

Industrial Procurement

in times of crises and increased threats



Industrial Procurement in times of crises and increased threats

1. Introduction Lely and Lely's Supplier Relationship NextGen
2. The complexity of an OEM's Supply Chain
3. An integrated approach towards supply risk in Hightech industry
Article Deal! of April: Industrial Procurement in times of crises and increased threats
4. Five take-aways



1. Introduction Lely & Lely's Supplier Relationship NextGen





Agriculture

A dynamic sector with an essential role: to feed a growing population in a sustainable way



Vision

A sustainable,
profitable and
enjoyable future in
farming



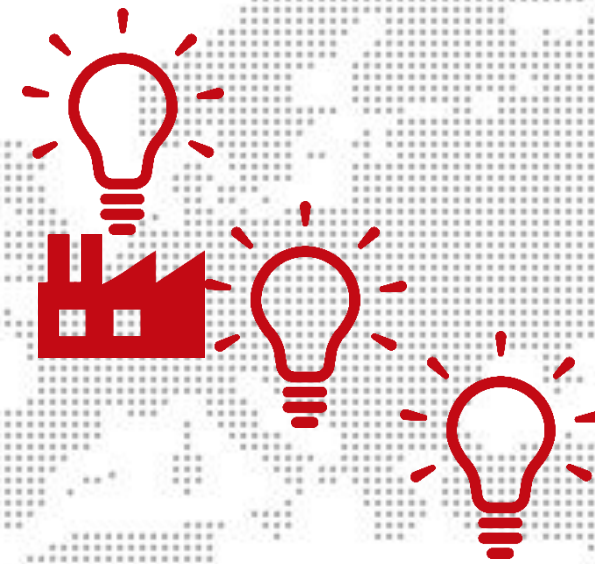


Mission

Creating the future of farming through innovative and valued solutions



Production, R&D and Services sites



5 dimensions of Supply relationship Next Gen

1. Innovation/NPI

- Managed IP
- Shared Technology Roadmaps – Identified opportunities for collaborative/outsourced engineering (Development Agreement)
- Aligned Design Standards, Processes

2. Supply

- On-Time In-Full
- Integrated SC Planning / Scheduling / Digitally connected
- Flexible manufacturing and supply (volume, changes): resilience
- Deep Tier transparency
- Safety Stock (End Product, Systems, Components/Parts)
- Logistics (Warehousing, Transport) & (Return) Packaging
- On-Quality
- Supply Risks mitigated

3. Product Lifecycle Management

- Cost
- Availability - Reliability (Upgrades, Modifications)
- Circularity

4. ESG / EDI compliance / Corporate Due Diligence

- Product/Proposition Compliance
- SC Compliance (AEO – Country of Origin, CBAM, CSRD/CS3D)¹
- Lely Code of Conduct compliance

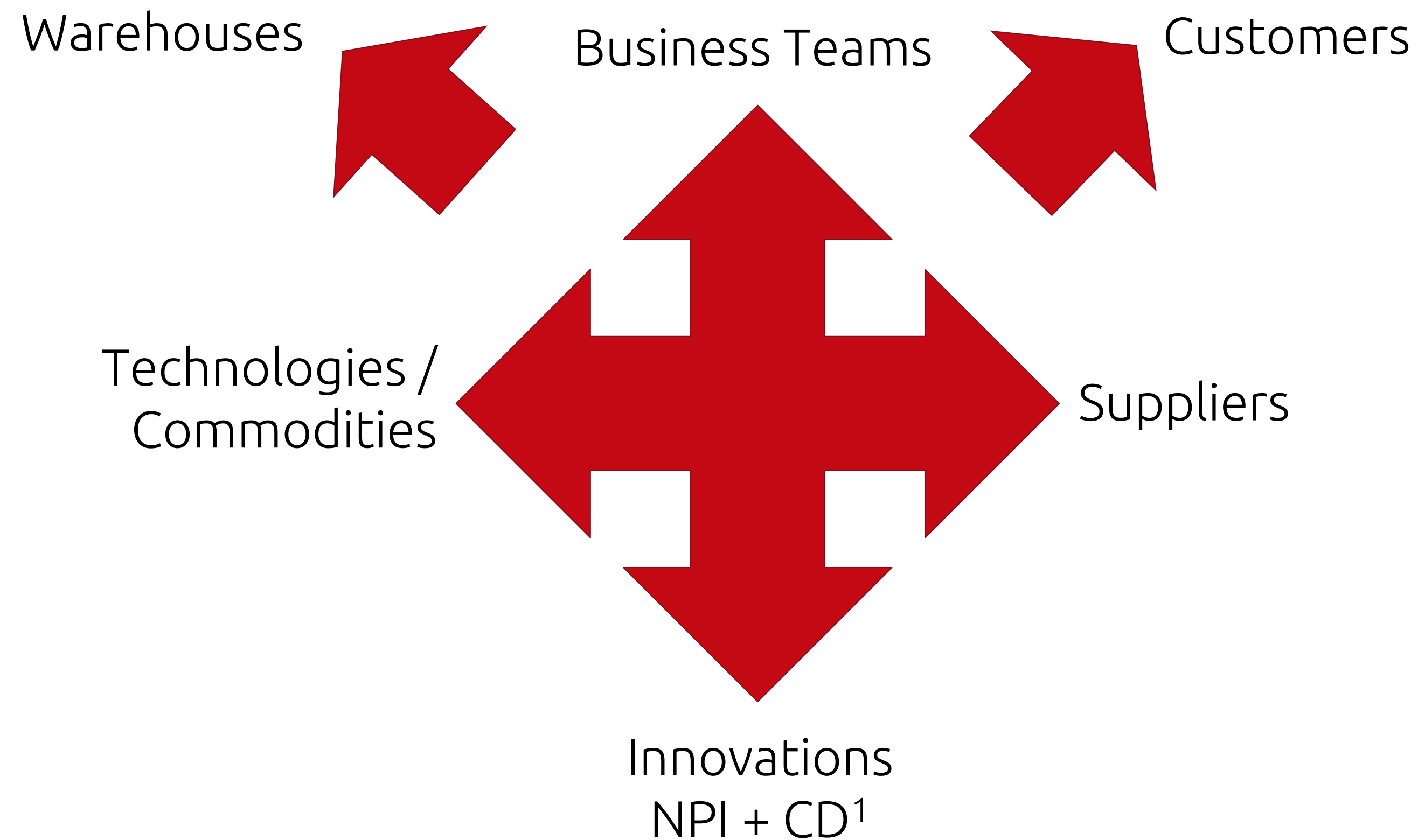
5. Cyber/Data/Digital Connected

- Cyber secured
- All transactions digitally processed

¹ CBAM – Carbon Border Adjustment mechanism, CSRD – Corporate Sustainability Reporting Directive, CS3D – Corporate Sustainability Due Diligence Directive

2. The complexity of an OEM's SC

The 6 dimensions managed by Integrated Supply Chain



¹ NPI – New Product Introduction / CD – Continuous Development

3. An integrated approach towards supply risk

ISC is continuously confronted with SC disruptive events. Some examples of this VUCA¹ world

Brexit implementation (January 2021)

- New UK-EU trade barriers, customs checks, and regulatory divergence slowed goods movement and increased costs.

COVID-19 pandemic (2020–2022)

- Lockdowns, port closures, and labor shortages disrupted manufacturing, shipping, and consumer demand globally.

Global chip shortage (2020–2023)

- Sparked by COVID-era demand shifts and factory shutdowns, then worsened by geopolitical and climate events.

Suez Canal blockage (March 2021)

- *Ever Given* container ship blocked the canal for six days, delaying global shipments and highlighting chokepoint vulnerability.

China's Zero-COVID policy (2020–2022)

- Strict lockdowns in industrial hubs like Shanghai and Shenzhen caused repeated port and factory shutdowns.

U.S.-China trade tensions (ongoing since 2018, intensified in 2022–2023)

- Export controls (especially on semiconductors), tariffs, and sanctions disrupted tech and manufacturing supply chains.

Russia-Ukraine war (February 2022–present)

- Major disruptions in energy, grain, fertilizer, and industrial metals; altered trade routes and increased shipping costs.

Taiwan Strait tensions (2022–present)

- Increased military activity and pressure on Taiwan raised fears of semiconductor supply interruptions (e.g., TSMC).

Israel– Hamas war / Gaza conflict (October 2023–present)

- Red Sea security deteriorated due to Houthi missile and drone attacks on shipping; major vessels rerouted around Africa.

Red Sea shipping attacks (late 2023–2024)

- Attacks by Houthi rebels disrupted Asia–Europe shipping; higher insurance, longer routes, and elevated freight costs.

Expanded U.S. sanctions on Russia, Iran, Venezuela (2022–present)

- Disrupted energy and commodities markets, further straining global supply consistency and price stability.

US import tariffs (2025)

- Imposed trade tariffs for China and many western countries – Increase costs, straining global supply chains and stability in general

China export restrictions Rare Minerals (2025)

- Delays in exporting, uncertainties for 17 rare minerals.

Israel – Iran – US air strikes (2025 – present)

- Closed air space, disrupted production in Israel, Country of Origin “Israel” in disgrace, potential closure Hormuz strait.



Integrated Supply Chain risk approach in HighTech

Creating resilience in times of crisis and threats

Top 5 short term actions

1. Analyze most critical items impacted
2. Deploy risk mitigation actions at suppliers (multiple manufacturing locations/stocks,...) + audit execution of actions
3. Dual/multiple sourcing of parts
4. Resource to suppliers / supplier locations outside conflict regions (a.e. near-shoring)
5. Hedging / commitment orders

Article Deal!

(Apr25)

Top10 short term as well as long term actions to mitigate supply risks



Integrated Supply Chain risk approach in HighTech

Creating resilience in times of crisis and threats

Top 5 long term actions

1. Deep Tier SC risk assessments on all supply chains
2. Build a resilient SC entertaining volume flexibility / volume recovery -> SCM Principles and Rules of Engagement
3. Re-design and resource products
4. Set up resilient SC organisation (structure (mandate), competences & skills, processes and systems, logistics network,...)

And ... in hightech industry especially also

5. Proactive manage life cycle of components/parts

Article Deal!

(Apr25)

Top10 short term as well as long term actions to mitigate supply risks



4. Five take-aways

5 take-aways

1. Never miss a good crisis -> it drives Procurement and SCM innovation
2. We operate in a VUCA environment -> new procurement and SCM strategies, competences and skills are required in your company to be resilient
3. You never walk alone -> it requires cross functional collaborative company wide teamwork (and leadership) to manage crises and threats
4. And not only your own company: mitigating supply risks is managing the deep tier supply chain (and is not only solved with safety stocks)
5. It's a long breath, not solved tomorrow

