



Episode 1: Building resilience among geopolitical instability

Raul Munoz: Welcome to Mining in 10 Minutes. I'm Raul Munoz, industry leader for mining and natural resources at Marsh, and I'm thrilled to kick off our five-part webinar series, exploring the five biggest resilience challenges facing mining companies today.

We built a series around our recently launched Mining Resilience Guide, which you can find at www.marsh.com.

A practical framework to help mining leaders navigate an increasingly complex and difficult environment.

In our first episode, we're exploring perhaps one of the most controversial and topical items of the day, which is political risk.

Joining me today is one of Marsh's political risk experts, Stephen Kay. He sits in our U.S. and Canada credit specialties team and works, among other things, political risk insurance.

In 2022, Steven co-authored a joint paper published by Marsh and S&P Global entitled, A New Perspective on the Cost and Benefits of Political Risk and Insurance for Foreign in Direct Investments. So welcome, Stephen, and thank you for joining us today.

Stephen Kay: Thank you, Raul.

Raul Munoz: So let's, I mean, geopolitical risk is something that I think has been on top of mind, not just for the mining sector, but for a lot of us over the last 18 to 24 months. So let's establish exactly why this is such a crucial moment for political risk specific to mining.

Stephen Kay: So, you know, the mining sector sits at the intersection of some of the most significant, geopolitical forces of our time.

And, of course, there's the energy transition, which is causing the demand for lithium and copper and cobalt and Nickel, which we refer to as the future-facing commodities. To surge at the moment, and the International Energy Agency projects that demand for lithium alone will grow about 40-fold by 2040.

In fact, the expression, lithium is the new oil, is the defining metaphor for the 21st century clean energy transition. So on top of the critical minerals for electrical... electric vehicles and clean energy tech, we also have artificial intelligence and semiconductors that are driving demand, and now also the exponential AI data center build-out.

With its associated rise in energy demand. And all of that is compounded by a surge in military defense spending. And these all just add up to a scramble for these minerals to be treated as strategic assets.

And, for governments around the world to take... sit up and take notice, and to start acting accordingly.

Raul Munoz: Yeah, I mean, it's incredible the amount of activity that we've seen around mining. I think that it's become a topic that's in everybody's living rooms and dining tables, so...

Interesting to see the context around that... that search that you mentioned on demand.

In 2025, Marsh, published a political risk report, that identified three, key trends in geopolitical risk. I think the first one was reshaping, the global trade, the operational challenges around, related to the energy transition, as you mentioned.

And the politics and the compliance around, the obligations. How do... how do those trends that were published on a report that talks about geopolitics, geopolitics, generally apply to the mining sector specifically?

Stephen Kay: Well, the reshaping of trade is probably... the most immediate one of those.

Tariffs and trade disputes and export restrictions that affect the cost of equipment, then the availability of supplies, and the, you know, competitiveness of mineral exports.

You know, sometimes very quickly as well. And the compliance piece is also intensifying. You know, miners now operate under a very complex web of domestic and international regulations.

That are evolving very rapidly, and the cost of noncompliance, especially as it impacts reputations and financial performance, is higher than ever, right?

Raul Munoz: Yeah, no, definitely. I mean, that's, definitely, compliance is, perhaps the, the first word that, that comes up when, when we're talking about, project, and operations.

One concept that comes to mind as you're saying that is... and it's something, again, that comes very frequently around conversations, especially when you're dealing in some foreign jurisdictions, is resource nationalism.

You mentioned, Rada, the intro, how the political tension between different countries is shaping how companies see this. How does that manifest into how people look at this, and, and mining specifically?

Stephen Kay: Well, you know, resource nationalism... To define it, is when a country asserts greater control over its natural resources, you know, typically to try to maximize the economic benefits that they get for their own citizens. It can show up in a number of different ways, like rising, raising mining taxes, imposing new regulations and fines.

Introducing, export restrictions. Requiring local processing is very, very common, and forcing contract renegotiations, and in the most extreme cases, canceling concessions and expropriating assets.

So these are all risks that mining companies with international operations need to assess and price into their investment decisions.

Raul Munoz: Yeah, definitely, and elections are a particularly source of uncertainty, in many areas. Governments can change, and with them, entire policy frameworks.

Stephen Kay: Exactly, and between the stresses on developing countries, of the ongoing trade wars, and the energy shock that was caused by events in the Gulf recently, election candidates directing their populist messages at foreign mining companies are gaining more and more traction. And, a new administration in a country that sees the mining industry as a potential cash cow, can, introduce policies that, change operational costs, affect trade relationships, and alter the terms under which a mine is permitted to operate. And sometimes very quickly.

And the uncertainty itself It's harmful, even before any policy changes are even actually made. So, when investors don't know what the regulatory environment will look like after an election, they can hesitate to move forward with investment decisions.

Capital gets delayed or redirected, and for mining companies with a decades-long investment horizon, that kind of uncertainty is costly and paralyzing.

Raul Munoz: Yeah, that's really interesting. To bring this alive, can you give a real world example of how you're describing? And, you know, I think a couple of things come to mind, and you're closer to this. Maybe you could expand on something that you've seen.

Stephen Kay: Sure, sure. I'm going to give you, I have a few notes here of, what actually happened in the, in the case of Cobre Panama, which was one of the largest copper mines in the world, and which is a cautionary tale of how political risk can undermine investments from Western mining companies.

Yeah, it was developed by the Canadian company First Quantum Minerals. And the mine was the largest private investment in Panama's history. Totalling about \$10 billion of investment. About 12% of the country's GDP. And starting up in 2019, the mine quickly became an economic pillar, contributing about 5% of gross domestic product, and 7% of Panama's external revenues. And directly or indirectly employing about 40,000 people.

It also played a critical role in the global copper supply chain when other mines were aging and output was declining.

So, this project stood out as one of the few major copper mines entering production worldwide in the last 15 years.

So, as the thinking went, this gave mining the opportunity to become Panama's second largest economic sector after the canal. But by late 2023, legal and political events brought operations to a halt. And, they, they literally dealt a blow to both the copper the global copper supply chain and to Panama's economic outlook.

So, to continue the saga, the crisis originated from a 2018 ruling by Panama's Supreme Court. When they questioned the constitutionality of the original 1997 concession agreement. After 4 years of negotiations, a new contract granting First Quantum long-term operating rights was signed in October 2023,

However, the deal sparked an immediate public backlash, igniting widespread protests and road blockades. And critics argued that the contract's terms were unfavorable to Panama.

And they cited inadequate royalty provisions and concerns over national sovereignty and the exclusion of environmental and precious metal regulations.

So, to calm the unrest. President Cortizo of Panama at the time proposed a national referendum on the contract, but then Panama's Electoral court deemed the conditions unsuitable for holding the vote. And then the next thing that happened is that tensions escalated when two protesters were killed and road blockades disrupted the mining operations.

Meanwhile, Panama's Supreme Court began to hear constitutional challenges to the contract, which culminated in November of 2023, when the court declared the contract unconstitutional. And they stripped First Quantum of their

legal operating rights. And in the aftermath of that, the company ceased operations and suspended 7,000 employee contracts.

Raul Munoz: staggering story, and, you know, there's... there's the legality side of it, but... but there's also a social dimension, which is huge, and... and critical to this, and this is something that I feel quite strongly about, which is a company's

You know, social license to operate that goes beyond just a legal document.

Stephen Kay: Yeah, that's absolutely right. I mean, it's something that's becoming increasingly non-negotiable and can't be avoided by mining companies. Local communities and Indigenous Peoples bear the environmental and cultural and social burden of mining operations. And when they feel that their concerns are not being heard.

The consequences can be really severe. And Panama's a good example of that.

In some cases, the escalation to, personal injuries, you know, can also worsen the situation. So the guideline's very clear, is that it is that building really genuine relationships with Indigenous peoples and local communities is not just a legal obligation, it's a fundamental guideline to assure operational continuity.

Raul Munoz: Yeah, in, in the resilience guide, we talk about four strategies, to managing political, geopolitical risk.

Could you perhaps walk our viewers and listeners through those four strategies and what companies can do?

Stephen Kay: Of course, yeah. Well, the first thing to do is, well, maybe I'll just enumerate them. There... there you are. To know your region's political risk exposures.

To strengthen your supply chain, To build ongoing relationships with local stakeholders. And to, engage an external risk advisor. So, the first one is about knowing your political risk exposures, and this is about just simply staying current and being proactive, keeping your ear to the ground. It means conducting regular political risk analyses that cover Political violence risks, expropriation risks. Foreign currency restrictions, stay on top of, you know, your customers' credit risks, and also keep monitoring labor practices in your operating regions. Some organizations have in-house teams for this, and others rely on specialized advisors, but in either way. You just need that knowledge to inform your decisions before a crisis hits.

In this regard, Marsh offers clients proprietary resources that are available free online. That can be useful as a baseline for... and as a starting point for these types of monitoring efforts.

The second one is to strengthen your supply chain. So supply... you know, supply chains are where geopolitical risk often materializes, first and most tangibly. And disruptions in material supply and delays in procurement of equipment and new trade barriers all can adversely affect the supply chain and operations of a mining business.

The recommendation is to invest in supply chain mapping and visibility to understand your dependencies beyond your Tier 1 suppliers, and to diversify your supplier base across regions so that no single political event can cut you off entirely.

So that was number two. The third recommendation is to build ongoing relationships with local stakeholders. And this... this goes back to what we were just discussing a few minutes ago. It's one of the most powerful resilience strategies available to mining companies, and one of the most underinvested. The best practice includes recommend... includes going beyond the, the legal minimum and developing a comprehensive community engagement strategy. Such as, employment training and training for local community members, investment in local infrastructure, like schools and healthcare, and regular communication with local lawmakers and local leaders about the economic contributions of your mining operations. Indigenous communities especially often have deep knowledge of the land and can also be genuine partners Across the mining life cycle, if the relationship is built on mutual respect.

And the fourth and last one is to engage an external risk advisor. That can bring two things that are hard to replicate internally. Specialized knowledge of specific political environments, And also, an independent view. They can facilitate scenario planning and tabletop exercises. And challenge you to think through contingencies that you may just not have

You know, been considering, and provide an objective view when internal teams are managing multiple competing priorities.

This can also help you diversify risk across assets, markets, and regions in ways that reduce your exposure to any single political shock.

Raul Munoz: That's a very good overview, Steven, and we could be here for hours, but this is mining intent, so we gotta keep it short. So what's the single most important mindset shift that you would ask mining leaders to make on, you know, around geopolitical risk?

Stephen Kay: So basically, Raul, it's to stop treating political risk as just background noise, and to start treating it as a first-order priority business risk, especially in mining. Geopolitical risk is real, and it's as consequential as equipment failure or a cyber attack.

But because it often moves slowly, it can feel a little less urgent at the moment. But as it, when it unfolds, it often does that very quickly, and in spectacular, and I guess I'd call it in a cliff-edged fashion, Where risk mitigation efforts. You know, that you may try to take just in time are not likely to be effective, and risk transfer options at that moment are no longer available.

So organizations that build resilience are the ones with the foresight to monitor this risk continuously, to engage deeply with local communities, and to have diversified strategies rather than concentrated bets.

Raul Munoz: Excellent.

Well, thank you very much, Steve, and thank you for all your insights. You can download the guide at marsh.com. In our next episode, we turn to what may be one of the most critical risk factors in mining and mining processing, which is your equipment.

We'll be addressing machinery, and some of the strategies around building resilience when it comes to heavy equipment. With our colleague, Mark Tanaka. So join us for our next episode, and thank you very much, and thank you, Steve.

Stephen Kay: My pleasure, thank you Raul.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. This document contains proprietary, confidential information of Marsh and may not be shared with any third party, including other insurance producers, without Marsh's prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modelling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Except as may be set forth in an agreement between you and Marsh, Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party with regard to the Marsh Analysis or to any services provided by a third party to you or Marsh. Marsh makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or re-insurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage.

© 2026 Marsh. All rights reserved.