

EXECUTIVE SUMMARY
ICDM CHAIRMAN ROUNDTABLE & NETWORKING SESSION
“How Responsible & Responsive Are You in Strategic Risk Management?”
26 November 2024



Strategic risk management is an advanced approach that integrates risk as a core part of company strategy and thoroughly analyses every angle of significant risk to gain a comprehensive view.

How Will the Top 10 Risks Impact Your Organisation?

These risks are increasingly interconnected with each influencing and amplifying the impact of others. Understanding the interconnectedness of these risks allows organisations to prepare, mitigate and capitalise on opportunities for growth in an uncertain environment.

<p>1</p> <p>Cyber Attacks / Data Breaches</p>	<p>2</p> <p>Economic Slowdown / Slow Recovery</p>	<p>3</p> <p>Business Interruption</p>	<p>4</p> <p>Failure to Attract or Retain Top Talent</p>
<p>5</p> <p>Rapidly Changing Market Trends</p>	<p>6</p> <p>Supply Chain or Distribution Failure</p>	<p>7</p> <p>Regulatory / Legislative Changes</p>	<p>8</p> <p>Increasing Competition</p>
<p>9</p> <p>Failure to Innovate / Meet Customer Needs</p>	<p>10</p> <p>Commodity Price Risk / Scarcity of Materials</p>		

Source: Aon Global Risk Management Survey, 2023

Building on the insights from [AON's 2024 Client Trend Report](#), ICDM & AON Malaysia have curated a session for Board Chairmen to explore how risk capital and human capital can drive resilience and help companies in navigating volatility in the face of the four key megatrends: Trade, Technology, Weather and Workforce. The key takeaways from the session:

- 1 **Risk and Human Capital Are Interconnected:** The increasing reliance on talent as a strategic asset has led to its ranking as one of the top global risks. The failure to attract and retain top talent is now a central issue in risk management discussions, making it crucial for executives to consider both human capital and risk analytics together when making strategic decisions.
- 2 **Data-Driven Risk Management:** With increasing volatility and occurrence of natural disasters, organisations need advanced analytics tools to better understand and mitigate these risks. Use sophisticated modelling tools to assess exposure to natural catastrophes and supply chain vulnerabilities.
- 3 **Leveraging Human Capital for Long-Term Resilience:** Human capital strategies that integrate health, wealth, and talent are increasingly important. Companies are focusing on holistic people solutions and workforce strategies, particularly among younger demographics not only strengthens employee retention but also positions organisations as employers of choice in a competitive talent landscape.
- 4 **Board Succession Planning:** Effective board succession ensures strong corporate governance and the long-term success of an organisation. A well-designed succession plan enables boards to refresh their leadership, adapt to changing business environments and maintain continuity during transitions. The challenges are getting quality talent and lack of formalised planning processes in many organisations.
- 5 **Utilising AI for Risk Management:** AI and machine learning are transforming risk management by enabling organisations to predict, assess and mitigate risks more effectively. These technologies can analyse vast amounts of data in real-time, identify emerging risks and provide actionable insights, allowing boards to make faster and data-driven decisions to address technology risks. However, there needs to be a proper governance to the usage of AI, with proper guidance and policies in place.

Actionable Strategies for Board Chairman

Leadership and Governance

Promote diversity in board composition to ensure varied perspectives in risk management and decision-making. Champion talent policies that enhance employee benefits and support the development of a diverse, sustainable workforce for long-term success.

Technology and Cybersecurity

Consider setting up AI compliance committees to oversee responsible AI usage with a focus on ethics and biases. Regularly assess technology risks, business interruption coverage and emerging technology threats to ensure adequate protection and proactive risk management.

Talent and Succession Development

Build a strong succession pipeline by identifying and preparing future leaders while evaluating board tenure limits. Integrate sustainability and diversity goals into the talent strategy to ensure responsible and diverse leadership pathways.

Engagement and Adaptation

Ongoing education and awareness of regulatory changes, especially those that could impact financial strategies or corporate governance. Implement strong enforcement mechanisms for regulatory compliance and integrity in corporate reporting.