

ESG Playbook



Build a Sustainable Advantage

ESG Glossary: Frameworks & Regulations



Framework & Regulations	Explanation
<p>CDP - formerly the Carbon Disclosure Project.</p>	<p>CDP solicits primarily climate-related information from companies annually by sending Climate Change, Water, and Forest Questionnaires. Companies that disclose information to CDP are assigned grades and are regularly benchmarked against their peers. CDP's webpage is available here.</p>
<p>CDSB Climate Disclosure Standards Board</p>	<p>A non-profit organization offering ESG reporting on climate-related risks and opportunities. It covers four key areas: greenhouse gas emissions, climate-related risks and opportunities, carbon pricing, and climate-related financial reporting.</p>
<p>CSDDD Corporate Sustainability Due Diligence Directive (or CS3D)</p>	<p>Proposed by the European Commission, as part of the Green Deal, it is a legislative framework to oblige companies to demonstrate what action they are taking to protect the environment and human rights. It requires companies to establish due diligence procedures to address adverse impacts of their actions on human rights and the environment, including along their value chains worldwide. The aim is to foster sustainable and responsible corporate behaviour and to introduce sustainability considerations in companies' operations and corporate governance. It has the aim of making the EU's climate, energy, transport and taxation policies fit for reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels, and climate-neutral by 2050.</p>
<p>CSRD Corporate Sustainability Reporting Directive</p>	<p>Replacing and building upon the NFRD, this directive will require nearly 50,000 EU companies to report on their climate and environmental impact. The CSRD also applies to companies based abroad (such as the U.S.) that have a presence or subsidiaries in the EU. The CSRD requires "double materiality," meaning they will have to disclose changing climate & impacts they may cause to the climate and to society. The first group of companies will have to comply January 1, 2024.</p>
<p>Double Materiality</p>	<p>This assessment is a key element in CSRD reporting and determines to a large extent the reporting scope. The execution is complex, more so than the GRI based materiality assessments, as it requires companies to identify both their impacts on people and environment (impact materiality) as well as the sustainability matters that financially impact the undertaking (financial materiality).</p>

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<p>EU NFRD European Union Non-Financial Reporting Directive</p>	<p>The European Commission's requirement for large companies to disclose certain non-financial matters as part of their annual public reporting obligations, including anti-corruption, human rights, diversity, and environmental concerns. This directive is the predecessor of the CSRD.</p>
<p>European Union Sustainable Finance Taxonomy</p>	<p>Establishes a uniform classification system, similar to a glossary, to ensure that participants in financial markets have a shared language for assessing the environmental sustainability of various activities.</p>
<p>GRESB Global Real Estate Sustainability Benchmark</p>	<p>A framework for assessing the sustainability performance of worldwide real estate assets and portfolios. It provides ESG performance data and peer benchmarks to inform investment decisions, drive sustainability improvements, and improve real estate sector engagement.</p>
<p>GRI Global Reporting Initiative</p>	<p>An independent international organization that has been involved in sustainability reporting since 1997. GRI is the most widely used and most extensive voluntary reporting framework for ESG and sustainability topics. The latest version of its framework, the GRI Standards was published in 2021.</p>
<p>ISO 26000 International Organization for Standardization Standard 26000.</p>	<p>The ISO publishes many different operational standards for companies, with ISO 26000 covering “socially responsible” processes that companies may implement and report.</p>
<p>ISSB International Sustainability Standards Board</p>	<p>Announced by the IFRS (International Financial Reporting Standards), these standards will provide a global baseline for sustainability standards, proposing high-quality disclosure on climate and sustainability issues to investors and capital market participants. The ISSB will be combining the SASB and TCFD frameworks.</p>
<p>Integrated Reporting (IR)</p>	<p>Is the process that results in the communication of a company's performance and strategy across a broad array of ESG factors, with equal weight given to financial and non-financial data, and with the interests of investors and other stakeholders considered equally. Integrated reporting is the goal of many that push for greater ESG disclosure—the aim is to redefine the concept of “materiality” in public reporting.</p>

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<p>SASB Sustainability Accounting Standards Board.</p>	<p>Industry-specific voluntary reporting frameworks for “material” ESG and sustainability topics released in 2018. SASB encourages companies to disclose “material” ESG and sustainability information on identified topics in annual financial reports.</p>
<p>SBTI Science Based Targets Initiative</p>	<p>The collaboration between CDP, the UNGC, World Resources Institute, and the World Wide Fund for Nature that requests for companies to create and publish targets to reduce greenhouse gas emissions in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures.</p>
<p>EU SFDR EU Sustainable Finance Disclosure Regulation</p>	<p>This aims to help investors by providing more transparency on the degree to which financial products consider environmental and/or social characteristics, invest in sustainable investments or have sustainable objectives. The EU SFDR requires specific firm-level disclosures from asset managers and investment advisers regarding how they address two key considerations: Sustainability Risks and Principal Adverse Impacts. This aims to help investors to choose between products by mandating increasing levels of disclosures, depending on the degree to which sustainability is a consideration. There are three different product categorisations: Article 6, Article 8, Article 9.</p>
<p>TCFD Taskforce on Climate-related Financial Disclosures.</p>	<p>The TCFD published international recommendations for companies to disclose climate-related financial and physical risks and opportunities in 2017, which call for companies to undertake climate scenario analysis and report on their findings. The TCFD recommendations have been integrated into many of the other ESG and sustainability reporting frameworks, but companies have also published standalone TCFD reports.</p>
<p>TNFD Taskforce on Nature-Related Financial Disclosures</p>	<p>This an international initiative that builds on a model developed by the TCFD. Its mission is to provide a framework for how organizations can address environmental risks and opportunities with the ultimate goal of channeling capital flows into positive action.</p>

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<p>Triple Bottom Line (TBL) or (3BL)</p>	<p>Accounting framework originally developed in an effort to measure sustainability. TBL goes beyond traditional measures to incorporate three additional dimensions of performance: social, environmental (or ecological) and economic.</p>
<p>UNPRI United Nations Principles for Responsible Investment</p>	<p>A set of guidelines developed in coordination with the United Nations for banks to incorporate ESG and sustainability issues in their decision-making. See Principles for Responsible Banking entry in glossary.</p>
<p>UNSDGs United Nations Sustainable Development goals</p>	<p>A set of goals set to be achieved by nations and companies by 2030 that provide a general backdrop for the UNGC. The UN PRI is a set of guidelines for investors to incorporate ESG and sustainability issues in their decision-making and to seek disclosure from companies in which they invest.</p>
<p>WEF World Economic Forum Also known as: Stakeholder Capitalism Metrics (SCM)</p>	<p>This framework, created by the Big 4 Accounting firms, helps institutions report their ESG performance using 21 core and 34 expanded metrics across four pillars — governance, planet, people, and prosperity. Aligns with other ESG reporting standards (GRI, SASB).</p>