



**GLOBAL
NETWORK
FORUM 2023**



Trust Risk Control
We are TRC!

TRC Future

Corporate Management in an increasingly risky world

Global Network Forum, Cannes 31.05.23

Christoph Baltsch – CEO TRUST RISK CONTROL AG



Trust Risk Control
We are TRC!



“Life is what happens to you while you’re busy making other plans.”

Great disasters are seldom predictable



- Global Financial Crisis 2007 – 2008
- Rohingya genocide Myanmar 2017 - ongoing
- Russia attacking Ukraine 2022 - ongoing
- Covid-19 pandemic 2021 – 2022
- Doubling of natural disasters by climate change



Significant trends are shaping our future



- War of ideas - Democracies vs. autocracies
- Race of China and USA – Who will lead or even dominate the world

- De-Risking / Friend-Shoring flow of jobs from China
- Energy transition and digitization, especially through AI
- Self-isolation versus globalization



War of ideas – Democracy vs. autocracy

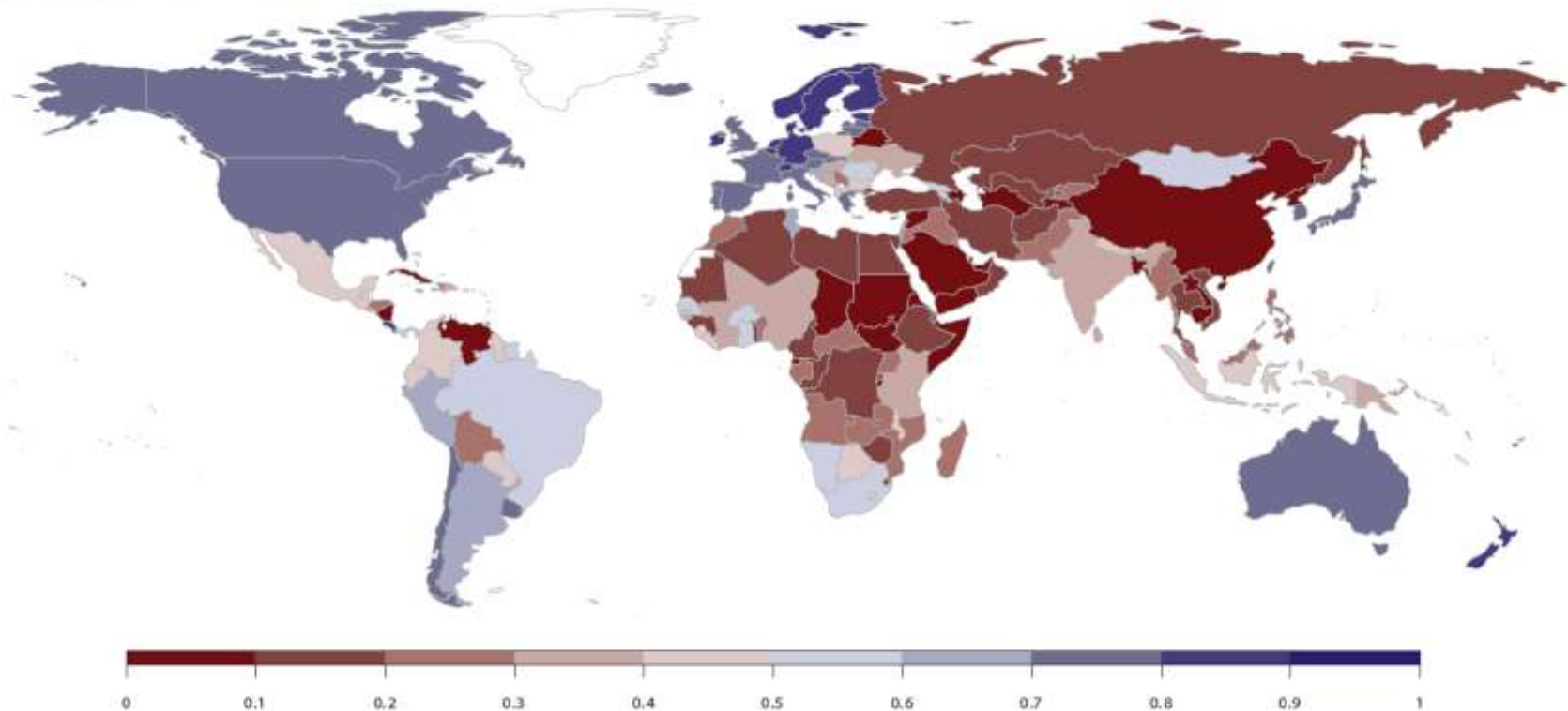
- In politics, a war of ideas is a confrontation among the ideologies that nations and political groups use to promote their domestic and foreign interests
- Autocracy vs. democracy is a term that is used to compare two forms of government. In short, governing power in an autocracy is concentrated around one individual with limited or no checks and balances on that person's authority. In contrast, democracies grant governing authority to the people or to governing officials through free elections.



The State of liberal democracies in 2020



FIGURE 4: THE STATE OF LIBERAL DEMOCRACY IN 2020

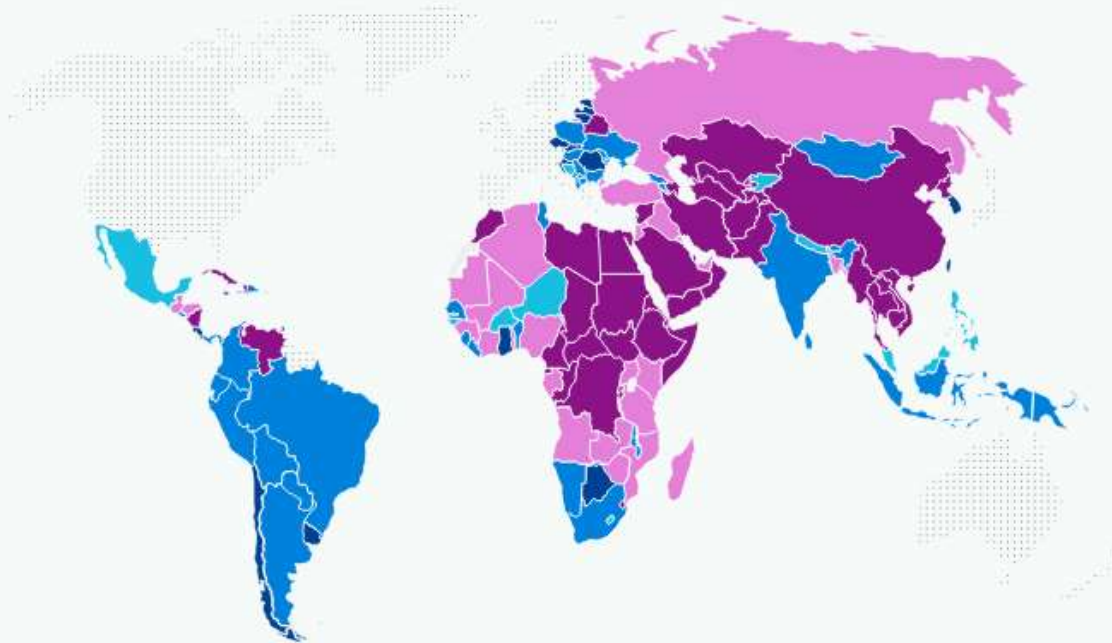


Source: PanDem Project (Edgell et al. 2021).

Democracies transforming into autocracies



Political Transformation



Political Transformation

- democracy in consolidation
- defective democracy
- highly defective democracy
- moderate autocracy
- hard-line autocracy

Transformation Index BTI 2022

© Bertelsmann Stiftung 2022

Race of China and USA

Who is going to lead / dominate the world in the future



- It's hard to predict who will win the race but chances are the USA will eventually prevail as it makes no economic sense for China to start a war.
- China is spreading the narrative that it has never invaded other countries in the past 2.000 years but actually China annexed Tibet in 1950 and invaded Vietnam in 1979.
- Should China ever make the big mistake of going to war with Russia against the democracies of the West and Asia that would probably start World War III with unforeseeable consequences for all countries and all of mankind.

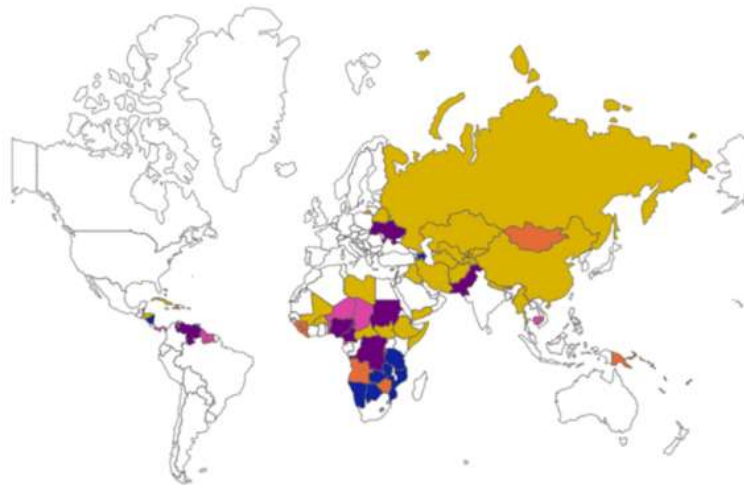


De-risking / Friend-shoring *Source RaboResearch

Reason for exclusion ● Data ● Infrastructure ● Labor potential ● Political stability ● Unacceptable country



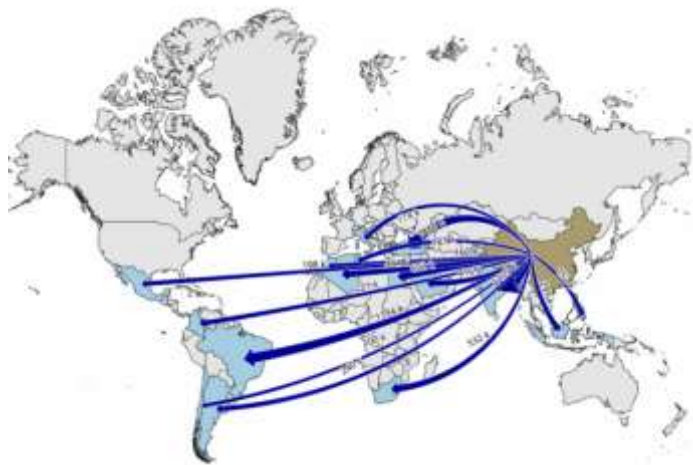
Trust Risk Control
We are TRC!



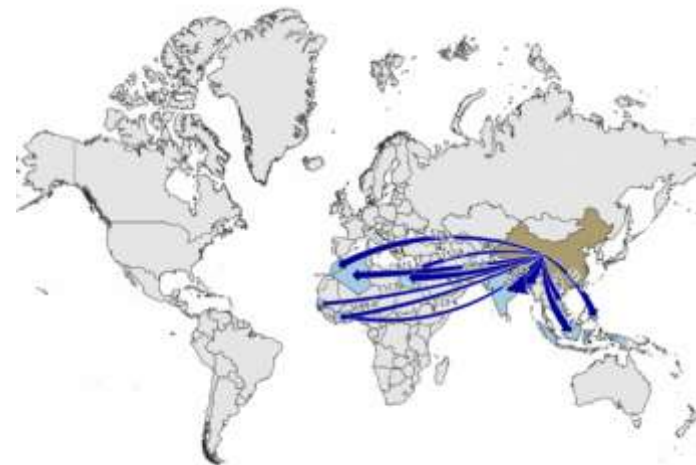
High-tech friend-shoring job flows from China



Medium-tech friend-shoring job flows from China



Low-tech friend-shoring job flows from China



Energy transition and digitization, especially through AI



- Since natural gas and oil have become so expensive renewable energy sources from wind, sun and water have been on the rise. Even the relative expensive production of hydrogen is becoming increasingly important and will also be used to maintain mobility in the future.

- Open AI's software application ChatGPT demonstrates in an impressive way what artificial intelligence can already do. The global market for AI driven technologies is estimated to USD 15 Trillion which will have a major impact also for insurance related transactions in the forthcoming years.

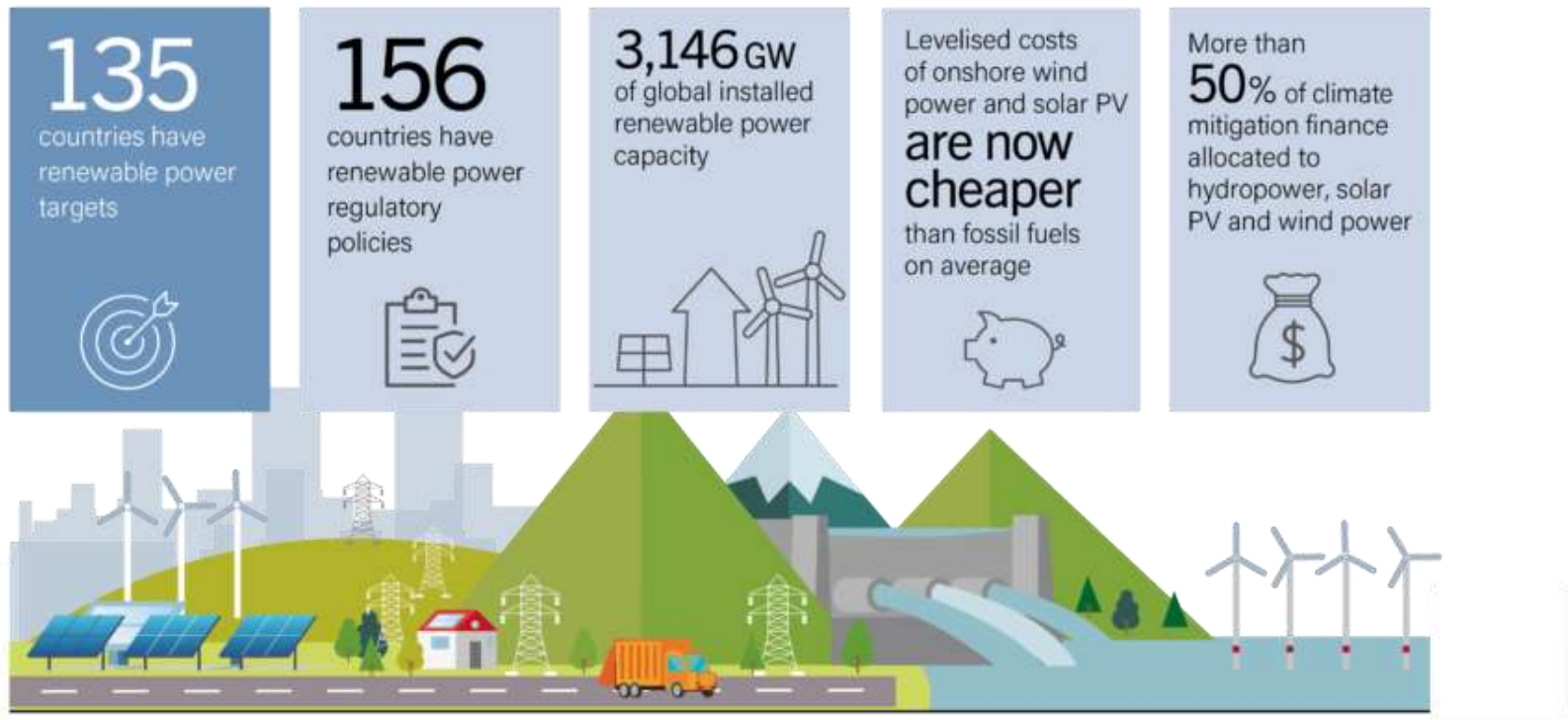


Energy transition – Renewables on the rise



Trust Risk Control
We are TRC!

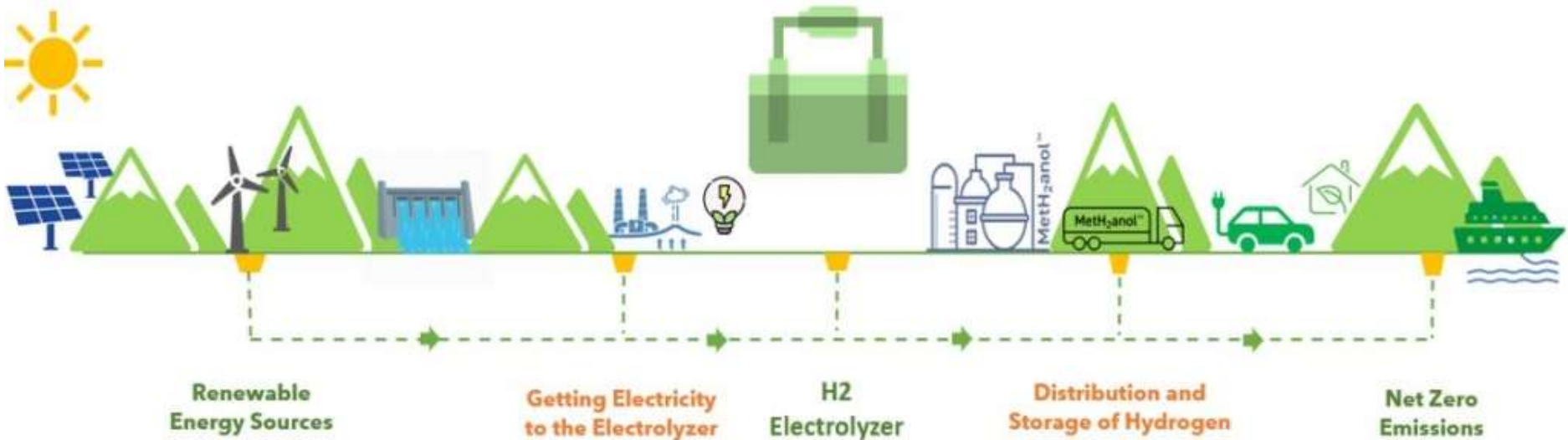
Renewables in Power



Energy transition – to produce Green Hydrogen



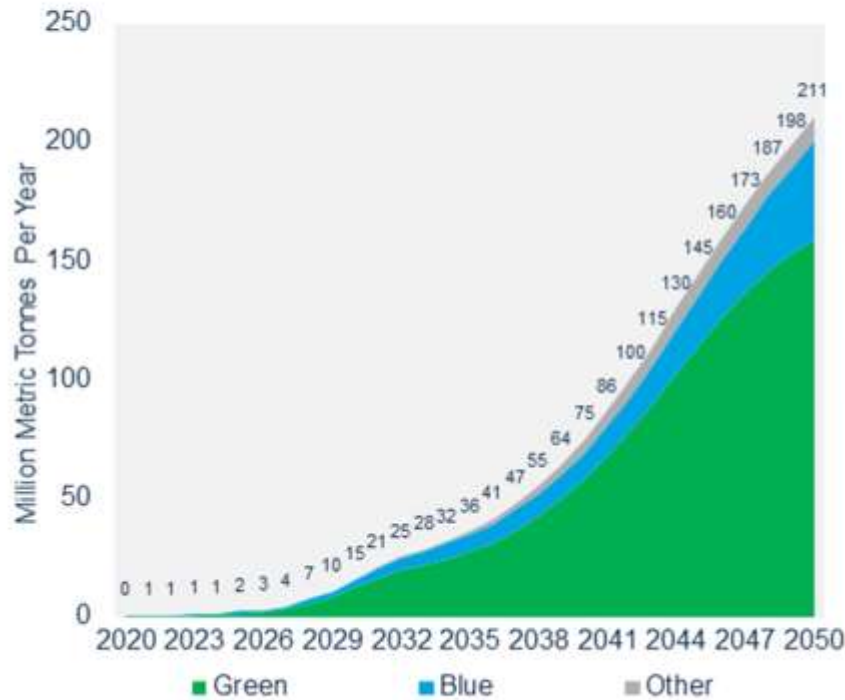
Green Hydrogen



Green hydrogen capacity takes off

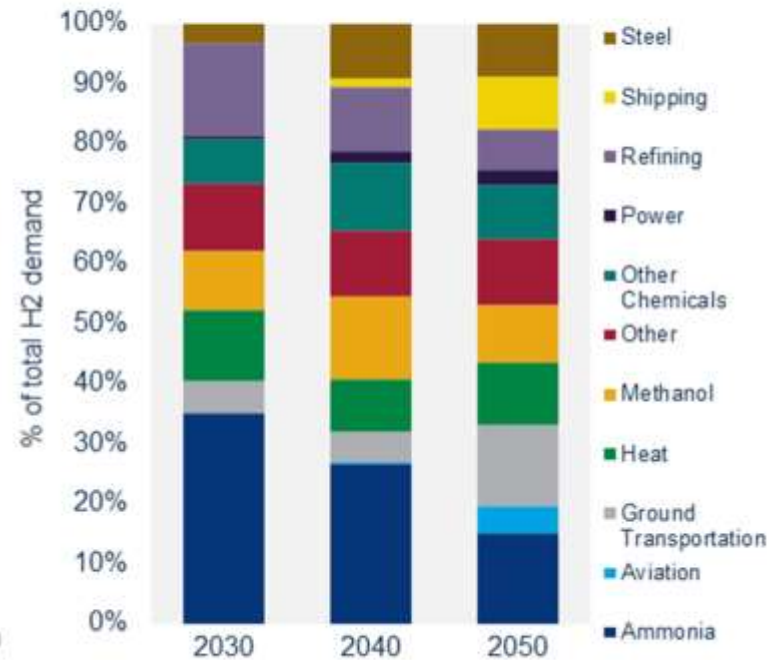
Green hydrogen capacity takes off post-2030 (LHS) and starts to penetrate hard-to-abate sectors

Global low carbon hydrogen production by colour, 2020 – 2050



Source: Wood Mackenzie

Global hydrogen demand by existing end use, 2030 – 2050



The rise of A.I.

The Future Of A.I.

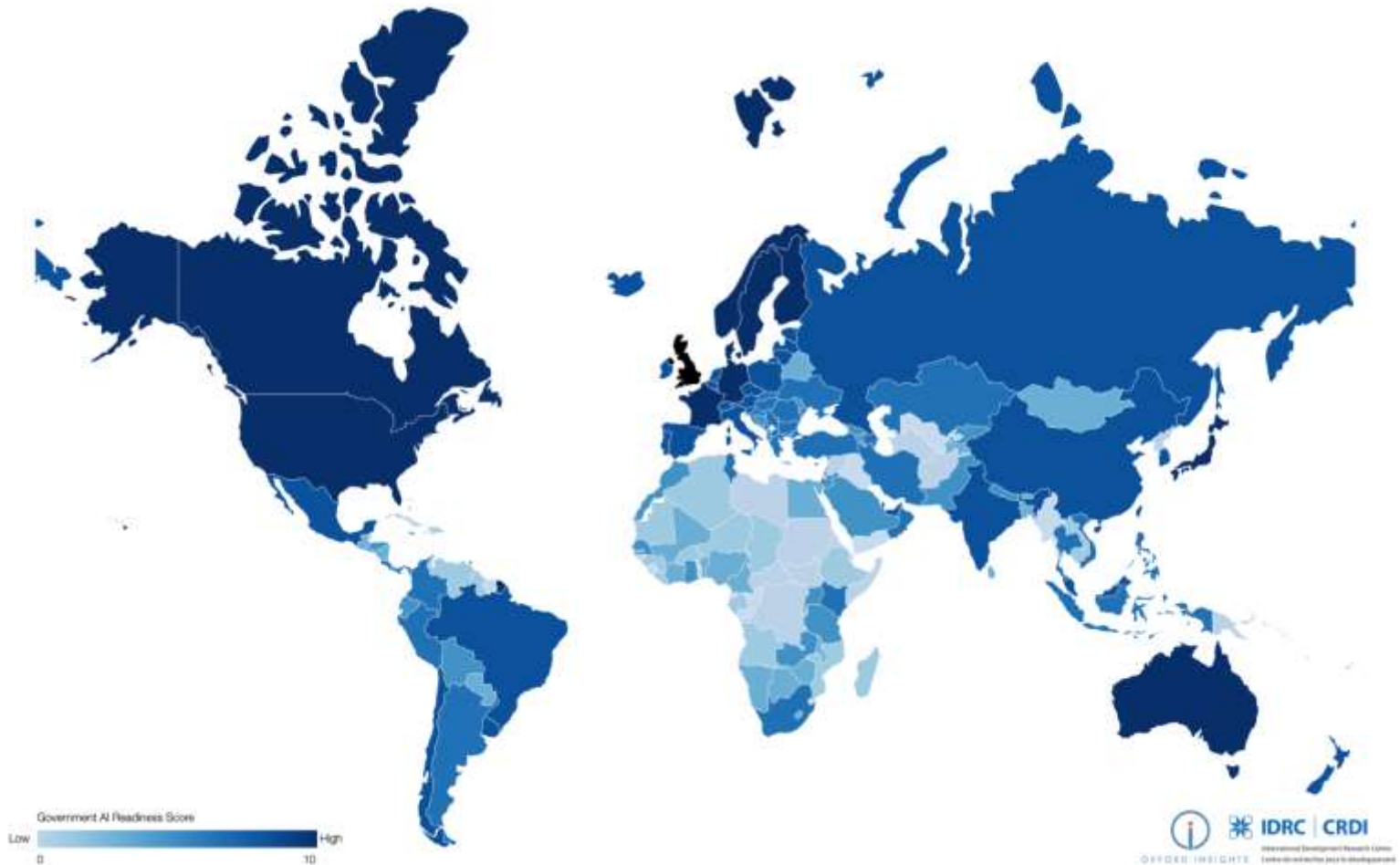
Forecasted cumulative global artificial intelligence revenue 2016-2025, by use case (U.S. dollars)



Readiness of governments to apply A.I . * Source Oxford Insights



Trust Risk Control
We are TRC!



Self-isolation vs. globalization - China



Trust Risk Control
We are TRC!

China's economic fortress: Beijing is tightening control over international exchanges

Cross border flows are under ever greater scrutiny

PEOPLE	TECHNOLOGY	TRADE	INVESTMENT	DATA
<p>China's already miniscule number of foreign residents (0.06% of the population) faces even tighter restrictions on entering the country as a result of the pandemic. 73 percent of European companies report a negative impact from COVID travel restrictions.</p>	<p>China is rapidly pursuing technological self-reliance, which it aims to achieve by developing local tech where possible, onshoring foreign providers where necessary (as encouraged in the 14th Five-Year Plan) and importing supplies from abroad where there is no alternative.</p>	<p>Despite ongoing trade disputes, trade in goods is mostly open and unrestricted. China's share of global trade has skyrocketed from 2.6 to 10.4 percent between 2000 and 2020, with China's trade in goods and services exceeding USD 5 trillion in recent years.</p>	<p>Investment into China remains restricted in many areas, but restrictions in non-sensitive industries are generally being removed. China overtook the United States as the world's top destination for new foreign direct investment in 2020, attracting USD 163 billion in investment.</p>	<p>China strictly controls access to information through the Great Firewall, which blocks over 300,000 domains. Meanwhile, new data governance rules demand extensive data localization from companies in China, and tightly restrict cross-border data transfers.</p>

Sources: National Bureau of Statistics, EUCCC Business Confidence Survey, State Council, World Bank, United Nations Conference on Trade and Development, Cornell University

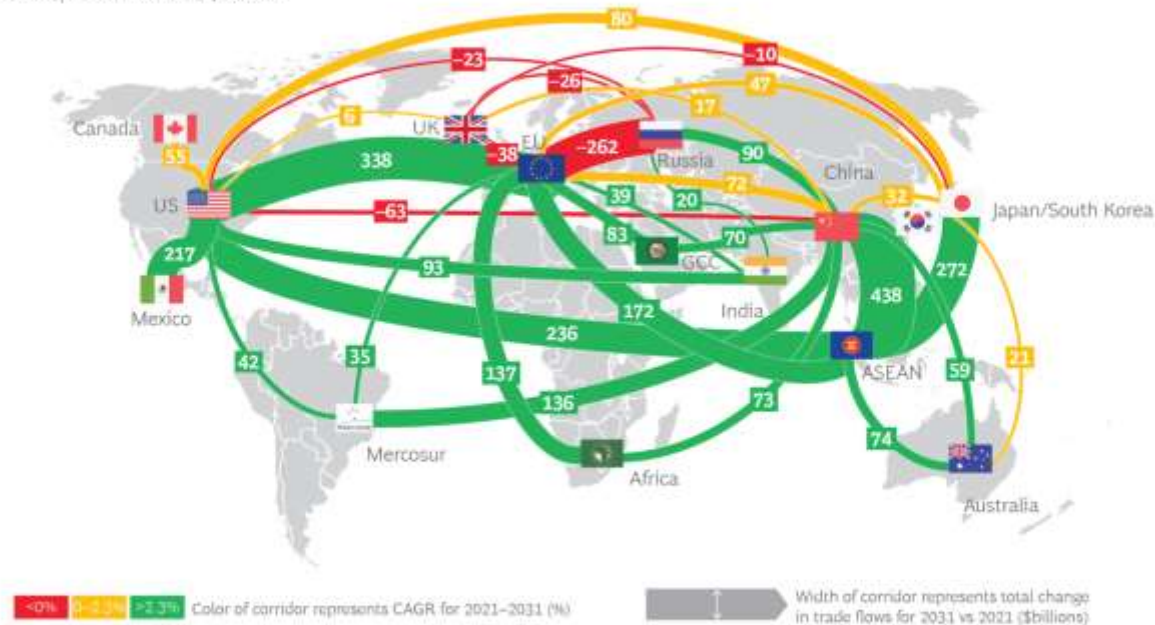
Reshaping of Trade Flows – Outlook 2031



Trust Risk Control
We are TRC!

Exhibit 1 - Future of Trade 2031 Outlook: Geopolitical Tensions Contribute to Reshaping Trade Flows

Change in trade of goods, major corridors¹
2031 vs. 2021, in constant 2021 \$billions



Sources: UN Comtrade; Oxford Economics; IHS; WTO; BCG Global Trade Model 2022; BCG analysis.

Note: Estimated inflation-adjusted trade growth within the EU by 2031 will total \$1.5 trillion at a CAGR of 1.8%.

¹The corridors shown in the map represent ~46% of global trade.

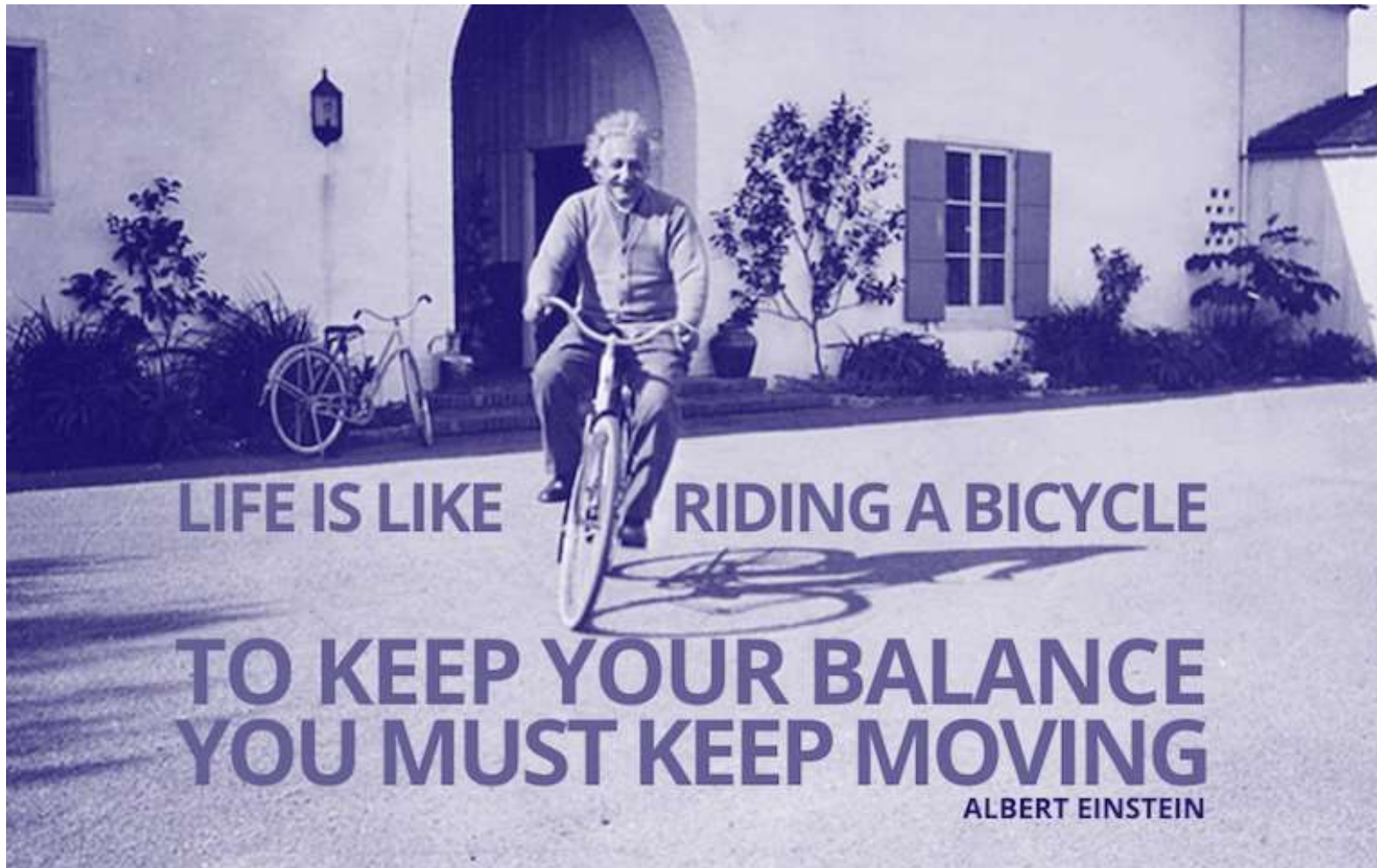
What does this mean for TRC



- Because our company depends on peaceful relationships, we will do everything we can to ensure respectful co-existence within the TRC alliance. However, we can not ignore sanctions or other trade restrictions that may make it impossible to meet the needs of our customers and service partners
- As a result of the unanswered question of which world power will dominate this planet in the future we will maintain friendly trade relations with both China and the USA as far and as long as possible.
- The de-risking strategy of western democracies and the friend-shoring trend will create many new business opportunities for us as well as our members.
- We will use the energy transition to reduce our own carbon footprint wherever possible and have with TRC DIGIT already started to implement digitization. AI is on the rise but in our opinion it needs more human control mechanisms before this technology can be used safely.
- We are all dependent on globalization. Let´s fight together any kind of protectionism or self-imposed isolation by being even friendlier and more open to the people we are doing business with.



Trust Risk Control
We are TRC!



LIFE IS LIKE RIDING A BICYCLE

**TO KEEP YOUR BALANCE
YOU MUST KEEP MOVING**

ALBERT EINSTEIN



Trust Risk Control
We are TRC!

Thank you for listening!