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Insights

The EU Supply Chain Act



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Malta



Own legislation

✗ No.

Typically, Malta transposes EU Directives into Maltese Law after their formal publication.

Local initiatives with the same objective

✗ No.

There are no local initiatives or national regulations that cover the same scope as the EU Supply Chain Act.

Scope

Although there are currently no such similar regulations in place, it is not expected that a significant number of Maltese companies would ultimately **meet the applicability thresholds set out in the current proposal**, i.e.:

- 500+ employees on average, with a net turnover of more than €150 million in the last financial year
- 250+ employees on average, with a net turnover of more than €40 million in the last financial year, provided at least 50 per cent of this turnover was generated in a high-risk sector, which

include textiles, clothing, mineral extraction, agriculture, forestry, fishing, or metal manufacturing.

Duties applicable to companies

While there is currently no such similar legislation yet in place in Malta, companies that fall within the scope of the CS3D will have a corporate due diligence duty to identify, prevent, end, mitigate and report on adverse human rights and environmental impacts in their own operations, their subsidiaries and their supply chains.

Implications for SMEs

Small and medium-sized enterprises (SMEs) are not directly within the scope of this proposal. Therefore, unless the Maltese Legislator gold-plates the transposition of the Directive, SME's shall not be directly impacted.

This is highly unlikely as the local business community has already voiced their concerns over the lack of certainty as to how the CS3D will be implemented in Malta. In fact, the Maltese Chamber of Commerce, which is the main local body representing local businesses, has released

a *statement* indicating that more clarity is needed for local businesses to understand the implications of the Directive once it is transposed and implemented.

Directors are expected to be fully aware of their responsibility to ensure that their organizations have robust due diligence processes in place to identify, stop, prevent, mitigate and report on any negative impacts on human rights and the environment in their own operations, subsidiaries and supply chains.



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