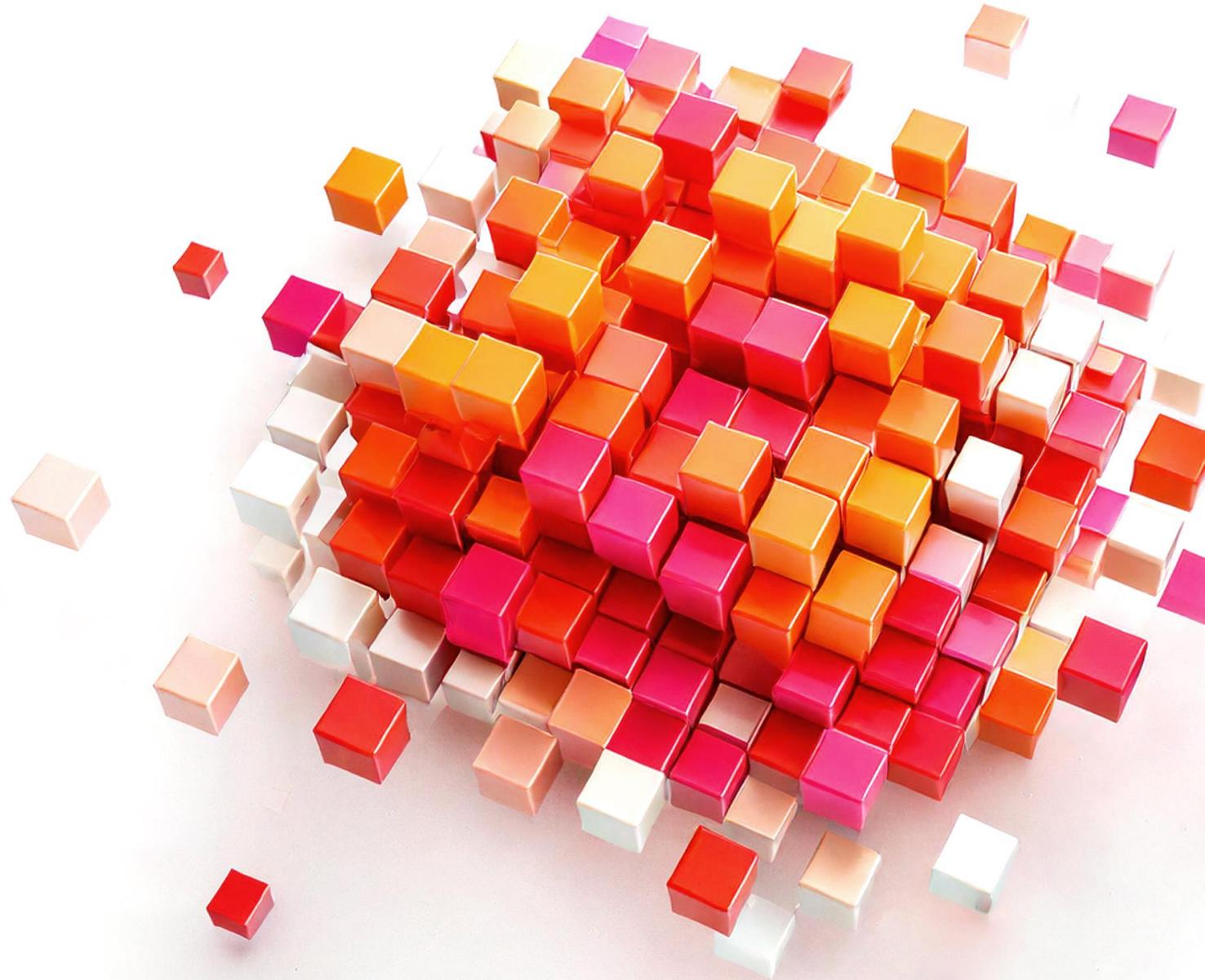# Mastering ESG Reporting and Steering

Is your strategy ready for the next wave?

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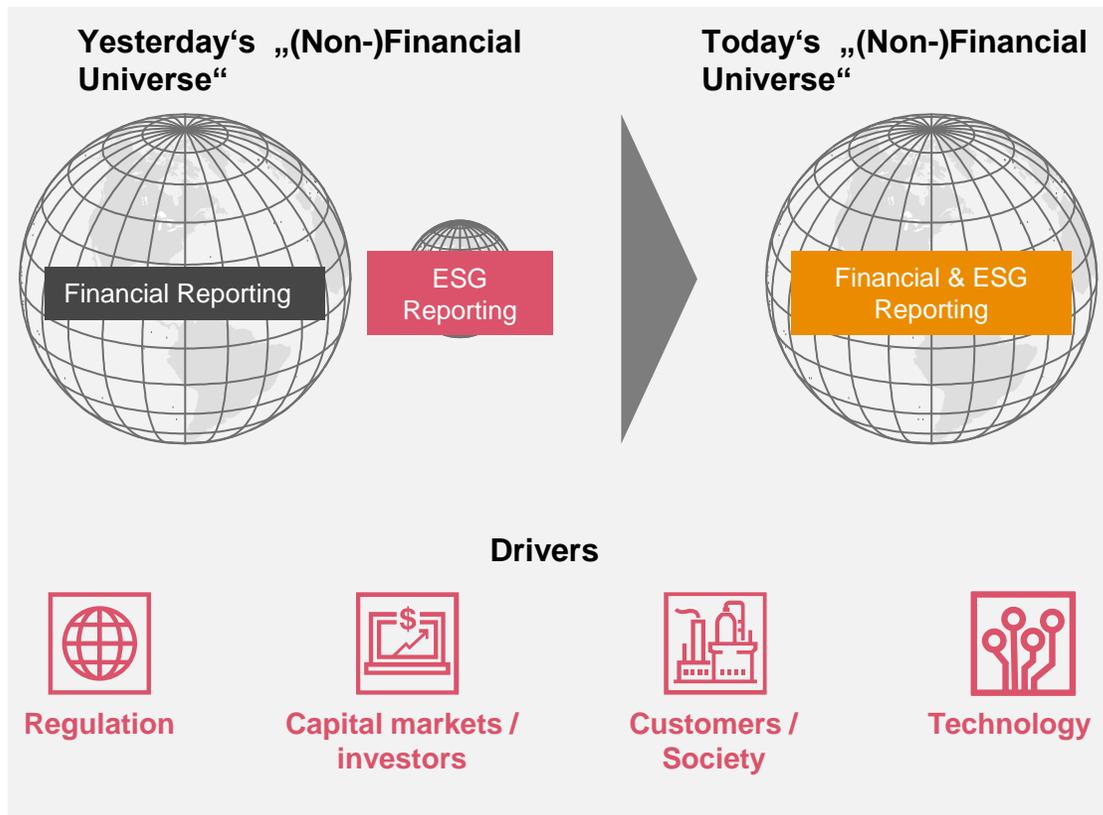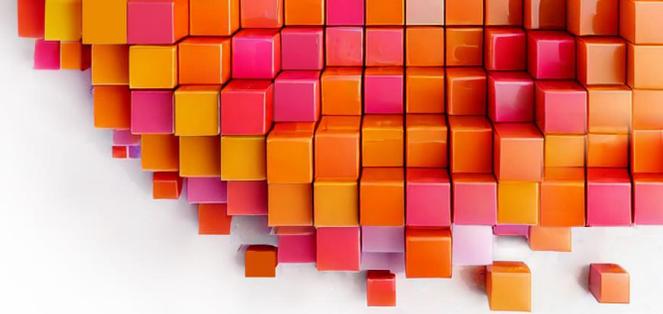**Marie-Luise Krömer**

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01 The 'new' ESG data world

ESG components are increasingly becoming an integral part of performance management
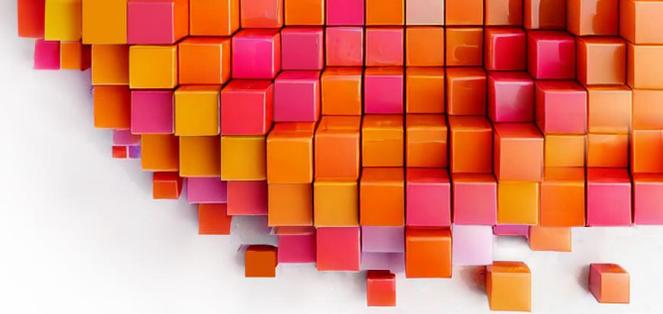
Traditional Financial Performance Management

Sustainable Financial Performance Management (enhanced with ESG criteria)

Yesterday's „(Non-)Financial Universe"

Financial Reporting

ESG Reporting

Today's „(Non-)Financial Universe"

Financial & ESG Reporting

Drivers

Regulation

Capital markets / investors

Customers / Society

Technology

Liquidity	Profit
Margin	Growth

- Traditional dimensions: **Liquidity**, **profit**, **return** and **growth**
- Previous tasks: **Planning**, **measurement**, **reporting** and **steering**

Liquidity	Profit
ESG	
Margin	Growth

- Additional dimension: **Direct influence of ESG components** on **integrated**, **sustainable** and **financial management**
- Additional tasks: **Planning**, **measuring**, **reporting** and managing the impact of **ESG compliance** on traditional dimensions

Navigating the new ESG landscape: Overcoming adoption challenges

Challenges

Internal

- Complexity to collect **high quality data**
  73% see data quality issue as the biggest challenges in ESG reporting / planning

- **Increased complexity in the planning & performance management**

- High **resource and time requirement**
  91% require fast and flexible availability of planning and performance management results whilst maintaining reasonable staffing levels
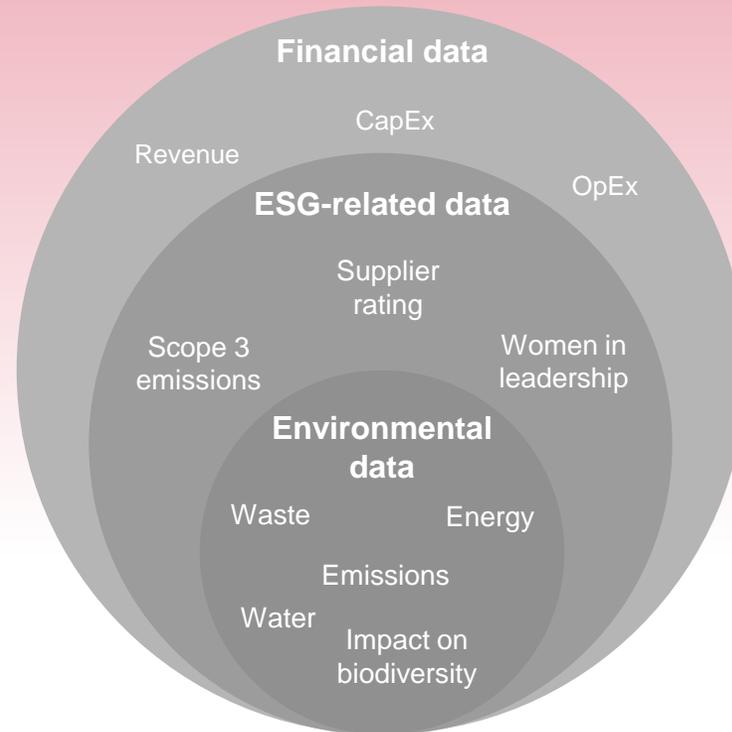
External

- **Extended stakeholder requirements** and possible conflicts of interest (ESG vs. financial goals)

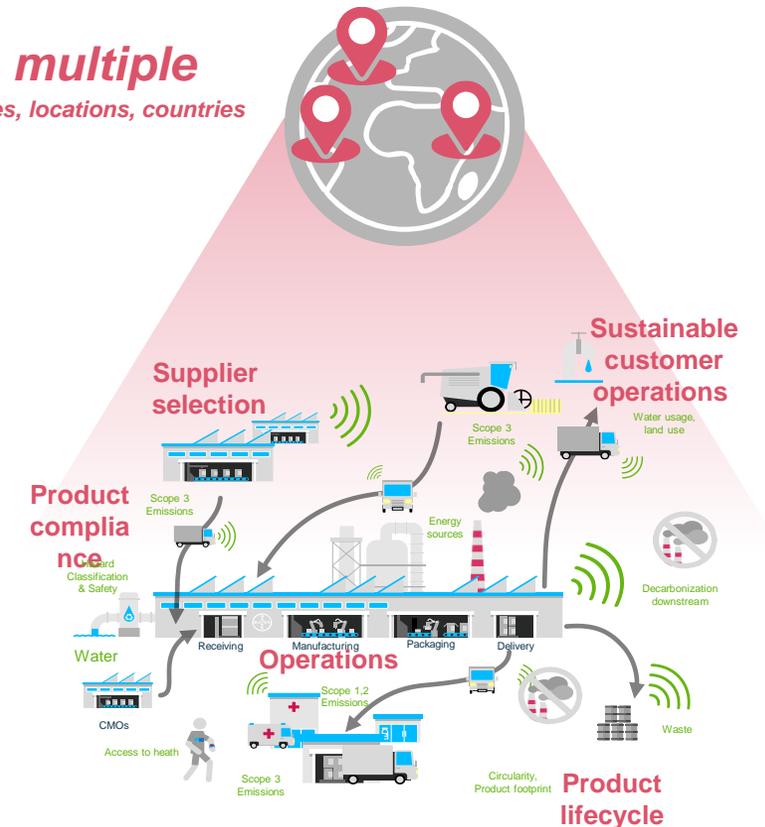- **Neglect** of use of **specialized software & business intelligence solutions** has negative effect on competitiveness
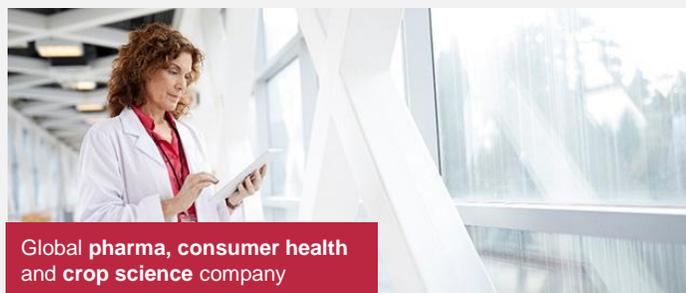
External and internal Sustainability data requirements

Financial data

CapEx

Revenue

OpEx

ESG-related data

Supplier rating

Scope 3 emissions

Women in leadership

Environmental data

Waste

Energy

Emissions

Water

Impact on biodiversity

Heterogeneous, multi-step Supply Chains

multiple
sites, locations, countries

Supplier selection

Product compliance
Hazard Classification & Safety

Scope 3 Emissions

Water

CMOs

Access to heath

Scope 3 Emissions

Operations

Receiving

Manufacturing

Scope 1,2 Emissions

Energy sources

Packaging

Delivery

Sustainable customer operations
Water usage, land use

Decarbonization downstream

Waste

Circularity, Product footprint

Product lifecycle

Sources: PwC Studie – Die Zukunft der Unternehmensplanung (2023), + ESG-Strategie und Bericht-erstattung

Project examples: Laying the data and architecture foundation for ESG reporting and steering

Two of our most relevant ESG Reporting projects:

Global **pharma, consumer health** and **crop science** company

Embedding ESG steering and reporting in all end-to-end processes within an S/4HANA implementation

Multinational **life science and technology** company

Design of a holistic sustainability data management and processes based on a future-proof target architecture

Client challenge

- **S/4HANA Transformation**
- Increased demand for **transparent ESG information**
- **Holistic ESG Steering** and **Reporting required**

- Establishment of a **robust sustainability data platform**
- **Achievement of CSRD readiness**
- Implementation of sustainability **steering applications**

Our approach

- Definition of a **clear target architecture**
- **Alignment across all end-to-end processes**
- Carrying out **SAP blueprint implementation** and rollout
- **End-2-End** CSRD implementation

- **Scalable sustainability data platform** by implementing a data management and ESG reporting solution
- Leveraging **UL360** for **EH&S data collection**
- **Automate** manual activities and establish non-financial ICS for **efficiency & audit-readiness**
- Implementation of **sustainability dashboards**
- Ensure **data transparency** from source to report by data cataloguing

Results and impact

- The **Sustainability Control Tower** has been chosen as the best-fitting sustainability solution
- Comprehensive **CSRD steering and reporting** implemented
- **Compliance** with regulatory ESG frameworks

- **CSRD readiness**
- **Sustainability Control Tower in combination with UL360** as the best-fitting ESG reporting solution
- **Designed target IT architecture** and security measures meeting current and future needs
- **Process design** of dedicated CSRD indicators
- **Sustainability data domain** for data catalog tool established
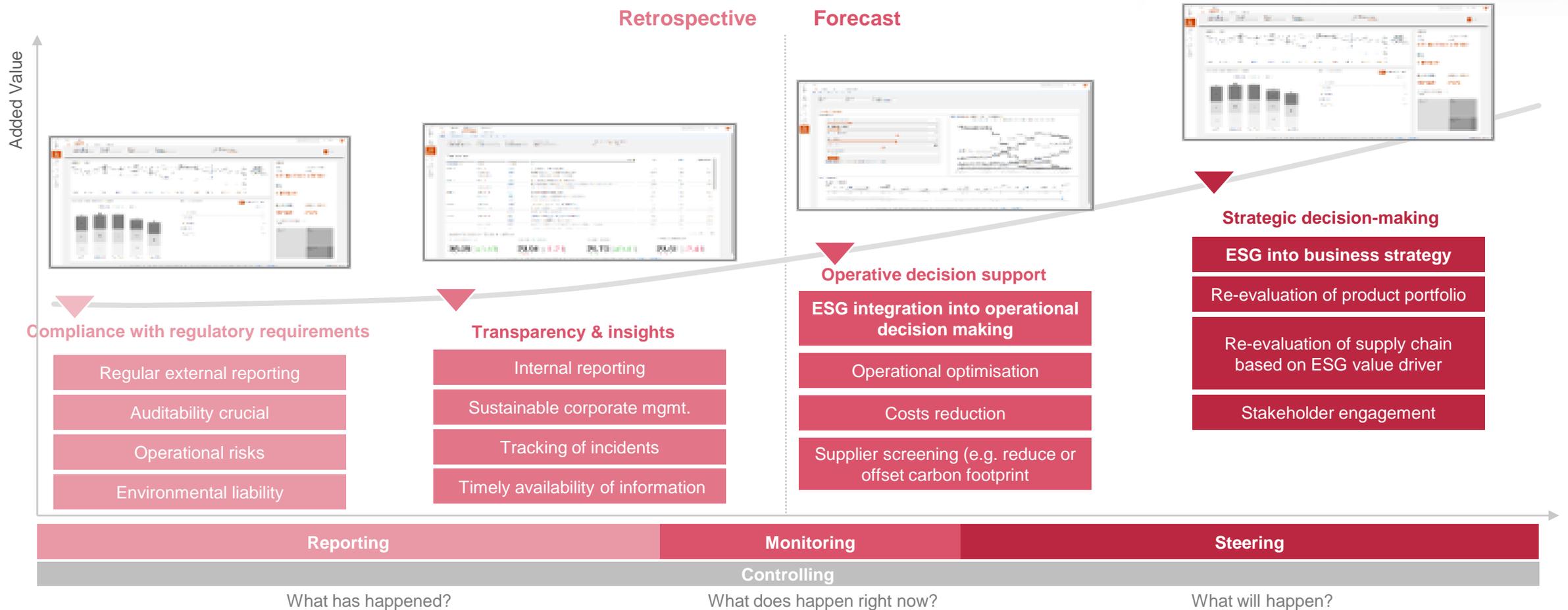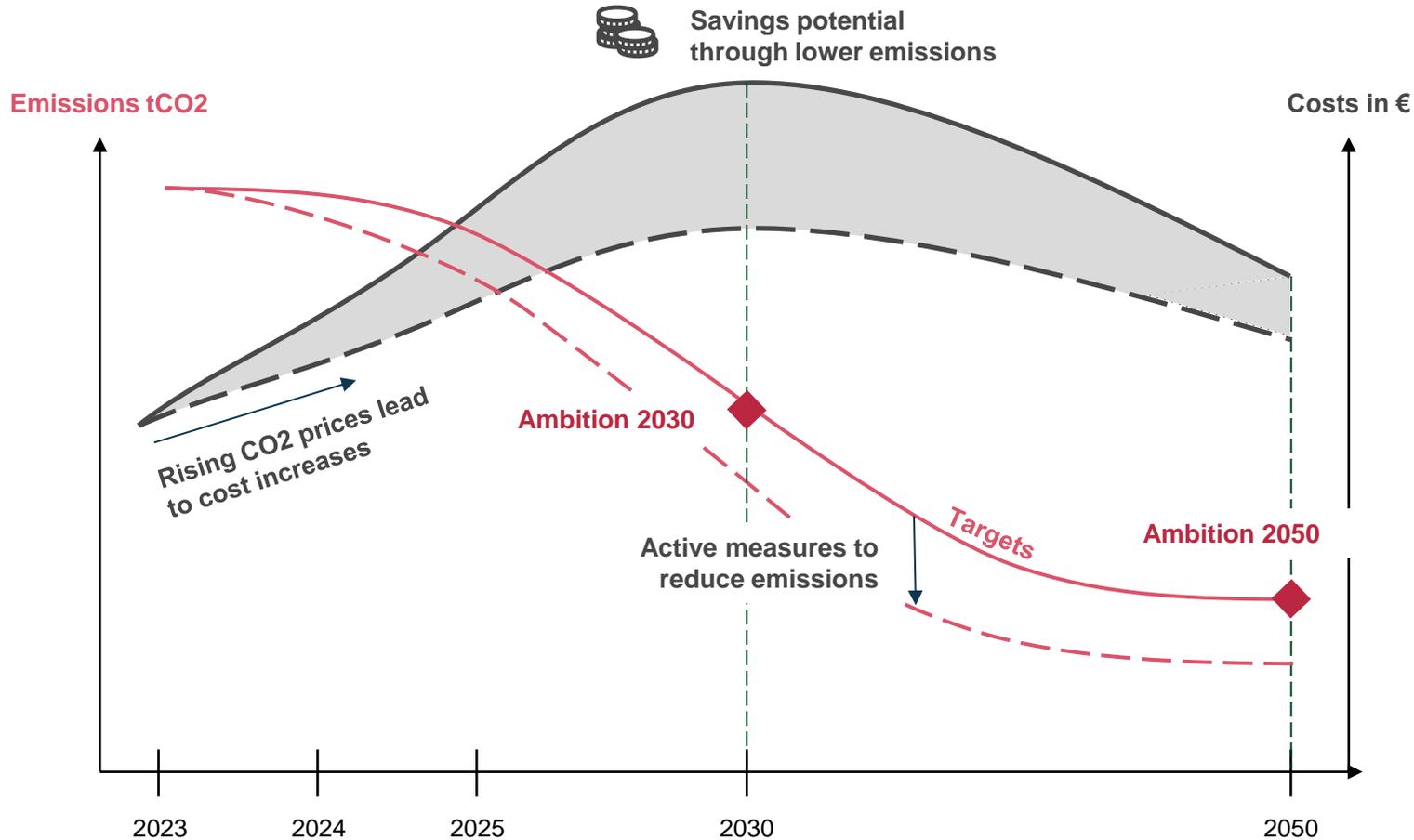
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What does the future hold?
Creating business value

Sustainability management is more than being compliant with regulatory requirements – it's all about capturing business value

Retrospective | **Forecast**

Added Value

Strategic decision-making

ESG into business strategy
Re-evaluation of product portfolio
Re-evaluation of supply chain based on ESG value driver
Stakeholder engagement

Operative decision support

ESG integration into operational decision making
Operational optimisation
Costs reduction
Supplier screening (e.g. reduce or offset carbon footprint

Compliance with regulatory requirements

Regular external reporting
Auditability crucial
Operational risks
Environmental liability

Transparency & insights

Internal reporting
Sustainable corporate mgmt.
Tracking of incidents
Timely availability of information

Reporting	Monitoring	Steering
Controlling		

What has happened? | What does happen right now? | What will happen?

Active sustainability performance management and steering offers great savings potential

Emissions tCO2

Savings potential through lower emissions

Costs in €

Rising CO2 prices lead to cost increases

Ambition 2030

Active measures to reduce emissions

Targets

Ambition 2050

2023   2024   2025   2030   2050

Benefits

€ Cost-efficiency: Long-term reduction of emission costs by reducing energy consumption and associated CO2 emissions

Risk management: Early inclusion of CO2 prices leads to planning security and prepares for regulatory changes and avoids unexpected costs from future CO2 regulations

Competitive advantage: Positioning as sustainable and environmentally conscious company on the market

Improved investment decisions: Consideration of CO2 prices promotes sustainable projects and leads to better resource allocation and long-term savings

Innovation: The need to reduce CO2 emissions stimulates innovation and the development of new technologies, which can lead to a competitive advantage in the long term.

Achieving sustainability goals: Active ESG corporate management supports companies in achieving their sustainability goals

Active sustainability performance management and steering offers great savings potential

1. Definition of targets and forecasting

1.1. Definition and interpolation of target values up to 2050 → **1.2.** Driver-based prediction of key figures → **1.3.** Taking the delayed implementation into account

2. Definition of measures

2.1. Definition of measures → **2.2.** Specification of measures with ESG and financial aspects → **2.3.** Identification of the best measures

3. Simulation und Reporting

3.1. Scenario planning and simulation → **3.2.** Automated identification of the optimal scenario → **3.3.** Analysis of financial and ESG implications

Impressions of PwC's accelerator for ESG performance management and steering

Definition of target values based on corporate strategy

Driver-based prediction of ESG metrics

Creation of projects

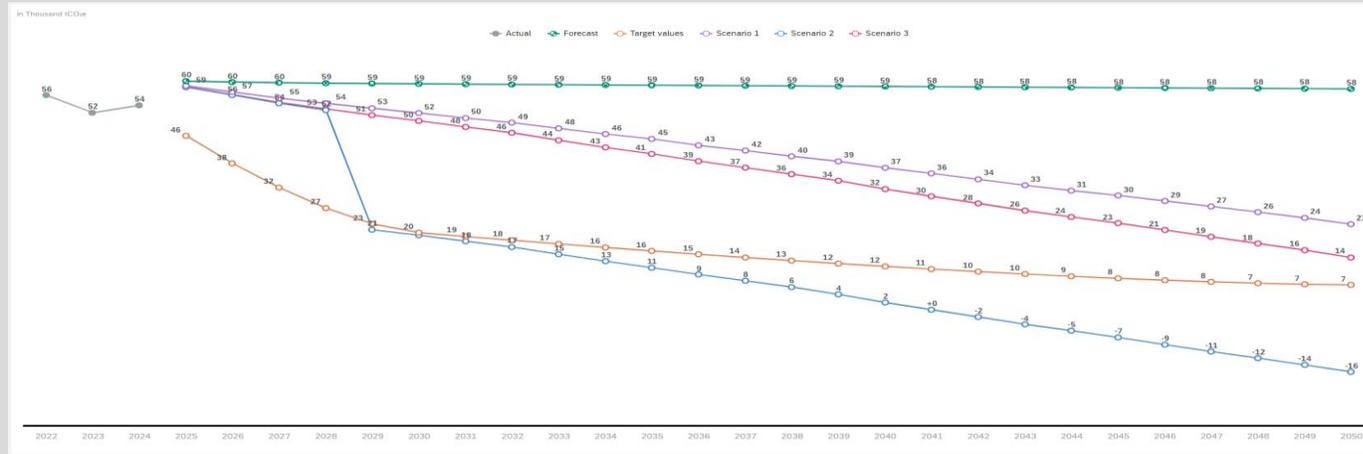**Specification and integration of financial aspects**

Impressions of PwC's accelerator for ESG performance management and steering

Creation and identification of the best measures to achieve the goals (marginal abatement cost curve)
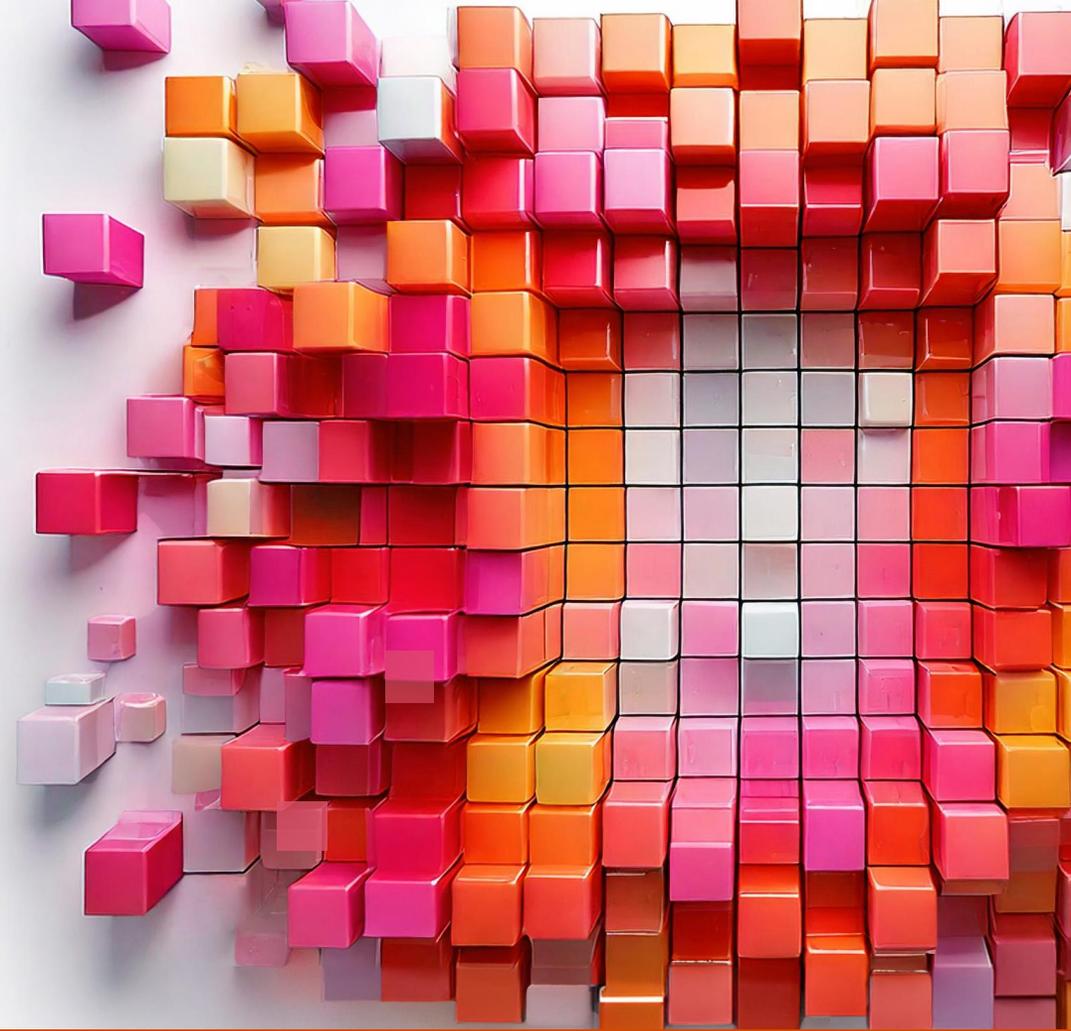

Scenarios comparison for ESG management

Thank you

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