

**South East Region  
Regional Video CPD Events  
21 & 29 September 2020**

**Presentations by**

21 September - Alix Bedford, Mark Davies and Kelly Watson

29 September – Joanne Pitt and Guy Clifton

**Hosted by CCLA  
Via Zoom**



# New Normal, New Risks?

September 2020

Alix Bedford

**Zurich Municipal**



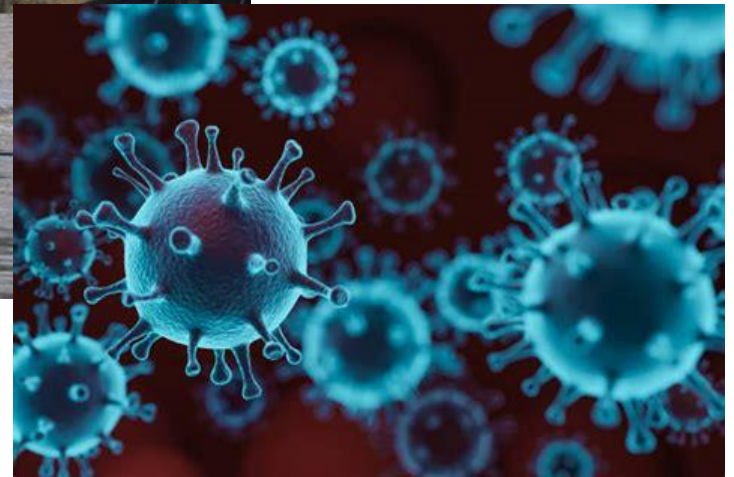
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# Agenda

- Context
  - Then and now
- Key Risk Areas Pre Covid-19
  - Global Risk Report 2020
- Key Risk Areas Now
  - Covid-19 Reset Risks
- The Future
  - Covid-19 Risks Outlook Report
  - Challenges and Opportunities: Emerging Risk Landscapes

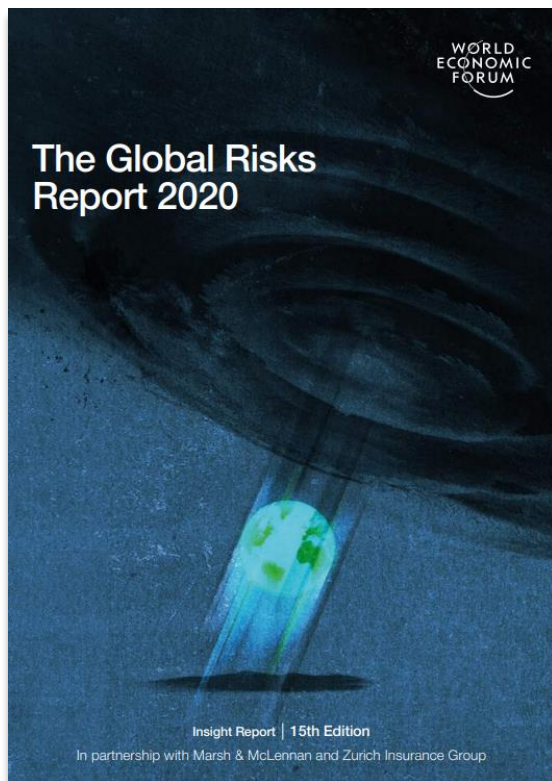
# Context

Then and Now



# Key Risk Areas Pre Covid-19

## Global Risk Report 2020



- The 15th edition of the Global Risks Report identifies and discusses the many challenges and key risks presented in the year ahead
- From rising geopolitical and geo-economic tension to the human side of global risks, the report looks at some of the key highlights:
  - Risks to economic stability and social cohesion
  - Climate threats and accelerated biodiversity loss
  - Health systems under new pressures
  - Consequences of digital fragmentation

**Download a full copy of the report at:**

<https://newsandviews.zurich.co.uk>

# Key Risk Areas Pre Covid-19

## UK Public Sector Considerations

	Climate Change Mitigation / Extreme Weather
	Technological Instability
	Over Reliance on Technology
	Fiscal Impacts
	Supply Chain
	Ageing Population
	World Health Systems

### Long-Term Risk Outlook

Top 10 risks by likelihood and impact over the next 10 years

#### Multistakeholders

##### Likelihood

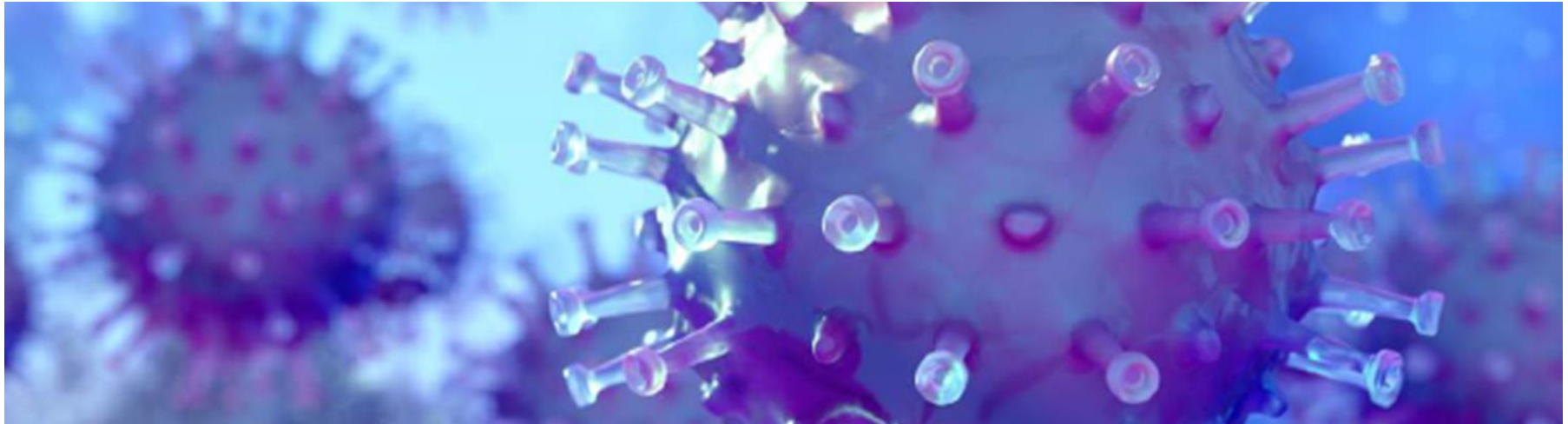
- Extreme weather
- Climate action failure
- Natural disaster
- Biodiversity loss
- Human-made environmental disasters
- Data fraud or theft
- Cyberattacks
- Water crises
- Global governance failure
- Asset bubble

##### Impact

- Climate action failure
- Weapons of mass destruction
- Biodiversity loss
- Extreme weather
- Water crises
- Information infrastructure breakdown
- Natural disasters
- Cyberattacks
- Human-made environmental disasters
- Infectious diseases

# Key Risk Areas Now

## Covid-19 Crisis Response



- Fundamental shortcomings in pandemic preparedness, socio-economic safety nets and global cooperation exposed.
- Workforce challenges, disruptions in essential supplies, social instability, economic fallout, rising societal anxieties, reliance on digital infrastructure.



# Key Risk Areas Now

## Recovery and Reset

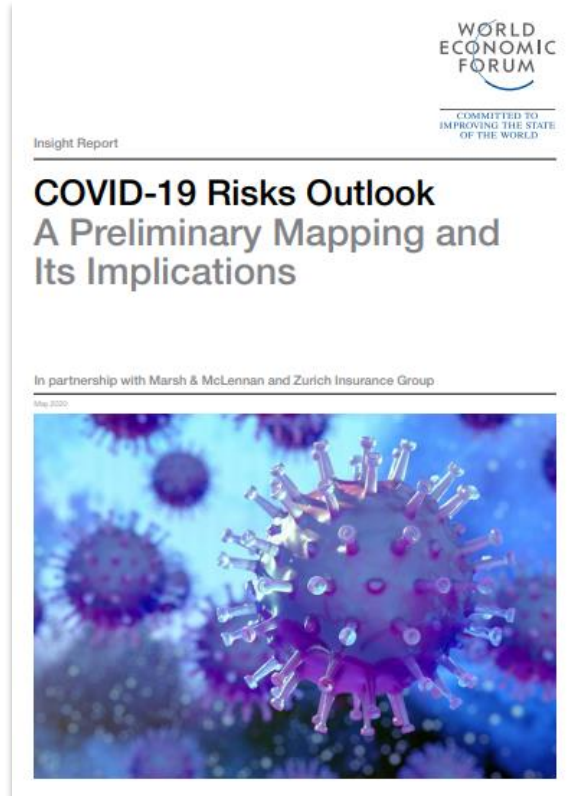
- **Organisational resilience**
  - Lessons learnt
  - Reset and recovery
- **Workforce profile**
  - Working from home management
    - Health and safety
    - Management skills
  - Work/life balance
  - Wellbeing and mental health
  - Redeployed employees
- **Technology & data**
  - Increased use and reliance
  - De-centralised governance and control
- **Asset management**
  - Reopening sites and assets
  - Reduced presence/different needs
  - Consolidation
- **Customers**
  - Changed expectations?
  - Health and safety





# The Future: Covid-19 Risks Outlook Report

## A New Emerging Risks Landscape



- In partnership with the World Economic Forum, Zurich have produced a new special report that aims to identify the emerging concerns and fallouts from COVID-19
- This report shares the views of 347 senior risk professionals who participated in the COVID-19 Risks Perceptions Survey
- Key insights from the report include:
  - Economic shifts
  - Sustainability setbacks
  - Societal anxieties
  - Technology dependence

**Download a full copy of the report at:**

<https://insider.zurich.co.uk>

# The Future: Challenges and Opportunities

## A New Emerging Risks Landscape








A new emerging risks landscape



### An opportunity to build back better

- Need for proactive action today to shape the desired new normal rather than one that may develop if emerging risks are not addressed
- Embed greater societal equality and sustainability into the recovery
- Accelerating rather than delaying progress towards Sustainable Development Goals
- A new understanding of essential public services such as health, education, care and other safety nets
- Countless local initiatives have spread online and offline to support communities and those in need
- Accelerate a transformation towards more sustainable and digital operating models, while enhancing productivity

## Challenges and Opportunities : A Newly Focused Emerging Risks Landscape

	<b>Climate Change Mitigation / Extreme Weather</b>
	<b>Technological Instability</b>
	<b>Over Reliance on Technology</b>
	<b>Fiscal Impacts</b>
	<b>Supply Chain</b>
	<b>Ageing Population</b>
	<b>World Health Systems</b>
	<b>Future Pandemic Response</b>

- Sustainability
- New ways of working
- Collaboration and digital innovation
- Workforce management
- Economic impacts
- Commercial diversification
- Governance
- New understanding of “vulnerable”
- Adult social care and health systems
- Organisational Resilience
- BREXIT

# Key Questions For You

- To what extent do you manage the operational trade-offs between a quick return to work, and still protecting your employees and customers?
- At a time of change for your organisation, how do you not only survive, but also find the silver linings?
- What will your organisation look like in 18 months – 5 years? What could it look like?
- How can you accelerate your commitments to sustainability and drive a low-carbon transition?
- How will the communities you serve change and how will that affect your propositions and the way you deliver them?
- What do you need to do now to be ready to meet these challenges in the ‘new normal’?

# Thank you

Alix Bedford  
Alexandra.Bedford@uk.Zurich.com

<https://newsandviews.zurich.co.uk/talking-point/the-global-risks-report-2020/>  
<https://www.zurich.com/en/knowledge/topics/global-risks/covid-19-risks-outlook>



The background of the slide is a photograph of a garden. In the foreground, a stone archway is partially covered by white flowers and green leaves. Through the arch, a path leads into a garden with various plants, including purple lupines and green hedges. In the distance, another stone archway is visible, creating a sense of depth.

# RESPONSIBLE INVESTMENT CIPFA SOUTH EAST

Mark Davies  
Kelly Watson  
21 September 2020

**CCLA**

GOOD INVESTMENT

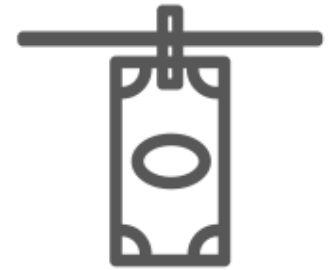


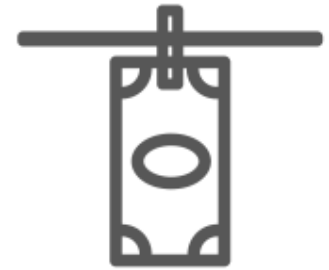


1. Poor corporate behaviour will negatively impact performance
2. As stewards of our clients' assets, we have a responsibility to drive positive change

## **EXAMPLE 1 – GOVERNANCE**

- Money laundering scandal arose in 2017-2018
- Around €200 billion of suspicious transactions
- Possibly the largest money laundering scandal ever in Europe
- Poor KYC is where Danske fell down



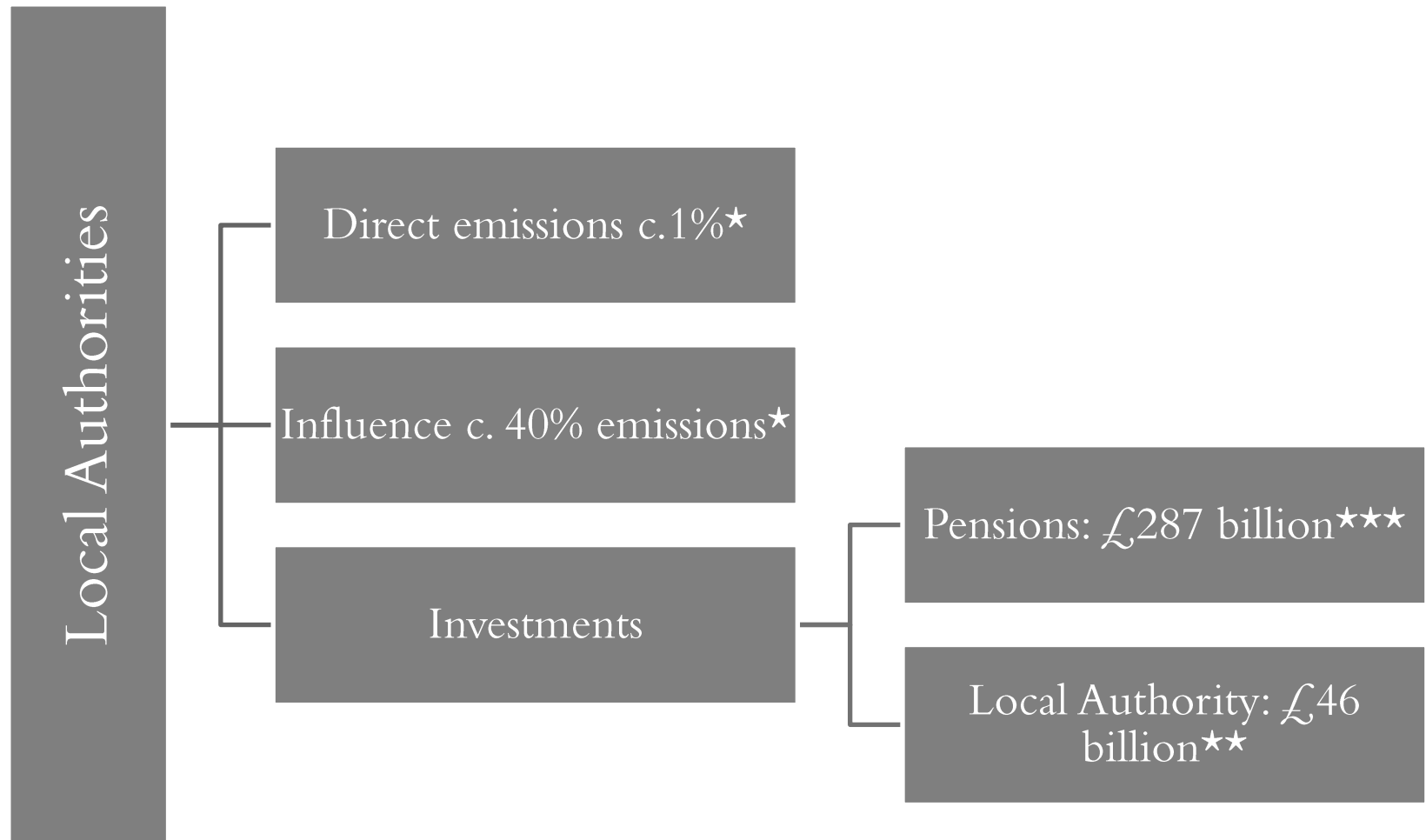


- \$150m (£119m) settlement
- Broke compliance rules in dealings with Epstein
- Failed to detect or prevent millions of dollars of suspicious transactions
- Chinese / Middle Eastern Banks

## **EXAMPLE 2 – ENVIRONMENT**



- In 2018, 17bn plastic bags were given away by supermarkets
- That's 290 per person!
- 73% of beach litter is plastic
- 79% of plastic goes to landfill



Source: \*<https://environmentjournal.online/articles/how-local-authorities-are-tackling-climate-change/>

\*\*As at Dec 2019, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-local-government-finance#borrowing-and-investment>

\*\*\* MHCLG, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/839550/LGPS\\_England\\_and\\_Wales\\_2018-19.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839550/LGPS_England_and_Wales_2018-19.pdf)



## **EXAMPLE 3 – SOCIAL**

THE  TIMES

INVESTIGATION

# Britain's biggest trafficking gang used slaves to supply top supermarkets

As the gangsters are jailed, we reveal how their crimes impinged on all our lives

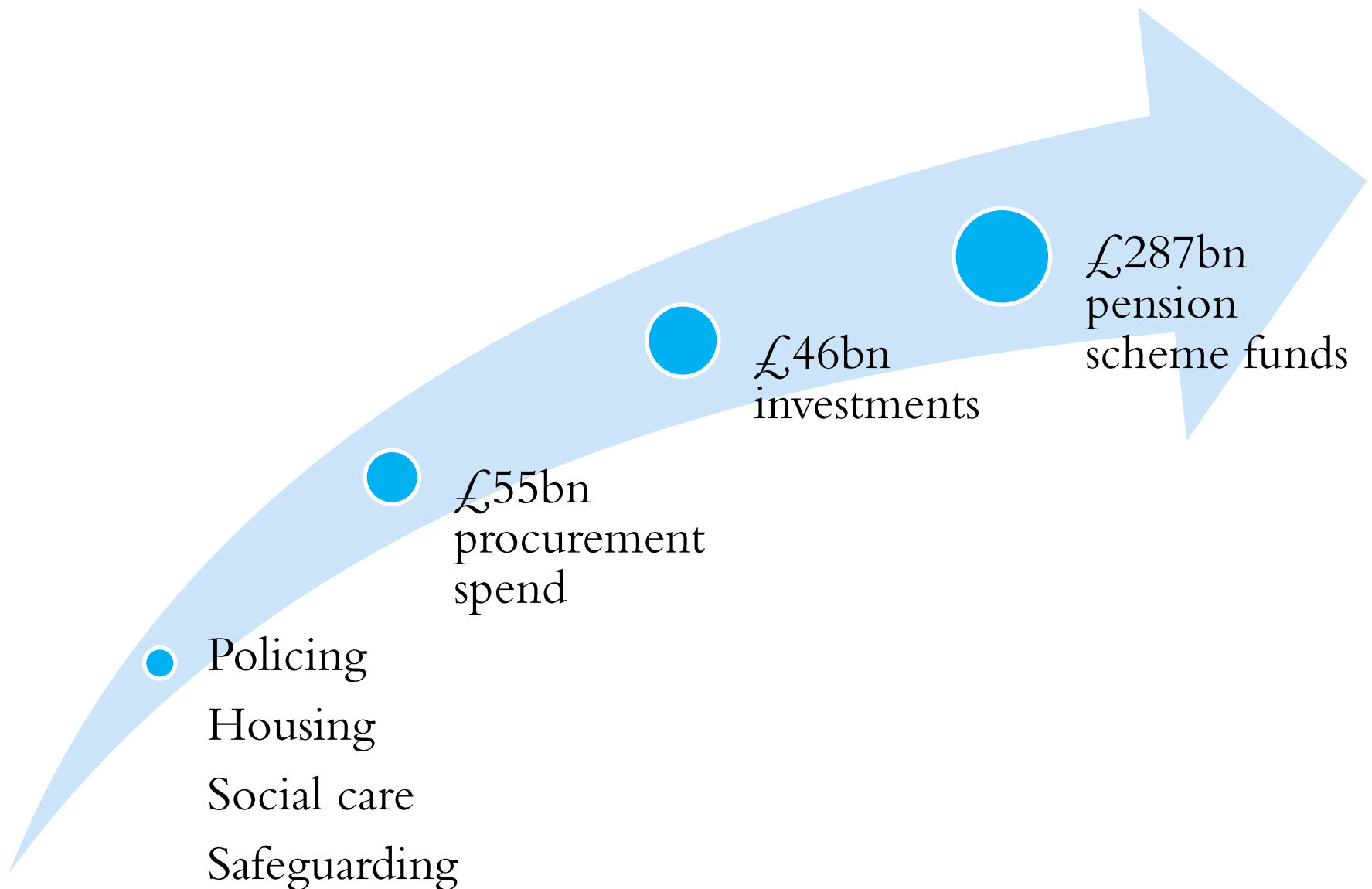
George Arbuthnott, David Collins and  
Jonathan Calvert | Insight

July 7 2019, 12:01am,  
The Sunday Times

[Europe](#)[Retail](#)

Members of the human trafficking gang, from top, left to right: Jan Sadowski, Julianna Chodakiewicz, Marek Chowaniec, Marek Brzezinski, Justyna Parczewska, Natalia Zmuda, Ignacy Brzezinski and Wojciech Nowakowski

Some of Britain's best-known supermarkets and retailers have been selling goods from supply chains that used workers from the biggest human trafficking network yet exposed in the UK.



**To use our leverage as investors to help companies ‘find, fix and prevent’ modern slavery in their supply chain**

**This requires the investment industry to stand together against modern slavery and:**

- Deliver better informed company engagement
- Increase the amount of data available to investors
- Engage with regulators and law makers



- Are Responsible Investment issues on your Risk Register?
- What practical plans do you have that make a difference?

**If your Council was being assessed by an investor  
for its Responsible Investment approach,  
How would it score?**

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