



WHEN TRUST MATTERS

CSDDD: Transforming Corporate Responsibility through Proactive Supplier Engagement

25 March 2025



verdantix

Green Quadrant

ESG & Sustainability
Assurance Services

Leader

2024

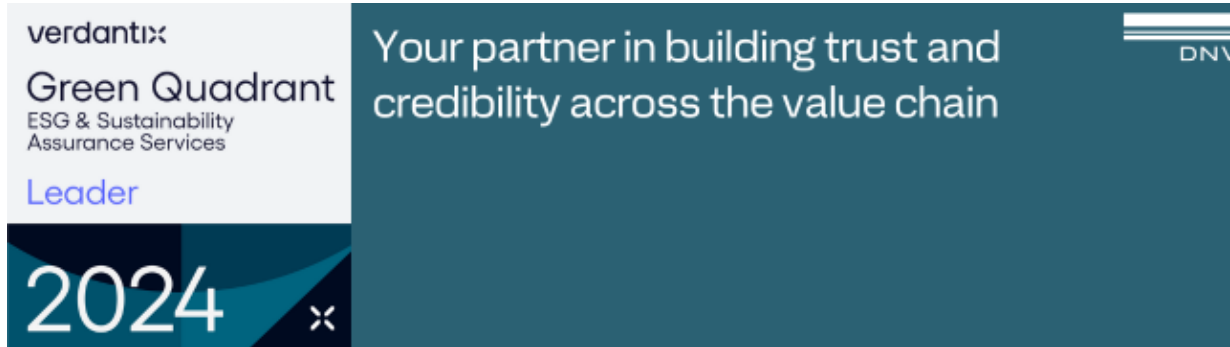


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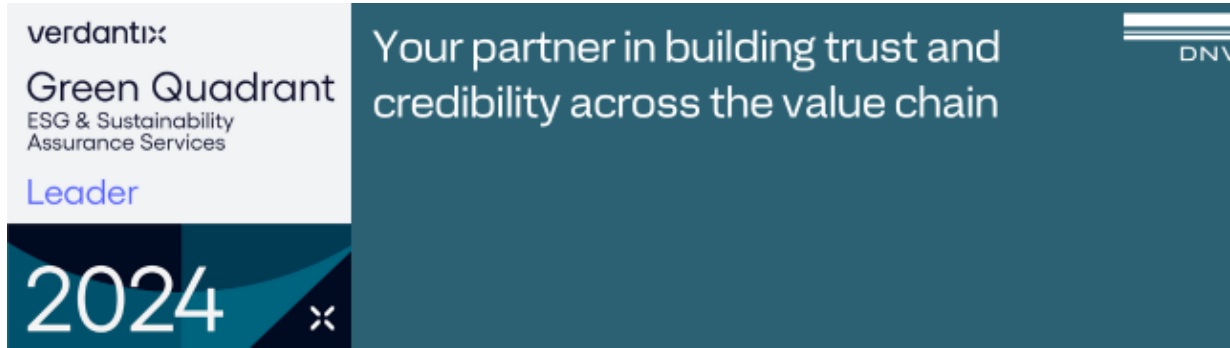


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DISCLAIMER

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DISCLAIMER 2

Due to the recent Omnibus Proposal there is a great amount of change and uncertainty and further details and amendments still to be concluded in CSDDD – therefore the content and information in this deck is being provided “as is” and is based on latest available information. DNV takes no responsibility for any inaccuracies in the content. For specific legal advice, please consult a legal professional / a law firm

Our Organization

DNV Group is 100% owned by **Stiftelsen Det Norske Veritas** - a self-owned, independent foundation

Our Purpose

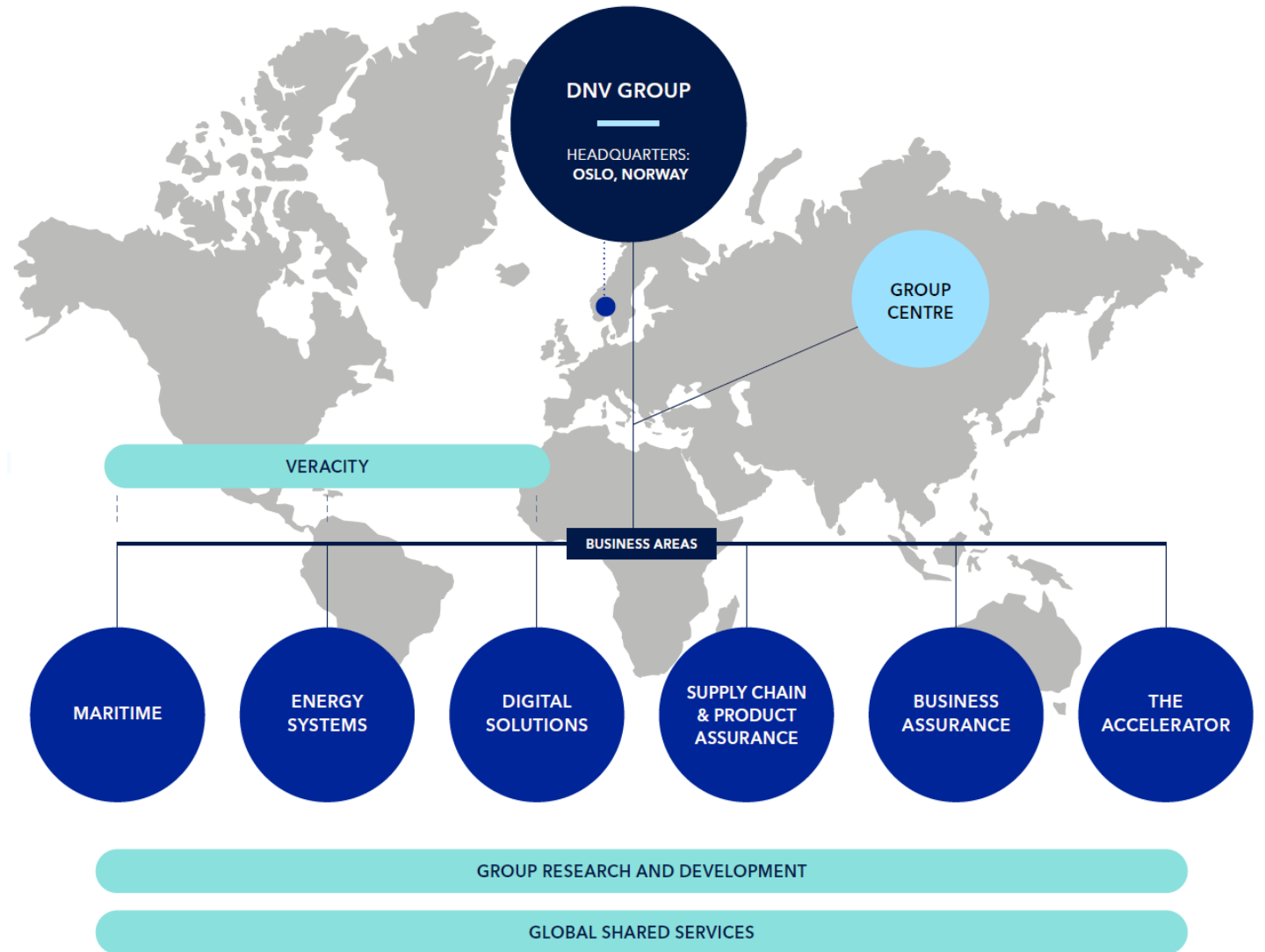
To safeguard life, property, and the environment.

Our Vision

A trusted voice to tackle global transformations.

Our Values

We care. We dare. We share.



A global assurance and risk management company

161
years

~15,000
employees

100,000+
customers

100+
countries

5%+
of revenue in R&D

Ship and offshore
classification and advisory



Energy advisory, certification,
verification, inspection and
monitoring



Software, cyber security,
platforms and
digital solutions



Management system certification,
Supply chain and product
assurance



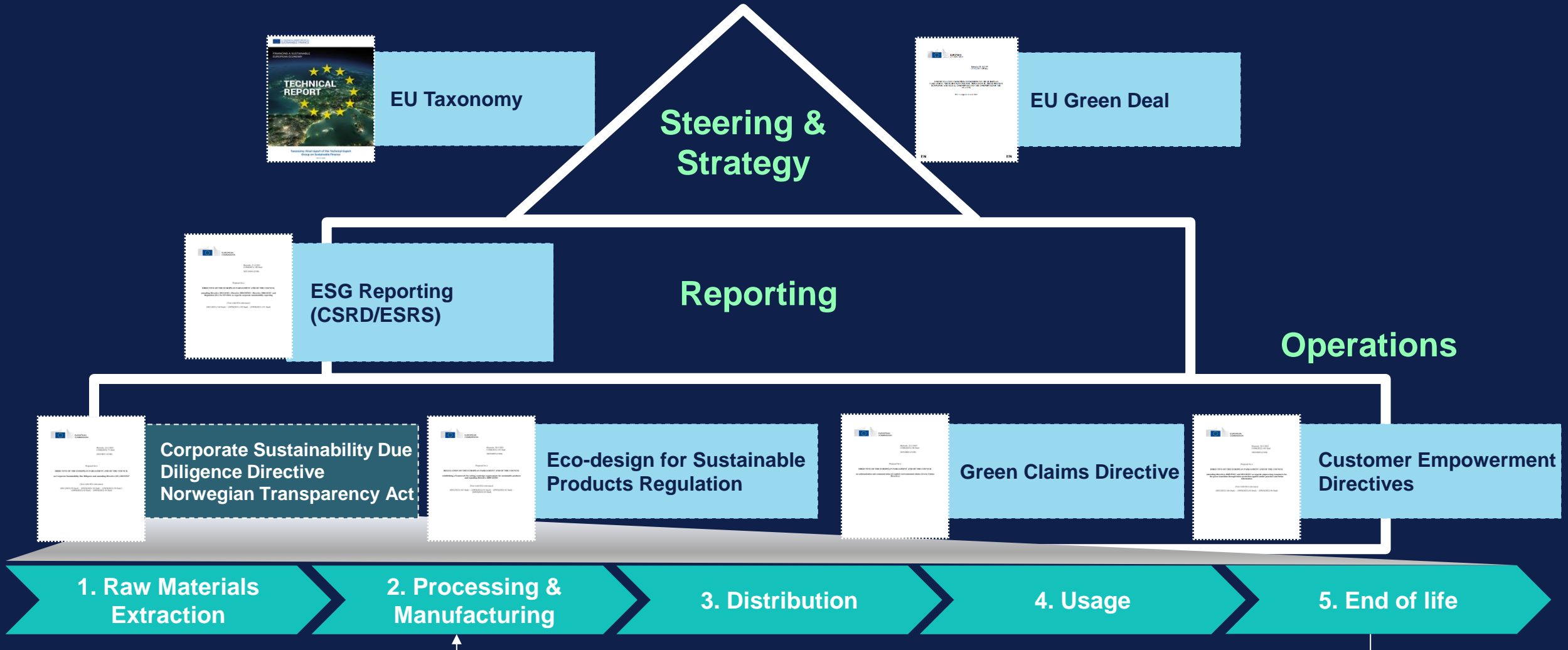
Our mission: ESG & Sustainability



“*Accelerating responsible and credible decarbonization across hard-to-abate sectors*”

Acceleration	Responsibility	Credibility	Decarbonization
Acceleration aligns with our sustainable finance, strategy, and digital transformation capabilities	Responsibility encompass a holistic approach, integrating ESG transformations as part of a just transition, leveraging our human rights services whilst also communicating that our approach is not a “carbon tunnel” approach	Credibility aligns with our third-party independence and assurance services as well as position our technological competences to assess and evaluate different technologies and impact	Decarbonization aligns with our prioritized focus on climate mitigation, net zero strategies and our capabilities within asset and product level assurance

...within a complex regulatory landscape...



Main regulatory requirements introduced

CSDDD | Corporate Sustainability Due Diligence Directive

Human Rights	Environmental Impacts	Climate Transition Plan
United Nations Guiding Principles on Business and Human Rights. Human Rights and Fundamental Freedoms of Conventions.	Environmental Conventions – industry specific. As defined as material through companies' double materiality. Environmental degradation that impairs human rights or ecosystem services that contribute to human wellbeing.	Transition plan for climate change mitigation that is aligned to limited warming to 1,5°C in line with Paris Agreement, European Climate Law and 2050 Climate Neutrality Targets.

Basic Due Diligence Duties
Risk based due diligence, Stakeholder engagement, build and maintain a complaints procedure, monitor effectiveness, communicate on due diligence efforts (reporting).

The importance of prioritization	Termination of business relationships	Negative risks to be addressed	Incorporating ESG risks into ERM	Activities throughout Value Chains
Human rights and environmental impacts in companies' operations must be identified and prioritized appropriately according to severity and likelihood.	If mitigation and prevention efforts do not reduce or resolve severe negative impacts, companies must end business relationships.	When risks are identified, companies must prevent, mitigate and minimize potential or actual negative risks, including remediation actions.	Companies are required to integrate due diligence into the corporate policies and risk management models (ERM-Enterprise Risk Management).	Due diligence must encompass information associated with chains of activities; the entire upstream and downstream value chain, as derived from corporate risk and impact management.

Due diligence obligations

Founded upon a common approach based on the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD guidelines for responsible business.

Embed responsible business conduct into policies and management systems



Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services



Cease, prevent and mitigate adverse impacts



Track implementation and results



Communicate how impacts are addressed



Provide for or cooperate in remediation when appropriate





By thoroughly evaluating the supply chain, a business can make informed decisions, reduce costs, and **improve long-term resilience.**

Resilience through supply chain sustainability

Non-compliance will risk long term business continuity



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Omnibus vs real positive impact and sustainability performance



"80% of environmental impacts are in the supply chain across global fortune 500 companies"
(Sustainable Procurement Barometer, EcoVadis)

From compliance driven to performance driven

Regulatory drivers

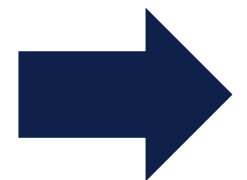
Compliance with laws and regulations

Reputational drivers

- Societal expectations
- Investor priorities
- Reputational and business benefits

Performance drivers

Increased ROI through increased efficiency, greater competitive advantage and better risk management.



Environmental and social risks in supply chains



Respect
Human
Rights



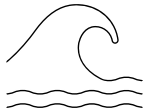
Biodiversity
and
Ecosystems



Pollution



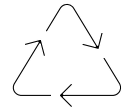
Child labour
and young
workers



Water
Resources



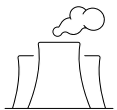
Non-
discrimination



Circular
Economy



Regular
employment



Greenhouse
Gas Emissions



Wages,
benefits and
working hours



Worker
protection



Emergency
preparedness
and response



AUDITS

Identify high risks in organisational value chains



SUPPLIER ENGAGEMENT

Monitor suppliers and enhance engagement opportunities



STAKEHOLDER ENGAGEMENT

Focus on capacity building with in-depth training



Stakeholder engagement and capacity building

Shifting from compliance-driven to performance-driven supply chain sustainability requires effective supplier engagement, often centred on capacity building: committing to suppliers, co-developing solutions, enhancing skills, and establishing strong governance processes.



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Supplier engagement and monitoring



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Engaged suppliers act with purpose, motivation, and understanding; suppliers want to collaborate to drive performance.

Engagement often creates growth and innovation within the supplier's product and/or operations.

Engaged suppliers are also more likely to be flexible and are more accommodating in the event of unforeseen or regulatory challenges.

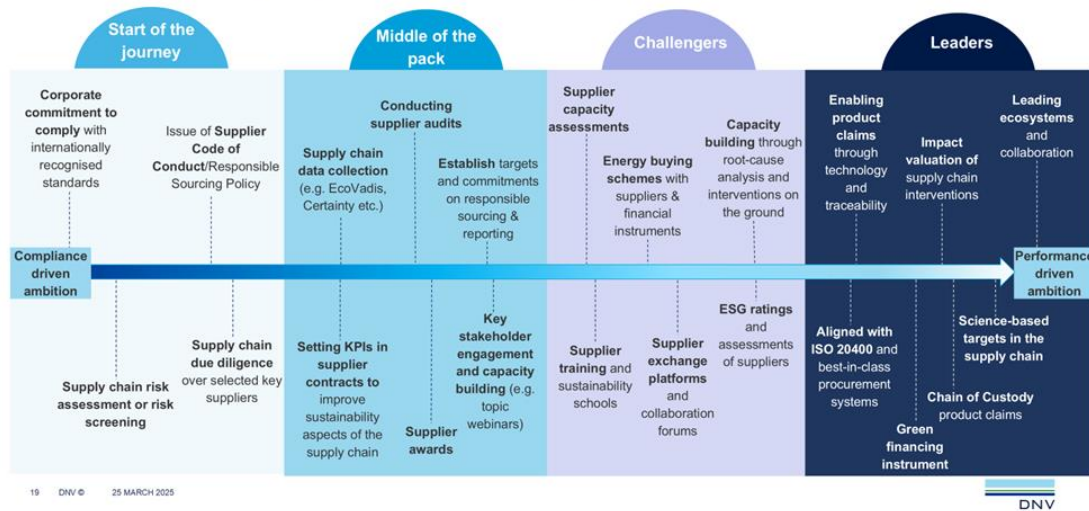
Engaged customer-supplier partnerships may offer better unit pricing over time, and achieve lower costs of waste and rework.

Companies must optimize how they monitor suppliers: determining what to track, how frequently, and how to engage suppliers with risk factors to drive improvements.

Supply chain governance

Value Chain Management strategic journey

DNV can support the journey to driving sustainability in your supply chain



Gauging the status of your management systems is critical for an effective supply chain risk approach. DNV can perform a risk assessment/gap analysis to assess risk management procedures and company readiness for compliance and sustainability reporting.

SUPPLY CHAIN GOVERNANCE

Identify and close gaps in management systems

SUPPLY CHAIN TRANSPARENCY

Track and monitor suppliers more effectively

SUPPLY CHAIN TRACEABILITY

Improve and streamline data collection and verification



Supply Chain Transparency



Ensuring supply chain transparency means having visibility of your supply chain, understanding salient risks and having appropriate due diligence in place to monitor and manage those risks and act upon them once identified.

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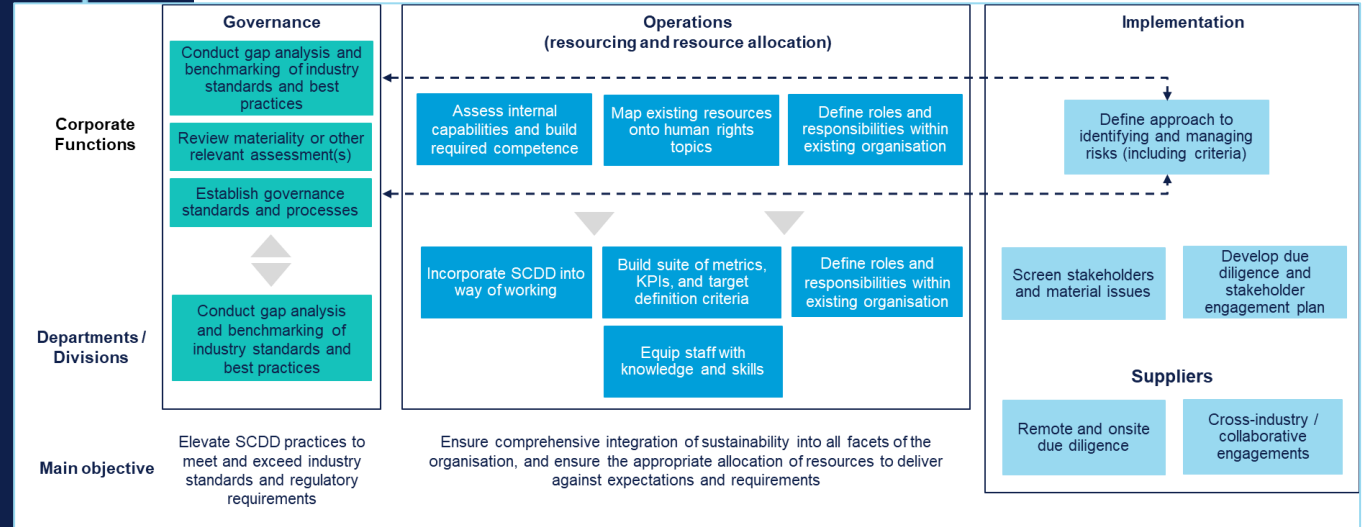


Supply-chain due diligence framework

Conducting supply chain due diligence is crucial for a company to identify risks, **ensure compliance** with regulations, and enhance transparency.


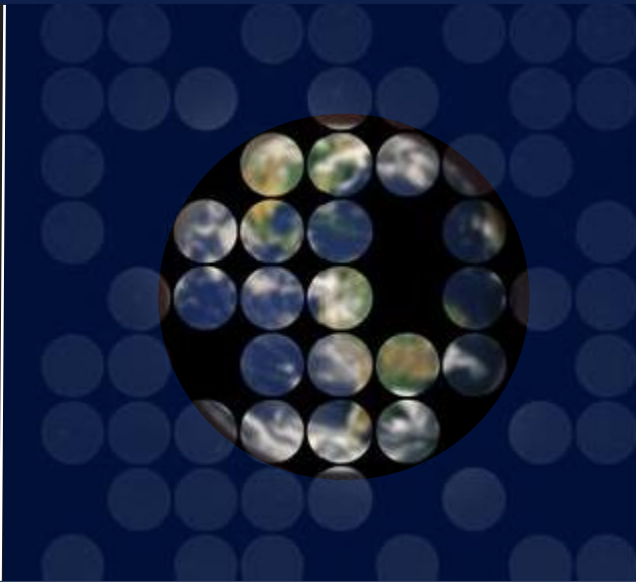


It helps assess the reliability and sustainability of suppliers, prevent potential disruptions, and **safeguard the company's reputation**.

WHY SUPPLY CHAIN DUE DILIGENCE?



To build a comprehensive supply-chain due diligence (SCDD) framework, a company must identify risks, design strategies to respond to risks and opportunities, and implement strong management systems to minimize risk throughout the supply chain.

How can AI map the supply chain?

			
Public, open source data	High-value commercial data	Private first party data	Customer Data
<p>AI begins with public open source data.</p> <p>They are cleaned, standardized and fused together to get an initial picture of the supply chain.</p>	<p>Then AI does the same thing with a wide array of commercially available data, fusing them to the graph as well.</p> <p>But all the public and commercial data together, still gives only a partial view of the map.</p>	<p>AI adds network visibility and learnings from first-party data to enrich the map for everyone.</p>	<p>Once your dataset is cleaned, it is enriched by your data and connected to a live view of supply chain network through AI.</p>

DNV solution for supply chain mapping

DNV leverages a **dynamic solution** for **multi-tier mapping** of the global supply chain



AI driven, continuously updating & growing



Reveals **product origins** & **supplier networks** at the facility-level



AI learning across **public** and **non-commercially available** data



Provides the shared source truth to **governments logistics providers, and enterprises**

Key Numbers

510M+

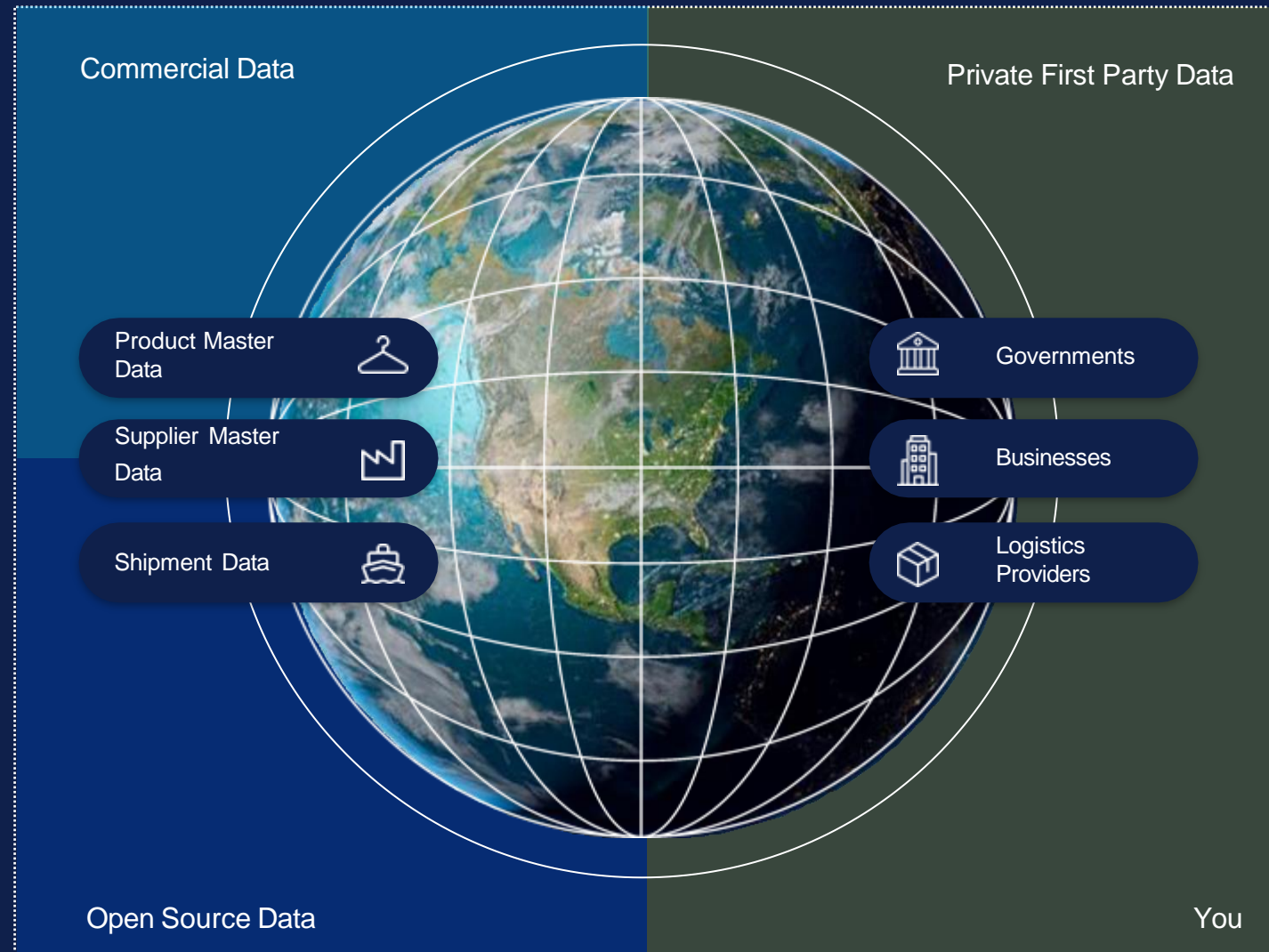
Companies & their global ownership structures

3B+

Transactions

100M

Supplier relationships



Our solution enables full visibility of the customer's global supply chain...

DNV supply chain mapping platform uses AI to construct customer's relevant value chain, enabling them to:



Gain **facility-level visibility** of transaction



Understand **network changes** as their supply chain evolves



Pinpoint **exposure to risk at facility-level** and **precisely locate where and how goods** produced **enter** in their **value chain**

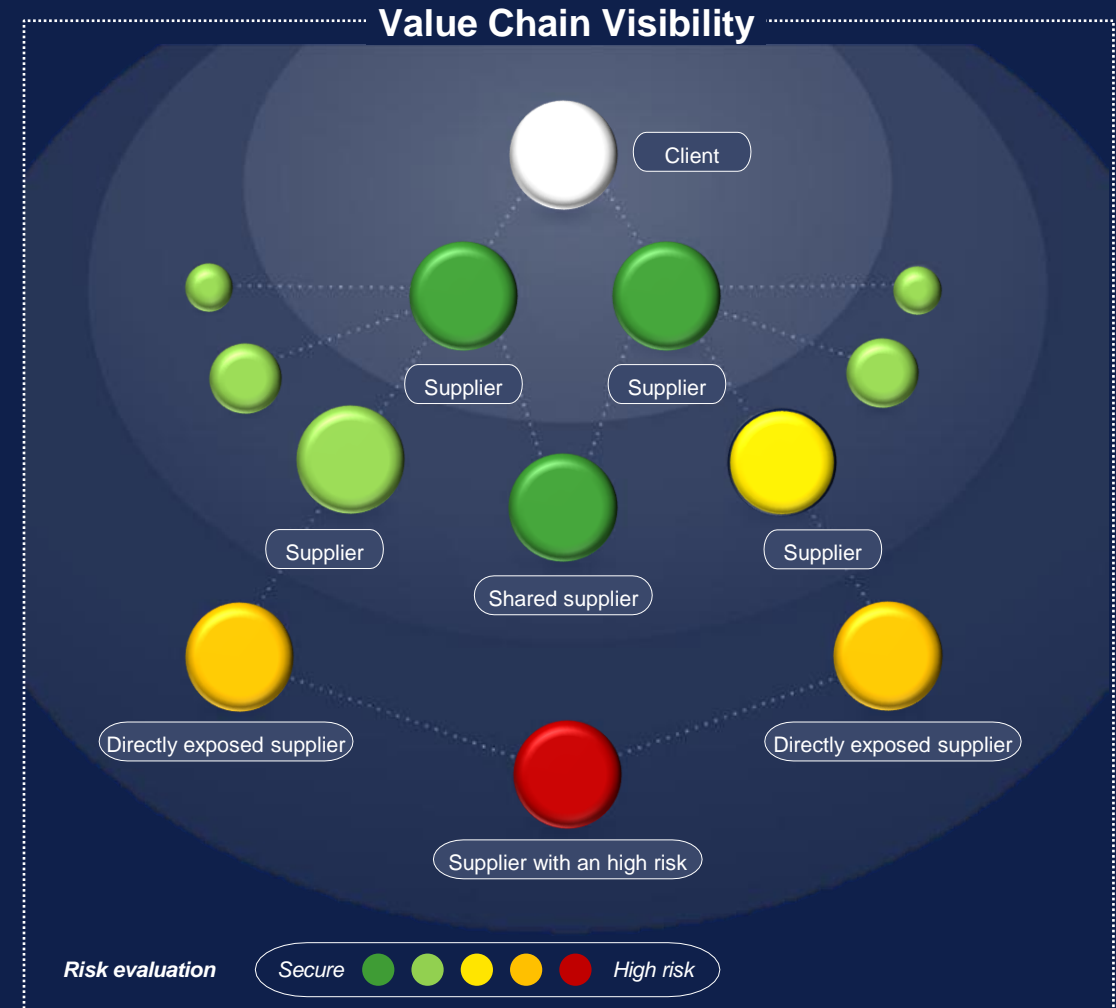
Main platform uses

Sustainability

Business Intelligence

Compliance

Resiliency



Next, **Supply Chain Traceability**

Supply Chain Traceability is entering a new era whereby it is possible to digitalize entire value chains, create efficiencies, ensure scalability and pave the way towards goods traceability in line with the upcoming **Digital Product Passport, DPP, protocol**



SUPPLY CHAIN GOVERNANCE

Identify and close gaps in management systems

SUPPLY CHAIN TRANSPARENCY

Track and monitor suppliers more effectively

SUPPLY CHAIN TRACEABILITY

Improve and streamline data collection and verification



Audits

DNV delivers more than 12000 supply chain audits per year worldwide



With an extended network of more than 5000 auditors



AUDITS
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Let's summarize

Each organization sits a different stage in their sustainability journey, and the landscape of supply chain due diligence regulation has evolved rapidly in the past few years. Companies need to approach their due diligence assessments and legislation compliance, whilst adding commercial value.

What	Needing to know who and where your suppliers are	Needing to trace goods and components across the value chain and back to origin	Needing to understand the social and environmental risks
How	<div>Management and Governance</div> <ul style="list-style-type: none">Risk scanValue chain mappingAudits to identify and mitigate risks and verify information on the ground/remotelySupplier engagement and capacity buildingRegulatory gap analysis	<div>Traceability</div> <ul style="list-style-type: none">Data collection and streamliningEmbedding digital servicesChain of custodyDigital product passport	<div>Transparency</div> <ul style="list-style-type: none">GHG emissions accountingSupplier target settingCorrective action and remediationDue diligence assessmentsReport assurance
Why	Set the foundations for best practice	Provide confidence for stakeholders and collect meaningful data	Reduce likelihood of financial or reputational risk



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