

Chief Legal Officers and Geopolitics



Introduction

In today's world, geopolitical risks—spanning armed conflicts, cyber threats, and regulatory upheavals—are transforming the business landscape. For Chief Legal Officers (CLOs), these risks are not just operational hurdles but strategic imperatives. The current geopolitical landscape is marked by intense division despite unprecedented global interconnectedness through trade, economies, and communication. Conflicts in the Middle East and Eastern Europe have far-reaching consequences, impacting energy supplies, trade, and societal cohesion. Meanwhile, the rapid spread of information, often manipulated by digital actors, heightens concerns over cyberterrorism and misinformation. Political divisions are evident not only between nations but also within communities, such as the deepening polarization in U.S. elections. In addition, the rise of artificial intelligence brings both immense potential and significant risks, increasing the need for businesses to remain agile while regulations adapt.

Chief Legal Officers (CLOs) stand at the intersection of law, strategy, and risk management, uniquely equipped to navigate geopolitical disruptions. Understanding geopolitical risks is not just a strategic advantage but a necessity for ensuring organizational resilience and compliance. For example, tensions between the U.S. and China are creating significant decisions for companies in the Indo-Pacific. Should corporations move away from China and pursue alternative suppliers, or should they remain in China and deal with the increasing problems?

Key Geopolitical Trends Impacting Businesses

A [survey](#) by the Association of Corporate Counsel, involving 200 member organizations, found that in-house legal executives view trade tariffs and import quotas as higher risks in Mexico and the U.S. compared to other trading nations. The report identified China and Russia as the top overall risks, followed by Mexico and the U.S., with Ukraine ranked slightly less risky than Israel. Eight countries, including Taiwan, Mexico, and the U.S., were highlighted as sources of concern. Importantly, the report noted that **managing geopolitical risk “is about building the capabilities, flexibility, and resilience to navigate whatever challenges may arise.”**

Key Insights from the Survey:

- **Top Risks Identified:** China, Russia, Mexico, U.S.
- **Primary Concerns:** Trade tariffs, import quotas, geopolitical disruptions
- **Strategic Focus:** Flexibility and resilience in managing challenges

Half of Companies Surveyed Have Allocated More Resources Toward Managing Geopolitical Risk Over the Past Five Years



Survey Question: In the last five years, would you say that the number of resources that your company has allocated to managing geopolitical risk has increased, decreased, or stayed about the same?

Chart: Association of Corporate Counsel • Source: Navigating Geopolitical Risk: A Brief Guide • Created with [Datawrapper](#)

Figure 1: Source: Association of Corporate Counsel

Geopolitical risks refer to the political, economic, and social uncertainties that arise from international relations and regional dynamics. These risks can manifest as political instability, wars, terrorism, economic sanctions, trade disputes, or regulatory changes (see our [Top 10 Geopolitical Risks for Business in 2025](#)). **Understanding these global risks is only the first step. For CLOs, the challenge lies in translating this understanding into actionable strategies that ensure organizational resilience.**

Reasons CLOs Need to Understand Geopolitical Risks

Geopolitical risks directly affect legal and compliance frameworks. For instance, CLOs must navigate complex sanction regimes imposed by entities like the Office of Foreign Assets Control (OFAC) and intense data regulations like the European Union’s General Data Protection Regulation (GDPR) or China’s Personal Information Protection Law (PIPL). Global supply chains are also particularly vulnerable to geopolitical risks. Trade restrictions, tariffs, and political disputes can disrupt operations, necessitating robust risk assessments and contingency planning. **CLOs play a pivotal role in ensuring that contracts include clauses that account for geopolitical disruptions, such as force majeure provisions.** Additionally, due diligence on suppliers operating in geopolitically sensitive regions is essential to mitigate legal and reputational risks. **Cross-border disputes require CLOs to be well-versed in international arbitration and dispute resolution mechanisms.** Sovereign risks, such as expropriation or breaches of investment treaties, also demand careful legal strategies to protect organizational interests.

Chief Legal Officers must pay attention to geopolitical risks for several critical reasons:



Regulatory and Legal Compliance: Geopolitical tensions often lead to shifts in laws and regulations, such as sanctions, export controls, and trade restrictions. CLOs need to ensure the organization complies with these changes to avoid legal penalties and reputational damage.



Supply Chain Stability: Trade wars or conflicts can (and often do) disrupt supply chains. CLOs play a key role in assessing contractual obligations and mitigating risks associated with delays, price increases, or the inability to source critical components.



Reputation Management: Political instability, human rights issues, or government relations in certain regions can expose companies to reputational risks. CLOs need to navigate these complexities to protect the company's public image and stakeholder trust.



Cybersecurity and Data Protection: The increased risk from nation-state cyber threats and data breaches means CLOs must ensure compliance with international data protection laws and advise on legal responses to cyberattacks.



Contractual and Investment Risk: Internal political instability and shifting alliances can affect the enforceability of contracts or the viability of investments. CLOs must evaluate these risks and provide legal strategies to safeguard the company's interests.



Strategic Decision-Making: CLOs offer critical insight into how geopolitical risks affect overall business strategy, from entering new markets to exiting from high-risk regions. Their expertise ensures decisions align with legal frameworks and minimize exposure.



Board-Level Governance: As key advisors to the board, CLOs must articulate the legal and strategic implications of geopolitical developments, enabling informed decision-making and robust risk management.

Preparing for Geopolitical Risks

There are some basic actions that CLOs can take to begin understanding and responding to geopolitical risks.

Step 1: Build Geopolitical Risk Monitoring Capabilities

CLOs must prioritize robust geopolitical risk monitoring to effectively safeguard their organizations in an increasingly complex and interconnected global landscape. Reliable geopolitical risk analysis allows CLOs to anticipate and respond to these challenges before they escalate, ensuring the organization remains agile and compliant.

If in-house resources are limited, collaborating with geopolitical risk experts becomes essential. These partnerships provide access to specialized insights, enabling CLOs to assess potential impacts on legal obligations, regulatory compliance, and business operations.

Step 2: Scenario Planning and Contract Management

Geopolitical crises demand swift and well-informed legal responses. CLOs should lead scenario planning efforts, ensuring their organizations are prepared for potential disruptions such as economic sanctions, border closures, or armed conflicts. Contracts should include provisions that account for geopolitical disruptions, such as force majeure clauses.

Furthermore, CLOs must collaborate with security, finance, and operations teams to assess and mitigate risks comprehensively. Training for geopolitical crises should involve multiple organizational functions, with CLOs facilitating alignment and preparedness.

Step 3: Integrate Geopolitical Risks into Corporate Governance

Dealing with geopolitical risks long-term requires integrating them into corporate governance frameworks. They should be regular discussion topics at the board level and included in organizational risk registers. CLOs can also play a role in shaping policies that adapt to changing geopolitical landscapes, ensuring their organizations remain compliant and resilient.

Conclusion

For Chief Legal Officers, understanding and mitigating geopolitical risks is no longer optional—it is a core competency essential for ensuring corporate resilience in an unpredictable world. From navigating complex compliance frameworks to managing cross-border disputes, CLOs must adopt a proactive and informed approach. By integrating geopolitical risk analysis into corporate governance and collaborating across functions, CLOs can position their organizations to thrive in an increasingly uncertain world. In doing so, they not only safeguard their companies against potential threats but also contribute to their long-term success and sustainability.

In an era where geopolitical risks are becoming the norm, CLOs who anticipate, prepare, and act strategically will not only safeguard their organizations but also turn uncertainty into opportunity.



If your organization would like to understand any of these issues more deeply, you can find us at insightforward.co.uk or contact us [directly](#).

Insight forward provides a range of geopolitical risk intelligence and consulting services to help businesses stay secure and thrive in an increasingly complex global marketplace.

Intelligence Analysis

We specialize in corporate intelligence. With a deep understanding of geopolitical trends, regional dynamics, and security issues, our services provide comprehensive intelligence reports and insights to support informed decision-making for businesses.

Consulting

Whether you are building a team or evaluating your team's capabilities, our tailored intelligence solutions offer valuable assistance. We understand the unique requirements of corporate intelligence programs and provide comprehensive support to help you achieve your objectives.

Red Team Analysis

Red team analysis uses applied critical thinking and structured analytic techniques to challenge assumptions and find gaps in knowledge. Services include alternative analysis, alternative futures analysis, and scenario development.

Training

We offer a range of training services suitable for individuals aspiring to launch their career in corporate security intelligence, as well as experienced analysts seeking to refine their skills.