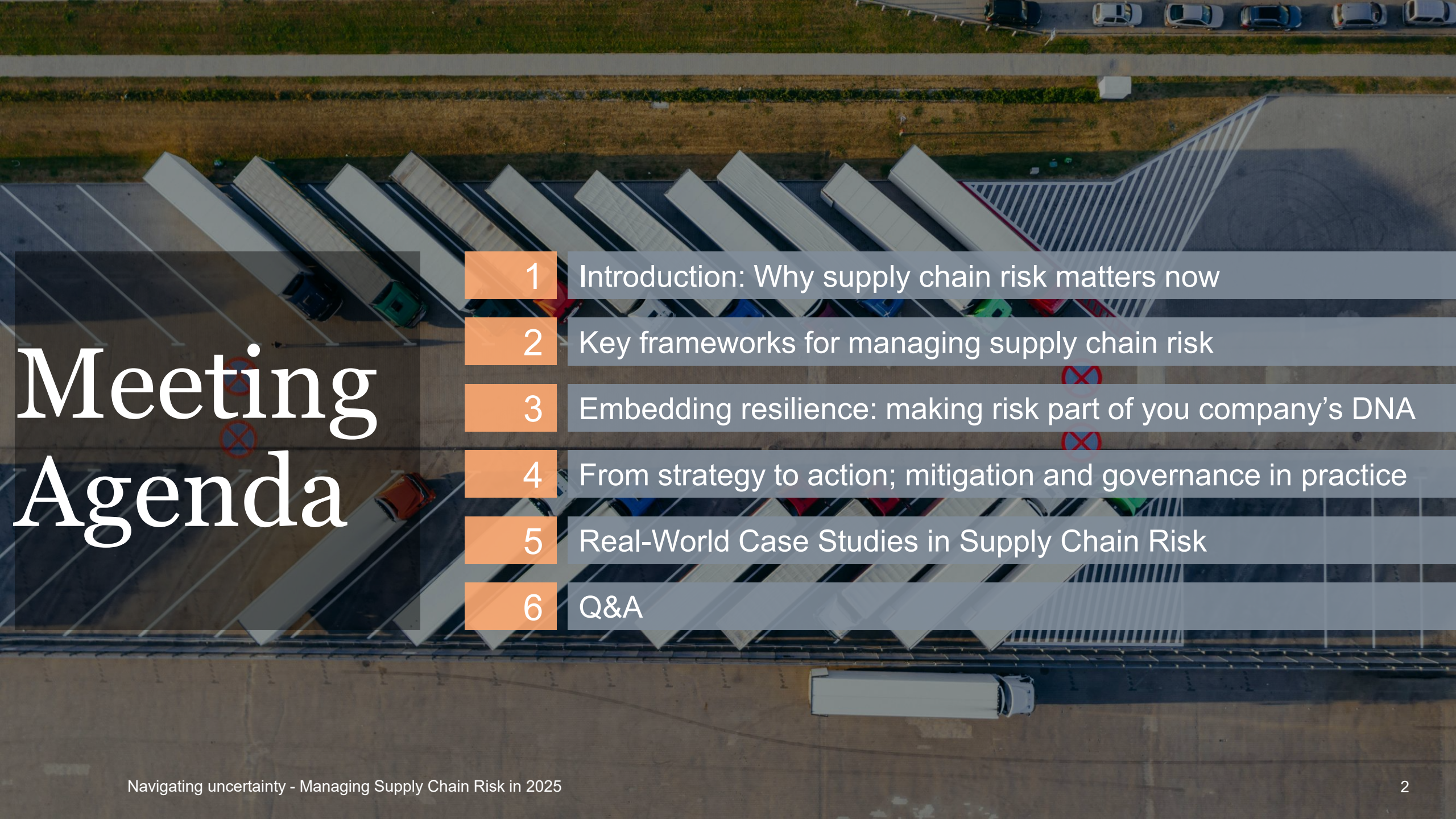
Navigating Uncertainty: Managing Supply Chain Risk in 2025

Strategies to handle complex supply chain challenges

October 2025



Meeting Agenda

1. Introduction: Why supply chain risk matters now
2. Key frameworks for managing supply chain risk
3. Embedding resilience: making risk part of you company’s DNA
4. From strategy to action; mitigation and governance in practice
5. Real-World Case Studies in Supply Chain Risk
6. Q&A

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Introduction
Why supply chain risk matters now

Your speaker for the day

Christian Nilsson

- Management consultant specialising in procurement and supply chain transformation
- 15 years of experience spanning both industry and consulting
- UK, Norway, Denmark, and Japan
- Schlumberger and Rolls-Royce, Deloitte, Strategy&/PwC
- Operational insight and advisory expertise

Major Supply Chain Disruptions

Cyberattacks (e.g. , Maersk 2017 , Colonial Pipeline 2021)
Ransomware and IT breaches caused major operational shutdowns and logistics delays.

Semiconductor Shortage (2020-2023)
Triggered by pandemic shutdowns and surging demand, this bottleneck hit automotive, electronics, and defence sectors hard.

Suez Canal Blockage (2021)
The Ever Given container ship blocked the canal for six days, halting around 12% of global trade.

Global Inventory Misalignment (2022-2023)
Over-ordering during the pandemic led to massive inventory gluts and warehousing issues.

Russia Ukraine War (2022-ongoing)
Severely impacted energy, grain, and raw material supply chains across Europe and beyond.

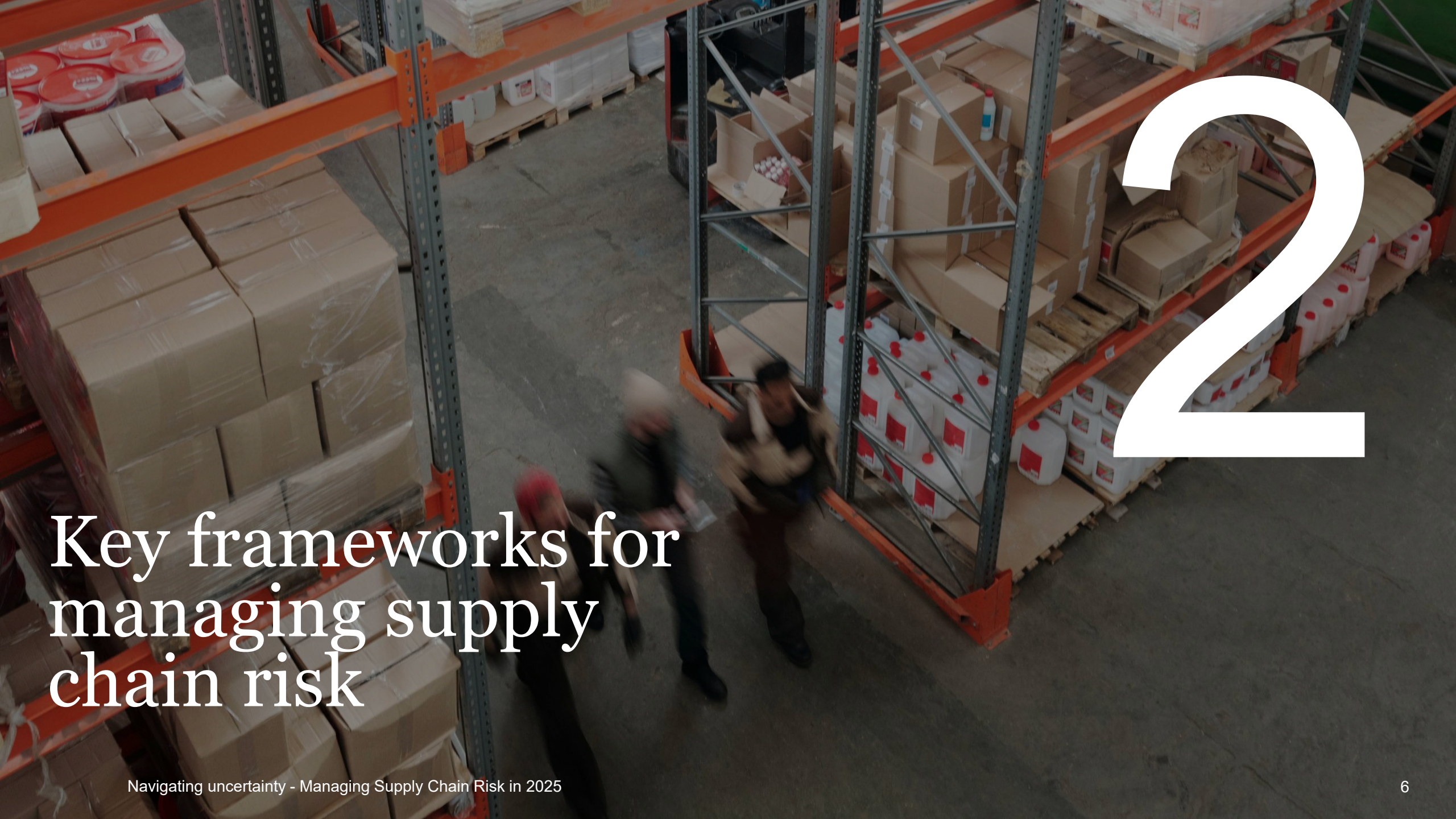
US-China Trade Tensions (2018-2020)
Tariffs and export restrictions disrupted electronics, agriculture, and manufacturing supply chains.

COVID-19 Pandemic (2020-2022)
Global lockdowns, port closures, labour shortages, and demand shocks disrupted nearly every industry.

Natural Disasters (e.g. European Floods 2021, Hurricane Ida 2021)
Regional disruptions to automotive, energy, and food supply chains.

China's Zero-COVID Lockdowns (2022)
Factory and port closures in key manufacturing hubs like Shanghai and Shenzhen caused ripple effects worldwide.

Red Sea Shipping Attacks (2023-2024)
Missile strikes and piracy disrupted major shipping routes, increasing insurance costs and delays.



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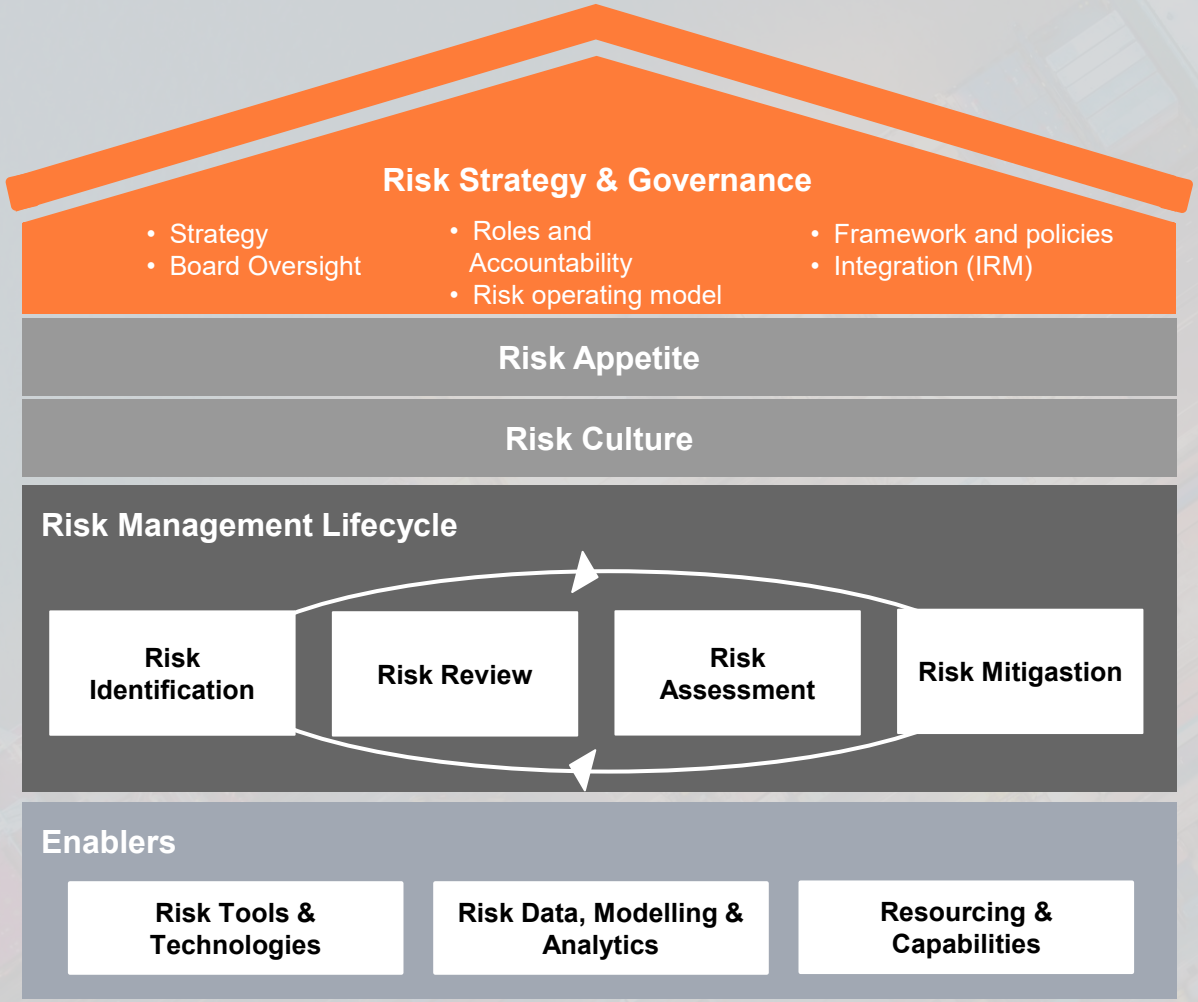
Key frameworks for managing supply chain risk

Constructing the risk framework



Accept	• Acknowledging the risk and choosing to proceed without taking any action
Transfer	• Shifting the risk to a third party
Mitigate	• Reduce either the likelihood or the impact
Avoid	• eliminating the risk entirely

Navigating the risk lifecycle

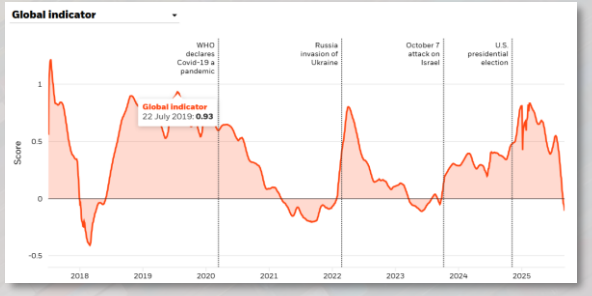
Identify	• Map suppliers, logistics, and geopolitical exposures
Review	• Evaluate supplier resilience and dependencies
Assess	• Use scenario modelling and risk scoring
Mitigate	• Diversify sourcing, build buffer stock, and develop contingency plans

Tools supporting supply chain risk management

Geopolitical Risk Indices: Integrate external intelligence to anticipate disruptions

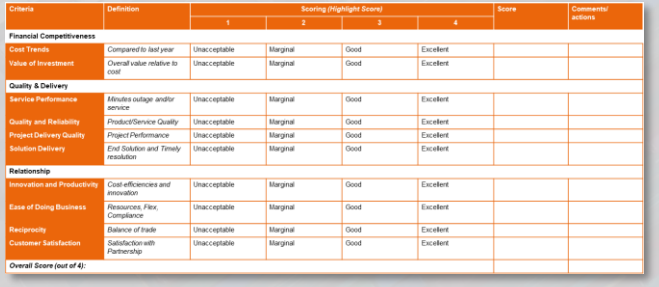
- By utilising internally or externally available monitoring tools, companies are able to more readily anticipate, prepare for, and absorb the shocks of global events. This involves supply chain and procurement strategies taking a hollisitc view and becoming truly global in their perspective

Black Rock Geopolitical Risk Indicator



Supplier Scorecards: Track performance, risk exposure, and compliance

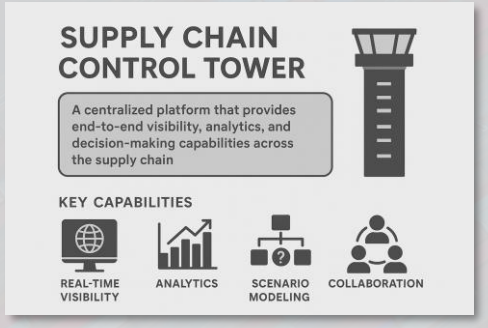
- Segmenting and classifying suppliers into tiers enables companies to better determine which to track at certain frequencies. Identifying what is important to track and building scoring matrices for the criteria support the use of supplier scorecards to track performance over time, implement corrective action if required and build a holistic supply chain portfolio overview on risk and performance



Criteria	Definition	Scoring (Highlight Score)				Score	Comments/ actions
		1	2	3	4		
Financial Competitiveness							
Cost Trends	*Compared to last year*	Unacceptable	Marginal	Good	Excellent		
Value of Investment	*Overall value relative to cost*	Unacceptable	Marginal	Good	Excellent		
Quality & Delivery							
Service Performance	*Minutes outage and/or service*	Unacceptable	Marginal	Good	Excellent		
Quality and Reliability	*Product/Service Quality*	Unacceptable	Marginal	Good	Excellent		
Project Delivery Quality	*Project Performance*	Unacceptable	Marginal	Good	Excellent		
Solution Delivery	*End Solution and Timely resolution*	Unacceptable	Marginal	Good	Excellent		
Relationship							
Innovation and Productivity	*Cost-efficiencies and innovation*	Unacceptable	Marginal	Good	Excellent		
Ease of Doing Business	*Resources, Flex, Compliance*	Unacceptable	Marginal	Good	Excellent		
Reciprocity	*Balance of trade*	Unacceptable	Marginal	Good	Excellent		
Customer Satisfaction	*Satisfaction with Partnership*	Unacceptable	Marginal	Good	Excellent		
Overall Score (out of 4):							

Control Towers: Real-time dashboards for monitoring supply chain health

- The supply chain control tower takes the accumulated data and information displays it in a user friendly way, visualising the performance and risk profile of the supply chain. By measuring performance, tracking risks, and driving corrective action, a robust supply chain is enabled



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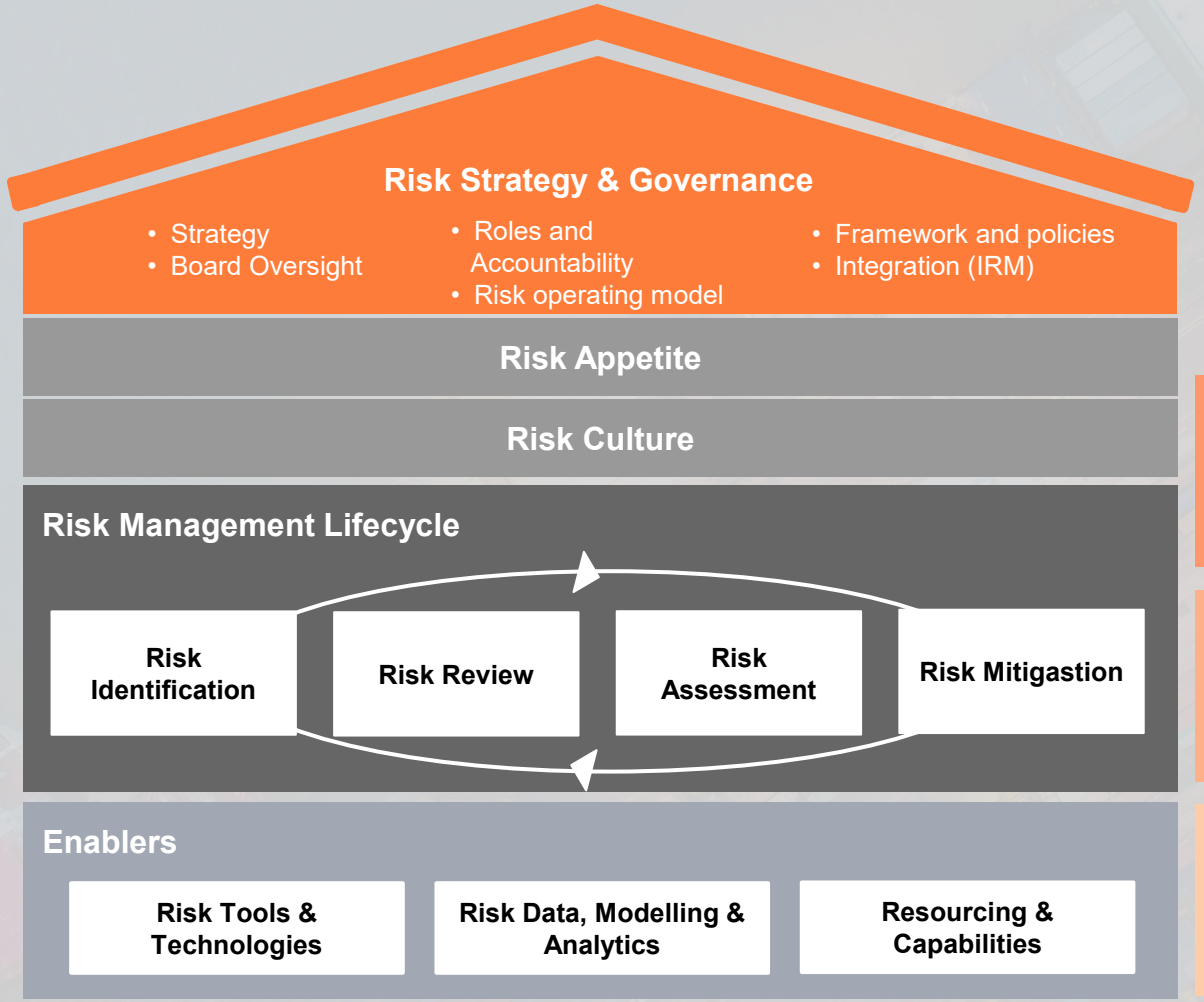
Embedding resilience: making risk part of you company's DNA

Weaving risk into your DNA



Risk is not just a defensive mechanism, it's a strategic asset when embedded into the company's DNA.

The why

1. Corporate strategy defines the "Why"
This is the organisation's purpose, ambition, and strategic direction – why it exists and where it's going

The what

2. The business model defines the "What"
This is what the company does to deliver on its strategy – its offerings, customer journeys, and how it creates and captures value

The how

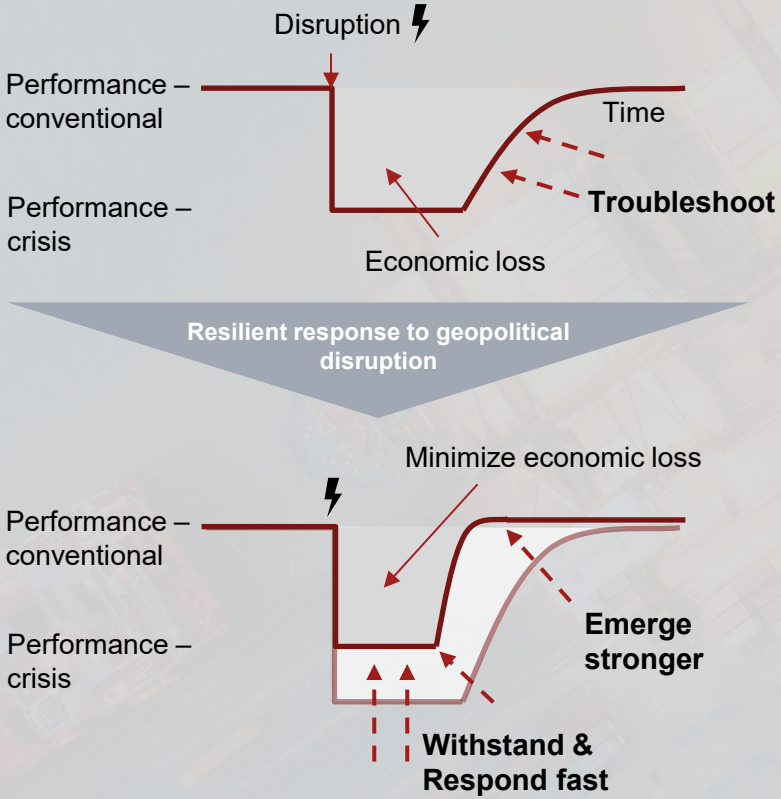
3. The operating model defines the "How"
This is how the organization is set up to execute – its structure, processes, governance, people, and technology that bring the strategy to life

Climbing the maturity ladder

Level	Title	Description
1	Initial (Ad Hoc)	Risk management is informal and reactive. No formal processes; risks handled as they arise.
2	Basic (Repeatable)	Some structured processes exist. Risk registers, basic documentation, limited integration.
3	Defined (Structured)	Organisation-wide risk policies in place. Consistent processes, roles defined, regular assessments
4	Managed (Integrated)	Risk embedded in decision-making. Quantitative analysis, performance indicators, cross-functional collaboration.
5	Optimised (Transformational)	Risk drives strategy and innovation. Real-time monitoring, predictive analytics, continuous improvement.

Resilience against geopolitical risks as a strategic priority

Resilience is key to handle geopolitical disruptions



Resilience can be achieved by a four-step approach with strategic preparation at the center

Strategic preparation

Anticipate

Anticipate upcoming geopolitical conflicts and your exposure

Prepare

Evaluate risk and derive measures to mitigate impact of "Day-X"

Tactical execution

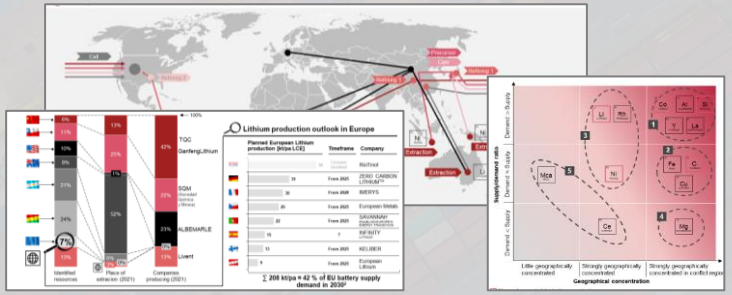
Respond

React as prepared and implement counter-measures

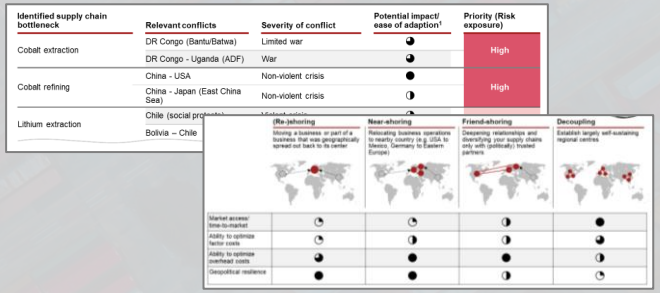
Emerge stronger

Recover implemented value chain adjustments and set up sustainable continuous improvement

Transparency on supply chain (raw materials, processing, ownership structures, trends)



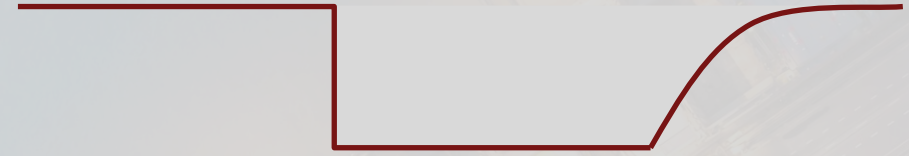
Assess risk and take adequate measures



Success stemming from preparation and clear execution

Before disruption

After disruption



Strategic preparation

Tactical execution

Anticipate

Anticipate upcoming geopolitical conflicts and your exposure

Prepare

Evaluate risk and derive measures to mitigate impact of "Day-X"

Respond

React as prepared and implement countermeasures (incl. establishment of performance crisis management for uncertainty)

Emerge stronger

Recover implemented value chain adjustments and set up sustainable continuous improvement process for strategic growth

4

From strategy to action; mitigation and governance in practice

House of Resilient Procurement

Commercial / Tactical levers

- Long term commitments
- Tactical Spot market demand management
- Stock up on critical components
- Volume consolidation

Supply base levers

- Vertical Integration
- Multi-channel sourcing
- Footprint Adjustments
- Value chain reconfiguration

Product levers

- Design for sourcing
- Complexity reduction
- Product standardization
- Specification assessment

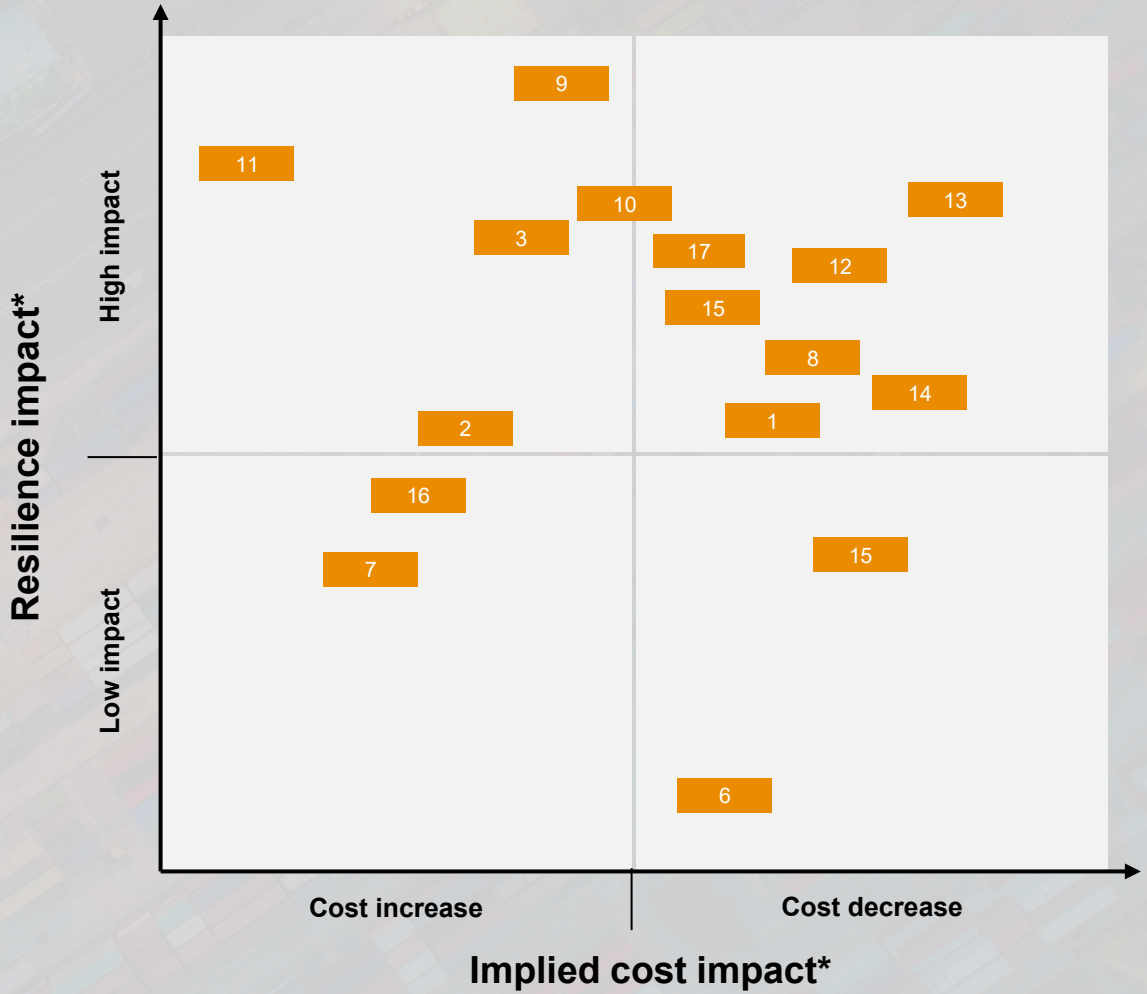
Predictive forecasting levers

- Forecast excellence
- Integrated S&OP
- End-to-End visibility beyond tier-1
- Supplier risk management
- Supplier relationship management

The cost vs value trade-off in creating resilience

1. Forecast excellence
2. Connected S&OP synchronisation
3. End-to-End supply chain visibility
4. Supplier risk management
5. Long term forecasting & commitment
6. Tactical spot market sourcing
7. Increased inventory for critical parts/material
8. Volume consolidation across sites & products
9. Vertical supply chain integration
10. Multi-channel sourcing
11. Footprint adjustments
12. Value chain reconfiguration
13. Design for sourcing
14. Product complexity reduction
15. Product standardisation
16. Product specification assessment
17. Supplier relationship management

*Impact based on S& reference cases



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Lessons from the field; a real worlds supply chain risk story

Toyota P-Valve Factory Fire

Situation

In February 1997, a fire broke out at the Aisin Seiki factory in Japan, which produced P-valves, a small but critical brake component used in nearly all Toyota vehicles. Aisin was the sole supplier of this part, and the fire threatened to halt Toyota's entire production line within days.
Toyota's supply chain was built on lean manufacturing and just-in-time (JIT) principles, meaning it held minimal inventory. The disruption exposed a major vulnerability in its supply network.

Task

Toyota needed to:

- Restore production of P-valves quickly to avoid a complete shutdown.
- Coordinate emergency manufacturing across its supplier network.
- Maintain trust and collaboration within its keiretsu, a tightly knit group of affiliated suppliers

Action

Toyota and Aisin mobilised their keiretsu network with remarkable speed:

- Over 200 suppliers volunteered to retool their production lines to manufacture P-valves, even if they had no prior experience with the part.
- Toyota engineers provided blueprints and technical support to help suppliers ramp up production.
- Aisin coordinated logistics and quality control across the network.
- The response was collaborative, decentralised, and trust-based, reflecting the strength of Toyota's long-term supplier relationships.

Result

- ✓ Toyota resumed production within five days, avoiding a major shutdown.
- ✓ The incident became a benchmark in supply chain resilience and risk management.
- ✓ It highlighted the power of relational contracting, supplier trust, and network agility.
- ✓ Toyota later diversified its supplier base for critical components and strengthened its risk monitoring systems.

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Q&A