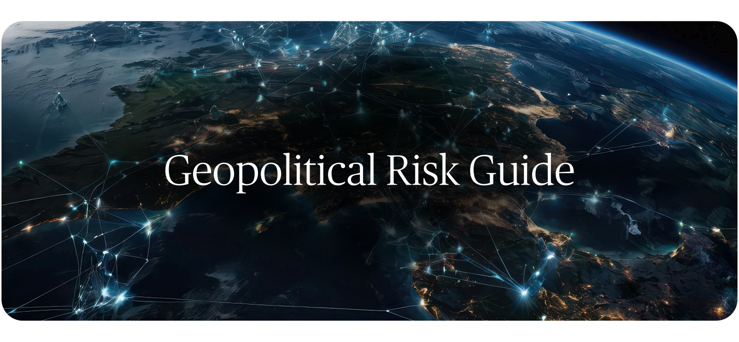


How to use this guide

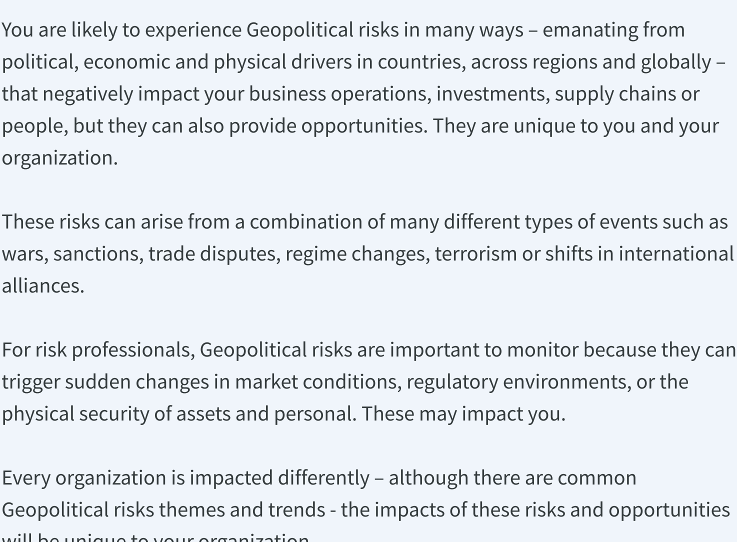
This guide is designed for all roles that are involved in understanding and managing Geopolitical risk to include Boards, Executives, Geopolitical Risk Officers, Strategy Teams, Chief Operating Officers, Chief Investment Officers, Chief Risk Officers, Insurance teams, Resilience and Security Officers and others such as Supply Chain Managers involved in understanding and managing Geopolitical risks who want to stay ahead of Geopolitical risks and exploit opportunities.

The guide will cover some of the immediate activities you can undertake to include:

- Defining the right framework, processes, measures that your organization should have to support the understanding and management of Geopolitical risks and return to business as usual as soon as possible.
- Understanding which channels of information, data and signals to collect to help you to predict Geopolitical events.
- Identifying Geopolitical scenarios that could cause major disruption.
- Selecting the right prevention measures to put in place to mitigate your risks.
- How to access AXA's expertise and platforms to build resilience.

By using this guide, you can shift from a reactive stance to proactively predicting and preventing Geopolitical risks and being able to react swiftly when events occur – which they will do - through a better understanding of these interlinked risks.

Introduction



You are likely to experience Geopolitical risks in many ways – emanating from political, economic and physical drivers in countries, across regions and globally – that negatively impact your business operations, investments, supply chains or people, but they can also provide opportunities. They are unique to you and your organization.

These risks can arise from a combination of many different types of events such as wars, sanctions, trade disputes, regime changes, terrorism or shifts in international alliances.

For risk professionals, Geopolitical risks are important to monitor because they can trigger sudden changes in market conditions, regulatory environments, or the physical security of assets and personal. These may impact you.

Every organization is impacted differently – although there are common Geopolitical risks themes and trends - the impacts of these risks and opportunities will be unique to your organization.

Examples of geopolitical events and their potential impacts

Sanctions and Trade Restrictions

The United States and European Union impose sanctions on Russia, restricting business with Russian companies. This disrupts supply chains and financial transactions for companies operating internationally.

Political Instability

A sudden coup or government collapse in a country where a company has factories or suppliers can halt operations, endanger staff, or lead to asset seizures.

Armed conflict, war and Grey zone aggression

(deniable aggressive behavior such as undersea cable cutting or some drone strikes) – the outbreak of war or grey zone aggression in high-risk Maritime areas can cause oil prices to spike, impacting global transportation costs and energy-intensive industries.

Regulatory changes

A new government comes to power and changes foreign investment laws making it harder or impossible for foreign companies to operate or repatriate profits.

Terrorism or civil unrest

Large scale protests or terrorist attacks in major city can disrupt business operations, damage infrastructure or creating reputational risks.

Nationalization or Expropriation

A government decides to nationalize foreign owned assets (such as oil fields or banks), leading to direct financial losses for investors.

Kidnap and Ransom

Foreign State Actors take members of your staff hostage to use to gain national advantage in a sanctions dispute.

This is why AXA defines Geopolitical risk broadly and looks at this risk through Clients eyes – so we can support you.

The AXA Approach to Understanding and Managing Geopolitical Risks

For you to move from a reactive stance to being able to proactively predict and prevent Geopolitical risks, and react when events occur AXA advises organizations to:

- **Collaborate with Geopolitical Risk experts** and support internal cross-functional teamwork– this is increasingly critical to understanding the many viewpoints in organisations and managing Geopolitical risks and opportunities across companies. Establishing a community of experts, to include expert partners such as AXA, and a hub to orchestrate them supports this.

- **Strategic structuring** - clear roles, optimal processes and aligned stakeholders - is key for fast decision-making in today's Geopolitical environment. Establishing a Geopolitical Risk lead to develop these with oversight from a steering committee to assist which enable alignment and delivery at speed.

- **Excellent information** is critical to timely and informed decision making. It must be trusted, actionable and filter noise to enhance signal and focus. You need to select information from multiple reliable sources (removing circular reporting) and with the best analysis.

- **Scenario planning** anticipates uncertainty and informs risk mitigation. It helps understand the unpredictable, reduce exposure and enhance resilience through possible and plausible options. From this you can then contingency plan, identify the triggers to activate these plans, and link reporting to inform them.

- **Using new digital tools**, consulting services and insurance solutions are essential to making the challenges of Geopolitical risks navigable. They should be linked to have the best effect.

AXA can support you to develop the above approach and your strategy to understand and manage Geopolitical risks.

A Strategic Framework for Understanding and Managing Geopolitical Risks

AXA proposes this framework:

- First, assemble the right multi-disciplinary internal business team because Geopolitical risks are transversal and impact all areas of organisations. Governance should be centralised with an owner identified and supported by the team. Ideally you should have a chief Geopolitical Risk Officer. For best effect the lead should report to the Board, CEO and CRO. The team should be cross functional and include areas of the business that are impacted or could be impacted, or be exposed to opportunities, by these interlinked risks. This should include Risk Officers, Legal Staff, COOs, Investment Officers, Security Staff and more.

- Processes should be established for multi-disciplinary working. Geopolitical risks should – through a clear process - be identified, mapped and analysed before they are managed. The processes should be a handrail to allow flexibility for each situation. The comprehensive understanding of Geopolitical risks and their drivers gained from this will inform management options and choices.

- High quality, trusted information and analysis should be sought that can answer your information requirements and inform your decision making.

- Through this information and analysis, you should gain a thorough knowledge of past events, threats and risks – to identify trends and indicators - and a comprehensive understanding of present Geopolitical – interlinked economic, political and geographic/physical – risks and events. Alongside this forecasting - threat anticipation and scenarios - should be generated to look at plausible and possible futures.

- You should also look beyond the risks to identify, track and understand their drivers – the root causes - so that the risks can be anticipated and planned for. All this information should be stored in a body of knowledge – a repository - in your organisation to support you. This includes past risk and event information.

- This information should be collated and communicated to produce a common understanding of Geopolitical risks – 'a common operating picture' for you and your stakeholders. This should then be linked and analysed in relation to your plans and information requirements you need to support decision making. e.g. what information do I need to know about sanctions that could impact my business or what is the current and likely threat of instability in a country I have staff in? Information should include the general, such as country threat levels and the specific such as events in specific areas like city election results that could drive strikes or riots.

- With this information you can ask the 'so what?' and holistically – using your across business team - assess exposures and cover all areas of your business through risk mapping - risk identification and evaluation followed by management - mitigation and monitoring. Through this you can identify vulnerabilities such as markets, supply chains and dependencies. You can also start to consider and assess linkages and second/third order effects to manage them.

- With the options generated by this process you can then prevent and manage Geopolitical risks. You should have a range of prevention and management services and solutions available to you that should include insurance, the execution of contingency plans informed by scenarios, crisis management teams (war room team) and rehearsed processes in addition to a range of business continuity plans.

- Education and training should be developed and communicated to all stakeholders to ensure a common knowledge and understanding of the processes and management options.

- To help you understand - identify and evaluate - these risks and their drivers, the joint AXA DCP and AXA RC Geopolitical risk value proposition can support you through a variety of services which can be tailored to meet your needs,and solutions so you achieve the outcomes you need.

- Some of the services and solutions AXA DCP and Risk Consulting offer to support you includes:

  - **Services to support you to PREDICT and UNDERSTAND Geopolitical risks:**

  - Training and education. To include onboarding new staff, intelligence analysis, crisis management and other specialist courses.
  - Support to both Executive and Operational levels – to include peer advice, scenario generation, red teaming and support to contingency planning through the Executive advisory panel.
  - Past information on events and risks.
  - Early warning systems: Current Geopolitical (economic, political and physical/geographic risk) reporting, threat assessments and analysis tools to include:
  - Property Intelligence.
  - Asset risk management Risk mapping and geospatial alerts to narrow down exposure.
  - Foresight and future risk reporting
  - Linked scenario development, contingency planning and testing
  - Business continuity planning.
  - Risk engineering surveys and asset audits
  - Links to specialist partners – such as S-RM and Strider.

  - **Services and solutions to support you to MANAGE Geopolitical risks:**

  - Insurance solutions linked to current risks and future potential risks informed by analysis and future possible and plausible scenarios.
  - Risk consulting to support at Executive and Operational levels within clients. AXA provides a range of consulting and digital services to include economic advice and research, red teaming contingency plans and site surveys.
  - Education and Training focused on both general and specific Geopolitical risk mitigation.
  - Partner offerings via marketplace) AXA offers a range of partner management options via Marketplace. These specialist solutions for specific client needs provide options to manage and prevent Geopolitical risks.
  - Crisis Management advice, education and training can be provided both during client crises and also to prepare you for the worst.
  - Business Recovery plan delivery.

Tools and Resources Available to You

- AXA DCP x AXA RC Joint Value Proposition: Outlines AXA's tiered approach to geopolitical risk consulting.

- The Geopolitical Risk Newsletter: Monthly updates with insights, webinars, and links to tools like LMS and the DCP webpage

External Best Practices

From World economic forum, and the U.S. Chamber of Commerce:

- WEF Global Risk Report 2025

- Lead from the top: Boards should regularly assess geopolitical risks.

- Develop a geopolitically risk-aware culture: Encourage reporting and ownership across teams.

- Use external analysis for M&A decisions: Validate strategic moves with independent geopolitical assessments.