

**AON**

**Operational Resilience  
in the  
Food, Agribusiness  
& Beverage Industry**

**Presented to Members of  
the Food & Drink Federation**

October 2023



Confidential & Proprietary

# Poll Question

Q. Based on your understanding of Aon, name one service that we provide?

# About Aon

<p>Global Professional Services Firm</p> 	<p>120 Countries</p> 	<p>Over 50,000 Colleagues</p> 
<p>Help clients manage risk</p> 	<p>Insurable &amp; Uninsurable risks</p> 	<p>Structured within Industry Practice Groups e.g. Life Sciences, Construction, FAB etc</p> 



FDF Professional Affiliate member for 10+ years

**Why?** Helps us serve our clients in the best possible way – combine industry expertise with broking colleagues and solution line specialists (cyber, climate etc.)

# Macro Trends Driving Change for FAB Organisations



## Growing Population

The world's population will reach nearly 10 billion in 2050.



## Consumer Influence

Consumer preferences informs the R&D agenda (provenance, alternative sources of protein, etc.).



## Climate Change

Production of food impacted by climate change and environmental pressures (access to water, land, CO2 emissions), plus need for best-in-class governance.



## Geo-political activity

US/EU and EU/China trade tensions, Brexit, Mercosur, Russia/Ukraine.



## Food security

1/3 of the world is nutritionally deficient, 1/3 has adequate food, and 1/3 are over-eating.



## Urbanization

50% of the world's population lives in urban areas with growing middle classes that have increased disposable income.



## Digital disruption

Pivot to digital, fundamentally challenging business, supply chains and distribution models.



## Capital attraction

Potential for financial reward and growth by investing in sub-industries that align with consumer preferences (planet friendly food, alternative proteins, food for health, Ag & Food Tech).



## Food for health

Blurred lines between food and pharma, development of food solutions for elder ageing, infant nutrition.



## Industry consolidation

Consolidation continues, both by corporate acquirers and PE.

# Poll Question

Q. What are the top risks facing your business today?

# Top Industry Challenges – Aon’s Insights

## Current Top 10 Risks

1 Commodity Price Risk/Scarcity of Materials	2 Business Interruptions	3 Supply Chain or Distribution Failures	4 Economic Slowdown/Slow Recovery	5 Cyber Attack/Data Breach
6 Damage to Reputation/Brand	7 Pandemic Risk/Health Crises	8 Increasing Competition	9 Regulatory/Legislative Changes	10 Product Liability/Recall

Source: Aon’s 2021 GRMS Results



# Top Industry Challenges – Aon’s Insights

## Predicted Future Risks

1 Commodity Price Risk/Scarcity of Materials	2 Cyber Attack/ Data Breach	3 Economic Slowdown/ Slow Recovery	4 Business Interruptions	5 Pandemic Risks/ Health Crises
---	-----------------------------------	--	-----------------------------	---------------------------------------

## Ongoing Risks

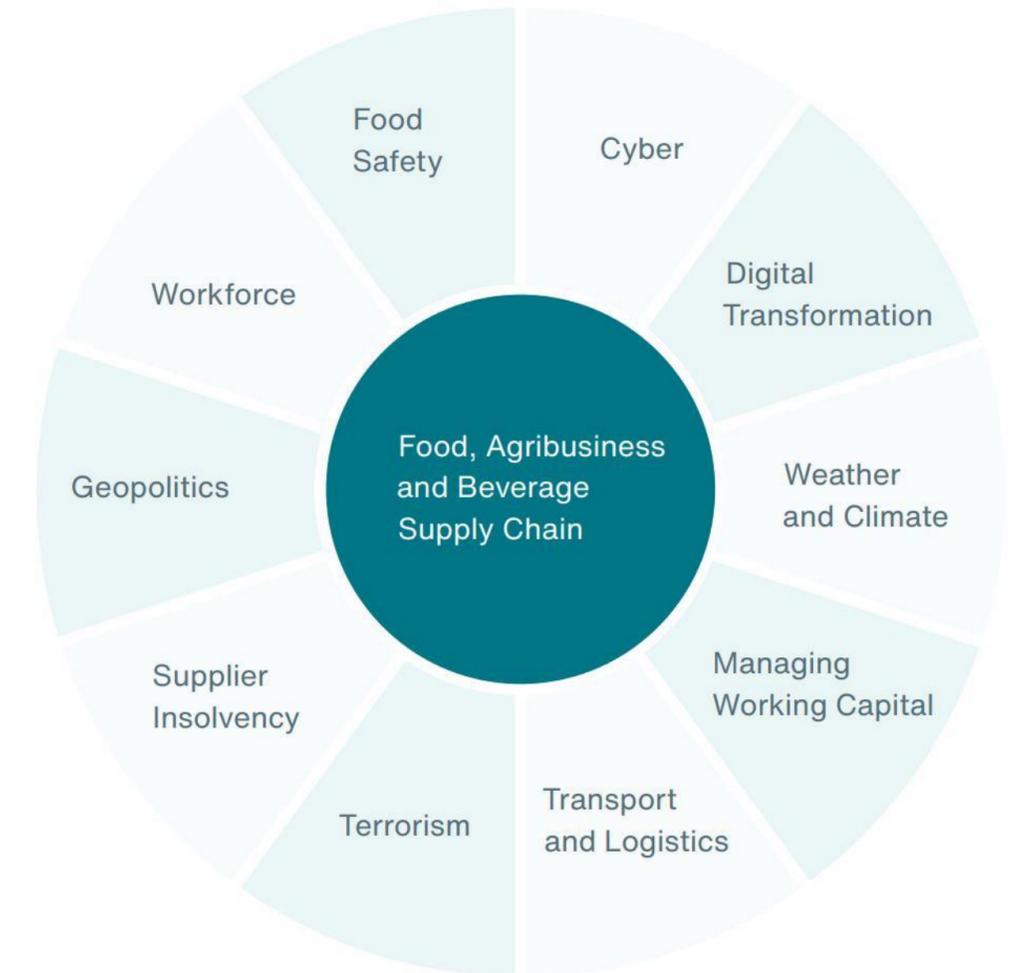
Environmental, Social and Governance	Talent
--------------------------------------	--------

Source: Aon’s 2021 GRMS Results



# Operational Resilience in the Food, Agribusiness & Beverage Industry

- Pandemic has heightened focus on risk of significant disruption, irrespective of cause, becoming instantly catastrophic (financially & reputationally)
- Food safety continues to be a priority
- Cyber risk manifesting as supply chain disruption
- Enterprise IT platforms heighten cyber risk, & legacy systems may be insecure
- Urbanisation & tech driving changes in distribution model



# Poll Question

Q. On a scale of 1-10, how prepared is your business for a cyber incident?

# Preparing for the Expected

“The truth is that cyber attacks represent a serious risk for F&B companies. They can disrupt manufacturing processes, take down a production line and result in tainted and unhealthy products reaching the public. The financial impact of such an incident can easily run into millions of dollars.” – *IIoT World*

NEWS

**KP Snacks supply chain crunches to halt after ransomware attack**

**Campari staggers to its feet following \$15 million Ragnar Locker ransomware attack**

**Cyber attack halts Lion production of milk and beer**

**Malware May Have Cost Mondelez \$100 Million**

**Cyberattack Disrupts Operations At Molson Coors**

**UK distribution arm of Bulmers maker C&C hit by cyber-attack**



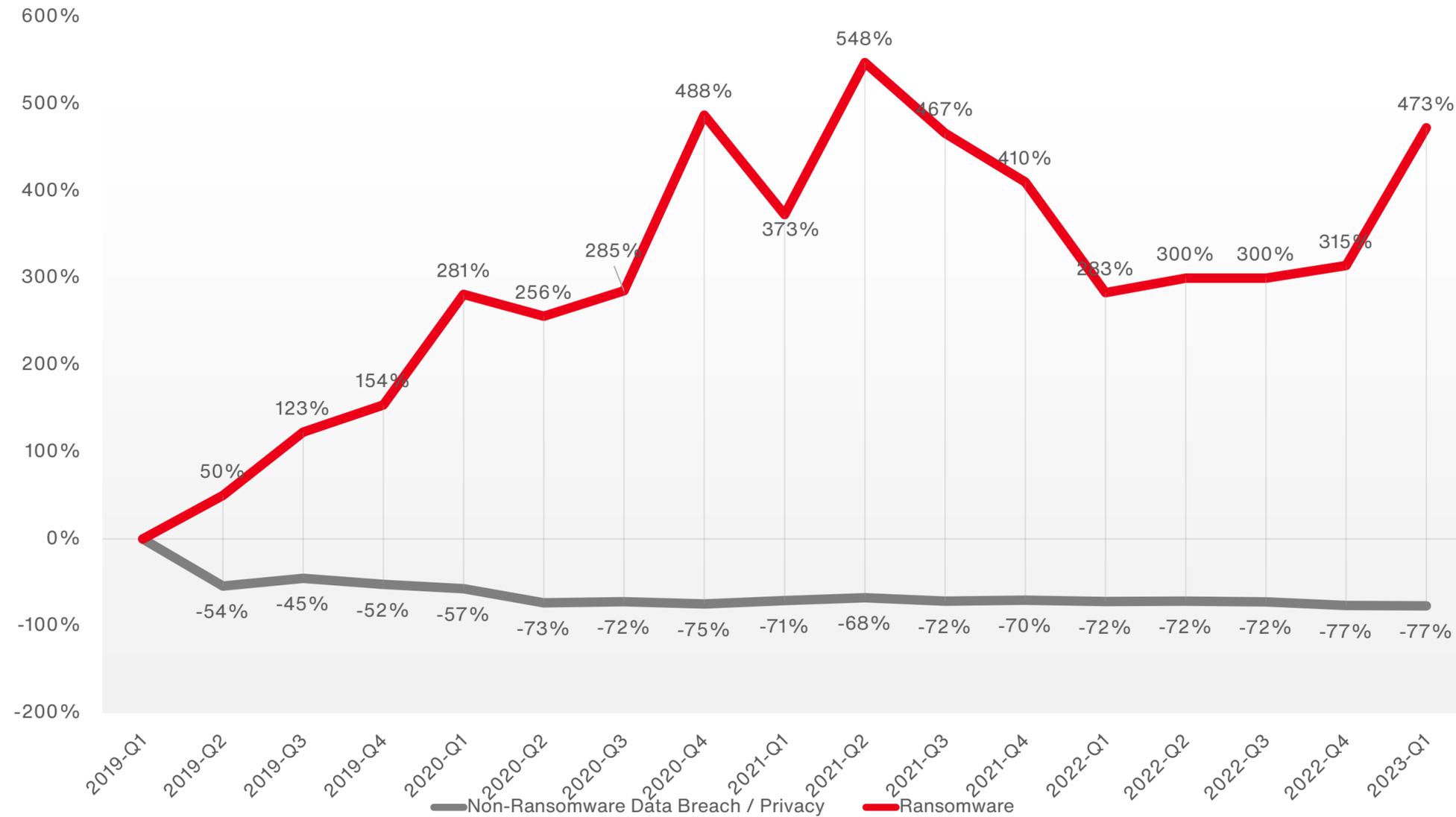
C&C has informed UK authorities of the breach

Bloomberg

Cybersecurity

**All of JBS's U.S. Beef Plants Were Forced Shut by Cyberattack**

# Cyber Incident Rates Indexed to Q1 2023



## Key Observations:

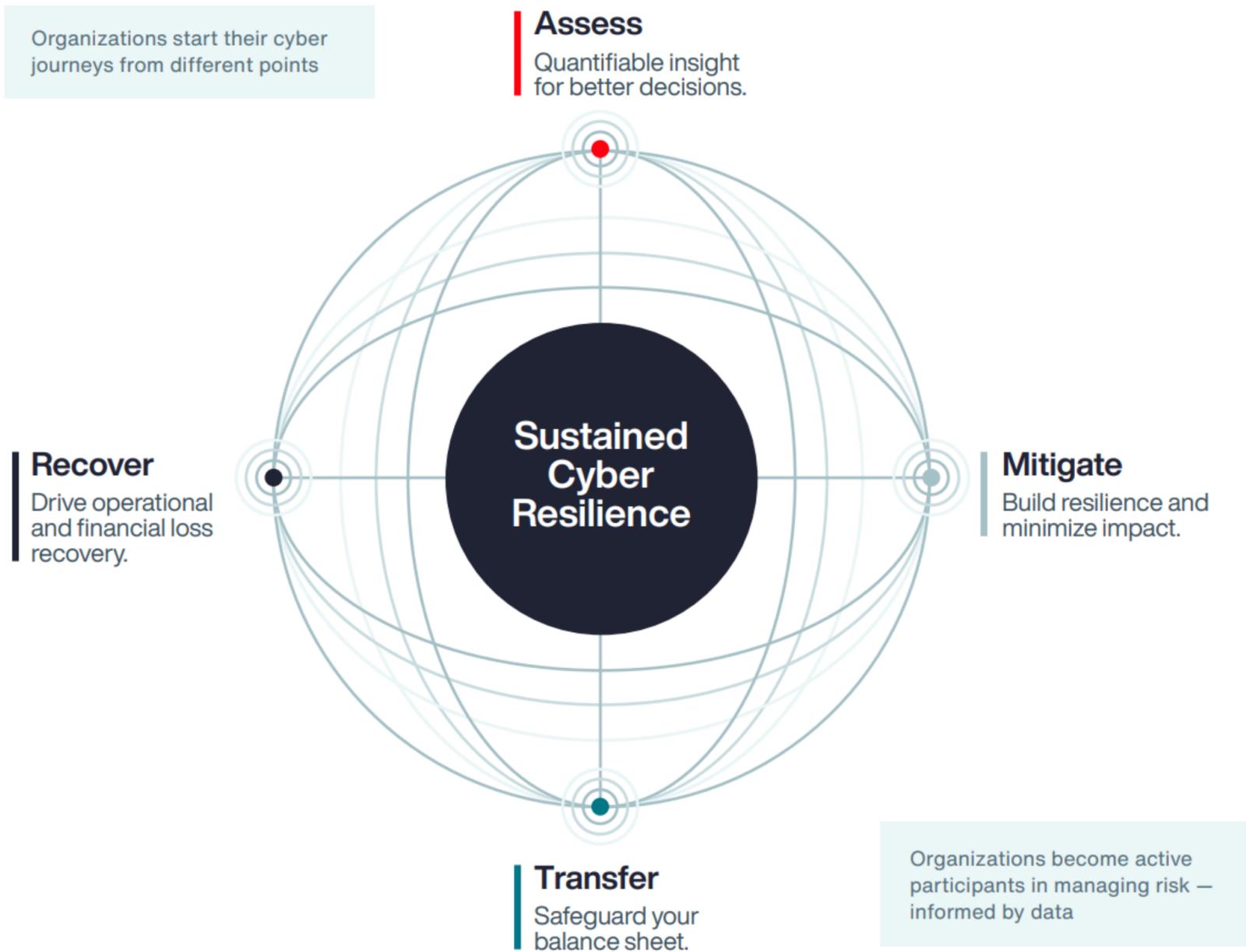
- Ransomware activity has continued to **outpace Non-Ransomware Data Breach/Privacy Event activity.**
- **Ransomware up 473%** from Q1 2019 to Q1 2023
- Compared to Q4 2022:
  - **Ransomware up 38%**
  - **Non-Ransomware Data Breach/Privacy down 1.7%**
  - \*Claim count development may mitigate this decrease
- The most commonly impacted industries by Ransomware in Q1 2023 were:
  - Manufacturing
  - Education
  - Business Professional Services
  - Healthcare
  - Public Sector

Source: Risk Based Security, analysis by Aon. Data as of 4/3/2023

Proprietary & Confidential: The content, analysis and commentary included herein are understood to be the intellectual property of Aon. Further distribution, photocopying or any form of third-party transmission of this document in part or in whole, is not permitted without the express, written permission of Aon.

# Cyber Loop

## A Model for Sustained Cyber Resilience





**What can your  
organisation do  
today to  
reinforce its  
operational  
resilience?**



Deirdre O'Shea, Food, Agribusiness & Beverage Industry Leader, EMEA/UK  
[deirdre.oshea@aon.ie](mailto:deirdre.oshea@aon.ie)



Richard Fawcett ACII, Chartered Insurance Broker  
[richard.s.fawcett@aon.co.uk](mailto:richard.s.fawcett@aon.co.uk)

## Operational Resilience in the FAB Supply Chain | Aon