

esgbook

ESG Soup*

***Simplifying the process of sustainability reporting.**

by Aishwarya Ramani and Mohit Goel

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Introduction

The expansion of the Environmental, Social and Governance ('ESG') landscape has led to the creation of frameworks and standards catering to a range of industry stakeholders. The increase in the number of frameworks and standards has resulted in the proliferation of ESG indicators, against which organisations can report their non-financial performance.

The heightened investor demand for ESG disclosures, new regulations, and a growing number of frameworks and standards creates challenges for organisations looking to disclose their sustainability metrics¹. [ESG Book](#) streamlines this process by providing a single platform housing commonly used frameworks and standards. To further simplify the disclosure experience, and reduce the reporting burden, a cross-framework mapping functionality will be available on the platform to support users with their disclosure journeys. Indicator mapping is an approach through which indicators can be matched by relevance to find commonalities across frameworks and standards, identifying indicators where relevant information can flow between questionnaires.

This blog post aims to introduce the new indicator mapping feature for quantitative metrics, both within and across frameworks, which will be made available on ESG Book and discuss the ways in which mappings can be used to generate value for users.

What is indicator mapping?

As organisations increasingly understand the importance of sustainability reporting, the range of offerings to help organisations meet stakeholder demand for non-financial disclosures has been expanding. The introduction of new sustainability reporting frameworks and standards provides clarity to organisations looking to report their ESG data. ESG frameworks offer guidance on how a company can structure its ESG data, while standards offer specific metrics against which an organisation can disclose its sustainability performance, across a range of material subject areas². ESG Book supports the disclosure process by offering a framework-agnostic platform for companies to disclose against a variety of widely used frameworks and standards.

ESG Book offers a range of tools to simplify the corporate disclosure process, including the Indicator Library, the foundation of the cross-platform indicator mapping process. The Indicator Library consists of indicators from the frameworks and standards featured on ESG Book (e.g., GRI, SASB, TCFD, SFDR and others). Indicator mapping identifies the commonalities across indicators, defining which metrics require similar disclosures and ensuring data can flow across the platform to pre-populate indicators with identified linkages.

Different frameworks and standards have their own metrics for corporates to disclose against. There are indicators across questionnaires that require similar disclosures. Therefore, disclosing to multiple questionnaires can become a time-consuming and costly process, particularly for small and non-listed enterprises. To save time and resources, indicator mapping can help users disclose against the indicator once and ensures that all matching indicators across different frameworks and standards on platform can be pre-filled based on their level of relevance and overlap. The indicator mapping in essence enables matching similar indicators across different standards and frameworks.

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Mapping functionalities can additionally help bridge the gap between corporates and investors by enabling platform users to provide material information more easily in a variety of formats, to cater to the needs of different stakeholders.

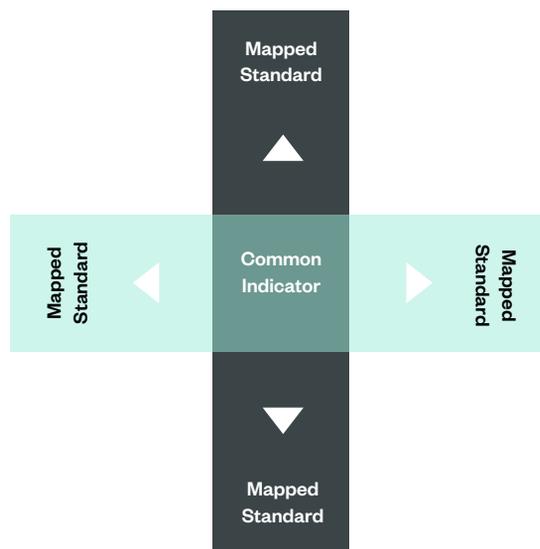


Figure 1: Similar indicators across frameworks can be linked, enabling users to respond to a single common indicator.

Framework Mapping



Consolidated set of indicators

Figure 2: Mapping enables us to condense a variety of indicators across widely used frameworks and standards, leaving us with a consolidated set of unique indicators.

How does indicator mapping generate value for companies reporting to different frameworks?

1. Since information only needs to be disclosed once, it will take less time for users to fill in the disclosures and they do not have to answer related questions several times.
2. Companies can incur costs in the process of providing ESG-related disclosures, due to the time, resources, and expertise required to gather relevant information. Costs are often proportionately higher for smaller companies³. A more efficient process means fewer resources are needed to complete the disclosure, which can reduce the associated costs and reporting burden.
3. Since linked metrics will be pre-populated, once filled, the chances of inadvertently providing different answers for the same disclosures will reduce, which will decrease the error rate to a significant extent.
4. Data disclosed on ESG Book can be converted into different units, simplifying the process for users to comply with reporting requirements.
5. When answering a disclosure, the user can see how different frameworks require similar information, which in turn helps users identify overlaps and understand the intricacies of various reporting requirements.
6. The indicator mapping functionality can help companies disclose material information in a variety of formats to engage with a range of stakeholders, with different priorities, as the process of disclosing to different frameworks and standards is simplified.
7. Mapping can simplify the disclosure process, ensuring that companies can remain compliant with the latest reporting requirements.
8. Mapping can lead to a better understanding of the approach different frameworks and standards use to collect information.

Industry Impacts

In a fast-changing sustainability landscape, the introduction of framework mapping on the ESG Book platform has the potential to support the need for “consistent” and “comparable”^{4,5,6} sustainability data. Due to the identification of indicators that require common disclosures, the mapping process has the potential to support convergence between frameworks and standards. With increasing stakeholder demand for the simplification of the ESG disclosure process, standard-setters are looking towards facilitating alignment of commonly used frameworks and standards. For example, the IFRS Foundation announced the formation of the International Sustainability Standards Board (ISSB) at COP26 in November 2021, with the goal of developing a “comprehensive global baseline of sustainability disclosures”⁷ for investors and stakeholders in the financial sector⁸. Similarly, the Institutional Limited Partners Association (ILPA) launched the ESG Data Convergence Project to define a common reporting template, with a standardized set of metrics to facilitate the disclosure of comparable data within the investment industry⁹.

Initiatives to move towards ESG data convergence can be supported by indicator mapping. Identifying ESG metrics with a high number of linkages across frameworks and standards can yield insights into the type of disclosures considered “material” across a range of standard setters and economic sectors. Similarly, as the industry moves towards being able to define a common set of standards globally, the mappings that are already in place are primed to capture data that has already been reported and link these common metrics to existing indicators across the ESG Book platform.¹⁰

Which frameworks and standards are included in the mapping process?

	Name	Year Founded	No. Indicators	% Quant Indicators
	GRI (Global Reporting Initiative)	1997	540	48%
	SFDR (EU Sustainable Finance Disclosure Regulation)	2019	53	100%
	UN Global Compact	2000	289	18%
	World Economic Forum	2001	108	71%
	SASB (Sustainability Accounting Standards Board)	2011	2555	50%
	UNCTAD (UN Conference on Trade and Development)	2019	35	100%
	TCFD (Task Force on Climate-Related Financial Disclosures)	2015	14	21%

6 *The indicators are listed at the most granular level and include both quantitative and qualitative disclosures. Some of the internal frameworks used for the mapping process are:

(A) GHG Protocol (Emission Plus Module)

(B) Arabesque's ESG (Environment Social and Governance) Module.

Conclusion

With increased industry demand for “consistent” and “comparable” ESG data metrics,^{11, 12, 13} the process of mapping indicators can simplify the disclosure process for data issuers and provide an insight into where commonalities lie across widely used frameworks and standards. Understanding which indicators frequently occur across frameworks and standards can provide insight into areas of convergence, as well as gaps, for subject matters that are not widely covered. These analyses could provide useful information to standard-setters, as well as organisations looking to select indicators to disclose against, thereby supporting broader industry convergence.

For more information, visit esgbook.com or sign-up to our newsletter to get our latest insights and regulatory updates delivered direct to your inbox.

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