Survey of Sustainability Reporting 2024

KPMG Ireland

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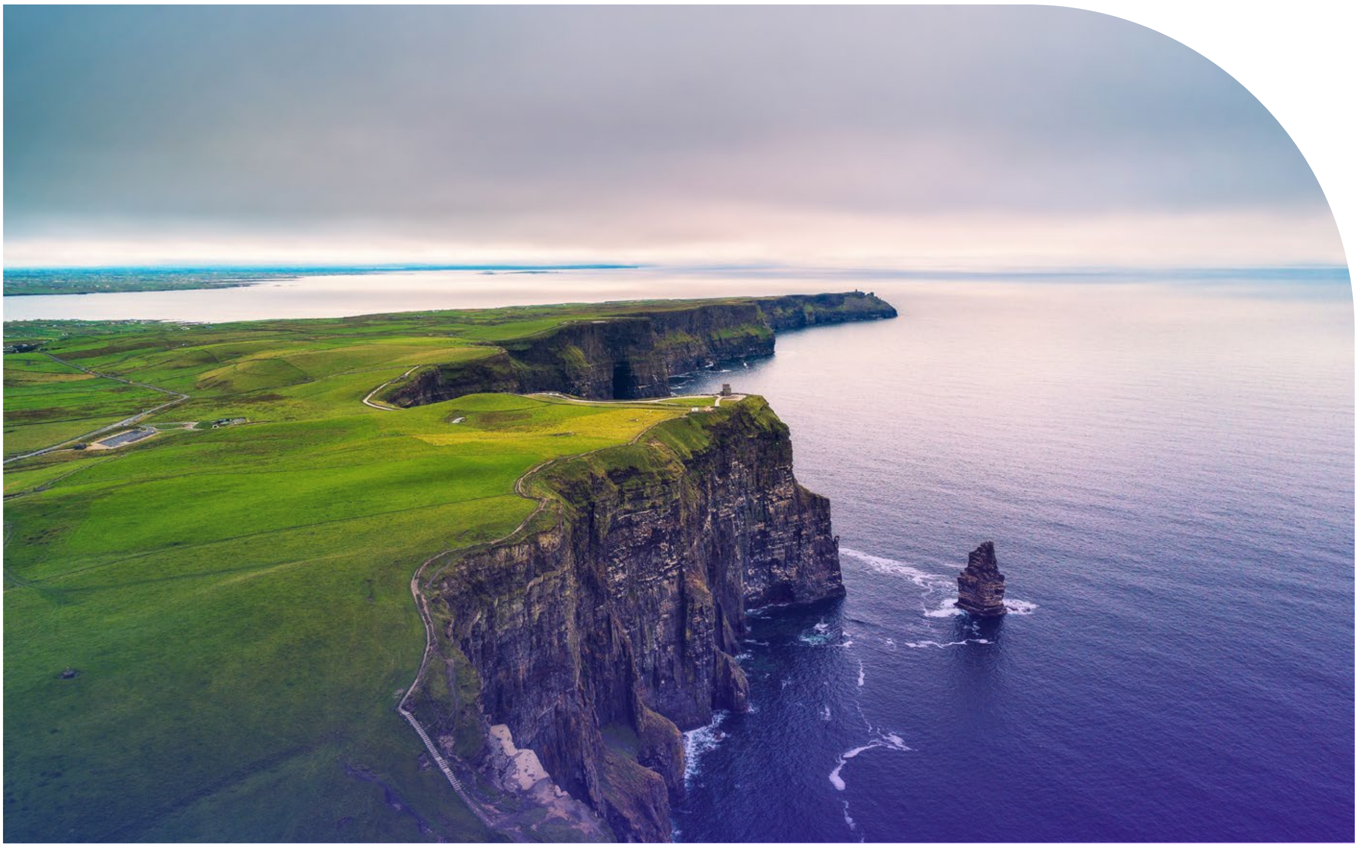
Introduction

Today, we have an unprecedented number of sustainability reporting frameworks, both mandatory and voluntary. As investors, peers, competitors, and partners in commerce, as well as citizens and neighbours, we value this information for continuous learning, strategic decision-making, and setting ambitious targets. Whether it involves securing capital to fund sustainable infrastructure, protecting biodiversity, improving worker conditions, or upgrading systems for data collection and analysis, ESG innovation enables us to positively influence our impacts.



With mandatory sustainability reporting upon us in Europe, new research from KPMG reveals the world's largest companies are taking a proactive approach, with a significant increase in businesses already publishing ESG data, including carbon reduction targets. Our research shows that sustainability reporting has become part of business as usual for almost all of the world's largest 250 companies and of the top 100 companies in each country, territory or jurisdiction.

The European Union's Corporate Sustainability Reporting Directive (CSRD) will eventually make reporting on ESG and sustainability mandatory for around 50,000 companies that are either based in the EU, have subsidiaries in the EU or are listed on its regulated markets. This includes thousands of companies headquartered outside the EU which generate significant revenue in the EU.

Over half of Ireland's 100 largest companies (N100) identified material topics through Double Materiality Assessment (DMA) and over a quarter have already aligned their sustainability reporting with either CSRD guidelines or the EU Taxonomy (or both). Companies may opt to align ahead of schedule for many good reasons, from preparing for regulatory compliance or to offering better information to investors, customers, employees, regulators or other stakeholders.

The findings of **KPMG' Survey of Sustainability Reporting 2024** indicate seven major trends, which are consistent with the data produced for N100 Irish companies.

1. Reporting on sustainability and setting carbon targets has become part of business as usual.

2. Some companies have already changed practices in advance of the move to mandatory reporting.

3. Double materiality, required under CSRD, is now claimed to have been used by half of the largest companies in the world in their sustainability reports.

4. Reporting on biodiversity continues to increase.

5. Despite moves toward mandatory reporting, voluntary guidelines and standards remain widely-used.

6. Adoption of Taskforce for Climate-related Financial Disclosures (TCFD) recommendations continues to rise.

7. Irish companies' sustainability reports outperform the global average in identifying ESG risks, such as climate and biodiversity, as well as setting carbon reduction targets and identifying a dedicated sustainability leader within their business.

These trends are mirrored in the Irish data below, reflecting consistency with global counterparts in the wider economy, though in many cases Irish companies have actually outperformed the global N100 average. A comparison of Irish companies to the global N100 on a selection of metrics is given below;

12%

of European N100 companies referenced ESRS in their 2024 reports. In Ireland, 28% of companies referenced to ESRS.

Third Party Assurance

54% of Global N100 have their sustainability reports assured by third parties versus 71% of the Irish N100.

80%

of the global N100 adopted carbon reduction targets in 2024, whereas 93% of Irish companies have adopted

48%

CO_2

of the global N100 now report biodiversity as posing a threat to their business, with Irish companies much further ahead at 63%.

62%

of the Global N100 included information on ESG and Sustainability within their annual reports. In Ireland, 79% of companies referenced ESG and Sustainability.

42%

of the global N100 are currently using double materiality assessments with 45% of European companies use double materiality. In Ireland, 55% of companies are utilising double materiality assessments in their reports.

43%

Regarding the Task Force on Climate-related financial disclosures (TCFD) – 43% are reporting climate risks in line with TCFD among the global N100. In Ireland, 73% reported climate risks in line with TCFD.

21%

of companies in Ireland are reporting under EU Taxonomy, just below the 22% of the global N100.

Materiality

79% of Global N100 use materiality assessments in the sustainability reports. In Ireland, 84% of companies materiality assessments in their reports.

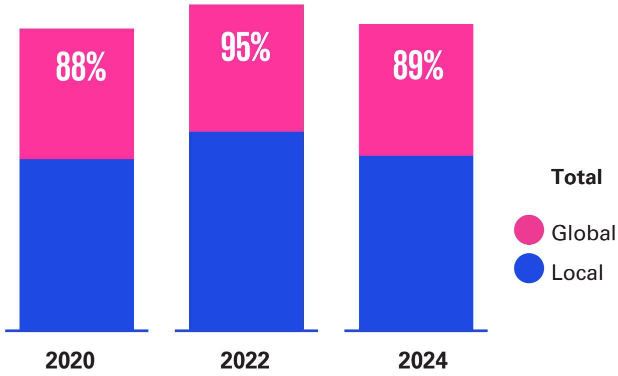
28%

There was an increase in the proportion of companies adopting scenario-based analysis of climate risk as opposed to only narrative descriptions globally, with 13% of N100 using scenario analysis for climate risks. This increase was even more prevalent in Ireland, with 28% of companies adopting scenario-based analyses in their reports.

ESG and Sustainability Reporting

For almost all the biggest global companies, reporting on ESG and sustainability has become part of business as usual, with 96% doing so, the same as in 2020 and 2022. The share of the 100 largest companies in Ireland reporting on sustainability has varied during the last 5 years. From 88% in 2020 to 95% in 2022, with a slight decline to 89% in 2024. This decline is mainly due to the changing mix of the companies included in the N100 list, as well as some firms focusing on their regulatory reporting and discontinuing their voluntary sustainability reporting. We expect ESG and sustainability reporting shares to increase and even surpass 95% in the next four years, as companies comply with CSRD requirements aligned.

Number of Irish N100 companies reporting on sustainability



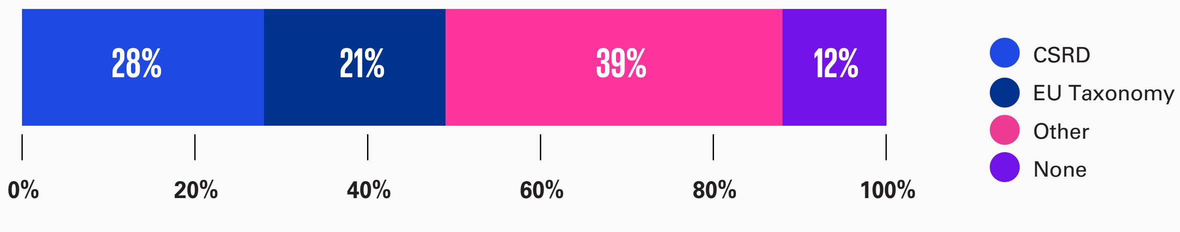
Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Definitions: 'Local' report includes specifically Irish data. 'Global' report includes Irish information aggregated with global data

CSRD and EU Taxonomy

In 2024, 79% of Irish companies that report on ESG and sustainability included sustainability data in their annual and financial reports and a significant proportion began sustainability reporting in line with CSRD and EU taxonomy. Over a quarter (28%) of the Irish companies reporting on sustainability are now doing so in line with CSRD and a further 21% are doing so under EU Taxonomy. As more companies come into scope, we expect to see the proportion of companies reporting under CSRD and EU Taxonomy to continue to rise in the coming years, reflecting the positive impact that regulatory pressure are exerting.[1]

Share of companies currently reporting on Sustainability, who include CSRD or EU Taxonomy



Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Definitions: CSRD: Corporate Sustainability Reporting Directive. EU Tax: EU Taxonomy. Other: Companies reporting under a number of frameworks no listed in this graph. None: Not reporting under any listed framework.

1 For more information on how companies can prepare for CSRD, please read Getting to grips with ESRS - KPMG Ireland.

Guides and Standards

Companies have increased their use of all three main options for voluntary ESG and sustainability reporting guidelines and standards, although at different paces and with usage varying greatly by region and country, territory or jurisdiction.

In 2024 the share of Irish companies' reports aligning to either the Sustainability Accounting Standards Board (SASB) or the Global Reporting Initiative (GRI) continued to grow, with the share of reports aligning to any frameworks increasing from 65% to 83% in the last 2 years. GRI remained the dominant framework being used by the Irish companies reporting on ESG and sustainability, with the number of reports aligning increasing by 4 (from 50 to 54), the same increase in alignment with SASB (from 45 to 49).

Number of Irish N100 reports aligned to reporting framework

	2020	2022	2024
Any framework	37	38	38
GRI	4	50	46
SASB	8	55	51

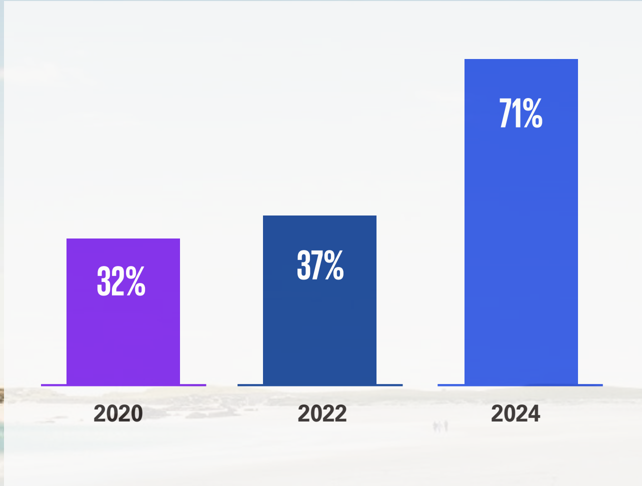
Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Assurance

It will be mandatory for companies reporting under the EU's CSRD to obtain independent limited assurance. Even before CSRD comes into force, the proportion of Irish companies that obtain independent sustainability assurance has continued to climb, from 32% in 2020 to 71% in 2024. The growth in assured reports represents a positive trend towards greater accuracy and transparency in reporting. While in 2022, 46% of companies opted for one of the Big Four to assure their sustainability data, in 2024 their share of assurance increased to 53%.

With a combination of increased pressure from both regulators and investors, KPMG expects that the assurance of sustainability data will become as common as audited financial statements in the next few reporting cycles.

Share of reports of Irish N100 companies being assured by independent parties



Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

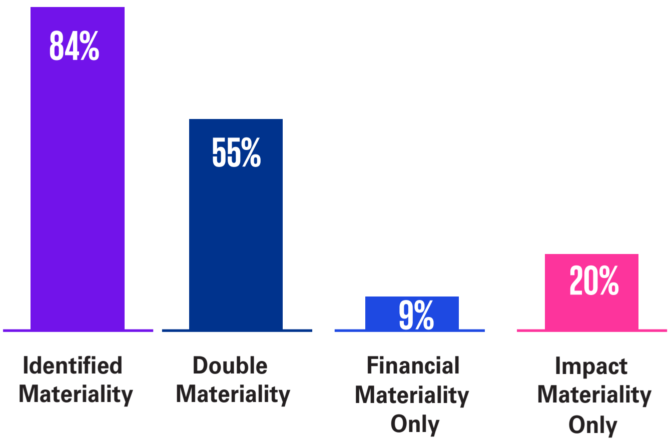
Materiality

KPMG started tracking how companies use materiality assessments in ESG and sustainability reporting in 2022. This survey introduces coverage of 'double materiality', which is required under CSRD and represents the most complete form of materiality assessment. This year, KPMG categorised them as follows:

- Impact materiality: the company's impact on society and the environment
- Financial materiality: how aspects of sustainability impact on the company's financial performance and cash flows
- Double materiality: both impact and financial materiality

The research found that world-wide, on average, 79% of N100 companies now use materiality assessments. In Ireland, 84% companies reporting on sustainability identified at least one materiality concept in their materiality assessment process. 55% identified Double Materiality, 9% identified a Financial Materiality Only, while 20% identified an Impact Materiality Only.

Materiality Impacts among Irish N100 companies reporting on Sustainability



Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

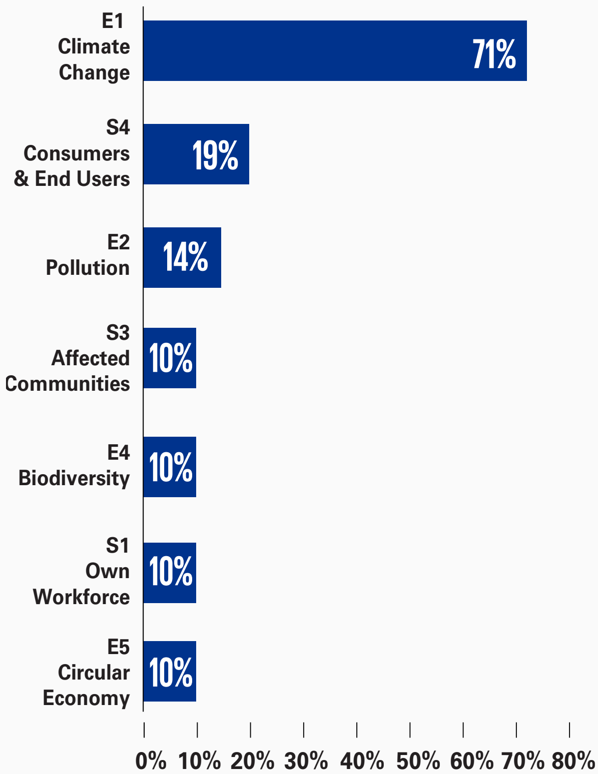
Material Topics

Regardless of industry or operations profile, Climate Change (ESRS E1) is considered material for most companies. Our research found that the large majority (71%) of Irish companies that report on sustainability in line with the ESRS considered Climate Change a material topic. The other ESRS topics were more evenly distributed:

- 19% identified Consumers and End Users (ESRS S4)
- 14% identified Pollution (ESRS E2),
- 10% identified Own Workforce (ESRS S1), Affected Communities (ESRS S3), Biodiversity (ESRS E4) and Circular Economy (ESRS E5).

The differences in the topics identified as material are the results of the differences in business models, supply chains and stakeholders among Irish companies reporting on sustainability. The high share of companies identifying Climate Change (ESRS E1) as a material topic is indicative of the universal nature of the challenge posed by the climate crisis. Some companies may have a specific interest in the impacts, risks and opportunities of biodiversity, pollution or circular economy, specific to their business models, but the impact of an increasingly changing climate will be a common, ubiquitous test for all companies to navigate.

Company CSRD Material Topics by Percentage



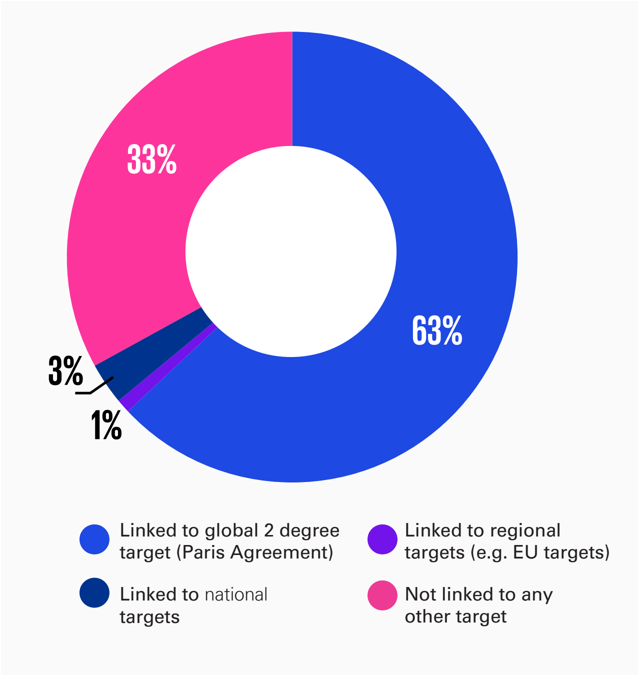
Carbon Reduction Targets

Carbon reduction targets have become near-ubiquitous among the world's largest companies, with, on average, 80% of the sustainability reports by the world's biggest organisations publishing them. In Ireland, 93% of sustainability reports include carbon reduction targets (92% in 2022).

Delving deeper into the specifics of the 2024 data, 63% of reports were linked to the global 2-degree target laid out in the Paris Agreement (62% in 2022), 33% were not linked to any target (31% in 2022), and just 4% were linked to national or regional targets (6% in 2022). We expect that the adoption of ESRS guidelines will further decrease the share of targets that are not linked.

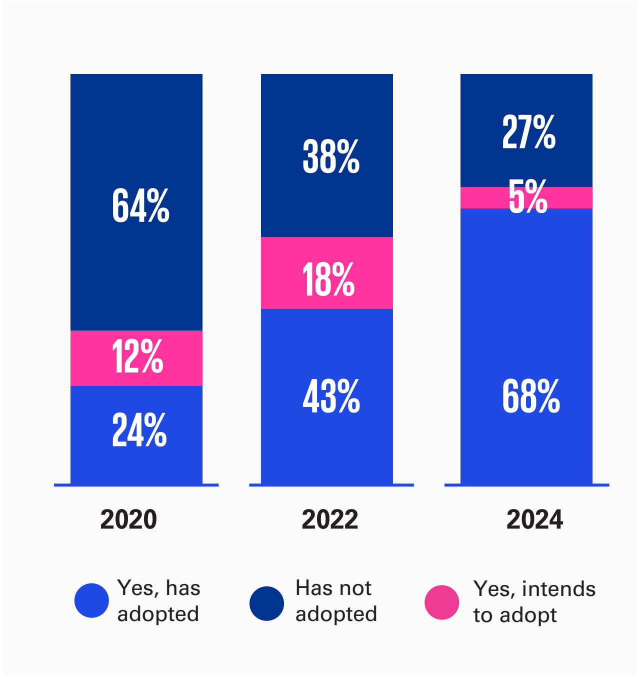
The Science Based Target Initiative (SBTi) was set up to support companies and organisations in setting emissions reduction targets in line with the Paris Agreement. The number of Irish companies with sustainability reports adopting Science Based Targets have continued to increase over the past two years. In 2024, 68% of reporting companies have now adopted targets, up from 43% in 2022 and 24% in 2020. A further 5% have indicated that they intent to adopt Science Based Targets in the future. In 2024, 47% of Irish companies issuing sustainability reports have adopted SBTi net-zero targets, up from 39% in 2022.

Share of linked carbon reduction targets for reports of Irish N100 companies in 2024



Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Share of Irish N100 companies adopting SBTi targets

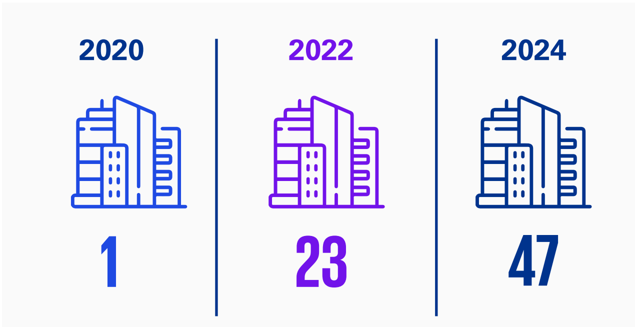


Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Biodiversity

Our survey has shown that globally, the proportion of companies that report on loss of biodiversity and nature as a risk to the business has doubled to 49%. In contrast, 63% of Irish companies reporting on sustainability include information on loss of biodiversity and nature as a risk to business, a staggering increase from 1% in 2020. The launch of the Taskforce on Nature-related Financial Disclosures (TNFD) and CSRD frameworks are considered to be key drivers of the increased levels of biodiversity reporting.

Number of Irish N100 companies recognising loss of biodiversity as a risk to their business



Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) were agreed at the United Nations Sustainable Development Summit in 2015. They are widely used by companies in ESG reporting and have been tracked by KPMG since the first survey following the launch of the SDGs in 2017. Corporate adoption was initially rapid, but usage has now stabilised globally at 74% of companies publishing sustainability and ESG reports.

The data for Irish companies reporting on sustainability shows a similar trend, with a leap between 2020 and 2022, but plateauing around 60-62% reports between 2022 and 2024.

A balanced approach to SDG reporting means communicating both the positive and the negative impacts the company has on the SDGs. Use of a balanced approach is growing but remains much less common than reporting only positive impacts. On average, the share of companies reporting on sustainability grew from 10% in 2022 to 12%, which aligns well with the share of Irish companies issuing balanced reports at 9%. This suggest that many companies are using SDG-based targets primarily for marketing purposes rather to guide corporate strategy.

We expect that reporting on relevant SDGs to retain its popularity well into the future due to their universal nature as well as their ability to showcase how companies contribute to national and global goals.

Number of Irish N100 reports that identify relevant SDGs

2020	2022	2024
48	62	60

Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

TCFD and IFRS S2

The Task Force on Climate-related Financial Disclosures (TCFD), set up by the Financial Stability Board in 2015, developed a framework designed to help organisations improve their disclosure of climate-related risks and opportunities. The taskforce disbanded in 2023 with the Financial Stability Board saying that the ISSB's IFRS S2 (see below) represents the culmination of its work.

IFRS S2

This edition of the survey is the first to track adoption of the ISSB Standard for climate-related disclosures known as IFRS S2. The standard came into effect in January 2024, with individual jurisdictions deciding on whether and when to require its use, something many have committed to doing in the coming years. It is based on existing frameworks and standards including TCFD and SASB, with the ISSB and GRI working together to make their standards complementary.

The increased uptake in the number of reports in line with TCFD recommendations continued into 2024, with the number of companies reporting against them, up from only 47 companies in 2022 to 55 in 2024. This increase in reports aligned with TCFD reflects a move towards greater accuracy and alignment between companies.

Number of reports of Irish N100 companies aligned to TCFD recommendations

2020	2022	2024
17	47	55

Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

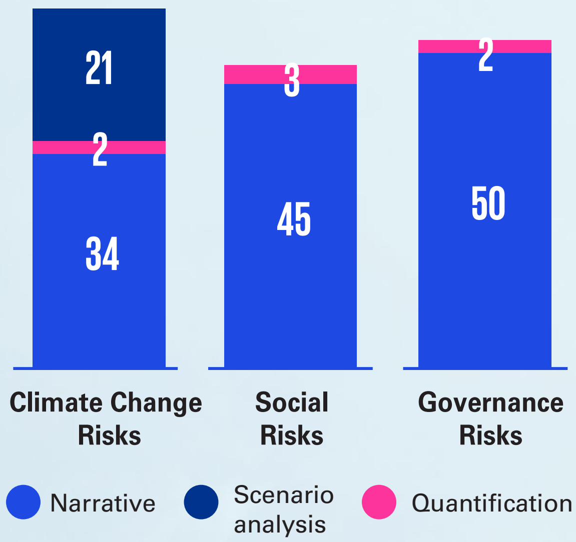
ESG risks and governance

Corporate reporting on all three elements of ESG — environmental, social and governance — continues to rise strongly. In 2024 globally, on average, 55% of companies reporting on sustainability include environmental risks and 51% on social and governance risks. Irish companies' reports perform above the global average, with 76% identifying environmental (climate) risks (up from 69%), 69% identifying governance risks (up from 39%) and 64% identifying social risks (unchanged).

KPMG expects the share of reports identifying risks to continue to increase with the implementation of CSRD in Europe and other regional regulations.

Research shows a notable shift from narrative-based descriptions of risks towards scenario-based analysis, particularly in the companies identifying climate change risks. In 2024, 21 companies provided a scenario analysis, up from just 8 in 2022. This potentially reflects a deeper reliance on data driven climate policies, allowing companies to assess the impact of climate change on their business at a much deeper level. Companies are increasingly feeling more equipped to assess the different impact pathways that climate change could pose for them.

Number of Irish N100 companies including climate change, social and governance risks in their annual reports in 2024



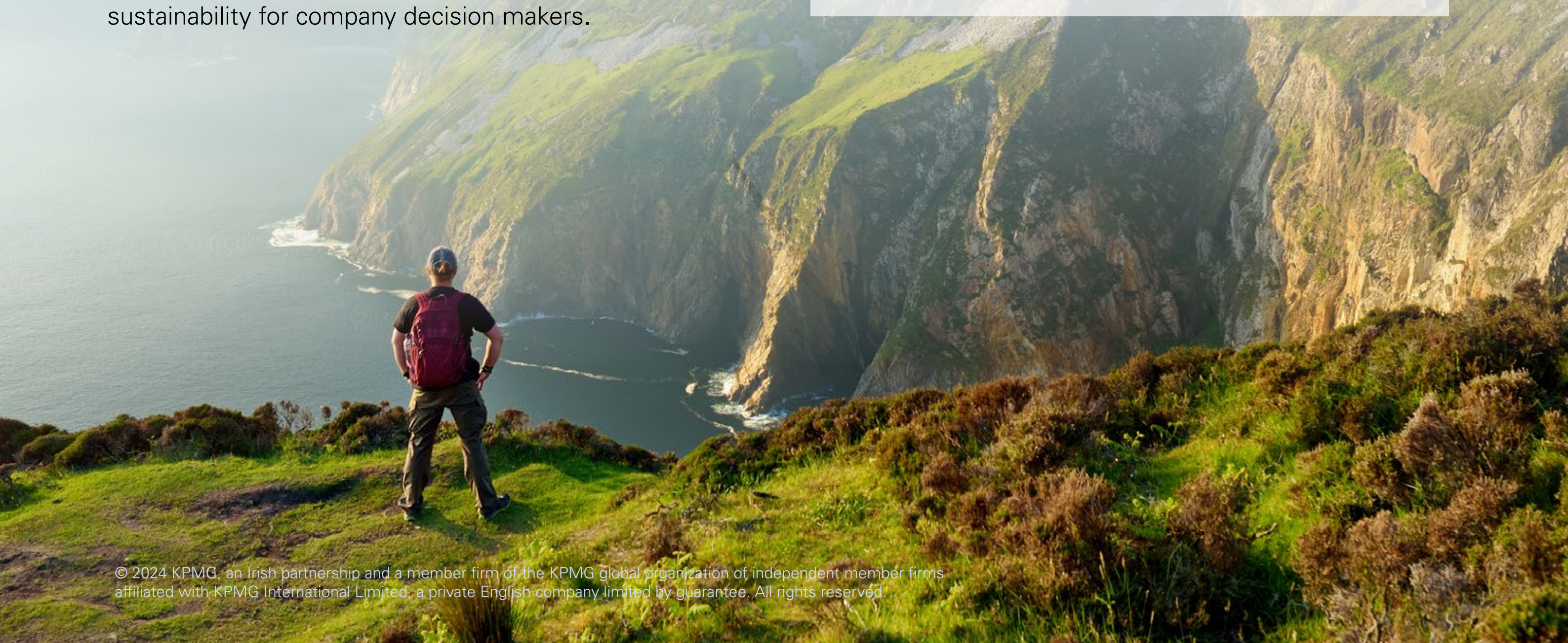
Base: ROI N100 companies
Source: KPMG Survey of Sustainability Reporting 2024

Sustainability leadership and pay

The proportion of companies with a sustainability leader is rising; among the N100 groups 46% now have a dedicated sustainability leader compared with 34% two years ago. In Ireland, 60% of sustainability reporting companies have a dedicated sustainability leader, up from 54% two years ago. Irish companies have also seen an increase in linking sustainability to board level and leadership compensation, up from 33 in 2022 to 40 in 2024. This points to the continued importance of sustainability for company decision makers.

Relevance to CEOs now

As Peter Bakker noted in his keynote speech at COP16, "we need to stop saying we are doing this for our children, like this is something that is going to only impact them in the future. This is something that is going to impact us now – and increasingly so over the next 5-10 years. This is not a future issue – it is a current crisis and it is something that every current CEO will have to deal with."



What you can do to help

The world is facing complex climate, social and geopolitical issues and addressing ESG priorities is more important than ever. The last two years have seen some companies and investors weakening and in a few cases abandoning ESG. However, this survey shows that most large companies are engaged with at least some elements of its agenda, such as by setting carbon reduction targets.

ESG provides insights into the long-term sustainability of a business. Rapid changes in fuel costs in response to conflicts in Ukraine and the Middle East show the importance of business resiliency and disclosure to communicate how companies are prepared for the future.

The findings in this report outline the key trends you should be aware of as you begin to plan your approach to ESG reporting. We have seen much progress over the past few years in climate-related reporting — the E in ESG — but despite some progress in reporting social and governance issues over the last two years more needs to be done. Companies continue to find it challenging to strike a balance in sustainability reporting, with a continued slant towards positive reporting and qualitative descriptions of impact and limited insight into the impact of the environment and society on the business itself. Companies must find a way to address both their positive and negative impacts.

Uncertainty has become the new normal for businesses and our advice to business leaders is to prepare now on sustainability reporting as change is coming at a rapid pace.

In light of the trends highlighted in this survey, here are some tangible ways businesses can begin to navigate the sustainability reporting landscape:

- Understand stakeholder expectations using stakeholder materiality assessments to inform your business strategy and prioritize your focus.
- Determine strategic imperatives against key ESG topics and define key metrics, considering impending regulations including CSRD and ISSB.
- Establish a cross-functional governance structure to collect, report and approve sustainability and ESG information.
- Consider investing in quality non-financial data management, including documenting process and testing controls over the information, or system implementation.

Each company's sustainability reporting journey will be unique. Whether you report on climate-risk or biodiversity, align with the SDGs or SASB, or choose to report on 10 or 100 metrics, a successful programme will comply with mandatory reporting rules, accurately and reliably reflect the material impacts the company has on the environment and society, and effectively describe how the company integrates ESG risks and opportunities into its business strategy. As we move towards mandatory reporting in Europe and elsewhere, you can be confident that KPMG is ready to walk alongside you as you take your next steps.

How we can help

What should you include in your ESG disclosures?

Sustainability reporting is a rapidly evolving field with a variety of reporting frameworks, with some overlapping requirements but no global consistency. The range of ESG metrics and disclosure frameworks used is vast and varies by sector, size and complexity, as well as location. Your performance is being ranked by many different indices, scorers and benchmarks. How do you articulate clearly what you are doing in key ESG areas?

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There are tangible ways businesses can invest in sustainability reporting:

Create effective corporate ESG reporting. We can provide training to your team and undertake materiality assessments or benchmarking. We also support content identification and development, providing advice on data requirements and the best reporting structure, as well as undertaking compliance reviews.

Improve the quality and efficiency of ESG non-financial reporting. We help you identify data requirements, prepare methodology statements and review existing reporting processes to assess assurance readiness.

Understand the impact of climate-related risks on financial statement disclosures. We can help you review ESG disclosures for compliance with existing reporting requirements and benchmark against good practice.

Understand what your stakeholders expect you to report on, and help you articulate your ESG performance clearly.

Align your ESG reporting with key mandatory and voluntary reporting frameworks. These could include the EU's CSRD, GRI, ISSB and SASB.

An increasing number of today's investors take non-financial data just as seriously as financial data. They believe that those companies that measure and report ESG risks are also likely to be managing these risks better and delivering greater long-term value.

KPMG firms know the power of ESG to transform your business. KPMG ESG Advisory can show you how to enhance trust, mitigate risk and unlock new value as you build a sustainable future.

Glossary

- **CSRD:** the EU's Corporate Sustainability Reporting Directive
- **ESG:** Environmental, social and governance
- **ESRS:** the EU's European Sustainability Reporting Standards
- **EU:** European Union
- **G250:** the world's 250 largest companies by revenue based on the 2023 Fortune 500 ranking*
- **GRI:** Global Reporting Initiative
- **IFRS S2:** IFRS S2 Climate-related Disclosures, the second of the IFRS® Sustainability Disclosure Standards
- **IPCC:** UN Intergovernmental Panel on Climate Change
- **ISSB:** International Sustainability Standards Board
- **N100s:** a worldwide sample of 5,800 companies comprising the top 100 companies in 58 countries, territories and jurisdictions*
- **NFRD:** the EU's Non-Financial Reporting Directive
- **SASB:** Sustainability Accounting Standards Board
- **SDG:** UN Sustainable Development Goals
- **TCFD:** Task Force on Climate-related Financial Disclosures
- **TNFD:** Taskforce on Nature-related Financial Disclosures
- **UN:** United Nations
- **US SEC:** United States Securities and Exchange Commission

* See methodology for more details on G250 and N100s

Methodology

This survey is based on detailed research by KPMG professionals representing 58 member firms, with each reviewing annual financial, integrated and ESG/sustainability reporting published by the largest 100 companies in their countries, territories and jurisdictions. With data from 5,800 companies, this year's survey is the same size as 2022's. This makes it jointly the most comprehensive in the series, which has run since 1993.

For each company, staff at a KPMG member firm have examined its most recent available report to gather up to 52 pieces of data using a standard questionnaire. The responses from each country,territory and jurisdiction have been combined into a single dataset of more than 180,000 items which has been validated and analyzed to produce the results.

This report also draws on the expertise of KPMGsubject matter specialists worldwide through interviews and other input.

We have drawn primarily on reports publishedbetween 1 July 2023 and 30 June 2024. If acompany did not report during this period we have used reports published since 1 July 2022 at the earliest. If a subsidiary company reports on sustainability only through its parent or group company, we leverage the KPMG network and apply the parent company results to the subsidiaries as well. For example, in more than one case the group sustainability results for an international food and drink manufacturer have also been applied to some of its national subsidiaries.

Survey findings are based purely on analysis of publicly available information. No information was submitted directly by companies to KPMG firms.

Get in touch

Our multidisciplinary team includes sustainability practitioners, economists, engineers, corporate strategists, accountants, and financiers, working together to help clients navigate the complex and fast-evolving climate change and sustainability agenda.

Whether your organisation is just beginning its sustainability journey, reporting on its progress, or financing new initiatives, we have the knowledge and the people to support you.

If you have any queries contact our team below. We'd be delighted to hear from you.

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