



The trusted path to ESG reporting



The powerful combination of Workiva’s cloud-based platform for ESG, financial reporting, and GRC, with the ESG, financial, technology, reporting, and controls experience of KPMG professionals, helps companies fully leverage technology to achieve key reporting and governance outcomes: trusted ESG reports.

Global sustainability disclosure requirements continue to evolve at a rapid pace, and stakeholders increasingly expect environmental, social, and governance (ESG) disclosures to be more transparent and “investor grade,” i.e., based on complete, accurate, and comparable data. Companies can achieve ESG reporting efficiency, quality, and control through the effective use of integrated technology solutions along with the guidance from trusted professionals with deep expertise in ESG strategy, reporting, and control processes.

Reliable ESG reporting is now a corporate requirement, demanded by every stakeholder group from investors and consumers to employees. Executives and board directors recognize the demonstrated value derived from ESG strategies, compelling more companies to establish or upgrade existing programs.

Regulators, including the U.S. Securities and Exchange Commission, European Commission, and European Parliament also have recently introduced ESG disclosure rules with additional reporting requirements.

However, even organizations that have been producing ESG reports for years now find themselves spending significant time and effort collecting, aggregating, managing, and then reporting ESG data that can match the rigor of their financial disclosures. The time and level of effort continues to grow with escalating regulatory requirements.

As a result, companies are reviewing their ESG reporting capabilities and looking to technology to enable a more mature ESG program—one that can hold up to increased stakeholder scrutiny, emerging regulatory reporting, and auditability requirements.

Stakeholder demand for ESG reporting and increased transparency is rising:

58% 2021 **69%** 2022

CEOs increasingly agree on the need for reliable ESG disclosures:

72% of U.S. chief executive officers believe stakeholder scrutiny of ESG will continue to accelerate.

96% of the G250—the largest companies in the world—report on sustainability or ESG matters.

Corporate leaders also acknowledge the top challenges in delivering on their ESG strategies:


- Pressing business and economic matters, including inflation, that shift focus away from ESG
- Increased or frequently changing regulations
- Not enough budget to invest in ESG transformation
- Lack of technology to effectively measure and track ESG initiatives
- Identifying and measuring agreed metrics


KPMG 2022 CEO Outlook, KPMG Survey of Sustainability Reporting 2022


Common ESG reporting challenges


Trusted ESG reporting requires accurate data and robust processes. Companies with less mature reporting capabilities experience common pain points which, if unresolved, increase risks associated with poor disclosures.

 **Reporting complexity:** Given the numerous evolving global reporting frameworks and multitude of stakeholders who rely on sustainability reporting, the reporting landscape is increasingly complicated.

 **Data quality:** No processes or controls in place to govern data gathering, validation, and reporting; a lack of authoritative data sources; and a data availability landscape that continues to change with time.

 **Data ownership:** Lack of consistently defined roles across business and technology, giving a broad set of internal stakeholders control over data without sufficient and consistent policies and governance.


 **Auditability:** Multiple inputs and limited transparency leading to inefficiencies and inconsistencies in the audit process.


 **Manual processes:** Significant, inefficient steps to cross-reference and distribute final metrics into various reports and appendices, with too much time and resources spent on data collection and verification.





The technology and reporting solution


With deep ESG, financial, and governance, risk, and controls knowledge and experience, KPMG professionals help ensure Workiva's widely used and trusted cloud-based platform can improve the financial reporting, ESG reporting, and governance processes.

 **Automated workflows:** Automated data collection and aggregation as well as reporting processes, ensuring consistency and repeatability while reducing resource needs.

 **Data access and visibility:** Ability to compile data from disparate systems and create governance with proper controls around completeness, validity, and accuracy.

 **Assurance:** Capability to demonstrate evidence of reported values, record changes to data during the reporting cycle, and obtain executive attestation.

 **Internal controls and governance:** Leading practices and experience to quickly develop an internal assurance framework targeted to the specific ESG reporting and risk profile.

 **End-to-end integrated platform:** Fully operationalize your ESG program, while ensuring alignment across finance, audit and risk, and ESG teams in one platform.

How KPMG and Workiva work together

KPMG and Workiva founded their alliance in 2019 to help companies enhance their financial disclosure processes and have since extended capabilities to improve ESG data collection, aggregation, data management controls, reporting, and attestation.

Acting as an implementation partner for Workiva's ESG reporting, financial reporting and GRC solutions, KPMG offers a defined and tested implementation approach, delivered by a dedicated team of certified specialists and complemented by a suite of methodologies, tools, and other accelerators. Because every company is unique, KPMG helps tailor the Workiva platform to ESG program maturity and specific business and industry needs.

KPMG helps organizations achieve maximum value for organizations' ESG, GRC and financial reporting from the Workiva platform by applying our broad range of capabilities and deep expertise to transform ESG reporting.

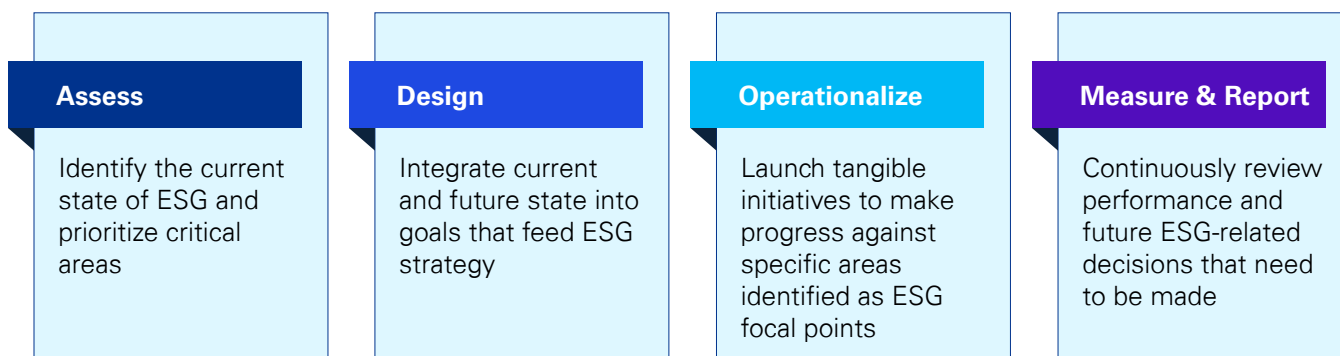
A robust and trusted ESG reporting program requires both outstanding technology and a strategic approach to implementation. KPMG works side by side with organizations to develop a target operating model, enhance data and technology capabilities, and introduce best practices for sustainable change.

KPMG enhances Workiva’s ESG reporting and governance capabilities from planning through technology application and ongoing performance improvement, including the following benefits:

- ESG materiality and regulatory assessments
- Technical expertise to establish automated data collection and aggregation routines
- ESG data sources integration in Workiva for performance insights
- Data governance process enablement on the Workiva platform
- Integrating ESG risks into existing risk management processes coupled with developing and implementing policies as a foundation for effective ESG risk mitigation
- Identification and establishment of reporting processes and controls to govern the “last” mile of reporting processes
- Proprietary training approach and materials to support change management and optimize platform use
- Integrated controls testing functionality to drive efficiency

KPMG support for the entire ESG journey

Quality ESG reporting isn’t developed in a vacuum. Rather, it’s one stretch of the complete roadmap for instituting an effective ESG strategy. KPMG Advisory Services professionals work closely with companies every step of the way.



KPMG ESG solutions are both holistic and practical. With deep experience across critical issues—including decarbonization, reporting, sustainable finance, and DEI (diversity, equity and inclusion)—we work with companies to define their ESG strategies and roadmap. We then leverage our global ESG experience, innovative technology, and partnerships such as the alliance with Workiva to develop and implement a program.

No matter where companies are on the ESG journey, KPMG can help:

- Assess and design ESG strategy covering key ESG issues, program maturity, carbon footprint, market position, and vulnerabilities
- Advise companies on their carbon reduction strategy, considering emissions reductions, carbon credits, or both
- Measure and report emissions, including Scope 3
- Embed ESG across operations, including the design of end-to-end processes with supporting ESG technology ecosystem
- Measure progress and tell the ESG story
- Embed controls throughout the process to facilitate attestation and assurance
- Make future steps transformational

Case study: A financial services company introduces a better reporting process with cascading effects on productivity, controls, and auditability.



Challenge: One company's annual sustainability report looked great, but the production reflected multiple issues.

The data collection process, managed within Excel, PowerPoint, and email, didn't have any controls around who provided what data. Excel and email follow-ups were the tools used to track down data providers, and the details given were not mapped to framework disclosures. When it came time to produce the report, authors manually copied items from PowerPoint and Word and finalized approvals over email. Behind the glossy cover of the final report were over-worked teams, poor data quality, and a lack of audit evidence.



Approach: Using a lens of people, process, technology, and data, KPMG assisted the company's sustainability team in evaluating the end-to-end reporting process and stakeholders. KPMG also helped identify the risks and relevant controls to govern ESG data and reported metrics, and assisted in designing, building, testing, and deploying the Workiva ESG solution.

To create the sustainability report in Workiva, the KPMG team focused on how data was collected, aggregated, and transformed. They deconstructed each metric into individual components for mapping to relevant framework(s), established processes for data collection, and enabled auditability for governance. When the company needed to disclose additional metrics outside of the provided frameworks, KPMG customized the solution to fit those needs.

For the deployment and adoption phase, KPMG facilitated end-user acceptance testing and training sessions, and provided quick reference guides.



Value: KPMG and Workiva helped the company to reduce the overall time spent on reporting yet strengthen the control environment for ESG data, leading to enhanced auditability. Additionally, through a holistic discovery process, KPMG was able to identify gaps within the company's ESG reporting and advise on next steps.

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