



FERMA
Anticipating changes
Shaping the future

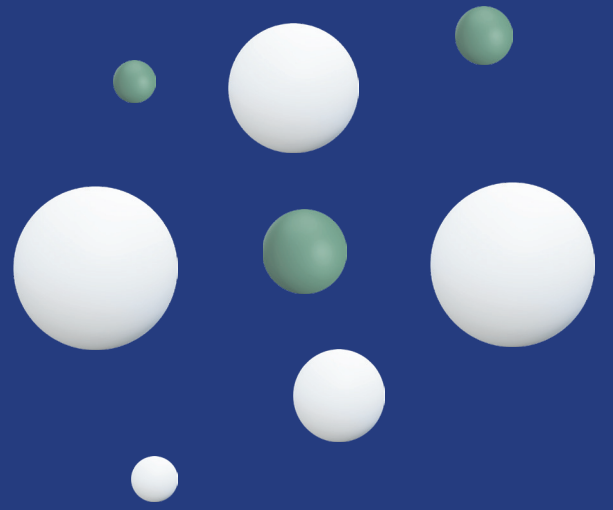
Global Risk Manager Survey Report

2024



In partnership with

pwc



Foreword

We are delighted to present the results of the 2024 Global Risk Manager Survey.

The survey has taken place every other year since 2001-2002 and represents a comprehensive picture of the views of Risk Managers from across Europe. This year, for the first time, the survey was expanded to include responses from members of risk management associations across the world, as well as the PwC global network. We would like to thank our partners (ALARYS, Club Franco Risk, IRMSA, PARIMA, RIMS, and RMIA) for their valuable contributions to making this a global study and enabling us to gather a range of views from across 77 countries.

Today's risk landscape is characterised by a need to adapt to immediate short-term challenges at the same time as integrating longer term concerns, such as climate change adaptation and the green transition, into enterprise risk management (ERM) frameworks.

The survey highlights the fact that Risk Managers have extended their influence across the organisation and are playing a pivotal role in ERM training as well as in promoting and strengthening a risk culture.

We are seeing a growing integration between Risk Managers and Sustainability functions. Risk Managers are increasingly involved and influential in the Environmental, Social & Governance (ESG) activities of their organisations, which are a key area of investment for most.

The quantification of risk remains a challenge, but is a clear focus for Risk Managers, many of whom are using new technologies to support them in this area.

When we consider the strategic insurance priorities of Risk and Insurance Managers, we see a clear focus on long-term stability. Risk and Insurance Managers signalled that they increasingly wish to negotiate long-term insurance contracts and make more use of self-insurance vehicles like captives, to move away from the short-term nature of yearly policy renewals and take into account the looming possibility of certain business activities or locations becoming uninsurable in the future.

In the current climate of polycrisis and interconnected risk, the role of the Risk Manager is becoming more strategic than ever. And this continues to evolve against a backdrop of geopolitical uncertainty, climate crisis and a digital economy, among other emerging risks.

This international survey shows that the Risk Manager is stepping up to the challenge, helping to build resilient organisations that not only mitigate these risks but take advantage of the opportunities of this dynamic environment.

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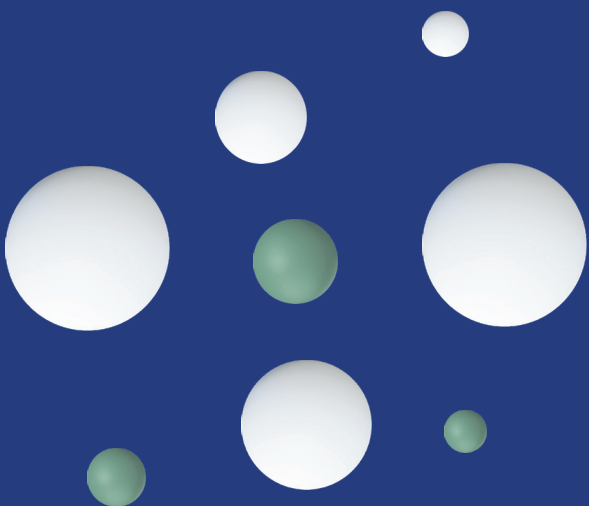
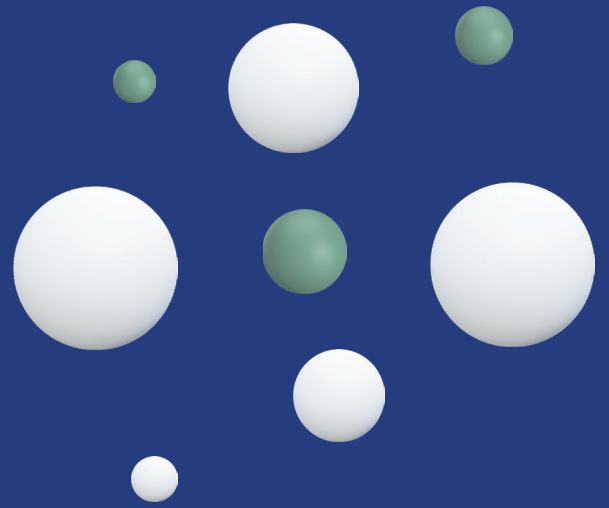


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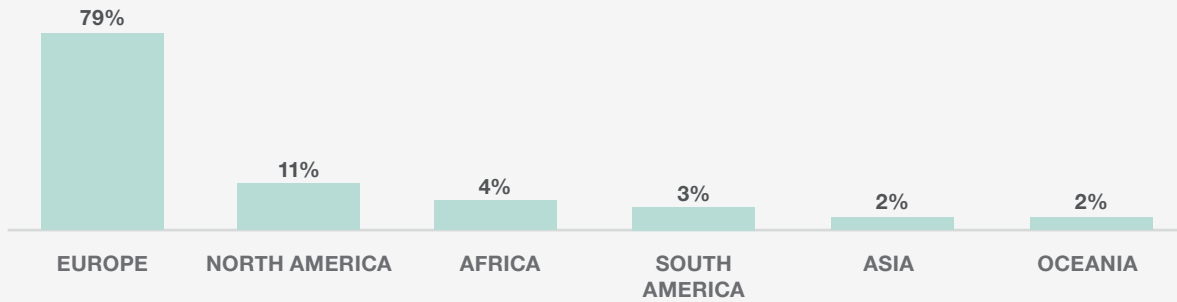
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Key findings

Key findings

Survey respondents



77

Countries

1041

Respondents



Sector of activity

- 41% Industry
- 28% Financial services
- 19% Services
- 11% Public sector

36%

of Risk Managers **are women**

53%

have more than **10 years' experience**

71%

work in **listed or privately owned organisations** ;
78% in **large companies**

46%

of respondents are solely dedicated to **Enterprise Risk Management (ERM)** activities

23%

are specifically dedicated to **Insurance Management (IM)**

31%

perform **both ERM and IM** activities



ASIA

14% are women ;
86% work in large companies



AFRICA

68% Financial Services ;
51% work in large companies



NORTH AMERICA

51% are women ;
¼ of respondents in each sector of activity



OCEANIA

¼ of respondents in each sector of activity



SOUTH AMERICA

43% work in small companies

Varying threats arising from different temporal perspectives

The results highlight the importance of managing different timeframes in risk management.

Top 5 risks within the next 12 months

-  Cyber-attacks
-  Geopolitical uncertainties
-  Uncertain economic growth
-  Talent management
-  Data breach

Top 3 risks within the next 3 years

- Regulation
- Geopolitical uncertainties
- Speed of technological change

Top 3 risks within the next 10 years

- Climate change adaptation
- Carbon neutrality transition
- Natural disaster



Geopolitical uncertainties dominate short- and medium-term concerns, with climate and environmental threats topping the concerns in the long term.

The geopolitical landscape has become more unpredictable, with ongoing conflicts like the Ukraine-Russia tensions and the Israel-Palestine situation adding layers of complexity and uncertainty.

At the same time, the worsening of climatic conditions, evidenced by the rising frequency and intensity of extreme weather events, presents significant challenges. This shift demands robust project and risk management and strategic planning to mitigate associated risks.

These evolving risks require Risk Managers to expand their roles, becoming strategic partners within their organisations. This involves developing more nuanced approaches to risk assessment and mitigation that are attuned to changing geopolitical, environmental, and demographic dynamics

Key findings

Expanding involvement of the Risk Manager throughout the organisation

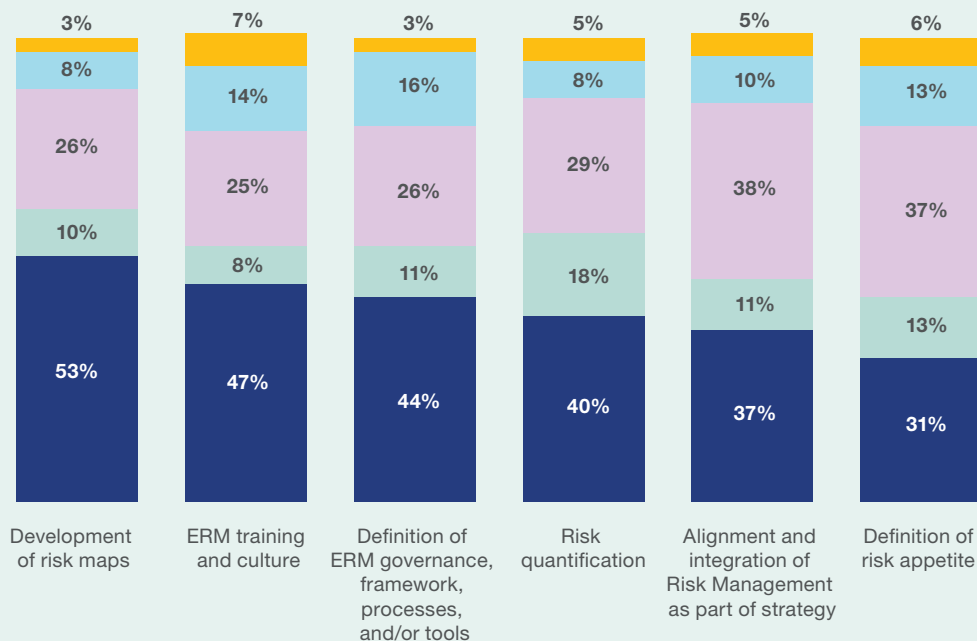
The survey illustrated a greater contribution of Risk Managers to:

- **Risk mapping:** large involvement in global and strategic risk map; little involvement in legal and carbon neutrality risk maps; and moderate involvement for ESG, anti-corruption, cyber, security and supply-chain risk maps.
- **Strategic committees:** half of Risk Managers are invited to Board and Executive Committees; more than half chair or are members of a Risk Committee.
- **Collaboration** with the lines of defence, specifically with ESG.



91% of Risk Managers are involved in corporate strategy (fully, mostly, or partially), stable compared with 2022.

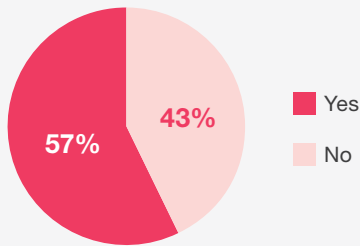
Which of the following activities are under your responsibility - Focus ERM



■ Not done within my company
 ■ I am informed
 ■ I contribute
 ■ I validate
 ■ I am fully responsible

The integration of ESG/Sustainability challenges in risk management continues to grow

Are you involved in the assessment of ESG related risk ?



57%

of Risk Managers say they are involved in the assessment of ESG-related risks (in 2022, 35% said they were playing a role and 21% were planning to become involved).

Pivotal role of the Risk Manager in ESG activities

Integration between Risk Management and Sustainability / ESG is the main area of investment for both the next 1 to 2 years, and the next 3 to 5 years, showing the will to mature in this area.

81% | of Risk Managers contribute to the analysis and mapping of ESG-related risks

62% | participate in the definition of an ESG risk framework

Difficulty quantifying sustainability risks remains the main challenge in 2024.

Climate-change adaptation and the Social aspects of ESG growing in importance

Climate change

60% | of Risk Managers' organisations address climate change risks by integrating them into their risk mapping. **+ 6% points**

70% | perform a dedicated risk mapping exercise on the carbon neutrality transition.

Social

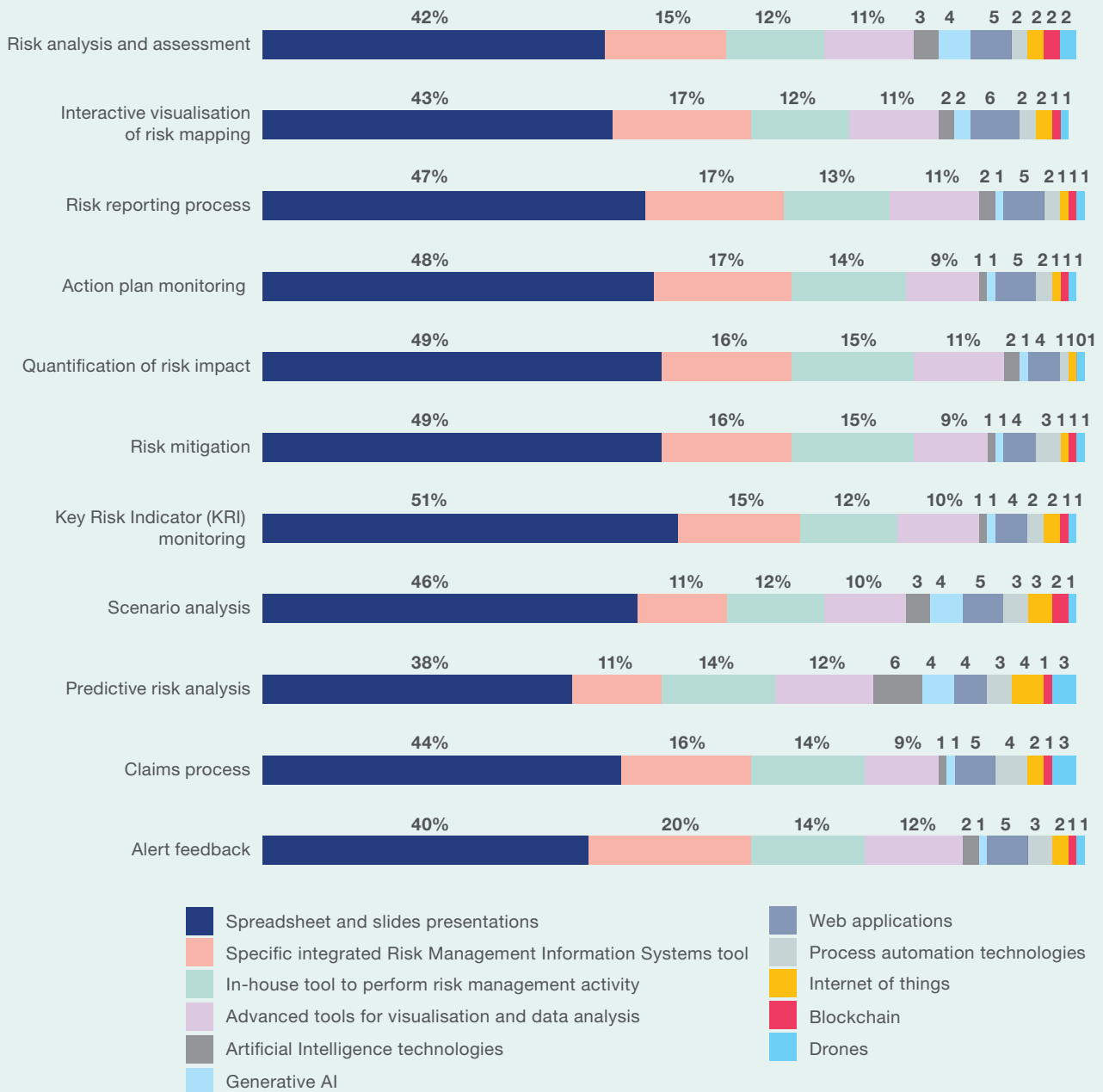
1/3 | of the respondents are engaged in activities related to social risks.

3/4 | have or are setting up dedicated Human Rights risk maps.

Key findings

Ongoing enhancement of ERM and involvement in digital transformation

Use of technology in risk management activities



To perform their activities, Risk Managers mostly use:

1. Spreadsheet and slides presentations
2. Risk Management Information System (RMIS) or Governance Risk and Control (GRC) tools from a vendor
3. RMIS or GRC in-house tool
4. Advanced data-visualisation tools
5. A combination of Artificial Intelligence and generative AI

Although quantification activities remain a challenge, Risk Managers are investing in new technologies to address this.

Same challenges remain over time to develop the use of technology for ERM activities:

- The heavy investment it represents for the function (50%)
- The lack of perception of the added value for the function (36%)

Risk management related to the digitalisation of the organisation

Collaboration between ERM teams and Information Technology (IT) and Information Security (IS) teams remains strong in 2024, as it was in 2022.

89%

of Risk Managers work on AI-related risk management, mainly performing regulatory monitoring, or deploy internal policy concerning AI usage.



Key findings

Tougher insurance market conditions lead to alternative strategies

Over the past 12 months

Top 3 trends that impacted the insurance market:

- 1 | Increase in premium
- 2 | Exclusions for specific risks
- 3 | Lack of innovative insurance solutions

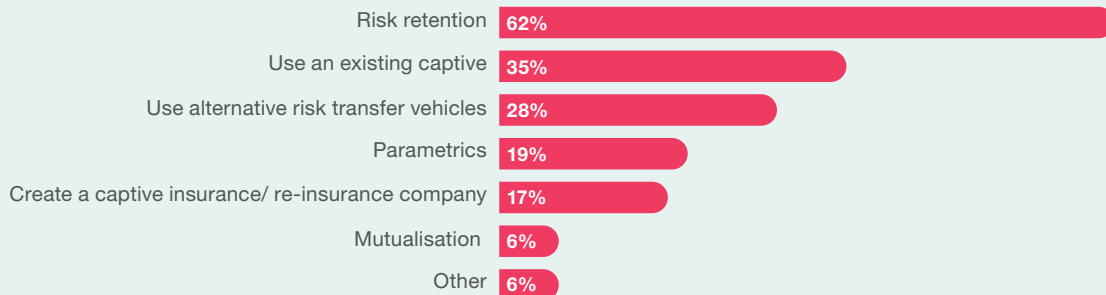
Consequently, 42% of Insurance Managers observe a **reduction in natural catastrophe coverage**, the most affected policy of those asked about in this study.

In this context, Insurance Managers adapted their insurance strategy by:

- Changing their insurance buying pattern (54%): reviewing needs, limits and sub-limits
- Strengthening loss prevention activity (44%)
- Negotiating long-term agreements (30%)
- Setting up or marking further use of captive facilities (28%)

Over the next two years

Risk financing strategies

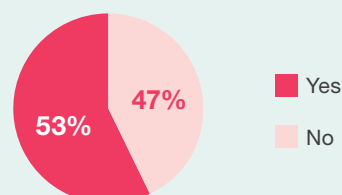


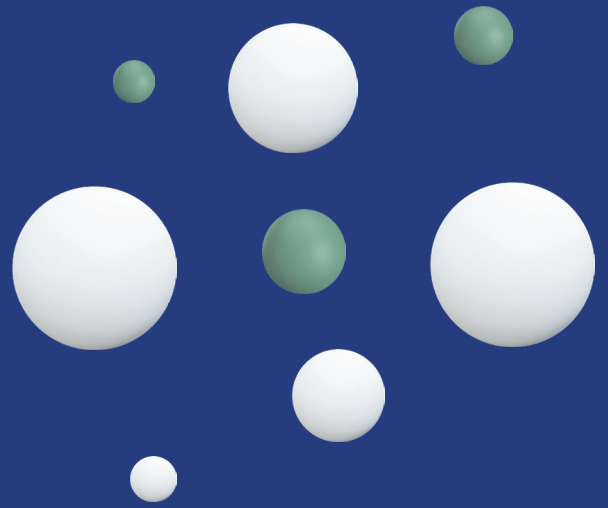
Risk retention remains the primary strategy (62%), closely followed by the **use of an existing captive** for 35% of Insurance Managers, with another 17% of them inclined to **create a captive insurance / re-insurance vehicle**.

Parametric insurance enters the top strategies used by respondents in this year's study, and is cited by 19% of the respondents.

37% A stable proportion of respondents report that they have been using a **captive or similar** vehicle since the study in 2020. However, this year, a further 10% of respondents said they are considering implementing this risk transfer solution.

53% of Insurance Managers think some risks, activities, or locations will become uninsurable in the near future.



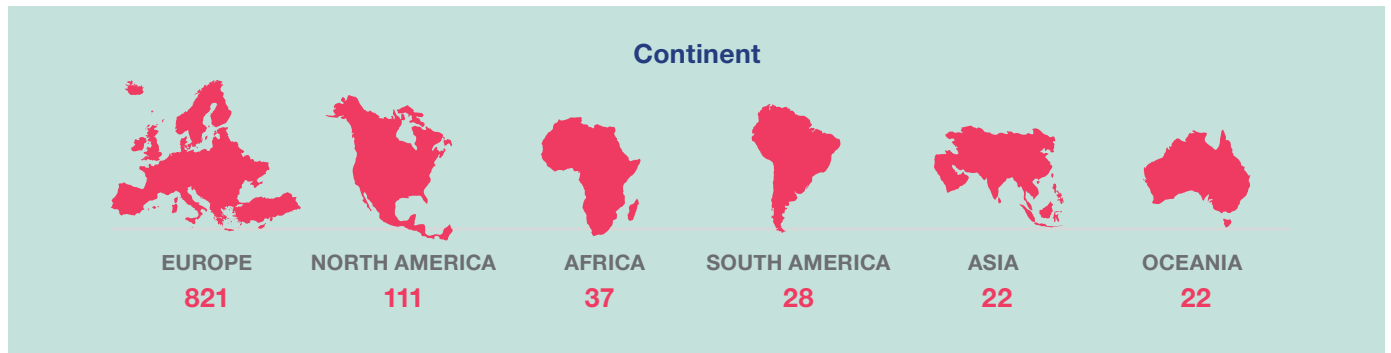


Methodology and survey respondents

Methodology

The data in this report were collected from an anonymous web-based survey distributed through FERMA's member associations and other continents' associations, as well as the PwC global network between January and April 2024.

Until now a European survey, this year the study was extended globally, and responses were gathered from **1041 respondents in 77 countries around the world:**

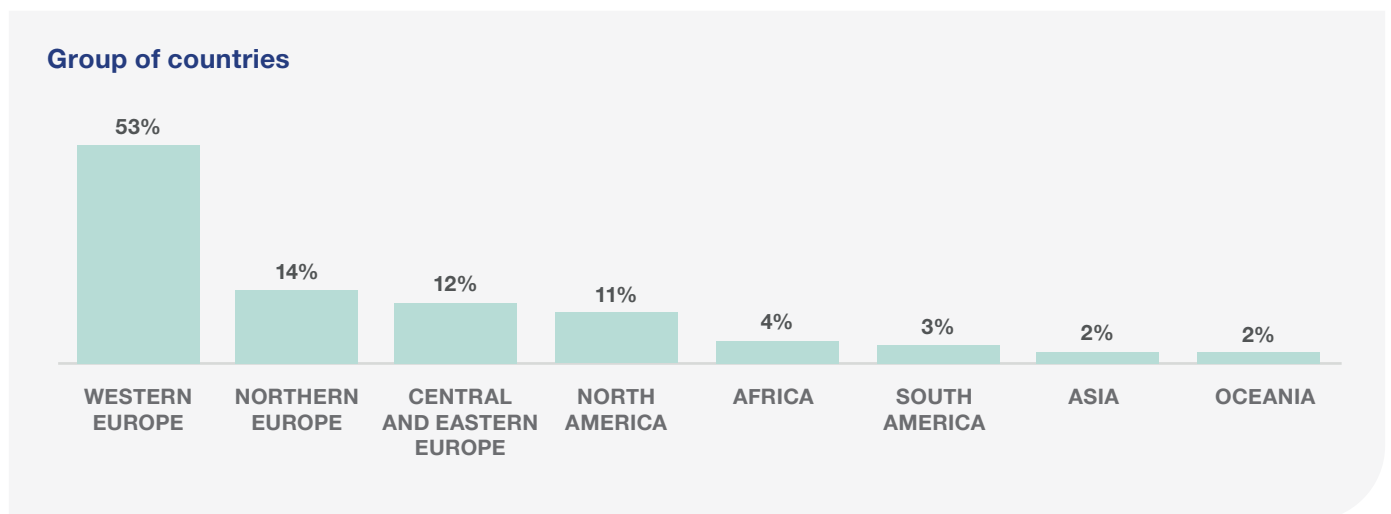


Although the analysis of the results is conducted on a global scale and ensures a comprehensive understanding of the overall trends and insights, responses remain largely from Europe (79%). The dominance of European responses is acknowledged, and the low number of respondents in Africa, South America, Asia, and Oceania limits the ability to draw conclusions based on geography.



The differences between continents are highlighted in specific inserts to express the differences between the global results, mainly driven by Europe, and the other continents.

Responses were aggregated into the eight clusters below that are representative in terms of number of respondents and geography.



The breakdown of countries included within these continents or clusters is as follows:

- **Western Europe (554 respondents):** Italy (167), France (124), Spain (44), Germany (39), Switzerland (36), Greece (33), Belgium (29), Luxembourg (22), Netherlands (20), Malta (12), United Kingdom (10), Austria (7), Portugal (6), Ireland (3) and Cyprus (2)
- **Northern Europe (141):** Sweden (58), Denmark (32), Lithuania (23), Finland (15), Norway (12) and Estonia (1)
- **Central and Eastern Europe (126):** Turkey (79), Romania (14), Slovenia (12), Bulgaria (10), Czech Republic, Albania, Azerbaijan and Poland (2), Hungary, Belarus, and Kosovo (1)
- **North America (111):** United States (72), Canada (34) and Mexico (5)
- **Africa (37):** South Africa (11), Morocco and Nigeria (4), Ivory Coast and Zimbabwe (3), Algeria and Togo (2), Burkina Faso, Cameroon, Democratic Republic of Congo, Eswatini, Kenya, Namibia, Senegal, and Tunisia (1)
- **South America (28):** Colombia and Peru (5), Argentina (4), Brazil (3), Dominican Republic and Panama (2), Bolivia, Chile, Costa Rica, Ecuador, Jamaica, Saint Kitts and Nevis, and Venezuela (1)
- **Asia (22):** UAE (7), India (3), Hong Kong, China, and Singapore (2), Bahrain, Israel, Japan, Malaysia, Pakistan, Philippines, Thailand, and Vietnam (1)
- **Oceania (22):** Australia (18) and New Zealand (4)

The survey included 56 questions divided into seven categories:

- Your profile (5 questions)
- Your organisation (9 questions)
- Risk Management within the organisation (19 questions)
- Insurance management (6 questions)
- Environmental, Social and Governance (ESG) (9 questions)
- Technology risk management (4 questions)
- Digitalisation of the ERM function (4 questions)

Some questions are triggered by the answers to others. Therefore, the number of respondents may vary from one question to another. Additionally, some questions were not mandatory so the number of respondents per question differs.

Specific survey questions targeted each profile (ERM and IM), providing insights into their respective risk management activities.

The report comprises: a detailed description of the survey respondents; a summary of how Risk Managers saw risks in 2024 in an uncertain political and economic context; and the analysis of answers to the sets of questions listed above.

To accompany the report, we have produced 12 files summarising the data per country, continent, or group of countries. The repartition of countries within these files is as below:

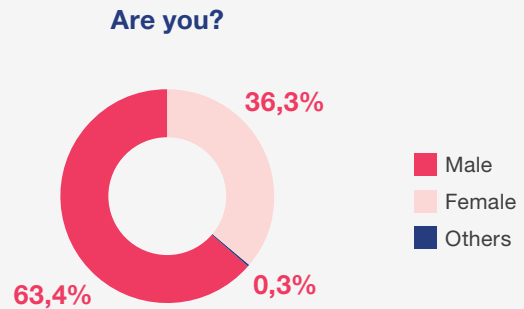
- **One file per continent except Europe:** North America, South America, Africa, Oceania, Asia
- **Western Europe (263):** Spain (44), Germany (39), Switzerland (36), Greece (33), Belgium (29), Luxembourg (22), Netherlands (20), Malta (12), United Kingdom (10), Austria (7), Portugal (6), Ireland (3) and Cyprus (2)
- **Italy (167)**
- **Nordic & Baltic countries (141):** Sweden (58), Denmark (32), Lithuania (23), Finland (15), Norway (12) and Estonia (1)
- **Central and Eastern Europe (126):** Turkey (79), Romania (14), Slovenia (12), Bulgaria (10), Czech Republic, Albania, Azerbaijan and Poland (2), Hungary, Belarus, and Kosovo (1)
- **France (124)**
- **Mediterranean countries (97):** Spain (44), Greece (33), Malta (12), Portugal (6), Cyprus (2)
- **Benelux (71):** Belgium (29), Luxembourg (22), Netherlands (20)

Profile of survey respondents

Age and gender

The gender distribution among Risk Managers has seen minimal change over the years, with the proportion of women increasing slightly to 36% from 32%.

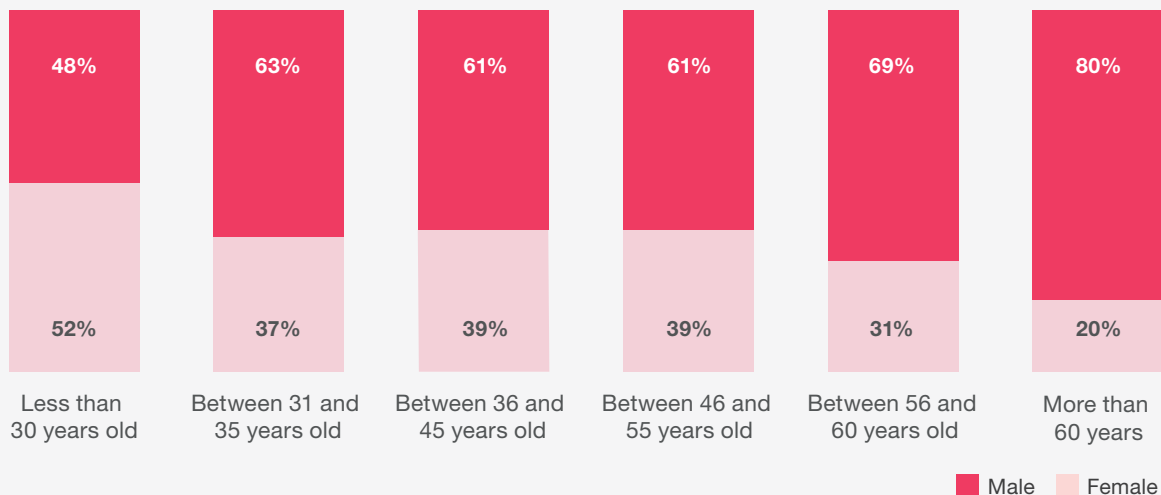
This gender breakdown remains consistent across different gender sectors, with women being most represented in the industry sector at 39% and least in financial services at 33%.



In certain geographic areas, women are less well represented. For example, in Asia women accounted for only 14% of Risk Managers and in South America 25%. Other continents are more balanced, for instance North America where 51% of Risk Managers were women.

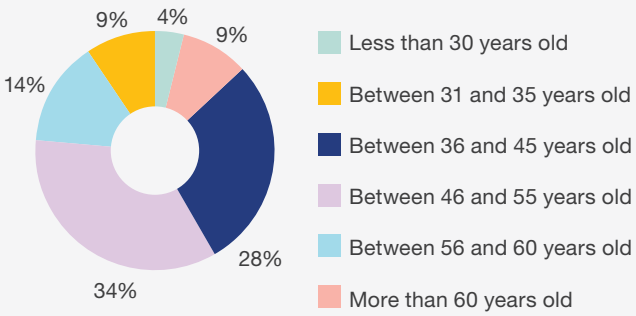
There is a gradual increase in the number of women in the profession, notably in the age range of between 31 and 35 years old, and this continues to be seen in the age range of those less than 30 years old.

Gender repartition by age range



For the age group between 31 and 35 years, there has been a shift in the last two years: in 2022, 23% were women, whereas in 2024, 37% are women, marking a 14 percentage points increase. This reflects a stark generational difference in gender distribution, with a trend towards greater gender balance among younger age groups.

The profession remains characterised by experienced individuals and has difficulty in attracting young talent



Most risk management professionals are experienced, with 63% of respondents falling between the ages of 36 and 55 years old. By contrast, Risk Managers under the age of 36 represent just 14% of respondents in 2024, marking a slow progression from 12% in 2022.



Participants from Africa and Asia tend to be younger overall: 22% of African respondents are under 36 years of age, while 27% from Asia fall into this age bracket. Asia is showcasing a balanced representation across age groups. Most respondents - 41% - fall between the ages of 46 and 55, with 27% falling between 36 and 45 years old and a further 27% between 31 and 35 years old.



Professional experience and remuneration

The profession remains currently dominated by experienced profiles.

Years of experience in Enterprise Risk Management (ERM) / Insurance Management (IM)



More than half (53%) of respondents possess more than 10 years of experience, and 17% report having between four and six years of experience, mirroring another 17% who indicated having between 7 and 10 years of experience. This ranking is constant no matter whether in Enterprise Risk Management (ERM), or in Insurance Management (IM), or in both.



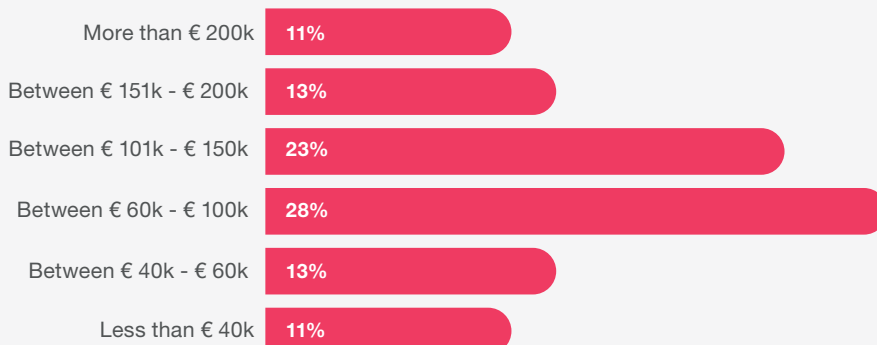
This high level of experience varies quite significantly in proportion depending on the continents where respondents are based: Africa has a significant 22% of respondents with fewer than three years of experience (compared with 13% globally). Several clusters have a higher proportion of experience of longer than seven years: Asia with 91%; South America with 85%; Oceania with 82%; and North America with 75%.

In terms of total annual remuneration, the distribution among respondents globally reflects a varied landscape, **with remuneration levels remaining relatively steady compared with 2022.**

Gender disparity is particularly pronounced in higher salary brackets, which is consistent with women being more represented in the under 35 age bracket and less experienced profiles. The notable difference between gender lies in the following categories:

- **More than € 200k:** 13% of men fall into this category compared with only 8% of women;
- **Between € 151k and € 200k:** 14% of men, 12% of women;
- **Between € 40k and € 60k:** 12% of men and 17% of women;
- **Less than € 40k:** 11% of both genders.

Total annual remuneration (including bonus and compensation)



Average remuneration per profile

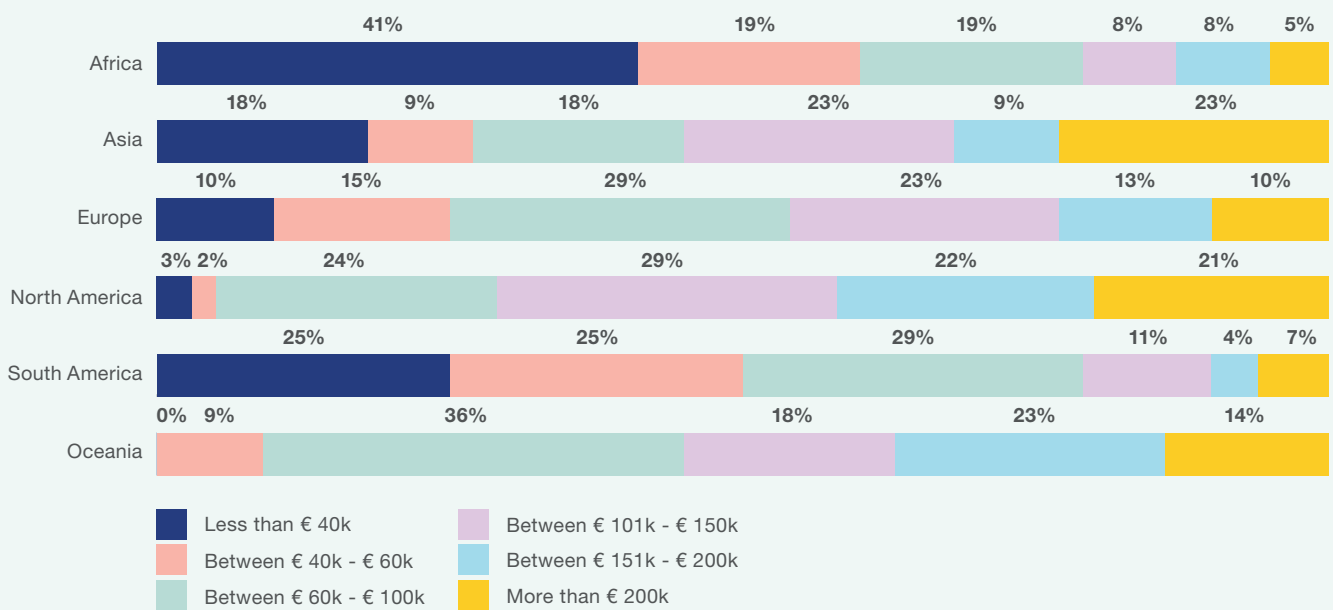


Insurance Managers are more highly valued than ERM profiles, with an average difference of € 25k in compensation.

A real added-value is perceived for profiles with dual expertise.

A closer look at regional trends reveals noteworthy patterns

Total annual remuneration by continent



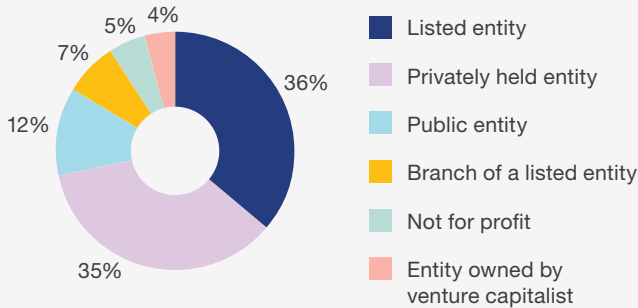
- In Africa, 41% earn less than € 40k, whereas only 5% earn more than € 200k.
- Conversely, in South America, the distribution is more spread in the first three remuneration ranges, while earnings above € 200k represent 7% of respondents.
- Asia and Oceania show a large proportion of respondents earning more than € 101k (55%).
- North America, however, shows 43% of respondents earning more than € 151k (and 72% more than € 101k), and only 5% less than € 60k.



Organisation and sector

High representation of large organisations, listed or privately-owned entities.

Type of organisations' distribution



78%

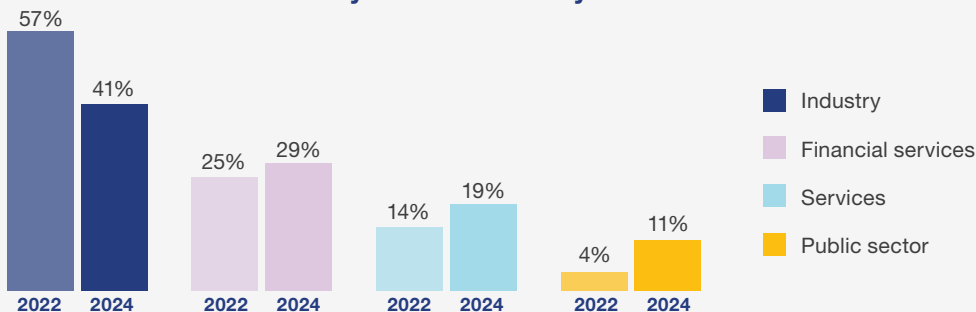
As in previous editions, respondents include mainly Risk or Insurance Managers from large organisations, whereas in small and medium sized companies, risk management responsibilities are often covered in the scope of other functions (such as the CFO or the Legal Officer).



Small organisations are more prevalent in the responses collected from South America (43%), Africa (35%), and Oceania (27%), and are not represented in Asia.

A better spread of sector of activity within the respondents.

Distribution by sector of activity

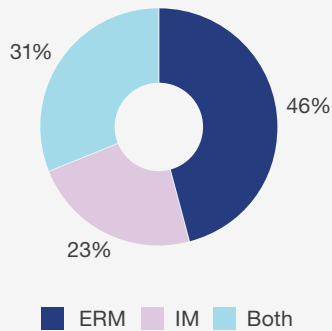


- The industrial sector was the primary sector to which respondents' organisations belonged with 41% of responses, decreasing by 16% points since the previous survey in 2022.
- Financial services followed closely, accounting for 29% of respondents including sectors such as insurance (which represented 13% of the total respondents) and banking (9%). This proportion has increased from 25% since 2022.
- Services represented 19% of respondents, an increase from 14% in 2022, covering areas like professional and business services, technology, retail, media or healthcare.
- The public sector accounted for 11% of respondents, encompassing government entities, infrastructure, public services, and regulators and representing an increase from 4% since the last edition of the survey.



This trend is mainly driven by Europe as large differences appear in other geographies: Africa and South America are mainly represented by Financial Services. North America and Oceania are well-balanced between all sectors.

Distribution of profiles



This year marks a change of representation between the three profiles with a larger proportion of ERM profile compared with previous editions (+12% points) and a significant decrease of IM profile (-17% points). The proportion of profiles with both titles has increased by 5% points.

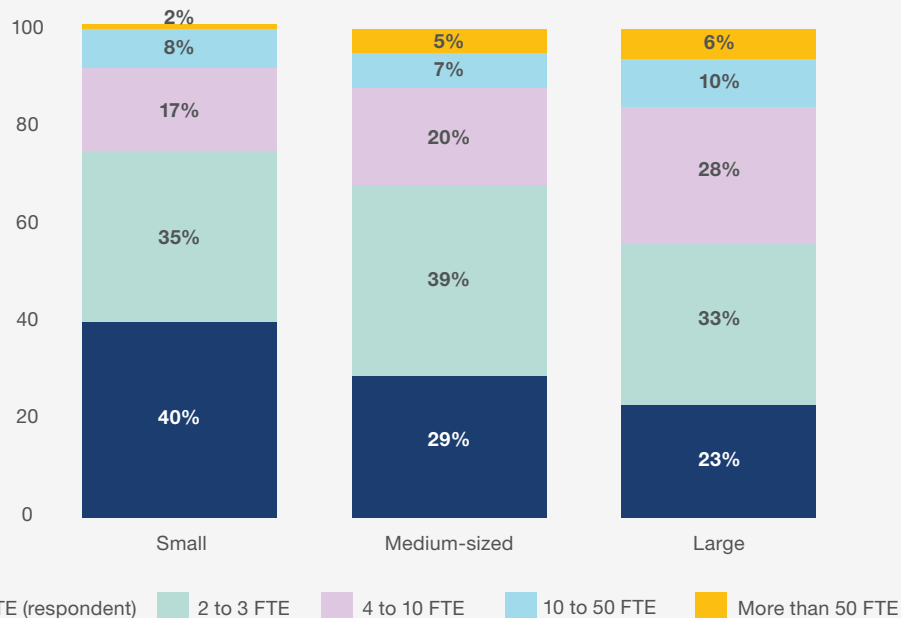
- **Enterprise Risk Management (ERM)** profile: oriented towards overall risk management of the organisation. Business risks are identified, analysed, treated, and reduced.
- **Insurance Management (IM)** profile: oriented towards insurable risks, including loss prevention and risk transfer.
- **Mixed ERM / IM** profiles work on insurance, loss prevention and wider risk management issues.

Both the ERM/IM profiles' and ERM profiles' teams are typically composed of two to three Full Time-Equivalent (FTEs), representing 35% and 34% respectively. IM teams are larger with 31% staffed by four to ten FTEs.

Financial Services teams seem to be larger as 27% have more than 10 FTE in their Risk Management teams, while this ranges from 13% to 16% in other sectors.

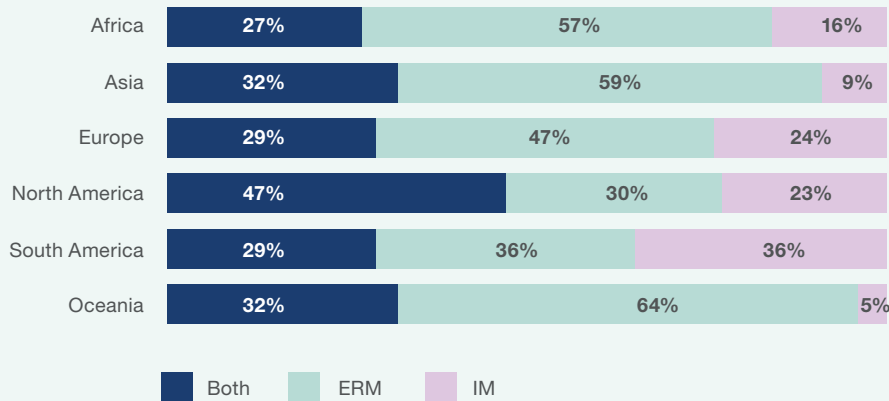
In **small organisations**, 87% of ERM teams consist of fewer than four people, whereas this is true for only 60% of IM departments. The discrepancy persists in **medium-sized organisations** where 68% of ERM teams are staffed by fewer than four people compared with only 45% of IM teams. However, in **large organisations**, staffing levels for both IM and ERM departments are more aligned.

Number of FTE per size of organisation



Small < 50 staff headcount or < € 10m turnover
 Medium-sized < 250 staff headcount or < € 50m turnover
 Large > 250 staff headcount or > € 50m turnover

Scope of responsibilities per continent



In North America almost half of respondents have both ERM/IM profiles, suggesting seamless integration of insurance management within broader risk management initiatives.

Risk Managers' responsibilities

A large majority - 88% - of respondents have responsibilities other than ERM/IM compared with 60% in 2022, evidencing a diversity in Risk Managers' scope and their ability to take on further responsibility and apply a risk-based approach more widely within their organisation.

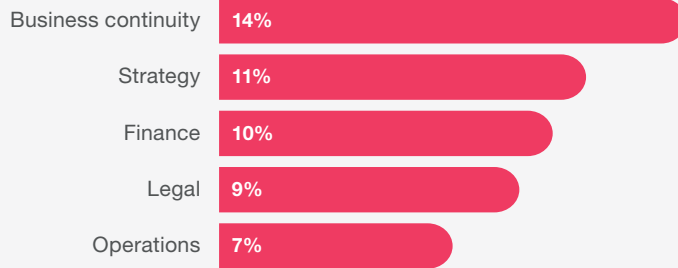
Other functions in Risk Managers' scope of responsibilities



Among the top 5 other functions, **business continuity**, **internal control** and **compliance** responsibilities remain from 2022, although the proportion of compliance decreased by 6% points due to increased specialisation by the dedicated compliance department, and internal control moved from 5th to 2nd position. The percentage share of **internal audit** increased to 8% from 6% to enter the top 5, along with **strategy** (newly suggested).

Eight percent of Risk Managers said that their scope includes strategy, reflecting the stronger connection between **strategic activities** and a risk-based approach. Additionally, **ESG** (Environmental, Social, and Governance) considerations have begun to come under Risk Managers' responsibilities. This reflects the growing integration of ESG into risk management frameworks, highlighting the synergy in addressing sustainability and ethical practices alongside traditional risk management activities (refer to part II).

Focus on Insurance Managers' other functions



In observing differences between ERM and IM profiles, it appears **Finance** and **Legal** responsibilities are predominant for IM profiles rather than **internal audit and control**.

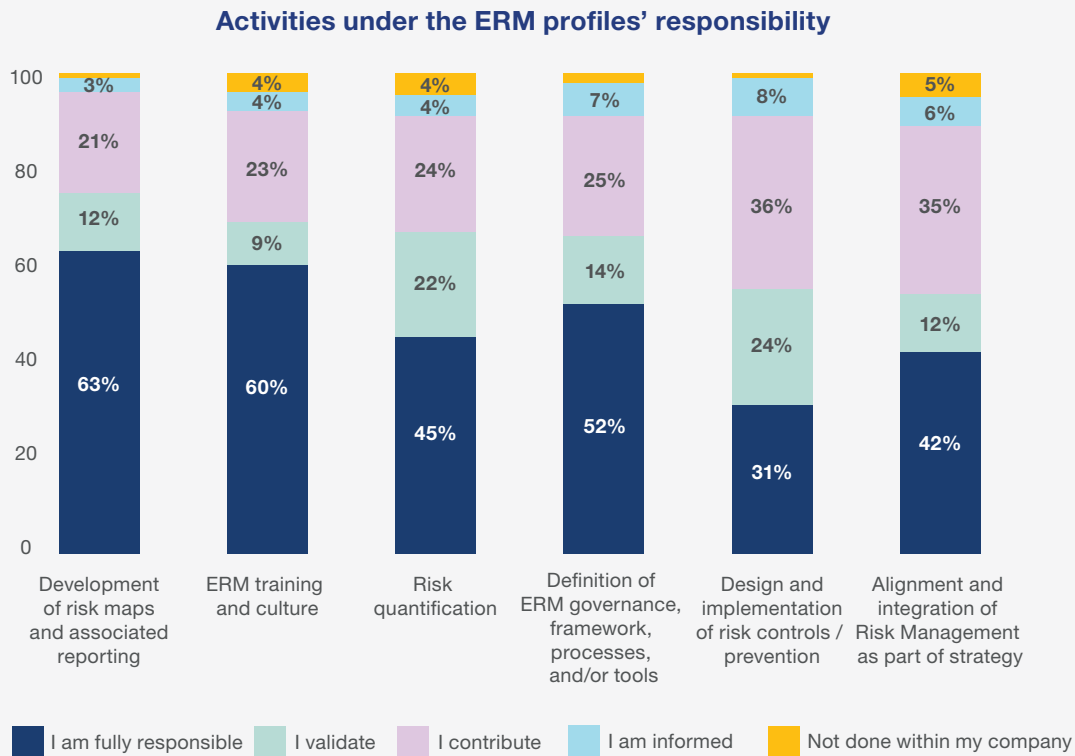


In North America, there is a greater share of responses from Health & Safety (11%) than in other territories, as US organisations are responsible for managing workers compensation. Asia shows internal control (19%) and internal audit (16%) as the two main other responsibilities in Risk Managers' scope.



Risk Managers' activities by type of profiles

Risk quantification enters the top 6 activities under both IM and ERM responsibilities.

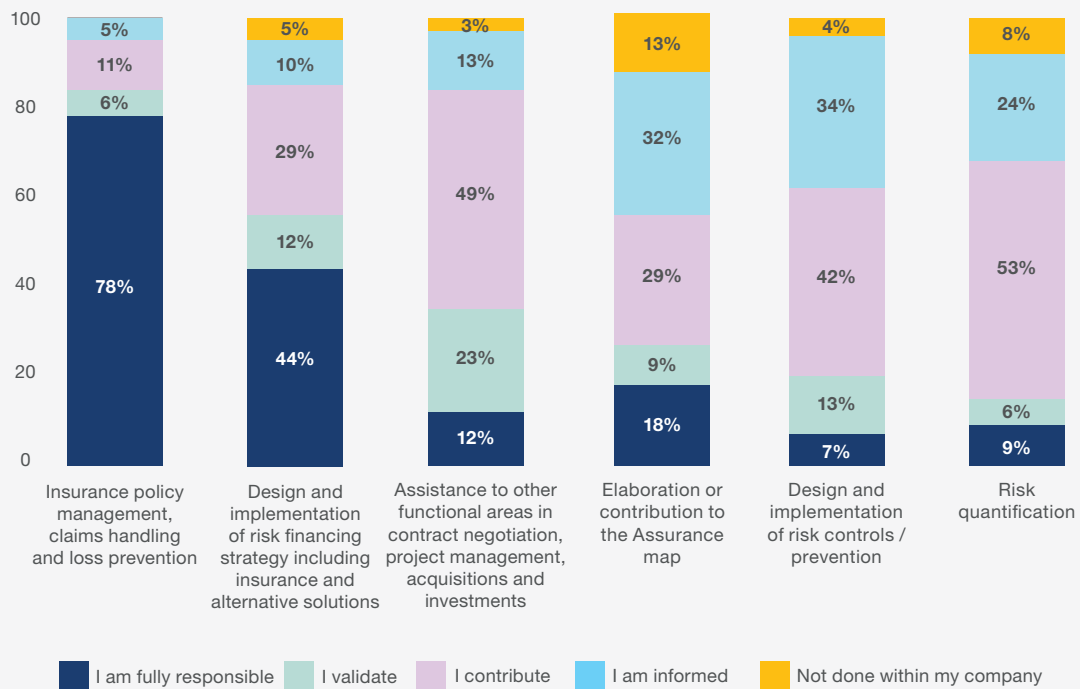


Developing risk maps became the most common responsibility in 2024, up from second and swapping position with **ERM training and culture**, reflecting an increased focus on detailed risk assessment. The proliferation of risk maps within the organisation requires a strengthening of risk culture in organisations and, notably, greater awareness of the first line of defence. Risk training, beyond developing and consolidating the process, is needed to ensure a cohesive and comprehensive approach to risk management. **Risk quantification** has entered the top three responsibilities as Risk Managers are asked to provide tangible evidence of risks by employing quantification methods. This approach helps to **define the ERM governance framework and processes** and **align risk management more closely with the company's strategy** by enhancing decision-making capabilities for governance (both activities have remained in the top 5 responsibilities since 2022). **Design and implementation of controls and prevention** closely follows in the ranking, demonstrating that the effectiveness of risk control measures and potential areas for improvement are increasingly demanded of Risk Managers. This involves thorough monitoring of action plans and a well-structured and equipped process.



- In Europe, the multiplication of risk maps is partly driven by regulatory expectations, such as anti-bribery and corruption rules or ESG materiality assessments.
- By contrast, in Oceania 88% of Risk Managers are fully responsible for ERM culture and training, while 78% are fully responsible for aligning and integrating risk management with business strategy and the same proportion of respondents is responsible for developing risk maps.
- North America follows the global trend but shows that Risk Managers have a greater degree of responsibility with 76% fully responsible for developing risk maps, 72% for ERM culture, 66% for ERM governance and 50% for aligning ERM and strategy.
- Responses from the African continent indicate a higher proportion of the ERM respondents is fully responsible for risk quantification (62%).

Activities under the IM profiles' responsibility



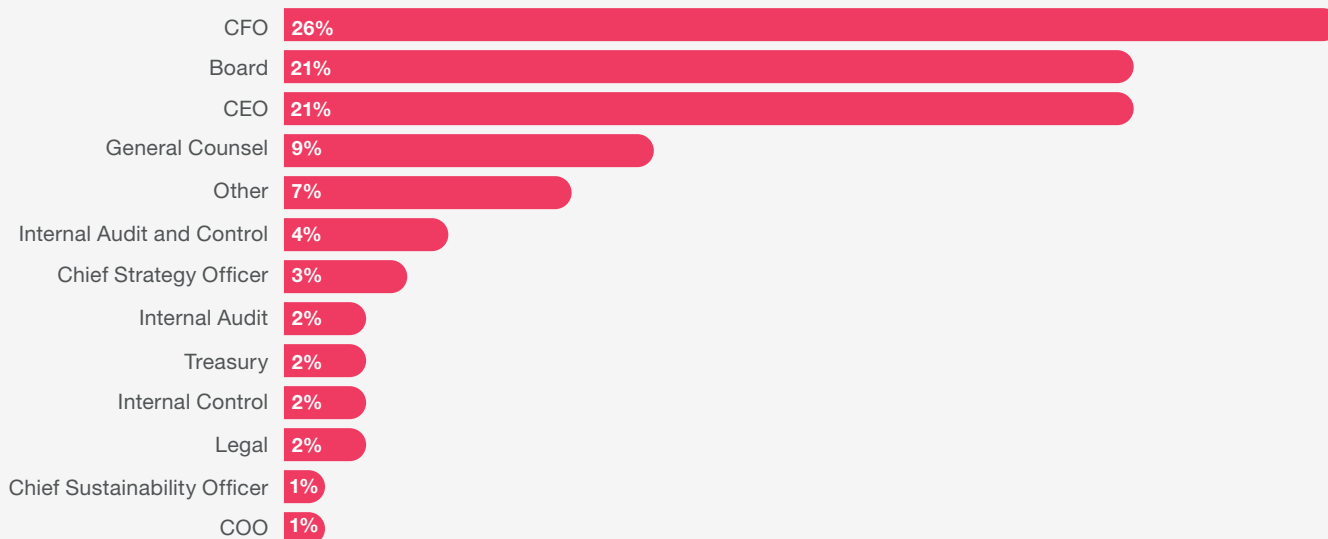
Since 2022, four areas remain among the main activities for Insurance Managers:

1. Insurance policy management, claims handling, and loss prevention;
2. Design and implementation of risk financing strategies, including insurance and alternative solutions;
3. Assistance to other functional areas in contract negotiation, project management, acquisitions and investments;
4. Design and implementation of risk controls / prevention.

Definition of risk appetite and development of risk maps have dropped out of the top 6 and are replaced by **the elaboration of the risk assurance map**, newly proposed in 2024, and **risk quantification**, demonstrating the importance and reliance on such exercises among the risk management activities and broader responsibilities of Insurance Managers.

Reporting lines

Insurance Management functions are still largely reporting to CFOs while an equivalent proportion of ERM functions report to governance directly (either the Board or CEO).



This new question in 2024 highlights the reporting lines for Risk Managers and shows a diverse distribution: 26% report to the Chief Financial Officer (CFO); 21% report to the Board; and 21% to the Chief Executive Officer (CEO).

A small percentage report to Internal Audit (2%) or Internal Control (2%) or both (4%), indicating a clearer separation between these departments.

Interestingly, 3% of Risk Managers report to the Chief Strategy Officer, highlighting the increasing importance of the Risk Manager's role in the execution of the strategy and the alignment of risk management activities with business strategies.

ERM profiles have strong connections with governance, with 25% reporting to the Board, 24% to the CEO, and 17% to the CFO. By contrast, **Insurance Managers** tend to have a more financial-oriented reporting structure, with 44% reporting to the CFO, reflecting the financial aspect of insurance management, while only 12% report to the CEO and 9% to the Board, indicating less direct access to top management.

How do Risk Managers see traditional and emerging risks in the new world of constant crisis?

The world has fundamentally changed since 2020; crises are no longer shocks, and organisations have learned to live with them, developing their resilience, and even learning to seize the opportunities hidden behind the crises. A new era of emerging risks has begun, and risk management has become a major concern for leaders. Risks are not only expanding rapidly but also becoming increasingly interconnected.

The survey asked Risk Managers to select and rank the major threats to their organisation’s growth prospects at different time horizons (12 months, 3 years, and 10 years). The results are presented as follows:

- Top 5 short-term risks, compared below with previous surveys;
- Top 15 short-term risks, highlighting their evolution from the previous survey and the new risks identified;
- Two top 3 risks: in a medium term and long-term perspective.

We observe differences in risks based on varying time horizons, highlighting the need to address different timeframes in risk identification exercises and in defining control measures or action plans. This approach mirrors the methodologies used in ESG-related analyses. The goal is to integrate short-term, medium-term, and long-term views on risks and opportunities into a unified risk management framework.

Top 5 critical threats to the organisation within the next 12 months

There is broad consistency in the top-ranked critical threats cited by respondents over the past few years. These critical risks dominate the list because of their potentially devastating effects on businesses.

Cyber-attacks and **data breaches** continue to be top threats as digitalisation increases the potential scope for attack. Concerns about **geopolitical uncertainties** and an **uncertain economic environment** reflect the ongoing global instability, notably due to the intensification of tension with the Russia-Ukraine war and the Israeli-Palestinian conflict, and their repercussions on business operations. The focus on **talent management** highlights the strategic importance of human capital in driving business success and resilience.

The survey results show a dynamic risk environment where technology, workforce issues, and economic factors play critical roles. Companies must adapt their risk management strategies to address these emerging threats and ensure organisational resilience.

Top 5 risks in 2020

- Cyber threats
- Uncertain economic growth
- Availability of key skills
- Data fraud or theft
- Over-regulation

Top 5 risks in 2022

- ▬ Cyber threats
- ▲ Supply chain or distribution failure
- ▲ Geopolitical uncertainties
- ▼ Uncertain economic growth
- ▬ Over-regulation

Top 5 risks in 2024

- ▬ Cyber-attacks
- ▲ Geopolitical uncertainties
- ▲ Uncertain economic environment
- ▲ Talent management
- ▲ Data breach

The number of **cyber-attacks** continues to increase, exacerbated by the ongoing reliance on digital connections and the potential vulnerabilities of hybrid working environments. Organisations are facing more sophisticated threats, deriving from new technologies - notably Artificial Intelligence - targeting both remote and on-site employees.

In 2024, the **geopolitical landscape** is marked by heightened tensions and conflicts that significantly impact global risk management. The ongoing conflict between Ukraine and Russia has led to widespread economic sanctions, supply-chain disruptions and energy crises, affecting industries and markets worldwide. This conflict has not only strained international relations but also exacerbated concerns about cybersecurity, as both state-sponsored and independent cyber-attacks have surged.

The Israeli-Palestinian conflict remains a source of instability in the Middle East, further complicating international diplomatic efforts and creating volatile conditions for businesses operating in or relying on resources from the region. These geopolitical tensions highlight the need for robust risk management strategies to navigate the complexities of global trade, security, and economic stability.

Cyber-attacks and geopolitical uncertainties are present in the top 5 risks for all sectors.

Financial Services named regulation in its top 5 replacing talent management, consistent with the ongoing pressure from regulations in this sector.

Industry is more concerned by supply chain or distribution failure than by data breaches, as this sector remains the most impacted by the supply chain difficulties observed in recent years that have been amplified by the challenges posed by geopolitical tensions, trade restrictions, and natural disasters.

The **public sector** highlights HR risks ahead of uncertain economic growth.

Services is more aligned with the global results, with three risks closely mirroring the top 5 (5th ex aequo): generative AI use, regulation and fraud or theft.

On a continent basis, the top short-term risks are viewed differently:

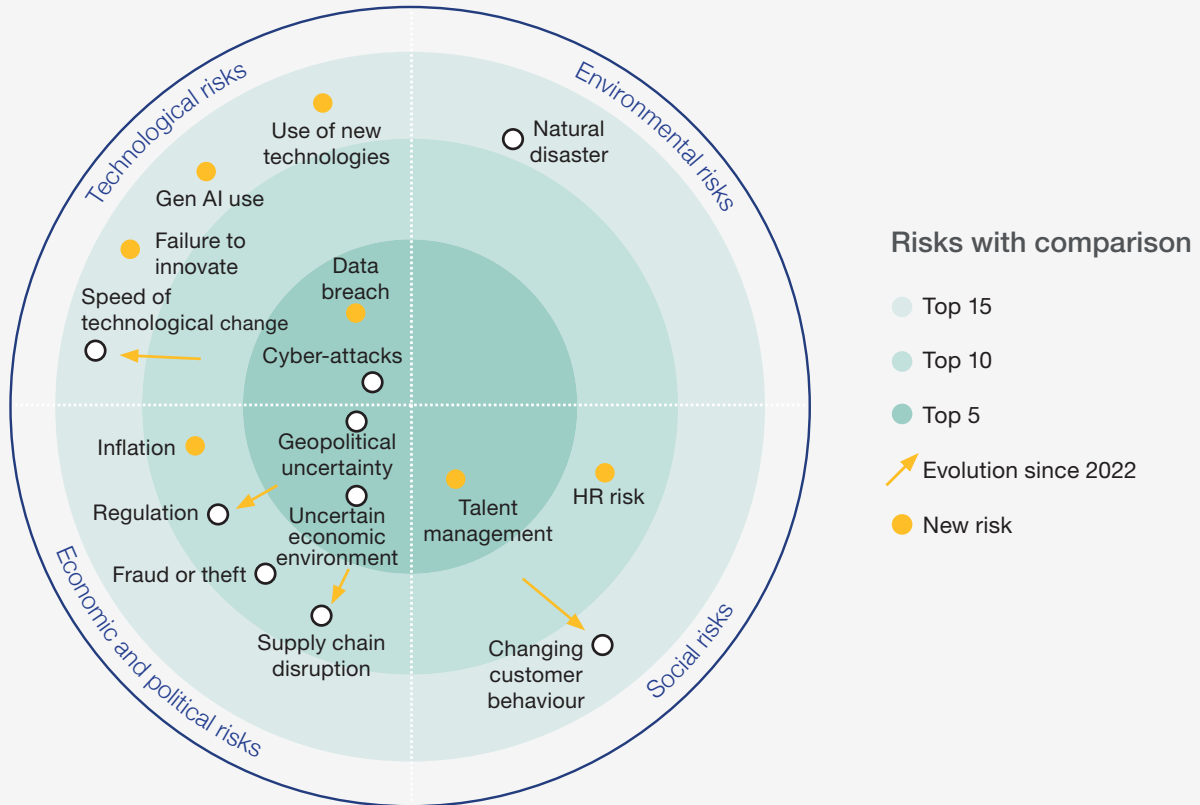
Africa views the use of technologies and generative AI as two emerging risks of greater concern than geopolitical or talent worries. Africa is experiencing rapid technological advancements and digital transformation. While these technologies offer significant opportunities for growth and development, they also bring risks, such as cybersecurity threats, digital divides, and regulatory challenges. The pace of change can outstrip the ability of governments and businesses to effectively manage these risks.



Asia sees supply chain failure and changing customer behaviour in the top 5. Asia is a major centre of global production, with many countries in the region playing a key role in global supply chains. Interruptions in these chains, whether due to pandemics, natural disasters, or geopolitical conflicts, can have serious consequences for companies based in Asia and those that depend on products manufactured in the region. Consumer behaviours are rapidly evolving, influenced by factors such as technology, cultural preferences, environmental concerns, and economic changes. In Asia, where there is a great diversity of markets and cultures, companies must constantly adapt to meet the changing expectations of consumers. As customers begin to ask more questions about environmental and other ESG-related concerns, companies must adapt to new consumer preferences or risk losing relevance.

TOP 15 critical threats to the organisation's growth prospects within the 12 next months

The evolving risk landscape reflects businesses' need to adapt to immediate economic pressures, technological disruptions, and workforce challenges, while integrating longer-term societal and environmental risks into their strategic frameworks.



The survey highlights significant shifts in the risk landscape for the next 12 months.

Six new risks have emerged in the Top 15 for 2024:

- Talent management
- HR risk (culture, values, psychosocial risk, well-being)
- Failure to innovate
- Generative AI
- Data breach
- Inflation

The prominence of **talent management and HR risk** evidences companies navigating changes in workforce expectations, remote work, and employee well-being, and the increasing focus on retention of employees, as a response to the ongoing challenges in the labour market, with all sectors more or less affected.

The inclusion of **failure to innovate and generative AI** underscores the pressure on companies to keep pace with technological advancements and harness new technologies effectively, in order not only to maintain competitiveness but also to ensure viability.

Data breach is a critical threat, reflecting the heightened awareness and frequency of cyber incidents.

Inflation has become a top concern due to the increased costs of energy, materials and labour, as well as the increase in interest rates.

Additionally, the risk of **use of new technologies** is tied in 15th place with **speed of technological change**. These underscore a heightened awareness and acknowledgment of the challenges and opportunities presented by new technologies and their impact on organisational growth.

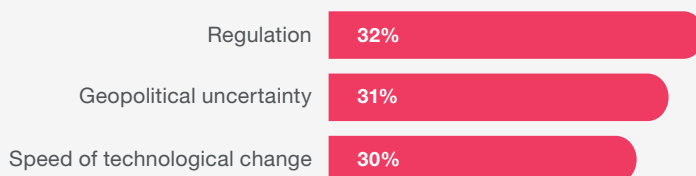
Conversely, six risks have dropped out of the top 15:

- Increased societal pressure
- Social instability
- Pandemic risk / health crisis
- Terrorism
- Climate change
- Environmental damage

Companies are better prepared for various crises, drawing on their experience from the past five years of navigating multiple unforeseen risks.

TOP 3 critical threats to the organisation's growth prospects within the next 3 and 10 years

A complete change in the top 3 threats over a 3-year horizon since the last study.



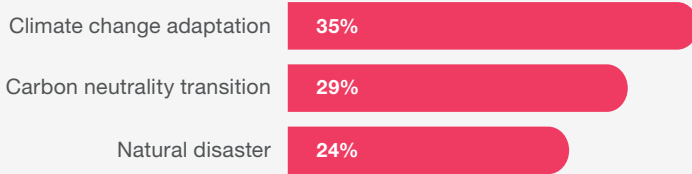
In 2022, the top 3 critical risks within the next three years were: changing customer behaviour; cyber threats; and uncertain economic growth. Over two years, the top concerns have drastically changed and two of these threats are now only observed among the short-term threats.

Regulations have evolved and strengthened in recent years, forcing organisations to adapt and modify their way of working to ensure compliance. Compliance regulations for anti-money laundering, anti-bribery and corruption have been reinforced and large projects to adapt processes within organisations were set in motion. ESG regulations now require organisations to take a step forward with TCFD, CSRD, and Green Deal with even larger projects and the need to adapt business and/or strategic models.

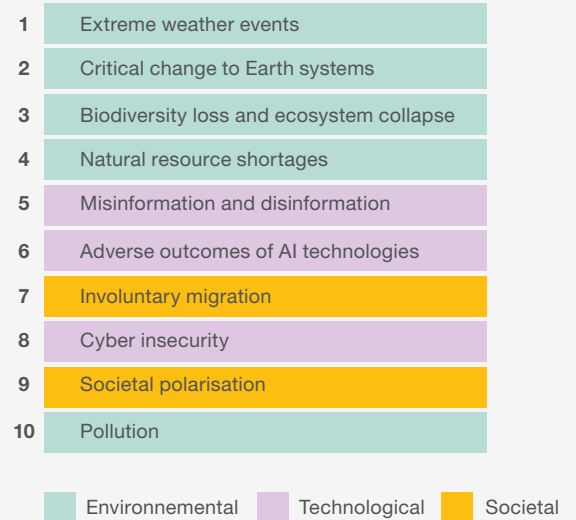
The **speed of technological change**, and the increased use of artificial intelligence and machine learning, raises significant financial, ethical, and legal questions. The growing dependence on these technologies creates vulnerabilities in the event of technological failure or cyber-attacks. The workforce is challenged to adapt while organisations must use technological advances to maintain their competitiveness.

The current **geopolitical uncertainty** remains a source of concern over the short and mid-term horizons. The escalation of tensions among major powers, the increasing prevalence of armed conflict, and the persistence of terrorism pose major threats to international peace and security. They also pose risks to companies with potential threats to business operations and supply chains.

A total focus on environmental concerns in the long term



Global risks ranked by severity over 10 years*



In 2020 and 2022, over a long-term horizon of 10 years, climate change and natural disasters were already in the top 3 concerns, alongside changing customer behaviours. This year, only ESG matters are a top 3 focus with carbon neutrality entering the top 3.

The global risk report from 2024 confirms that the main concerns for the next decade are primarily environmental.

Organisations need to invest in these areas and adapt their business and strategic models towards environmental and low-carbon transitions. Risk Managers need to position themselves at a strategic level and work with subject-matter experts to ensure that their organisations have an appropriate strategy to meet stakeholders’ expectations: a sustainable strategy and model, that is socially and environmentally respectful, maintaining the viability of the organisation in a constrained environment.

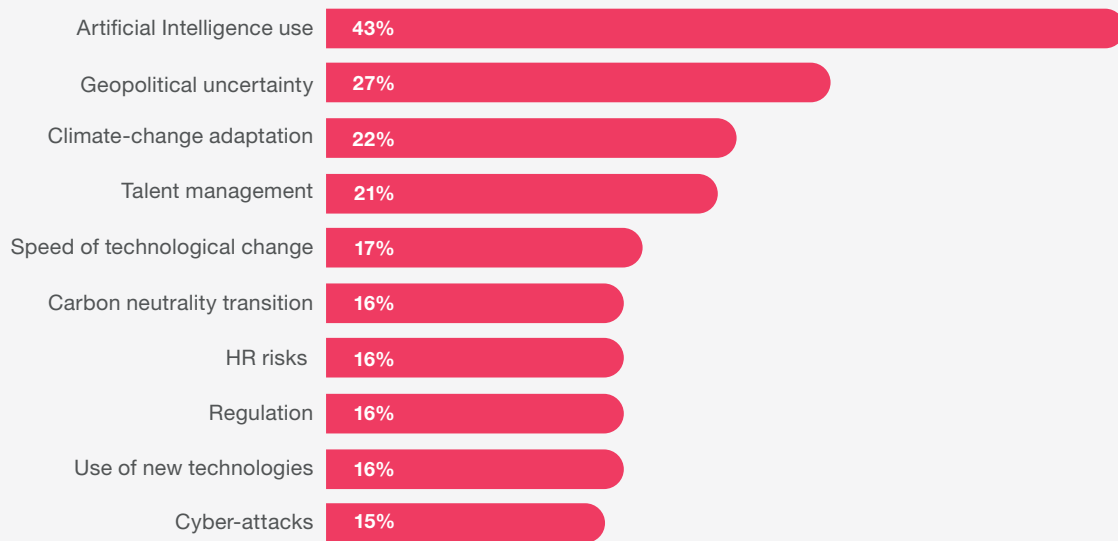


Climate change adaptation is ranked as a medium-term concern for Africa and North America, and environmental damages and natural disasters are respectively in the top 3 threats within the next three years for Asia and South America. All continents except Asia consider two of their three top risks in the long term to be related to the environment either through climate-change adaptation or the carbon-neutrality transition.

This raises questions about the prioritisation of risks. Operational risks and short-term concerns such as regulatory compliance and supply-chain disruption tend to be more thoroughly considered and managed. Work to accompany organisations with the strategic threats and climate emergency pose significant challenges that are hard to tackle and have been perceived as a threat in the long term for the past five years.

*Source: World Economic Forum Global Risks Perception Survey 2023-2024

Top 10 risks considered as not adequately treated



Nevertheless, in 2024, **climate-change adaptation** ranks as the third most inadequately addressed risk, with 22% of respondents expressing concern, down from its top position with 28% of responses in 2022. **Generative AI** use, an emerging and rapidly advancing risk, has risen up the list of concerns organisations try to cautiously integrate. **Cyber-attacks**, which were the second highest risk lacking consideration in 2022, have dropped to 10th position with 15% of responses in 2024. **Geopolitical uncertainties** have risen to second from third place.

There is a need for the Risk Manager, who traditionally focused on operational and short-term risks, to take the lead in guiding the company on the sustainability of its strategic and business models. This involves laying the groundwork for medium and long-term risk management, ensuring the company's resilience and adaptability in the face of evolving challenges.

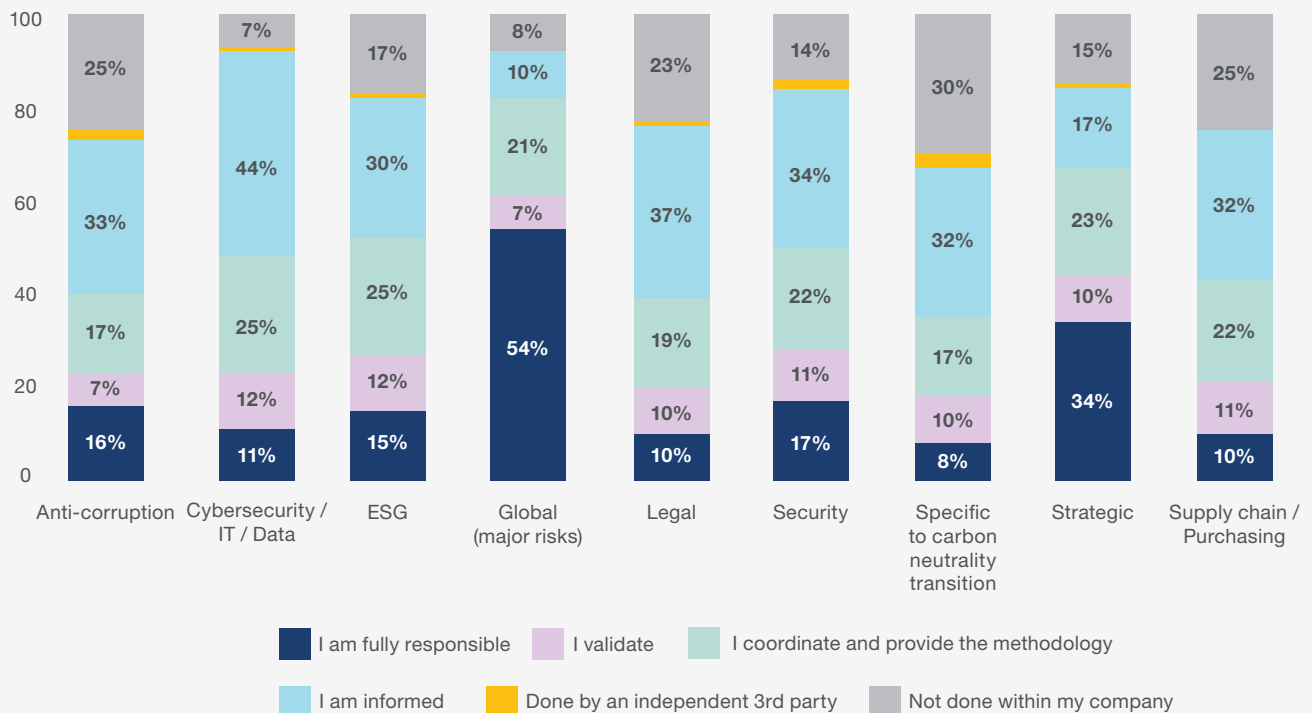
1

Risk Manager: Presence, Strategy and Maturity

Broadening Risk Manager engagement across the organisation

Overall, Risk Managers extend their influence across the organisation by engaging more deeply in various risk maps.

Types of risk map performed by the Risk Manager combined with their level of involvement



The global risk map and the strategic risk map are those for which Risk Managers are most frequently fully responsible.

For all risk mapping exercises, about one third of respondents validate or coordinate and provide the methodology, and 12% on average are fully responsible for other risk maps as well.

All types of risk maps are at least performed by 75% of respondents' organisations (70% for the net-zero transition risk map).



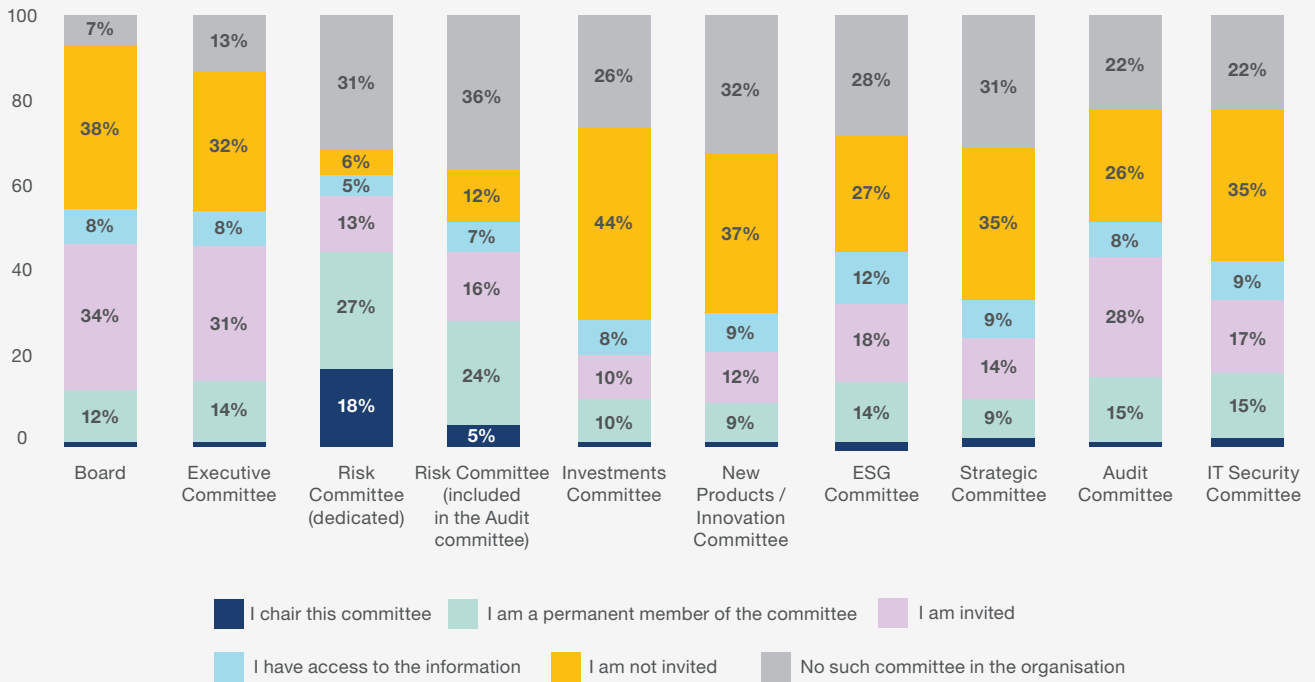
In North America, about half of respondents' organisations do not perform a series of risk maps: net-zero transition (61%), anti-corruption (58%), supply-chain (48%), ESG (47%), and legal (43%).

In Oceania, 45% are not performing any ESG and legal risk maps.

In South America, about 45% are not performing any anti-corruption, net-zero transition or supply-chain risk maps.

Almost half of Risk Managers are either a permanent member of or are invited to and participate in Board and Executive Committees (respectively 46% and 45%).

Involvement of the risk management function in the organisation's committees



The participation in Board and Executive Committees rose from respectively 32% and 34% in 2022, demonstrating the increasing importance of the risk management function being at the core decision centre. Risk Managers' presence in strategic committees (newly suggested in answers) has margin of improvement.

Risk Managers' participation in the audit committee ranks 3rd with 43% either a permanent member or invited and participate on an ad-hoc basis.

Additionally, two third of the respondents' organisations hold a Risk committee (either dedicated or included in audit committee), with the highest direct involvement either by chairing the committee or by being a permanent member.



this icon found later in the report indicates the source of data comes from the corresponding graph

Overall, collaboration between Risk Managers and the first and second lines of defence remain stable compared with 2022.

Some 40% of Risk Managers have close, regular collaboration with the first line of defence; 42% with the second line of defence; and 35% with the third line of defence. Just 6% of Risk Managers have first line functions within their scope; 17% for the second line; and 10% for the third line.



Relations with comparison

- ↗ Evolution since 2022
- New

The radar above shows the lines of defence by levels of interactions:

- First rank partners – with whom the risk management function has a regular or close relationship, based on a clear mandate
- Second rank partners – with whom the risk management function has a more distant relationship and occasional collaboration
- Third rank partners – with whom relationships can be improved, as there is little or no relationship or involvement

The functions from the first line where the relationship or involvement is the most limited are with Merger and Acquisitions and Investments and Investor Relations. The most significant increase in collaboration with the first line relates to ESG, with close collaboration rising by 12 points, following the same trend as two years ago (also an increase of 12 points).

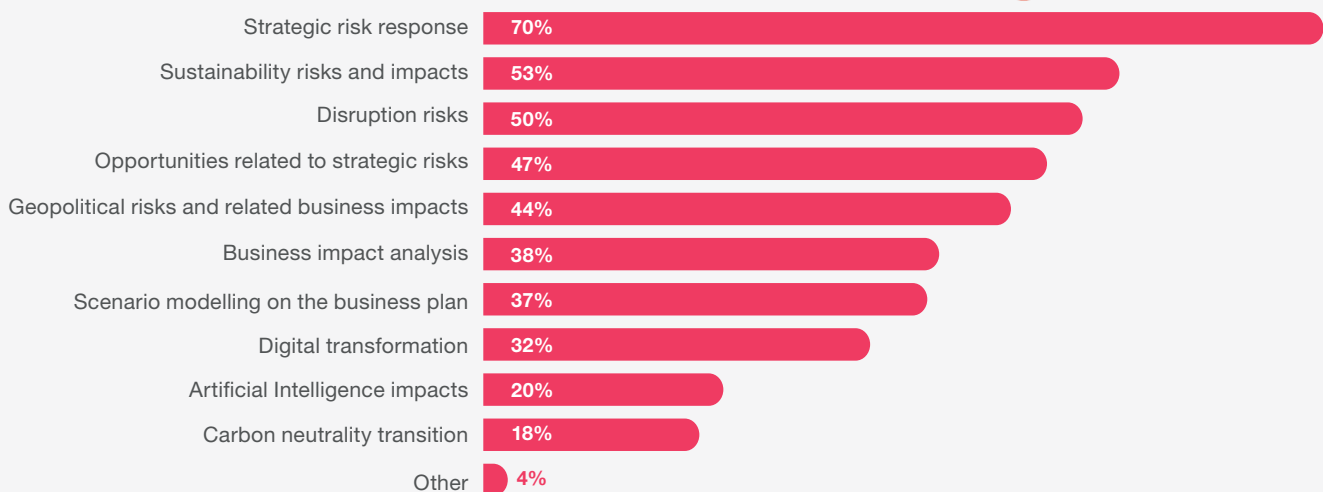
Substantially increased focus on corporate strategy

Almost all - 91% - of Risk Managers are being involved in corporate strategy (fully, mostly, or partially), stable compared with 2022.



More than half of African Risk Managers are fully integrated compared with 23% globally.

Focus within the corporate strategy



Analysing the focus of Risk Managers within the corporate strategy, there are notable changes and emerging priorities in 2024:

- 70% of respondents work on **strategic risk response**, a 9% points increase from 2022;
- 53% analyse **sustainability risks and impacts**, up from 40% in 2022;
- The discovery of **opportunities related to strategic risks** increases from 28% in 2022 to 47%. This suggests there is better alignment of risk management with the corporate strategy and the interest for strategy functions to work with a fully embedded risk-based approach to reveal opportunity and adapt business strategy.
- The digital stakes are another main focus with 32% of Risk Managers working on **digital transformation** (compared with 16% in 2022), and 20% on the **Artificial Intelligence impact** (newly suggested in 2024).

Regarding the contributions to strategic risks response, 50% of Risk Managers are working on **disruption risks**, 44% consider **geopolitical risks and related opportunities**, and 37% are performing **scenario testing on the business plan**.

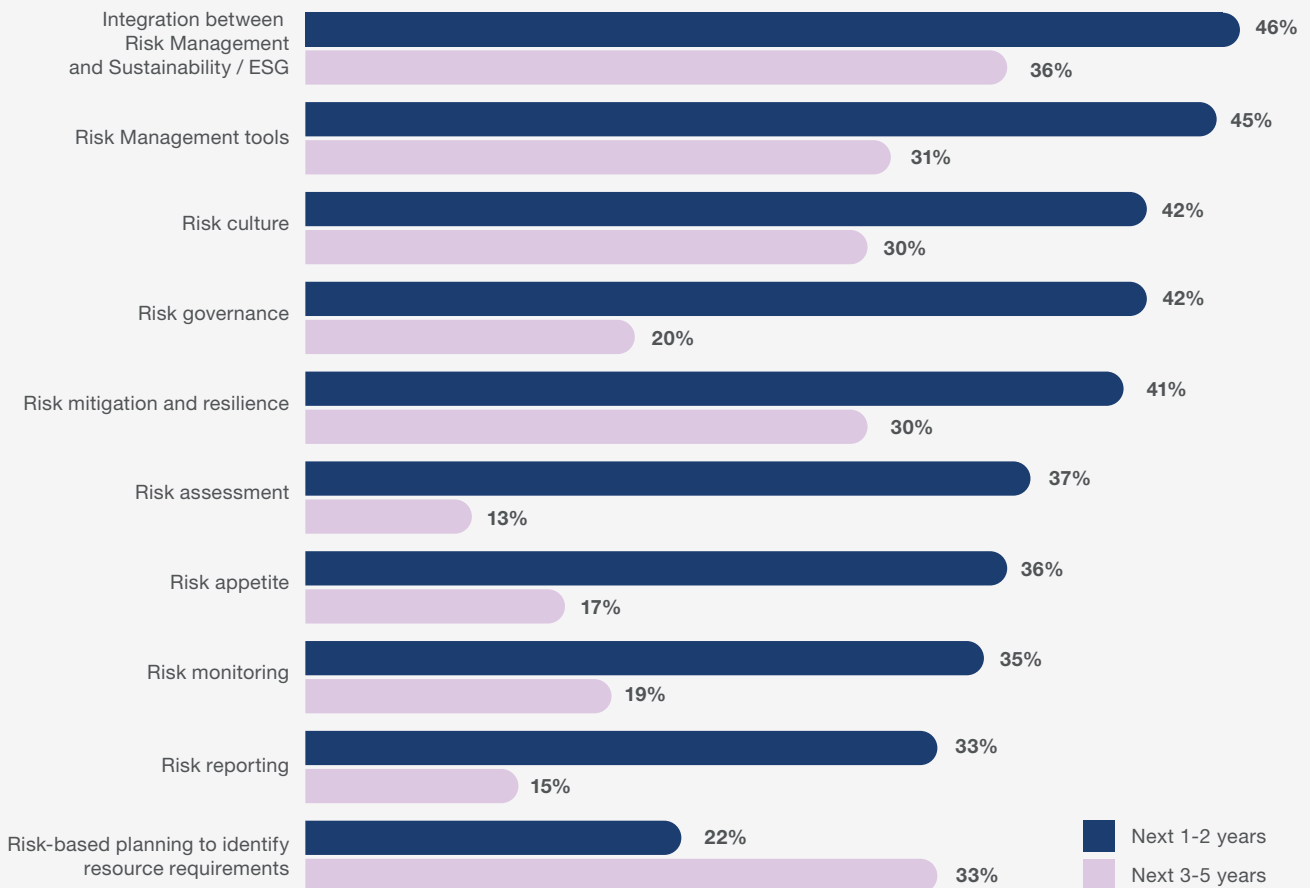


This ranking can vary significantly depending on the respondents' continents:

- In South America opportunities related to strategic risks rank first;
- They are ranked in second position in Africa;
- In Asia geopolitical risk and related business impacts rank second.

The main area where Risk Managers will invest in the following two years and the next three to five years is the integration between Risk Management and Sustainability/ESG to support the company's sustainability goals (refer to part II).

Three main areas of investment for the following 2 years and the next 3 to 5 years



Risk management tools and **risk culture** are also both focuses on the two lines of horizon. It demonstrates the will of risk management function to use new technologies, tools and data to improve its efficiency, and its fundamental role in strengthening the risk culture in day-to-day operations.

Risk-based planning to identify resource requirements is the least pressing consideration for the next 1 to 2 years, but is the second most important for the next 3 to 5 years. In the immediate term, organisations are likely focusing on building resilience capabilities, aligning stakeholders in understanding existing and emerging risks. As organisations look towards the medium to long term, risk-based planning becomes a critical consideration to allow organisations to align their resources with their strategic objectives and risk appetite.



- Respondents from North America exhibit a significant difference for the two timelines: integration of Risk Management and Sustainability / ESG is the least important area of investment for the next 2 years but the major one on a 3 to 5 years horizon. In the short-term the focus is on risk mitigation and resilience.
- Oceania seeks to invest in risk appetite and assessment in the short-term, rather than on integrating ERM and ESG (second to last), and focuses on risk culture at a medium-term horizon.
- South America also is looking at risk assessment and monitoring over the short-term, with integration of ERM and ESG being third to last for the near future but the main priority over the next 3 to 5 years.

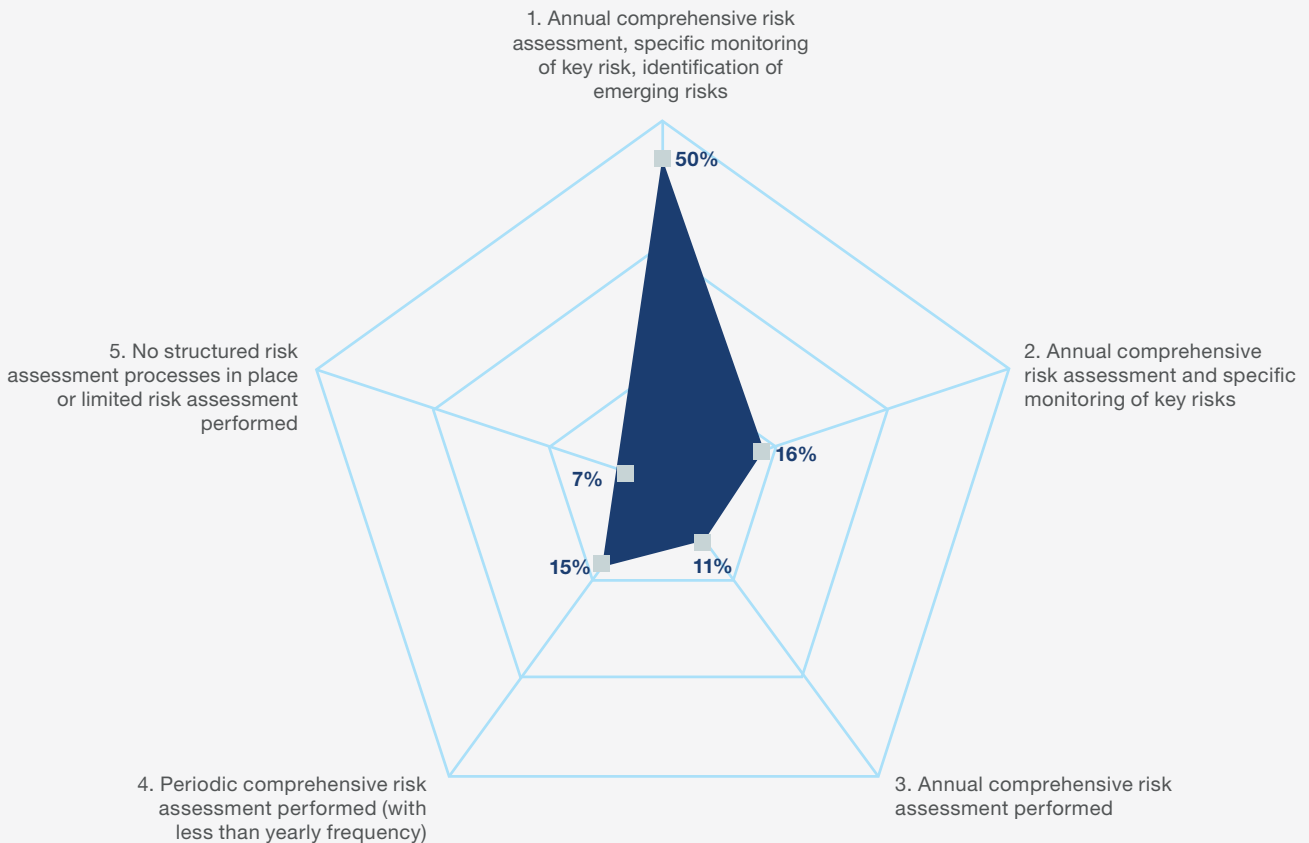


The maturity of the Enterprise Risk Management model

This year's survey reveals the level of maturity in managing basic risk management activities.

Half of respondents' organisations have the highest maturity score for their risk assessment approach. They conduct an annual comprehensive risk assessment, including identification of emerging risks, and with specific monitoring of key risks.

Choose the statement that best describes the organisation's approach to risk assessment

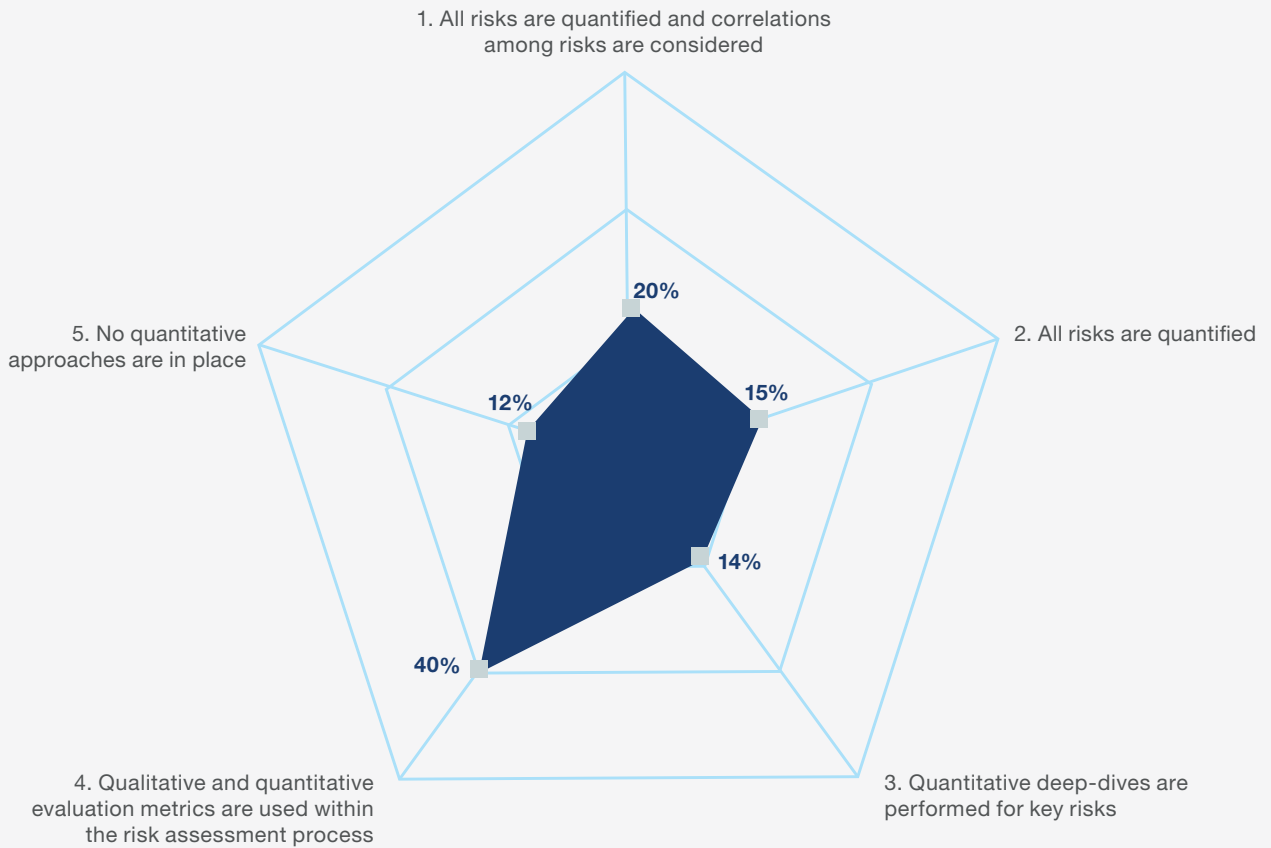


In Africa, North America, and Oceania, conducting periodic comprehensive risk assessments emerges as the second most commonly cited approach by respondents, which is the next to bottom level of maturity. In South America, 33% of respondents declare having no structured risk assessment process in place or only a limited one.

Room for improvement in evaluating risks, however, only 11% do not have any quantitative approaches.

Some 40% of respondents indicate that their approach to risk assessment includes both qualitative and quantitative components, with room for improvement in correlating risks, quantifying a better proportion of them, and performing deep-dive quantification for key risks.

Choose the statement that best reflects the organisation’s approach to risk evaluation

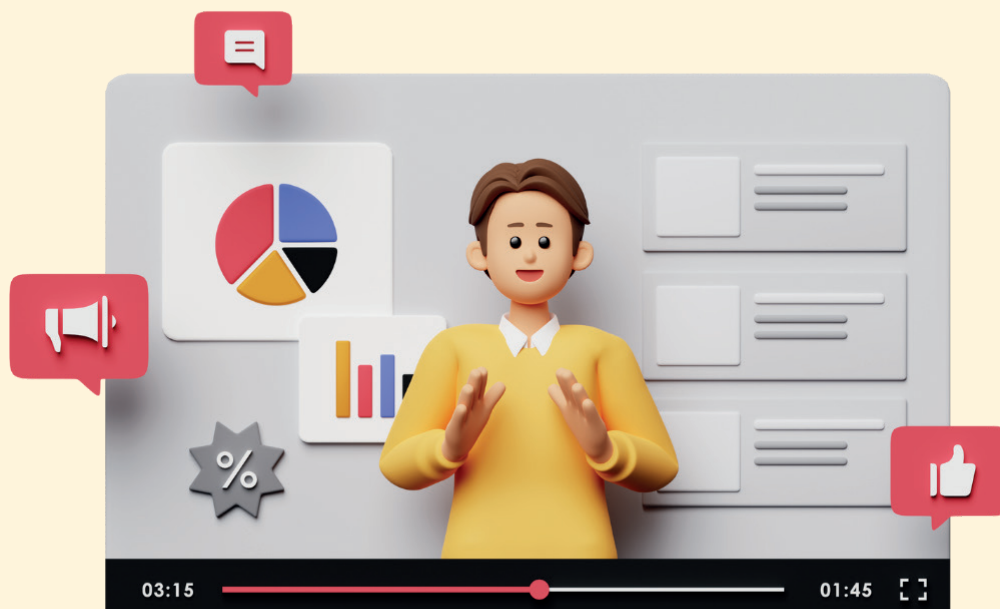
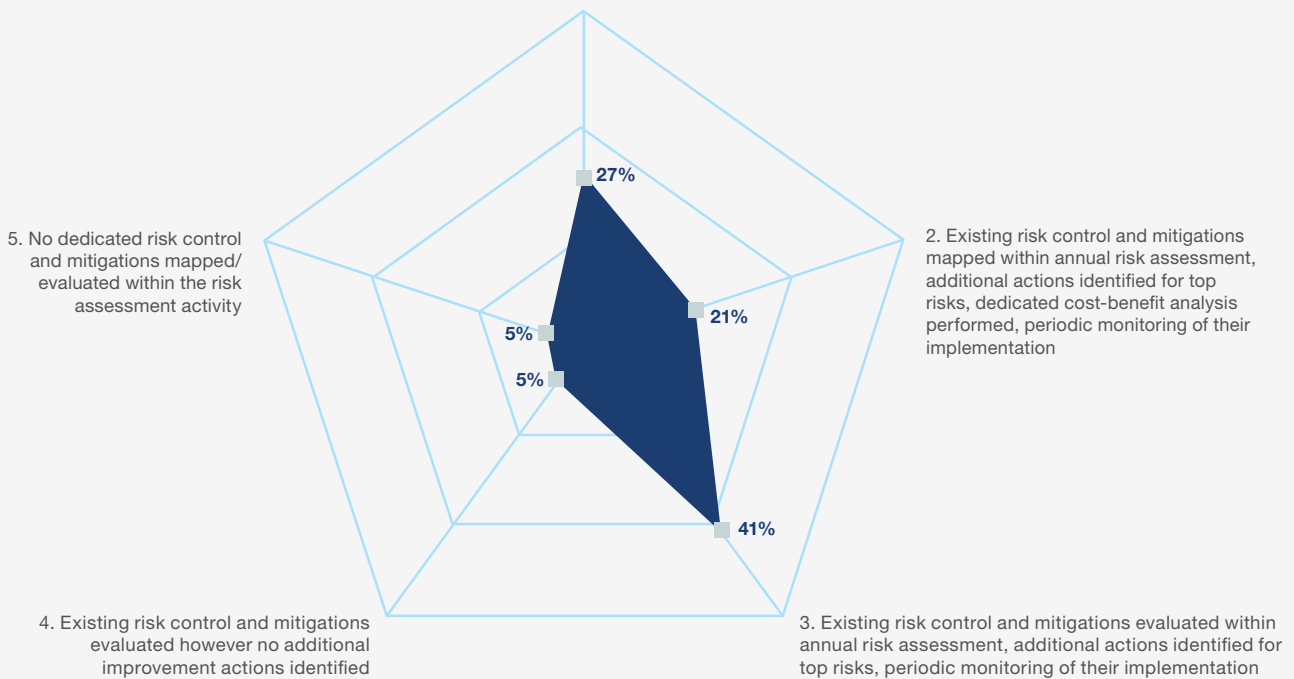


Overall, risk improvement actions are defined and periodically monitored for top risks (corresponding to the three first maturity scores, and totalling 90%).

Only 27% of respondents define actions to address emerging risks aimed at increasing the company’s long-term resilience.

Choose the statement that best describes the organisation’s approach to risk improvement actions

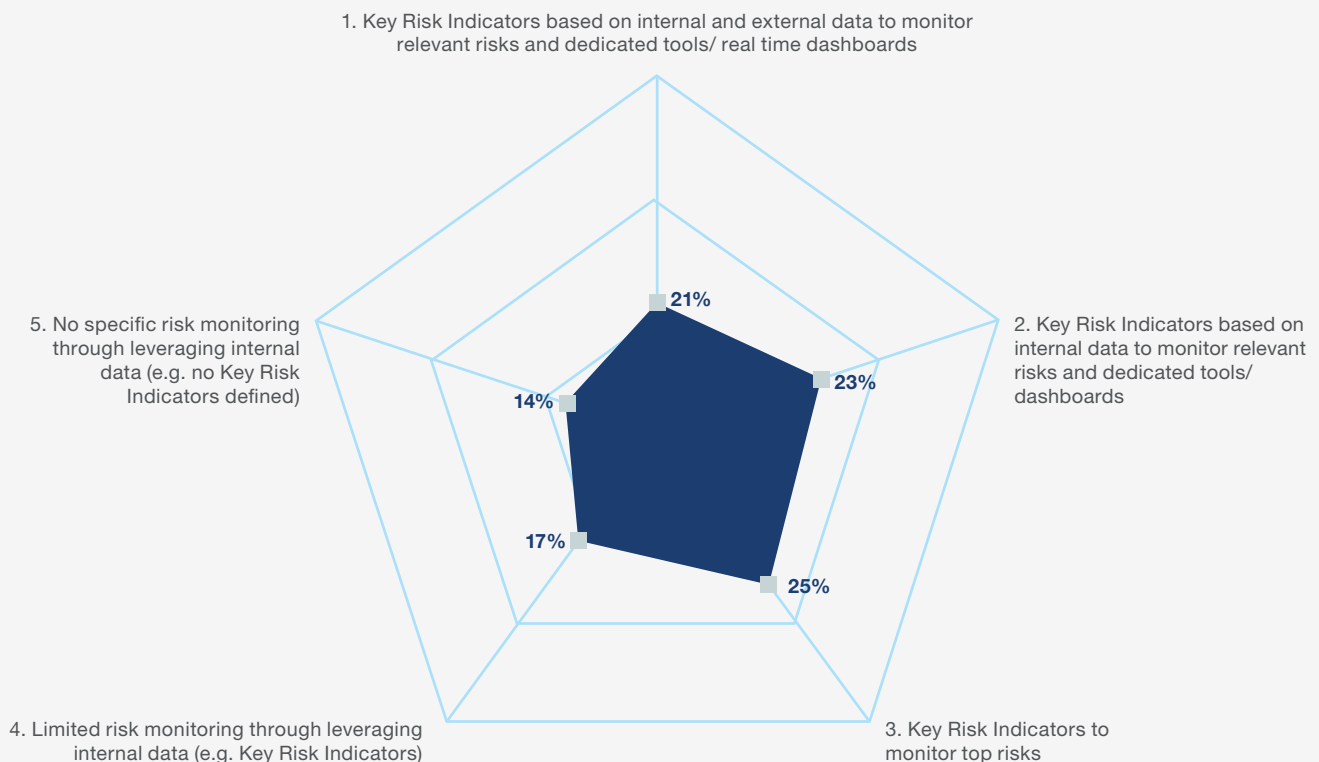
1. Existing risk control and mitigations mapped within annual risk assessment, additional actions identified for top risks, dedicated cost-benefit analysis performed, periodic monitoring of their implementation, actions to address emerging risks to increase company’s long-term resilience proactively defined



The assessment of companies' maturity in leveraging data to monitor risks reveals the following:

1. Almost a quarter, 21%, of organisations are mature and use Key Risk Indicators (KRI) based on **both internal and external data** to monitor relevant risks and dedicated tools / dashboard;
2. But some 23% are less mature, relying solely **on internal data** for KRI to monitor relevant risks and dedicated tools / dashboards;
3. Another quarter, 25%, use KRI to monitor **top risks only**.

Choose the statement that best describes the organisation's approach to risk monitoring through leveraging internal and external data



In North America, 22% of respondents use KRI to monitor top risks only, and 44% of them declare the lowest levels of maturity:

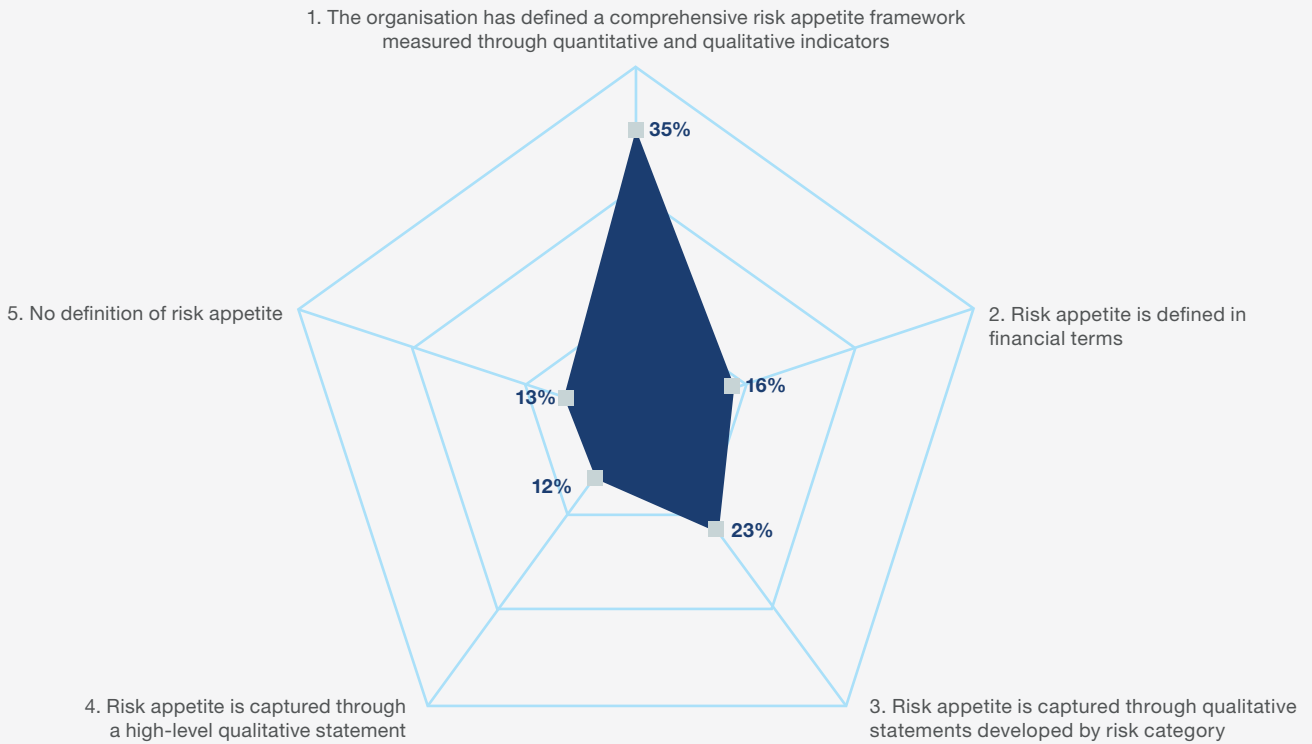
- Some 22% state having **limited risk monitoring** through leveraging internal data;
- Another 22% perform **no specific monitoring** by leveraging internal data.

In Oceania, 40% respondents state being very mature and use KRI based on both internal and external data to monitor relevant risks as well as using dedicated tools / dashboards.

Risk appetite framework is mature

More than a third, 35%, of Risk Managers say that their organisations have a comprehensive risk appetite framework in place with quantitative and qualitative indicators. However, 13% of respondents say that no risk appetite has been defined across their organisation (stable compared with 2022).

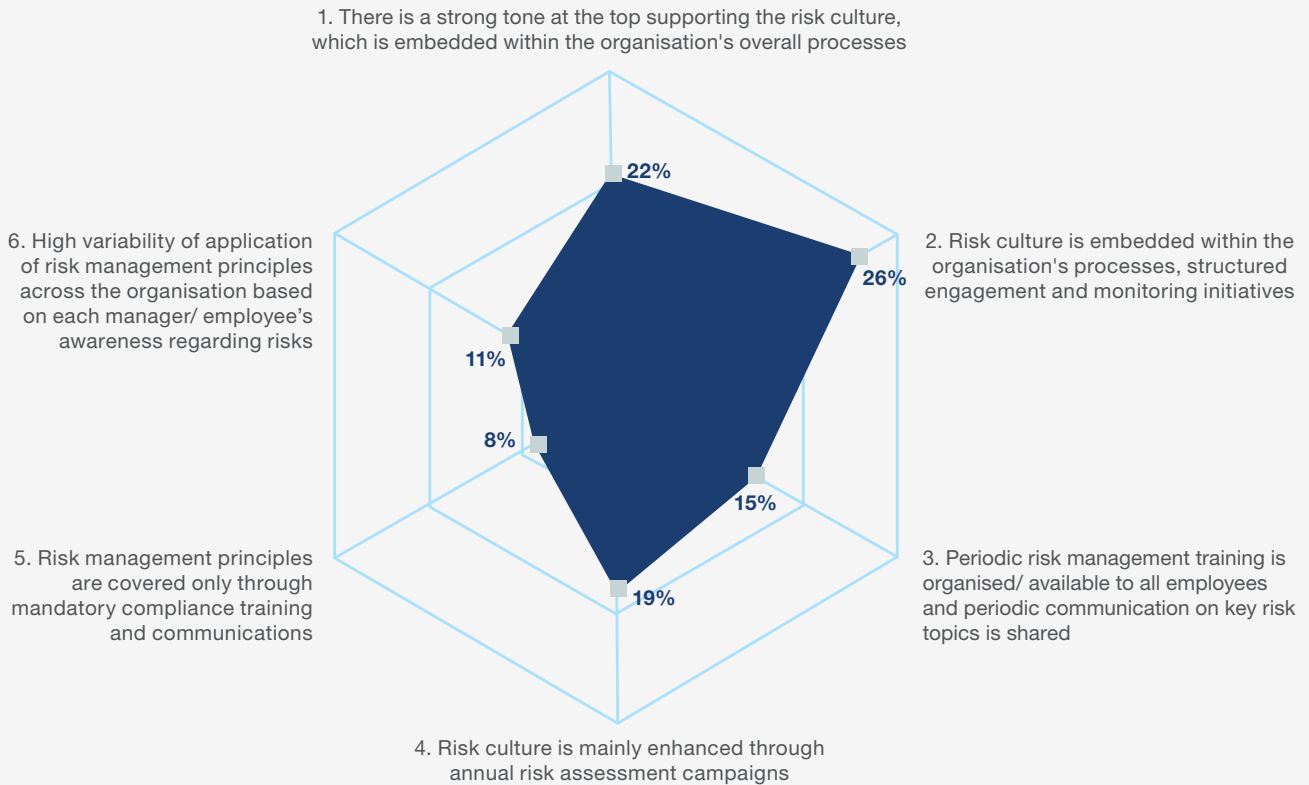
Choose the statement that best reflects the organisation's approach to risk appetite



Positive trends in risk culture enhancement initiatives

Risk culture is embedded within processes, with structured engagement, and monitoring initiatives for 26% of respondents. However, Risk Managers lack the strong tone at the top to support the risk culture in reaching the highest level of maturity statement.

Choose the statement that best describes risk culture enhancement initiatives within the organisation





2

The Risk Manager's contribution to sustainability

Risk Managers are playing a growing role in managing ESG risks within their organisations

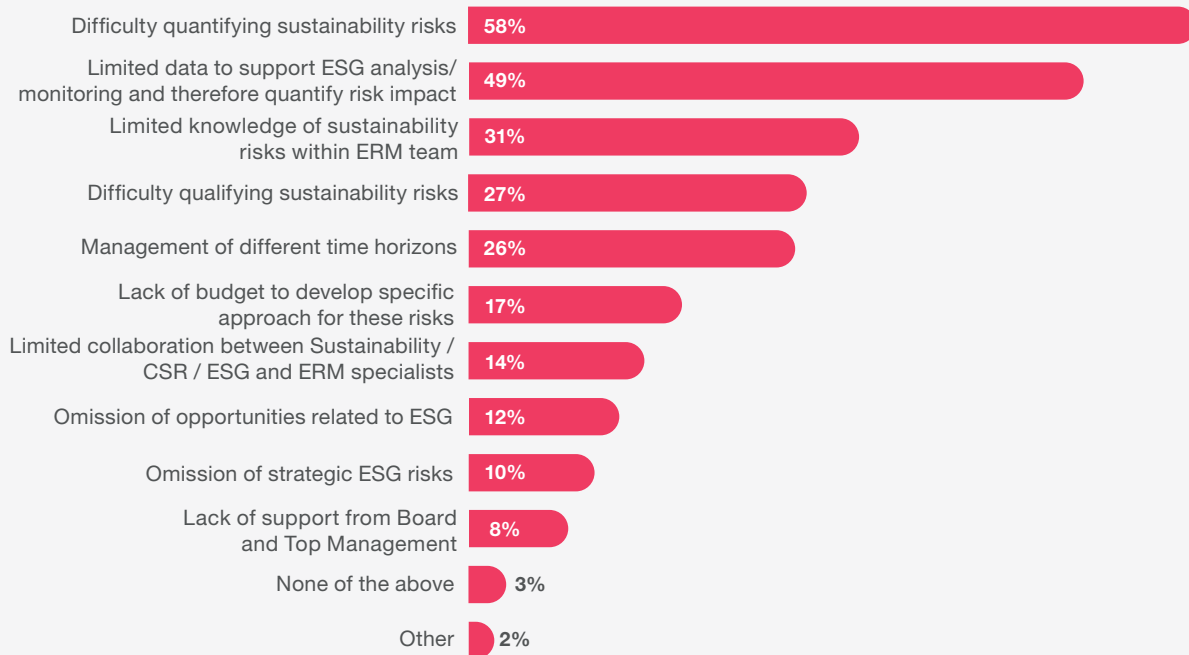
More than half, 57%, of Risk Managers are involved in assessing ESG-related risks, a 22% points increase since 2022.



Risk Managers are more involved in ESG-related risks in France, Italy and Turkey where more than 70% of the respondents are involved in assessing them.

Quantifying ESG-related risks remains a challenge, despite progressively better integration between risk management and ESG teams

Challenges faced or anticipated in integrating ESG into the ERM process

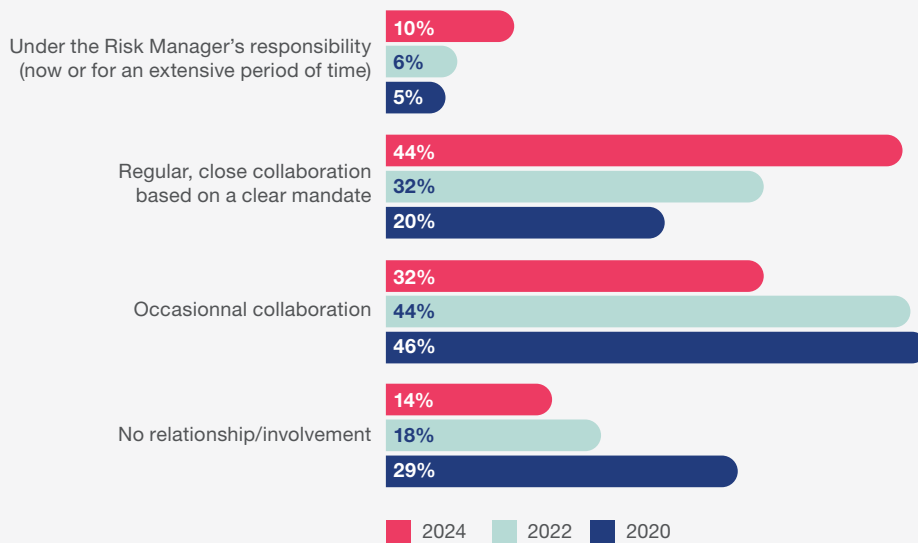


Difficulty quantifying sustainability risks remains the main challenge in 2024, and this is directly related to the next two most highly ranked challenges. This is a complex process that requires grappling with the **limited availability of data to enable precise quantification of ESG-related risks**, such as internal data about the company's activities and resources. Additionally, quantifying risks requires **knowledge of sustainability risks within ERM team** that is still lacking some organisations.

However, significant progress has been made in defining and **qualifying sustainability risks**. This challenge has moved downwards from being the second biggest challenge to the fourth (-7% points) since 2022. This improvement aligns with the increased collaboration between Risk Managers and ESG teams: the challenge of **limited collaboration between Sustainability and ERM teams** decreased by 5% points.

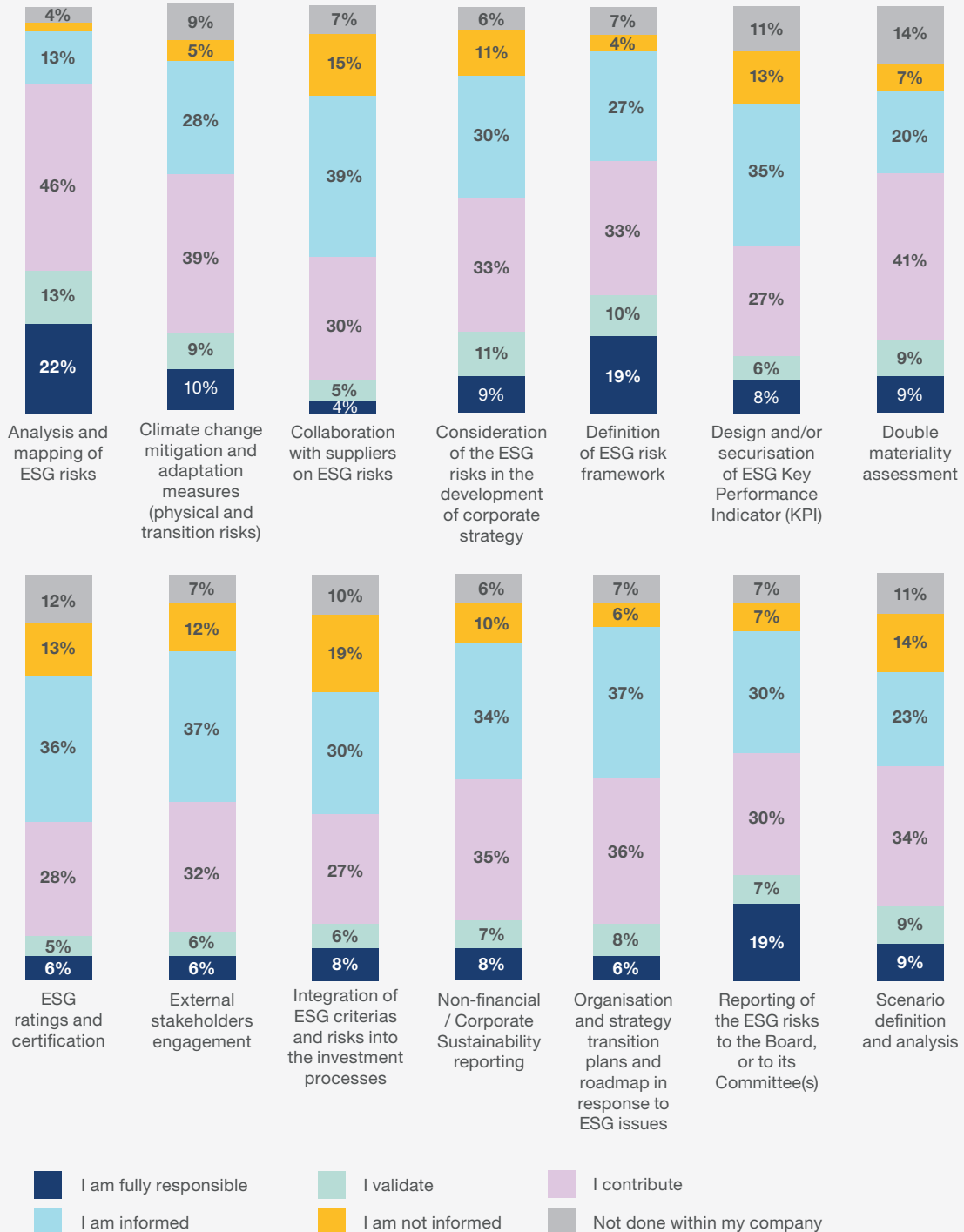
Moreover, 44% of respondents have a regular, close collaboration based on a clear mandate (+12% points) and 10% have sustainability under their responsibility (+4% points). This trend indicates a convergence between the ERM and sustainability approaches.

Risk Manager's interactions with CSR / ESG / Sustainable development



Risk Managers are now pivotal to ESG activities, with a significant rise in their role in risk analysis, framework definition and reporting, and active participation in ESG committees

Role played by Risk Managers with regards to ESG



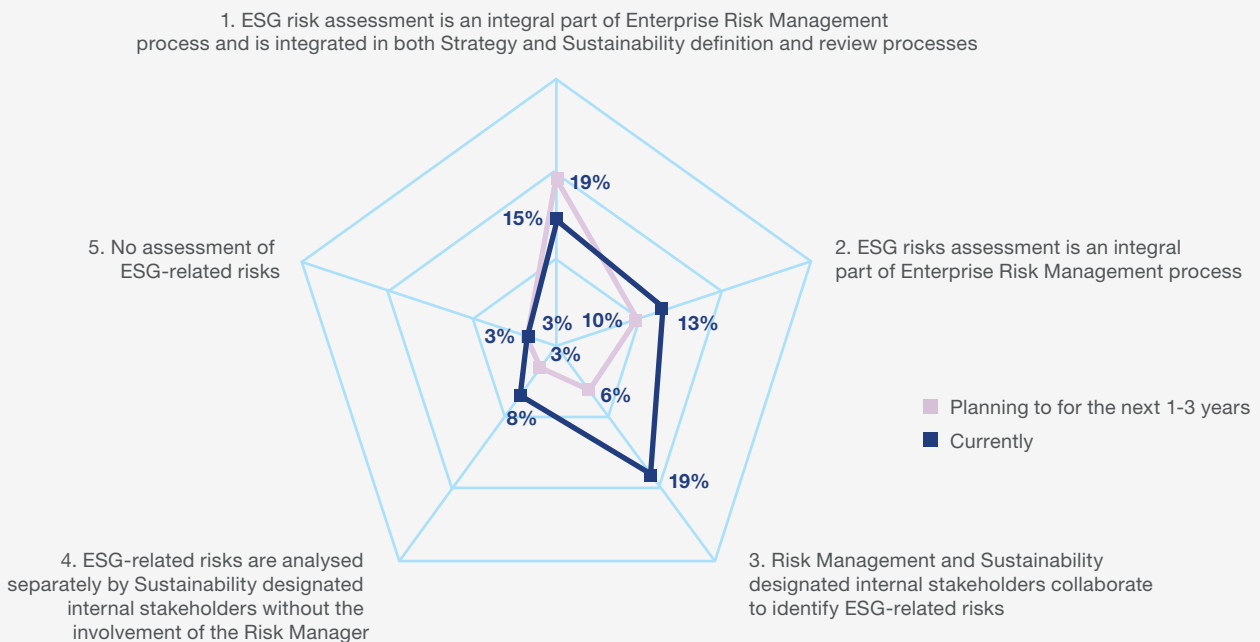
Risk Managers are now playing a crucial role in ESG-related activities, with a significant decrease in the percentage of those not informed (from an average of 24% in 2022 to 10% in 2024). The three main areas where Risk Managers have full responsibility or provide validation are:

- The analysis and mapping of ESG risk
- The definition of the ESG risk framework
- The reporting of the ESG risks to the Board or its Committees

This emphasises the importance of Risk Manager providing the appropriate methodology and framework to ensure a consistent methodology in analysing, mapping and reporting on risks. Additionally, 15% of Risk Managers are fully responsible for ESG risk mapping; 37% validate or coordinate and provide the methodology; 30% are informed; and 17% report that their organisations do not perform ESG risk mapping (refer to part I [🔗](#)).

The involvement of the Risk Manager in ESG is evident in their participation in ESG committees: 21% chair or are permanent members; 25% are invited; and 16% receive the meeting minutes. Only 37% are not involved in any capacity (refer to part I [🔗](#)).

Choose the statement that best describes the level of integration between Risk Management and Sustainability / ESG as of today and as a 1 to 3-year objective

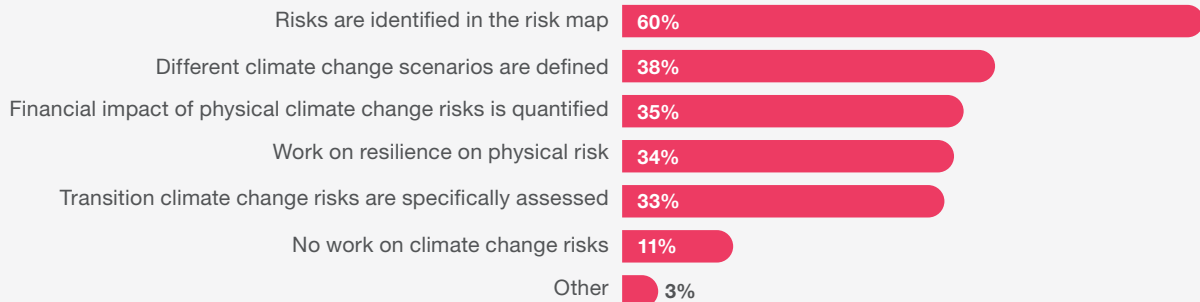


Today, Sustainability and ERM teams collaborate to identify and assess ESG-related risks, and ESG risk assessment is an integral part of ERM process.

Over the 1 to 3 years horizon, the move is to continue integrating ESG-related risks in ERM processes, and in both Strategy and Sustainability definition and review processes.

Climate change adaptation tops critical threats list, driving companies to prioritise risk evaluation and scenario analysis

Work performed on climate change risks



Climate change adaptation remains the number one critical threat for organisations within the next 10 years, despite being also ranked third among risks that are considered not adequately treated. Consequently, evaluating climate risks and impacts remains the top priority for companies. Some 60% of organisations identify climate change risks in their risk maps, up from 54% in 2022. The number of Risk Managers working on different climate-change scenarios has increased by 5 percentage points and quantifying the financial impact of physical climate change risks represents a top 3 activity.

Work on transitional risk seems to be more integrated within corporate strategy and therefore less of a focus for Risk Managers than getting a more holistic and strategic approach based on scenario, demonstrating a higher level of maturity.

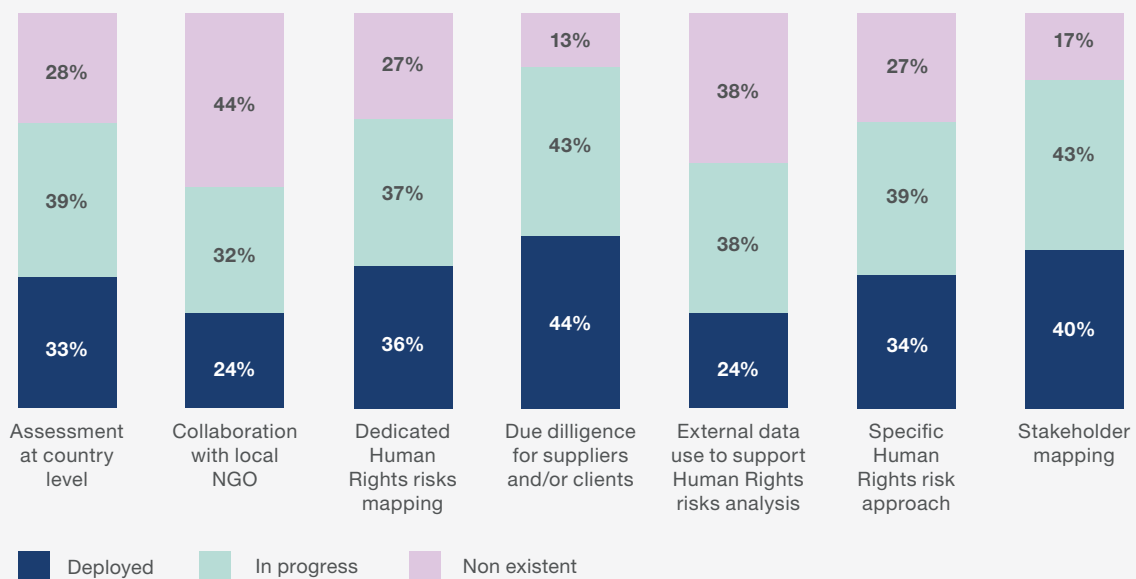


- In Africa, 50% of respondents work on climate change risks, 67% in Oceania.
- In North America, a majority work on resilience to physical risk.
- In Northern Europe, 60% also work on different climate-change scenarios.

Interestingly, 70% of respondents' organisations perform a specific dedicated risk mapping exercise on the carbon neutrality transition (refer to part I [🔗](#)).

Risk Managers intensify focus on social aspects of ESG: supplier due diligence, stakeholder mapping, and Human Rights risk maps on the rise

Methods to identify and assess the Social part of ESG risks



Results seem to indicate that Risk Managers are more advanced with regards to climate change and Environment than on the Social aspects of ESG. More than one-third of the respondents are engaged in activities related to social risks. The focus is on conducting supplier and client due diligence with 87% having deployed this or being in the process of so doing, and on stakeholder mapping, with 83% having deployed this or being in the process of so doing. Almost three-quarters - 73% - have or are setting up dedicated Human Rights risk maps. These activities are closely driven by the compliance requirements with the CSRD and CSDDD regulations in Europe.

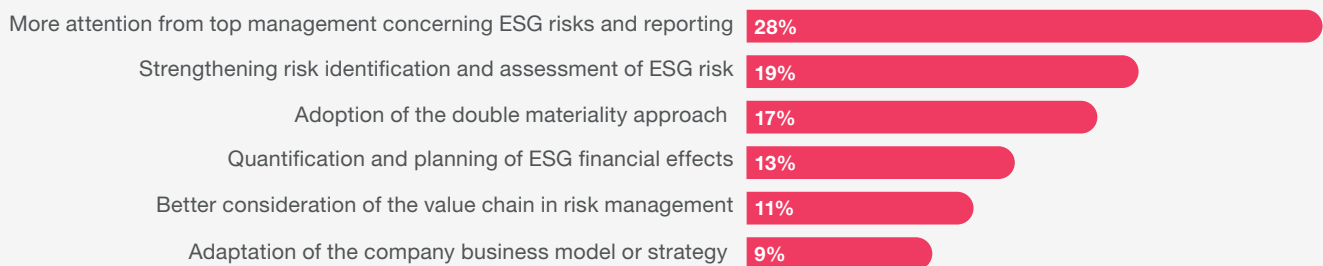


- Northern Europe seems more advanced here with on average 50% of the respondents having deployed actions.
- In North America, half of respondents on average are not performing any of these activities except due diligence, and about 25% on average are engaged in these activities.
- In Africa, more than three-quarters of respondents are not working on these three Human Rights-related activities.

The financial services sector has the greatest potential for improvement in social matters, with less than 20% of activities being deployed on average. While other sectors may have faced long-standing challenges related to social issues, the financial services industry has been less impacted by Human Rights concerns for instance, such as child labour issues with third parties.

Sustainability reporting regulations have heightened top management's focus on ESG risks globally

Impacts of the evolution of Sustainability reporting regulation on the ways and means of covering ESG risks



The evolution of Sustainability reporting regulations has resulted in a strengthening of the identification and assessment of these risks for 19% of respondents. The adoption of double materiality is 3rd, mainly driven by Northern and Western Europe that ranked it as their 2nd main evolution from regulatory requirements.

Indeed, the **Corporate Sustainability Reporting Directive (CSRD)** (refer to adjacent insert) came into force in Europe with the aim of encouraging sustainable development in businesses and identifying those that are disciplined in this regard. The information expected will be disclosed and allow for a better assessment of what is referred to as double materiality:

- risks and opportunities arising from social and environmental issues that impact the company (financial materiality);
- impacts of the company's activities on people and the environment (impact materiality).



Most regions around the world have developed Sustainability reporting regulations to enforce companies' ownership of their sustainability impact and practices.

Europe: The Corporate Sustainability Reporting Directive (CSRD) entered into force in 2023. It modernises and strengthens the rules concerning the social and environmental information that companies must report. It requires all large companies and all listed companies to disclose information assessed through the double materiality approach. The new rules will ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment and for investors to assess financial risks and opportunities arising from climate change and other sustainability issues.

United States: ESG disclosure simplification Act (House of Representatives 202) requires public companies to disclose more information about their ESG practices. SEC Climate-Related Disclosures/ESG Investing (Climate Risk Disclosure Act of 2021), require US publicly traded companies to disclose annually how their businesses are assessing, measuring, and managing climate-related risks.

Brazil: Management and Disclosure of Social, Environmental and Climate Risks 2021

China: Guidance for Enterprise ESG Disclosure (China Securities Regulatory Commission 2021)

Singapore: Environmental Risk Management for Asset Managers, Banks and Insurers 2020

Japan: Mandatory Task Force on Climate-related Financial Disclosures (TCFD) reporting for prime segment listed companies (in March 2023)

UK: Sustainability Disclosure Requirements (SDR) and Investment Labels in development.

Switzerland: Articles 964a-964c CO – Transparency in nonfinancial matters. Guideline on Sustainability Reporting 2022 coming into force in 2024.

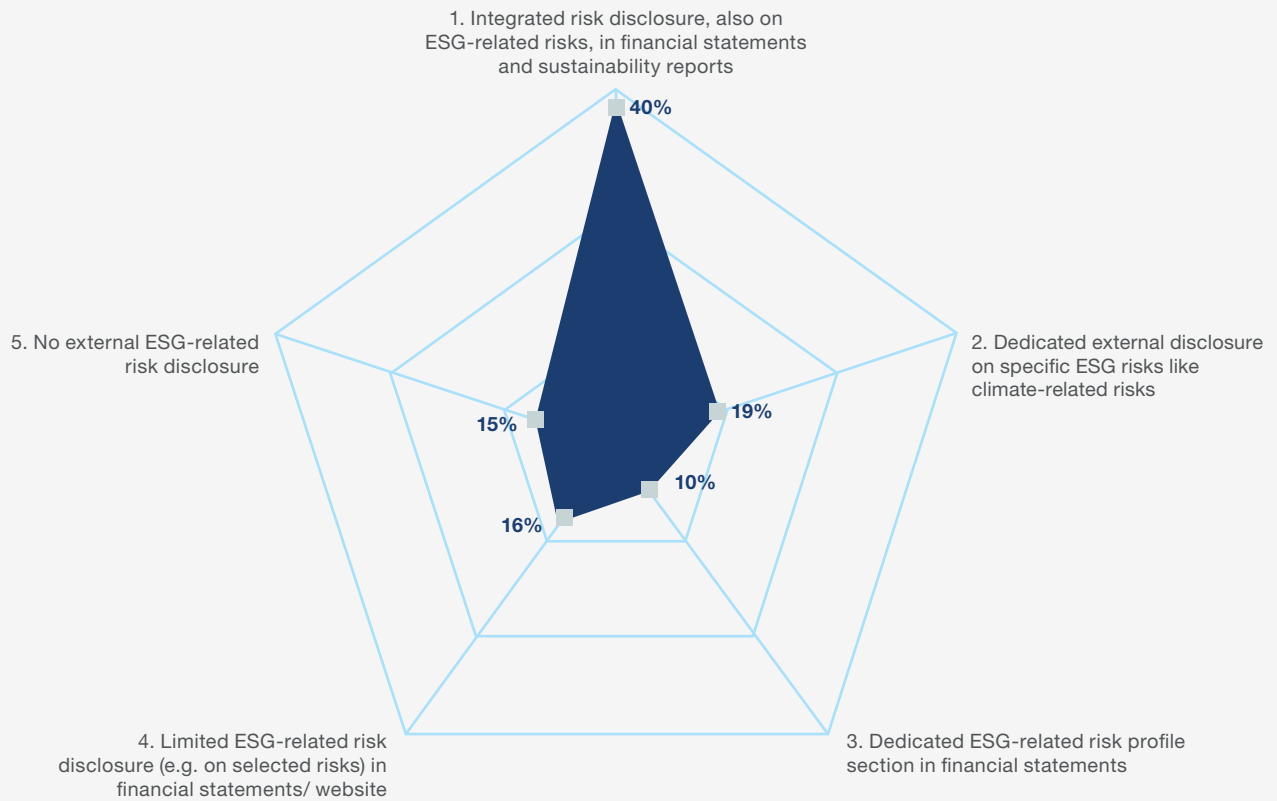
United Arab Emirates: Principles for Sustainability Related Disclosures for Reporting Entities (Members of the UAE Sustainable Finance Working Group - 2023).



Focus on ESG-related risks reporting to external stakeholders

Most respondents (40%) said that the financial statements and sustainability reports of their organisations include integrated risk disclosure incorporating disclosure on ESG-related risks, reflecting the highest level of maturity. Additionally, 59% of respondents fall within the top 2 maturity levels for ESG disclosure, while 15% report no external ESG risk disclosure, indicating a robust integration of ESG considerations.

Choose the statement that best reflects the organisation's approach to ESG-related risk reporting to external stakeholders



These results are mainly driven by the high number of European respondents.


When excluding Europe from the responses, 30% declare they have no external ESG-related risk disclosure, closely followed by 27% who rank their organisation at the best level of maturity with an integrated risk disclosure in financial statements and sustainability reporting. In North America, 55% of respondents make no external ESG-related risk disclosures or only limited disclosures, while for 20% of respondents this is integrated.



3

The role of the Risk Manager in the digital transformation

Use of technologies widespread across all risk management activities

In the age of Artificial Intelligence (AI) and the rapid acceleration of technological change, digitalising risk management activities is essential to maintain pace and relevance. Investing in digital risk management tools is the second most important priority of Risk Managers within the next 1 to 2 years (refer to part I ). However, despite the clear advantages of digital risk management solutions, persistent barriers to further investment continue to hinder their full adoption.

Artificial Intelligence enters the top 5 of technologies used in risk management activities

Spreadsheet and slides presentations are by far the most used applications (by 88% of respondents), for performing all ERM activities represented.

Digital technologies most used to perform ERM activities



These are followed by **Risk Management Information System (RMIS) or Governance Risk and Control (GRC) tools, either in-house systems or purchased from vendors**, which are equally used (40% and 39% respectively). Interestingly, in-house tools represent the same proportion as tools from the market, probably because they allow users to collaborate on shared internal data. The respondents use a RMIS or a GRC tool to perform risk assessment and risk mapping activities, risk monitoring, and action plan monitoring.

The use of **advanced data-visualisation tools** has increased by 4 points since 2022 and these are now used across all ERM activities.

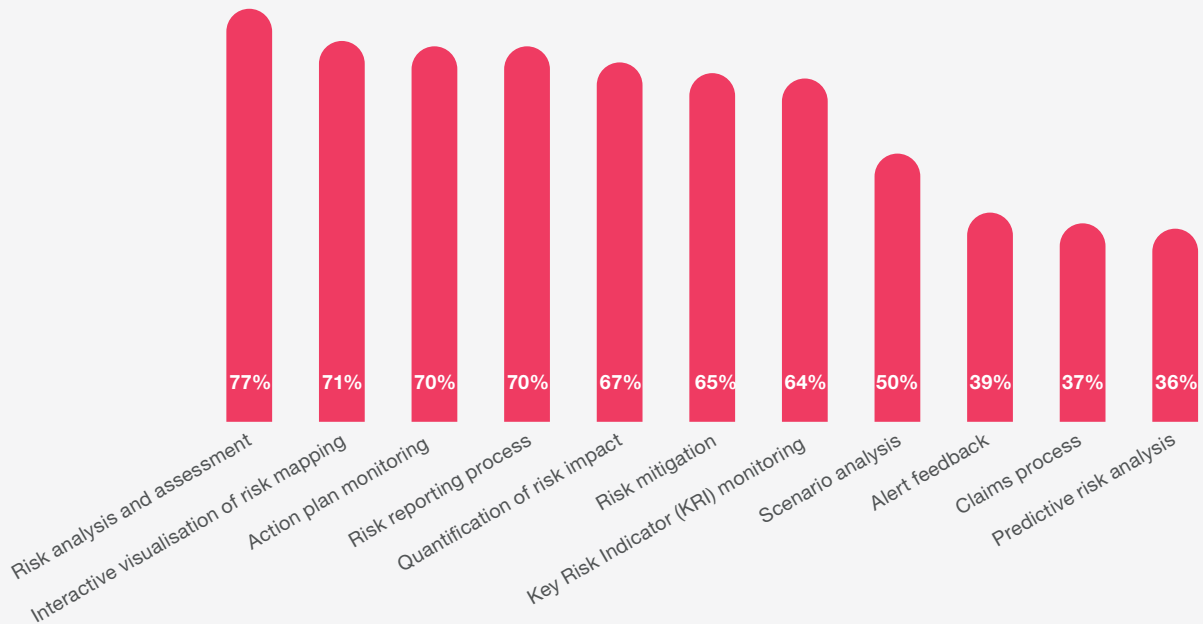
The results show an increased **use of Artificial Intelligence** to perform ERM activities from 9% in 2022 to 13% in 2024 as well as the use of **generative AI** (13%) which is a new category this year. In total, 26% of the respondents use AI to perform some of their activities.

All the listed technologies are used across all the described activities. Each technology is applied to roughly the same extent for each activity.

More digitalised risk management and quantification activities

Risk identification and assessment remains the main technology-backed activity of Risk Managers. **Interactive visualisation of risk maps** has more than doubled from 33% of respondents in 2022 to 71%, closely followed by **action plan monitoring** which increased from 27% in 2022 to 70%. The use of technology in the **risk reporting process** slightly increased by 10 points, but now ranks in fourth position compared with second in 2022.

Technology-backed ERM activities



Quantification is newly proposed and enters the top 5 with 67% of respondents citing it as an activity using technology and it is the second ranked technology-backed activity for the Services sector (74%). **Key Risk Indicators (KRI)** monitoring is the second activity for the Financial Services (73%), while it is the seventh ranked, with 64%, for all other sectors.

The notable rise in the use of technologies for interactive visualisation of risk maps and action plan monitoring indicates that Risk Managers are prioritising dynamic and real-time insights to enhance the decision-making process. The slight increase in risk reporting and the introduction of quantification in the top activities indicate a shift towards more precise data-driven approaches.

Scenario analysis is now performed through technologies by 50% of the respondents, compared with 31% in 2022. The rise of scenario analysis leveraging technological advancements is driven by the need to address complex risks, comply with regulatory requirements, support strategic decision-making, integrate ESG considerations and enhance overall risk awareness.

A minority of Risk Managers perform **alert feedback** and **predictive risk analysis**, supported by digital technologies.

The **claims process** is more digitalised and went up from 21% to 57% this year when looking at Insurance Managers' results.

Using AI technologies to enhance prediction

AI is mainly used for:

19%

risk analysis and assessment

16%

predictive risk analysis

12%

scenario analysis

10%

equally for quantification, risk reporting, and interactive visualisation of risk mapping

Gen AI is following the same trend, used for:

26%

risk analysis and assessment

16%

scenario analysis

13%

interactive visualisation of risk mapping

10%

predictive risk analysis



In Africa, generative AI and AI combined represent the second most used technology for three of the ERM activities: scenario analysis, predictive analysis and alert feedback.

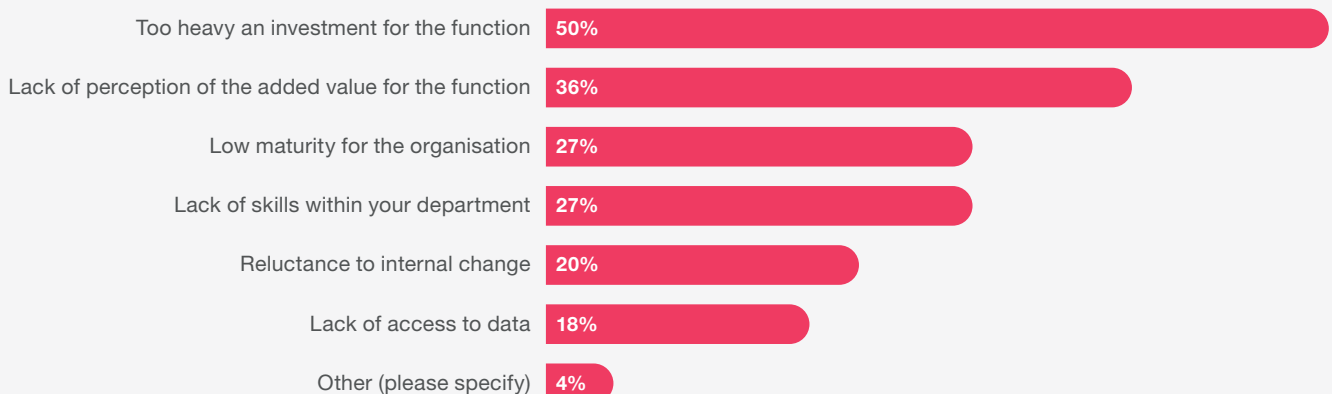
Challenges remain to develop more data and technology usage for Risk Managers

Despite the advantages in efficiency, automation and gaining capacity for anticipating risk, Risk Managers face obstacles to more wide adoption of new technologies:

- The heavy investment it represents for the function (50% in 2024, 45% in 2022, 50% in 2020) ;
- The lack of perception of the added value for the function (36% in 2024, 39% in 2022, 52% in 2020).

These findings align with the results on the corporate strategy focus where the digital transformation of the organisation and /or internal function was chosen by 32% of respondents, putting it at eighth position, closely followed by the impact of AI on the business model and/or internal functions cited by 20% of respondents (refer to part I).

Obstacles to new technologies being more widely used



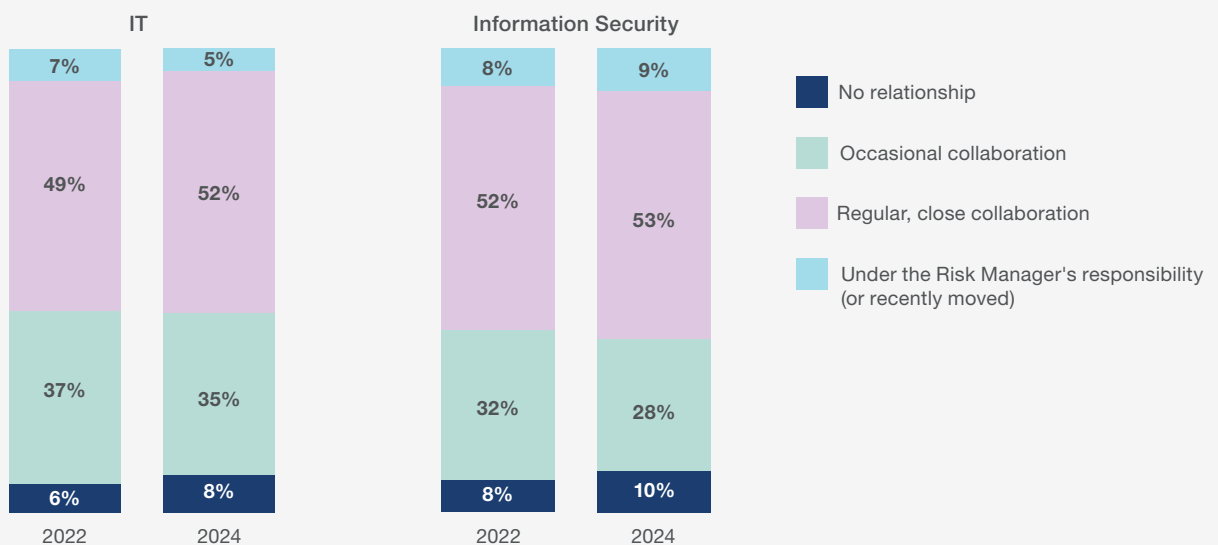
Managing risks arising from emerging technologies

While Risk Managers are working on their own function’s digitalisation, they contribute to dealing with the risks arising from emerging technologies used or likely to be used within the organisation. As new technologies emerge at a rapid pace, organisations face a plethora of potential risks and the Risk Manager’s role is crucial in safeguarding the organisation’s assets, reputation, and continuity of operations.

A stable close relationship between risk management teams and IT and IS teams

Maintaining a close relationship with the IT and IS functions is imperative to allow Risk Managers to gain insights into emerging technologies, understand potential risks, and develop proactive strategies to address them effectively. This partnership fosters a culture of risk awareness and resilience within the organisation, enabling it to adapt and thrive in the face of technological disruptions. As expected in this environment, Risk Managers maintain a high level of collaboration with IT (52% versus 49% in 2022), and Information Security teams (53% in 2024 versus 52% in 2022).


Level of collaboration between Risk Managers and other functions



In Asia the proportion of close collaboration is up to 57%, and 29% of Information Security teams are under the responsibility of Risk Management. A significant majority, 88%, of Risk Managers have close collaboration with IT teams.

Additionally, 43% of Risk Managers are involved in IT security committees where they exist (78% of respondents’ organisations hold one) (refer to part I [🔗](#)).

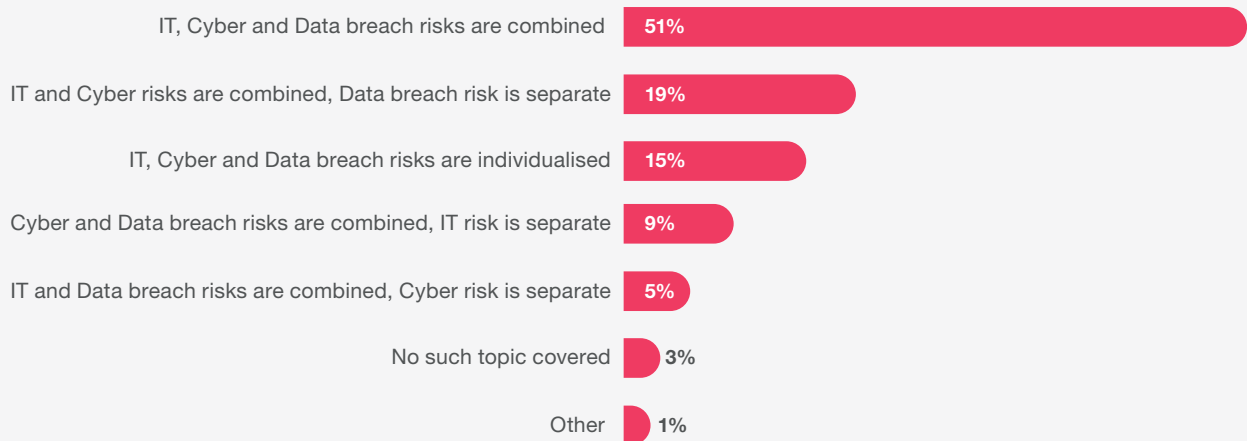
Technological risk mapping requires expertise

Risk Managers are less involved in cybersecurity / IT / data risk mapping than in other areas (such as corruption, ESG), and are mainly informed of such risk map (44%). However, almost half of respondents are involved: 25% coordinate and provide the methodology; 12% validate; and 11% are fully responsible for performing those risk mapping exercises (refer to part 1 ).

Level of Risk Managers' involvement in cybersecurity / IT / data risk maps



Consideration of IT, cybersecurity and data security risks



Half of organisations combine IT, Cyber and Data breach risks when performing risk management activities, while 15% consider these risks individually.

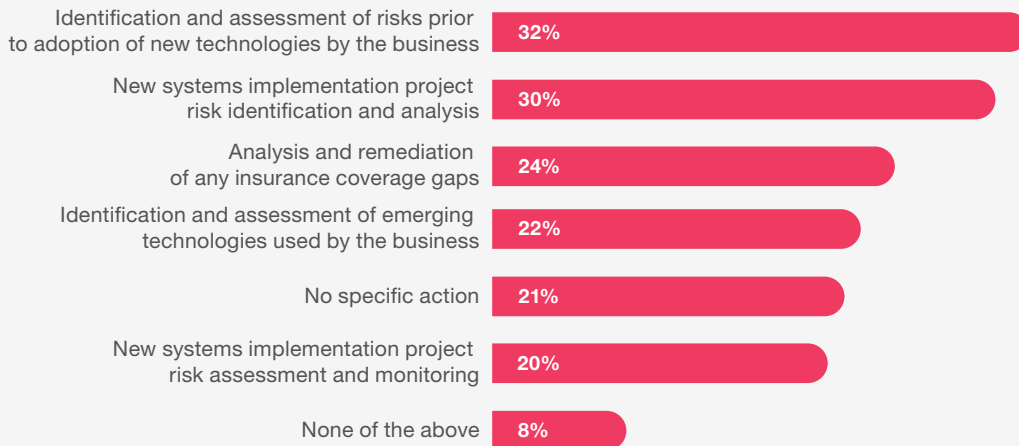
The combination of these three risks in most cases seems to indicate Risk Managers are treating these risks at a macro level. More granular analysis is often delegated to specialist functions as they require expertise. Indeed, such risks hide very different related-risks and mitigation actions, for instance for cyber risks: ransomware, malware infection, denial of service, or IP/ credential thefts. While Risk Managers are key to providing the methodological guidelines, the assessment itself remains with subject-matter experts.

Early involvement of Risk Managers in the adoption of new technologies

Cyber-attacks and data breach are in the Top 5 of threats within the next 12 months. It is interesting to observe that within 10 years, most technological threats are no longer in the Top 10.

Some 79% of Risk Managers are involved in the risk management of technological and/or digital projects, increasing by 9% points since 2022.

Involvement of risk management in technology and digital projects



Risk Managers' involvement remains stable on the identification and assessment of risks **prior to adoption** of new technologies by the business, and on the analysis and remediation of any insurance coverage gaps. Technologies **already being used** by the business are less of a priority for Risk Managers (decrease by 10 points since 2022), confirming the trend from previous surveys (-7 points between 2020 and 2022). This could highlight a better anticipation and maturity in the risk assessment of technology.

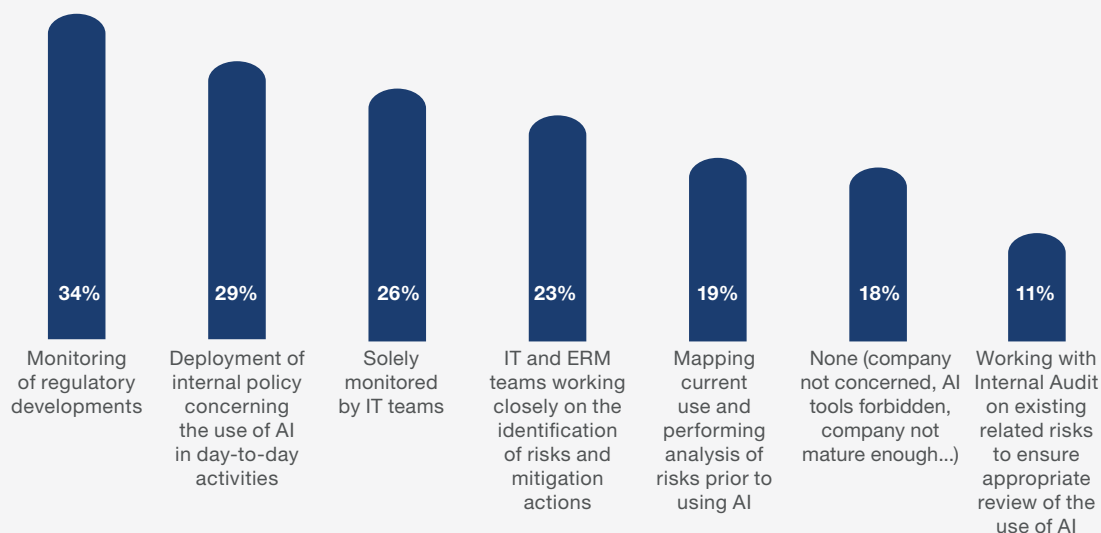


New system implementation project risk identification and analysis is the biggest area of involvement for respondents from Africa, Asia, and Oceania. Half of respondents analyse and remediate any insurance gaps in North America, while only 6% perform such activity in Africa.



89% of Risk Managers work on AI-related risk management.

Risk management methods for addressing the new risks arising from Artificial Intelligence



Most of respondents perform regulatory watch or deploy internal policy concerning AI usage. Only 26% declare AI risks are solely monitored by IT teams and 23% of the respondents said they collaborate with IT teams on the identification of risks and mitigation actions.

Growing regulation of Artificial Intelligence.

With the accelerated technological development of Artificial Intelligence and associated risks (access to historical data, the creation of unverified information deepfakes, etc.), governments are working towards regulating its usage.

Several regions and countries has developed regulations such as:

- AI Act in Europe
- Blueprint for an AI Bill of Rights in the United States
- Algorithmic Accountability Act in the United States
- Artificial Intelligence and Data Act in Canada
- Interim Measures for the Management of Generative AI in China

The EU Artificial Intelligence Act was adopted by the European Parliament in June 2023. The proposed law on AI follows a risk-based approach, which provides rules tailored to the level of risk generated using AI. It has set 4 different levels of risk and associated requirements, from minimal risk with limited requirements to unacceptable risk with forbidden usage of certain types of AI.

The objectives are to:

- Ensure that algorithms protect individuals and their fundamental rights.
- Enable European actors to gain competitiveness against other actors.

It will apply to all actors using AI-based systems in Europe.

For more information on AI Act, refer to the dedicated website: <https://artificialintelligenceact.eu/>

4

Insurance Managers exploring alternative risk transfer solutions

Insurance market conditions remained tough over the past 12 months

Overall, the market continues to be influenced by broader economic trends, regulatory changes, and evolving risk landscapes, necessitating careful navigation by both insurers and insureds. In this context, Insurance Managers must understand market trends and provide appropriate analysis to decision-makers to continue adapting strategies and efficiently cover risks.

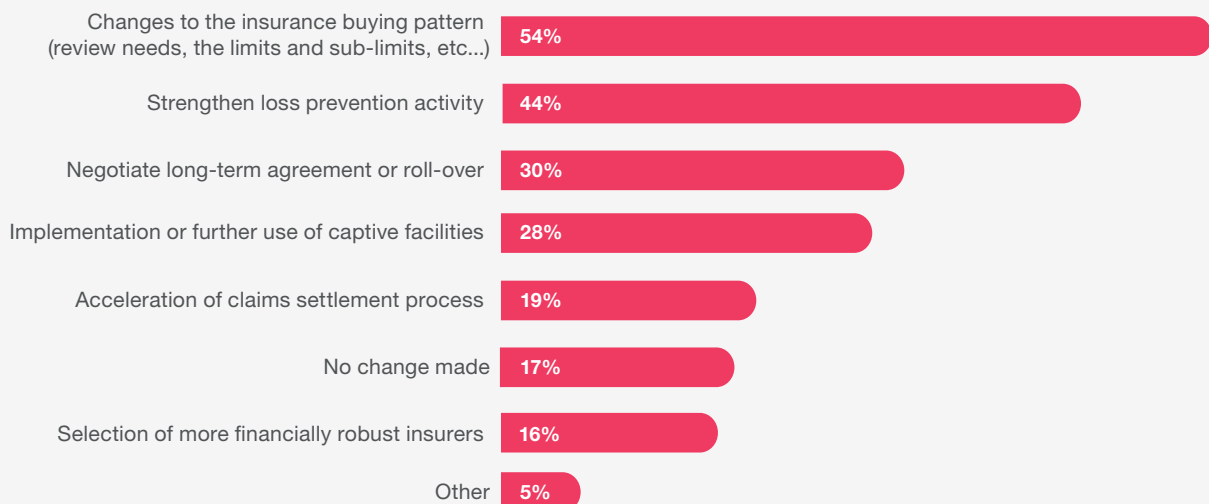
The most impactful trends in the insurance market from the 12 past months show consistency with the results from previous survey: **increase in premiums** remains the most significant trend; **reduction in capacity** and **exclusion of specific risks** follow. **Wording changes** moves up to fourth position, from sixth in 2022.



Africa stands out by ranking “lack of innovative insurance solutions” in second place (compared with fifth position globally), highlighting the significant market demand in Africa to manage risks in a market that currently lags in insurance development and maturity.

Consequently, Insurance Managers rely on the same insurance strategy changes to their insurance programmes as in 2022:

Changes made in insurance strategy over the past 12 months



- **Changes to the insurance buying pattern**, to reduce premium expenses in a fluctuating insurance market, and review their coverage with regards to the risks landscape evolution. Additionally, new insurance market conditions and solutions emerge and require Insurance Managers’ awareness and assessment.
- **Strengthen loss prevention activity**, to anticipate further hardening conditions on the insurance market and remain attractive for insurers.

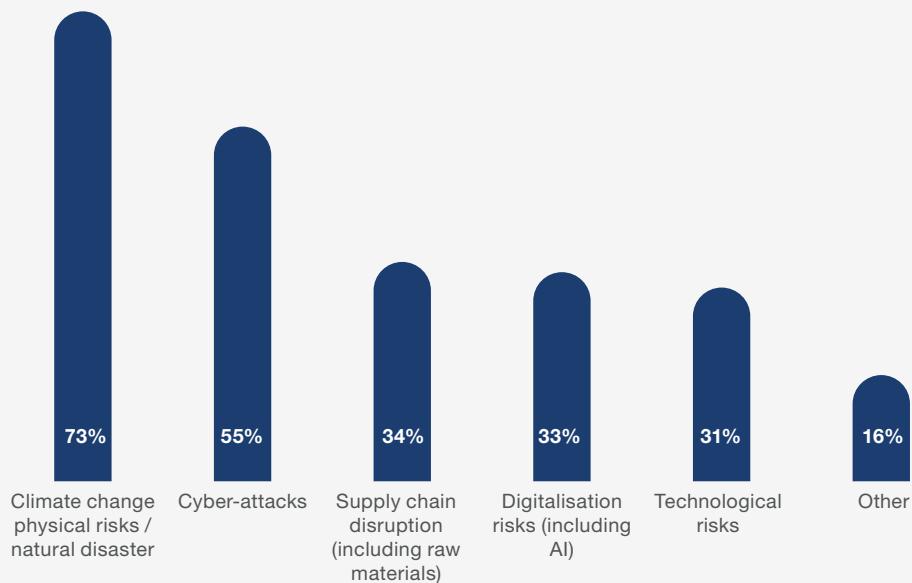


Africa and Oceania rank this as their top insurance strategy over the past 12 months.

- **Negotiate long-term agreements**, to stabilise costs and coverage and secure favourable terms and conditions, in a context where the insurance market seeks to adapt to constant crisis. Insurance Managers are forced to strike a balance between their assessments of risks over a long-term horizon and insurance contracts that are still frequently short-term in scope.
- In addition, **implementation or further use of captive facilities** may appear beneficial when considering long-term risk.

More than half of respondents think some of their business activities or locations will become uninsurable in the future (53% in 2024 versus 41% in 2022).

Risks cited as potentially uninsurable in the future

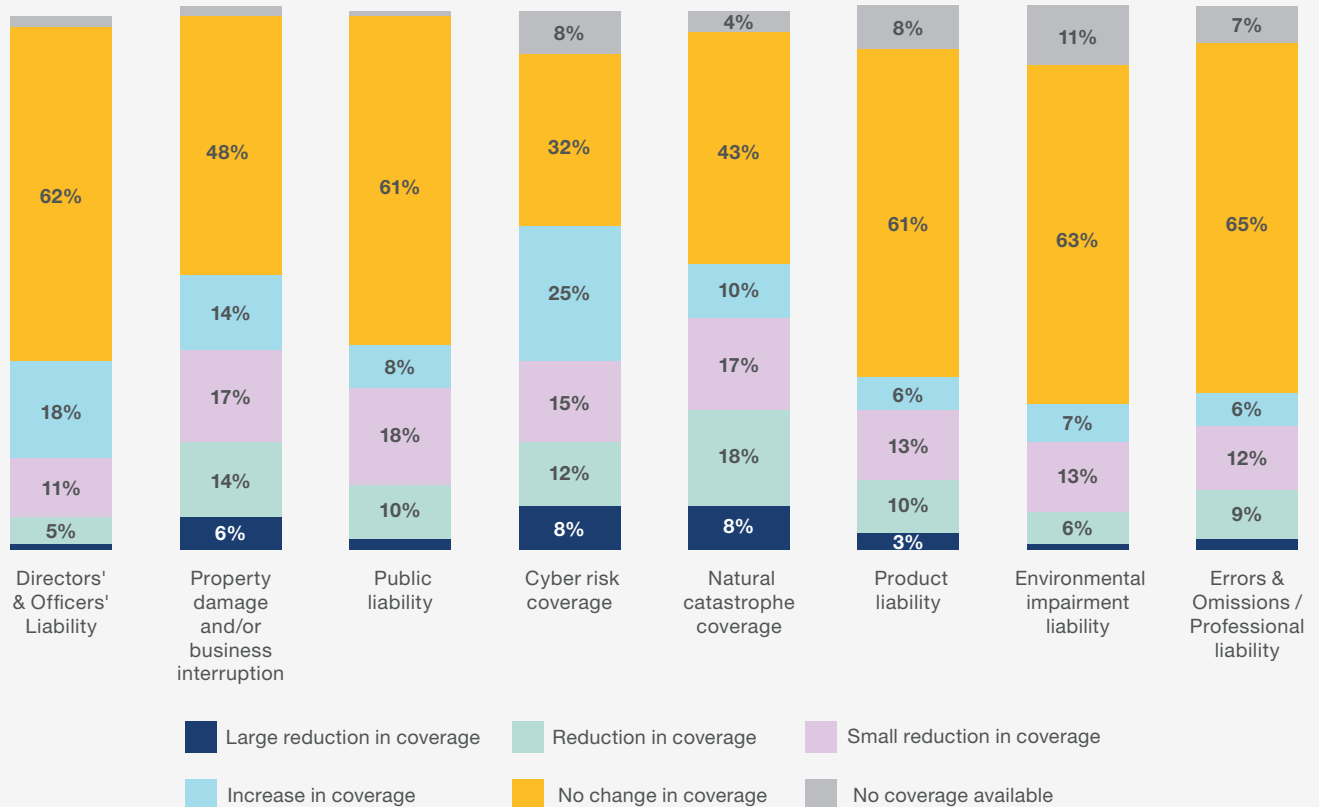


Of this 53% of Insurance Managers, almost three quarters think climate change physical risks and natural disasters are the most probable area where insurance capacity will withdraw (73% globally, and up to 100% in Asia). More than half of respondents estimate that cyber-attacks will become uninsurable, and technological and digital risks both are cited by about one third of respondents. The “other” category notably included war, terrorism, and political risks.

Notable changes in coverage over the past 12 months

In 2024, 25% of respondents noted an increase in **cyber risk coverage**, from 14% in 2022. Furthermore, there was a large reduction in cyber risk coverage only for 8% of respondents in 2024, a considerable improvement compared with the 33% reported in 2022. This trend indicates a stabilisation or re-evaluation of cyber risk strategies, with fewer companies experiencing drastic changes in their cyber risk coverage.

Changes in coverage for various business lines over the past 12 months



Only 1% of respondents report a large reduction in **D&O liability coverage** in 2024, compared with 12% in 2022, suggesting enhanced stability or increased satisfaction with the current levels of D&O coverage.

The situation remained challenging for **natural catastrophe coverage**, with 42% of respondents reporting a reduction in 2024. Natural catastrophe risks continue to be a significant concern for insurers and insureds alike, with limited progress in expanding coverage options.

More than two-thirds, 37%, of Insurance Managers report a reduction for **property damage and/or business interruption**.

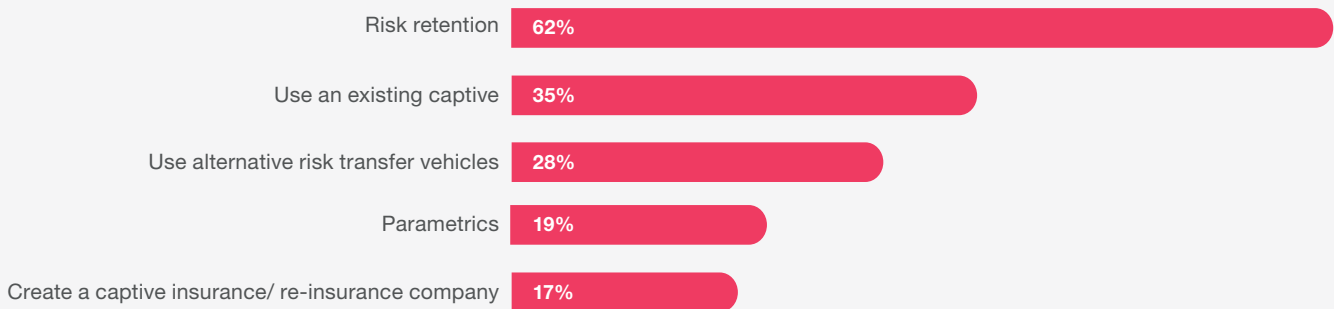
Increased adoption of captives in risk management strategies

Slight increase in setting up a captive as a strategy for the next two years

In 2022, 73% of respondents indicated a preference for **risk retention**, compared with 62% in 2024, reflecting the importance of risk transfer within risk management solutions. This change indicates a growing interest in more structured and alternative approaches.

The **use of existing captive** remains the second most commonly cited strategy of Insurance Managers, while the **creation of captive insurance or reinsurance companies** rose to 17% of responses in 2024 from 12% in 2022. This suggests that organisations are seeking more tailored and controlled mechanisms to manage their risks.

Strategy in regards to the financing of risks over the next 2 years



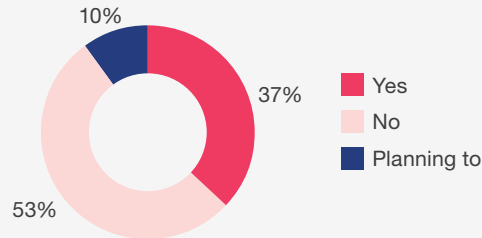
A new strategy emerged with **parametric insurance** cited by 19% of respondents as a solution to finance risks over the next two years. This solution is particularly interesting as a method of financing for natural catastrophe exposures.



A stable proportion of respondents use a captive or similar since 2020

However, this year, 10% of respondents say they are considering this risk transfer solution.

Does your organisation use a captive or similar?



In Africa, 30% of respondents' organisations already use a captive; 40% in Oceania; 33% in South America; 50% in Asia use a captive and a further 25% plan to use one; more than a quarter - 27% - in North America use a captive and 13% plan to use one.



92% of respondents do not plan to change the domicile of their captive. More than half captives are domiciled outside of the country in which the parent company is headquartered.



Captive coverage is expected to evolve over the next two years

Captives will increasingly be used for four lines of cover in the next two years:

52%

Property and business interruption

45%

Cyber

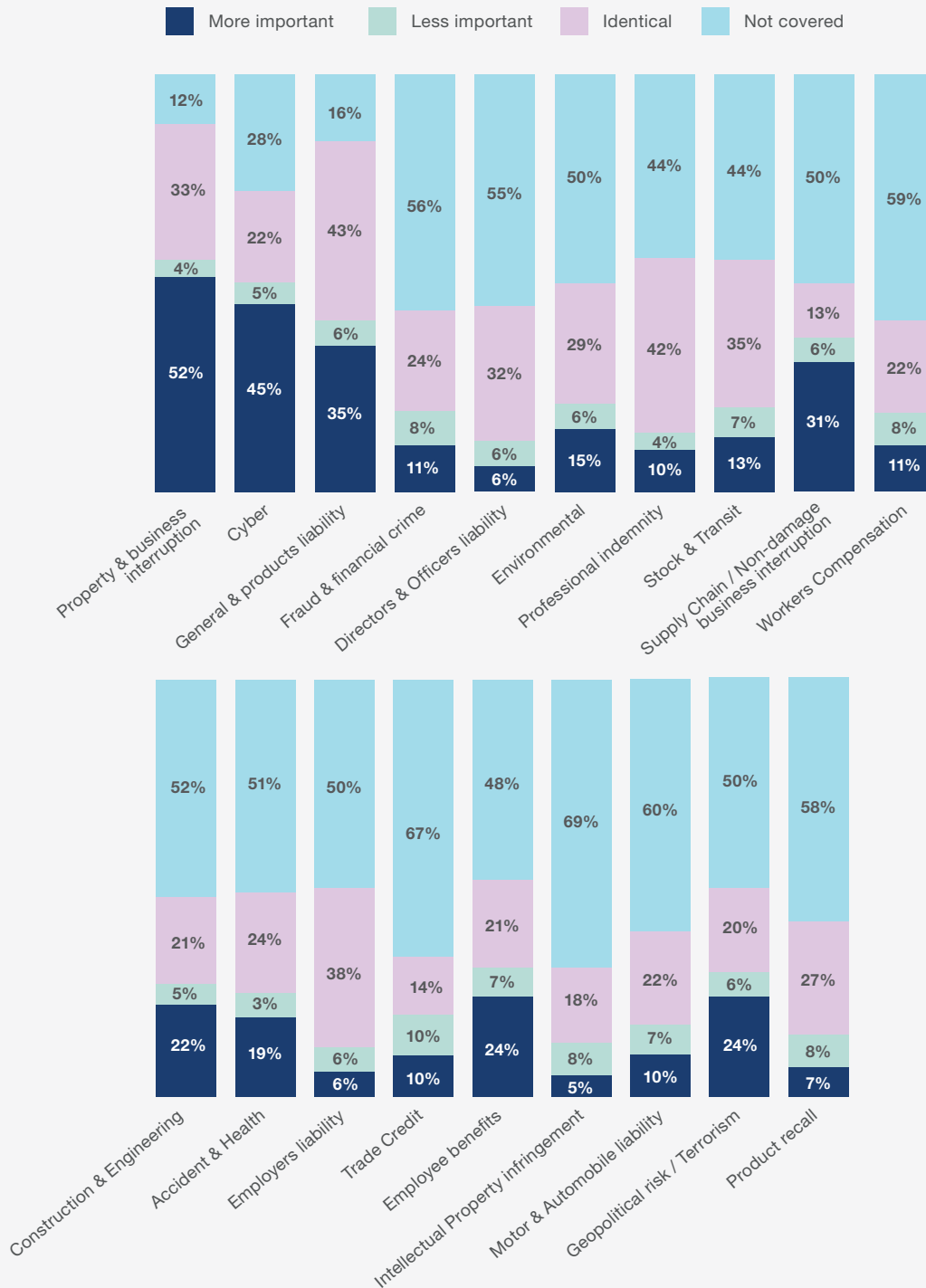
35%

General and products liability

31%

Supply chain / non-damage business interruption

Involvement of captive by lines of cover over the next 2 years





in partnership with



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