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Spotlight On Business Risk 2023

Executive Summary

From continued economic uncertainty to growing polarisation and heightened media scrutiny of business decision-making, boardrooms are navigating increasingly choppy waters.

Firms of all sizes find themselves grappling with a number of emerging business risks that will define their operating models for years to come. Our research reveals that global business leaders are increasingly splintered on how to meet these emerging business risks and find the 'right' path.

In 2023, business leaders and C-suite executives are dealing with a challenging array of new and persistent risks that threaten their business models, and which could come back to haunt them personally. The tough economic backdrop of sticky inflation, high interest rates, and low global growth is leading many business leaders to reposition their product offerings, review their supply chains, and reconsider their overall business strategy. However, boardrooms are grappling with the aftershock of the 'great resignation'[1], the consequences of the culture wars, the impact of current inflation levels, new regulations, and continued scrutiny of the #MeToo movement. These risks will alter executive decision-making for years to come.

Against a challenging backdrop, our annual **Risk & Resilience survey 2023** of 2,000 global business leaders found that despite a mounting in-tray of external risks, respondents are increasingly looking inward at their workforce and workplace to meet tomorrow's challenges. As boardrooms find themselves being scrutinised for their company's culture, the risks posed to businesses by failing to support their staff are perceived to have doubled in two years, rising from 11% in 2021 to 22% now. Whilst workplace risks have increased dramatically, supply chain risks have diminished significantly from 31% in 2021 to 20% in 2023 as the world has opened up following the COVID-19 pandemic.

This latest 'Spotlight On Business Risk' report explores the reputational risks businesses face from culture wars, the impact of economic uncertainty on business investment, and how ESG (environmental, social and governance) risks and rising regulation are creating an increasingly difficult path forward for businesses. The report also delves into the role of insurance and what the industry can do to support companies and business leaders as they look to protect their businesses and themselves against new and evolving challenges and liabilities.

For boardrooms, the risk landscape is continually evolving and making preparedness for these new challenges hard. It is vital that firms have the right flexibility in their structures to enable them to pivot and flex their operations and policies, and the right protections in place to deal with the 'permacrisis' of today's world in which they operate. Failure to do so will leave both organisations and executives exposed to both liability threats and long-term headwinds.

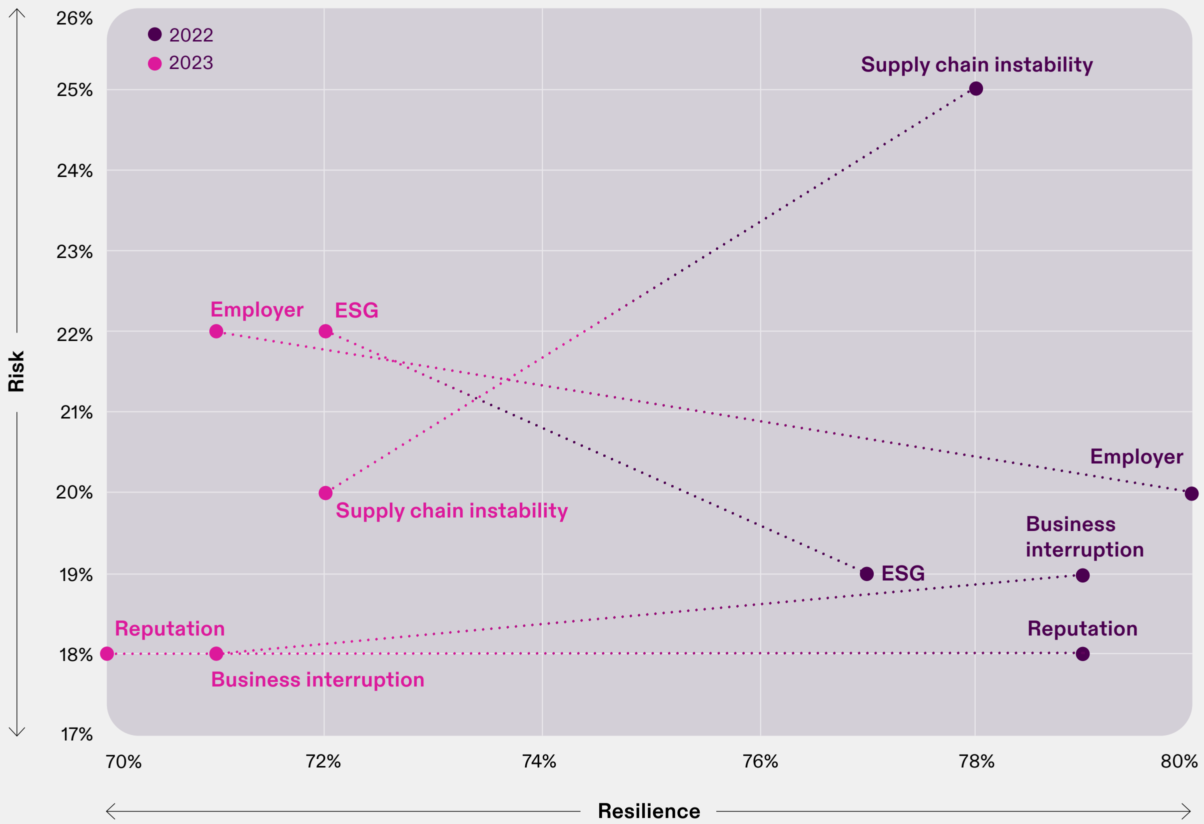
This report provides insight into today's business risks and also challenges us to consider how the insurance industry can better support business leaders at a time when they face a cocktail of emerging business risks.

Bethany Greenwood
Group Head of Specialty Risks, Beazley

[1] What is The Great Resignation and what can we learn from it | World Economic Forum (weforum.org)

Firms are divided on today's top business risks

Year-on-year change in global business leader perception of their risk and resilience to business issues 2022-23



Some of the key business leader findings from our research

22% Said employer risks were the biggest challenge they faced in 2023, doubling from 11% in 2021.

36% Plan to review hiring and retention policies to boost diversity and inclusion in the workforce.

28% Feel unprepared to deal with reputational threats. 1 in 5 (19%) said this was the biggest risk they face now.

91% Are concerned by the persistent threat of high inflation. 31% said they operate in a high-risk environment.[2]

35% Plan to explore insurance options that include risk and crisis management as business risks mount.

[2] Please note that 91% is a net figure. It is the product of 44% of respondents feeling 'slightly concerned', 28% feeling 'moderately concerned' and 19% feeling 'very concerned'.

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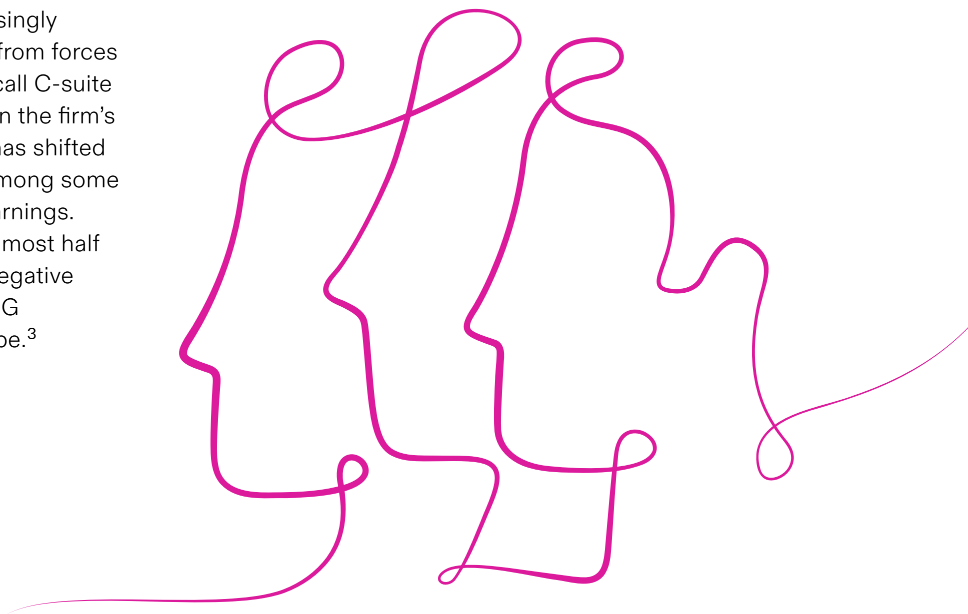
Culture Wars – Loose Words

Businesses typically try to stay out of politics, but as viewpoints become polarised, staying neutral is increasingly difficult.

Executives, no matter their industry, are compelled to set not only their business corporate strategy but the points on its moral compass across a range of societal issues. The lines between professional responsibility and personal values have never been more blurred. In a new phenomenon for business leaders today, executives who fall short on the latter could face costly litigation and irreparable damage to their company's reputation.

Across the spectrum of ESG issues, sections of society, from activists to employees and shareholders, are forming highly opinionated communities, broadening the ideological spectrum and shaping debates globally. Often connected by social media, the voices of these groups are getting louder, and their influence stronger. Executives today face the almost impossible balancing act of doing the 'right' thing according to the mood of their major stakeholders while meeting intensifying economic and sometimes conflicting regulatory pressures.

Missing the local tone could alienate increasingly concerned employees and invite challenge from forces such as regulators and activists, which will call C-suite executives to action, no matter the impact on the firm's bottom line. In the US, however, sentiment has shifted and ESG measures struggle to win favour among some shareholders who believe it could impact earnings. In fact, a PitchBook survey this year found almost half (45%) of North American investors ranked negative impact on returns as their main hurdle to ESG investments, compared to only 20% in Europe.[3]



[3] https://pitchbook.com/news/articles/esg-impact-investing-europe-north-america-us-sustainable

Good governance... or good riddance

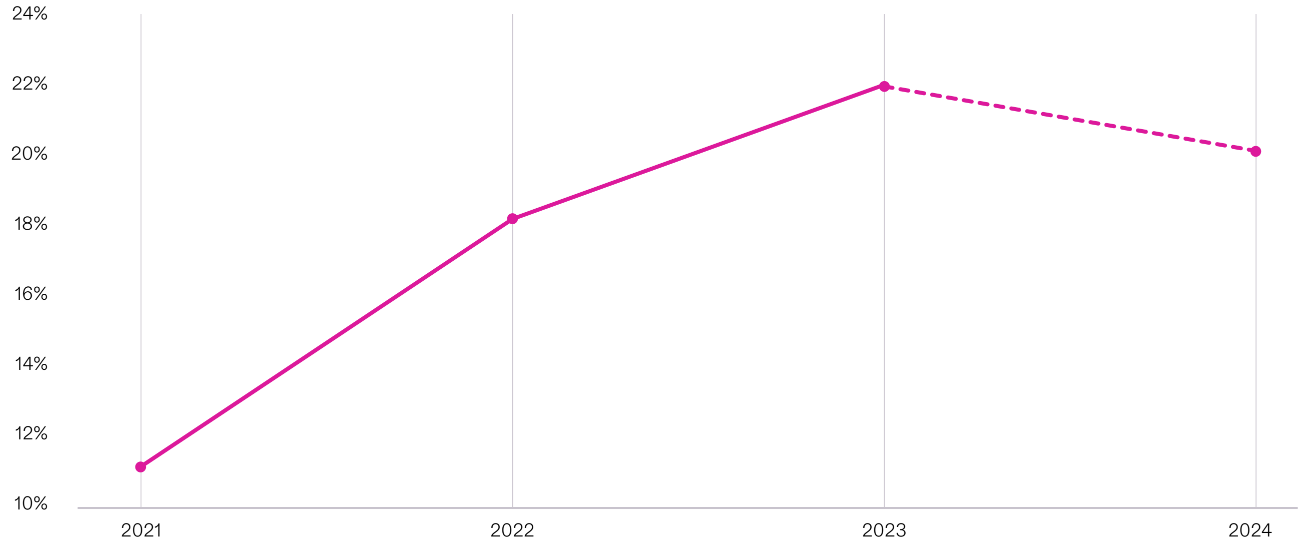
As we explore further on in this report, environmental liabilities – the 'E' in ESG – is the cause of great concern among executives, as they face a melting pot of external regulatory forces. However, looking internally, meeting the needs of employees and getting the 'S' and the 'G' right means employers are facing growing risks from within their organisations.

According to our data, executives believe employer risk – defined as failure to support staff, including mental health concerns, or facilitating safe operating conditions post pandemic – is thought to have doubled in two years. In 2021, 11% of leaders surveyed said failure to support staff was their biggest business risk compared to 22% in 2023. Looking ahead, concern remains high with a fifth of business leaders (20%) predicting that this will still be their number one business risk in 2024.

The rise of the #MeToo movement and greater confidence among employees to report inappropriate behaviour means more allegations are coming to the surface.

Protecting employees from harm remains high on global risk registers

Percentage of global executives ranking employer risks as their most significant business risk



"Bad behaviour can become a Directors' & Officers' liability risk and it can escalate into a much, much bigger issue than one manager in one location if key personnel are ignoring it. Equally, employees need a secure channel to report their concerns and firms need a forum to investigate and deal with allegations appropriately."

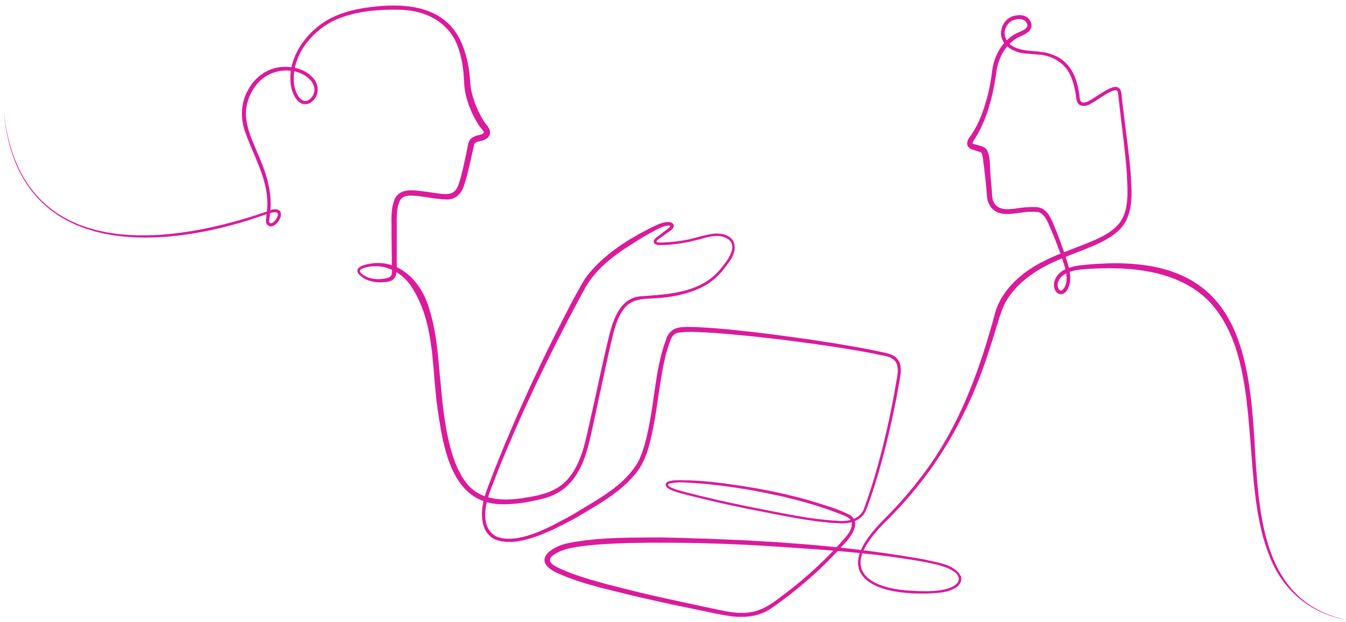
William Clarke
Claims Team Leader – Executive Risk, Beazley

> **It all goes back to a sound governance framework and setting the tone of the organisation from the top. If there's poor governance, poor messaging and poor behaviour from the top, that will filter down."**
>
> **Letoyia Horton**
> Claims Focus Group Leader – Employment Practices Liability, Beazley

Matters of Employment Practices Liability (EPL) are rarely standalone. In fact, they can reveal a wider governance issue, whereby if conduct among management is severe enough to attract legal attention, it is likely those behaviours could be tolerated among all levels of the business. In one high profile misconduct case where a CEO was ousted after a number of personal relationships with employees which were found to be inappropriate, it was not just that individual in the firing line. Other members of the senior leadership team were held accountable by the US Securities and Exchange Commission (SEC) for being aware of the circumstances and not making appropriate public disclosures.[4] As a result of questionable governance, an EPL claim escalated into a much more expensive Directors' & Officers' (D&O) liability claim years later.

Our data suggests boardrooms are already cognisant of these growing reputational risks, as a result of a failure in corporate decision making. Business leaders believe maintaining their reputations will become more challenging in the coming months, with the number of executives ranking it as their top risk rising from 17% today to 19% in 12 months' time. The number of executives concerned with preserving their reputation rises to 20% with business leaders in the United States.

As employee voices grow in confidence and the public becomes more informed, shareholders' faith in and their appetite to continue investing in companies found to be run without an appropriate tone being set at the top could decline.



[4] https://www.sec.gov/news/press-release/2023-4

Court of public opinion

Compounding these risk factors for businesses, particularly when allegations lead to litigation, is shifting public sentiment. The trend of social inflation, particularly in the US, whereby jury sentiment towards the plaintiff results in much higher than anticipated damages awards, means that litigation outcomes and costs are difficult to predict.

An amusement park operator, for example, recently missed its earnings quite significantly because of an increase in the cost of liability claims they have had to pay because of incidents that happened in its amusement parks.[5]

Operationally, nothing has changed, nor have the risk factors; they're not having more incidents, but they are paying more in liabilities, which they simply couldn't predict or factor into their results.

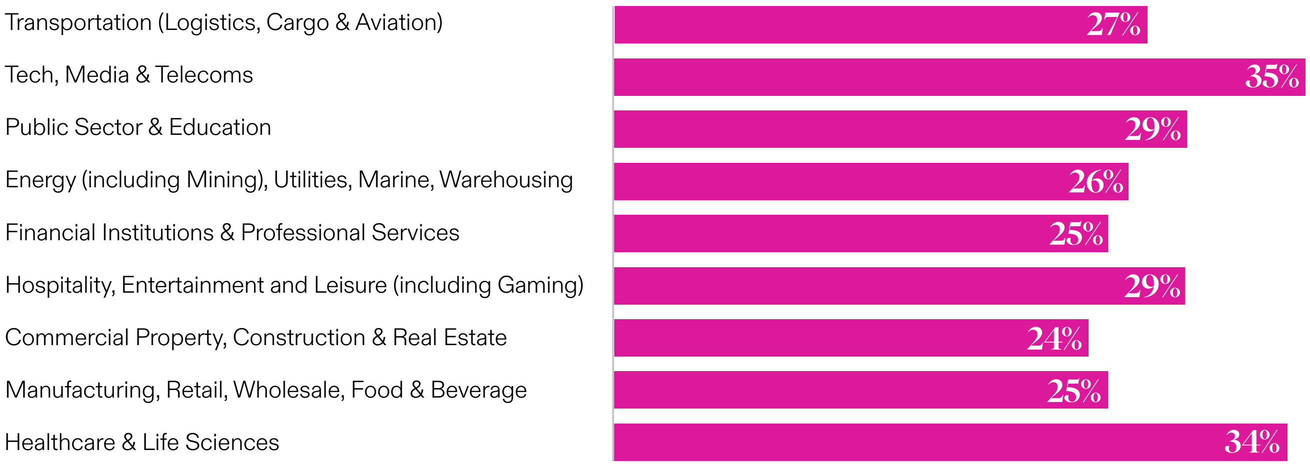
The healthcare sector in particular is feeling the squeeze of stronger jury sentiment towards claimants, with more than a third (34%)[6] of executives surveyed reporting they do not feel prepared to face escalating boardroom risks. As hospitals struggle to secure the level of insurance they require for professional indemnity, the risk management industry has a major role to play in ensuring they are aware of the risks and have all the appropriate risk management mechanisms in place.

> “To hedge the uncertain outcome of jury awards, companies are turning to jury consultants to help them prepare for trial and determine how their case might play out in front of increasingly plaintiff-leaning jurors. Employers and public-facing businesses need to reserve more to account for this known unknown risk of ‘nuclear verdicts’ and rely on the quality of their insurer’s claims team and specialist risk management support.”

Bethany Greenwood
Group Head of
Specialty Risks,
Beazley

Healthcare is one of the most exposed sectors to reputational risks

Percentage of global executives ‘not prepared’ to face growing boardroom & reputational risks by sector

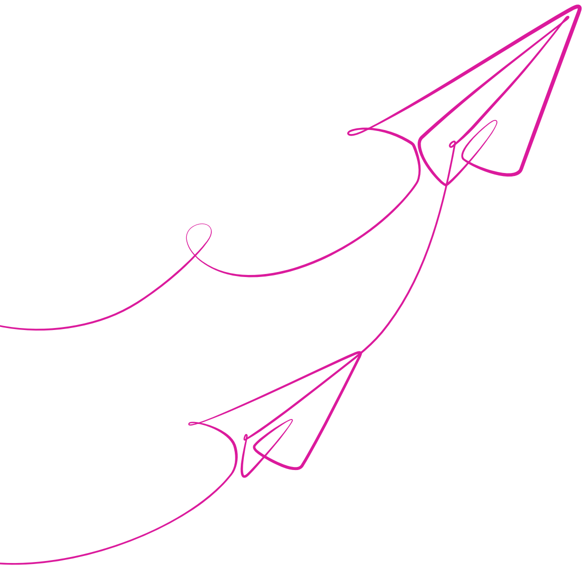


[5] Six Flags Entertainment (SIX) Q2 2023 Earnings Call Transcript | The Motley Fool

[6] Please note that 34% is a net figure. It is the product of 28% of respondents feeling ‘not very well prepared’ and 6% feeling ‘not at all prepared’.

Winds of Change

Economic uncertainty is a phrase that has come to define recent years. A seemingly unrelenting series of political, social and economic shocks have buffeted international markets and the global economy has been on the brink of recession since the pandemic.



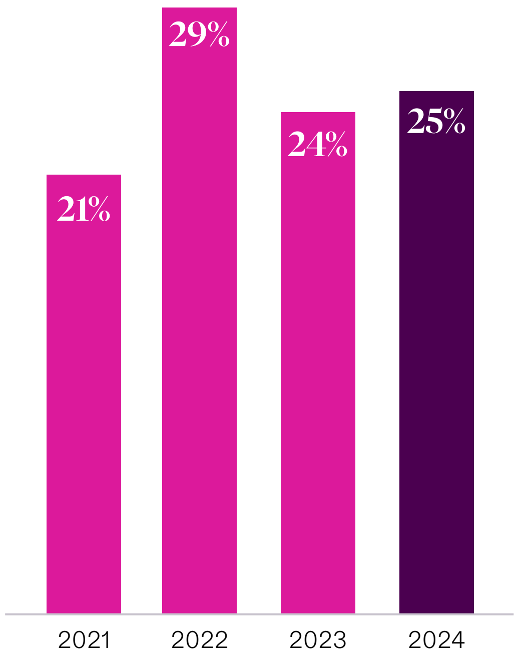
Accepted norms are consistently revisited and businesses are being forced to keep pace with a constantly changing environment or risk falling behind.

Political tensions between the US and China, Russia and the West, and China and its neighbours, and now new tensions in the Middle East have staggered markets. Not to mention the profound shock of the COVID-19 pandemic. The impact of this is still being felt along supply chains, further compounded by the effects of Russian aggression. A quarter (25%) of businesses we surveyed rank economic uncertainty as a key risk that they will face next year. The ripple effects of interest rate rises by central banks across the globe are hard to predict and businesses feel exposed to many factors which are entirely outside of their control.

While one in four businesses still view the economic climate with uncertainty however, this is an improvement on 2022 (29%). Given inflation is still rampant in many regions, and merger & acquisitions (M&A) and initial public offering activity in the leading financial centres is languid at best. Despite optimists predicting a more buoyant sector, it would seem a stretch to suggest that firms feel the worst is over. Rather, an increasing degree of turbulence is being built into business modelling and outlooks. The plane is still bouncing but businesses no longer feel the bumps, at least to the same degree.

Economic uncertainty is on the rise again

Percentage of global business executives who ranked economic uncertainty as their top geopolitical and economic risk



Bulls on Wall Street

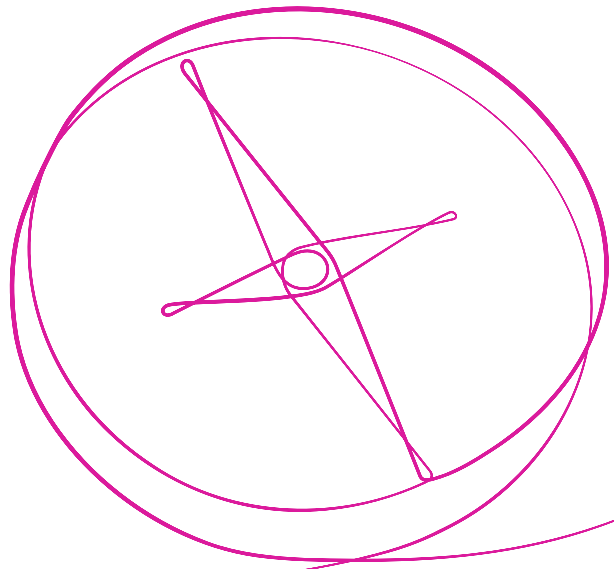
The US banking sector has survived the storm earlier this year, which saw three banks, Silicon Valley Bank, Signature Bank and First Republic collapse in swift succession due to an inability to respond effectively to interest rate increases.[7]

A series of IPOs in the US in the second half of 2023 potentially heralds a turning point for the banking sector. 2022 was the slowest year for American IPOs in three decades, thanks to sharply higher interest rates, rising geopolitical tensions and the hangover from 2021 listings that fared poorly. 2022 was also an annus horribilis for the London Stock Exchange with listings down 62% on 2021 and raising just 10% (£1.6bn) of the prior year's total (£16.3bn).[8] Where there are signs of green shoots in the US, the London IPO market slump has continued into 2023 as inflation, high interest rates and geopolitics weigh on the minds of firms. In the first half of 2023, 18 issuers raised £593m on the main market, with most of the activity emerging in the second quarter where 10 main market IPOs raised £497m.[9]

East and west – poles apart

Economic uncertainty is not isolated to the West. However, Asian markets have been more bullish with businesses in Singapore the least concerned (20%) of the countries surveyed about the risks posed by economic uncertainty. IPOs in the Asia-Pacific (APAC) region outstripped those in any other region, both in volume and value with 223 deals in QI 2023.[10] IPO activity across Europe, the Middle East and Africa (EMEA) presents a mixed picture. The Middle East was buoyant, contributing three of the world's top 10 largest IPOs and seven of the largest 25 deals.[11]

The conflict in Ukraine has dented confidence in European markets, but also driven the price of oil to new heights, bolstering economies in the Middle East, attracting deal makers and foreign capital. Alongside listings, there has been a spike in M&A activity in the Middle East, dominated by Saudi Arabia and the United Arab Emirates (UAE), driven, in no small part, by these countries' sovereign wealth funds.[12] As these countries seek to diversify and acquire businesses and assets outside of their own markets, insurance is playing an increasing role through the provision of M&A liability cover, offering an additional layer of financial security to deals.



[7] https://www.theguardian.com/us-news/2023/apr/24/first-republic-bank-deposit-fall-first-quarter-svb-collapse
[8] https://www.ey.com/en_uk/news/2023/01/challenging-2022-for-london-stock-markets-as-proceeds-fall-by-90
[9] https://www.ey.com/en_uk/news/2023/07/subdued-london-stock-market-as-ipo-activity-face-challenges
[10] https://www.whitecase.com/insight-our-thinking/global-ipos-asia-pacific-ipo-market-outshines
[11] https://www.whitecase.com/insight-our-thinking/global-ipos-markets-pause-take-breath
[12] https://www.pwc.com/m1/en/publications/documents/TransAct-2023.pdf

Breaks in the chain

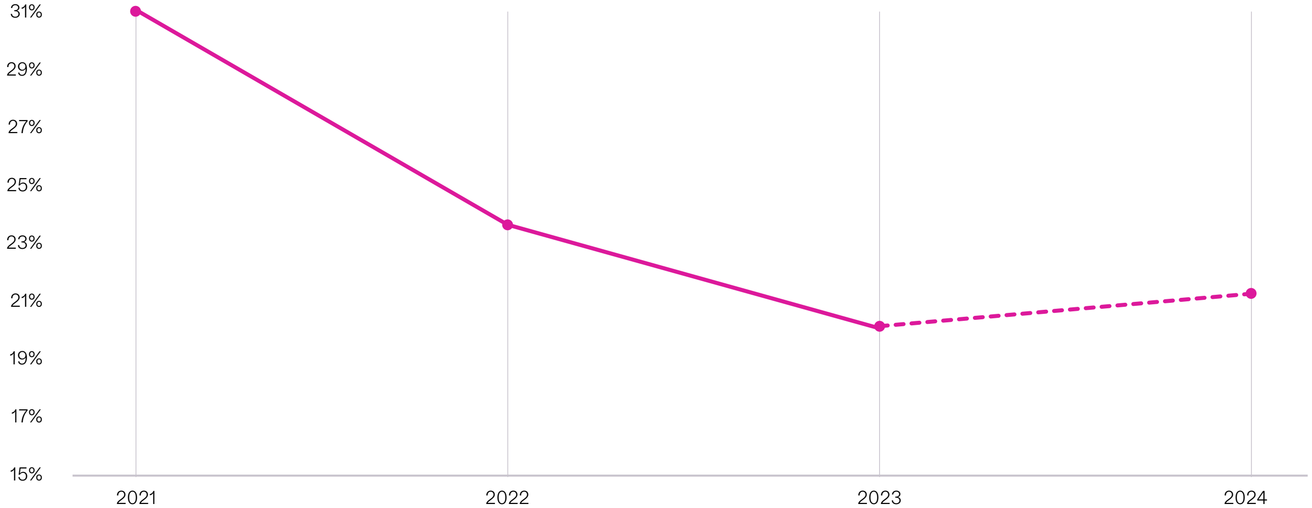
Global supply chains have been rebuilt in the wake of the pandemic and concern about the risk that disruptions can cause has dissipated markedly in the past two years from 31% in 2021 to 20% today. 'Just in time' supply chains have given way to 'just in case' and nearshoring has entered the industry lexicon.

However, challenges persist and more than a third of businesses globally (35%) plan to further increase agility in their supply chains during 2023. The COVID-19 effect has been compounded by rising geopolitical tensions and trade disputes, which have intensified in recent years, leading to increased tariffs, trade barriers, and regulatory complexities. Organisations need to closely monitor geopolitical developments, engage in proactive risk assessment, and explore alternative sourcing options to minimise disruptions.

The urgency to address climate change has also prompted governments and consumers to demand more sustainable practices. Supply chains are under pressure to reduce carbon emissions, adopt circular economy principles, guarantee ethical sourcing, and ensure that the location of key procurement and manufacturing sites is not in danger of being impacted by climate-related natural catastrophic events.

Supply chain pain diminishes but threat lingers

Percentage of global business executives who ranked supply chain instability as their number one business risk



> **"Companies and boards need to be on the front foot when it comes to emerging risks and preparing for the future. This includes stress-testing and scenario testing on how developments such as ESG regulation, supply chain challenges, or technology issues that might impact their businesses. Firms need to prepare so that they can switch lanes quickly if needs be, and remain agile. By remaining agile, boardrooms can avoid mistakes and navigate emerging risks."**

Wayne Imrie
Head of London Market Wholesale Executive Risks, Specialty Risks, Beazley

Greenwashing or Good Governance?

With the UK, US, and European Union all working towards achieving net zero by 2050, and China, Russia and India close behind, global regulators are tightening ESG-related laws. Ever-increasing attention is being paid by business leaders to this raft of new legislation - but at what cost?

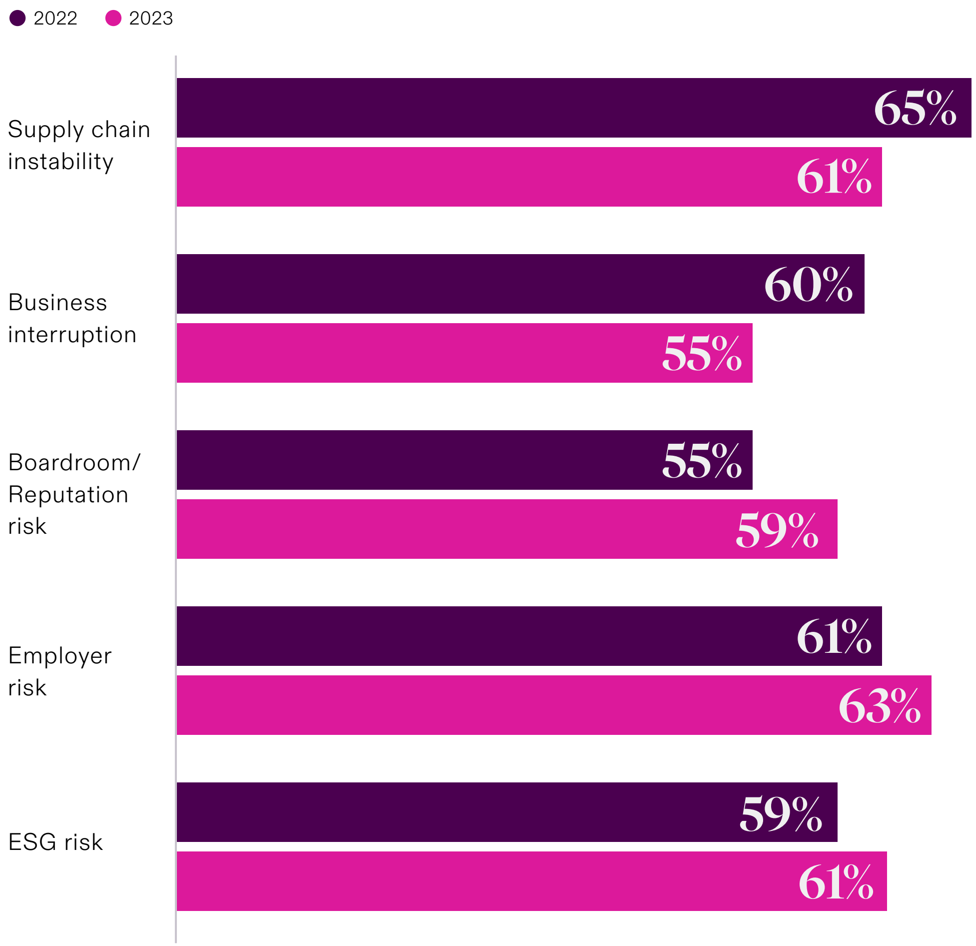
ESG is attracting more attention from businesses, consumers and regulators, and is increasingly regarded as a key area of risk for business executives globally. However, along with growing social pressure, businesses are now also facing a growing regulatory burden in this sphere. For example, companies in the EU have to comply with a host of new ESG regulations, including the Corporate Sustainability Reporting Directive, Sustainable Finance Disclosure Regulation and the EU Taxonomy for Sustainable Activities, with further initiatives being discussed publicly.[13] As a result, ESG risks are quickly rising up boardroom agendas as executives are forced to take bold steps across all three areas that ESG encompasses.

Our data shows how the perception of ESG risk has developed over time with 22% of global business leaders ranking ESG as the number one business risk they face in 2023, an increase from 19% in 2022. 61% of executives ranked ESG risk in their top three most concerning business risks, with only employer risk receiving a higher percentage of votes (63%).

[13] https://www.brightest.io/esg-regulations#europe

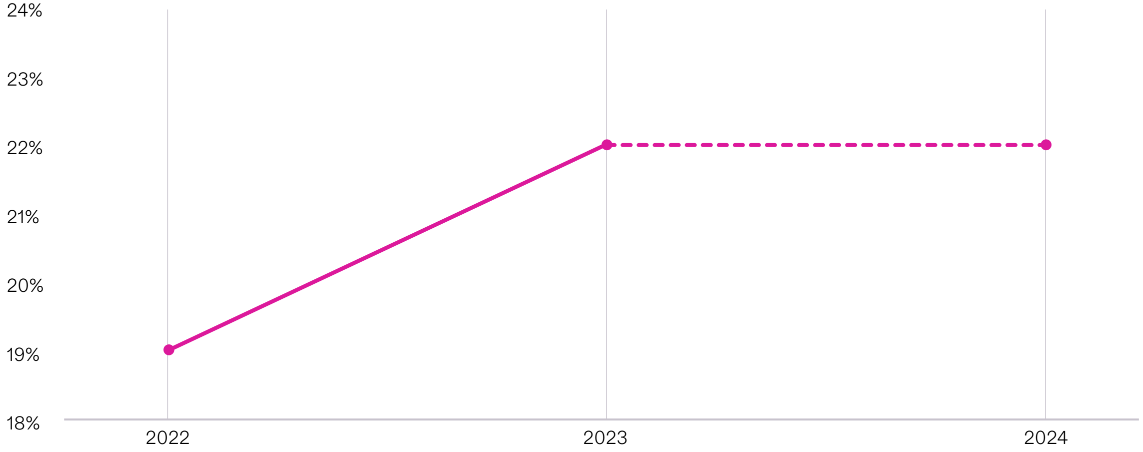
ESG risk is a top concern for business executives globally

Percentage of global business executives that placed the following risks in their top three most concerning business risks



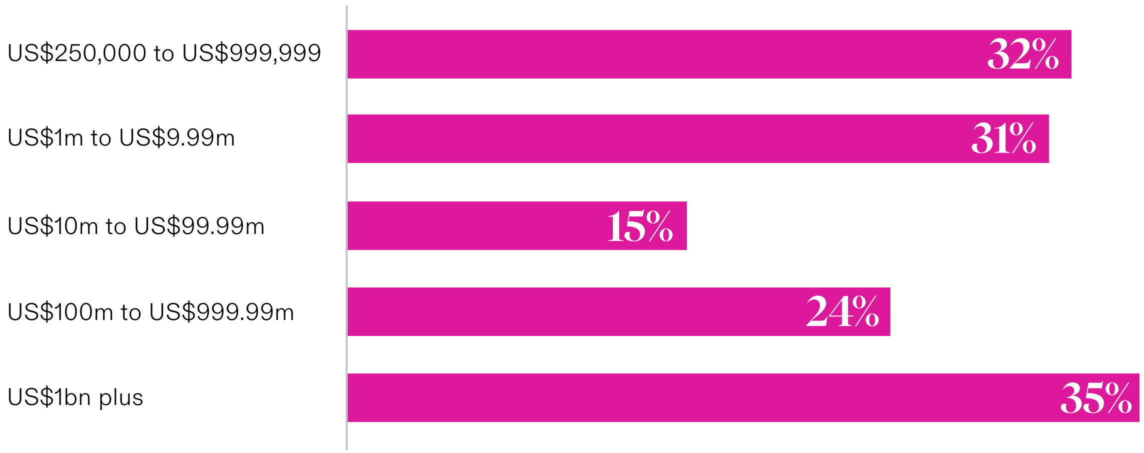
How the threat of ESG risk has evolved for business executives

Percentage of global business executives that ranked ESG as their number one risk



ESG risks are a key source of concern for US businesses of all sizes

Percentage of American business executives that feel unprepared to anticipate and respond to ESG risks



ESG regulation is fast-paced and continually evolving, so much so that we are now seeing significant variations in regulations between countries, and even within countries. As business efforts come under growing scrutiny, the lack of a clear measure and shifting public and governmental viewpoints present an increasingly difficult path for businesses, particularly for multinational companies operating in multiple jurisdictions.

Our data shows that failure to comply with new ESG-related requirements, including related legislation or reporting requirements, is of greater concern for business executives in the US and Canada than in the UK and Singapore.

Simultaneously businesses in North America are increasingly aware of and feel unprepared for the risks posed by a failure to comply with new ESG-related requirements, in the US this is particularly the case for the biggest and the smallest businesses surveyed (32% under US$1m and 35% for US$1bn plus).

In the US we are seeing attitudes, and by extension regulation, towards ESG vary significantly on a state-by-state basis.[14] One such example of a US state reversing ESG commitments is Florida, where the Stop Woke Act, signed into law by Governor Ron DeSantis back in May 2023, sent a clear partisan challenge to ESG.[15] The legislation bans state and local governments from allowing ESG-related factors to drive decisions on investing public money.[16]

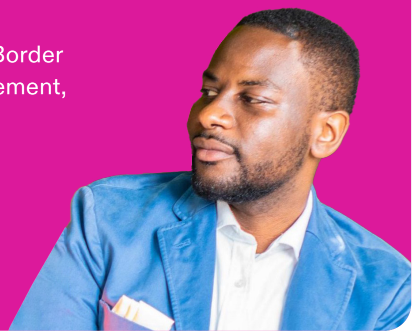
Florida is by no means alone in taking such a stance, given that, by July 2023,[17] a total of 20 US states had enacted legislation that has been perceived by some as being incoherent with the ESG agenda.

The direction of travel in some US states is in direct contrast to the ESG landscape in Europe, where there is a considerable degree of convergence between nations when it comes to ESG regulation and attitude towards ESG more broadly. The EU's Corporate Sustainability Reporting Directive, the first stage of which is due to be phased during 2024, is a landmark piece of legislation that will place a significant regulatory burden on firms when they report on sustainability.[18] Among a host of measures, the legislation is expected to make due diligence a requirement, compelling businesses to generate an ESG score, and is set to impact around 50,000 firms.[19]

While there is undoubtedly greater convergence on ESG regulation in Europe, this is by no means a uniform approach. German lawmakers are pushing to exempt thousands of small and medium-sized businesses from the new regulations,[20] demonstrating the complexity of this issue.

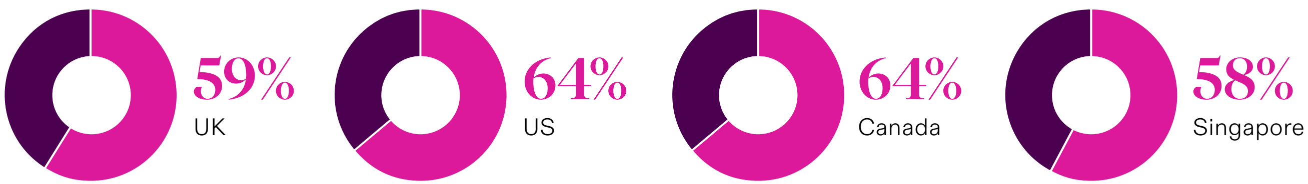
Differing approaches to ESG regulation pose problems for multinational businesses to do the 'right thing', as it is growing more complex by the day to ensure operations comply with ESG regulations in parts of the US whilst simultaneously complying with ESG regulations in Europe and the rest of the world.

> **"Increasing cross-border variation means that there is no one size fits all approach to dealing with ESG regulation, as there is no overarching world legislation or international law for businesses to fall back on. This has a significant impact on multinational businesses and can be seen as a barrier to international expansion by small and medium-sized businesses."**
>
> **Moussa Thiam**
> Head of Cross-Border General Management, Beazley



North American business leaders feel particularly exposed to ESG risks

Percentage of business executives that placed ESG risks in the top three most concerning business risks they face, by country



[14] https://corpgov.law.harvard.edu/2023/03/11/esg-battlegrounds-how-the-states-are-shaping-the-regulatory-landscape-in-the-u-s/
[15] https://www.reuters.com/business/sustainable-business/desantis-signs-sweeping-anti-esg-legislation-florida-2023-05-02/
[16] https://www.reuters.com/business/sustainable-business/desantis-signs-sweeping-anti-esg-legislation-florida-2023-05-02/
[17] https://www.morganlewis.com/pubs/2023/07/esg-investing-regulations-across-the-50-states
[18] https://www.carbontrust.com/news-and-insights/insights/corporate-sustainability-reporting-directive-csrd-explained
[19] https://www.carbontrust.com/news-and-insights/insights/corporate-sustainability-reporting-directive-csrd-explained
[20] https://www.ft.com/content/4c533c07-a5ae-402d-8c1d-80c2ea416970

While many businesses are embracing their duty to help protect the environment and are taking bold steps to uphold this responsibility, there is a fine line between promoting work intended to minimise the size of a business's carbon footprint and simply greenwashing – over stating green credentials or actions. There are numerous recent examples of multinational businesses straying into the realms of greenwashing and facing a significant legal backlash as a result.

Greenwashing can have a significant impact on the reputation of a business, as legal action combined with social media pressure can prove particularly damaging. The threats associated with greenwashing serve as an important reminder to businesses about the need to accurately report on the impact that any initiatives aimed at reducing carbon emissions have made.

In light of greenwashing becoming a source of growing concern among consumers, the regulatory burden in this sphere is beginning to increase. For example, the EU has recently announced that, by 2026, businesses will be banned from branding products as climate neutral unless they can produce clear evidence to support that claim.[21] This announcement reflects a growing sentiment of mistrust in environmentally friendly goods.

The approach adopted by the EU will no doubt spread to other jurisdictions, consequently exposing businesses that specifically market their products as being environmentally friendly open to a significant degree of risk. This is an instance where the value of D&O liability insurance is undeniable.

"Historically, in the US, D&O products were limited to class action lawsuits. We are starting to see a greater number of organisations enquire about more robust coverage in order to protect themselves against rising ESG regulatory exposure."

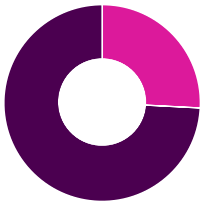
James Rizzo
Product Leader -
US D&O, Beazley

[21] https://www.ft.com/content/53f84f03-1f1c-4240-977f-9de0e4893377

Navigating an increasingly challenging ESG landscape

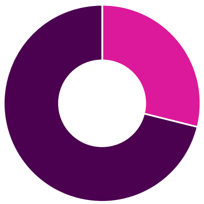
As regulation mounts and the impact of climate change intensifies, businesses must prepare for ESG risks and consider how to stay one step ahead of the increasingly complex regulatory landscape.

To better navigate the global patchwork of ESG regulation, multinational businesses appear to be adhering to regulations set by one particular legislative regime, and applying that approach to all other jurisdictions they operate in. To do this, businesses must decide which regulations best fit their own company values, demonstrating how businesses are now compelled to take political stances like never before.



26%

of business executives feel unprepared to anticipate and respond to ESG risks



29%

of business executives in Canada feel unprepared to deal with ESG, a higher percentage than executives in the UK (23%), US (27%) and Singapore (23%)

Disregarding or contesting legislation is by no means a workable solution for all businesses as smaller firms simply don't have the financial and legal firepower to do this. Consequently, smaller businesses may be forced into complying with regulations that do not necessarily align with their values, just to maintain growth.

Businesses can attempt to stay one step ahead of regulations by predicting what regulations are likely to come into force and adapting their practices accordingly. However, it would be a mistake to think that all future threats are easy to anticipate, as the regulatory landscape is increasingly volatile and unpredictable.

Our data shows businesses progressively feel unprepared to anticipate and respond to ESG risks, and while the challenges caused by the global patchwork of regulation are particularly felt by multinational businesses, ultimately businesses of all sizes are affected. Insurance, and in particular a global programme of coverage can undoubtedly play a part in providing businesses with peace of mind as they navigate the minefield of ESG risks.

> **"Robust D&O and Cyber insurance is crucial for firms operating internationally and global coverage solutions must always be carefully structured to meet the specific requirements of a business. It is important to ensure that businesses are adequately covered in all the jurisdictions in which they are present, and insurance policies must be able to respond in accordance with local regulations, requirements and market practice. Not doing so can significantly hinder international growth and expansion."**

Alex Gage
Head of Global Programmes, Beazley

The Role of Insurance

Our data shows that almost half (42%) of global business leaders believe they will be operating in a high-risk environment in six months' time, up from 31% earlier this year. Over a third (35%) of global executives now plan to explore insurance options that include risk and crisis management as business challenges mount.

Whether it is navigating the economic uncertainty of persistent inflation, keeping pace with shifting societal values or mounting environmental regulation, the stakes are higher for global boardrooms. While tough decisions are being made today by executives, even tougher decisions will need to be made in the coming years.

C-suite executives face challenges from multiple directions as they chart the right path for their business, employees and shareholders while upholding long-earned and hard-won reputations – and continuing to run a profitable company. Views will be challenged and management teams will be called out for any perceived missteps, particularly from stakeholder groups which are growing more sophisticated, informed and vocal as views become increasingly polarised.

Ultimately, business leaders will need to ensure they have the governance frameworks in place to make the best decision they can with the information they have at the time. The role of the specialty insurance market will be vital to help businesses navigate choppy waters and to share liabilities that may not manifest for months or years to come, but, when they do, often rear their head as costly D&O liability risks.

Safe harbour policy language exists to cushion executives from unknown scenarios, and those which are impossible to plan for. Meanwhile, the latest learnings and risk mitigation tools from a specialist and highly experienced insurance provider, like Beazley, can be called upon to evaluate a business' position and provide the reassurance they need to continue with business as usual.

> **"Resource allocation, the ability to be flexible and tone from the top are the things that really will make the difference between whether a company emerges from whichever scenario they face in a positive light, or in a very punitive one."**
>
> **Bethany Greenwood**
> Group Head of Specialty Risks, Beazley

Methodology

About the Risk & Resilience research

During the 3rd January and 13th February 2023, we commissioned research company Opinion Matters to survey the opinions of 2,000 business leaders and insurance buyers of businesses based in the UK, US, Canada and Singapore with international operations. Opinion Matters abides by and employs members of the Market Research Society and follows the MRS code of conduct which is based on the ESOMAR principles. Survey participants were asked about their views on insurers and insurance, as well as on four categories of risk:

- **Business** – including supply chain instability, business interruption, boardroom risk, crime, reputational and employer risk and failure to comply with ESG regulations and reporting requirements.
- **Environmental –** including climate change and associated catastrophic risks, environmental damage, greenhouse gas emission, pandemic, food insecurity and energy transition risk.
- **Cyber & Technology** – including the threat of disruption, failure to keep pace with changing technology, cyber risk and IP risk.
- **Geopolitical** – including strikes and civil disruption, changes in legislation and regulation, economic uncertainty, inflation and war & terror.

Of the firms surveyed, there was an equal split of respondents across company sizes of: US$250,000 - US$1 million, US$1,000,001 - US$10 million, US$10,000,001 - US$100 million, US$100,000,001 - US$1 billion, more than US$1 billion.

With a minimum of 50 respondents per country per industry sector, respondents represented businesses operating in:

- Healthcare & Life Sciences
- Manufacturing, Retail, Wholesale and Food & Beverage
- Commercial Property, Real Estate and Construction
- Hospitality, Entertainment and Leisure (including Gaming)
- Financial Institutions and Professional Services
- Energy and Utilities (including Mining), Marine and Warehousing
- Public Sector and Education
- Tech, Media and Telecoms
- Transportation, Logistics, Cargo and Aviation

Previous editions of the survey were undertaken between 01.02.2021 and 10.02.2021 as well as 10.01.2022 – 24.01.2022.

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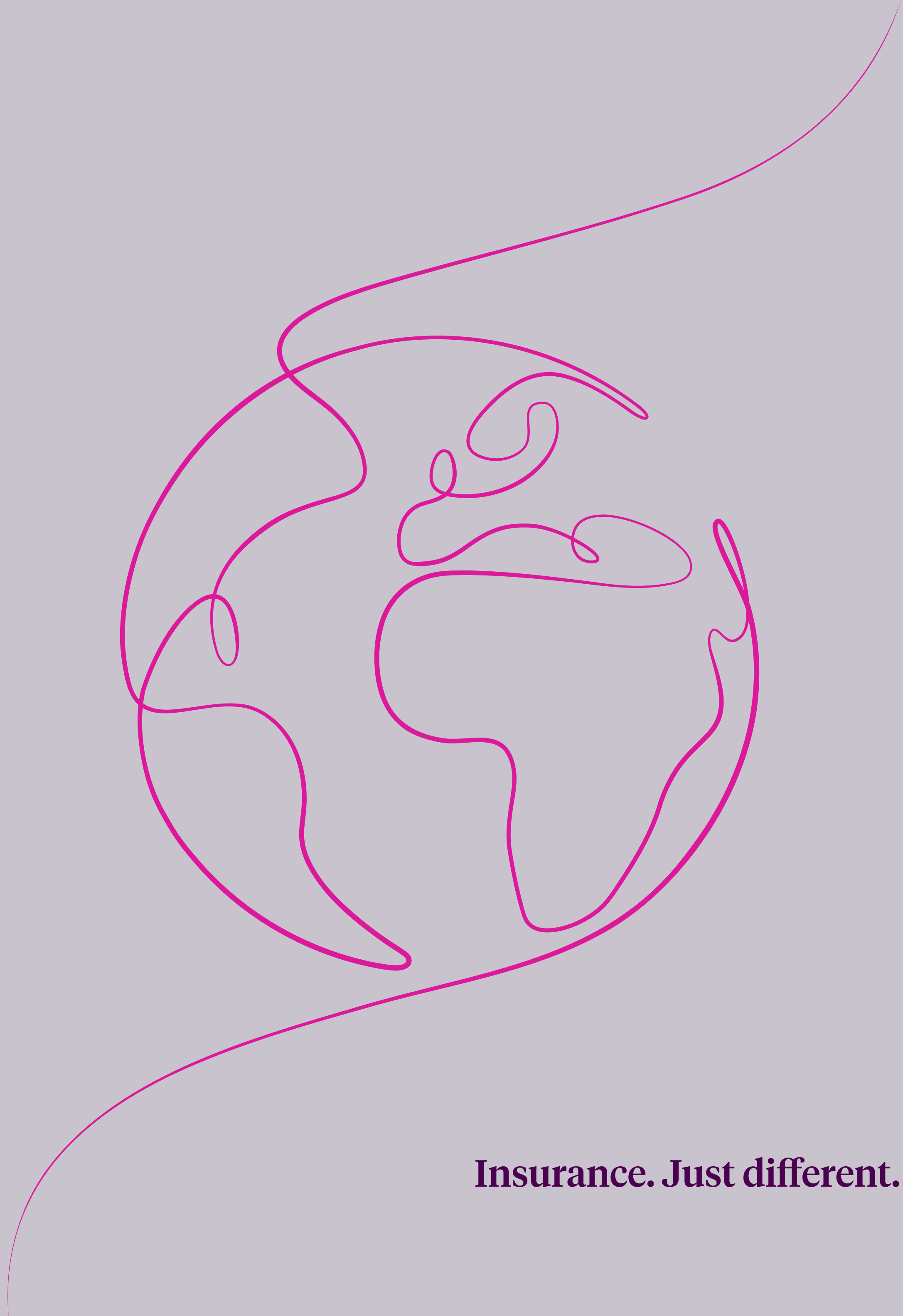

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