The Institute of Risk Management

Risk Trends 2024

Developed by the IRM Special Interest and Regional Groups

THE INSTITUTE OF OPERATIONAL RISK
Part of the IRM Group

irm

Build your career as a risk professional

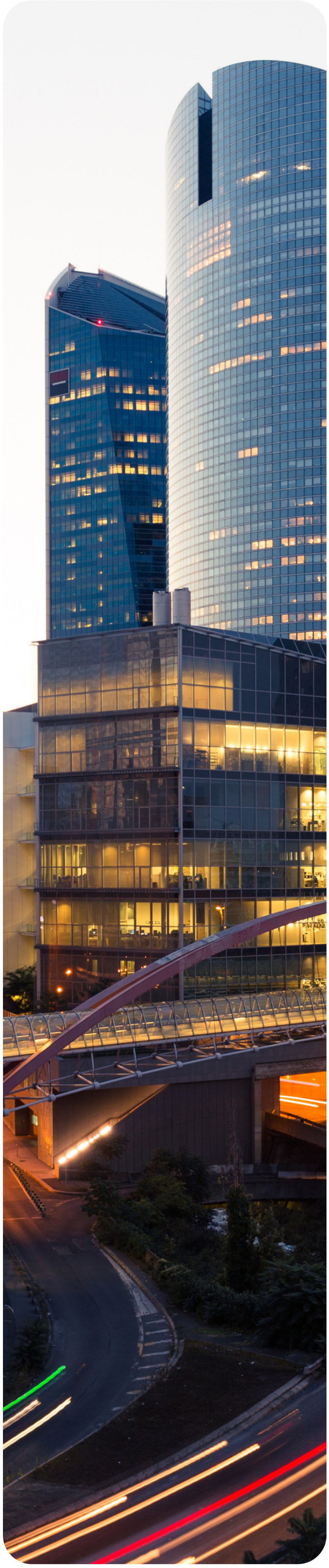
Training with the IRM

With training courses covering a wide range of enterprise risk management topics, our courses are delivered by industry experts so you can immediately apply the latest in best practice techniques. As well as being practical and interactive, the courses allow you to log CPD hours and some offer accreditation.

www.theirm.org | Tel: +44 (0)20 7709 9808 | Email: enquiries@theirm.org

irm

Contents



Edited and compiled by the IRM Marketing Team.

Introduction from Stephen Sidebottom, IRM Chair

The IRM's Risk Trends publication continues to focus on emerging global themes rather than making predictions about what is an increasingly volatile and unpredictable world.

This approach recognises that predicting outcomes is less important than understanding the pace of change and the system nature of the evolving and diverse challenges felt by businesses and in boardrooms worldwide. The reality of war, the escalating impact of climate change, political unrest, the ever-present threat of cyber-risks, energy crises, the surging cost of living, and the lingering effects of the pandemic continue to affect organisations and society worldwide.

- The World Economic Forum's Global Risks Report 2024 says the biggest short-term risk stems from misinformation and disinformation.

- Climate threats dominate the top ten risks global populations will face.

- Two-thirds of global experts anticipate a multipolar or fragmented geo=-political order to take shape over the next decade.

The distinct benefit of Enterprise Risk Management (ERM) is its capacity to transform challenges into opportunities, fostering resilience and strategic agility within organisations. Professional global risk managers, armed with IRM qualifications, expertly identify and assess potential risks, allowing organisations to mitigate threats and capitalise on strategic business opportunities.

At a time of maximum volatility and risk, ERM capability becomes a strategic enabler, equipping businesses to navigate uncertainty with confidence. These insightful contributions from IRM's global community emphasise the challenging and rewarding nature of a career in risk.

Qualified and competent staff with Ofqual accredited certifications from the IRM are playing an active and crucial role in enabling organizations to build risk intelligent cultures.

I would like to extend my thanks to all Group/Chapter Chairs, Committee members, and Global Ambassadors for their enthusiasm and commitment which have shaped this publication. Their insights and commentary contributes significantly to the collective understanding of global risk trends and the complexities of the modern business environment.

I would also like to thank Carol Misiko CFIRM, from our East Africa Group, for her valuable contribution to the report. Carol sits on the WEF Global Risks Report advisory board.

“ *At a time of maximum volatility and risk, ERM capability becomes a strategic enabler, equipping businesses to navigate uncertainty with confidence.*

Charities Group

KATHRYN JACKSON

Established to provide practical guidance about managing risk and opportunities by sharing knowledge, tips and best practice amongst sector professionals.

Click here to join the IRM Charities Group.

The pandemic exposed and exacerbated existing vulnerabilities and risks in the charitable sector, as well as identifying new ones. The sector faces continuing challenges following the pandemic which disrupted the delivery of services and the regulatory environment.

Key risks include overcoming continued challenges in the workforce, increased management and operating costs, challenges around delivering effective cyber security and data protection, changing legislative and compliance requirements and the delivery of sustainability objectives.

Charities have identified people related risks as the most significant for the sector as they reflect on 2023 and move into 2024. The effects of the pandemic and the focus on organisation recovery has taken its toll on staff wellbeing as workforces have been working at pace and have been under pressure to deliver services; often in challenging and stressful circumstances.

This led to high reports of burnout, people leaving the organisation and difficulty in recruiting and retaining to key roles. This requires the sector to prioritise the wellbeing and mental health of its workforce and to provide effective support and resources.

The risk around the workforce has been exacerbated further by the changing landscape of volunteering, which has seen a demographic shift of available volunteers where people have changed working patterns with shifting responsibilities. Charities must review their approaches to volunteering and offer more flexible roles to continue to provide a strong volunteering offer and support the delivery of charitable missions. Charity risk surveys have indicated a growing risk from increased management and running costs that are significantly impacting budget.

Charities are looking to modify and adapt their existing delivery models to pursue new and creative ways to delivery their strategic objectives. This danger is worsened by the uncertain financial state of local authorities, weakened NHS provision and the ongoing possibility of funding cuts.

The resilience of supply chains has been identified as an ongoing threat to charities in 2024, as key contractors and suppliers also struggle to attract talent and to operate within restricted budgets. Charities are required to monitor key contracts and employ strict business continuity processes, identifying alternative suppliers where possible. Cyber and information security remain a major risk for charity risk managers.

The sector's use of digital and online platforms and tools to improve service delivery has made it more vulnerable to cyber security and data protection risks. The sector must safeguard its data and systems from cyber-attacks, breaches, and losses, to prevent significant data breaches as well as protect supporter and public trust. Cyber security attacks are no longer viewed a possibility in the charitable sector, but as inevitable. Charities must improve the maturity of their cyber security response to maintain a robust, proactive defence against relentless cyber security attacks.

In the future, there will be a great demand for spending on cyber security and infrastructure as well as investment in AI tools and training to remain competitive in in the charitable sector and provide an excellent and responsible service for beneficiaries.

Despite the challenges that charities face in 2024 and beyond, there are significant opportunities for risk professionals to make a real contribution to their organisation. Risk professionals have viewed an increased sector focus upon risk as an enabler – particularly in the consideration, development, and application of risk appetite.

More Boards and management teams are having active conversations as to what their risk appetite is and what it should be – identifying that in many cases that the actual level of risk being taken is lower than it should be. This also highlights and strengthens the recognition that not everything will work and that in 2024 there is a need to be bold and take opportunities – a clear risk appetite position helps to provide the framework for leadership and the wider organisation.

“Charities are looking to modify and adapt their existing delivery models to pursue new and creative ways to deliver their strategic objectives.

Climate Change Group

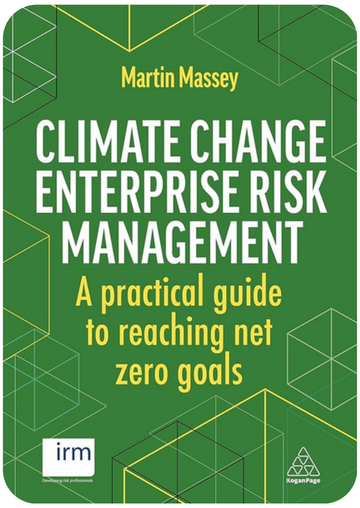
MARTIN MASSEY

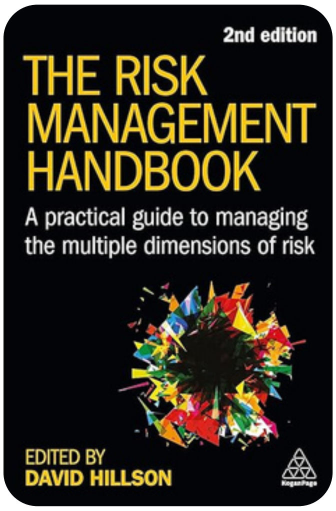
Researching and collating climate change risk management best practices and solutions. Developing a strong committee with a wider representation of members across different industry sectors.

Click here to join the IRM Climate Change Group

In 2023 the IRM Climate Change Group focused on coordinating seminars for the Group members in which we focused our efforts on collaborating with other IRM Groups.

This covered some of the most important climate related trends for organisations in respect to how to build improved climate resilience as well as improved governance and reporting.





In December 2022, Martin Massey the Group Chairman published “Climate Change Enterprise Risk Management: A Practical Guide to Reaching Net Zero Goals” a book endorsed by the IRM. A Chapter on climate change was also written for the 2nd Edition of the Risk Management Handbook published in 2023.

Organisations in general have taken positive steps to meet regulatory and business requirements and embed climate change into their enterprise risk management frameworks and business processes. However, Group committee members believe that focus areas for risk managers should be in respect to improvement in scenario analysis capabilities and embedding climate into existing risk appetite statements and reporting dashboards.

The WEF Global risk reports provide a good back drop to global climate change risk trends 2024.

World Economic Forum (WEF) Global Risks Report 2024

In the recently published report, environmental risks continue to dominate the risk landscape with extreme weather as the top environmental risk. In respect to extreme weather, the report states that new records will continue to be broken in respect to temperature rises leading to extreme heatwaves, drought, wildfires and flooding.

Climate change concerns are primarily covered in the report with regards to “climate tipping points” within the next decade including reaching the 1.5C net zero target. It states that “ many economies will remain largely unprepared for “non-linear” impacts: the potential triggering of a nexus of several related socio-environmental risks has the potential to speed up climate change, through the release of carbon emissions, and amplify related impacts, threatening climate-vulnerable populations. “

Another important related issue is they state that most climate models, whether public, private or academic, will not be able to adequately capture these nonlinear impacts.

Climate Risk Predictions

The IRM Group committee have set out five main macro risk themes, that risk managers should focus on in terms of risk trends and predictions in 2024 in the context of managing and mitigating risks in their business.

Some of the major climate risk trends that were included in the seminars that we conducted in 2023 which we expand on in this year’s risk trends report:

- Extreme heat and heatwaves
- Shift to more nature-based financial disclosures
- Accelerated regulatory enforcement to combat “greenwashing”
- Increase drive for sustainable financing solutions
- Lack of climate related insurance coverage and alternative solutions

Extreme Heat and Heatwaves

2023 was the warmest calendar year in global temperature data records going back to 1850. The latest data suggests that we may reach the 1.5C threshold above pre-industrial levels, the ambitious limit set by the Paris Agreement, by 2029.

As noted by the WEF, the real concerns for governments and business is both the rate of increase and the impacts such as extreme weather and volatile climatic conditions that include extreme hot and cold temperatures over extended time periods. One of the main natural hazards is heatwaves and climate change is increasing the likelihood of these types of events occurring which is in turn is leading to greater impacts. Heatwaves pose a threat to people, ecosystems, and the economy.

Extreme heatwaves in 2023 included in China, US/Mexico region and Southern Europe which scientists state that the heatwaves that occurred in July 2023 would have been virtually impossible to occur if humans had not warmed the planet by burning fossil fuels.

Organisations need to therefore carefully consider the impacts of heatwaves and the knock on effects of these extreme heat events since heat can exacerbate drought, create wildfire conditions; heat-related illnesses and deaths; the urban heat island effects; crop failures, strain in infrastructure, such as transportation and energy, that can also lead to other extreme such as blackouts.

Shift to Nature-Related Financial Disclosures

The Taskforce on Nature-related Financial Disclosures (TNFD) is one of many globally backed initiatives that provides holistic practical recommendations to enable the first steps of standardising this currently complex complicated challenge. TNFD provides guidance on the identification and assessment of nature-related issues. They suggest using an integrated assessment approach called LEAP approach which stands for (Locate, Evaluate, Assess and Prepare).

Understanding nature refers to the natural world, emphasising the diversity of living organisms, including people, and their interactions with each other and their environment. It is made up of four realms: land, ocean, freshwater and atmosphere.

Whilst broad, the TNFD's most recent suite of 14 key recommendations lean towards helping organisation's cut through the complexity of metrics and indicators available, permitting the use of carefully selected proxy data and analysis. Simplifying this process will help to inform required sustainable governance and short, medium and long term risk and opportunity strategy management through an annually comparable reporting format.

In respect to the assessment process, it is important to recognise new innovative approaches that are available such as use of satellite imagery that offer accessible insights for decision-makers in green finance and corporate reporting.

Accelerated regulatory enforcement to combat "greenwashing"

Greenwashing, or indeed the efforts by firms to present themselves in a favourable public light through association, is not a new concept and one that we discussed in last year's report. However, it is the increasing regulatory enforcement that is the main global trend.

Whilst governments remain the main targets, the number of cases filed against corporates has increased, and the range of sectors targeted has become more diverse, moving to include food, agriculture, transport and finance as well as the core cases against oil and gas companies.

This reflects the increasing number of complaints and legal cases that have also been brought on climate change grounds. Specific examples include disinformation spread by high-emitting companies about the impacts of their products.

Increasing awareness means that initiatives by regulatory bodies of all forms are in turn leading to increasing identification of potential cases which may be supporting the increasing trend. For example, the International Consumer Protection Enforcement Network ("ICPEN") hosts an annual sweep of websites, which gives consumer authorities across the world the opportunity to target fraudulent, deceptive or unfair conduct online.

Many global supervisors are picking up the pace to help prevent greenwashing and are calling out firms not doing enough to manage climate risks. Some of this was seen in 2023, but with new precedents and stronger rules, organisations can expect greater enforcement in 2024.

Increased drive for sustainable financing solutions

Sustainable finance has experienced a significant surge and transformation over recent years and evolved as a mainstream theme in financial institutions and markets. This transformation has been driven by multiple factors notably the climate pledges signed by more than 140 countries for reaching net zero and the pressure on governments and companies to turn these pledges into concrete actions.

Investors are increasingly seeking to finance sustainable solutions. At the same time, sustainability frameworks and sustainability disclosures are becoming more robust as stakeholders intensify demands for greater transparency.

There has been a noticeable surge in investor demand for sustainable investment opportunities particularly from millennial investors with climate issues being a top priority for many of them.

It is important to note that investors have concerns over the availability, quality, and accessibility of reliable and actionable data, which often impedes their ability to make informed investment decisions to invest in truly sustainable companies and projects.

Lack of climate related insurance coverage and alternative solutions

The insurability and pricing of climate-related risks is becoming an increasingly critical concern for insurers and policymakers, and if no countermeasures are taken, the protection gap is expected to widen. This was a key issue discussed at COP28.

The insurance industry has a unique role to play in addressing climate change by making society and the economy more climate resilient. However due mainly to the increased frequency and severity of natural disasters associated with climate change there is a continued global trend in price increases and unavailability of the coverage for certain types of risks, particularly property related perils such as flood, wildfire and drought.

The insurance industry is developing a range of innovative insurance solutions that seek to incentivise climate-related risk prevention, for example through offering lower premiums for implementing climate-related adaptation measures such as flood early warning systems.

The main growth area however is the design of new types of insurance solutions that are event driven solutions often termed parametric and/or index insurance solutions. With the rise of new datasets, satellites and IOT sensors, parametric or index-based insurance solutions are expanding fast and provide an alternative or in many cases the only option to insure risks that can provide organisations with improved resilience.

Some use cases for parametric/index based insurance in the context of climate-related perils include extreme weather events; non-physical property damage supply chain coverages as well as providing gaps for new climate related perils such as droughts and heat stress across a range of industry sectors.

> “ *2023 was the warmest calendar year in global temperature data records going back to 1850. The latest data suggests that we may reach the 1.5C threshold above pre-industrial levels, the ambitious limit set by the Paris Agreement, by 2029.*

Energy and Renewables Group

GRANT GRIFFITHS

CONTRIBUTIONS FROM: DYLAN CAMPBELL, ALEXANDER LARSEN, MYRIAM BOU YOUNES, BETH PROCTER, SEAN GOTORA, MYKHAILO RUSHKOVSKYI, DR ROBERT CHANON, AFROZE MIAH, CRAIG BOLLEY

Aiming to gain insights from risk practitioners, establish a strong network and discuss what the future of the industry holds.

Click here to join the IRM Energy & Renewables Group

When it comes to energy two words were high on the risk agenda this year: geopolitics and economy, and we don't see much changing as we move through 2024.

The quest for growth along with building greater resilience will dominate the agenda for business leaders, especially those in the Energy sector.

As we predicted last year, governments would be faced with challenges around inflation, affordable energy and various levels of retreat on their net zero plans and timelines, and our predictions have been borne out by events. We can expect to see a continuation of these trends, although with a greater emphasis on the minerals and raw materials needed to drive the decarbonisation / net zero programmes as well as the ongoing technology race across a number of fronts. These each present unique and challenging risks for energy players.

The two big political events to keep our eyes on in 2024 with the potential to shape the energy landscape are the UK election* and the US Presidential election. These two major events carry significant potential to vastly change the energy balance and appetite for energy transition. The UK general election outcome will most likely lead to a change of government that could ultimately overturn the Offshore Petroleum Licensing Bill, leading to greater uncertainty for investors in the oil and gas industry although the full impacts of this move will not be felt immediately

In the USA a change in officeholder has the potential to herald a move towards energy independence and along with it, wider economic implications bringing a shift in both economic and political risk profiles. It is also worthy to note there will be several other important national elections in 2024 including Taiwan, India, Mexico and South Africa, and in the EU, which crosses national borders. Geopolitical tensions in other parts of the world, such as the Middle East, could also disrupt oil supplies and put upward pressure on oil prices.

Here is a brief summary of some of the key risk management trends we see for the global energy & renewables scene in 2024:

- Increased focus on operational resilience: Energy companies are increasingly focusing on operational resilience, which is the ability of an organisation to withstand and recover from disruptions. This is due to the growing number and severity of disruptions such as cyberattacks, extreme weather events, and supply chain disruptions.
- Cybersecurity remains a major risk for energy companies: Companies need to have robust cybersecurity measures in place to protect their systems and data from cyberattacks, especially those which are State-sponsored.
- Physical security: Energy companies also need to consider the physical security of their assets and infrastructure. This is especially important in light of the growing risk of terrorism and sabotage.
- Climate change is another major risk for the energy sector: Companies need to have a plan in place to mitigate and adapt to the impacts of climate change.
- Technological disruption is also a risk for the energy sector: Companies need to monitor the latest technological developments and be prepared to adapt their business models accordingly.
- Greater use of technology: Energy companies are also using technology to improve their risk management capabilities. For example, companies are using artificial intelligence (AI) to identify and assess risks more effectively.
- Collaboration with stakeholders: Energy companies are increasingly collaborating with stakeholders, such as governments and regulators, to manage risks. This is due to the growing complexity of risks and the need for a coordinated response.

We expect that these trends will continue to accelerate in the coming year, as energy companies seek to improve their resilience and reduce their exposure to risks.

- Energy policy revision: Governments around the world are grappling with the challenge of balancing energy security, affordability, and environmental sustainability. This is leading to a number of changes in energy policy, which could create new risks and opportunities for energy companies. For example, governments may introduce subsidies or price caps on energy prices, which could impact the profitability of energy companies.
- Asia geopolitical and macroeconomic shifts: The Asia-Pacific region is home to some of the world's largest energy producers and consumers. Geopolitical tensions and macroeconomic shifts in the region could have a significant impact on global energy markets. For example, a further strengthening of COVID-related quarantine norms in China could drive downwards pressure on oil prices.

Our Top 5 Predictions

1 - Geopolitical concerns

Geopolitical tensions in the Middle East could disrupt oil supplies, putting upward pressure on prices, if we see an escalation of the current unrest in the region.

2 - Asian geopolitical and macroeconomic shifts

We call out this specific geopolitical risk given a number of factors and events which are currently weighing on concerns. In summary, companies such as Evergrande (given their recent crisis), is an indicator to watch given that fears are rising about their ability to repay a cascading pile of debt against the backdrop of muted property sales and rising interest rates in mainland China, combined with efforts by Beijing to rein in the property sector in the past year. We expect the impact of long term interest rates to have a significant impact on this over-extended indebted corporation – and others could follow.

3 – Political effects on critical supply chains

Supply chains will face a squeeze. Political moves impacting the availability of critical minerals needed for the drive towards electrification will weigh heavily on the direction of renewables and alternative energy.

4 - Ongoing changes in the EU energy market

Mix of generation and aiming to achieve stable prices against a backdrop of volatile fuel prices, driven by ongoing unrest and a lack of clarity on energy policy. Coal and other fossil fuels remain firmly in the mix, threatening the ambitious net zero targets. As we witnessed last year, cost of living and societal demands will also influence policy.

5 - Back sliding on renewable energy & the sustainability drive

This is along similar lines to the previous prediction, but nonetheless warrants calling out due to its unique nature and cause. The underlying suspicion of renewables and their much higher costs will shift policy on energy towards retaining and potentially increasing the mix of more traditional and affordable sources of energy.

These policy shifts will be driven by higher levels of pressure falling on political leaders coming from citizens exercising their voices at the ballot box. This renewed democratisation will favour greater consideration being given to addressing the economic and societal elements of energy policy at the expense of green imperatives.

Key topics & themes

Geopolitical concerns

Geopolitical tensions in the Middle East could disrupt oil supplies, putting upward pressure on prices, if we see an escalation of the current unrest in the region.

Asian and European demand for LNG remains high but also carries with it a significant downside risk should we see an escalation in tensions in either region. For Asia, tensions between China and Taiwan and for Europe, the Ukraine / Russia War.
There remains a possibility that, given Europe's reliance on pipeline gas and its reliability and relatively affordability compared with liquefied natural gas (LNG), there is a potential risk to physical infrastructure should the current conflict escalate.

Cyber concerns, notably malicious attacks, represent a significant risk for energy operators across all segments of the Energy value chain in 2024, and given the increased reliance on electricity grids, we can expect to see more activity around grid security and exploitation of vulnerabilities by a range of malign actors. We can expect to see continuing work around increasing operational resiliency to counter this major threat, which carries both national security and economic implications.

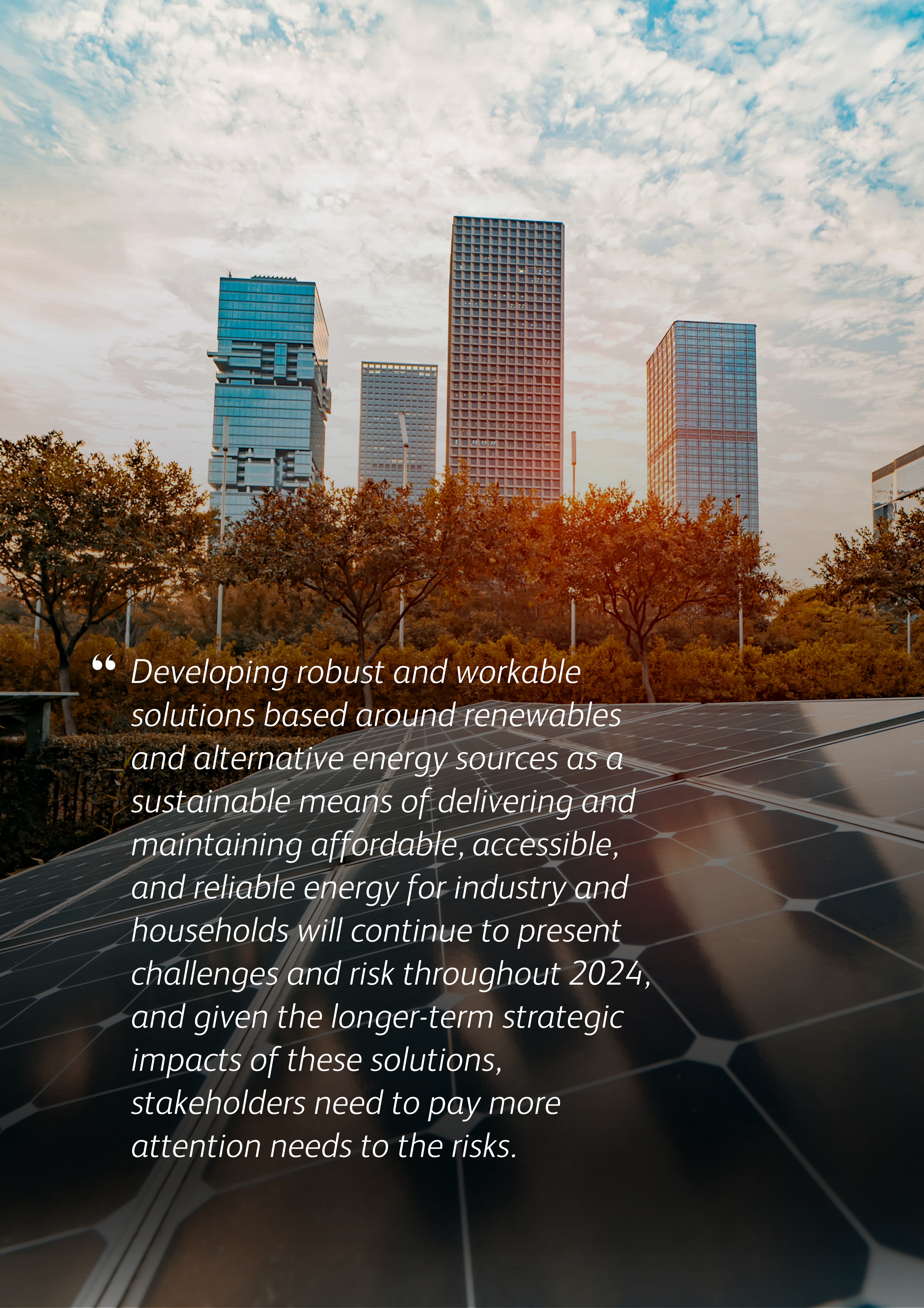
Asian geopolitical and macroeconomic shifts

We call out this one geopolitical risk given a number of factors and events which are currently weighing on concerns.

The recent Evergrande crisis, the world's most indebted property developer: Fears are rising about Evergrande's ability to repay its cascading pile of debt against the backdrop of muted property sales and rising interest rates in mainland China and efforts by Beijing to rein in the property sector in the past year.

We expect the impact of long term interest rates to have a significant impact on this over-extended indebted corporation.

Add to this the emergence of a new airborne virus outbreak in China, the world's largest importer of hydrocarbons, and increased speculation on Taiwan and China's ongoing ambitions across the broader region (which might be a response to the Evergrande situation) and there remains a very high risk that a cascade of events could take place, with global implications for Energy and other sectors and markets.



"Developing robust and workable solutions based around renewables and alternative energy sources as a sustainable means of delivering and maintaining affordable, accessible, and reliable energy for industry and households will continue to present challenges and risk throughout 2024, and given the longer-term strategic impacts of these solutions, stakeholders need to pay more attention needs to the risks.

The Evolving Dynamics of Global Oil Trade: The Decline of the Petro-Dollar and Emerging Multi-Currency Agreements

In 2023 global oil trade witnessed a paradigm shift with the gradual decline of the petro-dollar and the rise of multi-currency oil purchase agreements. This development marks a significant turn in international economics and geopolitics, reshaping the landscape of global energy markets.

The decline of the petro-dollar has a number of implications for the global economy. One implication is that it could reduce the United States' influence over the global oil market given the United States has used its control over the petro-dollar to impose sanctions on oil-producing countries in the past.

However, as more and more oil-producing countries sign multi-currency oil purchase agreements, the United States will have less influence over the global oil market and this could also trigger additional spill-over risks.

The energy value chain

Supply chains will face a squeeze. Political moves impacting the availability of critical minerals needed for the drive towards electrification will weigh heavily on the direction of renewables and alternative energy. We can look to Zimbabwe and China for examples.

Zimbabwe has ceased lithium exports in favour of domestic processing, while China's consolidation of control over key minerals like dysprosium, graphite, and neodymium, exemplify a broader global trend. Such strategic moves by major mineral-producing nations highlight a shift towards safeguarding national interests in the realm of critical energy resources.

But these downside risks will also drive innovation which will contribute towards shaping the future mix and technologies for electrification.

While the shift to clean energy is likely to reduce oil demand in the long run, the pace of this transition is uncertain and we don't see any downside risks to oil prices in the short term.

Technologies

The efficiency of photovoltaics (PV) systems has continued to improve throughout 2023 and with a drive towards alternative energies there are likely to be significantly increase interest in solar energy investments. Increased interest in battery storage will be a trend to watch. New and emerging storage technologies are emerging, such as flow batteries and solid-state batteries.

These technologies have the potential to further reduce the cost and improve the performance of energy storage systems.

In both cases our predictions comes with a warning given our outlook for the political dynamics; moves to restrict minerals and raw materials critical to the supply chains for these technologies will start to adversely impact availability, and therefore the rate, and costs, of net zero efforts in many advanced economies.

We've observed significant increase in the capacity of, and reduction in the size of, EV cells over the last 5 years and expect to see further advancement in this space. This could significantly be curtailed by the regionalisation occurring due to the current geopolitical landscape where raw materials, knowledge, expertise and technology could be the limiting factors in the ongoing advancement of all technologies in the Energy space.

The big technology story however continues to be AI and its wider use in the Energy sector. But the wider proliferation of AI is full of risks which we believe are yet to fully manifest, and will become evident only as increased use of AI takes hold.

In our view the governance of AI is the most immediate challenge which presents the single biggest short-term risk, one which energy players need to come to grips with as a priority in 2024.

Bitcoin and Energy is an area in which we might expect to see a significant increase in activity in 2024. Overall, there is a growing interest in the potential of Bitcoin mining to help address some of the key challenges facing the Energy sector.

Bitcoin mining can help to reduce our reliance on fossil fuels, integrate more renewable energy into the grid, and improve the efficiency and reliability of the energy grid.

Some potential upside opportunities include:

- Methane flare reduction: Bitcoin miners can use methane from oil and gas operations to power their operations. This can help to reduce the amount of methane that is flared, which is a major contributor to climate change.

- Rapid deployment of renewable resources: Bitcoin miners can be used to quickly deploy renewable energy resources, such as solar and wind farms. This is because Bitcoin miners are mobile and can be deployed to areas where there is abundant renewable energy.

- Energy grid management: Bitcoin miners can be used to help manage the energy grid. For example, Bitcoin miners can be used to provide demand response services, which can help to reduce the load on the grid during peak hours.

- As the Bitcoin mining industry continues to grow and mature, we can expect to see even more innovative and creative ways to use Bitcoin mining to benefit the energy sector, we see this is an unexploited area well worthy of attention in 2024 and beyond.

COP28

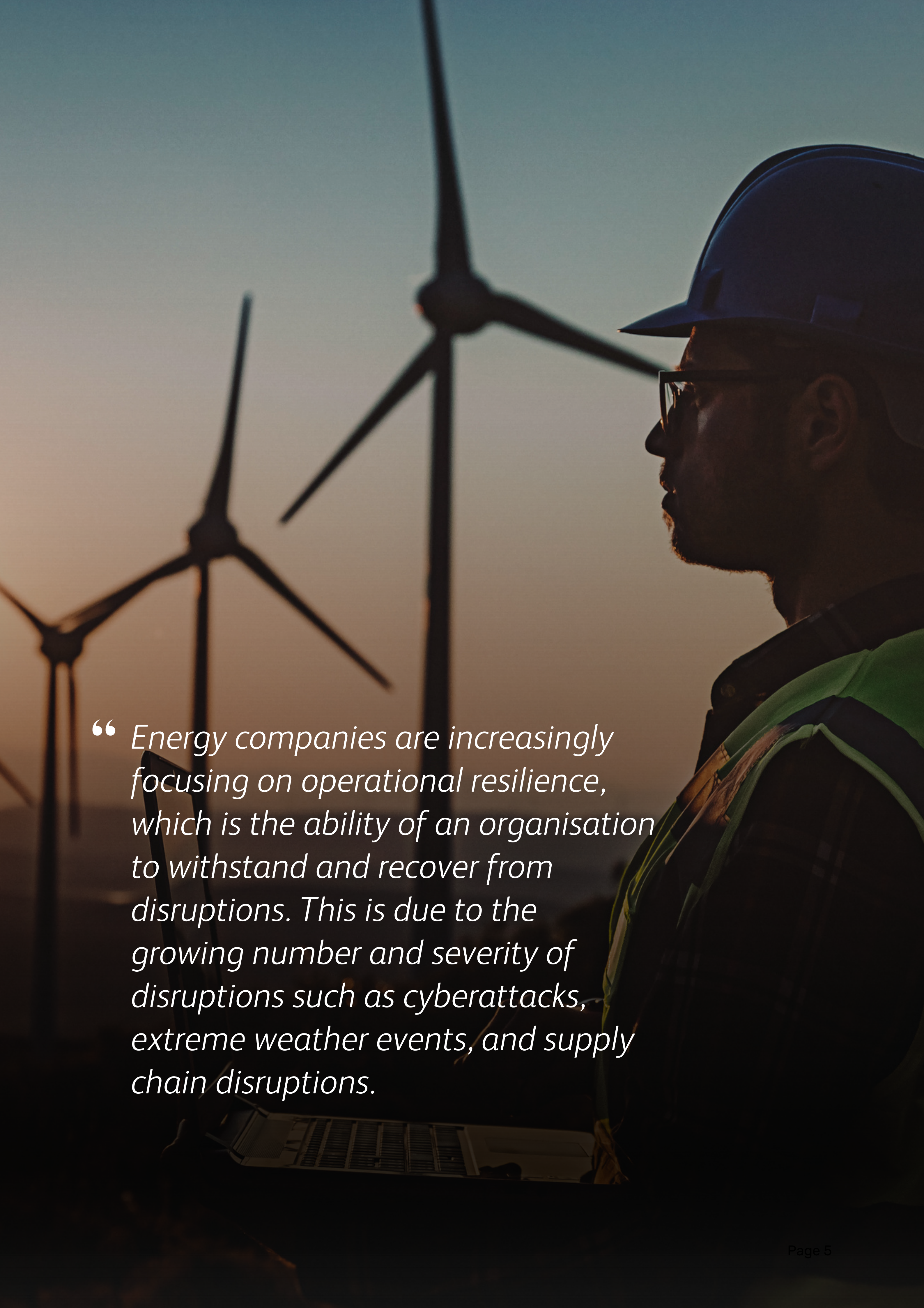
It's difficult to predict with any accuracy how well the resolutions from COP28 will morph into actions given the continuing geopolitical uncertainty and pending major elections in the USA, UK and EU expected in 2024. The outcome of these events alone could have a significant effect on the call to action stemming from COP28, although we foresee economic imperatives as potential threats to the scope and rate the energy transition beyond 2024.

Conclusion

The energy sector is facing a number of significant risks in the coming year, including a potential global recession, energy policy revision, increased geopolitical tensions in Asia, and ongoing changes in the EU energy market. Energy companies need to have a robust risk management framework in place to support their efforts to identify, assess, mitigate, and monitor their ever-increasingly complex risks. We expect to see a number of trends in energy risk management in the coming year, including an increased focus on operational resilience, greater use of technology, and higher levels of collaboration with stakeholders.
These are all challenges which represent significant risks and opportunities for the Energy sector, governments and wider society all around the world.

Developing robust and workable solutions based around renewables and alternative energy sources as a sustainable means of delivering and maintaining affordable, accessible, and reliable energy for industry and households will continue to present challenges and risk throughout 2024, and given the longer-term strategic impacts of these solutions, stakeholders need to pay more attention needs to the risks.

* The next UK General Election can be held as late as January 2025, however we believe it will be called and held in 2024.



> *“Energy companies are increasingly focusing on operational resilience, which is the ability of an organisation to withstand and recover from disruptions. This is due to the growing number and severity of disruptions such as cyberattacks, extreme weather events, and supply chain disruptions.*

Environmental & Social Governance Group

ANITA PUNWANI

CONTRIBUTIONS FROM: ALEX HINDSON, ABDUL MOHIB, SAINATH JAMDADWAR AND LISA KHAN.

Providing a professional space for the international risk community to share knowledge and experience on ESG matters.

Click here to join the IRM Environmental & Social Governance Group

Our predictions are that the following matters need to be considered by risk professionals:

ESG' or rather the letters 'E','S' & 'G' were a topic of discussion in 2023, however, as predicted, much dialogue focused on reporting rather than the substance of sustainable development.

Risk professionals have a role in supporting the leadership of organisations to set out their vision of what sustainable development means for their organisations as well as proactively acting upon strategies for its realisation. The nature of changes in the external environment will present further pressures on organisations to be transparent and accountable to a wider array of stakeholders, including in addressing risks related to modern slavery, equality, diversity, inclusion, safeguarding, security, health, safety, welfare as well as the natural environment. Those in leadership positions will continue to be scrutinised in real-time, notably on social media, for the way in which they behave and run their organisations. In this context, meeting stakeholders' expectations including increasingly demanding disclosure requirements will see organisations achieve greater levels of transparency for investors than ever before and provide clarity over their exposure, as well as identify opportunities including in relation to climate change. ESG should be seen and acted upon as a platform for sustainable development aligned with long-term value creation in the context of behaving in an ethical and sustainable manner.

Regulators will continue to pay attention to the importance of examining the risk management and governance practices of organisations to ensure appropriate emphasis, mitigations and escalation, where necessary, of climate and sustainability risks. They will also continue to focus on stress testing analysis/scenario planning towards ESG and climate-related financial risks and organisational resilience. Consumers and clients, notably in government, will continue to bring in ethical and sustainability considerations into their purchasing decisions, both in relation to the organisation itself as well its supply chain. The greatest risk remains to those incapable of recognising the need for organisational change. In this context, risk professionals are well placed to help the leadership identify the risks to the organisation in failing to make the necessary changes in a timely manner.

The practice of 'Greenwashing' and other such practices will unfortunately remain despite the significant focus on ESG. The risk professional will be required to lead the development of conventional risk reporting into more mature processes. While reporting on legal, regulatory and financial matters will continue to be important, many organisations now recognise that accountability is larger than producing metrics and reports.

Organisations will need to get their houses in order so they can begin reporting against more complex international disclosure standards for sustainability – this presents a crucial opportunity to review and upgrade existing processes as well as conduct dry runs on reporting, particularly for those operating over multiple boundaries, to help transition to the standards being adopted by jurisdictions across the world. The focus of the IRM's Environmental and Social Governance thought leadership will address human rights governance in the context of the environmental and social governance of purpose-driven organisations.

The risk professional is well placed to support the governing body in this regard by supporting the management of environmental and social matters associated with global challenges; failure to address such risks will present further sustainable development challenges for the international community and international organisations, notably in relation to increasing numbers of people migrating or finding themselves in poverty and therefore at risk of modern slavery; modern slavery, notably the use of child labour, is a matter of concern for the leadership of purpose-driven organisations and the IRM ESG Group.

Financial Services Group

MARIA SINGENDE

Suitable for people working in banking, or associated financial services such as asset management.

Click here to join the IRM Financial Services Group

The Financial Services Industry plays a very important role in national and global economies. As a result, Financial Services organisations are exposed to varied risks which require to be managed effectively.

On the backdrop of high Inflation, Geopolitical Conflicts, Impacts of Climate Change, Cyber and AI related risks, Collapse of financial institutions in 2023, Financial services organizations will continue to be exposed to sudden shocks which require more frequent shifts in risk management strategies.

In 2024, Financial Institutions will be affected mostly Cyber and AI related risks, Geopolitical risks, Climate Change risk responses, High Interest Rates and Regulation.

Cyber and AI related risks

The growth of AI brings both threats and opportunities. Financial services organisations are ranked top in the use of AI as a competitive advantage. Traditional institutions have seen market share being taken by Fintechs. AI has transformed the industry. There has been tremendous growth in technological innovation in recent years and the pace has accelerated. This has benefitted majority of the stakeholders. The benefits have brought new risks. The need for a strong risk and control environment is as important as ever in order to limit for example lawsuits from copyrighted material, data loss and cyber attacks. A number of institutions have lost the trust of customers as a result of data being lost.

Geopolitical risks

As the world has been recovering from the global Covid 19 pandemic, wars would ideally be avoided. This has however not happened. The Ukraine/Russia war broke out in 2022 and is still ongoing. The additional wars in the Middle East, Sudan and unresolved conflicts elsewhere are causing significant worry for Financial Institutions. The unpredictable nature of a war break out makes the Geopolitical risks more complicated to manage for risk managers. Risk managers therefore need to be aware of the global environment and the potential impacts on risks already identified through Enterprise risk management.

Climate Change risk responses

Financial Institutions have been making various proactive pledges towards achieving net zero. There is pressure from regulators and society to ensure that the pledges are free from greenwashing. The responses to climate change risks rely heavily on models. It is imperative that the models are covered by strong governance and control mechanisms which get stress tested for robustness. It is important for Financial Institutions to collaborate with industry bodies on climate change to deepen understanding of ongoing developments.

Interest Rate changes

A high inflation regime that started in 2021 caused by the emergency of the pandemic and geopolitical conflicts led Central banks to raise interest rates gradually in order to meet targets. Banks benefited from higher returns under high interest rate regimes however the returns can easily be offset by rising defaults in a squeezed credit market over time. Interest rates have started a downward trend giving the hope that defaults will not be as acute and financial Institutions can portfolio strategies. It remains uncertain whether the drop will be sustained.

Regulation

The failure of the global systemically important bank (G-SIB) Credit Suisse in the first quarter of 2023 as a result of runs on the bank shows the importance of a strong resolution framework supported by strong enterprise risk management. Financial Institutions need to ensure that regulators have confidence in the strength of their operations. Whilst they are complex, real time risk assessments can be a solution by taking advantage of the advancement in technology.

Whilst the above risks have come up as the top 5 predicted to impact financial services organisations most, it is important for Financial Services organisations to continuously scan the environment and detect potential high impact risks. Enterprise Risk Management remains crucial. Key takeaway is therefore the need for Financial Services organisations to maintain a strong risk and control environment, be aware of developments in the global environment, collaborate across the industry and ensure regulatory requirements are met. Robust stress testing of emerging risks is equally important.

Infrastructure Group

DANIELLE MUDD

Intended for individuals interested in all aspects of infrastructure risk as it relates to design; construction; management; funding; insurance; technology advances and resilience.

Click here to join the IRM Infrastructure Risk Group

After a challenging few years, does the future look brighter? Our view is yes, it does seem that the Infrastructure sector is on the road to recovery – improved market confidence, increased investment, increased number of project approvals, potential for announcements on large upcoming programs early in 2024 including Heathrow Expansion (maybe?!).

Delivery of existing major projects will continue to dominate (think HS2 Phase 1, Hinkley Point C, etc.) however, with economic growth expected to return in 2024 this should result in an increase in project starts. Economic growth should also bring about some stability in terms of pricing, although costs are likely to remain high.

2024 is expected to be a turbulent year but with a path to recovery and stabilisation in sight. Public sector spending has some uncertainty with the recent cancellation of HS2 Phase 2, notwithstanding the commitments to reinvest the allocated budget. With a General Election looking likely in the UK, the uncertain political landscape could mean that a new administration would review and look to consolidate public sector investment programs.

Challenges around the ongoing shortage of skilled labour, high interest rates and tight lending regulations are expected to continue to impact activity within the sector. Glenigan is predicting an industry increase of 12% in the UK in 2024 and 3% in 2025.

In addition, COP28 is revitalizing the discussion around infrastructure investment & delivery and the value the sector can add to meeting climate targets. There is opportunity here for some new approaches and bigger investment in infrastructure, especially from the private sector.

The Global Infrastructure Hub (GI Hub), an international infrastructure body established by the G20, records that the sector consumes more than 60% of the world's materials. Despite this, and the contribution of more than 79% of global greenhouse gases, the sector has the potential to accelerate progress to sustainable development goals.

Recent analysis by GI Hub estimates that the investment gap has more than trebled from a 2017 global forecast of $0.7tn a year to around $3tn a year today. It predicts that current trends will result in $2.9tn investment compared to $3.4tn needed.

An area for opportunity is funding and banking regulations; the current regulations will likely lead to increased capital charges for infrastructure, making the sector less attractive to investment. A KPMG report references upwards of 7% of global GDP between now and 2050 is what it will take to meet climate change targets.

There is a visible divide in the type of projects which attract public and private investment: central governments are investing heavily in transport projects, whereas private investors are targeting renewable projects which receive half of all private sector investment in infrastructure.

We expect this to continue into 2024, with greater focus on ESG within infrastructure projects. The sector already does well in this area, in comparison with other sectors, so there could be an opportunity to attract more private investment in other subsectors beyond renewables. For example, developing a standardized method to verify how 'green' an investment is could be a key to unlocking some of this capital.

Changes to supply chain management and engagement are also expected. Impacted by the pandemic and geopolitical influences, KPMG states that "governments increasingly recognise that their assets could be vulnerable to insecure supply. And they are taking a heavier hand in helping infrastructure owners decide where they can source key bits of kit from, and who they can work with to operate them."

Areas of focus will likely include:

- Sustainability and efficiency – balancing new environmental regulations, customer demand for greener initiatives and costs of implementing these requirements;
- Focus on talent attraction to bridge the skills gap;
- Digitalisation and the continued adoption of new technologies – a recent Deloitte report comments that the through rise of generative AI and other disruptive technologies, the sector is now poised to realize improvements in project design, schedule optimization, cost controls, site inspection, safety, compliance, and quality assurance
- Managing market uncertainties and pricing volatility
- Supply Chain management – multiple factors are interfacing to create uncertainty: pricing volatility is creating stability issues, for example rising costs coupled with multi-year contracts on fixed rates are squeezing profits and reducing ROI; the geopolitical landscape is creating supply issues globally; booming pockets of infrastructure investment are attracting the big talent pools and creating 'brain drain' (e.g. vast numbers of construction companies and workers are heading to, and focusing their efforts on, the Middle East). Bankruptcy remains a real risk to many players within the sector
- Contractual risk allocation and tender pricing – impacts incurred over the last couple of years may lead discussions over who should own cost and pricing risks. With so much recent fluctuation, and perhaps lack of knowledge of how to price inflationary risk, we may see further conservatism in tender returns.

In addition to this, The UK's Procurement Reform Bill, the most significant change to the way public sector organisations buy goods and services for a generation, is now expected to go live in October 2024. It aims to;

- Create a simpler and more flexible commercial system
- Open up public procurement to new entrants
- Embed transparency through the commercial lifecycle, so that the spending of taxpayers money can be properly scrutinised.

Public sector organisations will need to ensure they are prepared for the changes to avoid failed / non-compliant procurements.

Innovation Group

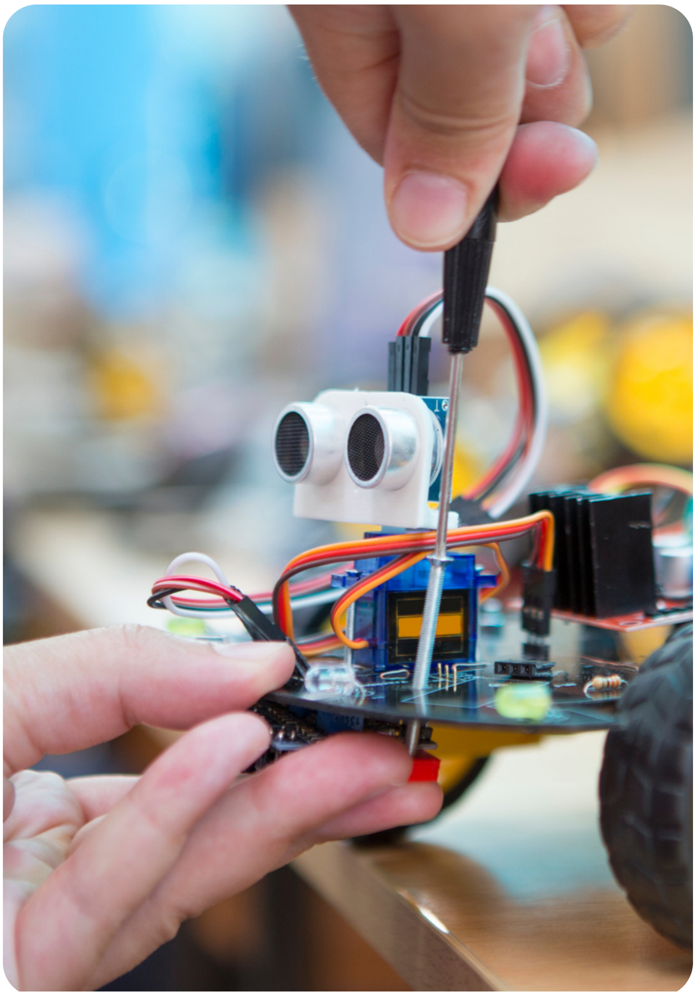
RODRIGO SILVA DE SOUZA

SARAH GORDON

CONTRIBUTIONS FROM:
KATALIN HORVATH

A forum for discussion and development of new ideas in the field of risk management.

Click here to join the IRM Innovation Group



As we move through 2024, we may reflect on how unpredictable our world is becoming, with new wars, geopolitical tensions, and clear signs of global warming.

At the same time, the prospects of generative AI seem both promising and daunting. Therefore, we must prepare for multiple threats and opportunities in 2024. In our last IRM Innovation Group meeting, we asked our members the questions: "What is keeping you awake at night?" and "What might be on your radar for 2024?".

Respondents reinforced the relevance that climate change, political instabilities, and digital revolutions will have as top risks in their agenda. Especially considering advancements in generative artificial intelligence and machine learning and ongoing regulatory requirements in multiple industries. Nonetheless, we have seen during the COVID-19 pandemic (and many other crises before) that we should not let the most current emergencies overwhelm us or blind us from daily operational and strategic activities and aims. For example, in 2023, recognising the multiplicity of risks concerning our practitioners, the IRM Innovation SIG ran a multi-topic annual project instead of a larger annual one. The various goals and focal points that risk management professionals should have in mind may replace the attention to a single major risk, which could obfuscate the importance of risk networks. At our risk predictions this year, we would like to emphasise the dynamic and complex nature of emerging risks in 2024 as we learn to balance resilience imperatives while keeping corporate efficiency.

Climate-related risks are still at the top of Board agendas, and we expect them to continue. Risk management professionals should be aware of the distinction between ESG and sustainability. The latter is called out as having longevity, with far-reaching impacts on the future, and how to balance increasing regulatory requirements while managing threats and opportunities. This may lead companies and shareholders to reflect on what it means to be a responsible business and how this is embedded into the corporate culture, particularly while calibrating imperatives of quarterly results, strategic resilience, and the impact of double materiality.

Transition plans should also be high on the risk management practitioner's agenda. As change becomes the norm, we should examine our goals, interim targets, available resources and time capacities, and compare them with stakeholder's ambitions. The advantage of enterprise risk management is being able to contextualise risks from various angles and help organisations understand the broader impacts of decision-making. Two useful tools organisations can call out are the Transition Plan Taskforce (TPT) – a framework for climate change transition plans – and the Network for Greening the Financial System (NGFS) – a highly useful tool for developing scenario planning. Furthermore, we must acknowledge the importance and yet complex and complicated nature of scenario planning, affecting transition and adaptation plans.

While the need to be transparent regarding feasible goals is prominent due to increasing regulatory enforcement and fines attributed to greenwashing, for instance.

Regarding the advancements in generative Artificial Intelligence, we must be aware of our risk appetite and how to balance both threats and opportunities. Ethical considerations in this area are still somehow blurry and inconclusive. Although AI can lead to significant advancements in medicine, business, trading, monitoring, surveillance, farming, etc., there has been an ongoing fear of its effects, for instance, in unemployment and social security. Numerous unanswered questions regarding who is in control of this technology, who benefits, and who loses from it are still to be tackled by broader risk management and interdisciplinary communities.

More general views should be devoted to the impact of changes in governments, including the UK and US elections. Market volatility, interest rates, and sociopolitical instabilities are still high. Here, the threat of miscommunication seems every day more present as society and social media become more polarised. The interconnectivity of these events and its impacts on other economies, though, may be changing geopolitical alliances and bringing civil upheaval throughout the world.

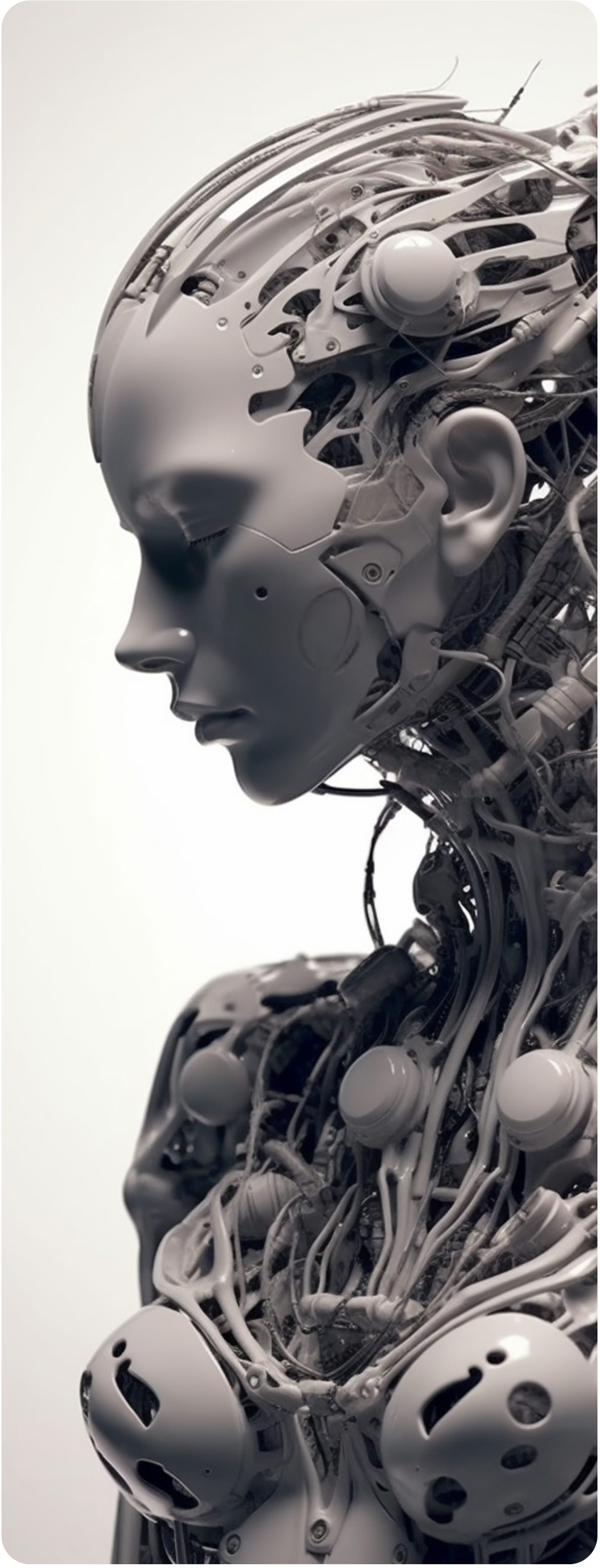
As we reflect on and admire the intricacies of our world, we also see opportunities. Our risk management community may have become more aware of the complexity and interconnectivity of our world, work, life, and everything in between since Covid. Thus, this interconnectedness and entanglement may become more part of our risk management discussions.

Even if we do not have answers for it, we must raise questions and enjoy the ride of pondering and acting on alternatives to better track actions either in foresight or hindsight. Every attempt to address and manage risks is a step forward.

Technology

ALEX LARSEN

DYLAN CAMPBELL



Artificial Intelligence (AI)

We expect AI to undergo significant advancements during 2024, influencing various aspects of daily lives and industries.

One notable trend is the increasing integration of AI into everyday products and services, from smart home devices to personalised virtual assistants. It is likely that predictive analytics and machine learning algorithms will continue to evolve, offering organisations valuable insights into consumer behaviour, market trends, and operational efficiency.

With the growth of AI, ethical considerations and responsible AI practices are likely to be a focus area with increased attention and as AI applications become more widespread, there will be a growing focus on transparency, accountability, and fairness in AI systems.

Efforts to mitigate biases in AI algorithms and ensure responsible AI development and deployment will become vital to the industry if it is to grow.

Another area that we are likely to see more growth and development in is the integration of generative AI with robotics to create “smart robots”. As this sector continues to advance, far reaching impacts on the labour market are expected to occur. From advanced self-driving and home assistants to security and protection applications, societies will be fundamentally transformed.

Blockchain

The integration of blockchain technology with emerging technologies like the Internet of Things (IoT) and AI is expected to gain momentum over the coming year. Blockchain's ability to secure and streamline data transactions, coupled with IoT's data generation capabilities and AI's analytical power, could lead to further innovations to the technology such as supply chain optimization, smart cities, and personalised healthcare. Combining these technologies could create a more robust and interconnected ecosystem, further solidifying blockchain's role as a technology that could shape the future of technology and business.

Whilst Non-Fungible Tokens (NFTs) haven’t set the world alight from an investment perspective, they will continue to play an important part in application ecosystems. With the introduction of more advanced headsets aiming at advancing the Metaverse, we can also expect NFTs to grow in line with Metaverse adoption.

Bitcoin

The widespread understanding and adoption of bitcoin is expected to gain momentum during 2024, driven by increasing institutional interest and regulatory clarity in various jurisdictions. In particular, the approval of a spot Bitcoin Exchange Traded Fund in the US is expected to provide the necessary signal to the Traditional Finance sector that Bitcoin is an accepted vehicle for investment.

The continued improvements in energy efficiency and its use to drive renewable energy could address some of the environmental concerns associated with Bitcoin, potentially mitigating criticisms and attracting a broader user base. As more traditional financial players integrate Bitcoin into their portfolios, the market could witness a significant increase of investment, leading to increased stability and reduced volatility compared to previous years. That being said, we can expect a significant rise in price from current levels.

However, challenges may persist, such as ongoing regulatory developments and potential geopolitical factors that could impact the global cryptocurrency landscape. The introduction of Central Bank Digital Currencies (CBDCs) indicates that countries are keen to keep digital currencies centralised which indicates that perhaps restrictive regulations could be introduced with regards to the use of Bitcoin.

If Bitcoin manages to navigate these challenges successfully however, 2024 may see it solidify its position not only as a digital gold but also as a crucial component of the evolving financial landscape, paving the way for further innovation and integration within the broader economy.

“One notable trend is the increasing integration of AI into everyday products and services, from smart home devices to personalised virtual assistants. It is likely that predictive analytics and machine learning algorithms will continue to evolve, offering organisations valuable insights into consumer behaviour, market trends, and operational efficiency.

Australia Group

COLIN MCCRORY

CONTRIBUTIONS FROM COMMITTEE MEMBERS:
JESSICA SCHILLING
ANH DINH
NATHAN BLAIR

Designed to extend the IRM's knowledge, and education to existing regional risk management practices while promoting awareness and understanding of risk and its effective management.

Click here to join the IRM Australia Group

As the nation reacts to its growing population, the infrastructure boom continues in a response to try and keep up with the ever-increasing demand.

Our geographical location inherently results in threats from the changes in climate and political pressures and concerns from countries within the Asia Pacific region.

Looking forward over the next 12 months, many of those key threats we have been facing, remain for Australia. However, new emerging threats also are on the increase and therefore as a nation we need to continue to develop our understanding of them so that we can respond appropriately.

Environmental Pressures

Australia is well known across the globe for its climate related issues such as bush fires and flooding which, have had catastrophic impact to the nation's economy, wildlife, residents, and infrastructure. The continuous threat from climate change, highlighted in many of the top ten World Economic Forum (WEF) risks, will undoubtably continue to impact the nation. While recognising this threat, there has been a positive response from the Australian government and more eyes and money is now directed at supporting the response to climate change.

Changes in Political and Regulatory environment

Changing political priorities is impacting the Australian landscape. The three-year federal election cycle makes Australia more vulnerable to these political risks. The changing government affects the continuity of policy, creates an uncertainty in government funding, increases pressure on public finance, and fuels low public trust.

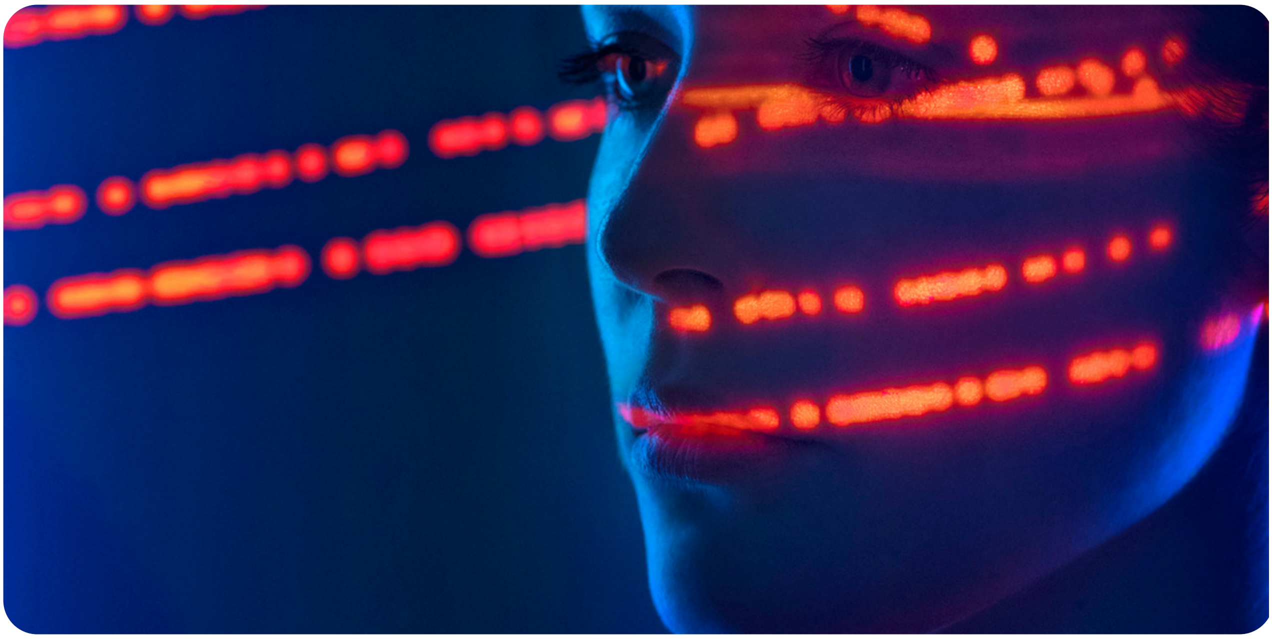
The prolonged economic downturn, cost of inflation, increasing housing shortage and cost of living issues, where 1 in 4 Australians are now unable to meet their cost-of-living expenses is a test on Australia's economic resilience and leaves the nation with a high degree of uncertainty.

Geopolitical pressures also continue to impact Australia. The Australian economy is very dependent on trade, particularly with countries such as China. Political issues with China, somewhat driven by the strengthening of Australian-American relations through AUKUS and other partnerships have only added to fuel to the fire. While on the surface, the stressed relationship looks to be easing, geopolitical pressure and related concerns such as cyber-attacks, is still considered as a major risk to the nation.

Technology Risk

With the nations technology environment rapidly changing and the introduction of unregulated innovations and technology such as AI, similarly to many nations across the globe, Australia is open to ever increasing cyber vulnerabilities. The importance of having the resilience to such threats will not only depend on the technologies we apply but the people needed to ensure this can be done.

Technology resources is one resource types that are considered when we are looking at the risk of not having the availability of key and competent resources. Building and embracing the cyber resilience is key to reducing this threat to Australia of the ever-increasing issue.



Psychosocial Risk

As of April 2023, Australian federal legislation has mandated that workplaces need to manage psychosocial hazards under the Work Health and Safety Act (WHS Act). The drivers of psychosocial risk management are the $12.8 billion dollar cost of mental ill-health to the Australian Workplace (2023 Deloitte Risk Advisory). There is an accelerating cost of psychosocial hazards, which are the aspects of work or the work environment that have the potential to increase the risk of work-related stress, with potential to lead to psychological or physical harm.

Examples include job-related hazards (e.g. job demands, conflict in workplace), organisational process hazards (e.g. poor change management or recognition), harmful behaviour hazards (e.g. bullying, harassment, discrimination) and safety culture hazards (e.g. fatigue, poor physical work environment). In the health and education sector in Australia we have seen a trend towards worker fatigue and disengagement.

There is a trend of mental health deterioration at the population level through increased observation of burnout (68.5% of Australian workers) and general mental disorder prevalence leading to decreased productivity and workforce participation outcomes. The status of psychosocial risk codes of practice in Australia is 5 of 8 jurisdictions (including the Commonwealth) have regulations dealing with psychosocial risk in force. We anticipate that just as most jurisdictions have released Codes of Practice for managing psychosocial hazards, most employers will begin to implement mitigative measures to decrease the threat of psychosocial hazards to their employees.

With the Psychosocial risk in Australia trending up and the potential impacts it may have on the nation's economy and the well-being of our citizens, this has now become one of Australia's key risks to manage.

> *“With the nations technology environment rapidly changing and the introduction of unregulated innovations and technology such as AI, similarly to many nations across the globe, Australia is open to ever increasing cyber vulnerabilities*

East Africa Group

SOSPETER THIGA

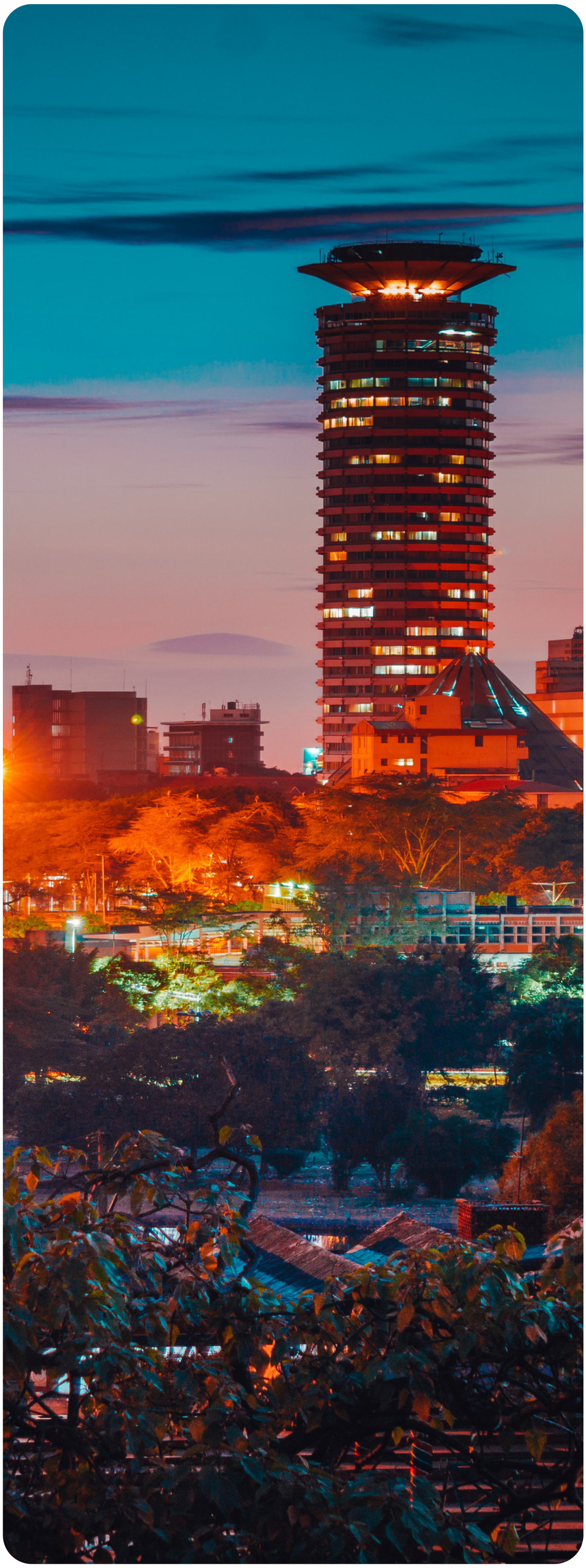
Cooperate with any persons, associations, societies, institutions and bodies of persons established in Kenya or elsewhere having objectives in whole or part similar to those of IRM.

Click here to join the IRM East Africa Group

The secretariat team brought together volunteers to assist in identifying the top five risks facing the region and to prepare a summary document to share with IRM.

Methodology: A survey was conducted between the 15th and 17th of January 2023, followed by a virtual brainstorming session on the 18th of January. Over 30 participants joined the brainstorming session.

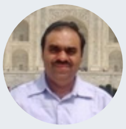
The team agreed to build consensus on the top five risks for the region, as described in the table over the page.



#	Name	Description	Rating out of 10	Key Drivers
1	**Exchange Rate Risk**	The rapid depreciation of local currencies against the US$ in the region has led to higher costs of importation, inflation, and ballooning foreign-denominated debt (both National and Corporate debt). This has the effect of governments increasing taxes, particularly on the middle class, which has led to lower disposable incomes. Companies have also increased the prices of goods and services to cover their costs.	**8.3**	The key drivers of the exchange rate risk have been geopolitics, for example, the Russia - Ukraine war, the Israel - Gaza war, and the upcoming US elections in 2024. Additionally, the region has a negative balance of trade, being net importers, further exacerbating the pressure on their local currencies against the US Dollar.
2	**Credit Risk**	Individuals and corporations default on loan repayments, leading to high non-performing loans, lower banking profits, lower taxes for governments, and poor economic performance. The region has reported the highest level of loan default in the last decade.	**7.2**	This risk is driven by the exchange rate risk and its ripple effect on the economies and cost of living. Further, the economies in the region were yet to fully recover from the COVID-19 pandemic before the geopolitical crisis hit.
3	**Digital Risk**	The risk of disruption of business and government services due to system downtimes and cyber attacks. In 2023, the region was affected by cyber insecurity and frequent power outages. Businesses, including key government services, suffered disruptions without proper business continuity measures.	**6.2**	Digital risks have been driven by the government's rapid digital transformation in the region to enhance their service delivery and cut costs. The region has also witnessed a high mobile phone penetration (80%). There is also very low cyber-security awareness.

3				Geopolitics has also played a role in the increased digital risk, such as the war in Sudan, which fuelled animosity between Kenya and Sudan, and led to cyber attacks.
4	**Sovereign Debt Default Risk**	Possible defaults on sovereign debt (however soft) include extending repayment periods or issuing new government bonds to holders when they fall due. Several African countries have already defaulted on their sovereign debts, including Ethiopia and Ghana, in 2023.	**5.5**	The default risk is driven by the high proportion of debt to GDP ratio in the region of over 68 % and the bursting of the debt ceiling. The exchange rate risk has also been a major contributor to the default risk, given that the absolute debt grows with every point of local currency depreciation against the US dollar. Credit risk will also deepen the default risk, given the possible impact on tax collection as the main source of government revenue.
5	**Climate Risk**	The region is heavily reliant on agriculture as a key economic driver. Natural disasters such as flooding and drought have led to crop failure, disruption of businesses, and loss of lives. These kinds of events are expected to continue to affect the region in 2024. The recent El Nino rains found the region unprepared to deal with its disastrous impact. Heavy losses have been incurred by both governments and companies.	**5**	Climate risk is driven by the change in weather patterns, such as rainfall in the region. There is also growing deforestation, which has continued without much control from governments.

India Group



RAJEEV TANNA

CONTRIBUTIONS FROM: HERSH SHAH, JITENDER ARORA, JYOTI RUPAREL, ANISHA UDESHI, SUNDER NATARAJAN,

To expand IRM's global risk community by advancing and generating value for the ERM profession in India with the highest standards of ethics, education, research and knowledge.

Click here to join the IRM India Group

Key Macro Factors:

- Technological Advancements: The rapid integration of AI, blockchain, and data analytics is transforming risk assessment, mitigation, and compliance processes.
- Globalisation and Geopolitical Shifts: Increasing interconnectedness exposes businesses to geopolitical risks, trade uncertainties, and regulatory changes on a global scale.
- Regulatory Dynamics: Evolving regulatory frameworks, especially in response to environmental, social, and governance (ESG) considerations, require constant adaptation.
- Balancing growth objectives: Population growth and scarcity of resources requires balancing needs versus availability of resources.

Key Micro Factors:

- Cybersecurity Threats: With the increasing reliance on digital platforms, cybersecurity remains a critical concern, encompassing data breaches, ransomware, and other malicious activities.
- Supply Chain Vulnerabilities: Disruptions to global supply chains, whether due to geopolitical tensions or unforeseen events, pose significant risks to businesses.
- Talent Management: Attracting and retaining skilled professionals is a micro-level concern that directly impacts an organisation's ability to manage risks effectively. Blurring / overlap of functions to an extent not imagined before (e.g., Analytics & AI in almost every function).
- Economic Volatility: Fluctuations in economic indicators, inflation rates, and currency values directly influence financial risks for organisations.

Top Five Risks Affecting India:

- Cybersecurity Threats: The increasing digitisation of Indian businesses makes them susceptible to cyber threats, including data breaches and ransomware attacks.

- Geopolitical Tensions: India's geopolitical landscape introduces risks related to border tensions, trade disruptions, and diplomatic challenges.

- Climate Change and Environmental Risks: Given India's vulnerability to climate change, environmental risks such as extreme weather events and resource scarcity are significant concerns.

- Economic Uncertainties: Fluctuations in the global and domestic economy, exacerbated by factors like inflation and currency depreciation, present economic risks.

- Regulatory Changes: Rapid shifts in regulatory frameworks, particularly in response to ESG considerations, pose compliance challenges for businesses operating in India.

Risk Overview in the Indian Context for 2024:

The Indian economy has been buoyant in 2023 and grew by 7.6% during the July-September quarter of FY24 (Q2FY24). The rise in GDP growth was supported by government spending and robust performance in manufacturing, mining, and construction sectors. India will have to count on its own domestic consumption to fuel its growth, specifically, private consumption and investment spending.

Some of the key risks that may pan out in India during 2024 includes:

- Lok Sabha elections in 2024 - It will be important to watch if the Modi government is voted to power for its third term. Political surprises or instability may jeopardise the growth targets for India and may impact market sentiments due to risk of policy and strategic initiatives disruption. Besides possibility of high-profile events to destabilise the fabric of the nation through riots, terror attacks, etc. in India and outside on Indian establishments would remain a concern for India.

- Direction of key Government policies like PLI schemes, Infrastructure push, Global Capital flows in India through Foreign Direct Investment FDI and Foreign Portfolio Investors, geopolitics, foreign policy advocacy is expected to be of key concern.

- Crude oil prices breaching US$100 per barrel for a prolonged period would be a risk for India which may impact the fiscal deficit.

- Interest rate strategy of RBI which is driven inflation levels both within and outside the country would be an important aspect to watch out for.

- Risk of recession in developed countries like USA and Europe may impact Indian economy as well considering less demand from some of major trade destinations.

- With the growth in digital initiatives and digital penetration in India, risks related to cyberattacks, malware, phishing, Distributed Denial of Service (DDoS) attacks, ransomware, malvertising etc. are expected to be of concern. New AI based risks like Deepfakes etc. may emerge. Hence the need for digital risk frameworks which would help organisations to protect against digital risks, comply with relevant regulations, and improve efficiency and resilience.

- Potential of prolonged global crises like Russia-Ukraine conflict, Israel-Hamas war, US-China trade tensions, China-Taiwan escalation etc. leading to second-order implications for financial stability and supply chain disruptions.

- Climate change and natural disasters – the level and impact of such events are increasing year-on-year. A case in point - floods in Chennai in December 2023 due to the Michaung Cyclone, El Nino led vagaries in rainfall pattern which may impact crops and increase in food insecurity further fuelling inflation.

- Possibilities of more pandemics like Covid-19 which may lead to an impact on growth in the short term. China is already impacted by Mycoplasma pneumoniae, the bacteria linked to the recent surge in cases of respiratory illness (pneumonia) among children in China.

- Potential of armed conflicts with either of India's neighbours or both – China and Pakistan cannot be denied considering the intermittent tussles at border areas.

- Effective utilisation of workforce and unemployment levels will remain a key monitorable to improve the productivity levels.

The Indian Economy is one of the fastest growing economies in the world with a strong focus on digitisation. Initiatives like Make in India, National Infra Pipeline, government's focus on ease of doing business, GST implementation, PLI schemes, Banking initiatives like UPI, Central Bank Digital Currency (CBDC) pilot etc. have helped India in its progress in recent years.

The country needs to continue its robust approach by having a dual focus on strong governance and growth for it to be sustainable. It needs to forge its way ahead by effectively managing the mesh of risks and challenges it faces.

Iraq Group

HISHAM KHALID ABBAS

Establishing a local network where risk professionals from various risk specialisms and industries can come together to share their experiences, best practices, and learn from one another.

Click here to join the IRM Iraq Group

Possible economic effects of changing the Iraqi dinar exchange rate

The exchange rate is a macroeconomic phenomenon that carries with it direct and side effects, both short- and long-term. It is a tool used by monetary policy to achieve monetary, financial and commercial goals aimed at strengthening the economy and stimulating factors of stability and growth in it. This exchange rate has multiple facets, which differ depending on the angle from which it is viewed.

Capital flows are at the forefront of the most important forces affecting the exchange rate in the short term.

These preliminary theoretical issues seem important for understanding the dynamics of the movement of free exchange rates.

In contrast to that, there are fixed exchange rates that are fixed by the monetary authorities either by law or through intervention in buying and selling local currency in foreign currency and equating that with the money supply to achieve a desired equilibrium price.

Oil represents the lever of the dinar in the Iraqi economy, as it is the main source of exports and the demand this represents for the local currency in its exchange rate equation. Based on local laws, according to which the Central Bank of Iraq grants it independence in managing monetary policy and sterilizing other economic policies to consolidate economic stability, the Central Bank buys the dollar from the Ministry of Finance and then re-injects part of it into the market through the currency window to finance the broad list of imports.

Whether governmental or carried out by the non-productive private commercial sector, this measure represented a policy followed by the Central Bank in stabilizing the exchange rate of the dinar against the dollar since 2004.

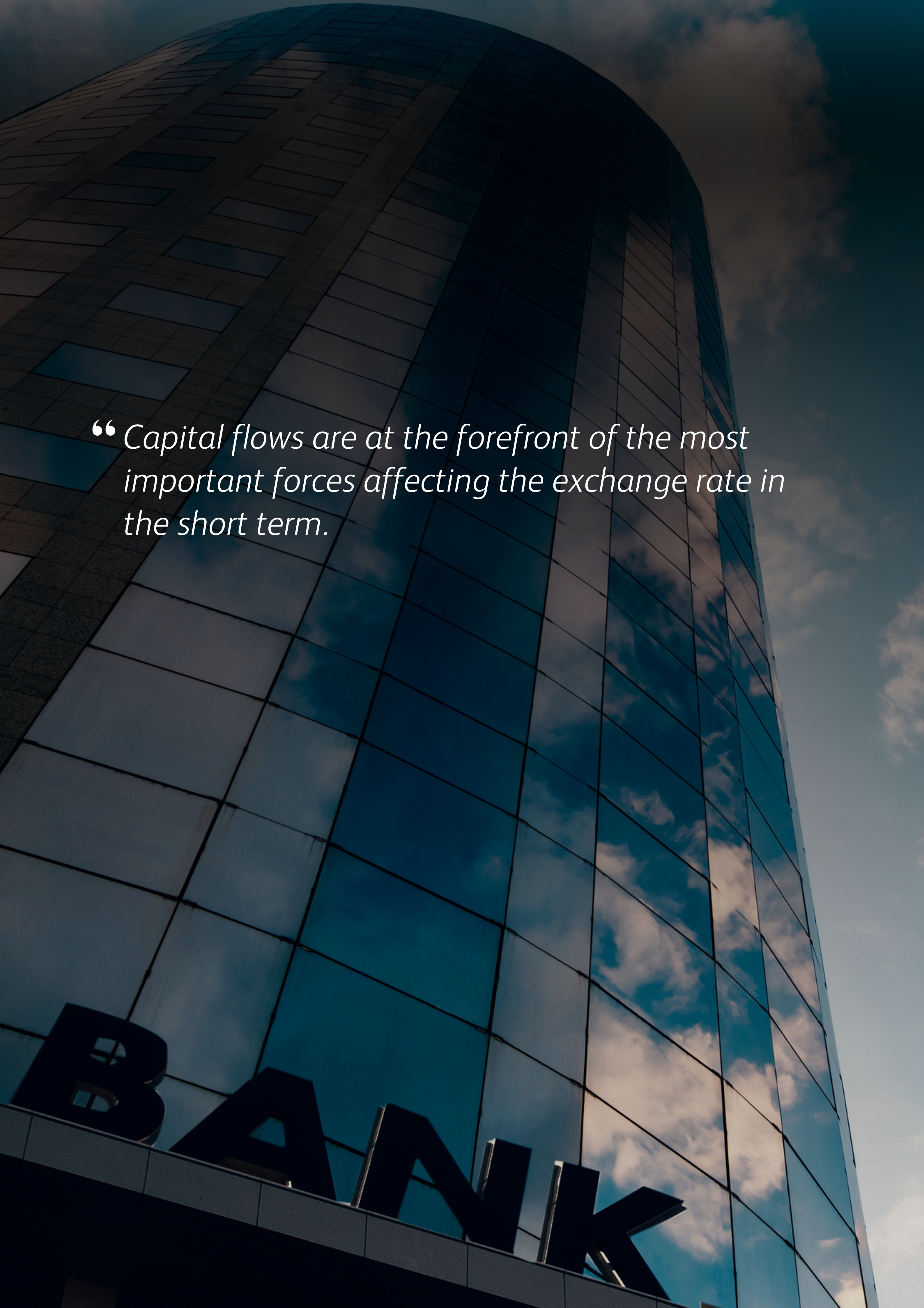
But the danger that accompanies this matter is represented in two aspects:

- The first: the risks resulting from fluctuations in oil prices in the international market due to the interaction of oil supply factors with demand factors, and what this could cause in the ability of the government and the bank to build dollar balances as a cover to maintain the stability of the value of the dinar from collapse.

- The second: Contributing to the Iraqi economy remaining a unilateral economy that depends only on exporting the commodity oil on the one hand, and importing almost everything on the other hand to cover the local demand for various goods and services.

Based on this, the government should implement financial policies (tax changes, spending allocations, fair distribution, support for national production) and trade policies supportive of local producers (tariff systems, quota systems, combating commodity dumping, developing the management of border crossings) and removing the spectre of corruption from them.

All of this leads to raising the local commodity supply to support the Iraqi dinar and help its brother (oil), which has borne the burden of this for long periods. The Central Bank can also operate with a multiple exchange rate system within a time limit, whereby it reduces the price of the dollar on imports that are used as primary or intermediate inputs for national production processes.



“Capital flows are at the forefront of the most important forces affecting the exchange rate in the short term.

IOR: Operational Risk

PAUL SAUNDERS

CONTRIBUTIONS FROM PROJECTIVE GROUP, TOBY PEARSON, JON SZEHOFNER, JOHN PARKER, WILL THOMAS, OSAMA KHAN

To promote the development and discipline of Operational Risk and to foster and maintain investigations and research into the best means and methods of developing and promoting knowledge,

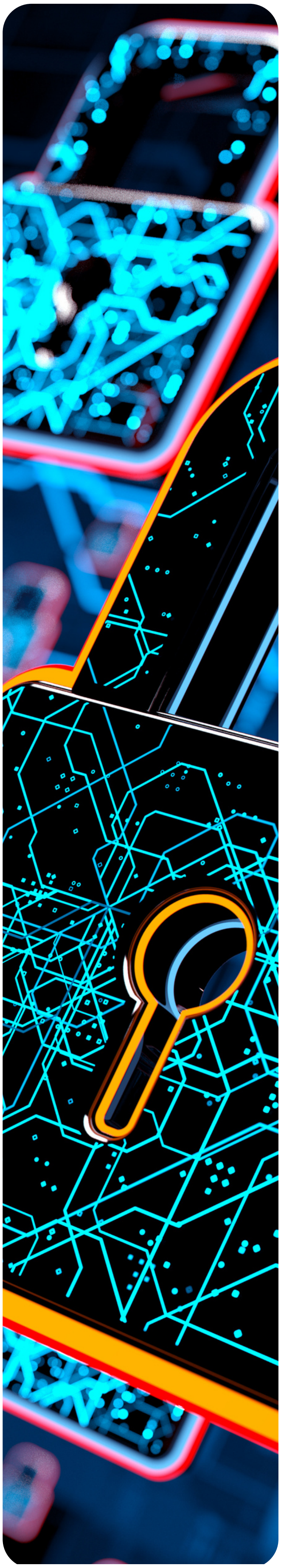
Click here to join an IOR Chapter

Operational Risk Professionals are getting ready to deal with some evolving risk themes in 2024, with ongoing changes in the operational environment, coupled with new regulations, driving the continued need for organisations to adapt. This means they must develop their governance, people, processes, and systems for internal control.

As we move through 2024, we expect to see a changing geopolitical landscape. As the world emerges from the global pandemic, Organisations are confronting a range of operational challenges driven by geopolitical, macroeconomic and market insatiability. Accumulating shocks from COVID, coupled with the conflicts (in Europe and the Middle East) which show no sign of de-escalation, have and continue to significantly reorganise global relationships and trading structures. Cyber-attacks are becoming more frequent and severe and are increasingly being used as a tool of statecraft. The human and financial impact of such attacks continues to rise (and will accelerate) in line with increasing digitalisation of infrastructure. Energy and climate change continue to be politically polarising issues, with global coordination and progress lacking on climate transition.

These growing tensions between major powers will further stymy progress and hinder global efforts to combat climate change and energy costs. We are arguably in the most economically disruptive period in decades, and collaboration will be key to navigating this disruption. Organisations are facing rising challenges in their efforts to monitor, measure, and manage non-financial risks, and the volatile operating environment is making these efforts ever more complicated. In the UK we may see a change of government plus in the regulated sectors, there is likely to be further divergence from the regulatory framework in Europe, as we move further into the post Brexit era

Cyber risk remains an ever-increasing challenge with the onslaught of digitalisation in our day to day lives and with organisations becoming more digital with the services they provide. Cyber-attacks and breaches are not uncommon, and there are more incidents as a result of this rapid digitalisation. It is worth emphasising that both the probability and the impact of such events continue to increase. While the nature of cyber-attacks are not unique, the medium and methodology of carrying out these attacks are changing. The evolving geo-political situation plays an important role in introducing new threats. While governments especially in the US, Europe, and the UK have been actively responding through comprehensive regulations, organisations understand that vulnerability and interconnectedness of the digital ecosystem limits complete security, in the event of cyber-attacks. Therefore, the focus has been shifting towards building robust cyber resilience systems. The topic around cyber security is here to stay for the foreseeable future and remains to be a pain-point for organisations. Artificial intelligence & machine learning, cloud computing, and integration of the digital supply chain also increase cyber security risks.



Operational resilience has been a major focus post COVID with organisations risk management approaches increasingly being focussed on business-critical functions. The deadline and regulations in this area are now clear. UK regulators require operational resilience by March 2025 and Europe via the Digital Operational Resilience Act (DORA) by January 2025, which means operational changes to hit these deadlines are necessary in 2024. Organisations must understand their resilience, and the impact that disruption will have on the market and their customers. To become more resilient, they must understand their risks, both IT and non-IT risk, third party risk and security risk. Evidence of which must be seen through scenario testing. For organisations with pan European footprints the operational changes also include implementing solutions to comply with the DORA regulation. The DORA regulation is more prescriptive, with a focus on technology and specific requirements on IT risk frameworks, Incident management and reporting, third party risk management, cyber security threats, and sharing of information with recognised industry bodies and forums. To support meeting the regulatory requirements, many organisations have selected centralised repository solutions to map services and functions to the above risks and related issues, in order to provide transparency. The world is experiencing instability and disruption is hitting organisations from all angles. The resilience regulations should not be seen as a tick box exercise, instead an opportunity. More rigorous and robust governance, better reporting, and an understanding of how to mitigate the risks will be crucial to survival in 2024.

Sustainability is starting to become core to organisational thinking and, in this respect, brings new challenges for risk managers. After many years of discussion, non-financial Environmental Social and Governance (ESG) reporting is finally becoming as important as traditional financial reporting. New global standards from the IFRS led International Sustainability Standards Board (ISSB), combined with sustainability regulations in both the EU Corporate Sustainability Reporting Directive (CSRD) and soon to be published UK Sustainability Disclosure Standards (SDS) are changing the landscape. The stipulation for 'integrated reporting' means that sustainability disclosures will form part of a company's annual financial reports, and will therefore require third party assurance (e.g., audit), with company leadership becoming personally liable for inaccurate disclosure. Key objectives of the regulations include improving the standardisation and comparability of corporate reporting, increasing the availability of data for investors and other stakeholders, and reducing the scope for greenwashing in marketing claims.

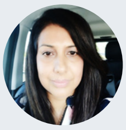
Financial crime is also at its highest level for many years, this is traditional when economic pressures are felt, but is made more apparent by the rapid move to digitalisation. Society remains naive in respect of how these evolving systems operate. Incidents of reported fraud are on the increase and law enforcement agencies believe that the incidents reported only represent the tip of the iceberg. As a result, the proceeds of crime needing to be laundered are on the increase, putting increased pressure on the regulated sectors anti money laundering systems and controls. The new Economic Crime (Transparency and Enforcement) Act 2022 brought the need for more transparency in respect of ultimate beneficial ownership of land and property in the UK. This brought the inception of the overseas register, meaning Real Estate firms are having to adapt their processes to accommodate this change.

The Economic Crime and Corporate Transparency Bill received Royal Assent in October 2023. This marks a pivotal moment for organisations navigating a transformed regulatory landscape. The government's key motivations for legislating are to combat illicit finance, improve transparency, and enhance national security. The bills objectives also include seizing and recovering crypto-assets and strengthening Anti-Money Laundering powers for regulators. In addition, with the geopolitical tensions we are seeing, as a result of conflicts (in Europe and the Middle East), there has been an increase in the use of economic sanctions.

These evolving themes and the changes they bring, further challenge the 'three lines of defence model' operated by most organisations in respect of Operational Risk management and bring the need for closer collaboration between the business (the first line), risk managers (in the second line), and auditors (in the third line).

We have an interesting 2024 ahead of us.

Midlands Group



SHARAN KANDOLA

Establishing a local network where risk professionals from various risk specialisms and industries can come together to share their experiences, best practices, and learn from one another.

Click here to join the IRM Midlands Group

This year has seen the Midlands Regional Group deliver in person events to our members which have proved popular with members who value networking opportunities and knowledge sharing which in-person events bring. Members are expressing the need for in person interactions both with colleagues and risk networking events. As a regional group, we cover many risk topics, and members are from a variety of different risk sectors. Key industries represented in the Midlands include financial services, construction and infrastructure, utilities and the public sector amongst others.

Top Risk Themes

In line with wider industry research (Allianz: The top risks for UK businesses in 2023 report), group members were asked what risks themes they would like to see discussed at future events. This in turn reflected the areas of risk they see of greater impact and concern within their organisations. The top risks below are in order of members interests:

Business interruption and resilience

A key focus from the FCA and PRA is the growing interconnectivity and concentration / 4th party risk relating to supply chain/outsourced arrangements (i.e. cloud providers) coupled with other risks such as cyber-attacks are increasing risk exposure in this area.

This has been a particular issue in many sectors, where Ukraine and now the Middle East impact on the supply chain. Learnings from Covid-19 pandemic have resulted in greater flexibility however greater planning is needed to avoid visible and unforeseen disruption.

People and workforce including the pandemic and rising wage inflation and a shortage of skilled workforce

Whilst we consider business objectives have not been materially impacted, there has been a degree of wage inflation over the past few years with basic pay increases due to challenges from competitors. As the economic climate has become increasingly challenging and salaries are a material proportion of overheads, there has also been recent widespread evidence of cuts in the workforce with the exception of specialist roles which have remained prominent and/or have been in shortage.

Cyber and data security, e.g. IT outages, ransomware attacks or data breaches

This is the ‘key risk’ across many sectors given inherent / residual exposure with far more focus than before, especially with a move to more data driven business. Supplier outages have raised awareness and resulted in more preventative approaches, and there is also greater focus on contracts with suppliers, IT security and fraud losses.

From a financial services perspective, not surprisingly, a key focus from the UK regulators is “Since the inception of the FPC in 2013, the risk from cyber-attacks has been high on the committee’s agenda. It is the most prominent operational risk the FPC has been monitoring.”

Macroeconomics and risk, e.g., inflation, deflation, monetary policies, and austerity programmes

This is still very appropriate in terms of the limitations posed by the lessened corporate and consumer lending, the recent pressures of demonstrating adherence to consumer duty regulation and reduced levels consumer spending due to the continuing cost of living crisis. This risk may stabilise as we move through next year however dynamics of this risk could be influenced by the outcome of the next General Election and perceived economic stability.

Energy

The energy crisis seems to have fallen down the agenda a little in recent months, however supply chain disruption still remains relevant. Business and consumers have seen a reduction in energy pricing and energy efficiencies primarily due to environmental objectives as well as lower costs.

Furthermore whilst there has been some investment in sustainable energy and energy transition, greater investment and transformation is required as well as collective action, which makes managing this risk even more challenging.

In addition to the above themes, the group also expressed concern around ESG/environment/climate, change risk management, artificial intelligence (AI) technology and governance as well as risk culture/trust.

The Future

Whilst there are changes in areas of concerns, the Midlands group do not expect the overall risk profile to change significantly from where is stands currently. AI is noted as a constant threat and opportunity in many of the themes already noted and this is expected to continue in light of the global focus on the benefits and dangers of using AI and the controls needed at all levels.

What is key is the growing interconnectivity of these risk themes and how we as risk professionals are fundamental in equipping ourselves and supporting our organisations in joining the dots and managing these risks effectively.

North America & Caribbean Group

PATRICIA KIDWINGIRA

To extend the IRM's knowledge, reach, and education to supplement existing regional risk management practices while promoting awareness and understanding of risk and its effective management for organisations and projects.

Click here to join the IRM North America & Caribbean Group

The IRM North-Americas and the Caribbean Regional Group held its first event in November 2023 on how to be trusted and respected as risk partners. It was a discussion on how risk practitioners can earn trust and respect as valued partners in risk management. The discussions focused on various topics including how risk management drives informed decisions for achieving organizational objectives; how to shift the focus from reviewing adverse risks to supporting success, and how to expand the view of risks for better decision-making.

The group plans to discuss the following topics and risks in 2024.

- Security risk management: How to leverage the transformative potential of enterprise security risk management in today's dynamic landscape? How to promote security culture as a strategic approach to mitigate risks and empower organizations to navigate risks with confidence.
- Working with the board and corporate governance risks: How to assess and enhance the board's effectiveness and ensure that the board focuses on the right risks. How to ensure that the organization has the agility and resilience to adapt to the changing risk landscape and the organization's needs.
- New working modalities: How the work-from-home environment affects risks and opportunities.
- Human capital risk and cognitive bias: How these factors influence organizational performance and outcomes, especially in innovation, strategy, and decision-making.
- Artificial intelligence and data analytics: How to leverage and manage these technologies carefully.
- Natural resources and environmental risk specifically water resources, a key component of natural resources and environmental risk, as they are essential for life, health, food production, energy generation, and ecosystem services.
- Discussions around ISO 31000 risk management guidelines update.

South Africa Group

ZANELE MAKHUBU

An exploration of the importance of the future of risk management and understanding the impact of risk leadership in a volatile, uncertain, complex and ambiguous (VUCA) world.

Click here to join the IRM South Africa Group

Climate Change

Topic of day, what are the contributing factors and how to mitigate, and whose responsibility is it any way?

It is a global risk and contributing factors varies from floods, extreme heat waves, dilapidating infrastructure and this will continue beyond 2024.

Is the political will enough to curb such disasters? Yes, the will is there but the lack of capacity and capabilities out way its effectiveness. New skill sets are needed to mitigate in collaboration with global communities.

Energy Transition

Lack of buy in and investment in energy transition across all sectors is hindering energy sustainability across the country. The question is why the lack of buy – in, is it human factors that are stalling sustainable development?

The risk managers/CRO should ponder on this risk and advise their organisation and principals on the adverse results to humanity as a whole, as this risk has bearing on polycrisis risks such as inflation, increase in cost of living, poverty and unemployment which affect lives and livelihoods of communities.

Sustainability (ESG Factors)

The lack of prioritisation and investing in implementation of environment, economy, and society (ESG) risks factors has an adverse impact on sustainability. This is the greatest risk of all.

If not mitigated properly in this current generation, it will have dire impact on the future generations. There is the need to revisit the UN Sustainable Development Goals.

Ethical and Adaptive Leadership

The risk of lack of ethical and adaptive leadership has stifled sustainable development. There is a need for a new breed of transformational leadership across the globe – those who are ethically conscious, technologically savvy, entrepreneurially, systemically aware, and societally inclusive. The leadership that is adaptively resilient and eager in restoring and fostering trust.

Supply Chain Risks

The risks have a crippling effect on trade and supply of goods and services. This is caused by unmaintained depilating infrastructure and continuous loadshedding. It has a negative impact on the economy and the rippling effect of the polycrisis risks as indicated above.

IRM Ambassador Paul May CFIRM

Paul May LLB, MBA, FCII, CFIRM, FCILA is a former director of IRM, an IRM International Ambassador, Chairman of Concordia Consultancy Ltd, a member of the Expert Advisory Group on Corporate Governance at the Institute of Directors, and Honorary Senior Visiting Fellow at City, University of London, anchored in the Bayes Business School where he is researching Corporate Governance Risk and Dispute Resolution.

He has encountered directors in over 10,000 corporate policyholders during the past 50 years while dealing with assignments in 90+ countries, and shares some thoughts and questions regarding risk issues in 2024 relating to:

- Working from home
- Corporate Governance Risk
- Artificial Intelligence
- Political recognition for Risk Management

Working from home

Who really knows how working from home (WFH) affects the risks being run by an organisation? Does the practice of WFH mitigate risk or present new risks? Is anyone in business, the risk profession, or government trying to find the answers?

There are perhaps benefits especially at a time of disruption to the business in having key individuals dispersed at various locations.

But how do they work together if say the mobile and ever-reducing landline telephone networks are disrupted? How many organisations have introduced satellite communication into their business for key individuals?

Do those key individuals have a paper copy of their organisation's Crisis Response Plan (as recommended by the National Crime Agency)? During a cyber attack/lockdown they may be unable to access soft copies of the plans online.

Organisations often show in their Annual Reports the number of Board Meetings that each director has attended during the year. Should that attendance information be sub-divided into:

- In-person
- Virtual (WFH)

Should each organisation explain in the Annual Report their decision (with reasoning) as to how many WFH virtual attendances are considered acceptable to ensure full and thorough participation by the directors?

Corporate Governance Risk

There are many recent examples of governance failures leading to business closures, litigation and increasing costs of insuring for Directors & Officers insurance. Failure to question and challenge when the wheels started to wobble especially by non-executives, risk managers, and auditors (internal and external) is often raised as the reason why the organisation eventually crashed. Might the hierarchical and contractual subservience of non-executives, risk managers, and auditors (internal and external) be the reason why such interventions don't occur to prevent the crash as the wheels fall off?

How many organisations grant their non-executive directors full and confidential access to a law firm otherwise unconnected to the organisation? Is the provision of hundreds of pages of documents prior to board meetings an overly onerous transfer of risk to each non-exec? Surely it is time for the IRM to take the lead and create a Special Interest Group for Corporate Governance Risk.

Artificial Intelligence

Plagiarism has always been a concern especially in the areas of education and publishing. What steps are recommended to minimise the risks to organisations from uncontrolled and undetected use of AI generated text, questions and document reviewing? For example, are non-execs using AI to cope with, analyse and raise questions about the masses of board meeting documents?

Political recognition for Risk Management

There are several hundred All Parliamentary Groups (APGs) established including:

- Corporate Governance: House of Commons - Register Of All-Party Parliamentary Groups as at 24 January 2024: Corporate Governance

- Insurance and Financial Services: House of Commons - Register Of All-Party Parliamentary Groups as at 24 January 2024: Insurance and Financial Services

But there is no APG for Risk Management. Will IRM and other interested organisations such as AIRMIC encourage and lead the way to enable the formation of a Risk Management APG?


Supercharge your career by improving your risk knowledge
International Certificate in Enterprise Risk Management
Risk is part of every business, from the pandemic to cyber threats to supply chain disruptions. Study with the IRM to improve your career and earning potential by gaining a solid foundation in the theory and practice of effective risk management.
www.theirm.org | Tel: +44 (0)20 7709 9808 | Email: enquiries@theirm.org
irm