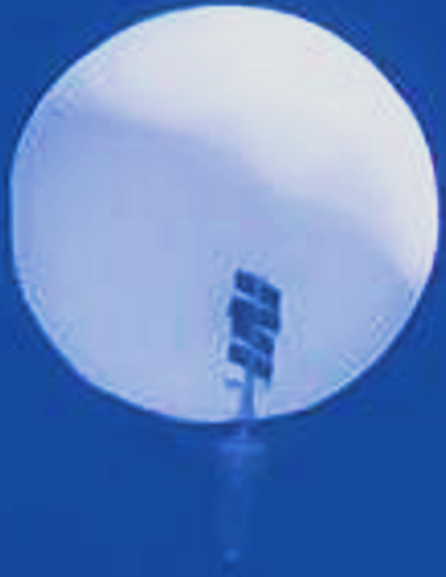


Board Member  
Business Advisory

# CHINA RISK MITIGATION PLANNING

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***“Boards increasingly realize  
doing business with, in, or  
for China represents  
tremendous risk.”***



***That's why many respected board members in corporate America and Europe are demanding a China contingency plan from their CEOs."***



***“Boards now realize that  
a China risk mitigation  
plan is not a drill.”***

***~ Keith J. Krach  
Fortune / April 27, 2022***

# BOARD MEMBER DUTIES

## FIDUCIARY OBLIGATION

Duty to establish governance principles and safeguard shareholder value



## RISK MANAGEMENT

Understand key risks and ensure systems are in place to mitigate the risks



## LEGAL COMPLIANCE

Responsible for ensuring the company follows laws and regulations

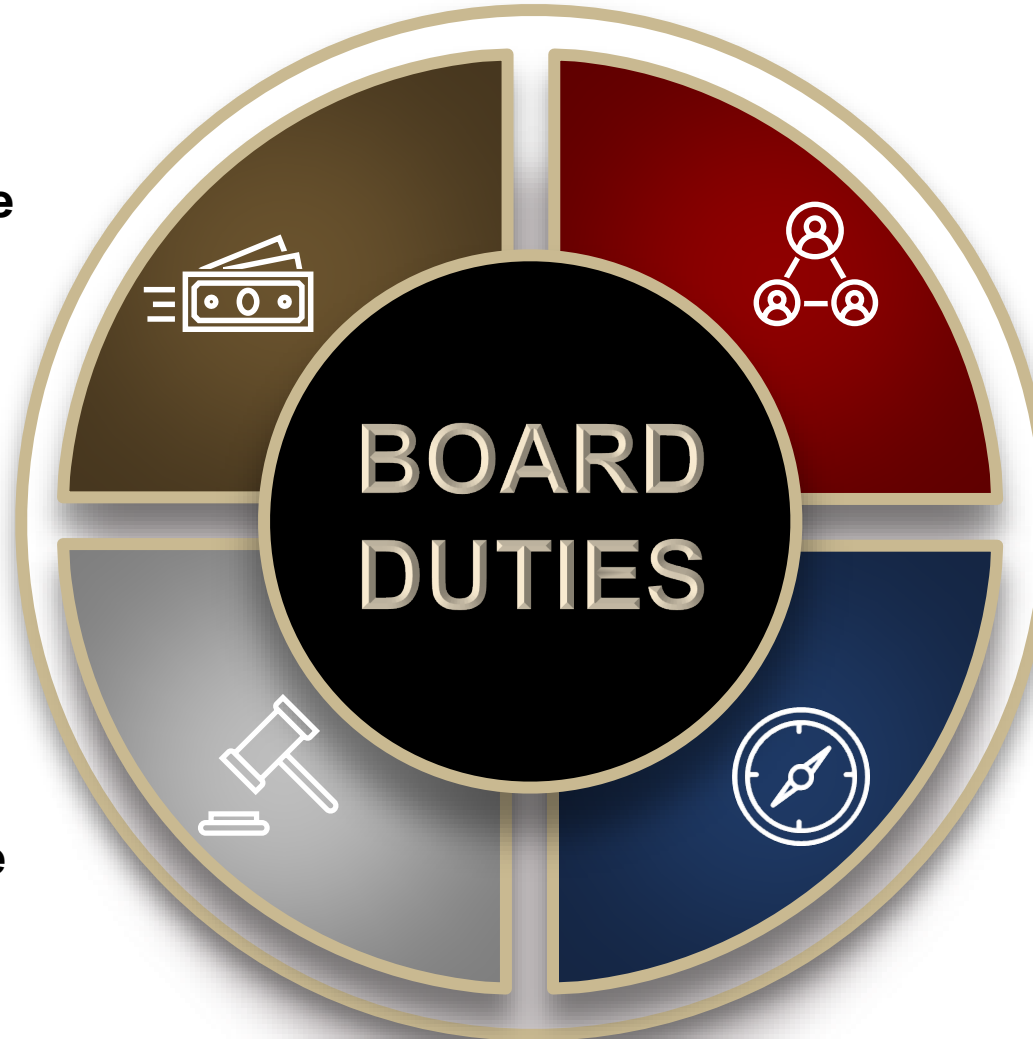


## STRATEGIC DIRECTION

Set company's mission, vision, values, and long-term strategy.



**BOARD  
DUTIES**



# ***RISK MITIGATION: STRATEGIC PILLARS***



**IDENTIFY  
KEY RISK  
FACTORS**

**ANALYZE/  
PRIORITIZE  
RISKS**

**DEVELOP  
PLAN &  
TEST**

**EXECUTE  
WITH  
EXPERTS**

**FORM  
COALITIONS**

**DIVERSIFICATION**

**RESILIENCY**

**ALLIANCES**

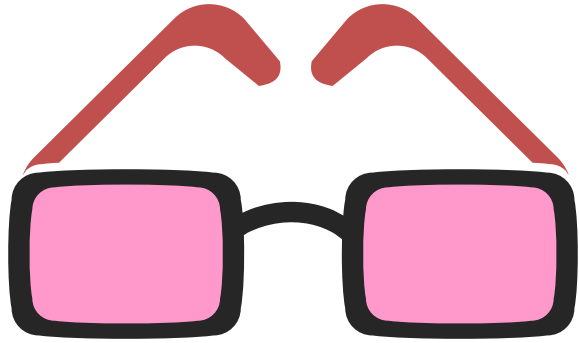
Board Member  
Business Advisory

# THE CALL TO ACTION

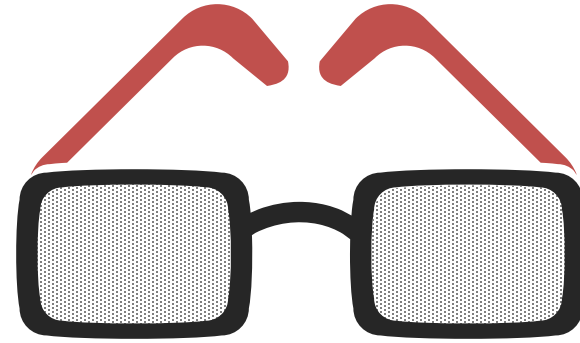
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# WHAT'S YOUR BOARD'S VIEW ON CHINA?



Is the board wearing rose-colored glasses & seeing China as they hoped it would be?



Does the board have clarity of its China risk exposure or is it unclear?

Does it have visibility or is the board's vision impaired?

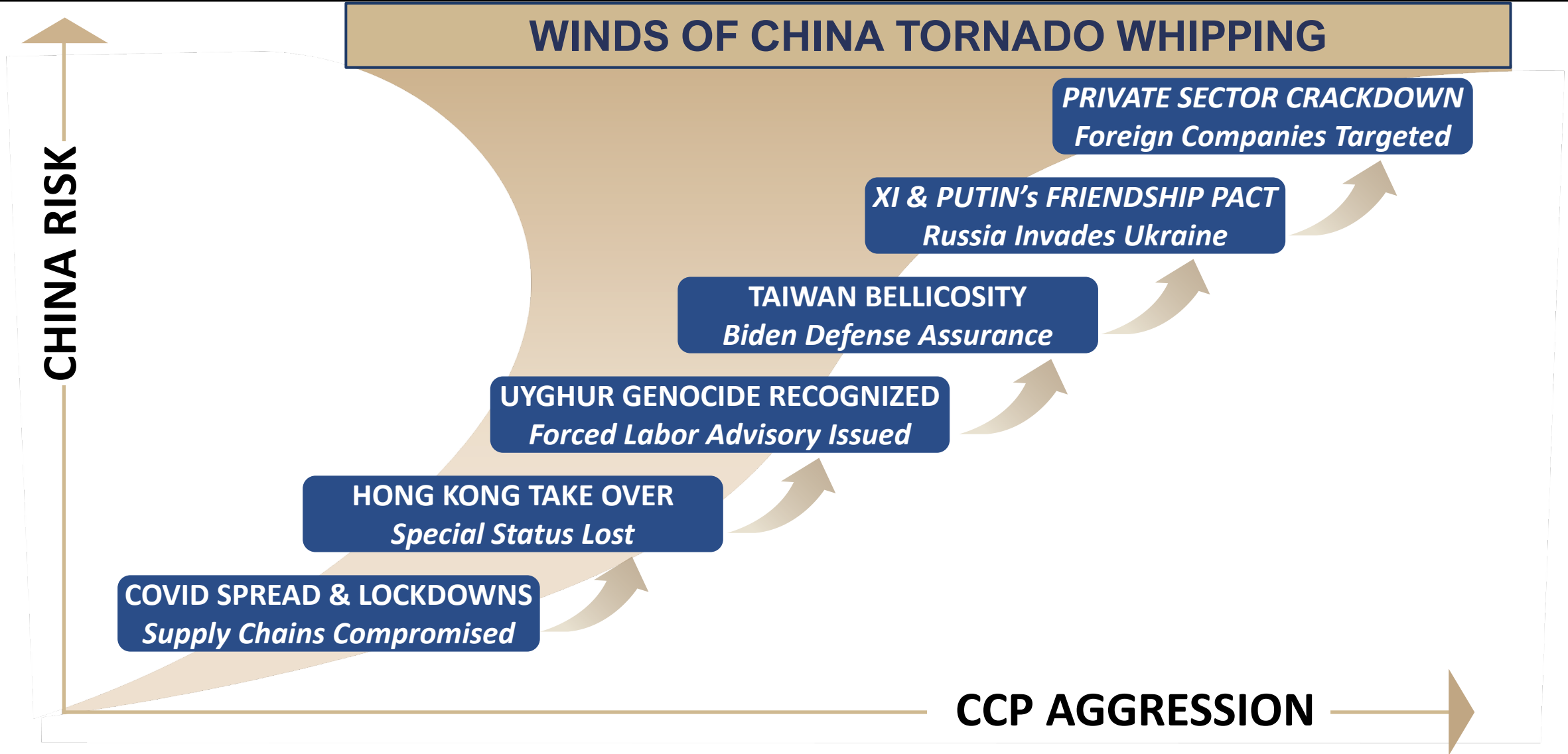


Does the board have a fit-for-risk plan to appropriately mitigate risk from China?





# INTENSIFYING RISK



# CASE STUDY FOR BILLIONS LOST

Companies' exposure to China is 20x-30x of Russia



Corporate losses from Russia decoupling:



\$25B



\$3.9B



\$3.9B



\$2.7B



\$1.2B



\$200M



\$195M



\$126M

# 2022 MESSAGE: BE PREPARED

## Board Members Demanding China Plans

April 27, 2022

FORTUNE

Present Your China Contingency Plan at the Next Board Meeting

By Keith Krach

“With Xi’s [recent crackdown on private industry](#) and the real probability of an attack on Taiwan (which China has refused to rule out), boards increasingly understand doing business with, in, or for China represents tremendous risks. We have a fiduciary duty to the shareholders to mitigate significant risks. That’s why many respected board members in corporate America are demanding a China contingency plan from their CEOs. Similar discussions are happening among Europe’s top board members. They too realize that a China risk mitigation plan is not a drill. You can’t afford to get caught off guard on this one. So, prepare *now*. When that moment comes, and you’re not ready, it will already be too late. When the dreaded becomes inevitable, you no longer need to fear it. You must develop a plan and execute it.”



## Heightened Tensions Result in More Warnings



## Russia Is Case Study for China Dependence

Lessons from the Ukrainian War

Huge dependence, major problems

PLATTFORM FÜR DIGITALISIERUNG & NACHHALTIGKEIT

Interview with US diplomat Keith Krach

Under Secretary of State Keith Krach was a bit ahead of time in his assessment of the situation. But the fact that the American’s fears were fundamentally justified is currently becoming apparent elsewhere: European’s dependence on gas and oil supplies from Russia shows that authoritarian countries use economic dependencies to push through their policies.

His initiative Krach earned a nomination for the 2022 Nobel Peace Prize – and praise from William Treanor, Dean of Georgetown Law School. Referring to Russia’s brutal war of aggression against Ukraine, he said: “What Krach has done as head of US economic diplomacy and in building the Clean Network Alliance of Democracies is of utmost importance right now. His use of the principle of trust to counter technological authoritarianism, to protect global economic security, to uphold democracy in places like Taiwan, and to protect human rights is consistent with our core values.”

There is also applause from National Security Advisor General H.R. McMaster: “The Clean Network’s victory over the Chinese Communist Party’s master plan to control 5G communications was the first time a US government -led initiative has proven that China’s economic warfare can be defeated by exposing its greatest weakness: nobody trusts them.”

Krach warns: “Companies need to make sure that their supply chains are going to be independent from Russia and China – in other words: they need to diversify their supply chain. We need contingency plans now – for our China businesses as well. There is a real danger that Xi becomes Putin. We need to push back China’s influence on our private sector by reducing dependencies in our supply chains and by protecting our capital and technology.”

## Government Provides Input to China Risk Plans

September 30, 2022

Commerce Secretary Raimondo and Global Tech Security Commission Chair Krach Deliver Briefing on Advancing U.S. Technological Leadership



“Corporate boards increasingly understand doing business with, in, or for China represents tremendous risk. They know their fiduciary duty to their shareholders is to mitigate risks,” said Krach. “That’s why many respected board members [demanding a China contingency plan](#) from their CEOs. The Institute for Tech Diplomacy has gotten numerous requests from CEOs for a China risks mitigation checklist.”

Raimondo responded: “It’s interesting you say that, because I hear it too, from other CEOs. Especially companies that have been manufacturing in China for ten, twenty, thirty years. What I say to them is go to places that are working with the United States and align [with] their tech standards, rule of law, transparency, and anti-corruption. That should go on the checklist.”

## Political Risk Insurance Skyrockets

Bloomberg

Wall Street Banks Prep for Grim China Scenarios Over Taiwan  
Insurers hike costs for political risk policies tied to China

“Russia has proven to be a template of what you don’t want to happen,” Global financial firms, still smarting from multi-billion-dollar losses in Russia, are now reassessing the risks of doing business in Greater China. Lenders including Societe Generale SA, JPMorgan Chase & Co., UBS Group AG have asked staff to review contingency plans to manage exposures. Global insurers are backing away from writing policies to cover firms investing in China, and costs for political risk coverage have soared more than 60% since Russia’s invasion of Ukraine. US lawmakers last week ramped up pressure on banks to answer questions on whether they would withdraw from China. UBS has asked its trading desk to assess its contingency plan and see how they can lower exposure. Deutsche Bank AG has prepared plans to move regional assets and staff quickly in case of an emergency.

Trading Losses

Top of mind is ensuring staff safety, identifying clients who may be sanctioned, and looking at plans to mitigate counterparty risk and potential trading losses. One banker said staff at their firm had considered the option of liquidating positions on China’s Financial Futures Exchange to cut onshore counterparty risk. Insurers are underwriting new policies, but “cautiously and selectively” in China.

Russia Lessons

executives’ worry about a situation – much like in Russia – where Beijing blocks foreign banks from moving assets or capital abroad as a payback for any US sanctions. “Russia has proven to be a template of what you don’t want to happen,” said Dale Buckner, CEO of Global Guardian. “The first part of the calculus would be to review hard assets and intellectual property in the region, understand where a firm’s money is parked and who has control if China decided to take over the banking system and deny access, he said.

## ASSESSMENT: Most Boards Are Unprepared

CHINA Debate  
Malcolm Riddell | CHINA Debate

The Next U.S.-China Crisis: CEOs & Boards Are Not Ready

Boards: ‘A fiduciary duty to mitigate significant risks.’ Fortune published [‘Present your China contingency plan at the next board meeting’](#) In that essay, entrepreneur and former Undersecretary of State Keith Krach wrote:



“Companies increasingly appreciate the heightened risk of doing business with China. That’s why many respected board members in corporate America are demanding a China contingency plan from their CEOs. When the dreaded becomes inevitable, you no longer need to fear it. You must develop a plan and execute it. A China risk mitigation plan is not a drill.”

# 2023 MESSAGE: THREAT IS GROWING

## FINANCIAL TIMES

MAY 31, 2023

US-China relations

### US-China tensions have upended global order, Jamie Dimon warns

JPMorgan chair says international situation more complex for business than in the cold war era



### China starts 'surgical' retaliation against foreign companies after US-led tech blockade

Spectre of hostage diplomacy returns following raids on offices of western companies

APRIL 16, 2023



China imposed new sanctions on US defence contractor Lockheed Martin in February © Mike Blake/Reuters

### Chinese authorities raid US due diligence firm Mintz

Closure of Beijing office comes as China prepares to welcome international chief executives

MARCH 23, 2023



US due diligence firm Mintz Group said Chinese authorities had raided and closed its Beijing office

MAY 8, 2023

### China raids multiple offices of international consultancy Capvision

Ryan McMorro in Beijing and Demetri Sevastopulo in Washington



### Chinese police question employees at Bain's Shanghai office

Visit comes after a series of retaliatory moves from Beijing against western businesses

APRIL 26, 2023



### China suspends Deloitte's Beijing office over Huarong audit 'deficiencies'

MARCH 17, 2023



Deloitte's Beijing arm did auditing work for China Huarong Asset Management © Yan Cong/Bloomberg

### China escalates tech battle with review of US chipmaker Micron

Beijing launches national security probe in retaliation against Washington's curbs on semiconductor access

APRIL 1, 2023



Nasdaq-listed Micron Technology is the largest maker of memory chips in the US © Bloomberg

Board Member  
Business Advisory

# UNDERSTAND THE STRATEGIC CONTEXT

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# *HOW DEEP IS YOUR UNDERSTANDING?*

An iceberg floating in the ocean. The tip of the iceberg is visible above the water surface, while the much larger, submerged part is hidden below. The sky is blue with light clouds, and the water is a deep blue.

## **Tip of the Iceberg**

Most boards have a limited view of their company's China exposure.

## **The Hidden Danger**

They lack the visibility necessary to develop an effective China risk mitigation strategy.

# UNDERSTAND THE STRATEGIC CONTEXT



# STRATEGIC CONTEXT: CRITICAL FOR THESE COMPANIES

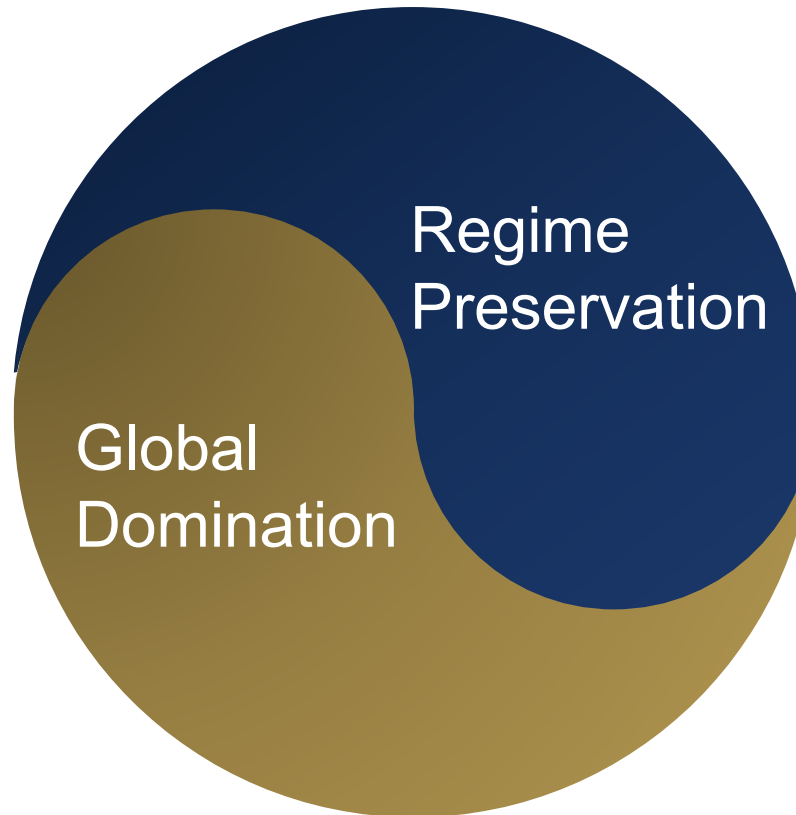
- Supply chains through China
- Technology infrastructure & data flows in China
- Facilities or real estate located in China
- Contracts with Chinese companies
- Workforce residing in China
- Selling into the China market
- Funds or investments in China
- Operations in China
- Research & Development collaborations & IP
- Partnerships with China-backed companies





# *UNDERSTAND CCP OBJECTIVES*

Domination  
Return China's rightful  
Place as the Middle  
Kingdom of the world



Preservation

Above all else keep the  
Chinese Communist  
Party (CCP) in power.

# STRATEGIC CONTEXT: CCP CONTROL



- Enacts rules counter to entity rights
- No due process in view of society
- Rule of Law does not exist

- CCP holds ownership in companies
- Expats must support CCP directives
- CCP prohibit independent audits

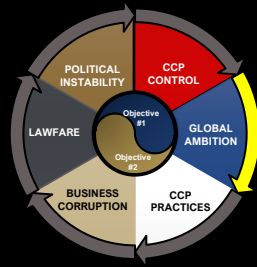


- Open CCP criticism forbidden
- Social scoring controls choices
- Surveillance on aspects of life

- Shareholders visibility limited
- Defines state secrets broadly
- Foreign parent can't see all info of subs

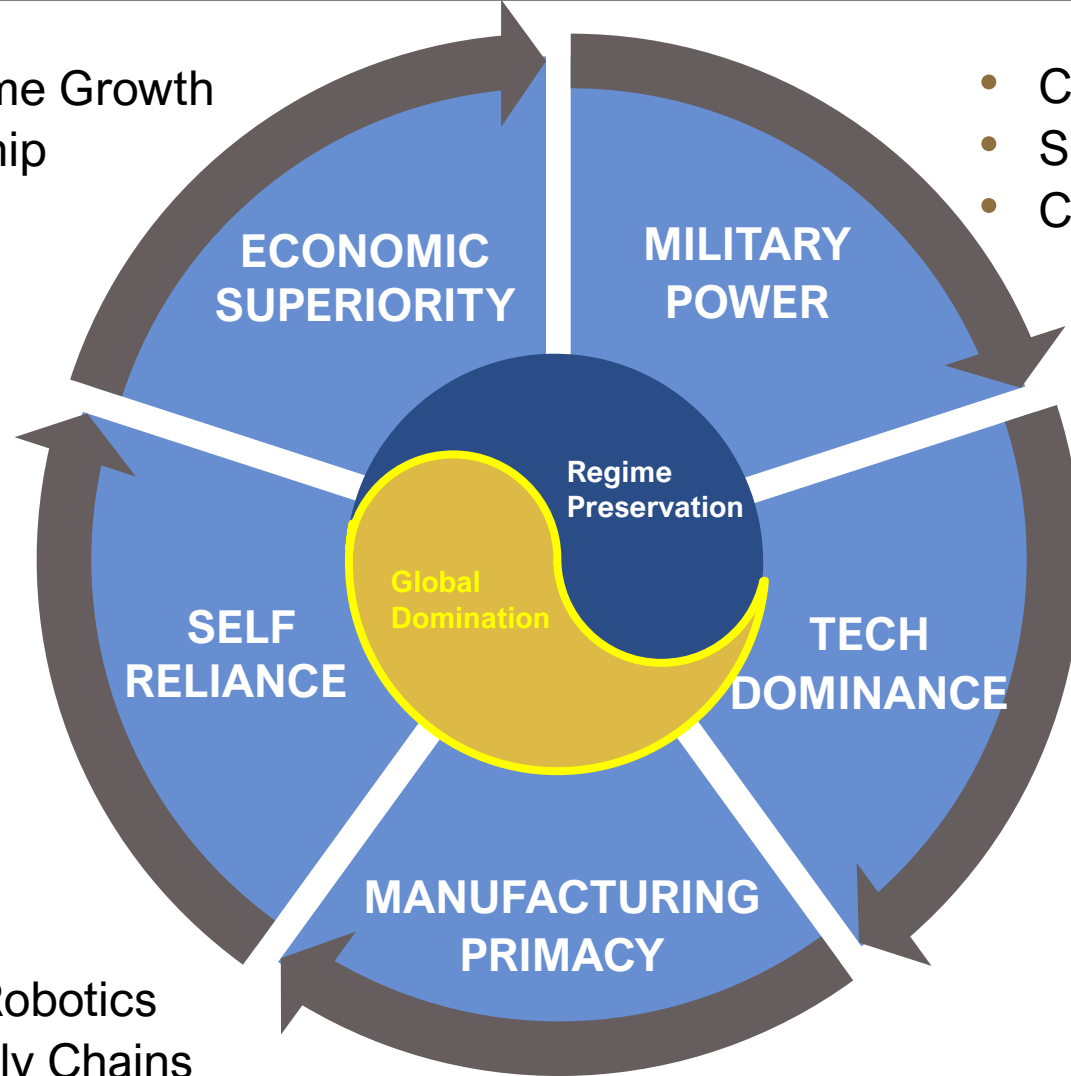
- CCP encourages IP theft
- Theft integrated in cultural
- Law requires turn over info/data CCP

# STRATEGIC CONTEXT: GLOBAL AMBITION



- High GDP/ Income Growth
- Market Leadership
- Exports

- Communication Systems
- Space
- Cyber



- Stem Education
- Technology
- Capital Markets

- Made In China 2025
- Semiconductors
- Amass all Data

- Automation/Robotics
- Control Supply Chains
- Prioritize Local Factories

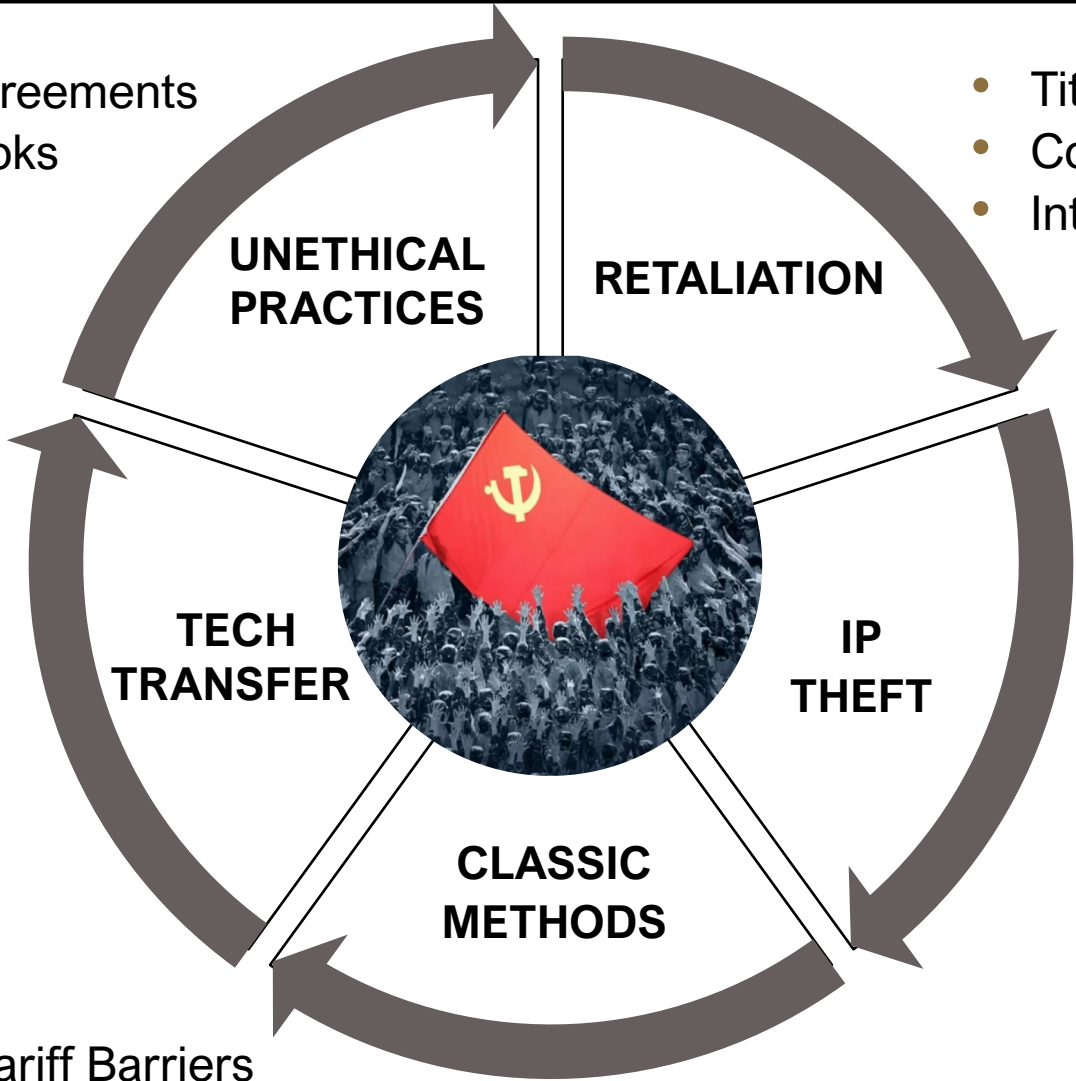
# STRATEGIC CONTEXT: CCP PRACTICES



- Not Honoring Agreements
- Manipulating Books
- Bribes

- Coercion & Deception
- JVs To Access Market
- Acquisitions

- Forced Labor
- Subsidies & Non-Tariff Barriers
- Unregulated Cheap Coal Plants



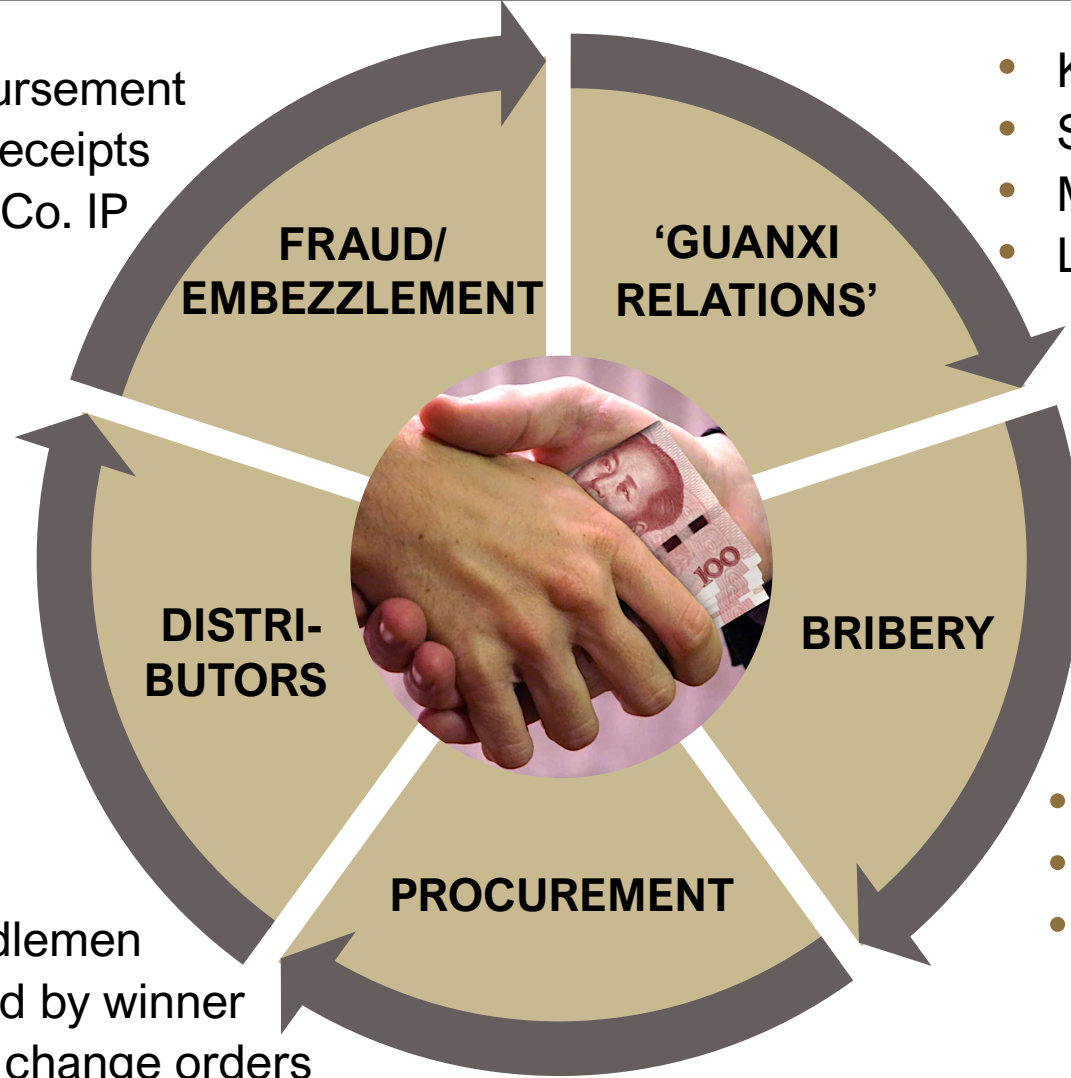
- Tit-For-Tat Tariffs
- Company Blacklists
- Intimidation Tactics

- Cyber Threats
- Insiders & Talent Plans
- Academic Collaboration

# CONTEXT: BUSINESS CORRUPTION



- Fake receipts for reimbursement
- In China, can buy fake receipts
- Extortion. No raise, sell Co. IP



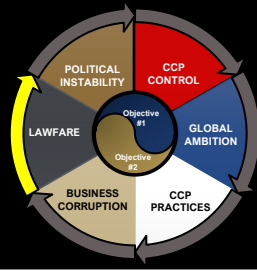
- Key with govt/partners/vendors
- Susceptible fraudulent reporting
- Misappropriation of assets
- Lack of management integrity

- Local associates bribe
- Many companies not aware
- Liable even with disclaimer

- Official bribery = pay officials
- Commercial bribery = pay clients
- Bribery gifts required for 'guanxi'

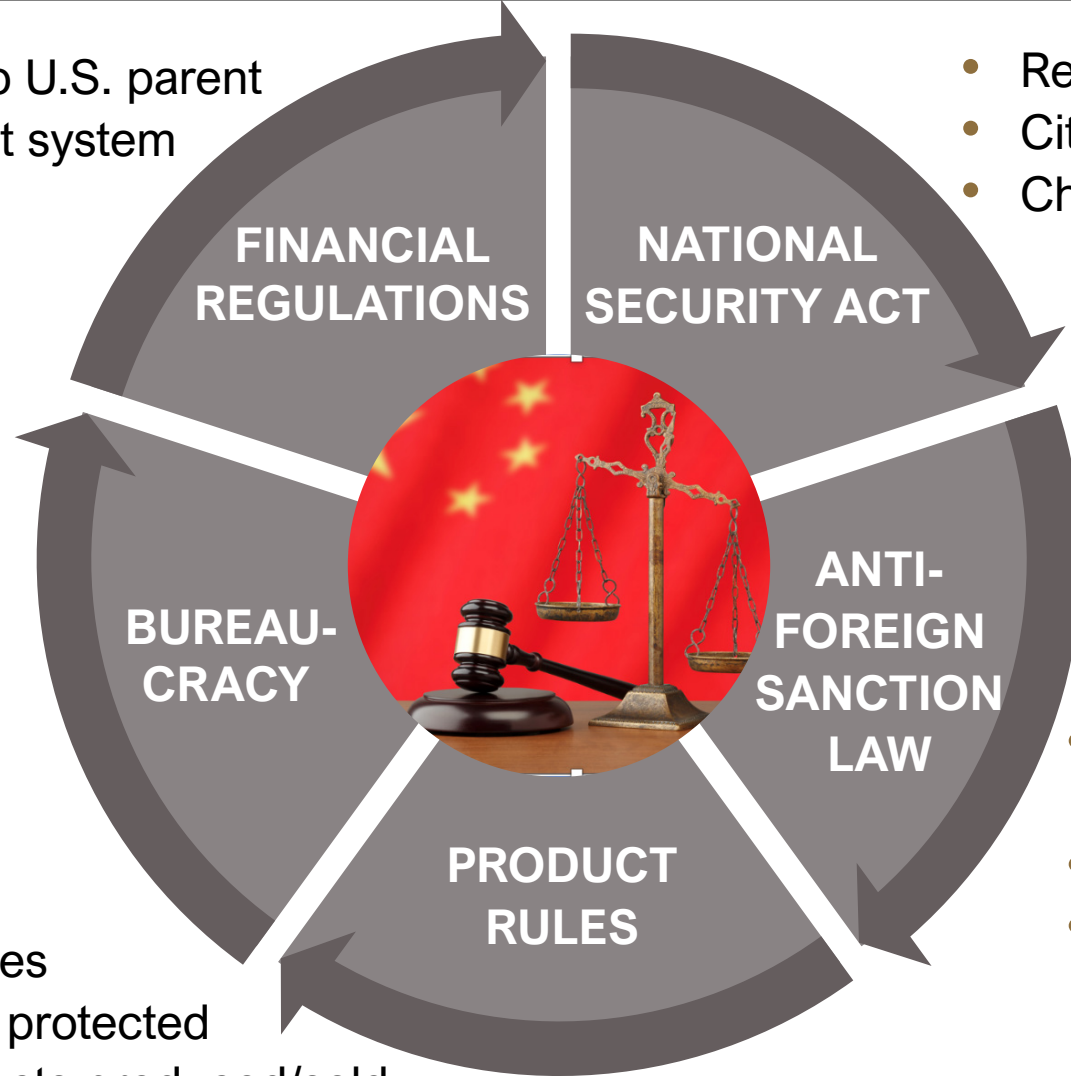
- Unnecessary middlemen
- Losing bidder hired by winner
- Low bid but many change orders
- Close association with Government

# STRATEGIC CONTEXT: LAWFARE



- Cash transfer prohibited to U.S. parent
- Enforced corp social credit system
- Sporadic tariff regulations

- Requires transfer of all data to CCP
- Citizen must turn over info to CCP
- China entity must turn over IP to CCP



- Difficulty obtaining licenses
- Protections poorly enforced
- Laborious processes

- Lawsuits if comply with US sanctions
- Includes secondary sanctions
- Retaliatory policies favor Chinese firms

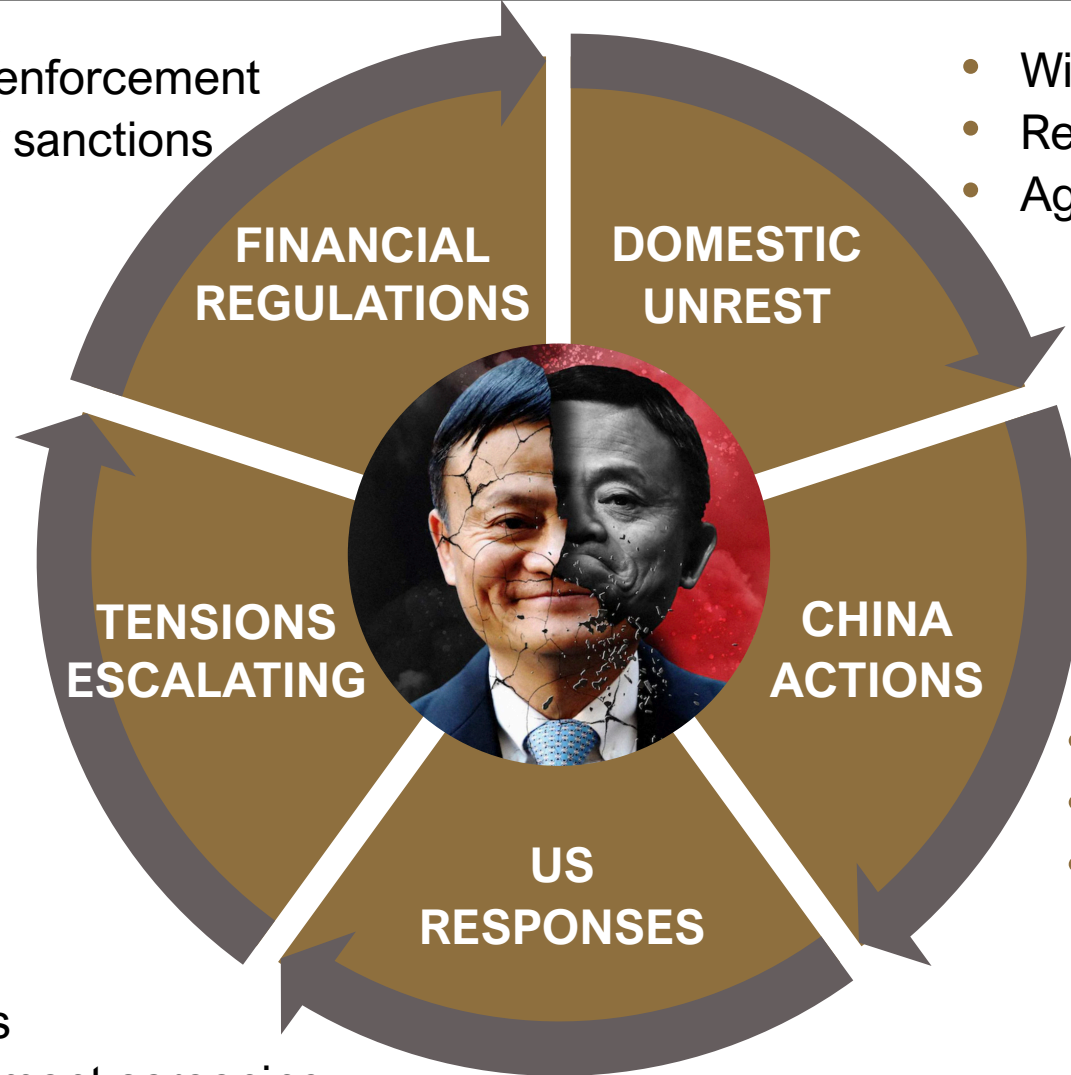
- One-way data storage rules
- Copyrights inconsistently protected
- Complex rules how products produced/sold

# STRATEGIC CONTEXT: POLITICAL INSTABILITY



- Unpredictable regs & law enforcement
- Targeted foreign company sanctions
- Foreign company raids

- Widening wealth gaps
- Real estate crisis
- Aging population



- Taiwan/Ukraine
- Human Rights/Genocide
- Trade/Diplomatic Erosion

- China first substitution policy
- Weaponizing tech & citizens
- China materials foreign dependence

- Tariffs
- Capital market sanctions
- Export controls & investment screening

Board Member  
Business Advisory

# RISK IDENTIFICATION

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# RISK MITIGATION: STRATEGIC PILLARS



**IDENTIFY  
KEY RISK  
FACTORS**

**ANALYZE/  
PRIORITIZE  
RISKS**

**DEVELOP  
PLAN &  
TEST**

**EXECUTE  
WITH  
EXPERTS**

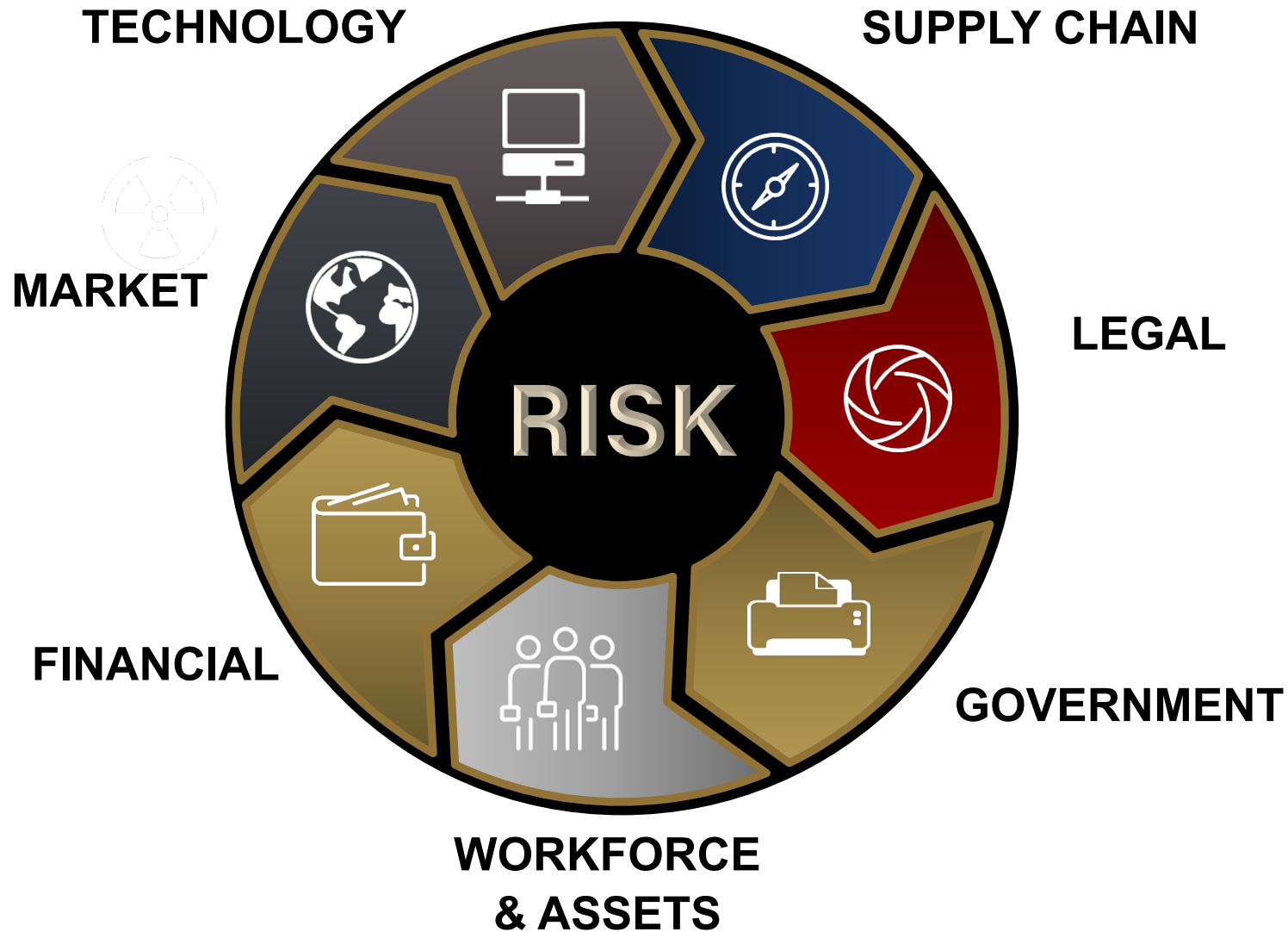
**FORM  
COALITIONS**

**DIVERSIFICATION**

**RESILIENCY**

**ALLIANCES**

# IDENTIFY RISK: 7 KEY AREAS



# SUPPLY CHAIN RISKS



Recent reliance on China leading to disruptions, raised costs, & reputation exposure



## RELIABILITY

- CCP Decoupling
- Trade Tension Threat
- Import Tariffs
- Bottlenecks
- Inventory

## RAW MATERIALS

- Monopoly Process
- Own Global Sources
- Retaliation Tool
- Cut Off Nations
- BRI Strategy

## DEPENDENCE

- Domestic Preference
- Single-threaded
- Other Countries Too
- Complex Standards
- Logistics

## SLAVE LABOR

- 1.8M Uyghurs
- Shipped Nation Wide
- Deep-Supply Chains
- Reputational
- Legal Exposure

# LEGAL RISKS



Compounded by inconsistent interpretation / enforcement, CCP intervention & political tensions



## NATIONAL SECURITY

- Require citizens/entities
- Must turn over all data
- Must turn over all info
- Must turn over any IP
- Or suffer consequences



## SANCTIONS LAW

- Anti-foreign sanctions
- Lawsuits if comply
- Secondary sanctions
- Retaliatory policies
- Favor Chinese firms



## RULE BY LAW

- No Rule of Law
- Govt. Intervention
- Inconsistency
- Unpredictability
- No recourse



## Complex Laws

- Difficulty obtaining licenses
- Copyright protection
- IP protection
- Data privacy
- Cybersecurity

# GOVERNMENT RISKS



Recent heightened geopolitical tensions resulting in unstable conditions for China operations



## BUSINESS CRACKDOWNS

- Unpredictable Regs
- Law Enforcement
- Targeted Sanctions
- Foreign Company Raids
- Regulatory controls



## CHINA GOVERNMENT ACTIONS

- China First
- Substitution Policy
- Censorship
- Weaponizing Citizens
- Potential Nationalization



## US GOVERNMENT RESPONSES

- Company Sanctions
- Export Controls
- Investment Screening
- Magnitsky sanctions
- Alliance building



## RETALIATION MEASURES

- Tit-For-Tat Tariffs
- Company Blacklists
- Intimidation Tactics
- Unreliable Entities List
- Cyber attacks

# WORKFORCE/ASSET RISKS



Changes in wage inflation, aging, regulations, work culture and loyalty impact ROI



## WORKFORCE

- Language
- Labor unrest
- Aging workforce
- High turnover
- Regional Govt's

## LOYALTY

- Corruption
- Transparency
- CCP coercion
- National Security Act
- Theft

## REGULATIONS

- Environmental
- Labor Law
- Social Insurance
- IP Rights
- Regulatory Changes

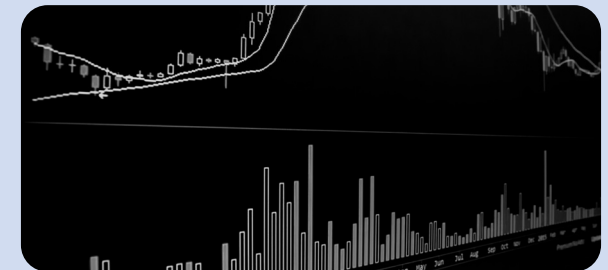
## PHYSICAL ASSETS

- Expropriation
- Nationalization
- Real estate uncertain
- Infrastructure issues
- Cybersecurity

# FINANCIAL RISKS



Lack of financial visibility and standards compliance create uncertain cash flow & tenuous investment health



## GOVERNANCE

- Audits
- Systemic corruption
- Compliance
- Financial Reporting
- Capital Control

## CASH FLOW

- Transfer to US parent
- CCP enforced corporate
- China blocks foreign investment
- US sanctions block China investment

## SYSTEM

- Security laws
- Banks favor China firms
- Hidden UBO wildcard
- China's digital Yuan
- Social credit system

## ECONOMIC

- ↑ Currency fluctuation
- ↑ Credit risk
- ↑ Tax Burden
- ↑ Procurement costs
- ↑ Regulatory changes

# MARKET RISKS



**Reliance may lead to disruption, increased cost, legal exposure and reputational risk**  
As Chinese companies expand overseas and China continues to allow “extraterritorial application of laws and regulations,” China risk is no longer limited to economic activities in China



## MARKET ACCESS

- Trade Tension Threat
- Import Tariffs
- Self-Reliance
- Local Distribution
- Bureaucracy

## ECONOMIC

- ↑ Wages
- ↑ Household Debt
- ↓ Growth
- ↑ Local Govt. Debt
- Real Estate Bubble

## COMPETITIVE

- Copycat Products
- Domestic Preference
- Subsidies
- Domestic Protections
- Counterfeit Products

## DEMOGRAPHIC

- Aging Population
- Minority Issues
- Low Birthrate
- Income Disparity
- Human Rights Issues



# TECHNOLOGY RISKS



Reliance may lead to compromised IP, loss of data & technology control, and global outages



## IP THEFT

- Cyber threats
- Joint ventures
- Insiders
- Talent plans
- Academic



## TECH TRANSFER

- Coercion
- Deception
- JVs
- Acquisitions
- Market entry required



## DATA

- Vague requirements
- Hi-compliance costs
- One way data flows
- Unpredictable
- Malign uses



## RELIABILITY

- Network
- Hardware
- Software
- Technical support
- Data privacy

# ANALYZE & PRIORITIZE RISKS

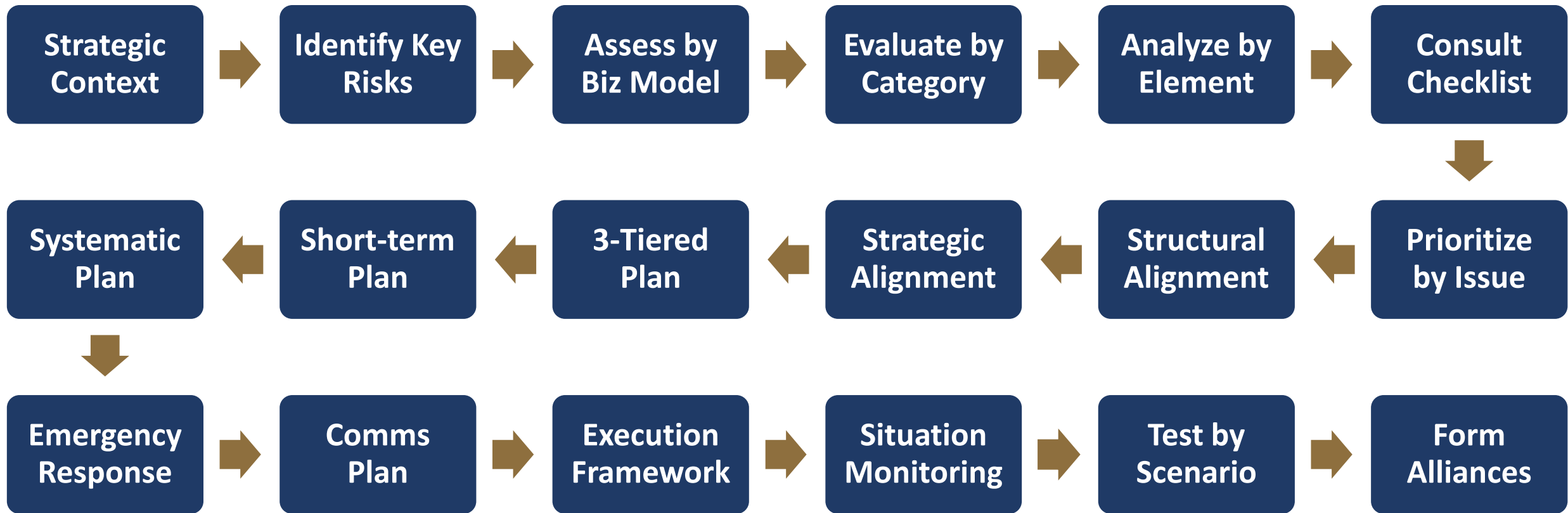
*China's attempt to portray itself as a misunderstood and well-intentioned global partner has failed. Companies doing business with China have endured parasitic joint ventures, blatant thievery of intellectual property, a world-wide bullying spree, and the coerced collection of proprietary information that has been exploited for China's commercial advantage.*

**~ Keith J. Krach**  
**Fortune / April 27, 2022**

# RISK MITIGATION: STRATEGIC PILLARS



# ***RISK MITIGATION PROCESS***



# ASSESS: BY BUSINESS MODEL

## RISK CATEGORIES



*BUSINESS  
MODEL*

## PRODUCTION STRATEGY

**Non-China**

**China**

**MARKET STRATEGY**

**Non-China**

**China**

**Chinese Investments**



**Building / Supply Chains**



**Only Selling**



**Building & Selling In China**



# EVALUATE: BY RISK CATEGORY (EXAMPLE)

## BUSINESS MODEL

Only Selling



## RISK CATEGORIES



# ANALYZE: BY ELEMENT (EXAMPLE)

## BUSINESS MODEL



## ELEMENTS

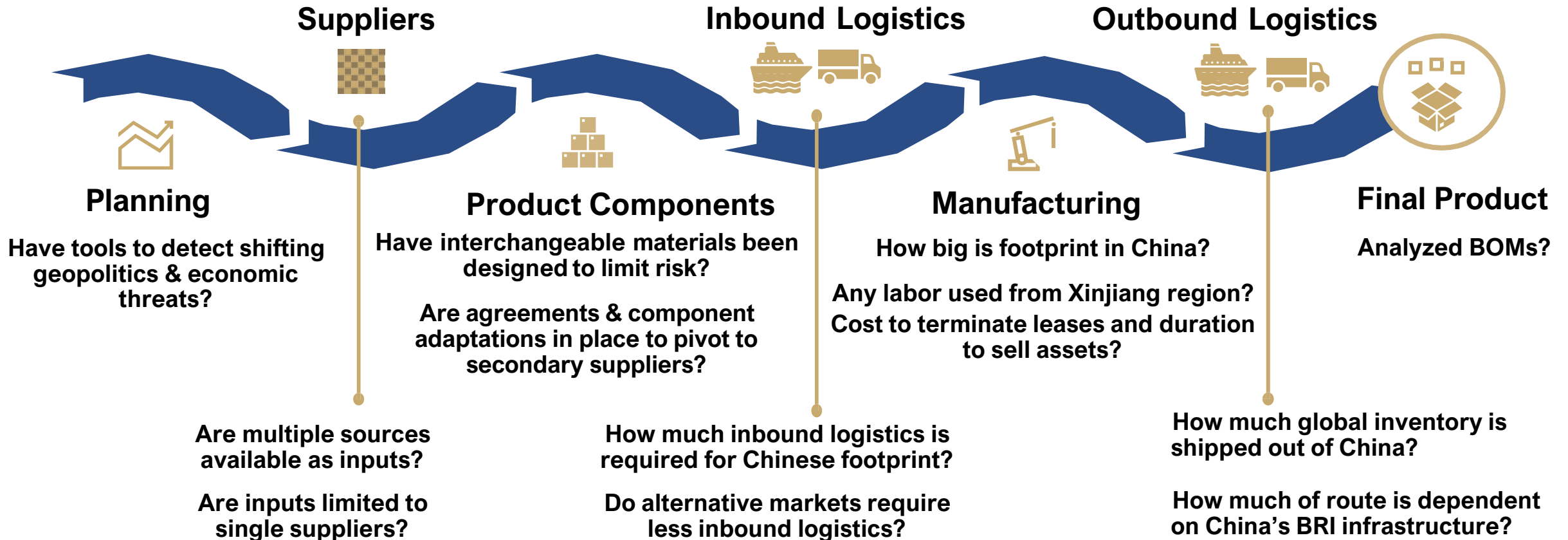
## RISK CATEGORIES

Supply Chain	Legal	Gov't	Workforce	Financial	Market	Tech
Reliability	National Security	Business Crackdowns	Workforce	Governance	Market Access	IP Theft
Raw Materials	Sanctions Law	China Gov't Actions	Loyalty	Cash Flow	Economic	Tech Transfer
Dependence	Rule By Law	US Gov't Responses	Regulations	System	Competitive	Data
Slave Labor	Complex Laws	Retaliation Measures	Physical Assets	Economic	Demographic	Reliability

# ANALYZE: SUPPLY CHAIN RISK ELEMENTS

Map supply chain nodes & conduct holistic supply chain resilience stress test to reveal vulnerabilities

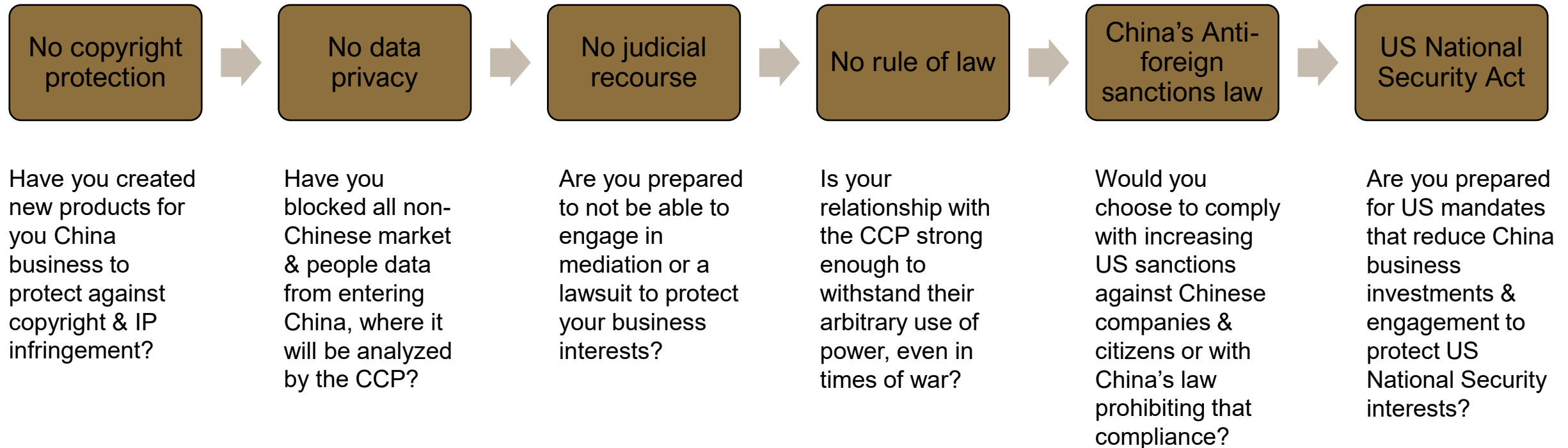
## END-TO-END RESILIENCE TEST





# ***ANALYZE: LEGAL RISK ELEMENTS***

**Legal risks of China business engagement are significant, and continually increasing**



# ANALYZE: GOVERNMENT RISK ELEMENTS

## CHINA

National Security Act

State Sponsored IP Theft

Blacklists

Uyghur Forced Labor

Government Subsidies

One Way Firewall

Military-Civil Fusion

## USA

Commerce Entity List

Visa Restrictions

Capital Market Sanctions

Forced Labor Prevention Act

Import Tariffs

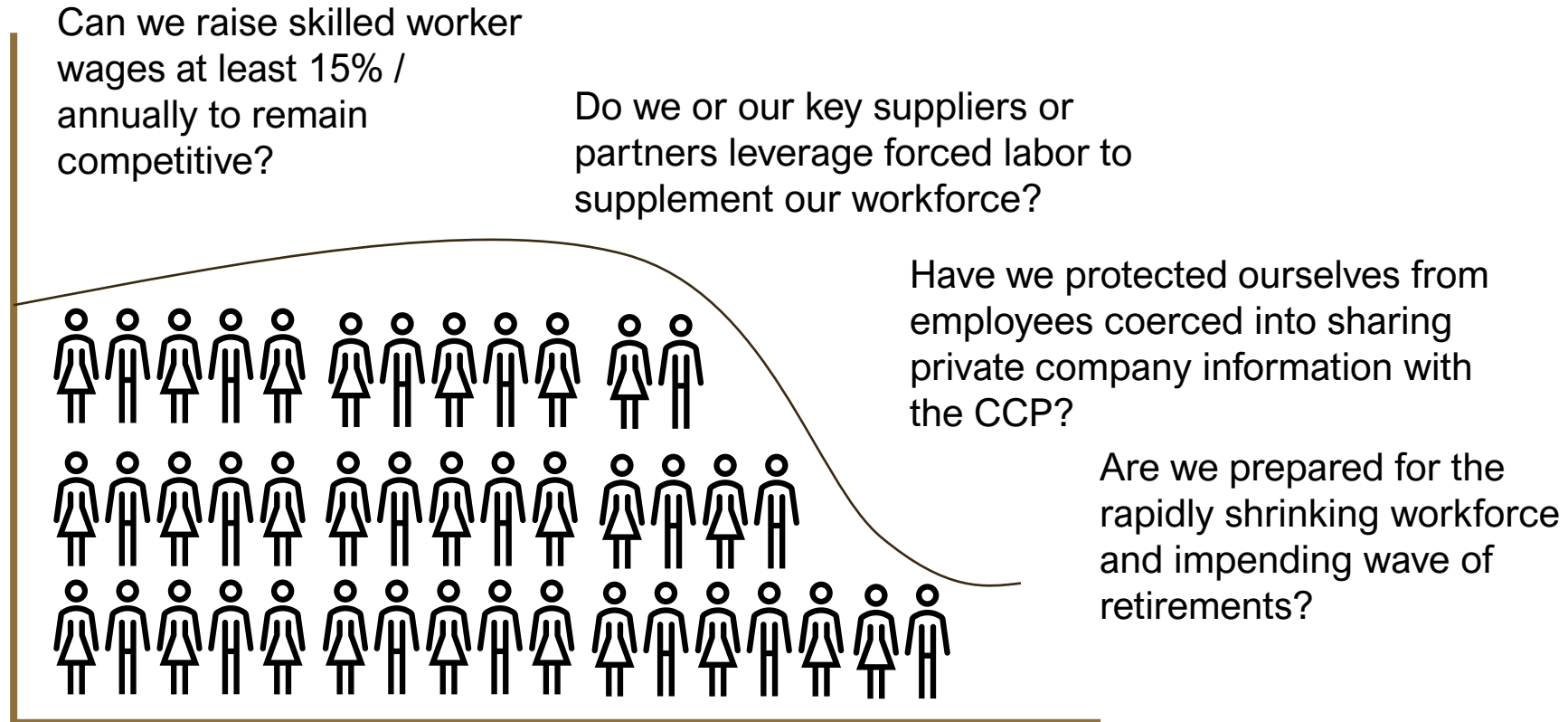
Privacy Laws

Military End User List restrictions



# ANALYZE: WORKFORCE RISK ELEMENTS

China's workforce no longer provides a compelling competitive advantage to MNCs



# ANALYZE: FINANCIAL RISK ELEMENTS

## Key Questions

U.S. businesses and investors must recognize that their participation in the Chinese economy is conditioned by the CCP's policy priorities and subject to its control.

It is often hard to know when any reasonable line has been crossed.

~ *US-China Economic & Security Review Commission*

**Are we adequately considering our changing economic exposure in China from escalating tensions, currency fluctuation, rising costs?**

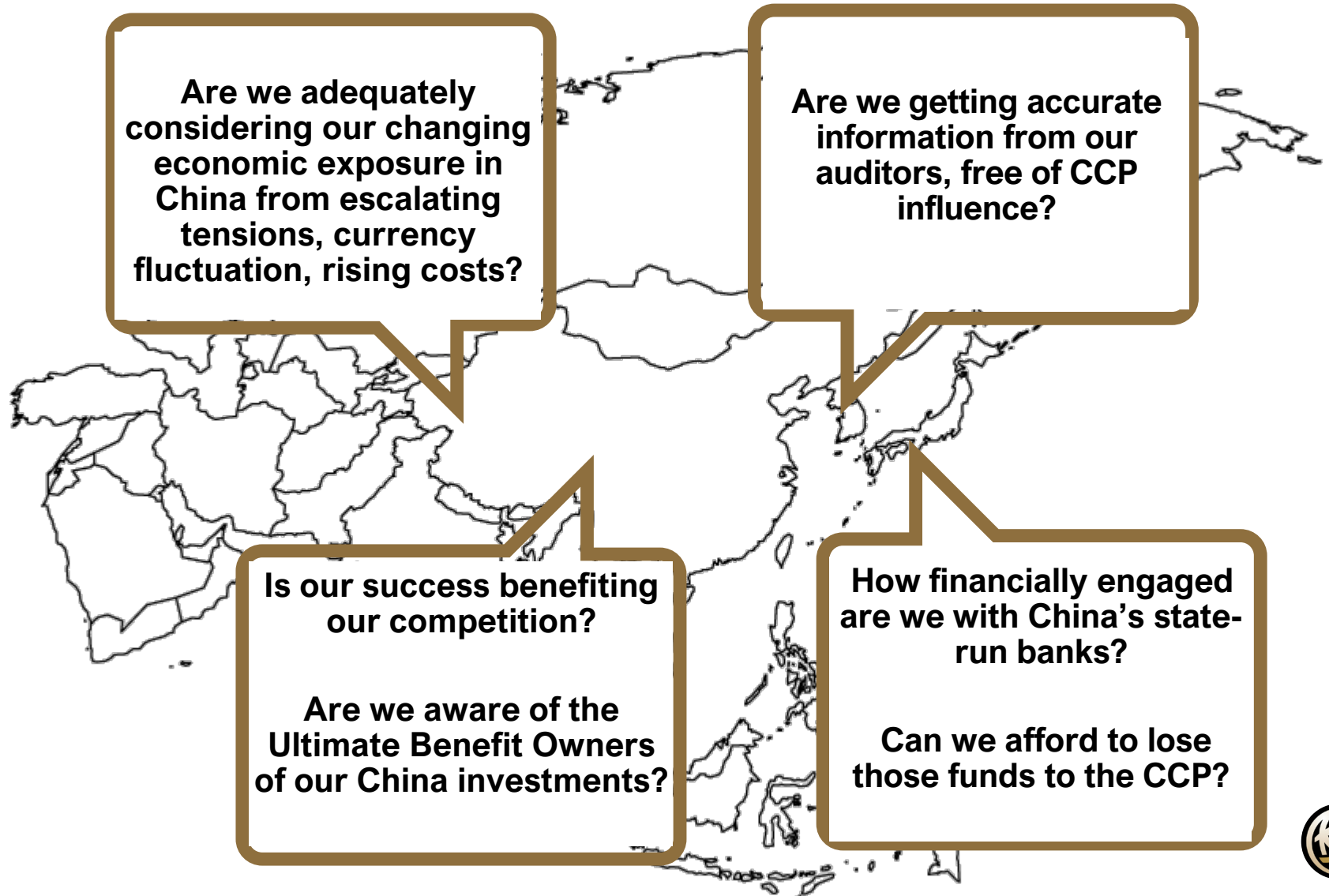
**Are we getting accurate information from our auditors, free of CCP influence?**

**Is our success benefiting our competition?**

**Are we aware of the Ultimate Benefit Owners of our China investments?**

**How financially engaged are we with China's state-run banks?**

**Can we afford to lose those funds to the CCP?**



# ***ANALYZE: MARKET RISK ELEMENTS***

Are we prepared for escalating regional conflict, including war?

Are we prepared to allow the CCP full access to our China-located technology?

Are we constantly scanning for CCP-created copycats that will take our market share?

Are we actively decoupling from all manufacturing associated with the Uyghur genocide?

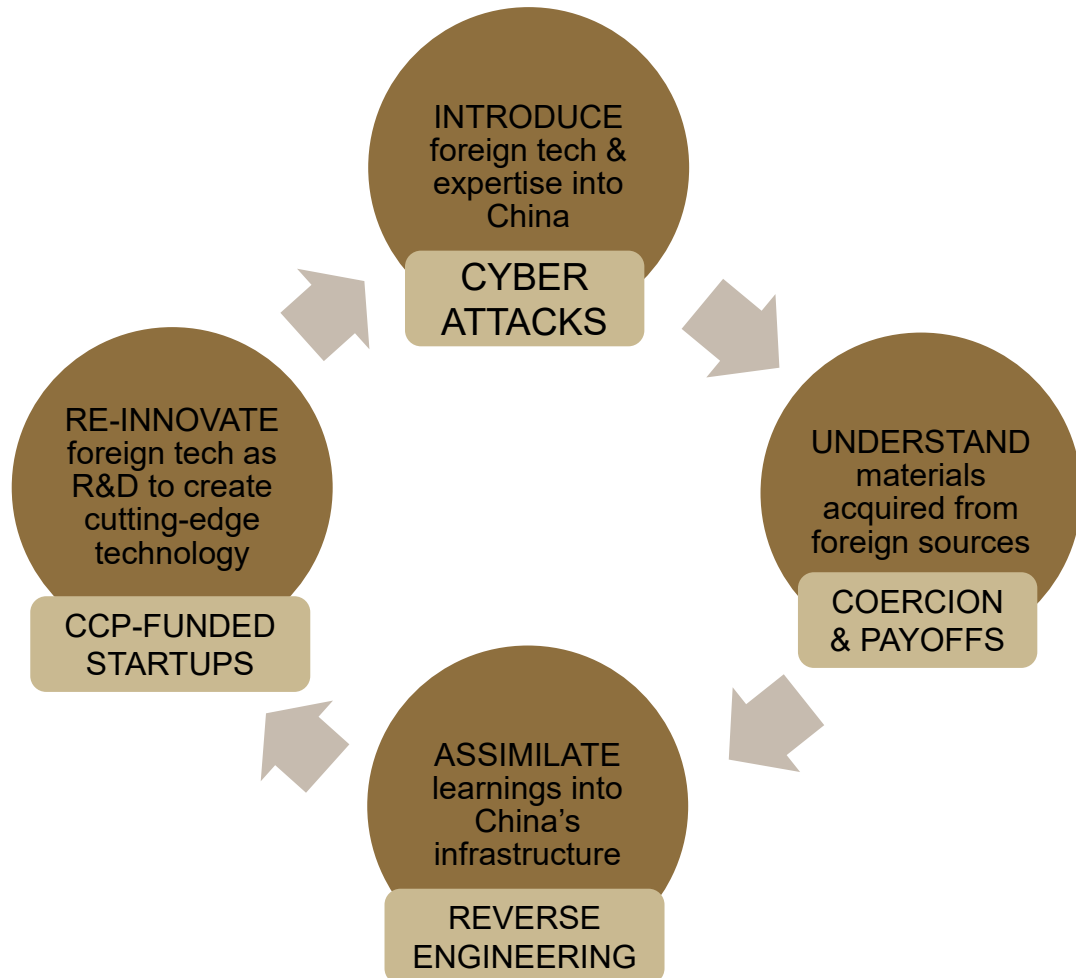
Are we actively diversifying our sourcing to limit tariff exposure on Chinese goods?

Are we developing redundant capabilities across markets for technical & revenue resilience?



# ANALYZE: TECHNOLOGY RISK ELEMENTS











## China's 4 step tech development process\*



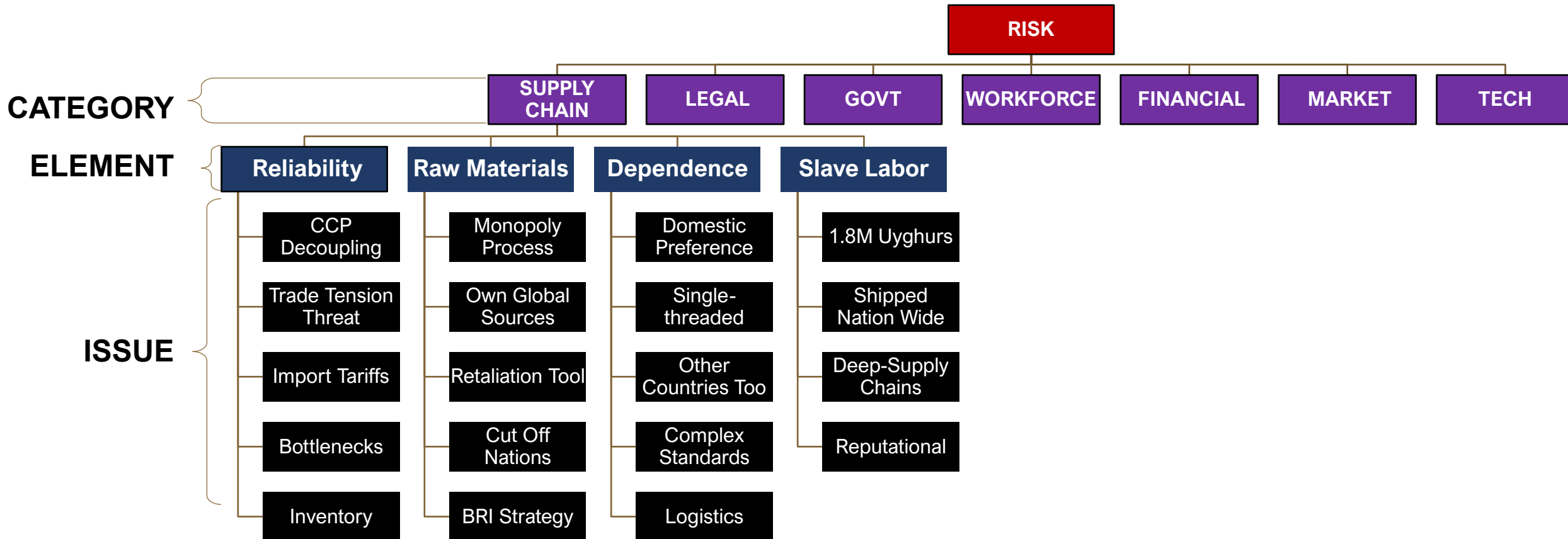
\*according to CCP's State Council

## ...to develop world-leading capabilities in

Made in China 2025 focus sectors:

-  New Information Technology
-  Numerical Control Tools & Robotics
-  Aerospace & Aeronautical Equipment
-  Marine Engineering Equipment & Ships
-  Advanced Rail Transportation Equipment
-  Energy-efficient & New-energy Autos
-  Electric Power Equipment
-  Agricultural Machinery
-  New Materials
-  Biological Medicine & Devices

# PRIORITIZE BY ISSUE (EXAMPLE)



# ASSIGN RISK PRIORITY NUMBER

## 1 Assess risks to compute a risk priority number (RPN):

- **Severity:** Impact on customer or process
- **Frequency:** Repeat occurrence of adverse event
- **Detection:** Discoverability of adverse event

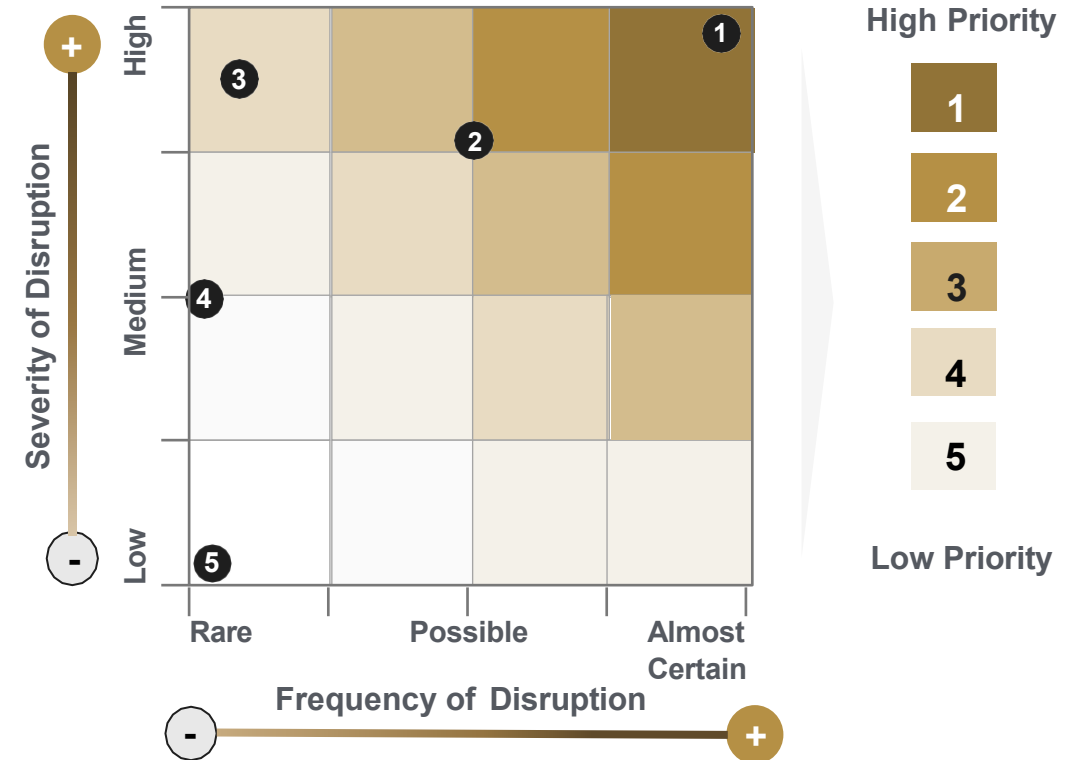
$$\text{RPN (1-729)} = \text{Severity (1-9)} \times \text{Frequency (1-9)} \times \text{Detection (1-9)}$$

## Sample RPN Assessment

Risk #	Description	Category	Severity	Frequency	Detection	RPN
1	Sole sourced supplier for major product line ceased production	Supply Chain	9	9	9	729
2	Company barred from selling product in major market	Revenues and Markets	8	5	5	200
3	Data center function interrupted by cyber attack	Tech Support	9	2	5	90
4	Satellite office access blocked due to government event	Workforce	5	1	2	10
5	Tariffs placed on top-grossing product line	Government	1	1	1	1

\*Factors are evaluated on a scale of 1 to 9, with 9 being the highest degree

## 2 Evaluate RPNs to determine risk prioritization



Prioritize Risks



# CHINA RISK MITIGATION TOOL: CEO CHECKLIST

THE KRACH INSTITUTE HAS DEVELOPED THE **CEO CHECKLIST** AS A TOOL YOU CAN USE TO:

- List risks & mitigating actions by element
- Quantify risk & drive prioritization
- Create internal ownership of mitigating actions & timeframe for completion

China Risk Mitigation Plan CEO Checklist																	
Business Name:		Department:		Location:		Contingency Plan assessor (name, title):		Assessor completion sign off & date:		Business Lead (name, title):		Business lead Plan Approval sign off & date:					
Plan Scope & Objectives:		Business lead Plan Completion (follow on actions complete) sign off & date:															
Key Topics	Operations Impacted					Risk Priority Number Assessment				Mitigating actions prioritization			Follow on actions (action, timing, responsible role,				
	Supply chain	Financial & Revenue	Technical Expertise & Infrastructure	Workforce	Government & Legal	Physical Assets	Severity (1-9)	Frequency (1-9)	Detection (1-9)	RPN (1-729)	Short-term	Intermediate	Long-term	Short-term	Intermediate	Long-term	
<b>Import Tariffs increases</b>																	
<i>The U.S. and China have levied tariffs on 67 percent of imported intermediate inputs and capital goods coming from either country. Since 2017, the average trade-weighted tariff rate on Chinese imports for U.S. consumers quadrupled. Industrial imports—particularly manufacturers sourcing from China upstream—are especially exposed to import tariffs.</i>																	
<b>Risks</b>		<b>Mitigating Actions</b>															
Trade import <b>tariff increases</b> inflate costs of Chinese products or components		Advocate policy makers for fair application of tariffs															
Sole sourced goods or components from China or Chinese-controlled companies at risk of ceased/reduced production or leverage by CCP		Leverage non-Chinese suppliers to reduce import costs and de-risk supply chains					X										0
		Geographically diversify supply chain components; consider supplier locations and country alliances					X										0
<b>Intellectual Property (IP) theft</b>																	
<i>IP theft can occur through various avenues—cyber threats, joint ventures, insiders, talent plans, academic collaboration, etc. Obtaining your IP gives your competitors an advantage, allowing them to</i>																	

# DEVELOP PLAN & TEST

*It does not take a PhD in international affairs to understand the common threads that underpin the China-Russia partnership. Both governments are known for lawless behavior, duplicity, bullying, domestic oppression, coercive economic practices, and grave human rights abuses.*

**~ Keith J. Krach**  
**Fortune / April 27, 2022**

# RISK MITIGATION: STRATEGIC PILLARS



# ***PLAN DEVELOPMENT & TEST PROCESS***

## **Alignment**

- Structural
- Strategic
- Timeframe

## **Systems**

- Communication
- Monitoring

## **Functions**

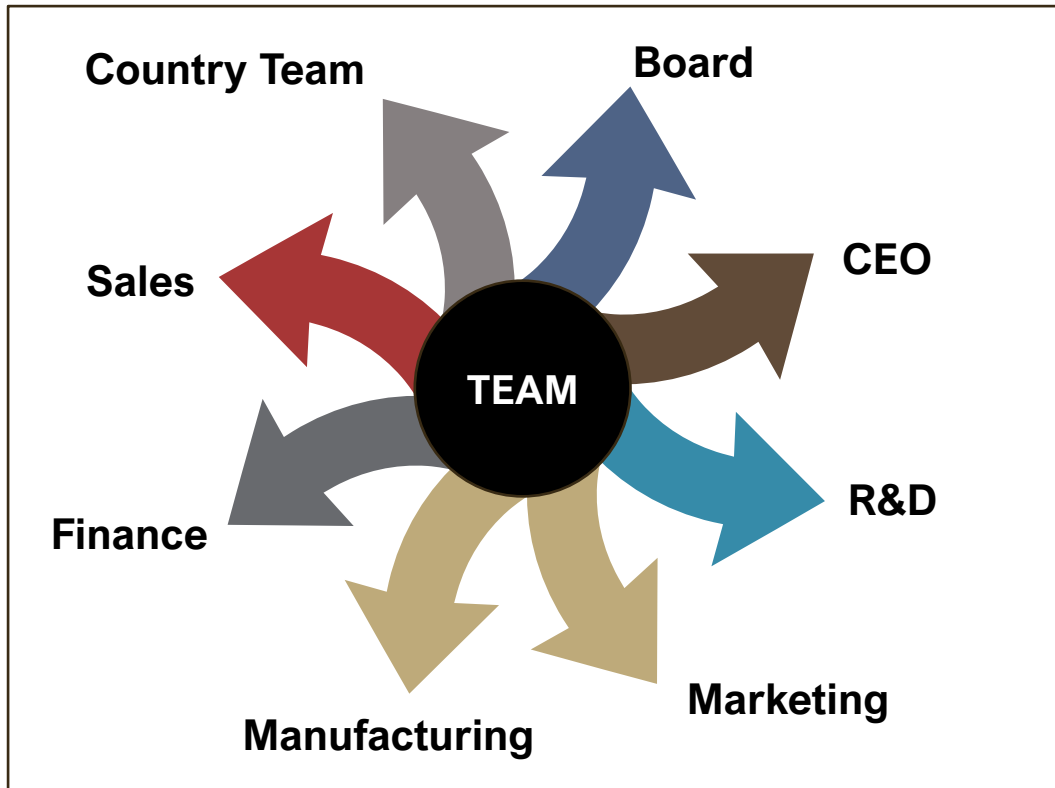
- Supply Chain
- Legal
- Gov't
- Workforce
- Financial
- Market

## **Scenario Testing**

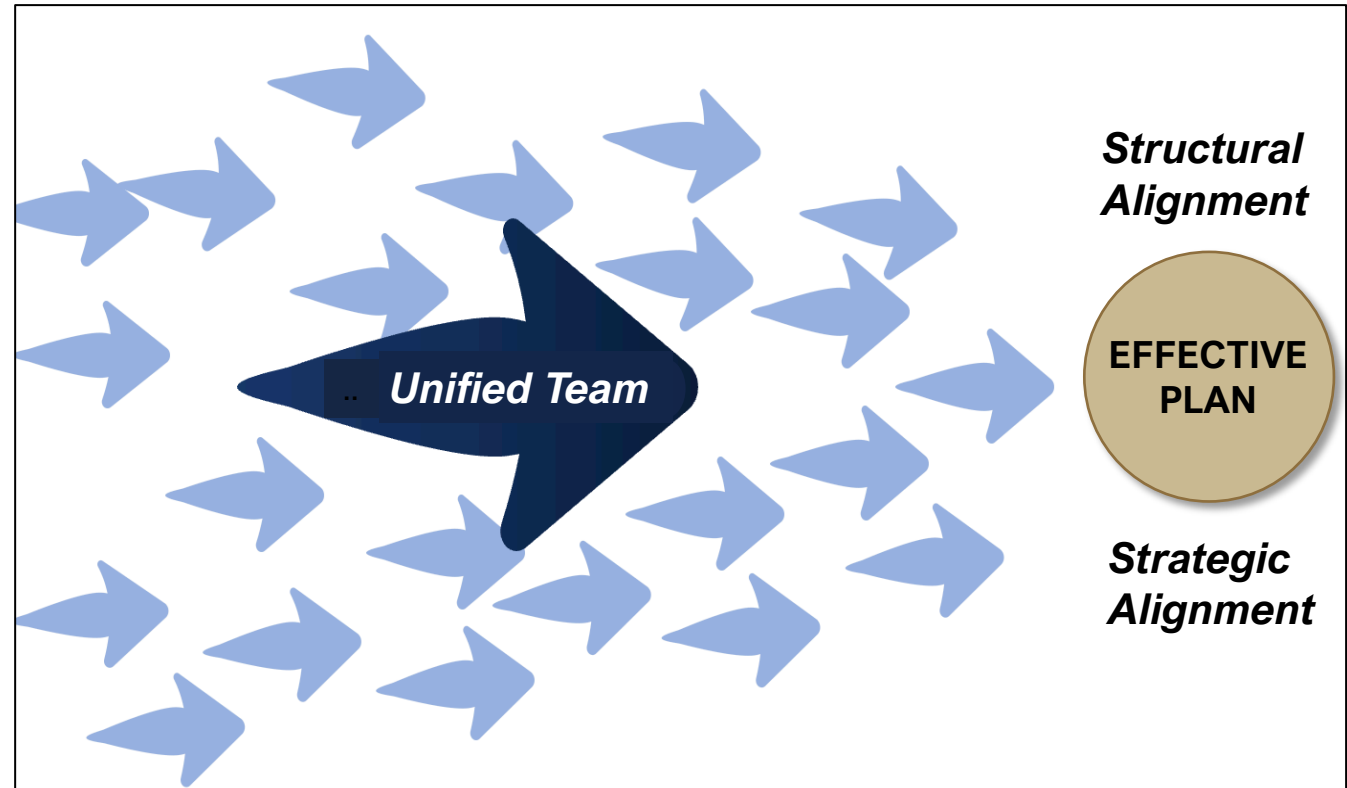
- Development
- Impacts
- Creation
- Test

# ***CRITICAL SUCCESS FACTOR***

## ***DANGER OF NON-ALIGNED TEAM***



## ***CRITICAL IMPERATIVE = ALIGNMENT***



# STRUCTURAL ALIGNMENT

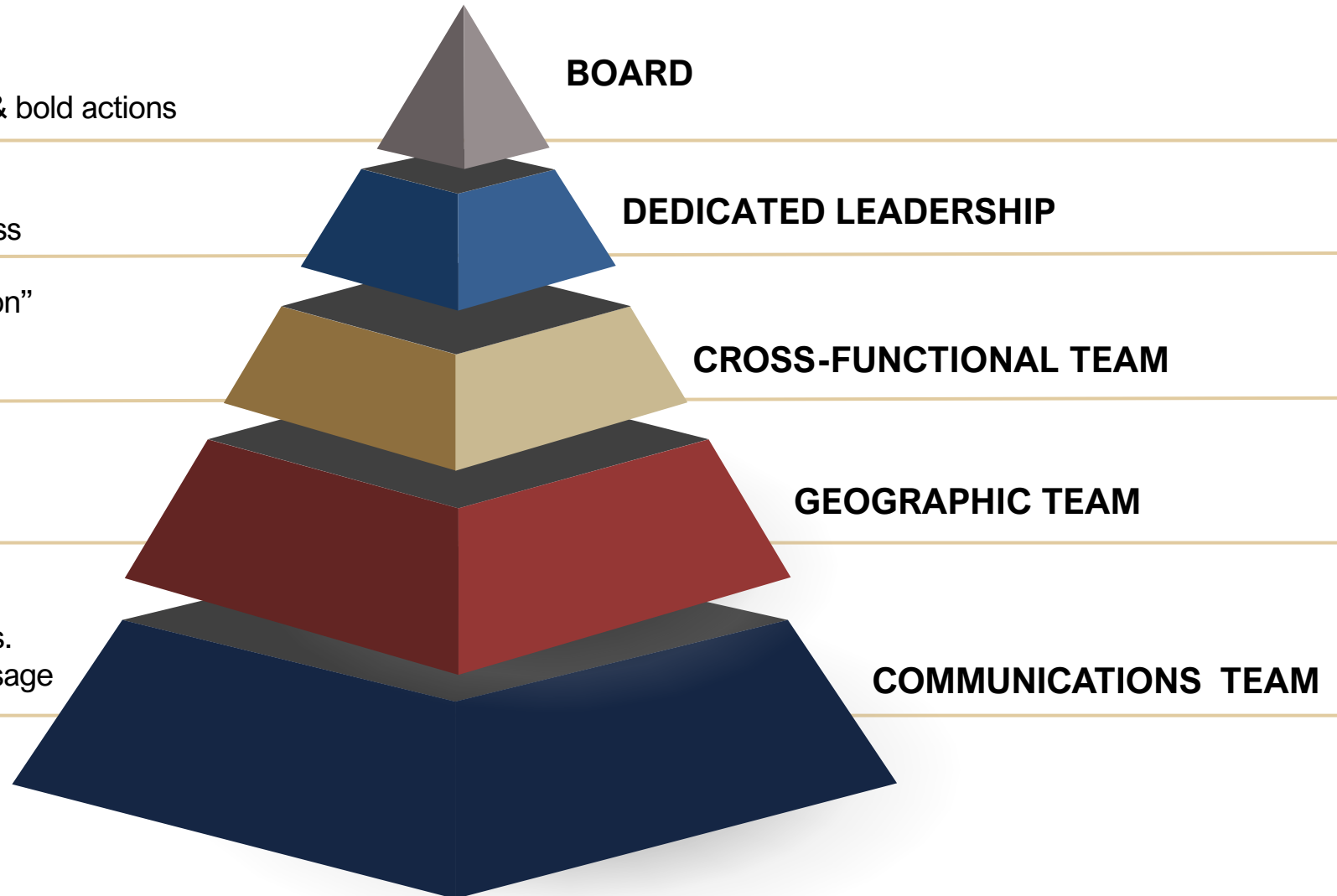
- Contingency planning begins with board
- Must craft and deliver an executive vision
- Promotes resiliency, proactive planning, & bold actions

- Must appoint dedicated leadership
- Create and manage risk mitigation process

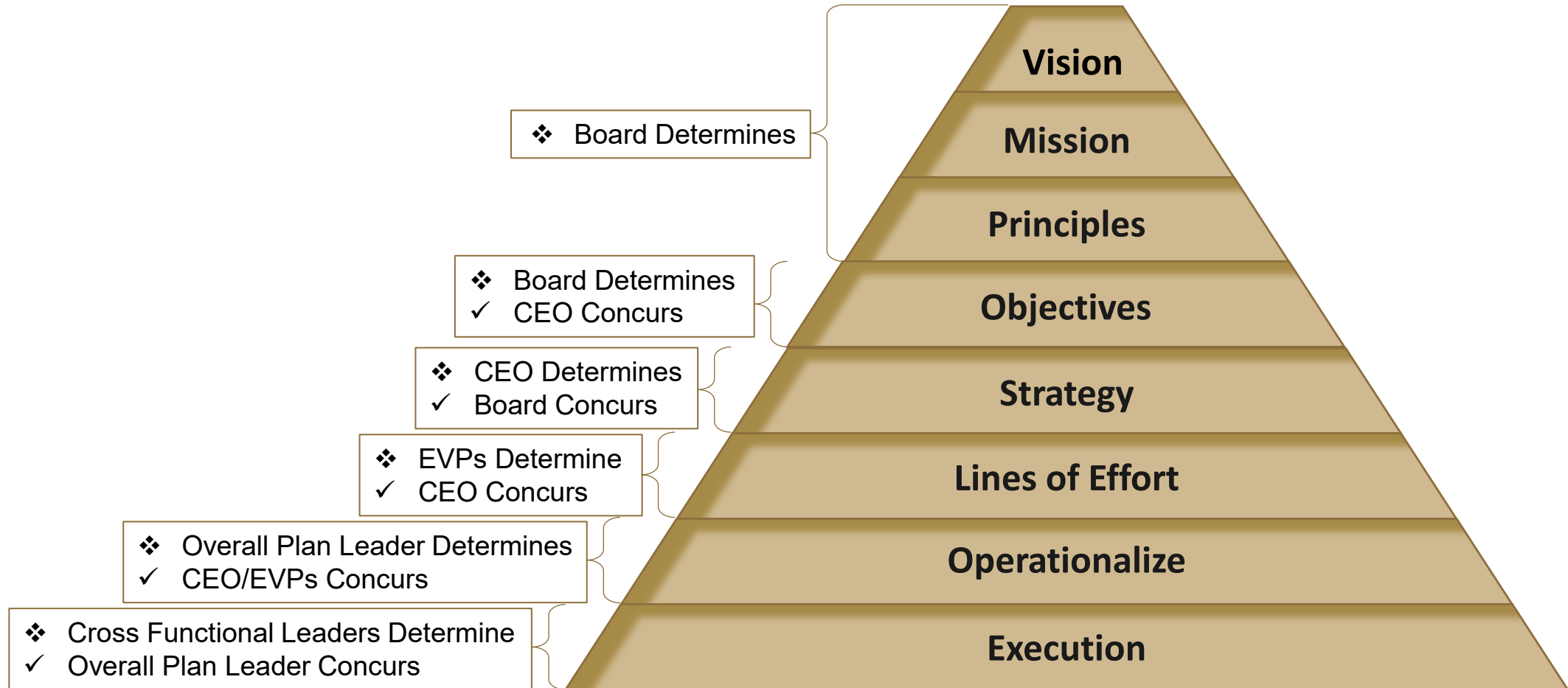
- Cannot be well done in a silo or as “add on”
- Seasoned staff in all impacted areas
- Dedicated time is a needed for success

- China Teams - key to risk measurement
- Their enablement & support is pivotal

- Geopolitical uncertainty is difficult
- forces change & uncomfortable situations.
- deliver cohesive, unifying, confident message




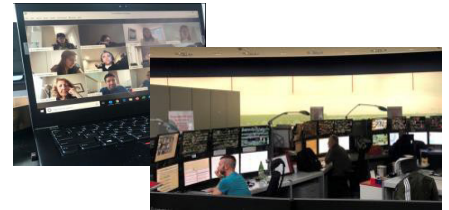


# STRATEGIC ALIGNMENT



# COMMUNICATIONS PLAN

Create a positive & confident communication plan that reinforces company's commitment & support.

Speed	Accuracy	Deliverability	Adaptability
<ul style="list-style-type: none"> <li>Develop RACI to ensure clarity of roles &amp; tasks; ensure roles are clearly assigned</li> <li>Draft sample communications and timelines for various threats/ types of emergencies</li> </ul> 	<ul style="list-style-type: none"> <li>Messages must reflect the current status of the emergency event</li> <li>Messages should be calm and reassuring, while clearly directing orderly next steps</li> </ul> 	<ul style="list-style-type: none"> <li>Train spokespeople in emergency comms &amp; messaging in crisis</li> <li>Establish multiple delivery channels to mitigate downed comms channels</li> </ul> 	<ul style="list-style-type: none"> <li>Design emergency message templates for quick use</li> <li>Draft key points to communicate in crisis; ensure adherence to brand voice</li> </ul> 

## Functional roles

Activities	RACI	Business Mgt	Crisis Lead	Comms Author	Spokesperson	Digital Lead
	Decide message content	A	C	R	I	I
Decide when to send	A	C	I	I	R	
Monitor & communicate key crisis developments	A	R	I	I	I	
Deliver live message	I	A	I	R	I	
Deliver message digitally & manage responses	I	A/C	C	I	R	



# SITUATION MONITORING PLAN

Dedicated team to monitor and assess ongoing risk and manage risk mitigation plan.

MARKET	FOOTPRINT	REVENUE	SENTIMENT	PERMISSION	STATUS
DMA 1	●	●	●	●	●
DMA 2	●	●	●	●	●
DMA 3	●	●	●	●	●
DMA 4	●	●	●	●	●
DMA 5	●	●	●	●	●
DMA 6	●	●	●	●	●

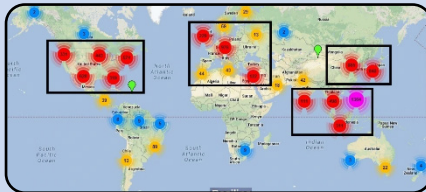
## Plan for China event

- Market exit: Leaving China & APAC region
- Market pivot: Leave China & pivot to other APAC country(ies)
- Market re-engagement: Temporarily leave China & re-engage once geopolitical crisis has cooled



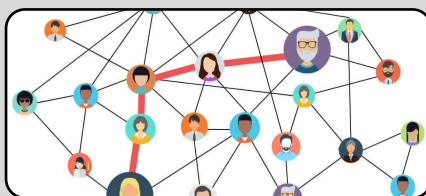
## Monitor strategic flash points

- Taiwan: Monitor sanctions, economic stress, military preparedness & engagement, availability of shipping channels
- Russia / Ukraine: China is learning how the world engages when democracy is threatened.



## Identify critical chokepoints that create risk of CCP control or manipulation

- Map dependencies on suppliers/partners with business-critical relationships in China (CCP, PLA)
- Define pressure point response – plan response to economic choke holds to force continued engagement in China



## Establish situation monitoring network

- Heads of state & embassies in all impacted regions where you or your suppliers operate
- Emergency responders / relief organizations / NGOs
- Similarly positioned companies (non-competitors)

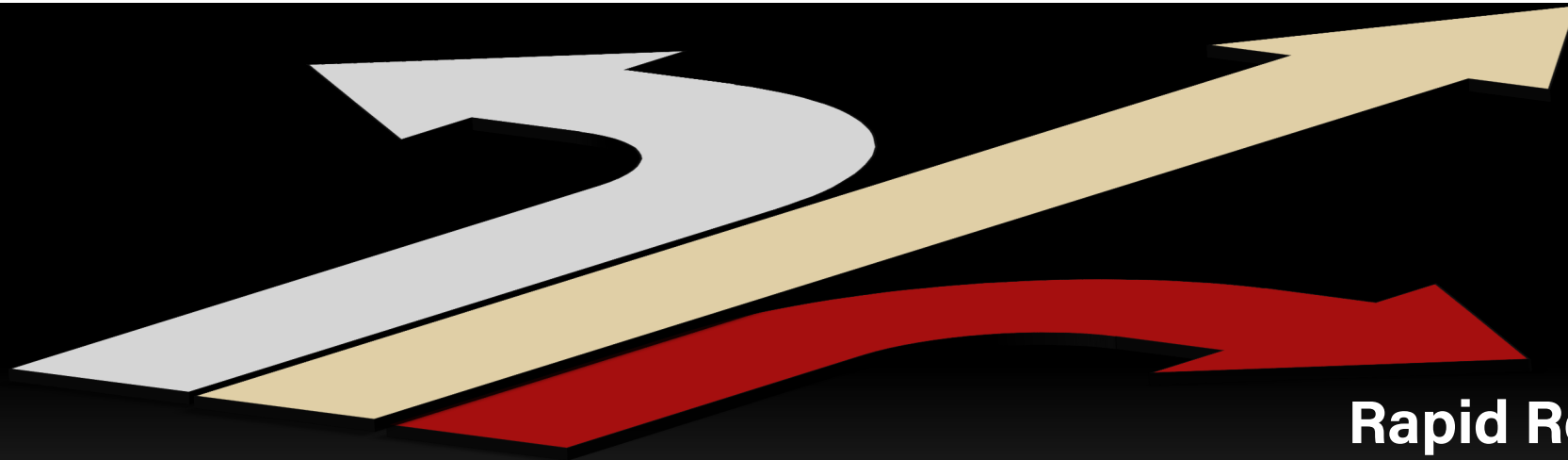
# THREE-TIERED PLAN

## Short Term: < 6 Months

- High Priority Items
- Government Exposure
- Technology, People, Money

## Systemic: 6 Mos - 4 Years

- Major Diversification Moves
- Major Mitigation Moves
- Supply Chains & Markets



## Rapid Response: Immediate

- Drastic Change In Situation
- Disaster Scenario
- Geopolitical Conflict

# PLAN ELEMENT EXAMPLES

Effective response plans contain both immediate & strategic elements

## Rapid response plan must:

**Support employees** & their families

**Safeguard valuable tech** & information assets

Ensure **safe emergency shut down** of assets

**Monitor situation** to quickly respond to new developments

**Effectively communicate** to employees & stakeholders

## Short-term plan must:

**Capitalize on value** of assets

**Enable employees** to contribute

Ensure **security** of physical assets

**Exit** risky operations & partnerships

## Systemic plan must:

**Diversify** suppliers & materials for robust supply chain

**Protect** current and future business differentiators

**Pivot** operations to ensure business continuity

# FUNCTIONAL PLANS



## 1 Workforce Plan

Understand your **human resource footprint** in China. Support local Chinese employees; identify plan for repatriating expatriate workforce **rapidly**.



## 2 Financial Plan

Conduct diligence on **financial exposure in Chinese markets** – from stock markets to banking, every element **requires a rapid closure plan**



## 3 Technology Plan

Ensure global technology & data flows remain **operational and uncompromised**, and ensure proprietary IP is **protected or destroyed**



## 4 Physical Asset Plan

Identify **physical asset footprint** in China. Develop plan for transporting & shutting down critical assets **quickly and efficiently**



## 5 Supply Chain Plan

Define **supply chain routes and infrastructure** throughout China. Identify sole source **partners & vendors** with key supply chain components.



## 6 Government & Legal Plan

Understand your legal exposure in China, including– taxes, sanctions, etc. Limit risk **swiftly**; expect changes as CCP maneuvers.



## 7 Market Plan

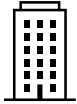
Identify potential buyers (private equity, banks, government, etc.) interested in operating regional assets. **Turnkey divestiture targets are critical.**

# WORKFORCE PLAN EXAMPLE

## Three-step China risk reduction framework for Workforce exposure



**Determine support levels** for local & international employees based on business needs and capabilities. Re-consider business need for expats in light of increased risks



**Develop partnerships** and build trust with in-region and cross-border **hotels and transportation partners** to draft emergency agreements and ensure timely service



**Stand up communications channels** for access to local & international employees in the event of emergency

### Deep Dive Local Plan

#### Deploy local resources & support

- Food
- Housing
- Medical care

### Deep Dive International Plan

#### Initiate plan for rapid movement

- Execute rapid transport plan out of effected area
- Ensure support for employees obtaining visas and provide customs assistance
- Partner with cross-borders hotels to provide lodging following event

### Case Study

#### McDonald's response to Ukraine/Russia conflict

Following the Ukraine invasion, McDonald's continued to pay full salaries to 60,000+ employees in Ukraine, despite closing >800 locations.

McDonald's also set up mobile medical care at the Polish-Ukrainian border and activated their European network to find temporary housing for refugee employees.

# FINANCIAL PLAN EXAMPLE

## Three-step China risk reduction framework for Financial exposure

### Evaluate risk of current financial holdings in China

- Assess risk; incorporate a variety of risk metrics (ex: China's history of freezing assets)
- Assign risk score relative to alternative markets
- Determine quantitative risk tolerance
- Ensure ongoing risk monitoring to constantly right size risk assessment score



### Select alternative financial institutions

- Ensure financial institutions are not engaged with or beholden to the CCP
- Ensure transfers can be initiated with minimal setup
- Scan financial networks for transfer routes & timing to access funds
- Establish relationships & trust with the institutions



### Plan for quick movement of financial assets

- Define event triggers that would escalate risk profile beyond tolerance level
- Create an emergency plan if assets are frozen before they are moved
- Continue to move assets until the risk is mitigated
- Continuously monitor for additional triggers
- Terminate prior accounts if needed



# TECHNOLOGY PLAN EXAMPLE

## Three-step China risk reduction framework for Technology exposure

### Survey Technologies

- **Create master list** of tech & data: corporate, supply chain, blueprints, tech drawings, manuals, work instructions
- **Note proprietary technology** or technology that could be leveraged to threaten offers or core differentiators
- Consider **tech & data in or integrated in China systems**, regions controlled or claimed by China, regions aligned with China ambitions

### Rank & Assess Impact

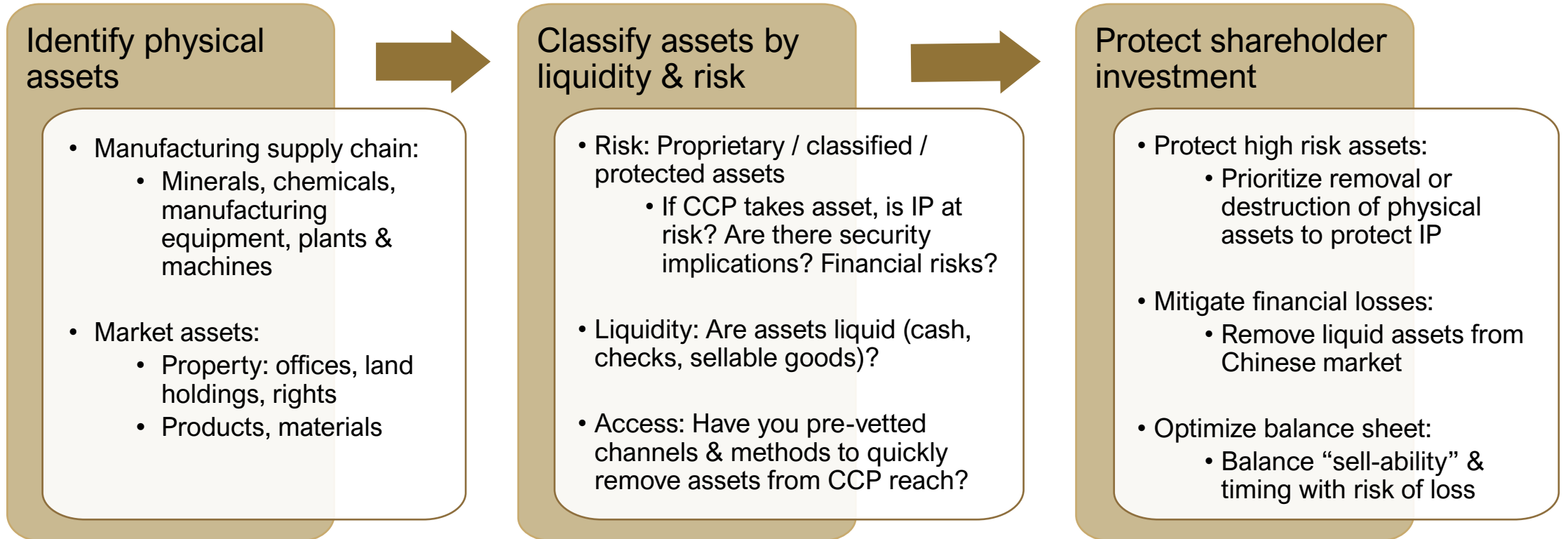
- Develop H,M,L **risk categories** that rank **technology type & infiltration points**: Consider virtual and physical attacks: cyber theft, infiltration, physical theft and physical destruction. Note **high value technology**: Proprietary, expensive, rare technology, components, data at highest risk
- **Develop rank matrix** to quantify business risk & probable impact: Partial Disruption, Fully Inoperable, & Lost to CCP
- Assign quantitative business impact values to understand potential scope of impact

### Develop Risk Mitigating Actions

- Add **virtual protection layers**: remove risky integrations that could enable CCP to access business systems or data
- Add **physical protection layers**: removal of key tech, components, data. Quietly relocate to lower risk region
- **Decide** which technologies left in China are better to destroy vs lose to CCP control; keep on “need to know” basis

# PHYSICAL ASSET PLAN EXAMPLE

## Three-step China risk reduction framework for Physical Asset exposure



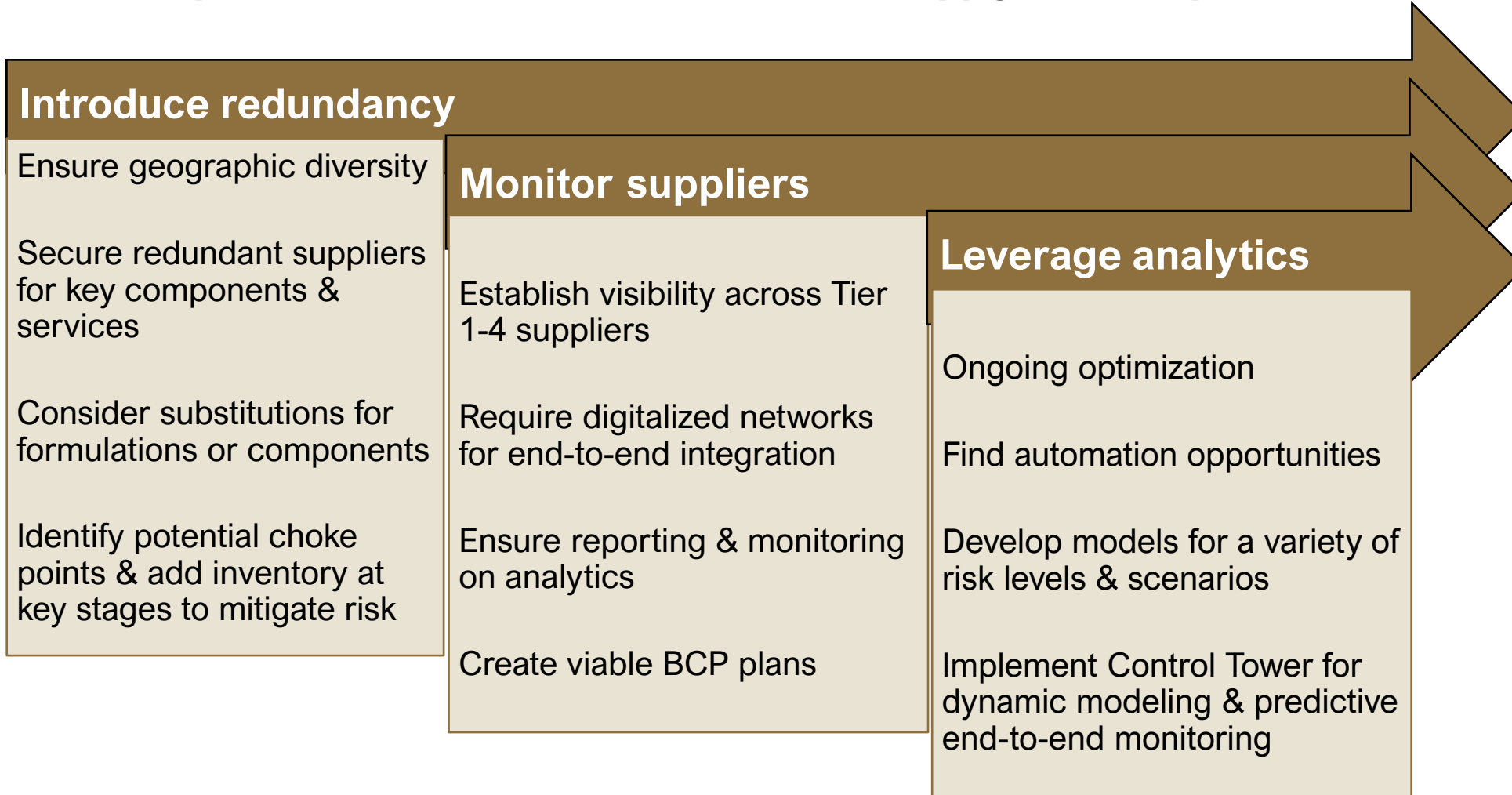
Expect economic pressure & changing regulations to impact potential profitability of assets. The CCP has permanently frozen liquid assets in times of past conflicts.

**Any asset in China is a write-off risk.**



# SUPPLY CHAIN PLAN EXAMPLE

## Three-step China risk reduction framework for Supply Chain exposure



# GOV'T & LEGAL PLAN EXAMPLE

## Three-step China risk reduction framework for Government & Legal exposure

### Environmental

In 2022, SEC proposed enhancements to climate reporting requirements.

#### China air & water pollution snapshot

**Air:** Pollution causes 750,000+ deaths/year in China alone

**Water:** 20.8% is Grade V, unsuitable for agricultural irrigation

Increase your requirements for suppliers & subsidiaries now, in advance of increasing standards

### Social

US first to call Uyghur abuse “genocide”, international community following.

#### Uyghur genocide snapshot

1M+ Uyghurs forced into inhumane “re-education camps”, subject to sterilization, starvation, & “shoot to kill” escape policy

**China denies all wrongdoing.**

### ACT NOW TO MITIGATE RISKS

Remove Xinjiang province workers from your supply chain to mitigate brand risks of growing public outrage

### Governmental

Governmental risk shifted from primarily geopolitical risk to risk within China.

#### Political stability snapshot

**Zero COVID:** Incited violent protests, despite significant personal risks

**Rising unemployment:** Record high unemployment in 16-to-24 age group

Reduce manufacturing footprint in China & China-controlled regions quickly; expect increasing geopolitical tension

# MARKET PLAN EXAMPLE

## Effective China market exit strategies can preserve commercial viability

### Explore risk-mitigating joint ventures



Evaluate potential partnerships for joint ventures in other countries that may decrease your business risk. Consider regional JVs to maintain APAC market access.

### Exit risky partnerships



Understand your current risk profile for existing joint ventures and evaluate any partnerships that pose a threat to profitability and operations in APAC. Consider impending geopolitical turmoil that will increase this risk, and proactively shift partnerships to other countries – prioritize business continuity.

### Explore local turnkey operators



Explore opportunities to package and sell a turnkey business by identifying and evaluating preliminary turnkey operators in China. Consider that once the threat in China has escalated, the market to sell businesses will be saturated. Prioritize profitability – establish new ways to capture / replace market share and begin to sell China investments now.

### Develop Day-0 Action Items



Draft agreements for exit plans to enable rapid transactions on Day 0. Consider repercussions for waiting to exit China – Day 0 should be sooner rather than later.

# SCENARIO DEVELOPMENT

## Scenario planning: Anticipating compelling and plausible futures

Scenario planning provides clarity in decision making, especially in times of high uncertainty.

Primary drivers of competing narratives:

- **Level of pandemic recovery / global hostilities:** Can the world move beyond current geopolitical tensions without repeating them?
- **Level of global openness:** What level of localization & hostility is expected? Will nearshoring and localization be modest or shift to more dramatic levels of protectionism?

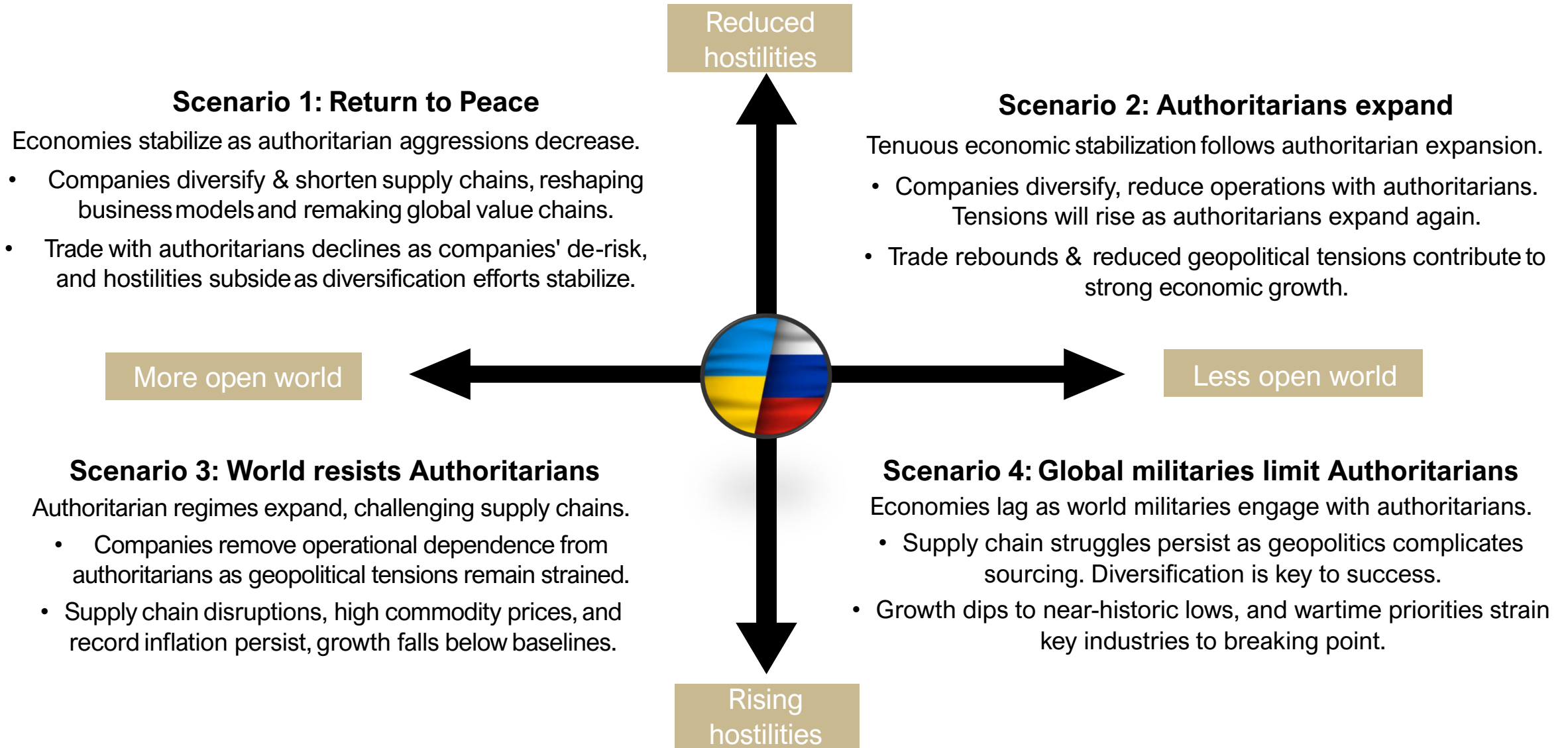
## Economic Modeling: Enables projections of impact & performance

Models leverage a range of indicators:

- Confidence effects
- Exports (goods & services)
- Emerging market risk
- World food price
- Institutional quality
- Bond stress
- Earnings
- R&D expenditures

Models reflect impact of global authoritarian aggressions, including adjustments to China's short-term interest rates and medium-term loans, lending rates, market volatility, and key indicators in the US, Japan, and Europe.

# SCENARIO IMPACTS



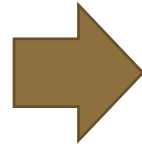
# CREATE SCENARIOS: RUSSIA / UKRAINE

An already volatile geopolitical outlook was made more combustible by the Russian invasion of Ukraine. The outcome will shape global geopolitics for decades to come.

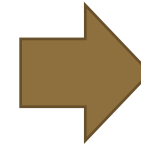


# TEST SCENARIOS AGAINST PLANS

Short & long-term plans



Test scenarios against plans:  
SWOT



Continuously improve plans

### RISK MITIGATION: SUPPLY CHAIN

Three-step China risk reduction framework for Supply Chain exposure

Introduce redundancy	Monitor suppliers	Leverage analytics
Ensure geographic diversity Secure redundant suppliers for key components & services Consider substitutions for formulations or components Identify potential choke points & add inventory at key stages to mitigate risk	Establish visibility across Tier 1-4 suppliers Require digitalized networks for end-to-end integration Ensure reporting & monitoring on analytics	Ongoing optimization Find automation opportunities Develop models for a variety of risk levels & scenarios

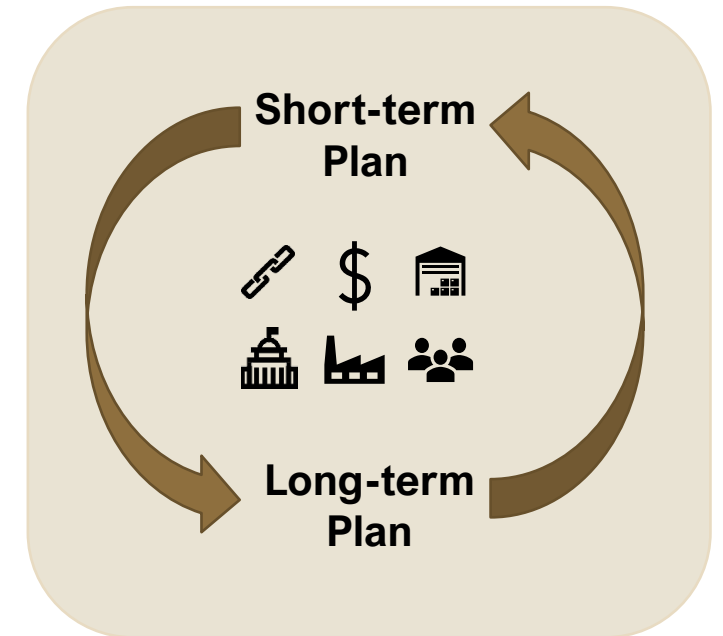
### RISK MITIGATION: GOV'T & LEGAL

Three-step China risk reduction framework for Government & Legal exposure

Environmental	Social	Governmental
In 2022, SEC proposed enhancements to climate reporting requirements.  <b>China air &amp; water pollution snapshot</b> Air: Pollution causes 750,000+ deaths/year in China alone Water: 20.8% is Grade V, unsuitable for agricultural irrigation	US first to call Uyghur abuse "genocide", international community following.  <b>Uyghur genocide snapshot</b> 1M+ Uyghurs forced into inhumane "re-education camps", subject to sterilization, starvation, & "shoot to kill" escape policy China denies all wrongdoing.	Governmental risk shifted from primarily geopolitical risk to risk within China.  <b>Political stability snapshot</b> Zero COVID: Incited violent protests, despite significant personal risks Rising unemployment: Record high unemployment in 16-to-24 age group
ACT NOW TO MITIGATE RISKS		
Increase your requirements for suppliers & subsidiaries now, in advance of increasing standards	Remove Xinjiang province workers from your supply chain to mitigate brand risks of growing public outrage	Reduce manufacturing footprint in China & China-controlled regions quickly, expect increasing geopolitical tension

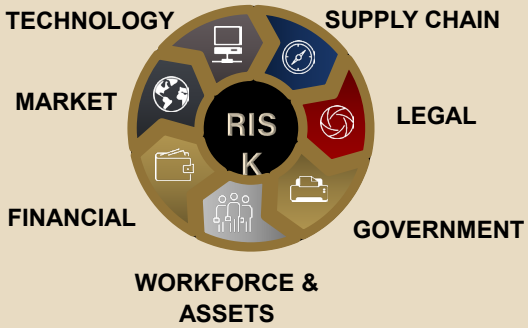
Source: SEC, WSJ, BBC, WSJ Response Plan

	Helpful to achieving the objective	Harmful to achieving the objective
Internal origin (attributes of the organization)	S Strengths	W Weaknesses
External origin (attributes of the environment)	O Opportunities	T Threats



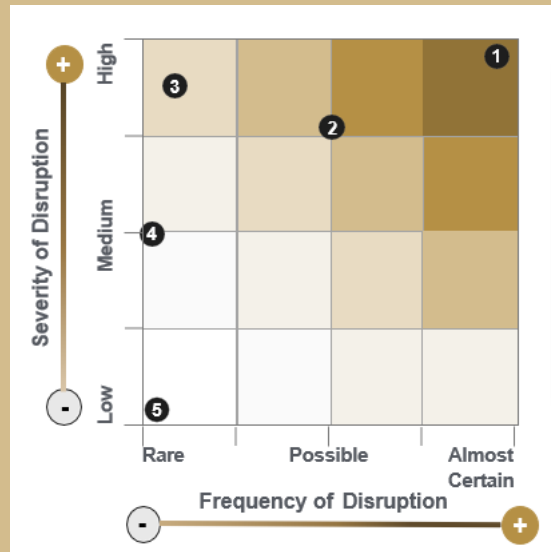
# FOUR STEP PROCESS TO MITIGATE RISK

Step 1  
Assess Risk



*“What is our exposure?”*

Step 2  
Prioritize Risk



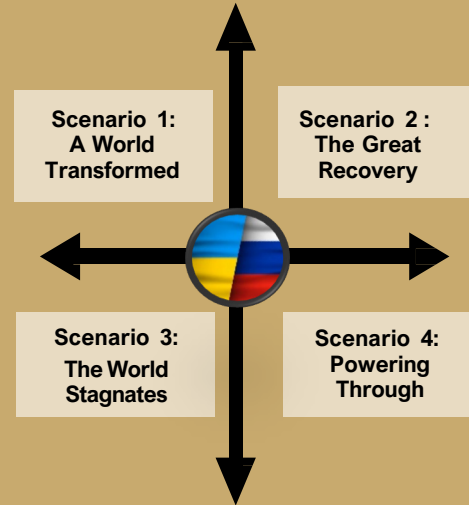
*“What do we do right now?  
What’s next?”*

Step 3  
Develop Response Plans



*“How do we position  
ourselves for success?”*

Step 4  
Scenario Tests



*“Does the plan work?”*



# EXECUTE WITH EXPERTS

*You can't afford to get caught off guard on this one. So, prepare now. When that moment comes, and you're not ready, it will already be too late. When the dreaded becomes the inevitable, you no longer need to fear it. You must develop a plan and execute on it.*

**~ Keith J. Krach**

**Fortune / April 27, 2022**

# RISK MITIGATION: STRATEGIC PILLARS



# EXECUTE WITH EXPERTS

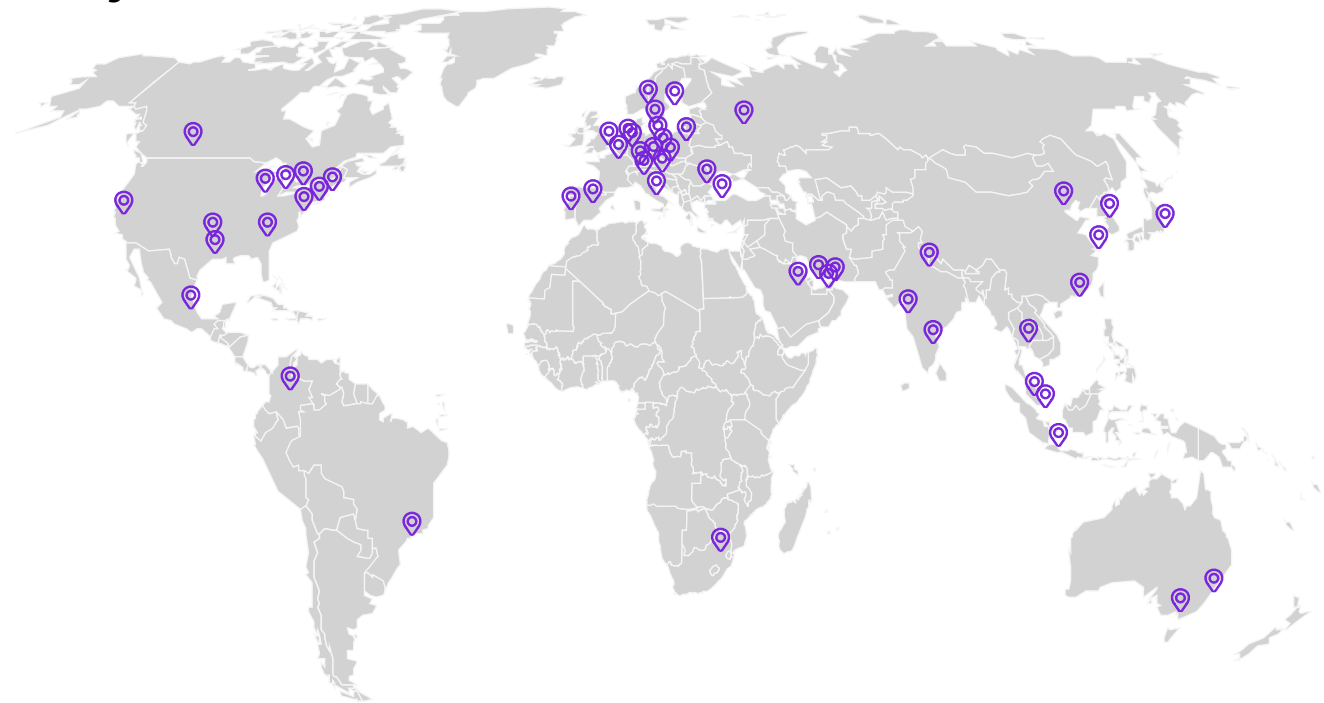
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The only global partnership that works with the world's largest companies *and* is small enough to feel like a family.

As a global consulting partnership, Kearney's people make us who we are. We're individuals who take as much joy from those we work with as the work itself. Driven to be the difference between a big idea and making it happen, we help our clients break through.

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# *EXECUTE WITH EXPERTS*

## STRATEGY*R*ISKS

Strategy Risks works with companies, financial institutions, and nonprofits to help them quantify and manage their risk exposure to China. This helps firms mitigate their regulatory, political, and ESG risk in both the United States and China. Using a proprietary blend of open-source research and data, we create a contextualized risk profile based on your needs.

Strategy Risks provides critical political analysis, data, and risk assessment to quantify the ties between corporations and the Chinese Communist Party (CCP). Our tools arm investors, policy makers, regulators, and civil society with in-depth research and insights, enabling our clients to think more strategically and responsibly when it comes to investing and operating in China, and to help our clients manage their China risk.

# *EXECUTE WITH EXPERTS*



## **STRIDER**

Strider is revolutionizing the way companies, universities, research institutions, and government agencies protect their innovation and compete in a new era of global strategic competition. Our trailblazing technology and intelligence solutions enable clients to proactively identify, manage, and respond to nation-state directed IP theft and supply chain vulnerabilities.

- Strider offers an intuitive dashboard companies can use to see how foreign government strategic plans, economic goals, and economic statecraft policies overlap with company innovations.
- Strider also offers supplemental information on talent that's at the highest risk of being targeted. This information complements your existing insider threat solution and provides crucial context in your investigations.

# EXECUTE WITH EXPERTS

## TRUE NORTH STRATEGIES

## AUTHORITARIAN RISK MITIGATION

As the geopolitical risk of maintaining a significant presence in China increases and companies take steps to minimize operating exposure, it's essential to get internal and external messaging right. Investors, customers, foreign governments, activists and the media are paying close attention. How a company communicates these decisions to stakeholders makes the difference between a successful transition and one that garners unflattering headlines and draws the ire of the CCP and its disinformation machine.

True North Strategies helps organizations navigate an increasingly murky and shifting media environment. We develop strategic communication plans and craft responses that protect our partners, providing them with a softer landing. With decades of experience formulating public policy and managing crisis communications at the highest levels in the private sector and government, our team provides long-term strategies focused on sustainable and high-value growth.

**Principals** *True North brings together communications and policy experts from the Departments of State and Defense, the UN, Capitol Hill, and top news outlets.*



**Ambassador Kelley E. Currie**  
United Nations  
State Department  
Capitol Hill



**Heather Nauert**  
State Department  
Fox News  
ABC News



**Manisha Singh**  
State Department  
OECD  
Capitol Hill



**Amy K. Mitchell**  
Defense Department  
State Department  
Capitol Hill



**Jonathan Wachtel**  
United Nations  
ABC News  
Fox News

# FORM COALITIONS

*When you confront a bully, they back down. Especially when you've got friends by your side.*

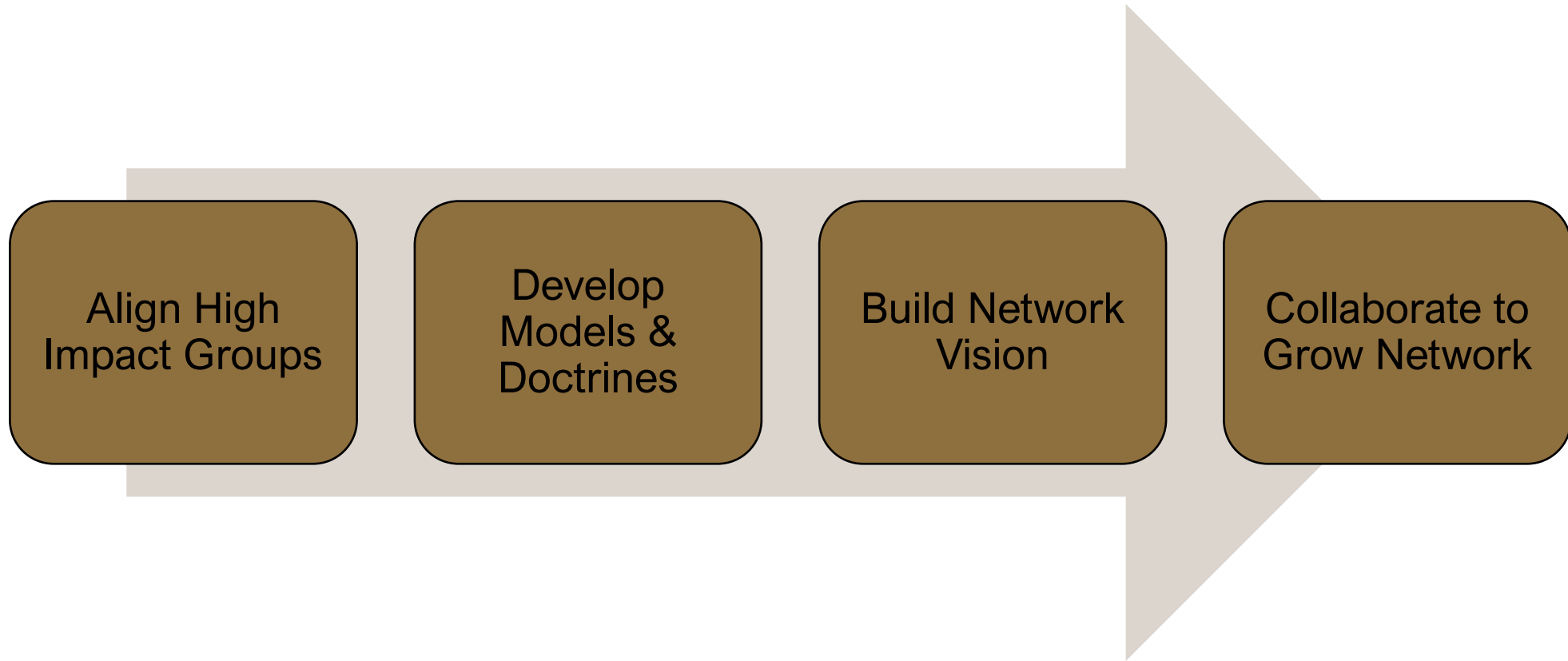
**~ Keith J. Krach**

# RISK MITIGATION: STRATEGIC PILLARS





# *FORM COALITIONS TO UNITE ALLIES*

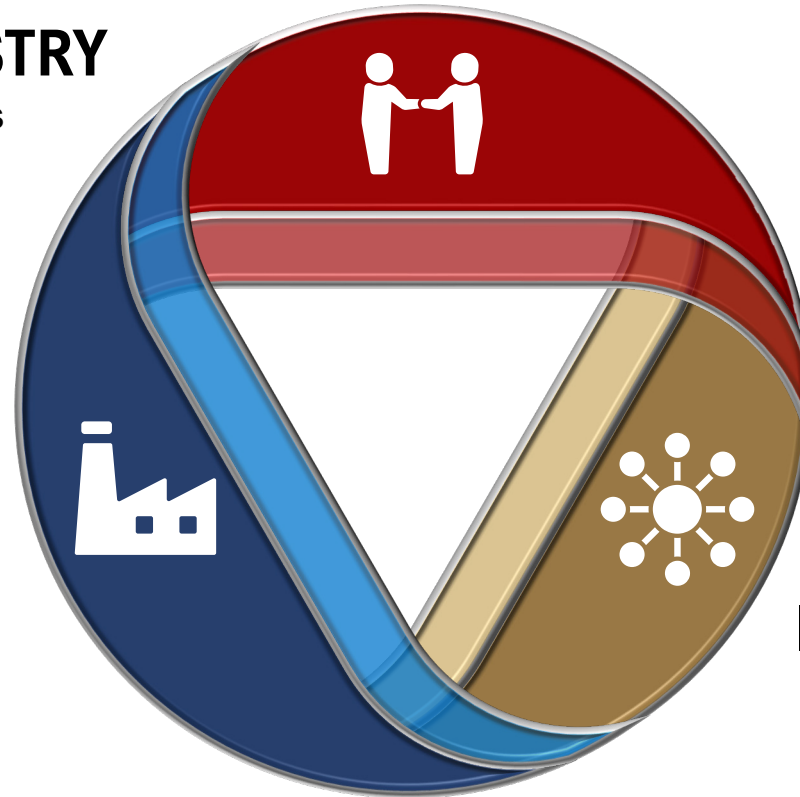




# GLOBAL ALIGNMENT

## PARTNERS IN YOUR INDUSTRY

- International Business Consultants & Risk Management Firms
- Industry Associations and Chambers of Commerce
- Import/Export Consultants and Customs Brokers
- Industry Coalitions and Alliances
- Legal Counsel with International Trade & Intellectual Property Experience
- Network with Trade Partners & Other Businesses
- Public Relations, Media, Public Advocacy



## ADVOCATES IN YOUR GOVERNMENT

- U.S. Department of State; Embassies & Consulates
- U.S. International Trade Commission (USITC)
- United States Trade Representative (USTR)
- Your congressional representatives
- European Commission - Directorate-Gen for Trade
- European Intellectual Property Office (EUIPO)
- European Parliament Members
- Trade Department, Ministry or Diplomatic Channels of your home country

## INTERNATIONAL ORGANIZATIONS

- Organization for Economic Cooperation and Development (OECD)
- North Atlantic Treaty Organization (NATO)
- International Intellectual Property Organizations
- Global Tech Security Commission (GTSC)
- Global Trusted Tech Network (GTTN)
- Government Trade Agencies of Other Countries
- Foreign Trade Zones (FTZs)

# *ADVOCATES IN U.S. GOVERNMENT*

- **U.S. Department of State:** Consider contacting the U.S. Department of State to discuss diplomatic options for addressing the issue with the Chinese government.
- **U.S. Embassies and Consulates:** Contact the U.S. Embassy and Consulate in China for insights and assistance in navigating trade challenges and exploring potential solutions.
- **U.S. International Trade Commission (USITC):** The USITC investigates trade issues, including the impact of tariffs on industries. They might provide insights into the economic impact of tariffs and potential remedies.
- **United States Trade Representative (USTR):** USTR is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy. They may be able to assist with trade-related issues and advocate for fair competition.
- **Your congressional representatives:** Contact your Federal & Local congressional representatives to ensure your needs are being well represented and for insights on how to best navigate and implement government resources.

# *ADVOCATES IN YOUR EU/OTHER*

- **European Commission - Directorate-General for Trade:** Engage with the European Commission's Directorate-General for Trade to discuss trade-related challenges and explore potential advocacy efforts.
- **European Intellectual Property Office (EUIPO):** If intellectual property rights are involved, the EUIPO can provide guidance on protecting your intellectual property within the European Union and abroad.
- **European Parliament Members:** Contact members of the European Parliament who specialize in trade and economic matters. They might be able to advocate on your behalf or raise the issue within the EU.
- **Government's Trade Department or Ministry:** Contact your own government's trade department or ministry. They might have resources, advice, and mechanisms to address international trade-related disputes and issues. They could also provide guidance on how to protect your trade secrets while conducting business internationally.

# ***INTERNATIONAL ORGANIZATIONS***

- **Organization for Economic Cooperation and Development (OECD):** The OECD works with governments to create policies establish evidence-based international standards. MNCs can leverage OECD resources to engage in mediation and resolution to align on international implementation of guidelines & policies.
- **North Atlantic Treaty Organization (NATO):** NATO is an established global alliance among countries to progress conversations of defense, security, and multi-national crisis management operations. They provide a platform to engage with other countries on proactively and reactively collaborating on international threats.
- **International Intellectual Property Organizations:** Organizations like the World Intellectual Property Organization (WIPO) and national intellectual property offices can provide guidance on protecting your intellectual property rights, including trade secrets, internationally.
- **Global Tech Security Commission (GTSC):** GTSC is a network of multi-sector leaders committed to the strategy & adoption of trusted technology. If your organization uses data or technology of interest to or in China, this network can provide valuable guidance.
- **Global Trusted Tech Network (GTTN):** GTTN is an alliance of democracies committed to advancing shared prosperity through the implementation of the Clean Network and collaboration in commerce, investment, supply chains, money flows, research, safeguarding assets, research, logistics, procurement, trade, policy, and standards.
- **Government Trade Agencies of Other Countries:** If your company operates in multiple countries, you might seek assistance from the trade agencies of other countries where you have a presence. They may have insights or resources that could be helpful.

# ***PARTNERS IN YOUR INDUSTRY***

- **International Business Consultants & Risk Management Firms:** Consulting experts in international business & trade can help you develop a strategic approach for addressing unfair competition & subsidies.
- **Industry Associations and Chambers of Commerce:** Industry-specific associations and chambers of commerce often have resources and expertise to help businesses affected by tariffs. They can also provide a platform for networking and collaboration with other companies facing similar challenges.
- **Import/Export Consultants and Customs Brokers:** Consulting with experts who specialize in international trade and customs regulations can help you navigate the complexities of tariffs and supply chain logistics.
- **Industry Coalitions and Alliances:** If multiple companies in your industry are facing similar challenges, form or join coalitions or alliances to collectively address the issue and advocate for fair competition.
- **Legal Counsel with International Trade & Intellectual Property Expertise:** Engage legal experts who specialize in international trade law and intellectual property protection. They can help you understand your rights, assess potential risks, and develop strategies to safeguard your trade secrets.
- **Network with Trade Partners and Other Businesses:** Connect with other companies that might be facing similar challenges. Collective advocacy efforts can carry more weight in addressing unfair competition.
- **Public Relations, Media and Public Advocacy:** Consider raising awareness of the issue through media and public relations efforts to highlight the impact of unfair competition practices.



# GLOBAL TECH SECURITY STRATEGY

*The Krach Institute has been chartered to lead the Global Tech Security Commission in developing the Global Tech Security Strategy for allies, partners, industries and coalitions.*

- **MEMBERS:** 12 tech sector, 15 country, & 20 strategy commissioners; 200+ Advisors; 14 Hon. Co-chairs
- **CHARTER:** Integrate offensive & defensive strategies for tech sectors into overarching global tech strategy.
- **MISSION:** Unify like-minded countries, leverage private sector innovation by building a global tech trust network, & establish tech trust standards.
- **GOAL:** Accelerate the development and adoption of trusted technology to safeguard freedom.

	COUNTRIES															
TECH SECTORS	Australia	Canada	Finland	France	Germany	India	Israel	Japan	Taiwan	Korea	Sweden	Switzerland	United Kingdom	United States	Netherlands	
Semiconductor																
5G/IoT																
AI																
Quantum																
Cloud Computing																
Auto. Vehicles																
Biotech																
Clean Energy																
Robotics/Manufacturing																
Digital Currency																
Space																
Hypersonics/Energetics																

Diplomacy  
 Defense  
 Export Controls  
 Education  
 Prosperity Partnerships  
 Lawfare  
 Supply chains  
 Micro Lending  
 Development Bank  
 Military-Civil Fusion  
 Outbound investment  
 China Expertise  
 Data/Cyber  
 Economic Security  
 Investment Screening  
 Media  
 Capital Markets  
 IP Protection  
 Disinformation  
 Venture Investing  
 Board Strategy  
 Intelligence

STRATEGIES

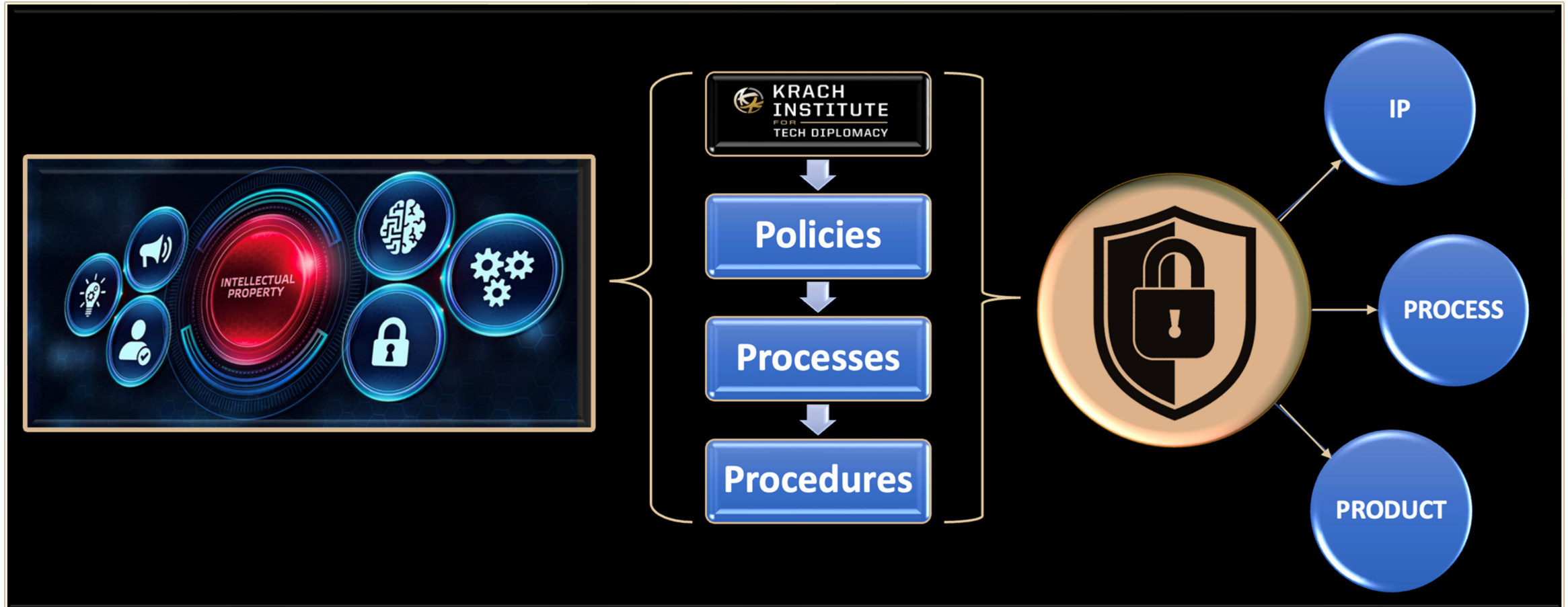
# GLOBAL TECH TRUST STANDARD

The Global Trust Network develops an overarching industry Tech Trust Standard & establishes a Certification Center for Trusted Tech to fortify NATO's work on Tech & AI standards



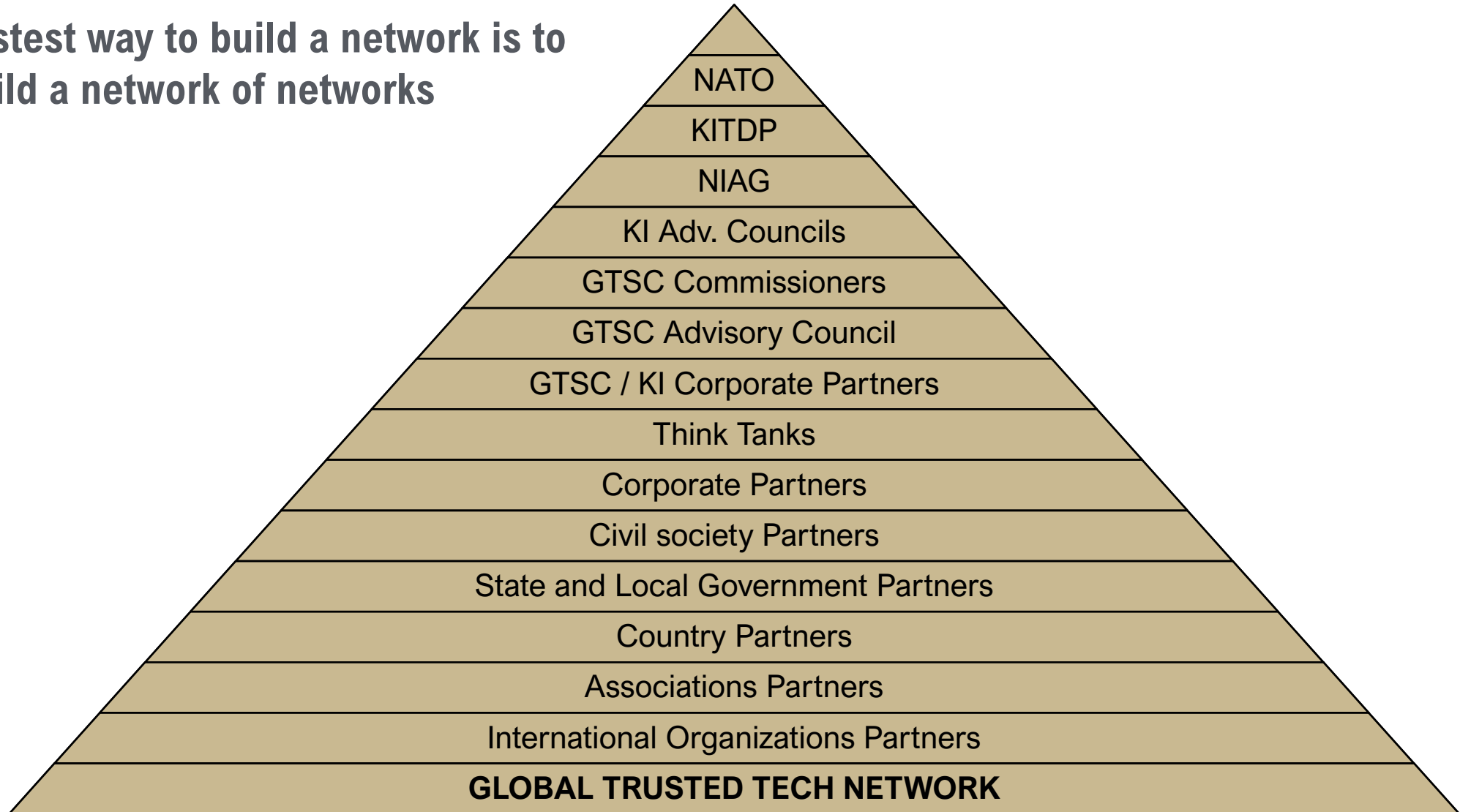


# 3Ps TECHNOLOGY PROTECTION



# ***GLOBAL TRUSTED TECH NETWORK VISION***

**Fastest way to build a network is to  
build a network of networks**



# COLLABORATION WITH DEVELOPED NATIONS

## Commerce Secretary Raimondo and GTS Commission Chair Krach Deliver Briefing on Advancing U.S. Tech Leadership

*Implementation of the \$280B Bipartisan CHIPS Act  
Plays Crucial Role in Combating Techno-Authoritarianism*



The two-year mission of the Global Tech Security Commission established by the Krach Institute and the Atlantic Council is to develop a Global Tech Security Strategy that complements such multinational efforts as the Indo-Pacific Economic Framework and the Future of the Internet declaration. While previous commissions have primarily focused on analyzing problems and offering recommendations limited to defensive policies, the Commission will not only consist of offensive and defensive strategies for combating techno-authoritarianism, but will also begin to build a Global Tech Trust Network for adopting Tech Trust Standards to accelerate the use of trusted technology.

### Commission Aims

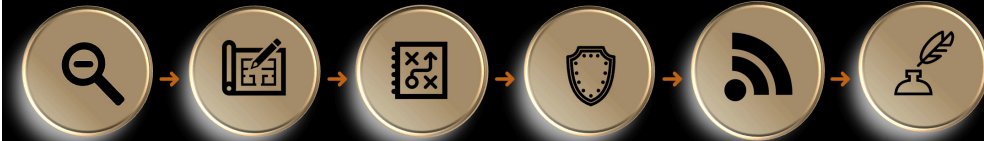
Target Key Tech Sectors to Boost Innovation & Gain Economies of Scale

Build a Tech Trust Network Based on the Trust Doctrine to Unify and Rally Allies

Design & Integrate Offensive and Defensive Strategies to Gain Competitive Advantage

Drive the Adoption of Trusted Technology to Advance Freedom

### Commission's Areas of Focus



Competitive Analysis

SWOT Analysis

Offensive Strategies

Defensive Strategies

Force Multipliers

Policy Recs

TECH Councils Focus

Strategy Councils

Country Councils