



CHANGING REGULATORY LANDSCAPE AFFECTING SUPPLY CHAIN SUSTAINABILITY IN ASIA

How to Manage Supply Chains Risks?



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On June 11, 2021, the German Parliament passed **the *Supply Chain Due Diligence Act***. With this law, the German government aims for **greater protection of people and the environment** in the global economy. As outlined by the federal government, German companies will face a range of obligations:

- ▶ Companies must ensure **compliance with human rights regulations** among their **entire supply chain**
- ▶ They must set up appropriate **preventative measures** such as carrying out in-depth audits
- ▶ The act also requires companies to publish their findings and measures in an **annual report**

Starting in **2023**, these obligations will apply to companies **with a workforce of at least 3,000** and will be expanded to companies with a workforce of at least 1,000 by 2024.

German companies especially need to address these requirements in their **overseas activities**. Having a risk management system to detect human rights or environmental law infringements is one key element. Further **key questions** for your company might be:

- ▶ Do we have **full transparency** of our suppliers which fall under the Supply Chain Due Diligence Act?
- ▶ How do we ensure that **neither human rights nor environmental standards are infringed in** our supply chain?
- ▶ Is our **risk management system** strong enough to reduce **liability and legal risks** under the new act?

In the past years, EAC has helped various international companies in developing, verifying, and improving their local supply chain in Asia. **Contact us for more detail or a first exchange on how we might be able to support you.**