



arabesque

**ARABESQUE ESG BOOK**

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# Concept Note

## I. The Objective: Making Corporate Data Accessible to All

Mainstreaming sustainability will remain a challenge, as long as publicly available data is not easily accessible at scale. This is why Arabesque is bringing together a global alliance of organizations to change the status quo. We are connecting corporates and investors through the creation of a **central source for accessible, digital, corporate sustainability data**, where **data is controlled by the reporting company ("ESG Book")**. The goal is to provide a platform that serves as a medium to make companies' existing data accessible to a wider group of stakeholders, and allow them to understand who uses what data.

Today, sustainability is being integrated into the financial system through hundreds of sustainability ratings and ranking organizations.<sup>i</sup> Over 72% of corporations use ESG ratings to inform their decision-making.<sup>ii</sup> Yet, the majority of sustainability ratings are underpinned by unreliable third-party data, whose sources are not transparent and carry significant errors, costs and restrictions unrelated to the issuing company. This affects a corporation's cost of capital and long-term profitability in ways that the company is prevented from impacting directly.

## II. The Background: Data Challenges Today

Poor coverage, the unknown scope of errors and limited transparency over the data origination process, create a lack of trust in sustainability data. Combined with substantial costs from third-party data vendors, this limits the use of raw data at scale. The status quo results in a disconnected system where neither the issuer, nor the end user of the data benefits from this process. The inefficiencies within the current system prevent broader ESG data integration, making mainstreaming corporate sustainability further out of reach.

### 1. Data Quality & Coverage:

Data errors are common when sustainability data is integrated by third-party raw data providers. Moreover, sustainability data coverage remains inadequate in emerging and private markets.<sup>iii</sup> This is problematic, given that the credibility of data sources is seen as the most important factor in determining ESG data quality.<sup>iv</sup>

### 2. Data Access & Ownership:

ESG data access is currently limited, given that fees for sustainability data can range widely, from \$7,500 to \$2,000,000 per year, depending on the specific use case. Once the data is reported, companies forfeit ownership of their data, and have little control over how stakeholders use and integrate their data.<sup>v</sup>

### 3. Reporting Burden:

Companies suffer from survey fatigue. For example, large-cap companies receive in excess of 200

sustainability questionnaires per year,<sup>vi</sup> taking them an average of 18 workdays to submit a response to a single data request.<sup>vii</sup> This is compounded by the limited timeliness of sustainability reporting, given the restrictions imposed by inadequate annual data reporting cycles.

### III. The Path Forward: Empowering Users and Facilitating Interactions

Companies and investors do not have the opportunity to act on their own to change the data system they currently operate in. Hence, Arabesque is gathering an ecosystem of partners around a technology infrastructure platform to provide a company-centric digital solution, empowering companies to report their sustainability data digitally, streamlining the data collection process, and easing the current reporting burden.

1. **Companies are custodians of their own data, and leverage the platform's digital infrastructure:**  
With ESG Book, corporates gain back control over their sustainability data by being in charge of submitting, updating, editing and maintaining their data in real-time, unrestricted by the annual reporting data cycle. This improved transparency, as well as the market-driven oversight from investors, banks and business partners, reduces errors common within the existing ESG data ecosystem.
2. **Transparency on data usage and interactions brings more meaningful reporting:**  
Once directly connected to their stakeholders, companies are empowered to report on what is most valuable or requested by stakeholders, reducing the noise in reporting and identifying the data gaps more clearly.
3. **Accessibility & non-discrimination:**  
Reported raw ESG data on ESG Book is made available to all and displayed in a non-discriminatory manner, independent of judgment in the form of opaque ratings and rankings.
4. **Easing the reporting burden:**  
ESG Book will cross-populate multiple reporting questionnaires, standards and frameworks simultaneously over time. For instance, after disclosing CO<sub>2</sub> emissions once, where relevant, other related questionnaires will also be populated with the same applicable data point. This frees up internal company resources to go beyond reporting, towards action-driven insights.
5. **Framework-agnostic:**  
ESG Book provides a level-playing field to all stakeholders, allowing parties to collect and report data based on sustainability questions from multiple reporting frameworks (e.g.: SFDR, EU Taxonomy, GRI, SASB, TCFD, etc.) at the same time.

## List of References:

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