

# CORPORATE RISK MANAGEMENT STRATEGIES FOR OVERCOMING THE COVID-19 CRISIS AND PREPARING FOR THE NEXT ONE

The role of corporate risk managers – beyond Covid-19:  
Business partners in energy transition

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## ABOUT & CONTACT



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25 years+ global multi-sector experience as a director, senior executive in the global energy sector

Non-Executive Director

Advisor to Boards on Strategy, Risk & Resilience, and ESG / Governance

IRM Global Ambassador, and Co-Chair of the IRM Energy & Renewables Special Interest Group

Risk & Governance thought leader, author and trainer

Advisory Board Member: Speak Up at Work.

Past roles include director at: ALSTOM Energy (Australia & UK), Caminus Corp., Siemens Energy, Wolters Kluwer Financial Services, Fitch Ratings, energy market regulation and Transformation Programme Director on major enterprise energy industry transformation programmes across EMEA and the Asia Pacific region

Interim risk leadership roles with SAS, IBM (CEE Risk Leader).

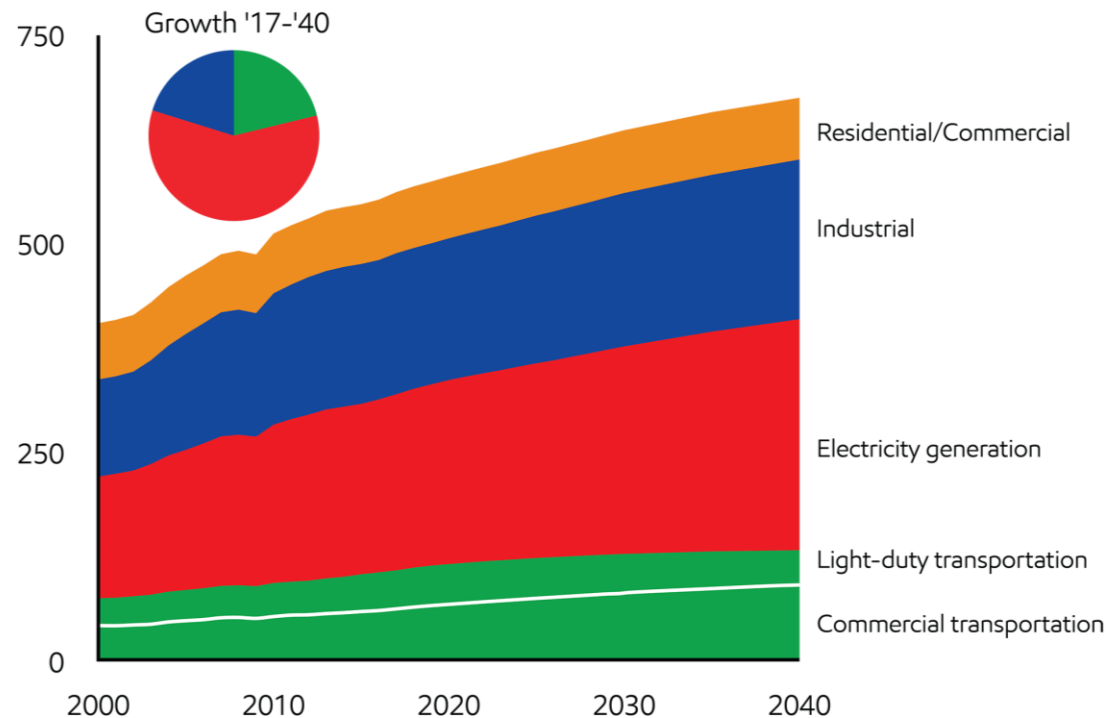
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# How does the future look?

Snapshot at March 2020



Energy demand still forecast to grow over the next 20 years

Driven by developing countries (population growth)

Note: graph based on pre-Covid-19 data

# Covid-19 as a driver of risk awareness

## Created demand shock (O&G)

- Lockdowns
- Near cessation of air travel
- Supply chain risks exposed, notably in: JIT failures, single source of supply
- Critical infra projects

## “Upside” industries:

- Technology
- Vehicles
- Online retail, food delivery
- Advisory – esp. transformation initiatives, BCM, Risk
- Fraud!

## Risk management response and focus:

- “Work from home”
- Digital enablement
- Wider-scale transformation
- Scenario-based approaches become more important

## Upside industries not immune from risks:

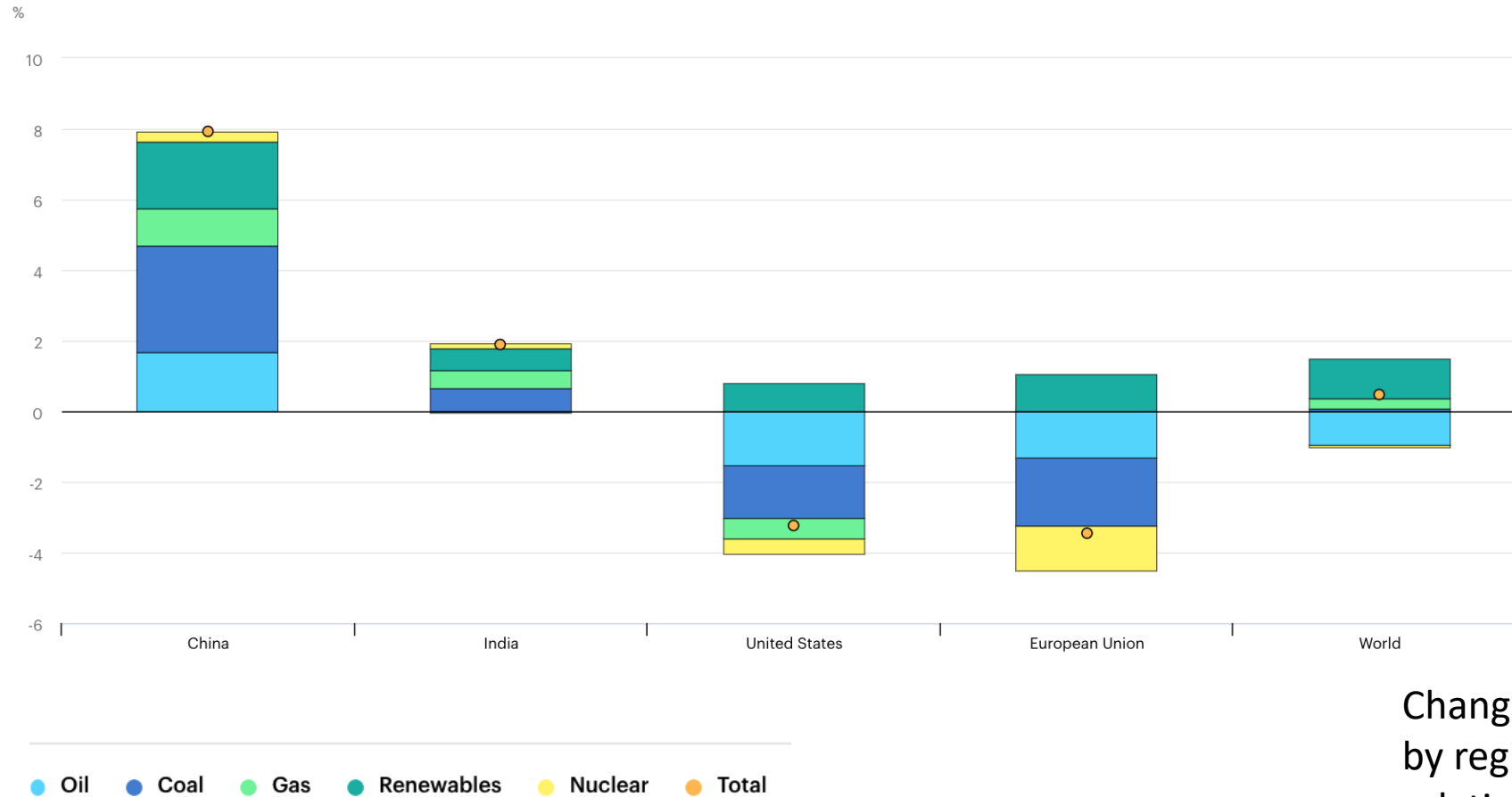
- Cyber risks
- Fraud
- Key person risks
- Supply chain
- Business & workplace culture

# Covid-19 Outcomes: Energy

- Big Oil balance sheet re-structures; write-offs generally done, baseline for change
- Energy transition
- Investment up in digital, EVs, cross-sector initiatives
- Digitisation:
  - Accelerated implementation
  - Why? People risks (treat), costs (contain), ensure resilience (invest)
- Take-aways – risk challenges:
  - We've proven we can manage without / innovate / adapt – impact on business & risk culture
  - New technology investments in clean energy - impacting skills and capabilities
  - Investor demands and ESG considerations, governance focus – increase in risk awareness
  - Note: rebound in carbon emissions, up 5% nearing 2018-19 peak – global imbalance



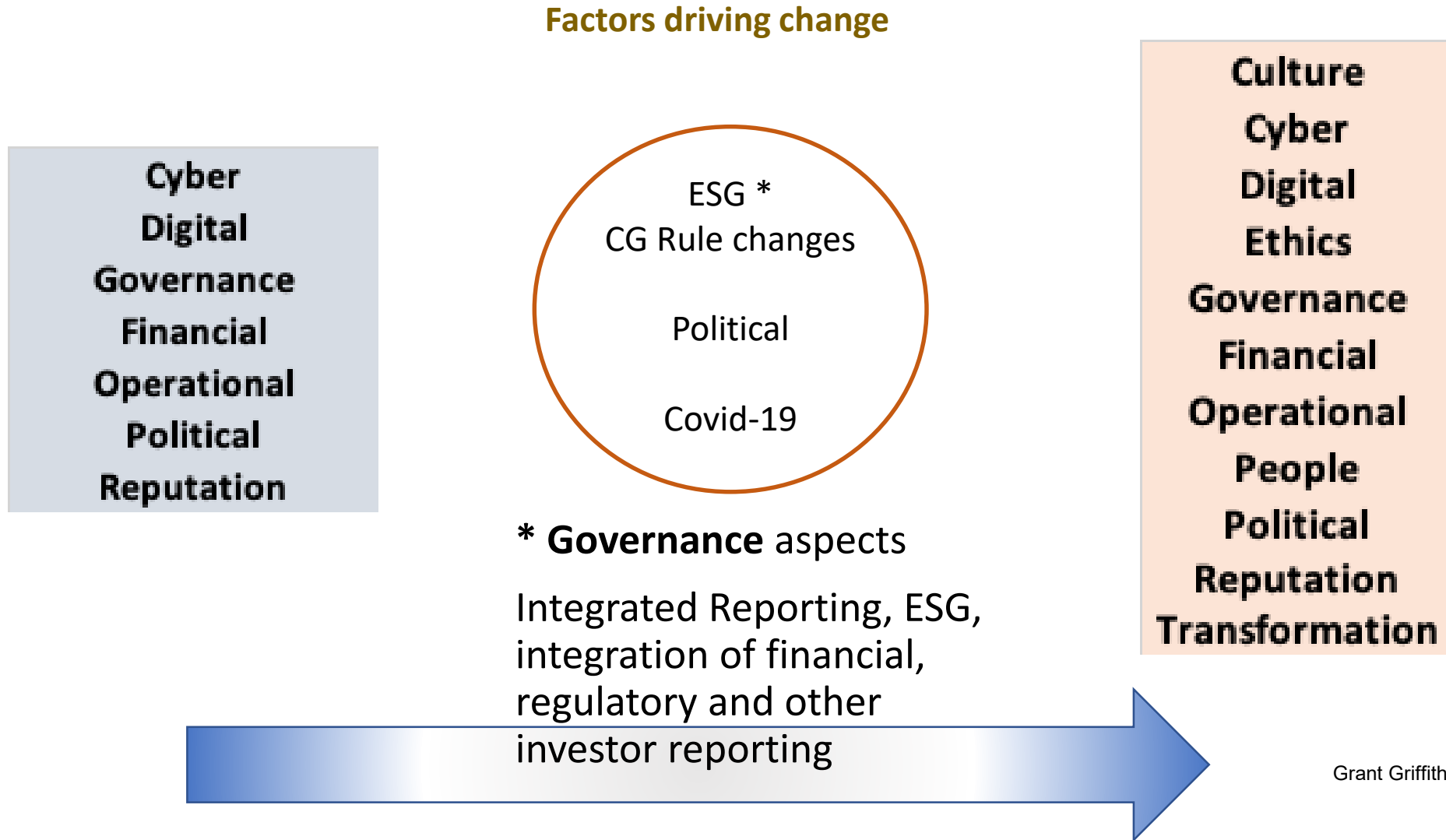
# Energy Demand - observations



Change of primary energy demand  
by region and by fuel in 2021  
relative to 2019

# Three Year Shift in Risk

## Key risk categories













# Industry skill sets – Risk Managers

- Push of risk management into the front line with greater use of risk champions to support stronger risk capabilities
- Broader set of skills - risk managers expected to have high levels of competency in challenging, facilitating and integrating with business operations to complement core risk management know-how
- Cross-sector knowledge is becoming more important, scenario-based approaches needed
- Certification and skills recognition
- Boards becoming more aware of the need to upskill on risk, resilience and governance.



# Recent events

- Suez Canal blockage
- US politics
- BCP/BCM – lessons learned
- Ongoing uncertainty on Covid-19: India,
- “Vaccination politics”
- EU’s future ...???

	Total doses given	Doses per 100 population ▼
 Israel	10,493,027	121
 UAE	11,048,547	112
 Chile	15,526,627	81
 Bahrain	1,347,062	79
 UK	<b>52,403,417</b>	77
 USA	254,779,333	76
 Serbia	3,757,088	55
 Germany	34,408,840	41
 Denmark	2,258,055	39
 EU-27	168,609,989	38



# There are usually signs

## What has changed / is changing?

- Approaches to identifying causality
- Increase awareness and focus on consideration of boundary risks / causes
- Supply chain risk awareness has increased
- Financial impacts resulting from the move from reliance on JIT and single source of supply towards resilient supply chains
- Digitisation to accelerate ability to manage key infra
- Political / geopolitical influence (e.g.: travel “green lists”, vaccine politics) result in less latitude in deciding likelihood (risk analysis / measurement calibration)



# Others – Keep an eye on ...

(ongoing) Geopolitical uncertainty  
Iran – the USA and EU positions, Gulf Region  
Sovereign debt levels