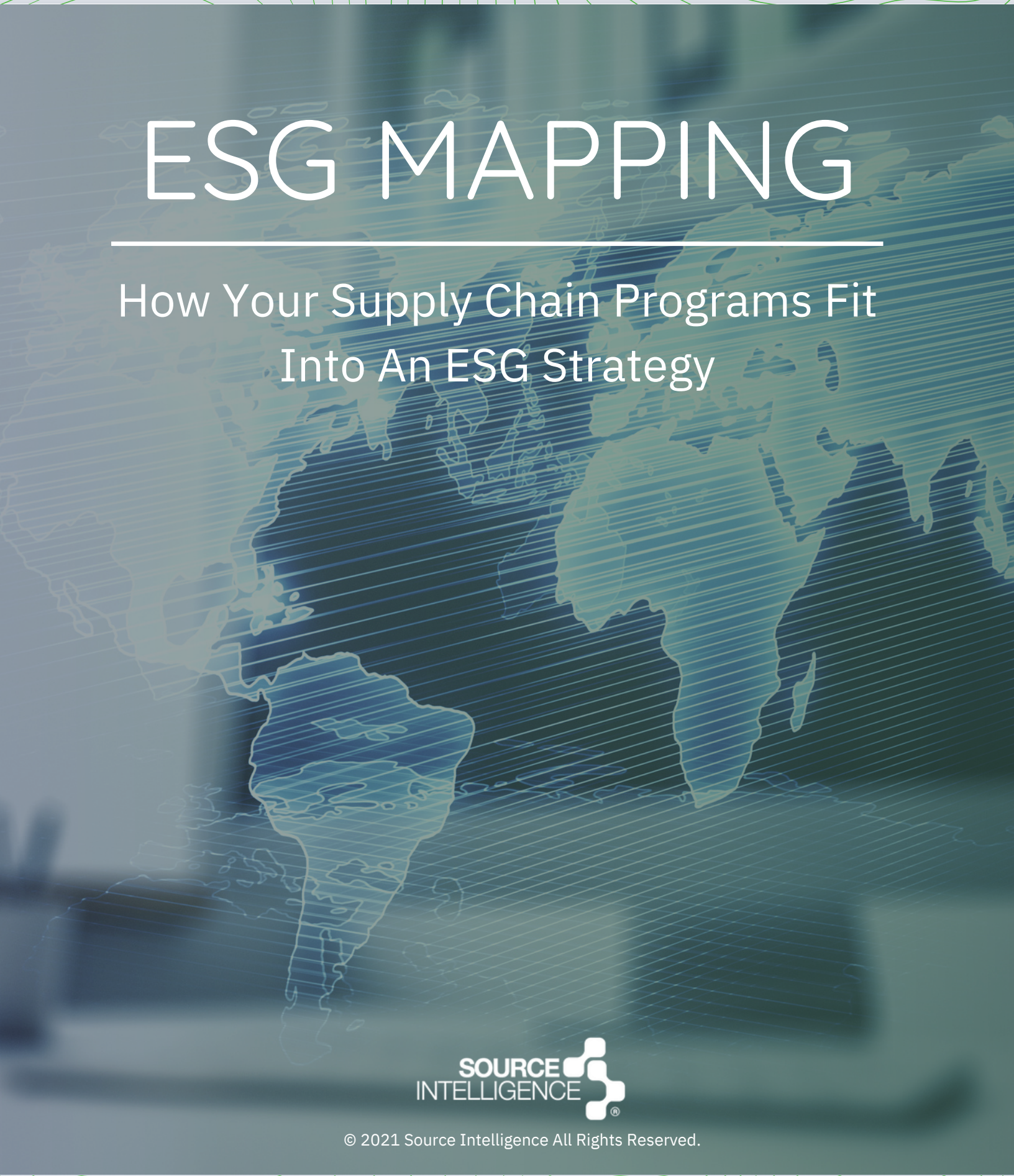


# ESG MAPPING

## How Your Supply Chain Programs Fit Into An ESG Strategy

SOURCE INTELLIGENCE®

© 2021 Source Intelligence All Rights Reserved.

# CONTENTS


## Mapping To The UN SDGs 5

- Which Programs Map To UN SDGs? 9
- UN SDG Mapping With Source Intelligence 12

## Mapping To SASB 13

- Which Programs Map To SASB? 15
- 7 Steps To Create A SASB ESG Report 18

## Converting CSR to ESG 20

- CSR VS. ESG: What Are The Differences? 22
- How To Make The Shift From CSR To ESG 23

## How Source Intelligence Can Help 25


© 2021 Source Intelligence All Rights Reserved.

# ABSTRACT

When you are first implementing ESG reporting at your company, you most likely aren't starting from scratch.

> Many of the global supply chain regulations you are already gathering data for can contribute towards the data you need to fulfill requirements for different ESG frameworks. This can include programs such as Conflict Minerals, REACH and RoHS, Corporate Social Responsibility (CSR) initiatives, and many more.

However, mapping the current supply chain programs you have in place into an overall ESG strategy can be complicated. To start, you'll need a full understanding of the data requirements for the ESG framework you're using. These frameworks include the UN Sustainable Development Goals, SASB, GRI, MSCI, or a custom framework. Since there is no standardized reporting template as of yet, each of these can vary extensively in the metrics they require you to report on.

Once you know your framework's requirements, you'll need to audit the


© 2021 Source Intelligence All Rights Reserved.

current supply chain regulations you are complying with and how you can use that data to fill in the reporting requirements. This will identify gaps and areas where more reporting is needed as well as eliminate the need to spend more resources gathering data that you already have.

The biggest problems arise when sourcing products and services through various suppliers from across the globe. Many times, these suppliers are held to differing regulations and standards that vary by industry. Individually reviewing this data and making conclusions is time-consuming and often unrealistic.

> With the ESG strategies employed by Source Intelligence, companies can more accurately and efficiently track their progress, both internally and externally. Not only does this drive positive change for businesses from the inside out, but it also allows investors the opportunity to view the supply chain network, and its ethical standards, with transparency and accuracy.


© 2021 Source Intelligence All Rights Reserved.

# 1.

# MAPPING TO THE UN SDGS

© 2021 Source Intelligence All Rights Reserved.

The UN Sustainable Development Goals (SDGs) are a set of initiatives created by the United Nations in 2015 with a goal of achieving them by 2030. They include 17 focus areas intended to address economic, social, and environmental challenges. These sustainable development goals are referred to as “Agenda 2030.” The global call to action was recognized by 193 countries that pledged to be part of the solution, including large and small businesses alike.

It is important to remember that not all of the 17 goals may be material to your particular industry or business.


© 2021 Source Intelligence All Rights Reserved.

End extreme poverty in all of its forms - everywhere.

End hunger and achieve food security.

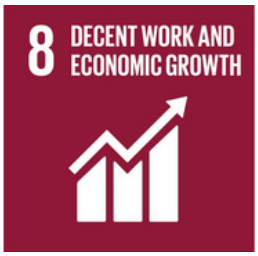
Ensure health and well-being at all ages.

Inclusive and equitable quality education.

Achieve gender equality and empower all women and girls.

Ensure availability and sustainable management of water and sanitation for all.

Ensure access to affordable, reliable, sustainable, and modern energy for all.




Ensure access to affordable, reliable, sustainable, and modern energy for all.

Promote sustained, inclusive, sustainable economic growth, full and productive employment, and decent work for all.

Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Reduce inequality within and among countries.

Make cities and human settlements inclusive, safe, resilient, and sustainable.


© 2021 Source Intelligence All Rights Reserved.

Take urgent action to combat climate change and its impacts.

Promote peaceful and inclusive societies for sustainable development, provide access for justice to all, and build effective, accountable, and inclusive institutions at all levels.

Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation, and halt biodiversity loss.

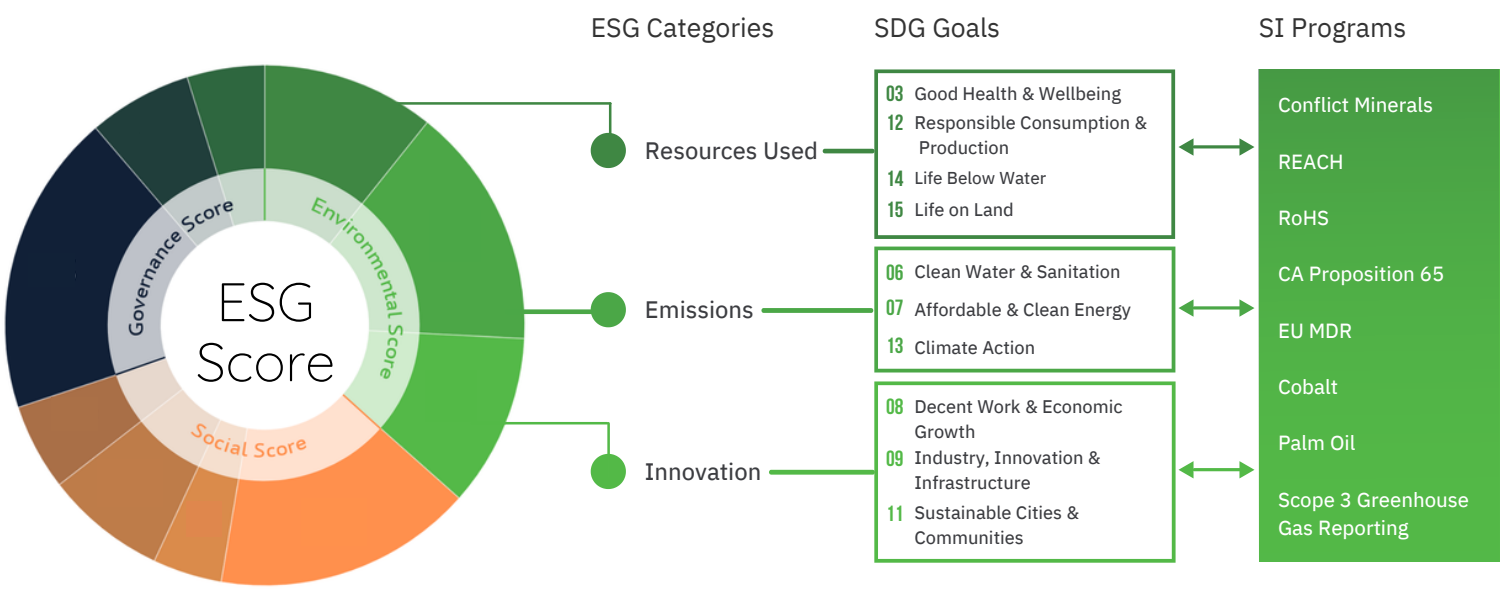
To fulfill the 17 Sustainable Development Goals listed above, regulatory programs and initiatives must be employed by the majority of all the businesses committed to solving these challenges.[2]


© 2021 Source Intelligence All Rights Reserved.

# Which Programs Map To UN SDGs?

Here are some of the most common supply chain compliance programs at Source Intelligence (SI) and how the data collected for each can be used towards fulfilling each UN SDG goal:

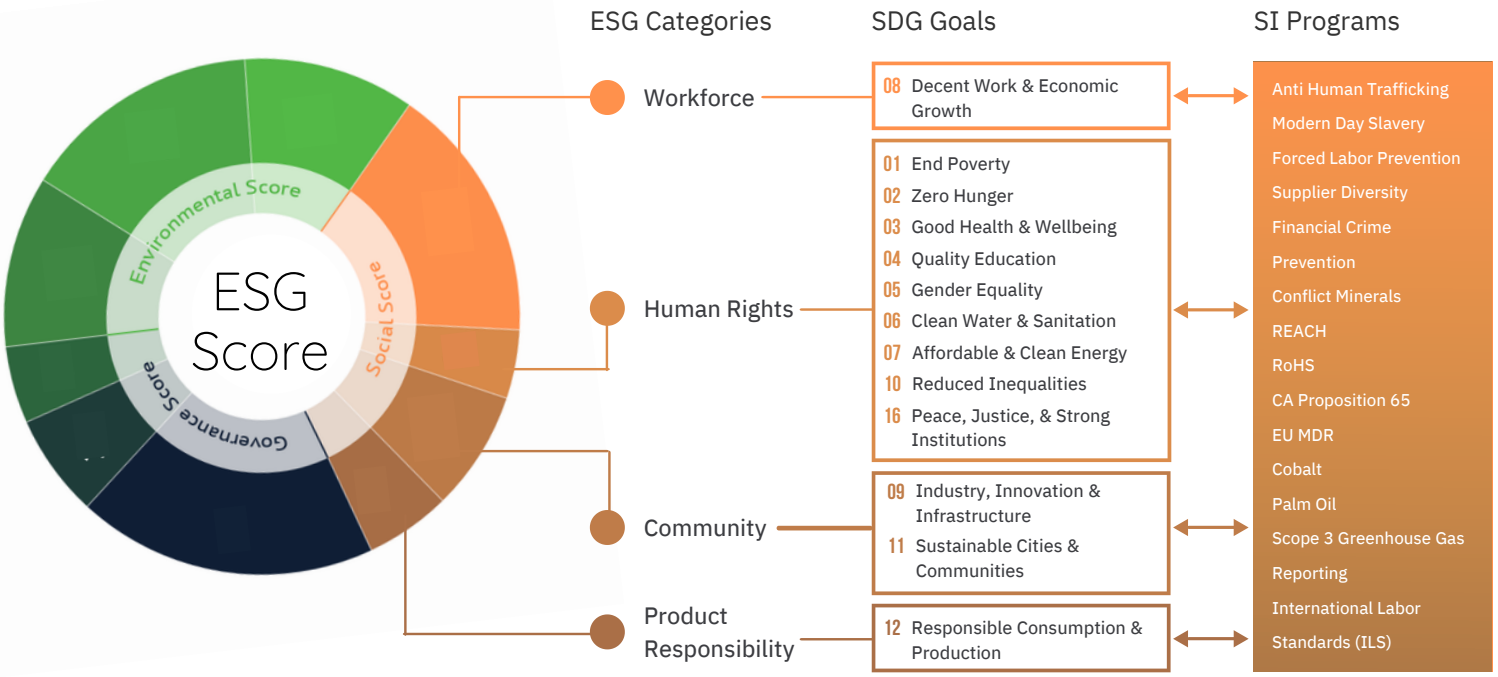
## ENVIRONMENTAL




| ESG | UN SDG | Supply Chain Compliance Programs |
|---|---|---|
| Environmental | 12. Responsible Consumption & Production | Conflict Minerals, REACH, RoHS, California Proposition 65, EU Medical Device Regulation (MDR), Cobalt, Palm Oil |
| | 7. Affordable & Clean Energy | Scope 3 Greenhouse Gas Reporting |
| | 13. Climate Action | Scope 3 Greenhouse Gas Reporting |


© 2021 Source Intelligence All Rights Reserved.

# SOCIAL




| ESG | UN SDG | Supply Chain Compliance Programs |
|---|---|---|
| Social | 1. No Poverty | Anti Human Trafficking, Modern Day Slavery, Forced Labor Prevention, International Labor Standards (ILS) |
| | 3. Good Health & Wellbeing | International Labor Standards (ILS) |
| | 5. Gender Equality | Supplier Diversity |
| | 7. Affordable & Clean Energy | Scope 3 Greenhouse Gas Reporting |
| | 10. Reduced Inequalities | Anti Human Trafficking, Modern Day Slavery, Forced Labor Prevention, International Labor Standards (ILS) |
| | 16. Peace, Justice, & Strong Institutions | Anti Human Trafficking, Modern Day Slavery, Forced Labor Prevention, International Labor Standards (ILS), Financial Crime Prevention |
| | 12. Responsible Consumption & Production | Conflict Minerals, REACH, RoHS, California Proposition 65, EU Medical Device Regulation (MDR), Cobalt, Palm Oil |


© 2021 Source Intelligence All Rights Reserved.

# GOVERNANCE

| ESG | UN SDG | Supply Chain Compliance Programs |
|---|---|---|
| Governance | 5. Gender Equality | Supplier Diversity |
| | 10. Reduced Inequalities | Anti Human Trafficking, Modern Day Slavery, Forced Labor Prevention, International Labor Standards (ILS) |
| | 12. Responsible Consumption & Production | Conflict Minerals, REACH, RoHS, California Proposition 65, EU Medical Device Regulation (MDR), Cobalt, Palm Oil |
| | 13. Climate Action | Scope 3 Greenhouse Gas Reporting |


© 2021 Source Intelligence All Rights Reserved.

# UN SDG Mapping With Source Intelligence

With Source Intelligence's ESG Reporting Program, we conduct an assessment of your existing programs and identify the gaps you'd need to fill for the UN SDGs framework. Our platform consolidates all of your programs' data in one place, so you can eliminate any excess cost from collecting data multiple times across various systems. Then, we automate the entire reporting process for you by collecting the data you still need and rolling it up into dynamic reports.

Additionally, Virtual ESG Audits allow you to better cultivate relationships and communicate to the supplier regarding your exact needs to meet ESG goals, identify high-risk areas, and even help develop their own ESG monitoring systems. [3]


© 2021 Source Intelligence All Rights Reserved.

# 2.

# MAPPING TO SASB

© 2021 Source Intelligence All Rights Reserved.

# Mapping To SASB

In 2018, the Sustainable Accounting Standards Board (SASB) set forth ESG standards for 77 industries, identifying the minimal set of financially material topics and their metrics concerning an industry-specific company. More simply put, the SASB framework takes an in-depth approach to analyze how sustainability issues are affecting a company's performance, both socially and economically.

SASB recently merged with the International Integrated Reporting Council (IIRC) to create one simplified ESG reporting framework. The IIRC framework analyzes corporate value in six areas: financial, manufactured, intellectual, human, social and relationship, and natural.

By mapping your programs to SASB standards, you can compare how one industry-specific company stacks up to the next [4], allowing for growth and change based on the data collected. The SASB framework can be used in conjunction with other ESG frameworks and standards to ensure profitable financial performance without sacrificing ESG standards - allowing peace of mind for industry businesses and investors alike.[5]

SASB measures ESG related financial performance of 77 industries.

SUSTAINABILITY ACCOUNTING STANDARDS BOARD
SASB

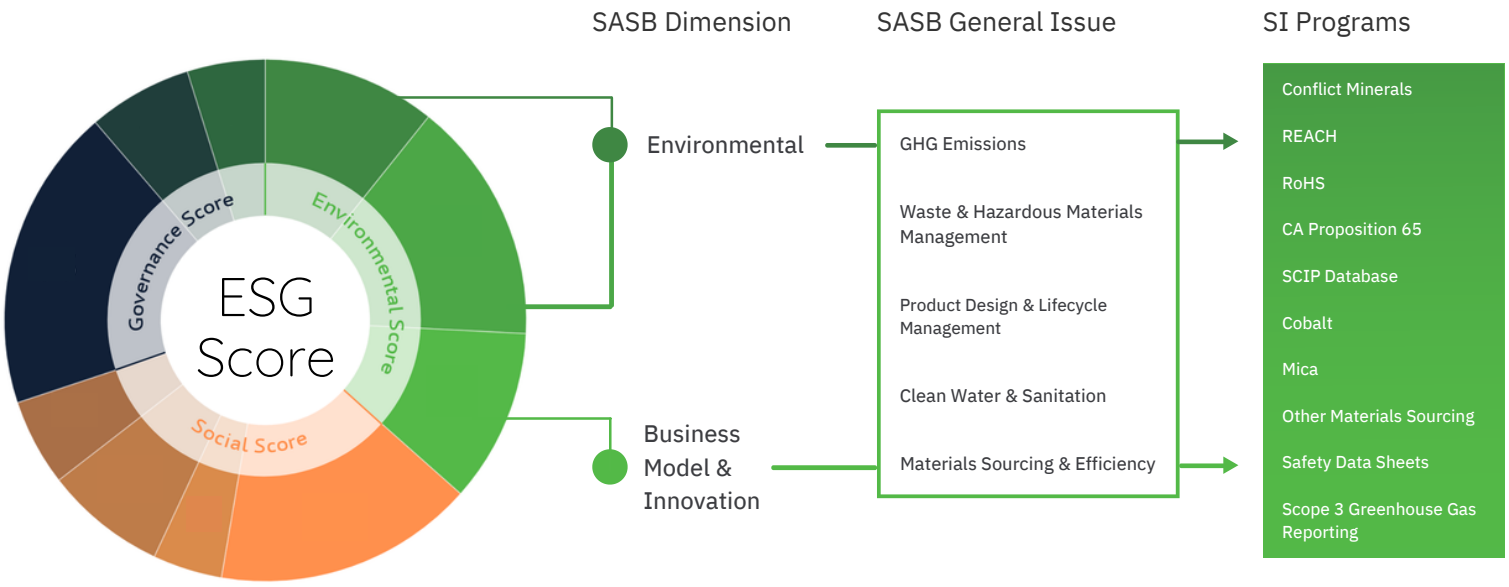
**Accounting for a Sustainable Future**


© 2021 Source Intelligence All Rights Reserved.

# Which Programs Map To SASB?

Here is how Source Intelligence's most common supply chain compliance programs and initiatives fulfill SASB requirements: [6]

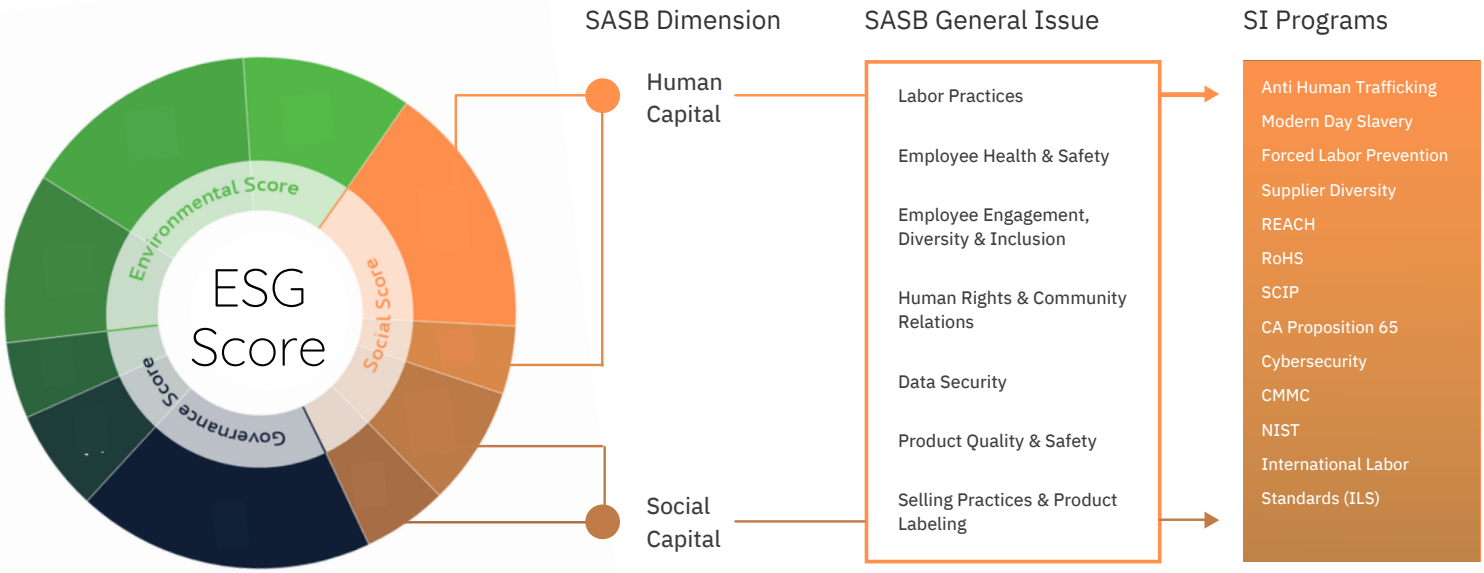
## ENVIRONMENTAL




| SASB Dimension | SASB General Issue | Supply Chain Compliance Programs |
|---|---|---|
| Environmental | Greenhouse Gas Emissions | Scope 3 Greenhouse Gas Reporting |
| | Waste & Hazardous Materials Management | Safety Data Sheets |
| Business Model & Innovation | Product Design & Lifecycle Management | REACH, RoHS, SCIP, California Proposition 65 |
| | Materials Sourcing & Efficiency | Conflict Minerals, Cobalt, Mica, Palm Oil, Other Materials Tracing |


© 2021 Source Intelligence All Rights Reserved.

# SOCIAL




| SASB Dimension | SASB General Issue | Supply Chain Compliance Programs |
|---|---|---|
| Human Capital | Labor Practices | International Labor Standards (ILS), Virtual Audit |
| | Employee Health & Safety | Virtual Audit |
| | Employee Engagement, Diversity & Inclusion | Supplier Diversity |
| Social Capital | Human Rights & Community Relations | Anti Human Trafficking, Modern Day Slavery, Forced Labor Prevention, International Labor Standards (ILS) |
| | Data Security | Cybersecurity, NIST, CMMC |
| | Product Quality & Safety | REACH, RoHS, SCIP, California Proposition 65 |
| | Selling Practices & Product Labeling | California Proposition 65 |


© 2021 Source Intelligence All Rights Reserved.

# GOVERNANCE

| SASB Dimension | SASB General Issue | Supply Chain Compliance Programs |
|---|---|---|
| Leadership & Governance | Business Ethics | Financial Crime Prevention |
| | Management of the Legal & Regulatory Environment | Conflict Minerals, REACH, RoHS, SCIP, California Proposition 65 |
| | Critical Incident Risk Management | Virtual Audit of Business Continuity Management |
| | Systemic Risk Management | Virtual Audit of Business Continuity Management |
| Business Model & Innovation | Supply Chain Management | External Supplier Risk Maps, Supply Chain Media Monitoring, All Programs |


© 2021 Source Intelligence All Rights Reserved.

# 7 Steps To Create A SASB ESG Report

To better help businesses turn SASB standards into clear communication with investors and companies, the Sustainability Accounting Standards Board has put forth a seven-step process to turn the framework into an ESG report. The process is as follows: [7]

1

## Establish A Foundation

Integrate SASB standards into existing processes involving governance, strategic planning, risk management, and performance management.

2

## Choose The Right Tools For The Job

SASB standards can be used side-by-side with other frameworks to satisfy a broader range of audience.

3

## Decide Where To Disclose

SASB data can be presented through various outlets, including annual shareholder reports, integrated reports, sustainability reports, stand-alone SASB reports, and investor relations websites.


© 2021 Source Intelligence All Rights Reserved.

4

## Understand SASB Standards

Sustainability risks and opportunities must be considered for each company that wishes to adopt SASB standards. Understanding how these standards are structured will help identify, manage, monitor, and report on key sustainability challenges.

5

## Assess Your Readiness

By using and comparing existing data to SASB standards, companies can determine the most efficient path toward reporting readiness.

6

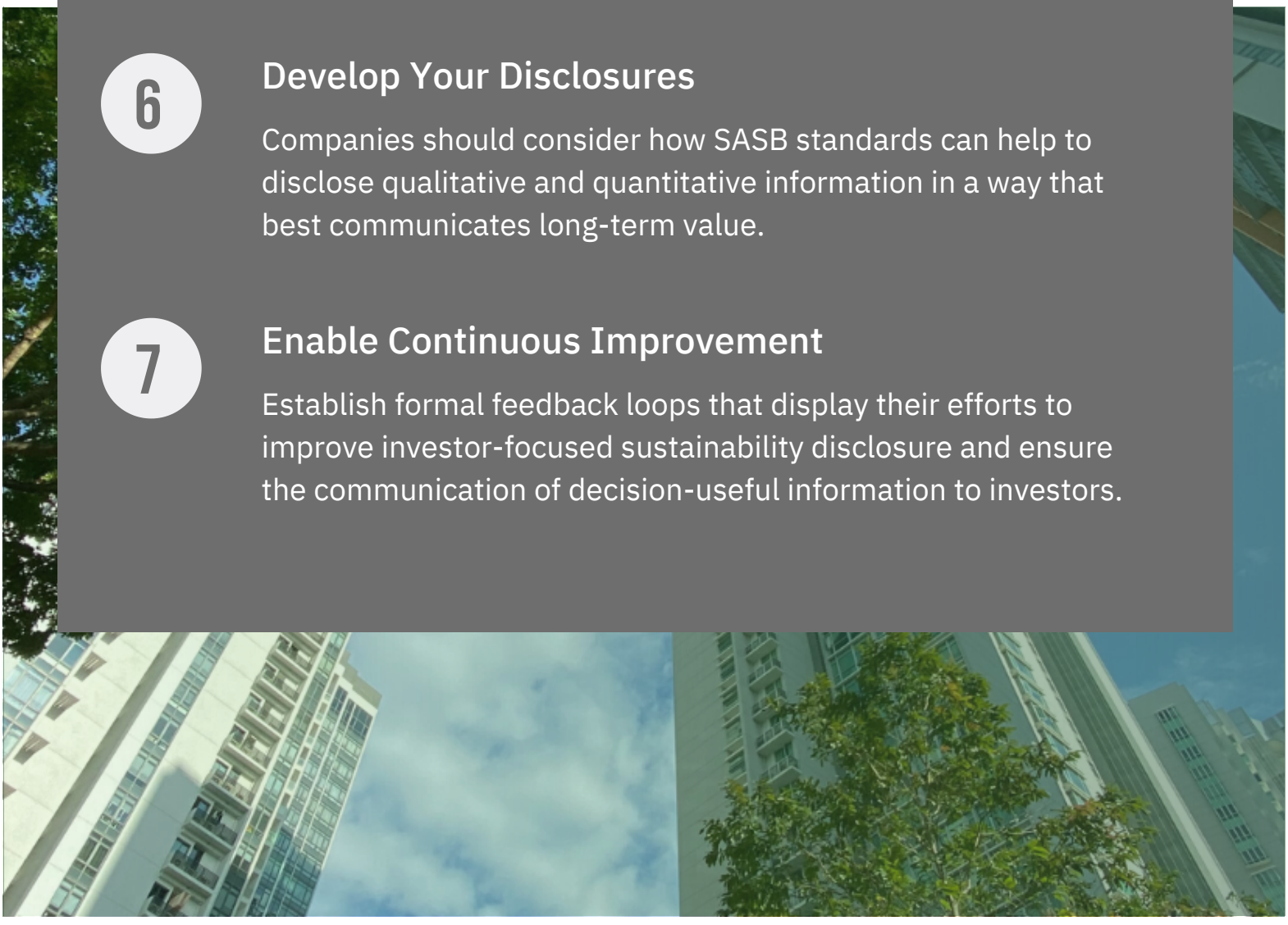
## Develop Your Disclosures

Companies should consider how SASB standards can help to disclose qualitative and quantitative information in a way that best communicates long-term value.

7

## Enable Continuous Improvement

Establish formal feedback loops that display their efforts to improve investor-focused sustainability disclosure and ensure the communication of decision-useful information to investors.



# 3.

# CONVERTING CSR TO ESG

© 2021 Source Intelligence All Rights Reserved.

# Converting CSR to ESG

Once used primarily by large businesses and corporations, Corporate Social Responsibility (CSR) has grown in popularity and is increasingly used by small to medium-sized companies. CSR is a type of self-regulation that aims to contribute to and improve social and environmental goals within a company and its interactions with stakeholders.

The rise of CSR was followed closely with that of ESG, and while these initiatives have steadily grown in adoption, there has been pushback from stakeholders and business officials alike. In the past many have argued that businesses involved with ESG would be negatively impacted financially, but studies show that those who reported using ESG widely saw positive feedback.[8] To further the need for ESG in the future, stakeholders increasingly expect transparency throughout all supply chains.


© 2021 Source Intelligence All Rights Reserved.

# CSR VS. ESG: What Are The Differences?

Corporate Social Responsibility is a set of standards that provide accountability to a business at the corporate level. Many aspects of CSR are implemented by companies consistently and reported to shareholders, including corporate codes of conduct, equality programs, labor policies, environmental impact reduction policies, community involvement, and more.

While these measures often provide real, meaningful change on a local level within the business, they largely fail to provide an impact throughout supply chains. While changes such as fair wages can be implemented and seen locally, there is nothing to stop unfair wages from being the norm throughout individual suppliers. Further, the changes seen using CSR methods are often difficult to measure, so it's hard to know just how much good is coming from them.

ESG builds on CSR to create a more meaningful set of changes by including data collection and quantitative metrics that let you measure the impact of the changes being implemented. While CSR solely focuses on investor satisfaction, ESG tackles a much more comprehensive range of investor concerns, including employees, suppliers, and customers. Simply put, ESG transforms CSR into a quantifiable method of change. [9]

© 2021 Source Intelligence All Rights Reserved.

# How To Make The Shift From CSR To ESG

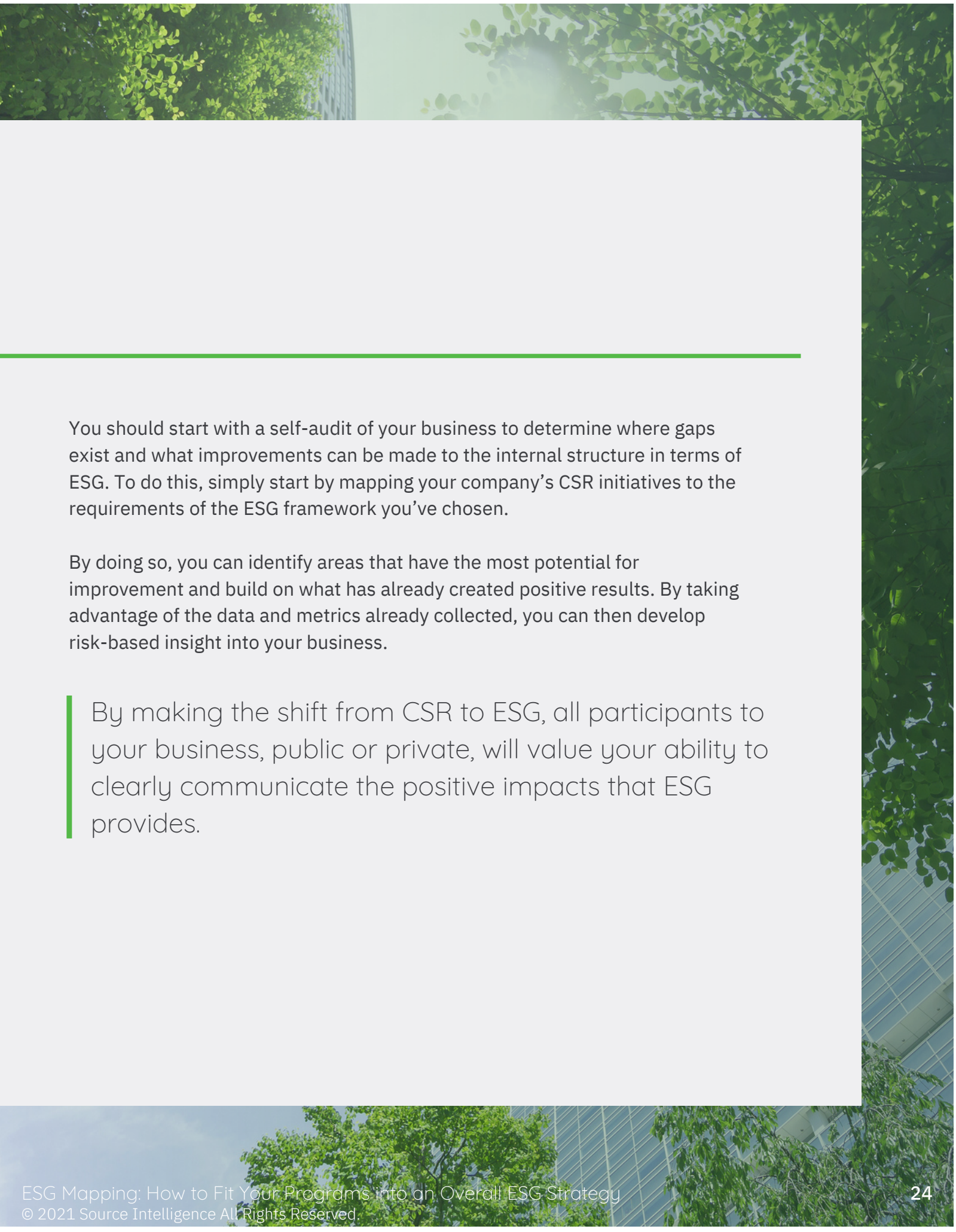
The best way to see your path forward is to consider your CSR initiatives as the gateway to ESG. With CSR already implemented into your business, you have the foundation laid for environmental, social, and governance worked out. With this foundation in place, an easier transition is made to quantifying your success with data and metrics. While there is no textbook way to transition from CSR to ESG, there are certainly some things businesses can do to facilitate a smoother changeover, including: [10]

Understanding the differences in reporting standards to allow for a smoother transition

Studying and understanding the material concepts to determine which subjects will most impact the business and its industry

Asking yourself “why” by relating topics to financial statements or risk factors to determine and quantify an impact.


© 2021 Source Intelligence All Rights Reserved.



You should start with a self-audit of your business to determine where gaps exist and what improvements can be made to the internal structure in terms of ESG. To do this, simply start by mapping your company's CSR initiatives to the requirements of the ESG framework you've chosen.

By doing so, you can identify areas that have the most potential for improvement and build on what has already created positive results. By taking advantage of the data and metrics already collected, you can then develop risk-based insight into your business.

> By making the shift from CSR to ESG, all participants to your business, public or private, will value your ability to clearly communicate the positive impacts that ESG provides.


© 2021 Source Intelligence All Rights Reserved.

# 4.

# HOW SOURCE INTELLIGENCE CAN HELP

© 2021 Source Intelligence All Rights Reserved.

# How Source Intelligence Can Help

Source intelligence makes identifying your ESG needs simple with an AI-powered platform that collects and aggregates data from throughout your supply chain specific to your needs. Having a centralized platform to store and manage supply chain data means you can have one hub for all your programs for consolidation.

Once the data is gathered, a risk evaluation is prepared for each supplier, allowing you to identify gaps and areas for improvement in your business and supply chain. The platform automatically collects and verifies hundreds to thousands of supplier documents to eliminate any manual work.

Whether you choose to implement an existing ESG reporting strategy or create a custom-built program, Source Intelligence helps you fully optimize your approach for more valuable and consistent results.

1. Upload Your Suppliers

2. AI Gathers and Validates Supplier Data

3. Export Into Dynamic Reports


© 2021 Source Intelligence All Rights Reserved.

Source Intelligence's fully automated ESG Reporting Solution allows you to:

### Identify Gaps And Risks

Identify areas in your supply chain that are at risk of violating social, governance, and environmental requirements.

### Eliminate Manual Work

Streamline and automate reporting and data collection through our platform to make ESG reporting easy.

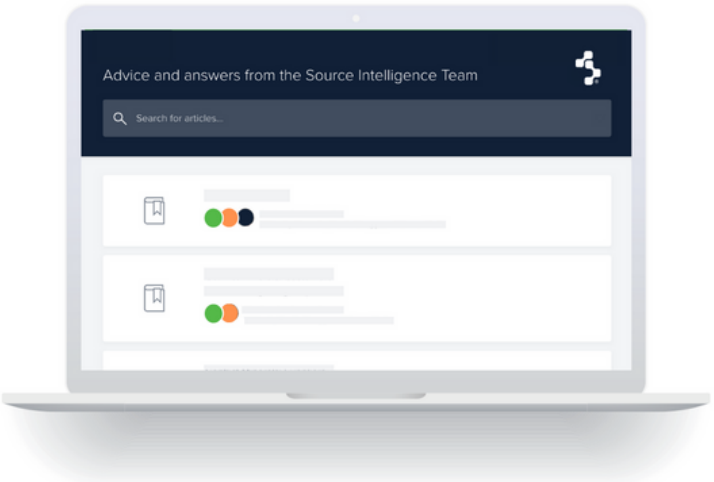
### Gather Data For Any Framework

Gather data from your supply chain to meet any ESG framework standards to help you with your business's unique ESG initiatives.

### Educate Suppliers

Educate your suppliers on ESG with our 24/7 multilingual supplier engagement team to ensure they fully understand ESG requirements and respond with complete data.

Our help center provides access to educational resources on compliance for over 50 global regulations. These services reduce the back-and-forth communication between you and your suppliers, while empowering them to meet ESG best practices.





© 2021 Source Intelligence All Rights Reserved.

Eliminate Manual Work And Automate Reporting

Gain Access To A Team Of ESG Reporting Experts

Identify Any Gaps And Areas of High Risk

# The Takeaway

ESG reporting incorporates aspects of many other supply chain compliance programs. Using the data you're already collecting for various regulations and internal initiatives can provide you with a great starting point for ESG data collection. By mapping your current programs to the ESG framework of your choice, you can identify where more data is needed and where your supply chain is at risk.

Source Intelligence offers a wide array of programs and services to better understand your business's supply chain, its ethical responsibilities, strengths and weaknesses, and overall workings on a global scale. This understanding pave the way for a more socially responsible future for the company, its employees, and the investors at stake - all while remaining efficient and profitable.

If you recognize the need to fill data gaps and increased transparency in your company's supply chains, contact Source Intelligence for a demo of our ESG Mapping and Reporting services. Whether employing existing templates or creating a customized service, we will identify needs and provide a path toward improvement.

Request a demo to see how our supply chain ESG reporting software can help you.

Book a Demo


© 2021 Source Intelligence All Rights Reserved.

# References


[1] https://sdgs.un.org/goals

[2] https://sdgs.un.org/2030agenda

[3] https://www.sourceintelligence.com/esg-reporting-solution/

[4]https://compliance.sourceintelligence.com/hubfs/Turn%20ESG%20Reporting%20Into%20Your%20Best%20Asset.pdf

[5] https://www.sasb.org/company-use/

[6] https://www.sasb.org/standards/

[7] https://www.sasb.org/implementation-primer/

[8] https://learningcenter.sourceintelligence.com/csr-initiative-esg-reporting

[9] https://www.thomasnet.com/articles/other/csr-vs-esg/

[10] https://www.corporatesecretary.com/articles/esg/32175/how-move-csr-esg-reporting



© 2021 Source Intelligence All Rights Reserved.