





CAROLYN WILLIAMS

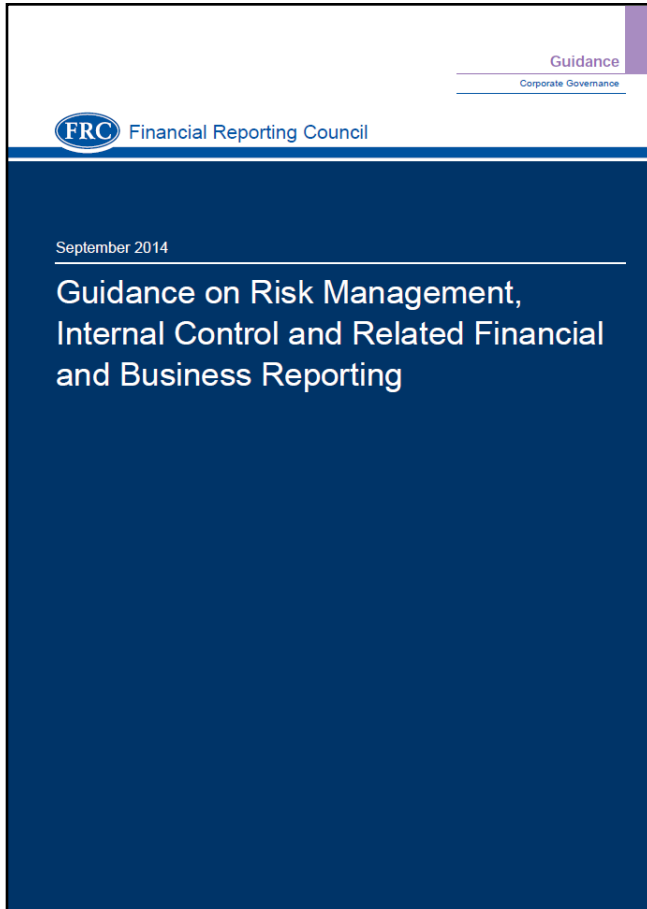
Director, Corporate Relations
Institute of Risk Management



Global Trends - Local Risks

“The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.”

UK Corporate Governance Code 2014



“Directors are encouraged to think broadly as to relevant matters which may threaten the company’s future performance and so its ability to continue in operation and remain viable.”



- Do provide additional insight for stakeholders
- Improve board discussion about risk
- Need to be developed to provide more detail
 - More quantitative information/analysis
 - Risk interactions
 - More information on key assumptions



SETTING THE RISK AGENDA

GLOBAL TRENDS

What does the future hold?





INTER-DEPARTMENTAL MAIL

Cross out previous address. Use repeatedly until all spaces are utilized.



**FAILURE TO INDICATE LOCATION AND FLOOR
MAY RESULT IN DELAYED DELIVERY.**

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The Telegraph

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One in ten pets is on Facebook

More than half of pet owners post about their animals on social networks and one in ten pets has their own profile

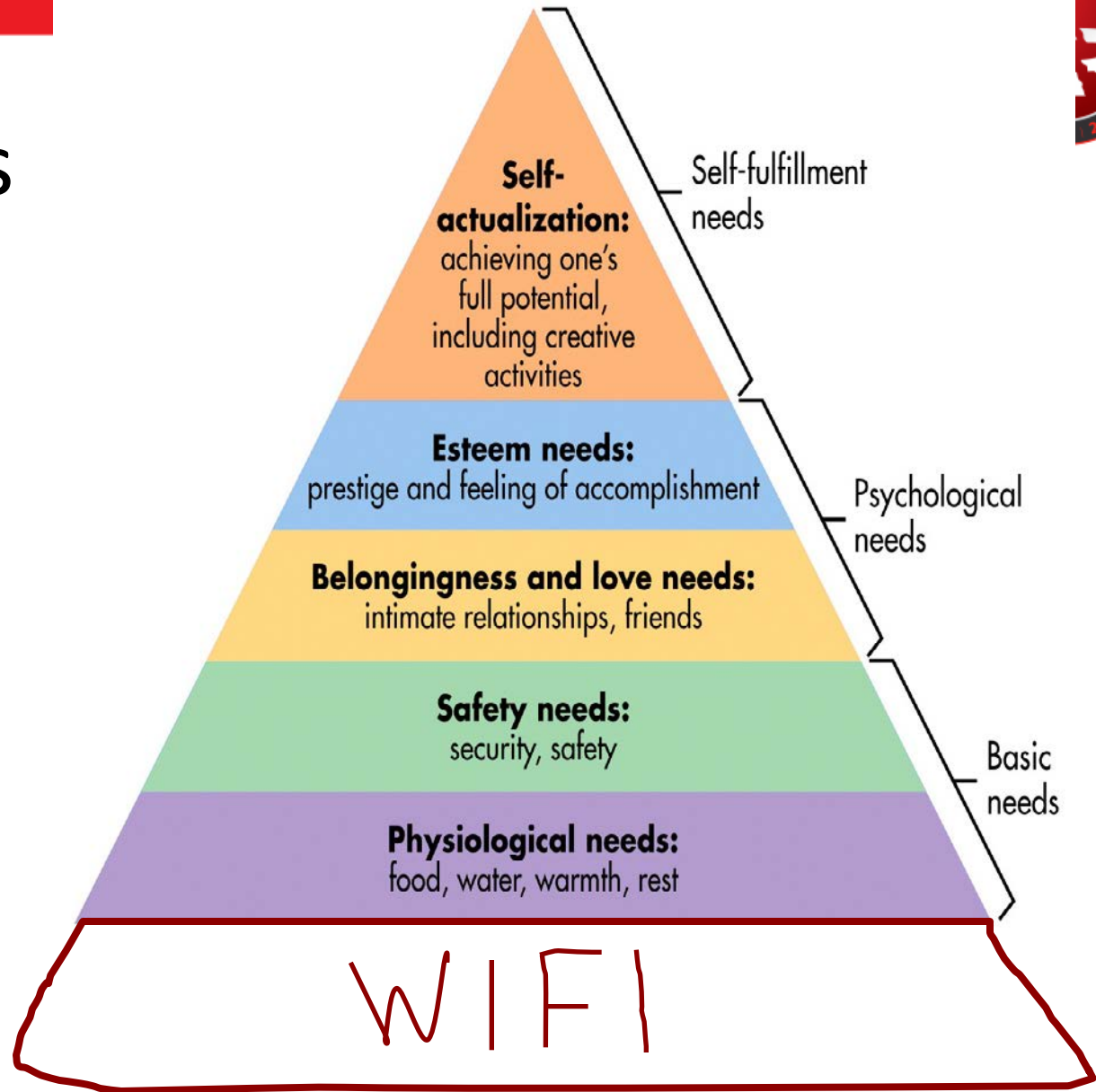


I'M COMING FOR YOU

SCHRODINGER



Maslow's Triangle



By 2025.....?

- The first implantable mobile phone
- 90% of the world using smart phones
- 1 trillion sensors connected to the internet
- Government census replaced by big data analysis
- 10% of all cars on US roads driverless
- The first AI machine on a board of directors
- 30% of corporate audits performed by AI
- The first robotic pharmacist
- 10% of global GDP stored on blockchain technology
- Tax collected via blockchain technology
- The first 3D printed car and human liver

Source: The Fourth Industrial Revolution, Klaus Schwab, World Economic Forum

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What is blockchain?

- A general purpose technology, like electricity, steam power or the internet
- Will unleash cascades of complementary innovation



- The internet led to the digitisation of information
- Blockchain technologies will lead to the digitisation of value

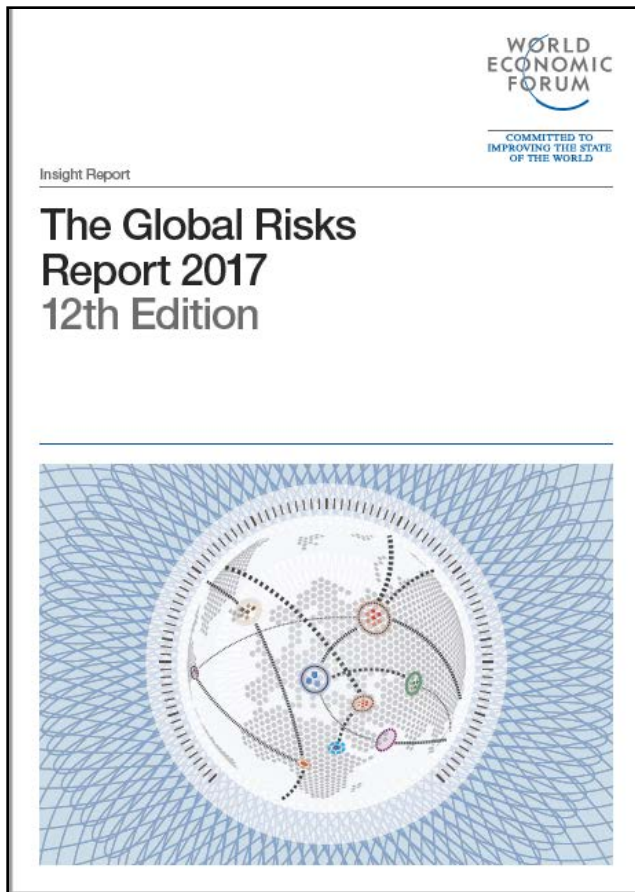






SETTING THE RISK AGENDA

GLOBAL RISKS



A global risk is an uncertain event or condition that, if it occurs, can cause significant negative impact for several countries or industries within the next 10 years

Table 1.1: Top 5 Trends that Determine Global Developments

- 1 Rising Income and wealth disparity
- 2 Changing climate
- 3 Increasing polarization of societies
- 4 Rising cyber dependency
- 5 Ageing population

Source: World Economic Forum Global Risks Perception Survey 2016.

Top 10 risks in terms of **Likelihood**

- 1 Extreme weather events
- 2 Large-scale involuntary migration
- 3 Natural disasters
- 4 Terrorist attacks
- 5 Data fraud or theft
- 6 Cyberattacks
- 7 Illicit trade
- 8 Man-made environmental disasters
- 9 Interstate conflict
- 10 Failure of national governance

Top 10 risks in terms of **Impact**

- 1 Weapons of mass destruction
- 2 Extreme weather events
- 3 Water crises
- 4 Natural disasters
- 5 Failure of climate-change mitigation and adaptation
- 6 Large-scale involuntary migration
- 7 Food crises
- 8 Terrorist attacks
- 9 Interstate conflict
- 10 Unemployment or underemployment

Source: World Economic Forum Global Risks Perception Survey 2016



Middle East and North Africa: main global risks the region is least prepared for, % of mentions by respondents

	%
Water crises	40.0
Profound social instability	36.4
Interstate conflict with regional consequences	29.1
State collapse or crisis	27.3
High structural unemployment or underemployment	21.8

Source: Global Risks 2015 report, World Economic Forum

Note: Based on survey asking "For which Global Risks is your region least prepared?"

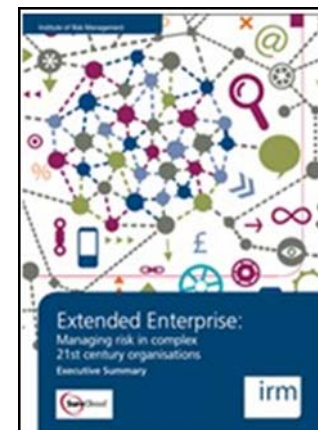


SETTING THE RISK AGENDA COMPLEXITY AND INTERACTION

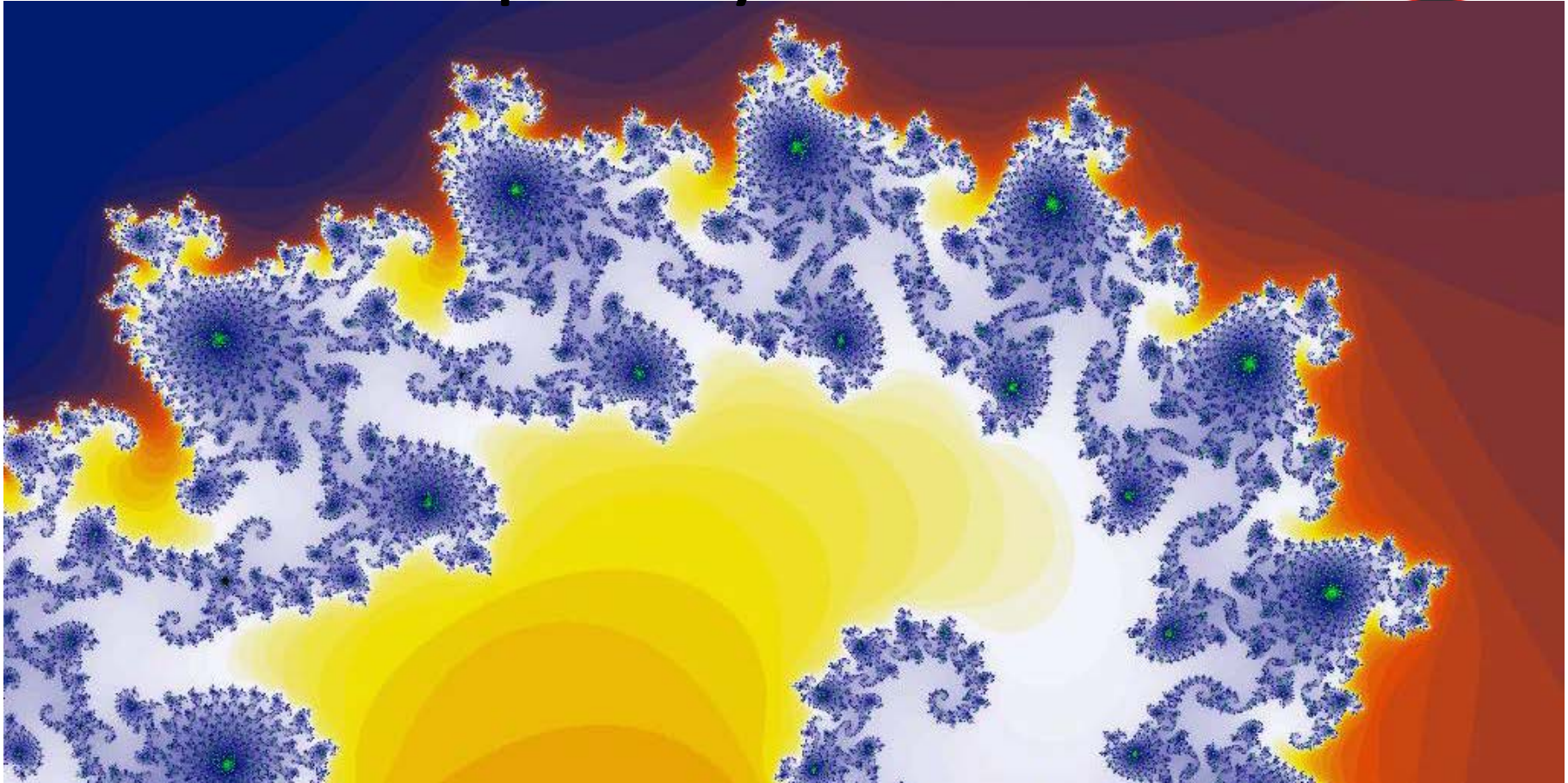
Extended enterprise?

Our definition:

- An extended enterprise is a structure where a number of organisations come together in a joint endeavour in order to achieve outcomes that none of them could have achieved on their own.

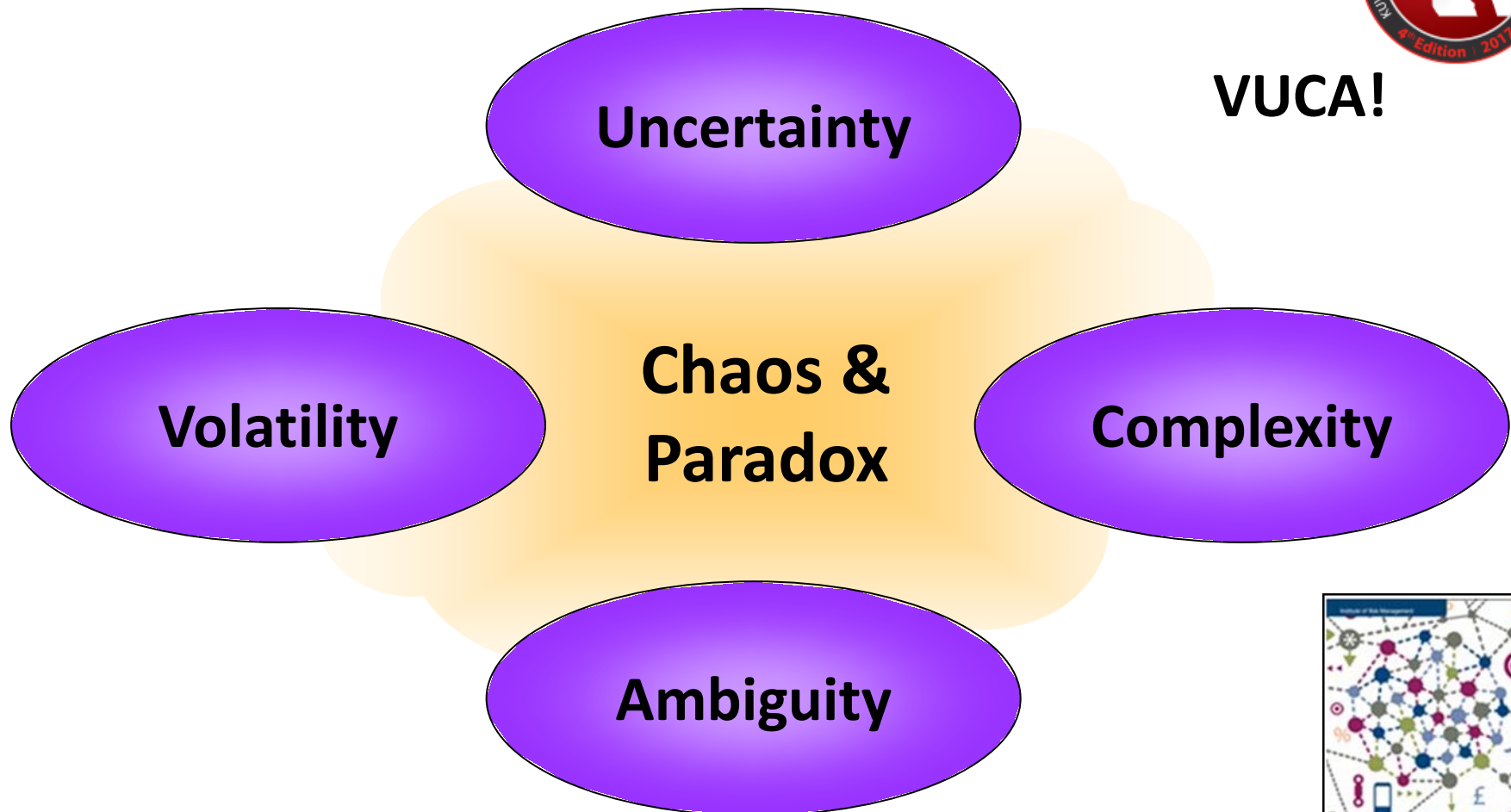


Complex systems

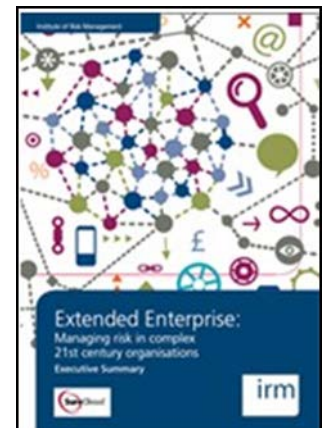


A complex system is one in which even knowing everything there is to know about the system is not sufficient to predict precisely what will happen.

VUCA!



Paradox: not susceptible to logical analysis





RISK MANAGEMENT IN A VUCA WORLD

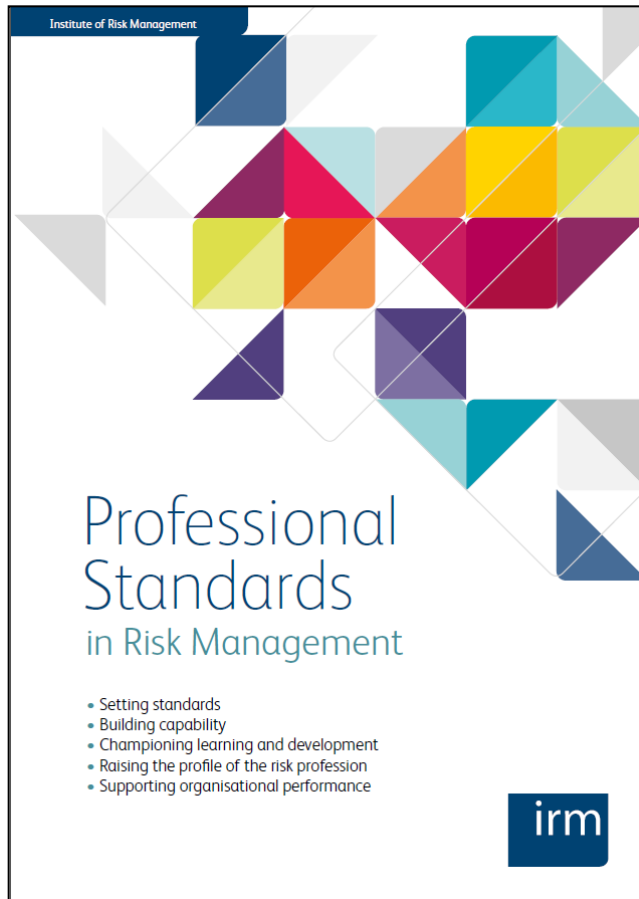
10 tactics for managing risk in a VUCA World

1. Analyse, plan and execute – the traditional approach?
2. Adapt and experiment – in a disciplined way
3. Imagine new possibilities
4. Be alert to external trends
5. Think about influence and trust across your extended enterprise
6. Manage business as usual plus reinvention at the same time
7. Think stakeholder, not shareholder
8. Think diversity and collaboration, not command and control
9. Build resilience:
 - Have buffers
 - Ensure diverse thinking
 - Don't get too big and complex
 - Be risk culture aware – downside and upside
10. Make sure you have the competence to do all the above

What does a good risk professional need?

- **Technical knowledge**
 - RM frameworks and processes, standards, techniques etc
- **Sector knowledge**
 - Context and best practice RM in your sector
- **Professional knowledge**
 - How other business functions operate and how RM interacts with them
- **Organisational knowledge**
 - How your own organisation works, culture
- **Self knowledge**
 - Communication skills, influencing, negotiating, questioning....

IRM Professional standards



..... what we believe risk professionals should know and what they should be able to do at various levels of their career....

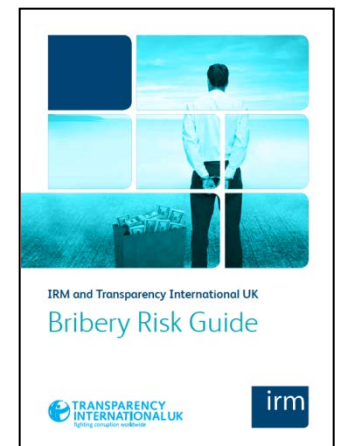
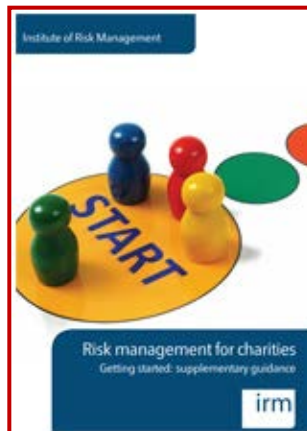
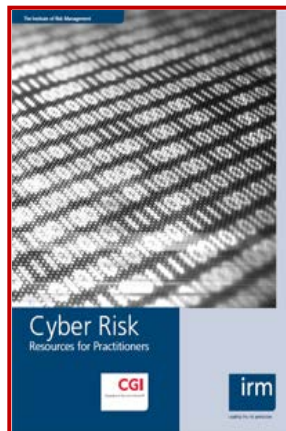
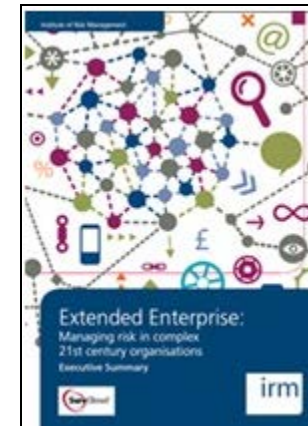
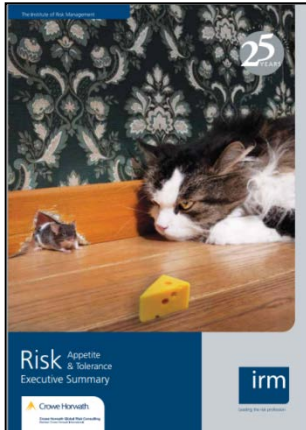
Professional standards

- the knowledge and skills needed to do the job.

Behavioural competencies

– the personal qualities and behaviours needed to do the job well

Thought Leadership





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Thanks for
your attention