The Four Megatrends Risk Leaders Must Navigate

Risk Leadership at the Speed of Change

- How Trade, Technology, Weather and Workforce Are Re-shaping Risks in Malaysia

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Organisations face increasing complexity and uncertainty with rising risks creating new pressure and demands

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The Top Ten Global Risks
And their insurability status

1 Cyber Attack or Data Breach	2 Business Interruption	3 Economic Slowdown or Slow Recovery	4 Regulatory or Legislative Changes	5 Increasing Competition
6 Commodity Price Risk or Scarcity of Materials	7 Supply Chain or Distribution Failure	8 Damage to Reputation or Brand	9 Geopolitical Volatility	10 Cash Flow or Liquidity Risk

Insurable　Partially Insurable　Uninsurable

Climate change and **natural disasters** highest-ever current risk rankings, at ranks 16 and 13 respectively.
Workforce risks are underestimated – they do not make into the global top 10

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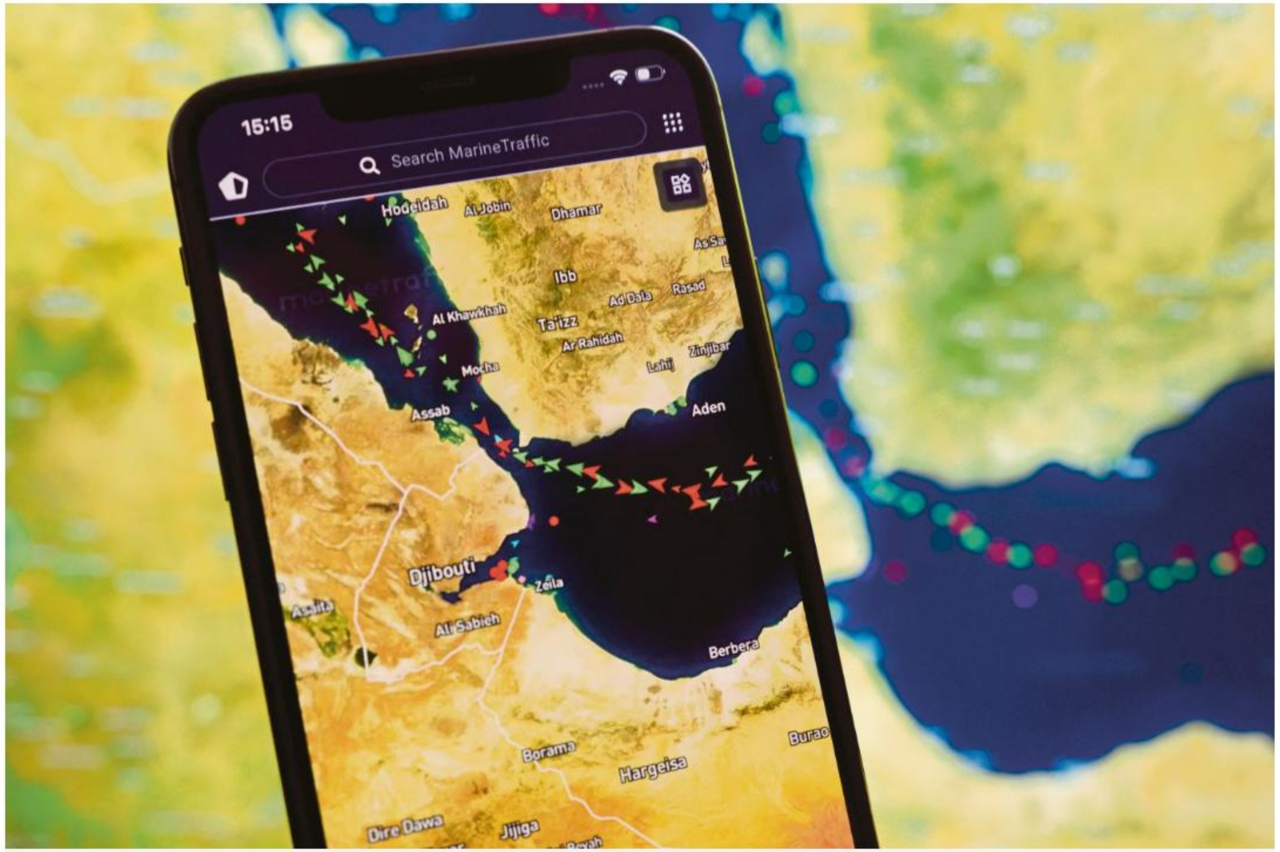
Why this matters now?
In the last 24 months Malaysia has experienced....

Malaysia braces for shockwaves as Middle East tensions threaten global trade lifelines

By Hakim Mahari April 26, 2026 @ 7:01am



A smartphone screen displaying the MarineTraffic map showing a concentration of ship beacons in the Strait of Bab el-Mandeb, with a map of the strait visible in the background. - AFP PIC

Why this matters now?

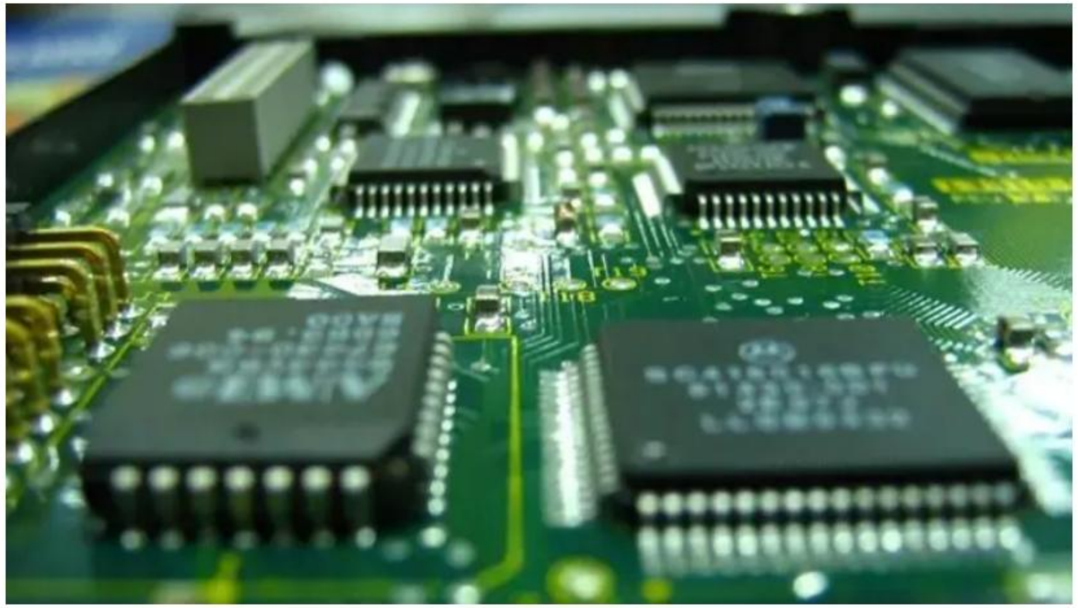
Ransomware Targets 2.74% Of Malaysian Firms In 1Q26

By *Business Today Editorial* *July 13, 2026*

Share

Semiconductor sector attracted RM91.9b in investments since 2024 — deputy minister

By Izzul Ikram / theedgemalaysia.com 16 Jul 2026, 01:01 pm

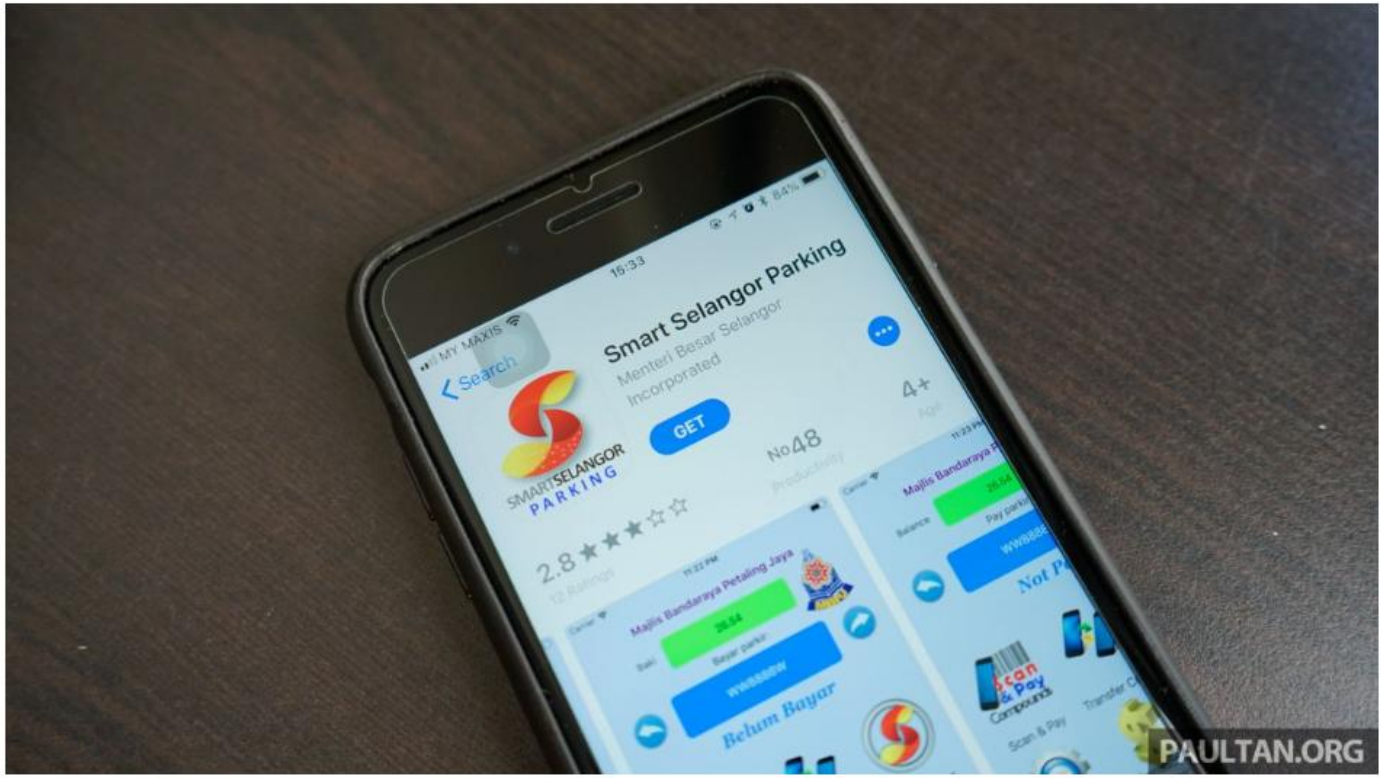


TA Research said growth in the local tech sector is expected to be spearheaded by companies with direct exposure to the artificial intelligence-related supercycle and related infrastructure investments such as data centres.

Why this matters now?

Cyberattack on Smart Selangor, Flexi Parking apps – Selangor tells local councils not to issue summonses

In Local News / by Anthony Lim / July 1 2026 6:28 pm



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Why this matters now?

Malaysia's 'once in 100 years' flood exposes reality of climate change, better disaster planning needed:

Army soldiers rescue children from their house affected by a flood in Shah Alam, outskirts of Kuala Lumpur, Malaysia, Monday, Dec. 20, 2021. Rescue teams on Monday worked to free people trapped by Malaysia's worst flooding in years after heavy rains stopped following more than three days of torrential downpours in the capital and around the country. (AP Photo/Vincent Thian)

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Why this matters now?

Malaysia faces long-term workforce challenges as SPM holders shun tertiary education

By Nor Ain Mohamed Radhi February 23, 2025 @ 1:12pm

Home / Sabah News

EXCLUSIVE: Malaysia's brain drain serious with over 1.5 million Malaysians contributing to other economies despite government spending on education: Expert

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The Risk Multiplier: When Megatrends Collide

	TECHNOLOGY	WEATHER & CLIMATE
TRADE Global flows. Local impact.	**SUPPLY CHAINS HAVE BECOME DIGITAL** • AI-driven procurement • Cyber attacks on ports & logistics • Semiconductor dependencies • Concentration & single points of failure	**CLIMATE IS THE NEW TRADE BARRIER** • Floods affecting Port Klang & East Coast logistics • Rising insurance costs • Food & commodity price volatility • Carbon border adjustments & new trade rules
WORKFORCE People power drives progress.	**AI IS REDEFINING TALENT** • Automation replacing routine work • Cyber talent shortage • New skills required • Digital divide across sectors & demographics • Change fatigue & resistance	**PEOPLE ARE THE FRONT LINE OF CLIMATE RISK** • Heat stress & productivity loss • Employee health & wellbeing • Climate migration & talent mobility • Business continuity & workforce resilience

MALAYSIAN REALITY: ONE EVENT. MULTIPLE IMPACTS.

- A flood shuts down a supplier in Shah Alam.
- Production stops.
- Customers order elsewhere.
- Social media amplifies complaints.
- AI-driven supply chains reroute orders.
- Employees cannot reach work.
- Insurance costs rise.

ONE WEATHER EVENT BECOMES A TRADE, TECHNOLOGY AND WORKFORCE CRISIS.

YESTERDAY'S RISKS WERE INDEPENDENT. TOMORROW'S RISKS ARE INTERCONNECTED.

Competitive advantage will belong to organisations that manage the connections—not just the individual risks.

Malaysia experienced **RM755 MILLION** in insured flood losses during the Dec 2021 floods—demonstrating how one climate event cascaded into supply chain disruption, workforce displacement and increased insurance costs.

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Trade

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Trade: A Rapidly Shifting Landscape

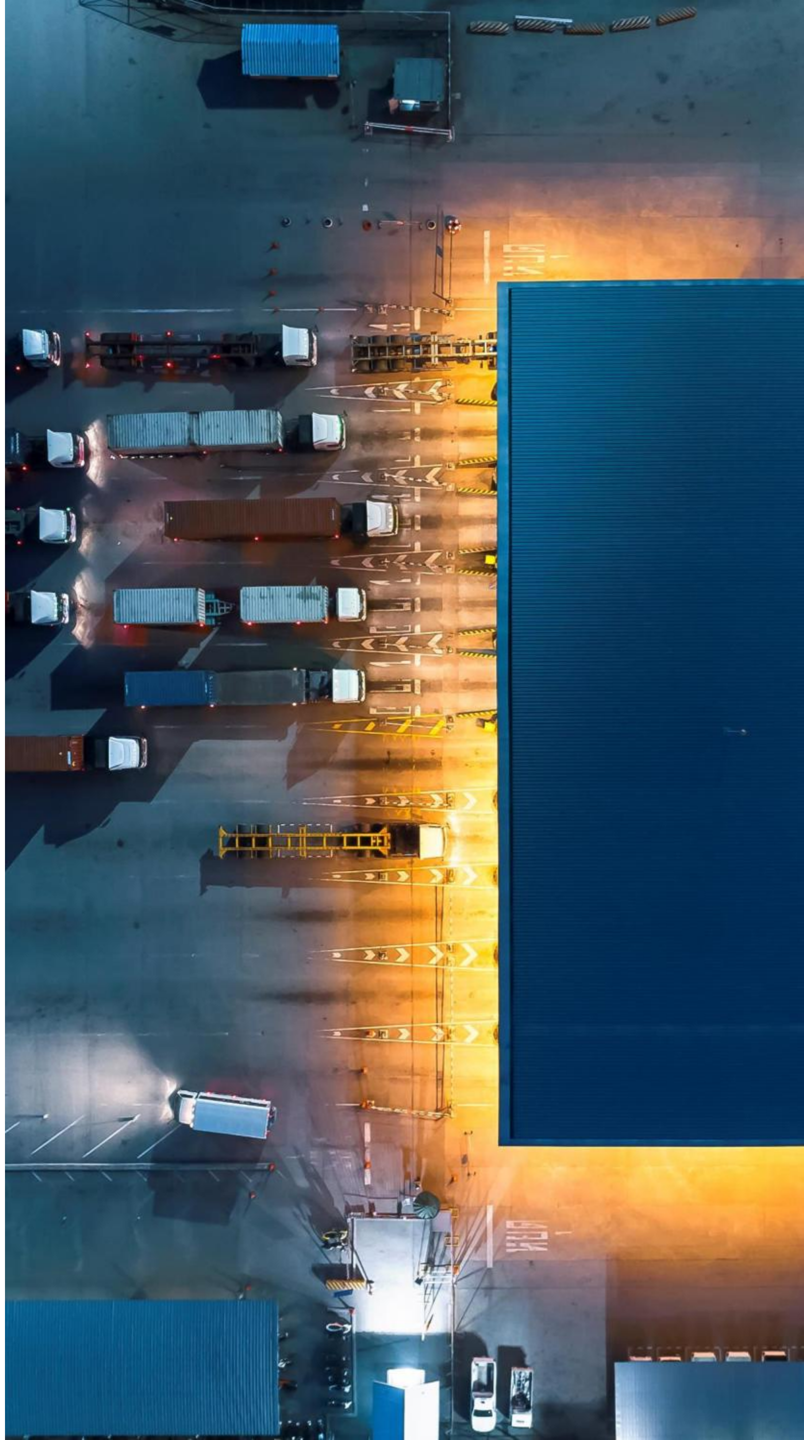
From supply chains and regulatory environments to reputational risk and beyond, geopolitical volatility significantly impacts trade.

Key Challenges

- **Operational disruption:** Political instability threatens supply chains, vendor relationships and market access.
- **Regulatory uncertainty:** Rapid shifts in policy and regulation create compliance complexity across regions.
- **Financial exposure:** Geopolitical events can impact asset values, insurance coverage and overall business continuity.

Opportunities

- **Turn disruption into growth**: Monitor global events to identify new markets, form strategic partnerships and diversify operations.
- **Build supply chain resilience:** Use scenario planning and flexibility to prepare for regulatory shifts and supplier interruptions.
- **Strengthen financial resilience:** Use risk capital solutions to offset balance sheet exposure and protect future revenue.



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Trade: Putting on a Malaysian Lens

COMPANIES ARE NOW EXPOSED TO

- US–China tensions
- Tariffs
- Red Sea disruption
- Supply chain interruption
- Sanctions
- Critical supplier concentration

FOOD FOR THOUGHT
Do you know where your suppliers supplier is located?

IMPACT ON RISK MANAGERS

- Traditional Property & BI isn't enough.
- Need visibility beyond Tier 1 suppliers.
- Need contingent business interruption reviews.
- Need scenario planning for geopolitical shocks.

MALAYSIA: HIGHLY EXPOSED, GLOBALLY CONNECTED

Key Trade Exposures

SEMICONDUCTORS
- Malaysia produces around 13% of global chip testing and packaging.

ELECTRONICS
- Over 35% of Malaysian exports.

SHIPPING
- Nearly 95% of Malaysia's trade moves by sea.

GEOPOLITICS
- One political decision overseas can affect Malaysian earnings tomorrow.

THE OPPORTUNITY FOR MALAYSIA

Trusted Manufacturing Hub
Resilient, neutral and strategically positioned in the heart of Asia.

Advanced Capabilities
Leading in chip testing & packaging, E&E and high value manufacturing.

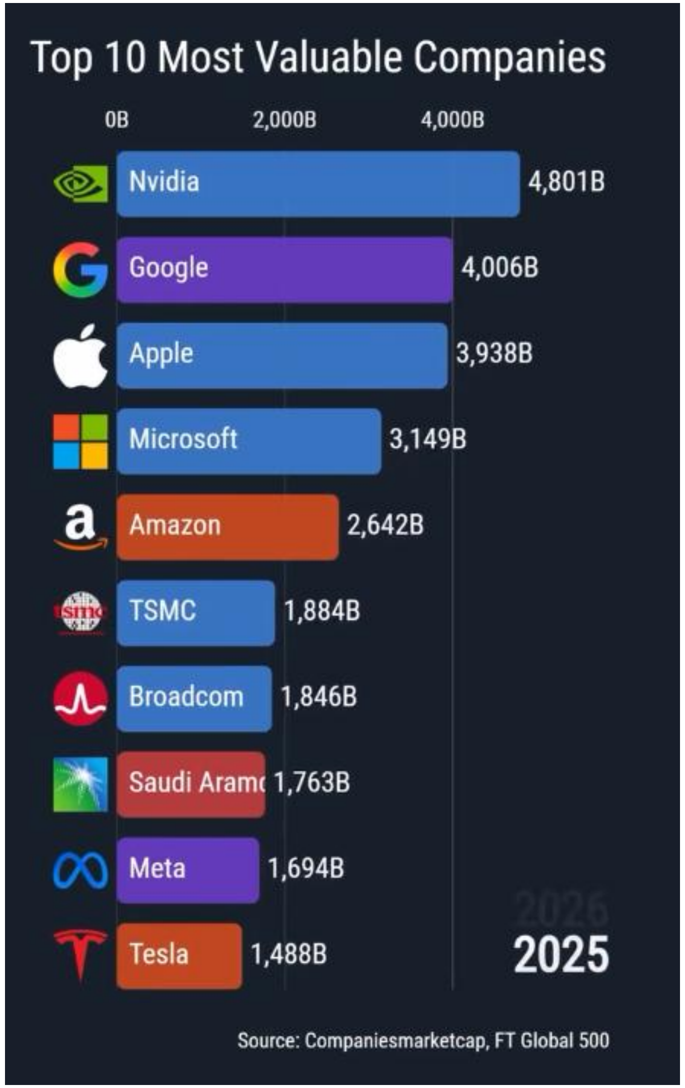
Gateway to ASEAN
Preferential trade access to 650M+ consumers through ASEAN & RCEP.

Diversification Advantage
Attracting supply chains seeking diversification beyond single-country risk.

Technology

Every Company Is Becoming A Technology Company

Most Valuable companies – 2002 vs 2025



Examples of AI loss events

Notable AI incidents*

INDUSTRY	EVENT	WHAT HAPRENED	IMPACT
TECHNOLOGY	Loss of Sensitive Data / Loss of Intellectual Property	Employees inadvertently revealed source code in addition to sensitive and confidential internal information to a generative AI model that assimilated the data into its dataset for other users.	Loss of critical source codes, and sensitive and confidential information
AUTOMOTIVE / MOBILITY	Bodily Injury	In one incident, self-driving vehicle causing the death of a pedestrian, in another, self-driving vehicle causing the death of occupants.	Bodily Injury / lawsuits / damages
RETAIL	Bodily Injury	Autonomous security robot injures a minor.	Bodily Injury / lawsuits / damages
BANKING	Theft of Financial Assets	AI powered deepfakes enabled targeted social engineering (phishing) resulting in the loss of tens of millions via spoofing an M&A transaction.	Financial loss
MEDIA	Intellectual Property Infringement	Generative AI model used data lakes that included proprietary and licensed data of media companies without prior permission for training purposes.	Lawsuits / Regulatory action
TECHNOLOGY	Data Poisoning of AI Chatbot	Coordinated cybercriminal attack fed abusive and offensive data to the AI chatbot detailing the algorithm and causing abnormal results.	Reputational damage / increased costs
RETAIL	HR Discrimination	AI tool used for hiring employees was found to be biased against women.	Lawsuits / Regulatory action

*Aon's proprietary Cyber Data & Analytics Platform (CyDAP) contains +600 relevant cyber, IP, reputation, and AI/ML risk scenarios

2026 Cyber Threat Landscape

Emerging Ransomware Actors for Q1 2026

Regarding threat actor leak site activity, Akira, Inc Ransomware, Interlock, and Qilin show up as the most prolific ransomware operators. A growing trend is observed in the number of affiliate groups in action, as compared to independent operators observed previously.

APAC CyQu Data

Lowest Scoring Domains

- Application Security
- Remote Work
- Business Resilience

49% Of organizations reported to lack a defined recovery time objective for their backups

62% Of organizations reported no Multi-Factor Authentication for backups

51% Of organizations reported to have more than 10 service accounts

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Actionable Strategies for Organisations

To strengthen resilience and enable confident AI adoption:

1. Map AI Use Cases and Dependencies

Identify where AI is embedded in critical processes and third-party services.

2. Enhance Verification and Identity Controls

Implement multi-factor and out-of-band verification for payments, approvals and high-risk workflows.

3. Run AI-Specific Incident Simulations

Test response to deepfake fraud, model failures and AI-enabled outages.

4. Integrate AI Risk into Enterprise Reporting

Include AI-related KPIs and scenarios in risk dashboards and board updates.

5. Regularly Reassess Insurance Alignment

Review wordings, limits and exclusions in light of evolving AI use and regulation.

Weather

Global risks ranked by severity

Extreme weather events ranked very high in both short- and long-term

Risk categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

	2 years	10 years
1st	Misinformation and disinformation	Extreme weather events
2nd	Extreme weather events	Critical change to Earth systems
3rd	Societal polarization	Biodiversity loss and ecosystem collapse
4th	Cyber insecurity	Natural resource shortages
5th	Interstate armed conflict	Misinformation and disinformation
6th	Lack of economic opportunity	Adverse outcomes of AI technologies
7th	Inflation	Involuntary migration
8th	Involuntary migration	Cyber insecurity
9th	Economic downturn	Societal polarization
10th	Pollution	Pollution

Source

World Economic Forum Global Risks Perception Survey 2023-2024.

Climate Risk Amplifies Other Exposures

Climate change is not a distant threat but a current financial reality. Natural disasters and severe weather events are driving up costs due to supply chain disruption, property damage and business interruption.

Key Challenges

- **Escalating losses:** Weather-related insured damages globally reached $100 billion in H1 2025—the highest since 2011—straining balance sheets and exposing operational vulnerabilities.
- **Infrastructure and supply chain fragility:** Climate volatility, from floods to wildfires, disrupts infrastructure, supply chains and operations.
- **Energy demand pressures:** The rapid growth of AI and data centres is driving up global energy demand, compounding climate-related stress despite renewable energy expansion.

Opportunities

- **Move beyond compliance:** Use climate modeling not just for reporting (e.g. CSRD), but to inform investment decisions and build long-term resilience.
- **Treat climate as a risk amplifier:** Model how climate interacts with other risks to prepare for cascading impacts across the value chain.
- **Break down silos:** Foster collaboration between sustainability, risk and finance teams to improve data sharing and elevate risk managers as strategic advisors.

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Workforce

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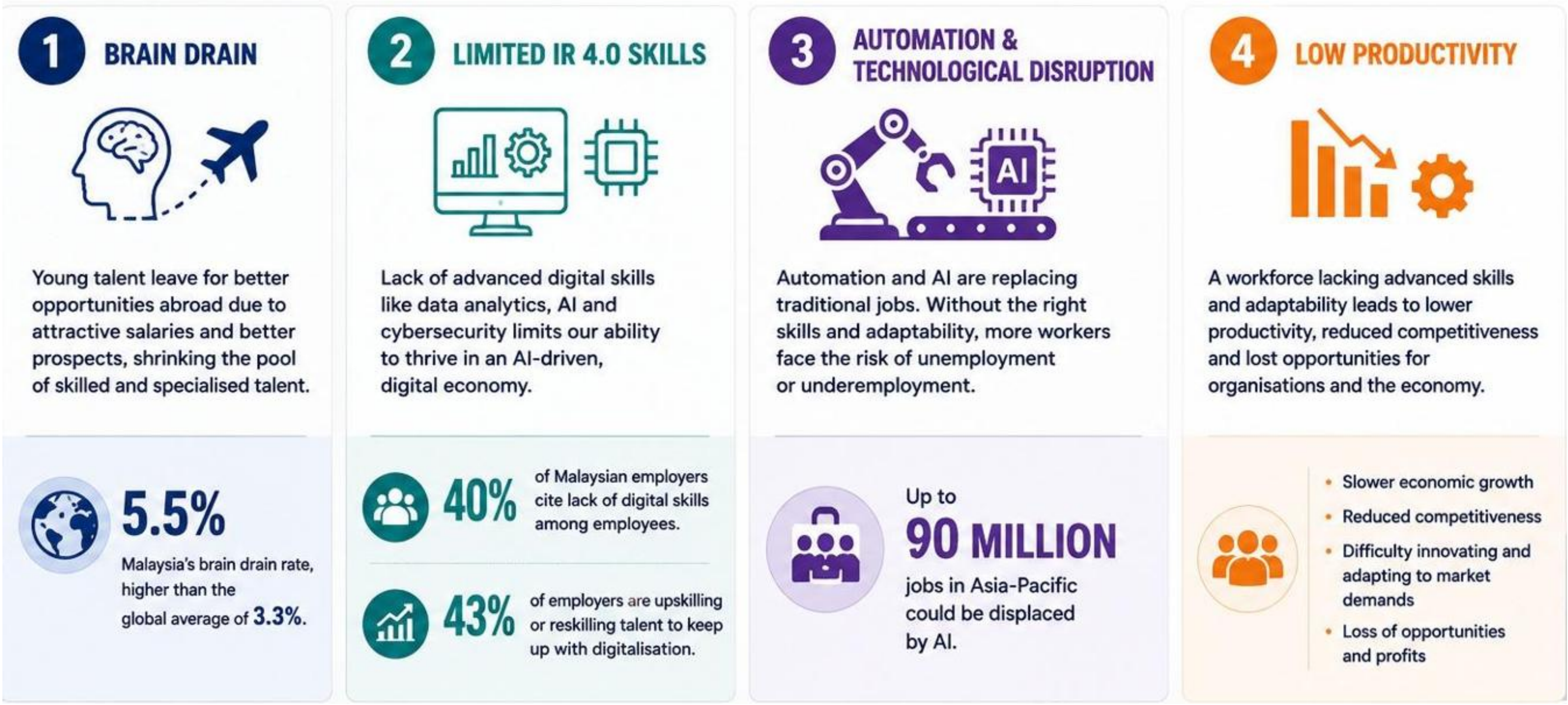
Workforce Risks - The Key Factors



Workforce Risks – What Can we do?

EXPAND THE FOCUS
Go beyond safety & benefits costs

Talent pipeline resilience
What happens if we can't hire or retain critical skills?

Absence, mental health & productivity
Understand the true impact on performance and business outcomes.

Workforce concentration risk
e.g., single critical site or vendor team.

PARTNER WITH HR
Align to build a resilient workforce

Data-driven insights
Use absence and health analytics to identify risks early.

Resilient benefit design
Invest in prevention, mental health and financial wellbeing.

Stronger alignment
Work with HR to embed workforce risk into business planning.

PLAN FOR MULTIPLE FUTURES
Use scenario thinking to build resilience

Pandemic re-emergence
What if we face another health crisis?

Migration & demographic shifts
How will talent availability change?

Automation & AI disruption
Which roles are at risk? Which new skills do we need?

CONSIDER CULTURE & BEHAVIOUR
People behaviours shape risk outcomes

Safety culture
A strong culture drives fewer incidents and less downtime.

Cyber hygiene
People are the first line of defence against cyber threats.

Speak up culture
Encourage incident reporting and early escalation.

INTEGRATE INTO RISK DECISIONS
Workforce risk belongs in the risk register

Include workforce risk in enterprise risk management
Not a separate HR issue.

Link to financial & strategic impact
Turn people risk into business risk.

Measure, monitor, and report
Track leading indicators that matter.

"When you last updated your risk register,
did HR or Talent have a seat at the table –
or was workforce risk treated as a separate HR issue?"

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Call to Action for Risk and Insurance Managers

The Evolution of a Risk and Insurance Manager

HISTORICALLY

- Focus on transferring insurable risk: property, casualty, motor, liability, etc.
- Transactional cycle driven by renewal dates.
- Work within Risk & Insurance function.
- Policies, limits, deductibles, exclusions.
- Focus on premium and transfer of risk.

QUESTION ASKED:
"How do we get a better premium?"

THE SHIFT

INSURANCE BUYER → STRATEGIC BUSINESS PARTNER → RESILIENCE ARCHITECT

TRADE · TECHNOLOGY · WORKFORCE · WEATHER

FOUR MEGATRENDS.
ONE INTEGRATED RISK PERSPECTIVE.

TODAY'S RISK LEADER

- **Translate megatrends into financial language** for the C-suite and Board.
- **Challenge strategic decisions:** location decisions, supplier selection, digital investments, workforce model.
- **Facilitate cross-functional decisions** that cut across finance, operations, HR, IT, sustainability.
- **Data and analytics capability** using scenarios, modelling and dashboards.
- **Storytelling** explaining complex risk trade-offs in a simple way.
- **Influence without authority** coordinating across silos.

THE QUESTION IS NO LONGER:
"How do we get a better premium?"

THE QUESTION IS NOW:
"How does this decision affect our resilience, our people, and our performance – and what options do we have?"

THE TAKEAWAY

The future risk manager will not be judged by how much risk they transfer, but by **how much resilience they create.**

A Practical Agenda – What To Do on Monday?

1 MAP YOUR EXPOSURE TO EACH MEGATREND

Create a one-page summary for each megatrend.

TRADE · TECHNOLOGY · WEATHER · WORKFORCE

Identify for each:

- Top 3 vulnerabilities
- Top 3 opportunities

in Malaysia and the region.

2 RUN ONE CROSS-FUNCTIONAL WORKSHOP

Bring key functions together:

- Finance
- Operations
- HR
- IT
- Sustainability

Choose one megatrend (e.g., Technology – AI and cyber) and run a simple scenario exercise.

3 UPGRADE ONE KEY METRIC

Move from "number of incidents" to impact-based KPIs that matter.

Examples:

- Days of downtime avoided
- Productivity impact (RM or %)
- Supply chain days-at-risk
- Cost of risk avoided

Focus on impact, not just activity.

4 STRESS-TEST ONE INSURANCE PROGRAMME

Run a realistic scenario, e.g., **port closure + flood + cyber outage.**

Check how the following covers respond:

- Property
- Business Interruption (BI)
- Contingent BI
- Cyber
- Other relevant covers

Identify gaps. Strengthen resilience.

5 RAISE ONE BOARD-LEVEL QUESTION

Bring a strategic, risk-aware question to the Board.

Example:

> "What is our strategy for talent and skills under the Workforce megatrend, and how does that intersect with operational resilience?"

Drive better decisions at the highest level.

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Thank You