

Manufacturing Due Diligence Case Studies

Risk of bribery and corruption, sanctioned parties, and ESG issues are top of mind for global manufacturers across nearly every industry. Identifying risks amidst already complex cross-cultural vendor onboarding and manufacturing management processes requires nuanced contextual knowledge and judgment. Human-led due diligence is an essential tool for cutting through the noise to distinguish critical risks from 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 was still in EAR compliance.

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 reseller entity.

Mexico

A Canadian manufacturer was facing difficulties in securing enough power to feed its growing manufacturing presence in Mexico. A local advisor recommended they engage the services of a specific consultant to obtain power concessions. PSA's discreet contact with local sources and a discreet visit to the disclosed operating location resulted in the identification of other 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 work 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, and the Environment Conservation Rules, the government of Bangladesh had categorized textile dyeing 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.

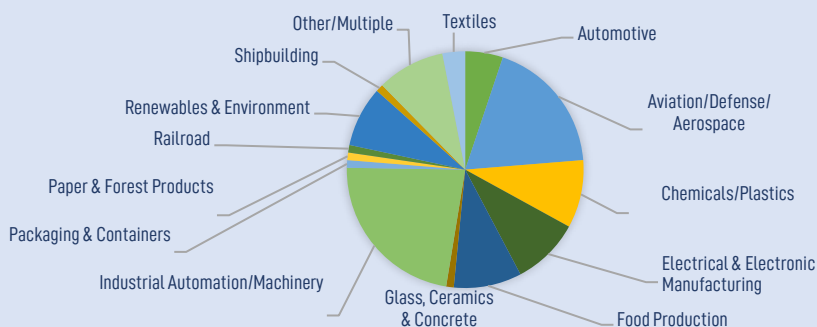
Conflict of Interest

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 a regional distributor for a competitor. 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.

Disclaimer: To safeguard our clients and their interests, important details regarding our previous experience have been changed to intentionally obscure the nature of the assignments and the Parties involved. Similarities to any real person(s), companies, or events is purely a coincidence. In the event that we state a Party is guilty, it is understood that the Party rejects this assertion, and has refuted this statement.

Over the last 2 years, manufacturers made up more than 25% of PSA's clientele. In 2023, PSA provided services in 151 countries on six continents.

Manufacturing clients by sub-industry:





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.

Due Diligence

Our DD products are tailored to our clients' needs and based in deep understanding of best practices and regulatory guidelines. We scale from desktop research to on-the-ground investigations with multiple process-based due diligence options.

Investigations

PSA has a proven record in supporting companies in complex, international investigations. Our investigative abilities can be scoped to accommodate a variety of engagements, including whistleblower response, fraud investigations, and asset tracing.

Advisory

PSA provides strategic guidance to firms to address specific concerns. We tailor services to support clients on a variety of complex issues, including complex disputes, country-specific operational risks, emerging regulatory issues, and point-specific human risks.