



Sustainability Sharing Session

2025



Keynote Speakers:



- Associate Director at PwC China
- Registered Senior Engineer
- Master in Environmental Engineering, University of Melbourne
- Nearly 15 years of working experience in ESG consulting
- Specialize in ESG strategy, transformation, reporting and due diligence
- Rich ESG consulting experience in auto industry
- Work with smart since 2021

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- Manager at PwC China
- Registered Intermediate Engineer
- Master of Environmental Engineering, National University of Singapore
- Over 8 years project experience in ESG sustainability advisory, focusing on ESG consulting projects
- Provide ESG consulting services to multiple clients in the transportation sector

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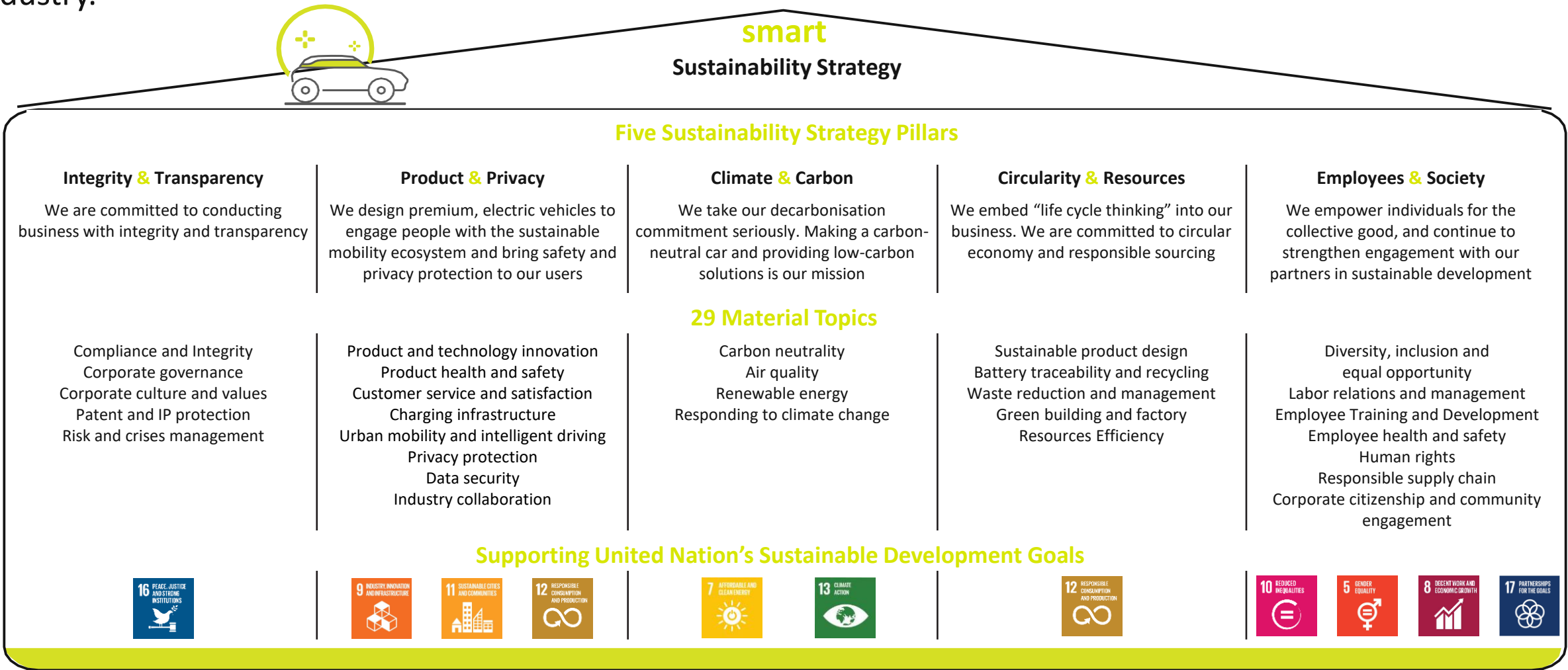


Chapter 1

smart Sustainability Process



smart has always advocated responsible development and has developed leading sustainability strategy in auto industry.



smart has been continuously publishing sustainability reports since 2022 to externally demonstrate its sustainability progress.

2022



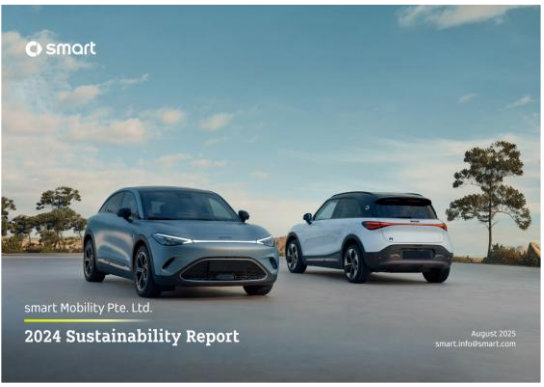
2023



2024



2025



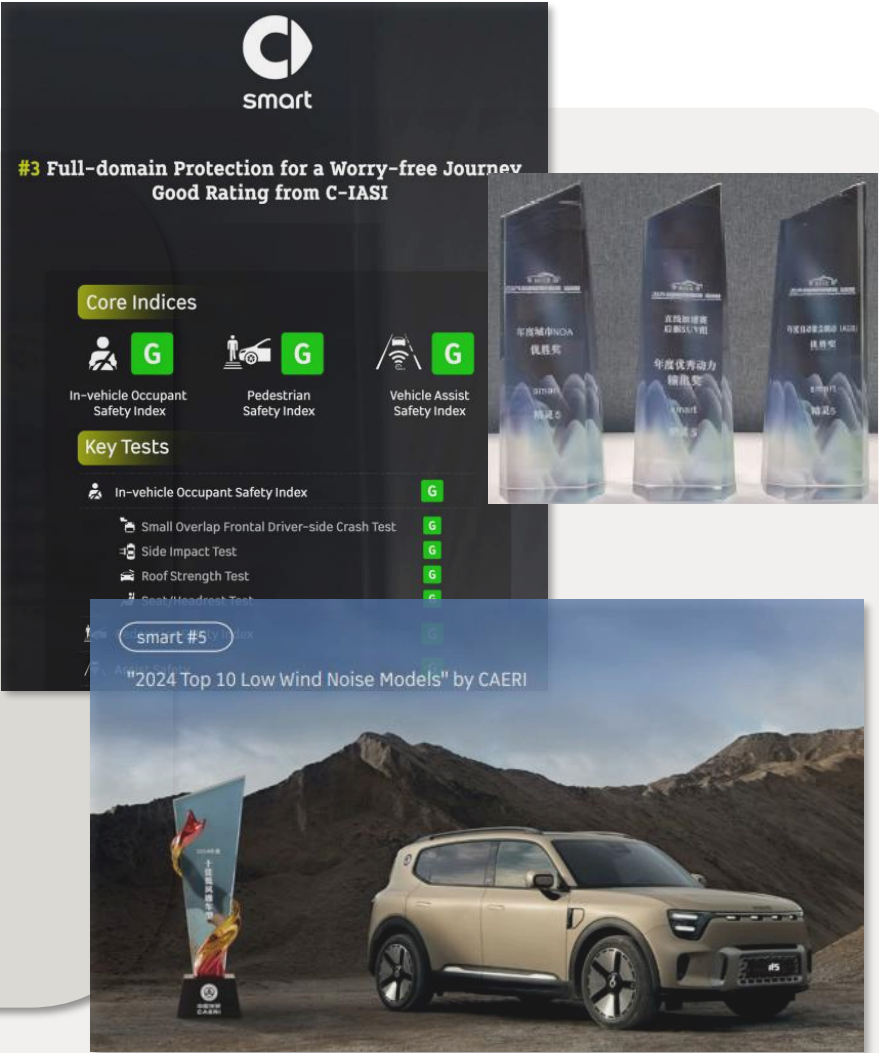
Highlights of the 2024 Sustainability Report - Integrity & Transparency



- Some of the Company's components have been brought within the scope of the EUDR. smart has coordinated with relevant internal departments to confirm the list of affected components, conduct supply chain mapping, **ensuring that components do not cause deforestation, forest degradation and other humanity related issues.**
As of the end of the Reporting Period, the Company has identified **120** components through internal screening and plans to continue advancing supplier communication and traceability efforts in 2025.
- In 2024, smart organised a **compliance gift auction event**. During the auction, we **carried out scenario-based promotion of gift-related knowledge** and **dissemination of gift acceptance policies** to reinforce employees' understanding, with over 200 simultaneous online participants.
- As of the end of 2024, smart has cumulatively obtained 1,377 trademarks, 25 inventions, 245 utility models, and 515 design patents.

Highlights of the 2024 Sustainability Report - Product & Privacy

- In 2024, smart integrated more premium, diverse, and fun-filled driving experiences into our latest model, smart #5, and was certified by the CATARC Automotive Test Centre (Tianjin) Co., Ltd., a leading Chinese authority on comfort certification, and awarded the **"Seat Comfort Star" A-level rating**.
- smart won **multiple awards in the 2024 National Intelligent Driving Test Competition Finals**, including the Annual Outstanding Power Output Award, Annual Urban Navigation On Autopilot (NOA) Excellence Award, and Annual Automatic Emergency (AEB) Braking Excellence Award.
- In March 2024, the results of the latest round of safety crash evaluations by **C-IASI** were released. smart #3, participating in the evaluation for the first time, received **Good rating** with its outstanding performance, fully demonstrating smart's comprehensive strength in the field of product safety.
- During the Reporting Period, we **organised 6 pioneer user OTA co-creation sessions in Beijing, Shanghai, Hefei, Wuhan and other cities in China**, listening to companions' authentic voices up close and jointly exploring the stories behind intelligent evolution.
- During the Reporting Period, the Company deployed digital and intelligent processes **for vehicle cybersecurity, risk management, and product marketing systems**. We launched **a total of 4 digital platforms** to enhance efficiency and optimise management processes across various operational sectors.



Highlights of the 2024 Sustainability Report - Climate & Carbon



- Under the EU's carbon credit system, when the number of zero-emission and low-emission vehicles under an automotive company reaches a certain proportion, it is permitted to use electric vehicle credits to offset the emission targets of its internal combustion engine vehicles. In 2024, **smart transferred relevant carbon credits to Mercedes-Benz, one of its shareholders in the European market, in accordance with the relevant regulations.**
- For smart #5, which was newly launched in 2024, our R&D team **developed a model using professional Lifecycle Assessment (LCA) software,** completed of vehicle lifecycle carbon footprint calculations for smart #5, and resulted in the **quality system document Management Measures of Whole-Vehicle Life-Cycle Carbon Footprint Calculation.**
- smart #3 stood out with an ultra-low energy consumption of 12.7 kWh per 100 km, achieving excellent results in the German ED1000 Competition and defining a new benchmark for all-electric efficiency.

Highlights of the 2024 Sustainability Report - Circularity & Resources

- In 2024, smart **further increased the target requirements for the proportion of recyclable materials used** in 9 exterior assembly components and 107 chassis assembly components with high metal consumption, and **conveyed these requirements to suppliers.**
- **smart proactively responds to the EU New Battery Regulation**, ensuring compliance with requirements including CE Marking, Restricted Substances, Declaration of Conformity, and Carbon Footprint Requirements.
- In 2024, the recoverability rate of smart's all sold mass-produced models reached over 95%.



Highlights of the 2024 Sustainability Report - Employees & Society

- smart was awarded the **"2024 Top 20 Most Innovative Youth-Friendly Employer Brands "** by Ciwei.
- **Average Training Hours of Employees Exceed 16 Hours:**
 - During the Reporting Period, the average training hours of general staff at smart were 16.88 hours, representing an increase of over 100% compared to 2023;
 - The average training hours of department/sub-department heads and above were 16.16 hours, with an increase of over 80% from 2023.
- In 2024, we enhanced the effectiveness of actions in areas such as **climate change, community co-construction, and product innovation** through a sustainable public welfare model, thereby practicing the corporate citizen's responsibility for industry ecology and social development with practical actions. **During the Reporting Period, we carried out over 10 social welfare activities in China, Europe, Southeast Asia, etc.**



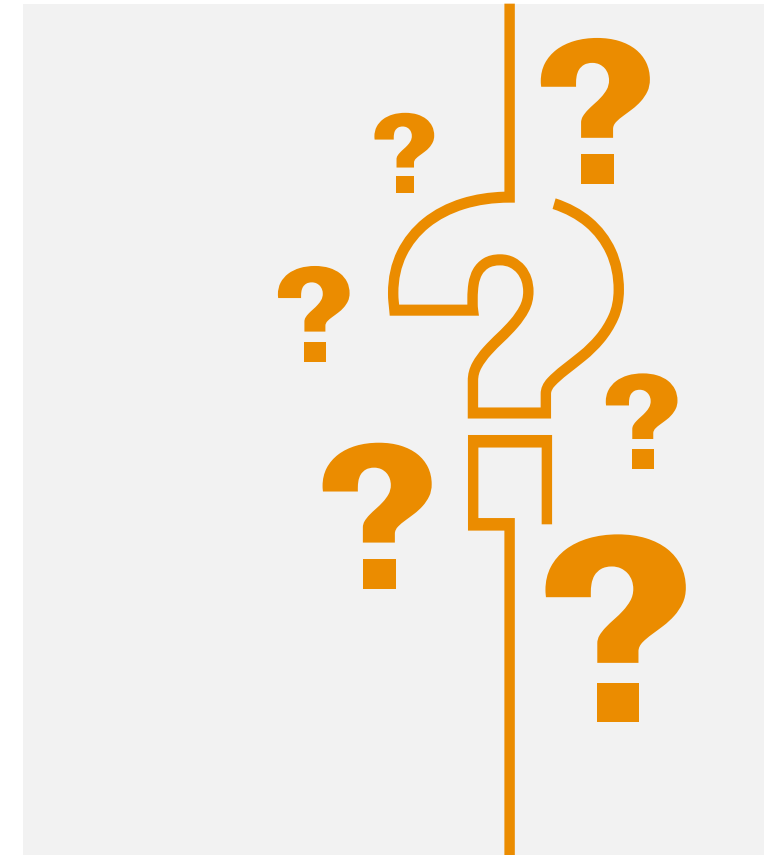
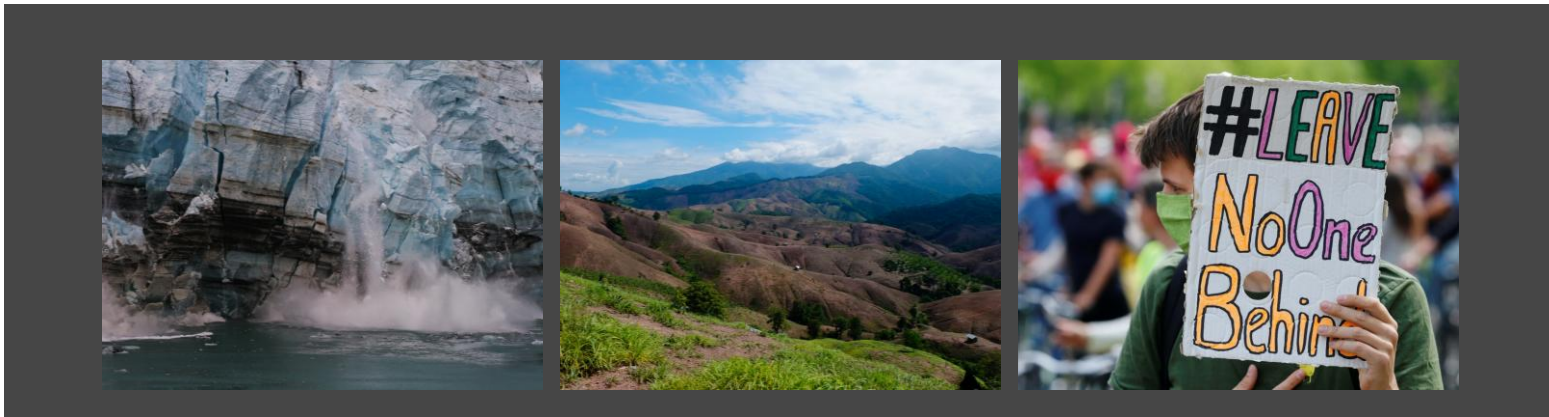


Chapter 2

Sustainability trends in the automotive industry

#Question

What ESG challenges do automobile companies face today?



Sustainability Challenges and Opportunities in the Automotive Industry

What can sustainability bring to automobile companies?



Cost Reduction and Efficiency Improvement

Adopt advanced production technologies and equipment to improve production efficiency, and reduce production costs and energy consumption



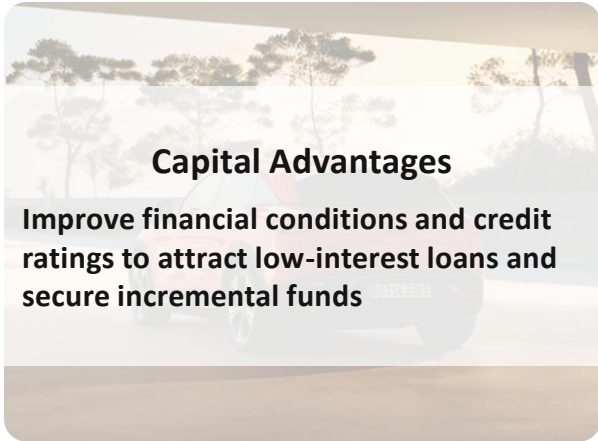
Brand Value Enhancement

Strengthen market competitiveness and brand image, thereby securing more value chain collaborations



Risk Mitigation

Implement rigorous management plans to reduce financial losses such as labor disputes and environmental fines



Capital Advantages

Improve financial conditions and credit ratings to attract low-interest loans and secure incremental funds

Key Focus Areas



Carbon Emissions

- Quantifying the carbon footprint
- Adjusting production processes and supply chains to reduce emissions



Circular Economy

- Increased efficiency and decreased cost through resource usage and waste reduction
- Lower sourcing cost and less environmental impact due to recyclable materials



Battery Management

- Ensure battery safety through R&D capabilities
- Full-lifecycle tracking, traceability, and recycling of batteries
- Decarbonization of batteries



Sustainable Supply Chain

- Traceability of sustainability data throughout value chain
- Reduction and control of negative environmental and social impacts in the supply chain

In July 2025, the Electric Car Grant introduced by the UK has incorporated information such as automakers' SBTi (Science Based Targets initiative) status, vehicle assembly locations, and battery production locations into environmental assessment criteria and may also influence future policy trends in Europe.

To promote the uptake of electric vehicles, the UK government has introduced the **Electric Car Grant**, with applications from car manufacturers being accepted from 16 July 2025. The policy provides a purchase grant of up to £3,750 for eligible **battery electric vehicles (BEV)**, aiming to guide green manufacturing and the development of local industries through an environmental scoring mechanism.

Some key requirements in the subsidy application criteria

- The subsidy targets zero tailpipe emission BEVs, with vehicle models having a price including VAT not exceeding £37,000.
- Zero tailpipe emission must obtain the approval certificate of UN Regulation No. 154 or the vehicle type-approval certificate of EU Regulation (EC) No. 715/2007.
- The subsidy is classified into two tiers based on vehicle scoring:
 - **Band 1:** Vehicles demonstrating better low-carbon manufacturing practices will receive a **£3,750** grant.
 - **Band 2:** Vehicles meeting basic eligibility criteria but with relatively lower low-carbon manufacturing performance will receive a **£1,500** grant.
- Manufacturers applying for the subsidy are required to provide **targets verified by SBTi**. For joint ventures, the process can be simplified: single controlling companies with >50% ownership shall provide proof of SBT targets from their controlling parent company; 50-50 joint ventures shall provide proof of SBT targets from both parent companies.
- The applicable tier is determined based on the **environmental score**. Manufacturers are required to provide specific information on **the country of vehicle assembly** (accounting for 30% of the score) and **the country of battery production** (accounting for 70% of the score). The scoring is based on the **carbon emission intensity of electricity generation in the production country**, with the calculation using the 2022 national-level grid carbon emission factors (unit: kgCO₂/kWh) from **the International Energy Agency (IEA)**. For example, the figure is 0.1948 for the UK, 0.365 for Germany, 0.0638 for France, 0.3543 for the US, 0.4635 for Japan, and 0.5889 for China (the data from the Ministry of Ecology and Environment of China is 0.5366).
- Besides the above environmental, the policy also sets forth a series of other requirements regarding **technology, safety, environmental protection**, and other aspects.
- Currently, 2 models from Ford have been awarded the Band 1 subsidy, while a total of 36 models under Volkswagen, Renault, PSA Group, General Motors, Nissan, and Toyota have been awarded the Band 2 subsidy. Among these models, the vehicles and their batteries of European and American brands are mostly produced in Europe, whereas those of Japanese brands are all produced in Japan.

The currently officially announced vehicle models that have met the grant criteria by the UK government (as of September 2025)

Band 1 - £3,750 grant		Band 2 - £1,500 grant			
					
Aircross	Vehicle: Germany	Toyota bZ4X	Vehicle: Japan	Peugeot E-208	Citroën ë-C3
Cupra Born	Battery: Poland	Toyota Proace	Battery: Japan	Peugeot E-2008	Citroën ë-C3 X
Volkswagen ID.3		City Verso		Peugeot E-308	Citroën ë-C4
				Peugeot E-408	Citroën ë-C4 X
Ford E-Tourneo Courier				Peugeot E-Rifter	Citroën ë-C5
Ford Puma Gen-E				Peugeot E-Traveller	Citroën ë-Berlingo
Vehicle: Romania				Vehicle: France	Citroën ë-Space Tourer
Battery: UK				Battery: Poland	DS DS3
					DS N4
					Vehicle: UK
					Battery: Poland

Why did two Ford models receive Band 1?

From the perspective of the environmental score, Ford has obtained SBTi target verification. Its vehicles are assembled in Romania (with a grid carbon intensity of 0.2760 kgCO₂/kWh) and batteries in the UK (with a grid carbon intensity of 0.1948 kgCO₂/kWh). The grid carbon intensity in both locations is relatively low, thus **its overall environmental score has a greater advantage**.

For Peugeot models that only received Band 2, although their vehicles are assembled in France with lower carbon intensity (0.0638 kgCO₂/kWh), their batteries come from Poland with extremely high carbon intensity (0.6304 kgCO₂/kWh). Furthermore, the score for battery production location carries a 70% weight, **placing their overall environmental score at a disadvantage**.



Leading global automakers basically have established science-based targets and have been verified by SBTi, with no Chinese automakers among them.

Automakers	Near-term targets (Scope 1+2)	Near-term targets (Scope 3)	Net-zero targets
 Volvo	Reduce 60% by 2030	By 2030, reduce scope 3.11 by 52%	Committed
 BMW	Reduce 80% per vehicle production by 2030	By 2030, reduce scope 3.11 by 50%, scope 3.1 and 3.4 by 22%	Commitment removed
 VW	Reduce 50.4% by 2030	By 2030, reduce scope 3.11 by 30%	/
 MB	Reduce 50% by 2030	By 2030, reduce scope 3.11 by 42%	/
 Renault	Reduce 60% per vehicle production by 2030	By 2030, reduce scope 3.11 by 41%	/
 PSA Group	Reduce 20% by 2034	By 2034, reduce scope 3.11 by 37%	/
 Ford	Reduce 76% by 2035	By 2035, reduce scope 3.11 by 50%	Commitment removed
 GM	Reduce 72% by 2035	By 2035, reduce 51% from light duty vehicles (scope 3.11)	Commitment removed
 Tesla	Commitment removed		/
 Toyota	Reduce 68% by 2035	By 2030, reduce 33.3% from passenger light duty vehicles and light commercial vehicles (scope 3.11), reduce 11.6% from medium and heavy freight trucks (scope 3.11)	/
 Nissan	Reduce 30% by 2030	By 2030, reduce scope 3.11 by 32.5%	Commitment removed



Setting science-based targets verified by the Science Based Targets initiative (SBTi) is an important indicator for automakers to become international pioneers in carbon reduction, and it is also one of the key thresholds for accessing market subsidies.

The Science Based Targets initiative (SBTi) is a global initiative jointly launched by CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF). It aims to help companies set greenhouse gas emission reduction targets, ensuring they align with the requirement to keep global temperature rise below catastrophic levels and achieve net-zero emissions by 2050 at the latest.

As of September 2025, 11,601 companies have made target commitments to the Science Based Targets initiative (SBTi), with 8,955 companies having their targets validated and 2,128 companies setting net-zero goals.

SBTi Automotive Sector Net-Zero Standard Consultation Draft

- **Purpose of release:** To provide a unified net-zero framework for automotive manufacturers and component companies, enabling them to achieve net-zero emissions across the value chain by 2050.
- **Scope of application:** Vehicle manufacturers, new energy vehicle manufacturers, and component manufacturers.
- **Public consultation period:** June 12, 2025 – August 11, 2025, during which extensive feedback will be solicited from enterprises, regulators, investors, and other stakeholders.
- **Pilot testing:** Expected to be launched in Q4 2025. The final standard will replace the old guidelines within a 6-month grace period after its release.

Near-term Targets

Scope 1&2:

- Cover **≥95%** of direct and purchased energy emissions
- The target time frame is **5-10 years**
- Must adhere to climate scenarios aligned with the 1.5°C temperature target
- Require a minimum average annual linear **reduction of 4.2%**, depending on the base year

Scope 3:

- When Scope 3 emissions account for more than 40% of total emissions, the target boundary must cover at least 67% of Scope 3 emissions.
- A target must be set to include **100% of Scope 3 Category 11 emissions** (emissions from the use of sold products), with an ambition level aligned with the 1.5°C target—specifically, a **4.2% annual linear reduction** between the base year and the target year.
- For all Scope 3 categories except Category 11, each must align at least with the decarbonization level required for the well-below 2°C target, i.e., a minimum annual linear emission reduction rate of 2.5%.
- It is required to adopt the **Well-to-Wheel approach** to calculate emissions from the use phase of vehicles' full life cycle.

Long-term Net-zero Targets

Scope 1&2:

- Reduce absolute emissions **by ≥90% by 2050** at the latest.
- The remaining ≤10% of emissions must be neutralized through **permanent carbon removal**.

Scope 3:

- Require **≥90%** emission reduction, with a focus on gradual electrification in the vehicle use phase.
- Clarify the timeline for phasing out internal combustion engine (ICE) vehicles: **by 2035**, cease sales of fuel-powered passenger cars and light commercial vehicles in leading markets; **by 2040**, cease global sales of new fuel-powered vehicles.

Other new requirements

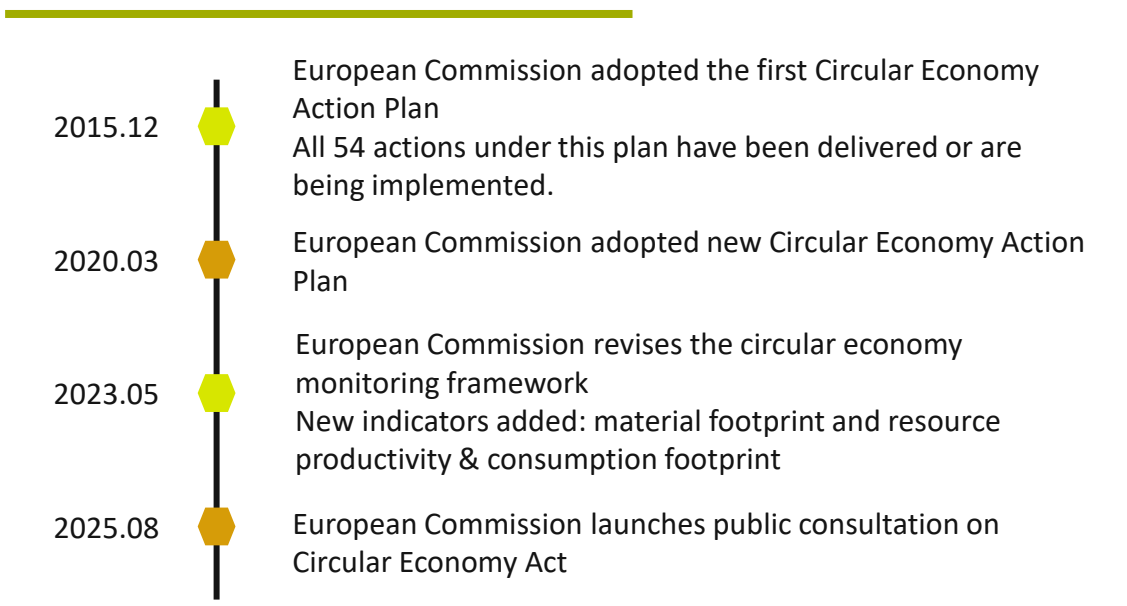
- **New aggregated indicator:** integrating Scope 1, Scope 2 and selected Scope 3 emissions (3.1, 3.11, 3.12) to uniformly measure the overall carbon footprint of automotive manufacturers (g CO₂e/v km).
- **Low-emission vehicle sales share:** Enterprises are required to increase the sales share of low-emission vehicles (especially electric vehicles) year by year, replacing the requirements of the original "Zero Emission Vehicles Declaration".
- **Regional emissions pathways:** Region-specific emission reduction curves are provided, taking into account differences across economies and markets.
- **Guidance on emissions calculation:** **Standardized Well-to-Wheel methodology and default data input** are provided to ensure consistency in disclosure across enterprises.

The EU's Circular Economy Action Plan is paving the way for a cleaner and more competitive Europe.

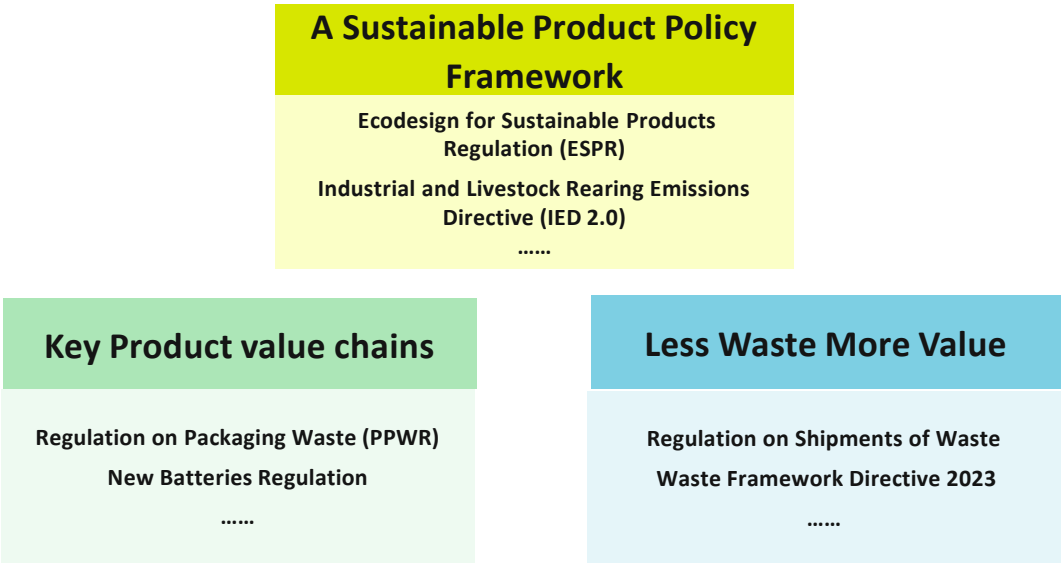
The European Commission adopted the **Circular Economy Action Plan (CEAP)** in March 2020. It is one of the main building blocks of the **European Green Deal**, Europe's agenda for sustainable growth. The EU's transition to a circular economy will **reduce pressure on natural resources, create sustainable growth and jobs**.

Due for adoption in 2026, Circular Economy Act aims to establish a Single Market for secondary raw materials, increase the supply of high-quality recycled materials and stimulate demand for these materials in the EU.

CEAP Timeline and Key Initiatives

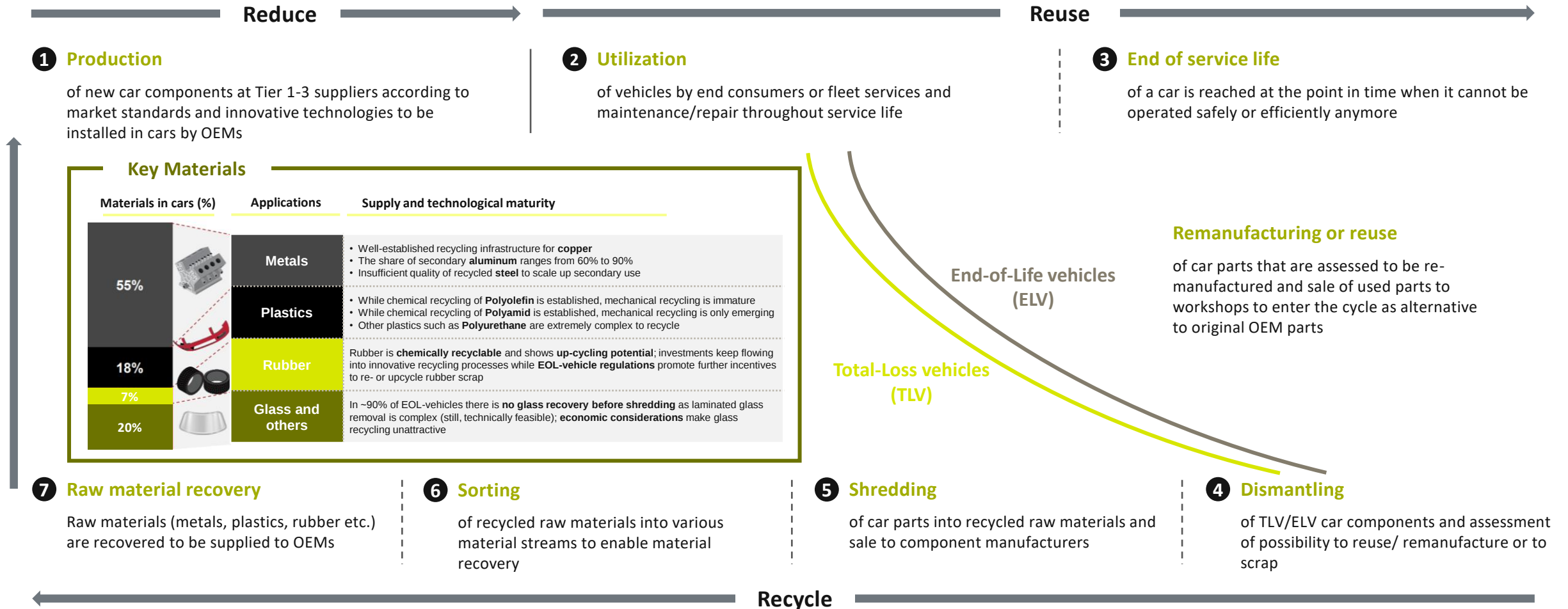


Three Major Actions of CEAP





The automotive value chain for circular economy is enabled by critical materials.





Peers Sustainability Practice Case Analysis: Circular Economy

Mercedes-Benz

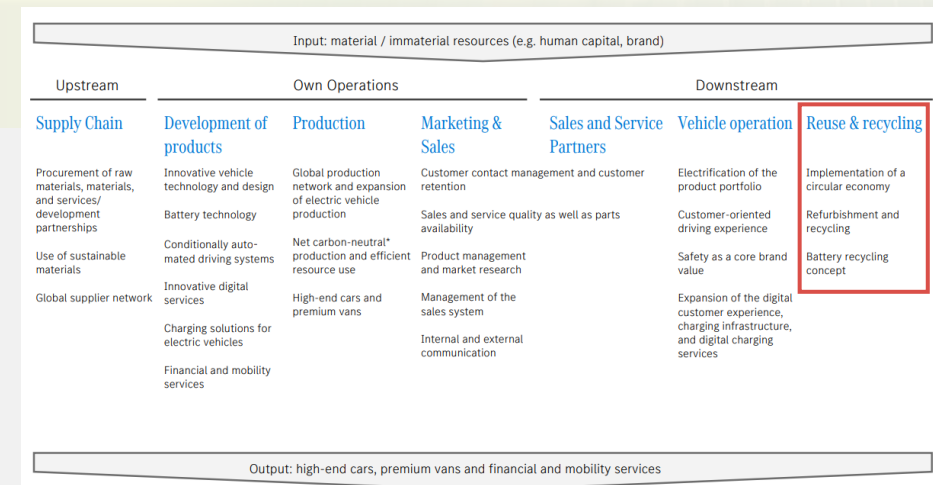
- The Mercedes-Benz Group opened Europe's **first battery recycling factory** with an integrated mechanical-hydrometallurgical process in Kuppenheim, southern Germany, which achieves a **recovery rate of over 96%** and mainly recovers materials such as lithium, nickel and cobalt.
- Using **secondary materials** in vehicles, such as up to 100% recycled PET for interior upholstery fabrics and up to 73% recycled material for leather-free configurations, to **reduce the demand for primary resources**.



Value Chain and Partner Collaboration

The Mercedes-Benz Group pursues circular economy practices, including the battery recycling concept, the use of sustainable materials (such as recycled materials), reducing resource consumption, and promoting the circular development of the entire value chain.

On 15 May 2024, the Group signed a **Memorandum of Understanding** with TSR Recycling GmbH & Co. KG for the **recovery of secondary raw materials**, focusing on materials like steel, aluminum, polymers, copper and glass, aiming to transition end-of-life vehicles to a circular economy.

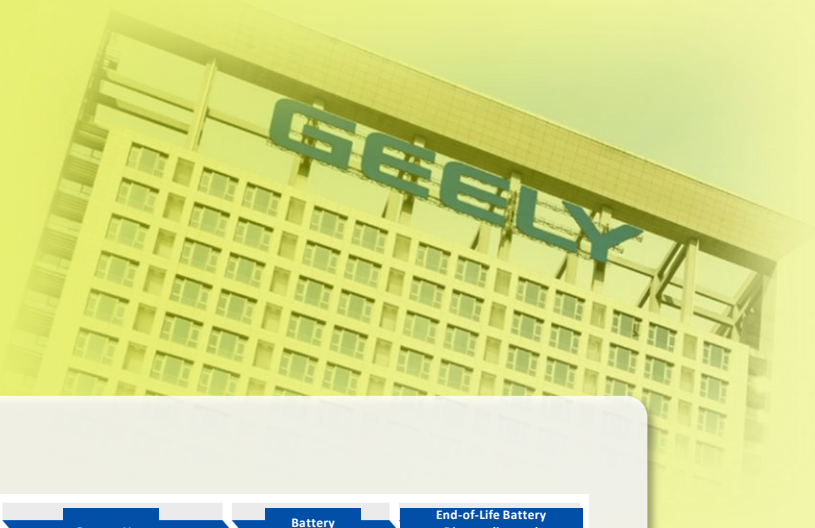




Peers Sustainability Practice Case Analysis: Circular Economy

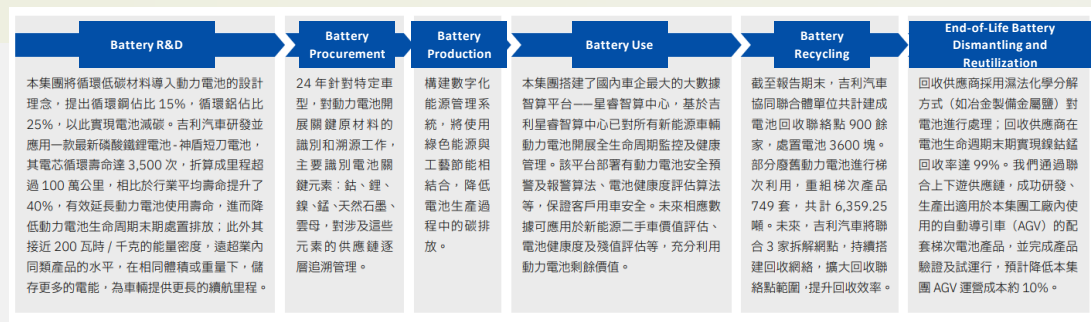
Geely's Extended Producer Responsibility (EPR) Pilot Green Circular System

- Geely's Circular System Covering **Circular Vehicles, Circular Parts, Circular Materials, Battery Cascade Recycling and Regeneration**
- Geely promotes the end-to-end optimization of the entire chain for automotive steel/aluminum production, use and recycling. In 2024, the closed-loop recycling volume of **recycled steel exceeded 15,000 tons** and that of **recycled aluminum reached approximately 5,000 tons**, jointly reducing carbon emissions by about 115,000 tons.
- By the end of 2024, Geely Circular Manufacturing Center has completed the dismantlement of 5,807 end-of-life vehicles and the recovery of 10,690 tons of recycled materials.
- The average recyclability rate of its automobiles reached **98%** in 2024.



End-to-End Battery Recycling System

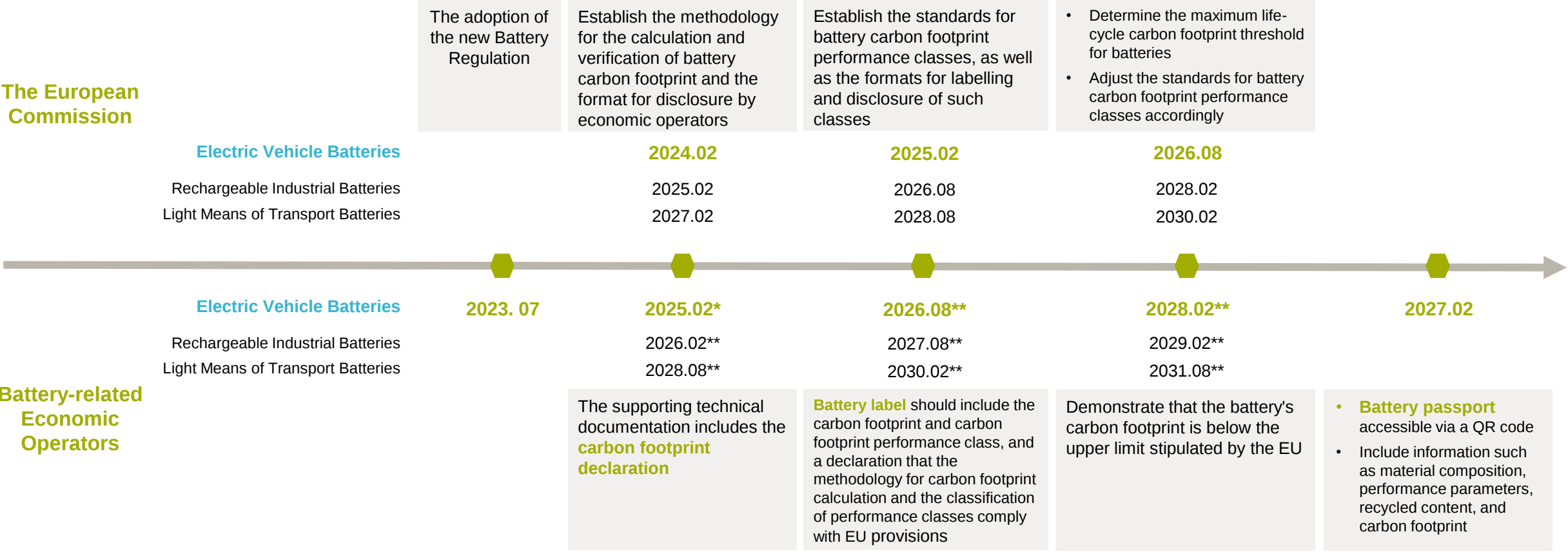
- Conduct **full-lifecycle data management of batteries** by building a big data intelligent computing platform for automobile enterprises
- At the design phase, introduce the use of **recycled materials (recycled steel, aluminum)**
- Launch an **industrial alliance recycling model**, establish over 900 recycling contact points, and handle 3,600 batteries during the reporting period
- Recycling suppliers have achieved a **recovery rate of over 99% for nickel, cobalt, and manganese** at the end of the battery lifecycle.



Geely Full-Lifecycle Battery Management

According to the EU Battery Regulation, batteries exported to the EU shall comply with the relevant information disclosure requirements regarding carbon footprint and battery passport.

Key milestones related to carbon footprint and battery passport in the EU Battery Regulation



Note: * indicates the later of either this date or 12 months after the entry into force of the relevant delegated act of the European Commission; ** indicates the later of either this date or 18 months after the entry into force of the relevant delegated act of the European Commission.

The EU Battery Regulation poses new challenges to Chinese electric vehicle battery enterprises exporting to the European Union.

Key Provisions of the EU Battery Regulation (Non-Exhaustive)

1. Battery Carbon Footprint

- Rechargeable batteries exported to the EU shall provide carbon footprint and certification.
 - Carbon footprint shall be provided by the unit of "battery model + manufacturing plant".
 - Carbon footprint shall comply with the EU's battery carbon footprint calculation specifications.
 - Batteries shall indicate the carbon footprint performance classes.
- In the future, batteries that exceed the carbon footprint maximum threshold defined by the EU will not be sold in the EU.

2. Battery Passport

- Shall be possible to track and trace the whole life-cycle information of batteries
- The QR code of batteries is used to access various relevant information of batteries, and there are four different types of access rights.

3. Battery Recycling

- Battery manufacturers shall be responsible for the recycling of batteries, and the minimum proportions of battery recycling rate and material recycling rate shall meet the continuously improved minimum requirements of the EU.
- Battery raw materials must use a certain proportion of renewable materials.

4. Supply Chain Due Diligence

- Enterprises shall formulate supply chain due diligence policies, and third parties shall conduct verification on due diligence policies, processes, systems, etc..
- Enterprises shall regularly publish supply chain due diligence reports.

Challenges for Chinese Electric Vehicle Battery Enterprises

Lack familiarity with EU regulations

- Lack familiarity with EU battery-related standards and regulations
- Lack familiarity with the requirements for responsible supply chain due diligence

Carbon data is inaccurate

- Domestic carbon emission factor data is insufficient.
- The Chinese emission factors in foreign carbon databases are larger than the actual values, which is disadvantageous to Chinese enterprises.
- The mutual recognition of carbon data between China and the EU is still in progress.

Relevant digital systems are complex

- How to build a digital system for enterprise carbon verification and battery passports is unclear.
- Lack of understanding on how to jointly build a product full life cycle traceability system with upstream and downstream partners



Peers Sustainability Practice Case Analysis: Battery Management

NIO Battery Life-Cycle Management Team and Platform

- Realize **100% of new batteries accessing the corporate monitoring platform**, 100% response to Level-3 alarms, conduct real-time monitoring of battery status, and ensure timely early warning of potential hazards and issues
- Participate in the **Phase II pilot of the Global Battery Alliance (GBA) Battery Passport**, with the passport for its 75kWh standard-range battery pack included, promoting the transparency of the battery value chain and international compliance
- Propose **long-life battery technology and operation goals**: power batteries can be used for 15 years, with a health level still $\geq 85\%$ and no range anxiety

Battery Full-Stack R&D Capabilities and External Cooperation

NIO has full-stack R&D capabilities for batteries covering "material synthesis - cell prototyping - system assembly - verification testing". During the reporting period, it obtained 234 patents related to battery systems and **pioneered the automatic adjustment model for life-cycle lifespan extension and maintenance**.

NIO and CATL signed a framework agreement. Based on NIO's battery swapping scenario needs, the two parties will **promote the R&D innovation of long-life batteries and the implementation of long-life battery solutions in battery swapping scenarios**, so as to optimize users' range experience.





Peers Sustainability Practice Case Analysis: Battery Management

BYD Construction Machinery and Blade Battery Technological Innovations

- In 2024, three new models of construction machinery batteries were launched. Among them, there is the world's first CTB construction machinery battery, which boasts an **ultra-long service life of 6 years and 35,000 hours** and a system cycle life of over 7,000 times, thereby **reducing waste generation**.
- BYD chooses the lithium iron phosphate route to **reduce reliance on scarce resources such as nickel and cobalt**. The independently developed Blade Battery has a cycle life of over 15,000 times, and after decommissioning, it is applied in fields like energy storage and low-speed electric vehicles.
- BYD adopts CTB technology to ensure the vehicle's structural strength and collision safety. Combined with the safety performance of the Blade Battery in the needle penetration test, it **strengthens battery safety management and control**.



Construction of Life-Cycle Recycling System for Power Batteries

BYD Builds a Closed-Loop of the Battery Industry Chain:

- It establishes centralized storage network points based on industrial parks, builds **extensive recycling network**, and cooperates with overseas recyclers to handle overseas decommissioned batteries.
- **Cascade battery production bases have been established** to reprocess recycled batteries, which are then applied in fields including **energy storage**. Throughout the entire process, information related to cascade batteries is recorded to ensure traceability.
- By the end of 2024, 2 battery recycling plants has been set up, with over 10,000 tons of power batteries recycled.





Corporate Sustainability Due Diligence Directive at a Glance

April 2024

On 24 April 2024, the EU Parliament formally adopted the final text of the directive

Officially took effect on July 25, 2024



Within 3 years of entry into force

Members states must make CSDDD into national law

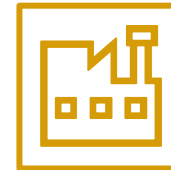


Within 4 years of entry into force

EU companies with > 5,000 employees and net worldwide turnover > EUR 1,500 million
Non-EU companies with net EU turnover > EUR 1,500 million

Reporting obligation for financial years starting on or after

1 January 2028



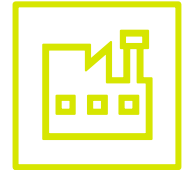
Within 5 years of entry into force

EU companies with > 3,000 employees and net worldwide turnover > EUR 900 million

Non-EU companies with net EU turnover > EUR 900 million

Reporting obligation for financial years starting on or after

1 January 2029



Within 6 years of entry into force

EU companies with > 1,000 employees and net worldwide turnover > EUR 450 million

Non-EU companies with net EU turnover > EUR 450 million

Franchise companies

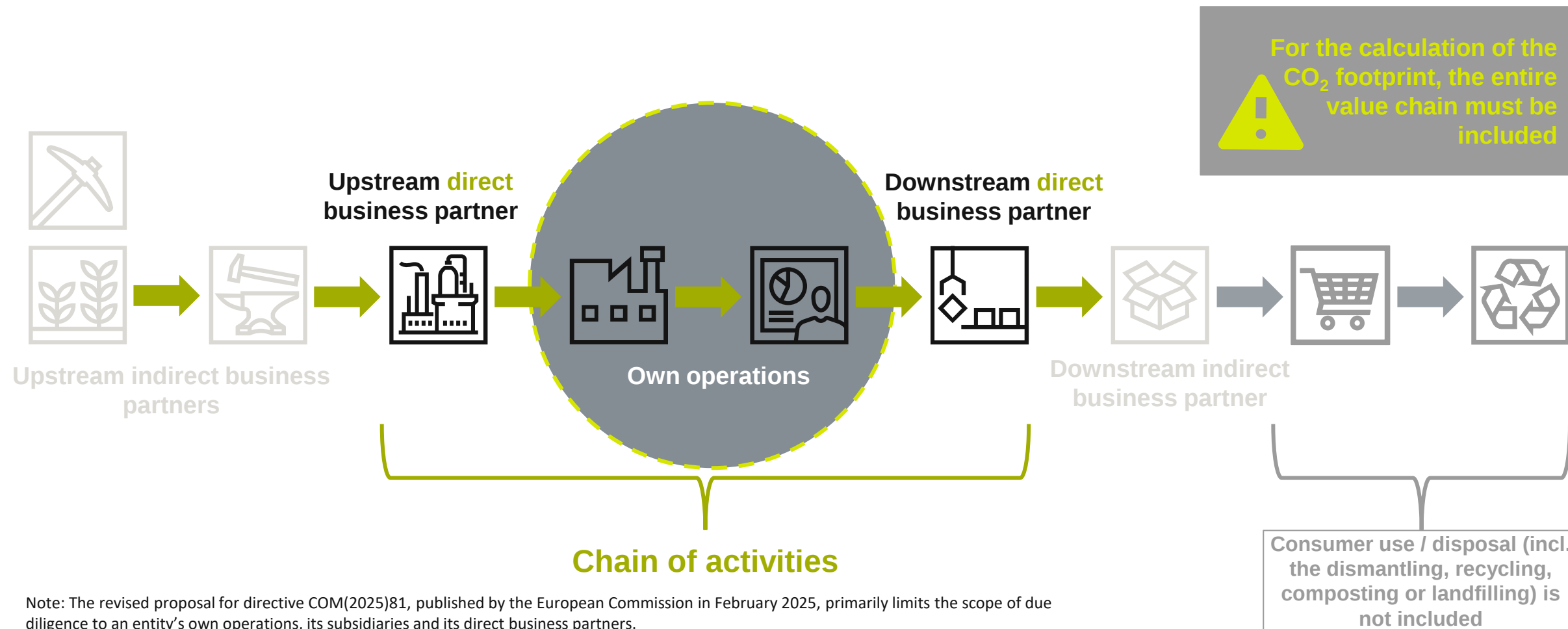
Reporting obligation for financial years starting on or after

1 January 2030

Note: The timeline of the CSDDD implementation roadmap is derived from the revised proposals for directives, COM(2025)80 and COM(2025)81, published by the European Commission in February 2025; the implementation date of the CSDDD will be delayed by one year.



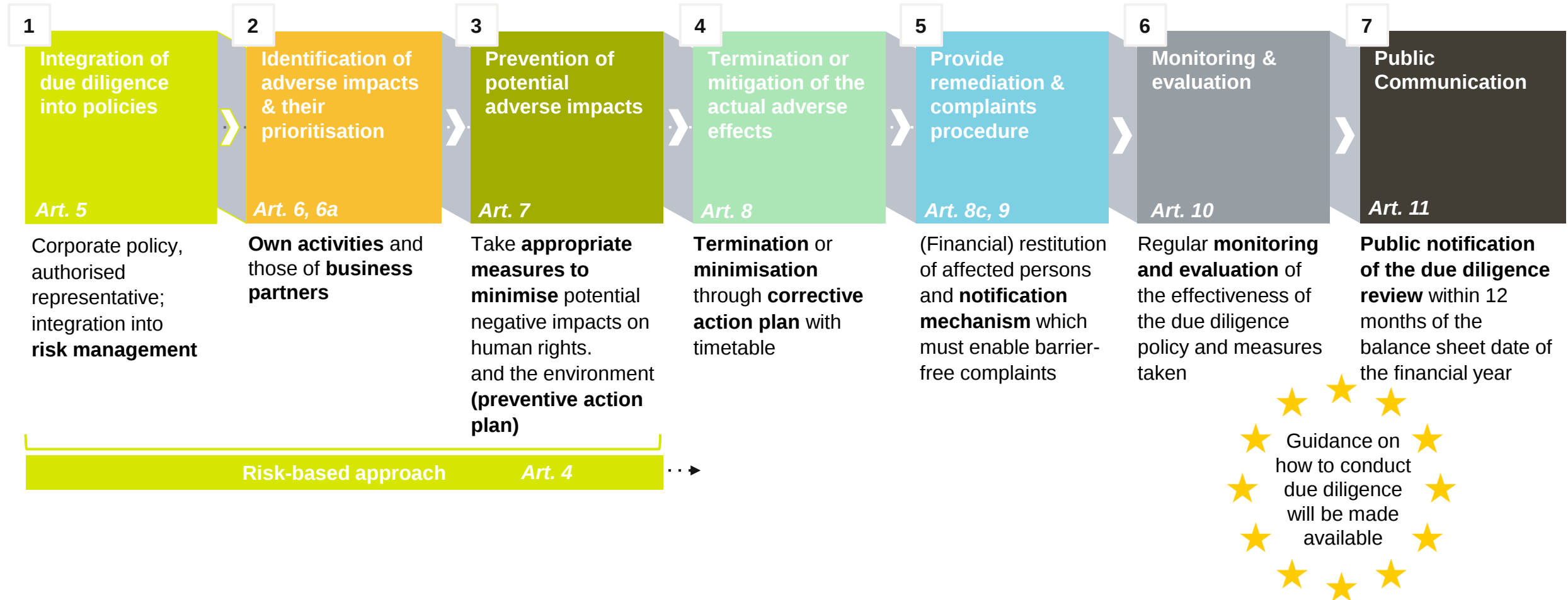
The responsibility to perform due diligence extends to a company's entire chain of activities, covering both up- and downstream direct business partners.



Note: The revised proposal for directive COM(2025)81, published by the European Commission in February 2025, primarily limits the scope of due diligence to an entity's own operations, its subsidiaries and its direct business partners.



Overview of the Due Diligence Process: Which Steps Must Taken

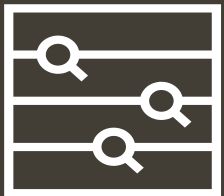




How should companies respond to the Corporate Sustainability Due Diligence Directive?

Map Relationships and Perform Gap Analysis

Review your current operations, policies, and supply chains to understand your relationships and identify areas that may not meet the CSDDD requirements



Strengthening Supply Chain Due Diligence

Identify where risks of adverse impacts are highest in your supply chain. Engage with suppliers to ensure they also comply with the principles of the CSDDD.



Policy Development and Implementation

Develop policies that articulate your commitment to identifying, preventing, and mitigating adverse impacts on human rights and the environment.



Reporting and Documentation

Maintain detailed records of your due diligence processes, findings, and actions taken.



Continuous Monitoring and Improvement

Establish mechanisms for regular monitoring of compliance and continuously seek ways to improve your due diligence processes.



