

SPECIAL SUPPLY CHAIN REPORT

Supply Chain Due Diligence Act, What You Need to Know



AGENDA

1

EU DUE DILIGENCE DIRECTIVE

What is it all about?

2

DETAILS

Objective, Consequence of non-compliance. Core focus areas

3

ESG and Resilinc

ESG Risk and How Resilinc solution enables effectively EST risk management

4

Conclusion

What are companies expected to put in place before 1st Jan 2023

Our Guest Speakers



Sahil Kothadia | Managing Director, EU



Katie Rodgers | Senior Product Marketing Manager

Summary: ESG

- ESG stands for Environmental Social and Governance, which are the three factors looked at when measuring the sustainability and ethical impact of an investment in a business
- It is used to determine the behavior of a company and their future financial performance
 - ESG standards also have a material impact on the long-term risk of investment portfolios and on the return profile
 - Enterprises who choose ESG-screened suppliers or investments tend to benefit from lower risk and a better rate of return



Source: [ESG Investing – Understanding Governance | Private Ocean](#)

ESG Risk Ranks No. 2 In The Top 5 Emerging Risks: Gartner (Aug 2021)

Ratings by Overall Risk Score and Frequency

Rank	Emerging Risks	Overall Risk Score ^a	Frequency ^b
1	Cybersecurity Control Failures	1.59	65%
2	ESG Regulatory Requirements	1.42	51%
3	Remote Talent Management	1.23	48%
4	Organizational Culture Degradation	1.19	43%
5	Supply Chain Disruption	1.06	42%

■ External Risks
□ Internal Risks

n = 153 (frequency); 147 (overall risk score)

Source: Gartner 2Q 2021 Emerging Risks Survey

^a Overall risk score = square root (impact score × probability score) × percentage of respondents selecting the risk.

^b Frequency determined by the percentage of respondents selecting the risk as one of their top-five risks.



Past & Present

E

2013



- National Action Plan for the Netherlands

- EU CSR Directive
- ILO Forced Labor Convention
- National Action Plans in Finland, Denmark, and Spain

2014



2015



- Paris Agreement
- UK Modern Slavery Act
- United Nations Sustainable Development Goals
- National Action Plans in Lithuania, Sweden, Norway

2016



- National Action Plans in Germany, Switzerland, Italy

2017



- International Standard for Sustainable Procurement Best Practice
- French Duty of Vigilance
- EU Conflicts Minerals Regulation
- National Action Plans in France, Ireland

Why Was There A Need Of The EU Directive





1st JANUARY
2023

EU SUPPLY CHAIN DUE
DILIGENCE DIRECTIVE
COMES INTO FORCE

Core Objective Of EU Due Diligence Directive

SAFEGAURD **HUMAN RIGHTS AND THE ENVIORNMENT** IN THE GLOBAL ECONOMY MORE EFFECTIVELY



What Does EU Due Diligence Directive Mean For Businesses



1st Jan 2023

Applies to companies with **3,000 employees** or more and conducting business in the EU i.e., principal place of business, HQ, registered seat or branch office

1st Jan 2024

Applies to companies with **1,000 employees** or more and conducting business in the EU i.e., principal place of business, HQ, registered seat or branch office

1st Jan 2023

Set-up Due Diligence Procedure

What Does That Mean For Companies



2%

Of Company Annual
Turnover

€800K

Annual Turnover < €400Mn

Fine > **€175K**

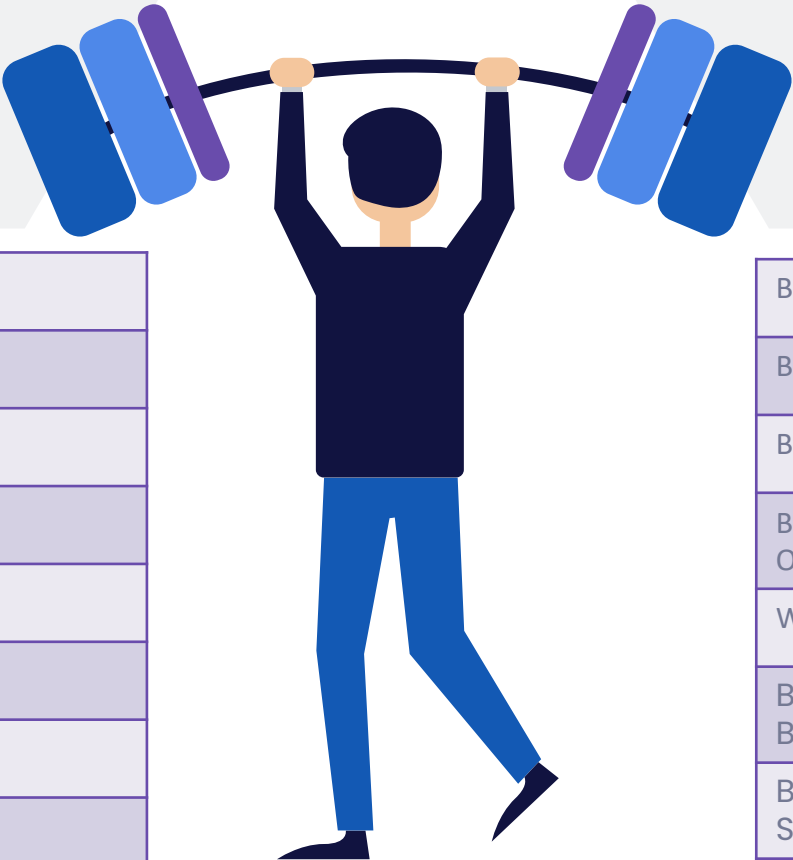
Exclusion from Govt
Contracts



Key Focus Areas Per The EU Due Diligence Directive

HUMAN RIGHTS

Child Labor
Forced Labor
Slavery
Workplace Safety and Working Conditions
Workplace Health & Safety
Disregard to Freedom of Association
Employment Discrimination
Wage Discrimination
Unlawful acquisition of land/resources
Abuse by private security firms
Infringement of protected legal interest



ENVIRONMENT

Ban on manufacture of mercury-based products
Ban on use of mercury or mercury compounds
Ban on handling mercury waste
Ban on production and use of chemicals as Persistent Organic Pollution (PoP Convention)
Workplace Health & Safety
Ban on export of hazardous material as per Basel Convention
Ban on export of hazardous material from States mentioned in Basel Convention
Ban on the import of hazardous wastes and other wastes from nonstate parties of the Basel Convention

3 Pillars of a Sustainable & Resilient Supply Chain



Challenges Companies Face When Managing ESG Risk

How to continuously monitor the supply chain for risk emanating from ESG areas

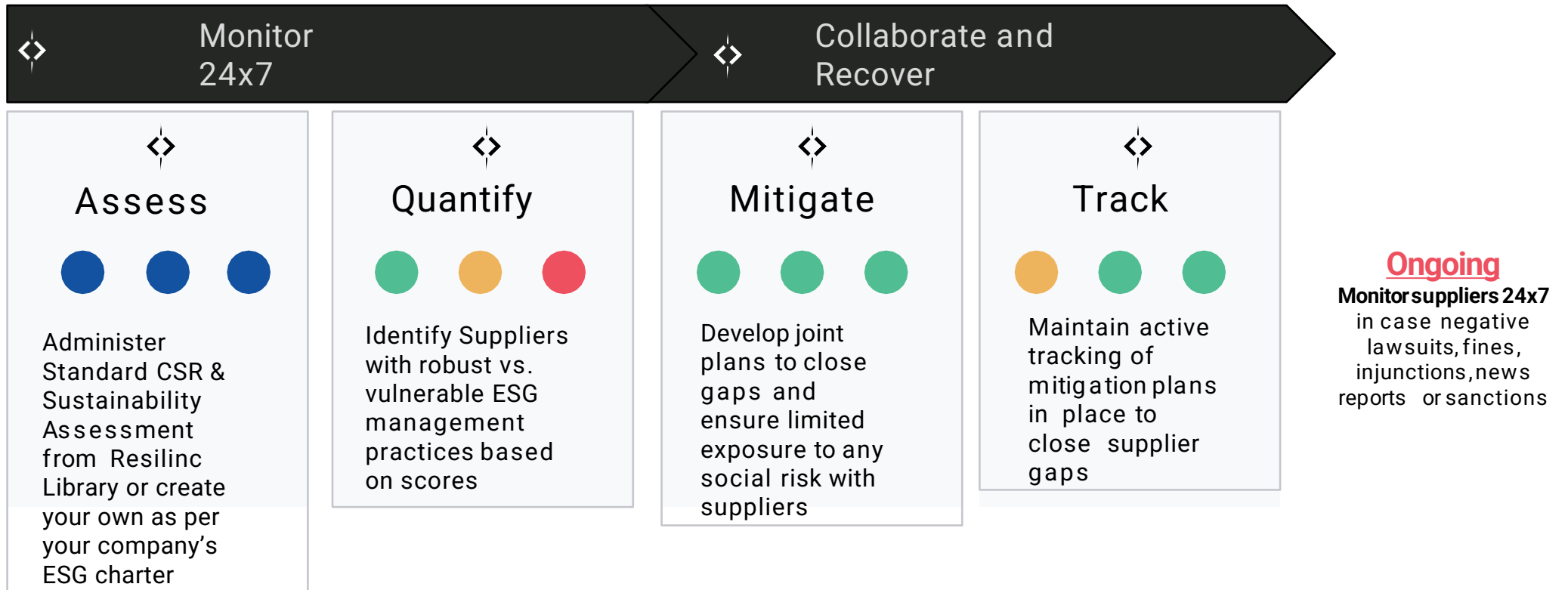
Changing Regulations and Compliances

Comparison with the peers in the industry vertical that the company operates in

One time activity or Continuous assessment, improvement



How Our Customers Are Using Resilinc For Managing ESG Risk



Resilinc Solutions: Assess



Use from our Library of Assessments, or Create your Own



VISIBILITY

- Sub-Tier Supply Chain Mapping
- Part-Site Mapping
- Material Flow Mapping

REPUTATION

- Supplier ESG & Sustainability
- Supplier Code of Conduct
- Supplier Screening

DUE DILIGENCE

- Human Rights
- Environment
- UK Modern Slavery Act
- California Supply Chain Transparency Act
- REACH, RoHS, WEEE, FCPA
- Brexit Readiness Assessment

READINESS

- Hurricane Readiness
- Factory Fire Readiness
- Pandemic Readiness

SECURITY

- Cyber Security & GDPR
- Supplier C-TPAT Assessment
- COPE* for Insurance

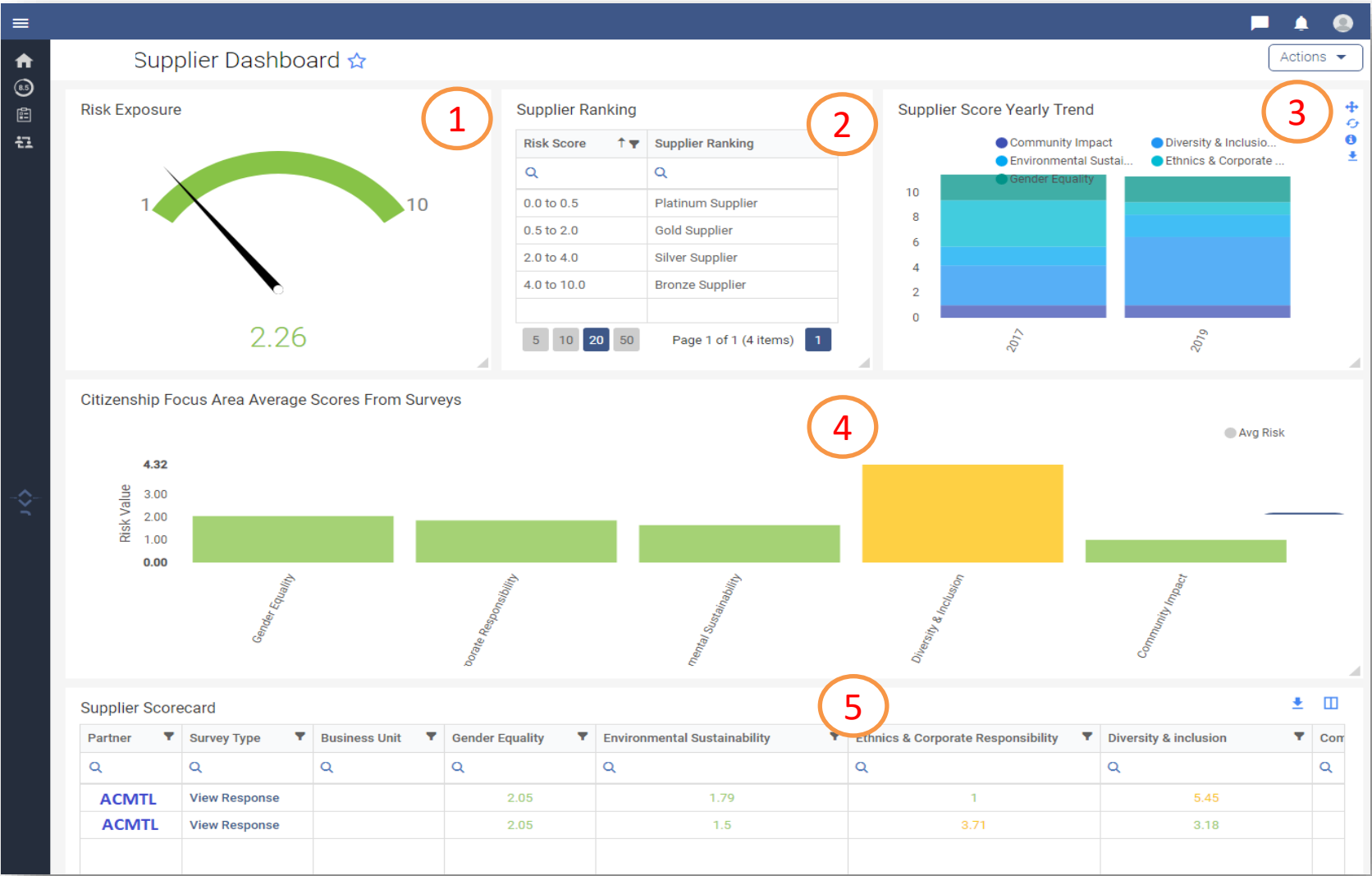
CONTINUITY

- Corporate Business Continuity Program
- Supplier Site BCP Assessment
- Backup site and Recovery Time

* COPE = Construction, Occupancy, Protection and Exposure needed for insurance



Resilinc Solutions: Quantify Risk

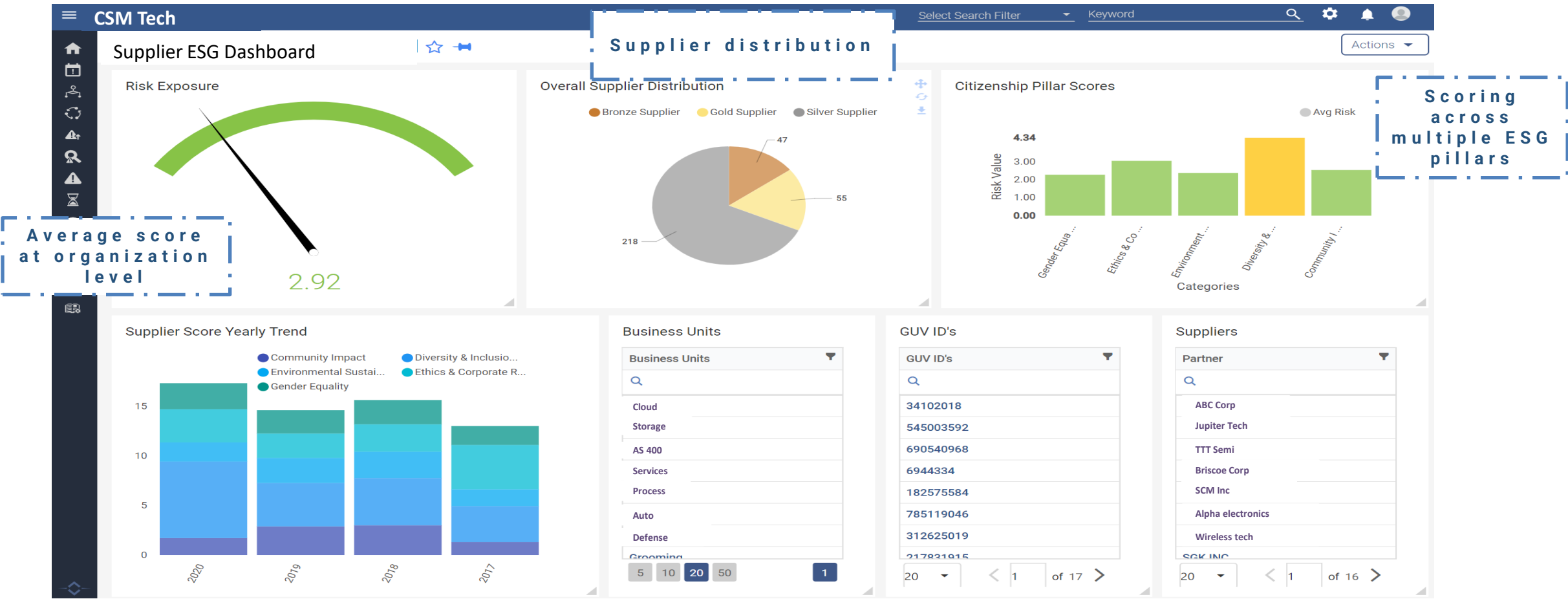


Dashboard Sections:

1. Risk Exposure
2. Supplier Ranking
3. Supplier Score Yearly Trend
4. Citizenship/ESG pillar Average Scores
5. Supplier Scorecard



Resilinc Solutions: Quantify Risk



Average score at organization level

Supplier distribution

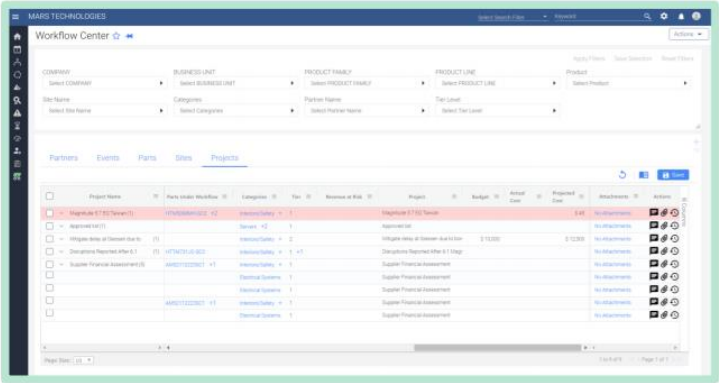
Scoring across multiple ESG pillars

YoY trend of ESG Components

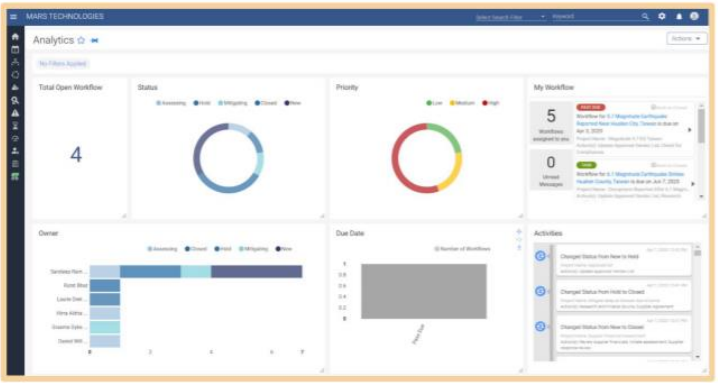


Resilinc Solutions: Mitigate ESG Risk

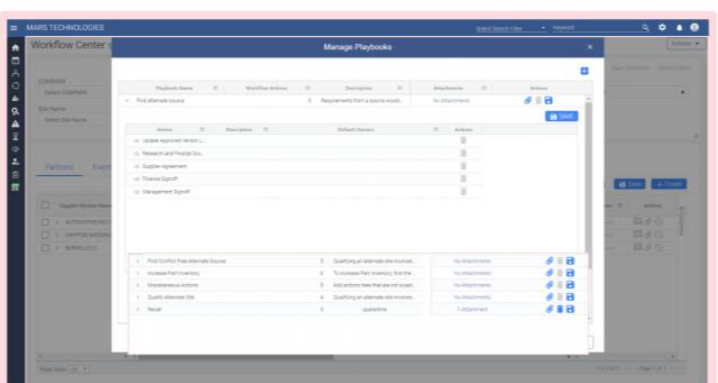
Create Workflows



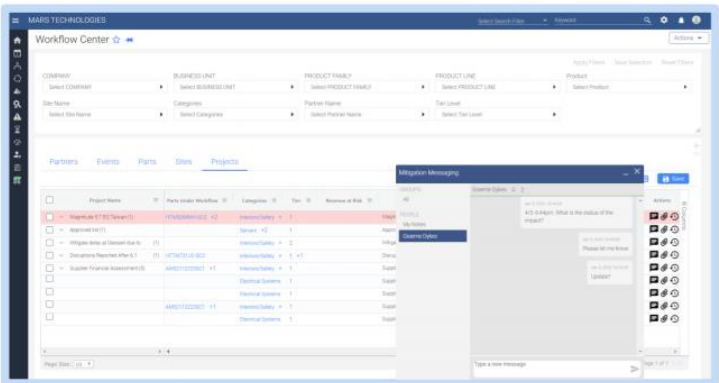
Visualizations & Analytics



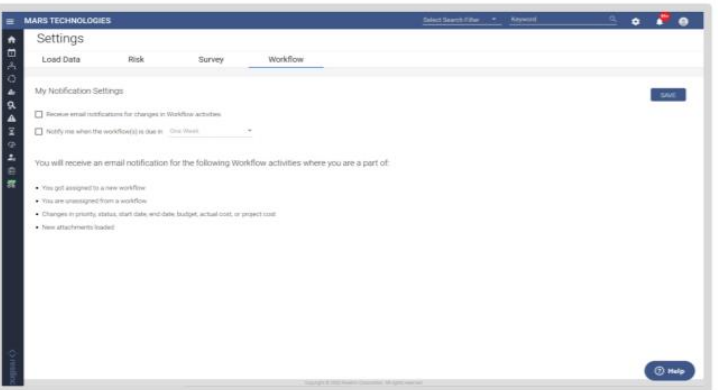
Stock & Custom Playbooks



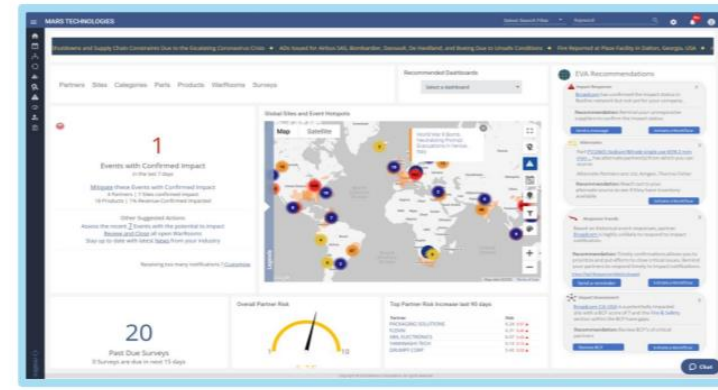
Chat & Messaging



Automations & Integrations



Predictive Recommendations



Resilinc Solutions: Track Decisive Actions Effectively



Create Standard Workflows for various risk types, scores and thresholds

Leverage the centralized risk register to create, assign, track and monitor mitigations (supplier, site, part and event level) initiated from across the organization.

Execute on the Established Processes and Get Faster ROI

Link your playbooks, standard operating procedures and best practices to the risk register enabling your experts dispersed globally to act as one team to resolve issues faster and with improved effectiveness.

Collaborate Seamlessly with peers using Messaging

Institutionalize information exchange through the Collaboration Center, file sharing and audit capability, breaking any silos and tribal knowledge.

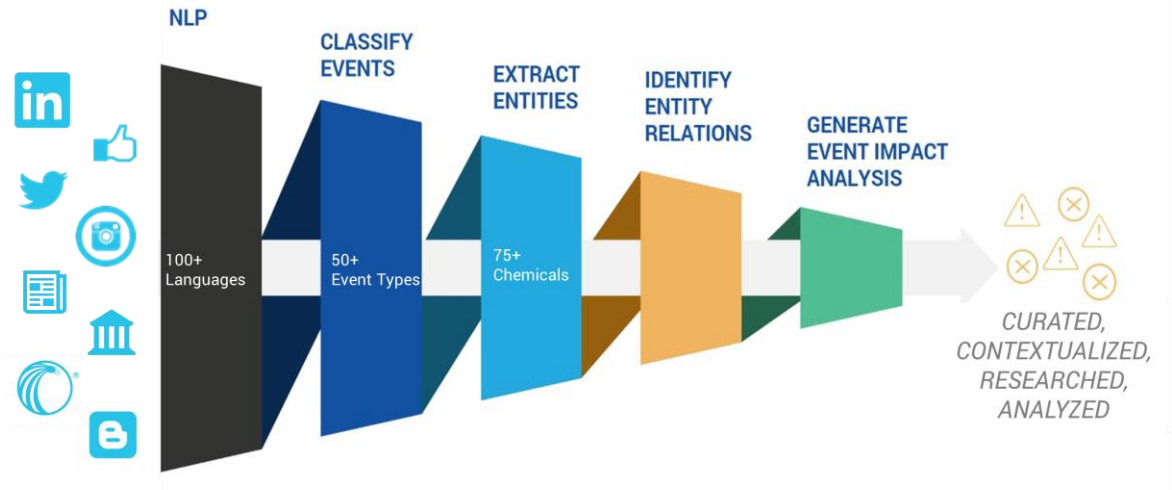
Resilinc Solutions: Continuous Monitoring

195+ Countries

100+ Languages

45+ Event Types
320+ Sub Types

150M+ News
Feed Per Annum




- 24 x 7 Monitoring
- Tailored Alerting System
- Proactive Scenarios Planning
- Supplier Notification
- AI / ML Learning Algorithms

Resilinc Solutions: Supplier Screening

We screen suppliers by leveraging 11 years of event history to find adverse events and news regarding labor & environmental violations, disruptions, regulatory issues, fines, lawsuits

1. Send us the supplier

2. You'll receive a report based on:




Labor issues

- Labor rights violations
- Employee discrimination
- Child Labor



Corporate Restructuring

- M&A
- ownership changes
- spin-offs




Quality problems

- Recalls
- Airworthiness Directives
- FDA Form 483 (public domain) etc.



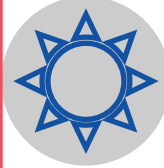
Financial

- Force Majeure
- Profit Warnings
- Price Fluctuations
- Allocations



Cyber attacks, hacks

- Safety or Security problems
- Theft and Hijackings



Environmental violations

- Regulatory fines and citations
- Chemical spills, pollution lawsuits

Who's in your supply chain?

Mapping is foundational for Resilience, Sustainability,
Social Responsibility and Fairness and Security

Resilinc Recommends

Establish Risk Management System



Carry Out Regular Risk Assessment



Predefine Mitigation Playbooks



Set-up Internal Complaint Procedure



Continuously Monitor Your Suppliers



Document and publish your

- Due diligence process
- Risks identified
- Measures taken



Thank You!

