

# BEYOND COMPLIANCE

## Herausforderungen und Chancen der ESG Regulatorik

im Rahmen des  
**RESPONSIBLE MANAGEMENT SUMMIT 2025**

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# Learning goals and agenda



## WORKSHOP OBJECTIVES

Gain know-how:

- ESG Value Creation beyond Compliance
- Strategic Integration
- Materiality Insights
- Competitive Advantage



## AGENDA

1. Introduction
2. Regulation and Reporting
3. Strategy and value
4. Climate and Nature
5. Governance and Organization
6. Technology and Alliances
7. Conclusion and Discussion

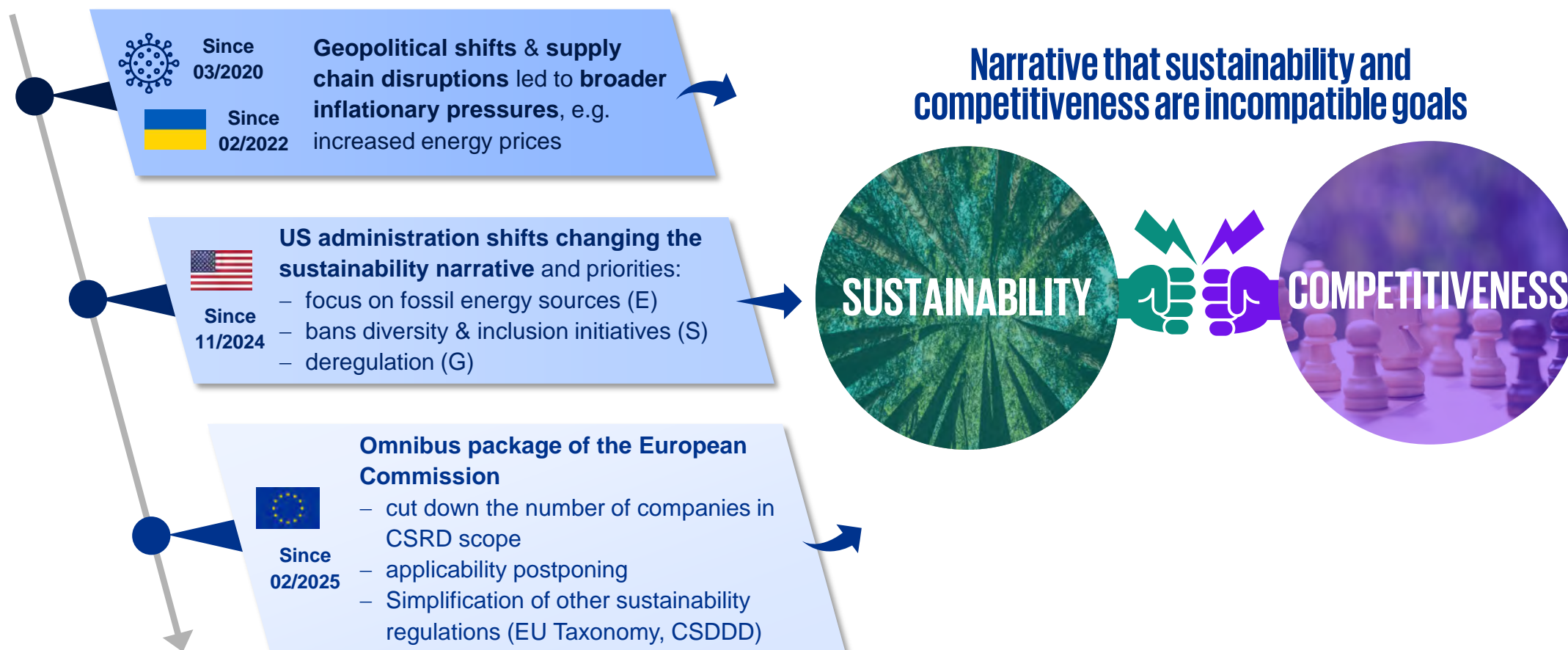
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# Introduction

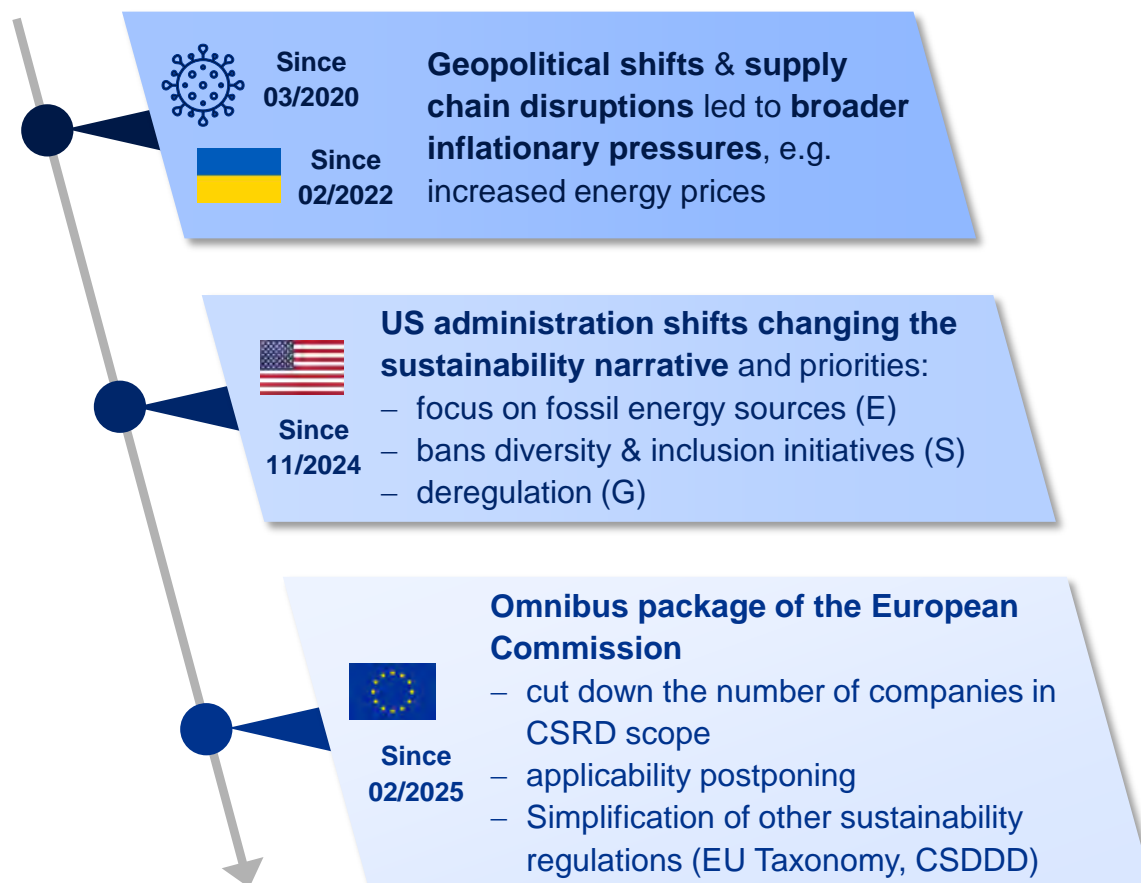


# Recent changes and challenges



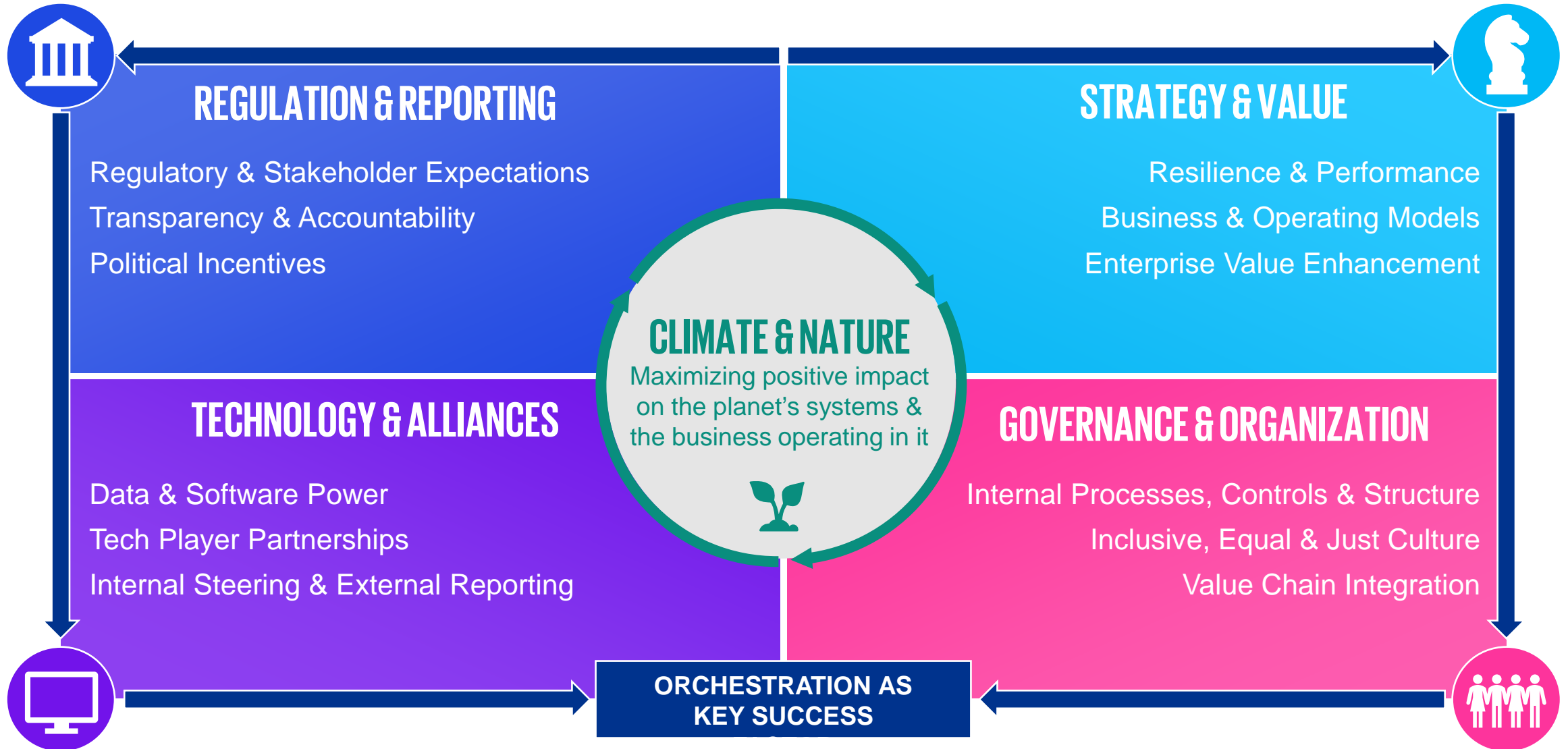


# Recent changes and challenges



**THE TASK**  
**Breaking this narrative by delivering business cases for sustainability**

# ESG transformation spans across 5 areas of focus



# Before diving in the five areas of focus, let us see how you perceive ESG



Do you view ESG primarily as a burden or an opportunity?



Which aspect of ESG do you find most challenging:  
Environmental, Social, or Governance?



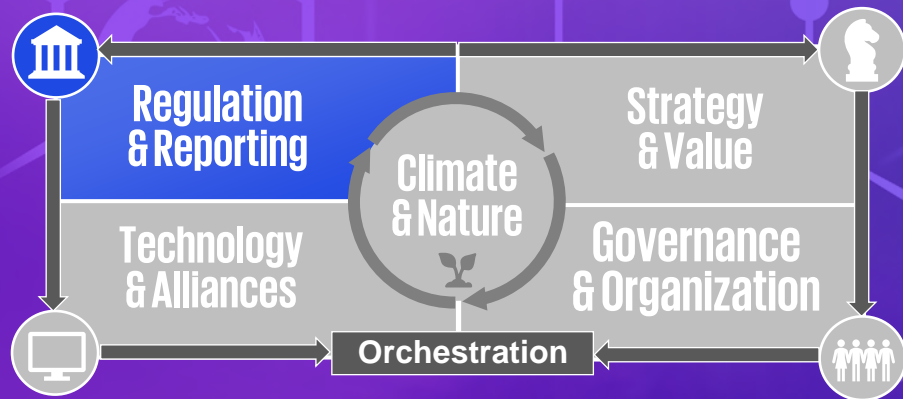
How important is ESG in your current organization?





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# Regulation & Reporting



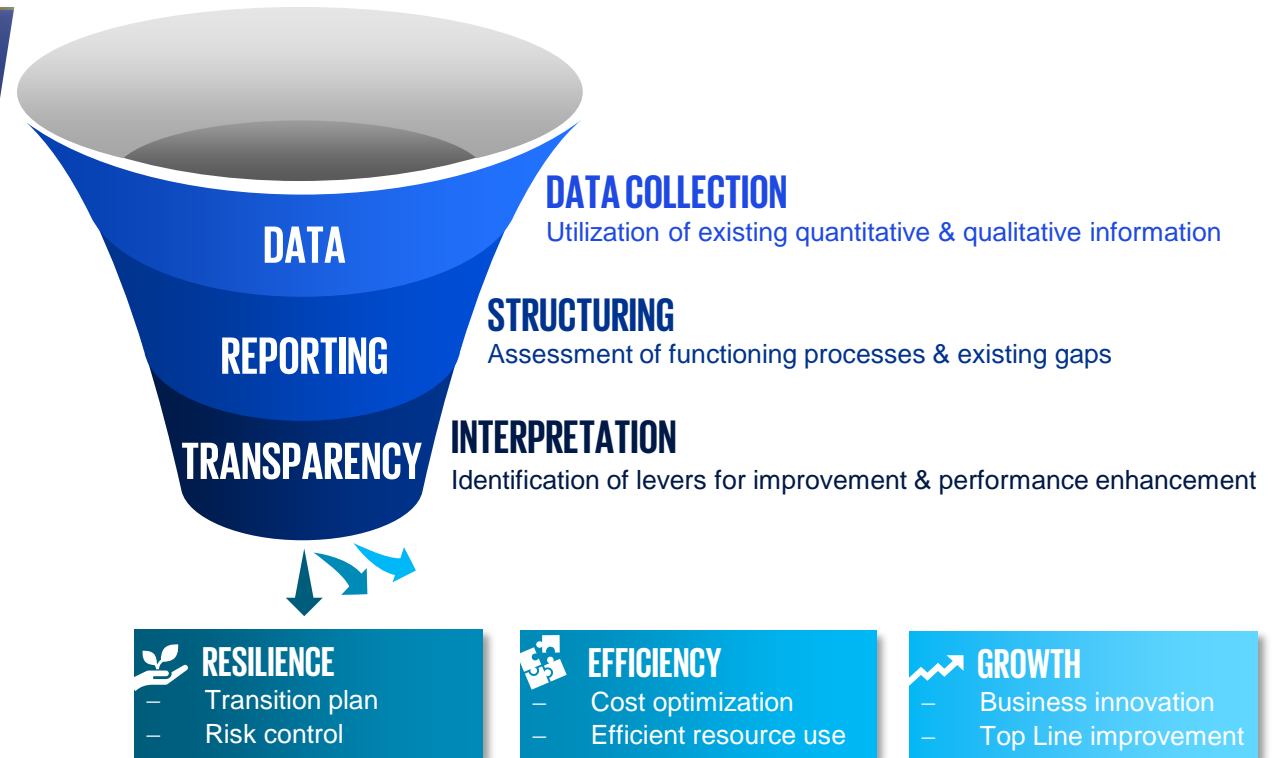


# ESG Reporting transparency as the driver of business value

## OUR OBSERVATION

### SUSTAINABILITY ACTIVITIES CHALLENGED

- **Resilience:** How to preserve economic value while facing material ESG risks?
- **Efficiency:** How to improve operational performance & efficiently use resources?
- **Growth:** How to create top-line value and build sustainable business models?



**Unveil business opportunities with your ESG report: Improve capital access, uplift company value and develop a competitive advantage.**

# ESG Reporting transparency as the driver of business value

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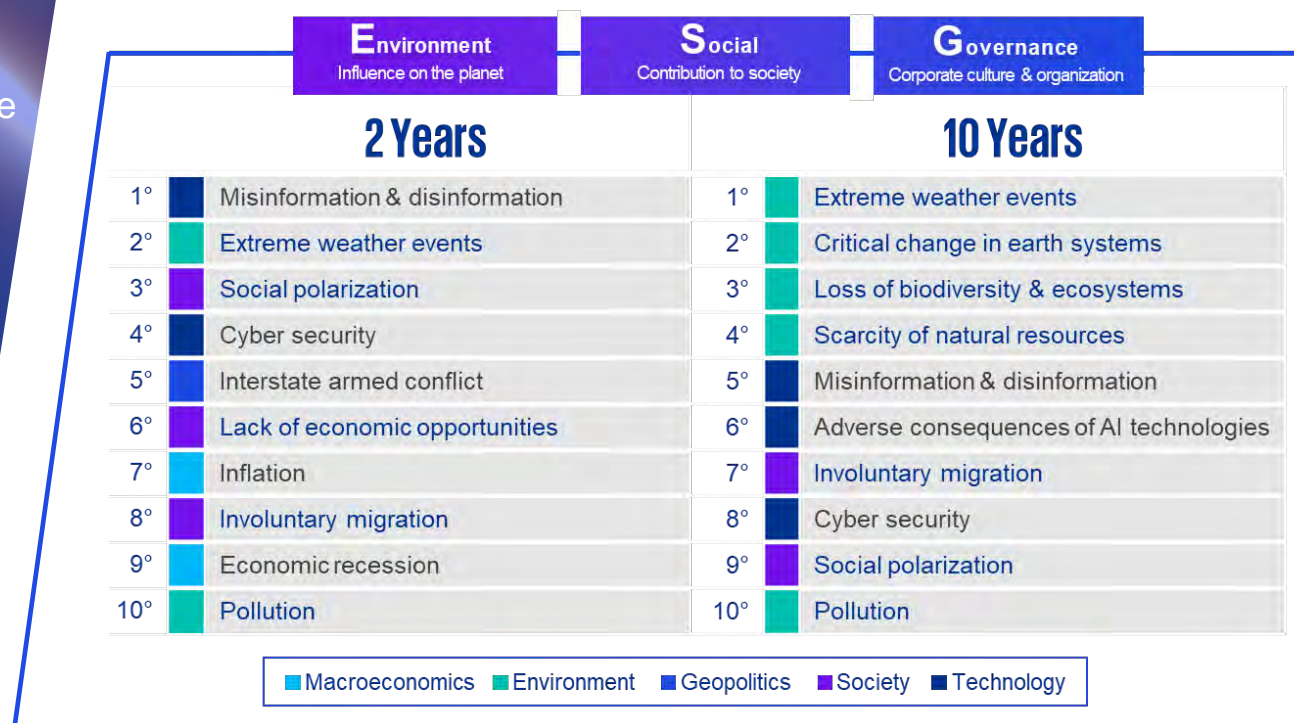
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### WHAT ESG REPORTING FELT LIKE

- It's the law
- Compliance focus
- Data-collection exercise
- Regulatory driven movement
- So many requirements

Out of the top 10 global risks for companies in 10 years, how many are ESG-related risks?



Source: [World Economic Forum, The Global Risks Report 2024](#)



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## ESG REPORTING AS BASIS FOR SUSTAINABLE SUCCESS

## ALTERNATIVE PERSPECTIVE

### WHAT ESG REPORTING REALLY IS

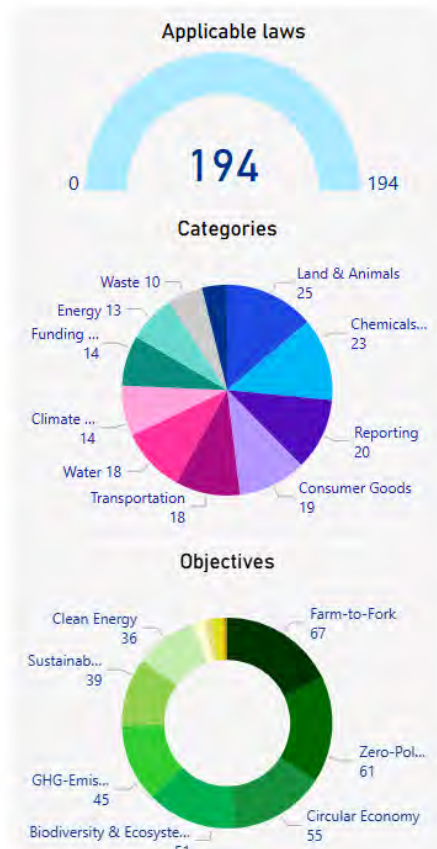
- Potential to increase top-line/ decrease cost
- From interpretation to transformation
- Identify areas to optimize business
- Structured transparency
- Risk-Control
- Reliable data-source
- Resilience-driver



# The EU Green Deal regulatory landscape



# Navigating your legal landscape



**Industry/Sector**

Alle

- Alle auswählen
- Agriculture
- Automobiles & parts
- Basic resources
- Chemicals
- Construction and m...
- Consumer products ...
- x
- Energy • Climate & Emissions
- Chemicals & Pollutants
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**Category**

Alle

Law

- Bioeconomy strategy
- Competitiveness Compass for the EU
- Directive on repair of goods
- Green Deal Industrial Plan for the Net-Zero Age
- Asbestos Regulation
- Classification, Labelling, and Packaging Regulation
- Cosmetic Products Regulation
- Detergents Regulation
- Directive on Shippsource Pollution
- European Pollutant Release and Transfer Register (E-PRTR) Regulation
- Fertilising Products Regulation
- Food Contact Materials Regulation
- Harmonised Risk Indicators Directive

**Subcategory**

Alle

Law Type

- Non-Legislative
- Non-Legislative
- Directive
- Non-Legislative
- Regulation

**Objective**

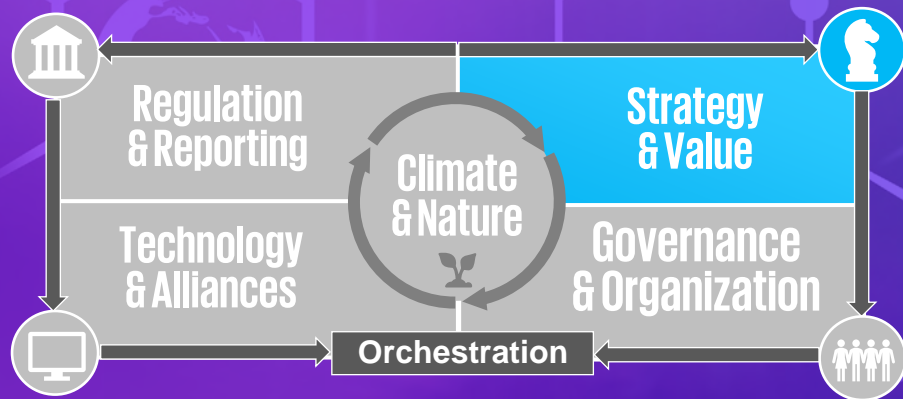
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Affected Party

- x
- x
- Member States and Companies
- State

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# Strategy & Value





# Let us see how your organization integrates ESG in its Strategy



Do you believe ESG should be a strategic priority or just a compliance requirement?



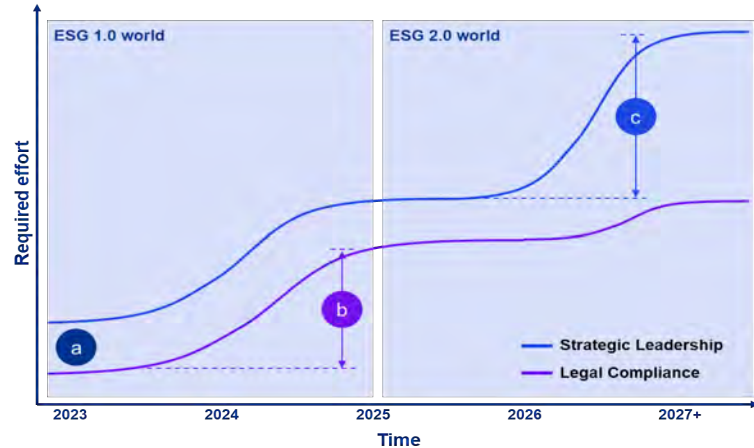
Which ESG driver is most important for your company: Reputation, Risk Management, or Business Model?



How does your company currently integrate ESG into its strategic planning?



# ESG-driven transparency will re-define strategic ESG leadership



Source: KPMG analysis

- a**
  - Marketing-Driven Leadership
  - ESG engagement unrelated to business/operating model
  - Lack of peer comparability
- b**
  - Transparency & subsequent capital allocation as primary goal of the regulation
  - Ambitious Compliance Effort
- c**
  - Strategic leadership with significantly higher effort requirements due to comparability
  - Clear & operationalized ESG strategy & transformation roadmap required for effective prioritization & execution

**Our understanding of ESG : Changing stakeholder requirements need to be understood**

**VALUE PRESERVATION**  
Avoiding ESG-related cost



**Secure compliance**



**VALUE CREATION**  
Using ESG-driven opportunities



**Develop ESG business cases**

**What are key drivers for ESG activities in your company?**

64% Climate change & env. damages

54% Politics & regulation

46% Competitive pressure

34% Societal pressure

76% Client expectations and needs

54% Owner/ investor requirements

57% New business potentials

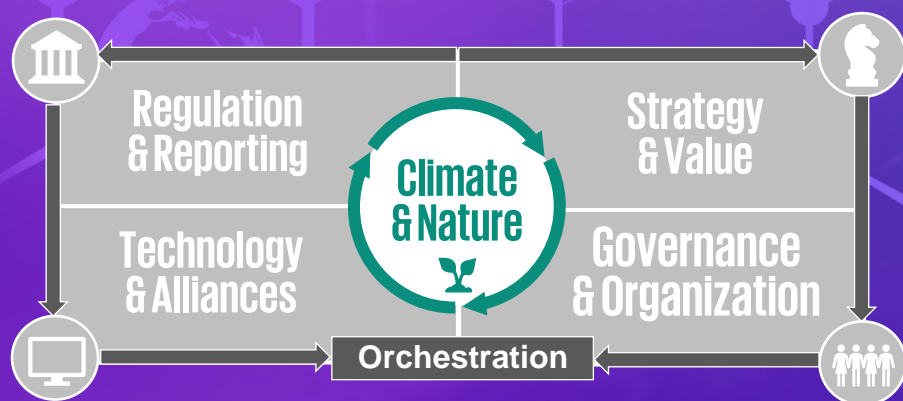
55% Employer attractiveness

Source: [Nachhaltig steuern - Studie zum ESG Management - KPMG Deutschland](#)



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# Climate & Nature





# Energy and CO<sub>2</sub>e - Managing climate risks & opportunities to meet regulatory requirements and create value at once

## WHY WE NEED TO DO IT?



REGULATORY  
COMPLIANCE

**CSRD** - transparency on physical & transition risks

**EU taxonomy** - location-based analysis

**StaRUG/FISG** - early warning systems & risk management

**TCFD and TNFD** – addressing climate risk



INVESTOR  
REQUIREMENTS

**Investor expectations** – e.g. pursuit of decarbonization pathways

**Net-Zero Banking alliance** - committed to <2°C for portfolio / industrial transformation pathways

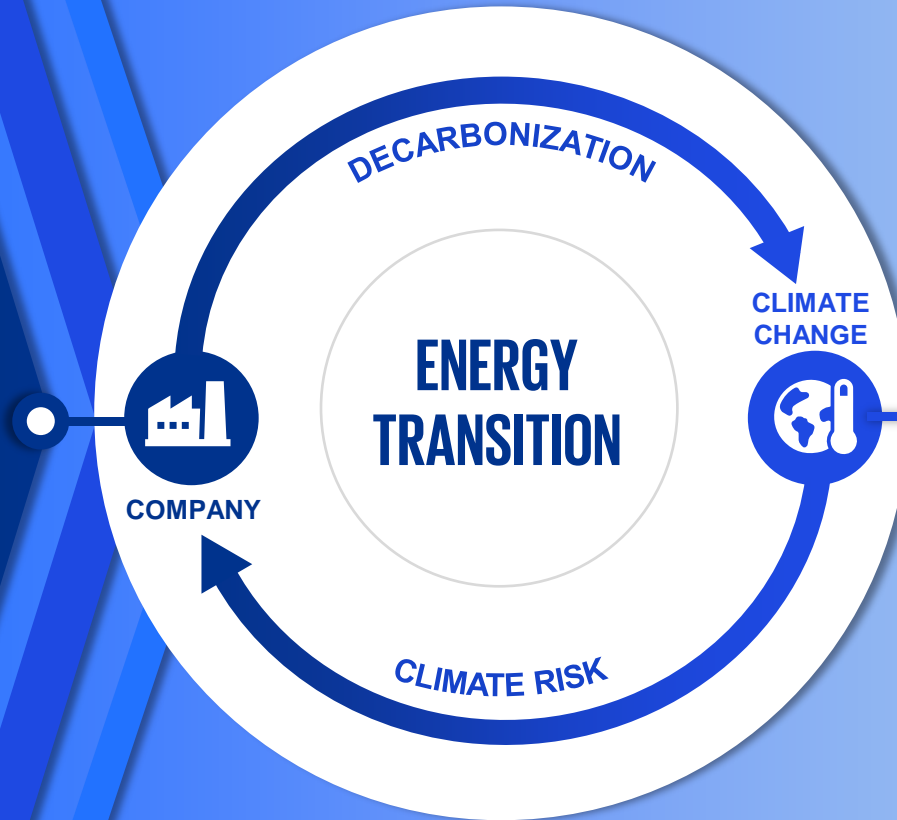
**Publication requirements** – e.g. Pillar 3 law, Green Bond standard, SFDR



EUETS &  
CARBON TAXES

**EU ETS** (EU Emissions Trading System) - makes CO<sub>2</sub>-emissions a relevant cost driver

**National regulations** - further increase costs, e.g. CO<sub>2</sub>-taxes



## WHAT'S YOUR BENEFIT?



Guiding  
corporate  
strategy



Securing &  
expanding value  
in the long-term

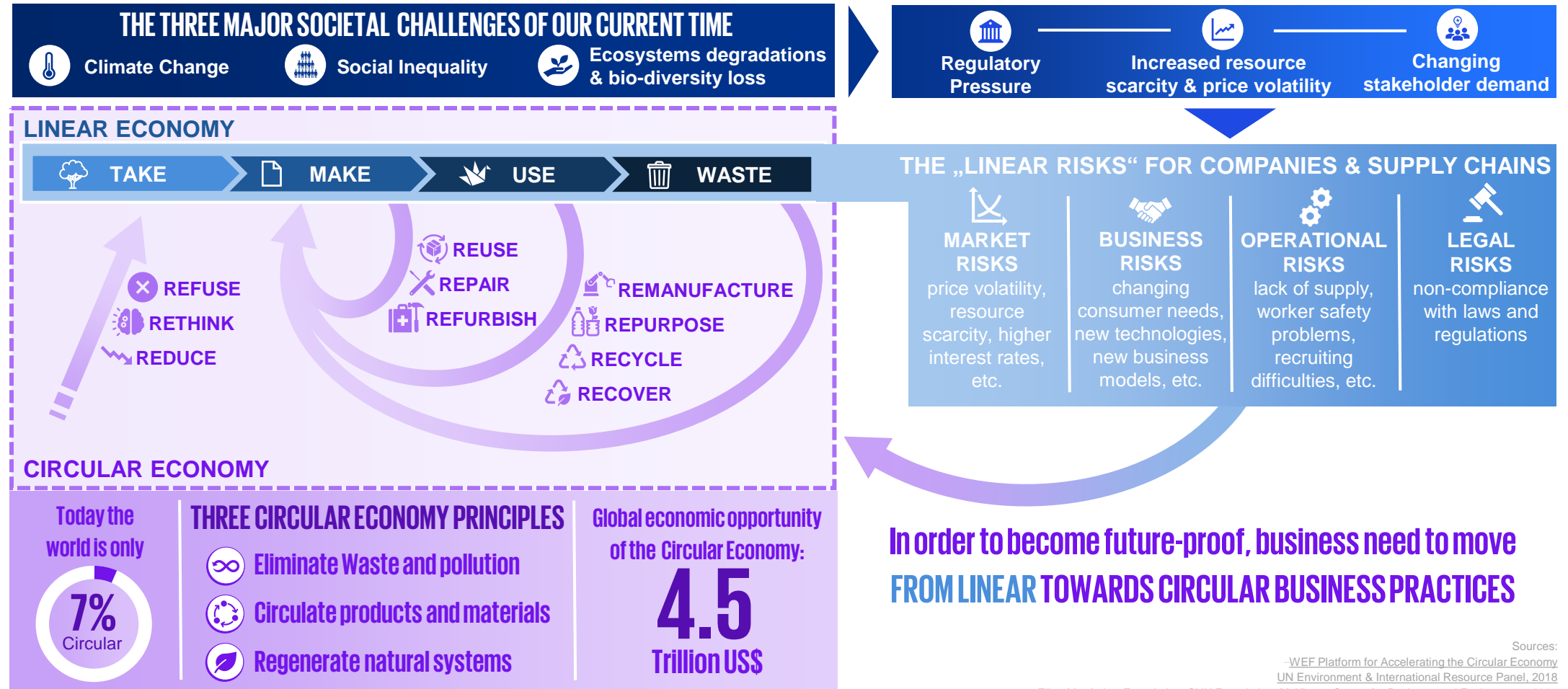


Strengthening  
resilience along  
the value chain



Increasing  
transparency &  
credibility

# The Circular Economy: What it is and Why it matters



Sources:  
[-WEF Platform for Accelerating the Circular Economy](#)  
[UN Environment & International Resource Panel, 2018](#)  
[Ellen MacArthur Foundation, SUN Foundation, McKinsey Center for Business and Environment, 2015](#)  
[Arup & Ellen MacArthur Foundation, 2018](#)  
[Ellen MacArthur Foundation & the United Nations Conference for Trade and Development, 2016](#)

# The journey from linear to circular economy



## Transition Roadmap

### Phase 1: Target breakdown

- Economic analysis & evaluation: market developments, technology trends, material scarcity, price volatility
- Identification and evaluation of levers & risk reduction potential; feasibility assessment
- Assessment of interconnections to biodiversity, decarbonization and social topics

### Phase 2: Rollout

### Phase 3: Governance and steering

KPIs, circularity tools, ownership and escalation rules, integration in strategy



# Let us see how you perceive Nature & Climate



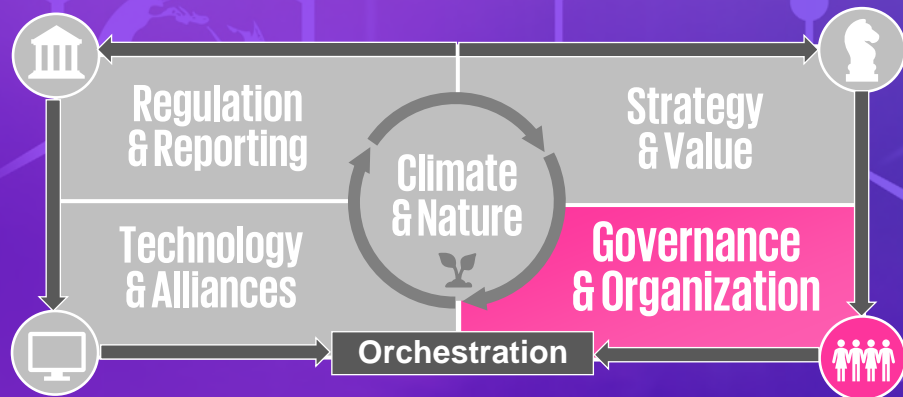
Which of the following aspects is key to your company:

- Energy Transition & Decarbonization
- Circular economy
- Biodiversity
- Water
- Other?



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# Governance & Organization



# Alignment of key stakeholders is critical



## Involved departments



## Three No Regret Moves

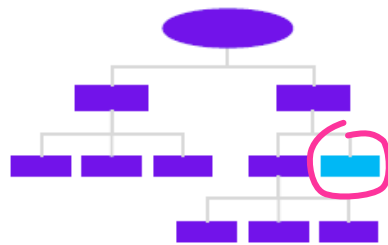
1. Assemble a Cross- functional team
2. Perform a CSRD Impact analysis
3. Perform a Double materiality analysis



# ESG needs an overall organizational structure and steering

## Evolution towards a sustainable ESG governance & organization

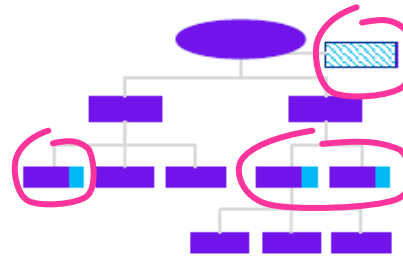
### CSR focus



- Central CSR role with focus on reporting & avoiding reputational risks
- Mix of strategic & operational tasks
- Current increasing breadth of issues & complexity leading to capacity & competence bottlenecks

**Defensive**

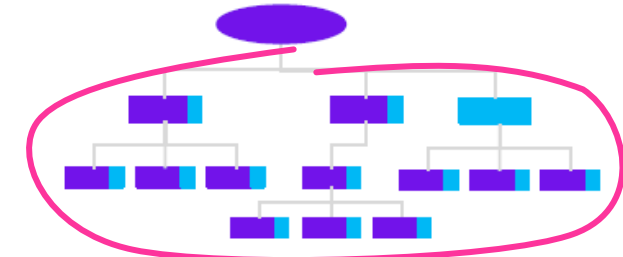
### ESG “as a project or task force”



- Creation of “Corporate ESG” department reporting to C-Level & acting as Group-wide task force
- Integration into the company (prioritized), heterogenous structure & partly unclear roles & responsibilities

**Generating value for society,  
minimizing reputational risks &  
complying with legislation**

### Centralized strategic ESG department with full integration into the decentralized core business



- Permanent establishing of the “Corporate ESG” department reporting to C-Level with central management, standard setting & group-wide coordination
- Integration into the business unity with clear roles & responsibilities

**Anchoring ESG in the overall strategy,  
economic success going hand in hand with  
value created for society**

Transformation journey & cultural change

Value creation

# Your Governance & Organization



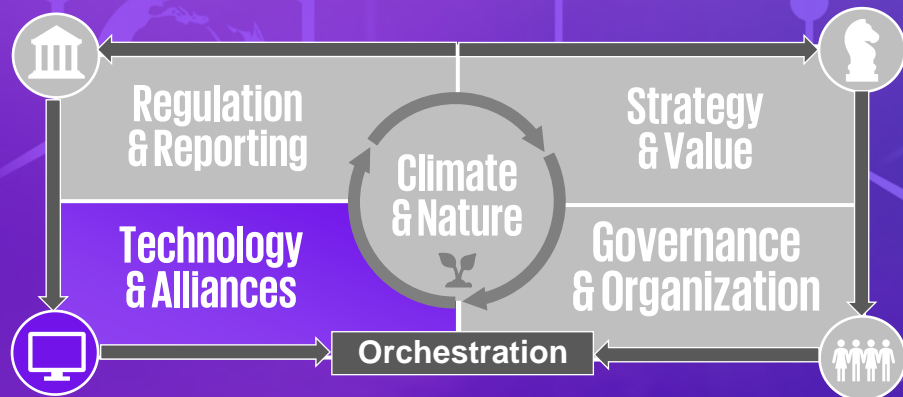
Would you like to share input about your company?

- Best practice
- Pitfalls / Worst practice
- Advices



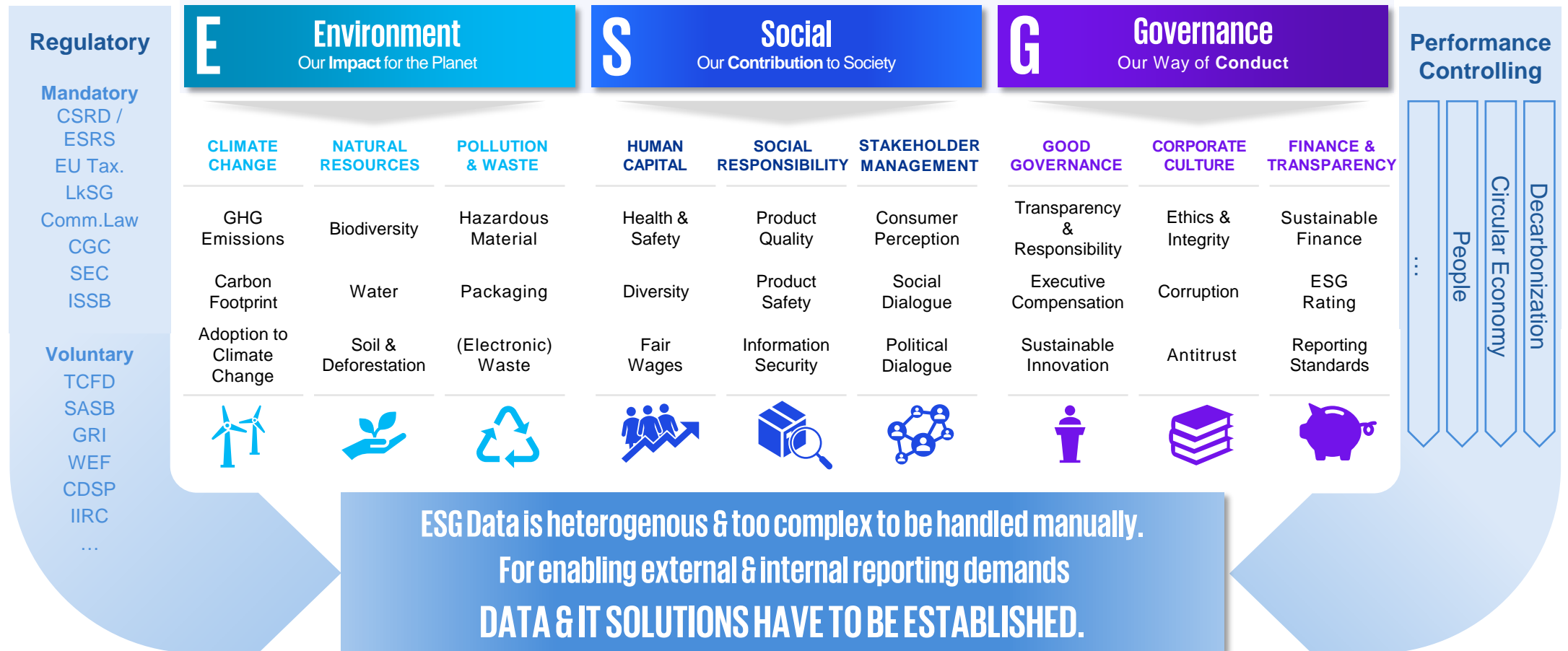
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# Technology & Alliances

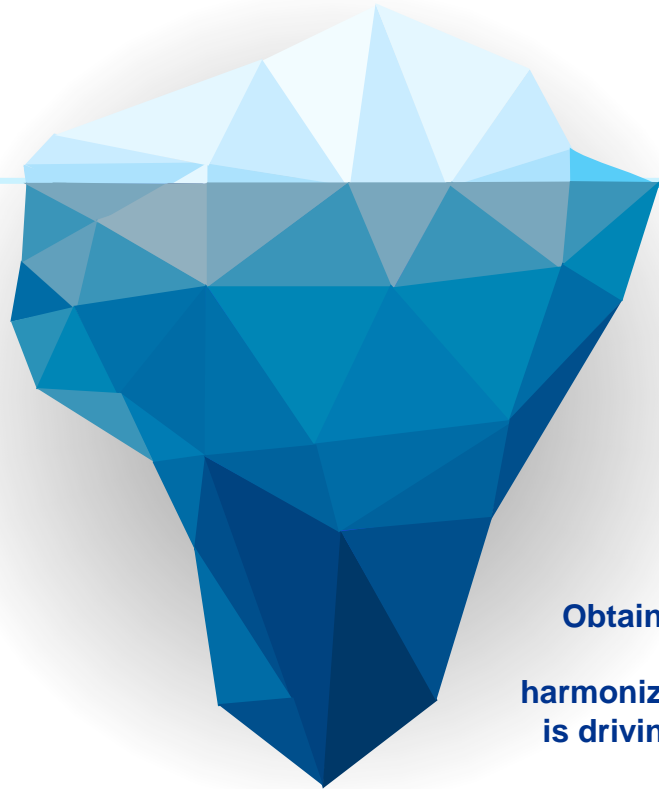




# Environmental, Social & Governance: >100 new KPIs have to be reported & IT support is of the essence



# ESG Reporting is much more than BI Tools: We need data ecosystems



Obtaining, quality-  
assuring &  
harmonizing the data  
is driving the effort!

## DISCLOSURE

“Last mile” of reporting: Assembling single KPIs from data warehouse to integrate into a glossy, printed year-end report for investors & stakeholders. Usually highly specialized tools for this purpose only.

## PLANNING, REPORTING & ANALYSIS

Many BI tools from countless suppliers allow to build dashboards, analytic reports or planning applications. Basic KPI calculations can be included; tools are targeted to be used/configured by functional departments.

## PROCESSES, COLLABORATION, GOVERNANCE

For data collection, reconciliation & handling of unstructured information, flexible applications have to be provided. Low code platforms are ideal for quick solutions in case of new functional requirements.

## (FINANCIAL) CONSOLIDATION

Financial consolidation systems & processes are usually well-established in large organizations. These can be leveraged also for data collection of ESG data.

## KPI HARMONIZATION & CALCULATION

ESG data is rarely well-structured & the raw source data is of poor quality. Data has to be organized, structured, harmonized & quality-assured in a suitable environment.

## DATA STORAGE

Similar to financial data warehouses, ESG KPIs have to be stored & provided to the stakeholders in designated data marts. Corresponding governance structures & features have to support the data provision.

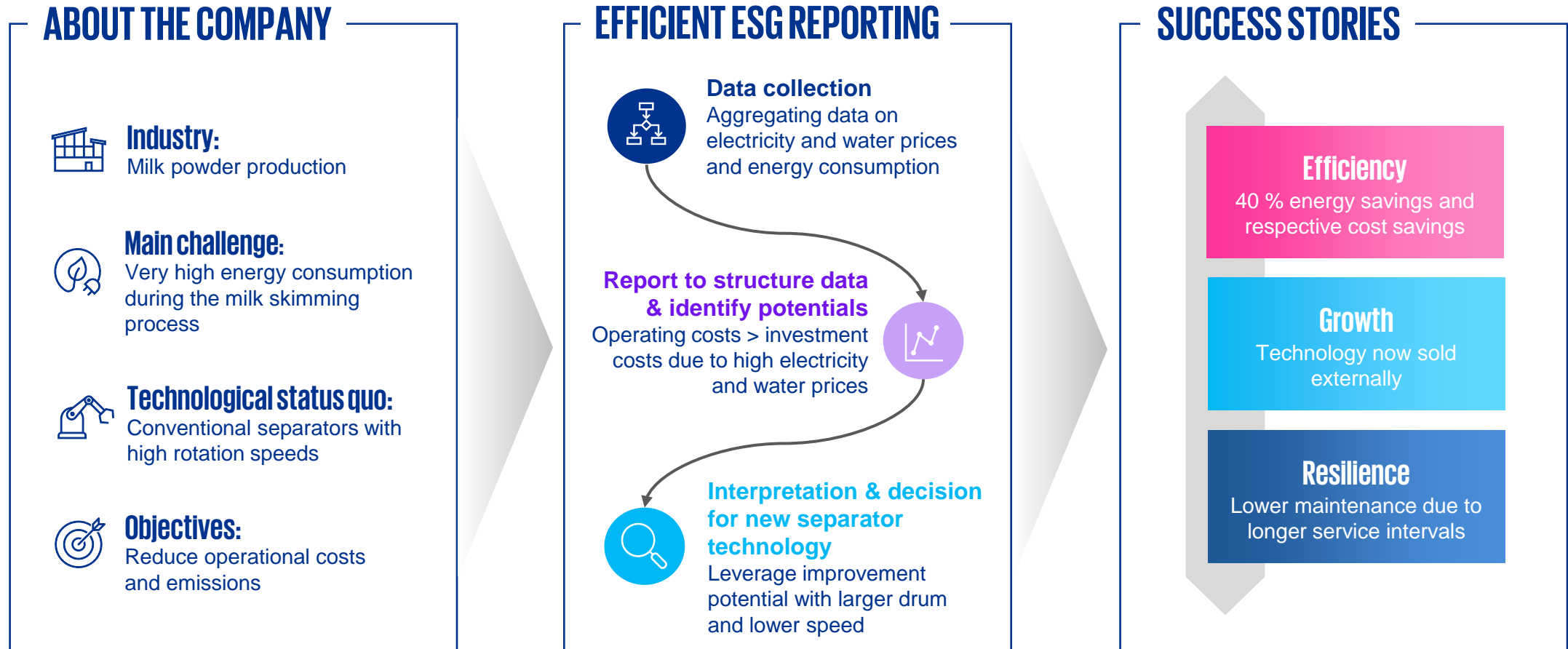
## DATA INTEGRATION/DATA COLLECTION

Unlike for financial data, 95% of ESG information comes from heterogenous data sources, most likely not SAP. These sources have to be connected & automatic/auditable interfaces established.

## DATA SOURCES & EXTERNAL DATA

ESG Reporting asks for various external data such as ESG ratings or statical emissions data which has to be integrated into the internal data sources for KPI calculations or risk metrics.

# Sustainability as a business case: ESG innovation in focus





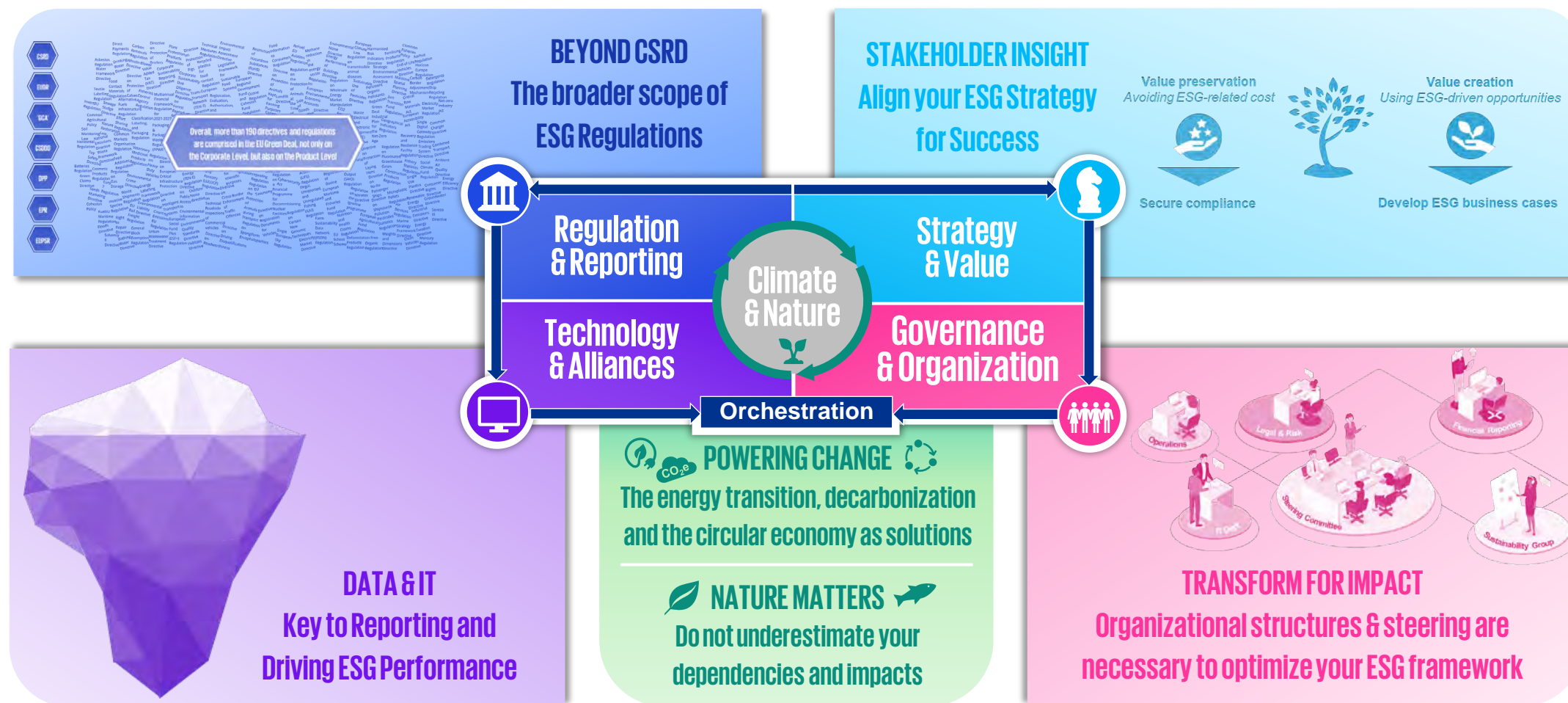
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# Conclusion & discussion



# Summary and Take-Home messages







**KPMG**



# Eure Ansprechpartner



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