



Welcome to the Future of Finance Event

The Evolving Role of Finance
in ESG Reporting

19th June 2023

<https://kpmg.com/nl/>



Welcome to the Future of Finance Event

Today is only the beginning of a new era in the Finance function as forward-looking CFOs and their teams play a vital role in helping businesses address ESG issues and delivering higher levels of efficiency, insight and value across the enterprise.

Key speakers today



Ubbo van Zessen

Partner
Head of ESG



Vera Moll

Senior Manager
Sustainability Reporting & Strategy



Paul Pieroen

Director
Sustainability Reporting & Transformation

A few insights from KPMG's latest ESG survey

80%

CEOs believe ESG metrics are essential to their data and reporting strategy

96%

Share of G250 companies report on ESG matters

64%

Share of the G250 acknowledge climate change as a risk to their business

<10%

Of KPMG's clients believe they have the right processes and systems in place to support their Finance & Reporting organisations



Paul Pieroen

Director

Sustainability Reporting &
Transformation



ESG is the future

ESG is a critical design principle for the organization of the future.

ESG is about opportunity...








Organizations that capitalize on this opportunity and transform their operations for better will be rewarded, with all manner of financial and non-financial benefits on the table.

...and business continuity.

Factoring ESG into the transformation agenda is imperative to risk mitigation, change management and building trust, which are all key to ensuring the company's longevity and success.



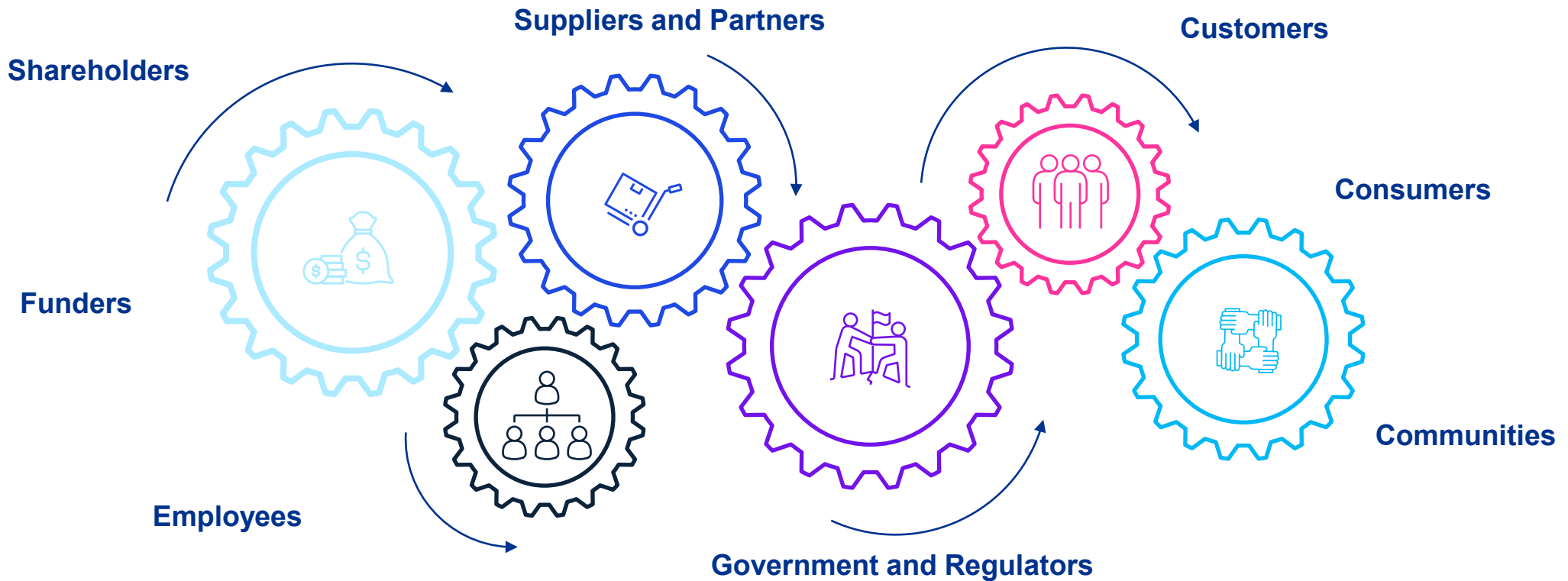
ESG represents key areas on which companies are evaluated

Environment Our impact on the planet			Social Business impact on its employees, customers, and the community			Governance Business Leadership & Structure		
Climate change	Natural resources	Pollution & Waste	Human capital	Product stewardship	Stakeholder management	Corporate leadership	Corporate behavior	Finance & reporting
Decarbonization	Biodiversity	Hazardous materials	Health & Safety	Product durability	Quality of stakeholder satisfaction	Transparency & responsibility	Ethics & integrity	Sustainable Finance
Climate risk	Water scarcity	Packaging materials	Diversity & equal opportunities	Product safety	Societal dialogue	Executive pay	Anti-corruption	ESG Ratings & - Indices
Climate change adaption	Land degradation & deforestation	Electronic waste	Fair wages	Data privacy & safety	Engagement in (international) partnerships	Sustainable innovation	Antitrust	Non Financial reporting standards
								

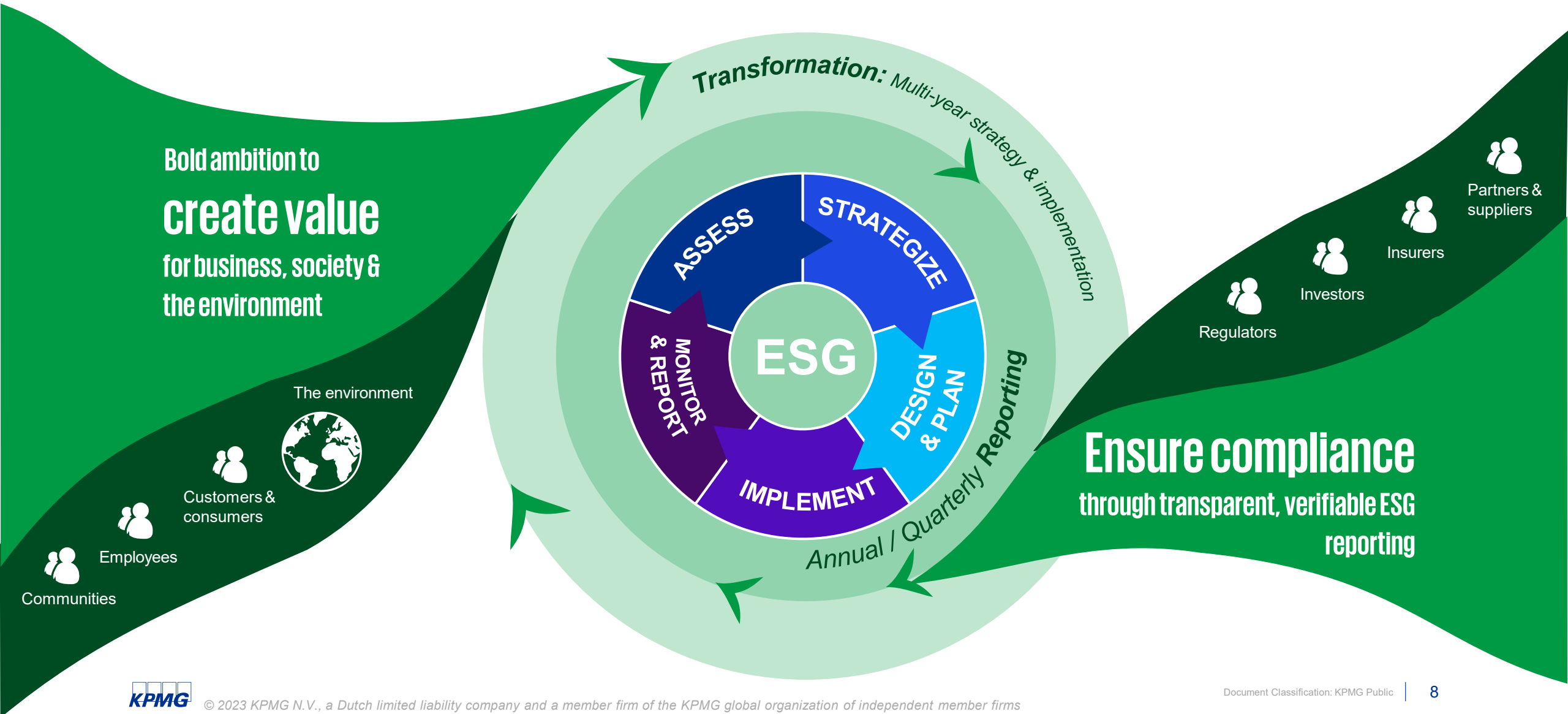
The commitment to these themes is an important factor for external stakeholders, such as, consumers, investors and governments

Why should companies focus on ESG?

ESG includes more than the annual non-financial reporting requirements outlined by regulators. Stakeholders are demanding more from corporations and addressing these concerns may require companies to rethink the way they doing businesses.



Organizations take different starting points on the ESG journey





Vera Moll

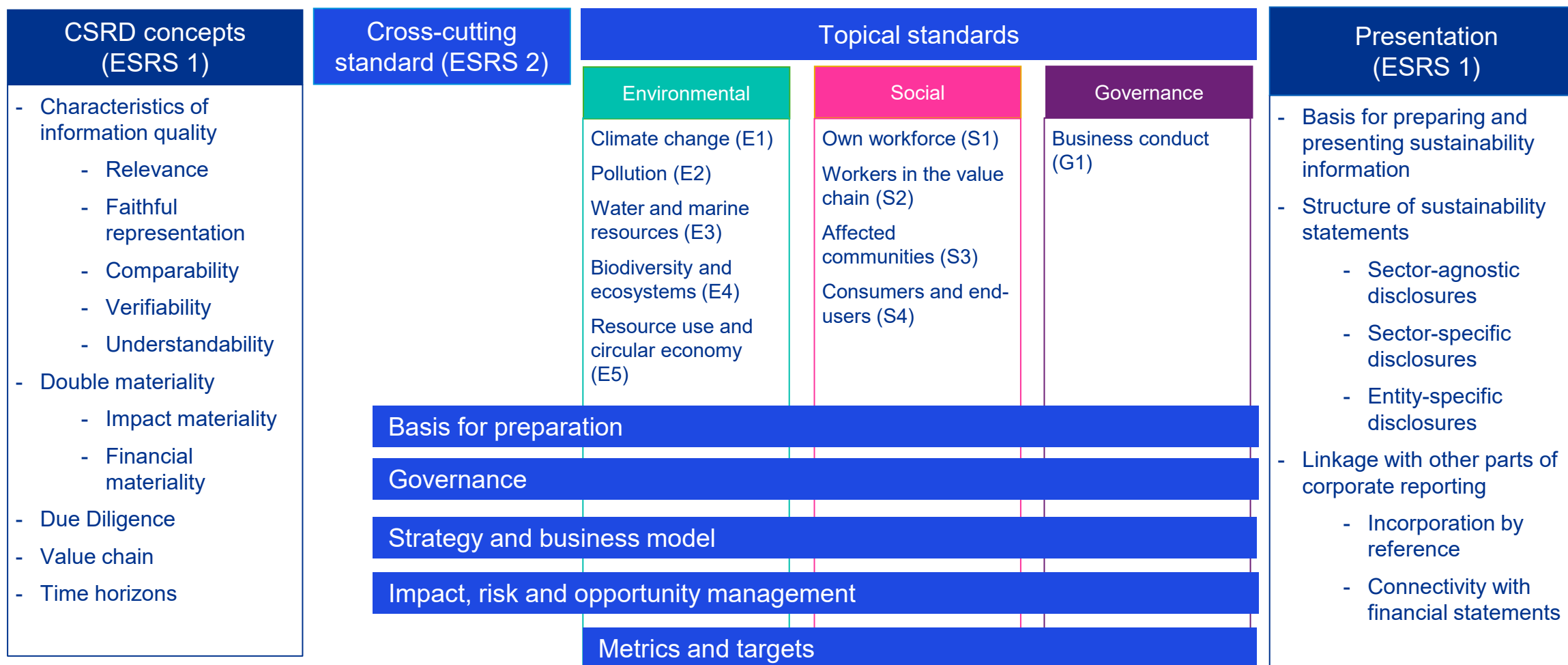
Senior Manager

Sustainability Reporting & Strategy

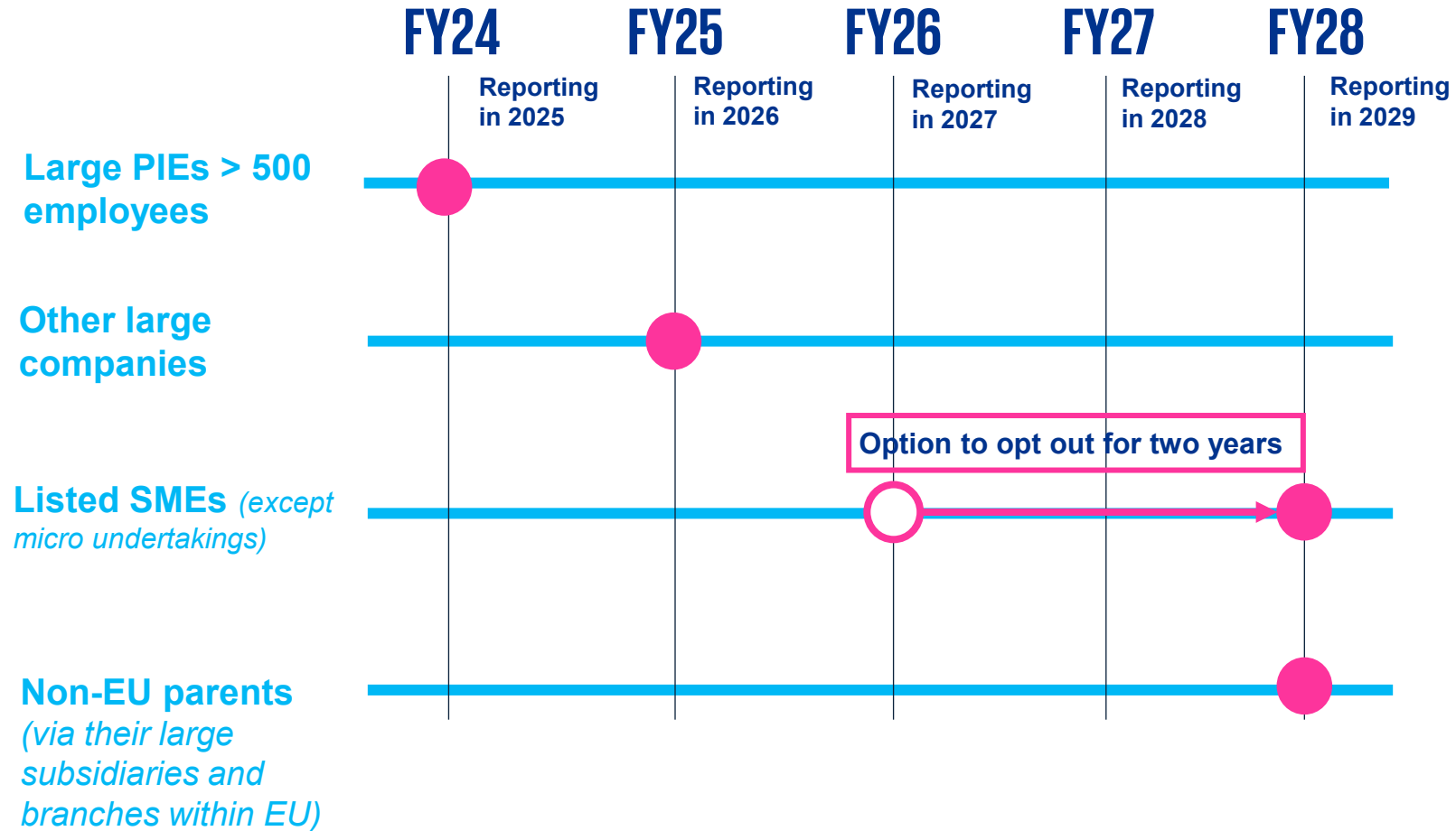


ESRS – Reporting Structure

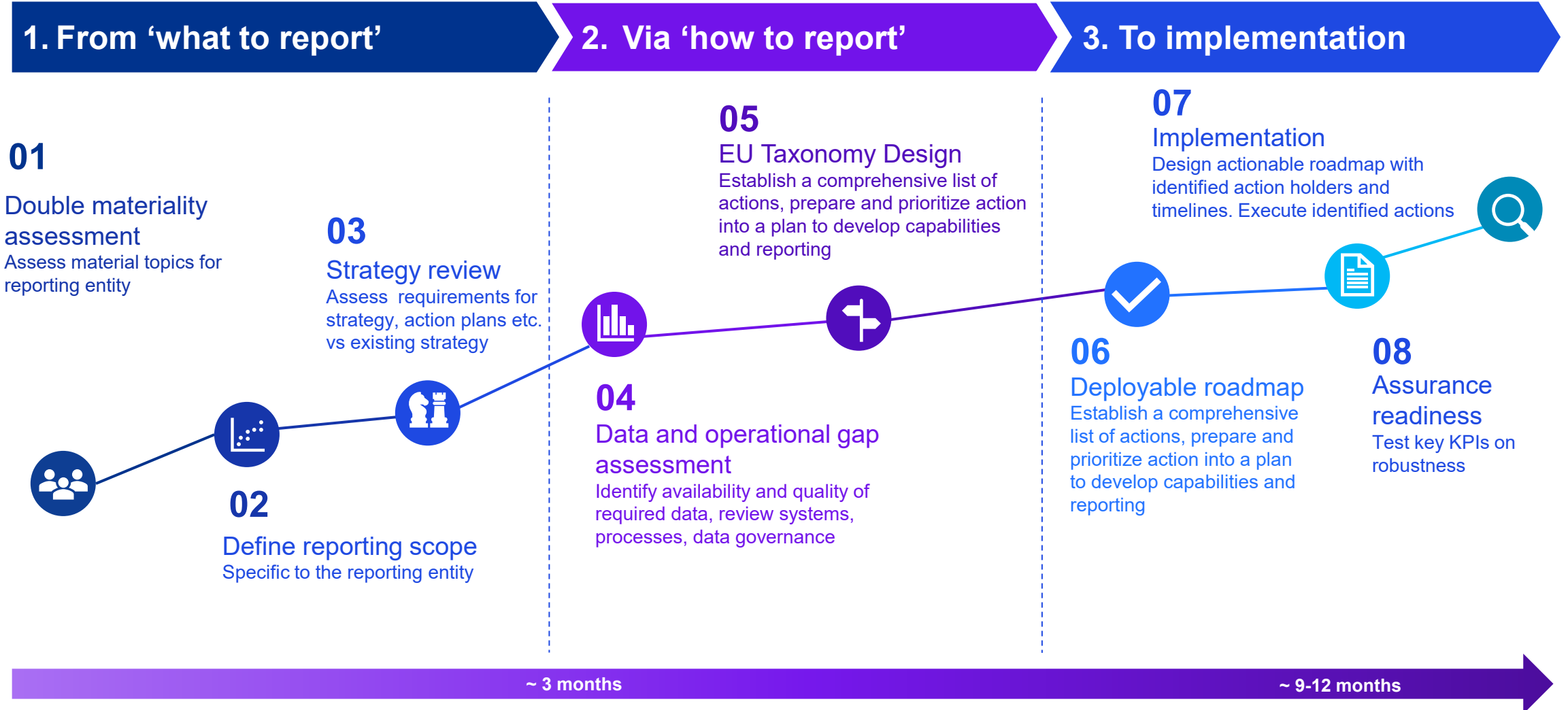
ESRS Architecture



When would the CSRD apply?



A generic approach to a CSRD project in 8 steps



Key challenges in CSRD reporting

01

Governance

- Project governance
- Permanent structure
- Change management

02

Data quality and availability

- Bottom up vs top down
- Proxy data
- Auditability

03

Moving target

- Framework under development
- Changing timelines and requirements yet already in force
- No assurance procedures selected yet

04

EU Taxonomy

- Simple KPIs with a whole world behind it
- Black and white approach

05

Value chain

- Determination of value chain
- Data requests to and from the reporting entity

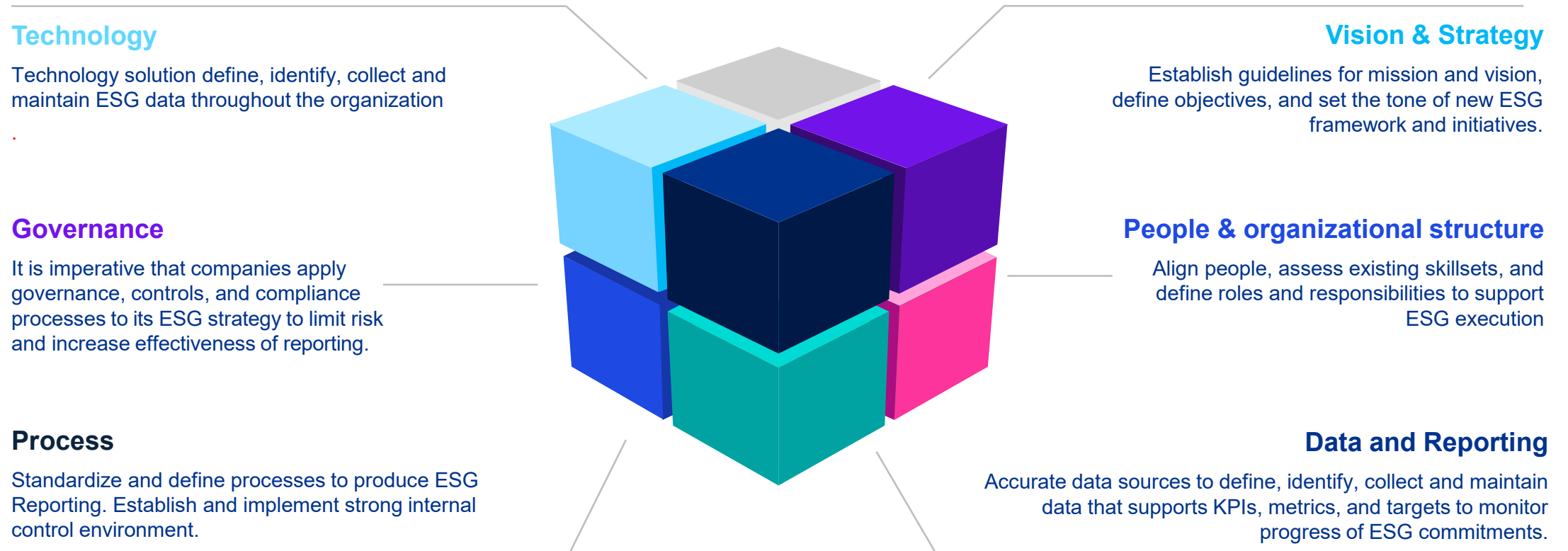
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Beyond compliance

- Reporting burden
- Making an actual positive impact
- Green hushing

ESG Reporting is more than getting the right data

Integrating ESG into core business models and processes is essential for organizations to advance their ESG initiatives.



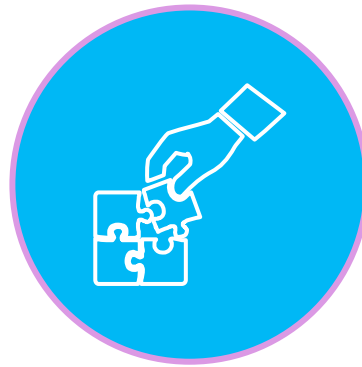
How Finance supports the ESG agenda

There are three key areas where finance drives the organization's ESG agenda:



Investments

Driving sustainability for both external institutional investments and internal capital appropriations



Enterprise value

Deliver decision support in line with overall corporate strategy that is inclusive of current and future sustainability commitments



Reporting

Owning both the data required and ultimate completion of sustainability reporting

Elevating Finance in the ESG agenda optimizes value creation

Deliver sustainable, profitable growth by creating, integrating and realizing enterprise value.

Creating

Enterprise value



- Unlock value from data
- Enable innovation and ESG purpose
- Deliver excellence

Lead enterprise performance

2/3

prioritize investing in new growth opportunities as part of their strategy.

Integrating

Strategic imperatives, plans and KPIs



- Enable the business strategy
- Lead enterprise performance and data integration
- Serve as value integrator

Drive insights

70%

instilling a culture where innovation is celebrated.

Realizing

Turn insights into action



- Mitigate enterprise risks
- Facilitate dynamic funding
- Deliver action oriented insights and ESG insights

Deliver results

2/3

agree that better use of financial data improves ROI.

Source: KPMG in the US 2022 Elevating Finance Survey; KPMG in the US Data Imperative

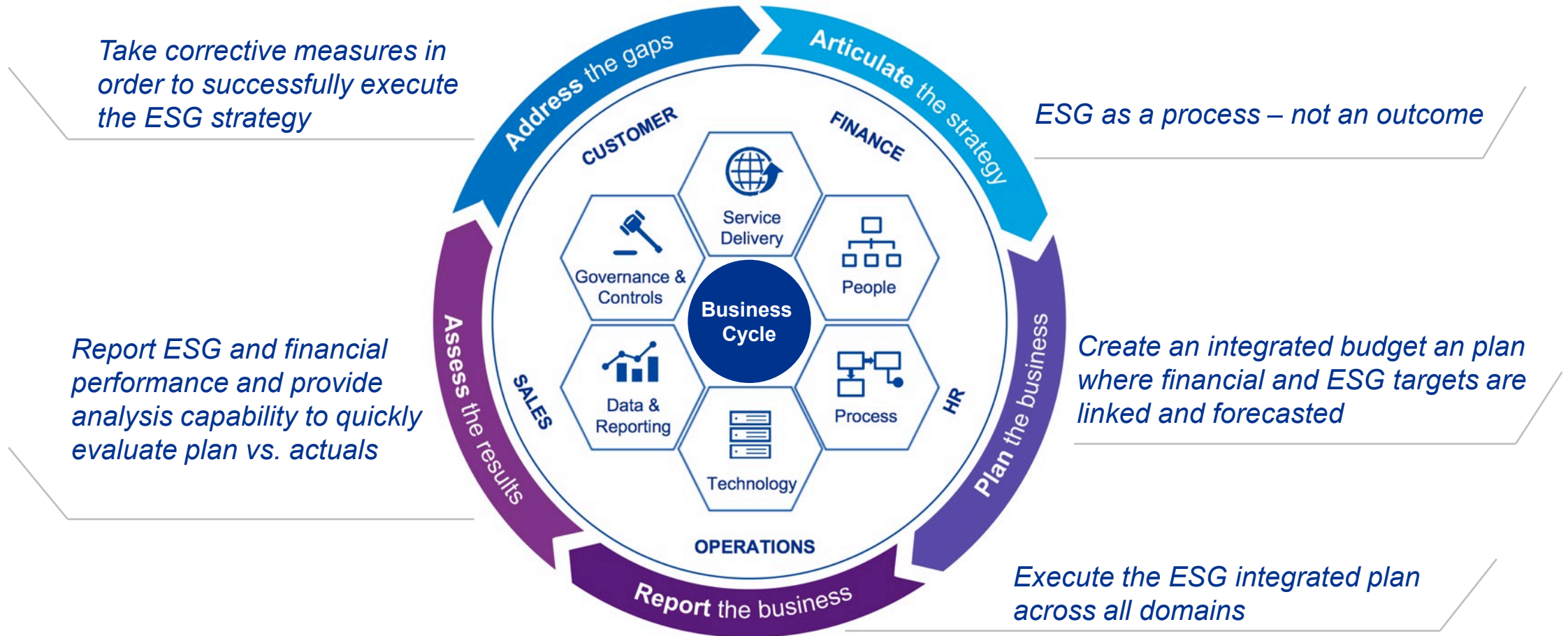


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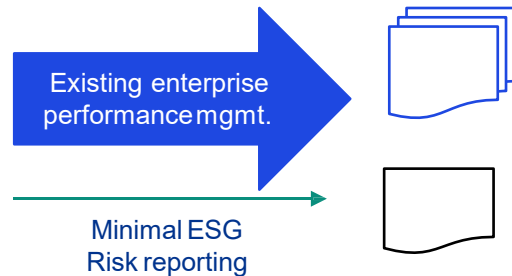
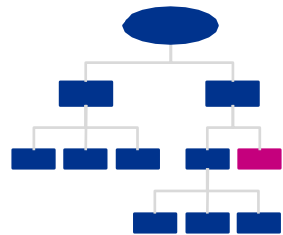
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Enterprise Performance Management changes ESG reporting from a disclosure challenge to actionable decision support



ESG reporting requires a clear governance structure

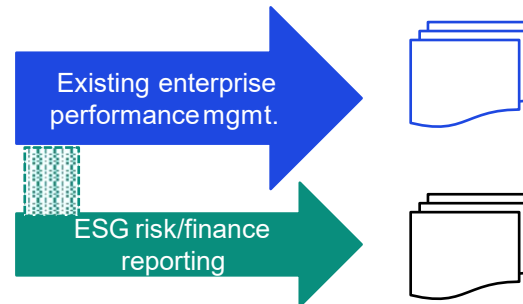
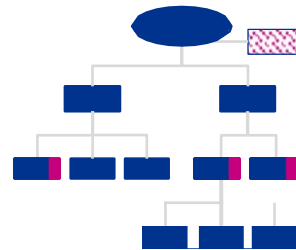
1. Starting State: ESG as a “Bolton” solution



Support Function level capabilities



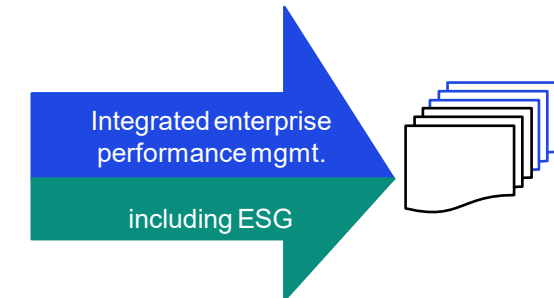
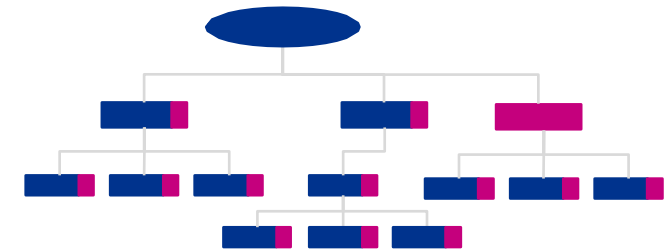
2. Moderate State: ESG “Enhanced” solution



Core Function level capabilities



3. Target State: ESG “Embedded” across the business

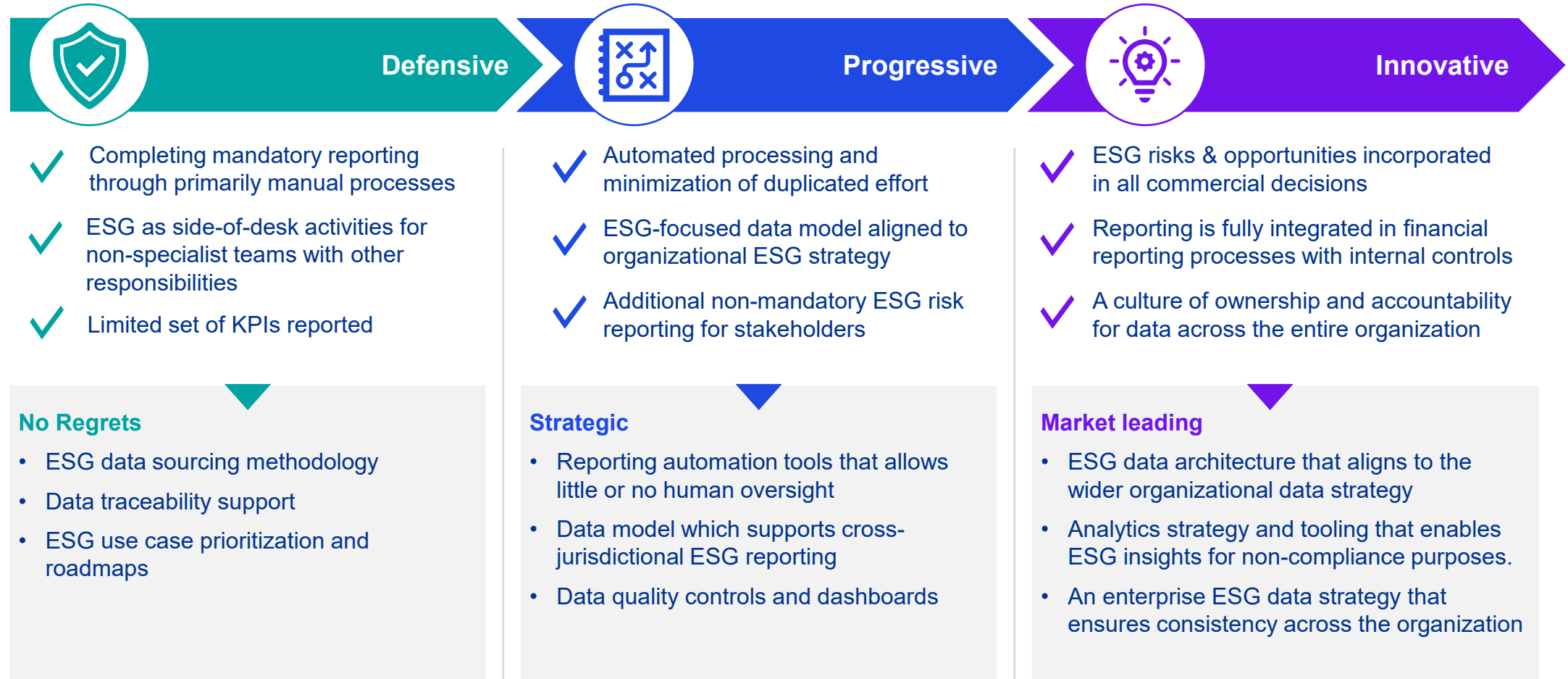


Business level capabilities



Where should you start your ESG reporting journey?

Due to the complexity of ESG data, the journey to a market leading target state requires a clear roadmap with interim value-adding deliverables along the way.



The ESG transformation journey entails multiple steps

Effectively leveraging the latest **sustainable technology solutions**

Collect internal and external **ESG data sets**

Build the long term foundation through **Master Data Management**

05
Measure
Measure and monitor ESG performance

04
Implement
Measure and monitor ESG performance

06
Report
Enhance transparency of disclosure of ESG performance

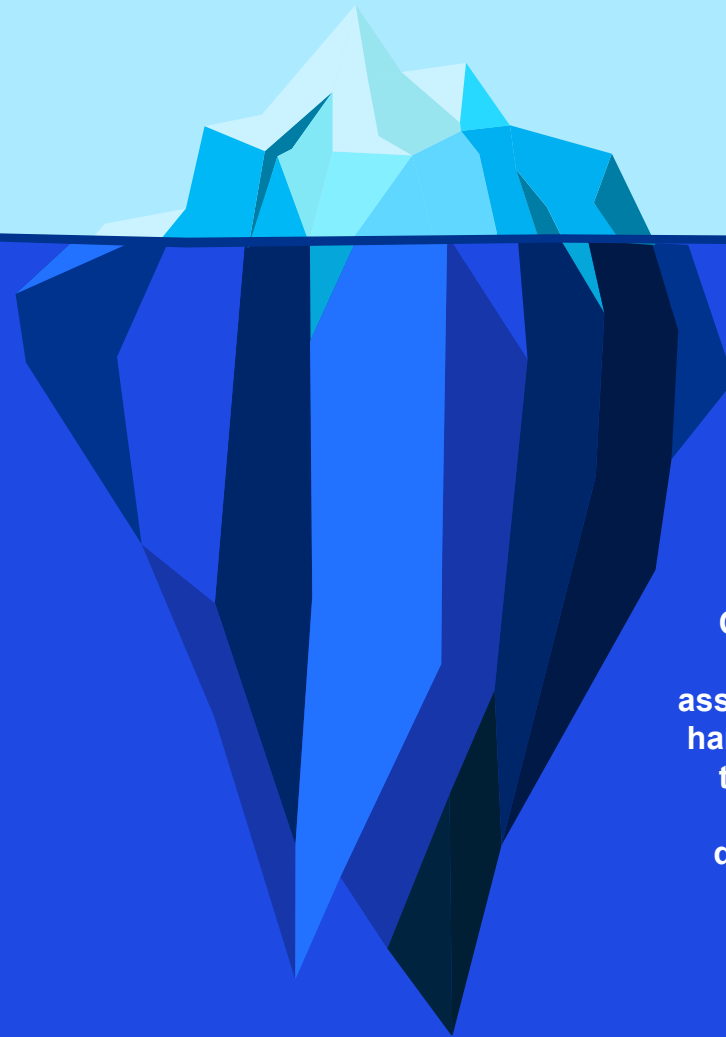
03
Develop the strategy
Develop an appropriate ESG strategy and integrate it with the business strategy

02
Determine future state
Reframe strategic vision to enable a sustainable transformation

01
Assess current state
Assess current ESG needs, risk, opportunities and ESG performance

07
Assurance
Provide trust to internal and external stakeholder

Selecting the right systems for ESG reporting, requires consideration of more than just reporting capabilities



Disclosure



Planning, Reporting & Analysis



Processes, Collaboration, Governance



(Financial) Consolidation



KPI Calculation & Harmonization



Data Storage



Data Integration

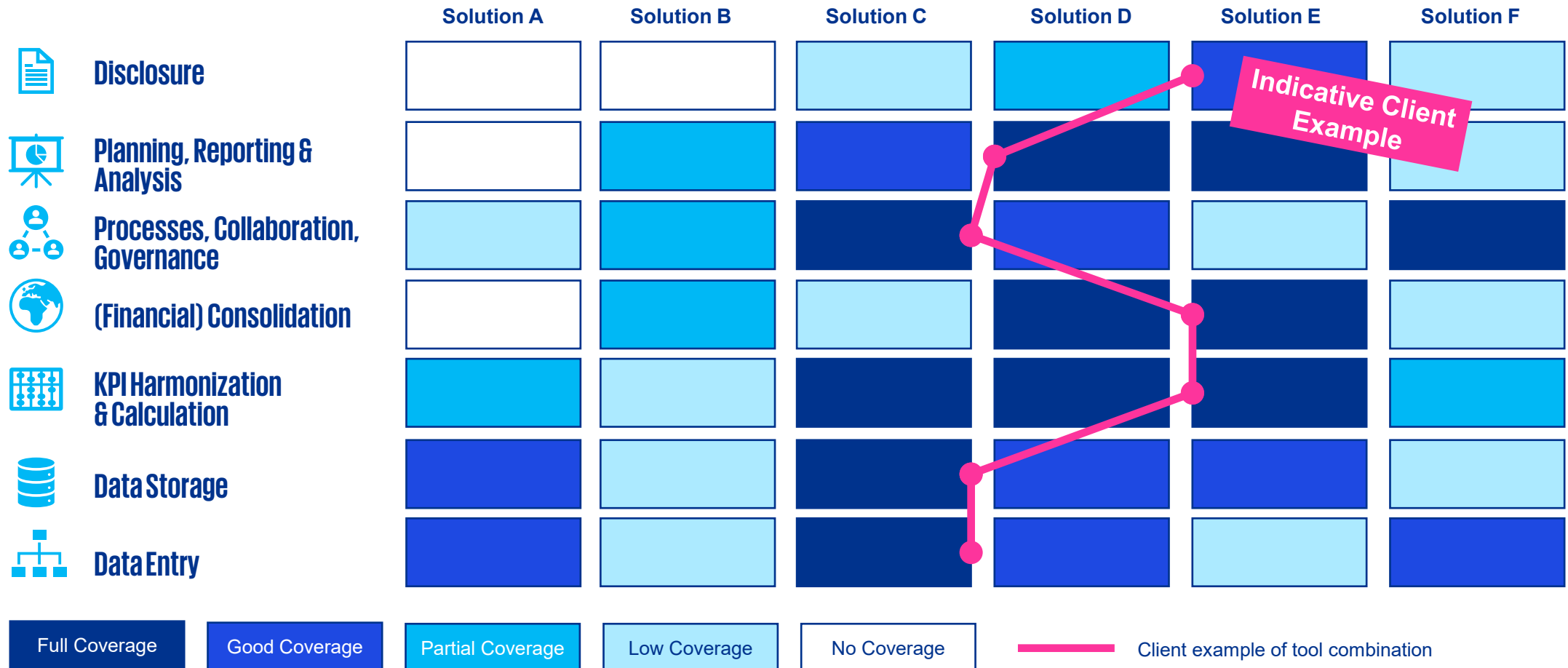


Data Sources & External Data

Obtaining,
quality-
assuring and
harmonizing
the data is
largely
driving the
effort!



Preparing for ESG reporting requires selecting the right combination of tools



Getting started: Lessons learned that can help accelerate your ability to drive value

Getting Started

- Start as soon as possible and if you've started already, accelerate
- Think big, act small.



Value Focus

- ESG is more than producing a report – incorporate ESG into your strategy and the heartbeat of the organization
- Invest in internal communication and continue to inform and to start changing people's way of thinking



Reporting Strategy

- Focus on KPI's that are relevant for your company in 2024-2025 (considering phase in period)



Emphasize Governance & Collaboration

- Agree on a clear ESG governance at the beginning as it will ease the implementation phase of your journey
- ESG is impacting all departments within your organization - establish a multidisciplinary (inclusive) project team
- Start with the community of the willing



Purpose driven

- Tone at the top is important to ensure your journey is a purpose driven exercise – prevent solely compliance driven

ESG Technology Demonstrations

Room: **A00.02**

Servicenow

ESG Management & Reporting



Niels Backx



Yoen Simon

Discover ServiceNow's ESG Management application and learn how it helps you centrally manage your ESG commitments and facilitates reporting of ESG metrics.

Room: **A00.04**

Salesforce

NetZero Cloud



Yunkai Ruan



Ahmad Abu Doush

Discover Salesforce's ESG solution suite with NetZero Cloud and learn how it automates data collection and integration for real-time reporting.

Room: **Plenary Room**

Microsoft

Sustainability Manager



Giovanni Vierling



Guido Sicuro

Discover Microsoft's Cloud for Sustainability and how it can accelerate your sustainability goals.

Room: **Bar**

Appian

Low code automation



Tessa Snels



Nina Pronk

Discover digitization through a robust low-code platform that enables you to navigate challenges and helps to improve and streamline your ESG digital experience.

Timing

Round 1: 15:40 – 16:10 | Round 2: 16:15 – 16:45

Panel Discussion

Companies increasingly need to understand and navigate the growing link between environmental and financial performance.



Jurrienne Schijff

*Head of Group
Business Control
Royal BAM Group NV*



Lena Pyatkovsky

*Global Sustainability Manager
Adyen*



Lodewijk Lockefer

*Chief Financial Officer
Royal Zeelandia Group BV*



Vera Moll

*Senior Manager
Sustainability Reporting
KPMG*



Paul Pieroen

*Director
ESG Reporting & Transformation
KPMG*

What should you be thinking about next?

80% of leading finance organizations include ESG metrics in their data and reporting strategy and treat ESG information like financial information for real-time reporting.



Thank you!

