Note

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Environmental and cyber risks overshadowed by short-term economic concerns for G20 business leaders

- **Rapid inflation, debt crises and the cost of living crisis are the biggest threats to doing business over the next two years in G20 countries**
- **The transition to net-zero has dropped too far down on the short-term agendas of many business leaders**

The impact of rapid inflation, debt crises and the cost of living crisis are the biggest threats to doing business over the next two years in G20 countries, according to new data from the World Economic Forum.

The findings of this year's Executive Opinion Survey, which elicited the views of over 12,000 business leaders from 122 countries between April and August 2022, comes ahead of COP27 in Egypt and the G20 summit in Indonesia later this month.

According to survey results, interlinking economic, geopolitical and societal risks are dominating the risk landscape among G20 business leaders, as they continue to address immediate concerns around significant market turbulence and intensifying political conflict.

Rapid and/or sustained inflation is the most commonly cited top risk in G20 countries surveyed this year, with over one-third (37%) of G20 countries[1] identifying it as a top concern, followed jointly by debt crises and the cost of living crisis (21%). Geo-economic confrontation was identified as the top risk by two G20 countries. Other respondents referenced the potential for state collapse and lack of widespread digital services and digital inequality as top concerns.

This year's findings are in sharp contrast to 2021's findings, particularly in key areas such as technological and environmental risk. Despite mounting environmental pressures and rising environmental regulation over the last 12 months – and factoring in adjustments to the list of risks surveyed this year in response to evolving economic, geopolitical and environmental trends – environmental issues featured significantly

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[1] Includes France, Germany, Italy and Spain. Excludes other EU countries and Russia.

lower as a top five risk for G20 countries in this year's report, compared to 2021. Further, despite the growing threat of cyber-attacks on critical infrastructure, this and other technological risks ranked among the least commonly cited top five risks this year.

More broadly, the findings also highlight marked regional variations between the advanced economies and emerging markets. While the economic risks associated with rapid and/or sustained inflation were identified as the top risk by respondents in Europe, Latin America and the Caribbean, and East Asia and Pacific, societal concerns associated with the cost of living crisis dominated in the Middle East and Africa and Sub-Saharan Africa. In Central Asia and South Asia, interstate conflict and debt crises topped concerns respectively.

Peter Giger, Group Chief Risk Officer, Zurich Insurance Group, said: "After a jump of 2 billion tonnes in 2021, the rise in global CO2 emissions this year is much lower – closer to 300 million tonnes. This is thanks to growth in the use of renewable energy and electric vehicles. Despite of these positive developments, we are still not on track to reach the 1.5°C target. The transition to net-zero has dropped too far down on the short-term agendas of many business leaders. Yet the impacts of climate change are both short term and long term. Even in the current geopolitical and economically challenging environment, we need to focus on building a cleaner, more affordable and more secure energy system, if we hope to keep a net-zero future within grasp."

Carolina Klint, Risk Management Leader, Continental Europe, Marsh, said: "G20 business leaders are rightly focused on the immediate and urgent economic and geopolitical risks they are facing right now. However, if they are overlooking major technological risks this could create future blind spots, leaving their organizations exposed to severe cyber threats that could seriously impact their long-term success."

The Executive Opinion Survey is conducted by the World Economic Forum's Centre for the New Economy and Society. Marsh McLennan and Zurich Insurance Group are partners of the Centre and the Global Risks Report series.

Zurich Insurance Group (Zurich) is a leading multi-line insurer serving people and businesses in more than 210 countries and territories. Founded 150 years ago, Zurich is transforming insurance. In addition to providing insurance protection, Zurich is increasingly offering prevention services such as those that promote wellbeing and enhance climate resilience.

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