

Global supply chains require global due diligence:

Risk of bribery and corruption, sanctioned parties, and ESG issues are top of mind for global manufacturers across nearly every industry. This is because in today's globalized supply chain, the most important material vendors, factory partners, and finished product distributors are often spread around the world. Identifying risks amidst already complex cross-cultural vendor onboarding and manufacturing management processes requires nuanced contextual knowledge and judgement. Human-led due diligence is an essential tool for cutting through the noise to distinguish critical risks from baseline media coverage and unsupported allegations.

REGIONAL CASE STUDIES

China

A US manufacturer of mixed-use satellite technology needed to verify the ownership structure of their Chinese partner—a subsidiary of a sanctioned Chinese state-owned entity. By mapping the ownership of the subject entity using local business records, PSA was able to determine that the company was less than 51% owned by the Chinese government, and therefore the client had not violated EAR sanctions.

Vietnam

A prominent European automotive manufacturer was preparing to distribute vehicles through a local reseller in Vietnam. The distributor had initially passed the client's 3rd party onboarding due diligence, but just a week before the first shipment was to leave port, allegations in Vietnamese media accused the reseller of fraud. By discreetly interviewing former employees and local industry experts, PSA determined these media allegations to be unsupported and further—to have been generated by a direct business competitor in an effort to sour the business relationship. The Client proceeded to have a successful and compliant relationship with the Subject entity.

Mexico

A Canadian manufacturer was facing difficulties in securing enough power to feed its growing manufacturing presence in Mexico. A local advisor recommended that they engage the services of a specific consultant to obtain power concessions. PSAs discreet contact with local sources, and a discreet visit to the operating premises listed in the onboarding forms resulted in the identification of the previous operating companies associated with the consultant, and through this exposed a history of allegations of fraud, corruption, and associated litigation.

TOPICAL CASE STUDIES

Forced Labor

A major agricultural products manufacturer contacted PSA to investigate allegations of child labor in their supply chain of raw materials in South America. Working with the Client's legal and compliance leaders, PSA swiftly identified the sites in question and deployed investigators to conduct discreet site visits during the working shifts alleged to be using underage employees. Unfortunately, these allegations were corroborated, and the Client was able to take steps to remediate the ethics of their supply chain.

ESG: Sustainability Risk

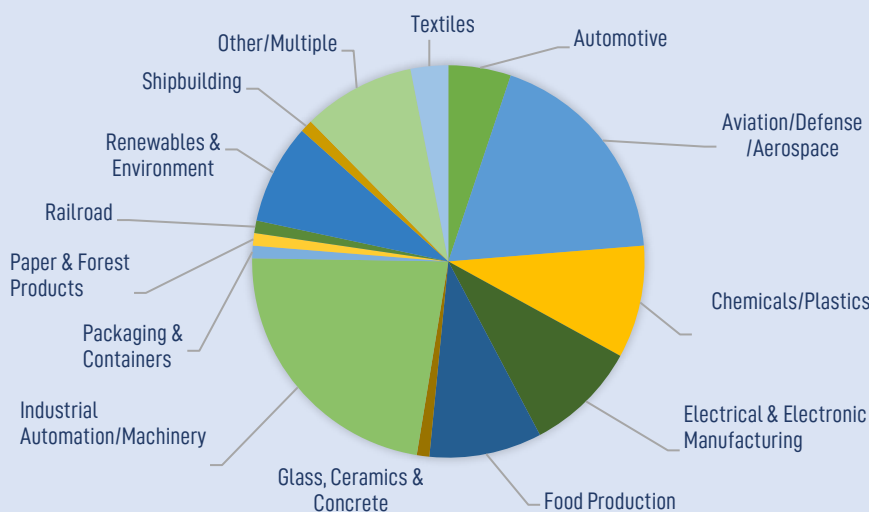
A popular athleisure manufacturer was expanding production to a new facility in Bangladesh. Before beginning manufacturing, the Client contacted PSA to conduct a sustainability and climate risk assessment of the new facility. Local open source media alleged that this facility was responsible for contributing to worsening industrial and chemical pollution in the area. Under the Bangladesh Environment Conservation Act, 1995 and the Environment Conservation Rules, 1997, the government of Bangladesh had categorized textile dying industries as "Red industries" – the term used for the most polluting industries. Pollution from the facility was found to contaminate surface and groundwater, posing significant risks to human inhabitants and aquatic biodiversity in the area. The client ultimately decided to move their manufacturing to a less polluting facility that better aligned with their brand identity and ethics.

Conflict of Interest

An American aerospace and defense manufacturer contacted PSA with concerns that one of their distributors in the Middle East had violated their contract terms by also acting as an agent for a competitor organization also distributing in the region. By leveraging PSA's extensive human source network in the region and industry, PSA was able to evidence this contradictory relationship with a competitor—including obtaining a photograph of the Subject Entity and the competitor's representative at an annual distributor awards gala.

Manufacturing clients by sub-industry:

In the last 2 years, manufacturers represent more than 25% of PSA's clientele. They order reports in every region of the world. In 2023 PSA provided services in 151 countries on six continents.





Pacific Strategies & Assessments

Established in 2000, PSA is a specialist risk consultancy delivering critical information to our clients through our Due Diligence, Investigations, and Advisory services. We operate where our clients do business, with regional offices staffed by investigators and responders who have extensive in-region experience gained from professional

backgrounds in corporate investigations, government intelligence and law enforcement. With a disciplined focus on information collection, we have a 23-year track record of supporting businesses in conducting assessments of complex operating environments.