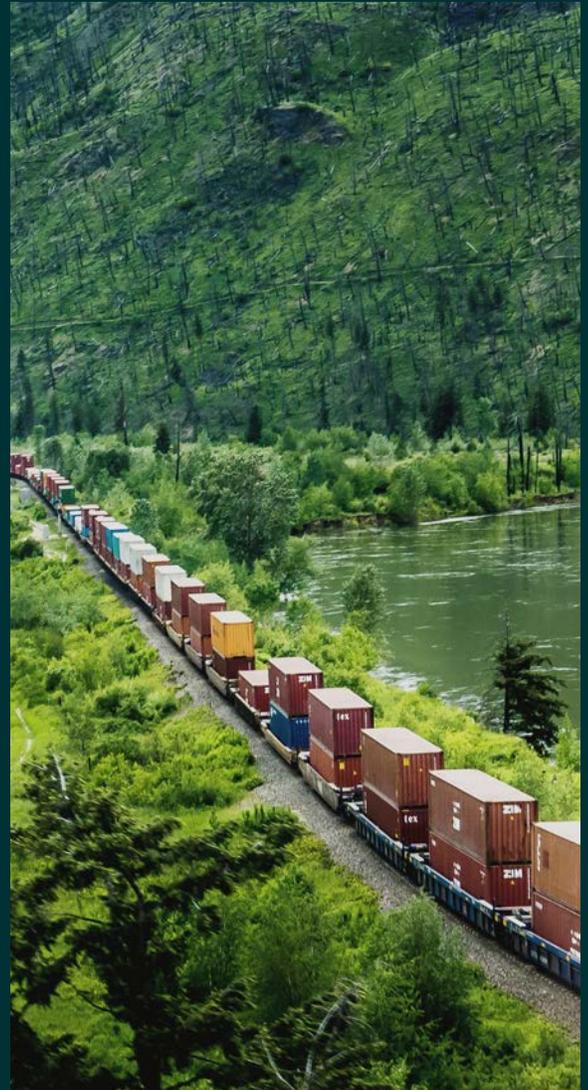


# Changing ESG regulations mandate compliance: Is your supply chain ready?



Over the past few years, there has been a significant increase in society's focus on environmental, social and governance (ESG) concerns. While ESG compliance was often a nice-to-have in the past, an increasing number of upcoming legislation intended to better safeguard human rights and the environment in the global economy is requiring ESG compliance as a prerequisite. Is your organization equipped to address compliance both now and in the future?

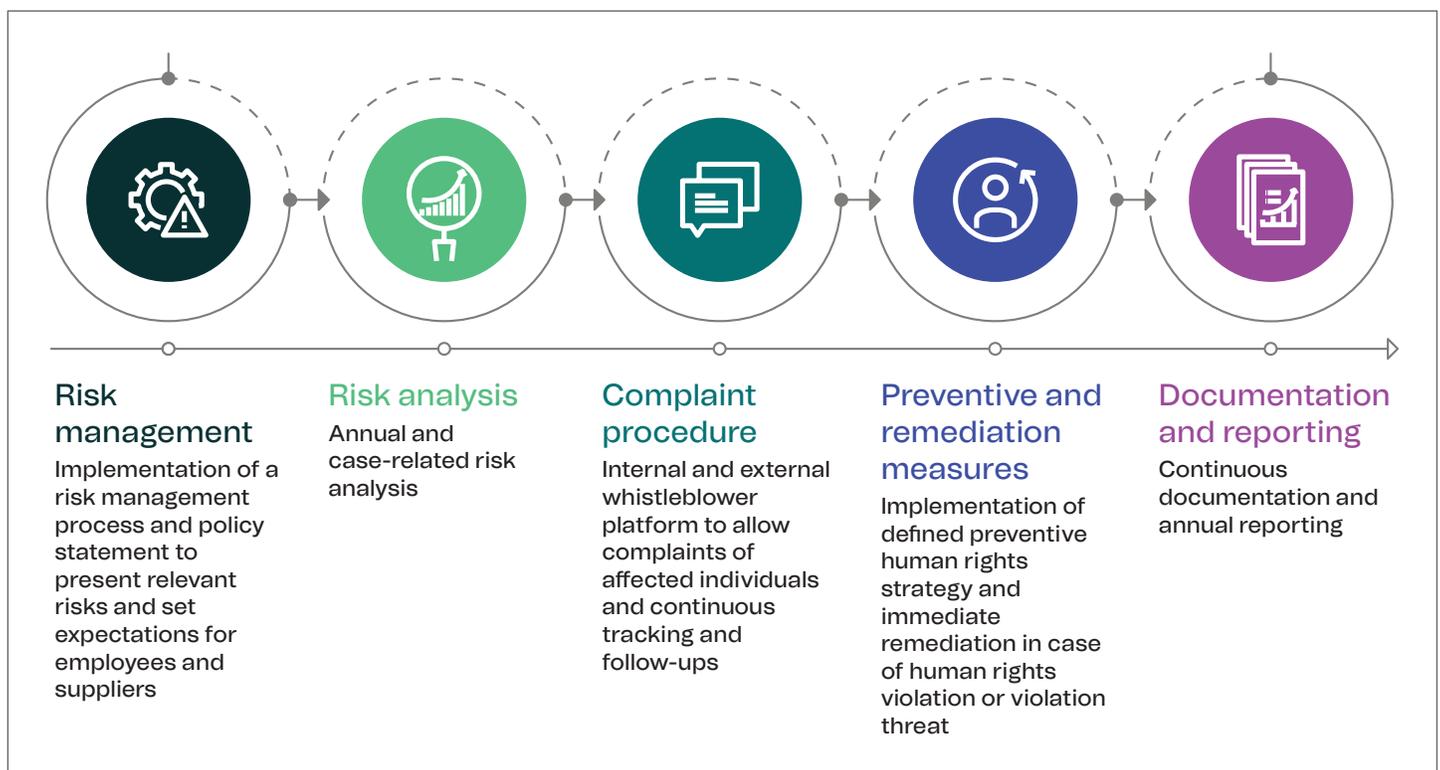
## Supply chain in focus

How many organizations will this act impact? Plenty! For example, in Germany, about 80% of organizations with more than 500 employees do not sufficiently comply with their due diligence obligations along the supply chain, according to "Monitoring the National Action Plan for Business and Human Rights (NAP)" presented by the German government.

On this basis, the German government has decided to introduce the German Supply Chain Due Diligence Act (Supply Chain Act), which will be enforced beginning on January 1, 2023. This law requires companies to ensure that basic human rights standards are observed in their supply chains.

The act requires diligence around the company's own processes as well as those of its entire supply chain and the direct and indirect suppliers with whom companies must fulfill due diligence obligations. Now, participation is no longer voluntary or optional — it is a legal requirement.

## The five core elements of the supply chain act



## International regulations

At an international level, governments are increasingly embedding due diligence obligations into law, exemplifying increased focus on human rights and environmental changes. In 2022, the European Union (EU) began working on a similar [proposal for a directive](#) on corporate sustainability obligations across the EU, while the United Kingdom has proposed the [UK Climate Change Act](#), and the United States Securities and Exchange Commission has a proposal requiring [net-zero transition plans](#). No matter where you look, ESG compliance isn't going away anytime soon.

## Prepare for the future: make your supply chain transparent and trustworthy

Fulfilling immediate requirements is important, but don't forget to also look beyond. Going forward, the expectation is that the stringency on data transparency, reliability and traceability will increase. Hence it is not only about getting compliant, but also about being a step ahead. This will make it mandatory to understand your product and process not only from a regulation perspective but also from a value chain perspective: gaining real business insights and understanding the associated risk.

### The objective:

The Unisys ESG Orchestration Manager will enable organizations to comply with immediate requirements like the Supply Chain Act in a short time frame while also being flexible and scalable to address future demands.

While being compliant to local regulations, the right approach toward ESG should also allow you to remain competitive, keep a strong reputation in the market, understand the business and improve efficiency.

## The solution: A flexible orchestration solution for now and the future

The ESG Orchestration Manager is an integrated solution in which the whole ESG process can be managed without the need for separate modules for each requirement. This enables companies to become compliant quickly. In addition, further value is generated by implementing technology to make the supply chain more transparent and audit proof for both the direct and indirect suppliers using the Digital Bill of Material (DBOM) protocol, which addresses long-term needs. As an optional feature, the solution offers social media and news monitoring for advanced reputation protection in the event of actions of suspicious suppliers in your supply chain before a whistleblower reports an incident.

### Audit-proofed digital workflow solution:

The Unisys best practice digital workflow engine is based on a low code/no code platform and represents the core element to manage ESG and supply chain processes, store data and make it visible in an integrated dashboard. Activating or changing workflows on the fly is quick and easy. With a graphical user interface, you just drag and drop different activities from activity templates to enhance or modify workflow definitions that are already predefined within our solution. The solution comes with high compliance standards, which is the reason that many customers in highly regulated environments use it. The platform is available on premise or within the cloud.



## Risk scoring engine

Integrated within the ESG Orchestration Manager is a powerful and highly flexible risk scoring engine. Through a combination of easily configurable rules, predictive analytics and machine learning, the engine provides real-time insight into supplier risk identification and scoring presented via a highly intuitive user interface. AI and predictive analytics can identify new risks and patterns, enabling organizations to tackle current risks as well as adapt to emerging threats. Continuous rule and model evolution is supported through features such as performance analysis and test mode deployment, ensuring rapid response to changes in risk patterns without impacting current operations.

## Supply chain transparency, traceability and immutability

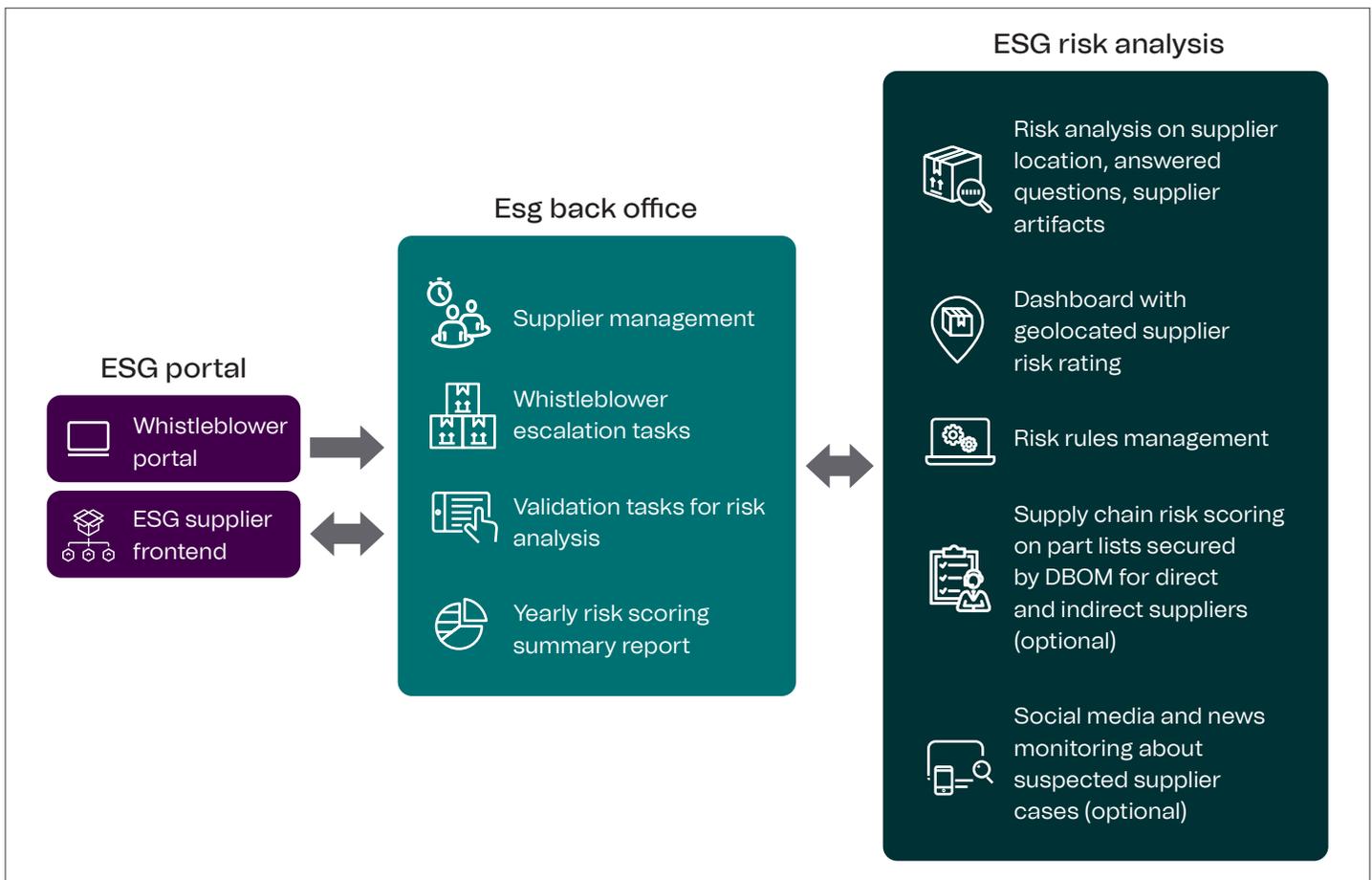
Supply chains can expose companies to hidden and uncontrollable risks that negatively affect ESG. It is therefore paramount to understand all details of a product or portfolio from its source to the final result.

In technology, this can be achieved through a DBOM, which is a protocol solution that provides a global and autonomous framework that enables companies to implement trust, resiliency, automation and efficiency into the supply chain of your products and therefore enhance the integrity of your business.

The DBOM protocol creates the following benefits:

- Automation by standardization and uniformity → share ESG data in a predefined format
- Privacy of information → data hosted and owned by its producer and not hosted by a third party
- A scalable solution → a company may need to collect data from n-tier suppliers
- Trust of the data and its authenticity
- Lifecycle management of the data
- Immutability of data when required

## Solution at a glance



## Why Unisys:

With different modules combined into one solution, our ESG Orchestration Manager allows you to manage your own ESG data as well as your supplier's compliance. Additionally, it's easy to implement for current needs while also allowing a platform for scalability, with options to extend functionality for future needs.

- ✓ Fast and uncomplicated implementation of a central platform
- ✓ One solution for short-term and long-term needs
- ✓ Simple and structured illustration and documentation of processes and workflows
- ✓ Easy to use without the need for programmer knowledge due to low code/no code technology
- ✓ Fully automated and audit-proofed documentation with central access
- ✓ Modular solution based on individual requirements, like portal function with integrated self-service
- ✓ Easy to expand to additional use cases without additional costs
- ✓ Advanced risk engine integrated to manage own and supplier risks
- ✓ ESG risk management not only for direct but also for your indirect suppliers
- ✓ Analysis of social media from news agencies to identify suspected cases from your suppliers



From enhanced compliance with immutable data to the increased need for transparency and traceability, the time is now to implement a supplier management solution.

To help prepare your organization to be compliant with ESG regulations, [visit us online](#) or [contact us](#) today.



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