

KPMG Embedded ESG

Embedding an ESG-lens into an organisation's strategic performance management practices

The rise of ESG has led CFOs to rethink how they measure and report on ESG in their organisation. KPMG's Embedded ESG has been developed to assist clients with embedding an ESG-lens into their organisation's strategic performance management practices, acting as an enabler to navigate ESG challenges and leverage future ESG opportunities.

KPMG's Embedded ESG team is comprised of key specialists across Enterprise Performance Management, ESG, Data Analytics and Organisational Transformation. With our capabilities and experience, we can partner with you to achieve transformational change, bringing insight into the way you make decisions regarding ESG strategic capital allocation decision making, performance against strategy and reporting on ESG outcomes.

Embedded ESG enables you to:



Align your ESG strategy, KPIs and specific outcomes across financial and non-financial performance metrics



Set targets against ESG metrics and financial measures and track year-on-year performance by performing drill downs, utilising performance drivers and comparing target vs actual performance across a number of dimensions including, region, site, cost centre and product type.



Automate integration of financial and non-financial performance data to support internal and external reporting (i.e. under IFRS Sustainability Disclosure Standards).

Reporting for the future, starts today

KPMG's Embedded ESG is a dynamic automated performance management tool that provides insights on ESG measurement and performance, in the context of an organisation's total value creation landscape. Aligning the organisational strategy to performance drivers and measurable outcomes.

Embedded ESG enables you to:

- KPMG's Embedded ESG dashboard provides a single view of whole-of-organisational performance against the strategy to track, monitor and take action on ESG performance
- Built within an integrated FP&A platform the tool allows ESG performance to be tracked, monitored and managed as part of the performance management cycle
- Utilising Embedded ESG, the synthesis of multiple sources of data is enabled and mobilised into a single integrated platform
- The in-built audit and data controls within the tool enables the capability for direct entry, data load, workflow controls and audit log functionality to ensure control over financial and non financial data relied upon for reporting
- The disclosure management capability enables seamless internal and external reporting of performance metrics
- ESG measures within the business case evaluation and target setting process, enables decisions to be based on ESG drivers
- Utilising the KPMG Diamond Model we have established a whole of organisation strategic framework across financial and non-financial performance to enable a consistent unified view of organisational performance.

Understanding current client challenges

Our technology enables quick insights, bringing organisations together to take action and execute ESG strategies. However, this is not without understanding the current challenges that clients may face, including:

- Understanding how organisations are performing against their own ESG strategy, targets and initiatives
- Integrating ESG considerations into the planning, budgeting and forecasting processes
- Handling numerous sources of siloed data to measure, track and monitor ESG performance
- Enhancing governance and control frameworks to ensure that ESG-related data is timely and reliable
- Synthesising financial and non-financial information for external financial and sustainability reporting
- Establishing groupthink between finance and sustainability teams to form a holistic value creation landscape
- Making purposeful ESG-related capital allocation decisions
- Understanding the impact on financial and non-financial drivers of value.

Our approach to embed ESG performance measurement into your organisation

Our proposition would support clients to strengthen their enterprise performance management practices by developing a strategy guided by an overarching ESG vision, determine organisational performance metrics that drive both short-term and long-term value for stakeholders and understanding and addressing emerging ESG-related risks and opportunities that impact performance. This is outlined in stages below:

- **Define the strategy and metrics** – Define your organisational ESG strategy, determine the drivers of value, select the priority measures (KPIs and KRIs) align to leading practice.
- **Determine the data requirements** – Determine data requirements including; data definitions, calculation methodology, sources and integrations to enable measurement and reporting against your organisational ESG strategy.
- **Develop the planning methodology** – Understanding the operating model for your planning, budgeting and forecasting, develop your future state design aligned to leading practice within your industry or sector.
- **Configure the ESG EPM Technology Tool** – Configure KPMG's Embedded ESG with your priorities and data requirements, bespoke to your organisation.
- **Evolve the capabilities** – Establish BAU as you continue to embed ESG in your performance management practices, evolve functionality of KPMG's Embedded ESG to address future areas of performance management.

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How can KPMG help you?

KPMG's Embedded ESG has been designed to address your future ESG reporting requirements in mind. Specifically, the technology will provide:

- **Improved business insight and decision making**
The technology will enable organisations to visualise their financial and non-financial performance against their strategy, enabling improved decision making
- **Dynamic measurement and management of goals and performance**
The use of data enables tracking of target vs actual metrics at increased intervals, allowing for increased opportunities to take action on ESG performance
- **Integrated business and financial planning across all functions and domains**
Embedding ESG within your performance management across the planning, budgeting and forecasting cycle enables more thoughtful capital allocation
- **Aligned behaviours and actions with strategic objectives**
Increased visibility of ESG performance allows whole of organisation strategy and behaviour to be aligned

Get in touch

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