

Building a resilient sustainability strategy in a shifting regulatory landscape

Manufacturing edition

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Director of Sales, Strategic Accounts
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Your hosts



Marc Roodhuyzen de Vries
Co-CEO and Managing Partner
at *Nexio Projects*



Christopher Ashworth
Director of Sales, Strategic
Accounts at *EcoVadis*

400+

Clients across 1000+ projects in 20+ countries, we guided on their sustainability journey.

50+

Experts on our team, helping you to bring clarity from climate impacts to supply chain challenges.

25+

Sectors including shipping and logistics, manufacturing, chemicals, and consumer goods.

25

Nationalities in our team, with members from 4 continents and over 10 languages spoken.

Our services

Ratings & Certifications

- EcoVadis Assessment
- B Corp Assessment
- ISO Standards

Climate Change

- Organisation Carbon Footprint
- Product Carbon Footprint (LCA/ EPD/ PCF)
- CDP Rating
- Science Based Targets (Net Zero)
- Carbon Neutrality
- Climate Risk Assessment
- Climate Gap Analysis

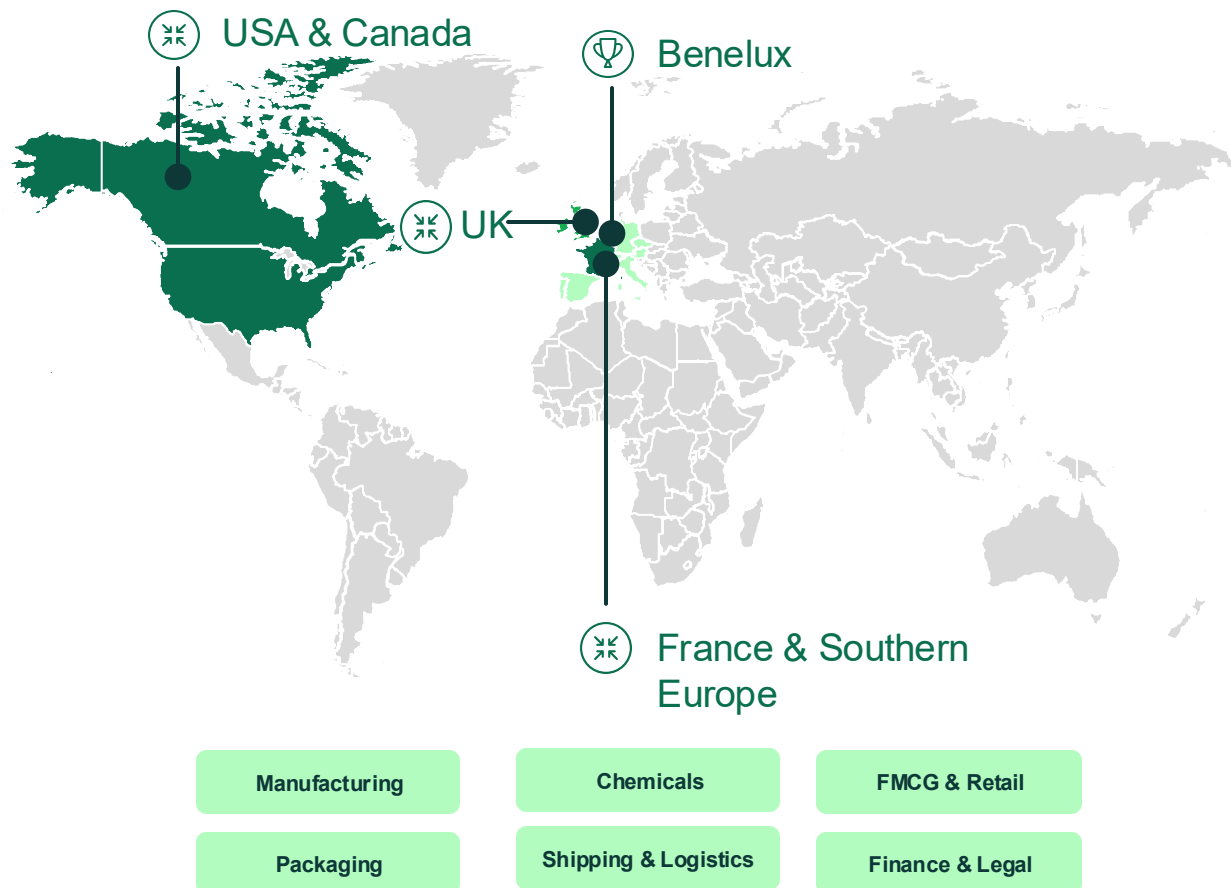
ESG Strategy & Outsourcing

- Supplier Engagement Programs
- Strategic Gap Analysis and change management
- Outsourced Sustainability Manager

CSRD & Reporting

- Materiality assessment
- ESRS Gap analysis
- CSRD Implementation
- Reporting and audit support
- GRI Standards & UNGC Reporting
- ESG & Integrated reporting

Figure 1: Our main geographies



Housekeeping

Questions

- Please use the **Q&A feature** to ask questions; do not use the Chat feature.
- You can upvote questions that are relevant to you.
- We will discuss (relevant) questions at the end of the session.

Chat

- For any comments or opinions, feel free to use the Chat.

Interactivity

- Polls will appear throughout the session.

Note that today's session will be recorded

Agenda

- 1 The evolving ESG and regulatory landscape
- 2 Four strategic pillars for building ESG resilience
- 3 Common gaps in EcoVadis ratings for Manufacturers
- 4 Navigating the sustainable procurement trilemma
- 5 Q&A

Poll Question 1

What is the primary motivation behind your organization's sustainability strategy?

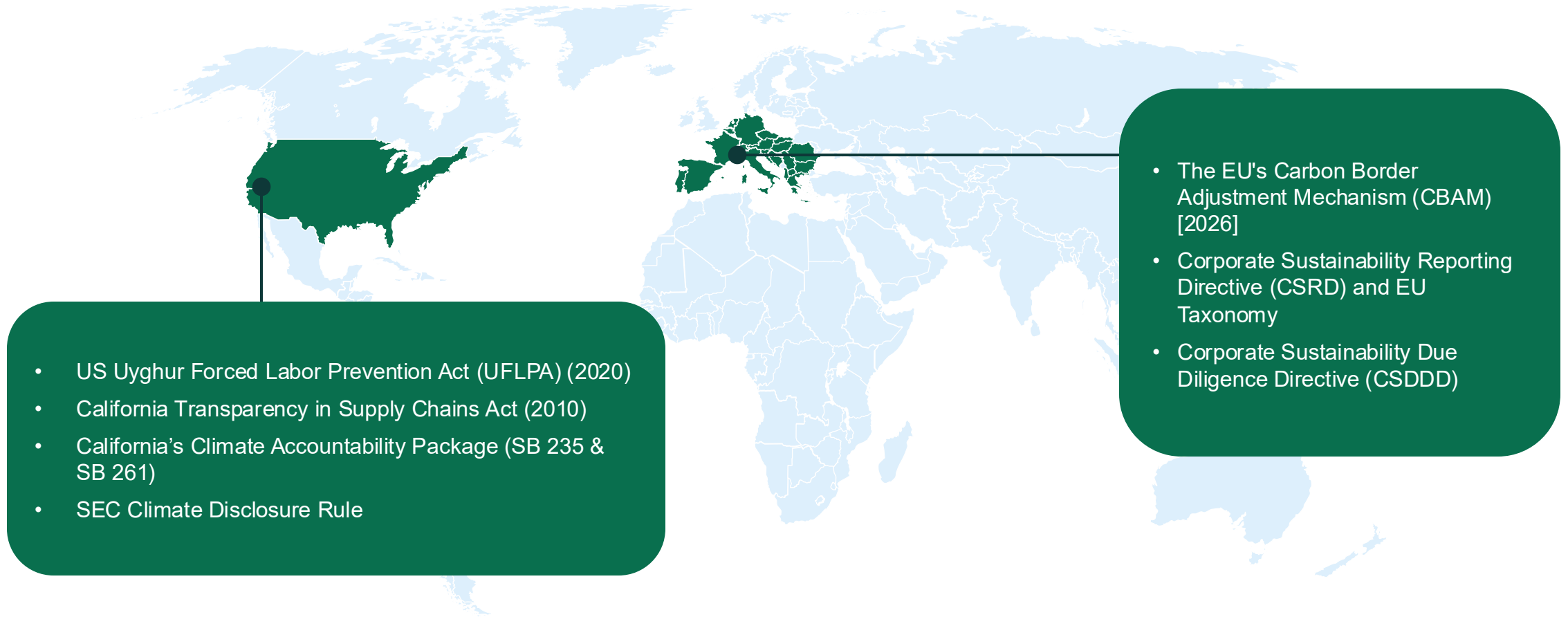
Poll Question 2

In your opinion, what is the most important factor in effectively implementing a sustainability strategy?

The evolving ESG and regulatory landscape

01

Rapidly evolving ESG regulatory landscape



Despite resistance, the motivation for ESG action among US companies persists



Financial performance & profitability

92% correlation between medium-to-high ESG ratings and profitability¹ CSE



Investor decision making
79% of **investors** view ESG risks and opportunities management as an important factor in investment decisions³PWC



Customer expectations

76% of **consumers** would stop purchasing from companies that mistreat workers, communities, or the environment² PWC



Risk and reputation management

Nike 2022 minimum wage scandal



Employee expectations

86% of employees prefer to support or work for companies that care about ESG issues²PWC



Sanctions and fines

WisdomTree pays \$4 million over SEC 'greenwashing' charges⁵ Reuters

Four strategic pillars for building ESG resilience

Four areas to build resilient sustainability strategies

01 Adopting a risk-based approach to sustainability

02 Enhanced ESG reporting and disclosure

03 Decarbonization

04 Sustainable procurement

01 Adopting a risk-based approach to sustainability

Sustainability risk assessments are used to guide sustainability strategies, optimize resources, and proactively manage risks and opportunities. This is highlighted by three emerging trends:



US-based companies are:

- Incorporating ESG factors into enterprise risk management
- Adopting the OECD due diligence framework to prepare for EU due diligence requirements i.e CSDDD and German Supply Chain Act



Rating agencies are leveraging risk assessments to highlight industry-specific risks:

- S&P: The S&P Global ESG Score uses a double materiality approach to develop industry-specific matrices
- EcoVadis: Activates questionnaires based on ESG risks specific to an industry



Reporting standards require risk assessments to identify and prioritize ESG topics for disclosure:

- GRI: Requires organizations to identify, evaluate, and managing material impacts related to their operations and value chains
- CSRD: Mandates companies to conduct double materiality assessments

02 Enhanced ESG reporting and disclosure

98%

of S&P 500 companies
disclose some level of ESG-related
information on their websites or
through reports¹

The three predominant ESG reporting standards and frameworks used by US-based companies include²:

87% align with Global Reporting Initiative (GRI) standards



63% utilize TCFD for climate-related financial disclosures, crucial for SEC compliance



56% implement SASB guidelines



03 Decarbonization

The US manufacturing sector:

- Accounts for 30% of total U.S. greenhouse gas emissions
- It is the second largest contributor to greenhouse gas emissions among all sectors¹

With the global push for a net-zero economy, US-based companies have started establishing decarbonization strategies to:

- Build investor confidence
- Leverage tax benefits (Qualifying Advanced Energy Project Credit (48C) program expanded under the Inflation Reduction Act (IRA))
- Maintain market competitiveness to mitigate the impact of legislation like the CBAM

Action from US-based companies are still lagging²:

- 67% of companies still lack formal decarbonization targets
- Only 12% have committed to achieving net-zero emissions by 2050

04 Sustainable procurement

Supply chains have a substantial impact on an organization's sustainability footprint

>80%

of an organization's sustainability footprint sits within its supply chain¹

71%

of organizations view sustainable procurement practices as critical in meeting their organizational sustainability goals¹

Common gaps in EcoVadis ratings for Manufacturers

Poll Question 3

- Which EcoVadis pillar do you find the most challenging to address?

Poll Question 4

- What is the biggest challenge your organization faces in implementing EcoVadis?

Results from 180,000 EcoVadis assessments: Manufacturing

Sustainable procurement should be a key priority in building a resilient sustainability strategy for manufacturing, as it currently has the lowest score, followed by ethics, labor and human rights, and then the environment

Key area that should be addresses include:



Capacity building of suppliers on environmental or social issues



Integration of social or environmental clauses into supplier contracts



No evidence of supplier sustainability risk assessments

EcoVadis research highlights the 3 mechanisms that leading organisation use to address sustainable procurement

1 SAQ



98%

require supplier to complete Self-Assessment Questionnaires (SAQ)

2 Risk management



81%

use 3rd party sustainability databases or rating platforms for suppliers (such as EcoVadis)

3 Capacity building



71%

implement supplier ESG training and e-learning programs



86%

require suppliers to participate in onsite audits



83%

implement innovation and preferred supplier programmes



88%

require suppliers to implement corrective action plans to improve their sustainability performance

Navigating the sustainable procurement trilemma

Emerging tariff legislation is causing a sustainable procurement trilemma

US tariff proposals are creating a sustainable procurement trilemma for US- manufacturing organizations:

01

Balancing cost pressure and sustainability investments:

- **Increased cost vs increased ESG risks:** Manufacturers must choose between absorbing higher costs or seeking cheaper suppliers, often at the expense of sustainability
- **Cost-cutting vs compliance:** If companies prioritize cost-cutting over sustainability, meeting ESG standards can become financially challenging and hard to justify

02

Seeking new supplying countries and addressing environmental trade-offs:

- **Carbon footprint:** Shifting production from high-tariff countries can lead to longer logistics routes and reliance on less energy-efficient facilities, increasing Scope 3 emissions
- **Environmental risks:** Alternative suppliers may operate in countries with lower environmental standards and regulations

03

Supplier vetting and operational constraints:

- **Supplier onboarding:** Time and cost constraints make it challenging to conduct thorough ESG due diligence on new suppliers
- **Supplier engagement and long-term relationships:** Engaging suppliers to ensure continuous improvement in ESG factors is challenging if there is a constant need to seek out new suppliers

Four areas can support in addressing the sustainable procurement trilemma

Identify and address prioritized supplier ESG risks

- Use platforms such as IQ Plus to conduct high-level supplier ESG risk assessment
- Focus resource allocation and investments toward addressing highest risk countries and sectors

Develop a standardized approach to supplier ESG requirements

- Utilize EcoVadis to help suppliers understand and develop ESG requirements, as well as track their performance

Build internal capacity and cross-functional collaboration

- Raise awareness and build understanding within procurement teams on ESG supplier requirements such as EcoVadis
- Foster strong collaboration between procurement, sustainability, and corporate affairs teams to support efforts

Include ESG factors into sourcing and procurement decision-making

- Use EcoVadis ratings to choose suppliers and incentivize sustainability performance

How can we support you?

Our EcoVadis services

Step	Description	A fully streamlined EcoVadis journey to maximise your performance and streamline your sustainability management system
Assessment review / completion	We help you complete your EcoVadis assessment, either by reviewing your filled-in questionnaire or supporting you with the full submission	
EcoVadis insights report	We provide a comprehensive guide to improve your EcoVadis performance.	
EcoVadis gap analysis	The EcoVadis gap analysis helps you understand the methodology, as our experts will assess your sustainability strategy and relevant documents.	
EcoVadis roadmap implementation	We help you address emerging requirements and strengthen your sustainability performance.	
EcoVadis re-assessment	We help you complete your EcoVadis assessment, including all the policies, procedures and actions that we helped you implement.	

Our other services

- + Sustainable Procurement
- + Supplier Engagement
- + Climate change
- + Net-zero and decarbonisation
- + ESG strategy & outsourcing
- + CSRD and reporting

Poll Question 5

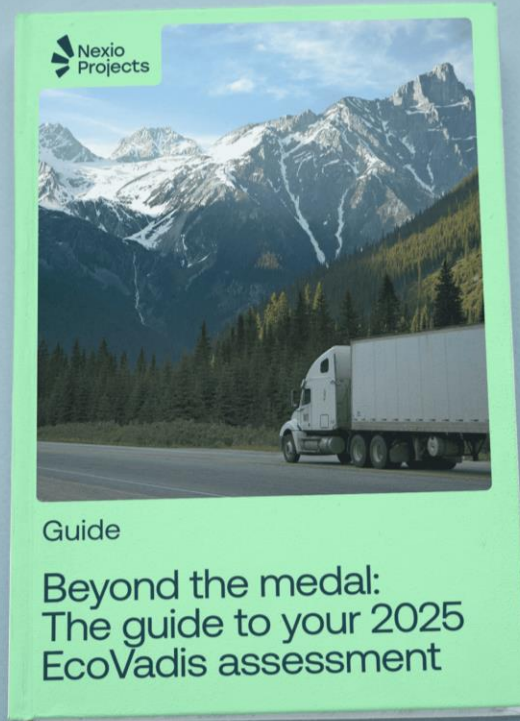
- For which Nexio Projects solution are you looking for support?

Q&A session

*Please submit relevant questions to the
Q&A part of the Zoom app.*

Download our EcoVadis guide

FREE GUIDE



Scan the code to download our 2025 EcoVadis guide!

Guide content

- Detailed breakdown of the assessment process
- Our expert's key learnings from 2024
- 2025 updates about scoring overview and methodology changes
- Expert tips to improve your score and avoid common pitfalls
- Answers to your most asked questions

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