Geopolitical Risk and the Supply Chain Vendor Ecosystem

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Valerie Nielsen
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

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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

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## Business Prioritization

Assess importance of each business issue to your team.

### Organization
- **Positive Culture**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Ethical Behavior**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Brand Value**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Reputation**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Community Involvement**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important

### Human Capital
- **Talent Acquisition**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Employee Development**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important

### Survey

#### Operations
- **Product/Service Quality**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Customer Service Excellence**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Supply Chain Resilience**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Vendor Viability**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important

#### Technology
- **Cyber Security**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Digitization**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
- **Vendor Management**
  - □ 1 □ 2 □ 3 □ 4 □ 5
  - Not Important | Extremely Important
Figure 2 – Materiality Matrix (Based on GRI)
Materiality Assessment

Example: BoA Materiality Matrix
BACKCASTING PROCESS

1. Desired Outcome
2. Work Backwards from the Outcome
3. Define the Steps
BACKCASTING GRAPHIC

What Does a Road Map Look Like?

Supply Chain Resiliency
- Logistics
- Cross Border Compliance
- Sanctions
- Raw Materials
- Industrial Policy
- Manufacturing
Geopolitical Risk

What Matters to Executives:

Business Outcomes

Revenue and Growth

Expense Containment

Brand and Reputation
Geopolitical Risk

Supply Chain Risk Trade Offs

Derisking

Decoupling
Keep Learning with Valerie

Valerie Nielsen
Managing Director
Longview Leader Corporation
valerie.nielsen@longviewleader.com

Top Risk Management Voice
valerie-nielsen-risk-executive

@longviewleader
longview_leader