Top Ten Risks

<table>
<thead>
<tr>
<th>Ten Key Risks</th>
<th>Loss of Income</th>
<th>Plans in Place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulatory/legislative changes</td>
<td>59%</td>
<td>47%</td>
</tr>
<tr>
<td>Cyber crime/hacking/viruses/malicious codes</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>Damage to reputation/brand</td>
<td>38%</td>
<td>10%</td>
</tr>
<tr>
<td>Property damage</td>
<td>38%</td>
<td>24%</td>
</tr>
<tr>
<td>Environmental risk</td>
<td>38%</td>
<td>5%</td>
</tr>
<tr>
<td>Business interruption</td>
<td>36%</td>
<td>28%</td>
</tr>
<tr>
<td>Injury to workers</td>
<td>33%</td>
<td>17%</td>
</tr>
<tr>
<td>Political risk/uncertainties</td>
<td>32%</td>
<td>26%</td>
</tr>
<tr>
<td>Major project failure</td>
<td>32%</td>
<td>43%</td>
</tr>
<tr>
<td>Economic slowdown/slow recovery</td>
<td>31%</td>
<td>38%</td>
</tr>
</tbody>
</table>

About Aon
Aon plc (NYSE:AON) is a leading global provider of risk management, insurance brokerage and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 72,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative risk and people solutions. For further information on our capabilities and to learn how we empower results for clients, please visit: http://aon.mediaroom.com.

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For full insights from the survey, visit us at aon.com/2017GlobalRisk

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2017 Power Industry Report Highlights

Today’s Power companies are facing complex and interconnected risks.

We live in an era of unprecedented volatility. Trends on three major dimensions – economics, demographics, and geopolitics – combined with the exponential pace of technology change, are converging to create a challenging new reality for organizations. These forces create opportunities that we cannot even imagine, but also present new frontiers to be explored.
### Top Five Emerging Risks in 2020

1. **Regulatory/legislative changes**
2. **Cyber crime/hacking/viruses/malicious codes**
3. **Major project failure**
4. **Failure to innovate/ meet customer needs**
5. **Economic slowdown/ slow recovery**

### Presence of a Formal Risk Management Department

- **Companies > $1 Billion**
  - Yes: 75%
  - No: 25%

- **Companies < $1 Billion**
  - Yes: 40%
  - No: 60%

- **Overall**
  - Yes: 58%
  - No: 42%

### Risk Departments Cultivate a Comprehensive Process to Identify and Assess Current and Emerging Risks

#### Identification of Major Risks
- 50% Structured enterprise-wide risk identification process judgment and experience
- 47% Senior management judgment and experience
- 41% Board and/or management discussion of risk during annual planning, risk assessment or other processes
- 39% Risk information from other function-led processes (e.g. internal audit, disclosure, compliance, etc.)
- 30% Industry analysis, external reports
- 16% No formalized process

#### Assessment of Major Risks
- 44% Structured enterprise-wide risk assessment process supported by a standard toolkit and methodology
- 42% Senior management judgment and experience
- 34% Board and/or management discussion of risk during annual planning, risk assessment or other processes
- 28% Risk modeling/risk quantification analysis
- 25% Consult with external service providers/advisor
- 14% No formalized process

### Cyber Purchasing Patterns

- Insurance currently purchased
- Not purchased and no plans to purchase
- Plan to purchase

### Cyber Risk – Completed Assessment

- 11% Yes, qualitative
- 17% Yes, not sure what type of assessment
- 14% Not sure

### Power Companies with a Captive or Protected Cell Company (PCC)

- 27% Currently have an active captive or PCC
- 9% Plan to create a new or additional captive or PCC in the next 3 years

### What top 3 methods do you utilize to evaluate the effectiveness of your risk management program?

- 33% Lower total cost of risk
- 31% Compare historical results from risk events against effectiveness of risk management programs
- 26% Evaluate the extent to which risk concepts are integrated into business investments and strategic decisions

### What are the 3 most important drivers in your choice of insurers?

1. Value for money/price
2. Industry experience
3. Financial stability/rating

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To keep pace with the pervasive and fast evolving cyber threats that go hand in hand with the dizzying speed of technological innovation, much more progress is needed in the area of cyber risk control and mitigation.