KPMG UK ESG Assurance Maturity Survey 2025

KPMG. Make the Difference.

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Executive Summary

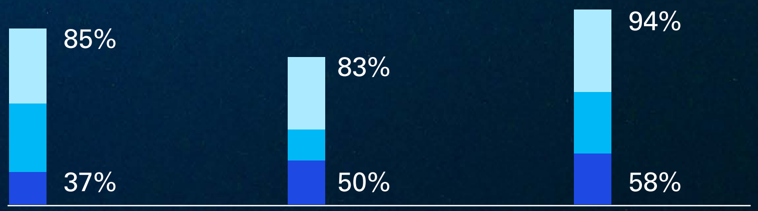
ESG Assurance has moved beyond compliance to become a driver of trust, value creation and resilience. Regulations and stakeholder scrutiny are accelerating the demand for assurance. Across the FTSE 100, 85% of companies now obtain third party ESG Assurance[1]. Of our surveyed companies, 72% are reporting regulatory pressure to report ESG information[2], which is causing complex reporting requirements for 52% of surveyed companies[2].

With reporting complexities increasing for large UK based companies who have presence in many jurisdictions with regulatory pressure, data quality and integrity are key.

Beginners vs. Leaders at a glance

% of survey respondents

Some key findings from our research



Have mandatory training programs for employees on ESG matters

Have boards who meet at least quarterly to discuss material ESG matters, impacts and actions

Have made progress in collecting and reporting ESG data externally

Beginners | Advancers | Leaders

54%

of those companies surveyed as part of the UK ESG Assurance Maturity Survey for 2025 are still struggling to grapple with inadequate data access[2], highlighting the need for standardised data requirements so that robust processes and controls can be implemented.

The leaders are climbing the data mountain; they are in the process of implementing advanced digital tools, upskilling teams and embedding robust governance and integrated supply chain processes to create mature data management, improving the quality and consistency of information. The leaders have also shown a greater likelihood to embed ESG into board oversight and supplier engagement, as well as invest in AI, ESG platforms and dashboards.

Our key finding

Strong ESG controls and technology integration improves data quality and streamlines the assurance process whilst strengthening risk management and enhancing readiness for future regulatory requirements, alongside delivering greater stakeholder confidence and long term value.

01

The state of ESG Assurance in the UK

The state of ESG Assurance in the UK

This year's Maturity Index captures a pivotal moment. With regulatory uncertainty and geopolitical headwinds, organisations are being called to act, not merely react. ESG Assurance is no longer just about compliance; it's about building trust, unlocking value, and demonstrating resilience in an era that demands transparency and accountability.

UK Market

The ESG reporting market is in a period of change. One area of flux is Europe's Corporate Sustainability Reporting Directive (CSRD). The European Commission has proposed an "Omnibus" legislative package to simplify and streamline ESG disclosures, along with delaying mandatory reporting for many companies. Despite regulatory uncertainty surrounding CSRD, 84% of companies said their sustainability reporting plans under the CSRD remain unchanged signalling strong market-driven momentum[2].

The UK government has set its sights on becoming the world's leading centre for sustainable finance. As regulatory expectations rise, assurance is becoming a critical pillar in building trust in ESG disclosures worldwide.

This has left a window of opportunity for the ESG leaders who expect significant upside from obtaining independent assurance of their reported ESG data. This includes not only operational and strategic benefits but also financial with 71% of leaders anticipating improved profitability as a result of obtaining ESG assurance[2]. Independently assured ESG disclosures help give credibility over the steps companies are taking to improve their ESG performance to customers, employees, investors, financial markets and communities.

Across the FTSE 100, 85% now obtain third-party ESG Assurance, with 98% of these companies including assurance over Scope 1 and 2 GHG emissions[1]. ESG Assurance is clearly here to stay, and there is a clear market signal that climate action is key to stakeholders. Those lagging behind are missing a vital opportunity to enhance value creation and stakeholder investment.

84%

of companies said their sustainability reporting plans under the CSRD remain unchanged[2].

85%

of the FTSE 100 now receive some form of third-party ESG Assurance[1].

52%

of companies citing complexity of reporting as a reporting obstacle[2].

72%

of companies cite regulatory pressure to report ESG information[2].

Pressure for ESG Assurance persists

Despite some regulatory rollback, in addition to stakeholder and investor expectations, regulatory pressure remains a dominant driver for external assurance.

Whilst the stop the clock has given companies time to prepare for the CSRD, assurance remains on the horizon and a key method to hold preparers to account over their disclosures.

Outside of Europe, the International Sustainability Standards Board (ISSB) continues to make waves with the Sustainability Reporting Standards (SRS) being adopted in many jurisdictions, already impacting the subsidiaries of UK parents. The UK government themselves are seeking input through their consultation on the UK adoption of SRS and the potential for Sustainability assurance reform and regulation.

The Science Based Targets initiative (SBTi) has recently closed a public consultation in June 2025 on their Net-Zero Standard V2 and is now in a pilot-testing phase, which includes requirements for emissions over Scope 1 and Scope 2 as well as relevant categories of Scope 3. The final output of this consultation is eagerly awaited.

In May 2025, the Financial Reporting Council (FRC) opened a consultation proposing adoption of ISSA (UK) 5000 for voluntary use. The consultation proposed clearer rules, with the goal of enhancing the transparency, consistency and quality of Sustainability and ESG assurance, and aligning UK practice with global standards. Feedback submissions closed on 31 July 2025.

The insights from our survey indicate that 72% of companies report that they are seeing some level of pressure from regulators for ESG Assurance[2]. Firms have also seen growing pressures from other stakeholders over the last few years. 57% of companies report receiving pressure from the financial markets, as institutional and individual investors, as well as asset managers integrate ESG criteria into their investment decisions and companies with ESG commitments benefit from lower capital costs[2].

Continuing the preparation for ESG assurance is a no-regret action, delivering benefits such as stronger processes and controls over underlying data, while also ensuring agility in the face of regulatory and stakeholder requirements.

Challenges in the ESG landscape

This year's study shows a number of key challenges faced across the ESG landscape.

For companies with international operations, the diverse ESG standards they must fulfill in different jurisdictions adds to the difficulty of ESG reporting. 54% of respondents now report under CSRD, 55% report under TCFD and 29% under ISSB[2]. That means most companies will be reporting under at least two different sets of standards. This highlights the importance of interoperability to remove unnecessary burden and duplication.

The increasing complexity of reporting and the changing regulations pose significant challenges to companies. The percentage of companies citing complexity as an obstacle to ESG reporting sits at 52%[2].

Other hurdles which still loom large include inadequate supplier ESG performance data available to companies, faced by 48% of those surveyed; and inadequate access to data being faced by 54% of companies[2]. These challenges highlight the importance of getting ready for assurance by improving ESG supplier and internal data collection processes. Homogenous processes and controls over data feeding different reporting requirements is imperative.

02

KPMG's ESG Assurance Maturity Index

Finding the balance

63%

of leaders expect improved employee engagement and productivity coming from receiving ESG Assurance in comparison to 47% of beginners[2].

KPMG's ESG Assurance Maturity Index gauges the relative maturity of respondent companies against an index of 0-100. Using the ESG Assurance Maturity scores, each survey respondent has been assigned one of three maturity categories, based on their weighted index score of 1-100. Companies that scored in the top 25th percentile have been labelled as "leaders", those in the bottom 25th percentile as "beginners" and the remaining as "advancers". But, what is the difference between a leader, advancer, and beginner?

What sets leaders apart?

Our analysis shows that many companies are still under-prepared for ESG Assurance. Index maturity scores show a wide divergence in readiness, with leaders scoring 63.18 on average, and beginners scoring 31.33[2].

The larger the company, the more prepared for ESG Assurance. For example, companies with over $10 billion in revenue have an average maturity score of 54.21 vs. 44.81 for organisations with less than $10 billion in revenue[2].

One reason larger companies are more prepared is that many (86%) of these companies are currently required to report under at least one regulatory regime[2]. The increasing need to comply with regulatory requirements is driving these firms to ensure that they are making progress in becoming ready for ESG Assurance.

Leader advantage

For organisations that progress their ESG Assurance, the benefits go beyond complying with regulatory requirements. Benefits expected include:

Reduced business risks (such as greenwashing) expected by

32% of leaders in comparison to 17% of beginners[2].

Greater shareholder value/attracting investors expected by

63% of leaders in comparison to 53% of beginners[2].

Finding the balance

While firms across the maturity spectrum face a similar number of challenges in preparing for ESG Assurance, there are differences in the hurdles each group faces. As they seek to comply with ESG standards, leaders, which tend to be larger organisations with greater regulatory exposure, face more challenges related to evolving and complex regulations compared to beginners. 74% of leaders note unclear, evolving regulations as one of the greatest challenges overall in preparing for ESG Assurance[2].

Inadequate access to data is also a challenge for leaders. These companies rely on strong data to comply with ESG regulations. 66% note it as one of the largest challenges in preparing for ESG Assurance[2].

Beginners face greater challenges compared to leaders on first order issues, such as lack of necessary skills and expertise (52% versus 34%), having products and services that aren't ESG ready (34%), and insufficient supplier ESG performance data (63%)[2].

Whether you are a leader or a beginner, finding the right balance of reward and risk reduction whilst maintaining the desired level of reporting and assurance is critical. We have found that for all companies data remains a challenge, and access to both operational and value chain information is difficult to identify and operationalise.

03 ESG Reporting trends

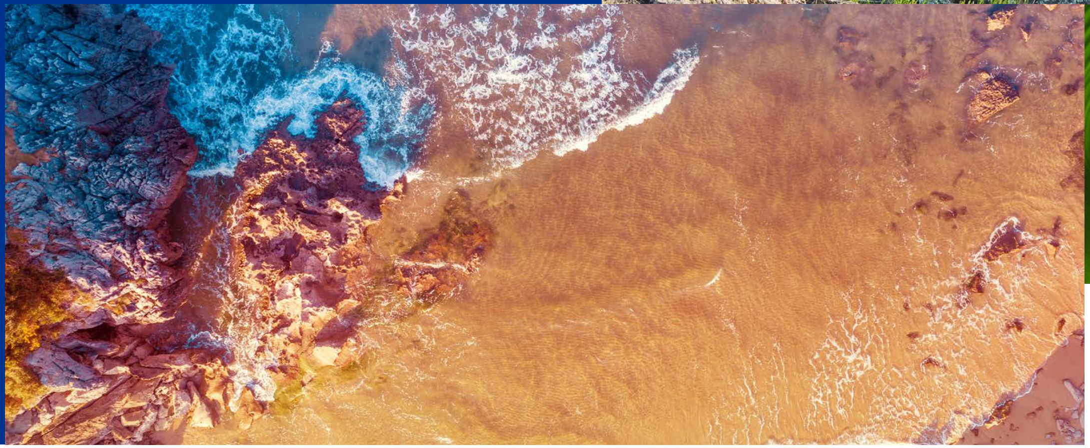
Trends of ESG Assurance and reporting leaders

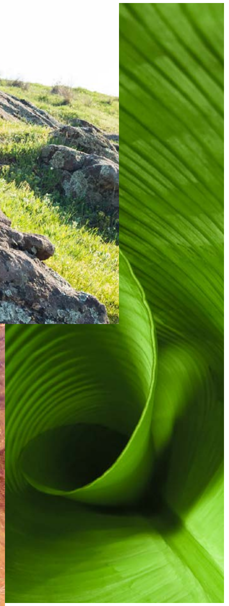
01 Data management

Leaders have powered ahead in several key data management areas. In this survey, nearly all leaders reported that they had made moderate or significant progress in defining ESG KPIs and in collecting and reporting that data internally (94%)[2]. They have also made headway in collecting and reporting data externally; 94% report moderate or significant progress in this area[2]. For beginners in comparison only 58% state they have made progress in collecting and reporting KPI data externally[2].

Companies across the board have been capturing an expanded range of ESG metrics. In our additional research across the FTSE 100, of the 85 companies who received assurance, 28% received assurance over the topic of water, 28% over the topic of waste and 46% over social metrics[1].

This expanded range of metrics allows leading companies to offer a more detailed and holistic view of their ESG performance, aligning with evolving stakeholder demands and regulatory standards, whilst demonstrating the ability to manage and collect vast quantities of ESG data.





02 Value chain

The percentage of companies putting processes in place with suppliers to support ESG reporting and assurance efforts leaves room for improvement. Only 60% of companies request that suppliers provide ESG data feeds into their company's data management system and 43% of companies integrate ESG screening into the supplier onboarding process[2].

When asked to describe the ESG requirements that their company has established for its suppliers, 74% of beginners described their requirements as "basic" in comparison to 31% of leaders[2]. 46% of leaders stating they have a "broad" set of requirements and 20% stating they have a "robust, product specific set of requirements"[2].

Currently FTSE 100 research shows 68% of companies include Scope 3 data in their reporting[1]. Including this data helps companies provide a more comprehensive view of their environmental impact, improve risk management and meet growing stakeholder expectations for transparency.

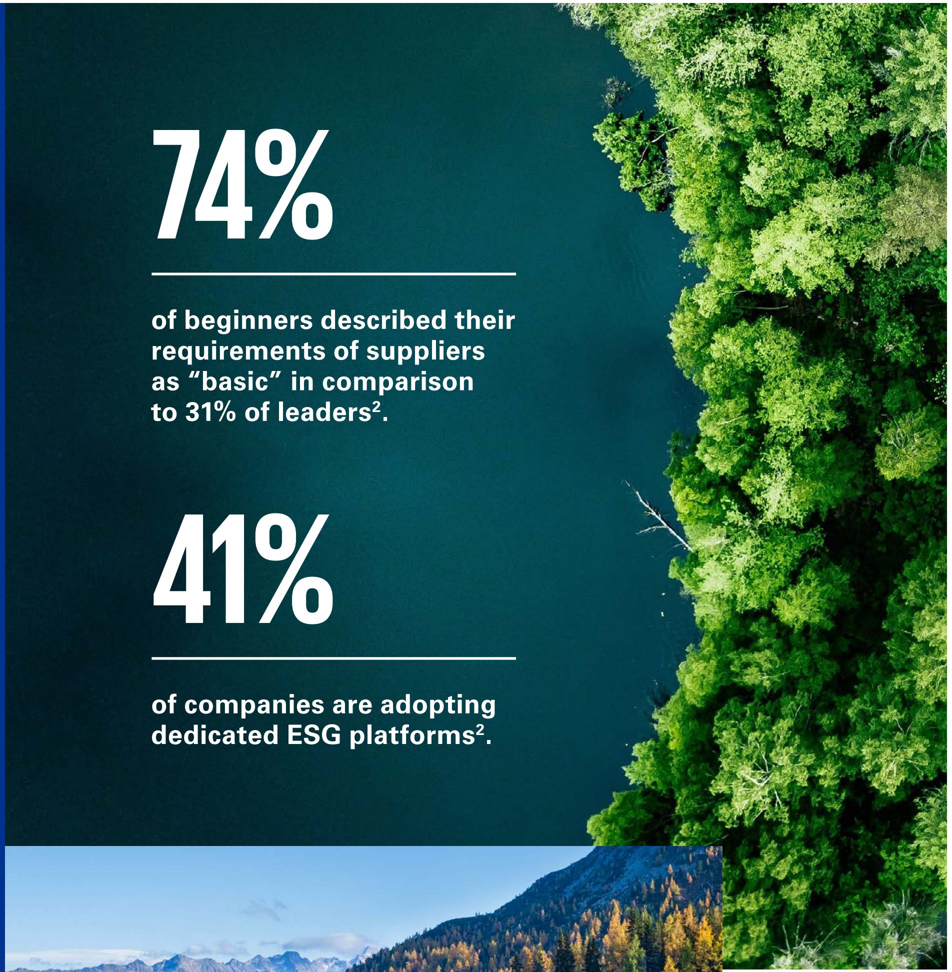
As ESG data matures, information requests to suppliers are expected to grow helping to unlock and protect sustainable supply chains, which in turn is expected to protect long term profitability and cost margins.

03 Digital technologies

Companies are beginning to understand that the use of legacy systems is hindering progress, and are adopting new technologies to improve data collection and ESG Assurance efficiency. 57% of leaders say that digital tools are key to achieving their ESG Assurance[2]. Companies are leveraging ESG specific tools and other specialised solutions, with 41% adopting dedicated ESG platforms and 18% integrating ESG reporting into ERP systems[2].

ESG data strategies are increasingly tech enabled, with 74% of firms using cloud platforms and 62% leveraging IoT for ESG data collection[2]. This underscores the importance of IT and data architecture in delivering scalable, assurance ready ESG insights. While use of generative and agentic AI is still in its early days, about three quarters of both leaders and beginners leverage traditional AI to improve ESG compliance, moderately more than beginners.

The use of updated technology helps companies streamline ESG reporting by improving data accuracy, enhancing transparency, and enabling real time tracking of sustainability metrics.



74%

of beginners described their requirements of suppliers as "basic" in comparison to 31% of leaders[2].

41%

of companies are adopting dedicated ESG platforms[2].

04 Governance

Over the last year, the boards among leaders have taken on more responsibilities in three key areas of ESG oversight: monitoring ESG performance, reviewing ESG reporting, and determining the impact of ESG on business value. 91% of boards in leader companies play at least a moderate role in determining the impact of ESG on business value, 88% have at least a moderate role in monitoring ESG performance and 91% in reviewing ESG reporting[2].

Leaders engage with their boards more often to discuss ESG matters, impacts, and options. 83% of boards among leaders meet at least quarterly, compared to half of those in beginner companies[2].

By doing the above it allows company boards to effectively manage risks, enhance reputation, ensure long term sustainability, improve financial performance, comply with regulations, attract investment, and drive innovation and growth.

05 Skills

Leaders have made progress on establishing a team with requisite skills and training to manage their ESG disclosures. 31% of leaders have established a team with the requisite skills[2]. Beginners are still significantly behind leaders, only 16% of beginners are at mid implementation, none are at full implementation[2].

Leaders achieve these results by taking training programmes to a higher level. 85% of leaders conduct some level of mandatory training for their employees on ESG matters, compared to only 37% of beginners. Leaders also recognise the value of engaging outside organisations to conduct their training. Only 11% of leaders rely solely on internal staff, compared to 22% of beginners.

Providing employees with these skills through training and establishing teams with the necessary skills helps companies to enhance ESG performance, ensure regulatory compliance, improve risk management and foster a sustainable culture.

04 Controls over ESG data

From lagging to leading

We have seen an increase in the importance of ESG controls which includes a clear integration of ESG data into formalised control environments. The result of this is that companies with better ESG controls experience a higher quality of ESG data. This means a smoother assurance process, improved risk management and stronger investor confidence, leading to long-term value creation.

Through our survey, we have identified three key areas to improve the non-financial control environment;

Data quality

Ensuring the quality of ESG data involves implementing rigorous validation processes, standardising data collection methods and conducting regular audits to identify and rectify discrepancies. These measures help maintain the accuracy, completeness and reliability of ESG data.

Companies are continuously improving their data quality checking procedures across the board. This year, 36% of companies said there was management or internal audit testing of the accuracy of the ESG data[2].

Governance & oversight

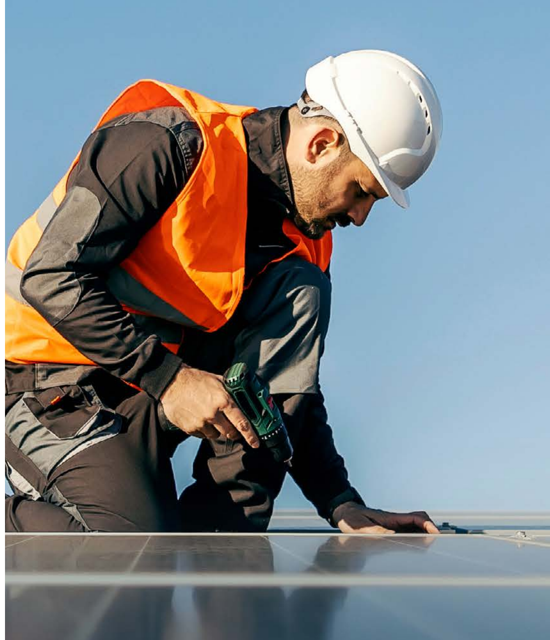
Effective governance and oversight requires establishing clear policies and procedures for ESG data management, appointing dedicated teams or committees to oversee data collection and reporting and ensuring compliance with relevant regulations and standards. This approach fosters accountability and transparency in ESG data practices.

This year 28% of companies note there is a disclosure committee or legal/compliance review of all ESG disclosures prior to publishing[2].

Technology

Leveraging advanced technologies such as data analytics platforms, blockchain, and AI can enhance the efficiency and accuracy of ESG data collection and reporting. Organisations must invest in technology infrastructure and train personnel to be adept at using these tools, ensuring readiness to meet evolving ESG data requirements.

56% of companies use ESG data dashboards to collect, organise, store and analyse non-financial data and 68% noted they used traditional AI/machine learning[2].



53%

Of companies note the manager responsible for a report performs quality checks over consolidated data after it has been aggregated[2].

05 Appendix

KPMG's ESG Assurance Maturity Index

Companies need to have five building blocks in place to be ready for ESG Assurance regulations:

01 Governance

02 Skills

03 Data management

04 Digital technology

05 Value chain

The KPMG ESG Assurance Maturity Index presents these building blocks as five pillars, each designed to measure the progress made in those areas. The index provides a cogent framework for assessing ESG Assurance maturity. KPMG can use it as a benchmarking tool with clients and as an at-a-glance index to build market awareness.

ESG Assurance Maturity Index

01 Governance

Establishing policies to ensure effective ESG reporting, which will be necessary for ESG Assurance.

02 Skills

Building the right team with necessary level of training to support ESG Assurance.

03 Data management

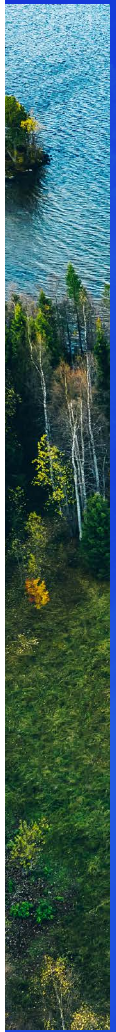
Defining ESG metrics, gathering and reporting ESG data, and creating ESG data controls.

04 Digital technology

Installing systems to manage ESG data and integrate it with financial reporting.

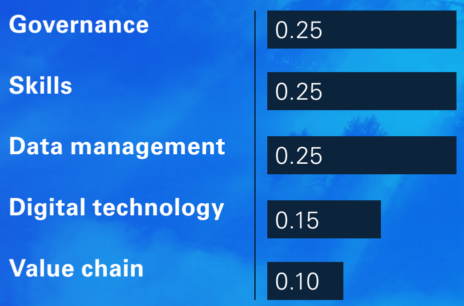
05 Value chain

Setting ESG requirements for suppliers and effective processes for achieving ESG goals.

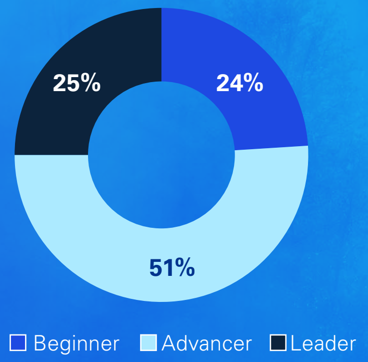


Scoring methodology

We used one or more questions in the survey to gauge progress in each pillar. We scored responses to each question and averaged them to arrive at an overall score for each pillar between 0 and 20. We then weighted and combined these pillar scores into the overall ESG Assurance Maturity score, using the following weights:



We then assigned each survey respondent to one of three maturity categories, based on their weighted index score of 1-100. We classified companies that scored in the bottom 25th percentile as "beginners," companies that scored in the top 25th percentile as "leaders," and the remaining companies as "advancers."



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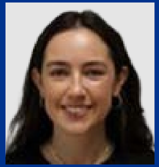

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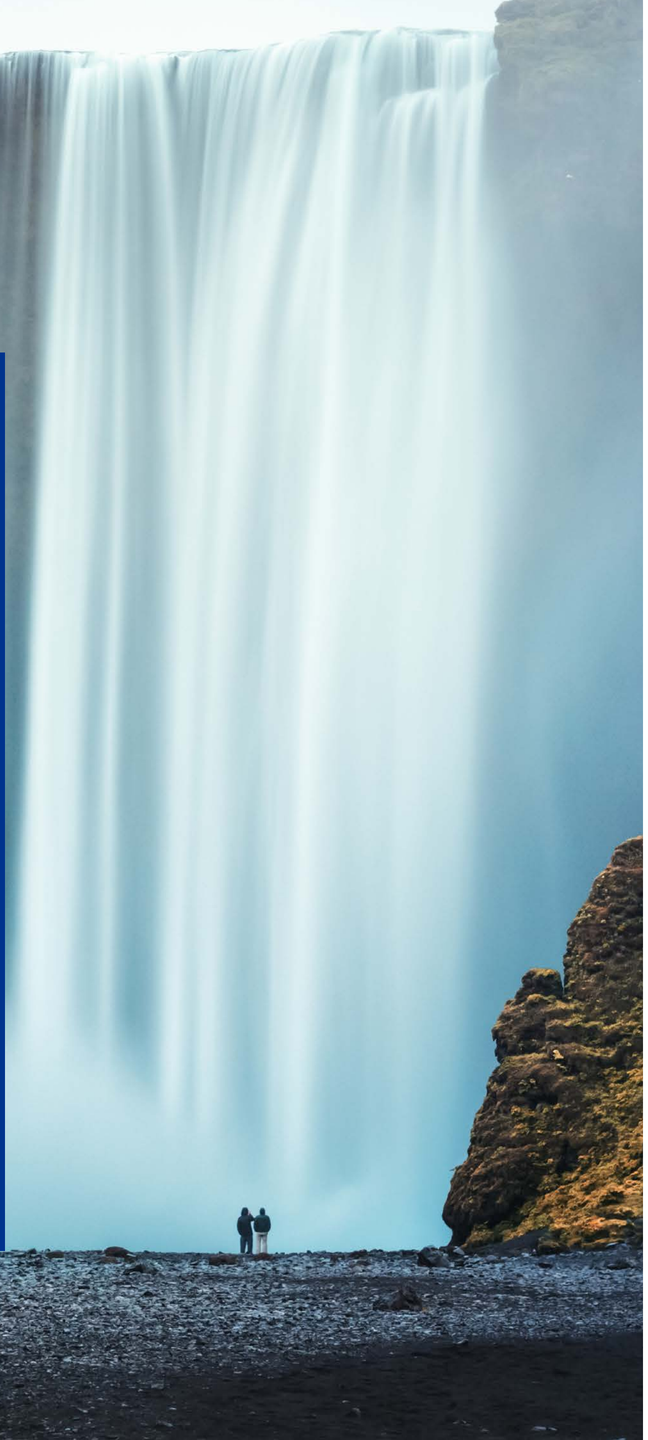

Data Sources

1. FTSE 100 public ESG disclosures, Annual and Sustainability reports, external Audit and Assurance reports, and corporate websites were analysed to extract insights on ESG Assurance practices, digital adoption, and regulatory alignment.

2. An ESG Maturity Index survey was conducted with 100 UK companies across various sectors and sizes to assess ESG Assurance preparedness and digital maturity.

Global ESG Assurance Maturity Index

For further detail on the global ESG Assurance maturity and our findings from this survey please see below:

Global Maturity Index

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