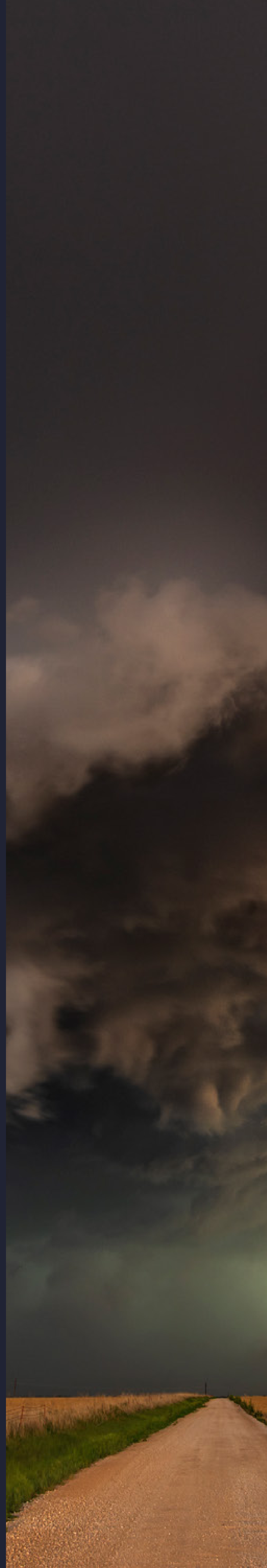
Ninth Edition

Global Risk Management Survey

Key Findings

1

Introduction



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Responses to the ninth edition of our Global Risk Management survey suggest that doing business has not become any easier since the last time we conducted the survey, in 2021. In fact, our respondents feel that doing business has become even more volatile and uncertain.

The COVID-19 pandemic loomed large in 2021, when our survey respondents ranked their key business risks. Hackers were exploiting cyber security vulnerabilities in all sectors, having broken records for malicious attacks in 2020. Businesses that survived 2020 shutdowns and the pandemic-driven global recession were struggling to recover and adapt to a new environment.

In the ensuing two years, we have experienced a continuing whirlwind of macroeconomic and geopolitical change. While IMF Managing Director Kristalina Georgieva's **dire predictions** of widespread recessions in 2023 did not materialize, economic growth in China, the EU and the U.S. slowed dramatically, and a number of Eurozone countries — including Germany, the EU's largest economy — entered a **recession**.

Protracted inflation and fluctuating interest rates have slowed down the global economy just as geopolitical volatility and workforce shortages reduced commodity production and disrupted supply chains. Frequent and severe weather events caused **billions in insured losses** and highlighted a large protection gap. Tackling climate change has become a high-profile social and organizational imperative.

Organizations continue to adapt to business models that evolved rapidly amid the pandemic. Chronic workforce shortages, coupled with heightened employee expectations for work/life balance, make competitive employee value propositions and wellbeing strategies essential to attracting and retaining top talent. Talent is a competitive differentiator: growth, productivity and innovation demand full staffing and leading-edge talent. While new technologies, including artificial intelligence (AI) and cloud computing, are helping organizations become more efficient, they are also disrupting sectors such as the entertainment industry and prompting ethical debates, concerns over **intellectual property infringement** and calls for tighter controls.

Trade, technology, weather and workforce stability are the central forces in today's risk landscape. While each of these forces individually affects risk exposures, their increasing interconnectedness is adding to the complexity of risk and presenting new challenges to business leaders.

This is the macro context within which respondents completed the ninth edition of our Global Risk Management Survey. The intersections between risks (both operational and talent-related) and the knock-on effects of macroeconomic forces are evident in the results, which were gathered from nearly 3,000 respondents in 61 countries and territories and 16 key industries, at public and private companies of all sizes.

2
Top Risks

Top Risks

Top 10 Current Risks

1 Cyber Attacks/ Data Breach

2 Business Interruption

3 Economic Slowdown/ Slow Recovery

4 Failure to Attract or Retain Top Talent

5 Regulatory/ Legislative Changes

6 Supply Chain or Distribution Failure

7 Commodity Price Risk/Scarcity of Materials

8 Damage to Reputation/Brand

9 Failure to Innovate/Meet Customer Needs

10 Increasing Competition

Perennial Risks, New Reality

Although many of the top 10 risks remain unchanged since 2021, the macroeconomic environment in which they must be managed is markedly different. The velocity of risk evolution, which was triggered by the pandemic in many areas, continues to intensify and forge greater interconnectivity between risks.

2

As predicted in the 2021 survey, cyber attacks/data breach remains the top current and future risk, both globally and for risk and C-suite professionals. Cyber attacks/data breach also remain in respondents' top 10 future risks for every region. Cyber risk did not come into the top 10 until 2015, but it has since risen in importance and became the number one risk globally in 2021 and again in 2023.

Corporate digitization programs as well as increases in remote working and the widespread use of automation and service centers mean that cyber exposure is a critical aspect of overall organizational success. Mitigation actions and protocols can quickly become ineffective as soon as attackers shift their tactics. As Aon's 2023 Cyber Resilience Report highlights, ransomware attacks were more than 1,010 percent higher in the third quarter of 2023 than they were in the first quarter of 2019, even though they declined in 2022. The overall rise in malicious activity is evident in regular news reports of breaches and exemplifies the need for continued vigilance and proactive protections.

Our survey respondents report their highest-ever level of readiness for cyber attacks/data breach at 89 percent, while their reported loss of income from cyber attacks/data breach was unchanged from 2021 at 18 percent. Notably, this is the second lowest loss of income reported for the global top 10 risks. These figures align with Aon's Cyber Resilience Report: despite a sharp rise in incident frequency and severity, ransom payments remained flat and average cyber maturity improved, going from "basic" to "managed" from 2021 to 2023. All these data points indicate that organizations are prioritizing this risk and have plans in place to address its potential effects on their business.

Despite the levels of preparedness reported, only 13 percent of respondents say they have quantified cyber risk, and 24 percent say they have developed risk management plans for cyber attacks/data breach. The low number for quantifying cyber risk is concerning. It suggests a disconnect between tactical risk improvement and risk governance and deviates from what Aon would recommend as best practice for enterprise management of cyber risk. This is something that organizations should ensure they address, considering changing regulatory requirements for reporting material cyber incidents and risk governance. In short, the complexity and velocity of cyber risk remains challenging for organizations.

Business interruption remains the number two risk, intrinsically linked to many other top 10 risks. Respondents in Latin America rank it as their number one current risk, as do respondents from the natural-resource sector. Business interruption is now more systemic partially because of global business operations'

use of new technology. Additionally, the focus for companies is shifting from event-based to impact-based risk assessment. Though its impacts were previously viewed as linear, the pandemic demonstrated that business interruption can affect multiple industries, regions, trade paths and companies simultaneously as they phase in and out of periods of recovery. At the same time, the number of business interruption events has been increasing. Not only have impact assessment criteria for business interruption shifted from being event-based to becoming impact-based, but they have also been redefined to include environmental, social and governance (ESG)–related categories and increasingly non-damage as well as property damage losses. Ethical, social and reputational impacts are increasingly significant criteria for business interruption losses. So-called non-damage events may not cause any physical damage, but they can result in similar material financial losses. Persistent inflation has also driven up the value of some assets, which can lead to valuation coverage gaps in the event of a business interruption–related loss.

Ranked at number eight in 2021, supply chain/distribution failure moved up to six in our latest survey — its highest ranking in 14 years. This risk is inextricably linked to cyber attacks/data breach (ranked number one), business interruption (number two), and commodity price risk/scarcity of materials (ranked number seven).

Geopolitical volatility in Asia and Eastern Europe has created new disruptions in production and distribution and exacerbated the supply chain issues, such as workforce shortages, that began during the pandemic. Procurement directors in multinational organizations cite inadequate staffing for transportation and logistics of goods as a major supply chain exposure, preventing them from moving product at their desired pace.

According to the data in this survey, less than 40 percent of organizations have conducted supplier resilience assessments, and less than 20 percent have diversified their supplier base to mitigate supply chain or distribution failure risk. Additionally, only 12 percent of participants indicate they have quantified their supply chain or distribution failure risk. Insufficient mitigation efforts, therefore, appear to be correlated closely with a rise in supply chain/distribution risk exposure.

Respondents rank damage to reputation/brand risk at number eight — its lowest position since the survey's debut in 2007. 8 percent respondents report a loss of income stemming from reputational or brand damage during the 12 months prior to taking the survey. This is the same figure as our 2021 survey, but when a loss does occur, incidents that may seem inconsequential can quickly turn into global headlines when amplified by social media and a 24/7 news cycle; they also have the potential to reduce corporate income and valuations.

The effects of reputation damage on consumer perceptions and behavior — especially among those closely attuned to organizational transparency and ethics — can be immediate and devastating. One incident can not only dampen sales and amplify the cost of selling a product but also damage the entire brand and trigger substantial loss of income. Boards weigh each potential action against how a public with constantly shifting opinions and sensibilities can possibly interpret that action. And because cyber risks and reputational risks are so heavily interconnected, it's vital that companies have in place robust advance planning for incident recovery. While survey participants appear to be attuned to the causes and effects of reputational and brand damage and are putting plans in place, they are struggling to quantify the risk, with only 11 percent of respondents reporting that they had quantified the risk of damage to brand and reputation.

The Compounding Effect of Human Capital Risks

The failure to attract or retain top talent, selected as a top 10 future risk by respondents from North America and Asia Pacific in 2021, was ranked as the number four current and future risk in our latest Global Risk Management Survey, and HR respondents put it at number one. This is its highest position since the survey began.

Amid global workforce shortages, organizations are focused on efforts to win and retain top talent. Understaffing was a legacy of the pandemic that is today being exacerbated by a persistently tight labor market and an aging workforce. Past demographic analyses predicted a talent drain, but concern over the enormous scale of the human-capital problem is apparent in the responses to our most recent survey.

Indeed, a key finding of this year's results is the visibly increasing influence of human-capital issues on the top 10 global risks. Shortfalls in talent, workforce or critical specialized skills can hamper innovation and competitiveness and increase exposure to cyber attacks, regulatory breaches, supply chain issues, business interruption and reputational damage.

The potential revenue impacts of workforce shortages limiting production and distribution are a primary concern to survey respondents. Widening capacity and skills gaps are also of central importance. In key skills areas, the competition for talent is so intense that some businesses and even entire sectors are lagging behind on several fronts, including innovation. For example, 200,000 registered nurses left the U.S. workforce between 2020 and 2022, potentially impacting service levels and patient care and increasing organizations' risk of exposure to medical malpractice and its consequent reputational and financial ramifications.

Respondents in human resources roles rank the failure to attract or retain top talent as their number one current and future risk. In fact, this risk rose in future rankings among respondents in all roles except the C-suite. C-suite respondents rank it as their number three future risk and number two current risk. Risk and finance professionals include the failure to attract or retain top talent in their top 10 current risks at seven and nine, respectively.

While 34 percent of participants report having assessed their exposure to the failure to attract or retain top talent, only 10 percent report quantifying that risk, reflecting the challenge that organizations face in calculating the true impact of a highly complex human-capital risk.

Top Risks: Increasingly Interconnected and Complex

Organizations around the world are struggling against high inflation, stagnating economic growth and numerous other headwinds in their efforts to grow their businesses and protect their balance sheets.

New, technology-led business models are evolving rapidly, driven by advancements such as generative AI and cloud computing. Widespread digitalization also highlights the need to cultivate relevant skills in the current and future workforce and recruit talent equipped to lead and implement change across an organization. Likewise, talent is needed to investigate and manage the ethical, social and cybersecurity implications of these new, globally interconnected tools and ways of doing business. Social trends and the lasting effects of the pandemic have also greatly diminished the availability of specialized talent. To address workforce gaps and attract and retain employees with the necessary skills and experience, organizations are reviewing their employee value propositions and taking other measures to mitigate human-capital risks.

Since we conducted the 2021 survey, weather events have driven further concern about climate change and have been unpredictable in both frequency and severity. Insured and uninsured associated losses, alongside devastating losses of life, are breaking records. This reality is apparent when comparing the 2023 survey — in which four sectors rank weather/natural disasters in their top 10 current risks and climate change risk is in the top 10 for three sectors — with the 2021 survey, in which those two risks appeared in only one sector's top 10.

As an organization's exposure to individual risks intensifies and evolves, so do the connections between them. Consequently, organizations' preparedness efforts must follow suit, even amid economic and staffing challenges. But how are participants responding to this challenge?

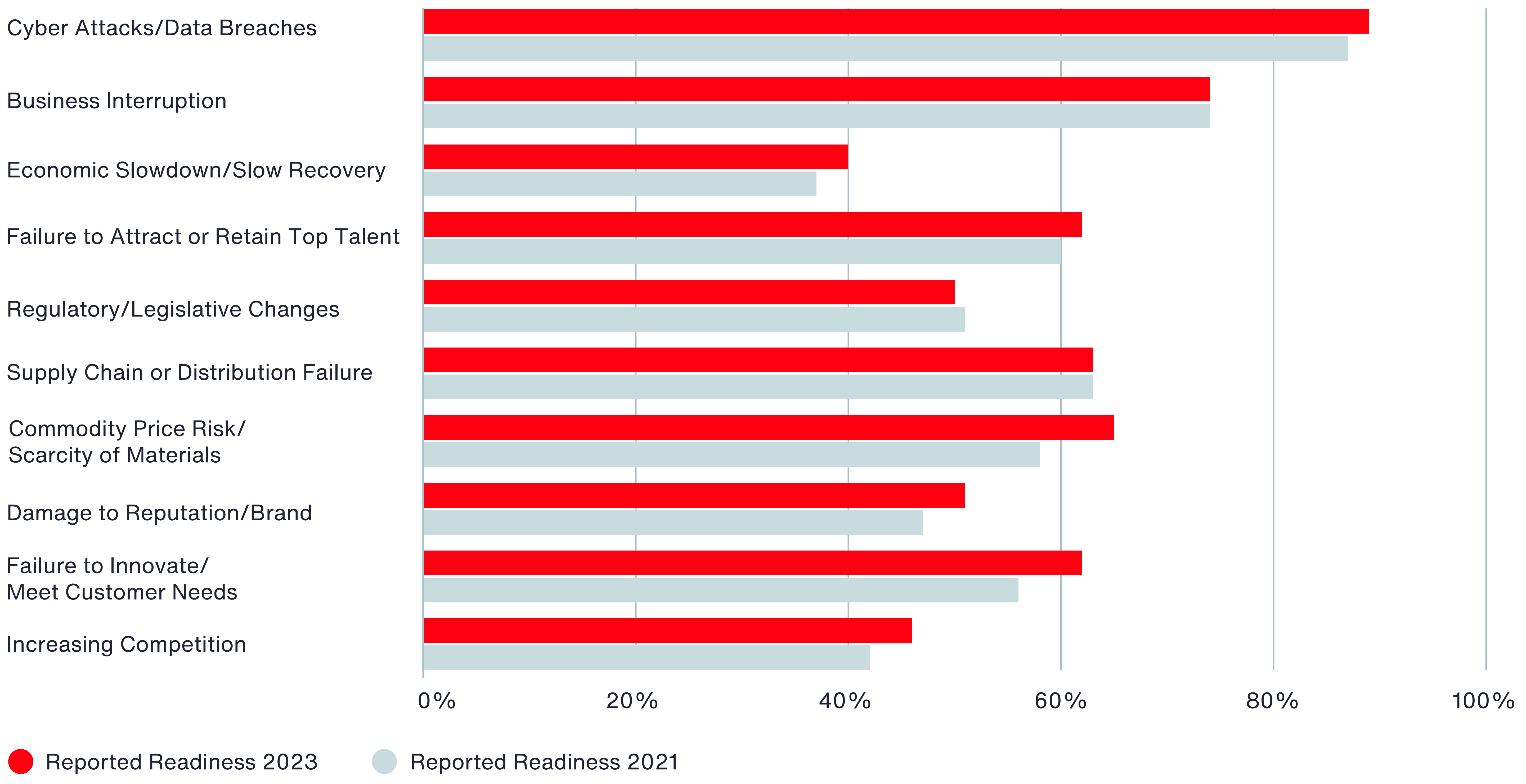
Risk Readiness and Mitigation: A Closer Look

Organizations' reported readiness for risks serves as a good barometer of overall risk management activity, sophistication and dynamism. Respondents to our latest survey report average risk readiness for global top 10 risks at 60 percent, the highest in 10 years. Certainly, more organizations are creating plans to address their top 10 risks, a trend observed in the 2021 edition of this survey.

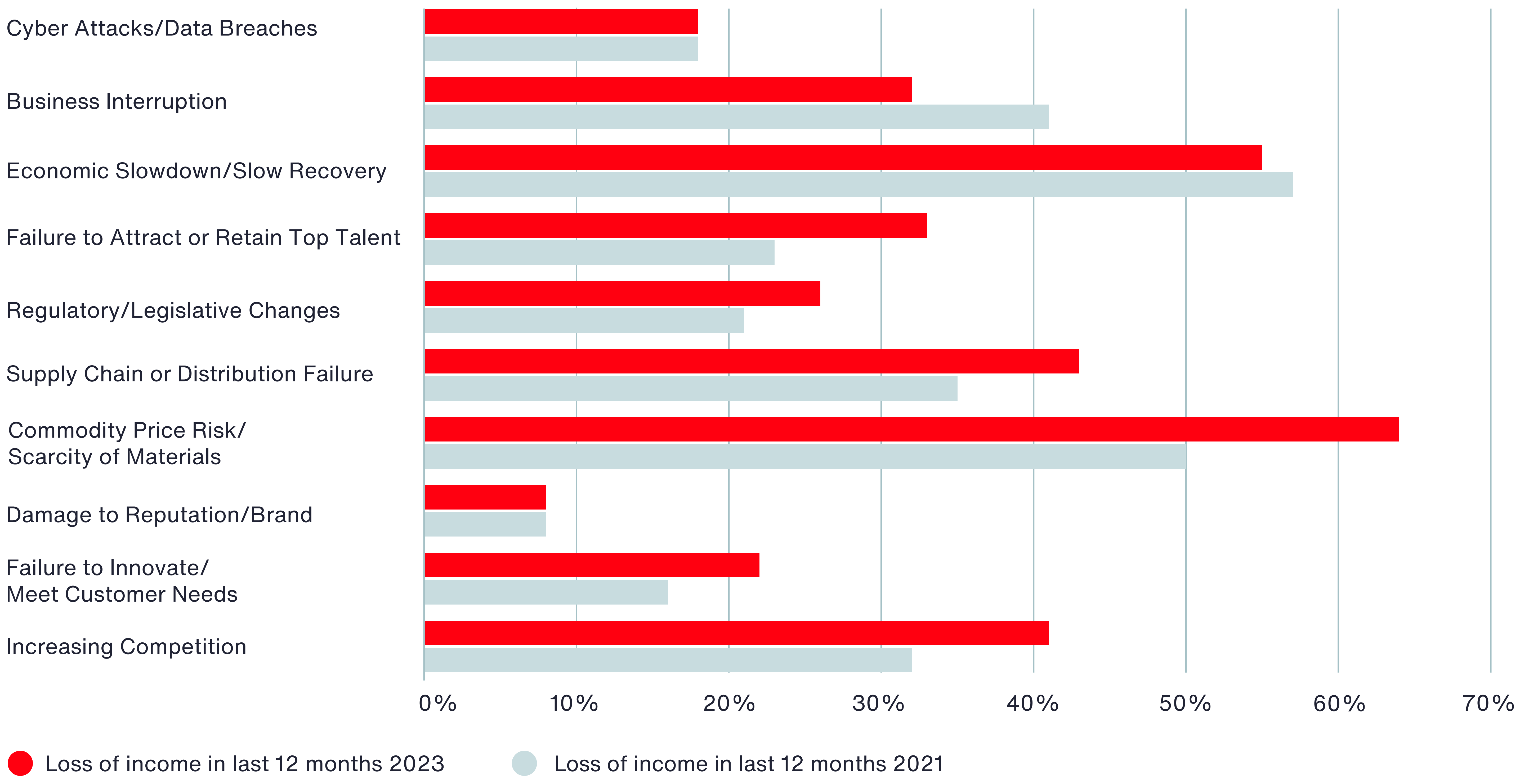
Risk readiness increased for all but one of the top 10 global risks from 2021 to 2023, and it declined by only one percentage point for regulatory/legislative changes, potentially reflecting the struggle to keep pace with changes.

Despite reported readiness gains, 39 percent of respondents report income losses related to top 10 risks in the past 12 months. This is the highest percentage reporting losses in 10 years and is nine percentage points higher than 2021.

Risk Readiness for Top 10 Risks



Loss of Income from Top 10 Risks



Many of the risks currently in the top 10 can be characterized as event disruption risks — major events that stop an organization in its tracks. For the reasons mentioned previously, such events are occurring more frequently and in greater numbers. And, while contending with a portfolio of interdependent risks, organizations face a talent shortage that further heightens exposure and complicates planning. Risk management frameworks should be strengthened to help organizations and their balance sheets withstand the mounting volatility and velocity of the risk landscape as well as economic uncertainty.

Macroeconomic changes and progressively complex and interrelated exposures have contributed to the persistence of those risks ranked in the top 10 in 2021. Nonetheless, inadequate quantification of these risks and their intricate intersections has played a major role in certain risks remaining in 2023's top 10.

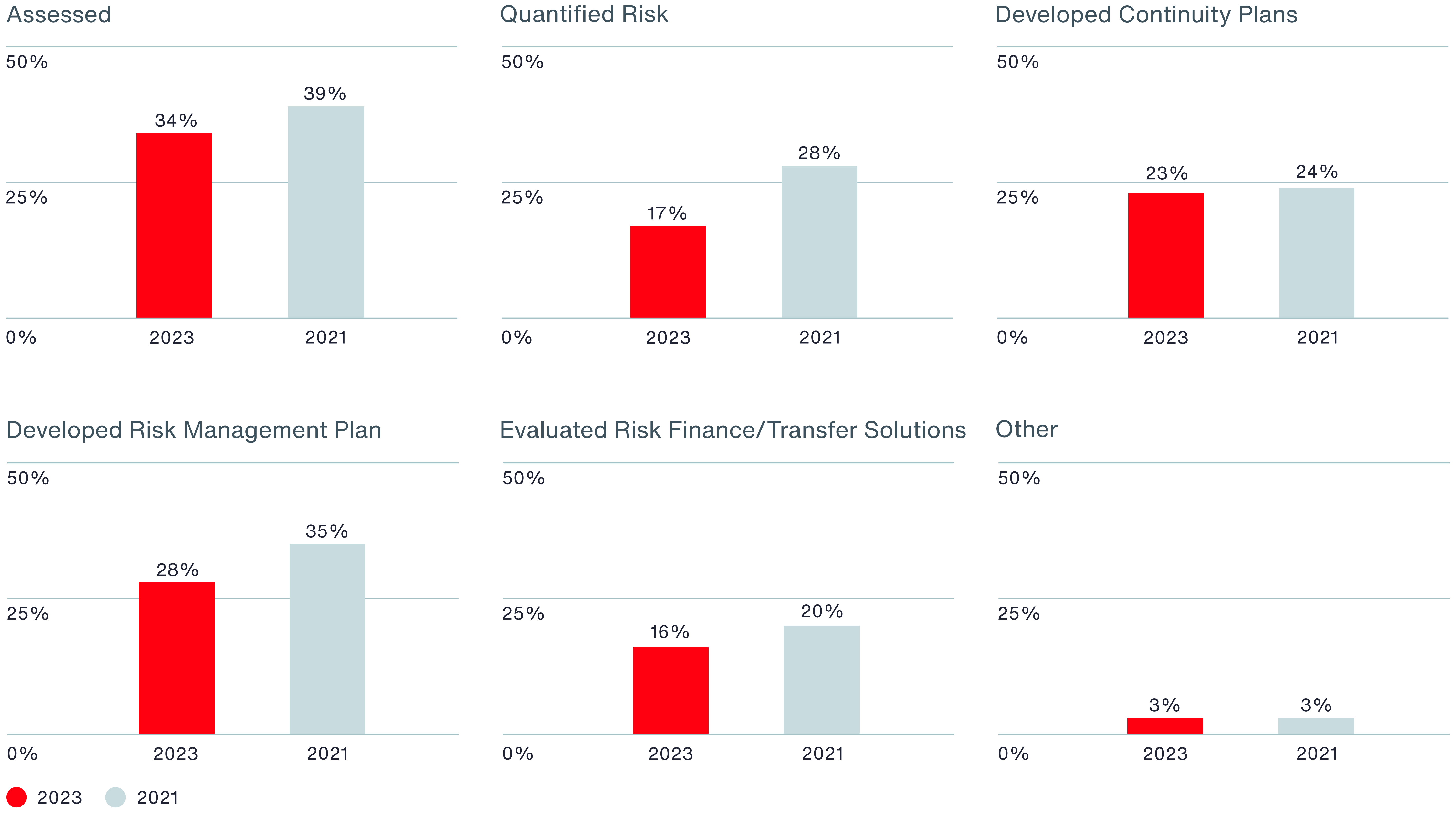
Risk Quantification

Despite the high percentage of participants reporting mitigation actions in place for top 10 risks, when individual aspects of reported readiness are examined, their relationship to the increased loss of income reported becomes clear.

In fact, quantification of risks dropped dramatically from 2021 to 2023, by 11 percentage points, from 28 to just 17 percent. When organizations cannot adequately measure their potential exposure to a risk, efforts to mitigate or recover are likewise inadequate. Informed decision making is the cornerstone of robust risk resilience and requires full life cycle assessment, quantification, mitigation and management.

Until quantification improves, exposures to these risks will remain at the forefront of organizations' concerns, potentially inhibiting growth. While risk quantification is often complex and requires a great deal of data that many business leaders do not believe they have, a combination of organizational data and risk modeling will ensure that they are better informed and can make better risk management decisions.

Mitigation Actions Taken for Top 10 Risks



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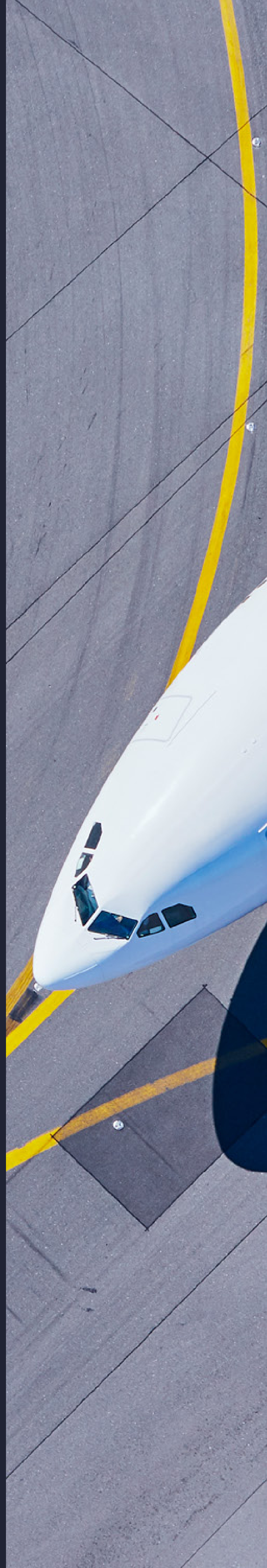
Future Risks



3 Future Risks

Top 10 Future Risks	
1	Cyber Attacks/ Data Breach
2	Economic Slowdown/ Slow Recovery
3	Commodity Price Risk/Scarcity of Materials
4	Failure to Attract or Retain Top Talent
5	Regulatory/ Legislative Changes
6	Business Interruption
7	Increasing Competition
8	Workforce Shortage
9	Failure to Innovate/Meet Customer Needs
10	Cash Flow/ Liquidity Risk

Participants predict the future top 10 risks will remain fairly consistent with current top risks. Cyber attacks/ data breach remains the number one risk in the future, reflecting technology's role as both a key enabler of economic growth and driver of the progressively complex, evolving cyber threat landscape.

The human-capital impacts on the risk landscape are likely to intensify, according to survey participants. Failure to attract or retain top talent retains its number four rank in predictions for the future, and workforce shortage moved into the top 10 predicted risks, ranking at number eight in 2026 globally. Seven industry sectors include workforce shortage in their top 10 future risk lists, and the healthcare providers and services sector list it as their number two future risk. This illustrates the importance of alignment between risk and people leaders in acknowledging human capital's fundamental role in enterprise growth as risk resilience and workforce resilience become more intertwined.

Other notable future risk rankings gathering momentum:

- **Political Risk,** ranking at number 16 in 2023, moves up five spots in the future risk list to number 11. Participants are clearly concerned that the effects of geopolitical volatility will increase the risk to their organizations. Indeed, increased levels of political polarization across the globe mean a change in a country's government could come with significant policy changes, causing heightened uncertainty. And with a protracted conflict in Ukraine and greater instability in Israel and the wider Middle East, this prediction may prove accurate.
- **Climate Change** also moves up five spots between 2023 and 2026. While respondents do not rank climate change risk at the level our experts consider appropriate, it does rank as a number seven and nine future risk, respectively, by participants in Latin America and Europe in 2023's survey.
- **AI** rises a massive 32 places, going from number 49 in the 2023 current risk list to number 17 in the future risks. HR respondents place AI in their top 10 future risk list at number eight, while participants from India and the UK rank it their number seven and number three top future risk, respectively. This signals that while organizations recognize AI's economic potential and are embracing new technologies to fuel growth, they also recognize the potential cyber security, legal, operational and human-capital risks it brings.

4
Underrated Risks

4 Underrated Risks

We believe that survey participants have underrated the following risks:

Climate Change

Risk professionals view climate risk from two distinct perspectives: the climate today and the climate in 30 years. More immediate climate risks include property damage, severe weather, natural catastrophes, regulatory changes and compliance. Looking forward, preparations for the climate and energy transitions and managing the risks associated with those transitions also feature prominently in professional risk assessments. While climate change achieved its highest-ever global ranking in the most recent survey, it remains an underrated global risk at number 17 and, according to our predictions, remains underrated in the future at number 12. However, that risk professionals include climate change in their future risks at number eight is a sign that they rank it as a critical exposure.

Participants from three industry sectors — food, agribusiness and beverage, insurance and natural resources — rank climate change in their top 10 current risks, and five sectors rank it in their top 10 future risks.

From a regional perspective, only participants from Latin America and Europe included climate change in their top 10 future risks. Participants from the UK, however, rank climate change at number 10 in their current top risks and number three in their future risks, tied with AI.

Climate change is not an emerging risk; it's an urgent risk. A growing number of stakeholders — from governments, regulatory bodies and shareholders to employees and consumers — are holding organizations more accountable for contributing to and combating climate change. As a result, climate risk has emerged as a prominent investment issue.

The world is facing a monumental challenge regarding increased volatility as we collectively strive to address the impact of climate change today and in the future.

Artificial Intelligence (AI)

In light of ubiquitous headlines about AI—from the Hollywood writers' strike to dire warnings from the "godfather of AI" — the fact that AI appeared at rank 49 in the current risk list is surprising. That AI moves up to number 17 on the future risk list indicates perhaps that many organizations are taking a wait-and-see approach to the technology, aware of its potential risk implications but not yet clear on how or to what extent they will use it. Six industries that have invested in and investigated applications of AI technologies — professional services, financial institutions, insurance, technology, media and communications, and the public sector — ranked AI in their top 10 future risk lists.

AI represents one of the most pressing concerns amid exponential technological advancement. Surveyed in 2023, 95 percent of global business leaders affirmed they believe AI will likely unleash a new wave of economic value. One emerging AI technology, generative AI, has the potential to add the equivalent of $2.6 trillion to $4.4 trillion annually to the global economy.

But the potential risk impacts of AI go far beyond cyber security exposure. AI could cause legal issues and amplify human-capital risks. The velocity of risk from AI is growing so rapidly that it will likely have major implications well in advance of our next survey. However, as is the case when any new and disruptive technology is adopted rapidly, AI will also transform the enterprise risk landscape for all industries, introducing new risks for many companies and changing the severity and velocity of many existing risks. The current lack of guardrails around the use of AI is a prominent subject of discussion in boardrooms worldwide. Consider, for example, the use of AI in healthcare, which is also facing severe workforce shortages: the high stakes and potential perils are readily apparent. Risk managers who understand the liabilities and insurance implications of AI use cases across their digital value chain can add value to their enterprise AI strategy.

Intellectual Property (IP) Risk

IP risk dropped to its lowest ever ranking in 2023, to number 45 (it was 25 in 2021). Considering that intangible assets, most in the form of IP, make up 90 percent of S&P 500 companies' value, and that there has been a rise in IP litigation, this is surprising. Organizations' patents, brand and trade secrets are increasingly subject to legal challenges. And some exceptionally large awards in recent years have pushed patent holders to file suits against their competitors. Further, technology and the proliferation of AI are muddying the waters for organizations trying to determine what constitutes infringement, adding to patent-related disputes.

5
Divergence by Region

5

Divergence by Region

From a regional perspective, there is some consistency: five current top 10 risks — cyber attacks/data breach, business interruption, economic slowdown/slow recovery, supply chain or distribution failure, and regulatory/legislative changes — appear across all geographies.

Rank	Asia Pacific	Europe	Latin America	Middle East & Africa	North America
1	Cyber Attacks/Data Breach	Cyber Attacks/Data Breach	Business Interruption	Economic Slowdown/ Slow Recovery	Cyber Attacks/Data Breach
2	Economic Slowdown/ Slow Recovery	Commodity Price Risk/ Scarcity of Materials	Cyber Attacks/Data Breach	Exchange Rate Fluctuation	Failure to Attract or Retain Top Talent
3	Business Interruption	Business Interruption	Regulatory/Legislative Changes	Business Interruption	Economic Slowdown/ Slow Recovery
4	Failure to Attract or Retain Top Talent	Economic Slowdown/ Slow Recovery	Commodity Price Risk/ Scarcity of Materials	Cash Flow/Liquidity Risk	Supply Chain or Distribution Failure
5	Rapidly Changing Market Trends	Failure to Attract or Retain Top Talent	Political Risk	Political Risk	Business Interruption
6	Supply Chain or Distribution Failure	Regulatory/Legislative Changes	Economic Slowdown/ Slow Recovery	Cyber Attacks/Data Breach	Regulatory/Legislative Changes
7	Regulatory/Legislative Changes	Supply Chain or Distribution Failure	Supply Chain or Distribution Failure	Supply Chain or Distribution Failure	Damage to Reputation/Brand
8	Increasing Competition	Damage to Reputation/Brand	Property Damage	Commodity Price Risk/ Scarcity of Materials	Failure to Innovate/ Meet Customer Needs
9	Failure to Innovate/ Meet Customer Needs	Failure to Innovate/ Meet Customer Needs	Damage to Reputation/Brand	Failure to Attract or Retain Top Talent	Workforce Shortage
10	Commodity Price Risk/ Scarcity of Materials	Workforce Shortage	Weather/Natural Disasters	Failure to Innovate/ Meet Customer Needs	Cash Flow/Liquidity Risk

Cyber attacks/data breach is the number one risk in three regions in the most recent survey, whereas only North America ranked it number one in 2021, illustrating the escalation in severity and globalization of cyber risk. Nine industries have ranked cyber as their top current and future risk, compared to five sectors in 2021.

Failure to attract or retain top talent made it into the top 10 in four regions in our latest survey, versus in two regions in 2021. Another key people risk, workforce shortage, is also gaining momentum, entering the top 10 current risk rankings in Europe and North America. That such people-related risks are not included in Latin America's top 10 current or future lists is likely a reflection of the sluggish growth that the region has recently suffered.

Damage to reputation/brand remains in the top 10 risks in three regions in our 2023 survey, though in 2021, it was ranked number four in Asia-Pacific and has now dropped out of that region's top 10. It remains in the top 10 for European and North American participants and has entered the top 10 in Latin America.

Political risk, ranked number five in current risks by respondents from Latin America and the Middle East and Africa, is gaining ground as a perceived threat amid ongoing political instability, rising to number one and number two, respectively, in those regions' future rankings.

Commodity price risk/scarcity of materials is gaining momentum and is rising in the future risk rankings for respondents in Asia Pacific, Latin America and the Middle East and Africa, and staying level for those in Europe. It does not appear in the North American current or future top 10, suggesting that participants in the region may feel abundant domestic production affords them significant protection from global shortages of commodities.

As stated earlier, respondents from Latin America and Europe included climate change in their top 10 future risks. A review of the Top 10 Costliest Economic Loss Events due to natural catastrophes in the first half of 2023 provides context for those rankings. Four of the top five events in 2023—earthquakes in Turkey and Syria; the La Plata Basin drought across Brazil, Argentina and Uruguay; the Emilia Romagna floods in Italy; and the drought in Spain—all took place during the survey data capture period, bringing the devastating impact of climate change into sharp focus in those regions.

6

Divergence by Respondent Role

6

Divergence by Respondent Role in Top 10 Current Risks

Rank	HR	C-suite	Risk	Finance
1	Failure to Attract or Retain Top Talent	Cyber Attacks/Data Breach	Cyber Attacks/Data Breach	Commodity Price Risk/ Scarcity of Materials
2	Economic Slowdown/Slow Recovery	Failure to Attract or Retain Top Talent	Business Interruption	Supply Chain or Distribution Failure
3	Increasing Competition	Economic Slowdown/Slow Recovery	Economic Slowdown/Slow Recovery	Economic Slowdown/Slow Recovery
4	Cyber Attacks/Data Breach	Commodity Price Risk/ Scarcity of Materials	Commodity Price Risk/ Scarcity of Materials	Cyber Attacks/Data Breach
5	Workforce Shortage	Regulatory/Legislative Changes	Supply Chain or Distribution Failure	Business Interruption
6	Rapidly Changing Market Trends	Business Interruption	Regulatory/Legislative Changes	Regulatory/Legislative Changes
7	Failure to Innovate/Meet Customer Needs	Workforce Shortage	Failure to Attract or Retain Top Talent	Increasing Competition
8	Regulatory/Legislative Changes	Increasing Competition	Damage to Reputation/Brand	Cash Flow/Liquidity Risk
9	Cash Flow/Liquidity Risk	Supply Chain or Distribution Failure	Failure to Innovate/Meet Customer Needs	Failure to Attract or Retain Top Talent
10	Supply Chain or Distribution Failure	Cash Flow/Liquidity Risk	Property Damage	Damage to Reputation/Brand

6

Risk and C-suite professionals rank cyber attacks/data breach as their number one current and future risk. HR professionals choose the failure to attract or retain top talent as their top risk, and finance professionals select commodity price risk/scarcity of materials as theirs. Notably, respondents in all role types selected the same number one risks for their current and future top 10 lists.

Given that the failure to attract or retain top talent ranks high across all regions and industries, it's no surprise that HR professionals rank it as their number one current and future risk. While HR and C-suite respondents rank it as a top 10 current risk, workforce shortage was not included in current top 10 lists for respondents in other roles; this is remarkable, given that this is a major concern across several key industries, including healthcare.

It is also significant that C-suite professionals did not include damage to reputation/brand in their top 10 current risks, though risk and finance professionals rank it at number eight and number 10, respectively. Because the C-suite is under increased scrutiny from customers, employees and shareholders regarding corporate social responsibility and ESG, reputational risk would be a likely candidate for a top 10 risk. That it does not appear in C-suite respondents' top 10 lists indicates a sense that the respondents either have appropriate measures in place to manage the risk or that they view responsibility for reputational risk lies with their organizations' risk management teams.

Respondents in all roles rank economic slowdown/slow recovery as their number two future risk, and all roles but HR professionals include political risk in their top 10 future risks, illustrating concerns over uncertainties related to ongoing economic and political volatility. Other risk rankings varied. For example, only HR professionals' future top 10 risks include aging workforce and related health issues and AI risks.

7

Making Better Decisions to Shape the Future

Maintaining a competitive advantage, protecting your balance sheet, focusing your talent agenda and promoting sustainable growth is not easy in today's fast-evolving landscape. We believe risk resilience and workforce sustainability are fundamental to the success of any organization navigating current geopolitical and macroeconomic turbulence. Whether risks emanate from a proactive digital agenda, climate exposure, supply chain dependence or talent challenges, a shared perspective and fact-based analytics (both retrospective and predictive) can provide invaluable insights about these risks and trends that inform business leaders and enable them to make better decisions about their management.

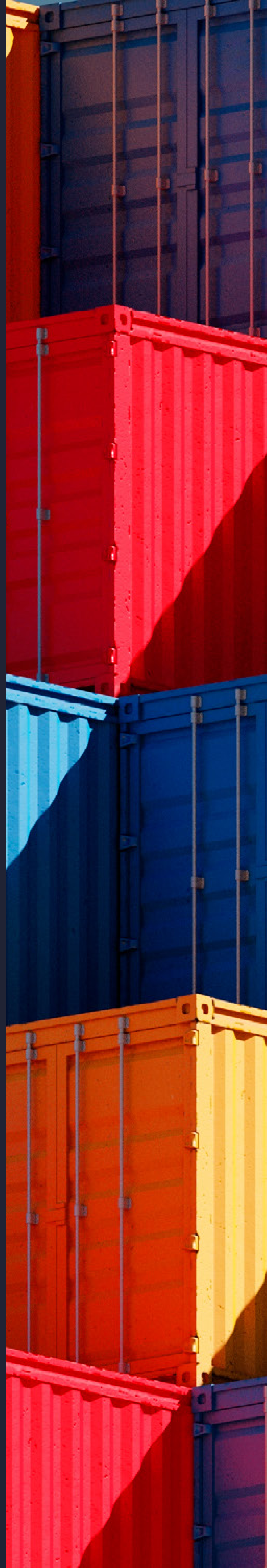
What is unique in Aon's 2023 survey is that it vividly illustrates the increasing prominence of the corporate human-capital agenda in two key ways. First, it shows the opportunity. A resilient, skilled and engaged workforce will be able to better execute corporate strategy and create a tangible competitive advantage. On the other hand, it highlights the risks. In today's landscape, the knock-on impact of getting workforce strategy wrong is bigger than ever and could ultimately prevent businesses from delivering on their goals.

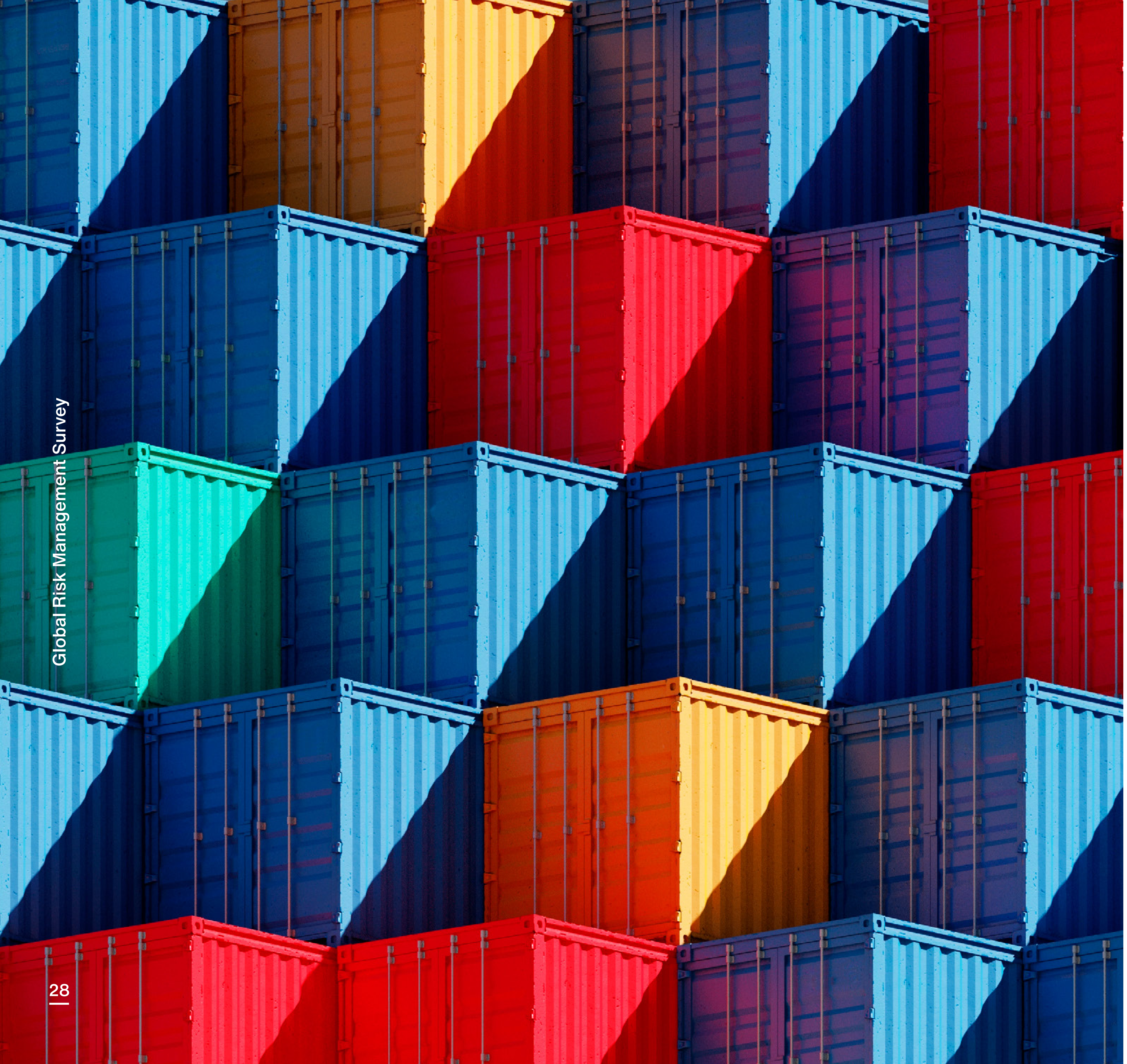
C-suite and people leaders continue to face workforce challenges and opportunities, such as a global pandemic, remote work, a social justice movement, the great resignation and quiet quitting, employee wellbeing and, most recently, a backdrop of economic uncertainty. Risk issues are continuing to blur the line between human capital and business operations. The availability and skills of our workforces are a source and accelerant of business risks such as supply chain and business interruption, and the growing profile of strategic threats — such as a failure to innovate or increased competition — create an environment in which talent gaps become one of the most significant issues on the minds of executives.

As the risks converge, the response from companies needs to be more focused. Boards and other stakeholders are requiring increased visibility into how these people risks and opportunities are being monitored and tracked by leadership over time. As a result, people leaders need to be equipped with the information to address these topics from multiple angles, including how to manage and mitigate the inherent risks. Furthermore, they need to demonstrate progress in managing related exposures and anticipating what will come next.

In a period of rapid change and heightened volatility, finance and risk, people leaders need to come together to better understand how these are interrelated. The goal should be to have a single interpretation of the strategic and financial significance of their firms' risk profile and follow a united strategy for mitigating, managing and bringing capital to these exposures. We hope the findings from our survey provide food for thought on the key areas that threaten earnings volatility for business today as well as tomorrow.

Appendix





The graphic on the following page shows the complete risk ranking from the ninth edition of our Global Risk Management Survey.

The data is based on responses from 2,842 decision makers including risk managers, C-suite leaders, treasurers, HR and talent professionals from 16 industry clusters, which include small, medium and large companies in 61 countries and territories around the world.

The survey was conducted from June to July 2023.

2023 Global Risk Management Survey Complete Risk Ranking

Insurable   Partially Insurable   Uninsurable

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

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better — to protect and enrich the lives of people around the world. Our colleagues provide our clients in over 120 countries and sovereignties with advice and solutions that give them the clarity and confidence to make better decisions to protect and grow their business.

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