



Navigate a sustainable future with KPMG ESG reporting solutions on SAP

In today's global landscape, Environmental, Social, and Governance (ESG) reporting stands as a pivotal pillar of corporate operations, responding to dynamic regulatory frameworks, evolving market dynamics, and heightened investor scrutiny regarding sustainability. As businesses navigate a terrain increasingly shaped by conscientious consumerism and stakeholder expectations, sustainability emerges not merely as an addendum to product innovation but as its central tenet. However, amidst this paradigm shift, many businesses find themselves focusing on superficial enhancements aimed at mitigating symptoms rather than addressing its root causes.

The true essence of sustainability lies not in incremental adjustments but in the integration of eco-conscious practices across the entire operation. More and more business leaders are seeking out solutions that empower organizations to embed sustainability seamlessly into their business processes, fostering a transformative approach towards holistic environmental stewardship and corporate responsibility.

The evolution of ESG reporting

Businesses are under tremendous pressure simultaneously from customers, investors, employees, and regulators, and the pressure from all sides is increasing. Many companies have put forward ambitious goals to become more sustainable and have begun their journey, but now more than ever, it is time to accelerate the sustainability transformation to reach those goals.

Overcoming challenges through innovation

On the sustainability journey, numerous challenges must be addressed:

- The first challenge is to gather all necessary ESG data. This data cannot be found easily in one single system. Currently, it is a highly manual and time-consuming process, which often results in data quality challenges.
- Furthermore, there are several ESG framework standards constantly being developed, so the requirements for companies are constantly changing. A high effort is required to keep up with the current requirements to report along the respective regulatory and voluntary frameworks.
- In many companies, sustainability action is already happening, but in many cases, this is still partly disjointed from the strategy or not yet covering all business processes.

Data and process-enabled technologies are critical to the operations of a business and the path to meeting net-zero ambitions. KPMG professionals understand the challenges organizations encounter on their sustainability journey and are here to help.

Introducing ESG reporting on SAP: A gateway to transformation

Collecting and reporting on ESG data is only the first step to becoming future-ready. You also need to act decisively on the information that you are collecting and reporting to make change happen. Using timely ESG data to drive decision-making can lead to major new efficiencies—from reduced CO₂ emissions to lower production costs as you reduce waste.

To assist companies looking to better understand, track, manage, and report on ESG results, the SAP Sustainability Control Tower offers an enterprise-wide solution that establishes a strong base for rapid and precise ESG reporting. Your business can enhance trust and transparency with stakeholders as you unlock the power of data to record, report, and act on sustainability initiatives and meet your objectives at scale. The result? You become an intelligent, sustainable enterprise, embedding sustainability data into your business processes, that helps you make balanced decisions.

How ESG reporting on SAP can help your businesses unlock its potential:

- Help manage business processes, with solutions designed to facilitate these processes efficiently.
- Improve transparency with data, where diverse information sources such as HR and CO₂ data need to be integrated into a cohesive Sustainability Data Fabric, enabling better decision-making and reporting capabilities.
- Align planning, target setting, and forecasting components to corporate ambitions with measurable targets and forecasts integrated into overall strategic planning and budgeting processes.
- Monitor progress against defined targets and initiatives that are vital to effective ESG reporting, enabling your organization to respond to evolving standards and regulatory requirements while outlining plans for improving ESG performance through sustainability initiatives and programs.
- Create a feedback loop to ensure continuous improvement and positive impact across business processes. Ensure sustainability metrics deeply embedded in data systems to inform strategic and operational decisions, fostering a virtuous circle of holistic business transformation.

ESG reporting with SAP is helping businesses in every sector solve an array of significant challenges. ESG reporting is quickly becoming mandatory for companies, particularly those with operations or customers in Europe. But it can be incredibly difficult for businesses to measure and track their carbon emissions and ESG activities effectively and to comply with diverse regulatory standards. Businesses already using SAP as the foundation for their ERP can leverage existing features and new functionalities that SAP has introduced to support a wide range of ESG reporting activities.

More leading companies in every sector are using this new functionality as a foundation for robust ESG reporting. They understand that you cannot report what you don't record. The reality is that ESG reporting is only one driver of a company's ESG activities. Many businesses also need to incorporate sustainability initiatives into their business model—whether to reduce waste, improve their product-based CO₂ emissions, or enhance sustainability across their entire value chain.

How KPMG can help: Your trusted advisor in transformation

Businesses are facing profound new ESG challenges that inevitably demand new capabilities and strategies. KPMG is taking a collaborative approach to empower businesses like yours to act with sustainability transparency along the value chain. The future doesn't wait. Your business needs informed service specialists today—professionals who accelerate the transition to modern technology with technical knowledge and consulting insights that simplify and extend the value of SAP solutions.

KPMG professionals combine our multi-disciplinary, industry-specific, business-centric solutions with the power of SAP's market-leading technology and innovations. Our trusted expertise in people and technology transformation, combined with access to the advanced capabilities of SAP's digital and cloud-based ecosystem, lets you embrace future opportunities with full confidence.

You need to record, report and act as an intelligent, sustainable enterprise. KPMG can help you get ESG reporting right using SAP—evaluating your current ESG reporting processes, future requirements, and gaps to drive change end-to-end. We review and identify affected systems, including both SAP and non-SAP systems. We incorporate relevant and required data points. And we establish modern reporting structures and automated outputs.

ESG rules, requirements and related technologies are evolving at an increasingly rapid pace. KPMG ESG professionals are working with leading organizations in every sector today to deliver timely insights and benefits that deliver flexibility to evolve and improve your ESG strategy and reporting processes as different factors evolve.

Why choose KPMG on your ESG journey?

Our professionals bring deep insights into regulatory requirements across jurisdictions. We help you determine the best technology solutions given your existing capabilities, ESG objectives and business objectives. We'll also help you find ways to connect data across systems, unlocking trusted data to support smart ESG reporting and decisions.

Our approach considers change management from the onset of every project to optimize employee engagement

and outcomes. We leverage highly advanced technology to support your processes and ESG agenda, paired with business transformation specialists who can help you optimize value from your ESG activities.

We have decades of experience implementing integrated and future-proof ESG solutions that are sustainable for your business and well-aligned to your ESG objectives. KPMG professionals can help you fully understand and leverage the SAP suite of diverse business solutions to generate timely and precise ESG data—which helps to enhance reporting and lead to smarter decision-making.

Leverage ESG reporting to drive better business insights, decision-making, and long-term value. Let KPMG show you how.

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