The move to mandatory reporting

Survey of Sustainability Reporting 2024

Executive Summary

KPMG International

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> “2025 will offer us even more intelligence as CSRD-mandated reports begin to come into effect”

Foreword

Today, we have more sustainability reporting frameworks (and acronyms!) than ever before.

Spurred by the UN's Sustainable Development Goals, this current constellation of frameworks keeps companies reporting and capital markets watching ESG impacts and outcomes. As peers, competitors, and partners in commerce, and as citizens and neighbors in society, we value this important information from around the world and can leverage it for ongoing learning, strategic decision-making and expanding target- and goal-setting.

2025 will offer us even more intelligence as CSRD-mandated reports begin to come into effect and some jurisdictions start to adopt ISSB™ Standards. Despite a staggered roll out depending on company size and headquarters location, companies not yet mandated have already started complying with CSRD or moving towards it, providing a welcome and broader spectrum of ESG insights we can all use.

ESG innovation can help us positively modify our impacts, report on them with compliance and speed, support markets by directing capital to the most sustainable companies, and deepen our well of knowledge

John McCalla-Leacy
Head of Global ESG, KPMG International

As mandatory reporting expands and intensifies, so too does the range of sustainability products and solutions, incentives, climate-finance vehicles, and world-class technologies that will help us decarbonize and modernize. Whether through accessing capital via adaptation and/or transition finance to fund sustainable infrastructure or protect biodiversity, enforcing better and safer conditions for workers, or implementing systems upgrades that automate data collection and analysis via a trusted and single source of truth, ESG innovation can help us positively modify our impacts, report on them with compliance and speed, support markets by directing capital to the most sustainable companies and deepen our well of knowledge.

Innovation in leadership abounds as forward-thinking business owners acknowledge that sustainability is a vital, long-term commitment. With more sustainability leaders at the boardroom table than ever before, we continue to roll up our sleeves and confront our global commitments head-on.

We are making noticeable progress with ESG reporting in a way that supports short-term and long-term business objectives. With years of analysis on the books, we appreciate how a robust sustainability reporting ecosystem helps businesses not only measure progress on executing their ESG strategy, but also drive value while mobilizing capital markets to help support the development of ever-increasing, much-needed solutions to the many societal issues we face.

We can do it. We are doing it. Let's keep going.

John McCalla-Leacy
Head of Global ESG, KPMG International

Introduction

Mandatory sustainability reporting is nearly upon us. The EU is phasing in its CSRD over several years but 2024's KPMG Survey of Sustainability Reporting suggests that many companies are adopting its measures before they are required to do so, such as by conducting double materiality assessments and aligning voluntary reporting with its disclosure requirements.

Our research shows that sustainability reporting has become part of business as usual for almost all of the world's largest 250 companies and a large majority of the top 100 companies in each country, territory or jurisdiction. The last two years have also seen significant increases in the proportion of companies publishing carbon reduction targets. The proportion of companies reporting on biodiversity remains lower but has similarly increased since 2022.

While next year will see many large companies meeting mandatory sustainability reporting requirements, our research shows that many others are commencing or increasing their work in this area ahead of time. There are excellent reasons to do so, whether to prepare for regulatory compliance or to offer better information to investors, customers, employees, regulators or other stakeholders. KPMG member firms are ready to support an activity that has the potential for significant environmental, societal and economic benefits.

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John is the Head of Global ESG KPMG International and is ESG Vice Chairman in the UK. He is a member of KPMG International's Global Extended Leadership Team and is responsible for embedding ESG practices into the firm's strategy and services. He has held a number of senior leadership positions at KPMG over the last 23 years, including elected member of the KPMG in the UK board. He is a former senior leader within KPMG's Mergers and Acquisitions Global Centre of Excellence where he led both the overall and technology aspects of some of the largest multi-billion-dollar client mergers, acquisitions and divestments that KPMG firms have supported. He has been a strong external advocate for ESG and a leading supporter for the 'S' for two decades including in driving diversity and equity, social mobility and disability inclusion. Now his sole focus is on inspiring and driving rapid ESG-related change for KPMG firm clients.

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Jan-Hendrik leads KPMG's ESG Reporting Advisory work at a global level, as well as in Europe, the Middle East and Africa. He is responsible for Sustainability Reporting and Governance Advisory at KPMG in Germany, focusing on regulatory advisory, corporate governance, Risk & Compliance. He has extensive experience and expertise in setting up appropriate management systems and sustainability/non-financial reporting structures in accordance with regulatory driven transformation caused by the EU's CSRD, ESRS, the EU Taxonomy and social supply chain acts. He is a specialist on enterprise risk management, internal controls systems, compliance management systems and internal audit.

Executive summary

96%

of G250 companies report on sustainability (unchanged since 2022).

79% of N100 companies do so (unchanged since 2022)

All of the top 100 companies in

Japan | Malaysia | Singapore | South Africa
South Korea | Thailand | and the US

report on sustainability.

95%

of G250 companies publish carbon targets (up 15 percentage points (pp) since 2022).

80% of N100 companies do so (up 9pp since 2022).

41%

of G250 companies consider sustainability in leadership pay (up 1pp since 2022).

30%

of N100 companies do so (up 6pp since 2022).

56%

of G250 companies have a sustainability leader (up 11pp since 2022).

46% of N100 companies do so (up 12pp since 2022).

The findings of KPMG's Survey of Sustainability Reporting 2024 indicate six major trends:

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

Both sustainability reporting and carbon targets have been adopted by almost all of the G250 global group of companies and four-fifths of the N100 groups (see figures on previous page).

2 Some companies have already changed practices in advance of the move to mandatory reporting on sustainability under the EU's CSRD.

The Corporate Sustainability Reporting Directive (CSRD) applies to an initial group of companies for reports on financial years ending from 31 December 2024, with some having until 2029 to publish their first compliant reports. However some companies, mainly European-headquartered or with activities in Europe, are already preparing for CSRD such as by reporting material topics in accordance with the ESRS. Nearly half of European companies in the research already make disclosures using the EU Taxonomy.

3 Double materiality, required under CSRD, is now used by half of the largest companies.

Nearly four-fifths of both the G250 and N100 groups use materiality assessments. The larger G250 companies are more likely to use double materiality processes that assess both impacts on society and the environment and how this affects their financial performance. Double materiality is the most complete form of materiality assessment and is a cornerstone of compliance with the EU's CSRD, so some of those adopting it are likely to be doing so to prepare for it becoming mandatory.

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

GRI remains the most popular standard, with three-quarters of G250 companies using it and nearly as high a proportion of the N100 groups. There have been bigger increases in use for both SASB and stock exchange guidelines over the last two years, although from lower bases. Their adoption varies significantly by country and region, with all surveyed companies in Saudi Arabia using its stock exchange guidelines and two-thirds of those in the Americas using SASB.

While voluntary guidelines and standards remain widely-used during this transitional period, this could change as mandatory reporting expands over the next few years.

5 Reporting on biodiversity continues to increase.

Around half of both the G250 and N100 groups now report on biodiversity, up from around one-quarter four years ago, although growth has been slower in the last two years. Significant differences between regions on adoption rates found two years ago have narrowed since, with companies in the Middle East and Africa moving closer to the global average.

6 Adoption of TCFD recommendations continues to rise.

Nearly three-quarters of G250 companies report climate risks in line with the Task Force on Climate-related Financial Disclosures recommendations. As TCFD was a key input into both the ISSB Standards and ESRS, adopters are at an advantage when adopting these new standards.

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 KPMG subject matter specialists worldwide through interviews and other input.

We have drawn primarily on reports published between 1 July 2023 and 30 June 2024. If a company 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.

The survey refers to two research samples:

The National 100s (N100s)

The largest 100 companies in each of 58 countries, territories and jurisdictions: 5,800 companies in total

Professionals at each of the 58 KPMG firms involved have defined the N100 sample for the country, territory or jurisdiction in question. This is based on either the top 100 companies in a recognized national source or, where such a ranking is not available or is incomplete, by market capitalization or a similar measure. All company ownership structures are included in the research: publicly listed and state-sector, private and family-owned.

The Global 250 (G250)

The largest 250 companies in the world

The G250 sample comprises the top 250 companies by revenue listed in the 2023 Global Fortune 500 ranking. Most G250 companies are also included in one of the 58 N100 samples, although 38 companies headquartered in other countries, territories or jurisdictions are not.

New and changed questions

New questions

This survey adds the following questions:

- Does a company's sustainability reporting state it has been prepared with consideration of the European Union's Corporate Sustainability Reporting Directive (CSRD) or its taxonomy of environmentally sustainable economic activities, the ISSB Standards, the US SEC or the California climate rules?
- Does a company's reporting include EU taxonomy disclosures?
- Does the company state that it reports its climate risks in line with IFRS S2?

Changed questions

This survey changes a previous question which asked for the identity of the financial auditor. It now asks if the auditor for non-financial statements is the same as that for financial ones.

This survey categorizes companies on whether they use impact, financial or double materiality, the last of which will be required under the EU's CSRD. It previously asked if reporting identified material topics and what concept was used to assess this.

Countries, territories and jurisdictions covered

This year's N100s survey covers the following countries, territories and jurisdictions.

Africa: Angola, Ghana (new for 2024), Nigeria, South Africa

Asia Pacific: Australia, China, India, Japan, Malaysia, New Zealand, Pakistan, Philippines, Singapore, South Korea, Sri Lanka, Taiwan, Thailand, Vietnam

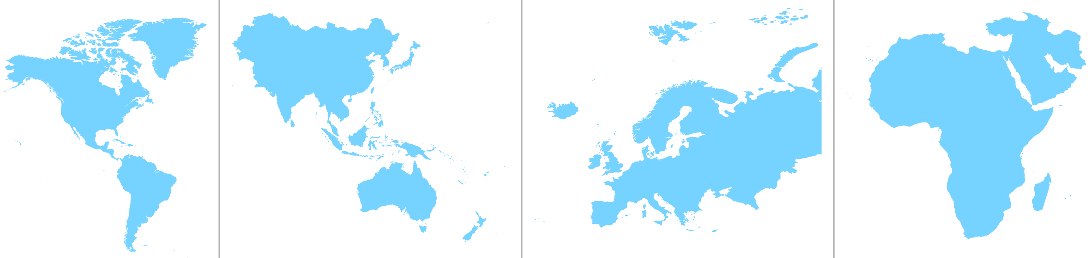
Europe: Austria, Belgium, Cyprus, Czech Republic, Estonia, Finland, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Malta (new for 2024), Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Switzerland, United Kingdom (UK)

Latin America: Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Peru, Uruguay, Venezuela

Middle East: Israel, Saudi Arabia, Turkey, United Arab Emirates

North America: Canada, United States of America (US)

N100s groups of companies by region



Americas	Asia Pacific	Europe	Middle East and Africa
12	14	24	8
21%	24%	41%	14%
1,200	1,400	2,400	800

- Number of countries, territories or jurisdictions
- Percentage of total
- Number of companies

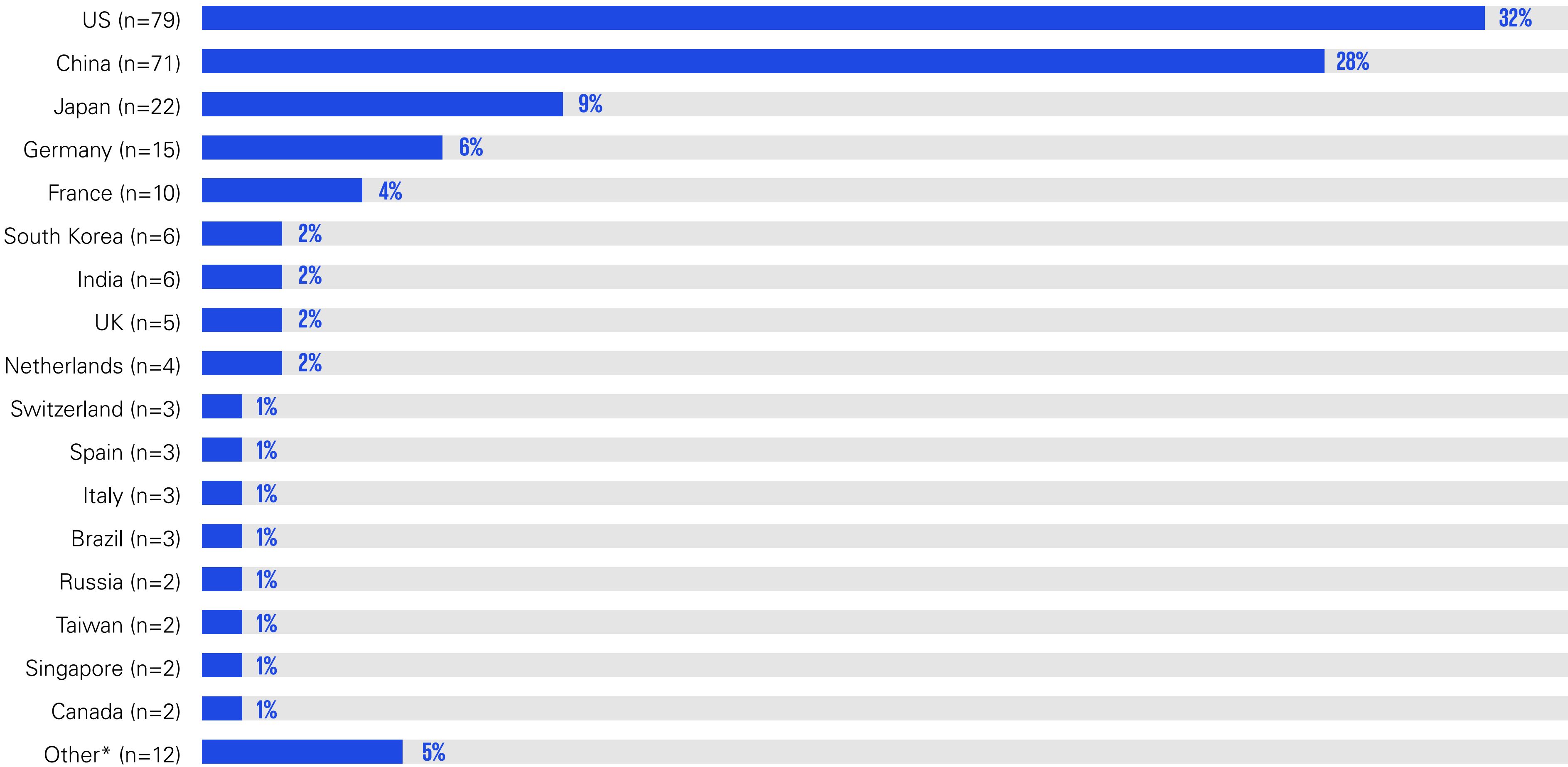
Companies from France and Kazakhstan, included in 2022, are not covered in this edition.

N100 groups of companies by sector

- 325 | 6% Automotive
- 569 | 10% Food and beverages
- 119 | 2% Mining
- 539 | 9% Technology, media and telecommunications
- 145 | 3% Chemicals
- 63 | 1% Forestry and paper
- 290 | 5% Oil and gas
- 287 | 5% Transport and leisure
- 220 | 4% Construction and materials
- 205 | 4% Healthcare
- 188 | 3% Personal and household goods
- 358 | 6% Utilities
- 1,200 | 21% Financial services
- 662 | 11% Industrials, manufacturing and metals
- 532 | 9% Retail
- 98 | 2% Others

Number of companies Percentage of total

G250 group of companies by country, jurisdiction and territory



*Other covers Mexico, Australia, Indonesia, Malaysia, Thailand, Poland, Austria, Belgium, Denmark, Luxembourg, Norway and Saudi Arabia

G250 group of companies by sector

Sector	Number of companies	Percentage of total
Automotive	18	7%
Food and beverages	11	4%
Mining	4	2%
Technology, media and telecommunications	27	11%
Chemicals	4	2%
Forestry and paper	0	0%
Oil and gas	29	12%
Transport and leisure	9	4%
Construction and materials	7	3%
Healthcare	16	6%
Personal and household goods	6	2%
Utilities	12	5%
Financial services	63	25%
Industrials, manufacturing and metals	28	11%
Retail	15	6%
Others	1	0.4%

Number of companies   Percentage of total

What can you do?

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.

Establish a cross-functional governance structure to collect, report and approve sustainability and ESG information.

Determine strategic imperatives against key ESG topics and define key metrics, considering impending regulations including CSRD and ISSB.

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 program 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.

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Designed by Evalueserve.
Publication name: The move to mandatory reporting: Executive Summary | Publication number: 139728-G | Publication date: November 2024