SUPPLY CHAIN STRATEGY IN CEE

COMPETING UNDER CONSTRAINT

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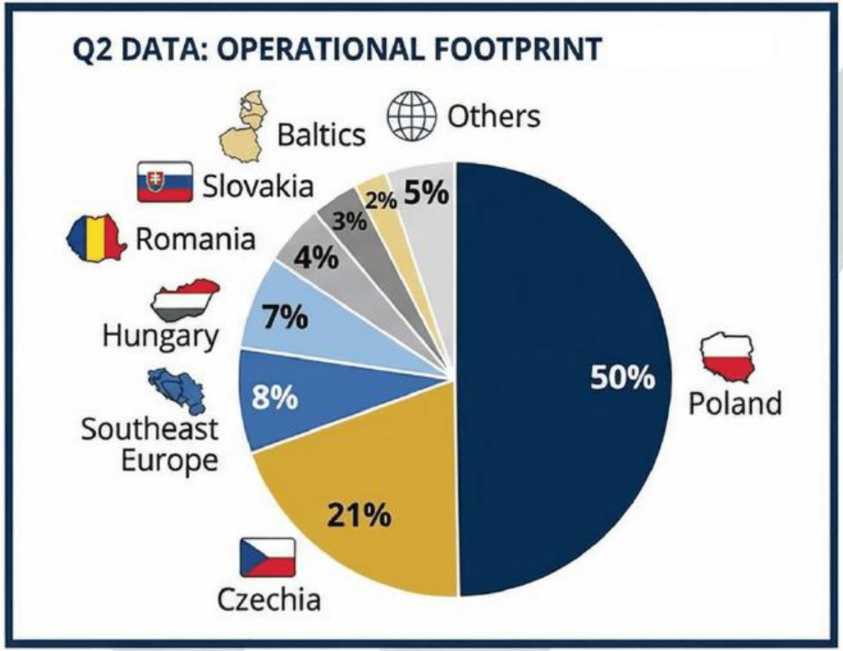
BENCHMARKING
Gain insights by contrasting your company with others.

SURVEY SCOPE & OPERATIONAL FOOTPRINT

Poland and Czechia dominate the CEE operational landscape, representing over 70% of footprints.

- CEE sits at the intersection of labor, cost, and risk.
  - Abundant skilled labor force.
  - Favorable cost structures.
  - Manageable geopolitical risk exposure.



CEE AS A CORE EXECUTION PLATFORM

KEY INSIGHTS:

- CEE is a core execution platform, not peripheral capacity.
- Labor constraints are now design constraints.
- Higher investment leads to longer-term commitment.

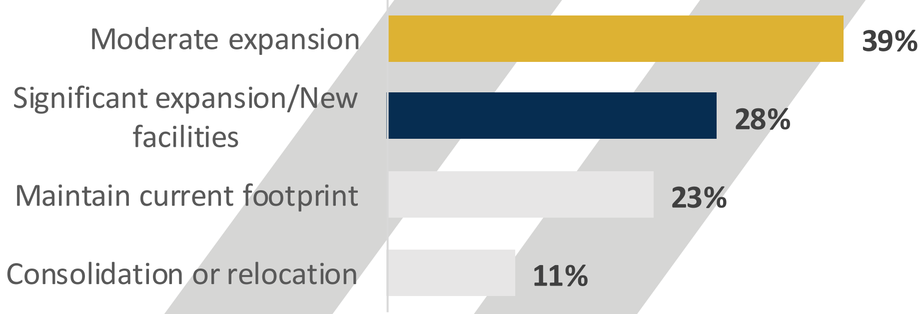
Q3. How central is CEE to your global model?

Q4. Top strategic priority in CEE

EXPANSION OUTLOOK FOR NEXT THE NEXT 3 YEARS

- Expansion is pursued deliberately to position for future growth
- Nearly one-third plan significant expansion or new facilities

Q5. What best reflects your supply-chain strategy in CEE for the next 3 years?

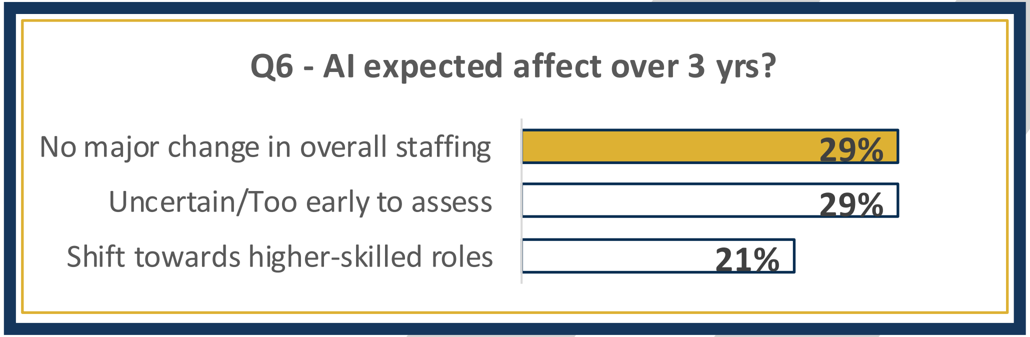


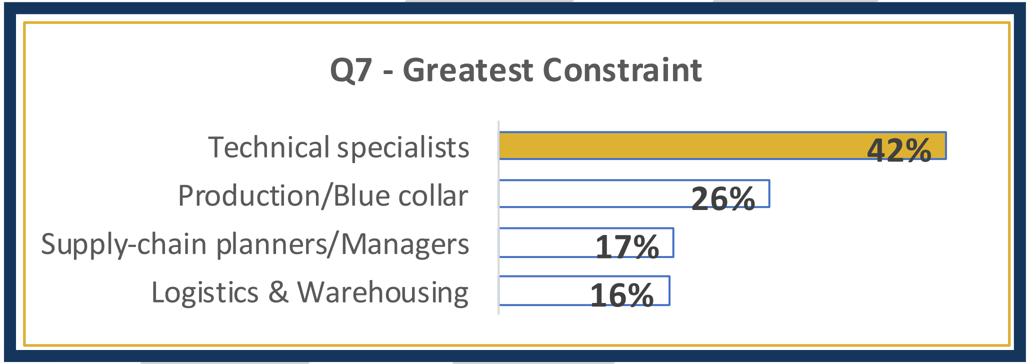
LABOR SCARCITY AND AI INTEGRATION

AI is envisioned alongside ongoing labor constraints, not as a Replacement for the workforce.

Labor constraints are focused on specific segments like technical specialists.

Expansion plans explicitly account for labor scarcity.

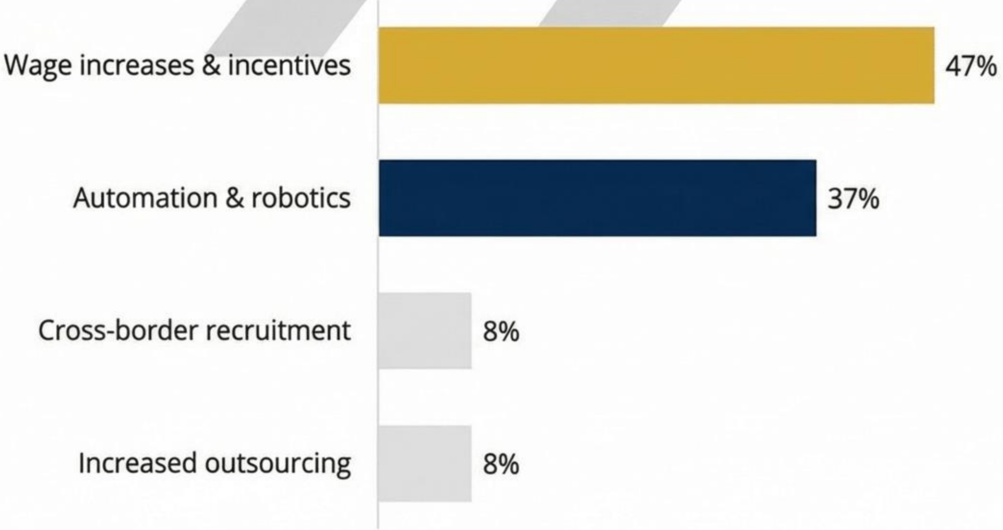




PRIMARY RESPONSE TO LABOR SHORTAGES.

Ranking focused on Priorities.

Q8. What is your primary response to labor shortages?



Clear message: Internal solutions are prioritized. Labor shortages are not treated primarily as a sourcing problem to be solved elsewhere.

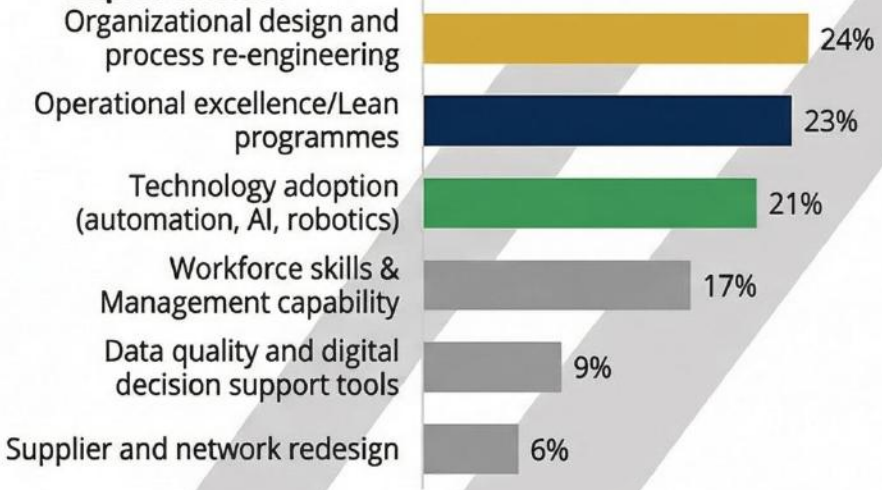
Consistent pattern: AI won't fix labor constraint which is focused in technical roles. Prioritize adaptation through automation and redesign, not external labor substitution.

DRIVING PRODUCTIVITY IMPROVEMENT: WHAT HAS ACTUALLY DRIVEN IMPROVEMENT.

Productivity gains stem from organizational redesign and technology embedding, not labor substitution.

- Productivity gains are not coming primarily from labor substitution or cost-cutting.
- Driven by changes in how work is organized and processes are designed.
- Executives prioritize internal adaptation through automation and redesign.
- This approach has paid off more consistently than purely tactical measures.

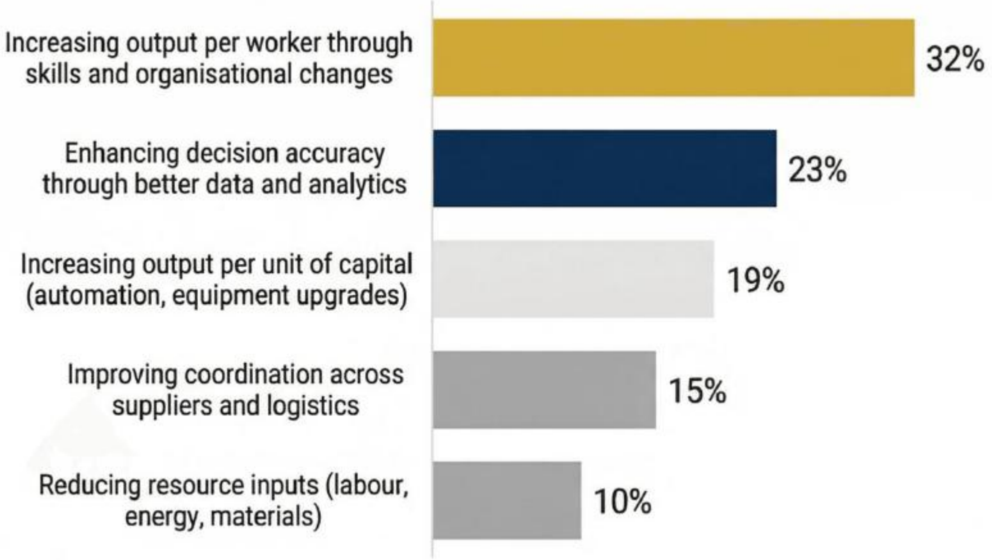
Q9. Which factor has contributed most to productivity improvements?



EFFECTIVENESS OF PRODUCTIVITY APPROACHES

Changing how work is organized and decisions are made is more effective than squeezing costs.

Q10. Which approach has been most effective in increasing productivity in your CEE operations?



Productivity gains in CEE driven less by squeezing costs and more by changing how work is organized, how decisions are made, and how technology is deployed within that structure.

Labor constraints particularly automation and redesign only deliver results when accompanied by organizational and capability change.

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AUTOMATION MATURITY IN CEE.

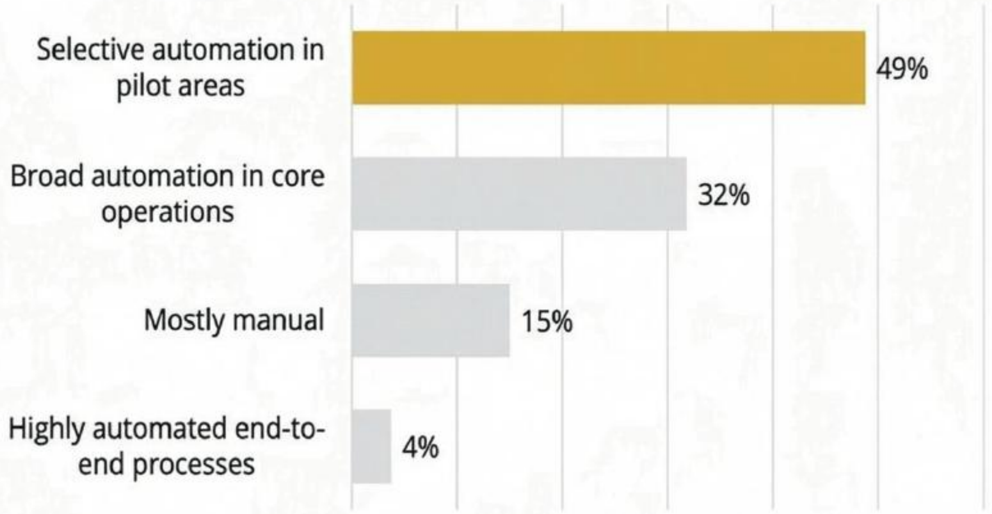
Not an abstract ambition, but not yet a fully embedded capability.

Staged investment, with experimentation and learning taking place before broader rollout.

The implication is that the constraint is not intent. Automation is clearly on the agenda.

The constraint is scaling for reliable productivity gains, rather than isolated improvements.

Q11. How would you describe your current level of automation in operations?



Cost Management and ROI

Cost management as design outcome, not a standalone initiative.

Process efficiency, operating model changes, technology-enabled execution deliver stronger returns than isolated cost-cutting measures

Focus on integrated approaches for sustainable results rather than short-term, isolated actions.

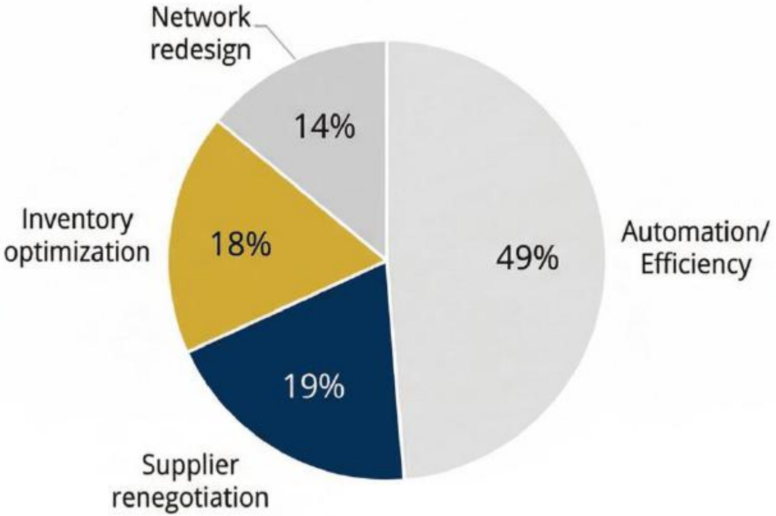
Productivity alignment comes when organizations change how work is organized/decisions made -> costs improve

Organizational design and decision-making processes are the foundation for lasting cost improvement.

Returns appear more limited where cost is addressed directly without organizational and decision-making changes

Direct cost-cutting without structural change often yields temporary and limited financial benefits.

Q12. Which cost-management lever has delivered the strongest ROI?

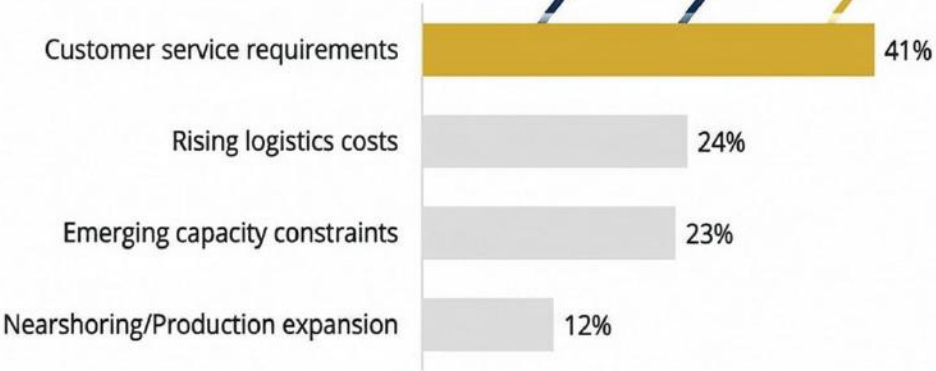


LOGISTICS AS A COMPETITIVE CAPABILITY.

What triggers logistics investment.

- Logistics investment is driven first and foremost by the need to be competitive
- Cost pressure and emerging capacity constraints follow, but they are a distant second
- Nearshoring or production expansion appears as a supporting factor rather than the primary driver
- Investment decisions are made to protect delivery performance and reliability, rather than simply to reduce cost

Q13. What is the biggest trigger for logistics investment in your company?

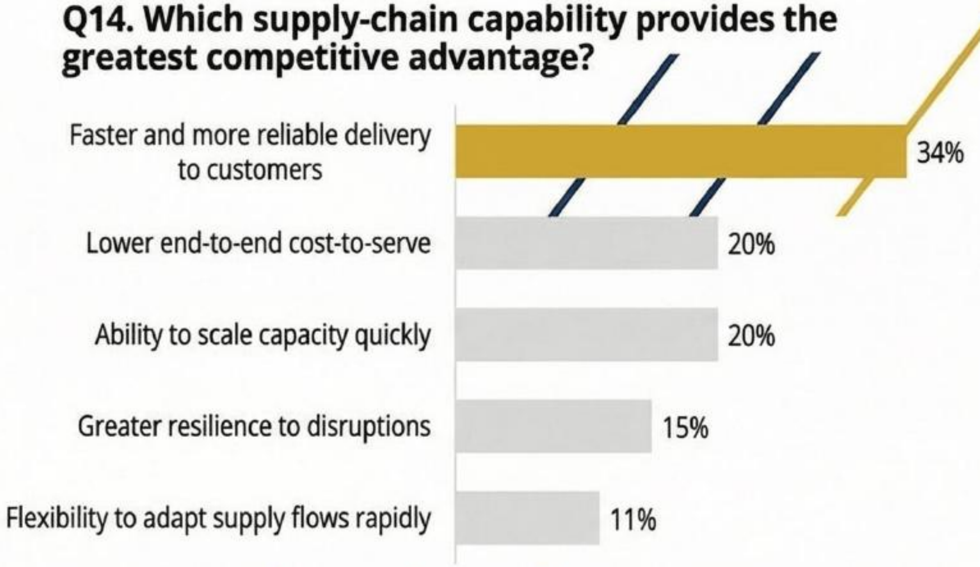


COMPETITIVE ADVANTAGE THROUGH LOGISTICS.

A competitive lever, no longer a support function.

Q13 & 14 together tell a consistent story:

- Executives associate competitive advantage with execution quality, reliability, and service performance not lowest cost
- Logistics investment is being directed at differentiating capabilities, not to internal optimization
- Logistics performance underpins competitive advantage, disruption and failure carry immediate strategic consequences



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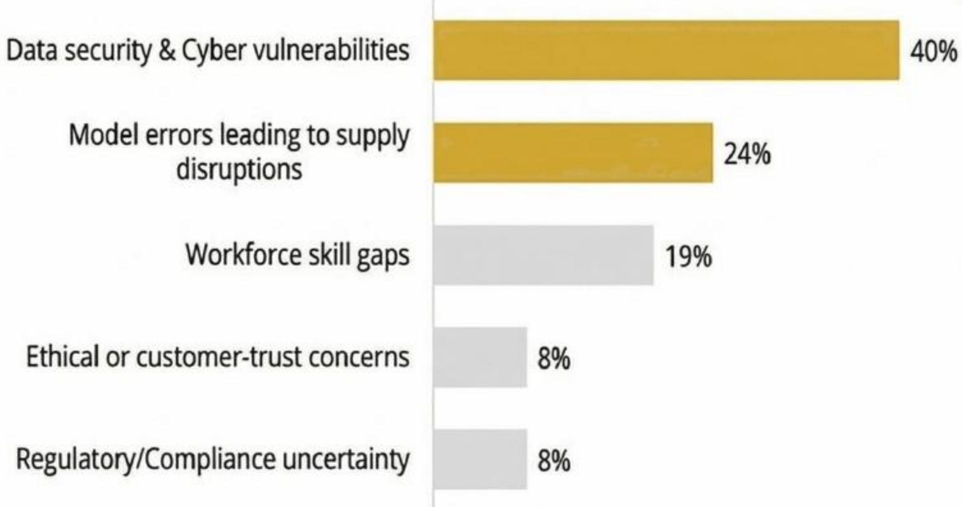
RISK EXPOSURE AND RISK MANAGEMENT MATURITY: AI DEPLOYMENT RISK.

The dominant concerns reflect uncertainty about robustness and reliability of AI systems to be trusted in live operations, not ethical or regulatory issues.

Q15. What is the primary risk you associate with deploying AI in your supply-chain operations?



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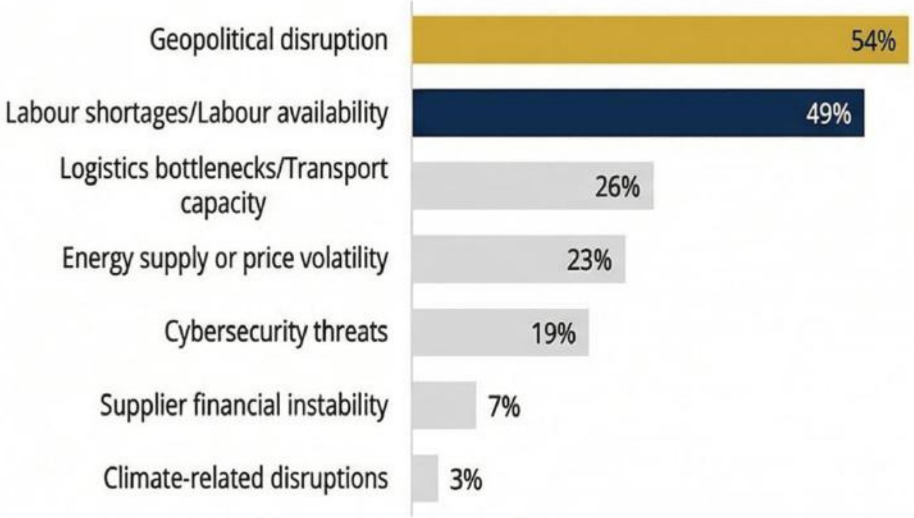
RISK EXPOSURE AND RISK MANAGEMENT MATURITY: CONTINUITY RISK.

Geopolitical disruption and labor availability are the twin pillars of supply-chain risk in CEE.

Two risks clearly dominate:

- Geopolitical disruption
- Labor availability

Q16. Which risk most threatens supply-chain continuity in CEE? (Choose Two)



Risk Governance Maturity

Governance

Only 1 in 5 organizations report continuous, dedicated risk governance. Nearly four in ten have limited or no formal monitoring.

Key Insights

- Risk exposure is high
- Complexity is increasing
- Risk management maturity remains uneven

Q17. How structured is your company's approach to managing supply-chain risk?

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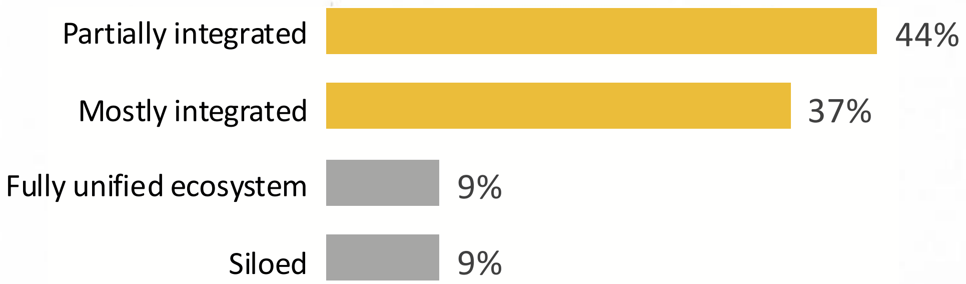
DIGITAL INTEGRATION, COMPETITIVENESS, AND LABOR

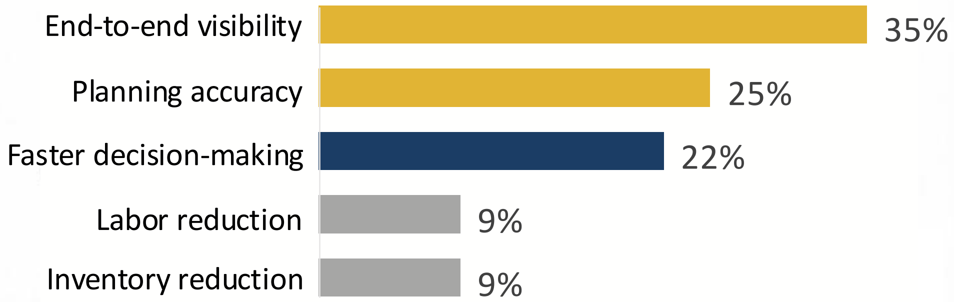
Digitalization strengthens competitiveness and resilience, but it does not replace labor strategy.

- ‘Most organizations have achieved partial to broad digital integration’
- ‘Strongest benefits directly support service performance, reliability and execution quality’
- Action to consider – pursue digital and labor agendas in parallel

Q18. How integrated is your digital supply-chain data end-to-end?



Q19. Where has digitalization delivered the strongest benefit?

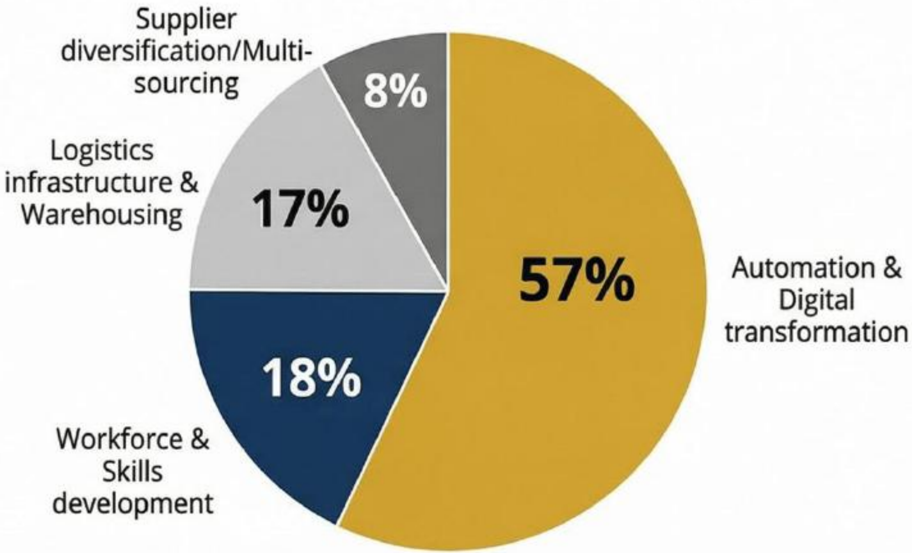


Investment intent: What executives are prioritizing.

Automation and digital transformation dominate investment intent for the next 3 years.

Automation and digital transformation dominate investment priorities. Other areas barely register by comparison.

Q21. Where will your company invest most in its CEE supply chain over the next 3 years?



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Summary and Strategic Reflections

The binding constraint in CEE is execution capacity, not strategy, capital, or technology.

- Labor Availability: Persistent and binding constraint in CEE yet not the priority for investment.
- Focus on competition through execution.
- Investment directed toward automation, digital integration, and control to support service performance.
- Executives are choosing to compete around the constraint by strengthening systems and processes.
- The initiatives prioritized require the same scarce skills already in short supply.
- Key reflection: Are your operating model and talent deployment genuinely compatible with the labor reality?

THANK YOU

Thank you for your attention.