

Agenda

- 1. Sustainability reporting beyond CSRD What and How best to prepare for voluntary reporting?
- 2. Preparing for voluntary sustainability reporting by ensuring robust ESG data
- 3. Case: LEGO Group







Omnibus proposal: Status

'Stop the clock' proposal





Current stage:

The EU published the final text of the omnibus stop-the-clock mechanism on 16 April 2025 in the Official Journal of the EU. Member states have until 31 Dec 2025 to transpose it into national law.



Goal

Granting 2 more years for CSRD-implementation for Wave 2 companies.

Content proposal





Current stage:

EU Commission has asked EFRAG to provide draft simplified ESRS by 31 October.

An agreement on the Content-proposal is not expected before early 2026.



Goal:

Simplify reporting requirements under CSRD.



Navigating uncertainty: Strategic sustainability directions for organizations amidst proposed changes in reporting requirements

Strategic sustainability directions*

Ambitious: Full CSRD

Continue integrating sustainability in strategy and business model and implement CSRD compliant sustainability reporting

Adaptive I: CSRD Light

Continue integrating sustainability in strategy and business model but adopt simplified reporting based on the current ESRS standards

Adaptive II: VSME inspired

Continue integrating sustainability in strategy and business model but adopt simplified reporting based on the current VSME standards

Conservative: Pause sustainability efforts

Pause sustainability efforts and do not report on sustainability information or communicate sustainability performance otherwise

Trade-offs

- Sustained business model & value creation
- Exceeding stakeholder demands
- High implementation costs
 - Meeting stakeholder demands
- Proportionate implementation costs
- Risk of "pick and choose" perception without clear materiality approach
- Good starting point for immature companies
- Low implementation costs
- Larger companies can fall short of stakeholder demands
- Short-term cost savings
- Falling short of stakeholder demands
- Exposed to ESG risks

Reporting Framework



Full CSRD



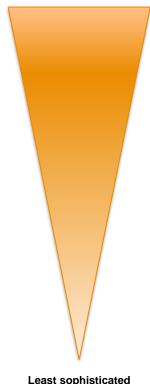
CSRD Light



VSME inspired**

Other or no sustainability reporting

Most sophisticated



^{*}Strategic sustainability directions are not limited to the options displayed

^{**} Current version of VSME standard will be replaced by a new VSME standard prepared by EFRAG

Focus for today's webinar

Strategic sustainability directions* **Trade-offs Reporting Framework** Most sophisticated Ambitious: Full CSRD Sustained business model & value creation Continue integrating sustainability in strategy and Exceeding stakeholder demands business model and implement CSRD compliant sustainability reporting High implementation costs Full CSRD **Adaptive I: CSRD Light** Meeting stakeholder demands **CSRD** Proportionate implementation costs Continue integrating sustainability in strategy and business model but adopt simplified reporting based Risk of "pick and choose" perception on the current ESRS standards **CSRD Light** without clear materiality approach Good starting point for immature Adaptive II: VSME inspired companies Continue integrating sustainability in strategy and Low implementation costs business model but adopt simplified reporting based Larger companies can fall short of on the current VSME standards stakeholder demands VSME inspired** **Conservative: Pause sustainability efforts** Short-term cost savings Other or no Pause sustainability efforts and do not report on Falling short of stakeholder sustainability sustainability information or communicate demands reporting sustainability performance otherwise Exposed to ESG risks Least sophisticated

^{*}Strategic sustainability directions are not limited to the options displayed

^{**} Current version of VSME standard will be replaced by a new VSME standard prepared by EFRAG

The ESRS consists of two cross cutting and 10 topical standards

Module

1 Cross-cutting standards

Contents

In brief

General Principles

General Disclosures

Cross-cutting Standards

- · Mandatory reporting for all companies covered by CSRD
- · Not based on result of DMA (Double Materiality Assessment)
- Total number of DR's: 18

General Principles

ESRS 1 General definitions and concepts for sustainability reporting

General Disclosures

ESRS 2 General disclosure requirements related to strategy, governance and materiality assessment

ESRS Topical standards

Environmental

Social

Governance

The Topical Standards

- · Based on result of DMA (Double Materiality Assessment)
- Total number of DR's: 82

Environment

- E1 Climate Change
- E2 Pollution
- E3 Water and Marine Resources
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

Social

- S1 Own Workforce
- \$2 Workers in the value chain
- S3 Affected communities
- \$4 Consumers and end-users

Governance

G1 Business Conduct

Overview of disclosures

The VSME standard consists of a Basic module and a Comprehensive module The Basic module is a prerequisite for a

Module



The Basic module

Contents

Basic narratives

Basic metrics

In brief

Overview of

disclosures

The Basic Module

- 11 Disclosures including narrative disclosures and ESG topical metrics
- Based on conditions for applicability or voluntary reporting, some disclosures may be omitted.
- · 3 pages within the standard

General information

B1: Basis for preparation

B2: Practices, policies and future initiatives for transitioning towards a more sustainable economy

Environmental metrics

B3: Energy and greenhouse gas emissions

B4: Pollution of air, water and soil

B5: Biodiversity

B6: Water

B7: Resource use, circular economy and waste management

Social metrics

B8: Workforce - General characteristics

B9: Workforce - Health and safety

B10: Workforce - Remuneration, collective bargaining and training

Governance metrics

B11: Convictions and fines for corruption and bribery

The Basic module is a prerequisite for applying the Comprehensive Module



The Comprehensive Module

Narratives on strategy, practices, policies and initiatives

Comprehensive metrics

The Comprehensive Module

- 9 Disclosures including link to strategy and additional ESG disclosures
- Based on conditions for applicability or voluntary reporting, some disclosures may be omitted.
- · 3 pages within the standard

General Information

C1: Strategy: business model and sustainability - related initiatives

C2: Description of practices, policies and future initiatives for transitioning towards a more sustainable economy

Environmental Metrics

B3+: Consideration when reporting on greenhouse gas emissions – Scope 3

C3: GHG reduction targets and climate transition

C4: Climate risks

Social Metrics

C5: Additional (general) workforce characteristics

C6: Additional own workforce information – Human rights policies and processes

C7: Severe negative human rights incidents

Governance Metrics

C8: Revenues from certain sectors and exclusion from EU reference benchmarks

C9: Gender diversity ratio in the governance body

Choose the sustainability reporting frameworks that best suits your needs and those of your stakeholders

Current ESRS and VSME are both subject to change - however, currently the best basis to get started

	CSRD Light based on ESRS *CSRD *	Offersoo VSME inspired #FRAG Voluntury Sustainebility Sustainebility for one-differed SHES (VSME)

Approach	Conduct DMA with focus on stakeholder expectations and value creation	Conduct simplified DMA with focus on stakeholder expectations and value creation
	2. Determine material ESRS Disclosure Requirements based on your DMA	2. Determine relevant VSME disclosures in the comprehensive module (C1 – C9) based on your DMA*
	Report relevant sustainability information leveraging the ESRS proposed structure and methodology	3. Report relevant sustainability information in line with the VSME standard
Benefits	ESRS is considered as gold standard of sustainability reporting	Simple sustainability reporting framework that requires low efforts for implementation
	 Allows to design sustainability reporting according to your specific needs Provides basis to meet stakeholder expectations for companies experienced with sustainability reporting 	Meets basic stakeholder expectations and can serve as good starting point
Challenges	Requires solid DMA to avoid greenwashing claims	May not satisfy all stakeholder expectations
	Can be challenging to strike the right level of detail for reporting	Less flexibility as it is not based on materiality principle and basic module needs to be reported on
		Not algined with other voluntary reporting standars
Conclusion	Recommended for companies that are experienced in sustainability reporting and / or face stakeholder demand for specific sustainability information	Recommended for companies that are new to sustainability reporting and don't face stakeholder demand for specific sustainability information

^{*}Note that the reporting on all disclosures in the basic module (B1 to B11) is mandatory



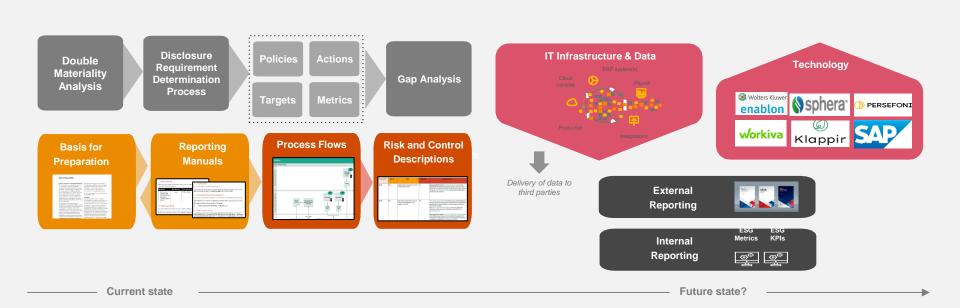
With our 3-step approach you can integrate Sustainability in your organisation, drive action and communicate sustainability performance

Simplified approach for companies outside of CSRD





PwC's approach applied to the sustainability reporting



Illustrative hierarchy and interaction of manuals and operating procedures within the sustainability reporting framework

Group responsibility

Business responsibility

Sustainability Reporting Accounting Manual

Purpose: Establish reporting requirements, including application and interpretation of applicable standards and roles and responsibilities for reporting purposes.

Includes guidance on what non-financial data to report on, and how to do it. May be an accounting manual focused on quantitative data points only, or an accounting and disclosure manual that also includes qualitative data points.

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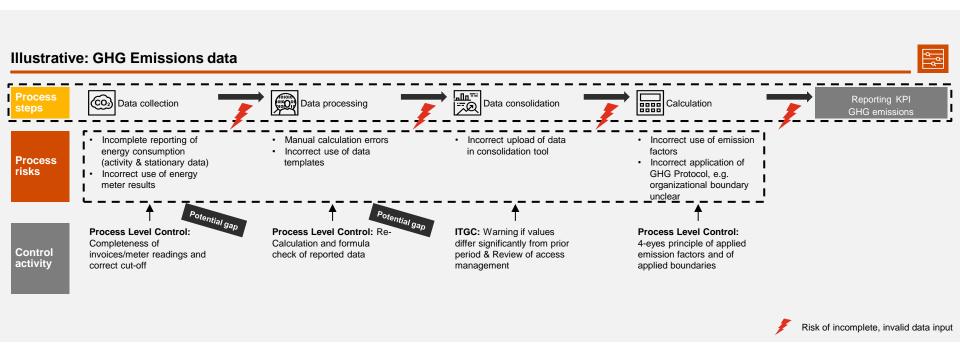
Sustainability Reporting Operating Procedures

Purpose: Detailed instructions on how to collect, process and validate non-financial data to support consolidation by Group to ensure completeness, accuracy and consistency.

Typically focused on quantitative data points only.

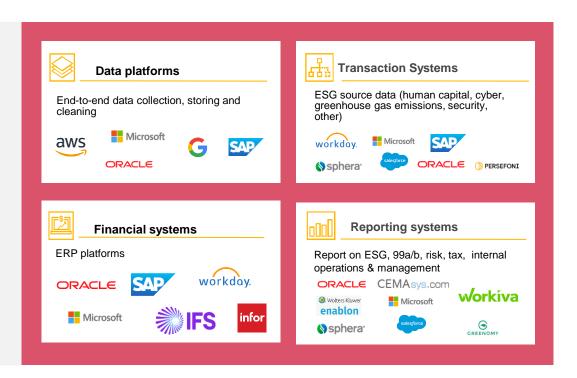
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	Vodvarende energillorbrug Mixe-vedvarende energillorbrug			Total energiforbrug (MWh) (Indsæt årstelf		
Energiforbrug i MWh (pkt. 29)						

Review of data collection process and definition of internal controls



There are a multitude of vendors moving into the market offering different types of sustainability solutions









Thank you to the LEGO Group

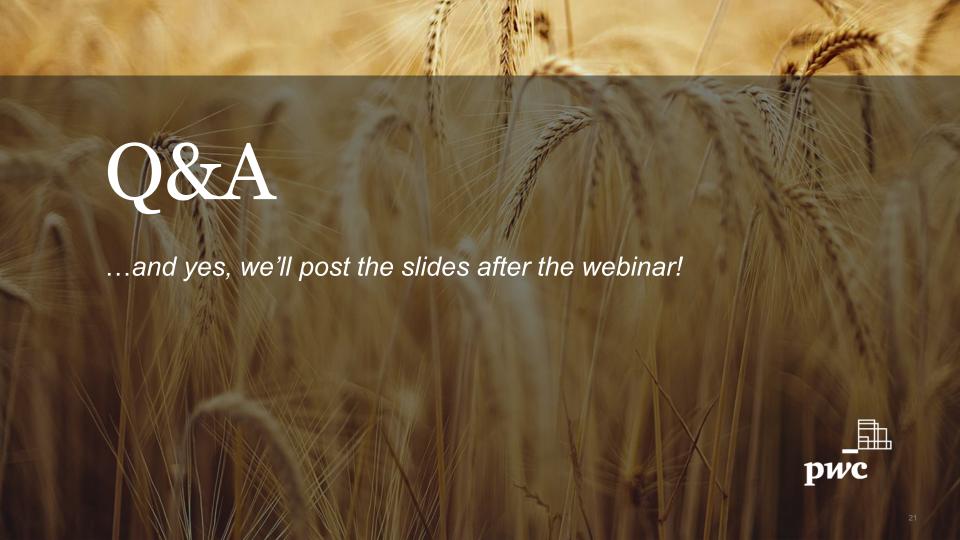
To learn more, please reach out to:

Jacob Milland Vistesen

Head of Sustainability Reporting & Data Corporate Finance

E-mail: jacob.vistesen@LEGO.com





Register for upcoming webinars

at pwc.dk/sustainability-2025

Mastering the New PPWR—Unlocking Opportunities in Sustainable Packaging

Thursday 15 May 2025 at 09:00-10:00 AM

Transition Plan for Climate Change Mitigation - How to Go About it?

Tuesday 17 June 2025 at 09:00-10:00 AM





Thank you for your attendance



Carina Ohm Partner, Sustainability Advisory & Assurance Services

T: +45 24 42 83 98 E: carina.ohm@pwc.com



Jeanne Koch Rasmussen Partner, Sustainability Advisory & Assurance Services

T: +45 53 86 36 78

E: jeanne.koch@pwc.com



Emilie Kamp Hoff Senior Manager, Sustainability Advisory & Assurance Services

T: +45 36 20 37 16

E: emilie.kamp.hoff@pwc.com

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