

What will it be, and will your organization survive?

Risk Management for the Next Storm



The Institute of
Internal Auditors

Card Msiko

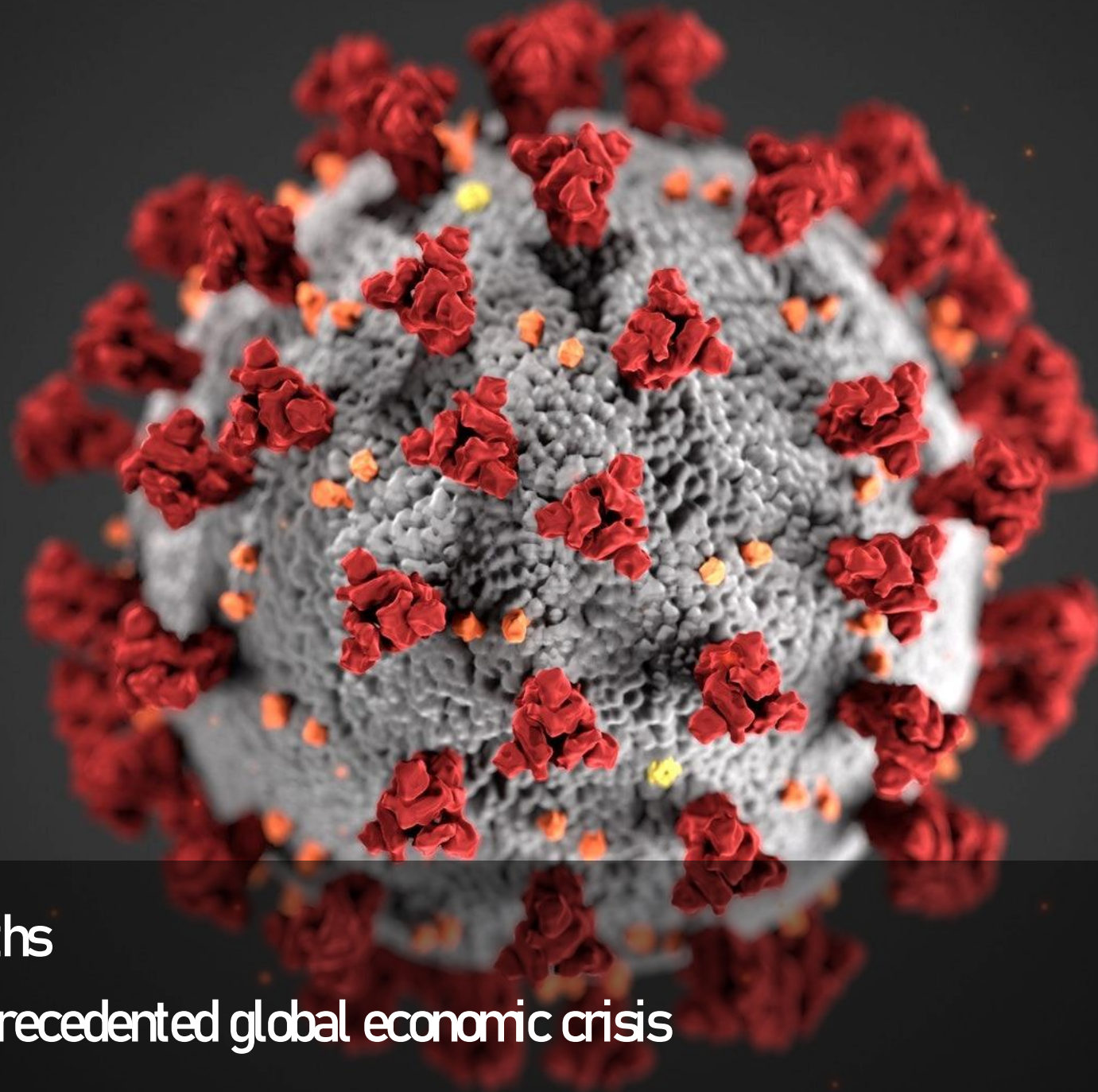
May 13, 2022

19th Annual Seminar

| The years 2019 - 2022 in review...



COVID-19



- ~14.9 million deaths
- Triggered an unprecedented global economic crisis

Australian Bushfires

- 18.6 million hectares burned
- 5900 buildings destroyed
- 434 people killed





Devastating floods in Indonesia

- 400,000 people forced to flee
- 66 people killed

Volcano Eruptions in the Philippines

- 300,000 people forced to flee





Devastating Earthquakes

- Turkey, The Caribbean, China, Iran, Russia, Philippines and India
- 45 Earthquakes with magnitude over 6



Locust Swarms

- 5 states in India, East Africa, Pakistan
- Extreme damage to crops impacting food security



Europe Windstorms

- Windstorm Ciara and Alex
- Cost nearly USD 6bn; Killed 30 people
- Extratropical cyclone expected to hit Europe due to global warming

Russia – Ukraine War

RESURGING PANDEMIC

Growing Food Prices

**HUMANITARIAN
CRISIS**

**Economic
Fragmentation**

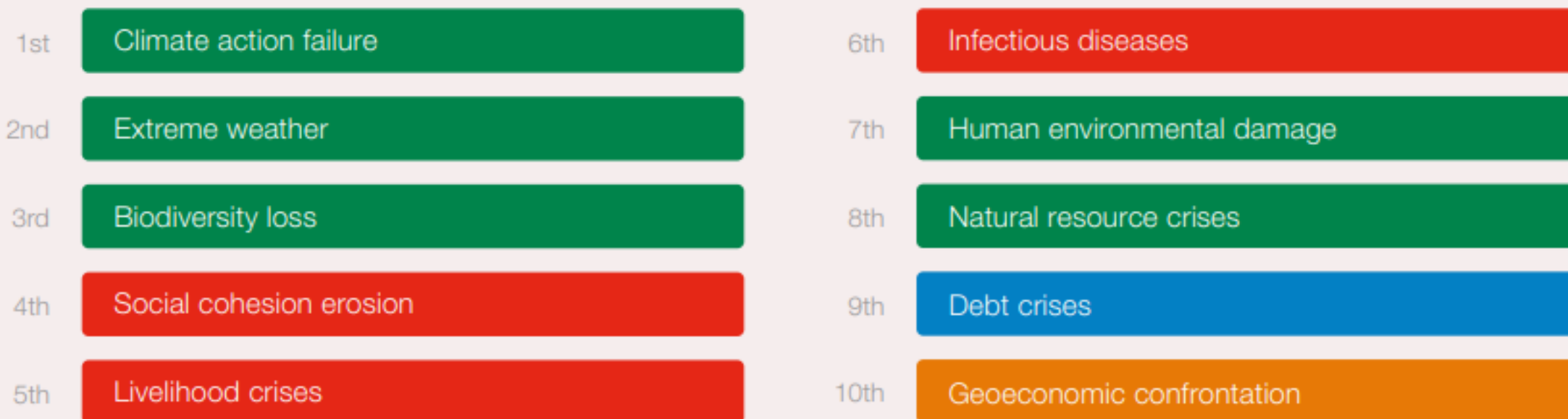
Looming debt distress

Strained Global Liquidity

FIGURE 1.3

“Identify the most severe risks on a global scale over the next 10 years”

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological

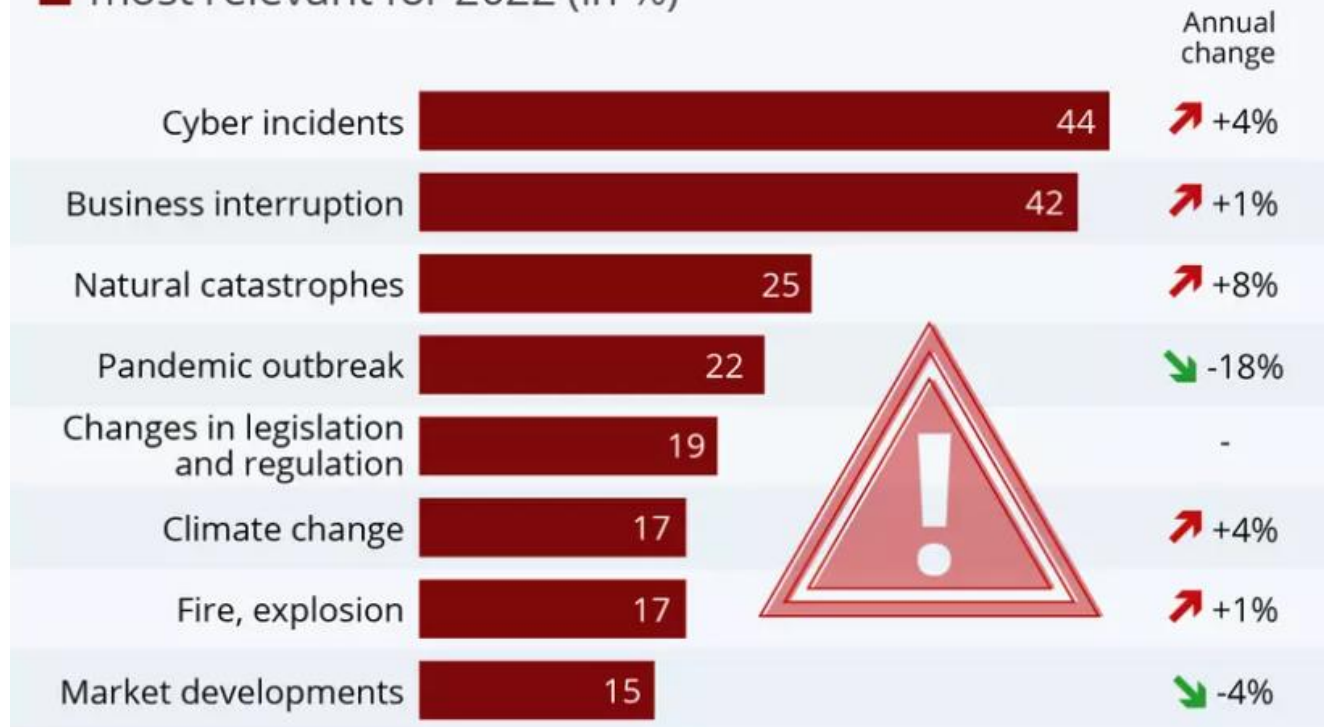


Source: World Economic Forum Global Risks Perception Survey 2021-2022



The Biggest Business Risks in 2022

Share of respondents deeming the following risks most relevant for 2022 (in %)



Based on a survey of 2,650 risk management experts in 89 countries; Oct-Nov 2021
Source: Allianz Global Corporate & Specialty

| BCM – Our traditional response...





Resilience – Our required response...

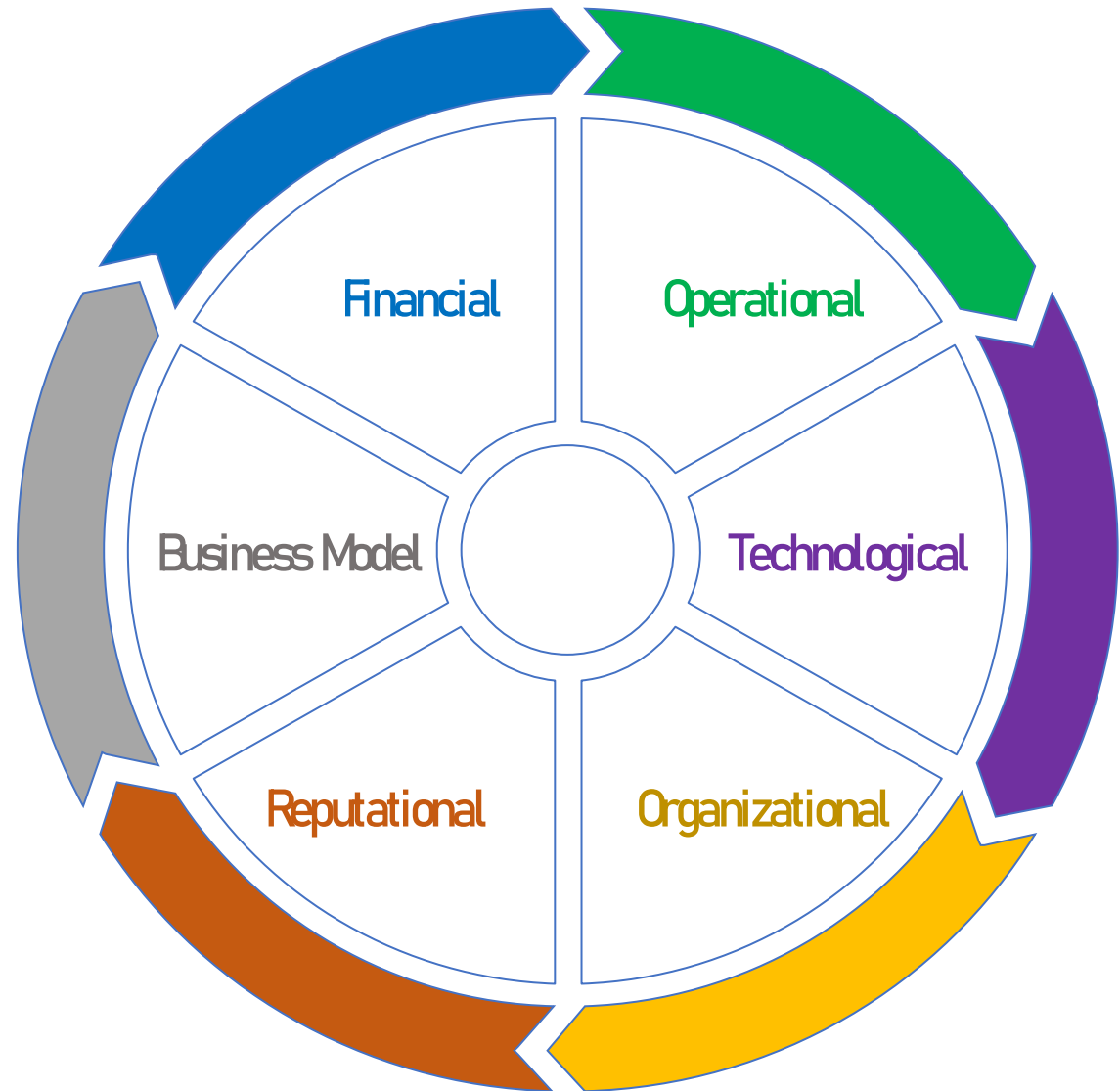


OPERATIONAL RESILIENCE

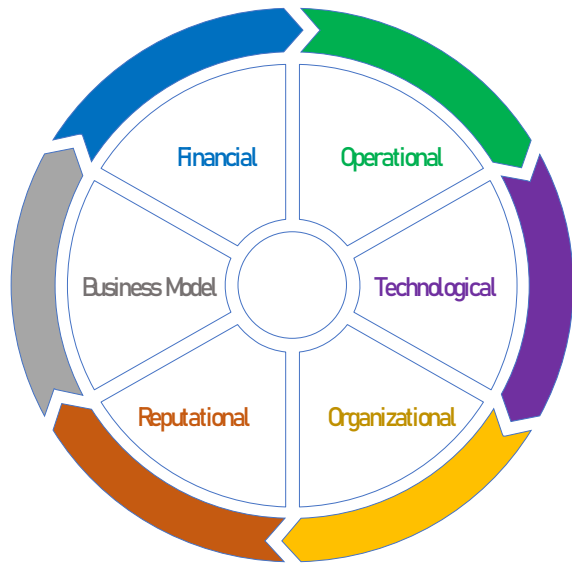


Core Resilience Areas

1. Financial Resilience
2. Operational Resilience
3. Technological Resilience
4. Organizational Resilience
5. Reputational Resilience
6. Business Model Resilience

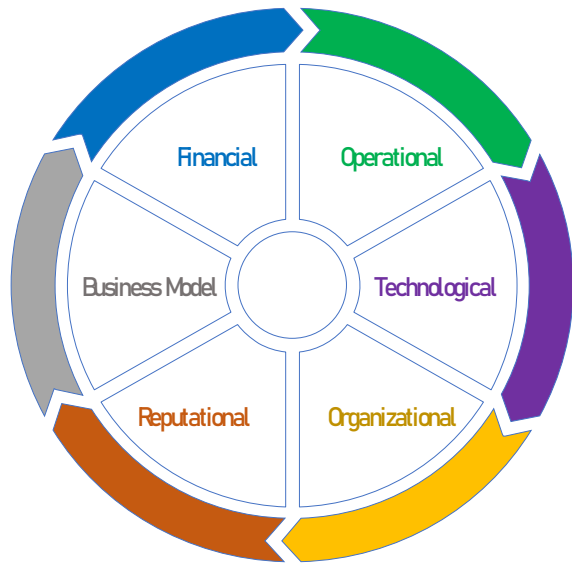


Financial Resilience



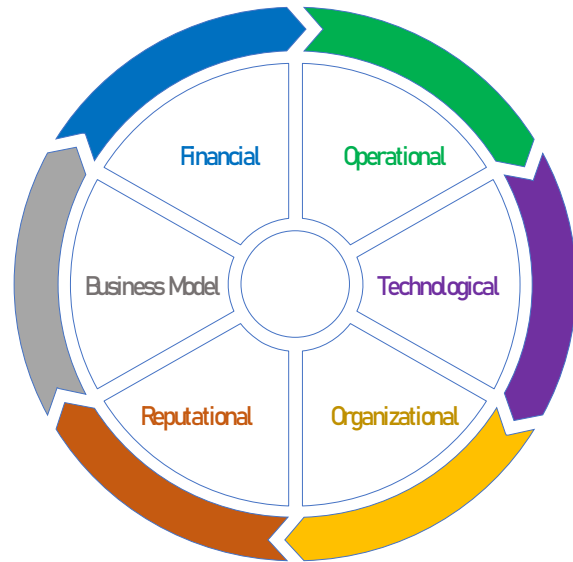
1. Balancing short- and longer-term financial aims.
2. Ensuring a solid capital position and sufficient liquidity.
3. Achieving superior margins

Operational Resilience



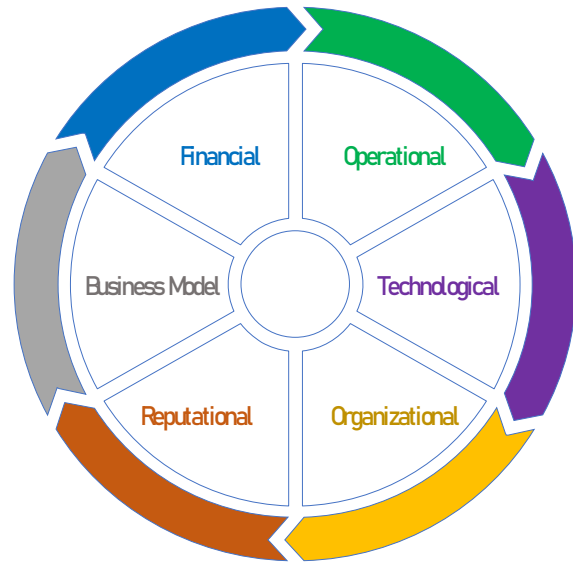
1. Maintain production capacity in the face of disruption without sacrificing quality.
2. Maintain provision of goods and services to customers, even under stress

Technological Resilience



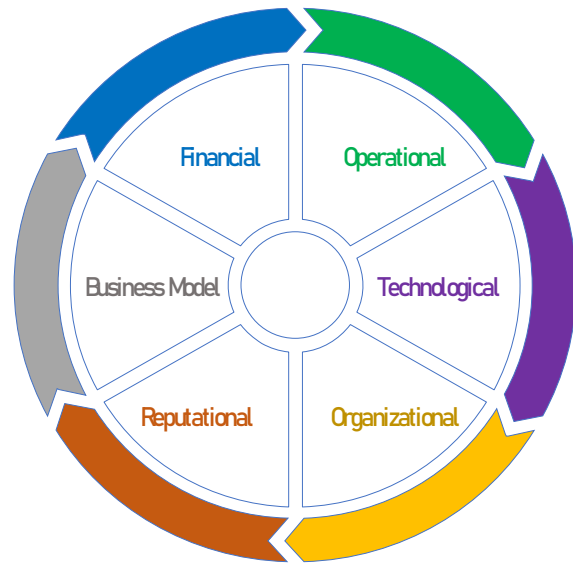
1. Strong flexible infrastructure
2. High quality data
3. Quality IT projects
4. Business Continuity and Disaster Recovery

Organizational Resilience



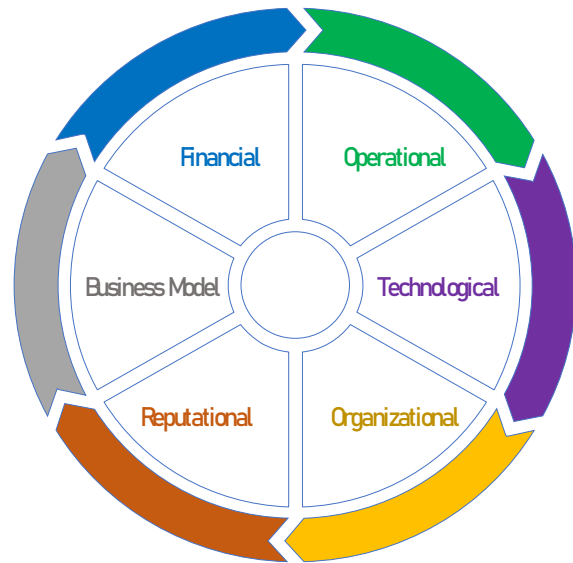
1. Attract, retain and develop talent
2. Diverse workforce
3. Strong culture
4. Succession planning and continuity

Reputational Resilience



1. Align values, actions and words
2. Good stakeholder management
3. Meet societal expectations

Business Model Resilience



1. Adaptive business model
2. Innovation and entrepreneurship
3. Responsive to dynamic and uncertain environment

Resilience for Internal Audit...



TECHNOLOGY

COLLABORATION

TALENT

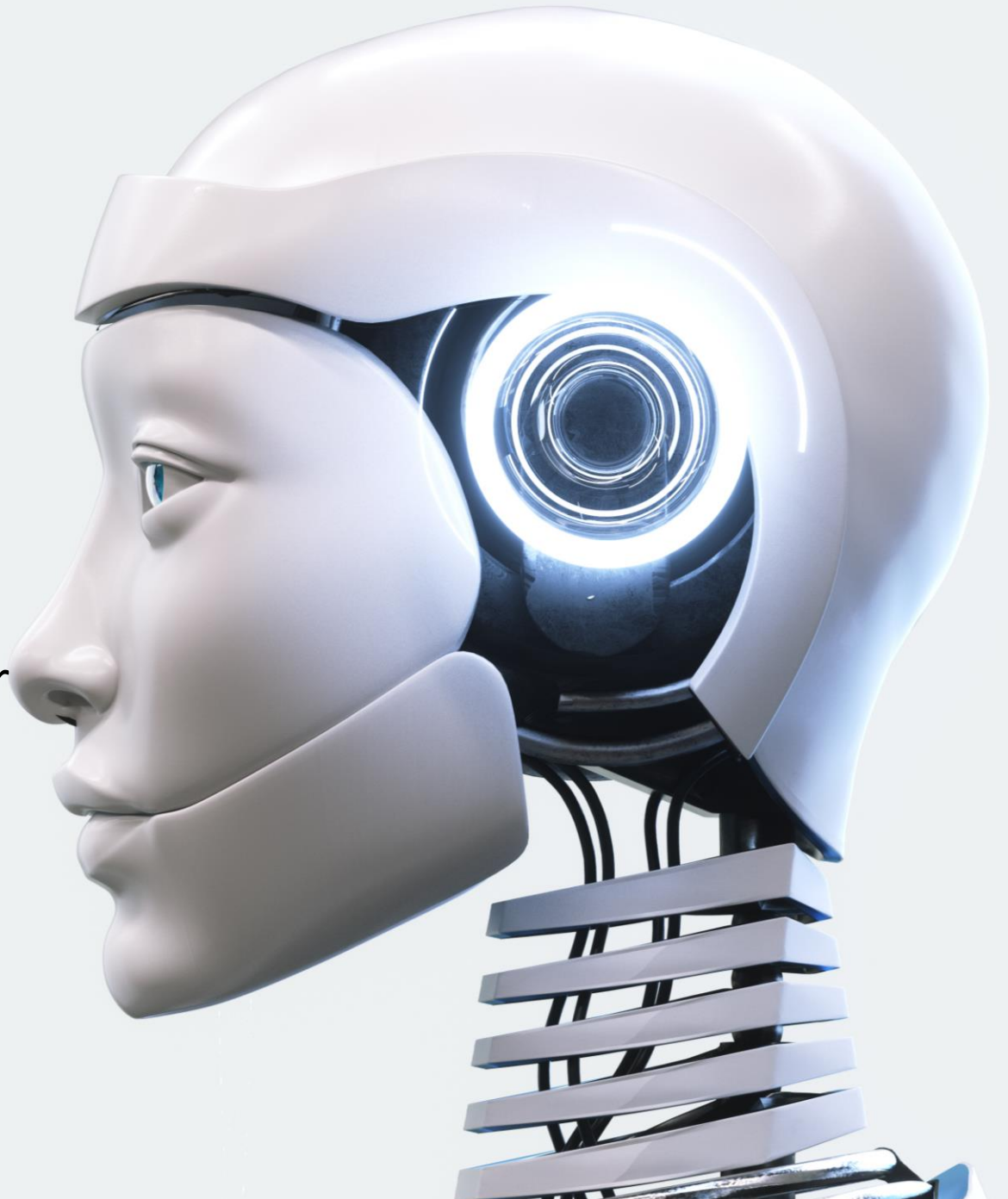


AGILITY

TENACITY

TECHNOLOGY

4IR, data analytics, robotic process automation, and artificial intelligence enable continuous monitoring and faster detection of problems.



AGILITY

Ability to anticipate, respond swiftly to changing landscape, and reshape



COLLABORATION

Ability to work together even when apart
Tone at the Top; Mood in the Middle,
Buzz at the Bottom



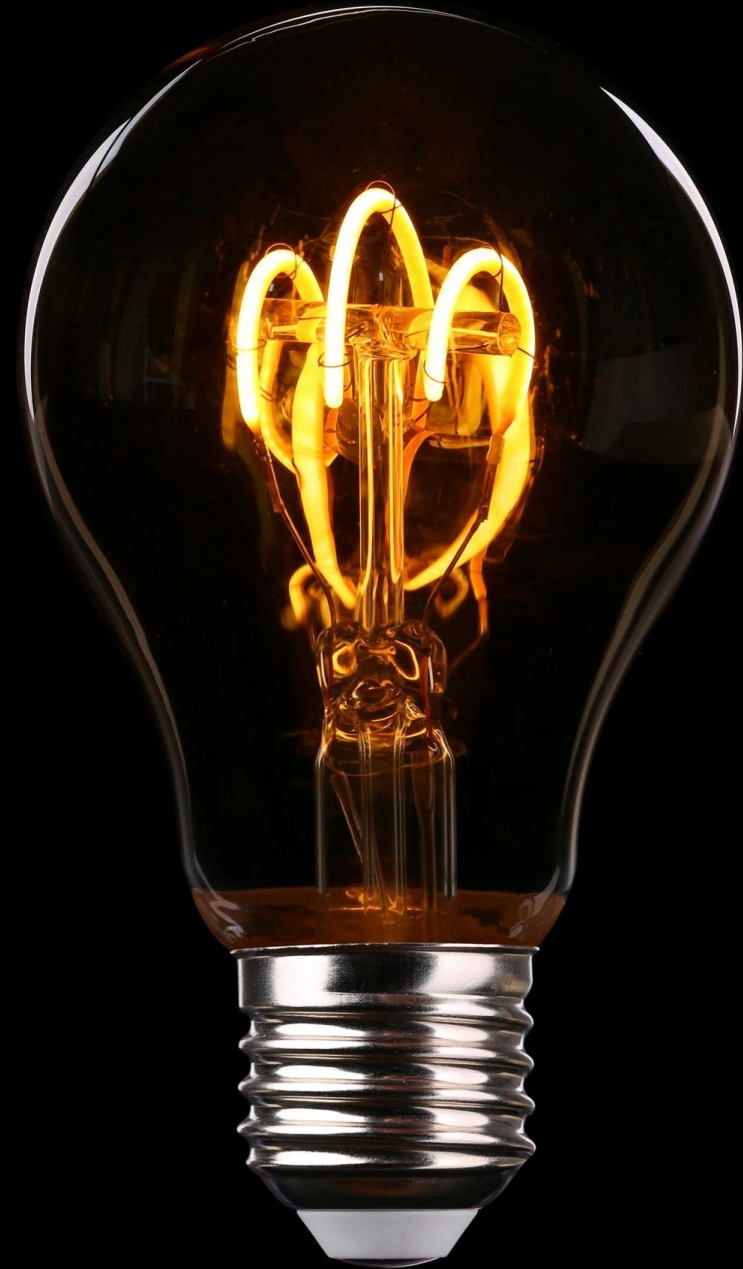
TALENT


Knowledge and training position us to provide valuable insight and help our organizations anticipate and prepare for the future.



TENACITY

Internal audit must have the courage to share views on the risk landscape, providing advice and assurance from within organizations to help people:





“Resilience does not come about by accident: It takes hard work and ongoing commitment. All of our actions should have the ultimate goal of preparing our organizations to face the future — and that future is one of increasing risks and uncertainty, in which only the best prepared organizations are likely to survive.”





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