Sustainability
Beyond Compliance

Key takeaways

The ESG Regulatory Landscape is changing:

Due to changing geopolitical and business pressures few ESG regulations are being delayed or scaled back while others are going ahead. For example, the EU Omnibus Proposal could mean significant delays or exemption from CSRD reporting across Europe whilst separately, the EU Deforestation Free Regulation remains applicable from 30 December 2025.

Think beyond compliance:

Delays or exemptions on compliance provide an opportunity to put time and effort to better use, think more strategically and prioritise meaningful actions. Sustainability should create long-term value, not just meet regulatory requirements. Have you envisioned what the future of sustainability looks like for your business and value chain?

The pivot to value:

A forward-thinking sustainability strategy can unlock a business's full potential through boosting revenue in new markets. It can introduce cost saving opportunities and improve resource efficiencies, as well as access to wider financing base and lower cost of debt.Is your business set up to identify and capitalise these market opportunities?

Trustworthy reporting:

Sustainable reporting is crucial, extending beyond mere compliance. Stakeholder expectations – from shareholders to customers – continue to rise. A compelling business case for sustainable investment demands quantifiable, credible data.
Do you trust your sustainability metrics?

The Path Forward: A pragmatic approach to sustainability

- Focus on building your sustainability vision and capabilities. The landscape may be confusing, but inaction is not an option. In times of complexity making deliberate outcome driven decisions that are anchored in your future business vision is always a worthwhile investment.
- What is your leadership's vision on sustainability? How does your vision drive action through the business?
- Develop a plan of how you get there, know what you can control, influence or monitor. You can't control everything. Where should you start to deliver the most impact?
- Understand your levers for action from an operational point of view and know which parts of your value chain to engage with?
- How can transparency and resiliency in the supply chain help you meet your customer needs?
- Remain agile as the regulatory landscape continues to evolve. The delays and changes in reporting requirements will continue to move. View these as just milestones along your journey, but don't lose track of what is required by when.

How can KPMG help?

We would like to invite you a two to three-hour workshop, either virtually or in person, to discuss and refine your next steps in Sustainability. A range of topics could include:

1. **Mandate from the top – Gaining board and executive level sponsorship**
   - Do I need board training, executive buy-in and KPIs?
2. **Chief Sustainability Officer (CSO) or Head of Sustainability (HoS) remit – The remit and role of the CSO / HoS within organisations**
   - What should I control, influence and monitor?
   - What should reside within the business?
     - Sustainability Strategy
     - Operational ownership
     - Reporting
3. **The Sustainability Function – The size and role of the sustainability function**
   - What size should my sustainability team be, and how can I grow my sustainability function whilst maintaining or improving financial performance?
   - Which roles should reside within the Sustainability function and within operations?
   - How does our organisation structure compare to my peers?
4. **Driving Sustainability Performance – Creating value and measuring what matters to the organisation**
   - What should I be tracking? What are the most important KPIs? Do I have the right scorecard and performance linked remuneration in place?
   - How do I set, monitor and influence performance across sustainability metrics?
   - What is the role of Finance and FP&A in driving sustainability performance?
   - What should I be disclosing – compliance only vs. market leading?
   - How do I influence my ESG ratings?
   - How do I prioritise and engage my value chain on sustainability while making it more resilient
5. **Technology and Data for Sustainability – Harnessing the power of technology to enable and drive efficiencies within sustainability and the business**
   - How do I ensure efficient and effective access to sustainability KPIs at a consolidated, business unit and functional level?
   - How do I use technology to help identify and realise the value hidden within my sustainability data?
   - Is our sustainability technology deemed best-in-class, and does it align my technology strategy?
6. **Governance, Processes and Controls – Establishing a robust control framework with the right governance model and underlying sustainability data points**
   - Are the right decisions being made in the right forums by the right people?
   - How can I leverage my existing internal controls framework for sustainability reporting?
   - How do I improve the controls around sustainability data and reporting?
   - What do I need for assurance purposes?

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