

10 HIDDEN RISKS

IN YOUR SUPPLY CHAIN
& HOW TO MITIGATE

Are potential business liabilities
hiding in plain sight?

A SNAPSHOT OF SUPPLY CHAIN RISKS

85%

of companies experience at least one
supply chain disruption per year

59%

of supply chain disruptions come
from your suppliers' suppliers

RISK 1

Financial Health & Stability

KEY FACTS:

48% of supply chain risks are financial

There are **5% to 15%** more injuries
in financially unstable companies

WHAT TO DO:

- Prequalify and monitor supplier financial data
- Track local and global financial data for a complete picture
- Maintain real-time visibility into supplier operations

RISK 2

Sanctions Violations & Fines

KEY FACTS:

99% of sanction penalties/settlements
in 2022 were from supplier violations

Sanctions have cost U.S. companies
\$11.97 million in fines in 2022 YTD

WHAT TO DO:

- Investigate your entire supply chain for sanctions violations
- Research governments and sanctions bodies for critical data
- Identify and remove high-risk subcontractors

RISK 3

Legal Actions & Penalties

KEY FACTS:

One prime contractor paid **\$2.6 million**
in judgments for fraudulent
subcontractor activity

70% to 80% of a brand's market
value comes from intangible assets,
like reputation

WHAT TO DO:

- Check legal notices and news articles for subcontractor mentions
- Scan the global activity of new and existing suppliers
- Perform a thorough analysis of each new partner before onboarding

RISK 4

Modern Slavery

KEY FACTS:

Worldwide, **160 million** children
are engaged in child labor and **25 million**
are trapped in forced labor

The global economic impact of forced
labor is **\$150 billion**

WHAT TO DO:

- Prioritize supply chain visibility to monitor labor conditions closely
- Implement and enforce policies to identify offending partners
- Use scoring and reporting tools to check supplier compliance

RISK 5

Greenhouse Gas Emissions

KEY FACTS:

70% to 90% of a company's
carbon footprint is in its supply chain

80% of U.S. investors are in favor of
sustainable investing

WHAT TO DO:

- Track the Environmental, Social, and Governance (ESG) efforts of every supply chain partner
- Provide suppliers with tools to calculate emissions data
- Establish, measure, and enforce ESG guidelines to comply with current and future regulations

RISK 6

Unvetted Subcontractors

KEY FACTS:

59% of supply chain disruptions are
linked to suppliers

Most companies outsource **60% to 70%**
of their work, but **62%** lack
full supply chain visibility

WHAT TO DO:

- Invest in tools that enhance supply chain visibility
- Set and enforce clear compliance and insurance requirements for all subs
- Eliminate subs that could threaten your bottom line or increase your risk of liability

RISK 7

Unqualified Workers

KEY FACTS:

50% more injuries occur with
untrained workers

The average worker's compensation
claim costs **\$42,000**

WHAT TO DO:

- Verify and validate worker credentials and emphasize training
- Assign and track on-site requirements at the company level and employee level
- Refuse entry to any worker who does not meet your requirements

RISK 8

Site Incidents & Citations

KEY FACTS:

Each worker death costs an average of
\$1.3 million and each worker injury
costs **\$1,100**

Companies lose **13 days** of
productivity for every workplace injury

WHAT TO DO:

- Ensure all workers have access to safety assessments and other tools
- Require and enforce the use of personal protection equipment (PPE)
- Conduct post-work reviews to analyze job quality and safety controls

RISK 9

Data Threats & Cybersecurity

KEY FACTS:

75% of companies had a
ransomware attack this year, and
40% failed to recover lost data

Supplier vulnerabilities cause
two-thirds of all supply chain
data breaches

WHAT TO DO:

- Vet all new and existing vendors against your company's risk tolerance level
- Continuously monitor and evaluate each supplier's data security efforts
- Educate and train all employees on best practices in security and data protection

RISK 10

Disparate Data

KEY FACTS:

Poor systems integrations cost **57%**
of companies around **\$500k** in
annual revenue

47% of companies must improve
integrations to meet business demands

WHAT TO DO:

- Integrate your critical business systems to reduce risk
- Check data security and open integration capabilities when purchasing new tech
- Explore integration capabilities to ensure new systems fit in your existing tech stack



Avetta One helps you manage risks across your entire supply chain. With our platform, you can enforce safety and sustainability policies, manage worker qualifications, and access real-time business risk data when you need it the most.

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