

Geopolitical Risk and the Supply Chain Vendor Ecosystem

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GEOPOLITICAL RISK DEFINITION



Individuals

Organizations

Companies

National Governments

The How, What and Why for groups interacting and executing their political, economic, and financial activities

Geopolitical Risk Influence

Industry

- Raw Materials
- Logistics
- Off Shoring
- Finance
- Talent

National Security

- Trade
- Sanctions
- Embargos
- Finance
- Talent

Political Climate

- Rule of Law
- Property Rights
- Foreign Investment

2023 Geopolitical Risk Themes



Western-Led Security Systems Under Challenge



Rise of Alternative Financial Systems



Supply Chain Reshuffle



Shift In Industrial Policy

2023 News Headlines

Geopolitics in
Real-Time



Breaking Up Is Hard to Do

Reputation and Russia



Business Terms and
Conditions

Changing Risk Landscape in China



Independent Audit Firms
State-Owned Companies

China



Cargo Shipping Insurance

EU Sanctions



Cargo Cranes

Chinese Apps



Real Estate

Foreign Investment and National
Security

Geopolitical Supply Chain

Logistics

- Road Infrastructure
- Climate Change
- Theft
- Property Damage
- Environmental Damage
- Labor Union-Strikes

Vendor

- Financial: Supplier financial health
- Cyber
- ESG
- Operational
- Credit/Counterparty
- Insurance
- Sanctions

Supply Chain

- Interest Rates
 - Cap Ex
 - Manufacturing Capacity
 - Nearshoring
 - Warehouses
 - Equipment
 - Insurance

Materiality Assessment

BUSINESS PRIORITIZATION SURVEY

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Business Prioritization	Survey
Assess importance of each business issue to your team.	
Organization	Operations
Positive Culture	Product/Service Quality
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important
Ethical Behavior	Customer Service Excellence
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important
Brand Value	Supply Chain Resiliency
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important
Reputation	Vendor Viability
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important
Community Involvement	Technology
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	Cyber Security
Not Important	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Extremely Important	Not Important
Human Capital	Extremely Important
Talent Acquisition	Digitization
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important
Employee Development	Vendor Management
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5
Not Important	Not Important
Extremely Important	Extremely Important

Materiality Assessment Matrix

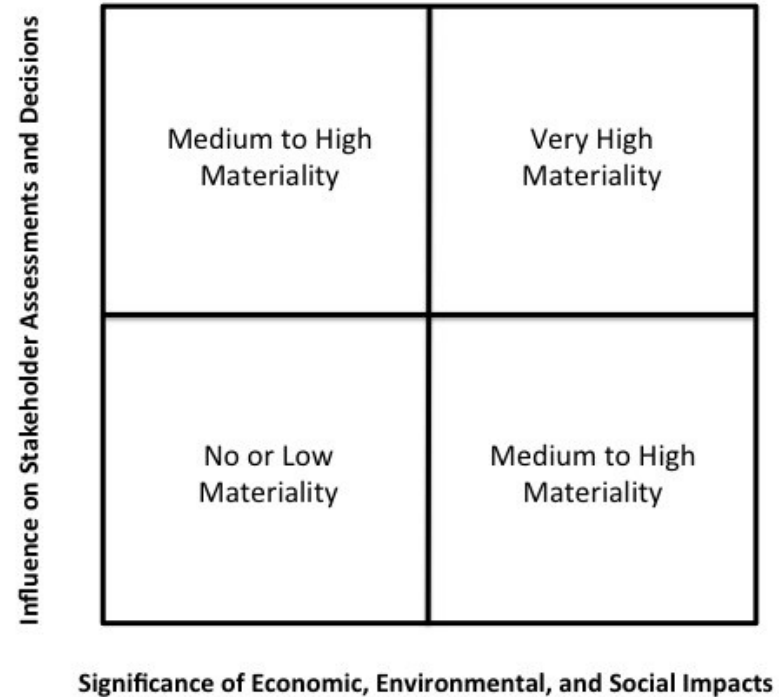
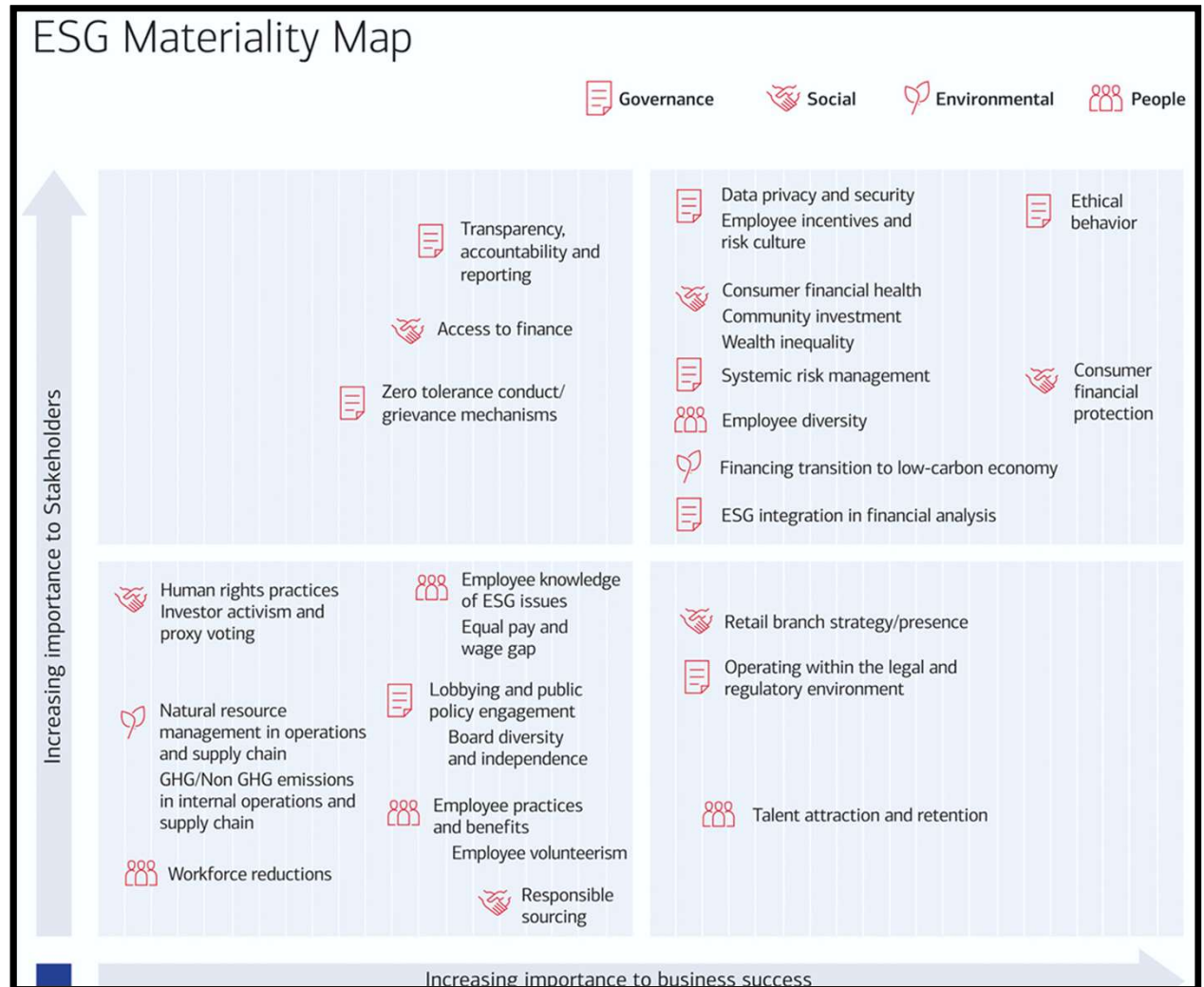


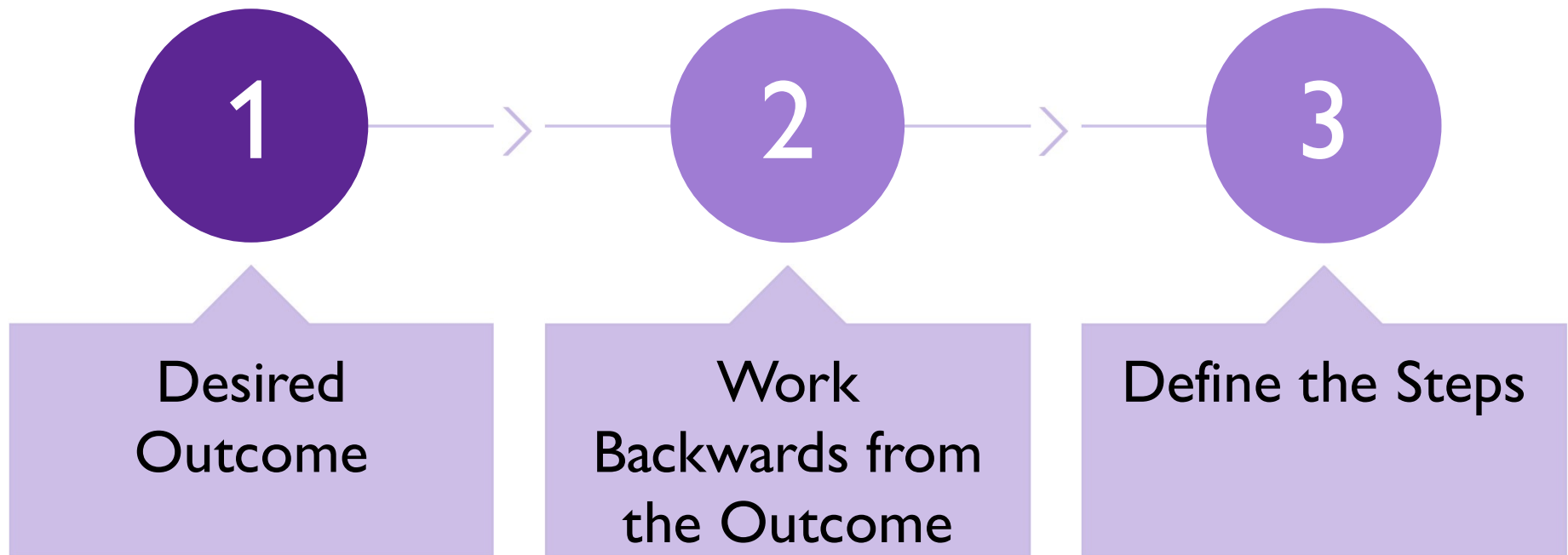
Figure 2 – Materiality Matrix (Based on GRI)

Materiality Assessment

Example: BoA Materiality Matrix



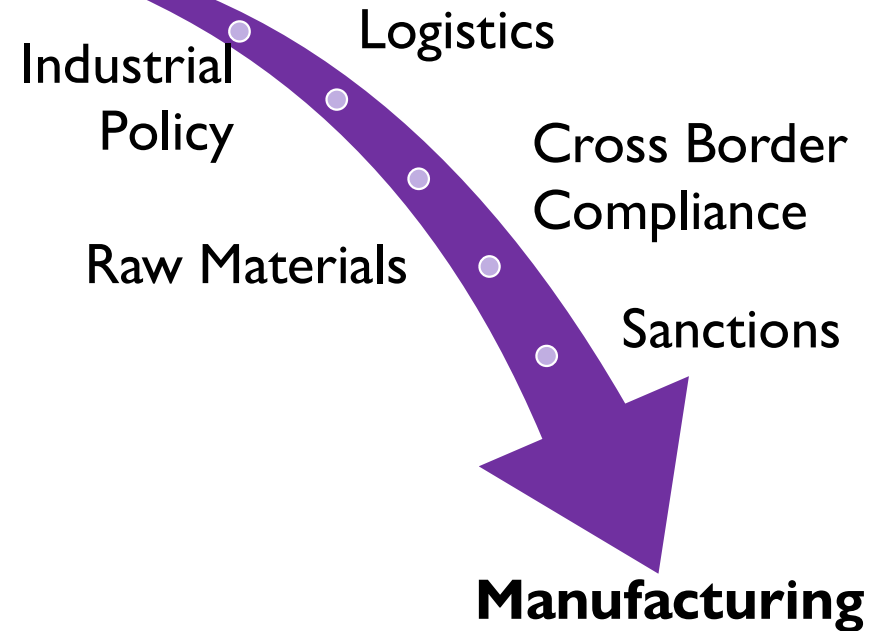
BACKCASTING PROCESS



BACKCASTING GRAPHIC

What Does a Road
Map Look Like?

**Supply Chain
Resiliency**



Geopolitical Risk

What Matters to
Executives:
Business Outcomes



Revenue and Growth



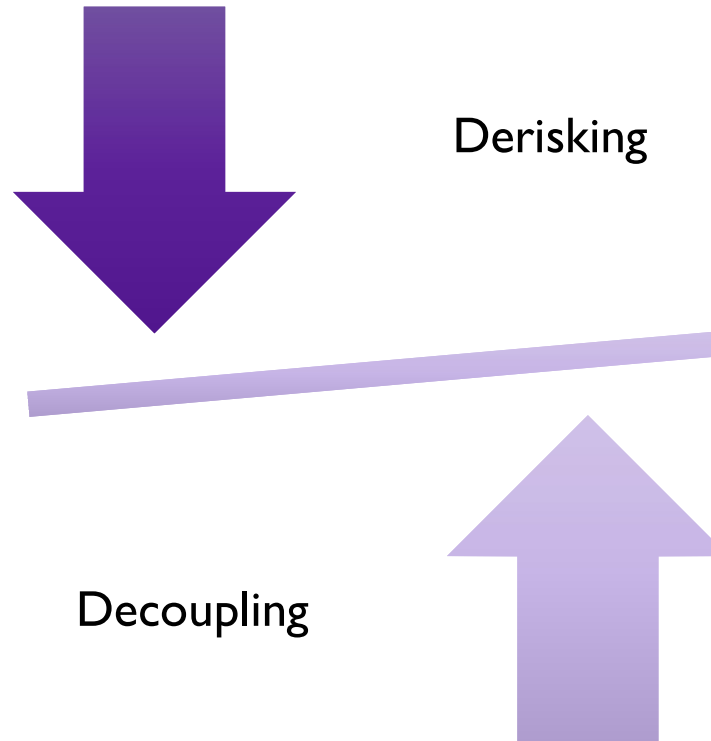
Expense Containment



Brand and Reputation

Geopolitical Risk

Supply Chain
Risk Trade Offs



Keep Learning with Valerie



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Top Risk Management Voice

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