

PROSEGUR RESEARCH

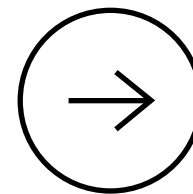


Highlights

Global Risks:
What are
the biggest
risks for 2023?



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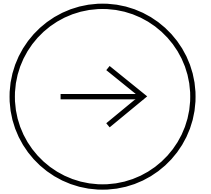
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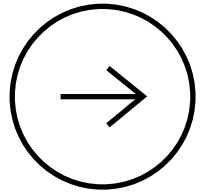
01

The changing world



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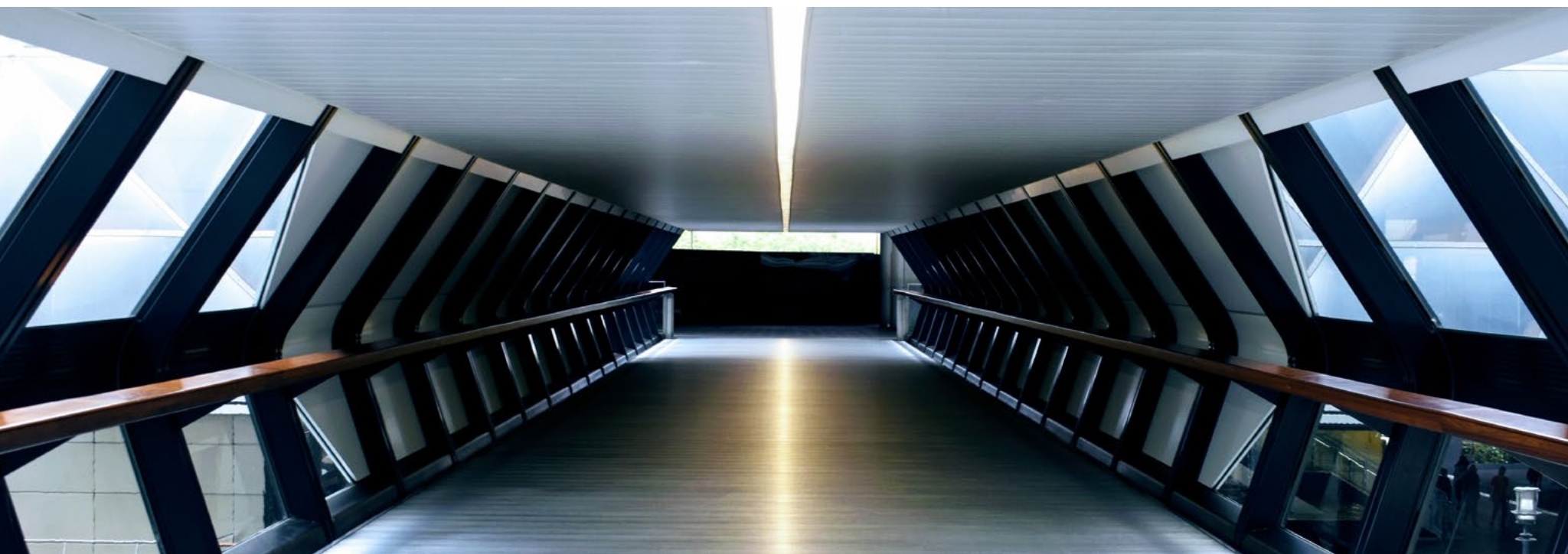
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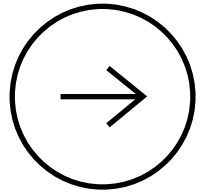


The world is constantly changing, with very high levels of uncertainty, which has been characterized by disruptions that are capable of transforming sectors, production chains and even societies as a whole. As has been pointed out in previous Prosegur Research **publications**, the current situation presents us an old world that has not yet perished and a new one that is taking its time to appear. Therefore, **the current times are not only exempt from risks** that we must analyze and prevent, but also present other opportunities that can be exploited to move towards development and progress.

In this context it is necessary to be **open-minded and far-sighted** in order to adapt to the new processes in which the socio-political stability of almost every country or company's business continuity around the globe depend, among other effects.

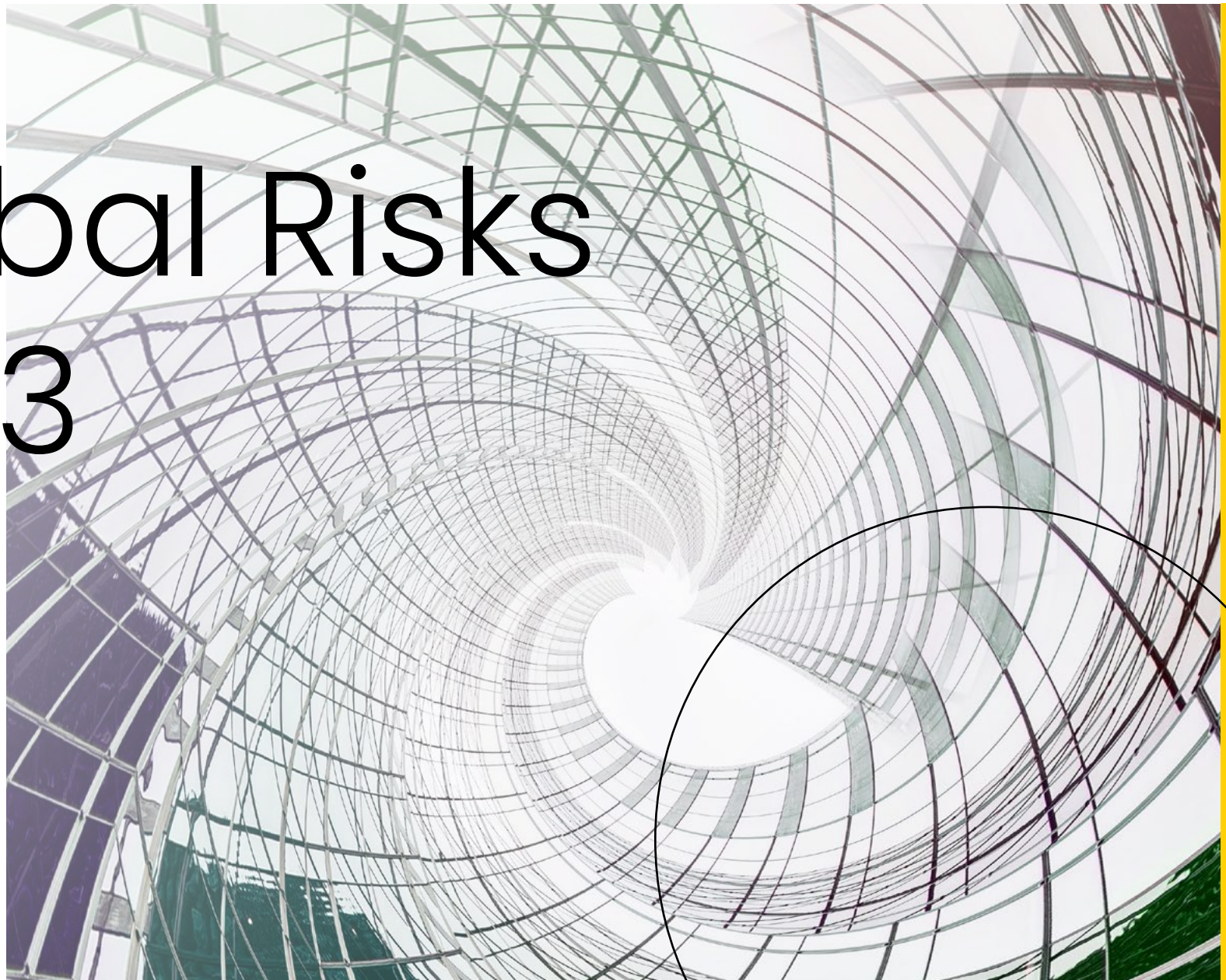
For these reasons, this document briefly analyzes the most severe risks for the coming years, according to one of the most important international institutions.





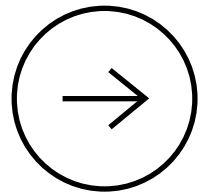
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Global Risks 2023



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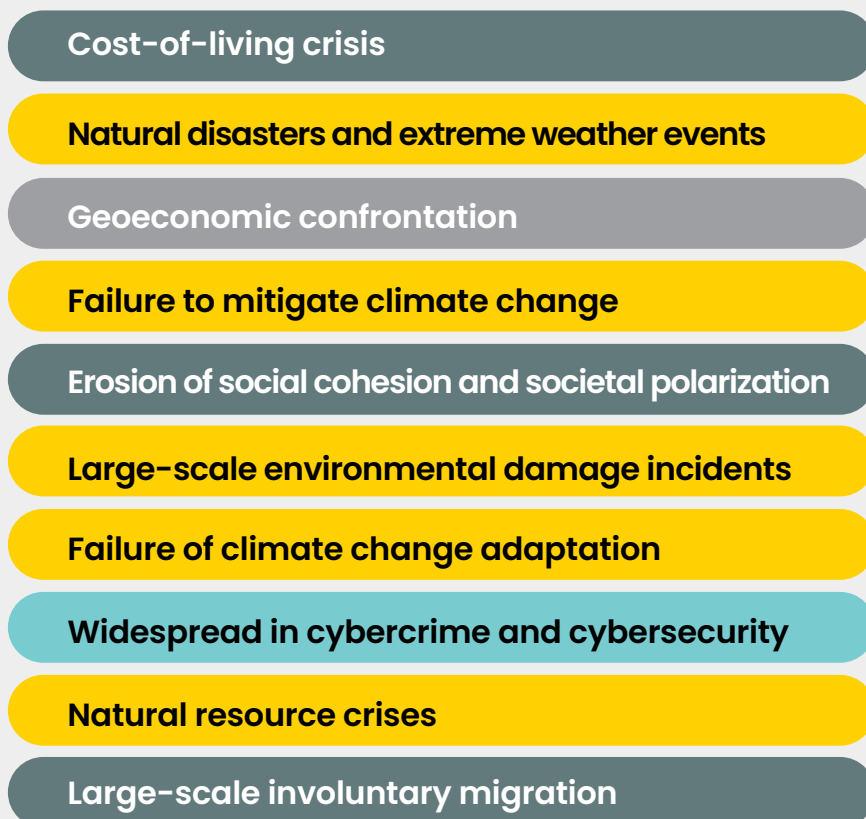


The World Economic Forum (WEF) annually carries out a series of studies whereby it identifies the main **global risks** in the short, medium and/or long term.

The 2023 edition, published in January, refers to the top ten global risks for the next **2 and 10 years, ranked according to their severity:**

Source: Prosegur, 2023 based on **WEF**

Top 10 most severe risks in the next 2 years



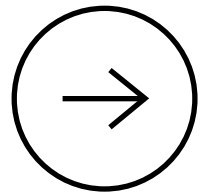
Top 10 most severe risks in the next 10 years



Environmental Social Technological Economic Geopolitical

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As can be seen, social and environmental **risks are the most recurrent and severe, in addition to others, albeit less frequent**, which are more linked to technological development or geopolitics. Moreover, unlike the report carried out in 2022, the WEF does not point to any economic risks in the next ten years.

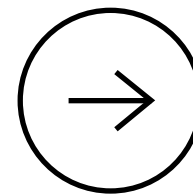
As noted above, the **world has a progressively hybrid character**, and

as a result we are witnessing traditional threats that resonate with times that were thought to have been overcome: armed conflicts, trade wars, cost-of-living crises and even the fear of a possible nuclear scenario between powers. These risks, together with new threats such as the increase in online cybercrimes or the impacts of climate change, make **the decade we are witnessing unique, uncertain and, above all, turbulent.**



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2.1 Climate challenge: a transnational issue

According to specialized reports on the subject, such as those developed by the United Nations Intergovernmental Panel on Climate Change (IPCC), **atmospheric levels of carbon dioxide, methane and nitrogen oxide have reached historic highs**, potentially complicating global ambitions **to limit the temperature increase by 1.5°C across the planet**: there is currently a 50% probability of achieving this goal.

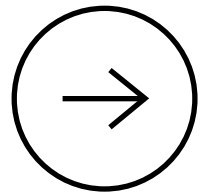
This means that the impacts of the climate challenge have ceased to be something of the future and in turn have become current, such as extreme weather events, which claim thousands of lives and have a substantially high economic costs. In addition, geopolitical tensions and economic pressures between different countries are limiting, and in some cases even reversing, efforts and progress against the climate

challenge. For example, the European Union's investment of 50 billion euros to expand fossil fuels infrastructure and supplies in the coming years.

As a result, **the world is facing a "disorderly"** transition, which could have a multitude of social and health consequences for people around the world. In fact, the WEF indicates that the environmental situation in some countries, together with other factors, has led to the **emergence of insurgent groups** and even armed conflicts, having an impact on **migratory flows** and the increasing the **persistence of problems** such as **food insecurity**.

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2.2 Erosion of social cohesion: a threat to stability

The erosion of social cohesion and societal polarization is increasing in the ranks of risks in many reports in reference to the next few years.

The WEF argues that **social polarization contributes to the deterioration of democracies and the rise of hybrid regimes**: while the percentage of the global population living in autocracies in

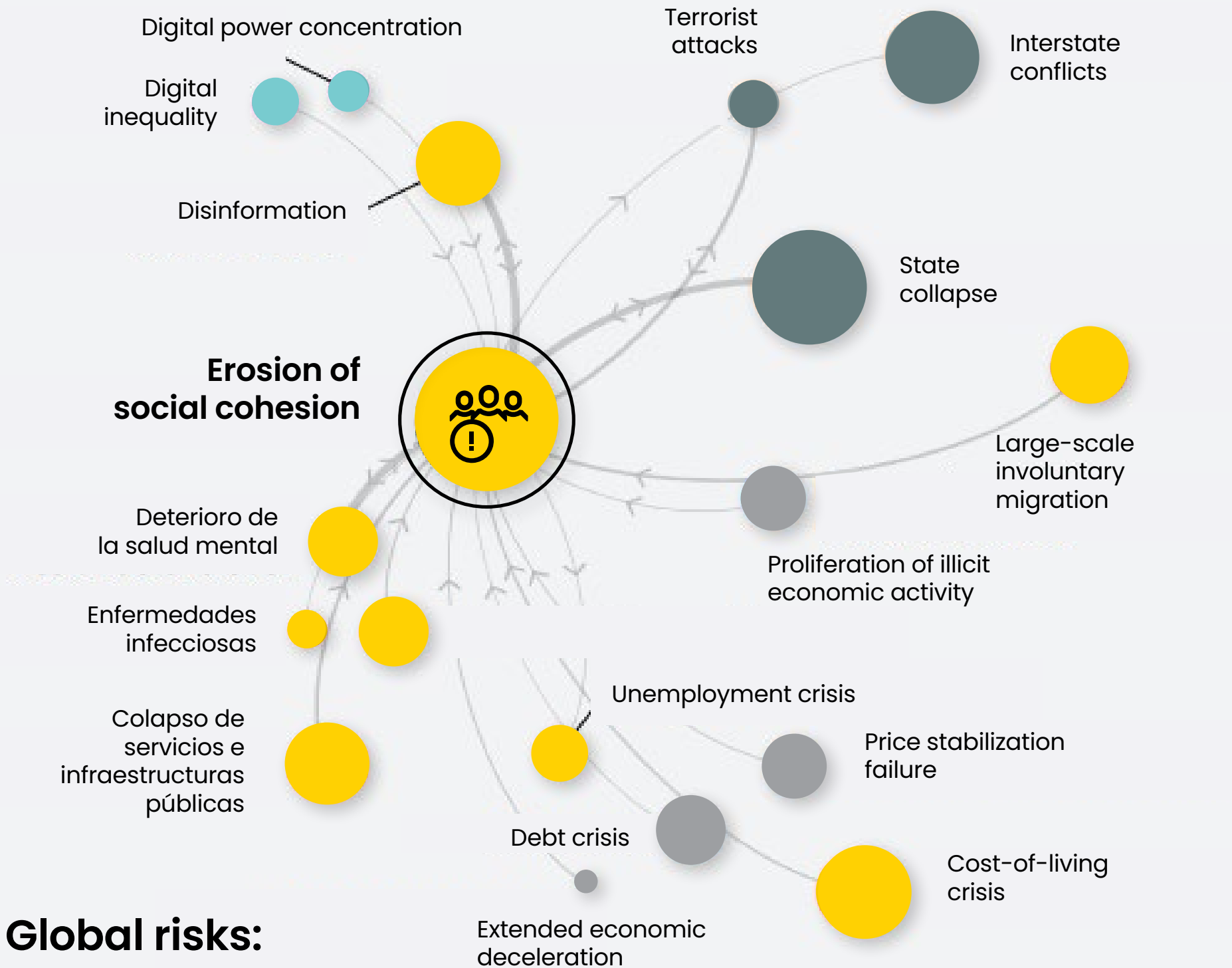
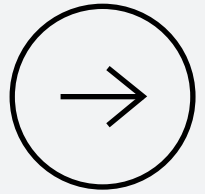
2011 was 5%, in 2021 it stood at 36%. In fact, **only 13% of the world's citizens live in liberal democracies.**

This means that **polarization and political risks constitute a feedback loop**, in which many variables have an impact on its continuity, such as disinformation, and thus becomes a **systemic risk.**



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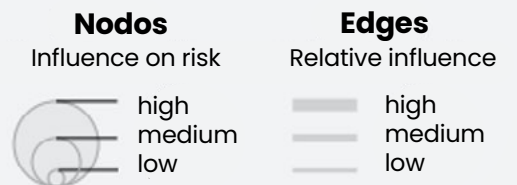
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Global risks: Social Polarization

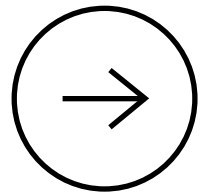
Source: Prosegur, 2023 based on **WEF**

● Social
 ● Technological
 ● Economic
 ● Geopolitical



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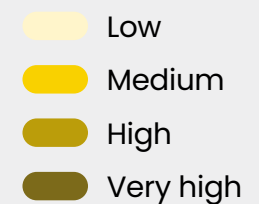
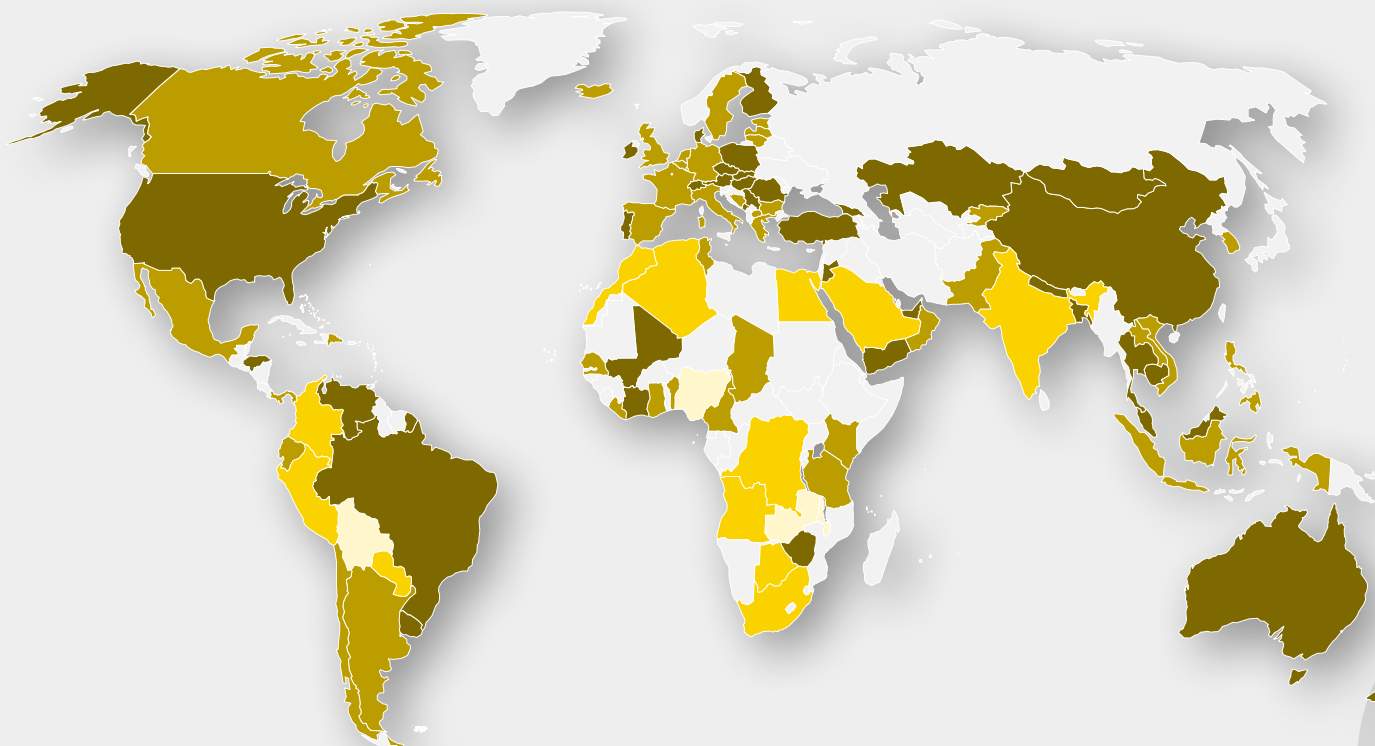


2.3 Geopolitics and geoeconomics: power conflicts

The use of the economy as a weapon among powers has highlighted the **vulnerabilities and delicacy and interdependence of the global economic system**, especially in the wake

of events such as the conflict in Ukraine. Furthermore, the WEF argues that the **escalation of geopolitical tensions** may continue to weaken the global economic outlook.

Perceived risk of geoeconomic confrontations

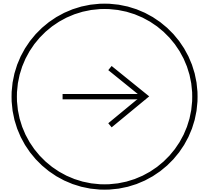


Source: Prosegur, 2023 based on **WEF**



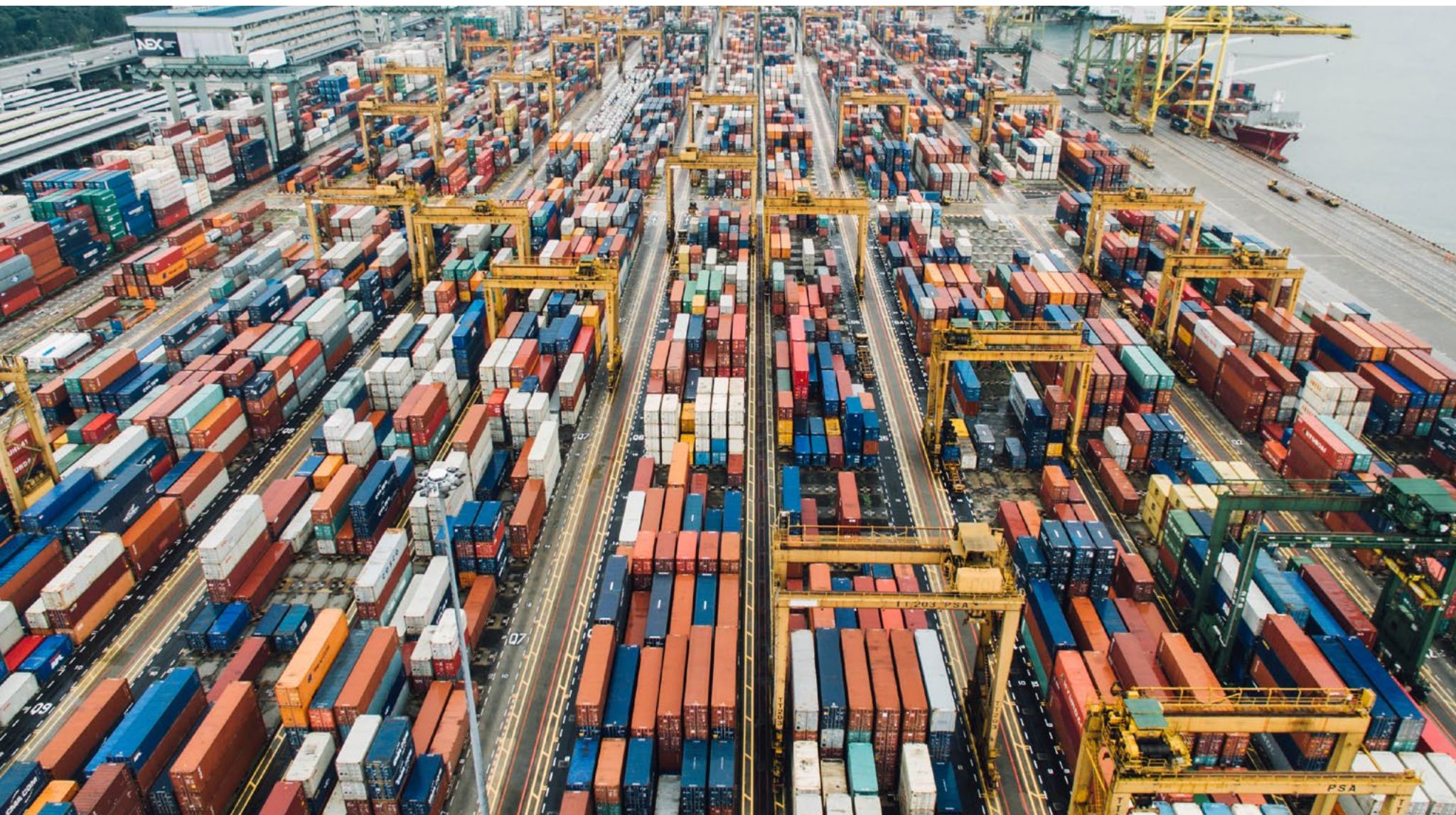
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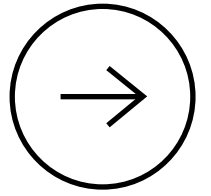
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In this regard, the **supply chain** has gained special relevance in recent months due to possible systematic vulnerabilities that may weaken, with a cascading effect, a multitude of sectors in different countries, especially when some companies' production operations are offshore.

However, the shortening of the supply chain could increase **challenges and geographic risks due to particular characteristics of a region or country**, such as social unrest or labor shortages.





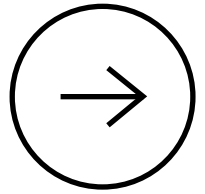
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Conclusions



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All the risks described so far are highly interrelated, with varied systemic and cascading impacts. Therefore, companies must direct their strategic lines towards proactively managing threat developments and not simply waiting for them to occur, seeking to establish a holistic view and prioritize business resilience.

These threats, regardless of their physical or digital origins, are carried out by humans, with different motives and somewhat clearly defined objectives. Therefore, the onus is on businesses and

public institutions to mitigate them with an innovative, cooperative, and sustainable perspective in order to leave a better world for those who are yet to come.

It is undoubtedly a journey with a clear medium- and long-term vision, marked by doubts, questions and challenges, but only people can lead the way with vision, perseverance, and courage in order to take on the only constant in today's world: change.





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of people, companies,
and society as a whole.

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