65. Fachveranstaltung: Netzwerk Risikomanagement

Know Your Supplier (“KYS”):

Management von Nachhaltigkeitsrisiken und aktuelle regulatorische Trends

Zürich – 17. September 2025

Agenda

01 **Transparency and traceability trends**

02 **Interplay of DMA with various sustainability assessments**

03 **Regulatory agenda and Omnibus debate**

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01

Transparency and traceability trends

Transparency and traceability trends

Transparent open access ESG Data Platforms (“ESG data lakes”)

Investors, Public, NGOs

European Single Access Point (ESAP)

Corporates

Financial institutes and real economy

Sustainable Finance

- SFDR
- MiFID
- Climate transition and Paris-aligned benchmarks

Classification System for Economic Activities

- EU Taxonomy

Supply Chain Transparency

- CS3D (general DD)
- Deforestation (EUDR)
- Conflict Minerals
- Forced Labor
- Batteries
- PFAS etc.

Corporate ESG Reporting

- CSRD and ISSB

Disclose material topics

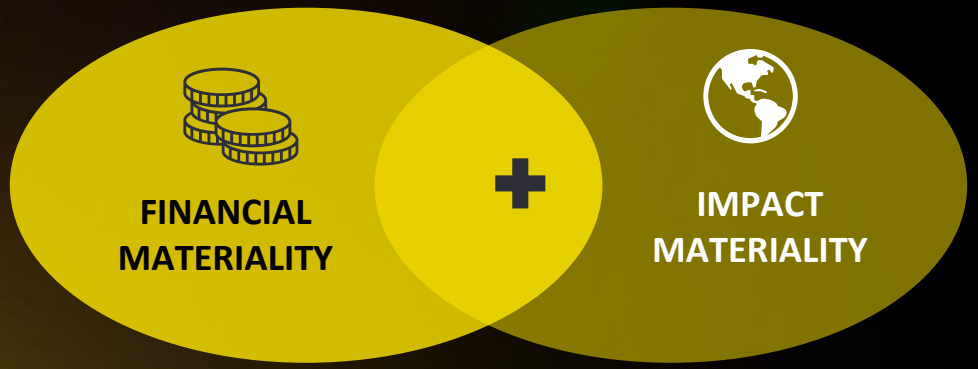
“Double Materiality”

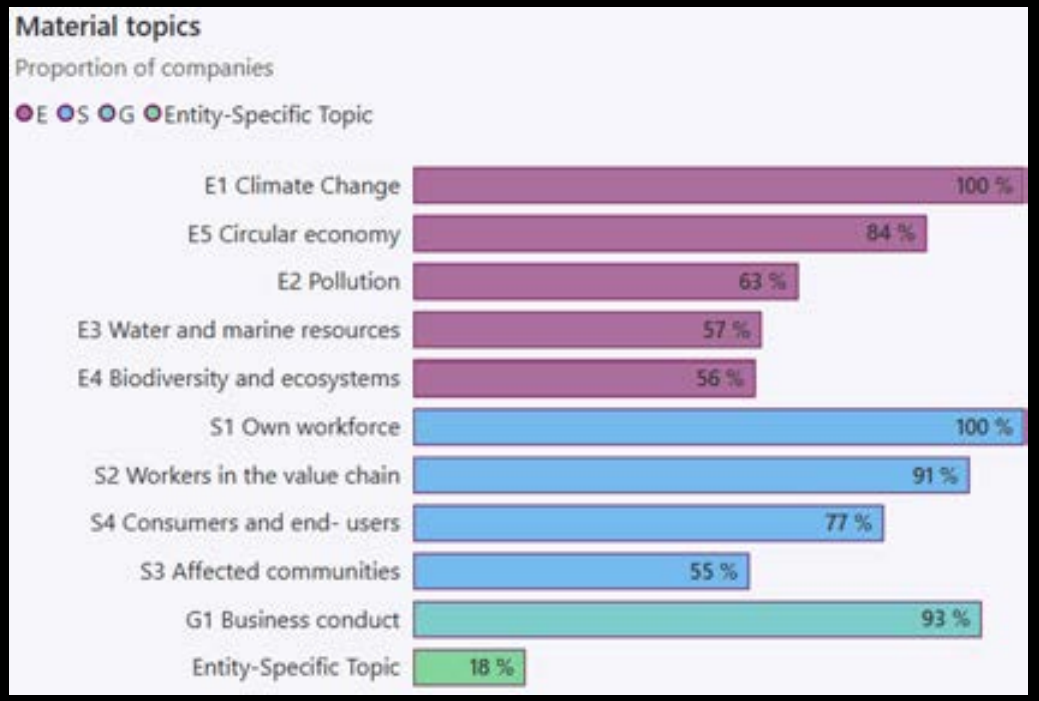
Impacts for the firm

- Risks and opportunities
- “Financial” perspective

Impact of the firm

- Positive & negative impact for E and S matters





Source: EY 2024 CSRD Reporting Study

What are core materiality topics of different sectors?

- Cement, steel, real estate => Climate
- Pharma => Access to health care, patient safety
- Consumer goods => Packaging and waste

What is material across all sectors?

- E1: Climate Change
- S1: Own Workforce
- G1: Business Conduct

Perform risk-based DD

Approach for Human Rights and Environmental Due Diligence

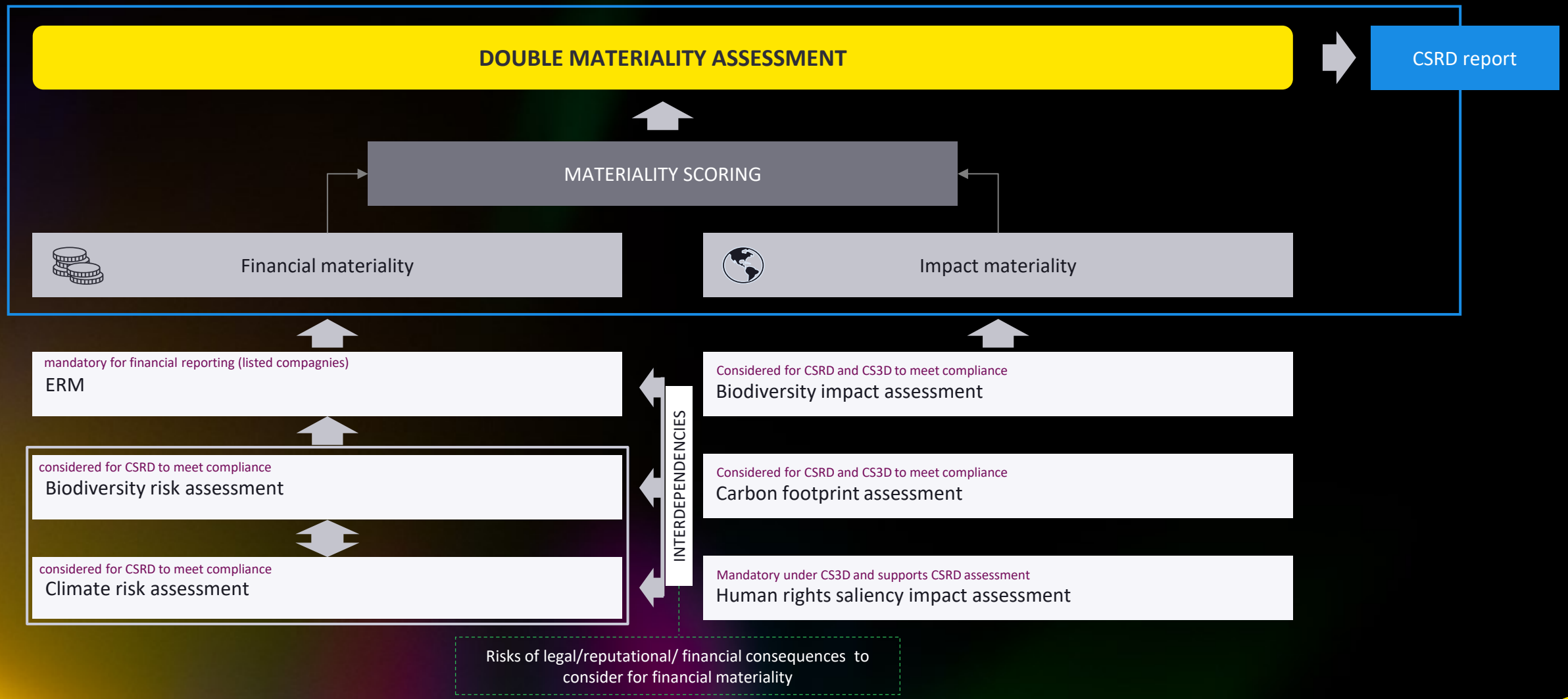
Inherent risk based on industry-, country risk and controversies

02

Interplay of DMA with various sustainability assessments

Interoperability of DMA across various sustainability assessments

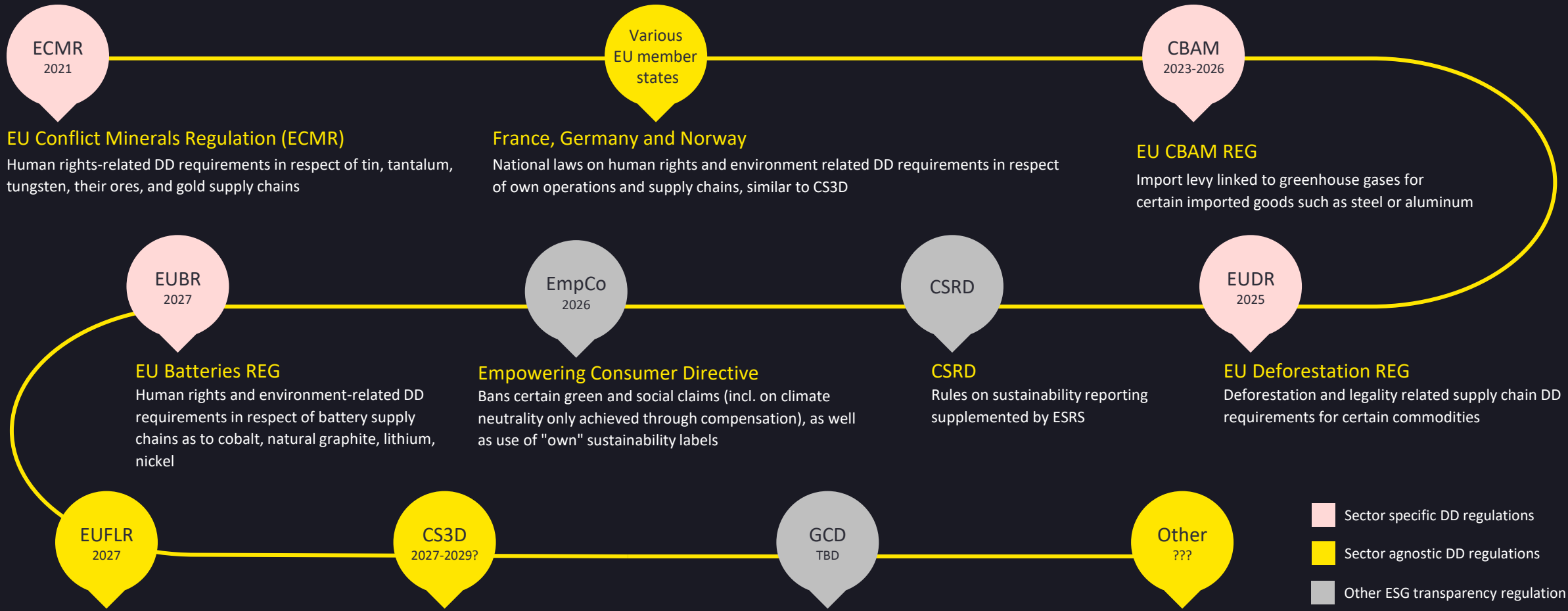
Mandatory under CSRD



03

Regulatory agenda and Omnibus debate

Selection of key green deal regulations



Initial Omnibus proposal on CS3D: February 2025 (ongoing debate)

Scope	▪ **Unchanged;** CSRD would be closer aligned with the higher CS3D threshold
Due diligence in the value chain	▪ Due diligence **assessments generally limited to direct suppliers** (Tier 1) ▪ However, if there is **'plausible information'** about potential or actual adverse impacts involving indirect partners (beyond Tier 1), they should be assessed ▪ **Maximum harmonization across the EU** to avoid stricter requirements in certain areas of DD ▪ **Contractual cascading** of Code of Conduct
Civil liability, penalties and representative actions	▪ **Removes EU-wide civil liability regime** but maintains access to justice and compensation for victims ▪ **Removes minimum cap of 5% cap** of global turnover, yet fines should continue to be effective ▪ **Deletes the provisions on representative actions** not amending different national regimes that exist

What are no regret actions in Human Rights and Environmental DD?

Our four-step approach outlined below is based on the operational DD aspects of the OECD Due Diligence Guidance for Responsible Business Conduct, which is the blueprint guidance for the CS3D Directive and other supply chain DD related regulations.

EY four step approach to HR and E due diligence

01. Identify and assess

02. Prevent and mitigate

04. Communicate and Report

03. Track and Monitor

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