

An aerial photograph showing a road with a few cars, a dense forest of green trees, and a large array of blue solar panels in the foreground. The image is split diagonally, with the top-left portion being white and the bottom-right portion showing the landscape.

ESG AND SUSTAINABILITY SERVICES

Are You Ready for the Corporate Sustainability Reporting Directive (CSRD)?

AUGUST 2023

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Agenda



What You Need to Know About CSRD



Sanlorenzo



Double Materiality and EU Taxonomy

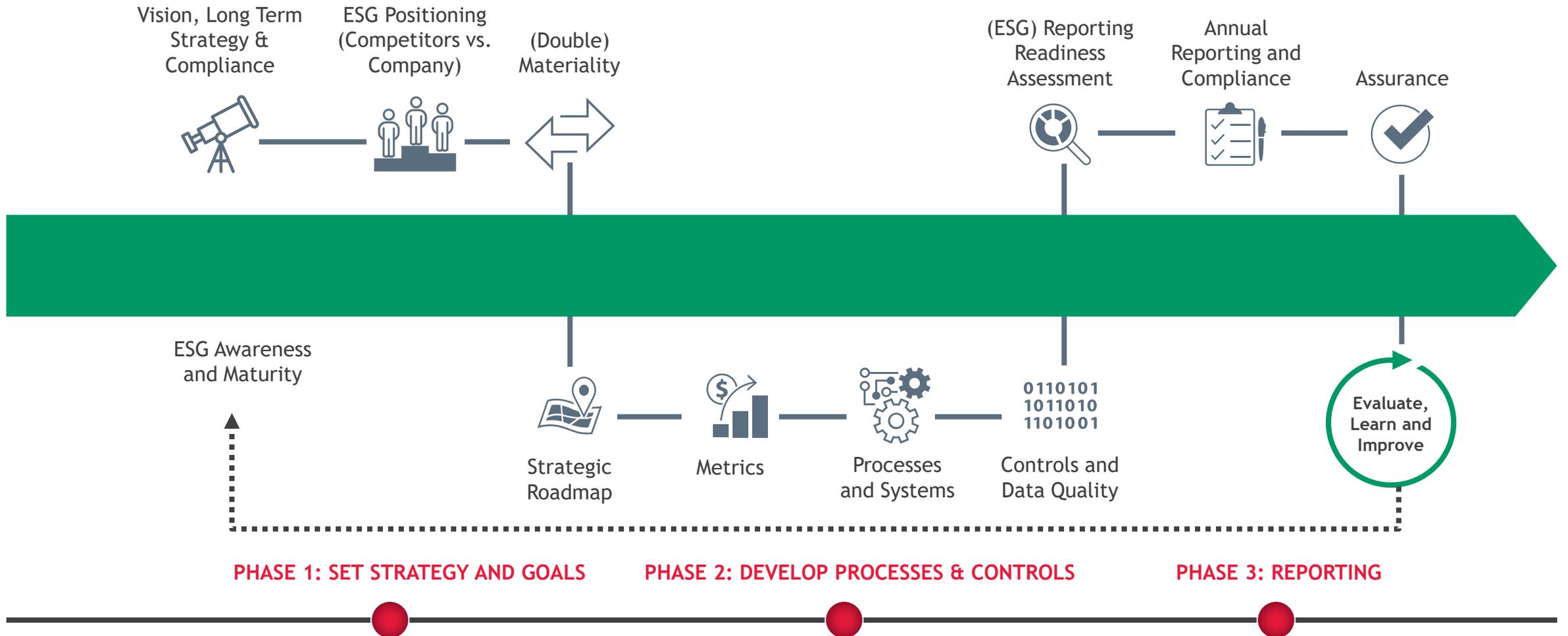


Appendix

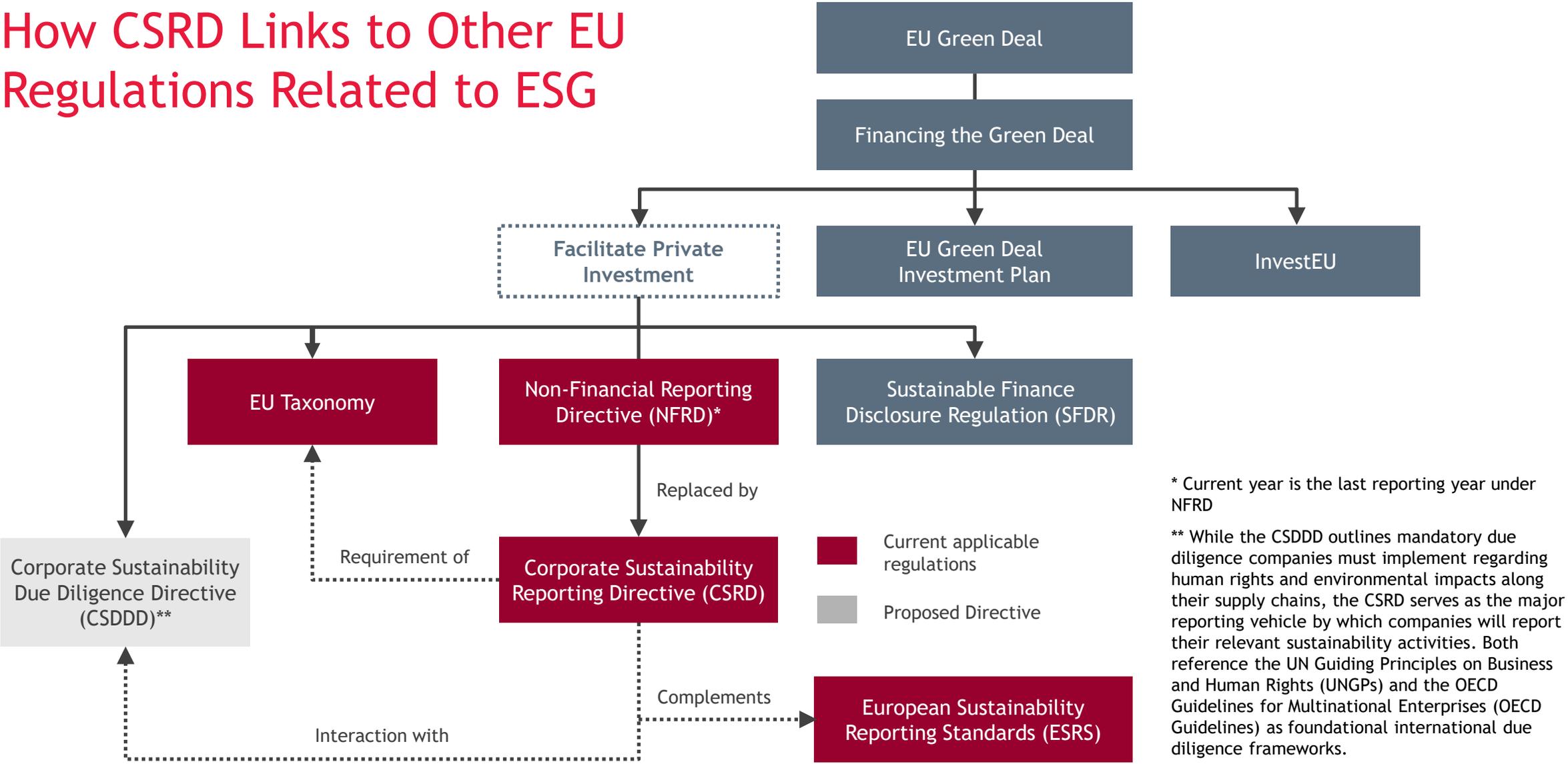
What You Need to Know About CSRD



Sustainability Integration Reporting Roadmap



How CSRD Links to Other EU Regulations Related to ESG



Overview of Reporting Requirements

Under the CSRD companies will be required to cover a range of ESG-related topics, including:

1 Art.40a, Reg. 2022/2464 (CSRD)

- ▶ Assurance, initial limited assurance to later be expanded to reasonable assurance
- ▶ Double materiality with description of the process and the findings of the assessment
- ▶ Company's business model and strategy, and how they relate to sustainability matters
- ▶ Oversight of the company's sustainability matters and the role of the administrative, management, and supervisory bodies
- ▶ Sustainability-linked performance incentive schemes, including incentives offered to members of administrative, management, and supervisory bodies
- ▶ Due diligence process applied to sustainability matters that impact people and the environment
- ▶ Metrics and targets, policies, actions and targets pertaining to the material sustainability matters

2 Art. 8, Reg. 2020/852 (Taxonomy) as part of art.1 and 29a, Reg 2022/2464

- ▶ How and to what extent activities are associated with environmentally sustainable economic activities
- ▶ Proportion of turnover, capital expenditure, and operating expenditure aligned with the EU Taxonomy Regulation (Art. 8 of EU taxonomy)

Overview of Reporting Requirements

Focus on Metrics and Reporting Standards

All in-scope companies will need to structure their reports around the 12 ESRS standards below:

- ▶ ESRS 1 and ESRS 2 are general or “cross-cutting” standards
- ▶ The other standards cover specific ESG sub-topics

CSRD				+	EU TAXONOMY
GENERAL	ENVIRONMENT	SOCIAL	GOVERNANCE		
ESRS 1: General Requirements ESRS 2: General Disclosures	E1: Climate Change E2: Pollution E3: Water & Marine Resources E4: Biodiversity and Ecosystems E5: Resource Use and Circular Economy	S1: Own Workforce S2: Workers in the Value Chain S3: Affected Communities S4: Consumers and End-Users	G1: Business Conduct		 <p>+ % economic activities aligned with Art 8 of EU taxonomy</p>

Applicability of CSRD to U.S. Companies

Reporting Requirements for U.S. Companies

- ▶ Entities already subject to NFRD
- ▶ Entities listed on an EU-regulated market, which meets “general scoping criteria” for large entities and has > 500 employees
- ▶ Large EU subsidiaries of U.S. companies or U.S. entities listed on a regulated market in EU, which meets “general scoping criteria” for large entities and has < 500 employees
- ▶ Non-EU Groups with net turnover in the EU in two consecutive financial years that is over €150 million per annum and has at least one:
 - branch in the EU that has a net turnover of at least €40 million; or
 - subsidiary in the EU that meets at least two of the large entity requirements (“general scoping criteria”).



According to CSRD, a companies and subsidiaries are considered large entity if they meet two of the following three “general scoping criteria”:

> 250 employees

> EUR 40m turnover

> EUR 20m assets

WHAT YOU NEED TO KNOW

- ▶ The Corporate Sustainability Reporting Directive (CSRD) governs how in-scope **companies domiciled or operating in the EU**, and it substitutes the Non-Financial Reporting Directive (NFRD).
- ▶ **Both public and private companies that meet certain criteria must comply**, a key differentiator from other regulations.
- ▶ Even if your company has no European presence, **you may be impacted if you are included in the scope 3 value chain of a larger, global company.**

Timeline

Organization Type	2024	2025	2026	2027	2028	2029
Entities already subject to the Non-Financial Reporting Directive (NFRD)						
Entities listed on an EU-regulated market, which are a large entity and have more than 500 employees						
All other large entities (includes EU-domiciled entities and an EU-domiciled subsidiary of a parent company)						
Entities listed on an EU-regulated market, which are a large entity and have less than 500 employees						
Listed SMEs, small credit institutions and insurance undertakings						
Non-EU Groups						



Financial Reporting Year



Reports Due

Sanlorenzo

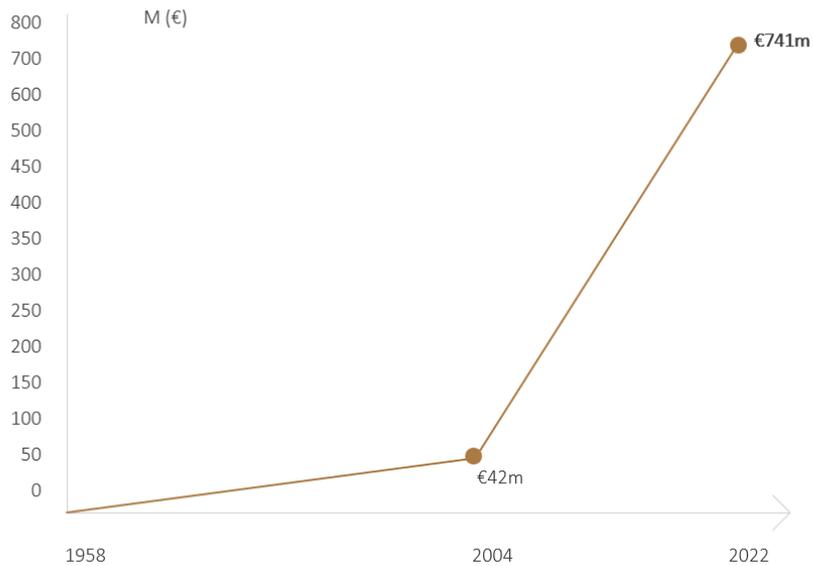


AT A GLANCE

Sanlorenzo

- ▶ 4 Manufacturing plants
- ▶ >750 employees
- ▶ Around 80 made-to-measure units per year

Revenues Growth 2004 - 2022



YACHT

Yacht in composite material between 78 and 126 feet in length



SUPERYACHT

Superyacht in aluminum and steel between 40 and 72 meters in length



BLUEGAME

Sport Utility Yacht in composite material between 13 and 23 meters in length

SUSTAINABILITY

Our Strategic Approach

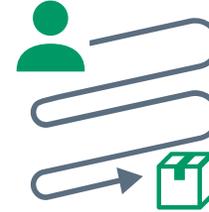
KEY PILLARS



Product



Production



Supply Chain



People and Communities

ENABLING PILLARS



Sustainability Governance



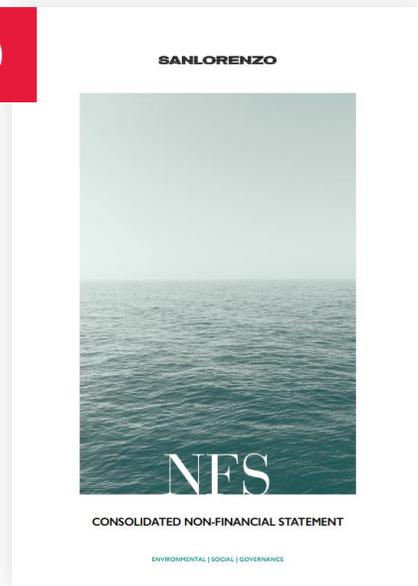
Transparency & Stakeholder Engagement



External Collaborations

Sustainability Reporting Journey

2020



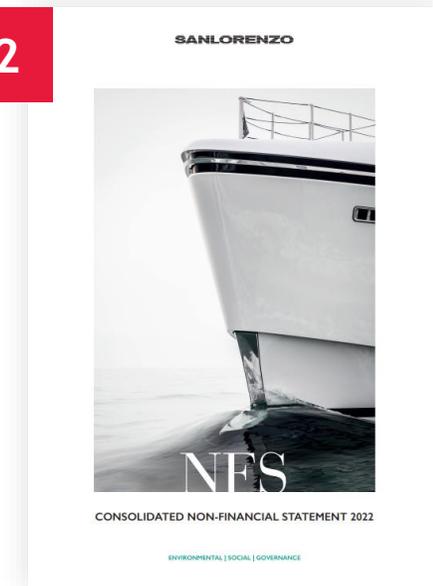
- ▶ First Sanlorenzo's NFS
- ▶ Scope limited to Sanlorenzo
- ▶ KPIs linked to the first materiality assessment

2021



- ▶ Scope extension (Sanlorenzo + Bluegame and other international sales offices)
- ▶ New KPIs
- ▶ Taxonomy eligibility

2022



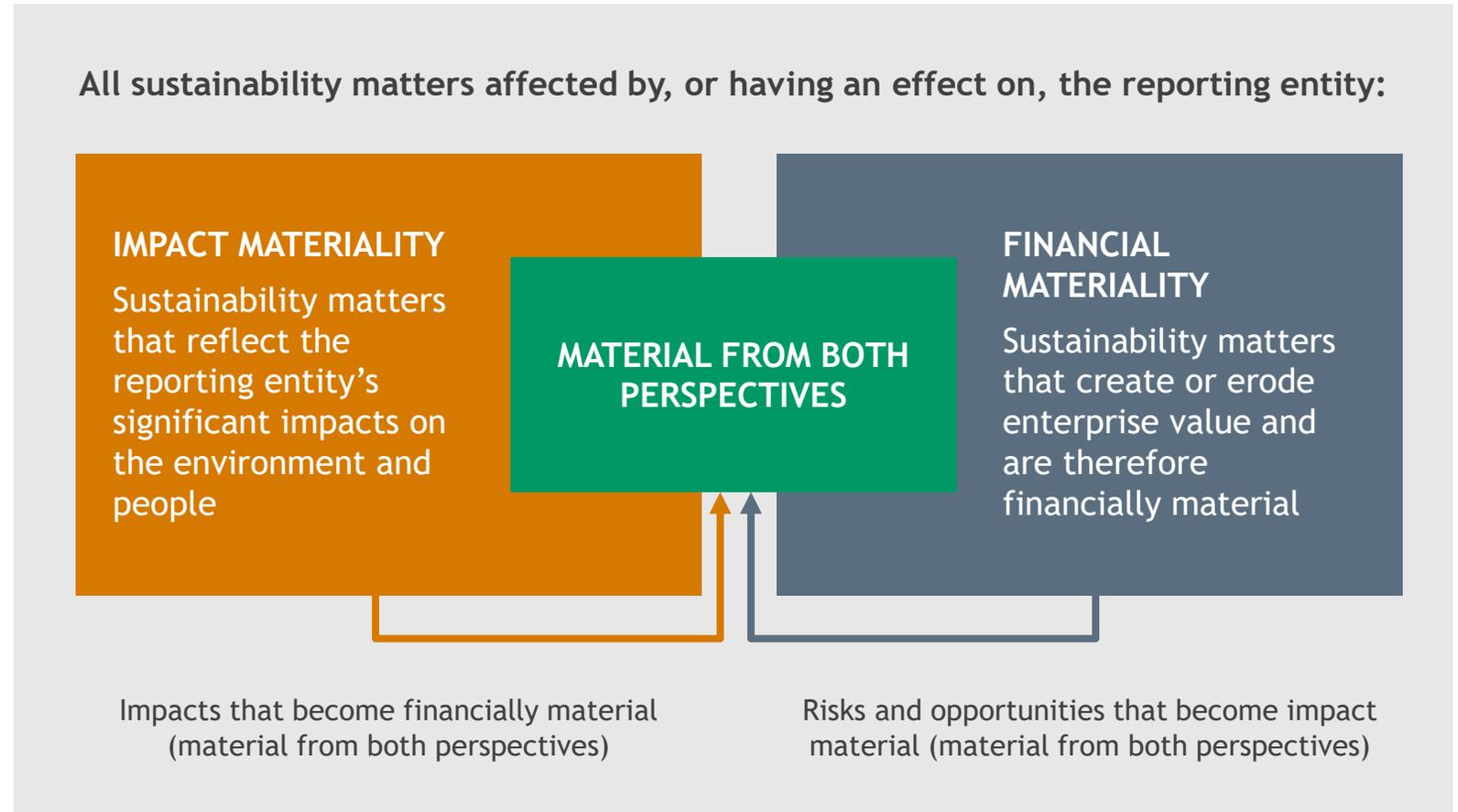
- ▶ Scope including new subsidiaries
- ▶ Update of the materiality assessment (first approach to double materiality)
- ▶ Taxonomy eligibility + alignment

Double Materiality and EU Taxonomy



Explanation of Double Materiality According to ESRS

The ESRS require disclosures based around the concept of ‘double materiality’, which comprises **impact materiality** and **financial materiality**:



CAVEAT: (For illustration only) the dimensions in the graph do not necessarily represent the expected overlap between financial and impact materiality. In many cases, there will be a full overlap of both dimensions.

Source: [Materiality Assessment Implementation Guidance](#), EFRAG . 06-02 Materiality Assessment SRB meeting 23 August 2023.

OVERVIEW

EU Taxonomy

Article 8 of the Taxonomy Regulation (Taxonomy Regulation, Reg. 2020/852) aims to increase transparency in the market and help prevent greenwashing by providing information to investors about the environmental performance of assets and economic activities of financial and non-financial undertakings.

The EU Taxonomy is a tool designed to support investors, companies, emitters and project promoters in the transition to a low-carbon, resilient and resource-efficient economy. The classification system created by the introduction of the Taxonomy Regulation helps to promote capital flows towards sustainable investments.



The Taxonomy Regulation establishes six environmental objectives:

1 Climate Change Mitigation

4 The Transition to a Circular Economy

2 Climate Change Adaption

5 Pollution Prevention and Control

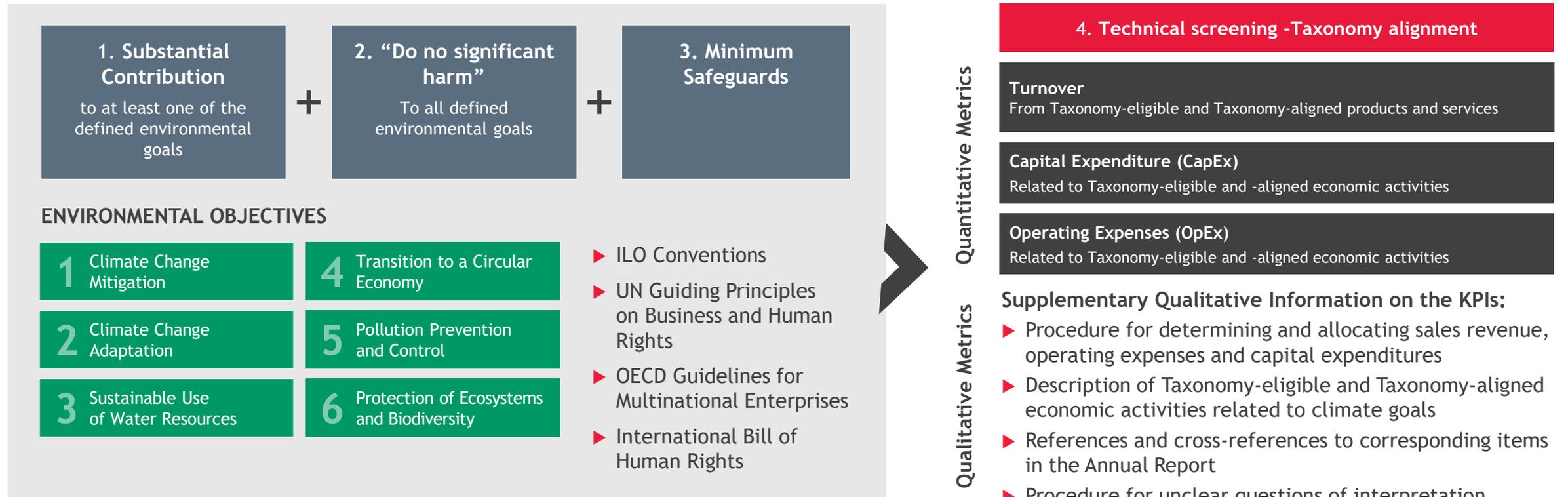
3 The Sustainable Use and Protection of Water and Marine Resources

6 The Protection And Restoration Of Biodiversity And Ecosystems

HOW TO CALCULATE EU Taxonomy

The Taxonomy Regulation sets out 4 overarching conditions that an economic activity must meet in order to qualify as environmentally sustainable:

1. Making a substantial contribution to at least one environmental objective
2. Doing no significant harm to any of the other five environmental objectives
3. Complying with minimum safeguard
4. Complying with the technical screening criteria set out in the Taxonomy delegated acts



Appendix



Acronyms

CO2	Carbon Dioxide	GRI	Global Reporting Initiative
CO2-e	Carbon Dioxide Equivalent	IPCC	Intergovernmental Panel on Climate Change
CSDDD	Corporate Sustainability Due Diligence Directive	ISO	International Standards Organization
CSRD	Corporate Sustainability Reporting Directive	ISSB	International Sustainability Standards Board
EFRAG	European Financial Reporting Advisory Group	NFRD	Non-Financial Reporting Directive
ESRS	European Sustainability Reporting Standards	SASB	Sustainability Accounting Standards Board
EU ETS	European Union Emissions Allowance Trading Scheme	TCFD	Task Force on Climate-Related Financial Disclosures
GHG	Greenhouse Gas	WBCSD	World Business Council for Sustainable Development
GHG Protocol	Greenhouse Gas Protocol	WRI	World Resources Institute

Timeline

	FY2024	FY2025	FY2026	Enterprise Level FY2028
Scope	<p>Large entities already subject to NFRD (EU Non-Financial Reporting Directive)</p> <p>Entities listed on an EU-regulated market, which meets <i>general scoping criteria</i> and has ≥ 500 employees</p>	<p>Large EU subsidiaries of U.S. companies or</p> <p>U.S. entities listed on a regulated market in EU, which meets <i>general scoping criteria</i> and has ≤ 500 employees</p>	SME subsidiaries of U.S. companies listed on a regulated market in the EU	U.S. companies with > €150M of operations in EU and at least 1 large subsidiary or branch
Standards	ESRS (or equivalent standards)		Standards to be developed	ESRS, or equivalent standards
Reporting level	Stand-alone subsidiary, except the case where information are included in the Parent's report (prepared according to ESRS or equivalent)			Consolidated group, including non-EU activity
Assurance	Limited assurance			



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Karen leads Sustainability & ESG Services and is a member of BDO's Executive Leadership team overseeing the U.S. ESG Center of Excellence. She also leads BDO Global Sustainability & ESG Services development driving creativity and innovative solution design working with sustainability experts across the globe. Karen helps companies frame a practical, yet impactful approach to incorporating sustainability into their business models and operations. She inspires sustainable, value enhancing solutions for private equity and corporate clients driving profitability and resiliency over the long-term.

Karen is an accomplished strategic advisor with more than 35 years of experience in both transactional and operating contexts. As a PE operating partner serving in multiple C-suite roles in PE-backed portfolio companies, she brings insight and innovation to complex transactions and operational finesse to drive sustainable value. At BDO, Karen engages the expertise of subject matter experts across the BDO platform to design agile, transformational solutions to help companies achieve top line growth, operational excellence and enterprise risk mitigation across the organization. Her industry experience includes serving clients in fintech, entertainment, media & broadcasting, healthcare, retail, and technology sectors.



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Aurora Bardoneschi leads sustainability and ESG client engagements, including definition of ESG strategy development, identification of ESG risks and integration into risk management system/ERM, design of processes and controls around ESG metrics as well as roadmap to comply with ESG-related regulations at the national/international level.

Aurora has more than nine years of experience and has supported multiple private and public companies in defining sustainability reporting according to international standards (e.g., GRI Standards, SASB, etc.) and European Directives, such as EU Directive 2014/95 (Non-Financial Reporting Directive - NFRD), EU Reg. 852/2020 (“EU Taxonomy”) and most recently EU Directive 2022/2464 (Corporate Sustainability Reporting Directive - CSRD).

She has worked across industries to integrate sustainability plans and goals within business strategy. She has designed several stakeholder engagement activities and training sessions to C-suite executives. During her career she led a strategic partnership between a French multinational company and World Food Program, a United Nations agency. More recently, as part of BDO Italy, she was the program manager of the Master in ESG Sustainability Advanced Management, created by BDO Italy in collaboration with Wolters Kluwer.

Aurora joined BDO Italy in 2019 where she supported companies in complying with EU regulations, ESG risk management, and improving ESG ratings. She was seconded to BDO USA between June 2021 and May 2022.

She is now part of BDO USA. Some of the recent projects she is working on include calculation of Greenhouse Gas (GHG) emissions (Scope 1,2, and 3); design of roadmap, governance and processes to comply with SEC proposed rules on climate-related disclosures and EU Directive CSRD; double materiality assessment and integration of ESG risks into the ERM framework and risk management systems.



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Before coming to the BDO, Riz spent over 16 years in the energy industry. Initially starting working with California ISO integrating renewable assets, implementing demand response program and supporting settlements team. He then worked with startups which focused on energy efficiency and onsite load managements solutions. He performed energy audits and structured contracts to help clients saving money and improve their sustainability profiles.

Riz spend most of his career working at Brookfield Renewables in various roles but spent majority of time as the Chief Information Technology Officer, leading the technology team, and leading the Value Creation Program. He worked with operating business-like Distributed Solar, Energy Services Providers and Utility Generators optimize the business process and the commercial team to develop and implement products to service retail and commercial customer. As part of the Value Creation role Riz worked with Operating business to develop business case to invest in solutions to reduce operating costs, improve revenue and the sustainability profile of assets and businesses.



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Valeria boasts a long and deep knowledge in the field of sustainability, with a focus on the design and implementation of ESG strategies and plans, non-financial reporting and management training on topics such as stakeholder engagement, the circular economy, accountability and reporting. She has experience working with companies of various sectors and sizes, both nationally and internationally.

Valeria is an author of numerous papers on the topics of Accountability, Stakeholder Engagement and Extra-financial Reporting. In addition, she has been coordinating the "Business Sustainability" module within the Executive MBA and Global MBA of the Bologna Business School since 2011.

She was a member of the Board of the Sustainability Makers Network, of Social Value Italia (of which she is also a founding member) and coordinator of the national committee on the circular economy set up at the Prime Minister's Office (2016-2018).

Since November 2019 she has been a member of the coordination unit of the Ministry of Ecological Transition for the definition of the National Strategy for Sustainable Development.

Between the late 1990s and 2012, Valeria collaborated with AccountAbility (London) on the development of the AA1000 Series and Accountability Rating™ standards.



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Edoardo Miscioscia is Sustainability Manager at Sanlorenzo Group, a leading company in the yachting industry.

He has more than 10 years of experience in the field of sustainability in both consulting and corporate environments. He is currently responsible for driving his company's sustainability agenda, managing several key areas, including climate, circular economy and responsible sourcing.

Edoardo holds a degree in Business Management with a focus on Corporate Sustainability.



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