

TALKING GEOPOLITICS

Airmic ERM 2017

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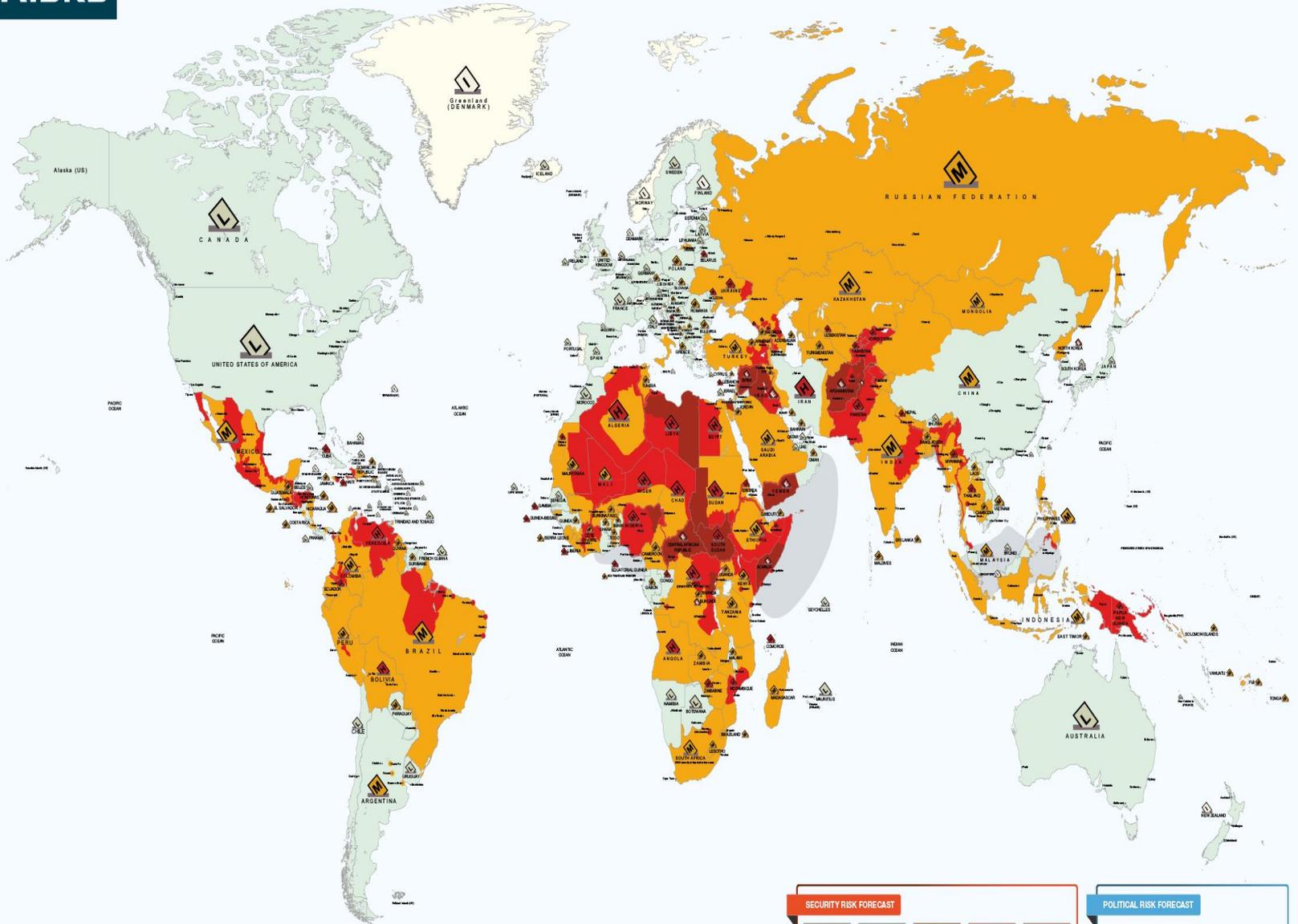
- Introductions
- A warm up exercise
- An exercise in geopolitical risk
- An exercise in CV-writing

■ Introductions

- Who we are
- Where we're from
- What we do
- Why it matters (we think)

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RiskMap 2017



SECURITY RISK FORECAST

INSIGNIFICANT LOW MEDIUM HIGH EXTREME

PIRACY RISK Areas of heightened piracy risk.

POLITICAL RISK FORECAST

INSIGNIFICANT LOW MEDIUM HIGH EXTREME

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■ A starter for 10...

Have a moment to think about the following:

- *What is geopolitics?*
- Geopolitics [jee-oh-pol-i-tiks] noun, (used with a singular verb)
- 1. the study or the application of the influence of political and economic geography on the politics, national power, foreign policy, etc., of a state.
- 2. the combination of geographic and political factors influencing or delineating a country or region.
- 3. a national policy based on the interrelation of politics and geography.
- 4. a Nazi doctrine that a combination of political, geographic, historical, racial, and economic factors substantiated Germany's right to expand its borders and control various strategic land masses and natural resources.

Welcome to geopolitics in... Turkey



■ And welcome to the Turkish retail sector



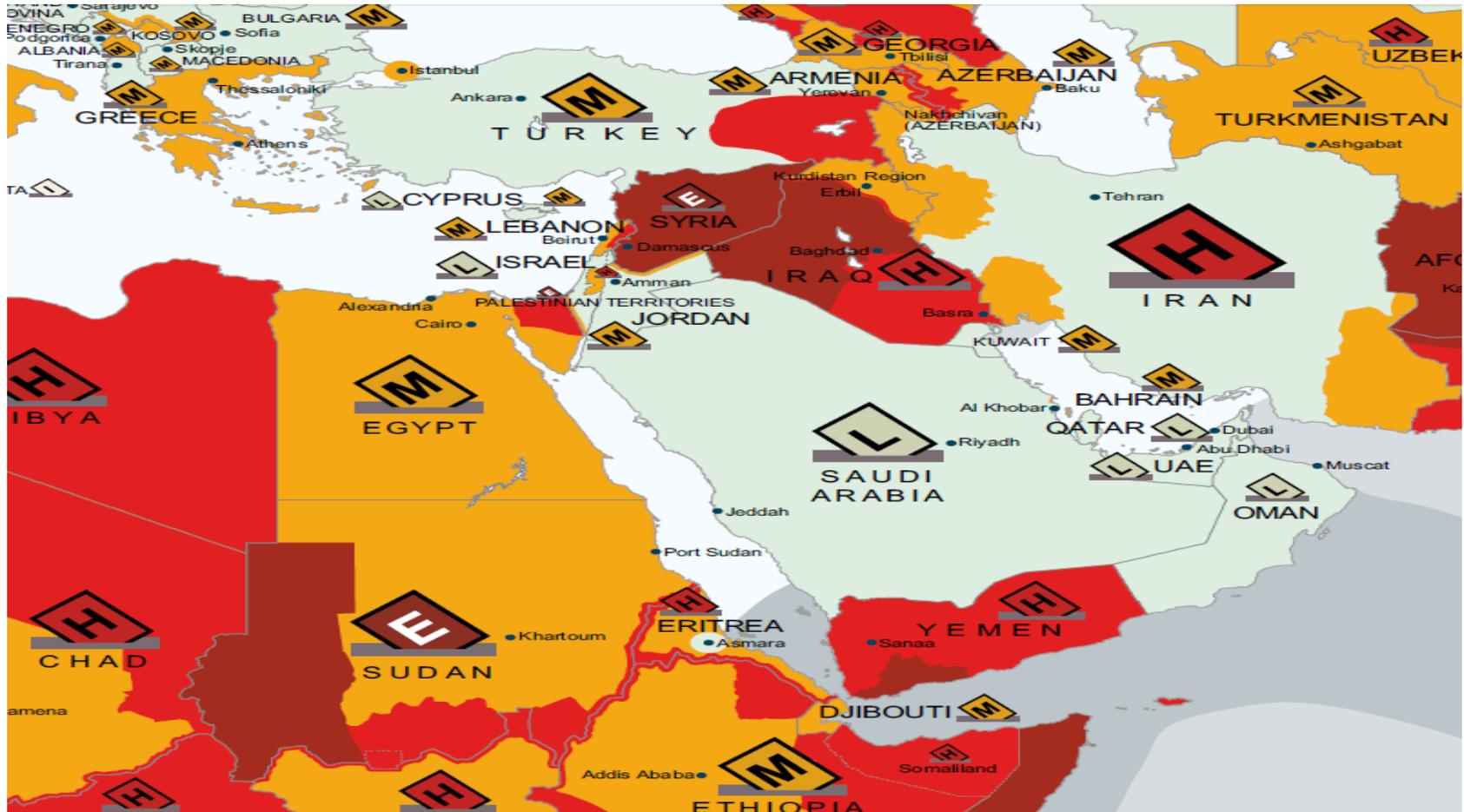
■ Roll up your sleeves

We're going to have a small exercise. It will be painless. We promise.

- You are an international supermarket operator
- You have owned a large chain of retail outlets in Turkey since 2002
 - You have branches all over the country
 - You sell domestic and imported goods
- You have a small number of expat executives (and their families) in Istanbul and Ankara
 - Otherwise, your Turkish business is managed by Turkish nationals
- You're a profitable, high-profile company
 - You support a national football team
 - You support local charities in the cities where you do business

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“No problems with the neighbours”?



■ What do we know about Turkey lately?

Geopolitically, Turkey is one of the world's most complicated countries

- Recep Tayyip Erdogan has been president since 2014
 - Had been head of gov't as PM since 2002
 - Erdogan consolidates power: constitutional amendment in April 2017
- Coup attempt July 2016
 - Ongoing purges of opposition figures in gov't and private sector
- Turkey is in NATO
 - But in conflict with the US over support of Kurdish militias in Syria
 - Cooperating with Russia also not hugely popular
- Accession talks with the EU are essentially frozen
 - Relations tense with Germany, The Netherlands
- Security situation tense
 - Attacks in public places in large cities and provincial capitals

■ And then, one day...

- The Turkish general manager of your Istanbul region is arrested
 - He has been accused of being a Gülenist
- Your dairy supplier is arrested and his company's activities are temporarily suspended
 - Under the exact same pretence
- So far, so good, right?
 - What do you do in the first 24 hours?
 - What do you do in the first week?
- What do you need to know? What do you wish you already knew?
- What resources will you require? How many of them do you already have?

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■ But wait! These were just domestic issues, right?



■ The temperature rises...

- President Donald Trump's tax reform bill fails. He needs a quick win.
- The US campaign against Assad escalates. The US and Russia are at war in Syria.
 - The flow of refugees increases dramatically.
 - Turkey can no longer cope
- The Turkish government builds a refugee camp next to the distribution centre for your Southeast stores
 - Did you even know you had a distribution centre in Gaziantep?
- President Erdogan provides every refugee with a map of Europe.
 - Germany is circled with highlighter pen

- What do you need to know? What do you wish you already knew?
- What resources will you require? How many of them do you already have?

- Meanwhile, in Germany...



... the elections are over

Merkel is in the middle of coalition negotiations

- If she allows in another wave of migrants, the talks will collapse
 - AfD is pressuring from the right, her own party is under pressure
 - EU-Turkey refugee deal broken
- To stem the flow of refugees from Turkey, *the EU imposes sanctions on Turkey*
 - Erdogan and his cabinet: travel ban, European bank accounts and assets frozen.
 - Export guarantees suspended
- In response, Erdogan begins arresting expat executives
 - He starts with Germans, but then starts to move on
- What do you need to know? What do you wish you already knew?
- What resources will you require? How many of them do you already have?

■ Don't panic!

You've been preparing for this ever since you entered the Turkish market.

Right?

- Kidding aside, what sort of plans do you have in your top desk drawer?
- A threat assessment
 - And a remediation strategy?
- Stakeholder map?
 - Who and where are your most important stakeholders?
 - Are they allies? Antagonists?
- Crisis management plan? Business continuity plan?
 - A crisis management team
 - A stakeholder communications plan

- A good head-hunter?

Questions? Thank you!

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