

Get ready for a new level of ESG reporting

Helping you tackle the Corporate Sustainability Reporting Directive

kpmg.com/uk/CSRD

The EU's new Corporate Sustainability Reporting Directive (CSRD) is transforming ESG reporting. As part of the CSRD there will be 12 sector agnostic European Sustainability Reporting Standards (ESRSs) to apply, requiring disclosures on Environmental, Social and Governance topics including over 120 metrics. Almost 50,000 companies are subject to mandatory sustainability reporting in accordance with ESRSs. Compared to previous European sustainability-related reporting requirements, the ESRSs will be significantly more detailed in both the depth of disclosure and the scope of metrics to be reported. In addition, there will be a mandatory limited assurance requirement.

The CSRD doesn't only extend the scope of affected entities in Europe but it will also impact **UK multinationals with** debt or equity securities listed on an EU-regulated market as well as entities with:

- substantial activity in the EU – i.e. it generated a net turnover greater than €150M in the EU for each of the last two consecutive years; and
- at least:
 - one subsidiary that meets the general scoping of the CSRD; or
 - one branch (in general, a physical presence) that generated a net turnover greater than €40M in the preceding year.

The adoption of the CSRD will have far-reaching implications for businesses all over the world. Preparing for compliance will require a significant investment in time and resources within a short timeline.



ESG reporting changes under the CSRD

- Many more companies will have to report, including small and medium-sized enterprises (SMEs) and a number of organisations headquartered outside the EU.
- Significant expansion of the scope and number of KPIs to be reported on for topics including biodiversity, resource use, your own organisations', and suppliers', workers, and business conduct.
- Limited assurance of ESG reporting is mandatory.

For more information, please visit [Get ready for European Sustainability Reporting Standards](https://kpmg.com/uk/CSRD).



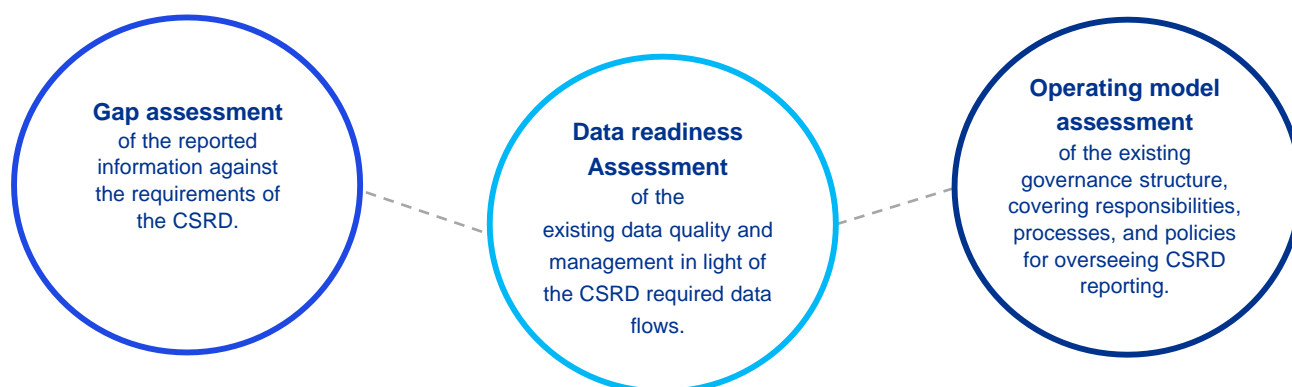
KPMG can help

Even companies which are fairly advanced in their sustainability reporting are likely to require significant improvements to the way they collect, process and report ESG data.

Based on our extensive experience in sustainability reporting, KPMG has designed a fast-track readiness assessment approach to evaluate a companies' level of readiness against the new requirements.

The approach assesses the impact of the new standards on the organisation, identifies key gaps in data availability and supports clients in creating a clear strategy and a concrete roadmap to meet the new requirements.

Key features of our approach to CSRD



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- 1 Impact assessment:** Research and understand current and emerging legislation on sustainability reporting, including how this will impact your organisation and advice on efficient and compliant reporting strategies.
- 2 Materiality assessment:** Determine which ESG topics are material to the organisation and which should be reported on in line with the new European Sustainability Reporting Standards, taking into account impact and financial materiality considerations.
- 3 Maturity assessment:** Maturity assessment in relation to processes taxonomy, roles and capacities, seizing, control environment, data model and policies.
- 4 Reporting Transformation:** Designing the future state of your sustainability reporting taking into account functional processes, people, service delivery model, technology, performance insights and data and governance of KPI's and architecture. Deployment of the target operating model, including training as well as support for change management and assurance readiness.
- 5 Assurance Readiness:** Assessment of the control environment and evidence associated with ESG metrics to identify and rectify issues ahead of the formal assurance process.



Potential benefits of our approach to CSRD

As companies' ESG performance comes under increasing scrutiny, ESG reporting is becoming mainstream. Keeping track of, and adapting to, evolving sustainability regulations has become a critical strategic priority. Our approach for preparing for the implementation for the CSRD, can also help you:

- Set ESG targets and determine the key metrics required to meet current and upcoming regulations
- Understand the wider implications of ESG factors on the business, and demonstrate how a circular, net-zero, people-friendly business model can create a competitive advantage
- Establish a cross-functional governance structure to collect, report and approve ESG data
- Consider investing in ESG data management, with appropriate processes and controls



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KPMG ESG insights

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