

PRESS RELEASE

## RISK AND RESILIENCE IN A PERFECT STORM FACING THE FUTURE TOGETHER: THE 2022 AIRMIC ANNUAL SURVEY

*This survey provides insight into our world, the concerns and priorities of our members, and provides signposts to where Airmic resources and energy should be directed. It affirms that risk professionals are fired-up with the ambition to step up, lean in, and take the responsibility to support their organisations. This isn't a new ambition, but it's never been a more urgent one. Connected risks from outsourcing, global business models, and global supply chains, have resulted in a dramatic expansion of the geographic footprint and an increase in exposure to geopolitical risks for many organisations. The turbulence we describe is not going to ease and the perfect storm will quicken and continue to gather force. The 2022 Airmic Annual Survey took place as events in Ukraine were unfolding. As the war and its consequences continue to develop and scenarios emerge, we must add the global and long term impact of the war to our gathering storm.*

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### RISK MANAGEMENT IN A PERFECT STORM

The past three years have shown how agile and adaptable risk professionals and their organisations need to be in the age of unpredictable and volatile risks. In terms of controls, even the best risk management frameworks are unhelpful if they are geared towards responses and preparations for the 'wrong' type of crisis.

The harder-to-visualise and harder-to-assess risks can leave a board disinterested when it's a softer option to focus - and allocate budget - to the risks in front of them. Organisations need to invest in risk intelligence, including external research and analysis, and constantly run 'what if' scenarios – as part of a culture driven visibly from the top, and one which rewards curiosity and thanks people for speaking up. There should be a healthy level of challenge to the validity of information sources, and the views held by the organisation's management that emerge from them.

### EVENTS IN UKRAINE INTENSIFY THE STORM

This year we cast a spotlight on three themes – cyber, ESG and people – and explore how risk professionals and their organisations are responding to them. We then look at how organisations can build resilience – in the context of a world where managing emerging risks and systemic risks will be key.

Cyber risk is at the top of the list of most concerning risks and although the conflict in Ukraine has raised the profile of some cyber risks concerns haven't converted into budgets. Although the sustained and disruptive nature of cyber risks more broadly is likely partly to blame for risk professionals' increased concern, it likely also reflects growing unease over cyber threats and risks triggered by the situation in Ukraine. The conflict has broadened the geographical focus of some ransomware groups, which are now increasingly targeting organisations in jurisdictions perceived as leading the punitive response against Russia.

The survey showed that Environmental, Social, and Governance (ESG) strategy is a board-level priority for companies across all industries, with 72% of respondents now having a dedicated ESG team. But juggling short-term pressure to progress for COP27's adaptation, alongside longterm aims such as embedding ESG into organisations' DNA, means ESG is both a sprint and a marathon. Over 50% of respondents expressed reputational damage as the chief concern about climate change and 54% of respondents believe that insurers should provide a set of key performance indicators (KPIs) relating to climate/ESG. The 'S' in ESG should not be eclipsed. Over 80% of respondents are concerned about Diversity Equity & Inclusion (DE&I), 63% about employee mental health, and 55% about employee health and safety. With ESG and corporate sustainability reporting demanding more from leadership, collecting human capital data plays a vital role in helping organisations measure, disclose, and benchmark the wellbeing of their people.

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Insurers should work with industry to develop new relevant insurance products. They should also provide a set of key performance indicators relating to climate risks, while doing more in particular to support carbon intensive industries in transition, and there are many practical steps insurers can take in tandem with industry, especially in helping organisations through climate transition risks. However, if the COP26 United Nations climate change conference in Glasgow in November was another chance to set stretching goals for political and business leaders, the events in the first half of 2022 have tested the resolve in meeting these goals.

Hoe-Yeong Loke, Head of Research at Airmic, commented: “Organisations need to be agile and adaptable in a perfect storm, but this is not licence for them to improvise their way out of a crisis. Processes, strategies, and experienced hands need to be in place – this is where people are central to an organisation’s resilience. Those that understand what is at stake amid the talent crunch and the Great Resignation will be best placed to ride out the storm.”

Airmic would like to thank and acknowledge the support and contributions of our Partners for the 2021 and 2022 Annual Airmic surveys: Control Risks, KPMG, Marsh, QBE, and Sedgwick. Without them, this latest report and contribution to the Airmic thought leadership agenda would not have been possible.

## ABOUT AIRMIC

The leading UK association for everyone who has a responsibility for risk management and insurance in their organisation, Airmic has over 450 corporate members and more than 1,500 individual members. Individual members are from all sectors and include company secretaries, finance directors, and internal auditors, as well as risk and insurance professionals. Airmic supports members through learning and research; a diverse programme of events; developing and encouraging good practice; and lobbying on subjects that directly affect our members and their professions. Above all, we provide a platform for professionals to stay in touch, to communicate with each other, and to share ideas and information.

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