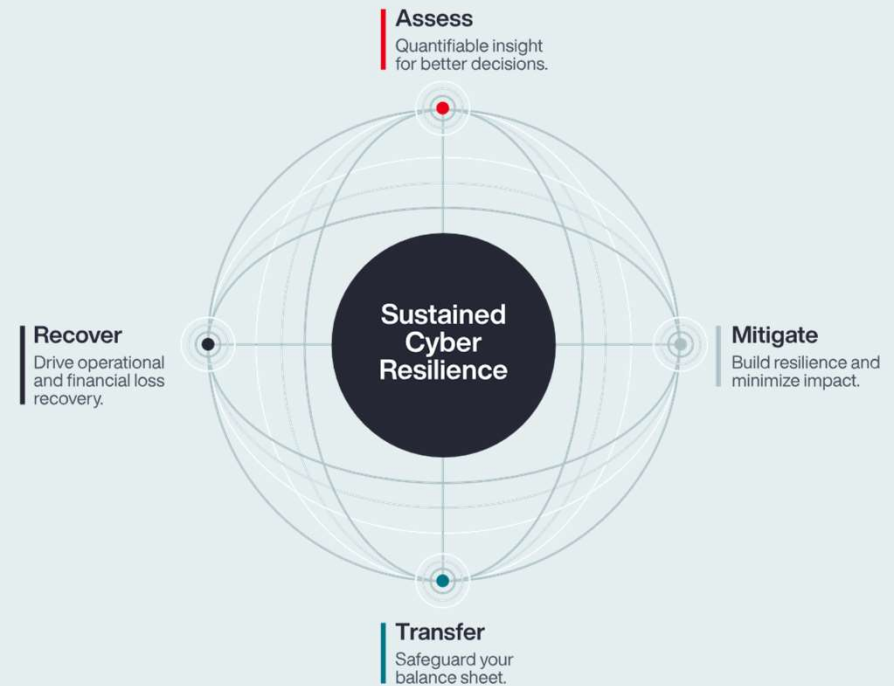
There is Nothing Linear About Cyber Security.

This is the guiding principle of the Cyber Loop, a risk management model that **unites stakeholders** to make better decisions around cyber risk.

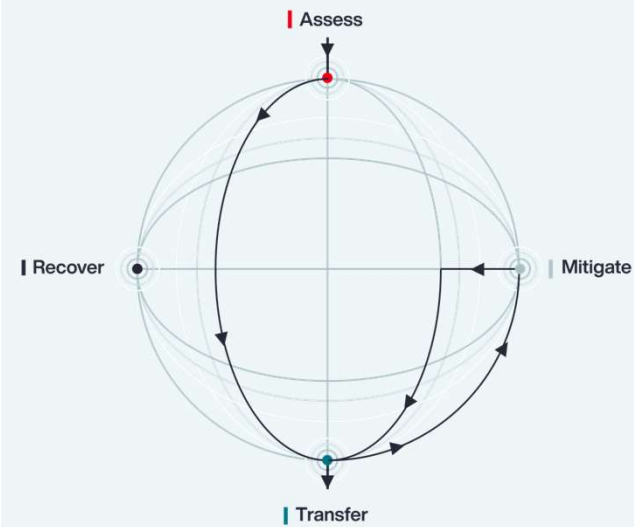
Aon's Cyber Loop model acknowledges that each organisation will be at a different place in its cyber risk journey: **assess, mitigate, transfer, or recover**.

In a Loop model, businesses become informed participants in managing risk, engaged in continuous review, improvement, and investment in security – guided by data.

The Result. Sustained Cyber Resilience.



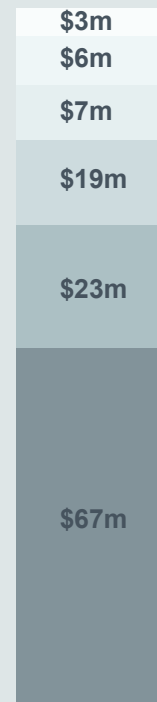
Case Study



Entry Point: Assess



Aggregate exposure to Cyber risks across the six scenarios quantified is \$125 million



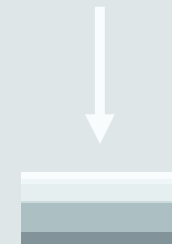
Σ \$125m

Existing insurance portfolio reduces this by only 12%



Σ \$110m

Increasing a stand-alone Cyber Insurance solution to circa. \$100 million has the potential to reduce the aggregate exposure significantly. Tailored coverage above and beyond “shelf” policies would need to be secured



Σ \$25m

Including Deductible

Eight Actions Your Organisation Can Take Today to Reinforce Its Cyber Security Strategy



Review business continuity and disaster recovery (BCDR) plans to ensure they take account of, and regularly test for, cyber threats



Assess vulnerabilities. This allows organizations to strategically budget and address critical areas.



Review governance, controls, roles, and responsibilities and develop protective safeguards to prevent ransomware attacks.



Quantify the financial loss associated with an incident, breach, or disruption.



Engage in breach simulations and tabletop exercises to test incident preparedness.



Check contractual protections and have all insurance policies reviewed to ensure the organization is covered for financial loss from a breach.



Proactively utilize threat intelligence to monitor for the tactics, techniques, and procedures (TTPs) of cyber attackers.



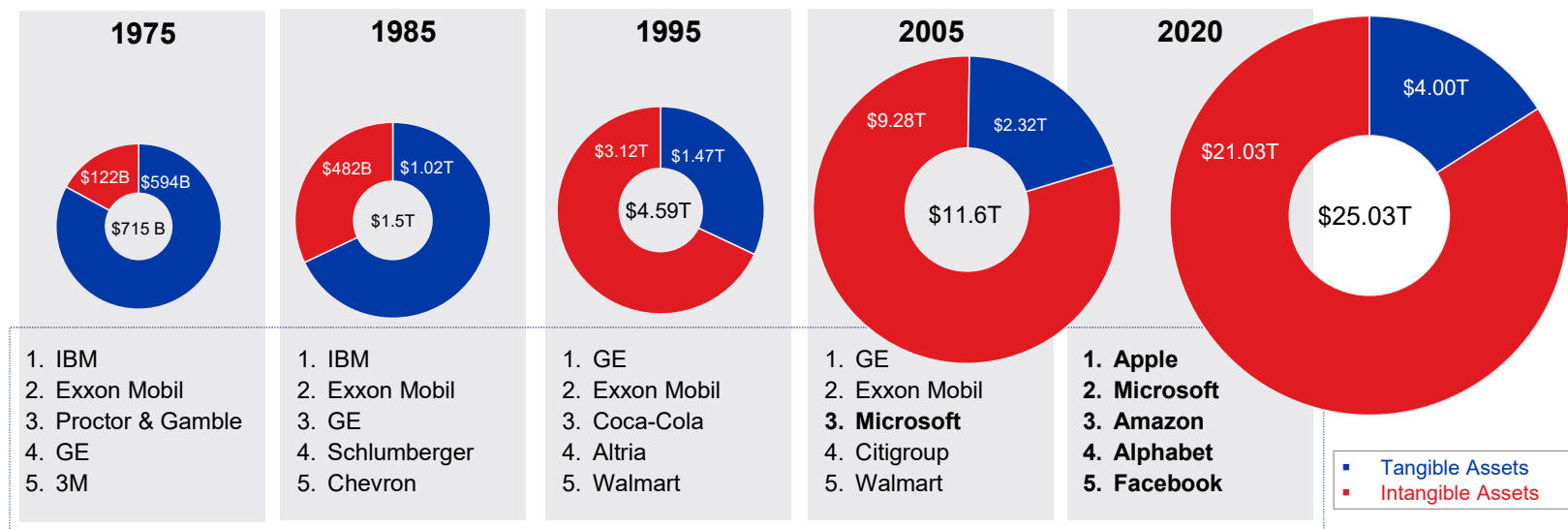
Never stop cycling through The Cyber Loop.

2. Intellectual Property



Increasing Dominance of Intellectual Property

- Over the past 40 years, global corporations have seen a dramatic shift in value from tangible to intangible assets
- Intangible assets now comprise 85% of the value of the S&P 500, up from 17% in 1975

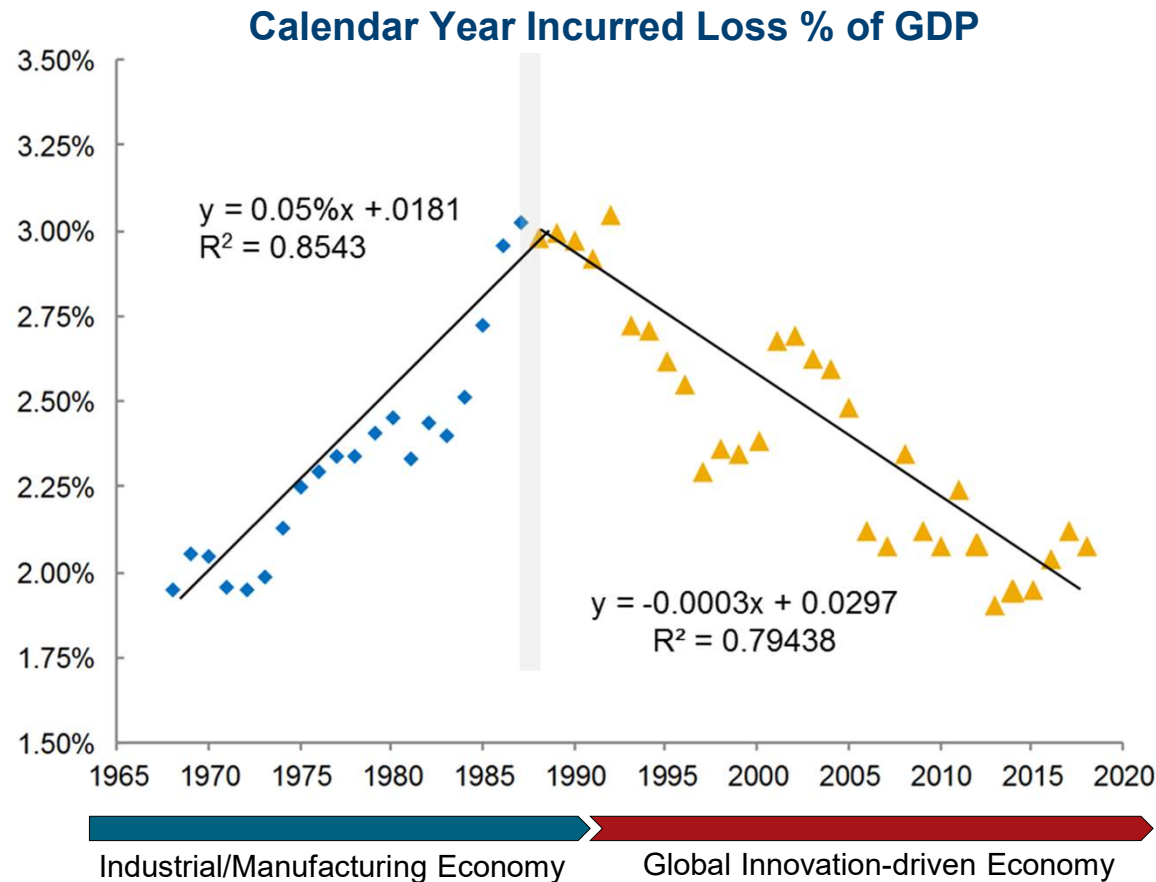


Source: Ocean Tomo

< 5 Largest Companies by Market Cap in S&P 500 >

Insurance Industry Relevance

The World Economy has been Decreasing Since the Late 1980's...



Insurance relevance has been declining as global economy transitions from manufacturing-based to innovation-driven

Over the past 40+ years, loss relative to GDP has two distinctive historical trends:

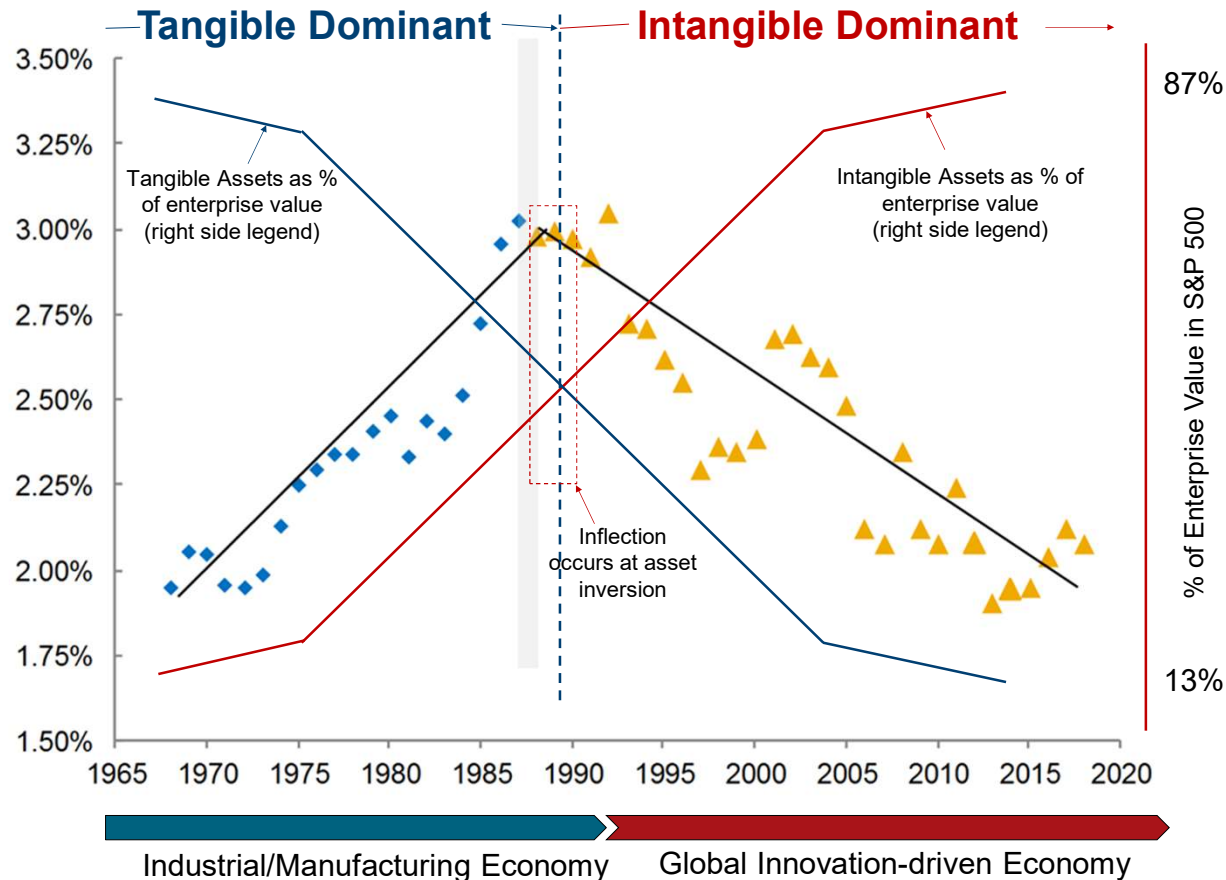
- Increasing trend up to 1987
- Decreasing trend since 1987

P&C insured risk as share of GDP has been shrinking

P&C at 2.1% in 2018, per McKinsey's *State of Property and Casualty Insurance 2020*

Insurance Industry Relevance

...Driven, in Part, by its Inability to Service the Intangible Economy



Insurance impact on economy began sagging due to the industry's failure to innovate solutions designed for a world of intangible assets

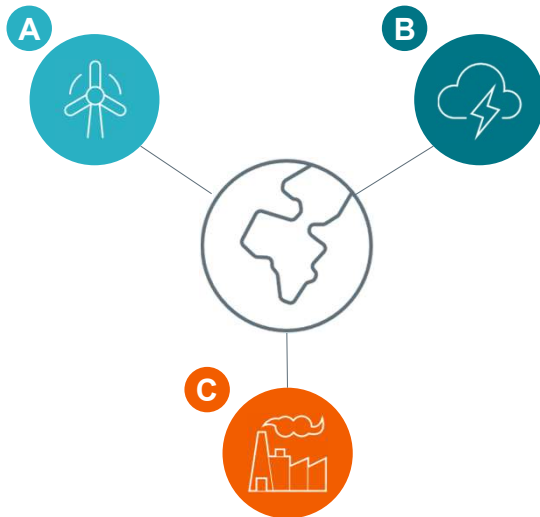
Insurance trend was increasing when tangible assets were dominant, reaching an inflection point in 1987 and reversing downward at approximately when intangible assets became majority of enterprise value

IP Solutions' mission is to address this innovation gap and create new solutions for intangible assets

3. Climate Change



Climate: three main themes



A.

Accelerate transition through bringing capital, by:

- Scaling underwriting capacity
- Building new products in support of decarbonisation
- Building carbon offset markets
- Enhancing economic resilience.

B.

Build physical resilience, by:

- Scaling parametric solutions
- Facilitating capital supply for disaster relief
- Longer term insurance products
- Mitigating risks
- Encouraging climate adaptation
- Improving analytics.

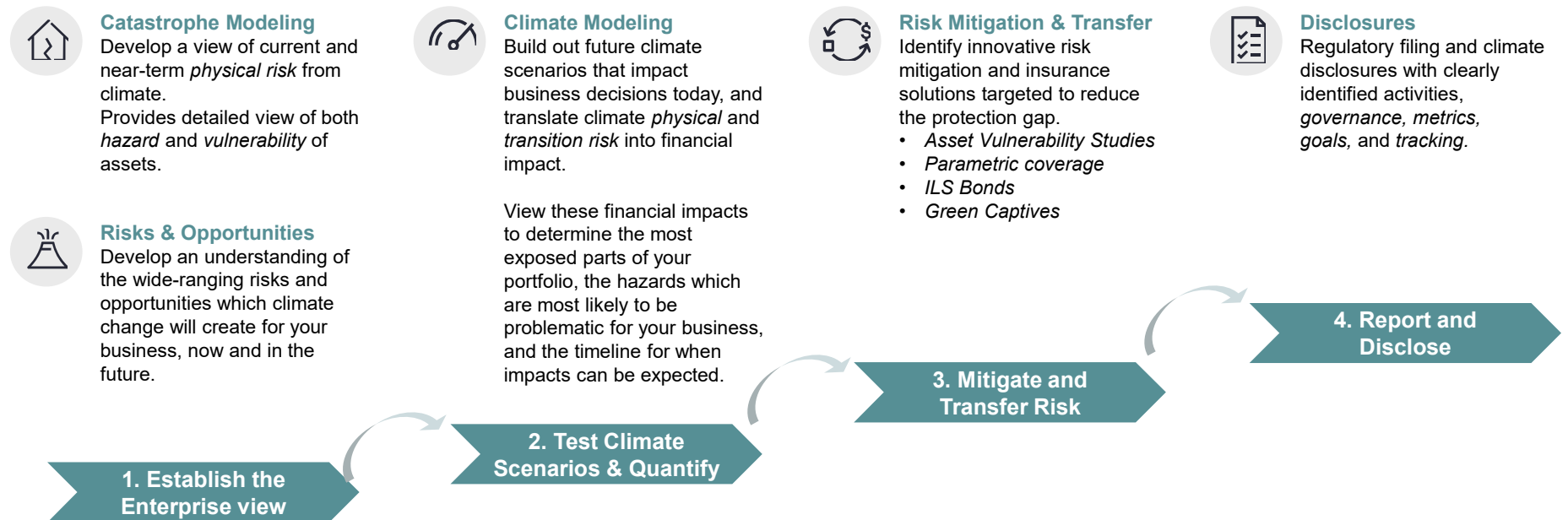
C.

Reduce volatility associated with climate liabilities, by:

- Protecting against contingent climate and environmental liabilities,
- Understanding regulatory-driven liabilities, and
- Managing reputational risk

Managing Climate Change Risk: A Journey

Aon is helping clients “level up” their expertise on climate change risks. Having a complete climate change strategy will enable companies to effectively manage the climate transition with minimal business disruption and the ability to capitalise on emerging opportunities.



4. Supply Chain



AON

Today's Landscape - Overview

- **Supply chain risk and disruptions** continue to impact nearly every corner of commerce and remain firmly on the minds of global business leaders.
- **Supply chain vulnerabilities** were exposed during the COVID-19 pandemic and risks continue to increase vulnerabilities. Supply Chains have become more fragile over the last few decades with companies seeking to drive efficiency and margin through sourcing of materials and components as well as distribution of their products.
- **Liquidity strategies** based on the use of reduced inventories and 'just-in-time' fulfilment processes further increases exposures. Supply chain risk is complex, multi-faceted and costly with disruptions having a significant impact on company business and financial performance.
- **Last year, CEOs identified the supply chain turmoil for the first time as the greatest threat to growth for both their companies and their countries' economies** – greater than the pandemic, labour shortages, geopolitical instability, war and domestic conflict.*

*The coronavirus effect on global economic sentiment | McKinsey

Today's Landscape - Overview (cont.)

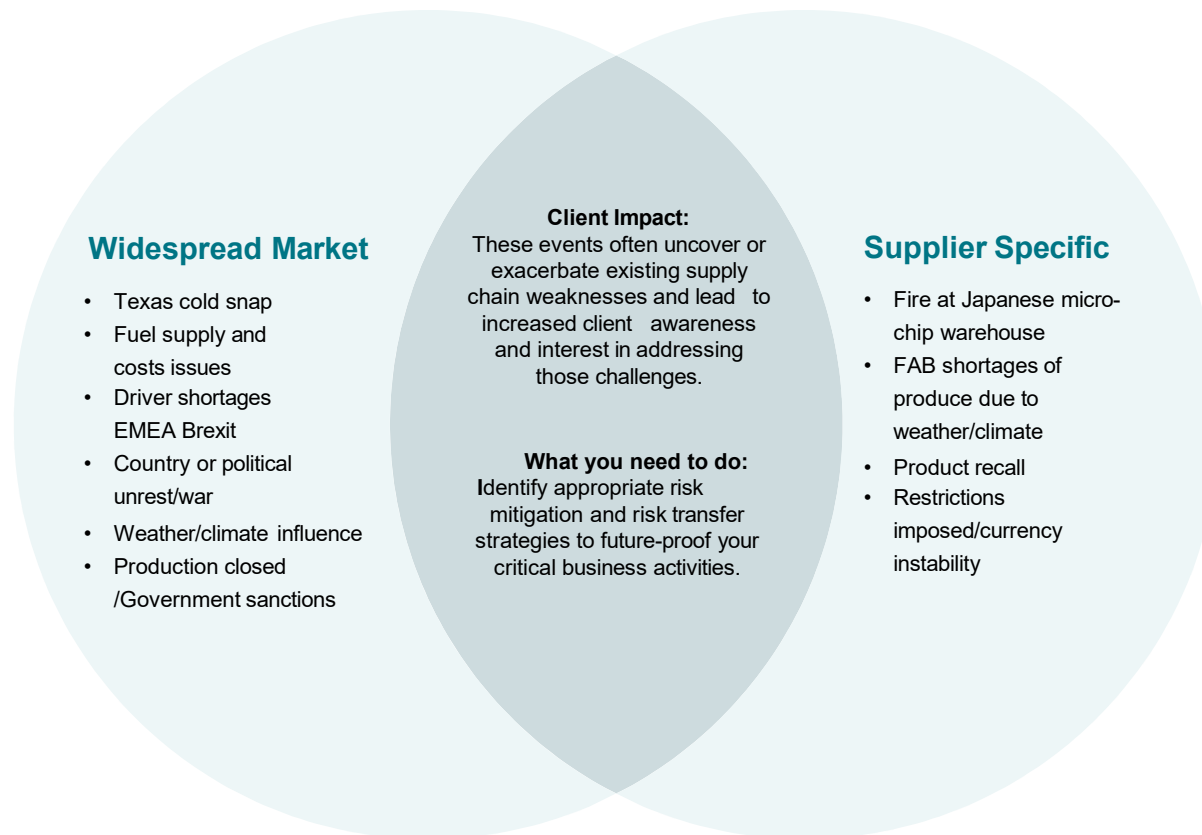
- **A predominant challenge in supply chain risk management is a lack of information** about the supply chain. Who are the suppliers beyond the first tier? Which of those suppliers are critical?
- **Changes to the product make-up could slow down**, or grind to a halt and switching suppliers is complex and time consuming as they're spread across numerous industries around the world.
- **Supply chain has now become an Enterprise Risk** because it has evolved to consider ESG performance of supply chains, the ongoing solvency of critical suppliers and increased IP and cyber exposure triggered by shared supplier systems and processes.

Over 65% of the world's supply chain fulfilment can be traced back to just one country. And over 80% of the world's fuel (predominantly gas and oil) is from countries that have either been unstable or are run in a non-democratic way.

Source: Institute for Government 2022

Today's Landscape – Client-Specific Implications

Client supply chains can be disrupted by both widespread, global market and supplier-specific events.



5. Pandemic



Why We Created a New Crisis Response Framework Specific for COVID-19

The **CRISIS EVENT ARC**
for COVID-19 is different than what organizations are used to seeing

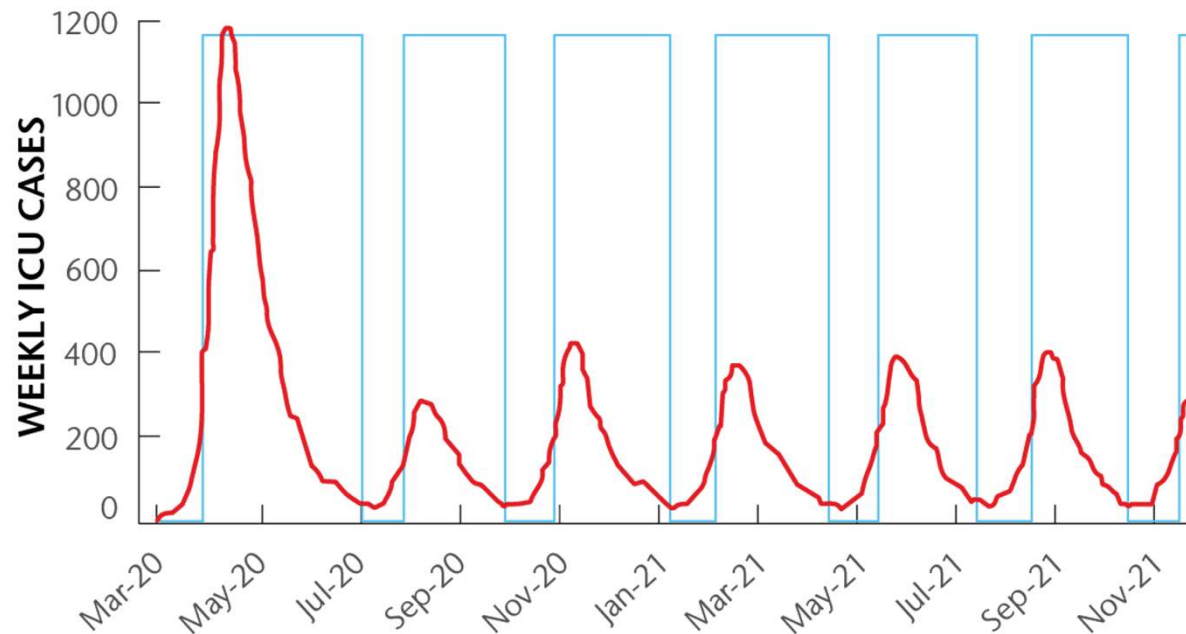
Bringing employees back and
FLEXING WITH THE EVENT ARC
creates challenges.

Major Crisis Event – Typical Arc



COVID-19 — Crisis Event Arc for COVID-19 is Different

Exhibit Source: Imperial College London Micro-simulation Research March 16, 2020



An organization whose operations span multiple geographies will have a unique COVID-19 experience that is specific to their footprint and business profile.

Illustration of adaptive triggering of suppression strategies in GB, for $R_0=2.2$, a policy of all four interventions considered, an “on” trigger of 100 ICU cases in a week and an “off” trigger of 50 ICU cases. The policy is in force approximate 2/3 of the time. Only social distancing and school/university closure are triggered; other policies remain in force throughout. Weekly ICU incidence is shown in orange, policy triggering in blue

Business Impact Actions



TIMEFRAME 1

React

Emergency Action

Respond

Manage the Crisis

- Confirm and demonstrate duty of care
- Business continuity implementation
- Workforce strategy
- Impact validation and resilience
- Ensure liquidity and solvency
- Shareholder/investor commitment
- Crisis communications internally and externally
- Government liaison

TIMEFRAME 2

Recover

Stabilize Business

- Establish protocols on workplace environment
- Mobility of employees
- Customer/client retention
- Business plan adjustments
- Reforecasting
- Investor engagement
- Recapitalising

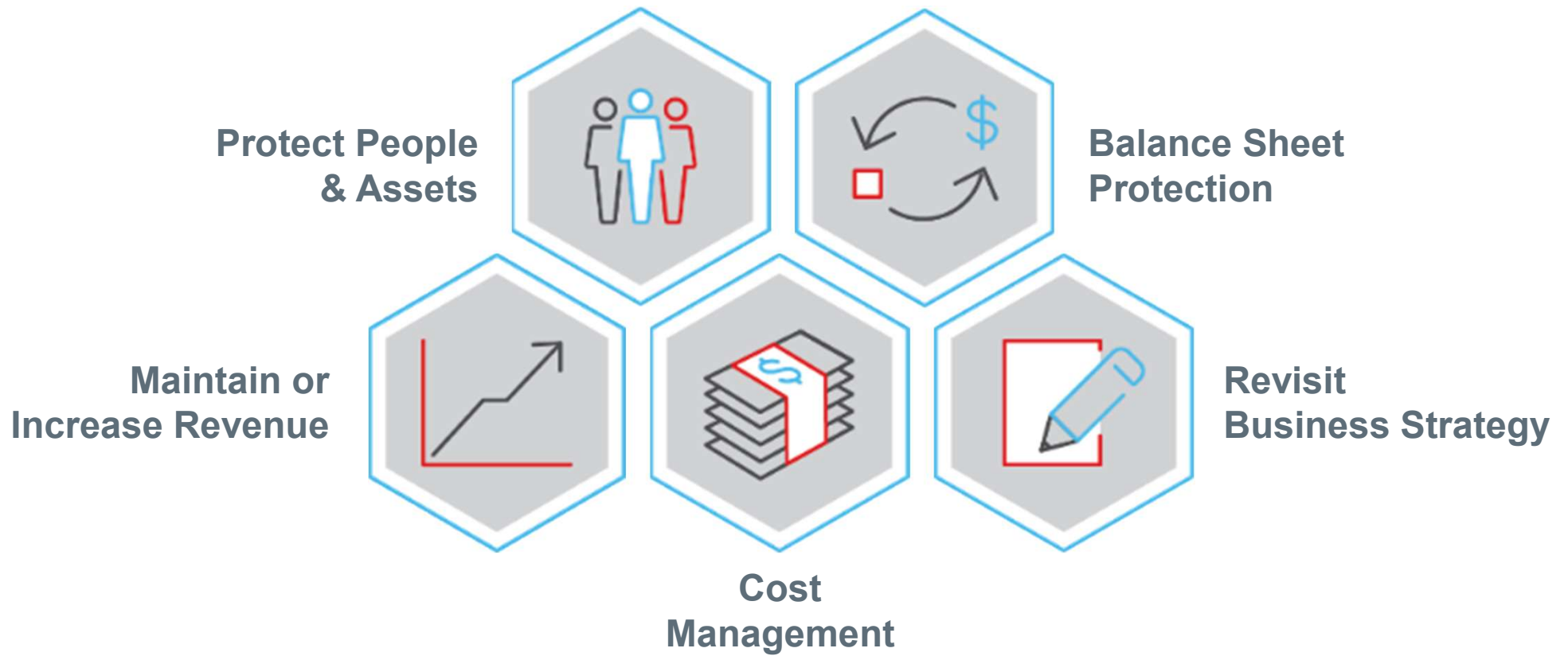
TIMEFRAME 3

Reshape

Plan for the Future

- Respond to potential regulatory and operational changes
- Commit to financial stability
- Workforce and workplace planning
- Commit to resilience for future events
- Redefine business strategy & goals

Business Impact Actions



6. Reputation Risk

Aon Commercial Risk Solutions | Aon Client Council
Proprietary & Confidential

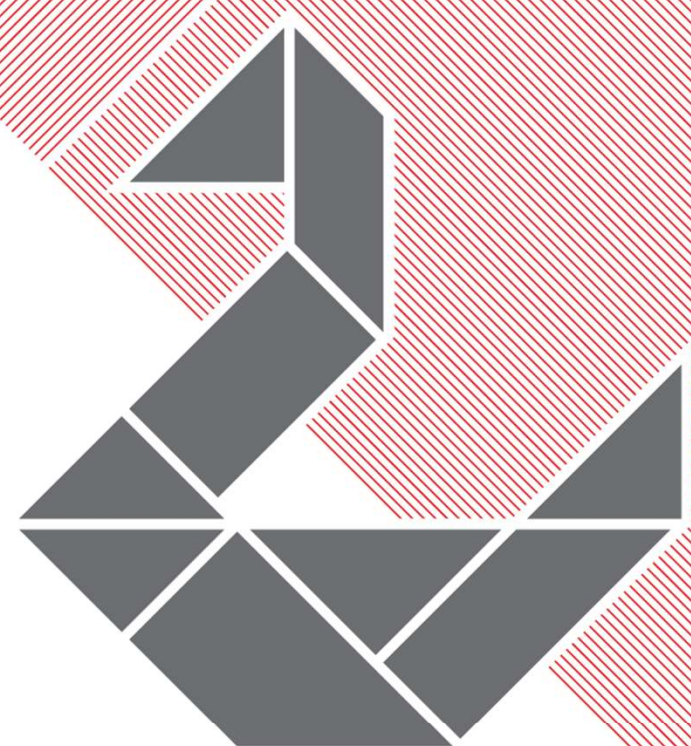


2021 Global Risk Management Survey Top 10 Risks Year-Over-Year

| | 2021 | 2019 | 2017 | 2015 | 2013 | 2011 | 2009 | 2007 |
|----|--------------------------------------------------|-----------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|--------------------------------------------|--------------------------------------------|
| 1 | Cyber Attacks/ Data Breach | Economic Slowdown/ Slow Recovery | Damage to Reputation/ Brand | Damage to Reputation/ Brand | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Damage to Reputation/ Brand |
| 2 | Business Interruption | Damage to Reputation/ Brand | Economic Slowdown/ Slow Recovery | Economic Slowdown/ Slow Recovery | Regulatory/ Legislative Changes | Regulatory/ Legislative Changes | Regulatory/ Legislative Changes | Business Interruption |
| 3 | Economic Slowdown/ Slow Recovery | Accelerated Rates of Change in Market Factors | Increasing Competition | Regulatory/ Legislative Changes | Increasing Competition | Increasing Competition | Business Interruption | Third-Party Liability |
| 4 | Commodity Price Risk/Scarcity of Materials | Business Interruption | Regulatory/ Legislative Changes | Increasing Competition | Damage to Reputation/ Brand | Damage to Reputation/ Brand | Increasing Competition | Supply Chain or Distribution Failure |
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Respecting the Grey Swan

40 years of Reputation Crises



A Study of Extreme Events

**Limited and
complex data**

**Substantial and
enduring impact**

**Critical pre- and
post-loss decisions**

Defining the Grey Swan



Unknown unknowns

Unprecedented, unimagined

Extremely rare, massive impact

No data → unpredictable



Known unknowns

Conceivable but neglected

Unlikely, major impact

Limited data → patterns and insight



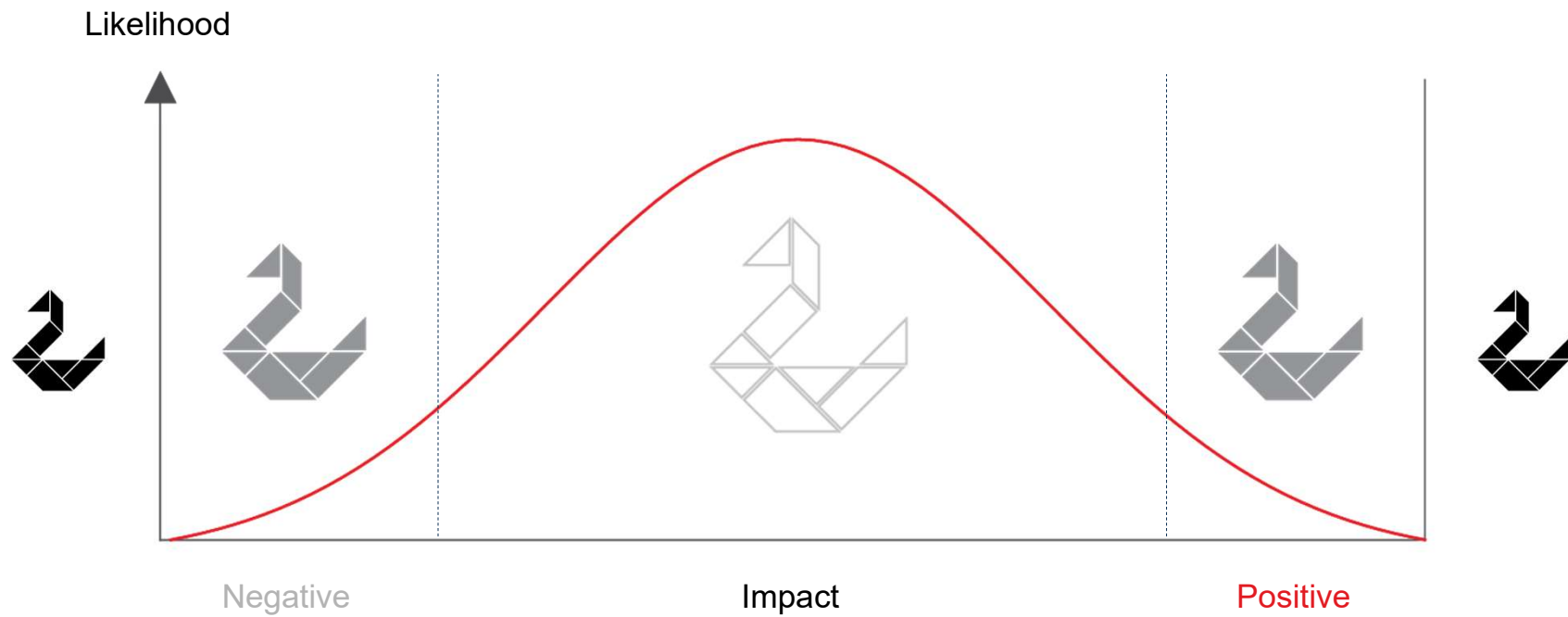
Known knowns

Base case

“Normal” expectations

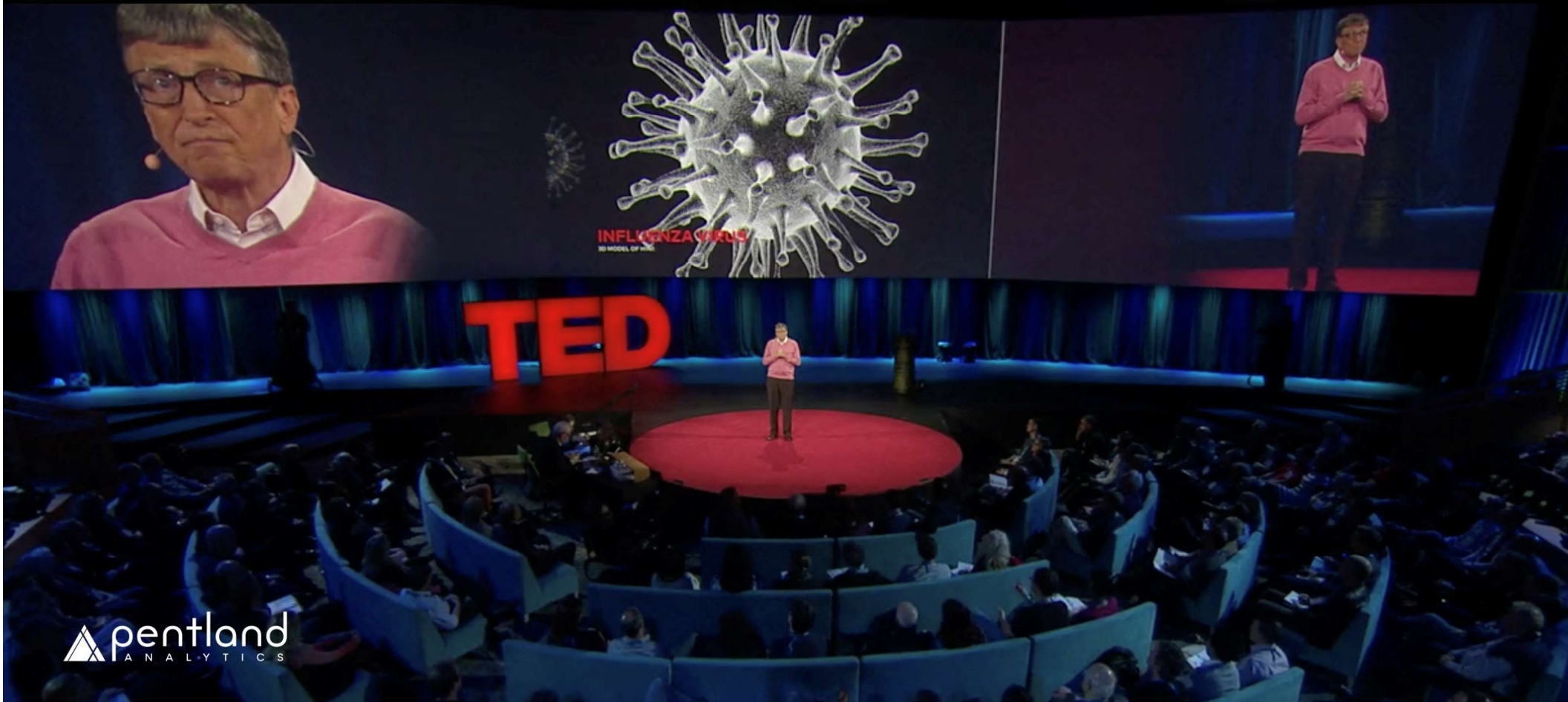
Lots of data → predictable

Where the Grey Swan Lies in Wait

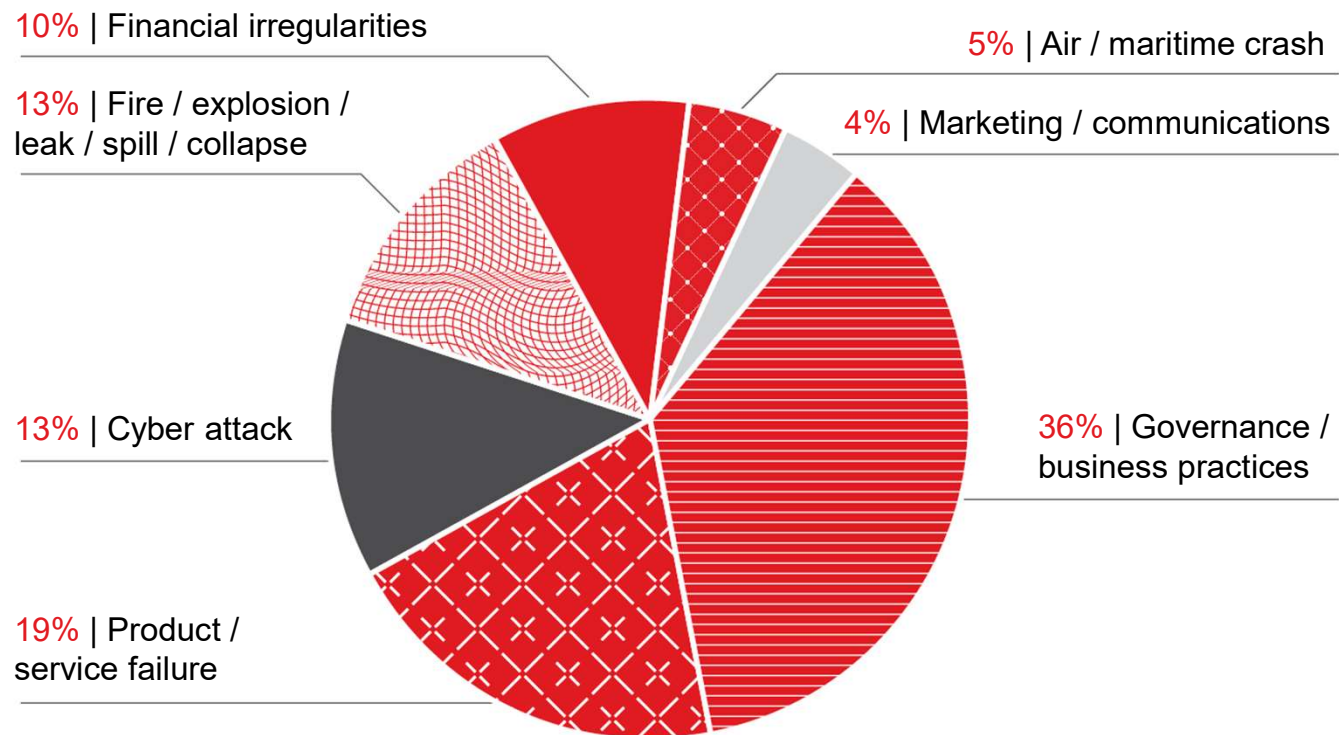


The next outbreak? We're not ready | Bill Gates

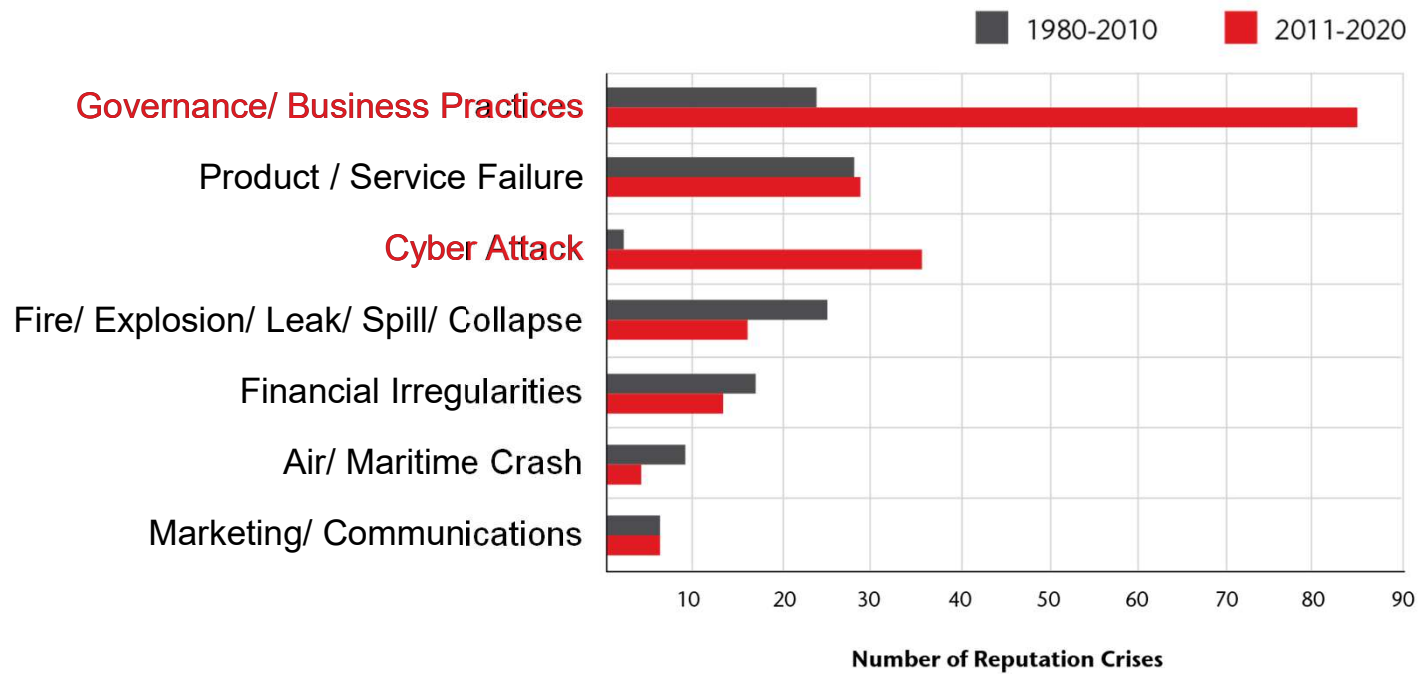
April 2015



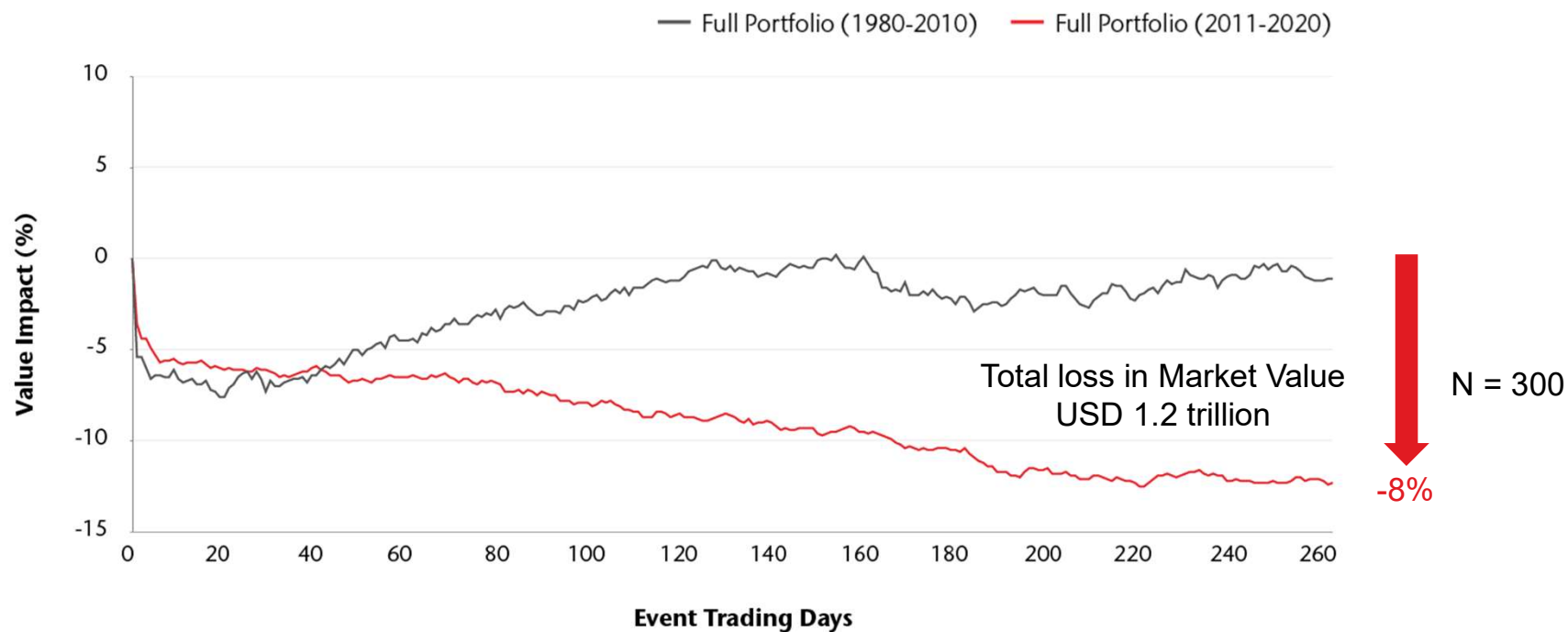
Reputation Grey Swans



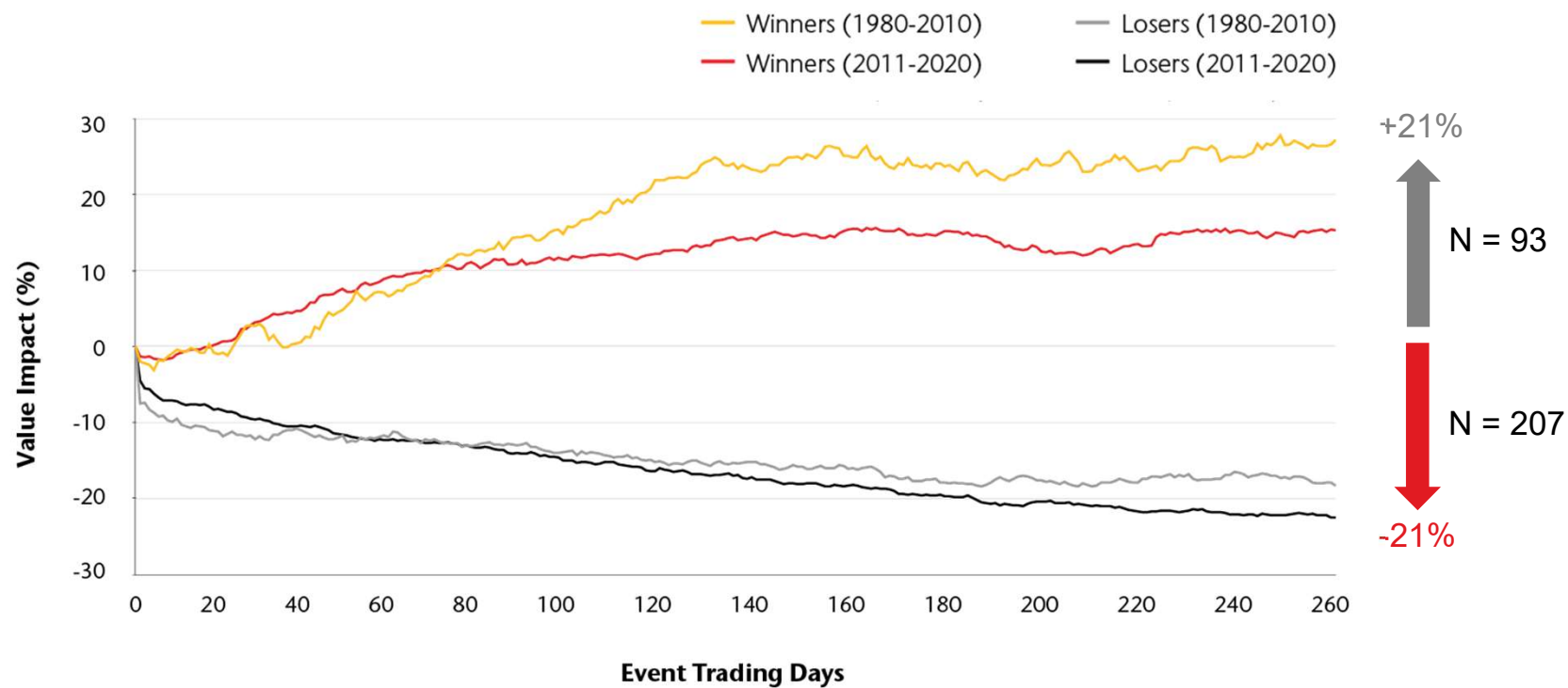
Changing Focus of Attention



Reputation Crises Increasingly Damaging



It's Getting Harder to Excel



Consistent Hallmarks

| | THE WINNERS | THE LOSERS |
|-----------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| 1 PREPAREDNESS | <ul style="list-style-type: none">▪ Deep commitment to loss prevention and mitigation | <ul style="list-style-type: none">▪ Failure to prioritise risk preparedness |
| 2 LEADERSHIP | <ul style="list-style-type: none">▪ Strong, visible leadership from CEO | <ul style="list-style-type: none">▪ Weak or delegated leadership, failure to take responsibility |
| 3 COMMUNICATION | <ul style="list-style-type: none">▪ Prompt, accurate, effective disclosures | <ul style="list-style-type: none">▪ Delayed, opaque, partial or inconsistent disclosures |
| 4 ACTION | <ul style="list-style-type: none">▪ Rapid, targeted, credible action | <ul style="list-style-type: none">▪ Absent, unconvincing or limited action |
| 5 CHANGE | <ul style="list-style-type: none">▪ True remorse: commitment to meaningful change | <ul style="list-style-type: none">▪ Minimal, inauthentic, reluctant contrition (if at all) |

7. ESG



Today's Landscape - Overview

More than ever, ESG issues matter to companies and financial stakeholders

Organizations of all sizes, industries and geographies need to formalise, maintain and communicate an ESG strategy to remain competitive, comply with stakeholder expectations, and to create and deliver value or return on investments.

Expectations around ESG are increasing among:

- Shareholders
- Insurers & institutional investors
- Employees
- Communities
- Legislators & Regulators.

Neglecting ESG expectations can negatively impact

- Investment ratings
- Access to capital
- Insurance coverage
- Employee turnover
- Reputation and market position
- Future value.

The ESG Landscape is Complex & Fragmented

- ESG terminology & definitions proliferate
- Regulatory requirements and disclosures have grown
- Data & measurement of ESG impact and performance is challenging.

ESG 'Outlier' status has the potential to increase risk of liability for a company and future profitability.

Why ESG Matters – Marketplace Overview

The impacts of Covid-19 and the growing emphasis on material **Environmental, Social, and Governance (ESG)** factors are driving companies and their boards to re-evaluate their disclosures and board practices.

- Diversity, Equity & Inclusion and Human Capital Management have been a primary area of focus for institutional investors and proxy advisors
- Large investors expect companies and their boards to be able to **articulate strategy and oversight** in disclosure and through engagement
- The SEC now requires public companies to report on a quantitative and qualitative basis **those material factors driving and impacting human capital management**
- The expectation is for all companies to **improve on transparency and implementation of their ESG strategy**

ESG's Importance across Stakeholders

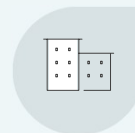
Dramatic increase in **ESG-focused investment products**



Environmental & Social issues can demonstrably harm reputation & value



Outlier status increases risk of liability for the company & its future profitability



Non-conformance with expectations can impact ratings, access to capital & insurance coverage



ESG Maturity Curve



Identify



Address



Accountability



Transparency

Communication with relevant internal and external stakeholders is key throughout

- ESG metrics tied to Executive Compensation
- ESG business strategy integration
- Dedicated ESG report and/or webpage
- Proactive Stakeholder Engagement
- Utilization of ESG reporting framework (SASB, GRI, TCFD)
- Commitment to ESG Pledges and/or Coalitions
- Ongoing board education on ESG related topics
- Integrated disclosure of ESG strategy/progress(Annual Report, Website)
- Standardized metrics & goals to measure & collect data
- Formal board/committee oversight of ESG strategy & accomplishments
- Diversity, Equity & Inclusion, Human Capital Management, and Supply Chain strategies
- ESG Dashboarding, Peer Benchmarking and initial Board Education
- CSR Reporting & Philanthropic Initiatives

Engage Stakeholders &
Identify Material ESG Topics

Set Goals &
Track Progress

Communicate &
Disclose Progress

Continually Re-Evaluate
& Adjust

8. Workforce Resilience

Aon Commercial Risk Solutions | Aon Client Council
Proprietary & Confidential



Today's Landscape – The Great Convergence

Market Trends - Why Organizations Need Agile and Resilient Workforces

Four Key Converging Factors:



1. Digital Convergence

Changing consumer demands, technological advancements and evolving business models are bringing industries closer, resulting in more competition from a broader set of industries with differing baseline value propositions



2. Skills Convergence

Similar transferable skillsets required across industries to power business is resulting in an increased focus on transferable skills – i.e. data, tech risk and compliance – all driving skill premiums and demand



3. Social & Work Life Convergence

Blurring of personal and professional life boundaries has changed. Health and financial wellbeing have become a workplace challenge



4. Macro-Economic and Stakeholder Convergence

Driving a need to balance Shareholder, Customer, Colleague, Government and Societal needs

Aon's Differentiated Value

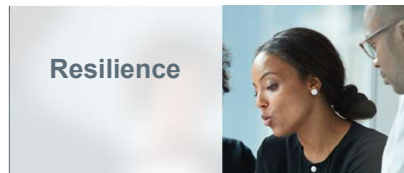
Getting Your Working Life Right

How it Fits: As an Integral Part of a Client's Global People Proposition Journey



Supporting your employees to bring the **best of themselves**, everyday

Delivering **Global Standards** of Care



Resilience

Performance: You offer a well-founded approach to health and wellbeing that fosters a resilient workforce with the ability to survive and thrive

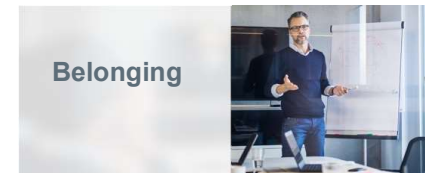
People Proposition: Your approach to wellbeing and benefit design is aligned to the needs of the workforce, well communicated and adopted - with take-up and employee appreciation monitored to ensure ongoing effectiveness



Agility

Performance: Your workforce has the ability to pivot at speed, based upon a foundation of adaptable and transferrable skills. You have a deep understanding of your talent bench-strength which can be deployed at speed and the ability to re- and upskill at short notice. Employees are empowered to make decisions and take ownership of their careers, recognizing the mutual benefit of investing and cultivating employee potential

People Proposition: You invest in your people, their skills and recognize performance and value creation, while offering a compelling proposition linked to making meaningful decisions



Belonging

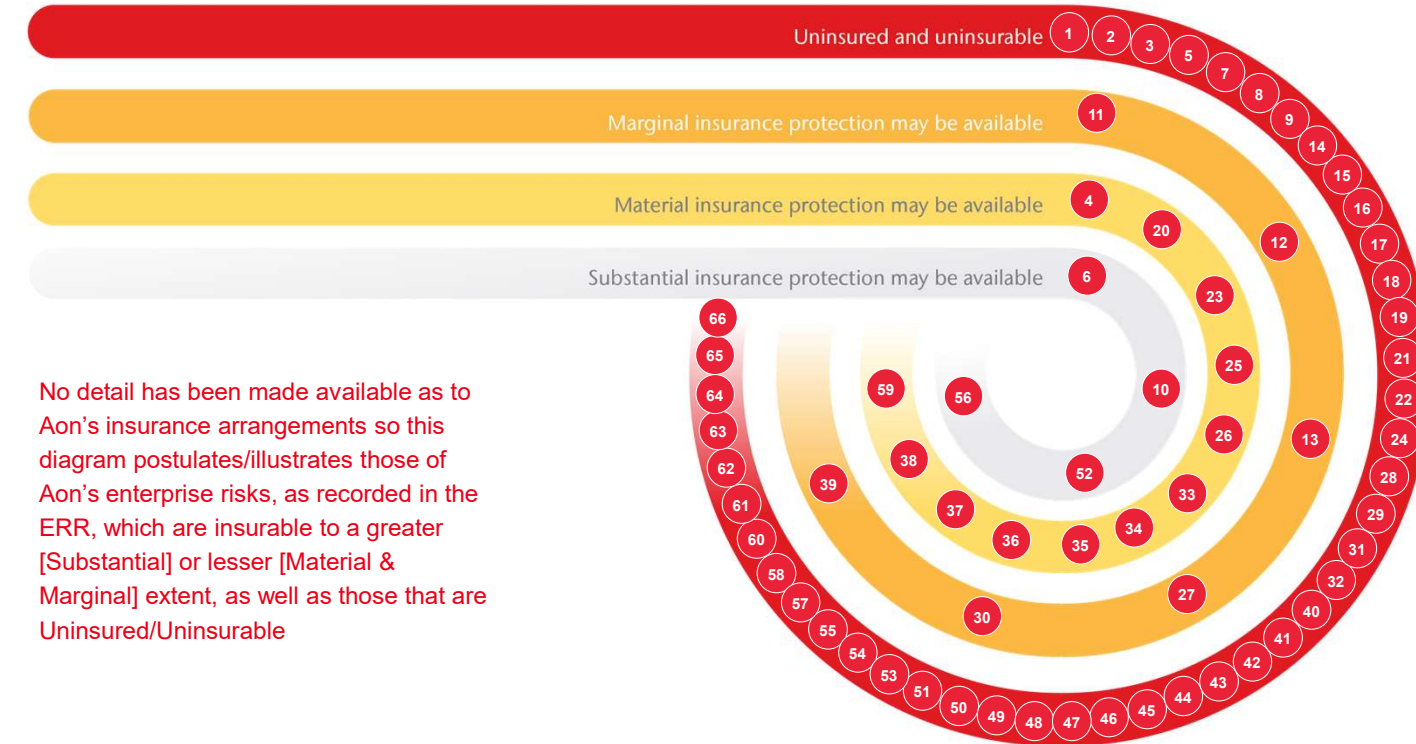
Performance: There is a sense of community within your workforce to which each individual belongs and can contribute, supporting diversity, innovation and communication, resulting in an attractive and inviting work environment

People Proposition: Your employees bring their interests, creativity and skills to create personal and professional connections across your organizational network, and are aligned to the employer's ESG/DE&I goals and strategies

In conclusion:

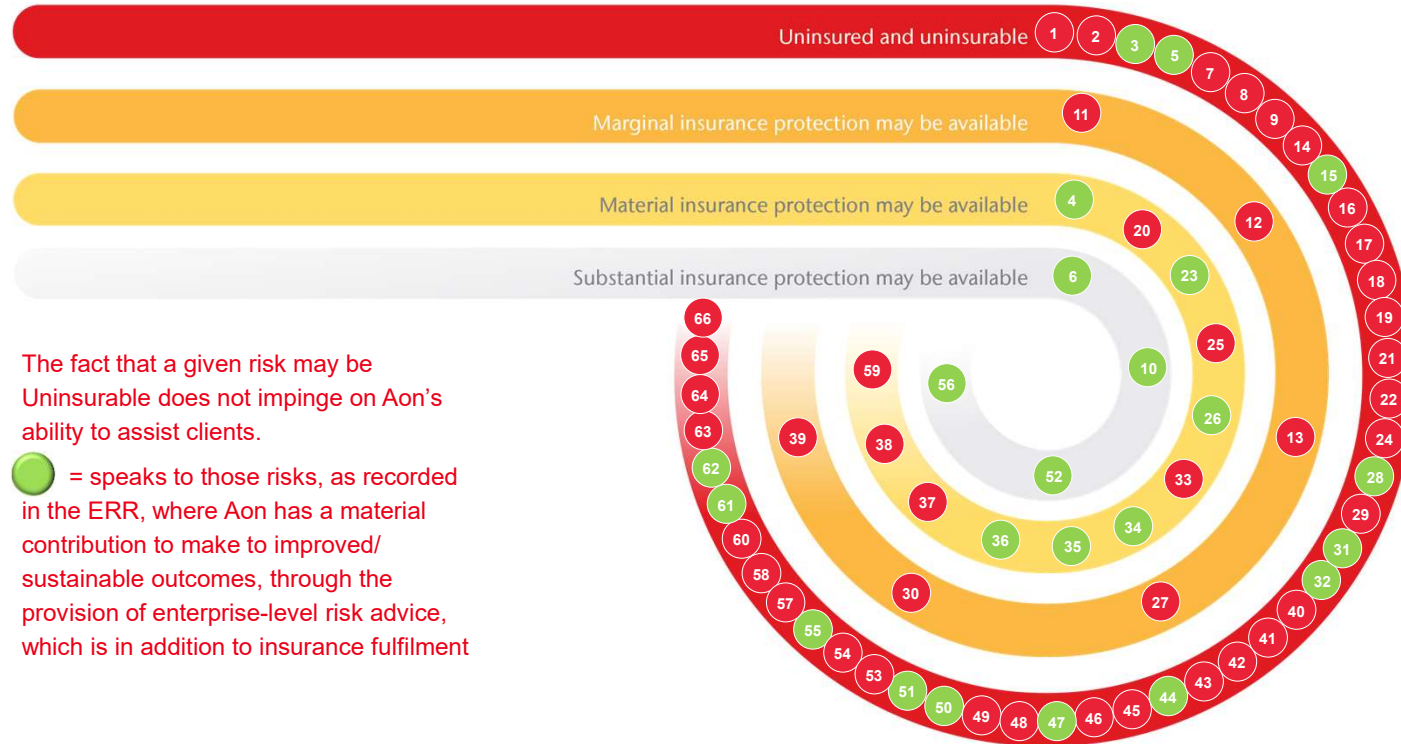
**How can you prepare?
Understand your Risk Landscape**

Risk and Opportunity: Aon's Insurance Viewpoint



| | | | | | | | | | | | |
|---|---------------------------|----|-----------------------|----|-----------------------|----|------------------------|----|----------------------|----|-----------------------------|
| 1 | Economic Slowdown | 9 | External commitments | 17 | Trade restrictions | 25 | Liquidity/capital mgmt | 33 | Access security | 41 | Infrastructure mgmt |
| 2 | Market factors | 10 | Data privacy | 18 | Licensing/permissions | 26 | M&A | 34 | Data security | 42 | IT change & release mgmt |
| 3 | Competition | 11 | Anti-competition | 19 | Money laundering | 27 | Financial reporting | 35 | System security | 43 | Data mgmt |
| 4 | Political uncertainties | 12 | Compliance | 20 | Client money | 28 | Pension mgmt | 36 | Network security | 44 | Colleague productivity |
| 5 | Climate change | 13 | Conflicts of interest | 21 | Insider trading | 29 | Return on capital | 37 | Physical security | 45 | Availability/problem mgmt |
| 6 | Natural disaster | 14 | Corruption | 22 | Shareholder relations | 30 | Divested business | 38 | Application security | 46 | IT mgmt & Ops |
| 7 | Disruptive tech | 15 | Compensation | 23 | IP rights | 31 | Insurance | 39 | Security mgmt & Ops | 47 | Talent attraction/retention |
| 8 | Exchange rate fluctuation | 16 | Due diligence | 24 | Taxes | 32 | Strategy | 40 | Application mgmt | 48 | People development |
| | | | | | | | | | | 49 | Succession planning |
| | | | | | | | | | | 50 | Workforce shortage |
| | | | | | | | | | | 51 | Aging workforce |
| | | | | | | | | | | 52 | Health & safety |
| | | | | | | | | | | 53 | Collective bargaining |
| | | | | | | | | | | 54 | Insider threat |
| | | | | | | | | | | 55 | BCP/disaster recovery |
| | | | | | | | | | | 56 | E&O claims |
| | | | | | | | | | | 57 | Ops & IT change |
| | | | | | | | | | | 58 | Business partner mgmt |
| | | | | | | | | | | 59 | Complaints |
| | | | | | | | | | | 60 | Product development |
| | | | | | | | | | | 61 | Access to capital |
| | | | | | | | | | | 62 | Claims |
| | | | | | | | | | | 63 | Fulfillment |
| | | | | | | | | | | 64 | Concentration risk |
| | | | | | | | | | | 65 | Marketing |
| | | | | | | | | | | 66 | Client needs |

Risk and Opportunity: Aon's Advisory Viewpoint



| | |
|----|-----------------------------|
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| 8 | Exchange rate fluctuation | 16 | Due diligence | 24 | Taxes | 32 | Strategic achievement of plan | 40 | Application mgmt |

Questions?

Thank You

2021 Global Risk Management Survey Industry Insights

| Industry | Key Risk 1 | Key Risk 2 | Key Risk 3 |
|-----------------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------------------|
| Food, Agribusiness and Beverage | Commodity Price Risk/Scarcity of Materials | Business Interruption | Supply Chain or Distribution Failure |
| Construction and Real Estate | Economic Slowdown/Slow Recovery | Commodity Price Risk/Scarcity of Materials | Cash Flow/Liquidity Risk |
| Energy, Utilities and Natural Resources | Business Interruption | Commodity Price Risk/Scarcity of Materials | Regulatory/Legislative Changes |
| Financial Institutions | Cyber Attacks/Data Breach | Economic Slowdown/Slow Recovery | Damage to Reputation/Brand |
| Healthcare Providers and Services | Workforce Shortage | Cyber Attacks/Data Breach | Pandemic Risk/Health Crises |
| Hospitality, Travel and Leisure | Business Interruption | Pandemic Risk/Health Crises | Economic Slowdown/Slow Recovery |
| Industrials and Manufacturing | Commodity Price Risk/Scarcity of Materials | Economic Slowdown/Slow Recovery | Business Interruption |
| Insurance | Cyber Attacks/Data Breach | Regulatory/Legislative Changes | Damage to Reputation/Brand |
| Life Sciences | Business Interruption | Cyber Attacks/Data Breach | Regulatory/Legislative Changes |
| Private Equity | Economic Slowdown/Slow Recovery | Failure to Attract or Retain Top Talent | Cyber Attacks/Data Breach |
| Professional Services | Cyber Attacks/Data Breach | Damage to Reputation/Brand | Failure to Attract or Retain Top Talent |
| Public Sector Partnership | Damage to Reputation/Brand | Cyber Attacks/Data Breach | Failure to Innovate/Meet Customer Needs |
| Retail and Consumer Goods | Supply Chain or Distribution Failure | Cyber Attacks/Data Breach | Business Interruption |
| Technology | Cyber Attacks/Data Breach | Economic Slowdown/Slow Recovery | Failure to Attract or Retain Top Talent |
| Telecom, Media and Entertainment | Cyber Attacks/Data Breach | Business Interruption | Tech Failure/System Failure |
| Transportation and Logistics | Economic Slowdown/Slow Recovery | Cyber Attacks/Data Breach | Business Interruption |