

2025

Policyholders' Conference

Stronger together.



Enterprise Risk Management Update – A Global View of Risk

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Agenda

- Insights from World Economic Forum (WEF) Global Risk Report 2025
- EEI Enterprise Risk Management (ERM) Committee Top Risks
- Best Practices for Resilience

Global Risks Report 2025

Overview: Content and context

1

“A world of growing divisions”

- State-based armed conflict
- Extreme weather
- Goeconomic confrontation
- Misinformation and disinformation
- Societal polarization

2

“The point of no return”

- Environmental risks an urgent reality
- Complacency about pace of technological advances
- Rising concerns about inequality and social supports

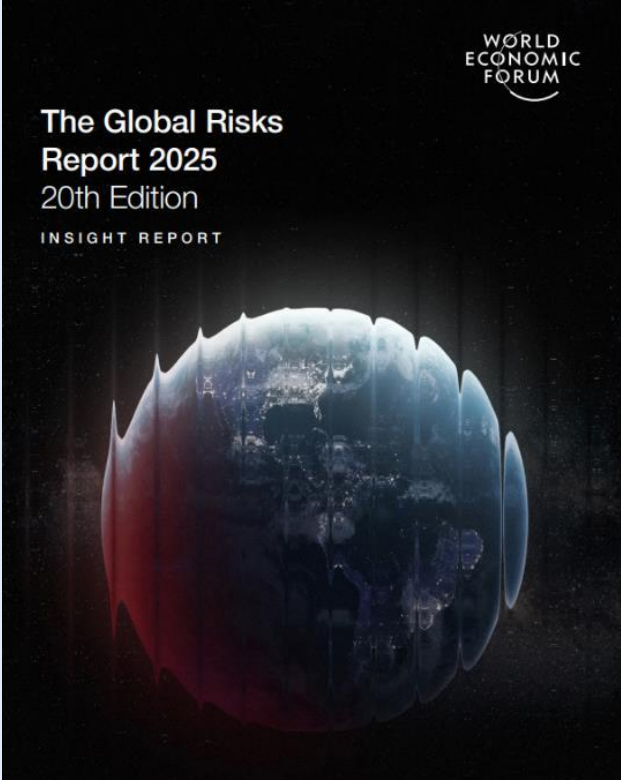
3

How to improve risk management collaboration on shared challenges in a fractured world



- **20th** year of publication
- Rooted in a survey that tapped into **~900** experts from across the world (Global Risks Perception Survey)
- Additional views of **~11,000** company executives on the leading risks to doing business in their country (Executive Opinion Survey)

Current Risk Landscape



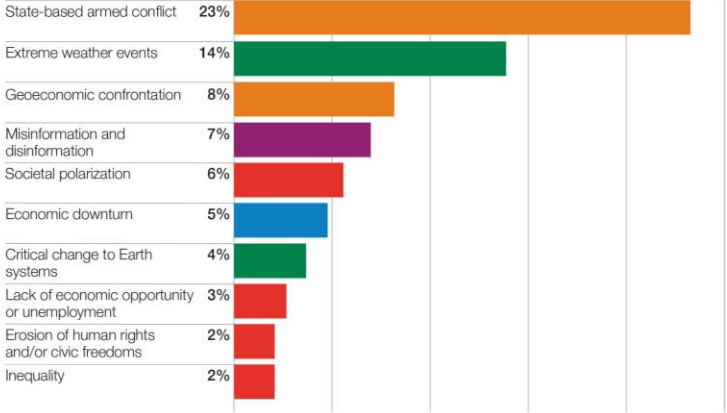
Global Risks Report 2025

Current Risk Landscape



Please select one risk that you believe is most likely to present a material crisis on a global scale in 2025.

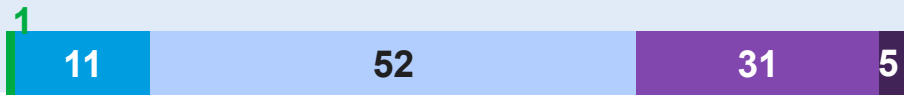
Top 10 risks selected by respondents (Share of respondents %)



Risk categories: Economic (blue), Environmental (green), Geopolitical (orange), Societal (red), Technological (purple)

Source: World Economic Forum, Global Risks Perception Survey 2024-2025

In 2 years

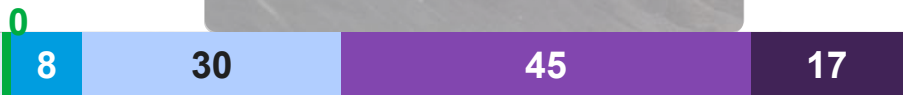


Risk outlook for the world

A Shift

Which of the following best characterizes your outlook for the world over the following time periods?

In 10 years



CALM

Negligible risk of global catastrophes

STABLE

Isolated disruptions, low risk of global catastrophes

UNSETTLED

Some instability, moderate risk of global catastrophes

TURBULENT

Upheavals and elevated risk of global catastrophes

STORMY

Global catastrophic risks looming

Note: WEF Global Risks Perception Survey 2024-2025
Source: World Economic Forum; Marsh McLennan analysis

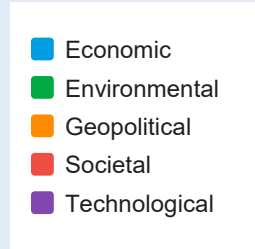
2025 Top Risk Concerns by Time Period

Near-term (2 years)

- 1 Misinformation and disinformation
- 2 Extreme weather events
- 3 State-based armed conflict
- 4 Societal polarization
- 5 Cyber espionage and warfare
- 6 Pollution
- 7 Inequality
- 8 Involuntary migration or displacement
- 9 Geoeconomic confrontation
- 10 Erosion of human rights and /or civic freedoms

Longer-term (10 years)

- 1 Extreme weather events
- 2 Biodiversity loss and ecosystem collapse
- 3 Critical change to Earth systems
- 4 Natural resource shortages
- 5 Misinformation and disinformation
- 6 Adverse outcomes of AI technologies
- 7 Inequality
- 8 Societal polarization
- 9 Cyber espionage and warfare
- 10 Pollution (air, soil, water)



Note: WEF Global Risks Perception Survey 2024-2025
Source: World Economic Forum Global Risks; Marsh McLennan analysis

Top Risk Concerns for Business Leaders in North America

Canada

- 1 Economic downturn
- 2 Labor and/or talent shortage
- 3 Inflation
- 4 Poverty and inequality (wealth, income)
- 5 Adverse outcomes of artificial intelligence technologies
- 5 Misinformation and disinformation

United States

- 1 Economic downturn
- 2 Inflation
- 3 Adverse outcomes of artificial intelligence technologies
- 4 Food supply shortage
- 5 Extreme weather events

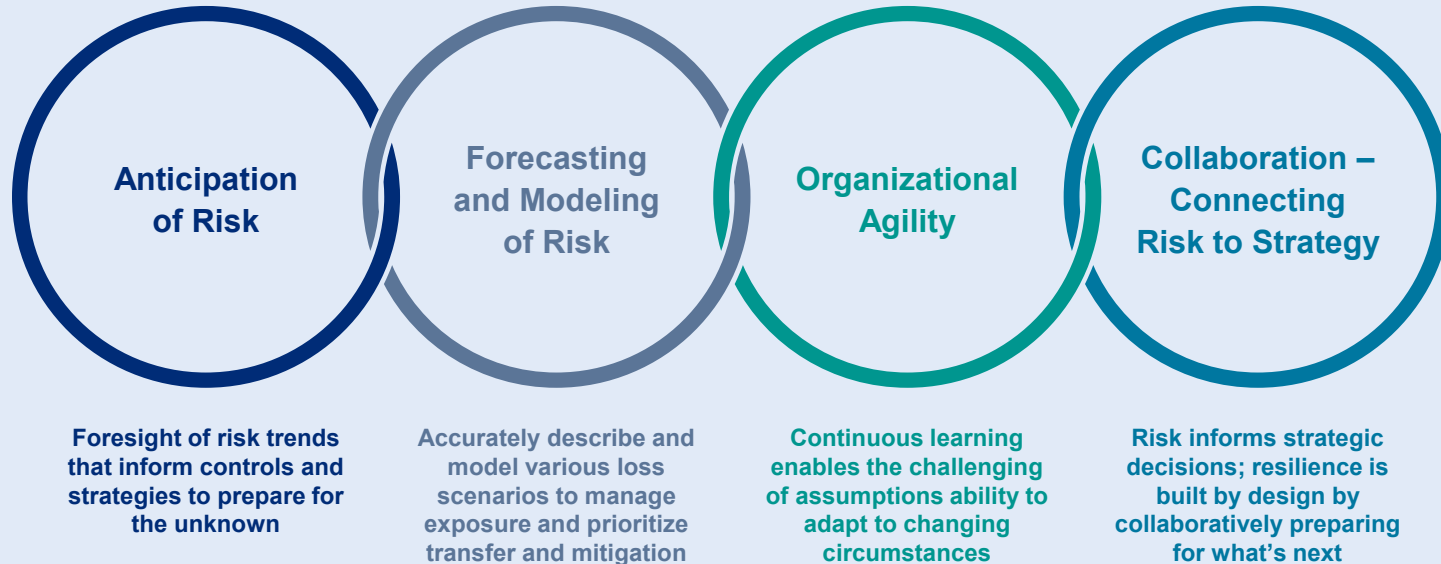


Note: WEF Executive Opinion Survey 2024
Source: World Economic Forum; Marsh McLennan analysis

EEI / AGA ERM Committee Top Risk Survey Sep 2024



Key Qualities to Enhance Resiliency



Questions to Ask Yourself

““ Are we properly appreciating the new risk environment?
What are the emerging threats that might surprise us? ””

““ What does resilience for these risks look like in today’s business
context? And how can we sensibly invest to achieve it? ””

““ Where do the opportunities for our firm lie in this risk environment
(new capabilities, new markets, new investors, etc.)? ””

Strategic Imperatives



Using future scenarios to stress test investment and growth strategies



Identifying potential supply chain chokepoints and supplier risks



Leveraging data and analytics for timely assessments and insights



Determining how best to embed just-in-case versus just-in-time strategies



Building trust with workforces and stakeholders as organizations, economies, and societies transform

Appendix

Global Overview of Business Leader Risk Concerns Findings from the 2024 Executive Opinion Survey

Top Five Global Risks for Doing Business

- 1 Economic downturn
- 2 Inflation
- 3 Labor and/or talent shortage
- 4 Poverty and inequality
- 5 Extreme weather events

■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological

Key Observations



Globally, economic-related risks dominate, including economic downturn, inflation, labor and/or talent shortage, poverty and inequality, and unemployment or lack of global opportunity.



Economic uncertainty threatens to cause knock-on societal impacts on social cohesion and well-being, employment, and inequality.



For a second year, risks in the geopolitical and technological categories have a lower profile overall.



Extreme weather events, water supply shortage, and food supply shortage appear as top five concerns across the globe following severe flooding, wildfires, high temperatures, and elevated windstorm activity in 2024.



Several high-income countries placed misinformation and disinformation and adverse outcomes of artificial intelligence technologies in their top five, which could complicate the risk landscape in the near term.

Note: WEF Executive Opinion Survey 2024
Source: World Economic Forum; Marsh McLennan analysis

Definitions of Global Risks

Decline in health and well-being

Regular or chronic impacts on physical and mental health and well-being that require substantive medical attention and/or limit activities of daily living. Includes, but is not limited to: conditions linked to ageing, excessive consumption habits, and climate change (including heatwaves) and pollution.

Erosion of human rights and/or civic freedoms

Loss of protections for rights inherent to all human beings, regardless of individual status, and/or the freedoms that underpin civic space. Includes, but is not limited to the right to: life and liberty; work and education; freedom of expression; peaceful assembly; non-discrimination based on gender, race, ethnicity and other characteristics; and privacy.

Inequality (wealth, income)

Present or perceived substantive disparities in the distribution of assets, wealth or income within or between countries, resulting in material differences in related economic outcomes. Includes, but is not limited to: growing or persistent poverty and economic polarization.

Infectious diseases

Spread of viruses, parasites, fungi or bacteria leading to a widespread loss of life and economic disruption. Includes, but is not limited to: zoonotic diseases, releases of natural or man-made pathogens, the resurgence of pre-existing diseases due to lower levels of immunity, the rise of antimicrobial resistance, and the impact of climate change and environmental degradation on pathogens and their vectors.

Insufficient public infrastructure and social protections

Non-existent, inadequate or inequitable public infrastructure, services and social protections. Includes, but is not limited to: unaffordable or inadequate social security and benefits, housing, public education, child and elderly care, healthcare, sanitation and transportation systems, and pension systems.

Lack of economic opportunity or unemployment

Structural deterioration of work prospects or standards of work and/or persistent barriers to the realization of economic potential and security. Includes, but is not limited to: erosion of workers' rights; stagnating wages; rising unemployment and underemployment; displacement due to automation or the green transition; stagnant social mobility; and unequal access to educational, technological and economic opportunities.

Involuntary migration or displacement

Forced movement or displacement across or within borders, stemming from, but not limited to: persistent discrimination and persecution; lack of economic advancement opportunities; human-made disasters; natural disasters and extreme weather events, including the impacts of climate change; and internal or interstate conflict.

Societal polarization

Present or perceived ideological and cultural divisions within and across communities leading to declining social stability, gridlocks in decision-making, economic disruption and increased political polarization.

Definitions of Global Risks

Adverse outcomes of AI technologies

Intended or unintended negative consequences of advances in AI and related technological capabilities (including Generative AI) on individuals, businesses, ecosystems and/or economies.

Adverse outcomes of frontier technologies (quantum, biotech, geoeengineering)

Intended or unintended negative consequences of advances in frontier technologies on individuals, businesses, ecosystems and/or economies. Includes, but is not limited to: brain-computer interfaces, biotechnology, geoeengineering and quantum computing.

Censorship and surveillance

Broad and pervasive observation of a place or person and/or suppression of communication, information and ideas, physically or digitally, to the extent that it significantly infringes on human and civil rights (e.g. privacy, freedom of speech and freedom of expression).

Cyber espionage and warfare

Use of cyber weapons and tools by state and non-state actors to gain control over a digital presence, cause operational disruption, and/or compromise or damage an entity's technological and information networks and infrastructure. Includes: defensive and offensive cyber operations that occur during or trigger armed conflict, and cyberattacks that steal classified, sensitive data or intellectual property to gain an advantage.

Misinformation and disinformation

Persistent false information (deliberate or otherwise) widely spread through media networks, shifting public opinion in a significant way towards distrust in facts and authority. Includes, but is not limited to: false, imposter, manipulated and fabricated content.

Online harms

Erosion of protection from and/or prevalence of harmful behaviour that poses a digital threat to the emotional or mental health and well-being of individuals. Includes, but is not limited to: online child sexual abuse, online harassment and cyber bullying.

Definitions of Global Risks

State-based armed conflict (proxy, civil wars, coups, terrorism, etc.)

Bilateral or multilateral use of force between states and/or between a state and non-state actor(s), often with ideological, political or religious goals, manifesting as war and/or organized, sustained violence. Includes, but is not limited to: hot wars, proxy wars, civil wars, guerilla warfare, terrorism, genocide and assassinations.

Biological, chemical or nuclear weapons or hazards

Intentional or accidental release of biological, chemical, nuclear or radiological hazards, resulting in loss of life, destruction and/or international crises. Includes, but is not limited to: accidents at or sabotage of biolaboratories, chemical plants and nuclear power plants; and intentional or accidental release of biological, chemical and nuclear weapons.

Goeconomic confrontation (sanctions, tariffs, investment screening)

Deployment of economic levers by global or regional powers to reshape economic interactions between nations, restricting goods, knowledge, services or technology with the intent of building self-sufficiency, constraining geopolitical rivals and/or consolidating spheres of influence. Includes, but is not limited to: currency measures, investment controls, sanctions, state aid and subsidies, and trade controls.

Intrastate violence (riots, mass shootings, gang violence, etc.)

Use of force that takes place within a country or community that results in loss of life, severe injury or material damage. Includes, but is not limited to: mass shootings as well as crimes threatening or causing physical harm to the community, such as gang violence, gender-based violence and abductions.

Definitions of Global Risks

Biodiversity loss and ecosystem collapse

Severe consequences for the environment, humankind and economic activity due to destruction of natural capital stemming from species extinction or reduction, spanning both terrestrial and marine ecosystems.

Critical change to Earth systems

Long-term, potentially irreversible and self-perpetuating changes to critical planetary systems, as a result of breaching a critical climatic or ecological threshold or 'tipping point', at a regional or global level. Includes, but is not limited to: sea level rise from collapsing ice sheets, carbon release from thawing permafrost, and disruption of ocean or atmospheric currents.

Extreme weather events (floods, heatwaves, etc.)

Loss of human life, damage to ecosystems, destruction of property and/or financial loss due to extreme weather events. Includes, but is not limited to: land-based (e.g. wildfires), water-based (e.g. floods), and atmospheric and temperature-related (e.g. heat-waves) events, including those exacerbated by climate change.

Natural resource shortages (food, water)

Supply shortages of food or water for human, industry or ecosystem use, manifesting as food and water insecurity at a local, regional or global level, stemming from, but not limited to: human overexploitation and mismanagement of critical natural resources, climate change (including drought and desertification), and/or a lack of suitable infrastructure.

Non-weather-related natural disasters (earthquakes, volcanoes, tsunamis, solar flares, etc.)

Loss of human life, damage to ecosystems, destruction of property and/or financial loss due to non-weather-related natural disasters. Includes, but is not limited to: land-based (e.g. earthquakes, volcanos), water-based (e.g. tsunamis) and extra-terrestrial-based (e.g. asteroid strikes and geomagnetic storms) events.

Pollution (air, soil, water, etc.)

Introduction of harmful materials into the air, water and soil stemming from human activity, resulting in impacts to and loss of human life, financial loss and/or damage to ecosystems. Includes, but is not limited to: household and industrial activities; environmental accidents, such as oil spills; and radioactive contamination.

Definitions of Global Risks

Asset bubble bursts

Prices for housing, investment funds, shares and other assets become increasingly disconnected from the real economy, leading to a severe drop in demand and prices. Includes, but is not limited to: cryptocurrencies, housing prices and stock markets.

Concentration of strategic resources and technologies

Concentration of strategically important resources (minerals, materials, technologies) among a small number of individuals, businesses or states that can control access and dictate discretionary pricing.

Crime and illicit economic activity (incl. cyber)

Global proliferation of organized crime or the illicit activities of businesses and individuals that undermine economic advancement and growth, facilitated on both a borderless and digital basis. Includes, but is not limited to: illicit financial flows (e.g. tax evasion, sanctions evasion and money laundering), illicit trade and trafficking (e.g. counterfeiting, human trafficking, wildlife trade and weapons), and cybercrime (including ransomware, data theft and online fraud)

Debt (public, corporate, household)

Corporate, household, or public finances struggle to service debt accumulation, resulting in mass bankruptcies or insolvencies, liquidity crises or defaults and sovereign debt crises.

Disruptions to a systemically important supply chain

Overload or shutdown of physical and digital infrastructure (including satellites) or services underpinning critical systems, including the internet, telecommunications, public utilities, financial systems or energy, stemming from, but not limited to: cyberattacks, intentional or unintentional physical damage, extreme weather events, and natural disasters.

Economic downturn (recession, stagnation)

Near-zero or slow global growth lasting for several years or a global contraction (recession or depression).

Illicit economic activity

Global proliferation of organized crime or the illicit activities of businesses that undermine economic advancement and growth. Includes, but is not limited to: illicit financial flows (e.g., tax evasion, sanctions evasion, money laundering) and illicit trade and trafficking (e.g., counterfeiting, human trafficking, wildlife trade, weapons).

Inflation

Sustained increases in the price of goods and services. Includes the potential for broad sections of the population being unable to maintain current lifestyle with declining purchasing power.

Talent and/or labour shortages

Global, geographical or industry mismatches between labour and skills supply and demand.

