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The Foundations of Corporate Foreign Policy



Why Corporate Foreign Policy?

**Cargill plant in Ukraine
occupied by armed group**

GM racks up big loss from Venezuela's plant takeover

Japan quake likely to affect business globally

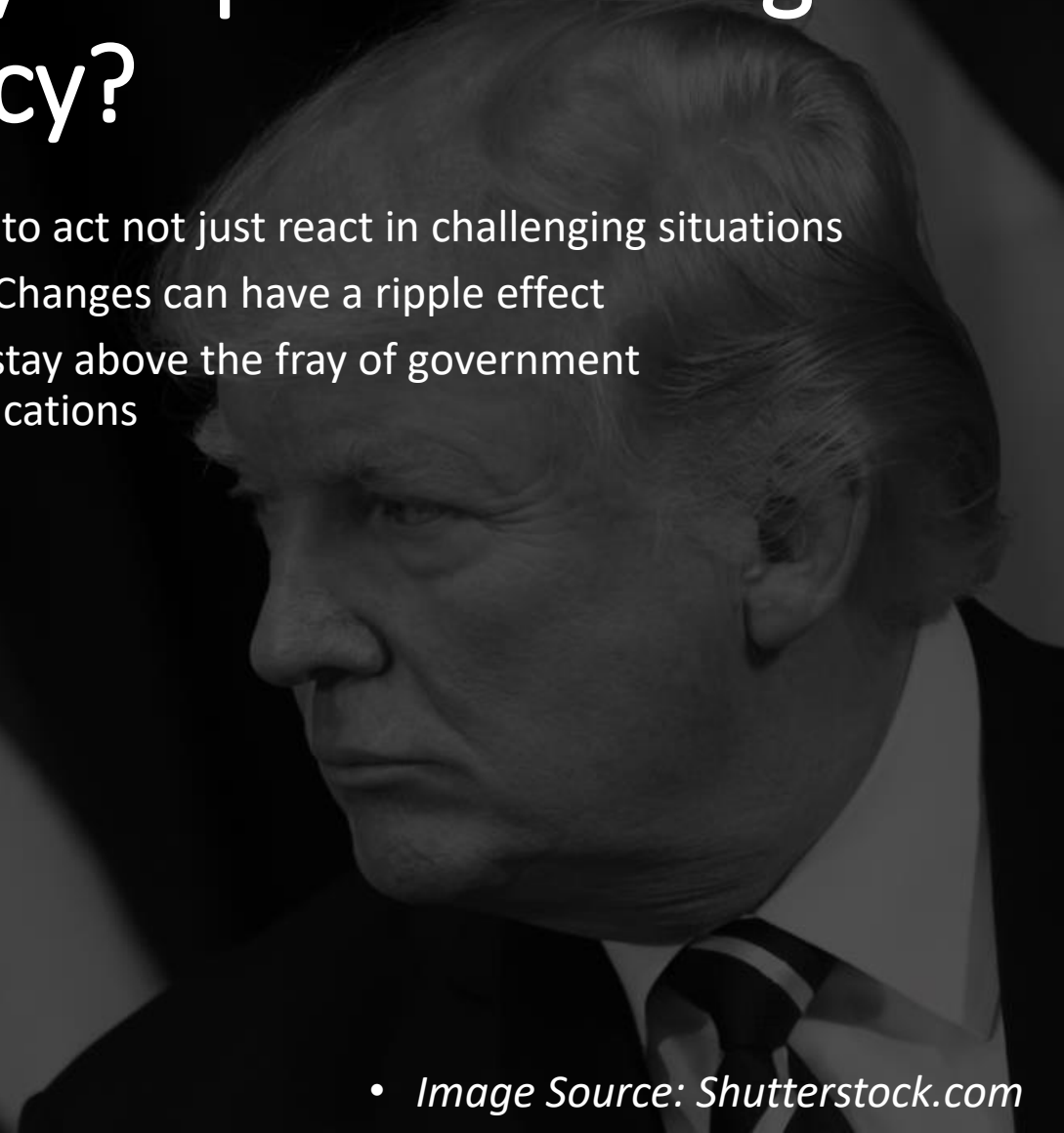
**Geopolitical Risks Not Fully Accounted For In
World Oil Markets**





Why Corporate Foreign Policy?

- A plan to act not just react in challenging situations
- Policy Changes can have a ripple effect
- Helps stay above the fray of government communications



• *Image Source: Shutterstock.com*



Foreign Policy Defined

“A set of actions or rules governing an independent political authority deployed in the international environment”



Corporate Foreign Policy Defined

“A comprehensive outline of the tactics and vision a private business employs when operating internationally”



Components of Corporate Foreign Policy:

- Economic Intelligence
- Corporate Diplomacy
- Risk Assessment



Economic Intelligence

Identify top export markets	www.comtrade.un.org
Research economic history	Past history not obvious predictor of future behavior
Analyze political leadership & party tendencies	Party trends concerning trade



Corporate Diplomacy

Understand history or country-to-country relations	https://www.cia.gov/library/publications/the-world-factbook/
Identify government divisions and NGOs	Chambers of Commerce Official government pages: International trade division
Research corruption levels	https://www.transparency.org/research/cpi/overview

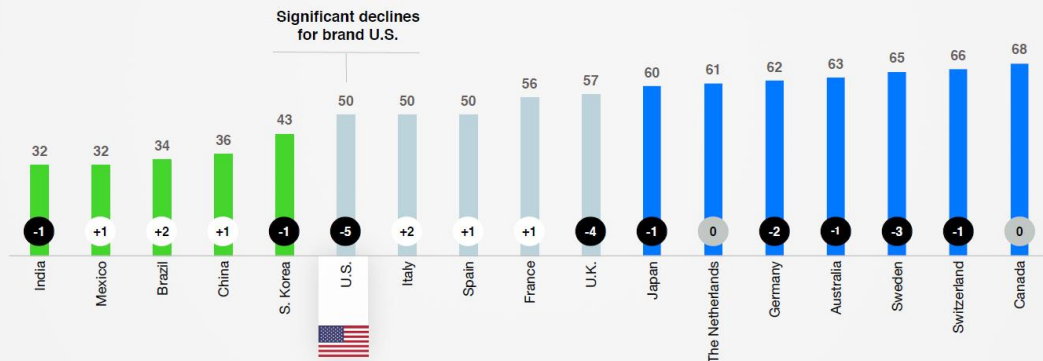


Corporate Diplomacy

Trust Declines in Nine Country Brands

Trust in companies headquartered in each country, and change from 2017 to 2018

■ Distrust ■ Neutral ■ Trust
- 0 + Y-to-Y Change



Source: 2018 Edelman Trust Barometer. TRU_NAT. Now we would like to focus on global companies headquartered in specific countries. Please indicate how much you trust global companies headquartered in the following countries to do what is right. Use the same nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust), countries shown to half of the sample. General Population, 28-market global total.

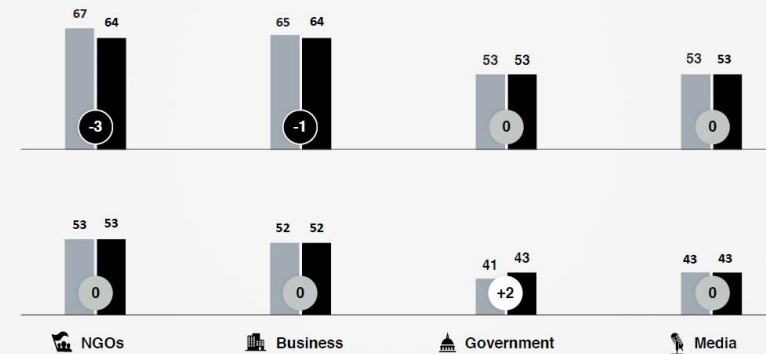
No Recovery in Trust

Percent trust in each institution, and change from 2017 to 2018

■ 2017 ■ 2018
- 0 + Y-to-Y Change

▲
Informed Public

▲
General Population



Source: 2018 Edelman Trust Barometer. TRU_INS. Below is a list of institutions. For each one, please indicate how much you trust that institution to do what is right using a nine-point scale, where one means that you "do not trust them at all" and nine means that you "trust them a great deal." (Top 4 Box, Trust) Informed Public and General Population, 28-market global total.



Source: 2018 Edelman Trust Barometer

Risk Assessment

Geopolitical Risk:

risk of disruptive conflict

Economic Risk:

risk of disruptive economic policy

Political Risk:

risk of disruption due to political process

Security Risk:

potential safety concerns for personnel

Environmental Risk:

risk of disruptive natural disaster

Legal Risk:

risks faced by foreign companies navigating the courts

Logistics Risk:

risks faced when shipping to/from/within



Corporate Foreign Policy: Actions not reactions

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Thank you!

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