Helping a leading asset manager develop its sustainability and ESG strategies

One of the world’s largest asset managers, with assets under management of over US$3 trillion, is convinced that sustainable investing will become the new norm. To support its ambitions to become a market leader in sustainable investment, the company sought to develop a robust strategy that integrated ESG considerations into its investment and management processes.

A team of ESG asset management specialists from KPMG member firms in the Netherlands and Germany worked with the client to conduct a maturity assessment to help the company understand its most significant ESG issues and shape and inform its strategy. This involved a broad-ranging review of the client’s investment processes and portfolios, as well as interviews with senior management. The research identified a number of challenges including gaps in the company’s ESG governance structures and sub-optimal controls.

KPMG professionals provided recommendations to help the client shape its sustainability and ESG investment strategies, such as changes to organizational structure, the introduction of new ESG policies, and improvements in accountability and traceability of assets. KPMG specialists also helped deliver ESG training for the client’s senior staff members. With the support of KPMG, the client improved its approach to sustainability and ESG investment. Today the company is seen as one of the top asset managers by leading sustainability indexes.

Improving an asset manager’s ESG processes and reporting

As a signatory of the UN PRI, a flexible asset manager wanted to make sure it was delivering on its responsible investment promises and strategies. By engaging with KPMG, ESG asset management professionals in Sweden and Finland assessed the client’s existing ESG systems, controls and reporting.

This involved reviewing and evaluating the company’s ESG documentation and speaking with certain staff members to understand what processes were currently in place, how these were being implemented, and who was accountable.

The research identified significant opportunities for improvement in the company’s ESG accountability structures, processes, and its ESG reporting. Based on these findings, KPMG professionals made recommendations including how to increase the quality and credibility of the client’s ESG reports. With KPMG’s support, the client was better able to take corrective action to improve its ESG processes and reporting.

Local KPMG contacts

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Institutional investors are increasingly recognizing the potential for ESG factors—such as climate risk and poor human rights performance—to affect the valuation and financial performance of the companies they invest in. At the same time, consumer demand for responsible investments is surging, especially from the Millennial investor in. Yet, as the pressure grows, asset managers face multiple challenges such as:

- a complex landscape of ESG focus areas
- differing expectations from institutional investors
- the likelihood of new regulation and uncertainty over its form
- a confusing array of inconsistent ESG data
- an absence of standard ESG terms, metrics and reporting frameworks
- a lack of consensus on the effects of ESG strategies on financial returns

KPMG member firms have a network of ESG, asset management and IT professionals who can help your organization enhance its approach to ESG, whatever your current level of maturity.

KPMG member firms provide bespoke ESG services to match the differing needs of asset managers at various levels of ESG maturity. Our support typically covers the following areas:

**How KPMG can help**

**01 Develop ESG strategy**

- Define the strategic approach and ambition level: KPMG professionals help you identify the risks and opportunities that are most appropriate for your organization and client base.
- Analyze market trends and regulatory landscape: KPMG specialists provide insights and tailored strategies to help you shape your ESG strategy.
- Track and profit the ESG expectations of asset owners: KPMG members from other professional and organizational KPMG frameworks a tool.
- Conduct peer review and benchmarking: KPMG professionals help you identify and learn from what other asset owners are achieving and balance the relative importance of specific work streams.
- Assess gaps between your current and desired approaches to ESG: KPMG specialists conduct a thorough assessment based on an asset manager’s investment philosophy and experience.

**02 Implement ESG strategy**

- Prepare an ESG roadmap: KPMG member firms help you set out your approach to integration, begin mapping ESG-related engagements and develop an action plan.
- Design your ESG governance structure: KPMG professionals recommend the most effective governance framework based on your ESG roadmap, objectives and capabilities.
- Prepare action plans and key performance indicators (KPIs): KPMG specialists help you develop actionable plans and KPIs specific to your firm.
- Implement principles and approaches across asset classes, funds and mandates: KPMG member firms support you in mapping your ESG strategy across different asset classes and all mandates, as well as across varying client mandates.
- Incorporate ESG principles into operational processes: KPMG professionals help you integrate your ESG strategy into daily operations and benchmark your performance against market-leading approaches.
- Educate and train your people: KPMG specialists develop and deliver tailored training programs for example for board directors, executives, portfolio managers and analysts.

**03 Monitor and report on performance**

- Assess reporting needs and requirements: KPMG member firms help you understand how to address the needs of your stakeholders.
- Implement effective data collection and reporting systems: KPMG professionals help you streamline your data collection processes and systems in place, designing bespoke IT solutions as required. We help you to embed the reporting systems into your operations.
- Review processes and assure disclosures: KPMG member firms help you to embed the reporting systems into your operations.

**04 Review processes and assure disclosures**

- Assess and advise on reporting: KPMG member firms review your ESG reporting and provide practical recommendations for improvement, for example on TCFD or UNPRI disclosures.

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**Contact us to find out how KPMG member firms can help you.**

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Global Leader, Sustainable Finance Services, KPMG International. Global Leader, Sustainable Finance Services, KPMG International. Global Leader, Sustainable Finance Services, KPMG International. Tomas Otterström works with international clients to enable them to build robust ESG strategies and effectively communicate these to investors, analysts and wider stakeholders. With over 20 years of experience, he has worked with all sorts of institutional investors, asset managers and corporate. He is well connected with many organizations in this space such as UN PRI.

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**How KPMG can help (continued.)**

**01 Develop ESG strategy**

- Define the strategic approach and ambition level: KPMG professionals help you identify the risks and opportunities that are most appropriate for your organization and client base.
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- Prepare an ESG roadmap: KPMG member firms help you set out your approach to integration, begin mapping ESG-related engagements and develop an action plan.
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- Implement principles and approaches across asset classes, funds and mandates: KPMG member firms support you in mapping your ESG strategy across different asset classes and all mandates, as well as across varying client mandates.
- Incorporate ESG principles into operational processes: KPMG professionals help you integrate your ESG strategy into daily operations and benchmark your performance against market-leading approaches.
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- Review processes and assure disclosures: KPMG member firms help you to embed the reporting systems into your operations.

**04 Review processes and assure disclosures**

- Assess and advise on reporting: KPMG member firms review your ESG reporting and provide practical recommendations for improvement, for example on TCFD or UNPRI disclosures.
Institutional investors are increasingly recognizing the potential for ESG factors – such as climate risk and generation. Regulation is emerging, for example in the EU, and the influence of initiatives including the UN Principles for Responsible Investment (PRI) and the Task Force on Climate-related Financial Disclosures (TCFD) continues to escalate. As a result, capital flows into ESG funds are accelerating and asset managers are under mounting pressure to integrate ESG considerations into their investment approaches.

Yet, as the pressure grows, asset managers face multiple challenges such as:
- a lack of consensus on the effects of ESG strategies on financial returns
- a confusing array of inconsistent ESG data
- the likelihood of new regulation and uncertainty over its form
- a complex landscape of ESG focus areas

As a result, capital flows into ESG funds are accelerating and asset managers are under mounting pressure to integrate ESG considerations into their investment approaches. KPMG member firms have a network of ESG experts, asset management, and IT professionals who can help your organization enhance its approach to ESG, whatever your current level of maturity.

KPMG member firm teams provide bespoke ESG services to match the differing needs of asset managers at various levels of ESG maturity. Our support typically covers the following areas:

01 Develop ESG strategy
- Define the strategy approach and ambition level
- KPMG professionals help you identify and define your strategy, taking into account the organization’s unique business drivers, risk profile, investment horizons, and the role of ESG in your overall investment strategy.
- Conduct market research and regulatory landscape analysis. KPMG professionals can identify other key drivers that may influence your ESG strategy
- Understand the ESG expectations of asset owners: KPMG professionals involve others from the organization to shape your ESG strategy
- Conduct peer and market benchmarking: KPMG professionals help you identify peers and other benchmarks to shape your strategy
- Analyze gaps between your current and desired approach to ESG: KPMG specialists conduct a thorough assessment based on your current state of review of your investment portfolio and best practices.

02 Implement ESG strategy
- Prepare an ESG roadmap: KPMG professionals help you identify and define your roadmap, including implementation timelines and key deliverables
- Design your ESG governance structure: KPMG professionals help you design an effective governance structure based on your ESG roadmap and capabilities
- Prepare action plans and key performance indicators (KPIs): KPMG specialists help you develop actionable plans and KPIs for your specific circumstances
- Implement principles and approaches across asset classes: KPMG professionals work with your firm to implement the ESG strategy across assets classes, funds, and mandates
- Prepare action plans and key performance indicators (KPIs): KPMG specialists help you develop actionable plans and KPIs for your specific circumstances
- Develop your ESG governance structure: KPMG professionals help you design an effective governance structure based on your ESG roadmap and capabilities
- Establish performance indicators and key performance indicators (KPIs): KPMG specialists help you develop actionable plans and KPIs for your specific circumstances
- Incorporate ESG principles into operational processes: KPMG professionals help you integrate your ESG strategy into operations across the entire investment lifecycle, including transactional, portfolio, and project management processes
- Educate and train your people: KPMG specialists develop and deliver tailored training programs for your organization and client base

03 Monitor and report on performance
- Assess reporting needs and requirements: KPMG professionals help you identify your reporting needs and requirements
- Design and develop your ESG reporting system: KPMG professionals help you design and develop your ESG reporting system
- Prepare action plans and key performance indicators (KPIs): KPMG specialists help you develop actionable plans and KPIs for your specific circumstances
- Implement effective data collection and reporting systems: KPMG professionals help you streamline and improve your ESG reporting processes and systems in place, designing bespoke IT solutions as required. We also help you to embed the reporting systems into your operations.

04 Review processes and assure disclosures
- Review ESG processes and KPIs: KPMG professionals analyze your ESG processes and KPIs to identify areas for improvement. We look at the fit for purpose in the fast-moving ESG industry and regulatory landscape
- Review stress test investment portfolio: KPMG professionals conduct stress tests on your investment portfolio, for example in the context of new regulatory or climate change scenarios
- Review risk assessment processes: KPMG professionals develop your stress test scenarios and identify potential climate-related risks and their impact on your business
- Implement a comprehensive ESG risk management strategy: KPMG professionals help you integrate your ESG strategy into your investment risk management processes
- Audit and verify your reports: KPMG professionals help you verify the accuracy and completeness of your ESG reporting and provide objective recommendations for improvement, if necessary
- Review and analyze on reporting: KPMG member firm teams review your ESG reporting and provide objective recommendations for improvement, for example on UPRF or TCFD disclosures.
Institutional investors are increasingly recognizing the potential for ESG factors – such as climate risk and poor human rights performance – to affect the valuation and financial performance of the companies they invest in. Regulation is emerging, for example in the EU, and the influence of initiatives including the UN Principles for Responsible Investment (PRI) and the Task Force on Climate-related Financial Disclosures (TCFD) continues to escalate.

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A lack of consensus on the effects of ESG strategies on financial returns.

KPMG member firms have a network of ESG asset management and IF professionals who can help your organization enhance its approach to ESG, whatever your current level of maturity.

Contact us to find out how KPMG member firms can help you.

How KPMG can help

KPMG member firms provide bespoke ESG services to match the differing needs of asset managers at various levels of ESG maturity. Our support typically covers the following areas:

**01 Develop ESG strategy**
- Define the strategic approach and ambition (KPMG professionals help you develop a strategy that is appropriate for your organisation and client base)
- Analyse market trends and regulatory landscape (KPMG specialists provide insights and intelligence to shape your ESG strategy)
- Track and profit the ESG expectations of asset owners (KPMG draws from its extensive network, diverse capabilities)
- Conduct peer review and benchmarking (KPMG professionals help you gain insights into how other asset owners are approaching ESG and market best practices)
- Analyse gaps between your current and desired approaches to ESG (KPMG specialists conduct a thorough assessment based on your current set of investment portfolio, processes and reporting)

**02 Implement ESG strategy**
- Prepare an ESG roadmap (KPMG professionals help you start by identifying key challenges, targets and costings)
- Design your ESG governance structure (KPMG professionals recommend the most effective governance structure based on your ESG roadmap, operating models and capabilities)
- Prepare action plans and key performance indicators (KPIs) (KPMG specialists help you establish actionable plans and KPIs for specific streams)
- Implement principles and approaches across asset classes, funds and mandates (KPMG professionals support you in applying your ESG strategy across different asset classes, such as passive, index and active mandates)
- Incorporate ESG principles into operational processes (KPMG professionals integrate your ESG strategy into daily operations and specific high-risk issues such as water scarcity or climate change migration)

**03 Monitor and report on performance**
- Assess reporting needs and requirements (KPMG member firms help you understand the reporting volume and format)
- Design your ESG governance structure (KPMG professionals help you understand your reporting needs and compliance)
- Implement effective data collection and reporting systems (KPMG professionals help you streamline your effective reporting processes and systems in place, designing bespoke IT solutions as required)
- Prepare action plans and KPIs (KPMG specialists help you establish actionable plans and KPIs for specific streams)
- Assess and advise on reporting (KPMG member firms review your ESG reporting and provide specific recommendations for improvement, for example on TCFD or UNPRI disclosures)

**04 Review processes and assure disclosures**
- Review ESG policies and processes (KPMG member firms review your ESG policies and associated processes to ensure they are in line with your ESG governance)
- Review ESG policy statements and governance (KPMG member firms review your ESG policy statements and governance)
- Stress test investment portfolios (KPMG professionals conduct stress tests on your investment portfolio, for example in the context of new regulation or climate change scenarios)
- Stress risk assessment processes (KPMG specialists review your stress tests on climate change and assess the potential risks for specific high-risk issues such as water scarcity or climate change migration)
- Assess and advise on reporting (KPMG member firms review your ESG reporting and provide specific recommendations for improvement, for example on TCFD or UNPRI disclosures)
Helping a leading asset manager develop its sustainability and ESG strategies

One of the world’s largest asset managers, with assets under management of over US$1 trillion, is determined that sustainable investing will become the new norm. To support its ambitions to become a market leader in sustainable investment, the company sought to develop a robust strategy that integrated ESG considerations into its investment and management processes.

A team of ESG asset management specialists from KPMG member firms in the Netherlands and Germany worked with the client to conduct a materiality assessment to help the company understand its most significant ESG issues and shape and inform its strategy. This involved a broad-ranging review of the client’s investment processes and portfolios, as well as interviews with senior management. The research identified a number of challenges including gaps in the company’s ESG governance structure and sub-optimal controls.

KPMG professionals provided recommendations to help the client shape its sustainability and ESG investment strategies, such as changes to organizational structure, the introduction of new ESG policies, and improvements in accountability and traceability of assets. KPMG specialists also helped deliver ESG training for the client’s senior staff members. With the support of KPMG, the client improved its approach to sustainability and ESG investment. Today the company is ranked as one of the top asset managers by leading sustainability indexes.

Improving an asset manager’s ESG processes and reporting

As a signatory of the UN PRI, a Florida asset manager wanted to make sure it was delivering on its responsible investment promises and was a leader among its peers. KPMG ESG asset management professionals in Sweden and Finland assessed the client’s existing ESG systems, controls and reporting.

This involved reviewing and evaluating the company’s ESG documentation and speaking with certain staff members to understand what processes were currently in place, how these were being implemented, and who was accountable. The research identified significant opportunities for improvement in the company’s ESG governance structure and processes, and its ESG reporting.

Based on these findings, KPMG professionals made recommendations including how to increase the quality and credibility of the client’s ESG reports. With KPMG’s support, the client was better able to take corrective action to improve its ESG processes and reporting.
Client stories

Helping a leading asset manager develop its sustainability and ESG strategies

One of the world’s largest asset managers, with assets under management of over USD$1 trillion, is convinced that sustainable investing will become the new norm. To support its ambitions to become a market leader in sustainable investment, the company sought to develop a robust strategy that integrated ESG considerations into its investment and management practices.

A team of ESG asset management specialists from KPMG member firms in the Netherlands and Germany worked with the client to conduct a maturity assessment to help the company understand its most significant ESG issues and shape and inform its strategy. This involved a broad-ranging review of the client’s investment processes and portfolios, as well as interviews with senior management. The research identified a number of challenges including gaps in the company’s ESG governance structures and sub-optimal controls.

KPMG professionals provided recommendations to help the client shape its sustainability and ESG investment strategies, such as changes to organizational structure, the introduction of new ESG policies, and improvements in accountability and traceability of assets. KPMG specialists also helped deliver ESG training for the client’s senior staff members. With the support of KPMG, the client improved its approach to sustainability and ESG investment. Today the company is served as one of the top asset managers by leading sustainability indexes.

Improving an asset manager’s ESG processes and reporting

As a signatory of the UN PRI, a flexible asset manager wanted to make sure it was delivering on its responsible investment promises and its sustainability agenda. KPMG ESG asset management professionals in Sweden and Finland assessed the client’s existing ESG systems, controls and reporting.

This involved reviewing and evaluating the company’s ESG documentation and speaking with certain staff members to understand what processes were currently in place, how these were being implemented, and who was accountable.

The research identified significant opportunities for improvement in the company’s ESG accountability structures and processes, and its ESG reporting. Based on these findings, KPMG professionals made recommendations including how to increase the quality and credibility of the client’s ESG reports. With KPMG’s support, the client was better able to take corrective action to improve its ESG processes and reporting.

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How KPMG can help

kpmg.com/sustainability