

FAF Forårsarrangement 2023

16. maj 2023



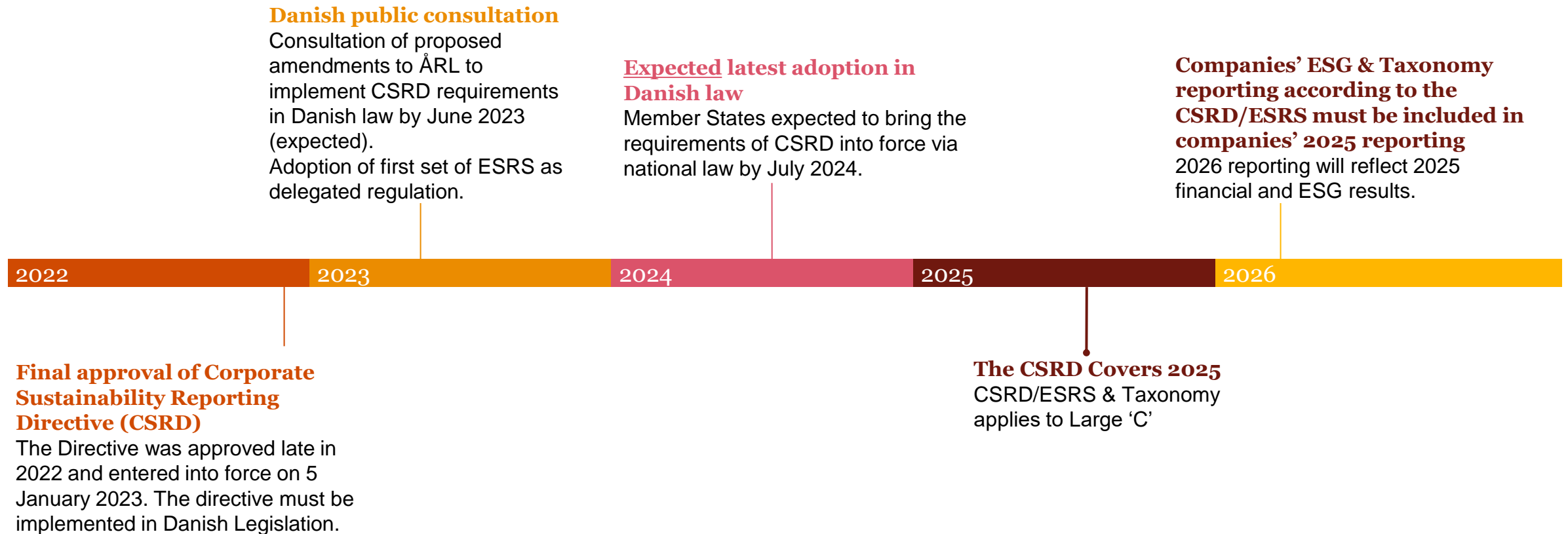
Dagens program

- **16.00 – 16.05 Velkommen til FAF Forårsarrangement 2023 hos PwC**
- **16.05 – 17.00 ESG Rapportering v/ Jens Pultz Pedersen**
 - Foreløbige erfaringer fra et revisionsmæssigt perspektiv
 - CSRD-rapportering – Hvad er der i vente og hvor stort er omfanget?
 - Hvilke krav stiller de nye ESG/CSRD rapporteringskrav til dataindsamling og kvalitet?
- **17.00 – 17.15 Foreløbige effekter af og erfaringer med "Arne-skatten" v/ Morten Bang Mikkelsen**
- **17.15 – 17.25 Dataanalyse i et regnskabsmæssigt/revisionsmæssigt perspektiv v/ Per Leslie Jensen**
- **17.30 Afgang til Restaurant Charlottenlund Fort**
- **18.15 Middag på Restaurant Charlottenlund Fort**

Sustainability reporting for the future

Preparing for new EU ESG reporting
requirements v/ Jens Pultz Pedersen

The proposal for implementation into Danish law is expected to be out for public consultation (høring) around summer 2023



We expect that the Danish implementation will follow the text of the Directive closely but some changes may be proposed to the implementation.

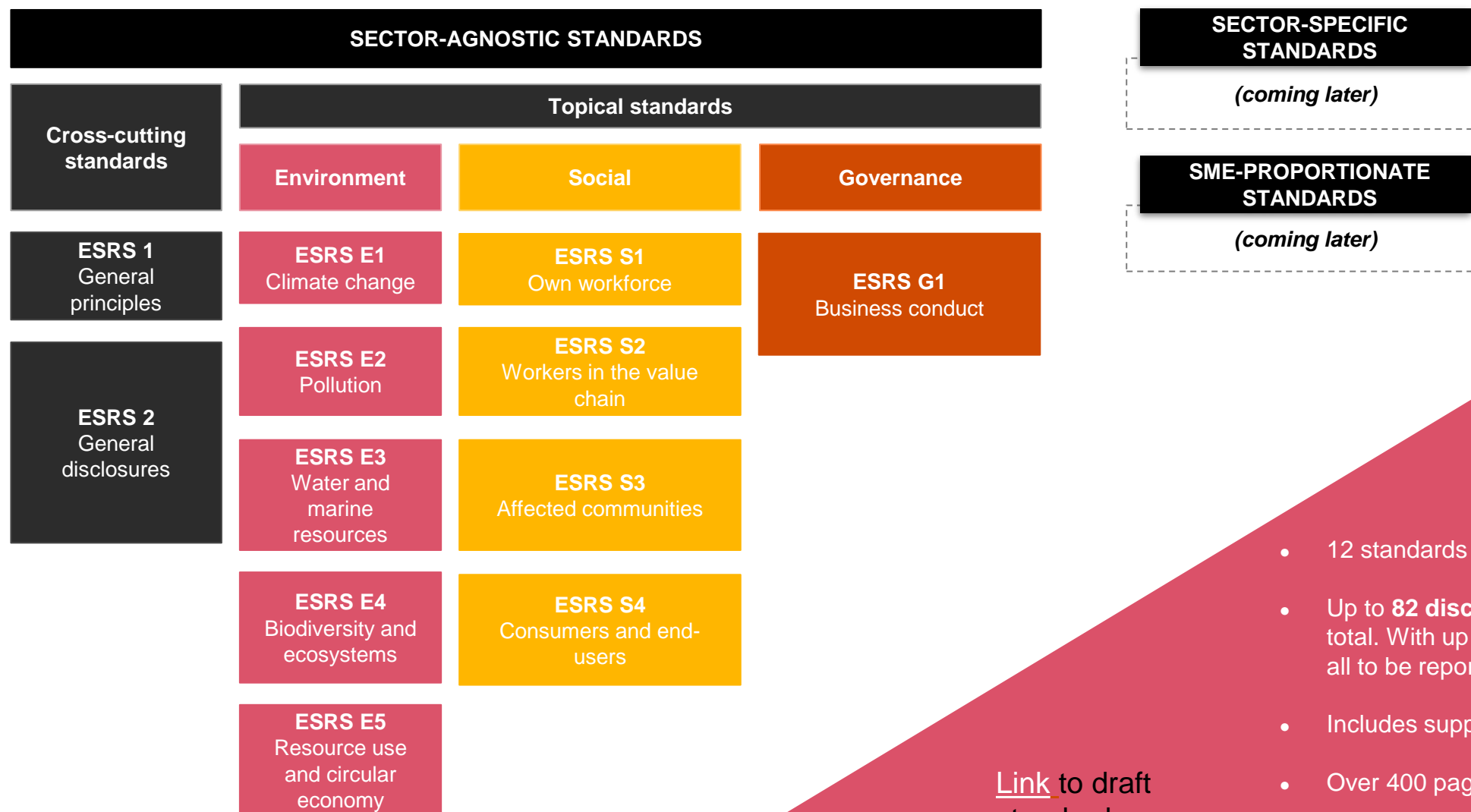
Large 'C' companies face significant new ESG reporting requirements in FY25

 Main changes	Who?	Significant extension of the scope of sustainability reporting
	What?	<ul style="list-style-type: none">• Expanding the content of sustainability reports• EU has created own reporting standards (European Sustainability Reporting Standards)• Reporting at level of / concern.
	Where?	Sustainability report mandatory component of the (consolidated) management report together with the financial reporting
	How?	Electronic format and tagging of sustainability reports mandatory
	Responsibility?	Responsibility of management and governance and new role (oversight) of the audit committee
	Enforcement?	Clear responsibilities for preparation, oversight and enforcement
	Audit?	Mandatory audit of sustainability reports with limited assurance
Application intended for reporting periods starting from 1. January 2025 for Large 'C', unlisted companies		

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ESRS Overview

The architecture of the new European Standards (ESRS)





- 12 standards of which 10 are topical.
- Up to **82 disclosure requirements** (DRs) in total. With up to 1,000+ data points (KPIs) in all to be reported.
- Includes supply chain impacts.
- Over 400 pages

[Link](#) to draft standards.

Revised materiality approach

ESRS E1 - E5: List of sustainability matters to be addressed in the materiality assessment

 Environment			
ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS E1	Climate change	<ul style="list-style-type: none"> Climate change adaptation Climate change mitigation Energy 	<div>  ESRS E1 shall be included irrespective of the outcome of the materiality assessment </div>
ESRS E2	Pollution	<ul style="list-style-type: none"> Pollution of air Pollution of water Pollution of soil Pollution of living organisms and food resources Substances of concern Substances of very high concern 	
ESRS E3	Water and marine resources	<ul style="list-style-type: none"> Water withdrawals Water consumption Water use Water discharges in water bodies and in the oceans Habitat degradation and intensity of pressure on marine resources 	
ESRS E4	Biodiversity and ecosystems	<ul style="list-style-type: none"> Direct impact drivers of biodiversity loss 	<ul style="list-style-type: none"> Climate Change Land-use change Direct exploitation Invasive alien species Pollution Others
		<ul style="list-style-type: none"> Impacts on the state of species 	Examples: <ul style="list-style-type: none"> Species population size Species global extinction risk
		<ul style="list-style-type: none"> Impacts on the extent and condition of ecosystems 	Examples: <ul style="list-style-type: none"> Land degradation Desertification Soil sealing
		<ul style="list-style-type: none"> Impacts and dependencies on ecosystem services 	
ESRS E5	Resource use and circular economy	<ul style="list-style-type: none"> Resources inflows, including resource use Resource outflows related to products and services Waste 	


Revised materiality approach

ESRS S1 - S4: List of sustainability matters to be addressed in the materiality assessment

 Social			
ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS S1	Own workforce	• Working conditions	• Secure employment • Working time • Adequate wages • Social dialogue • Freedom of association, the existence of works councils and the information, consultation and participation rights of workers • Collective bargaining, including rate of workers covered by collective agreements • Work-life balance • Health and safety
		• Equal treatment and opportunities for all	• Gender equality and equal pay for work of equal value • Training and skills development • Employment and inclusion of persons with disabilities • Measures against violence and harassment in the workplace • Diversity
		• Other work-related rights	Child labour • Forced labour • Adequate housing • Privacy
ESRS S2	Workers in the value chain	• Working conditions	• Secure employment • Working time • Adequate wages • Social dialogue • Freedom of association, including the existence of work councils • Collective bargaining • Work-life balance • Health and safety
		• Equal treatment and opportunities for all	• Gender equality and equal pay for work of equal value • Training and skills development • The employment and inclusion of persons with disabilities • Measures against violence and harassment in the workplace • Diversity
		• Other work-related rights	• Child labour • Forced labour • Adequate housing • Water and sanitation • Privacy
ESRS S3	Affected communities	• Communities' economic, social and cultural rights	• Adequate housing • Adequate food • Water and sanitation • Land-related impacts • Security-related impacts
		• Communities' civil and political rights	• Freedom of expression • Freedom of assembly • Impacts on human rights defenders
		• Particular rights of indigenous communities	• Free, prior and informed consent • Self-determination • Cultural rights
ESRS S4	Consumers and end-users	• Information-related impacts	• Privacy • Freedom of expression • Access to (quality) information
		• Personal safety	• Health and safety • Security of a person • Protection of children
		• Social inclusion	• Non-discrimination • Access to products and services • Responsible marketing practices

Revised materiality approach

ESRS G1: List of sustainability matters to be addressed in the materiality assessment

 Governance			
ESRS	Topic	Sub-topic	Sub-sub-topic
ESRS G1	Business Conduct	<ul style="list-style-type: none">• Corporate culture• Protection of whistleblowers• Animal welfare• Political engagement and lobbying activities• Management of relationships with suppliers including payment practices	
		<ul style="list-style-type: none">• Corruption and bribery	<ul style="list-style-type: none">• Prevention and detection including training• Incidents



The undertaking also shall develop entity-specific disclosures on material impacts, risks and opportunities not covered by ESRS

Example of disclosure requirements and data points

From ESRS E2-4, Pollution of air, water and soil

Disclosure Requirement E2-4 – Pollution of air, water and soil

26. The undertaking shall disclose the pollutants that are generated or used during production processes or that are procured, and that leave its facilities as emissions, as products, or as part of products or services.

27. The objective of this Disclosure Requirement is to provide an understanding of the emissions that the undertaking generates in the air, water and soil in its own operations.

28. The undertaking shall provide the following separate disclosures on its own operations for the reporting period:

(a) emissions of air pollutants generated by the undertaking¹ ;

(b) emissions to water generated by the undertaking² ;

(c) emissions of inorganic pollutants generated by the undertaking³ ;

(d) emissions of ozone-depleting substances generated by the undertaking⁴ ;

(e) microplastics generated or used by the undertaking.

29. The undertaking shall put its disclosure into context and describe:

(a) the changes over time,

(b) the measurement methodologies; and

(c) the processes to collect data for pollution-related accounting and reporting, including the type of data needed and the information sources.

30. Where an inferior methodology compared to direct measurement of emissions is chosen to quantify emissions, the reasons for choosing this inferior methodology shall be outlined by the undertaking. If the undertaking uses estimates, it shall disclose the standard, sectoral study or sources which form the basis of its estimates, as well as the possible degree of uncertainty and the range of estimates reflecting the measurement uncertainty.

Example of a Disclosure Requirement (DR). There are 82 disclosure requirements in all.

Example of a quantitative datapoint.

Examples of qualitative datapoints.

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #7 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a principal adverse impact as set out by indicator #2 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #1 in Table 2 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional principal adverse impact as set out by indicator #3 in Table 2 of Annex 1 of

3

How to get started:

- Double Materiality
- Gap Assessment

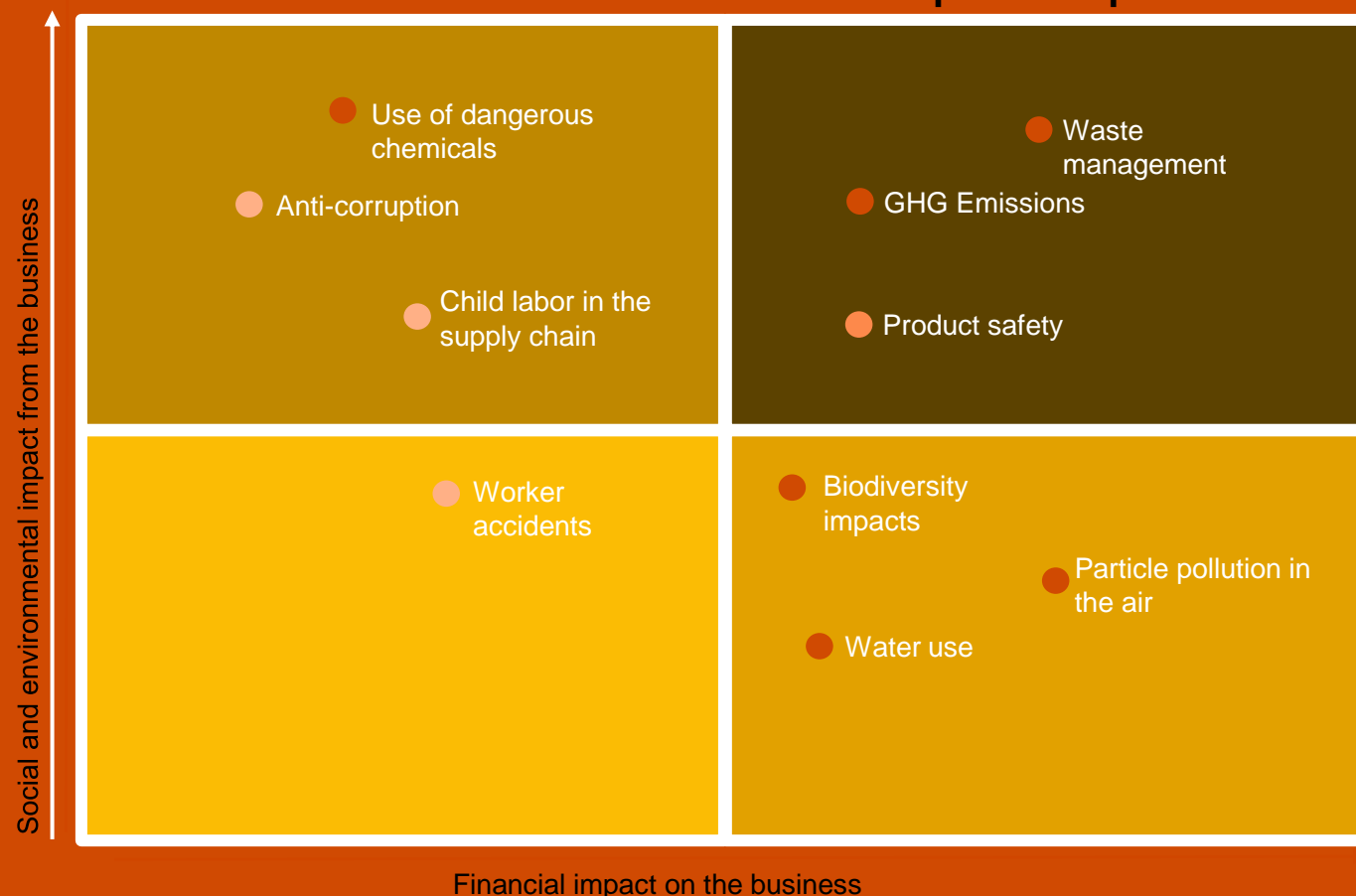
NB: full list of standards, sub-topics and sub-sub topics included in Annex

The results of financial and impact materiality assessment will determine material disclosure requirements

Materiality assessment matrix

- The results of the financial and impact materiality assessment are typically displayed in both a data-rich excel format as well as a high level matrix.
- At right there is an example of a materiality matrix with a few selected topics.
- The value for social and environmental impact *from* the business is displayed on the vertical axis.
- The value for social and environmental impact *on* the business is displayed on the horizontal axis.
- Materiality assessment is a dynamic process that must be periodically repeated as new topics emerge in importance for society and the environment, or as the company's exposure to ESG risks changes.

Matrix below is an illustrative example of output



The impact materiality assessment targets impacts *from* the Company on the environment and people

Based on a scoring methodology defined in the ESRS, the Company will determine and document whether reporting requirements are either ‘material’ or non-material.

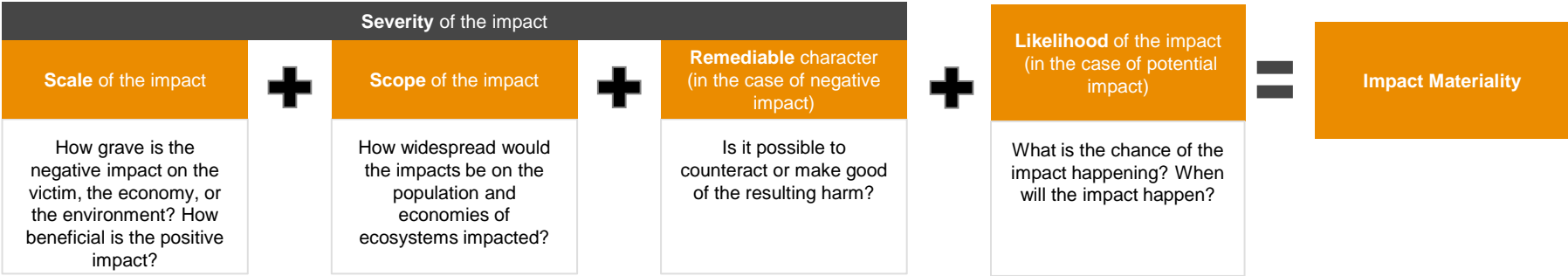
The double materiality assessment must refer to **Impacts, Risks and Opportunities** specific to the entity’s key value chains.

IROs are grouped under determine which **sustainability topics, sub-topics, and sub- sub-topics**

The company must assess the relative materiality of the given topic. This will rank the company’s ‘impact *from* the business’ with respect to the given topic.

This assessment requires the right persons with the right knowledge and a holistic view across the company.

Impact assessment methodology



Example output from impact materiality assessment

	ESG Category	ESRS Sub Topic	ESRS sub-sub-topic	Impact description	Impact classification		Impact Scoring				
					Positive or Negative	Actual or Potential	Scale	Scope	Irremediability	Likelihood	Final Scoring
Example	Environement	E1 Climate Change	Climate change adaptation	Impact A - Detailed description of the impact	Negative ▾	Actual ▾	4 ▾	4 ▾	5 ▾	5 ▾	4.7
	Social	S1 Own Workforce	Working conditions - Secure employment	Impact B - Detailed description of the impact	Negative ▾	Potential ▾	2 ▾	2 ▾	2 ▾	1 ▾	1.5
	Governance	G1 Business Conduct	Protection of whistle-blowers	Impact C - Detailed description of the impact	Positive ▾	Potential ▾	5 ▾	4 ▾	2 ▾	4 ▾	3.8

The financial materiality assessment targets risks and opportunities *to* the Company

Based on a scoring methodology defined in the ESRS, the Company will determine and document whether reporting requirements are either ‘material’ or non-material.

This company must define a **financial threshold** used to categorize an ESG topic as material or not.

The assessment must reflect **material financial risks and opportunities** affecting the the company’s **current or future financial performance, position or cash flow**.

Companies that are used to assessing financial risk find this process easier.



Example output from financial materiality assessment

	ESG Category	ESRS Topic	Sub / sub-sub-topic	Risk / Opportunity description	Trigger material financial effect?	Impact classification		Impact Scoring					
						Risk or Opportunity	Size of the Impact	Likelihood	Final Scoring				
Example	Environement	E1 Climate Change	Climate change adaptation	Impact A - Detailed description of the risk	Yes	▼	Risk	▼	5	▼	5	▼	5.0
	Social	S1 Own Workforce	Working conditions - Secure employment	Impact B - Detailed description of the opportunity	Yes	▼	Opportunity	▼	3	▼	4	▼	3.5
	Governance	G1 Business Conduct	Protection of whistle-blowers	Impact C - Detailed description of the risk	Yes	▼	Risk	▼	2	▼	4	▼	3.0

CSRD/ESRS Gap Analysis will identify the company's data gaps to meet ESRS requirements

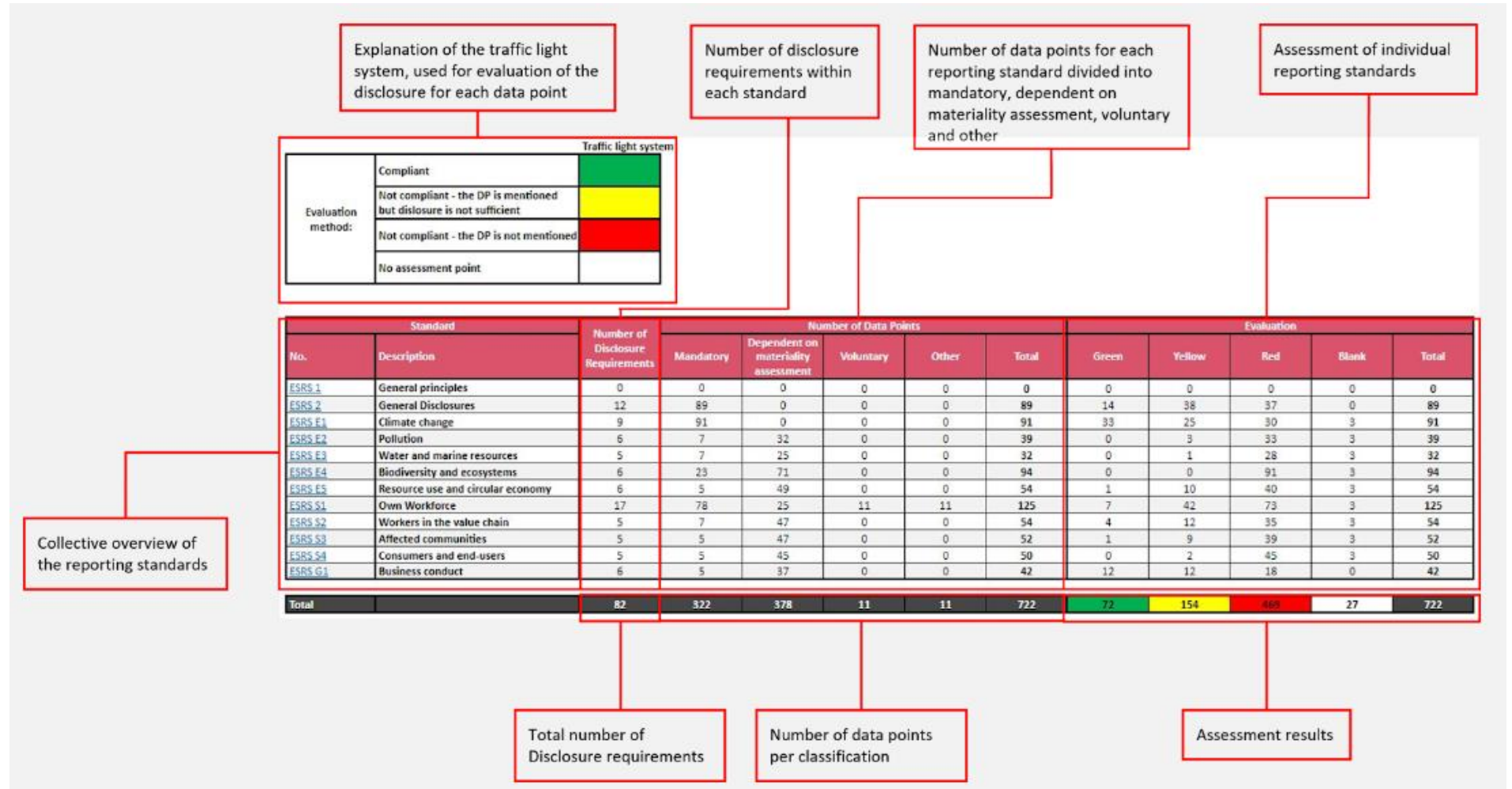
We will:

- Consolidate and analyse all ESG data shared by the company, including annual reports, policies and qualitative disclosures, and other ESG data;
- Compare all data and inputs against the material requirements of the ESRS,

thereby establishing the foundation for closing data gaps.

Based on identified gaps, the company can make a plan for data owners to identify and report missing data.

The results of the gap analysis will be handed over to the company at the conclusion of the engagement so that the company can track progress toward closing data gaps.



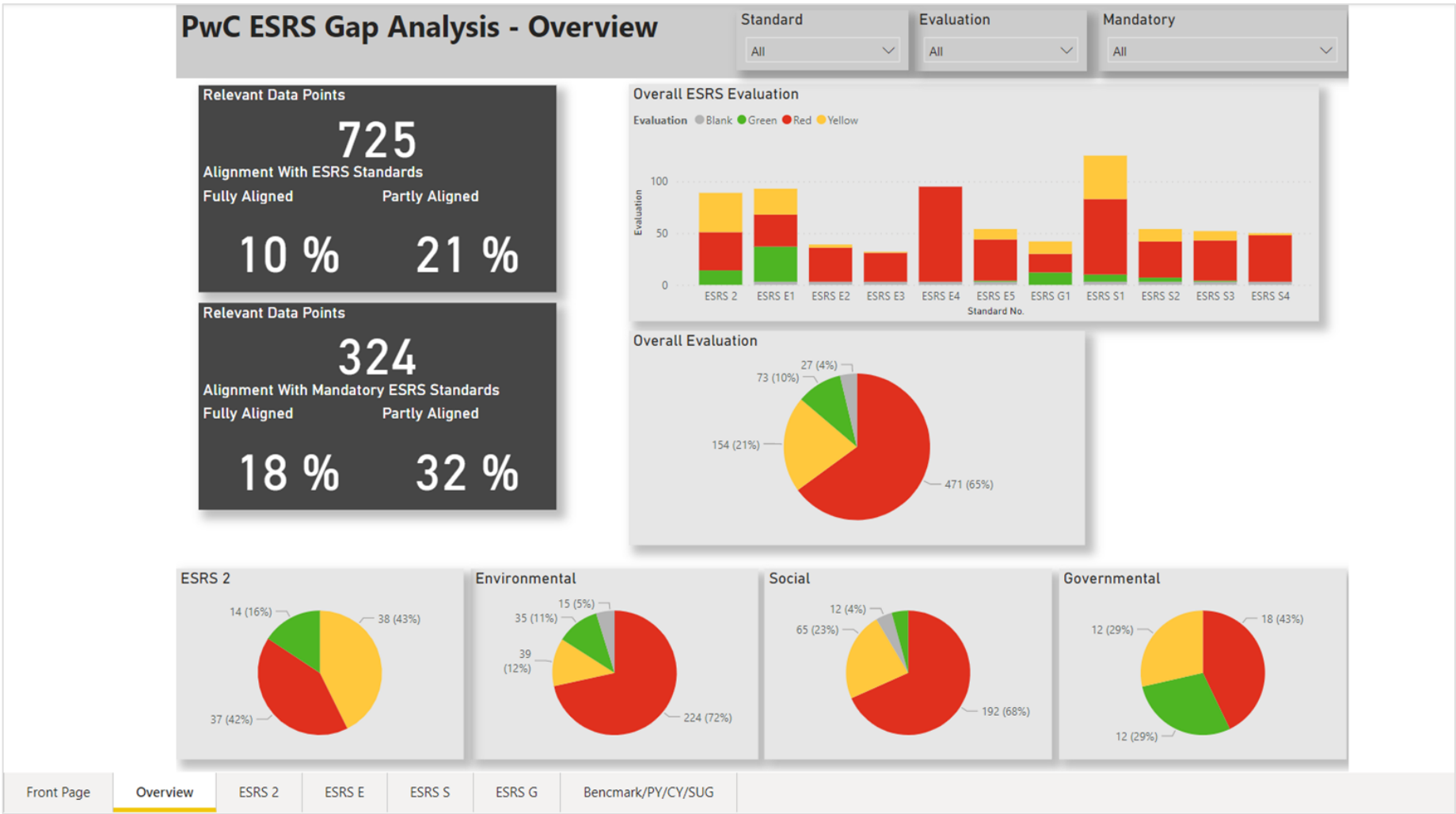
CSRD Gap Analysis output is displayed on a dashboard

A Power BI dashboard of CSRD Gap Analysis results enables a high-level overview of data gaps, whilst underlying data can allow for drill down to specific data points.

The Power BI dashboard is based on underlying data in the CSRD Gap Analysis approach.

The approach can be updated to reflect the closing of data gaps on the compliance journey, and the dashboard can thereby be used to monitor progress towards compliance.

The dashboard and approach reflect information completeness, but not information quality. For example, it will indicate whether a datapoint is present in current reporting, but not whether the underlying data is accurate, verifiable, etc.



We recommend a step-by step approach as you prepare for reporting according to the CSRD

✓ First focus

- **Map internal stakeholders**, organisational boundaries, value chain and impacts, risks and opportunities (ESRS Requirement).
- **Double Materiality assessment** considering both financial and impact materiality and external stakeholder mapping. (CSRD Requirement)
- **Best-practice benchmark** against industry peers and reporting leaders. (optional)
- **GAP-analysis** in relation to current draft reporting requirements from CSRD.
- **High Level compliance road map.** Review existing sustainability reporting and available data and compare to the output of the GAP analysis.

✓ Short term

- **Review and revisit sustainability and reporting governance.**
- **Review due diligence procedures** for sustainability risk and impact assessment, prevention and mitigation.
- **Develop detailed roadmap** towards full compliance with CSRD.
- **Prepare Audit Committee** for tasks and obligations in CSRD.
- **Expand data collection** on selected disclosure requirements in accordance with draft standards (ESRS).
- Prepare reporting on eligibility and alignment with the **EU Green Taxonomy**.

✓ Medium term

- **Complete data collection** and consider targets to track progress in accordance with the reporting standards (ESRS).
- **Prepare for limited assurance** in line with CSRD requirements.
- **Prepare for digital tagging** of sustainability information.
- **Prepare inclusion of accounting** principles for taxonomy KPIs.
- **Explore digital tools** for reliable data management (collection, internal controls and data analysis).

✓ Long term

- **Prepare for possible reasonable assurance** in line with evolution of CSRD implementation.
- **Design ongoing feedback mechanisms** to continuously assess reporting (legislative and stakeholders).
- **Review digital solutions** to support efficient data collection and controls through the value chain.

4

Audit requirements &
Role of Board of Directors

Over time, reasonable assurance will be the standard

There are two levels of assurance:

Limited assurance

In a limited assurance engagement, the practitioner gathers **sufficient appropriate evidence** to conclude that the subject matter is **meaningful in the circumstances**, and gives a report in the form of a **negative assurance**.

Reasonable assurance

In a reasonable assurance engagement, the practitioner gathers **sufficient appropriate evidence** to conclude that the subject matter **conforms in all material respects** with identified suitable criteria, and gives a report in the form of a **positive assurance**.

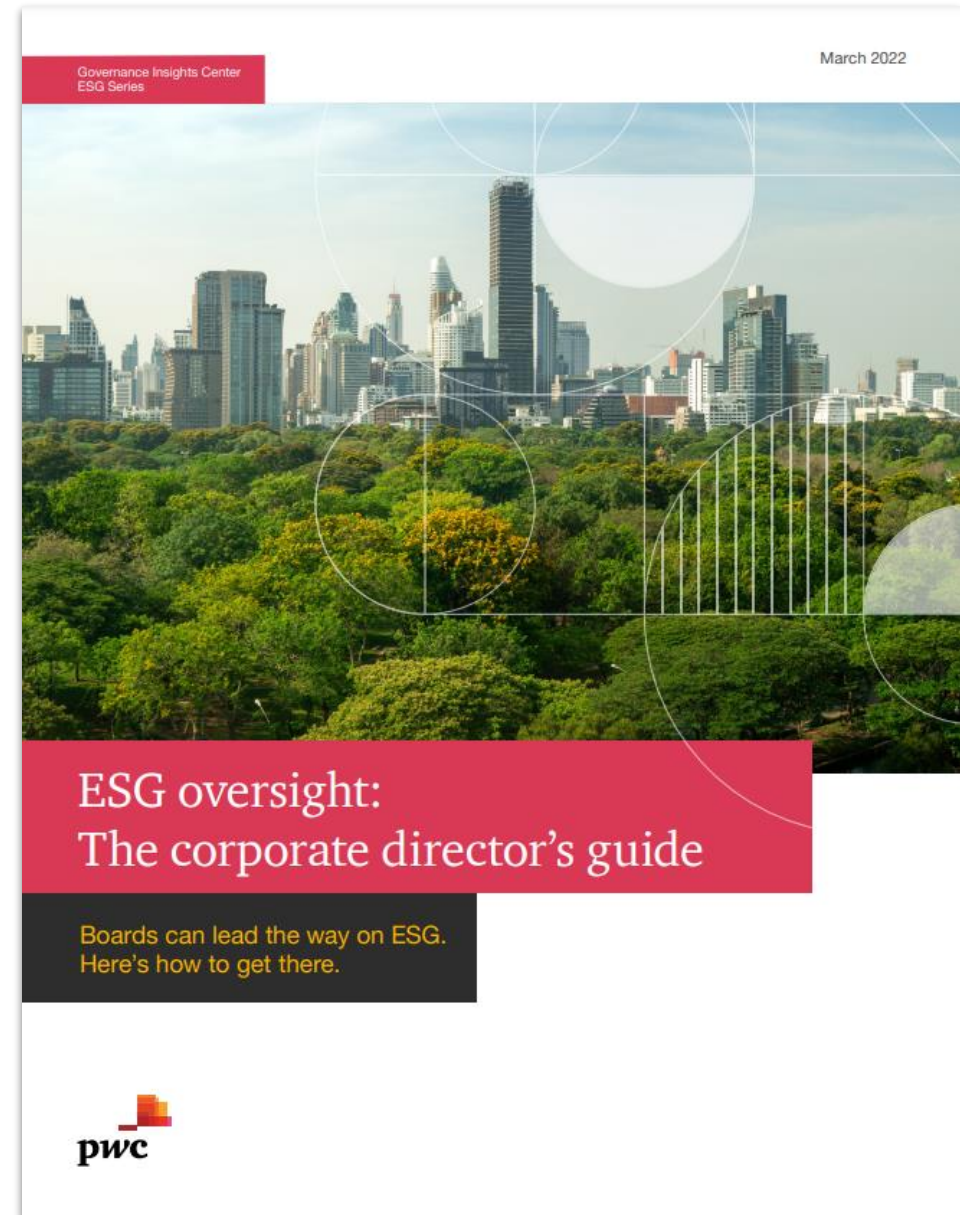
What do we mean by “sufficient?”

'Sufficient' refers to the quantity of evidence obtained. The evidence collected has to be enough, and how much is enough depends on the risk profile and the circumstances of the engagement.

As management teams look to enhance **the long-term value** of the company, they need a strategic plan that factors in the **material impacts to the business and of the business**, addresses **risks** and takes advantage of market **opportunities**.

In its oversight role, the board is responsible for ensuring that the company's strategy is appropriate and will deliver results, and for overseeing associated material risks.

Managing ESG dimensions of performance is about the ways in which value could be created or destroyed.



The BoD must oversee and guide the organisation's disclosures

Approaches should reflect the organisation's needs

Asking the first questions

To oversee ESG processes and controls, the Board (or the audit committee if one is appointed) may want to ask:

- How is the company collecting ESG information?
- What are the data collection policies?
- What controls are in place to ensure that ESG information is reliable and complete?
- What additional resources may be necessary to implement new ESG processes and controls?
- How is the disclosure committee involved in the process?
- What is internal audit's involvement?
- What are their findings and recommendations?

Asking the hard questions

The audit committee can also ask:

- How will the company's ESG commitments impact its financial statements?
- Has management communicated its forecasted projections and necessary investments in financial statements?
- How is management keeping up with regulatory changes in these areas?
- What is the plan for evaluating the return on sustainability investments?
- Has management considered the impact of strategy changes on the valuations of existing assets and their useful lives?

Spørgsmål?

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Agenda - Foreløbige erfaringer med Arne-skatten V/Morten Bang Mikkelsen

1. Refresh - Hvordan beregnes særskatten (Arneskat) ?
2. Arne skat i regnskabet
4. Arne skat og PAL skat
5. TP og Arneskat og PAL enheder

1: Hvordan beregnes Arne skat?

Refresh

Det er ikke en satsændring, men en forhøjelse af Indkomsten – dvs. en omregning!

Overvejelser

- Udskyde fradrag?
- Omstrukturere?
- Acceptere tingenes tilstand?



Arne skat i regnskabet

- Underskud
- Note og effektiv skat forklaring



3: Arneskat og PAL skat

Skattemæssige problemer - aktuelt for nogle af jer

- Kraftigt faldende markeder i 2022 har medført store negative afkast og dermed negativ PAL
- Regnskabsmæssig behandling?
- Skattemæssig behandling?
- Udskudt skat - hvilken sats?

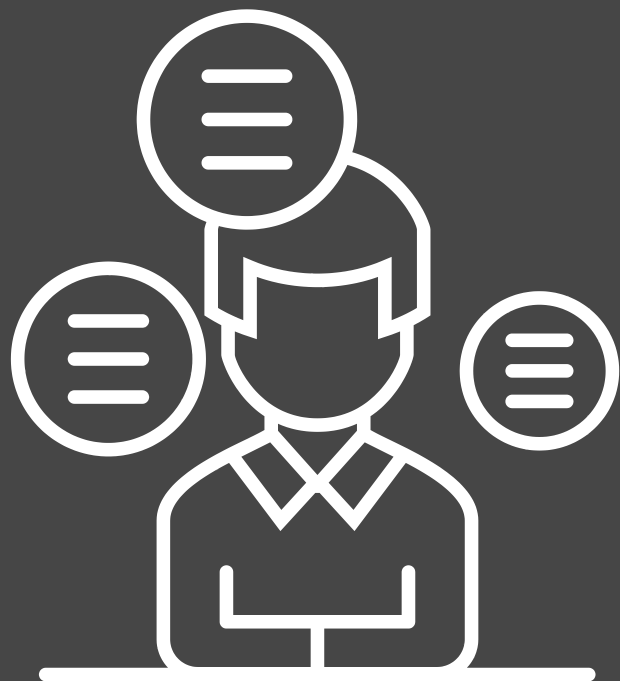
Eksempel:		
MDKK	Eksempel 1	Eksempel 2
Skattepligtig indkomst		
Resultat før skat	25	150
Ej - skattepligtig (negativ institutPAL) (regnskabsmæssigt indtægtsført)	-225	-2.000
Skattepligtig indkomst	-200	-1.850
Udskudt skat		
Udskudt skatteforpligtelse af negativ PAL	225	2.000
Skat heraf, 26%/25,2%	59	520
Udskudt skatteaktiv af underskud	-200	-1.850
Skat heraf, 22%	-44	-407
Samlet udskudt skatteforpligtelse	15	113
Effekt fra Arne skat (ekstra omkostning) (3,2% / 4% af den udskudte skatteforpligtelse)	9	80
Og beløbet kan være meget større!		

4: Transfer pricing

Dokumentationskrav og indberetning af dokumentation

- Transaktioner mellem selskaber/filialer omfattet af Arne skat og andre kontrollerede selskaber skal dokumenteres og indberettes til SKAT.
 - Dokumentation skal indberettes årligt og første gang til SKAT i slutningen af august 2024 (da Arneskat først er i kraft i 2023)
- Der er også dokumentationskrav for transaktioner mellem “rene” PAL pligtige enheder og andre kontrollerede enheder.
 - Dokumentation skal indberettes årligt til SKAT i slutningen af august





Spørgsmål?

Dataanalyse fra et regnskabs- /revisionsmæssigt perspektiv

FAF Forårsarrangement 2023



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*15+ years of experience with fraud
investigations and data analytics*



Hvorfor udføre dataanalyse?



Identifikation af fejl



Identifikation af besvigelser



Identifikation, evaluering og kvantificering af risici



Identifikation af optimeringspotentiale i processer



Identifikation og kvantificering af mangler i kontroller



Etablering af komfort over kontroller, posteringer, mønstre og processer

Hvad er dataanalyse?

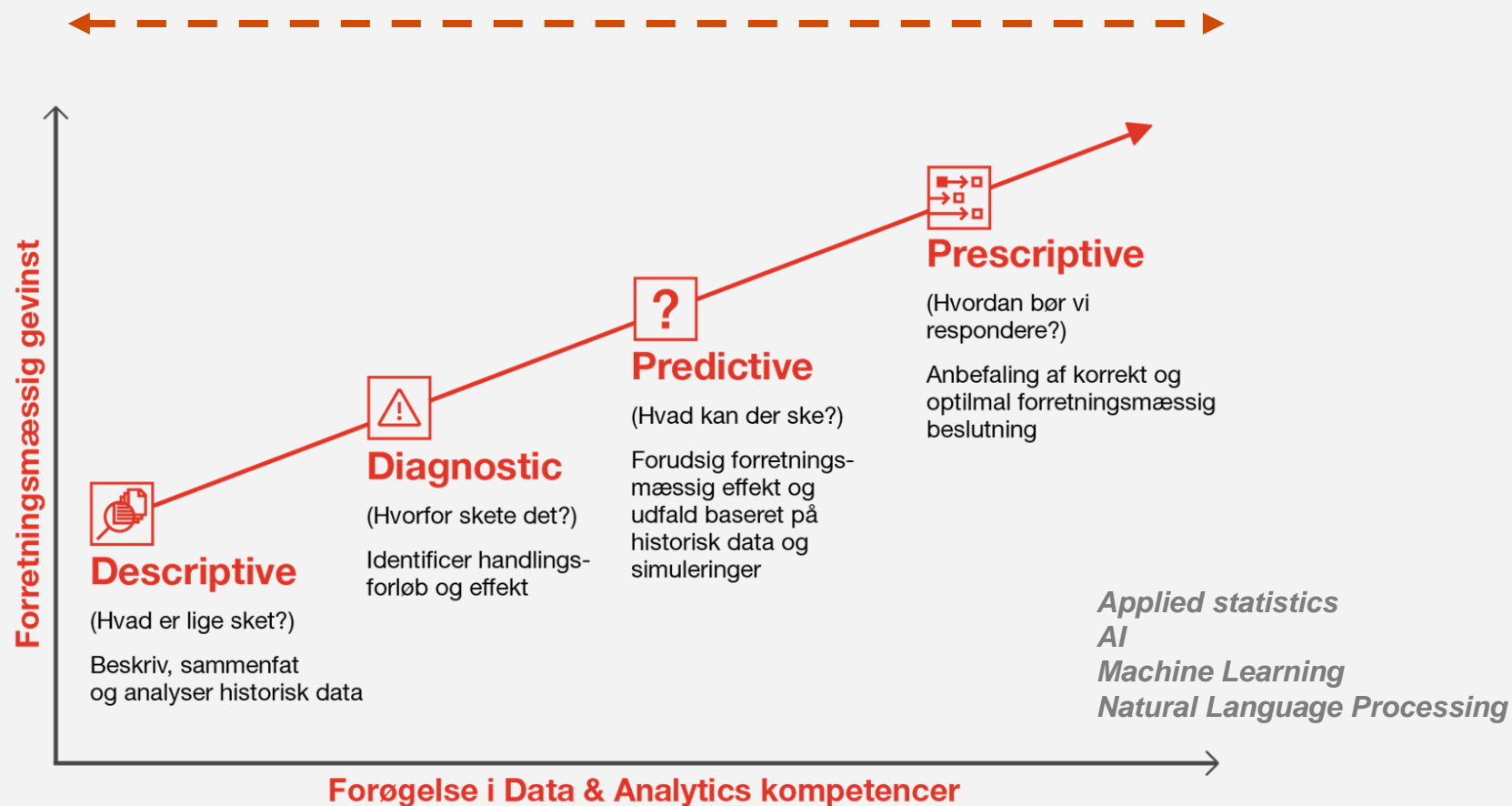
... Er processen med at transformere og evaluere data for at etablere mønstre og skabe indsigt, identificere risici- og mulighed for procesforbedring.

... Gør det muligt at bruge den viden, der er indlejret i store datasæt, og identificere sammenhænge og mønstre, som ikke tidligere var kendt

... gør det muligt at følge data og opslag på tværs af processer for indsigt i, hvordan organisationer bruger systemer, effektiviteten af kontroller såvel datakvaliteten.

... bygger på data fra virksomhedens systemer, transformeret til besvarelse af de specifikke stillede spørgsmål og hypoteser.

Hvad er dataanalyse?



Hvad er dataanalyse?

Diagnostic – process mining

Purchase-to-Pay Overview

Purchase Order It...

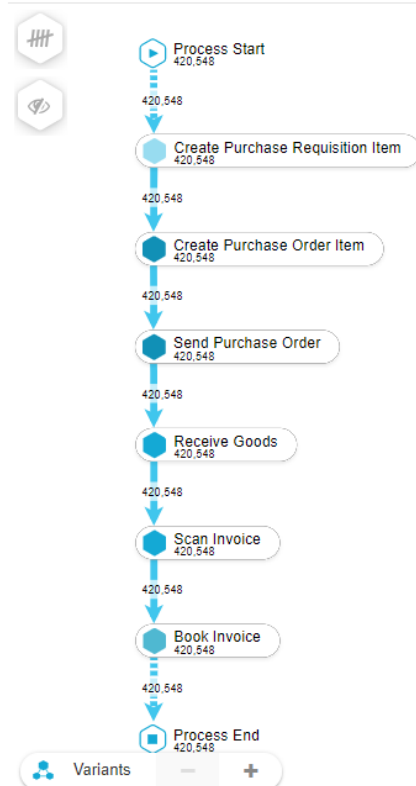
1.05M

Net Order Value

2.02B €

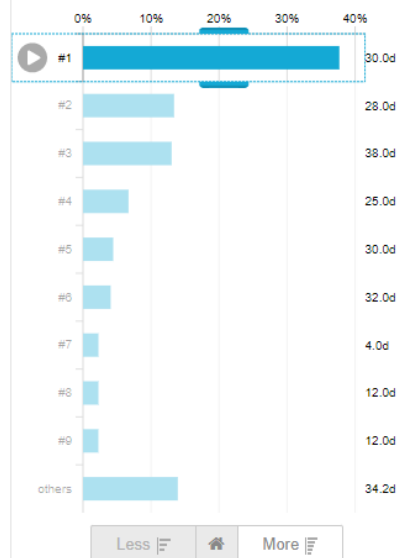


Process Explorer



Zoom

Most common variant



Filter

1

of 634 variants

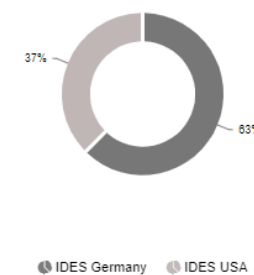
38%

of cases covered

Purchase Order Items and Net Order Value by month



Net Order Value

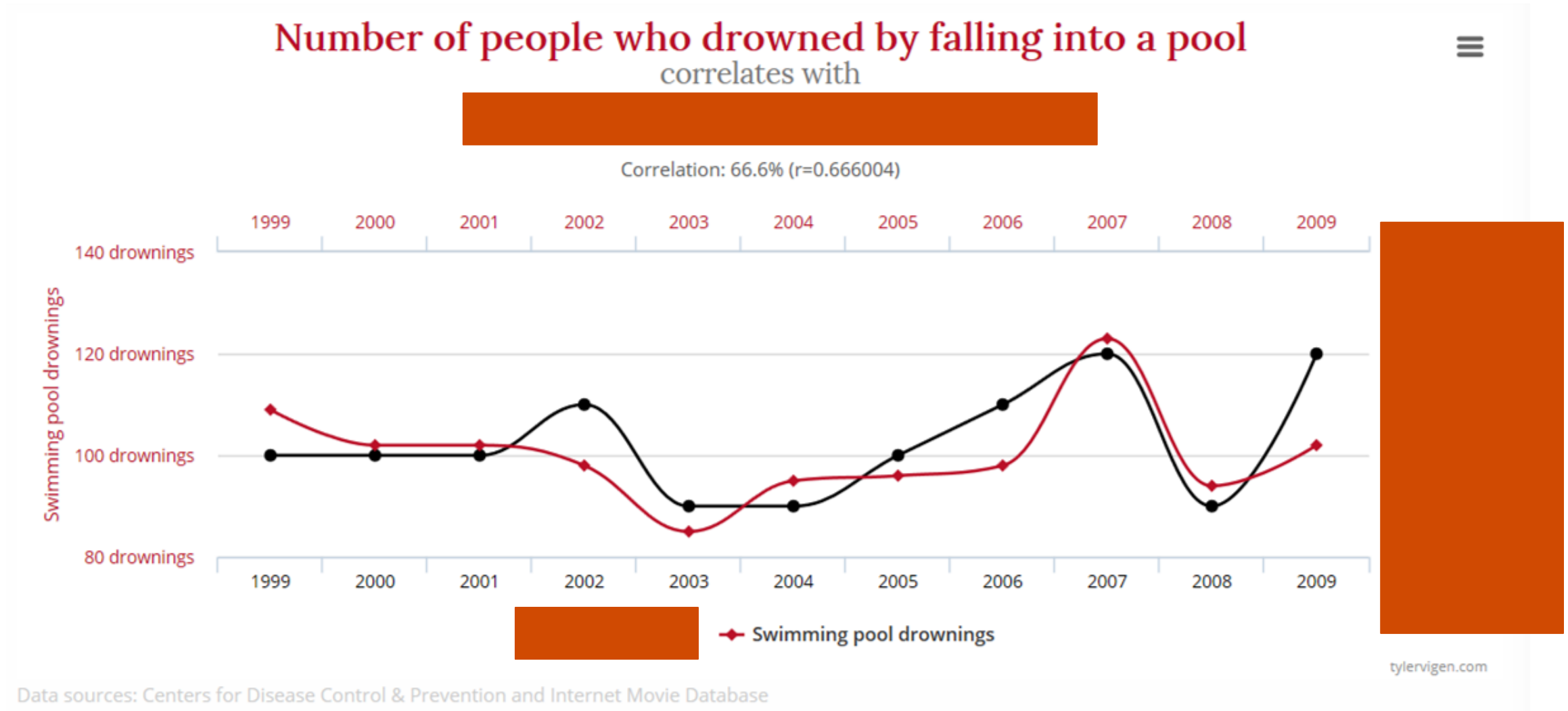


Purchase Orders by Supplier

Supplier	# Purcha...	Net Order Va...
Unisono AG	80,901	7,673,546 €
IDES Consumer Products	80,301	9,907,359 €
Sapsota Company Limited	80,015	1,736,966 €
Umbrella Corporation	68,012	321,605,30...
SCT Inc.	64,427	58,986,540 €
SKF Americas	59,796	9,689,849 €
C.E.B. BARCELONA	58,031	974,803,31...
PAQ Deutschland GmbH	55,189	36,630,686 €
MOBILE Inc.	51,426	9,357,620 €
Gusswerk US	35,758	7,740,071 €
EGS America	32,569	3,226,377 €
Allfresh Inc.	31,935	5,204,484 €

Hvad er dataanalyse?

Diagnostic - correlation

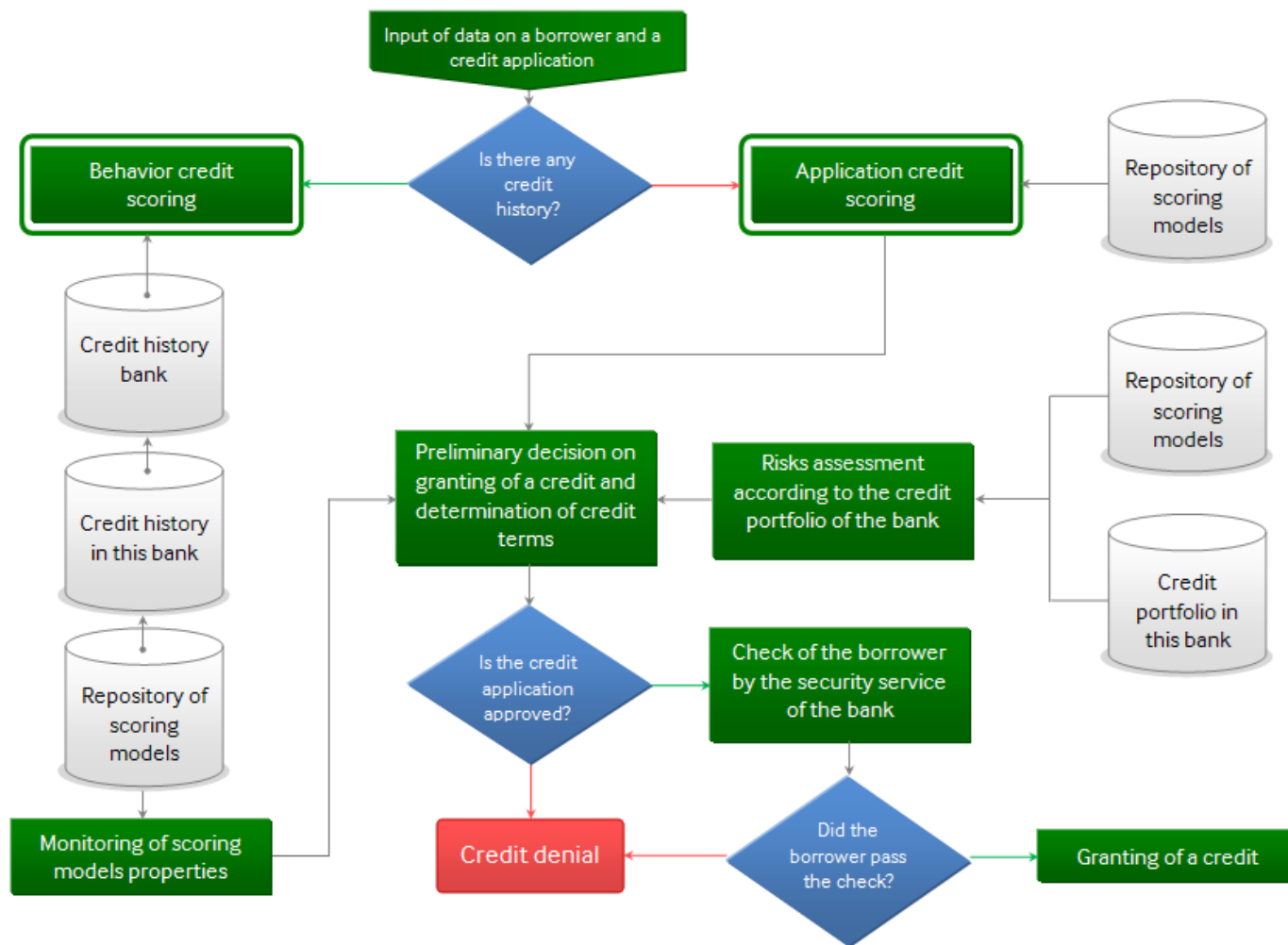


Hvad er dataanalyse?

Predictive - regression

Et af de mest modne og udviklede områder inden for prædiktiv analyse er kreditscoring, som bruges i mange finansielle tjenester.

Scoringsmodeller behandler en kundes kredithistorik, låneansøgning, kundedata osv. for at rangere enkeltpersoner efter deres sandsynlighed for at foretage fremtidige kreditbetalinger til tiden.



Hvad er dataanalyse?

Predictive – machine learning

*Imagine that you are in the grocery shop.
You are done and ready to pay.
But which line do you choose?*



Your brain starts to run a built-in “predictive algorithm” with these parameters:

Expected output: the fastest line you need to pick

Target variable: time spent in the line (the less the better)

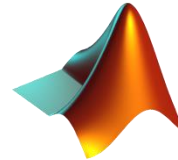
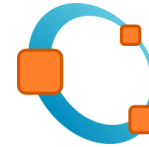
Historical data: your past experience from previous shopping sessions

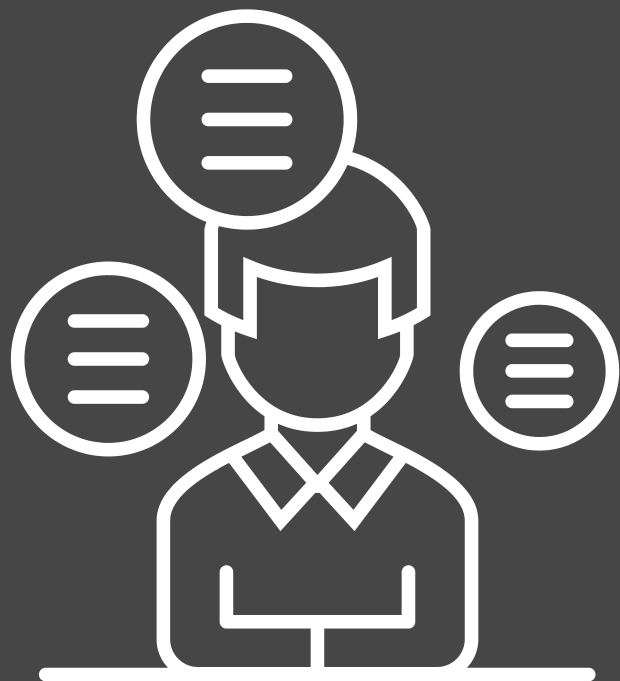
Predictors (variables): length of line, number of items in the baskets, average age of the people in line, etc...

The predictive model: the one your brain picks

Tools

”Big data” databases ► Mining & Analysis ► Visualization





Spørgsmål?

Tak for i dag

God fornøjelse med middagen på
Restaurant Charlottenlund Fort

