

Key facts overview of EU regulatory ESG requirements

Key Facts	LkSG [Germany] / CSDD [EU]	CSRD [EU]	SFDR [EU]
<p>Directly affected counterparties</p> <p>(by timeline)</p>	<p>LkSG, from 2023: Companies/Branches/Subsidiaries with ≥ 3,000 employees in Germany (From 2024: ≥ 1,000 employees)</p> <p>CSDD, from 2024 (presumably) Companies/Branche/Subsidiaries with > 150 Mio. € worldwide turnover, and > 500 employees within the EU</p> <p>If 50% of worldwide net turnover is generated in high-risk sectors: > 40 Mio. € worldwide turnover, and > 250 employees within the EU</p>	<p>From 2024: EU domiciled large, listed companies, credit institutions and insurance companies with ≥ 500 Employees</p> <p>From 2025: EU domiciled non-SMEs with Balance > 20 Mio. € Net sales > 40 Mio €, Employees > 250</p> <p>From 2026-28: EU domiciled listed SMEs, small non-complex credit institutes, and captive insurance undertakings (Opt-out period till 2028)</p> <p>From 2028: Non-EU domiciled companies with net sales in the EU ≥ 150 Mio € and at least one EU domiciled subsidiary or branch</p>	<p>Financial market participants operating in the EU (according to articles 1 and 2, SFDR)</p> <p>From 2022: Product level: Disclosure of EU Taxonomy alignment with first two (climate) objectives for ESG related products Entity level: Start of assessment period 1 for entity-level principle adverse impacts (PAI)</p> <p>From 2023: Product level: Disclosure of Taxonomy-alignment with remaining four objectives for ESG related products Entity level: Start of assessment period 2 for PAI, Disclosure of PAI of period 1 (June)</p> <p>From 2024: Product level: Disclosure of Taxonomy-alignment with all environmental objectives for all financial products Entity level: Disclosure of PAI of period 2 (June)</p>
<p>Indirectly affected counterparties</p>	<p>Suppliers, clients, and business partners (up- and downstream) of EU domiciled companies that fulfil the above-mentioned conditions</p>	<p>Suppliers, clients, and business partners (up- and downstream) of EU domiciled companies that fulfil the above-mentioned conditions</p>	<p>If the investors of your company/institution are financial market participants based in the EU, they must gather and consider ESG related information about your company/institution</p>
<p>Milestones to achieve for directly affected counterparties</p> <p>* Indirectly affected counterparties should implement these ESG requirements on their own behalf</p>	<ul style="list-style-type: none"> ✓ Assure internal compliance * (Operational structure) ✓ Assure external compliance (Apply data provider) ✓ Connect/Implement Whistle blower System * ✓ Develop IT infrastructure * ✓ Implement documentation and reporting structure with responsibilities 	<ul style="list-style-type: none"> ✓ Establish, implement, and disclose your companies ESG strategy * ✓ Implement ESG risk management framework and governance * ✓ Develop IT infrastructure to govern reported data e.g., ESG datahub/data warehouse ✓ Manage company ESG profile * ✓ Implement documentation and reporting structure with responsibilities 	<ul style="list-style-type: none"> ✓ Define strategy for the long-term positioning of your business and products in the context of sustainability/sustainable finance * ✓ Assign responsibility for monitoring and maintaining your company's ESG profile * ✓ Assess your financial product portfolio and categorize into ✓ Determine internal processes and IT infrastructure ✓ Develop reporting and analytics capabilities