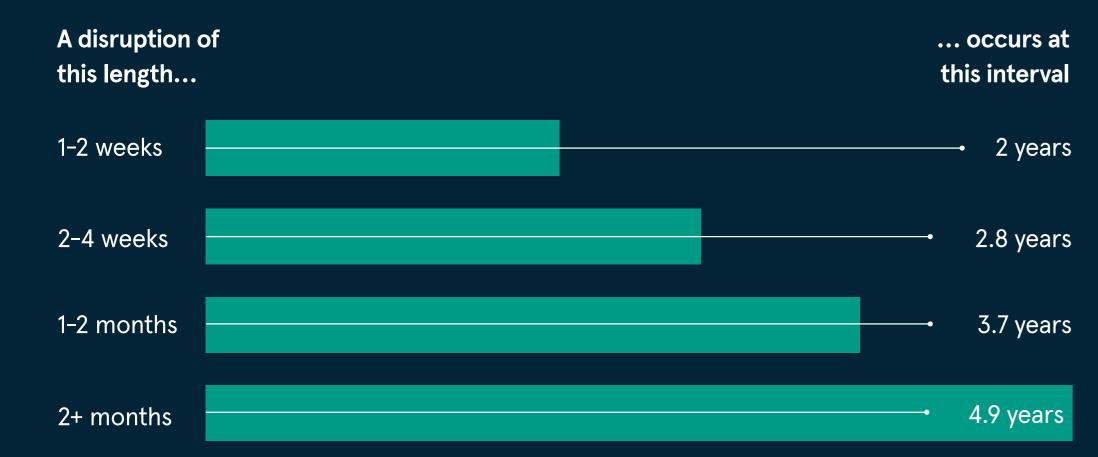
RESPONDING TO DISRUPTION

Supply chains have suffered a series of disruptions in recent months, ranging from Brexit and Covid-19 to the Suez Canal blockage and the HGV driver shortage. Socalled black-swan events are seemingly becoming more regular occurrences, which makes the ability to respond and recover quickly from them increasingly crucial for any business seeking a competitive edge

SUPPLY CHAIN SHOCKS ARE BECOMING MORE FREQUENT **AND SEVERE**

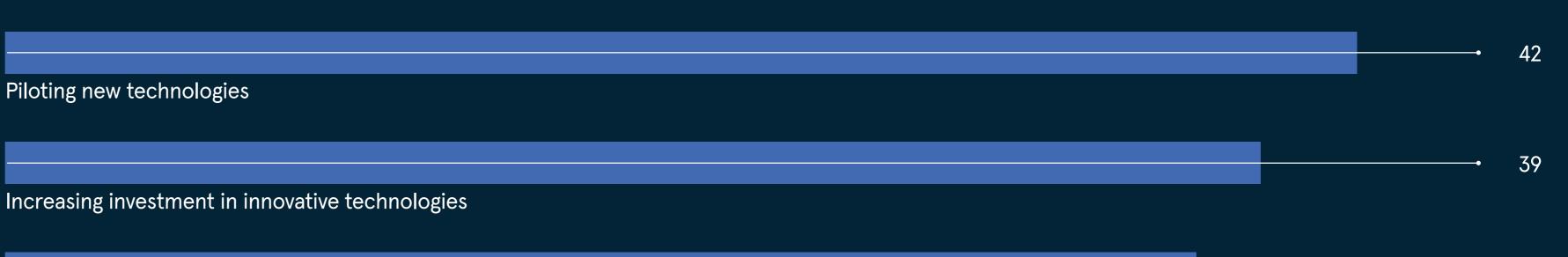
Frequency of supply chain shocks



COMPANIES ARE TAKING ACTION TO PREPARE FOR CHANGES OVER THE NEXT 10 YEARS

Percentage of companies taking the following actions

Partnering with vendors to better understand applications and business benefits



Recruiting for different skills to align with their future requirements

Altering their organisational structure and changing employee incentives to create a culture of innovation

30

Retraining employees to work with emerging technologies

MHI, 2020

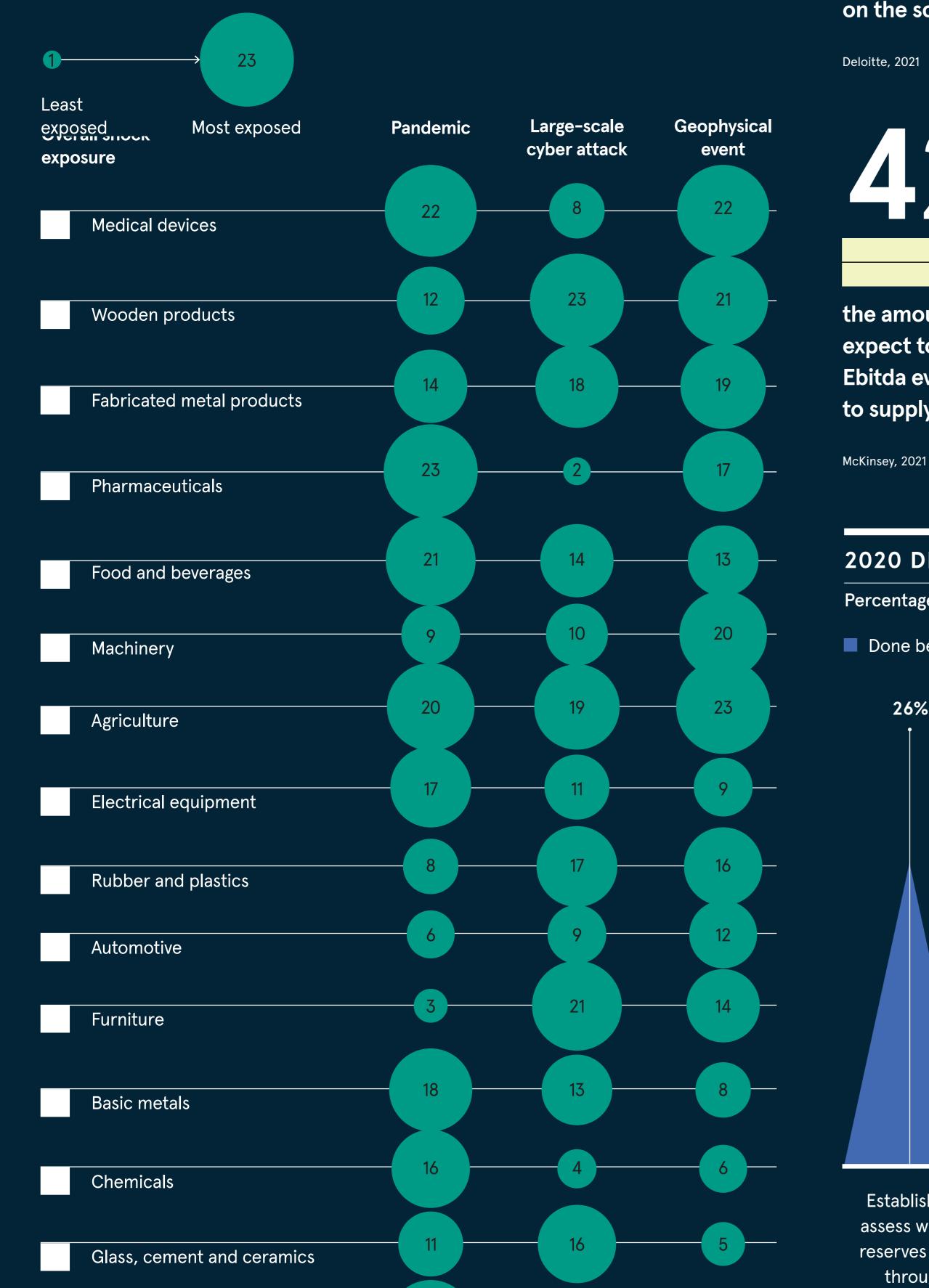
- 24

39% of companies rate supply chain disruptions as extremely or very challenging for them

MHI, 2021

SUSCEPTIBILITY TO SUPPLY CHAIN DISRUPTION VARIES SIGNIFICANTLY ACCORDING TO THE SHOCK AND THE SECTOR

Rankings of supply chains' exposure to shocks in 2020







of global CXOs believe that there will be future disruptions on the scale of Covid-19

Deloitte, 2021





the amount companies can expect to lose of one year's Ebitda every decade owing

LOSSES FROM SUPPLY CHAIN DISRUPTIONS VARY FROM SECTOR TO SECTOR

Net present value of expected losses over 10 years (% of annual Ebitda)

| Commercial aerospace | |
|----------------------------|-------------|
| Automotive | |
| Mining | |
| Petroleum products | → 45.5 |
| Electrical equipment | · 41.7 |
| Glass, cement and ceramics | · 40.5 |
| Machinery | · 39.9 |
| Computers and electronics | • 39 |
| Textiles and apparel | • 38.9 |
| Medical devices | • 37.9 |
| Chemicals | • 34.9 |
| Food and beverages | → 30 |

to supply chain disruptions

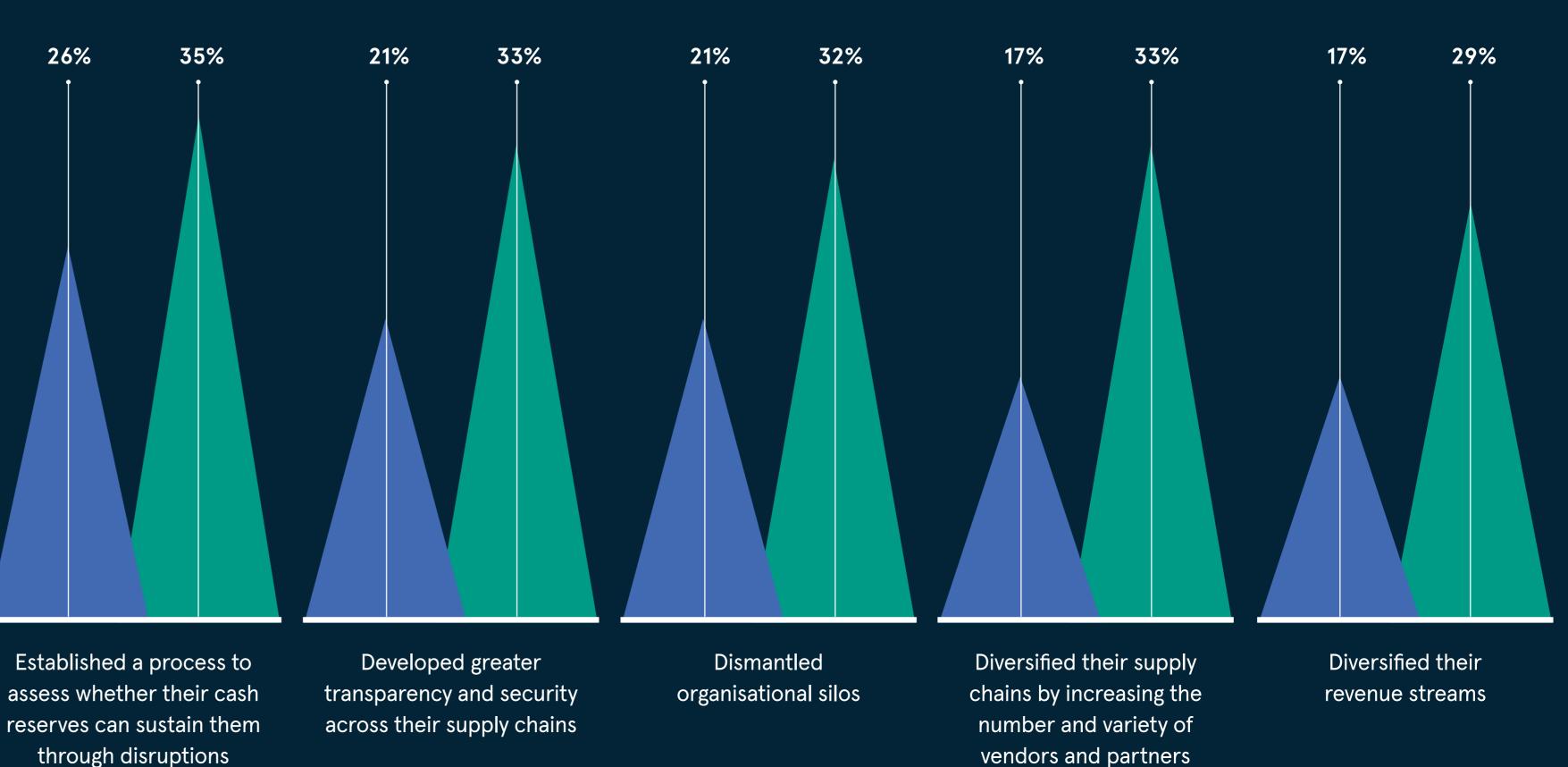
Pharmaceuticals

McKinsey, 2021

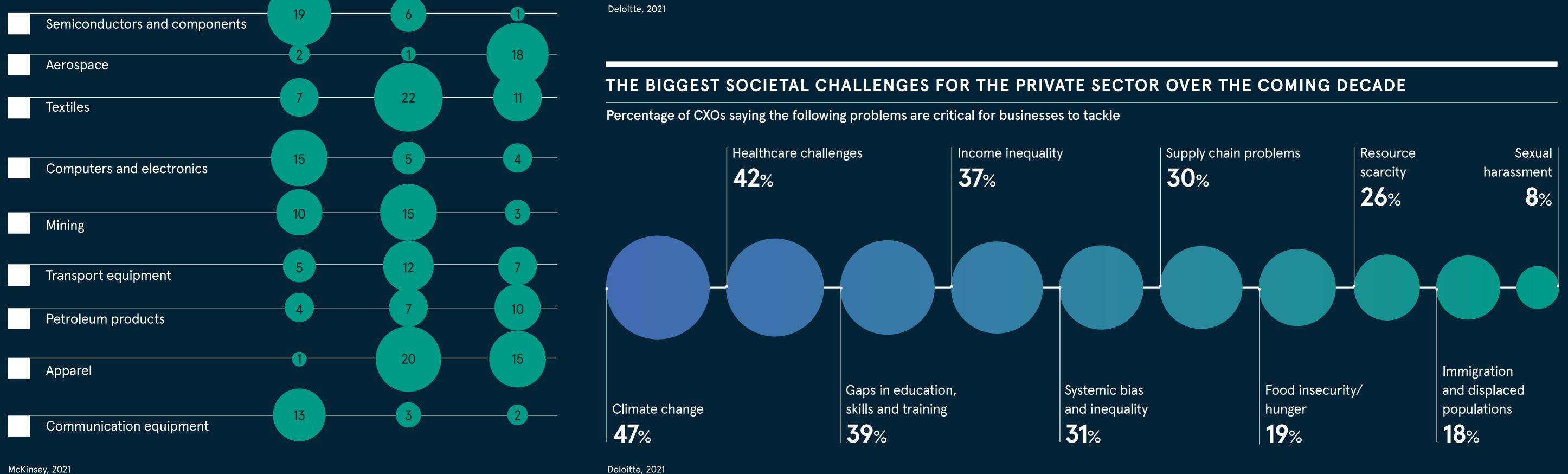
2020 DISRUPTION PROMPTED MANY BUSINESSES TO INVEST IN PREPAREDNESS

Percentage of organisations that have implemented the following to prepare for disruptive events

Done before 2020 Done in 2020 or in progress



vendors and partners



McKinsey, 2021

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