STRATEGYRISKS

COMPLIANCE BRIEFING

China Risks: Six Lessons from the Nvidia Scandal

Six steps for corporate boards and C-Suite executives to identify, assess, and manage China risk.

The Nvidia scandal serves as a great wake-up call for companies with high China exposure. Understanding potential vulnerabilities before they become public is critical to managing regulatory, political, and reputational risks. Here are six steps corporate leaders should be taking now.

1 Investigate China Exposure Before it Becomes Public

Companies should identify sensitive relationships, executive vulnerabilities, and potential China risks before they attract public scrutiny. Hiring external firms for China risk investigations allows leadership to assess exposure, address concerns, and prepare for potential regulatory, congressional, or media inquiries.

2 Understand Chinese State Connections

Chinese universities, state media outlets, and corporations operate within Beijing's political system and can serve broader government objectives. Companies should examine executives' and business partners' ties to these organizations, including past employment, to identify potential political, intelligence, and reputational risks.

3 Elevate China Risks to the Board

Boards and senior executives need to understand their company's China exposure, including commercial relationships, regulatory vulnerabilities, and reputational risks. Leadership must have clear oversight and the ability to address these risks before they escalate into corporate crises.

THE BOTTOM LINE Know your China exposure before journalists and Congress do. Investigate vulnerabilities, establish accountability, and prepare your response before a crisis hits.

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4 Expect More Than One Scandal

One public controversy can expose other vulnerabilities. Journalists, regulators, and congressional investigators rarely stop at the initial allegations and examine additional business relationships, executive conduct, and China exposure. Companies should know what else might surface before someone else finds it.

5 Know the Cost of Crossing Washington or Beijing

Companies operating in China face competing pressures from Washington and Beijing. Actions that satisfy one government can create serious problems with the other, putting market access, investments, and corporate reputation at risk. Executives need to understand and price out these trade-offs before making consequential decisions.

6 Stay Out of the Trend Story

When a major scandal breaks, journalists and congressional investigators often look for similar vulnerabilities at other companies. Executives should examine their own China exposure and potential reputational vulnerabilities before their company becomes part of the story.

How Strategy Risks Can Help

Strategy Risks helps companies identify China-related vulnerabilities before they become regulatory, political, or reputational crises. With no presence in China or commercial ties to Chinese state-owned enterprises, we provide independent, confidential research into sensitive corporate risks.

China Exposure Assessment

Map risks across revenue, supply chain, investments, commercial partnerships and government connections across the enterprise.

Chinese State & Military Connections

Identify ties to the Chinese Communist Party, People's Liberation Army, and state-linked entities that could create regulatory, financial, or national security risks.

Corporate & Executive Due Diligence

Investigate executives, business partners, and counterparties to uncover sensitive relationship and potential vulnerabilities.

Political, Regulatory, & Reputational Risk

Help executives anticipate government and media scrutiny, protect commercial interests, and navigate competing pressures from Washington and Beijing.

Contact us at **info@strategyrisks.com** for a confidential conversation.

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