




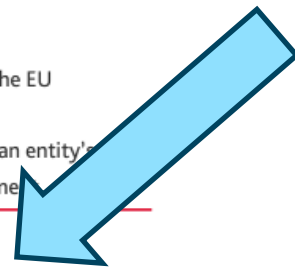




**Sustainability regulations
Are you ready?**

Requirement	Non-financial Reporting Directive	Corporate Sustainability Reporting Directive
 Companies that are required to report	<p>Large public interest entities (both single entities and consolidated groups) with more than 500 employees.</p> <p>Public interest entities are:</p> <ul style="list-style-type: none"> ▶ Companies listed on an EU regulated market (EU and non-EU companies) ▶ EU banks and insurance companies 	<p>Listed companies (except for listed micro entities).</p> <p>All large companies, defined as those meeting two out of the following three criteria:</p> <ul style="list-style-type: none"> ▶ More than 250 employees ▶ More than EUR 40m turnover ▶ More than EUR 20m total assets <p>This includes subsidiaries of non-EU groups.</p> <p>Insurance undertakings and credit institutions regardless of their legal form.</p> <p>Non-EU groups that generate more than EUR 150m turnover in the EU and have a subsidiary or branch in the EU (if a subsidiary, either a large – as defined above – or a listed entity and, if a branch, one that generates more than EUR 40m turnover).</p>
 When do the requirements apply?	Year ended 31 December 2018 onwards	<p>Year ending 31 December 2024</p> <ul style="list-style-type: none"> ▶ Entities currently within the scope of the NFRD and non-EU entities with listed equity or debt on an EU-regulated market and more than 500 employees <p>Year ending 31 December 2025</p> <ul style="list-style-type: none"> ▶ All other large entities <p>Year ending 31 December 2026</p> <ul style="list-style-type: none"> ▶ Listed SMEs*, small and non-complex credit institutions and captive insurance undertakings <p>Year ending 31 December 2028</p> <ul style="list-style-type: none"> ▶ Non-EU undertakings (except those currently within the scope of the NFRD)
 How many EU companies will need to comply with the requirements?	11,600	49,000
 Scope of the reporting requirements	<ul style="list-style-type: none"> ▶ Environmental protection ▶ Social responsibility and treatment of employees ▶ Human rights ▶ Anti-corruption and bribery ▶ Diversity on company boards 	<p>NFRD requirements plus:</p> <ul style="list-style-type: none"> ▶ Report in accordance with the ESRS ▶ Reporting that is consistent with the Sustainable Finance Disclosure Regulation and the EU Taxonomy ▶ Double materiality concept. This expands the consideration of sustainability beyond an entity's capital market value, to include the entity's wider effects on society and the environment
 Assurance	Not required	<p>Mandatory</p> <ul style="list-style-type: none"> ▶ Initially limited assurance, to be expanded to reasonable (audit) assurance in future.



*Listed SMEs can defer application of the reporting requirements to year ending 31 December 2028 if a statement is included in their management report of why the sustainability information was not provided.

Phase in provisions.

	FY 2024 Report in 2025	FY 2025 Report in 2026	FY 2026 Report in 2027	FY 2027 Report in 2028	FY 2028 Report in 2029
 NFRD scope and non-EU dual listed with >750 employees	Light phase-in	Light phase-in	Light phase-in	Full reporting	Full reporting
 NFRD scope and non-EU dual listed with <750 employees	Strongest phase-in	Moderate phase-in	Light phase-in	Full reporting	Full reporting
 Non-NFRD scope with >750 employees	No reporting	Light phase-in	Light phase-in	Light phase-in	Full reporting
 Non-NFRD scope with <750 employees	No reporting	Strongest phase-in	Moderate phase-in	Light phase-in	Full reporting
 Listed SME	No reporting	No reporting	Strongest phase-in	Strongest phase-in	Full reporting

THE UPSIDES OF THE IFRS SDS AND THE ESRS

Improved transparency and accountability – for all stakeholders

Excellence – informed decision aligned with international value chains

Manage risk by assessing the exposure to climate change

Competitive advantage

Positive impact on investor perceptions

1 Get started.

A lot of mid-size companies complain that they must report, and that it's too much and too difficult. Start now - the challenge is unavoidable and will be even greater if the work is left until the last minute.

2 Get people.

Get the right people at the table. This is a cross-functional topic that must be tackled accordingly

3 Identify benefits.

Identify two or three business benefits to make it easier to convince your stakeholders to join you on the journey.

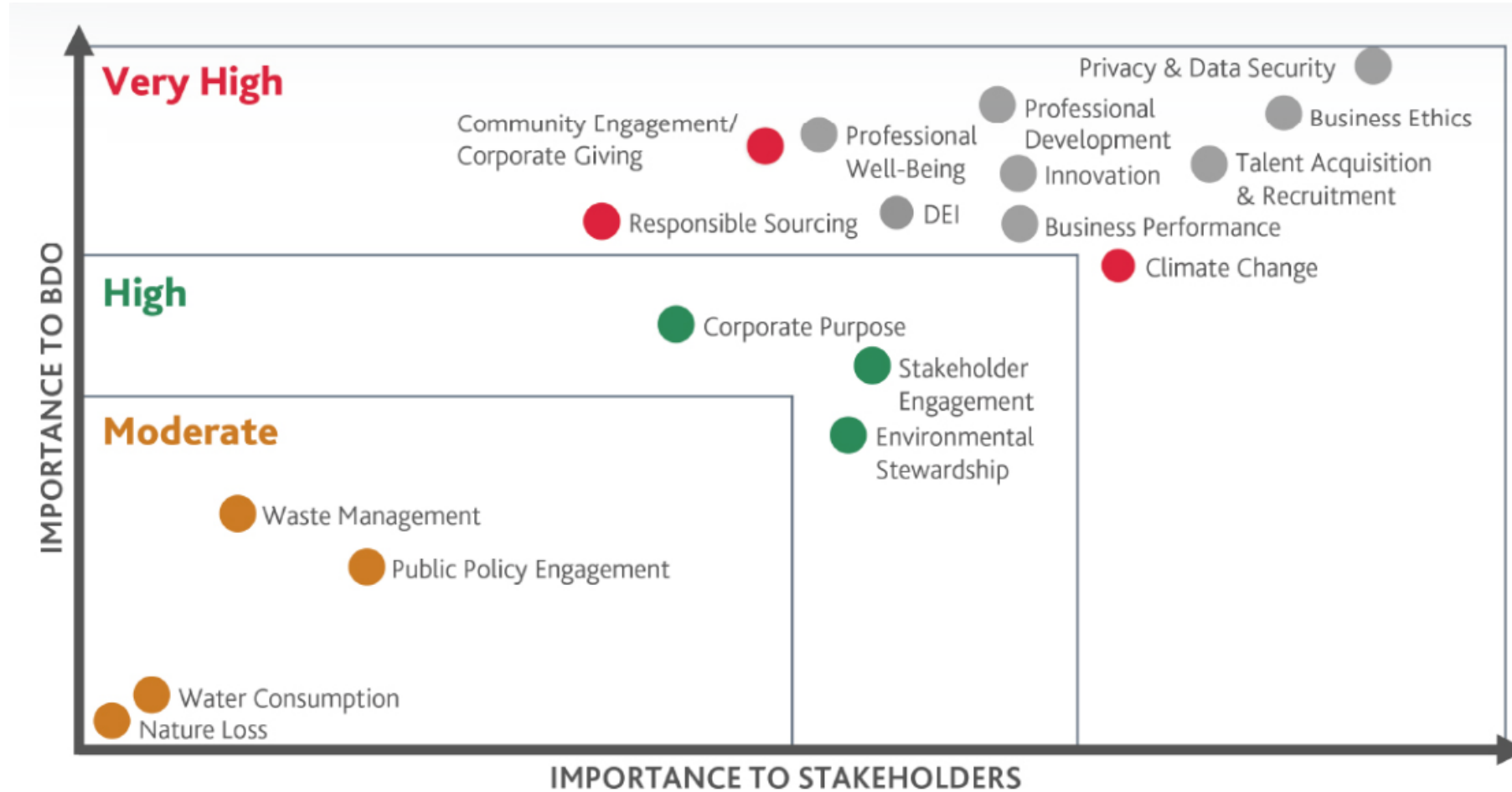
CHALLENGES AND STEPS TO TAKE

1

Understand if the CSRD applies to your business. If it does, you should perform a gap analysis to determine what metrics and disclosures you can currently report against, compared to what you need to report on.



DOUBLE MATERIALITY CHALLENGE



- Very High priority and immediate areas of focus
- High
- Moderate
- Topics already being managed by existing BDO programs

CHALLENGES AND STEPS TO TAKE

2

Assess the differences between your current reporting framework and what you need to report on - and then decide where to prioritize additional reporting efforts.

4

Train teams/employees who oversee ESG reporting and compliance, as they need to understand the implications and objectives of these regulations.

3

Develop a roadmap to start collecting the required data. Your company will need a robust IT solution to collect and manage the data for accurate and transparent reporting

5

Involve your auditor early in the process - they know your company, the upcoming requirements of CSRD and ESRS and what will be required of you in an upcoming limited assurance.

HOW CAN WE HELP

