Why Standards Matter

ESG Reporting Guidance

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in progress

Contents

Executive Summary

Using Standards to Support ESG Reporting

The last decade has seen a shift towards increased alignment in both mandatory and voluntary sustainability reporting requirements, reflecting a growing recognition across organizations, industries, and government on the importance of Envvironmental, Social, and Governance ESG issues in accelerating progress towards a more sustainable world. Organizations are either being required to or seeking to disclose their sustainability policies, impacts, actions, and targets to meet both internal and external stakeholder demands. While the EU is currently leading in requiring comprehensive disclosures covering ESG issues from organizations, the rest of the world is expected to follow suit over the next few years.

Standards can be a tool to enable organizations to meet their required and voluntary ESG reporting requirements by providing internationally recognized, consensus-based and, in some cases, auditable procedures that align with sustainability reporting requirements. They can also help organizations build resilience for a diverse range of ESG risks while enhancing overall organizational performance.

This whitepaper provides a high-level overview of the ESG reporting landscape, highlighting the common and different reporting requirements across key regulations and frameworks. It also illustrates how standards can support in meeting these requirements, elaborated more fully in the accompanying case study and ESG Reporting and Standards Tool.

Despite differences in depth and details among sustainability regulations and between reporting frameworks, common requirements exist.
These include that organizations be prepared to disclose, at a minimum, their greenhouse gas inventory, policies and practices related to their workers and local communities, and anti-bribery and corruption policies. These topics are not only common across regulations and frameworks but also across standards, and are directly addressed in the accompanying guidance and Reporting and Standards Tool in order to identify relevant standards to meet ESG requirements.

Organizations can use the case studies and Reporting and Standards Tool in tandem to build a deeper understanding of how standards can support specific disclosure requirements in practice. They are designed to offer a way for users to more easily identify relevant standards to meet their ESG reporting needs, as well as be exposed to the wide range of standards that may also be relevant to their disclosure topics.

The sustainability reporting landscape is evolving and complex, and it is important for organizations to have the right tools to navigate it. Standards are an important component of this toolbox, and this whitepaper and accompanying materials are intended to assist organizations in this regard.

The case studies included in the accompanying guidance reflect topics common across ESG regulations and frameworks, namely:

Environment: Environmental reporting requirements around Greenhouse Gas (GHG) emissions and water impacts.

1 **Gross Scopes 1, 2, 3, and Total GHG Emissions**
Regulation: CSRD ESRS E1-6
Standard: BSI ISO 14064-1(2019) Quantification and Reporting of GHG Emissions

2 **Water Consumption**
Regulation: EU CSRD, ESRS E3-4
Standard: BSI ISO 14046 Water Footprint principles, requirements, and guidelines

Social: Social reporting requirements around modern slavery statements and diversity and inclusion reporting.

1 **Modern Slavery Statement**
Regulation: Australia Modern Slavery Act (AMSA)
Standard: BS 25700:2022 Organizational responses to modern slavery

2 **Diversity and Inclusion**
Regulation: EU CSRD, ESRS S1-16
Standard: BSI ISO 30415:2021 Human Resource Management

Governance: Organizational principles and management regarding stakeholder rights and responsibilities.

1 **Anti-Bribery Systems**
Regulation: EU CSRD ESRS G1-3
Standard: BSI ISO 37001:2016 Anti-bribery management systems

2 **Whistleblowing Management Systems**
Regulation: EU CSRD, ESRS G1-1
Standard: BSI ISO 37002:2021 Whistleblowing Management Systems

The Role of Standards in Sustainability Reporting Regulations

Organizations worldwide are currently grappling with an increasing number of sustainability-related regulatory reporting requirements that cover ESG disclosures. These requirements encompass a wide spectrum of activities, ranging from due diligence around human rights and labor compliance to specific metrics and target-based disclosures related to environmental performance. Although not all organizations are subject to mandatory reporting requirements, voluntary public disclosures of ESG targets, activities, and action plans can be seen as helpful for organizations that want to exhibit their commitment to doing good and accounting for the impacts of their business. Depending on whether or not an organization is mandated to disclose its activities, adhering to ESG reporting requirements is either a necessary compliance task or a best practice benchmark for ESG due diligence. For either case, there is a growing role for organizations to report on their sustainability activities in a structured, traceable, and comparable manner.

The current ESG reporting landscape is fragmented and can be difficult to navigate. While there are overlaps between general disclosure topics among regulations, as of publication there is no globally accepted single set of defined, comparable metrics that clearly outline exactly what types of data a reporting organization needs to disclose. Until such a set exists, it is crucial for organizations to understand and effectively utilize all available tools that can support them in their reporting needs. These tools can not only help organizations understand the nature of the requested disclosure data but, more importantly, can help organizations acquire the knowledge and skills necessary to fully integrate sustainability impacts, risks, and opportunities into their strategic plans and day-to-day operations.

International standards can play a pivotal role in enhancing the quality and performance of organizations, enabling them to reduce, anticipate, and prepare for a diverse range of risks while promoting sustainability for many decades. These standards can be used not only by organizations of all sizes but also by government bodies and non-profit organizations. Each international standard undergoes a transparent development process that engages industry experts, consumers, research institutions, government departments, and other stakeholders, and follows the World Trade Organization's Technical Barriers to Trade (WTO TBT) principles. This collective effort has resulted in a database of thousands of standards that have been built on global consensus and represent state-of-the-art best practice in convening relevant and critical stakeholders.

Standards are indispensable tools that organizations should incorporate into their reporting response toolkit. BSI has an extensive, evolving library boasting over 30,000 of these standards, with more being developed every year to meet changing global needs. Standards offer a wealth of knowledge designed to foster innovation, support the creation of resilient management systems, increase productivity, and help organizations meet regulatory requirements. While many organizations are already using standards to align and enhance their ESG reporting, there is room for wider adoption of standards as reporting tools.

Standards represent a valuable source of expertise, developed through rigorous processes and consensus-building. This whitepaper aims to illustrate the optimal utilization and integration of standards, and serves a dual purpose: supporting companies' disclosure obligations and enhancing existing management systems and operations. The primary objective of this document is to enhance users' understanding of the practical applications of standards in the context of current ESG reporting needs.

This whitepaper is accompanied by two other items: a guidance that includes

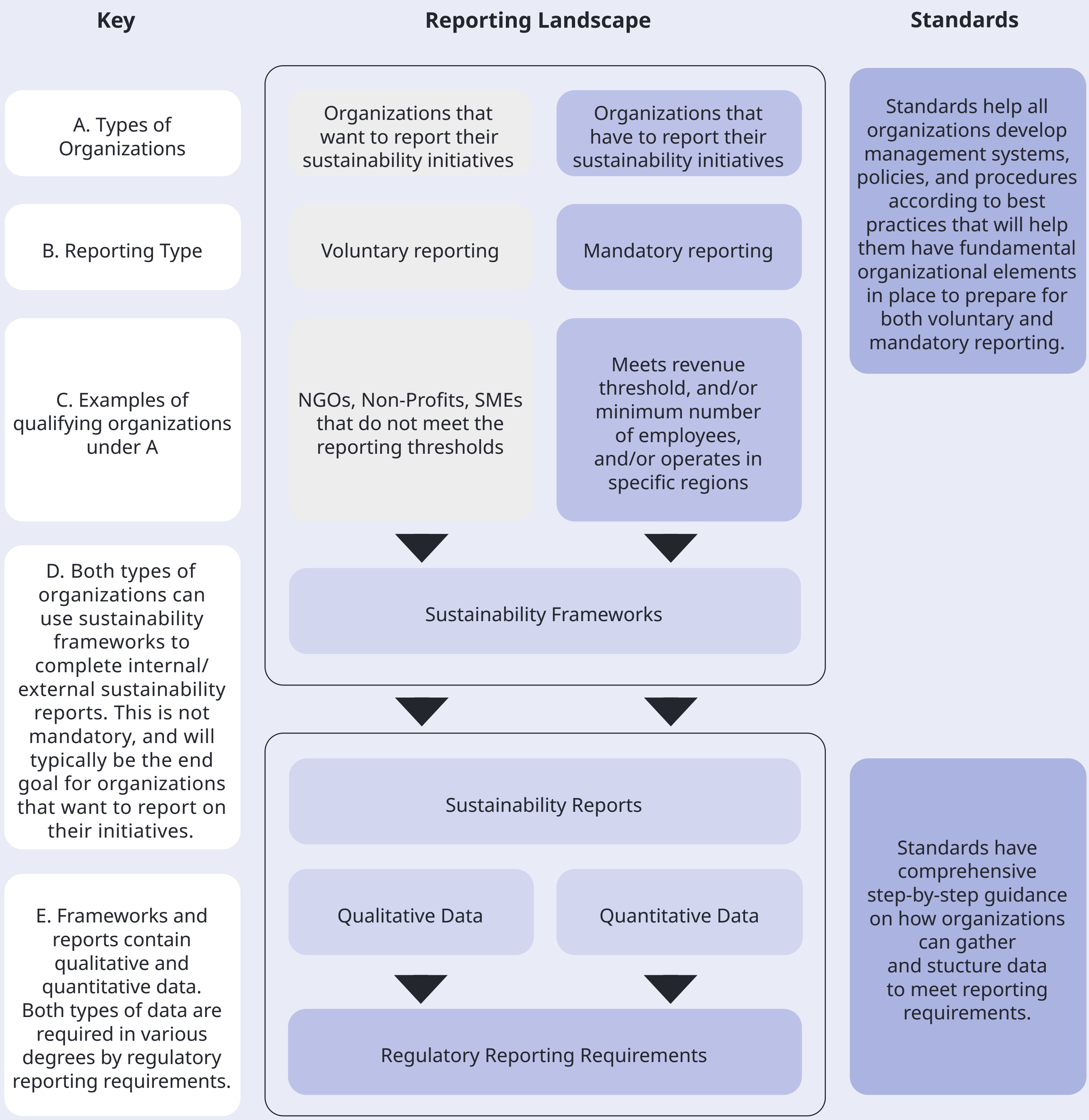
- six case studies illustrating in a step-by-step manner how organizations can use specific standards to comply with regulatory requirements
- and a nonfinancial reporting tool to help users easily identify the standards that can support them to comply with different regulations. The case studies document includes two cases each on environment, social, and governance topics.

Reporting Landscape

Organizations that report their sustainability activities can be seen to fall into one of two categories: organizations that *want to* report their sustainability initiatives but are not mandated to, and organizations that *have to* report because they fall under certain regulatory reporting thresholds. Both types of organizations seek guidance on disclosing their sustainability policies, impacts, actions, and targets.

Graphic 1 below outlines how standards can support both types of organizations throughout the different steps of their reporting activities, clearly outlining how international standards adopted by BSI can be seamlessly integrated with sustainability frameworks to fulfill the mandates of sustainability reporting regulations.

Graphic 1: Reporting Landscape and the Role of Standards



Sustainability Frameworks are guidelines that help companies assess and report on critical sustainability aspects relevant to their operations. Organizations often use these frameworks as a guide to write their sustainability reports and organize the data that they collect for these reports. Frameworks offer a structured approach to support companies in their disclosure practices, and tend to cover multiple sustainability issues across ESG topics. While not obligatory, these frameworks serve as essential tools to help companies pinpoint specific aspects of their ESG concerns that require reporting and guide them on how to do so effectively.

Frameworks are widely used by both companies that want to report their sustainability activities, and those that are mandated to do so. Many organizations use sustainability frameworks to create their sustainability reports, which often include both qualitative and quantitative data. For organizations that are not mandated to report to regulatory requirements, the publication of a publicly available sustainability report is often the objective of their data collection practices.
This whitepaper examines six widely adopted sustainability frameworks, which were selected because of their prevalence and profile. They are not exhaustive of all sustainability frameworks but represent ones that commonly used. These six sustainability frameworks are:

- The Global Reporting Initiative (GRI)
- SASB Standards (part of the IFRS Foundation)
- The Taskforce on Climate-Related Financial Disclosures (TCFD)
- CDP (formerly the Carbon Disclosure Project)
- The Greenhouse Gas Protocol (GHG Protocol)
- International Financial Reporting Standards 1 & 2 (IFRS)

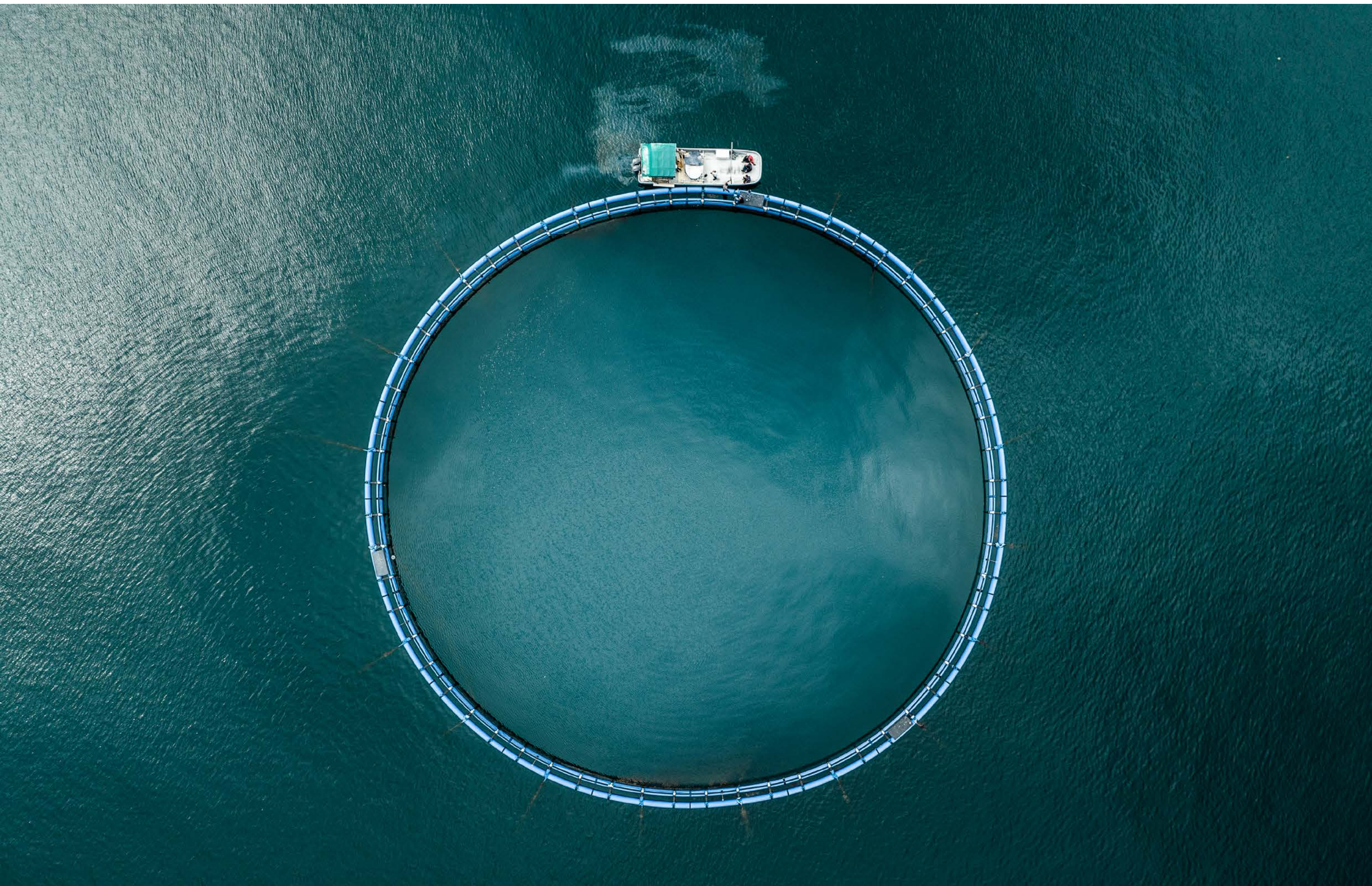
Many of these have multiple modules and sub-frameworks: the GRI, for example, has over 40 standards that provide guidance on ESG reporting based on topic and, to a limited extent, sector, while SASB has 77 industry-specific standards. The CDP has modules on climate, water, forest, and plastics-related disclosures. For the purposes of comparison, in this whitepaper each framework is considered by taking all of its modules into account.

Sustainability Reporting Regulations, as referenced in this whitepaper, denote legal obligations that companies may need to comply with, contingent on various factors, such as their operational location, workforce size, and revenue thresholds. Similar to the selection of sustainability frameworks, the selected regulations in this whitepaper have been chosen for their wide-reaching applicability and profile and do not represent an exhaustive list of global ESG requirements.

This whitepaper looks at 11 different regulatory requirements, which are examined in more detail in the ESG requirements sections that follow.

As mentioned, the frameworks and regulations analyzed in this report and the associated tool are comprehensive but not exhaustive. Given the global reach of standards, BSI opted for regulations with broad regional impact across industries and frameworks familiar to our clients. Together, these regulations have generated significant concern and interest among BSI's Clients, stakeholders and partners.

The next sections provide an overview of the requirements of selected regulations, divided into ESG topic areas. For each section, the related regulations were benchmarked against the requirements of the Corporate Sustainability Reporting Directive (CSRD), which is the most prescriptive and comprehensive regulation at the time of the publication of this whitepaper. The objective of benchmarking against the CSRD is to ensure comprehensive coverage of the different types of sustainability-related issues that organizations may need to report on. Comparing against the CSRD does not insinuate that the CSRD is the most critical regulation, but is rather done to highlight the specific topic areas companies may be asked to report on.



The CSRD mandates that companies must disclose their sustainability information in compliance with the European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG). These standards define the sustainability concepts and principles that companies need to address in their reporting if they fall within the scope of the CSRD. In short, if a company falls under the CSRD threshold, it is obligated to report its sustainability information in line with the ESRS framework. As of now, the ESRS is comprised of 12 draft standards that have been made available to the public. Five of these standards fall under Environment, four under Social, one under Governance, and two focus on General Principles, as exemplified in Graphic two. The respective ESRSs highlight the comprehensiveness of the CSRD, which is why this whitepaper uses it as a benchmark for sustainability issues covered by different regulations.

Each ESRS standard has multiple subsections that go into further detail on specific disclosure requirements for that topic area. Although this whitepaper will focus only on the overall ESRS topics, the subsections are included in the accompanying reporting tool to provide an additional layer of comparison between regulatory requirements.

Graphic 2: CSRD Structure

ESRS 1: General Requirements

ESRS 2: General Disclosures

Environment

E1 Climate Change	E2 Pollution	E3 Water and Marine Resources	E4 Biodiversity and Ecosystems	E5 Resource Use and Circular Economy

Social

S1 Own Workforce	S2 Workers in the Value Chain	S3 Affected Communities	S4 Consumers and End Users

Governance

G1 Business Conduct

Environmental Requirements

This section covers the environmental data requests of the following regulations and the six frameworks mentioned earlier, mapped against the five environmental CSRD categories.

- European Union Corporate Sustainability Reporting Directive (CSRD)
- The US Securities and Exchange Commission Climate Reporting Ruling (US SEC)
- Task Force on Climate-Related Financial Disclosures (TCFD)[1]
- The United Kingdom Streamlined Energy and Carbon Reporting (UK SECR)
- French Corporate Duty of Vigilance Law (FCDV)
- German Supply Chain Act (GSCA)
- Canada Securities Administration (CSA)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- California Climate Bills (SB261 and SB 253) (CC)

1 Note that while the TCFD is also a reporting framework, some countries and regions such as Brazil, Hong Kong, Japan, New Zealand, Singapore, Switzerland, the United Kingdom and the European Union, have mandated TCFD reporting for certain organizations.

The high-level mapping in Table 1 below illustrates which issues are currently being addressed by these identified regulations and frameworks, and it can help organizations understand which environmental areas to prioritize when beginning to assess their data for reporting. For Table 1 and all subsequent tables, a blue cell indicates qualitative requirements (a statement, policy, or description of processes, for example), whereas a green cell indicates quantitative, measurable requirements (total emissions, water use expressed in m^3, etc.). To streamline the table structures, a green cell is used if at least one of the overarching ESRS's subsections requires a quantitative requirement.

Table 1: Environmental Requests – Regulations

ESRS ENV Topic	CSRD	US SEC	TCFD	UK SECR	FCDV	GSCA	CSA	CSDDD	CC
1: Climate Change									
2: Pollution									
3: Water and Marine Resources									
4: Biodiversity and Ecosystems									
5: Resource Use and Circular Economy									

indicates qualitative requirements

indicates quantitative, measurable requirements

Key

CSRD European Union Corporate Sustainability Reporting Directive
US SEC The US Securities and Exchange Commission Climate Reporting Ruling
TCFD Task Force on Climate-Related Financial Disclosures
UK SECR The United Kingdom Streamlined Energy and Carbon Reporting
FCDV French Corporate Duty of Vigilance Law
GSCA German Supply Chain Act
CSA Canada Securities Administration
CSDDD Corporate Sustainability Due Diligence Directive
CC California Climate Bills (SB261 and SB 253)

Across the board, it is evident that the selected regulations are all requesting information on an organization's climate change strategy and targets. If your company is mandated to report under any of the regulations mentioned, it is essential, at a minimum, to provide a statement regarding your company's strategy, or the absence thereof, with regard to climate change. Climate change as outlined in the ESRS encompasses multiple topics, including overall climate risk adaptation strategies, transition plans, mitigation strategies, energy consumption, GHG emissions, carbon credits, and financial risks and opportunities from any of the above. Of these, climate risk adaptation strategies and GHG emissions are the most commonly requested data. While information and data on the other environmental topics are not specifically requested in regulations, it is implied that companies should include considerations for these in their climate strategy disclosures.

It is notable that even the regulations that have a stronger focus on social compliance, such as the French Corporate Duty of Vigilance Law and the German Supply Chain Act, included in the "Social" section, require organizations to address how they will minimize both social and environmental risks. This highlights the need for companies to pay close attention to their disclosures on climate strategy and GHG emissions, primarily for Scopes 1 and 2.

Table 2 below maps out the same environmental topics to the six selected sustainability frameworks.
As mentioned earlier, most frameworks have multiple modules, which cater to the varying needs and contexts of different organizations on their sustainability initiatives. Within each cell in Table 2, a relevant module was selected if that framework has multiple modules. This does not mean that is the only sub framework that addresses that area, but is an example of how specific the modules can be. For IFRS S1 & S2, the light green cells that say "S1, if material" means that disclosure to that issue is required if the organization deems it to be material. IFRS S2 focuses specifically on climate change-related disclosures. For SASB, which has 77 different industry standards that include guidance on ESG topic per standard, the term "industry specific" is used to indicate that the respective environmental topics are included in these industry standards if deemed material for that standard.

Table 2 illustrates how the six frameworks analyzed provide wide-ranging guidance on the five environmental topics across the CSRD. In comparison to Table 1, Table 2 exhibits how sustainability frameworks encompass a more extensive range of environmental topics than regulations do. This is not surprising, as frameworks were specifically designed to accommodate companies in disclosing impact areas based on their individual materiality. The multiple modules available in the GRI, SASB, and CDP, are especially useful for organizations seeking to understand in more depth the sustainability issues that intersect with their specific industry and/or material topics.

Table 2: Environmental Requests – Frameworks

ESRS ENV Topic	GRI	SASB	TCFD	CDP	GHG P	IFRS S1 &S2
1: Climate Change	GRI 302: Energy, 305: Emissions	Industry specific		Climate		S1 & S2
2: Pollution	GRI 306: Waste	Industry specific				S1, if material
3: Water and Marine Resources	GRI 303: Water	Industry specific		Water		S1, if material
4: Biodiversity and Ecosystems	GRI 304: Biodiversity	Industry specific		Forests		S1, if material
5: Resource Use and Circular Economy	GRI 306: Waste	Industry specific		Plastics		S1, if material

indicates qualitative requirements

S1, if material: disclosure to that issue is required if the organization deems it to be material.

indicates quantitative, measurable requirements

Key

CSRD	European Union Corporate Sustainability Reporting Directive
US SEC	The US Securities and Exchange Commission Climate Reporting Ruling
TCFD	Task Force on Climate-Related Financial Disclosures
UK SECR	The United Kingdom Streamlined Energy and Carbon Reporting
FCDV	French Corporate Duty of Vigilance Law
GSCA	German Supply Chain Act
CSA	Canada Securities Administration
CSDDD	Corporate Sustainability Due Diligence Directive
CC	California Climate Bills (SB261 and SB 253)

Although these frameworks provide structured guidance on how companies should organize and report their sustainability data, to use them effectively, companies must have a comprehensive understanding of their operations, priorities, and sustainability impacts. To determine which framework to adopt, not to mention which module within that framework, it is imperative that the individuals or teams responsible for this decision possess a profound familiarity with the material topics relevant to their company.

In addition to frameworks, there are hundreds of standards that are available that organizations can use not only to support with specific regulatory disclosures, but also to create strong management systems and procedures for data collection and organization. Table 3 shows how many standards can be leveraged to support sustainability reporting on each respective environmental topic. These standards range from more high-level management systems standards to granular industry, or even product, level standards. The accompanying case study guidance and standards reporting tool contains additional information on what these standards are, and how they can be used for compliance with specific regulatory requirements.

Table 3: Environmental Requests – Standards

ESRS Environmental Topic	Number of Standards (at least)
1: Climate Change	140
2: Pollution	70
3: Water and Marine Resources	15
4: Biodiversity and Ecosystems	8
5: Resource Use and Circular Economy	105

Social Requirements

This next section covers the social data requests of the following regulations and the same six frameworks mentioned earlier, mapped against the four CSRD Social ESRS's.

As with the regulations benchmarked in the Environmental section, these regulations were chosen due to their familiarity and relevance to social topics.

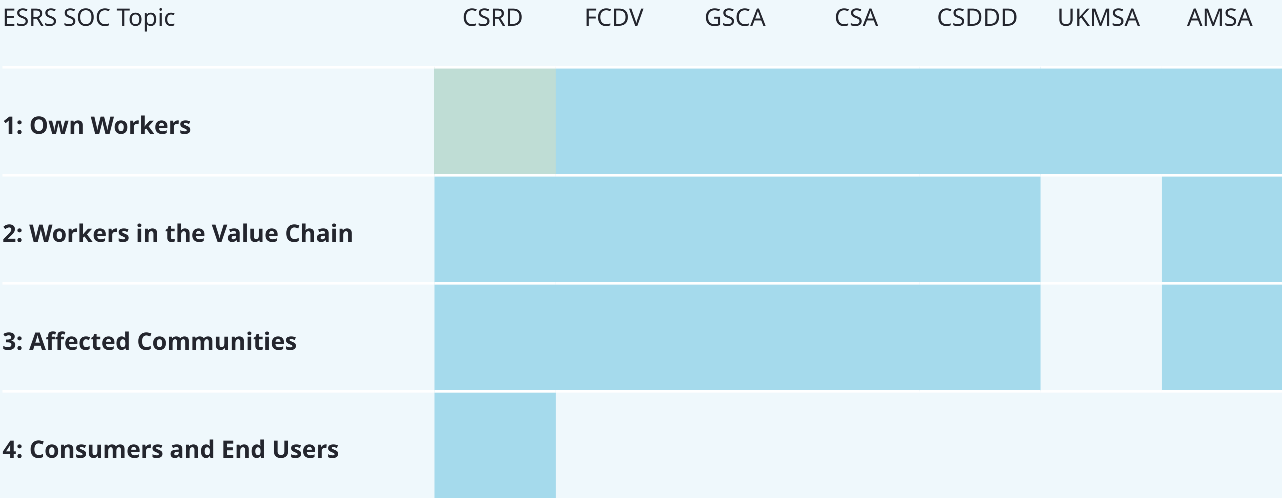
- European Union Corporate Sustainability Reporting Directive (CSRD)
- French Corporate Duty of Vigilance Law
- German Supply Chain Act
- Canada Securities Act / Ontario Securities Act
- Corporate Sustainability Due Diligence Directive (CSDD)
- UK Modern Slavery Act
- Australia Modern Slavery Act

The high-level mapping in Table 4 below shows which social issues are currently being addressed by these identified regulations, and can help organizations understand which areas to prioritize when beginning to assess their data for reporting.

Table 4 illustrates how, across the board, the prevailing nature of regulatory disclosures for social compliance is qualitative. This is not surprising given the difficulty of quantifying progress, targets, and impacts in social compliance. The quantitative elements of the CSRD related to "Own Workers" are around various workforce indicators such as wages and compensation, health and safety, diversity, and employee characteristics.

Organizations that are mandated to report under any of the regulations mentioned are recommended to, at a minimum, understand the risks, influence, and impacts of their operations on both their own direct workers and workers in the value chain. This means understanding the risk profile of the suppliers and vendors that an organization works with, and exhibiting due diligence in addressing these identified risks.

Table 4: Social Requests – Regulations



Key

CSRD	European Union Corporate Sustainability Reporting Directive
FCDV	French Corporate Duty of Vigilance Law
GSCA	German Supply Chain Act
CSA	Canada Securities Administration
CSDDD	Corporate Sustainability Due Diligence Directive
UKMSA	UK Modern Slavery Act
AMSA	Australian Modern Slavery Act

indicates qualitative requirements

indicates quantitative, measurable requirements

Table 5 maps out the six frameworks included in this whitepaper to the four social ESRS topics.

Evidently, outside of the GRI and SASB, the frameworks included in this whitepaper are more relevant to environmental reporting rather than to disclosure around social requirements. While there are other resources specific to social and labour issues that organizations can use – including tools developed by the International Organization for Migration and the association International Labour Organization, as well as social compliance audits, to give a few examples – these require a different level of engagement compared to the frameworks included in this whitepaper. In the context of the availability of these resources, it is important that organizations continue to consider the role that standards can also play in their social compliance reporting activities.

Table 5: Social Requests – Frameworks

ESRS SOC Topic	GRI	SASB	TCFD	CDP	GHG P	IFRS S1 &S2
1: Own Workers	GRI 401 - 409	Industry specific				S1, if material
2: Workers in the Value Chain	GRI 401 - 409	Industry specific				S1, if material
3: Affected Communities	GRI 413: Local Communities	Industry specific				
4: Consumers and End Users	GRI 416: Customer Privacy	Industry specific				

Key

GRI	Global Reporting Initiative
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-Related Financial Disclosure
CDP	(formerly) Carbon Disclosure Project
GHG	Greenhouse Gas Protocol
IFRS	International Financial Reporting Standards

indicates qualitative requirements

As mentioned earlier, the accompanying case study guidance and reporting tool contain additional information on what these standards are, and how they can be used for reporting purposes.
A notable standard included is the Organizational Responses to Modern Slavery (BS 25700:2022), which is freely available and featured as a case study in the additional guidance provided.

While there are fewer standards that address social topics compared to environmental topics, the standards that do address social topics are targeted and specific to the issues at hand, making them especially useful for organizations that are working to understand their social impacts and footprint. Many of these standards have been developed over the last few years, during which the need to develop systems and procedures that address the social aspects of an organization's operations have come further into the limelight.

Table 6: Social Requests – Standards

ESRS Social Topic	Number of Standards (at least)
1: Own Workers	47
2: Workers in the Value Chain	1
3: Affected Communities	7
4: Consumers and End Users	9

Governance Requirements

This next section covers the governance data requests from all the regulations included in the Environmental and Social disclosure sections, as well as the same six frameworks used in previous comparisons. There is notably only one ESRS governance standard, which covers corporate culture, supplier relationship management, anti-corruption, bribery, political influence and lobbying, and payment practices.

Table 7: Governance Requests - Regulations

ESRS GOV Topic	CSRD	US SEC	TCFD	UK SECR	FCDV	GSCA	CSA	CSDDD	CC	UKMSA	AMSA
1: Governance											

indicates qualitative requirements

Key
CSRD European Union Corporate Sustainability Reporting Directive
US SEC The US Securities and Exchange Commission Climate Reporting Ruling
TCFD Task Force on Climate-Related Financial Disclosures
UK SECR The United Kingdom Streamlined Energy and Carbon Reporting
FCDV French Corporate Duty of Vigilance Law
GSCA German Supply Chain Act
CSA Canada Securities Administration
CSDDD Corporate Sustainability Due Diligence Directive
CC California Climate Bills (SB261 and SB 253)
UKMSA UK Modern Slavery Act
AMSA Australian Modern Slavery Act

Table 8 lays out which frameworks include considerations for governance data requests, either in the main framework or in its modules.

Two standards are particularly relevant to governance-related disclosures: on Anti-Bribery Management Systems (ISO 37001) and on Whistleblowing Management Systems (ISO 37002). Both of these standards are included in the tool and feature in the case study guidance that accompanies this whitepaper.

Governance disclosure requirements are not as recent as Environmental and Social reporting requirements, having been routinely included as a requirement in many organizations' financial disclosure statements. Most disclosure requirements ask organizations to describe their current systems in place to manage governance risks as part of an organization's larger risk management activities, which many organizations are likely to be doing already to comply with general financial and risk regulatory reporting requirements.

Table 8: Governance Requests – Frameworks

ESRS Governance Topic	GRI	SASB	TCFD	CDP	GHG P	IFRS S1 &S2
1: Governance	GRI 405: Anti-Corruption	Industry specific				

Key

GRI	Global Reporting Initiative
SASB	Sustainability Accounting Standards Board
TCFD	Task Force on Climate-Related Financial Disclosure
CDP	(formerly) Carbon Disclosure Project
GHG P	Greenhouse Gas Protocol
IFRS	International Financial Reporting Standards

indicates qualitative requirements

Conclusion

Current regulations require a mix of qualitative and quantitative disclosures. Standards play a crucial role in facilitating both types of reporting. Qualitative disclosures primarily require companies to describe their management systems, strategies, positions, commitments, and more through narrative descriptions. Quantitative disclosures involve specific requests and processes related to items that can be directly measured, and are more straightforward than qualitative requirements.

The types of disclosures required by the featured regulations highlight the need for companies to provide in-depth explanations of their approaches, actions, and plans in addressing various sustainability and environmental concerns. Although each regulation may phrase the need for a qualitative disclosure differently, the objective of these types of disclosure is the same: for companies to describe, in as much detail as possible, what sustainability topics are material to them and how they address these topics in their strategy and operations. Qualitative disclosures play a pivotal role in conveying the company's commitment to addressing these issues and their proactive efforts in achieving compliance with regulatory and industry standards.

While the above benchmarking exhibits how different regulations share common reporting requirements, the qualitative requirements can vary depending on the specific regulation being addressed. The inherent ambiguity of these requirements, especially in the social space, underscores the crucial role of standards in providing structure to disclosure statements.

Whether the data request is qualitative or quantitative, it is beneficial for those responding to understand that there are existing standards that have already established the foundational approach and steps to effectively meet these requirements. These standards can serve as valuable resources for organizations striving to align their ESG reporting with best practices, industry standards, and regulatory mandates, ensuring that they can navigate and fulfill these requests with precision and confidence.

Standards, as best practice guidelines, have been developed over years by industry experts and stakeholders deeply involved in these issues. They can be regarded as valuable tools for both structuring qualitative statements, strategies, and determining process to meet quantitative requirements that regulations are mandating organizations to provide. Utilizing these standards can significantly enhance the clarity, consistency, and effectiveness of the qualitative and quantitative components of sustainability reports, ensuring that companies meet regulatory requirements with precision and confidence.

ESG is fast becoming a central component of organizational strategy and future action. Together, the current and emerging regulations, frameworks, and standards form a driving force for aligning organizational impact towards a more sustainable world.

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