



Control Risks

化險集團

September 2022

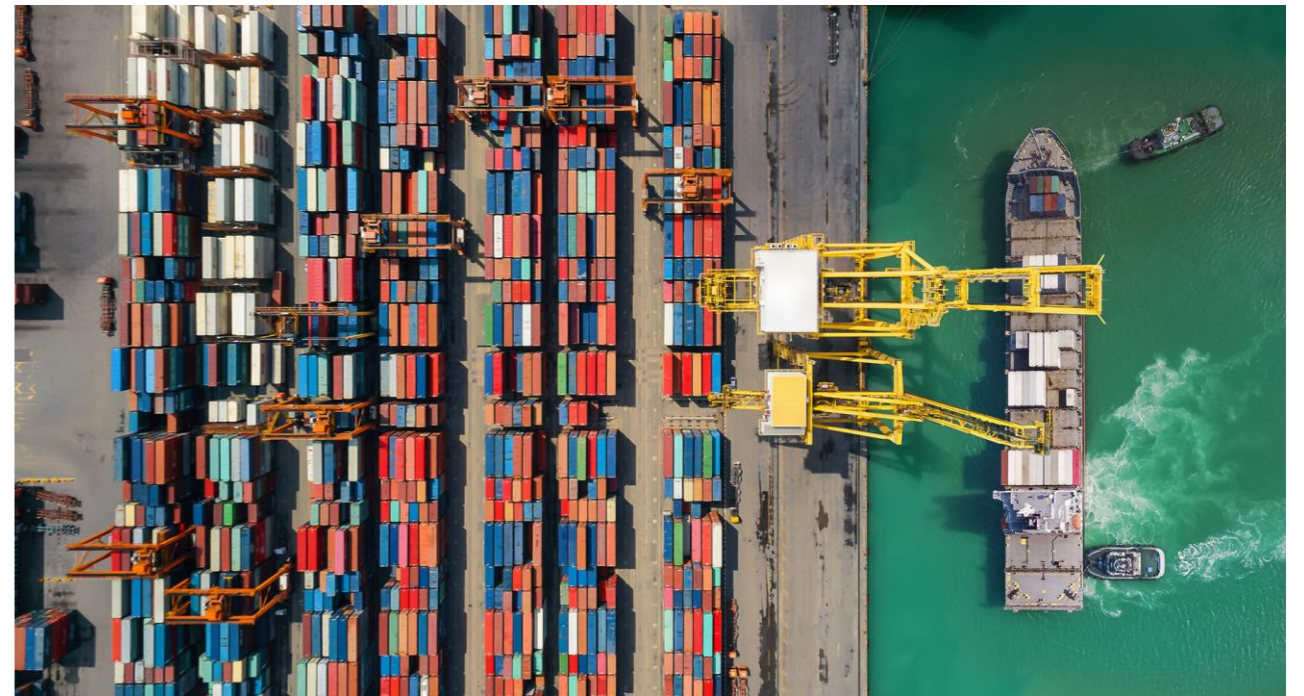
Strategies to Minimize Supply Chain Risk

**Julia Coym, Director
Control Risks**

► All about resilience

Where are you trying to build resilience?

- Operational and financial risks?
- Regulatory compliance?
- Political, geopolitical risks?
- Reputational?
- Competitiveness?
- Micro vs. macro drivers of disruptions?
- Short-term vs. long-term challenges?



► What are the risks?

Immediate challenges

- Logistics
- Rising costs
- Managing from afar
- Quality
- Trade restrictions
- Market access restrictions



▶ What are the risks?



Longer-term uncertainty

- ▶ Extreme risk events
- ▶ Political risk
- ▶ Localization
- ▶ Availability
- ▶ Access
- ▶ Competitiveness

► Response strategies

Response strategies

- Divestment
- Doubling down
- Disintermediation
- Hedging
- Doubling up



▶ What challenges response approaches?

- ▶ Incomplete or poor-quality information
- ▶ Insufficient understanding of or interest in full supply chain
- ▶ Focus on extreme but unlikely scenarios (looking at the wrong risk drivers)
- ▶ A narrow understanding of risks and risk mitigation
 - ◆ Multiple types of risk
 - ◆ Conflation of compliance, reputational and security risk mitigation
 - ◆ Significant risks in non-China jurisdictions
- ▶ Incorrect scenarios and models for longer-term planning and evaluation of costs and benefits

► How to manage the risks – best practice

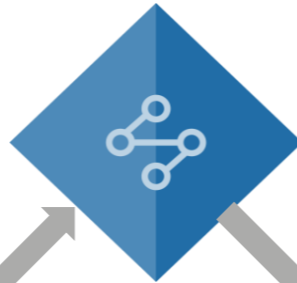
Don't let the news distract you

- Avoid the whiplash from sensationalist headlines



Develop scenarios and triggers

- Scenarios and triggers let you track risks more precisely and let you time key decisions appropriately



Update your strategy

- Operational and geopolitical risks will continue to affect your business
- Which areas hold the most opportunities or are the most resilient to the shifting geopolitical fault lines?



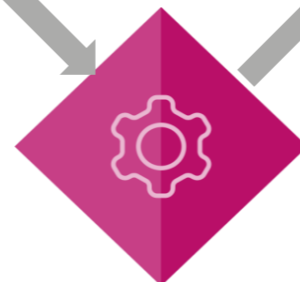
Understand your risk exposure

- How do risks *and* opportunities differ across your geographic locations and products or services?



Have a response plan ready

- You won't be able to predict or prevent every crisis
- Instead, prepare so your response reduces your recovery time



Ongoing internal and external communication

- Internal and external triggers
- Avoid escalating crises unnecessarily



► Contact us



Julia Coym

Director, Control Risks

Julia.Coym@controlrisks.com

controlrisks.com