

# PwC's quarterly ESG webcast

Fourth quarter 2022

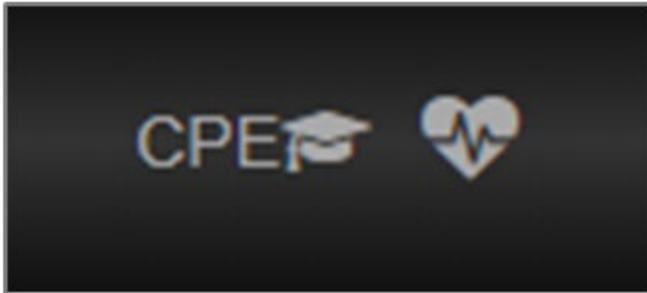


# CPE details

You will have **2 minutes** to answer each timed polling question.

You do not need to get the question correct to get CPE.

Monitor CPE progress by clicking on the CPE icon at the lower-right of your screen:



Prior to meeting the requirements, the CPE icon will initiate progress notes.

# Trivia contest

- The polling questions will ask trivia about some of the topics we are covering today.
- Polling questions will pop up with a chime sound, and you will have two minutes to answer the poll.
- After the poll closes, we will share the correct answers to the questions, so you can grade yourself.
- However, viewers who answer **ALL** polling questions correctly will be eligible for a random prize drawing. We will select 10 winners from each airing of the webcast.
- **Reminder: Your answer does not need to be correct to be considered in determining CPE.**



# CSRD scope considerations

## All companies listed on EU-regulated markets

Includes companies incorporated outside the EU but listed on an EU-regulated market **(with limited exceptions)**

## “Large” EU companies\* not listed

“Large” is defined as exceeding at least two of the following on two consecutive annual balance sheet dates:

- total assets: €20 million
- net turnover (revenue): €40 million
- average number of employees during fiscal year: 250

## EU companies\* that are a parent of a “large group”

“Large group” is defined as a group consisting of parent and subsidiary entities and which, on a consolidated basis, exceeds at least two of the following metrics on two consecutive annual balance sheet dates of the parent:

- total assets: €20 million
- net turnover (revenue): €40 million
- average number of employees during fiscal year: 250

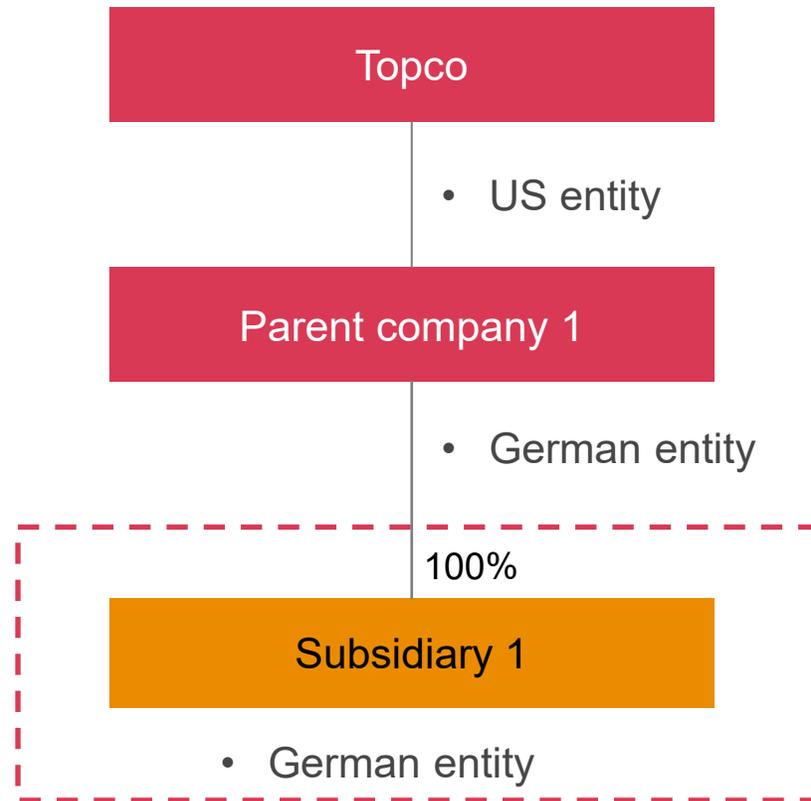
\* Includes consideration of EU subsidiaries of US and other non-EU companies

## ***Additional requirement for non-EU companies to report at a global consolidated level if:***

1. there is at least one EU entity within the organization that is in scope (i.e., securities listed on an EU-regulated market or “large”) or there is at least one EU branch that generates revenue of €40 million more in the preceding year, and
2. its consolidated net turnover (revenue) generated in the EU exceeds €150 million for each of the last two consecutive fiscal years.

*These scope considerations may have certain exemptions and do not consider the ability to prepare combined reports in limited instances, and to satisfy subsidiary reporting requirements by reporting at a higher level within the organization. The analysis is complex and companies should review the rules carefully and assess the need for early involvement of its legal team.*

# Example 1 - EU subsidiary

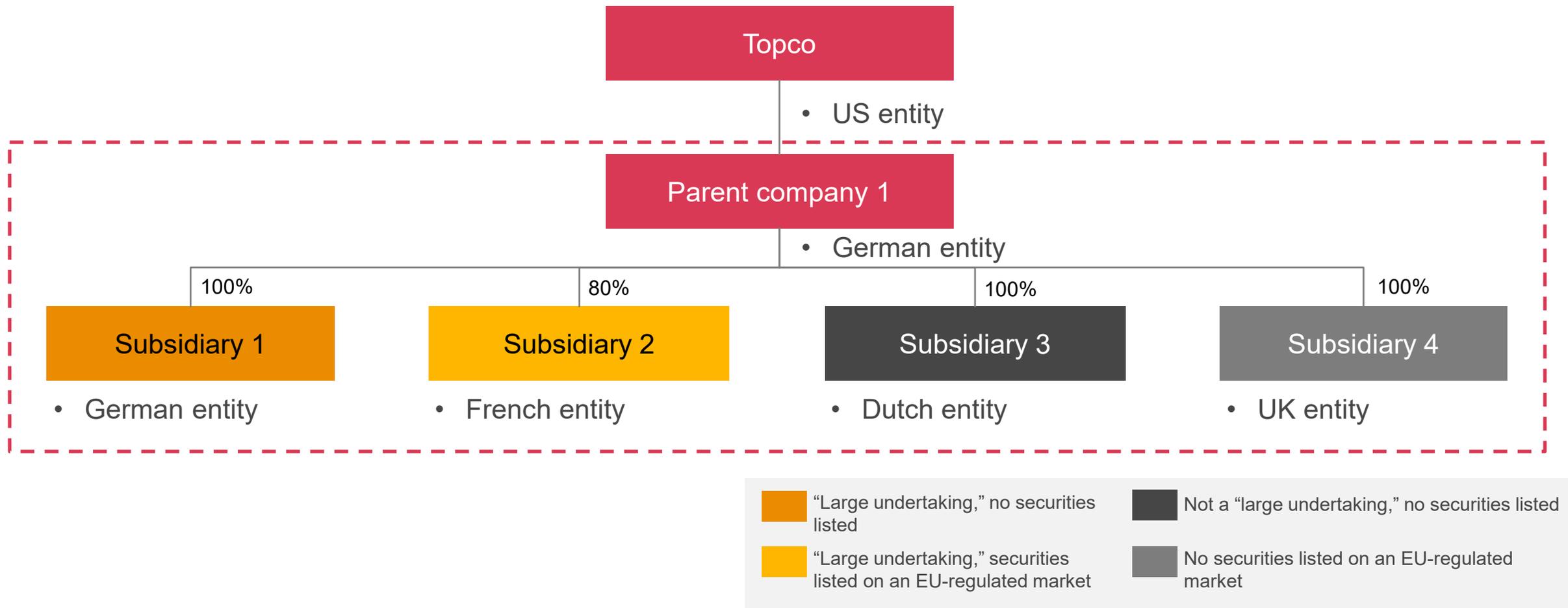


"Large undertaking," no securities listed

The simplified fact pattern is provided to illustrate some of the factors that should be considered in evaluating the scope, applicable standards and timing of application. These examples do not consider the ability to prepare combined reports in limited instances, and to satisfy subsidiary reporting requirements by reporting at a higher level within the organization. The actual analysis is complex and companies should review the rules carefully and assess the need for early involvement of its legal team.

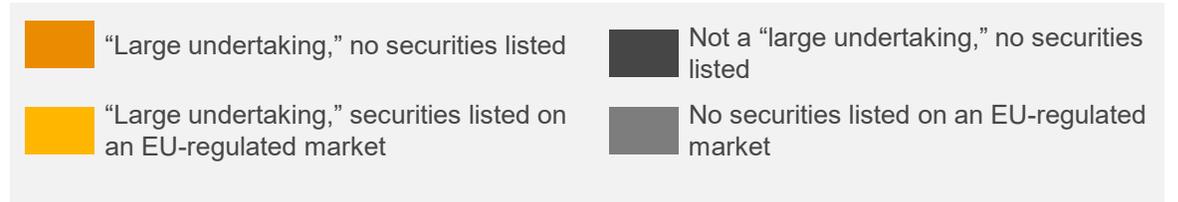
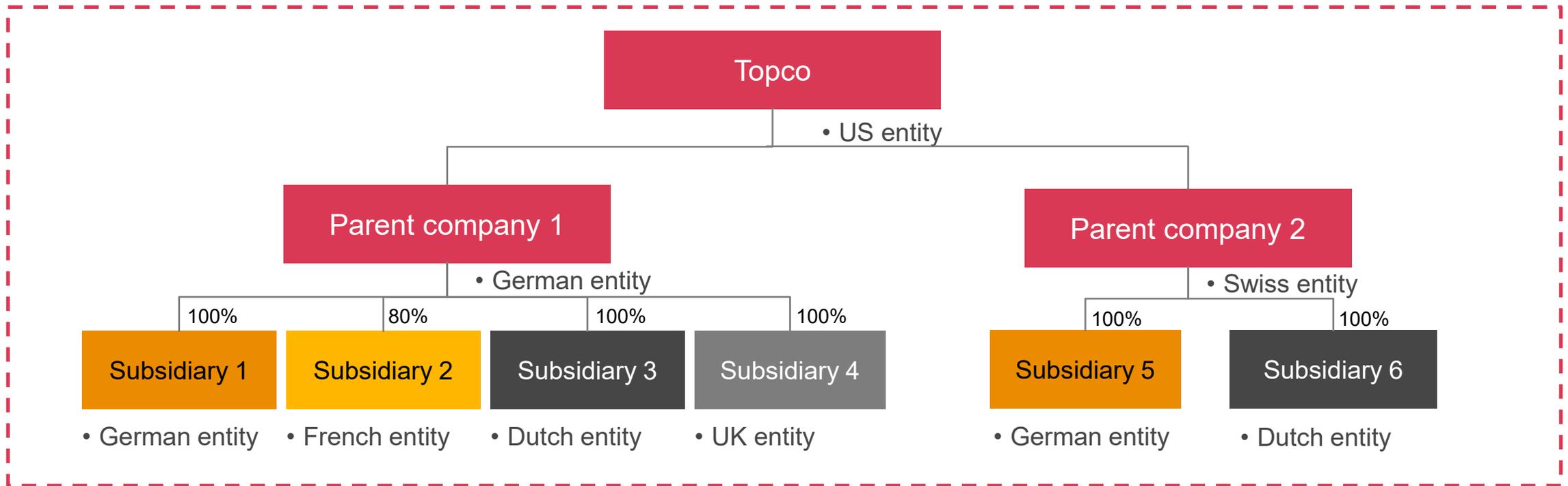


# Example 3 - EU parent company



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# Example 4 - Topco



The simplified fact pattern is provided to illustrate some of the factors that should be considered in evaluating the scope, applicable standards and timing of application. These examples do not consider the ability to prepare combined reports in limited instances, and to satisfy subsidiary reporting requirements by reporting at a higher level within the organization. The actual analysis is complex and companies should review the rules carefully and assess the need for early involvement of its legal team.

# Scope considerations - example conclusions

## Example 1 - EU subsidiary

**Subsidiary 1** would be in scope for standalone reporting, with an exemption possibility when included in the report of a parent company prepared in accordance with the provisions of the CSRD.

## Example 2 - EU subsidiary

**Subsidiary 2** would be in scope for standalone reporting, with no exemption possibility because it is a “large undertaking” and has securities listed on an EU-regulated market.

## Example 3 - EU parent company

**Parent company 1** would prepare a consolidated sustainability report for the entire scope of consolidation (parent company plus subsidiaries) because it is the parent of a “large group.”

**Subsidiaries 3 and 4** would not be in scope on a standalone basis.

Disaggregated reporting may be required in the consolidated sustainability report of Parent company 1 for all four subsidiaries in the case of “significant differences” in impact/risk profile.

## Example 4 - Topco reporting

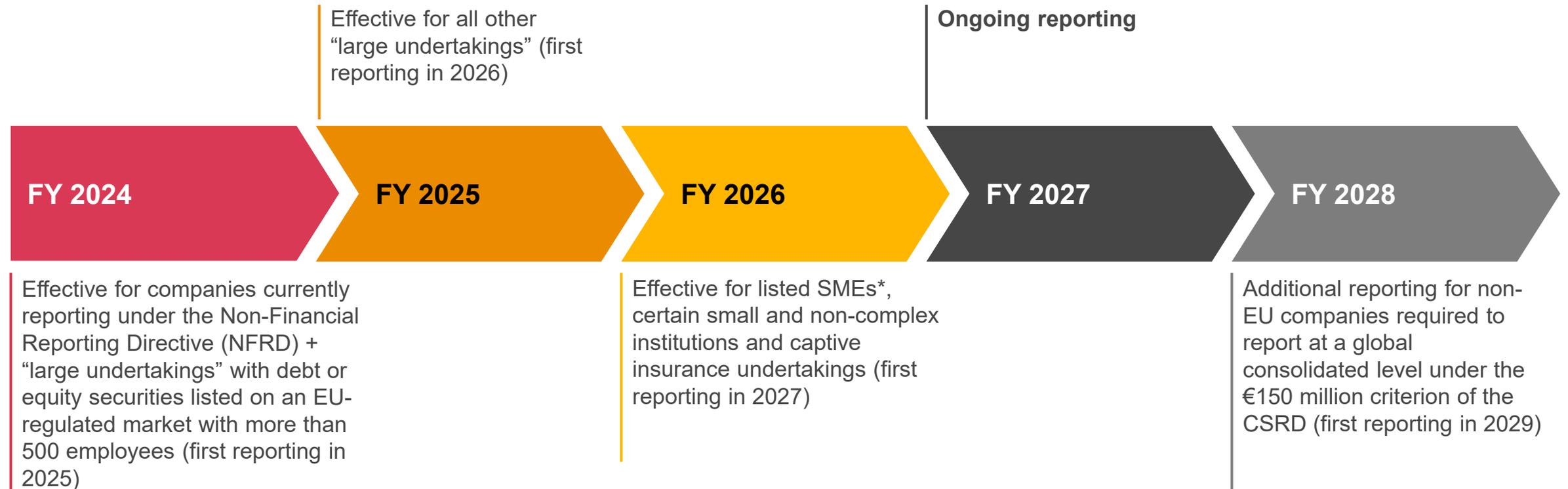
**Topco** would be required to report at the global consolidated level using dedicated standards for non-EU companies if it generates more than €150 million for each of the last two consecutive fiscal years, and has one of the following:

- at least one EU subsidiary that is in scope of reporting (meets the definition of a “large undertaking” or has debt or equity securities listed on an EU-regulated market), or
- at least one branch that generates revenue of €40 million or more in the preceding year

The simplified fact pattern is provided to illustrate some of the factors that should be considered in evaluating the scope, applicable standards and timing of application. These examples do not consider the ability to prepare combined reports in limited instances, and to satisfy subsidiary reporting requirements by reporting at a higher level within the organization. The actual analysis is complex and companies should review the rules carefully and assess the need for early involvement of its legal team.

# First time application of CSRD

## Assuming calendar fiscal year-end



\* Optional deferral of first-time application by two years

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